

GA technologies Co., Ltd.

FY2019.10 2Q

Financial Summary

2019.2.1 - 2019.4.30

June, 2019

Securities code : 3491



GA TECHNOLOGIES

PHILOSOPHY

Technology × Innovation
to Inspire the World.

VISION

Create a world-leading company.

FY2019.10 2Q Financial Highlights

As a result of the investment made in 1Q, consolidated Net Sales reached **+ 28%** compared with 1Q, and consolidated Operating Profit achieved **+ 225%** compared with 1Q.

GA TECHNOLOGIES GROUP

Consolidated ¹⁾ Net Sales

9,411
million yen

Consolidated ¹⁾ Operating Profit

IFRS ²⁾
279
million yen

JGAAP
255
million yen



- Increase in number of RENOSY members
- Increase in number of sales contract
- Net sales reached our highest

Net Sales

9,277 million yen

- Growth in sales contract
- Self-preview type Smart lock 100,000 free distribution to realize a whole new rental service
- Aim to participate in social experiment of electronic contract in real estate rental

- Synergy with GA's rental property management business
- Developing new products

1) We prepare our Quarterly Consolidated Financial Statements starting from this 1Q.

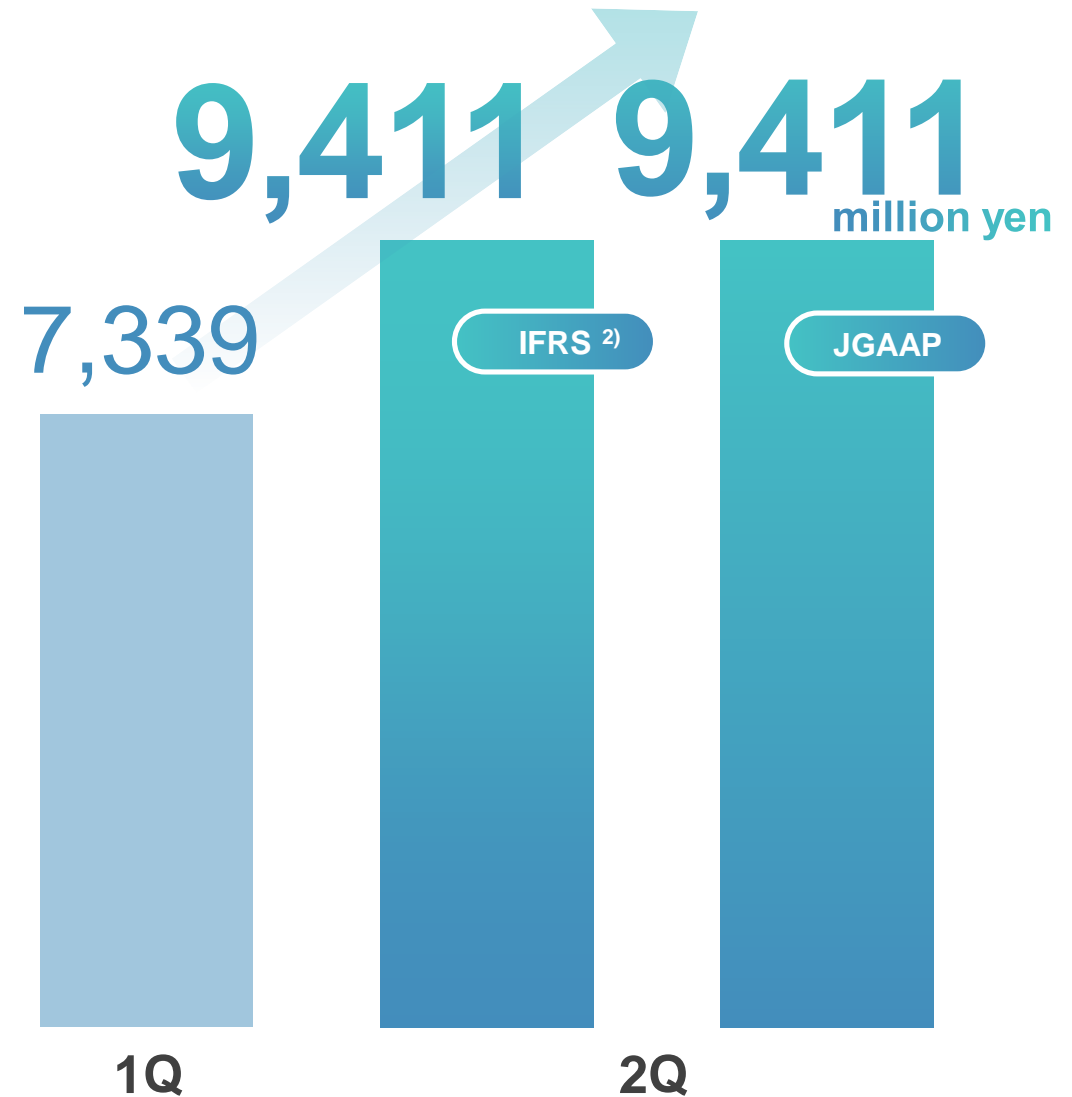
2) We are planning on transferring to IFRS accounting standards starting FY2020.

FY2019.10 2Q Consolidated Net Sales

Consolidated
Net Sales ¹⁾

VS 1Q

+ 28%



1) We prepare our Quarterly Consolidated Financial Statements starting from this 1Q.

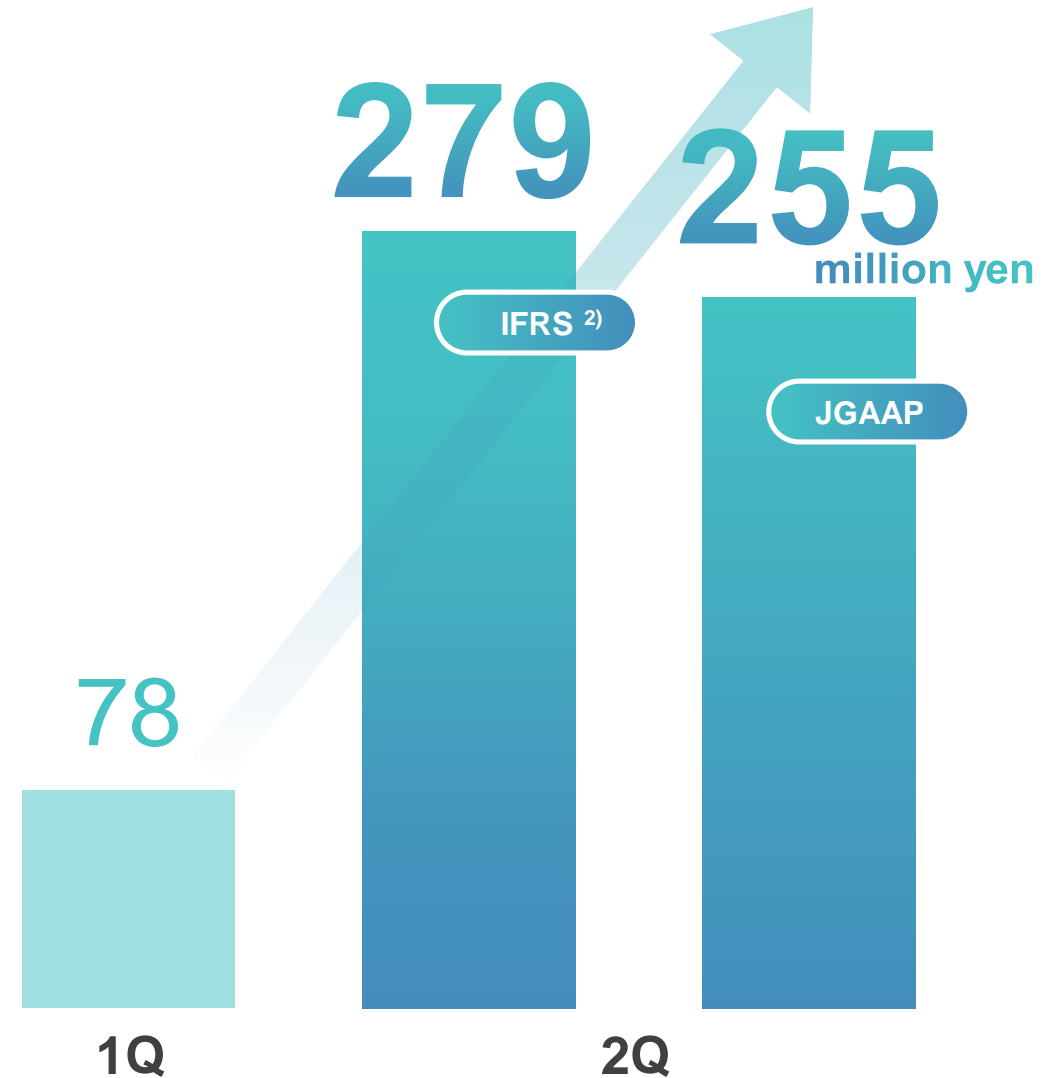
2) We are planning on transferring to IFRS accounting standards starting FY2020.

