

**Consolidated Financial Statements Summary**  
**for the Second Quarter of FY2020 (February 1, 2020 through July 31, 2020)**  
**(Japanese Standard)**

September 10, 2020

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 11, 2020  
Date of scheduled payment of dividends : September 30, 2020  
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, 2020 (February 1, 2020 through July 31, 2020)**

## (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, 2020	1,167,986	(3.3)	92,644	(18.0)	90,671	(22.2)	59,442	(23.2)
Six months ended Jul. 31, 2019	1,207,835	20.5	113,041	43.7	116,554	41.1	77,444	33.9

(Note) Comprehensive income:

Six months ended Jul. 31, 2020: ¥44,525 million (-35.7%) Six months ended Jul. 31, 2019: ¥69,193 million (142.9%)

	Profit per share	Fully diluted profit per share
	¥	¥
Six months ended Jul. 31, 2020	87.10	87.03
Six months ended Jul. 31, 2019	112.53	112.39

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity capital ratio
	¥ million	¥ million	%
As of July 31, 2020	2,587,263	1,319,438	49.4
As of January 31, 2020	2,634,748	1,306,850	48.1

(Reference) Equity capital As of July 31, 2020: ¥1,277,068 million As of January 31, 2020: ¥1,266,195 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, 2020	-	40.00	-	41.00	81.00
Year ending Jan. 31, 2021	-	45.00			
Year ending Jan. 31, 2021 (forecast)			-	37.00	82.00

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

**3. Consolidated Results Forecast for FY2020 (February 1, 2020 through January 31, 2021)**

(% 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, 2021	2,415,000	(0.0)	175,000	(14.7)	172,500	(19.4)	114,000	(19.3)	167.22

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

**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: 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, 2020: 684,683,466 shares

As of Jan. 31, 2020: 690,683,466 shares

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

As of Jul. 31, 2020: 2,718,010 shares

As of Jan. 31, 2020: 7,222,070 shares

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

Six months ended Jul. 31, 2020: 682,458,886 shares

Six months ended Jul. 31, 2019: 688,235,978 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. Qualitative Information Regarding the Consolidated Results for the Six Months Ended July 31, 2020” of the “Attached Material” on page 11.

(Obtaining supplementary explanatory documents)

The Company plans to hold a briefing for institutional investors and analysts on September 10, 2020. 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, 2020****Consolidated****(1) Sales**

¥ millions

		Six months ended July 31, 2019	Six months ended July 31, 2020	YOY(%)
Built-to-order Business	Custom detached houses	201,777	157,560	(21.9)
	Rental housing	172,980	176,322	1.9
	Architectural / Civil engineering	23,382	160,110	584.7
	Subtotal	398,140	493,993	24.1
Supplied Housing Business	Remodeling	77,518	68,978	(11.0)
	Real estate management fees	266,173	277,058	4.1
	Subtotal	343,692	346,036	0.7
Development Business	Houses for sale	83,663	62,771	(25.0)
	Condominiums	35,429	41,796	18.0
	Urban redevelopment	99,070	46,558	(53.0)
	Subtotal	218,164	151,126	(30.7)
Overseas Business		208,912	140,523	(32.7)
Other Businesses		38,925	36,306	(6.7)
Consolidated		1,207,835	1,167,986	(3.3)

**(2) Operating income and Operating margin**

¥ millions

		Six months ended July 31, 2019	Six months ended July 31, 2020	YOY(%)
		Amount	Amount	
		Operating margin	Operating margin	
Built-to-order Business	Custom detached houses	24,538 12.2%	14,904 9.5%	(39.3)
	Rental housing	23,128 13.4%	21,814 12.4%	(5.7)
	Architectural / Civil engineering	(832) (3.6%)	11,668 7.3%	-
	Subtotal	46,834 11.8%	48,388 9.8%	3.3
Supplied Housing Business	Remodeling	12,213 15.8%	9,789 14.2%	(19.9)
	Real estate management fees	21,073 7.9%	22,729 8.2%	7.9
	Subtotal	33,287 9.7%	32,518 9.4%	(2.3)
Development Business	Houses for sale	7,691 9.2%	3,620 5.8%	(52.9)
	Condominiums	4,203 11.9%	6,050 14.5%	43.9
	Urban redevelopment	11,617 11.7%	9,556 20.5%	(17.7)
	Subtotal	23,512 10.8%	19,226 12.7%	(18.2)
Overseas Business		30,125 14.4%	15,616 11.1%	(48.2)
Other Businesses		213 0.5%	(1,417) (3.9%)	-
Eliminations and back office		(20,932)	(21,687)	-
Consolidated		113,041 9.4%	92,644 7.9%	(18.0)

