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**Consolidated Financial Report**  
for the Third Quarter of Fiscal 2023 Ending March 31, 2023 (Japanese GAAP)

February 13, 2023

Company Name: Grandy House Corporation                      Stock Exchange Listing: Tokyo Stock Exchange  
 Securities Code: 8999    URL: <https://www.grandy.co.jp>  
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 Scheduled date of quarterly securities report filing: February 13, 2023  
 Scheduled date of dividend payment commencement: —  
 Preparation of quarterly supplementary explanatory materials: None  
 Quarterly results briefing held: None

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

**1. Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2023**  
(April 1, 2022 to December 31, 2022)

(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)	%
Nine months ended December 31, 2022	40,689	0.4	2,586	(15.7)	2,433	(16.5)	1,677	(14.5)
Nine months ended December 31, 2021	40,507	20.0	3,069	126.0	2,913	140.8	1,962	156.5

Note: Comprehensive income      Nine months ended December 31, 2022: ¥1,716 million (−12.0%)  
 Nine months ended December 31, 2021: ¥1,950 million (157.8%)

	Net Income per Share	Net Income per Share (Diluted)
	(¥)	(¥)
Nine months ended December 31, 2022	57.73	57.36
Nine months ended December 31, 2021	66.80	66.24

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	(¥ million)	(¥ million)	%	(¥)
December 31, 2022	69,282	25,619	36.9	875.64
March 31, 2022	60,901	24,660	40.4	850.82

Reference: Shareholders' equity      December 31, 2022: ¥25,562 million  
 March 31, 2022: ¥24,592 million

**2. Dividends**

	Annual Dividend per Share				
	1Q-End	2Q-End	3Q-End	Period-End	Total
	(¥)	(¥)	(¥)	(¥)	(¥)
Fiscal 2022	—	0.00	—	30.00	30.00
Fiscal 2023	—	0.00	—		
Fiscal 2023 (Forecast)				32.00	32.00

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

**3. Consolidated Financial Forecasts for Fiscal 2023 (April 1, 2022 to March 31, 2023)**

(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	58,000	5.7	4,070	1.2	3,820	0.3	2,600	0.6	89.95

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

\* **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 and accounting estimates, and restatements

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

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

3) Changes in accounting estimates: None

4) Restatements: None

(4) Number of issued shares (common stock)

1) Number of issued shares  
(including treasury shares)

December 31, 2022	30,823,200 shares	March 31, 2022	30,823,200 shares
December 31, 2022	1,629,645 shares	March 31, 2022	1,918,845 shares
Nine months ended December 31, 2022	29,059,695 shares	Nine months ended December 31, 2021	29,382,655 shares

2) Number of treasury shares

3) Average number of shares during the period

Note: The number of treasury shares at the end of the fiscal year includes shares held by "Grandy House Employee Stock Holding Partnership Exclusive Trust Account" (993,200 shares on December 31, 2022, 1,194,000 shares on March 31, 2022). In addition, shares held by "Grandy House Employee Stock Holding Partnership Exclusive Trust Account" are included in the treasury shares that are deducted from the calculation of the average number of shares during the period is calculated. The number of shares excluded from the average number of shares during the nine-month periods ended December 31, 2022 and December 31, 2021 were 1,085,440 shares and – shares, respectively.

\* **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.

Attachment Materials: Table of Contents

1. QUALITATIVE INFORMATION ON FINANCIAL STATEMENTS.....	2
(1) Explanation regarding Operating Results.....	2
(2) Explanation regarding Financial Position .....	3
(3) Explanation regarding Future Prospects including Consolidated Financial Forecasts .....	3
2. QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS AND NOTES.....	4
(1) Quarterly Consolidated Balance Sheets .....	4
(2) Quarterly Consolidated Statements of Income and Comprehensive Income .....	6
(Quarterly Consolidated Statements of Income)	
(Consolidated cumulative third quarter).....	6
(Quarterly Consolidated Statements of Comprehensive Income)	
(Consolidated cumulative third quarter).....	7
(3) Notes to Quarterly Consolidated Financial Statements.....	8
(Notes on Going Concern Assumptions).....	8
(Notes on Significant Changes in the Amount of Shareholders' Equity) .....	8
(Additional Information).....	8
(Segment Information).....	9

## 1. QUALITATIVE INFORMATION ON FINANCIAL STATEMENTS

### (1) Explanation regarding Operating Results

In the cumulative nine month period ended December 31, 2022, the Japanese economy continued to recover slowly as the impact of COVID-19 infections weakened and the situation returned to normal. On the other hand, there were events that may affect the business environment in the future, such as a further rise in prices in Japan and a change to the policy for controlling long-term interest rates by the Bank of Japan.

