Summary of Financial Results (Unaudited)
for the Fiscal Year Ended March 31, 2022 [Consolidated]
(From April 1, 2021 to March 31, 2022)
[Japanese GAAP]

May 13, 2022

Name of Listed Company:	Daiwa House Industry Co., Ltd.
Code No.:	1925
URL:	https://www.daiwahouse.com/English/
Listed Exchanges:	Prime Market of the Tokyo Stock Exchange
Representative:	Keiichi Yoshii, President and CEO
Contact:	Yuji Yamada, Managing Executive Officer and General Manager, IR Department E-mail to: dh.ir.communications@daiwahouse.jp

Scheduled Date of Ordinary General Meeting of Shareholders:	June 29, 2022
Scheduled Date of Filing Securities Report:	June 29, 2022
Scheduled Date of Commencement of Dividend Payment:	June 30, 2022
Supplemental documents for the financial results provided:	Yes
Results briefing for the term under review provided:	Yes (for institutional investors and securities analysts)

(Amounts below one million yen are omitted)

1. Consolidated Results of Operation for the Fiscal Year Ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

(1) Consolidated Earnings Results

(% figures represent year-on-year change)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
Fiscal year ended:	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	4,439,536	7.6	383,256	7.3	376,246	11.4	225,272	15.5
March 31, 2021	4,126,769	-5.8	357,121	-6.3	337,830	-8.1	195,076	-16.5

Note: Comprehensive income: Fiscal year ended March 31, 2022: 269,148 million yen (25.9%)
Fiscal year ended March 31, 2021: 213,702 million yen (-1.5%)

	Basic net income per share	Diluted net income per share	Return on equity (ROE)	Ordinary income to total assets ratio	Operating income to net sales ratio
Fiscal year ended:	Yen	Yen	%	%	%
March 31, 2022	343.82	—	11.7	7.1	8.6
March 31, 2021	297.18	—	11.0	7.0	8.7

(Reference) Equity in earnings of affiliates
Fiscal year ended March 31, 2022: -6,810 million yen; Fiscal year ended March 31, 2021: -11,553 million yen

(2) Consolidated Financial Conditions

	Total assets	Net assets	Net assets ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2022	5,521,662	2,111,385	36.6	3,081.07
March 31, 2021	5,053,052	1,893,504	36.3	2,805.09

(Reference) Net assets ratio = (Net assets – Non-controlling interests)/Total assets×100
(Net assets – Non-controlling interests) is as follows. March 31, 2022: 2,020,157 million yen; March 31, 2021: 1,835,196 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents, end of the year
Fiscal year ended:	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2022	336,436	(467,423)	24,427	326,250
March 31, 2021	430,314	(389,980)	102,731	416,321

2. Dividends

	Dividend per share					Total dividends (annual)	Dividend payout ratio (consolidated)	Dividends to net assets ratio (consolidated)
	End of 1st quarter (June 30)	End of 2nd quarter (Sept. 30)	End of 3rd quarter (Dec. 31)	Fiscal year-end (Mar. 31)	Annual			
Fiscal year:	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
ended March 31, 2021	—	50.00	—	66.00	116.00	75,892	39.0	4.3
ended March 31, 2022	—	55.00	—	71.00	126.00	82,611	36.6	4.3
ending March 31, 2023 (forecasts)	—	60.00	—	70.00	130.00		39.1	

Note: Breakdown of annual dividend forecast for the fiscal year ended March 2022
Ordinary dividend: 116 yen
Commemorative dividend: 10 yen (For the 100th anniversary of the birth of Nobuo Ishibashi, our founder)

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2023 (From April 1, 2022 to March 31, 2023)

(% figures represent year-on-year change)

	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
Fiscal year ending March 31, 2023	4,580,000	3.2	350,000	-8.7	337,000	-10.4	218,000	-3.2	332.49

Note: Amortization of actuarial differences for retirement benefits is not expected in the above operating income.

Notes:

(1) Changes in Significant Subsidiaries for the Fiscal Year under Review (This refers to changes in specified subsidiaries associated with changes in the scope of consolidation): Yes

Addition: 2

Company name: CastleRock Communities LLC, Jiuxin (Suzhou) Real Estate Development Co., Ltd.

Exclusion: —

(2) Changes in Accounting Policies Applied, Changes in Accounting Estimates and Retrospective Restatement

1) Changes in accounting policies applied due to amendment of accounting standards: Yes

2) Changes in accounting policies due to reasons other than 1): None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

Note: Please refer to the section of “3. Consolidated Financial Statements and Main Notes (5) Notes (Changes in Accounting Policies)” of “the Attached Material” on page 20 for the details.

(3) Number of Issued and Outstanding Shares (Common Stock)

1) Number of shares at the end of the fiscal year (including treasury stock)

As of March 31, 2022	666,238,205 shares	As of March 31, 2021	666,238,205 shares

2) Number of treasury stock at the end of the fiscal year

As of March 31, 2022	10,570,077 shares	As of March 31, 2021	12,000,589 shares

3) Average number of shares for the fiscal year

Fiscal year ended March 31, 2022	655,199,010 shares	Fiscal year ended March 31, 2021	656,427,606 shares

Note: For the number of shares used as the basis of calculating basic net income per share (consolidated), please refer to the section of "3. Consolidated Financial Statements and Main Notes (5) Notes to Consolidated Financial Statements, Per Share Information" of “the Attached Material” on page 26 for the details.

(Reference) Summary of Non-Consolidated Results of Operation

Non-Consolidated Results of Operation for the Fiscal Year Ended March 31, 2022
(From April 1, 2021 to March 31, 2022)

(1) Non-Consolidated Business Results

(% figures represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended:	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	1,976,165	6.0	240,657	6.3	254,870	-11.6	165,381	-9.4
March 31, 2021	1,863,934	-5.6	226,478	-9.4	288,332	4.6	182,546	-7.1

	Basic net income per share	Diluted net income per share
Fiscal year ended:	Yen	Yen
March 31, 2022	252.41	—
March 31, 2021	278.09	—

(2) Non-Consolidated Financial Conditions

	Total assets	Net assets	Net assets ratio	Net assets per share
Fiscal year ended:	Millions of yen	Millions of yen	%	Yen
March 31, 2022	3,464,449	1,560,626	45.0	2,380.21
March 31, 2021	3,320,005	1,466,459	44.2	2,241.34

(Reference) Net assets ratio = (Net assets – Non-controlling interests)/Total assets×100

(Net assets – Non-controlling interests) is as follows. March 31, 2022: 1,560,626 million yen; March 31, 2021: 1,466,368 million yen

*** This financial results report is not required to be audited by certified public accountants or audit corporations**

*** Remarks on appropriate use of forecasted results of operation and other special matters**

(Notes regarding earnings forecasts)

Consolidated earnings forecasts are based on assumptions in light of the information available as of the date of announcement of this material and the factors of uncertainty that may possibly impact the future results of operation. These statements do not mean that the Company pledges to realize such statements. Actual results may differ significantly from those presented herein as a consequence of numerous factors such as the financial market, economic conditions, competitor situations and fluctuations in land prices.

For the suppositions that form the assumptions for earnings forecasts, please refer to the section of "1. Qualitative Information Regarding Consolidated Results for the Fiscal Year under Review (4) Future Outlook" on page 9 of the attached material.

(Obtaining supplementary explanatory materials)

The Company plans to hold a briefing for institutional investors and securities analysts on May 13, 2022. Relevant financial statements to be handed out at the briefing will be posted on our official website at the same time.

