

## Consolidated Financial Results for the Fiscal Year Ended October 31, 2018

[Japanese GAAP]

December 12, 2018

Company name: Good Com Asset Co.,Ltd.

Stock Exchange Listing: TSE (1st Section)

Stock code: 3475

URL: <https://www.goodcomasset.co.jp/>

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Scheduled date of Annual General Meeting of Shareholders: January 30, 2019

Scheduled date of payment of dividend: January 31, 2019

Scheduled date of filing of Annual Securities Report: January 30, 2019

Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: Yes (for securities analysts and individual investors)

*(All amounts are rounded down to the nearest million yen)*

### 1. Consolidated Financial Results for the Fiscal Year Ended October 31, 2018

(November 1, 2017 - October 31, 2018)

#### (1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Oct. 31, 2018	16,817	71.0	1,678	84.9	1,567	91.0	1,071	72.8
Fiscal year ended Oct. 31, 2017	9,834	33.0	907	(2.3)	820	(5.6)	620	10.0

Note: Comprehensive income (million yen) Fiscal year ended Oct. 31, 2018: 1,069 (up 71.9%)

Fiscal year ended Oct. 31, 2017: 621 (up 10.5%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Oct. 31, 2018	159.99	152.09	22.3	12.5	10.0
Fiscal year ended Oct. 31, 2017	106.11	100.14	24.5	8.9	9.2

Reference: Equity in earnings of affiliates (million yen) Fiscal year ended Oct. 31, 2018: - Fiscal year ended Oct. 31, 2017: -

Notes: 1. Diluted net income per share for the fiscal year ended October 31, 2017 was calculated by using an average stock price during the period between the time of listing and the end of October 2017 because the stock of Good Com Asset Co.,Ltd. (the "Company") was listed in the JASDAQ (standard) market of the Tokyo Stock Exchange on December 8, 2016. The Company moved up its stock market listing to the Second Section of the Tokyo Stock Exchange on June 27, 2017, then the stock was listed on the First Section of the Tokyo Stock Exchange on April 24, 2018.

2. The Company conducted a 2-for-1 common stock split effective on May 1, 2017 and October 1, 2017. Net income per share and diluted net income per share are calculated as if these stock splits had taken place at the beginning of the previous fiscal year.

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Oct. 31, 2018	12,434	6,356	51.1	872.55
As of Oct. 31, 2017	12,613	3,241	25.7	533.93

Reference: Shareholders' equity (million yen) As of Oct. 31, 2018: 6,356 As of Oct. 31, 2017: 3,241

Note: The Company conducted a 2-for-1 common stock split effective on May 1, 2017 and October 1, 2017. Net assets per share is calculated as if these stock splits had taken place at the beginning of the previous fiscal year.

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Oct. 31, 2018	5,165	(25)	(1,843)	5,814
Fiscal year ended Oct. 31, 2017	(5,501)	80	6,546	2,519

## 2. Dividends

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Fiscal year ended Oct. 31, 2017	-	0.00	-	20.00	20.00	121	18.8	3.7
Fiscal year ended Oct. 31, 2018	-	0.00	-	35.00	35.00	254	21.9	4.0
Fiscal year ending Oct. 31, 2019 (forecasts)	-	0.00	-	47.00	47.00		30.2	

Notes: 1. Breakdown of the year-end dividend for the fiscal year ended October 31, 2018:

Ordinary dividend: 25.00 yen; Commemorative dividend: 10.00 yen

2. The Company's Board of Directors approved a resolution on November 12, 2018 to repurchase its own shares. Net income per share, which is used for calculating payout ratio (consolidated) for the fiscal year ending October 31, 2019 (forecasts), has been adjusted to reflect the stock repurchase. Please refer to "Material Subsequent Events" on page 15 for details.

### 3. Consolidated Forecast for the Fiscal Year Ending October 31, 2019 (November 1, 2018 - October 31, 2019)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	7,309	(23.1)	701	(29.3)	665	(28.0)	455	(28.4)	63.33
Full year	23,166	37.7	1,701	1.4	1,627	3.9	1,113	3.9	155.45

Note: The Company's Board of Directors approved a resolution on November 12, 2018 to repurchase its own shares. Net income per share forecast has been adjusted to reflect the stock repurchase. Please refer to "Material Subsequent Events" on page 15 for details.

#### Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

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

3) Changes in accounting-based estimates: None

4) Restatements: None

(3) Number of outstanding shares (common shares)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Oct. 31, 2018: 7,285,400 shares As of Oct. 31, 2017: 6,071,200 shares

2) Number of treasury shares at the end of the period

As of Oct. 31, 2018: 220 shares As of Oct. 31, 2017: 220 shares

3) Average number of shares outstanding during the period

Fiscal year ended Oct. 31, 2018: 6,696,895 shares Fiscal year ended Oct. 31, 2017: 5,844,913 shares

Note: The Company conducted a 2-for-1 common stock split effective on May 1, 2017 and October 1, 2017. The number of outstanding shares are calculated as if these stock splits had taken place at the beginning of the previous fiscal year.

#### Reference: Summary of Non-consolidated Financial Results

##### 1. Non-consolidated Financial Results for the Fiscal Year Ended October 31, 2018

(November 1, 2017 - October 31, 2018)

(1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Oct. 31, 2018	16,546	72.7	1,647	84.5	1,541	92.7	1,052	77.1
Fiscal year ended Oct. 31, 2017	9,579	32.8	892	(2.2)	799	(6.7)	594	6.4

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Oct. 31, 2018	157.18	149.42
Fiscal year ended Oct. 31, 2017	101.67	96.23

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Oct. 31, 2018	12,216	6,284	51.4	862.68
As of Oct. 31, 2017	12,447	3,187	25.6	525.10

Reference: Shareholders' equity (million yen) As of Oct. 31, 2018: 6,284 As of Oct. 31, 2017: 3,187

The current financial report is not subject to audit by certified public accountants or auditing firms.

Explanation of appropriate use of earnings forecasts, and other special items

Cautionary statement with respect to forward-looking statements

Outlook and other forward-looking statements in these materials are based on assumption judged to be valid and information available to the Company's management at the time the materials were prepared, but are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts for a number of factors.

Please refer to "1. Overview of Results of Operations, (4) Outlook" on page 4 for forecast assumptions and notes of caution for usage.

How to view supplementary materials for financial results

The Company plans to hold financial results meetings for securities analysts and individual investors on Thursday, December 13, 2018. Supplementary materials for financial results will be available on the Company's website on Wednesday, December 12, 2018.

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## 1. Overview of Results of Operations

### (1) Results of Operations

The Japanese economy continued to recover at a moderate pace during the fiscal year ended October 31, 2018 as corporate earnings remained strong and the labor market and personal income improved due to upturns in consumer spending and capital expenditures.

Japan's market for newly constructed condominiums is the primary business domain of the Good Com Asset Group (the "Group"). During the fiscal year that ended in October 2018, the percentage of new condominiums sold in the Tokyo metropolitan area within one month of going on sale was 67.9%, according to the Real Estate Economic Institute. However, this percentage was 70.2% in Tokyo's 23 wards, the Group's main business area. A one-month contract rate above 70% level is generally regarded as evidence of a strong condominium market. Furthermore, demand for rental housing is continuing to climb because of the increasing population of Tokyo's 23 wards. As a result, demand for new condominiums in the 23 wards is expected to remain stable and the Group anticipates further growth in demand for its condominiums.

The Group continued to expand planning, development and sales activities for new Genovia series condominiums using the Genovia green veil and Genovia skygarden brands primarily in Tokyo's 23 wards. We also reinforced the customer support framework and took actions aimed at strengthening the Genovia brand.

During the current fiscal year, 626 condominium units in 18 buildings were sold. The buildings are Higashi-Nihombashi Ekimae (Chuo-ku, Tokyo), Asakusa II (Taito-ku, Tokyo), Asakusa III (Taito-ku, Tokyo), Kawasaki Eki (Kawasaki, Kanagawa), Kameidosuijin (Sumida-ku, Tokyo), Itabashi west (Itabashi-ku, Tokyo), Setagaya Kinuta (Setagaya-ku, Tokyo), Tabata II (Kita-ku, Tokyo), Kameidosuijin II (Sumida-ku, Tokyo), Komagome Eki (Kita-ku, Tokyo), Sangenjaya (Setagaya-ku, Tokyo), Komagome Eki II (Bunkyo-ku, Tokyo), Shinjuku Waseda (Shinjuku-ku, Tokyo), Nishi Sugamo (Kita-ku, Tokyo), Sumidagawa west (Arakawa-ku, Tokyo), Sumidabunka (Sumida-ku, Tokyo), Setagaya Sakuragaoka (Setagaya-ku, Tokyo) and Asakusa Kuramae (Taito-ku, Tokyo).

