

GA technologies Co., Ltd.

1Q FY10/2020

Financial Results

Nov 1, 2019 – Jan 31, 2020

March 12, 2019

Securities code : 3491



GA TECHNOLOGIES

PHILOSOPHY

**Technology × Innovation to
Inspire the world**

VISION

Create a world-leading company

GA TECHNOLOGIES GROUP



Customer

Delivering customer's true ideal lifestyle, going beyond housing



Rent

Live

Invest

Thinking about ideal lifestyle for first time

Creating presently desired living situation

Creating ideal future lifestyle

RENOSY business

ITANDI

Rental BtoB / BtoC business



Rent-Lease-Sell-Buy

High class real estate brokerage business



iBuyer

Purchase and resale business



RENOSY LIVING
RENOSY SELL

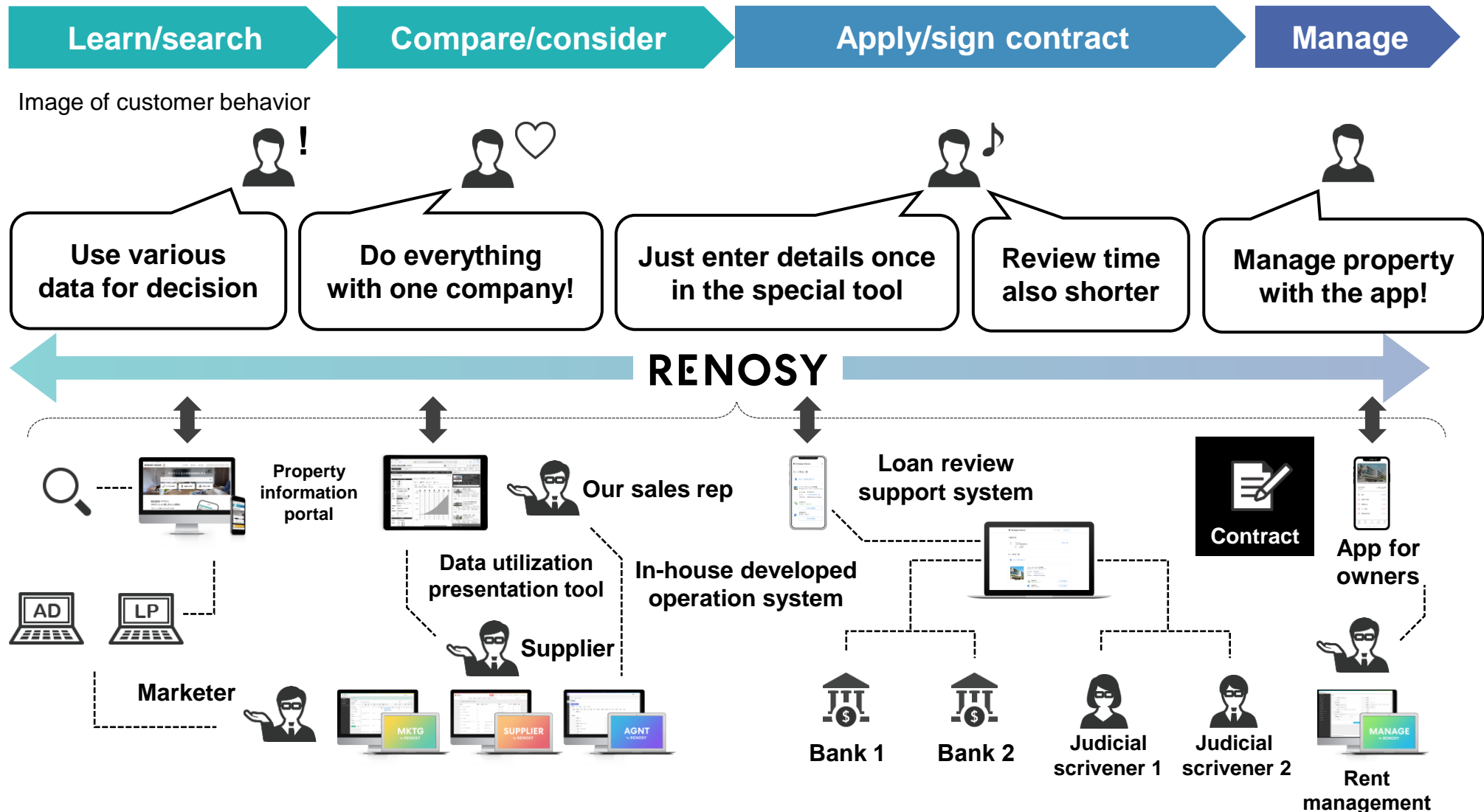


RENOSY ASSET

OWNR
by RENOSY



RENOSY makes it possible to purchase a property in 1 click



1Q FY10/20 Results (Consolidated)



GA TECHNOLOGIES

1Q FY10/20 Financial Highlights (Consolidated)

GA technologies group

Net sales

9,842 million yen

YoY **+ 34 %**

Gross profit

1,688 million yen

YoY **+ 25 %**

Operating income

- 46 million yen

YoY **- 159 %**

- Net sales up 34% YoY to 9,842 million yen and gross profit up 25% YoY to 1,688 million yen for highest performing 1Q ever
- Decrease in operating income was from RENOSY stock business (iBuyer) due to changes to the business structure to strengthen rental management and seasonal sales personnel transfers for the creation of new businesses, operating income is expected to be recorded primarily in 2Q and 4Q as usual
- While establishing the three businesses of RENOSY (iBuyer/RLSB) and ITANDI, we will continue aggressively investing to grow our flow and stock businesses

Summary of 1Q FY10/20 Results

RENOSY iBuyer

Focus in 1Q was primarily on changing business structure to strengthen rental management
RENOSY membership increasing steadily, and inventory turnover period remains at high level compared to competitors

RENOSY Rent-Lease-Sell-Buy

PMI progressing steadily after M&A, reaching those considering purchasing their own homes in process of leasing luxury rentals
Increase synergy of reciprocal customer referral

ITANDI

SaaS business for management companies and real estate agencies growing steadily
Aggressive investment in *Moshikomiuketsuke-kun* (Application Receiver) and *OHEYAGO* based on revenue from both SaaS businesses
Digital applications through *Moshikomiuketsuke-kun* up 157% QoQ

Management Priorities

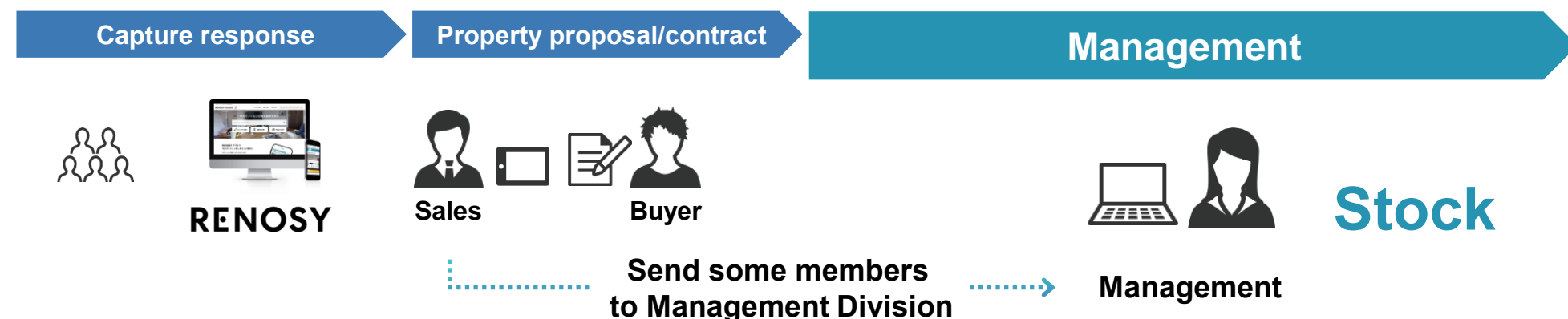
Achieve iBuyer profitability by adapting to product market

ITANDI and Rent-Lease-Sell-Buy are in investment phase to expand business and establish profits

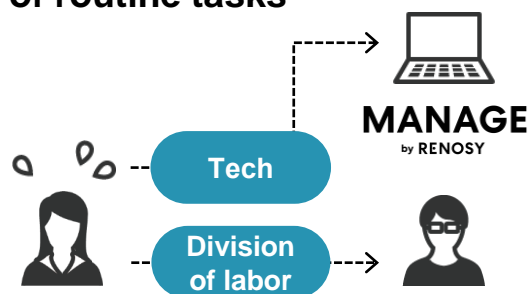


Strengthening Rental Management Operations Expecting to Secure Management Profits

Change business structure to strengthen rental management, a stock business, in the RENOSY business (iBuyer)



Thorough sorting
of routine tasks



Enhancement of service to improve customer experience

RENOSY Wide Plan



¥6,980 / month

RENOSY Master Plan



Fixed rent

87~91% / month

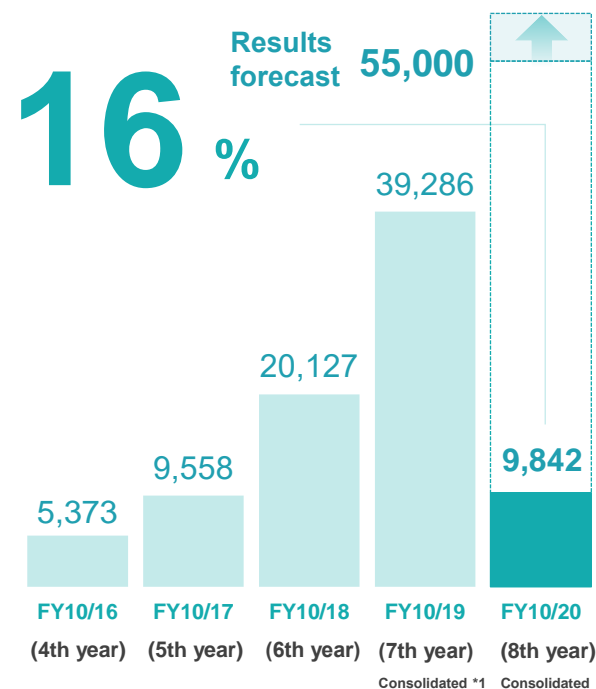
Full-year Trend and Progress in 1Q FY10/20

Net sales revised upward: Number of sales expected to increase owing primarily to expectation that sales rep hiring will exceed plan and that productivity will improve as result of effects of investing in technology and marketing

1Q FY10/20 (Millions of yen)

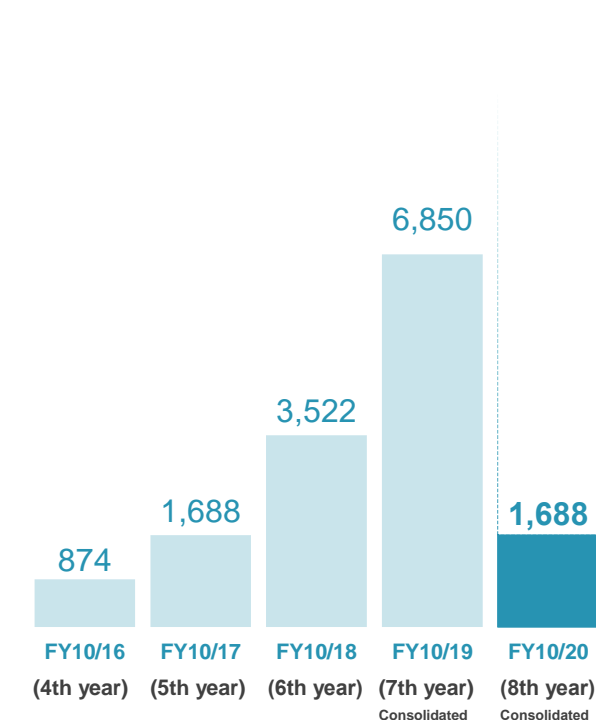
Net sales progress

Upward revision **61,000**



1Q FY10/20 (Millions of yen)

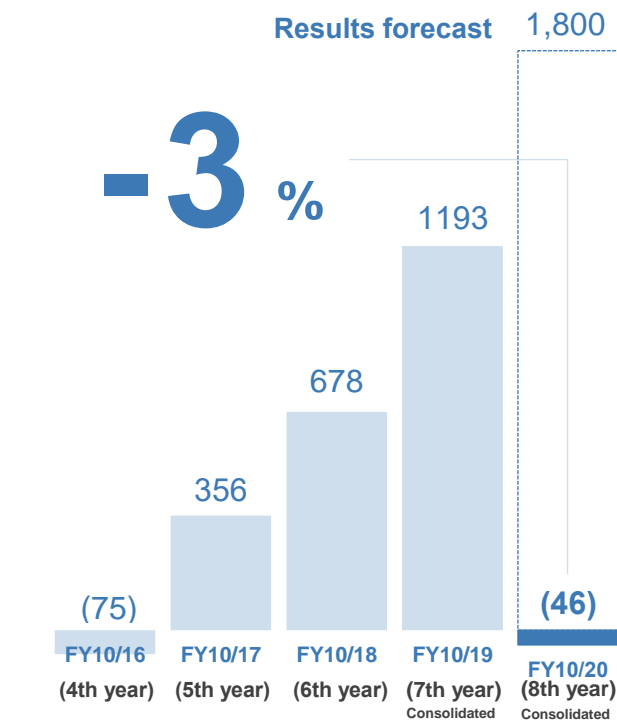
Gross profit



1Q FY10/20 (Millions of yen)

1Q FY10/20 (Millions of yen)

Operating income progress



*1. As of FY10/19 (7th year), figures based on consolidated financial statements.

