

Consolidated Financial Results for the Fiscal Year Ended October 31, 2021

[Japanese GAAP]

December 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 Annual General Meeting of Shareholders: January 27, 2022

Scheduled date of payment of dividend: January 28, 2022

Scheduled date of filing of Annual Securities Report: January 27, 2022

Preparation of supplementary materials for financial results: Yes

Holding of 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 Fiscal Year Ended October 31, 2021

(November 1, 2020 - 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	%
Fiscal year ended Oct. 31, 2021	34,216	30.0	3,437	21.5	3,164	19.7	1,962	7.4
Fiscal year ended Oct. 31, 2020	26,323	12.6	2,829	61.2	2,644	60.2	1,826	62.0

Note: Comprehensive income (million yen) Fiscal year ended Oct. 31, 2021: 1,966 (up 7.8%)

Fiscal year ended Oct. 31, 2020: 1,824 (up 61.8%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Oct. 31, 2021	135.03	134.48	22.3	13.7	10.0
Fiscal year ended Oct. 31, 2020	124.48	122.40	23.7	12.9	10.7

Reference: Equity in earnings of affiliates (million yen) Fiscal year ended Oct. 31, 2021: - Fiscal year ended Oct. 31, 2020: -

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	Net assets per share
	Million yen	Million yen	%	Yen
As of Oct. 31, 2021	20,446	9,208	45.0	642.42
As of Oct. 31, 2020	25,915	8,397	32.4	569.19

Reference: Shareholders' equity (million yen) As of Oct. 31, 2021: 9,208 As of Oct. 31, 2020: 8,397

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

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Oct. 31, 2021	9,700	(90)	(8,234)	7,953
Fiscal year ended Oct. 31, 2020	(6,112)	(582)	8,312	6,578

2. Dividends

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Oct. 31, 2020	-	0.00	-	68.00	68.00	501	27.3	6.4
Fiscal year ended Oct. 31, 2021	-	0.00	-	43.00	43.00	616	31.8	7.0
Fiscal year ending Oct. 31, 2022 (forecasts)	-	0.00	-	53.00	53.00		32.5	

Notes:

- 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.
- Breakdown of year-end dividend per share (forecast) for the fiscal year ending October 31, 2022:
Ordinary dividend: 50.00 yen; Commemorative dividend to mark 5th anniversary of listing: 3.00 yen

3. Consolidated Forecast for the Fiscal Year Ending October 31, 2022 (November 1, 2021 - October 31, 2022)

(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	28,624	45.5	3,196	47.5	2,923	44.1	2,009	45.5	140.18
Full year	42,186	23.3	3,801	10.6	3,417	8.0	2,337	19.1	163.08

Notes

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

(2) 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

(3) Number of outstanding shares (common shares)

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

As of Oct. 31, 2021: 15,229,200 shares As of Oct. 31, 2020: 15,198,000 shares

2) Number of treasury shares at the end of the period

As of Oct. 31, 2021: 894,426 shares As of Oct. 31, 2020: 444,426 shares

3) Average number of shares outstanding during the period

Fiscal year ended Oct. 31, 2021: 14,530,328 shares Fiscal year ended Oct. 31, 2020: 14,672,178 shares

Note: The Company conducted a 2-for-1 common stock split effective on November 1, 2020. 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.

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended October 31, 2021

(November 1, 2020 - October 31, 2021)

(1) Non-consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Oct. 31, 2021	33,503	29.3	3,456	23.3	3,164	21.4	2,182	21.1
Fiscal year ended Oct. 31, 2020	25,921	12.4	2,803	61.6	2,606	60.9	1,803	62.8

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Oct. 31, 2021	150.22	149.61
Fiscal year ended Oct. 31, 2020	122.90	120.84

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) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Oct. 31, 2021	20,204	9,314	46.1	649.81
As of Oct. 31, 2020	25,466	8,283	32.5	561.45

Reference: Shareholders' equity (million yen) As of Oct. 31, 2021: 9,314 As of Oct. 31, 2020: 8,283

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

The current financial report is not subject to audit 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. Actual results may differ significantly from these forecasts for a number of factors.

Please refer to "1. Overview of Results of Operations, (4) Outlook" on page 4 for forecast assumptions and notes of caution for usage.