## (3) Orders

¥ millions

		Six months ended July 31, 2019	Six months ended July 31, 2020	YOY(%)
Built-to-order Business	Custom detached houses	192,898	155,304	(19.5)
	Rental housing	203,152	178,667	(12.1)
	Architectural / Civil engineering	25,396	136,302	436.7
	Subtotal	421,447	470,274	11.6
Supplied Housing Business	Remodeling	80,279	66,593	(17.0)
	Real estate management fees	266,173	277,058	4.1
	Subtotal	346,452	343,651	(0.8)
Development Business	Houses for sale	80,474	67,223	(16.5)
	Condominiums	35,802	28,236	(21.1)
	Urban redevelopment	109,791	33,686	(69.3)
	Subtotal	226,068	129,145	(42.9)
Overseas Business		286,053	160,488	(43.9)
Other Businesses		45,391	31,865	(29.8)
Consolidated		1,325,413	1,135,426	(14.3)

## (4) Order backlog

¥ millions

		As of January 31, 2020	As of July 31, 2020	YOY (%)
Built-to-order Business	Custom detached houses	184,302	182,045	(1.2)
	Rental housing	376,538	378,884	0.6
	Architectural / Civil engineering	386,561	362,754	(6.2)
	Subtotal	947,402	923,684	(2.5)
Supplied Housing Business	Remodeling	27,976	25,591	(8.5)
	Real estate management fees	-	-	-
	Subtotal	27,976	25,591	(8.5)
Development Business	Houses for sale	41,513	45,965	10.7
	Condominiums	87,762	74,202	(15.5)
	Urban redevelopment	30,613	17,741	(42.0)
	Subtotal	159,889	137,908	(13.7)
Overseas Business		222,324	242,289	9.0
Other Businesses		50,854	46,414	(8.7)
Consolidated		1,408,448	1,375,887	(2.3)

The Architectural / Civil engineering Business was included in the reporting segment starting with the first quarter under review. Therefore, figures for the first quarter of the previous fiscal year are also presented after the reclassification.

## 1. Qualitative Information Regarding the Consolidated Results for the First Six Months under Review

### (1) Information Regarding Consolidated Business Results

During the first six months of the consolidated fiscal year under review, the global economy rapidly contracted and entered an extremely difficult situation due to the COVID-19 pandemic. In Japan, corporate earnings were substantially depressed, reflecting measures to prevent the spread of COVID-19 and intense rainfall in July, among other factors. On the other hand, under circumstances in which the levels of social economic activities rose gradually, personal consumption and certain aspects of production showed signs of a recovery.

In the housing market in Japan, the number of new housing starts declined, mainly due to the impact of the reactionary decline from the consumption tax hike since last year. In addition, the severe conditions continued for orders received in the entire market primarily due to self-restraint in sales activities to prevent the spread of COVID-19. Although there are signs of a recovery with the phased resumption of economic activities, the situation remains unpredictable.

Under these circumstances, the Company prioritized the safety of customers, suppliers, affiliates and employees, and continuously took measures and provided responses necessary to control the spread of the disease. The Company continued its initiatives to propose plans to customers through a web conference system in sales activities for the custom detached houses business and the remodeling business. It also focused its efforts on sales activities targeting corporations in the rental housing business. Simultaneously, the Company gradually resumed sales activities through open houses and so forth.

