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## Consolidated Financial Report for the First Quarter of Fiscal 2025 Ending March 31, 2025 (Japanese GAAP)

August 9, 2024

Company Name: Grandy House Corporation      Stock Exchange Listing: Tokyo Stock Exchange  
 Securities Code: 8999      URL: <https://www.grandy.co.jp>  
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 Scheduled date of dividend payment commencement: —  
 Preparation of quarterly supplementary explanatory materials: None  
 Quarterly results briefing held: None

(Figures are rounded down to the nearest million yen unless otherwise stated.)

### 1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2025 (April 1, 2024 to June 30, 2024)

#### (1) Consolidated Operating Results

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

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent	
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
Three months ended June 30, 2024	12,832	8.7	116	(56.1)	25	(87.3)	(59)	—
Three months ended June 30, 2023	11,801	(15.3)	264	(74.8)	203	(79.7)	108	(85.1)

Note: Comprehensive income      Three months ended June 30, 2024: -¥19 million (—%)  
 Three months ended June 30, 2023: ¥117 million (-84.0%)

	Net Income per Share	Net Income per Share (Diluted)
	(¥)	(¥)
Three months ended June 30, 2024	(2.09)	—
Three months ended June 30, 2023	3.68	3.66

#### (2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	(¥ million)	(¥ million)	%	(¥)
June 30, 2024	74,188	24,148	32.5	848.30
March 31, 2024	74,468	25,053	33.6	883.02

Reference: Shareholders' equity      June 30, 2024: ¥24,148 million  
 March 31, 2024: ¥25,047 million

### 2. Dividends

	Annual Dividend per Share				
	1Q-End	2Q-End	3Q-End	Period-End	Total
	(¥)	(¥)	(¥)	(¥)	(¥)
Fiscal 2024	—	0.00	—	32.00	32.00
Fiscal 2025	—	—	—	—	—
Fiscal 2025 (Forecast)	—	0.00	—	32.00	32.00

Note: Revisions to the most recently announced forecast of cash dividends in the current quarter: None

### 3. Consolidated Financial Forecasts for Fiscal 2025 (April 1, 2024 to March 31, 2025)

(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	54,000	4.8	1,300	10.6	1,000	14.0	600	43.9	21.07

Note: Revisions to the most recently announced financial forecasts in the current quarter: None

**\* Notes**

(1) Significant changes to the scope of consolidation during the period: 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 restatements

1) Changes in accounting policies due to revision to accounting standards, etc.: None

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

3) Changes in accounting estimates: None

4) Restatements: None

(4) Number of issued shares (common stock)

1) Number of issued shares  
(including treasury shares)

June 30, 2024	30,823,200 shares	March 31, 2024	30,823,200 shares
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2) Number of treasury shares

June 30, 2024	2,356,645 shares	March 31, 2024	2,457,745 shares
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3) Average number of shares during the period

Three months ended June 30, 2024	28,415,605 shares	Three months ended June 30, 2023	29,456,080 shares
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Note: The number of treasury shares at the end of the fiscal year includes shares in the Company held by “Grandy House Employee Stock Holding Partnership Exclusive Trust Account” (688,200 shares on June 30, 2024, 725,500 shares on March 31, 2024). The shares of the Company held by “Grandy House Employee Stock Holding Partnership Exclusive Trust Account” are included in treasury shares and deducted from the calculation of the average number of shares during the period (707,650 shares for the three months ended June 30, 2024, 940,475 shares for the three months ended June 30, 2023).

**\* Quarterly review by a certified public accountant or an audit firm of the attached quarterly consolidated financial statements: None**

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

Disclaimer:

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.

(Change to date format)

Starting with “Consolidated Financial Report for the First Quarter of Fiscal 2025 Ending March 31, 2025,” the date format has been changed from the Japanese calendar to the Western calendar.

