

Consolidated Financial Statements Summary
for the Third Quarter of FY2020 (February 1, 2020 through October 31, 2020)
(Japanese Standard)

December 7, 2020

Company name : **Sekisui House, Ltd.** (URL <https://www.sekisuihouse.co.jp>)
Listed exchanges : Tokyo, Nagoya
Stock code : 1928
Representative : Yoshihiro Nakai, President and Representative Director
Inquiries : Atsushi Yoshida, Chief Manager of Investor Relations Department
Tel +81 6 6440 3111
Filing date of quarterly securities report : December 14, 2020
Date of scheduled payment of dividends : -
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 Nine Months Ended October 31, 2020 (February 1, 2020 through October 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	%
Nine months ended Oct. 31, 2020	1,768,886	1.9	134,820	(13.0)	131,668	(18.2)	88,963	(24.3)
Nine months ended Oct. 31, 2019	1,735,228	16.6	154,994	35.9	161,030	36.0	117,467	41.7

(Note) Comprehensive income:

Nine months ended Oct. 31, 2020: ¥80,356 million (24.0)% Nine months ended Oct. 31, 2019: ¥105,783 million 109.4%

	Profit per share	Fully diluted profit per share
	¥	¥
Nine months ended Oct. 31, 2020	130.41	130.30
Nine months ended Oct. 31, 2019	170.91	170.72

(2) Consolidated Financial Position

	Total assets	Net assets	Equity capital ratio
	¥ million	¥ million	%
As of October 31, 2020	2,590,368	1,321,023	49.4
As of January 31, 2020	2,634,748	1,306,850	48.1

(Reference) Equity capital As of October 31, 2020: ¥1,278,836 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: None

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: None

Notes

(1) Changes in significant subsidiaries (changes in specific subsidiaries that caused a change in scope of consolidation): Yes

New Consolidated Companies: - Excluded: 1 company Sekisui House (Taicang) Co., Ltd.

(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 Oct. 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 Oct. 31, 2020: 3,789,887 shares

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

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

Nine months ended Oct. 31, 2020: 682,177,291 shares Nine months ended Oct. 31, 2019: 687,291,301 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 First Nine Months under Review" of the "Attached Material" on page 10.

(Obtaining supplementary explanatory documents)

The Company plans to hold a briefing for institutional investors and analysts on December 7, 2020. Relevant financial explanatory documents to be handed out at the briefing will be posted on our official website on the same day.

TABLE OF CONTENTS OF THE ATTACHED MATERIAL

1. Qualitative Information Regarding the Consolidated Results for the First Nine Months under Review -----	6
(1) Information Regarding Consolidated Business Results -----	6
(2) Information Regarding Consolidated Financial Conditions -----	10
(3) Information Regarding Consolidated Results Forecast -----	10
2. Consolidated Quarterly Financial Statements and Notes -----	11
(1) Consolidated Quarterly Balance Sheet -----	11
(2) Consolidated Quarterly Statement of Income and Consolidated Quarterly Statement of Comprehensive Income -----	13
Consolidated Quarterly Statement of Income	
For the nine months ended October 31, 2019 and 2020 -----	13
Consolidated Quarterly Statement of Comprehensive Income	
For the nine months ended October 31, 2019 and 2020 -----	14
(3) Notes to Consolidated Quarterly Financial Statements -----	14
(Notes Regarding Assumption of a Going Concern) -----	14
(Notes on Significant Changes in the Amount of Shareholders' Equity) -----	14

Appendix: Segment breakdown for the Nine Months Ended October 31, 2020**Consolidated****(1) Sales**

¥ millions

		Nine months ended October 31, 2019	Nine months ended October 31, 2020	YOY(%)
Built-to-order Business	Custom detached houses	293,104	235,277	(19.7)
	Rental housing	257,499	262,509	1.9
	Architectural/Civil engineering	37,573	237,240	531.4
	Subtotal	588,176	735,026	25.0
Supplied Housing Business	Remodeling	114,512	98,179	(14.3)
	Real estate management fees	400,166	416,545	4.1
	Subtotal	514,678	514,725	0.0
Development Business	Houses for sale	113,843	94,874	(16.7)
	Condominiums	52,098	48,369	(7.2)
	Urban redevelopment	112,506	61,583	(45.3)
	Subtotal	278,448	204,827	(26.4)
Overseas Business		298,377	263,088	(11.8)
Other Businesses		55,547	51,218	(7.8)
Consolidated		1,735,228	1,768,886	1.9

