

Translation

Notice: This document is a translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

**Summary of Consolidated Financial Results for the Nine Months Ended July 31, 2024
(Based on IFRS)**

September 12, 2024

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 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 nine months ended July 31, 2024 (November 1, 2023 to July 31, 2024)

(1) Consolidated operating results (cumulative)

(Percentage figures represent year-on-year changes)

	Revenue		Business profit*		Profit before taxes		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended								
July 31, 2024	131,643	33.0	2,674	67.9	2,082	75.1	1,047	67.3
July 31, 2023	98,971	27.4	1,593	126.3	1,189	305.4	625	290.7

* Business profit = Revenue - Cost of sales - Selling, general and administrative expenses

	Profit attributable to owners of the parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Million yen	%	Million yen	%	Yen	Yen
Nine months ended						
July 31, 2024	1,022	66.7	1,195	56.9	27.79	27.28
July 31, 2023	612	282.5	762	340.6	16.70	16.36

(Note) In the fourth quarter of the fiscal year ended October 31, 2023, GA technologies Co., Ltd. (“the Company”) has finalized provisional accounting treatment for business combination. The figures for the nine months ended July 31, 2023, reflect the finalization of the above treatment.

(2) Consolidated financial position

	Total assets		Total equity		Equity attributable to owners of the parent	Ratio of equity attributable to owners of parent to total assets
	Million yen		Million yen		Million yen	%
As of						
July 31, 2024	76,044		22,044		21,990	28.9
October 31, 2023	61,352		20,584		20,559	33.5

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended October 31, 2023	-	0.00	-	0.00	0.00
Fiscal year ending October 31, 2024	-	0.00	-		
Fiscal year ending October 31, 2024 (Forecast)				0.00	0.00

(Note) Revision of dividend forecast from recently announced figures: Not applicable

3. Forecast of consolidated financial results for the fiscal year ending October 31, 2024 (November 1, 2023 to October 31, 2024)

(Percentage figures represent year-on-year changes)

	Revenue		Business profit*		Profit attributable to owners of the parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	185,000	26.1	3,700	70.2	1,690	67.2	45.90

(Note) Revision to the forecast of financial results from recently announced figures: Not applicable

* Business profit = Revenue - Cost of sales - Selling, general and administrative expenses

4. Notes

- (1) Significant changes in the scope of consolidation during the period: Applicable
New: 3 companies (company name) Core Asset Management Inc., Housmart Inc., RW OpCo, LLC
- (2) Changes in accounting policies and changes in accounting estimates
- (i) Changes in accounting policies required by IFRS: Applicable
 - (ii) Changes in accounting policies due to other reasons: Not applicable
 - (iii) Changes in accounting estimates: Not applicable
- (Note) For details, please refer to “2. Condensed Quarterly Consolidated Financial Statements and Significant Notes Thereto: (5) Notes to Condensed Quarterly Consolidated Financial Statements (Changes in Accounting Policies)” on page 11 of the Attachment.

(3) Number of issued shares (common stock)

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

As of July 31, 2024	36,916,535 shares	As of October 31, 2023	36,751,215 shares
---------------------	-------------------	------------------------	-------------------

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

As of July 31, 2024	751 shares	As of October 31, 2023	730 shares
---------------------	------------	------------------------	------------

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

Nine months ended July 31, 2024	36,774,750 shares	Nine months ended July 31, 2023	36,703,360 shares
---------------------------------	-------------------	---------------------------------	-------------------

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: Yes (voluntary)

* Explanation regarding appropriate use of financial results forecasts, and other specific information

(Notes on forward-looking statements)

The financial performance outlook and other forward-looking statements contained in this document are based on information currently available to and certain assumptions that are thought to be reasonable by the Company. Accordingly, such statements should not be construed as a guarantee of achieving results by the Company. Please note that actual financial performance may differ materially due to various factors.

(How to obtain supplementary materials on financial results and financial results briefing materials)

The Company will hold a briefing session for institutional investors and analysts on September 12, 2024 (Thursday).

The scenes from the session and content of the briefing will be, along with the financial results briefing materials to be used on the day, posted on the Company's website promptly after the session is held.