In the housing sector, the number of new housing (detached houses for sale) in the survey for Statistics on Building Construction Started publicized by the Ministry of Land, Infrastructure, Transport and Tourism marked a year-on-year increase for 18 consecutive months until October 2022, but started declining year on year from this past November.

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). Accordingly, the Group has made efforts to further improve its corporate value and expand its businesses.

As a result of these initiatives, the Construction Material Sales Business and the Real Estate Leasing Business continued to perform well. However, the Real Estate Sales Business, the Group's core business, saw orders received were affected mainly by a surge in housing prices, resulting from a rise in construction materials, and a deterioration in the economic conditions. Accordingly, consolidated cumulative operating results for the third quarter of fiscal 2023 were as follows: Net sales were ¥40,689 million, an increase of 0.4% year-on-year; operating income was ¥2,586 million, a decrease of 15.7% year-on-year; ordinary income was ¥2,433 million, a decrease of 16.5% year-on-year; and net income attributable to owners of the parent totaled ¥1,677 million, a decrease of 14.5% year-on-year.

Operating results by business segment were as follows.

#### a. Real Estate Sales

In the real estate sales, we have continued to implement thorough infection prevention measures and focus on non-contact sales activities with the safety and security of customers and employees given top priority.

In new home sales, as measures to strengthen business foundations for growth, we engaged in broadening the area of activity centered on sales bases through activities in the Tokyo metropolitan area (Tokyo, Saitama, Chiba and Kanagawa) including preparations for opening a new branch (the city of Chiba), a shift to an in-house construction system in the Kanagawa area, the securing of valuable properties in each sales area, and the acquisition of land and reinforcement of a sales system with an eye to expanding business in Tokyo.

In the product side, we focused on building sustainable housing such as "Sora Town Tsukuba Matsushiro" (a total of 96 lots in the city of Tsukuba, Ibaraki Prefecture) in which houses in all lots employed a net-zero-energy house system (ZEH), and "Higashimine Terrace (a total of 87 lots in the city of Utsunomiya, Tochigi Prefecture)" in which all houses were equipped with insulation specifications as per the ZEH standards, under the concept of being in harmony with the environment of the local community and safe, healthy and comfortable housing.

However, the number of new homes sold for the cumulative third quarter of the fiscal year under review was 1,052, a decrease of 75 homes year-on-year, as a result of a shortage of products for sale in some areas and signs of cautiousness in consumer sentiment caused by impacts of events such as a surge in housing prices.

In existing home sales, purchase and selling prices were on an upward trend mainly in the Tokyo metropolitan area as the price of new homes kept increasing, which raised the need for existing homes whose selling prices were lower than those of new housing.

Under these circumstances, we engaged in enhancing our cooperative relationships with brokers and scrutinizing properties for auction in order to select properties to purchase. However, partly due to a decline in consumer purchasing appetite resulting from the price rise, the number of homes sold for the consolidated cumulative third quarter of fiscal year under review was 99, a decrease of 17 homes year-on-year.

As a result, sales in the real estate sales segment in the consolidated cumulative third quarter of fiscal 2023 decreased by 1.0% year-on-year to ¥37,352 million, with a segment profit of ¥1,977 million, a decrease of 21.2% year-on-year.

#### b. Construction Material Sales

The number of new housing starts for wooden houses, an indicator of the market environment, fell year-on-year for nine consecutive months up to December 2022. Although the price of wood remained high, there appeared a move of the price declining due to a slackening in the supply-demand situation resulting from the decrease in housing starts.

Under these circumstances, we strove to reinforce not only the supply chain but also our salesforce to secure excellent customers with whom we can trade at a fair selling prices, which led to a year-on-year improvement in earnings. Sales of the construction material sales segment in the consolidated cumulative third quarter of fiscal 2023 under review increased by 20.7% year-on-year to ¥3,113 million, with a segment profit of ¥379 million, an increase of 18.6% year-on-year.