FY2019.10 2Q Consolidated Operating Profit

Consolidated
Operating Profit ¹⁾

VS 1Q

+ 225%

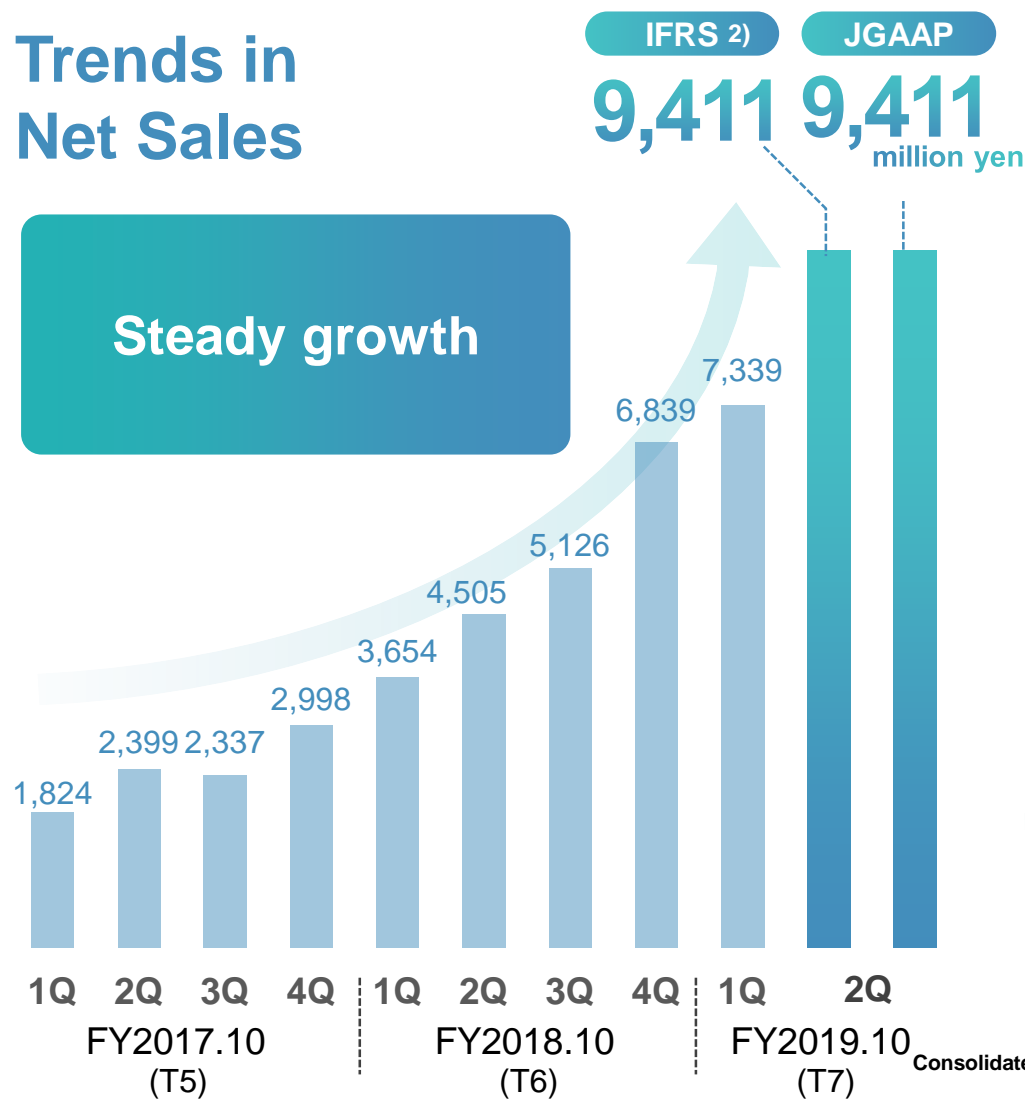


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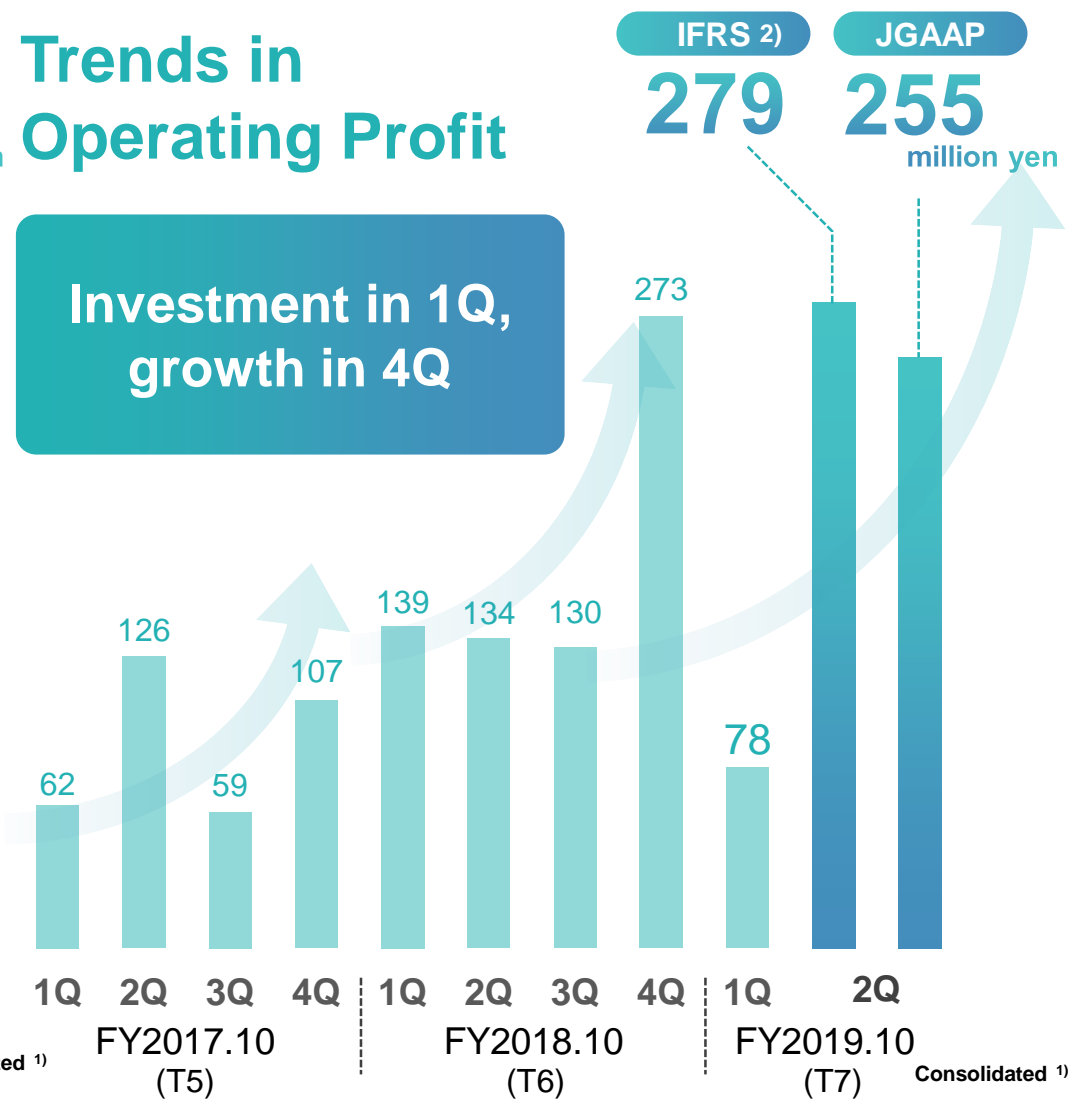
2) We are planning on transferring to IFRS accounting standards starting FY2020.

