



Consolidated Financial Results
for the Fiscal Year Ended March 31, 2026
[Japanese GAAP]

May 13, 2026

Name of Listed Company: Daiwa House Industry Co., Ltd.
Representative: Hirotugu 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 26, 2026
Scheduled Date of Filing Securities Report: June 17, 2026
Scheduled Date of Commencement of Dividend Payment: June 29, 2026
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, 2026
(From April 1, 2025 to March 31, 2026)

(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, 2026	5,576,861	2.6	614,879	12.6	571,971	10.9	350,568	7.8
March 31, 2025	5,434,819	4.5	546,279	24.1	515,985	20.7	325,058	8.8

Note: Comprehensive income: Fiscal year ended March 31, 2026: 388,492 million yen (0.9%)
Fiscal year ended March 31, 2025: 384,979 million yen (15.0%)

	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, 2026	566.47	—	12.7	7.4	11.0
March 31, 2025	514.00	—	12.9	7.6	10.1

(Reference) Equity in earnings of affiliates

Fiscal year ended March 31, 2026: 709 million yen; Fiscal year ended March 31, 2025: 1,676 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, 2026	8,412,419	3,022,275	34.4	4,677.09
March 31, 2025	7,049,323	2,716,745	37.1	4,226.17

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

(Net assets – Non-controlling interests): March 31, 2026: 2,896,744 million yen; March 31, 2025: 2,614,238 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, 2026	189,277	(726,053)	631,058	424,588
March 31, 2025	420,561	(493,370)	(44,682)	326,954

2. Dividends

	Dividend per share					Total dividends (annual)	Dividend payout ratio (consolidated)	Dividends to net assets ratio (consolidated)
	End of 1 st quarter (June 30)	End of 2 nd quarter (Sept. 30)	End of 3 rd quarter (Dec. 31)	Fiscal year-end (Mar. 31)	Annual			
Fiscal year: ended March 31, 2025	Yen —	Yen 70.00	Yen —	Yen 80.00	Yen 150.00	Millions of yen 93,936	% 29.2	% 3.7
ended March 31, 2026	—	75.00	—	100.00	175.00	108,340	30.9	3.9
ending March 31, 2027 (forecasts)	—	86.00	—	45.00	—		48.0	

Notes: 1. Dividend for the fiscal year ended March 2026: Ordinary dividend 165.00 yen; 70th anniversary commemorative dividend 10.00 yen

2. At a meeting of its Board of Directors held on May 13, 2026, the Company resolved to conduct a two-for-one stock split of its common stock, with September 30, 2026 set as the record date and October 1, 2026 as the effective date. The fiscal year-end dividend per share for the fiscal year ending March 31, 2027 shown above has been calculated on a post-stock split basis. The annual dividend per share for the fiscal year ending March 31, 2027 is not presented, as the interim dividend and the fiscal year-end dividend cannot be simply aggregated due to the implementation of the stock split. If the stock split were not taken into account, the fiscal year-end dividend per share for the fiscal year ending March 31, 2027 would be 90.00 yen, and the annual dividend per share would be 176.00 yen.

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2027 (From April 1, 2026 to March 31, 2027)

(% 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, 2027	5,800,000	4.0	400,000	-34.9	342,000	-40.2	227,000	-35.2	183.26

Notes: 1. In the above consolidated earnings forecasts, the results for the previous fiscal year, which serve 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 115,675 million yen in operating expenses). Excluding this impact, the year-on-year changes are respectively: operating income -19.9%, ordinary income -25.0%, and net income attributable to owners of the parent -16.4%. For details, please refer to the section of “1. Summary of Earnings Results, etc. (4) Future Outlook” on page 12 of “the Attached Material.”

2. Basic net income per share in the consolidated earnings forecasts shown above has been calculated on a post-stock split basis as noted in “2. Dividends.” If the stock split were not taken into account, basic net income per share would be 366.51 yen.

Notes:

(1) Significant Changes in Scope of Consolidation for the Fiscal Year under Review: Yes

Addition: 1

Company name: CRC Holdings LLC

Exclusion: 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: None

2) Changes in accounting policies due to reasons other than 1): None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(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, 2026	659,636,182 shares	As of March 31, 2025	659,478,962 shares
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2) Number of treasury stock at the end of the fiscal year

As of March 31, 2026	40,289,087 shares	As of March 31, 2025	40,895,047 shares
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3) Average number of shares for the fiscal year

Fiscal year ended March 31, 2026	618,866,574 shares	Fiscal year ended March 31, 2025	632,409,390 shares
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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 27 for details.

(Reference) Summary of Non-Consolidated Results of Operation

Non-Consolidated Results of Operation for the Fiscal Year Ended March 31, 2026

(From April 1, 2025 to March 31, 2026)

(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, 2026	2,228,120	3.6	297,941	5.3	349,356	5.5	218,138	-12.8
March 31, 2025	2,149,973	0.0	282,894	15.6	331,035	12.0	250,165	2.3

	Basic net income per share	Diluted net income per share
Fiscal year ended:	Yen	Yen
March 31, 2026	352.48	—
March 31, 2025	395.58	—

(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, 2026	5,187,507	1,924,448	37.1	3,107.22
March 31, 2025	4,294,353	1,789,391	41.7	2,892.72

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

(Net assets – Non-controlling interests): March 31, 2026: 1,924,448 million yen; March 31, 2025: 1,789,391 million yen

* This financial results report is not required to be audited by certified public accountants or audit corporations

* Remarks on the appropriate use of earnings forecasts 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.

