



### 3. Consolidated Financial Forecasts for Fiscal 2022 (April 1, 2021 to March 31, 2022)

(Percentage figures show the year-on-year increase (decrease).)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent		Net Income per Share
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	
Full Fiscal Year	52,400	11.1	3,200	39.2	3,000	43.1	2,000	15.9	(¥) 68.37

Note: Revisions to the most recently announced financial forecasts in the current quarter: Yes

As the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, issued on March 31, 2020) and other standards have been applied since the beginning of the fiscal year ending March 2022, percentage changes representing the year-on-year increase (decrease) show comparisons with figures for the fiscal year ended March 2021 calculated after the retroactive application of such standards.

#### \* Notes

(1) Significant changes to subsidiaries during the period

(Transfers of specific subsidiaries with changes in the scope of consolidation): None

Newly included: — Excluded: —

(2) Adoption of specific methods for preparation of the quarterly consolidated financial statements: None

(3) Changes in accounting policies, accounting estimates, and restatement of revisions

1) Changes in accounting policies due to revision to accounting standards, etc.: Yes

2) Changes in accounting policies other than 1): None

3) Changes in accounting estimates: None

4) Restatements: None

Note: For details, please refer to "(3) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)" in "2.

QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS AND NOTES" on page 8 of the Attachment Materials.

(4) Number of issued shares (common stock)

1) Number of issued shares  
(including treasury shares)

June 30, 2021	30,823,200 shares	March 31, 2021	30,823,200 shares
June 30, 2021	1,572,645 shares	March 31, 2021	1,572,645 shares
Three months ended June 30, 2021	29,250,555 shares	Three months ended June 30, 2020	29,070,755 shares

2) Number of treasury shares

3) Average number of shares during the period

\* **This consolidated quarterly financial report is not subject to auditing by a certified public accountant or an audit firm.**

\* **Explanation concerning the appropriate use of financial forecasts and other special instructions**

Results forecasts and other forward-looking statements contained in this report are based on assumptions, beliefs, and uncertainties in light of information available to the Company's management as of the publication date. Actual results may differ materially from forecasts due to a variety of factors. Therefore, the Company does not guarantee the accuracy of forecasts and other forward-looking statements and its ability to achieve stated targets.

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## 1. QUALITATIVE INFORMATION ON FINANCIAL STATEMENTS

As the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, issued on March 31, 2020) and other standards have been applied since the beginning of the first quarter of the fiscal year ending March 2022, the comparative analysis with the cumulative same quarter of the previous consolidated fiscal year and the full previous consolidated fiscal year in "Explanation regarding Operating Results" and "Explanation regarding Financial Position" for the cumulative first quarter of consolidated fiscal 2022 is based on figures calculated after the retroactive application of such standards.

### (1) Explanation regarding Operating Results

During the cumulative first three months of the consolidated fiscal year under review, the Japanese economy remains uncertain following the same pattern as the fiscal year ended March 31, 2021, which had recorded the worst negative growth in GDP in the country's post-war era due to the impact of the COVID-19 crisis, and following a state of emergency declared in multiple regions since this April in the face of a surge in COVID-19 infections has caused concerns that the impact on consumer spending and corporate activities will worsen.

In the housing sector, although the number of new housing starts has recovered moderately mainly due to increased customer interest in detached houses and support measures taken to promote home acquisition, demand has not returned to its pre-pandemic level yet. Furthermore, the so-called "wood shock," the price hike due to tight supply and demand for wood materials, has led to a tough business environment.

Under these circumstances, the Grandy House Group has continued to make efforts to build and expand its business foundation in line with changes in the corporate management environment through various initiatives, including reinforcement of purchases and production systems, in response to a rise in housing demand while implementing thorough infection control measures with top priority on ensuring the safety of customers and the health of employees.

With regard to new home sales, one of our core operations, we worked to strengthen our sales structure by opening a branch in Saitama Prefecture in an effort to expand our sales area and stepped up our advertising with the aim of raising brand recognition of Grandy House. In existing home sales, we endeavored to expand and reinforce our product inventory by doubling down on purchases to secure an increase in the number of homes sold.

