

Management Integration with Spica Consulting Inc.

June 14, 2023 (Securities Code: 3491)

テクノロジー×イノベーションで、
人々に感動を生む
世界のトップ企業を創る。

Building a world leading company
that inspires and impresses people with
the power of technology and innovation.

Rationale for Management Integration with Spica Consulting Inc.

GA technologies and Spica Consulting Management Integration ^{*1)}



GA TECHNOLOGIES

Background and Purpose

GA Technologies, which provides DX solutions to social issues through real business combined with technology along with a highly transparent and smooth customer experience has formed a Management Integration with Spica Consulting, which provides industry-specific M&A advisory services and works as a neutral party between the transferring and acquiring companies, in order to accelerate the growth of the M&A business.

Current issues

Although we have already started M&A brokerage business in MtechA group companies, we anticipate that it will take a certain amount of time to expand market share and establish a presence in the industry if we develop the business on our own.

Acquiring the strengths of a completely industry-specific M&A brokerage along with an experienced management team and professionals will enable us to quickly launch the business and expand our market share.

Expected three Effects

- (1) Further establishment of M&A and value-added consulting businesses
- (2) Constructs a technology-driven platform by combining MtechA's strength in technology with Spica Consulting's experienced M&A professionals and industry-specific sales
- (3) Enhances the GA Group's comprehensive proposal capabilities by providing complete support for asset management to owners after business transfers

*1) Management Integration scheduled for July 3, 2023.

Company Overview of Spica Consulting

Spica Consulting is expanding its market share through customer satisfaction and high quality, based on its strength as a completely industry-specific M&A brokerage

Company Overview	
Company name	Spica Consulting Inc.
Representative	Toshio Nakahara, Representative Director
Established	August 23, 2022
Capital	50 million JPY
Address	3-1-3 Minami-Aoyama, Minato-ku, Tokyo
No. of employees	9 full-time employees
Business activities	<ul style="list-style-type: none"> ● M&A brokerage ● Consulting

Strength of Spica Consulting	
Fully industry-specific M&A brokerage	<ul style="list-style-type: none"> • Thorough understanding of industry business practices • Valuations based on actual results • Extensive candidate needs
High level consulting capabilities	<ul style="list-style-type: none"> • Value-added consulting • High customer satisfaction in industry specialization • M&A consulting
A management team with extensive knowledge of the industry	<ul style="list-style-type: none"> • Management experience in the M&A industry

A Management Team with Thorough Knowledge of the Industry and a Proven Track Record of Success

Leading M&A company with a top-notch management team that has achieved excellent results, and industry-specific M&A experts with a distinguished track record

Management Team / Executive Officers



Representative Director
Toshio Nakahara

- 2010 Graduated from Keio University, Faculty of Economics
- 2010-2014 Mizuho Bank, Ltd.
- 2014-2018 Nihon M&A Center Inc.
- 2018-2022 fundbook inc.
 - April 2020: Appointed as Director
 - Established industry-specific industry restructuring strategy headquarters
- August 2022 Founded Spica Consulting



Director
Haruka Matsue

- 2012 Graduated from Yokohama National University, College of Engineering Science
- 2012-2016 Keyence Corporation
- 2016-2019 Nihon M&A Center Inc.
- 2019 Founded M&A Consulting (formerly Spiral Consulting) and assumed the position of CEO
- April 2023 Appointed Director of Spica Consulting

Executive Officer
Yuki Fujikawa



Executive Officer
Yusuke Hara



Executive Officer
Daiki Okita



Overview of Management Integration

Company to be acquired	Spica Consulting Inc.
Transaction value and structure	Not disclosed
Methods of obtaining financing for acquisition	Covered by cash on hand
Financial impact	PL impact for 2-3 years after acquisition is minor Large contribution to business profit is expected after 4th year from acquisition
Closing	Acquisition to close on July 3, 2023, subject to satisfaction of closing conditions

