

Translation

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Summary of Consolidated Financial Results for the Year Ended October 31, 2021 (Based on Japanese GAAP)

December 15, 2021

Company name: GA technologies Co., Ltd. Stock exchange listing: Tokyo Stock Exchange
 Stock code: 3491 URL: <https://www.ga-tech.co.jp/>
 Representative: RYO HIGUCHI, President and Chief Executive Officer
 Contact person: SATOSHI MATSUKAWA, Executive Officer and Chief Accounting Officer TEL : 03-6230-9180
 Scheduled date to file Securities Report: January 27, 2022
 Scheduled date to file Securities Report: January 28, 2022
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts, in Japanese)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended October 31, 2021 (November 1, 2020 to October 31, 2021)

(1) Consolidated operating results (Percentage figures are the changes from the same period prior year)

	Revenue		EBITDA※		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended October 31, 2021	85,388	35.4	1,466	(48.8)	(39)	-	(431)	-	(1,269)	-
Year ended October 31, 2020	63,070	60.5	2,861	72.5	1,888	58.3	1,654	62.3	903	77.2

※EBITDA = Operating profits + Depreciation (Operating expenses) + Amortization of Goodwill

(NOTE) Comprehensive income: Year ended October 31, 2021 (1,246) million yen [-%]
 Year ended October 31, 2020 893 million yen [76.3%]

	Earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary Income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Year ended October 31, 2021	(37.81)	-	(9.8)	(1.8)	(0.0)
Year ended October 31, 2020	31.25	29.42	14.0	10.9	3.0

(NOTE) 1. Despite the existence of diluted shares, Diluted earnings per share for the year ended October 31, 2021 are not stated since negative Earnings per share are recorded.
 2. The Company conducted a 1:3 stock split for common stock with an effective date of November 1, 2020. Earnings per share and Diluted earnings per share have been calculated on the assumption that this stock split was conducted at the beginning of the previous year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of October 31, 2021	30,177	18,733	62.0	532.67
As of October 31, 2020	18,584	7,137	38.4	242.84

(REFERENCE) Equity capital: As of October 31, 2021 18,724 million yen
 As of October 31, 2020 7,137 million yen

(NOTE) The Company conducted a 1:3 stock split for common stock with an effective date of November 1, 2020. Net assets per share has been calculated on the assumption that this stock split was conducted at the beginning of the previous year.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash & cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
Year ended October 31, 2021	(390)	(1,958)	11,305	15,275
Year ended October 31, 2020	2,312	(3,766)	3,545	6,318

2. Cash dividends

	Dividends per share					Total amount of dividends (Annual)	Dividends payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen			
Year ended October 31, 2020	-	0.00	-	0.00	0.00	-	-	-
Year ended October 31, 2021	-	0.00	-	0.00	0.00	-	-	-
Year ending October 31, 2022 (Forecast)	-	-	-	-	-		-	

(NOTE) The Articles of Incorporation provide for dividends with record dates at the end of each second quarter and fiscal year. Currently, the forecast for dividends with these record dates for the fiscal year ending October 31, 2021 has not been determined.

3. Forecast of consolidated financial results for the fiscal year ending October 31, 2022 (November 1, 2021 to October 31, 2022)

(Percentage figures are the changes from the same period prior year)

	Revenue		EBITDA※		Operating profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	110,000	-	4,000	-	57	-	(700)	-	(19.77)

※EBITDA = Operating profits + Depreciation (Operating expenses)

(NOTE) The Group has decided to voluntarily apply the International Financial Reporting Standards (IFRS) from the three months ending October 31, 2022 for its consolidated financial statements. The forecast above is based on IFRS and therefore the change ratio from the actual results of the fiscal year ended October 31, 2021 under the Japanese accounting standards to the forecast is not shown here.

4. Notes

(1) Changes in significant subsidiaries during the year ended October 31, 2021
(changes in specified subsidiaries resulting in the change in scope of consolidation): Not applicable

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
 Changes in accounting policies due to revisions to accounting standards and other regulations: Not applicable
 Changes in accounting policies due to other reasons: Not applicable
 Changes in accounting estimates: Not applicable
 Restatement of prior period financial statements: Not applicable

(3) Number of issued shares (common stock)

Total number of issued shares at the end of the period (including treasury shares):

As of October 31, 2021	35,152,375 shares	As of October 31, 2020	29,393,115 shares
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Total number of treasury shares at the end of the period:

As of October 31, 2021	682 shares	As of October 31, 2020	621 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year):

As of October 31, 2021	33,559,888 shares	As of October 31, 2020	28,921,561 shares
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(NOTE) The Company conducted a 1:3 stock split for common stock with an effective date of November 1, 2020. The total number of issued shares at the end of the period, Total number of treasury shares at the end of the period and Average number of shares during the period have been calculated on the assumption that this stock split was conducted at the beginning of the previous year.