Contents of Attachment

1. Overview of Operating Results	2
(1) Overview of Operating Results	2
(2) Overview of Financial Position.....	4
(3) Overview of Cash Flows.....	4
(4) Explanation of Consolidated Financial Results Forecast and Other Forecast Information.....	4
2. Condensed Quarterly Consolidated Financial Statements and Significant Notes Thereto.....	5
(1) Condensed Quarterly Consolidated Statement of Financial Position	5
(2) Condensed Quarterly Consolidated Statement of Profit or Loss and Condensed Quarterly Consolidated Statement of Comprehensive Income.....	7
(3) Condensed Quarterly Consolidated Statement of Changes in Equity.....	9
(4) Condensed Quarterly Consolidated Statement of Cash Flows	10
(5) Notes to Condensed Quarterly Consolidated Financial Statements.....	11
(Applicable Financial Reporting Framework)	11
(Changes in Accounting Policies).....	11
(Segment Information)	11
(Notes on Going Concern Assumption).....	13
(Significant Subsequent Events).....	13

1. Overview of Operating Results

In the fourth quarter of the fiscal year ended October 31, 2023, GA technologies Co., Ltd. (“the Company”) finalized the provisional accounting treatment for the business combination, and each figure for the first nine months of the fiscal year ended October 31, 2023 (first nine months ended July 31, 2023) reflects the details of the finalization of the provisional accounting treatment.

(1) Overview of Operating Results

During the first nine months of the fiscal year ending October 31, 2024 (November 1, 2023 to July 31, 2024), the Japanese economy saw a gradual recovery, along with improvement in the employment and income situation. However, the outlook remained uncertain, amid concern over the impact that factors such as international situation, soaring raw material and resource prices, inflation and exchange rate volatility will have on Japanese and global economic activity.

Looking at the real estate market to which the Company and its group companies (“the Group”) belong, the number of contracts concluded for pre-owned condominiums in the Tokyo metropolitan area between October 2023 and June 2024 continues to increase compared to the previous year (statistical information by Real Estate Information Network for East Japan), and the Company assumes that pre-owned compact condominium investment market, which is the main focus of the Group, is also on an expanding trend. In addition, strengthening the tax breaks for the new NISA and other measures under the government’s Doubling Asset-based Incomes Plan are currently spurring individuals to shift from savings to investments. Against this backdrop, property investment is also attracting attention as part of diversified investment. Property is perceived as an asset that promises relatively stable returns compared with stocks, for instance, and is, therefore, now garnering attention as a means of hedging against inflation in particular. Accordingly, individual investors are expected to remain favorably disposed towards active and continuous investment in real estate going forward. In this environment, the Group announced a Medium-term Business Plan and also raised its earnings forecast in June 2024. The Company’s operating results for the nine months ended July 31, 2024 were in line with these plans, with the Company posting revenue of 131,643 million yen (up 33.0% year on year), gross profit of 21,466 million yen (up 36.0% year on year), business profit of 2,674 million yen (up 67.9% year on year), operating profit of 2,606 million yen (up 59.5% year on year), and profit attributable to owners of parent of 1,022 million yen (up 66.7% year on year) and setting new records for all of these KPIs.

Furthermore, key KPIs other than those mentioned above are net revenue*1 of 22,103 million yen (up 35.7% year on year), stock business gross profit*2 of 5,515 million yen (up 79.9% year on year), core business profit margin*3 of 12.1% (9.8% for the same period a year earlier) and non-organic ratio*4 of 42.4% (42.6% for the same period a year earlier).

Operating results by segment are as follows.

Furthermore, in accordance with a review of its business management classification, the Group has changed its method of reporting the real estate platform business for investors in Greater China, which was included in the Other segment, to include it in the RENOSY Marketplace segment starting from the first quarter of the fiscal year. Accordingly, year-on-year figures in the operating results by segment are calculated based on the figures for the year-earlier periods prepared in accordance with the revised method.