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## 1. OVERVIEW OF OPERATING RESULTS

### (1) Overview of Quarterly Operating Results

In the cumulative three months of the consolidated fiscal year under review, the Japanese economy saw a moderate recovery continue due to an improvement in the employment and income environments. On the other hand, factors causing a temporary standstill were observed as downturns among overseas economies threatened to push the Japanese economy downward and rising prices affected a wide range of economic activities.

In the housing sector, amid the continued rise in construction costs resulting from surging material prices, customer sentiment remained low due to persistent concerns over a rise in mortgage rates and other matters.

The number of construction starts of detached houses started a year-on-year decline from November 2022 and has failed to reach the level of a year earlier until this past June. In particular, the decrease exceeded 10% for the past five months.

Under these circumstances, in May 2024, the Grandy House Group under a new management system announced its new medium-term management plan, which is based on the basic policies of “Expand and strengthen the housing business toward sustainable growth,” “Strengthen the earnings foundation for growth and implement growth investment” and “Solidify the management foundation and enhance corporate value.” Under these basic policies, the Group has attempted to redirect itself to a growth stage and further enhance its corporate value.

In new home sales, our core business, the Group carried out organizational reforms on the Development Headquarters and the Business Headquarters to change the Group system into a two-division structure (dividing each division into two) with the aim of pursuing development and sales strategies to meet market characteristics. Additionally, the Custom-Built Home Department was established, and started business activity to capture a new customer base.

Through these efforts, the number of homes sold increased year-on-year in the cumulative three months of the fiscal year under review, resulting in net sales increasing. Nonetheless, income fell short of the same period of the previous fiscal year due to a stagnant housing market.

As a result, the Grandy Home Group’s results for the cumulative three months of the fiscal year under review were as follows: Net sales totaled ¥12,832 million, an increase of 8.7% year-on-year, operating income was ¥116 million, a decrease of 56.1% year-on-year, ordinary income was ¥25 million, a decrease of 87.3% year-on-year, and net loss attributable to owners of the parent totaled ¥59 million (net income attributable to owners of the parent was ¥108 million in the same period of the previous fiscal year).

Operating results by business segment are presented as follows.

#### a. Real Estate Sales

In new home sales, from the fiscal year under review, we changed the group structure of the development and sales divisions from a one-division system to a two-division system (dividing each division into two) that handles two areas, namely, the Tokyo metropolitan area and the northern Kanto region with the aim of realizing speedy decision-making for each of the areas whose market characteristics are different. In parallel, a department specializing in custom-made homes was established to capture customers preferring built-to-order homes, and the department has started efforts to win orders.

On the product side, the Group pushed efforts to create sustainable and competitive homes in all sales areas through activities such as the start of sales for “Sora Town Kashiwa no Ha Campus 97’ Liwie (a total of 57 lots in the city of Kashiwa),” where all homes are ZEH homes certified as long-life quality housing.

Through these efforts, the number of new homes sold for the quarter under review exceeded the previous term and totaled 313, (an increase of 14 homes year-on-year). However, in terms of sales prices, a situation continued in which it was difficult to maintain appropriate prices in the face of surging housing prices, which dampened housing demand.

In existing home sales, difficult conditions persisted in which purchasing prices spiked and competition with low-cost new homes intensified due to stagnant demand and a continued rise in sales prices, as in the case of new homes. Under these circumstances, we pursued selective purchasing and focused on driving sales of existing properties. As a result, the number of homes sold for the cumulative first quarter of the consolidated fiscal year under review was 31, an increase of 4 year-on-year.

As a result, net sales in the real estate sales segment during the cumulative first quarter of the consolidated fiscal year under review were ¥12,091 million (an increase of 10.7% year-on-year), and segment loss was ¥75 million (a segment profit of ¥44 million in the same period of the previous fiscal year).

b. Construction Material Sales

In construction material sales, the number of new housing starts of wooden houses has posted a year-on-year decrease from April 2022 to June 2024, except for April 2024, which caused the conditions for winning orders for pre-cut wood and construction materials to remain tough. On the other hand, construction wood prices changed from a downward trend from a year earlier to leveling off.

