

**Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending October 31, 2020
(Nine Months Ended July 31, 2020)**

[Japanese GAAP]

September 9, 2020

Company name: Good Com Asset Co.,Ltd.

Stock Exchange Listing: TSE (1st Section)

Stock code: 3475

URL: <https://www.goodcomasset.co.jp/>

Representative: Yoshikazu Nagashima, President and CEO

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Scheduled date of filing of Quarterly Report:

September 11, 2020

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 Third Quarter (November 1, 2019 - July 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	%
Nine months ended Jul. 31, 2020	20,955	28.7	2,483	116.9	2,362	124.1	1,599	122.6
Nine months ended Jul. 31, 2019	16,287	16.4	1,145	(20.0)	1,053	(21.7)	718	(22.2)

Note: Comprehensive income (million yen) Nine months ended Jul. 31, 2020: 1,596 (up 122.3%)
Nine months ended Jul. 31, 2019: 718 (down 22.1%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Jul. 31, 2020	218.38	213.92
Nine months ended Jul. 31, 2019	100.16	95.75

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Jul. 31, 2020	24,269	8,193	33.8
As of Oct. 31, 2019	15,191	7,017	46.2

Reference: Shareholders' equity (million yen) As of Jul. 31, 2020: 8,193 As of Oct. 31, 2019: 7,017

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Oct. 31, 2019	-	0.00	-	47.00	47.00
Fiscal year ending Oct. 31, 2020	-	0.00	-		
Fiscal year ending Oct. 31, 2020 (forecasts)				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
Full year	30,405	30.1	2,336	33.1	2,188	32.6	1,482	31.5	201.96

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 Jul. 31, 2020:	7,586,200 shares	As of Oct. 31, 2019:	7,345,000 shares
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2) Number of treasury shares at the end of the period

As of Jul. 31, 2020:	206,056 shares	As of Oct. 31, 2019:	150,256 shares
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3) Average number of shares outstanding during the period

Nine months ended Jul. 31, 2020:	7,324,531 shares	Nine months ended Jul. 31, 2019:	7,174,665 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 meetings

The Company plans to hold online financial results meetings for individual investors on Wednesday, September 9, 2020 and for analysts and institutional investors on Thursday, September 10, 2020. Materials distributed at these events will be disclosed at the Timely Disclosure network (TDnet) with this quarterly 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 nine months of the fiscal year ending October 31, 2020, there was initially a slow recovery of the Japanese economy backed by improvements in the labor market and personal income. But economic activity in Japan plummeted due to the COVID-19 pandemic that started to spread from the beginning of 2020 as the government asked people to stay home and businesses to suspend operations. The economic outlook remains uncertain because it is still impossible to predict when this crisis will end.

Japan's market for newly constructed condominiums is the primary business domain of the Good Com Asset Group. Due to the impact of the spread of COVID-19 pandemic, the percentage of new condominiums sold in the Tokyo metropolitan area within one month of going on sale was 63.1% during the first nine months ended on July 31, 2020, according to the Real Estate Economic Institute. This percentage was 60.5% 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. The percentage of new units sold in the Tokyo metropolitan area decreased by 26.7%.

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. During the first nine months, 572 condominium units in 25 buildings were sold. Properties acquired were 914 units in 15 buildings.

Net sales increased 28.7% year on year to 20,955 million yen. Operating profit increased 116.9% to 2,483 million yen, ordinary profit increased 124.1% to 2,362 million yen and profit attributable to owners of parent was up 122.6% to 1,599 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 nine months, 167 condominium units were sold.

Sales were 6,018 million yen, up 27.8% from one year earlier, and segment profit increased 123.7% to 216 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 nine months, 404 condominium units were sold.

Sales were 14,092 million yen, up 27.6% from one year earlier, and segment profit increased 135.3% to 1,888 million yen.

(c) Property 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 exceeded 99% at the end of every month.

Sales were 838 million yen, up 52.8% from one year earlier, and segment profit increased 66.9% to 453 million yen.

(d) Overseas sales

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

Sales were 29 million yen and segment loss was 12 million yen, compared with a loss of 36 million yen one year

earlier.

(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 nine months of the current fiscal year.

As a result, there were no sales and a segment loss of 75 million yen.

