

FY2025 2Q

Presentation on Management Policies

November 17, 2025

Daiwa House Industry Co., Ltd. Code No: 1925 (Prime market of the Tokyo Stock Exchange)

*Only the pages covered in the meeting are included in this document. Please [click here](#) to view the entire materials.

(Transcription)

I am Yoshii, Chairman and CEO of Daiwa House Industry. Thank you all for taking time out of your busy schedules to join us today. I will explain our management policy, including the details of our financial results.

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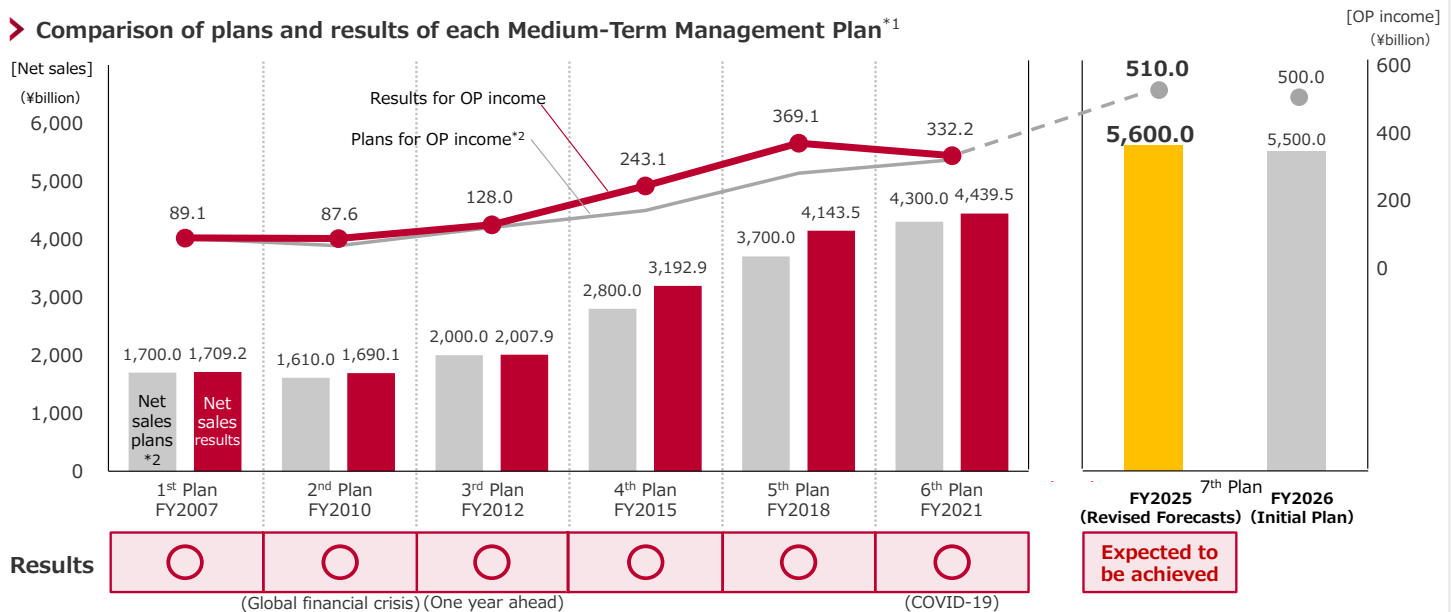
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- Status of Livness Business
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The Progress of the 7th Medium-Term Management Plan

Achieved results exceeding all medium-term management plans formulated in the past.
Steady progress toward achieving the 7th Mid-Term Plan one year ahead of schedule.

Comparison of plans and results of each Medium-Term Management Plan*1



*1 The figures on the graph show sales on the left axis (plans and results) and operating income on the right axis (results excluding the impact of actuarial differences); FY2025 and FY2026 are plans.
*2 The plans for the 1st, 2nd, and 6th mid-term plans are revised versions.

