

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending October 31, 2022 (Six Months Ended April 30, 2022)

[Japanese GAAP]
June 13, 2022

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, 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 Second Quarter (November 1, 2021 - April 30, 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	%
Six months ended Apr. 30, 2022	25,083	-	3,319	53.2	3,104	52.9	2,132	54.5
Six months ended Apr. 30, 2021	19,669	146.0	2,167	232.3	2,029	252.2	1,380	255.7

Note: Comprehensive income (million yen) Six months ended Apr. 30, 2022: 2,133 (up 54.4%)
Six months ended Apr. 30, 2021: 1,382 (up 258.0%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Apr. 30, 2022	148.72	148.32
Six months ended Apr. 30, 2021	93.70	93.28

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 Apr. 30, 2022	20,309	10,744	52.9
As of Oct. 31, 2021	20,446	9,208	45.0

Reference: Shareholders' equity (million yen) As of Apr. 30, 2022: 10,744 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 Apr. 30, 2022:	15,237,200 shares	As of Oct. 31, 2021:	15,229,200 shares
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2) Number of treasury shares at the end of the period

As of Apr. 30, 2022:	878,119 shares	As of Oct. 31, 2021:	894,426 shares
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3) Average number of shares outstanding during the period

Six months ended Apr. 30, 2022:	14,341,956 shares	Six months ended Apr. 30, 2021:	14,737,875 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 4 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 on Tuesday, June 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.

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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, 2022, the Japanese economy slowly recovered as economic activity began to return to normal as more people received COVID-19 vaccinations and pandemic restrictions were eased. However, there are still no signs of when the pandemic will end. Although a recovery is taking place, there is still a risk of an economic downturn due to uncertainty about the effects of high prices of resources and financial market volatility caused by the Ukraine crisis and other events.

In the Japanese real estate industry, there has been consistently strong demand for investments in real estate in Japan, especially among foreign investors. The main reason is that returns on these investments are often higher in Japan than in other countries as the yen depreciates rapidly.

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, 843 condominium units in 27 buildings were sold. Significantly, sales in the wholesale category were 720 condominium units in 12 buildings as activities focused on selling entire buildings rather than individual units. Properties acquired were 232 units in three buildings.

Net sales were 25,083 million yen compared with 19,669 million yen one year earlier. The operating profit increased 53.2% to 3,319 million yen from year earlier, the ordinary profit increased 52.9% to 3,104 million yen, and the profit attributable to owners of parent increased 54.5% to 2,132 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, first half sales decreased 256 million yen. Furthermore, there are no comparisons of sales between the first half 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, (4) 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 half, 757 condominium units were sold.

Sales were 21,502 million yen compared with net sales of 15,861 million yen one year earlier, and the segment profit increased 74.2% to 3,468 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 half, 86 condominium units were sold.

Sales were 2,862 million yen compared with net sales of 2,962 million yen one year earlier, and the segment loss was 320 million yen compared with a loss of 122 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 half. However, rental income decreased because strong sales of these properties reduced the number of unsold condominium units.

Sales were 731 million yen compared with net sales of 875 million yen one year earlier, and segment profit decreased 43.8% to 186 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 16 million yen compared with no sales one year earlier, and the segment loss was 29 million yen compared with a 43 million yen loss one year earlier.

(2) Explanation of Financial Position

Assets

Total assets decreased 136 million yen, or 0.7%, from the end of the previous fiscal year to 20,309 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 1,862 million yen and advance payments to suppliers of 382 million yen, while there was an increase in cash and deposits of 2,030 million yen.

Liabilities

Total liabilities decreased 1,672 million yen, or 14.9%, from the end of the previous fiscal year to 9,565 million yen. This was mainly due to decreases in long-term borrowings of 1,625 million yen, 685 million yen in accrued consumption taxes included in other current liabilities and short-term borrowings of 378 million yen, while there were increases in current portion of long-term borrowings of 572 million yen and income taxes payable of 357 million yen.

Net assets

Total net assets increased 1,535 million yen, or 16.7%, from the end of the previous fiscal year to 10,744 million yen. The main factors include a 616 million yen decrease in retained earnings due to dividend payments and a 2,132 million yen increase in retained earnings due to the booking of profit attributable to owners of parent.

Consequently, the equity ratio increased 7.9 percentage points from the end of the previous fiscal year to 52.9% 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 first half of the current fiscal year increased 25.5% to 9,983 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 4,114 million yen (6,233 million yen provided in the same period of the previous fiscal year). This was mainly due to profit before income taxes of 3,104 million yen and an 1,807 million yen decrease in inventories, while there was income taxes paid of 629 million yen.

Cash flows from investing activities

Net cash used in investing activities was 14 million yen (89 million yen used in the same period of the previous fiscal year). The main factors include purchase of membership of 11 million yen.

Cash flows from financing activities

Net cash used in financing activities was 2,089 million yen (6,915 million yen used in the same period of the previous fiscal year). The main factors include proceeds from long-term borrowings of 4,014 million yen, while there were repayments of long-term borrowings of 5,217 million yen and dividends paid of 616 million yen.

