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

February 13, 2025

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 Nine Months Ended December 31, 2024 (From April 1, 2024 to December 31, 2024)

(1) Consolidated Earnings Results (Cumulative)

(% figures represent year-on-year change)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
Nine months ended:	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	3,950,295	5.2	357,224	25.4	340,315	22.7	236,832	9.5
December 31, 2023	3,756,464	9.8	284,980	28.0	277,452	27.2	216,284	30.1

Note: Comprehensive income: Nine months ended December 31, 2024: 239,015 million yen (-12.3%)
Nine months ended December 31, 2023: 272,556 million yen (8.4%)

	Basic net income per share	Diluted net income per share
Nine months ended:	Yen	Yen
December 31, 2024	372.48	—
December 31, 2023	328.90	—

(2) Consolidated Financial Conditions

	Total assets	Net assets	Net assets ratio
As of	Millions of yen	Millions of yen	%
December 31, 2024	6,955,702	2,610,450	36.2
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): December 31, 2024: 2,514,595 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	—	70.00	—		
Fiscal year ending March 31, 2025 (forecasts)				77.00	147.00

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	5,370,000	3.2	440,000	-0.0	410,000	-4.1	267,000	-10.6	421.42

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

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 +11.8%, ordinary income +7.6%, and net income attributable to owners of the parent +0.2%. 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) Significant Changes in Scope of Consolidation during the Period under Review: 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 December 31, 2024	659,478,962 shares	As of March 31, 2024	659,351,820 shares

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

As of December 31, 2024	33,416,277 shares	As of March 31, 2024	19,529,053 shares

3) Average number of shares during the period

Nine months ended December 31, 2024	635,821,601 shares	Nine months ended December 31, 2023	657,605,291 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 February 13, 2025. 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 nine-month period under review, the Japanese economy recovered moderately, supported by continued improvement in consumer spending and growing demand from inbound tourists. Notwithstanding the negative impact of rising raw material and energy costs and supply constraints associated with labor shortages, the appetite for capital investment among companies also showed signs of recovery. However, the economic outlook continues to require careful attention, amid high global economic uncertainty due to a confluence of factors including monetary tightening, the cost of living crisis, and heightened geopolitical risks.

The number of new construction starts in the domestic housing market from April 2024 to December 2024 increased year-on-year for rental housing, however, decreased for owner-occupied houses and built-for-sale houses, resulting in a year-on-year decrease 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.

As a result, the Daiwa House Group recorded consolidated net sales of 3,950,295 million yen (+5.2% year on year) for the first nine months of the fiscal year ending March 2025. Operating income came to 357,224 million yen (+25.4% year on year), ordinary income came to 340,315 million yen (+22.7% year on year), while net income attributable to owners of the parent amounted to 236,832 million yen (+9.5% 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 promoted the “Ready Made Housing.” concept for built-for-sale houses. By building homes more efficiently, 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. The Company also introduced VR presentation tools that enable innovative proposals, and expanded its sales of its semi-custom-built houses (Smart Design) and standardized houses (Smart Selection).

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 remained high, the Company received more new orders by utilizing incentive measures such as mortgage buydown.

As a result, net sales for this segment amounted to 767,017 million yen (+14.8% year on year), while operating income came to 37,256 million yen (+62.3% 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. We also have expanded our order acquisition pipeline by focusing on built-for-sale business in which we sell to owners properties for which we have acquired land, planned development, designed and constructed, and conducted leasing-out to tenants.

Daiwa Living Co., Ltd. provides D-ROOM rental housing properties that offer high-quality and comfortable living and are chosen by diverse tenants and also offers enhanced management services for existing properties. These efforts have paid off, leading to an increase in the number of units under management and continued high occupancy rates.

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 implementing renovation proposals that increase a property's asset value.

Meanwhile, overseas in the United States, where the Company is developing rental housings, interest rates remained high. 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 968,501 million yen (+6.7% year on year), while operating income came to 93,069 million yen (+5.1% 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.

At PREMIST Akishima Mori Park Grand (Tokyo Metropolitan Area), which began to be sold in November 2024 as the Company's second large-scale condominium project in the Tokyo Akishima Mori

Park, sales have been steady in recognition of a location combining convenience and nature, well-equipped common facilities, and diverse layouts for exclusive areas.

Additionally, in December 2024, the Company received the “Energy Conservation Center, Japan Chairman’s Award” in the Best Products and Business Models category at the “FY2024 Energy Conservation Grand Prize” for turning all the PREMIST condominium series into zero energy houses (ZEH-M*). Going forward, the Company will continue contributing to local communities through environmentally friendly initiatives.

