

Consolidated Financial Statements Summary
for the Second Quarter of FY2023 (February 1, 2023 through July 31, 2023)
(Japanese Standard)

September 7, 2023

Company name : **Sekisui House, Ltd.** (URL <https://www.sekisuihouse.co.jp>)
Listed exchanges : Tokyo, Nagoya
Stock code : 1928
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Filing date of quarterly securities report : September 13, 2023
Date of scheduled payment of dividends : September 29, 2023
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, 2023 (February 1, 2023 through July 31, 2023)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Six months ended Jul. 31, 2023	1,462,443	2.7	124,918	(14.7)	125,239	(15.2)	92,494	(11.1)
Six months ended Jul. 31, 2022	1,423,642	16.3	146,428	33.5	147,651	32.6	104,068	43.4

(Note) Comprehensive income:

Six months ended Jul. 31, 2023: ¥158,878 million (-17.8%) Six months ended Jul. 31, 2022: ¥193,336 million (66.3%)

	Profit per share	Fully diluted profit per share
	¥	¥
Six months ended Jul. 31, 2023	140.31	140.27
Six months ended Jul. 31, 2022	155.06	155.00

(2) Consolidated Financial Position

	Total assets	Net assets	Equity capital ratio
	¥ million	¥ million	%
As of July 31, 2023	3,276,606	1,760,458	52.6
As of January 31, 2023	3,007,537	1,667,546	54.3

(Reference) Equity capital As of July 31, 2023: ¥1,722,150 million As of January 31, 2023: ¥1,632,830 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, 2023	—	52.00	—	58.00	110.00
Year ending Jan. 31, 2024	—	59.00			
Year ending Jan. 31, 2024 (forecast)			—	59.00	118.00

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

3. Consolidated Results Forecast for FY2023 (February 1, 2023 through January 31, 2024)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥
Year ending January 31, 2024	3,080,000	5.2	265,000	1.3	259,000	0.7	193,000	4.6	295.05

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

Notes

(1) Changes in significant subsidiaries (changes in specific subsidiaries that caused a change in scope of consolidation): Not applicable

New Consolidated Companies: -

Excluded: -

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

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

(a) Changes in accounting policies due to amendment of accounting standards: 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, 2023: 662,862,666 shares

As of Jan. 31, 2023: 684,683,466 shares

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

As of Jul. 31, 2023: 11,318,304 shares

As of Jan. 31, 2023: 22,557,150 shares

(iii) Average number of shares outstanding in each period (cumulative quarterly consolidated accounting period):

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

Six months ended Jul. 31, 2022: 671,152,160 shares

*** This quarterly financial results report is exempt from quarterly 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 9.

(Obtaining supplementary explanatory documents)

The Company plans to hold a briefing for institutional investors and analysts on September 7, 2023. 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, 2023**Consolidated**

(1) Net sales

(¥ million)

		Six months ended July 31, 2022	Six months ended July 31, 2023	YOY (%)
Built-to-order Business	Detached houses	240,858	231,454	(3.9)
	Rental housing and commercial buildings	247,003	263,758	6.8
	Architectural / civil engineering	131,227	123,628	(5.8)
	Subtotal	619,088	618,841	(0.0)
Supplied Housing Business	Rental housing management	307,431	321,142	4.5
	Remodeling	83,378	88,293	5.9
	Subtotal	390,810	409,435	4.8
Development Business	Real estate and brokerage	109,697	130,228	18.7
	Condominiums	54,876	49,972	(8.9)
	Urban redevelopment	23,203	68,367	194.6
	Subtotal	187,777	248,568	32.4
Overseas Business		241,662	201,705	(16.5)
Other businesses		4,008	6,292	57.0
Eliminations and back office		(19,705)	(22,400)	—
Consolidated		1,423,642	1,462,443	2.7

(2) Operating income and Operating margin

(¥ million)