For the suppositions that form the assumptions for earnings forecasts, please refer to the section of “1. Summary of Earnings Results, etc. (4) Future Outlook” on page 12 of “the Attached Material.”

(Obtaining supplementary explanatory materials)

The Company plans to hold a briefing for institutional investors and securities analysts on May 13, 2026. Financial results presentation materials to be distributed at the briefing will be posted on the Company’s official website at the same time.

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<Reference Material> Key Performance Indicators

1. Performance Indicators

Fiscal year	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026	Forecasts for fiscal year ending March 31, 2027
Net sales (millions of yen)	4,908,199	5,202,919	5,434,819	5,576,861	5,800,000
Cost of sales (millions of yen)	3,953,004	4,210,511	4,333,754	4,335,041	—
Selling, general and administrative expenses (millions of yen)	489,824	552,197	554,785	626,940	—
Operating income (millions of yen)	465,370	440,210	546,279	614,879	400,000
Ordinary income (millions of yen)	456,012	427,548	515,985	571,971	342,000
Net income attributable to owners of the parent (millions of yen)	308,399	298,752	325,058	350,568	227,000
Basic net income per share (yen)	469.12	457.16	514.00	566.47	183.26
Return on equity (ROE) (%)	14.3	12.7	12.9	12.7	—
Ordinary income to total assets ratio (%)	7.8	6.7	7.6	7.4	—
Dividend per share (yen)	130	143	150	175	—
(of which interim dividend per share)	(60)	(63)	(70)	(75)	(86)
Total annual dividends (millions of yen)	85,653	92,585	93,936	108,340	—
Dividend payout ratio (%)	27.7	31.3	29.2	30.9	48.0
Dividends to net assets ratio (%)	4.0	3.9	3.7	3.9	—
Total assets (millions of yen)	6,142,067	6,533,721	7,049,323	8,412,419	—
Net assets (millions of yen)	2,388,914	2,523,762	2,716,745	3,022,275	—
Net assets ratio (%)	37.2	37.3	37.1	34.4	—
Net assets per share (yen)	3,466.86	3,810.21	4,226.17	4,677.09	—
Depreciation (millions of yen)	113,464	117,204	131,786	140,339	160,000
Net increase in property, plant and equipment and intangible assets (millions of yen)	518,143	355,780	416,543	610,830	500,000
Cash flows from operating activities (millions of yen)	230,298	302,294	420,561	189,277	—
Cash flows from investing activities (millions of yen)	(505,181)	(310,419)	(493,370)	(726,053)	—
Cash flows from financing activities (millions of yen)	287,452	97,399	(44,682)	631,058	—
Cash and cash equivalents, end of year (millions of yen)	346,154	439,572	326,954	424,588	—

Note: At a meeting of its Board of Directors held on May 13, 2026, the Company resolved to conduct a two-for-one stock split of its common stock, with September 30, 2026 set as the record date and October 1, 2026 as the effective date. Basic net income per share for the fiscal year ending March 31, 2027 shown above has been calculated on a post-stock split basis. If the stock split were not taken into account, basic net income per share would be 366.51 yen. In addition, the annual dividend per share for the fiscal year ending March 31, 2027 is not presented, as the interim dividend and the fiscal year-end dividend cannot be simply aggregated due to the implementation of the stock split. If the stock split were not taken into account, the dividend per share for the fiscal year ending March 31, 2027 would be 176.00 yen.

2. Sales and Operating Income by Segment

(Millions of yen)

Fiscal year		Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026	Forecasts for fiscal year ending March 31, 2027
Net sales		4,908,199	5,202,919	5,434,819	5,576,861	5,800,000
Sales by segment	Single-Family Houses	876,370	951,083	1,144,505	1,342,252	1,320,000
	Rental Housing	1,183,130	1,250,288	1,376,089	1,429,273	1,440,000
	Condominiums	484,382	441,867	269,427	279,622	310,000
	Commercial Facilities	1,092,167	1,181,561	1,227,145	1,290,192	1,290,000
	Logistics, Business & Corporate Facilities	1,130,230	1,294,455	1,369,730	1,189,808	1,430,000
	Environment and Energy	188,611	139,441	131,180	133,136	135,000
	Other Businesses	81,849	68,043	50,918	55,835	53,000
	Adjustments	(128,541)	(123,821)	(134,177)	(143,260)	(178,000)
Operating income		465,370	440,210	546,279	614,879	400,000
Operating income by segment	Single-Family Houses	46,584	35,164	69,826	155,696	49,000
	Rental Housing	109,792	115,791	129,960	141,142	132,000
	Condominiums	40,879	37,372	10,908	5,993	18,000
	Commercial Facilities	132,984	143,630	145,928	162,492	153,000
	Logistics, Business & Corporate Facilities	99,630	123,244	159,655	127,645	128,000
	Environment and Energy	6,285	9,131	12,420	13,835	11,000
	Other Businesses	5,497	2,450	2,840	4,204	600
	Adjustments	23,716	(26,575)	14,738	3,868	(91,600)

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 global economy maintained moderate growth, mainly in major economies; however, the outlook remained uncertain due to trade policy developments and geopolitical risks such as deterioration in the Middle East situation since February 2026. In the Japanese economy, while consumer spending remained resilient against the backdrop of improved employment and income conditions, the impact of factors such as inflation, interest-rate trends and exchange rate fluctuations lengthened the time required for a full-fledged recovery.