In the Overseas Business, although sales fell temporarily in the housing market in the United States due to an increase in COVID-19 infections, sales recovered to the level of a year ago, partly buoyed by the historically low level of mortgage rates since April.

To mark the 60th anniversary of its founding, the Company has adopted "Make home the happiest place in the world" as its global vision for the next 30 years, and has established the goal of becoming a global company that offers integrated proposals of technologies, lifestyle design and services, based on the residential domain. It has also formulated a fifth mid-term management plan (FY2020-FY2022) and established "Further strengthening core businesses and embarking on new businesses" as a fundamental policy under the management direction, "Deployment of growth strategies focused on the residential business domain."

As part of the initiatives taken for new businesses, the Company continued to develop the Platform House to aid happiness in the era of the 100-year lifespan while simultaneously conducting research and development to launch HED-Net, the world's first in-home early detection network.

In addition, with Marriott International, in the Trip Base *Michi-no-Eki* Stations Project implemented as a regional revitalization project, the Company decided to open Fairfield by Marriott adjacent to *Michi-no-Eki* stations, in cooperation with 25 prefectural governments and 34 partner companies. Starting in October 2020, hotels will gradually be opened at 8 locations in 4 prefectures.

Furthermore, the Company will launch the industry's first one-stop service that uses blockchain technologies to simplify the tedious process of moving into rental housing by the end of fiscal year 2020.

In the first six months of the consolidated fiscal year under review, net sales amounted to ¥1,167,986 million (down 3.3% year-on-year). Operating income amounted to ¥92,644 million (down 18% year-on-year), ordinary income to ¥90,671 million (down 22.2% year-on-year) and profit attributable to owners of parent to ¥59,442 million (down 23.2% year-on-year).

Business results by segments are as follows. It should be noted that new reportable segments apply from the first

quarter of the consolidated fiscal year under review and that the comparison and analysis of figures for the first six months ended July 31, 2020 are based on the new reportable segments.

### <Built-to-Order Business>

#### (Custom detached houses)

In the Custom detached houses business, the Company promoted sales of the Family Suite, a living room with a large area for maintaining a comfortable sense of distance among family members in addition to Green First Zero, its net zero energy house (ZEH), of which the adoption rate reached 87% in FY2019. The Family Suite was created based on the achievements of a study of Houses in which the more you live, the happier you will be, and advanced technologies. As a result, its adoption rate came to approximately 60%. In addition to the current mainstay mid-class and high-end products, the Company boosted the sales of high-priced products with improved specifications and strengthened the second brand marketed by Sekisui House noie Ltd. to promote products in a wider price range.

Due to the spread of COVID-19, however, sales activities were affected by the cancelation of promotional events and orders received decreased. Currently, orders are heading towards a recovery, thanks to online sales activities.

Sales in the Custom detached houses business amounted to ¥157,560 million, down 21.9% year-on-year, and operating income to ¥14,904 million, down 39.3% year-on-year.

#### (Rental housing)

In the Rental housing business, the Company sought to win more orders for rental houses centered on those with three or four-stories by conducting exhaustive marketing in specific areas focused on urban districts and making attractive proposals that lead to stable management in the long term. Moreover, the Company focused on businesses targeting companies and public projects, and promoted sales in non-housing products built using materials shipped from the Company's factories. However, while implementing these activities, sales activities were affected by the cancelation of promotional events, etc. due to the spread of COVID-19, and orders received decreased, despite signs of recovery.

Sales in the Rental housing business amounted to ¥176,322 million, up 1.9 % year-on-year, and operating income to ¥21,814 million, down 5.7% year-on-year.

#### (Architectural / Civil engineering)

In the Architectural / Civil engineering business, sales in construction and civil engineering of Konoike Construction Co., Ltd., which became a consolidated subsidiary on October 1, 2019, were posted. The Company carried out sales promotion activities in the non-residential sector, which covers reinforced concrete (RC) commercial buildings, shops, offices and nursery schools.

Sales in the Architectural / Civil engineering business amounted to ¥160,110 million, up 584.7% year-on-year, and operating income to ¥11,668 million.