(i) RENOSY Marketplace Business*5

Bolstered by measures to increase recognition and individual investors’ appetite for active and continuous investment in real estate, the Company briskly expanded its market share, retaining the largest share of the preowned condominium investment market for a fifth consecutive year*6. The Company also sought to maximize gross profit through the promotion of Seller DX, expansion of the product lineup, and other measures to improve various types of commission. In addition, in the property management business, Purchase DX, which leads to subscriptions, performed strongly, and the Company also executed M&A transactions, acquiring Core Asset Management Inc. and RW OpCo, LLC, both of which are engaged in the property management business, in December 2023 and March 2024 respectively. As a result, the number of subscription owners and the number of contracts both remained in an upward trend. As a result of such initiatives, good progress was made on key KPIs, with the number of RENOSY members*7 reaching 488,000 (up approximately 30% year on year), the number of purchase DX contracts*8 amounting to 1,537 (up approximately 14% year on year), the number of seller DX contracts*9 totaling 592 (up approximately 3% year on year), the number of subscription contracts*10 increasing to 31,994 (up approximately 89% year on year), the number of asset planners (consultants)(pre-owned compact condominiums)*11 rising to 126 (up approximately 14% year on year) and ARPA (pre-owned compact condominiums)*12 reaching 1,061 million yen (up approximately 180 million yen year on year). As a result, the operating results of RENOSY Marketplace Business were revenue of 128,088 million yen (up 32.9% year on year), gross profit of 18,548 million yen (up 35.3% year on year), and segment profit of 6,054 million yen (up 35.4% year on year).

(ii) ITANDI Business

Due to the network effects of vertical SaaS and M&A of Housmart Inc. in January 2024, the Company solidly expanded its performance, such as achieving ARR*13 of 3.48 billion yen (up approximately 36% year on year), churn rate*14 of 0.40% (0.49% for the year-earlier period), the accumulated number of customers of 4,025 companies (up approximately 53% year on year), unit economics*15 of 39.0 times (24.1 times for the year-earlier period), the number of products introduced of 11,961 products (up approximately 58% year on year), and the number of ITANDI BB page views of 10,350,000 views (up approximately 12% year-on-year). As a result, the operating results of ITANDI Business amounted to revenue of 3,199 million yen (up 33.3% year on year), gross profit of 2,674 million yen (up 32.1% year on year) and segment profit of 1,033 million yen (up 61.8% year on year).

- *1 Net revenue is calculated by RENOSY Marketplace Business's gross profit + (consolidated revenue – RENOSY Marketplace Business's revenue).
- *2 Stock business gross profit is the total of gross profit from RENOSY Marketplace Business's subscription business and that from ITANDI Business.
- *3 Core business profit margin is calculated by consolidated business profit ÷ net revenue.
- *4 Defining total gross profit from businesses other than pre-owned compact condominiums and subscriptions as non-organic gross profit, non-organic ratio is calculated by ratio to entire gross profit.
- *5 The RENOSY Marketplace Business mainly conducts the purchase and reselling of investment real estate, and brokerage of sales and leasing as well as management of real estate.
- *6 Online Real estate investment RENOSY, online sales of new and used condominium investment, and number of matches are ranked No. 1 in Japan
<https://ssl4.eir-parts.net/doc/3491/tdnet/2437813/00.pdf>
- *7 The number of RENOSY members refers to the total stock number of RENOSY members at the end of July 2024 (accumulated numbers of member registration).
- *8 The number of Purchase DX contracts refers to the accumulated number of contracts for investment and home within RENOSY Marketplace through Purchase DX for the three months of the third quarter under review.
- *9 The number of Seller DX contracts refers to the accumulated number of contracts for investment and home within RENOSY Marketplace through Seller DX for the three months of the third quarter under review.
- *10 The number of subscription contract is the number of units managed as of the end of July 2024.
- *11 The number of asset planners(consultants) (pre-owned compact condominiums) is the number of people as of the end of July 2024.
- *12 ARPA (Average Revenue per Agent) (pre-owned compact condominium) is calculated by dividing full-year revenue of pre-owned compact condominiums for the fiscal year ended October 2023 by the average number of asset planners at the end of each month of the relevant fiscal year.
- *13 Annual Recurring Revenue is calculated by multiplying the MRR (Monthly Recurring Revenue) at the end of each quarter by 12. MRR includes monthly usage fee, pay-as-you-go fee, revenue from lifeline referral services. Note that starting from the first quarter of the fiscal year ending in October 2024, the calculation now includes all SaaS services by ITANDI, PropoCloud by Housmart, and SaaS services by RENOSY X, in addition to the main products and services included in the previous calculation.
- *14 Average monthly churn rate for the last 12 months as of the end of July 2024.
- *15 Per-customer economics. Multiple of Customer Lifetime Value (CLV) divided by Customer Acquisition Cost (CAC) for the last 12 months as of the end of July 2024.

