

**Disclaimer:** This is a Japanese-English translation of the summary of financial statements of the Company produced for your convenience. Since no auditor audited this report, officially only the Japanese version is assumed to be the summary of financial statements of the Company. This summary does not constitute any guarantee and will not compensate any losses and/or damage stemming from actions taken based on these statements. In the case that there is any discrepancy between the Japanese and English versions, the Japanese version is assumed to be correct.

## Consolidated Financial Report for Fiscal 2021 (Fiscal Year Ended March 31, 2021 under Japanese GAAP)

May 10, 2021

Company Name: Grandy House Corporation      Stock Exchange Listing: Tokyo Stock Exchange  
 Securities Code: 8999      URL: <https://www.grandy.co.jp>  
 Representative: Yasuro Hayashi, President  
 Inquiries: Takanori Saito, Executive Officer & Administration Manager      TEL: +81-28-650-7777  
 Scheduled date of the Ordinary General Meeting of Shareholders: June 29, 2021  
 Scheduled date of securities report filing: June 29, 2021  
 Scheduled date of dividend payment commencement: June 30, 2021  
 Preparation of annual supplementary explanatory materials: Yes  
 Annual results briefing held: None

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

### 1. Consolidated Financial Results for Fiscal 2021 (April 1, 2020 to March 31, 2021)

#### (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)	%
Fiscal 2021	47,024	3.3	1,958	(8.6)	2,106	(8.8)	1,732	22.6
Fiscal 2020	45,541	2.5	2,142	(31.6)	2,310	(29.7)	1,413	(31.6)

Note: Comprehensive income      Fiscal 2021: ¥1,753 million (20.0%)

Fiscal 2020: ¥1,460 million (-27.7%)

	Net Income per Share	Net Income per Share (Diluted)	Return on Equity	Ordinary Income / Total Assets	Operating Income / Net Sales
	(¥)	(¥)	%	%	%
Fiscal 2021	59.57	59.39	7.7	3.7	4.2
Fiscal 2020	48.84	48.26	6.6	4.5	4.7

Reference: Equity in earnings of affiliates      Fiscal 2021: — (¥ million)

Fiscal 2020: — (¥ million)

#### (2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	(¥ million)	(¥ million)	%	(¥)
March 31, 2021	58,113	23,293	39.8	791.12
March 31, 2020	55,986	22,143	39.2	755.83

Reference: Shareholders' equity      Fiscal 2021: ¥23,140 million

Fiscal 2020: ¥21,972 million

#### (3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at the End of the Period
	(¥ million)	(¥ million)	(¥ million)	(¥ million)
Fiscal 2021	3,481	(410)	(58)	13,349
Fiscal 2020	(2,546)	(2,520)	5,402	10,336

### 2. Dividends

	Annual Dividend per Share					Total Dividends	Payout Ratio (Consolidated)	Ratio of Dividends to Net Assets (Consolidated)
	1Q-End	2Q-End	3Q-End	Period-End	Total			
	(¥)	(¥)	(¥)	(¥)	(¥)	(¥ million)	%	%
Fiscal 2020	—	0.00	—	23.00	23.00	668	47.1	3.1
Fiscal 2021	—	0.00	—	24.00	24.00	702	40.3	3.1
Fiscal 2022 (Forecast)	—	0.00	—	20.00	20.00		36.6	

### 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	—	2,600	—	2,400	—	1,600	—	54.70

Note: As the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29) and other standards will be applicable from the beginning of the fiscal year ending March 31, 2022, the above-stated consolidated financial forecast reflects figures after the application of such standards, and the percentage changes representing the year-on-year increase (decrease) are not stated.

**\* 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) 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 |

(3) Number of issued shares (common stock)

1) Number of issued shares (including treasury shares)	March 31, 2021	30,823,200 shares	March 31, 2020	30,823,200 shares
2) Number of treasury shares	March 31, 2021	1,572,645 shares	March 31, 2020	1,752,445 shares
3) Average number of shares during the period	March 31, 2021	29,086,124 shares	March 31, 2020	28,932,663 shares

Reference: Non-Consolidated Financial Results

**1. Non-Consolidated Financial Results for Fiscal 2021 (April 1, 2020 to March 31, 2021)**

(1) Non-Consolidated Operating Results

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
Fiscal 2021	22,870	12.1	1,146	0.4	2,165	(2.4)	1,923	14.1
Fiscal 2020	20,405	(4.3)	1,142	(36.5)	2,218	(22.4)	1,685	(18.5)

	Net Income per Share	Net Income per Share (Diluted)
	(¥)	(¥)
Fiscal 2021	66.13	65.93
Fiscal 2020	58.25	57.56

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	(¥ million)	(¥ million)	%	(¥)
March 31, 2021	37,808	20,559	54.0	697.67
March 31, 2020	35,198	19,218	54.1	655.23

Reference: Shareholders' equity Fiscal 2021: ¥20,407 million  
Fiscal 2020: ¥19,048 million

**2. Non-Consolidated Financial Forecasts for Fiscal 2022 (April 1, 2021 to March 31, 2022)**

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

Full Fiscal Year	Net Sales		Ordinary Income		Net Income		Net Income per Share
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥)
	26,000	—	2,200	—	1,700	—	58.12

Note: As the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29) and other standards will be applicable from the beginning of the fiscal year ending March 31, 2022, the above-stated consolidated financial forecast reflects figures after the application of such standards, and the percentage changes representing the year-on-year increase (decrease) are not stated.

