

Good Com Asset Co., Ltd.



December 12, 2018

FY10/18

Financial Results

**Results of Operations
for the Fiscal Year Ended October 31, 2018**

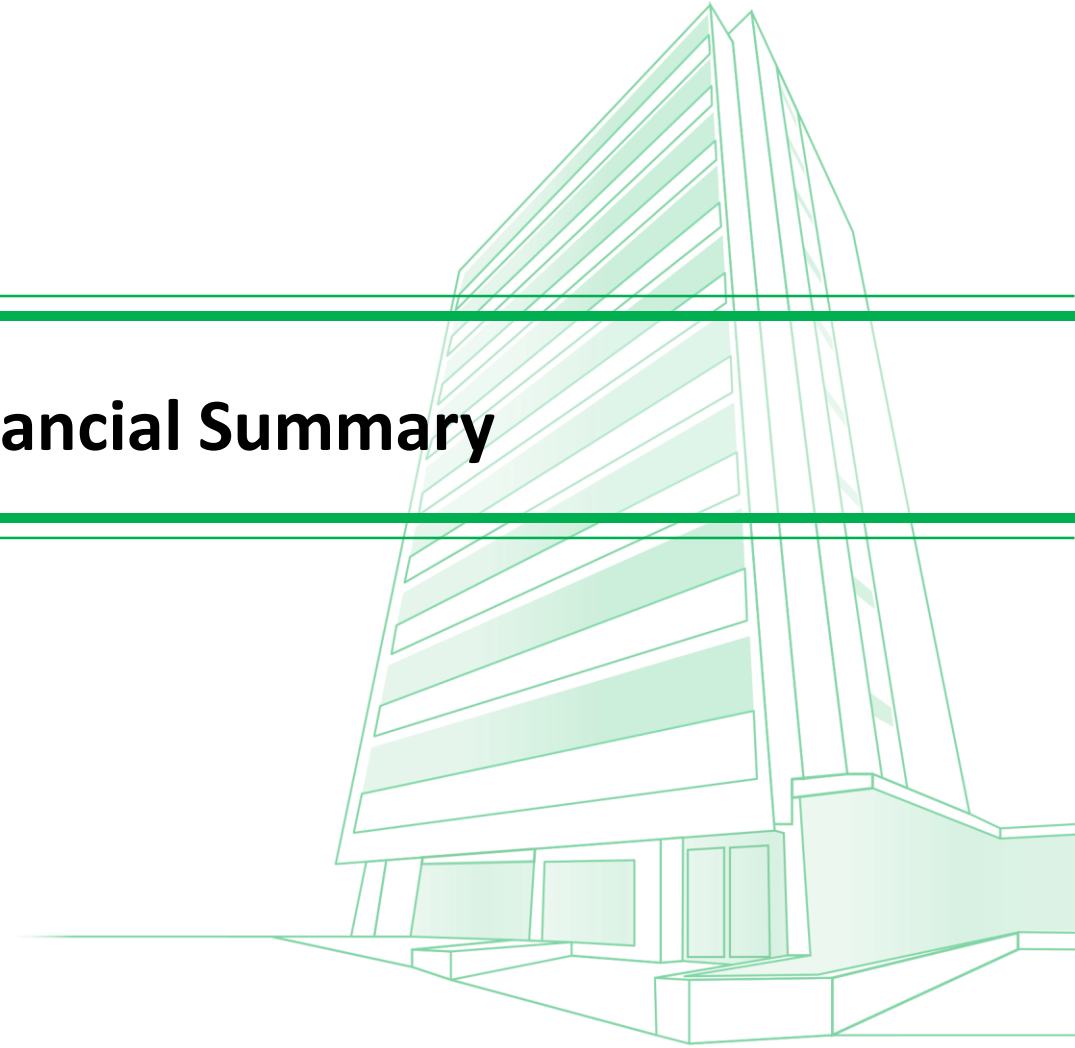
Good Com Asset Co., Ltd. (Listed on TSE First Section, Code: 3475)



I. FY10/18 Financial Summary	P. 3
II. Characteristics of Business Activities	P. 9
III. FY10/19 Earnings Forecast	P. 17
Appendix	P. 27

* Figures are on a consolidated basis unless otherwise stated.

I. FY10/18 Financial Summary



Executive Summary

Both sales and earnings **increased** to a **record high**

FY10/18 financial highlights

- Net sales: **¥16.81bn**, Operating profit: **¥1.67bn**, Ordinary profit: **¥1.56bn**, Profit: **¥1.07bn**
(Net sales: ¥9.83bn, Operating profit: ¥0.9bn, Ordinary profit: ¥0.82bn, Profit: ¥0.62bn in FY10/17)
- **18 buildings** and **626 units** were sold due to strong sales to real estate companies and sales to individuals
(15 buildings and 324 units in FY10/17)
- Purchased **22 buildings** (total of **1,117 units**)
(8 buildings and total of 499 units in FY10/17)
- The equity ratio increased to **51.1%** due to issuance of new shares through a public offering
(25.7% at the end of FY10/17)

Topics

- Formed a business alliance with Crypton Future Media, Inc. to start real estate technology business

Consolidated Statement of Income (1)

**Sales increased 71.0% and operating profit increased 84.9%
from one year earlier**

Millions of yen	FY10/17	FY10/18	YoY change (amount)	YoY change (%)
Net sales	9,834	16,817	6,983	Up 71.0%
Sales to individuals	5,316	6,431	1,115	Up 21.0%
Sales to real estate companies	3,955	9,758	5,802	Up 146.7%
Property management	570	643	72	Up 12.7%
Overseas sales	-	-	-	-
Cost of sales	7,633	13,640	6,007	Up 78.7%
SG&A expenses	1,292	1,498	205	Up 15.9%
Operating profit	907	1,678	770	Up 84.9%
Sales to individuals	551	562	11	Up 2.0%
Sales to real estate companies	183	820	637	Up 348.2%
Property management	246	342	96	Up 39.3%
Overseas sales	(80)	(54)	25	-
Ordinary profit	820	1,567	746	Up 91.0%
Profit	620	1,071	451	Up 72.8%

Sales increased due to strong sales to individuals and especially to real estate companies



Sales to individuals: 207 units vs. 160 units one year earlier

Sales to real estate companies: 419 units vs. 164 units one year earlier

Total: 626 units vs. 324 units one year earlier

Operating margin increased due to improved profit margin in sales to real estate companies and lower proportion of fixed cost



Operating margin increased to 10.0% from 9.2% one year earlier

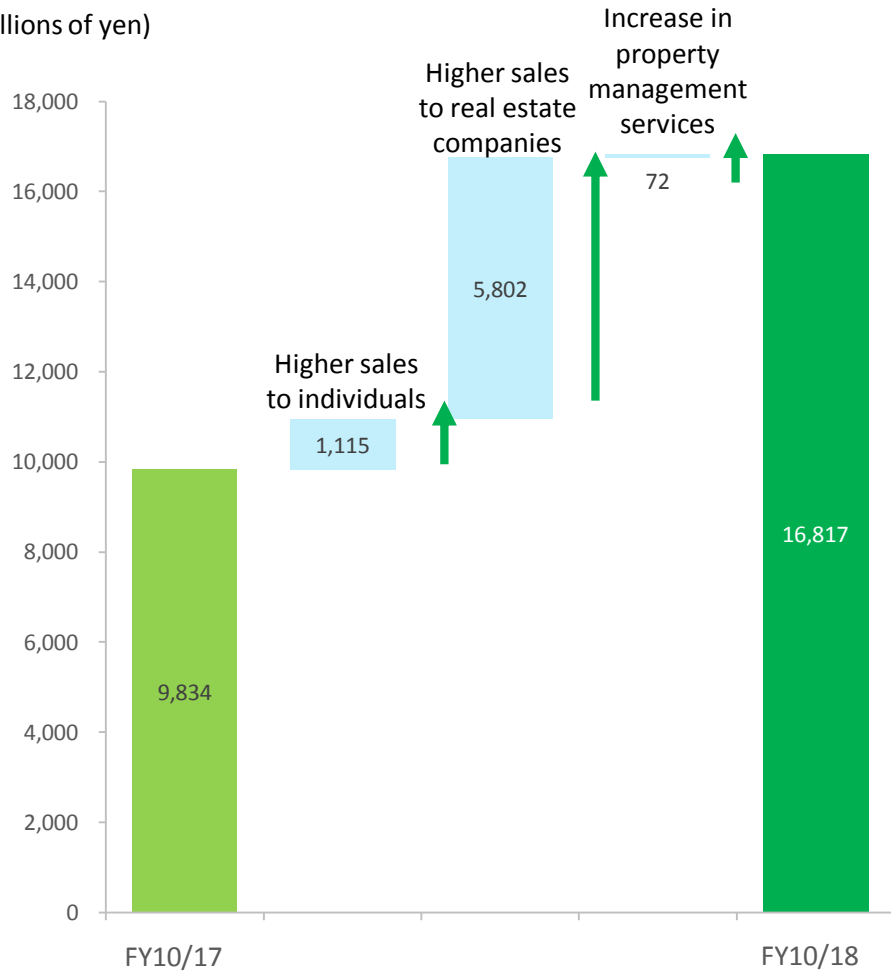
*Total may not match the sum of individual items due to inter-segment transactions.