Under these circumstances, we focused on bolstering our relationship with excellent customers and capturing new customers in the Saitama Prefecture area. Nonetheless, this segment suffered decreases in both sales and income from the same period of the previous fiscal year due to stagnant demand and intensified competition.

As a result, sales of the construction material sales segment in the consolidated cumulative first quarter of fiscal 2025 under review decreased by 18.7% year-on-year to ¥628 million, with a segment profit of ¥41 million, a decrease of 51.9% year-on-year.

c. Real Estate Leasing

In real estate leasing, the operation of offices, etc. (including residential buildings) for leasing, there was a rise in expenses due to implementing maintenance that was not pre-scheduled. However, the operational rate remained high.

Regarding the operation of the parking business, we acquired pay-by-the hour parking lots (for 30 lots), which are planned to be put in operation in the second quarter, adjacent to existing parking lots. Although the operation of the existing parking lots was temporarily suspended during the expansion work, the overall business remained at operational rates similar to that of the previous fiscal year.

As a result, sales in the real estate leasing segment in the consolidated cumulative first quarter of fiscal 2025 under review were ¥112 million, an increase of 2.0% year-on-year, with a segment profit of ¥61 million, a decrease of 12.1% year-on-year.

(2) Overview of Quarterly Financial Position

As of the end of the cumulative first quarter of the consolidated fiscal year under review, consolidated total assets decreased to ¥74,188 million, a decrease of ¥280 million compared to the end of the previous consolidated fiscal year. This is primarily due to a decrease in inventories as sales from inventories progressed in the real estate sales business.

Liabilities increased to ¥50,040 million, an increase of ¥625 million compared to the end of the previous consolidated fiscal year. This is mainly due to an increase at Other current liabilities, including deposits received of withholding tax related to dividends and summer bonuses, in addition to an increase in interest-bearing liabilities resulting from provision for dividend and bonus funds, despite a decrease in inventories.

Total net assets stood at ¥24,148 million, a decrease of ¥905 million compared to the end of the previous consolidated fiscal year. This is primarily due to the payment of dividends.

(3) Explanation regarding Future Prospects including Consolidated Financial Forecasts

There have been no changes from the consolidated and non-consolidated financial forecasts announced on May 13, 2024.

## 2. QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

### (1) Quarterly Consolidated Balance Sheets

(Thousands of Yen)

	Fiscal 2024 (As of March 31, 2024)	First Quarter of Fiscal 2025 (As of June 30, 2024)
Assets		
Current assets		
Cash and deposits	10,193,701	10,503,896
Notes and accounts receivable – trade and contract assets	487,539	499,634
Real estate for sale	13,322,680	13,457,370
Costs on uncompleted construction contracts	19,178	29,850
Real estate for sale in process	34,681,471	33,463,270
Merchandise and finished goods	295,766	268,900
Raw materials and supplies	152,029	158,002
Other	906,320	1,201,441
Allowance for doubtful accounts	(1,302)	(4,970)
Total current assets	60,057,385	59,577,395
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,716,254	3,679,618
Machinery, equipment and vehicles, net	13,539	25,133
Tools, furniture and fixtures, net	45,217	44,486
Land	7,536,497	7,656,234
Leased assets, net	58,135	50,457
Construction in progress	45,973	31,579
Total property, plant and equipment	11,415,618	11,487,508
Intangible assets		
Goodwill	754,193	719,911
Other	58,427	56,169
Total intangible assets	812,620	776,081
Investments and other assets		
Investment securities	270,800	328,200
Long-term loans receivable	10,642	10,488
Deferred tax assets	547,404	642,046
Other	1,223,988	1,221,647
Allowance for doubtful accounts	(5,000)	(5,000)
Total investments and other assets	2,047,836	2,197,382
Total non-current assets	14,276,074	14,460,972
Deferred assets		
Bond issuance costs	135,294	150,002
Total deferred assets	135,294	150,002
Total assets	74,468,754	74,188,370