\* **This consolidated 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**

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. Please refer to "1. OVERVIEW OF OPERATING RESULTS (1) Overview of Operating Results for Fiscal 2021" on page 2 of the attachment materials for information regarding the underlying assumptions for financial forecasts and an explanation concerning the appropriate use of forecasts and other notes.

Attachment Materials: Table of Contents

1. OVERVIEW OF OPERATING RESULTS .....	2
(1) Overview of Operating Results for Fiscal 2021 .....	2
(2) Overview of Financial Position for Fiscal 2021 .....	3
(3) Overview of Cash Flows for Fiscal 2021 .....	4
(4) Outlook for Fiscal 2022 .....	4
(5) Basic Policy concerning the Allocation of Profits and Dividends for Fiscal 2021 and Fiscal 2022.....	5
2. OVERVIEW OF THE CORPORATE GROUP .....	6
3. BASIC APPROACH TO THE SELECTION OF ACCOUNTING STANDARDS .....	7
4. CONSOLIDATED FINANCIAL STATEMENTS AND NOTES .....	8
(1) Consolidated Balance Sheets.....	8
(2) Consolidated Statements of Income and Comprehensive Income .....	10
(Consolidated Statements of Income) .....	10
(Consolidated Statements of Comprehensive Income) .....	11
(3) Consolidated Statements of Changes in Net Assets .....	12
(4) Consolidated Statements of Cash Flows.....	14
(5) Notes to Consolidated Financial Statements .....	15
(Notes on Going Concern Assumptions).....	15
(Additional Information).....	15
(Segment Information).....	16

## 1. OVERVIEW OF OPERATING RESULTS

### (1) Overview of Operating Results for Fiscal 2021

The Japanese economy during the consolidated fiscal year under review recorded the worst negative growth in GDP in the April-June 2020 period in the country's post-war era due to the impact of the state of emergency declared following the spread of COVID-19 and other factors. Despite a limited recovery of the two consecutive quarters following such period, the economy has remained uncertain after the re-declaration of the state of emergency of this year.

In the housing sector, the business environment has also been in a difficult situation due to restrictions on business activities, calls for customers to restrain voluntarily from going out, and other measures taken particularly during the period of a state of emergency of the last year. This environment led to a significant drop in the number of new housing starts compared to the previous fiscal year. However, new trends also emerged, including increased customer interest in detached houses due to factors such as the need to "Avoid the Three Cs" and the expansion of working from home.

Under these circumstances, the Grandy House Group has continued to make efforts to build a business foundation that is ready for the emergency, and to place top priority on the safety of customers and the health of employees; for example, the Group has taken thorough infection control measures, while creating a sales structure that utilizes IT technologies and a production system that responds flexibly to environmental change.

With regard to new home sales, one of our core operations, we have worked to enhance our online sales activities while taking thorough measures against infections and to increase sales by reinforcing the sales structure in Saitama and Kanagawa Prefectures, where we had expanded our sales areas in the previous fiscal year. In existing home sales, we endeavored to secure inventory with a view to expanding the number of homes sold amid a worsening purchasing environment, such as the suspension of auction bidding.

Through these efforts, both the number of homes sold and the net sales for new home sales reached record high levels despite a decrease in the number of orders received in the first quarter thanks to their subsequent recovery. In existing home sales, however, the number of homes sold decreased year-on-year due to the remaining impact of a drop in purchases in the first half of fiscal 2021. In terms of profits, although ordinary income decreased year-on-year because of factors such as a decline in the gross margin ratio following the introduction of tighter inventory controls and an increase in investment costs connected with the business expansion, net income attributable to owners of the parent increased year-on-year as a result of the extraordinary income recorded following the refunding of consumption taxes.

As a result of these initiatives, the Grandy House Group's results for the consolidated fiscal year ended March 31, 2021 were as follows. Net sales were ¥47,024 million, an increase of 3.3% year-on-year; operating income decreased to ¥1,958 million, a decrease of 8.6% year-on-year; ordinary income was ¥2,106 million, a decrease of 8.8% year-on-year; and net income attributable to owners of the parent totaled ¥1,732 million, an increase of 22.6% year-on-year.

Operating results by business segment are presented as follows.

#### a. Real Estate Sales

In new home sales, we have conducted our sales activities by taking thorough measures to prevent COVID-19 infections while working to strengthen our online sales activities and further improve our Internet advertising. In Saitama Prefecture, which we added as a new sales area in the previous fiscal year, we have expanded our business by increasing the number of sales personnel while strengthening our advertising activities to improve our brand recognition. Meanwhile, our subsidiary in Kanagawa Prefecture, which we acquired in the previous fiscal year, tightened its inventory controls and began selling homes that it had constructed itself.

