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

November 12, 2024

Name of Listed Company:	Daiwa House Industry Co., Ltd.
Representative:	Keiichi Yoshii, President and CEO
Code No.:	1925
URL:	https://www.daiwahouse.com/English/
Listed Exchanges:	Prime Market of the Tokyo Stock Exchange
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Scheduled Date of Filing Securities Report:	November 13, 2024
Scheduled Date of Commencement of Dividend Payment:	December 5, 2024
Supplemental documents for the financial results provided:	Yes
Results briefing for the period under review provided:	Yes (for institutional investors and securities analysts)

(Amounts below one million yen are omitted)

1. Consolidated Results of Operation for the First Six Months Ended September 30, 2024 (From April 1, 2024 to September 30, 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	
Six months ended:	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	2,652,623	4.2	234,655	22.8	220,958	17.5	156,342	1.2
September 30, 2023	2,544,827	12.5	191,163	23.6	188,115	22.9	154,488	45.8

Note: Comprehensive income: Six months ended September 30, 2024: 228,927 million yen (19.1%)
Six months ended September 30, 2023: 192,165 million yen (12.1%)

	Basic net income per share	Diluted net income per share
Six months ended:	Yen	Yen
September 30, 2024	244.74	—
September 30, 2023	234.83	—

(2) Consolidated Financial Conditions

	Total assets	Net assets	Net assets ratio
As of	Millions of yen	Millions of yen	%
September 30, 2024	6,904,736	2,680,516	37.4
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): September 30, 2024: 2,583,910 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: Yes

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	419.12

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

2. In the above consolidated earnings forecasts, the results for the previous fiscal year, which serves as the basis for the percentage figures indicating the year-on-year changes, include the amortization of actuarial differences for retirement benefits, etc. arising in the previous fiscal year (decrease of 46,515 million yen in operating expenses). Excluding this impact, the year-on-year changes are respectively: operating income +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) Changes in Significant Subsidiaries during the Period under Review (This refers to changes in specified subsidiaries associated with changes in the scope of consolidation): None

(2) Application of Accounting Methods Unique to the Preparation of the Semi-Annual 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 (4) Notes - Changes in Accounting Policies” on page 16 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 September 30, 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 September 30, 2024	24,485,077 shares	As of March 31, 2024	19,529,053 shares

3) Average number of shares during the period

Six months ended September 30, 2024	638,811,415 shares	Six months ended September 30, 2023	657,860,433 shares

*** Review of the Japanese-language originals of the attached consolidated semi-annual 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 November 12, 2024. Relevant financial statements to be handed out at the briefing will be posted on our website at the same time.

Contents of the Attached Material

1. Summary of Earnings Results, etc.

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

During the first six-month period under review, the Japanese economy recovered moderately, supported by the growth of demand from inbound tourists reflecting the weaker yen, the improvement of the employment and income environment attributed to sustained wage increases, and resumption of capital investment by companies. However, there remains a risk that the downturn of overseas economies may put downward pressure on the Japanese economy. This includes the potential impact of the high interest rates in Europe and the United States, the slowdown of the real estate market of China, and the situation in the Middle East.

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

Amid this operating environment, the Group has actively pushed forward various high-value-added proposals and measures to realize a sustainable growth model, including expanding its overseas businesses and stock businesses and leveraging digital transformation to enhance the customer experience, under the three management policies: Evolve revenue model, optimize management efficiency, and strengthen management base in the 7th Medium-Term Management Plan, a five-year plan launched fiscal year 2022. Under the “Evolve revenue model” policy, the Group is working to expand its circular value chain—creating, fostering and revitalizing—from the perspective of communities and customers.

As a result, the Daiwa House Group recorded consolidated net sales of 2,652,623 million yen (+4.2% year on year) for the first six months of the fiscal year ending March 2025. Operating income came to 234,655 million yen (+22.8% year on year), ordinary income came to 220,958 million yen (+17.5% year on year), while net income attributable to owners of the parent amounted to 156,342 million yen (+1.2% year on year).

Results by business segment are as follows.

Single-Family Houses Business

In the Single-Family Houses Business segment, we provided energy-efficient, resilient and high-quality housing according to diverse requirements. We stayed close to residents’ lives and their changing values to propose lifestyles that will enhance their lives.