Contents of the Attached Material

<Reference Material> Key Performance Indicators

1. Performance Indicators

Fiscal years	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Forecasts for the fiscal year ending March 31, 2023
Net sales (millions of yen)	4,143,505	4,380,209	4,126,769	4,439,536	4,580,000
Cost of sales (millions of yen)	3,300,738	3,510,002	3,299,886	3,574,853	—
Selling, general and administrative expenses (millions of yen)	470,571	489,091	469,761	481,425	—
Operating income (millions of yen)	372,195	381,114	357,121	383,256	350,000
Ordinary income (millions of yen)	359,462	367,669	337,830	376,246	337,000
Net income attributable to owners of the parent (millions of yen)	237,439	233,603	195,076	225,272	218,000
Basic net income per share (yen)	357.29	351.84	297.18	343.82	332.49
Return on equity (ROE) (%)	15.5	14.1	11.0	11.7	—
Ordinary income to total assets ratio (%)	8.6	8.2	7.0	7.1	—
Dividend per share (yen) (of which interim dividend per share)	114 (50)	115 (55)	116 (50)	126 (55)	130 (60)
Total annual dividends (millions of yen)	75,799	76,375	75,892	82,611	—
Dividend payout ratio (%)	31.9	32.7	39.0	36.6	39.1
Dividends to net assets ratio (%)	4.9	4.6	4.3	4.3	—
Total assets (millions of yen)	4,334,037	4,627,388	5,053,052	5,521,662	—
Net assets (millions of yen)	1,643,717	1,773,388	1,893,504	2,111,385	—
Net assets ratio (%)	36.8	37.3	36.3	36.6	—
Net assets per share (yen)	2,404.32	2,600.82	2,805.09	3,081.07	—
Depreciation (millions of yen)	71,020	75,207	78,403	100,328	106,000
Net increase in property, plant and equipment and intangible assets (millions of yen)	293,151	373,851	372,904	425,807	520,000
Cash flows from operating activities (millions of yen)	355,599	149,651	430,314	336,436	—
Cash flows from investing activities (millions of yen)	(313,989)	(313,273)	(389,980)	(467,423)	—
Cash flows from financing activities (millions of yen)	(86,979)	169,128	102,731	24,427	—
Cash and cash equivalents, end of year (millions of yen)	276,298	276, 068	416,321	326,250	—

2. Sales and Operating Income by Segment

(Millions of yen)

Fiscal years		Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Forecasts for the fiscal year ending March 31, 2023
Net sales		4,143,505	4,380,209	4,126,769	4,439,536	4,580,000
Sales by segment	Single-Family Houses	503,571	497,880	516,109	626,889	890,000
	Rental Housing	1,054,789	1,005,902	982,785	1,029,195	1,110,000
	Condominiums	343,553	372,731	339,790	379,865	465,000
	Existing Homes	131,786	145,619	124,718	126,955	—
	Commercial Facilities	730,529	806,784	808,395	796,922	1,020,000
	Logistics, Business & Corporate Facilities	1,026,308	1,152,347	989,984	1,139,640	1,010,000
	Environment and Energy	—	—	—	—	135,000
	Other Businesses	483,050	530,079	507,359	501,831	68,000
	Adjustments	(130,083)	(131,136)	(142,376)	(161,762)	(118,000)
Operating income		372,195	381,114	357,121	383,256	350,000
Operating income by segment	Single-Family Houses	23,899	18,080	21,818	29,708	50,000
	Rental Housing	104,663	98,587	90,832	94,337	105,000
	Condominiums	20,723	15,883	5,397	9,762	29,000
	Existing Homes	13,702	16,723	10,438	8,877	—
	Commercial Facilities	142,577	140,632	122,898	114,825	125,000
	Logistics, Business & Corporate Facilities	100,326	120,636	115,910	131,769	102,000
	Environment and Energy	—	—	—	—	5,500
	Other Businesses	13,540	19,285	10,771	2,542	-5,000
	Adjustments	(47,237)	(48,714)	(20,946)	(8,567)	(61,500)

Note: From the fiscal year ending March 2023, Existing Homes segment, which had been the reportable segment until the fiscal year under review, has been abolished. In addition, Environment and Energy segment, which had been included in Other Businesses segment, has been changed to the reportable segment.

1. Qualitative Information Regarding Consolidated Results for the Fiscal Year under Review

(1) Earnings Results

In the consolidated fiscal year under review, the Japanese economy was seriously impacted by the protracted COVID-19 crisis. Whilst the domestic economy showed signs of modest recovery, weakness was observed in some areas, with repeated states of emergency and quasi-states of emergency bringing the recovery of personal consumption to a standstill. In addition, given the increasing downside risks for the global economy emanating from the worsening Ukraine situation such as rising prices for resources and raw materials, volatility on financial and capital markets and supply-side constraints, the outlook was even more uncertain, creating a challenging operating environment.

In the domestic housing market, interest in housing acquisition has increased against the backdrop of the implementation of housing acquisition support measures and changes in lifestyles. The number of new construction starts increased year-on-year for owner-occupied houses, rental housing and built-for-sale houses. Also, in the general construction market, the total floor area of new construction starts increased in the categories of offices, stores, factories and warehouses. The overall figure increased from the previous year.

Amid this operating environment, the Group sought to fundamentally review groupwide governance systems and implemented management reforms for the reform of its business structure and organizational structure in accordance with the Daiwa House Group's Sixth Medium-Term Management Plan, covering three years, which concluded this fiscal year. In April 2021, the Group put its business-division based system fully into operation and sought to enhance risk management systems suited to the nature of businesses and to provide value-added services to customers throughout the business value chain, which encompasses all Group companies.

The Group also stepped up the development of logistics facilities through aggressive real estate investment, achieving significant growth toward becoming a leading logistics developer. Meanwhile, in overseas business, the Group laid the business management foundations to drive future Group growth, with a focus on North America.

As a result, the Daiwa House Group recorded consolidated net sales of 4,439,536 million yen (+7.6% year on year) for the fiscal year ended March 2022. Operating income came to 383,256 million yen (+7.3% year on year), ordinary income came to 376,246 million yen (+11.4% year on year), while net income attributable to owners of the parent amounted to 225,272 million yen (+15.5% year on year).

Operating income above includes 50,989 million yen gain on amortization of actuarial differences for retirement benefits, etc., and operating income excluding actuarial differences, etc. resulted in 332,267 million yen (+0.8% year on year).

Results by business segment were as follows.

Single-Family Houses Business

In the Single-Family Houses Business segment, we marked the transition to a business division-based system by formulating a business mission "Create 'lasting happiness' through housing" and a business vision "LiveStyle Design—Transforming home from a place to return to a place to 'live'—," and we stayed close to the life of each customer and pursued community-based business expansion based on the new mission and vision.

In April 2021, we launched "Wood Residence Ma-Re," our most luxurious detached house product combining a wood structure and RC structure. We are also proactively working to resolve our customers' issues and propose new values with our rich product lineup and proposals for living that cater to changes in society and people's lives. The lineup includes Lifegenic, which offers a fun and easy home designing experience online, "Comfortable workplace" and "Connecting work pit" as a proposal of our unique telework style, as well as "Kaji Share House" that helps facilitate sharing of household chores among family members. Additionally, we focused on value chain reform with our group companies and, using the "Homes of Daiwa House" platform, we will continue working to expand proposals that address the house owner's lifetime value, including home renovations, relocation, and sale, finding homes for their families, and suggestions on furniture, in addition to providing new housing.

In the United States, our main operating area overseas, we pursued expansion of the housing business in the "smile zone" which connects the economically booming eastern, southern and western tiers of the United States, and we strengthened the foundations for business expansion by welcoming CastleRock Communities, LLC, which operates mainly in the South, to the Group in September 2021, joining Stanley Martin Holdings, LLC, which operates mainly in East Coast area, and Trumark Companies, LLC, which operates mainly in the West coast area. Meanwhile, in the United States as elsewhere, we experienced supply chain disruptions and delays in the processing of permits by the regulatory authorities due to the impact of COVID-19. However, demand for single-family houses remained firm and we succeeded in minimizing the impact of such disruption by putting effort into reinforcing procurement of materials to ensure a stable supply. As a result, our performance exceeded initial projections.

As a result, net sales for this segment amounted to 626,889 million yen (+21.5% year on year), while operating income came to 29,708 million yen (+36.2% year on year).

Rental Housing Business

In the Rental Housing Business segment, we have been proposing and supporting rental housing management that leads to the maximization of the asset value and long-term stable management for owners through the provision of homes of choice for residents where they may want to continue living in for a long time. We pushed ahead with built-for-sale business and eco-friendly ZEH-M, as opportunities to make face-to-face sales proposals increased after the stagnation caused by states of emergency and other control measures, reflecting efforts to achieve both strict containment and economic and social activity. At the same time, we continued to hold regular online seminars and built lasting relationships with customers through the provision of information on the latest trends in land use, rental housing markets and suchlike.

