

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 2024 (Fiscal Year Ended March 31, 2024 under Japanese GAAP)

May 13, 2024

Company Name: Grandy House Corporation Stock Exchange Listing: Tokyo Stock Exchange
 Securities Code: 8999 URL: <https://www.grandy.co.jp>
 Representative: Yasushi Sayama, President
 Inquiries: Ryuji Umeki, Executive Officer & Administration Manager TEL: +81-28-650-7777
 Scheduled date of the Ordinary General Meeting of Shareholders: June 27, 2024
 Scheduled date of securities report filing: June 27, 2024
 Scheduled date of dividend payment commencement: June 28, 2024
 Preparation of annual supplementary explanatory materials: Yes
 Annual results briefing held: Yes (for analysts)

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

1. Consolidated Financial Results for Fiscal 2024 (April 1, 2023 to March 31, 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)	%
Fiscal 2024	51,521	(6.7)	1,175	(64.7)	877	(71.7)	416	(80.8)
Fiscal 2023	55,205	0.6	3,329	(17.2)	3,103	(18.5)	2,168	(16.1)

Note: Comprehensive income Fiscal 2024: ¥496 million (-77.5%)
 Fiscal 2023: ¥2,202 million (-14.7%)

	Net Income per Share	Net Income per Share (Diluted)	Return on Equity	Ordinary Income / Total Assets	Operating Income / Net Sales
	(¥)	(¥)	%	%	%
Fiscal 2024	14.54	14.49	1.6	1.2	2.3
Fiscal 2023	74.50	73.99	8.5	4.6	6.0

Reference: Equity in earnings of affiliates Fiscal 2024: — (¥ million)
 Fiscal 2023: — (¥ million)

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	(¥ million)	(¥ million)	%	(¥)
March 31, 2024	74,468	25,053	33.6	883.02
March 31, 2023	72,645	26,196	36.0	889.12

Reference: Shareholders' equity Fiscal 2024: ¥25,047 million
 Fiscal 2023: ¥26,158 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 2024	(2,223)	(463)	2,041	10,179
Fiscal 2023	(8,845)	(1,488)	10,075	10,825

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			
Fiscal 2023	(¥) —	(¥) 0.00	(¥) —	(¥) 32.00	(¥) 32.00	(¥ million) 972	% 43.0	% 3.7
Fiscal 2024	—	0.00	—	32.00	32.00	930	220.1	3.6
Fiscal 2025 (Forecast)	—	0.00	—	32.00	32.00		151.9	

Note: Total dividends include dividends (¥23 million for the fiscal year ended March 2024, ¥30 million for the fiscal year ended March 2023) paid to shares in the Company held by "Grandy House Employee Stock Holding Partnership Exclusive Trust Account."

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

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

Full Fiscal Year	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent		Net Income per Share
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥)
	54,000	4.8	1,300	10.6	1,000	14.0	600	43.9	21.07

* 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) 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

(3) Number of issued shares (common stock)

1) Number of issued shares (including treasury shares)	March 31, 2024	30,823,200 shares	March 31, 2023	30,823,200 shares
2) Number of treasury shares	March 31, 2024	2,457,745 shares	March 31, 2023	1,402,345 shares
3) Average number of shares during the period	March 31, 2024	28,660,463 shares	March 31, 2023	29,110,686 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" (725,500 shares for the fiscal year ended March 2024, 959,300 shares for the fiscal year ended March 2023). 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 (822,723 shares for the fiscal year ended March 2024, 1,058,931 shares for the fiscal year ended March 2023).

Reference: Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for Fiscal 2024 (April 1, 2023 to March 31, 2024)

(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 2024	22,728	(14.8)	(37)	—	929	(59.9)	879	(56.4)
Fiscal 2023	26,678	(0.9)	1,297	(29.2)	2,316	(12.7)	2,016	(5.5)

	Net Income per Share	Net Income per Share (Diluted)
	(¥)	(¥)
Fiscal 2024	30.69	30.57
Fiscal 2023	69.28	68.81

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	(¥ million)	(¥ million)	%	(¥)
March 31, 2024	49,798	22,216	44.6	782.99
March 31, 2023	46,828	22,895	48.8	776.94

Reference: Shareholders' equity Fiscal 2024: ¥22,209 million
Fiscal 2023: ¥22,858 million

