

# Good Com Asset Co., Ltd.



June 12, 2018

## 1H FY10/18

# Financial Results

Results of Operations for the First Half of  
the Fiscal Year Ending October 31, 2018

June 2018

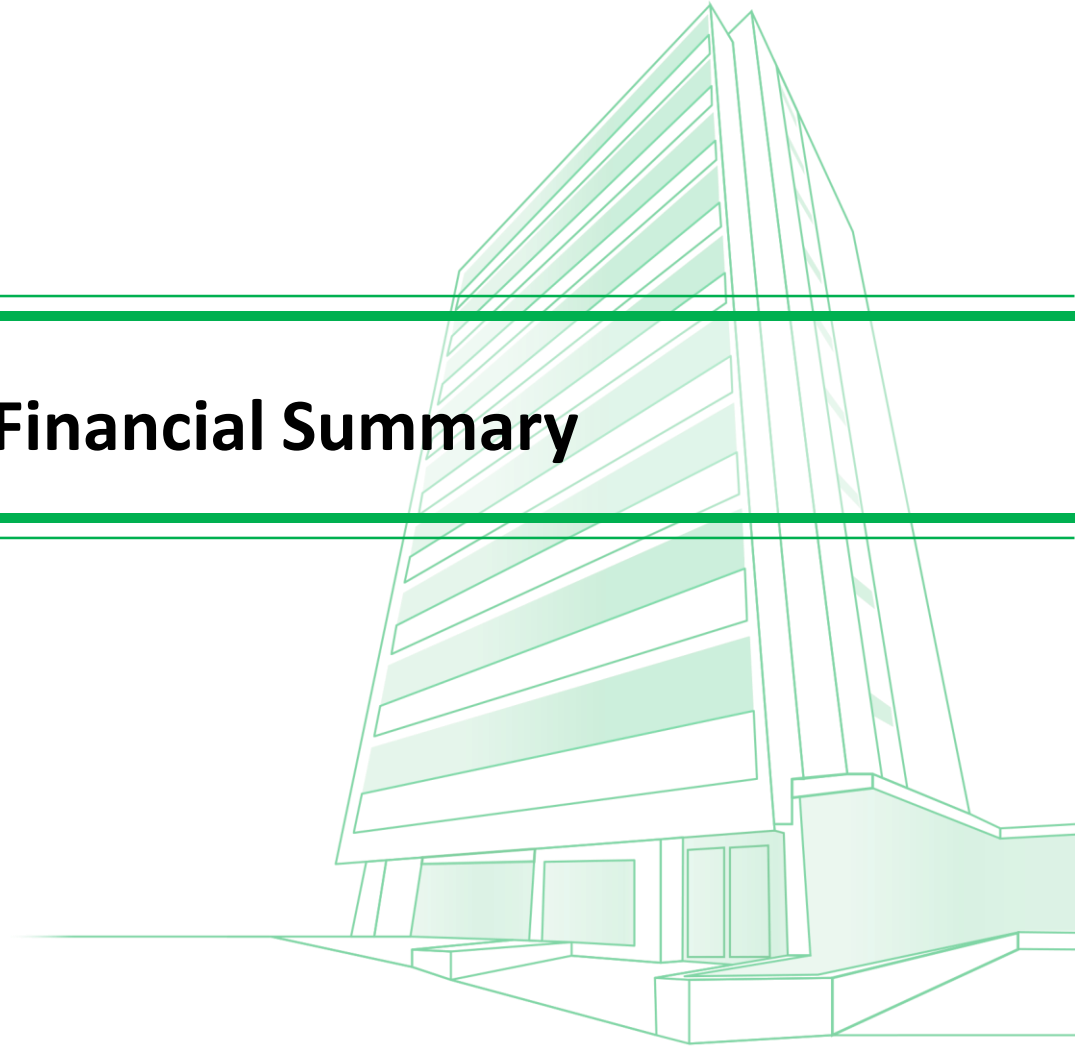
Good Com Asset Co., Ltd. (Listed on TSE First Section, Code: 3475)



<b>I. 1H FY10/18 Financial Summary</b>	<b>P. 3</b>
<b>II. Characteristics of Business Activities</b>	<b>P. 11</b>
<b>III. Outlook</b>	<b>P. 17</b>
<b>Appendix</b>	<b>P. 25</b>

\* Figures are on a consolidated basis unless otherwise stated.

# I. 1H FY10/18 Financial Summary



# Executive Summary

**First half performance** approximately equal to the full year sales and earnings in FY10/17

**Raised** the first half and full year **forecasts**

## 1H FY10/18 financial highlights

■ Net sales: **¥9.51bn**, Operating profit: **¥0.99bn**, Ordinary profit: **¥0.92bn**, Profit: **¥0.63bn**

(Net sales: ¥9.83bn, Operating profit: ¥0.9bn, Ordinary profit: ¥0.82bn, Profit: ¥0.62bn in FY10/17)

■ **381** units were sold during the first half due to strong sales to individuals and sales to real estate companies (324 units in FY10/17)

■ Purchased **5** buildings (total of **262** units) during the first half

■ The equity ratio increased to **51.2%** due to issuance of new shares through a public offering

## Topics

■ Good Com stock was **moved to the first section** of the Tokyo Stock Exchange on April 24, 2018

■ Plan to pay a year-end dividend of **¥35** per share, including a commemorative dividend of **¥10** per share for the TSE first section stock listing

The first half and full year forecasts have been **increased** because of growth in the number of condominium units sold

Sales and earnings forecasts were **raised** to reflect strong sales to individuals and sales to real estate companies

Millions of yen		Initial forecast announced on Dec. 11	Forecast announced on Apr. 2	Vs. Dec. 11 forecast (%)	Forecast announced on Jun. 8	Vs. Dec. 11 forecast (amount)	Vs. Dec. 11 forecast (%)
1H FY10/18	Net sales	4,851	7,843	Up 61.7%	9,510	4,658	Up 96.0%
	Operating profit	588	788	Up 33.8%	991	402	Up 68.4%
	Ordinary profit	520	711	Up 36.6%	924	404	Up 77.6%
	Profit	365	497	Up 35.9%	635	269	Up 73.7%

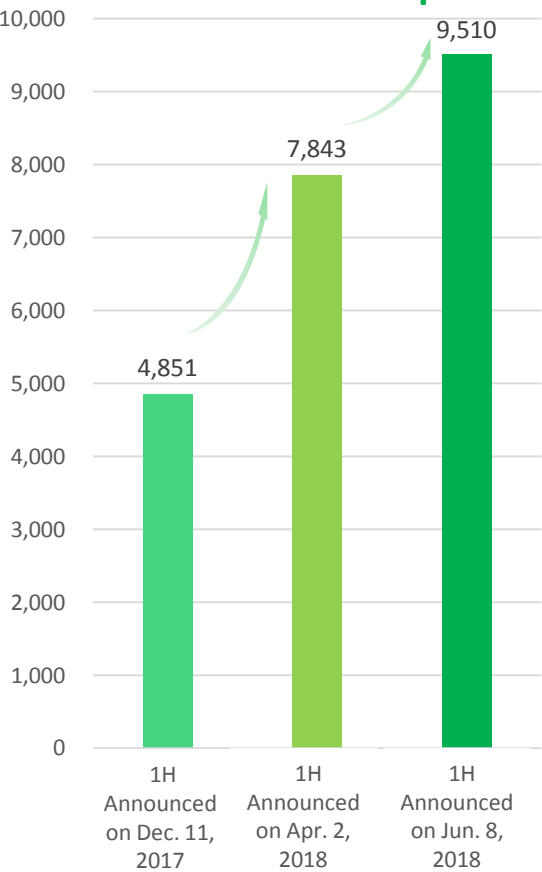
Millions of yen		Initial forecast announced on Dec. 11	Forecast announced on Apr. 2	Vs. Dec. 11 forecast (%)	Forecast announced on Jun. 8	Vs. Dec. 11 forecast (amount)	Vs. Dec. 11 forecast (%)
FY10/18	Net sales	10,284	12,823	Up 24.7%	16,188	5,904	Up 57.4%
	Operating profit	1,175	1,226	Up 4.3%	1,620	444	Up 37.8%
	Ordinary profit	1,030	1,072	Up 4.1%	1,510	480	Up 46.7%
	Profit	723	749	Up 3.6%	1,035	311	Up 43.1%

First half sales were **96.0%** higher than the initial forecast and operating profit was **68.4%** higher