#### c. Real Estate Leasing

In the office leasing market in Tochigi Prefecture, the occupancy ratio of properties far from railway stations stayed low for a longer period as the development of the east entrance of JR Utsunomiya Station progressed and large-scale properties were put on the market. In the parking market, the operational rate of pay-by-the-hour parking lots remained on a recovery trend due to the revitalization of social and economic activities.

Under these circumstances, both sales and profit increased due to lower office vacancies, lower renovation expenditure than the previous year and a recovery in the operation rates at pay-by-the hour parking lots in busy areas where demand had recovered slowly compared to the pre-pandemic years despite a decrease in the possible number of cars parked due to the sale of owned properties. As a result, sales in the real estate leasing segment in the consolidated cumulative third quarter of fiscal 2023 under review were ¥223 million, an increase of 6.9% year-on-year, with a segment profit of ¥128 million, an increase of 36.3% year-on-year.

#### (2) Explanation regarding Financial Position

As of the end of the third quarter of consolidated fiscal 2023, consolidated total assets had risen to ¥69,282 million, an increase of ¥8,380 million compared to the end of the previous consolidated fiscal year. This is primarily the result of an increase in inventories and property, plant and equipment caused by the acquisition of housing lots to reflect the expanded area of the Real Estate Sales Business and the purchase of properties for leasing with an eye to redirecting them to housing lots in the future.

Liabilities stood at ¥43,663 million, an increase of ¥7,421 million compared to the end of the previous consolidated fiscal year. This was mainly due to an increase in loans payable for the acquisition of housing lots in the real estate sales segment.

Total net assets stood at ¥25,619 million as of December 31, 2022. This represents an increase of ¥959 million from the balance as of March 31, 2022. This was due to an increase due to the recording of net income attributable to owners of the parent despite a decrease caused by the payment of dividends.

#### (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)

	FY2022 (As of March 31, 2022)	Third Quarter of FY2023 (As of December 31, 2022)
Assets		
Current assets		
Cash and deposits	11,098,044	8,115,766
Notes and accounts receivable – trade and contract assets	702,666	708,097
Real estate for sale	8,129,757	10,848,854
Costs on uncompleted construction contracts	7,246	47,466
Real estate for sale in process	26,090,400	33,317,742
Merchandise and finished goods	350,922	411,072
Raw materials and supplies	279,751	191,546
Other	1,100,457	1,348,104
Allowance for doubtful accounts	(4,398)	(3)
Total current assets	47,754,848	54,988,648
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,784,259	3,862,229
Machinery, equipment and vehicles, net	26,759	21,048
Tools, furniture and fixtures, net	55,593	60,000
Land	6,063,224	7,261,402
Leased assets, net	92,419	85,637
Construction in progress	19,064	—
Total property, plant and equipment	10,041,319	11,290,318
Intangible assets		
Goodwill	1,028,445	925,600
Other	51,284	70,573
Total intangible assets	1,079,729	996,174
Investments and other assets		
Investment securities	143,000	182,000
Long-term loans receivable	14,601	9,454
Deferred tax assets	647,621	580,806
Other	1,175,569	1,185,260
Total investments and other assets	1,980,792	1,957,520
Total non-current assets	13,101,841	14,244,014
Deferred assets		
Bond issuance costs	45,286	50,110
Total deferred assets	45,286	50,110
Total assets	60,901,976	69,282,774

(Thousands of Yen)

