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Consolidated Financial Results for the Nine Months Ended October 31, 2024 [Japanese GAAP]

December 5, 2024

Company name	: **Sekisui House, Ltd.** (URL https://www.sekisuihouse.co.jp/english/)
Listed exchanges	: Tokyo, Nagoya
Stock code	: 1928
Representative	: Yoshihiro Nakai, Representative Director of the Board, President, Executive Officer, CEO
Inquiries	: Hiroyuki Kawabata, Operating Officer, Head of Investor Relations Department
Telephone	: +81 6 6440 3111
Scheduled date to commence dividend payments	: ―
Preparation of supplementary material on financial results	: Yes
Holding of financial results briefing	: Yes (for institutional investors and analysts, in Japanese)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Results for the Nine Months Ended October 31, 2024 (February 1, 2024 through October 31, 2024)

(1)Consolidated Operating Results

(% indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Oct. 31, 2024	2,863,016	30.8	232,625	24.6	212,707	14.0	164,827	16.2
Oct. 31, 2023	2,189,508	2.8	186,688	(7.8)	186,659	(7.9)	141,889	(5.3)

(Note) Comprehensive income: Nine months ended Oct. 31, 2024: ¥104,990 million [(51.4)%]
Nine months ended Oct. 31, 2023: ¥216,068 million [(16.3)%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	¥	¥
Oct. 31, 2024	254.36	254.29
Oct. 31, 2023	216.29	216.23

(2)Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	¥ million	¥ million	%
Oct. 31, 2024	4,454,079	1,818,828	39.8
Jan. 31, 2024	3,352,798	1,794,052	52.3

(Reference) Equity: As of October 31, 2024: ¥1,774,421 million As of January 31, 2024: ¥1,754,585 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	¥	¥	¥	¥	¥
Fiscal year ended Jan. 31, 2024	―	59.00	―	64.00	123.00
Fiscal year ending Jan. 31, 2025	―	64.00	―		
Fiscal year ending Jan. 31, 2025 (forecast)				65.00	129.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending January 31,2025(February 1, 2024 to January 31, 2025)

(% indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥
Full year	4,000,000	28.7	320,000	18.1	288,000	7.4	209,000	3.3	322.56

(Note) Revision to the financial results forecast announced most recently: None

*** Notes**

(1) Significant changes in the scope of consolidation during the period: Yes

Newy included: 34 (Company name: M.D.C. Holdings Inc. and others) Excluded: — (Company name: —)

(2) Application of accounting treatment specific to the preparations of consolidated quarterly financial statements: None

(3) Changes in accounting policies, accounting estimates and restatements

(a) Changes in accounting policies due to amendment of accounting standards: None

(b) Changes in accounting policies due other than (a): None

(c) Changes in accounting estimates: None

(d) Restatements: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares):

As of Oct. 31, 2024: 662,996,866 shares As of Jan. 31, 2024: 662,862,666 shares

(ii) Number of treasury shares at the end of the period:

As of Oct. 31, 2024: 14,910,156 shares As of Jan. 31, 2024: 14,911,673 shares

(iii) Average number of shares outstanding during the period (cumulative quarterly consolidated accounting period):

Nine months ended Oct. 31, 2024: 648,020,365 shares Nine months ended Oct. 31, 2023: 656,016,512 shares

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

*** Notes Regarding the Appropriate Use of Results Forecasts and Other Important Matters**

Descriptions regarding forward-looking statements, etc. contained in these materials are based on information currently available to the Company and certain assumptions judged reasonable. The Company makes no warranty as to the feasibility of its projections. Future results may differ materially from projections due to various factors. For the assumptions underlying the earnings forecast, please see "(3) Information Regarding Consolidated Results Forecast" in "1. Quarterly Qualitative Analysis" of the "Attached Material" on page 10.

(Obtaining supplementary explanatory documents)

The Company plans to hold a briefing for institutional investors and analysts on December 5, 2024. Relevant financial explanatory documents to be handed out at the briefing will be posted on our official website on the same day.

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Appendix: Segment breakdown for the Nine Months Ended October 31, 2024

Consolidated

Beginning from the first quarter consolidated accounting period, because some segments of consolidated subsidiaries previously included in "Other" segment were recategorized into "Urban redevelopment business," in accordance with a partial review of management classifications within the Group, the figures in the same periods of previous years have been updated to reflect the changes.

