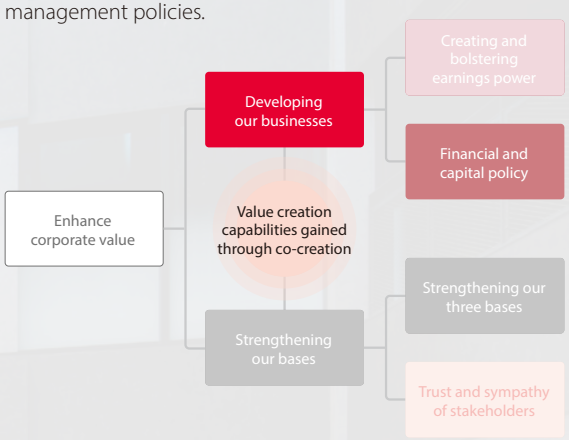


BAKUSHIN BASE (employee dormitory)

Results of Past Medium-Term Management Plans

Under the 7th Medium-Term Management Plan, we worked toward the establishment of a sustainable growth model by implementing three management policies: evolving our revenue model, optimizing our management efficiency, and strengthening our management base. In this chapter, we also review the major initiatives and results based on these three management policies.



Chapter 3

Chapter 3 Results of Past Medium-Term Management Plans

1 Evolution over the four-year period of the Seventh Medium-Term Management Plan (Changes from FY2021 to FY2025)

We defined the period of the Seventh Medium-Term Management Plan as the period for completing a sustainable growth model, and have been advancing on two fronts: evolving our business portfolio and strengthening our management base. While expanding the overseas and recurring-revenue businesses and enhancing our circular value chain to promote the diversification of our revenue base, we also worked to improve capital efficiency, enhance shareholder returns and made efforts in the areas of human capital and the environment. Building on these achievements on both the financial and non-financial aspects, we will embark on a new stage of growth toward realizing Our Hopes for the Future.

Corporate and shareholder value (FY2025 results / Changes from FY2021)

ROE 12.7% (+1.0pt)

Dividend increases for 16 consecutive periods

Annual dividend ¥175 (+39%)

¥2.0 trillion (March 31, 2022)	Market capitalization +45%	¥3.0 trillion (March 31, 2026)
¥343.82 (FY2021)	EPS +65%	¥566.47 (FY2025)
¥3,081 (FYE2021)	BPS +52%	¥4,677 (FYE2025)

Revenue model change (FY2025 results / Changes from FY2021)

Overseas businesses sales ¥1,028.4 billion (+131%)

Recurring-revenue businesses sales ¥1,818.9 billion (+29%)

Contracting and built-for-sale businesses sales ¥3,511.6 billion (+26%)

¥290.0 billion (FY2021)	Sale of development properties +15%	¥333.7 billion (FY2025)
¥1.4 trillion (FYE2021)	Real estate for sale +107%	¥3.0 trillion (FYE2025)
¥263.9 billion (FY2021)	Livness business sales +78%	¥470.6 billion (FY2025)
0.61 times (March 31, 2022)	D/E ratio* +0.37pt	0.98 times (March 31, 2026)

Long-term rating by Rating and Investment Information, Inc. AA- (Unchanged)

Non-financial information (FY2025 results)

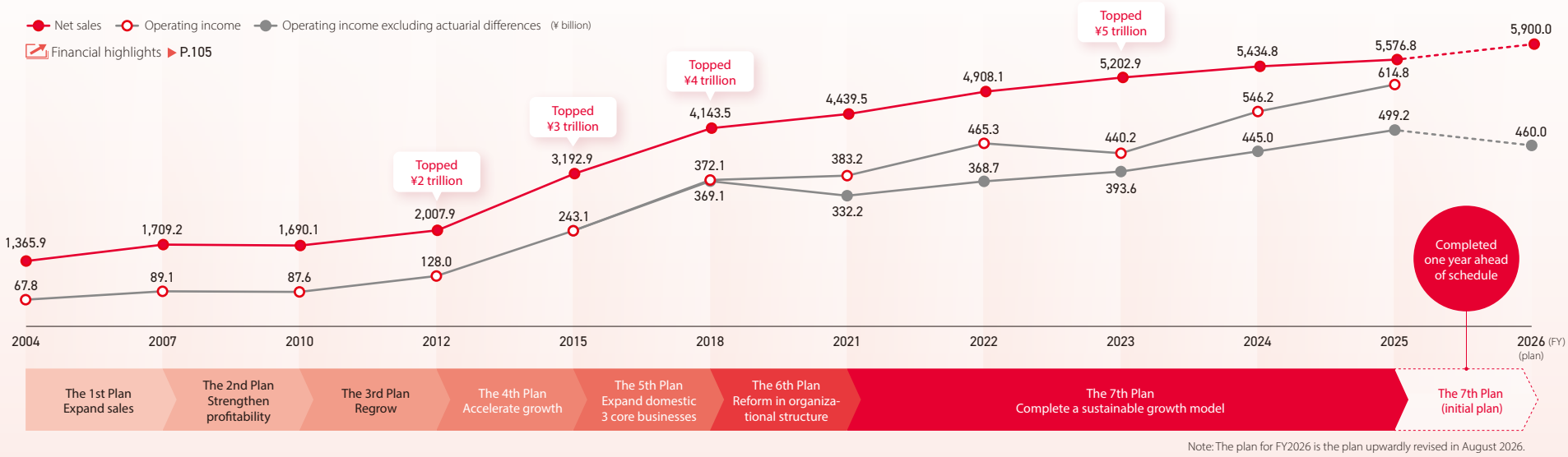
Employees 55,712 (March 31, 2026)

