

GA Technologies Co., Ltd.

FY2019.10

Financial Results

Nov 1, 2018 – Oct 31, 2019

December 9, 2019

Securities code: 3491

PHILOSOPHY

**Technology × Innovation to
Inspire the world**

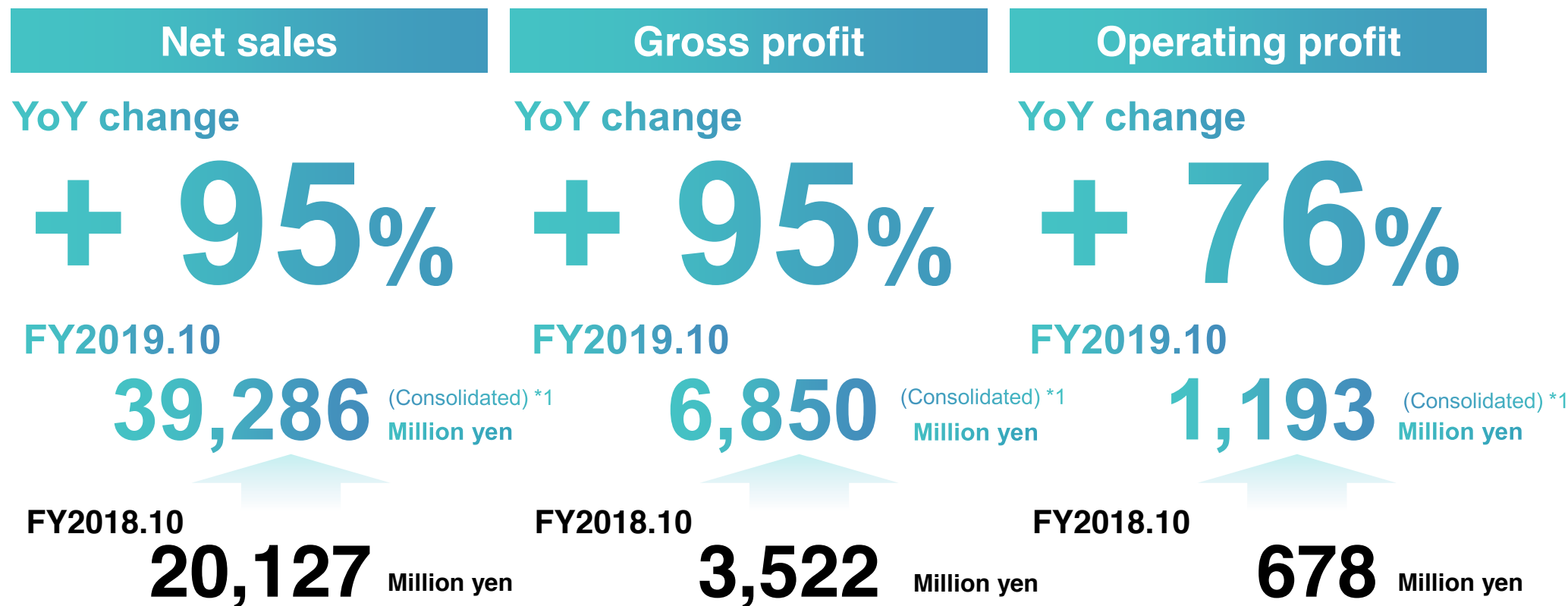
VISION

Create a world-leading company

FY2019.10

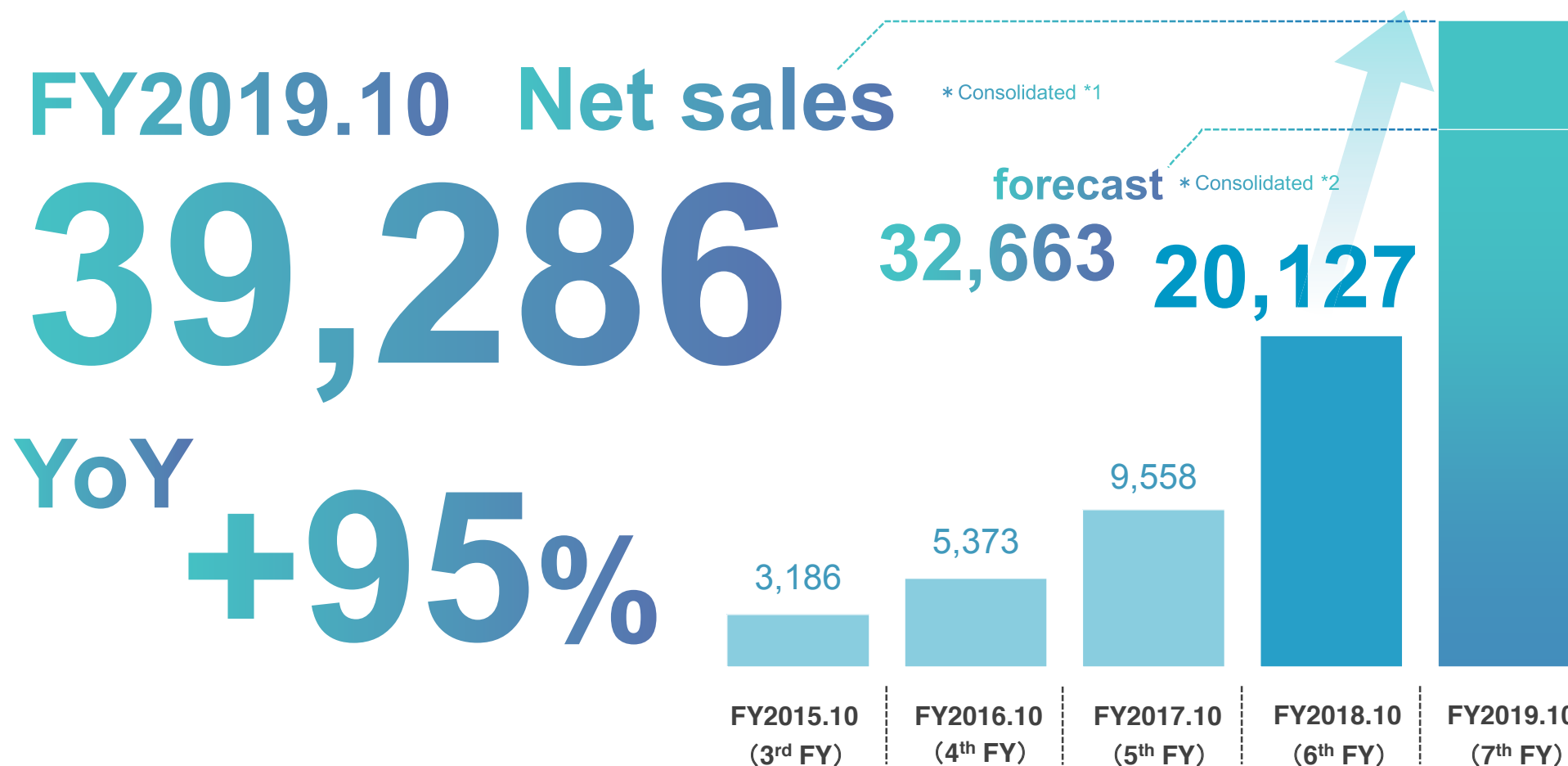
Financial Highlights

FY2019.10 Performance Highlights



*1. We have prepared consolidated financial statements since the current consolidated accounting period.

Achieved the Sales forecast



*1. We have prepared consolidated financial statements since the current consolidated accounting period.

*2 Forecast announce on December 13, 2018

Sales achieved a new record highs on quarterly basis

YoY +96%

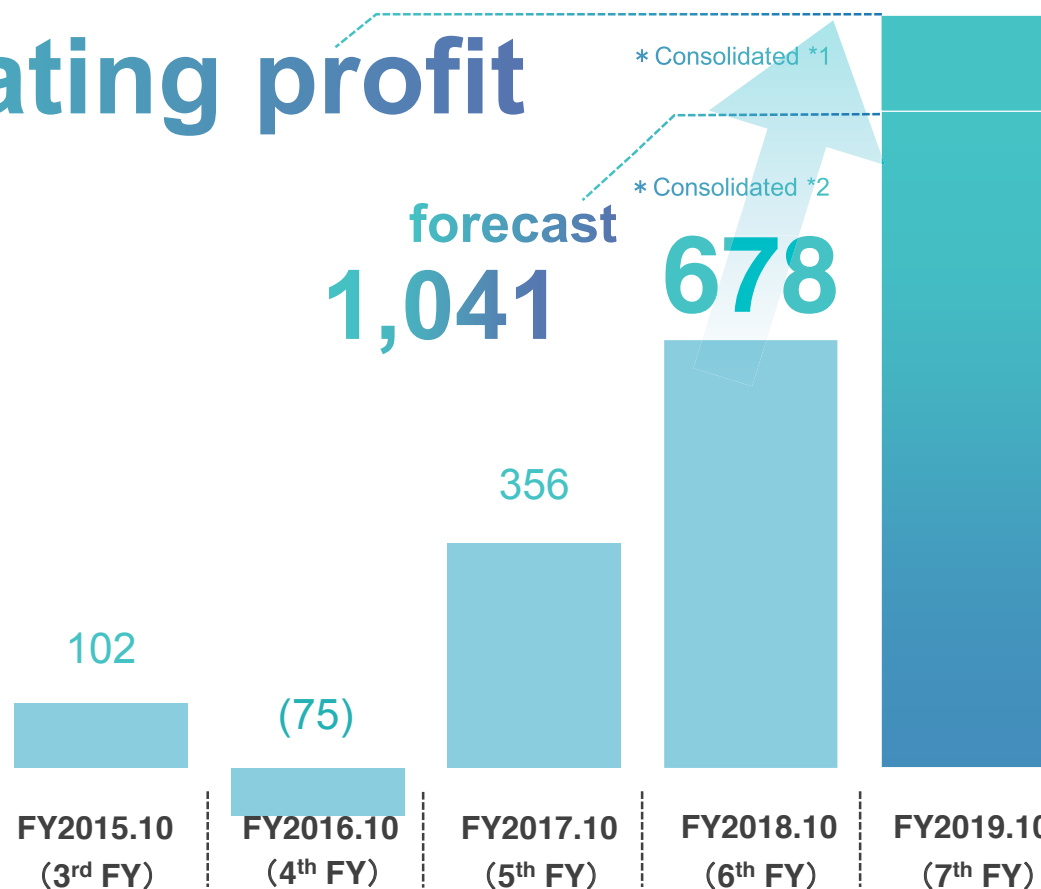


*1. We have prepared consolidated financial statements since the current consolidated accounting period.

Achieved the Operating profit forecast

FY2019.10 Operating profit

1,193
YoY
+76%

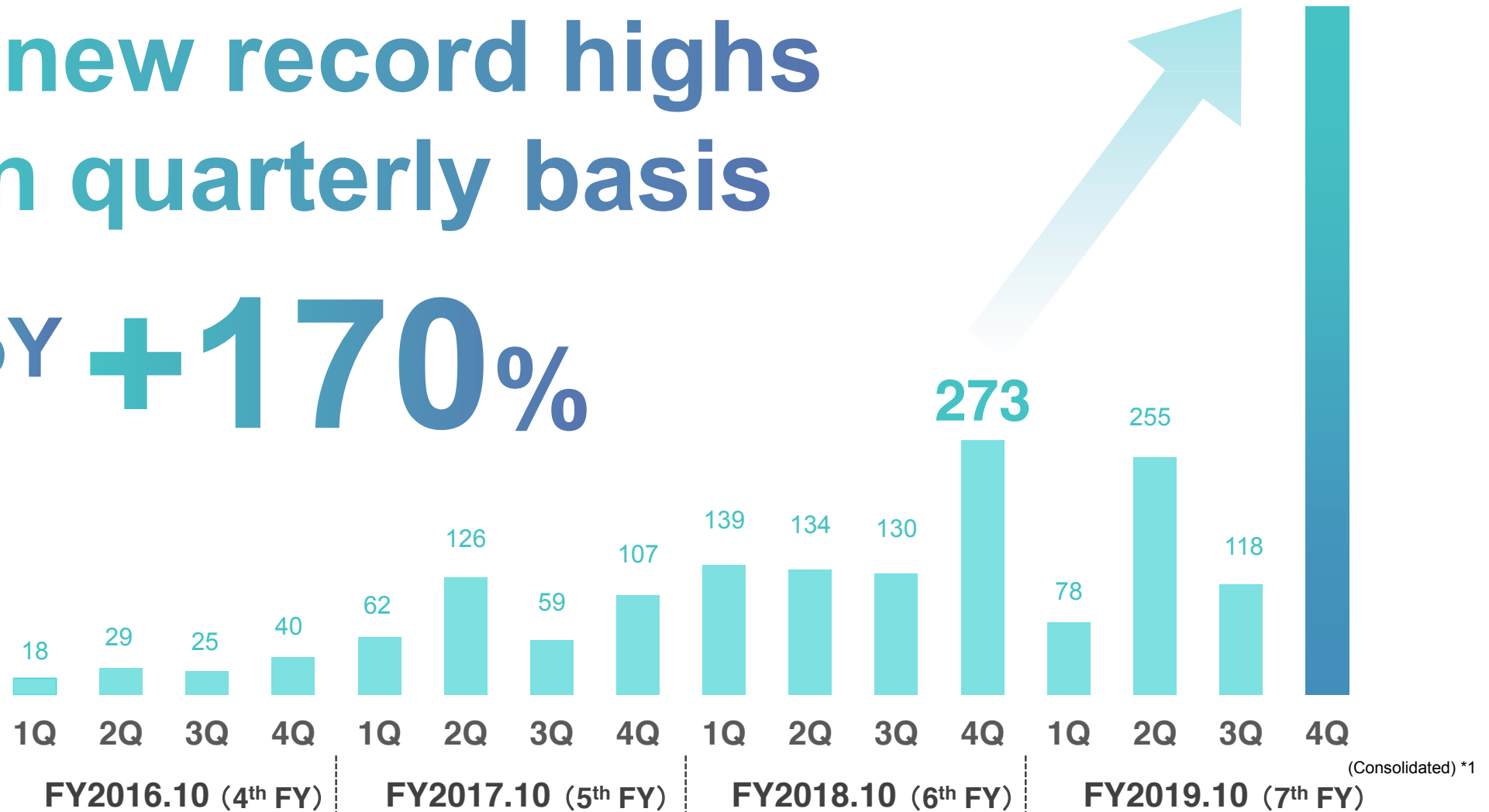


*1. We have prepared consolidated financial statements since the current consolidated accounting period.

*2 Forecast announce on December 13, 2018

Operating profit achieved a new record highs on quarterly basis

YoY +170%



*1. We have prepared consolidated financial statements since the current consolidated accounting period.

Summary of Income Statement

FY2019 financial results increase in both YoY/forecast except for Profit. Profit unachieved due to Loss on cancellation of rental contracts.

	Comparison with results			Comparison with forecast			(Million yen)
	FY2019.10 ① Result * Consolidated *1	FY2018.10 ② Result	Difference (①-②)	Difference (①/ ②)	FY2019.10 ③ Forecast* Consolidated *1	Difference (①-③)	Difference (①/ ③)
Net sales	39,286	20,127	19,159	+95%	32,663	6,623	+20%
Gross profit	6,850	3,522	3,328	+95%	---	---	---
Operating Profit	1,193	678	514	+76%	1,041	152	+15%
Ordinary Profit	1,019	641	378	+59%	979	40	+4%
Profit	510	399	111	+28%	654	(143)	-22%

*1. We have prepared consolidated financial statements since the current consolidated accounting period.

Summary of Balance Sheet

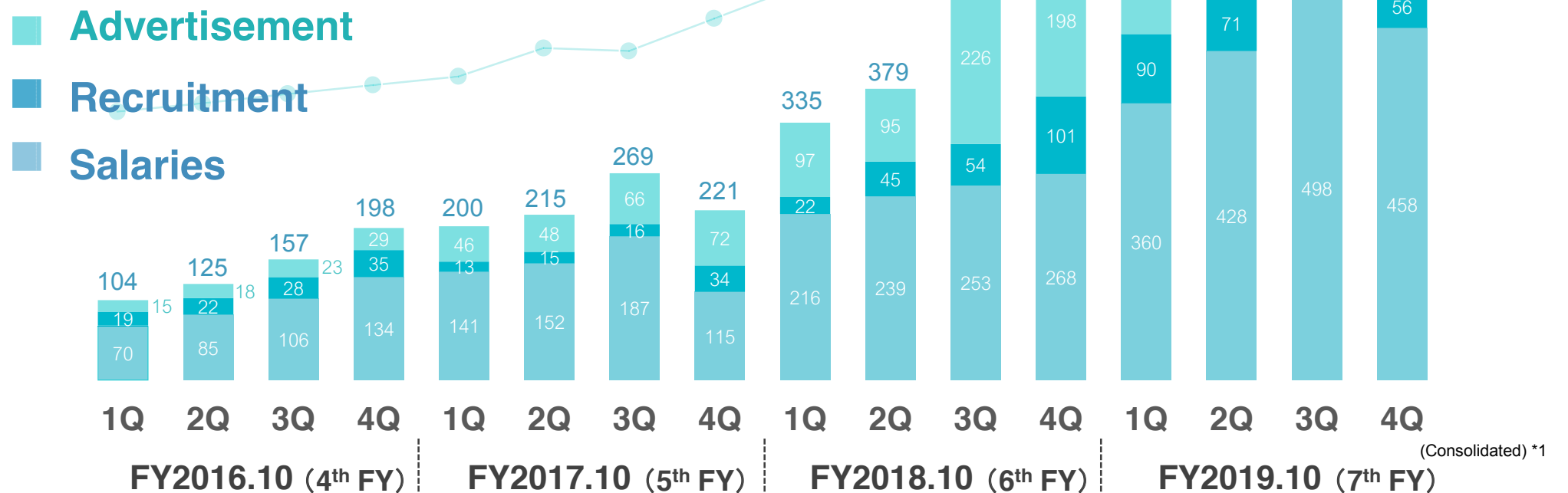
Net assets increased by 136%, mainly due to the share exchange with ITANDI, exercise of MS warrant and Net income

(Million yen)

	FY2019.10 ① * Consolidated *1	FY2018.10 ②	Difference ③=①-②	Difference ③/②
Total assets	11,839	4,412	7,427	+168%
Current assets (cash and deposits) (Real estate for sale)	5,512 (4,279) (682)	2,830 (2,020) (425)	2,681 (2,258) (257)	+95% (+112%) (+60%)
Fixed assets (Software (including software in progress)) (Goodwill) (Customer relationship)	6,327 (1,890) (1,707) (724)	1,581 (628) (---) (---)	4,745 (1,261) (1,707) (724)	+300% (+201%) (---%) (---%)
Total Liabilities (Interest-bearing debt)	6,082 (3,461)	1,975 (800)	4,106 (2,660)	+208% (+332%)
Total assets (Share exchange) (MS warrant)	5,757 (699) (2,092)	2,436 (---) (---)	3,320 (699) (2,092)	+136% (---%) (---%)
Total liabilities and net assets	11,839	4,412	7,427	+168%

*1. We have prepared consolidated financial statements since the current consolidated accounting period.

