Translation

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Summary of Consolidated Financial Results for the Six Months Ended April 30, 2021 (Based on Japanese GAAP)

June 14, 2021

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: SATOSHI MATSUKAWA, Executive Officer and Chief Accounting Officer TEL：03-6230-9180
Scheduled date to file Quarterly Securities Report: June 14, 2021
Scheduled date to commence dividend payments: -
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly 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 six months ended April 30, 2021 (November 1, 2020 to April 30, 2021)

(1) Consolidated operating results(cumulative) (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	%
Six months ended April 30, 2021	36,882	50.0	793	(5.0)	98	(76.8)	(141)	-	(248)	-
Six months ended April 30, 2020	24,584	46.8	835	48.3	424	26.8	323	21.2	115	(22.1)

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

(NOTE) Comprehensive income: Six months ended April 30, 2021 (234) million yen [-%]
Six months ended April 30, 2020 107 million yen [(26.9)%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended April 30, 2021	(7.70)	-
Six months ended April 30, 2020	4.01	3.77

(NOTE) 1.Despite the existence of diluted shares, Diluted earnings per share for the six months ended April 30, 2021 are not stated since negative Earnings per share are recorded.
2.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) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of April 30, 2021	29,029	18,958	65.3
As of October 31, 2020	18,505	7,137	38.6

(REFERENCE) Equity capital: As of April 30, 2021 18,955 million yen
As of October 31, 2020 7,137 million yen

2. Cash dividends

	Dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended October 31, 2020	-	0.00	-	0.00	0.00
Year ended October 31, 2021	-	0.00			
Year ending October 31, 2021 (Forecast)			-	-	-

(NOTE) Revision of dividend forecast from recently announced figures: Not applicable
The dividend forecast for the year ending October 31, 2021 has not yet 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	29.92

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

(NOTE) 1. Revisions to the forecast of financial results from recently announced figures: Not applicable

2. The Company conducted a 1:3 stock split for common stock with an effective date of November 1, 2020. In addition, the issuance of new shares (4,350,000 shares) by public offering with a payment date of January 19, 2021 and the capital increase through third-party allotment (652,500 shares) for the sale by over-allotment with a payment date of January 28, 2021 have been completed. Earnings per share in the forecast of consolidated financial results for the fiscal year ending October 2021 are calculated based on the average number of shares during the planned period, taking these factors into consideration.

4. Notes

(1) Changes in significant subsidiaries during the six months ended April 30, 2021 (changes in specified subsidiaries resulting in the change in scope of consolidation): Not applicable

(2) Application of special accounting methods for the preparation of quarterly consolidated financial statements: Applicable

(3) 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: Not applicable
Changes in accounting estimates: Not applicable
Restatement of prior period financial statements: Not applicable

(4) Number of issued shares (common stock)

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

As of April 30, 2021	34,440,015 shares	As of October 31, 2020	29,393,115 shares

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

As of April 30, 2021	644 shares	As of October 31, 2020	621 shares

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

Six months ended April 30, 2021	32,217,736 shares	Six months ended April 30, 2020	28,685,226 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.

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Million yen)

	As of October 31, 2020	As of April 30, 2021
Assets		
Current assets		
Cash and deposits	6,386	14,888
Accounts receivable - trade	147	125
Real estate for sale	1,386	3,141
Costs on uncompleted construction contracts	8	41
Supplies	48	58
Advance payments - trade	137	168
Prepaid expenses	270	314
Other	149	275
Allowance for doubtful accounts	(81)	(94)
Total current assets	8,453	18,920
Non-current assets		
Property, plant and equipment	1,230	1,313
Intangible assets		
Goodwill	3,911	3,670
Software	2,542	2,746
Software in progress	57	131
Other	858	790
Total intangible assets	7,370	7,339
Investments and other assets	1,450	1,456
Total non-current assets	10,051	10,108
Total assets	18,505	29,029

(Million yen)

