Summary of Financial Results (Unaudited)
for the First Three Months of the Fiscal Year Ending March 31, 2025 [Consolidated]
(From April 1, 2024 to June 30, 2024)
[Japanese GAAP]

August 7, 2024

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

Scheduled date of commencement of dividend payment:	—
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, 2024 (From April 1, 2024 to June 30, 2024)

(1) Consolidated Earnings Results

(% figures represent year-on-year change)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
Three months ended:	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2024	1,287,182	6.0	121,847	30.9	119,365	31.4	91,393	52.3
June 30, 2023	1,214,595	20.5	93,075	55.9	90,849	51.8	60,007	64.3

Note: Comprehensive income: Three months ended June 30, 2024: 118,101 million yen (60.0%)
Three months ended June 30, 2023: 73,816 million yen (19.6%)

	Basic net income per share	Diluted net income per share
Three months ended:	Yen	Yen
June 30, 2024	142.84	—
June 30, 2023	91.14	—

(2) Consolidated Financial Conditions

	Total assets	Net assets	Net assets ratio
As of	Millions of yen	Millions of yen	%
June 30, 2024	6,723,903	2,590,646	37.2
March 31, 2024	6,533,721	2,523,762	37.3

(Reference) Net assets ratio = (Net assets – Non-controlling interests)/Total assets×100
(Net assets – Non-controlling interests) is as follows. June 30, 2024: 2,500,063 million yen; March 31, 2024: 2,437,862 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, 2024	—	63.00	—	80.00	143.00
Fiscal year ending March 31, 2025	—				
Fiscal year ending March 31, 2025 (forecasts)		70.00	—	75.00	145.00

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

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2025 (From April 1, 2024 to March 31, 2025)

(% 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, 2025	5,350,000	2.8	430,000	-2.3	390,000	-8.8	260,000	-13.0	406.36

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 46,515 million yen in operating expenses). Excluding this impact, the year-on-year changes are respectively: operating income +9.2%, ordinary income +2.4%, and net income attributable to owners of the parent -2.5%. For details, please refer to the section of “1. Summary of Earnings Results, etc. (3) Consolidated Earnings Forecasts and Other Forward-Looking Statements” on page 9 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: 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 “2. Consolidated Financial Statements and Main Notes (3) Notes - Changes in Accounting Policies” on page 14 of “the Attached Material.”

(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, 2024	659,351,820 shares	As of March 31, 2024	659,351,820 shares

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

As of June 30, 2024	19,530,061 shares	As of March 31, 2024	19,529,053 shares

3) Average number of shares during the period

Three months ended June 30, 2024	639,822,163 shares	Three months ended June 30, 2023	658,421,415 shares

*** Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None**

*** 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. Summary of Earnings Results, etc. (3) Consolidated Earnings Forecasts and Other Forward-Looking Statements” of “the Attached Material” on page 9 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, 2024. 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. Summary of Earnings Results, etc.

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

During the first quarter of the fiscal year under review, the Japanese economy recovered moderately, supported by inbound demand due to the weaker yen and the improvement of the employment and income environment due to sustained wage increases. However, a risk of potential downward pressure on the Japanese economy remains due to the downturn of overseas economies because of geopolitical risks associated with the prolonged Russia-Ukraine war and the deteriorating situation in the Middle East, the interest rates in Europe and the United States which continue to be high and concerns regarding the future of the Chinese economy.

The number of new construction starts in the domestic housing market decreased year-on-year for owner-occupied houses, however, increased for rental housing and built-for-sale houses, resulting in a slight year-on-year increase in the overall figure. In the general construction market, the floor area of new construction starts increased in the categories of offices and stores, however, decreased year-on-year overall.

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. The key words are “circularity and regeneration.” In the revitalize phase, the Group is developing the Livness business, which involves agency services, and buying, reselling and renovating all kinds of real estate in the housing business. In May 2024, the Company established a new brand, BIZ Livness, to expand its real estate stock business in non-residential areas, which includes commercial facilities and logistics, business & corporate facilities. The Group plans to expand the Livness business by revitalizing and utilizing existing buildings constructed by the Company and other firms.

