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On November 9, 2020, Grandy House Corporation announced earnings results for 1H FY03/21.

Cumulative (JPYmn)	FY03/20				FY03/21				FY03/20	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	10,550	22,770	32,818	45,542	9,349	21,820			45.0%	48,500
YoY	2.0%	7.1%	0.2%	2.5%	-11.4%	-4.2%				6.5%
Gross profit	1,871	3,941	5,613	7,785	1,359	3,420				
YoY	-3.7%	0.6%	-5.5%	-3.1%	-27.4%	-13.2%				
GPM	17.7%	17.3%	17.1%	17.1%	14.5%	15.7%				
SG&A expenses	1,282	2,687	4,075	5,643	1,486	2,953				
YoY	3.9%	9.6%	11.2%	15.0%	16.0%	9.9%				
SG&A ratio	12.1%	11.8%	12.4%	12.4%	15.9%	13.5%				
Operating profit	590	1,254	1,538	2,142	-127	467			27.5%	1,700
YoY	-16.8%	-14.4%	-32.4%	-31.6%	-	-62.8%				-20.6%
OPM	5.6%	5.5%	4.7%	4.7%	-	2.1%				0.0%
Recurring profit	632	1,341	1,662	2,311	-107	537			29.8%	1,800
YoY	-15.1%	-12.5%	-30.3%	-29.7%	-	-60.0%				-22.1%
RPM	6.0%	5.9%	5.1%	5.1%	-	2.5%				3.7%
Net income	421	872	1,057	1,413	-107	323			26.9%	1,200
YoY	43.3%	5.0%	-26.3%	-31.6%	-	-62.9%				-15.1%
Net margin	4.0%	3.8%	3.2%	3.1%	-	1.5%				2.5%
Quarterly (JPYmn)	FY03/20				FY03/21					
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Sales	10,550	12,220	10,048	12,724	9,349	12,471				
YoY	2.0%	11.8%	-12.6%	8.8%	-11.4%	2.1%				
Gross profit	1,871	2,070	1,672	2,172	1,359	2,061				
YoY	-3.7%	4.8%	-17.3%	3.5%	-27.4%	-0.4%				
GPM	17.7%	16.9%	16.6%	17.1%	14.5%	16.5%				
SG&A expenses	1,282	1,405	1,388	1,568	1,486	1,467				
YoY	3.9%	15.4%	14.5%	26.3%	16.0%	4.4%				
SG&A ratio	12.1%	11.5%	13.8%	12.3%	15.9%	11.8%				
Operating profit	590	664	284	604	-127	594				
YoY	-16.8%	-12.1%	-64.9%	-29.5%	-	-10.6%				
OPM	5.6%	5.4%	2.8%	4.7%	-	4.8%				
Recurring profit	632	709	321	649	-107	644				
YoY	-15.1%	-10.0%	-62.3%	-28.3%	-	-9.2%				
RPM	6.0%	5.8%	3.2%	5.1%	-	5.2%				
Net income	421	451	186	356	-107	430				
YoY	43.3%	-15.9%	-69.3%	-43.7%	-	-4.6%				
Net margin	4.0%	3.7%	1.8%	2.8%	-	3.5%				

Source: Shared Research based on company data
 Note: Figures may differ from company materials due to differences in rounding methods.
 Note: Company forecasts are the most recent figures.

Quarterly performance by segment

Cumulative (JPYmn)	FY03/20				FY03/21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	10,550	22,770	32,818	45,542	9,349	21,820		
YoY	2.0%	7.1%	0.2%	2.5%	-11.4%	-4.2%		
Real Estate Sales	9,800	21,253	30,528	42,505	8,621	20,363		
YoY	2.9%	8.7%	1.2%	3.1%	-12.0%	-4.2%		
Pre-cut Parts	686	1,387	2,097	2,776	664	1,325		
YoY	-9.2%	-13.1%	-12.3%	-7.2%	-3.2%	-4.5%		
Real Estate Leasing	64	130	194	261	64	132		
YoY	0.6%	2.0%	2.9%	5.2%	0.8%	1.7%		
Segment profit	632	1,341	1,662	2,311	-107	537		
YoY	-15.1%	-12.5%	-30.3%	-29.7%	-117.0%	-60.0%		
Real Estate Sales	574	1,193	1,450	2,014	-169	386		
YoY	-13.7%	-12.4%	-32.1%	-32.4%	-	-67.7%		
Segment profit margin	5.9%	5.6%	4.8%	4.7%	-	1.9%		
Pre-cut Parts	22	62	103	143	16	61		
YoY	-52.8%	-37.9%	-24.3%	-5.9%	-26.8%	-1.4%		
Real Estate Leasing	41	89	128	172	39	80		
YoY	-4.1%	5.8%	9.1%	13.8%	-5.3%	-11.1%		
Adjustments	-5	-4	-18	-18	7	10		