Through these efforts, both the number of homes sold and the net sales for new homes and existing homes increased in comparison with the same period of the previous fiscal year, which had been significantly affected by the impact of the sluggish economic activity caused by the COVID-19 outbreak. Accordingly, profits recovered significantly, too.

As a result of these factors, the Grandy House Group's consolidated cumulative operating results for the first quarter of fiscal 2022 under review were as follows: net sales of ¥13,134 million, an increase of 40.1% year-on-year; an operating income of ¥966 million, compared to an operating loss of ¥57 million during the same period of the previous year; an ordinary income of ¥918 million, compared to an ordinary loss of ¥114 million during the same period of the previous year; and a net income attributable to owners of the parent of ¥633 million, compared to a net loss attributable to owners of the parent of ¥111 million during the same period of the previous year.

Operating results by business segment are presented as follows.

#### a. Real Estate Sales

In new home sales, we have implemented thorough infection prevention measures and expanded and strengthened our non-contact sales activities to make better use of IT. In Saitama Prefecture, we opened the Fujimino Branch (Fujimi City, Saitama Prefecture) to expand our sales area and strengthen our sales structure. In parallel, we strove to enhance brand recognition of Grandy House through an initiative to start broadcasting a new commercial. In Kanagawa Prefecture, we have increased our personnel to expand our business and made efforts to reinforce the in-house construction of homes and its management structure.

In terms of products, we have continued to differentiate ourselves from our competitors by developing high added-value products, including the following: proposals for new homes that reset the traffic lines inside homes to accommodate new lifestyles and the trend of spending less time doing housework in response to changing housing environment needs to cope with the COVID-19 crisis; the creation of a safe and secure townscape in consideration of families with children; and housing that excels in energy saving and energy creation with a view to realizing a sustainable future.

Thanks to these efforts, the number of new homes sold in the consolidated cumulative first quarter of fiscal 2022 under review was 363 (an increase of 86 homes year-on-year).

In existing-home sales, we have continued our efforts to expand the number of homes sold by enhancing product inventory. Despite the persistent impact of the COVID-19 crisis, the number of homes sold for the consolidated cumulative first quarter of fiscal 2022 under review was 38 (an increase of 5 homes year-on-year). This was achieved mainly from the expansion and reinforcement of online advertising and increased coordination with brokers and others, thereby building up both purchases and sales.

As a result, sales in the real estate sales segment in the consolidated cumulative first quarter of fiscal 2022 under review increased by 42.7% year-on-year to ¥12,339 million. We had a segment profit of ¥812 million, compared to a segment loss of ¥176 million during the same period of the previous year.

#### b. Construction Material Sales

In the construction material sales, although the number of new housing starts for wooden houses recovered moderately primarily due to a rise in demand for detached homes, the so-called "wood shock" leading to a tightening of the supply and demand for wood materials partly caused wood material prices to continue increasing.

Under these circumstances, we have focused on measures aimed at adjusting our purchases and sales prices and maintaining our purchase volume, thereby increasing both net sales and profits year-on-year.

As a result of these factors, sales in the construction material sales segment in the consolidated cumulative first quarter of fiscal 2022 under review increased 9.5% year-on-year to ¥727 million. We had a segment profit of ¥68 million, an increase of 327.6% year-on-year.

#### c. Real Estate Leasing

In the real estate leasing, more stores were opened in or relocated to the city center in the office building market in and around Utsunomiya, which is our main market, but vacancy rates are rising mainly because of business withdrawals. In the parking market, the Grandy House Group continues to face a difficult situation although the operation rate in parking lots has started to recover.

Under these circumstances, the Group endeavored to improve the operation rate of existing assets and reduce management costs. As a result, sales in the real estate leasing segment in the consolidated cumulative first quarter of fiscal 2022 under review were ¥68 million, an increase of 6.1% year-on-year. We had a segment profit of ¥24 million, a decrease of 36.3% year-on-year, mainly due to the occurrence of expenses for renovating properties for leasing.

