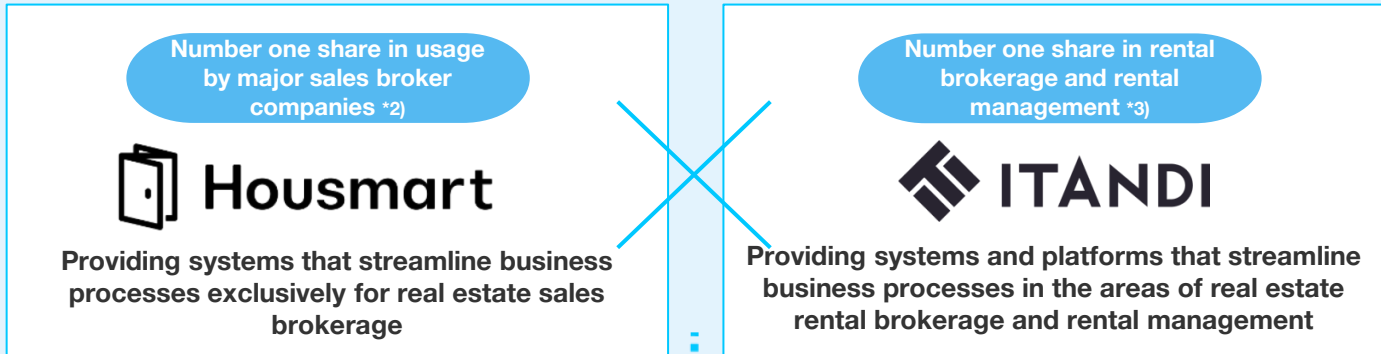


# Management Integration with Housmart Inc.

December 11, 2023 (Securities Code: 3491)

# Significance of management integration with Housmart, Inc.

## Management Integration <sup>\*1)</sup>



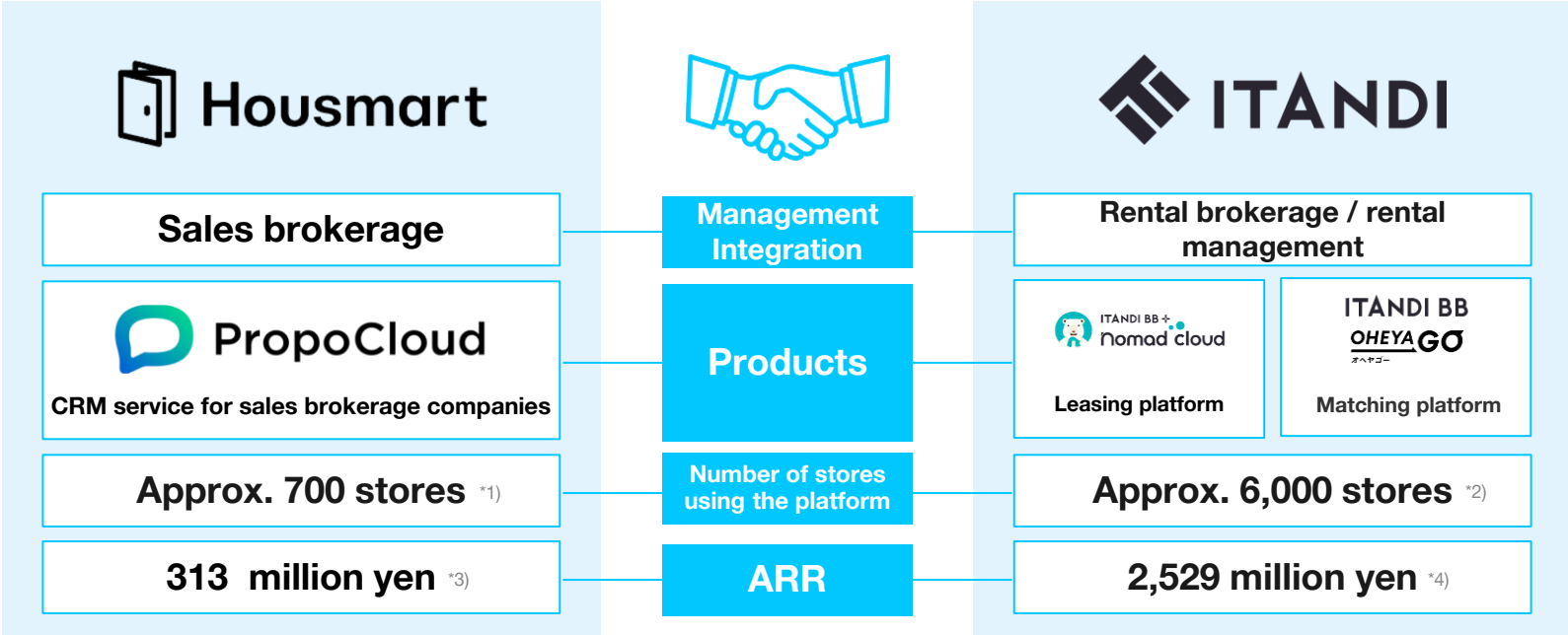
**Through the formation of SaaS platform that encompasses all the real estate domains of rental brokerage, rental management and sales brokerage, aim to become a integrated platform that wins a number one share in each domain**

