

Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending October 31, 2023 (Nine Months Ended July 31, 2023)

[Japanese GAAP]
September 11, 2023

Company name: Good Com Asset Co.,Ltd. Stock Exchange Listing: Tokyo Stock Exchange
 Stock code: 3475 URL: <https://www.goodcomasset.co.jp/>
 Representative: Yoshikazu Nagashima, President and CEO
 Contact: Yoshihiro Kawai, Senior Executive Officer, General Manager, Corporate Planning Division and
 Manager, Management Division
 Tel: +81-(0)3-5338-0170

Scheduled date of filing of Quarterly Report: September 13, 2023
 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 Third Quarter (November 1, 2022 - July 31, 2023) of the Fiscal Year Ending October 31, 2023

(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	%
Nine months ended Jul. 31, 2023	14,392	(49.0)	1,553	(53.4)	1,392	(55.2)	902	(57.6)
Nine months ended Jul. 31, 2022	28,225	-	3,335	23.2	3,108	24.6	2,130	25.9

Note: Comprehensive income (million yen) Nine months ended Jul. 31, 2023: 909 (down 57.4%)
Nine months ended Jul. 31, 2022: 2,133 (up 25.9%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Jul. 31, 2023	31.37	31.35
Nine months ended Jul. 31, 2022	74.23	74.04

Notes: 1. Beginning with the first quarter of the fiscal year ended on October 31, 2022, the Company is applying Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020). Net sales for the nine months ended July 31, 2022 incorporate this accounting standard and year-on-year percentage change is not shown.

2. The Company conducted a 2-for-1 common stock split effective on November 1, 2022. 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 Jul. 31, 2023	43,769	11,533	26.4
As of Oct. 31, 2022	24,452	11,471	46.9

Reference: Shareholders' equity (million yen) As of Jul. 31, 2023: 11,533 As of Oct. 31, 2022: 11,471

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Oct. 31, 2022	-	0.00	-	60.00	60.00
Fiscal year ending Oct. 31, 2023	-	0.00	-		
Fiscal year ending Oct. 31, 2023 (forecasts)				35.00	35.00

Notes: 1. Revision to the most recently announced dividend forecast: None

2. The Company conducted a 2-for-1 common stock split effective on November 1, 2022. Dividend per share for the fiscal year ended October 31, 2022 is the actual amount before the stock split.

3. Breakdown of year-end dividend per share for the fiscal year ended October 31, 2022:

Ordinary dividend: 57.00 yen; Commemorative dividend to mark 5th anniversary of listing: 3.00 yen

3. Consolidated Forecast for the Fiscal Year Ending October 31, 2023 (November 1, 2022 - October 31, 2023)

(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	63,087	57.5	5,453	18.2	4,753	9.5	3,276	14.6	113.83

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 Jul. 31, 2023:	30,530,400 shares	As of Oct. 31, 2022:	30,498,400 shares
----------------------	-------------------	----------------------	-------------------
 - 2) Number of treasury shares at the end of the period

As of Jul. 31, 2023:	1,737,477 shares	As of Oct. 31, 2022:	1,756,238 shares
----------------------	------------------	----------------------	------------------
 - 3) Average number of shares outstanding during the period

Nine months ended Jul. 31, 2023:	28,777,518 shares	Nine months ended Jul. 31, 2022:	28,695,454 shares
----------------------------------	-------------------	----------------------------------	-------------------

Note: The Company conducted a 2-for-1 common stock split effective on November 1, 2022. The number of outstanding shares (common shares) is 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 meeting

The Company plans to hold an online financial results meeting on Tuesday, September 12, 2023. 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.

Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance	2
(1) Explanation of Results of Operations	2
(2) Explanation of Financial Position	3
(3) Explanation of Consolidated Forecast and Other Forward-looking Statements	3
2. Quarterly Consolidated Financial Statements and Notes	4
(1) Quarterly Consolidated Balance Sheet	4
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	5
Quarterly Consolidated Statement of Income	
For the Nine-month Period	5
Quarterly Consolidated Statement of Comprehensive Income	
For the Nine-month Period	6
(3) Notes to Quarterly Consolidated Financial Statements	7
Going Concern Assumption	7
Significant Changes in Shareholders' Equity	7
Changes in the Scope of Consolidation or Application of the Equity Method	7
Changes in Accounting Policies	7
Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements	7
Segment and Other Information	7

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first nine months of the fiscal year ending October 31, 2023, the Japanese economy slowly recovered as social and economic activities began to return to normal following the reclassification of COVID-19 as a Category V infectious disease under the Infectious Diseases Control Law. Nonetheless, apprehensions loom over the possibility of a worldwide economic downturn, prompted by the prolonged surge in general price levels and the tightening of monetary policies in both the United States and various European nations. This current situation necessitates vigilant monitoring of economic trends.