Completed our Investment plan ahead of scheduled

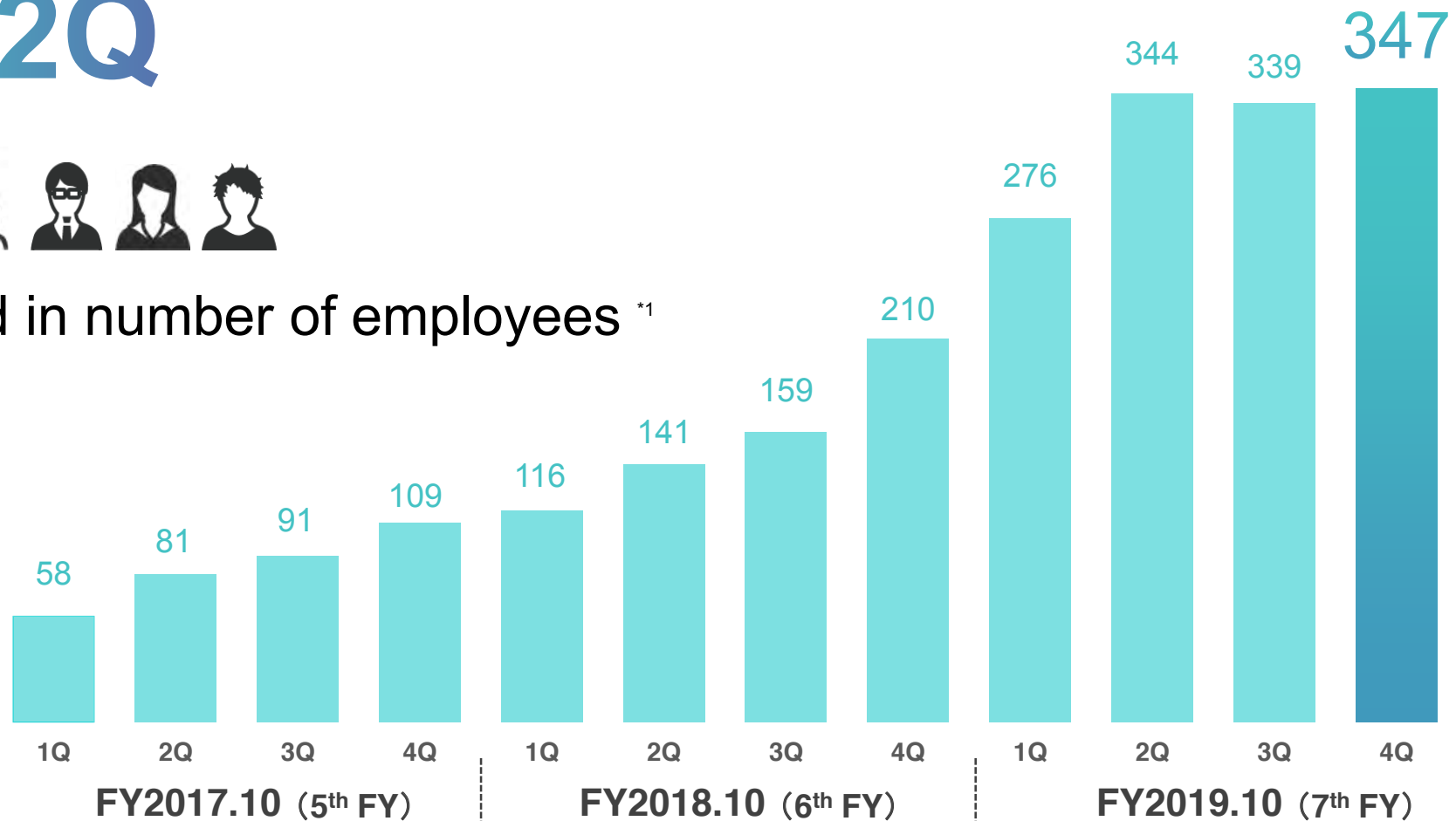


*1. We have prepared consolidated financial statements since the current consolidated accounting period.

Reinforced recruitment in 2Q



Trend in number of employees ^{*1}



*1. As of October 31, 2019; excluding officers, contract employee, part-time workers, and interns at consolidated subsidiaries.

FY2020.10 financial forecast

FY2020.10
Sales Consolidated *1

55,000

YoY
+40%

FY2019.10
39,286

FY2019.10 (7th FY) | FY2020.10 (8th FY)

FY2020.10
Operating profit Consolidated

1,800

YoY
+51%

FY2019.10
1,193

FY2019.10 (7th FY) | FY2020.10 (8th FY)

*1. We have prepared consolidated financial statements since the current consolidated accounting period.

FY2020.10 financial forecast summary

Sales and Profit increase greatly year on year due to further investment

(Million yen)

	FY2020.10 Forecast① <small>* Consolidated *1</small>	FY2019.10 Result ② <small>* Consolidated *1</small>	YoY (① / ②)
Net sales	55,000	39,286	+40%
Operating profit	1,800	1,193	+51%
Ordinary profit	1,530	1,019	+50%
Profit	770	510	+51%

*1. We have prepared consolidated financial statements since the current consolidated accounting period.

Only the top **40** companies out
of **290,000** domestic real
estate companies sell over
50 Billion^{*1}

In ratio

0.01%



^{*1} 「2017 Economic general survey」 Statistics Bureau, Ministry of Internal Affairs and Communications, 2017.9

RENOSY Business

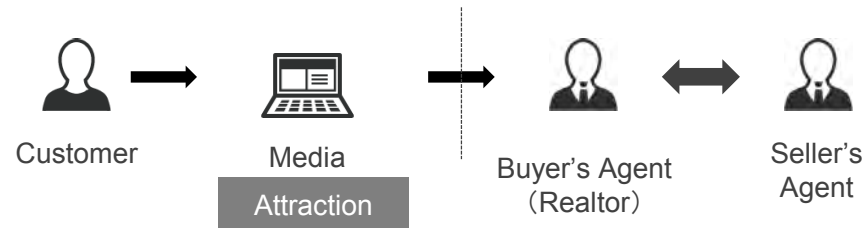


Purchase a property in 1 Click

Integration of Technology and Real

Resolve complex process online, have its own product, and support and consultation by agents

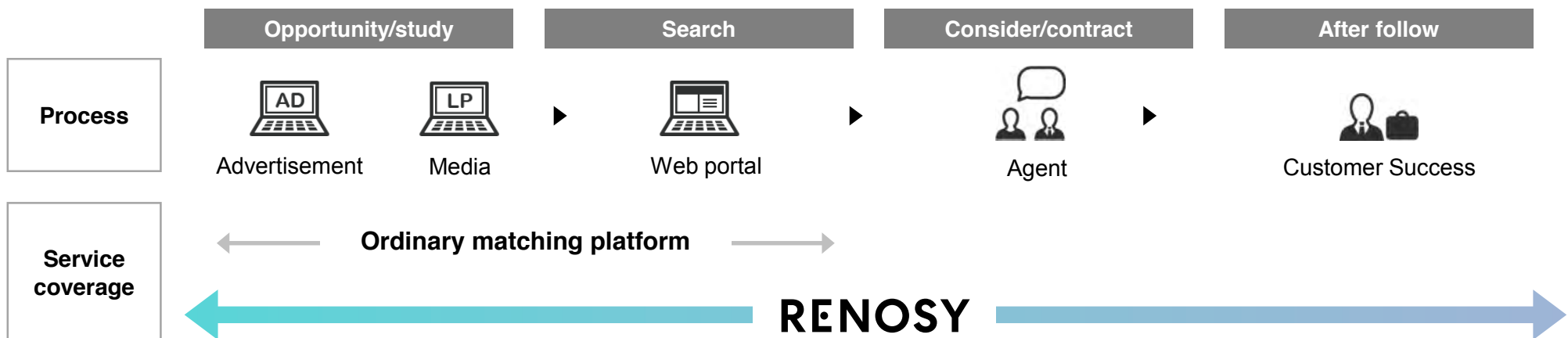
Ordinary matching platform



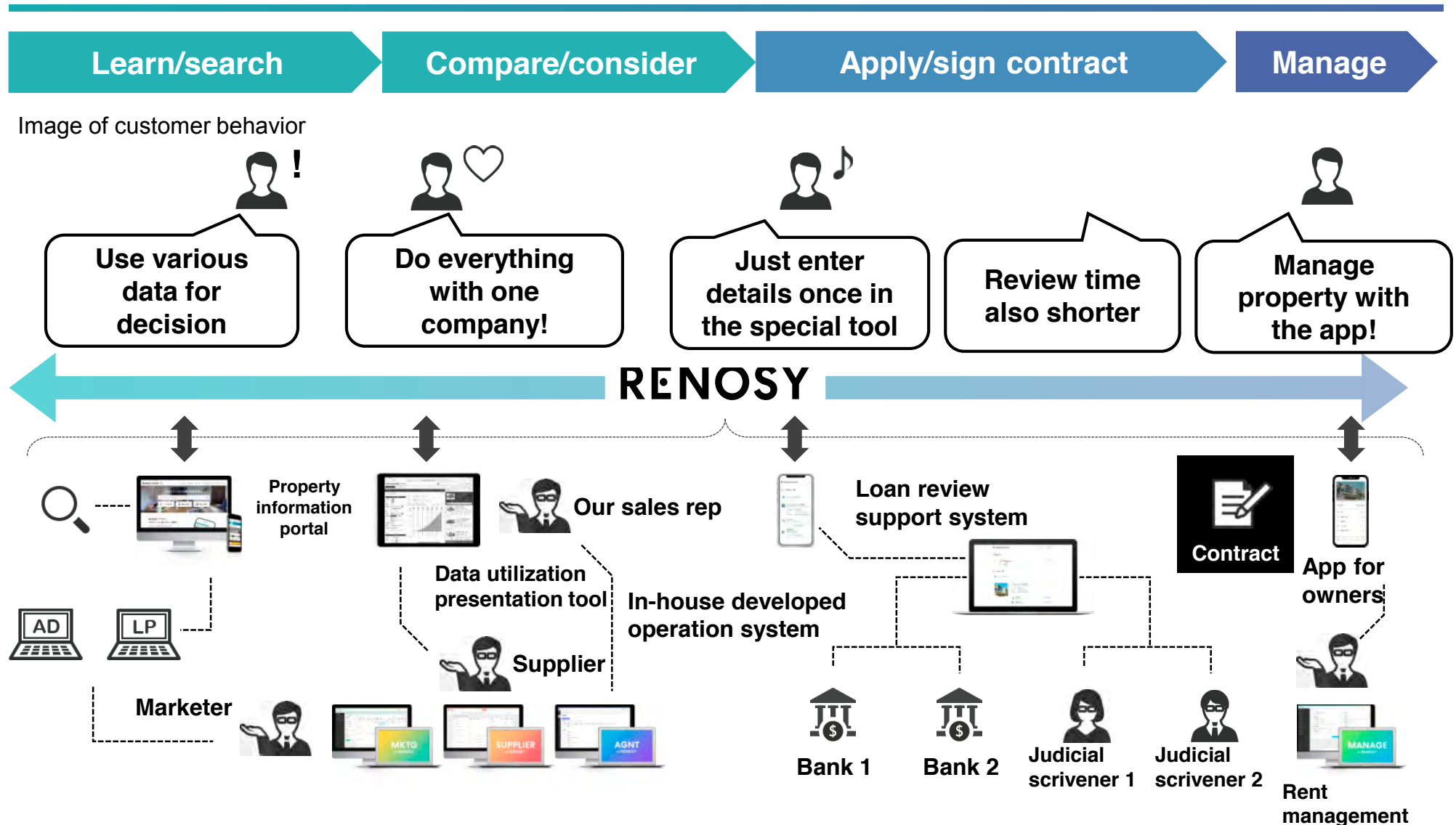
Best practice that RENOSY offers



Process of real estate transaction



RENOSY makes it possible to purchase a property in 1 click



Major KPIs of RENOSY business

Increase number of contracts by raising the following KPIs

Number of
RENOSY members

Number of sales
agents

ARPA
(Average Revenue Per Agent)



Expand attraction by
strengthen RENOSY



Increase number of contracts by
strengthen real operating
organization

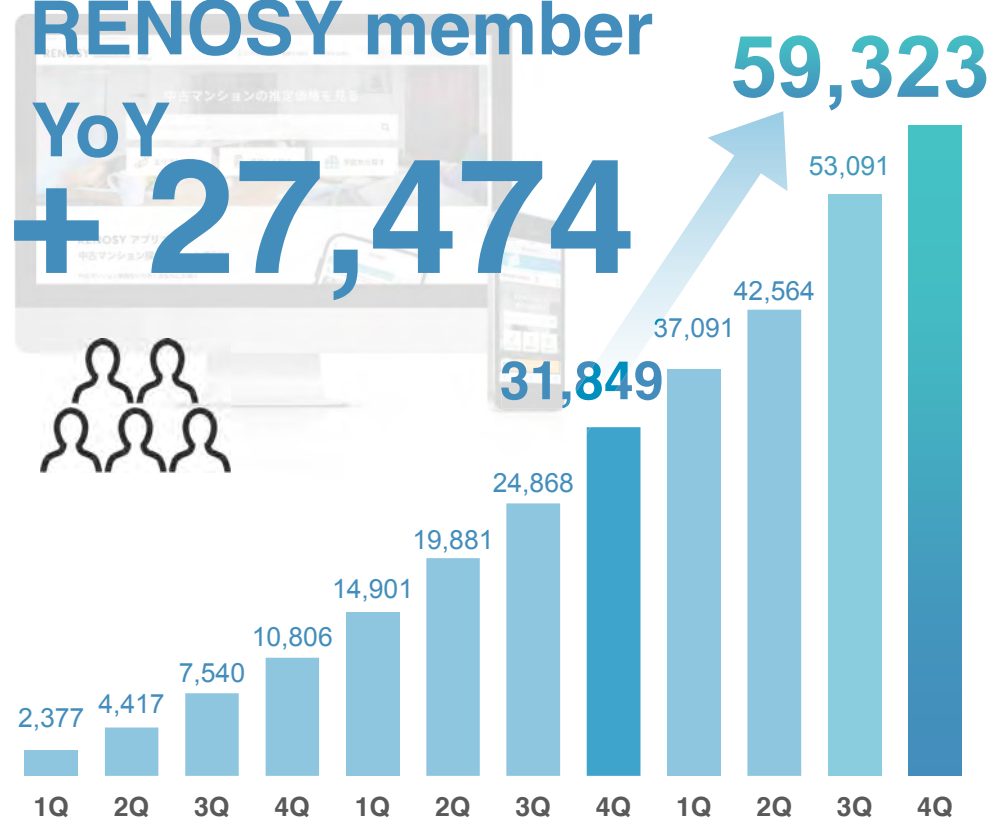


Pursue operating efficiency
by in-house developed
system

Growth of RENOSY business

Trend in total number of RENOSY member

YoY
+ **27,474**



Consolidated *1

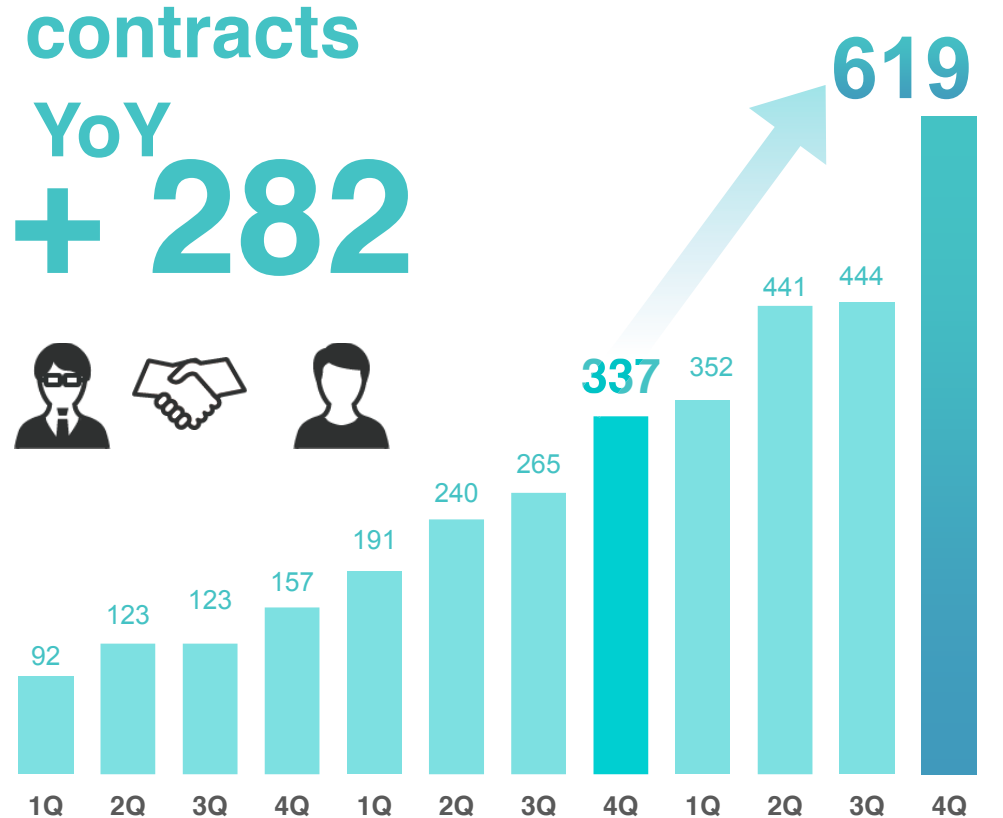
FY2017.10 (5th FY)

FY2018.10 (6th FY)

FY2019.10 (7th FY)

Trend in number of contracts

YoY
+ **282**



Consolidated *1

FY2017.10 (5th FY)

FY2018.10 (6th FY)