2. Non-Consolidated Financial Forecasts for Fiscal 2025 (April 1, 2024 to March 31, 2025)

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

	Net Sales		Ordinary Income		Net Income		Net Income per Share
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥)
Full Fiscal Year	24,000	5.6	1,200	29.1	1,100	25.1	38.62

* 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 (4) Outlook for Fiscal 2025" on page 4 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 2024	2
(2) Overview of Financial Position for Fiscal 2024	3
(3) Overview of Cash Flows for Fiscal 2024	3
(4) Outlook for Fiscal 2025	4
(5) Basic Policy concerning the Allocation of Profits and Dividends for Fiscal 2024 and Fiscal 2025	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 2024

In the consolidated fiscal year, the Japanese economy saw a moderate recovery as economic activities were normalizing and the employment and income environment was improving in the wake of the downgrading of COVID-19 to a Class 5 disease. On the other hand, uncertain factors were also observed, such as the risk that the downturn of overseas economies caused by the global monetary tightening would influence the Japanese economy, prices continuing to rise, and various conditions fluctuating in the financial and capital markets.

In the housing sector, the number of construction starts of detached houses has remained below the level of a year earlier since November 2022, when the number started decreasing year on year due to stagnant housing demand brought about by continued high housing prices against the background of rising prices. In particular, the number dipped below 10,000 homes in January and February this year for the first time since August 2020, highlighting a slump in the housing market.

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 “Strengthen our response to sustainability (ESG) issues” in the third medium-term management plan (from the fiscal year ended March 31, 2022 to the fiscal year ended March 31, 2024). Accordingly, the Group has made efforts to strengthen its business foundations and enhance its corporate value.

In the real estate sales segment, we, in our mainstay of new home sales, stepped up the supply of products with excellent environmental performance, such as ZEH houses and long-life quality housing, in an effort to stimulate demand. As a result, we recorded an increase in the number of homes sold from the previous consolidated fiscal year in the Tokyo metropolitan area. However, in northern Kanto, the number of homes sold declined from the previous consolidated fiscal year due to the impact of a deterioration in the market environment and the end of the special demand caused by COVID-19. Consequently, the number of new homes sold across the entire group plunged from the previous consolidated fiscal year, resulting in the real estate sales segment suffering decreases in both net sales and profits.

Similarly, there were decreased net sales and profits in the construction material sales segment due to the impact of a slump in the housing market. In the real estate leasing segment, both income and profits increased thanks to higher asset efficiency and an increased number of properties for management. However, the downturn in the real estate sales segment was so large that net sales and profits on a consolidated basis decreased from the previous consolidated fiscal year.

Following these initiatives, the Grandy House Group's results for the consolidated fiscal year ended March 2024 were as follows: Net sales totaled ¥51,521 million, a decrease of 6.7% year-on-year; operating income was ¥1,175 million, a decrease of 64.7% year-on-year; ordinary income was ¥877 million, a decrease of 71.7% year-on-year; and net income attributable to owners of the parent totaled ¥416 million, a decrease of 80.8% year-on-year.

Operating results by business segment are presented as follows.

a. Real Estate Sales

In new home sales, we engaged in the Tokyo metropolitan area in maintaining and gaining market share as well as expanding the business by supplying the market with housing developments which have all homes as ZEH houses or long-life quality housing, such as “Sora Town Tsukuba Matsushiro II (a total of 103 lots in the city of Tsukuba)” and “Mizunoiro Mio no sora, Nagareyama-Unga (a total of 28 lots in the city of Nagareyama)” with the aim of differentiating ourselves from the competition. In the product side, we actively supplied ZEH houses and Ohisama EcoCute, which make better use of electricity from solar power generation during the daytime, as well as long-life quality housing, which gives a sense of security and is comfortable, and is treated preferentially in terms of mortgage loan interest rates and tax. Moreover, as we were highly thought of due to factors such as our provision of products and services through our integrated system from land procurement, the supply of homes to after-sale maintenance and the creation of sustainable housing, we have ranked No. 1 for five consecutive years in the housing development builders category of the northern Kanto region in the 2024 Oricon Customer Satisfaction Survey.

However, on the sales side, sales plunged from the previous year as consumer appetite for purchasing homes remained cool in the face of matters such as a surge in housing prices and the rising prices of everyday commodities in addition to a downturn after the special demand brought around by the COVID-19 pandemic. The number of new homes sold decreased by 154 from the previous year to 1,278 as a whole due to a large drop in the northern Kanto area despite a year-on-year increase in the Tokyo metropolitan area.