<sup>\*1)</sup> The management integration is scheduled to take place on January 4, 2024. <sup>\*2)</sup> As a system that focuses on sales support, the number one share among the top 30 real estate distributors (<sup>\*</sup>) (<sup>\*</sup>Real Estate Information Network Center, 2023, Real Estate Industry Statistics, 3)( [https://www.retpc.jp/wp-content/uploads/toukei/202309/202309\\_3ryutsu.pdf](https://www.retpc.jp/wp-content/uploads/toukei/202309/202309_3ryutsu.pdf))

<sup>\*3)</sup> Leasing Management Consulting K.K., "Survey on the Impact of the New Corona Virus on the Rental Real Estate Market during the 2023 Moving Season(January-March)". (2023/01/24)n=405

# Strategic significance of management integration with Housmart, Inc.

Aim to maximize customer value and expand market share by building an SaaS Platform that covers the domains of sales brokerage, rental brokerage and rental management and utilizing the competitive advantage of each party's products and customer bases



<sup>\*1)</sup> Total number of stores installed Propocloud service over the four years since the system's release in 2019 <sup>\*2)</sup> Total number of stores using one or more ITANDI services now  
<sup>\*3)</sup> Calculated by multiplying MRR (monthly recurring revenue) for September 2023 indicated in propocloud by 12 <sup>\*4)</sup> Calculated by multiplying MRR for December 2023 indicated by 12

# Overview of Housmart, Inc.



## Housmart

Housmart, Inc. that offers products that focus on streamlining business processes of real estate sales brokerage joins the GA technologies Group

### Company Profile

<b>Company Profile</b>	Housmart Inc.
<b>Representative</b>	Masayuki Hariyama
<b>Establishment</b>	October 16, 2014
<b>Capital</b>	976,458,382 yen
<b>Location</b>	2F, Mizuno Building, 5-35-8 Shinbashi, Minato-ku, Tokyo
<b>Number of employees</b>	28 Full-time employees
<b>Business</b>	SaaS for real estate agencies

### Strengths of Housmart

#### Products specialized in sales brokerage services

- Products that implement the efficiency improvement of the complicated workflow of sales brokerage
- Through automatic property proposals and visualization for customers, the rates of winning more appointments and customer viewings will be higher

#### Customer groups in the enterprise domain

- An extensive track record of success in introducing the platform to industry leaders, and strength in the enterprise domain

#### Highly accurate data creation technology

- Provision of accurate property data generated through the uniquely built data flow