As a result, the Daiwa House Group recorded consolidated net sales of 1,287,182 million yen (+6.0% year on year) for the first three months of the fiscal year ending March 2025. Operating income came to 121,847 million yen (+30.9% year on year), ordinary income came to 119,365 million yen (+31.4% year on year), while net income attributable to owners of the parent amounted to 91,393 million yen (+52.3% year on year).

Results by business segment are as follows.

Single-Family Houses Business

In the Single-Family Houses Business segment, we provided energy-efficient, resilient and high-quality housing according to diverse requirements. 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 sought to strengthen initiatives for built-for-sale houses. The Company has been promoting a “Ready Made Housing.” concept for built-for-sale houses that inherit the quality of custom-built houses and providing high-quality houses in 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.

With regard to custom-built houses, the Company primarily promoted sales of “xevoΣ,” their mainstay steel-framed housing product, and “skye,” a three- to five-story steel-framed house. The Company also worked to increase the ZEH (net zero energy house) sales ratio. Additionally, the Company sold the “xevo GranWood” wooden housing product and its most luxurious “Wood Residence MARE” housing product, which caters to the wealthy, to contribute towards the achievement of carbon neutrality and meet diverse needs of customers.

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 United States, 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. While housing loan interest rates and housing prices remained high, the existing home inventory was low. This led to firm demand for new homes, and orders were received steadily. In May 2024, Stanley Martin acquired all shares of Prestige Corporate Development, LLC, which engages in land development and land creation primarily in the Charlotte area in North Carolina, USA. Through such moves, the Company aims to further expand the supply of single-family houses in the United States.

As a result, net sales for this segment amounted to 227,001 million yen (+16.5% year on year), while operating income came to 8,340 million yen (+130.7% 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 (net Zero Energy House Mansion) properties that reduce environmental impact and support the saving and generation of energy.

Daiwa Living Co., Ltd. provides D-room rental housing properties that offer high-quality and comfortable living and are chosen by a wide range of tenants. The company also expanded its renovation business. As a result, the number of units under management increased and the occupancy rates remained high.

Daiwa House Chintai Reform Co., Ltd. worked to strengthen relationships through periodic inspections and diagnosis in rental housings constructed by the Company and promoting warranty extension work and renovation proposals.

Meanwhile, overseas in the United States, our main operating area, market conditions remained unfavorable due to stubbornly high interest rates. However, the Group aims to maximize rental revenues while closely monitoring the real estate market trends, including interest rates. The Group will strive to increase occupancy rates and profitability with the goal of promptly selling properties when the market improves.

As a result, net sales for this segment amounted to 311,531 million yen (+13.3% year on year), while operating income came to 28,459 million yen (+13.3% year on year).

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. We are also striving to create high added-value condominiums which, in addition to asset value for the customer, also consider the environment and society and aim to contribute to local communities. As part of this initiative, in June 2024, we collaborated with Daiki Axis Co., Ltd. to develop a small biogas power generation system for condominiums. This biogas cogeneration system utilizes biogas generated from raw garbage to produce electricity, providing 100% renewable energy to parts of a condominium, specifically for the lighting in common areas. In a power outage, the system can utilize biogas as a fuel to supply electricity. We plan to install the system in condominiums that we will develop. We are also considering the installation of the system in commercial facilities and logistics, business & corporate facilities.

PREMIST Akishma MORIPARK Residence (Tokyo) is the first residential project in Tokyo Akishima MORIPARK, an urban resort area with a wide range of attractive facilities, including commercial facilities, sports facilities and hotels. It is well-regarded for its large size and excellent common facilities. The property's sales began in September 2023 and all of units were sold by the end of May 2024, before the property was completed.

Daiwa LifeNext Co., Ltd. was awarded the grand prize in Recruit Co., Ltd.'s SUUMO AWARD 2024 (Tokyo metropolitan area) in the condominium management company staff hospitality (100 units or more) category for the second consecutive time. Encouraged by this award, Daiwa LifeNext is committed to continuing to enhance its services and provide more comfortable condominiums to its customers.