(2) Explanation of Financial Position

Assets

Total assets increased 9,077 million yen, or 59.8%, from the end of the previous fiscal year to 24,269 million yen at the end of the third quarter of the current fiscal year.

This was mainly due to increases in real estate for sale of 6,976 million yen, real estate for sale in process of 1,647 million yen and cash and deposits of 665 million yen, while there was a decrease in advance payments-trade of 380 million yen.

Liabilities

Total liabilities increased 7,902 million yen, or 96.7%, from the end of the previous fiscal year to 16,076 million yen.

This was mainly due to increases in current portion of long-term borrowings of 4,672 million yen, short-term borrowings of 1,907 million yen and long-term borrowings of 764 million yen.

Net assets

Total net assets increased 1,175 million yen, or 16.8%, from the end of the previous fiscal year to 8,193 million yen.

The main factors include a 1,599 million yen increase in retained earnings due to the booking of profit attributable to owners of parent, which was partially offset by a 338 million yen decrease in retained earnings due to dividend payments and an 89 million yen increase in treasury shares.

Consequently, the equity ratio was 33.8% 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, 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)	Third quarter of FY10/20 (As of Jul. 31, 2020)
Assets		
Current assets		
Cash and deposits	4,979,582	5,644,848
Real estate for sale	8,528,080	15,504,598
Real estate for sale in process	49,406	1,697,278
Advance payments-trade	1,106,278	725,495
Other	236,769	362,392
Total current assets	14,900,117	23,934,613
Non-current assets		
Property, plant and equipment	43,303	44,372
Intangible assets	1,013	26,801
Investments and other assets	247,348	263,831
Total non-current assets	291,665	335,005
Total assets	15,191,783	24,269,619
Liabilities		
Current liabilities		
Accounts payable for construction contracts	78,363	96,703
Short-term borrowings	1,487,886	3,394,887
Current portion of bonds	-	42,000
Current portion of long-term borrowings	3,877,851	8,550,664
Income taxes payable	390,956	624,355
Provision for bonuses	16,538	9,298
Provision for vacancy warranties	25,684	19,271
Other	305,644	354,869
Total current liabilities	6,182,924	13,092,049
Non-current liabilities		
Bonds payable	-	237,000
Long-term borrowings	1,944,201	2,708,319
Other	47,146	39,078
Total non-current liabilities	1,991,347	2,984,397
Total liabilities	8,174,271	16,076,447
Net assets		
Shareholders' equity		
Share capital	1,589,516	1,592,747
Capital surplus	1,498,016	1,501,247
Retained earnings	4,145,550	5,406,918
Treasury shares	(214,924)	(304,318)
Total shareholders' equity	7,018,158	8,196,595
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,890	(762)
Foreign currency translation adjustment	(2,536)	(2,660)
Total accumulated other comprehensive income	(646)	(3,423)
Total net assets	7,017,512	8,193,171
Total liabilities and net assets	15,191,783	24,269,619

(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 FY10/19 (Nov. 1, 2018 – Jul. 31, 2019)	First nine months of FY10/20 (Nov. 1, 2019 – Jul. 31, 2020)
Net sales	16,287,934	20,955,364
Cost of sales	13,853,192	17,029,972
Gross profit	2,434,741	3,925,392
Selling, general and administrative expenses	1,289,639	1,441,853
Operating profit	1,145,101	2,483,538
Non-operating income		
Interest income	36	54
Dividend income	316	414
Commission income	2,189	1,902
Penalty income	4,777	18,998
Other	894	3,675
Total non-operating income	8,213	25,045
Non-operating expenses		
Interest expenses	77,325	107,620
Commission expenses	21,566	26,347
Other	532	12,438
Total non-operating expenses	99,425	146,405
Ordinary profit	1,053,890	2,362,178
Profit before income taxes	1,053,890	2,362,178
Income taxes	335,267	762,657
Profit	718,622	1,599,520
Profit attributable to owners of parent	718,622	1,599,520

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

	(Thousands of yen)	
	First nine months of FY10/19 (Nov. 1, 2018 – Jul. 31, 2019)	First nine months of FY10/20 (Nov. 1, 2019 – Jul. 31, 2020)
Profit	718,622	1,599,520
Other comprehensive income		
Valuation difference on available-for-sale securities	184	(2,652)
Foreign currency translation adjustment	(440)	(123)
Total other comprehensive income	(255)	(2,776)
Comprehensive income	718,366	1,596,744
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	718,366	1,596,744
Comprehensive income attributable to non-controlling interests	-	-

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

Not applicable.