(2) Operating income and Operating margin

¥ millions

		Nine months ended October 31, 2019 Amount	Nine months ended October 31, 2020 Amount	YOY(%)
		Operating margin	Operating margin	
Built-to-order Business	Custom detached houses	33,524 11.4%	22,511 9.6%	(32.8)
	Rental housing	33,918 13.2%	32,318 12.3%	(4.7)
	Architectural/Civil engineering	(807) (2.1%)	14,345 6.0%	-
	Subtotal	66,634 11.3%	69,175 9.4%	3.8
Supplied Housing Business	Remodeling	17,673 15.4%	12,947 13.2%	(26.7)
	Real estate management fees	31,781 7.9%	33,707 8.1%	6.1
	Subtotal	49,455 9.6%	46,655 9.1%	(5.7)
Development Business	Houses for sale	9,478 8.3%	5,468 5.8%	(42.3)
	Condominiums	6,232 12.0%	6,407 13.2%	2.8
	Urban redevelopment	13,691 12.2%	11,064 18.0%	(19.2)
	Subtotal	29,402 10.6%	22,939 11.2%	(22.0)
Overseas Business		41,229 13.8%	30,608 11.6%	(25.8)
Other Businesses		(533) (1.0%)	(2,355) (4.6%)	-
Eliminations and back office		(31,194)	(32,204)	-
Consolidated		154,994 8.9%	134,820 7.6%	(13.0)

(3) Orders

¥ millions

		Nine months ended October 31, 2019	Nine months ended October 31, 2020	YOY(%)
Built-to-order Business	Custom detached houses	268,688	238,892	(11.1)
	Rental housing	295,423	265,130	(10.3)
	Architectural/Civil engineering	37,327	222,585	496.3
	Subtotal	601,439	726,608	20.8
Supplied Housing Business	Remodeling	113,863	104,777	(8.0)
	Real estate management fees	400,166	416,545	4.1
	Subtotal	514,029	521,322	1.4
Development Business	Houses for sale	111,670	109,630	(1.8)
	Condominiums	54,813	51,102	(6.8)
	Urban redevelopment	121,718	64,459	(47.0)
	Subtotal	288,203	225,193	(21.9)
Overseas Business		409,499	259,194	(36.7)
Other Businesses		60,072	46,688	(22.3)
Consolidated		1,873,244	1,779,006	(5.0)

(4) Order backlog

¥ millions

		As of January 31, 2020	As of October 31, 2020	YOY (%)
Built-to-order Business	Custom detached houses	184,302	187,917	2.0
	Rental housing	376,538	379,160	0.7
	Architectural/Civil engineering	386,561	371,906	(3.8)
	Subtotal	947,402	938,984	(0.9)
Supplied Housing Business	Remodeling	27,976	34,573	23.6
	Real estate management fees	-	-	-
	Subtotal	27,976	34,573	23.6
Development Business	Houses for sale	41,513	56,269	35.5
	Condominiums	87,762	90,496	3.1
	Urban redevelopment	30,613	33,489	9.4
	Subtotal	159,889	180,255	12.7
Overseas Business		222,324	218,430	(1.8)
Other Businesses		50,854	46,325	(8.9)
Consolidated		1,408,448	1,418,569	0.7

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 Nine Months under Review

(1) Information Regarding Consolidated Business Results

During the first nine months of the consolidated fiscal year under review, the global economy remained in difficult conditions due to the adverse effects COVID-19 generated through its global spread. In Japan, corporate earnings showed a substantial decline under the negative effects of COVID-19. However, in circumstances in which social and economic activities were gradually being resumed, personal consumption and production showed signs of a recovery.

In the housing market in Japan, the number of new housing starts decreased, reflecting the effects of a decline in reaction to the consumption tax hike which had continued from the previous year, in addition to the effects of self-restraint on sales activities exercised in connection with efforts to prevent the spread of COVID-19. As a result, severe conditions continued for orders received across the market. Market conditions remained unpredictable, even though signs of a recovery emerged with the phased resumption of economic activities.