(2) Overview of Financial Position

(Assets)

Current assets at the end of the third quarter of the current fiscal year increased by 9,025 million yen from the end of the previous fiscal year to 40,166 million yen. This is mainly due to an increase in inventories by 4,326 million yen to 14,510 million yen, an increase in cash and cash equivalents by 1,770 million yen to 19,223 million yen, and an increase in other financial assets by 1,469 million yen to 2,440 million yen. Non-current assets increased by 5,666 million yen from the end of the previous fiscal year to 35,877 million yen. This is mainly due to an increase in goodwill by 6,577 million yen to 14,350 million yen, and a decrease in investment property by 1,532 million yen to 9,771 million yen.

As a result, total assets increased by 14,691 million yen from the end of the previous fiscal year to 76,044 million yen.

(Liabilities)

Current liabilities at the end of the third quarter of the current fiscal year increased by 13,522 million yen from the end of the previous fiscal year to 37,342 million yen. This is mainly due to an increase in bonds and borrowing by 6,996 million yen to 17,443 million yen, and an increase in other financial liabilities by 5,873 million yen to 8,424 million yen. Non-current liabilities decreased by 290 million yen from the end of the previous fiscal year to 16,656 million yen. This is mainly due to an increase in bonds and borrowings by 2,863 million yen to 7,359 million yen, a decrease in lease liabilities by 2,424 million yen to 8,394 million yen, and a decrease in other financial liabilities by 718 million yen to 207 million yen.

As a result, total liabilities increased by 13,232 million yen from the end of the previous fiscal year to 53,999 million yen.

(Equity)

Total equity at the end of the third quarter of the current fiscal year increased by 1,459 million yen from the end of the previous fiscal year to 22,044 million yen. This is mainly due to an increase in retained earnings by 1,022 million yen to 2,011 million yen.

(3) Overview of Cash Flows

Cash and cash equivalents (“net cash”) at the end of the third quarter of the current fiscal year increased by 1,770 million yen from the end of the previous fiscal year to 19,223 million yen. The status of cash flows during the first nine months of the fiscal year and their contributing factors are as follows:

(Cash flows from operating activities)

Net cash used in operating activities amounted to 272 million yen (2,105 million yen provided for the same period a year earlier). This is mainly due to 4,319 million yen increase in inventories, 4,169 million yen in depreciation and amortization, 2,082 million yen in profit before tax, 1,028 million yen of income tax paid, 835 million yen decrease in trade and other payables, and 330 million yen in interest paid.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 3,652 million yen (1,555 million yen used for the same period a year earlier). This is mainly due to 2,611 million yen in payments for business combinations, offset by 1,669 million yen in proceeds from business combinations, and 1,031 million yen for the purchase of intangible assets.

(Cash flows from financing activities)

Net cash provided by financing activities amounted to 5,697 million yen (1,074 million yen used for the same period a year earlier). This is mainly due to 6,631 million yen net increase in short-term borrowings, 5,442 million yen as proceeds from long-term borrowings, 3,694 million yen in repayments of lease liabilities, as well as 3,031 million yen in repayments of long-term borrowings.

(4) Explanation of Consolidated Financial Results Forecast and Other Forecast Information

The Company’s consolidated financial results forecast for the fiscal year ending October 31, 2024 is unchanged from the forecast stated in Notice Regarding Revision of Earnings Forecast released on June 13, 2024.

2. Condensed Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Million yen)

	As of October 31, 2023	As of July 31, 2024
Assets		
Current assets		
Cash and cash equivalents	17,452	19,223
Trade and other receivables	867	1,004
Inventories	10,183	14,510
Other financial assets	970	2,440
Other current assets	1,666	2,988
Total current assets	31,141	40,166
Non-current assets		
Property, plant and equipment	1,405	1,431
Investment property	11,303	9,771
Goodwill	7,773	14,350
Intangible assets	4,464	4,685
Right-of-use assets	1,862	1,817
Other financial assets	1,917	1,926
Deferred tax assets	1,463	1,793
Other non-current assets	20	100
Total non-current assets	30,210	35,877
Total assets	61,352	76,044