In terms of products, we have continued to differentiate ourselves from our competitors by providing high value-added products, including the creation of a townscape that excels in comfort and safety in consideration of families with children as well as houses with enhanced countermeasures against natural disasters, such as typhoons and flooding. We have also proposed a new way of living that flexibly supports diversifying workstyles and changing lifestyles in response to changing housing environment needs to cope with the Coronavirus (COVID-19) crisis. We did this through initiatives such as offering homes featuring multipurpose spaces used for working from home as well as homes situated in "outer urban city" locations featuring a spacious living environment and good access to the Central Business District (CBD).

Through these efforts, the number of new homes sold in consolidated fiscal 2021 under review reached a record high level of 1,386 (an increase of 45 homes year-on-year) due to the number of orders received exceeding the level recorded in the previous year despite the preceding impact of weak orders mainly during the state of emergency last year. However, profits decreased year-on-year partly due to a decline in the gross margin ratio following the introduction of tighter inventory controls given the level of uncertainty concerning future prospects.

In existing-home sales, we have continued our efforts to expand the number of homes sold by enhancing product inventory. In the first half of fiscal 2021, however, we were forced to drastically reduce the number of purchases made through auctions compared to the same period of the previous year due to events such as the suspension of auction bidding arising from the spread of COVID-19. In the second half of fiscal 2021, while the number of purchases recovered to secure the same number of homes sold as the same period of the preceding year, the adverse impact of the reduced inventory on sales remained, and the number of existing homes sold in fiscal 2021 ended March 31, 2021 was 137 (a fall of 14 year-on-year).

As a result of these initiatives, sales in the real estate sales segment during the fiscal year under review increased 3.8% year-on-year to ¥44,115 million, while segment profit was ¥1,745 million, down 13.3% from the previous fiscal year.

#### b. Construction Material Sales

In the construction material sales, the situation remains challenging even though the decrease in the number of new housing starts for wooden houses has been slowing down. While wood material prices generally remained low through to the end of the year, their domestic prices have been on a rising trend since the beginning of this year due partly to increases in the demand for homes in the U.S. and shipping freight.

Under these circumstances, the Grandy House Group took necessary measures focused on securing orders for construction materials and managing credit. Accordingly, while the volume of construction material sales decreased year-on-year, profits rose significantly due mainly to an improvement in the gross margin ratio resulting from a fall in raw-material prices.

As a result of these initiatives, sales in the construction material sales segment during the consolidated fiscal year under review decreased 4.8% year-on-year to ¥2,642 million, while segment profit was ¥224 million, up 57.6% from the previous fiscal year.

#### c. Real Estate Leasing

In real estate leasing, tenants whose businesses had deteriorated either requested a reduction or exemption from rent or went out of business due to the economic slowdown caused by the spread of COVID-19; thus, the operation rate exhibited a worsening trend in both the office building and parking markets.

The Grandy House Group saw an increase in the number of properties leased year-on-year and prevented the operation rate from deteriorating by providing support, including rent reductions and exemptions for leased offices and the like. On the other hand, the Group continued to face a difficult situation despite the recovery of the operation rate in parking lots and others, which had previously declined due to people's voluntary restraint on going out.

As a result, sales in the real estate leasing segment during the fiscal year under review were ¥266 million, an increase of 2.0% year-on-year. We had a segment profit of ¥153 million, a decrease of 10.7% year-on-year, mainly due to an increase in repair expenses.

### (2) Overview of Financial Position for Fiscal 2021

As of March 31, 2021, total consolidated assets rose to ¥58,113 million, an increase of ¥2,127 million compared to the end of the previous consolidated fiscal year. This was primarily attributable to an increase in cash and deposits by securing liquidity in hand to prepare for future uncertainty arising from events such as the spread of COVID-19 as well as to the acquisition of housing lots to reflect the expanded real estate sales business area.

Liabilities increased to ¥34,820 million, an increase of ¥977 million from the end of the previous consolidated fiscal year. This was mainly due to an increase in loans and bonds payable following the acquisition of housing lots and having secured liquidity in hand.

Total net assets stood at ¥23,293 million as of March 31, 2021. This represents an increase of ¥1,150 million from the balance recorded as of March 31, 2020. This was due to acquiring net income attributable to owners of the parent despite the payment of dividends.

### (3) Overview of Cash Flows for Fiscal 2021

Cash and cash equivalents (hereinafter, "cash flows") as of March 31, 2021 increased by ¥3,012 million compared to the previous consolidated fiscal year, as a result of increased cash flows from operating activities and decreased cash flows from investing and financing activities, to reach ¥13,349 million.

Factors contributing to movements in the Company's cash flows during the consolidated fiscal year under review are presented as follows.

#### (Cash Flows from Operating Activities)

Net cash provided by operating activities amounted to ¥3,481 million (a decrease of ¥2,546 million in the previous fiscal year). This was mainly due to having acquired net income before income taxes despite payments of income taxes.

#### (Cash Flows from Investing Activities)

Net cash used in investing activities amounted to ¥410 million (a decrease of ¥2,520 million in the previous fiscal year). This was mainly due to the construction of new branch buildings, the acquisition of parking lots for leasing, and other items.