### (2) Explanation regarding Financial Position

As of the end of the first quarter of consolidated fiscal 2022 under review, consolidated total assets fell to ¥57,184 million, a decrease of ¥886 million compared to the end of the previous consolidated fiscal year. This was primarily due to a decrease in cash and deposits mainly thanks to loan repayments, although there was an increase in inventories due to various factors, such as the acquisition of housing lots to reflect the expanded area of the real estate sales business.

Liabilities stood at ¥34,106 million, a decrease of ¥804 million compared to the end of the previous consolidated fiscal year. This was mainly due to loan repayments.

Total net assets stood at ¥23,078 million as of June 30, 2021, down ¥82 million compared to the end of the previous consolidated fiscal year. This was due to the payment of dividends despite the acquisition of net income attributable to owners of the parent.

### (3) Explanation regarding Future Prospects including Consolidated Financial Forecasts

In regard to the consolidated financial forecasts for fiscal 2022, taking recent business performance into consideration, the Grandy House Group has revised the consolidated financial forecasts for the full fiscal year, which were originally announced on May 10, 2021. For additional details, please refer to the "Notice of Adjustment of the Financial Full-Year Forecast and Dividend Forecast" (Japanese language only), which was announced today (August 4, 2021).

## 2. QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

### (1) Quarterly Consolidated Balance Sheets

(Thousands of Yen)

	Fiscal 2021 (As of March 31, 2021)	First Quarter of FY2022 (As of June 30, 2021)
Assets		
Current assets		
Cash and deposits	13,363,516	11,610,512
Notes and accounts receivable – trade and contract assets	496,993	634,042
Securities	201,921	201,344
Real estate for sale	7,451,307	8,237,125
Costs on uncompleted construction contracts	7,725	6,705
Real estate for sale in process	22,584,961	22,595,426
Merchandise and finished goods	237,434	242,297
Raw materials and supplies	114,678	136,582
Other	920,828	881,586
Allowance for doubtful accounts	(2,362)	(3,662)
Total current assets	45,377,005	44,541,962
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,306,457	3,300,720
Machinery, equipment and vehicles, net	29,124	26,980
Tools, furniture and fixtures, net	50,851	56,005
Land	6,021,604	6,059,297
Leased assets, net	74,390	78,495
Construction in progress	150,319	146,902
Total property, plant and equipment	9,632,747	9,668,401
Intangible assets		
Goodwill	1,165,571	1,131,289
Other	67,192	60,478
Total intangible assets	1,232,763	1,191,768
Investments and other assets		
Investment securities	145,500	132,000
Long-term loans receivable	18,993	17,904
Deferred tax assets	562,494	531,975
Other	1,067,323	1,065,763
Allowance for doubtful accounts	(4,272)	–
Total investments and other assets	1,790,038	1,747,642
Total non-current assets	12,655,549	12,607,811
Deferred assets		
Bond issuance costs	38,025	34,327
Total deferred assets	38,025	34,327
Total assets	58,070,579	57,184,101

(Thousands of Yen)

	Fiscal 2021 (As of March 31, 2021)	First Quarter of FY2022 (As of June 30, 2021)
Liabilities		
Current liabilities		
Accounts payable for construction contracts	3,255,232	3,487,191
Short-term loans payable	20,696,600	17,436,800
Current portion of long-term loans payable	1,014,044	1,256,154
Current portion of bonds	21,000	13,500
Lease obligations	30,980	30,874
Income taxes payable	399,719	211,261
Provision for warranties for completed construction	185,503	193,369
Other	955,601	1,206,520
Total current liabilities	26,558,680	23,835,670
Non-current liabilities		
Bonds payable	2,303,000	2,300,000
Long-term loans payable	4,904,321	6,779,955
Lease obligations	50,559	55,259
Provision for directors' retirement benefits	218,520	226,720
Net defined benefit liability	810,289	834,868
Other	64,878	73,559
Total non-current liabilities	8,351,569	10,270,363
Total liabilities	34,910,250	34,106,034
Net assets		
Shareholders' equity		
Capital stock	2,077,500	2,077,500
Capital surplus	2,343,929	2,343,929
Retained earnings	18,836,131	18,767,369
Treasury shares	(270,372)	(270,372)
Total shareholders' equity	22,987,189	22,918,427
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20,500	7,000
Total accumulated other comprehensive income	20,500	7,000
Subscription rights to shares	152,640	152,640
Total net assets	23,160,329	23,078,067
Total liabilities and net assets	58,070,579	57,184,101