Net sales increased 71.0% year on year to 16,817 million yen. Operating profit increased 84.9% to 1,678 million yen, ordinary profit increased 91.0% to 1,567 million yen and profit attributable to owners of parent was up 72.8% to 1,071 million yen.

Results by business segment are as follows:

#### (a) Sales to individuals

This segment consists of sales of our Genovia series one-room and family condominiums to individual investors in Japan. During the current fiscal year, 207 condominium units were sold.

As a result, sales were 6,431 million yen, up 21.0% from one year earlier and segment profit increased 2.0% to 562 million yen.

#### (b) Sales to real estate companies

This segment consists of sales of our Genovia series one-room condominiums to real estate sales companies in Japan. Thanks to aggressive activities to sell properties to these companies, 419 condominium units were sold during the current fiscal year.

As a result, sales were 9,758 million yen, up 146.7% from one year earlier and segment profit increased 348.2% to 820 million yen.

#### (c) Property management

This segment performed well due to strong growth in the number of managed condominium buildings and tenant-occupied condominium units.

As a result, sales were 643 million yen, up 12.7% from one year earlier and segment profit increased 39.3% to 342

million yen.

(d) Overseas sales

There were no sales to individual investors in other countries during the current fiscal year.

As a result, there were no sales and a segment loss of 54 million yen, compared with a loss of 80 million yen one year earlier.

## **(2) Financial Position**

### **Assets**

Total assets decreased 178 million yen, or 1.4%, from the end of the previous fiscal year to 12,434 million yen at the end of the current fiscal year.

Current assets decreased 200 million yen to 12,338 million yen. This was mainly due to decreases in real estate for sale of 3,008 million yen and real estate for sale in process of 768 million yen while there was an increase in cash and deposits of 3,295 million yen.

Non-current assets increased 21 million yen to 95 million yen. This was mainly due to increases in lease and guarantee deposits of 19 million yen under investments and other assets, and investment securities of 3 million yen.

### **Liabilities**

Total liabilities decreased 3,294 million yen, or 35.1%, from the end of the previous fiscal year to 6,078 million yen.

Current liabilities decreased 2,078 million yen to 4,826 million yen mainly due to a decrease in current portion of long-term loans payable of 2,561 million yen.

Non-current liabilities decreased 1,215 million yen to 1,251 million yen mainly due to a 1,205 million yen decrease in long-term loans payable.

### **Net assets**

Total net assets increased 3,115 million yen, or 96.1%, from the end of the previous fiscal year to 6,356 million yen. The main factors include 1,083 million yen increases in each of capital stock and capital surplus due to issuance of new shares, and a 1,071 million yen increase in retained earnings due to the booking of profit attributable to owners of parent, which was partially offset by a 121 million yen decrease in retained earnings due to dividend payments.

Consequently, the equity ratio increased 25.4 percentage points from the end of the previous fiscal year to 51.1% at the end of the current fiscal year.

## **(3) Cash Flows**

Cash and cash equivalents (hereinafter, "net cash") at the end of the current fiscal year increased 3,295 million yen, or 130.8%, from the end of the previous fiscal year to 5,814 million yen.

Cash flows by category during the fiscal year is as follows.

### **Cash flows from operating activities**

Net cash provided by operating activities was 5,165 million yen (5,501 million yen used in the previous fiscal year). This was mainly due to a 3,744 million yen decrease in inventories and the booking of 1,567 million yen in profit before income taxes.

### **Cash flows from investing activities**

Net cash used in investing activities was 25 million yen (80 million yen provided in the previous fiscal year). The main factors include purchase of investment securities of 5 million yen and payments for lease deposits of 19 million yen.

