

## Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending October 31, 2023 (Six Months Ended April 30, 2023)

[Japanese GAAP]

June 12, 2023

Company name: Good Com Asset Co.,Ltd.

Stock Exchange Listing: Tokyo Stock Exchange

Stock code: 3475

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Scheduled date of filing of Quarterly Report:

June 13, 2023

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, 2022 - April 30, 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	%
Six months ended Apr. 30, 2023	10,712	(57.3)	1,282	(61.4)	1,192	(61.6)	781	(63.4)
Six months ended Apr. 30, 2022	25,083	-	3,319	53.2	3,104	52.9	2,132	54.5

Note: Comprehensive income (million yen) Six months ended Apr. 30, 2023: 785 (down 63.2%)

Six months ended Apr. 30, 2022: 2,133 (up 54.4%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Apr. 30, 2023	27.16	27.14
Six months ended Apr. 30, 2022	74.36	74.16

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 six months ended April 30, 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 Apr. 30, 2023	34,865	11,409	32.7
As of Oct. 31, 2022	24,452	11,471	46.9

Reference: Shareholders' equity (million yen) As of Apr. 30, 2023: 11,409

As of Oct. 31, 2022: 11,471

### 2. Dividends

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

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

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

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

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

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

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	63,087	57.5	5,453	18.2	4,753	9.5	3,276	14.6	113.83

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

## Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None
- (2) Application of special accounting methods for presenting quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies and accounting-based estimates, and restatements
  - 1) Changes in accounting policies due to revisions in accounting standards, others: None
  - 2) Changes in accounting policies other than 1) above: None
  - 3) Changes in accounting-based estimates: None
  - 4) Restatements: None
- (4) Number of outstanding shares (common shares)
  - 1) Number of shares outstanding at the end of the period (including treasury shares)

As of Apr. 30, 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 Apr. 30, 2023:	1,737,477 shares	As of Oct. 31, 2022:	1,756,238 shares
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  - 3) Average number of shares outstanding during the period

Six months ended Apr. 30, 2023:	28,769,688 shares	Six months ended Apr. 30, 2022:	28,683,912 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, (4) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 3 for forecast assumptions and notes of caution for usage.

### How to view supplementary information at the quarterly financial results meeting

The Company plans to hold an online financial results meeting on Tuesday, June 13, 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

<b>1. Qualitative Information on Quarterly Consolidated Financial Performance</b>	<b>2</b>
(1) Explanation of Results of Operations	2
(2) Explanation of Financial Position	3
(3) Explanation of Cash Flows	3
(4) Explanation of Consolidated Forecast and Other Forward-looking Statements	3
<b>2. Quarterly Consolidated Financial Statements and Notes</b>	<b>4</b>
(1) Quarterly Consolidated Balance Sheet	4
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	5
Quarterly Consolidated Statement of Income	
For the Six-month Period	5
Quarterly Consolidated Statement of Comprehensive Income	
For the Six-month Period	6
(3) Quarterly Consolidated Statement of Cash Flows	7
(4) Notes to Quarterly Consolidated Financial Statements	8
Going Concern Assumption	8
Significant Changes in Shareholders' Equity	8
Changes in the Scope of Consolidation or Application of the Equity Method	8
Changes in Accounting Policies	8
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 half of the fiscal year ending October 31, 2023, the Japanese economy slowly recovered as economic activity began to return to normal due to the easing of most restrictions involving the pandemic. The outlook for the economy remains uncertain because of rising prices of resources due to the prolonged Ukraine crisis and the negative effects on the Japanese economy of downturns in overseas economies caused by worldwide monetary tightening and other reasons.

In the Japanese real estate industry, demand for condominiums in the Tokyo area remains firm as the number of people relocating to this area increases following the easing of pandemic restrictions. However, caution is still required concerning the business climate because of the rising cost of residences due to high prices of building materials, the upturn in long-term interest rates and other reasons.