Quarterly trends

Trends in Net Sales



Trends in Operating Profit

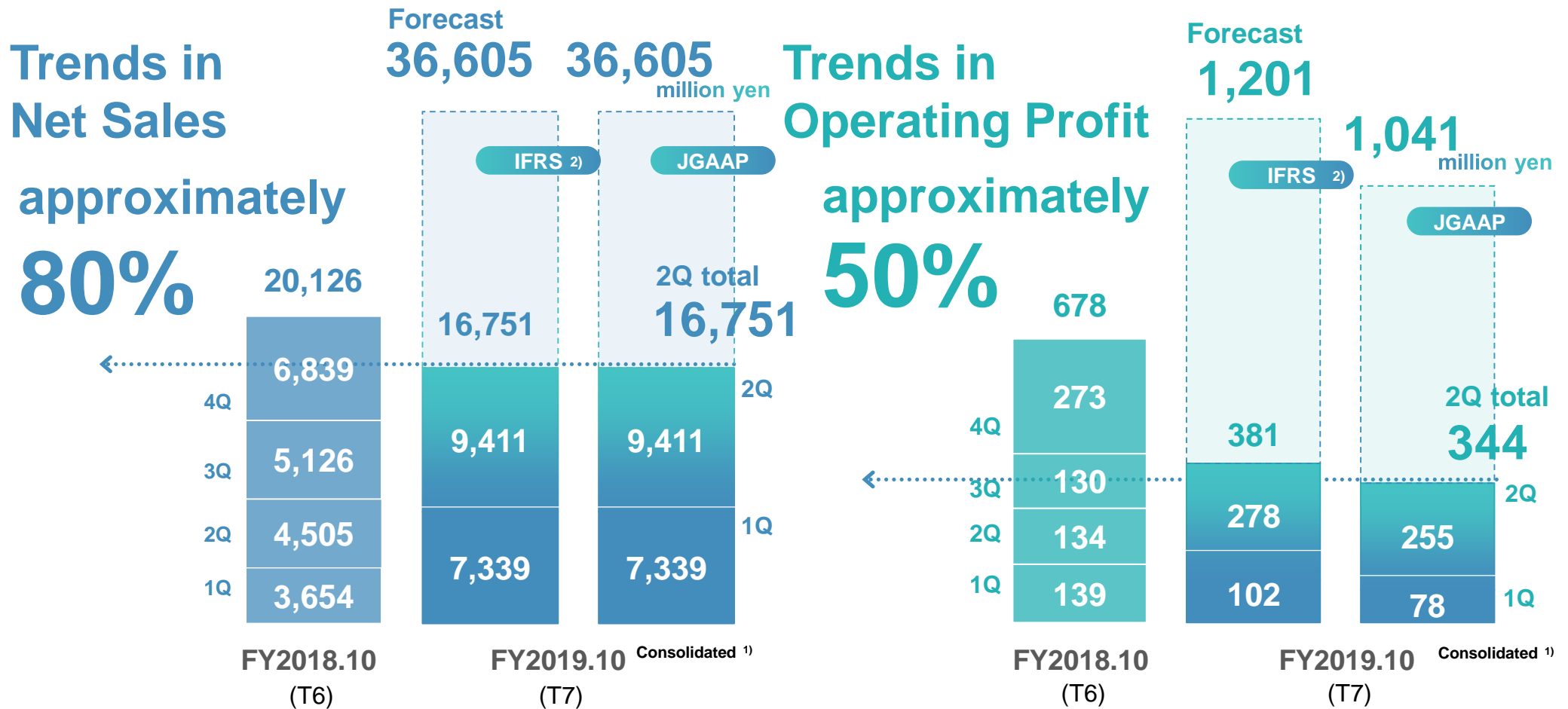


1) We prepare our Quarterly Consolidated Financial Statements starting from this 1Q.

2) We are planning on transferring to IFRS accounting standards starting FY2020.

Performance progress

As a result of the investment in 1Q, the **Net Sales** reached approximately **80%** YoY and the **Operating Profit** reached approximately **50%** YoY through 2Q.



1) We prepare our Quarterly Consolidated Financial Statements starting from this 1Q.

2) We are planning on transferring to IFRS accounting standards starting FY2020.

Summary of Profit and Loss Statement Consolidated ¹⁾

(Units: Million yen)

	FY2019.10 2Q	FY2018.10 2Q	FY2019.10 1Q	YoY	VS 1Q	Forecast	
						JGAAP	IFRS ²⁾
Net sales	9,411	4,505	7,339	+ 109%	+ 28%	36,605	36,605
Gross profit	1,700	762	1,350	+ 123%	+ 26%	---	---
Operating profit	255	134	78	+ 91%	+ 225%	1,041	1,201
Ordinary profit	211	128	55	+ 64%	+ 282%	979	---
Profit	171	84	(24)	+ 104%	+ 708%	654	815

1) We prepare our Quarterly Consolidated Financial Statements starting from this 1Q.

2) We are planning on transferring to IFRS accounting standards starting FY2020.

Summary of Balance Sheet Consolidated ¹⁾

(Units: Million yen)

	FY2019.10 2Q ^①	FY2018.10 4Q ^②	FY2019.10 1Q ^③	VS latest 4Q (^① / ^②)	VS 1Q (^① / ^③)
Total assets	10,415	4,412	8,166	+ 136%	+ 28%
Current assets	4,661 (2,979)	2,830 (2,020)	3,492 (1,570)	+ 65%	+ 33%
Non-current assets	5,754	1,581	4,674	+ 264%	+ 23%
Total liabilities	7,125	1,975	5,055	+ 261%	+ 41%
Total net assets	3,289	2,436	3,111	+ 35%	+ 6%
Total liabilities and net assets	10,415	4,412	8,166	+ 136%	+ 28%

1) We prepare our Quarterly Consolidated Financial Statements starting from this 1Q.

