

Consolidated Financial Results for the First Quarter of the Fiscal Year Ending October 31, 2023 (Three Months Ended January 31, 2023)

[Japanese GAAP]
March 13, 2023

Company name: Good Com Asset Co.,Ltd. Stock Exchange Listing: Tokyo Stock Exchange
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Scheduled date of filing of Quarterly Report: March 15, 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 First Quarter (November 1, 2022 - January 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	%
Three months ended Jan. 31, 2023	2,955	61.4	53	-	15	-	3	-
Three months ended Jan. 31, 2022	1,831	-	(195)	-	(238)	-	(243)	-

Note: Comprehensive income (million yen) Three months ended Jan. 31, 2023: 6 (-%)
Three months ended Jan. 31, 2022: (243) (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jan. 31, 2023	0.14	0.14
Three months ended Jan. 31, 2022	(8.50)	-

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 three months ended January 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 Jan. 31, 2023	26,197	10,616	40.5
As of Oct. 31, 2022	24,452	11,471	46.9

Reference: Shareholders' equity (million yen) As of Jan. 31, 2023: 10,616 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	-	-	-	-	-
Fiscal year ending Oct. 31, 2023 (forecasts)	-	0.00	-	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

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

2. The Company has established Good Com Asset Investment Advisors Co., Ltd. on May 20, 2022 and is preparing to launch a REIT business as its new business. The timing of obtaining permits and approvals for the start of the business is yet to be determined, and the results of operations may vary depending on the timing; therefore, no consolidated forecast is provided for the first half.

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

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

Three months ended Jan. 31, 2023:	28,751,901 shares	Three months ended Jan. 31, 2022:	28,669,548 shares
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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 Wednesday, March 15, 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 Three-month Period	5
Quarterly Consolidated Statement of Comprehensive Income	
For the Three-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 quarter of the fiscal year ending October 31, 2023, the Japanese economy recovered slowly as social and economic activity began returning to normal because of vaccinations and other pandemic safety measures. Despite the recovery, the outlook for the economy remains uncertain. Inflation is continuing because of the Ukraine crisis and other reasons and the yen has depreciated rapidly in response to the Bank of Japan's decision to widen the long-term interest rate target range.

In the Japanese real estate industry, purchases of investment properties by overseas investors are expected to increase because Japan has ended most of the restrictions concerning foreign visitors. However, the business climate must be monitored closely because of the rising cost of real estate caused mainly by higher prices of building materials, fuel and other items.

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 quarter, 104 condominium units in 5 buildings were sold. Properties acquired were 731 units in 9 buildings.

Net sales increased 61.4% to 2,955 million yen from one year earlier. The operating profit was 53 million yen compared with an operating loss of 195 million yen one year earlier, the ordinary profit was 15 million yen compared with an ordinary loss of 238 million yen one year earlier, and the profit attributable to owners of parent was 3 million yen compared with a loss attributable to owners of parent of 243 million yen one year earlier.

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 quarter, 21 condominium units in one building were sold.

Sales decreased 14.9% to 491 million yen from one year earlier, and the segment loss was 8 million yen compared with a loss of 65 million yen 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 quarter, 83 condominium units in 5 buildings were sold.

Sales increased 132.8% to 2,120 million yen from one year earlier, and the segment profit was 9 million yen compared with a loss of 210 million yen one year earlier.

(c) Real estate management

The occupancy rate at managed condominium buildings and units was consistently above 90% at the end of every month during the first quarter. However, rental income decreased because strong sales of these properties reduced the number of unsold condominium units.

Sales decreased 1.1% to 339 million yen from one year earlier, and segment profit decreased 43.9% to 48 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 22.2% to 10 million yen from one year earlier, and the segment loss was 3 million yen compared with a 13 million yen loss one year earlier.

(2) Explanation of Financial Position

Assets

Total assets increased 1,744 million yen, or 7.1%, from the end of the previous fiscal year to 26,197 million yen at the end of the first quarter of the current fiscal year. This was mainly due to an increase in real estate for sale of 1,138 million yen and real estate for sale in process of 1,755 million yen, while there was a decrease in cash and deposits of 1,517 million yen.

Liabilities

Total liabilities increased 2,600 million yen, or 20.0%, from the end of the previous fiscal year to 15,581 million yen. This was mainly due to increases in short-term borrowings of 3,638 million yen and long-term borrowings of 2,777 million yen, while there were decreases in current portion of long-term borrowings of 1,841 million yen, accounts payable for construction contracts of 1,233 million yen and income taxes payable of 860 million yen.

Net assets

Total net assets decreased 855 million yen, or 7.5%, from the end of the previous fiscal year to 10,616 million yen. The main factors include an 862 million yen decrease in retained earnings due to dividend payments.

