

**Consolidated Financial Results for the First Quarter of the Fiscal Year Ending October 31, 2020
(Three Months Ended January 31, 2020)**

[Japanese GAAP]

March 10, 2020

Company name: Good Com Asset Co.,Ltd.

Stock Exchange Listing: TSE (1st Section)

Stock code: 3475

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Scheduled date of filing of Quarterly Report:

March 13, 2020

Scheduled date of payment of dividend:

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Preparation of supplementary materials for quarterly financial results: Yes (Japanese version only)

Holding of quarterly financial results meeting:

None

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

1. Consolidated Financial Results for the First Quarter (November 1, 2019 - January 31, 2020) of the Fiscal Year Ending October 31, 2020

(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, 2020	2,344	(32.0)	151	(48.2)	107	(61.2)	71	(62.1)
Three months ended Jan. 31, 2019	3,446	(0.6)	292	(31.6)	276	(30.3)	187	(32.2)

Note: Comprehensive income (million yen) Three months ended Jan. 31, 2020: 71 (down 61.7%)

Three months ended Jan. 31, 2019: 187 (down 32.5%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jan. 31, 2020	9.89	9.52
Three months ended Jan. 31, 2019	26.01	24.85

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Jan. 31, 2020	18,676	6,751	36.1
As of Oct. 31, 2019	15,191	7,017	46.2

Reference: Shareholders' equity (million yen) As of Jan. 31, 2020: 6,751 As of Oct. 31, 2019: 7,017

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
Fiscal year ended Oct. 31, 2019	Yen -	Yen 0.00	Yen -	Yen 47.00	Yen 47.00
Fiscal year ending Oct. 31, 2020	-				
Fiscal year ending Oct. 31, 2020 (forecasts)		0.00	-	61.00	61.00

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

3. Consolidated Forecast for the Fiscal Year Ending October 31, 2020 (November 1, 2019 - October 31, 2020)

(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	8,618	1.3	682	7.1	606	4.4	409	3.6	56.94
Full year	30,405	30.1	2,336	33.1	2,188	32.6	1,482	31.5	205.97

Note: 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 Jan. 31, 2020:	7,345,800 shares	As of Oct. 31, 2019:	7,289,800 shares
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2) Number of treasury shares at the end of the period

As of Jan. 31, 2020:	150,256 shares	As of Oct. 31, 2019:	150,220 shares
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3) Average number of shares outstanding during the period

Three months ended Jan. 31, 2020:	7,195,040 shares	Three months ended Jan. 31, 2019:	7,225,554 shares
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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

We had scheduled a financial results meeting to present the financial results for the first quarter of the current fiscal year. However, the event has been cancelled in view of the COVID-19 epidemic. Supplementary materials for financial results will be disclosed at the Timely Disclosure network (TDnet) with first quarter financial results, and will be available on the Company's website immediately thereafter.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first quarter of the fiscal year ending October 31, 2020, corporate earnings remained at a standstill due to the impact of a series of natural disasters such as powerful typhoons and of the reactionary slowdown from the last-minute surge in demand ahead of the consumption tax hike. Conversely, however, sustained improvement in the labor market and personal income continued due to positive factors such as increases in salaries, a reduction in the hours worked by employees as the result of work style reforms, and an increase in the number of employees.

Japan's market for newly constructed condominiums is the primary business domain of the Good Com Asset Group. During the first three months ended on January 31, 2020, the percentage of new condominiums sold in the Tokyo metropolitan area within one month of going on sale was 59.7%, according to the Real Estate Economic Institute. This percentage was 56.4% in Tokyo's 23 wards, the Group's main business area. This is well below the 70% level generally regarded as a sign of a strong condominium market. However, compared to the same period of the previous fiscal year, the percentage of new condominiums sold in Tokyo's 23 wards increased by 9.6%, indicating that a gradual recovery is now underway.

The Group continued to purchase properties as planned. In the Genovia series of condominiums, which are located mainly in Tokyo's 23 wards, planning, development and sales activities were expanded for the Genovia green veil, Genovia skygarden and Genovia skyrun brands. We also reinforced the customer support framework and strengthened the Genovia brand.