(1) Net sales (¥ million)

		Nine months ended October 31, 2023	Nine months ended October 31, 2024	YOY (%)
Built-to-order Business	Detached houses	342,144	343,101	0.3
	Rental housing and commercial buildings	390,460	392,974	0.6
	Architectural / civil engineering	189,308	234,910	24.1
	Subtotal	921,912	970,986	5.3
Supplied Housing Business	Rental housing management	482,604	513,266	6.4
	Remodeling	125,813	131,350	4.4
	Subtotal	608,417	644,616	5.9
Development Business	Real estate and brokerage	199,192	255,691	28.4
	Condominiums	59,806	62,148	3.9
	Urban redevelopment	89,256	95,958	7.5
	Subtotal	348,255	413,798	18.8
Overseas Business		332,581	851,111	155.9
Other		8,079	10,069	24.6
Eliminations and back office		(29,737)	(27,567)	—
Consolidated		2,189,508	2,863,016	30.8

(2) Operating profit and Operating profit margin (¥ million)

		Nine months ended October 31, 2023 Amount Operating margin	Nine months ended October 31, 2024 Amount Operating margin	YOY (%)
Built-to-order Business	Detached houses	26,312 7.7%	28,808 8.4%	9.5
	Rental housing and commercial buildings	57,984 14.9%	56,058 14.3%	(3.3)
	Architectural / civil engineering	8,598 4.5%	11,223 4.8%	30.5
	Subtotal	92,895 10.1%	96,090 9.9%	3.4
Supplied Housing Business	Rental housing management	38,046 7.9%	41,688 8.1%	9.6
	Remodeling	16,070 12.8%	18,066 13.8%	12.4
	Subtotal	54,116 8.9%	59,754 9.3%	10.4
Development Business	Real estate and brokerage	18,651 9.4%	24,046 9.4%	28.9
	Condominiums	9,022 15.1%	7,953 12.8%	(11.8)
	Urban redevelopment	15,657 17.5%	19,577 20.4%	25.0
	Subtotal	43,331 12.4%	51,577 12.5%	19.0
Overseas Business		33,311 10.0%	57,353 6.7%	72.2
Other		1,229 15.2%	1,782 17.7%	45.0
Eliminations and back office		(38,197)	(33,933)	—
Consolidated		186,688 8.5%	232,625 8.1%	24.6

(3) Orders

(¥ million)

		Nine months ended October 31, 2023	Nine months ended October 31, 2024	YOY (%)
Built-to-order Business	Detached houses	338,161	356,653	5.5
	Rental housing and commercial buildings	416,635	444,345	6.7
	Architectural / civil engineering	229,214	247,293	7.9
	Subtotal	984,011	1,048,292	6.5
Supplied Housing Business	Rental housing management	482,604	513,266	6.4
	Remodeling	130,201	138,869	6.7
	Subtotal	612,806	652,135	6.4
Development Business	Real estate and brokerage	229,281	274,594	19.8
	Condominiums	80,450	100,488	24.9
	Urban redevelopment	128,106	105,408	(17.7)
	Subtotal	437,839	480,491	9.7
Overseas Business		406,122	862,915	112.5
Other		8,100	10,179	25.7
Eliminations and back office		(27,449)	(29,457)	—
Consolidated		2,421,430	3,024,557	24.9

(4) Order backlog

(¥ million)

		As of January 31, 2024	As of October 31, 2024	YOY (%)
Built-to-order Business	Detached houses	229,996	243,549	5.9
	Rental housing and commercial buildings	516,450	567,820	9.9
	Architectural / civil engineering	401,297	413,679	3.1
	Subtotal	1,147,744	1,225,049	6.7
Supplied Housing Business	Rental housing management	—	—	—
	Remodeling	34,605	42,124	21.7
	Subtotal	34,605	42,124	21.7
Development Business	Real estate and brokerage	60,819	79,721	31.1
	Condominiums	88,989	127,329	43.1
	Urban redevelopment	2,550	12,000	370.6
	Subtotal	152,358	219,051	43.8
Overseas Business		236,143	447,448	89.5
Other		579	1,206	108.1
Eliminations and back office		(19,408)	(21,298)	—
Consolidated		1,552,023	1,913,581	23.3

* Each result of M.D.C. Holdings, Inc. and its subsidiaries, which became consolidated subsidiaries during the first quarter of the fiscal year, are included in "Overseas business".

