Consolidated Financial Statements Summary
for the Third Quarter of FY2022 (February 1, 2022 through October 31, 2022)
(Japanese Standard)

December 8, 2022

Company name	: Sekisui House, Ltd. (URL https://www.sekisuihouse.co.jp)
Listed exchanges	: Tokyo, Nagoya
Stock code	: 1928
Representative	: Yoshihiro Nakai, Representative Director of the Board, President, Executive
Inquiries	: Atsushi Yoshida, Executive Officer, Head of Investor Relations Department Tel +81 6 6440 3111
Filing date of quarterly securities report	: December 14, 2022
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, 2022 (February 1, 2022 through October 31, 2022)

(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, 2022	2,130,078	15.5	202,499	20.4	202,628	20.1	149,815	29.3
Nine months ended Oct. 31, 2021	1,844,812	4.3	168,225	24.8	168,649	28.1	115,895	30.3

(Note) Comprehensive income:
Nine months ended Oct. 31, 2022: ¥258,272 million (63.4%) Nine months ended Oct. 31, 2021: ¥158,046 million (96.7%)

	Profit per share	Fully diluted profit per share
	¥	¥
Nine months ended Oct. 31, 2022	224.05	223.97
Nine months ended Oct. 31, 2021	171.06	170.97

(2)Consolidated Financial Position

	Total assets	Net assets	Equity capital ratio
	¥ million	¥ million	%
As of October 31, 2022	3,078,886	1,681,292	52.9
As of January 31, 2022	2,801,189	1,520,959	52.6

(Reference) Equity capital As of October 31, 2022: ¥1,627,786 million As of January 31, 2022: ¥1,473,940 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, 2022	-	43.00	-	47.00	90.00
Year ending Jan. 31, 2023	-	52.00	-		
Year ending Jan. 31, 2023 (forecast)				52.00	104.00

(Note) Revised dividend forecast for the quarter under review: None

3. Consolidated Results Forecast for FY2022 (February 1, 2022 through January 31, 2023)

(% 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, 2023	2,930,000	13.1	260,000	13.0	260,000	13.0	174,000	13.1	260.83

(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): Applicable

New Consolidated Companies: 1 company Chesmar Holdings, LLC

Excluded: 2 company Sekisui House･Changcheng (Suzhou) Real Estate Development Co., Ltd.

Sekisui House (Wuxi) 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: 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, 2022: 684,683,466 shares As of Jan. 31, 2022: 684,683,466 shares

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

As of Oct. 31, 2022: 22,581,546 shares As of Jan. 31, 2022: 9,913,593 shares

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

Nine months ended Oct. 31, 2022: 668,668,080 shares Nine months ended Oct. 31, 2021: 677,521,037 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 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 December 8, 2022. Relevant financial explanatory documents to be handed out at the briefing will be posted on our official website on the same day.

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Appendix: Segment breakdown for the Nine Months Ended October 31, 2022

Consolidated

(1) Net sales (¥ million)

		Nine months ended October 31, 2021	Nine months ended October 31, 2022	YOY(%)
Built-to-order Business	Custom detached houses	254,871	259,824	1.9
	Rental housing	276,458	314,690	13.8
	Architectural/Civil engineering	194,283	218,215	12.3
	Subtotal	725,613	792,729	9.2
Supplied Housing Business	Remodeling	111,354	118,240	6.2
	Real estate management fees	437,835	463,254	5.8
	Subtotal	549,190	581,494	5.9
Development Business	Houses for sale	134,884	172,551	27.9
	Condominiums	51,326	57,195	11.4
	Urban redevelopment	87,275	118,217	35.5
	Subtotal	273,487	347,964	27.2
Overseas Business		242,999	350,472	44.2
Other businesses		53,522	57,416	7.3
Consolidated		1,844,812	2,130,078	15.5