	(Million yen)	
	As of October 31, 2023	As of July 31, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	3,516	3,330
Contract liabilities	640	970
Bonds and borrowings	10,447	17,443
Lease liabilities	4,579	4,918
Other financial liabilities	2,550	8,424
Income taxes payable	740	944
Other current liabilities	1,345	1,310
Total current liabilities	<u>23,820</u>	<u>37,342</u>
Non-current liabilities		
Bonds and borrowings	4,496	7,359
Lease liabilities	10,819	8,394
Provisions	498	508
Other financial liabilities	926	207
Deferred tax liabilities	175	121
Other non-current liabilities	30	65
Total non-current liabilities	<u>16,947</u>	<u>16,656</u>
Total liabilities	<u>40,767</u>	<u>53,999</u>
Equity		
Share capital	7,262	7,372
Capital surplus	12,122	12,272
Retained earnings	989	2,011
Treasury shares	(1)	(1)
Other components of equity	186	334
Total equity attributable to owners of the parent	<u>20,559</u>	<u>21,990</u>
Non-controlling interests	25	54
Total equity	<u>20,584</u>	<u>22,044</u>
Total liabilities and equity	<u>61,352</u>	<u>76,044</u>

(2) Condensed Quarterly Consolidated Statement of Profit or Loss and Condensed Quarterly Consolidated Statement of Comprehensive Income

(Condensed Quarterly Consolidated Statement of Profit or Loss)

(Million yen)

	For the nine months ended July 31, 2023	For the nine months ended July 31, 2024
Revenue	98,971	131,643
Cost of sales	83,184	110,176
Gross profit	15,786	21,466
Selling, general and administrative expenses	14,193	18,791
Business profit	1,593	2,674
Other income	77	75
Other expenses	36	143
Operating profit	1,634	2,606
Finance income	11	6
Finance costs	456	530
Profit before tax	1,189	2,082
Income tax expense	563	1,035
Profit	625	1,047
Profit attributable to		
Owners of parent	612	1,022
Non-controlling interests	13	24
Profit	625	1,047
Earnings per share		
Basic earnings per share (yen)	16.70	27.79
Diluted earnings per share (yen)	16.36	27.28

(Condensed Quarterly Consolidated Statement of Comprehensive Income)

(Million yen)

	For the nine months ended July 31, 2023	For the nine months ended July 31, 2024
Profit	625	1,047
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	85	(1)
Total of items that will not be reclassified to profit or loss	85	(1)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	50	149
Total of items that may be reclassified to profit or loss	50	149
Other comprehensive income, net of tax	136	148
Comprehensive income	762	1,195
Comprehensive income attributable to		
Owners of parent	749	1,170
Non-controlling interests	13	24
Comprehensive income	762	1,195

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

(For the nine months ended July 31, 2023)

(Million yen)

	Equity attributable to owners of the parent										
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity			Total	Total	Non-controlling interests	Total equity
					Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Total				
Balance at beginning of period	7,238	12,023	(33)	(1)	45	28	74	19,302	2	19,305	
Profit	-	-	612	-	-	-	-	612	13	625	
Other comprehensive income	-	-	-	-	85	50	136	136	-	136	
Comprehensive income	-	-	612	-	85	50	136	749	13	762	
Issuance of new shares (Exercise of stock option rights)	22	(8)	-	-	-	-	-	14	-	14	
Share-based payment transactions	-	188	-	-	-	-	-	188	-	188	
Increase (decrease) by business combination	-	-	-	-	-	-	-	-	17	17	
Changes in ownership interest in subsidiaries	-	(130)	-	-	-	-	-	(130)	(2)	(133)	
Transfer from other components of equity to retained earnings	-	-	12	-	(12)	-	(12)	-	-	-	
Other	-	-	(0)	-	-	-	-	(0)	-	(0)	
Total transactions with owners	22	48	11	-	(12)	-	(12)	71	15	86	
Balance at end of period	7,261	12,072	591	(1)	118	79	198	20,122	30	20,153	

(For the nine months ended July 31, 2024)

(Million yen)

