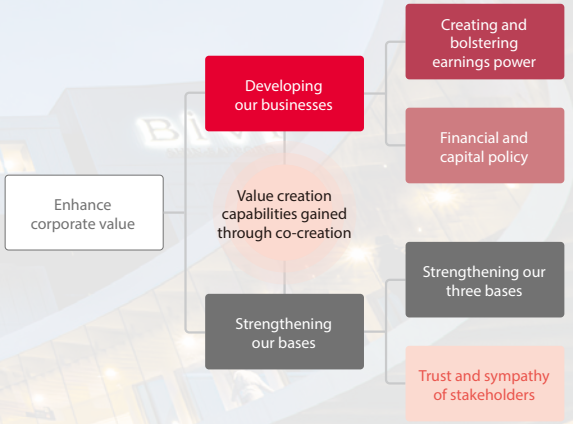


Maaruku Shinsapporo (complex development)

Financial Results, Corporate Information

In this chapter, we analyze the current status of business and management to communicate corporate value from both financial and non-financial aspects. We also present our investment strategy, shareholder returns policy, and share price trends, in addition to indicators such as net sales and ROE. We clarify our commitment to achieving both capital efficiency and stable returns and communicate sustainability management through human capital and environmental KPIs.



Chapter 8

Chapter 8 Financial Results, Corporate Information

Management's discussion and analysis of financial position and results of operations

MD&A summary

I Total assets and interest-bearing debt increased as a result of the active execution of strategic investments for growth, including investments in M&A, the US housing business, and real estate for sale in Japan in line with the expansion of the built-for-sale business, thereby exceeding the financial benchmark. Financial position ▶ P.97

II Free cash flows were negative due to the active investments for future growth.
By strictly applying our investment benchmark, we will strike a balance between the pursuit of growth opportunities and financial soundness. Cash flows ▶ P.98

III ROE is slightly below our target of 13% or higher in our 7th Plan, but we are working to improve capital efficiency, including through optimization of the business portfolio. Profits and losses ▶ P.99

IV We are advancing investments aimed at optimizing our business portfolio from the perspectives of growth potential and profitability. Business results by segment ▶ P.102

V We are actively advancing investments in human capital, Digital transformation (DX) and IT, in addition to strategic investments including the consolidation of Sumitomo Densetsu Co., Ltd., to expand our revenue opportunities and to strengthen the business foundation. Investments ▶ P.103

VI We strive to maintain and enhance stable dividends, achieving dividend increases for 16 consecutive periods. We continue to realize management conscious of cost of capital and share prices as well as maximize corporate value by strengthening dialogue with investors through IR activities. Shareholder returns and stock prices ▶ P.104

Note: This section analyzes the financial position and results of operations during the eight fiscal years from fiscal 2018 to fiscal 2025. For the list of financial data, see "Financial highlights" on pages 105 and 106.

Financial position

Financial condition

Figure 1 Figure 2 Figure 3

Total assets as of the end of fiscal 2025 increased by ¥1,363.0 billion from the end of fiscal 2024 to ¥8,412.4 billion. This was mainly due to purchases of real estate for sale in the Commercial Facilities and Single-Family Houses Businesses, which led to the increase in inventories.

Total liabilities increased by ¥1,057.5 billion from the end of fiscal 2024 to ¥5,390.1 billion. This was mainly due to fund raising through borrowings and the issuance of commercial paper for the acquisition of real estate for sale and the acquisition of shares of Sumitomo Densetsu Co., Ltd. to make it a consolidated subsidiary.

Total net assets increased by ¥305.5 billion from the end of fiscal 2024 to ¥3,022.2 billion. This was mainly because of recording net income attributable to owners of the parent of ¥350.5 billion, despite ¥95.8 billion in dividends paid to shareholders.

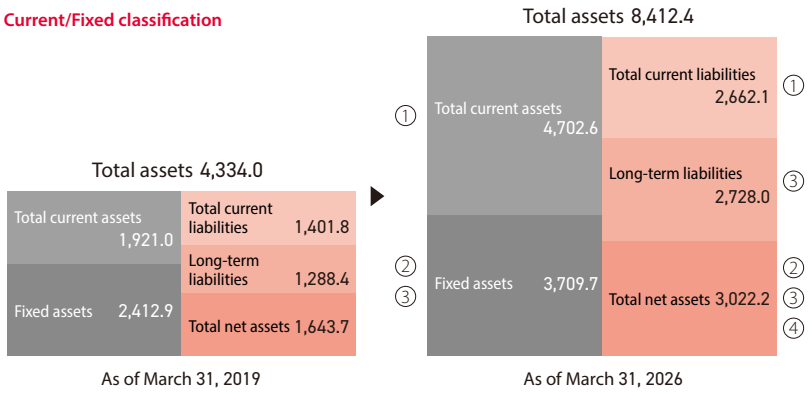
The balance of interest-bearing debt (excluding lease obligations) increased by ¥767.6 billion from the end of fiscal 2024 to ¥3,076.7 billion. The debt-equity (D/E) ratio came to 0.98*1 times, higher than the target of around 0.6 times for financial discipline in our 7th Plan. This was due to the execution of strategic investments aimed at changing our business model and achieving growth, including the expansion of the built-for-sale business and the active execution of M&A transactions.

At ¥3,179.6 billion, inventories account for the largest proportion of assets. While continuing to promote management focused on improving asset efficiency, we will strive to maintain financial health by verifying the optimal capital structure.

*1 Calculated by taking into account the 50% equity credit for a total of ¥250.0 billion in publicly offered hybrid bonds (subordinated bonds) and hybrid loans (subordinated loans).

Figure 1 Comparison of balance sheets (¥ billion)

Current/Fixed classification



Figures are compared with the final year of our Fifth Medium-Term Management Plan (fiscal 2018).

①The current ratio increased from 137% to 177%.

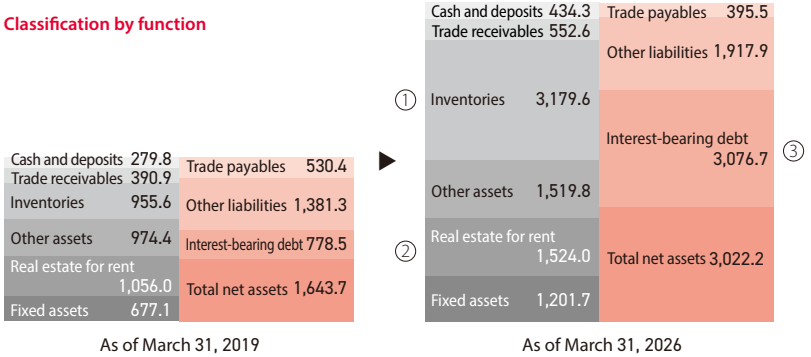
②The fixed ratio dropped from 151% to 128%.

③The ratio of fixed assets to long-term capital dropped from 84% to 66%.

④Net assets excluding non-controlling interests grew from ¥1,595.9 billion to ¥2,896.7 billion.

Figure 2

Classification by function



①Inventories increased from ¥955.6 billion to ¥3,179.6 billion (see Figure 3).

②Real estate for rent increased from ¥1,056.0 billion to ¥1,524.0 billion.

③Interest-bearing debt (excluding lease obligations) increased from ¥778.5 billion to ¥3,076.7 billion. As a result, the debt-equity ratio increased from 0.49 to 0.98 (after taking the hybrid financing into account).