Quarterly (JPYmn)	FY03/20				FY03/21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	10,550	12,220	10,048	12,724	9,349	12,471		
YoY	2.0%	11.8%	-12.6%	8.8%	-11.4%	2.1%		
Real Estate Sales	9,800	11,453	9,275	11,977	8,621	11,742		
YoY	2.9%	14.3%	-12.8%	8.6%	-12.0%	2.5%		
Pre-cut Parts	686	701	709	679	664	661		
YoY	-9.2%	-16.5%	-10.9%	13.1%	-3.2%	-5.7%		
Real Estate Leasing	64	66	64	68	64	68		
YoY	0.6%	3.5%	4.6%	12.5%	0.8%	2.5%		
Segment profit	632	709	321	649	-107	644		
YoY	-15.1%	-10.0%	-62.3%	-28.3%	-	-9.2%		
Real Estate Sales	574	620	257	563	-169	555		
YoY	-13.7%	-11.2%	-66.8%	-32.9%	-	-10.5%		
Segment profit margin	5.9%	5.4%	2.8%	4.7%	-	4.7%		
Pre-cut Parts	22	40	40	40	16	45		
YoY	-52.8%	-25.0%	14.7%	150.2%	-26.8%	12.5%		
Real Estate Leasing	41	48	38	44	39	40		
YoY	-4.1%	16.1%	17.5%	30.0%	-5.3%	-16.1%		
Adjustments	-5	1	-15	1	7	3		

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

Homes sold and sales per home

Cumulative (number of homes)	FY03/20				FY03/21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total new homes sold	316	683	962	1,341	277	642		
YoY	2.6%	7.2%	-2.4%	-1.0%	-12.3%	-6.0%		
Tochigi	-	339	-	642	-	-		
YoY	-	2.7%	-	-8.5%	-	-		
Ibaraki	-	192	-	379	-	-		
YoY	-	9.1%	-	0.3%	-	-		
Gunma	-	89	-	179	-	-		
YoY	-	0.0%	-	4.7%	-	-		
Chiba	-	60	-	112	-	-		
YoY	-	42.9%	-	7.7%	-	-		
Other	-	3	-	29	-	-		
YoY	-	-	-	-	-	-		
Sales per new home (JPYmn)	-	28.1	-	28.7	-	-		
YoY	-	1.2%	-	4.6%	-	-		
Total pre-owned homes sold	35	80	117	151	33	67		
YoY	12.9%	11.1%	5.4%	0.0%	-5.7%	-16.3%		

Quarterly (number of homes)	FY03/20				FY03/21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total new homes sold	316	367	279	379	277	365		
YoY	2.6%	11.6%	-20.1%	2.7%	-12.3%	-0.5%		
Total pre-owned homes sold	35	45	37	34	33	34		
YoY	12.9%	9.8%	-5.1%	-15.0%	-5.7%	-24.4%		

Source: Shared Research based on company data.

Note: Figures may differ from company materials due to differences in rounding methods.

(Reference) New housing starts for detached homes

Cumulative	FY03/20				FY03/21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Kanto region	19,187	37,739	55,850	71,890	16,779			
YoY	3.5%	2.7%	-0.2%	-1.9%	-12.6%			
Three North Kanto prefectures	2,043	4,219	6,293	8,171	1,865			
YoY	-6.8%	0.5%	-0.7%	1.7%	-8.7%			
Tochigi	568	1,149	1,690	2,224	508			
YoY	-10.1%	-5.2%	-8.5%	-3.7%	-10.6%			
Ibaraki	827	1,754	2,549	3,310	795			
YoY	-4.8%	5.0%	1.2%	2.9%	-3.9%			
Gunma	648	1,316	2,054	2,637	562			
YoY	-6.4%	0.0%	4.1%	5.0%	-13.3%			

Quarterly	FY03/20				FY03/21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Kanto region	19,187	18,552	18,111	16,040	16,779			
YoY	3.5%	1.8%	-5.8%	-7.4%	-12.6%			
Three North Kanto prefectures	2,043	2,176	2,074	1,878	1,865			
YoY	-6.8%	8.5%	-3.1%	10.7%	-8.7%			
Tochigi	568	581	541	534	508			
YoY	-10.1%	0.2%	-14.8%	15.6%	-10.6%			
Ibaraki	827	927	795	761	795			
YoY	-4.8%	15.6%	-6.3%	9.2%	-3.9%			
Gunma	648	668	738	583	562			
YoY	-6.4%	7.1%	12.3%	8.4%	-13.3%			