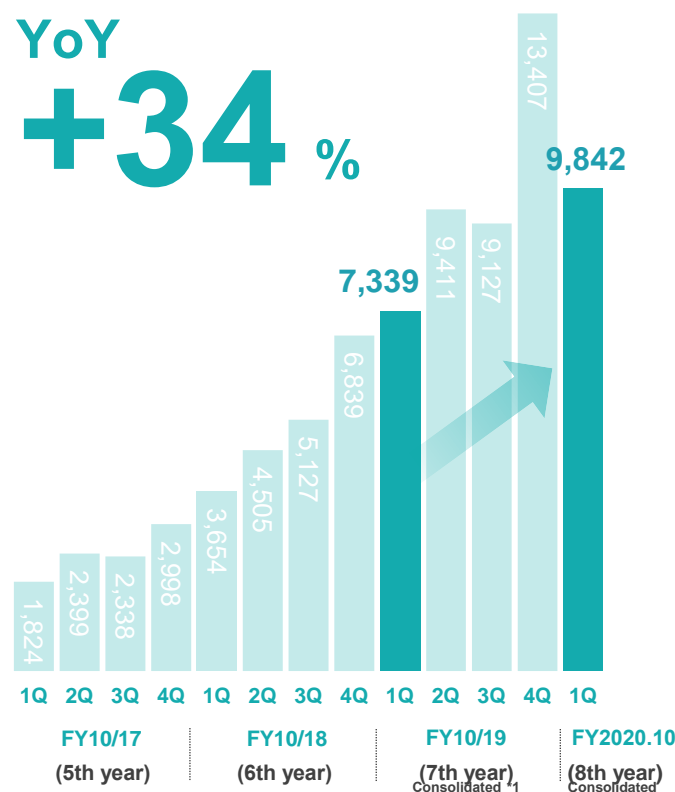
Trends in 1Q FY10/20

Net sales up 34% YoY and gross profit up 25% YoY owing to strong expansion of each business
Operating income down despite strong sales and gross profit due to hiring and other forward-looking investments

1Q FY10/20 (Millions of yen)

Trend in net sales

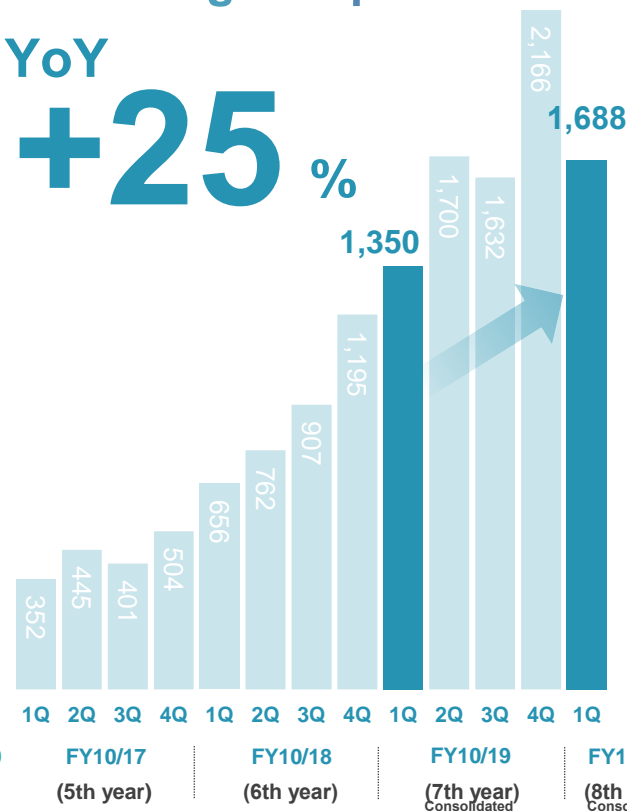
YoY
+34 %



1Q FY10/20 (Millions of yen)

Trend in gross profit

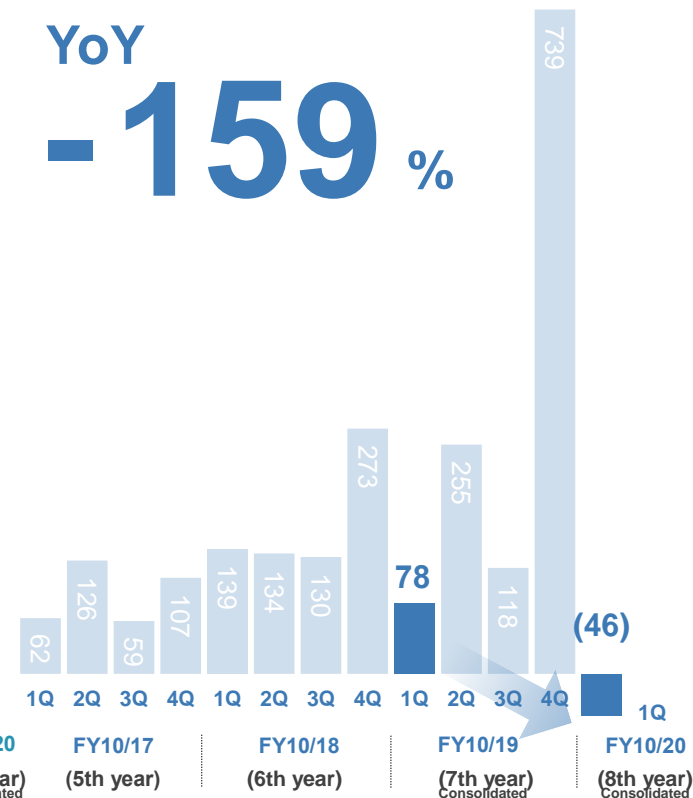
YoY
+25 %



1Q FY10/20 (Millions of yen)

Trend in operating income

YoY
-159 %



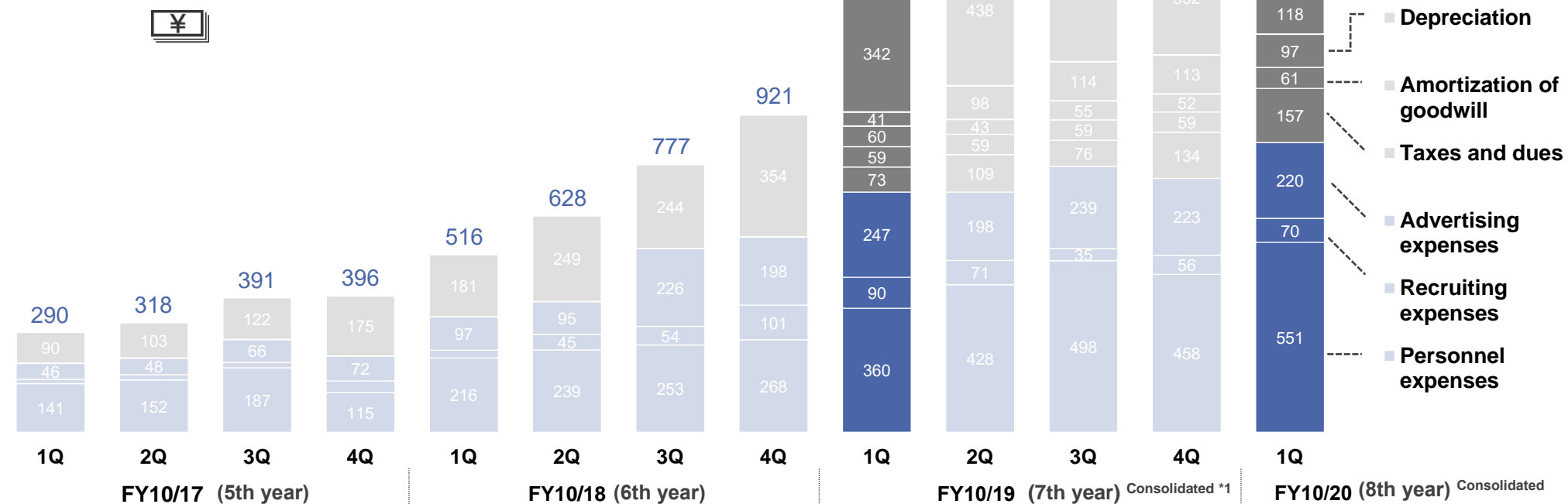
*1. As of FY10/19 (7th year), figures based on consolidated financial statements.

Trend in SG&A in 1Q FY10/20

Personnel expenses up due to favorable hiring, including QoQ increase of about 50 employees
Highly cost-effective advertising measures helped shrink advertising expenses YoY

1Q FY10/20

Trend in SG&A (Millions of yen)



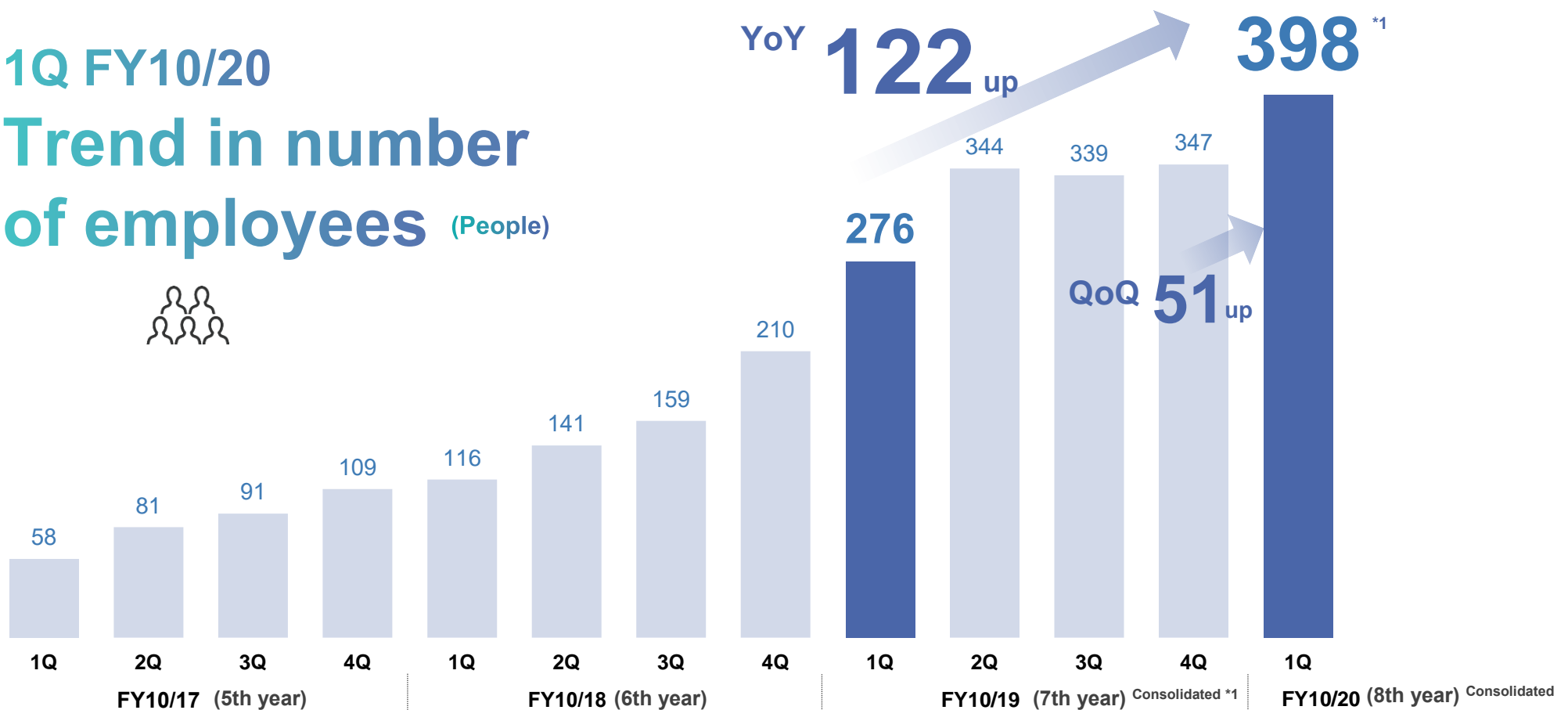
*1. As of FY10/19 (7th year), figures based on consolidated financial statements.

Trend in Number of Employees in 1Q FY10/20

Number of employees up 122 people YoY and 51 people QoQ owing to aggressive human resources investments for strengthening existing businesses, creating new businesses, and structural development

1Q FY10/20

Trend in number of employees (People)



*1. As of January 31, 2020; excluding officers, contract employee, part-time workers, and interns at consolidated subsidiaries.

*2. As of FY10/19 (7th year), figures based on consolidated financial statements.

Summary of Income Statement (Consolidated)

Net sales and gross profit up YoY and remaining strong. Operating income, ordinary income, and net income down due to forward-looking investments for growth

	1Q FY10/20 ①	YoY comparison			Progress on forecast		(Millions of yen)
		1Q FY10/19 ②	Amount of change (①-②)	Percentage of change (①/ ②)	FY10/20 Results forecast ③	1Q FY10/20 (1)	Progress (①/ ③)
Net sales	9,842	7,339	2,503	+34%	61,000	9,842	16%
Gross profit	1,688	1,350	338	+25%	---	1,688	---
Operating income	(46)	78	(124)	-159%	1,800	(46)	-3%
Ordinary income	(70)	55	(125)	-227%	1,530	(70)	-5%
Net income attributable to owners of parent	(84)	(24)	(60)	-250%	770	(84)	-11%

Summary of Balance Sheet (Consolidated)

Net assets up 363 million yen in conjunction with recording of 1,345 million yen in goodwill, 235 million yen in intangible assets (customer-related assets), and -1,000 million yen in borrowings, primarily as a result of M&A with Modern Standard

(Millions of yen)

	1Q FY10/20 ①	4Q FY10/19 ②	Amount of change (③=①-②)	Percentage of change (③/②)
Total assets	13,377	11,839	1,537	+13%
Current assets (Cash and cash equivalents) (Real estate for sale)	4,990 (2,556) (1,837)	5,512 (4,279) (682)	-521 (-1,722) (1,154)	-9% (-40%) (+169%)
Fixed assets (Software [including software in progress]) (Goodwill) (Customer-related assets)	8,386 (2,117) (2,991) (937)	6,327 (1,890) (1,707) (724)	2,059 (227) (1,284) (213)	+33% (+12%) (+75%) (+29%)
Liabilities (Interest-bearing debt)	7,256 (4,884)	6,082 (3,461)	1,174 (1,423)	+19% (+41%)
Net assets (Share exchange) (Moving strike warrants)	6,120 (699) (---)	5,757 (699) (2,092)	363 (0) (---)	+6% (+0%) (---%)
Total liabilities and net assets	13,377	11,839	1,537	+13%

i Buyer business

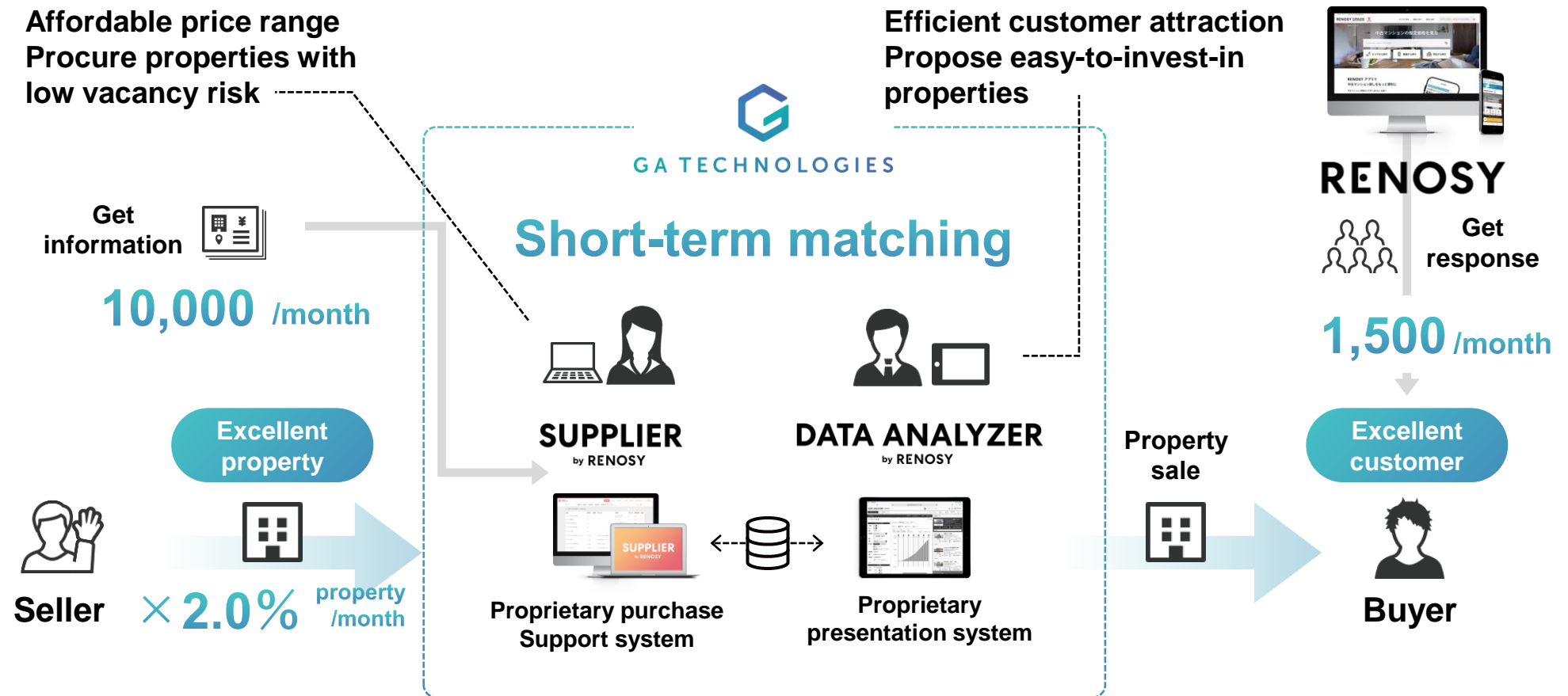
(Purchase and resale business)



