

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Fiscal Year Ended October 31, 2022 (Based on IFRS)

December 15, 2022

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 of annual general meeting of shareholders:	January 26, 2023		
Scheduled date to commence dividend payments:	-		
Scheduled date to file annual securities report:	January 27, 2023		
Preparation of supplementary material on financial results:	Yes		
Holding of financial results briefing:	Yes (for institutional investors and analysts, in Japanese)		

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the fiscal year ended October 31, 2022 (November 1, 2021 to October 31, 2022)

(1) Consolidated operating results

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

	Revenue		EBITDA※		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended														
October 31, 2022	113,569	51.7	5,706	79.9	1,028	-	490	-	395	-	395	-	462	-
October 31, 2021	74,867	-	3,172	-	(1,114)	-	(1,543)	-	(854)	-	(854)	-	(1,036)	-

※EBITDA = Business profits + Depreciation (Operating expenses)

	Basic earnings per share	Diluted earnings per share	Return on equity attributable to owners of parent	Ratio of profit before tax to total assets	Ratio of operating profit to revenue
Fiscal year ended	Yen	Yen	%	%	%
October 31, 2022	10.98	10.69	2.1	0.9	0.9
October 31, 2021	(25.44)	(25.44)	(7.2)	(4.1)	(1.5)

Reference: Share of profit (loss) of investments accounted for using equity method

For the fiscal year ended October 31, 2022: - Million yen

For the fiscal year ended October 31, 2021: - Million yen

(NOTE) Exercise of share acquisition rights will reduce basic loss per share and accordingly there was no dilutive effect from potential shares for the ended October 31, 2021.

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
As of	Million yen	Million yen	Million yen	%	Yen
October 31, 2022	55,152	19,316	19,313	35.0	527.37
October 31, 2021	48,594	17,672	17,672	36.4	502.75

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Yen
October 31, 2022	2,238	(3,012)	(2,686)	11,842
October 31, 2021	2,585	(1,869)	8,239	15,275

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of parent (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended October 31, 2021	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ended October 31, 2022	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending October 31, 2023 (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, 2023 has not been determined.

3. Forecast of consolidated financial results for the fiscal year ending October 31, 2023 (November 1, 2022 to October 31, 2023)

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

	Revenue		EBITDA※1		Business profit※2		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	145,500	28.1	6,800	19.2	1,600	54.8	430	8.8	11.68

※1 EBITDA = Business profits + Depreciation (Operating expenses)

2 Business profit = Revenue – Cost of sales – Selling, general and administrative expenses

※ Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Not applicable

(2) Changes in accounting policies and changes in accounting estimates

(i) Changes in accounting policies required by IFRS:

Not applicable

(ii) Changes in accounting policies due to other reasons:

Not applicable

(iii) Changes in accounting estimates:

Not applicable

(3) Number of issued shares (common stock)

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

As of October 31, 2022	36,622,795 shares	As of October 31, 2021	35,152,375 shares
------------------------	-------------------	------------------------	-------------------

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

As of October 31, 2022	730 shares	As of October 31, 2021	682 shares
------------------------	------------	------------------------	------------

(iii) Average number of shares during the period (cumulative from the beginning of the fiscal year):

Fiscal year ended October 31, 2022	35,999,587 shares	Fiscal year ended October 31, 2021	33,559,888 shares
------------------------------------	-------------------	------------------------------------	-------------------

Consolidated Financial Statements
Consolidated Statement of Financial Position

	IFRS transition date As of November 1, 2020	As of October 31, 2021	(Million yen) As of October 31, 2022
Assets			
Current assets			
Cash and cash equivalents	6,318	15,275	11,842
Trade and other receivables	180	284	667
Inventories	1,450	2,891	8,056
Other financial assets	92	173	982
Other current assets	375	829	1,314
Total current assets	8,416	19,453	22,863
Non-current assets			
Property, plant and equipment	1,271	1,400	1,285
Investment property	7,676	15,222	14,607
Goodwill	3,762	5,082	7,590
Intangible assets	3,686	3,451	3,582
Right-of-use assets	956	1,773	2,426
Other financial assets	1,621	1,527	1,711
Deferred tax assets	0	647	1,049
Other non-current assets	41	36	36
Total non-current assets	19,016	29,140	32,289
Total assets	27,433	48,594	55,152