Daiwa Living Co., Ltd. maintained a high occupancy ratio, reflecting relocation hesitancy of tenants during the COVID-19 pandemic and growing demand for properties coming equipped with Internet access, as new lifestyles such as teleworking become more widespread. Daiwa Living Care Co., Ltd. of the Daiwa Living Group opened a serviced house for the elderly "D-Festa Kashiwa-Tanaka" (Chiba Pref.) in December 2021. It now has a nationwide network of 17 such facilities. Furthermore, Daiwa Living Co., Ltd. and Daiwa Living Management Co., Ltd. implemented an absorption-type merger with Daiwa Living Co., Ltd. as the surviving company and Daiwa Living Management Co., Ltd. as the extinct company, on January 1, 2022. The purpose of the merger is to further improve convenience for owners and tenants by speeding up decision-making and creating a one-stop-service structure.

Meanwhile, overseas in the United States, our main operating area, we sold a rental housing development in Texas in August 2021, bringing the cumulative total of properties sold since our first sale in 2016 to five. Occupancy of rental properties is also steadily improving as economy activity gradually recovers, and we are steadily building up a track-record of occupancy with a view to sale.

As a result, net sales for this segment amounted to 1,029,195 million yen (+4.7% year on year), while operating income came to 94,337 million yen (+3.9% year on year).

Condominiums Business

In the Condominium Business segment, we sought to provide basic housing performance essential for a long housing life, comfort, safety and a management structure, drawing on our knowhow as a home builder to meet the diverse lifestyle needs of potential residents. We are also striving to create high added-value condominiums which, in addition to asset value for the customer, also consider the environment and society and aim to contribute to local communities.

At PREMIST Towers Sapporo Naebo, a large-scale multipurpose redevelopment in front of JR Naebo Station, the first of the two towers (Aqua Gate) was completed in January 2022 and all units sold quickly in recognition of the convenience of direct connection to JR Naebo Station and a large shopping mall, and ample common areas and adjoining facilities. Meanwhile, sales of PREMIST Ohori 2-chome (Fukuoka Pref.) are progressing steadily, due to factors such as the prestigious location in Fukuoka City close to Ohori Park and recognition of its environmental credentials and next-generation specifications. The development received ZEH-M Oriented certification due to the high heat insulation and high energy efficiency of the building and its energy-saving facilities and equipment and it also received ABINC certification, a certificate for facilities supporting harmony with nature and biodiversity conservation.

In addition, at Group member Cosmos Initia Co., Ltd., sales of investment units in Selesage Toyosu (Tokyo)－joint-investment type real estate project that enable investors to acquire excellent city-center property on a tight budget－have trended favorably, and the total number of units has been sold out.

Daiwa LifeNext Co., Ltd. launched a service for the production of disaster management manuals tailored to individual condominiums in June 2021 and collaborated with Rikei Corporation on the joint development of a VR (virtual reality) Fire Drill service overseen by Yokohama Fire Bureau and began providing it to condominium management associations which entrust management to Daiwa LifeNext in November 2021.

Overseas, business operations in China went well, with all units at “Grace Residence” (Nantong) and “Grace Residence” (Changzhou) sold out at an early stage, and we also started on a new development project in Suzhou.

As a result, net sales for this segment amounted to 379,865 million yen (+11.8% year on year), while operating income came to 9,762 million yen (+80.9% year on year).

Existing Homes Business

In the Existing Homes Business segment, we worked to strengthen the relationship with owners of single-family houses and rental housing constructed by the Company through building inspections. We also strengthened our efforts to propose renovations required for extended warranty. At the same time, to our corporate customers, we focused on proposing maintenance of their business assets and sought to increase orders.

In our Livness business, which meets needs for diverse homes through a one-stop service, we held online seminars as a new form of marketing under the COVID-19 pandemic. In the single-family houses division, we have set up a Livness business premises to 60 locations nationwide and provided a wide range of consultation service, including relocation, sale and renovation, mainly to owners.

As a result, net sales for this segment amounted to 126,955 million yen (+1.8% year on year), while operating income came to 8,877 million yen (-15.0% year on year).

Commercial Facilities Business

In the Commercial Facilities Business segment, we designed and proposed that matched tenant corporations' strategic needs and took into account the impact of the COVID-19 pandemic. We offered various plans to make the best of the particular characteristics of each region and meet a wide range of needs. In particular, we strengthened our efforts in the field of large-scale projects. Also, for customers looking for options in the purchase of real estate for investment purposes, we took steps to expand our services by strengthening strategies to encompass land acquisition, construction, and leasing-out to tenants.

Meanwhile, Daiwa Information Service Co. Ltd. and Daiwa Royal Co., Ltd. merged to form Daiwa House Realty Mgt. Co., Ltd. on October 1, 2021, for the purpose of further maximizing business synergy and improving management efficiency. Daiwa House Realty Mgt. Co., Ltd. opened its first overseas hotel Roynet Hotel Seoul Mapo in South Korea in March 2022. Furthermore, the shopping center “ALPARK" (Hiroshima Pref.), which Daiwa House Realty Mgt. has managed and operated since acquiring it in 2019, is scheduled to be fully renovated and reopened in April 2023, following renovation and reopening of the East Building and West Building in December 2021 and April 2022 respectively. Through projects such as these, Daiwa House Realty Mgt. is developing multipurpose facilities which combine the Group's management assets spanning development and planning, design and construction, and operation and management.

Daiwa Lease Co., Ltd. opened Branch Chigasaki Three (Kanagawa Pref.), a community-type multipurpose commercial facility with a community room for local residents and temporary evacuation space to use in the event of disaster, in October 2021. In March 2022, Daiwa Lease Co., Ltd. also renovated and reopened Toriizaki Seaside Park (Chiba Pref.), which combines restaurants and accommodation facilities on the concept of new interactions linked by the theme of "food."

However, due to a decrease in sales of development properties, etc., net sales for this segment amounted to 796,922 million yen (-1.4% year on year), while operating income came to 114,825 million yen (-6.6% year on year).

Logistics, Business and Corporate Facilities Business

In the Logistics, Business and Corporate Facilities Business segment, we worked to enhance the Group’s business scope by constructing a variety of facilities to suit the differing business needs of our corporate customers, and by providing total support services that enable customers to utilize their assets most effectively. To nurture business pillars besides logistics facilities development, which has driven earnings growth, we launched the "DPDC" (D

Project Data Center) brand and also worked on, as part of an initiative for organizing an infrastructure for people's daily life, Toyama Public Wholesale Market Redevelopment Project, as a first project to support the redevelopment of aging municipal wholesale markets, and one of Japan's largest onshore salmon farms.

In the field of logistics facilities, we began construction of 40 multi-tenant logistics facilities nationwide, leveraging our extensive experience and know-how to provide the essential back-up to our customers' logistics strategies. Particularly notable among these newly commenced projects is the "DPL Nagareyama IV" (Chiba Pref.), a multi-tenant logistics facility with the largest floor area (322,299㎡) in eastern Japan (*1) and the largest in our company, completed in October 2021.

In the field of medical and nursing care facilities, we targeted hospitals whose existing facilities are showing signs of aging and which do not meet current earthquake resistance standards, making proposals for reconstruction or relocation. We also strengthened proposals with urban development centered around CCRC (*2) and health care as the starting point.

In the field of support for offices, manufacturing plants and suchlike, we strengthened efforts commercialize and attract companies to industrial parks developed by Daiwa House, including starting development of Hiroshima Innovation Techno Port II in April 2021. We also stepped up ZEB proposals to promote energy-efficient buildings toward helping realize a decarbonized society.

In food factory-related business, we started construction of two large plant factories.