In existing home sales, difficult conditions such as a continued rise in procurement prices and costs for housing renovations, persisted. On the sales side, amid prospective customers' appetite for purchasing remaining low as in the case of new homes, as the move of cutting the prices of new homes mainly by major home builders gained momentum, we continued to be forced to revise our selling prices. Under these circumstances, the number of homes sold in the consolidated fiscal year under review was 124, a decrease of 2 year-on-year.

As a result, sales in the real estate sales segment during the fiscal year under review decreased 5.4% year-on-year to ¥48,176 million, while segment profit was ¥337 million, down 86.6% from the previous fiscal year.

b. Construction Material Sales

In the construction material sales, the conditions for receiving orders for pre-cut wood, construction materials, and the like remained tough due to the impact of a slump in the housing market as the number of new housing starts for wooden houses remained below the level of a year earlier for 24 consecutive months until the end of the consolidated fiscal year under review. Construction wood prices exited the downward trend that started from the peak in the summer of 2022 and have currently remained flat. Under these circumstances, we focused on bolstering our relationships with excellent customers and expanding sales in the Saitama Prefecture area. Nonetheless, our sales and profits decreased year-on-year due to a fall in selling prices in the wake of the intensifying competition for capturing orders.

As a result, net sales of the construction material sales segment in the consolidated fiscal year under review decreased by 26.5% year-on-year to ¥2,900 million with a segment profit of ¥257 million, a decrease of 46.6% year-on-year.

c. Real Estate Leasing

In real estate leasing, we run a leasing business for office buildings and residential buildings and a parking business centered on pay-by-the-hour parking lots. While offices for leasing and others saw the operational rate and rents almost unchanged as there were no large changes in assets for management during the term under review, Sun Village Shonan (a total of 173 lots in Kashiwa City, Chiba Prefecture), which was acquired in the fourth quarter of the previous fiscal year, contributed to earnings throughout the fiscal year under review. In the parking business, the operational rate of assets under management was in general on an upward trend as social and economic activities were revitalized in addition to 63 pay-by-the-hour parking lots (in front of the railway station of Koganei, Tochigi Prefecture) that were newly acquired starting operation from the first quarter.

As a result, sales in the real estate leasing segment for the consolidated fiscal year under review were ¥444 million, an increase of 33.2% year-on-year, with a segment profit of ¥240 million, an increase of 51.6% year-on-year.

(2) Overview of Financial Position for Fiscal 2024

As of the end of the consolidated fiscal year under review, consolidated total assets rose to ¥74,468 million, a rise of ¥1,823 million compared to the end of the previous consolidated fiscal year. This is primarily the result of an increase in inventories resulting from acquisitions of housing lots associated with the expansion of the area for the real estate sales business and a slowdown in the pace of detached house sales.

Liabilities increased to ¥49,415 million, an increase of ¥2,965 million from the end of the previous fiscal year. This is mainly due to an increase in interest-bearing liabilities (corporate bonds and borrowings) resulting from an increase in inventories.

Total net assets stood at ¥25,053 million as of March 31, 2024. This represents a decrease of ¥1,142 million from the balance recorded as of March 31, 2023. This is primarily due to decreases caused by payments of dividends to shareholders and purchase of treasury shares despite the acquisition of net income attributable to owners of parent.

(3) Overview of Cash Flows for Fiscal 2024

Cash and cash equivalents (hereinafter, "cash flows") as of the end of the consolidated fiscal year under review decreased by ¥646 million from the end of the previous fiscal year, as a result of smaller cash flows from operating activities and investing activities and larger cash flows from financing activities, to reach ¥10,179 million.

The Company's cash flows and their factors that cause them to fluctuate during the consolidated fiscal year under review are presented as follows.

(Cash Flows from Operating Activities)

Net cash used in operating activities amounted to ¥2,223 million (net cash used in operating activities for the previous fiscal year was ¥8,845 million). This was mainly due to a decrease in funds resulting from an increase in inventories despite an increase in funds brought by net income before income taxes.