Strategic Rationale for Management Integration

Strategic Rationale for Management Integration

Strategy

①

■ Accelerate further business growth in MtechA business

- Strategy to further expand market share following a smooth start in business
- Accelerate business growth by acquiring an experienced management team and professionals

Strategy

②

■ Develop Japan's No. 1 technology-driven M&A brokerage platform

- Leverage MtechA's strength in technology to improve the customer experience through DX of analog operations
- Combine Spica Consulting's industry-specific sales and consulting capabilities

Strategy

③

■ Integrated support for asset formation of owners after business transfer

- Aim to generate synergies with existing business by proposing investments in real estate and financial products to owners after business transfer and providing integrated support

Reasons for Entering the M&A Brokerage Business

Entering the M&A brokerage business, which faces the same challenges as the real estate industry, and leveraging our knowledge for **high business reproducibility**
Integrating Real (Building of Operations) & Technology to solve social issues



M&A cannot be completed online only ; **Building real operations** is important

Expensive

High transfer price

Law of one price

No two companies are the same

Specialization

Requires specialist intervention

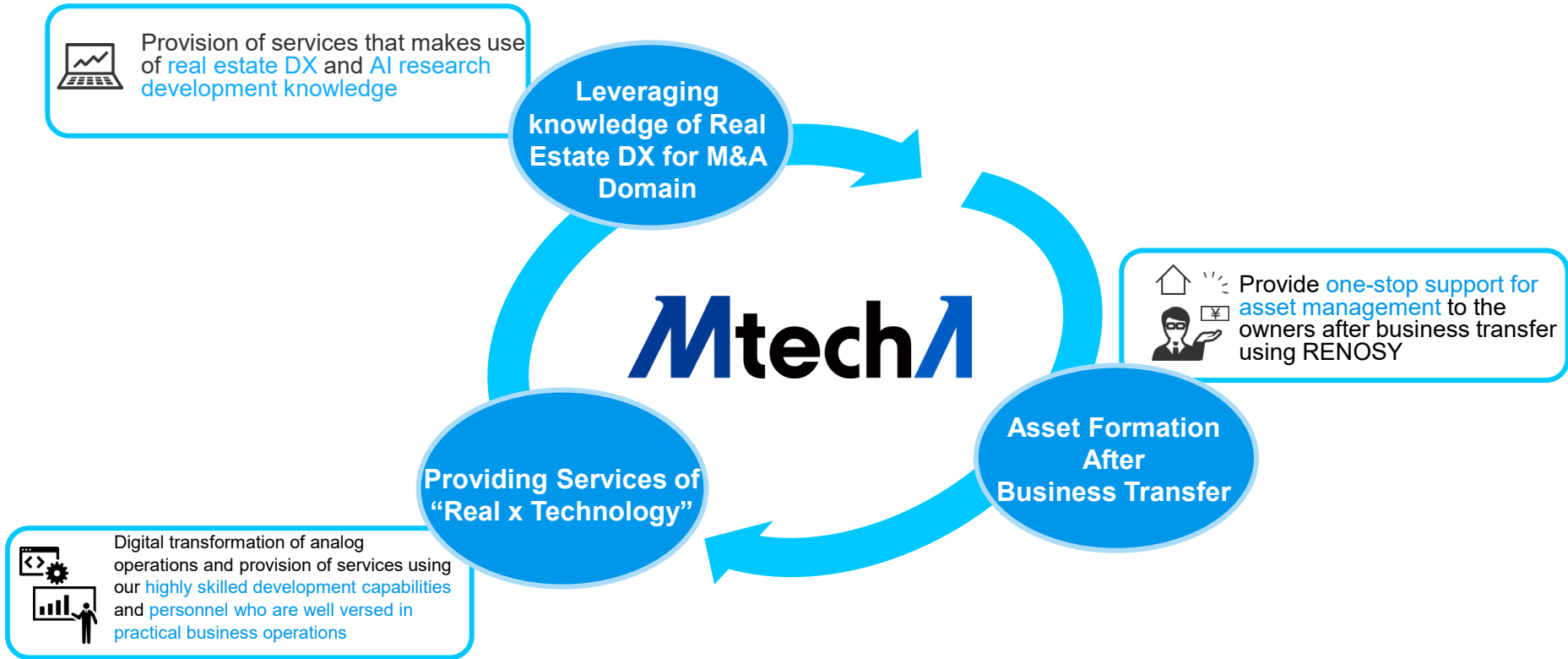


Use of technology

Technology

DX streamlines an analog industry and improves CX

Strengths of Our M&A Business



Spica Consulting's Strengths

Value-up consulting

—Management consulting services based on industry knowledge to increase equity value

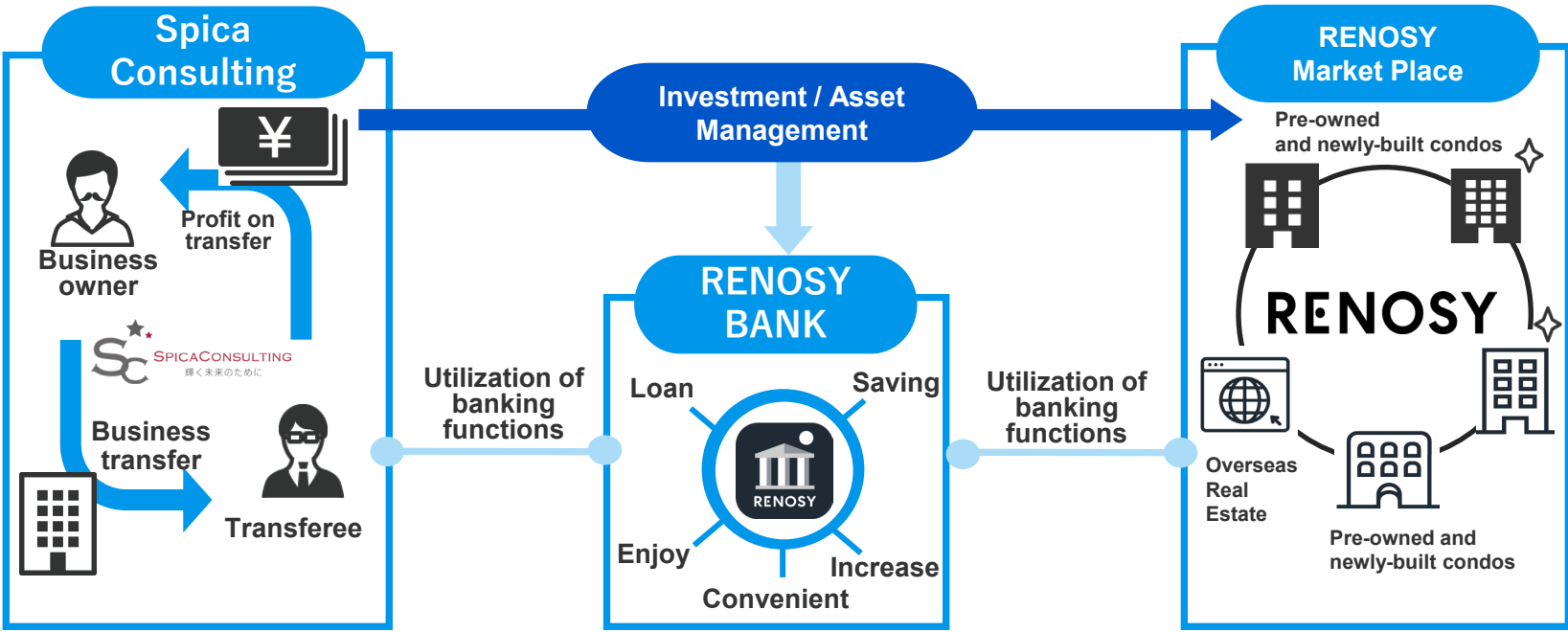
Fully industry-specific M&A

— Providing M&A services from professionals with extensive track record of closing deals in the industry

