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DAIWA HOUSE INDUSTRY Announces Tender Offer to Make SUMITOMO DENSETSU a Wholly Owned Subsidiary– Confirming Performance and Financial Direction to Reflect in Rating

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on DAIWA HOUSE INDUSTRY CO., LTD. (security code: 1925) making SUMITOMO DENSETSU CO.,LTD. (security code: 1949) a wholly-owned subsidiary.

(1) Today, DAIWA HOUSE INDUSTRY CO., LTD. (the Company) announced its resolution to conduct a tender offer aimed at making SUMITOMO DENSETSU CO., LTD. a wholly-owned subsidiary. After acquiring shares from minority shareholders of SUMITOMO DENSETSU via the tender offer, SUMITOMO DENSETSU will acquire all shares from its parent company, Sumitomo Electric Industries, Ltd. Through a series of transactions, the Company intends to make SUMITOMO DENSETSU a wholly-owned subsidiary, with the transactions scheduled to be completed in late March 2026. The total funds required for these transactions are expected to be approximately 300 billion yen, and the Company will finance through borrowings.

(2) In recent years, financial indicators have been deteriorating due to factors such as increased interest-bearing debt accompanying aggressive investment and share buybacks. These transactions will further increase the financial burden. On the other hand, given the increased earnings capacity and cash flow generation capabilities, it is considered possible for the Company to maintain the direction of medium-term financial improvement. Based on the above, JCR judges that the transactions will not immediately impact the rating. JCR will confirm the outcome of the transactions, future performance trends, and measures for financial improvement to be reflected in the rating.

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<Reference>
Issuer: DAIWA HOUSE INDUSTRY CO., LTD.
Long-term Issuer Rating: AA　　Outlook: Stable

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