(Cash Flows from Investing Activities)

Net cash used in investing activities amounted to ¥463 million (net cash used in investing activities for the previous fiscal year was ¥1,488 million). This was mainly due to the acquisition of property, plant and equipment such as parking lots and buildings for leasing.

(Cash Flows from Financing Activities)

Net cash flows provided by financial activities amounted to ¥2,041 million (net cash provided by financial activities for the previous fiscal year was ¥10,075 million). This was mainly due to proceeds from an increase in interest-bearing liabilities (corporate bonds and borrowings) despite the payment of dividends and purchase of treasury shares.

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

	Fiscal 2022	Fiscal 2023	Fiscal 2024
Shareholders' equity ratio (%)	40.4	36.0	33.6
Equity ratio on market value basis (%)	24.8	22.2	23.7
Interest-bearing liabilities to cash flow ratio (years)	—	—	—
Interest coverage ratio (times)	—	—	—

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 were negative, the interest-bearing liabilities to cash flow ratio and interest coverage ratio data have been omitted for these years.

4. Interest-bearing liabilities include all liabilities that bear interest under the liabilities section recorded on consolidated balance sheets.

(4) Outlook for Fiscal 2025

The Japanese economy is expected to continue recovering moderately due to the employment and income environment improving. However, it is forecast to remain uncertain in the future because the trend for rising prices, driven mainly by the continued depreciation of the yen and heightened tensions in the Middle East, is projected to persist. In the housing market, it will take some time for demand to recover as housing prices will likely stay high for the time being.

In this business environment, the Group aims at returning its decreased earnings in the wake of a deterioration in the market environment to a recovery and growth trend and will take a series of measures following the basic policies of "Expand and strengthen the housing business toward sustainable growth," "Reinforce the earnings foundation and implement growth investment for growth," and "Enhance corporate value through bolstering the management foundations," as stated in "Notice on Announcement of Medium-term Management Plan," released today.

In consolidated earnings for the fiscal year ending March 31, 2025, we forecast net sales to be ¥54,000 million, a 4.8% increase from the fiscal year ended March 31, 2024, ordinary income to be ¥1,000 million, a 14.0% increase from the same period, and net income attributable to owners of parent to be ¥600 million, a 43.9% increase from the same period.

In the new home sales business, we will drive the effort to expand sales in the Tokyo metropolitan area as the No. 1 priority issue. To speed up efforts in the Tokyo metropolitan area, we will swiftly advance business expansion in a way that meets market characteristics by establishing a Tokyo Metropolitan Area Development Headquarters and a Tokyo Metropolitan Business Headquarters to supervise the Tokyo metropolitan business. In parallel, we will engage in expanding business through opening new branches, stepping up product development and reinforcing business for custom-made homes. Moreover, in the stock business as well, we will open renovation business and boost the real estate brokerage business, thereby striving to increase earnings opportunities.

Along with expanding our business scale, we will reinforce cost management and inventory management and drive the effort for a DX-driven business process transformation in order to restore our earnings foundations, which had deteriorated in the aftermath of the changed business environment after the special demand brought about by the pandemic. Additionally, we will advance without fail measures for strengthening the management foundation including the promotion of management conscious of cost of capital and share prices, the advancement of sustainable management and the bolstering of the financial structure.

(5) Basic Policy concerning the Allocation of Profits and Dividends for Fiscal 2024 and Fiscal 2025

The Grandy House Group focuses on increasing corporate value and returning more profits to shareholders in a positive and stable manner as one of its priority management issues. For shareholder returns, we have determined the dividend amount for each fiscal year with stable dividend payment in mind while aiming at a consolidated dividend payout ratio of 35% as the guideline. The dividend per share for fiscal 2024 (the fiscal year ended March 31, 2024) will be ¥32 yen announced (in Japanese only) on March 25, 2024.

With respect to returning profits for the next fiscal year (the fiscal year ending March 31, 2025) and beyond, in accordance with the new medium-term management plan, we will determine the dividend amount by ensuring business funds are stable, balancing shareholders' equity and liabilities appropriately, and taking into account fund procurement risks due to financial market conditions. Specifically, we set a dividend on equity ratio (DOE) of 3.5% or so as the guideline within the consolidated final profit for each fiscal year and aim to pay stable dividends by keeping annual dividends per share at a level of at least ¥32. However, in cases where the financial conditions deteriorate significantly, such as our suffering a loss over two or more consecutive fiscal years, we will consider revising the dividend amount. Based on this policy, we plan to pay a dividend of ¥32 for the next fiscal year.