In the real estate sector, in which the Group operates, demand has remained robust, driven by increased willingness among both domestic and international investors to engage in real estate investments amidst a backdrop of monetary easing and the persistent depreciation of the yen. Conversely, it is imperative that we remain vigilant over the impacts of escalating construction costs attributed to surging resource prices and the upturn in interest rates.

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 advertising activities. During the first nine months, 470 condominium units in 11 buildings were sold. Properties acquired were 2,333 units in 35 buildings.

Net sales decreased 49.0% to 14,392 million yen from one year earlier. The operating profit decreased 53.4% to 1,553 million yen, the ordinary profit decreased 55.2% to 1,392 million yen, and the profit attributable to owners of parent decreased 57.6% to 902 million yen.

Results by business segment are as follows:

(a) Wholesale

This segment consists of sales of the Genovia series of one-room and family condominiums to companies. During the first nine months, 134 condominium units in three buildings were sold.

Sales decreased 76.8% to 5,104 million yen from one year earlier, and the segment profit decreased 70.4% to 1,013 million yen from one year earlier.

(b) Retail sales

This segment consists of sales of the Genovia series of one-room and family condominiums to individual investors. During the first nine months, 336 condominium units in 10 buildings were sold.

Sales increased 56.0% to 8,022 million yen from one year earlier, and the segment profit was 350 million yen compared with a loss of 316 million yen one year earlier.

(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 at managed condominium buildings and units was consistently above 90% at the end of every month during the first nine months. Sales increased but earnings were lower because of higher expenses for the sale of buildings and allowance for doubtful accounts.

Sales increased 20.8% to 1,286 million yen from one year earlier, and segment profit decreased 29.4% to 172 million yen.

(d) Others

This segment consists of two new businesses. One is consulting for companies planning an initial public offering and for the investor relations and capital policy activities of listed companies. The other business is the Good Com Fund, which sells small amount investment units of a real estate. Sales increased 11.7% to 28 million yen from one year earlier, and the segment loss was 12 million yen compared with a 41 million yen loss one year earlier.

(2) Explanation of Financial Position

Assets

Total assets increased 19,317 million yen from the end of the previous fiscal year to 43,769 million yen at the end of the third quarter of the current fiscal year. This was mainly due to increases in real estate for sale of 16,604 million yen and real estate for sale in process of 3,452 million yen, while there was a decrease in cash and deposits of 2,608 million yen.

Liabilities

Total liabilities increased 19,255 million yen from the end of the previous fiscal year to 32,235 million yen. This was mainly due to increases in short-term borrowings of 10,995 million yen, long-term borrowings of 5,836 million yen and current portion of long-term borrowings of 4,045 million yen.

Net assets

Total net assets increased 61 million yen from the end of the previous fiscal year to 11,533 million yen. The main factors include an 862 million yen decrease in retained earnings due to dividend payments, while there was a 902 million yen increase in retained earnings due to the booking of profit attributable to owners of parent.

Consequently, the equity ratio was 26.4% at the end of the third quarter of the current fiscal year.

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

Wholesale sales of entire buildings to companies account for about 80% of the sales of the Good Com Asset Group. As a result, there may be significant differences in sales from quarter to quarter because of the timing of the recognition of these sales.