I Financial position

Analysis of asset increases

Figure 3 Figure 4

Inventories as of the end of fiscal 2025 amounted to ¥3,179.6 billion, an increase of 233% compared to fiscal 2018. Major contributing factors include an increase in purchases of real estate for sale for customers considering buying investment properties in each business. The purchases increased, especially in the Commercial Facilities and Rental Housing Businesses, as we strengthened our "capacity to offer comprehensive business solutions that originate with land," one of our strengths. The rise in inventories is also the result of steady expansion of areas in the US housing market where our three US single-family housing companies (Stanley Martin, Trumark, and CastleRock) operate.

Investment properties totaled ¥1,751.9 billion, an increase of 63% over fiscal 2018. This includes ¥1,385.8 billion in real estate available for sale*2, up 88%, and ¥366.1 billion in profit-earning real estate*3, up 7%, indicating that the increase in real estate available for sale led to a rise in investment properties. This increase was chiefly due to our expanded investment in the development of logistics facilities, which is a profit driver.

The increase in assets is largely attributable to an increase in inventories and investment properties, which is a result of our aggressive investments for growth. Investment decisions are made based on the internal rate of return (IRR) as an important indicator; thus, we believe these properties should help us recoup funds and yield profits when sold. We will continuously monitor the turnover ratio and the status of our real estate holdings, and maintain an appropriate balance between outstanding balances and collections, in an effort to improve capital efficiency.

*2 Real estate available for sale refers to real estate that becomes readily salable after investment to earn profit from price rise.
*3 Profit-earning real estate means real estate that we developed to earn rental income.

Figure 3 Inventories

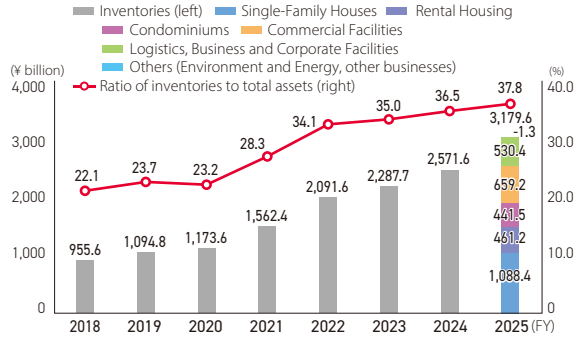
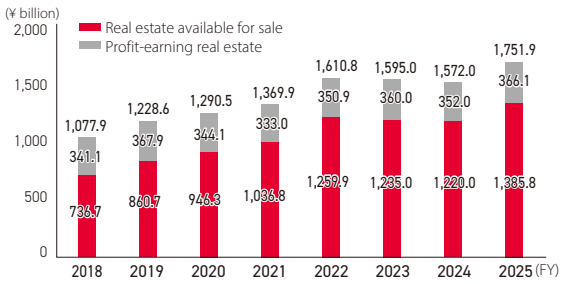


Figure 4 Balance of investment properties



II Cash flows

Basic approach

The basic approach to cash management is to invest in line with the amount of cash generated by business operations. Funds required for growth investments are partially raised through external funding while maintaining our target for financial discipline. While our 7th Plan sets a D/E ratio of about 0.6 as a criterion for financial discipline, the D/E ratio exceeded the criterion temporarily due to the active execution of investments in attractive opportunities to expand future cash flows. To control the level of interest-bearing debt relative to equity in the medium to long term, we have set internal investment benchmarks and apply them, thereby continuing to balance investment in growth with financial soundness.

Cash flow condition

Figure 5 Figure 6

Cash flows from operating activities during fiscal 2025 decreased by ¥231.2 billion from fiscal 2024 to ¥189.2 billion. The ratio of cash flows from operating activities to net assets excluding non-controlling interests, assuming equity capital to be 1.0, was 0.07, down 0.09 of a percentage point from 0.16 in fiscal 2024. This was mainly due to purchases of real estate for sale and payment of corporate income tax, despite ¥542.4 billion recorded in income before income taxes.

Cash flows from investing activities were -¥726.0 billion, due to the acquisition of real estate for rent, etc. and the implementation of the ¥322.7 billion investment into the real estate development business based on the investment plan under the 7th Plan, as well as expenditures for the acquisition of shares of Sumitomo Densetsu Co., Ltd. which became a consolidated subsidiary. As a result, free cash flows (cash flows from operating activities + cash flows from investing activities) were -¥536.7 billion.

II Cash flows

Cash flows from financing activities were ¥631.0 billion due to fund raising primarily through borrowings and the issuance of commercial paper, despite activities such as dividend payments to shareholders.

As a result of the above, the balance of cash and cash equivalents at the end of fiscal 2025 was ¥424.5 billion, an increase of ¥97.6 billion from the end of the previous fiscal year.

Figure 5 Cash flows

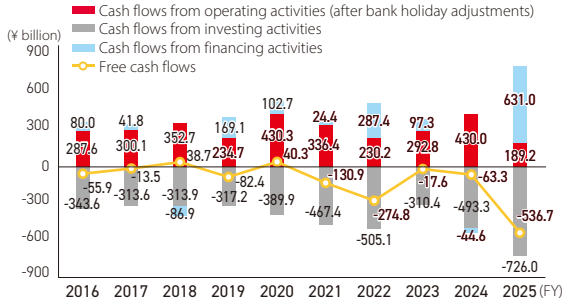
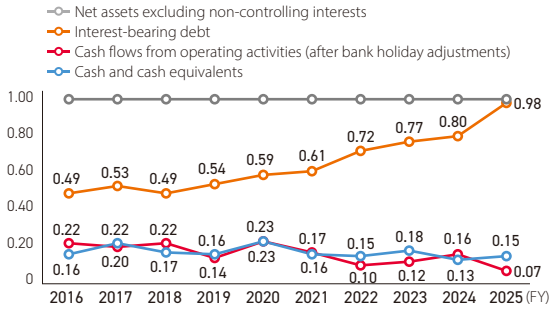


Figure 6 Indices to net assets excluding non-controlling interests (as a ratio where net assets excluding non-controlling interests is equal to 1.0)



Note: Since FY 2019, interest-bearing debt has been shown as an index after taking the equity of hybrid financing into account.

ROE decomposition analysis (income ratio, turnover ratio, leverage)

Cost of shareholders' equity < Return on equity (ROE) = Ratio of net income to net sales × Total asset turnover ratio × Financial leverage

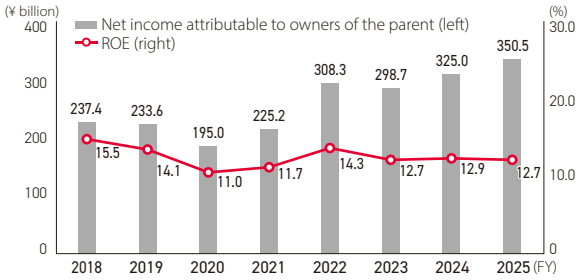
(Our shareholders' equity cost: around 7.0%)

III Profits and losses

Return on equity (ROE) Figure 7

In the 7th Plan, we have set a management target for ROE of 13% or higher, and ROE for the period came to 12.7%. We believe it is important to expand our business performance while improving profitability. To enhance ROE, we will work to improve capital efficiency from various perspectives, including investments in growth areas through optimization of the business portfolio and reductions in inefficient assets.

