

Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending October 31, 2022 (Nine Months Ended July 31, 2022)

[Japanese GAAP]
September 13, 2022

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 14, 2022
 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, 2021 - July 31, 2022) of the Fiscal Year Ending October 31, 2022

(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, 2022	28,225	-	3,335	23.2	3,108	24.6	2,130	25.9
Nine months ended Jul. 31, 2021	27,069	29.2	2,707	9.0	2,495	5.6	1,692	5.8

Note: Comprehensive income (million yen) Nine months ended Jul. 31, 2022: 2,133 (up 25.9%)
 Nine months ended Jul. 31, 2021: 1,695 (up 6.2%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Jul. 31, 2022	148.47	148.09
Nine months ended Jul. 31, 2021	115.91	115.42

Note: Beginning with the first quarter of the fiscal year ending 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). Accordingly, the year-on-year percentage change in net sales before the application of this accounting standard is not shown, but year-on-year percentage changes in operating profit and other profits are shown since the application of this accounting standard has no effect on the figures.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Jul. 31, 2022	21,111	10,743	50.9
As of Oct. 31, 2021	20,446	9,208	45.0

Reference: Shareholders' equity (million yen) As of Jul. 31, 2022: 10,743 As of Oct. 31, 2021: 9,208

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Oct. 31, 2021	-	0.00	-	43.00	43.00
Fiscal year ending Oct. 31, 2022	-	0.00	-		
Fiscal year ending Oct. 31, 2022 (forecasts)				53.00	53.00

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

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
Full year	42,186	-	3,801	10.6	3,417	8.0	2,337	19.1	162.90

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

2. Beginning with the first quarter of the fiscal year ending on October 31, 2022, the Company is applying Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020). Accordingly, the year-on-year

percentage change in net sales before the application of this accounting standard is not shown, but year-on-year percentage changes in operating profit and other profits are shown since the application of this accounting standard has no effect on the figures.

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: Yes

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, 2022:	15,237,200 shares	As of Oct. 31, 2021:	15,229,200 shares
----------------------	-------------------	----------------------	-------------------

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

As of Jul. 31, 2022:	878,119 shares	As of Oct. 31, 2021:	894,426 shares
----------------------	----------------	----------------------	----------------

3) Average number of shares outstanding during the period

Nine months ended Jul. 31, 2022:	14,347,727 shares	Nine months ended Jul. 31, 2021:	14,599,815 shares
----------------------------------	-------------------	----------------------------------	-------------------

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, September 14, 2022. 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	8
Segment and Other Information	8

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, 2022, expectations of economic recovery emerged as economic activity began to return to normal following the easing of pandemic restrictions. However, the number of COVID-19 infections are on the rise again and raw material prices have soared due to the prolonged Ukraine crisis. As a result, the outlook remains uncertain.

The Japanese real estate industry, in which the Group operates, while construction material prices continue to rise and land prices stayed at high levels there has been consistently strong demand for investments in real estate in Japan, especially among foreign investors, as the yen continues to weaken due to the widening interest rate gap between Japan and the U. S.

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, 924 condominium units in 31 buildings were sold. Properties acquired were 504 units in 10 buildings.

Net sales were 28,225 million yen compared with 27,069 million yen one year earlier. The operating profit increased 23.2% to 3,335 million yen from year earlier, the ordinary profit increased 24.6% to 3,108 million yen, and the profit attributable to owners of parent increased 25.9% to 2,130 million yen.

Beginning with the first quarter of the current fiscal year, the Company has applied Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020). Due to the application of this standard, sales in the first nine months decreased 267 million yen. Furthermore, there are no comparisons of sales between the first nine months of the current and prior fiscal years in terms of amounts and percentages of changes. For more information, please see the section "2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)."

Results by business segment are as follows:

Beginning with the first quarter of the current fiscal year, the Good Com Fund segment has been renamed Others due to the inclusion in this segment of the new consolidated subsidiary Capital Support Consulting Co., Ltd. This subsidiary provides consulting services for initial public offerings and for investor relations and capital policies for listed companies.

(a) Wholesale

This segment consists of sales of the Genovia series of one-room and family condominiums to companies and others. During the first nine months, 772 condominium units in 16 buildings were sold.

Sales were 22,031 million yen compared with net sales of 21,210 million yen one year earlier, and segment profit increased 37.2% to 3,427 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 in Japan and other countries. During the first nine months, 152 condominium units in 17 buildings were sold.