In the first nine months of the previous fiscal year, there were sales of 12 buildings with a total of 720 condominium units. In the first nine months of the current fiscal year, only one building with 99 units was sold. The result was a decrease in sales and earnings compared with the first nine months of the previous fiscal year. In the fourth quarter of this fiscal year, the sale of several buildings is expected. The Company maintains its full-year consolidated forecasts that were announced in the “Consolidated Financial Results for the Fiscal Year Ended October 31, 2022” on December 12, 2022.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	FY10/22 (As of Oct. 31, 2022)	Third quarter of FY10/23 (As of Jul. 31, 2023)
Assets		
Current assets		
Cash and deposits	11,676,778	9,068,211
Accounts receivable-trade	3,619	3,498
Real estate for sale	10,239,116	26,844,053
Real estate for sale in process	253,418	3,705,924
Advance payments to suppliers	873,058	1,435,318
Current portion of long-term loans receivable from subsidiaries and associates	-	1,680
Other	667,294	2,007,399
Allowance for doubtful accounts	(79,342)	(171,717)
Total current assets	23,633,943	42,894,367
Non-current assets		
Property, plant and equipment	71,115	68,130
Intangible assets		
Goodwill	105,750	79,312
Other	10,896	10,689
Total intangible assets	116,646	90,002
Investments and other assets	630,550	716,800
Total non-current assets	818,312	874,933
Total assets	24,452,256	43,769,301
Liabilities		
Current liabilities		
Accounts payable for construction contracts	1,322,328	279,275
Short-term borrowings	2,047,500	13,043,398
Current portion of bonds payable	82,000	82,000
Current portion of long-term borrowings	3,036,476	7,081,980
Refund liabilities	133,814	113,391
Income taxes payable	879,337	46,629
Provision for bonuses	21,065	22,254
Provision for loss on guarantees	40,283	53,064
Other	482,373	758,342
Total current liabilities	8,045,178	21,480,335
Non-current liabilities		
Bonds payable	253,000	191,000
Long-term borrowings	4,648,849	10,485,826
Provision for shareholder benefit program	3,072	-
Other	30,207	78,496
Total non-current liabilities	4,935,129	10,755,322
Total liabilities	12,980,307	32,235,658
Net assets		
Shareholders' equity		
Share capital	1,595,832	1,595,944
Capital surplus	1,504,332	1,508,786
Retained earnings	9,335,789	9,376,216
Treasury shares	(968,634)	(958,287)
Total shareholders' equity	11,467,319	11,522,660
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,294	12,619
Foreign currency translation adjustment	(1,665)	(1,636)
Total accumulated other comprehensive income	4,629	10,982
Total net assets	11,471,948	11,533,643
Total liabilities and net assets	24,452,256	43,769,301

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

(Thousands of yen)

	First nine months of FY10/22 (Nov. 1, 2021 – Jul. 31, 2022)	First nine months of FY10/23 (Nov. 1, 2022 – Jul. 31, 2023)
Net sales	28,225,988	14,392,175
Cost of sales	22,684,448	10,384,566
Gross profit	5,541,540	4,007,609
Selling, general and administrative expenses	2,206,312	2,453,810
Operating profit	3,335,227	1,553,798
Non-operating income		
Interest income	44	74
Dividend income	846	1,079
Commission income	13,426	4,949
Penalty income	27,116	48,164
Other	8,520	21,651
Total non-operating income	49,955	75,918
Non-operating expenses		
Interest expenses	104,920	182,955
Commission expenses	166,761	52,122
Other	5,256	2,267
Total non-operating expenses	276,938	237,344
Ordinary profit	3,108,244	1,392,372
Extraordinary losses		
Loss on retirement of non-current assets	-	7,923
Total extraordinary losses	-	7,923
Profit before income taxes	3,108,244	1,384,448
Income taxes	978,062	481,756
Profit	2,130,182	902,692
Profit attributable to owners of parent	2,130,182	902,692

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

(Thousands of yen)

	First nine months of FY10/22 (Nov. 1, 2021 – Jul. 31, 2022)	First nine months of FY10/23 (Nov. 1, 2022 – Jul. 31, 2023)
Profit	2,130,182	902,692
Other comprehensive income		
Valuation difference on available-for-sale securities	2,892	6,324
Foreign currency translation adjustment	330	28
Total other comprehensive income	3,223	6,353
Comprehensive income	2,133,405	909,045
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,133,405	909,045
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.

Changes in the Scope of Consolidation or Application of the Equity Method

Not applicable.

Changes in Accounting Policies

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 nine months of FY10/22 (Nov. 1, 2021 – Jul. 31, 2022)

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

(Thousands of yen)

	Reportable segment				Total
	Wholesale	Retail sales	Real estate management	Others	
Net sales					
External sales	22,031,837	5,141,572	1,028,018	24,560	28,225,988
Inter-segment sales and transfers	-	-	37,403	1,400	38,803
Total	22,031,837	5,141,572	1,065,422	25,960	28,264,792
Segment profit (loss)	3,427,423	(316,120)	243,800	(41,223)	3,313,880

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	3,313,880
Elimination of inter-segment transactions	21,347
Operating profit on the quarterly consolidated statement of income	3,335,227

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 nine months of FY10/23 (Nov. 1, 2022 – Jul. 31, 2023)

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

(Thousands of yen)

	Reportable segment				Total
	Wholesale	Retail sales	Real estate management	Others	
Net sales					
External sales	5,104,208	8,022,055	1,237,821	28,090	14,392,175
Inter-segment sales and transfers	-	-	49,091	900	49,991
Total	5,104,208	8,022,055	1,286,913	28,990	14,442,167
Segment profit (loss)	1,013,092	350,561	172,221	(12,208)	1,523,667

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	1,523,667
Elimination of inter-segment transactions	30,131
Operating profit on the quarterly consolidated statement of income	1,553,798

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.

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.