(4) 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)	Second quarter of FY10/22 (As of Apr. 30, 2022)
Assets		
Current assets		
Cash and deposits	7,973,539	10,003,988
Accounts receivable-trade	-	2,684
Real estate for sale	8,629,314	6,767,295
Real estate for sale in process	1,730,842	1,738,653
Advance payments to suppliers	1,078,522	695,709
Other	277,453	398,906
Allowance for doubtful accounts	(36,758)	(57,560)
Total current assets	19,652,914	19,549,676
Non-current assets		
Property, plant and equipment	80,848	75,763
Intangible assets		
Goodwill	249,805	218,579
Other	31,467	28,404
Total intangible assets	281,272	246,984
Investments and other assets	431,268	436,956
Total non-current assets	793,389	759,704
Total assets	20,446,304	20,309,380
Liabilities		
Current liabilities		
Accounts payable for construction contracts	165,121	150,169
Short-term borrowings	1,935,730	1,557,230
Current portion of bonds payable	82,000	82,000
Current portion of long-term borrowings	3,016,834	3,589,426
Contract liabilities	-	220,800
Income taxes payable	666,380	1,023,673
Provision for bonuses	19,379	15,766
Provision for vacancy warranties	163,014	-
Provision for loss on guarantees	27,533	33,788
Other	1,160,312	559,094
Total current liabilities	7,236,306	7,231,948
Non-current liabilities		
Bonds payable	335,000	294,000
Long-term borrowings	3,625,140	1,999,327
Provision for shareholder benefit program	7,101	5,731
Other	33,797	34,093
Total non-current liabilities	4,001,038	2,333,152
Total liabilities	11,237,345	9,565,100
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	8,610,397
Treasury shares	(986,622)	(968,634)
Total shareholders' equity	9,206,796	10,741,051
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,114	5,130
Foreign currency translation adjustment	(1,951)	(1,902)
Total accumulated other comprehensive income	2,162	3,228
Total net assets	9,208,959	10,744,279
Total liabilities and net assets	20,446,304	20,309,380

(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 FY10/21 (Nov. 1, 2020 – Apr. 30, 2021)	First six months of FY10/22 (Nov. 1, 2021 – Apr. 30, 2022)
Net sales	19,669,108	25,083,534
Cost of sales	16,219,498	20,284,479
Gross profit	3,449,610	4,799,055
Selling, general and administrative expenses	1,282,345	1,479,633
Operating profit	2,167,264	3,319,421
Non-operating income		
Interest income	45	41
Dividend income	210	387
Commission income	5,503	8,570
Penalty income	13,364	18,474
Other	4,467	4,201
Total non-operating income	23,590	31,675
Non-operating expenses		
Interest expenses	115,462	82,470
Commission expenses	39,483	160,218
Other	6,096	3,945
Total non-operating expenses	161,042	246,635
Ordinary profit	2,029,812	3,104,462
Profit before income taxes	2,029,812	3,104,462
Income taxes	648,935	971,538
Profit	1,380,877	2,132,923
Profit attributable to owners of parent	1,380,877	2,132,923

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

(Thousands of yen)

	First six months of FY10/21 (Nov. 1, 2020 – Apr. 30, 2021)	First six months of FY10/22 (Nov. 1, 2021 – Apr. 30, 2022)
Profit	1,380,877	2,132,923
Other comprehensive income		
Valuation difference on available-for-sale securities	1,070	1,016
Foreign currency translation adjustment	365	48
Total other comprehensive income	1,436	1,065
Comprehensive income	1,382,313	2,133,989
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,382,313	2,133,989
Comprehensive income attributable to non-controlling interests	-	-