## (2) Quarterly Consolidated Statements of Income and Comprehensive Income

(Quarterly Consolidated Statements of Income)

(Consolidated cumulative first quarter)

(Thousands of Yen)

	Three months ended June 30, 2020 (From April 1, 2020 to June 30, 2020)	Three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)
Net Sales	9,376,152	13,134,714
Cost of sales	7,940,407	10,594,527
Gross profit	1,435,745	2,540,187
Selling, general and administrative expenses	1,493,117	1,573,813
Operating income (loss)	(57,372)	966,374
Non-operating income		
Interest income	561	223
Dividends income	2,903	2,861
Office work fee	6,552	8,189
Other	9,706	8,069
Total non-operating income	19,722	19,343
Non-operating expenses		
Interest expenses	70,561	60,635
Commission for syndicate loan	2,491	2,866
Other	3,415	3,697
Total non-operating expenses	76,468	67,200
Ordinary income (loss)	(114,117)	918,517
Extraordinary income		
Gain on sales of non-current assets	—	18,620
Total extraordinary income	—	18,620
Extraordinary loss		
Loss on retirement of non-current assets	3,598	3,748
Total extraordinary loss	3,598	3,748
Net income before income taxes (net loss before income taxes)	(117,715)	933,388
Income taxes – current	24,934	269,617
Income taxes – deferred	(30,944)	30,519
Total income taxes	(6,010)	300,137
Net income (loss)	(111,704)	633,251
Net income (loss) attributable to owners of the parent	(111,704)	633,251



(Quarterly Consolidated Statements of Comprehensive Income)  
(Consolidated cumulative first quarter)

	(Thousands of Yen)	
	Three months ended June 30, 2020 (From April 1, 2020 to June 30, 2020)	Three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)
Net income (loss)	(111,704)	633,251
Other comprehensive income		
Valuation difference on available-for-sale securities	15,000	(13,500)
Total other comprehensive income	15,000	(13,500)
Comprehensive income	(96,704)	619,751
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	(96,704)	619,751
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumptions)

Not applicable.

(Notes on Significant Changes in the Amount of Shareholders' Equity)

Not applicable.

(Changes in Accounting Policies)

(Application of Accounting Standard and Other Standards for Revenue Recognition)

The Grandy House Group has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, issued on March 31, 2020; hereinafter, "Revenue Recognition Accounting Standard") and other standards since the beginning of the first quarter of fiscal 2022 under review. Accordingly, we have decided to recognize revenue of the amount that we expect to receive in exchange for promised goods or services upon the transfer of control over such promised goods or services to the customer. With this change of accounting policies being applied retroactively in principle, the quarters of the previous fiscal year and the previous consolidated fiscal year are presented in the quarterly consolidated financial statements and the consolidated financial statements after the relevant retroactive application.

As a result, compared to the figures calculated prior to the retroactive application of such policies, net sales for the cumulative first quarter of the previous consolidated fiscal year increased by ¥26,900 thousand, cost of sales decreased by ¥49,637 thousand, selling, general and administrative expenses increased by ¥6,878 thousand, operating loss decreased by ¥69,659 thousand, and ordinary loss and quarterly net loss before income taxes increased by ¥6,878 thousand, respectively. Furthermore, retained earnings at the beginning of the previous consolidated fiscal year decreased by ¥125,241 thousand since the cumulative financial impact was reflected in net assets at the beginning of the previous consolidated fiscal year.