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 main subsidiaries (seven companies) 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: Tohigi Prefecture, western part of Ibaraki Prefecture, Saitama Prefecture, and Tokyo Metropolis

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

Kanagawa Grandy House, Inc.: Kanagawa Prefecture

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

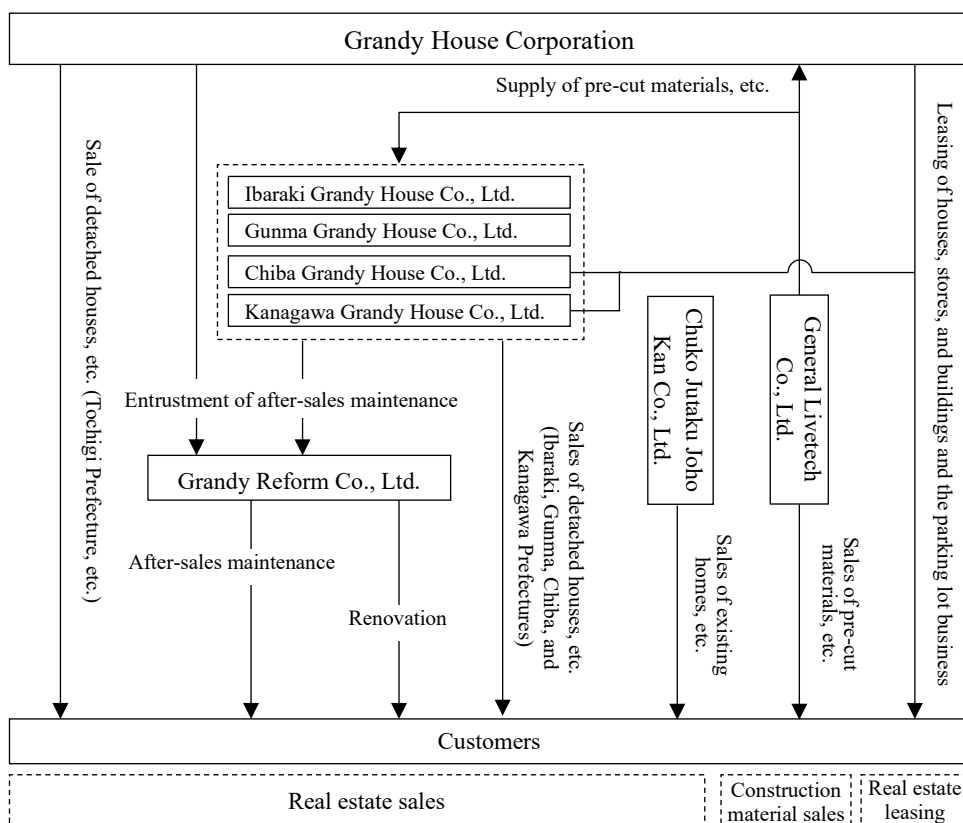
General Livetech Co., Ltd. is engaged in sales of construction materials and components, mainly pre-cut materials.

(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, 2024)

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 2023 (As of March 31, 2023)	Fiscal 2024 (As of March 31, 2024)
Assets		
Current assets		
Cash and deposits	10,839,975	10,193,701
Notes and accounts receivable – trade and contract assets	574,709	487,539
Real estate for sale	11,352,157	13,322,680
Costs on uncompleted construction contracts	17,584	19,178
Real estate for sale in process	33,998,068	34,681,471
Merchandise and finished goods	376,807	295,766
Raw materials and supplies	176,128	152,029
Other	989,203	906,320
Allowance for doubtful accounts	(1)	(1,302)
Total current assets	58,324,634	60,057,385
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,519,600	6,617,470
Accumulated depreciation	(2,701,061)	(2,901,215)
Buildings and structures, net	3,818,539	3,716,254
Machinery, equipment and vehicles	107,590	107,590
Accumulated depreciation	(88,609)	(94,051)
Machinery, equipment and vehicles, net	18,980	13,539
Tools, furniture and fixtures	415,707	428,341
Accumulated depreciation	(363,126)	(383,123)
Tools, furniture and fixtures, net	52,580	45,217
Land	7,261,402	7,536,497
Leased assets	170,096	163,880
Accumulated depreciation	(92,893)	(105,744)
Leased assets, net	77,202	58,135
Construction in progress	20,000	45,973
Total property, plant and equipment	11,248,706	11,415,618
Intangible assets		
Goodwill	891,319	754,193
Other	65,246	58,427
Total intangible assets	956,566	812,620
Investments and other assets		
Investment securities	177,000	270,800
Long-term loans receivable	9,217	10,642
Deferred tax assets	618,717	547,404
Other	1,227,394	1,223,988
Allowance for doubtful accounts	—	(5,000)
Total investments and other assets	2,032,329	2,047,836
Total non-current assets	14,237,601	14,276,074
Deferred assets		
Bond issuance costs	83,078	135,294
Total deferred assets	83,078	135,294
Total assets	72,645,313	74,468,754