In the domestic housing business, the Company sought to strengthen initiatives for built-for-sale houses. The Company has been promoting the “Ready Made Housing.” concept for built-for-sale houses that inherit the quality of custom-built houses and providing high-quality houses in built-for-sale houses that aim to be worth more than their price, offering the same design excellence and quality as custom-built houses, a reassuring long-term home warranty, and after-sales support.

With regard to custom-built houses, in July 2024, the Company released products commemorating its 70th anniversary. These products include the xevoΣ PREMIUM SMILE Edition steel-framed housing product which has the highest specifications and the latest equipment, and the PREMIUM GranWood SMILE Edition wooden housing product. The Company also delivered the “Smart Made Housing.” concept for custom-built houses that provide the benefits of both custom designs and standardized houses, and it 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 the temporary trend in the market was a wait-and-see situation due to the expectations regarding lower housing loan interest rates, the existing home inventory was low. This led to firm demand for new homes, and the Company has continued to receive new orders.

As a result, net sales for this segment amounted to 501,750 million yen (+13.3% year on year), while operating income came to 22,042 million yen (+55.0% year on year).

Rental Housing Business

In the Rental Housing Business segment, we have been proposing and supporting rental housing management that maximizes the asset value for owners by providing sustainable value while considering tenants, the global environment and the community. In addition, the Company sought to popularize ZEH-M (net Zero Energy House Mansion) properties that reduce environmental impact and support the saving and generation of energy. 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 a wide range of tenants. The company also expanded its renovation business. As a result, the number of units under management increased and the occupancy rates remained high.

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

Meanwhile, overseas in the United States, 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 661,177 million yen (+8.5% year on year), while operating income came to 65,807 million yen (+9.4% 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.

PREMIST Miyazakidai RISETERRACE (Kanagawa Prefecture), which began to be sold in July 2024, simultaneously obtained ZEH-M Ready and Nintei Tei-tanso Jutaku (certified low-carbon house) certifications, a first for one of the Company's condominiums. Their sales have been steady, with the location being evaluated highly as it features both a natural environment and convenience.

In addition, in July 2024, the Company signed a naming rights agreement for Sapporo Dome. In August of the same year, Sapporo Dome was nicknamed Daiwa House PREMIST DOME after the Company's brand of condominiums. By increasing the awareness of the brand of the residents of the surrounding area and the users of the facility, the Company will increase the visibility of its name, businesses, and others and its brand power and enable Daiwa House PREMIST DOME to contribute to the local community as a facility that is familiar to them.

Daiwa LifeNext Co., Ltd. was ranked first for five consecutive years since 2020 in the Replace category of the condominium management company in the Tokyo Metropolitan Area division of the 2024 ORICON Customer Satisfaction Survey. The Company will expand its menu of services to continue to provide optimal proposals based on a correct understanding of the issues faced regarding each condominium, in its efforts to provide a comfortable condominium life to each customer.

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 132,873 million yen (-39.0% year on year), while operating income came to 13,585 million yen (-18.6% year on year).

Commercial Facilities Business

In the Commercial Facilities Business segment, we offered various plans that meet the needs of tenant corporations, taking advantage of their business strategies and the characteristics of each region. In particular, we strengthened our efforts in the field of large-scale properties and in built-for-sale business in which we sell to investors properties for which we have acquired land, planned development, designed and constructed, and conducted leasing-out to tenants. At the same time, we also worked to improve the profitability of the construction business at the time of order receipt.

In the home center business, Royal Home Center Co., Ltd. opened Royal Pro Owariasahi (Aichi Prefecture) in July 2024. As of September 30, 2024, the total number of stores was 65.

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 April to the end of September 2024 was 87.8%.

Daiwa Lease Co., Ltd. held the groundbreaking ceremony for Frespo Asahikawa Ryukoku (tentative name) in Asahikawa City, Hokkaido Prefecture in July 2024. A total of 11 stores, including one consumer electronics mass retailer store, are planned to open on the approx. 20,000 square meters site of Asahikawa Ryukoku High School, which has been relocated. Toward its grand opening in October 2025, we will strive to build a facility which will improve convenience for local residents.