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

		Nine months ended October 31, 2021 Amount Operating margin	Nine months ended October 31, 2022 Amount Operating margin	YOY(%)
Built-to-order Business	Custom detached houses	30,696 12.0%	27,788 10.7%	(9.5)
	Rental housing	39,505 14.3%	43,246 13.7%	9.5
	Architectural/Civil engineering	13,350 6.9%	9,715 4.5%	(27.2)
	Subtotal	83,552 11.5%	80,750 10.2%	(3.4)
Supplied Housing Business	Remodeling	17,458 15.7%	18,917 16.0%	8.4
	Real estate management fees	39,284 9.0%	38,512 8.3%	(2.0)
	Subtotal	56,742 10.3%	57,430 9.9%	1.2
Development Business	Houses for sale	10,639 7.9%	15,392 8.9%	44.7
	Condominiums	7,275 14.2%	10,004 17.5%	37.5
	Urban redevelopment	10,976 12.6%	14,759 12.5%	34.5
	Subtotal	28,891 10.6%	40,156 11.5%	39.0
Overseas Business		34,026 14.0%	61,156 17.4%	79.7
Other businesses		(1,235) (2.3%)	(601) (1.0%)	-
Eliminations and back office		(33,752)	(36,392)	-
Consolidated		168,225 9.1%	202,499 9.5%	20.4

(3) Orders

(¥ million)

		Nine months ended October 31, 2021	Nine months ended October 31, 2022	YOY(%)
Built-to-order Business	Custom detached houses	270,246	256,403	(5.1)
	Rental housing	287,909	322,269	11.9
	Architectural/Civil engineering	235,755	207,904	(11.8)
	Subtotal	793,911	786,577	(0.9)
Supplied Housing Business	Remodeling	120,548	127,455	5.7
	Real estate management fees	437,835	463,254	5.8
	Subtotal	558,384	590,709	5.8
Development Business	Houses for sale	155,141	190,063	22.5
	Condominiums	60,950	62,698	2.9
	Urban redevelopment	79,249	94,414	19.1
	Subtotal	295,341	347,176	17.6
Overseas Business		273,210	374,467	37.1
Other businesses		57,710	58,433	1.3
Consolidated		1,978,557	2,157,365	9.0

(4) Order backlog

(¥ million)

		As of January 31, 2022	As of October 31, 2022	YOY (%)
Built-to-order Business	Custom detached houses	183,865	180,445	(1.9)
	Rental housing	378,890	386,469	2.0
	Architectural/Civil engineering	434,107	423,796	(2.4)
	Subtotal	996,863	990,711	(0.6)
Supplied Housing Business	Remodeling	33,380	42,595	27.6
	Real estate management fees	-	-	-
	Subtotal	33,380	42,595	27.6
Development Business	Houses for sale	58,114	75,626	30.1
	Condominiums	84,991	90,495	6.5
	Urban redevelopment	25,057	1,253	(95.0)
	Subtotal	168,163	167,374	(0.5)
Overseas Business		260,455	338,927	30.1
Other businesses		53,710	54,727	1.9
Consolidated		1,512,572	1,594,336	5.4

1. Quarterly Qualitative Analysis

(1) Information Regarding Consolidated Business Results

The consolidated third quarter of this fiscal year saw the global economy remain on a recovery track toward a more normal state, due to both new measures to COVID-19 countermeasures and socio economic activities. However, the impact of global inflation, tight monetary policies in various countries and foreign exchange fluctuations, impact of geopolitical risks on raw materials, material prices and supply chains, and impact of COVID-19 resurgence require close observation.

Domestically, in the housing market, despite stability in the number of new housing starts being sustained, increase in spending on travel and eating out due to restrictions on activities being lifted, and persistent caution of spending by consumers due to the rise in prices of daily necessities led to a decline in ordering. In the United States, the number of new housing starts and housing sales declined due to persistently high housing prices and rising mortgage rates.

In this business climate, with the aim of achieving the Global Vision of making the home the happiest place in the world, the Group has put great effort into various business strategies including high added value proposals that integrate technologies, lifestyle design and services. With the success of these efforts, each of its business made steady progress toward achieving the revenue plan for the current fiscal year, the final year of the Fifth Mid-Term Management Plan (FY2020-FY2022). Orders in the domestic and overseas housing businesses that contribute to the performances of next fiscal year and beyond were also strong.

Also, based on the Fifth Mid-Term Management Plan policy of actively conducting M&A and alliances to create new businesses and innovations, we completed a buyout of MARUHON INC., an interior design building materials manufacturer active in the import, planning, manufacture and sales of wood building materials focused on unmixed wood interior materials, with strengths in high quality and high added-value products, in September.

Net sales in the third quarter of the consolidated fiscal year under review were ¥2,130,078 million, up 15.5% year on year. Sekisui House showed operating income of ¥202,499 million, up 20.4% year on year, an ordinary income of ¥202,628 million, up 20.1% year on year, and quarterly profit attributable to owners of parent of ¥149,815 million, up 29.3% year on year.

Business results by segment are outlined below.