Source: Shared Research based on Ministry of Land, Transport, Infrastructure and Tourism data

(Reference) Number of households

('000 households)	2019	2019	2019	2020	2020	2020	2020	2021
	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar
Tochigi	838	840	841	843	846			
YoY	0.8%	0.9%	0.9%	0.9%	0.9%			
Ibaraki	1,170	1,172	1,175	1,177	1,182			
YoY	1.0%	0.9%	1.0%	1.1%	1.0%			
Southern Ibaraki	418	419	421	421	423			
YoY	1.5%	1.4%	1.6%	1.7%	1.3%			
Gunma	853	854	855	857	861			
YoY	0.8%	0.8%	0.8%	0.9%	0.9%			
Chiba	2,758	2,763	2,768	2,770	2,793			
YoY	1.4%	1.4%	1.4%	1.0%	1.3%			
Kashiwa	189	190	191	191	193			
YoY	2.2%	2.3%	2.4%	2.4%	1.9%			

Source: Shared Research based on statistical data from each prefecture

(Reference) Jobs-to-applicants ratio

(times)	FY03/20				FY03/21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Nationwide	1.62	1.59	1.57	1.44	1.21			
YoY change (points)	0.02	-0.04	-0.05	-0.18	-0.41			
Tochigi	1.44	1.39	1.37	1.27	1.08			
YoY change (points)	0.01	-0.04	-0.07	-0.16	-0.36			
Ibaraki	1.62	1.61	1.61	1.51	1.36			
YoY change (points)	0.01	-0.02	-0.00	-0.13	-0.26			
Gunma	1.72	1.68	1.63	1.52	1.34			
YoY change (points)	-	-0.04	-0.11	-0.23	-0.39			

Source: Shared Research based on data from the Ministry of Health, Labour and Welfare

(Reference) Flat 35 interest rate

	2019	2019	2019	2020	2020	2020	2020	2021
	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar
Flat 35 (term 21–35 years)	1.27%	1.11%	1.21%	1.24%	1.29%			
YoY change	-0.10pp	-0.28pp	-0.20pp	-0.03pp	0.02pp			

Source: Shared Research based on Japan Housing Finance Agency materials

Note: Flat 35 refers to fixed-rate mortgage loans for the full duration of the loan offered to consumers through a partnership between private financial institutions and the Japan Housing Finance Agency

Note: Interest rates until September 2017 show the minimum interest rates where the borrowing period is 21 to 35 years and the loan amount is 90% or less.

Note: Interest rates for December 2017 and later show the minimum interest rates where the borrowing period is 21 to 35 years, the loan amount is 90% or less, and the loan comes with an insurance policy to guarantee full repayment of mortgage in case the borrower falls seriously ill or dies.

(Reference) Quarterly performance of detached homes (including sale of land) at Iida Group Holdings

Cumulative (JPYmn)	FY03/20				FY03/21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
No. of detached homes	9,865	21,562	31,825	45,773	10,749			
YoY	-3.5%	3.0%	1.4%	2.5%	9.0%			
Detached home sales	261,870	576,150	849,285	1,215,953	281,952			
YoY	-4.6%	2.3%	0.7%	2.1%	7.7%			
Detached home gross profit	39,472	87,196	125,260	167,567	34,932			
YoY	-5.9%	2.5%	-1.5%	-3.9%	-11.5%			
GPM	15.1%	15.1%	14.7%	13.8%	12.4%			

Quarterly (JPYmn)	FY03/20				FY03/21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
No. of detached homes	9,865	11,697	10,263	13,948	10,749			
YoY	-3.5%	9.3%	-1.9%	5.0%	9.0%			
Detached home sales	261,870	314,280	273,135	366,668	281,952			
YoY	-4.6%	8.9%	-2.7%	5.4%	7.7%			
Detached home gross profit	39,472	47,724	38,064	42,307	34,932			
YoY	-5.9%	10.6%	-9.7%	-10.3%	-11.5%			
GPM	15.1%	15.2%	13.9%	11.5%	12.4%			

Source: Shared Research based on data from Iida Group Holdings Co., Ltd.

Note: Figures may differ from company materials due to differences in rounding methods.