Consequently, the equity ratio was 40.5% 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 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)	First quarter of FY10/23 (As of Jan. 31, 2023)
Assets		
Current assets		
Cash and deposits	11,676,778	10,158,852
Accounts receivable-trade	3,619	3,608
Real estate for sale	10,239,116	11,377,792
Real estate for sale in process	253,418	2,009,143
Advance payments to suppliers	873,058	1,003,394
Current portion of long-term loans receivable from subsidiaries and associates	-	1,680
Other	667,294	901,897
Allowance for doubtful accounts	(79,342)	(100,724)
Total current assets	23,633,943	25,355,643
Non-current assets		
Property, plant and equipment	71,115	69,057
Intangible assets		
Goodwill	105,750	96,938
Other	10,896	9,965
Total intangible assets	116,646	106,904
Investments and other assets	630,550	665,579
Total non-current assets	818,312	841,540
Total assets	24,452,256	26,197,184
Liabilities		
Current liabilities		
Accounts payable for construction contracts	1,322,328	89,237
Short-term borrowings	2,047,500	5,685,500
Current portion of bonds payable	82,000	82,000
Current portion of long-term borrowings	3,036,476	1,195,378
Refund liabilities	133,814	87,928
Income taxes payable	879,337	18,882
Provision for bonuses	21,065	9,933
Provision for loss on guarantees	40,283	46,300
Other	482,373	671,326
Total current liabilities	8,045,178	7,886,486
Non-current liabilities		
Bonds payable	253,000	232,000
Long-term borrowings	4,648,849	7,426,298
Provision for shareholder benefit program	3,072	2,802
Other	30,207	33,463
Total non-current liabilities	4,935,129	7,694,563
Total liabilities	12,980,307	15,581,049
Net assets		
Shareholders' equity		
Share capital	1,595,832	1,595,944
Capital surplus	1,504,332	1,504,444
Retained earnings	9,335,789	8,477,423
Treasury shares	(968,634)	(968,634)
Total shareholders' equity	11,467,319	10,609,177
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,294	8,513
Foreign currency translation adjustment	(1,665)	(1,556)
Total accumulated other comprehensive income	4,629	6,956
Total net assets	11,471,948	10,616,134
Total liabilities and net assets	24,452,256	26,197,184

(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 FY10/22 (Nov. 1, 2021 – Jan. 31, 2022)	First three months of FY10/23 (Nov. 1, 2022 – Jan. 31, 2023)
Net sales	1,831,022	2,955,123
Cost of sales	1,417,619	2,203,891
Gross profit	413,403	751,231
Selling, general and administrative expenses	609,087	697,838
Operating profit (loss)	(195,683)	53,393
Non-operating income		
Interest income	6	12
Dividend income	387	529
Commission income	4,050	480
Penalty income	8,256	10,612
Other	1,998	4,140
Total non-operating income	14,700	15,776
Non-operating expenses		
Interest expenses	32,569	41,986
Commission expenses	24,084	10,562
Other	729	957
Total non-operating expenses	57,383	53,506
Ordinary profit (loss)	(238,367)	15,662
Profit (loss) before income taxes	(238,367)	15,662
Income taxes	5,361	11,763
Profit (loss)	(243,728)	3,899
Profit (loss) attributable to owners of parent	(243,728)	3,899

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

(Thousands of yen)

	First three months of FY10/22 (Nov. 1, 2021 – Jan. 31, 2022)	First three months of FY10/23 (Nov. 1, 2022 – Jan. 31, 2023)
Profit (loss)	(243,728)	3,899
Other comprehensive income		
Valuation difference on available-for-sale securities	241	2,219
Foreign currency translation adjustment	25	108
Total other comprehensive income	266	2,327
Comprehensive income	(243,461)	6,226
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(243,461)	6,226
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. However, the Company uses legally stipulated effective tax rates to calculate tax expenses when the use of estimated tax rates produces a clearly irrational result.

Segment and Other Information

Segment Information

I. First three months of FY10/22 (Nov. 1, 2021 – Jan. 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	577,080	911,181	334,630	8,130	1,831,022
Inter-segment sales and transfers	-	-	8,370	800	9,170
Total	577,080	911,181	343,001	8,930	1,840,193
Segment profit (loss)	(65,632)	(210,889)	87,073	(13,230)	(202,680)

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	(202,680)
Elimination of inter-segment transactions	6,996
Operating loss on the quarterly consolidated statement of income	(195,683)

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

Good Com Asset has applied the Accounting Standard for Revenue Recognition from the beginning of the first quarter of FY10/22 and changed the accounting method for revenue recognition. Accordingly, the method for calculating net sales, profit or loss for each reportable segment has been changed as well.

Compared with the previous method, sales in wholesale and retail sales for the first quarter of FY10/22 decreased by 13 million yen and 11 million yen respectively, but there is no impact on segment profit or loss.

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.

II. First three months of FY10/23 (Nov. 1, 2022 – Jan. 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	491,365	2,120,848	332,299	10,610	2,955,123
Inter-segment sales and transfers	-	-	6,932	300	7,232
Total	491,365	2,120,848	339,232	10,910	2,962,355
Segment profit (loss)	(8,934)	9,701	48,840	(3,219)	46,387

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	46,387
Elimination of inter-segment transactions	7,005
Operating profit on the quarterly consolidated statement of income	53,393

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.