Summary of Financial Results
for the Fiscal Year Ended March 31, 2025 [Consolidated]
(From April 1, 2024 to March 31, 2025)
[Japanese GAAP]

May 13, 2025

Name of Listed Company:	Daiwa House Industry Co., Ltd.
Representative:	Hirotsugu Otomo, President and COO
Code No.:	1925
URL:	https://www.daiwahouse.com/English/
Listed Exchanges:	Prime Market of the Tokyo Stock Exchange
Contact:	Yuji Yamada, Managing Executive Officer E-mail to: dh.ir.communications@daiwahouse.jp

Scheduled Date of Ordinary General Meeting of Shareholders:	June 27, 2025
Scheduled Date of Filing Securities Report:	June 20, 2025
Scheduled Date of Commencement of Dividend Payment:	June 30, 2025
Supplemental documents for the financial results provided:	Yes
Results briefing for the term under review provided:	Yes (for institutional investors and securities analysts)

(Amounts below one million yen are omitted)

1. Consolidated Results of Operation for the Fiscal Year Ended March 31, 2025 (From April 1, 2024 to March 31, 2025)

(1) Consolidated Earnings Results

(% figures represent year on year change)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
Fiscal year ended:	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	5,434,819	4.5	546,279	24.1	515,985	20.7	325,058	8.8
March 31, 2024	5,202,919	6.0	440,210	-5.4	427,548	-6.2	298,752	-3.1

Note: Comprehensive income: Fiscal year ended March 31, 2025: 384,979 million yen (15.0%)
Fiscal year ended March 31, 2024: 334,706 million yen (-5.1%)

	Basic net income per share	Diluted net income per share	Return on equity (ROE)	Ordinary income to total assets ratio	Operating income to net sales ratio
Fiscal year ended:	Yen	Yen	%	%	%
March 31, 2025	514.00	—	12.9	7.6	10.1
March 31, 2024	457.16	—	12.7	6.7	8.5

(Reference) Equity in earnings of affiliates
Fiscal year ended March 31, 2025: 1,676 million yen; Fiscal year ended March 31, 2024: 2,411 million yen

(2) Consolidated Financial Conditions

	Total assets	Net assets	Net assets ratio	Net assets per share
Fiscal year ended:	Millions of yen	Millions of yen	%	Yen
March 31, 2025	7,049,323	2,716,745	37.1	4,226.17
March 31, 2024	6,533,721	2,523,762	37.3	3,810.21

(Reference) Net assets ratio = (Net assets – Non-controlling interests)/Total assets×100
(Net assets – Non-controlling interests): March 31, 2025: 2,614,238 million yen; March 31, 2024: 2,437,862 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents, end of the year
Fiscal year ended:	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2025	420,561	(493,370)	(44,682)	326,954
March 31, 2024	302,294	(310,419)	97,399	439,572

2. Dividends

	Dividend per share					Total dividends (annual)	Dividend payout ratio (consolidated)	Dividends to net assets ratio (consolidated)
	End of 1st quarter (June 30)	End of 2nd quarter (Sept. 30)	End of 3rd quarter (Dec. 31)	Fiscal year-end (Mar. 31)	Annual			
Fiscal year:	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
ended March 31, 2024	—	63.00	—	80.00	143.00	92,585	31.3	3.9
ended March 31, 2025	—	70.00	—	80.00	150.00	93,936	29.2	3.7
ending March 31, 2026 (forecasts)	—	75.00	—	90.00	165.00		37.4	

Note: Dividend forecast for the fiscal year ending March 2026: Ordinary dividend 155.00 yen; 70th anniversary commemorative dividend 10.00 yen

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2026 (From April 1, 2025 to March 31, 2026)

(% 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, 2026	5,600,000	3.0	470,000	-14.0	430,000	-16.7	273,000	-16.0	441.33

Note: 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 101,238 million yen in operating expenses). Excluding this impact, the year on year changes are respectively: operating income +5.6%, ordinary income +3.7%, and net income attributable to owners of the parent +6.7%. For details, please refer to the section of "1. Qualitative Information Regarding Consolidated Results for the Fiscal Year under Review (4) Future Outlook" on page 10 of "the Attached Material."

Notes:

(1) Significant Changes in Scope of Consolidation for the Fiscal Year under Review: None

(2) 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): Yes

3) Changes in accounting estimates: None

4) Retrospective restatement: None

For details, please refer to the section of "3. Consolidated Financial Statements and Main Notes (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)" of "the Attached Material" on page 21.

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

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

As of March 31, 2025	659,478,962 shares	As of March 31, 2024	659,351,820 shares

2) Number of treasury stock at the end of the fiscal year

As of March 31, 2025	40,895,047 shares	As of March 31, 2024	19,529,053 shares

3) Average number of shares for the fiscal year

Fiscal year ended March 31, 2025	632,409,390 shares	Fiscal year ended March 31, 2024	653,501,720 shares

Note: For the number of shares used as the basis of calculating basic net income per share (consolidated), please refer to the section of "3. Consolidated Financial Statements and Main Notes (5) Notes to Consolidated Financial Statements (Per Share Information)" of "the Attached Material" on page 26 for details.

(Reference) Summary of Non-Consolidated Results of Operation

Non-Consolidated Results of Operation for the Fiscal Year Ended March 31, 2025
(From April 1, 2024 to March 31, 2025)

(1) Non-Consolidated Business Results

(% figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended:	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	2,149,973	0.0	282,894	15.6	331,035	12.0	250,165	2.3
March 31, 2024	2,149,713	7.2	244,809	5.7	295,635	13.0	244,486	19.1

	Basic net income per share	Diluted net income per share
Fiscal year ended:	Yen	Yen
March 31, 2025	395.58	—
March 31, 2024	374.12	—

(2) Non-Consolidated Financial Conditions

	Total assets	Net assets	Net assets ratio	Net assets per share
Fiscal year ended:	Millions of yen	Millions of yen	%	Yen
March 31, 2025	4,294,353	1,789,391	41.7	2,892.72
March 31, 2024	4,155,476	1,742,474	41.9	2,723.37

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

(Net assets – Non-controlling interests): March 31, 2025: 1,789,391 million yen; March 31, 2024: 1,742,474 million yen

*** 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 earnings forecasts)

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 market prices.

For the suppositions that form the assumptions for earnings forecasts, please refer to the section of “1. Qualitative Information Regarding Consolidated Results for the Fiscal Year under Review (4) Future Outlook” on page 10 of “the Attached Material.”