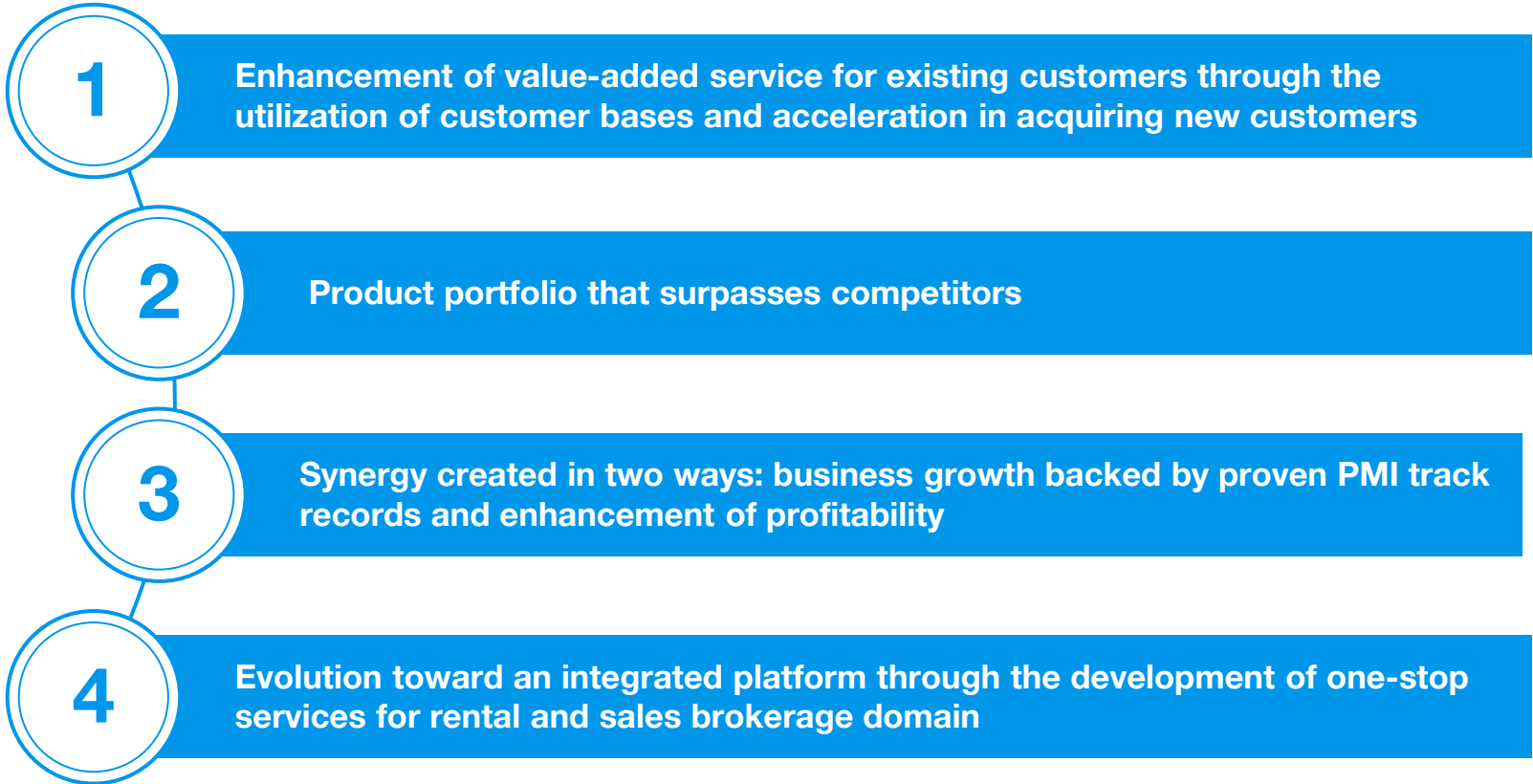
 PropoCloud

# Overview of management integration

<b>Company Name</b>	Housmart Inc.
<b>Transaction value</b>	2.496 billion yen
<b>Structure</b>	Acquire 100% ownership
<b>Method of raising capital for acquisition</b>	Cash and deposits on hand and borrowings will be used
<b>Closing</b>	On the premise that closing conditions are fulfilled, the acquisition is scheduled to be completed on January 4, 2024