		Six months ended July 31, 2022	Six months ended July 31, 2023	YOY (%)
		Amount Operating margin	Amount Operating margin	
Built-to-order Business	Detached houses	22,976 9.5	18,860 8.1	(17.9)
	Rental housing and commercial buildings	37,530 15.2	39,541 15.0	5.4
	Architectural / civil engineering	6,588 5.0	6,706 5.4	1.8
	Subtotal	67,094 10.8	65,107 10.5	(3.0)
Supplied Housing Business	Rental housing management	24,914 8.1	26,209 8.2	5.2
	Remodeling	11,267 13.5	12,112 13.7	7.5
	Subtotal	36,181 9.3	38,322 9.4	5.9
Development Business	Real estate and brokerage	9,068 8.3	12,499 9.6	37.8
	Condominiums	10,633 19.4	8,363 16.7	(21.3)
	Urban redevelopment	472 2.0	13,021 19.0	—
	Subtotal	20,175 10.7	33,884 13.6	67.9
Overseas Business		46,184 19.1	12,476 6.2	(73.0)
Other businesses		820 20.5	1,195 19.0	45.7
Eliminations and back office		(24,028)	(26,067)	—
Consolidated		146,428 10.3	124,918 8.5	(14.7)

(3) Orders

(¥ million)

		Six months ended July 31, 2022	Six months ended July 31, 2023	YOY (%)
Built-to-order Business	Detached houses	241,071	229,048	(5.0)
	Rental housing and commercial buildings	248,514	272,567	9.7
	Architectural / civil engineering	129,707	144,103	11.1
	Subtotal	619,294	645,719	4.3
Supplied Housing Business	Rental housing management	307,431	321,142	4.5
	Remodeling	87,064	88,990	2.2
	Subtotal	394,496	410,132	4.0
Development Business	Real estate and brokerage	119,781	155,287	29.6
	Condominiums	42,471	51,782	21.9
	Urban redevelopment	38,103	79,667	109.1
	Subtotal	200,356	286,737	43.1
Overseas Business		250,784	266,154	6.1
Other businesses		4,008	6,342	58.2
Eliminations and back office		(18,900)	(21,148)	—
Consolidated		1,450,039	1,593,937	9.9

(4) Order backlog

(¥ million)

		As of January 31, 2023	As of July 31, 2023	YOY (%)
Built-to-order Business	Detached houses	235,362	232,956	(1.0)
	Rental housing and commercial buildings	490,349	499,158	1.8
	Architectural / civil engineering	375,637	396,111	5.5
	Subtotal	1,101,349	1,128,226	2.4
Supplied Housing Business	Rental housing management	—	—	—
	Remodeling	36,557	37,254	1.9
	Subtotal	36,557	37,254	1.9
Development Business	Real estate and brokerage	42,400	67,458	59.1
	Condominiums	77,420	79,230	2.3
	Urban redevelopment	—	11,300	—
	Subtotal	119,820	157,989	31.9
Overseas Business		212,319	292,018	37.5
Other businesses		407	457	12.3
Eliminations and back office		(22,666)	(21,415)	—
Consolidated		1,447,787	1,594,530	10.1

* Due to a review of reportable segments, the following reportable segments will be changed from the fiscal year ending January 2024.

* Order backlog of the Hubble Group, LLC, which was made a consolidated subsidiary during the consolidated fiscal year under review, and its subsidiaries are included in the results of the Overseas Business.

1. Quarterly Qualitative Analysis

(1) Information Regarding Consolidated Business Results

The consolidated second quarter of the fiscal year under review saw a slowdown of rise in prices, but tight monetary policies in various countries continued due to the impact of global inflation. Trends in price conditions and the international capital market, as well as the impact of geopolitical risks on material prices continued to require close observation. Under these circumstances, the United States and some countries have shown an increase in individual consumption and employment, indicating signs of economic recovery.

Domestically, in the housing market, number of new housing starts has been on the decline but the rental housings are continuing to increase, resulting in a steady trend overall. In the United States, new housing starts continues to be in an adjustment phase due to mortgage rates and housing prices remaining high, but latent demand for new housing is strong and signs of recovery are evident.

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 stipulated in the Sixth Mid-Term Management Plan (fiscal 2023 to 2025).

