



Summary of Financial Results (Unaudited)
for the First Three Months of the Fiscal Year Ending March 31, 2023 [Consolidated]
(From April 1, 2022 to June 30, 2022)
[Japanese GAAP]

August 9, 2022

Name of Listed Company: Daiwa House Industry Co., Ltd.
 Code No.: 1925
 URL: <https://www.daiwahouse.com/English/>
 Listed Exchanges: Prime Market of the Tokyo Stock Exchange
 Representative: Keiichi Yoshii, President and CEO
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Scheduled Date of Filing Quarterly Securities Report: August 10, 2022
 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 Three Months Ended June 30, 2022
(From April 1, 2022 to June 30, 2022)

(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	%
Three months ended:								
June 30, 2022	1,007,795	9.5	59,694	2.1	59,833	0.8	36,533	-5.3
June 30, 2021	920,658	3.1	58,440	-4.9	59,338	-3.4	38,585	17.2

Note: Comprehensive income: Three months ended June 30, 2022: 61,711 million yen (-4.8%)
 Three months ended June 30, 2021: 64,798 million yen (129.2%)

	Basic net income per share		Diluted net income per share	
	Yen	Yen	Yen	Yen
Three months ended:				
June 30, 2022	55.72	—	—	—
June 30, 2021	58.94	—	58.93	—

(2) Consolidated Financial Conditions

	Total assets	Net assets	Net assets ratio
	Millions of yen	Millions of yen	%
As of			
June 30, 2022	5,803,472	2,123,482	35.0
March 31, 2022	5,521,662	2,111,385	36.6

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

(Net assets – Non-controlling interests) is as follows. June 30, 2022: 2,031,142 million yen; March 31, 2022: 2,020,157 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 (Mar. 31)	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	—	55.00	—	71.00	126.00
Fiscal year ending March 31, 2023	—				
Fiscal year ending March 31, 2023 (forecasts)		60.00	—	70.00	130.00

Notes: 1. Revised dividend forecast for the quarter under review: None

2. Breakdown of annual dividend for the fiscal year ended March 2022

Ordinary dividend: 116 yen

Commemorative dividend: 10 yen (For the 100th anniversary of the birth of Nobuo Ishibashi, our founder)

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2023 (From April 1, 2022 to March 31, 2023)

(% 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, 2023	4,580,000	3.2	350,000	-8.7	337,000	-10.4	218,000	-3.2	332.48

Notes: 1. Revised forecast for the quarter under review: None

2. Amortization of actuarial differences for retirement benefit is not expected in the above consolidated earnings forecasts.

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

Note: Please refer to the section of “2. Consolidated Financial Statements and Main Notes (3) Notes (Changes in Accounting Policies)” of “the Attached Material” on page 10 for the details.

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

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

As of June 30, 2022	666,238,205 shares	As of March 31, 2022	666,238,205 shares
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2) Number of treasury stock at the end of the period

As of June 30, 2022	10,559,128 shares	As of March 31, 2022	10,570,077 shares
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3) Average number of shares during the period

Three months ended June 30, 2022	655,670,622 shares	Three months ended June 30, 2021	654,663,149 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) Earnings Forecasts” 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 August 9, 2022. Relevant financial statements to be handed out at the briefing will be posted on our 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) Earnings Forecasts	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
Changes in Accounting Policies	10

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

(1) Earnings Results

During the first quarter of the fiscal year under review, the Japanese economy saw a sign of modest improvement with personal consumption and employment picking up as economic and social activity got back to normal. Nonetheless, the outlook remained uncertain due to rising prices for raw materials and energy resources and exchange rate fluctuations caused by rapid yen depreciation, as well as the impact of COVID-19 deserving close attention. In the global economy as well, many major countries worked toward normalization of their economies, coexisting with COVID-19. Meanwhile, the prolonging Ukraine crisis must be monitored ongoingly, given its impacts such as soaring raw material prices and the influence on supply chains.

The number of new construction starts in the domestic housing market increased year-on-year for rental housing, however, decreased for owner-occupied houses, resulting in an overall decrease year-on-year. On the other hand, in the general construction market, the total floor area of new construction starts increased in the categories of factories and warehouses. The overall figure increased year-on-year.

