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On **June 11, 2019**, Good Com Asset Co., Ltd. announced earnings results for 1H FY10/19.

Cumulative (JPYmm)	FY10/18				FY10/19				FY10/19		FY10/19	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of 1H	1H Est.	% of FY	FY Est.
Sales	3,468	9,510	13,995	16,818	3,446	8,507			100.0%	8,506	36.7%	23,166
YoY	37.7%	78.3%	88.5%	71.0%	-0.6%	-10.6%				-10.6%		37.7%
Gross profit	768	1,729	2,533	3,177	672	1,490						
YoY	74.5%	62.6%	56.2%	44.4%	-12.4%	-13.8%						
GPM	22.1%	18.2%	18.1%	18.9%	19.5%	17.5%						
SG&A expenses	340	737	1,101	1,499	380	853						
YoY	16.2%	21.0%	17.8%	15.9%	11.6%	15.7%						
SG&A ratio	9.8%	7.8%	7.9%	8.9%	11.0%	10.0%						
Operating profit	428	992	1,432	1,678	293	637			100.2%	636	37.4%	1,701
YoY	190.9%	118.4%	108.3%	84.9%	-31.6%	-35.8%				-35.9%		1.4%
OPM	12.3%	10.4%	10.2%	10.0%	8.5%	7.5%				7.5%		7.3%
Recurring profit	396	925	1,345	1,567	276	581			100.1%	580	35.7%	1,627
YoY	208.1%	113.8%	108.6%	91.0%	-30.3%	-37.2%				-37.3%		3.8%
RPM	11.4%	9.7%	9.6%	9.3%	8.0%	6.8%				6.8%		7.0%
Net income	277	635	923	1,071	188	395			100.1%	395	35.5%	1,113
YoY	236.0%	111.1%	105.8%	72.8%	-32.2%	-37.8%				-37.8%		3.9%
Net margin	8.0%	6.7%	6.6%	6.4%	5.5%	4.6%				4.6%		4.8%

Quarterly (JPYmm)	FY10/18				FY10/19			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	3,468	6,042	4,485	2,823	3,446	5,061		
YoY	37.7%	114.6%	114.7%	17.1%	-0.6%	-16.2%		
Gross profit	768	961	804	644	672	817		
YoY	74.5%	54.2%	44.0%	11.2%	-12.4%	-15.0%		
GPM	22.1%	15.9%	17.9%	22.8%	19.5%	16.1%		
SG&A expenses	340	397	364	398	380	473		
YoY	16.2%	25.5%	11.9%	10.9%	11.6%	19.1%		
SG&A ratio	9.8%	6.6%	8.1%	14.1%	11.0%	9.3%		
Operating profit	428	564	440	246	293	344		
YoY	190.9%	83.7%	88.8%	11.8%	-31.6%	-38.9%		
OPM	12.3%	9.3%	9.8%	8.7%	8.5%	6.8%		
Recurring profit	396	528	421	222	276	305		
YoY	208.1%	73.9%	98.0%	26.3%	-30.3%	-42.3%		
RPM	11.4%	8.7%	9.4%	7.8%	8.0%	6.0%		
Net income	277	358	288	148	188	207		
YoY	236.0%	63.9%	95.1%	-13.6%	-32.2%	-42.1%		
Net margin	8.0%	5.9%	6.4%	5.3%	5.5%	4.1%		

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

Quarterly reference data

Segment sales and operating profit

Cumulative (JPYmn)	FY10/18				FY10/19			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	3,468	9,510	13,995	16,818	3,446	8,507		
YoY	37.7%	78.3%	88.5%	71.0%	-0.6%	-10.6%		
Sales to Individuals	1,515	3,183	4,831	6,432	1,681	3,191		
YoY	35.1%	22.4%	21.1%	21.0%	10.9%	0.2%		
Sales to Real Estate Companies	1,794	6,001	8,685	9,758	1,611	4,988		
YoY	40.5%	143.9%	187.1%	146.7%	-10.2%	-16.9%		
Property Management	159	327	480	628	155	328		
YoY	32.4%	19.9%	17.1%	11.6%	-2.5%	0.4%		
Overseas Sales	-	-	-	-	-	-		
YoY	-	-	-	-	-	-		
Operating profit	428	992	1,432	1,678	293	637		
YoY	190.9%	118.4%	108.3%	84.9%	-31.6%	-35.8%		
Sales to Individuals	179	340	460	563	116	108		
YoY	95.7%	22.6%	1.8%	2.0%	-35.2%	-68.3%		
OPM	11.8%	10.7%	9.5%	8.8%	6.9%	3.4%		
Sales to Real Estate Companies	170	488	737	821	109	389		
YoY	324.1%	314.3%	479.4%	348.2%	-35.6%	-20.4%		
OPM	9.5%	8.1%	8.5%	8.4%	6.8%	7.8%		
Sales to Real Estate Companies	89	186	269	343	80	163		
YoY	118.9%	82.1%	62.1%	39.3%	-9.5%	-12.7%		
OPM	56.0%	57.0%	56.1%	54.6%	52.0%	49.6%		
Overseas Sales	-11	-27	-40	-55	-15	-29		
YoY	-	-	-	-	-	-		
OPM	-	-	-	-	-	-		
Eliminations	2	3	5	7	2	6		

