



**Summary of Financial Results (Unaudited)**  
**for the First Six Months of the Fiscal Year Ending March 31, 2020 [Consolidated]**  
**(From April 1, 2019 to September 30, 2019)**  
**[Japanese GAAP]**

November 8, 2019

Name of Listed Company: Daiwa House Industry Co., Ltd.  
 Code No.: 1925  
 URL: <https://www.daiwahouse.com/English/>  
 Listed Exchanges: First section of the Tokyo Stock Exchange  
 Representative: Keiichi Yoshii, President, CEO and COO  
 Contact: Yuji Yamada, Managing Executive Officer and General Manager, IR Department  
 Phone No.: 06-6225-7804  
 E-mail to: dh.ir.communications@daiwahouse.jp

Scheduled Date of Filing Quarterly Securities Report: November 13, 2019  
 Scheduled Date of Commencement of Dividend Payment: December 5, 2019  
 Supplemental documents for the financial results provided: Yes  
 Results briefing for the period under review provided: Yes (for institutional investors and securities analysts)

(Amounts below one million yen are omitted)

**1. Consolidated Results of Operation for the First Six Months Ended September 30, 2019**  
**(From April 1, 2019 to September 30, 2019)**

**(1) Consolidated Earnings Results**

(% figures represent year-on-year change)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended:								
September 30, 2019	2,179,389	9.9	209,324	10.4	207,910	8.4	147,390	12.1
September 30, 2018	1,983,326	9.6	189,586	5.1	191,741	5.9	131,481	6.4

Note: Comprehensive income: Six months ended September 30, 2019: 145,634 million yen (35.1%)  
 Six months ended September 30, 2018: 107,781 million yen (-6.8%)

	Basic net income per share	Diluted net income per share
	Yen	Yen
Six months ended:		
September 30, 2019	222.02	221.97
September 30, 2018	197.70	197.57

**(2) Consolidated Financial Conditions**

	Total assets	Net assets	Net assets ratio
	Millions of yen	Millions of yen	%
As of			
September 30, 2019	4,454,545	1,737,753	38.0
March 31, 2019	4,334,037	1,643,717	36.8

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

(Net assets – Non-controlling interests) is as follows. September 30, 2019: 1,694,809 million yen;  
 March 31, 2019: 1,595,991 million yen

**2. Dividends**

	Dividend per share				
	End of 1st quarter (June 30)	End of 2nd quarter (Sept. 30)	End of 3rd quarter (Dec. 31)	Fiscal year-end (March 31)	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2019	—	50.00	—	64.00	114.00
Fiscal year ending March 31, 2020	—	55.00			
Fiscal year ending March 31, 2020 (forecasts)			—	60.00	115.00

(Note) Revised dividend forecast for the quarter under review: None

### 3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2020 (From April 1, 2019 to March 31, 2020)

(% 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, 2020	4,350,000	5.0	383,000	2.9	378,000	5.2	253,000	6.6	381.05

(Note) Revised forecast for the quarter under review: Yes

#### Notes:

- (1) **Changes in Significant Subsidiaries during the Period under Review (This refers to changes in specified subsidiaries associated with changes in the scope of consolidation): None**
- (2) **Application of Accounting Methods Unique to the Preparation of the Quarterly Consolidated Financial Statements: None**
- (3) **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**

#### (4) Number of Issued and Outstanding Shares (Common Stock)

##### 1) Number of shares at the end of the period (including treasury stock)

As of September 30, 2019	666,238,205 shares	As of March 31, 2019	666,238,205 shares
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##### 2) Number of treasury stock at the end of the period

As of September 30, 2019	2,188,726 shares	As of March 31, 2019	2,436,961 shares
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##### 3) Average number of shares during the period

Six months ended September 30, 2019	663,858,907 shares	Six months ended September 30, 2018	665,050,891 shares
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\* **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 forward-looking statements)

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.

Please refer to the section of “1. Qualitative Information Regarding Consolidated Results for the Period under Review (3) Explanation regarding forecasts, such as of future business performance figures” of “the Attached Material” on page 5 for the suppositions that form the assumptions for earnings forecasts.

**(Obtaining supplementary explanatory materials)**

The Company plans to hold a briefing for institutional investors and securities analysts on November 8, 2019. Relevant financial statements to be handed out at the briefing will be posted on our official website at the same time.

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## 1. Qualitative Information Regarding Consolidated Results for the Period under Review

### (1) Earnings Results

During the first six-month period under review, the Japanese economy continued to follow a gradual recovery trend, against the background of a pickup in consumer spending and an ongoing rising capital investments, among other positive factors.

In the housing industry, the market as a whole posting minus figures on a year-on-year comparison. New housing construction starts in the Owned house and Built-for-Sale dwelling categories, recorded year-on-year increase while Rented house dwelling category and condominiums turned downward. In the general construction market, non-housing operations as a whole were also down from the previous year. In the total floorspace of new construction starts in the categories of warehouses, hospitals, among others, recorded year-on-year increase while factories, retail outlets, among others turned downward.