Spica Consulting is a professional consulting firm that serves as a management partner to increase enterprise value

Synergy from the Management Integration

Provide support for investment in real estate and financial products to the owners after business transfer, aiming to generate synergies with existing businesses

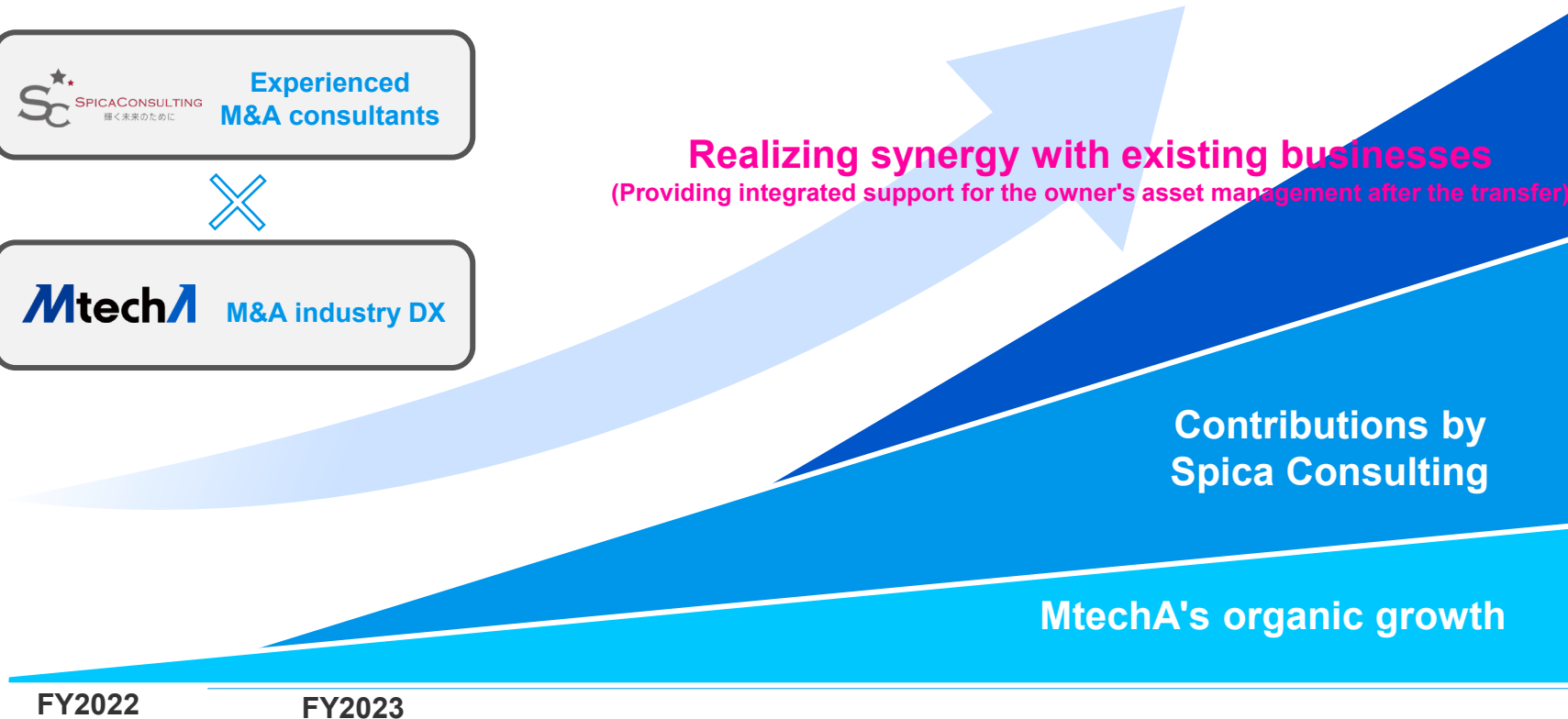


Visualization of Growth Acceleration by Spica Consulting joining GA Group

Creating a technology-driven platform by combining reality and technology in the M&A industry