#### (Cash Flows from Financing Activities)

Net cash provided by financing activities amounted to ¥58 million (an increase of ¥5,402 million in the previous fiscal year). This was mainly due to payments of dividends despite the issuance of bonds and the like.

Trends in the Group's cash flow-related indices are presented as follows.

	Fiscal 2019	Fiscal 2020	Fiscal 2021
Shareholders' equity ratio (%)	44.7	39.2	39.8
Equity ratio on market value basis (%)	27.5	18.6	24.3
Interest-bearing liabilities to cash flow ratio (years)	6.7	–	8.3
Interest coverage ratio (times)	12.3	–	12.4

Shareholders' equity ratio: Shareholders' equity/total assets

Equity ratio on a market value basis: Market capitalization/total assets

Interest-bearing liabilities to cash flow ratio: Interest-bearing liabilities/cash flows

Interest coverage ratio: Cash flows/interest payments

- Notes: 1. Each index is calculated based on consolidated financial data.
2. Market capitalization is calculated based on the number of issued shares as of the period-end (after deducting treasury shares).
3. Cash flows from operating activities are used as "cash flows" in the above calculation. As operating cash flows for the fiscal year ended March 31, 2020 were negative, interest-bearing liabilities to cash flow ratio and interest coverage ratio data have been omitted for the year.
4. Interest-bearing liabilities include all liabilities that bear interest under the liabilities section recorded on consolidated balance sheets.

### (4) Outlook for Fiscal 2022

The Japanese economy will be expected to remain in a difficult situation as the COVID-19 pandemic has no sign of settling down despite the start of vaccinations.

Under these circumstances, the Grandy House Group will continue to make efforts to grow its business and further improve its corporate value by creating a new management structure that actively utilizes IT technologies and the like, while placing top priority on the safety of customers and the health of employees.

The Group's consolidated financial forecast for the fiscal year ending March 31, 2022 is expected to be as follows: Net sales of ¥52,400 million, operating income of ¥2,600 million, ordinary income of ¥2,400 million, and net income attributable to owners of the parent of ¥1,600 million. Note: As the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29) and other standards will be applicable from the fiscal 2022, and the consolidated financial forecast reflects figures after the application of such and other standards.

(5) Basic Policy concerning the Allocation of Profits and Dividends for Fiscal 2021 and Fiscal 2022

Grandy House focuses on increasing the corporate value and returning more profits to shareholders as one of its priority management issues. For shareholders, we will follow a dividend policy that is based on business performance and work to enhance the policy while aiming for a consolidated dividend payout ratio of 30%. Purchase of treasury shares will be made in a timely manner and in accordance with the Company's financial position in order to enhance shareholder returns and capital efficiency.

The dividend per share for fiscal 2021 under review will be ¥24 (ordinary dividend of ¥14 and commemorative dividend of ¥10) per share in accordance with the dividend forecast that we announced on November 9, 2020. The annual dividend forecast for the year ending March 31, 2022 is ¥20 per share.

Grandy House stipulates the Articles of Incorporation allowing flexible payment of dividends of surplus through a resolution by the Board of Directors. About the number of dividend payments, however, Grandy House plans to continue paying a single annual dividend to shareholders, as usual, with March 31 as the record date for dividends.

## 2. OVERVIEW OF THE CORPORATE GROUP

The Grandy House Group (Grandy House Corporation and its affiliates) consists of Grandy House Corporation and eight subsidiaries. The Group is mainly engaged in real estate sales, construction material sales, and real estate leasing.

The business operations of the Group and the positions of the Grandy House Corporation and its subsidiaries in those operations are as follows.

### (1) Real Estate Sales

The Grandy House Group purchases housing lots, obtains permits and approvals for development, manages residential construction works, designs and builds houses, and handles sales and after-sales maintenance.

Sales, design, and construction of detached houses, which are our main business, are in general supervised by Grandy House Corporation and its subsidiaries by trading area, from the perspective of promoting region-based sales. General sales areas of each company are as follows:

Grandy House Corporation: Tochigi Prefecture, western part of Ibaraki Prefecture, and Saitama Prefecture

Ibaraki Grandy House Co., Ltd.: Ibaraki Prefecture (excluding the western part)

Gunma Grandy House Co., Ltd.: Gunma Prefecture

Chiba Grandy House Co., Ltd.: Chiba Prefecture

Plaza House Inc.: Kanagawa Prefecture

Welcome House Inc.: Kanagawa Prefecture

Furthermore, Chuko Jutaku Joho Kan Co., Ltd. is engaged in sales of existing homes and Grandy Reform Co., Ltd. is engaged in the after-sales maintenance and renovation business.