* Each result of Ohtori consultants Co., Ltd.., which became a consolidated subsidiary during the first quarter of the consolidated fiscal year, are included in “Other”.

1. Quarterly Qualitative Analysis

(1) Information Regarding Consolidated Business Results

During the third quarter of the consolidated fiscal year under review, the global economy remained generally steady, with the U.S. economy continuing to expand driven mainly by domestic demand, such as increased consumer spending and capital investment, although the situation continues to require close attention to the price situation against the backdrop of each country's monetary policy, developments in international financial and capital markets, and the impact of geopolitical risks. The Japanese economy has been moderately recovering, partly due to improvements in the employment and income environment amid continued improvement in overall business confidence among companies, while some weakness has been observed in personal consumption.

In the housing market, the number of new housing starts in Japan continues to remain weak partly due to the impact of rising construction costs. On the other hand, in the United States, although housing starts are still in an adjustment phase and inventories of pre-owned homes continue to decline amid mortgage rates remaining at high level, there is strong latent demand for housing against the backdrop of a chronic shortage of housing supply for a growing population, and there are signs of a pickup in the housing market.

In such a business environment, to achieve the Group's Global Vision for 2050 "Make Home the Happiest Place in the World," we have actively promoted various high-value-added proposals and other initiatives that integrate technologies, lifestyle design and service, based on the Sixth Mid-Term Management Plan (FY2023 to FY2025), which sets "Stable growth in Japan and proactive growth overseas" as its fundamental policy. In the United States, we made M.D.C. Holdings, Inc. ("MDC"), a company that has supplied high-quality homes for over the past 50 years, a wholly-owned subsidiary in April 2024 to expand areas for our homebuilding business.

As a result, for the third quarter of the consolidated fiscal year under review, net sales were ¥2,863,016 million (up 30.8% year on year), operating profit was ¥232,625 million (up 24.6% year on year), ordinary profit was ¥212,707 million (up 14.0% year on year), and profit attributable to owners of parent was ¥164,827 million (up 16.2% year on year).

Results by business segment are as follows.

Effective from the third quarter of the consolidated fiscal year under review, some segments of consolidated subsidiaries previously included in "Other" segment were recategorized into "Urban Redevelopment Business." The comparison and analysis for the third quarter of the consolidated fiscal year under review have been prepared based on the business segment after the change.

Built-to-Order Business

Detached houses

During the third quarter of the consolidated fiscal year under review, net sales were ¥343,101 million (up 0.3% year on year) and operating profit was ¥28,808 million (up 9.5% year on year).

In addition to the homebuilding that resonate with each customer's sense of beauty through "life knit design," a new system for proposing designs, which has been implemented nationwide since the previous fiscal year, we focused on expanding the sale of 2nd- and 3rd- range mid- to high-end products by promoting the branding, etc. of detached houses led by the DESIGN OFFICE team consisting of experts in each field. Proposals for high-value-added houses and services such as "Green First ZERO" net zero energy houses (ZEH), the Family Suite large living room, Next-generation Indoor Environment Control System "SMART-ECS", and "PLATFORM HOUSE" touch smart home service linked to floor plans were well received, and orders remained strong.

As for the SI* Business, a joint construction business with partner companies launched in the previous fiscal year, we are promoting the creation of high-quality housing stock in Japan as well as enhancing 1st range products, with the Sekisui House Construction Group companies undertaking the construction of the foundations and structural frame-work of wooden houses build by partner companies.

* SI: "S" refers to skeleton or structural frame-work and "I" refers to infill or exterior and interior.

Rental housing and commercial buildings

During the third quarter of the consolidated fiscal year under review, net sales were ¥392,974 million (up 0.6% year on year) and operating profit was ¥56,058 million (down 3.3% year on year).

We focused on expanding the sale of three- to four-story rental housing builds created using our original construction method and adoption of net zero energy rental housing Sha Maison ZEH by expanding business in urban areas (S and A areas) where occupancy demand is expected to increase over the long term, based on our unique area marketing. In addition, our price leader strategies to realize high occupancy rates and rental rate levels has been successful, leading to strong orders for rental housing. In particular, in Sha Maison ZEH, where photovoltaic panels are connected to each residential unit, the system of selling excess electricity by residents was well received, which takes into consideration the savings in utility costs that residents can realize the benefits of, as well as meets their ethical orientation. As a result, the proportion of orders for ZEH residential units across all of our rental housing orders reached 76%.