For the second quarter of the consolidated fiscal year under review, Sekisui House showed net sales of ¥1,462,443 million (up 2.7% year on year), operating income of ¥124,918 million (down 14.7% year on year), ordinary income of ¥125,239 million (down 15.2% year on year), and quarterly profit attributable to owners of parent of ¥92,494 million (down 11.1% year on year).

Results and other achievements by business model are outlined below.

Classification of business segments has been changed from the first quarter of the consolidated fiscal year ending January 31, 2024, and comparisons and analysis are based on the revised classification from the second quarter of the consolidated fiscal year under review.

Built-to-Order Business

Detached houses

During the second quarter of the consolidated fiscal year under review, the business showed net sales of ¥231,454 million (down 3.9% year on year) and operating income of ¥18,860 million (down 17.9% year on year), soaring material prices continuing from the previous fiscal year.

The business has made efforts in 2nd- and 3rd-range mid- to high-end products, along with Sekisui House noie, a 1st range product, in order to deepen pricing range-specific strategies and strengthen our detached house brand. Orders remained strong in the Business, driven by positive reception to high-value-added proposals such as Green First ZERO for net zero energy housing (ZEH), the Family Suite with its large living room, the next-generation indoor environment control system SMART-ECS, and the PLATFORM HOUSE touch smart home service that operates in tandem with home layout.

In addition, “life knit design,” a new design proposal system that offers housing design closely aligned with the sensibilities of the residents, was launched in Japan on June 30, 2023 with the aim of strengthening the attachment to high-quality housing stocks and providing customers houses where happiness grows in an era of 100-year lifespan.

Rental housing and commercial buildings

During the second quarter of the consolidated fiscal year under review, the business showed net sales of ¥263,758 million (up 6.8% year on year) and operating income of ¥39,541 million (up 5.4% year on year), soaring material prices continuing from the previous fiscal year.

To supply high-value-added properties based on our area-specific strategies and further enhance the Sha Maison brand, the business concentrated on expanding sales of three- and four-story rental houses built using an original Sekisui House construction method, and on the proliferation of Sha Maison ZEH net zero energy rental housing. Sha Maison ZEH Distributes electricity from photovoltaic power generation systems to individual residences. This has been well received as a method for selling electricity, appealing to residents' ethical orientation and letting them experience the merits of saving on utility costs. Among orders for rental housing, ZEH housing comprised 77% of the number of orders for rental housing.

In addition to these high added-value proposals, the Company's urban area-focused price leader strategy, which achieves high occupancy and rent rates, has successfully led to ongoing strong orders, including in the CRE (corporate) and PRE (public entity) businesses.

Architectural / civil engineering

During the second quarter of the consolidated fiscal year under review, the business showed net sales of ¥123,628 million (down 5.8% year on year), and operating income of ¥6,706 million (up 1.8% year on year).

Both architectural and civil engineering businesses showed a recovering trend in orders owing to the increase in profitability of the architectural business, due to factors including securing additional modification construction as well as the return of appetite for capital investment in the private sector.

Supplied Housing Business

Rental housing management

During the second quarter of the consolidated fiscal year under review, the business showed net sales of ¥321,142 million (up 4.5% year on year), and operating income of ¥26,209 million (up 5.2% year on year).

The business steadily increased the number of housing units under management through the supply of high-quality, high-performance Sha Maison rental housing built in prime locations. The business maintained high occupancy rates and rent prices, which in turn contributed to higher earnings, by providing excellent services that include the creation of a blockchain-based, one-stop move-in process for residents, and the strengthening of relations and diverse solutions aimed at maximizing asset value for owners.

Remodeling

During the second quarter of the consolidated fiscal year under review, the business showed net sales of ¥88,293 million (up 5.9% year on year), and operating income of ¥12,112 million (up 7.5% year on year), with favorable orders in the previous fiscal year and stable construction progress contributing to increased earnings.

To enhance the asset value of housing stock and extend its life, the business focused on proposal-based remodeling such as remodeling proposals that update how people live and environment-based remodeling with thermal insulation renovation and introduces latest energy-saving, energy-generating, and energy-storing equipment, etc. In rental housing, the business is also making efforts in remodeling proposals that enhance asset value to maintain high occupancy rates and high rental prices. Under such initiatives, orders remained favorable.