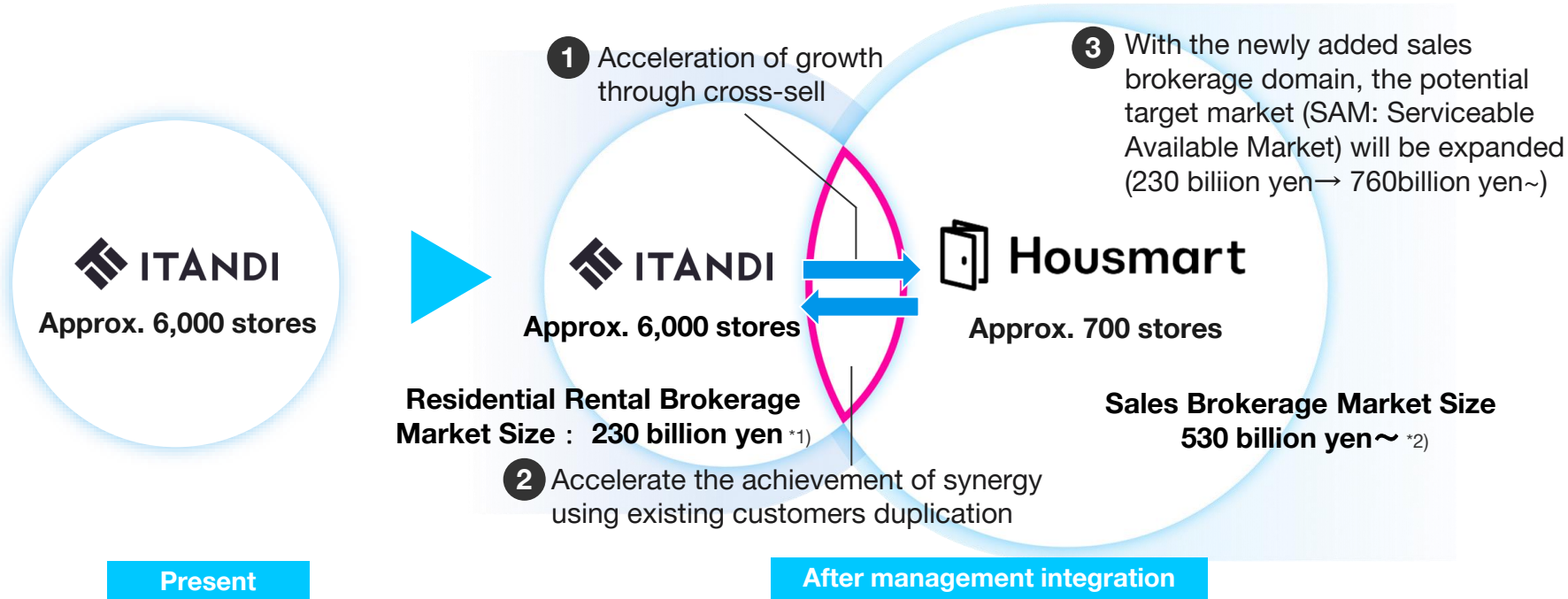
## **Strategic Significance of Management Integration**

# Strategic significance of management integration



# (1) Enhancement of value-added service for existing customers through utilization of customer bases and acceleration in acquiring new customers

Aim to enter into the sales brokerage domain, in addition to the rental brokerage and management domains, and expand market shares through cross-sell that uses both parties' customer bases



\*1) the rental brokerage market size (value) from 「REAN JAPAN Market Report ~Version 1\_2020\_1224 Summary of Residential Rental Brokerage Market Size.」([https://rean-japan.jp/images/REAN-JAPAN-Market-Report version 1\\_2020\\_1224.pdf?20201223](https://rean-japan.jp/images/REAN-JAPAN-Market-Report%20version%201_2020_1224.pdf?20201223))

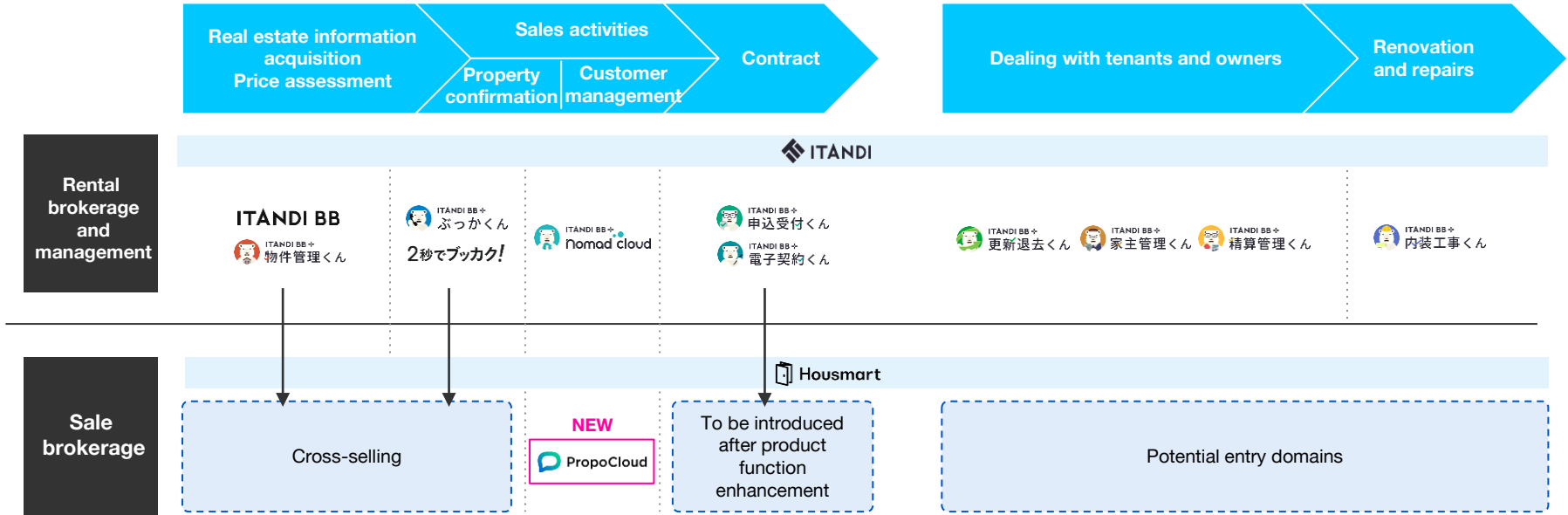
\*2) Total commission income from real estate transactions for the 39 listed companies was calculated based on the transaction volume of each company. (\*Real Estate Information Network Center, 2023, Real Estate Industry Statistics, 3)([https://www.retpc.jp/wp-content/uploads/toukei/202309/202309\\_3ryutsu.pdf](https://www.retpc.jp/wp-content/uploads/toukei/202309/202309_3ryutsu.pdf))