In the domestic housing market, the number of new constructions starts from April 2025 to March 2026 decreased year on year overall, as owner-occupied housing, rental housing, and built-for-sale houses all decreased. In the general construction market, the total floor area of new constructions starts decreased year on year as offices, stores, factories and warehouses decreased, resulting in a year-on-year decrease in the overall.

Amid this operating environment, the Daiwa House Group recorded consolidated net sales of 5,576,861 million yen (+2.6% year on year) for the fiscal year ended March 2026. Operating income came to 614,879 million yen (+12.6% year on year), ordinary income came to 571,971 million yen (+10.9% year on year), while net income attributable to owners of the parent amounted to 350,568 million yen (+7.8% year on year). The Group achieved its net sales and operating income targets for the fiscal year ending March 31, 2027, which was planned as the final fiscal year in the 7th Medium-Term Management Plan, one year ahead of schedule.

Additionally, in March 2026, the Company acquired the shares of Sumitomo Densetsu Co., Ltd. thereby making it a consolidated subsidiary.

Operating income above includes 115,675 million yen gain on amortization of actuarial differences for retirement benefits, etc., and operating income excluding actuarial differences, etc. amounted in 499,203 million yen (+12.2% year on year).

Results by business segment are as follows.

Single-Family Houses Business

Net sales for this segment amounted to 1,342,252 million yen (+17.3% year on year), while operating income came to 155,696 million yen (+123.0% year on year).

In the domestic housing business, the number of units sold increased in both the custom-built housing and built-for-sale houses categories, partly due to sales expansion of “Smart Made Housing,” which combines the advantages of both custom designs and standardized houses, and the effects of various sales campaigns. In addition, the renovation and purchase-and-sale businesses of the Livness business also contributed to performance.

Additionally, we made progress in strengthening our proposal capabilities and business foundations through initiatives to increase design efficiency, such as enhancing the functionality of “AI Plan Concierge ver.2,” an AI-based housing plan proposal tool, in February 2026.

Overseas, mainly in the United States, orders received and units delivered increased year on year, supported by the expansion of sales communities and strengthened sales initiatives. In addition, a large-scale land sale carried out at the end of October 2025 also contributed to business performance.

Rental Housing Business

Net sales for this segment amounted to 1,429,273 million yen (+3.9% year on year), while operating income came to 141,142 million yen (+8.6% year on year).

In the Rental Housing Business segment, through the development, management and operation of rental housing, the Company has been proposing and supporting rental housing management aimed at enhancing asset value for owners. In addition, the Company promoted the wider adoption of ZEH-M properties designed to reduce environmental impact through energy-saving and energy-generating features.

Daiwa Living Co., Ltd. in addition to providing rental housing under the “D-ROOM” brand, focused on improving living environments through equipment upgrades, resulting in an increase in the number of properties under management and maintenance of a stable occupancy rate.

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.

Overseas, the Company has been promoting collaboration in rental housing development with Alliance Residential Company, which became an equity-method affiliate in November 2024. As the first phase of a multifamily housing development initiative, in February 2026, the Company started construction of Prose Ownsby Farms, a rental housing development comprising 414 units in Celina, Texas, USA.

Condominiums Business

Net sales for this segment amounted to 279,622 million yen (+3.8% year on year), while operating income came to 5,993 million yen (-45.1% year on year). This was mainly due to a year-on-year decrease in the number of condominium units delivered.

In the Condominiums Business segment, the Company engaged in the sale of new condominiums, mainly in the Tokyo Metropolitan area and regional hub cities. Sales of PREMIST Tower Funabashi (Chiba Prefecture) and PREMIST Tower Oita, which have been on sale since February 2026, generally progressed steadily, supported by favorable evaluations of their prime station-front locations and mixed-use development features.

Daiwa Lifenext Co., Ltd. has also seen a steady increase in the number of condominium units under management. In the “L-Place” series of corporate rental dormitories, business remained steady, with the opening of “L-Place Sorimachi” (Kanagawa Prefecture), which is the 77th in the series.

Commercial Facilities Business

Net sales for this segment amounted to 1,290,192 million yen (+5.1% year on year), while operating income came to 162,492 million yen (+11.4% year on year).

In the Commercial Facilities Business segment, in addition to strengthening efforts for large-scale properties, sales and profit were supported by the built-for-sale business involving properties for which the Company acquired land and carried out integrated operations from development planning and tenant leasing through design and construction, as well as by the purchase-and-sale business for commercial facilities. In January 2026, “d_11 HIROSHIMA,” a mixed-use facility combining office and retail space and a multi-story car park, was completed, offering some of the largest office space in the Chugoku-Shikoku region.

Meanwhile, Daiwa Lease Co., Ltd. opened “Frespo Utsunomiya Market,” a commercial facility developed on the former site of Utsunomiya Central Wholesale Market, and “ARCTOWN Utsunomiya,” a comprehensive park developed through a Park-PFI project.

In the urban hotels business operated by Daiwa House Realty Mgt. Co., Ltd., the average occupancy rate increased year on year. In addition, as a result of strategically the strategic promotion of high unit-price sales, ADR (Average Daily Rate) and RevPAR (Revenue per Available Room) also increased year on year.