16.1% reduction (FY2021)	GHG emissions reduction rate (vs FY2015)	39.2% reduction (FY2025)
33.3% (FY2021)	Ratio of outside directors +16.7pt	50% (FY2025)

* After taking hybrid financing into account

2 Results of past medium-term management plans

Through the implementation of medium-term management plans over the years, we have built a foundation for growth that generates both business value and social value. In the Seventh Medium-Term Management Plan, we established the three management policies toward completing a sustainable growth model. We steadily achieved our goals for each fiscal year and completed the plan one year ahead of schedule, which had initially been slated to be a five-year plan.



Note: The plan for FY2026 is the plan upwardly revised in August 2026.

	FY2026 (initial plan)*1	FY2025 (results)
Net sales	¥5,500.0 billion	¥5,576.8 billion
Operating income	¥500.0 billion	¥614.8 billion
Net income	¥340.0 billion	¥350.5 billion
Real estate development investment	¥2,200.0 billion (cumulative over 5 years)	¥1,302.6 billion (cumulative over 4 years)
ROE	13% or higher	12.7%
D/E ratio	About 0.6 times	0.98 times*2
Payout ratio (dividend per share)	35% or higher (¥130 or more)	39.9% (¥175)*3

	FY2026 (initial plan)	FY2025 (results)
Zero CO_2 emissions in community development Reduce GHG emissions by making all buildings ZEH/ZEB and installing solar power generation equipment on them (vs FY2015)	58% reduction	54.3% reduction
Zero CO_2 emissions in business activities Reduce GHG emissions by promoting energy efficiency, renewable energy and electrification (vs FY2015)	55% reduction	57.6% reduction
Zero CO_2 emissions in supply chains Principal suppliers' setting rates of GHG reduction targets in SBT level	90% or higher	73.9%
Rate of retention of young employees (non-consolidated)	85%	87.6%
Ratio of females in managerial positions (non-consolidated)	8%	6.3%

Management policies

1. Evolve revenue model
2. Optimize management efficiency
3. Strengthen management base

*1 Figures are based on the FY2026 targets set as the final year of the initial Seventh Medium-Term Management Plan *2 After taking hybrid financing into account *3 Excluding the effects of actuarial differences related to retirement benefit obligations

Management policy 1: Evolve revenue model

To complete a sustainable growth model that continuously enhances business value and social value, we worked on the three key themes for advancing the revenue model.

Key theme

1 Accelerate growth through overseas business ▶ P.53
2 Expand a circular value chain
3 Carbon neutrality strategy
Sustainability Report 2026: Mitigating and adapting to climate change ▶ P.27

2 Expand a circular value chain from the perspective of local communities/customers

In Japan, through a circular value chain, a business model that increases the value of infrastructure for living on an ongoing basis, we contributed to developing and revitalizing local communities by expanding development that gives residents the Joys of Life from three perspectives: developing next generation infrastructure and creating jobs, redeveloping and raising the value of aged facilities, and promoting complex redevelopment centering on regional mid-tier cities. As a way to strengthen our recurring-revenue businesses, in the Livness business, which includes brokerage, acquisition and sale and renovation of all types of real estate, we achieved our initial plan ahead of schedule through the expansion of BIZ Livness. Taking a long-term view, we will pursue this business that contributes to the continued implementation of socially valuable development projects and stable growth of the recurring-revenue businesses.