Consolidated Statement of Income (2)

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

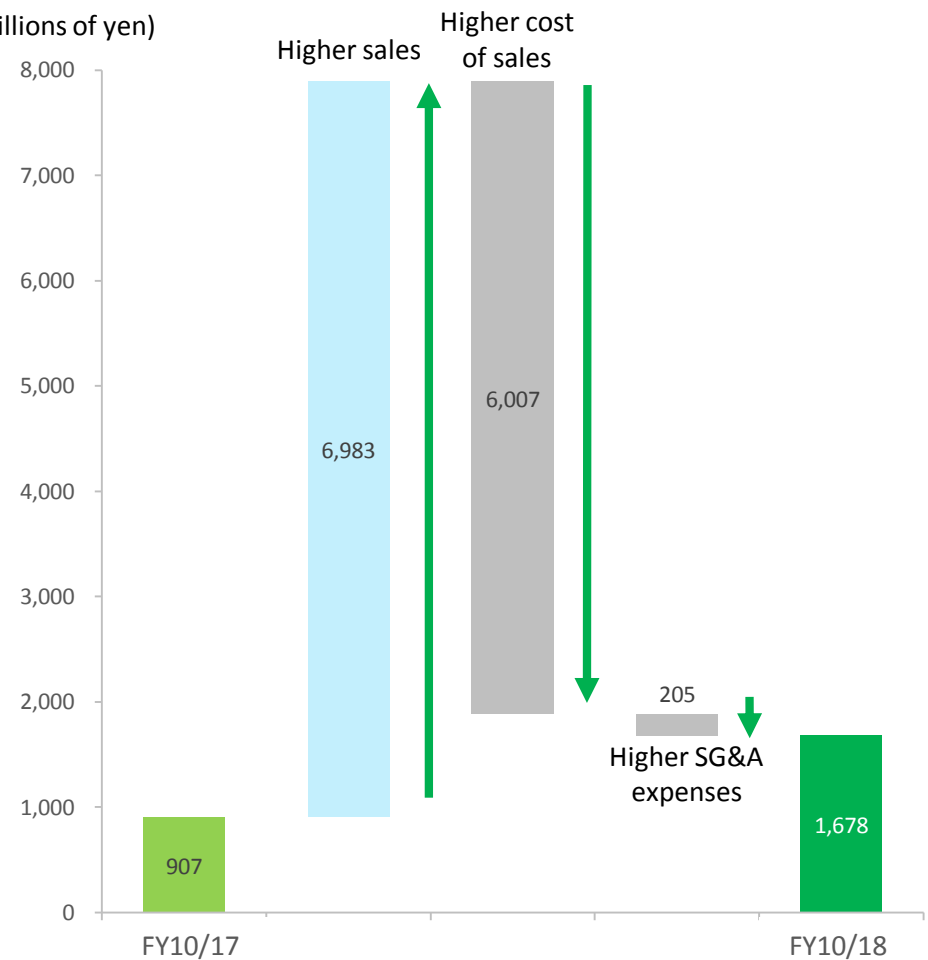
Change in net sales

(Millions of yen)



Change in operating profit

(Millions of yen)



*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 Oct. 31, 2018	YoY change
Current assets	12,539	12,358	(181)
Cash and deposits	2,539	5,834	3,295
Inventories	9,421	5,644	(3,776)
Non-current assets	74	76	2
Total assets	12,613	12,434	(178)
Liabilities	9,372	6,078	(3,294)
Interest-bearing debt	8,867	4,997	(3,870)
Net assets	3,241	6,356	3,115
Total liabilities and net assets	12,613	12,434	(178)
Equity ratio	25.7%	51.1%	25.4pt
Dependence on interest-bearing debt	70.3%	40.2%	(30.1)pt

Cash and deposits increased
due to the public offering of stock and higher sales

Inventories decreased
due to the higher number of units sold

Interest-bearing debt decreased
because more debt was repaid due to the higher number of units sold

Net assets increased
because capital stock and capital surplus increased as a result of the public offering of stock and due to an increase in retained earnings

Equity ratio increased while dependence on interest-bearing debt decreased
because of the public offering of stock, an increase in retained earnings, and repayment of loans

Consolidated Statement of Cash Flows

Millions of yen	FY10/17	FY10/18	YoY change
Cash flows from operating activities	(5,501)	5,165	10,667
Cash flows from investing activities	80	(25)	(106)
Cash flows from financing activities	6,546	(1,843)	(8,389)
Cash and cash equivalents	2,519	5,814	3,295

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 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 attract repeat buyers and use the same construction companies
- 76.2% of projects used a construction company for at least the second time and 45.4% 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

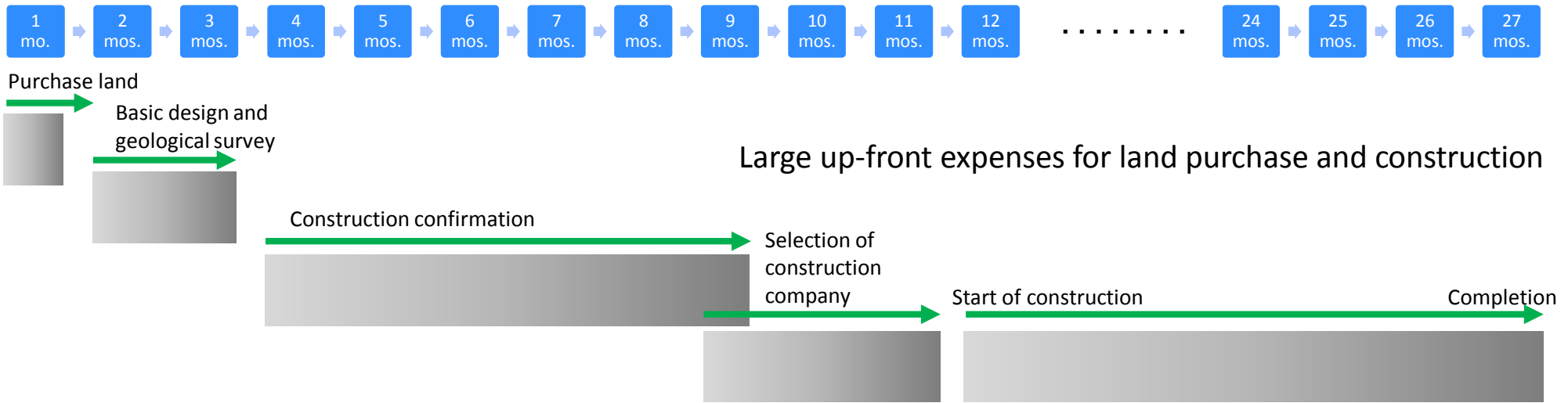
- A large selection of properties: Buildings have 1K, 1LDK and 2LDK configurations; Leased area is 20m² to 60m²; Prices are between about ¥20 million and ¥50 million
- Location: Mainly in Tokyo’s 23 wards and on sites within a 10-minute walk of a train station (Good Com does not purchase existing condominium buildings)