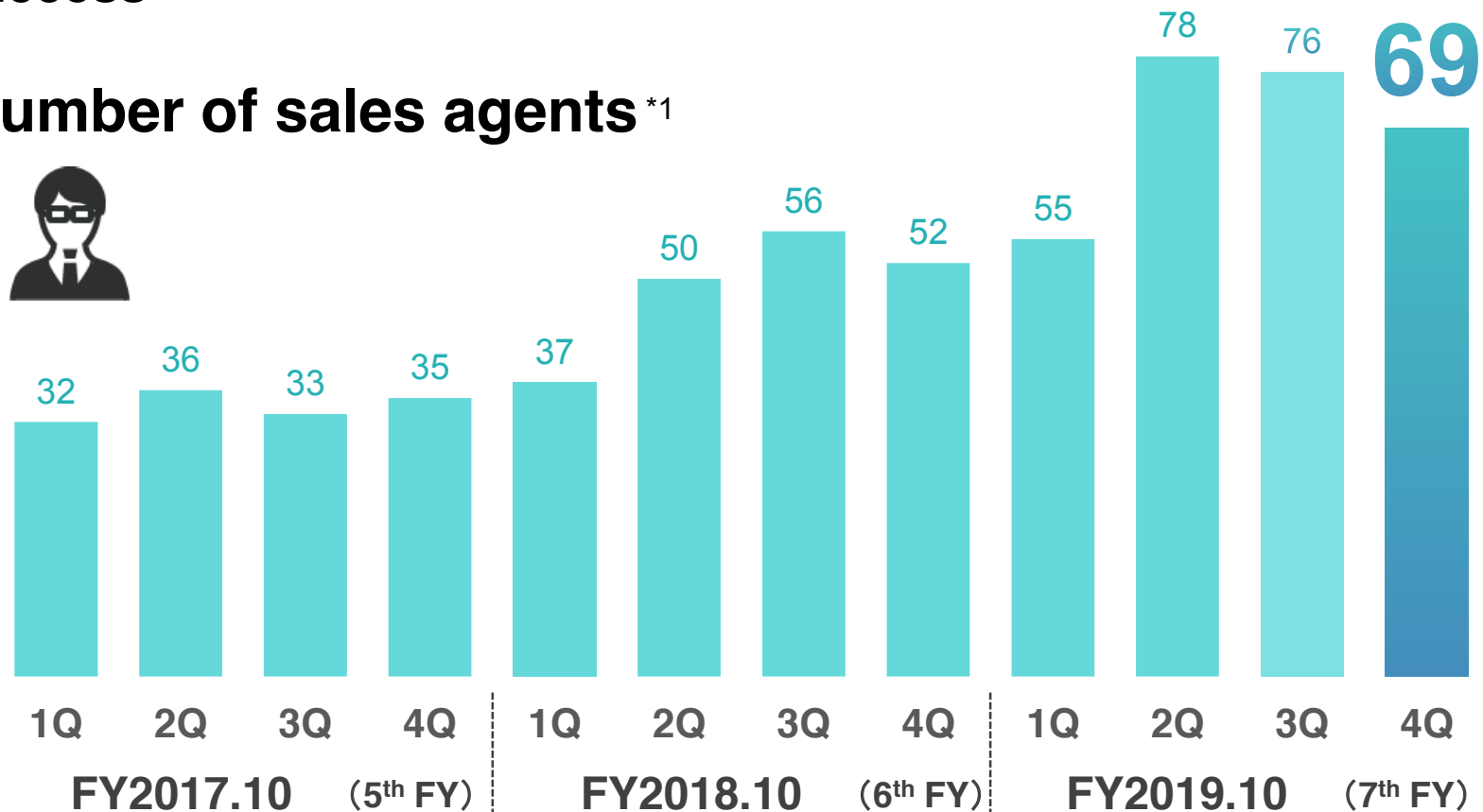
FY2019.10 (7th FY)

*1. We have prepared consolidated financial statements since the current consolidated accounting period.

Decrease in number of sales agents due to division of labor

In order to increase operating efficiency, conducted thorough division of labor and redeployment of personnel from sales to contract support and customer success

Trend in number of sales agents ^{*1}

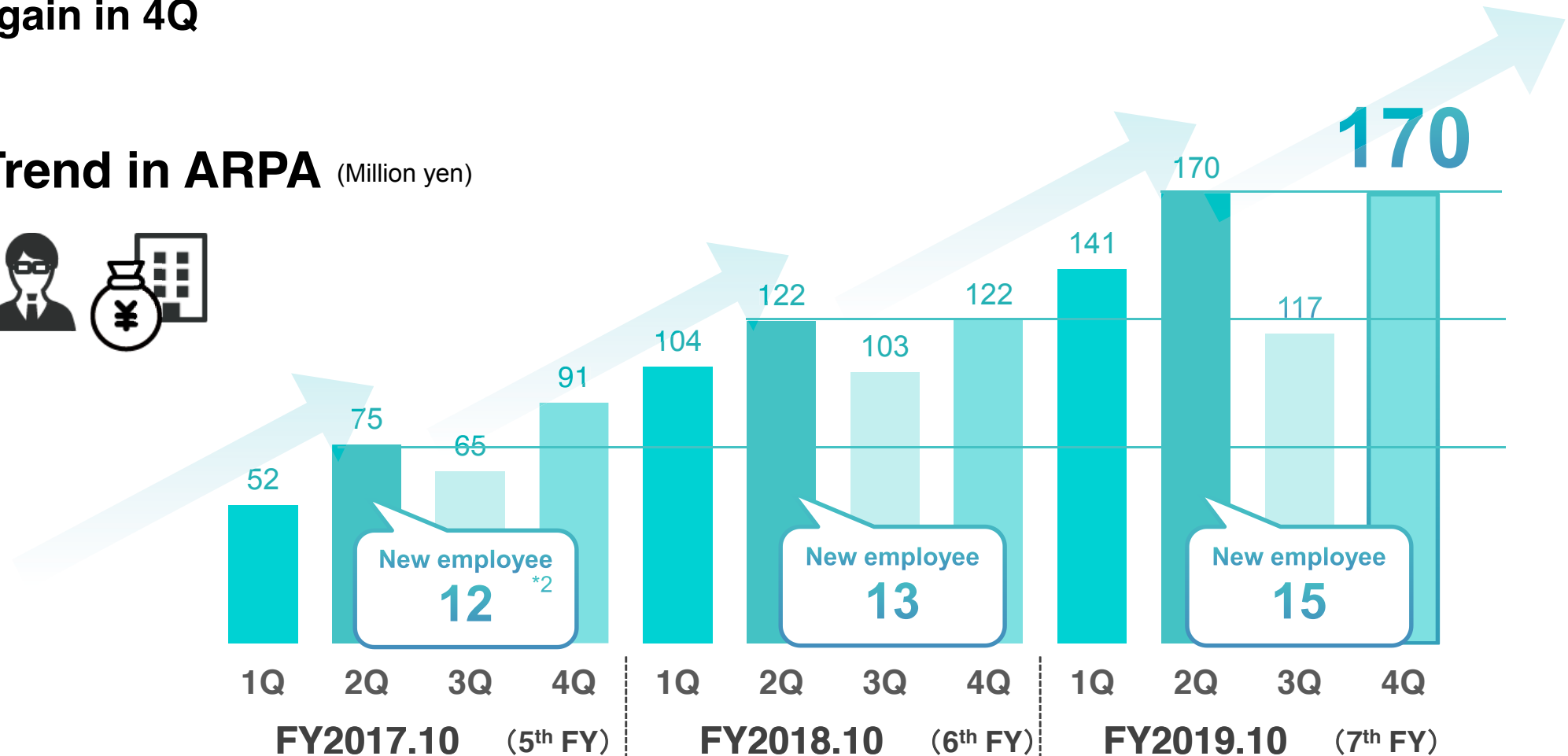


*1. The number of full-time sales agents as of the end of the quarter

In each FY, new sales personnel becomes real force in 4Q

ARPA*¹ decrease in 3Q due to the arrival of new employees in 2Q, but rise again in 4Q

Trend in ARPA (Million yen)



*1 ARPA=Average Revenue Per Agent=Net sales divided by the number of full-time employee as of the end of the previous quarter.

*2 New employees who joined in April

Making full use of in-house developed sales tech tools

Improve productivity by using in-house developed presentation tools instead of paper-based materials

Improvement of user experience lead to;
increase of number of contracts

Operating efficiency

Time to draft materials (per customer)

15m ~ 20m

0m

Till now; paper-based materials

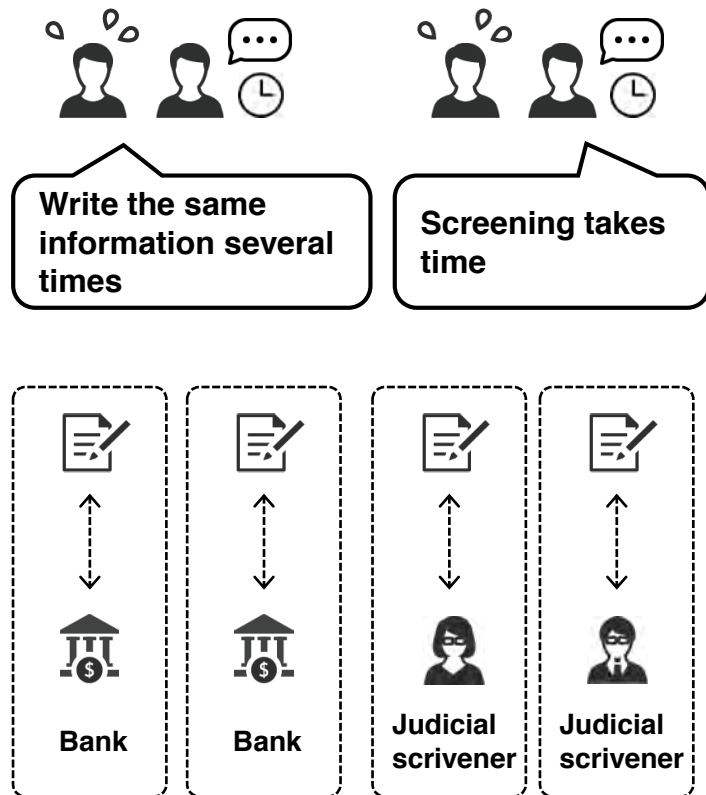


DATA ANALYZER by RENOSY

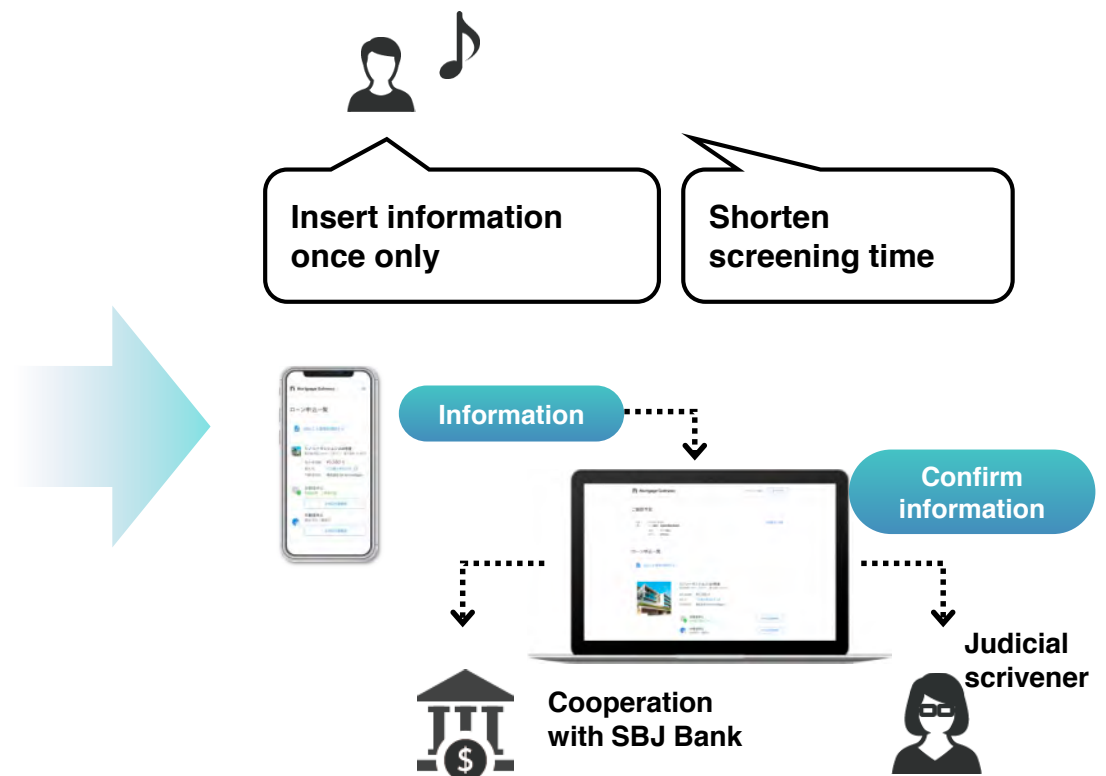


Simplify loan screening with MORTGAGE GATEWAY by RENOSY

Current screening with paper documents



MORTGAGE GATEWAY by RENOSY



Investment to AI

Growth strategy with AI

Expand volume of data through business, and conduct technology development of AI

Real estate related data

BLUEPRINT by RENOSY (B版)

Building data

SUPPLIER by RENOSY

Customer data

RENOSY SELL

DATA ANALYZER by RENOSY

BEST BASHO by RENOSY



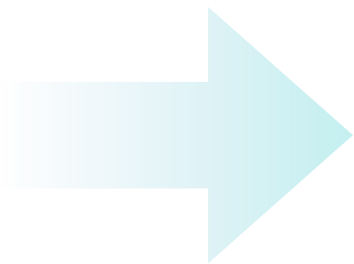
The AI Strategy Center of GA technologies

Mission

An organization that **contributes to business** through advanced technology

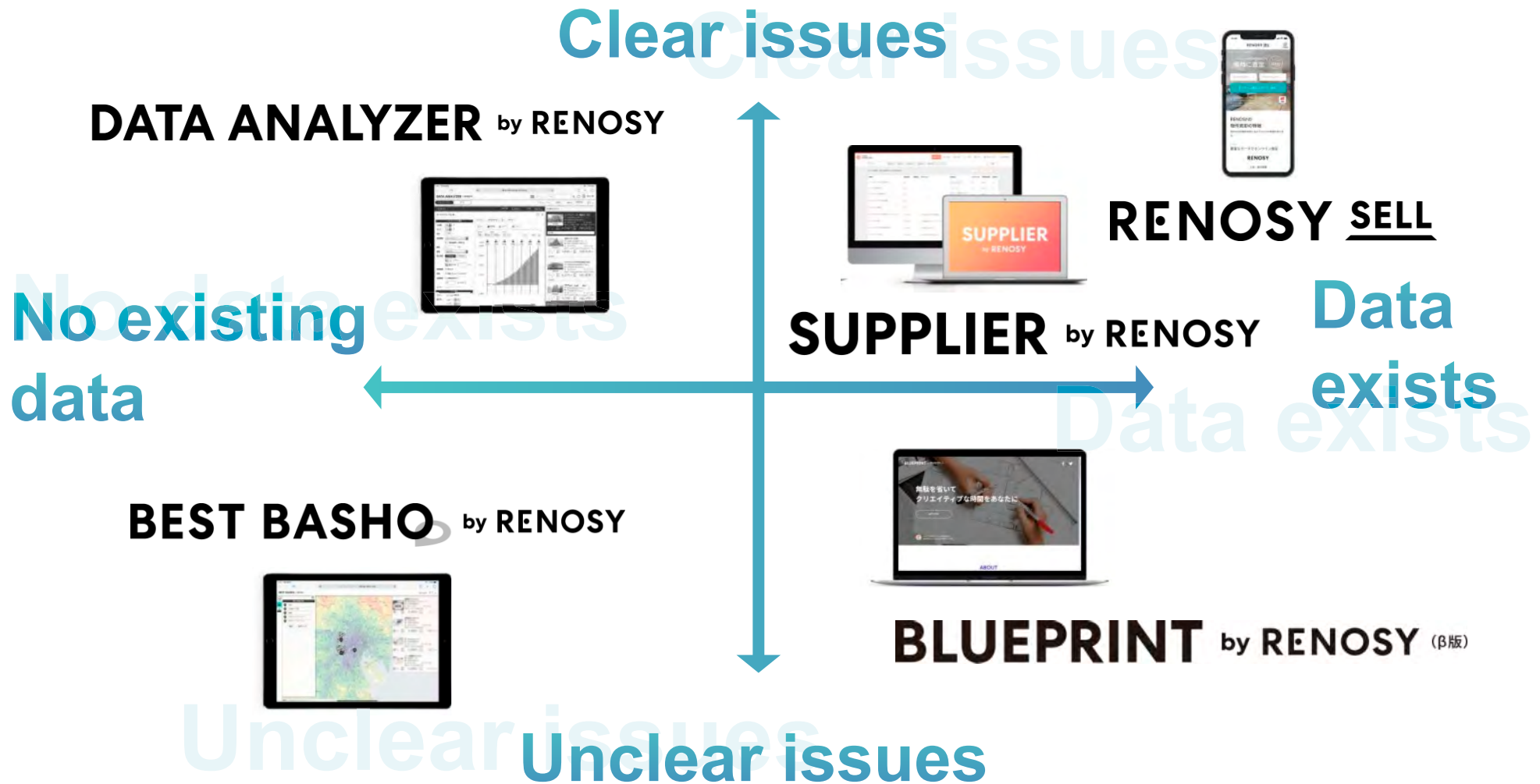
Vision

Research group that **overlook the whole business** and make actions

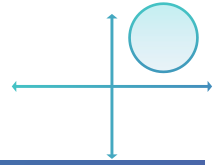


Lead research to business

The position of AISC's research



1 : RENOSY SELL ← estimation of price



Issue

Need to call sales agents
when want to sell a house

Want to know the
price easily !

