



**\* Notes**

(1) Significant changes to subsidiaries during the period  
 (Changes in significant subsidiaries resulting in 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.: 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, 2022	30,823,200 shares	March 31, 2022	30,823,200 shares
2) Number of treasury shares	June 30, 2022	1,854,645 shares	March 31, 2022	1,918,845 shares
3) Average number of shares during the period	Three months ended June 30, 2022	28,935,480 shares	Three months ended June 30, 2021	29,250,555 shares

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" (1,154,800 shares on June 30, 2022, 1,194,000 shares on March 31, 2022). 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 (1,175,375 shares for the three months ended June 30, 2022, 184,477 shares for the fiscal year ended March 31, 2022).

**\* This consolidated quarterly financial report is not subject to quarterly review 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

### (1) Explanation regarding Operating Results

In the cumulative three-month period ended June 30, 2022, the Japanese economy saw the moderate recovery from the impact of the spread of COVID-19 infections. On the other hand, the outlook remained uncertain due to the influence of the Ukraine crisis, lockdowns in China and concern over a cost increase caused by the weakening yen.

In the housing sector, there were prolonged conditions that required a close watch over the impact on housing demand, such as a rise in housing prices resulting from rising prices and shortages of wood, as well as surging prices and shortages of other materials.

On the other hand, the number of new housing (detached houses for sale) starts has marked a year-on-year increase for the 14 straight months up to this June mainly due to a rising interest in housing and lifestyles under the coronavirus (COVID-19) crisis and the continued effects of support measures taken to promote home acquisition and a low interest rate policy.

Under these circumstances, the Grandy House Group has upheld the basic policies of "Strengthen our business foundations and expand business areas for sustainable growth in the new home sales business," "Expand the scale of the housing stock business and maximize synergies with the new home sales business" and "Strengthening our response to sustainability (ESG) issues" in the third medium-term business plan (from the fiscal year ended March 31, 2022 to the fiscal year ending March 31, 2024), which was announced in August 2021. Accordingly, the Group has made efforts to further improve its corporate value and expand its businesses.

With regards to new home sales, our core business, we engaged in sales promotion through web marketing utilizing IT and digital tools, and the implementation of various events including the "20,000 Homes Sold! More Smile" campaign. On the product side, we focused on development of homes that met demands for ZEH and specifications for the new normal as people's interest in housing and lifestyles under the coronavirus (COVID-19) crisis was rising.

Moreover, in existing home sales, we strove to strengthen our procurement for business expansion despite the continued tough conditions involving a decrease in the supplies of recently-built existing homes and their purchasing prices staying high.

As a result of these initiatives, the Grandy House Group's consolidated cumulative operating results for the first quarter of fiscal 2023 under review were as follows: net sales were ¥13,925 million, an increase of 6.0% year-on-year; operating income rose to ¥1,049 million, an increase of 8.6% year-on-year; ordinary income was ¥1,005 million, an increase of 9.5% year-on-year; and net income attributable to owners of the parent totaled ¥728 million, an increase of 15.0% year-on-year.

Operating results by business segment are presented as follows.

#### a. Real Estate Sales

In new home sales, we have continued to implement thorough infection prevention measures and focus on non-contact sales activities, with the safety and security of our customers and employees given top priority, and we engaged in expanding our business in the Tokyo metropolitan area and further cultivating our existing sales area of northern Kanto.

In the Tokyo metropolitan area (including Saitama, Chiba, and Kanagawa), which we position as being our key area for a business area expansion, we worked to popularize our brand mainly through marketing that was based on IT and digital tools utilizing websites, etc., thereby developing business that was intended to spread our business areas "from dots to planes" by enhancing the business sites in each area. In northern Kanto (Tochigi, Ibaraki, and Gunma), we pushed sales promotional activities through events including the "20,000 Homes Sold! More Smile" campaign. Furthermore, the sales of homes, which we started in the previous fiscal year, gained momentum in "Sora Town Tsukuba Matsushiro," a strategic large-scale housing project (with a total of 96 lots, Tsukuba City, Ibaraki Prefecture), in which all new homes employed a net-zero-energy house system (ZEH), as the construction of the new houses has progressed and a streetscape is appearing.

On the product side, we endeavored to build healthy and comfortable homes by measures such as adopting the ZEH standard as the insulation specifications of detached houses for sale, as teleworking and other new lifestyles are taking root and interest in a sustainable living environment is mounting.