How to view supplementary materials for financial results

The Company plans to hold an online financial results meeting on Thursday, December 9, 2021. Materials to be used 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. Overview of Results of Operations	2
(1) Results of Operations	2
(2) Financial Position	3
(3) Cash Flows	3
(4) Outlook	4
(5) Important Information about Going Concern Assumption	4
2. Basic Approach for the Selection of Accounting Standards	4
3. Consolidated Financial Statements and Notes	5
(1) Consolidated Balance Sheet	5
(2) Consolidated Statements of Income and Comprehensive Income	7
Consolidated Statement of Income	7
Consolidated Statement of Comprehensive Income	8
(3) Consolidated Statement of Changes in Equity	9
(4) Consolidated Statement of Cash Flows	11
(5) Notes to Consolidated Financial Statements	12
Going Concern Assumption	12
Segment and Other Information	12
Per-share Information	15
Material Subsequent Events	15

1. Overview of Results of Operations

(1) Results of Operations

In the current fiscal year ended October 2021, the Japanese economy remained unpredictable as it experienced a bumpy ride with fits and starts in the midst of the global spread of the COVID-19 pandemic with no way out in sight. Going forward, we expect the economy to pick up supported by various government policies and progress in COVID-19 vaccinations. Nevertheless, it is necessary to continually monitor the impact of the COVID-19 pandemic, fluctuations in financial and capital markets and other factors.

Japan's market for newly constructed condominiums is the primary business domain of the Good Com Asset Group. During the current fiscal year, the percentage of new condominiums sold in the Tokyo metropolitan area within one month of going on sale was 68.3%, up 3.0% from one year earlier, according to the Real Estate Economic Institute. This percentage was 70.0%, up 7.2%, in Tokyo's 23 wards, the Group's main business area. This is the 70% level generally regarded as a sign of a strong condominium market. This is 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. The occupancy rate of hotels and offices has been declining amid the spread of the COVID-19 pandemic. On the other hand, wholesale sales of condominium buildings have increased significantly because condominiums are safe assets that investors can buy with confidence. We are digitalizing our business by transiting from paper to the web and have started using e-contracts to enhance customer convenience. As a result of these initiatives, net sales and profits reached a new record high.

During the current fiscal year, 1,109 condominium units in 37 buildings were sold and 760 units in 9 buildings were acquired.

Net sales increased 30.0% year on year to 34,216 million yen. Operating profit increased 21.5% to 3,437 million yen and ordinary profit increased 19.7% to 3,164 million yen. Profit attributable to owners of the parent was up 7.4% to 1,962 million yen due to an impairment loss on goodwill resulting from the consolidation of Room Bank Insure Co., Ltd.

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 "3. Consolidated Financial Statements and Notes, (5) Notes to Consolidated Financial Statements (Segment and Other Information)."

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

(a) Wholesale

This segment consists of sales of the Genovia series of one-room and family condominiums. During the current fiscal year, 924 condominium units were sold. Specifically, sales of condominium buildings are increasing.

Sales were 26,185 million yen, up 52.1% from one year earlier, and segment profit increased 46.8% to 3,115 million yen.

(b) Retail sales

This segment consists of sales of the Genovia series of one-room and family condominiums to individual investors. During the current fiscal year, 185 condominium units were sold.

Sales were 6,534 million yen, down 17.3% from one year earlier, and segment loss was 141 million yen, compared with profit of 212 million yen one year earlier.

(c) Real estate management

Segment sales were higher as growth in the number of managed condominium buildings and tenant-occupied

condominium units was strong and the occupancy rate exceeded 90% at the end of every month. However, earnings were lower due to amortization of goodwill, while there was an increase in sales resulting from the consolidation of Room Bank Insure Co., Ltd. in September 2020.

Sales were 1,545 million yen, up 28.8% from one year earlier, and segment profit decreased 6.3% to 517 million yen.

(d) Good Com Fund

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

Sales were not recorded and segment loss was 77 million yen, compared with a 75 million yen loss one year earlier.

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

(2) Financial Position

Total assets decreased 21.1% from the end of the previous fiscal year to 20,446 million yen at the end of the current fiscal year, total liabilities decreased 35.9% to 11,237 million yen and total net assets increased 9.7% to 9,208 million yen. The equity ratio was 45.0%.

(a) Current assets

Current assets decreased 5,283 million yen from the end of the previous fiscal year to 19,652 million yen at the end of the current fiscal year. This was mainly due to a decrease in real estate for sale of 6,923 million yen, while there were increases in cash and deposits of 1,375 million yen and advance payments to suppliers of 271 million yen.