(Obtaining supplementary explanatory materials)

The Company plans to hold a briefing for institutional investors and securities analysts on May 13, 2025. 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

<Reference Material> Key Performance Indicators

1. Performance Indicators

Fiscal years	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Forecasts for fiscal year ending March 31, 2026
Net sales (millions of yen)	4,439,536	4,908,199	5,202,919	5,434,819	5,600,000
Cost of sales (millions of yen)	3,574,853	3,953,004	4,210,511	4,333,754	—
Selling, general and administrative expenses (millions of yen)	481,425	489,824	552,197	554,785	—
Operating income (millions of yen)	383,256	465,370	440,210	546,279	470,000
Ordinary income (millions of yen)	376,246	456,012	427,548	515,985	430,000
Net income attributable to owners of the parent (millions of yen)	225,272	308,399	298,752	325,058	273,000
Basic net income per share (yen)	343.82	469.12	457.16	514.00	441.33
Return on equity (ROE) (%)	11.7	14.3	12.7	12.9	—
Ordinary income to total assets ratio (%)	7.1	7.8	6.7	7.6	—
Dividend per share (yen) (of which interim dividend per share)	126 (55)	130 (60)	143 (63)	150 (70)	165 (75)
Total annual dividends (millions of yen)	82,611	85,653	92,585	93,936	—
Dividend payout ratio (%)	36.6	27.7	31.3	29.2	37.4
Dividends to net assets ratio (%)	4.3	4.0	3.9	3.7	—
Total assets (millions of yen)	5,521,662	6,142,067	6,533,721	7,049,323	—
Net assets (millions of yen)	2,111,385	2,388,914	2,523,762	2,716,745	—
Net assets ratio (%)	36.6	37.2	37.3	37.1	—
Net assets per share (yen)	3,081.07	3,466.86	3,810.21	4,226.17	—
Depreciation (millions of yen)	100,328	113,464	117,204	131,786	138,500
Net increase in property, plant and equipment and intangible assets (millions of yen)	425,807	518,143	355,780	416,543	500,000
Cash flows from operating activities (millions of yen)	336,436	230,298	302,294	420,561	—
Cash flows from investing activities (millions of yen)	(467,423)	(505,181)	(310,419)	(493,370)	—
Cash flows from financing activities (millions of yen)	24,427	287,452	97,399	(44,682)	—
Cash and cash equivalents, end of year (millions of yen)	326,250	346,154	439,572	326,954	—

2. Sales and Operating Income by Segment

(Millions of yen)

Fiscal years		Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Forecasts for fiscal year ending March 31, 2026
Net sales		4,439,536	4,908,199	5,202,919	5,434,819	5,600,000
Sales by segment	Single-Family Houses	784,887	876,370	951,083	1,144,505	1,230,000
	Rental Housing	1,052,558	1,183,130	1,250,288	1,376,089	1,420,000
	Condominiums	379,942	484,382	441,867	269,427	290,000
	Commercial Facilities	1,038,576	1,092,167	1,181,561	1,227,145	1,300,000
	Logistics, Business & Corporate Facilities	1,079,253	1,130,230	1,294,455	1,369,730	1,333,000
	Environment and Energy	161,002	188,611	139,441	131,180	150,000
	Other Businesses	63,046	81,849	68,043	50,918	50,000
	Adjustments	(119,731)	(128,541)	(123,821)	(134,177)	(173,000)
Operating income		383,256	465,370	440,210	546,279	470,000
Operating income by segment	Single-Family Houses	38,365	46,584	35,164	69,826	76,000
	Rental Housing	96,641	109,792	115,791	129,960	137,000
	Condominiums	9,752	40,879	37,372	10,908	15,000
	Commercial Facilities	124,151	132,984	143,630	145,928	162,000
	Logistics, Business & Corporate Facilities	125,531	99,630	123,244	159,655	146,000
	Environment and Energy	5,270	6,285	9,131	12,420	13,000
	Other Businesses	-5,922	5,497	2,450	2,840	2,200
	Adjustments	(10,534)	23,716	(26,575)	14,738	(81,200)

1. Summary of Earnings Results, etc.

(1) Summary of Consolidated Earnings Results for the Fiscal Year under Review

In the consolidated fiscal year under review, the Japanese economy recovered moderately, supported by a rebound in consumer spending driven by improvement in the corporate profits, employment and income situation, and strong demand from inbound tourists. However, rising energy and raw material prices and chronic labor shortages as well as the underperformance of overseas economies amid China's ongoing economic slowdown caused by its property market slump and policy developments in the United States continued to pose downside risks to the Japanese economy.

The number of new constructions starts in the domestic housing market from April 2024 to March 2025 decreased year on year for built-for-sale houses, however, increased for owner-occupied houses and rental housing, resulting in a year-on-year increase in the overall figure. In the general construction market, although the total floor area of new construction starts increased in the category of stores, the figure in the categories of offices, factories and warehouses recorded year-on-year decrease. The overall figure also 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. Under the "Evolve revenue model" policy, the Group is working to expand its circular value chain—creating, fostering and revitalizing—from the perspective of communities and customers focusing on the keywords "Circularity and regeneration".

As a result, the Daiwa House Group recorded consolidated net sales of 5,434,819 million yen (+4.5% year on year) for the fiscal year ended March 2025. Operating income came to 546,279 million yen (+24.1% year on year), ordinary income came to 515,985 million yen (+20.7% year on year), while net income attributable to owners of the parent amounted to 325,058 million yen (+8.8% year on year).
Operating income above includes 101,238 million yen gain on amortization of actuarial differences for retirement benefits, etc., and operating income excluding actuarial differences, etc. resulted in 445,041 million yen (+13.0% year on year).

Results by business segment are as follows.

Single-Family Houses Business

In the Single-Family Houses Business segment, we provided high-quality housing with excellent energy efficiency and resilience performance amid the diversification of housing styles. We stayed close to residents' lives and their changing values to propose lifestyles that will enhance their lives.

In the domestic housing business, the Company promoted the "Ready Made Housing." concept for built-for-sale houses. Despite the soaring cost of labor, housing construction materials and other goods, the Company provides high-quality built-for-sale houses that aim to be worth more than their price, offering the same design excellence and quality as custom-built houses, a reassuring long-term home warranty, and after-sales support.

For custom-built houses, the Company promoted the "Smart Made Housing." concept providing the benefits of both custom designs and standardized houses. In January 2025, the Company launched xevo M3, the first of the Company's lightweight steel framed three-storied single-family housing products to meet ZEH (Net Zero Energy House) requirements as standard, with the Company's original "Internal and External Double Insulation" and solar power generation system.

Anticipating a society with a high demand for housing stock, the Company is focusing on the revitalization and regeneration of existing buildings. Especially in housing complexes developed by the Company, it works on the Livness Town Project, which aims to regenerate and redevelop communities by addressing social issues such as community revitalization and the problem of vacant houses. The Company tries to put itself in the shoes of those who live there and maintains a close relationship with the communities and the residents' daily lives, so as to enhance the value of communities and ensure they remain attractive places to live for many years more.

Overseas, the Group has been expanding its operations in the eastern, southern and western regions of the U.S., which it calls the smile zone. Three Group companies, Stanley Martin Holdings, CastleRock Communities and Trumark Companies play a key role in the east, south and west respectively. In the fiscal year 2024, they offset the impact of persistently high housing loan interest rates with efforts to expand unit sales by taking advantage of incentive measures such as mortgage buydown and efforts to cut costs by shortening construction periods. In each region, orders received have been strong recently, thanks to a strategically planned increase in the number of lots for sales, coinciding with the spring sales period.

As a result, net sales for this segment amounted to 1,144,505 million yen (+20.3% year on year), while operating income came to 69,826 million yen (+98.6% year on year).

Rental Housing Business

In the Rental Housing Business segment, we have been proposing and supporting rental housing management that maximizes the asset value for owners by providing sustainable value while considering tenants, the global environment and the community. In addition, the Company sought to popularize ZEH-M properties that reduce environmental impact and support the saving and generation of energy.

In March 2025, to commemorate its 70th anniversary, the Company launched THE STATELY, heavy steel-framed girder rigid three- and four-storied rental housing products compliant with ZEH-M (*) standards, throughout Japan (excluding Hokkaido, Okinawa and some other areas). These three- and four-storied rental housing products achieve seismic grade 3, the highest earthquake resistance level under Japan’s building codes, and the first floor is suitable for various uses beyond residential purposes, including retail spaces and offices, offering the opportunity for proposals to meet the specific needs of the construction area. Going forward, the Company will continue proposing a wide range of potential land uses to owners and offering rental housing that is chosen by tenants.