Strategic Significance of Management Integration

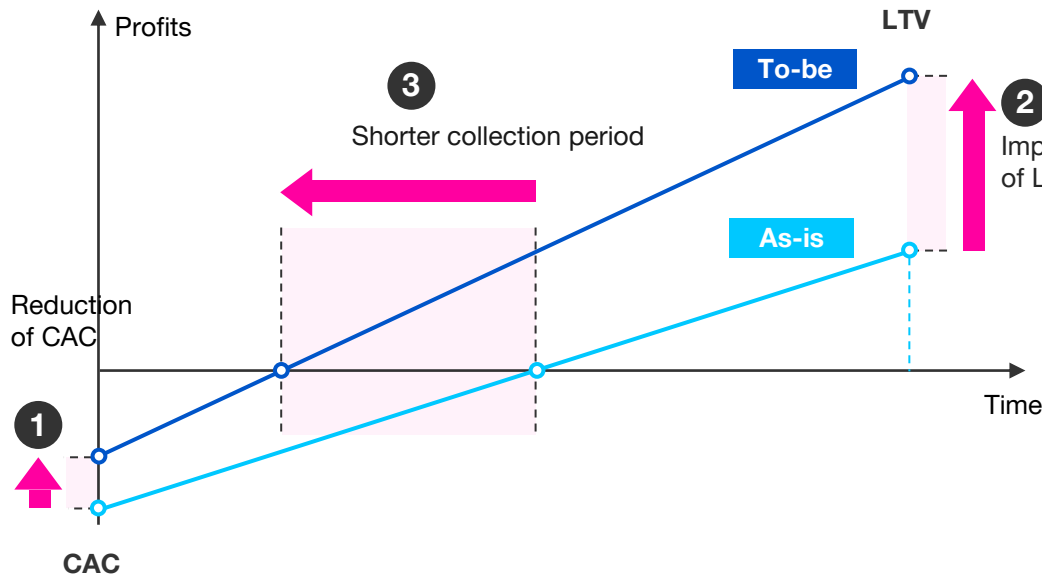
## (2) Product portfolio that surpasses competitors

Offer value-added service through cross-selling of existing products, the expansion of existing products' functions and the development of new products, in response to a wide variety of customer needs in the domains of sales brokerage, rental brokerage and rental management



### (3) Synergy created in two ways: business growth backed by proven PMI track records and enhancement of profitability

Aim to promptly monetize Housmart's operations, utilizing the insight obtained in ITANDI's growth  
Moreover, aim to create group synergy and improve unit economics by upgrading customer acquisition cost (CAC) and loan-to-value ratio (LTV)



#### 1 Reduction of CAC ↑

Reduction of cost for sales closing through the utilization of existing customers

#### 2 Improvement of LTV ↑

Improvement of LTV through the use of customer facilities, cross-sell of existing products, the expansion of existing products' functions and the development of new products