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 half, 331 condominium units in 10 buildings were sold. Properties acquired were 1,741 units in 24 buildings.

Net sales decreased 57.3% to 10,712 million yen from one year earlier. The operating profit decreased 61.4% to 1,282 million yen, the ordinary profit decreased 61.6% to 1,192 million yen, and the profit attributable to owners of parent decreased 63.4% to 781 million yen.

Results by business segment are as follows:

#### (a) Wholesale

This segment consists of sales of the Genovia series of one-room and family condominiums to companies. During the first half, 125 condominium units in three buildings were sold.

Sales decreased 77.2% to 4,903 million yen from one year earlier, and the segment profit decreased 69.0% to 1,075 million yen from one year earlier.

#### (b) Retail sales

This segment consists of sales of the Genovia series of one-room and family condominiums to individual investors. During the first half, 206 condominium units in 9 buildings were sold.

Sales increased 76.5% to 5,051 million yen from one year earlier, and the segment profit was 171 million yen compared with a loss of 320 million yen one year earlier.

#### (c) Real estate management

This segment performed well as growth in the number of managed condominium buildings and tenant-occupied condominium units was strong and the occupancy rate at managed condominium buildings and units was consistently above 90% at the end of every month during the first half. Sales increased but earnings were lower because of higher expenses for the sale of buildings.

Sales increased 4.4% to 764 million yen from one year earlier, and segment profit decreased 84.9% to 28 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 19.3% to 19 million yen from one year earlier, and the segment loss was 8 million yen compared with a 29 million yen loss one year earlier.

**(2) Explanation of Financial Position****Assets**

Total assets increased 10,413 million yen, or 42.6%, from the end of the previous fiscal year to 34,865 million yen at the end of the second quarter of the current fiscal year. This was mainly due to increases in real estate for sale of 9,156 million yen and real estate for sale in process of 1,820 million yen, while there was a decrease in cash and deposits of 1,611 million yen.

**Liabilities**

Total liabilities increased 10,475 million yen, or 80.7%, from the end of the previous fiscal year to 23,455 million yen. This was mainly due to increases in short-term borrowings of 6,619 million yen and long-term borrowings of 4,591 million yen, while there was a decrease in accounts payable for construction contracts of 1,078 million yen.

**Net assets**

Total net assets decreased 62 million yen, or 0.5%, from the end of the previous fiscal year to 11,409 million yen. The main factors include an 862 million yen decrease in retained earnings due to dividend payments, while there was a 781 million yen increase in retained earnings due to the booking of profit attributable to owners of parent.

Consequently, the equity ratio was 32.7% 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 second quarter of the current fiscal year decreased 13.8% to 10,045 million yen from the end of the previous fiscal year.

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 used in operating activities was 12,389 million yen (4,114 million yen provided in the same period of the previous fiscal year). This was mainly due to an 11,023 million yen increase in inventories and a 1,078 million yen decrease in trade payables.

**Cash flows from investing activities**

Net cash used in investing activities was 47 million yen (14 million yen used in the same period of the previous fiscal year). The main factors include payments of leasehold deposits of 38 million yen.

**Cash flows from financing activities**

Net cash provided by financing activities was 10,826 million yen (2,089 million yen used in the same period of the previous fiscal year). The main factors include repayments of long-term borrowings of 2,290 million yen, while there were proceeds from long-term borrowings of 7,402 million yen and a net increase in short-term borrowings of 6,619 million yen.