Figure 7 ROE

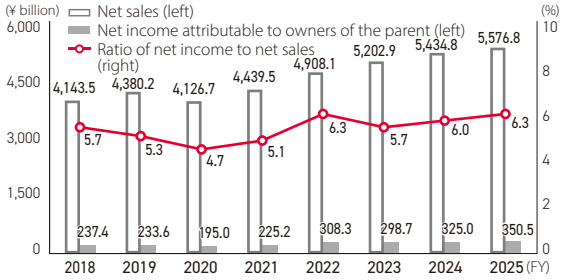


(Breakdown of ROE) Ratio of net income to net sales Figure 8

Net income attributable to owners of the parent amounted to ¥350.5 billion and the average annual growth rate for the period of eight years starting from fiscal 2018 was 5.7%. Although impacted by amortization of actuarial differences in retirement benefits, the net income margin was 6.3%. Despite escalating material prices and labor costs still having an impact, we proceeded to pass along prices and make other efforts in each business, and this is leading to an improved profit margin.

Profits and losses

Figure 8 Ratio of net income to net sales



(Breakdown of ROE) Total asset turnover ratio

Figure 9 | Figure 10

Net sales amounted to ¥5,576.8 billion and the average annual growth rate for the period of eight years starting from fiscal 2018 was 4.3%. Total asset turnover ratio*4 was 0.72 times, declining 0.08 times from 0.80 times in the previous fiscal year. The Group's business has, from the construction contracting business that requires no investment, seen an increasing proportion of areas requiring upfront investment, such as real estate development. In line with this, the proportion of sales from investment properties in net sales is on the rise (see Figure 10). We are also strengthening our built-for-sale business selling land and buildings. The total asset turnover ratio is falling due to the change in our business model, but we will encourage the sale of inventories and sell investment properties and cross-shareholdings in an effort to improve asset efficiency, while maintaining a balance between the recurring-revenue business and the transactional-revenue business.

*4 Average during the fiscal year.

Figure 9 Total asset turnover ratio

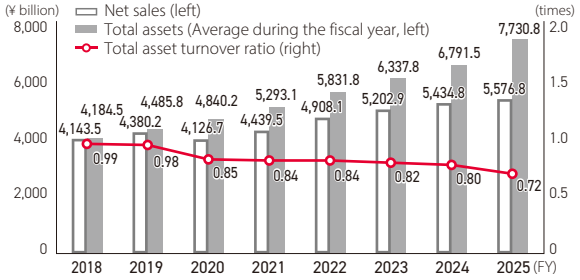
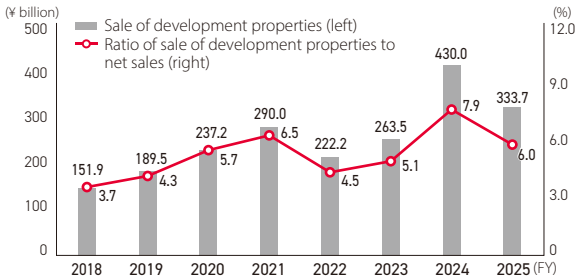


Figure 10 Sale of development properties



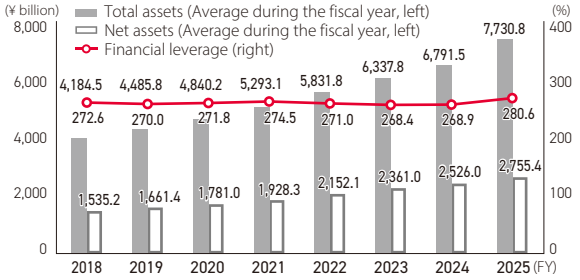
(Breakdown of ROE) Financial leverage

Figure 11

Net assets excluding non-controlling interests amounted to ¥2,896.7 billion and the average annual growth rate for the period of eight years starting from fiscal 2018 was 8.9%. Our financial leverage*5 was 280.6%, up 11.7 percentage points from the previous fiscal year. By setting a D/E ratio as a financial benchmark, we strive to secure funds for growth investments and solidify our financial base while controlling the financial leverage.

*5 Total assets and net assets excluding non-controlling interests are calculated as averages during the fiscal year.

Figure 11 Financial leverage



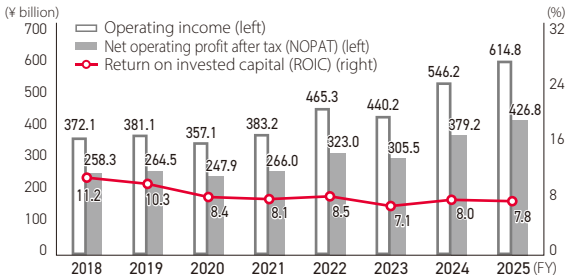
Return on invested capital (ROIC)

Figure 12 | Figure 13

Net operating profit after tax (NOPAT)*6 was ¥426.8 billion and return on invested capital (ROIC), a ratio of NOPAT to the invested capital (= Net assets excluding non-controlling interests + Interest-bearing debt)*7 of ¥5,448.3 billion, was 7.8%. To generate returns by achieving capital efficiency that exceeds the cost of shareholders' equity, we strive to improve ROIC by thoroughly implementing improvements in day-to-day frontline operations, as illustrated in Figure 13.

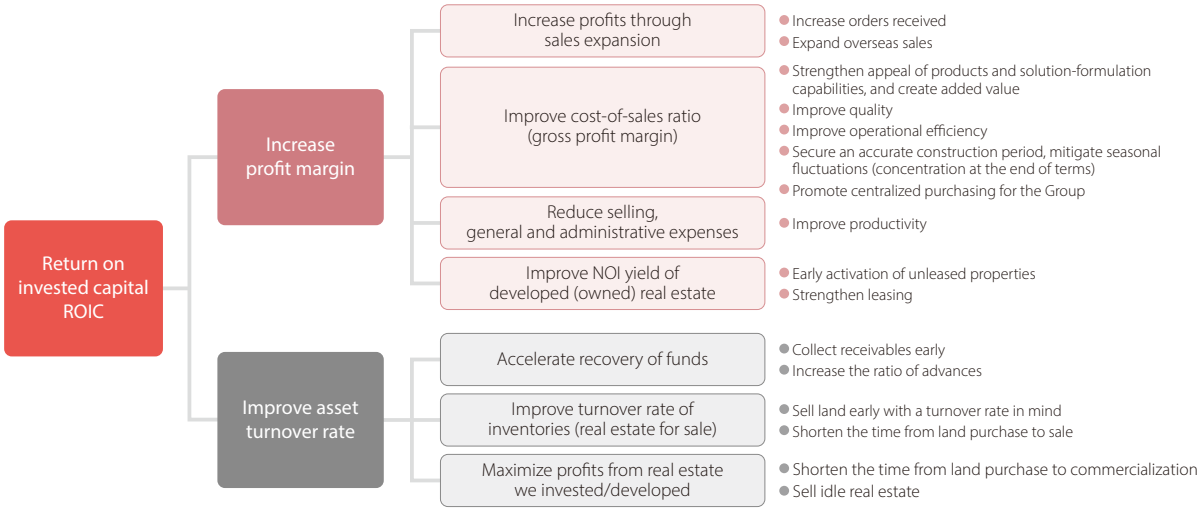
*6 Net operating profit after tax (NOPAT): Operating income × (1 - Effective corporate income tax rate)
*7 Invested capital is calculated as an average during the fiscal year.

