

Consolidated Financial Statements Summary

for the Second Quarter of FY2024 (February 1, 2024 through July 31, 2024)

(Japanese Standard)

September 5, 2024

Company name : **Sekisui House, Ltd.** (URL <https://www.sekisuihouse.co.jp/english/>)

Listed exchanges : Tokyo, Nagoya

Stock code : 1928

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Filing date of quarterly securities report : September 13, 2024

Date of scheduled payment of dividends : September 30, 2024

Quarterly earnings supplementary explanatory documents : Yes

Quarterly earnings results briefing : Yes (for institutional investors and analysts, in Japanese)

(Amounts are rounded down to the nearest million yen.)

1. Consolidated Results for the Six Months Ended July 31, 2024 (February 1, 2024 through July 31, 2024)

(1) Consolidated Financial Results (% figures represent changes from the same period of the previous year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Six months ended Jul. 31, 2024	1,859,127	27.1	157,141	25.8	147,176	17.5	122,983	33.0
Six months ended Jul. 31, 2023	1,462,443	2.7	124,918	(14.7)	125,239	(15.2)	92,494	(11.1)

(Note) Comprehensive income:

Six months ended Jul. 31, 2024: ¥239,861 million (51.0%) Six months ended Jul. 31, 2023: ¥158,878 million (-17.8%)

	Profit per share	Fully diluted profit per share
	¥	¥
Six months ended Jul. 31, 2024	189.79	189.74
Six months ended Jul. 31, 2023	140.31	140.27

(2) Consolidated Financial Position

	Total assets	Net assets	Equity capital ratio
	¥ million	¥ million	%
As of July 31, 2024	4,720,306	1,997,595	41.3
As of January 31, 2024	3,352,798	1,794,052	52.3

(Reference) Equity capital As of July 31, 2024: ¥1,951,420 million As of January 31, 2024: ¥1,754,585 million

2. Cash Dividends

	Cash dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	¥	¥	¥	¥	¥
Year ended Jan. 31, 2024	—	59.00	—	64.00	123.00
Year ending Jan. 31, 2025	—	64.00			
Year ending Jan. 31, 2025 (forecast)			—	65.00	129.00

(Note) Revised dividend forecast for the quarter under review: No

3. Consolidated Results Forecast for FY2024 (February 1, 2024 through January 31, 2025)

(% figures represent changes from the same period of the previous year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥
Year ending January 31, 2025	4,000,000	28.7	320,000	18.1	288,000	7.4	209,000	3.3	322.56

(Note) Revised forecast for the quarter under review: Yes

Notes

(1) Significant changes in the scope of consolidation during 1st half : Applicable

New Consolidated Companies: 34 (M.D.C. Holdings, Inc., etc.) Excluded: —

(2) Application of accounting treatment specific to the preparations for consolidated 1st half financial statements: Not applicable

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

(a) Changes in accounting policies due to amendment of accounting standards: Not applicable

(b) Changes in accounting policies due other than (a): Not applicable

(c) Changes in accounting estimates: Not applicable

(d) Restatements: Not applicable

(4) Number of shares outstanding (common stock)

(i) Number of shares outstanding at the end of each period (including treasury stock):

As of Jul. 31, 2024: 662,996,866 shares

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

(ii) Number of treasury stock at the end of each period:

As of Jul. 31, 2024: 14,909,375 shares

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

(iii) Average number of shares outstanding in each period (cumulative 1st half consolidated accounting period):

Six months ended Jul. 31, 2024: 647,991,811 shares

Six months ended Jul. 31, 2023: 659,228,882 shares

*** This quarterly (1st half) financial results report is exempt from review.**

*** 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 September 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 Six Months Ended July 31, 2024

Because some of the segments of consolidated subsidiaries that had been recorded as “Other businesses” were recategorized into the Urban redevelopment businesses following a partial revision of the Group’s business management segments, the figures in the same periods of previous years have been updated to reflect the changes.