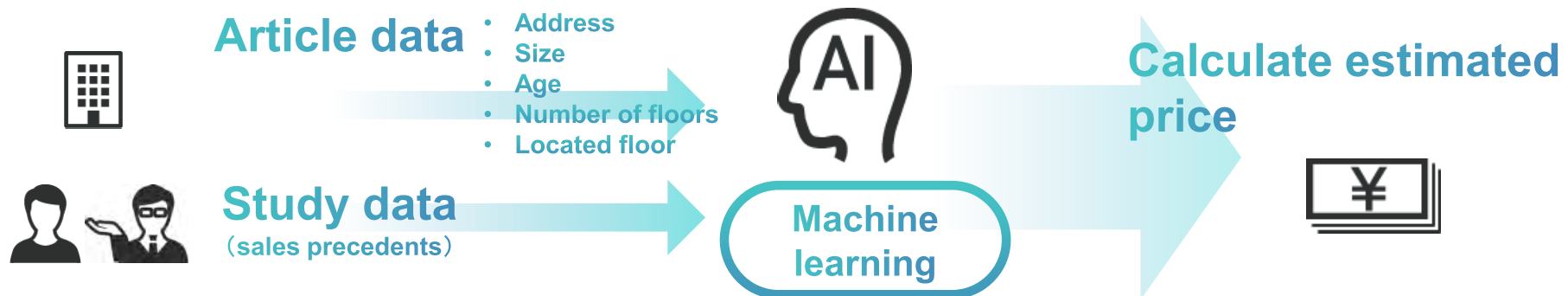


Solution

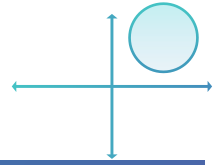
AI will estimate the
price, and the price
can be known **online**



Calculate estimated price automatically and immediately
based on article information



2 : SUPPLIER by RENOSY ← AI&RPA



Issue

Paper-based information
Manual price assessment
Manual documentation

Supply operation must be more efficient

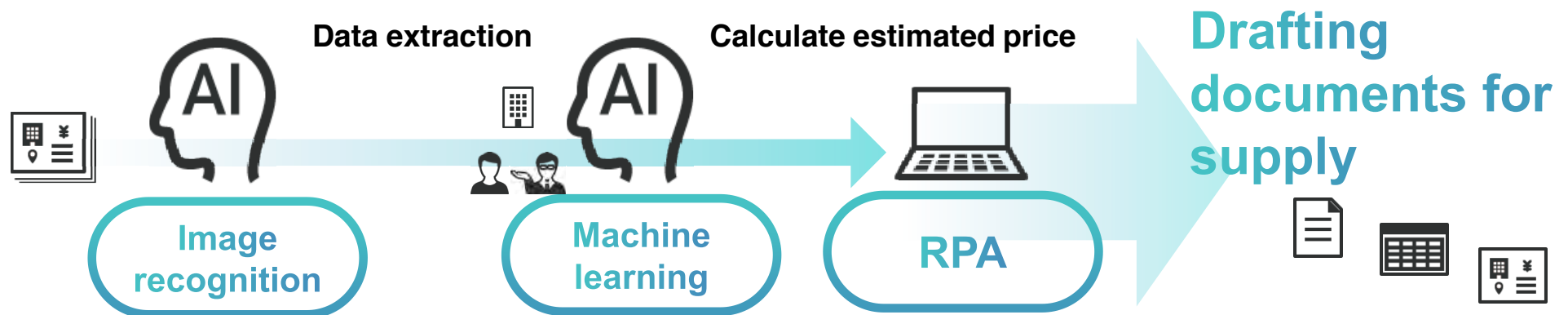


Solution

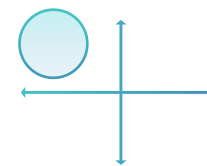
Time of operation becomes one third (1/3) by using AI&RPA



Time of operation becomes one third (1/3) by using AI&RPA efficiently



3 : DATA ANALYZER by RENOSY ← Obtain data



Issue

**Paper materials
lack credibility**

**Want to analyze the
property objectively**



Solution

**A presentation tool
that enable the
customer to analyze
the property safely**

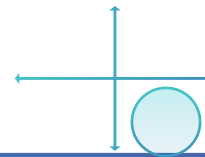


Data obtaining for analyzing that improve the service value

Reception data



4 : BLUEPRINT by RENOSY ← Deep Learning



Issue

Tracing blueprint to prepare renovation proposal has been a burden

This simple work should not be done manually



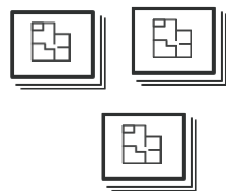
Solution

Create CAD data automatically by scanning the blueprint



Streamlining work by automatically detect walls, icons and letters

Layout image from pamphlets

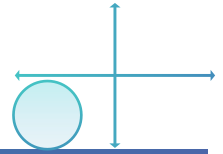


Deep Learning

Create CAD data



5 : BEST BASHO ← Graph DB ^{*1}



Issue

Lack credibility to agent when reaching for an apartment, but difficult to do it alone

Want a service that provides the house and information suitable for me



Solution

AI will propose the best location for each customer



Search complex property related data speedily and smoothly



Property related data

- Address
- Station
- But stop
- Road info
- property
- Size
- Layout
- Age
- Café
- Convenience store
- Restaurant
- Distance
- Time etc.



Graph DB

Search the best station suitable for access



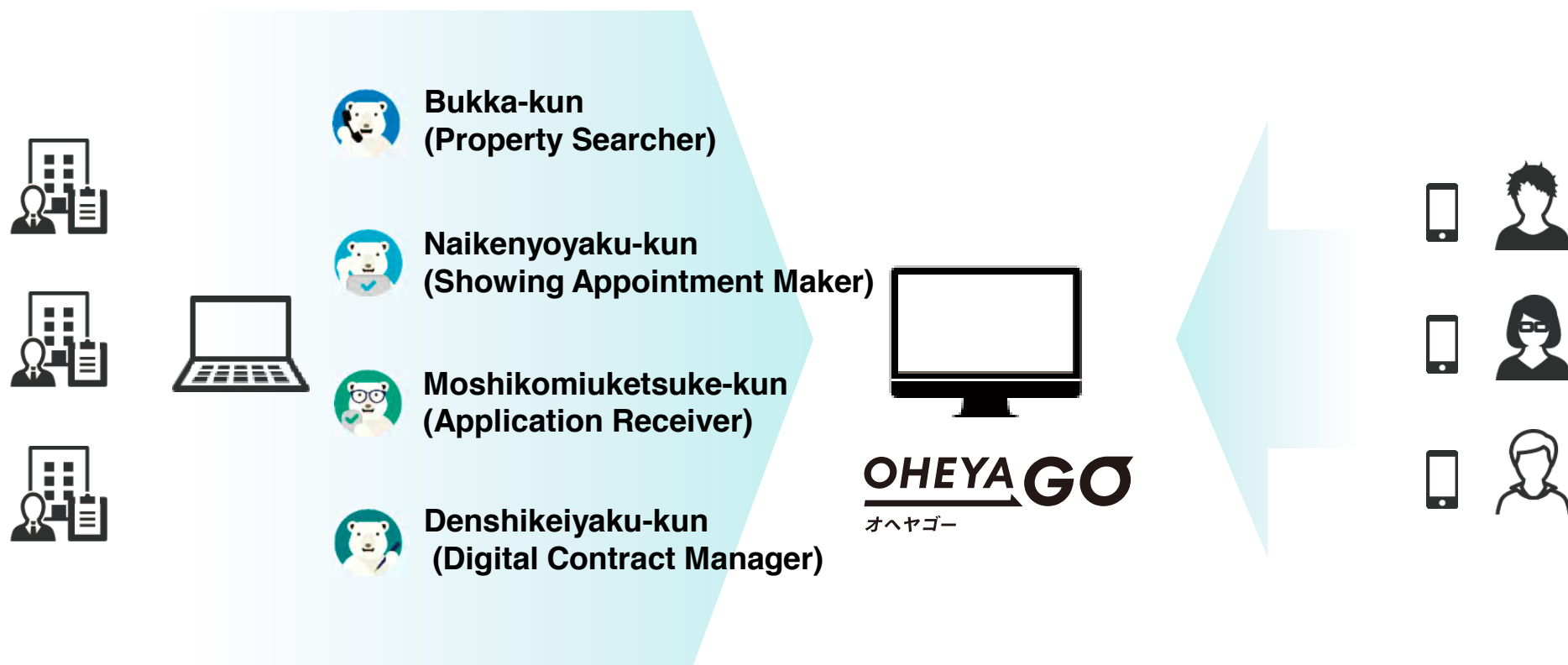
^{*1} Data structure strong at related-data search

ITANDI Business

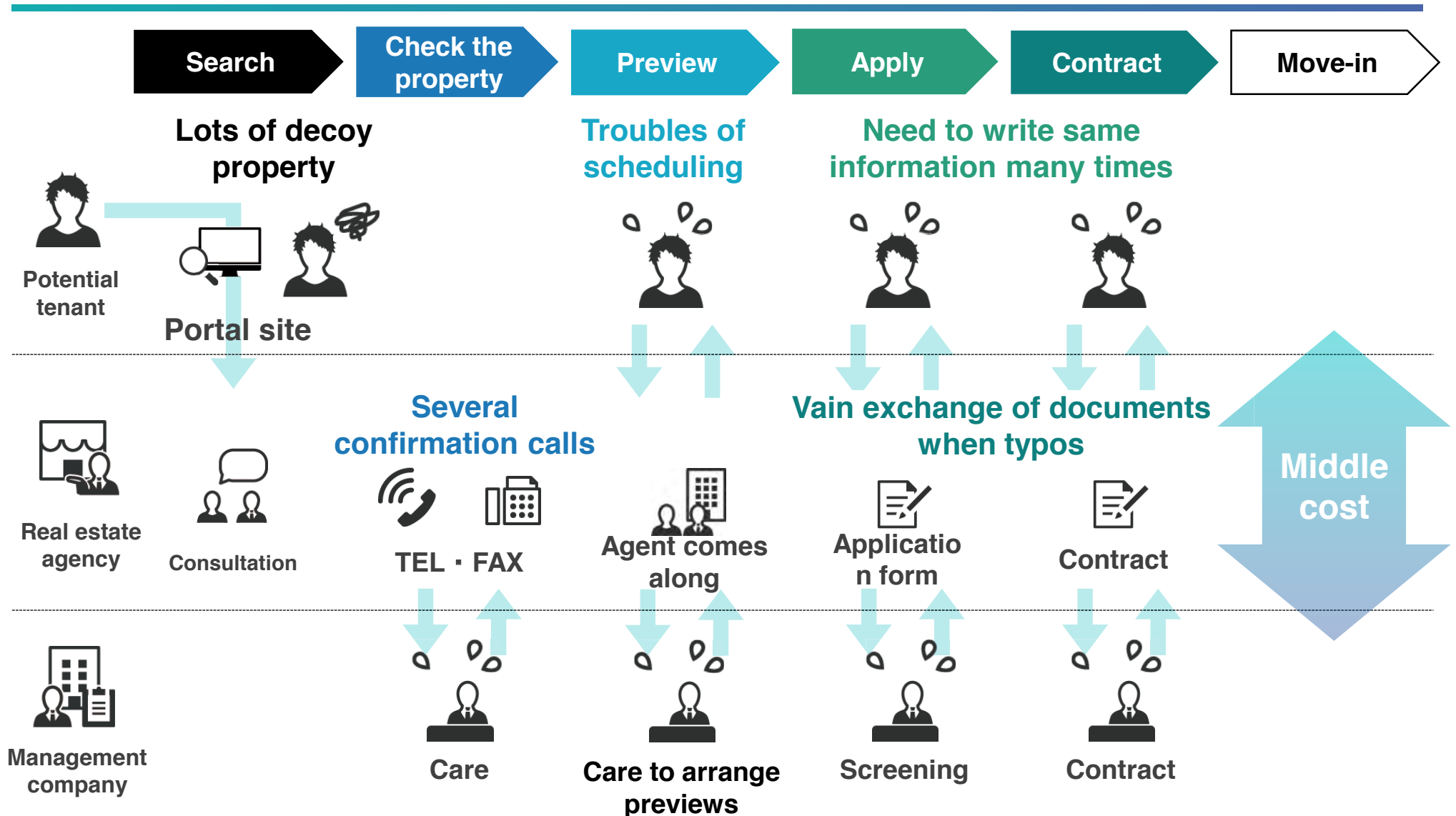
ITANDI Strategy

1 BtoB (management company) operating support systems business

2 BtoC self-showing new rentals service business



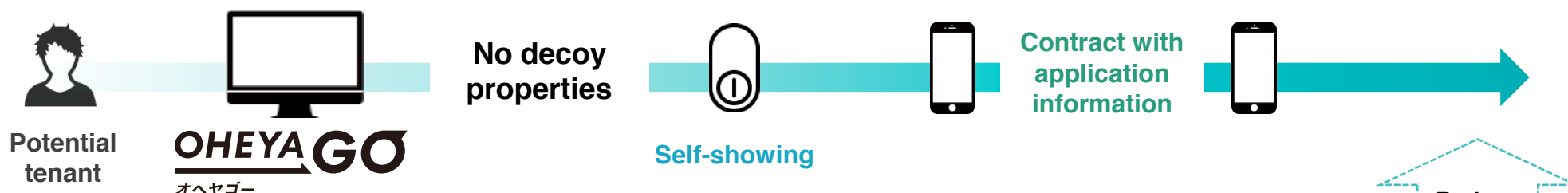
Current process and issue of the real estate leasing industry



The world ITANDI aims



Spare all the extra work of the potential tenant, and provide a smooth leasing experience



Reduce middle cost

Reduce management company's fruitless operation, and provide time to improve their service

ITANDI's KPI

1 Obtain property information, preview reservation and application information from management company

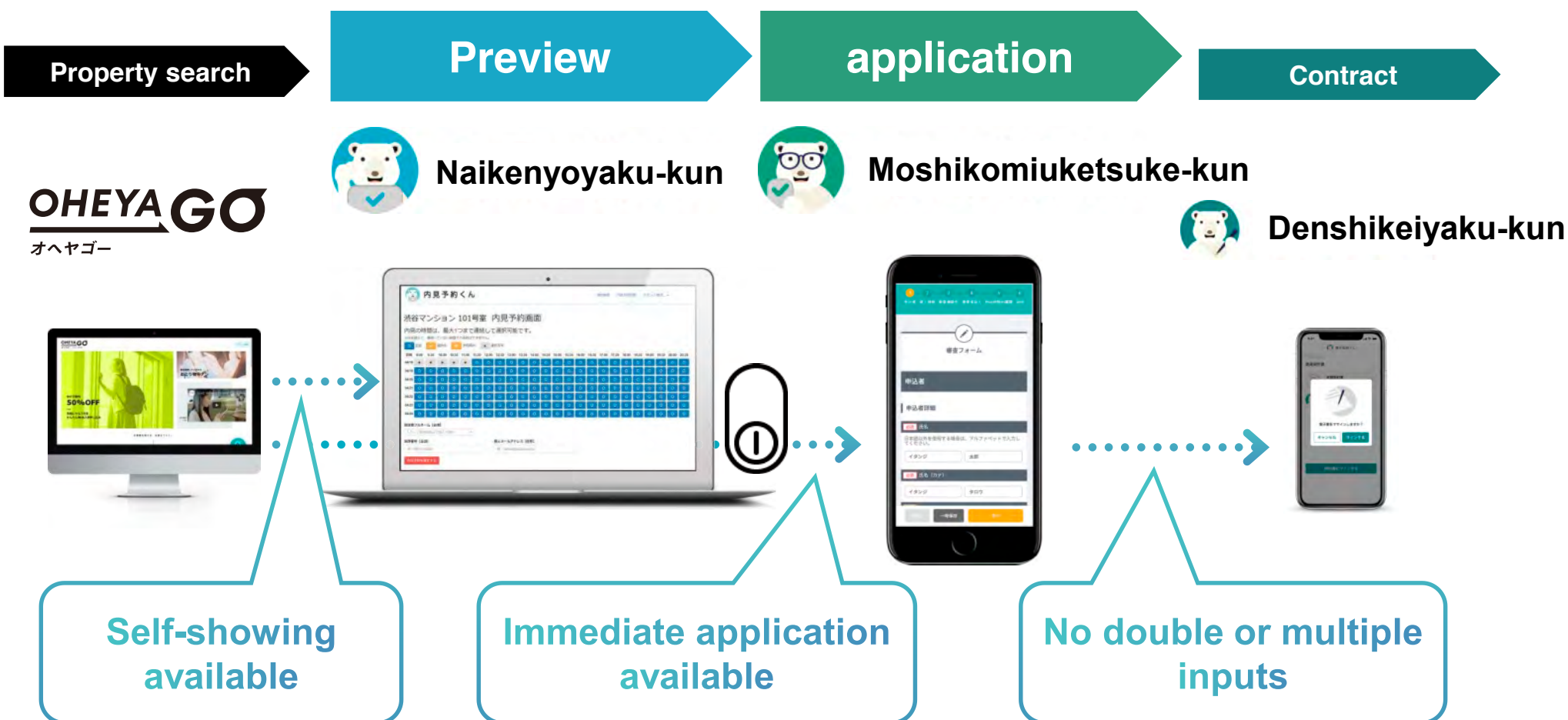
3 Increase in number of users



2 Increase in number of property and rooms available for preview on OHEYAGO

Key products for achieving ITANDI's goal

Naiken-yoyaku-kun and Moshikomi-uketsuke-kun will be the key products



Accelerate the spread of Naiken-yoyaku-kun and moshikomi-uketsuke-kun

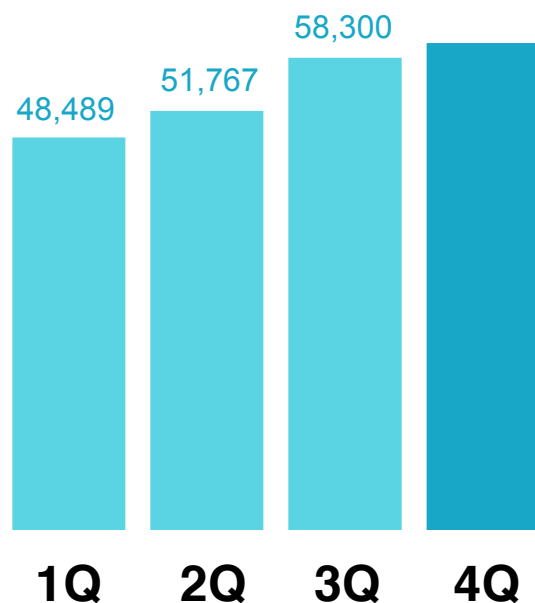


Naikenyoyaku-kun



Number of preview reservations(per Q)