Quarterly (JPYmn)	FY10/18				FY10/19			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	3,468	6,042	4,485	2,823	3,446	5,061		
YoY	37.7%	114.6%	114.7%	17.1%	-0.6%	-16.2%		
Sales to Individuals	1,515	1,668	1,648	1,601	1,681	1,510		
YoY	35.1%	12.7%	18.8%	20.6%	10.9%	-9.5%		
Sales to Real Estate Companies	1,794	4,207	2,684	1,074	1,611	3,377		
YoY	40.5%	255.3%	375.8%	15.4%	-10.2%	-19.7%		
Property Management	159	168	153	148	155	173		
YoY	32.4%	10.1%	11.5%	-3.2%	-2.5%	3.2%		
Overseas Sales	-	-	-	-	-	-		
YoY	-	-	-	-	-	-		
Operating profit	428	564	440	246	293	344		
YoY	190.9%	83.7%	88.8%	11.8%	-31.6%	-38.9%		
Sales to Individuals	179	162	120	102	116	-8		
YoY	95.7%	-13.3%	-31.2%	2.8%	-35.2%	-		
OPM	11.8%	9.7%	7.3%	6.4%	6.9%	-0.5%		
Sales to Real Estate Companies	170	319	249	83	109	279		
YoY	324.1%	309.2%	-	49.2%	-35.6%	-12.3%		
OPM	9.5%	7.6%	9.3%	7.8%	6.8%	8.3%		
Property Management	89	97	83	73	80	82		
YoY	118.9%	57.9%	30.2%	-8.1%	-9.5%	-15.6%		
OPM	56.0%	58.0%	54.2%	49.7%	52.0%	47.4%		
Overseas Sales	-11	-15	-14	-15	-15	-13		
YoY	-	-	-	-	-	-		
OPM	-	-	-	-	-	-		
Eliminations	2	2	2	2	2	4		

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

Number of condominium units sold and average price per unit

Cumulative (JPYmn)	FY10/18				FY10/19			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Units sold	139	381	535	626	122	327		
YoY	87.8%	125.4%	128.6%	93.2%	-12.2%	-14.2%		
Sales to Individuals	48	103	156	207	51	97		
YoY	41.2%	30.4%	32.2%	29.4%	6.3%	-5.8%		
Sales to Real Estate Companies	91	278	379	419	71	230		
YoY	127.5%	208.9%	226.7%	155.5%	-22.0%	-17.3%		
Sales per unit	23.8	24.1	25.3	25.9	27.0	25.0		
YoY	-26.5%	-19.5%	-15.7%	-9.6%	13.3%	3.8%		
Sales to Individuals	31.6	30.9	31.0	31.1	33.0	32.9		
YoY	-4.3%	-6.1%	-8.4%	-6.5%	4.4%	6.4%		
Sales to Real Estate Companies	19.7	21.6	22.9	23.3	22.7	21.7		
YoY	-38.2%	-21.1%	-12.1%	-3.4%	15.1%	0.5%		

Quarterly (JPYmn)	FY10/18				FY10/19			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Units sold	139	242	154	91	122	205		
YoY	87.8%	154.7%	136.9%	1.1%	-12.2%	-15.3%		
Sales to Individuals	48	55	53	51	51	46		
YoY	41.2%	22.2%	35.9%	21.4%	6.3%	-16.4%		
Sales to Real Estate Companies	91	187	101	40	71	159		
YoY	127.5%	274.0%	288.5%	-16.7%	-22.0%	-15.0%		
Sales per unit	23.8	24.3	28.1	29.4	27.0	23.8		
YoY	-26.5%	-13.4%	-6.3%	17.1%	13.3%	-1.8%		
Sales to Individuals	31.6	30.3	31.1	31.4	33.0	32.8		
YoY	-4.3%	-7.8%	-12.6%	-0.7%	4.4%	8.3%		
Sales to Real Estate Companies	19.7	22.5	26.6	26.8	22.7	21.2		
YoY	-38.2%	-5.0%	22.5%	38.4%	15.1%	-5.6%		

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

1H FY10/19 results

- ▷ Sales: JPY8.5bn (-10.6% YoY)
- ▷ Operating profit: JPY637mn (-35.8% YoY)
- ▷ Recurring profit: JPY581mn (-37.2% YoY)
- ▷ Net income attributable to owners of the parent: JPY395mn (-37.8% YoY)