(Thousands of Yen)

	Fiscal 2023 (As of March 31, 2023)	Fiscal 2024 (As of March 31, 2024)
Liabilities		
Current liabilities		
Accounts payable for construction contracts	3,668,472	3,166,738
Short-term loans payable	15,262,600	17,039,600
Current portion of bonds	500,000	300,000
Current portion of long-term loans payable	3,103,044	4,846,806
Lease obligations	34,124	26,418
Income taxes payable	367,833	137,769
Provision for warranties for completed construction	189,175	175,296
Other	1,039,922	876,034
Total current liabilities	24,165,172	26,568,664
Non-current liabilities		
Bonds payable	4,600,000	7,800,000
Long-term loans payable	16,232,236	13,422,390
Lease obligations	50,805	38,543
Provision for directors' retirement benefits	257,787	267,837
Retirement benefit liability	1,014,424	1,168,527
Other	128,876	149,096
Total non-current liabilities	22,284,129	22,846,395
Total liabilities	46,449,301	49,415,059
Net assets		
Shareholders' equity		
Capital stock	2,077,500	2,077,500
Capital surplus	2,674,902	2,677,285
Retained earnings	21,983,746	21,428,435
Treasury shares	(629,596)	(1,267,754)
Total shareholders' equity	26,106,551	24,915,465
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	52,000	131,849
Total accumulated other comprehensive income	52,000	131,849
Share acquisition rights	37,460	6,380
Total net assets	26,196,011	25,053,694
Total liabilities and net assets	72,645,313	74,468,754

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

(Thousands of Yen)

	Fiscal 2023 (From April 1, 2022 to March 31, 2023)	Fiscal 2024 (From April 1, 2023 to March 31, 2024)
Net sales	55,205,407	51,521,546
Cost of sales	45,428,055	43,942,428
Gross profit	9,777,351	7,579,117
Selling, general and administrative expenses	6,448,326	6,404,108
Operating income	3,329,025	1,175,009
Non-operating income		
Interest income	122	127
Dividends income	5,611	5,861
Commission	30,907	28,895
Insurance claim income	1,184	25,426
Reversal of provision for warranties for completed construction	—	13,731
Other	44,296	47,883
Total non-operating income	82,121	121,925
Non-operating expenses		
Interest expenses	269,326	367,217
Commission for syndicate loan	13,157	14,041
Other	25,103	38,464
Total non-operating expenses	307,587	419,723
Ordinary income	3,103,560	877,211
Extraordinary income		
Gain on sales of non-current assets	95,810	11,184
Gain on reversal of share acquisition rights	2,220	—
Total extraordinary income	98,030	11,184
Extraordinary loss		
Loss on retirement of non-current assets	14,085	18,581
Total extraordinary loss	14,085	18,581
Net income before income taxes	3,187,504	869,813
Income taxes – current	989,910	395,597
Income taxes – deferred	28,904	57,362
Total income taxes	1,018,815	452,959
Net income	2,168,689	416,853
Net income attributable to owners of the parent	2,168,689	416,853

(Consolidated Statements of Comprehensive Income)

(Thousands of Yen)

	Fiscal 2023 (From April 1, 2022 to March 31, 2023)	Fiscal 2024 (From April 1, 2023 to March 31, 2024)
Net income	2,168,689	416,853
Other comprehensive income		
Valuation difference on available-for-sale securities	34,000	79,849
Total other comprehensive income	34,000	79,849
Comprehensive income	2,202,689	496,703
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	2,202,689	496,703
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Changes in Net Assets
Fiscal 2023 (From April 1, 2022 to March 31, 2023)