Figure 12 Return on invested capital (ROIC)



Profits and losses

Figure 13 Efforts to improve return on invested capital (ROIC) at operational frontline



Overseas business performance

Figure 14 **Figure 15**

Net sales and operating income from the overseas business amounted to ¥1,028.4 billion and ¥137.0 billion, respectively. The average annual growth rate for the period of eight years starting from fiscal 2018 was 20.5% for net sales and 40.1% for operating income. The proportion of overseas operations in our earnings is also on an upward trend, with net sales of 18.4% in fiscal 2025, an 11.7-point increase from fiscal 2018. The Company is actively engaged in businesses overseas such as M&A of housing companies in the US and overseas real estate development. In the 7th Plan, we have set accelerating growth through locally rooted overseas businesses as one of the focal themes, and in fiscal 2026*8, which had been scheduled to be the final year of the 7th Plan, we have worked toward our targets of ¥1 trillion in net sales and ¥100 billion in operating income overseas. Both targets were achieved a year ahead of schedule.

*8 The 7th Plan had initially been slated to be a five-year plan with fiscal 2026 as its final year, but it concluded a year early.

Figure 14 Sales

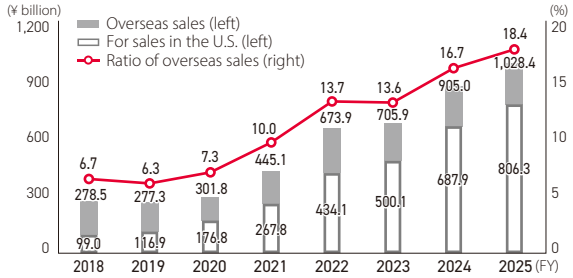
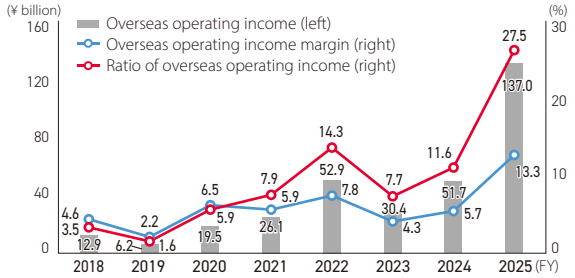


Figure 15 Operating income



Ⅳ Business results by segment

Profitability analysis Figure 16

Nearly 70% of total operating income is accounted for by the three segments of Rental Housing, Commercial Facilities, and Logistics, Business and Corporate Facilities.

For the Single-Family Houses Business, profitability has improved due to the steady increase in the number of homes delivered in the US, as well as the high-margin sale of a large parcel of land. The Condominiums Business saw a decline in profitability due to some unprofitable projects overseas, but the business remained strong in Japan.

Operating income margin to segment assets Figure 17

Inventory balance is increasing due to the promotion of the built-for-sale business, but the Rental Housing Business showed notably higher operating income margins to segment-specific assets, thanks to contribution from the contracting business and rental management business.

In the Logistics, Business and Corporate Facilities Business, we are aggressively investing in long-term, large-scale developments to address the growing markets of logistics facilities and data centers. The current return on assets is at a low level because construction investment is currently underway in the land we acquired, but is expected to significantly contribute to cash flows at the time of payback in the future.

Investments in businesses Figure 18

With regard to investments in businesses, we are working to maintain aggressive investment with a view to sustainable growth. Our investment is expanding in the Logistics, Business and Corporate Facilities Business centered on logistics facilities as a profit driver, and in the Commercial Facilities Business which brings out the potential of regions and contributes to job creation and prosperity. In addition, investments in new businesses and overseas businesses, etc. are being made to develop new revenue streams through the use of funds generated by the above-mentioned segments.

Business segments

Single-Family Houses | Rental Housing | Condominiums | Commercial Facilities | Logistics, Business and Corporate Facilities | Environment and Energy | Other Businesses

Figure 16 [Business segments] Operating income margin/ Net sales ratio by segment (FY2025)

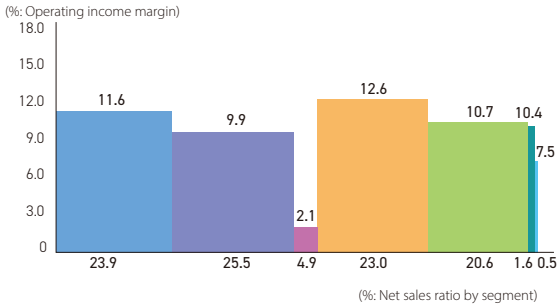
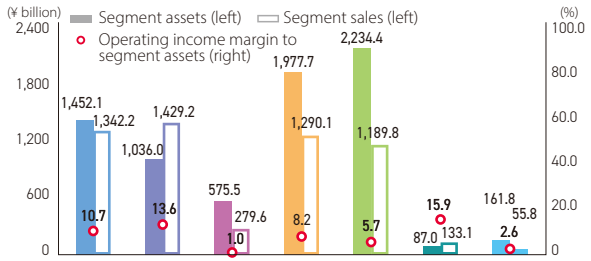
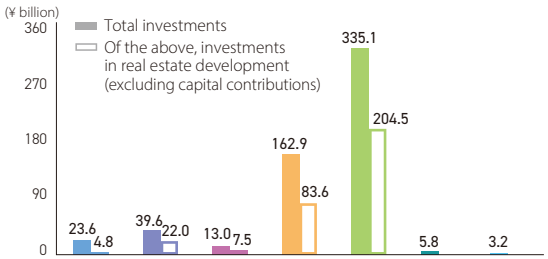


Figure 17 Operating income margin to segment assets (FY2025)



Note: Segment assets are averages during the fiscal year.

Figure 18 [Business segments] Total investments (FY2025)



V Investments

Returns to employees Figure 19

One of the essential elements for sustaining corporate growth is to maintain and improve the living environment of employees. Employee salaries of the Company in fiscal 2025 increased by ¥37.5 billion from fiscal 2018 (an average increase of 21.4% or ¥1,938,000 per employee).

The ratio of employee salaries to operating income*9 was 38%, showing no significant change in fiscal 2025. Regarding wage increases, we revised salary levels starting April 2025, raising average annual income by 10% while also increasing the starting monthly salary for new graduates from ¥250,000 to ¥350,000. We will continue to actively promote investments in human resources, which are an important source for corporate growth.

*9 Employee salaries/(Operating income + Employee salaries)
Employee salaries include bonuses and non-standard wages.

IT-related investments and research and development (R&D) Figure 20

IT-related investments in fiscal 2025 were ¥29.6 billion, an increase of 144% over fiscal 2018. IT-related investments are positioned as key to advancing new value propositions and business model transformation through the digitalization of our value chain and back-office operations and the promotion of open innovation. Therefore, we will continue actively investing funds in this area.

R&D expenditures in fiscal 2025 were ¥11.9 billion, of which ¥3.9 billion was for the residential field, and ¥8.0 billion for the non-residential field and other businesses. Our research and development activities range from basic and applied research to the development of new technologies and new products, and further, to utilization and verification of these new technologies in architectural structures and community development. Through these research and development activities, we are working to address social issues and create new value, which will lead to stronger business competitiveness and the establishment of a foundation for future growth.