(b) Non-current assets

Non-current assets decreased 185 million yen from the end of the previous fiscal year to 793 million yen. This was mainly due to a decrease in goodwill of 290 million yen.

(c) Current liabilities

Current liabilities decreased 5,689 million yen from the end of the previous fiscal year to 7,236 million yen. This was mainly due to decreases in current portion of long-term borrowings of 4,988 million yen and short-term borrowings of 1,554 million yen, while there was an increase in accrued consumption taxes included in other current liabilities of 727 million yen.

(d) Non-current liabilities

Non-current liabilities decreased 591 million yen from the end of the previous fiscal year to 4,001 million yen mainly due to a 667 million yen decrease in long-term borrowings.

(e) Net assets

Total net assets increased 811 million yen from the end of the previous fiscal year to 9,208 million yen. The main factors include a 501 million yen decrease in retained earnings due to dividend payments and a 656 million yen increase in treasury shares, which were partially offset by a 1,962 million yen increase in retained earnings due to the booking of profit attributable to owners of parent.

(3) Cash Flows

Cash and cash equivalents (hereinafter, "net cash") at the end of the current fiscal year increased 1,375 million yen, or 20.9%, from the end of the previous fiscal year to 7,953 million yen.

Cash flows by category during the fiscal year is as follows.

Cash flows from operating activities

Net cash provided by operating activities was 9,700 million yen (6,112 million yen used in the previous fiscal year). This was mainly due to a 6,844 million yen decrease in inventories and profit before income taxes of 2,982 million yen.

Cash flows from investing activities

Net cash used in investing activities was 90 million yen (582 million yen used in the previous fiscal year). The main factors include payments of leasehold deposits of 49 million yen and purchase of property, plant and equipment of 37 million yen.

Cash flows from financing activities

Net cash used in financing activities was 8,234 million yen (8,312 million yen provided in the previous fiscal year). The main factors include proceeds from long-term borrowings of 9,235 million yen, while there were repayments of long-term borrowings of 15,049 million yen, a net decrease in short-term borrowings of 1,395 million yen, purchase of treasury shares of 656 million yen and dividends paid of 501 million yen.

(4) Outlook

Although the spread of the COVID-19 infections has temporarily subsided in Japan, infections continue to spread worldwide. As a result, the outlook for the Japanese economy is expected to remain uncertain.

In this business environment, the Group has defined its philosophy as: “Purpose = Contributing to society through the global provision of real estate that can be owned with confidence as a valuable asset” and “Vision = Become a leading real estate company of the 21st century.” Our medium to long-term goal is to achieve an average annual growth rate of 30% to 40% and join the leading firms in the real estate industry in terms of market capitalization by the fiscal year ending in October 2030. We will continue to proactively supply new condominiums that are located within a 10-minute walk of a train station in Tokyo’s 23 wards and promote real estate as a stable investment.

In the current fiscal year, sales activities were difficult due to fewer opportunities for face-to-face negotiations with individual investors amid the state of emergency. We expect the real estate industry to speed up digital transformation (DX) to cope with such issues.

In addition, we forecast an increase in inquiries for condominium buildings as they are seen as a stable investment amid the COVID-pandemic.

We believe that these actions combined with focus on wholesale sales of condominium buildings, improvement of operational efficiency, and expansion of retail sales channels as the Osaka office becomes fully operational will enable us to sell more condominium units in the next fiscal year. In addition, we forecast a strong performance of real estate management operations because of growth in the number of units managed.

The Group forecasts big increases in sales and earnings to all-time highs in the fiscal year ending in October 2022, with net sales of 42,186 million yen, (up 23.3% year on year), operating profit of 3,801 million yen (up 10.6%), ordinary profit of 3,417 million yen (up 8.0%), and profit attributable to owners of parent of 2,337 million yen (up 19.1%).

The Group will continue to take actions for the growth of current business activities while using M&A, promoting new business and other measures for the diversification of business operations. Our goal is to use these actions for the growth of corporate value.

(5) Important Information about Going Concern Assumption

Not applicable.

2. Basic Approach for the Selection of Accounting Standards

The Group will continue to use generally accepted accounting principles in Japan for the consolidated financial statements for the time being to permit comparisons with prior years and with the financial reports of other companies.