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	First six months of FY10/21 (Nov. 1, 2020 – Apr. 30, 2021)	First six months of FY10/22 (Nov. 1, 2021 – Apr. 30, 2022)
Cash flows from operating activities		
Profit before income taxes	2,029,812	3,104,462
Depreciation	69,672	55,384
Amortization of goodwill	53,994	31,225
Increase (decrease) in allowance for doubtful accounts	3,425	20,802
Increase (decrease) in provision for bonuses	(3,499)	(3,613)
Increase (decrease) in provision for vacancy warranties	51,615	-
Increase (decrease) in provision for shareholder benefit program	(16,709)	(1,369)
Increase (decrease) in provision for loss on guarantees	1,387	6,254
Increase (decrease) in provision for reserve for sublease losses	(28,222)	-
Interest and dividend income	(255)	(428)
Interest expenses	115,462	82,470
Decrease (increase) in advance payments to suppliers	(268,644)	382,812
Decrease (increase) in inventories	4,901,157	1,807,679
Increase (decrease) in trade payables	(29,265)	(14,951)
Increase (decrease) in accrued consumption taxes	483,151	(686,847)
Increase (decrease) in contract liabilities	-	57,786
Other, net	(304,831)	(2,388)
Subtotal	7,058,251	4,839,279
Interest and dividends received	77	102
Interest paid	(125,298)	(95,182)
Income taxes paid	(699,926)	(629,703)
Net cash provided by (used in) operating activities	6,233,104	4,114,496
Cash flows from investing activities		
Purchase of property, plant and equipment	(37,327)	(272)
Purchase of investment securities	(299)	(299)
Purchase of intangible assets	(2,095)	(2,770)
Purchase of membership	-	(11,000)
Payments into time deposits	(20,023)	(20,024)
Proceeds from withdrawal of time deposits	20,021	20,023
Other, net	(49,491)	17
Net cash provided by (used in) investing activities	(89,215)	(14,326)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,652,310)	(227,900)
Proceeds from long-term borrowings	7,096,500	4,014,000
Repayments of long-term borrowings	(11,611,672)	(5,217,821)
Proceeds from issuance of bonds	200,000	-
Redemption of bonds	(21,000)	(41,000)
Proceeds from issuance of shares	365	104
Purchase of treasury shares	(425,318)	-
Dividends paid	(501,621)	(616,395)
Other, net	(921)	(942)
Net cash provided by (used in) financing activities	(6,915,977)	(2,089,954)
Effect of exchange rate change on cash and cash equivalents	306	103
Net increase (decrease) in cash and cash equivalents	(771,782)	2,010,319
Cash and cash equivalents at beginning of period	6,578,325	7,953,516
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	-	20,127
Cash and cash equivalents at end of period	5,806,543	9,983,963

(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

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.

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 Recognition of Revenue, 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 due to the new revenue recognition standard.

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 256 million yen and selling, general and administrative expenses decreased 256 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 half 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 six months of FY10/21 (Nov. 1, 2020 – Apr. 30, 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	15,861,783	2,962,164	845,160	-	19,669,108
Inter-segment sales and transfers	-	-	29,903	-	29,903
Total	15,861,783	2,962,164	875,063	-	19,699,011
Segment profit (loss)	1,991,129	(122,492)	332,617	(43,855)	2,157,400

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	2,157,400
Elimination of inter-segment transactions	9,864
Operating profit on the quarterly consolidated statement of income	2,167,264

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 FY10/22 (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 loss on the quarterly consolidated statement of income	3,319,421

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 six months of FY10/21 is also presented using the changed names.

As described in Changes in Accounting Policies, 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.

Material Subsequent Events

Establishment of subsidiary

On May 13, 2022, the Good Com Asset Board of Directors approved a resolution as follows to establish a subsidiary for the asset management of REITs and real estate funds. This subsidiary was established on May 20, 2022.

1. Purpose of establishment

As part of measures to expand the breadth of business operations, the Good Com Asset Group has been making preparations to start an REIT business. At this time, based on the outlook for this business, the need to hire people with the required skills and other considerations, the decision was made to establish an asset management company. We believe this new company can contribute to more growth of the Good Com Asset Group.

In the asset management business, Good Com Asset will be the sponsor for properties in order to supply properties. The new subsidiary will manage these properties as the holdings of private funds. For this business, Good Com Asset plans to supply newly constructed and existing condominium buildings in the Tokyo area and other regions of Japan where group companies have not supplied properties in prior years. As a result, we believe this business will increase the diversity of properties that are purchased by the Good Com Asset Group and make it possible to increase the scale of asset management operations.

Receiving the approval of the Financial Services Agency and Ministry of Land, Infrastructure, Transport and Tourism and other permits and licenses needed to start the REIT business will take time. Consequently, we plan to begin by establishing private real estate funds holding a few billion yen of assets. The aim is to start a real estate securitization business and develop this business to the point that it contributes to consolidated earnings.

Just as in prior years, we will continue to sell newly constructed condominiums primarily in Tokyo's 23 wards that are within a 10-minute walk of a railway station. The main buyers are companies in the wholesale segment and individual investors in Japan and other countries in the retail sales segment.

2. Outline of the subsidiary

(1) Name	Good Com Asset Investment Advisers Co., Ltd.	
(2) Location	Sumitomo Fudosan Nishi Shinjuku building, 7-20-1 Nishishinjuku, Shinjuku-ku, Tokyo	
(3) Representative	Takaaki, Kawamura, President and CEO	
(4) Business	Investment advisory/agency business and investment management business	
(5) Capital	200 million yen	
(6) Established	May 20, 2022	
(7) Major shareholders and shareholding ratios	Wholly owned by Good Com Asset Co., Ltd.	
(8) Relationships between Good Com Asset and Good Com Asset Investment Advisers	Capital	Good Com Asset Investment Advisers is a wholly owned subsidiary of Good Com Asset
	Personnel	The Good Com Asset representative director and president and one director and one full-time corporate auditor of Good Com Asset will concurrently be directors and a corporate auditor of Good Com Asset Investment Advisers. In addition, Good Com Asset plans to second employees to work at the new subsidiary.
	Business	Good Com Asset plans to sell properties to the private funds and/or private investment firms established by Good Com Asset Investment Advisers.

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.