Sales were 5,141 million yen compared with net sales of 4,689 million yen one year earlier, and the segment loss was 316 million yen compared with a loss of 170 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 nine months. However, rental income decreased because strong sales of these properties reduced the number of unsold condominium units.

Sales were 1,065 million yen compared with net sales of 1,208 million yen one year earlier, and segment profit

decreased 43.0% to 243 million yen.

(d) Others

This segment consists of two new businesses that are expected to grow. 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 were 25 million yen compared with no sales one year earlier, and the segment loss was 41 million yen compared with a 64 million yen loss one year earlier.

(2) Explanation of Financial Position

Assets

Total assets increased 665 million yen, or 3.3%, from the end of the previous fiscal year to 21,111 million yen at the end of the third quarter of the current fiscal year. This was mainly due to increases in cash and deposits of 428 million yen, real estate for sale in process of 250 million yen and shares of subsidiaries and associates included in investments and other assets of 220 million yen, while there was a decrease in advance payments to suppliers of 340 million yen.

Liabilities

Total liabilities decreased 869 million yen, or 7.7%, from the end of the previous fiscal year to 10,367 million yen. This was mainly due to decreases in long-term borrowings of 1,798 million yen and 729 million yen in accrued consumption taxes included in other current liabilities, while there were increases in current portion of long-term borrowings of 953 million yen and short-term borrowings of 949 million yen.

Net assets

Total net assets increased 1,534 million yen, or 16.7%, from the end of the previous fiscal year to 10,743 million yen. The main factors include a 616 million yen decrease in retained earnings due to dividend payments and a 2,130 million yen increase in retained earnings due to the booking of profit attributable to owners of parent.

Consequently, the equity ratio increased 5.9 percentage points from the end of the previous fiscal year to 50.9% at the end of the third 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, 2021” on December 9, 2021.

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

(Thousands of yen)

	FY10/21 (As of Oct. 31, 2021)	Third quarter of FY10/22 (As of Jul. 31, 2022)
Assets		
Current assets		
Cash and deposits	7,973,539	8,402,213
Accounts receivable-trade	-	3,399
Real estate for sale	8,629,314	8,502,065
Real estate for sale in process	1,730,842	1,981,100
Advance payments to suppliers	1,078,522	737,670
Other	277,453	599,327
Allowance for doubtful accounts	(36,758)	(72,628)
Total current assets	19,652,914	20,153,149
Non-current assets		
Property, plant and equipment	80,848	73,397
Intangible assets		
Goodwill	249,805	202,966
Other	31,467	26,114
Total intangible assets	281,272	229,080
Investments and other assets	431,268	655,773
Total non-current assets	793,389	958,252
Total assets	20,446,304	21,111,401
Liabilities		
Current liabilities		
Accounts payable for construction contracts	165,121	130,502
Short-term borrowings	1,935,730	2,885,500
Current portion of bonds payable	82,000	82,000
Current portion of long-term borrowings	3,016,834	3,970,176
Contract liabilities	-	118,160
Income taxes payable	666,380	477,082
Provision for bonuses	19,379	16,059
Provision for vacancy warranties	163,014	-
Provision for loss on guarantees	27,533	37,942
Other	1,160,312	509,467
Total current liabilities	7,236,306	8,226,891
Non-current liabilities		
Bonds payable	335,000	273,000
Long-term borrowings	3,625,140	1,826,608
Provision for shareholder benefit program	7,101	5,336
Other	33,797	35,870
Total non-current liabilities	4,001,038	2,140,814
Total liabilities	11,237,345	10,367,705
Net assets		
Shareholders' equity		
Share capital	1,595,342	1,595,394
Capital surplus	1,503,842	1,503,894
Retained earnings	7,094,234	8,607,656
Treasury shares	(986,622)	(968,634)
Total shareholders' equity	9,206,796	10,738,310
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,114	7,006
Foreign currency translation adjustment	(1,951)	(1,620)
Total accumulated other comprehensive income	2,162	5,385
Total net assets	9,208,959	10,743,696
Total liabilities and net assets	20,446,304	21,111,401