During the first quarter, 60 condominium units in 10 buildings were sold. The buildings are Hamamatsucho (Minato-ku, Tokyo), Higashi Mukojima (Sumida-ku, Tokyo), Honhaneda (Ota-ku, Tokyo), Ueno (Taito-ku, Tokyo), Ojikamiya (Adachi-ku, Tokyo), Saginomiya (Nakano-ku, Tokyo), Sumidagawa east (Adachi-ku, Tokyo), Tabata III (Kita-ku, Tokyo), Okachimachi (Taito-ku, Tokyo) and Kinshicho (Sumida-ku, Tokyo).

Net sales decreased 32.0% year on year to 2,344 million yen. Operating profit decreased 48.2% to 151 million yen, ordinary profit decreased 61.2% to 107 million yen and profit attributable to owners of parent was down 62.1% to 71 million yen.

Results by business segment are as follows:

In the first quarter of the current fiscal year, Good Com Fund was added to the reportable segments because in December 2019 the Group started a new business which sells small amount investment units of a real estate fund in accordance with the Real Estate Specified Joint Enterprise Act.

(a) Sales to individuals

This segment consists of sales of our Genovia series one-room and family condominiums to individual investors in Japan. During the first quarter, 37 condominium units were sold.

Sales were 1,461 million yen, down 13.0% from one year earlier, and segment profit decreased 85.9% to 16 million yen.

(b) Sales to real estate companies

This segment consists of sales of our Genovia series one-room and family condominiums to real estate sales companies in Japan. During the first quarter, 22 condominium units were sold.

Sales were 634 million yen, down 60.6% from one year earlier, and segment profit decreased 66.1% to 37 million yen.

(c) Property management

This segment performed well due to strong growth in the number of managed condominium buildings and tenant-occupied condominium units and demand from companies for employee housing.

Sales were 225 million yen, up 42.2% from one year earlier, and segment profit increased 49.8% to 120 million yen.

(d) Overseas sales

This segment consists of sales of our Genovia series one-room condominiums to overseas individual investors. During the first quarter, one condominium unit was sold.

Sales were 29 million yen and segment loss was 1 million yen, compared with a loss of 15 million yen one year earlier.

Year-on-year sales change is not stated because there were no sales in the same period of the previous fiscal year.

(e) Good Com Fund

The Group started selling small amount investment units of its real estate fund in accordance with the Real Estate Specified Joint Enterprise Act but there were no sales during the first quarter of the current fiscal year.

As a result, there were no sales and a segment loss of 25 million yen.

(2) Explanation of Financial Position

Assets

Total assets increased 3,484 million yen, or 22.9% from the end of the previous fiscal year to 18,676 million yen at the end of the first quarter of the current fiscal year. This was mainly due to increases in real estate for sale of 2,357 million yen and real estate for sale in process of 1,672 million yen while there were decreases in cash and deposits of 612 million yen and advance payments-trade of 49 million yen.

Liabilities

Total liabilities increased 3,751 million yen, or 45.9%, from the end of the previous fiscal year to 11,925 million yen. This was mainly due to increases in current portion of long-term borrowings of 2,385 million yen, long-term borrowings of 1,205 million yen, bonds payable of 258 million yen and short-term borrowings of 184 million yen, while there were decreases in income taxes payable of 347 million yen and provision for shareholder benefit program of 25 million yen.

Net assets

Total net assets decreased 266 million yen, or 3.8%, from the end of the previous fiscal year to 6,751 million yen. The main factors include a 338 million yen decrease in retained earnings due to dividend payments, which was partially offset by a 71 million yen increase in retained earnings due to the booking of profit attributable to owners of parent.

Consequently, the equity ratio was 36.1% 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 first-half and full-year consolidated forecasts that were announced in the “Consolidated Financial Results for the Fiscal Year Ended October 31, 2019” on December 10, 2019.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	FY10/19 (As of Oct. 31, 2019)	First quarter of FY10/20 (As of Jan. 31, 2020)
Assets		
Current assets		
Cash and deposits	4,979,582	4,366,647
Real estate for sale	8,528,080	10,885,787
Real estate for sale in process	49,406	1,721,658
Advance payments-trade	1,106,278	1,056,864
Other	236,769	329,346
Total current assets	14,900,117	18,360,303
Non-current assets		
Property, plant and equipment	43,303	42,251
Intangible assets	1,013	24,538
Investments and other assets	247,348	249,595
Total non-current assets	291,665	316,385
Total assets	15,191,783	18,676,689
Liabilities		
Current liabilities		
Accounts payable for construction contracts	78,363	106,733
Short-term borrowings	1,487,886	1,672,204
Current portion of bonds	-	42,000
Current portion of long-term borrowings	3,877,851	6,263,265
Income taxes payable	390,956	43,685
Provision for bonuses	16,538	6,847
Provision for vacancy warranties	25,684	21,402
Other	305,644	337,764
Total current liabilities	6,182,924	8,493,900
Non-current liabilities		
Bonds payable	-	258,000
Long-term borrowings	1,944,201	3,149,979
Other	47,146	23,438
Total non-current liabilities	1,991,347	3,431,417
Total liabilities	8,174,271	11,925,318
Net assets		
Shareholders' equity		
Share capital	1,589,516	1,589,670
Capital surplus	1,498,016	1,498,170
Retained earnings	4,145,550	3,878,573
Treasury shares	(214,924)	(214,924)
Total shareholders' equity	7,018,158	6,751,489
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,890	2,316
Foreign currency translation adjustment	(2,536)	(2,435)
Total accumulated other comprehensive income	(646)	(118)
Total net assets	7,017,512	6,751,370
Total liabilities and net assets	15,191,783	18,676,689