Consolidated

(1) Net sales

(¥ million)

		Six months ended July 31, 2023	Six months ended July 31, 2024	YOY (%)
Built-to-order Business	Detached houses	231,454	230,632	(0.4)
	Rental housing and commercial buildings	263,758	262,394	(0.5)
	Architectural / civil engineering	123,628	154,931	25.3
	Subtotal	618,841	647,957	4.7
Supplied Housing Business	Rental housing management	321,142	341,688	6.4
	Remodeling	88,293	94,098	6.6
	Subtotal	409,435	435,786	6.4
Development Business	Real estate and brokerage	130,228	175,189	34.5
	Condominiums	49,972	54,294	8.6
	Urban redevelopment	69,301	73,124	5.5
	Subtotal	249,503	302,608	21.3
Overseas Business		201,705	484,670	140.3
Other businesses		5,357	6,911	29.0
Eliminations and back office		(22,400)	(18,806)	—
Consolidated		1,462,443	1,859,127	27.1

(2) Operating profit and Operating margin

(¥ million)

		Six months ended July 31, 2023 Amount Operating margin (%)	Six months ended July 31, 2024 Amount Operating Margin (%)	YOY (%)
Built-to-order Business	Detached houses	18,860 8.1	20,794 9.0	10.3
	Rental housing and commercial buildings	39,541 15.0	37,826 14.4	(4.3)
	Architectural / civil engineering	6,706 5.4	7,805 5.0	16.4
	Subtotal	65,107 10.5	66,426 10.3	2.0
Supplied Housing Business	Rental housing management	26,209 8.2	28,291 8.3	7.9
	Remodeling	12,112 13.7	13,745 14.6	13.5
	Subtotal	38,322 9.4	42,037 9.6	9.7
Development Business	Real estate and brokerage	12,499 9.6	15,528 8.9	24.2
	Condominiums	8,363 16.7	8,095 14.9	(3.2)
	Urban redevelopment	13,452 19.4	16,154 22.1	20.1
	Subtotal	34,315 13.8	39,778 13.1	15.9
Overseas Business		12,476 6.2	30,239 6.2	142.4
Other businesses		764 14.3	1,310 19.0	71.4
Eliminations and back office		(26,067)	(22,651)	—
Consolidated		124,918 8.5	157,141 8.5	25.8

(3) Orders

(¥ million)

		Six months ended July 31, 2023	Six months ended July 31, 2024	YOY (%)
Built-to-order Business	Detached houses	229,048	239,016	4.4
	Rental housing and commercial buildings	272,567	290,821	6.7
	Architectural / civil engineering	144,103	198,651	37.9
	Subtotal	645,719	728,490	12.8
Supplied Housing Business	Rental housing management	321,142	341,688	6.4
	Remodeling	88,990	96,582	8.5
	Subtotal	410,132	438,270	6.9
Development Business	Real estate and brokerage	155,287	183,492	18.2
	Condominiums	51,782	71,115	37.3
	Urban redevelopment	80,602	98,124	21.7
	Subtotal	287,671	352,733	22.6
Overseas Business		266,154	576,924	116.8
Other businesses		5,407	7,246	34.0
Eliminations and back office		(21,148)	(18,932)	—
Consolidated		1,593,937	2,084,732	30.8

(4) Order backlog

(¥ million)

		As of January 31, 2024	As of July 31, 2024	YOY (%)
Built-to-order Business	Detached houses	229,996	238,381	3.6
	Rental housing and commercial buildings	516,450	544,878	5.5
	Architectural / civil engineering	401,297	445,016	10.9
	Subtotal	1,147,744	1,228,276	7.0
Supplied Housing Business	Rental housing management	—	—	—
	Remodeling	34,605	37,090	7.2
	Subtotal	34,605	37,090	7.2
Development Business	Real estate and brokerage	60,819	69,122	13.7
	Condominiums	88,989	105,811	18.9
	Urban redevelopment	2,550	27,550	980.4
	Subtotal	152,358	202,484	32.9
Overseas Business		236,143	527,897	123.5
Other businesses		579	1,432	147.0
Eliminations and back office		(19,408)	(19,535)	—
Consolidated		1,552,023	1,977,645	27.4

* Each result of M.D.C. Holdings, Inc., which was made a consolidated subsidiary during the consolidated fiscal year under review, and its subsidiaries are included in the results of Overseas business.