Orders in corporate and public real estate (CRE and PRE) businesses also remained strong due to acquisition of land for increasing income-producing real estate and strengthened proposals for ESG solutions.

We are promoting the enhancement of proposals in non-residential construction such as “Green First Office” zero energy building (ZEB), which leverage our expertise and technologies developed in the detached houses business for office spaces, etc.

Architectural / civil engineering

During the third quarter of the consolidated fiscal year under review, net sales were ¥234,910 million (up 24.1% year on year), and operating profit was ¥11,223 million (up 30.5% year on year).

Although costs of construction work are on an upward trend, both architectural and civil engineering businesses saw a steady increase in construction work on hand against the backdrop of strong construction demand that has continued since the previous fiscal year and favorable progress in large-scale construction projects ordered from the previous fiscal year through the third quarter of the consolidated fiscal year under review, which contributed to an increase in earnings. In addition, we worked on improving proposal capabilities in competitive projects and other strategic initiatives, and orders remained strong.

Supplied Housing Business

Rental housing management

During the third quarter of the consolidated fiscal year under review, net sales were ¥513,266 million (up 6.4% year on year), and operating profit was ¥41,688 million (up 9.6% year on year).

The number of housing units under management steadily increased due to continued orders for high-quality, high-performance Sha Maison rental housing supplied in prime locations, mainly in the S and A areas, and improved communication with owners. For existing managed properties, we conduct strategic leasing and other activities aimed at increasing the rent at the time of tenant change and shortening the duration of vacancies. With the aim of ensuring a resident-first perspective, we expanded services that meet tenants’ needs by promoting DX, including consolidating all pre- and post-move procedures and inquiries online through the tenant app, and one-stop handling of move-in and move-out procedures using blockchain technology. In this way, we enjoyed a high occupancy rate and rental rate level, which contributed to an increase in earnings.

Remodeling

During the third quarter of the consolidated fiscal year under review, net sales were ¥131,350 million (up 4.4% year on year), and operating profit was ¥18,066 million (up 12.4% year on year).

To increase the asset value and prolong longevity of the housing stock, the detached houses business focused on lifestyle proposal remodeling that meets changes in family structure and lifestyles as well as energy efficient remodels such as insulation renovations and introducing the latest energy-efficiency, energy-generation and energy-storing equipment. In particular, as for energy efficient remodels, we strengthened our proposal for Idocoro Dan-netsu thermal insulation upgrades, which are focused on areas of the home where customers spend the most time, as well as remodels improving insulation near doors and windows of properties with next-generation energy-saving standard specifications established in 1999. For rental housing, we focus on improving communication with owners and renovation proposals that capture residents' needs based on our market analysis. As a result of these efforts, orders remained stable.

Development Business

Real estate and brokerage

During the third quarter of the consolidated fiscal year under review, net sales were ¥255,691 million (up 28.4% year on year), and operating profit was ¥24,046 million (up 28.9% year on year), with steady progress in the sale of real estate for sale centered on land for housing by Sekisui House Real Estate companies in particular contributing to an increase in earnings.

We also worked to continuously expand and deepen customer inquiry channel from business corporations, financial institutions, and other organizations aiming to purchase high-quality real estate for sale, and focused on increasing variations in exit strategies for real estate for sale. This led to higher property prices and an increased number of handling of land for housing, resulting in strong orders.

The brokerage business also remained steady through the use of the Group's nationwide network and diverse sales channel.

Condominiums

During the third quarter of the consolidated fiscal year under review, net sales were ¥62,148 million (up 3.9% year on year), and operating profit was ¥7,953 million (down 11.8% year on year).

The delivery of property sold steadily progressed, including Grande Maison Daikan-yama The Park (Shibuya-ku, Tokyo) and Grande Maison Otemon The Residence (Chuo-ku, Fukuoka City), contributing to an increase in earnings.