At Daiwa Living Co., Ltd., in addition to providing high-quality, comfortable rental housing “D-ROOM” which is chosen by a wide variety of tenants, it has also succeeded in creating competitive rooms for managed properties. As a result, the number of properties under management has increased and a high occupancy rate has been maintained.

Daiwa House Chintai Reform Co., Ltd. worked to strengthen relationships by conducting building inspections and diagnoses periodically at rental houses constructed by the Company, while also promoting warranty extension work and renovation proposals.

Meanwhile, overseas in the U.S., where the Company is developing rental housing, the Company sold Parkside, part of the Esterra Park Project development in a suburb of Seattle, in November 2024. In the same month, the Company made Alliance Residential Company, a rental housing developer in the U.S., an equity-method affiliate. The Company aims to strengthen the Group’s network and ability to propose solutions in the U.S. to expand its real estate development platform in the region.

As a result, net sales for this segment amounted to 1,376,089 million yen (+10.1% year on year), while operating income came to 129,960 million yen (+12.2% year on year).

*ZEH-M Stands for Net-Zero Energy House for Multiple dwellings. Refers to multi-unit residential buildings that aim to achieve net-zero energy consumption through high insulation and energy-saving performance, and the use of renewable energy.

Condominiums Business

In the Condominiums Business segment, we sought to provide basic housing performance essential for a long housing life, comfort, safety and a management structure, drawing on our knowhow as a home builder to meet the diverse lifestyle needs of potential residents.

In March 2025, PREMIST Tower Senrioka (Osaka) started being sold. PREMIST Tower Senrioka is a 36-story condominium, jointly developed by four company joint venture, including the Company, on the site of the Senrioka Station West Area Type One Urban Redevelopment Project being implemented by Settsu City on the west side of Senrioka Station on the JR Tokaido Main Line. Sales are going well, reflecting appreciation of the surrounding environment, enhanced through the redevelopment project to include a pedestrian deck connecting the building and the station and adjacent commercial facilities, as well as the comfortable living environment, including a range of common facilities and amenities.

In January 2025, Daiwa Lifenext Co., Ltd. successfully completed a demonstration experiment for the integration of robotics and security systems in collaboration with Octa Robotics, Inc. and SOHGO SECURITY SERVICES CO., LTD. Selected as an "FY2024 Project to Construct a Basis for Research and Development of Innovative Robots" by the Ministry of Economy, Trade and Industry, this experiment confirmed that robots are capable of autonomously operating a security system and providing security and cleaning services in unmanned environments. This opens up the possibility of creating environments where robots can move around buildings more freely and independently. Going forward, the company will work with partner companies to strengthen various aspects of security associated with the operation of robots and achieve the simultaneous operation of multiple robots. The company will also accelerate initiatives for the development and sale of new building management services that will help improve management quality.

Overseas, the development of condominiums in the U.S. and in London, the U.K. are progressing well.

However, mainly due to the change of Cosmos Initia Co., Ltd. from a consolidated subsidiary of the Company into an affiliate accounted for by the equity method in the previous consolidated fiscal year, net sales for this segment amounted to 269,427 million yen (-39.0% year on year), while operating income came to 10,908 million yen (-70.8% year on year).

Commercial Facilities Business

In the Commercial Facilities Business segment, we offered various plans that meet the needs of tenant corporations, taking advantage of their business strategies and the characteristics of each region. In particular, we strengthened our efforts in the field of large-scale properties, and focused on built-for-sale business, in which we sell to investors properties for which we have acquired land, planned development, designed and constructed, and conducted leasing-out to tenants, as well as on the commercial facility brokerage and purchase and resale businesses.

In the home center business, the total number of home centers operated by Royal Home Center Co., Ltd. as of the end of March 2025 was 64. In February 2025, the company completed the renovation of Royal Home Center Toda-Koen (Saitama Prefecture), enhancing the pet sales space by offering pets and high-quality pet foods, which are not stocked by regular stores.

In the urban hotels business, the occupancy rate of Daiwa Roynet Hotels, which is operated by Daiwa House Realty Mgt. Co., Ltd., remained strong due to demand from inbound tourists. The cumulative average occupancy rate for the fiscal year 2024 was 88.5%. Daiwa Roynet Hotel Akita Ekimae opened in February 2025 and BATON SUITE OKINAWA-KOURIJIMA, the company's first resort hotel, opened in March 2025.

In the fitness club business, Sports Club NAS Co., Ltd. stepped up sales promotions. As a result, in the current consolidated fiscal year, the number of club memberships reached around 150% of the level a year earlier. The company will continue providing training to sales staff in a bid to improve sales further.

In January 2025, Daiwa Lease Co., Ltd. reopened Sogo Recreation Park and Shinsakongawa Water Park in Edogawa Ward, Tokyo, following renovation. The renovated parks are in the Kasai area in the southern part of Edogawa Ward. The Ward floated a tender for the renovation work and a group led by the company was selected as the project coordinator. The company will be responsible for maintaining the park facilities including play equipment and park walkways, benches and toilets and for operating cafes, restaurants, barbecues and other facilities, and will aim to offer facilities that are loved by many users.

Overseas, in Kaohsiung, Taiwan, the Taiwan Kaohsiung Project*, a mixed-use development project consisting of a hotel and a condominium underway since January 2020, the hotel building was completed and the Hotel Nikko Kaohsiung opened in November 2024.

As a result, net sales for this segment amounted to 1,227,145 million yen (+3.9% year on year), while operating income came to 145,928 million yen (+1.6% year on year).

* The Company participated in the project through investment in Fanlu Construction Industry Co., Ltd., which was established by Continental Development Corporation, a leading property developer in Taiwan.

Logistics, Business & Corporate Facilities Business

In the Logistics, Business & Corporate Facilities Business segment, we worked to enhance the Group's business scope by constructing a variety of facilities to suit the differing business needs of our corporate customers, and by providing total support services that enable customers to utilize their assets most effectively.

Regarding logistics facilities, we have commenced construction on the large-scale rental facility DPL Fukuoka East in Kyushu region where demand was strong, during the three months from January 2025. Leasing is also progressing steadily, and lease agreements have been concluded for DPL Sapporo South III・IV, DPL Okinawa Tomigusuku I, DPL Iwate Hanamaki and DPL Odawara (Kanagawa Prefecture).

In the Livness business, the Company conducted the purchase-and-resale of four properties in the three months from January 2025. These were Hitachinaka City Yamazaki Livness Project, Numazu City Nishijima-cho Nursing Home, D Project Livness Project Nagoya City Showa-Ku Gokiso, and Koga City Chayashinden Livness Project.

In the food-related business, inquiries about frozen food manufacturing plants and cold storage and refrigerated warehouses increased alongside growing demand for meal replacement products. Meanwhile, in pharmaceutical and health foods markets, demand for high quality logistics centers also grew.

Daiwa House Property Management Co., Ltd., a company that manages and operates logistics facilities developed mainly by the Company, concluded new property management (PM) agreements for 6 logistics facilities including DPL Komaki (Aichi Prefecture) in the three-month period from January 2025, increasing the number of facilities managed by the company and the area under management as of the end of March 2025 to 258 buildings and approximately 10.70 million square meters.

In the IT business of the Daiwa LogiTech Group, which is engaged in the logistics services business, orders were firm as client companies continued to increase investment to promote DX. Financial results in the IT business were in line with targets. The company will continue focusing on logistics automation and labor-saving projects, to help it gain more new customers. Meanwhile, in the logistics business, earnings struggled to grow due to the impact of a review of contracts with major customers; however, the company will focus on cost improvements at all centers while at the same time improving performance by gaining new customers to fill unused space.