(Thousands of Yen)

	Fiscal 2024 (As of March 31, 2024)	First Quarter of Fiscal 2025 (As of June 30, 2024)
Liabilities		
Current liabilities		
Accounts payable for construction contracts	3,166,738	3,196,938
Short-term loans payable	17,039,600	17,818,100
Current portion of bonds	300,000	500,000
Current portion of long-term loans payable	4,846,806	5,051,376
Lease obligations	26,418	22,267
Income taxes payable	137,769	104,759
Provision for warranties for completed construction	175,296	173,987
Other	876,034	1,339,070
Total current liabilities	26,568,664	28,206,500
Non-current liabilities		
Bonds payable	7,800,000	8,300,000
Long-term loans payable	13,422,390	11,924,371
Lease obligations	38,543	33,897
Provision for directors' retirement benefits	267,837	—
Retirement benefit liability	1,168,527	1,204,872
Other	149,096	370,664
Total non-current liabilities	22,846,395	21,833,805
Total liabilities	49,415,059	50,040,305
Net assets		
Shareholders' equity		
Capital stock	2,077,500	2,077,500
Capital surplus	2,677,285	2,675,626
Retained earnings	21,428,435	20,438,080
Treasury shares	(1,267,754)	(1,214,906)
Total shareholders' equity	24,915,465	23,976,299
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	131,849	171,765
Total accumulated other comprehensive income	131,849	171,765
Subscription rights to shares	6,380	—
Total net assets	25,053,694	24,148,065
Total liabilities and net assets	74,468,754	74,188,370

(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, 2023 (From April 1, 2023 to June 30, 2023)	Three months ended June 30, 2024 (From April 1, 2024 to June 30, 2024)
Net Sales	11,801,593	12,832,762
Cost of sales	9,910,447	11,147,969
Gross profit	1,891,145	1,684,792
Selling, general and administrative expenses	1,626,587	1,568,521
Operating income	264,558	116,270
Non-operating income		
Interest income	11	14
Dividends income	2,861	3,111
Commission	7,544	5,824
Reversal of provision for warranties for completed construction	10,172	1,309
Other	12,947	8,854
Total non-operating income	33,537	19,113
Non-operating expenses		
Interest expenses	85,233	96,226
Commission for syndicate loan	1,857	1,932
Other	7,050	11,281
Total non-operating expenses	94,141	109,439
Ordinary income	203,954	25,944
Extraordinary income		
Gain on sales of non-current assets	—	181
Total extraordinary income	—	181
Extraordinary loss		
Loss on retirement of non-current assets	4,371	10,765
Loss on cancellation of leases	—	284
Retirement benefits for directors (and other officers)	—	100,000
Total extraordinary loss	4,371	111,050
Net income (loss) before income taxes	199,582	(84,924)
Income taxes – current	116,421	86,645
Income taxes – deferred	(25,237)	(112,125)
Total income taxes	91,183	(25,480)
Net income (loss)	108,398	(59,444)
Net income (loss) attributable to owners of the parent	108,398	(59,444)



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

(Thousands of Yen)

	Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)	Three months ended June 30, 2024 (From April 1, 2024 to June 30, 2024)
Net income (loss)	108,398	(59,444)
Other comprehensive income		
Valuation difference on available-for-sale securities	8,800	39,916
Total other comprehensive income	8,800	39,916
Comprehensive income	117,198	(19,528)
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	117,198	(19,528)
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Segment Information)

I. The cumulative three months ended June 30, 2023 (April 1, 2023 to June 30, 2023)

1. Information concerning 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	10,918,208	772,963	110,420	11,801,593	—	11,801,593
Inter-segment sales or transfers	13,170	1,040,918	20,952	1,075,041	(1,075,041)	—
Total	10,931,378	1,813,881	131,373	12,876,634	(1,075,041)	11,801,593
Segment profit	44,703	85,495	69,848	200,047	3,906	203,954

Notes: 1 Adjustments of segment profit (¥3,906 thousand) are eliminations of inter-segment transactions.