* Each result of Ohtori consultants Co., Ltd., which was made a consolidated subsidiary during the consolidated fiscal year under review, is included in the results of "Other business."

1. Quarterly Qualitative Analysis

(1) Information Regarding Consolidated Business Results

During the consolidated second quarter of the fiscal year under review, the global economy continued to require attention to price trends influenced by national financial policies, developments in the international financial and capital markets, and the impacts of geopolitical risks. However, the United States saw a general economic expansion driven by internal demand, such as increased consumer spending and capital investment. In summary, the overall economic condition remained steady. In addition, despite being impacted by the depreciation of the Japanese yen and the increase in the cost of living, the Japanese economy gradually recovered due to improvements in corporate performance and employment and income environments.

In the housing market, the number of new housing starts in Japan continues to remain weak, influenced by rising construction costs. On the other hand, in the United States, despite an ongoing high level of mortgage rates, the housing market is experiencing an adjustment phase in housing starts and a decrease in inventories of existing homes. However, due to a chronic shortage of housing supply against the backdrop of population growth, there is strong latent demand for housing, and signs of recovery are also being observed.

In this business climate, with the aim of achieving the Global Vision for 2050 of “making the home the happiest place in the world”, the Group has actively promoted various high-added-value proposals that integrate technologies, lifestyle design and services based on the fundamental policy of “Stable Growth in Japan and Proactive Growth Overseas” as stipulated in the Sixth Mid-Term Management Plan (FY 2023 to 2025). In the United States, we acquired M.D.C. Holdings, Inc. (MDC), a company that has been supplying high-quality for over 50 years, as our wholly-owned subsidiary in April 2024, expanding the coverage of Homebuilding Business from eight to 16 states.

As a result, for the second quarter of the consolidated fiscal year under review, the Company showed net sales of ¥1,859,127 million (up 27.1% year on year), operating profit of ¥157,141 million (up 25.8% year on year), ordinary profit of ¥147,176 million (up 17.5% year on year), and quarterly profit attributable to owners of parent of ¥122,983 million (up 33.0% year on year).

Results and other achievements by the business model are outlined below.

From the second quarter of the current consolidated fiscal year, the segments classification of some consolidated subsidiaries that had been recorded as “Other businesses” were recategorized into the “Urban Redevelopment Business” and comparison and analysis for the second quarter of the current fiscal year is based on the changed business segment.

Built-to-Order Business

Detached houses

During the second quarter of the consolidated fiscal year under review, the business showed net sales of ¥230,632 million (down 0.4% year on year) and operating profit of ¥20,794 million (up 10.3% year on year).

In addition to the “life knit design,” a new design proposal system that offers housing design closely aligned with the sensibilities of the residents, introduced in the previous fiscal year, we focused on expanding the sales of 2nd- and 3rd-range mid- to high-end products by promoting the branding of detached houses led by the DESIGN OFFICE Team consisting from experts in each field. Orders remained stable in the Detached houses Business, driven by high-value-added proposals such as the Green First ZERO for net zero energy housing (ZEH), Family Suite large living room, SMART-ECS Next-Generation Indoor Environment System, and PLATFORM HOUSE touch smart home service that operates in tandem with home layout.

Furthermore, the joint construction business “SI* Business,” which was launched in the previous fiscal year to contribute to the enhancement of 1st range products and the formation of high-quality housing stocks in Japan, network building in cooperation with excellent partner companies is progressing steadily in each region. By the Sekisui House Construction Group companies undertaking the construction of the foundations and structural frames of wooden houses that partner companies build, more and more customers will be to experience the safety and peace of mind earthquake resistance technology that Sekisui House has cultivated since its founding.

*SI: "S" refers to the "skeleton" or structural frame of a building, while "I" refers to "infill" or exterior and interior design.

Rental housing and commercial buildings

During the second quarter of the consolidated fiscal year under review, the business showed net sales of ¥262,394 million (down 0.5% year on year), and operating profit of ¥37,826 million (down 4.3% year on year).