### (2) Construction Material Sales

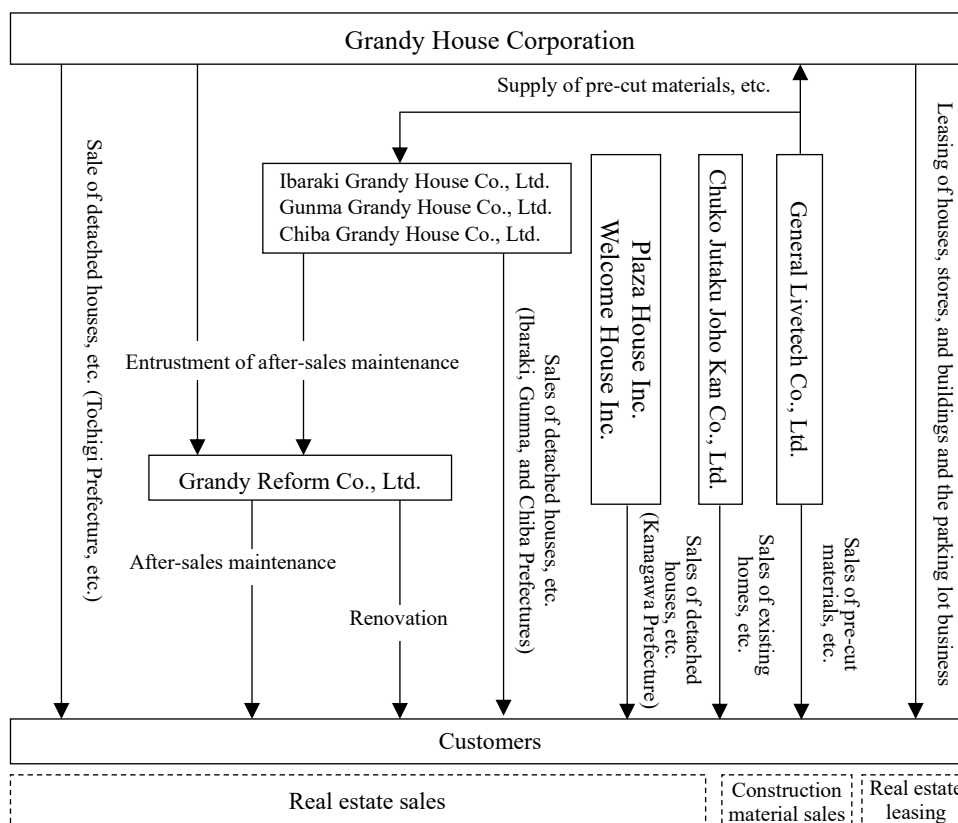
General Livetech Co., Ltd. is engaged in sales of construction materials and components, mainly pre-cut materials.

### (3) Real Estate Leasing

Grandy House Corporation and some of its subsidiaries are engaged in the leasing business of tenant buildings, apartments and other properties owned by these companies, and the parking lot business.

[Business Group Organization Chart] (As of March 31, 2021)

The matters described above are shown in the following Business Group Organization Chart.





### 3. BASIC APPROACH TO THE SELECTION OF ACCOUNTING STANDARDS

At present, the Grandy House Group operates its business only in Japan and most of its stakeholders are shareholders, lenders, and business partners in Japan. The Group has no plan to raise funds from overseas markets. Against this background, the Group will prepare its consolidated financial statements based on Japanese GAAP for the time being.

For the application of International Financial Reporting Standards (IFRS), we will take adequate actions while paying attention to various situations inside and outside Japan.

#### 4. CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

##### (1) Consolidated Balance Sheets

(Thousands of Yen)

	Fiscal 2020 (As of March 31, 2020)	Fiscal 2021 (As of March 31, 2021)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	10,351,397	13,363,516
Notes and accounts receivable – trade	607,498	496,993
Securities	–	201,921
Real estate for sale	16,799,116	17,182,081
Costs on uncompleted construction contracts	7,198	7,725
Real estate for sale in process	13,899,184	12,952,944
Merchandise and finished goods	238,209	237,434
Raw materials and supplies	113,833	114,678
Other	1,039,355	920,828
Allowance for doubtful accounts	(4,934)	(2,362)
<b>Total current assets</b>	<b>43,050,859</b>	<b>45,475,762</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	5,593,578	5,644,251
Accumulated depreciation	(2,174,587)	(2,337,794)
Buildings and structures, net	3,418,991	3,306,457
Machinery, equipment and vehicles	126,568	104,070
Accumulated depreciation	(82,712)	(74,945)
Machinery, equipment and vehicles, net	43,855	29,124
Tools, furniture and fixtures	366,090	376,891
Accumulated depreciation	(310,140)	(326,040)
Tools, furniture and fixtures, net	55,949	50,851
Land	6,002,977	6,021,604
Leased assets	189,864	171,750
Accumulated depreciation	(84,792)	(97,359)
Leased assets, net	105,071	74,390
Construction in progress	8,411	150,319
<b>Total property, plant and equipment</b>	<b>9,635,258</b>	<b>9,632,747</b>
<b>Intangible assets</b>		
Goodwill	1,302,697	1,165,571
Other	102,366	67,192
<b>Total intangible assets</b>	<b>1,405,064</b>	<b>1,232,763</b>
<b>Investments and other assets</b>		
Investment securities	329,226	145,500
Long-term loans receivable	35,914	18,993
Deferred tax assets	457,977	507,147
Other	1,045,367	1,067,323
Allowance for doubtful accounts	(9,148)	(4,272)
<b>Total investments and other assets</b>	<b>1,859,337</b>	<b>1,734,690</b>
<b>Total non-current assets</b>	<b>12,899,659</b>	<b>12,600,201</b>
<b>Deferred assets</b>		
Bond issuance costs	35,593	38,025
<b>Total deferred assets</b>	<b>35,593</b>	<b>38,025</b>
<b>Total assets</b>	<b>55,986,112</b>	<b>58,113,989</b>