Millions of yen

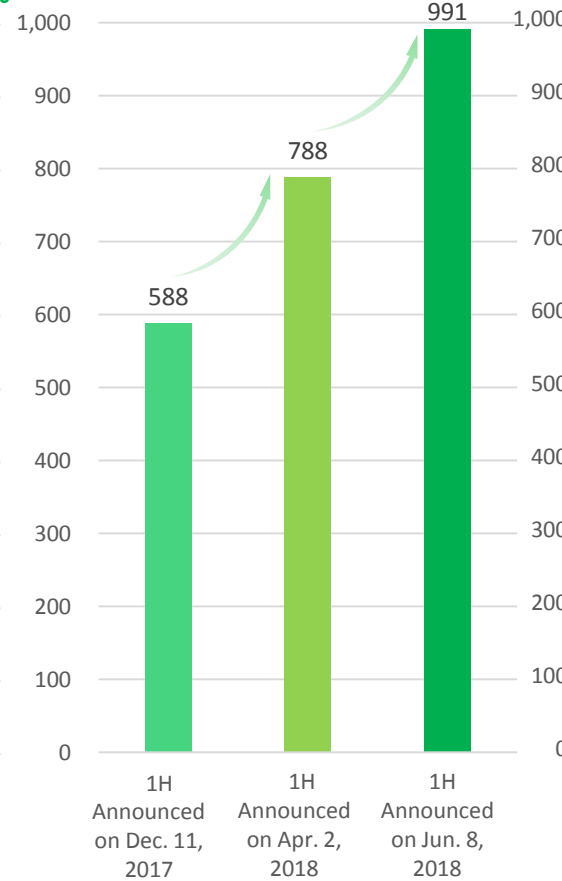
**Net sales**

**Up 96.0%**



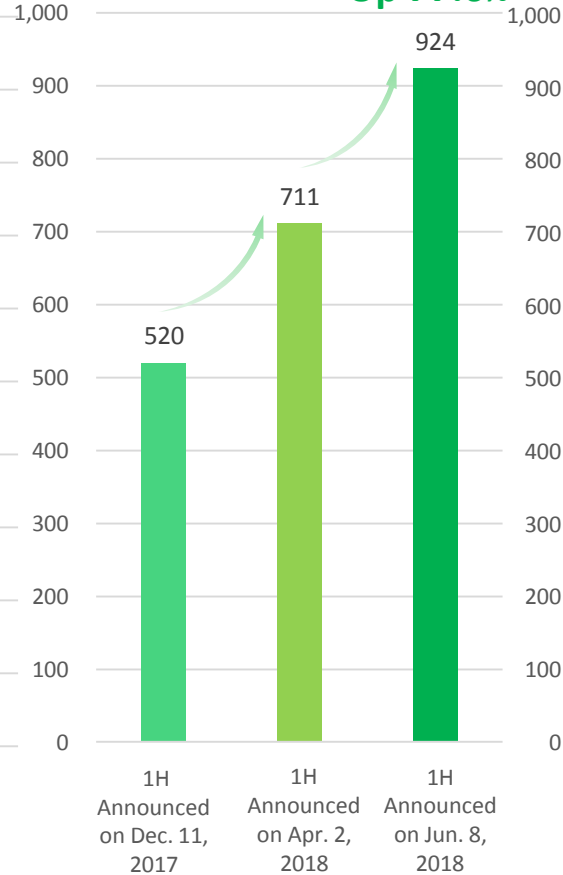
**Operating profit**

**Up 68.4%**



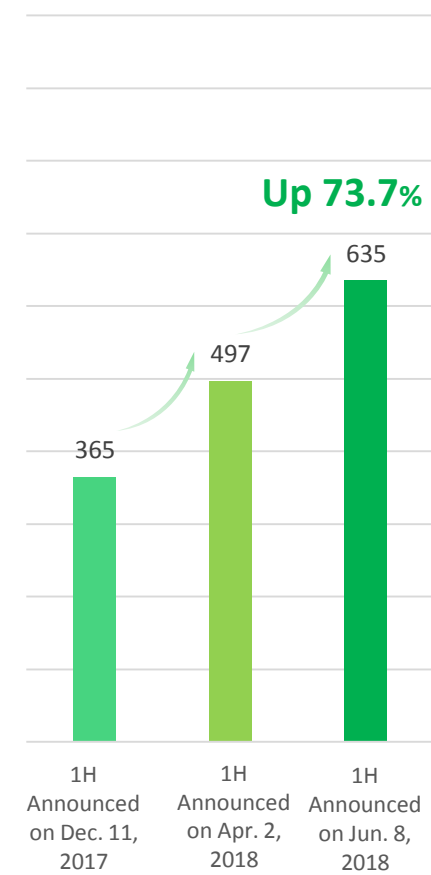
**Ordinary profit**

**Up 77.6%**



**Profit**

**Up 73.7%**



# Consolidated Statement of Income (1)

First half sales increased **78.3%** and operating profit increased **118.4%** from one year earlier

Millions of yen	1H FY10/17	1H FY10/18	YoY change (amount)	YoY change (%)
<b>Net sales</b>	5,334	9,510	4,176	Up 78.3%
Sales to individuals	2,601	3,182	581	Up 22.4%
Sales to real estate companies	2,460	6,000	3,540	Up 143.9%
Overseas sales	-	-	-	-
Property management	273	334	61	Up 22.3%
<b>SG&amp;A expenses</b>	609	737	128	Up 21.0%
<b>Operating profit</b>	454	991	537	Up 118.4%
Sales to individuals	277	340	62	Up 22.6%
Sales to real estate companies	117	488	370	Up 314.3%
Overseas sales	(46)	(26)	20	-
Property management	102	186	83	Up 82.1%
<b>Ordinary profit</b>	432	924	491	Up 113.7%
<b>Profit</b>	300	635	334	Up 111.1%

### Positive factors (1)

Sales remained strong

Sales to individuals: 103 units vs. 79 units one year earlier

Sales to real estate companies: 278 units vs. 90 units one year earlier

Total: 381 units vs. 169 units one year earlier

### Positive factors (2)

Higher operating margin for sales to real estate companies  
Increased to 8.1% from 4.8% one year earlier

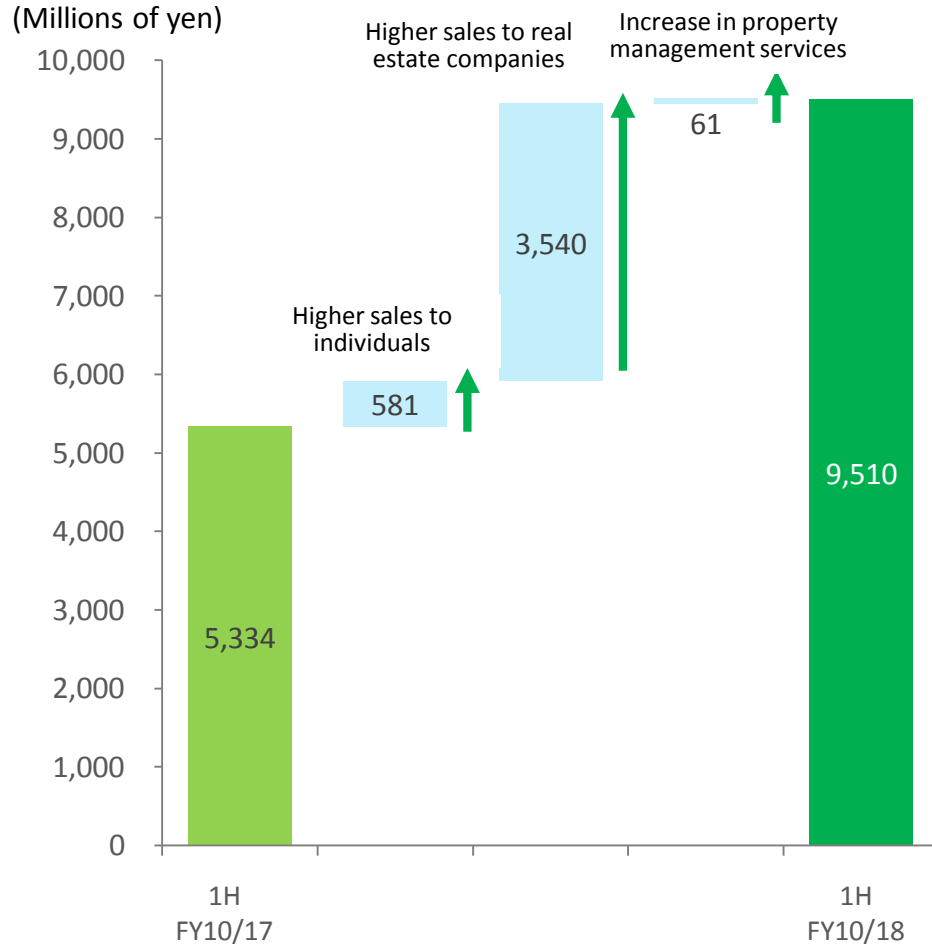
### Positive factors (3)

Decrease in the SG&A ratio raised the operating margin to 10.4% from 8.5% one year earlier

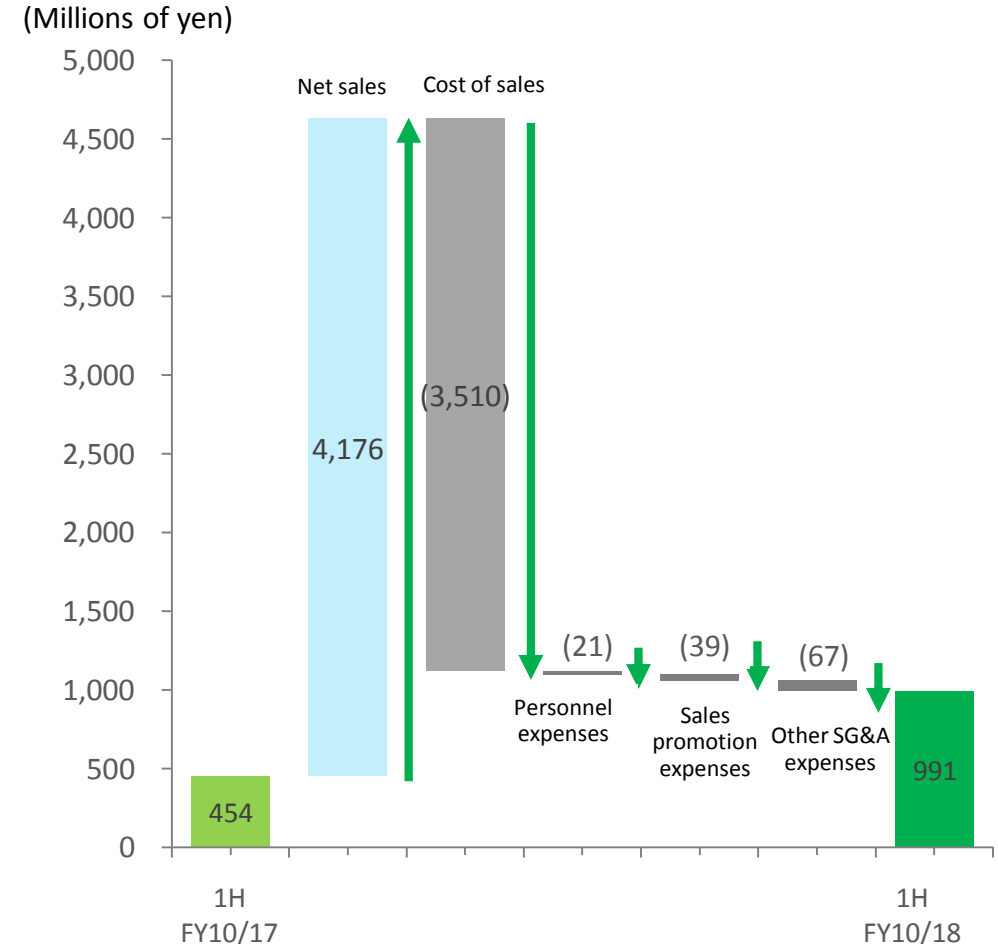
# Consolidated Statement of Income (2)

Higher sales to individuals and real estate companies was the main reason for earnings growth

## Change in net sales



## Change in operating profit



\*Total may not match the sum of individual items due to inter-segment transactions.



