

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending October 31, 2021 (Six Months Ended April 30, 2021)

[Japanese GAAP]

June 9, 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:

June 11, 2021

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 individual investors)

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

1. Consolidated Financial Results for the Second Quarter (November 1, 2020 - April 30, 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	%
Six months ended Apr. 30, 2021	19,669	146.0	2,167	232.3	2,029	252.2	1,380	255.7
Six months ended Apr. 30, 2020	7,994	(6.0)	652	2.4	576	(0.8)	388	(1.8)

Note: Comprehensive income (million yen) Six months ended Apr. 30, 2021: 1,382 (up 258.0%)

Six months ended Apr. 30, 2020: 386 (down 2.2%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Apr. 30, 2021	93.70	93.28
Six months ended Apr. 30, 2020	26.69	25.95

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 Apr. 30, 2021	20,751	8,853	42.7
As of Oct. 31, 2020	25,915	8,397	32.4

Reference: Shareholders' equity (million yen) As of Apr. 30, 2021: 8,853 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	-	0.00	-	-	-
Fiscal year ending Oct. 31, 2021 (forecasts)	-	-	-	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
Full year	38,000-	44.4-	3,500-	23.7-	3,300-	24.8-	2,251-	23.2-	154.94-
	41,876	59.1	3,800	34.3	3,600	36.1	2,455	34.4	168.98

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

2. Ranges for the consolidated forecast for the fiscal year ending October 31, 2021 have been announced. 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.

3. The Company's Board of Directors approved a resolution on April 9, 2021 to repurchase its own shares. Net income per share forecast has 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, 2021:	15,210,000 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 Apr. 30, 2021:	734,526 shares	As of Oct. 31, 2020:	444,426 shares
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3) Average number of shares outstanding during the period

Six months ended Apr. 30, 2021:	14,737,875 shares	Six months ended Apr. 30, 2020:	14,543,924 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, (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 meetings

The Company plans to hold online financial results meetings on Thursday, June 10, 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 half of the fiscal year ending October 31, 2021, under the prolonged economic stagnation caused by the spread of the COVID-19 pandemic, the Japanese economy showed signs of gradual recovery due to government actions. However, the outlook for the Japanese economy remains unclear due to the impact of the fresh issuance of the state of emergency in response to the recurring resurgence of COVID-19 infections.

Japan's market for newly constructed condominiums is the primary business domain of the Good Com Asset Group. During the first six months ended April 2021, the percentage of new condominiums sold in the Tokyo metropolitan area within one month of going on sale was 66.9%, according to the Real Estate Economic Institute. However, this percentage was 70.2% in Tokyo's 23 wards, the Group's main business area. This is above the 70% level generally regarded as a sign of a strong condominium market. The percentage sold within one month in Tokyo's 23 wards was 11.0% 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 half, 644 condominium units in 24 buildings were sold. Properties acquired were 410 units in five buildings.

Net sales increased 146.0% year on year to 19,669 million yen. Operating profit increased 232.3% to 2,167 million yen, ordinary profit increased 252.2% to 2,029 million yen and profit attributable to owners of parent was up 255.7% to 1,380 million yen.

Results by business segment are as follows:

Reportable segment categories are revised from the first quarter of the current fiscal year. For more information, please see the section "2. Quarterly Consolidated Financial Statements and Notes, (4) Notes to Quarterly Consolidated Financial Statements (Segment and Other Information)."

Prior-year figures reflect the new segment categories for comparison purposes.

(a) Retail sales

This segment consists of sales of the Genovia series of one-room and family condominiums to individual investors. During the first half, 87 condominium units were sold.

Sales were 2,962 million yen, down 19.0% from one year earlier, and segment loss was 122 million yen, compared with profit of 126 million yen one year earlier.

(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 half, 557 condominium units were sold.

Sales were 15,861 million yen, up 313.0% from one year earlier, and segment profit increased 585.9% to 1,991 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 half.

Sales were 875 million yen, up 70.9% from one year earlier, and segment profit increased 17.4% to 332 million yen.

(d) Good Com Fund

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

Sales were not recorded and segment loss was 43 million yen, compared with a 56 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 decreased 5,164 million yen, or 19.9%, from the end of the previous fiscal year to 20,751 million yen at the end of the second quarter of the current fiscal year.

This was mainly due to decreases in real estate for sale of 4,953 million yen and cash and deposits of 771 million yen, while there were increases in deposits paid included in other current assets of 273 million yen and advance payments-trade of 268 million yen.

Liabilities

Total liabilities decreased 5,620 million yen, or 32.1%, from the end of the previous fiscal year to 11,897 million yen.