Daiwa LifeNext Co., Ltd. acquired all shares of Maxpart Corporation in December 2024, making it into a subsidiary. Maxpart is a partner company that operates the Company’s conference hotel business (L stay & grow Harumi and L stay & grow Minamisuna-Machi (Tokyo Metropolitan Area)). It has extensive expertise and hospitality personnel required for the operation of hotels and conference facilities. Going forward, efforts will be made to expand the business through even greater cooperation.

Overseas, construction began on the Vista Pointe Project in November 2024. Together with leading American property developer Toll Brothers, Inc., the Company will develop a condominium community in West New York, New Jersey, United States (nine stories, 73 units, site area: 11,368 square meters, total floor area: 19,155 square meters).

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 193,697 million yen (-33.9% year on year), while operating income came to 17,287 million yen (-12.1% year on year).

* 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. The Company adopts ZEH-M Oriented specifications or higher, which meet insulation performance standards for all residential units and reduce primary energy consumption of the entire building by 20% or more.

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.

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, and the average occupancy rate for October to the end of December 2024 was 91.6%.

In the sports facility business, Sports Club NAS Co., Ltd. established NAS PILATES ON THE GO, a new brand of women’s only machine-based Pilates studios, in December 2024. NAS plans to roll out the new brand in at least 20 locations nationwide, with emphasis on the Kanto region.

Daiwa Lease Co., Ltd. made a start on the renovation of BiVi - Nijō in Kyoto City in October 2024. Scheduled to open in April 2025, the newly renovated shopping complex aims to serve as a creative hub for the promotion of Kyoto culture in addition to offering dining options, stores and services as before.

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 899,216 million yen (+5.3% year on year), while operating income came to 114,637 million yen (+11.1% 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. At the same time, we also worked to improve the profitability of the construction business at the time of order receipt.

Regarding logistics facilities, four facilities were completed in the three months from October 2024. They include DPL Ome (Tokyo Metropolitan Area) and DPL Sakai-Koga (Ibaraki Prefecture). Leasing progressed steadily. Lease agreements were signed for DPL Hyogo Kawanishi, DPL Yotsukaido (Chiba Prefecture), DPL Nagareyama IV (Chiba Prefecture) and others. Further, construction of one facility was commenced in the above period. This is DPL Iwate Kanegasaki II in the Tohoku Region, where there is strong semi-conductor related demand.

Regarding medical and nursing care facilities and urban development facilities, in the core hospital contracting business, Mukaiyama Hospital in Hirakata City, Osaka was completed in November 2024, and Moriguchi Seisuikai Hospital in Moriguchi City, Osaka was completed in December 2024.

In addition, the Company completed leasing activities for D-Square Shin-Sapporo, a medical complex built as part of a redevelopment project around Shin-Sapporo Station, and sold it in November 2024.

In the Livness business, the Company bought and sold two properties. These were TSUKUI SUNFOREST Mito and D Project Tsukuba Sekijo (Ibaraki Prefecture).

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 Kawagoe-shi Miyamoto-cho Livness Project (tentative name) (Saitama Prefecture) and DPL Fukushima Date in the three-month period from October 2024, increasing the number of facilities managed by the company and the area under management as of the end of December 2024 to 252 buildings and approximately 10.44 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.

Regarding overseas businesses, at Blue Ridge Commerce Center, the Company’s first logistics facility development project in the United States started in August 2024, construction progressed steadily aiming for completion on August 2025. Going forward, the Company will continue accelerating the development of logistics, business & corporate facilities in the United States, ASEAN and other regions.

As a result, net sales for this segment amounted to 1,086,976 million yen (+12.6% year on year), while operating income came to 138,937 million yen (+55.9% 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. In November 2024, the Company signed an offsite PPA agreement with Hanshin Electric Railway Co., Ltd. and The Kansai Electric Power Company, Incorporated (KEPCO). Under the agreement, KEPCO will purchase electricity generated by solar power generation facilities developed by the Company and supply this to Hanshin Koshien Stadium, which is operated by Hanshin Electric Railway Co., Ltd. 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, profitability improved as a result of 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). 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 628 locations nationwide.

The Company also started initiatives for the storage battery business and overseas business expansion. 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 93,556 million yen (-10.9% year on year), while operating income came to 10,223 million yen (+32.0% year on year).

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

Total assets as of the end of the consolidated nine-month reporting period amounted to 6,955,702 million yen, an increase of 421,980 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 Rental Housing Business.

