

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending October 31, 2024 (Six Months Ended April 30, 2024)

[Japanese GAAP]

June 13, 2024

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 14, 2024

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, 2023 - April 30, 2024) of the Fiscal Year Ending October 31, 2024

(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, 2024	11,351	6.0	869	(32.2)	588	(50.6)	358	(54.1)
Six months ended Apr. 30, 2023	10,712	(57.3)	1,282	(61.4)	1,192	(61.6)	781	(63.4)

Note: Comprehensive income (million yen) Six months ended Apr. 30, 2024: 360 (down 54.1%)

Six months ended Apr. 30, 2023: 785 (down 63.2%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Apr. 30, 2024	12.46	12.45
Six months ended Apr. 30, 2023	27.16	27.14

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Apr. 30, 2024	50,049	10,976	21.9
As of Oct. 31, 2023	53,496	11,608	21.7

Reference: Shareholders' equity (million yen) As of Apr. 30, 2024: 10,976

As of Oct. 31, 2023: 11,608

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Oct. 31, 2023	-	0.00	-	35.00	35.00
Fiscal year ending Oct. 31, 2024	-	0.00	-	-	-
Fiscal year ending Oct. 31, 2024 (forecasts)	-	-	-	36.00	36.00

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

3. Consolidated Forecast for the Fiscal Year Ending October 31, 2024 (November 1, 2023 - October 31, 2024)

(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	71,326	221.4	5,342	149.5	4,673	161.4	3,245	215.1	112.72

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 Apr. 30, 2024:	30,530,400 shares	As of Oct. 31, 2023:	30,530,400 shares
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 - 2) Number of treasury shares at the end of the period

As of Apr. 30, 2024:	1,718,233 shares	As of Oct. 31, 2023:	1,737,513 shares
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 - 3) Average number of shares outstanding during the period

Six months ended Apr. 30, 2024:	28,799,783 shares	Six months ended Apr. 30, 2023:	28,769,688 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, (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 Friday, June 14, 2024. 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.

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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, 2024, the Japanese economy recovered slowly. There were improvements in employment and personal income, social and economic activities returned to normal, and demand created by foreign tourists in Japan increased. The outlook for the economy remains uncertain due to slowing Chinese economic growth, exchange rate volatility due to the big difference between Japanese and U.S. interest rates, and isiother reasons.

In the real estate sector, where the Good Com Group operates, there is uncertainty about how changes in the Bank of Japan's monetary policy, including the end of negative interest rates, will affect the business climate. There is still strong interest in Japanese real estate among investors in Japan and other countries because interest rates in Japan are still low and the yen's weakness.

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, 369 condominium units in 15 buildings were sold. Properties acquired were 675 units in nine buildings.

Net sales increased 6.0% to 11,351 million yen from one year earlier. Operating profit decreased 32.2% to 869 million yen, ordinary profit decreased 50.6% to 588 million yen, and profit attributable to owners of parent decreased 54.1% to 358 million yen.

Furthermore, sales were completed for 284 of the 1,190 units in 23 buildings where sales were carried over from the previous fiscal year, amounting to 7,799 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, 171 condominium units in eight buildings were sold.

Sales decreased 1.6% to 4,823 million yen from one year earlier, and the segment profit decreased 77.6% to 241 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 first half, 198 condominium units in ten buildings were sold.

Sales increased 1.9% to 5,148 million yen from one year earlier, and the segment profit decreased 72.3% to 47 million yen.

(c) Real estate management

During the first half, this segment performed well as the number of managed condominium buildings and tenant-occupied units increased and the occupancy rate for managed condominium buildings and units consistently remained above 90% at the end of every month. Rental income from properties with carried-over sales also saw an increase.

Sales increased 85.1% to 1,414 million yen from one year earlier, and segment profit increased 2,048.6% to 605 million yen.

(d) Others

This segment consists of three new businesses: consulting for companies planning an initial public offering and for the investor relations and capital policy activities of listed companies, the Good Com Fund, which sells small amount investment units of a real estate, and the real estate fund business. Sales decreased 8.8% to 18 million yen from one year earlier, and the segment loss was 62 million yen compared with an 8 million yen loss one year earlier.

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

Total assets decreased 3,447 million yen, or 6.4%, from the end of the previous fiscal year to 50,049 million yen at the end of the second quarter of the current fiscal year. This was mainly due to decreases in real estate for sale of 3,155 million yen and cash and deposits of 1,474 million yen, while there was an increase in advance payments to suppliers of 1,004 million yen.

Liabilities

Total liabilities decreased 2,814 million yen, or 6.7%, from the end of the previous fiscal year to 39,073 million yen. This was mainly due to a decrease in short-term borrowings of 5,935 million yen, while there was an increase in current portion of long-term borrowings of 3,234 million yen.