Logistics, Business & Corporate Facilities Business

Net sales for this segment amounted to 1,189,808 million yen (-13.1% year on year), while operating income came to 127,645 million yen (-20.0% year on year). This was mainly due to a decrease in sales of development properties.

Regarding logistics facilities, construction of DPL Saitama Fukaya and DPL Shizuoka Fukuroi commenced.

In the medical, nursing care and R&D facilities business, “D-Medicare+ Nagoya Issha,” a mixed-use development centered around a care facility, and a corporate employee dormitory were completed.

In support-related activities for offices, plants and other sites, orders received for large projects remained steady, and the Company commenced projects such as an automotive parts manufacturing plant, a frozen and refrigerated warehouse, and a marine parts manufacturing plant among others.

In the Livness business, we made progress with the replacement of assets through the sale of existing properties and the acquisition of new properties.

In the property management business, Daiwa House Property Management Co., Ltd. concluded new property management contracts for four facilities, including logistics facilities. As a result, as of the end of March 2026, the number of buildings under management reached 269, and the total area under management amounted to approximately 11.24 million square meters.

In the Daiwa LogiTech Group, which operates the logistics services business, orders centered on the IT business remained firm, supported by customer companies' investments in DX. Meanwhile, Daiwa Logistics Co., Ltd. commenced commercial operations with Level 2 autonomous trucks developed by an outside partner as part of initiatives to address the "logistics 2030 Problem," and Wakamatsu KONPOU UNYU SOKO, Inc. made progress acquiring new customers, pushing up the logistics center utilization rate.

Overseas, progress was made on leasing activities at "Blue Ridge Commerce Center" in the U.S. and at "DPL Malaysia III" in Malaysia.

Environment and Energy Business

Net sales for this segment amounted to 133,136 million yen (+1.5% year on year), while operating income came to 13,835 million yen (+11.4% year on year).

In the Environment and Energy Business segment, the Group operates three businesses: the EPC business, the PPS business, and the IPP business.

In the EPC business, the Group steadily captured demand for the introduction of renewable energy through the expansion of off-site PPAs and on-site PPAs. As of the end of March 2026, the Group operates 104 off-site PPA projects with a total capacity of 152 MW.

In the PPS business, profitability improved due to stable spot prices in the wholesale electricity market, as well as measures such as the operation of constant backup systems.

In the IPP business, the Company operates 825 power generation facilities nationwide, mainly solar power plants, including wind and hydroelectric power plants, with a total generation capacity of 1,046 MW as of the end of March 2026.

Meanwhile, as a new initiative, the Company has been conducting a grid-connected power storage station demonstration project at its Kyushu Plant to enter the power storage station business. Construction has been completed, and the Company plans to commence operations in August 2026.

Overseas, in Thailand, the Company commenced operation of its first overseas on-site PPA project through a joint venture with WHA Corporation PCL.

(2) Financial Conditions

Total assets as of the end of the consolidated reporting fiscal year amounted to 8,412,419 million yen, an increase of 1,363,096 million yen compared with 7,049,323 million yen 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 Commercial Facilities Business and Single-Family Houses Business.

Total liabilities as of the end of the consolidated reporting fiscal year amounted to 5,390,144 million yen, an increase of 1,057,566 million yen compared with 4,332,577 million yen at the end of the previous consolidated fiscal year. The main factors behind this increase were borrowings and the issuance of commercial paper to fund the acquisition of real estate for sale and other assets, as well as the acquisition of shares of Sumitomo Densetsu Co., Ltd., which was made a consolidated subsidiary.

Total net assets as of the end of the consolidated reporting fiscal year amounted to 3,022,275 million yen, an increase of 305,529 million yen compared with 2,716,745 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 350,568 million yen, despite the payment of dividends to shareholders in the amount of 95,892 million yen. At the end of the term under review, these results were 3,076,706 million yen in interest-bearing liabilities excluding lease obligations among others, and a debt-equity ratio of 1.06 times. After taking the hybrid financing into account, the debt-equity ratio came to 0.98 times*. The net assets ratio as of the end of the fiscal year under review stood at 34.4%, showing little change from 37.1% 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 at the end of consolidated fiscal year amounted to 424,588 million yen, for an increase of 97,633 million yen. Net cash provided by operating activities stood at 189,277 million yen, net cash used in investing activities came to 726,053 million yen, and net cash used in financing activities came to 631,058 million yen.

Cash flows from operating activities

During the reporting fiscal year, net cash provided by operating activities came to 189,277 million yen (-55.0% year on year). This decrease was mainly due to the acquisition of real estate for sale and the payment of income taxes and other related expenses, despite the posting of profit before income taxes of 542,449 million yen.

Cash flows from investing activities

During the reporting fiscal year, net cash used in investing activities came to 726,053 million yen (compared with 493,370 million yen used in the previous fiscal year). This was primarily due to the acquisition of property, plant and equipment, including large-scale logistics facilities and commercial facilities, as well as expenditures for the acquisition of shares in Sumitomo Densetsu Co., Ltd. to make it a consolidated subsidiary.

Cash flows from financing activities

During the reporting fiscal year, net cash provided by financing activities came to 631,058 million yen (compared with 44,682 million yen used in the previous fiscal year). This was mainly due to financing through borrowings and the issuance of commercial paper, despite the payment of shareholder dividends.

(Reference) Cash Flow Indicators

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net assets ratio	37.3%	37.1%	34.4%
Net assets ratio on market-value basis	44.3%	43.3%	36.2%
Repayment years of interest-bearing debt	6.9 years	5.5 years	16.3 years
Interest coverage ratio	10.3	10.5	4.4

* The standards for the indicators are as follows. All have been computed based on consolidated financial figures.