*Performance in FY10/18

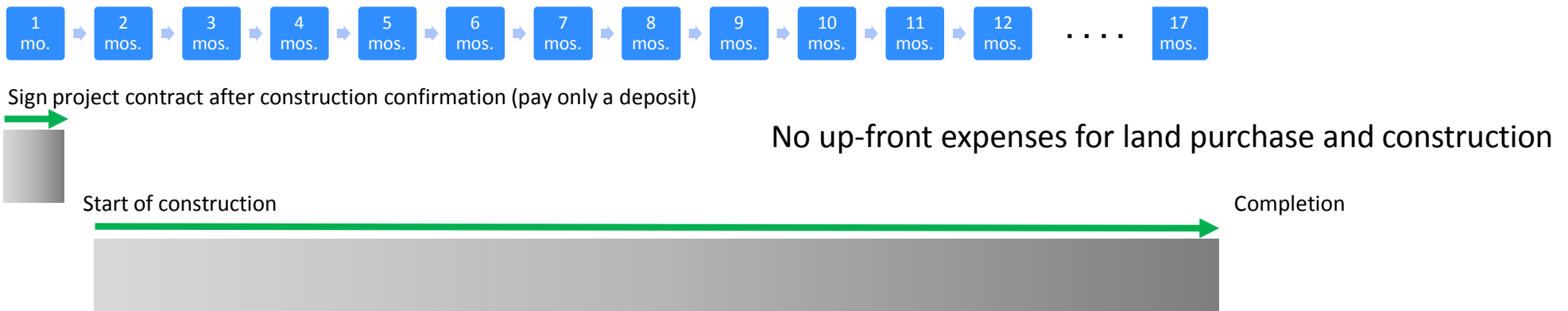
Scheme for Using Single-owner Projects for More Efficient Use of Capital

Purchasing properties as single-owner projects **reduces** personnel and other up-front expenses and **increase** capital efficiency

Timetable of a typical development project



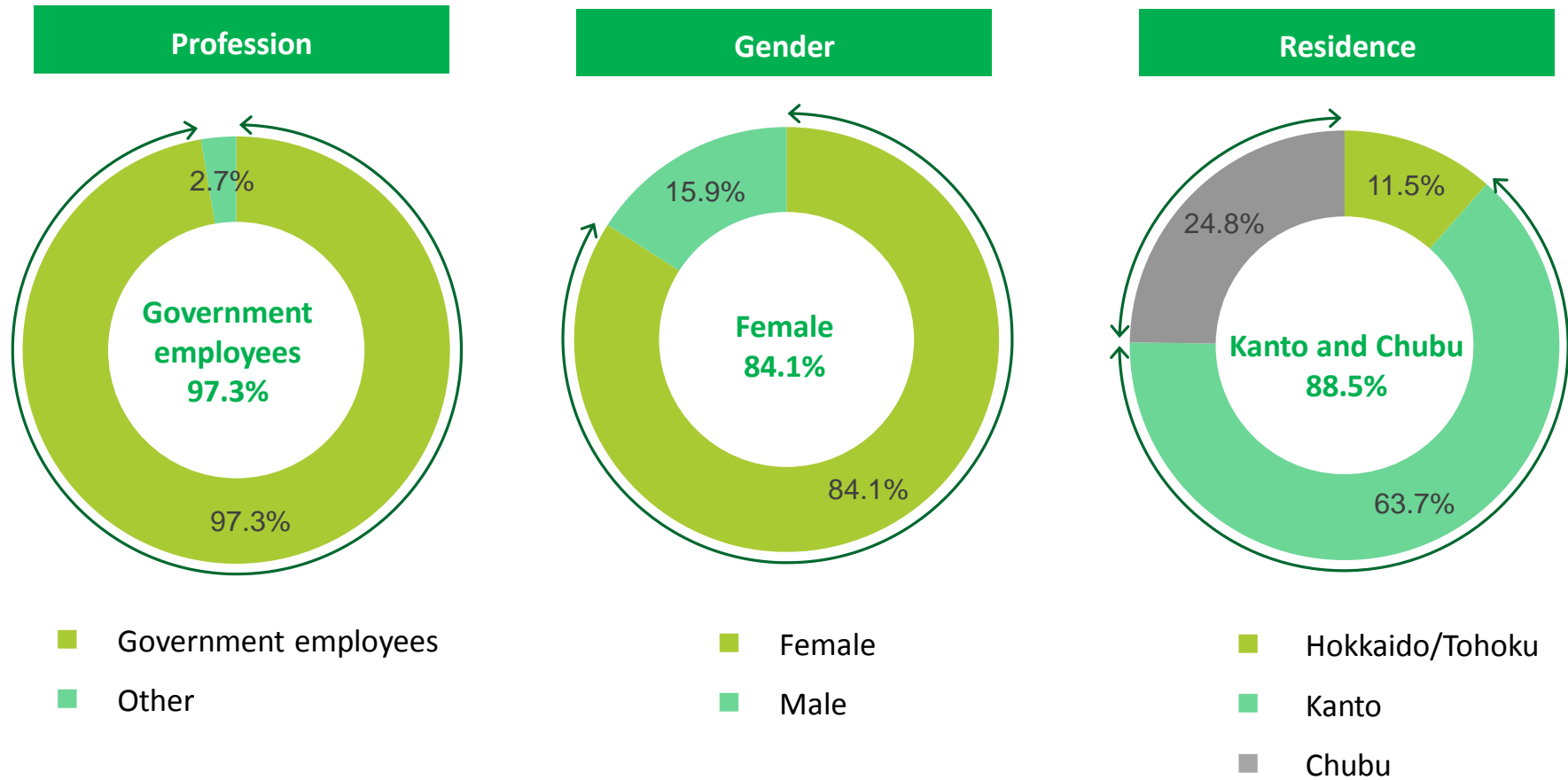
Timetable of a single-owner project



Customer Attributes (1)



Major customers are **female government employees** in the **Kanto and Chubu** regions



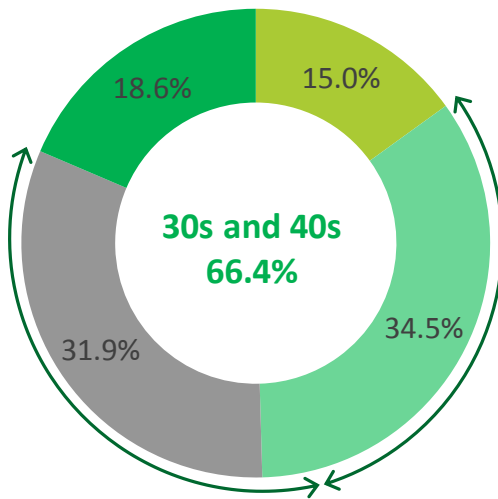
* FY10/18 sales to individuals in Japan

Customer Attributes (2)



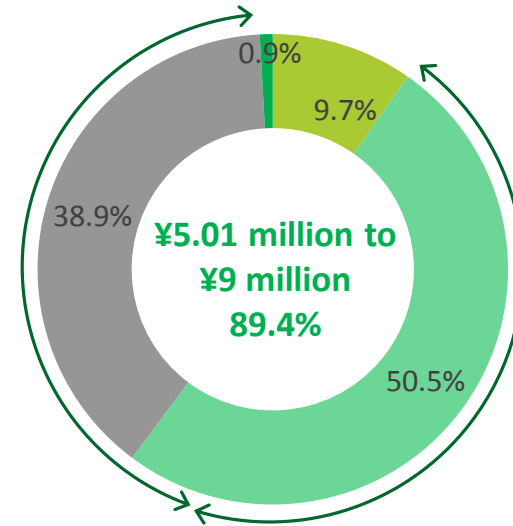
Major customers are in their 30s and 40s

Age



- Age 29 and younger
- 30s
- 40s
- 50s and older

Annual income



- Up to ¥5 million
- ¥5.01 million to ¥7 million
- ¥7.01 million to ¥9 million
- ¥9.01 million to ¥10 million

* FY10/18 sales to individuals in Japan

Reasons to Purchase Properties

Purchase scheme **using a life insurance policy**

- A buyer obtains a housing loan from a financial institution that includes group credit life insurance coverage.
- **This life insurance policy pays the remainder of the loan** if the borrower **dies** or **is severely disabled**.
- Family members inherit the property and receive a steady income stream.