60,093



Number of ^{*2} subscribed companies

274 社

Total number of ^{*3} preview reservation

376,803 件



Moshikomiuketsuke-kun

Recognized No.1 in the industry ^{*1}



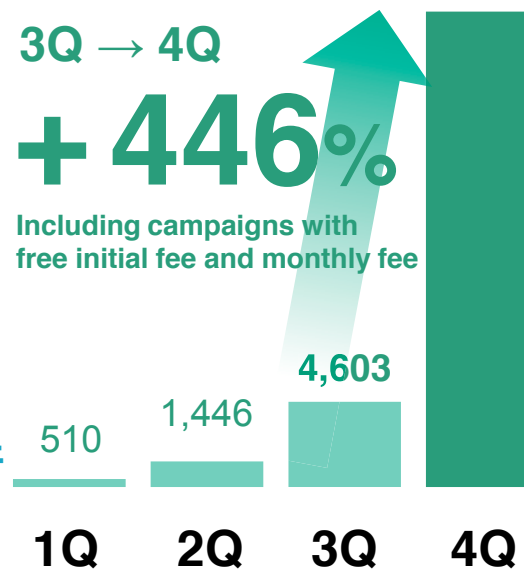
Number of digital applications(per Q)

25,154

3Q → 4Q

+446%

Including campaigns with free initial fee and monthly fee



Number of ^{*2} subscribed companies

283 社

Total number of ^{*3} digital applications

31,743 件

^{*1} Research conducted by Tokyo Shoko Research

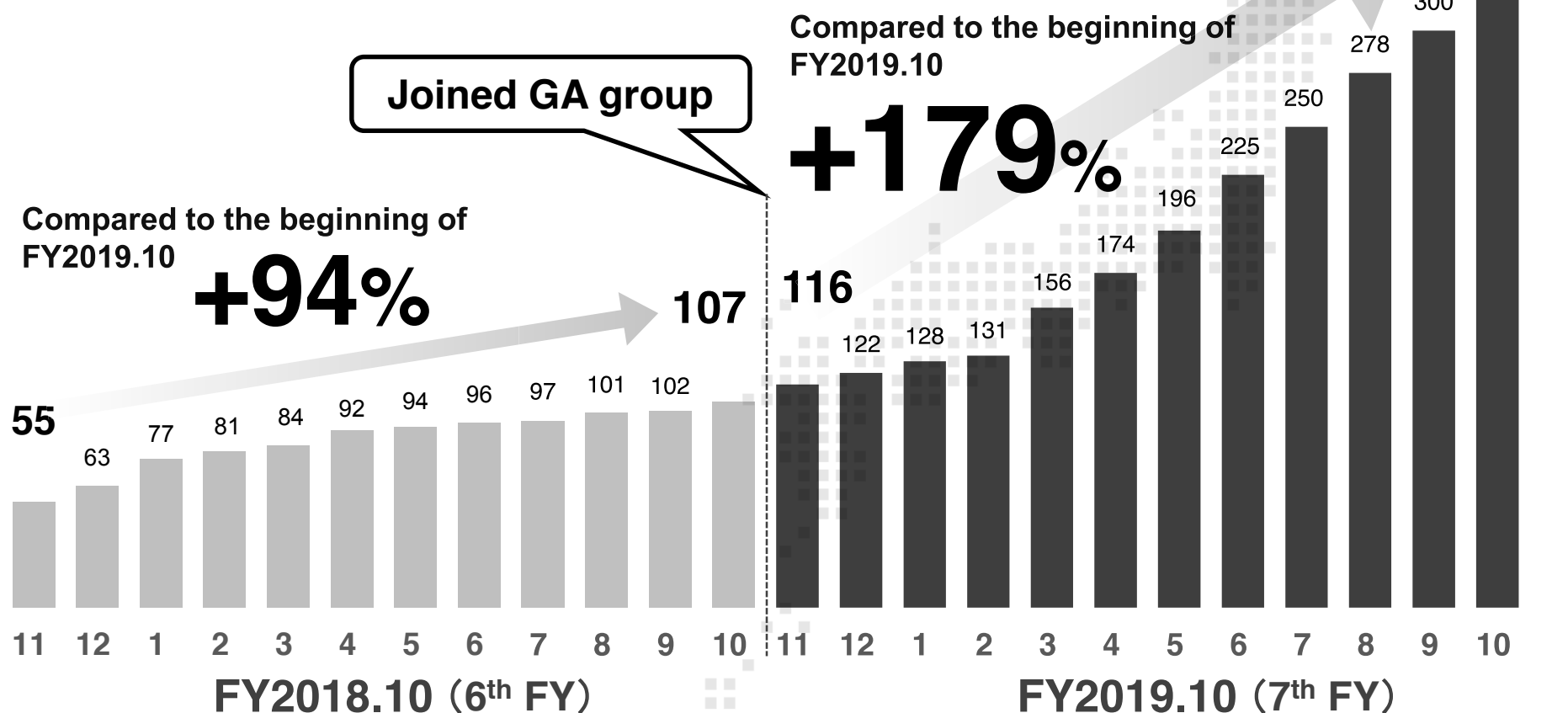
^{*2} Number of companies having a contract for the product

^{*3} As of end of October 2019

ITANDI'S SaaS growing satisfactorily



Trend in number of subscribed companies^{*1}



^{*1} Number of companies having a contract for the product

ITANDI'S SaaS growing satisfactorily



Number of base introduced^{*1}
(including scheduled)

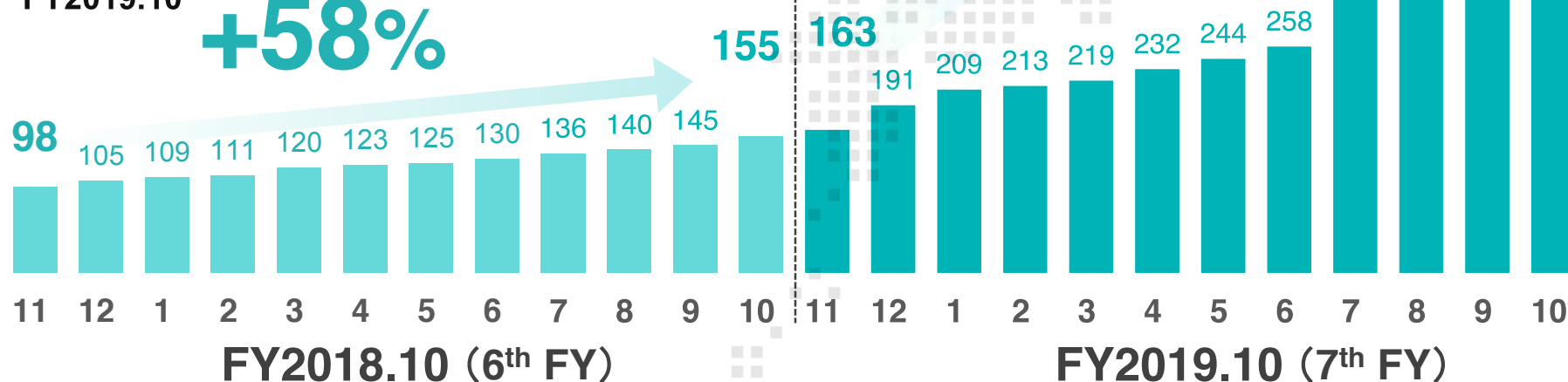
Joined GA group

Compared to the beginning of
FY2019.10

+346%

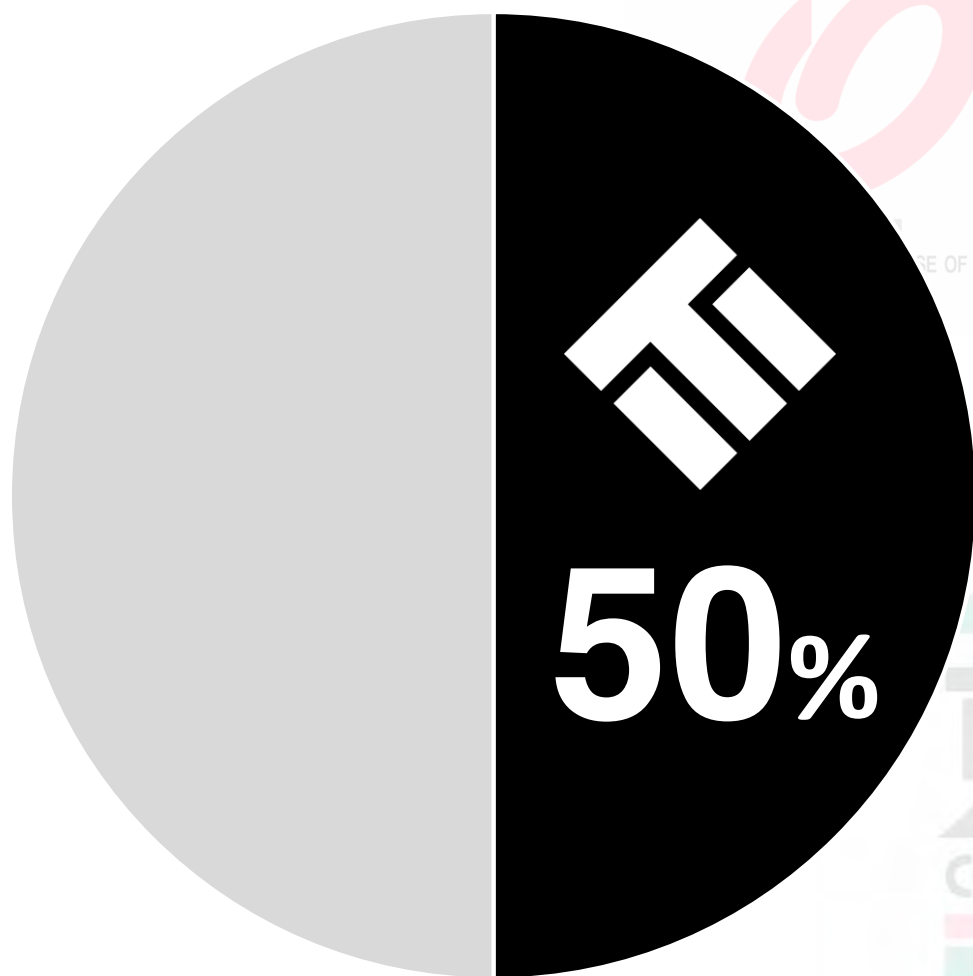
Compared to the beginning of
FY2019.10

+58%



*1 Number of base that introduced and use the system. There maybe several bases per contracted company.

ITANDI's market share



Number of companies among
the top 50 management companies
subscribing ITANDI's product ^{*1}



25社 / 50 社

Total number of units managed
by the top 50 companies

5.91 million

^{*1} 2019's Ranking of 995 companies regarding their number of management units (Zenkoku chintai jyutaku shinbun (July 15, 2019))

GA technologies Next FY's strategy

Next FY earnings forecast

FY2020.10
Sales Consolidated *1

55,000

YoY
+40%

FY2019.10
39,286

FY2019.10 (7th FY) | FY2020.10 (8th FY)

FY2020.10
Operating profit Consolidated

1,800

YoY
+51%

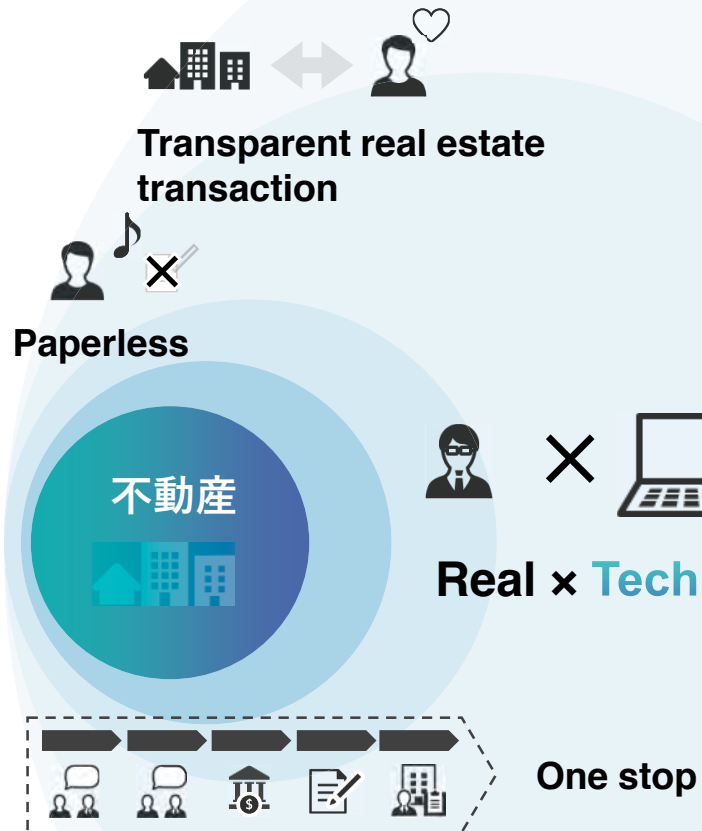
FY2019.10
1,193

FY2019.10 (7th FY) | FY2020.10 (8th FY)

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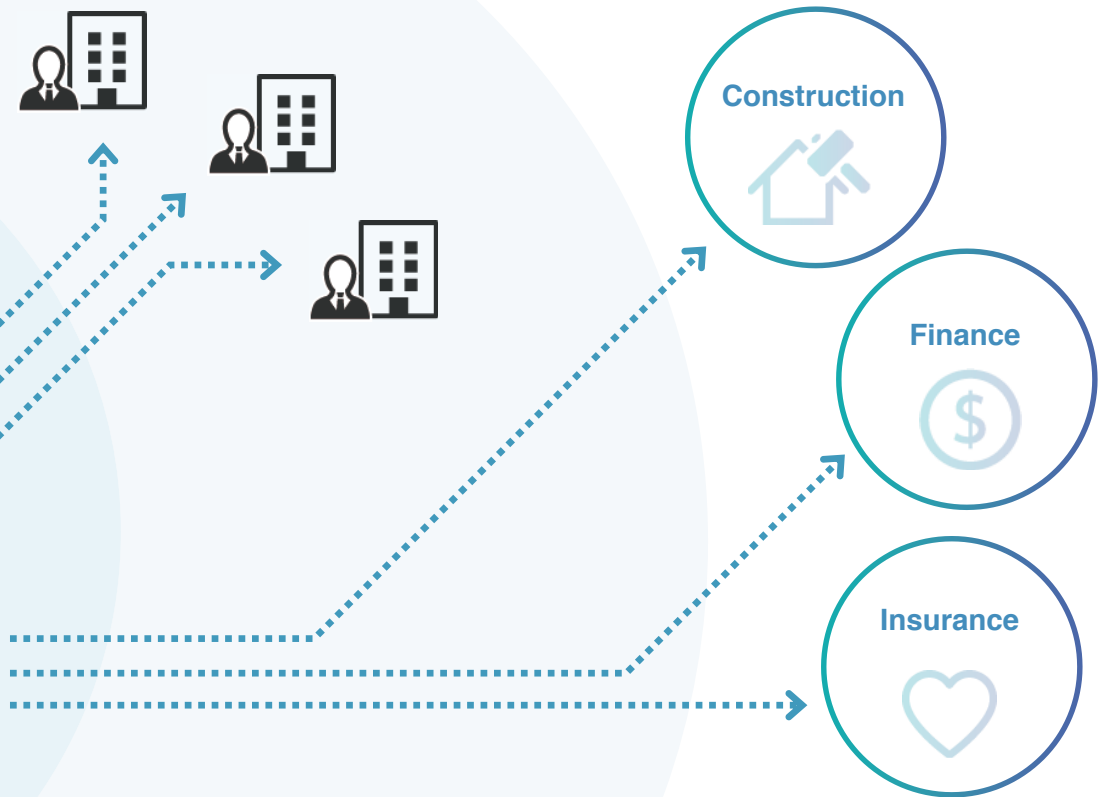
GA technologies's strategy