	FY2022 (As of March 31, 2022)	Third Quarter of FY2023 (As of December 31, 2022)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable for construction contracts	3,870,228	3,653,070
Short-term loans payable	13,082,700	16,574,000
Current portion of bonds	1,000,000	1,500,000
Current portion of long-term loans payable	2,604,311	3,257,765
Lease obligations	34,201	35,764
Income taxes payable	899,770	177,365
Provision for warranties for completed construction	185,469	181,058
Other	1,105,187	984,714
<b>Total current liabilities</b>	<b>22,781,868</b>	<b>26,363,737</b>
<b>Non-current liabilities</b>		
Bonds payable	2,300,000	2,600,000
Long-term loans payable	9,820,280	13,260,989
Lease obligations	67,647	58,818
Provision for directors' retirement benefits	251,695	250,249
Net defined benefit liability	904,811	991,669
Other	115,459	137,551
<b>Total non-current liabilities</b>	<b>13,459,893</b>	<b>17,299,278</b>
<b>Total liabilities</b>	<b>36,241,762</b>	<b>43,663,015</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	2,077,500	2,077,500
Capital surplus	2,592,335	2,618,236
Retained earnings	20,718,007	21,492,644
Treasury shares	(813,488)	(682,422)
<b>Total shareholders' equity</b>	<b>24,574,354</b>	<b>25,505,958</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	18,000	57,000
<b>Total accumulated other comprehensive income</b>	<b>18,000</b>	<b>57,000</b>
Subscription rights to shares	67,860	56,800
<b>Total net assets</b>	<b>24,660,214</b>	<b>25,619,758</b>
<b>Total liabilities and net assets</b>	<b>60,901,976</b>	<b>69,282,774</b>

(2) Quarterly Consolidated Statements of Income and Comprehensive Income  
(Quarterly Consolidated Statements of Income)  
(Consolidated cumulative third quarter)

(Thousands of Yen)

	Nine months ended December 31, 2021 (From April 1, 2021 to December 31, 2021)	Nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)
Net sales	40,507,662	40,689,563
Cost of sales	32,618,997	33,276,391
Gross profit	7,888,665	7,413,172
Selling, general and administrative expenses	4,819,158	4,827,086
Operating income	3,069,506	2,586,086
Non-operating income		
Interest income	740	99
Dividends income	5,611	5,611
Commission	24,250	23,419
Other	20,251	35,437
Total non-operating income	50,853	64,568
Non-operating expenses		
Interest expenses	178,263	190,421
Commission for syndicate loan	8,974	11,344
Other	19,904	15,629
Total non-operating expenses	207,143	217,395
Ordinary income	2,913,216	2,433,259
Extraordinary income		
Gain on sales of non-current assets	18,620	95,810
Gain on reversal of share acquisition rights	—	2,220
Total extraordinary income	18,620	98,030
Extraordinary loss		
Loss on retirement of non-current assets	16,124	10,827
Loss on cancellation of lease contracts	358	—
Total extraordinary loss	16,482	10,827
Net income before income taxes	2,915,354	2,520,461
Income taxes – current	930,089	776,059
Income taxes – deferred	22,585	66,814
Total income taxes	952,675	842,874
Net income	1,962,679	1,677,587
Net income attributable to owners of the parent	1,962,679	1,677,587



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

(Thousands of Yen)

	Nine months ended December 31, 2021 (From April 1, 2021 to December 31, 2021)	Nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)
Net income	1,962,679	1,677,587
Other comprehensive income		
Valuation difference on available-for-sale securities	(12,000)	39,000
Total other comprehensive income	(12,000)	39,000
Comprehensive income	1,950,679	1,716,587
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	1,950,679	1,716,587
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 our assumptions concerning the impact of COVID-19 that we described 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 ¥573,076 thousand and 993,200 shares for the consolidated third 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 third quarter of fiscal 2023 under review: ¥572,180 thousand

(Segment Information)

I. The cumulative nine months ended December 31, 2021 (April 1, 2021 to December 31, 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	37,718,493	2,579,884	209,284	40,507,662	—	40,507,662
Inter-segment sales or transfers	37,530	2,888,881	60,923	2,987,334	(2,987,334)	—
Total	37,756,023	5,468,766	270,207	43,494,997	(2,987,334)	40,507,662
Segment profit	2,508,652	319,668	93,931	2,922,252	(9,035)	2,913,216

Notes: 1 Adjustments of segment profit (¥9,035 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 nine months ended December 31, 2022 (April 1, 2022 to December 31, 2022)

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	37,352,449	3,113,473	223,640	40,689,563	—	40,689,563
Inter-segment sales or transfers	40,140	3,689,595	61,355	3,791,090	(3,791,090)	—
Total	37,392,589	6,803,068	284,995	44,480,654	(3,791,090)	40,689,563
Segment profit	1,977,121	379,176	128,041	2,484,340	(51,081)	2,433,259

Notes: 1 Adjustments of segment profit (¥51,081 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.