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

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

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

## 2. Quarterly Consolidated Financial Statements and Notes

## (1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	FY10/22 (As of Oct. 31, 2022)	Second quarter of FY10/23 (As of Apr. 30, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	11,676,778	10,065,613
Accounts receivable-trade	3,619	3,498
Real estate for sale	10,239,116	19,395,965
Real estate for sale in process	253,418	2,073,952
Advance payments to suppliers	873,058	1,231,668
Current portion of long-term loans receivable from subsidiaries and associates	-	1,680
Other	667,294	1,399,981
Allowance for doubtful accounts	(79,342)	(138,396)
Total current assets	23,633,943	34,033,963
Non-current assets		
Property, plant and equipment	71,115	69,050
Intangible assets		
Goodwill	105,750	88,125
Other	10,896	10,049
Total intangible assets	116,646	98,174
Investments and other assets	630,550	664,678
Total non-current assets	818,312	831,904
Total assets	24,452,256	34,865,868
<b>Liabilities</b>		
Current liabilities		
Accounts payable for construction contracts	1,322,328	244,144
Short-term borrowings	2,047,500	8,666,790
Current portion of bonds payable	82,000	82,000
Current portion of long-term borrowings	3,036,476	3,556,469
Refund liabilities	133,814	141,226
Income taxes payable	879,337	442,016
Provision for bonuses	21,065	25,706
Provision for loss on guarantees	40,283	50,200
Other	482,373	730,852
Total current liabilities	8,045,178	13,939,405
Non-current liabilities		
Bonds payable	253,000	212,000
Long-term borrowings	4,648,849	9,240,277
Provision for shareholder benefit program	3,072	-
Other	30,207	64,295
Total non-current liabilities	4,935,129	9,516,572
Total liabilities	12,980,307	23,455,978
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,595,832	1,595,944
Capital surplus	1,504,332	1,508,786
Retained earnings	9,335,789	9,255,052
Treasury shares	(968,634)	(958,287)
Total shareholders' equity	11,467,319	11,401,496
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,294	9,961
Foreign currency translation adjustment	(1,665)	(1,567)
Total accumulated other comprehensive income	4,629	8,393
Total net assets	11,471,948	11,409,890
Total liabilities and net assets	24,452,256	34,865,868

**(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 FY10/22 (Nov. 1, 2021 – Apr. 30, 2022)	First six months of FY10/23 (Nov. 1, 2022 – Apr. 30, 2023)
Net sales	25,083,534	10,712,931
Cost of sales	20,284,479	7,846,598
Gross profit	4,799,055	2,866,333
Selling, general and administrative expenses	1,479,633	1,583,806
Operating profit	3,319,421	1,282,526
Non-operating income		
Interest income	41	55
Dividend income	387	529
Commission income	8,570	1,534
Penalty income	18,474	25,351
Other	4,201	13,925
Total non-operating income	31,675	41,396
Non-operating expenses		
Interest expenses	82,470	104,679
Commission expenses	160,218	25,145
Other	3,945	1,466
Total non-operating expenses	246,635	131,292
Ordinary profit	3,104,462	1,192,630
Profit before income taxes	3,104,462	1,192,630
Income taxes	971,538	411,102
Profit	2,132,923	781,528
Profit attributable to owners of parent	2,132,923	781,528

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

(Thousands of yen)

	First six months of FY10/22 (Nov. 1, 2021 – Apr. 30, 2022)	First six months of FY10/23 (Nov. 1, 2022 – Apr. 30, 2023)
Profit	2,132,923	781,528
Other comprehensive income		
Valuation difference on available-for-sale securities	1,016	3,667
Foreign currency translation adjustment	48	97
Total other comprehensive income	1,065	3,764
Comprehensive income	2,133,989	785,292
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,133,989	785,292
Comprehensive income attributable to non-controlling interests	-	-



**(3) Quarterly Consolidated Statement of Cash Flows**

(Thousands of yen)