Amid this business environment, under the Daiwa House Group's Sixth Medium-Term Management Plan (FY2019-2021), we have actively invested in real estate development, and have worked to expand operations in our Business Segment (Commercial Facilities Business, and Logistics, Business & Corporate Facilities Business) and to speed up the pace of our overseas expansion.

In addition, as a means of strengthening measures on the Group's governance, we have been working to transfer authority to officers directly involved in operational execution and to redefine responsibilities, as well as reinforcing our organizational capability to respond to risks that differ depending on the sphere of business or geographical region in which the Group operates. In such ways, we have been redesigning our corporate system to make future growth possible.

As a result, the Daiwa House Group recorded consolidated net sales of 2,179,389 million yen (+9.9% year on year) for the first six months of the fiscal year ending March 2020. Operating income came to 209,324 million yen (+10.4% year on year), ordinary income came to 207,910 million yen (+8.4% year on year), while net income attributable to owners of the parent amounted to 147,390 million yen (+12.1% year on year).

### (2) Financial Conditions

Total assets as of the end of the consolidated six-month reporting period amounted to 4,454,545 million yen, an increase of 120,508 million yen compared with 4,334,037 million yen in total assets at the end of the previous consolidated fiscal year. This was principally due to an increase in inventory assets accompanying the overseas business expansion, etc., and an increase in property, plant, and equipment accompanying the acquisition of real estate for investment and other.

Total liabilities as of the end of the consolidated six-month reporting period amounted to 2,716,791 million yen, an increase of 26,471 million yen compared with 2,690,320 million yen in total liabilities at the end of the previous consolidated fiscal year. The principal reason for this, in spite of the payment of notes and accounts payable for construction contracts, was the issuance of hybrid bonds, as well as bank borrowings, 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 six-month reporting period amounted to 1,737,753 million yen, an increase of 94,036 million yen compared with 1,643,717 million yen in total net assets at the end of the previous consolidated fiscal year. This was mainly due to the posting of net income for the period attributable to owners of the parent in the amount of 147,390 million yen, which more than offset the payment of dividends to shareholders for the previous fiscal year. At the end of the term under review, these results were 988,951 million yen in interest-bearing liabilities excluding lease obligations among others, and a debt-equity ratio of 0.58 times. After taking the issuance of

hybrid bonds into account, the D/E ratio came to 0.52 times\*.

\* The amount of 150 billion yen shown for the September 2019 public offering of hybrid bonds (Subordinated Bonds) has been calculated taking into account the equity credit of 50 percent employed in establishing the Company's credit rating.

### (3) Explanation regarding forecasts, such as of future business performance figures

Based on business figures for the second quarter, the Company revised forecasts of the consolidated business performance for the fiscal 2019 business year, ending March 31, 2020, which were announced on May 13, 2019.

Consolidated Business Forecasts for the Fiscal Year Ending March 31, 2020  
 (April 1, 2019 to March 31, 2020)

	<b>Net sales</b>	<b>Operating income</b>	<b>Ordinary income</b>	<b>Net income attributable to owners of the parent</b>	<b>Net income per share</b>
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecast (A)	4,250,000	378,000	376,000	252,000	379.63
Revised forecast (B)	4,350,000	383,000	378,000	253,000	381.05
Change (B - A)	100,000	5,000	2,000	1,000	—
Rate of change (%)	2.4	1.3	0.5	0.4	—
(Reference) Previous fiscal year results (Fiscal year ended March 31, 2019)	4,143,505	372,195	359,462	237,439	357.29

## 2. Consolidated Financial Statements and Main Notes

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
<b>Assets</b>		
Current assets		
Cash and deposits	279,859	236,776
Notes and accounts receivable from completed construction contracts and other	390,922	428,988
Mortgage notes receivable held for sale	14,625	19,709
Short-term investment securities	891	14,342
Costs on uncompleted construction contracts	79,305	51,508
Real estate for sale	648,291	687,171
Real estate for sale in process	194,750	204,399
Land for development	966	3,658
Merchandise and finished goods	17,046	17,214
Work in process	6,854	8,618
Raw materials and supplies	8,451	8,914
Other	287,744	281,911
Allowance for doubtful accounts	-8,665	-8,453
Total current assets	1,921,043	1,954,761
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	1,024,832	1,057,731
Accumulated depreciation	-443,094	-471,376
Buildings and structures, net	581,738	586,354
Land	811,205	839,701
Other	356,085	412,542
Accumulated depreciation	-140,480	-147,014
Other, net	215,604	265,527
Total property, plant and equipment	1,608,548	1,691,584
Intangible assets		
Goodwill	72,898	69,744
Other	51,740	52,904
Total intangible assets	124,639	122,648
Investments and other assets		
Investment securities	224,689	225,880
Lease and guarantee deposits	229,790	234,848
Other	227,994	227,420
Allowance for doubtful accounts	-2,669	-2,598
Total investments and other assets	679,804	685,551
Total noncurrent assets	2,412,993	2,499,784
Total assets	4,334,037	4,454,545