(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	2,592,335	20,718,007	(813,488)	24,574,354
Changes of items during the period					
Dividends from surplus			(902,950)		(902,950)
Net income attributable to owners of the parent			2,168,689		2,168,689
Disposal of treasury shares				135,421	135,421
Exercise of share acquisition rights		82,567		48,469	131,037
Forfeiture of share acquisition rights					
Net changes to items other than shareholder equity					
Total changes of items during the period	—	82,567	1,265,738	183,891	1,532,197
Balance as of the end of the period	2,077,500	2,674,902	21,983,746	(629,596)	26,106,551

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance as of the beginning of the period	18,000	18,000	67,860	24,660,214
Changes of items during the period				
Dividends from surplus				(902,950)
Net income attributable to owners of the parent				2,168,689
Disposal of treasury shares				135,421
Exercise of share acquisition rights			(28,180)	102,857
Forfeiture of share acquisition rights			(2,200)	(2,200)
Net changes to items other than shareholder equity	34,000	34,000		34,000
Total changes of items during the period	34,000	34,000	(30,400)	1,535,797
Balance as of the end of the period	52,000	52,000	37,460	26,196,011

Fiscal 2024 (From April 1, 2023 to March 31, 2024)

(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	2,674,902	21,983,746	(629,596)	26,106,551
Changes of items during the period					
Dividends from surplus			(972,164)		(972,164)
Net income attributable to owners of the parent			416,853		416,853
Purchase of treasury shares				(915,200)	(915,200)
Disposal of treasury shares				134,902	134,902
Exercise of share acquisition rights		2,382		142,139	144,522
Net changes to items other than shareholder equity					
Total changes of items during the period	—	2,382	(555,310)	(638,157)	(1,191,086)
Balance as of the end of the period	2,077,500	2,677,285	21,428,435	(1,267,754)	24,915,465

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance as of the beginning of the period	52,000	52,000	37,460	26,196,011
Changes of items during the period				
Dividends from surplus				(972,164)
Net income attributable to owners of the parent				416,853
Purchase of treasury shares				(915,200)
Disposal of treasury shares				134,902
Exercise of share acquisition rights			(31,080)	113,442
Net changes to items other than shareholder equity	79,849	79,849		79,849
Total changes of items during the period	79,849	79,849	(31,080)	(1,142,317)
Balance as of the end of the period	131,849	131,849	6,380	25,053,694

(4) Consolidated Statements of Cash Flows

(Thousands of Yen)

	Fiscal 2023 (From April 1, 2022 to March 31, 2023)	Fiscal 2024 (From April 1, 2023 to March 31, 2024)
Cash flows from operating activities		
Net income before income taxes	3,187,504	869,813
Depreciation and amortization	294,467	303,990
Amortization of goodwill	137,126	137,126
Increase (decrease) in provision for directors' retirement benefits	6,091	10,050
Increase (decrease) in provision for warranties for completed construction	3,706	(13,878)
Increase (decrease) in allowance for doubtful accounts	(4,396)	6,301
Increase (decrease) in retirement benefit liability	109,612	154,103
Interest and dividends income	(5,733)	(5,988)
Interest expenses	269,326	367,217
Gain on reversal of share acquisition rights	(2,220)	—
Loss (gain) on sales of non-current assets	(95,810)	(11,184)
Loss on retirement of non-current assets	14,085	18,581
Decrease (increase) in notes and accounts receivable-trade	127,957	82,169
Decrease (increase) in inventories	(11,062,668)	(2,550,378)
Increase (decrease) in notes and accounts payable-trade	(201,756)	(501,733)
Other	275,157	2,589
Subtotal	<u>(6,947,550)</u>	<u>(1,131,221)</u>
Interest and dividends income received	5,758	8,595
Interest expenses paid	(272,117)	(347,512)
Income taxes paid	<u>(1,631,634)</u>	<u>(753,841)</u>
Net cash provided by (used in) operating activities	<u>(8,845,544)</u>	<u>(2,223,979)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,658,012)	(562,204)
Proceeds from sales of property, plant and equipment	243,551	116,245
Purchase of intangible assets	(33,170)	(13,611)
Loan advances	—	(2,300)
Collection of loans receivable	5,384	875
Payments for guarantee deposits	(36,000)	(9,000)
Other	(9,919)	6,676
Net cash provided by (used in) investing activities	<u>(1,488,167)</u>	<u>(463,318)</u>
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	2,179,900	1,777,000
Proceeds from long-term loans payable	12,613,000	7,052,000
Repayment of long-term loans payable	(5,763,311)	(8,118,084)
Proceeds from issuance of bonds	2,800,000	3,500,000
Redemption of bonds	(1,000,000)	(500,000)
Proceeds from disposition of treasury shares due to exercise of share acquisition rights	48,469	116,385
Purchase of treasury shares	—	(915,200)
Proceeds from sale of treasury shares	135,421	134,902
Cash dividends paid	(901,988)	(971,943)
Repayments of lease obligations	(35,849)	(34,036)
Net cash provided by (used in) financing activities	<u>10,075,642</u>	<u>2,041,023</u>
Net increase (decrease) in cash and cash equivalents	<u>(258,068)</u>	<u>(646,274)</u>
Cash and cash equivalents at beginning of the period	<u>11,083,535</u>	<u>10,825,466</u>
Cash and cash equivalents at end of the period	<u>10,825,466</u>	<u>10,179,192</u>