The Company has focused on expanding the sales of three- and four-story rental houses built using an original Sekisui House construction method and proliferating Sha Maison ZEH net zero energy rental housing by expanding the business in urban areas (S and A areas) that have the potential for long-term demand for rental housing based on our unique area marketing. Additionally, our price leader strategy, which is focused on urban areas and achieves high occupancy and rent rates, has successfully led to ongoing strong orders. With photovoltaic panels connected to each residence, Sha Maison ZEH has been well received as a method for selling electricity, appealing to residents' ethical mindset and letting them experience the merits of saving on utilities costs. Among orders for rental housing, ZEH housing comprised 78% of the number of orders for rental housing.

Orders in the corporate real estate (CRE) and public real estate (PRE) businesses remained strong through greater land purchases for increasing income-producing real estate and strengthening proposals for ESG solutions. The Company is promoting the enhancement of non-residential proposals such as Green First Offices for office spaces, which are net zero energy buildings (ZEB) that capitalize on the know-how cultivated in the Detached Houses Business.

Architectural/civil Engineering

During the second quarter of the consolidated fiscal year under review, the business showed net sales of ¥154,931 million (up 25.3% year on year), and operating profit of ¥7,805 million (up 16.4% year on year).

Despite the construction costs being on a rising trend, architectural and civil engineering businesses saw a steady increase in contracted work backlog against the backdrop of robust construction demand from the previous fiscal year as well as favorable progress of constructions of large construction orders received during the previous fiscal year to this second quarter contributed to the increased earnings. Furthermore, orders received trended favorably owing to our strategic efforts such as strengthening proposal capabilities concerning competitive projects.

Supplied Housing Business

Rental housing management

During the second quarter of the consolidated fiscal year under review, the business showed net sales of ¥341,688 million (up 6.4% year on year), and operating profit of ¥28,291 million (up 7.9% year on year).

The business steadily increased the number of housing units under management through continuously receiving orders to supply high-quality, high-performance Sha Maison rental housing built in prime locations mainly in S and A areas as well as strengthening communication with owners. In terms of existing properties under our management, we intend to conduct strategic leasing aimed at increasing the rent at the time of tenant change and shortening the duration of vacancies. With the aim of a resident first approach, we enabled the move-in process and inquiries after the move-in to be conducted online through an app as well as move-in and move-out processes one-stop using blockchain to expand services that meet the needs of the residents by promoting DX, contributing to the increase in earnings.

Remodeling

During the second quarter of the consolidated fiscal year under review, the business showed net sales of ¥94,098 million (up 6.6% year on year), and operating profit of ¥13,745 million (up 13.5% year on year).

To enhance the asset value of housing stock and extend its life, for detached houses, the business focused on proposal-based remodeling such as lifestyle proposals that meet the changes in family structures or lifestyles as well as energy efficient remodeling such as introducing the latest saving, generating and storing energy equipment, etc. For energy efficient remodeling specifically, we enhanced proposals to further upgrade the insulation capability of properties with next-generation energy-saving standard specifications established in 1999, focusing on *Idocoro Dan-netsu* location-based heating for living spaces and renovation of thermal insulation around openings. For rental housing, the Company is focusing on strengthening communication with owners and remodeling proposals based on market analysis that captures the needs of residents. Under such initiatives, orders remained strong during the period under review.

Development Business

Real estate and brokerage

During the second quarter of the consolidated fiscal year under review, the business showed net sales of ¥175,189 million (up 34.5% year on year), and operating profit of ¥15,528 million (up 24.2% year on year), with steady progress in sales of real estate centered on residential land by Sekisui House Real Estate companies contributing to increased earnings.

In addition, continuously expanding inquiry routes from business entities and financial institutions that intend to purchases of high-quality real estate for sale while also focusing on increasing the variation of exit strategy for real estate for sale, have resulted in higher prices of handled properties and an increase in handled residential land, and orders to trend favorably.

The brokerage business remains steady through the use of our Group's nationwide network and diverse sales routes.

Condominiums

During the second quarter of the consolidated fiscal year under review, the business showed net sales of ¥54,294 million (up 8.6% year on year), and operating profit of ¥8,095 million (down 3.2% year on year).