Overseas, the Group operated TRADE and Village Center commercial facilities in California, USA. The Group consistently maintained high occupancy by soliciting Japanese tenants. In addition, in the hotel development business, the Group has started work on IHG Orlando Hotel in Florida, Hotel Nikko Kaohsiung in Taiwan, and KROMO, Curio Collection by Hilton in Bangkok, the capital of the Kingdom of Thailand, aiming for continued expansion in the future.

Further, the Company and Daiwa Lease Co., Ltd. participate in the Kapalua Village Project, a project implemented by TY Management Corporation to construct emergency temporary housing in the Kapalua area of Maui, Hawaii in the United States. The housing project was completed* on August 7, 2024. The Group will continue to work with its stakeholders, aiming to help solve global social issues.

As a result, net sales for this segment amounted to 613,630 million yen (+5.4% year on year), while operating income came to 78,600 million yen (+9.4% year on year).

*Overall completion occurred in September 2024.

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, two facilities were completed in the three months from July 2024. They are DPL Osaka Maishima and DPL Takasaki (Gunma Prefecture), which are large hybrid warehouses with freezing and refrigeration capabilities. Leasing progressed steadily. Lease agreements were signed for DPL Sapporo Rail Gate (Hokkaido Prefecture), DPL Hiratsuka (Kanagawa Prefecture), DPL Osaka Maishima, and others. Further, construction of two facilities was commenced in the above period. They are DPL Osaka Nanko I, a large freezing and refrigeration facility, and DPL Kuki Miyashiro II (Saitama Prefecture), a large freezing and refrigeration facility for one-building rental.

Regarding medical and nursing care facilities and urban development facilities, D-Tower Toyama, a multi-tenant building with commercial facilities and offices that had been under construction in the D-Tower development project, opened in July 2024. This facility received an A rating in the CASBEE-Wellness Office evaluation and certification program. It is managed by Daiwa House Property Management Co., Ltd., a Group company. We will continue to propose urban development projects including building complexes and CCRC*.

Regarding support for offices, plants, and other business sites, development of industrial parks remained strong. As of September 2024, the Group had 134 subdivisions for sale in 42 industrial parks with an area of approximately 3.2 million square meters.

In the Livness business, the Group sold D Project Sukagawa II (Fukushima Prefecture) in buying and reselling.

Daiwa House Property Management Co., Ltd., a company that mainly manages and operates logistics facilities developed by the Company, concluded new property management agreements for four logistics facilities and others including DPL Osaka Maishima, increasing the number of facilities and the area under management to 251 facilities and approximately 10.41 million square meters.

Regarding overseas businesses, in August 2024 the Company began the construction of Blue Ridge Commerce Center, the Company's first logistics facility development project in the United States, with Trammell Crow Company, a major real estate developer, in Southwest Houston, Texas in the United States. Going forward, the Company will continue accelerating the development of logistics, business & corporate facilities in the United States and ASEAN.

As a result, net sales for this segment amounted to 717,767 million yen (+11.6% year on year), while operating income came to 83,690 million yen (+46.1% year on year).

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

Environment and Energy Business

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

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

In the PPS business, profitability improved as a result of the stabilization of spot prices in the electricity wholesale market alongside initiatives such as 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 600 locations nationwide.

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

As a result, net sales for this segment amounted to 62,962 million yen (-14.4% year on year), while operating income came to 7,165 million yen (+12.9% year on year).

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

Total assets as of the end of the consolidated six-month reporting period amounted to 6,904,736 million yen, an increase of 371,014 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 six-month reporting period amounted to 4,224,220 million yen, an increase of 214,260 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 bank borrowings to raise funds for the acquisition of real estate for investment, inventory assets and other purposes, despite the decrease in notes and accounts payable for construction contracts due to payments of construction costs and others.

