



**Summary of Financial Results (Unaudited)
for the First Six Months of the Fiscal Year Ending March 31, 2021 [Consolidated]
(From April 1, 2020 to September 30, 2020)
[Japanese GAAP]**

November 11, 2020

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
E-mail to: dh.ir.communications@daiwahouse.jp

Scheduled Date of Filing Quarterly Securities Report: November 12, 2020
Scheduled Date of Commencement of Dividend Payment: December 7, 2020
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, 2020
(From April 1, 2020 to September 30, 2020)**

(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, 2020	1,966,448	-9.8	156,024	-25.5	150,466	-27.6	91,329	-38.0
September 30, 2019	2,179,389	9.9	209,324	10.4	207,910	8.4	147,390	12.1

Note: Comprehensive income: Six months ended September 30, 2020: 94,482 million yen (-35.1%)
Six months ended September 30, 2019: 145,634 million yen (35.1%)

	Basic net income per share	Diluted net income per share
Six months ended:	Yen	Yen
September 30, 2020	138.71	—
September 30, 2019	222.02	221.97

(2) Consolidated Financial Conditions

	Total assets	Net assets	Net assets ratio
As of	Millions of yen	Millions of yen	%
September 30, 2020	4,841,707	1,805,146	36.2
March 31, 2020	4,627,388	1,773,388	37.3

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

(Net assets – Non-controlling interests) is as follows. September 30, 2020: 1,753,006 million yen;
March 31, 2020: 1,726,995 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, 2020	—	55.00	—	60.00	115.00
Fiscal year ending March 31, 2021	—	50.00			
Fiscal year ending March 31, 2021 (forecasts)			—	60.00	110.00

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

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2021 (From April 1, 2020 to March 31, 2021)

(% 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, 2021	4,000,000	-8.7	258,000	-32.3	243,000	-33.9	130,000	-44.4	198.05

(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: None
 - 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, 2020	666,238,205 shares	As of March 31, 2020	666,238,205 shares
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2) Number of treasury stock at the end of the period

As of September 30, 2020	12,170,548 shares	As of March 31, 2020	2,218,771 shares
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3) Average number of shares during the period

Six months ended September 30, 2020	658,421,197 shares	Six months ended September 30, 2019	663,858,907 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 11, 2020. Relevant financial statements to be handed out at the briefing will be posted on our official website at the same time.

Contents of the Attached Material

1. Qualitative Information Regarding Consolidated Results for the Period under Review.....	4
(1) Earnings Results	4
(2) Financial Conditions	4
(3) Explanation Regarding Forecasts, Such as of Future Business Performance Figures	5
2. Consolidated Financial Statements and Main Notes	6
(1) Consolidated Balance Sheets	6
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	8
Consolidated Statements of Income	8
Consolidated Statements of Comprehensive Income	9
(3) Notes.....	10
Notes on Premise of Going Concern	10
Notes on Significant Changes in the Amount of Shareholders' Equity	10

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 cooled due to the government's requests to the public to refrain from non-essential travel and to stay at home, following the declaration of a state of emergency issued in April 2020 to prevent the spread of COVID-19. However, since the declaration of a state of emergency was lifted, the Japanese economy has been on a recovery trend, with consumer spending picking up from June 2020, and the business conditions DI in the September 2020 survey of Short-term Economic Survey of Principal Enterprise in Japan turned around for the first time in seven quarters.

In the housing market, the number of new housing starts declined year on year for all categories (owner-occupied houses, built-for-sale houses, rental housing, and condominiums). In the general construction market, while the total floor space of construction starts increased for warehouses, other uses decreased, and the overall decrease was compared with the previous year.

Amid this operating environment, we reviewed our strategies for each business, while continuing to base our actions on the Group's Sixth Medium-Term Management Plan (which commenced in fiscal 2019). We also took appropriate measures such as launching products that match the "new normal" environment to live with COVID-19.

Moreover, we have appointed more outside directors to strengthen the Group's governance and realize greater diversity in hiring practices. In addition, we have worked to transfer authority to officers directly involved in operational execution and to redefine responsibilities, and have reinforced 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 redesigned our corporate system to make future growth possible.

However, due to the impact of COVID-19, the Daiwa House Group recorded consolidated net sales of 1,966,448 million yen (-9.8% year on year) for the first six months of the fiscal year ending March 2021. Operating income came to 156,024 million yen (-25.5% year on year), ordinary income came to 150,466 million yen (-27.6% year on year), while net income attributable to owners of the parent amounted to 91,329 million yen (-38.0% year on year).

(2) Financial Conditions

Total assets as of the end of the consolidated six-month reporting period amounted to 4,841,707 million yen, an increase of 214,319 million yen compared with 4,627,388 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 purchase of real estate for sale, 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 3,036,561 million yen, an increase of 182,561 million yen compared with 2,853,999 million yen in total liabilities at the end of the previous consolidated fiscal year. This was principally due to the issuance of 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 1,805,146 million yen, an increase of 31,757 million yen compared with 1,773,388 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 91,329

million yen, which more than offset the acquisition of treasury stock and the payment of dividends to shareholders for the previous fiscal year. At the end of the term under review, these results were 1,309,094 million yen in interest-bearing liabilities excluding lease obligations among others, and a debt-equity ratio of 0.75 times. After taking the issuance of hybrid bonds into account, the D/E ratio came to 0.68 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 recent order trends and second-quarter earnings, the Company has revised consolidated earnings forecasts for the full year. Refer to Announcement of a Surplus Dividends (Interim Dividends) and Revisions to Earnings and Dividend Forecasts for the Fiscal Year Ending March 2021, announced on November 11, 2020, regarding matters related to the revision of these forecasts.

2. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	281,434	290,426
Notes and accounts receivable from completed construction contracts and other	433,053	406,285
Mortgage notes receivable held for sale	18,579	33,149
Short-term investment securities	814	655
Costs on uncompleted construction contracts	47,861	50,248
Real estate for sale	795,396	844,405
Real estate for sale in process	212,850	270,609
Land for development	4,443	4,891
Merchandise and finished goods	18,569	18,896
Work in process	6,738	7,120
Raw materials and supplies	8,984	7,617
Other	284,155	302,596
Allowance for doubtful accounts	-9,016	-12,387
Total current assets	2,103,866	2,224,515
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	1,044,914	1,100,813
Accumulated depreciation	-474,828	-487,559
Buildings and structures, net	570,086	613,253
Land	857,587	867,999
Other	447,739	472,361
Accumulated depreciation	-153,696	-161,352
Other, net	294,042	311,008
Total property, plant and equipment	1,721,717	1,792,261
Intangible assets		
Goodwill	63,457	68,111
Other	54,715	57,591
Total intangible assets	118,172	125,703
Investments and other assets		
Investment securities	207,219	217,077
Lease and guarantee deposits	241,030	246,916
Other	237,699	237,628
Allowance for doubtful accounts	-2,315	-2,395
Total investments and other assets	683,632	699,227
Total noncurrent assets	2,523,522	2,617,192
Total assets	4,627,388	4,841,707

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable for construction contracts and other	360,338	266,223
Short-term loans payable	110,519	172,207
Current portion of bonds payable	65,000	105,000
Current portion of long-term loans payable	65,669	77,634
Commercial papers	49,000	—
Income taxes payable	58,980	46,917
Advances received	77,071	125,614
Advances received on uncompleted construction contracts	130,633	107,614
Provision for bonuses	57,288	48,373
Provision for warranties for completed construction	7,484	7,385
Asset retirement obligations	2,159	2,255
Other	313,108	304,923
Total current liabilities	1,297,254	1,264,150
Noncurrent liabilities		
Bonds payable	277,000	383,000
Long-term loans payable	473,689	568,352
Long-term lease and guarantee deposited	284,323	284,642
Net defined benefit liability	267,062	269,652
Asset retirement obligations	49,881	51,936
Other	204,789	214,826
Total noncurrent liabilities	1,556,745	1,772,410
Total liabilities	2,853,999	3,036,561
Net assets		
Shareholders' equity		
Capital stock	161,699	161,699
Capital surplus	307,154	304,911
Retained earnings	1,217,407	1,268,434
Treasury stock	-7,588	-33,485
Total shareholders' equity	1,678,671	1,701,560
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	36,996	46,658
Deferred gains or losses on hedges	-10	-58
Revaluation reserve for land	10,251	10,704
Foreign currency translation adjustment	1,087	-5,858
Total accumulated other comprehensive income	48,323	51,446
Subscription rights to shares	101	100
Non-controlling interests	46,292	52,039
Total net assets	1,773,388	1,805,146
Total liabilities and net assets	4,627,388	4,841,707

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

(Millions of yen)

	Six months ended September 30, 2019 (From April 1, 2019 to September 30, 2019)	Six months ended September 30, 2020 (From April 1, 2020 to September 30, 2020)
Net sales	2,179,389	1,966,448
Cost of sales	1,733,250	1,577,943
Gross profit	446,138	388,504
Selling, general and administrative expenses	236,813	232,480
Operating income	209,324	156,024
Non-operating income		
Interest income	1,975	1,154
Dividends income	2,513	2,350
Equity in earnings of affiliates	92	—
Miscellaneous income	3,931	4,954
Total non-operating income	8,512	8,459
Non-operating expenses		
Interest expenses	4,214	4,875
Taxes and dues	853	850
Equity in losses of affiliates	—	228
Provision of allowance for doubtful accounts	—	3,465
Miscellaneous expenses	4,858	4,598
Total non-operating expenses	9,925	14,017
Ordinary income	207,910	150,466
Extraordinary income		
Gain on sales of noncurrent assets	428	260
Gain on sales of investment securities	386	90
Gain on change in equity	32	—
Subsidy income related to COVID-19	—	1,869
Other	0	—
Total extraordinary income	848	2,221
Extraordinary losses		
Loss on sales of noncurrent assets	40	40
Loss on retirement of noncurrent assets	1,253	493
Impairment loss	—	357
Loss on sales of investment securities	3	0
Loss on valuation of investment securities	13	262
Loss on COVID-19	—	7,561
Total extraordinary losses	1,310	8,716
Income before income taxes	207,448	143,971
Income taxes-current	59,273	50,003
Income taxes-deferred	-1,256	1,413
Total income taxes	58,017	51,417
Net income	149,431	92,554
Net income attributable to non-controlling interests	2,041	1,224
Net income attributable to owners of the parent	147,390	91,329

(Consolidated Statements of Comprehensive Income)

	(Millions of yen)	
	Six months ended September 30, 2019 (From April 1, 2019 to September 30, 2019)	Six months ended September 30, 2020 (From April 1, 2020 to September 30, 2020)
Net income	149,431	92,554
Other comprehensive income		
Valuation difference on available-for-sale securities	4,583	9,683
Deferred gains or losses on hedges	3	-49
Foreign currency translation adjustment	-6,954	-6,645
Share of other comprehensive income of associates accounted for using equity method	-1,429	-1,059
Total other comprehensive income	-3,796	1,928
Comprehensive income	145,634	94,482
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	144,343	93,999
Comprehensive income attributable to non-controlling interests	1,291	483

(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.

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 11, 2020.