Net assets

Total net assets decreased 632 million yen, or 5.4%, from the end of the previous fiscal year to 10,976 million yen. The main factors include a 1,007 million yen decrease in retained earnings due to dividend payments, while there was a 358 million yen increase in retained earnings due to the booking of profit attributable to owners of parent.

Consequently, the equity ratio increased 0.2 percentage points from the end of the previous fiscal year to 21.9% 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 18.3% to 6,566 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 provided by operating activities was 2,571 million yen (12,389 million yen used in the same period of the previous fiscal year). This was mainly due to a 2,693 million yen decrease in inventories.

Cash flows from investing activities

Net cash used in investing activities was 1 million yen (47 million yen used in the same period of the previous fiscal year). The main factors include purchase of property, plant and equipment of 1 million yen.

Cash flows from financing activities

Net cash used in financing activities was 4,045 million yen (10,826 million yen provided in the same period of the previous fiscal year). The main factors include a net decrease in short-term borrowings of 5,935 million yen and repayments of long-term borrowings of 5,139 million yen, while there were proceeds from long-term borrowings of 8,078 million yen.

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

Sales of the 1,190 units in 23 buildings that were carried over from the previous fiscal year are continuing generally as planned. Sales of all units are expected to be completed and recognized during the current fiscal year. More information is in the release dated today titled “Notice of Status of Sales Contracts for 1,190 Units in 23 Buildings as of June 12, 2024.” Discussions with regulatory agencies and others about the establishment of a private fund are progressing. We are becoming increasingly confident that this fund can be established during this fiscal year.

We also plan to recognize in this fiscal year the sales of all 1,100 units in 18 buildings, including buildings where construction is completed during the current fiscal year.

As a result, Good Com Asset maintains its full-year consolidated forecasts that were announced on December 13, 2023 in the Consolidated Financial Results for the Fiscal Year Ended October 31, 2023.

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

	(Thousands of yen)	
	FY10/23 (As of Oct. 31, 2023)	Second quarter of FY10/24 (As of Apr. 30, 2024)
Assets		
Current assets		
Cash and deposits	8,060,980	6,586,208
Accounts receivable-trade	3,025	3,234
Real estate for sale	36,405,893	33,250,504
Real estate for sale in process	5,168,434	5,546,967
Advance payments to suppliers	1,234,760	2,238,875
Current portion of long-term loans receivable from subsidiaries and associates	3,600	-
Other	2,350,675	2,196,039
Allowance for doubtful accounts	(225,307)	(247,122)
Total current assets	53,002,060	49,574,706
Non-current assets		
Property, plant and equipment	69,769	65,490
Intangible assets	6,644	6,441
Investments and other assets	418,402	403,143
Total non-current assets	494,815	475,075
Total assets	53,496,876	50,049,782
Liabilities		
Current liabilities		
Accounts payable for construction contracts	488,218	191,844
Short-term borrowings	14,686,221	8,750,359
Current portion of bonds payable	82,000	82,000
Current portion of long-term borrowings	14,380,169	17,614,325
Refund liabilities	100,340	38,319
Income taxes payable	38,565	252,935
Provision for bonuses	28,866	26,530
Provision for loss on guarantees	44,437	47,333
Other	715,662	1,050,355
Total current liabilities	30,564,480	28,054,003
Non-current liabilities		
Bonds payable	171,000	130,000
Long-term borrowings	11,061,516	10,766,026
Other	91,531	123,746
Total non-current liabilities	11,324,047	11,019,772
Total liabilities	41,888,528	39,073,775
Net assets		
Shareholders' equity		
Share capital	1,595,944	1,595,944
Capital surplus	1,508,786	1,513,106
Retained earnings	9,463,469	8,814,437
Treasury shares	(958,321)	(947,706)
Total shareholders' equity	11,609,879	10,975,781
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	169	224
Foreign currency translation adjustment	(1,700)	-
Total accumulated other comprehensive income	(1,531)	224
Total net assets	11,608,348	10,976,006
Total liabilities and net assets	53,496,876	50,049,782

(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 FY10/23 (Nov. 1, 2022 – Apr. 30, 2023)	First six months of FY10/24 (Nov. 1, 2023 – Apr. 30, 2024)
Net sales	10,712,931	11,351,166
Cost of sales	7,846,598	8,922,055
Gross profit	2,866,333	2,429,111
Selling, general and administrative expenses	1,583,806	1,559,114
Operating profit	1,282,526	869,996
Non-operating income		
Interest income	55	41
Dividend income	529	591
Commission income	1,534	1,541
Penalty income	25,351	93,777
Other	13,925	10,690
Total non-operating income	41,396	106,641
Non-operating expenses		
Interest expenses	104,679	296,558
Commission expenses	25,145	84,971
Other	1,466	6,261
Total non-operating expenses	131,292	387,791
Ordinary profit	1,192,630	588,846
Extraordinary losses		
Loss on valuation of investment securities	-	4,300
Loss on extinguishment of tie-in shares	-	1,762
Total extraordinary losses	-	6,063
Profit before income taxes	1,192,630	582,783
Income taxes	411,102	224,064
Profit	781,528	358,718
Profit attributable to owners of parent	781,528	358,718