Amid this operating environment, the Group launched its 7th Medium-Term Management Plan, a five-year plan started in FY2022. The Plan sets “Creating the fundamental societal infrastructure and lifestyle culture rooted in regeneration, ensuring a world where we live together in harmony embracing the Joys of Life” as “Our Hopes for the Future (Purpose).” Toward realizing a sustainable growth model, we uphold 3 management policies: evolve revenue model, optimize management efficiency, and strengthen management base. Under these new policies, the Group launched various measures including further progress of overseas business, promotion of large-scale multi-use development and investment strategy for portfolio optimization during the first quarter of the fiscal year under review.

As a result, the Daiwa House Group recorded consolidated net sales of 1,007,795 million yen (+9.5% year on year) for the first three months of the fiscal year ending March 2022. Operating income came to 59,694 million yen (+2.1% year on year), ordinary income came to 59,833 million yen (+0.8% year on year), while net income attributable to owners of the parent amounted to 36,533 million yen (-5.3% year on year).

(2) Financial Conditions

Total assets as of the end of the consolidated three-month reporting period amounted to 5,803,472 million yen, an increase of 281,810 million yen compared with 5,521,662 million yen in total assets at the end of the previous consolidated fiscal year. This was mainly due to an increase in inventory assets accompanying the acquisition of real estate for sale in Condominiums Business and Single-Family Houses Business.

Total liabilities as of the end of the consolidated three-month reporting period amounted to 3,679,990 million yen, an increase of 269,713 million yen compared with 3,410,277 million yen in total liabilities at the end of the previous consolidated fiscal year. The principal reason for this was the issuance of bank borrowings, as well as commercial papers and corporate bonds, to raise funds for the acquisition of inventory assets, real estate for investment and other purposes.

Total net assets as of the end of the consolidated three-month reporting period amounted to 2,123,482 million yen, an increase of 12,096 million yen compared with 2,111,385 million yen in total net assets at the end of the previous consolidated fiscal year. This was mainly due to the recording of a net income attributable to owners of the parent in the amount of 36,533 million yen and the increase in foreign currency translation adjustment due to the impact of the yen depreciation, despite the payment of dividends to shareholders for the previous fiscal year in the amount of 46,556 million yen. At the end of the term under review, these results were 1,791,879 million yen in interest-bearing liabilities excluding lease obligations among others, and a debt-equity ratio of 0.88 times. After taking the hybrid financing into account, the debt-equity ratio came to 0.77 times*.

* The debt-equity ratio was calculated by taking into account the equity credit of 50 percent employed in establishing the Company's credit rating for the 150 billion yen of publicly offered hybrid bonds (subordinated bonds) issued in September 2019 and 100 billion yen of hybrid loans (subordinated loans) procured in October 2020.

(3) Earnings Forecasts

Regarding consolidated business performance forecasts for the term ending March 31, 2023, the forecasts issued on May 13, 2022 remain unchanged.

2. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	337,632	373,096
Notes and accounts receivable from completed construction contracts and other	407,430	407,617
Mortgage notes receivable held for sale	28,473	17,666
Short-term investment securities	7,568	7,702
Costs on uncompleted construction contracts	48,516	51,325
Real estate for sale	1,068,011	1,276,438
Real estate for sale in process	407,869	467,723
Land for development	3,288	1,144
Merchandise and finished goods	17,904	19,555
Work in process	9,073	10,719
Raw materials and supplies	7,746	8,477
Other	367,476	350,389
Allowance for doubtful accounts	-18,195	-16,807
Total current assets	2,692,794	2,975,049
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	1,302,750	1,327,619
Accumulated depreciation	-558,140	-563,307
Buildings and structures, net	744,610	764,312
Land	878,851	882,616
Other	530,331	524,197
Accumulated depreciation	-184,727	-189,482
Other, net	345,603	334,714
Total property, plant and equipment	1,969,066	1,981,642
Intangible assets		
Goodwill	93,895	95,235
Other	77,022	78,035
Total intangible assets	170,917	173,270
Investments and other assets		
Investment securities	228,794	222,897
Lease and guarantee deposits	251,053	250,331
Other	210,741	202,086
Allowance for doubtful accounts	-1,705	-1,805
Total investments and other assets	688,884	673,509
Total noncurrent assets	2,828,868	2,828,423
Total assets	5,521,662	5,803,472