Daiwa House Property Management Co., Ltd. manages and operates mainly the logistics facilities developed by Daiwa House. It entered into new property management (PM) and building management and maintenance (BM) contracts with a total of 40 logistics facilities, including "DPL Nagareyema IV" (Chiba Pref.) completed in October 2021 and "DPL Shin-Yokohama I" (Kanagawa Pref.) completed in March 2022, bringing the cumulative number of buildings under its management to 209, or approximately 7.62 million square meters.

Fujita Corporation saw significant improvement in construction orders from the previous fiscal year when orders were affected by COVID-19, with orders received for a large condominium tower, multiple large logistics facilities, and additional construction work on the Metro Manila Subway Project in the Philippines.

As a result, net sales for this segment amounted to 1,139,640 million yen (+15.1% year on year), while operating income came to 131,769 million yen (+13.7% year on year).

*1: According to our research (per standalone facility; based on area at completion)
*2: Continuing Care Retirement Community is an initiative for the development of communities whose members can lead healthy, active lives, interacting with local residents and many different generations, and can access medical and nursing care where necessary.

Other Businesses

In the logistics business, Daiwa Logistics Co., Ltd. was impacted by initial costs incurred on the establishment of new bases and higher fuel costs attributable to rising oil prices. However, its business results remained steady, reflecting increased transport volumes on the back of recovery in the movement of core cargos, construction materials. Daiwa LogiTech Inc. saw an increase in projects to introduce systems for logistics automation in the IT business, and met various customer needs in the logistics business, as a shift to e-commerce and growing stay-at-home consumption led to warehouse expansion and automation and higher cargo volume.

In the home center business, Royal Home Center Co., Ltd. continued to face a challenging business environment due to continued shortages of timber and housing equipment and products (such as boilers, built-in ovens and toilet seats with warm-water bidet) and worsening consumer sentiment due to the spread of new variants but it sought to expand operations aiming to be the best partner for community-based living and homes.

In the fitness club business, Sports Club NAS Co., Ltd. continued operating alongside implementation of strict infection control measures. Whilst the impact of the spread of new variants delayed recovery in the number of fitness club members (full membership), the number of class members (limited memberships for particular classes) returned to pre-pandemic levels.

In the accommodation business, Daiwa Resort Co., Ltd. reported a full-year occupancy rate above the level a year earlier, albeit only slightly. Whilst inbound demand is expected to take some time to recover, domestic accommodation demand is staging a modest recovery.

However, due to a decrease in construction work for environment and energy business, etc., net sales for this segment amounted to 501,831 million yen (-1.1% year on year), while operating income came to 2,542 million yen (-76.4% year on year).

(2) Financial Conditions

Total assets as of the end of the consolidated reporting fiscal year amounted to 5,521,662 million yen, an increase of 468,610 million yen compared with 5,053,052 million yen at the end of the previous consolidated fiscal year. This was mainly due to an increase in inventory assets accompanying the acquisition of real estate for sale in Single-Family Houses Business and Condominiums Business and an increase in property, plant and equipment accompanying the acquisition of real estate for investment.

Total liabilities as of the end of the consolidated reporting fiscal year amounted to 3,410,277 million yen, an increase of 250,729 million yen compared with 3,159,548 million yen at the end of the previous consolidated fiscal year. This was principally due to bank borrowings, as well as the issuance of bonds, to raise funds for the acquisition of inventory assets and real estate for investment and other purposes.

Total net assets as of the end of the consolidated reporting fiscal year amounted to 2,111,385 million yen, an increase of 217,881 million yen compared with 1,893,504 million yen at the end of the previous consolidated fiscal year. This was mainly due to the posting of net income attributable to owners of the parent in the amount of 225,272 million yen, despite the payment of dividends to shareholders in the amount of 79,239 million yen. At the end of the term under review, these results were 1,425,407 million yen in interest-bearing liabilities excluding lease obligations among others, and a debt-equity ratio of 0.71 times. After taking the hybrid financing into account, the debt-equity ratio came to 0.61 times*. The net assets ratio as of the end of the fiscal year under review stood at 36.6%, showing little change from the 36.3% at the previous fiscal year end.

* The debt-equity ratio was calculated by taking into account the equity credit of 50 percent employed in establishing the Company's credit rating for the 150 billion yen of publicly offered hybrid bonds (subordinated bonds) issued in September 2019 and 100 billion yen of hybrid loans (subordinated loans) procured in October 2020.

(3) Cash Flow Position

Cash and cash equivalents for the reporting fiscal year amounted to 326,250 million yen, for a decrease of 90,276 million yen. Net cash provided by operating activities stood at 336,436 million yen, net cash used in investing activities came to 467,423 million yen, and net cash provided by financing activities came to 24,427 million yen.

Cash flows from operating activities

During the reporting fiscal year, net cash provided by operating activities came to 336,436 million yen (-21.8% year on year). This was mainly due to the posting of 353,300 million yen in income before income taxes and non-controlling interests, despite the acquisition of inventory assets and the payment of income taxes.

Cash flows from investing activities

During the reporting fiscal year, net cash used in investing activities came to 467,423 million yen (compared with 389,980 million yen used in the previous fiscal year). This was primarily the result of the acquisition of property, plant and equipment, including large-scale logistics facilities and commercial facilities, among other factors.

Cash flows from financing activities

During the reporting fiscal year, net cash provided by financing activities came to 24,427 million yen (-76.2% year on year). This was principally due to bank borrowings, as well as the issuance of bonds, to raise funds for the acquisition of inventory assets and real estate for investment and other purposes, despite the payment of dividends.

(Reference) Cash Flow Indicators

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net assets ratio	37.3%	36.3%	36.6%
Net assets ratio on market-value basis	38.4%	42.0%	38.0%
Repayment years of interest-bearing debt	7.0 years	3.0 years	4.2 years
Interest coverage ratio	19.7	51.3	28.3

* The standards for the indicators are as follows. All have been computed based on consolidated financial figures.
Net assets ratio: (Net assets – Non-controlling shareholders' interests)/Total assets
Net assets ratio on market-value basis: Total market capitalization/Total assets
Repayment years of interest-bearing debt: Interest-bearing liabilities/Operating cash flows
Interest coverage ratio: Operating cash flows/Interest expenses
Total market capitalization: Closing stock price at the fiscal year-end × Number of shares issued at the fiscal year-end (after deduction of treasury stock)
Operating cash flows: Net cash provided by (used in) operating activities on the Consolidated Statements of Cash Flows
Interest expenses: Interest expenses paid on the Consolidated Statements of Cash Flows

(4) Future Outlook

The social and economic outlook remains more uncertain than ever, given the prolonged economic disruption caused by COVID-19, including new variants, and downside risks for the economy emanating from the worsening Ukraine crisis such as rising prices for resources and raw materials, financial and capital market volatility, and supply-side constraints, and developments in wider society need to be monitored carefully. In March 2022, the Organization for Economic Co-operation and Development (OECD) estimated that the Ukraine crisis could knock more than a percentage point off global growth this year and indicated that inflation could rise by an additional 2.5 percentage points globally.

In the housing industry, positive signs of recovery were observed in housing construction starts and the category of private non-residential buildings. However, the outlook for rising materials prices remain unpredictable, leaving little room for any optimism in the short term. Also from a medium- and long-term perspective, in Japan, we must continue to address the future decline in housing construction starts due to fewer households, and labor shortages due to population aging, etc.

In light of such business conditions, the Group has developed the Daiwa House Group 7th Medium-Term Management Plan covering five years for the first time with 2022 as the first fiscal year. To complete a sustainable growth model, we have established three management policies: "Evolve revenue model," "Optimize management efficiency," and "Strengthen management base" and key themes for realizing them and we will steadily implement them. In terms of expansion of overseas business, which is one of the key themes, we are the first Japanese home builder to set out a broad global vision of overseas sales of 1 trillion yen and operating income of 100 billion yen. In our domestic business, we will make full use of the Group's value chain to contribute to local community regeneration, including stepping up redevelopment projects focused on core regional cities. Our performance targets for the final fiscal year of the plan are net sales of 5 trillion 500 billion yen and operating income of 500 billion yen.