GA TECHNOLOGIES

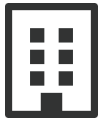
Business Model

Achieve labor savings and increased productivity by reforming real estate business processes
Debt-free business model utilizing technology



Product Characteristics

Target investment is condominiums in major urban areas with low risk of vacancies that can be purchased in relatively small quantities



Existing condominium (about 10 years old or more)

Condominium (about 50m²)

Major urban areas

(Tokyo Metropolitan Area, Osaka, Nagoya, Fukuoka)

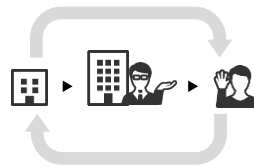
New earthquake resistance standards
(built in or after 1981)

Overwhelming Inventory Turnover Period Compared to Competitors^{*1}

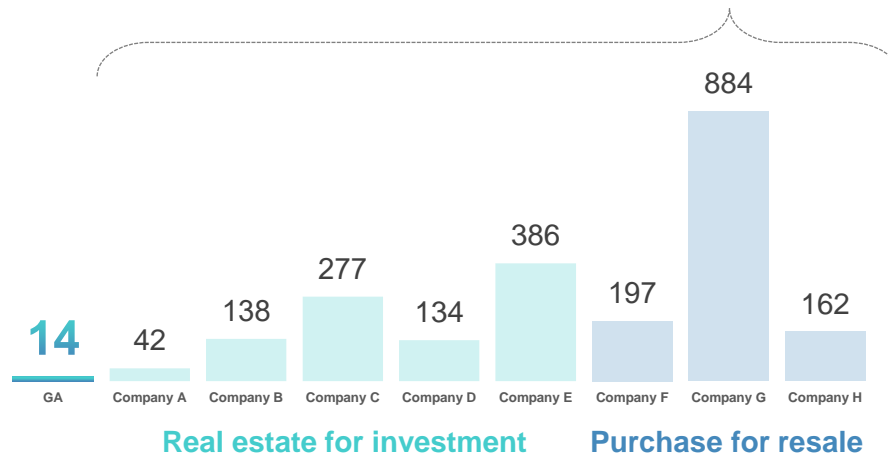
Achieve efficiency from purchase to sale with inventory turnover period of 14 days and inventory turnover rate of 27.6x/year by using technology for short-term matching

Inventory turnover period

Approx. **14** days

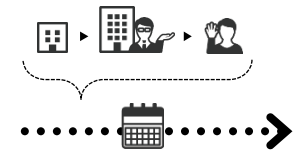


Average of 8 real estate companies other than GA Approx. **277.5** days

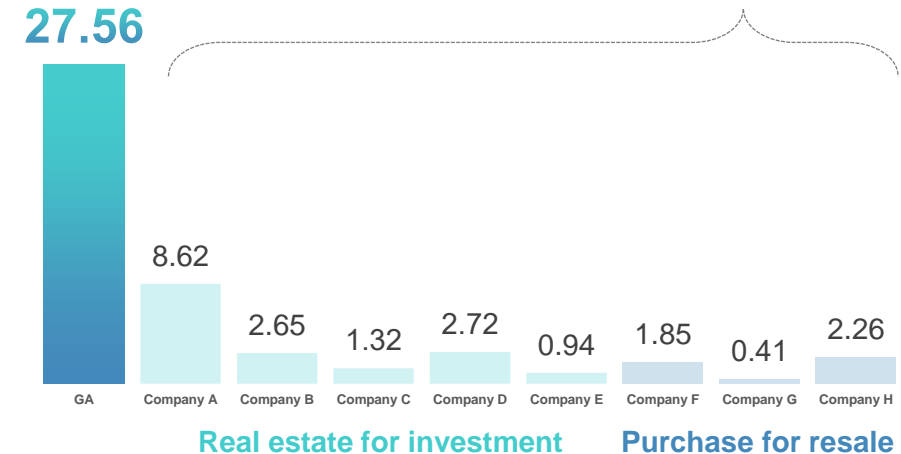


Inventory turnover rate^{*2}

Approx. **27.6** times/year



Average of 8 real estate companies other than GA Approx. **2.6** times/year



^{*1}. Calculated based on formula of inventory turnover period = Average inventory amount/(cost of sales/365). Refers to period from purchase to sale. Generally speaking, the lower this value, the higher the number of inventory sales and the healthier the cash flow.

^{*2}. Calculated based on formula of inventory turnover rate = cost of sales/average annual inventory amount (average based on inventory amount at end of previous year and inventory amount at end of current year) Indicates how many times inventory is sold in a year.

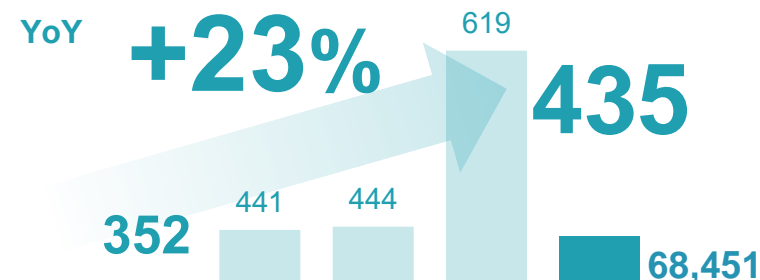
Trends in Number of Contracts and RENOSY Members

Number of contracts up 23% YoY, RENOSY membership increasing steadily

Trend in number of contracts



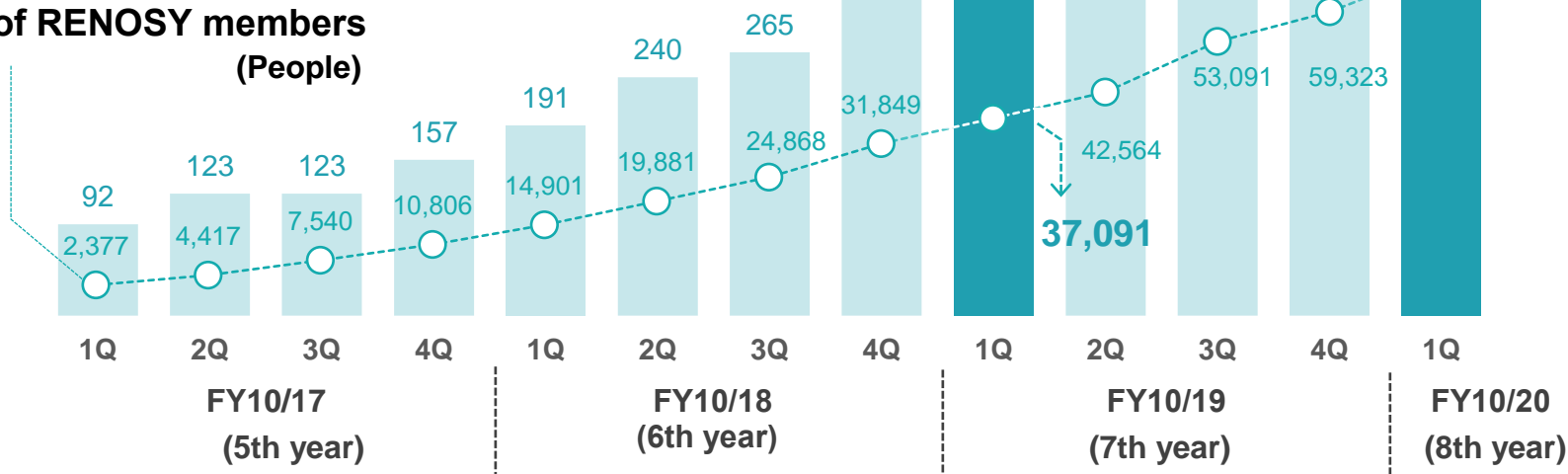
(Contracts)



Trend in number of RENOSY members



(People)



Trend in ARPA^{*1} and Number of Sales Reps

Performance dropped temporarily due to departmental transfers of sales reps aimed at changing the business structure and creating new businesses to strengthen rental management

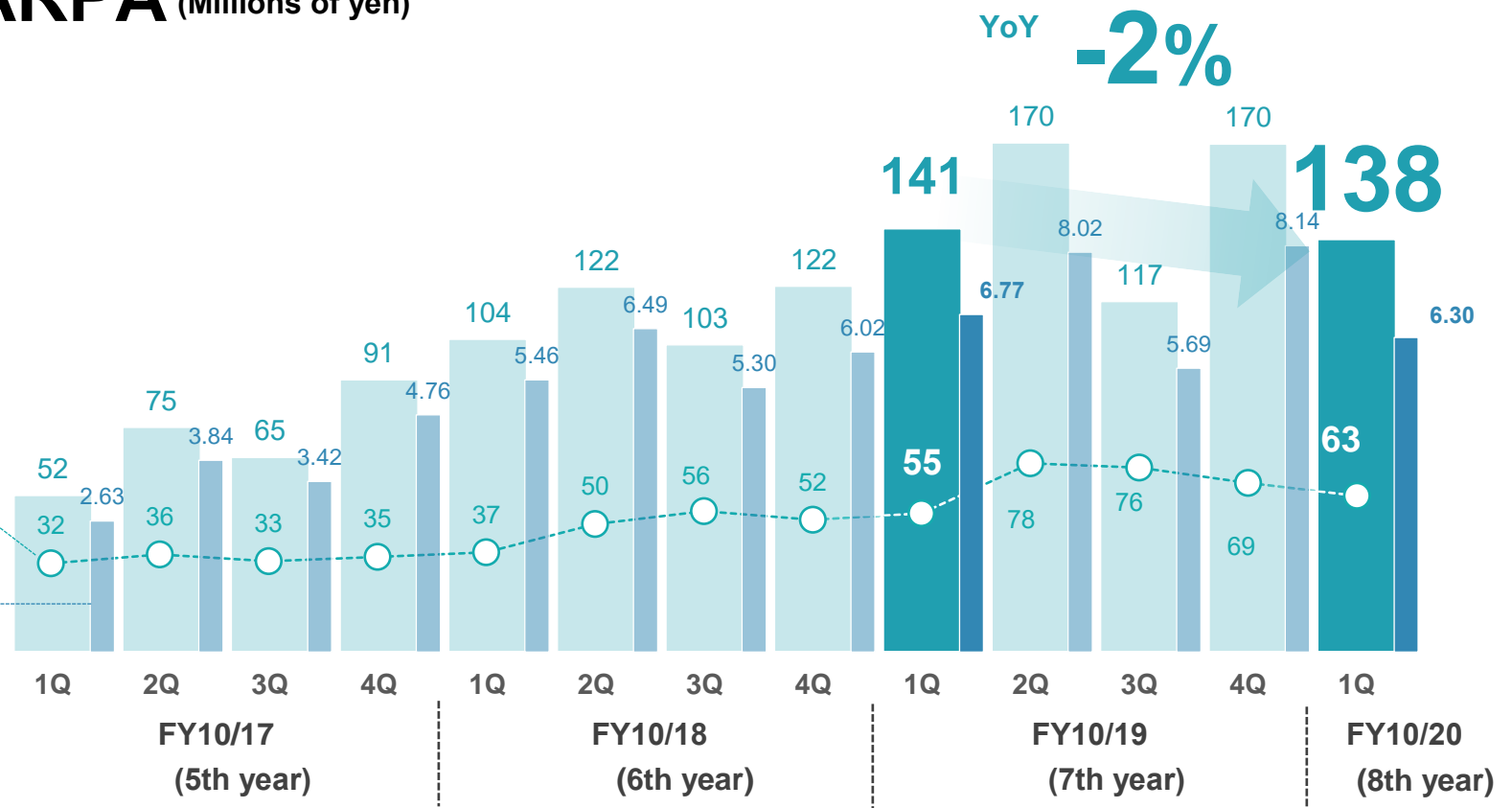
Trend in ARPA (Millions of yen)



Trend in number of sales^{*2} reps (People)



Trend in number of contracts per person (Contracts)



*1. ARPA=Average Revenue Per Agent. *2. Number of full-time sales reps at end of year

Rent-Lease-Sell-Buy business (Brokerage business)



GA TECHNOLOGIES

Business Model

Sending customers looking to rent, lease out, sell or buy from a service site with the highest level of total membership in the industry

Monthly page views

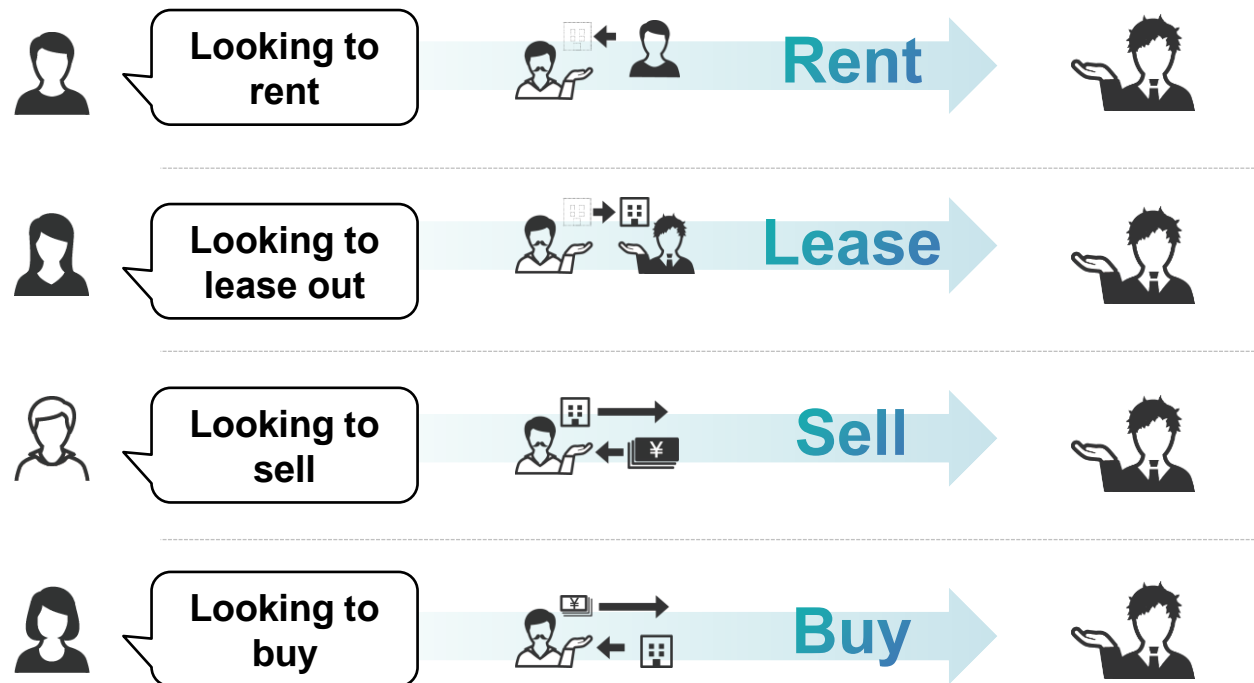
Approx. **1.8 million**

Unique users

Approx. **550 thousand**



MS website
+
RENOSY



Product Characteristics

Targeting wealthy in area focused on 6 wards



Targeting the wealthy

Focusing on 6 wards

(Chiyoda, Chuo, Minato, Shinjuku, Shibuya, and Bunkyo)

Handling mostly renovation of existing condominiums

Strengths

Creating more powerful synergy by adding RENOSY to MS service site boasting of industry's highest level of total membership

Monthly page views
Total Approx. **1.8** million

Unique users
Approx. **550** thousand

Luxury rentals



Monthly
page views

Approx.