(Thousands of Yen)

	Fiscal 2020 (As of March 31, 2020)	Fiscal 2021 (As of March 31, 2021)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable for construction contracts	3,249,367	3,255,232
Short-term loans payable	22,218,600	20,696,600
Current portion of long-term loans payable	695,958	1,014,044
Current portion of bonds	21,000	21,000
Lease obligations	37,323	30,980
Income taxes payable	367,350	399,719
Provision for warranties for completed construction	70,872	95,953
Other	691,928	955,601
<b>Total current liabilities</b>	<b>27,352,399</b>	<b>26,469,131</b>
<b>Non-current liabilities</b>		
Bonds payable	1,824,000	2,303,000
Long-term loans payable	3,597,965	4,904,321
Lease obligations	77,603	50,559
Provision for directors' retirement benefits	203,579	218,520
Net defined benefit liability	720,938	810,289
Other	66,500	64,878
<b>Total non-current liabilities</b>	<b>6,490,585</b>	<b>8,351,569</b>
<b>Total liabilities</b>	<b>33,842,985</b>	<b>34,820,700</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	2,077,500	2,077,500
Capital surplus	2,291,248	2,343,929
Retained earnings	17,905,056	18,969,090
Treasury shares	(301,297)	(270,372)
<b>Total shareholders' equity</b>	<b>21,972,507</b>	<b>23,120,148</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	—	20,500
<b>Total accumulated other comprehensive income</b>	<b>—</b>	<b>20,500</b>
Subscription rights to shares	170,620	152,640
<b>Total net assets</b>	<b>22,143,127</b>	<b>23,293,288</b>
<b>Total liabilities and net assets</b>	<b>55,986,112</b>	<b>58,113,989</b>

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

(Thousands of Yen)

	Fiscal 2020 (From April 1, 2019 to March 31, 2020)	Fiscal 2021 (From April 1, 2020 to March 31, 2021)
Net sales	45,541,961	47,024,984
Cost of sales	37,756,807	39,202,154
Gross profit	7,785,154	7,822,829
Selling, general and administrative expenses	5,643,006	5,863,842
Operating income	2,142,147	1,958,986
Non-operating income		
Interest income	1,409	1,516
Dividends income	5,722	5,653
Operations consignment fee	226,634	222,067
Office work fee	157,004	156,645
Insurance claim income	50,400	3,807
Other	27,250	65,819
Total non-operating income	468,422	455,509
Non-operating expenses		
Interest expenses	256,315	281,191
Commission for syndicate loan	8,469	9,966
Other	34,986	16,708
Total non-operating expenses	299,771	307,866
Ordinary income	2,310,798	2,106,629
Extraordinary income		
Gain on sales of non-current assets	–	5,623
Consumption taxes refund	–	707,744
Total extraordinary income	–	713,368
Extraordinary loss		
Loss on sales of non-current assets	1,143	–
Loss on retirement of non-current assets	13,151	26,905
Loss on cancellation of lease contracts	9,460	2,254
Loss on valuation of investment securities	100,000	–
Loss on disaster	27,767	–
Impairment loss	–	122,561
Total extraordinary loss	151,521	151,721
Net income before income taxes	2,159,276	2,668,276
Income taxes – current	770,234	762,477
Income taxes for prior periods	–	222,919
Income taxes – deferred	(24,072)	(49,781)
Total income taxes	746,162	935,614
Net income	1,413,114	1,732,661
Net income attributable to owners of the parent	1,413,114	1,732,661

(Consolidated Statements of Comprehensive Income)

(Thousands of Yen)

	Fiscal 2020 (From April 1, 2019 to March 31, 2020)	Fiscal 2021 (From April 1, 2020 to March 31, 2021)
Net income	1,413,114	1,732,661
Other comprehensive income		
Valuation difference on available-for-sale securities	47,634	20,500
Total other comprehensive income	47,634	20,500
Comprehensive income	1,460,749	1,753,161
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	1,460,749	1,753,161
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Changes in Net Assets  
Fiscal 2020 (From April 1, 2019 to March 31, 2020)

(Thousands of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of the beginning of the period	2,077,500	2,228,898	17,011,385	(337,899)	20,979,883
Changes of items during the period					
Dividends from surplus			(519,443)		(519,443)
Net income attributable to owners of the parent			1,413,114		1,413,114
Exercise of subscription rights to shares		62,350		36,601	98,952
Net changes to items other than shareholder equity					
Total changes of items during the period	–	62,350	893,671	36,601	992,623
Balance as of the end of the period	2,077,500	2,291,248	17,905,056	(301,297)	21,972,507