### <Supplied Housing Business>

#### (Remodeling)

In the Remodeling business, the Company promoted its shift from maintenance-based remodeling to proposal-based remodeling, which offers lifestyle ideas, and environment-based remodeling, such as energy-saving renovation, and took

steps to bolster its sales structure. To owners of detached houses, the Company proposed Green First Renovation “Idokoro Dan-netsu,” products based on the idea of partial insulation. To the owners of Sha-Maison rental houses, the Company proposed renovations that would contribute to stable management in the long term, including the maintenance and improvement of rent levels and occupancy rates.

However, orders received decreased due to the reduction in sales activities and visits, reflecting the spread of COVID-19. Similar to the Custom detached houses business, orders are heading for recovery at the moment, thanks to initiatives promoted through presentations incorporating virtual reality and online seminars.

Sales in the Remodeling business amounted to ¥68,978 million, down 11.0% year-on-year, and operating income to ¥9,789 million, down 19.9% year-on-year.

#### **(Real estate management fees)**

In the Real estate management fees business, Sekiwa Real Estate companies changed their trade names to Sekisui House Real Estate companies and strengthened the rental and brokerage businesses to unify products under the Sekisui House brand and improve the unified business operation of the entire Group.

The number of Sha-Maison rental housing units for block leasing and that of housing units under management is commissioned achieved solid growth through. Under this condition, the Company maintained high occupancy rates by meeting demand for high-quality rental houses featuring hotel-like specifications.

Sales in the Real estate management fees business amounted to ¥277,058 million, up 4.1% year-on-year, and operating income to ¥22,729 million, up 7.9% year-on-year.

### **<Development Business>**

#### **(Houses for sale)**

In the Houses for sale business, the Company continued to actively procure high-quality land for first-time buyers and worked to enhance sales to raise asset turnover. In addition, the Company advanced efforts to develop communities of high quality that can be passed on to the next generation in the forms of initiatives for planning and proposing not only individual gardens and external facilities but also integrated rows of houses and activities for supporting community development, adopting the concept of beauty that blooms with time in which attractions and value grow over the years.

Sales in the Houses for sale business amounted to ¥62,771 million, down 25.0% year-on-year, and operating income to ¥3,620 million, down 52.9% year-on-year.

#### **(Condominiums)**

In the Condominium business, the Company continued to implement its thorough area-specific strategies and advanced its brand strategies by integrating homebuilding knowhow gained through custom detached houses.

Sales of Grande Maison Shirokanedai 5-chome (Minato-ku, Tokyo) and other properties remained strong.

With respect to deliveries, progress was made as planned for Grande Maison Uehonmachi The Class (Tennoji-ku, Osaka), among other properties.

Sales in the Condominiums business amounted to ¥41,796 million, up 18.0% year-on-year, and operating income to ¥6,050 million, up 43.9% year-on-year.



**(Urban redevelopment)**

In the Urban redevelopment business, occupancy rates for rental properties owned by the Sekisui House Group, such as offices, commercial buildings and Prime Maison rental houses developed by the Company, remained high. Meanwhile, the Company sold properties to Sekisui House Reit, Inc., including The Ritz-Carlton Kyoto (part of the stake) and Grand Mast Hirose Do-ri (Aoba-ku, Sendai) in April.

Sales in the Urban redevelopment business amounted to ¥46,558 million, down 53.0% year-on-year, and operating income to ¥9,556 million, down 17.7% year-on-year.

**<Overseas Business>**

In the Overseas Business, the Company operated its activities in line with the different measures taken in each country facing the spread of COVID-19.

In the United States, the Company completed the delivery of Bear Creek (Denver) in the rental housing development business and contracts for Kiara (Seattle). Also, the housing land development business and Woodside Homes' housing sales business registered robust performance.

In China, the delivery of a condominium in Suzhou was solid.

In Australia, the delivery of The Hermitage (Sydney) in the housing land development business progressed steadily.

Sales in the Overseas Business amounted to ¥140,523 million, down 32.7% year-on-year, and operating income to ¥15,616 million, down 48.2% year-on-year.