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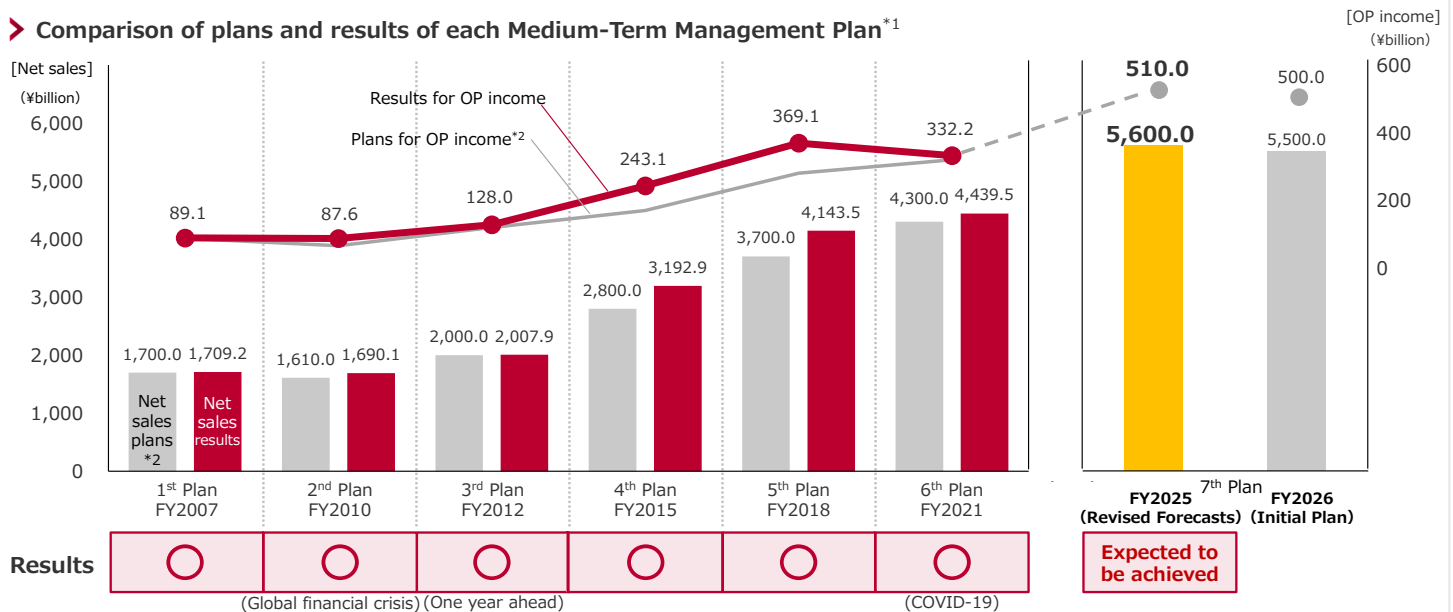
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In our revised plan for the fiscal year ending March 2026, although net sales are in line with our plan, we expect to exceed our initial plan in all income categories and increase dividends. However, after the interim announcement, our stock price fell. I think the sale of land in the U.S. was seen as a one-off gain, and the revised plan for the core business may have been viewed as conservative. However, the sale of the large property was made possible thanks to the dedicated efforts of our employees in acquiring prime land for the future, so I don't see it as just a temporary gain, and I would like you to pay attention to how to utilize profits in the future. I also believe that if we could welcome Sumitomo Densetsu Co., Ltd. to the Group, which is in the middle of a tender offer by us, it will be a major factor in accelerating growth and we can expect to strengthen safety and quality.

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On the other hand, I recognize that we may be in an adjustment phase due to structural issues such as extension of the construction period and the risk of an increase in construction costs due to the extension of the construction period due to work style reforms, the shortage of personnel caused by the aging of engineers, and the lengthening of the period until our developed properties can be sold. However, I believe we can take measures to address these issues this time.