The delivery of "Grande Maison Daikanyama THE PARK" (Shibuya-ku, Tokyo) was completed and "Grande Maison Kaminoge" (Setagaya-ku, Tokyo), among others, contributed to higher income owing to the scheduled progress of deliveries.

In regards to Grande Maison high-value-added condominiums that are offered mainly in the central areas of Tokyo, Nagoya, Osaka, and Fukuoka as strategic areas, we worked to further enhance the brand value by carefully selecting development sites, pursuing design based on the concept of lifelong home, and actively introducing advanced technologies that are environmentally friendly by making all units ZEH to contribute to the decarbonization of the household sector. These initiatives were well-received, with the sales of "Grande Maison Musashikosugi no Mori" (Nakahara-ku, Kawasaki City) and "Grande Maison Uemachi 1 chome Residence" (Chuo-ku, Osaka City) and other properties remaining strong.

Urban redevelopment

During the second quarter of the consolidated fiscal year under review, the business showed net sales of ¥73,124 million (up 5.5% year on year), and operating profit of ¥16,154 million (up 20.1% year on year).

In addition to sales of properties including "Prime Maison Yushima" (Bunkyo-ku, Tokyo) and seven "Prime Maison" urban rental condominium properties to Sekisui House Reit, Inc., the sale of equity in "W OSAKA" (Chuo-ku, Osaka City) progressed on course, thereby increasing earnings. The occupancy rate of properties the Company continues to own, such as Prime Maison also remained strong. In addition, the high-rise office building "Akasaka Green Cross" (Minato-ku, Tokyo) developed in partnership with Nippon Life Insurance Company completed in May 2024, "Courtyard by Marriott Sapporo" (Chuo-ku, Sapporo City), a Courtyard by Marriott brand hotel, opened as our first entry in Hokkaido in July 2024.

Overseas business

During the second quarter of the consolidated fiscal year under review, the business showed net sales of ¥484,670 million (up 140.3% year on year), and operating profit of ¥30,239 million (up 142.4% year on year).

In the United States, the Homebuilding Business saw favorable trends in orders and deliveries of existing builders owing to the increase in new housing needs caused by a shortage of second-hand housing stocks due to the impact of continued high mortgage rates. Furthermore, the acquisition of MDC as a wholly owned subsidiary in April 2024 aimed at expanding our business area in the United States has contributed to the increase in earnings. In addition, business in the United States as a whole increased in earnings owing to the Master-Planned Community Business also performed well and the completion of delivery of “The Ivey on Boren” (Seattle) to the U.S. SPC formulated by Sekisui House Reit, Inc. in the Multifamily Business.

In Australia, despite orders for homebuilding business being on a recovering trend, net sales decreased due to being in the off-season for deliveries of apartments.

Other

During the second quarter of the consolidated fiscal year under review, the business showed net sales of ¥6,911 million (up 29.0% year on year), and operating profit of ¥1,310 million (up 71.4% year on year).

ESG Management

To become a leading company in ESG management, and with “Helping resolve environmental issues through residences,” “Making employees' autonomy a growth driver,” and “Innovation and communication” set as fundamental policies in the Sixth Mid-Term Management Plan, we are advancing ESG management that involves all employees, an approach unique to the Sekisui House Group.

In terms of the environment, the cumulative number of housings that pass the ZEH standards sold since the launch of Green First ZERO detached housing has exceeded 80,000 units and the ratio of housings starts that are ZEH in fiscal 2023 hit a new record high of 95%, while also promoting ZEH in housing complexes including Sha Maison rental housing and Grande Maison condominiums and ZEB in non-residential buildings. As an initiative on biodiversity through the housing business, the Company promoted the “*Gohon no Ki*” landscaping project, which proposes tree planting focusing on native tree species with a high affinity with the local climate, birds, butterflies, and other natural features. In addition, In June 2024, we jointly developed the “Biodiversity Visualization Proposal Tool (tentative)” with Think Nature Inc., a company we have partnered with to achieve the international targets set in Nature Positive through co-creation. This tool helps to propose trees and other plants that will maximize biodiversity conservation in customers' gardens.