This was mainly due to decreases in current portion of long-term borrowings of 4,022 million yen, short-term borrowings of 1,811 million yen and long-term borrowings of 333 million yen, while there were increases in accrued consumption taxes included in other current liabilities of 483 million yen and bonds payable of 139 million yen.

Net assets

Total net assets increased 456 million yen, or 5.4%, from the end of the previous fiscal year to 8,853 million yen.

The main factors include a 501 million yen decrease in retained earnings due to dividend payments and a 425 million yen increase in treasury shares, which were partially offset by a 1,380 million yen increase in retained earnings due to the booking of profit attributable to owners of parent.

Consequently, the equity ratio increased 10.3 percentage points from the end of the previous fiscal year to 42.7% 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 771 million yen, or 11.7%, from the end of the previous fiscal year to 5,806 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 provided by operating activities was 6,233 million yen (3,398 million yen used in the same period of the previous fiscal year).

This was mainly due to profit before income taxes of 2,029 million yen and a 4,901 million yen decrease in inventories, while there was income taxes paid of 699 million yen.

Cash flows from investing activities

Net cash used in investing activities was 89 million yen (547 million yen used in the same period of the previous fiscal year).

The main factors include purchase of property, plant and equipment of 37 million yen and payments for other investing activities of 49 million yen.

Cash flows from financing activities

Net cash used in financing activities was 6,915 million yen (3,185 million yen provided in the same period of the previous fiscal year).

The main factors include proceeds from long-term borrowings of 7,096 million yen, while there were repayments of long-term borrowings of 11,611 million yen and a net decrease in short-term borrowings of 1,652 million yen.

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

We have revised the full-year consolidated forecasts that were announced in the “Consolidated Financial Results for the Fiscal Year Ended October 31, 2020” on December 11, 2020. Please refer to the press release “Notice of revisions to the first half and full-year consolidated forecasts for the fiscal year ending October 31, 2021” announced on April 9, 2021 (Japanese version only).

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

	(Thousands of yen)	
	FY10/20	Second quarter of FY10/21
	(As of Oct. 31, 2020)	(As of Apr. 30, 2021)
Assets		
Current assets		
Cash and deposits	6,598,347	5,826,566
Real estate for sale	15,552,624	10,599,244
Real estate for sale in process	1,743,114	1,758,779
Advance payments-trade	807,310	1,075,955
Other	265,800	527,602
Allowance for doubtful accounts	(30,652)	(34,078)
Total current assets	24,936,544	19,754,069
Non-current assets		
Property, plant and equipment	52,909	85,994
Intangible assets		
Goodwill	539,942	485,948
Other	39,916	36,563
Total intangible assets	579,859	522,511
Investments and other assets	346,370	388,716
Total non-current assets	979,139	997,222
Total assets	25,915,684	20,751,291
Liabilities		
Current liabilities		
Accounts payable for construction contracts	111,118	81,852
Short-term borrowings	3,490,330	1,679,220
Current portion of bonds payable	42,000	82,000
Current portion of long-term borrowings	8,005,312	3,982,918
Income taxes payable	740,316	688,197
Provision for bonuses	18,021	14,522
Provision for vacancy warranties	34,808	86,423
Provision for loss on guarantees	25,187	26,575
Reserve for sublease losses	28,222	-
Other	430,232	878,513
Total current liabilities	12,925,549	7,520,222
Non-current liabilities		
Bonds payable	237,000	376,000
Long-term borrowings	4,292,475	3,958,497
Provision for shareholder benefit program	25,814	9,104
Other	37,195	33,567
Total non-current liabilities	4,592,485	4,377,169
Total liabilities	17,518,034	11,897,392
Net assets		
Shareholders' equity		
Share capital	1,593,771	1,594,209
Capital surplus	1,502,271	1,502,709
Retained earnings	5,633,805	6,513,060
Treasury shares	(329,689)	(755,007)
Total shareholders' equity	8,400,159	8,854,972
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(74)	996
Foreign currency translation adjustment	(2,434)	(2,068)
Total accumulated other comprehensive income	(2,508)	(1,072)
Total net assets	8,397,650	8,853,899
Total liabilities and net assets	25,915,684	20,751,291

(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 FY10/20 (Nov. 1, 2019 – Apr. 30, 2020)	First six months of FY10/21 (Nov. 1, 2020 – Apr. 30, 2021)
Net sales	7,994,033	19,669,108
Cost of sales	6,457,581	16,219,498
Gross profit	1,536,451	3,449,610
Selling, general and administrative expenses	884,224	1,282,345
Operating profit	652,226	2,167,264
Non-operating income		
Interest income	34	45
Dividend income	189	210
Commission income	1,260	5,503
Penalty income	12,251	13,364
Other	1,731	4,467
Total non-operating income	15,467	23,590
Non-operating expenses		
Interest expenses	65,655	115,462
Commission expenses	14,065	39,483
Other	11,689	6,096
Total non-operating expenses	91,410	161,042
Ordinary profit	576,284	2,029,812
Profit before income taxes	576,284	2,029,812
Income taxes	188,057	648,935
Profit	388,226	1,380,877
Profit attributable to owners of parent	388,226	1,380,877