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable for construction contracts and other	530,472	326,005
Short-term loans payable	97,631	131,839
Current portion of bonds payable	95,000	50,000
Current portion of long-term loans payable	40,441	19,453
Income taxes payable	69,944	57,625
Advances received	55,700	59,858
Advances received on uncompleted construction contracts	165,186	145,202
Provision for bonuses	56,288	55,941
Provision for warranties for completed construction	8,003	7,764
Asset retirement obligations	1,985	2,099
Other	281,195	295,970
Total current liabilities	1,401,849	1,151,760
Noncurrent liabilities		
Bonds payable	192,000	342,000
Long-term loans payable	350,573	442,759
Long-term lease and guarantee deposited	276,590	286,384
Net defined benefit liability	263,018	267,545
Asset retirement obligations	45,333	47,928
Other	160,953	178,413
Total noncurrent liabilities	1,288,470	1,565,030
Total liabilities	2,690,320	2,716,791
Net assets		
Shareholders' equity		
Capital stock	161,699	161,699
Capital surplus	310,879	307,095
Retained earnings	1,066,705	1,167,769
Treasury stock	-8,316	-7,495
Total shareholders' equity	1,530,968	1,629,068
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	51,016	55,604
Deferred gains or losses on hedges	-21	-17
Revaluation reserve for land	6,453	10,217
Foreign currency translation adjustment	7,574	-64
Total accumulated other comprehensive income	65,023	65,740
Subscription rights to shares	114	103
Non-controlling interests	47,610	42,841
Total net assets	1,643,717	1,737,753
Total liabilities and net assets	4,334,037	4,454,545

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

	(Millions of yen)	
	Six months ended September 30, 2018 (From April 1, 2018 to September 30, 2018)	Six months ended September 30, 2019 (From April 1, 2019 to September 30, 2019)
Net sales	1,983,326	2,179,389
Cost of sales	1,564,540	1,733,250
Gross profit	418,785	446,138
Selling, general and administrative expenses	229,199	236,813
Operating income	189,586	209,324
Non-operating income		
Interest income	1,764	1,975
Dividends income	2,953	2,513
Equity in earnings of affiliates	—	92
Miscellaneous income	4,029	3,931
Total non-operating income	8,747	8,512
Non-operating expenses		
Interest expenses	3,551	4,214
Taxes and dues	311	853
Equity in losses of affiliates	136	—
Miscellaneous expenses	2,592	4,858
Total non-operating expenses	6,593	9,925
Ordinary income	191,741	207,910
Extraordinary income		
Gain on sales of noncurrent assets	299	428
Gain on sales of investment securities	909	386
Gain on sales of shares of subsidiaries and associates	562	—
Gain on change in equity	—	32
Other	—	0
Total extraordinary income	1,771	848
Extraordinary losses		
Loss on sales of noncurrent assets	25	40
Loss on retirement of noncurrent assets	397	1,253
Loss on sales of investment securities	5	3
Loss on valuation of investment securities	1,278	13
Loss on disaster	748	—
Other	3	—
Total extraordinary losses	2,460	1,310
Income before income taxes	191,052	207,448
Income taxes-current	57,889	59,273
Income taxes-deferred	807	-1,256
Total income taxes	58,697	58,017
Net income	132,354	149,431
Net income attributable to non-controlling interests	873	2,041
Net income attributable to owners of the parent	131,481	147,390



**(Consolidated Statements of Comprehensive Income)**

(Millions of yen)

	Six months ended September 30, 2018 (From April 1, 2018 to September 30, 2018)	Six months ended September 30, 2019 (From April 1, 2019 to September 30, 2019)
Net income	132,354	149,431
Other comprehensive income		
Valuation difference on available-for-sale securities	-14,516	4,583
Deferred gains or losses on hedges	-0	3
Foreign currency translation adjustment	-7,890	-6,954
Share of other comprehensive income of associates accounted for using equity method	-2,165	-1,429
Total other comprehensive income	-24,573	-3,796
Comprehensive income	107,781	145,634
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	107,741	144,343
Comprehensive income attributable to non-controlling interests	39	1,291

### (3) Notes

#### **Notes on Premise of Going Concern**

No items to report.

#### **Notes on Significant Changes in the Amount of Shareholders' Equity**

No items to report.

#### **Changes in Accounting Policies**

The adoption of IFRS 16 Leases

For subsidiaries located outside Japan that have adopted the International Financial Reporting Standards (IFRS), IFRS 16 Leases (hereinafter "IFRS 16") is applicable to consolidated financial reporting with effect from the reporting first-quarter period.

As a result of the application of IFRS 16, in principle, lessees shall recognize all assets and liabilities for all leases. Daiwa House has applied IFRS 16 in accordance with the transitional provisions set forth in IFRS 16.

This change will have a minimal effect on the consolidated financial statement for the first six-month period in question.

**Disclaimer:**

This English translation has been prepared for general reference purposes only. The Company shall not be responsible for any consequence resulting from the use of the English translation in place of the original Japanese text. In any legal matter, readers should refer to and rely upon the original Japanese text released on November 8, 2019.