Net assets ratio: (Net assets – Non-controlling interests) / Total assets

Net assets ratio on market-value basis: Market capitalization / Total assets

Repayment years of interest-bearing debt: Interest-bearing liabilities / Operating cash flows

Interest coverage ratio: Operating cash flows / Interest expenses

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

The socioeconomic outlook is increasingly uncertain due to trends in energy and materials prices stemming from the situation in the Middle East since early 2026.

Similarly in Japan, action to address challenges such as labor shortages, inflation, rising financing costs, and exchange rate fluctuations will still be required in the future.

Based on this business environment, for the next fiscal year, assuming that the current situation in the Middle East will stabilize to a certain extent by around September 2026, and factoring in cost increases due to rising prices of construction materials and equipment, as well as the impact of construction delays, the Company forecasts net sales for the fiscal year ending March 31, 2027 in the amount of 5 trillion 800 billion yen, with operating income of 400 billion yen, ordinary income of 342 billion yen, and net income attributable to owners of the parent of 227 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 160 billion yen.

We have decided to postpone the announcement of the 8th Medium-Term Management Plan, which is scheduled to start from the fiscal year ending March 31, 2027, because we need time to assess the business environment outlook.

(Reference) Comparison with Previous Fiscal Year (Ended March 31, 2026) 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:	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
ending March 31, 2027 (forecasts)	5,800,000	4.0	400,000	-19.9	342,000	-25.0	227,000	-16.4
ended March 31, 2026	5,576,861	2.6	499,203	12.2	456,296	10.0	271,439	6.1

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, 2025)	Reporting fiscal year (as of March 31, 2026)
Assets		
Current assets		
Cash and bank deposits	333,198	434,371
Trade notes and accounts receivable	474,790	552,672
Lease receivables and investments in leases	142,291	150,722
Mortgage notes receivable held for sale	54,429	39,743
Securities maturing within one year	402	195
Costs on construction contracts in progress	54,916	74,010
Real estate for sale	*1 1,906,871	*1 2,303,351
Real estate for sale in process	*1 563,275	*1 760,317
Undeveloped land for sale	1,119	710
Merchandise and finished goods	20,569	22,342
Work in process	13,972	9,313
Raw materials and supplies	10,913	9,596
Other current assets	309,095	348,538
Allowance for doubtful accounts	(3,380)	(3,188)
Total current assets	3,882,464	4,702,696
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,513,094	1,671,419
Accumulated depreciation	(613,770)	(660,178)
Buildings and structures, net	*1 899,323	*1 1,011,241
Machinery, equipment and vehicles	193,306	201,931
Accumulated depreciation	(118,155)	(126,190)
Machinery, equipment and vehicles, net	*1 75,151	*1 75,741
Tools, furniture and fixtures	95,823	105,117
Accumulated depreciation	(69,976)	(77,370)
Tools, furniture and fixtures, net	*1 25,846	*1 27,746
Land	*1 858,719	*1 933,879
Leased assets	132,139	146,622
Accumulated depreciation	(41,756)	(49,799)
Lease assets, net	90,382	96,822
Construction in progress	*1 174,107	*1 178,321
Other tangible assets	23,954	27,621
Accumulated depreciation	(6,132)	(8,302)
Other, net	17,822	19,318
Total property, plant and equipment	2,141,352	2,343,071
Intangible assets		
Goodwill	94,656	159,917
Other intangible assets	*1 110,419	*1 222,849
Total intangible assets	205,076	382,767

	(Millions of yen)	
	Previous fiscal year (as of March 31, 2025)	Reporting fiscal year (as of March 31, 2026)
Investments and other assets		
Investment securities	220,868	303,797
Long-term loans receivable	9,209	9,195
Assets for employees' retirement benefits	127,449	237,745
Lease deposits	253,595	257,030
Deferred tax assets	104,069	70,790
Other assets	106,922	108,203
Allowance for doubtful accounts	(1,684)	(2,878)
Total investments and other assets	820,430	983,884
Total non-current assets	3,166,858	3,709,723
Total assets	7,049,323	8,412,419

	(Millions of yen)	
	Previous fiscal year (as of March 31, 2025)	Reporting fiscal year (as of March 31, 2026)
Liabilities		
Current liabilities		
Trade notes and accounts payable	353,710	395,523
Short-term loans from banks	170,293	757,904
Current portion of bonds	75,000	65,000
Current portion of long-term loans from banks	285,287	154,993
Commercial papers	—	179,000
Lease obligation	11,563	13,586
Accounts payable-other	106,222	89,056
Income taxes payable	99,097	93,233
Advances received	128,665	140,055
Advances received on construction projects in progress	195,231	243,683
Accrued bonuses	69,176	98,340
Provision for warranties for completed construction	8,811	13,543
Provision for loss on construction contracts	18,914	25,037
Asset retirement obligations	4,953	5,620
Other current liabilities	306,907	387,554
Total current liabilities	1,833,834	2,662,133
Non-current liabilities		
Bonds	744,000	714,000
Long-term loans from banks	1,034,496	1,205,808
Lease obligation	112,189	120,866
Lease deposits received	301,383	315,410
Deferred tax liabilities on land revaluation	17,624	16,960
Liabilities for employees' retirement benefits	98,504	97,857
Asset retirement obligations	63,488	65,929
Other non-current liabilities	127,056	191,176
Total non-current liabilities	2,498,743	2,728,010
Total liabilities	4,332,577	5,390,144
Net assets		
Shareholders' equity		
Common stock	162,216	162,602
Capital surplus	299,395	293,897
Retained earnings	2,132,816	2,387,104
Treasury stock	(188,335)	(185,546)
Total shareholders' equity	2,406,094	2,658,058
Accumulated other comprehensive income		
Unrealized gain (loss) on securities	45,848	64,810
Deferred gain (loss) on hedging instruments	2,315	(794)
Land revaluation reserve	10,799	11,520
Foreign currency translation adjustments	149,181	163,148
Total accumulated other comprehensive income	208,144	238,685
Non-controlling interests	102,507	125,531
Total net assets	2,716,745	3,022,275
Total liabilities and net assets	7,049,323	8,412,419