For the Grande Maison high-value-added condominiums, which are intensively developed in the central areas of Tokyo, Nagoya, Osaka, and Fukuoka as strategic areas, we have carefully selected lands for development to further enhance their brand value, and pursued design based on the lifelong housing concept, as well as actively adopted advanced environmentally friendly technologies including ZEH specifications for all units to contribute to the decarbonization of the residential sector. These efforts were highly valued and the sale of Grande Maison Musashi-kosugi no Mori (Nakahara-ku, Kawasaki City) and Grande Maison Uemachi 1 chome Residence (Chuo-ku, Osaka City) and other condominiums remained strong. In addition, GRAND GREEN OSAKA THE NORTH RESIDENCE (Kita-ku, Osaka City), a condominium under construction in GRAND GREEN OSAKA, a joint development project by nine JV companies, has also sold out.

Urban Redevelopment

During the third quarter of the consolidated fiscal year under review, net sales were ¥95,958 million (up 7.5% year on year), and operating profit was ¥19,577 million (up 25.0% year on year) .

The sale of properties progressed steadily according to the plan, as we sold nine Prime Maison rental condominiums including Prime Maison Yushima (Bunkyo-ku, Tokyo) to Sekisui House Reit, Inc. and also sold an interest in W OSAKA hotel (Chuo-ku, Osaka City), which led to an increase in earnings. As for the properties we continue to own, occupancy rate of Prime Maison and other properties remained steady.

Furthermore, AKASAKA GREEN CROSS (Minato-ku, Tokyo), a high-rise office building developed with Nippon Life Insurance Company as a joint venture project, was completed in May 2024, and GRAND GREEN OSAKA (Kita-ku, Osaka City), a large-scale mixed-use development project of approximately 9.1 hectares adjacent to JR Osaka Station that has been promoted by nine JV companies, had its preliminary opening in September 2024.

Overseas Business

During the third quarter of the consolidated fiscal year under review, net sales were ¥851,111 million (up 155.9% year on year), and operating profit was ¥57,353 million (up 72.2% year on year).

In the United States, for homebuilding business, orders and deliveries by existing builders remained steady as a result of increased demand for new housing caused by a shortage of pre-owned homes in inventory due to high mortgage rates. In addition, we made MDC a wholly-owned subsidiary in April 2024 to further expand areas for business development in the United States. As a result, earnings of homebuilding business increased. Our master-planned community business also remained steady. In the multifamily business, we concluded purchase agreements with SPCs organized by Sekisui House Reit, Inc. as a new purchasers of "The Ivey on Boren" (Seattle) and part of "City Ridge" (Washington D.C), and promoted the enhancement of our exit strategy. The delivery of "The Ivey on Boren" was completed in May 2024, and that of "City Ridge" was completed in November 2024.

In Australia, orders for detached houses continued to improve. In addition, the sale of a portion of the interest in Melrose Park, an apartment for sale near Sydney, was completed in September 2024.

Other

During the third quarter of the consolidated fiscal year under review, net sales were ¥10,069 million (up 24.6% year on year), and operating profit was ¥1,782 million (up 45.0% year on year).

ESG Management

The Group, aiming to become a leading company in ESG management, is engaging in ESG management that prioritizes the participation of all employees, which is unique to the Sekisui House Group, with "helping solve environmental issues through residences," "making employee autonomy a growth driver," and "innovation and communication" as fundamental policies in our Sixth Mid-Term Management Plan.

In terms of the environment, the cumulative number of detached houses sold since the launch of Green First ZERO, which conforms to ZEH standards, exceeded 80,000, and the ratio of new detached ZEH homes reached a record high of 95% in FY2023. We have also promoted the conversion to ZEH in multiunit housing complexes such as Sha Maison rental housing and Grande Maison condominiums as well as the conversion to ZEB in non-housing buildings. As an initiative to conserve biodiversity, we have promoted the Gohon no Ki Project, which proposes to plant native tree species well-suited to local climates and birds and butterflies through housing business. In addition, together with Think Nature Inc., a company with which we have promoted co-creation to achieve the international goals of nature positive, we developed a "biodiversity visualization proposal tool (tentative name)" in June 2024 to propose trees and other plants that can maximize the effect of biodiversity conservation in customers' gardens. Furthermore, in collaboration with Asahi Kasei Homes Corporation and DAIWA HOUSE INDUSTRY CO., LTD., and under the analysis of Think Nature Inc., we demonstrated the synergy of the biodiversity conservation effects of urban greening efforts by each housing manufacturer focusing on native tree species.