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

(Thousands of yen)

	First six months of FY10/23 (Nov. 1, 2022 – Apr. 30, 2023)	First six months of FY10/24 (Nov. 1, 2023 – Apr. 30, 2024)
Profit	781,528	358,718
Other comprehensive income		
Valuation difference on available-for-sale securities	3,667	55
Foreign currency translation adjustment	97	1,700
Total other comprehensive income	3,764	1,755
Comprehensive income	785,292	360,474
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	785,292	360,474
Comprehensive income attributable to non-controlling interests	-	-

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	First six months of FY10/23 (Nov. 1, 2022 – Apr. 30, 2023)	First six months of FY10/24 (Nov. 1, 2023 – Apr. 30, 2024)
Cash flows from operating activities		
Profit before income taxes	1,192,630	582,783
Depreciation	45,328	83,775
Amortization of goodwill	17,625	-
Increase (decrease) in allowance for doubtful accounts	59,054	21,814
Increase (decrease) in provision for bonuses	4,641	(2,335)
Increase (decrease) in provision for shareholder benefit program	(3,072)	-
Increase (decrease) in provision for loss on guarantees	9,917	2,895
Loss (gain) on extinguishment of tie-in shares	-	1,762
Loss (gain) on valuation of short-term and long-term investment securities	-	4,300
Interest and dividend income	(585)	(632)
Interest expenses	104,679	296,558
Decrease (increase) in advance payments to suppliers	(358,610)	(1,004,115)
Decrease (increase) in inventories	(11,023,109)	2,693,695
Decrease (increase) in consumption taxes refund receivable	207,133	(15,799)
Increase (decrease) in trade payables	(1,078,183)	(296,373)
Increase (decrease) in accrued consumption taxes	100,115	(1,908)
Increase (decrease) in repayment liabilities	7,411	(62,021)
Other, net	(742,199)	551,962
Subtotal	(11,457,224)	2,856,363
Interest and dividends received	140	136
Interest paid	(98,164)	(327,318)
Income taxes paid	(834,667)	(23,688)
Income taxes refund	-	66,273
Net cash provided by (used in) operating activities	(12,389,915)	2,571,766
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,885)	(1,125)
Loan advances to subsidiaries and associates	(5,000)	-
Collection of loans receivable from subsidiaries and associates	560	-
Proceeds from collection of loans receivable	-	280
Purchase of investment securities	(299)	(302)
Purchase of intangible assets	(1,892)	-
Payments into time deposits	(20,026)	(20,028)
Proceeds from withdrawal of time deposits	20,024	20,026
Payments of leasehold deposits	(38,358)	-
Other, net	-	(73)
Net cash provided by (used in) investing activities	(47,876)	(1,222)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	6,619,290	(5,935,862)
Proceeds from long-term borrowings	7,402,000	8,078,650
Repayments of long-term borrowings	(2,290,579)	(5,139,984)
Redemption of bonds	(41,000)	(41,000)
Proceeds from issuance of shares	224	-
Purchase of treasury shares	-	(46)
Dividends paid	(862,264)	(1,007,751)
Other, net	(963)	-
Net cash provided by (used in) financing activities	10,826,706	(4,045,993)
Effect of exchange rate change on cash and cash equivalents	(79)	22
Net increase (decrease) in cash and cash equivalents	(1,611,166)	(1,475,426)
Cash and cash equivalents at beginning of period	11,656,753	8,040,953
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	-	652
Cash and cash equivalents at end of period	10,045,587	6,566,179

(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

Taiwan Good Com., Ltd., which was a consolidated subsidiary, is excluded from the scope of consolidation in the second quarter of the current fiscal year because its liquidation process was completed on April 1, 2024.

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 (loss) before income taxes during the current fiscal year, and multiplying that rate by the quarterly profit (loss) before income taxes. However, the Company uses legally stipulated effective tax rates to calculate tax expenses when the use of estimated tax rates produces a clearly irrational result.

Segment and Other Information

Segment Information

I. First 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.

II. First six months of FY10/24 (Nov. 1, 2023 – Apr. 30, 2024)

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	4,823,880	5,148,621	1,361,214	17,450	11,351,166
Inter-segment sales and transfers	-	-	53,296	600	53,896
Total	4,823,880	5,148,621	1,414,510	18,050	11,405,063
Segment profit (loss)	241,275	47,456	605,162	(62,718)	831,174

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	831,174
Elimination of inter-segment transactions	38,821
Operating profit on the quarterly consolidated statement of income	869,996

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

Taiwan Good Com., Ltd., a local subsidiary in Taiwan included in retail sales, a reportable segment, was liquidated in the second quarter of the current fiscal year. 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.