Fujita Corporation performed strongly, winning orders for large-scale construction projects such as residential buildings, factories and civil engineering projects including land reclamation work for land readjustment and windfarm construction work.

In overseas business, we opened DPL Vietnam Minh Quang, our first multi-tenant logistics facility developed in northern Vietnam, in February 2025. This facility was developed in a joint project with WHA Corporation PCL, one of Thailand's leading developers of logistics facilities and factories. Going forward, the Company will continue accelerating the development of logistics, business & corporate facilities in the U.S. and ASEAN and other countries.

As a result, net sales for this segment amounted to 1,369,730 million yen (+5.8% year on year), while operating income came to 159,655 million yen (+29.5% year on year).

Environment and Energy Business

In the Environment and Energy Business, amid the current acceleration of transition toward decarbonization and the growing demand for renewable energy, the Group promoted three businesses, the EPC business (design and construction of power plants for renewable energy), the PPS business (electric power retail business) and the IPP business (electric power generation business).

In the EPC business, the Group is working to expand two PPA-related businesses, off-site PPA (Power Purchase Agreement) with the goal of supplying renewable energy to a purchaser far from a solar power generation facility and on-site PPA with the goal of supplying renewable energy directly from a solar power generation facility installed on a roof or in an adjacent area. Demand for renewable energy is increasing steadily. The Company will leverage the land development knowhow it has built up since its foundation to secure sites for solar power generation facilities in suitable locations and will collaborate with major energy companies to develop users, and will continue focusing efforts on the EPC business as a mainstay business.

In the PPS business, record-high profits were achieved due to the stabilization of spot prices in the electricity wholesale market, alongside initiatives such as introduction of power procurement adjustment costs (fuel cost adjustments set independently). Given the difficulty in predicting trends in the business environment in the electric power industry, we will work to stabilize the PPS business while taking measures to address the risks of the business.

In the IPP business, the Company engages in the operation of wind power generation and hydroelectric power generation, as well as solar power generation, which is its main business, at 677 locations nationwide, with total generation capacity of 894 MW.

In addition to entering the battery storage business, we also have our sights set on overseas business expansion. We signed a joint venture agreement with WHA Corporation PCL, a developer of logistics facilities and plants in Thailand, and began offering PPA model self-consumption solar power generation equipment (on-site PPA) for the first time overseas from February 2025. Leveraging the knowhow it has accumulated in its businesses to date, the Company aims to achieve more widespread use of renewable energy.

As a result, net sales for this segment amounted to 131,180 million yen (-5.9% year on year), while operating income came to 12,420 million yen (+36.0% year on year).

(2) Financial Conditions

Total assets as of the end of the consolidated reporting fiscal year amounted to 7,049,323 million yen, an increase of 515,601 million yen compared with 6,533,721 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 Commercial Facilities Business.

Total liabilities as of the end of the consolidated reporting fiscal year amounted to 4,332,577 million yen, an increase of 322,617 million yen compared with 4,009,959 million yen in total liabilities at the end of the previous consolidated fiscal year. The principal reason for this was the bank borrowings for financing 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 reporting fiscal year amounted to 2,716,745 million yen, an increase of 192,983 million yen compared with 2,523,762 million yen at the end of the previous consolidated fiscal year. This was mainly due to the posting of net income attributable to owners of the parent in the amount of 325,058 million yen, despite the payment of dividends to shareholders in the amount of 95,635 million yen and the acquisition of treasury stock in the amount of 100,015 million yen. At the end of the term under review, these results were 2,309,077 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 0.80 times*. The net assets ratio as of the end of the fiscal year under review stood at 37.1%, showing little change from the 37.3% at the previous fiscal year end.

*The debt-equity ratio is calculated considering the publicly offered hybrid bonds (subordinated bonds) and hybrid loans (subordinated loans) totaling 250 billion yen with a 50% equity credit in terms of rating.

(3) Cash Flow Position

Cash and cash equivalents for the reporting fiscal year amounted to 326,954 million yen, for a decrease of 112,617 million yen. Net cash provided by operating activities stood at 420,561 million yen, net cash used in investing activities came to 493,370 million yen, and net cash used in financing activities came to 44,682 million yen.

Cash flows from operating activities

During the reporting fiscal year, net cash provided by operating activities came to 420,561 million yen (+39.1% year on year). This was mainly due to the posting of 488,783 million yen in income before income taxes and non-controlling interests, despite the payment of income taxes and the acquisition of inventory assets.

Cash flows from investing activities

During the reporting fiscal year, net cash used in investing activities came to 493,370 million yen (compared with 310,419 million yen used in the previous fiscal year). This was primarily the result of the acquisition of property, plant and equipment, including large-scale logistics facilities and commercial facilities, among other factors.

Cash flows from financing activities

During the reporting fiscal year, net cash used in financing activities came to 44,682 million yen (compared with 97,399 million yen provided in the previous fiscal year). This is primarily due to acquisition of treasury stock, the redemption of corporate bonds, and payment of shareholder dividends, despite financing through borrowing.

(Reference) Cash Flow Indicators

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net assets ratio	37.2%	37.3%	37.1%
Net assets ratio on market-value basis	33.4%	44.3%	43.3%
Repayment years of interest-bearing debt	8.0 years	6.9 years	5.5 years
Interest coverage ratio	13.9	10.3	10.5

* The standards for the indicators are as follows. All have been computed based on consolidated financial figures.
Net assets ratio: (Net assets – Non-controlling shareholders' interests)/Total assets
Net assets ratio on market-value basis: Total market capitalization/Total assets
Repayment years of interest-bearing debt: Interest-bearing liabilities/Operating cash flows
Interest coverage ratio: Operating cash flows/Interest expenses
Total market capitalization: Closing stock price at the fiscal year-end × Number of shares issued at the fiscal year-end (after deduction of treasury stock)
Operating cash flows: Net cash provided by (used in) operating activities on the Consolidated Statements of Cash Flows
Interest expenses: Interest expenses paid on the Consolidated Statements of Cash Flows

(4) Future Outlook

Looking ahead to the future social and economic environment, with global trade competition heating up, market players will still need to keep a close eye on the global economic situation, given fears of a recession and the U.S. and China's economic slowdown. The Japanese economy is expected to stay on a gradual recovery path due to a rebound in personal consumption driven by an improvement in the employment situation and growing demand from inbound tourists, despite the shift to thrift by households in face of the continuing cost-of-living crisis and concern over future rate hikes by the BOJ. However, the outlook is riddled with uncertainties including the continuing conflict in Ukraine and U.S. tariffs as well as stubbornly high energy prices and soaring raw material prices, and the impact of these factors on the domestic economy needs to be monitored.

In light of such business conditions, the Group entered the 4th year of the Daiwa House Group 7th Medium-Term Management Plan covering five years with 2022 as the first fiscal year. Now, to maximize corporate value while looking ahead to continued growth during and after the 8th medium-term management plan, the Group is continuing to work on priority measures under three management policies: "Evolve revenue model," "Optimize management efficiency," and "Strengthen management base." In particular, the Group positions the promotion of portfolio management, the creation of new businesses, the expansion of overseas business to achieve net sales of 1 trillion yen in overseas, and the achievement of procurement stability and cost reductions though centralized procurement as the most important themes for achievement of the 7th Medium-Term Management Plan, and will step up initiatives in these areas.

With the aim of "Creating the fundamental societal infrastructure and lifestyle culture rooted in regeneration" as defined in "Our Hopes for the Future" (purpose), the Group will achieve sustainable growth by balancing the creation of societal value and the maximization of business value.