We will consider the use of International Financial Reporting Standards (IFRS) while monitoring upcoming changes in our foreign investor ownership ratio and the use of IFRS by other real estate companies in Japan.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

	(Thousands of yen)	
	FY10/20 (As of Oct. 31, 2020)	FY10/21 (As of Oct. 31, 2021)
Assets		
Current assets		
Cash and deposits	6,598,347	7,973,539
Real estate for sale	15,552,624	8,629,314
Real estate for sale in process	1,743,114	1,730,842
Advance payments to suppliers	807,310	1,078,522
Other	265,800	277,453
Allowance for doubtful accounts	(30,652)	(36,758)
Total current assets	24,936,544	19,652,914
Non-current assets		
Property, plant and equipment		
Buildings and structures	57,772	86,099
Accumulated depreciation	(20,089)	(24,572)
Buildings and structures, net	37,683	61,527
Other	27,083	36,672
Accumulated depreciation	(11,856)	(17,351)
Other, net	15,226	19,321
Total property, plant and equipment	52,909	80,848
Intangible assets		
Goodwill	539,942	249,805
Software	39,916	31,467
Total intangible assets	579,859	281,272
Investments and other assets		
Investment securities	13,534	20,600
Deferred tax assets	156,866	199,249
Other	175,969	211,419
Total investments and other assets	346,370	431,268
Total non-current assets	979,139	793,389
Total assets	25,915,684	20,446,304

	(Thousands of yen)	
	FY10/20 (As of Oct. 31, 2020)	FY10/21 (As of Oct. 31, 2021)
Liabilities		
Current liabilities		
Accounts payable for construction contracts	111,118	165,121
Short-term borrowings	3,490,330	1,935,730
Current portion of bonds payable	42,000	82,000
Current portion of long-term borrowings	8,005,312	3,016,834
Income taxes payable	740,316	666,380
Provision for bonuses	18,021	19,379
Provision for vacancy warranties	34,808	163,014
Provision for loss on guarantees	25,187	27,533
Reserve for sublease losses	28,222	-
Other	430,232	1,160,312
Total current liabilities	12,925,549	7,236,306
Non-current liabilities		
Bonds payable	237,000	335,000
Long-term borrowings	4,292,475	3,625,140
Provision for shareholder benefit program	25,814	7,101
Other	37,195	33,797
Total non-current liabilities	4,592,485	4,001,038
Total liabilities	17,518,034	11,237,345
Net assets		
Shareholders' equity		
Share capital	1,593,771	1,595,342
Capital surplus	1,502,271	1,503,842
Retained earnings	5,633,805	7,094,234
Treasury shares	(329,689)	(986,622)
Total shareholders' equity	8,400,159	9,206,796
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(74)	4,114
Foreign currency translation adjustment	(2,434)	(1,951)
Total accumulated other comprehensive income	(2,508)	2,162
Total net assets	8,397,650	9,208,959
Total liabilities and net assets	25,915,684	20,446,304

(2) Consolidated Statements of Income and Comprehensive Income**(Consolidated Statement of Income)**

(Thousands of yen)

	FY10/20 (Nov. 1, 2019 - Oct. 31, 2020)	FY10/21 (Nov. 1, 2020 - Oct. 31, 2021)
Net sales	26,323,011	34,216,619
Cost of sales	21,532,545	28,107,119
Gross profit	4,790,465	6,109,499
Selling, general and administrative expenses	1,961,256	2,672,374
Operating profit	2,829,209	3,437,125
Non-operating income		
Interest income	81	79
Dividend income	414	510
Commission income	2,500	12,094
Penalty income	27,726	32,928
Recoveries of written off receivables	-	3,385
Other	5,147	5,183
Total non-operating income	35,870	54,181
Non-operating expenses		
Interest expenses	158,617	182,489
Commission expenses	49,296	136,434
Other	12,899	7,427
Total non-operating expenses	220,813	326,351
Ordinary profit	2,644,265	3,164,955
Extraordinary losses		
Impairment losses	-	182,148
Total extraordinary losses	-	182,148
Profit before income taxes	2,644,265	2,982,806
Income taxes-current	868,598	1,064,986
Income taxes-deferred	(50,741)	(44,230)
Total income taxes	817,857	1,020,755
Profit	1,826,407	1,962,050
Profit attributable to owners of parent	1,826,407	1,962,050