However, due to a decrease in the number of condominiums delivered in China and other factors, net sales for this segment amounted to 61,725 million yen (-42.0% year on year), while operating income came to 8,029 million yen (-25.4% 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 in 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.

Daiwa Lease Co., Ltd. has been selected by Ibaraki city in Osaka Prefecture to manage a public facility area in Dam Park Ibakita through an open application process. The public facility area (phase I) opened in April 2024. Dam Park Ibakita is an urban park near the Aigawa Dam in northern Ibaraki. The park has public and private facility areas. Daiwa Lease is responsible for developing the public facility area and providing designated management services. The company will contribute to the development of an appealing park that connects the mountains and the urban area of Ibaraki, utilizing its expertise as a private company.

In the urban hotels business, Daiwa House Realty Mgt. Co., Ltd. began renovating Daiwa Roynet Hotel Osaka-Uehonmachi in June 2024 to improve guest comfort and convenience and enhance its market competitiveness. The average occupancy rate of Daiwa Roynet Hotels from April to the end of June 2024 was around 87.2%.

In the home center business, Royal Home Center Co., Ltd. opened the Royal Home Center Nisshin Kaguyama store (Aichi Prefecture) in April 2024 and Royal Pro Nagoya Nakagawa store in June 2024.

Overseas, the Group operated TRADE and Village Center commercial facilities in California, USA. The Group consistently maintained high occupancy by soliciting Japanese tenants.
As a result, net sales for this segment amounted to 319,727 million yen (+28.1% year on year), while operating income came to 43,545 million yen (+75.9% year on year).

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, four facilities were completed in the three months from April 2024, including DPL Ome (Tokyo) and DPL Sakaikoga (Ibaraki Prefecture) in April 2024. Leasing progressed steadily. Lease agreements were signed for DPL Chiba Yotsukaido, DPL Nagareyama IV (Chiba Prefecture) and DPL Hyogo Kawanishi.

We proposed rebuilding and relocating aging medical and nursing care facilities, particularly hospitals, nursing homes for the elderly and long-term care health facilities. We also held seminars. As a result of these activities, we signed contracts for four development projects during the period from April to June 2024. We will propose urban development with a focus on CCRC* and healthcare.

In the Toyama public local wholesale market redevelopment project, in which the Company is a representative company, the seafood market building was completed in June 2024.

Daiwa House Property Management Co., Ltd., a company that mainly manages and operates logistics facilities developed by the Company, concluded new property management agreements for six logistics facilities and others including DPL Ome that was completed in April 2024, increasing the number of facilities and the area under management to 250 facilities and approximately 10.24 million square meters.

Overseas, in ASEAN, the main area for this segment, the Company is implementing the WHA Daiwa Logistics Center Bang Na-Trad Km. 23 Inbound project with WHA Corporation PCL, a leading developer of logistics facilities and plants in Thailand, in the Bang Na area of Samut Prakan province. The Company began the construction of Bang Na-Trad Project Building B, a multi-tenant logistics facility, in June 2024. The building is the last building to be built in the project. Going forward, the Company will continue promoting further infrastructure development and employment through the large-scale development of logistics facilities and others.

As a result, net sales for this segment amounted to 357,672 million yen (+0.1% year on year), while operating income came to 47,225 million yen (+14.0% year on year).

*The Continuing Care Retirement Community is an initiative for the development of communities whose members can lead healthy, active lives, interacting with local residents and many different generations, and can access medical and nursing care where necessary.

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 for the future.

In the PPS business, profitability improved as a result of the stabilization of spot prices in the electricity wholesale market alongside initiatives such as control of the supply of power according to the amount of power procured and introduction of power procurement adjustment costs (fuel cost adjustments set independently). It is difficult to predict trends in the business environment in the electric power industry, so 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 577 locations nationwide.

This business segment will continue to play a key role in initiatives to “realize carbon neutrality by making all our buildings carbon-free,” one of the focal themes in the 7th Medium-Term Management Plan. We will promote these efforts throughout the Group and contribute to the further expansion of renewable energy.