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

	(Millions of yen)	
	Previous fiscal year (From April 1, 2024 to March 31, 2025)	Reporting fiscal year (From April 1, 2025 to March 31, 2026)
Net sales	5,434,819	5,576,861
Cost of sales	4,333,754	4,335,041
Gross profit	1,101,065	1,241,820
Selling, general and administrative expenses		
Sales commission	23,104	23,611
Advertising expenses	27,805	31,643
Promotion expenses	3,857	3,553
Provision of allowance for doubtful accounts	1,685	1,621
Directors' compensations	4,582	5,344
Employees' salaries and allowances	220,124	241,446
Provision for bonuses	42,770	77,360
Retirement benefit expenses	(33,675)	(38,396)
Legal welfare expenses	31,870	35,057
Office supplies expenses	30,723	32,985
Communication and transportation expenses	21,832	22,303
Rent expenses on land and buildings	21,333	22,399
Depreciation	17,844	19,512
Taxes and dues	47,098	52,086
Other	93,827	96,412
Total selling, general and administrative expenses	554,785	626,940
Operating income	546,279	614,879
Non-operating income		
Interest income	5,304	4,769
Dividend income	4,465	5,358
Equity in earnings of affiliates	1,676	709
Insurance claim income	2,159	1,198
Gain on valuation of derivatives	0	2,259
Miscellaneous income	13,762	14,625
Total non-operating income	27,369	28,921
Non-operating expenses		
Interest expenses	41,563	44,314
Provision of allowance for doubtful accounts	—	587
Miscellaneous expenses	16,100	26,925
Total non-operating expenses	57,663	71,828
Ordinary income	515,985	571,971
Extraordinary income		
Gain on sales of non-current assets	2,520	2,771
Gain on sales of investments in securities	13,495	1,881
Gain on sales of shares of subsidiaries and affiliates	—	1,634
Gain on sales of investments in capital of subsidiaries and affiliates	115	—
Gain on step acquisitions	739	—
Total extraordinary income	16,870	6,287

(Millions of yen)

	Previous fiscal year (From April 1, 2024 to March 31, 2025)	Reporting fiscal year (From April 1, 2025 to March 31, 2026)
Extraordinary losses		
Loss on sales of non-current assets	196	558
Loss on disposal of non-current assets	3,347	2,171
Impairment loss	38,859	30,647
Loss on sales of investment securities	0	3
Loss on revaluation of investment securities	661	324
Loss on sales of shares of subsidiaries and affiliates	1,007	52
Special retirement benefit expenses	—	2,051
Total extraordinary losses	44,073	35,809
Profit before income taxes	488,783	542,449
Current	156,116	152,461
Deferred	2,788	30,486
Total income taxes	158,905	182,947
Profit	329,877	359,501
Profit attributable to non-controlling interests	4,818	8,933
Profit attributable to owners of the parent	325,058	350,568

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Previous fiscal year (From April 1, 2024 to March 31, 2025)	Reporting fiscal year (From April 1, 2025 to March 31, 2026)
Profit	329,877	359,501
Other comprehensive income		
Unrealized gain (loss) on securities	(9,515)	18,947
Deferred gain (loss) on hedging instruments	4,231	(3,109)
Land revaluation reserve	631	332
Foreign currency translation adjustments	60,876	11,952
Share of other comprehensive income (loss) of affiliates accounted for by the equity method	(1,122)	868
Total other comprehensive income	55,101	28,991
Comprehensive income	384,979	388,492
Total comprehensive income attributable to:		
Owners of the parent	373,689	380,721
Non-controlling interests	11,289	7,771

(3) Consolidated Statements of Changes in Net Assets

Previous 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

Reporting fiscal year (From April 1, 2025 to March 31, 2026)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the period	162,216	299,395	2,132,816	(188,335)	2,406,094
Changes of items during the period					
Issuance of new shares	386	386	-	-	772
Dividends from surplus	-	-	(95,892)	-	(95,892)
Net income attributable to owners of the parent	-	-	350,568	-	350,568
Change of scope of equity method	-	(6,264)	-	-	(6,264)
Reversal of revaluation reserve for land	-	-	(388)	-	(388)
Purchase of treasury stock	-	-	-	(14)	(14)
Disposal of treasury stock	-	380	-	2,803	3,183
Net changes of items other than shareholders' equity	-	-	-	-	-
Total changes of items during the period	386	(5,497)	254,287	2,788	251,964
Balance at end of the period	162,602	293,897	2,387,104	(185,546)	2,658,058