# Consolidated Balance Sheet

Millions of yen	As of Oct. 31, 2017	As of Apr. 30, 2018	YoY change
<b>Current assets</b>	12,539	10,942	(1,596)
Cash and deposits	2,539	5,329	2,790
Inventories	9,421	5,120	(4,300)
<b>Non-current assets</b>	74	73	(1)
<b>Total assets</b>	12,613	11,015	(1,598)
<b>Liabilities</b>	9,372	5,375	(3,996)
Interest-bearing debt	8,867	4,392	(4,474)
<b>Net assets</b>	3,241	5,639	2,397
<b>Total liabilities and net assets</b>	12,613	11,015	(1,598)
<b>Equity ratio</b>	25.7%	51.2%	25.5pt
<b>Dependence on interest-bearing debt</b>	70.3%	39.9%	(30.4)pt

## Main factors

### Cash and deposits

Increased because of the public offering of stock

### Inventories

Decreased because of the higher number of units sold

### Total assets

Proceeds from the public offering raised assets but inventories decreased

### Interest-bearing debt

Debt was repaid due to the higher number of units sold

### Net assets

Capital stock and capital surplus increased because of the public offering of stock; retained earnings also increased

### Equity ratio

### Dependence on interest-bearing debt

Interest-bearing debt decreased; equity increased due to the public offering of stock

# Consolidated Statement of Cash Flows

Millions of yen	FY10/17	1H FY10/18	YoY change
Cash flows from operating activities	(5,501)	5,503	11,004
Cash flows from investing activities	80	(1)	(81)
Cash flows from financing activities	6,546	(2,711)	(9,257)
Cash and cash equivalents	2,519	5,309	2,790

## Main factors

### Cash flows from operating activities

Cash increased due to a decline in inventories resulting from the higher number of units sold

### Cash flows from financing activities

Mainly the result of repayments of loans payable due to the higher number of units sold

### Cash and cash equivalents

Increased because of the public offering of stock

\*Cash and cash equivalents at the end of FY10/17 and 1H FY10/18 do not include time deposits totaling ¥20 million with maturities of over 3 months.

## II. Characteristics of Business Activities



# The Good Com Genovia Series of Condominiums

Branding defined by **consistency** and **greenery** along with a large selection of properties

## Consistency

GENOVIA Tabata II green veil



GENOVIA Komagome Eki II green veil



GENOVIA Shinjuku Waseda green veil



- All properties have similar exteriors, entrances, entrance halls and other features
- The consistency of Genovia building designs makes it easier to use the same construction companies and attract repeat buyers
- 80.0% of projects used a construction company for at least the second time and 51.5% of buyers had purchased a Good Com condominium before.

## Wall vegetation/Rooftop greenery

GENOVIA Shinjuku Waseda green veil



GENOVIA Komagome Eki green veil



- Buildings have wall vegetation on the first floor exterior (“green veil” brand)
- Some buildings have rooftop greenery (“skygarden” brand)
- Greenery increases the asset value of condominiums as investments

## Condominium unit configurations, price range and location

- **A large selection of properties:** Buildings have 1K, 1LDK and 2LDK configurations; Leased area is 20m<sup>2</sup> to 60m<sup>2</sup>; Prices are between about ¥20 million and ¥50 million
- **Location:** Mainly in Tokyo’s 23 wards and on sites within a 10-minute walk of a train station (Good Com does not purchase existing condominium buildings)

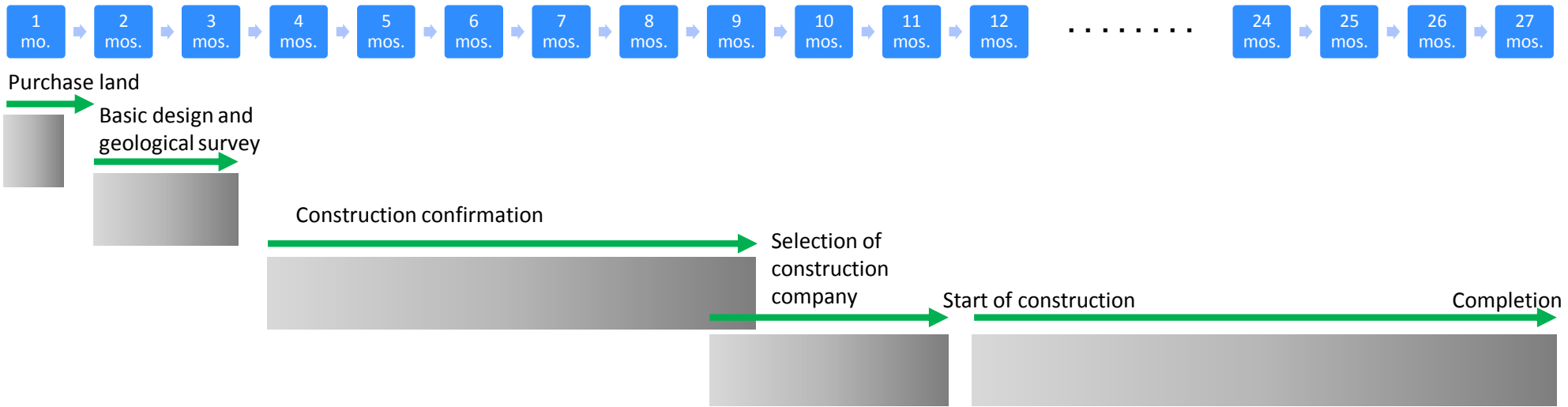
\*Performance in 1H FY10/18



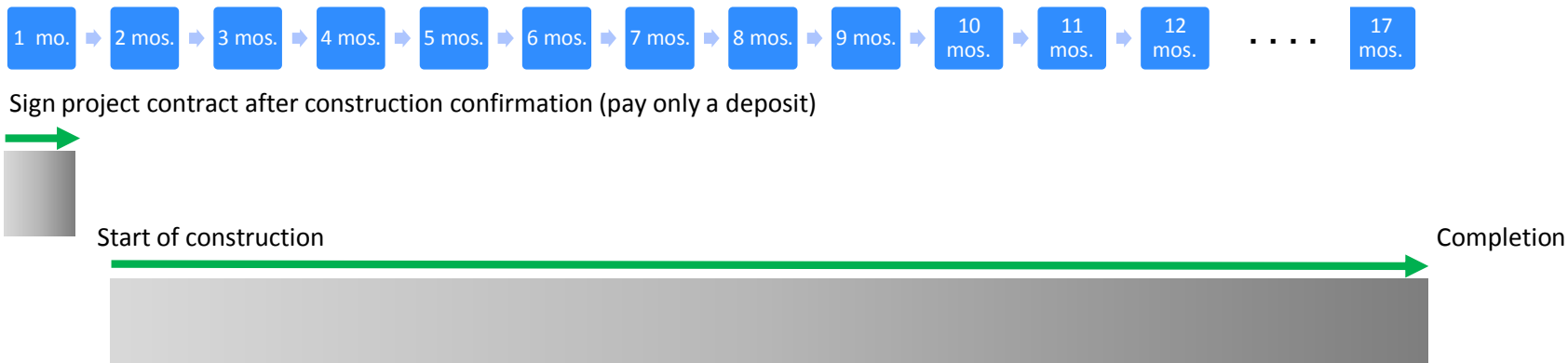
# Use of Single-owner Projects for More Efficient Use of Capital

Single-owner projects **reduce** personnel expenses and **increase** capital efficiency