In terms of improving social value, in promoting the participation of women, one of our key management strategies, we continued and promoted Sekisui House Women's College, a training program targeting female candidates for managerial positions that began in 2014, and the creation of role models for their career development. In September 2024, together with Sekisui House Innovation & Communication, Ltd., we opened the InnoCom Square, an open innovation center, within Akasaka Green Cross, to further accelerate business creation and human resource development for solving social issues related to housing and living. In addition to this, we have implemented "IKUKYU. PJT," a project to consider paternity leave, since 2019, and this year, a record number of 154 supporting companies and organizations participated in the project. In September 2024, we published the White Paper on Paternity Leave 2024.

Regarding governance, under the policies of the Sixth Mid-Term Management Plan, which aims to promote further improvements to governance in terms of both senior management and business management, we have conducted a third-party evaluation of the effectiveness of the Audit and Supervisory Board and its auditing activities from FY2023, in addition to the evaluation of the effectiveness of the Board of Directors, which has already been conducted. We worked to improve the quality of audit and the operation of the Audit and Supervisory Board by identifying issues to be focused on in the Audit and Supervisory Board meetings in the future. We are also rolling out group governance on a global basis in our U.S. homebuilding business, as we have built a system to promote PMI, which was implemented in conjunction with MDC becoming a wholly-owned subsidiary, including existing Group builders.

(2) Information Regarding Consolidated Financial Conditions

Total assets increased by ¥1,101,281 million to ¥4,454,079 million at the end of the third quarter of the consolidated fiscal year under review, primarily owing to the increases in real estate for sale due to acquisition of MDC. Liabilities increased by ¥1,076,505 million to ¥2,635,251 million mainly due to the increase in short term borrowings and the issuance of bonds payable. Net assets increased by ¥24,775 million to ¥1,818,828 million, due to the recording of profit attributable to owners of parent and other factors, although there was a payment of dividends.

(3) Information Regarding Consolidated Results Forecast

The consolidated results forecast for the fiscal year ending January 31, 2025 remained unchanged from the plan announced on September 5, 2024, in light of the progress in each business.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(¥ million)

	As of January 31, 2024	As of October 31, 2024
Assets		
Current assets		
Cash and deposits	293,152	351,387
Notes receivable, accounts receivable from completed construction contracts and other	176,466	194,662
Securities	-	12,792
Costs on construction contracts in progress	17,351	22,660
Buildings for sale	774,297	1,024,842
Land for sale in lots	856,404	1,179,459
Undeveloped land for sale	233,197	351,779
Other inventories	12,474	12,974
Other	134,627	223,748
Allowance for doubtful accounts	(1,026)	(1,045)
Total current assets	2,496,947	3,373,261
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	155,480	178,145
Machinery, equipment and vehicles, net	9,664	10,530
Land	252,548	257,689
Construction in progress	52,173	39,769
Other, net	26,386	38,140
Total property, plant and equipment	496,253	524,275
Intangible assets		
Goodwill	17,808	137,764
Other	22,579	80,820
Total intangible assets	40,388	218,584
Investments and other assets		
Investment securities	198,437	211,853
Long-term loans receivable	3,971	2,899
Retirement benefit asset	35,440	37,403
Deferred tax assets	20,242	23,318
Other	62,989	63,520
Allowance for doubtful accounts	(1,872)	(1,038)
Total investments and other assets	319,208	337,957
Total non-current assets	855,851	1,080,817
Total assets	3,352,798	4,454,079

(¥ million)