RENOSY business's Growth potential

Key Indicators of the RENOSY Business

Improve the number of sales contracts by expanding the indicators shown below

Number of
“RENOSY” members



**Expand customer attraction
by strengthening
RENOSY**

Number of
sales person



**Expand sales contracts
by strengthening
the real sales system**

ARPA
(Average Revenue Per Agent)



**Streamlining operations
with a business support
system
developed in-house**

RENOSY Business's Growth

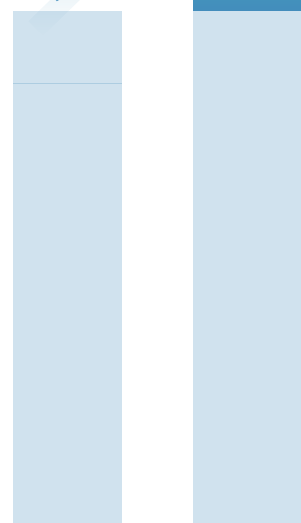
“RENOSY”members

VS 1Q

+ 5,473
42,564 person



37,091



FY2019.10 (T7) 1Q 2Q

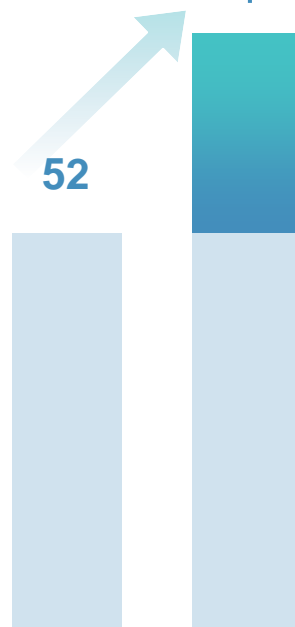
Sales person

VS 1Q

+ 26
78 person



52



1Q 2Q

ARPA¹⁾

(Average Revenue Per Agent)