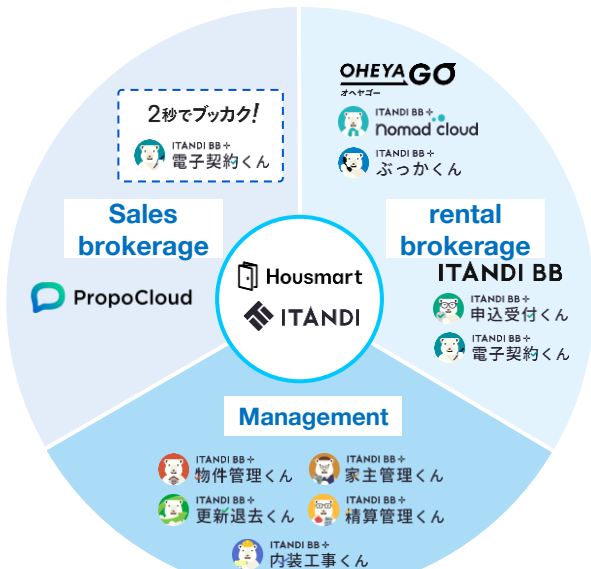
#### 3 Shorter CAC collection period ←

CAC collection period will be improved based on effects of (1) and (2) above

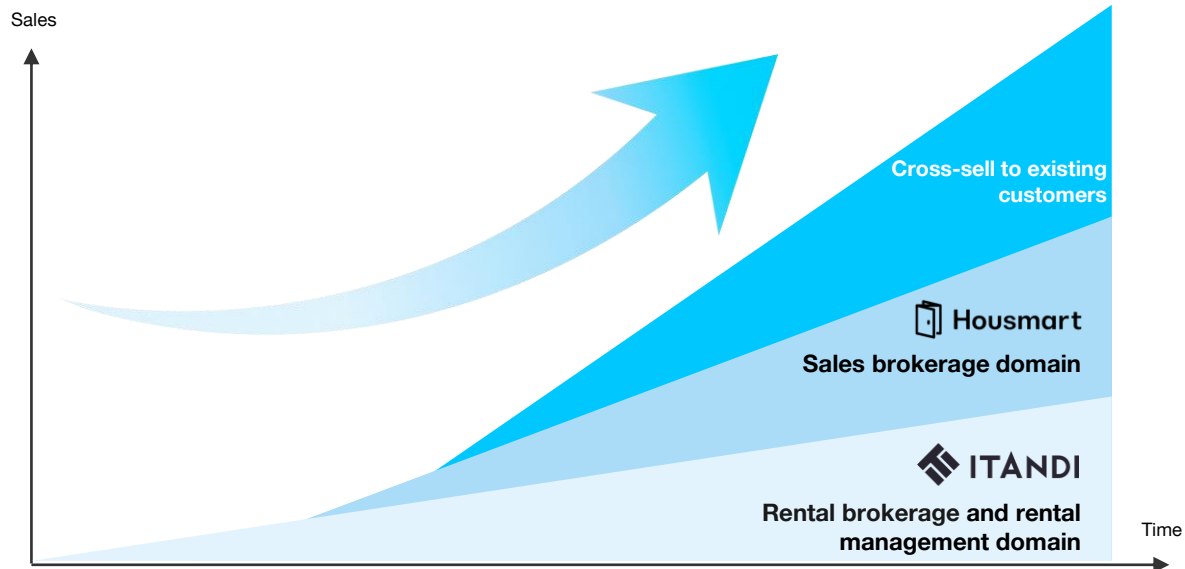
# (4) Evolution toward an integrated platform with the development of one-stop services for rental and sales brokerage

Aim to offer further value to 110,000 real estate companies in Japan by building an integrated platform that incorporates real estate value chains comprising sales, rental and management and offering one-stop services