Thanks to these efforts, the number of new homes sold in the consolidated cumulative first quarter of fiscal 2023 under review was 367 (an increase of 4 homes year-on-year).

Demand for existing homes remained robust. However, with regard to procurement, their prices stayed high since supplies of recently-built existing homes declined. Under the circumstances, we made efforts to reinforce

and expand our product inventory through measures such as strengthening cooperation with brokers and actively taking part in auctions. Through these efforts, the number of homes sold for the consolidated cumulative first quarter of fiscal 2023 under review was 35 (a decrease of 3 homes year-on-year).

As a result, sales in the real estate sales segment in the consolidated cumulative first quarter of fiscal 2023 under review increased by 4.0% year-on-year to ¥12,830 million. We had a segment profit of ¥844 million, an increase of 3.9% year-on-year.

#### b. Construction Material Sales

In construction material sales, amid concerns about the impact of surging wood material prices, the number of new housing starts for wooden houses marked a year-on-year decrease for the three consecutive months from this past April.

Under these circumstances, we have focused on measures such as maintaining purchase volumes through strengthening the supply chain and passing the cost increments on in the selling price. As a result, sales of the construction material sales segment in the consolidated cumulative first quarter of fiscal 2023 under review increased by 40.2% year-on-year to ¥1,019 million, with a segment profit of ¥109 million, an increase of 59.1% year-on-year.

#### c. Real Estate Leasing

In real estate leasing, whereas the properties with new equipment are in high demand in the office leasing market of the Utsunomiya area, properties with obsolete equipment tend to remain vacant for a longer period, promoting market polarization. In the parking market, the operational rate of pay-by-the-hour parking lots, which had remained low due to restrictions on movements under the coronavirus (COVID-19) crisis, was on a recovery path due to the reopening of social and economic activities.

Under these circumstances, operating results in the consolidated cumulative first quarter of fiscal 2023 under review showed year-on-year increases in both sales and profit. Sales were ¥75 million, an increase of 10.3% year-on-year, and segment profit was ¥47 million, an increase of 91.1% year-on-year. The reasons were that there were no plans, such for large-scale renovations, compared to the same period a year earlier, and that properties that had been acquired in the previous fiscal year contributed to the increase in operating results.

### (2) Explanation regarding Financial Position

As of the end of the first quarter of consolidated fiscal 2023 under review, consolidated total assets rose to ¥62,311 million, an increase of ¥1,409 million compared to the end of the previous consolidated fiscal year. This was primarily due to 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 ¥37,788 million, an increase of ¥1,546 million compared to the end of the previous consolidated fiscal year. This was mainly due to an increase in loans payable in association with the acquisition of housing lots, mentioned above, and others.

Total net assets stood at ¥24,522 million, down ¥137 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

There have been no changes from the consolidated financial forecasts announced on May 9, 2022.

## 2. QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

### (1) Quarterly Consolidated Balance Sheets

(Thousands of Yen)

	Fiscal 2022 (As of March 31, 2022)	First Quarter of Fiscal 2023 (As of June 30, 2022)
Assets		
Current assets		
Cash and deposits	11,098,044	10,929,214
Notes and accounts receivable – trade and contract assets	702,666	725,853
Real estate for sale	8,129,757	7,914,810
Costs on uncompleted construction contracts	7,246	13,568
Real estate for sale in process	26,090,400	27,474,559
Merchandise and finished goods	350,922	432,193
Raw materials and supplies	279,751	283,048
Other	1,100,457	1,602,254
Allowance for doubtful accounts	(4,398)	(319)
Total current assets	47,754,848	49,375,181
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,784,259	3,766,350
Machinery, equipment and vehicles, net	26,759	24,990
Tools, furniture and fixtures, net	55,593	51,962
Land	6,063,224	6,038,242
Leased assets, net	92,419	84,565
Construction in progress	19,064	11,026
Total property, plant and equipment	10,041,319	9,977,136
Intangible assets		
Goodwill	1,028,445	994,163
Other	51,284	53,519
Total intangible assets	1,079,729	1,047,683
Investments and other assets		
Investment securities	143,000	148,500
Long-term loans receivable	14,601	9,922
Deferred tax assets	647,621	542,347
Other	1,175,569	1,170,042
Total investments and other assets	1,980,792	1,870,812
Total non-current assets	13,101,841	12,895,632
Deferred assets		
Bond issuance costs	45,286	40,412
Total deferred assets	45,286	40,412
Total assets	60,901,976	62,311,227