Capital investments (Increase in fixed assets) Figure 21

Capital investments (excluding investments in real estate development) were ¥288.1 billion. The main factor contributing to the year-on-year increase was the recognition of intangible assets identified through the fair value measurement of assets and liabilities of Sumitomo Densetsu Co., Ltd. that became a consolidated subsidiary after the share acquisition.

We are working to upgrade factories, improve production lines and take environmental measures. To address the shortage of engineers and technicians in the construction industry, we actively promote the digitalization of construction processes to enhance on-site operational efficiency and productivity, and also aggressively invest in digital transformation (DX). In addition, in December 2025, we completed the construction of Yodoyabashi Gate Tower, an office tower opening the gateway to the next era of business in Midosuji, Osaka. Leveraging its prime location in Osaka, at the gateway to Midosuji and adjacent to Nakanoshima, this large-scale complex development, centered around office facilities, creates a sophisticated and vibrant urban environment.

Figure 19 Ratio of employee salaries to operating income (non-consolidated)

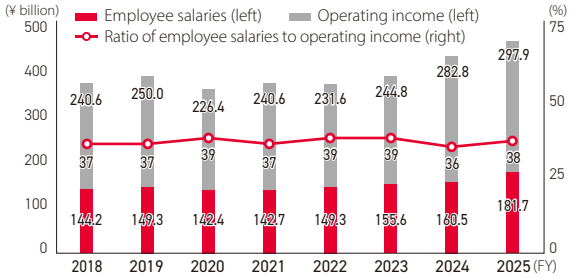


Figure 20 IT-related investments/ Research and development expenditures

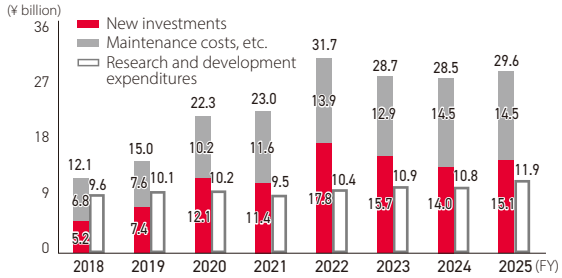
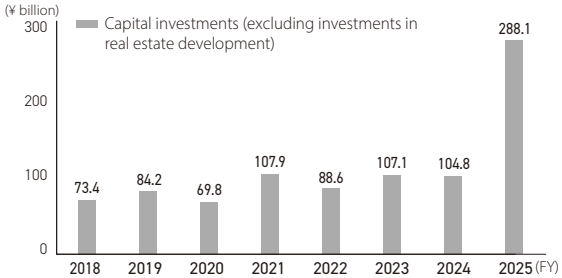


Figure 21 Capital investments (excluding investments in real estate development)



VI Shareholder returns and stock prices

Shareholder returns Figure 22

Under the 7th Plan, we return profits linked to performance with a dividend payout ratio of 35% or higher. In fiscal 2025, our annual dividend was ¥175 per share (including a commemorative dividend of ¥10 to mark the 70th anniversary), for a dividend payout ratio of 30.9%, achieving dividend increases for 16 consecutive periods. The dividend payout ratio was 30.9%, which would be 39.9% when excluding amortization of actuarial differences in retirement benefits.

With regard to shareholder returns, we believe that the most important approach is to steadily increase dividends by sustainably expanding profits. We will continue to meet shareholder expectations through sustainable earnings growth.

Price to book-value ratio (PBR) Figure 23 Figure 24

Book value per share (BPS) amounted to ¥4,677.09 and the average annual growth rate for the period of eight years starting from fiscal 2018 was 10.0%, while the price to book-value ratio (PBR) came to 1.05 times.

We regard our share price as an important indicator of how the market views our overall management and corporate performance. We are not satisfied with the current share price and will work to improve capital efficiency through continuous ROE improvement and optimization of the business portfolio. Furthermore, we work to enhance our financial soundness and governance and will continue to maximize corporate value through dialogue with investors through our IR activities.

Figure 23 BPS/ PBR

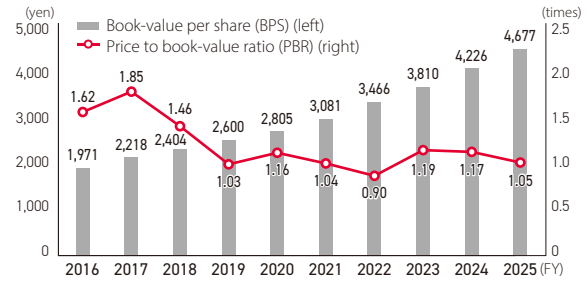
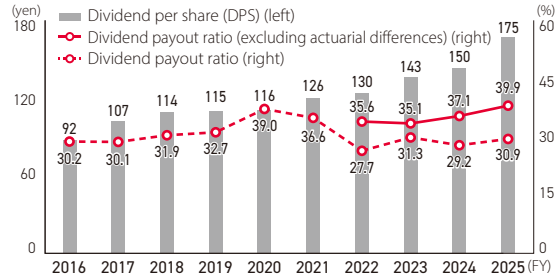
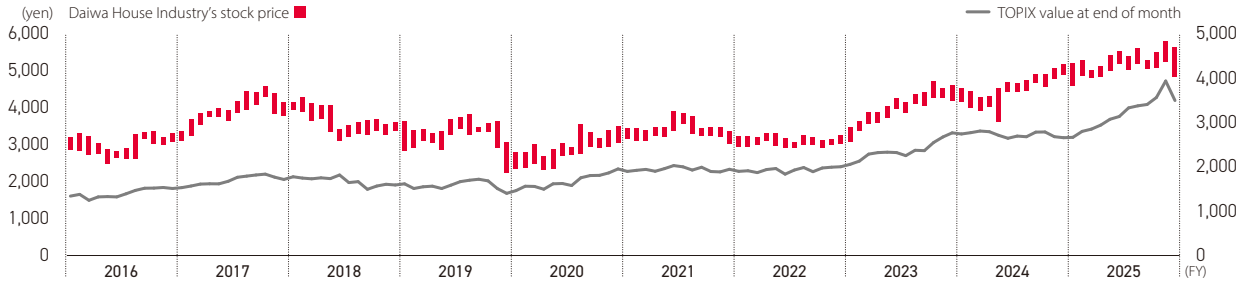


Figure 22 Shareholder returns



Note: The dividend amount is determined excluding amortization of the actuarial differences in retirement benefit accounting.

Figure 24 Trends in stock price of Daiwa House Industry and TOPIX



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Market capitalization (¥ billion)	2,120.6	2,725.4	2,335.9	1,777.9	2,120.3	2,098.7	2,051.7	2,897.1	3,054.5	3,045.9
Highest stock price (yen)	3,367	4,594	4,293	3,819	3,552	3,900	3,320	4,718	5,175	5,805
Lowest stock price (yen)	2,500.5	3,096	3,119	2,230.5	2,332.0	3,037	2,907.5	3,080	3,633	4,596

Note: The highest and lowest stock prices are those quoted on the First Section of the Tokyo Stock Exchange before April 3, 2022, and on the Prime Market of the Tokyo Stock Exchange after April 4, 2022.Market capitalization is calculated as end-fiscal year close price x end-fiscal year total issued shares (excluding treasury shares).

