Translation

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Summary of Consolidated Financial Results for the Year Ended October 31, 2020 (Based on Japanese GAAP)

December 15, 2020

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: TAKEO HASHIMOTO, Executive Officer and Chief Accounting Officer TEL：03-6230-9180
Scheduled date for ordinary general shareholders' meeting: January 28, 2021
Scheduled date to file Securities Report: January 29, 2021
Scheduled date to commence dividend payments: -
Preparation of supplementary material on financial results: Yes
Holding of 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 Year Ended October 31, 2020 (November 1, 2019 to October 31, 2020)

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

	Net sales		EBITDA※		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended October 31, 2020	63,070	60.5	2,861	72.5	1,888	58.3	1,654	62.3	903	77.2
Year ended October 31, 2019	39,286	-	1,658	-	1,193	-	1,019	-	510	-

※EBITDA = Operating profits + Depreciation (Operating expenses) + Amortization of Goodwill

(NOTE) Comprehensive income: Year ended October 31, 2020 893 million yen (76.3 %)
Year ended October 31, 2019 506 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, 2020	31.25	29.42	14.0	10.9	3.0
Year ended October 31, 2019	18.98	17.14	8.9	8.6	3.0

(NOTE) 1. The Company conducted a 1:3 stock split for common stock with an effective date of November 1, 2020. Earnings per share and Diluted earnings per share have been calculated on the assumption that this stock split was conducted at the beginning of the previous year.
2. There is no description of the rate of change compared with the previous fiscal year since the Company started to prepare 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, 2020	18,505	7,137	38.6	242.84
As of October 31, 2019	11,839	5,757	48.6	203.36

(REFERENCE) Shareholders' equity: As of October 31, 2020 7,137 million yen
As of October 31, 2019 5,754 million yen

(NOTE) The Company conducted a 1:3 stock split for common stock with an effective date of November 1, 2020. Net assets per share have been calculated on the assumption that this stock split was conducted at the beginning of the previous year.

(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, 2020	2,312	(3,766)	3,545	6,318
Year ended October 31, 2019	1,235	(3,441)	4,414	4,226

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			
	Yen	Yen	Yen	Yen	Yen			
Year ended October 31, 2019	-	0.00	-	0.00	0.00	-	-	-
Year ended October 31, 2020	-	0.00	-	0.00	0.00	-	-	-
Year ending October 31, 2021 (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, 2021 has not been determined.

3. Forecast of consolidated financial results for the fiscal year ending October 31, 2021 (November 1, 2020 to October 31, 2021)

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

	Net sales		EBITDA※		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	85,000	34.8	3,878	35.5	2,455	30.0	2,060	24.5	1,000	10.6	33.70

※EBITDA = Operating profits + Depreciation (Operating expenses) + Amortization of Goodwill

4. Notes

(1) Changes in significant subsidiaries during the year ended October 31, 2020 (changes in specified subsidiaries resulting in the change in scope of consolidation): Not applicable

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

Changes in accounting policies due to revisions to accounting standards and other regulations: Not applicable
Changes in accounting policies due to other reasons: Applicable
Changes in accounting estimates: Applicable
Restatement of prior period financial statements: Not applicable

(3) Number of issued shares (common stock)

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

As of October 31, 2020	29,393,115 shares	As of October 31, 2019	28,298,565 shares

Total number of treasury shares at the end of the period:

As of October 31, 2020	621 shares	As of October 31, 2019	297 shares

Average number of shares during the period (cumulative from the beginning of the fiscal year):

As of October 31, 2020	28,921,561 shares	As of October 31, 2019	26,873,688 shares

(NOTE) The Company conducted a 1:3 stock split for common stock with an effective date of November 1, 2020. The total number of issued shares at the end of the period, Total 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 year.