141

170 million yen

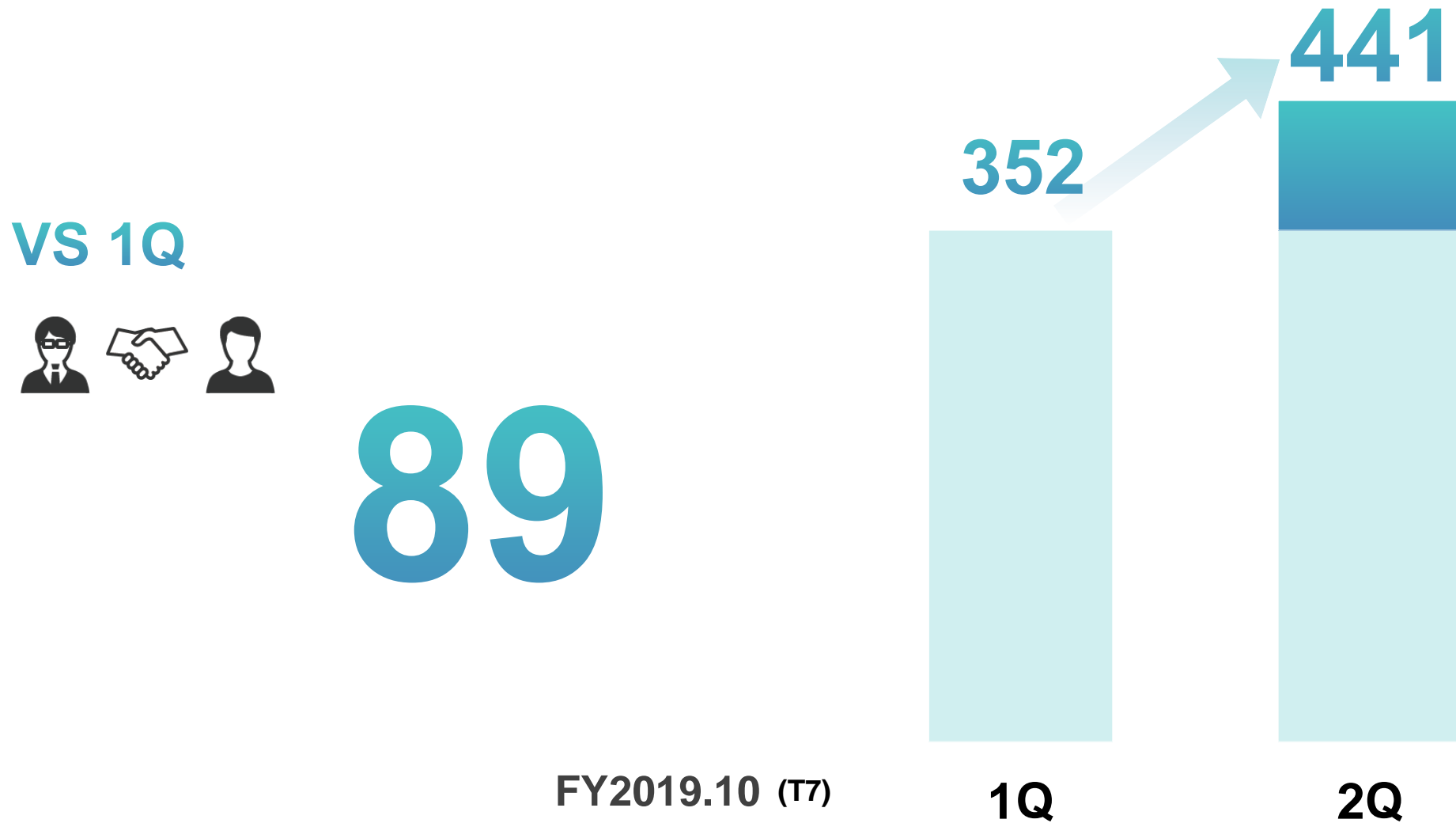


1Q 2Q

1) Calculated as sales divided by initial sales

FY2019.10 2Q number of sales contracts

Number of sales contracts increased with growth in each indicator



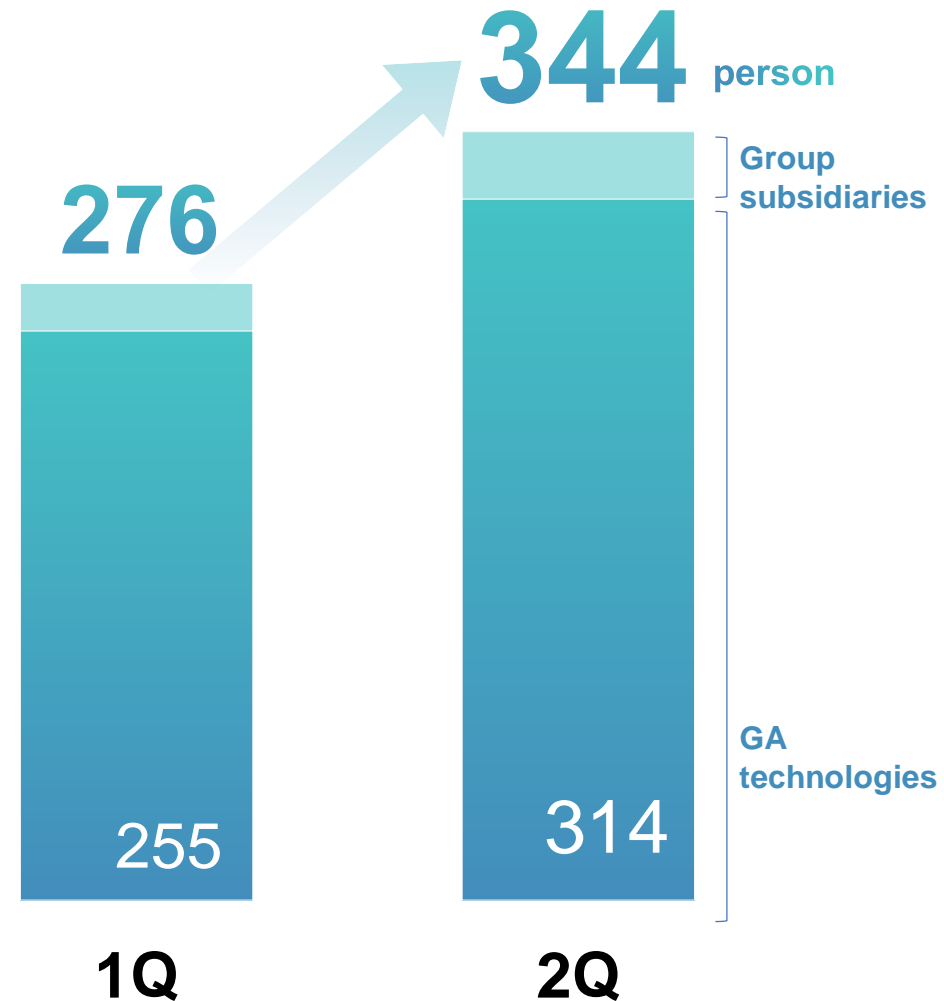
FY2019.10 2Q number of employees ^{Consolidated 1)}

With the expansion of the business scale, we will continue to invest in human resources, mainly engineers and sales person

VS 1Q



68 person



FY2019.10 (T7)

Number of engineers / sales person

Currently the engineer ratio is about **44%**

FY2018.10 2Q

Number of sales person



78 person

25%

Number of engineers



137 person

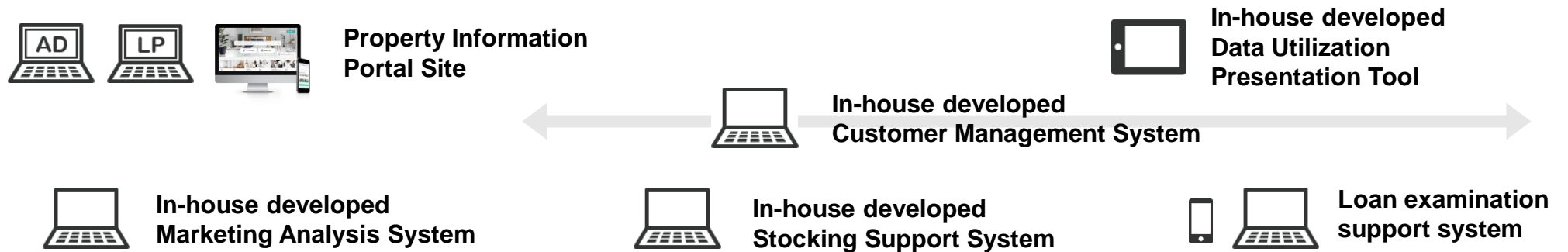
44%

32%

(99)
person

Sales system to realize technology × real

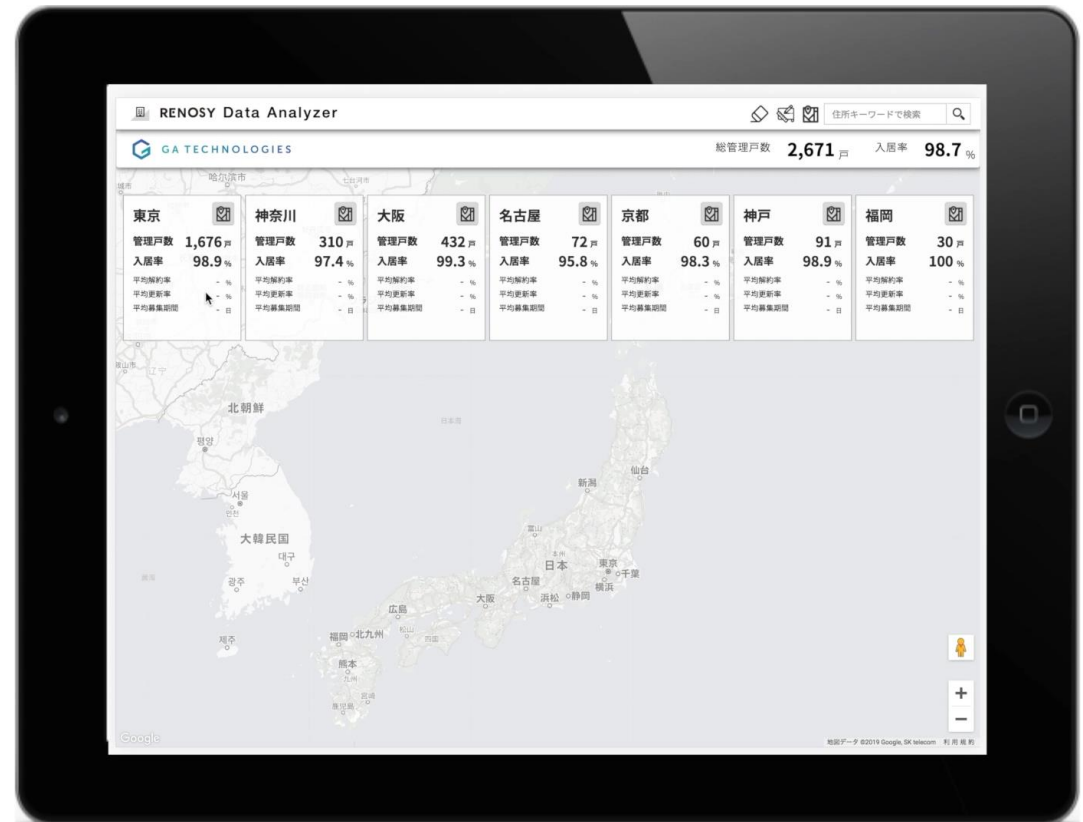
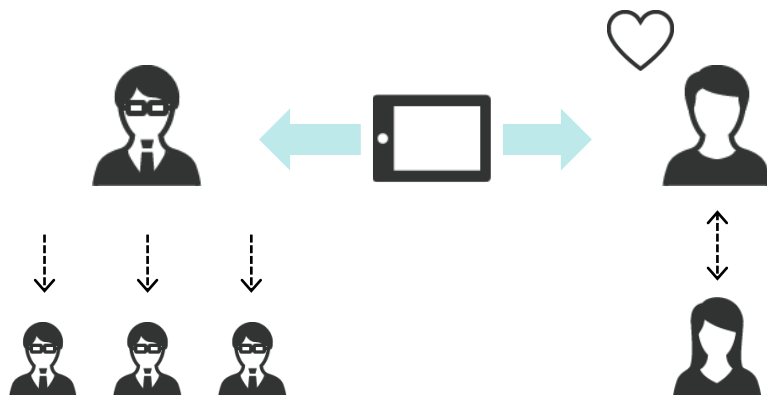
Clearly share each role,
Construct a sales system realizing data-driven and efficient proposals