## Timetable of a typical development project

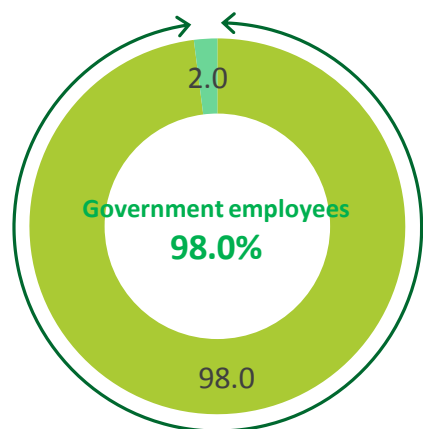


## Timetable of a single-owner project

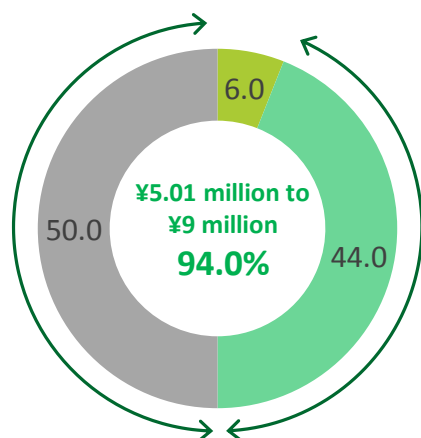


More than **80%** are female government employees in the Kanto and Chubu regions

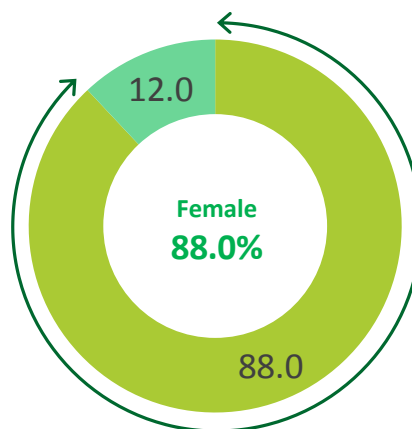
## Profession



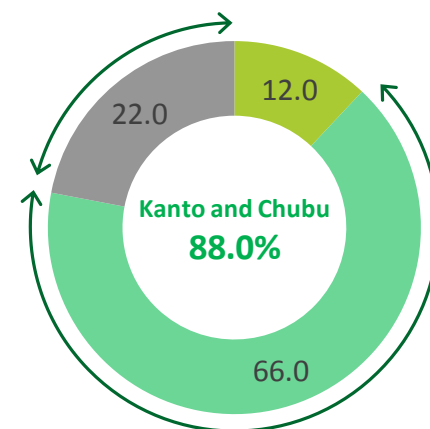
## Annual income



## Gender



## Residence



- Government employees
- Other

- Up to ¥5 million
- ¥5.01 million to ¥7 million
- ¥7.01 million to ¥9 million

- Female
- Male

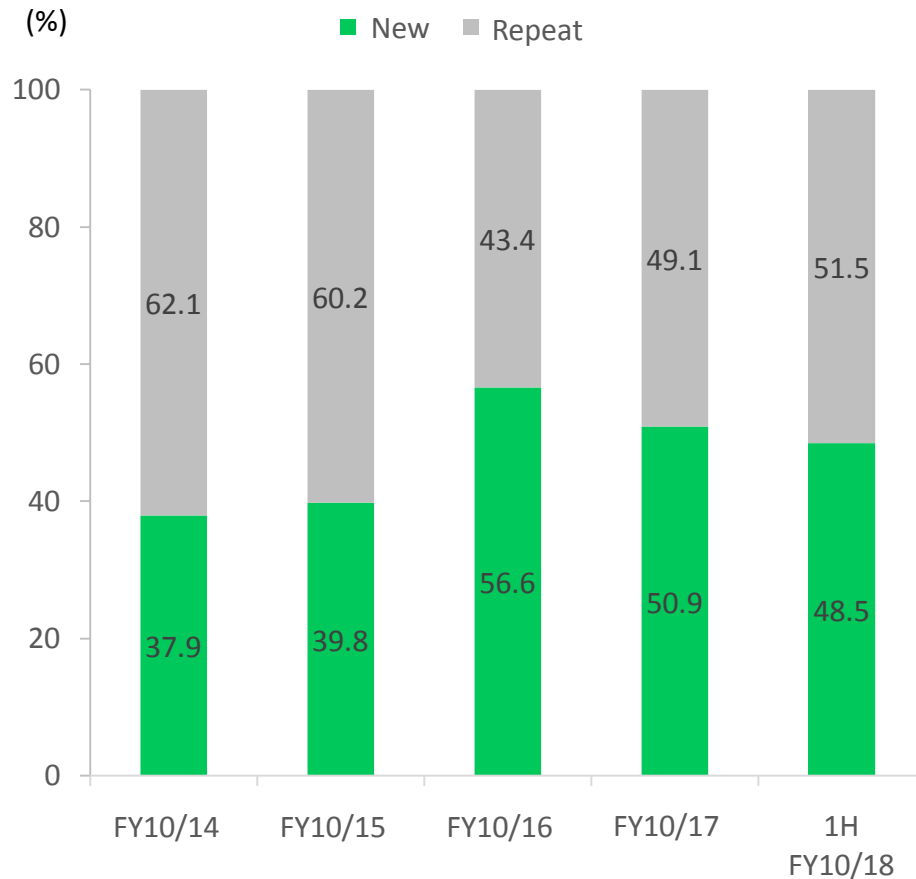
- Hokkaido/Tohoku
- Kanto
- Chubu

\*1H FY10/18 sales to individuals in Japan

# Repeat Buyers and Occupancy Rate

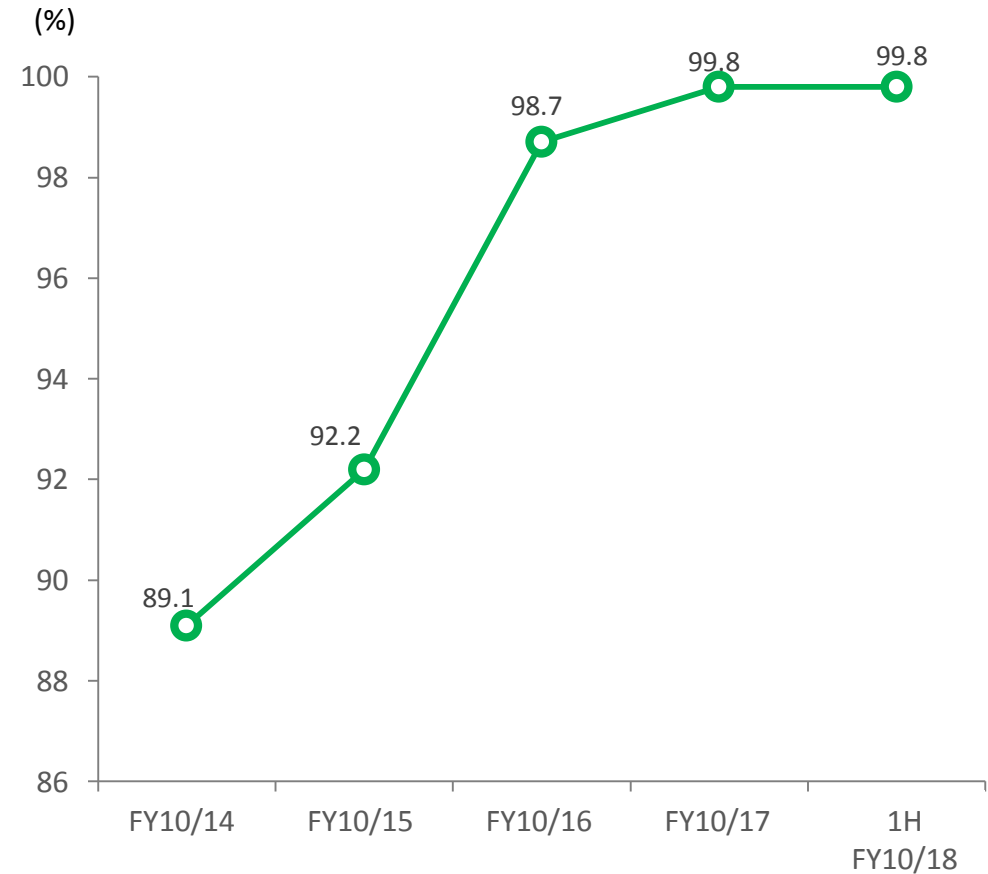
Repeat buyers increased to **51.5%** and the occupancy rate is consistently high

The increasing share of repeat buyers



\*1H FY10/18 sales to individuals in Japan

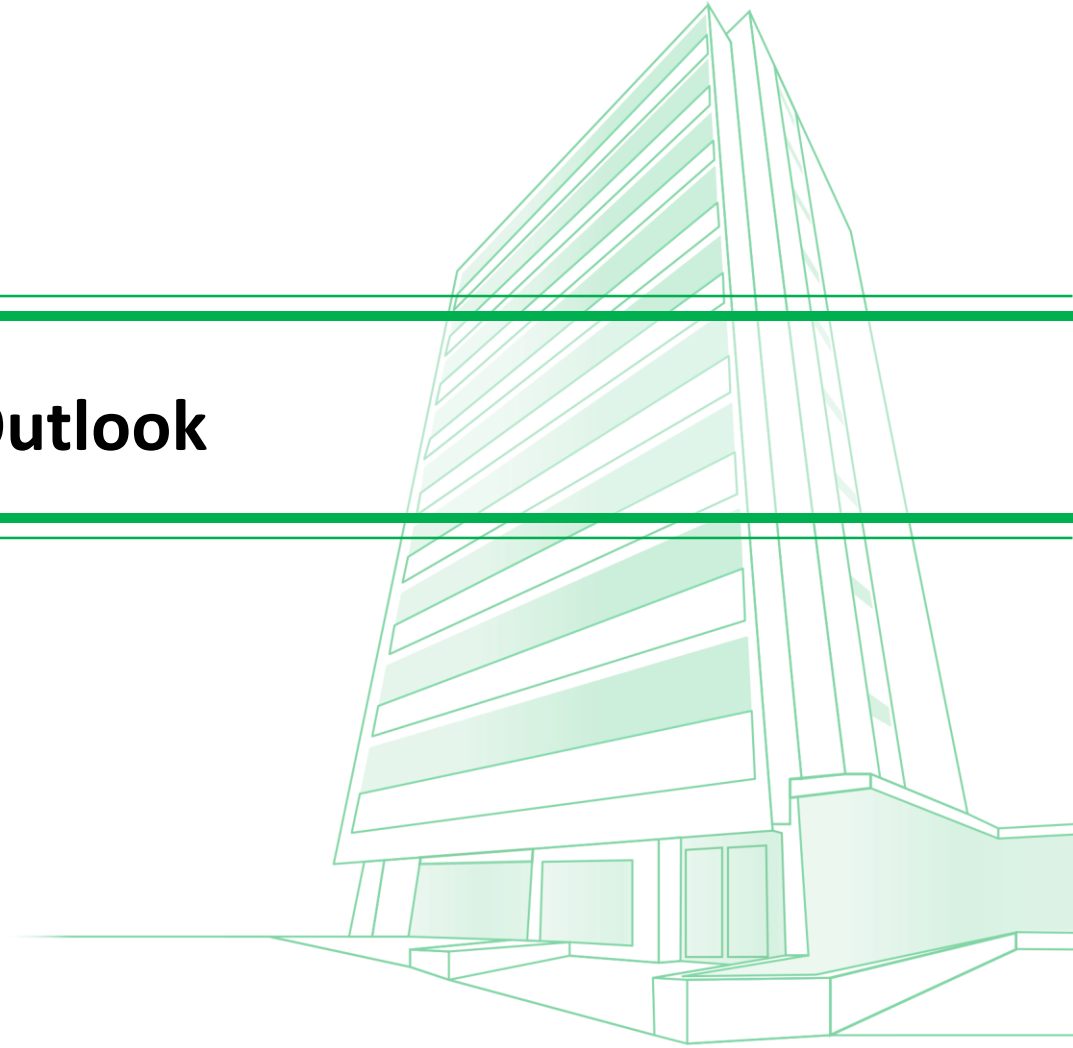
Occupancy rate



\*Good Com uses lease contracts with real estate leasing companies to maintain a high occupancy rate.