**Cash flows from financing activities**

Net cash used in financing activities was 1,843 million yen (6,546 million yen provided in the previous fiscal year). The main factors include repayments of long-term loans payable of 9,737 million yen, while there were proceeds from long-term loans payable of 5,971 million yen and proceeds from issuance of common shares of 2,148 million yen.

**(4) Outlook**

In Japan's market for newly constructed condominiums, the primary business domain of the Group, the rising cost of construction and the consistently high cost of land suitable for condominium buildings continues to pose challenges regarding the acquisition of properties. Nevertheless, demand involving the Group's business operations is likely to remain firm because of Japan's negative interest rates, higher inheritance taxes and continuing growth of the population of Tokyo's 23 wards, which is where the Group operates.

The Group will continue to make substantial purchases of land primarily in Tokyo's 23 wards, where the demand for rental housing is expected to remain strong. We will also strengthen sales capabilities by heightening the profile of Genovia series condominiums in the condominium market and training and increasing our sales team. In addition, we plan to expand into new business fields by making extensive use of so-called real estate technologies. One example is the use of ICT to launch a crowd funding business.

In the fiscal year ending October 31, 2019, we plan to strengthen sales capabilities for sales to individuals in Japan by hiring more salespeople and giving these people sound training. For sales to real estate companies, our sales activities will take advantage of our land procurement skills. As a result, we expect total of sales to individuals, sales to real estate companies and overseas sales to be 868 condominium units, 38.7% more than in the current fiscal year.

In addition, we forecast steady and strong performance in the property management business as the number of properties under management climbs along with the increasing number of condominium units sold.

The Group forecasts net sales of 23,166 million yen, (up 37.7% year on year), operating profit of 1,701 million yen (up 1.4%), ordinary profit of 1,627 million yen (up 3.9%), and profit attributable to owners of parent of 1,113 million yen (up 3.9%) for the fiscal year ending October 31, 2019.

For properties sold to real estate companies, payments are usually received several months after a sales contract is signed despite measures to have companies sign sales contracts quickly with real estate sales companies. Due to this delay, we expect a large share of sales to be recorded in the fourth quarter of the fiscal year. Therefore, although sales and earnings in the first half of the fiscal year will probably be less than one year earlier, we are forecasting record-high sales and earnings for the entire fiscal year.

**(5) Important Information about Going Concern Assumption**

Not applicable.

**2. Basic Approach for the Selection of Accounting Standards**

The Group will continue to prepare consolidated financial statements based on generally accepted accounting principles in Japan for the time being to permit comparisons with prior years and with the financial data of other companies.

We will nevertheless consider applying International Financial Reporting Standards (IFRS) in light of future trends in our foreign investor ownership ratio and application of IFRS by our industry peers.

**3. Consolidated Financial Statements and Notes****(1) Consolidated Balance Sheet**

(Thousands of yen)

	FY10/17 (As of Oct. 31, 2017)	FY10/18 (As of Oct. 31, 2018)
Assets		
Current assets		
Cash and deposits	2,539,069	5,834,194
Real estate for sale	8,628,125	5,619,682
Real estate for sale in process	793,069	24,848
Advance payments-trade	227,360	729,715
Deferred tax assets	26,403	54,180
Other	325,093	76,369
Total current assets	12,539,121	12,338,990
Non-current assets		
Property, plant and equipment		
Buildings and structures	18,768	18,768
Accumulated depreciation	(13,316)	(14,218)
Buildings and structures, net	5,451	4,550
Other	10,492	10,492
Accumulated depreciation	(6,761)	(8,011)
Other, net	3,731	2,480
Total property, plant and equipment	9,183	7,031
Intangible assets		
Software	1,852	1,433
Total intangible assets	1,852	1,433
Investments and other assets		
Investment securities	9,832	13,083
Long-term loans receivable from employees	589	548
Deferred tax assets	769	1,698
Other	52,384	72,062
Total investments and other assets	63,575	87,393
Total non-current assets	74,612	95,857
Total assets	12,613,733	12,434,847