Financial highlights

(¥ million)

Fiscal Year	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net sales	3,795,992	4,143,505	4,380,209	4,126,769	4,439,536	4,908,199	5,202,919	5,434,819	5,576,861
Gross profit	793,832	842,767	870,206	826,883	864,682	955,194	992,407	1,101,065	1,241,820
Selling, general and administrative expenses	446,690	470,571	489,091	469,761	481,425	489,824	552,197	554,785	626,940
Operating income	347,141	372,195	381,114	357,121	383,256	465,370	440,210	546,279	614,879
Operating income excluded amortization of actuarial differences	336,264	369,178	378,245	329,472	332,267	368,714	393,694	445,041	499,203
Operating income margin (%)	9.1	9.0	8.7	8.7	8.6	9.5	8.5	10.1	11.0
Net income attributable to owners of the parent	236,357	237,439	233,603	195,076	225,272	308,399	298,752	325,058	350,568
Return on equity (ROE) (%)	17.0	15.5	14.1	11.0	11.7	14.3	12.7	12.9	12.7
Total assets	4,035,059	4,334,037	4,627,388	5,053,052	5,521,662	6,142,067	6,533,721	7,049,323	8,412,419
Net assets	1,513,585	1,643,717	1,773,388	1,893,504	2,111,385	2,388,914	2,523,762	2,716,745	3,022,275
Net assets ratio (%)	36.5	36.8	37.3	36.3	36.6	37.2	37.3	37.1	34.4
Interest-bearing debt	780,574	778,546	1,043,478	1,274,886	1,425,407	1,849,481	2,087,838	2,309,077	3,076,706
Debt-equity ratio*1 (times)	0.53	0.49	0.54	0.59	0.61	0.72	0.77	0.80	0.98
Net cash provided by operating activities	382,365	355,599	149,651	430,314	336,436	230,298	302,294	420,561	189,277
Net cash used in investing activities	(313,664)	(313,989)	(317,273)	(389,980)	(467,423)	(505,181)	(310,419)	(493,370)	(726,053)
Net cash provided by (used in) financing activities	41,804	(86,979)	169,128	102,731	24,427	287,452	97,399	(44,682)	631,058
Market capitalization (¥100 million)	27,254	23,359	17,779	21,203	20,987	20,517	28,971	30,545	30,459
Stock prices (FYE) (yen)	4,100	3,519	2,677	3,241	3,201	3,114	4,528	4,938	4,918
Per share of common stock (yen):									
Earnings per share (EPS)	355.87	357.29	351.84	297.18	343.82	469.12	457.16	514.00	566.47
Book-value per share (BPS)	2,218	2,404	2,600	2,805	3,081	3,466	3,810	4,226	4,677
Cash dividends*2	107	114	115	116	126	130	143	150	175
Dividend payout ratio (%)	30.1	31.9	32.7	39.0	36.6	27.7	31.3	29.2	30.9
Price earnings ratio (PER) (times)	11.52	9.85	7.61	10.91	9.31	6.64	9.90	9.61	8.68
Price to book-value ratio (PBR) (times)	1.85	1.46	1.03	1.16	1.04	0.90	1.19	1.17	1.05
Number of employees*3 (FYE)	42,460	44,947	47,133	48,807	48,831	49,768	48,483	50,390	55,712
Number of group companies	317	387	360	444	480	488	497	667	716

*1 Since fiscal 2019, debt-equity ratio has been shown after taking the hybrid financing into account. *2 Cash dividends of ¥126 for fiscal 2021 include a commemorative dividend of ¥10 to mark the 100th birthday of founder Nobuo Ishibashi. In addition, cash dividends of ¥175 for fiscal 2025 include a commemorative dividend of ¥10 to mark the 70th anniversary of the Company's foundation. *3 Regular employees only. Note: The total number of issued shares excludes treasury shares.

Fiscal Year	2017	2018	2019	2020	2021	2022	2023	2024	2025
Sales by segments (consolidated)*4 (¥100 million)									
Single-Family Houses	3,853	3,838	4,978	5,161	7,848	9,100	9,510	11,445	13,422
Rental Housing	10,308	10,613	10,059	9,827	10,525	11,494	12,502	13,760	14,292
Condominiums	2,850	2,805	3,727	3,397	3,799	4,843	4,418	2,694	2,796
Existing Homes	1,121	1,145	1,456	1,247	—	—	—	—	—
Commercial Facilities	6,208	6,939	8,067	8,083	10,385	10,921	11,815	12,271	12,901
Logistics, Business and Corporate Facilities	8,502	10,223	11,523	9,899	10,792	11,302	12,944	13,697	11,898
Environment and Energy	—	—	—	—	1,610	1,886	1,394	1,311	1,331
Other Businesses	6,371	7,161	5,300	5,073	630	818	680	509	558
Adjustment	(1,256)	(1,293)	(1,311)	(1,423)	(1,197)	(1,285)	(1,238)	(1,341)	(1,432)
Total	37,959	41,435	43,802	41,267	44,395	49,081	52,029	54,348	55,768
Operating income by segments (consolidated)*4 (¥100 million)									
Single-Family Houses	215	199	180	218	383	466	351	698	1,556
Rental Housing	1,066	1,022	985	908	966	1,097	1,157	1,299	1,411
Condominiums	133	135	158	53	97	408	373	109	59
Existing Homes	132	159	167	104	—	—	—	—	—
Commercial Facilities	1,141	1,377	1,406	1,228	1,241	1,329	1,436	1,459	1,624
Logistics, Business and Corporate Facilities	889	989	1,206	1,159	1,255	996	1,232	1,596	1,276
Environment and Energy	—	—	—	—	52	62	91	124	138
Other Businesses	230	325	192	107	(59)	54	24	28	42
Adjustment	(337)	(486)	(487)	(209)	(105)	237	(265)	147	38
Total	3,471	3,721	3,811	3,571	3,832	4,653	4,402	5,462	6,148
Housing starts*5 (thousands of units)									
Housing starts	946	952	883	812	865	860	800	816	711
Number of houses sold in Japan (non-consolidated) (units)									
Number of houses sold	51,641	48,410	43,703	38,991	40,758	40,562	37,453	32,239	31,085
Custom-built houses	6,907	6,524	5,917	5,178	5,164	4,191	3,424	2,810	2,902
Built-for-sale houses	2,320	2,192	2,066	1,841	1,596	1,571	1,760	2,257	1,965
Reference: Sales of houses (overseas)	973	2,621	2,875	4,184	4,857	6,332	6,971	7,514	8,143
Rental housing	40,254	37,905	33,502	29,488	31,202	32,224	29,841	25,668	24,955
Condominiums	2,160	1,789	2,218	2,484	2,796	2,576	2,428	1,504	1,263
Average sales per unit (¥ million)									
Custom-built houses	35.9	37.3	39.6	39.6	41.0	45.1	49.0	54.8	53.1
Built-for-sale houses	24.0	24.3	22.4	23.1	24.2	24.6	24.7	26.7	26.4
Rental Housing Business									
Rental housing units managed	543,124	572,238	595,182	611,874	630,555	649,891	684,460	702,859	725,568
Occupancy rates (%)	97.3	96.9	97.6	98.2	98.2	97.8	97.2	97.4	97.7
Commercial Facilities Business									
Average orders received per building (¥ million)	324	381	466	512	513	563	736	824	990
Subleasing floor space of commercial facilities									
Total leasing floor space (m^2)	6,157,287	6,375,278	6,765,150	6,871,560	6,964,194	7,163,733	7,159,607	7,333,590	7,489,661
Occupancy rates*6 (%)	99.1	99.0	98.8	98.5	98.6	98.9	98.9	98.9	99.1

*4 Including intersegment transactions. *5 Statistics for housing starts are from Housing Starts Survey by Ministry of Land, Infrastructure, Transport and Tourism. *6 Leasing floor space occupied/ Total leasing floor space.