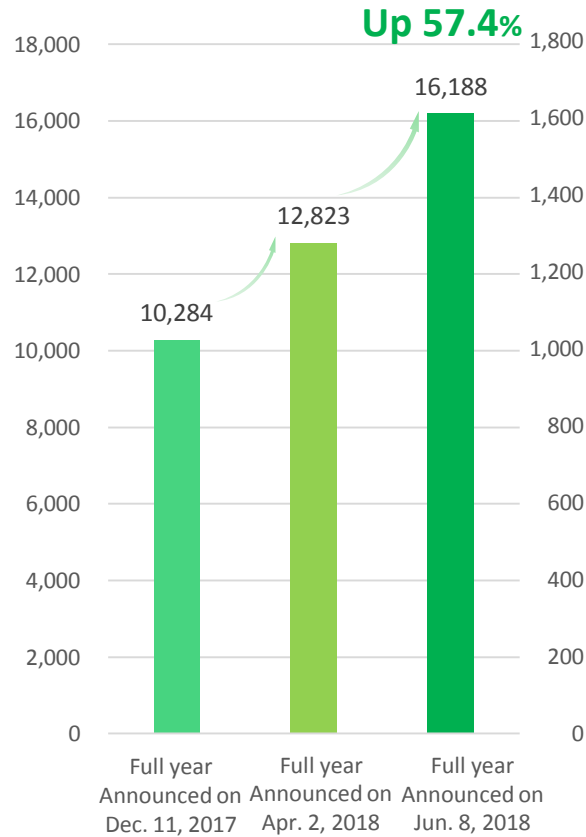
## III. Outlook



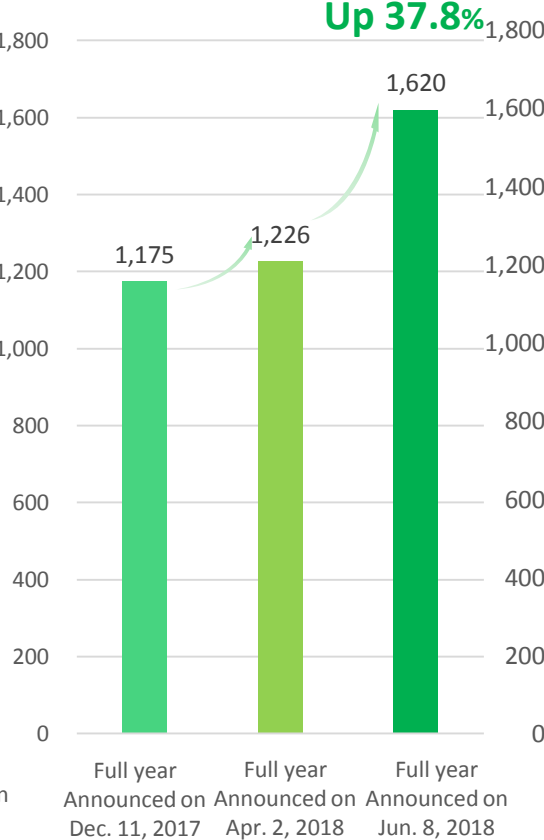
Forecast sales **57.4%** higher than the initial forecast and operating profit **37.8%** higher

Millions of yen

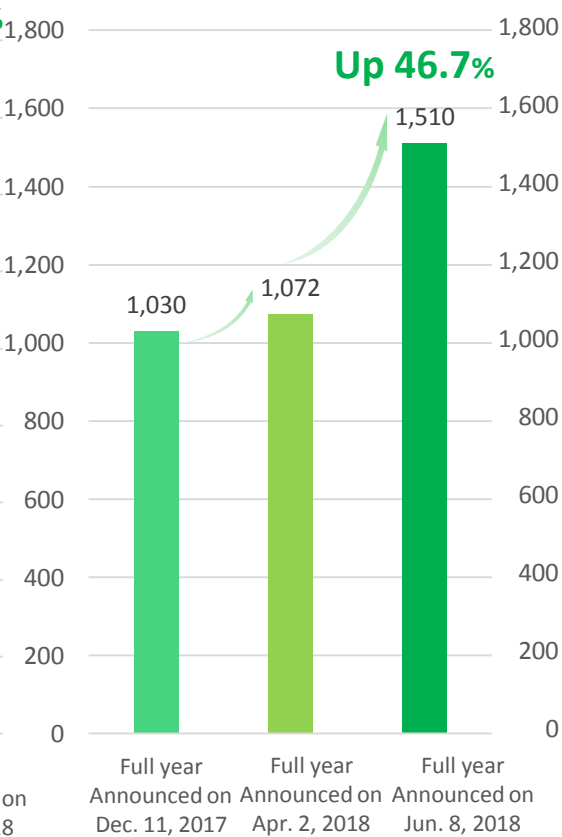
**Net sales**



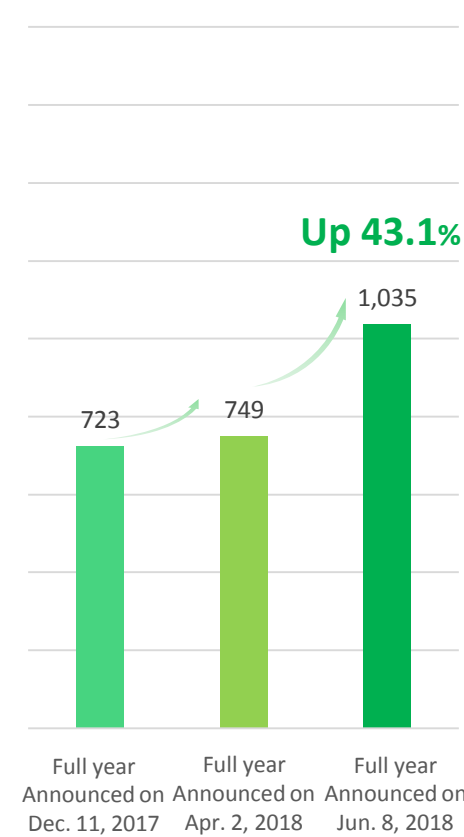
**Operating profit**



**Ordinary profit**



**Profit**



The full year forecast has been **increased** because of growth in the number of condominium units sold

**Sales** and **earnings** forecasts were **raised** to reflect strong sales to individuals and sales to real estate companies

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	Ordinary profit	1,030	1,072	Up 4.1%	1,510	480	Up 46.7%
	Profit	723	749	Up 3.6%	1,035	311	Up 43.1%

