

**Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending October 31, 2020  
(Six Months Ended April 30, 2020)**

[Japanese GAAP]

June 9, 2020

Company name: Good Com Asset Co.,Ltd.

Stock Exchange Listing: TSE (1st Section)

Stock code: 3475

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Scheduled date of filing of Quarterly Report:

June 12, 2020

Scheduled date of payment of dividend:

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Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

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

**1. Consolidated Financial Results for the Second Quarter (November 1, 2019 - April 30, 2020) of the Fiscal Year Ending October 31, 2020**

(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	%
Six months ended Apr. 30, 2020	7,994	(6.0)	652	2.4	576	(0.8)	388	(1.8)
Six months ended Apr. 30, 2019	8,506	(10.6)	636	(35.8)	580	(37.2)	395	(37.8)

Note: Comprehensive income (million yen) Six months ended Apr. 30, 2020: 386 (down 2.2%)

Six months ended Apr. 30, 2019: 394 (down 37.8%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Apr. 30, 2020	53.39	51.91
Six months ended Apr. 30, 2019	55.01	52.57

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Apr. 30, 2020	18,998	7,071	37.2
As of Oct. 31, 2019	15,191	7,017	46.2

Reference: Shareholders' equity (million yen) As of Apr. 30, 2020: 7,071 As of Oct. 31, 2019: 7,017

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
Fiscal year ended Oct. 31, 2019	Yen -	Yen 0.00	Yen -	Yen 47.00	Yen 47.00
Fiscal year ending Oct. 31, 2020	-	0.00			
Fiscal year ending Oct. 31, 2020 (forecasts)			-	61.00	61.00

Note: Revision to the most recently announced dividend forecast: None

**3. Consolidated Forecast for the Fiscal Year Ending October 31, 2020 (November 1, 2019 - October 31, 2020)**

(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
Full year	30,405	30.1	2,336	33.1	2,188	32.6	1,482	31.5	201.52

Note: Revision to the most recently announced consolidated forecast: None

The Company's Board of Directors approved a resolution on April 27, 2020 to repurchase its own shares. Net income per share forecast has not been adjusted to reflect the stock repurchase.

## Notes

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

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: Yes

(3) 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

(4) Number of outstanding shares (common shares)

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

As of Apr. 30, 2020:	7,586,200 shares	As of Oct. 31, 2019:	7,345,000 shares
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2) Number of treasury shares at the end of the period

As of Apr. 30, 2020:	150,256 shares	As of Oct. 31, 2019:	150,256 shares
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3) Average number of shares outstanding during the period

Six months ended Apr. 30, 2020:	7,271,962 shares	Six months ended Apr. 30, 2019:	7,185,909 shares
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The current quarterly financial report is not subject to quarterly review 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. Qualitative Information on Quarterly Consolidated Financial Performance, (4) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 4 for forecast assumptions and notes of caution for usage.

### How to view supplementary information at the quarterly financial results meeting

The Company plans to hold a financial results meeting for analysts and institutional investors online on Wednesday, June 10, 2020.

Materials distributed at this event will be disclosed at the Timely Disclosure network (TDnet) with quarterly financial results. In addition, these supplementary materials and video recorded for the financial results meetings will also be available on the Company's website immediately thereafter.

Contents of Attachments

<b>1. Qualitative Information on Quarterly Consolidated Financial Performance</b>	<b>2</b>
(1) Explanation of Results of Operations	2
(2) Explanation of Financial Position	3
(3) Explanation of Cash Flows	3
(4) Explanation of Consolidated Forecast and Other Forward-looking Statements	4
<b>2. Quarterly Consolidated Financial Statements and Notes</b>	<b>5</b>
(1) Quarterly Consolidated Balance Sheet	5
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	6
Quarterly Consolidated Statement of Income	
For the Six-month Period	6
Quarterly Consolidated Statement of Comprehensive Income	
For the Six-month Period	7
(3) Quarterly Consolidated Statement of Cash Flows	8
(4) Notes to Quarterly Consolidated Financial Statements	9
Going Concern Assumption	9
Significant Changes in Shareholders' Equity	9
Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements	9
Segment and Other Information	9

## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

In the first half of the fiscal year ending October 31, 2020, while corporate earnings declined due to the impact of a series of natural disasters such as powerful typhoons and of the increase in consumption tax hike, the labor market and personal income continued to improve gradually. Conversely, however, the outlook remains uncertain as the slowdown of the Japanese as well as the world economy is expected to become more serious due to the COVID-19 pandemic that started to spread from the beginning of 2020.