Events for the payment of group credit life insurance benefits by financial institutions

Example 1

Borrower is unable to work for at least one year due to **cancer, stroke, acute myocardial infarction, hypertension, diabetes, chronic renal failure, hepatic cirrhosis or chronic pancreatitis (eight serious medical condition)**

Example 2

Borrower is designated as requiring at least level 3 nursing care or the borrower requires the specified **nursing care level** for 180 consecutive days

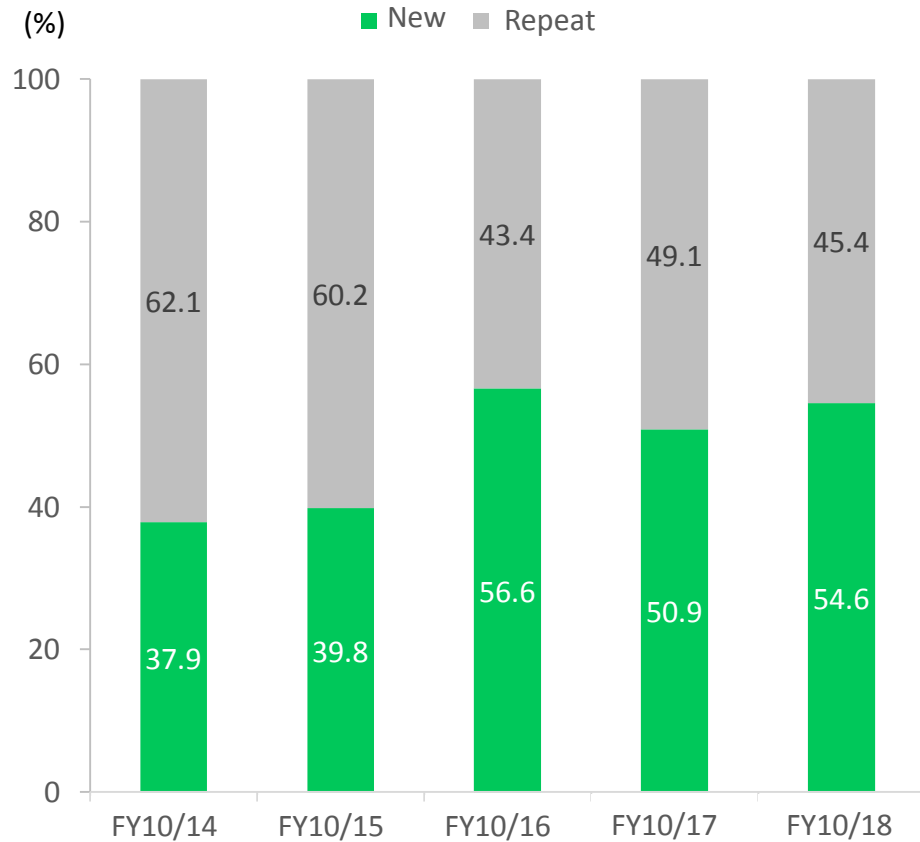
Example 3

Borrower is given a **definitive diagnosis** of **cancer** (specified malignant neoplasm)

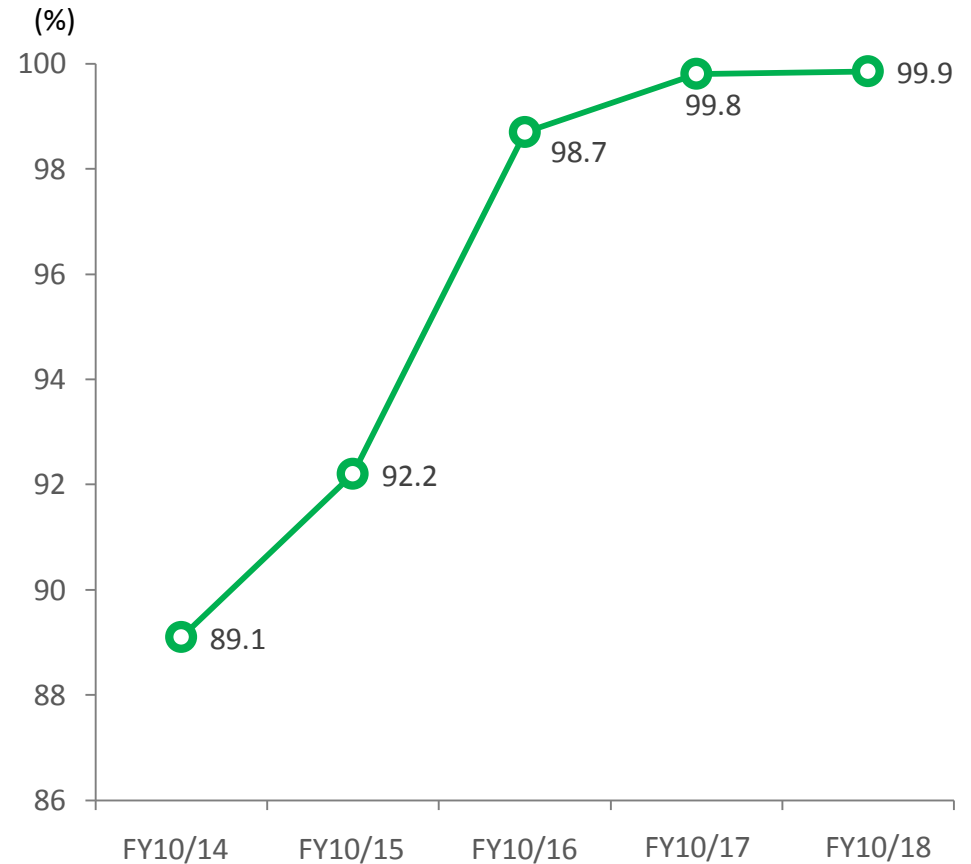
Repeat Buyers and Occupancy Rate

New buyers increased to **54.6%** and the occupancy rate is consistently high

The increasing share of new buyers



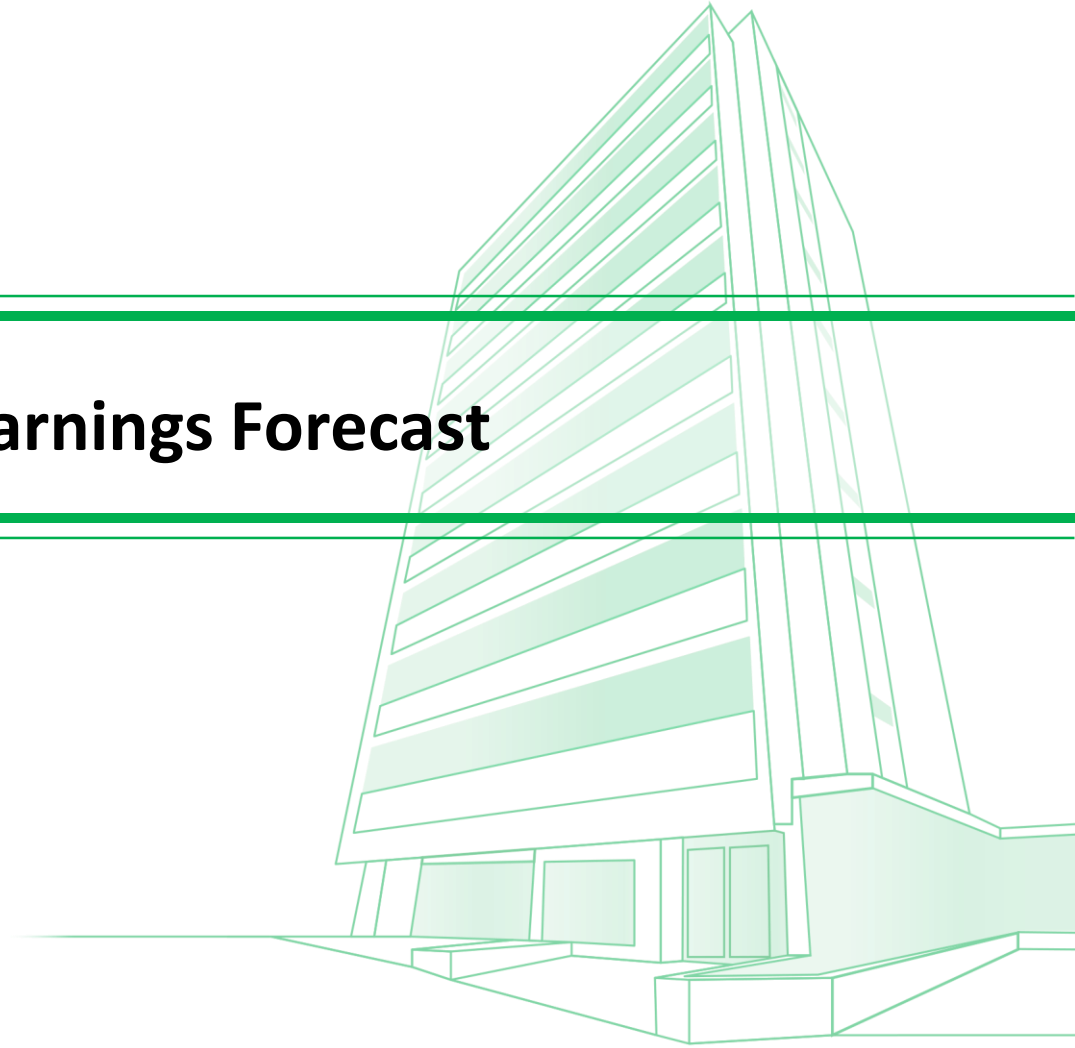
Occupancy rate



* Results of sales to individuals in Japan

* Results at the fiscal year end

III. FY10/19 Earnings Forecast



Sales are expected to concentrate on the **second half**
 Forecast **higher sales and earnings (new record highs)**