	First six months of FY10/22 (Nov. 1, 2021 – Apr. 30, 2022)	First six months of FY10/23 (Nov. 1, 2022 – Apr. 30, 2023)
Cash flows from operating activities		
Profit before income taxes	3,104,462	1,192,630
Depreciation	55,384	45,328
Amortization of goodwill	31,225	17,625
Increase (decrease) in allowance for doubtful accounts	20,802	59,054
Increase (decrease) in provision for bonuses	(3,613)	4,641
Increase (decrease) in provision for shareholder benefit program	(1,369)	(3,072)
Increase (decrease) in provision for loss on guarantees	6,254	9,917
Interest and dividend income	(428)	(585)
Interest expenses	82,470	104,679
Decrease (increase) in advance payments to suppliers	382,812	(358,610)
Decrease (increase) in inventories	1,807,679	(11,023,109)
Increase (decrease) in trade payables	(14,951)	(1,078,183)
Increase (decrease) in accrued consumption taxes	(686,847)	100,115
Increase (decrease) in repayment liabilities	57,786	7,411
Other, net	(2,388)	(535,066)
Subtotal	4,839,279	(11,457,224)
Interest and dividends received	102	140
Interest paid	(95,182)	(98,164)
Income taxes paid	(629,703)	(834,667)
Net cash provided by (used in) operating activities	4,114,496	(12,389,915)
Cash flows from investing activities		
Purchase of property, plant and equipment	(272)	(2,885)
Loan advances to subsidiaries and associates	-	(5,000)
Collection of loans receivable from subsidiaries and associates	-	560
Purchase of investment securities	(299)	(299)
Purchase of intangible assets	(2,770)	(1,892)
Purchase of membership	(11,000)	-
Payments into time deposits	(20,024)	(20,026)
Proceeds from withdrawal of time deposits	20,023	20,024
Payments of leasehold deposits	-	(38,358)
Other, net	17	-
Net cash provided by (used in) investing activities	(14,326)	(47,876)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(227,900)	6,619,290
Proceeds from long-term borrowings	4,014,000	7,402,000
Repayments of long-term borrowings	(5,217,821)	(2,290,579)
Redemption of bonds	(41,000)	(41,000)
Proceeds from issuance of shares	104	224
Dividends paid	(616,395)	(862,264)
Other, net	(942)	(963)
Net cash provided by (used in) financing activities	(2,089,954)	10,826,706
Effect of exchange rate change on cash and cash equivalents	103	(79)
Net increase (decrease) in cash and cash equivalents	2,010,319	(1,611,166)
Cash and cash equivalents at beginning of period	7,953,516	11,656,753
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	20,127	-
Cash and cash equivalents at end of period	9,983,963	10,045,587

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

Not applicable.

**Significant Changes in Shareholders' Equity**

Not applicable.

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

Not applicable.

**Changes in Accounting Policies**

Not applicable.

**Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements**

Calculation of tax expense

The tax expense was calculated by first reasonably estimating the effective tax rate after the application of tax effect accounting with respect to profit before income taxes during the current fiscal year and multiplying that rate by the quarterly profit before income taxes.

**Segment and Other Information**

Segment Information

I. First six months of FY10/22 (Nov. 1, 2021 – Apr. 30, 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	21,502,947	2,862,664	702,432	15,490	25,083,534
Inter-segment sales and transfers	-	-	29,338	1,100	30,438
Total	21,502,947	2,862,664	731,770	16,590	25,113,972
Segment profit (loss)	3,468,481	(320,308)	186,912	(29,675)	3,305,410

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	3,305,410
Elimination of inter-segment transactions	14,011
Operating profit on the quarterly consolidated statement of income	3,319,421

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 half of FY10/22 decreased by 219 million yen and 36 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 six months of FY10/23 (Nov. 1, 2022 – Apr. 30, 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	4,903,013	5,051,896	738,821	19,200	10,712,931
Inter-segment sales and transfers	-	-	25,414	600	26,014
Total	4,903,013	5,051,896	764,236	19,800	10,738,945
Segment profit (loss)	1,075,889	171,253	28,165	(8,022)	1,267,285

## 2. Reconciliation of the amount shown in the quarterly consolidated statement of income with total profit or loss for reportable segments

(Thousands of yen)

Profit	Amounts
Total for reportable segments	1,267,285
Elimination of inter-segment transactions	15,240
Operating profit on the quarterly consolidated statement of income	1,282,526

## 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.*