## Forecast **record-high** sales and earnings following two upward forecast revisions

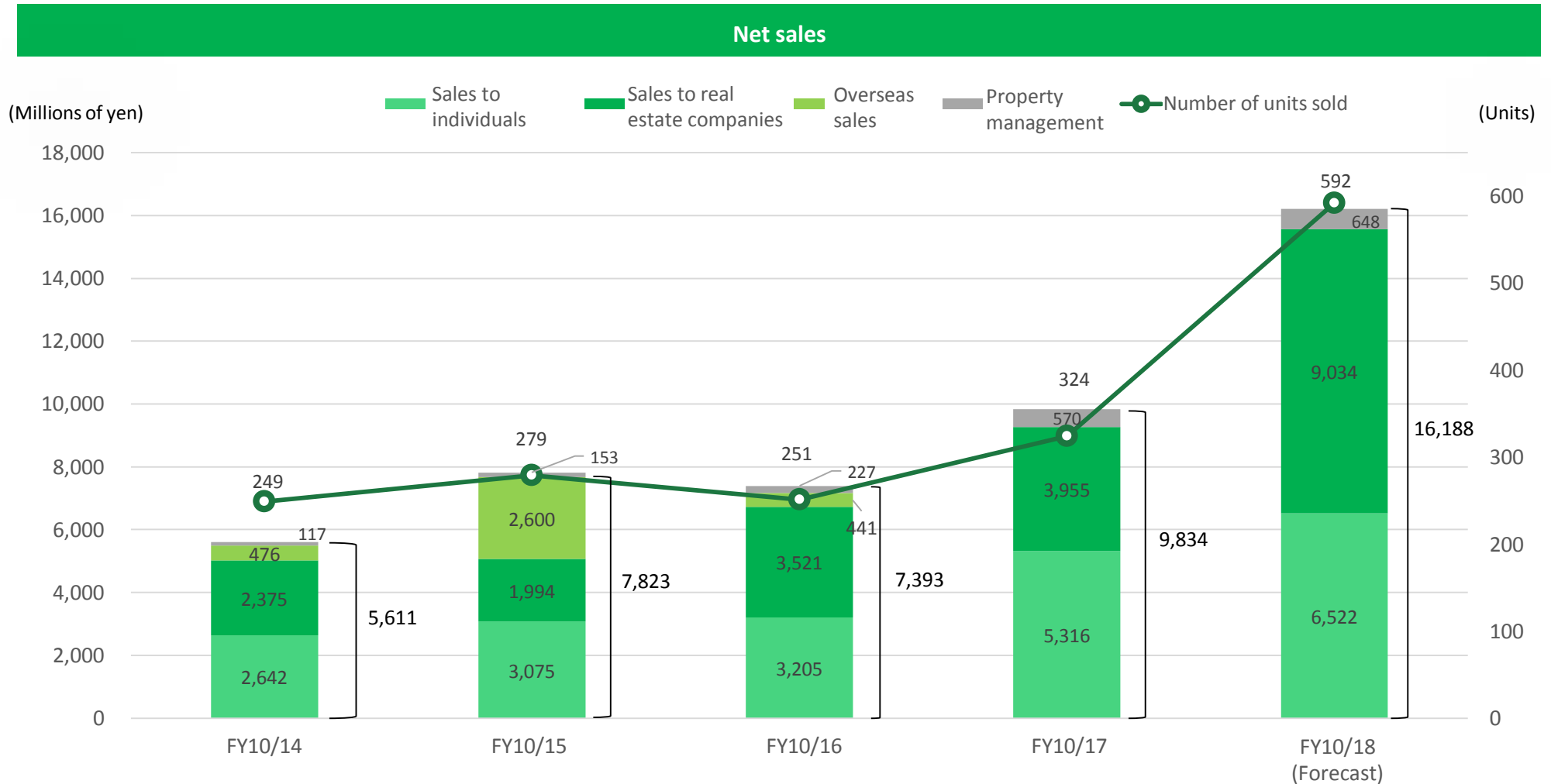
Millions of yen	FY10/17 results	FY10/18				
		1H		Full year		
		Results	Progress ratio	Forecast	Comp.	YoY change
<b>Net sales</b>	9,834	9,510	58.7%	16,188	-	Up 64.6%
<b>Operating profit</b>	907	991	61.2%	1,620	10.0%	Up 78.5%
<b>Ordinary profit</b>	820	924	61.2%	1,510	9.3%	Up 84.1%
<b>Profit</b>	620	635	61.4%	1,035	6.4%	Up 66.9%
<b>Net income per share</b>	106.11 yen	103.83 yen	-	154.60 yen	-	-
<b>Total number of units sold</b>	324 units	381 units				
<b>Sales to individuals</b>	160 units	103 units				
<b>Sales to real estate companies</b>	164 units	278 units				

\*First half net income per share has been calculated considering a public offering with a payment date of April 23, 2018.

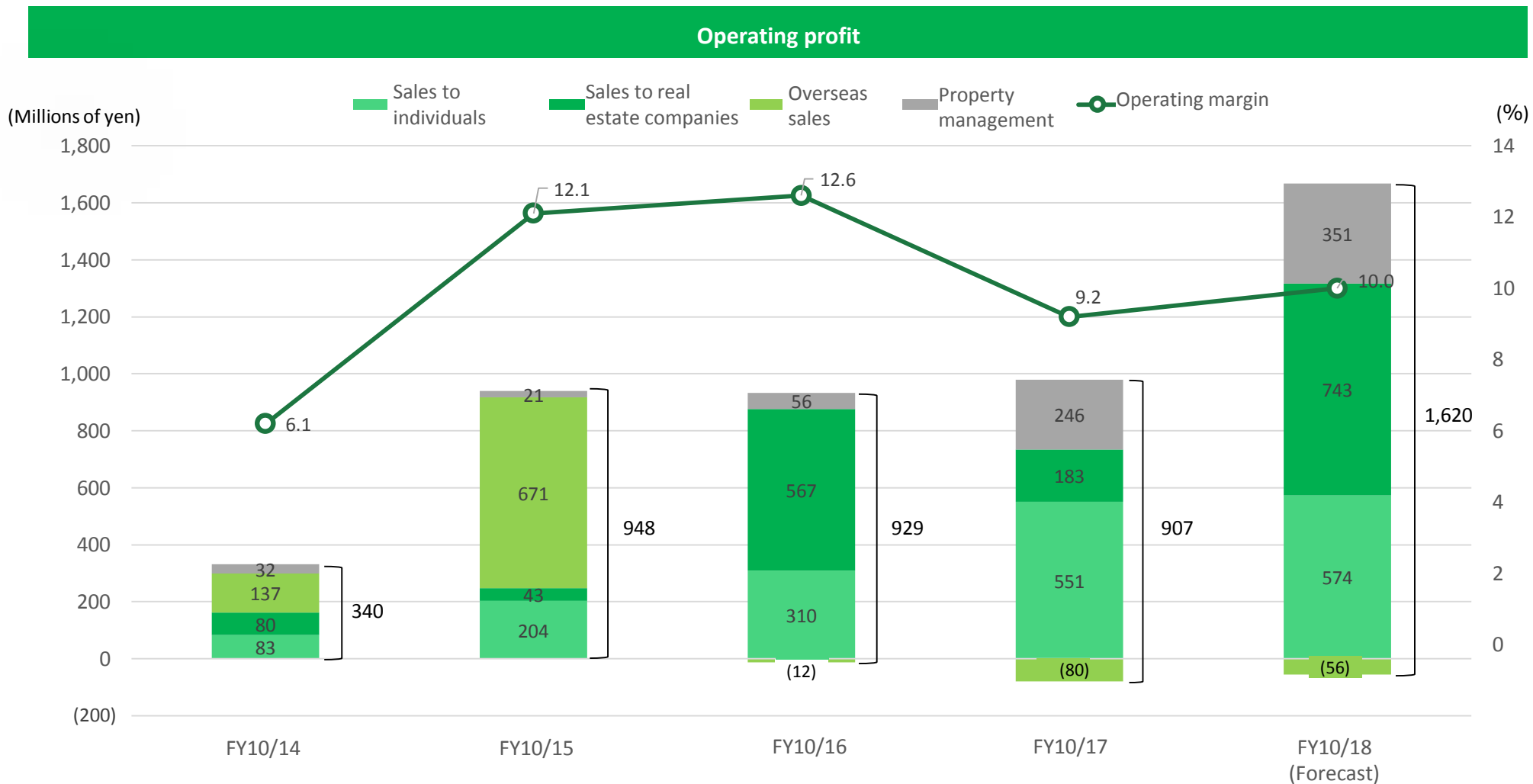
\*The full year net income per share forecast has been calculated considering a public offering with a payment date of April 23, 2018 and a third-party allotment with a payment date of May 15, 2018.

\*The progress ratio is first half sales and earnings as a percentage of the full year forecasts.

## Forecast record-high monetary sales and condominium unit sales



## Forecast record-high operating profit and higher operating margin



## Progress as planned with property acquisitions for upcoming projects

### FY10/17 sales

### Property sales planned for FY10/18 and afterward

Property name	Location	Number of units	Property name	Location	Number of units	Property name	Location	Number of units
Asakusabashi green veil	Taito-ku	45	Shinjuku green veil	Shinjuku-ku	47	Kameidosuijin II skygarden	Sumida-ku	42
Higashi-Nihombashi Ekimae green veil	Chuo-ku	80	Higashi-Nihombashi Ekimae green veil	Chuo-ku	80	Sumidagawa west skygarden	Arakawa-ku	64
Ryogoku II green veil	Sumida-ku	27	Koenji skygarden	Nakano-ku	20	Shinjuku Waseda green veil	Shinjuku-ku	65
Higashi Nippori green veil	Arakawa-ku	29	Asakusa II skygarden	Taito-ku	63	(Tentative name) Nishi Sugamo	Kita-ku	36
Asakusa II skygarden	Taito-ku	63	Asakusa III green veil	Taito-ku	83	(Tentative name) Omurai	Sumida-ku	33
Asakusa III green veil	Taito-ku	83	Todaimae green veil	Bunkyo-ku	39	(Tentative name) Nerima	Nerima-ku	116
Azabujuban green veil	Minato-ku	41	Megurominami green veil	Meguro-ku	39	Takanodai		
Todaimae green veil	Bunkyo-ku	39	Kawasaki Eki green veil	Kawasaki-shi	94	(Tentative name) Higashi Mukojima	Sumida-ku	90
Megurominami green veil	Meguro-ku	39	Kameidosuijin skygarden	Sumida-ku	57	(Tentative name) Higashi Kanda	Chiyoda-ku	69
Ojima Eki skygarden	Koto-ku	40	Itabashi west green veil	Itabashi-ku	131	(Tentative name) Chitosefunabashi	Setagaya-ku	36
Kawasaki Eki green veil	Kawasaki-shi	94	Setagaya Kinuta green veil	Setagaya-ku	48	(Tentative name) Musashiseki Koen	Nerima-ku	75
Itabashi west green veil	Itabashi-ku	131	Tabata II green veil	Kita-ku	48	(Tentative name) Kuramae	Taito-ku	44
Kameidosuijin skygarden	Sumida-ku	57	Komagome Eki green veil	Kita-ku	48	(Tentative name) Sasazuka	Shibuya-ku	43
Setagaya Kinuta green veil	Setagaya-ku	48	Sangenjaya green veil	Setagaya-ku	50	(Tentative name) Kojiya	Ota-ku	94
Tabata II green veil	Kita-ku	48	Komagome Eki II green veil	Bunkyo-ku	39	(Tentative name) Minowa	Taito-ku	60
<b>Total</b>		<b>324</b>						

\* The number of planned property sales may increase because of activities under way involving the purchase of properties and properties under construction.