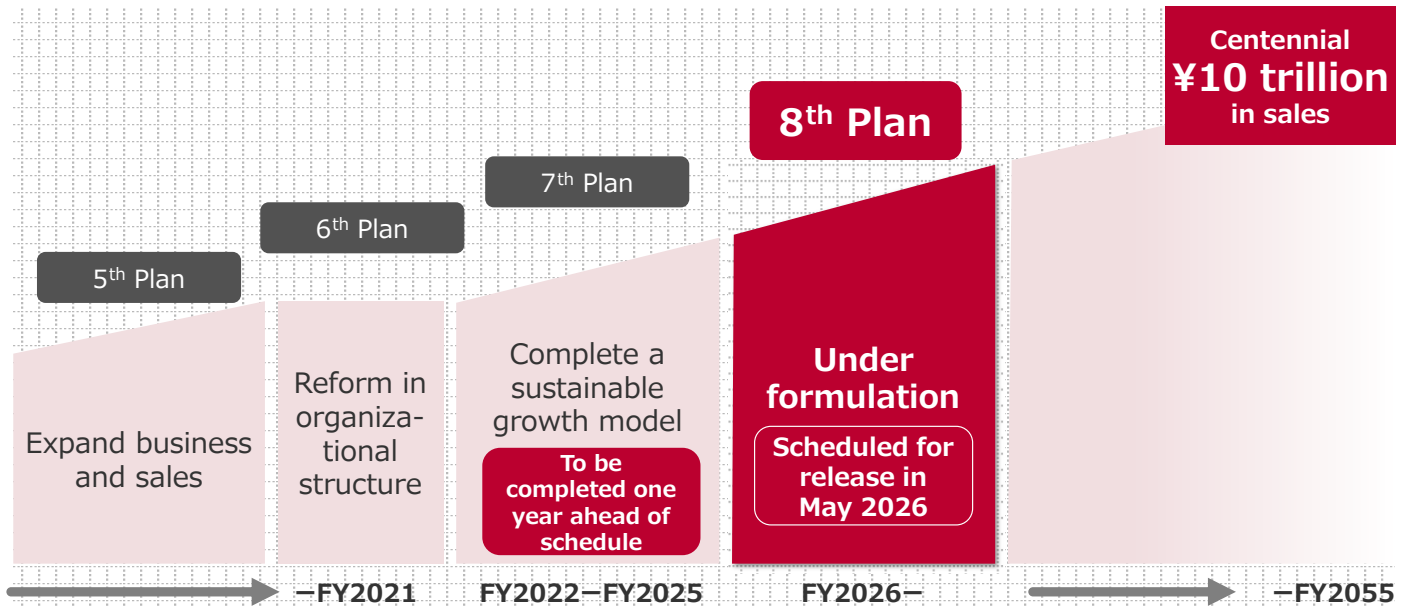
In the previous fiscal year, operating income of 546.2 billion yen included the amortization of actuarial differences for retirement benefits of approximately 100.0 billion yen, so operating income excluding the amortization was 445.0 billion yen. Excluding the amortization, we forecast operating income to be 510.0 billion yen this fiscal year, an increase of 65.0 billion yen from the previous fiscal year. Therefore, the lack of visibility of actual performance due to such amortization of actuarial differences is one of the reasons for the decline in the stock price. If you exclude the amortization of actuarial differences for retirement benefits, you will be able to see the steady performance growth. Under the Seventh Medium-Term Management Plan, net sales and operating income are expected to achieve their final year targets one year ahead of schedule.