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, sales fell temporarily in the housing market in the United States as the number of people infected with COVID-19 grew. However, sales in the market recovered and stayed high, partly buoyed by historically low mortgage rates.

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 initiatives for new businesses, the Company continued developing the Platform House to aid happiness in the era of living 100 years while advancing initiatives for launching HED-Net, the world's first in-home early acute-disease detection network.

In addition, the Company opened six Fairfield by Marriott hotels adjacent to *Michi-no-Eki* stations in four prefectures in October 2020 in cooperation with 25 prefectural governments and 34 partner companies through the Trip Base *Michi-no-Eki* Stations Project executed with Marriott International as a regional revitalization project. In the Project's first stage, the Company will successively open 15 more hotels in six prefectures by the spring of 2022.

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 nine months of the consolidated fiscal year under review, net sales amounted to ¥1,768,886 million (up 1.9% year-on-year). Operating income amounted to ¥134,820 million (down 13.0% year-on-year), ordinary income to ¥131,668 million (down 18.2% year-on-year) and profit attributable to owners of parent to ¥88,963 million (down 24.3% 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 nine months ended October 31, 2020 are based on the new reportable segments.

<Built-to-Order Business>**(Custom detached houses)**

In the custom detached houses business, the Company put on the market *Family Suite Ouchi Premium*, incorporating new lifestyle proposals linked with greater time spent at home into the Family Suite born out of a study of houses where people become happier as they reside longer. It has been well-received with an adoption rate of about 60%. The Company also released Green First Zero, its net zero energy house (ZEH), with an adoption rate reaching 87% in FY2019. In all products, the Company made proposals for life after COVID-19, including working from home. Additionally, the Company expanded sales of high-end products in stages, including the market introduction of KOKAGE LOUNGE through the SHAWOOD series of wooden custom detached houses which enrich time spent at home with ceilings and eaves making the most of slopes, in addition to mainstay mid-range and high-end products. The Company also strengthened its second brand marketed by Sekisui House noie Limited. to promote products in a wider price range. In addition, the Company opened *Minna no Kurashi 7 Stories*, a lifestyle-based model house where its diverse proposals for happy living and technologies supporting them can be experienced all at once, within the *Kanto Sumai no Yume Kojo* facility.

Due to the spread of COVID-19, however, sales activities were affected by the cancelation of promotional events and orders received decreased. Orders showed signs of a recovery, including a sustained year-on-year increase, in recent months, thanks to the phased relaxation of restrictions on sales activities.

Sales in the Custom detached houses business amounted to ¥235,277 million, down 19.7% year-on-year, and operating income to ¥22,511 million, down 32.8% 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. Orders received showed signs of a recovery as the Company took these measures. However, orders for non-housing products including hotels decreased under the adverse effects of COVID-19.

Sales in the Rental housing business amounted to ¥262,509 million, up 1.9 % year-on-year, and operating income to ¥32,318 million, down 4.7% 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 ¥237,240 million, up 531.4% year-on-year, and operating income to ¥14,345 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. As in the custom detached houses business, orders showed signs of a recovery in recent months, including a sustained year-on-year increase, thanks to the phased relaxation of restrictions on sales activities.

Sales in the Remodeling business amounted to ¥98,179 million, down 14.3% year-on-year, and operating income to ¥12,947 million, down 26.7% 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 ¥416,545 million, up 4.1% year-on-year, and operating income to ¥33,707 million, up 6.1% 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.

The expanding pandemic adversely affected sales activities in ways such as self-restraint on events for promoting sales. Under these circumstances, orders showed signs of recovery in recent months, including a sustained year-on-year increase, thanks to the phased relaxation of restrictions on sales activities.

Sales in the houses for sale business amounted to ¥94,874 million, down 16.7% year on year, and operating income for the business came to ¥5,468 million, down 42.3% year on year, reflecting causes including the absence of a project for selling large lots for commercial use that had existed in the previous fiscal 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 remained strong for *Grande Maison Uemachi 1-chome Tower* (Chuo-ku, Osaka), a super high-rise condominium where not only the building, but all dwelling units satisfy ZEH criteria, and some other properties. Deliveries progressed as planned for properties centered on *Grande Maison Shinagawa Seaside no Mori*

(Shinagawa-ku, Tokyo).

Sales in the Condominiums business amounted to ¥48,369 million, down 7.2% year-on-year, and operating income to ¥6,407 million, up 2.8% year-on-year.