	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	45,848	2,315	10,799	149,181	208,144	102,507	2,716,745
Changes of items during the period							
Issuance of new shares	-	-	-	-	-	-	772
Dividends from surplus	-	-	-	-	-	-	(95,892)
Net income attributable to owners of the parent	-	-	-	-	-	-	350,568
Change of scope of equity method	-	-	-	-	-	-	(6,264)
Reversal of revaluation reserve for land	-	-	-	-	-	-	(388)
Purchase of treasury stock	-	-	-	-	-	-	(14)
Disposal of treasury stock	-	-	-	-	-	-	3,183
Net changes of items other than shareholders' equity	18,962	(3,109)	720	13,967	30,541	23,023	53,565
Total changes of items during the period	18,962	(3,109)	720	13,967	30,541	23,023	305,529
Balance at end of the period	64,810	(794)	11,520	163,148	238,685	125,531	3,022,275

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Previous fiscal year (From April 1, 2024 to March 31, 2025)	Reporting fiscal year (From April 1, 2025 to March 31, 2026)
Cash flows from operating activities:		
Profit before income taxes	488,783	542,449
Depreciation	131,786	140,339
Net increase (decrease) in assets and liabilities for employees' retirement benefits	(93,277)	(107,673)
Interest and dividend income	(9,770)	(10,128)
Interest expenses	41,563	44,314
Equity in losses (earnings) of affiliates	(1,676)	(709)
Net loss (gain) on sales and disposal of property, plant and equipment	1,023	(40)
Impairment loss	38,859	30,647
Loss (gain) on revaluation of investment securities	661	324
Decrease (increase) in trade receivables	23,463	5,357
Decrease (increase) in inventories	(92,285)	(500,642)
Increase (decrease) in advances received	20,201	10,297
Increase (decrease) in advances received on construction projects in progress	(1,827)	33,820
Increase (decrease) in trade payables	(14,943)	4,661
Other	48,145	190,987
Subtotal	580,706	384,006
Interest and dividends received	10,164	11,776
Interest paid	(40,168)	(43,231)
Income taxes paid	(130,141)	(163,274)
Net cash provided by (used in) operating activities	420,561	189,277
Cash flows from investing activities:		
Purchase of property, plant and equipment and intangible assets	(381,786)	(493,832)
Proceeds from sales of property, plant and equipment	9,694	12,027
Purchase of investment securities	(17,815)	(23,356)
Proceeds from sales and redemption of investment securities	20,742	7,472
Purchase of investments in capital of affiliates	(67,003)	—
Purchase of investments in associated companies	—	(140,445)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(32,227)	(54,146)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	98	—
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	(386)	(596)
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	2,500	267
Payments for acquisition of businesses	(15,531)	(27,197)
Proceeds from collection of leasehold and guarantee deposits	22,754	23,068
Payments of leasehold and guarantee deposits	(19,475)	(23,903)
Other	(14,934)	(5,409)
Net cash provided by (used in) investing activities	(493,370)	(726,053)

(Millions of yen)

	Previous fiscal year (From April 1, 2024 to March 31, 2025)	Reporting fiscal year (From April 1, 2025 to March 31, 2026)
Cash flows from financing activities:		
Net increase (decrease) in short-term loans from banks	44,576	583,918
Net increase (decrease) in commercial papers	—	179,000
Proceeds from long-term loans from banks	530,283	579,238
Repayments of long-term loans from banks	(373,850)	(545,482)
Proceeds from issuance of bonds	60,000	35,000
Redemption of bonds	(100,000)	(75,000)
Repayments of finance lease obligations	(10,747)	(15,408)
Proceeds from share issuance to non-controlling shareholders	12,280	9,429
Purchase of treasury stock	(100,015)	(14)
Proceeds from disposal of treasury stock	1	3,183
Dividends paid	(95,635)	(95,892)
Dividends paid to non-controlling shareholders	(4,204)	(6,728)
Purchase of investments in subsidiaries that do not result in change in scope of consolidation	(3,409)	(13,144)
Other	(3,961)	(7,039)
Net cash provided by (used in) financing activities	(44,682)	631,058
Effect of exchange rate changes on cash and cash equivalents	4,873	3,351
Net increase (decrease) in cash and cash equivalents	(112,617)	97,633
Cash and cash equivalents at the beginning of the year	439,572	326,954
Cash and cash equivalents at the end of the year	326,954	424,588

(5) Notes to Consolidated Financial Statements

Notes on Premise of Going Concern

No items to report.

Notes on Consolidated Balance Sheet

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

Due to the change in the holding purpose, real estate for investment recorded under “Buildings and structures” and “Land” of Non-current 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, 2025)	Reporting fiscal year (As of March 31, 2026)
	89,818	93,697

Notes on 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, 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	Adjustments (Note: 2)	Amounts on the consolidated financial statements (Note: 3)
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.