The Positioning of the 8th Medium-Term Management Plan



An evolutionary extension of our 7th Mid-Term Plan, the 8th Plan will be a major milestone towards ¥10 trillion in sales by our FY2055 centennial



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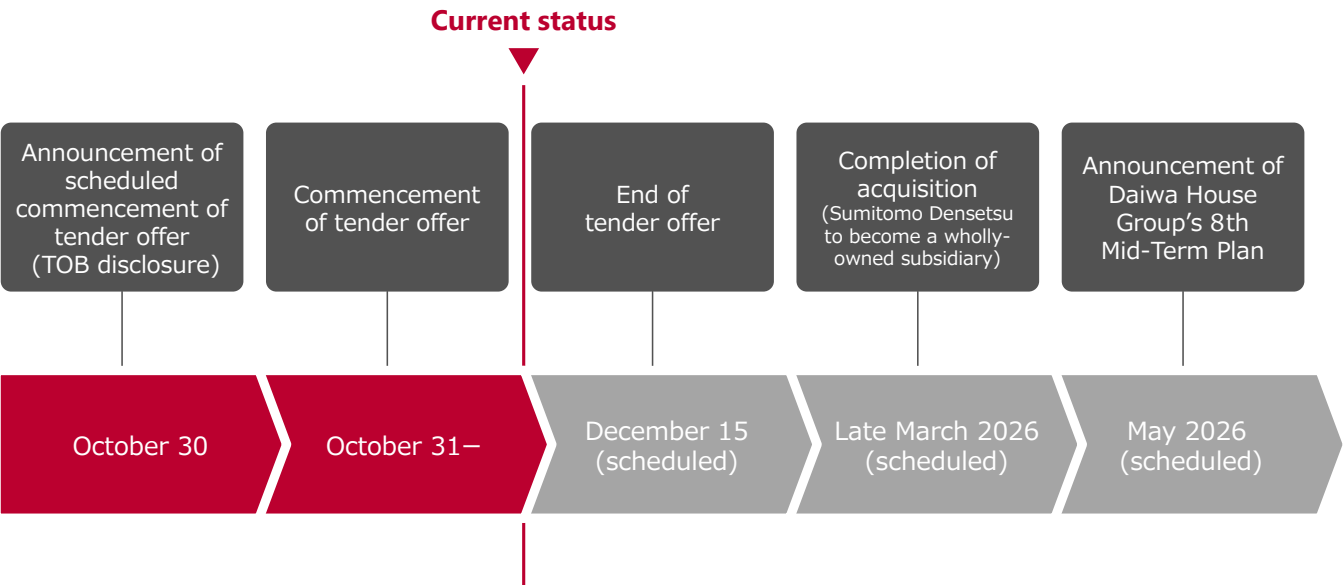
I will not talk about the details of the 8th Medium-Term Management Plan, which is currently being formulated, but it is a plan that presents a medium- and long-term strategy that will be an important step toward achieving 10 trillion yen in net sales by the centennial anniversary of the Company's founding, and I hope you will have high expectations.



M&A Initiatives of Sumitomo Densetsu Upcoming Schedule



We are currently conducting our largest-ever tender offer for the shares of Sumitomo Densetsu Co., Ltd., aiming to make it a consolidated subsidiary by late March 2026.



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The procedure aimed at making Sumitomo Densetsu a subsidiary of the Group has December 15 as one important milestone. If the Company successfully passes this date, it is highly likely that Sumitomo Densetsu will officially join the Group by the end of March next year. If this is the case, we would like to explain in detail how the two companies will grow together in the 8th Medium-Term Management Plan. I myself am eagerly looking forward to the day this acquisition becomes a reality.