Development Business

Real estate and brokerage

During the second quarter of the consolidated fiscal year under review, the business showed net sales of ¥130,228 million (up 18.7% year on year), and operating income of ¥12,499 million (up 37.8% year on year).

While focusing on strengthening information routes to increase inquiries from customers, the business also actively purchased prime land in line with area-specific marketing and made efforts with activities aimed at customers who are considering purchase beginning with land acquisition, resulting in continued favorable orders.

Condominiums

For the second quarter of the consolidated fiscal year under review, the business showed net sales of ¥49,972 million (down 8.9% year on year), and operating income of ¥8,363 million (down 21.3% year on year).

While income decreased due to differences in the period in which sales were recorded, progress was made as planned, including advancing steadily with the delivery of Grand Maison Shirokane Takanawa Park Front (Minato-ku, Tokyo) and Grand Maison Ohori Koen The Tower (Chuo-ku, Fukuoka City).

The business also carefully selected development sites to further enhance the Grande Maison brand of high-value-added condominiums in commercial districts in Tokyo, Nagoya, Osaka, and Fukuoka, and made all units ZEH for properties sold from 2023 in order to contribute to decarbonization in the household sector. These initiatives were well-received and sales of Grand Maison Daikanyama The Park (Shibuya-ku, Tokyo) and Grand Maison Kitahorie Residence (Nishi-ku, Osaka City) remained strong.

Urban redevelopment

During the second quarter of the consolidated fiscal year under review, the business showed net sales of ¥68,367 million (up 194.6% year on year), and operating income of ¥13,021 million.

Earnings increased due to steady progress in the sales of properties as planned. The occupancy rate of Sekisui House Group properties, such as Prime Maison rental housing, also remained strong. In addition, the operation of owned hotels has shown a recovery trend mainly with urban type hotels.

Overseas Business

During the second quarter of the consolidated fiscal year under review, the business showed net sales of ¥201,705 million (down 16.5% year on year), and operating income of ¥12,476 million (down 73% year on year).

In the United States, the Homebuilding Business and the Master-planned Community Business were affected by a decrease in order backlog associated with the rise in mortgage rates during the previous fiscal year, but orders remained on a recovery trend under strong demand for new high-quality housing. Furthermore, Woodside Homes Company, LLC, a subsidiary in the United States, acquired Hubble Group, LLC, a housing sales company in Idaho, to further expand our housing sales area and extend the outreach of the Sekisui House technologies. In the Multifamily Business, delivery of St. Andrews (Los Angeles) was completed as planned.

In Australia, earnings decreased due to a changeover period in condominium deliveries and a decline in the number of detached houses sold, but partial delivery of the West Village (Brisbane) commercial building and the Pulse and Pavilion condominium in Melrose Park (Sydney) remained on course.

Other

During the first quarter of the consolidated fiscal year under review, Other Businesses showed net sales of ¥6,292 million (up 57.0% year on year), and an operating income of ¥1,195 million (up 45.7% year on year).

ESG Management

With the aim of becoming 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, the Sekisui House Group is advancing its own form of ESG management with participation by all employees.

In terms of the environment, the ratio of ZEH detached houses against total new housing starts in fiscal 2022 hit a new record high of 93%, while also promoting ZEH in housing complexes including Sha Maison rental housing and Grande Maison condominiums. Furthermore, we started a demonstration experiment of first hydrogen housing for housing

manufacturers (according to our studies) that generates, stores, and makes use of hydrogen at home with the aim of achieving zero carbon in preparation for its commercialization in the summer of 2025. In addition, we acquired certification from the SBTi indicating that our GHG emission reduction target is at a standard that align with the 1.5°C target under the Paris Agreement. To contribute to the preservation of biodiversity through the housing business, the Company strengthened proposals that integrate housing and exteriors in custom detached houses and rental housing. It also further advanced the Gohon no Ki landscaping project that proposes tree planting focusing on native tree species with a high affinity with the local climate, birds, butterflies, and other natural features, as well as signed a partnership agreement with ThinkNature inc. to cooperate in achieving net increase in biodiversity and standardization of calculation method through the use of biodiversity big data and AI.

