

Translation

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Summary of Consolidated Financial Results for the Year Ended October 31, 2019 (Based on Japanese GAAP)

December 9, 2019

Company name: GA technologies Co., Ltd. Stock exchange listing: Tokyo Stock Exchange
 Stock code: 3491 URL: <http://www.ga-tech.co.jp/>
 Representative: RYO HIGUCHI, President and Chief Executive Officer
 Contact person: TAKEO HASHIMOTO, Executive Officer and Chief Accounting Officer TEL: 03-6230-9180
 Scheduled date for ordinary general shareholder' meeting: January 28, 2020
 Scheduled date to file Securities Report: January 29, 2020
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material for financial results: Yes
 Information meetings arranged related to financial results: 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, 2019 (November 1, 2018 to October 31, 2019)

(1) Consolidated Operating Results (Percentage figures are the changes from the same period previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended October 31, 2019	39,286	-	1,193	-	1,019	-	510	-
Year ended October 31, 2018	-	-	-	-	-	-	-	-

(NOTE) Comprehensive income: Year ended October 31, 2019 506 million yen [-%]
 Year ended October 31, 2018 - million yen [-%]

	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, 2019	56.95	51.42	8.9	8.6	3.0
Year ended October 31, 2018	-	-	-	-	-

(NOTE) There is no description of the amount and the change of rate and compared with the previous fiscal year since we are drafting our consolidated financial statements from FY 2019.10.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of October 31, 2019	11,839	5,757	48.6	610.08
As of October 31, 2018	-	-	-	-

(REFERENCE) Shareholders' equity: As of October 31, 2019 5,754 million yen
 As of October 31, 2018 - million yen

(NOTE) There is no description of the amount and ratio compared with the previous fiscal year since we are drafting our consolidated financial statements from FY 2019.10.

(3) Consolidated cash flows

	Cash flows form 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, 2019	1,235	(3,441)	4,414	4,226
Year ended October 31, 2018	-	-	-	-

(NOTE) There is no description of the amount compared with the previous fiscal year since we are drafting our consolidated financial statements from FY 2019.10.

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			
Year ended October 31, 2018	Yen -	Yen 0.00	Yen -	Yen 0.00	Yen 0.00	-	-	-
Year ended October 31, 2019	-	0.00	-	0.00	0.00	-	-	-
Year ending October 31, 2020 (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, 2020 has not been determined.

3. Forecast of consolidated financial results for the fiscal year ending October 31, 2020 (November 1, 2019 to October 31, 2020)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
Year ending October 31, 2020	Million yen 55,000	% 40.0	Million yen 1,800	% 50.9	Million yen 1,530	% 50.0	Million yen 770	% 50.9	Yen 85.95

4. Notes

(1) Changes in significant subsidiaries during the year ended October 31, 2019

(changes in specified subsidiaries resulting in the change in scope of consolidation):

Yes

New Consolidation: ITANDI Inc./ Legal Assurance Co., Ltd./ Renosy Finance Inc.

Exclusion: -

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

1.Changes in accounting policies due to revisions to accounting standards and other regulations: None

2.Changes in accounting policies due to other reasons: None

3.Changes in accounting estimates: None

4.Restatement of prior period financial statements: None

(3) Number of shares issued (common stocks)

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

As of October 31, 2019	9,432,855 shares	As of October 31, 2018	8,502,760 shares
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2.Number of treasury shares at the end of the period

As of October 31, 2019	99 shares	As of October 31, 2018	84,520 shares
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3.Average number of shares during the period (cumulative from the beginning of the fiscal year)

As of October 31, 2019	8,957,896 shares	As of October 31, 2018	7,531,555 shares
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(NOTE) The company conducted a 1:20 stock split for common stock with an effective date of April 1, 2018, and a 1:2 stock split for common stock with an effective date of October 1, 2018. The total number of shares issued at the end of the period, 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 fiscal year.

Consolidated financial statements
Consolidated balance sheets

(Thousand yen)

As of October 31, 2019

Assets	
Current assets	
Cash and deposits	4,279,181
Accounts receivable - trade	37,733
Real estate for sale	682,683
Costs on uncompleted construction contracts	3,800
Supplies	22,011
Advance payments - trade	203,639
Prepaid expenses	198,586
Other	127,135
Allowance for doubtful accounts	(42,585)
Total current assets	5,512,187
Non-current assets	
Property, plant and equipment	
Buildings	810,500
Accumulated depreciation	(40,405)
Buildings, net	770,094
Vehicles	8,565
Accumulated depreciation	(5,199)
Vehicles, net	3,365
Tools, furniture and fixtures	104,701
Accumulated depreciation	(47,260)
Tools, furniture and fixtures, net	57,441
Leased assets	254,587
Accumulated depreciation	(24,676)
Leased assets, net	229,910
Construction in progress	12,098
Total property, plant and equipment	1,072,911
Intangible assets	
Goodwill	1,707,025
Software	241,188
Software in progress	1,648,857
Customer Relationship	724,666
Other	8,808
Total intangible assets	4,330,547
Investments and other assets	
Investment securities	193,165
Long-term time deposits	22,900
Leasehold and guarantee deposits	617,936
Other	89,889
Total investments and other assets	923,892
Total non-current assets	6,327,350
Total assets	11,839,538

