

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended July 31, 2023 (Based on IFRS)

September 14, 2023

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 Quarterly Securities Report: September 14, 2023
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly 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 nine months ended July 31, 2023 (November 1, 2022 to July 31, 2023)

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

	Revenue		EBITDA※1		Business profit※2		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	%
Nine months ended														
July 31, 2023	98,971	27.4	5,519	32.2	1,604	127.9	1,200	309.1	633	295.1	620	287.0	769	344.7
July 31, 2022	77,675	61.8	4,175	104.6	703	-	293	-	160	-	160	-	172	-

※1. EBITDA = Business profit + Depreciation (Operating expenses)

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

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
July 31, 2023	16.89	16.55
July 31, 2022	4.47	4.35

(NOTE) In the six months ended April 30, 2023, the company has finalized provisional accounting treatment for business combination. The figures for the fiscal year ended July 31, 2022 reflect the finalization of the above treatment.

(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
As of	Million yen	Million yen	Million yen	%
July 31, 2023	57,888	20,162	20,131	34.8
October 31, 2022	55,172	19,306	19,304	35.0

(NOTE) In the six months ended April 30, 2023, the company has finalized provisional accounting treatment for business combination. The figures for the fiscal year ended October 31, 2022 reflect the finalization of the above treatment.

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended October 31, 2022	-	0.00	-	0.00	0.00
Fiscal year ended October 31, 2023	-	0.00	-	-	-
Fiscal year ending October 31, 2023 (Forecast)	-	-	-	-	-

(NOTE) Revision of dividend forecast from recently announced figures: Not applicable
 Dividend forecast of the fiscal year ending October 31, 2023 is yet to be 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	7,370	29.1	2,150	110.1	940	143.2	25.60

(NOTE) Revisions to the forecast of financial results from recently announced figures: Applicable

※1. EBITDA = Business profit + Depreciation (Operating expenses)

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

4. 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:

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 July 31, 2023	36,746,535 shares	As of October 31, 2022	36,622,795 shares
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(ii) Total number of treasury shares at the end of the period:

As of July 31, 2023	730 shares	As of October 31, 2022	730 shares
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(iii) Average number of shares during the period (cumulative from the beginning of the fiscal year):

Nine months ended July 31, 2023	36,703,360 shares	Nine months ended July 31, 2022	35,807,845 shares
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Condensed Quarterly Consolidated Financial Statements
Condensed Quarterly Consolidated Statement of Financial Position

	(Million yen)	
	As of October 31, 2022	As of July 31, 2023
Assets		
Current assets		
Cash and cash equivalents	11,842	11,366
Trade and other receivables	667	835
Inventories	8,056	11,457
Other financial assets	982	1,734
Other current assets	1,314	1,717
Total current assets	22,863	27,112
Non-current assets		
Property, plant and equipment	1,285	1,336
Investment property	14,607	12,161
Goodwill	7,464	7,952
Intangible assets	3,727	4,103
Right-of-use assets	2,426	2,069
Other financial assets	1,711	1,882
Deferred tax assets	1,049	1,194
Other non-current assets	36	74
Total non-current assets	32,309	30,775
Total assets	55,172	57,888

	(Million yen)	
	As of October 31, 2022	As of July 31, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	2,073	2,196
Contract liabilities	507	750
Bonds and borrowings	5,918	6,920
Lease liabilities	4,794	4,720
Other financial liabilities	1,894	3,173
Income taxes payable	336	679
Other current liabilities	726	919
Total current liabilities	16,251	19,360
Non-current liabilities		
Bonds and borrowings	2,937	4,930
Lease liabilities	15,080	11,878
Provisions	467	469
Other financial liabilities	936	920
Deferred tax liabilities	158	131
Other non-current liabilities	33	33
Total non-current liabilities	19,613	18,365
Total liabilities	35,865	37,725
Equity		
Share capital	7,238	7,261
Capital surplus	12,023	12,072
Retained earnings	(32)	599
Treasury shares	(1)	(1)
Other components of equity	74	198
Total equity attributable to owners of parent	19,304	20,131
Non-controlling interests	2	30
Total equity	19,306	20,162
Total liabilities and equity	55,172	57,888

**Condensed Quarterly Consolidated Statement of Profit and Condensed Quarterly Consolidated Statement of Comprehensive Income
(Condensed Quarterly Consolidated Statement of Profit)**