Status of real estate holdings ▶ P.56

Investment and sales results

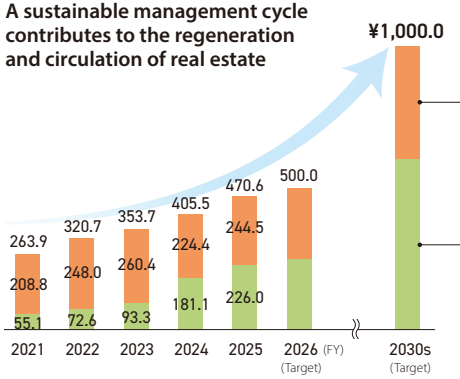
Real estate development investment (cumulative result over 4 years) ¥1,302.6 billion
Sale of development properties (cumulative result over 4 years) ¥1,249.6 billion


Data center


Logistics facility


Urban redevelopment

Livness business sales (¥ billion)



Housing field
Single-family houses, rental housing, condominiums, etc.
Livness [リブネス]
Promote home renovations and revitalize distribution of used houses by adding value to homes

Business field
Hospitals, commercial facilities, offices, logistics facilities, factories, etc.
BIZ Livness [ビズリブネス]
Specialize in strategic repurposing of corporate real estate

Project examples


Renovation of single-family house


D Project Livness Ueda Semiconductor-related factory


Conversion of business facilities Plant factory system

Management policy 2: Optimize management efficiency

We actively invested in growing fields and pursued growth of profits coexisting with capital efficiency toward maximizing corporate value by completing a sustainable growth model.

Key theme

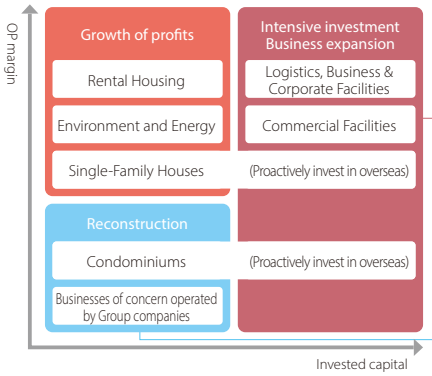
4 Optimize portfolio 5 Strengthen cost competitiveness (purchasing and production systems)

4 Achieve growth of profits coexisting with capital efficiency through portfolio optimization

In the domestic business, we expanded investments in real estate for sale, especially in the Rental Housing and Commercial Facilities Businesses, while continuing to invest in investment real estates. In the overseas business, we invested in real estate for sale, mainly in single-family houses in the US. We also made proactive investments to secure future growth opportunities, including M&A transactions for Sumitomo Densetsu and US single-family housing builders, and acquisition of an equity interest in Alliance Residential Company. Meanwhile, we positioned businesses of concern with regard to future growth potential and capital efficiency as reconstruction businesses, and worked on their restructuring and reorganization. In addition, as we accumulated investment real estates, we worked to enhance asset management and reduce inefficient assets.

Policy on cross-shareholdings ▶ P.91

Portfolio



Main Initiatives and Achievements

- Continued investments in investment real estates in the domestic business and active investments in real estate for sale
- Expansion in overseas investments mainly in the US single-family houses business
- M&A of Sumitomo Densetsu
- M&A transaction for a US single-family housing builder
- Acquisition of an equity interest in Alliance Residential Company

M&A budget: About ¥150.0 billion
Four-year result: About ¥480.0 billion

- Improvement in the profitability of the Condominiums Business
- Transfer of shares of Daiwa Resort
- Partial transfer of shares of Cosmos Initia
- Transfer of shares of Daiwa House Life Support and Daiwa Living Care*

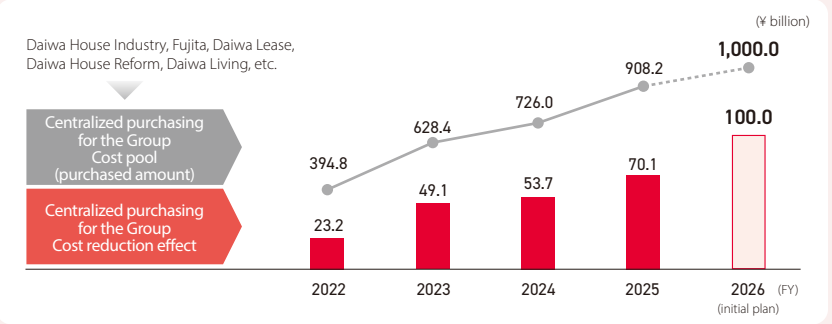
*The share transfers of Daiwa House Life Support and Daiwa Living Care were completed in June 2026.