	(Thousands of yen)	
	FY10/17	FY10/18
	(As of Oct. 31, 2017)	(As of Oct. 31, 2018)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable for construction contracts	116,786	42,022
Short-term loans payable	386,300	292,230
Current portion of bonds	10,000	10,000
Current portion of long-term loans payable	6,021,765	3,460,649
Income taxes payable	115,424	435,385
Accrued consumption taxes	3,667	291,706
Advances received	19,821	24,041
Provision for bonuses	15,729	16,637
Provision for vacancy warranties	28,325	20,609
Other	187,674	233,417
<b>Total current liabilities</b>	<b>6,905,494</b>	<b>4,826,699</b>
<b>Non-current liabilities</b>		
Bonds payable	10,000	-
Long-term loans payable	2,439,821	1,234,424
Other	16,965	17,027
<b>Total non-current liabilities</b>	<b>2,466,787</b>	<b>1,251,451</b>
<b>Total liabilities</b>	<b>9,372,281</b>	<b>6,078,150</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	504,440	1,588,123
Capital surplus	412,940	1,496,623
Retained earnings	2,323,288	3,273,293
Treasury shares	(130)	(130)
<b>Total shareholders' equity</b>	<b>3,240,539</b>	<b>6,357,910</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	2,663	869
Foreign currency translation adjustment	(1,751)	(2,081)
<b>Total accumulated other comprehensive income</b>	<b>912</b>	<b>(1,212)</b>
<b>Total net assets</b>	<b>3,241,451</b>	<b>6,356,697</b>
<b>Total liabilities and net assets</b>	<b>12,613,733</b>	<b>12,434,847</b>



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

(Thousands of yen)

	FY10/17 (Nov. 1, 2016 - Oct. 31, 2017)	FY10/18 (Nov. 1, 2017 - Oct. 31, 2018)
Net sales	9,834,402	16,817,869
Cost of sales	7,633,809	13,640,949
Gross profit	2,200,593	3,176,920
Selling, general and administrative expenses	1,292,810	1,498,592
Operating profit	907,782	1,678,328
Non-operating income		
Interest income	74	54
Dividend income	250	287
Commission fee	2,246	2,423
Gain on sales of securities	355	-
Insurance premiums refunded cancellation	20,588	-
Penalty income	2,138	2,501
Interest on refund	-	1,035
Other	3,886	1,213
Total non-operating income	29,540	7,515
Non-operating expenses		
Interest expenses	75,303	89,670
Commission fee	28,999	9,420
Share issuance cost	12,161	19,186
Other	430	547
Total non-operating expenses	116,894	118,824
Ordinary profit	820,428	1,567,019
Extraordinary income		
Gain on sales of non-current assets	2,784	-
Reversal of provision for directors' retirement benefits	75,886	-
Total extraordinary income	78,671	-
Extraordinary losses		
Loss on valuation of membership	2,600	-
Total extraordinary losses	2,600	-
Profit before income taxes	896,500	1,567,019
Income taxes-current	240,570	523,509
Income taxes-deferred	35,747	(27,914)
Total income taxes	276,318	495,595
Profit	620,181	1,071,424
Profit attributable to owners of parent	620,181	1,071,424

**(Consolidated Statement of Comprehensive Income)**

	(Thousands of yen)	
	FY10/17	FY10/18
	(Nov. 1, 2016 - Oct. 31, 2017)	(Nov. 1, 2017 - Oct. 31, 2018)
Profit	620,181	1,071,424
Other comprehensive income		
Valuation difference on available-for-sale securities	1,564	(1,794)
Foreign currency translation adjustment	169	(330)
Total other comprehensive income	1,733	(2,124)
Comprehensive income	621,915	1,069,299
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	621,915	1,069,299
Comprehensive income attributable to non-controlling interests	-	-

**(3) Consolidated Statement of Changes in Equity**

FY10/17 (Nov. 1, 2016 – Oct. 31, 2017)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	91,500	-	1,724,066	-	1,815,566
Changes of items during period					
Issuance of new shares	412,440	412,440			824,881
Issuance of new shares-exercise of share acquisition rights	500	500			1,000
Dividends of surplus			(20,960)		(20,960)
Profit attributable to owners of parent			620,181		620,181
Purchase of treasury shares				(130)	(130)
Net changes of items other than shareholders' equity					-
Total changes of items during period	412,940	412,940	599,221	(130)	1,424,972
Balance at end of current period	504,440	412,940	2,323,288	(130)	3,240,539