Total net assets as of the end of the consolidated six-month reporting period amounted to 2,680,516 million yen, an increase of 156,754 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 156,342 million yen and the increase in foreign currency translation adjustment due to the impact of the yen depreciation, despite the payment of dividends to shareholders for the previous fiscal year in the amount of 51,185 million yen. At the end of the term under review, these results were 2,324,820 million yen in interest-bearing liabilities excluding lease obligations among others, and a debt-equity ratio of 0.90 times. After taking the hybrid financing into account, the debt-equity ratio came to 0.81 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

Based on the recent trend in orders received and business results for the second quarter, the Company has revised consolidated business forecasts for the fiscal year ending March 31, 2025. For details, please refer to “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 September 30, 2024
Assets		
Current assets		
Cash and bank deposits	450,129	527,940
Trade notes and accounts receivable	493,205	487,109
Mortgage notes receivable held for sale	25,739	33,930
Securities maturing within one year	449	1,000
Construction projects in progress	53,849	52,560
Real estate for sale	*1 1,750,539	*1 1,782,373
Real estate for sale in process	*1 437,699	*1 531,272
Land for undeveloped	3,984	476
Merchandise, construction materials and others	19,650	20,632
Work in progress	11,789	12,676
Construction materials and supplies	10,251	11,138
Other current assets	396,582	436,246
Allowance for doubtful accounts	(3,789)	(3,479)
Total current assets	3,650,081	3,893,879
Fixed assets		
Property, plant and equipment		
Buildings and structures	1,453,394	1,560,646
Accumulated depreciation	(570,297)	(594,155)
Buildings and structures, net	*1 883,096	*1 966,491
Land	*1 816,722	*1 823,835
Other tangible assets	521,807	545,525
Accumulated depreciation	(213,597)	(226,111)
Other, net	*1 308,210	*1 319,414
Total property, plant and equipment	2,008,029	2,109,741
Intangible assets		
Goodwill	95,429	111,331
Other intangible assets	*1 108,132	*1 114,705
Total intangible assets	203,561	226,037
Investments and other assets		
Investment securities	224,638	224,860
Assets for employees' retirement benefits	39,115	38,787
Lease deposits	252,587	253,933
Other assets	157,064	159,032
Allowance for doubtful accounts	(1,357)	(1,534)
Total investments and other assets	672,048	675,078
Total fixed assets	2,883,640	3,010,856
Total assets	6,533,721	6,904,736

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Trade notes and accounts payable	361,313	315,214
Short-term bank loans	122,253	243,573
Bonds	100,000	55,000
Loans from banks	117,675	199,163
Income taxes payable	76,222	71,573
Advances received	103,529	138,656
Advances received on construction projects in progress	195,458	178,294
Accrued bonuses	64,991	63,507
Provision for warranties for completed construction	8,236	8,259
Provision for loss on construction contracts	7,291	8,793
Asset retirement obligations	4,394	4,320
Other current liabilities	370,033	369,034
Total current liabilities	1,531,400	1,655,391
Long-term liabilities		
Bonds	759,000	764,000
Loans from banks	988,909	1,063,083
Lease deposits received	303,547	303,237
Liabilities for employees' retirement benefits	103,003	105,279
Asset retirement obligations	61,100	62,935
Other long-term liabilities	262,998	270,293
Total long-term liabilities	2,478,559	2,568,829
Total liabilities	4,009,959	4,224,220
Net assets		
Shareholders' equity		
Common stock	161,957	162,216
Capital surplus	301,318	300,440
Retained earnings	1,903,326	2,008,483
Treasury stock	(88,320)	(110,494)
Total shareholders' equity	2,278,281	2,360,646
Accumulated other comprehensive income		
Unrealized gain (loss) on securities	55,342	48,017
Deferred gain (loss) on hedging instruments	(1,916)	4,831
Land revaluation reserve	10,234	10,234
Foreign currency translation adjustments	95,919	160,179
Total accumulated other comprehensive income	159,580	223,263
Non-controlling interests	85,900	96,606
Total net assets	2,523,762	2,680,516
Total liabilities and net assets	6,533,721	6,904,736

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

(Consolidated Statements of Income)

(Millions of yen)