<Built-to-Order Business>

(Custom Detached Houses)

Favorable orders in the previous term and stable construction progress contributed to increased income, with the Custom Detached Houses Business showing net sales of ¥259,824 million, up 1.9% year on year, and operating income of ¥27,788 million, down 9.5% year on year, during the third quarter of the consolidated fiscal year under review.

Great effort has been put into mid- to high-end products by means of high added-value proposals that integrate technologies and lifestyle design. The Custom Detached Housing Business sustained a stable order driven by the Family Suite proposals for new lifestyles, Green First ZERO for net zero energy housing (ZEH), and the next-generation indoor environment control system SMART-ECS, as well as the popularity of PLATFORM HOUSE touch connectivity service that operates in tandem with home layout released last year.

(Rental Housing)

Stable construction progress contributed to increased income in the Rental Housing Business, which showed net sales of ¥314,690 million, up 13.8% year on year, and operating income of ¥43,246 million, up 9.5% year on year, during the third quarter of the consolidated fiscal year under review.

Adhering to the urban centered area specific marketing strategy, the business concentrated on the promotion of three and four story rental houses built u sing an original Sekisui House construction method to achieve both a resilient structure and flexible design.

Our efforts also included promoting zero energy Sha Maison ZEH rental housing that boosts profitability and contribute to decarbonization. Distributing electricity generated by photovoltaic power generation systems to each house has allowed tenants to use and sell electricity, which proved a popular and ethical option allowing them to feel the benefits of ZEH. ZEH housing comprised 63% (11,236, cumulative of 23,543) of the number of orders for rental housing.

In addition to the high added-value proposals above, property management by Sekisui House Real Estate companies which achieve high occupancy and rent prices has led to a favorable trend in B-to-B rental businesses and orders.

(Architectural / Civil Engineering)

The Architectural / Civil Engineering Business showed net sales of ¥218,215 million, up 12.3% year on year, and operating income of ¥9,715 million, down 27.2% year on year, during the third quarter of the consolidated fiscal year under review.

Earnings increased as sales from several large projects were recorded. However, orders declined due to the decline in demand for large scale constructions, impact of rising material prices and impact from receiving several large scale projects in the previous fiscal year.

<Supplied Housing Business>

(Remodeling)

Favorable orders in the previous term and stable construction progress contributed to increased income, with the Remodeling Business showing net sales of ¥118,240 million, up 6.2% year on year, and operating income of ¥18,917 million, up 8.4% year on year, during the third quarter of the consolidated fiscal year under review.

In detached homes, there was an increase in the ratio of orders for large-scale remodeling, including favorable trends for Family Suite Renovation and other proposal-type remodeling, and environment-based remodeling including Idokoro Dannetsu location-based heating and energy-saving remodeling. Also, in rental housing, effort is being placed into remodeling proposals that will maintain property value while achieving high occupancy rate and high rental prices. Due to such initiatives, the favorable upward trend in orders.

(Real Estate Management Fees)

The Real Estate Management Fees Business showed net sales of ¥463,254 million, up 5.8% year on year, and operating income of ¥38,512 million, down 2.0% year on year, during the third quarter of the consolidated fiscal year under review.

The Real Estate Management Fees Business steadily increased the number of housing units under management through the supply of Sha Maison high quality and high-performance rental housing built in prime locations. The Real Estate Management Fees Business maintained high occupancy rates and rent prices, which in turn contributed to higher earnings, by providing high quality building management to support long term management stability and services enhancing the lives of residents.

In addition, Sekisui House Real Estate Holdings, Ltd. has started to promote business with a view toward the expansion of business areas in February with the aim of the further sustained growth of the Sekisui House Real Estate Group and the maximization of corporate value.

<Development Business>

(Houses for Sale)

Favorable orders in the previous term and stable construction progress contributed to increased income, with the Houses for Sale Business showing net sales of ¥172,551 million, up 27.9% year on year, and operating income of ¥15,392 million, up 44.7% year on year, during the third quarter of the consolidated fiscal year under review.

As a result of the active acquisition of prime land and creating an appealing city scape, area-specific marketing and efforts toward sales promotions for customers considering purchase from land has resulted in a favorable trend in orders.

(Condominiums)

The Condominiums Business contributed to higher income thanks to the as-scheduled delivery of Grand Maison Shin-Umeda Tower THE CLUB RESIDENCE (Kita-ku, Osaka City) in February as well as on-schedule delivery of Grand Maison Yakuin The Tower Residence (Chuo-ku, Fukuoka City), with net sales in the third quarter of the consolidated fiscal year under review reaching ¥57,195 million, up 11.4% year on year, and operating income of ¥10,004 million, up 37.5% year on year.