1 Reinforcement of PropTech business (RENOSY business)



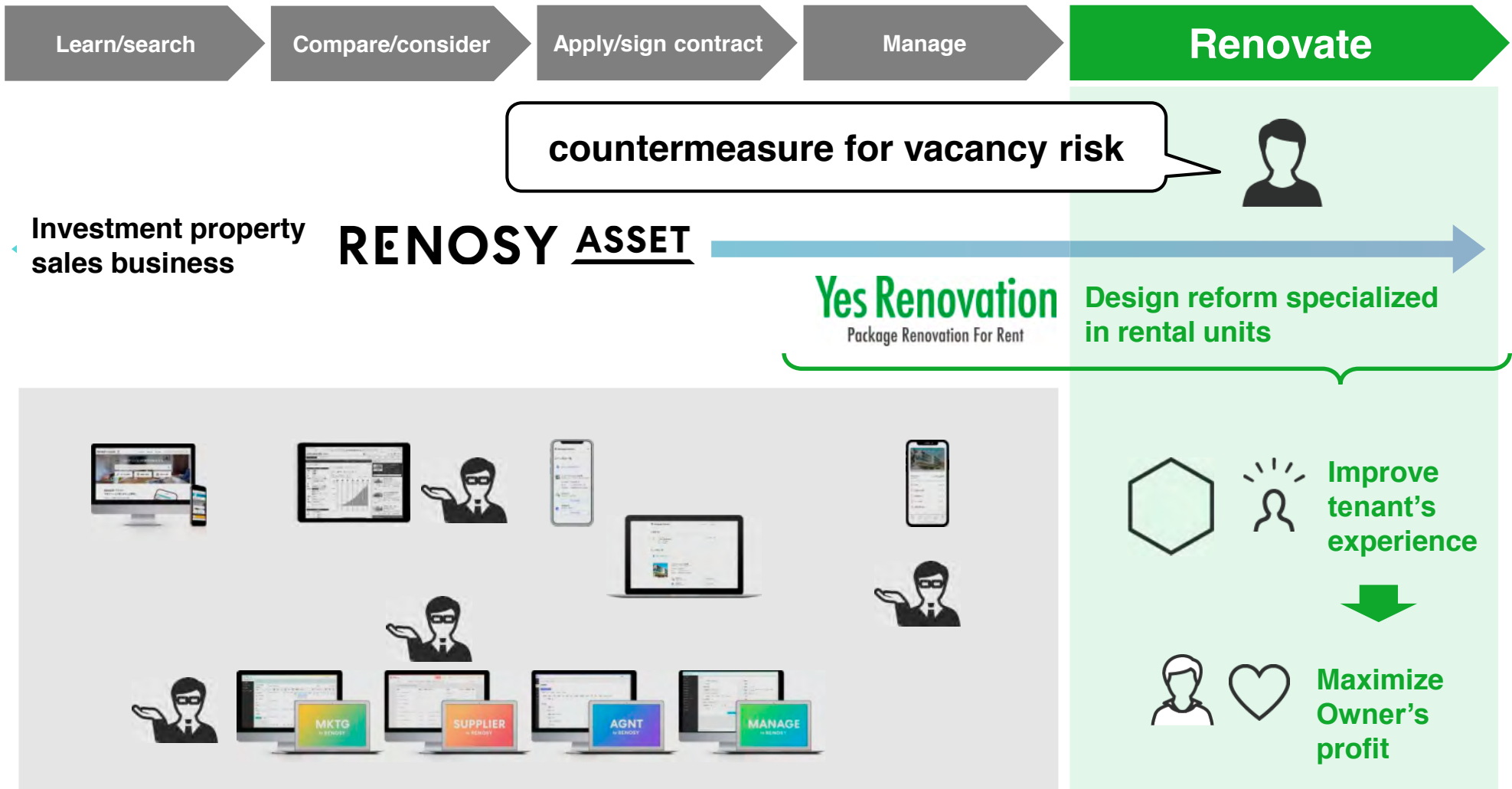
2 External sales of in-house products

3 Business expansion to adjacent area



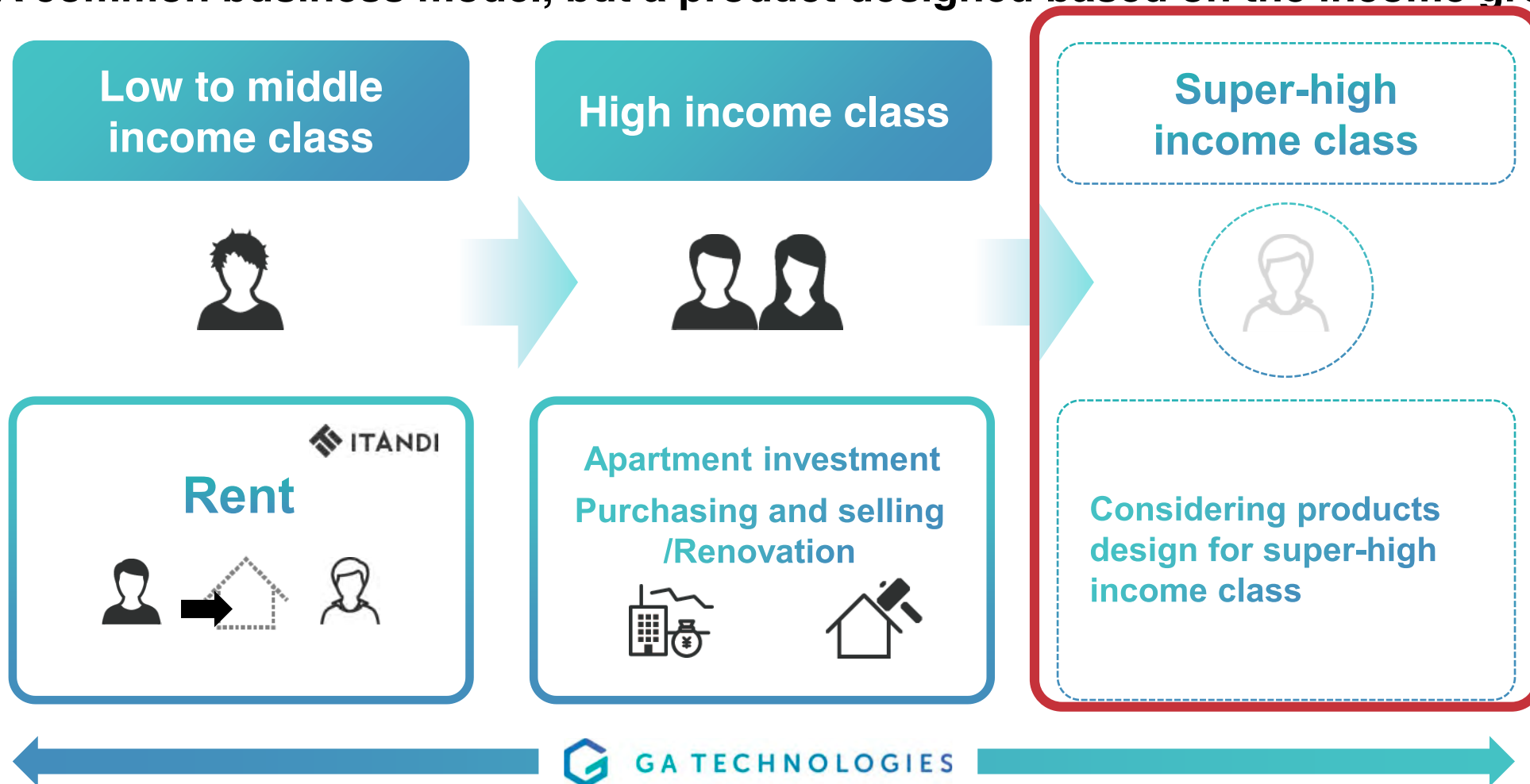
Reinforce RENOSY business Increase of real estate transaction

Reinforce service for RENOSY's customer experience



RENOSY Business Strategy (from FY 2Q Financial Summary)

A common business model, but a product designed based on the income group



On December 9, 2019, GA Technologies acquired control over Modern Standard

**MODERN
STANDARD** 




GA TECHNOLOGIES

Overview of Modern Standard



Company name Modern Standard Co., Ltd.

Establish

September 2009

President and CEO

Keisuke Matsuda

Capital

10 million yen

Service website
boasting industry's highest
level of total users

Monthly page views

Approx. 1 million

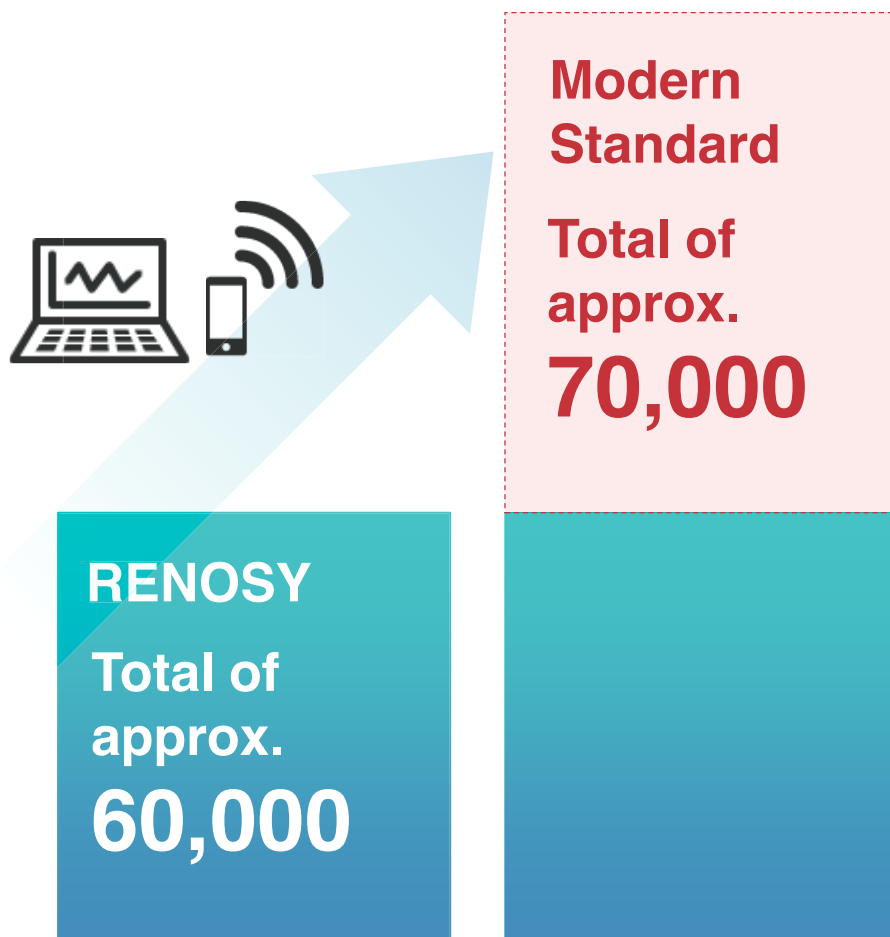
Monthly active users

Approx. 200,000



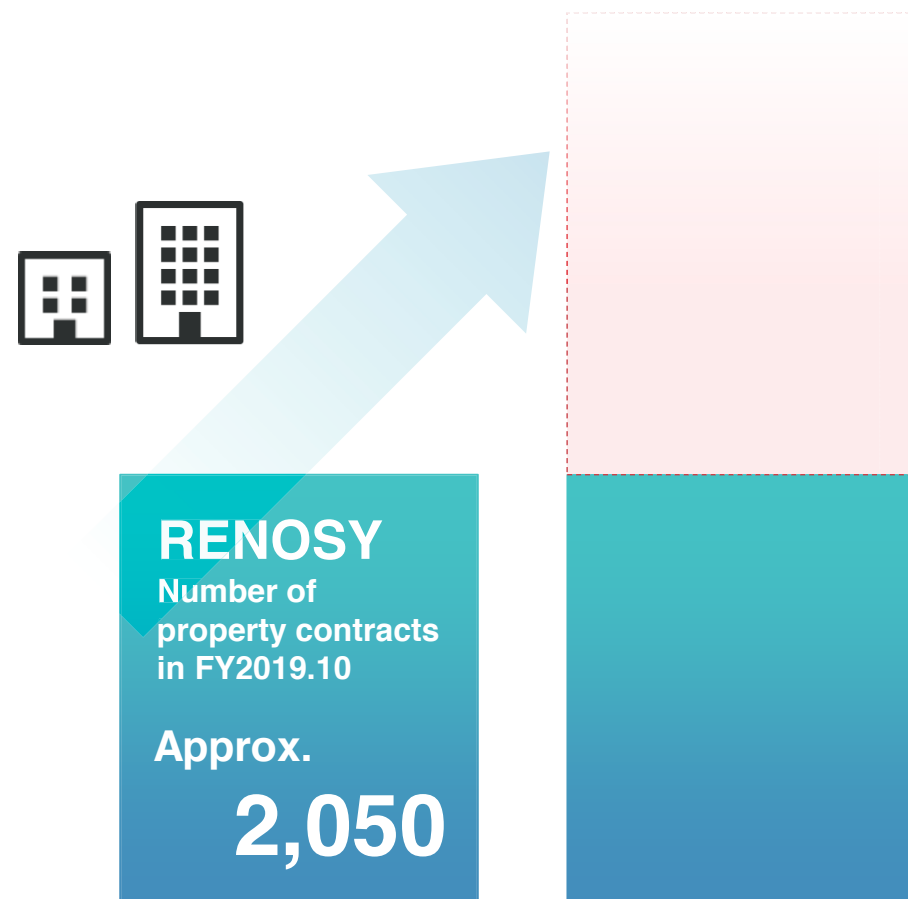
Number of members

Expected to increase by
approx. **2.2x**



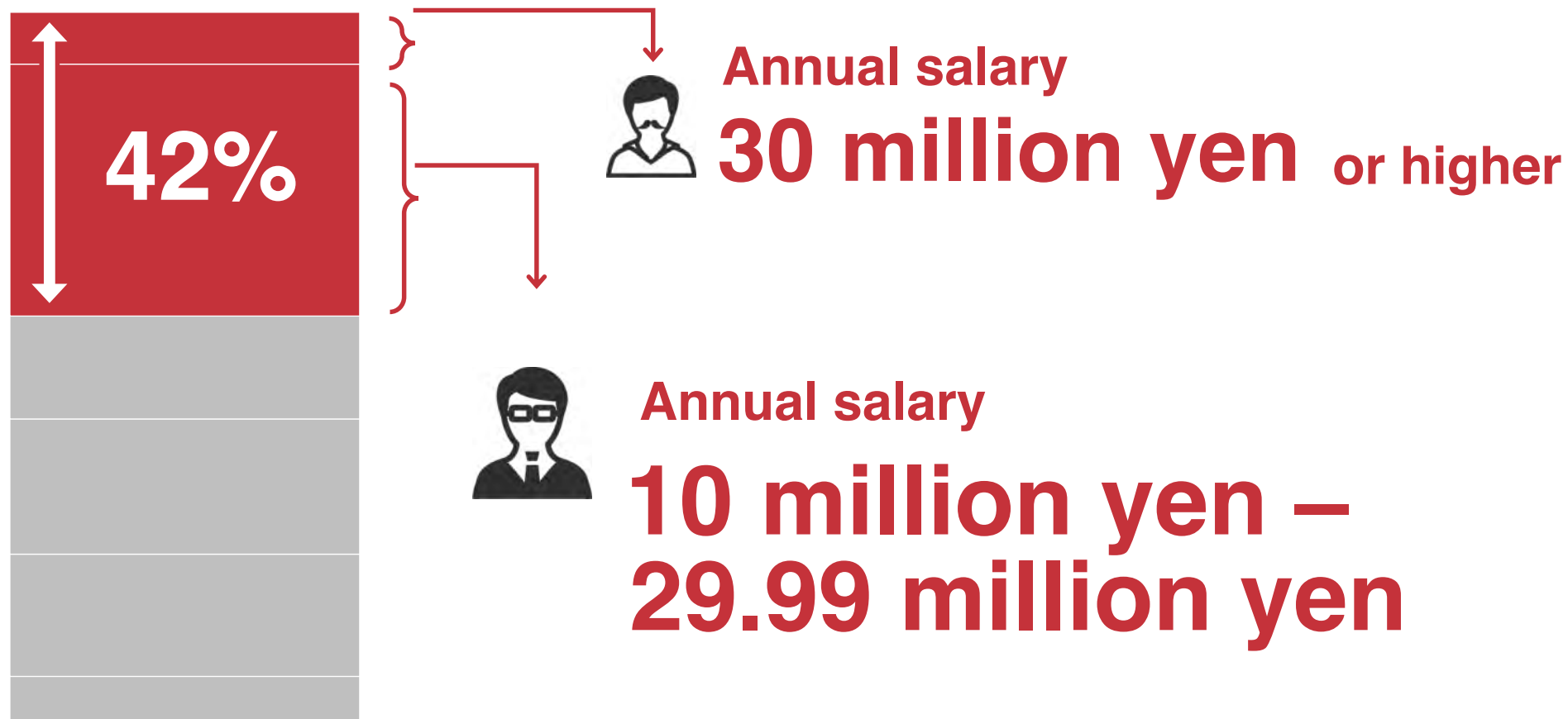
Number of contracts

Expected to increase
significantly



Ratios of Modern Standard Customer Incomes

High earners make up a large percentage of customers signing contracts



Industry's Top Level of Name Recognition in High Class Areas

3As (Akasaka, Aoyama, and Azabu) of high class Minato-ku area
Higher name recognition than Company R and Company L

MODERN 
STANDARD



**Comparison of highest ranking properties
in searches within 3As (Akasaka, Aoyama, and Azabu)
of Minato-ku**

Company R



Company L



About Modern Standard

Modern Standard's Strengths

1



**Service website boasting
industry's highest level of total
users**

MODERN 
STANDARD

2



Top level of sales in industry

3



**Counts wealthy individuals
with more than 100 million
yen in total assets among
its customers**

Modern Standard Customer Base

Main business is brokering rentals for high-income bracket



Annual income: 10 million yen or higher

Professionals such as private practice doctors, tax accountants, and attorneys
Representatives of small and medium-sized enterprises, management team and managers of large corporations, etc.

Workplace in prime location

Want to live near workplace

Rent tends to be higher



Annual income: 30 million yen or higher

Those who have increased assets with an IPO, celebrities, athletes, etc.