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumptions)

Not applicable.

(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[®])" (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 ¥553,516 thousand and 959,300 shares for the previous consolidated fiscal year, and ¥418,613 thousand and 725,500 shares for the consolidated fiscal year under review.

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

The previous consolidated fiscal year: ¥534,370 thousand

The consolidated fiscal year under review: ¥369,530 thousand

(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 2023 (From April 1, 2022 to March 31, 2023)

(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 external customers	50,925,204	3,946,711	333,491	55,205,407	—	55,205,407
Inter-segment sales or transfers	53,520	4,860,118	81,994	4,995,633	(4,995,633)	—
Total	50,978,724	8,806,829	415,486	60,201,040	(4,995,633)	55,205,407
Segment profit	2,526,452	481,344	158,317	3,166,114	(62,553)	3,103,560
Segment assets	56,625,883	2,790,458	5,329,390	64,745,732	7,899,581	72,645,313
Segment liabilities	44,557,243	2,010,115	394,526	46,961,885	(512,583)	46,449,301
Other items						
Depreciation and amortization	203,296	22,123	69,047	294,467	—	294,467
Amortization of goodwill	137,126	—	—	137,126	—	137,126
Interest income	119	2	—	122	—	122
Interest expenses	262,376	6,120	829	269,326	—	269,326
Increase in property, plant and equipment and intangible assets	263,697	36,186	1,403,992	1,703,876	—	1,703,876

Fiscal 2024 (From April 1, 2023 to March 31, 2024)

(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 external customers	48,176,695	2,900,710	444,140	51,521,546	—	51,521,546
Inter-segment sales or transfers	52,680	3,740,991	83,786	3,877,457	(3,877,457)	—
Total	48,229,375	6,641,701	527,926	55,399,003	(3,877,457)	51,521,546
Segment profit	337,468	257,226	240,044	834,739	42,471	877,211
Segment assets	58,538,894	2,320,563	5,480,537	66,339,996	8,128,758	74,468,754
Segment liabilities	47,774,161	1,675,341	366,211	49,815,714	(400,655)	49,415,059
Other items						
Depreciation and amortization	192,466	21,416	90,106	303,990	—	303,990
Amortization of goodwill	137,126	—	—	137,126	—	137,126
Interest income	124	2	—	127	—	127
Interest expenses	361,346	5,318	551	367,217	—	367,217
Increase in property, plant and equipment and intangible assets	106,123	68,034	406,598	580,755	—	580,755

Note 1: Details of adjustments are presented as follows.

Segment profit

(Thousands of Yen)

	Fiscal 2023	Fiscal 2024
Eliminations of inter-segment transactions	(62,553)	42,471
Total	(62,553)	42,471

Segment assets

(Thousands of Yen)

	Fiscal 2023	Fiscal 2024
Eliminations of inter-segment receivables	(512,583)	(400,450)
Eliminations of inter-segment unrealized profit	(96,171)	(67,410)
Corporate assets*	8,508,336	8,596,619
Total	7,899,581	8,128,758

* 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 2023	Fiscal 2024
Eliminations of inter-segment payables	(512,583)	(400,655)
Total	(512,583)	(400,655)

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