Japan's market for newly constructed condominiums is the primary business domain of the Good Com Asset Group. Due to the impact of the spread of COVID-19 pandemic, the percentage of new condominiums sold in the Tokyo metropolitan area within one month of going on sale was 61.9% during the first six months ended on April 30, 2020, according to the Real Estate Economic Institute. This percentage was 59.2% in Tokyo's 23 wards, the Group's main business area. This is well below the 70% level generally regarded as a sign of a strong condominium market. The percentage of new units sold in the Tokyo metropolitan area decreased by 23.4%.

The Group continued to expand planning, development and sales activities for Genovia series of condominiums the Genovia green veil, Genovia skygarden and Genovia skyrun brands, which are located mainly in Tokyo's 23 wards. We also reinforced the customer support framework and strengthened the Genovia brand. During the first half, 244 condominium units in 19 buildings were sold. Properties acquired were 805 units in 13 buildings.

Net sales decreased 6.0% year on year to 7,994 million yen. Operating profit increased 2.4% to 652 million yen, ordinary profit decreased 0.8% to 576 million yen and profit attributable to owners of parent was down 1.8% to 388 million yen.

Results by business segment are as follows:

In the first quarter of the current fiscal year, Good Com Fund was added to the reportable segments because in December 2019 the Group started a new business which sells small amount investment units of a real estate fund in accordance with the Real Estate Specified Joint Enterprise Act.

#### (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 first half, 99 condominium units were sold.

Sales were 3,626 million yen, up 13.6% from one year earlier, and segment profit increased 23.6% to 133 million yen.

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

This segment consists of sales of our Genovia series one-room and family condominiums to real estate sales companies in Japan. During the first half, 144 condominium units were sold.

Sales were 3,840 million yen, down 23.0% from one year earlier, and segment profit decreased 25.3% to 290 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 and demand from companies for employee housing.

Sales were 512 million yen, up 51.9% from one year earlier, and segment profit increased 74.2% to 283 million yen.

#### (d) Overseas sales

This segment consists of sales of our Genovia series one-room condominiums to overseas individual investors. During the first half, one condominium unit was sold.

Sales were 29 million yen and segment loss was 7 million yen, compared with a loss of 28 million yen one year earlier.

(e) Good Com Fund

The Group started selling small amount investment units of its real estate fund in accordance with the Real Estate Specified Joint Enterprise Act but there were no sales during the first half of the current fiscal year.

As a result, there were no sales and a segment loss of 56 million yen.

**(2) Explanation of Financial Position**

**Assets**

Total assets increased 3,806 million yen, or 25.1%, from the end of the previous fiscal year to 18,998 million yen at the end of the second quarter of the current fiscal year.

This was mainly due to increases in real estate for sale of 2,255 million yen and real estate for sale in process of 1,641 million yen.

**Liabilities**

Total liabilities increased 3,752 million yen, or 45.9%, from the end of the previous fiscal year to 11,926 million yen.

This was mainly due to increases in current portion of long-term borrowings of 1,532 million yen, short-term borrowings of 882 million yen, advances received included in other current liabilities of 454 million yen and long-term borrowings of 803 million yen.

**Net assets**

Total net assets increased 54 million yen, or 0.8%, from the end of the previous fiscal year to 7,071 million yen.

The main factors include a 388 million yen increase in retained earnings due to the booking of profit attributable to owners of parent, which was partially offset by a 338 million yen decrease in retained earnings due to dividend payments.

Consequently, the equity ratio was 37.2% at the end of the second quarter of the current fiscal year.

**(3) Explanation of Cash Flows**

Cash and cash equivalents (hereinafter, “net cash”) at the end of the first half of the current fiscal year decreased 760 million yen, or 15.3%, from the end of the previous fiscal year to 4,199 million yen.

Cash flows by category during the first half of the current fiscal year and the main reasons for changes are as follows.

**Cash flows from operating activities**

Net cash used in operating activities was 3,398 million yen (6,032 million yen used in the same period of the previous fiscal year).

This was mainly due to a 3,953 million yen increase in inventories.

**Cash flows from investing activities**

Net cash used in investing activities was 547 million yen (59 million yen used in the same period of the previous fiscal year).

The main factors include payments into time deposits of 540 million yen.

**Cash flows from financing activities**

Net cash provided by financing activities was 3,185 million yen (4,240 million yen provided in the same period of the previous fiscal year).

The main factors include proceeds from long-term borrowings of 5,003 million yen and a net increase in short-term borrowings of 882 million yen, while there were repayments of long-term borrowings of 2,667 million yen.

**(4) Explanation of Consolidated Forecast and Other Forward-looking Statements**

The Company maintains its full-year consolidated forecasts that were announced in the “Consolidated Financial Results for the Fiscal Year Ended October 31, 2019” on December 10, 2019.