(Consolidated Statement of Comprehensive Income)

(Thousands of yen)

	FY10/20 (Nov. 1, 2019 - Oct. 31, 2020)	FY10/21 (Nov. 1, 2020 - Oct. 31, 2021)
Profit	1,826,407	1,962,050
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,964)	4,188
Foreign currency translation adjustment	102	483
Total other comprehensive income	(1,862)	4,671
Comprehensive income	1,824,545	1,966,722
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,824,545	1,966,722
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statement of Changes in Equity

FY10/20 (Nov. 1, 2019 – Oct. 31, 2020)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,589,516	1,498,016	4,145,550	(214,924)	7,018,158
Changes during period					
Issuance of new shares-exercise of share acquisition rights	4,255	4,255			8,510
Dividends of surplus			(338,152)		(338,152)
Profit attributable to owners of parent			1,826,407		1,826,407
Purchase of treasury shares				(114,764)	(114,764)
Net changes in items other than shareholders' equity					-
Total changes during period	4,255	4,255	1,488,254	(114,764)	1,382,000
Balance at end of period	1,593,771	1,502,271	5,633,805	(329,689)	8,400,159

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	1,890	(2,536)	(646)	7,017,512
Changes during period				
Issuance of new shares-exercise of share acquisition rights			-	8,510
Dividends of surplus			-	(338,152)
Profit attributable to owners of parent			-	1,826,407
Purchase of treasury shares			-	(114,764)
Net changes in items other than shareholders' equity	(1,964)	102	(1,862)	(1,862)
Total changes during period	(1,964)	102	(1,862)	1,380,138
Balance at end of period	(74)	(2,434)	(2,508)	8,397,650

FY10/21 (Nov. 1, 2020 – Oct. 31, 2021)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,593,771	1,502,271	5,633,805	(329,689)	8,400,159
Changes during period					
Issuance of new shares-exercise of share acquisition rights	1,570	1,570			3,141
Dividends of surplus			(501,621)		(501,621)
Profit attributable to owners of parent			1,962,050		1,962,050
Purchase of treasury shares				(656,933)	(656,933)
Net changes in items other than shareholders' equity					-
Total changes during period	1,570	1,570	1,460,429	(656,933)	806,637
Balance at end of period	1,595,342	1,503,842	7,094,234	(986,622)	9,206,796

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	(74)	(2,434)	(2,508)	8,397,650
Changes during period				
Issuance of new shares-exercise of share acquisition rights			-	3,141
Dividends of surplus			-	(501,621)
Profit attributable to owners of parent			-	1,962,050
Purchase of treasury shares			-	(656,933)
Net changes in items other than shareholders' equity	4,188	483	4,671	4,671
Total changes during period	4,188	483	4,671	811,309
Balance at end of period	4,114	(1,951)	2,162	9,208,959

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY10/20 (Nov. 1, 2019 - Oct. 31, 2020)	FY10/21 (Nov. 1, 2020 - Oct. 31, 2021)
Cash flows from operating activities		
Profit before income taxes	2,644,265	2,982,806
Depreciation	96,349	137,543
Impairment losses	-	182,148
Amortization of goodwill	-	107,988
Increase (decrease) in allowance for doubtful accounts	-	6,105
Increase (decrease) in provision for bonuses	(1,175)	1,358
Increase (decrease) in provision for vacancy warranties	9,124	128,206
Increase (decrease) in provision for shareholder benefit program	675	(18,713)
Increase (decrease) in provision for loss on guarantees	-	2,345
Increase (decrease) in provision for reserve for sublease losses	28,222	(28,222)
Interest and dividend income	(496)	(589)
Interest expenses	158,617	182,489
Decrease (increase) in advance payments to suppliers	298,967	(271,211)
Decrease (increase) in inventories	(8,825,250)	6,844,707
Increase (decrease) in trade payables	32,755	54,002
Increase (decrease) in accrued consumption taxes	-	727,774
Other, net	148,908	(2,262)
Subtotal	(5,409,035)	11,036,477
Interest and dividends received	148	160
Interest paid	(169,738)	(200,317)
Income taxes paid	(533,478)	(1,136,008)
Net cash provided by (used in) operating activities	(6,112,104)	9,700,312
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,656)	(37,916)
Purchase of investment securities	(599)	(599)
Purchase of intangible assets	(29,444)	(2,555)
Payments into time deposits	(20,021)	(20,023)
Proceeds from withdrawal of time deposits	20,019	20,021
Purchase of shares of subsidiaries and associates	(20,000)	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(527,234)	-
Payments of leasehold deposits	-	(49,721)
Other, net	(130)	-
Net cash provided by (used in) investing activities	(582,067)	(90,794)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,002,444	(1,395,800)
Proceeds from long-term borrowings	13,162,020	9,235,200
Repayments of long-term borrowings	(6,686,285)	(15,049,813)
Proceeds from issuance of bonds	300,000	200,000
Redemption of bonds	(21,000)	(62,000)
Proceeds from issuance of shares	8,071	2,508
Purchase of treasury shares	(114,764)	(656,933)
Dividends paid	(338,152)	(501,621)
Other, net	536	(6,270)
Net cash provided by (used in) financing activities	8,312,870	(8,234,730)
Effect of exchange rate change on cash and cash equivalents	64	402
Net increase (decrease) in cash and cash equivalents	1,618,763	1,375,190
Cash and cash equivalents at beginning of period	4,959,562	6,578,325