Consolidated Financial Statements
Consolidated Balance Sheets

(Million yen)

	As of October 31, 2020	As of October 31, 2021
Assets		
Current assets		
Cash and deposits	6,386	15,393
Accounts receivable - trade	147	185
Real estate for sale	1,386	2,795
Costs on uncompleted construction contracts	8	21
Supplies	48	32
Advance payments - trade	137	230
Prepaid expenses	270	263
Other	149	584
Allowance for doubtful accounts	(81)	(102)
Total current assets	8,453	19,405
Non-current assets		
Property, plant and equipment		
Buildings	866	986
Accumulated depreciation	(113)	(157)
Buildings, net	753	829
Vehicles	13	14
Accumulated depreciation	(6)	(9)
Vehicles, net	6	5
Tools, furniture and fixtures	171	215
Accumulated depreciation	(74)	(112)
Tools, furniture and fixtures, net	97	103
Leased assets	263	342
Accumulated depreciation	(61)	(104)
Leased assets, net	202	237
Construction in progress	170	178
Total property, plant and equipment	1,230	1,354
Intangible assets		
Goodwill	3,762	4,554
Software	2,542	2,276
Software in progress	57	167
Other	1,086	938
Total intangible assets	7,449	7,937
Investments and other assets		
Investment securities	410	362
Long-term time deposits	10	10
Leasehold and guarantee deposits	892	945
Long-term loans receivable	-	29
Deferred tax assets	54	32
Other	83	100
Total investments and other assets	1,450	1,480
Total non-current assets	10,130	10,772
Total assets	18,584	30,177

(Million yen)

	As of October 31, 2020	As of October 31, 2021
Liabilities		
Current liabilities		
Short-term loans payable	1,503	300
Current portion of long-term loans payable	949	1,147
Current portion of bonds	40	2,050
Lease obligations	58	75
Accounts payable – other	988	1,558
Advances received on uncompleted construction contracts	2	21
Income taxes payable	661	1
Accrued consumption taxes	210	85
Provision for fulfillment of guarantees	15	7
Provision for after-sales service	8	65
Deposits received	1,074	1,366
Other	210	235
Total current liabilities	5,723	6,914
Non-current liabilities		
Bonds payable	2,110	405
Long-term loans payable	2,383	2,722
Lease obligations	149	152
Deferred tax liabilities	337	293
Provision for vacancy loss	77	61
Asset retirement obligations	407	431
Other	256	461
Total non-current liabilities	5,722	4,529
Total liabilities	11,446	11,443
Net assets		
Shareholders' equity		
Capital stock	1,182	7,219
Capital surplus	3,931	10,727
Retained earnings	2,039	770
Treasury shares	(0)	(0)
Total shareholders' equity	7,152	18,715
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(14)	7
Foreign currency translation adjustment	-	0
Total accumulated other comprehensive income	(14)	8
Share acquisition rights	0	9
Total net assets	7,137	18,733
Total liabilities and net assets	18,584	30,177

Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Million yen)

	Year ended October 31, 2020	Year ended October 31, 2021
Net sales	63,070	85,388
Cost of sales	53,208	73,940
Gross profit	9,861	11,447
Selling, general and administrative expenses	7,973	11,487
Operating profit (loss)	1,888	(39)
Non-operating income		
Interest income	0	0
Other	17	23
Total non-operating income	17	24
Non-operating expenses		
Interest expenses	67	65
Commission fee	121	254
Bond issue expenses	21	6
Share issue expenses	-	63
Other	42	25
Total non-operating expenses	251	416
Ordinary profit (loss)	1,654	(431)
Extraordinary losses		
Impairment loss	60	621
Loss on sales and retirement of non-current assets	0	1
Loss on valuation of investment securities	-	101
Other	1	27
Total extraordinary losses	61	752
Profit (loss) before income taxes	1,592	(1,183)
Income taxes – current	805	107
Income taxes – deferred	(116)	(21)
Total income taxes	688	85
Profit (loss)	903	(1,269)
Profit (loss) attributable to owners of parent	903	(1,269)

Consolidated Statements of Comprehensive Income

(Million yen)

	Year ended October 31, 2020	Year ended October 31, 2021
Profit (loss)	903	(1,269)
Other comprehensive income		
Valuation difference on available-for-sale securities	(10)	22
Foreign currency translation adjustment	-	0
Total other comprehensive income	(10)	22
Comprehensive income	893	(1,246)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	893	(1,246)