In addition, we have engaged in frequent dialogue with employees and other stakeholders concerning "our hopes for the future" (purpose) in light of our founding ideals, asking ourselves what kind of society we want to create in a dramatically changing world and what kind of role we should play in society. With the start of the 7th Medium-Term Management Plan, we will embark on a new stage, adopting "Creating the fundamental societal infrastructure and lifestyle culture rooted in regeneration, ensuring a world where we live together in harmony embracing the Joys of Life" as "our hopes for the future." Going forward, as "a group that co-creates value for individuals, communities, and people's lifestyles," we will continue striving to resolve social issues through business whilst forging heartfelt connections with all kinds of people, and we will carve out our future landscape.

In view of the foregoing, we forecast net sales for the fiscal year ending March 31, 2023 in the amount of 4 trillion 580 billion yen, with operating income of 350 billion yen, ordinary income of 337 billion yen, and net income attributable to owners of the parent of 218 billion yen. Amortization of actuarial differences for retirement benefits is not expected in the above operating income. And we expect capital investments of 520 billion yen and depreciation of 106 billion yen.

2. Basic Approach to Selection of Accounting Standards

The Daiwa House Group applies Japanese accounting standards as its selected accounting standards to maintain the comparability of consolidated financial statements between accounting periods and the comparability of performance between companies.

3. Consolidated Financial Statements and Main Notes
(1) Consolidated Balance Sheets

(Millions of yen)

	Previous fiscal year (as of March 31, 2021)	Reporting fiscal year (as of March 31, 2022)
Assets		
Current assets		
Cash and deposits	425,980	337,632
Notes and accounts receivable from completed construction contracts and other	401,314	407,430
Lease receivables and investment assets	45,411	89,875
Mortgage notes receivable held for sale	29,088	28,473
Short-term investment securities	550	7,568
Costs on uncompleted construction contracts	46,866	48,516
Real estate for sale	852,678	1,068,011
Real estate for sale in process	237,659	407,869
Land for development	3,421	3,288
Merchandise and finished goods	17,356	17,904
Work in process	8,073	9,073
Raw materials and supplies	7,557	7,746
Other	292,088	277,601
Allowance for doubtful accounts	-13,682	-18,195
Total current assets	2,354,364	2,692,794
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	1,164,230	1,302,750
Accumulated depreciation	-510,841	-558,140
Buildings and structures, net	653,389	744,610
Machinery, equipment and vehicles	159,424	160,254
Accumulated depreciation	-94,202	-99,058
Machinery, equipment and vehicles, net	65,222	61,196
Tools, furniture and fixtures	75,280	79,847
Accumulated depreciation	-56,057	-59,773
Tools, furniture and fixtures, net	19,223	20,074
Land	870,822	878,851
Lease assets	93,235	105,714
Accumulated depreciation	-17,934	-23,721
Lease assets, net	75,300	81,993
Construction in progress	166,588	174,780
Other	9,641	9,733
Accumulated depreciation	-1,340	-2,174
Other, net	8,300	7,559
Total property, plant and equipment	1,858,847	1,969,066
Intangible assets		
Goodwill	74,046	93,895
Other	61,578	77,022
Total intangible assets	135,625	170,917
Investments and other assets		
Investment securities	231,490	228,794
Long-term loans receivable	5,284	2,255
Lease and guarantee deposits	251,358	251,053
Deferred tax assets	161,458	159,203
Other	56,447	49,282
Allowance for doubtful accounts	-1,825	-1,705
Total investments and other assets	704,214	688,884
Total noncurrent assets	2,698,687	2,828,868
Total assets	5,053,052	5,521,662

(Millions of yen)

	Previous fiscal year (as of March 31, 2021)	Reporting fiscal year (as of March 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable for construction contracts and other	296,165	355,936
Short-term loans payable	124,584	151,421
Current portion of bonds payable	40,000	25,000
Current portion of long-term loans payable	46,700	79,589
Lease obligations	7,576	8,810
Accounts payable-other	129,089	121,051
Income taxes payable	57,093	69,170
Advances received	175,978	199,824
Advances received on uncompleted construction contracts	113,186	137,977
Provision for bonuses	53,276	56,759
Provision for warranties for completed construction	7,230	7,680
Asset retirement obligations	2,568	3,140
Other	225,407	228,229
Total current liabilities	1,278,858	1,444,592
Noncurrent liabilities		
Bonds payable	383,000	408,000
Long-term loans payable	677,700	758,496
Lease obligations	93,780	102,731
Deposits received from members	1,419	1,332
Long-term lease and guarantee deposits	284,946	296,500
Deferred tax liabilities for land revaluation	19,634	19,117
Provision for retirement benefits	246,059	193,753
Asset retirement obligations	53,784	55,904
Other	120,363	129,848
Total noncurrent liabilities	1,880,689	1,965,684
Total liabilities	3,159,548	3,410,277
Net assets		
Shareholders' equity		
Capital stock	161,699	161,699
Capital surplus	304,595	301,982
Retained earnings	1,339,558	1,486,900
Treasury stock	-33,019	-29,081
Total shareholders' equity	1,772,834	1,921,500
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	59,404	64,017
Deferred gains or losses on hedges	10	-860
Revaluation reserve for land	10,624	10,642
Foreign currency translation adjustment	-7,677	24,857
Total accumulated other comprehensive income	62,361	98,657
Subscription rights to shares	91	—
Non-controlling interests	58,216	91,227
Total net assets	1,893,504	2,111,385
Total liabilities and net assets	5,053,052	5,521,662

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(Consolidated Statements of Income)

(Millions of yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Reporting fiscal year (From April 1, 2021 to March 31, 2022)
Net sales	4,126,769	4,439,536
Cost of sales	3,299,886	3,574,853
Gross profit	826,883	864,682
Selling, general and administrative expenses		
Sales commission	19,439	23,551
Advertising expenses	28,507	25,820
Promotion expenses	6,250	5,702
Provision of allowance for doubtful accounts	1,176	3,984
Directors' compensations	3,972	4,124
Employees' salaries and allowances	176,823	186,936
Provision for bonuses	32,575	33,745
Retirement benefit expenses	7,861	-4,246
Legal welfare expenses	27,309	27,508
Stationery expenses	15,494	19,721
Correspondence and transportation expenses	15,943	16,942
Rents	22,019	19,689
Depreciation	10,595	12,881
Tax and dues	33,878	39,187
Other	67,912	65,876
Total selling, general and administrative expenses	469,761	481,425
Operating income	357,121	383,256
Non-operating income		
Interest income	2,638	2,901
Dividends income	4,616	4,431
Insurance income	2,888	2,277
Subsidies income	3,521	3,041
Miscellaneous income	6,717	13,611
Total non-operating income	20,381	26,263
Non-operating expenses		
Interest expenses	10,013	13,033
Tax and dues	1,537	－
Provision of allowance for doubtful accounts	4,509	1,635
Equity in losses of affiliates	11,553	6,810
Miscellaneous expenses	12,058	11,793
Total non-operating expenses	39,672	33,273
Ordinary income	337,830	376,246
Extraordinary income		
Gain on sales of noncurrent assets	805	2,167
Gain on sales of investment securities	449	1,635
Gain on sales of investments in capital of subsidiaries and associates	1,115	－
Gain on step acquisitions	－	3,907
Gain on change in equity	428	788
Subsidy income related to COVID-19	1,871	379
Gain on reversal of subscription rights to shares	－	10
Total extraordinary income	4,671	8,888

(Millions of yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Reporting fiscal year (From April 1, 2021 to March 31, 2022)
Extraordinary losses		
Loss on sales of noncurrent assets	215	466
Loss on retirement of noncurrent assets	1,372	1,383
Impairment loss	21,065	24,147
Loss on sales of investment securities	0	880
Loss on valuation of investment securities	656	174
Loss on sales of stocks of subsidiaries and affiliates	418	763
Loss on sales of investments in capital of subsidiaries and affiliates	－	593
Special retirement benefit expenses	－	2,207
Loss on COVID-19	7,561	1,208
Other	0	8
Total extraordinary losses	31,290	31,834
Income before income taxes and non-controlling interests	311,210	353,300
Income taxes-current	109,300	123,917
Income taxes-deferred	573	423
Total income taxes	109,873	124,341
Net income	201,336	228,958
Net income attributable to non-controlling interests	6,260	3,686
Net income attributable to owners of the parent	195,076	225,272