(Thousands of Yen)

	Fiscal 2022 (As of March 31, 2022)	First Quarter of Fiscal 2023 (As of June 30, 2022)
Liabilities		
Current liabilities		
Accounts payable for construction contracts	3,870,228	3,939,777
Short-term loans payable	13,082,700	13,954,300
Current portion of bonds	1,000,000	1,500,000
Current portion of long-term loans payable	2,604,311	3,379,653
Lease obligations	34,201	33,949
Income taxes payable	899,770	216,524
Provision for warranties for completed construction	185,469	187,655
Other	1,105,187	1,439,700
Total current liabilities	22,781,868	24,651,559
Non-current liabilities		
Bonds payable	2,300,000	1,800,000
Long-term loans payable	9,820,280	9,968,781
Lease obligations	67,647	59,142
Provision for directors' retirement benefits	251,695	235,450
Net defined benefit liability	904,811	927,657
Other	115,459	145,727
Total non-current liabilities	13,459,893	13,136,757
Total liabilities	36,241,762	37,788,317
Net assets		
Shareholders' equity		
Capital stock	2,077,500	2,077,500
Capital surplus	2,592,335	2,599,660
Retained earnings	20,718,007	20,543,459
Treasury shares	(813,488)	(786,570)
Total shareholders' equity	24,574,354	24,434,050
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	18,000	23,500
Total accumulated other comprehensive income	18,000	23,500
Subscription rights to shares	67,860	65,360
Total net assets	24,660,214	24,522,910
Total liabilities and net assets	60,901,976	62,311,227

(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, 2021 (From April 1, 2021 to June 30, 2021)	Three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)
Net Sales	13,134,714	13,925,325
Cost of sales	10,594,527	11,294,854
Gross profit	2,540,187	2,630,471
Selling, general and administrative expenses	1,573,813	1,580,718
Operating income	966,374	1,049,752
Non-operating income		
Interest income	223	23
Dividends income	2,861	2,861
Commission	8,189	7,697
Other	8,069	15,447
Total non-operating income	19,343	26,029
Non-operating expenses		
Interest expenses	60,635	60,509
Commission for syndicate loan	2,866	4,554
Other	3,697	4,997
Total non-operating expenses	67,200	70,060
Ordinary income	918,517	1,005,721
Extraordinary income		
Gain on sales of non-current assets	18,620	84,432
Total extraordinary income	18,620	84,432
Extraordinary loss		
Loss on retirement of non-current assets	3,748	3,585
Total extraordinary loss	3,748	3,585
Net income before income taxes	933,388	1,086,568
Income taxes – current	269,617	252,890
Income taxes – deferred	30,519	105,274
Total income taxes	300,137	358,165
Net income	633,251	728,403
Net income attributable to owners of the parent	633,251	728,403



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

(Thousands of Yen)

	Three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)	Three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)
Net income	633,251	728,403
Other comprehensive income		
Valuation difference on available-for-sale securities	(13,500)	5,500
Total other comprehensive income	(13,500)	5,500
Comprehensive income	619,751	733,903
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	619,751	733,903
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.

(Additional Information)

(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 2022.

(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.

(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 ¥688,938 thousand and 1,194,000 shares for the previous consolidated fiscal year, and ¥666,319 thousand and 1,154,800 shares for the consolidated first quarter of fiscal 2023 under review.

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

The previous consolidated fiscal year: ¥690,870 thousand

The consolidated first quarter of fiscal 2023 under review: ¥690,870 thousand

(Segment Information)

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

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	12,339,107	727,533	68,074	13,134,714	–	13,134,714
Inter-segment sales or 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	812,765	68,991	24,889	906,645	11,871	918,517

Notes: 1 Adjustments of segment profit (¥11,871 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, 2022 (April 1, 2022 to June 30, 2022)

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	12,830,516	1,019,751	75,057	13,925,325	–	13,925,325
Inter-segment sales or transfers	13,380	1,180,061	20,464	1,213,905	(1,213,905)	–
Total	12,843,896	2,199,812	95,522	15,139,231	(1,213,905)	13,925,325
Segment profit	844,731	109,738	47,570	1,002,040	3,680	1,005,721

Notes: 1 Adjustments of segment profit (¥3,680 thousand) are eliminations of inter-segment transactions.

2 Segment profit has been adjusted to 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.