Total liabilities as of the end of the consolidated nine-month reporting period amounted to 4,345,251 million yen, an increase of 335,292 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 bank borrowings, as well as commercial papers, 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 nine-month reporting period amounted to 2,610,450 million yen, an increase of 86,688 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 236,832 million yen, despite the payment of dividends to shareholders and the purchase of treasury stock. At the end of the term under review, these results were

2,526,202 million yen in interest-bearing liabilities excluding lease obligations among others, and a debt-equity ratio of 1.00 times. After taking the hybrid financing into account, the debt-equity ratio came to 0.91 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

Regarding consolidated business performance forecasts for the term ending March 31, 2025, there is no change to the forecasts in the "Notice Concerning Revisions of Earnings Forecasts and Dividend Forecasts for the Fiscal Year Ending March 2025" announced on November 12, 2024.

(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)	5,370,000	3.2	440,000	11.8	410,000	7.6	267,000	0.2
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 December 31, 2024
Assets		
Current assets		
Cash and bank deposits	450,129	426,404
Trade notes and accounts receivable	493,205	524,100
Mortgage notes receivable held for sale	25,739	33,004
Securities maturing within one year	449	1,000
Construction projects in progress	53,849	57,705
Real estate for sale	*1 1,750,539	*1 1,730,767
Real estate for sale in process	*1 437,699	*1 603,198
Land for undeveloped	3,984	516
Merchandise, construction materials and others	19,650	21,620
Work in progress	11,789	13,654
Construction materials and supplies	10,251	11,822
Other current assets	396,582	434,306
Allowance for doubtful accounts	(3,789)	(3,563)
Total current assets	3,650,081	3,854,538
Fixed assets		
Property, plant and equipment		
Buildings and structures	1,453,394	1,532,965
Accumulated depreciation	(570,297)	(602,326)
Buildings and structures, net	*1 883,096	*1 930,638
Land	*1 816,722	*1 863,665
Other tangible assets	521,807	578,049
Accumulated depreciation	(213,597)	(229,661)
Other, net	*1 308,210	*1 348,387
Total property, plant and equipment	2,008,029	2,142,692
Intangible assets		
Goodwill	95,429	103,222
Other intangible assets	*1 108,132	110,668
Total intangible assets	203,561	213,890
Investments and other assets		
Investment securities	224,638	224,743
Assets for employees' retirement benefits	39,115	37,155
Lease deposits	252,587	253,141
Other assets	157,064	231,150
Allowance for doubtful accounts	(1,357)	(1,609)
Total investments and other assets	672,048	744,581
Total fixed assets	2,883,640	3,101,164
Total assets	6,533,721	6,955,702

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Trade notes and accounts payable	361,313	324,737
Short-term bank loans	122,253	329,676
Bonds	100,000	75,000
Loans from banks	117,675	190,802
Commercial paper	―	139,000
Income taxes payable	76,222	46,673
Advances received	103,529	137,065
Advances received on construction projects in progress	195,458	170,048
Accrued bonuses	64,991	38,685
Provision for warranties for completed construction	8,236	7,839
Provision for loss on construction contracts	7,291	7,044
Asset retirement obligations	4,394	4,049
Other current liabilities	370,033	346,711
Total current liabilities	1,531,400	1,817,333
Long-term liabilities		
Bonds	759,000	744,000
Loans from banks	988,909	1,047,723
Lease deposits received	303,547	300,740
Liabilities for employees' retirement benefits	103,003	106,584
Asset retirement obligations	61,100	63,286
Other long-term liabilities	262,998	265,583
Total long-term liabilities	2,478,559	2,527,918
Total liabilities	4,009,959	4,345,251
Net assets		
Shareholders' equity		
Common stock	161,957	162,216
Capital surplus	301,318	300,370
Retained earnings	1,903,326	2,044,523
Treasury stock	(88,320)	(151,864)
Total shareholders' equity	2,278,281	2,355,246
Accumulated other comprehensive income		
Unrealized gain (loss) on securities	55,342	46,984
Deferred gain (loss) on hedging instruments	(1,916)	(4,081)
Land revaluation reserve	10,234	11,393
Foreign currency translation adjustments	95,919	105,052
Total accumulated other comprehensive income	159,580	159,348
Non-controlling interests	85,900	95,855
Total net assets	2,523,762	2,610,450
Total liabilities and net assets	6,533,721	6,955,702

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

(Millions of yen)