1 million

Unique
users

Approx.

200 thousand

Sales/renovation



Monthly
page views

Approx.

400 thousand

Unique
users

Approx.

200 thousand

Real estate Investment



Monthly
page views

Approx.

400 thousand

Unique
users

Approx.

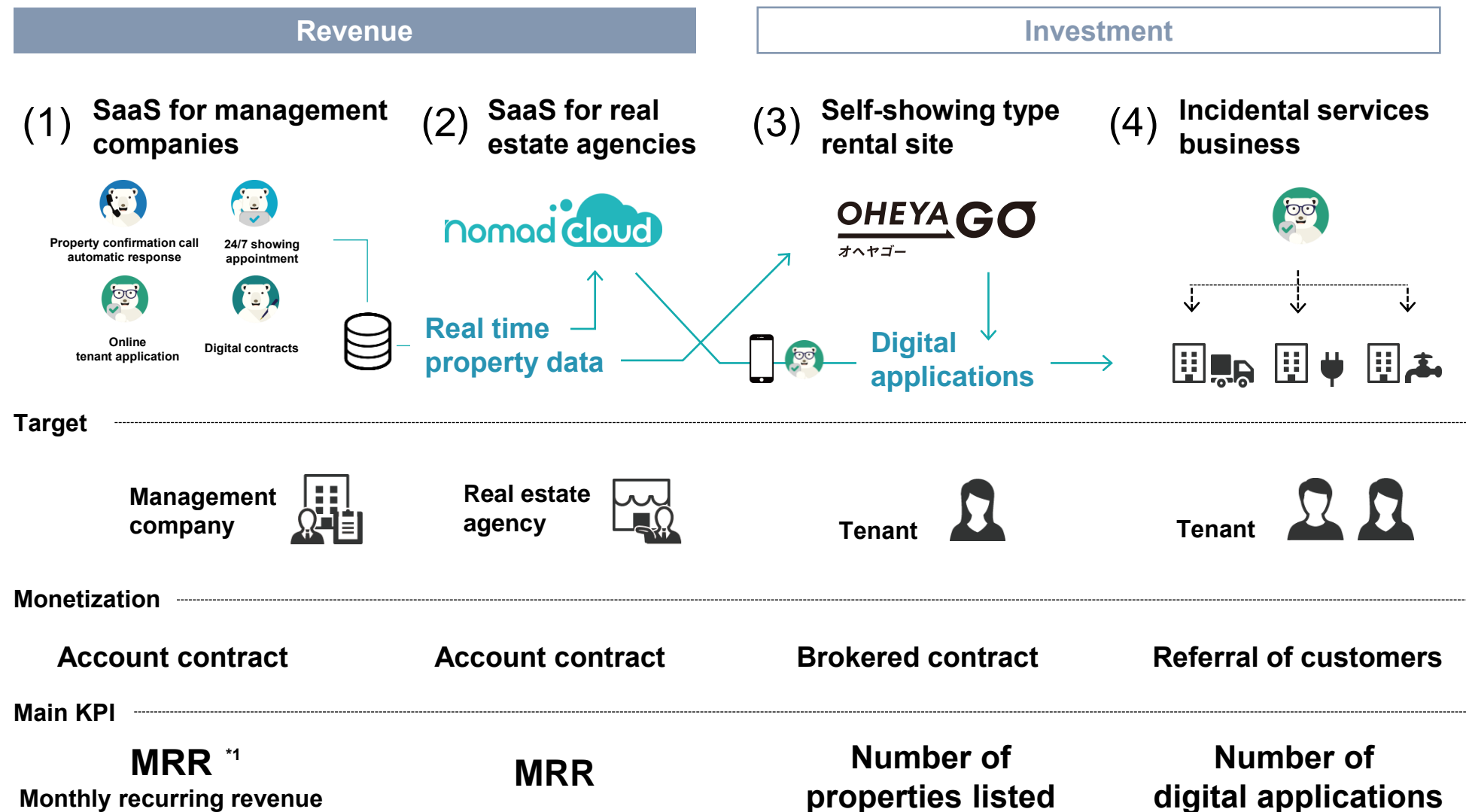
150 thousand

ITANDI business



GA TECHNOLOGIES

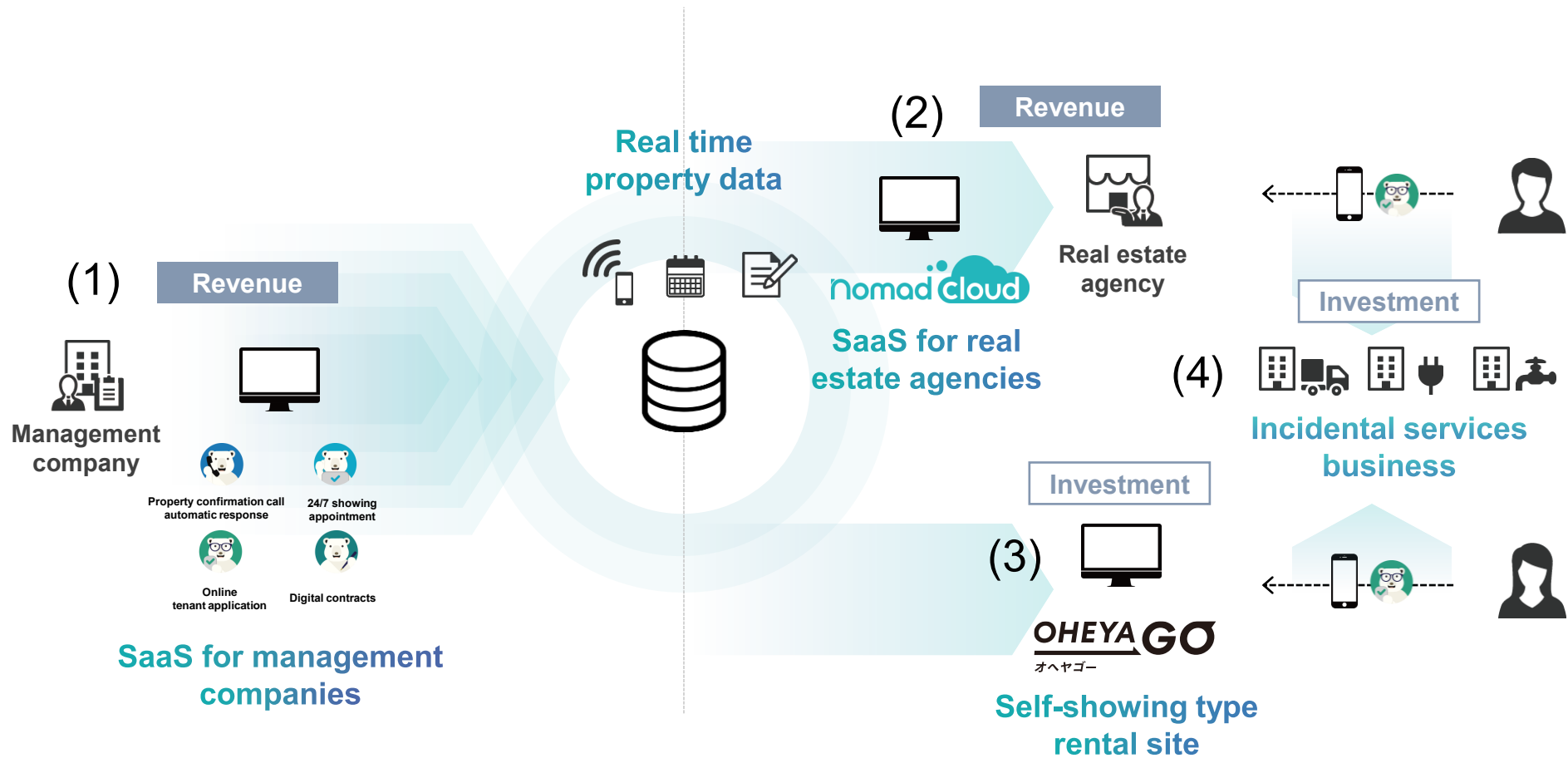
Business Structure



*1. MRR = Monthly Recurring Revenue. Represents the monthly recurring sales minus setup fees, metered charges, and other such non-recurring items.

Business Characteristics

Utilizing real time property data from SaaS system for management companies in
B-to-B / B-to-C services



Trend in KPI of SaaS for Management Companies

MRR (monthly recurring revenue) also up with increase in number of SaaS contracts for management companies



Property confirmation call
automatic response



24/7
showing appointment



Online
tenant application



Digital contracts

YoY **+30%**

1Q FY10/20
(Total from Nov. to Jan.)

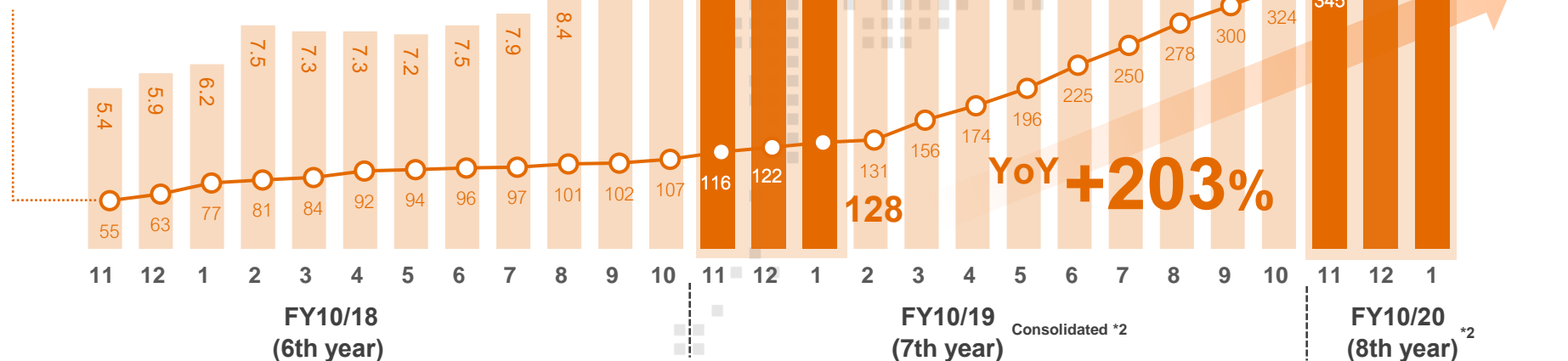
44.2

Trend in MRR (Millions of yen)

1Q FY10/19
(Total from Nov. to Jan.)

34.1

Trend in number of
subscribed companies^{*1}
(Companies)



*1. Number of management companies with contracts for systems

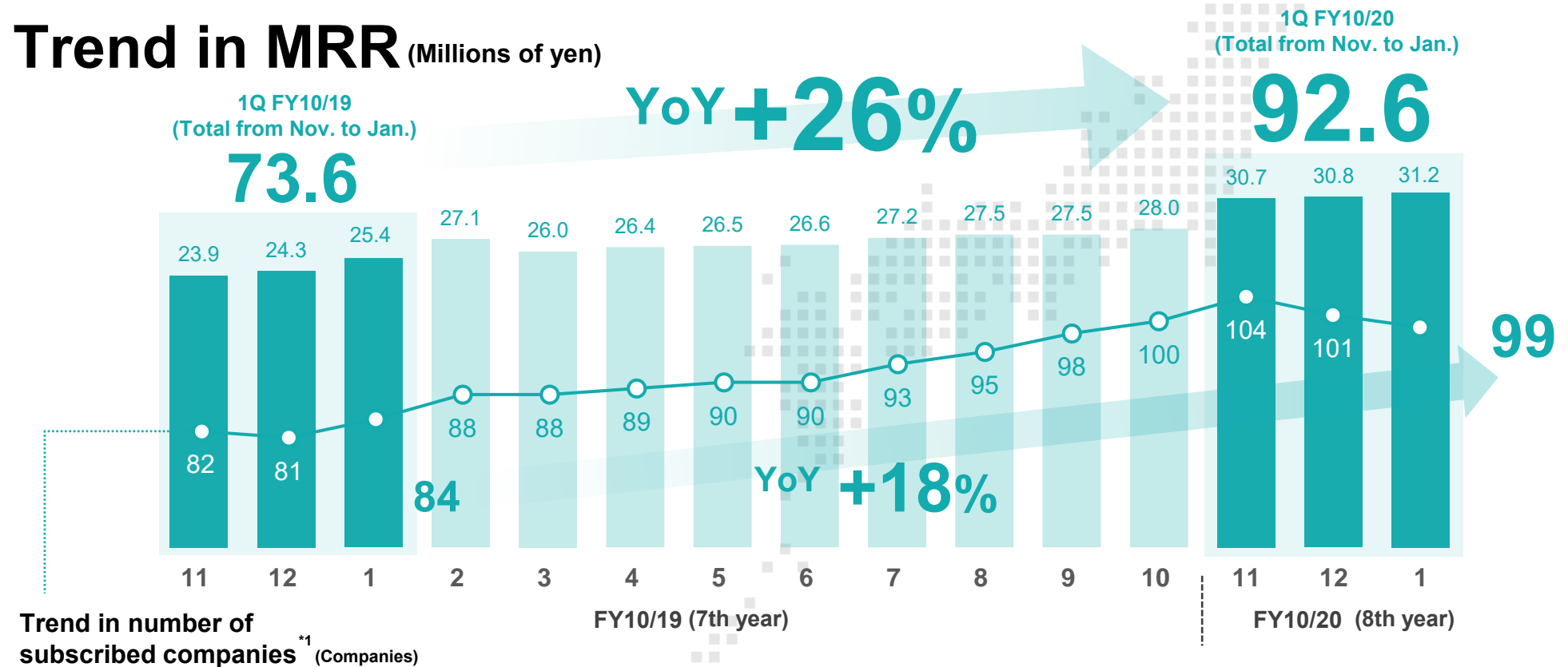
*2. As of FY10/19 (7th year), figures based on consolidated financial statements.