Get around by car

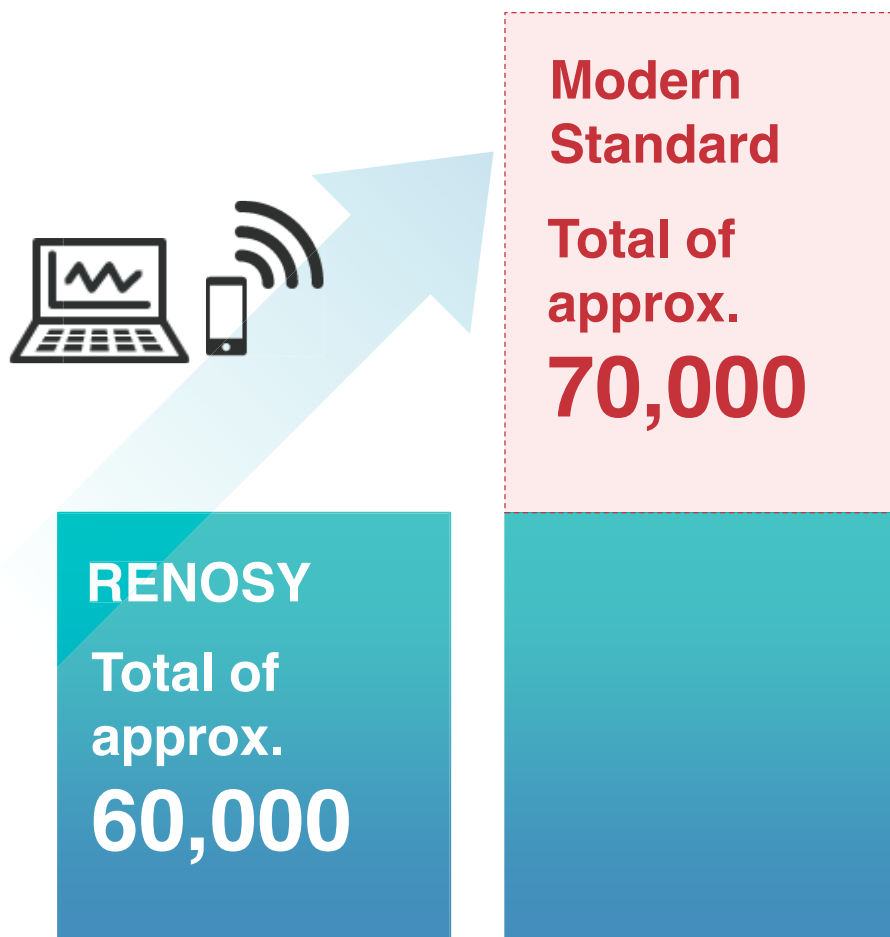
Want to be far from station

Emphasis on security

Synergy with RENOSY's Business

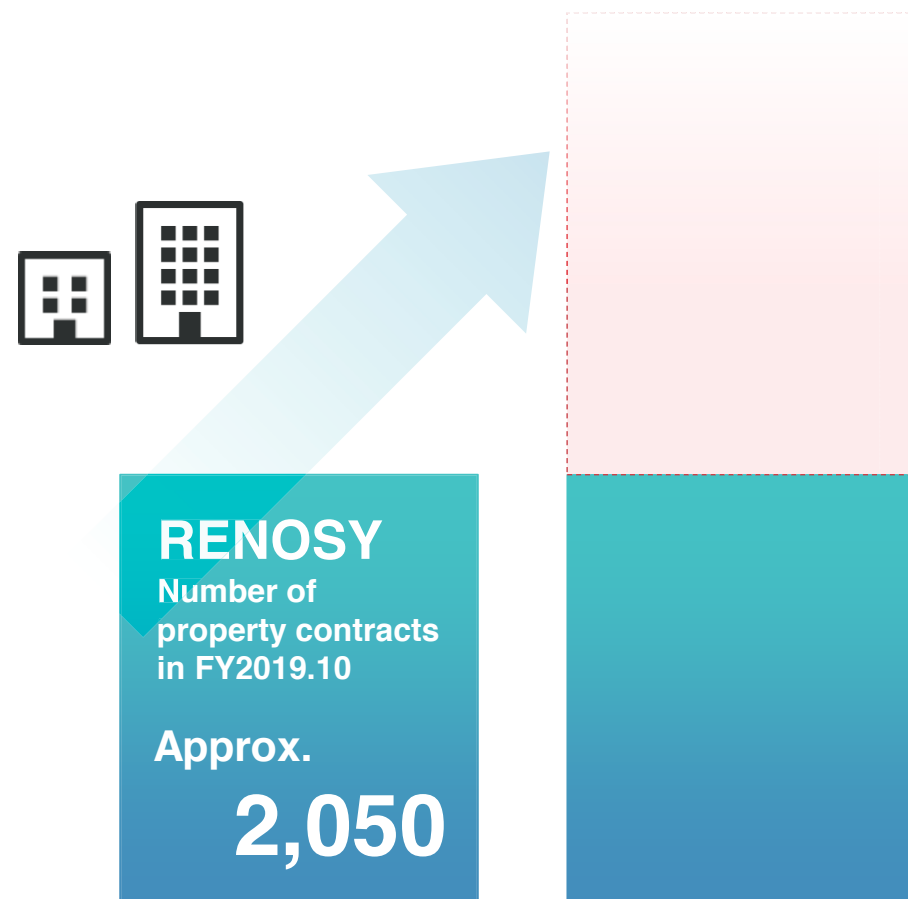
Number of members

Expected to increase by
approx. **2.2x**



Number of contracts

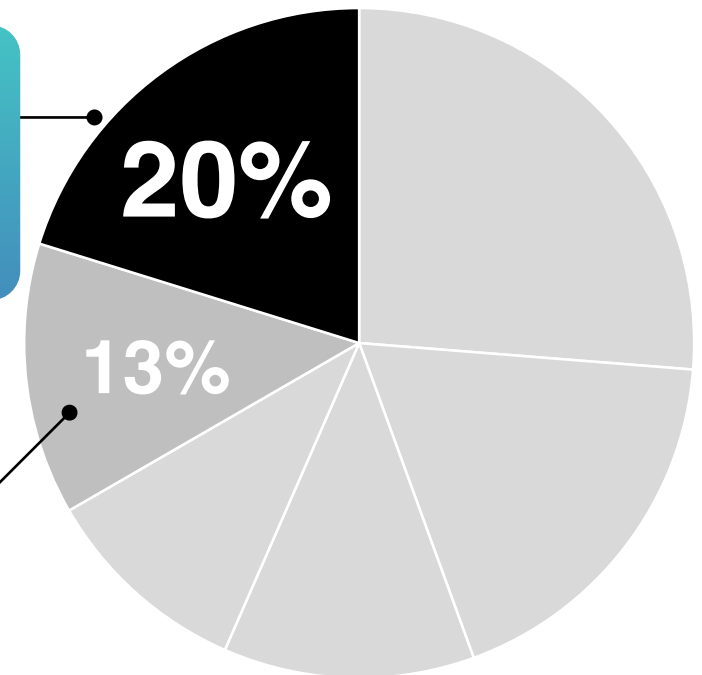
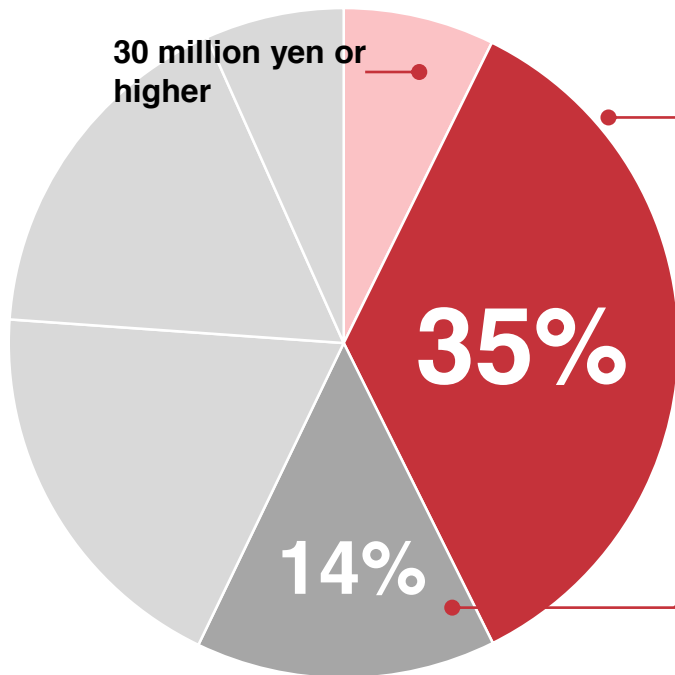
Expected to increase
significantly



Customer Base Highly Compatible with RENOSY Business

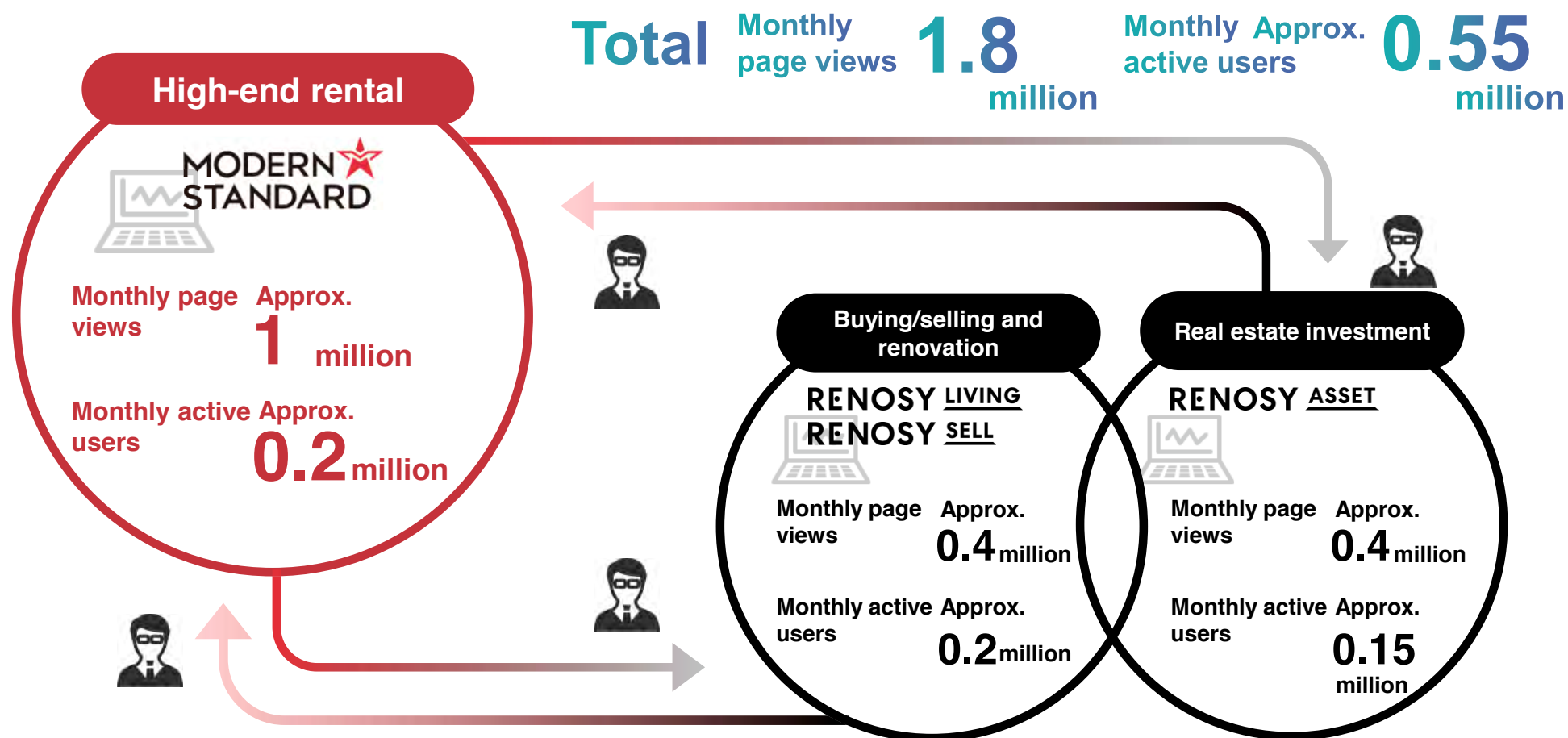
Target customers very similar, translating to opportunities for cross-selling

Ratios of customer incomes



Cross-selling with RENOSY Business

Service website boasts industry's highest level of total users, so it is expected to refer customers to buying/selling, renovation, and investment.



Improved Productivity with RENOSY Business Structure

At Modern Standard, a single representative was handling everything from marketing to business talks and contracts. RENOSY business structure is expected to increase ARPA by 2.5 times.

Modern Standard

→ Single rep in charge of each project

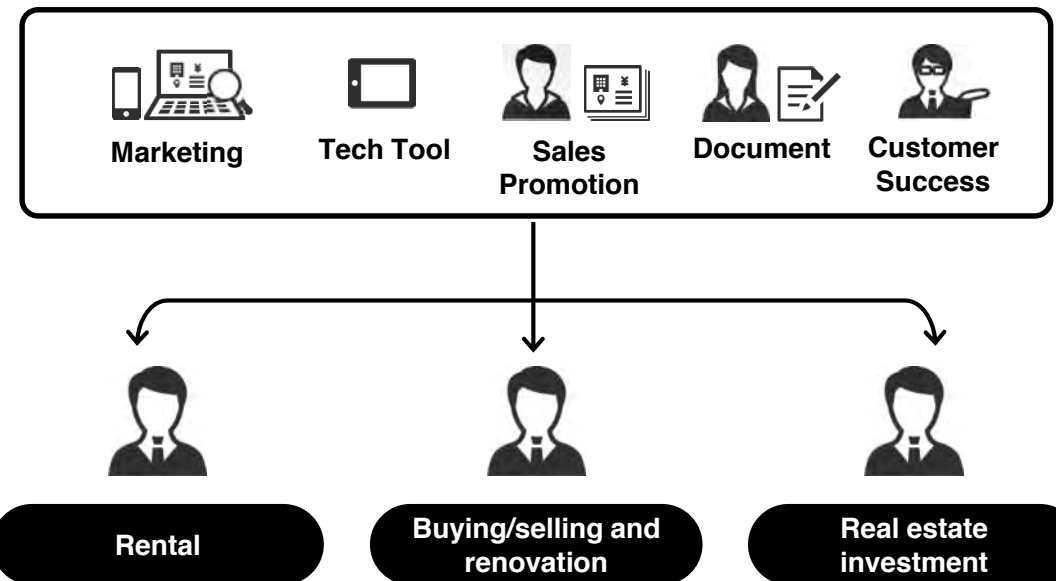


Approx.
2.5x
higher
productivity
expected

After M&A

→ Focus on customer service with creation of platform

RENOSY



Open up RENOSY to third parties

In order to smoothen all real estate transactions in Japan, we aim to increase our transactions as well as other company's transactions

Property search
completed within
RENOSY



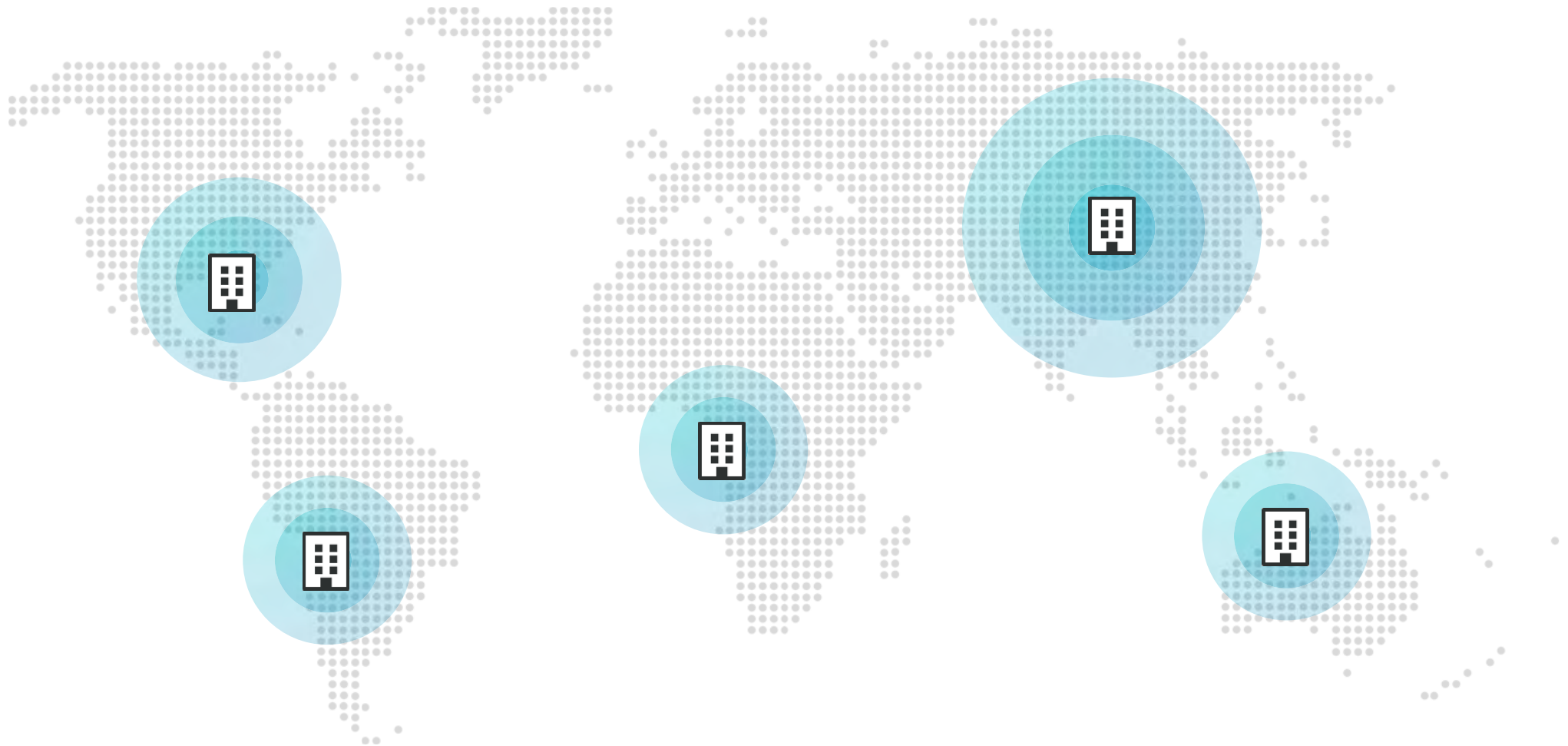
RENOSY CATALOG



Make it possible
to post other
company's
properties

Establish several subsidiaries abroad

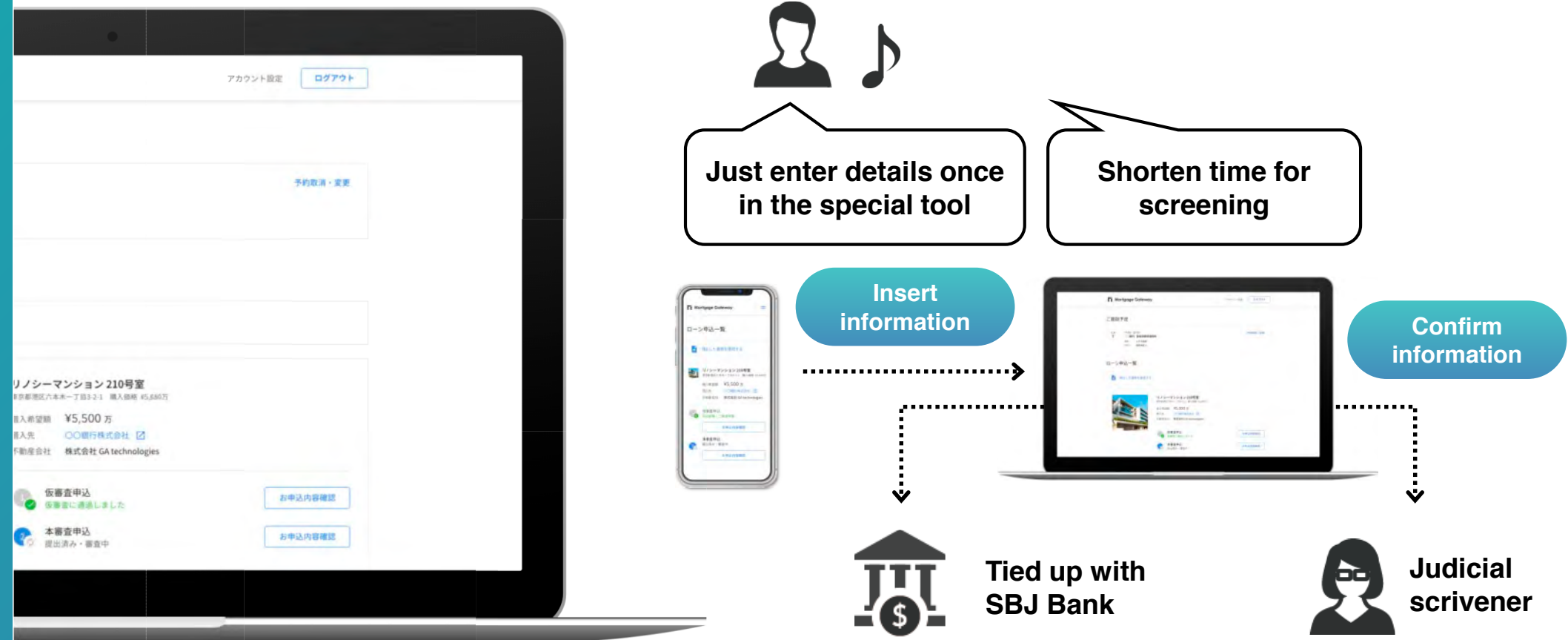
To make a world where everyone can easily purchase a property