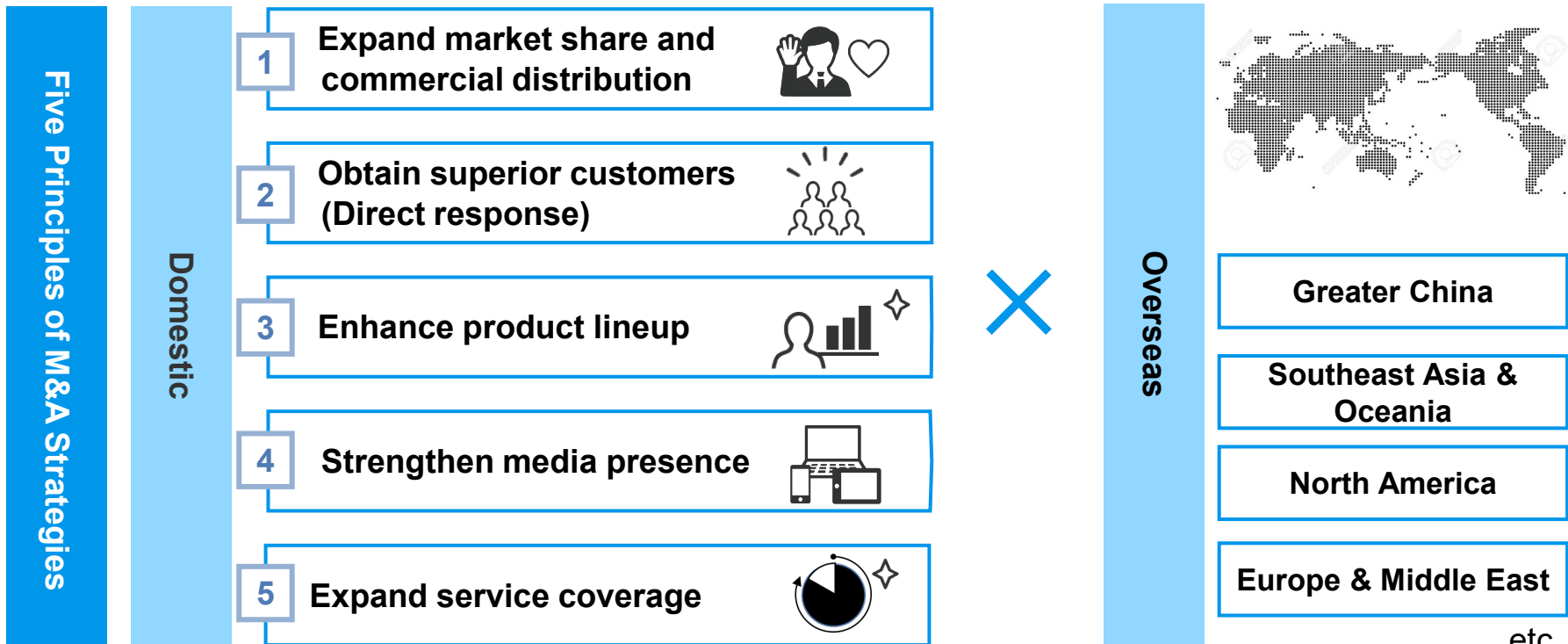
Realizing synergy with existing businesses
(Providing integrated support for the owner's asset management after the transfer)



Appendix

M&A Strategy

M&A is based on the following principles to strengthen the business, and the same principles apply overseas as well