**<Other Businesses>**

In the Exterior Business, the Company worked to enhance integrated proposals for houses and external facilities. The Company aggressively made proposals for building original gardens and external facilities in custom detached houses, rental houses, and condominiums based on the Gohon no Ki landscaping plan, through which garden trees are selected from natural and native species to match the local climate.

Moreover, the Company worked to strengthen the Exterior Business mainly through capital and business alliances with gardening companies.

Sales in the Other Businesses amounted to ¥36,306 million, down 6.7% year-on-year, and operating loss to ¥1,417 million.

Aiming to be a leading company in environmental, social, and governance (ESG) management, the Company received for the second consecutive year the Silver Class in the Homebuilding category of the SAM Sustainability Award 2020, a sustainability assessment undertaken by RobecoSAM, a global class assessor of social responsibility investment (SRI).

With respect to environmental efforts, the Company made a decarbonization declaration in 2008 to help build a sustainable society, with 2050 as the target year. The Company has continuously promoted efforts to popularize ZEH and reduce greenhouse gases generated from its business activities.

The Company has adopted, for the first time in the industry, renewable energy-based electricity using Sekisui House Owner Denki at 380 offices across Japan, including open houses and Sumai no Yume Kojo, in an effort to achieve RE100 at an early stage.

In terms of enhancing its position on social issues, the Company continued to create workplaces that would enable

employees to maximize their diverse skills and aimed to make diversity a growth driver. These initiatives include childcare leave of at least one month for male employees, which has been taken by all of eligible employees in FY2019.

In the area of governance, the Company has steadily implemented 17 concrete measures in two years since 2018, the year that was positioned as the first year of governance reforms. It will continue to implement governance reforms both from the top management and business management, and develop an organizational climate for achieving innovation and communication to increase the effective of its corporate governance.

**(2) Information Regarding Consolidated Financial Conditions**

Total assets decreased by ¥47,484 million to ¥2,587,263 million at the end of the first six months of the consolidated fiscal year under review. This was primarily attributable to a decrease in cash and deposits due to payments of dividends and income taxes. Liabilities decreased by ¥60,072 million to ¥1,267,824 million, mainly due to the redemption of bonds and income taxes paid. Net assets increased by ¥12,588 million to ¥1,319,438 million as a result of posting profit attributable to owners of parent, which more than offset dividend payments and a decrease in translation adjustment.

**(3) Information Regarding Consolidated Results Forecast****(i) Consolidated results forecast**

The consolidated results forecast for the fiscal year ending January 31, 2021 was revised because of the Company's previous forecast on March 5, 2020. The revisions were made by considering the consolidated results for the first six months of the fiscal year under review and the situation of the order backlog of the respective business segment as well as the impact of the COVID-19 pandemic on sales activities mainly in the built-to-order business and the review of property sales plans in the overseas business.

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Profit per share
	¥ millions	¥ millions	¥ millions	¥ millions	¥
Initial plan (A)	2,585,000	206,000	205,000	137,000	202.52
Revised plan for the current term (B)	2,415,000	175,000	172,500	114,000	167.22
Amount changed (B-A)	(170,000)	(31,000)	(32,500)	(23,000)	
Change (%)	(6.6%)	(15.0%)	(15.9%)	(16.8%)	
Reference Previous period results FY2019	2,415,186	205,256	213,905	141,256	205.79

**(ii) Dividend forecast**

By comprehensively considering the earnings of each fiscal year or cash flow situation and future business development, the Company strives to invest in growth and strengthen shareholder returns. As its basic policy, the Company set an average payout ratio of at least 40% as a medium-term target. Following recent changes in the operating environment, including the impact of the COVID-19 pandemic, the Company comprehensively considered investment in growth, its financial soundness to be secured and the level of shareholder return, including share repurchase. As a result, the Company decided to revise the dividend forecast for the fiscal year ending January 31, 2021, announced on March 5, 2020, as follows.