## Transparency and distinctive well-balanced operations

**Achieve sustained growth of operations by creating well-balanced sales composition that matches the business climate**

### Sales to real estate companies

- A steady supply of properties due to a large number of development projects and property acquisitions
- Sell to other real estate companies properties where Good Com's own sales capabilities alone are insufficient

**\*The share of sales to real estate companies increases when Good Com also makes frequent use of the sales channels of other real estate companies**

### Sales to individuals

- Extend operations to all areas of Japan
- Strengthen recruiting and training activities for new college graduates

**\*The share of direct sales to individuals is high because of the strength of consumer spending in Japan in recent years**

### Overseas sales

- Determine sales activities while monitoring movements in foreign exchange rates
- Started holding seminars in Shanghai in FY10/18

**\*The share of sales to overseas individual investors increases when the yen weakens**

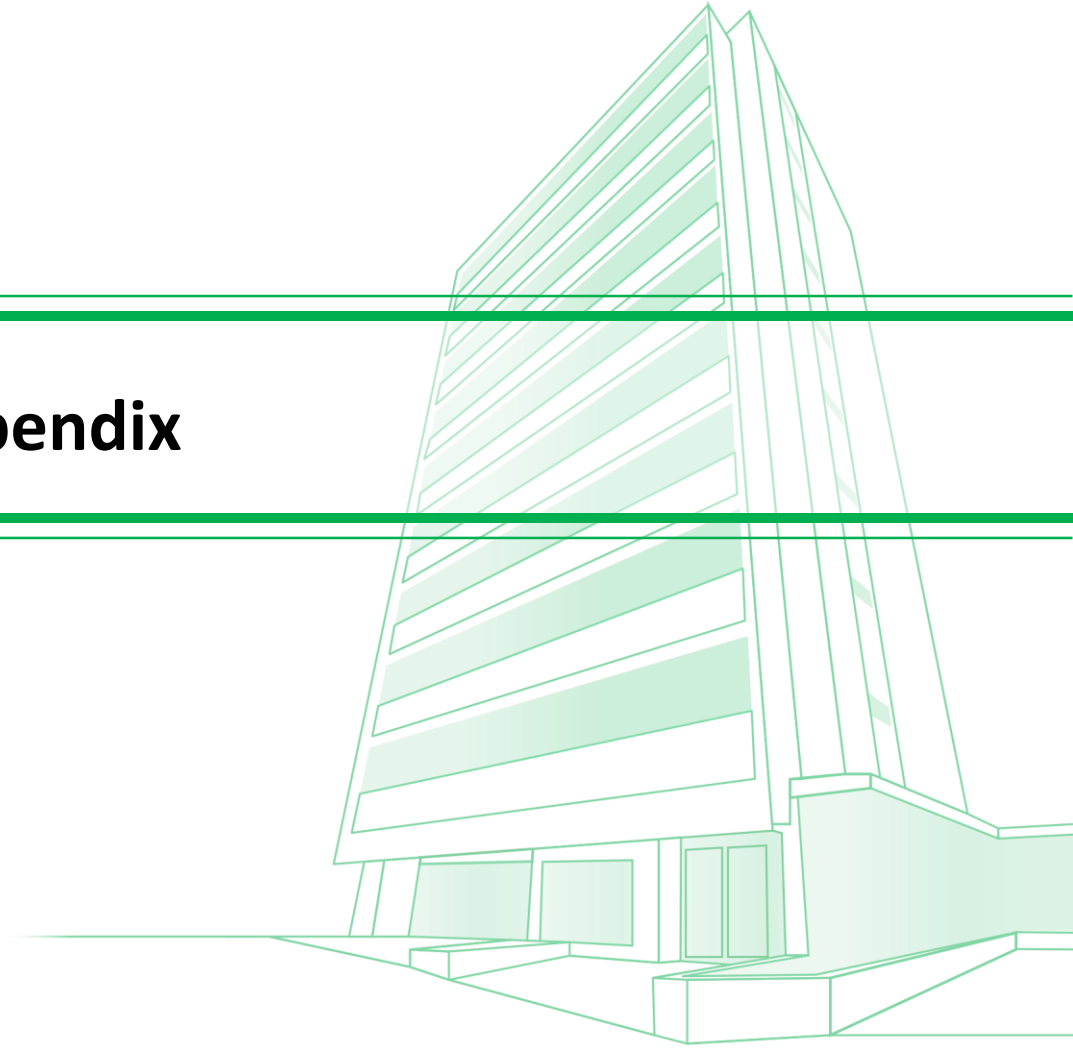
### Property management

- Use contracts with real estate leasing companies to maintain a high occupancy rate
- Steady growth in property management services

**Goal is more growth to raise market capitalization to ¥100 billion**



# Appendix



## Dividend

FY10/18: We plan to pay a year-end dividend of **¥35** per share.  
(Ordinary dividend of **¥25** per share + commemorative dividend of **¥10** per share for the TSE first section stock listing)

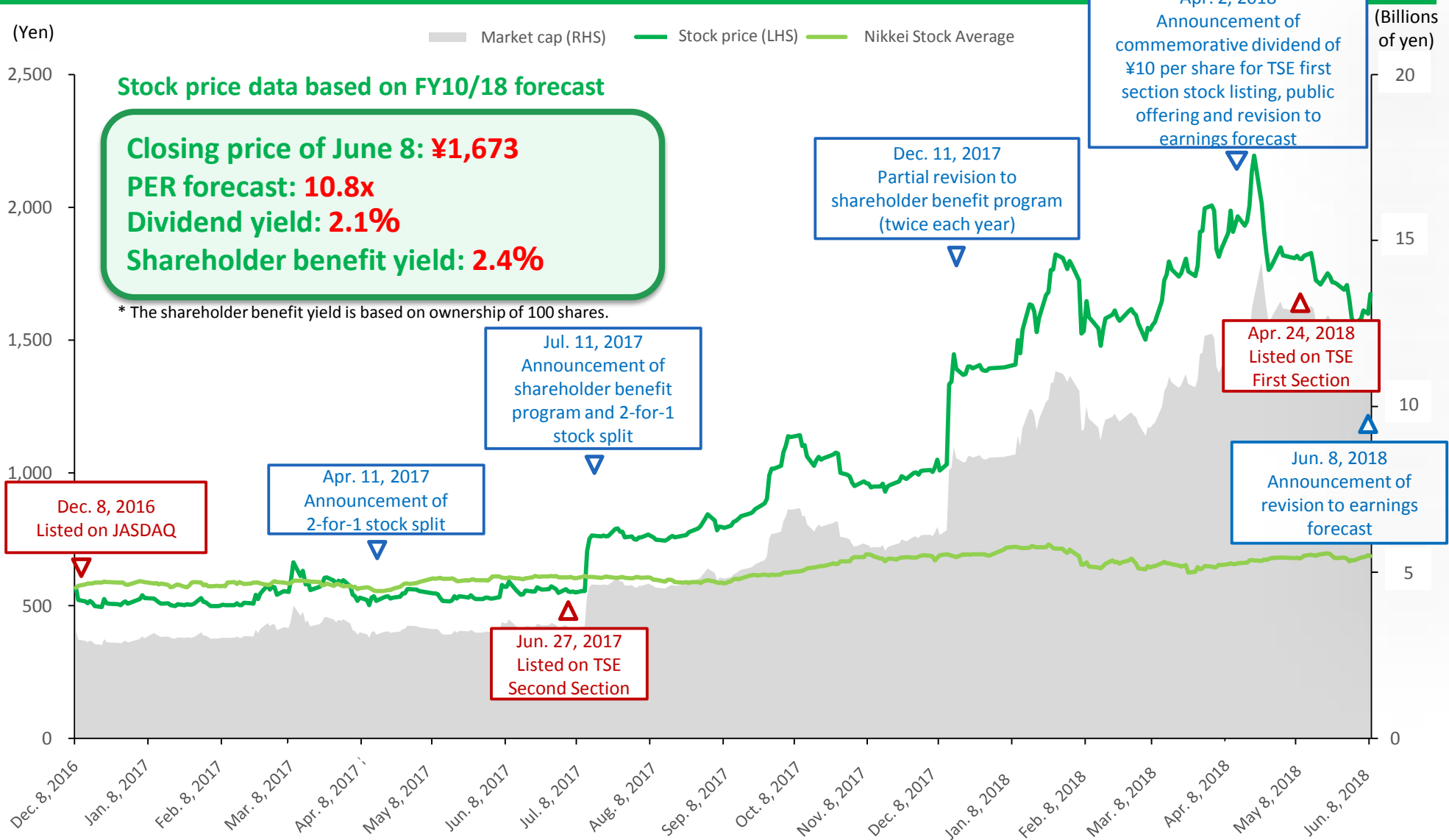
## Special Benefits for Shareholders

Shareholders as of the end of April and October 2018 who own at least 100 shares will receive our original QUO card worth **¥2,000 twice each year (total of ¥4,000)**.



\*The design may be changed without prior notice.

## Good Com stock price since the JASDAQ listing

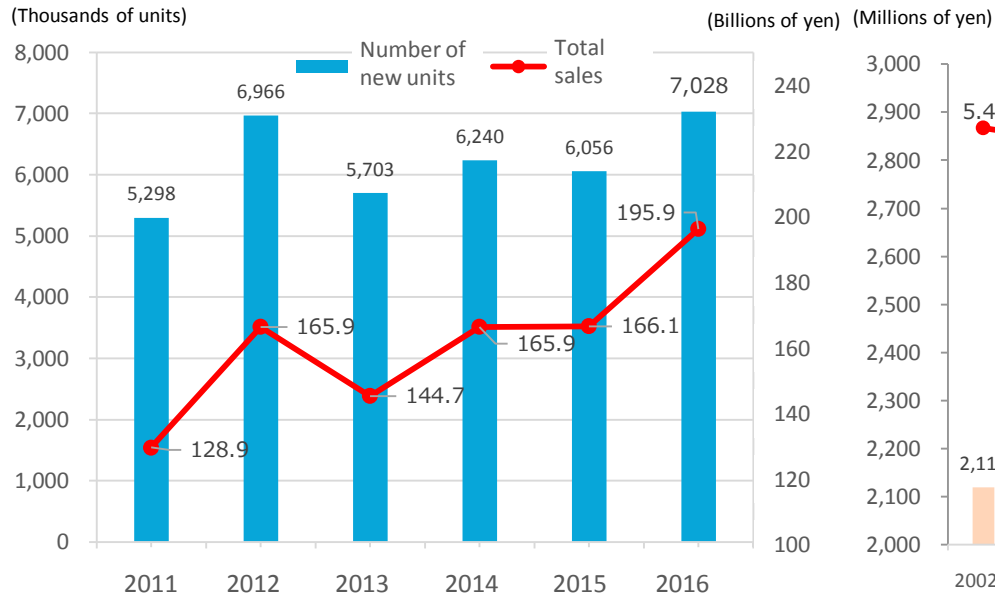


\* The Nikkei Stock Average is an index based on the Good Com stock price on Dec. 8, 2016.