However, net sales for this segment amounted to 27,375 million yen (-22.5% year on year), while operating income came to 3,582 million yen (-21.4% year on year), mainly due to a decline in sales in the PPS business.

(2) Summary of Financial Conditions for the Period under Review

Total assets as of the end of the consolidated three-month reporting period amounted to 6,723,903 million yen, an increase of 190,182 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 cash and bank deposits resulting from the issuance of bonds, as well as bank borrowings, to raise funds for the acquisition of inventory assets, real estate for investment and other purposes.

Total liabilities as of the end of the consolidated three-month reporting period amounted to 4,133,256 million yen, an increase of 123,297 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 issuance of bonds, as well as bank borrowings, 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 2,590,646 million yen, an increase of 66,884 million yen compared with 2,523,762 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 91,393 million yen, despite the payment of dividends to shareholders for the previous fiscal year in the amount of 51,185 million yen. At the end of the term under review, these results were 2,284,200 million yen in interest-bearing liabilities excluding lease obligations among others, and a debt-equity ratio of 0.91 times. After taking the hybrid financing into account, the debt-equity ratio came to 0.82 times*.

*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) Consolidated Earnings Forecasts and Other Forward-Looking Statements

The Company has revised its consolidated business performance forecasts for the term ending March 31, 2025, which was announced on May 10, 2024, in accordance with the results for the first quarter as follows.

Earnings Forecasts for the Fiscal Year Ending March 31, 2025 (From April 1, 2024 to March 31, 2025)

	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
Previous forecasts (A)	5,250,000	400,000	360,000	237,000	370.42
Revised forecasts (B)	5,350,000	430,000	390,000	260,000	406.36
Changes (B – A)	100,000	30,000	30,000	23,000	－
Rate of change (%)	1.9	7.5	8.3	9.7	－
(Ref.) Previous fiscal year results (Fiscal year ended March 31, 2024)	5,202,919	440,210	427,548	298,752	457.16

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

(Reference) Comparison with Previous Fiscal Year 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, 2025 (forecasts)	5,350,000	2.8	430,000	9.2	390,000	2.4	260,000	-2.5
March 31, 2024	5,202,919	6.0	393,694	6.8	381,032	6.0	266,562	10.9

2. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and bank deposits	450,129	564,436
Trade notes and accounts receivable	493,205	461,147
Mortgage notes receivable held for sale	25,739	22,140
Securities maturing within one year	449	1,044
Construction projects in progress	53,849	56,689
Real estate for sale	*1 1,750,539	*1 1,746,918
Real estate for sale in process	*1 437,699	*1 495,214
Land for undeveloped	3,984	611
Merchandise, construction materials and others	19,650	20,987
Work in progress	11,789	12,875
Construction materials and supplies	10,251	10,545
Other current assets	396,582	408,041
Allowance for doubtful accounts	(3,789)	(3,682)
Total current assets	3,650,081	3,796,969
Fixed assets		
Property, plant and equipment		
Buildings and structures	1,453,394	1,491,116
Accumulated depreciation	(570,297)	(583,399)
Buildings and structures, net	*1 883,096	*1 907,717
Land	*1 816,722	*1 820,510
Other tangible assets	521,807	532,593
Accumulated depreciation	(213,597)	(219,329)
Other, net	*1 308,210	*1 313,263
Total property, plant and equipment	2,008,029	2,041,491
Intangible assets		
Goodwill	95,429	104,926
Other intangible assets	*1 108,132	*1 111,001
Total intangible assets	203,561	215,928
Investments and other assets		
Investment securities	224,638	218,977
Assets for employees’ retirement benefits	39,115	40,435
Lease deposits	252,587	255,215
Other assets	157,064	156,348
Allowance for doubtful accounts	(1,357)	(1,463)
Total investments and other assets	672,048	669,514
Total fixed assets	2,883,640	2,926,934
Total assets	6,533,721	6,723,903