Promote sales of in-house developed products

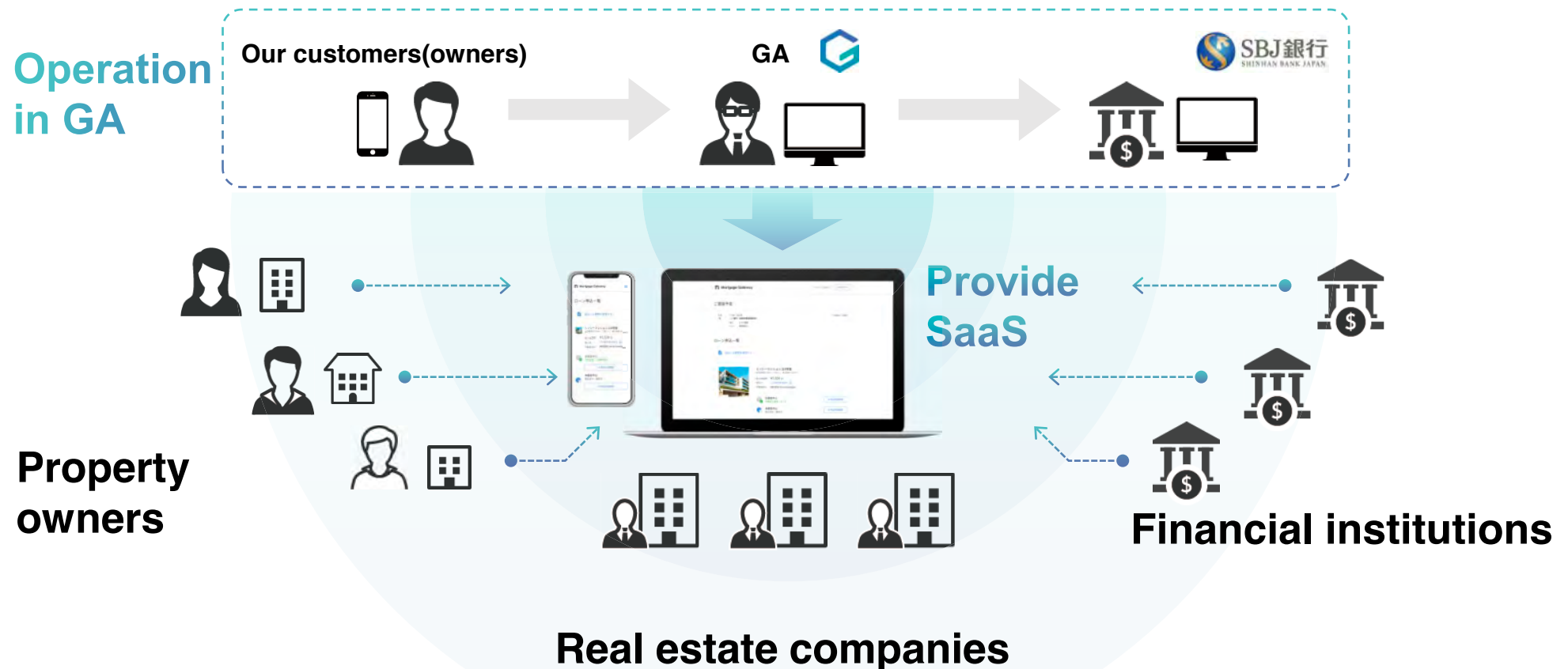
Reduce the burden for loan screening

MORTGAGE GATEWAY by RENOSY



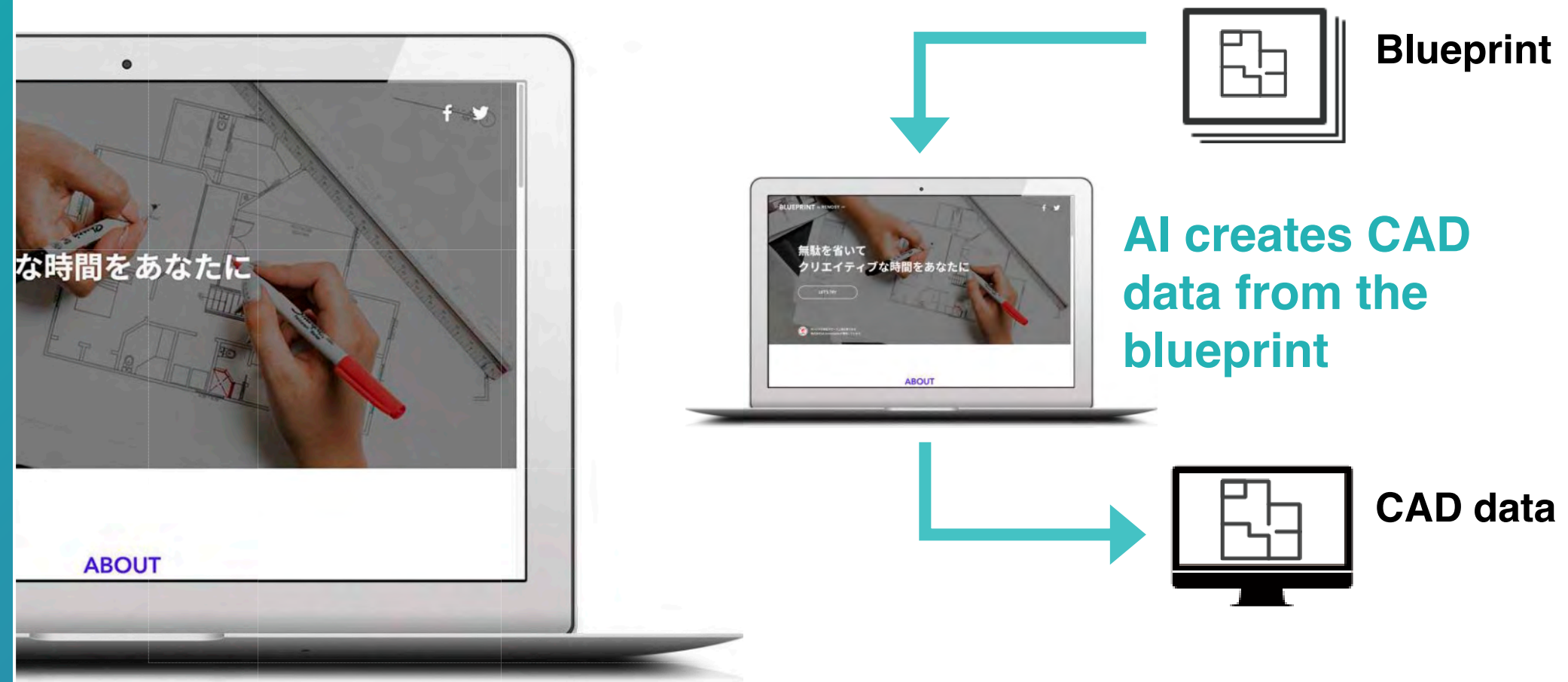
Considering outside sales to financial institutions

Based on the know-how we obtained, we aim to sell the product to the financial industry and develop SaaS business



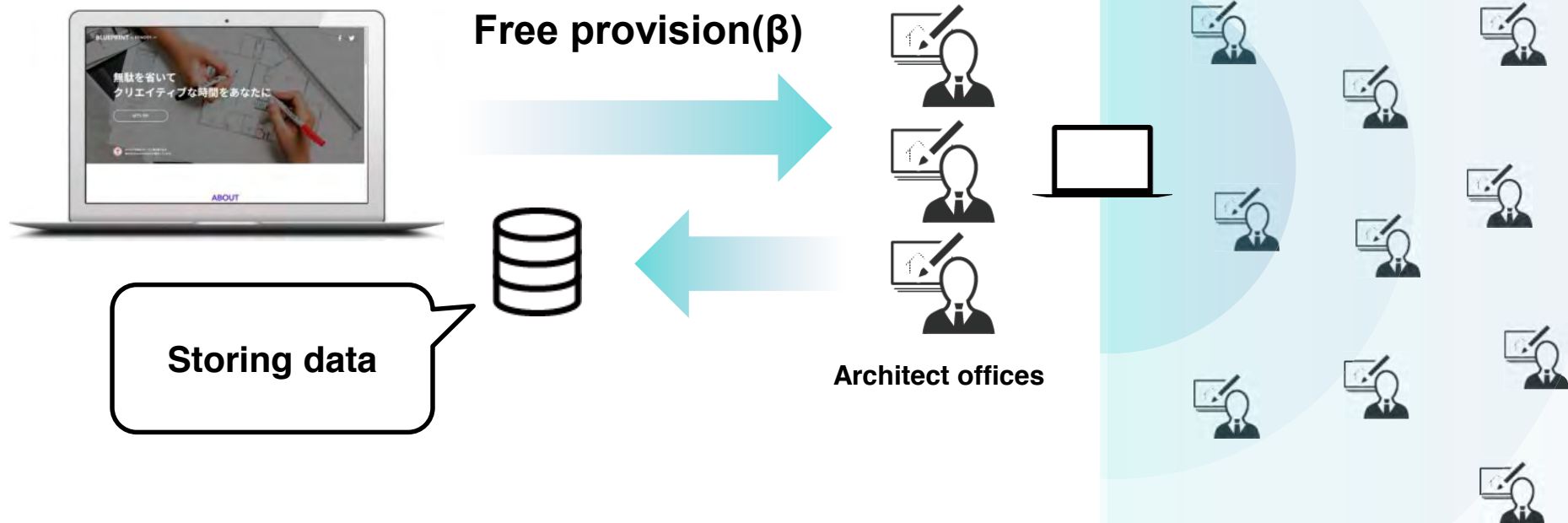
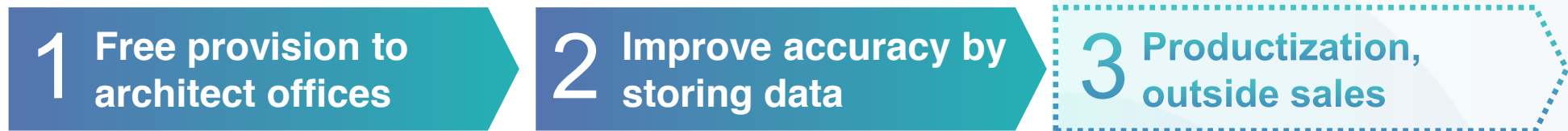
Reduce the work of architects

BLUEPRINT by RENOSY



Planning to sale the system to architect offices

Started free provision for future productization

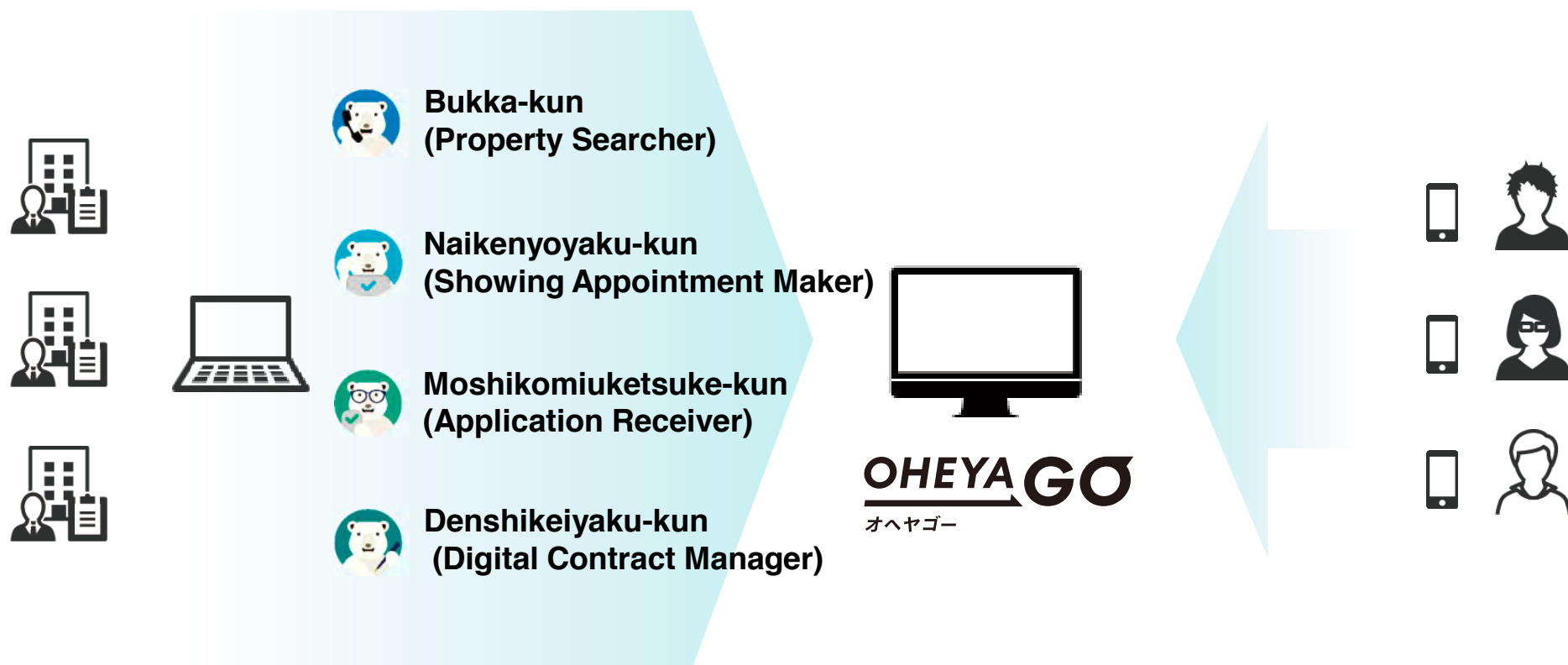


Accelerate OHEYAGO business

ITANDI Strategy

1 BtoB (management company) operating support systems business

2 BtoC self-showing new rentals service business



In order to provide a whole new rental experience

2019.9.24

OHEYA GO Open!
オヘヤゴー Powered by RENOSY

Increase the number of properties available for preview



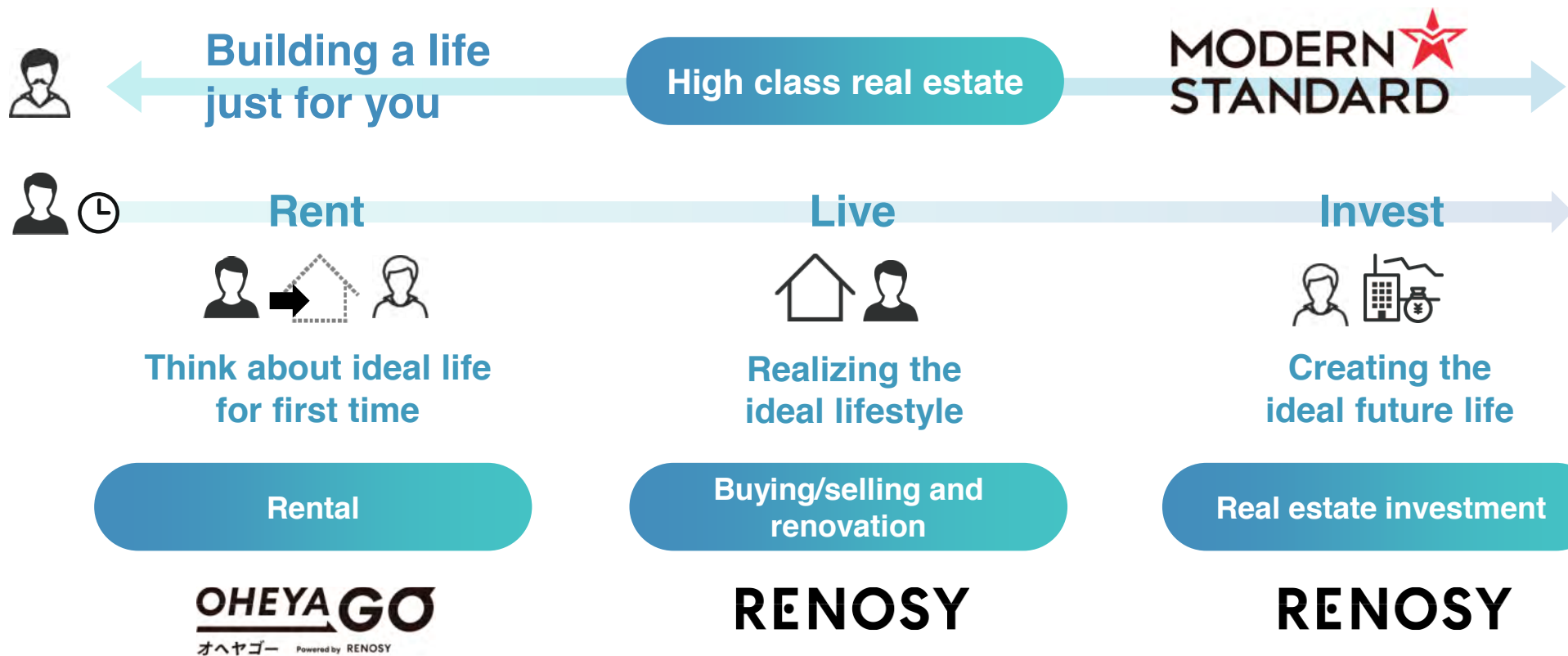
The ideal experience that grants the wish "want to preview and sign now"





Customer

Creating truly ideal lives for customers
going beyond residences



Company Overview

Established	March 12, 2013
Head Office	40F Sumitomo Fudosan Roppongi Grand Tower, 3-2-1 Roppongi, Minato-ku, Tokyo
Capital	1,156,809,470 yen (October 2019)
Number of employees*1	347 (October 2019)
Business Description	<ul style="list-style-type: none"> ▪ Management of RENOSY general real estate tech brand ▪ Management of real estate operational support tools that utilize AI ▪ Management of OWNER by RENOSY app for real estate owners ▪ Management of investment-type crowd funding service for existing condominiums ▪ Management of Mortgage Gateway online loan application and review system
Directors	<p>President, CEO and Representative Director: Ryo Higuchi</p> <p>Senior Managing Director and Executive Officer: Masafumi Shimizu</p> <p>Director and Executive Officer: Dai Higuchi and Yoshihisa Fujiwara</p> <p>Outside Director: Ken Kutaragi</p> <p>Corporate Auditor: Toshihisa Terui (full-time), Katsumi Ueda (outside), and Mitsuru Osaki (outside)</p>

*1. Excluding officers, contract employee, part-time workers, and interns at consolidated subsidiaries.

Note on Forward-Looking Statements

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.