In view of the foregoing, we forecast net sales for the fiscal year ending March 31, 2026 in the amount of 5 trillion 600 billion yen, with operating income of 470 billion yen, ordinary income of 430 billion yen, and net income attributable to owners of the parent of 273 billion yen. Amortization of actuarial differences for retirement benefits is not expected in the above operating income. And we expect capital investments of 500 billion yen and depreciation of 138.5 billion yen.

(Reference) Comparison with Previous Fiscal Year (Ended March 31, 2025) Results Excluding the Amortization of Actuarial Differences for Retirement Benefits, etc. (% figures represent year on year change)

	Net sales		**Operating income**		**Ordinary income**		**Net income attributable to owners of the parent**	
Fiscal year ending	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2026 (forecasts)	5,600,000	3.0	470,000	5.6	430,000	3.7	273,000	6.7
March 31, 2025	5,434,819	4.5	445,041	13.0	414,747	8.8	255,823	-4.0

2. Basic Approach to Selection of Accounting Standards

The Daiwa House Group applies Japanese accounting standards as its selected accounting standards to maintain the comparability of consolidated financial statements between accounting periods and the comparability of performance between companies.

3. Consolidated Financial Statements and Main Notes
(1) Consolidated Balance Sheets

(Millions of yen)

	Previous fiscal year (as of March 31, 2024)	Reporting fiscal year (as of March 31, 2025)
Assets		
Current assets		
Cash and bank deposits	450,129	333,198
Trade notes and accounts receivable	493,205	474,790
Lease receivables and investments in leases	124,906	142,291
Mortgage notes receivable held for sale	25,739	54,429
Securities maturing within one year	449	402
Construction projects in progress	53,849	54,916
Real estate for sale	*1 1,750,539	*1 1,906,871
Real estate for sale in process	*1 437,699	*1 563,275
Land for undeveloped	3,984	1,119
Merchandise, construction materials and others	19,650	20,569
Work in progress	11,789	13,972
Construction materials and supplies	10,251	10,913
Other current assets	271,675	309,095
Allowance for doubtful accounts	(3,789)	(3,380)
Total current assets	3,650,081	3,882,464
Fixed assets		
Property, plant and equipment		
Buildings and structures	1,453,394	1,513,094
Accumulated depreciation	(570,297)	(613,770)
Buildings and structures, net	*1 883,096	*1 899,323
Machinery and equipment	170,835	193,306
Accumulated depreciation	(110,536)	(118,155)
Machinery, equipment and vehicles, net	*1 60,298	*1 75,151
Tools, furniture and fixtures	88,982	95,823
Accumulated depreciation	(63,911)	(69,976)
Tools, furniture and fixtures, net	*1 25,070	*1 25,846
Land	*1 816,722	*1 858,719
Leased assets	119,189	132,139
Accumulated depreciation	(34,380)	(41,756)
Lease assets, net	84,809	90,382
Construction in progress	*1 120,057	*1 174,107
Other tangible assets	22,743	23,954
Accumulated depreciation	(4,769)	(6,132)
Other, net	17,973	17,822
Total property, plant and equipment	2,008,029	2,141,352
Intangible assets		
Goodwill	95,429	94,656
Other intangible assets	*1 108,132	*1 110,419
Total intangible assets	203,561	205,076

(Millions of yen)

	Previous fiscal year (as of March 31, 2024)	Reporting fiscal year (as of March 31, 2025)
Investments and other assets		
Investment securities	224,638	220,868
Long-term loans receivable	5,134	9,209
Assets for employees’ retirement benefits	39,115	127,449
Lease deposits	252,587	253,595
Deferred tax assets	111,804	104,069
Other assets	40,126	106,922
Allowance for doubtful accounts	(1,357)	(1,684)
Total investments and other assets	672,048	820,430
Total fixed assets	2,883,640	3,166,858
Total assets	6,533,721	7,049,323

(Millions of yen)

	Previous fiscal year (as of March 31, 2024)	Reporting fiscal year (as of March 31, 2025)
Liabilities		
Current liabilities		
Trade notes and accounts payable	361,313	353,710
Short-term bank loans	122,253	170,293
Bonds	100,000	75,000
Loans from banks	117,675	285,287
Lease obligation	9,105	11,563
Accounts payable-other	95,643	106,222
Income taxes payable	76,222	99,097
Advances received	103,529	128,665
Advances received on construction projects in progress	195,458	195,231
Accrued bonuses	64,991	69,176
Provision for warranties for completed construction	8,236	8,811
Provision for loss on construction contracts	7,291	18,914
Asset retirement obligations	4,394	4,953
Other current liabilities	265,285	306,907
Total current liabilities	1,531,400	1,833,834
Long-term liabilities		
Bonds	759,000	744,000
Loans from banks	988,909	1,034,496
Lease obligation	107,236	112,189
Lease deposits received	303,547	301,383
Deferred tax liabilities on land revaluation	18,285	17,624
Liabilities for employees’ retirement benefits	103,003	98,504
Asset retirement obligations	61,100	63,488
Other long-term liabilities	137,476	127,056
Total long-term liabilities	2,478,559	2,498,743
Total liabilities	4,009,959	4,332,577
Net assets		
Shareholders’ equity		
Common stock	161,957	162,216
Capital surplus	301,318	299,395
Retained earnings	1,903,326	2,132,816
Treasury stock	(88,320)	(188,335)
Total shareholders’ equity	2,278,281	2,406,094
Accumulated other comprehensive income		
Unrealized gain (loss) on securities	55,342	45,848
Deferred gain (loss) on hedging instruments	(1,916)	2,315
Land revaluation reserve	10,234	10,799
Foreign currency translation adjustments	95,919	149,181
Total accumulated other comprehensive income	159,580	208,144
Non-controlling interests	85,900	102,507
Total net assets	2,523,762	2,716,745
Total liabilities and net assets	6,533,721	7,049,323

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

(Consolidated Statements of Income)

(Millions of yen)

	Previous fiscal year (From April 1, 2023 to March 31, 2024)	Reporting fiscal year (From April 1, 2024 to March 31, 2025)
Net sales	5,202,919	5,434,819
Cost of sales	4,210,511	4,333,754
Gross profit	992,407	1,101,065
Selling, general and administrative expenses		
Sales commission	22,741	23,104
Advertising expenses	28,473	27,805
Promotion expenses	4,551	3,857
Provision of allowance for doubtful accounts	2,306	1,685
Directors’ compensations	4,524	4,582
Employees’ salaries and allowances	207,992	220,124
Provision for bonuses	39,496	42,770
Retirement benefit expenses	(1,647)	(33,675)
Legal welfare expenses	30,782	31,870
Stationery expenses	27,250	30,723
Correspondence and transportation expenses	20,790	21,832
Rents	20,037	21,333
Depreciation	16,703	17,844
Tax and dues	45,205	47,098
Other	82,987	93,827
Selling, general and administrative expenses	552,197	554,785
Operating income	440,210	546,279
Non-operating income		
Interest income	2,734	5,304
Dividend income	5,706	4,465
Equity in earnings of affiliates	2,411	1,676
Insurance claim income	1,438	2,159
Gain on valuation of derivatives	5,302	0
Miscellaneous income	13,489	13,762
Total non-operating income	31,083	27,369
Non-operating expenses		
Interest expense	31,531	41,563
Provision of allowance for doubtful accounts	53	—
Miscellaneous expenses	12,159	16,100
Total non-operating expenses	43,745	57,663
Ordinary income	427,548	515,985
Extraordinary income		
Gain on sales of fixed assets	7,249	2,520
Gain on sales of investments in securities	16,602	13,495
Gain on sales of stocks of subsidiaries and affiliates	23,189	—
Gain on sales of investments in capital of subsidiaries and affiliates	—	115
Gain on step acquisitions	—	739
Gain on change in equity interest	1,983	—
Total extraordinary income	49,025	16,870