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Trade notes and accounts payable	361,313	299,766
Short-term bank loans	122,253	203,470
Bonds	100,000	135,000
Loans from banks	117,675	137,517
Income taxes payable	76,222	25,735
Advances received	103,529	123,770
Advances received on construction projects in progress	195,458	194,823
Accrued bonuses	64,991	33,970
Provision for warranties for completed construction	8,236	8,186
Provision for loss on construction contracts	7,291	8,016
Asset retirement obligations	4,394	3,956
Other current liabilities	370,033	412,682
Total current liabilities	1,531,400	1,586,897
Long-term liabilities		
Bonds	759,000	784,000
Loans from banks	988,909	1,024,212
Lease deposits received	303,547	304,007
Liabilities for employees’ retirement benefits	103,003	104,149
Asset retirement obligations	61,100	61,922
Other long-term liabilities	262,998	268,068
Total long-term liabilities	2,478,559	2,546,359
Total liabilities	4,009,959	4,133,256
Net assets		
Shareholders’ equity		
Common stock	161,957	161,957
Capital surplus	301,318	300,465
Retained earnings	1,903,326	1,943,533
Treasury stock	(88,320)	(88,324)
Total shareholders’ equity	2,278,281	2,317,632
Accumulated other comprehensive income		
Unrealized gain (loss) on securities	55,342	49,231
Deferred gain (loss) on hedging instruments	(1,916)	(2,096)
Land revaluation reserve	10,234	10,234
Foreign currency translation adjustments	95,919	125,061
Total accumulated other comprehensive income	159,580	182,431
Non-controlling interests	85,900	90,583
Total net assets	2,523,762	2,590,646
Total liabilities and net assets	6,533,721	6,723,903

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

(Millions of yen)

	Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)	Three months ended June 30, 2024 (From April 1, 2024 to June 30, 2024)
Net sales	1,214,595	1,287,182
Cost of sales	982,876	1,021,853
Gross profit	231,718	265,329
Selling, general and administrative expenses	138,643	143,482
Operating income	93,075	121,847
Non-operating income		
Interest income	632	1,659
Dividend income	2,492	2,144
Equity in earnings of affiliates	-	797
Gain on valuation of derivatives	3,340	3,061
Miscellaneous income	3,425	3,776
Total non-operating income	9,891	11,438
Non-operating expenses		
Interest expense	6,780	10,107
Equity in losses of affiliates	791	-
Miscellaneous expenses	4,546	3,811
Total non-operating expenses	12,117	13,919
Ordinary income	90,849	119,365
Extraordinary income		
Gain on sales of fixed assets	754	23
Gain on sales of investments in securities	83	10,830
Other	0	-
Total extraordinary income	838	10,854
Extraordinary losses		
Loss on sales of fixed assets	49	2
Loss on disposal of fixed assets	676	211
Impairment loss	-	229
Loss on sales of investments in securities	17	0
Loss on revaluation of investments in securities	99	1
Other	0	-
Total extraordinary losses	843	445
Profit before income taxes	90,843	129,775
Current	20,604	23,159
Deferred	10,442	15,135
Total income taxes	31,046	38,295
Profit	59,796	91,480
Profit (loss) attributable to non-controlling interests	(210)	86
Profit attributable to owners of the parent	60,007	91,393

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)	Three months ended June 30, 2024 (From April 1, 2024 to June 30, 2024)
Profit	59,796	91,480
Other comprehensive income		
Unrealized gain (loss) on securities	8,818	(6,111)
Deferred gain (loss) on hedging instruments	(1,615)	(179)
Land revaluation reserve	19	0
Foreign currency translation adjustments	6,405	32,975
Share of other comprehensive income (loss) of affiliates accounted for by the equity method	390	(63)
Total other comprehensive income	14,019	26,621
Comprehensive income	73,816	118,101
Total comprehensive income attributable to:		
Owners of the parent	73,410	114,244
Non-controlling interests	406	3,857

(3) Notes

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 first quarter of the fiscal year under review.

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 Quarterly Consolidated Financial Statements.

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 first quarter of the fiscal year under review. 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 first quarter of the fiscal year under review, 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 United States, 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 Quarterly 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 first quarter (As of June 30, 2024)
	203,934	21,635

Notes on Segment Information, etc.