- Due to an increase in property prices attributed to higher construction costs and land prices, the contract rate for newly constructed condominiums in the Tokyo Metropolitan area, the target area of the company's business, during the six-month period between November 2018 and April 2019 was 58.7%, falling below the 70% mark which serves as a yardstick of strong performance. Further, areas in which newly constructed condominiums are supplied have expanded from the Tokyo Metropolitan area where it is difficult to procure land to suburban areas (according to Real Estate Economic Institute Co., Ltd.).
- The company's condominium sales in 1H were 327 units in 13 buildings (versus 381 units in 11 buildings in 1H FY10/18). Units sold increased in the Sales to Individuals segment, but decreased in the Sales to Real Estate Companies segment. The company expanded planning and development for its GENOVIA green veil, GENOVIA skygarden series, and GENOVIA skyrun, three subsets of its broader GENOVIA series of newly constructed condominium buildings primarily located in the 23 wards of Tokyo, and aimed to increase their sales, enhance related customer support systems, and raise their brand strength.
- Sales fell YoY due to a decline in the number of units sold despite a higher average price per unit. The average sales price per unit was JPY25.0mn (+3.8% YoY).
- Gross profit was JPY1.5bn (-13.8% YoY) and GPM was 17.5% (-0.7pp YoY). SG&A expenses rose to JPY853mn (+15.7% YoY) due to increases in floor space of the company's head office, the number of personnel, and administrative fees accompanying a rise in shareholder count. Profit lines from operating profit down declined on lower gross profit and higher SG&A expenses.

- ▀ Inventories at end 1H were JPY12.1bn (+89.5% from end FY10/18), breaking down into JPY10.8bn in real estate for sale (+91.6% from end FY10/18), JPY62mn in real estate for sale in process (+149.7% from end FY10/18), and JPY1.3bn in advance payments (+71.3% from end FY10/18). The company procured 890 units in 1H (versus 262 units in 1H FY10/18).
- ▀ As of June 10, 2019, the number of sales contracts concluded during Q3 (May–July 2019) was 248 (156 in Q3 FY10/18).

Earnings by segment are outlined below.

Sales to Individuals

- ▷ Sales: JPY3.2bn (+0.2% YoY)
- ▷ Operating profit: JPY108mn (-68.3% YoY), OPM 3.4% (-7.3pp YoY)

The number of units sold reached 97 (-5.8% YoY) for 1H as the company sold its GENOVIA series of one-room and family-type condos to individual investors in Japan. The average sales price per unit was JPY32.9mn (+6.4% YoY).

Sales were flat YoY as the higher average sales price per unit offset the decline in the number of units sold; however, operating profit fell YoY.

Sales to Real Estate Companies

- ▷ Sales: JPY5.0bn (-16.9% YoY)
- ▷ Operating profit: JPY389mn (-20.4% YoY), OPM 7.8% (-0.3pp YoY)

The number of units sold reached 230 (-17.3% YoY) for 1H as the company sold its GENOVIA series of one-room condos to real estate companies in Japan. The average sales price per unit was JPY21.7mn (+0.5% YoY).

Sales declined due to the smaller number of units sold, and operating profit also fell due to the drop in sales.

Property Management

- ▷ Sales: JPY328mn (+0.4% YoY)
- ▷ Operating profit: JPY163mn (-12.7% YoY), OPM 49.6% (-7.4pp YoY)

The occupancy rate at the end of each month from November 2018 to April 2019 was 100%.

Overseas Sales

- ▷ Sales: None recorded (none recorded in 1H FY10/18)
- ▷ Operating loss: JPY29mn (JPY27mn operating loss in 1H FY10/18)

No sales were made to individual investors overseas in 1H FY10/19.

Full-year company forecasts

Company forecasts for FY10/19

(JPYmn)	FY10/ 18			FY10/ 19 Est.			YoY		
	1H Act.	2H Act.	FY Act.	1H Act.	2H Est.	FY Est.	1H	2H	FY
Sales	9,510	7,307	16,818	8,507	14,659	23,166	-10.6%	100.6%	37.7%
Cost of sales	7,782	5,859	13,641	7,017					
Gross profit	1,729	1,448	3,177	1,490					
GPM	18.2%	19.8%	18.9%	17.5%					
SG&A expenses	737	761	1,499	853					
SG&A ratio	7.8%	10.4%	8.9%	10.0%					
Operating profit	992	687	1,678	637	1,064	1,701	-35.8%	55.0%	1.4%
OPM	10.4%	9.4%	10.0%	7.5%	7.3%	7.3%			
Recurring profit	925	642	1,567	581	1,046	1,627	-37.2%	62.9%	3.8%
RPM	9.7%	8.8%	9.3%	6.8%	7.1%	7.0%			
Net income	635	436	1,071	395	718	1,113	-37.8%	64.6%	3.9%
Net margin	6.7%	6.0%	6.4%	4.6%	4.9%	4.8%			

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

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