



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

November 10, 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: November 13, 2023
Scheduled Date of Commencement of Dividend Payment: December 5, 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 Six Months Ended September 30, 2023
(From April 1, 2023 to September 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	%
Six months ended:								
September 30, 2023	2,544,827	12.5	191,163	23.6	188,115	22.9	154,488	45.8
September 30, 2022	2,261,329	10.7	154,639	-3.6	153,024	-5.3	105,994	-1.5

Note: Comprehensive income: Six months ended September 30, 2023: 192,165 million yen (12.1%)
Six months ended September 30, 2022: 171,383 million yen (26.6%)

	Basic net income per share		Diluted net income per share	
	Yen	Yen	Yen	Yen
Six months ended:				
September 30, 2023	234.83	—	—	—
September 30, 2022	161.54	—	—	—

(2) Consolidated Financial Conditions

	Total assets	Net assets	Net assets ratio
	Millions of yen	Millions of yen	%
As of			
September 30, 2023	6,336,366	2,516,516	38.2
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): September 30, 2023: 2,418,202 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	—	63.00			
Fiscal year ending March 31, 2024 (forecasts)			—	77.00	140.00

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

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	5,020,000	2.3	385,000	-17.3	367,000	-19.5	263,000	-14.7	399.99

Notes: 1. Revised forecast for the quarter under review: Yes

2. In the above consolidated earnings forecasts, the results for the previous fiscal year, which serves as the basis for the percentage figures indicating the year-on-year changes, include the amortization of actuarial differences for retirement benefits, etc. arising in the previous fiscal year (decrease of 96,656 million yen in operating expenses). Excluding this impact, the year-on-year changes are respectively: operating income +4.4%, ordinary income +2.1%, and net income attributable to owners of the parent +9.5%. For details, please refer to the section of “1. Qualitative Information Regarding Consolidated Results for the Period under Review (3) Earnings Forecasts” on page 5 of “the Attached Material.”

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, 2023	659,351,820 shares	As of March 31, 2023	666,290,951 shares
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- 2) **Number of treasury stock at the end of the period**

As of September 30, 2023	2,219,273 shares	As of March 31, 2023	7,419,650 shares
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- 3) **Average number of shares during the period**

Six months ended September 30, 2023	657,860,433 shares	Six months ended September 30, 2022	656,146,644 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 November 10, 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

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 its gradual recovery trend, reflecting the recovery in consumer spending and capital investment amid normalization of social and economic activities following the transition of the legal status of COVID-19 to Category V Infectious Diseases in May 2023, as well as recovery in inbound tourism demand against the backdrop of the weaker yen. However, the economic situation continues to require close attention due to continued monetary tightening caused by global inflationary pressure, trends in the cost of living and resource prices, and changes in exchange rates.

The number of new construction starts in the domestic housing market decreased year-on-year in both owner-occupied houses, rental housing and built-for-sale houses. In the general construction market as well, the floor area of new construction starts for all uses decreased year-on-year.

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 2,544,827 million yen (+12.5% year on year) for the first six months of the fiscal year ending March 2024. Operating income came to 191,163 million yen (+23.6% year on year), ordinary income came to 188,115 million yen (+22.9% year on year), while net income attributable to owners of the parent amounted to 154,488 million yen (+45.8% year on year).

(2) Financial Conditions

Total assets as of the end of the consolidated six-month reporting period amounted to 6,336,366 million yen, an increase of 194,298 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 inventory assets accompanying the acquisition of real estate for sale in Single-Family Houses Business and Rental Housing Business.

Total liabilities as of the end of the consolidated six-month reporting period amounted to 3,819,849 million yen, an increase of 66,696 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 the issuance of bank borrowings, as well as corporate bonds, to raise funds for the acquisition of real estate for sale, real estate for investment and other purposes.

Total net assets as of the end of the consolidated six-month reporting period amounted to 2,516,516 million yen, an increase of 127,602 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 154,488 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 46,120 million yen. At the end of the term under review, these results were 2,037,536 million yen in interest-bearing liabilities excluding lease obligations among others, and a debt-equity ratio of 0.84 times. After taking the hybrid financing into account, the debt-equity ratio came to 0.75 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

Based on the recent trend in orders received and business results for the second quarter, the Company has revised consolidated business forecasts for the fiscal year ending March 31, 2024. For details, please refer to “Notice Concerning Revisions of Earnings Forecasts and Dividend Forecasts for the Fiscal Year Ending March 2024” announced on November 10, 2023.

(Reference) Comparison with Previous Fiscal Year Results Excluding the Amortization of Actuarial Differences for Retirement Benefits, etc. (% figures represent year-on-year change)

Fiscal year ending	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	%
March 31, 2024	5,020,000	2.3	385,000	4.4	367,000	2.1	263,000	9.5
March 31, 2023	4,908,199	10.6	368,714	11.0	359,355	10.5	240,289	27.1

2. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and bank deposits	358,086	402,379
Trade notes and accounts receivable	454,341	476,034
Mortgage notes receivable held for sale	15,771	21,208
Securities maturing within one year	3,570	3,354
Construction projects in progress	49,993	55,741
Real estate for sale	1,511,236	1,640,596
Real estate for sale in process	487,162	529,028
Land for undeveloped	2,348	2,564
Merchandise, construction materials and others	20,341	20,621
Work in process	10,859	10,293
Raw materials and supplies	9,735	9,052
Other current assets	331,685	335,819
Allowance for doubtful accounts	(3,145)	(3,357)
Total current assets	3,251,988	3,503,338
Fixed assets		
Property, plant and equipment		
Buildings and structures	1,410,373	1,390,488
Accumulated depreciation	(591,582)	(561,892)
Buildings and structures, net	818,791	828,595
Land	916,871	837,147
Other tangible assets	501,753	527,846
Accumulated depreciation	(203,786)	(206,685)
Other, net	297,966	321,160
Total property, plant and equipment	2,033,629	1,986,904
Intangible assets		
Goodwill	94,467	106,394
Other intangible assets	99,126	102,830
Total intangible assets	193,594	209,225
Investments and other assets		
Investment securities	218,834	203,523
Lease deposits	256,582	260,732
Other assets	188,949	174,251
Allowance for doubtful accounts	(1,510)	(1,608)
Total investments and other assets	662,855	636,898
Total fixed assets	2,890,079	2,833,028
Total assets	6,142,067	6,336,366

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Trade notes and accounts payable	380,004	325,338
Short-term bank loans	133,028	242,539
Bonds	50,000	-
Loans from banks	159,044	121,902
Income taxes payable	57,254	47,511
Advances received	142,950	124,700
Advances received on construction projects in progress	183,273	182,230
Accrued bonuses	60,728	60,289
Provision for warranties for completed construction	7,460	7,421
Asset retirement obligations	4,130	2,667
Other current liabilities	348,973	301,942
Total current liabilities	1,526,847	1,416,543
Long-term liabilities		
Bonds	559,000	659,000
Loans from banks	945,507	1,011,194
Lease deposits received	307,593	308,673
Liabilities for employees' retirement benefits	103,617	104,891
Asset retirement obligations	58,009	60,158
Other long-term liabilities	252,576	259,388
Total long-term liabilities	2,226,305	2,403,306
Total liabilities	3,753,153	3,819,849
Net assets		
Shareholders' equity		
Common stock	161,845	161,957
Capital surplus	303,741	302,024
Retained earnings	1,710,582	1,801,227
Treasury stock	(20,327)	(7,838)
Total shareholders' equity	2,155,842	2,257,371
Accumulated other comprehensive income		
Unrealized gain (loss) on securities	54,701	48,982
Deferred gain (loss) on hedging instruments	(118)	(841)
Land revaluation reserve	9,277	9,450
Foreign currency translation adjustments	64,508	103,239
Total accumulated other comprehensive income	128,369	160,831
Non-controlling interests	104,701	98,314
Total net assets	2,388,914	2,516,516
Total liabilities and net assets	6,142,067	6,336,366

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

	(Millions of yen)	
	Six months ended September 30, 2022 (From April 1, 2022 to September 30, 2022)	Six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)
Net sales	2,261,329	2,544,827
Cost of sales	1,843,231	2,072,857
Gross profit	418,097	471,969
Selling, general and administrative expenses	263,458	280,806
Operating income	154,639	191,163
Non-operating income		
Interest income	1,182	1,263
Dividend income	2,711	2,895
Equity in earnings of affiliates	1,142	2,383
Gain on valuation of derivatives	-	5,114
Miscellaneous income	7,246	6,295
Total non-operating income	12,282	17,952
Non-operating expenses		
Interest expense	8,310	14,286
Miscellaneous expenses	5,586	6,713
Total non-operating expenses	13,897	21,000
Ordinary income	153,024	188,115
Extraordinary income		
Gain on sales of fixed assets	3,448	7,042
Gain on sales of investments in securities	320	14,646
Gain on sales of stocks of subsidiaries and affiliates	-	23,189
Gain on sales of investments in capital of subsidiaries and affiliates	3,464	-
Gain on change in equity interest	476	-
Other	-	0
Total extraordinary income	7,710	44,878
Extraordinary losses		
Loss on sales of fixed assets	37	60
Loss on disposal of fixed assets	714	1,343
Impairment loss	1,716	196
Loss on sales of investments in securities	67	17
Loss on revaluation of investments in securities	-	100
Loss on sales of investments in capital of subsidiaries and affiliates	191	-
Other	0	0
Total extraordinary losses	2,727	1,717
Profit before income taxes	158,007	231,276
Current	33,063	65,002
Deferred	16,196	11,781
Total income taxes	49,260	76,784
Profit	108,746	154,491
Profit attributable to non-controlling interests	2,752	3
Profit attributable to owners of the parent	105,994	154,488

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Six months ended September 30, 2022 (From April 1, 2022 to September 30, 2022)	Six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)
Profit	108,746	154,491
Other comprehensive income		
Unrealized gain (loss) on securities	(4,305)	(5,720)
Deferred gain (loss) on hedging instruments	(104)	(723)
Land revaluation difference	6	19
Foreign currency translation adjustments	71,178	43,812
Share of other comprehensive income (loss) of affiliates accounted for by the equity method	(4,138)	284
Total other comprehensive income	62,636	37,673
Comprehensive income	171,383	192,165
Total comprehensive income attributable to:		
Owners of the parent	159,948	186,796
Non-controlling interests	11,435	5,369

(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 10, 2023.