1H FY03/21 results

- ▷ Sales: JPY21.8bn (-4.2% YoY)
- ▷ Operating profit: JPY467mn (-62.8% YoY)
- ▷ Recurring profit: JPY537mn (-60.0% YoY)
- ▷ Net income*: JPY323mn (-62.9% YoY)

*Net income attributable to owners of the parent

Although the number of new home orders reached a quarterly high in Q2 (July–September 2020) and was up YoY in 1H FY03/21, sales declined YoY as the company sold fewer new and pre-owned homes. This decline in sales, lower GPM accompanying enhanced inventory management, and increased SG&A expenses and goodwill amortization related to subsidiaries acquired in FY03/20 caused profits to fall YoY.

Key initiatives

- ▷ Even in the housing industry, the business environment has been difficult, particularly during the emergency declaration period (April–May 2020), as companies restrained their business activities to prevent the spread of COVID-19 and customers refrained from going out. Concerns over another wave of infections as well as a worsening employment environment caused new housing starts to fall sharply YoY. On the other hand, there were some new developments, such as a rise in consumer preference for detached homes as teleworking became more common and people avoided the three Cs (confined spaces, crowded places, close contact).
- ▷ In its core new home sales business, Grandy House implemented thorough measures to prevent infection and sought to enhance its online sales activities. To expand sales, the company worked to strengthen its sales framework in Saitama and Kanagawa prefectures, which became new sales areas for Grandy House in FY03/20.
- ▷ In terms of pre-owned homes, the company worked to secure product inventory to expand the number of homes it had available for sale despite deterioration in the acquisition environment, including the suspension of bidding at auctions.

Real Estate Sales segment

- ▷ Sales: JPY20.4bn (-4.2% YoY)
- ▷ Segment profit: JPY386mn (-67.7% YoY)

Sales of new homes

- ▷ The company sold 642 new homes (-41 units or -6.0% YoY). Although new home orders reached a quarterly high in Q2 (July–September 2020) and was up YoY in 1H FY03/21, the company sold fewer new homes YoY as delivery schedules for some properties slipped into Q3 FY03/21.
- ▷ During 1H, as a measure to prevent the spread of COVID-19, the company conducted viewings only by appointment, while enhancing its online sales activities by using email and its website to introduce houses to potential customers.
- ▷ In Saitama Prefecture, which became a new sales area for Grandy House in FY03/20, it strengthened its advertising to improve brand recognition and increased the number of sales personnel.
- ▷ To expand sales at its subsidiaries in Kanagawa Prefecture acquired in FY03/20, the company began procuring subdivided plots of land.
- ▷ The company sought to distinguish itself from the competition by offering high-value-added products such as a comfortable and safe townscape aimed at families with small children, as well as houses with enhanced natural disaster mitigation features to counter typhoon and flood damage. Additionally, in response to the changes in demand for living environments caused by the COVID-19 pandemic, the company proposed a new lifestyle that balances living and working, including houses with multipurpose spaces useful for telecommuting and properties that combine an open living environment with easy access to central Tokyo.

Sales of pre-owned homes

- ▷ The company sold 67 pre-owned homes (-13 units or -16.3% YoY). It worked to increase the number of homes sold by enhancing its product inventory, but both acquisition and selling were negatively impacted by the COVID-19 pandemic, which caused bidding at auctions to be suspended until July 2020 and customers to stay at home.

Pre-cut Parts segment

- ▷ Sales: JPY1.3bn (-4.5% YoY)
- ▷ Segment profit: JPY61mn (-1.4% YoY)
- ▷ Although housing starts for wood frame houses have showed some signs of recovery, the business environment for pre-cut parts remained challenging. In addition, the wholesale prices of laminated wood for housing reached a seven-year low, and prices for wood materials remained weak.
- ▷ Given these circumstances, Grandy House prioritized securing order volume and conducting thorough credit management, but sales volume still declined YoY as there were fewer housing starts for wood frame houses.

Real Estate Leasing segment

- ▷ Sales: JPY132mn (+1.7% YoY)
- ▷ Segment profit: JPY80mn (-11.1% YoY)
- ▷ With economic stagnation due to the COVID-19 pandemic, there was an increase in tenants moving out, as well as requests for rent reductions or exemptions, and occupancy rates in the office building and parking markets deteriorated.
- ▷ In addition to an increase in the number of leased properties YoY, the company curbed the decline in occupancy rates by granting rent reductions and exemptions on leased offices and other properties. Although occupancy rates for parking lots are gradually recovering from the drop triggered by people voluntarily staying home, the situation remained challenging.

This note is the most recent addition to the [full report](#).

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Contact Details

Shared Research Inc.

3-31-12 Sendagi Bunkyo-ku Tokyo, Japan

<https://sharedresearch.jp>

Phone: +81 (0)3 5834-8787

Email: info@sharedresearch.jp