## Integrated Platform



## Medium- to long-term strategies for ITNDI and Housmart



## Appendix

# M&A Strategy

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

## Five Principles of M&A Strategies

1 Expand market share and commercial distribution 

2 Obtain superior customers (Direct response) 

3 Enhance product lineup 

4 Strengthen media presence 

5 Expand service coverage 



## Region



Japan

Greater China

Southeast Asia &  
Oceania

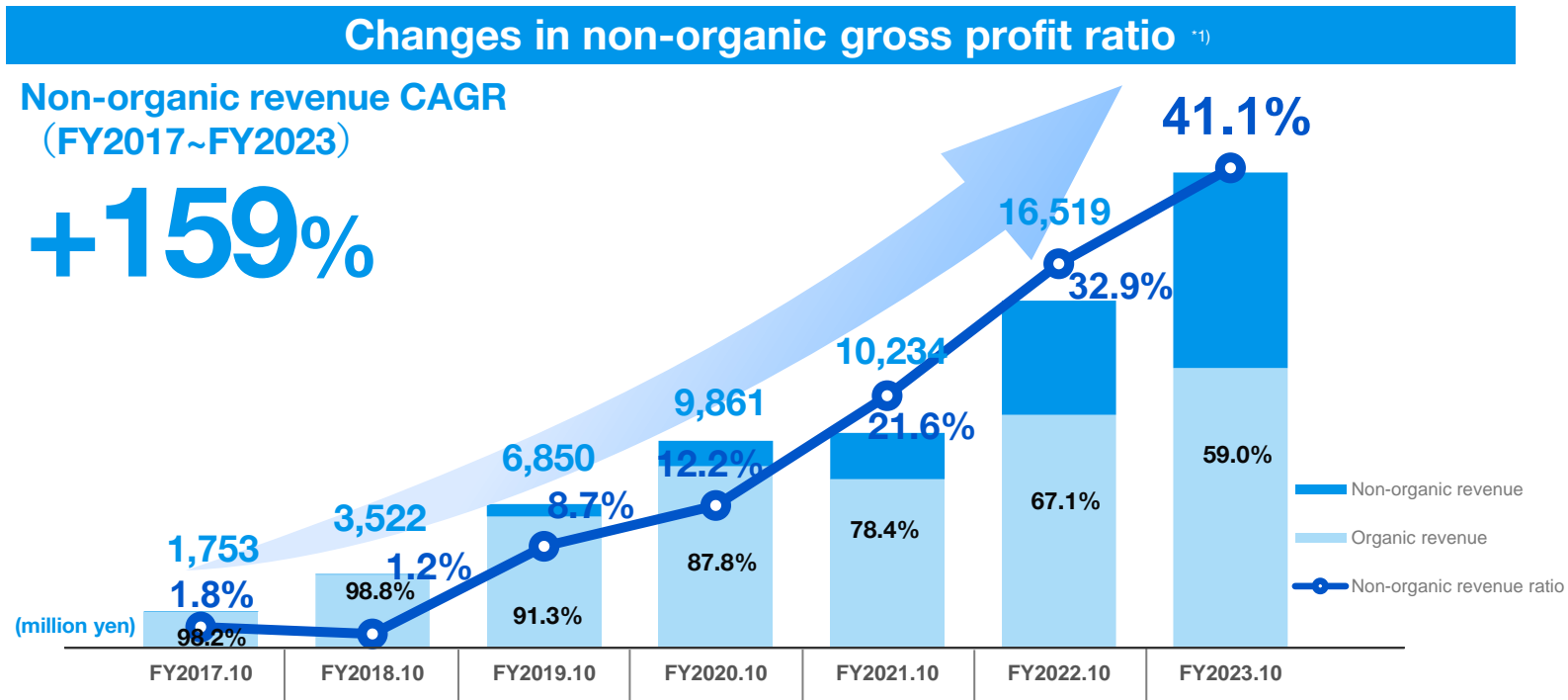
North America

Europe & Middle East

etc.

# Trend of non-organic gross profit ratio

Non-organic gross profit as a percentage of total gross profit increased to 41.1% in 6 years  
 Non-organic gross profit CAGR is high at 159%



<sup>\*1)</sup> Calculated under JGAAP from FY10/2017 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 <sup>\*1)</sup>



- 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 customers in Greater China



- 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



- Propose investments in real estate and financial products to owners after business transfer, enabling comprehensive support for asset building of owners after business transfer

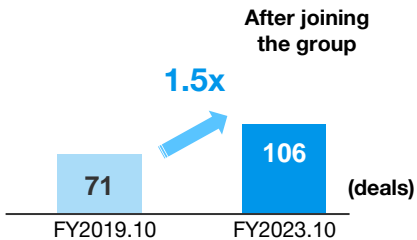
\*1) Major growth from the period immediately prior to M&A to the previous fiscal year (FY2022.10) for each company.