(Millions of yen)

	Previous fiscal year (From April 1, 2023 to March 31, 2024)	Reporting fiscal year (From April 1, 2024 to March 31, 2025)
Extraordinary losses		
Loss on sales of fixed assets	149	196
Loss on disposal of fixed assets	2,975	3,347
Impairment loss	10,826	38,859
Loss on sales of investments in securities	17	0
Loss on revaluation of investments in securities	1,423	661
Loss on sales of stocks of subsidiaries and affiliates	5,345	1,007
Other	0	—
Total extraordinary losses	20,738	44,073
Profit before income taxes	455,834	488,783
Current	132,317	156,116
Deferred	23,263	2,788
Total income taxes	155,581	158,905
Profit	300,253	329,877
Profit (loss) attributable to non-controlling interests	1,500	4,818
Profit attributable to owners of the parent	298,752	325,058

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Previous fiscal year (From April 1, 2023 to March 31, 2024)	Reporting fiscal year (From April 1, 2024 to March 31, 2025)
Profit	300,253	329,877
Other comprehensive income		
Unrealized gain (loss) on securities	640	(9,515)
Deferred gain (loss) on hedging instruments	(1,798)	4,231
Land revaluation reserve	37	631
Foreign currency translation adjustments	35,230	60,876
Share of other comprehensive income (loss) of affiliates accounted for by the equity method	343	(1,122)
Total other comprehensive income	34,452	55,101
Comprehensive income	334,706	384,979
Total comprehensive income attributable to:		
Owners of the parent	329,043	373,689
Non-controlling interests	5,662	11,289

(3) Consolidated Statements of Changes in Net Assets

Previous fiscal year (From April 1, 2023 to March 31,2024)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the period	161,845	303,741	1,710,582	(20,327)	2,155,842
Changes of items during the period					
Issuance of new shares	111	111	−	−	223
Dividends from surplus	−	−	(87,520)	−	(87,520)
Net income attributable to owners of the parent	−	−	298,752	−	298,752
Change of scope of equity method	−	(926)	−	−	(926)
Reversal of revaluation reserve for land	−	−	(919)	−	(919)
Purchase of treasury stock	−	−	−	(87,171)	(87,171)
Disposal of treasury stock	−	0	−	0	0
Cancellation of treasury Stock	−	(1,608)	(17,569)	19,177	−
Net changes of items other than shareholders' equity	−	−	−	−	−
Total changes of items during the period	111	(2,423)	192,743	(67,993)	122,439
Balance at end of the period	161,957	301,318	1,903,326	(88,320)	2,278,281

	Accumulated other comprehensive income					Non-controlling shareholders' interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of the period	54,701	(118)	9,277	64,508	128,369	104,701	2,388,914
Changes of items during the period							
Issuance of new shares	−	−	−	−	−	−	223
Dividends from surplus	−	−	−	−	−	−	(87,520)
Net income attributable to owners of the parent	−	−	−	−	−	−	298,752
Change of scope of equity method	−	−	−	−	−	−	(926)
Reversal of revaluation reserve for land	−	−	−	−	−	−	(919)
Purchase of treasury stock	−	−	−	−	−	−	(87,171)
Disposal of treasury stock	−	−	−	−	−	−	0
Cancellation of treasury Stock	−	−	−	−	−	−	−
Net changes of items other than shareholders' equity	640	(1,798)	956	31,410	31,210	(18,801)	12,408
Total changes of items during the period	640	(1,798)	956	31,410	31,210	(18,801)	134,847
Balance at end of the period	55,342	(1,916)	10,234	95,919	159,580	85,900	2,523,762

Reporting fiscal year (From April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the period	161,957	301,318	1,903,326	(88,320)	2,278,281
Changes of items during the period					
Issuance of new shares	259	259	-	-	519
Dividends from surplus	-	-	(95,635)	-	(95,635)
Net income attributable to owners of the parent	-	-	325,058	-	325,058
Change of scope of equity method	-	(2,182)	-	-	(2,182)
Reversal of revaluation reserve for land	-	-	66	-	66
Purchase of treasury stock	-	-	-	(100,015)	(100,015)
Disposal of treasury stock	-	-	(0)	1	1
Net changes of items other than shareholders' equity	-	-	-	-	-
Total changes of items during the period	259	(1,923)	229,490	(100,014)	127,812
Balance at end of the period	162,216	299,395	2,132,816	(188,335)	2,406,094

	Accumulated other comprehensive income					Non-controlling shareholders' interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of the period	55,342	(1,916)	10,234	95,919	159,580	85,900	2,523,762
Changes of items during the period							
Issuance of new shares	-	-	-	-	-	-	519
Dividends from surplus	-	-	-	-	-	-	(95,635)
Net income attributable to owners of the parent	-	-	-	-	-	-	325,058
Change of scope of equity method	-	-	-	-	-	-	(2,182)
Reversal of revaluation reserve for land	-	-	-	-	-	-	66
Purchase of treasury stock	-	-	-	-	-	-	(100,015)
Disposal of treasury stock	-	-	-	-	-	-	1
Net changes of items other than shareholders' equity	(9,494)	4,231	564	53,261	48,564	16,607	65,171
Total changes of items during the period	(9,494)	4,231	564	53,261	48,564	16,607	192,983
Balance at end of the period	45,848	2,315	10,799	149,181	208,144	102,507	2,716,745

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Previous fiscal year (From April 1, 2023 to March 31, 2024)	Reporting fiscal year (From April 1, 2024 to March 31, 2025)
Net cash provided by (used in) operating activities		
Profit before income taxes	455,834	488,783
Depreciation	117,204	131,786
Increase (decrease) in net assets and liabilities for employees’ retirement benefits	(41,198)	(93,277)
Interest and dividend income	(8,441)	(9,770)
Interest expense	31,531	41,563
Equity in losses (earnings) of affiliates	(2,411)	(1,676)
Net loss (gain) on sales and disposal of property, plant and equipment	(4,124)	1,023
Impairment loss	10,826	38,859
Loss (gain) on revaluation of investments in securities	1,423	661
Decrease (increase) in trade receivables	(40,642)	23,463
Decrease (increase) in inventories	(101,370)	(92,285)
Increase (decrease) in advances received	(39,469)	20,201
Increase (decrease) in advances received on construction projects in progress	11,275	(1,827)
Increase (decrease) in trade payables	(22,247)	(14,943)
Other	63,631	48,145
Subtotal	431,821	580,706
Interest and dividends received	11,502	10,164
Interest paid	(29,374)	(40,168)
Income taxes paid	(111,655)	(130,141)
Net cash provided by (used in) operating activities	302,294	420,561
Net cash provided by (used in) investing activities		
Purchases of property, plant and equipment and intangible assets	(356,048)	(381,786)
Proceeds from sales of property, plant and equipment	12,670	9,694
Purchases of investment securities	(11,213)	(17,815)
Proceeds from sales and redemption of investment securities	43,747	20,742
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(14,950)	(32,227)
Proceeds from acquisition of investments in subsidiaries resulting in change in scope of consolidation	−	98
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	(28,108)	(386)
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	45,241	2,500
Payments for acquisition of business	−	(15,531)
Proceeds from collection of leasehold and guarantee deposits	18,965	22,754
Payments of leasehold and guarantee deposits	(18,048)	(19,475)
Other	(2,674)	(81,938)
Net cash provided by (used in) investing activities	(310,419)	(493,370)