Cash and cash equivalents at end of period

6,578,325

7,953,516

(5) Notes to Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Segment and Other Information

Segment Information

1. Overview of reportable segment

The Group's segments used for financial reporting are the constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The operations of the Group are divided into the following four reportable business segments: wholesale, retail sales, real estate management, and Good Com Fund.

The sale of newly constructed condominiums using the Company's own brand is the primary activity of the wholesale and retail sales segments. Activities of real estate management include the management of tenant-occupied condominium units as well as entire condominium buildings sold by the Company, the rental of these units until ownership is transferred to buyers, and provision of apartment rent guarantee services. The primary activity of Good Com Fund is sales of small amount investment units of a real estate fund in accordance with the Real Estate Specified Joint Enterprise Act.

Beginning from 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 FY10/20 is presented based on the classification of reportable segments after the change.

2. Calculation method for net sales, profit or loss, assets, liabilities, and other items for each reportable segment

The accounting methods for reportable segments are generally the same as those described in "Significant Accounting Policies in the Preparation of Consolidated Financial Statements."

Profits for reportable segments are operating profit figures.

Inter-segment sales and transfers are based on market prices.

The Group does not allocate assets to specific business segments, but depreciation associated with these assets is allocated to specific business segments using reasonable standards.

3. Information related to net sales and profit or loss, assets, liabilities, and other items for each reportable segment

FY10/20 (Nov. 1, 2019 – Oct. 31, 2020)(Thousands of yen)

	Reportable segment				Total
	Wholesale	Retail sales	Real estate management	Good Com Fund	
Net sales					
External sales	17,211,117	7,899,275	1,165,551	47,066	26,323,011
Inter-segment sales and transfers	-	-	34,149	-	34,149
Total	17,211,117	7,899,275	1,199,701	47,066	26,357,161
Segment profit (loss)	2,123,096	212,011	551,776	(75,098)	2,811,785
Other items					
Depreciation	904	5,097	-	4,814	10,816

Notes: 1. Total depreciation in this table is consistent with the amount shown in the consolidated financial statements.

2. The Group does not allocate assets to specific business segments.

FY10/21 (Nov. 1, 2020 – Oct. 31, 2021)(Thousands of yen)

	Reportable segment				Total
	Wholesale	Retail sales	Real estate management	Good Com Fund	
Net sales					
External sales	26,185,685	6,534,863	1,496,070	-	34,216,619
Inter-segment sales and transfers	-	-	49,627	-	49,627
Total	26,185,685	6,534,863	1,545,697	-	34,266,246
Segment profit (loss)	3,115,820	(141,418)	517,205	(77,350)	3,414,257
Other items					
Depreciation	1,993	8,019	4,830	6,138	20,981

Notes: 1. Total depreciation in this table is consistent with the amount shown in the consolidated financial statements.