(Urban redevelopment)

In the Urban redevelopment business, occupancy rates stayed high for rental properties owned by the Sekisui House Group, such as offices, commercial buildings and Prime Maison rental houses developed by the Company. However, income from hotels declined due to falls in the numbers of travelers from Japan and overseas under the effects of COVID-19.

Meanwhile, the Company sold properties, including *The Ritz-Carlton Kyoto* (part of the stake) and *Grand Mast Hirose Do-ri* (Aoba-ku, Sendai) rental housing, to Sekisui House Reit, Inc. in April.

Sales in the Urban redevelopment business amounted to ¥61,583 million, down 45.3% year-on-year, and operating income to ¥11,064 million, down 19.2% 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 delivery of Bear Creek (Denver) and Kiara (Seattle) in the rental housing development business. However, the Company rescheduled sales plans for some of the properties to the next and subsequent fiscal years. The housing land development business and Woodside Homes' housing sales business remained strong, too, supported by historically low mortgage rates. In China, the delivery of a condominium in Suzhou progressed smoothly. In Australia, the Company reviewed its earnings plan for the condominium business. However, the delivery of The Hermitage (Sydney) advanced steadily in the housing land development business.

Sales in the Overseas Business amounted to ¥263,088 million, down 11.8% year-on-year, and operating income to ¥30,608 million, down 25.8% 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 ¥51,218 million, down 7.8% year-on-year, and operating loss to ¥2,355 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 (SRD).

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 won the Climate Change Action Grand Prize, the highest honor among the awards given by the Minister of the Environment for action on climate change, based on high evaluations for its initiatives to develop the ZEH market for rental housing. To achieve RE100 at an early stage, the Company also adopted, in an industry first, renewable energy-based electricity using *Sekisui House Owner Denki* at facilities across Japan, including open houses and *Sumai no Yume Kojo*.

To strengthen its position on social issues, the Company began operating the *Ikumen* Leave program (offering a childcare leave of at least one month to male employees) to continue its efforts to create workplaces that enable employees to maximize their diverse skills and turn their diversity into a growth driver. Male employees at the Company have taken the *Ikumen* Leave at the rate of 100% continuously since its introduction in February 2019. The Company also received the Grand Prize in the *Ikumen* Award 2020 sponsored by the Ministry of Health, Labour and Welfare, based on high evaluations for its initiatives, including the publication of the *Ikumen White paper* and the hosting of *Ikumen* Forums. Taking an additional step, the Company joined The Valuable 500, a global initiative for helping disabled people play active roles in businesses.

(2) Information Regarding Consolidated Financial Conditions

Total assets decreased by ¥44,380 million to ¥2,590,368 million at the end of the first nine 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 ¥58,553 million to ¥1,269,344 million, mainly due to the redemption of bonds and income taxes paid. Net assets increased by ¥14,173 million to ¥1,321,023 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

The consolidated results forecast for the fiscal year ending January 31, 2021 remained unchanged from the plan announced on September 10, 2020, considering the progress in improvements in the respective business segments.

2. Consolidated Quarterly Financial Statements and Notes

(1) Consolidated Quarterly Balance Sheet

¥ millions

	As of January 31, 2020	As of October 31, 2020
Assets		
Current assets		
Cash and deposits	584,635	519,534
Notes receivable, accounts receivable from completed construction contracts	133,978	149,857
Costs on uncompleted construction contracts	17,934	20,201
Buildings for sale	342,594	353,318
Land for sale in lots	541,524	519,660
Undeveloped land for sale	94,827	85,262
Other inventories	8,323	7,883
Other	93,374	99,429
Less allowance for doubtful accounts	(1,186)	(1,158)
Total current assets	1,816,005	1,753,989
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	179,449	183,953
Machinery, equipment and vehicles	9,155	9,009
Land	284,769	298,122
Construction in progress	28,267	32,225
Other, net	8,914	9,770
Total property, plant and equipment	510,556	533,081
Intangible assets	18,661	19,599
Investments and other assets		
Investment in securities	157,715	167,703
Long-term loans receivable	36,568	18,327
Asset for retirement benefits	1,502	1,794
Deferred tax assets	31,007	30,827
Other	63,218	65,534
Less allowance for doubtful accounts	(486)	(490)
Total investments and other assets	289,525	283,697
Total noncurrent assets	818,742	836,378
Total assets	2,634,748	2,590,368