	(Million yen)	
	Nine months ended July 31, 2022	Nine months ended July 31, 2023
Revenue	77,675	98,971
Cost of sales	66,347	83,184
Gross profit	11,327	15,786
Selling, general and administrative expenses	10,624	14,182
Business profit	703	1,604
Other income	54	77
Other expenses	62	36
Operating profit	695	1,644
Finance income	11	11
Finance costs	413	456
Profit before tax	293	1,200
Income tax expense	133	567
Profit	160	633
Profit attributable to		
Owners of parent	160	620
Non-controlling interests	-	13
Profit	160	633
Earnings per share		
Basic earnings per share	4.47	16.89
Diluted earnings per share	4.35	16.55

(Condensed Quarterly Consolidated Statement of Comprehensive Income)

	(Million yen)	
	Nine months ended July 31, 2022	Nine months ended July 31, 2023
Profit	160	633
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	32	85
Total of items that will not be reclassified to profit or loss	32	85
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(19)	50
Total of items that may be reclassified to profit or loss	(19)	50
Other comprehensive income, net of tax	12	136
Comprehensive income	172	769
Comprehensive income attributable to		
Owners of parent	172	756
Non-controlling interests	-	13
Comprehensive income	172	769

Condensed Quarterly Consolidated Statement of Changes in Equity
(From November 1, 2021 to July 31, 2022)

(Million yen)

	Equity attributable to owners of parent							Total	Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity		Total			
					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				
Balance at beginning of period	7,219	10,865	(419)	(0)	7	0	7	17,672	-	17,672
Profit	-	-	160	-	-	-	-	160	-	160
Other comprehensive income	-	-	-	-	32	(19)	12	12	-	12
Comprehensive income	-	-	160	-	32	(19)	12	172	-	172
Exercise of share acquisition rights	5	5	-	-	-	-	-	11	-	11
Increase by share exchanges	-	1,044	-	-	-	-	-	1,044	-	1,044
Share-based payment transactions	-	12	-	-	-	-	-	12	-	12
Other	-	(0)	0	-	-	-	-	0	-	0
Total	5	1,061	0	-	-	-	-	1,068	-	1,068
Balance at end of period	7,225	11,927	(258)	(0)	40	(19)	20	18,914	-	18,914

(From November 1, 2022 to July 31, 2023)

(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	7,238	12,023	(32)	(1)	45	28	74	19,304	2	19,306
Profit	-	-	620	-	-	-	-	620	13	633
Other comprehensive income	-	-	-	-	85	50	136	136	-	136
Comprehensive income	-	-	620	-	85	50	136	756	13	769
Exercise of share acquisition rights	22	(8)	-	-	-	-	-	14	-	14
Share-based payment transactions	-	188	-	-	-	-	-	188	-	188
Increase (decrease) by business combination	-	-	-	-	-	-	-	-	17	17
Changes in ownership interest in subsidiaries	-	(130)	-	-	-	-	-	(130)	(2)	(133)
Transfer from other components of equity to retained earnings	-	-	12	-	(12)	-	(12)	-	-	-
Other	-	-	(0)	-	-	-	-	(0)	-	(0)
Total	22	48	11	-	(12)	-	(12)	71	15	86
Balance at end of period	7,261	12,072	599	(1)	118	79	198	20,131	30	20,162

Condensed Quarterly Consolidated Statement of Cash Flows

(Million yen)

	Nine months ended July 31, 2022	Nine months ended July 31, 2023
Cash flows from operating activities		
Profit before tax	293	1,200
Depreciation and amortization	3,471	3,915
Impairment losses	32	9
Loss on sale and retirement of fixed assets	7	5
Decrease (increase) in inventories	(3,130)	(3,401)
Increase (decrease) in deposits received	87	263
Finance income	(11)	(11)
Finance costs	413	456
Decrease (increase) in trade and other receivables	(168)	(175)
Increase (decrease) in trade and other payables	238	39
Other	123	415
Subtotal	1,357	2,716
Interest and dividends received	18	5
Interest paid	(211)	(213)
Income taxes refund (paid)	254	(403)
Net cash provided by (used in) operating activities	1,418	2,105
Cash flows from investing activities		
Purchase of property, plant and equipment	(172)	(214)
Purchase of intangible assets	(564)	(978)
Payments of leasehold and guarantee deposits	(33)	(324)
Proceeds from sale of investment securities	-	119
Payments for business combination	(723)	(449)
Other	(331)	291
Net cash provided by (used in) investing activities	(1,826)	(1,555)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,402	84
Proceeds from long-term borrowings	618	3,697
Repayments of long-term borrowings	(1,321)	(955)
Redemption of bonds	(2,035)	(35)
Repayments of lease liabilities	(3,058)	(3,670)
Payments for acquisition of interests in subsidiaries from non-controlling interests	-	(133)
Other	410	(62)
Net cash provided by (used in) financing activities	(1,982)	(1,074)
Effect of exchange rate changes on cash and cash equivalents	(20)	50
Net increase (decrease) in cash and cash equivalents	(2,410)	(475)
Cash and cash equivalents at beginning of period	15,275	11,842
Cash and cash equivalents at end of period	12,864	11,366

Notes to Condensed Quarterly Consolidated Financial Statements

Segment Information

(1) Overview of reportable segments

The business segments of the Group are subject to periodic review by the Board of Directors for the purpose of determining the allocation of management resources and evaluating business performance. Business segments are not aggregated when determining reportable segments.