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

(Thousands of yen)

	First six months of FY10/20 (Nov. 1, 2019 – Apr. 30, 2020)	First six months of FY10/21 (Nov. 1, 2020 – Apr. 30, 2021)
Profit	388,226	1,380,877
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,004)	1,070
Foreign currency translation adjustment	(86)	365
Total other comprehensive income	(2,090)	1,436
Comprehensive income	386,135	1,382,313
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	386,135	1,382,313
Comprehensive income attributable to non-controlling interests	-	-

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	First six months of FY10/20 (Nov. 1, 2019 – Apr. 30, 2020)	First six months of FY10/21 (Nov. 1, 2020 – Apr. 30, 2021)
Cash flows from operating activities		
Profit before income taxes	576,284	2,029,812
Depreciation	38,516	69,672
Amortization of goodwill	-	53,994
Increase (decrease) in allowance for doubtful accounts	-	3,425
Increase (decrease) in provision for bonuses	(4,353)	(3,499)
Increase (decrease) in provision for vacancy warranties	(5,635)	51,615
Increase (decrease) in provision for shareholder benefit program	6,563	(16,709)
Increase (decrease) in provision for loss on guarantees	-	1,387
Increase (decrease) in provision for reserve for sublease losses	-	(28,222)
Interest and dividend income	(224)	(255)
Interest expenses	65,655	115,462
Decrease (increase) in advance payments-trade	(2,132)	(268,644)
Decrease (increase) in inventories	(3,953,021)	4,901,157
Increase (decrease) in trade payables	(18,543)	(29,265)
Other, net	335,059	178,320
Subtotal	(2,961,830)	7,058,251
Interest and dividends received	63	77
Interest paid	(72,484)	(125,298)
Income taxes paid	(364,711)	(699,926)
Net cash provided by (used in) operating activities	(3,398,962)	6,233,104
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,657)	(37,327)
Purchase of investment securities	(299)	(299)
Purchase of intangible assets	(24,444)	(2,095)
Payments into time deposits	(540,021)	(20,023)
Proceeds from withdrawal of time deposits	40,019	20,021
Purchase of shares of subsidiaries and associates	(20,000)	-
Payments of leasehold deposits	(5)	-
Other, net	-	(49,491)
Net cash provided by (used in) investing activities	(547,408)	(89,215)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	882,292	(1,652,310)
Proceeds from long-term borrowings	5,003,050	7,096,500
Repayments of long-term borrowings	(2,667,312)	(11,611,672)
Proceeds from issuance of bonds	300,000	200,000
Redemption of bonds	-	(21,000)
Proceeds from issuance of shares	6,110	365
Purchase of treasury shares	-	(425,318)
Dividends paid	(338,152)	(501,621)
Other, net	-	(921)
Net cash provided by (used in) financing activities	3,185,987	(6,915,977)
Effect of exchange rate change on cash and cash equivalents	(77)	306
Net increase (decrease) in cash and cash equivalents	(760,461)	(771,782)
Cash and cash equivalents at beginning of period	4,959,562	6,578,325
Cash and cash equivalents at end of period	4,199,100	5,806,543

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

Not applicable.

Significant Changes in Shareholders' Equity

Stock repurchase

Pursuant to the resolution by the Board of Directors on April 9, 2021, the Company purchased 290,100 shares of its own shares. As a result, treasury shares increased 425,318 thousand yen during the first half of the current fiscal year to 755,007 thousand yen at the end of the second quarter.

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 FY10/20 (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
	Retail sales	Wholesale	Real estate management	Good Com Fund	
Net sales					
External sales	3,655,490	3,840,668	497,874	-	7,994,033
Inter-segment sales and transfers	-	-	14,211	-	14,211
Total	3,655,490	3,840,668	512,085	-	8,008,244
Segment profit (loss)	126,325	290,288	283,220	(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 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 FY10/21 (Nov. 1, 2020 – Apr. 30, 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	2,962,164	15,861,783	845,160	-	19,669,108
Inter-segment sales and transfers	-	-	29,903	-	29,903
Total	2,962,164	15,861,783	875,063	-	19,699,011
Segment profit (loss)	(122,492)	1,991,129	332,617	(43,855)	2,157,400

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	2,157,400
Elimination of inter-segment transactions	9,864
Operating profit on the quarterly consolidated statement of income	2,167,264

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 six 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.