In connection to the improvement of social value, we maintained and promoted the Sekisui House Women's College training for female managerial candidates that we started in 2014, alongside the creation of role models for career development to promote the active participation of female employees, one of our key management strategies. In addition, in September 2024, the Company, along with Sekisui House Innovation & Communication, Ltd. established “InnoCom Square”, an open innovation facility in “Akasaka Green Cross”, to further accelerate business creation and human resources development for solving social issues related to housing and living.

In regards to governance, based on the policy of promoting governance of both top management and business management as stipulated in the Sixth Mid-Term Management Plan, the Company has introduced effectiveness evaluation of the Audit & Supervisory Board and the activities of its Auditors by a third party from fiscal 2023 in addition to the effectiveness evaluation of the Board of Directors that had already been in place to determine issues that need to be addressed by the Audit & Supervisory Board and improve the quality of the audit and operation of the Audit & Supervisory Board. The Company has also built a system to promote PMI related to acquiring MDC as a wholly owned subsidiary by the entire Homebuilding Business in the United States, which includes existing builders in the Group, to globally implement the Group governance.

(2) Information Regarding Consolidated Financial Conditions

Total assets increased by ¥1,367,507 million to ¥4,720,306 million at the end of the second 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 ¥1,163,964 million to ¥2,722,710 million mainly due to the increase in short term borrowings and the issuance of bonds payable. Net assets increased by ¥203,543 million to ¥1,997,595 million, mainly due to increased foreign currency translation adjustments and the posting of profit attributable to owners of the parent.

(3) Information Regarding Consolidated Results Forecast

With regard to the consolidated earnings forecast for the fiscal year ending January 2025, we have revised the plan announced on June 6, 2024, as follows. This revision takes into account the favorable progress of our consolidated results for the second quarter cumulative period, as well as the current situation of our housing business both domestically and internationally.

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	EPS
	¥ million	¥ million	¥ million	¥ million	¥
Previous forecast (a)	3,875,000	300,000	273,000	209,000	322.56
Revised forecast (b)	4,000,000	320,000	288,000	209,000	322.56
Amount of changed (b-a)	125,000	20,000	15,000	0	—
Change (%)	3.2	6.7	5.5	0.0	—
(Reference) FY2023 Results	3,107,242	270,956	268,248	202,325	309.29

2. Consolidated Quarterly Financial Statements and Notes

(1) Consolidated Quarterly Balance Sheet

(¥ million)

	As of January 31, 2024	As of July 31, 2024
Assets		
Current assets		
Cash and deposits	293,152	431,839
Notes receivable, accounts receivable from completed construction contracts and other r	176,466	177,456
Securities	—	28,632
Costs on construction contracts in progress	17,351	17,816
Buildings for sale	774,297	1,097,329
Land for sale in lots	856,404	1,277,876
Undeveloped land for sale	233,197	327,404
Other inventories	12,474	13,113
Other	134,627	228,313
Allowance for doubtful accounts	(1,026)	(1,044)
Total current assets	2,496,947	3,598,736
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	155,480	179,943
Machinery, equipment and vehicles, net	9,664	10,149
Land	252,548	257,948
Construction in progress	52,173	40,584
Other, net	26,386	43,761
Total property, plant and equipment	496,253	532,387
Intangible assets		
Goodwill	17,808	158,820
Other	22,579	86,776
Total intangible assets	40,388	245,597
Investments and other assets		
Investment securities	198,437	224,574
Long-term loans receivable	3,971	4,650
Retirement benefit asset	35,440	36,823
Deferred tax assets	20,242	16,076
Other	62,989	63,398
Allowance for doubtful accounts	(1,872)	(1,938)
Total investments and other assets	319,208	343,584
Total non-current assets	855,851	1,121,569
Total assets	3,352,798	4,720,306

(¥ million)