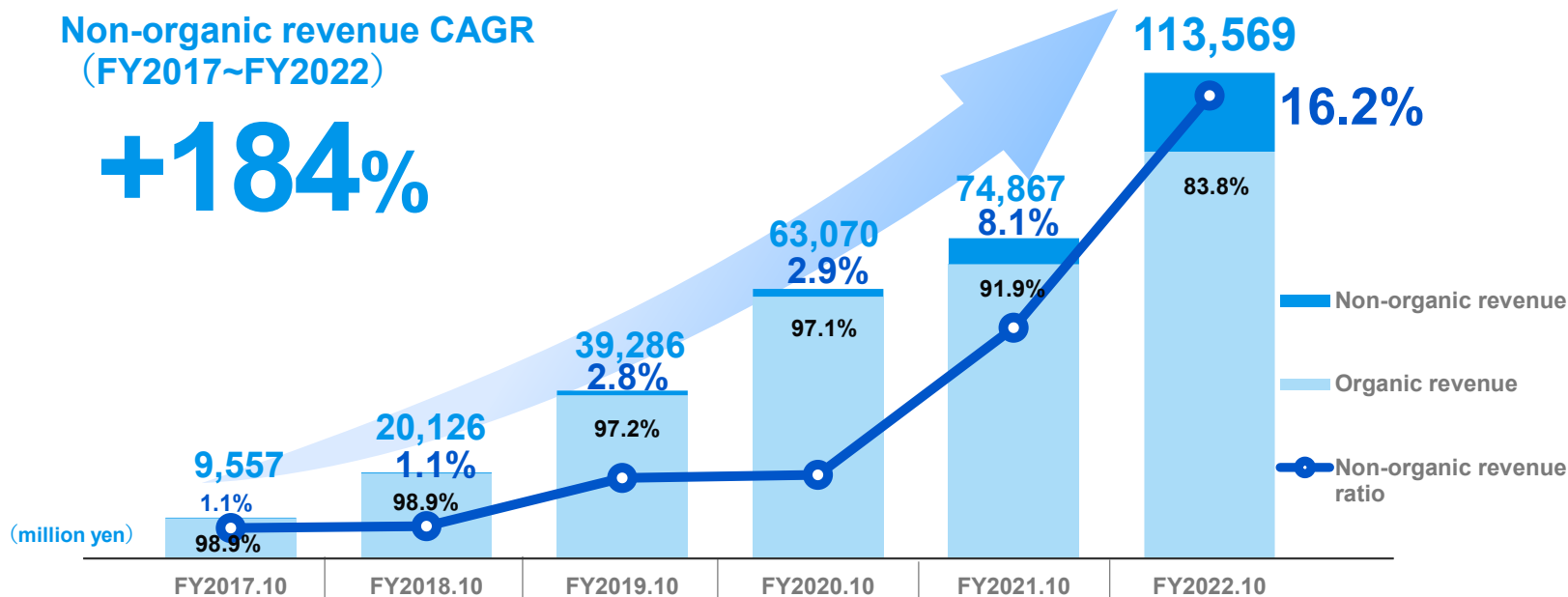
Trend of non-organic revenue ratio

Non-organic revenue as a percentage of total revenue increased to 16.2% in 5 years
Non-organic revenue CAGR is high at 184%

Changes in non-organic revenue ratio^{*1)}

Non-organic revenue CAGR
(FY2017~FY2022)

+184%



*1) Calculated under JGAAP from FY10/07 to FY10/2020, and under IFRS from FY10/2021 onward. Organic revenue is the sum of revenue of existing compact condominiums and subscriptions, and non-organic revenue is the sum of revenue from other businesses

Past synergies with M&A companies

Synergy effects after joining GA Group *1)



- Developed a profitable SaaS business that significantly contributes to increasing the value of the Company's group
- Promoted real estate DX mainly through rental management and brokerage companies, driving the real estate DX that we are aiming for



- Enabled one-stop proposals for renovation and remodeling of existing compact condominiums as a value-added option
- Renovation demand is expected to increase as the number of new clients and the age of pre-owned compact condominiums owned by existing clients increases