Consolidated Financial Statements
Consolidated Balance Sheets

(Million yen)

	As of October 31, 2019	As of October 31, 2020
Assets		
Current assets		
Cash and deposits	4,279	6,386
Accounts receivable - trade	37	147
Real estate for sale	682	1,386
Costs on uncompleted construction contracts	3	8
Supplies	22	48
Advance payments - trade	203	137
Prepaid expenses	198	270
Other	127	149
Allowance for doubtful accounts	(42)	(81)
Total current assets	5,512	8,453
Non-current assets		
Property, plant and equipment		
Buildings	810	866
Accumulated depreciation	(40)	(113)
Buildings, net	770	753
Vehicles	8	13
Accumulated depreciation	(5)	(6)
Vehicles, net	3	6
Tools, furniture and fixtures	104	171
Accumulated depreciation	(47)	(74)
Tools, furniture and fixtures, net	57	97
Leased assets	254	263
Accumulated depreciation	(24)	(61)
Leased assets, net	229	202
Construction in progress	12	170
Total property, plant and equipment	1,072	1,230
Intangible assets		
Goodwill	1,707	3,911
Software	241	2,542
Software in progress	1,648	57
Customer Relationship	724	853
Other	8	5
Total intangible assets	4,330	7,370
Investments and other assets		
Investment securities	193	410
Long-term time deposits	22	10
Leasehold and guarantee deposits	617	892
Deferred tax assets	-	54
Other	89	83
Total investments and other assets	923	1,450
Total non-current assets	6,327	10,051
Total assets	11,839	18,505

(Million yen)

	As of October 31, 2019	As of October 31, 2020
Liabilities		
Current liabilities		
Short-term loans payable	100	1,503
Current portion of long-term loans payable	734	949
Current portion of bonds	40	40
Accounts payable – other	640	988
Advances received on uncompleted construction contracts	4	2
Lease obligations	53	58
Income taxes payable	378	661
Accrued consumption taxes	134	210
Provision for fulfillment of guarantees	9	15
Provision for after-sales service	17	8
Provision for loss on subleases	1	-
Deposits received	454	1,074
Other	155	210
Total current liabilities	2,724	5,723
Non-current liabilities		
Bonds payable	150	2,110
Long-term loans payable	2,179	2,383
Lease obligations	203	149
Deferred tax liabilities	239	258
Provision for vacancy loss	63	77
Asset retirement obligations	301	407
Other	221	256
Total non-current liabilities	3,358	5,643
Total liabilities	6,082	11,367
Net assets		
Shareholders' equity		
Capital stock	1,156	1,182
Capital surplus	3,466	3,931
Retained earnings	1,135	2,039
Treasury shares	(0)	(0)
Total shareholders' equity	5,758	7,152
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(3)	(14)
Total accumulated other comprehensive income	(3)	(14)
Share acquisition rights	2	0
Total net assets	5,757	7,137
Total liabilities and net assets	11,839	18,505

Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Million yen)

	Year ended October 31, 2019	Year ended October 31, 2020
Net sales	39,286	63,070
Cost of sales	32,435	53,208
Gross profit	6,850	9,861
Selling, general and administrative expenses	5,657	7,973
Operating profit	1,193	1,888
Non-operating income		
Interest income	0	0
Other	10	17
Total non-operating income	10	17
Non-operating expenses		
Interest expenses	57	67
Commission fee	109	121
Bond issue expenses	4	21
Other	12	42
Total non-operating expenses	183	251
Ordinary profit	1,019	1,654
Extraordinary losses		
Impairment loss	67	60
Loss on sales and retirement of non-current assets	2	0
Loss on cancellation of rental contracts	42	-
Other	7	1
Total extraordinary losses	120	61
Profit before income taxes	899	1,592
Income taxes – current	394	805
Income taxes – deferred	(5)	(116)
Total income taxes	389	688
Profit	510	903
Profit attributable to owners of parent	510	903

Consolidated Statements of Comprehensive Income

(Million yen)

	Year ended October 31, 2019	Year ended October 31, 2020
Profit	510	903
Other comprehensive income		
Valuation difference on available-for-sale securities	(3)	(10)
Total other comprehensive income	(3)	(10)
Comprehensive income	506	893
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	506	893