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

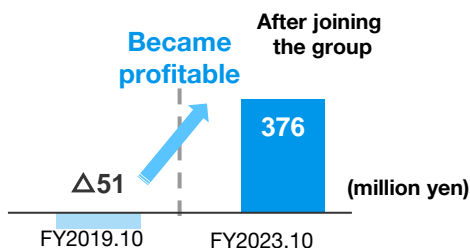
Improved performance of M&A target companies in the past in a speedy manner



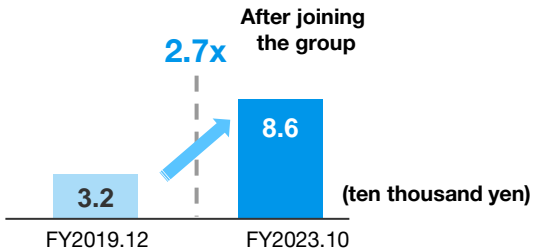
## Number of construction received



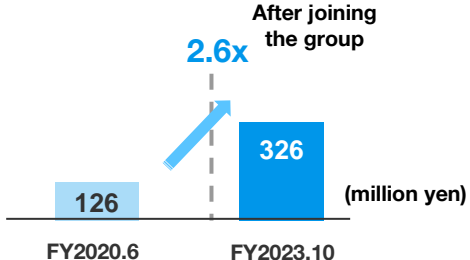
## Operating profit



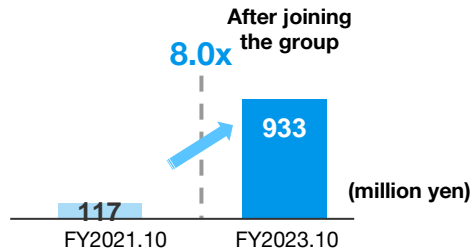
## Sales per response



## Operating profit



## Operating profit



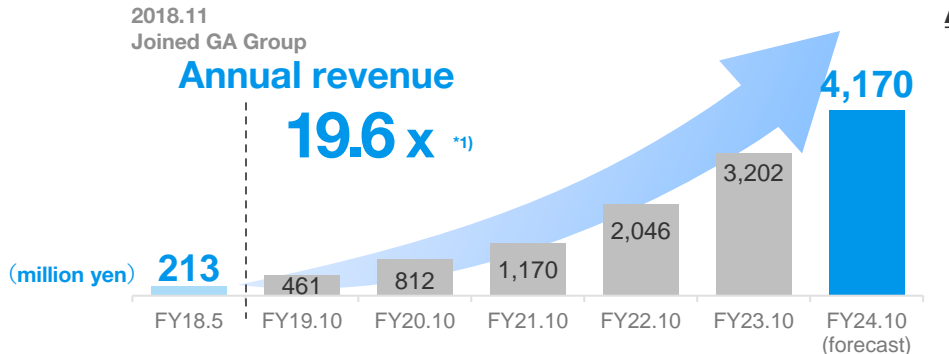
\*1) In April 2021, the company name was changed to RENOSY PLUS Co., Ltd.



# 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



<b>ARR</b>	509	800	1,125	1,917	<b>2,529</b>	(million yen)
<b>Total No. of clients</b>	252	566	1,135	1,893	<b>2,681</b>	(Companies)
<b>Churn rate</b>	-	0.73	0.43	0.47	<b>0.59</b>	(%)
<b>Unit economics</b>	-	14.0	28.0	25.5	<b>26.2</b>	(Multiplier)
<b>No. of products</b>	6	10	10	11	<b>12</b>	(Units)

### At time of M&A

<b>Equity value ...<sup>①</sup></b>	2,800 <sup>*2)</sup>
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### Latest FYE (FY2023.10)

<b>FY2024.10 Forecasted revenue...<sup>②</sup></b>	4,170
<b>Estimated PSR...<sup>③</sup></b>	8.0 ~ 10.0x
<b>② × ③ Estimated equity value...<sup>④</sup></b>	<b>33,360~41,700</b>
<b>④/① Increase in equity value</b>	11.9 ~ 14.9x

\*2) Calculated based on our acquisition price of ITANDI shares

\*3) 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 (forecast) in FY2023.10

## Disclaimer

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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.

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### Contact us

IR

Email : [ir@ga-tech.co.jp](mailto:ir@ga-tech.co.jp)

IR Web site : <https://www.ga-tech.co.jp/ir/>