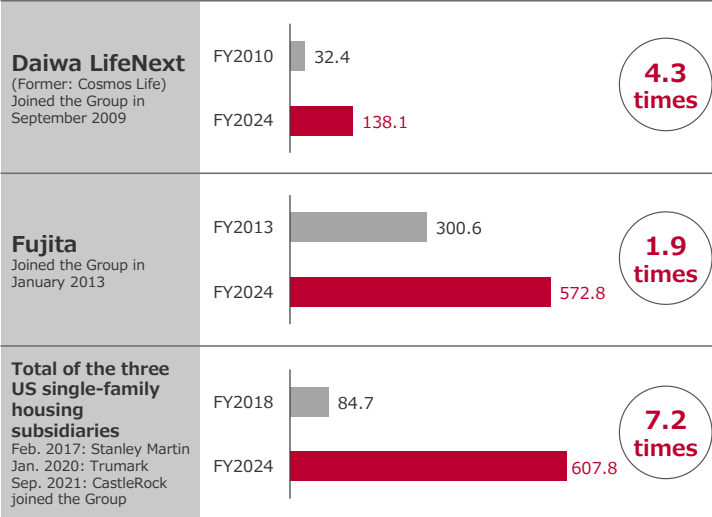
Post-Merger Management Policies

As with our previous post-merger management policies, we will actively support Sumitomo Densetsu's autonomous management and strive for further growth

> Net sales comparison for major M&A companies

Effective support for growth enhances results at companies that have joined the Group

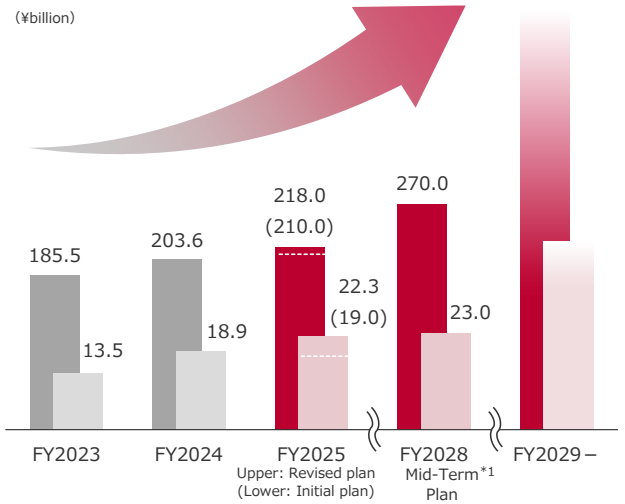
(¥billion)



> Sumitomo Densetsu's Growth Vision

We aim to expand Sumitomo Densetsu's business performance by proactively promoting growth investments and strengthening sales collaboration.

■ Net sales ■ Ordinary income
(¥billion)



*1 The final year of the medium-term management plan announced by Sumitomo Densetsu in May 2025

If you look at the net sales growth of major companies that have joined the Group through M&A so far, Daiwa LifeNext, Fujita, and our three U.S. housing subsidiaries have experienced significant growth, with the latter serving as one of our key growth drivers. As you can see, Sumitomo Densetsu's revised plan for fiscal year 2025 and medium-term management plan, I believe that joining of Sumitomo Densetsu to the Group will enable Sumitomo Densetsu to a further growth stage.



How the Group Grows through M&A

Leverage Group's foundations to create synergies, extend business scope
Add needed expertise and human capital to solidify position as a tech powerhouse



 SUMITOMO DENSETSU CO.,LTD.

Current status of Daiwa House Group

- Housemaker+general construction company+developer triplets deliver sales of **¥5.4 trillion** ^{*1}
- Establishing a management foundation with **overseas** sales of over ¥900 billion ^{*1}
- Aggressive orders received for **data centers and semiconductor-related plants** in recent years
- **Still unable to completely cover needs in electrical, HVAC^{*2}, and comms system engineering**



Current status of Sumitomo Densetsu

- **Orders, sales and ordinary income reached record highs** ^{*1}
- Operating in Southeast Asia overseas (with **17% of sales generated abroad^{*1}**), aiming for **further growth**
- Aim to **expand General Electrical and Info & Comms businesses**

Post-Merger

- Draw on **Group's business foundations** to **grow businesses** and **acquire new business opportunities**
- Boost ability to meet needs for larger and more-sophisticated properties to **up the pace of solidifying Group's position as a technological powerhouse**

^{*1} Results for FY2024

^{*2} HVAC stands for Heating, Ventilation, and Air Conditioning.