	As of January 31, 2024	As of July 31, 2024
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	134,026	151,352
Electronically recorded obligations operating	103,266	71,525
Short term borrowings	440,075	916,113
Current portion of bonds payable	16	16
Current portion of long-term borrowings	21,611	159,584
Income taxes payable	39,777	41,378
Advances received on construction contracts in progress	210,030	242,831
Provision for bonuses	36,699	28,493
Provision for bonuses for directors (and other officers)	2,553	2,858
Provision for warranties for completed construction	6,152	13,289
Other	143,827	237,418
Total current liabilities	1,138,038	1,864,862
Non-current liabilities		
Bonds payable	50,008	469,064
Long term borrowings	239,089	241,543
Long term leasehold and guarantee deposits received	58,659	53,548
Deferred tax liabilities	6,111	22,509
Provision for retirement benefits for directors (and other officers)	707	779
Retirement benefit liability	30,716	30,948
Other	35,415	39,452
Total non-current liabilities	420,707	857,847
Total liabilities	1,558,745	2,722,710
Net assets		
Shareholders' equity		
Share capital	202,854	203,094
Capital surplus	260,126	260,297
Retained earnings	1,132,275	1,213,770
Treasury shares	(40,979)	(40,975)
Total shareholders' equity	1,554,276	1,636,186
Accumulated other comprehensive income		
Valuation difference on available for sale securities	44,597	33,906
Foreign currency translation adjustment	132,895	261,630
Remeasurements of defined benefit plans	22,816	19,695
Total accumulated other comprehensive income	200,309	315,233
Share acquisition rights	100	95
Non-controlling interests	39,366	46,080
Total net assets	1,794,052	1,997,595
Total liabilities and net assets	3,352,798	4,720,306

(2) Consolidated Quarterly Statement of Income and Consolidated Quarterly Statement of Comprehensive Income**(Consolidated Quarterly Statement of Income)****For the six months ended July 31, 2023 and 2024**

(¥ million)

	Feb. 1, 2023– Jul. 31, 2023	Feb. 1, 2024 – Jul. 31, 2024
Net sales	1,462,443	1,859,127
Cost of sales	1,169,077	1,497,551
Gross profit	293,366	361,576
Selling, general and administrative expenses	168,447	204,435
Operating profit	124,918	157,141
Non-operating income		
Interest income	1,352	3,203
Dividends income	1,175	1,244
Foreign exchange gains	2,305	3,064
Share of profit of entities accounted for using equity method	1,979	446
Other	1,563	1,440
Total non-operating income	8,376	9,399
Non-operating expenses		
Interest expenses	5,145	13,835
Other	2,909	5,528
Total non-operating expenses	8,055	19,364
Ordinary profit	125,239	147,176
Extraordinary income		
Gain on sale of investment securities	2,541	18,941
Gain on sale of shares of subsidiaries and associates	8,230	—
Total extraordinary profit	10,772	18,941
Extraordinary losses		
Acquisition related expense	—	3,379
Loss on sale and retirement of non-current assets	646	586
Loss on sale of shares of subsidiaries and associates	—	386
Impairment losses	245	12
Loss on valuation of investment securities	8	—
Total extraordinary losses	900	4,365
Profit before income taxes	135,112	161,752
Income taxes-current	36,964	39,841
Income taxes-deferred	3,523	(2,937)
Total income taxes	40,488	36,904
Profit	94,623	124,847
Profit attributable to non-controlling interests	2,129	1,863
Profit attributable to owners of parent	92,494	122,983

(Consolidated Quarterly Statement of Comprehensive Income)**For the six months ended July 31, 2023 and 2024**

	Feb. 1, 2023 – Jul. 31, 2023	Feb. 1, 2024 – Jul. 31, 2024
Profit	94,623	124,847
Other comprehensive income		
Valuation difference on available for sale securities	9,629	(10,578)
Foreign currency translation adjustment	52,825	123,193
Remeasurements of defined benefit plans, net of tax	(472)	(3,128)
Share of other comprehensive income of entities accounted for using equity method	2,272	5,527
Total other comprehensive income	64,254	115,013
Comprehensive income	158,878	239,861
Comprehensive income attributable to		
Owners of the parent	156,526	237,908
Non-controlling interests	2,352	1,953

(3) Notes to Consolidated Quarterly Financial Statements**(Notes Regarding Assumption of a Going Concern)**

Not applicable

(Notes on significant changes in the amount of shareholders' equity)

Not applicable