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of current period	1,098	(1,920)	(821)	1,814,745
Changes of items during period				
Issuance of new shares			-	824,881
Issuance of new shares-exercise of share acquisition rights			-	1,000
Dividends of surplus			-	(20,960)
Profit attributable to owners of parent			-	620,181
Purchase of treasury shares			-	(130)
Net changes of items other than shareholders' equity	1,564	169	1,733	1,733
Total changes of items during period	1,564	169	1,733	1,426,706
Balance at end of current period	2,663	(1,751)	912	3,241,451

FY10/18 (Nov. 1, 2017 – Oct. 31, 2018)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	504,440	412,940	2,323,288	(130)	3,240,539
Changes of items during period					
Issuance of new shares	1,081,603	1,081,603			2,163,207
Issuance of new shares-exercise of share acquisition rights	2,079	2,079			4,158
Dividends of surplus			(121,419)		(121,419)
Profit attributable to owners of parent			1,071,424		1,071,424
Net changes of items other than shareholders' equity					-
Total changes of items during period	1,083,682	1,083,682	950,005	-	3,117,370
Balance at end of current period	1,588,123	1,496,623	3,273,293	(130)	6,357,910

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of current period	2,663	(1,751)	912	3,241,451
Changes of items during period				
Issuance of new shares			-	2,163,207
Issuance of new shares-exercise of share acquisition rights			-	4,158
Dividends of surplus			-	(121,419)
Profit attributable to owners of parent			-	1,071,424
Net changes of items other than shareholders' equity	(1,794)	(330)	(2,124)	(2,124)
Total changes of items during period	(1,794)	(330)	(2,124)	3,115,246
Balance at end of current period	869	(2,081)	(1,212)	6,356,697

**(4) Consolidated Statement of Cash Flows**

(Thousands of yen)

	FY10/17 (Nov. 1, 2016 - Oct. 31, 2017)	FY10/18 (Nov. 1, 2017 - Oct. 31, 2018)
Cash flows from operating activities		
Profit before income taxes	896,500	1,567,019
Depreciation	20,706	33,052
Increase (decrease) in provision for bonuses	16	908
Increase (decrease) in provision for vacancy warranties	(18,023)	(7,716)
Increase (decrease) in provision for directors' retirement benefits	(73,596)	-
Loss (gain) on sales of securities	(355)	-
Loss (gain) on sales of non-current assets	(2,784)	-
Loss on valuation of membership	2,600	-
Interest and dividend income	(325)	(342)
Surrender value of insurance	(20,588)	-
Interest expenses	75,303	89,670
Decrease (increase) in advance payments	301,116	(502,355)
Decrease (increase) in inventories	(5,769,795)	3,744,372
Increase (decrease) in notes and accounts payable-trade	(268,249)	(74,764)
Increase (decrease) in accrued consumption taxes	(44,476)	288,038
Other, net	(178,271)	357,758
Subtotal	(5,080,224)	5,495,642
Interest and dividend income received	226	102
Interest expenses paid	(101,051)	(84,584)
Income taxes paid	(320,683)	(245,630)
Net cash provided by (used in) operating activities	(5,501,731)	5,165,529
Cash flows from investing activities		
Purchase of property, plant and equipment	(318)	-
Proceeds from sales of property, plant and equipment	3,956	-
Purchase of investment securities	(706)	(5,597)
Proceeds from sales of investment securities	819	-
Purchase of intangible assets	(527)	-
Payments into time deposits	(25,016)	(20,019)
Proceeds from withdrawal of time deposits	56,012	20,018
Proceeds from cancellation of insurance funds	50,444	-
Payments for lease deposits	(2,095)	(19,320)
Other, net	(1,748)	(1,038)
Net cash provided by (used in) investing activities	80,818	(25,958)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(359,530)	(94,070)
Proceeds from long-term loans payable	10,200,680	5,971,000
Repayments of long-term loans payable	(4,089,851)	(9,737,514)
Redemption of bonds	(10,000)	(10,000)
Proceeds from issuance of common shares	825,881	2,148,179
Purchase of treasury shares	(130)	-
Cash dividends paid	(20,960)	(121,419)
Net cash provided by (used in) financing activities	6,546,089	(1,843,823)
Effect of exchange rate change on cash and cash equivalents	1,624	(623)
Net increase (decrease) in cash and cash equivalents	1,126,800	3,295,123
Cash and cash equivalents at beginning of period	1,392,252	2,519,052
Cash and cash equivalents at end of period	2,519,052	5,814,176

**(5) Notes to Consolidated Financial Statements****Going Concern Assumption**

Not applicable.