In-house development system example 1

In-house developed Data Utilization Presentation Tool

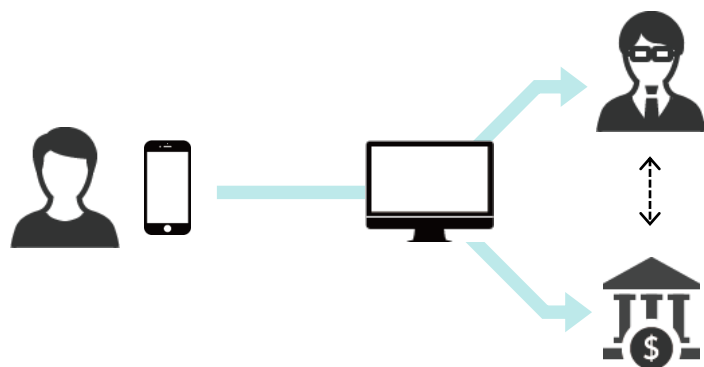
Tool allows Field Sales to contract with security during business negotiations



In-house development system example 2

Loan examination support system

Tool allows customers, real estate companies and financial institutions to interact seamlessly during loan examination



Expand investment in accordance with sales growth

Trends in Net Sales

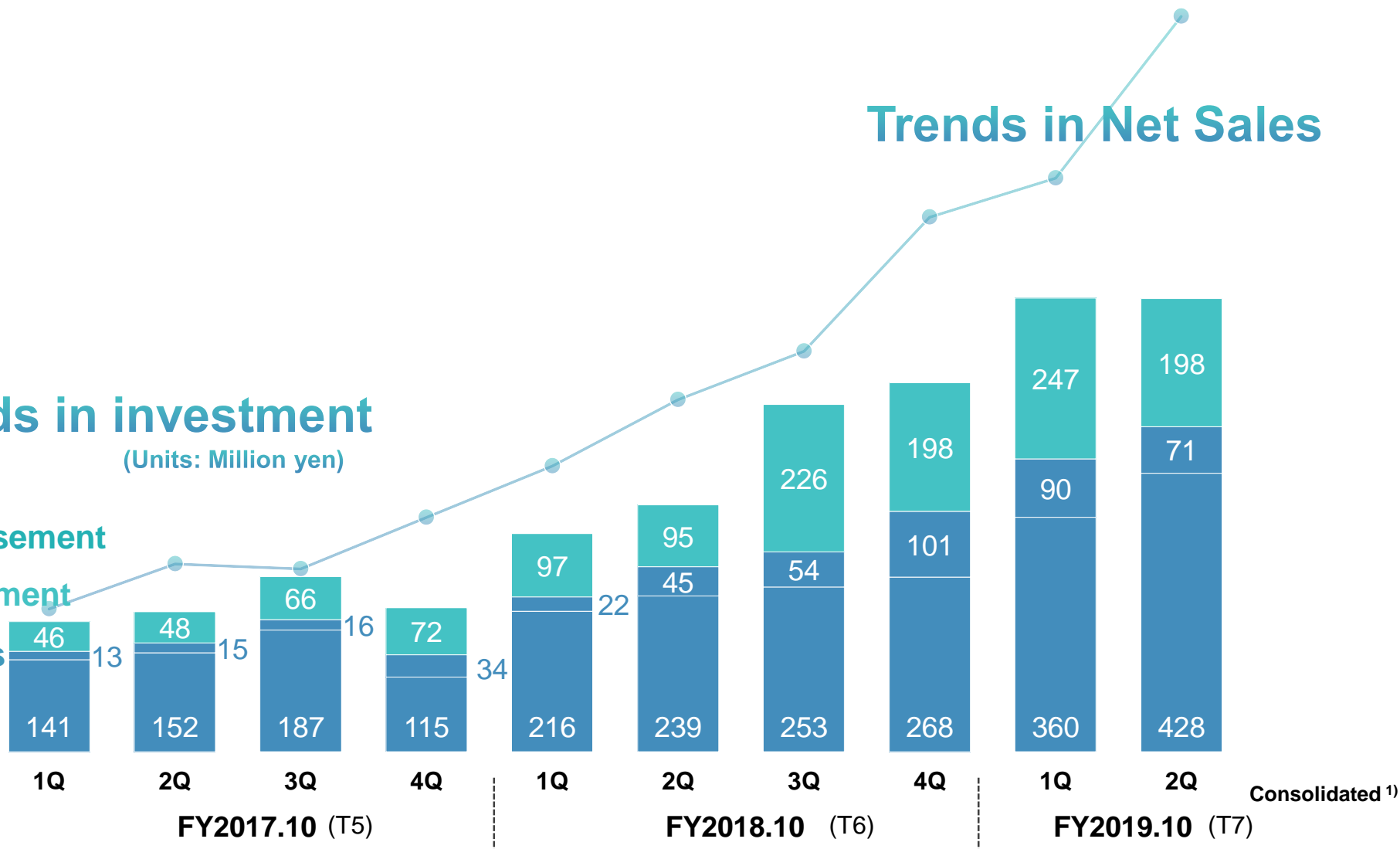
Trends in investment

(Units: Million yen)

Advertisement

Recruitment

Salaries



1) We prepare our Quarterly Consolidated Financial Statements starting from this 1Q.

Investment efficiency improved in 2Q

In 2Q, the amount of investment is restrained against the increasing in sales and the investment efficiency has improved