Moreover, Sekisui House also has set ZEH specifications for every Grande Maison condominium for sale from 2023, helping decarbonization in the household sector. In addition to the high-added value condominium development in particularly prime land centering on the four metropolises, our environmental efforts were acclaimed and the sales of Grand Maison Uemachi 1-chome Tower (Chuo-ku, Osaka City), a super high-rise tower residence, that conforms to ZEH standards while also offering convenience and comfort remained strong.

(Urban Redevelopment)

The Urban Redevelopment Business showed net sales of ¥118,217 million, up 35.5% year on year, and operating income of ¥14,759 million, up 34.5% year on year, during the third quarter of the consolidated fiscal year under review.

Plans for selling properties including the sale of Prime Maison Egota no Mori (Nakano-ku, Tokyo) and Prime Maison Waseda Dori (Shinjuku-ku, Tokyo) to Sekisui House Reit, Inc., the sale of equity in Akasaka Garden City Bldg. (Minato-ku, Tokyo) and the sale of property operated as a serviced apartment (Minato-ku, Tokyo), progressed on course. The segment is gradually increasing the occupancy rate of Sekisui House Group properties, such as the Sekisui House office buildings and Prime Maison rental housing.

In June, we opened The Westin Hotel Yokohama (Nishi-ku, Yokohama), a hotel featuring a spa facility, a comprehensive wellness floor and various other facilities to promote customer wellbeing and enable a trip to become healthy.

<Overseas Business>

The Overseas Business showed net sales of ¥350,472 million, up 44.2% year on year, and operating income of ¥61,156 million, up 79.7% year on year, during the third quarter of the consolidated fiscal year under review.

In the United States, there was stable trend in the Homebuilding business thanks to the strong orders received in the first half while the Master-planned community business had a favorable trend. In the Multifamily Business, there was an increase in earnings thanks to the delivery of Volta on Pine (Long Beach) and Bromwell (Denver) in the first quarter. On the other hand, ordering environment in the Homebuilding business declined due to rising mortgage rates, high level of inflation, and other factors . Furthermore, based on the policy of promoting Sekisui House technologies such as technology for residential building developed in Japan and provision of high added-value, full equity of Chesmar Homes, LLC was acquired in July with the aim of expanding business scale and coverage area.

In Australia, revenue was boosted with the delivery of the Residences condominium building at "Melrose Park" (Sydney) and the sale of land at "Gledswood Hills" (Sydney) in the first quarter. In China, progress was as planned with the delivery of condominiums sold in Phase 2 in Taicang City.

<Other>

Other businesses showed net sales of ¥57,416 million, up 7.3% year on year, but an operating loss of ¥601 million during the third quarter of the consolidated fiscal year under review.

In addition to strengthening its proposals for the integration of housing and exteriors for both detached homes and rental housing, the Exterior Business continued to promote the Gohon no Ki Project that contributes to the preservation of biodiversity by encouraging the use of native vegetation.

In addition, the Company opened the Suite Concier website that introduces carefully-selected living services that are useful in daily life and that increase happiness for detached home and rental housing owners in April.

< ESG Management>

With the aim of becoming a leader in ESG management, the Company is promoting ESG management with the three themes of employee engagement, leading initiatives and improved external evaluation.

In terms of the environment, the ratio of ZEH housing against total new housing starts was a record high of 92% (fiscal 2021), while also promoting ZEH in housing complexes including rental housing and condominiums. Due to such initiatives, in comparison to fiscal 2013, a 55% reduction in annual CO2 for housing provided in fiscal 2021 was achieved. Building on this, we have revised our 2030 target for reducing CO2 emissions in our business activities upward from 50% to 75% by promoting initiatives such as the electrification of vehicles using in business activities and converting our business sites to net zero-energy buildings (ZEB).

In connection to the improvement of social value, in order to support autonomous career development, the Company has carried out personnel system reforms to achieve career course selection and the early creation of management opportunities. Also, we are embedding personnel system reforms throughout the Group and strengthening talent management systems by newly establishing a Human Resource Development Department in February.

With regard to corporate governance, at the April General Meeting of Shareholders, the ratio of outside directors was set at 50%, enhancing the independence and diversity of the Board of Directors and further strengthening the management supervision functions of the Board of Directors.