Although we believe that the impact of the spread of the COVID-19 pandemic on our business will not be significant, it is difficult at this point to reasonably estimate the impact going forward. Therefore, our earnings forecast does not include any possible future impact of the pandemic.

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

	(Thousands of yen)	
	FY10/19 (As of Oct. 31, 2019)	Second quarter of FY10/20 (As of Apr. 30, 2020)
<b>Assets</b>		
Current assets		
Cash and deposits	4,979,582	4,719,121
Real estate for sale	8,528,080	10,783,375
Real estate for sale in process	49,406	1,690,836
Advance payments-trade	1,106,278	1,108,410
Other	236,769	361,988
Total current assets	14,900,117	18,663,733
Non-current assets		
Property, plant and equipment	43,303	43,723
Intangible assets	1,013	23,211
Investments and other assets	247,348	267,944
Total non-current assets	291,665	334,879
Total assets	15,191,783	18,998,613
<b>Liabilities</b>		
Current liabilities		
Accounts payable for construction contracts	78,363	59,820
Short-term borrowings	1,487,886	2,370,178
Current portion of bonds	-	42,000
Current portion of long-term borrowings	3,877,851	5,410,030
Income taxes payable	390,956	207,923
Provision for bonuses	16,538	12,184
Provision for vacancy warranties	25,684	20,049
Other	305,644	739,876
Total current liabilities	6,182,924	8,862,062
Non-current liabilities		
Bonds payable	-	258,000
Long-term borrowings	1,944,201	2,747,760
Other	47,146	58,834
Total non-current liabilities	1,991,347	3,064,594
Total liabilities	8,174,271	11,926,656
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,589,516	1,592,747
Capital surplus	1,498,016	1,501,247
Retained earnings	4,145,550	4,195,624
Treasury shares	(214,924)	(214,924)
Total shareholders' equity	7,018,158	7,074,694
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,890	(114)
Foreign currency translation adjustment	(2,536)	(2,623)
Total accumulated other comprehensive income	(646)	(2,737)
Total net assets	7,017,512	7,071,956
Total liabilities and net assets	15,191,783	18,998,613

**(2) Quarterly Consolidated Statements of Income and Comprehensive Income****(Quarterly Consolidated Statement of Income)****(For the Six-month Period)**

(Thousands of yen)

	First six months of FY10/19 (Nov. 1, 2018 – Apr. 30, 2019)	First six months of FY10/20 (Nov. 1, 2019 – Apr. 30, 2020)
Net sales	8,506,958	7,994,033
Cost of sales	7,017,377	6,457,581
Gross profit	1,489,580	1,536,451
Selling, general and administrative expenses	852,608	884,224
Operating profit	636,972	652,226
Non-operating income		
Interest income	31	34
Dividend income	151	189
Commission income	1,388	1,260
Penalty income	2,767	12,251
Other	567	1,731
Total non-operating income	4,906	15,467
Non-operating expenses		
Interest expenses	41,932	65,655
Commission expenses	18,719	14,065
Other	436	11,689
Total non-operating expenses	61,088	91,410
Ordinary profit	580,790	576,284
Profit before income taxes	580,790	576,284
Income taxes	185,475	188,057
Profit	395,314	388,226
Profit attributable to owners of parent	395,314	388,226



**(Quarterly Consolidated Statement of Comprehensive Income)**  
**(For the Six-month Period)**

	(Thousands of yen)	
	First six months of FY10/19 (Nov. 1, 2018 – Apr. 30, 2019)	First six months of FY10/20 (Nov. 1, 2019 – Apr. 30, 2020)
Profit	395,314	388,226
Other comprehensive income		
Valuation difference on available-for-sale securities	(509)	(2,004)
Foreign currency translation adjustment	63	(86)
Total other comprehensive income	(445)	(2,090)
Comprehensive income	394,869	386,135
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	394,869	386,135
Comprehensive income attributable to non-controlling interests	-	-