¥ millions

	As of January 31, 2020	As of October 31, 2020
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	125,955	125,809
Electronically recorded obligations-operating	93,594	81,059
Short-term loans	166,486	168,359
Short-term bonds	15,000	30,000
Current portion of long-term loans payable	18,693	19,126
Accrued income taxes	30,980	17,731
Advances received on construction contracts in progress	241,805	230,102
Accrued employees' bonuses	27,939	34,815
Accrued directors' and corporate auditors' bonuses	1,523	440
Provision for warranties for completed construction	3,352	3,166
Other	96,535	82,861
Total current liabilities	821,866	793,472
Long-term liabilities		
Bonds payable	200,000	170,000
Long-term loans payable	178,928	182,911
Guarantee deposits received	59,164	59,358
Deferred income taxes	2,179	363
Accrued retirement benefits for directors and corporate auditors	1,107	944
Liabilities for retirement benefits	49,414	48,699
Other	15,236	13,594
Total long-term liabilities	506,030	475,871
Total liabilities	1,327,897	1,269,344
Net assets		
Shareholders' equity		
Common stock	202,591	202,591
Capital surplus	258,994	258,989
Retained earnings	786,591	805,435
Less treasury stock, at cost	(13,668)	(6,943)
Total shareholders' equity	1,234,509	1,260,073
Accumulated other comprehensive income		
Net unrealized holding gain on securities	39,894	33,029
Deferred (loss) gain on hedges	(60)	(75)
Translation adjustments	11,174	1,042
Retirement benefits liability adjustments	(19,322)	(15,232)
Total accumulated other comprehensive income	31,686	18,763
Stock subscription rights	609	535
Non-controlling interests	40,044	41,651
Total net assets	1,306,850	1,321,023
Total liabilities and net assets	2,634,748	2,590,368

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

For the nine months ended October 31, 2019 and 2020

	¥ millions	
	Feb. 1, 2019– Oct. 31, 2019	Feb. 1, 2020 – Oct. 31, 2020
Net sales	1,735,228	1,768,886
Cost of sales	1,382,090	1,426,384
Gross profit	353,138	342,501
Selling, general and administrative expenses	198,143	207,681
Operating income	154,994	134,820
Non-operating income		
Interest income	2,438	2,106
Dividends income	1,109	1,138
Equity in earnings of affiliates	7,942	378
Other	2,368	2,285
Total non-operating income	13,858	5,908
Non-operating expenses		
Interest expenses	3,989	2,094
Foreign exchange losses	568	3,825
Other	3,264	3,141
Total non-operating expenses	7,822	9,061
Ordinary income	161,030	131,668
Extraordinary income		
Gain on sales of investments in securities	—	3,182
Gain on step acquisitions	8,598	—
Gain on sales of shares of subsidiaries and affiliates	3,640	—
Total extraordinary income	12,238	3,182
Extraordinary loss		
Loss on sales or disposal of fixed assets	868	840
Loss related to COVID-19	—	615
Loss on revaluation of investments in securities	—	490
Loss on impairment of fixed assets	272	77
Loss on sales of investment securities	—	6
Total extraordinary losses	1,141	2,030
Profit before income taxes	172,128	132,820
Income taxes-current	44,692	39,939
Income taxes-deferred	3,799	(1,070)
Total income taxes	48,492	38,868
Profit	123,635	93,951
Profit attributable to non-controlling interests	6,168	4,988
Profit attributable to owners of parent	117,467	88,963

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

	¥ millions	
	Feb. 1, 2019 – Oct. 31, 2019	Feb. 1, 2020 – Oct. 31, 2020
Profit	123,635	93,951
Other comprehensive income		
Net unrealized holding gain (loss) on securities	7,445	(7,579)
Translation adjustments	(23,413)	(9,129)
Retirement benefits liability adjustments	(439)	4,139
Share of other comprehensive gain (loss) of affiliates accounted for by the equity method	(1,444)	(1,026)
Total other comprehensive income	(17,851)	(13,595)
Comprehensive income	105,783	80,356
Comprehensive income attributable to		
Owners of the parent	99,609	76,040
Non-controlling shareholders' interests	6,174	4,316

(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