Non-financial highlights

Carbon neutral indicators (EGP2026)

Key indicators			Achievements (FY)		Targets (FY)*9	
			2024	2025	2026	2030
Achieving carbon neutrality	Entire value chain	GHG emissions reduction rate (%)*1	46.2	39.2	35	40
	Business Activities: Scope 1 + 2	GHG emissions reduction rate (%)*1	58.1	57.6	55	70
		Renewable energy utilization rate (%)	98.9	99.3	100	100
	Building use: Scope 3 (Category 11)	GHG emissions reduction rate (%)*1	59.8	54.3	58	63
		ZEH rate (%)*2	99	98	90	100
		Rental housing ZEH-M rate (%)*3	73.1	77.7	50	100
		Condominiums ZEH-M rate (%)*4	100	100	100	100
		ZEB rate (%)*5	66.2	66.2	80	100
	Renewable energy supply facilities constructed	Renewable energy generation equipment constructed (EPC) (MW)*6	3,311	3,592	4,200	5,000
		Renewable energy power plants developed and operated (IPP) (MW)*7	877	1,028	1,550	2,500
	Solar panel installation rate (non-residential)*8	Commercial Facilities Business (non-consolidated) (%)	56.7	60.5	Principles 100	
		Logistics, Business & Corporate Facilities Business (non-consolidated) (%)	76.7	79.9		
		Fujita	50.0	76.5		
		Daiwa Lease	30.3	27.2		

*1 vs FY2015
*2 Contracting and the subdivision development (built-for-sale) operated by Daiwa House Industry (non-consolidated) (in Japan excluding Hokkaido). Construction start basis.
*3 Contracting and the subdivision development (built-for-sale) and development real estate operated by Daiwa House Industry (non-consolidated) (domestic only). Construction start basis.
*4 Total of Daiwa House Industry (non-consolidated). Construction start basis.
*5 Total of Daiwa House Industry, Daiwa Lease, and Fujita. Only in Japan, construction start basis, percentage of land area.
*6 Cumulative total since FY2011
*7 In-house consumption is excluded
*8 Construction start basis, percentage of facilities.
*9 In line with the 7th Medium-Term Management Plan, the EPG 2026 concluded in fiscal 2025, one year ahead of its original schedule. The target figures shown are based on the targets established in EGP2026.

Human capital indicators (ESP2026)

Key indicators			Achievements (FY)			Targets
			2023	2024	2025	
Increase the value of our human capital	Recruitment	Ratio of newly employed females to total new employees (%)	27.6 (April 1, 2024)	24.7 (April 1, 2025)	27.9 (April 1, 2026)	30 (April 1, 2027)
		Number of career hires	182	185	176	—
	Diversity	Ratio of female employees in management (%)	5.8 (April 1, 2024)	6.1 (April 1, 2025)	6.3 (April 1, 2026)	8 (April 1, 2027)
		Ratio of female section chiefs (%)	23.5 (April 1, 2024)	24.0 (April 1, 2025)	24.3 (April 1, 2026)	25 (April 1, 2027)
		Ratio of employment of persons with disabilities (%)	2.48 (April 1, 2024)	2.51 (April 1, 2025)	2.52 (April 1, 2026)	2.80 (April 1, 2027)
		Ratio of retention of young employees (three years after joining the Company) (%)*1	77.6 (March 31, 2024)	81.4 (March 31, 2025)	87.6 (March 31, 2026)	85 (March 31, 2027)
		Ratio of seniors who continue to be employed at age 65 (%)*2	55.2 (April 1, 2024)	57.7 (April 1, 2025)	44.0 (April 1, 2026)	—
	Health management	Percentage of employees receiving periodic medical examinations (%)	100	100	100	Early achievement of 100%
		Percentage of follow-up testing of patients who were required to receive detailed tests or medical treatment (%)	89.5	96.1	100	
	Childbirth and childcare	Ratio of male employees taking childcare leave (%)	66.5	68.9	87.3	90 (FY2026)
		Lump-sum payment program for fostering the next generation (number of recipients/amounts: ¥ million.)*3	609/609	556/556	579/579	—
	Employment	Percentage of paid leave taken (%)	65.5	66.5	67.7	—
	Equity	Gender wage gap (ratio of average income of female to male employees) (%)*4	61.6	61.8	62.2	—
	Career support	Number of Multi-Experiential Career Support Program users*5	82	73	89	—

Note: The figures in human capital indicators are for Daiwa House Industry (non-consolidated) only.

*1 Retention rate of regular recruits three years after joining the Company in each fiscal year
*2 In FY2025, due to the introduction of the optional retirement age of 67 system, this is stated under "Employment continuation rate after reaching mandatory retirement age of 65 or 67."
*3 Cumulative total since the introduction of the system Payments in 2005 : ¥13,605 million
*4 Percentage of regular employees
*5 Career support program focusing on internal and external side jobs

Corporate data (as of March 31, 2026)

Corporate name	Daiwa House Industry Co., Ltd.
Foundation	April 5, 1955 (Established: March 4, 1947)
Paid-in capital	¥162,602,893,922
Employees (consolidated)	55,712 (as of March 31, 2026)
Securities traded	Prime Market of the Tokyo Stock Exchange
Securities code	1925
Head office	3-3-5 Umeda, Kita-ku, Osaka 530-8241, Japan Phone: +81-6-6346-2111
Tokyo Head office	3-13-1 Iidabashi, Chiyoda-ku, Tokyo 102-8112, Japan Phone: +81-3-5214-2111
Offices (9)	Kita-Nihon / Kita-Kanto / Higashi-Kanto Minami-Kanto / Hokuriku / Chubu Chugoku / Shikoku / Kyushu
Branches	43
Factories	8
Research center	Central Research Laboratory (Nara)
Training center	Daiwa House Group MIRAI KACHI KYOSO Center (Nara)
Countries and regions with overseas operations	27
Contact	Daiwa House Industry Co., Ltd. Finance and IR Department, Management Administration Headquarters Phone: +81-6-6225-7804 e-mail: dh.ir.communications@daiwahouse.jp
Website	https://www.daiwahouse.com/English/

Board of Directors, Audit & Supervisory Board and Executive Officers (as of June 26, 2026)

Board of Directors (14)

Representative Director and Chairman, CEO	Keiichi Yoshii
Representative Director and President, COO	Hirotsugu Otomo
Representative Director and Executive Vice President, CFO	Takeshi Kosokabe
Representative Director and Executive Vice President	Yoshiyuki Murata
Representative Director and Senior Managing Executive Officer	Keisuke Shimonishi
Director and Senior Managing Executive Officer	Toshiya Nagase
Director and Managing Executive Officer	Eiichi Shibata
Outside Directors	Yukinori Kuwano Miwa Seki Kazuhiro Yoshizawa Yujiro Ito Toshikazu Nambu Tomomi Fukumoto Yuichiro Kondo