In connection with the improvement of social value, the Company joined the Health & Productivity Management Alliance established by companies and organizations that resonate with the vision of vitalizing Japanese companies through ensuring the health of employees and achieving sustainable health insurance, to promote “Happiness Health Management” on the belief that employee happiness is essential for realizing the Global Vision of “make home the happiest place in the world.” With regard to promoting the active participation of female employees, one of our key management strategies, we continued and promoted the Sekisui House Women’s College training for female managerial candidates begun in 2014, alongside the creation of role models for career development (Number of female employees in managerial positions as of the end of January 2023: 302). Regarding our childcare leave program begun in September 2018 for male employees with children under the age of three, we maintained 100% utilization of one-month or longer leaves across the Group (Number of eligible employees as of the end of January 2023: 1,571). Sekisui House Construction has decided to significantly reinforce development and hiring of skilled housing construction professionals by introducing a new personnel evaluation system and other measures in order to contribute to nurturing workers for building high-quality housing stocks as well as creating local employment opportunities, in response to social issues of aging workers and decline of young workers in construction sites.

With regard to corporate governance, following the policies of the Sixth Mid-Term Management Plan that seek to advance the efficacy of both top management and business management, we are working toward enhancement of the functions of the Board of Directors based on third-party evaluations of its effectiveness, and toward further increases in the level of our information disclosure, while extending our Group governance into the fast-growing United States business and elsewhere globally

(2) Information Regarding Consolidated Financial Conditions

Total assets increased by ¥269,069 million to ¥3,276,606 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, plant and equipment. Liabilities increased ¥176,157 million to ¥1,516,147 million, despite an decreases in income taxes payment, mainly due to the increase in loans payable. Net asset, despite payments of dividends, increased ¥92,912 million to ¥1,760,458 million, mainly due to posting profit attributable to owners of parent and a increased Foreign currency translation adjustment.

(3) Information Regarding Consolidated Results Forecast

The consolidated results forecast for the fiscal year ending January 31, 2024 remained unchanged from the plan announced on March 9, 2023, considering the progress in improvements in the respective business segments.

2. Consolidated Quarterly Financial Statements and Notes

(1) Consolidated Quarterly Balance Sheet

(¥ million)

	As of January 31, 2023	As of July 31, 2023
Assets		
Current assets		
Cash and deposits	332,903	304,714
Notes receivable, accounts receivable from completed construction contracts and other	157,123	143,801
Costs on uncompleted construction contracts	17,202	17,630
Buildings for sale	534,391	707,109
Land for sale in lots	723,941	830,832
Undeveloped land for sale	177,095	224,225
Other inventories	12,160	11,972
Other	140,200	133,096
Less allowance for doubtful accounts	(1,136)	(1,009)
Total current assets	2,093,883	2,372,372
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	207,469	190,958
Machinery, equipment and vehicles	10,887	10,339
Land	277,568	272,693
Construction in progress	32,080	34,984
Other, net	26,555	27,314
Total property, plant and equipment	554,562	536,290
Intangible assets		
Goodwill	31,406	20,513
Other	19,710	21,971
Total intangible assets	51,117	42,484
Investments and other assets		
Investment in securities	191,500	209,727
Long-term loans receivable	5,636	5,632
Asset for retirement benefits	32,501	33,444
Deferred tax assets	18,219	16,795
Other	62,321	62,341
Less allowance for doubtful accounts	(2,206)	(2,480)
Total investments and other assets	307,973	325,459
Total noncurrent assets	913,653	904,234
Total assets	3,007,537	3,276,606

(¥ million)