	(Million yen)		
	IFRS transition date As of November 1, 2020	As of October 31, 2021	As of October 31, 2022
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	1,011	1,531	2,073
Contract liabilities	216	269	507
Bonds and borrowings	2,493	3,497	5,918
Lease liabilities	1,972	3,979	4,794
Other financial liabilities	1,107	1,410	1,894
Income taxes payable	661	1	336
Other current liabilities	329	447	726
Total current liabilities	<u>7,793</u>	<u>11,137</u>	<u>16,251</u>
Non-current liabilities			
Bonds and borrowings	4,438	3,043	2,937
Lease liabilities	8,166	15,579	15,080
Provisions	411	432	467
Other financial liabilities	256	461	936
Deferred tax liabilities	394	207	129
Other non-current liabilities	41	60	33
Total non-current liabilities	<u>13,709</u>	<u>19,783</u>	<u>19,584</u>
Total liabilities	<u>21,502</u>	<u>30,921</u>	<u>35,836</u>
Equity			
Share capital	1,182	7,219	7,238
Capital surplus	4,124	10,865	12,023
Retained earnings	434	(419)	(23)
Treasury shares	(0)	(0)	(1)
Other components of equity	190	7	74
Total equity attributable to owners of parent	<u>5,931</u>	<u>17,672</u>	<u>19,313</u>
Non-controlling interests	-	-	2
Total equity	<u>5,931</u>	<u>17,672</u>	<u>19,316</u>
Total liabilities and equity	<u><u>27,433</u></u>	<u><u>48,594</u></u>	<u><u>55,152</u></u>

**Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income
(Consolidated Statement of Profit or Loss)**

	(Million yen)	
	Fiscal year ended October 31, 2021	Fiscal year ended October 31, 2022
Revenue	74,867	113,569
Cost of sales	64,633	97,050
Gross profit	10,234	16,519
Selling, general and administrative expenses	10,689	15,485
Business profit (loss)	(454)	1,033
Other income	55	73
Other expenses	715	78
Operating profit (loss)	(1,114)	1,028
Finance income	0	4
Finance costs	430	542
Profit (loss) before tax	(1,543)	490
Income tax expense	(689)	95
Profit (loss)	(854)	395
Profit (loss) attributable to		
Owners of parent	(854)	395
Non-controlling interests	-	0
Profit (loss)	(854)	395
Earnings per share		
Basic earnings (loss) per share	(25.44)	10.98
Diluted earnings (loss) per share	(25.44)	10.69

(Consolidated Statement of Comprehensive Income)

	(Million yen)	
	Fiscal year ended October 31, 2021	Fiscal year ended October 31, 2022
Profit (loss)	(854)	395
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	(182)	38
Total of items that will not be reclassified to profit or loss	(182)	38
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	0	28
Total of items that may be reclassified to profit or loss	0	28
Other comprehensive income, net of tax	(182)	66
Comprehensive income	(1,036)	462
Comprehensive income attributable to		
Owners of parent	(1,036)	462
Non-controlling interests	-	0
Comprehensive income	(1,036)	462

Consolidated Statement of Changes in Equity
(From November 1, 2020 to October 31, 2021)

(Million yen)