	As of October 31, 2020	As of April 30, 2021
Liabilities		
Current liabilities		
Short-term loans payable	1,503	423
Current portion of long-term loans payable	949	989
Current portion of bonds	40	2,050
Accounts payable – other	988	916
Income taxes payable	661	202
Accrued consumption taxes	210	49
Provision	23	11
Deposits received	1,074	1,128
Other	271	258
Total current liabilities	5,723	6,031
Non-current liabilities		
Bonds payable	2,110	430
Long-term loans payable	2,383	2,307
Deferred tax liabilities	258	235
Provision	77	66
Asset retirement obligations	407	408
Other	405	592
Total non-current liabilities	5,643	4,039
Total liabilities	11,367	10,071
Net assets		
Shareholders' equity		
Capital stock	1,182	7,208
Capital surplus	3,931	9,957
Retained earnings	2,039	1,790
Treasury shares	(0)	(0)
Total shareholders' equity	7,152	18,956
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(14)	(1)
Foreign currency translation adjustment	-	0
Total accumulated other comprehensive income	(14)	(0)
Share acquisition rights	0	2
Total net assets	7,137	18,958
Total liabilities and net assets	18,505	29,029

Quarterly Consolidated Statements of Income (cumulative) and Comprehensive Income (cumulative)
Quarterly Consolidated Statements of Income (cumulative)

(Million yen)

	Six months ended April 30, 2020	Six months ended April 30, 2021
Net sales	24,584	36,882
Cost of sales	20,409	31,709
Gross profit	4,175	5,173
Selling, general and administrative expenses	3,750	5,074
Operating profit	424	98
Non-operating income		
Interest income	0	0
Other	5	6
Total non-operating income	5	7
Non-operating expenses		
Interest expenses	28	36
Commission fee	53	128
Bond issue expenses	21	6
Share issue expenses	-	62
Other	3	13
Total non-operating expenses	106	247
Ordinary profit(loss)	323	(141)
Extraordinary losses		
Loss on sales and retirement of non-current assets	0	0
Total extraordinary losses	0	0
Profit (loss) before income taxes	322	(141)
Income taxes	207	106
Profit (loss)	115	(248)
Profit (loss) attributable to owners of parent	115	(248)

Quarterly Consolidated Statements of Comprehensive Income (cumulative)

(Million yen)

	Six months ended April 30, 2020	Six months ended April 30, 2021
Profit (loss)	115	(248)
Other comprehensive income		
Valuation difference on available-for-sale securities	(7)	13
Foreign currency translation adjustment	-	0
Total other comprehensive income	(7)	13
Comprehensive income	107	(234)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	107	(234)

Quarterly Consolidated Statements of Cash Flows

(Million yen)

	Six months ended April 30, 2020	Six months ended April 30, 2021
Cash flows from operating activities		
Profit (loss) before income taxes	322	(141)
Depreciation	247	453
Amortization of goodwill	155	241
Bond issue expenses	21	6
Share issue expenses	-	62
Increase (decrease) in allowance for doubtful accounts	33	13
Interest and dividend income	(0)	(0)
Interest expenses	28	36
Commission expenses	53	128
Loss (gain) on sales and retirement of non-current assets	0	0
Increase (decrease) in provision	(48)	(21)
Decrease (increase) in notes and accounts receivable - trade	(1)	25
Decrease (increase) in advance payments - trade	(22)	(31)
Decrease (increase) in inventories	(1,601)	(1,756)
Increase (decrease) in accounts payable-other	(2)	17
Increase (decrease) in deposits received	63	108
Increase (decrease) in accrued consumption taxes	(47)	(161)
Other, net	(117)	(127)
Subtotal	(915)	(1,147)
Interest and dividend income received	0	0
Interest expenses paid	(30)	(35)
Income taxes paid	(326)	(605)
Net cash provided by (used in) operating activities	(1,271)	(1,788)
Cash flows from investing activities		
Purchase of property, plant and equipment	(63)	(176)
Purchase of intangible assets	(551)	(593)
Purchase of investment securities	(231)	(10)
Payments of lease and guarantee deposits	(46)	(14)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(920)	-
Other, net	67	28
Net cash provided by (used in) investing activities	(1,745)	(765)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	200	(1,080)
Proceeds from long-term loans payable	833	1,140
Repayments of long-term loans payable	(416)	(1,356)
Proceeds from issuance of bonds payable	1,978	343
Redemption of bonds payable	(20)	(20)
Proceeds from issuance of shares	-	11,976
Repayments of lease obligations	(29)	(31)
Other, net	21	83
Net cash provided by (used in) financing activities	2,567	11,055
Effect of exchange rate change on cash and cash equivalents	-	0
Net increase (decrease) in cash and cash equivalents	(449)	8,501
Cash and cash equivalents at the beginning of period	4,226	6,318
Cash and cash equivalents at the end of period	3,777	14,819