(2) Information Regarding Consolidated Financial Conditions

Total assets increased by ¥277,697 million to ¥3,078,886 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 ¥117,364 million to ¥1,397,593 million, despite an decreases in the redemption of bonds, mainly due to the increase in loans payable. Net asset, despite payments of dividends, increased ¥160,332 million to ¥1,681,292 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, 2023, remained unchanged from the plan announced on September 8, 2022, 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, 2022	As of October 31, 2022
Assets		
Current assets		
Cash and deposits	515,283	339,396
Notes receivable, accounts receivable from completed construction contracts	132,471	–
Notes receivable, accounts receivable from completed construction contracts and other	–	151,516
Costs on uncompleted construction contracts	18,299	24,880
Buildings for sale	436,973	581,549
Land for sale in lots	589,879	728,152
Undeveloped land for sale	149,828	176,082
Other inventories	9,501	12,889
Other	101,672	137,924
Less allowance for doubtful accounts	(1,179)	(1,123)
Total current assets	1,952,729	2,151,267
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	187,272	212,974
Machinery, equipment and vehicles	9,278	11,219
Land	284,788	303,901
Construction in progress	49,597	24,710
Other, net	9,774	24,703
Total property, plant and equipment	540,711	577,509
Intangible assets		
Goodwill	250	36,241
Other	17,738	18,853
Total intangible assets	17,988	55,094
Investments and other assets		
Investment in securities	190,334	194,608
Long-term loans receivable	5,793	5,917
Asset for retirement benefits	7,206	9,027
Deferred tax assets	24,091	26,004
Other	62,626	61,677
Less allowance for doubtful accounts	(294)	(2,221)
Total investments and other assets	289,759	295,015
Total noncurrent assets	848,459	927,619
Total assets	2,801,189	3,078,886

(¥ million)

	As of January 31, 2022	As of October 31, 2022
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	111,022	134,287
Electronically recorded obligations-operating	96,635	89,097
Short-term bonds payable	—	30,000
Short-term loans	219,218	355,648
Current portion of bonds payable	—	30,000
Current portion of long-term loans payable	16,235	70,873
Accrued income taxes	43,021	21,474
Advances received on construction contracts in progress	207,798	202,866
Accrued employees' bonuses	31,270	41,554
Accrued directors' and corporate auditors' bonuses	1,385	254
Provision for warranties for completed construction	3,897	5,049
Other	137,416	120,027
Total current liabilities	867,903	1,101,134
Long-term liabilities		
Bonds payable	170,000	20,000
Long-term loans payable	136,556	159,274
Guarantee deposits received	59,079	59,078
Deferred income taxes	464	691
Accrued retirement benefits for directors and corporate auditors	864	718
Liabilities for retirement benefits	30,733	31,209
Other	14,626	25,486
Total long-term liabilities	412,325	296,459
Total liabilities	1,280,229	1,397,593
Net assets		
Shareholders' equity		
Common stock	202,591	202,591
Capital surplus	258,989	258,989
Retained earnings	940,135	1,021,803
Treasury shares	(20,975)	(50,711)
Total shareholders' equity	1,380,740	1,432,673
Accumulated other comprehensive income		
Net unrealized holding gain on securities	41,488	39,043
Deferred (loss) gain on hedges	141	754
Translation adjustments	47,245	149,409
Retirement benefits liability adjustments	4,323	5,905
Total accumulated other comprehensive income	93,199	195,113
Stock subscription rights	186	159
Non-controlling interests	46,832	53,346
Total net assets	1,520,959	1,681,292
Total liabilities and net assets	2,801,189	3,078,886

(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, 2021 and 2022

(¥ million)