Consolidated statement of changes in equity (Year ended October 31, 2020)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,156	3,466	1,135	(0)	5,758
Changes of items during period					
Issuance of new shares					-
Issuance of new shares - exercise of share acquisition rights	25	25			51
Profit (loss) attributable to owners of parent			903		903
Purchase of treasury shares				(0)	(0)
Increase by share exchanges		439			439
Net changes of items other than shareholders' equity					
Total changes of items during period	25	464	903	(0)	1,393
Balance at end of current period	1,182	3,931	2,039	(0)	7,152

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	(3)	-	(3)	2	5,757
Changes of items during period					
Issuance of new shares					-
Issuance of new shares - exercise of share acquisition rights					51
Profit (loss) attributable to owners of parent					903
Purchase of treasury shares					(0)
Increase by share exchanges					439
Net changes of items other than shareholders' equity	(10)	-	(10)	(2)	(12)
Total changes of items during period	(10)	-	(10)	(2)	1,380
Balance at end of current period	(14)	-	(14)	0	7,137

Consolidated statement of changes in equity (Year ended October 31, 2021)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,182	3,931	2,039	(0)	7,152
Changes of items during period					
Issuance of new shares	6,019	6,019			12,039
Issuance of new shares - exercise of share acquisition rights	17	17			35
Profit (loss) attributable to owners of parent			(1,269)		(1,269)
Purchase of treasury shares				(0)	(0)
Increase by share exchanges		758			758
Net changes of items other than shareholders' equity					
Total changes of items during period	6,037	6,795	(1,269)	(0)	11,563
Balance at end of current period	7,219	10,727	770	(0)	18,715

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	(14)	-	(14)	0	7,137
Changes of items during period					
Issuance of new shares					12,039
Issuance of new shares - exercise of share acquisition rights					35
Profit (loss) attributable to owners of parent					(1,269)
Purchase of treasury shares					(0)
Increase by share exchanges					758
Net changes of items other than shareholders' equity	22	0	22	9	32
Total changes of items during period	22	0	22	9	11,595
Balance at end of current period	7	0	8	9	18,733

Consolidated Statements of Cash Flows

(Million yen)

	Year ended October 31, 2020	Year ended October 31, 2021
Cash flows from operating activities		
Profit (loss) before income taxes	1,592	(1,183)
Depreciation	629	968
Impairment loss	60	621
Amortization of goodwill	344	537
Bond issue expenses	21	6
Increase (decrease) in allowance for doubtful accounts	38	21
Share issue expenses	-	63
Commission expenses	121	254
Interest and dividend income	(0)	(0)
Interest expenses	67	65
Loss on retirement of non-current assets	0	1
Loss (gain) on valuation of investment securities	-	101
Increase (decrease) in provision for vacancy loss	14	(15)
Increase (decrease) in provision for fulfillment of guarantees	6	(7)
Decrease (increase) in notes and accounts receivable - trade	(87)	(33)
Decrease (increase) in advance payments - trade	66	(31)
Decrease (increase) in inventories	(420)	(1,274)
Increase (decrease) in accounts payable-other	144	329
Increase (decrease) in deposits received	323	328
Increase (decrease) in accrued consumption taxes	66	(157)
Other, net	(91)	164
Subtotal	2,896	761
Interest and dividend income received	0	4
Interest expenses paid	(66)	(63)
Income taxes paid	(517)	(1,092)
Net cash provided by (used in) operating activities	2,312	(390)
Cash flows from investing activities		
Payments into time deposits	(5)	(71)
Proceeds from withdrawal of time deposits	2	20
Purchase of property, plant and equipment	(212)	(227)
Purchase of intangible assets	(1,100)	(1,076)
Purchase of investment securities	(231)	(10)
Payments of lease and guarantee deposits	(341)	(124)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,944)	(492)
Other, net	66	23
Net cash provided by (used in) investing activities	(3,766)	(1,958)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,400	(1,220)
Proceeds from long-term loans payable	933	2,180
Repayments of long-term loans payable	(970)	(1,907)
Proceeds from issuance of bonds payable	1,978	343
Redemption of bonds payable	(40)	(45)
Proceeds from issuance of shares	-	11,975
Repayments of lease obligations	(58)	(69)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	50	35
Purchase of share acquisition rights	(1)	-
Purchase of treasury shares	(0)	(0)
Other, net	254	13
Net cash provided by (used in) financing activities	3,545	11,305
Net increase (decrease) in cash and cash equivalents	2,091	8,956

Cash and cash equivalents at the beginning of period
Cash and cash equivalents at the end of period

	<u>4,226</u>	<u>6,318</u>
	<u>6,318</u>	<u>15,275</u>