Trend in KPI of SaaS for Real Estate Agencies

MRR (monthly recurring revenue) also up with increase in number of SaaS contracts for real estate agencies



Trend in MRR (Millions of yen)



*1. Number of real estate agencies with contracts for systems

Trend in KPI of OHEYAGO

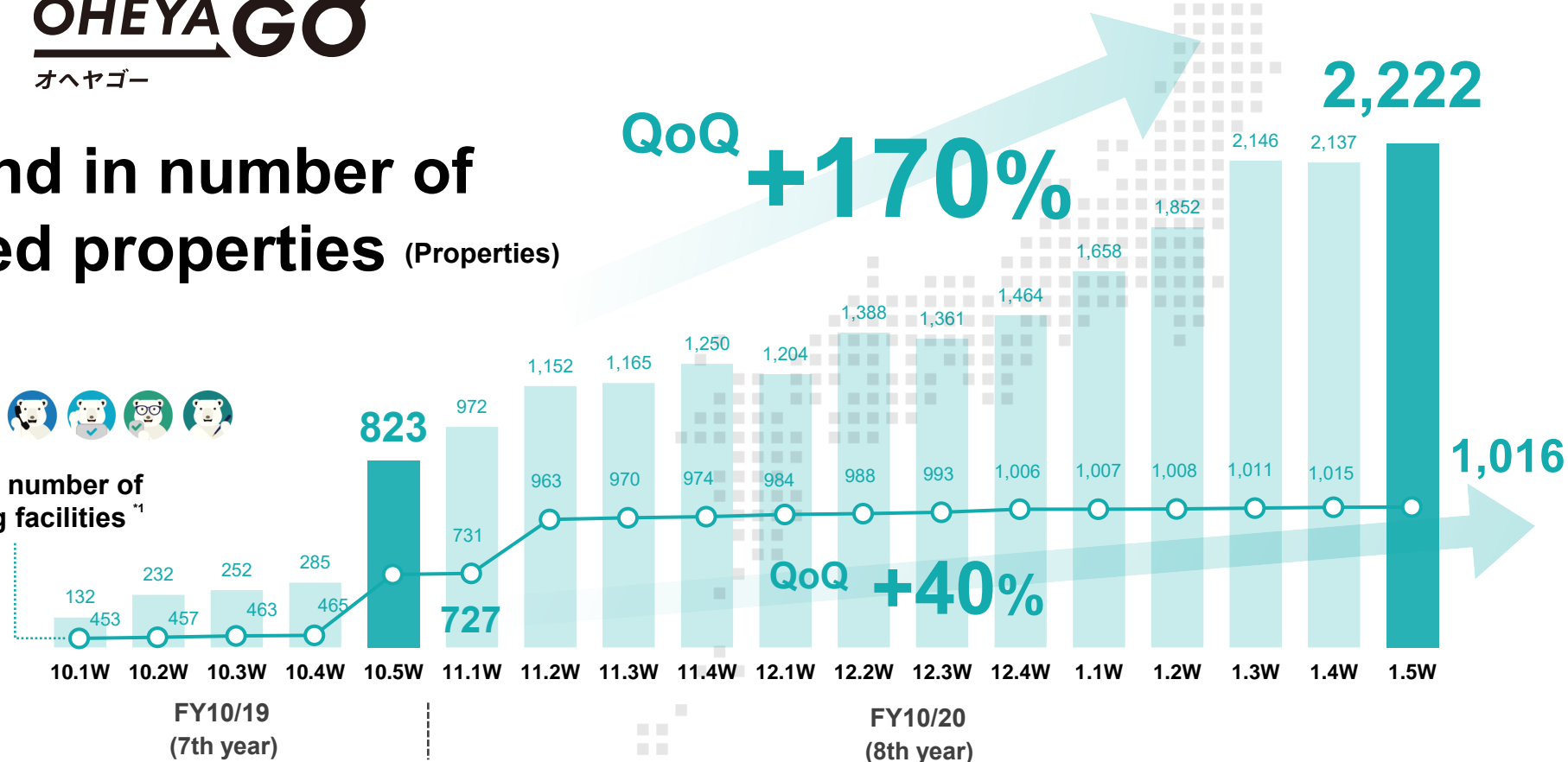
Number of listed properties leading to OHEYAGO contracts also up with increase in number of facilities using SaaS for management companies



Trend in number of listed properties (Properties)



Trend in number of adopting facilities^{*1}



*1. Number of facilities where system has been introduced and is in use. Some companies have contracts for multiple facilities.

Trend in KPI of Moshikomiuketsuke-kun

Substantial increase in number of digital applications, a touchpoint for the incidental services business

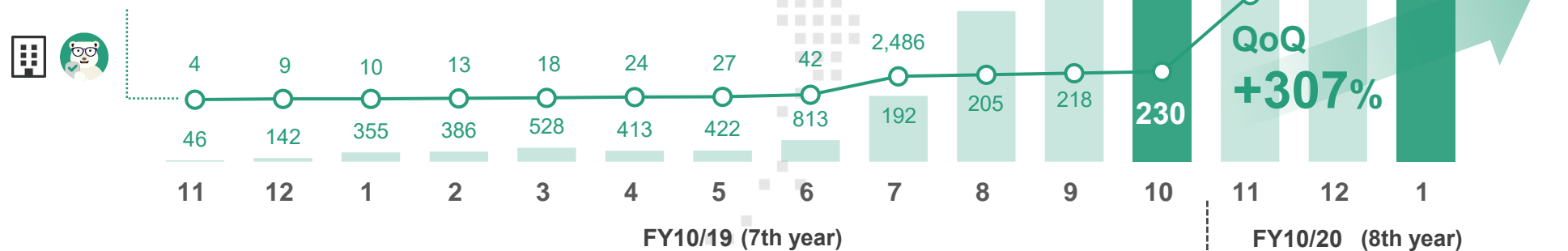


Online
tenant application

Certified No. 1 in industry for
number of adopting companies ^{*1}

Trend in number of digital applications (Properties)

Trend in number of adopting locations ^{*2}

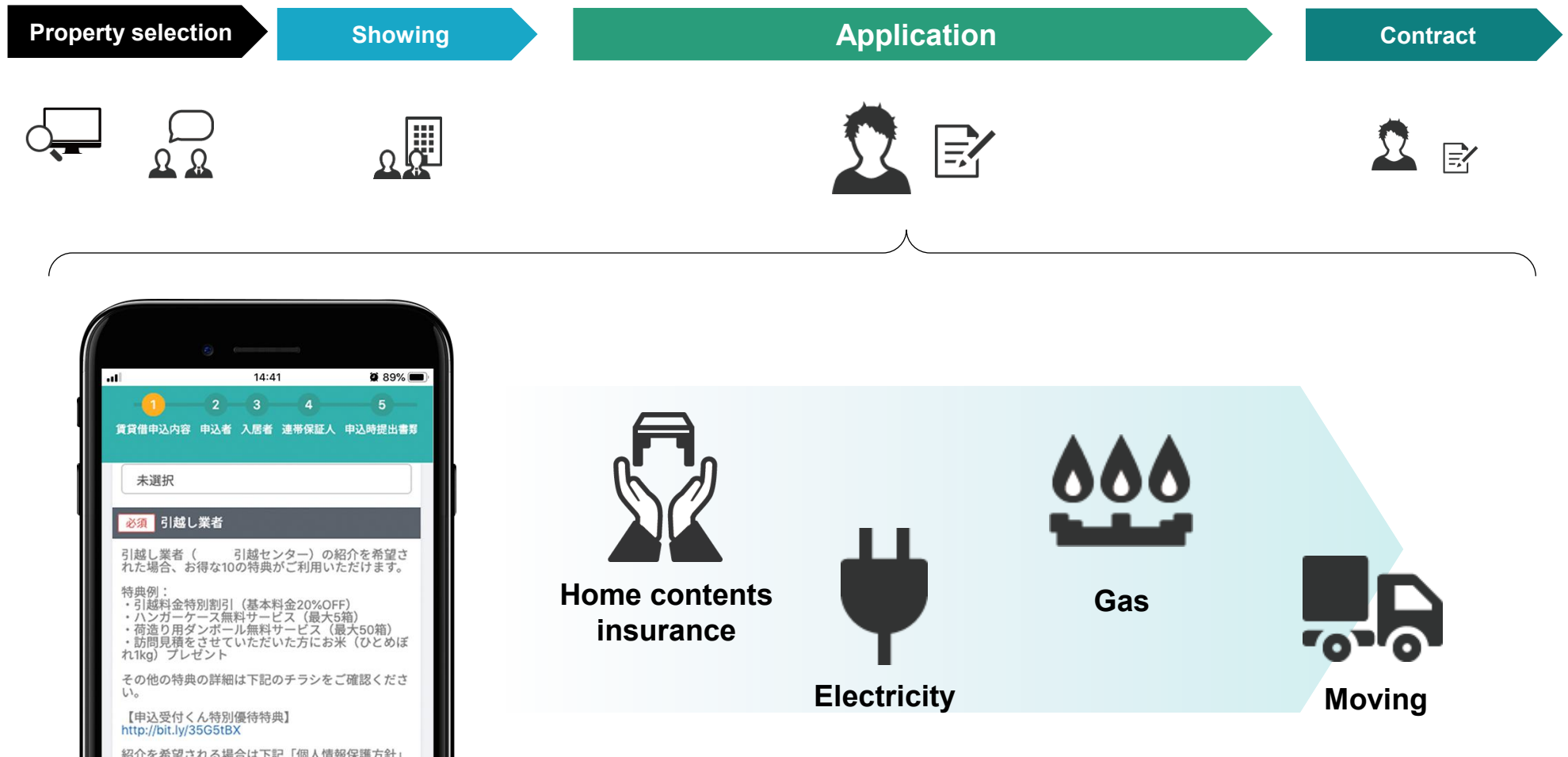


*1. Survey by Tokyo Shoko Research

*2. Number of facilities where Moshikomiuketsuke-kun has been introduced and is in use. Some companies have contracts for multiple facilities.

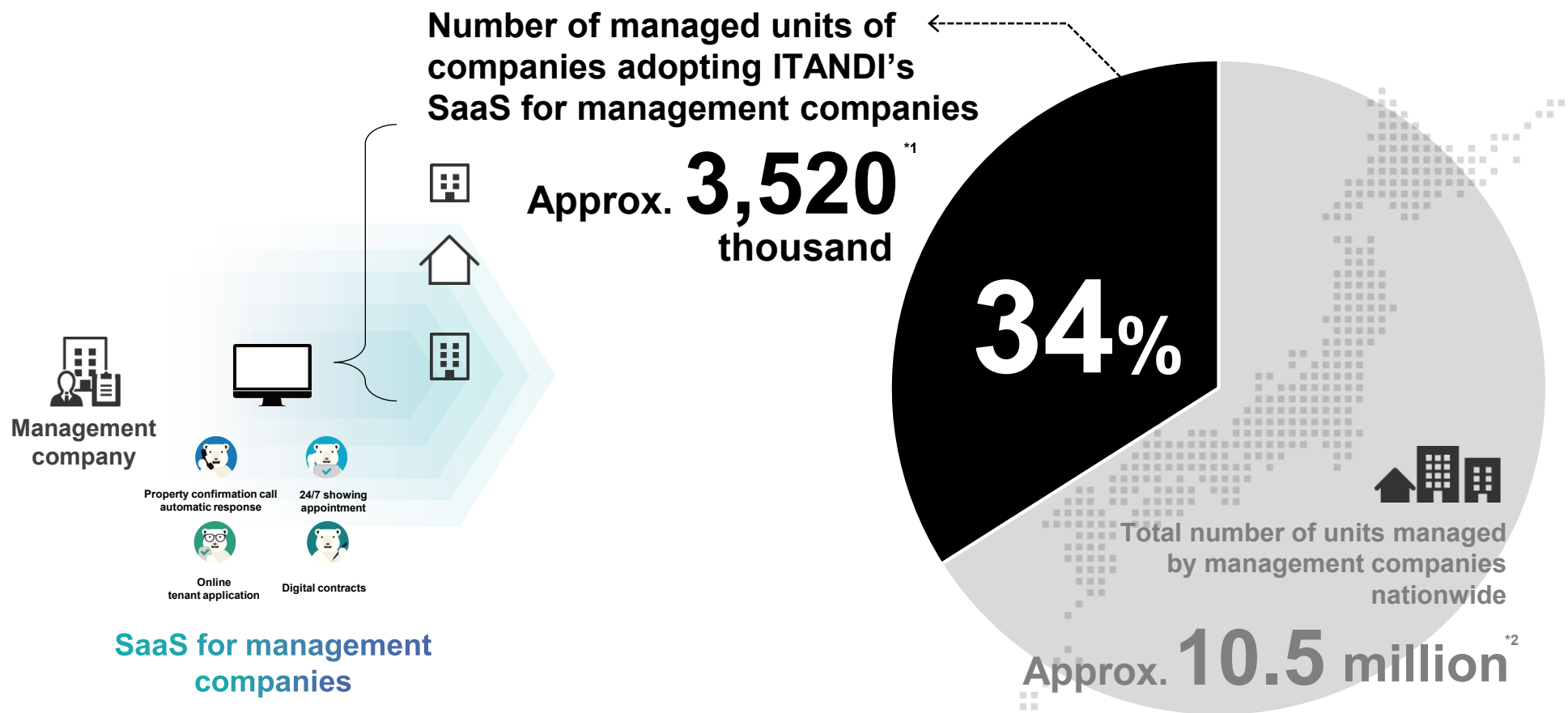
Incidental Services Business

Promote use of various lifestyle services when entering application information to gain referral margin



Strengths

Number of managed units of companies adopting ITANDI's SaaS for management companies is roughly 34% of all managed units nationwide

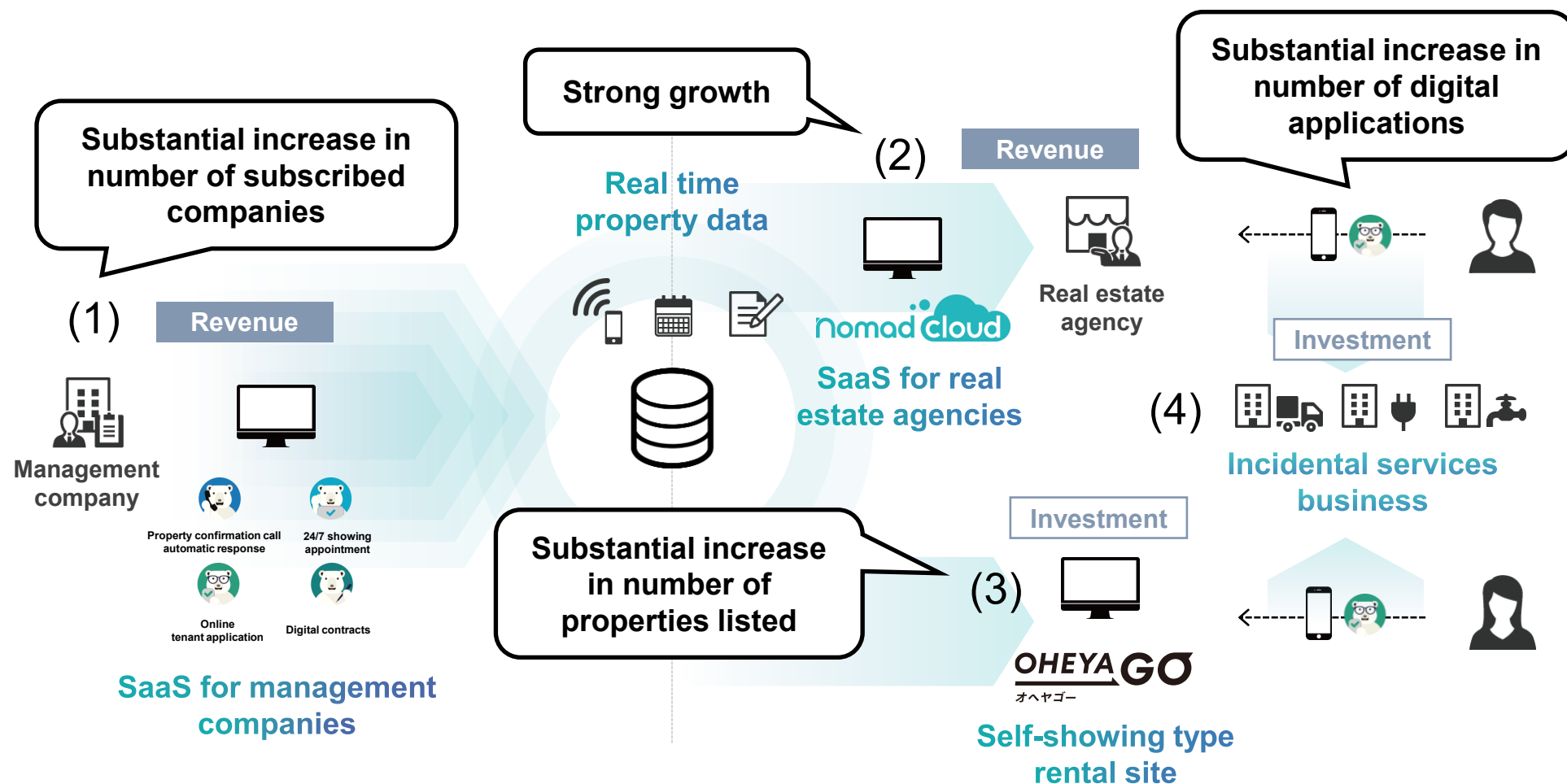


*1. Total from ITANDI's services

*2. Estimated based on the 2018 "Survey Results of the Housing and Land Survey (Statistical Tables)" published by the Statistics Bureau of Japan in April 2019 and the 2013 "Current Status of Rental Housing Management" published by the Ministry of Land, Infrastructure, Transport and Tourism