**(3) Quarterly Consolidated Statement of Cash Flows**

	(Thousands of yen)	
	First six months of FY10/19 (Nov. 1, 2018 – Apr. 30, 2019)	First six months of FY10/20 (Nov. 1, 2019 – Apr. 30, 2020)
Cash flows from operating activities		
Profit before income taxes	580,790	576,284
Depreciation	24,818	38,516
Increase (decrease) in provision for bonuses	(1,098)	(4,353)
Increase (decrease) in provision for vacancy warranties	401	(5,635)
Increase (decrease) in provision for shareholder benefit program	-	6,563
Interest and dividend income	(183)	(224)
Interest expenses	41,932	65,655
Decrease (increase) in advance payments-trade	(520,007)	(2,132)
Decrease (increase) in inventories	(5,216,419)	(3,953,021)
Increase (decrease) in trade payables	56,178	(18,543)
Other, net	(519,723)	335,059
Subtotal	(5,553,311)	(2,961,830)
Interest and dividend received	54	63
Interest paid	(43,357)	(72,484)
Income taxes paid	(435,413)	(364,711)
Net cash provided by (used in) operating activities	(6,032,028)	(3,398,962)
Cash flows from investing activities		
Purchase of property, plant and equipment	(40,050)	(2,657)
Purchase of investment securities	(249)	(299)
Purchase of intangible assets	-	(24,444)
Payments into time deposits	(20,019)	(540,021)
Proceeds from withdrawal of time deposits	20,018	40,019
Purchase of shares of subsidiaries and associates	-	(20,000)
Payments of leasehold deposits	(19,104)	(5)
Other, net	(540)	-
Net cash provided by (used in) investing activities	(59,946)	(547,408)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,150,361	882,292
Proceeds from long-term borrowings	7,442,470	5,003,050
Repayments of long-term borrowings	(3,878,437)	(2,667,312)
Proceeds from issuance of bonds	-	300,000
Redemption of bonds	(5,000)	-
Proceeds from issuance of shares	359	6,110
Purchase of treasury shares	(214,726)	-
Dividends paid	(254,981)	(338,152)
Net cash provided by (used in) financing activities	4,240,045	3,185,987
Effect of exchange rate change on cash and cash equivalents	76	(77)
Net increase (decrease) in cash and cash equivalents	(1,851,851)	(760,461)
Cash and cash equivalents at beginning of period	5,814,176	4,959,562
Cash and cash equivalents at end of period	3,962,324	4,199,100

**(4) Notes to Quarterly Consolidated Financial Statements****Going Concern Assumption**

Not applicable.

**Significant Changes in Shareholders' Equity**

Not applicable.

**Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements**

## Calculation of tax expense

The tax expense was calculated by first reasonably estimating the effective tax rate after the application of tax effect accounting with respect to profit before income taxes during the current fiscal year, and multiplying that rate by the quarterly profit before income taxes.

**Segment and Other Information**

## Segment Information

I. First six months of FY10/19 (Nov. 1, 2018 – Apr. 30, 2019)

1. Information related to net sales and profit or loss for each reportable segment

(Thousands of yen)

	Reportable segment					Total
	Sales to individuals	Sales to real estate companies	Property management	Overseas sales	Good Com Fund	
Net sales						
External sales	3,190,752	4,988,221	327,983	-	-	8,506,958
Inter-segment sales and transfers	-	-	9,153	-	-	9,153
Total	3,190,752	4,988,221	337,137	-	-	8,516,112
Segment profit (loss)	107,975	388,579	162,552	(28,570)	-	630,537

2. Reconciliation of the amount shown in the quarterly consolidated statement of income with total profit or loss for reportable segments

(Thousands of yen)

Profit	Amounts
Total for reportable segments	630,537
Elimination of inter-segment transactions	6,435
Operating profit on the quarterly consolidated statement of income	636,972

3. Information related to impairment losses on non-current assets or goodwill, etc. for each reportable segment

Impairment losses related to non-current assets

Not applicable.

Significant change in goodwill

Not applicable.

Significant gain on bargain purchase

Not applicable.

## II. First six months of FY10/20 (Nov. 1, 2019 – Apr. 30, 2020)

## 1. Information related to net sales and profit or loss for each reportable segment

(Thousands of yen)

	Reportable segment					Total
	Sales to individuals	Sales to real estate companies	Property management	Overseas sales	Good Com Fund	
Net sales						
External sales	3,626,220	3,840,668	497,874	29,269	-	7,994,033
Inter-segment sales and transfers	-	-	14,211	-	-	14,211
Total	3,626,220	3,840,668	512,085	29,269	-	8,008,244
Segment profit (loss)	133,460	290,288	283,220	(7,134)	(56,366)	643,468

## 2. Reconciliation of the amount shown in the quarterly consolidated statement of income with total profit or loss for reportable segments

(Thousands of yen)

Profit	Amounts
Total for reportable segments	643,468
Elimination of inter-segment transactions	8,758
Operating profit on the quarterly consolidated statement of income	652,226

## 3. Information related to changes in reportable segments, etc.

In the first quarter of the current fiscal year, Good Com Fund was added to the reportable segments due to the start of sales of small-amount investment units of a real estate fund. The segment information for the first six months of FY10/19 is presented based on the classification of reportable segments after the change.

## 4. Information related to impairment losses on non-current assets or goodwill, etc. for each reportable segment

Impairment losses related to non-current assets

Not applicable.

Significant change in goodwill

Not applicable.

Significant gain on bargain purchase

Not applicable.

*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.*