First half

Millions of yen	First three months			First half		
	FY10/18	FY10/19	YoY change	FY10/18	FY10/19	YoY change
Net sales	3,467	3,919	113.0%	9,510	7,309	76.9%
Operating profit	427	382	89.4%	991	701	70.7%
Ordinary profit	396	363	91.8%	924	665	72.0%
Profit	277	248	89.7%	635	455	71.6%

Second half

Millions of yen	First nine months			Full year		
	FY10/18	FY10/19	YoY change	FY10/18	FY10/19	YoY change
Net sales	13,995	12,833	91.7%	16,817	23,166	137.7%
Operating profit	1,432	1,084	75.7%	1,678	1,701	101.4%
Ordinary profit	1,345	1,030	76.6%	1,567	1,627	103.9%
Profit	923	704	76.3%	1,071	1,113	103.9%

FY10/18 sales concentrated on the **second quarter** and
 FY10/19 sales are expected to concentrate on the **fourth quarter**

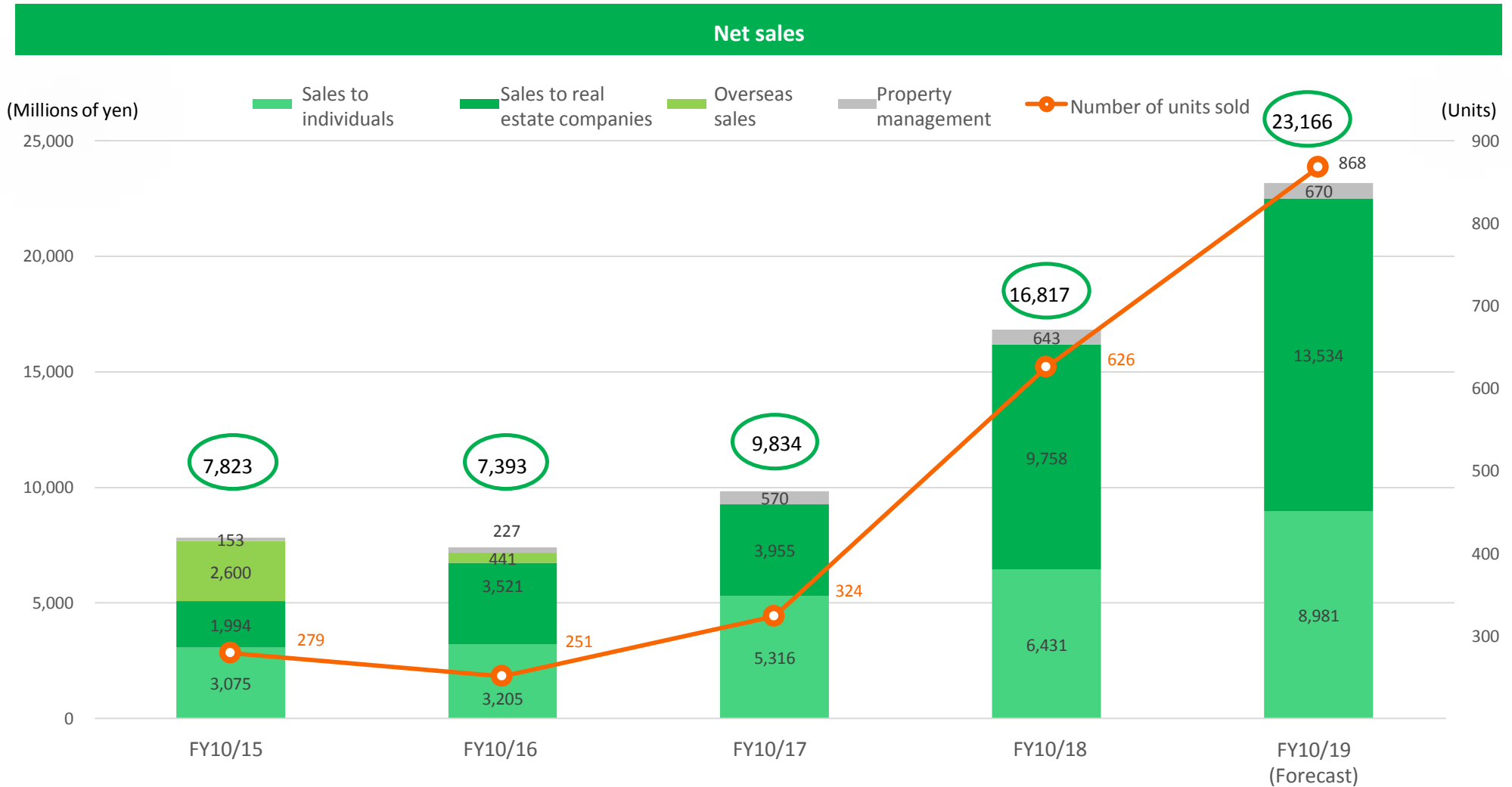
First half

Millions of yen	1Q				2Q			
	FY10/18	FY10/19	YoY change	Comp.	FY10/18	FY10/19	YoY change	Comp.
Net sales	3,467	3,919	113.0%	16.9%	6,042	3,389	56.1%	14.6%
Operating profit	427	382	89.4%	22.4%	564	319	56.6%	18.8%
Ordinary profit	396	363	91.8%	22.3%	528	302	57.2%	18.6%
Profit	277	248	89.7%	22.3%	358	206	57.7%	18.6%

Second half

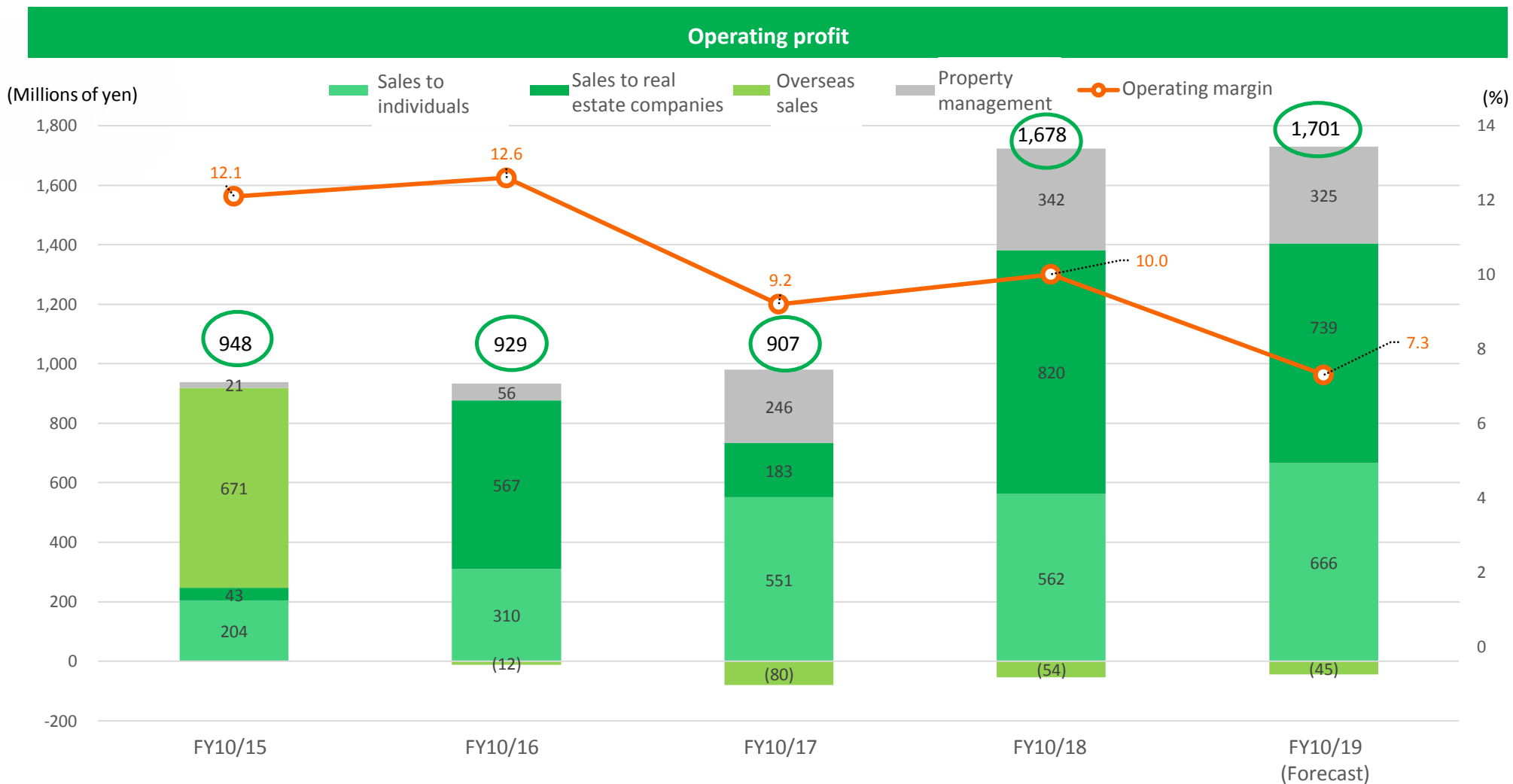
Millions of yen	3Q				4Q			
	FY10/18	FY10/19	YoY change	Comp.	FY10/18	FY10/19	YoY change	Comp.
Net sales	4,484	5,524	123.2%	23.9%	2,822	10,333	366.1%	44.6%
Operating profit	440	382	87.0%	22.5%	246	616	250.4%	36.3%
Ordinary profit	420	364	86.6%	22.4%	221	597	269.7%	36.7%
Profit	287	249	86.5%	22.4%	148	408	275.7%	36.7%