	Cash dividends per share		
	End of second quarter	Year-end	Annual
	¥	¥	¥
Initial dividend plan	45.00 *	41.00	86.00
Revised dividend plan		37.00	82.00
Dividends to be paid in the current fiscal year ending January 31, 2021	45.00		
Dividends paid in the previous fiscal year ended January 31, 2020	40.00	41.00	81.00

\*Including a commemorative dividend of ¥5.00

## 2. Consolidated Quarterly Financial Statements and Notes

## (1) Consolidated Quarterly Balance Sheet

¥ millions

	As of January 31, 2020	As of July 31, 2020
Assets		
Current assets		
Cash and deposits	584,635	545,106
Notes receivable, accounts receivable from completed construction contracts	133,978	139,693
Costs on uncompleted construction contracts	17,934	15,507
Buildings for sale	342,594	360,506
Land for sale in lots	541,524	519,370
Undeveloped land for sale	94,827	90,748
Other inventories	8,323	7,865
Other	93,374	97,040
Less allowance for doubtful accounts	(1,186)	(1,198)
Total current assets	1,816,005	1,774,640
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	179,449	186,522
Machinery, equipment and vehicles	9,155	8,770
Land	284,769	284,194
Construction in progress	28,267	25,968
Other, net	8,914	9,596
Total property, plant and equipment	510,556	515,051
Intangible assets	18,661	19,042
Investments and other assets		
Investment in securities	157,715	165,545
Long-term loans receivable	36,568	18,497
Asset for retirement benefits	1,502	1,580
Deferred tax assets	31,007	28,049
Other	63,218	65,356
Less allowance for doubtful accounts	(486)	(501)
Total investments and other assets	289,525	278,528
Total noncurrent assets	818,742	812,622
Total assets	2,634,748	2,587,263

¥ millions

	As of January 31, 2020	As of July 31, 2020
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable, accounts payable for construction contracts	125,955	126,065
Electronically recorded obligations-operating	93,594	82,288
Short-term loans	166,486	178,952
Short-term bonds	15,000	30,000
Current portion of long-term loans payable	18,693	14,624
Accrued income taxes	30,980	17,179
Advances received on construction contracts in progress	241,805	235,970
Accrued employees' bonuses	27,939	20,759
Accrued directors' and corporate auditors' bonuses	1,523	347
Provision for warranties for completed construction	3,352	3,356
Other	96,535	86,227
<b>Total current liabilities</b>	<b>821,866</b>	<b>795,771</b>
<b>Long-term liabilities</b>		
Bonds payable	200,000	170,000
Long-term loans payable	178,928	177,811
Guarantee deposits received	59,164	59,255
Deferred income taxes	2,179	828
Accrued retirement benefits for directors and corporate auditors	1,107	887
Liabilities for retirement benefits	49,414	48,833
Other	15,236	14,435
<b>Total long-term liabilities</b>	<b>506,030</b>	<b>472,052</b>
<b>Total liabilities</b>	<b>1,327,897</b>	<b>1,267,824</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	202,591	202,591
Capital surplus	258,994	258,992
Retained earnings	786,591	806,614
Less treasury stock, at cost	(13,668)	(4,956)
<b>Total shareholders' equity</b>	<b>1,234,509</b>	<b>1,263,242</b>
<b>Accumulated other comprehensive income</b>		
Net unrealized holding gain on securities	39,894	30,655
Deferred (loss) gain on hedges	(60)	(104)
Translation adjustments	11,174	(112)
Retirement benefits liability adjustments	(19,322)	(16,612)
<b>Total accumulated other comprehensive income</b>	<b>31,686</b>	<b>13,826</b>
Stock subscription rights	609	540
Non-controlling interests	40,044	41,829
<b>Total net assets</b>	<b>1,306,850</b>	<b>1,319,438</b>
<b>Total liabilities and net assets</b>	<b>2,634,748</b>	<b>2,587,263</b>