(Millions of yen)

	Previous fiscal year (From April 1, 2023 to March 31, 2024)	Reporting fiscal year (From April 1, 2024 to March 31, 2025)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term bank loans	9,305	44,576
Proceeds from long-term debt – Loans from banks	390,513	530,283
Repayments of long-term debt – Loans from banks	(354,719)	(373,850)
Proceeds from issuance of bonds	300,000	60,000
Redemption of bonds	(50,000)	(100,000)
Repayments of finance lease obligations	(9,168)	(10,747)
Proceeds from share issuance to non-controlling shareholders	4,616	12,280
Purchase of treasury stock	(87,171)	(100,015)
Proceeds from disposal of treasury stock	0	1
Dividends paid	(87,520)	(95,635)
Dividends paid to non-controlling shareholders	(2,131)	(4,204)
Purchase of investments in subsidiaries that do not result in change in scope of consolidation	(1,440)	(3,409)
Other	(14,884)	(3,961)
Net cash provided by (used in) financing activities	97,399	(44,682)
Effect of exchange rate changes on cash and cash equivalents	4,144	4,873
Net increase (decrease) in cash and cash equivalents	93,418	(112,617)
Cash and cash equivalents at the beginning of the year	346,154	439,572
Cash and cash equivalents at the end of the year	439,572	326,954

(5) Notes to Consolidated Financial Statements

Notes on Premise of Going Concern

No items to report.

Changes in Accounting Policies

Application of the Accounting Standard for Current Income Taxes and others

The Company has been applying the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022, hereinafter referred to as the “Revised Accounting Standard 2022”) and others since the beginning of the current consolidated accounting period.
With respect to the revision regarding the accounting categories of income taxes (taxation on other comprehensive income), the transitional treatment stipulated in the proviso of Paragraph 20-3 of the Revised Accounting Standard 2022 and the proviso of Paragraph 65-2(2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022, hereinafter referred to as the “Revised Guidance 2022”) are followed. This has no impact on the Consolidated Financial Statements for the current fiscal year.
In addition, with respect to the revision relating to the recording of deferral of gains/losses on the sale of shares of subsidiaries between consolidated companies for tax purposes in the consolidated financial statements, the Revised Guidance 2022 have been applied since the beginning of the current consolidated accounting period.
The accounting standard has not been applied retroactively due to the minor and insignificant impact of the changes.

Change to the method for converting revenues and expenses of overseas subsidiaries

The Company converted revenues and expenses of its overseas subsidiaries from foreign currencies into yen using the spot exchange rate on the balance sheet date. Since the beginning of the current consolidated accounting period, the Company has been converting revenues and expenses into yen using the average exchange rate for the period.
The Group’s overseas operations, particularly those in the U.S., are expanding, and sales and earnings at overseas subsidiaries are expected to have a greater impact. The change in the conversion method is intended to reduce the influence of short-term exchange rate fluctuations on profit and loss for a particular period and to enable the consolidated financial statements to more appropriately represent the results of overseas subsidiaries throughout the entire consolidated fiscal year.
The accounting standard has not been applied retroactively due to the minor and insignificant impact of the changes.

Notes on Consolidated Balance Sheet

*1 Change of the holding purpose of Real estate for sale, etc. and Fixed assets

Due to the change in the holding purpose, real estate for investment recorded under “Property, plant and equipment” and “Land” of Fixed assets were reclassified to “Real estate for sale” and others of Current assets. The amounts are as follows:

(Millions of yen)

	Previous fiscal year (As of March 31, 2024)	Reporting fiscal year (As of March 31, 2025)
	203,934	89,818

Segment Information

a. Segment Information

1. Outline of reportable business segments

The reportable business segments of the Group consist of those for which separate financial information is available within the Group's structural units. Segments are also subject to regular reviews as the management determines the allocation of management resources and assesses the business performance.

The Group engages in a comprehensive business across a broad range of fields, including the construction of residential housing and commercial buildings. The Group established seven business segments, set up a comprehensive strategy for each business segment and operates to enhance competitiveness with prompt decision-making and sophisticated expertise, integrating its value chain and sharing its customer base.

Accordingly, our business segments consist of different products and services, based on their business domains. Excluding the Other Businesses segment, there are six reportable business segments as core business domains: Single-Family Houses Business segment, Rental Housing Business segment, Condominiums Business segment, Commercial Facilities Business segment, Logistics, Business & Corporate Facilities Business segment, and Environment and Energy Business segment.

In the Single-Family Houses Business segment, we engage in construction by order of single-family houses and the sale of a package of new house and land. In the Rental Housing Business segment, the Group conducts rental housing development, construction, management, operation, and real estate agency services. In the Condominium Business segment, we develop, sell, and manage condominiums. The Commercial Facilities Business segment develops, builds, manages, and operates commercial facilities. The Logistics, Business & Corporate Facilities Business segment develops, constructs, manages, and operates logistics, manufacturing, medical and nursing-care, and other facilities. In the Environment and Energy Business segment, we are engaged in the development and construction of renewable energy power plants, renewable energy generation, and electricity retailing.

2. Method of calculating sales and operating income, assets and others by reportable business segment

The accounting method applied to business segments reported herein, and the monetary amounts shown, are based on the accounting standard used for the preparation of consolidated financial statements.

The reported segment income figures at the operating income stage. Inter-segment income and transfers are based on the prevailing market price.

3. Sales and operating income, assets and others by reportable business segment

Previous fiscal year (From April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reportable Business Segments						
	Single-Family Houses	Rental Housing	Condominiums	Commercial Facilities	Logistics, Business & Corporate Facilities	Environment and Energy	Total
Sales							
(1) Sales to customers	944,461	1,248,673	432,969	1,175,715	1,259,239	101,746	5,162,806
(2) Inter-segment sales or transfers	6,622	1,614	8,898	5,845	35,215	37,694	95,891
Total	951,083	1,250,288	441,867	1,181,561	1,294,455	139,441	5,258,697
Operating income	35,164	115,791	37,372	143,630	123,244	9,131	464,335
Assets	983,493	769,308	547,970	1,704,237	1,925,779	86,632	6,017,420
Others							
Depreciation	10,479	18,105	3,274	55,201	23,957	3,139	114,157
Investment in equity method affiliates	1,330	74	19,816	13	21,334	2,267	44,836
Net increase in property, plant and equipment, and intangible assets	9,028	48,128	4,960	125,889	153,188	2,351	343,546

	Other Businesses (Note: 1)	Subtotal	Adjustment (Note: 2)	Amounts on the consolidated financial statements
Sales				
(1) Sales to customers	40,112	5,202,919	—	5,202,919
(2) Inter-segment sales or transfers	27,930	123,821	(123,821)	—
Total	68,043	5,326,740	(123,821)	5,202,919
Operating income	2,450	466,786	(26,575)	440,210
Assets	133,976	6,151,397	382,324	6,533,721
Others				
Depreciation	1,197	115,355	1,849	117,204
Investment in equity method affiliates	3,981	48,817	(10)	48,807
Net increase in property, plant and equipment, and intangible assets	7,606	351,152	4,628	355,780

Notes:
1. Other Businesses include financial business and others.
2. Adjustment:
   (1) -26,575 million yen in adjustments to operating income by business segment includes -1,359 million yen in elimination within business segments, 822 million yen in amortization of goodwill and others, and -26,038 million yen in corporate expenses not allocated to each business segment. Corporate expenses mainly consist of general and administrative expenses and experiment and research expenses not attributable to reportable business segments.
   (2) 382,324 million yen in adjustments to assets by business segment include -32,156 million yen in elimination within business segments, and 414,480 million yen in the Group assets. Group assets mainly consist of the Company's surplus funds (cash and deposits), the Company's long-term investment funds (investment securities), and the assets associated with Administration Headquarters of the Company.
   (3) 1,849 million yen in adjustments to depreciation by business segment includes -499 million yen in elimination within business segments, and 2,348 million yen in the depreciation attributable to Group assets.
   (4) -10 million yen in adjustments to investment in equity method affiliates represent elimination within business segments.
   (5) 4,628 million yen in adjustments to net increase in property, plant and equipment, and intangible assets by business segment includes -718 million yen in elimination within business segments, and 5,346 million yen in Headquarters' capital investment of the Company, such as properties and equipment.
3. Operating income by business segment is adjusted to correspond to operating income in the consolidated statements of income.