	As of January 31, 2024	As of October 31, 2024
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	134,026	150,234
Electronically recorded obligations - operating	103,266	70,179
Short-term bonds payable	-	40,000
Short-term borrowings	440,075	652,465
Current portion of bonds payable	16	8
Current portion of long-term borrowings	21,611	211,355
Income taxes payable	39,777	31,376
Advances received on construction contracts in progress	210,030	235,422
Provision for bonuses	36,699	45,042
Provision for bonuses for directors (and other officers)	2,553	4,023
Provision for warranties for completed construction	6,152	12,316
Other	143,827	186,337
Total current liabilities	1,138,038	1,638,761
Non-current liabilities		
Bonds payable	50,008	597,870
Long-term borrowings	239,089	239,371
Long-term leasehold and guarantee deposits received	58,659	53,347
Deferred tax liabilities	6,111	19,216
Provision for retirement benefits for directors (and other officers)	707	826
Retirement benefit liability	30,716	31,228
Other	35,415	54,628
Total non-current liabilities	420,707	996,489
Total liabilities	1,558,745	2,635,251
Net assets		
Shareholders' equity		
Share capital	202,854	203,094
Capital surplus	260,126	260,297
Retained earnings	1,132,275	1,214,125
Treasury shares	(40,979)	(40,978)
Total shareholders' equity	1,554,276	1,636,538
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	44,597	30,539
Deferred gains or losses on hedges	-	(231)
Foreign currency translation adjustment	132,895	89,659
Remeasurements of defined benefit plans	22,816	17,915
Total accumulated other comprehensive income	200,309	137,882
Share acquisition rights	100	95
Non-controlling interests	39,366	44,311
Total net assets	1,794,052	1,818,828
Total liabilities and net assets	3,352,798	4,454,079

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income

(Quarterly Consolidated Statement of Income)

For the nine months ended October 31, 2023 and 2024

(¥ million)

	For the nine months ended October 31, 2023	For the nine months ended October 31, 2024
Net sales	2,189,508	2,863,016
Cost of sales	1,746,998	2,308,292
Gross profit	442,510	554,724
Selling, general and administrative expenses	255,821	322,099
Operating profit	186,688	232,625
Non-operating income		
Interest income	1,979	6,089
Dividend income	1,237	1,289
Foreign exchange gains	4,794	2,846
Share of profit of entities accounted for using equity method	1,826	-
Other	2,671	2,131
Total non-operating income	12,510	12,357
Non-operating expenses		
Interest expenses	8,789	24,227
Share of loss of entities accounted for using equity method	-	467
Other	3,750	7,579
Total non-operating expenses	12,539	32,274
Ordinary profit	186,659	212,707
Extraordinary income		
Gain on sale of investment securities	3,623	18,941
Gain on liquidation of subsidiaries and associates	-	945
Gain on sale of shares of subsidiaries and associates	9,971	-
Reversal of allowance for doubtful accounts	557	-
Total extraordinary income	14,152	19,887
Extraordinary losses		
Acquisition related expenses	-	3,342
Loss on sale and retirement of non-current assets	917	989
Loss on sale of shares of subsidiaries and associates	-	386
Impairment losses	246	12
Loss on valuation of investment securities	8	-
Total extraordinary losses	1,172	4,730
Profit before income taxes	199,639	227,864
Income taxes - current	57,671	69,123
Income taxes - deferred	(2,529)	(8,645)
Total income taxes	55,142	60,478
Profit	144,497	167,386
Profit attributable to non-controlling interests	2,607	2,558
Profit attributable to owners of parent	141,889	164,827

(Quarterly Consolidated Statement of Comprehensive Income)

For the nine months ended October 31, 2023 and 2024

(¥ million)

	For the nine months ended October 31, 2023	For the nine months ended October 31, 2024
Profit	144,497	167,386
Other comprehensive income		
Valuation difference on available-for-sale securities	1,945	(13,997)
Foreign currency translation adjustment	66,015	(42,948)
Remeasurements of defined benefit plans, net of tax	(706)	(4,912)
Share of other comprehensive income of entities accounted for using equity method	4,317	(536)
Total other comprehensive income	71,570	(62,395)
Comprehensive income	216,068	104,990
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	213,202	102,400
Comprehensive income attributable to non-controlling interests	2,865	2,589

(3) Notes to Quarterly Consolidated Financial Statements

(Related to Quarterly Consolidated Balance Sheet)

Changes in holding purpose

Investment properties of ¥30,954 million that were recorded under “buildings and structures” and “land” at the end of the previous consolidated fiscal year have been transferred to be recorded under “buildings for sale” and “land for sale in lots.”

(Note to Segment Information, etc.)