5 Strengthen cost competitiveness and build a system for stable supply

By consolidating and integrating the functions of Daiwa House Group's purchasing organizations and business processes and systems, we reformed the entire purchasing workflow and strengthened cost competitiveness making the most of the industry-leading economies of scale. The progress rate toward the initial target of ¥1 trillion in the cost pool amount exceeded 90% over the four years. The scale of group purchasing is expanding, and centralization and timely sharing of procurement information and project information among Group companies helped control cost increases.

Centralized purchasing for the Group

The scale of group purchasing is steadily expanding, and cost reduction effect in FY2025 reached ¥70.0 billion.



Management policy 3: Strengthen management base

In order to strengthen our management base, which supports development of our businesses, we tackled the key themes of digital transformation, increasing the value of our human capital, and enhancing governance.

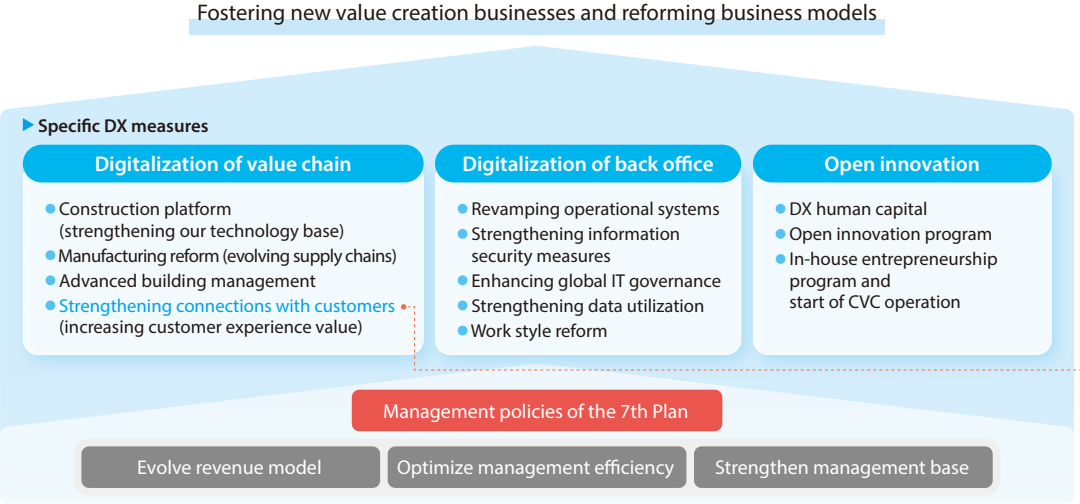
Key theme

6 Digital transformation 7 Increase the value of our human capital ▶P.66 8 Enhance governance ▶P.82

6 Digital transformation

DX注目企業2026 Digital Transformation

Digital transformation (DX) is positioned as a shared transformation engine for the three management policies of "Evolve revenue model," "Optimize management efficiency" and "Strengthen management base." In April 2026, the Company was selected as one of the Noteworthy DX Companies 2026 by the Ministry of Economy, Trade and Industry, in recognition of our organizational structure for developing DX talent and for promoting DX across the Group. Through digitalizing our value chain and back office operations and catalyzing open innovation, we will create new businesses, improve customer experience, and boost productivity, thereby creating new value and transforming our business model.



Case study: AI Plan Concierge
—Sales support system utilizing generative AI

DX → Increasing customer experience value

AI Plan Concierge is a sales support system developed by the Company utilizing generative AI. We have built a mechanism for instantly identifying proposals that match customers' needs from among 3,000 plans. In addition to streamlining sales activities, the system is improving the accuracy of our proposals and enhancing customer satisfaction and confidence.

▶ **Purpose, Vision**

1. Transform the value we provide to our customers

AI-powered housing experience tailored to each individual. AI deeply understands customer needs, aiming to standardize proposals that tend to vary by sales representative and to provide the best possible solutions.

2. Address social issues

Using AI to find future solutions to labor shortages and environmental challenges. We will make AI a powerful ally for the housing industry tackling societal infrastructure challenges.

3. Establish a competitive advantage through technology

Bringing AI to the housing industry as a new differentiation factor. We use AI to enhance every touchpoint from sales, design and marketing to after-sales support, aiming to deliver a unique experience and efficiency that no other company can match.

▶For details, please see DX Annual Report 2026 to be issued at the end of October 2026.