Reporting fiscal year (From April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reportable Business Segments						
	Single-Family Houses	Rental Housing	Condominiums	Commercial Facilities	Logistics, Business & Corporate Facilities	Environment and Energy	Total
Sales (1) Sales to customers	1,135,306	1,373,970	260,791	1,221,417	1,332,175	85,958	5,409,619
(2) Inter-segment sales or transfers	9,198	2,118	8,635	5,728	37,555	45,222	108,458
Total	1,144,505	1,376,089	269,427	1,227,145	1,369,730	131,180	5,518,078
Operating income	69,826	129,960	10,908	145,928	159,655	12,420	528,700
Assets	1,347,127	951,410	555,090	1,808,698	1,947,520	84,319	6,694,166
Others Depreciation	11,858	21,763	3,322	62,134	26,541	3,088	128,708
Investment in equity method affiliates	1,592	69,759	18,630	2,960	22,679	1,909	117,531
Net increase in property, plant and equipment, and intangible assets	13,686	48,709	8,236	119,878	209,197	4,199	403,907

	Other Businesses (Note: 1)	Subtotal	Adjustment (Note: 2)	Amounts on the consolidated financial statements
Sales (1) Sales to customers	25,200	5,434,819	—	5,434,819
(2) Inter-segment sales or transfers	25,718	134,177	(134,177)	—
Total	50,918	5,568,997	(134,177)	5,434,819
Operating income	2,840	531,541	14,738	546,279
Assets	160,070	6,854,236	195,086	7,049,323
Others Depreciation	1,002	129,711	2,075	131,786
Investment in equity method affiliates	4,089	121,621	(24)	121,596
Net increase in property, plant and equipment, and intangible assets	6,804	410,711	5,831	416,543

Notes:
1. Other Businesses include financial business and others.
2. Adjustment:
   (1) 14,738 million yen in adjustments to operating income by business segment includes -5,759 million yen in elimination within business segments, 699 million yen in amortization of goodwill and others, and 19,798 million yen in corporate expenses not allocated to each business segment. Corporate expenses mainly consist of amortization of actuarial differences on retirement benefits (a decrease in operating expenses), general and administrative expenses and experiment and research expenses not attributable to reportable business segments.
   (2) 195,086 million yen in adjustments to assets by business segment include -53,749 million yen in elimination within business segments, and 248,836 million yen in the Group assets. Group assets mainly consist of the Company's surplus funds (cash and deposits), the Company's long-term investment funds (investment securities), and the assets associated with Administration Headquarters of the Company.
   (3) 2,075 million yen in adjustments to depreciation by business segment includes -496 million yen in elimination within business segments, and 2,571 million yen in the depreciation attributable to Group assets.
   (4) -24 million yen in adjustments to investment in equity method affiliates represent elimination within business segments.
   (5) 5,831 million yen in adjustments to net increase in property, plant and equipment, and intangible assets by business segment includes -2,201 million yen in elimination within business segments, and 8,033 million yen in Headquarters' capital investment of the Company, such as properties and equipment.
3. Operating income by business segment is adjusted to correspond to operating income in the consolidated statements of income.

b. Information regarding impairment loss on noncurrent assets, by reportable business segment

Previous fiscal year (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Single-Family Houses	Rental Housing	Condo-miniums	Commercial Facilities	Logistics, Business & Corporate Facilities	Environment and Energy	Other Businesses (*)	Eliminations/ Corporate	Total
Impairment loss	58	73	32	7,959	359	9	2,334	—	10,826

(*) Amounts are welfare services business, among others.

Reporting fiscal year (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Single-Family Houses	Rental Housing	Condo-miniums	Commercial Facilities	Logistics, Business & Corporate Facilities	Environment and Energy	Other Businesses (*)	Eliminations/ Corporate	Total
Impairment loss	13	2,766	419	20,146	3,372	3	12,137	—	38,859

(*) Amounts are electric power generation business, among others.

c. Information regarding amortization of goodwill, and unamortized balances of goodwill, by reportable business segment

Previous fiscal year (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Single-Family Houses	Rental Housing	Condo-miniums	Commercial Facilities	Logistics, Business & Corporate Facilities	Environment and Energy	Other Businesses (*)	Eliminations/ Corporate	Total
Amortization of goodwill	3,491	788	1,013	994	3,135	(490)	757	—	9,691
Fiscal year-end unamortized balance of goodwill	29,552	13,123	5,861	6,027	34,096	(1,683)	8,450	—	95,429

(*) Amounts are electric power generation business, among others.

Reporting fiscal year (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Single-Family Houses	Rental Housing	Condo-miniums	Commercial Facilities	Logistics, Business & Corporate Facilities	Environment and Energy	Other Businesses (*)	Eliminations/ Corporate	Total
Amortization of goodwill	2,757	821	1,075	961	3,041	(490)	431	—	8,598
Fiscal year-end unamortized balance of goodwill	38,980	12,916	9,539	5,260	29,171	(1,192)	(19)	—	94,656

(*) Amounts are electric power generation business, among others.

d. Information regarding gain on negative goodwill, by reportable business segment

Previous fiscal year (from April 1, 2023 to March 31, 2024)

No items to report.

Reporting fiscal year (from April 1, 2024 to March 31, 2025)

No items to report.

Per Share Information

	Previous fiscal year (From April 1, 2023 to March 31, 2024)	Reporting fiscal year (From April 1, 2024 to March 31, 2025)
Net assets per share	3,810.21 yen	4,226.17 yen
Basic net income per share	457.16 yen	514.00 yen

Notes: 1. Diluted net income per share is not presented because there are no dilutive potential shares.
2. The basis of calculating for basic net income per share is as follows:

	Previous fiscal year (From April 1, 2023 to March 31, 2024)	Reporting fiscal year (From April 1, 2024 to March 31, 2025)
Basic net income per share		
Net income attributable to the parent (millions of yen)	298,752	325,058
Amount not belonging to general shareholders (millions of yen)	—	—
Basic net income attributable to owners of the parent related to common stock (millions of yen)	298,752	325,058
Average amount of common stock during the year (thousands of shares)	653,501	632,409
Summary of potential shares not included in the calculation of diluted net income per share due to the absence of dilutive effects	Euro-Yen Convertible Bonds with Stock Acquisition Rights due 2029 (100 billion yen par value, 10,000 stock acquisition right) and Euro-Yen Convertible Bonds with Stock Acquisition Rights due 2030 (100 billion yen par value, 10,000 stock acquisition right)	

Significant Subsequent Events

No items to report.