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

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	100	1,710	624	(3)	2,431
Changes of items during period					
Issuance of new shares - exercise of share acquisition rights	1,056	1,056			2,113
Profit attributable to owners of parent			510		510
Purchase of treasury shares				(0)	(0)
Increase by share exchanges		699		3	703
Net changes of items other than shareholders' equity					
Total changes of items during period	1,056	1,756	510	3	3,326
Balance at end of current period	1,156	3,466	1,135	(0)	5,758

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of current period	-	-	0	2,432
Changes of items during period				
Issuance of new shares - exercise of share acquisition rights				2,113
Profit attributable to owners of parent				510
Purchase of treasury shares				(0)
Increase by share exchanges				703
Net changes of items other than shareholders' equity	(3)	(3)	1	(2)
Total changes of items during period	(3)	(3)	1	3,324
Balance at end of current period	(3)	(3)	2	5,757

Consolidated statement of changes in equity (Year ended October 31, 2020)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,156	3,466	1,135	(0)	5,758
Changes of items during period					
Issuance of new shares - exercise of share acquisition rights	25	25			51
Profit attributable to owners of parent			903		903
Purchase of treasury shares				(0)	(0)
Increase by share exchanges		439			439
Net changes of items other than shareholders' equity					
Total changes of items during period	25	464	903	(0)	1,393
Balance at end of current period	1,182	3,931	2,039	(0)	7,152

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of current period	(3)	(3)	2	5,757
Changes of items during period				
Issuance of new shares - exercise of share acquisition rights				51
Profit attributable to owners of parent				903
Purchase of treasury shares				(0)
Increase by share exchanges				439
Net changes of items other than shareholders' equity	(10)	(10)	(2)	(12)
Total changes of items during period	(10)	(10)	(2)	1,380
Balance at end of current period	(14)	(14)	0	7,137

Consolidated statements of cash flows

(Million yen)

	Year ended October 31, 2019	Year ended October 31, 2020
Cash flows from operating activities		
Profit before income taxes	899	1,592
Depreciation	230	629
Impairment loss	67	60
Amortization of goodwill	235	344
Bond issuance expenses	4	21
Increase (decrease) in allowance for doubtful accounts	21	38
Interest and dividend income	(0)	(0)
Interest expenses	57	67
Loss on retirement of non-current assets	2	0
Loss on cancellation of rental contracts	42	-
Increase (decrease) in provision for vacancy loss	33	14
Increase (decrease) in provision for fulfillment of guarantees	9	6
Decrease (increase) in notes and accounts receivable - trade	(13)	(87)
Decrease (increase) in advance payments - trade	(65)	66
Decrease (increase) in inventories	(257)	(420)
Increase (decrease) in accounts payable-other	224	144
Increase (decrease) in deposits received	140	323
Other, net	(62)	96
Subtotal	1,569	2,896
Interest and dividend income received	0	0
Interest expenses paid	(55)	(66)
Income taxes paid	(278)	(517)
Net cash provided by (used in) operating activities	1,235	2,312
Cash flows from investing activities		
Payments into time deposits	(56)	(5)
Proceeds from withdrawal of time deposits	2	2
Purchase of property, plant and equipment	(425)	(212)
Purchase of intangible assets	(1,194)	(1,100)
Purchase of investment securities	(196)	(231)
Payments of lease and guarantee deposits	(53)	(341)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,589)	(1,944)
Other, net	71	66
Net cash provided by (used in) investing activities	(3,441)	(3,766)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(153)	1,400
Proceeds from long-term loans payable	4,878	933
Repayments of long-term loans payable	(2,572)	(970)
Proceeds from issuance of bonds payable	195	1,978
Redemption of bonds payable	(10)	(40)
Repayments of lease obligations	(38)	(58)
Proceeds from issuance of share acquisition rights	6	-
Proceeds from issuance of shares resulting from exercise of share acquisition rights	2,108	50
Purchase of share acquisition rights	-	(1)
Purchase of treasury shares	(0)	(0)
Other, net	-	254
Net cash provided by (used in) financing activities	4,414	3,545
Net increase (decrease) in cash and cash equivalents	2,207	2,091
Cash and cash equivalents at the beginning of period	2,018	4,226
Cash and cash equivalents at the end of period	4,226	6,318