(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 FY10/19 (Nov. 1, 2018 – Jan. 31, 2019)	First three months of FY10/20 (Nov. 1, 2019 – Jan. 31, 2020)
Net sales	3,446,289	2,344,662
Cost of sales	2,773,950	1,786,344
Gross profit	672,339	558,318
Selling, general and administrative expenses	379,813	406,763
Operating profit	292,525	151,554
Non-operating income		
Interest income	7	7
Dividend income	151	189
Commission income	686	496
Penalty income	835	6,299
Other	408	308
Total non-operating income	2,089	7,301
Non-operating expenses		
Interest expenses	17,725	30,231
Commission expenses	574	10,524
Bond issuance cost	-	10,374
Other	124	435
Total non-operating expenses	18,424	51,565
Ordinary profit	276,191	107,291
Profit before income taxes	276,191	107,291
Income taxes	88,261	36,115
Profit	187,929	71,175
Profit attributable to owners of parent	187,929	71,175

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

	(Thousands of yen)	
	First three months of FY10/19 (Nov. 1, 2018 – Jan. 31, 2019)	First three months of FY10/20 (Nov. 1, 2019 – Jan. 31, 2020)
Profit	187,929	71,175
Other comprehensive income		
Valuation difference on available-for-sale securities	(677)	425
Foreign currency translation adjustment	(200)	101
Total other comprehensive income	(877)	527
Comprehensive income	187,052	71,703
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	187,052	71,703
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.

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 three months of FY10/19 (Nov. 1, 2018 – Jan. 31, 2019)

1. Information related to net sales and profit or loss for each reportable segment

(Thousands of yen)

	Reportable segment					Total
	Sales to individuals	Sales to real estate companies	Property management	Overseas sales	Good Com Fund	
Net sales						
External sales	1,680,744	1,610,951	154,593	-	-	3,446,289
Inter-segment sales and transfers	-	-	3,754	-	-	3,754
Total	1,680,744	1,610,951	158,348	-	-	3,450,044
Segment profit (loss)	115,839	109,251	80,379	(15,154)	-	290,315

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	290,315
Elimination of inter-segment transactions	2,209
Operating profit on the quarterly consolidated statement of income	292,525

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 three months of FY10/20 (Nov. 1, 2019 – Jan. 31, 2020)

1. Information related to net sales and profit or loss for each reportable segment

(Thousands of yen)

	Reportable segment					Total
	Sales to individuals	Sales to real estate companies	Property management	Overseas sales	Good Com Fund	
Net sales						
External sales	1,461,669	634,915	218,807	29,269	-	2,344,662
Inter-segment sales and transfers	-	-	6,372	-	-	6,372
Total	1,461,669	634,915	225,180	29,269	-	2,351,035
Segment profit (loss)	16,351	37,014	120,444	(1,241)	(25,428)	147,139

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	147,139
Elimination of inter-segment transactions	4,415
Operating profit on the quarterly consolidated statement of income	151,554

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

In the first quarter of the current fiscal year, Good Com Fund was added to the reportable segments due to the start of sales of small-amount investment units of a real estate fund. The segment information for the first three months of FY10/19 is presented based on the classification of reportable segments after the change.

4. Information related to impairment losses on non-current assets or goodwill, etc. for each reportable segment

Impairment losses related to non-current assets

Not applicable.

Significant change in goodwill

Not applicable.

Significant gain on bargain purchase

Not applicable.

This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.