

Consolidated Financial Results for the First Quarter of the Fiscal Year Ending October 31, 2021 (Three Months Ended January 31, 2021)

[Japanese GAAP]

March 15, 2021

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: March 16, 2021

Scheduled date of payment of dividend: -

Preparation of supplementary materials for quarterly financial results: Yes

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

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

1. Consolidated Financial Results for the First Quarter (November 1, 2020 - January 31, 2021) of the Fiscal Year Ending October 31, 2021

(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	%
Three months ended Jan. 31, 2021	3,698	57.7	249	64.5	185	72.6	117	65.5
Three months ended Jan. 31, 2020	2,344	(32.0)	151	(48.2)	107	(61.2)	71	(62.1)

Note: Comprehensive income (million yen) Three months ended Jan. 31, 2021: 118 (up 64.7%)
Three months ended Jan. 31, 2020: 71 (down 61.7%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jan. 31, 2021	7.98	7.95
Three months ended Jan. 31, 2020	4.95	4.76

Note: The Company conducted a 2-for-1 common stock split effective on November 1, 2020. Net income per share and diluted net income per share are calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Jan. 31, 2021	26,174	8,014	30.6
As of Oct. 31, 2020	25,915	8,397	32.4

Reference: Shareholders' equity (million yen) As of Jan. 31, 2021: 8,014 As of Oct. 31, 2020: 8,397

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Oct. 31, 2020	-	0.00	-	68.00	68.00
Fiscal year ending Oct. 31, 2021	-	-	-	-	-
Fiscal year ending Oct. 31, 2021 (forecasts)	-	0.00	-	41.00	41.00

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

The Company conducted a 2-for-1 common stock split effective on November 1, 2020. Dividends per share for the fiscal year ended October 31, 2020 are the actual amounts before the stock split.

3. Consolidated Forecast for the Fiscal Year Ending October 31, 2021 (November 1, 2020 - October 31, 2021)

(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	15,517	94.1	1,103	69.0	994	72.3	665	71.3	45.13
Full year	41,876	59.1	3,070	8.5	2,903	9.8	1,962	7.5	133.02

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

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 Jan. 31, 2021:	15,202,000 shares	As of Oct. 31, 2020:	15,198,000 shares
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2) Number of treasury shares at the end of the period

As of Jan. 31, 2021:	444,426 shares	As of Oct. 31, 2020:	444,426 shares
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3) Average number of shares outstanding during the period

Three months ended Jan. 31, 2021:	14,755,331 shares	Three months ended Jan. 31, 2020:	14,390,080 shares
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Note: The Company conducted a 2-for-1 common stock split effective on November 1, 2020. The number of shares outstanding at the end of the period, the number of treasury shares at the end of the period and the average number of shares outstanding during the period are calculated as if this stock split had taken place at the beginning of the previous fiscal year.

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, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 3 for forecast assumptions and notes of caution for usage.

How to view supplementary information at the quarterly financial results meetings

The Company plans to hold online financial results meetings on Monday, March 15, 2021. Materials distributed at this event will be disclosed at the Timely Disclosure network (TDnet) with this financial report and also be available on the Company's website.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first quarter of the fiscal year ending October 31, 2021, the Japanese economy has been lackluster affected by COVID-19. Currently, there are signs of recovery in some sectors of the economy due to government actions. However, the outlook for the economy remains unclear due to the inability to predict when this pandemic will end.

Japan's market for newly constructed condominiums is the primary business domain of the Good Com Asset Group. During the first three months ended January 2021, the percentage of new condominiums sold in the Tokyo metropolitan area within one month of going on sale was 62.2%, according to the Real Estate Economic Institute. This percentage was 64.5% in Tokyo's 23 wards, the Good Com Asset Group's main business area. This is well below the 70% level generally regarded as a sign of a strong condominium market. However, the percentage sold within one month was higher than one year earlier mainly because of increasing demand for residences resulting from changes in life styles caused by the COVID-19 crisis.

The Good Com Asset Group continued to expand planning, development and sales activities, mainly in Tokyo's 23 wards, for the Genovia series of condominiums, which consists of the Genovia green veil, Genovia skygarden and Genovia skyrun brands. We also reinforced the customer support framework and strengthened the Genovia brand. During the first quarter, 107 condominium units in 12 buildings were sold. Properties acquired were 254 units in two buildings.