Summary of Business Progress

As number of subscribed companies for SaaS for management companies increases, number of properties listed on OHEYAGO and number of digital applications is growing substantially



Investment Strategy

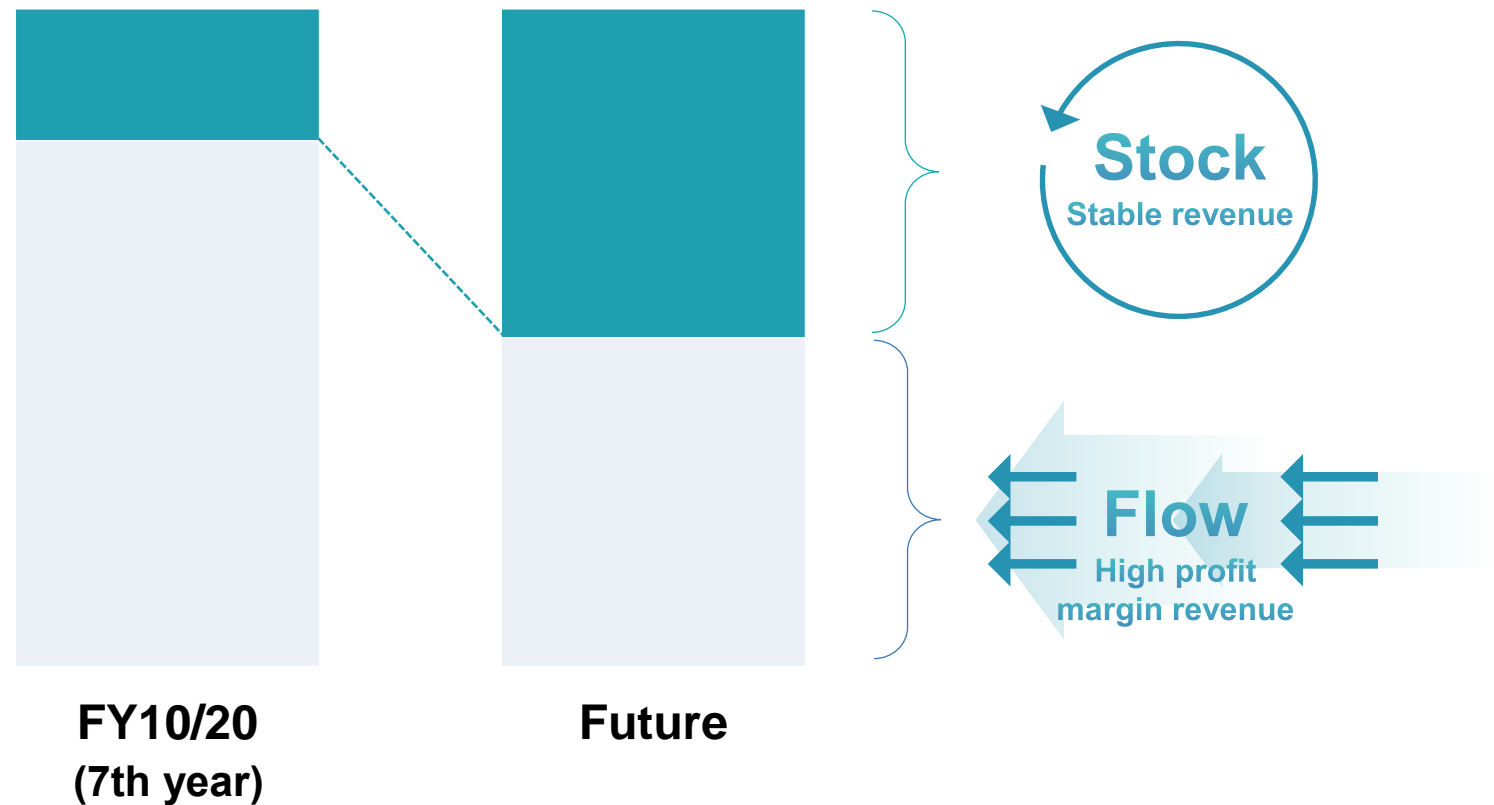


GA TECHNOLOGIES

Shifting to Business Structure That Balances Growth with Stability

Systematically increase percentage of stock revenue and continue to establish stable business foundation and further growth

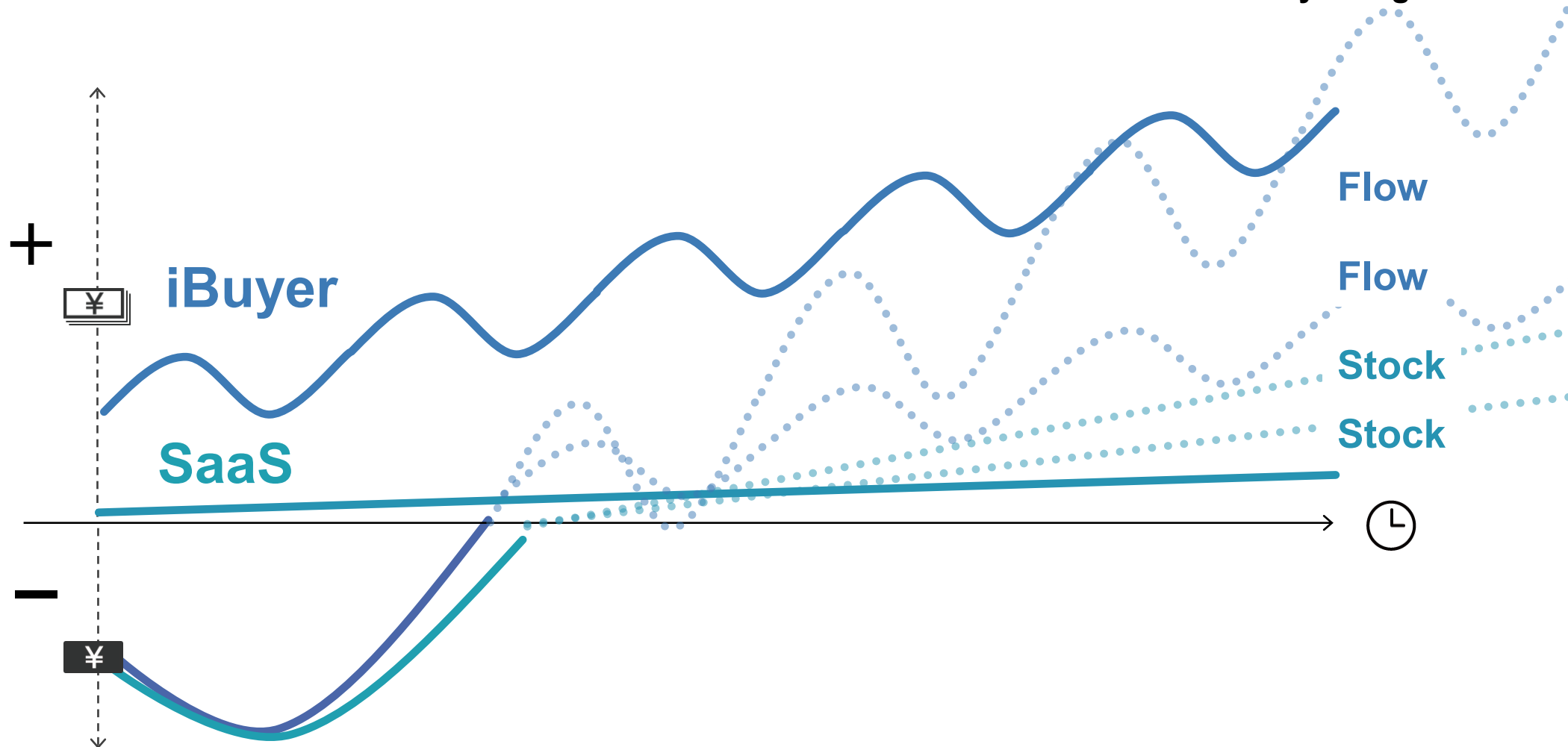
Predicted trend
in gross profit



Investment Strategy for Stable Growth

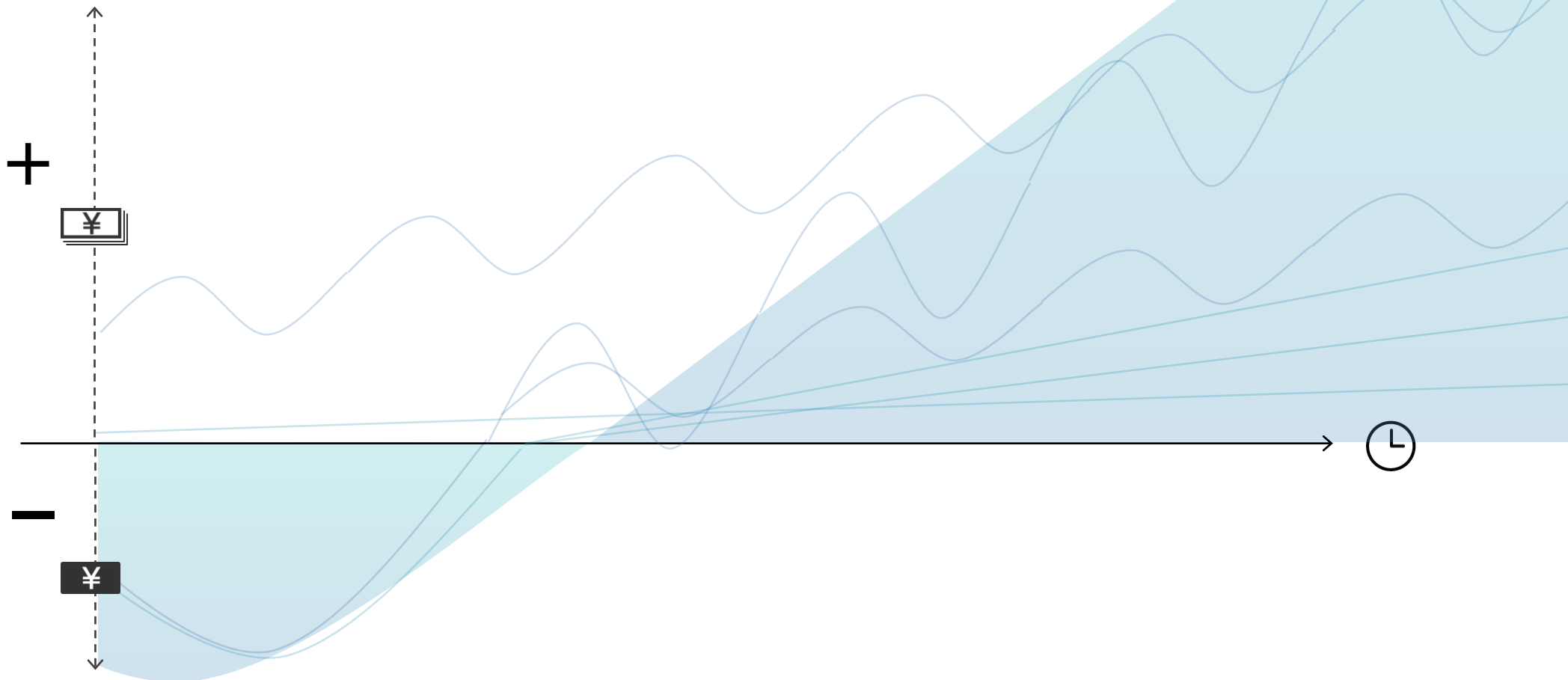
Currently, flow business revenue from iBuyer is main source

Invest in two new flow businesses and two new stock businesses to balance stability and growth



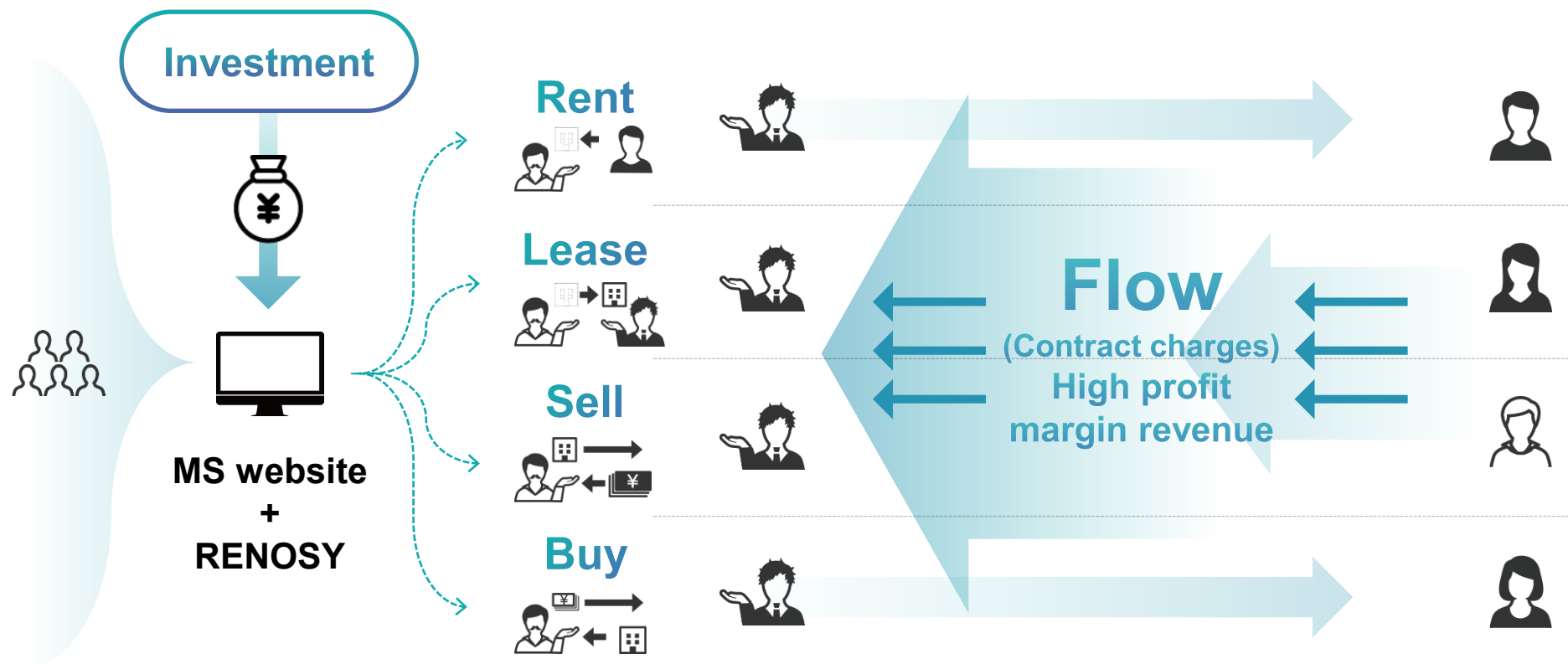
Investment Strategy for Stable Growth

Combine multiple business portfolios and balance growth and stability through mutual complementation