**Segment and Other Information**

## Segment Information

## 1. Overview of reportable segment

The Group's segments used for financial reporting are the constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The operations of the Group are divided into the following four reportable business segments: sales to individuals, sales to real estate companies, property management, and overseas sales.

The sale of newly constructed condominiums using the Company's own brand is the primary activity of the sales to individuals, sales to real estate companies and overseas sales segments. Sales to individuals is the sale of condominiums to individual investors in Japan and sales to real estate companies is sales to real estate companies in Japan. Overseas sales is the sale of condominiums to overseas individual investors and other buyers. Property management is the management of tenant-occupied condominium units as well as entire condominium buildings sold by the Company and the rental of these units until ownership is transferred to buyers.

## 2. Calculation method for net sales, profit or loss, assets, liabilities, and other items for each reportable segment

The accounting methods for reportable segments are generally the same as those described in "Significant Accounting Policies in the Preparation of Consolidated Financial Statements."

Profits for reportable segments are operating profit figures.

Inter-segment sales and transfers are based on market prices.

The Group does not allocate assets to specific business segments, but depreciation associated with these assets is allocated to specific business segments using reasonable standards.

## 3. Information related to net sales and profit or loss, assets, liabilities, and other items for each reportable segment

FY10/17 (Nov. 1, 2016 – Oct. 31, 2017)

(Thousands of yen)

	Reportable segment				Total
	Sales to individuals	Sales to real estate companies	Property management	Overseas sales	
Net sales					
External sales	5,316,173	3,955,565	562,663	-	9,834,402
Inter-segment sales and transfers	-	-	8,137	-	8,137
Total	5,316,173	3,955,565	570,800	-	9,842,539
Segment profit (loss)	551,748	183,091	246,094	(80,012)	900,921
Other items					
Depreciation	2,572	659	-	263	3,496

Notes: 1. Total depreciation in this table is consistent with the amount shown in the consolidated financial statements.

2. The Group does not allocate assets to specific business segments.

FY10/18 (Nov. 1, 2017 – Oct. 31, 2018)

(Thousands of yen)

	Reportable segment				Total
	Sales to individuals	Sales to real estate companies	Property management	Overseas sales	
Net sales					
External sales	6,431,720	9,758,268	627,880	-	16,817,869
Inter-segment sales and transfers	-	-	15,486	-	15,486
Total	6,431,720	9,758,268	643,367	-	16,833,356
Segment profit (loss)	562,885	820,561	342,816	(54,951)	1,671,312
Other items					
Depreciation	2,120	315	-	135	2,571

Notes: 1. Total depreciation in this table is consistent with the amount shown in the consolidated financial statements.

2. The Group does not allocate assets to specific business segments.

#### 4. Reconciliation of amounts shown in the consolidated financial statements with total for reportable segments

(Thousands of yen)

Net sales	FY10/17	FY10/18
Total for reportable segments	9,842,539	16,833,356
Elimination of inter-segment transactions	(8,137)	(15,486)
Net sales in consolidated financial statements	9,834,402	16,817,869

(Thousands of yen)

Profit	FY10/17	FY10/18
Total for reportable segments	900,921	1,671,312
Elimination of inter-segment transactions	6,861	7,016
Operating profit in consolidated financial statements	907,782	1,678,328

#### Related Information

FY10/17 (Nov. 1, 2016 – Oct. 31, 2017)

##### 1. Information by product and service

Omitted since sales to external customers in the category of a single product or service exceeded 90% of net sales on the consolidated statement of income.

##### 2. Information by region

###### (1) Net sales

Omitted since there are no external sales outside Japan.