	Six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)	Six months ended September 30, 2024 (From April 1, 2024 to September 30, 2024)
Net sales	2,544,827	2,652,623
Cost of sales	2,072,857	2,124,777
Gross profit	471,969	527,846
Selling, general and administrative expenses	280,806	293,191
Operating income	191,163	234,655
Non-operating income		
Interest income	1,263	2,676
Dividend income	2,895	2,398
Equity in earnings of affiliates	2,383	1,534
Gain on valuation of derivatives	5,114	―
Miscellaneous income	6,295	9,026
Total non-operating income	17,952	15,636
Non-operating expenses		
Interest expense	14,286	20,889
Miscellaneous expenses	6,713	8,443
Total non-operating expenses	21,000	29,332
Ordinary income	188,115	220,958
Extraordinary income		
Gain on sales of fixed assets	7,042	633
Gain on sales of investments in securities	14,646	11,018
Gain on sales of stocks of subsidiaries and affiliates	23,189	―
Other	0	―
Total extraordinary income	44,878	11,652
Extraordinary losses		
Loss on sales of fixed assets	60	56
Loss on disposal of fixed assets	1,343	860
Impairment loss	196	880
Loss on sales of investments in securities	17	0
Loss on revaluation of investments in securities	100	102
Loss on sales of stocks of subsidiaries and affiliates	―	1,514
Loss on sales of investments in capital of subsidiaries and affiliates	―	39
Other	0	―
Total extraordinary losses	1,717	3,454
Profit before income taxes	231,276	229,155
Current	65,002	72,852
Deferred	11,781	(899)
Total income taxes	76,784	71,953
Profit	154,491	157,202
Profit (loss) attributable to non-controlling interests	3	860
Profit attributable to owners of the parent	154,488	156,342

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)	Six months ended September 30, 2024 (From April 1, 2024 to September 30, 2024)
Profit	154,491	157,202
Other comprehensive income		
Unrealized gain (loss) on securities	(5,720)	(7,328)
Deferred gain (loss) on hedging instruments	(723)	6,748
Land revaluation reserve	19	0
Foreign currency translation adjustments	43,812	72,786
Share of other comprehensive income (loss) of affiliates accounted for by the equity method	284	(481)
Total other comprehensive income	37,673	71,725
Comprehensive income	192,165	228,927
Total comprehensive income attributable to:		
Owners of the parent	186,796	220,026
Non-controlling interests	5,369	8,901

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)	Six months ended September 30, 2024 (From April 1, 2024 to September 30, 2024)
Net cash provided by (used in) operating activities		
Profit before income taxes	231,276	229,155
Depreciation	56,666	63,458
Increase (decrease) in net assets and liabilities for employees' retirement benefits	(102)	2,196
Interest and dividend income	(4,158)	(5,075)
Interest expense	14,286	20,889
Equity in losses (earnings) of affiliates	(2,383)	(1,534)
Net loss (gain) on sales and disposal of property, plant and equipment	(5,638)	283
Impairment loss	196	880
Loss (gain) on revaluation of investments in securities	100	102
Decrease (increase) in trade receivables	(20,577)	12,436
Decrease (increase) in inventories	14,394	34,686
Increase (decrease) in advances received	(20,596)	29,450
Increase (decrease) in advances received on construction projects in progress	(1,578)	(18,946)
Increase (decrease) in trade payables	(58,817)	(54,806)
Other	(30,109)	(15,778)
Subtotal	172,956	297,398
Interest and dividends received	7,382	5,861
Interest paid	(13,428)	(20,490)
Income taxes paid	(75,582)	(75,774)
Net cash provided by (used in) operating activities	91,327	206,995
Net cash provided by (used in) investing activities		
Purchases of property, plant and equipment and intangible assets	(189,508)	(173,530)
Proceeds from sales of property, plant and equipment	11,001	1,293
Purchases of investment securities	(8,345)	(12,767)
Proceeds from sales and redemption of investment securities	30,432	13,857
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(10,047)	(28,829)
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	—	(373)
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	45,241	—
Payments for acquisition of business	—	(15,531)
Proceeds from collection of leasehold and guarantee deposits	10,111	11,932
Payments of leasehold and guarantee deposits	(9,652)	(10,255)
Other	4,349	(11,957)
Net cash provided by (used in) investing activities	(116,417)	(226,162)

(Millions of yen)