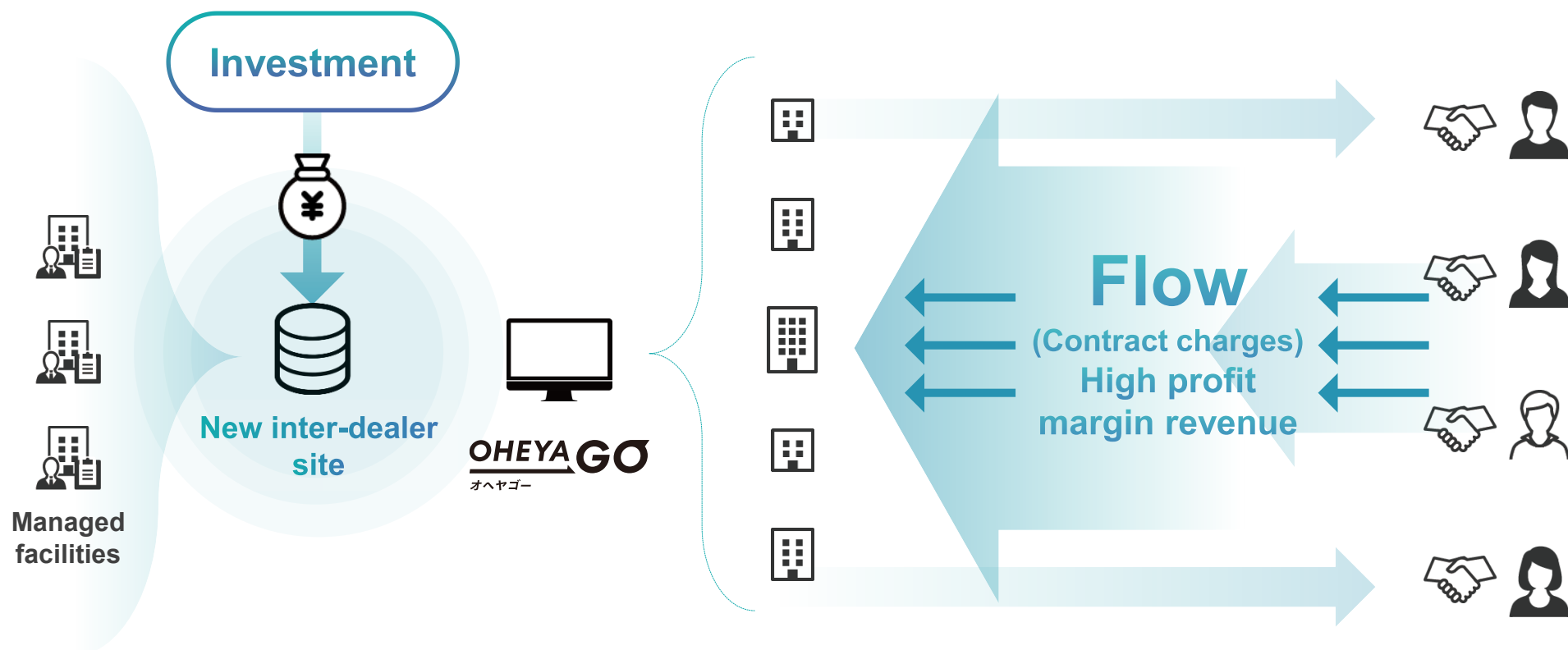
Strategy 1: Strengthen RENOSY (Rent-Lease-Sell-Buy) business

Invest in structural development for brokerage business and strengthening of media to maximize synergy with MS



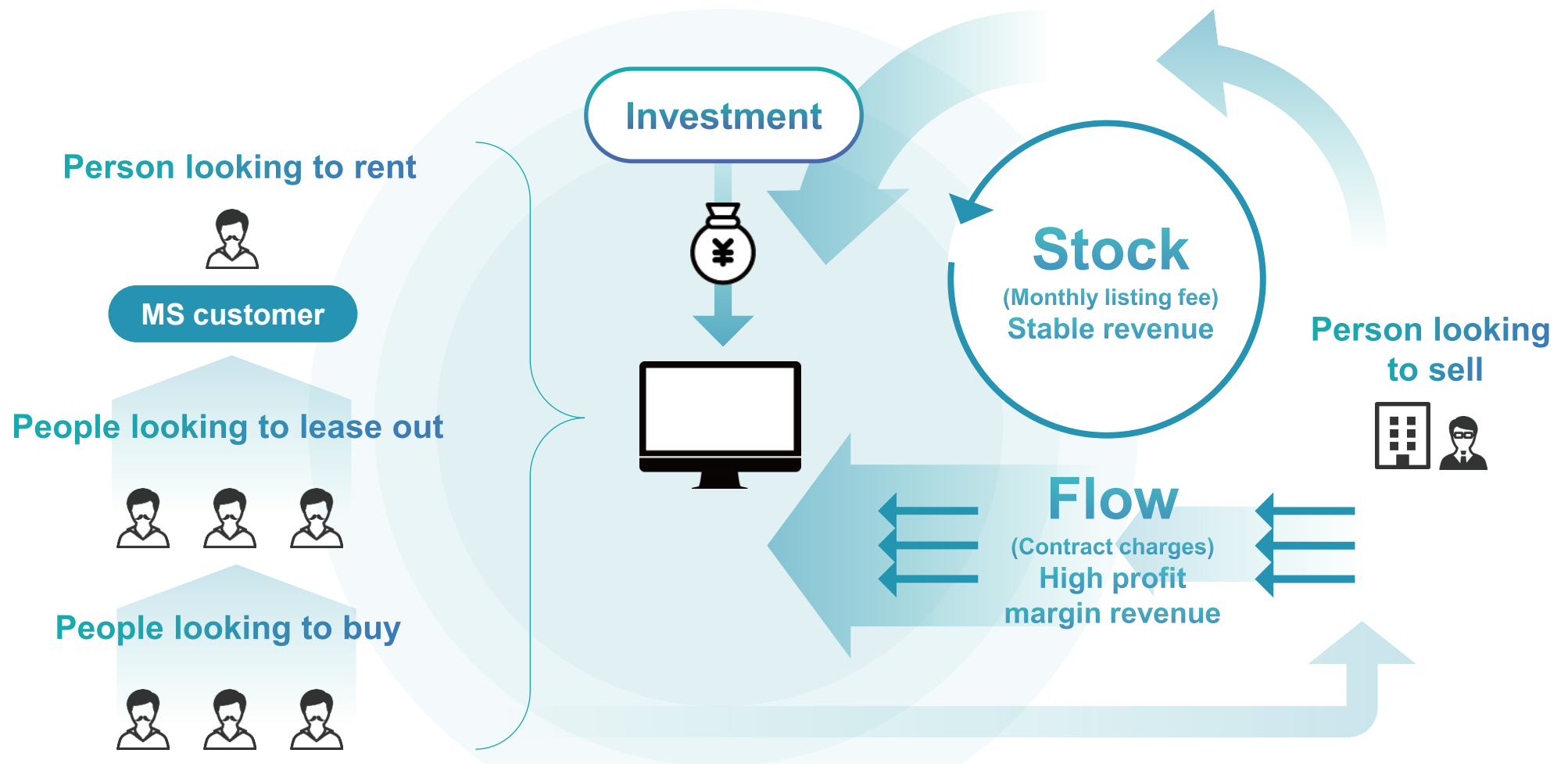
Strategy 2: ITANDI OHEYAGO

Strengthen touchpoints to increase number of OHEYAGO brokerage deals



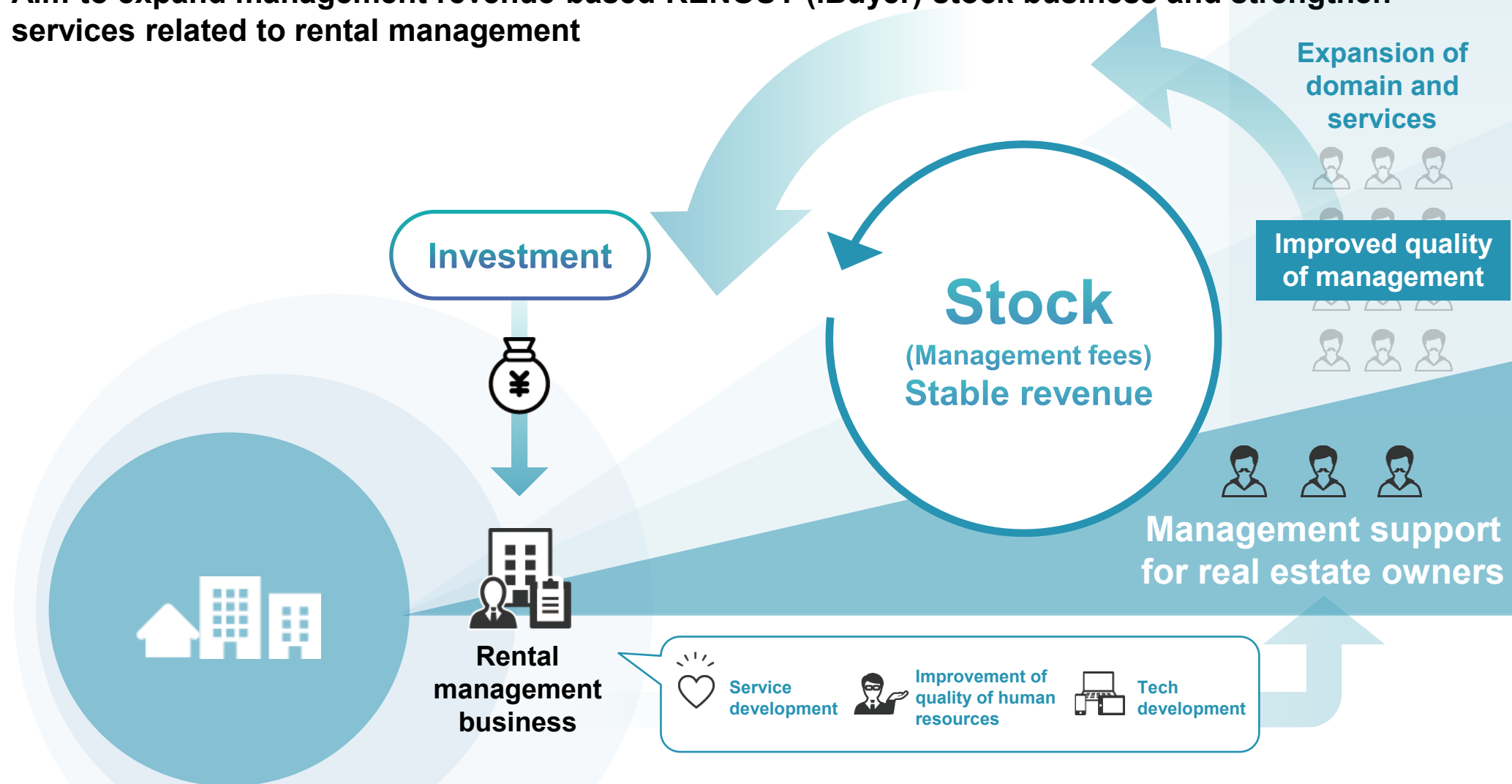
Strategy 3: Real Estate Buying and Selling Platform

Aim to create real estate buying and selling platform that allows everything to be done online



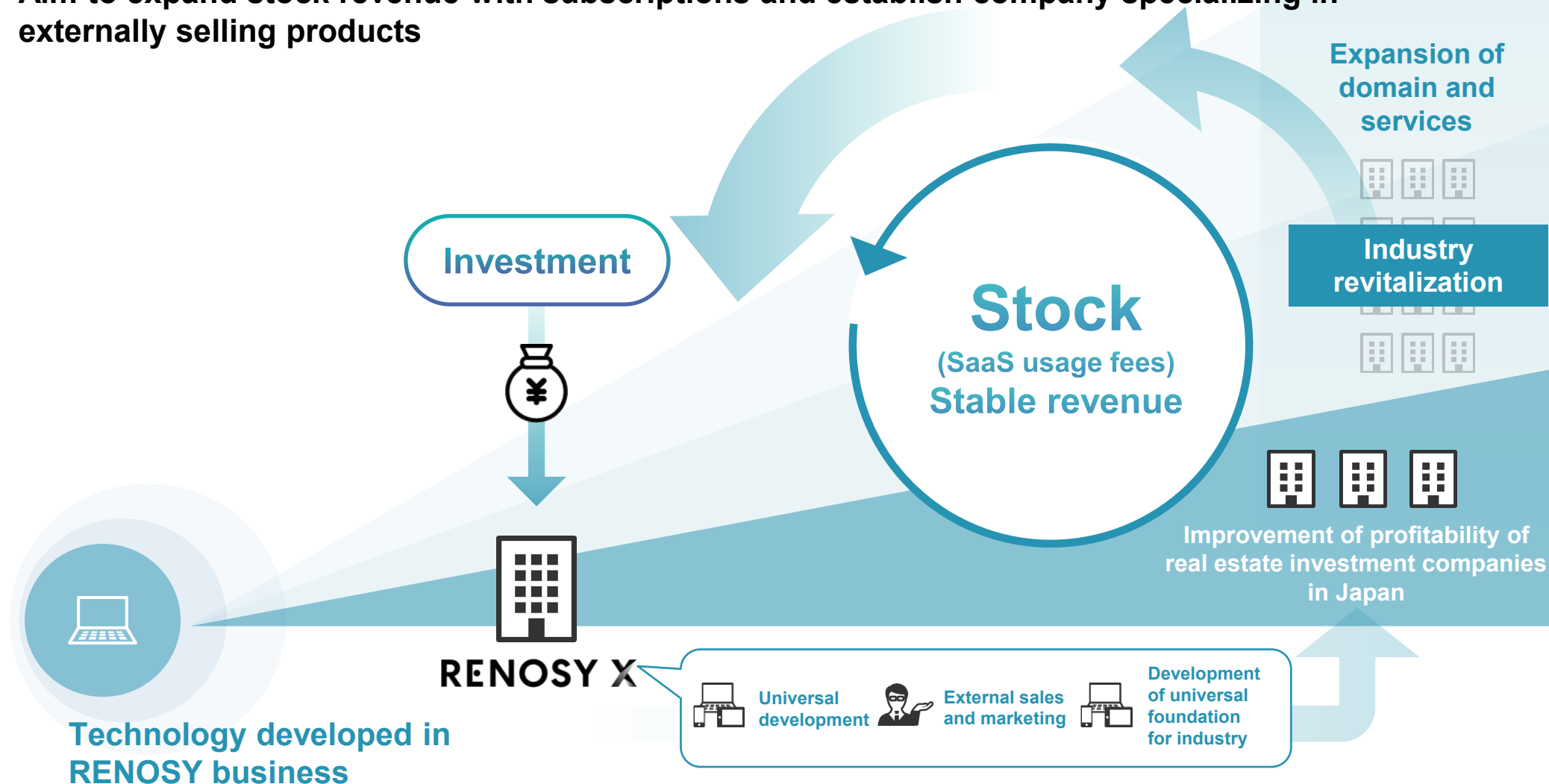
Strategy 4: Establish Independence of Rental Management Services