Net sales increased 57.7% year on year to 3,698 million yen. Operating profit increased 64.5% to 249 million yen, ordinary profit increased 72.6% to 185 million yen and profit attributable to owners of parent was up 65.5% to 117 million yen.

Results by business segment are as follows:

The "Sales to real estate companies" segment has been renamed the "Wholesale" segment. In previous years, sales to real estate sales companies accounted for more than 60% of the sales of this segment. In recent years, sales to real estate asset management companies and other companies that make real estate investments and manage properties have been increasing. As a result, sales to these companies have increased as a share of consolidated sales. The new name of this segment reflects business operations that are not limited to real estate sales companies.

The "Sales to individuals" and "Overseas sales" segments have been combined to create the new "Retail sales" segment. The two segments have been combined because both segments sell properties to individual investors.

Furthermore, the "Property management, etc." segment was renamed "Real estate management" segment.

(a) Retail sales

This segment consists of sales of the Genovia series of one-room and family condominiums to individual investors. During the first quarter, 54 condominium units were sold.

Sales were 1,930 million yen, up 29.5% from one year earlier, and segment profit increased 123.5% to 33 million yen.

(b) Wholesale

This segment consists of sales of the Genovia series of one-room and family condominiums to real estate management companies. During the first quarter, 53 condominium units were sold.

Sales were 1,337 million yen, up 110.6% from one year earlier, and segment profit increased 137.1% to 87 million yen.

(c) Real estate management

This segment performed well as growth in the number of managed condominium buildings and tenant-occupied condominium units was strong and the occupancy rate exceeded 99% at the end of every month of the first quarter.

Sales were 441 million yen, up 96.2% from one year earlier, and segment profit increased 14.7% to 138 million

yen.

(d) Good Com Fund

There were no sales of small amount investment units of a real estate fund during the first quarter of the current fiscal year.

Sales were not recorded and segment loss was 14 million yen, compared with a 25 million yen loss one year earlier.

The year-on-year change in sales is not shown because there were no sales.

(2) Explanation of Financial Position

Assets

Total assets increased 258 million yen, or 1.0%, from the end of the previous fiscal year to 26,174 million yen at the end of the first quarter of the current fiscal year. This was mainly due to increases in real estate for sale of 1,081 million yen and advance payments-trade of 185 million yen, while there was a decrease in cash and deposits of 992 million yen.

Liabilities

Total liabilities increased 641 million yen, or 3.7%, from the end of the previous fiscal year to 18,159 million yen. This was mainly due to increases in current portion of long-term borrowings of 667 million yen, long-term borrowings of 455 million yen and short-term borrowings of 163 million yen, while there was a decrease in income taxes payable of 663 million yen.

Net assets

Total net assets decreased 382 million yen, or 4.6%, from the end of the previous fiscal year to 8,014 million yen. The main factors include a 117 million yen increase in retained earnings due to the booking of profit attributable to owners of parent, which was partially offset by a 501 million yen decrease in retained earnings due to dividend payments.

Consequently, the equity ratio was 30.6% at the end of the first quarter of the current fiscal year.

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

The Company maintains its first-half and full-year consolidated forecasts that were announced in the “Consolidated Financial Results for the Fiscal Year Ended October 31, 2020” on December 11, 2020.

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

	(Thousands of yen)	
	FY10/20 (As of Oct. 31, 2020)	First quarter of FY10/21 (As of Jan. 31, 2021)
Assets		
Current assets		
Cash and deposits	6,598,347	5,606,210
Real estate for sale	15,552,624	16,633,881
Real estate for sale in process	1,743,114	1,752,235
Advance payments-trade	807,310	993,058
Other	265,800	280,096
Allowance for doubtful accounts	(30,652)	(32,624)
Total current assets	24,936,544	25,232,858
Non-current assets		
Property, plant and equipment	52,909	51,143
Intangible assets		
Goodwill	539,942	512,945
Other	39,916	38,438
Total intangible assets	579,859	551,384
Investments and other assets	346,370	338,953
Total non-current assets	979,139	941,480
Total assets	25,915,684	26,174,338
Liabilities		
Current liabilities		
Accounts payable for construction contracts	111,118	110,690
Short-term borrowings	3,490,330	3,653,474
Current portion of bonds payable	42,000	42,000
Current portion of long-term borrowings	8,005,312	8,672,449
Income taxes payable	740,316	76,685
Provision for bonuses	18,021	7,657
Provision for vacancy warranties	34,808	41,373
Provision for loss on guarantees	25,187	25,666
Reserve for sublease losses	28,222	24,134
Other	430,232	490,497
Total current liabilities	12,925,549	13,144,628
Non-current liabilities		
Bonds payable	237,000	216,000
Long-term borrowings	4,292,475	4,748,445
Provision for shareholder benefit program	25,814	13,335
Other	37,195	37,000
Total non-current liabilities	4,592,485	5,014,780
Total liabilities	17,518,034	18,159,408