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Reporting fiscal year (From April 1, 2021 to March 31, 2022)
Net income	201,336	228,958
Other comprehensive income		
Valuation difference on available-for-sale securities	22,455	4,631
Deferred gains or losses on hedges	19	-870
Revaluation reserve for land	5	15
Foreign currency translation adjustment	-9,770	34,163
Share of other comprehensive income of associates accounted for using equity method	-344	2,249
Total other comprehensive income	12,365	40,190
Comprehensive income	213,702	269,148
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	208,745	261,565
Comprehensive income attributable to non-controlling interests	4,956	7,583

(3) Consolidated Statements of Changes in Net Assets

Previous fiscal year (From April 1, 2020 to March 31,2021)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the period	161,699	307,154	1,217,407	(7,588)	1,678,671
Changes of items during the period					
Dividends from surplus	－	－	(72,556)	－	(72,556)
Net income attributable to owners of the parent	－	－	195,076	－	195,076
Change of scope of equity method	－	(2,614)	－	－	(2,614)
Reversal of revaluation reserve for land	－	－	(367)	－	(367)
Purchase of treasury stock	－	－	－	(26,054)	(26,054)
Disposal of treasury stock	－	56	－	624	681
Net changes of items other than shareholders' equity	－	－	－	－	－
Total changes of items during the period	－	(2,558)	122,151	(25,430)	94,163
Balance at end of the period	161,699	304,595	1,339,558	(33,019)	1,772,834

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling shareholders' interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of the period	36,996	(10)	10,251	1,087	48,323	101	46,292	1,773,388
Changes of items during the period								
Dividends from surplus	－	－	－	－	－	－	－	(72,556)
Net income attributable to owners of the parent	－	－	－	－	－	－	－	195,076
Change of scope of equity method	－	－	－	－	－	－	－	(2,614)
Reversal of revaluation reserve for land	－	－	－	－	－	－	－	(367)
Purchase of treasury stock	－	－	－	－	－	－	－	(26,054)
Disposal of treasury stock	－	－	－	－	－	－	－	681
Net changes of items other than shareholders' equity	22,407	21	373	(8,764)	14,037	(9)	11,924	25,952
Total changes of items during the period	22,407	21	373	(8,764)	14,037	(9)	11,924	120,115
Balance at end of the period	59,404	10	10,624	(7,677)	62,361	91	58,216	1,893,504

Reporting fiscal year (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the period	161,699	304,595	1,339,558	(33,019)	1,772,834
Cumulative effects of changes in accounting policies	–	–	1,311	–	1,311
Balance at the beginning of the period reflecting changes in accounting policies	161,699	304,595	1,340,870	(33,019)	1,774,146
Changes of items during the period					
Dividends from surplus	–	–	(79,239)	–	(79,239)
Net income attributable to owners of the parent	–	–	225,272	–	225,272
Change of scope of equity method	–	(3,072)	–	–	(3,072)
Reversal of revaluation reserve for land	–	–	(2)	–	(2)
Purchase of treasury stock	–	–	–	(12)	(12)
Disposal of treasury stock	–	458	–	3,950	4,408
Net changes of items other than shareholders' equity	–	–	–	–	–
Total changes of items during the period	–	(2,613)	146,029	3,937	147,353
Balance at end of the period	161,699	301,982	1,486,900	(29,081)	1,921,500

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling shareholders' interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of the period	59,404	10	10,624	(7,677)	62,361	91	58,216	1,893,504
Cumulative effects of changes in accounting policies	–	–	–	–	–	–	–	1,311
Balance at the beginning of the period reflecting changes in accounting policies	59,404	10	10,624	(7,677)	62,361	91	58,216	1,894,816
Changes of items during the period								
Dividends from surplus	–	–	–	–	–	–	–	(79,239)
Net income attributable to owners of the parent	–	–	–	–	–	–	–	225,272
Change of scope of equity method	–	–	–	–	–	–	–	(3,072)
Reversal of revaluation reserve for land	–	–	–	–	–	–	–	(2)
Purchase of treasury stock	–	–	–	–	–	–	–	(12)
Disposal of treasury stock	–	–	–	–	–	–	–	4,408
Net changes of items other than shareholders' equity	4,613	(870)	18	32,535	36,295	(91)	33,010	69,215
Total changes of items during the period	4,613	(870)	18	32,535	36,295	(91)	33,010	216,569
Balance at end of the period	64,017	(860)	10,642	24,857	98,657	–	91,227	2,111,385

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Reporting fiscal year (From April 1, 2021 to March 31, 2022)
Net cash provided by (used in) operating activities		
Income before income taxes and non-controlling interests	311,210	353,300
Depreciation and amortization	78,403	100,328
Increase (decrease) in net defined benefit liability	-21,052	-52,308
Interest and dividends income	-7,254	-7,332
Interest expenses	10,013	13,033
Equity in (earnings) losses of affiliates	11,553	6,810
Loss (gain) on sales and retirement of noncurrent assets	782	-316
Impairment loss	21,065	24,147
Loss (gain) on valuation of investment securities	656	174
Decrease (increase) in notes and accounts receivable-trade	33,762	13,988
Decrease (increase) in inventories	-419	-228,299
Increase (decrease) in advances received	98,846	-3,609
Increase (decrease) in advances received on uncompleted construction contracts	-17,929	22,999
Increase (decrease) in notes and accounts payable-trade	-72,335	59,472
Other, net	93,601	148,572
Subtotal	540,904	450,962
Interest and dividends income received	8,964	9,496
Interest expenses paid	-8,388	-11,884
Income taxes paid	-111,165	-112,138
Net cash provided by (used in) operating activities	430,314	336,436
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment and intangible assets	-334,698	-410,981
Proceeds from sales of property, plant and equipment	6,454	14,673
Purchase of investment securities	-5,759	-13,064
Proceeds from sales and redemption of investment securities	10,442	8,010
Purchase of shares etc of subsidiaries resulting in change in scope of consolidation	-25,363	-53,118
Payments for sales of shares etc of subsidiaries resulting in change in scope of consolidation	-285	-98
Proceeds from sales etc of investments in subsidiaries resulting in change in scope of consolidation	1,231	—
Payments for transfer of business	-22,991	-12,213
Net proceeds from refund of leasehold and guarantee deposits	—	3,228
Net payments of leasehold and guarantee deposits	-6,971	—
Other, net	-12,037	-3,860
Net cash provided by (used in) investing activities	-389,980	-467,423

(Millions of yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Reporting fiscal year (From April 1, 2021 to March 31, 2022)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	20,625	19,012
Net increase (decrease) in commercial papers	-49,000	—
Proceeds from long-term loans payable	260,299	181,281
Repayment of long-term loans payable	-98,555	-115,838
Proceeds from issuance of bonds	146,000	50,000
Redemption of bonds	-65,000	-40,000
Repayments of finance lease obligations	-9,850	-9,763
Proceeds from share issuance to non-controlling shareholders	4,899	26,508
Purchase of treasury stock	-26,054	-12
Proceeds from sales of treasury stock	671	4,328
Cash dividends paid	-72,556	-79,239
Dividends paid to non-controlling interests	-3,221	-5,381
Purchase of shares etc of subsidiaries not resulting in change in scope of consolidation	-6,577	-7,876
Other, net	1,051	1,407
Net cash provided by (used in) financing activities	102,731	24,427
Effect of exchange rate change on cash and cash equivalents	-2,811	16,283
Net increase (decrease) in cash and cash equivalents	140,253	-90,276
Cash and cash equivalents at the beginning of the period	276,068	416,321
Increase in cash and cash equivalents from newly consolidated subsidiary	—	205
Cash and cash equivalents at the end of the period	416,321	326,250

(5) Notes to Consolidated Financial Statements

Notes on Premise of Going Concern

No items to report.