	Accumulated other comprehensive income		Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance as of the beginning of the period	(47,634)	(47,634)	191,900	21,124,148
Changes of items during the period				
Dividends from surplus				(519,443)
Net income attributable to owners of the parent				1,413,114
Exercise of subscription rights to shares			(21,280)	77,672
Net changes to items other than shareholder equity	47,634	47,634		47,634
Total changes of items during the period	47,634	47,634	(21,280)	1,018,978
Balance as of the end of the period	–	–	170,620	22,143,127

Fiscal 2021 (From April 1, 2020 to March 31, 2021)

(Thousands of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of the beginning of the period	2,077,500	2,291,248	17,905,056	(301,297)	21,972,507
Changes of items during the period					
Dividends from surplus			(668,627)		(668,627)
Net income attributable to owners of the parent			1,732,661		1,732,661
Exercise of subscription rights to shares		52,681		30,925	83,607
Net changes to items other than shareholder equity					
Total changes of items during the period	–	52,681	1,064,034	30,925	1,147,641
Balance as of the end of the period	2,077,500	2,343,929	18,969,090	(270,372)	23,120,148

	Accumulated other comprehensive income		Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance as of the beginning of the period	–	–	170,620	22,143,127
Changes of items during the period				
Dividends from surplus				(668,627)
Net income attributable to owners of the parent				1,732,661
Exercise of subscription rights to shares			(17,980)	65,627
Net changes to items other than shareholder equity	20,500	20,500		20,500
Total changes of items during the period	20,500	20,500	(17,980)	1,150,161
Balance as of the end of the period	20,500	20,500	152,640	23,293,288

## (4) Consolidated Statements of Cash Flows

(Thousands of Yen)

	Fiscal 2020 (From April 1, 2019 to March 31, 2020)	Fiscal 2021 (From April 1, 2020 to March 31, 2021)
Cash flows from operating activities		
Net income before income taxes	2,159,276	2,668,276
Depreciation and amortization	267,613	284,114
Amortization of goodwill	68,563	137,126
Impairment loss	—	122,561
Increase (decrease) in provision for directors' retirement benefits	34,924	14,941
Increase (decrease) in provision for warranties for completed construction	(15,382)	25,081
Increase (decrease) in allowance for doubtful accounts	8,116	(7,447)
Increase (decrease) in net defined benefit liability	90,965	89,351
Interest and dividends income	(7,131)	(7,169)
Interest expenses	256,315	281,191
Loss (gain) on sales of property, plant and equipment	1,143	(5,623)
Loss on retirement of non-current assets	13,151	26,905
Loss (gain) on valuation of investment securities	100,000	—
Decrease (increase) in notes and accounts receivable-trade	(59,800)	115,295
Decrease (increase) in inventories	(3,955,431)	562,678
Increase (decrease) in notes and accounts payable-trade	(60,075)	5,865
Other	(226,760)	387,649
Subtotal	(1,324,512)	4,700,799
Interest and dividends income received	8,532	7,237
Interest expenses paid	(269,978)	(281,327)
Income taxes paid	(960,683)	(945,366)
Net cash provided by (used in) operating activities	(2,546,641)	3,481,342
Cash flows from investing activities		
Purchase of property, plant and equipment	(570,378)	(365,667)
Proceeds from sales of property, plant and equipment	8,779	7,437
Purchase of intangible assets	(33,279)	(32,246)
Purchase of shares in subsidiaries resulting from a change in the scope of consolidation	(1,881,900)	—
Loan advances	(18,000)	—
Collection of loans receivable	39,955	21,421
Payments for guarantee deposits	(66,096)	(43,500)
Proceeds from collection of guarantee deposits	226	—
Other	(0)	2,192
Net cash provided by (used in) investing activities	(2,520,694)	(410,362)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	2,689,150	(1,522,000)
Proceeds from long-term loans payable	3,650,000	2,519,000
Repayment of long-term loans payable	(740,883)	(894,558)
Proceeds from issuance of bonds	300,000	500,000
Redemption of bonds	(21,000)	(21,000)
Proceeds from disposition of treasury shares due to exercise of subscription rights to shares	77,672	65,627
Cash dividends paid	(519,435)	(668,506)
Repayments of lease obligations	(33,004)	(37,424)
Net cash provided by (used in) financing activities	5,402,500	(58,861)
Net increase (decrease) in cash and cash equivalents	335,163	3,012,118
Cash and cash equivalents at beginning of the period	10,001,725	10,336,889
Cash and cash equivalents at end of the period	10,336,889	13,349,007



(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumptions)

Not applicable.

(Additional Information)

(Accounting Estimates concerning the Impact of COVID-19)

The Group makes its accounting estimates based on the information available as of the date of the consolidated financial statements. At present, the COVID-19 outbreak has had a limited impact on the Group's financial results and we assume that economic activities will gradually return to normal.

In the case, however, that the impact of the COVID-19 outbreak becomes more serious, it may affect our financial position and operating results for the next consolidated fiscal year onward.