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



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

Forecast record-high operating profit



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

Progress as planned with acquisition of properties to be sold in FY10/19 and afterward

FY10/18 sales

Property name	Location	Number of units
Higashi-Nihombashi Ekimae green veil	Chuo-ku	80
Asakusa II skygarden	Taito-ku	63
Asakusa III green veil	Taito-ku	83
Kawasaki Eki green veil	Kawasaki-shi	94
Itabashi west green veil	Itabashi-ku	131
Kameidosuijin skygarden	Sumida-ku	57
Setagaya Kinuta green veil	Setagaya-ku	48
Tabata II green veil *	Kita-ku	48
Komagome Eki green veil *	Kita-ku	48
Sangenjaya green veil	Setagaya-ku	50
Komagome Eki II green veil	Bunkyo-ku	39
Kameidosuijin II skygarden	Sumida-ku	42
Sumidagawa west skygarden	Arakawa-ku	64
Shinjuku Waseda green veil	Shinjuku-ku	65
Nishi Sugamo	Kita-ku	36
Sumida Bunka skygarden	Sumida-ku	33
Setagaya Sakuragaoka skygarden	Setagaya-ku	36
Asakusa Kuramae skygarden	Taito-ku	44
FY10/18 Total number of units sold		626

Property sales planned for FY10/19 and afterward

Property name	Location	Number of units
Shinjuku green veil *	Shinjuku-ku	47
Higashi-Nihombashi Ekimae green veil	Chuo-ku	80
Koenji skygarden	Nakano-ku	20
Asakusa II skygarden	Taito-ku	63
Todaimae green veil	Bunkyo-ku	39
Megurominami green veil *	Meguro-ku	39
Kameidosuijin skygarden	Sumida-ku	57
Komagome Eki green veil *	Kita-ku	48
Sangenjaya green veil	Setagaya-ku	50
Komagome Eki II green veil	Bunkyo-ku	39
Kameidosuijin II skygarden	Sumida-ku	42
Sumidagawa west skygarden	Arakawa-ku	64
Shinjuku Waseda green veil	Shinjuku-ku	65
Sumida Bunka skygarden	Sumida-ku	33
Setagaya Sakuragaoka skygarden	Setagaya-ku	36
Asakusa Kuramae skygarden	Taito-ku	44
(Tentative name) Nerima Takanodai	Nerima-ku	116
(Tentative name) Higashi Mukojima	Sumida-ku	90
(Tentative name) Higashi Kanda	Chiyoda-ku	130
(Tentative name) Musashiseki Koen	Nerima-ku	75

Property name	Location	Number of units
(Tentative name) Sasazuka	Shibuya-ku	43
(Tentative name) Kojiya	Ota-ku	94
(Tentative name) Minowa	Taito-ku	60
(Tentative name) Okachimachi	Taito-ku	27
(Tentative name) Yotsuya 3-chome	Shinjuku-ku	73
(Tentative name) Asakusa IV	Taito-ku	49
(Tentative name) Shimoochiai	Shinjuku-ku	34
(Tentative name) Tabata III	Kita-ku	38
(Tentative name) Ueno	Taito-ku	29
(Tentative name) Ryogoku III	Sumida-ku	19
(Tentative name) Minowa II	Taito-ku	68
(Tentative name) Shin-Nakano	Nakano-ku	37
(Tentative name) Yahiro	Sumida-ku	93
(Tentative name) Ryogoku IV	Sumida-ku	26
(Tentative name) Kinshicho	Sumida-ku	27
(Tentative name) Saginomiya	Nakano-ku	57
(Tentative name) Senjuohashi	Adachi-ku	59
(Tentative name) Tsurumiichiba	Yokohama-shi	65
(Tentative name) Suitengu	Koto-ku	40
(Tentative name) Akihabara	Taito-ku	29

Development projects are marked with *.

Transparency and distinctive well-balanced operations



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

Dividend

FY10/19: We plan to pay a year-end dividend of ¥47 per share.

(FY10/18: Ordinary dividend of ¥25 per share + commemorative dividend of ¥10 per share)

Special Benefits for Shareholders

Shareholders as of the end of April and October 2019 who own at least 100 shares for at least 6 months will receive our original QUO card worth ¥2,000 **twice each year (total of ¥4,000).**

* Holding period of 6 months is defined as being listed or recorded in the shareholder register as of April 30 and October 31 for at least two consecutive periods with the same shareholder number.

