



Summary of Financial Results (Unaudited)
for the First Three Months of the Fiscal Year Ending March 31, 2024 [Consolidated]
(From April 1, 2023 to June 30, 2023)
[Japanese GAAP]

August 7, 2023

Name of Listed Company: Daiwa House Industry Co., Ltd.
Representative: Keiichi Yoshii, President and CEO
Code No.: 1925
URL: <https://www.daiwahouse.com/English/>
Listed Exchanges: Prime Market of the Tokyo Stock Exchange
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: August 8, 2023
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, 2023
(From April 1, 2023 to June 30, 2023)

(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, 2023	1,214,595	20.5	93,075	55.9	90,849	51.8	60,007	64.3
June 30, 2022	1,007,795	9.5	59,694	2.1	59,833	0.8	36,533	-5.3

Note: Comprehensive income: Three months ended June 30, 2023: 73,816 million yen (19.6%)
Three months ended June 30, 2022: 61,711 million yen (-4.8%)

	Basic net income per share		Diluted net income per share	
	Yen	Yen	Yen	Yen
Three months ended:				
June 30, 2023	91.14	—	—	—
June 30, 2022	55.72	—	—	—

(2) Consolidated Financial Conditions

	Total assets	Net assets	Net assets ratio
	Millions of yen	Millions of yen	%
As of			
June 30, 2023	6,239,901	2,398,334	36.9
March 31, 2023	6,142,067	2,388,914	37.2

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

(Net assets – Non-controlling interests) is as follows. June 30, 2023: 2,304,814 million yen; March 31, 2023: 2,284,212 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, 2023	—	60.00	—	70.00	130.00
Fiscal year ending March 31, 2024	—				
Fiscal year ending March 31, 2024 (forecasts)		63.00	—	72.00	135.00

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

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2024 (From April 1, 2023 to March 31, 2024)

(% 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, 2024	4,920,000	0.2	380,000	-18.3	354,000	-22.4	250,000	-18.9	380.24

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: 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 June 30, 2023	659,290,951 shares	As of March 31, 2023	666,290,951 shares
---------------------	--------------------	----------------------	--------------------

2) Number of treasury stock at the end of the period

As of June 30, 2023	2,218,534 shares	As of March 31, 2023	7,419,650 shares
---------------------	------------------	----------------------	------------------

3) Average number of shares during the period

Three months ended June 30, 2023	658,421,415 shares	Three months ended June 30, 2022	655,670,622 shares
----------------------------------	--------------------	----------------------------------	--------------------

*** 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 7, 2023. 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
Significant Subsequent Events	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 continued its gradual recovery trend, reflecting the recovery in consumer spending and capital investment amid the transition of the legal status of COVID-19 to Category V Infectious Diseases in May 2023 and the normalization of social and economic activities. However, the outlook for the global economy remains uncertain due to the prolonged war in Russia and Ukraine, global monetary tightening, and other factors. Downside risks to the economy, such as downturns in overseas economies and exchange rate fluctuations, continue to require close attention.

The number of new construction starts in the domestic housing market increased year-on-year for rental housing, however, decreased for built-for-sale houses and owner-occupied houses, resulting in a year-on-year decrease in the overall figure. In the general construction market, as well, the total floor area of new construction starts recorded year-on-year decrease in all categories.

Amid this operating environment, the Group has actively pushed forward various high-value-added proposals and measures to realize a sustainable growth model, including expanding its overseas businesses and stock businesses and leveraging digital transformation to enhance the customer experience, under the three management policies: Evolve revenue model, optimize management efficiency, and strengthen management base in the 7th Medium-Term Management Plan, a five-year plan launched fiscal year 2022.

As a result, the Daiwa House Group recorded consolidated net sales of 1,214,595 million yen (+20.5% year on year) for the first three months of the fiscal year ending March 2024. Operating income came to 93,075 million yen (+55.9% year on year), ordinary income came to 90,849 million yen (+51.8% year on year), while net income attributable to owners of the parent amounted to 60,007 million yen (+64.3% year on year).