	Feb. 1, 2021– Oct. 31, 2021	Feb. 1, 2022 – Oct. 31, 2022
Net sales	1,844,812	2,130,078
Cost of sales	1,461,114	1,691,873
Gross profit	383,698	438,205
Selling, general and administrative expenses	215,472	235,705
Operating income	168,225	202,499
Non-operating income		
Interest income	1,845	1,542
Dividends income	1,085	1,201
Foreign exchange gains	1,222	2,987
Other	2,581	3,191
Total non-operating income	6,735	8,923
Non-operating expenses		
Interest expenses	2,248	3,402
Equity in losses of affiliates	847	1,795
Other	3,215	3,596
Total non-operating expenses	6,311	8,794
Ordinary income	168,649	202,628
Extraordinary incom		
Gain on liquidation of subsidiaries and associates	3,067	16,814
Gain on sale of shares of subsidiaries and associates	2,242	5
Gain on sale of investment securities	757	—
Total extraordinary incom	6,066	16,819
Extraordinary loss		
Provision of allowance for doubtful accounts	—	1,934
Loss on sales or disposal of fixed assets	1,031	909
Loss on impairment of fixed assets	61	209
Loss on sale of investment securities	—	10
Loss on valuation of investment securities	21	—
Loss related to COVID-19	19	—
Total extraordinary losses	1,134	3,063
Profit before income taxes	173,582	216,384
Income taxes-current	53,564	59,659
Income taxes-deferred	(3,178)	735
Total income taxes	50,386	60,395
Profit	123,195	155,989
Profit attributable to non-controlling interests	7,300	6,174
Profit attributable to owners of parent	115,895	149,815

(Consolidated Quarterly Statement of Comprehensive Income)

For the nine months ended October 31, 2021 and 2022

	Feb. 1, 2021 – Oct. 31, 2021	Feb. 1, 2022 – Oct. 31, 2022
Profit	123,195	155,989
Other comprehensive income		
Net unrealized holding gain (loss) on securities	4,260	(2,076)
Translation adjustments	25,300	93,495
Retirement benefits liability adjustments	2,825	1,575
Share of other comprehensive gain (loss) of affiliates accounted for by the equity method	2,463	9,287
Total other comprehensive income	34,850	102,282
Comprehensive income	158,046	258,272
Comprehensive income attributable to		
Owners of the parent	150,912	251,729
Non-controlling shareholders' interests	7,134	6,542

(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)

(Adoption of the Accounting Standard for Revenue Recognition)

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020, Accounting Standards Board of Japan), from the beginning of the first quarter of the consolidated fiscal year under review. It recognizes revenues for goods or services based on the amount estimated to be received in exchange for such goods or services at the point when control of the promised goods or services is conveyed to the customer.

The Company has applied the Accounting Standard for Revenue Recognition transitionally, in accordance with the proviso in Article 84 of the standard. The cumulative effect amount, applying with the new accounting policy retrospectively prior to the first quarter of the consolidated fiscal year under review, was adjusted to retained earnings at the beginning of the first quarter of the consolidated fiscal year under review, and the Company has applied the new policy to the balance at the beginning of the fiscal year. However, applying the method stipulated in Paragraph 86 of the Revenue Recognition Accounting Standard, the Company does not retroactively apply the new accounting policy to the contracts almost all of whose revenue was recognized in compliance with the conventional method before the beginning of the first quarter of the consolidated fiscal year under review In addition, applying the method prescribed in the note (1) for Paragraph 86 of the Revenue Recognition Accounting Standard, the Company accounts for contract changes made prior to the first quarter of the consolidated fiscal year under review based on the contract terms after reflecting all contract changes, and added or subtracted their cumulative effect to or from retained earnings at the beginning of first quarter of the consolidated fiscal year under review.

The impact on the consolidated statement of income for the second quarter of the fiscal year under review is immaterial.

Due to the application of Accounting Standard for Revenue Recognition, “Notes receivable, accounts receivable from completed construction contracts” which was included in “Current assets” in the consolidated balance sheets for the previous fiscal year, is included in “Notes receivable, accounts receivable from completed construction contracts and other” from the first quarter of the consolidated fiscal year under review. In accordance with the transitional treatment stipulated in Article 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been restated in accordance with the new approach to presentation.

(Adoption of the Accounting Standard for Fair Value Measurement)

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019, Accounting Standards Board of Japan), from the beginning of the first quarter of the consolidated fiscal year under review. The Company has prospectively applied new accounting policies based on the Accounting Standard for Fair Value Measurement, in accordance with the transitional measurement in Article 19 of Accounting Standard for Fair Value Measurement and Article 44-2 of “Accounting Standard for Financial Instruments,” (ASBJ Statement No. 10, July 4, 2019). There is no impact to the consolidated financial statements.

(Adoption of ASU2016-02 “Leases”)

Overseas subsidiaries adopting U.S. GAAP have adopted ASU2016-02 “Leases” (February 25, 2016) from the beginning of the first quarter of the consolidated fiscal year under review.

Due to the adoption, the Company principally recognizes assets and liabilities of lease as a lessee.

The impact on the consolidated statement of income for the second quarter of the fiscal year under review is immaterial.