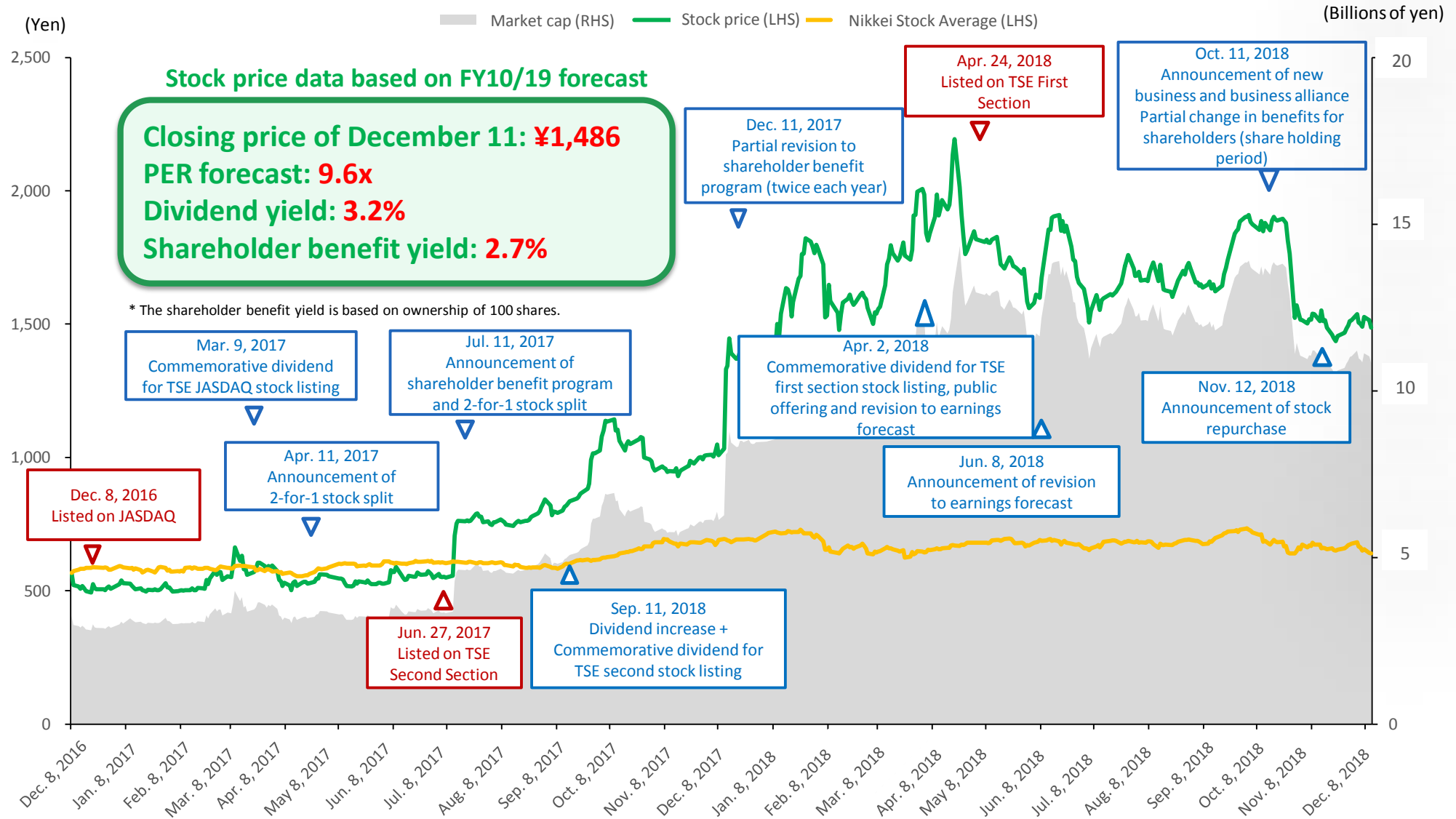


* The design may be changed without prior notice.

Stock repurchase

Plan to purchase Good Com Asset stock up to ¥225 million (150,000 shares) during the period between December 13, 2018 and January 23, 2019

Stock Chart

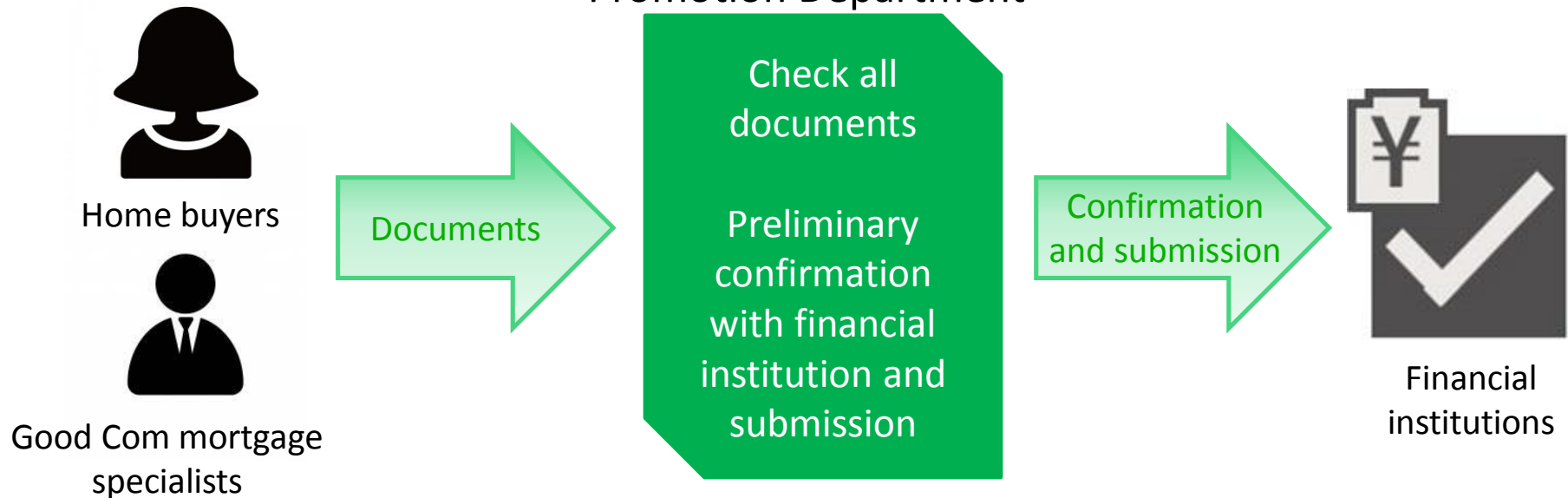


* The Nikkei Stock Average is an index based on the Good Com stock price on Dec. 8, 2016.

Reference: A single channel for obtaining a mortgage from a financial institution

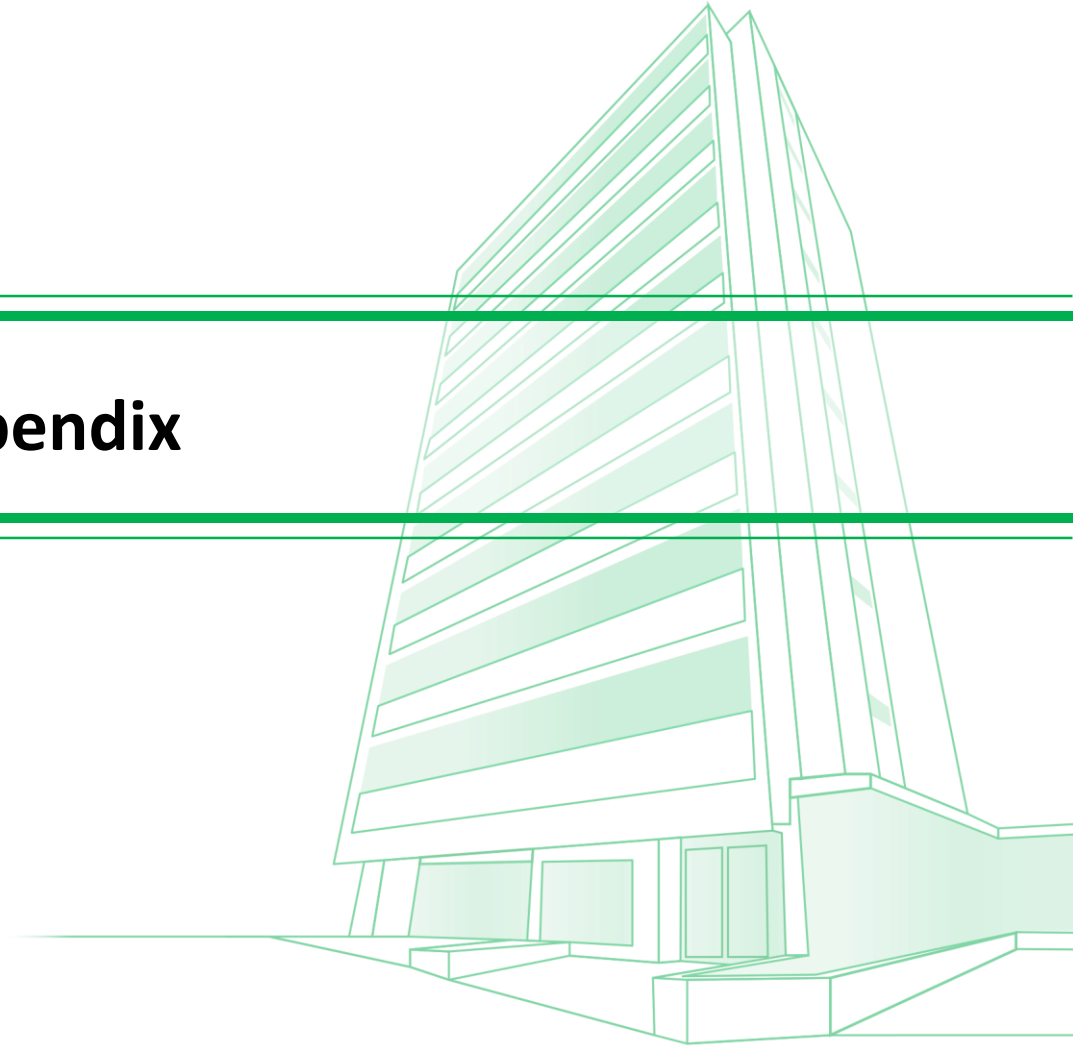
A checking system by using the Mortgage Loan and Business Promotion Department for all mortgage procedures with financial institutions