	Equity attributable to owners of the parent										
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity			Total	Total	Non-controlling interests	Total equity
					Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Total				
Balance at beginning of period	7,262	12,122	989	(1)	101	84	186	20,559	25	20,584	
Profit	-	-	1,022	-	-	-	-	1,022	24	1,047	
Other comprehensive income	-	-	-	-	(1)	149	148	148	-	148	
Comprehensive income	-	-	1,022	-	(1)	149	148	1,170	24	1,195	
Issuance of new shares	99	99	-	-	-	-	-	199	-	199	
Issuance of new shares (Exercise of stock option rights)	10	10	-	-	-	-	-	21	-	21	
Purchase of treasury shares	-	-	-	(0)	-	-	-	(0)	-	(0)	
Share-based payment transactions	-	40	-	-	-	-	-	40	-	40	
Other	-	-	-	-	-	-	-	-	4	4	
Total transactions with owners	110	149	-	(0)	-	-	-	260	4	264	
Balance at end of period	7,372	12,272	2,011	(1)	100	234	334	21,990	54	22,044	

(4) Condensed Quarterly Consolidated Statement of Cash Flows

	(Million yen)	
	For the nine months ended July 31, 2023	For the nine months ended July 31, 2024
Cash flows from operating activities		
Profit before tax	1,189	2,082
Depreciation and amortization	3,926	4,169
Impairment losses	9	5
Loss (gain) on disposal of fixed assets	5	10
Decrease (increase) in inventories	(3,401)	(4,319)
Increase (decrease) in deposits received	263	400
Finance income	(11)	(6)
Finance costs	456	530
Decrease (increase) in trade and other receivables	(175)	38
Increase (decrease) in trade and other payables	39	(835)
Other	415	(996)
Subtotal	2,716	1,081
Interest and dividends received	5	5
Interest paid	(213)	(330)
Income taxes paid	(403)	(1,028)
Net cash provided by (used in) operating activities	2,105	(272)
Cash flows from investing activities		
Purchase of property, plant and equipment	(214)	(202)
Purchase of intangible assets	(978)	(1,031)
Payments of leasehold and guarantee deposits	(324)	(55)
Proceeds from refund of leasehold and guarantee deposits	94	56
Payments for business combinations	(449)	(2,611)
Proceeds from business combinations	-	1,669
Proceeds from sales of investment securities	119	-
Other	197	(1,478)
Net cash provided by (used in) investing activities	(1,555)	(3,652)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	84	6,631
Proceeds from long-term borrowings	3,697	5,442
Repayments of long-term borrowings	(955)	(3,031)
Proceeds from issuance of bonds	-	196
Redemption of bonds	(35)	(35)
Repayments of lease liabilities	(3,670)	(3,694)
Proceeds from issuance of shares	-	198
Payments for acquisition of interests in subsidiaries from non-controlling interests	(133)	-
Other	(62)	(10)
Net cash provided by (used in) financing activities	(1,074)	5,697
Effect of exchange rate changes on cash and cash equivalents	50	(1)
Net increase (decrease) in cash and cash equivalents	(475)	1,770
Cash and cash equivalents at beginning of the period	11,842	17,452
Cash and cash equivalents at end of the period	11,366	19,223

(5) Notes to Condensed Quarterly Consolidated Financial Statements

(Applicable Financial Reporting Framework)

The Group's condensed quarterly consolidated financial statements, which comprise the condensed quarterly consolidated statement of financial position, the condensed quarterly consolidated statement of profit or loss, the condensed quarterly consolidated statement of comprehensive income, the condensed quarterly consolidated statement of changes in equity, the condensed quarterly consolidated statement of cash flows and notes to the condensed quarterly consolidated financial statements, have been prepared in accordance with Article 5, Paragraph 2 of the Tokyo Stock Exchange, Inc.'s Standards for the Preparation of Quarterly Financial Statements (the Standards), applying the provisions for reduced disclosures as set forth in Article 5, Paragraph 5 of the Standards. These condensed quarterly consolidated financial statements have been prepared based on IAS 34, Interim Financial Reporting, ("IAS 34") except that certain of the required disclosures and notes have not been given. Therefore, they are not a set of condensed financial statements in accordance with IAS 34.

(Changes in Accounting Policies)

(Amendment of IAS 12 "Income Taxes")

The Group has applied the IAS 12 "Income Taxes" (amended May 2021) from the beginning of the nine month period ended July 31, 2024. The amendment clarified that, as in leases and decommissioning obligations, when an equal taxable and deductible temporary differences arise at the time of a transaction, a company shall recognize the deferred tax liabilities and deferred tax assets arising therefrom.