###### (2) Property, plant and equipment

Not applicable because there are no property, plant and equipment outside Japan.

##### 3. Information by major customer

(Thousands of yen)

Customer name	Net sales	Relevant segment
BRI Co., Ltd.	1,371,070	Sales to real estate companies

FY10/18 (Nov. 1, 2017 – Oct. 31, 2018)

1. Information by product and service

Omitted since sales to external customers in the category of a single product or service exceeded 90% of net sales on the consolidated statement of income.

2. Information by region

(1) Net sales

Omitted since there are no external sales outside Japan.

(2) Property, plant and equipment

Not applicable because there are no property, plant and equipment outside Japan.

3. Information by major customer

(Thousands of yen)

Customer name	Net sales	Relevant segment
BRI Co., Ltd.	1,764,871	Sales to real estate companies

Information Related to Impairment Loss of Non-current Assets for Each Reportable Segment

Not applicable.

Information Related to Amortization of Goodwill and Unamortized Balance for Each Reportable Segment

Not applicable.

Information Related to Gain on Bargain Purchase for Each Reportable Segment

Not applicable.

**Per-share Information**

(Yen)

Item	FY10/17 (Nov. 1, 2016 – Oct. 31, 2017)	FY10/18 (Nov. 1, 2017 – Oct. 31, 2018)
Net assets per share	533.93	872.55
Net income per share	106.11	159.99
Diluted net income per share	100.14	152.09

Notes: 1. The Company conducted a 2-for-1 common stock split effective on May 1, 2017 and October 1, 2017. Net assets per share, net income per share and diluted net income per share are calculated as if these stock splits had taken place at the beginning of the previous fiscal year.

2. The Company's stock was listed in the JASDAQ (standard) market of the Tokyo Stock Exchange on December 8, 2016. Diluted net income per share for the fiscal year ended October 31, 2017 was calculated by using an average stock price during the period between the time of listing and the end of October 2017. The Company moved up its stock market listing to the Second Section of the Tokyo Stock Exchange on June 27, 2017, then the stock was listed on the First Section of the Tokyo Stock Exchange on April 24, 2018.



## 3. Basis for calculation of net income per share and diluted net income per share is as follows. (Thousands of yen)

Item	FY10/17 (Nov. 1, 2016 – Oct. 31, 2017)	FY10/18 (Nov. 1, 2017 – Oct. 31, 2018)
Net income per share		
Profit attributable to owners of parent	620,181	1,071,424
Amounts not available to common shareholders	-	-
Profit attributable to owners of parent applicable to common shares	620,181	1,071,424
Average number of common shares outstanding during the period (shares)	5,844,913	6,696,895
Diluted net income per share		
Adjusted profit attributable to owners of parent	-	-
Increase in the number of common shares (shares)	348,242	347,974
[of which share acquisition rights (shares)]	[348,242]	[347,974]

## 4. Basis for calculation of net assets per share is as follows. (Thousands of yen)

	FY10/17 (As of Oct. 31, 2017)	FY10/18 (As of Oct. 31, 2018)
Total net assets	3,241,451	6,356,697
Deduction on total net assets	-	-
Net assets applicable to common shares at end of period	3,241,451	6,356,697
Number of common shares at end of period used in calculation of net assets per share (shares)	6,070,980	7,285,180

**Material Subsequent Events**

The Company's Board of Directors approved a resolution on November 12, 2018 to repurchase its own shares pursuant to Article 156 of the Companies Act, which is applicable in lieu of Article 165, Paragraph 3 of this act.

## 1. Reason for stock repurchase

Repurchasing stock distributes earnings to shareholders by facilitating the more efficient use of capital. In addition, these repurchases are used to implement capital strategies in a timely and flexible manner in response to changes in the operating environment.

## 2. Details of stock repurchase

- (1) Type of shares to be repurchased: Common shares of the Company
- (2) Total number of shares to be repurchased: Up to 150,000 shares (2.06% of total shares outstanding, excluding treasury shares)
- (3) Total value of shares to be repurchased: Up to 225 million yen
- (4) Repurchase schedule: From December 13, 2018 to January 23, 2019
- (5) Method of repurchase: Purchase on the Tokyo Stock Exchange

*This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*