	As of January 31, 2023	As of July 31, 2023
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	124,420	137,260
Electronically recorded obligations-operating	102,416	88,651
Short-term bonds payable	—	60,000
Short-term loans	305,503	386,253
Current portion of bonds payable	30,000	—
Current portion of long-term loans payable	71,664	15,737
Accrued income taxes	34,641	26,813
Advances received on construction contracts in progress	192,236	212,258
Accrued employees' bonuses	36,497	27,334
Accrued directors' and corporate auditors' bonuses	1,019	950
Provision for warranties for completed construction	4,906	5,748
Other	141,337	138,005
Total current liabilities	1,044,643	1,099,015
Long-term liabilities		
Bonds payable	20,000	50,000
Long-term loans payable	157,372	242,858
Guarantee deposits received	59,535	59,151
Deferred income taxes	933	6,443
Accrued retirement benefits for directors and corporate auditors	692	616
Liabilities for retirement benefits	29,286	29,571
Other	27,525	28,491
Total long-term liabilities	295,347	417,132
Total liabilities	1,339,990	1,516,147
Net assets		
Shareholders' equity		
Common stock	202,591	202,854
Capital surplus	259,864	260,127
Retained earnings	1,056,475	1,060,914
Treasury shares	(50,656)	(30,333)
Total shareholders' equity	1,468,274	1,493,562
Accumulated other comprehensive income		
Net unrealized holding gain on securities	40,449	49,853
Deferred (loss) gain on hedges	623	—
Translation adjustments	99,689	155,408
Retirement benefits liability adjustments	23,793	23,325
Total accumulated other comprehensive income	164,556	228,587
Stock subscription rights	134	111
Non-controlling interests	34,581	38,196
Total net assets	1,667,546	1,760,458
Total liabilities and net assets	3,007,537	3,276,606

(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, 2022 and 2023**

(¥ million)

	Feb. 1, 2022– Jul. 31, 2022	Feb. 1, 2023 – Jul. 31, 2023
Net sales	1,423,642	1,462,443
Cost of sales	1,121,999	1,169,077
Gross profit	301,642	293,366
Selling, general and administrative expenses	155,213	168,447
Operating income	146,428	124,918
Non-operating income		
Interest income	1,177	1,352
Dividends income	1,158	1,175
Foreign exchange gains	2,351	2,305
Equity in earnings of affiliates	-	1,979
Other	2,400	1,563
Total non-operating income	7,087	8,376
Non-operating expenses		
Interest expenses	1,741	5,145
Equity in losses of affiliates	1,826	-
Other	2,297	2,909
Total non-operating expenses	5,865	8,055
Ordinary income	147,651	125,239
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	-	8,230
Gain on sale of investment securities	-	2,541
Gain on liquidation of subsidiaries and associates	8,336	-
Total extraordinary income	8,336	10,772
Extraordinary loss		
Loss on sales or disposal of fixed assets	645	646
Loss on impairment of fixed assets	200	245
Loss on valuation of investment securities	-	8
Provision of allowance for doubtful accounts	1,922	-
Loss on sale of investment securities	10	-
Total extraordinary losses	2,778	900
Profit before income taxes	153,208	135,112
Income taxes-current	38,829	36,964
Income taxes-deferred	4,888	3,523
Total income taxes	43,717	40,488
Profit	109,491	94,623
Profit attributable to non-controlling interests	5,422	2,129
Profit attributable to owners of parent	104,068	92,494

(Consolidated Quarterly Statement of Comprehensive Income)**For the six months ended July 31, 2022 and 2023**

	Feb. 1, 2022 – Jul. 31, 2022	Feb. 1, 2023 – Jul. 31, 2023
Profit	109,491	94,623
Other comprehensive income		
Net unrealized holding gain (loss) on securities	(710)	9,629
Translation adjustments	76,011	52,825
Retirement benefits liability adjustments	1,081	(472)
Share of other comprehensive gain (loss) of affiliates accounted for by the equity method	7,461	2,272
Total other comprehensive income	83,845	64,254
Comprehensive income	193,336	158,878
Comprehensive income attributable to		
Owners of the parent	187,670	156,526
Non-controlling shareholders' interests	5,666	2,352

(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

(Changes in accounting policies)**(The adoption of Implementation Guidance on Accounting Standard for Fair Value Measurement)**

Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021) has been applied from the beginning of the first quarter. As a result, pursuant to transitional measures set forth in Paragraph 27-2 of Implementation Guidance on Accounting Standard for Fair Value Measurement, new accounting policies stipulated by Implementation Guidance on Accounting Standard for Fair Value Measurement are applied prospectively. There is no impact on the quarterly consolidated financial statements.