Due to the application of the Revenue Recognition Accounting Standard and other standards, "Notes and accounts receivable – trade," which was presented under "Current assets" in the consolidated balance sheet for the previous fiscal year, have been included and presented under "Notes and accounts receivable – trade and contract assets" since the first quarter of fiscal 2022 under review.

(Additional Information)

(Changes in Presentation Methods)

(Quarterly Consolidated Balance Sheets)

Housing lots for built-for-sale homes that had yet to be completed were included under "Real estate for sale" in the previous consolidated fiscal year, but they have been included and presented under "Real estate for sale in process" since the first quarter of fiscal 2022 under review to enhance the clarity of the consolidated balance sheet. To reflect this change in our presentation methods, a reclassification of accounts has been conducted for the consolidated balance sheet of the previous consolidated fiscal year.

As a result, the ¥9,675,070 thousand that was presented under "Real estate for sale" in the consolidated balance sheet of the previous consolidated fiscal year has been reclassified into "Real estate for sale in process."

(Accounting Estimates concerning the Impact of COVID-19)

Note that there has been no significant change to the assumptions concerning the impact of COVID-19 that we provided as additional information in our securities report for fiscal 2021.

(Segment Information)

Segment Information

I. The cumulative three months ended June 30, 2020 (April 1, 2020 to June 30, 2020)

1. Information relating to the amounts of net sales and profit or loss by reportable segment

(Thousands of Yen)

	Reportable Segment				Adjustments (Note 1)	Amount Recorded on Quarterly Consolidated Statements of Income (Note 2)
	Real Estate Sales	Construction Material Sales	Real Estate Leasing	Total		
Net Sales						
Sales to external customers	8,647,816	664,165	64,170	9,376,152	–	9,376,152
Inter-segment sales and transfers	13,920	598,621	20,228	632,770	(632,770)	–
Total	8,661,736	1,262,787	84,399	10,008,923	(632,770)	9,376,152
Segment profit (loss)	(176,022)	16,134	39,061	(120,825)	6,708	(114,117)

Notes: 1 Adjustments of segment profit or loss (¥6,708 thousand) are eliminations of inter-segment transactions.

2 Segment profit or loss has been adjusted with ordinary loss described in quarterly consolidated statements of income.

2. Information concerning the impairment loss of non-current assets and goodwill by reportable segment

Not applicable.

II. The cumulative three months ended June 30, 2021 (April 1, 2021 to June 30, 2021)

1. Information relating to the amounts of net sales and profit or loss by reportable segment

(Thousands of Yen)

	Reportable Segment				Adjustments (Note 1)	Amount Recorded on Quarterly Consolidated Statements of Income (Note 2)
	Real Estate Sales	Construction Material Sales	Real Estate Leasing	Total		
Net Sales						
Sales to external customers	12,339,107	727,533	68,074	13,134,714	–	13,134,714
Inter-segment sales and transfers	12,510	804,641	20,266	837,417	(837,417)	–
Total	12,351,617	1,532,174	88,340	13,972,132	(837,417)	13,134,714
Segment profit (loss)	812,765	68,991	24,889	906,645	11,871	918,517

Notes: 1 Adjustments of segment profit or loss (¥11,871 thousand) are eliminations of inter-segment transactions.

2 Segment profit or loss has been adjusted to ordinary loss described in quarterly consolidated statements of income.

2. Information concerning the impairment loss of non-current assets and goodwill by reportable segment

Not applicable.

3. Matters related to reportable segment changes

As described in "(Changes in Accounting Policies)," the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, issued on March 31, 2020) and other standards have been applied since the beginning of the first quarter of the fiscal year ending March 2022, and the accounting method concerning revenue recognition has been changed. Accordingly, the method used to measure income or loss in business segments has also been changed.

Segment information for the cumulative first quarter of the previous consolidated fiscal year is based on the method of measuring income or loss that has been adopted since the change.