	Six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)	Six months ended September 30, 2024 (From April 1, 2024 to September 30, 2024)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term bank loans	100,517	114,958
Proceeds from long-term debt – Loans from banks	178,024	235,691
Repayments of long-term debt – Loans from banks	(189,514)	(142,637)
Proceeds from issuance of bonds	100,000	60,000
Redemption of bonds	(50,000)	(100,000)
Repayments of finance lease obligations	(4,423)	(5,067)
Proceeds from share issuance to non-controlling shareholders	625	4,922
Purchase of treasury stock	(6,689)	(22,174)
Proceeds from disposal of treasury stock	0	0
Dividends paid	(46,120)	(51,185)
Purchase of investments in subsidiaries that do not result in change in scope of consolidation	(688)	(1,422)
Other	(12,751)	(2,881)
Net cash provided by (used in) financing activities	68,980	90,203
Effect of exchange rate changes on cash and cash equivalents	4,834	5,227
Net increase (decrease) in cash and cash equivalents	48,724	76,262
Cash and cash equivalents at the beginning of the year	346,154	439,572
Cash and cash equivalents at the end of the year	394,878	515,834

(4) Notes

Notes on Premise of Going Concern

No items to report.

Notes on Significant Changes in the Amount of Shareholders' Equity

No items to report.

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 Semi-Annual 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 Semi-Annual 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 September 30, 2024)
	203,934	36,427

Notes on Segment Information, etc.

Segment Information

I Six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)

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

(Millions of yen)

	Reportable Business Segments						
	Single-Family Houses	Rental Housing	Condominiums	Commercial Facilities	Logistics, Business & Corporate Facilities	Environment and Energy	Total
Sales (1) Sales to customers	439,669	608,012	213,642	578,315	623,363	56,029	2,519,032
(2) Inter-segment sales or transfers	3,099	1,265	4,178	3,601	20,081	17,558	49,783
Total	442,768	609,277	217,820	581,916	643,445	73,587	2,568,816
Operating income (loss)	14,222	60,172	16,697	71,822	57,299	6,344	226,558

	Other Businesses (Note: 1)	Subtotal	Adjustment (Note: 2)	Amounts on the Semi-Annual Consolidated Statement of Income (Note: 3)
Sales (1) Sales to customers	25,794	2,544,827	—	2,544,827
(2) Inter-segment sales or transfers	12,866	62,650	(62,650)	—
Total	38,660	2,607,477	(62,650)	2,544,827
Operating income (loss)	850	227,408	(36,245)	191,163

Notes:
1. Other Businesses include resort hotels business and others.
2. -36,245 million yen in adjustments to operating income (loss) by business segment includes -1,708 million yen in inter-segment elimination, 400 million yen in amortization of goodwill and others, and -34,937 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 Semi-Annual Consolidated Statement of Income.

II Six months ended September 30, 2024 (From April 1, 2024 to September 30, 2024)

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

(Millions of yen)

	Reportable Business Segments						
	Single-Family Houses	Rental Housing	Condominiums	Commercial Facilities	Logistics, Business & Corporate Facilities	Environment and Energy	Total
Sales (1) Sales to customers	497,428	659,876	128,808	610,818	701,319	42,041	2,640,292
(2) Inter-segment sales or transfers	4,321	1,300	4,064	2,812	16,447	20,920	49,867
Total	501,750	661,177	132,873	613,630	717,767	62,962	2,690,160
Operating income	22,042	65,807	13,585	78,600	83,690	7,165	270,892

	Other Businesses (Note: 1)	Subtotal	Adjustment (Note: 2)	Amounts on the Semi-Annual Consolidated Statement of Income (Note: 3)
Sales (1) Sales to customers	12,330	2,652,623	—	2,652,623
(2) Inter-segment sales or transfers	13,116	62,984	(62,984)	—
Total	25,447	2,715,607	(62,984)	2,652,623
Operating income	2,032	272,925	(38,270)	234,655

Notes:
1. Other Businesses include financial business and others.
2. -38,270 million yen in adjustments to operating income by business segment includes -301 million yen in inter-segment elimination, 424 million yen in amortization of goodwill and others, and -38,393 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 Semi-Annual Consolidated Statement of Income.