Segment Information

I Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)

1. Sales and Operating Income or Loss by Reportable Business Segment

(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	193,352	274,010	104,502	248,245	351,017	26,279	1,197,408
(2) Inter-segment sales or transfers	1,421	888	1,998	1,322	6,347	9,025	21,004
Total	194,774	274,899	106,501	249,568	357,364	35,304	1,218,412
Operating income (loss)	3,614	25,124	10,760	24,758	41,427	4,558	110,244

	Other Businesses (Note: 1)	Subtotal	Adjustment (Note: 2)	Amounts on the Quarterly Consolidated Statement of Income (Note: 3)
Sales (1) Sales to customers	17,187	1,214,595	—	1,214,595
(2) Inter-segment sales or transfers	6,271	27,276	(27,276)	—
Total	23,458	1,241,871	(27,276)	1,214,595
Operating income (loss)	(149)	110,094	(17,019)	93,075

Notes:
1. Other Businesses include resort hotels business and others.
2. -17,019 million yen in adjustments to operating income (loss) by business segment includes 146 million yen in elimination within business segments, 174 million yen in amortization of goodwill and others, and -17,340 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.
3. Operating income (loss) by business segment is adjusted to correspond to operating income in the Quarterly Consolidated Statement of Income.

II Three months ended June 30, 2024 (From April 1, 2024 to June 30, 2024)

1. Sales and Operating Income or Loss by Reportable Business Segment

(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	224,768	311,033	59,539	318,354	349,812	17,316	1,280,825
(2) Inter-segment sales or transfers	2,232	498	2,186	1,373	7,859	10,058	24,208
Total	227,001	311,531	61,725	319,727	357,672	27,375	1,305,034
Operating income	8,340	28,459	8,029	43,545	47,225	3,582	139,183

	Other Businesses (Note: 1)	Subtotal	Adjustment (Note: 2)	Amounts on the Quarterly Consolidated Statement of Income (Note: 3)
Sales (1) Sales to customers	6,357	1,287,182	—	1,287,182
(2) Inter-segment sales or transfers	6,479	30,687	(30,687)	—
Total	12,836	1,317,870	(30,687)	1,287,182
Operating income	1,135	140,318	(18,471)	121,847

Notes:
1. Other Businesses include financial business and others.
2. -18,471 million yen in adjustments to operating income by business segment includes -183 million yen in elimination within business segments, 216 million yen in amortization of goodwill and others, and -18,505 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.
3. Operating income by business segment is adjusted to correspond to operating income in the Quarterly Consolidated Statement of Income.

Notes on Significant Changes in the Amount of Shareholders' Equity

No items to report.

Notes on Premise of Going Concern

No items to report.

Notes on Statement of Cash Flows

No Quarterly Consolidated Statements of Cash Flows have been prepared for the reporting first quarter. Depreciation (including amortization of intangible assets excluding goodwill) and amortization of goodwill for the first quarter of the consolidated fiscal year are as follows:

(Millions of yen)

	Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)	Three months ended June 30, 2024 (From April 1, 2024 to June 30, 2024)
Depreciation	27,521	30,707
Amortization of goodwill	1,758	2,861

Significant Subsequent Events

(Acquisition of treasury stock)

The Company resolved at a meeting of the Board of Directors held on August 7, 2024 to acquire treasury stock pursuant to Article 156 of the Companies Act of Japan, as applied pursuant to Article 165, Paragraph 3 of the Companies Act of Japan.

(1) Reason for the acquisition of treasury stock

To improve capital efficiency to achieve the capital policy of the 7th Medium-Term Management Plan announced on May 13, 2022, in accordance with the Company's basic policy on shareholder returns.

(2) Type of shares to be acquired

Common shares of Daiwa House Industry Co., Ltd. stock

(3) Total number of shares to be acquired

22,000,000 shares (maximum)

(4) Total acquisition price

100,000 million yen (maximum)

(5) Period of acquisition

From August 8, 2024 to March 31, 2025

(6) Method of acquisition

Open market purchase on the Tokyo Stock Exchange