**(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, 2019 and 2020**

	¥ millions	
	Feb. 1, 2019– Jul. 31, 2019	Feb. 1, 2020 – Jul. 31, 2020
Net sales	1,207,835	1,167,986
Cost of sales	962,400	937,536
Gross profit	245,434	230,450
Selling, general and administrative expenses	132,393	137,805
Operating income	113,041	92,644
Non-operating income		
Interest income	1,150	1,611
Dividends income	1,067	1,092
Equity in earnings of affiliates	5,773	916
Other	1,348	1,552
Total non-operating income	9,339	5,173
Non-operating expenses		
Interest expenses	2,942	1,424
Foreign exchange losses	819	3,351
Other	2,065	2,370
Total non-operating expenses	5,826	7,146
Ordinary income	116,554	90,671
Extraordinary loss		
Loss related to COVID-19	—	615
Loss on revaluation of investments in securities	—	411
Loss on sales or disposal of fixed assets	561	379
Loss on impairment of fixed assets	272	52
Total extraordinary losses	833	1,460
Profit before income taxes	115,720	89,210
Income taxes-current	25,006	22,470
Income taxes-deferred	7,946	3,876
Total income taxes	32,952	26,347
Profit	82,768	62,863
Profit attributable to non-controlling interests	5,323	3,420
Profit attributable to owners of parent	77,444	59,442

**(Consolidated Quarterly Statement of Comprehensive Income)****For the six months ended July 31, 2019 and 2020**

	¥ millions	
	Feb. 1, 2019 – Jul. 31, 2019	Feb. 1, 2020 – Jul. 31, 2020
Profit	82,768	62,863
Other comprehensive income		
Net unrealized holding gain (loss) on securities	1,351	(9,735)
Translation adjustments	(14,303)	(10,159)
Retirement benefits liability adjustments	(365)	2,735
Share of other comprehensive gain (loss) of affiliates accounted for by the equity method	(257)	(1,178)
Total other comprehensive income	(13,574)	(18,337)
Comprehensive income	69,193	44,525
Comprehensive income attributable to		
Owners of the parent	63,862	41,582
Non-controlling shareholders' interests	5,331	2,943

**(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

**(Significant Subsequent Event)****Regarding Partial Change on Matters Relating to Share Repurchase**

Board of Directors held on September 10, 2020 resolved to partially change its resolution adopted on March 5, 2020, regarding matters relating to its share repurchase under Article 156 of the Companies Act, as applied by replacing terms pursuant to Article 165 (3) of the Companies Act.

**1. Reasons**

Following the changes in the operating environment, including the impact of the COVID-19 pandemic, the Company comprehensively considered investment in growth, its financial soundness to be secured and the level of shareholder return, including dividends. As a result, the Company decided to change the total number of shares that it may acquire and the total acquisition cost.

**2. Detail of the changes**

(Changed portions are underlined.)

	Before the changes	After the changes
(1) Type of shares:	Common stock	Common stock
(2) Aggregate number of shares to be repurchased:	Up to <u>7,000,000 shares</u> (equal to <u>1.02%</u> of total issued shares excluding treasury stock)	Up to <u>3,000,000 shares</u> (equal to <u>0.44%</u> of total issued shares excluding treasury stock)
(3) Aggregate price of shares to be repurchased:	Up to <u>15,000,000,000 yen</u>	Up to <u>5,000,000,000 yen</u>
(4) Period for share repurchase:	From March 6, 2020 to January 31, 2021	From March 6, 2020 to January 31, 2021
(5) Method of share repurchase:	Market purchases (including Off-Auction Own Share Repurchase Trading (N-NET3) of the Nagoya Stock Exchange)	Market purchases (including Off-Auction Own Share Repurchase Trading (N-NET3) of the Nagoya Stock Exchange)

**(Reference)**

1. Aggregate number of its treasury stock repurchased up to September 9, 2020 based on the resolution on March 5, 2020.

- (1) Aggregate number of shares repurchased: 1,704,200 shares  
 (2) Aggregate price of shares repurchased: 3,004,072,400 yen

2. Treasury stock held by Sekisui House, Ltd. as of August 31, 2020:

- Aggregate number of issued shares: 682,152,206 shares (excluding treasury stock)  
 Number of treasury stock: 2,531,260 shares