	Equity attributable to owners of parent									
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity			Total	Non-controlling interests	Total equity
					Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Total			
Balance at beginning of period	1,182	4,124	434	(0)	190	-	190	5,931	-	5,931
Profit (loss)	-	-	(854)	-	-	-	-	(854)	-	(854)
Other comprehensive income	-	-	-	-	(182)	0	(182)	(182)	-	(182)
Comprehensive income	-	-	(854)	-	(182)	0	(182)	(1,036)	-	(1,036)
Issuance of new shares	6,019	5,975	-	-	-	-	-	11,994	-	11,994
Exercise of share acquisition rights	17	17	-	-	-	-	-	35	-	35
Purchase and disposal of treasury shares	-	-	-	(0)	-	-	-	(0)	-	(0)
Increase by share exchanges	-	758	-	-	-	-	-	758	-	758
Share-based payment transactions	-	(11)	-	-	-	-	-	(11)	-	(11)
Other	-	-	-	-	-	-	-	-	-	-
Total	6,037	6,740	-	(0)	-	-	-	12,777	-	12,777
Balance at end of period	7,219	10,865	(419)	(0)	7	0	7	17,672	-	17,672

(From November 1, 2021 to October 31, 2022)

(Million yen)

	Equity attributable to owners of parent									
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity			Total	Non-controlling interests	Total equity
					Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Total			
Balance at beginning of period	7,219	10,865	(419)	(0)	7	0	7	17,672	-	17,672
Profit (loss)	-	-	395	-	-	-	-	395	0	395
Other comprehensive income	-	-	-	-	38	28	66	66	-	66
Comprehensive income	-	-	395	-	38	28	66	462	0	462
Issuance of new shares	-	-	-	-	-	-	-	-	-	-
Exercise of share acquisition rights	19	7	-	-	-	-	-	26	-	26
Purchase and disposal of treasury shares	-	-	-	(0)	-	-	-	(0)	-	(0)
Increase by share exchanges	-	1,044	-	-	-	-	-	1,044	-	1,044
Share-based payment transactions	-	86	-	-	-	-	-	86	-	86
Other	-	21	0	-	-	-	-	22	2	24
Total	19	1,158	0	(0)	-	-	-	1,178	2	1,180
Balance at end of period	7,238	12,023	(23)	(1)	45	29	74	19,313	2	19,316

Consolidated Statement of Cash Flows

(Million yen)

	Fiscal year ended October 31, 2021	Fiscal year ended October 31, 2022
Cash flows from operating activities		
Profit (loss) before tax	(1,543)	490
Depreciation and amortization	3,627	4,672
Impairment losses	674	33
Loss on sale and retirement of fixed assets	1	14
Decrease (increase) in inventories	(1,308)	(4,484)
Increase (decrease) in deposits received	328	155
Finance income	(0)	(4)
Finance costs	430	542
Decrease (increase) in trade and other receivables	(78)	(206)
Increase (decrease) in trade and other payables	314	455
Other	1,421	580
Subtotal	3,865	2,247
Interest and dividends received	4	20
Interest paid	(207)	(288)
Income taxes refund (paid)	(1,077)	257
Net cash provided by (used in) operating activities	2,585	2,238
Cash flows from investing activities		
Payments into time deposits	(71)	(541)
Proceeds from withdrawal of time deposits	20	186
Purchase of property, plant and equipment	(227)	(259)
Purchase of intangible assets	(987)	(852)
Payments of leasehold and guarantee deposits	(124)	(38)
Purchase of investment securities	(10)	(12)
Payments for business combination	(492)	(1,212)
Other	23	(282)
Net cash provided by (used in) investing activities	(1,869)	(3,012)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,220)	4,213
Proceeds from long-term borrowings	2,180	609
Repayments of long-term borrowings	(1,907)	(1,625)
Proceeds from issuance of bonds	343	-
Redemption of bonds	(45)	(2,050)
Proceeds from issuance of shares	11,975	-
Repayments of lease liabilities	(3,134)	(4,226)
Other	48	392
Net cash provided by (used in) financing activities	8,239	(2,686)
Effect of exchange rate changes on cash and cash equivalents	0	28
Net increase (decrease) in cash and cash equivalents	8,956	(3,432)
Cash and cash equivalents at beginning of period	6,318	15,275
Cash and cash equivalents at end of period	15,275	11,842