Mortgage Loan and Business Promotion Department



No direct contact with financial institutions

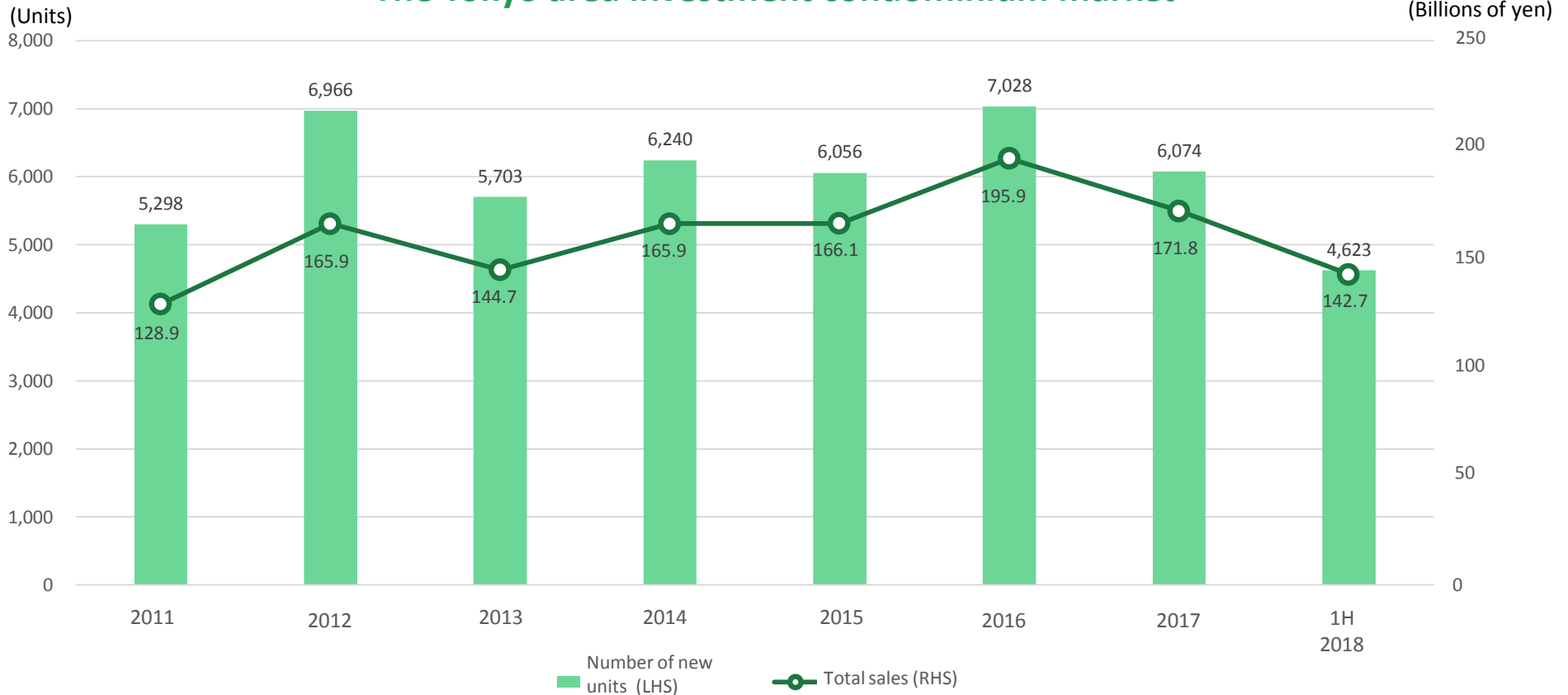
Appendix



Company name	Good Com Asset Co.,Ltd.
Founded	November 28, 2005
Capital	¥1,588.12 million (As of October 31, 2018)
Representative	Yoshikazu Nagashima, President and CEO
Head office	Sumitomo Fudosan Nishi-shinjuku Building, 7-20-1, Nishi-shinjuku, Shinjuku-ku, Tokyo
Employees	90 (As of October 31, 2018) *Consolidated
Business	Planning, development, sale and management of newly constructed condominiums using Good Com's Genovia brand
Consolidated subsidiaries	Good Com Co., Ltd. (Property management business) Taiwan Good Com., Ltd. (Taiwan subsidiary) Shanghai Good Com Business Consulting Co.,Ltd. (China subsidiary)
Listed stock market	First Section of the Tokyo Stock Exchange (Stock code: 3475)
Shareholders	21,078 (As of October 31, 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



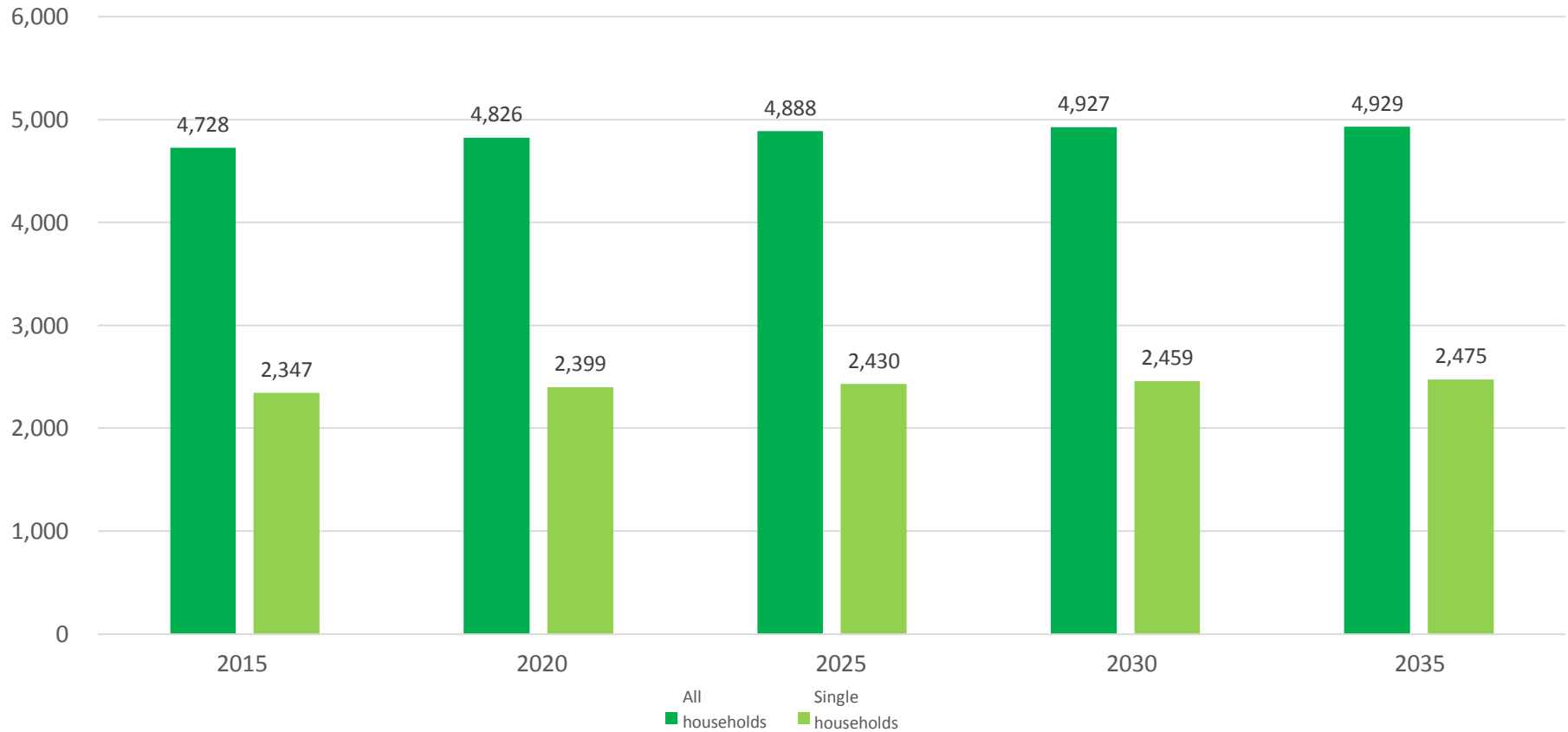
Source: Real Estate Economic Institute Co., Ltd., The trend of the Tokyo area investment condominium market

In 2017, the number of new units and sales decreased. In the first half of 2018, number of units sold and sales are more than 70% of those in 2017 and have been steadily increasing.

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. The Tokyo area investment condominium market is expected to further expand.

Number of Households in Tokyo's 23 Wards (Good Com's primary market)

(Thousands of units)



Source: Statistics Division of the Tokyo Metropolitan Government Bureau of General Affairs

Although the total number of households in Japan will decrease, 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:

Good Com Asset Co.,Ltd. Corporate Planning Division Investors Relations
Tel: +81-(0)3-5338-0170 E-mail: ir@goodcomasset.co.jp