2. The Group does not allocate assets to specific business segments.

4. Reconciliation of amounts shown in the consolidated financial statements with total for reportable segments

(Thousands of yen)

Net sales	FY10/20	FY10/21
Total for reportable segments	26,357,161	34,266,246
Elimination of inter-segment transactions	(34,149)	(49,627)
Net sales in consolidated financial statements	26,323,011	34,216,619

(Thousands of yen)

Profit	FY10/20	FY10/21
Total for reportable segments	2,811,785	3,414,257
Elimination of inter-segment transactions	17,423	22,868
Operating profit in consolidated financial statements	2,829,209	3,437,125

Related Information

FY10/20 (Nov. 1, 2019 – Oct. 31, 2020)

1. Information by product and service

Omitted since sales to external customers in the category of a single product or service exceeded 90% of net sales on the consolidated statement of income.

2. Information by region

(1) Net sales

(Thousands of yen)

Japan	Taiwan	Total
26,293,742	29,269	26,323,011

(2) Property, plant and equipment

Not applicable because there are no property, plant and equipment outside Japan.

3. Information by major customer

(Thousands of yen)

Customer name	Net sales	Relevant segment
PPFA Japan III TMK	9,706,800	Wholesale

FY10/21 (Nov. 1, 2020 – Oct. 31, 2021)

1. Information by product and service

Omitted since sales to external customers in the category of a single product or service exceeded 90% of net sales on the consolidated statement of income.

2. Information by region

(1) Net sales

(Thousands of yen)

Japan	Taiwan	Total
34,216,619	-	34,216,619

(2) Property, plant and equipment

Not applicable because there are no property, plant and equipment outside Japan.

3. Information by major customer

Not applicable.

Information Related to Impairment Loss of Non-current Assets for Each Reportable Segment

Not applicable.

Information Related to Amortization of Goodwill and Unamortized Balance for Each Reportable Segment

Reportable segment categories are revised beginning from FY10/21. The information for FY10/20 is presented based on the classification of reportable segments after the revision.

FY10/20 (Nov. 1, 2019 – Oct. 31, 2020)

Room Bank Insure Co., Ltd. became a consolidated subsidiary in FY10/20 following the acquisition of this company on September 9, 2020, and was added to the real estate management segment. This acquisition resulted in goodwill of 539,942 thousand yen.

(Thousands of yen)

	Wholesale	Retail sales	Real estate management	Good Com Fund	Total
Amortization for the period	-	-	-	-	-
Balance at end of period	-	-	539,942	-	539,942

FY10/21 (Nov. 1, 2020 – Oct. 31, 2021)

(Thousands of yen)

	Wholesale	Retail sales	Real estate management	Good Com Fund	Total
Amortization for the period	-	-	107,988	-	107,988
Balance at end of period	-	-	249,805	-	249,805

Note: An impairment loss of 182,148 thousand yen has been recorded for goodwill attributable to real estate management.

Information Related to Gain on Bargain Purchase for Each Reportable Segment

Not applicable.

Per-share Information

(Yen)

Item	FY10/20 (Nov. 1, 2019 – Oct. 31, 2020)	FY10/21 (Nov. 1, 2020 – Oct. 31, 2021)
Net assets per share	569.19	642.42
Net income per share	124.48	135.03
Diluted net income per share	122.40	134.48

Notes: 1. The Company conducted a 2-for-1 common stock split effective on November 1, 2020. Net assets per share, net income per share and diluted net income per share are calculated as if this stock split had taken place at the beginning of FY10/20.

2. Basis for calculation of net income per share and diluted net income per share is as follows.

(Thousands of yen)

Item	FY10/20 (Nov. 1, 2019 – Oct. 31, 2020)	FY10/21 (Nov. 1, 2020 – Oct. 31, 2021)
Net income per share		
Profit attributable to owners of parent	1,826,407	1,962,050
Amounts not available to common shareholders	-	-
Profit attributable to owners of parent applicable to common shares	1,826,407	1,962,050
Average number of common shares outstanding during the period (shares)	14,672,178	14,530,328
Diluted net income per share		
Adjusted profit attributable to owners of parent	-	-
Increase in the number of common shares (shares)	249,383	59,997
[of which share acquisition rights (shares)]	[249,383]	[59,997]

3. Basis for calculation of net assets per share is as follows.

(Thousands of yen)

Item	FY10/20 (As of Oct. 31, 2020)	FY10/21 (As of Oct. 31, 2021)
Total net assets	8,397,650	9,208,959
Deduction on total net assets	-	-
Net assets applicable to common shares at end of period	8,397,650	9,208,959
Number of common shares at end of period used in calculation of net assets per share (shares)	14,753,574	14,334,774

Material Subsequent Events

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.