Changes in Accounting Policies

The adoption of the Accounting Standard for Revenue Recognition

The Accounting Standard for Revenue Recognition (ASBJ Statement No.29, March 31, 2020) and other standards have been applied from the beginning of the current first quarter. As a result, revenue is recognized at an amount that we expect to receive in exchange for promised goods or services to a customer when control of the goods or services transfers to the customer.

In the application of the Accounting Standard for Revenue Recognition and other standards, we elected to apply the transitional measures set forth in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition, thereby the cumulative effect of retrospectively applying the new accounting standard for the periods prior to the beginning of the current first quarter is added to or subtracted from retained earnings at the beginning of the current first quarter, and the new accounting standard is applied from the beginning balance of the period. However, in accordance with the methods stipulated in Paragraph 86 of the Accounting Standard for Revenue Recognition, the new accounting standard is not retrospectively applied to the contracts if almost all revenue arising from them was recognized prior to the beginning of the current first quarter under the previous accounting methods. In addition, we elected to apply a method stipulated as the alternate (1) in Paragraph 86 of the Accounting Standard for Revenue Recognition, thereby modifications to the contracts that had been made prior to the beginning of the current first quarter were accounted for based on terms and conditions that reflect all the modifications, and the resulting cumulative effect is added to or subtracted from retained earnings at the beginning of the current first quarter.

This change will have a minimal effect on the consolidated financial statement for the fiscal year under review.

The adoption of the Accounting Standard for Fair Value Measurement

The Accounting Standard for Fair Value Measurement (ASBJ Statement No.30, July 4, 2019) and other standards have been applied from the beginning of the current first quarter. As a result, pursuant to transitional measures set forth in Paragraph 19 of the Accounting Standard for Fair Value Measurement and in Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No.10, July 4, 2019), new accounting policies stipulated by the Accounting Standard for Fair Value Measurement and other standards are applied prospectively. Due to the application, fair values of available-for-sale securities with market prices at the end of the reporting period are presented in the amounts calculated based on the market prices as of the same date, which were previously calculated based on the average of the market prices for the month before the end of the period.

In addition, for securities other than corporate bonds and other bonds, which had been regarded as financial instruments whose fair value was deemed extremely difficult to ascertain, acquisition cost was stated as the consolidated balance sheet value. However, even if no observable inputs are available, fair value determined using unobservable inputs based on the best available information is stated as the consolidated balance sheet value.

Changes in Representation

Consolidated Statements of Cash Flows

In the previous fiscal year, "Purchase of investments in subsidiaries resulting in change in scope of consolidation" and "Purchase of investments in capital of subsidiaries resulting in change in scope of consolidation" of "Net cash provided by (used in) investing activities," which were presented separately, have been consolidated from the current fiscal year and presented as "Purchase of shares etc of subsidiaries resulting in change in scope of consolidation" for clarity.

In order to reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, in the consolidated statements of cash flows for the previous fiscal year, “Purchase of investments in subsidiaries resulting in change in scope of consolidation” (-20,935 millions of yen) and “Purchase of investments in capital of subsidiaries resulting in change in scope of consolidation” (-4,428 millions of yen), which were presented in “Net cash provided by (used in) investing activities,” are presented as “Purchase of shares etc of subsidiaries resulting in change in scope of consolidation” (-25,363 millions of yen).

As a result of the above changes, in the previous fiscal year, "Payments for sales of investments in subsidiaries resulting in change in scope of consolidation" and "Proceeds from sales of investments in capital of subsidiaries resulting in change in scope of consolidation" have been changed to "Payments for sales of shares etc of subsidiaries resulting in change in scope of consolidation" and "Proceeds from sales etc of investments in subsidiaries resulting in change in scope of consolidation" respectively, which were separately stated in " Net cash provided by (used in) investing activities."

In the previous fiscal year, "Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation" and "Purchase of investments in capital of subsidiaries without change in scope of consolidation" of "Net cash provided by (used in) financing activities," which were presented separately, have been consolidated from the current fiscal year and presented as "Purchase of shares etc of subsidiaries not resulting in change in scope of consolidation" for clarity.

"Net increase (decrease) in payables under fluidity receivables" and "Repayments to non-controlling shareholders" in " Net cash provided by (used in) financing activities," which were presented separately in the previous fiscal year, are included in "Other, net" from the current fiscal year due to their decreased financial significance.

In order to reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, in the consolidated statements of cash flows for the previous fiscal year, “Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation” (-4 millions of yen) and “Purchase of investments in capital of subsidiaries without change in scope of consolidation” (-6,573 millions of yen), which were presented in “Net cash provided by (used in) financing activities,” are presented as “Purchase of shares etc of subsidiaries not resulting in change in scope of consolidation” (-6,577 millions of yen). Also, "Net increase (decrease) in payables under fluidity receivables" (300 millions of yen) and "Repayments to non-controlling shareholders" (-419 millions of yen) are included in "Other, net" (1,051 millions of yen).

Segment Information

a. Segment Information

1. Outline of reportable business segments

The reportable business segments of the Group consist of those for which separate financial information is available within the Group's structural units. Segments are also subject to regular reviews as the management determines the allocation of management resources and assesses the business performance.

The Daiwa House Group engages in a comprehensive business across a broad range of fields, including the construction of residential housing and commercial buildings. The Group established seven business segments, set up a comprehensive strategy for each business segment and operates to enhance competitiveness with prompt decision-making and sophisticated expertise, integrating its value chain and sharing its customer base.

Accordingly, our business segments consist of different products and services, based on their business domains. Excluding the Other Businesses segment, there are six reportable business segments as core business domains: Single-Family Houses Business, Rental Housing Business, Condominiums Business, Existing Homes Business, Commercial Facilities Business, and Logistics, Business and Corporate Facilities Business.

In the Single-Family Houses Business segment, we engage in construction by order of single-family houses and the sale of a package of new house and land. In the Rental Housing Business segment, the Group conducts rental housing development, construction, management, operation, and real estate agency services. In the Condominium Business segment, we develop, sell, and manage condominiums. In the Existing Homes Business segment, the Group engages in renovation and real estate agency services. The Commercial Facilities Business segment develops, builds, manages, and operates commercial facilities. The Logistics, Business and Corporate Facilities Business segment develops and builds logistics, manufacturing, and medical and nursing-care facilities, and builds, manages, and operates temporary facilities.

2. Method of calculating sales and operating income, assets and others by reportable business segment

The accounting method applied to business segments reported herein, and the monetary amounts shown, are based on the accounting standard used for the preparation of consolidated financial statements.

The reported segment income figures at the operating income stage.

Inter-segment income and transfers are based on the prevailing market price.

3. Sales and operating income, assets and others by reportable business segment

Previous fiscal year (From April 1, 2020 to March 31, 2021)

(Millions of yen)

	Reportable Business Segments						
	Single-Family Houses	Rental Housing	Condominiums	Existing Homes	Commercial Facilities	Logistics, Business & Corporate Facilities	Total
Sales (1) Sales to customers	513,665	980,718	332,497	121,557	796,470	979,889	3,724,799
(2) Inter-segment sales or transfers	2,444	2,067	7,293	3,160	11,924	10,095	36,986
Total	516,109	982,785	339,790	124,718	808,395	989,984	3,761,785
Operating income	21,818	90,832	5,397	10,438	122,898	115,910	367,295
Assets	418,194	344,713	695,615	29,980	1,005,569	1,689,501	4,183,574
Others Depreciation	4,576	9,158	2,575	216	31,936	14,393	62,856
Net increase in property, plant and equipment, and intangible assets	4,895	30,258	12,852	229	56,871	234,821	339,929

	Other Businesses (Note: 1)	Subtotal	Adjustment (Note: 2)	Amounts on the consolidated financial statements
Sales (1) Sales to customers	401,970	4,126,769	—	4,126,769
(2) Inter-segment sales or transfers	105,389	142,376	(142,376)	—
Total	507,359	4,269,145	(142,376)	4,126,769
Operating income	10,771	378,067	(20,946)	357,121
Assets	633,339	4,816,913	236,138	5,053,052
Others Depreciation	14,551	77,408	995	78,403
Net increase in property, plant and equipment, and intangible assets	29,957	369,887	3,016	372,904

Notes:
1. Other Businesses include construction-support related, resort hotels and sports life business and others.
2. Adjustment:
   (1) -20,946 million yen in adjustments to operating income by business segment includes 1,440 million yen in elimination within business segments, 803 million yen in amortization of goodwill, and -23,189 million yen in corporate expenses not allocated to each business segment. Corporate expenses mainly consist of general and administrative expenses and experiment and research expenses not attributable to reportable business segments.