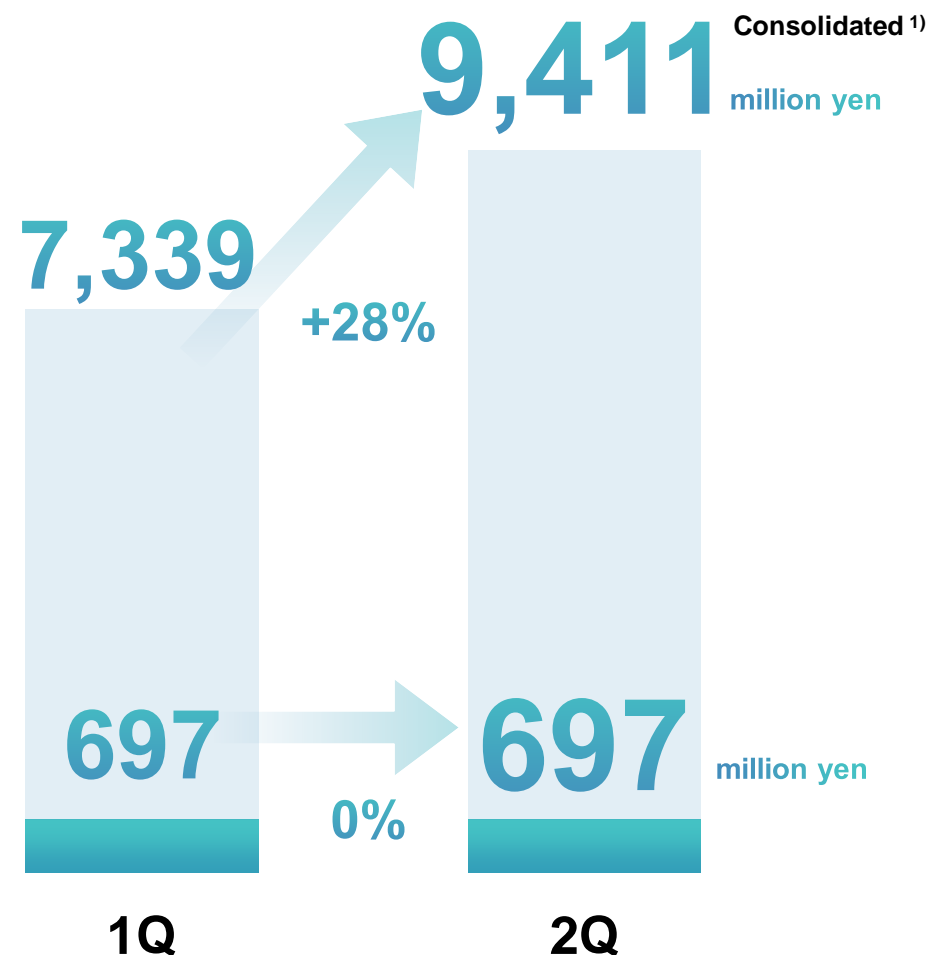
Net Sales

Approximately

+ 2.1 billion yen

**Investment amount
remained flat**

FY2019.10 (T7)



1) We prepare our Quarterly Consolidated Financial Statements starting from this 1Q.

PropTech Trends in the World

Global real estate market size ¹⁾

Estimated

USD 3.5 trillion

by 2016

**The global real estate market is expected to generate a
revenue of USD 4.2 trillion by 2025**

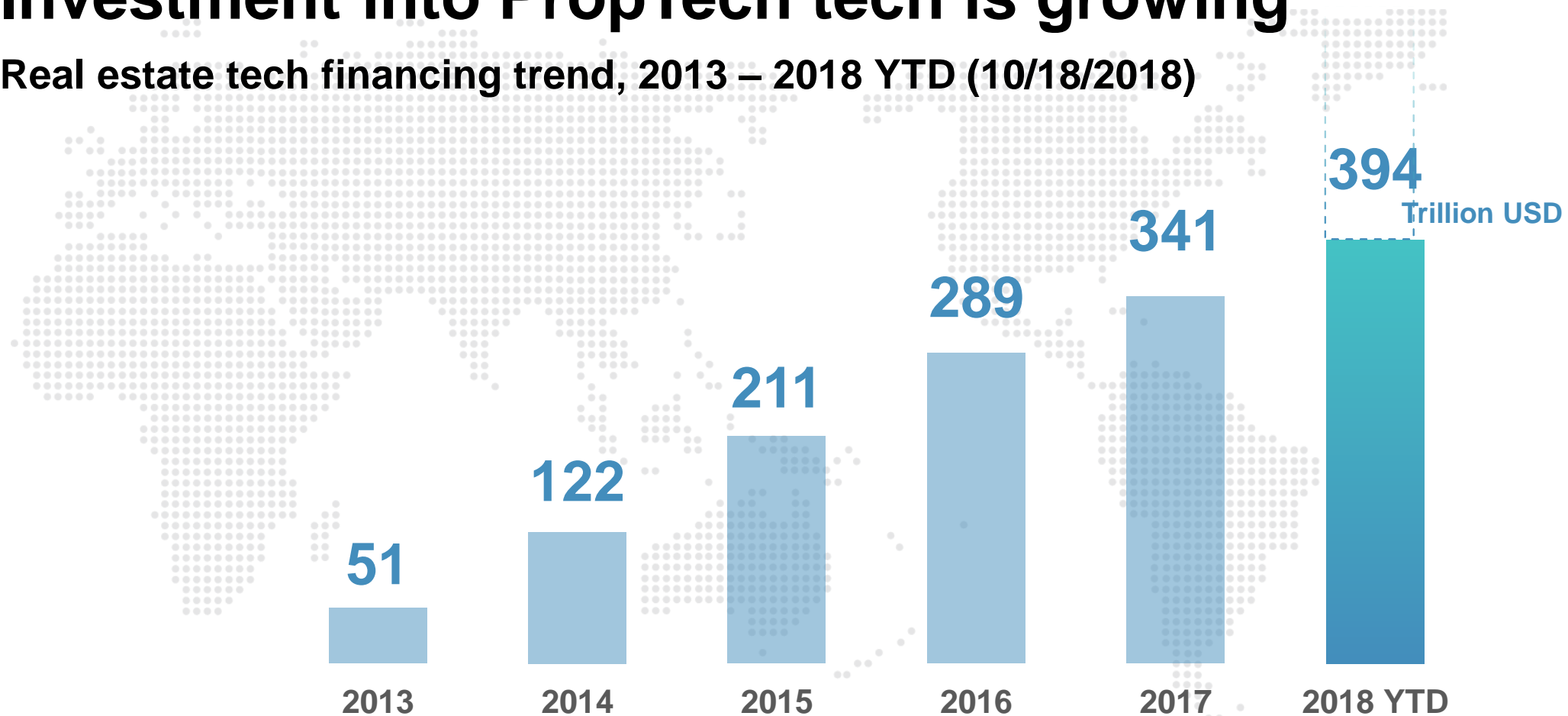
1) Grand View Research, Inc. "Real Estate Market Size, Share & Trends Analysis Report, 2018 - 2025"

Global real estate tech investment is increasing

1) CB insight "The rise of real estate tech"

Investment into PropTech tech is growing ¹⁾

Real estate tech financing trend, 2013 – 2018 YTD (10/18/2018)

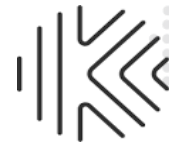


SoftBank Vision Fund's PropTech investment as below

Softbank Vision Fund called 10 trillion yen fund, Invest in real estate related businesses one after another