Reporting fiscal year (From April 1, 2025 to March 31, 2026)

(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	1,334,831	1,426,094	271,502	1,283,062	1,146,215	87,009	5,548,715
(2) Inter-segment sales or transfers	7,421	3,178	8,120	7,130	43,593	46,127	115,571
Total	1,342,252	1,429,273	279,622	1,290,192	1,189,808	133,136	5,664,286
Operating income	155,696	141,142	5,993	162,492	127,645	13,835	606,806
Assets	1,557,169	1,120,603	596,083	2,146,757	2,521,395	89,785	8,031,795
Others							
Depreciation	13,154	24,061	3,218	65,473	27,355	3,175	136,439
Investment in equity method affiliates	2,715	65,324	21,072	2,981	23,236	1,555	116,886
Net increase in property, plant and equipment, and intangible assets	23,667	39,687	13,081	162,901	335,100	5,846	580,285

	Other Businesses (Note: 1)	Subtotal	Adjustments (Note: 2)	Amounts on the consolidated financial statements (Note: 3)
Sales				
(1) Sales to customers	28,146	5,576,861	—	5,576,861
(2) Inter-segment sales or transfers	27,689	143,260	(143,260)	—
Total	55,835	5,720,122	(143,260)	5,576,861
Operating income	4,204	611,011	3,868	614,879
Assets	163,653	8,195,448	216,971	8,412,419
Others				
Depreciation	1,067	137,507	2,831	140,339
Investment in equity method affiliates	4,290	121,176	(27)	121,148
Net increase in property, plant and equipment, and intangible assets	3,291	583,576	27,254	610,830

Notes: 1. Other Businesses include financial business and others.

2. Adjustment:

- (1) 3,868 million yen in adjustments to operating income by business segment includes -2,209 million yen in elimination within business segments, 699 million yen in amortization of goodwill and others, and 5,378 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) 216,971 million yen in adjustments to assets by business segment include -72,411 million yen in elimination within business segments, and 289,382 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) 2,831 million yen in adjustments to depreciation by business segment includes -501 million yen in elimination within business segments, and 3,333 million yen in the depreciation attributable to Group assets.
 - (4) -27 million yen in adjustments to investment in equity method affiliates represent elimination within business segments.
 - (5) 27,254 million yen in adjustments to net increase in property, plant and equipment, and intangible assets by business segment includes -507 million yen in elimination within business segments, and 27,761 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 non-current assets, by reportable business segment

Previous 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

(*) The amounts relate to the electric power generation business, among others.

Reporting fiscal year (from April 1, 2025 to March 31, 2026)

(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	297	2,356	88	6,976	1,540	276	19,023	87	30,647

(*) The amounts relate to the 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, 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

(*) The amounts relate to the electric power generation business, among others.

Reporting fiscal year (from April 1, 2025 to March 31, 2026)

(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	3,717	843	1,111	2,642	2,729	(490)	(15)	—	10,539
Fiscal year-end unamortized balance of goodwill	36,201	12,560	8,427	4,492	98,941	(702)	(3)	—	159,917

(*) The amounts relate to the advertising agency business, among others.

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

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

No items to report.

Reporting fiscal year (from April 1, 2025 to March 31, 2026)

No items to report.

Per Share Information

	Previous fiscal year (From April 1, 2024 to March 31, 2025)	Reporting fiscal year (From April 1, 2025 to March 31, 2026)
Net assets per share	4,226.17 yen	4,677.09 yen
Basic net income per share	514.00 yen	566.47 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, 2024 to March 31, 2025)	Reporting fiscal year (From April 1, 2025 to March 31, 2026)
Basic net income per share		
Net income attributable to the parent (millions of yen)	325,058	350,568
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)	325,058	350,568
Average amount of common stock during the year (thousands of shares)	632,409	618,866
Summary of potential shares not included in the calculation of diluted net income per share due to the absence of dilutive effects	Zero Coupon Convertible Bonds due 2029 (100 billion yen par value, 10,000 stock acquisition right) and the Zero Coupon Convertible Bonds due 2030 (100 billion yen par value, 10,000 stock acquisition right)	

Significant Subsequent Events

Stock Split

The Company resolved, at a meeting of its Board of Directors held on May 13, 2026, to conduct a stock split, as described below.

1. Purpose of Stock Split

The purpose of the stock split is to reduce the investment amount per trading unit of the Company's shares, thereby enhancing the liquidity of the Company's shares and expanding the investor base.

2. Overview of the Stock Split

(1) Method of the stock split

With a record date of September 30, 2026, the Company will implement a two-for-one stock split, whereby each share of the Company's common stock owned by shareholders listed or recorded in the final register of shareholders as of that date will be split into two shares.

(2) Number of shares to be increased by the stock split

Total number of issued shares prior to the stock split	659,636,182
Number of shares to be increased by the stock split	659,636,182
Total number of issued shares after the stock split	1,319,272,364
Total number of authorized shares after the stock split	1,900,000,000 (Unchanged)

Note: The above number of shares is based on the total number of issued shares as of May 13, 2026.

(3) Schedule for the stock split

Public notice of record date (scheduled)	September 11, 2026 (Friday)
Record date	September 30, 2026 (Wednesday)
Effective date	October 1, 2026 (Thursday)

(4) Impact on per share information

Assuming that the stock split had been conducted at the beginning of the previous consolidated fiscal year, the per share information would have been as follows:

	Previous fiscal year (From April 1, 2024 to March 31, 2025)	Reporting fiscal year (From April 1, 2025 to March 31, 2026)
Net assets per share	2,113.08 yen	2,338.55 yen
Net income per share	257.00 yen	283.23 yen

Note: Diluted net income per share is not presented, as there were no dilutive potential shares.

Disclaimer:

This English translation has been prepared for general reference purposes only. The Company shall not be responsible for any consequence resulting from the use of the English translation in place of the original Japanese text. In any legal matter, readers should refer to and rely upon the original Japanese text released on May 13, 2026.