Aim to expand management revenue-based RENOSY (iBuyer) stock business and strengthen services related to rental management

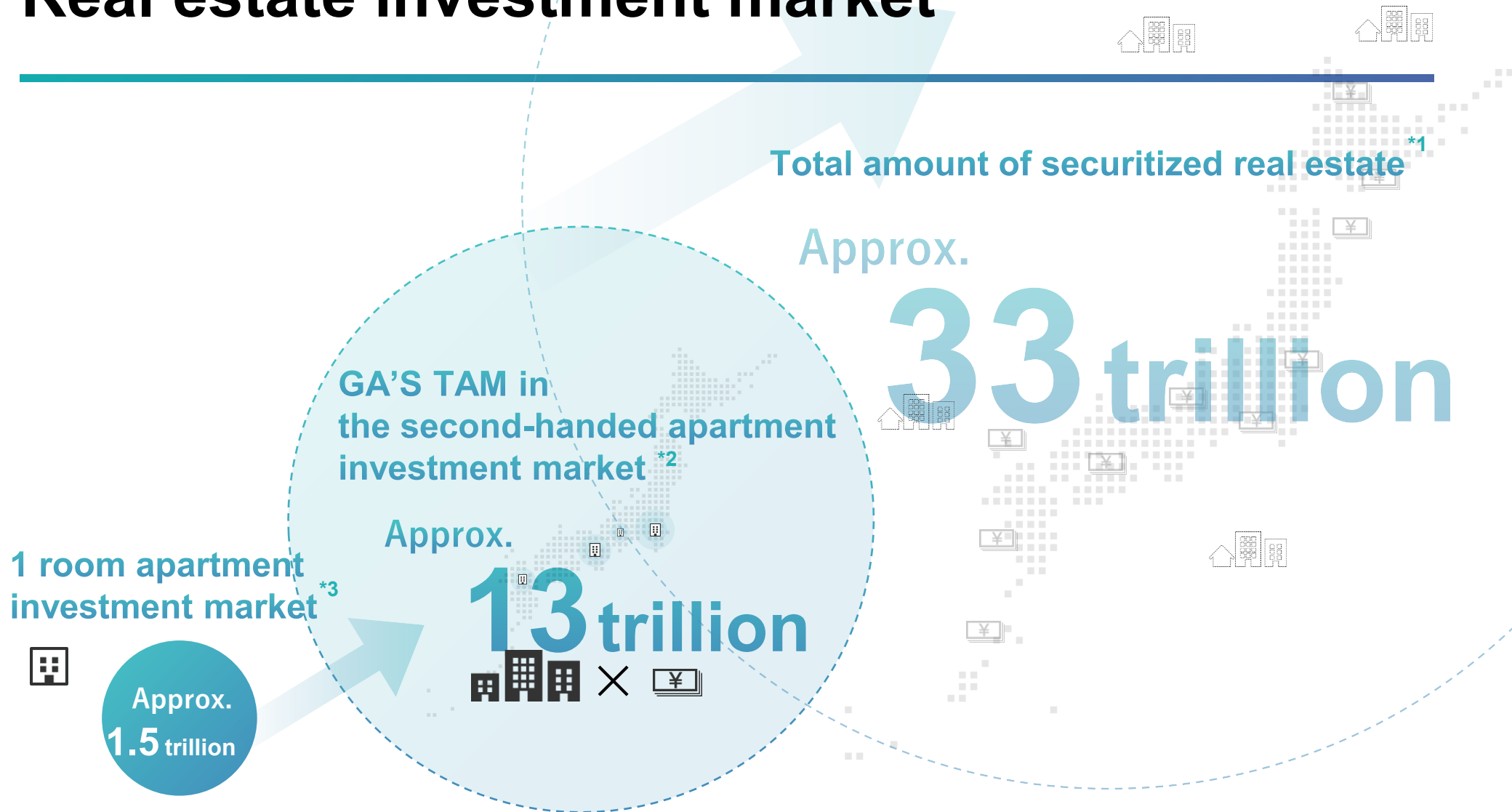


Strategy 5: External Sales of Proprietary Tech

Aim to expand stock revenue with subscriptions and establish company specializing in externally selling products

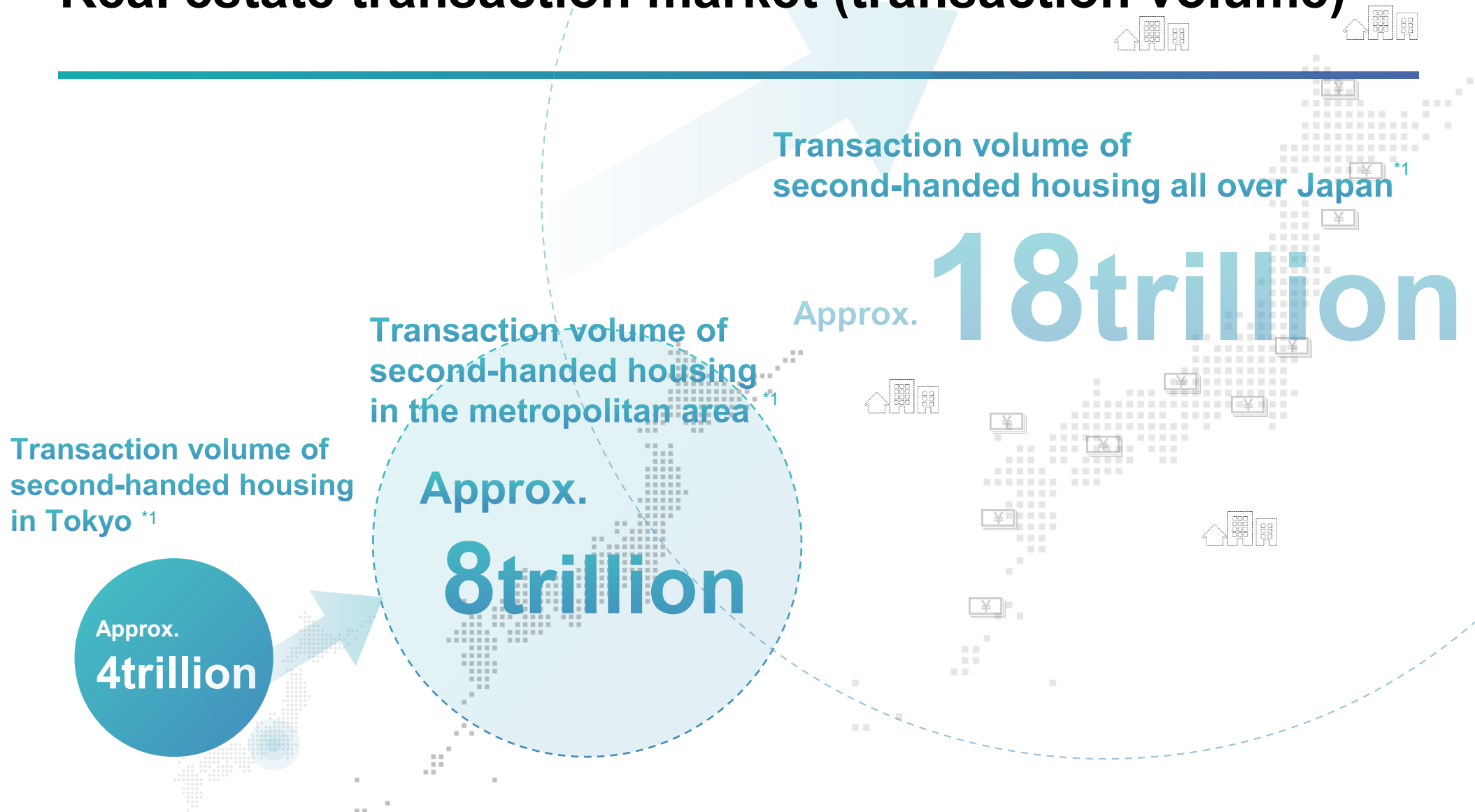


Real estate investment market



- 1) Ministry of Land, Infrastructure, Transport and Tourism “Current situation of Real estate investment market”
- 2) TAM (Total Addressable Market) is calculated based on the number of apartment stocks in the metropolitan area and the average price of second handed investment apartment
- 3) Assumed by GA based on the results of the top 10 real estate investment companies

Real estate transaction market (transaction volume)



1) Assumed by GA using research conducted by the Real Estate Information Network for East Japan.

ITANDI Business Market

OHEYAGO TAM²(Rental brokerage market)

Approx. **190 billion yen**

Incidental service
market size^{*1}

Approx.
50 billion yen

Real estate management
Real estate brokerage
system market^{*1}

Approx.
20 billion yen

^{*1}. Estimated based on industry survey by ITANDI.

^{*2}. TAM=Total Addressable Market. Maximum size of market that could potentially be captured by OHEYAGO.

Appendix

Actively Working on SDGs / ESG

Official sponsor of Kawasaki Frontale



Japan Blind Football Association partner



Career support for athletes



Actively supporting women's participation in society (percentage of female employees)



31.5%

Average in real estate industry 7.2%^{*1}

*1. 2019 Basic Survey on Wage Structure by Ministry of Health, Labour and Welfare

Executive Officers Promoting the Company's Development Structure



CPO
Shinpei Noguchi

A graduate of Waseda University, he won a business contest organized by the university and gained work experience while still attending university.

After graduating, he established his second company, a web media company, and later sold it to a listed company.

2014 Joined ITANDI as executive officer
2018 Appointed as representative director of ITANDI
Appointed as executive officer of the Company
2019 Appointed as Chief Product Officer (CPO)



CDO
Akira Endo

After graduating from Gakushuin University, he joined a leading securities system development company.

He served as the chief technology officer of a venture company specializing in reunion services.

Later, he joined GungHo Online Entertainment and worked in system development.

2018 Joined the Company
Responsible for new graduate engineer training team
2020 Appointed as executive officer



CAIO
Hirohisa Inamoto

Joined Ricoh after completing graduate school at Osaka University.

Engaged in R&D on image processing and recognition technology. In charge of launch of “theta360.biz” virtual reality service for real estate.

2017 Joined the Company
Developed real estate service automation system utilizing AI/RPA.

2019 Appointed as Chief AI Officer (CAIO)
Appointed as Head of AI Strategy Center



CMO
Hiroshi Tabuki

Joined Imagineer after graduating from Meiji University. Worked in planning and marketing.

Engaged in business development and management at Kakaku.com.
Served as marketing executive at an IT startup company.

2018 Joined the Company
Responsible for Product Planning and Marketing Division

2020 Appointed as executive officer

Our governance organization with 4 outside directors

8 Directors

Operating Directors



Ryo Higuchi



Masashi Shimizu



Dai Higuchi



Yoshihisa Fujihara

4 Outside Directors



Ken Kutaragi



Kazuto Nakajima



Tomohisa Matsuba



Yuko Saruwatari

3 Audit and Supervisory Committee Member

Loan Review Support and Compliance Measures at Contract Signing

- 1. Operational flow separating sales and finance divisions**
- 2. Loan review that does not go through sales division**
- 3. Loan review work that does not involve human operations**
- 4. Training by company lawyers, Legal Department, and Marketing**
(Those who complete training receive license)
- 5. Property agreements by specialist team**
on condition of having real-estate brokerage license
- 6. Explanation by third-party agency**
and confirmation of understanding at contract signing

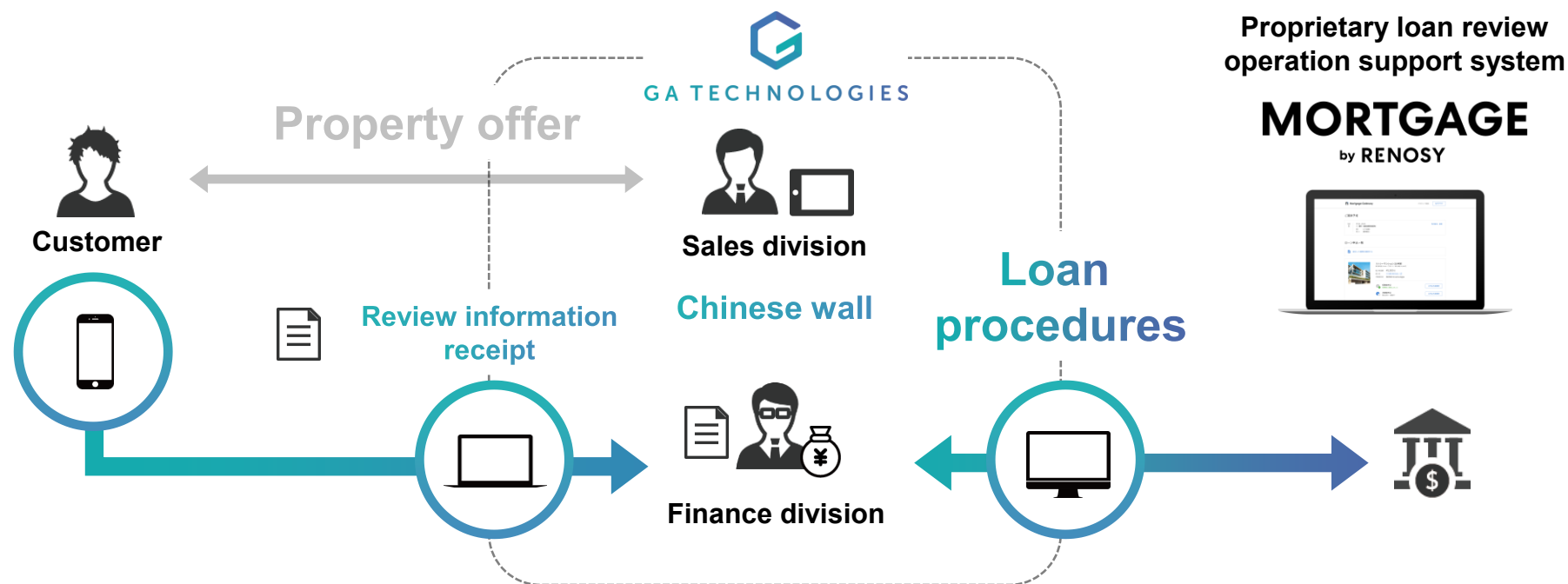
Loan Review Support

Point 1

Finance division separate from sales division

Point 2

Information sharing via proprietary system that does not involve human operations



Governance Reinforcement and Compliance Measures

- Company lawyers
 - Legal Department
 - Marketing
- provide training
once every two weeks



Those who complete
training receive
RENOSY License



GA Compliance Book



Property agreement by
specialist team with real
estate brokerage license

Real estate broker

National certification
for real estate transactions



Customer



Contracts
division

Explanation and confirmation
of understanding by third-
party agency at time of
contract signing



Contracted
third-party agency



Provide sufficient
explanation and confirm
understanding of content



Customer



Contracts division



Company Overview

Established	March 12, 2013
Head Office	40F Sumitomo Fudosan Roppongi Grand Tower, 3-2-1 Roppongi, Minato-ku, Tokyo
Capital	1,161,023,130 yen (January 2019)
Number of employees*1	398 (January 2019)
Business Description	<ul style="list-style-type: none"> ▪ Management of RENOSY general real estate tech brand ▪ R&D utilizing AI and RPA such as BEST BASHO and BLUEPRINT by RENOSY ▪ Existing condominium renovation design and implementation
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>Director, Audit & Supervisory Committee Member: Kazuto Nakashima (full-time), Tomohisa Matsuba (outside), Yuko Sawatari (outside)</p>

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

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.