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In fiscal 2025, we received orders for semiconductor-related factories of approximately 12 billion yen, and we are currently in business negotiations for approximately 70 billion yen. As for data centers, we have more than 40 billion yen to start construction in the next fiscal year, and we are currently in business negotiations for approximately 60 billion yen. Under these circumstances, we hope to grow by comprehensively incorporating Sumitomo Densetsu's knowledge, quality, and safety as a Group, rather than as a partner company. Demand for semiconductors will continue to grow in importance against the background of artificial intelligence, automated driving, the digital society, and economic security. The Japanese government aim for Japanese semiconductor market will reach 15 trillion yen in 2030. Also, it is said that the semiconductor market will continue to grow by double-digits in the world after 2025. I believe that it makes sense for us to take on semiconductor-related sector and that there are great opportunities for future growth. The evolution of generative AI, the expansion of cloud services, the advances in communications technology, and the spread of high-resolution cameras have increased the volume of data and increased demand for data centers. There is also a growing need for edge-computing data centers that process data close to where the data originates. Data centers are also important from the perspective of economic security, and demand for them is expected to continue.



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Power supply and cooling systems are the main issues for data centers, while environmental measures and decentralization are also important. Since it takes time to install extra-high-voltage and ultra-high-voltage transmission lines, research is underway on a system that operate on a compact high-voltage power source. We would like to borrow Sumitomo Densetsu's expertise for these efforts. According to our engineers, the act of welcoming Sumitomo Densetsu into the Group will significantly improve our equipment technology. By doing so, we will be able to take on difficult equipment projects more proactively, and the general contractor, Fujita, and the equipment subcontractor, Sumitomo Densetsu, will be able to work together to advance their business. Also, the addition of Sumitomo Densetsu's technology to the technology collaboration and digital transformation that Daiwa House Industry, Fujita, and Daiwa Lease are working together will lead to a further improvement in overall technology.

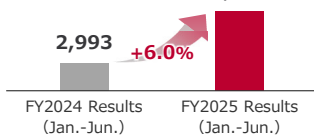


Progress and Expansion Strategy of U.S. Single-Family Houses Business

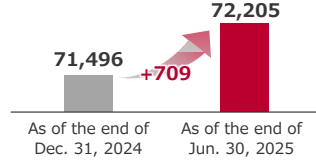


In addition to the number of units delivered as of the 2Q, current orders are also up year-on-year. Continuing to build growth through M&A and collaboration with Alliance Residential Company, centered on our three US subsidiaries

> Number of units delivered in the U.S. (units)



> Total land holdings ^{*1} (lots)



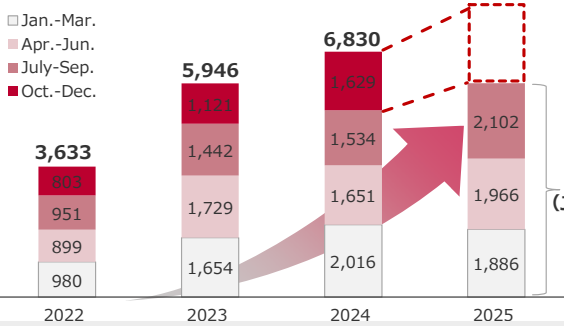
> Expansion strategy of U.S. business

- Acquired North Carolina-based Windsor's single-family houses business
- Acquired Huntsville, Alabama ^{*3} -based WrEn Homes' single-family houses business and are drawing on its know-how in high-end products to strengthen our position in the replacement market
- Aim to expand business further by entering new markets with growth potential and Group-wide collaboration



> Number of orders received by U.S. subsidiaries ^{*2} (units)

- Jan.-Mar.
- Apr.-Jun.
- July-Sep.
- Oct.-Dec.