	Nine months ended December 31, 2023 (From April 1, 2023 to December 31, 2023)	Nine months ended December 31, 2024 (From April 1, 2024 to December 31, 2024)
Net sales	3,756,464	3,950,295
Cost of sales	3,051,242	3,147,759
Gross profit	705,221	802,536
Selling, general and administrative expenses	420,241	445,312
Operating income	284,980	357,224
Non-operating income		
Interest income	1,918	3,941
Dividend income	5,098	4,294
Equity in earnings of affiliates	2,054	1,494
Gain on valuation of derivatives	3,074	2,566
Miscellaneous income	9,959	11,533
Total non-operating income	22,104	23,831
Non-operating expenses		
Interest expense	22,765	31,552
Miscellaneous expenses	6,866	9,187
Total non-operating expenses	29,632	40,739
Ordinary income	277,452	340,315
Extraordinary income		
Gain on sales of fixed assets	7,241	1,844
Gain on sales of investments in securities	15,704	12,850
Gain on sales of stocks of subsidiaries and affiliates	23,189	—
Gain on sales of investments in capital of subsidiaries and affiliates	—	112
Gain on change in equity interest	1,983	—
Other	0	—
Total extraordinary income	48,120	14,808
Extraordinary losses		
Loss on sales of fixed assets	89	110
Loss on disposal of fixed assets	1,919	1,370
Impairment loss	196	3,531
Loss on sales of investments in securities	17	0
Loss on revaluation of investments in securities	200	106
Loss on sales of stocks of subsidiaries and affiliates	—	1,011
Other	0	—
Total extraordinary losses	2,423	6,130
Profit before income taxes	323,149	348,992
Current	82,210	102,684
Deferred	23,893	7,319
Total income taxes	106,103	110,004
Profit	217,045	238,988
Profit (loss) attributable to non-controlling interests	760	2,155
Profit attributable to owners of the parent	216,284	236,832

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Nine months ended December 31, 2023 (From April 1, 2023 to December 31, 2023)	Nine months ended December 31, 2024 (From April 1, 2024 to December 31, 2024)
Profit	217,045	238,988
Other comprehensive income		
Unrealized gain (loss) on securities	(4,333)	(8,363)
Deferred gain (loss) on hedging instruments	1,628	(2,164)
Land revaluation reserve	37	1,158
Foreign currency translation adjustments	58,160	8,930
Share of other comprehensive income (loss) of affiliates accounted for by the equity method	18	464
Total other comprehensive income	55,510	27
Comprehensive income	272,556	239,015
Total comprehensive income attributable to:		
Owners of the parent	264,727	236,601
Non-controlling interests	7,829	2,414

(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 current interim 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 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 current interim 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 interim 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 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 interim accounting period (As of December 31, 2024)
	203,934	30,192

Notes on Segment Information, etc.

Segment Information

I Nine months ended December 31, 2023 (From April 1, 2023 to December 31, 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	663,876	906,439	286,691	849,327	937,854	79,332	3,723,521
(2) Inter-segment sales or transfers	4,253	1,432	6,370	4,795	27,358	25,726	69,937
Total	668,129	907,872	293,062	854,123	965,212	105,058	3,793,458
Operating income (loss)	22,962	88,516	19,676	103,161	89,099	7,744	331,160

	Other Businesses (Note: 1)	Subtotal	Adjustment (Note: 2)	Amounts on the Quarterly Consolidated Statement of Income (Note: 3)
Sales (1) Sales to customers	32,943	3,756,464	—	3,756,464
(2) Inter-segment sales or transfers	20,112	90,049	(90,049)	—
Total	53,055	3,846,513	(90,049)	3,756,464
Operating income (loss)	2,345	333,505	(48,524)	284,980

Notes:
1. Other Businesses include financial business and others.
2. -48,524 million yen in adjustments to operating income (loss) by business segment includes -1,631 million yen in inter-segment elimination, 608 million yen in amortization of goodwill and others, and -47,501 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 Nine months ended December 31, 2024 (From April 1, 2024 to December 31, 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	760,984	966,818	187,516	895,027	1,059,164	61,952	3,931,463
(2) Inter-segment sales or transfers	6,032	1,682	6,181	4,189	27,812	31,604	77,502
Total	767,017	968,501	193,697	899,216	1,086,976	93,556	4,008,965
Operating income	37,256	93,069	17,287	114,637	138,937	10,223	411,412

	Other Businesses (Note: 1)	Subtotal	Adjustment (Note: 2)	Amounts on the Quarterly Consolidated Statement of Income (Note: 3)
Sales (1) Sales to customers	18,831	3,950,295	—	3,950,295
(2) Inter-segment sales or transfers	19,042	96,544	(96,544)	—
Total	37,873	4,046,839	(96,544)	3,950,295
Operating income	3,442	414,855	(57,631)	357,224

Notes:
1. Other Businesses include financial business and others.
2. -57,631 million yen in adjustments to operating income by business segment includes -940 million yen in inter-segment elimination, 524 million yen in amortization of goodwill and others, and -57,215 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 the Statements of Cash Flows

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

(Millions of yen)

	Nine months ended December 31, 2023 (From April 1, 2023 to December 31, 2023)	Nine months ended December 31, 2024 (From April 1, 2024 to December 31, 2024)
Depreciation	86,355	98,058
Amortization of goodwill	6,056	6,800