Significant Changes in Shareholders' Equity

Stock repurchase

Good Com Asset has repurchased 55,800 shares of its own stock following the resolution approved by the Board of Directors on April 27, 2020. As a result, treasury shares increased 89 million yen during the first nine months of FY10/20 to 304 million yen at the end of the third quarter of FY10/20.

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 FY10/19 (Nov. 1, 2018 – Jul. 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	4,709,649	11,044,862	533,421	-	-	16,287,934
Inter-segment sales and transfers	-	-	15,533	-	-	15,533
Total	4,709,649	11,044,862	548,955	-	-	16,303,467
Segment profit (loss)	96,789	802,613	271,609	(36,537)	-	1,134,475

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	1,134,475
Elimination of inter-segment transactions	10,625
Operating profit on the quarterly consolidated statement of income	1,145,101

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 FY10/20 (Nov. 1, 2019 – Jul. 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	6,018,641	14,092,028	815,424	29,269	-	20,955,364
Inter-segment sales and transfers	-	-	23,559	-	-	23,559
Total	6,018,641	14,092,028	838,984	29,269	-	20,978,924
Segment profit (loss)	216,491	1,888,664	453,291	(12,799)	(75,171)	2,470,476

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	2,470,476
Elimination of inter-segment transactions	13,062
Operating profit on the quarterly consolidated statement of income	2,483,538

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

In the first quarter of FY10/20, 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 nine 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.

Material Subsequent Events

New subsidiaries through acquisition of stock

The Board of Directors of Good Com Asset approved a resolution on September 9, 2020 to sign a contract for the purchase of the stock of Room Bank Insure Co., Ltd. On the same day, Good Com Asset signed the contract and purchased this stock.

1. Objectives of acquisition

Since its establishment in 2009, Room Bank Insure has specialized in the guarantee of rent by becoming the guarantor of the tenant when a real estate leasing agreement is signed. By using a guarantee outsourcing agreement with tenants, this business provides a credit guarantee when a leasing agreement is signed and guarantees that rent will be paid (by paying rent on behalf of the tenant if necessary) while the tenant occupies the residence. The business better enables real estate owners and property management companies to perform credit examinations and approve potential tenants as well as to receive a reliable stream of rental income. Through its apartment rent guarantee service, Room Bank Insure receives an initial guarantee fee when a leasing agreement is signed and subsequent guarantee fees every year afterward, resulting in a steady source of revenue.

Amendments in 2020 to the Civil Code include measures to protect joint guarantors when a leasing agreement is signed and to increase the strictness of joint guarantor contracts. These changes are expected to reduce the number of individuals who serve as joint guarantors and, as a result, increase the use of rent guarantee companies. Good Com Asset believes that this acquisition of Room Bank Insure will contribute to earnings growth by making it possible to efficiently and effectively attract customers in the property management business.

2. Profile of Room Bank Insure

- (1) Name: Room Bank Insure Co., Ltd.
- (2) Location: 6-12-20 Jingumae, Shibuya-ku, Tokyo
- (3) Representative: Hironobu Sugiyama, President
- (4) Business: Apartment rent guarantees
- (5) Capital: 50 million yen
- (6) Established: August 18, 2009

3. Number of shares to be acquired, acquisition price and share ownership before and after acquisition

- (1) Number of shares owned before acquisition: 0 shares (Ownership: 0%)
- (2) Number of shares to be acquired: 300 shares
- (3) Acquisition price: The price cannot be disclosed due to a confidentiality agreement.
- (4) Number of shares owned after acquisition: 300 shares (Ownership: 100%)

4. Schedule

- (1) Signing of Memorandum of Understanding: April 27, 2020
- (2) Resolution of the Board of Directors: September 9, 2020
- (3) Contract signing: September 9, 2020
- (4) Stock acquisition date: September 9, 2020

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.