- Conducting cross-selling to RENOSY marketplace customers, focusing on high-end rentals



- Became possible to sell properties purchased on the RENOSY marketplace on platforms for Chinese customers



- More direct procurement became possible by incorporating the acquisition function
- Incorporating GA's DX expertise into partners contributes to group-wide cost reductions



- Enabled sending customers interested in new construction properties through inquiries to RENOSY Marketplace and proposing new construction properties within the group

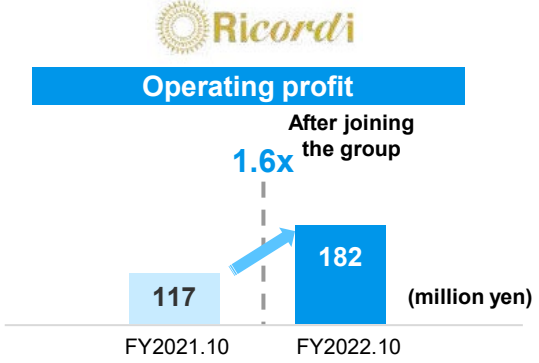
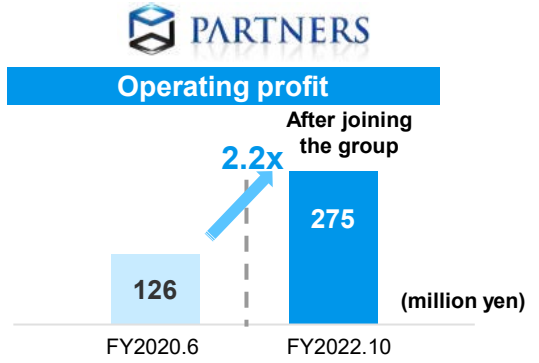
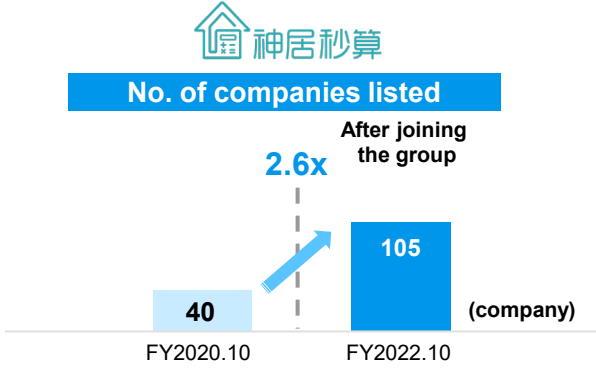
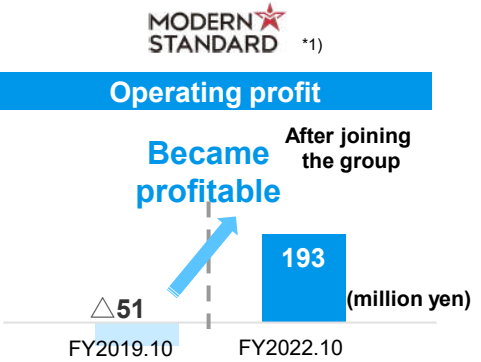
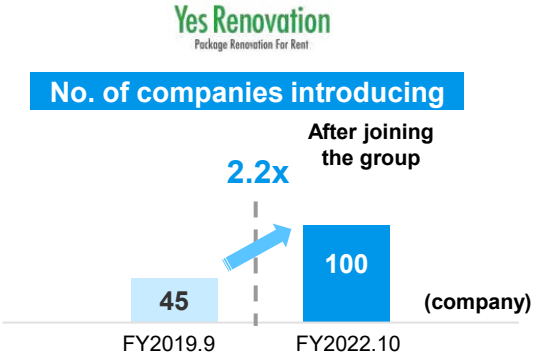


- Became possible to propose Thai properties to RENOSY Marketplace and Shenjumiaosuan Co.,Ltd customers

*1) Major growth from the period immediately prior to M&A to the previous fiscal year (FY2022.10) for each company.