(2) Financial Conditions

Total assets as of the end of the consolidated three-month reporting period amounted to 6,239,901 million yen, an increase of 97,834 million yen compared with 6,142,067 million yen in total assets at the end of the previous consolidated fiscal year. This was mainly due to an increase in cash and bank deposits resulting from bank loans and the issuance of commercial paper.

Total liabilities as of the end of the consolidated three-month reporting period amounted to 3,841,567 million yen, an increase of 88,414 million yen compared with 3,753,153 million yen in total liabilities at the end of the previous consolidated fiscal year. The principal reason for this was bank loans and the issuance of commercial paper, to raise funds for the acquisition of inventory assets, real estate for investment and other purposes, despite the decrease in notes and accounts payable for construction contracts due to payments of construction costs and others.

Total net assets as of the end of the consolidated three-month reporting period amounted to 2,398,334 million yen, an increase of 9,419 million yen compared with 2,388,914 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 60,007 million yen, despite the payment of dividends to shareholders for the previous fiscal year in the amount of 46,120 million yen. At the end of the term under review, these results were 2,027,054 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 0.78 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, 2024, the forecasts issued on May 12, 2023 remain unchanged.

2. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and bank deposits	358,086	416,690
Trade notes and accounts receivable	454,341	448,393
Mortgage notes receivable held for sale	15,771	12,822
Securities maturing within one year	3,570	3,571
Construction projects in progress	49,993	56,903
Real estate for sale	1,511,236	1,499,494
Real estate for sale in process	487,162	505,556
Land for undeveloped	2,348	2,464
Merchandise, construction materials and others	20,341	21,491
Work in process	10,859	12,025
Raw materials and supplies	9,735	9,739
Other current assets	331,685	341,446
Allowance for doubtful accounts	(3,145)	(3,161)
Total current assets	3,251,988	3,327,439
Fixed assets		
Property, plant and equipment		
Buildings and structures	1,410,373	1,451,151
Accumulated depreciation	(591,582)	(601,605)
Buildings and structures, net	818,791	849,545
Land	916,871	893,446
Other tangible assets	501,753	507,052
Accumulated depreciation	(203,786)	(207,885)
Other, net	297,966	299,166
Total property, plant and equipment	2,033,629	2,042,158
Intangible assets		
Goodwill	94,467	103,543
Other intangible assets	99,126	100,390
Total intangible assets	193,594	203,934
Investments and other assets		
Investment securities	218,834	236,919
Lease deposits	256,582	258,117
Other assets	188,949	172,844
Allowance for doubtful accounts	(1,510)	(1,510)
Total investments and other assets	662,855	666,370
Total fixed assets	2,890,079	2,912,462
Total assets	6,142,067	6,239,901

	(Millions of yen)	
	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Trade notes and accounts payable	380,004	315,541
Short-term bank loans	133,028	271,347
Bonds	50,000	50,000
Loans from banks	159,044	76,298
Commercial paper	-	70,000
Income taxes payable	57,254	15,325
Advances received	142,950	135,521
Advances received on construction projects in progress	183,273	179,022
Accrued bonuses	60,728	31,793
Provision for warranties for completed construction	7,460	7,138
Asset retirement obligations	4,130	3,741
Other current liabilities	348,973	405,989
Total current liabilities	1,526,847	1,561,720
Long-term liabilities		
Bonds	559,000	559,000
Loans from banks	945,507	997,508
Lease deposits received	307,593	307,899
Liabilities for employees' retirement benefits	103,617	100,694
Asset retirement obligations	58,009	59,779
Other long-term liabilities	252,576	254,965
Total long-term liabilities	2,226,305	2,279,847
Total liabilities	3,753,153	3,841,567
Net assets		
Shareholders' equity		
Common stock	161,845	161,845
Capital surplus	303,741	302,131
Retained earnings	1,710,582	1,706,900
Treasury stock	(20,327)	(7,835)
Total shareholders' equity	2,155,842	2,163,041
Accumulated other comprehensive income		
Unrealized gain (loss) on securities	54,701	63,523
Deferred gain (loss) on hedging instruments	(118)	(1,734)
Land revaluation reserve	9,277	9,297
Foreign currency translation adjustments	64,508	70,685
Total accumulated other comprehensive income	128,369	141,772
Non-controlling interests	104,701	93,520
Total net assets	2,388,914	2,398,334
Total liabilities and net assets	6,142,067	6,239,901