(Segment Information)

1. Overview of reportable segments

The reportable segments of the Group are components for which separate financial information is available and whose operating results are regularly reviewed by the Company's Board of Directors when making decisions about the allocation of management resources and assessing performance.

The Grandy House Group is engaged in the following businesses: new home sales, existing home sales, home renovation, construction material sales and real estate leasing (all of which are operated in Japan). A portion or all of operations for new home sales, existing home sales and home renovation are conducted by subsidiaries. From the perspective of similarity, relationships, and sharing of common management resources, these three businesses are regarded as one business segment, Real Estate Sales. The Company devises overall strategies for this real estate sales segment and conducts business activities.

Accordingly, the Group's three reportable segments are classified as Real Estate Sales, Construction Material Sales, and Real Estate Leasing.

The Real Estate Sales business includes sales of new homes (including building contracts and sale of land, etc.) and existing homes and home renovation. The Construction Material Sales business comprises the production and sale of pre-cut materials for housing and sale of construction materials and home facilities and equipment. In the Real Estate Leasing business, activities comprise the leasing of office, homes, related properties, and parking facilities, etc.

2. Calculation method of net sales, profit or loss, assets, liabilities, and other items by reportable segment

The accounting method for reportable segments complies with the accounting policy that is applied to the preparation of consolidated accounting statements. Segment profit and loss are based on ordinary income. Inter-segment sales or transfers are calculated based on market prices.

3. Information concerning the amounts of net sales, profit or loss, assets, liabilities, and other items by reportable segment

Fiscal 2020 (From April 1, 2019 to March 31, 2020)

(Thousands of Yen)

	Reportable Segment				Adjustments (Note 1)	Amount Reported on Consolidated Financial Statements (Note 2)
	Real Estate Sales	Construction Material Sales	Real Estate Leasing	Total		
Net sales						
Sales to outside customers	42,505,118	2,775,626	261,216	45,541,961	–	45,541,961
Inter-segment sales or transfers	–	3,118,577	85,386	3,203,964	(3,203,964)	–
Total	42,505,118	5,894,204	346,602	48,745,925	(3,203,964)	45,541,961
Segment profit	2,013,639	142,588	172,187	2,328,414	(17,616)	2,310,798
Segment assets	41,950,386	2,140,471	4,063,879	48,154,737	7,831,374	55,986,112
Segment liabilities	32,100,985	1,642,918	446,253	34,190,157	(347,171)	33,842,985
Other items						
Depreciation and amortization	193,060	29,480	45,072	267,613	–	267,613
Amortization of goodwill	68,563	–	–	68,563	–	68,563
Interest income	1,405	3	–	1,409	–	1,409
Interest expenses	248,849	7,024	441	256,315	–	256,315
Increase in property, plant and equipment and intangible assets	347,751	37,304	302,945	688,000	–	688,000

Fiscal 2021 (From April 1, 2020 to March 31, 2021)

(Thousands of Yen)

	Reportable Segment				Adjustments (Note 1)	Amount Reported on Consolidated Financial Statements (Note 2)
	Real Estate Sales	Construction Material Sales	Real Estate Leasing	Total		
Net sales						
Sales to outside customers	44,115,608	2,642,889	266,486	47,024,984	–	47,024,984
Inter-segment sales or transfers	–	2,948,484	80,653	3,029,138	(3,029,138)	–
Total	44,115,608	5,591,374	347,139	50,054,122	(3,029,138)	47,024,984
Segment profit	1,745,101	224,682	153,686	2,123,470	(16,840)	2,106,629
Segment assets	41,794,010	2,114,346	4,045,500	47,953,858	10,160,130	58,113,989
Segment liabilities	33,212,504	1,568,159	423,722	35,204,386	(383,685)	34,820,700
Other items						
Depreciation and amortization	207,374	24,466	52,273	284,114	–	284,114
Amortization of goodwill	137,126	–	–	137,126	–	137,126
Interest income	1,513	2	–	1,516	–	1,516
Interest expenses	274,336	5,992	862	281,191	–	281,191
Increase in property, plant and equipment and intangible assets	208,893	2,055	169,543	380,492	–	380,492

Note 1: Details of adjustments are presented as follows.

Segment profit

(Thousands of Yen)

	Fiscal 2020	Fiscal 2021
Eliminations of inter-segment transactions	(17,616)	(16,840)
Total	(17,616)	(16,840)

Segment assets

(Thousands of Yen)

	Fiscal 2020	Fiscal 2021
Eliminations of inter-segment receivables	(345,365)	(378,876)
Eliminations of inter-segment unrealized profit	(56,859)	(64,534)
Corporate assets*	8,233,599	10,603,541
Total	7,831,374	10,160,130

\* Corporate assets mainly comprise cash and deposits as well as investment securities which are not attributable to reportable segments.

Segment liabilities

(Thousands of Yen)

	Fiscal 2020	Fiscal 2021
Eliminations of inter-segment payables	(347,171)	(383,685)
Total	(347,171)	(383,685)

Note 2: Segment profit has been adjusted with the ordinary income described in consolidated financial statements.