(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 FY10/21 (Nov. 1, 2020 – Jul. 31, 2021)	First nine months of FY10/22 (Nov. 1, 2021 – Jul. 31, 2022)
Net sales	27,069,983	28,225,988
Cost of sales	22,354,224	22,684,448
Gross profit	4,715,758	5,541,540
Selling, general and administrative expenses	2,008,230	2,206,312
Operating profit	2,707,527	3,335,227
Non-operating income		
Interest income	50	44
Dividend income	510	846
Commission income	8,440	13,426
Penalty income	22,939	27,116
Other	6,558	8,520
Total non-operating income	38,499	49,955
Non-operating expenses		
Interest expenses	153,527	104,920
Commission expenses	90,613	166,761
Other	6,819	5,256
Total non-operating expenses	250,961	276,938
Ordinary profit	2,495,066	3,108,244
Profit before income taxes	2,495,066	3,108,244
Income taxes	802,731	978,062
Profit	1,692,334	2,130,182
Profit attributable to owners of parent	1,692,334	2,130,182

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

(Thousands of yen)

	First nine months of FY10/21 (Nov. 1, 2020 – Jul. 31, 2021)	First nine months of FY10/22 (Nov. 1, 2021 – Jul. 31, 2022)
Profit	1,692,334	2,130,182
Other comprehensive income		
Valuation difference on available-for-sale securities	2,455	2,892
Foreign currency translation adjustment	389	330
Total other comprehensive income	2,845	3,223
Comprehensive income	1,695,180	2,133,405
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,695,180	2,133,405
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

Beginning with the first quarter of the current fiscal year, Capital Support Consulting Co., Ltd. is included in the scope of consolidation because of the importance of this company with regard to the consolidated financial statements.

Shanghai Good Com Business Consulting Co.,Ltd., which was a consolidated subsidiary, is excluded from the scope of consolidation in the third quarter because its liquidation process was completed on July 29, 2022.

Changes in Accounting Policies

Application of the Accounting Standards for Revenue Recognition

The Company is applying the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the first quarter of the current fiscal year. Based on these standards, revenue expected to be received in exchange for the provision of goods and services is recognized when the control of the goods and services is transferred to customers.

Due to the application of the Accounting Standard for Revenue Recognition, some payments to customers that were previously included in selling, general and administrative expenses, such as additions to the allowance for vacancy warranties and sales promotion expenses, are instead deducted from sales.

For the application of the Accounting Standard for Revenue Recognition, in accordance with the transitional measures in the proviso to Paragraph 84 of this standard, the cumulative effect of the retrospective application of the new accounting standard, if it is applied prior to the first quarter of the current fiscal year, is added to or subtracted from retained earnings at the beginning of the first quarter of the current fiscal year. The new standard is then applied beginning with this amount of retained earnings.

As a result, net sales decreased 267 million yen and selling, general and administrative expenses decreased 267 million yen but there is no effect on operating profit, ordinary profit and profit before income taxes. In addition, there is no impact on the balance of retained earnings at the beginning of the current fiscal year.

Furthermore, in accordance with the transitional measures prescribed in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), the Company has not presented information on revenue from contracts with customers broken down for the first nine months of the previous fiscal year.

Application of the Accounting Standards for Measurement of Fair Value

The Company has applied the Accounting Standard for Measurement of Fair Value (ASBJ Statement No. 30, July 4, 2019) and other standards from the beginning of the first quarter of the current fiscal year, and has applied the new accounting policies set forth by the Accounting Standard for Measurement of Fair Value, etc. prospectively in accordance with the transitional measures prescribed in Paragraph 19 of the Accounting Standard for Measurement of Fair Value and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). There is no effect of the application of these standards on the quarterly consolidated financial statements.

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

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	21,210,997	4,689,791	1,169,194	-	27,069,983
Inter-segment sales and transfers	-	-	39,283	-	39,283
Total	21,210,997	4,689,791	1,208,478	-	27,109,266
Segment profit (loss)	2,498,058	(170,012)	427,811	(64,673)	2,691,183

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	2,691,183
Elimination of inter-segment transactions	16,343
Operating profit on the quarterly consolidated statement of income	2,707,527

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 FY10/22 (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 changes in reportable segments, etc.

Beginning with the first quarter of FY10/22, the Good Com Fund segment has been renamed “others” due to the inclusion in this segment of the new consolidated subsidiary Capital Support Consulting Co., Ltd. This subsidiary provides consulting services for initial public offerings and for investor relations and capital policies for listed companies.

Accordingly, the segment information for the first nine months of FY10/21 is also presented using the changed names.

As described in Changes in Accounting Policies, the Company 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 nine months of FY10/22 decreased by 213 million yen and 53 million yen respectively, but there is no impact on segment profit or loss.

Shanghai Good Com Business Consulting Co.,Ltd., a local subsidiary in Shanghai included in retail sales, a reportable segment, was liquidated in the third quarter. Only the income statement of the company up to the date of completion of procedures for the liquidation is consolidated.

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.