<b>Company name</b>	Good Com Asset Co.,Ltd.
<b>Founded</b>	November 28, 2005
<b>Capital</b>	¥1,586.50 million (As of May 31, 2018)
<b>Representative</b>	Yoshikazu Nagashima, President and CEO
<b>Head office</b>	Sumitomo Fudosan Nishi-shinjuku Building, 7-20-1, Nishi-shinjuku, Shinjuku-ku, Tokyo
<b>Employees</b>	94 (As of April 30, 2018) *Consolidated
<b>Business</b>	Planning, development, sale and management of newly constructed condominiums using Good Com's Genovia brand
<b>Consolidated subsidiaries</b>	Good Com Co., Ltd. (Property management business) Taiwan Good Com., Ltd. (Taiwan subsidiary) Shanghai Good Com Business Consulting Co.,Ltd. (China subsidiary)
<b>Listed stock market</b>	First Section of the Tokyo Stock Exchange (Stock code: 3475)
<b>Shareholders</b>	16,471 (As of April 30, 2018)

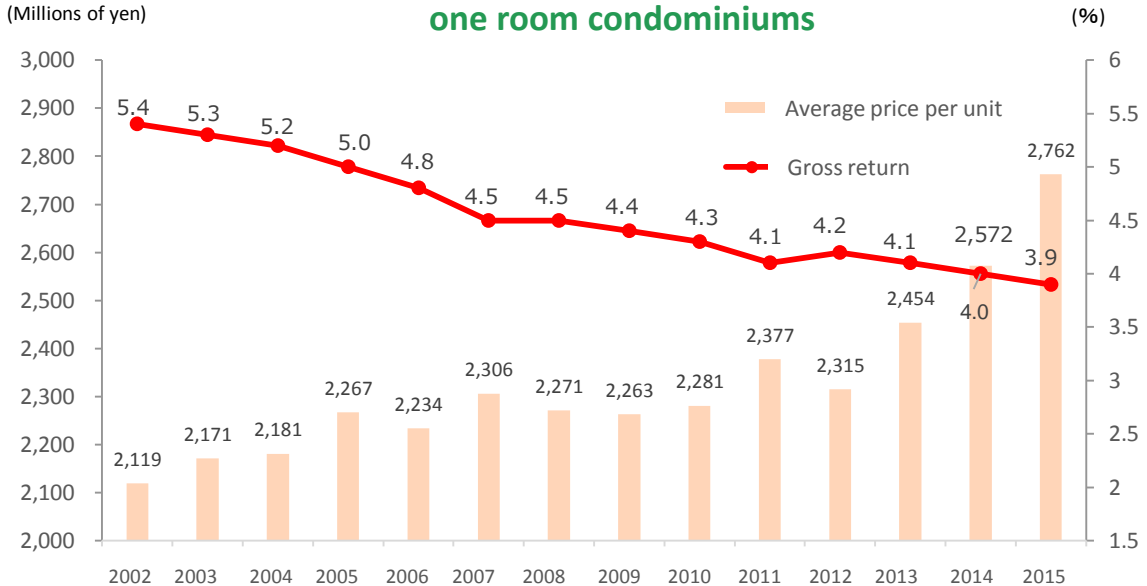
- Nov. 2005 Established Goodcom Asset Inc. with capital of ¥3 million
- Jan. 2006 Obtained a license for real estate transaction business
- Jan. 2008 Started sales of Good Com's original **Genovia** series condominiums
- Mar. 2008 Made Good Com Co., Ltd. a wholly owned subsidiary to operate the property management business (leasing and management services)  
→Obtained licenses for real estate transaction and condominium management businesses
- Jul. 2011 Started use of wall vegetation (current **green veil** brand)
- Mar. 2015 Started use of rooftop greenery (**skygarden** brand)
- Mar. 2015 Established subsidiary Taiwan Good Com., Ltd. in Taipei, Taiwan
- Dec. 2016 **Listed in the JASDAQ (standard) market of the Tokyo Stock Exchange**
- May 2017 Established subsidiary Shanghai Good Com Business Consulting Co.,Ltd. in Shanghai, China
- Jun. 2017 **Listing moved to the Second Section of the Tokyo Stock Exchange**
- Apr. 2018 **Listed on the First Section of the Tokyo Stock Exchange**

### The Tokyo area investment condominium market



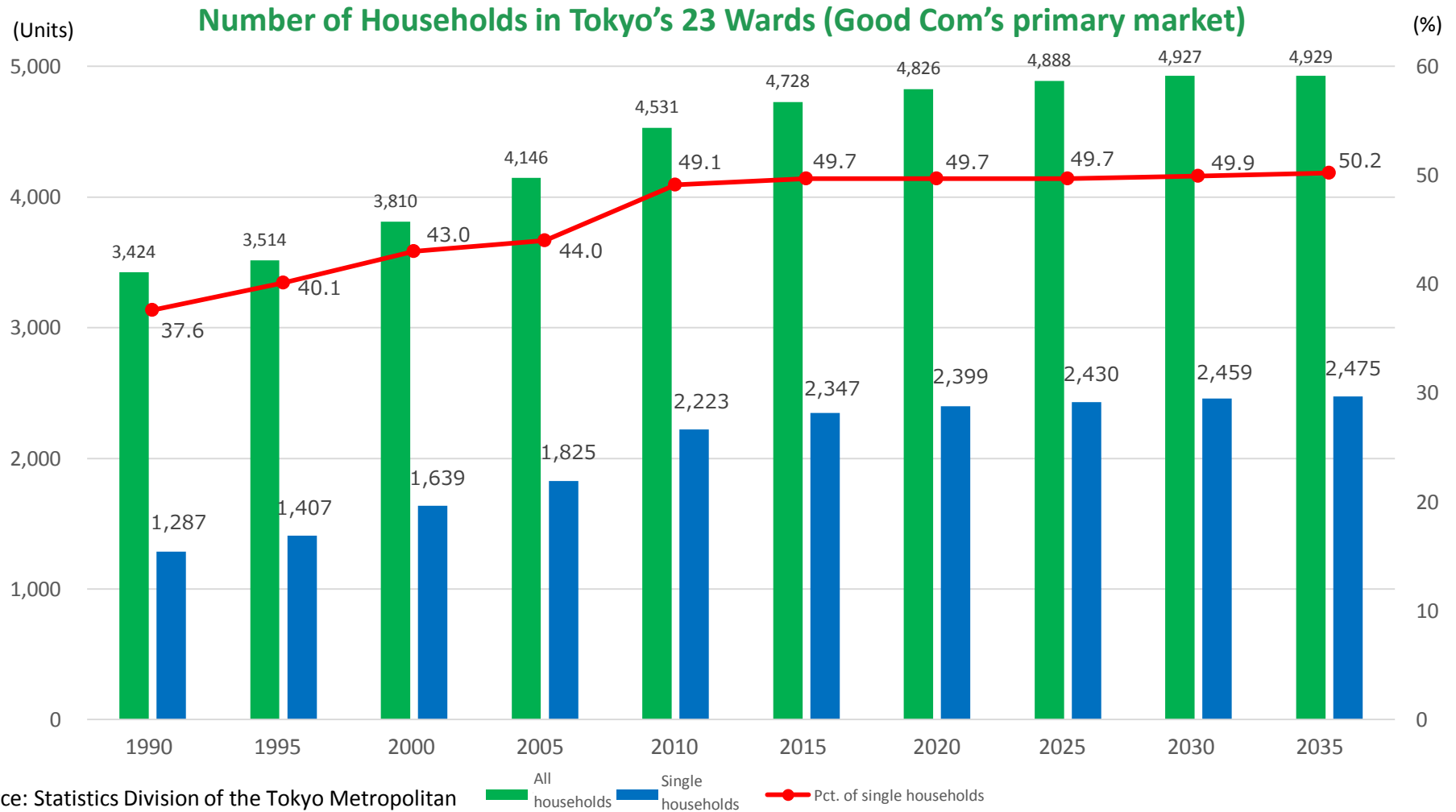
Source: Real Estate Economic Institute Co., Ltd., The trend of the Tokyo area investment condominium market

### Average price and gross return for Tokyo area one room condominiums



Source: TOKYO KANTEI Co., Ltd., The trend of the Tokyo area investment condominium market

There was very little change in the Tokyo area's investment condominium market in 2015 in terms of the number of new units and total sales. In 2016, the number of new units and sales increased. The average price of one room condominiums in Tokyo area has been climbing steadily since 2002 but the average return has been declining. An increasing volume of land is being converted from agriculture to housing because of an amendment to Japan's Productive Green Land Act that will take effect in 2022. This is providing more opportunities for Good Com to purchase land and improving returns on condominiums.



**Single households in Tokyo's 23 wards are forecast to increase from 2.34 million in 2015 to about 2.47 million in 2035, a difference of 130,000. This is expected to create more demand for one room condominiums.**

## Precautions

This presentation includes forward-looking statements that are based on the judgments of Good Com by using information that is currently available. The outlook may become different due to changes in the economy, industries associated with Good Com's business operations, the performance of Good Com or other items. As a result, there are risks and uncertainties concerning these forward-looking statements and actual results of operations may differ from these statements.

## IR Contact:

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