The application of the standard mentioned above has no significant impacts on the condensed quarterly consolidated financial statements.

(Segment Information)

(1) Overview of reportable segments

The operating segments of the Group are those components of the Company for which separate financial information is available and which are subject to periodic review by the Board of Directors for the purpose of determining the allocation of management resources and evaluating business performance. Operating segments have not been aggregated when determining reportable segments.

Based on the characteristics of the businesses, the Company has two reportable segments: the RENOSY Marketplace Business and the ITANDI Business.

Furthermore, in accordance with a review of its business management classification, the Group has changed its method of reporting the real estate platform business for investors in Greater China, which was included in the Other segment, to include it in the RENOSY Marketplace segment starting from the beginning of the nine month period ended July 31, 2024.

In accordance with the segment change mentioned above, segment information for the nine months ended July 31, 2023, reflects such change in the reporting segment classification.

In addition, as a result of the finalization of the provisional accounting treatment for a business combination, the figures for the nine months ended July 31, 2023 have been adjusted to reflect the finalization of such treatment.

The main businesses to which each reportable segment belongs are as follows.

Reportable segments	Details of main business
RENOSY Marketplace Business	<ul style="list-style-type: none">- Real estate Purchase DX services on the online real estate marketplace RENOSY- Real estate Seller DX services on the online real estate marketplace RENOSY- High-end rental services on the online real estate marketplace RENOSY- Various management plans by subscription (flat-rate usage) for real estate owners- Services utilizing newly built compact condominiums- Operation of rental platform "dearlife" for expatriates in Thailand- Operation and related business of Shenjumiasosuan, real estate platform website for investors in Greater China
ITANDI Business	<ul style="list-style-type: none">- Development and operation of ITANDI BB+, the SaaS series for rental companies, and ITANDI BB, an inter-agency website- BtoC online real estate rental service OHEYAGO- Development and operation of "Chintai Meijin," core software for rental management business- Development and operation of PropoCloud, real estate sales support SaaS

(2) Information on reportable segments

The revenues and performance of the Group's reportable segments are as follows.

Please note that inter-segment revenue is based on prevailing market prices.

(For the nine months ended July 31, 2023)

(Million yen)

	Reportable segments			Other (Note 1)	Total	Reconciling items (Note 2)	Consolidated (Note 3)
	RENOSY Marketplace	ITANDI	Total				
Revenue							
Revenue from external customers	96,388	2,389	98,777	193	98,971	-	98,971
Intersegment revenue	2	10	12	0	13	(13)	-
Total	96,390	2,399	98,790	194	98,984	(13)	98,971
Segment profit (loss) (Business profit)	4,472	639	5,111	(99)	5,011	(3,418)	1,593
Other income	-	-	-	-	-	-	77
Other expenses	-	-	-	-	-	-	36
Finance income	-	-	-	-	-	-	11
Finance costs	-	-	-	-	-	-	456
Profit before tax	-	-	-	-	-	-	1,189

(Notes) 1. The "Other" segment comprises businesses not included in the reportable segments, including M&A intermediation, and consulting.

2. Reconciling items to segment profit or loss (business profit) of (3,418) million yen include elimination of inter-segment transactions of 0 million yen, amortization of intangible assets identified as a result of business combinations and acquisition-related costs of (105) million yen, and corporate expenses of (3,313) million yen not allocated to each reportable segment. Corporate expenses are mainly general and administrative expenses not allocated to any reportable segment.
3. Segment profit or loss is adjusted to equal business profit in the condensed quarterly consolidated statement of profit or loss.
4. Business profit is an indicator of profit after deducting cost of sales and selling, general and administrative expenses from revenue, excluding other income and other expenses.