Based on the commonality of our businesses, we have two reportable segments: the "RENOSY Marketplace Business" and the "ITANDI Business".

In addition, the company has finalized provisional accounting treatment for business combination. The figures for the fiscal year ended July 31, 2022 reflect the finalization of the above treatment.

The main businesses to which each reportable segment belongs are as follows.

Reportable segment	Details of main business
RENOSY Marketplace Business	<ul style="list-style-type: none"> • Provision of real estate purchase DX services on the online real estate marketplace "RENOSY" • Provision of DX services for selling real estate on the online real estate marketplace "RENOSY" • Provision of high-end rental services on the online real estate marketplace "RENOSY" • Provision of various management plans by subscription (flat-rate usage) for real estate owners • Provision of services utilizing newly built compact condominiums • Operation of rental platform "dearlife" for Thai expatriates
ITANDI Business	<ul style="list-style-type: none"> • Development and operation of the SaaS series "ITANDI BB+" for real estate rental related companies and the site "ITANDI BB" between real estate agents • Provision of BtoC online real estate rental service "OHEYAGO" • Development and operation of "Rental Meijin", core software for rental management business

(2) Information on reportable segments

The revenues and performance of the Group's reportable segments are as follows.

Please note that inter-segment revenue is based on prevailing market prices.

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

(Million yen)

	Reportable segments			Other	Total	Reconciling items	Consolidated
	RENOSY Marketplace	ITANDI	Total				
Revenue							
Revenue from external customers	75,817	1,420	77,238	437	77,675	-	77,675
Intersegment revenue	-	10	10	11	21	(21)	-
Total	75,817	1,430	77,248	449	77,697	(21)	77,675
Segment profit (loss)(Business profit)	3,218	246	3,464	(156)	3,308	(2,604)	703
Other income	-	-	-	-	-	-	54
Other expenses	-	-	-	-	-	-	62
Finance income	-	-	-	-	-	-	11
Finance costs	-	-	-	-	-	-	413
Profit before tax	-	-	-	-	-	-	293

(Note) 1. The "Others" category is a business segment not included in the reportable segments, which includes the real estate platform business for investors in Greater China and other businesses.

2. Adjustments to segment profit or loss (business profit) of (2,604) million yen include elimination of inter-segment transactions of 0 million yen, amortization of intangible assets identified as a result of business combinations and acquisition-related costs of (163) million yen, and corporate expenses of (2,441) million yen not allocated to each reportable segment. Corporate expenses are mainly general and administrative expenses that do not belong to any reportable segment.
3. Segment profit or loss is adjusted with business profit in the condensed quarterly consolidated statement of profit.
4. Business profit is a step profit after deducting cost of sales and selling, general and administrative expenses from sales revenue and excluding other income and other expenses.

(From November 1, 2022 to July 31, 2023)

(Million yen)

	Reportable segments			Other	Total	Reconciling items	Consolidated
	RENOSY Marketplace	ITANDI	Total				
Revenue							
Revenue from external customers	96,356	2,389	98,745	225	98,971	-	98,971
Intersegment revenue	2	10	12	85	98	(98)	-
Total	96,358	2,399	98,758	311	99,069	(98)	98,971
Segment profit (loss)(Business profit)	4,489	639	5,128	(116)	5,011	(3,407)	1,604
Other income	-	-	-	-	-	-	77
Other expenses	-	-	-	-	-	-	36
Finance income	-	-	-	-	-	-	11
Finance costs	-	-	-	-	-	-	456
Profit before tax	-	-	-	-	-	-	1,200

- (Note) 1. The “Others” category is a business segment not included in the reportable segments, which includes the real estate platform business for investors in Greater China, M&A brokerage business, consulting business and other businesses.
2. Adjustments to segment profit or loss (business profit) of (3,407) million yen include elimination of inter-segment transactions of 0 million yen, amortization of intangible assets identified as a result of business combinations and acquisition-related costs of (94) million yen, and corporate expenses of (3,313) million yen not allocated to each reportable segment. Corporate expenses are mainly general and administrative expenses that do not belong to any reportable segment.
 3. Segment profit or loss is adjusted with business profit in the condensed quarterly consolidated statement of profit.
 4. Business profit is a step profit after deducting cost of sales and selling, general and administrative expenses from sales revenue and excluding other income and other expenses.