   (2) 236,138 million yen in adjustments to assets by business segment includes -176,757 million yen in elimination within business segments, and 412,896 million yen in the Group assets. Group assets mainly consist of the Company's surplus funds (cash and deposits), the Company's long-term investment funds (investment securities), and the assets associated with Administration Headquarters of the Company.

   (3) 995 million yen in adjustments to depreciation by business segment includes -652 million yen in elimination within business segments, and 1,647 million yen in the depreciation attributable to Group assets.

   (4) 3,016 million yen in adjustments to net increase in property, plant and equipment, and intangible assets by business segment includes -4,267 million yen in elimination within business segments, and 7,283 million yen in Headquarters' capital investment of the Company, such as properties and equipment.
3. Operating income by business segment is adjusted to correspond to operating income in the consolidated statements of income.

Reporting fiscal year (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reportable Business Segments						
	Single-Family Houses	Rental Housing	Condominiums	Existing Homes	Commercial Facilities	Logistics, Business & Corporate Facilities	Total
Sales							
(1) Sales to customers	625,862	1,026,414	373,032	124,034	781,685	1,119,879	4,050,908
(2) Inter-segment sales or transfers	1,027	2,780	6,832	2,920	15,236	19,760	48,558
Total	626,889	1,029,195	379,865	126,955	796,922	1,139,640	4,099,467
Operating income	29,708	94,337	9,762	8,877	114,825	131,769	389,281
Assets	618,753	444,652	774,525	30,424	1,164,849	1,746,795	4,780,001
Others							
Depreciation	4,934	10,606	2,793	218	33,715	32,118	84,386
Net increase in property, plant and equipment, and intangible assets	5,512	29,196	12,048	223	114,272	232,148	393,402

	Other Businesses (Note: 1)	Subtotal	Adjustment (Note: 2)	Amounts on the consolidated financial statements
Sales				
(1) Sales to customers	388,627	4,439,536	—	4,439,536
(2) Inter-segment sales or transfers	113,203	161,762	(161,762)	—
Total	501,831	4,601,298	(161,762)	4,439,536
Operating income	2,542	391,824	(8,567)	383,256
Assets	657,811	5,437,813	83,849	5,521,662
Others				
Depreciation	14,322	98,709	1,619	100,328
Net increase in property, plant and equipment, and intangible assets	26,833	420,235	5,572	425,807

Notes:
1. Other Businesses include construction-support related, resort hotels and sports life business and others.
2. Adjustment:
   (1) -8,567 million yen in adjustments to operating income by business segment includes 676 million yen in elimination within business segments, 699 million yen in amortization of goodwill, and -9,943 million yen in corporate expenses not allocated to each business segment. Corporate expenses mainly consist of general and administrative expenses and experiment and research expenses not attributable to reportable business segments.

   (2) 83,849 million yen in adjustments to assets by business segment includes -233,553 million yen in elimination within business segments, and 317,402 million yen in the Group assets. Group assets mainly consist of the Company's surplus funds (cash and deposits), the Company's long-term investment funds (investment securities), and the assets associated with Administration Headquarters of the Company.

   (3) 1,619 million yen in adjustments to depreciation by business segment includes -609 million yen in elimination within business segments, and 2,228 million yen in the depreciation attributable to Group assets.

   (4) 5,572 million yen in adjustments to net increase in property, plant and equipment, and intangible assets by business segment includes -565 million yen in elimination within business segments, and 6,137 million yen in Headquarters' capital investment of the Company, such as properties and equipment.
3. Operating income by business segment is adjusted to correspond to operating income in the consolidated statements of income.

b. Information regarding impairment loss on noncurrent assets, by reportable business segment

Previous fiscal year (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Single-Family Houses	Rental Housing	Condo-miniums	Existing Homes	Commercial Facilities	Logistics, Business & Corporate Facilities	Other Businesses (*1)	Eliminations/ Corporate (*2)	Total
Impairment loss	3,941	3,915	424	369	3,594	4,001	4,607	211	21,065

(*1) Amounts are construction support business and resort hotels and sports life business, among others.
(*2) Amounts are group assets that are not attributable to reportable business segments.

Reporting fiscal year (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Single-Family Houses	Rental Housing	Condo-miniums	Existing Homes	Commercial Facilities	Logistics, Business & Corporate Facilities	Other Businesses (*1)	Eliminations/ Corporate (*2)	Total
Impairment loss	312	461	5,331	—	2,774	1,110	14,119	38	24,147

(*1) Amounts are construction support business and resort hotels and sports life business, among others.
(*2) Amounts are group assets that are not attributable to reportable business segments.

c. Information regarding amortization of goodwill, and unamortized balances of goodwill, by reportable business segment

Previous fiscal year (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Single-Family Houses	Rental Housing	Condo-miniums	Existing Homes	Commercial Facilities	Logistics, Business & Corporate Facilities	Other Businesses (*)	Eliminations/ Corporate	Total
Amortization of goodwill	727	61	1,791	(8)	422	2,274	257	—	5,526
Fiscal year-end unamortized balance of goodwill	9,284	987	10,180	(53)	2,254	40,919	10,473	—	74,046

(*) Amounts are construction support business, among others.

Reporting fiscal year (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Single-Family Houses	Rental Housing	Condo-miniums	Existing Homes	Commercial Facilities	Logistics, Business & Corporate Facilities	Other Businesses (*)	Eliminations/ Corporate	Total
Amortization of goodwill	1,042	64	1,013	(8)	421	2,679	360	—	5,573
Fiscal year-end unamortized balance of goodwill	36,534	980	9,166	(45)	1,832	35,210	10,216	—	93,895

(*) Amounts are construction support business, among others.

d. Information regarding gain on negative goodwill, by reportable business segment

Previous fiscal year (from April 1, 2020 to March 31, 2021)

No items to report.

Reporting fiscal year (from April 1, 2021 to March 31, 2022)

No items to report.

Per Share Information

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Reporting fiscal year (From April 1, 2021 to March 31, 2022)
Net assets per share	2,805.09 yen	3,081.07 yen
Basic net income per share	297.18 yen	343.82 yen
Diluted net income per share	— yen	— yen

Note: 1. Diluted net income per share for the previous fiscal year is not presented because there are no dilutive potential shares. Diluted net income per share for the current fiscal year is not presented because there are no potential shares.
2. The basis of calculating for basic net income per share and diluted net income per share is as follows:

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Reporting fiscal year (From April 1, 2021 to March 31, 2022)
Basic net income per share		
Net income attributable to the parent (millions of yen)	195,076	225,272
Amount not belonging to general shareholders (millions of yen)	—	—
Basic net income attributable to owners of the parent related to common stock (millions of yen)	195,076	225,272
Average amount of common stock during the year (thousands of shares)	656,427	655,199
Diluted net income per share		
Net income attributable to owners of the parent (millions of yen)	—	—
Net increase of number of shares of common stock (thousands of shares)	—	—
Number of shares not dilutive as the Company does not include in the computation of net income per share after full dilution (thousands of shares)	1,599 thousand common stock acquisition rights approved by resolution of the Board of Directors on May 13, 2016	—

Note: In calculating net assets per share, the shares held by the Directors Stock Delivery Trust (re-trustee Custody Bank of Japan, Ltd.) are included in treasury stock, which is excluded from the total number of shares at the end of the period (83 thousand shares for the previous fiscal year, 61 thousand shares for the fiscal year in question).

Additionally, in calculating basic net income per share and diluted net income per share, the shares held by the Directors Stock Delivery Trust are included in treasury stock, which is excluded from the average number of shares during the term (98 thousand shares for the previous fiscal year, 68 thousand shares for the fiscal year in question).

Significant Subsequent Events

No items to report.