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable for construction contracts and other	355,936	296,733
Short-term loans payable	151,421	269,790
Current portion of bonds payable	25,000	10,000
Current portion of long-term loans payable	79,589	173,285
Commercial papers liabilities	—	125,000
Income taxes payable	69,170	8,839
Advances received	199,824	219,361
Advances received on uncompleted construction contracts	137,977	158,335
Provision for bonuses	56,759	29,438
Provision for warranties for completed construction	7,680	7,838
Asset retirement obligations	3,140	2,885
Other	358,091	371,454
Total current liabilities	1,444,592	1,672,963
Noncurrent liabilities		
Bonds payable	408,000	459,000
Long-term loans payable	758,496	751,903
Long-term lease and guarantee deposited	296,500	296,758
Net defined benefit liability	193,753	191,534
Asset retirement obligations	55,904	56,462
Other	253,028	251,367
Total noncurrent liabilities	1,965,684	2,007,027
Total liabilities	3,410,277	3,679,990
Net assets		
Shareholders' equity		
Capital stock	161,699	161,699
Capital surplus	301,982	302,088
Retained earnings	1,486,900	1,476,883
Treasury stock	-29,081	-29,048
Total shareholders' equity	1,921,500	1,911,623
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	64,017	58,815
Deferred gains or losses on hedges	-860	-1,703
Revaluation reserve for land	10,642	10,636
Foreign currency translation adjustment	24,857	51,770
Total accumulated other comprehensive income	98,657	119,518
Non-controlling interests	91,227	92,340
Total net assets	2,111,385	2,123,482
Total liabilities and net assets	5,521,662	5,803,472

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

	(Millions of yen)	
	Nine months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)	Nine months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)
Net sales	920,658	1,007,795
Cost of sales	741,716	821,723
Gross profit	178,941	186,072
Selling, general and administrative expenses	120,501	126,377
Operating income	58,440	59,694
Non-operating income		
Interest income	752	666
Dividends income	2,018	2,301
Miscellaneous income	3,617	3,734
Total non-operating income	6,388	6,701
Non-operating expenses		
Interest expenses	2,910	3,847
Equity in losses of affiliates	477	275
Miscellaneous expenses	2,101	2,439
Total non-operating expenses	5,490	6,562
Ordinary income	59,338	59,833
Extraordinary income		
Gain on sales of noncurrent assets	1,454	76
Gain on sales of investment securities	743	3
Subsidy income related to COVID-19	138	—
Total extraordinary income	2,336	79
Extraordinary losses		
Loss on sales of noncurrent assets	0	13
Loss on retirement of noncurrent assets	235	352
Impairment loss	0	1,637
Loss on sales of investment securities	—	0
Loss on valuation of investment securities	1	—
Loss on sales of investments in capital of subsidiaries and affiliates	—	194
Loss on COVID-19	954	—
Other	0	0
Total extraordinary losses	1,192	2,198
Income before income taxes	60,483	57,715
Income taxes-current	12,058	9,050
Income taxes-deferred	9,451	10,930
Total income taxes	21,509	19,981
Net income	38,973	37,733
Net income attributable to non-controlling interests	388	1,200
Net income attributable to owners of the parent	38,585	36,533

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)	Three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)
Net income	38,973	37,733
Other comprehensive income		
Valuation difference on available-for-sale securities	5,190	-5,193
Deferred gains or losses on hedges	-12	-842
Revaluation reserve for land	15	—
Foreign currency translation adjustment	18,751	28,962
Share of other comprehensive income of associates accounted for using equity method	1,879	1,051
Total other comprehensive income	25,824	23,977
Comprehensive income	64,798	61,711
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	62,165	57,401
Comprehensive income attributable to non- controlling interests	2,632	4,310

(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 Implementation Guidance on Accounting Standard for Fair Value Measurement

Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No.31, June 17, 2021) has been applied from the beginning of the current first quarter. As a result, pursuant to transitional measures set forth in Paragraph 27-2 of Implementation Guidance on Accounting Standard for Fair Value Measurement, new accounting policies stipulated by Implementation Guidance on Accounting Standard for Fair Value Measurement are applied prospectively. Due to the application, for some investment trusts acquisition cost of which was stated as the quarterly consolidated balance sheet value as shares, etc. with no market price, fair value is now stated as quarterly consolidated balance sheet value.

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 August 9, 2022.