	(Thousand yen)
	As of October 31, 2019
Liabilities	
Current liabilities	
Accounts payable - other	640,555
Lease obligations	53,261
Short-term loans payable	100,000
Current portion of long-term loans payable	734,883
Current portion of bonds payable	40,000
Advances received on uncompleted construction contracts	4,967
Provision for after-sales service	17,032
Provision for fulfillment of guarantees	9,221
Provision for loss on subleases	1,003
Income taxes payable	378,320
Other	744,849
Total current liabilities	2,724,094
Non-current liabilities	
Bonds payable	150,000
Long-term loans payable	2,179,837
Lease obligations	203,079
Deferred tax liabilities	239,120
Provision for vacancy loss	63,010
Asset retirement obligations	301,542
Other	221,616
Total non-current liabilities	3,358,206
Total liabilities	6,082,301
Net assets	
Shareholders' equity	
Capital stock	1,156,809
Capital surplus	3,466,917
Retained earnings	1,135,189
Treasury shares	(347)
Total shareholders' equity	5,758,568
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	(3,750)
Total accumulated other comprehensive income	(3,750)
Share acquisition rights	2,418
Total net assets	5,757,236
Total liabilities and net assets	11,839,538

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

	(Thousand yen)
	Year ended
	October 31, 2019
Net sales	39,286,477
Cost of sales	32,435,510
Gross profit	6,850,967
Selling, general and administrative expenses	5,657,777
Operating profit	1,193,189
Non-operating income	
Interest income	214
Other	10,250
Total non-operating income	10,465
Non-operating expenses	
Interest expenses	57,086
Commission fee	109,426
Other	17,420
Total non-operating expenses	183,932
Ordinary profit	1,019,722
Extraordinary losses	
Loss on sales and retirement of non-current assets	2,262
Impairment loss	67,748
Loss on cancellation of rental contracts	42,436
Other	7,603
Total extraordinary losses	120,050
Profit before income taxes	899,672
Income taxes – current	394,528
Income taxes – deferred	(5,069)
Profit	510,213
Profit attributable to owners of parent	510,213

Consolidated statements of comprehensive income

	(Thousand yen)
	Year ended
	October 31, 2019
Profit	510,213
Other comprehensive income	
Valuation difference on available-for-sale securities	(3,750)
Total other comprehensive income	(3,750)
Comprehensive income	506,463
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	506,463

Consolidated statement of changes in equity (Year ended October 31, 2019)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	100,000	1,710,622	624,975	(3,992)	2,431,605
Changes of items during period					
Issuance of new shares - exercise of share acquisition rights	1,056,809	1,056,809			2,113,618
Profit attributable to owners of parent			510,213		510,213
Purchase of treasury shares				(347)	(347)
Increase by share exchanges		699,485		3,992	703,478
Net changes of items other than shareholders' equity					
Total changes of items during period	1,056,809	1,756,294	510,213	3,644	3,326,963
Balance at end of current period	1,156,809	3,466,917	1,135,189	(347)	5,758,568

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at end of current period	-	-	987	2,432,592
Changes of items during period				
Issuance of new shares - exercise of share acquisition rights				2,113,618
Profit attributable to owners of parent				510,213
Purchase of treasury shares				(347)
Increase by share exchanges				703,478
Net changes of items other than shareholders' equity	(3,750)	(3,750)	1,430	(2,319)
Total changes of items during period	(3,750)	(3,750)	1,430	3,324,643
Balance at end of current period	(3,750)	(3,750)	2,418	5,757,236

Consolidated statements of cash flows

(Thousand yen)

	Year ended October 31, 2019
Cash flows from operating activities	
Profit before income taxes	899,672
Depreciation	230,283
Impairment loss	67,748
Amortization of goodwill	235,163
Increase (decrease) in allowance for doubtful accounts	21,004
Interest and dividend income	(214)
Interest expenses	57,086
Loss on retirement of non-current assets	2,262
Loss on cancellation of rental contracts	42,436
Increase (decrease) in provision for vacancy loss	33,094
Increase (decrease) in provision for fulfillment of guarantees	9,221
Decrease (increase) in notes and accounts receivable - trade	(13,552)
Decrease (increase) in advance payments - trade	(65,365)
Decrease (increase) in inventories	(257,028)
Increase (decrease) in accounts payable-other	224,299
Increase (decrease) in deposits received	140,539
Other, net	(57,396)
Subtotal	1,569,255
Interest and dividend income received	214
Interest expenses paid	(55,264)
Income taxes paid	(278,537)
Net cash provided by (used in) operating activities	1,235,667
Cash flows from investing activities	
Payments into time deposits	(56,551)
Proceeds from withdrawal of time deposits	2,400
Purchase of property, plant and equipment	(425,223)
Purchase of intangible assets	(1,194,582)
Purchase of investment securities	(196,915)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,589,300)
Other, net	18,176
Net cash provided by (used in) investing activities	(3,441,995)
Cash flows from financing activities	
Net increase (decrease) in short-term loans payable	(153,600)
Proceeds from long-term loans payable	4,878,370
Repayments of long-term loans payable	(2,572,486)
Proceeds from issuance of bonds payable	195,283
Redemption of bonds payable	(10,000)
Repayments of lease obligations	(38,050)
Proceeds from issuance of share acquisition rights	6,934
Proceeds from issuance of shares resulting from exercise of share acquisition rights	2,108,114
Purchase of treasury shares	(347)
Net cash provided by (used in) financing activities	4,414,218

	(Thousand yen)
	Year ended
	October 31, 2019
Net increase (decrease) in cash and cash equivalents	2,207,890
Cash and cash equivalents at the beginning of period	2,018,940
Cash and cash equivalents at the end of period	4,226,830