Improvement of KPI Indicators from Post-M&A to Present

Improved performance of M&A target companies in the past in a speedy manner

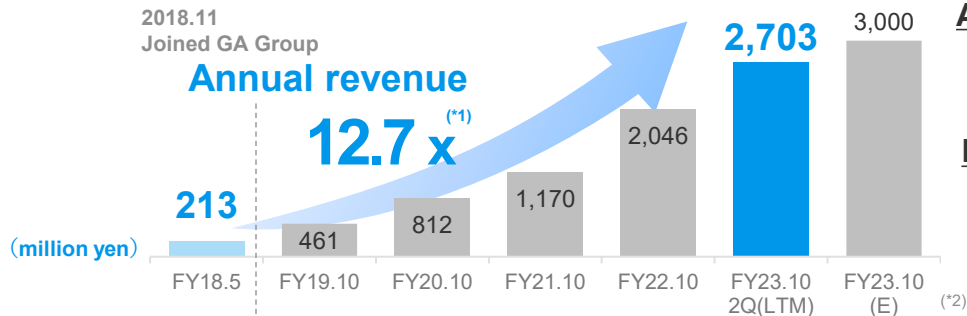


*1) In April 2021, the company name was changed to RENOSY PLUS Co., Ltd.

ITANDI equity value trends

Successfully increased value continuously after M&A. Aiming to further increase equity value in the future

ITANDI's key performance and equity value



ARR	509	800	1,125	1,917	2,834	(million yen)
Total No. of clients	252	566	1,135	1,893	2,320	(Companies)
Churn rate	-	0.73	0.43	0.47	0.42	(%)
Unit economics	-	14.0	28.0	25.5	34.3	(Multiplier)
No. of products ^(**)	6	10	10	11	12	(Units)

At time of M&A

Equity value ... ^①	2,800 ^(*)
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Latest FYE (FY2022.10)

FY2023.10 Forecasted revenue... ^②	3,000
Estimated PSR... ^③ ^(*)	8.0 ~ 10.0x
^② × ^③ Estimated equity value... ^④	24,000~30,000
^④ / ^① Increase in equity value	8.6 ~ 10.7x

*3) Calculated based on our acquisition price of ITANDI shares

*4) Among major listed SaaS companies in Japan, with an annual revenue growth rate of 30%+ as of June 7, 2023, calculated by dividing the Bloomberg Consensus of revenue by the annual revenue of the most recently disclosed annual financial results, were selected as reference companies. Estimated PSR range for the domestic SaaS industry to be 8-10x by referring to the median expected PSR (9x) for each company, which was calculated by dividing the market cap as of June 7, 2023 by the Bloomberg Consensus. The references and estimated PSRs are as follows; Rakus(3923) 12.0x, Money Forward (3994) 11.4x, Plus Alpha Consulting (4071) 12.5x, Appier Group (4180) 6.0x, SpiderPlus (4192) 7.4x, Sansan (4443) 7.5x, Chatwork (4448) 7.7x, Freee (4478) 10.3x, Medley (4480) 9.1x

*1) Comparing ITANDI's annual revenue in FY2018.5 before joining GA Group with ITANDI segment annual revenue (LTM) in FY2023.10 2Q *2) Number of products in FY2023.10 2Q includes ITANDI Management Cloud released in May of the same year

Disclaimer

This material contains forward-looking statements, which are based on current expectations, forecasts and assumptions that involve risks.

These forward-looking statements contain uncertainties, and actual results may differ substantially from these statements.

These risks and uncertainties include general industry and market conditions as well as Japanese and international economic conditions such as changes in interest rates and exchange rates.

GA Technologies has no obligation to update or correct the forward-looking statements contained in this material, regardless of any new information, future events, etc.

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