	(Thousands of yen)	
	FY10/20 (As of Oct. 31, 2020)	First quarter of FY10/21 (As of Jan. 31, 2021)
Net assets		
Shareholders' equity		
Share capital	1,593,771	1,594,157
Capital surplus	1,502,271	1,502,657
Retained earnings	5,633,805	5,249,997
Treasury shares	(329,689)	(329,689)
Total shareholders' equity	8,400,159	8,017,123
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(74)	88
Foreign currency translation adjustment	(2,434)	(2,282)
Total accumulated other comprehensive income	(2,508)	(2,193)
Total net assets	8,397,650	8,014,929
Total liabilities and net assets	25,915,684	26,174,338

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

(Thousands of yen)

	First three months of FY10/20 (Nov. 1, 2019 – Jan. 31, 2020)	First three months of FY10/21 (Nov. 1, 2020 – Jan. 31, 2021)
Net sales	2,344,662	3,698,202
Cost of sales	1,786,344	2,896,015
Gross profit	558,318	802,186
Selling, general and administrative expenses	406,763	552,844
Operating profit	151,554	249,342
Non-operating income		
Interest income	7	9
Dividend income	189	210
Commission income	496	2,685
Penalty income	6,299	9,271
Other	308	2,286
Total non-operating income	7,301	14,462
Non-operating expenses		
Interest expenses	30,231	58,873
Commission expenses	10,524	19,140
Bond issuance costs	10,374	-
Other	435	658
Total non-operating expenses	51,565	78,671
Ordinary profit	107,291	185,133
Profit before income taxes	107,291	185,133
Income taxes	36,115	67,319
Profit	71,175	117,814
Profit attributable to owners of parent	71,175	117,814

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

(Thousands of yen)

	First three months of FY10/20 (Nov. 1, 2019 – Jan. 31, 2020)	First three months of FY10/21 (Nov. 1, 2020 – Jan. 31, 2021)
Profit	71,175	117,814
Other comprehensive income		
Valuation difference on available-for-sale securities	425	162
Foreign currency translation adjustment	101	152
Total other comprehensive income	527	315
Comprehensive income	71,703	118,129
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	71,703	118,129
Comprehensive income attributable to non-controlling interests	-	-

(3) 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 three months of FY10/20 (Nov. 1, 2019 – Jan. 31, 2020)

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

(Thousands of yen)

	Reportable segment				Total
	Retail sales	Wholesale	Real estate management	Good Com Fund	
Net sales					
External sales	1,490,939	634,915	218,807	-	2,344,662
Inter-segment sales and transfers	-	-	6,372	-	6,372
Total	1,490,939	634,915	225,180	-	2,351,035
Segment profit (loss)	15,109	37,014	120,444	(25,428)	147,139

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	147,139
Elimination of inter-segment transactions	4,415
Operating profit on the quarterly consolidated statement of income	151,554

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 three months of FY10/21 (Nov. 1, 2020 – Jan. 31, 2021)

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

(Thousands of yen)

	Reportable segment				Total
	Retail sales	Wholesale	Real estate management	Good Com Fund	
Net sales					
External sales	1,930,904	1,337,083	430,213	-	3,698,202
Inter-segment sales and transfers	-	-	11,566	-	11,566
Total	1,930,904	1,337,083	441,780	-	3,709,768
Segment profit (loss)	33,769	87,761	138,116	(14,678)	244,969

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	244,969
Elimination of inter-segment transactions	4,373
Operating profit on the quarterly consolidated statement of income	249,342

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

Beginning from the first quarter of FY10/21, one of the previous reportable segments, “Sales to real estate companies” has been renamed “Wholesale.” The new name of this segment reflects business operations that are not limited to real estate sales companies. The “Sales to individuals” and “Overseas sales” segments have been combined to create the new “Retail sales” segment because both segments sell properties to individual investors. Furthermore, another “Property management, etc.” reportable segment was renamed “Real estate management” segment.

The segment information for the first three months of FY10/20 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.