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

(Millions of yen)

	Three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)	Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)
Net sales	1,007,795	1,214,595
Cost of sales	821,723	982,876
Gross profit	186,072	231,718
Selling, general and administrative expenses	126,377	138,643
Operating income	59,694	93,075
Non-operating income		
Interest income	666	632
Dividend income	2,301	2,492
Gain on valuation of derivatives	-	3,340
Miscellaneous income	3,734	3,425
Total non-operating income	6,701	9,891
Non-operating expenses		
Interest expense	3,847	6,780
Equity in losses of affiliates	275	791
Miscellaneous expenses	2,439	4,546
Total non-operating expenses	6,562	12,117
Ordinary income	59,833	90,849
Extraordinary income		
Gain on sales of fixed assets	76	754
Gain on sales of investments in securities	3	83
Other	-	0
Total extraordinary income	79	838
Extraordinary losses		
Loss on sales of fixed assets	13	49
Loss on disposal of fixed assets	352	676
Impairment loss	1,637	-
Loss on sales of investments in securities	0	17
Loss on revaluation of investments in securities	-	99
Loss on sales of investments in capital of subsidiaries and affiliates	194	-
Other	0	0
Total extraordinary losses	2,198	843
Profit before income taxes	57,715	90,843
Current	9,050	20,604
Deferred	10,930	10,442
Total income taxes	19,981	31,046
Profit	37,733	59,796
Profit attributable to non-controlling interests	1,200	(210)
Profit attributable to owners of the parent	36,533	60,007

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)	Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)
Profit	37,733	59,796
Other comprehensive income		
Unrealized gain (loss) on securities	(5,193)	8,818
Deferred gain (loss) on hedging instruments	(842)	(1,615)
Land revaluation difference	-	19
Foreign currency translation adjustments	28,962	6,405
Share of other comprehensive income (loss) of affiliates accounted for by the equity method	1,051	390
Total other comprehensive income	23,977	14,019
Comprehensive income	61,711	73,816
Total comprehensive income attributable to:		
Owners of the parent	57,401	73,410
Non-controlling interests	4,310	406

(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.

Significant Subsequent Events

Establishment of a Subsidiary

The Company resolved at its Board of Directors meeting held on August 7, 2023 to establish a subsidiary that will invest in condominium development opportunity in the United Kingdom. The capital contribution is planned to be made in several tranches by June 2026, and before the investment is completed, the subsidiary's equity capital will exceed one-tenth of the Company's total issued capital, making it a specified subsidiary.

1. The Purpose of Establishing the Sub-Subsidiary

Already in 2020, the Company established Daiwa House Europe B.V. in the Netherlands and entered the business in Europe. This new opportunity will enable the Company to continuously venture into the field of condominium development in the United Kingdom and positively contribute to partially relieving the housing shortage, which is a current pressing social issue in the United Kingdom.

2. Outline of the Sub-Subsidiary Company

(1) Company name	Undecided
(2) Place	London, United Kingdom
(3) Business profile	Condominium development
(4) Capital stock	179.85 million British pounds (32,903 million yen)
(5) Date of establishment	October 2023 (scheduled)
(6) Major shareholders and shareholding ratio	Daiwa House UK Ltd (to be established in October 2023 as a wholly owned subsidiary of Daiwa House Europe B.V., a wholly owned subsidiary of the Company) 75.0%

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 7, 2023.