2 Segment profit has been adjusted with ordinary income 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, 2024 (April 1, 2024 to June 30, 2024)

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	12,091,832	628,255	112,674	12,832,762	—	12,832,762
Inter-segment sales or transfers	12,150	868,803	21,049	902,002	(902,002)	—
Total	12,103,982	1,497,058	133,723	13,734,764	(902,002)	12,832,762
Segment profit (loss)	(75,693)	41,080	61,431	26,818	(874)	25,944

Notes: 1 Adjustment of segment profit or loss (-¥874 million) are eliminations of inter-segment transactions.

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

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

Not applicable.

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

Not applicable.

(Notes on Going Concern Assumptions)

Not applicable.

(Notes on Quarterly Consolidated Statements of Cash Flows)

No quarterly consolidated statements of cash flows for the cumulative first quarter of the consolidated fiscal year under review have been prepared. Depreciation (excluding goodwill and including amortization related to intangible assets) and goodwill amortization for the cumulative first quarter of the consolidated fiscal year under review are as follows.

	(Thousands of Yen)	
	Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)	Three months ended June 30, 2024 (From April 1, 2024 to June 30, 2024)
Depreciation and amortization	75,523	75,910
Amortization of goodwill	34,281	34,281

(Additional Information)

(Transactions for Distributing the Company's Own Stock to Employees, etc. through Trusts)

The Company has adopted the "trust-type employee stock holding incentive plan (E-Ship<sup>®</sup>)" (hereinafter referred to as "the Plan") for the purpose of providing its employees with incentives to enhance the corporate value of the Company on a medium-to long-term basis in the fiscal year ended March 31, 2022.

(1) Overview of transactions

The Plan is an incentive plan for all employees who are members of "the Grandy House Employee Stock Holding Partnership" (hereinafter referred to as "the Stock Partnership"). The Company has established the "Grandy House Employee Stock Holding Partnership Exclusive Trust" (hereinafter referred to as "the Trust") in a trust bank. The Trust will acquire in advance after its establishment the number of Grandy House shares to be expected to be acquired by the Stock Partnership over a six-year period. At a later date, the Trust will sell its holdings of Grandy House shares to the Stock Partnership on a continual basis. If an amount equivalent to the gains from sale of shares is accumulated at the end of the term of the Trust, the relevant amount equivalent to the gains from the sale of shares will be distributed as residue assets to those who satisfy the criteria of beneficiaries. The Company warrants the repayment of loans payable for the Trust to acquire shares of the Company. Therefore, if an amount equivalent to the loss from sale of shares accumulates due to a decline in the price of shares of the Company, causing a debt equivalent to a loss from sale of the relevant shares remains in the Trust at the end of the term of the Trust, the Company will assume the repayment of the relevant remaining borrowing.

(2) Grandy House's own company stock remaining in the Trust

Grandy House's own company stock remaining in the Trust is recorded as treasury shares in net assets in accordance with the book value (excluding the amount of incidental expenses) in the Trust. The book value and the number of the relevant treasury shares are ¥418,613 thousand and 725,500 shares for the previous consolidated fiscal year, and ¥397,091 thousand and 688,200 shares for the consolidated first quarter of fiscal 2025 under review.

(3) The book value of loans payable recorded by the application of the gross method

The previous consolidated fiscal year: ¥369,530 thousand

The consolidated first quarter of fiscal 2025 under review: ¥369,530 thousand

(Abolition of Directors' Retirement Benefits System)

The Company resolved to approve final payments to incumbent directors associated with the abolition of the directors' retirement benefits system at the ordinary general meeting of shareholders held on June 27, 2024. Accordingly, provision for directors' retirement benefits was reduced, and an amount payable of ¥202,125 thousand for the final payments is included at Other in non-current liabilities.