Audit & Supervisory Board (6)

Audit & Supervisory Board Members	Yoshinori Hashimoto Ryuichi Oyaide Yoshihiro Takashige
Outside Audit & Supervisory Board Members	Akihisa Watanabe Tatsuji Kishimoto Takashi Maruyama

Managing Executive Officers (8)

Tatsuya Urakawa	Moritaka Noumura
Yuji Yamada	Junko Ishizaki
Tetsuya Tamura	Takafumi Nakao
Koji Harano	Hiroaki Murata

Senior Executive Officers (17)

Nobuhito Ishibashi	Yoshimune Morizumi
Tetsuro Wada	Keitaro Takebayashi
Hiroshi Kono	Yoshinori Iwabuchi
Hirotaka Najima	Keisuke Izumoto
Katsuyuki Murai	Katsunori Nobe
Masafumi Sugimoto	Masatoshi Sarashina
Norio Togashi	Masatoshi Hatta
Kazumi Suwa	Tadahiro Takayoshi
Hideto Tamiya	

Executive Officers (31)

Taro Kawamura	Yoichi Shimoyama
Masataka Kanai	Takahiro Zaitsu
Masao Kita	Masayuki Kanda
Akira Matsuba	Soei Iwamoto
Tetsuo Hatta	Shigeo Fujisawa
Akira Kitamura	Masaki Kawaguchi
Masaaki Kikuchi	Shinji Ishino
Shingo Suzuki	Tomoaki Kodaka
Toshiyuki Suminaga	Katsuhiro Koyama
Toshiki Tanaka	Atsuo Suzuki
Shinichi Yamazaki	Mitsuhiko Tokunaga
Naoya Honda	Yasuo Suzuki
Noboru Higuchi	Nozomu Bando
Yoshimitsu Kojima	Tatsuro Shiho
Shinji Tanioku	Toshinao Kizawa
Takeshi Wakita	

Share information (as of March 31, 2026)

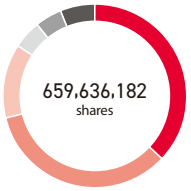
Authorized ..... 1,900,000,000 shares
Issued ..... 659,636,182 shares
Number of shareholders 89,198

Principal shareholders

Name of shareholders	Thousands of shares	Equity stake (%)
The Master Trust Bank of Japan, Ltd. (trust account)	99,643	16.09
Custody Bank of Japan, Ltd. (trust account)	34,834	5.62
STATE STREET BANK AND TRUST COMPANY 505001	15,982	2.58
Daiwa House Industry Employee Shareholders Association	15,383	2.48
JPMorgan Securities Japan Co., Ltd.	13,711	2.21
Sumitomo Mitsui Banking Corporation	11,282	1.82
JP MORGAN CHASE BANK 385781	8,521	1.38
Nippon Life Insurance Company	8,361	1.35
National Mutual Insurance Federation of Agricultural Cooperatives	7,389	1.19
CEP LUX - ORBIS SICAV	7,297	1.18

Note 1: The Company holds 40,289 thousand shares as treasury stock, but it is not included in the above list.
Note 2: The ratio of the number of shares held to the total number of issued shares (excluding treasury shares) is rounded to the second decimal place.

Shareholdings by shareholders



Financial institutions	37.1%
Foreign investors	34.2%
Individuals and others	12.9%
Other corporations	5.2%
Securities companies	4.5%
Treasury stock	6.1%

Note: Equity stake shows the percentages of the total outstanding shares.

Toward sustainable growth and higher corporate value over the medium and long term

IR activities in fiscal 2025 (all figures are total attendance)

For institutional investors and analysts

- One-on-one meetings: 390
- Meetings at securities company-sponsored conferences: 137
- Overseas non-deal roadshows (NDRs): 2 (US and UK)
- Business briefings and site tours: 8
- ESG small meetings featuring outside directors, etc.
  To deepen understanding of our business in the United States, we organized and hosted a site tour there jointly with peer companies. In Japan we also held tours of data centers and logistics facilities.

For individual investors

- Online company briefings: 2
  The CFO and the head of our IR Department spoke, explaining the strengths of our businesses, our ESG work, and our shareholder benefit program.

For employees

- IR briefing for employees: 1 session, 645 attendees
  With employees taking a keener interest in the share price and in our results, the session covered not only the results themselves but the share price as well, set against industry trends and our own position within the industry. Many of those who attended were weighing whether to join the employee shareholding association, and participation now stands at 85 percent.

Main dialogue (engagement) themes

- Business strategy and performance in our domestic contracting and built-for-sale businesses
- The operating environment, performance, outlook, and risks in our overseas businesses, particularly in the US and EU
- Synergies and growth strategy following Sumitomo Densetsu's entry into the Group
- Our approach to real estate development investment as interest rates rise, and our future strategy
- Financial targets, capital allocation, and shareholder return policy under the new Medium-Term Management Plan, among other topics

Our feedback structure

Views we receive from shareholders and investors through our IR activities are fed back to management promptly and appropriately, so that the issues raised are shared and understood. In fiscal 2025 the IR Department held two reporting sessions each for the Board of Directors and for our independent officers. From fiscal 2026 we began distributing a monthly share-price report to the management team. Strengthening this feedback structure supports management with an awareness of the cost of capital and our share price and deepens the discussion of how to raise corporate value.

Editorial postscript

Creating value, eyes set on the future



Yuji Yamada
Managing Executive Officer
In charge of Finance and IR

We would like to express our gratitude for the generous support you extend our Group day in and day out.

The four years of our Seventh Medium-Term Management Plan saw sweeping changes to the operating environment: Recovery from a pandemic, soaring construction costs, and rapid advances in digital transformation (DX) and AI. Through it all we expanded our overseas business, strengthened circularity in our value chain, pushed ahead with decarbonization and DX, and bolstered our human capital and governance, step by step laying the foundations for ongoing sustainable growth.

This report was to be built around our Eighth Medium-Term Management Plan, which got started in fiscal 2026. But the Plan's publication has been postponed due to the Middle-East situation, among other factors. Internal debate therefore focused more than usual on what the Group is aiming for and what we ought to be telling you, and we have tried to convey our long-term perspective and how we are adapting to the shifting operating environment.

A driver of our recent growth has been the Group's knack for reading change early and pursuing new business opportunities. Investment in data centers and semiconductor-related facilities is expanding worldwide on the back of AI uptake and digitalization, and with Sumitomo Densetsu now in the fold, these developments present substantial growth opportunities for the Group. We can also look forward to further growth in our overseas and Livness businesses.

Challenges of this kind dovetail nicely with the spirit of our founder: the industrialization of construction, business that is of service to society, and fostering employees' personal growth through business. At a July 2026 IR session for employees we shared our thinking on raising corporate value, and the response was overwhelmingly positive. It brought home to us once again that sustainable growth depends on individual employees' willingness to take on challenges. We will go on creating both social and economic value as we work toward "Our Hopes for the Future (Our Future Landscape: Embracing the Joys of Life)."

In closing, we would like to thank all who helped produce this report and, especially, all who took the time to read it. We look forward to your continued support in the years to come.

Daiwa House Industry Co., Ltd.

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