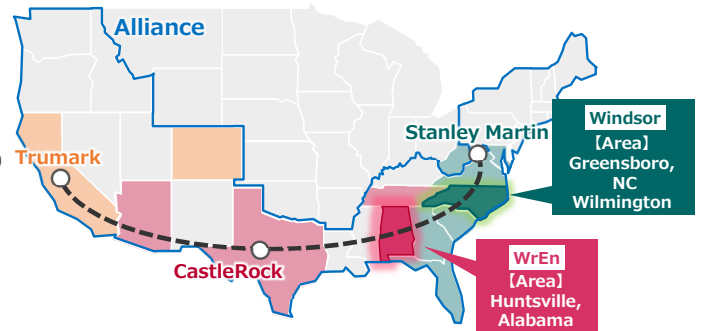


- Orders continued to grow steadily, with cumulative Jan.-Sep. FY2025 results 14.5% higher than the previous year.

^{*1} Including control lots

^{*2} Net contracted units, excluding bulk sales to institutional investors and cancellations.

^{*3} Our group's first entry



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We currently hold enough land in the U.S. to supply about 8,000 to 9,000 lots per year, which amounts to roughly eight to nine years' worth of supply in total, but I hope to stabilize this at around ten years' worth of land supply. In the U.S., there are also aspects where priorities such as economic security and other factors come into play, which can lead to cases where residential land is repurposed for data centers and similar uses. Given opportunities like the recent large-scale land sale, that is my reasoning. As of the end of September, orders increased about 750 units or were up to 15% year-on-year. At this pace, orders are expected to increase by more than 1,000 units a year. The Dallas market is struggling, but Washington, D.C., and California are making up for the slump. The three companies are working together to maintain strong orders. Twice a year, we conduct global meetings with five companies – three in the U.S., one in Australia, and one in the Netherlands – to discuss the outlook for the market and key regions. We do not work alone, but incorporates the perspectives of multiple countries and companies.

Opening a new base in Poland to drive full-scale expansion in Central and Eastern Europe. Leveraging global recovery expertise to contribute to reconstruction in Eastern Europe.

➤ Expanding into Central and Eastern Europe and supporting reconstruction

- Leverage prefabricated modular construction tech and rich field experience to roll out business in Central and Eastern Europe from Polish base
- Also contributing to reconstruction in Eastern Europe as vendors under indirect-subsidy projects, fostering cooperation with regional countries and supporting Ukraine's reconstruction ^{*1}



【 Plans to expand into Eastern Europe 】



➤ Reference: Construction results for housing for displaced persons in Europe (FY2022-FY2024)

Supply of approx. 2,800 units (equivalent to approx. 1,400 households) at 31 locations in the Netherlands and Wales



^{*1} Indirect subsidy project named "Global South Future-Oriented Co-Creation Project Subsidy (Support for Reconstruction of Ukraine and Strengthening Cooperation with Central and Eastern European Countries)."

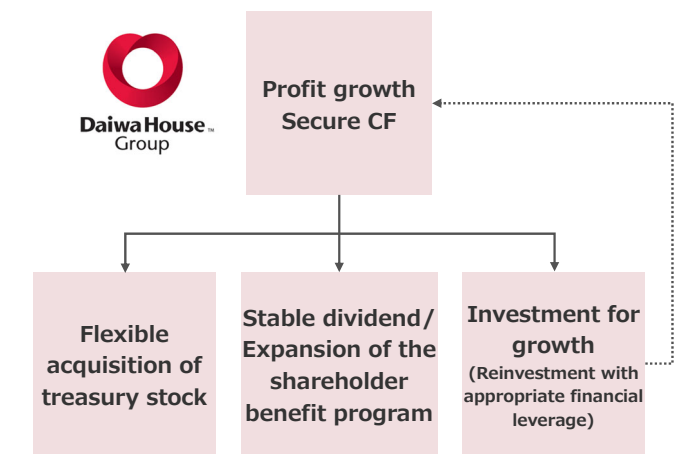
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Daiwa House Group is developing a modular houses business in the Netherlands, and is looking to supply houses to Poland and Ukraine in the future. Modular houses are industrialized houses that can be constructed and transported quickly, and their strength are high quality. Through the Netherlands government, we have already provided units to 1,400 Ukrainian refugee families. Building on this experience, I hope to contribute to the reconstruction of Ukraine on the day the unfortunate war ended. Our plants in Rotterdam and Germany, along with many Polish workers at our Berlin plant, will help us build production systems around the Polish and Ukrainian borders in the future. In addition, the Japanese government has publicly solicited applications for projects to support the reconstruction of Ukraine and strengthen cooperation with Central and Eastern Europe. With a total budget of 26 billion yen, the Japanese government will subsidize feasibility study and verification costs for companies involved in the reconstruction of Ukraine, including infrastructure reconstruction and energy supply. Daiwa House Industry submitted a modular house project, and Fujita submitted an agriculture-related refrigeration project. As a result, both companies were selected. I hope to start these projects next year and link them to our future strategy in Eastern Europe.