Segment Information

I. Previous third quarter consolidated fiscal year (February 1, 2023 to October 31, 2023)

Information about net sales, profit or loss for each reportable segment

(¥ million)

	Reportable Segments					
	Detached houses	Rental housing and commercial buildings	Architectural / civil engineering	Rental housing management	Remodeling	Development
Net sales						
(1) Sales to external customers	342,054	386,851	185,223	478,447	124,469	332,444
(2) Intersegment sales or transfers	89	3,608	4,085	4,157	1,343	15,811
Total	342,144	390,460	189,308	482,604	125,813	348,255
Segment profit	26,312	57,984	8,598	38,046	16,070	43,331

	Reportable Segments		Other (Note 1)	Total	Adjustments (Note 2)	Amounts on the consolidated financial statements (Note 3)
	Overseas Business	Total				
Net sales						
(1) Sales to external customers	332,581	2,182,071	4,227	2,186,298	3,209	2,189,508
(2) Intersegment sales or transfers	–	29,095	3,851	32,947	(32,947)	–
Total	332,581	2,211,167	8,079	2,219,246	(29,737)	2,189,508
Segment profit	33,311	223,656	1,229	224,886	(38,197)	186,688

Notes

1. The “Other” category is a business segment that is not included in the reporting segments.
2. An adjustment of ¥(38,197) million for segment profit includes an elimination of intersegment transactions of ¥(2,032) million and corporate expenses of ¥(36,164) million that have not been allocated to each segment. Corporate expenses mainly include selling, general and administration expenses and experiment and research expenses that do not belong to any reportable segments.
3. Segment profit is adjusted to correspond to operating profit in the consolidated quarterly statement of income.

II. Current third quarter consolidated fiscal year (February 1, 2024 to October 31, 2024)

Information about net sales, profit or loss for each reportable segment

(¥ million)

	Reportable Segments					
	Detached houses	Rental housing and commercial buildings	Architectural / civil engineering	Rental housing management	Remodeling	Development
Net Sales						
(1) Sales to external customers	343,010	386,962	232,508	508,587	130,305	402,074
(2) Intersegment sales or transfers	90	6,012	2,401	4,678	1,044	11,724
Total	343,101	392,974	234,910	513,266	131,350	413,798
Segment profit	28,808	56,058	11,223	41,688	18,066	51,577

	Reportable Segments		Other (Note 1)	Total	Adjustments (Note 2)	Amounts on the consolidated financial statements (Note 3)
	Overseas Business	Total				
Net Sales						
(1) Sales to external customers	851,111	2,854,560	4,804	2,859,364	3,651	2,863,016
(2) Intersegment sales or transfers	–	25,953	5,265	31,219	(31,219)	–
Total	851,111	2,880,513	10,069	2,890,583	(27,567)	2,863,016
Segment profit	57,353	264,776	1,782	266,558	(33,933)	232,625

Notes

1. The "Other" category is a business segment that is not included in the reporting segments.
2. An adjustment of ¥(33,933) million for segment profit includes an elimination of intersegment transactions of ¥91 million and corporate expenses of ¥(34,025) million that have not been allocated to each segment. Corporate expenses mainly include selling, general and administration expenses and experiment and research expenses that do not belong to any reportable segments.
3. Segment profit is adjusted to correspond to operating profit in the consolidated quarterly statement of income.

2. Matters Related to Changes, etc. in Reportable Segments

Beginning from the first quarter consolidated accounting period, some segments of consolidated subsidiaries previously included in "Other" segment were recategorized into "Development Business," in accordance with a partial review of management classifications within the Group. Segment information for the third quarter of the previous consolidated fiscal year has been prepared based on the business segment after the change.

3. Information on Assets by Reportable Segments

(Significant Increase in Assets due to Acquisition of Subsidiaries)

Segment assets of the Overseas Business increased compared to the end of the previous consolidated fiscal year due to making M.D.C. Holdings, Inc. and 33 other companies consolidated subsidiaries in Overseas Business.

(Notes to Significant Changes in the Amount of Shareholders' Equity)

None

(Notes Regarding Assumption of a Going Concern)

None

(Notes to Statements of Cash Flows)

Quarterly consolidated statements of cash flows for the third quarter of the consolidated fiscal year under review have not been prepared. Depreciation (including amortization for intangible assets excluding goodwill) and amortization of goodwill for the third quarter of the consolidated fiscal year under review are as follows.

(¥ million)

	For the nine months ended October 31, 2023	For the nine months ended October 31, 2024
Depreciation	21,022	25,508
Amortization of goodwill	2,487	10,014