(For the nine months ended July 31, 2024)

(Million yen)

	Reportable segments			Other (Note 1)	Total	Reconciling items (Note 2)	Consolidated (Note 3)
	RENOSY Marketplace	ITANDI	Total				
Revenue							
Revenue from external customers	128,088	3,183	131,271	371	131,643	-	131,643
Intersegment revenue	-	16	16	11	28	(28)	-
Total	128,088	3,199	131,288	383	131,671	(28)	131,643
Segment profit (Business profit)	6,054	1,033	7,088	93	7,181	(4,506)	2,674
Other income	-	-	-	-	-	-	75
Other expenses	-	-	-	-	-	-	143
Finance income	-	-	-	-	-	-	6
Finance costs	-	-	-	-	-	-	530
Profit before tax	-	-	-	-	-	-	2,082

(Notes) 1. The “Other” segment comprises businesses not included in the reportable segments, including M&A intermediation, and consulting.

2. Reconciling items to segment profit (business profit) of (4,506) million yen include elimination of inter-segment transactions of 0 million yen, amortization of intangible assets identified as a result of business combinations and acquisition-related costs of (568) million yen, and corporate expenses of (3,938) million yen not allocated to each reportable segment. Corporate expenses are mainly general and administrative expenses not allocated to any reportable segment.

3. Segment profit is adjusted to equal business profit in the condensed quarterly consolidated statement of profit or loss.

4. Business profit is an indicator of profit after deducting cost of sales and selling, general and administrative expenses from revenue, excluding other income and other expenses.

(Notes on Going Concern Assumption)

Not applicable.

(Significant Subsequent Events)

(Acquisition of Shares of MERCURY REAL TECH INNOVATOR Inc.)

The Company resolved at a meeting of its Board of Directors held on July 16, 2024 to make a tender offer (hereinafter, the “Tender Offer”) for MERCURY REAL TECH INNOVATOR Inc. (hereinafter, “MERCURY”) and to execute a Capital and Business Alliance Agreement with MERCURY and, as a result of the Tender Offer, on August 21, 2024, the Company acquired 52.3% of the voting rights of MERCURY and made MERCURY a consolidated subsidiary of the Company.

(1) Outline of the Tender Offer

(i) Name and business description of acquired company

Acquired company	MERCURY REAL TECH INNOVATOR Inc.
Business description	Real estate information platform business utilizing technology

(ii) Tender offer period

From July 17, 2024 to August 14, 2024

(iii) Date of the business combination

August 21, 2024

(iv) Primary reasons for the purchase

The Company believes that the conversion of MERCURY into a consolidated subsidiary at a time when the Group and MERCURY are rolling out RENOSY, etc. and SummaryNet, respectively, as database provision platforms will deepen the relationship between the two companies, leading not only to expansion in the volume and amount of data-based transactions carried out between the

Group and MERCURY but also to the utilization of each other's real estate data, which have different strengths in terms of the scope of information held, etc., for example, the real estate trading data gained through SaaS business such as RENOSY Marketplace and ITANDI, and MERCURY's data on newly built condominiums. The Company believes that data provision will be enhanced both in terms of quality and quantity as a result and that this will help with the strengthening of stable revenue base through development and provision of new services for customer needs, which is one of the management issues MERCURY needs to address.

Furthermore, the Company believes that since the Group is actively promoting the introduction of technology to the real estate industry and has many highly skilled, high quality engineers, it can help MERCURY address the issues of the strengthening of system development capability and optimization of development through acquisition of talent and the early development of human resources by means of the exchange of human resources, including the temporary transfer of human resources to MERCURY.

(v) Acquisition method

Cash acquisition of shares

(vi) Share of voting rights acquired

Share of voting rights held immediately before acquisition	3.1%
Share of voting rights acquired through cash payment	52.3%
Share of voting rights after acquisition	55.4%

(2) Fair value of the consideration paid and its breakdown

(Million yen)

Type	Amount
Cash	684
Total amount of consideration paid	684

(Note) The acquisition-related expenses for this business combination is currently being determined and has yet to be finalized.

(3) Estimated fair values of assets acquired and liabilities assumed at the date of acquisition

The fair values are currently being determined and have yet to be finalized.

(4) Details of the business alliance

The Company and MERCURY agreed that they will discuss and consider the following measures to further strengthen their respective enterprise values.

- (a) Development and provision of more comprehensive and precise real estate database utilizing the real estate database owned by MERCURY together with the real estate database and database provision platform owned by the Group
- (b) Development of a more optimized and profitable business by sharing the business know-how of the real estate database owned by MERCURY and the Group
- (c) Other matters agreed upon between MERCURY and the Group