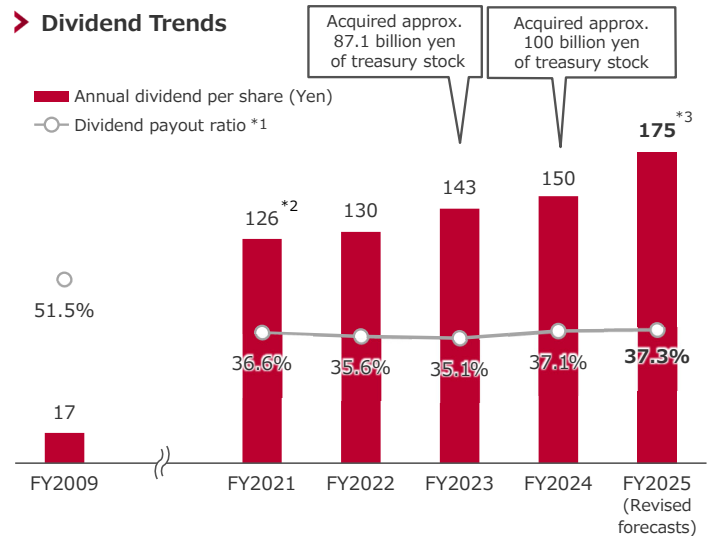
Lastly, even though we don't have a slide for it, I'd like to touch on logistics. Warehouse space is growing moderately by about 10%. The expansion of electronic commerce and the sophistication of logistics have increased demand for inventory management and delivery operations, complicating labor shortages across logistics, and there is also continuing demand for the replacement of aging facilities. Although the demand has been somewhat delayed due to workstyle reforms, demand is expected to exceed supply in 2027. I believe that DPL, our logistics facility, can continue to play a significant role in this situation.

Investing for sustainable growth, increasing operating cash flow through steady profit growth, and delivering stable shareholder returns



*1 FY2022 and beyond: The results of dividend payout ratio are calculated excluding the effect of actuarial differences
 *2 FY2021: Includes a commemorative dividend of 10 yen for the 100th anniversary of the birth of our founder, Nobuo Ishibashi
 *3 FY2025: Includes a commemorative dividend of 10 yen for the 70th anniversary of the Company. The year-end dividend has been increased by 5 yen, from the revised plan in August of 95 yen to 100 yen.

Dividend Trends



Expecting 16 Consecutive Years of Dividend Growth

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The Group aims to achieve 10 trillion yen in net sales by its centennial anniversary, which was the dream of the Group founder. We will not make disorderly investments and will give priority to growth investments, including Group companies. While focusing on an ROE of 13%, we will first respond to shareholders with stable dividends and consider share buybacks if we determine that stock price is significantly undervalued in the market.

I will talk about the 8th Medium-Term Management Plan in May of next year.



Disclaimer regarding business forecasts, etc.

(Notes regarding forward-looking statements)

This document is based on information available as of the date of publication and assumptions regarding uncertain factors that may affect future performance. It is not intended to guarantee the realization of such forecasts by the Company.

The Company's actual results may differ significantly from those presented herein as a consequence of numerous factors such as financial market trends, economic conditions, competitor situations and fluctuations in land prices.

That is all. Thank you.

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