wework

USD 9.3 billion



KATERRA

USD 1.56 billion



COMPASS

USD 450 million

Opendoor

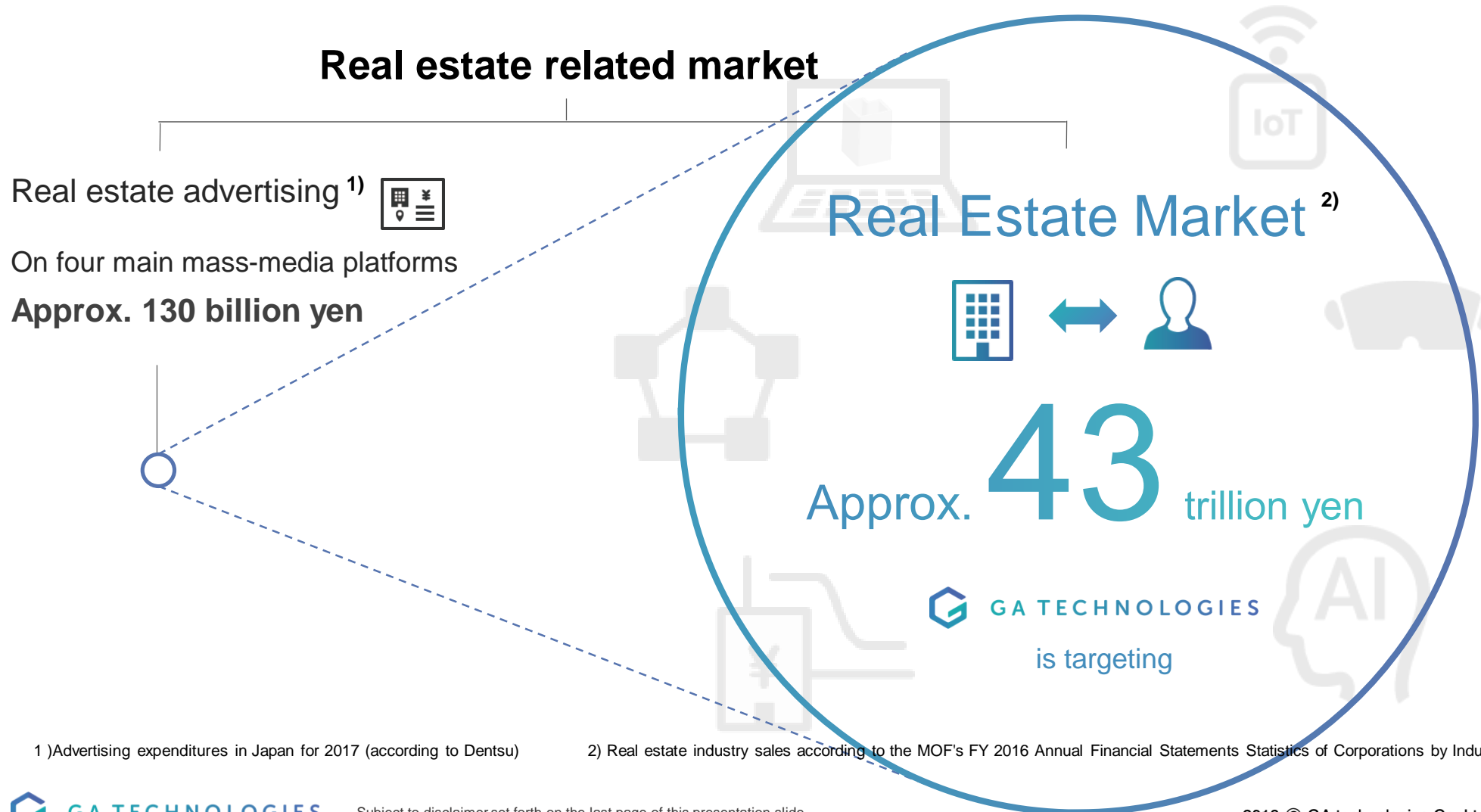
USD 400 million

oyo

USD 350 million

Our target is the real market

Compared to the real estate advertising market, the real estate brokerage / sales market has a significant largeness.




PropTech's Trend offers One-Stop Total Service

Introduced as “a player providing one-stop service” from NTT Data Laboratories ¹⁾

wework Reflect data analysis results and user feedback on upstream processes such as office design

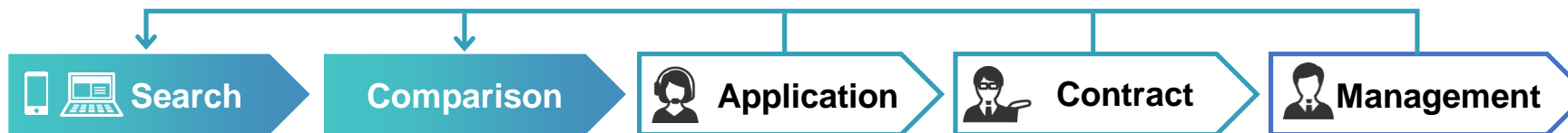


REDFIN.  | **COMPASS** The company's own agent acts as an intermediary to reflect the contract price and the raw data to the service in real time



 **GA TECHNOLOGIES**  **ITANDI**

Operate in-house real estate business, and engineers immediately reflect improvements and new functions in service



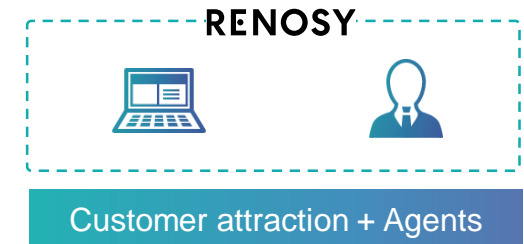
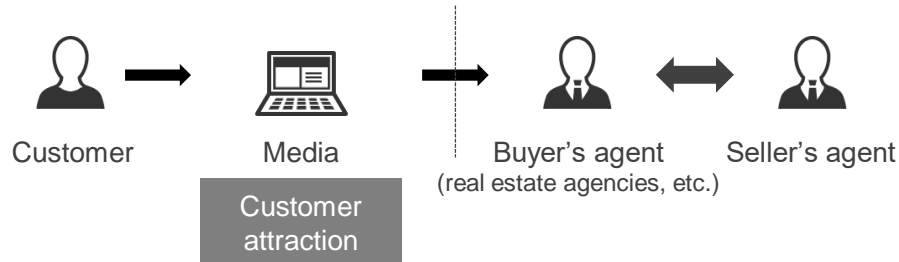
1) Housing and Real Estate Technology Forum NTT Data Laboratories “ PropTech present and future “ Kawato Atsuchi

Integration of Technology in traditional processes (Real Estate)

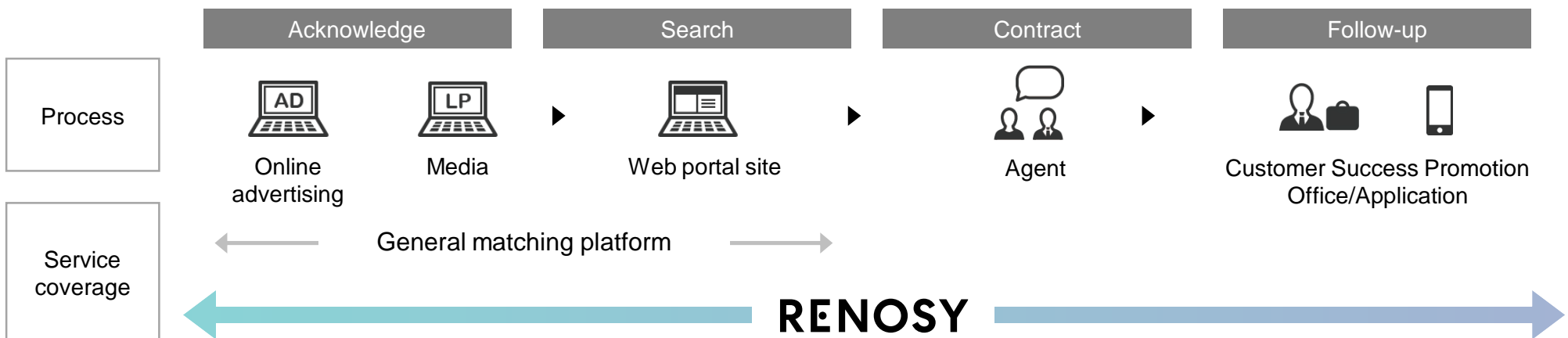
We solve problems in complicated processes by using online tools, along with agents providing support for consultation and contracts.

General matching platform

Best practices recommended by RENOSY



Process of real estate transaction



RENOSY business



Buy real estate with 1 click.

Problems to be solved in Real Estate industry

What GA GROUP thinks as a challenge for the real estate industry

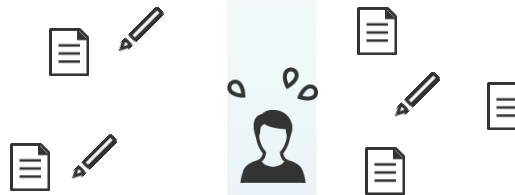
1 Asymmetry of information

Real estate agent's perspective



2 Technology has been delayed

Huge burden due to tons of paper



3 Old industry practice

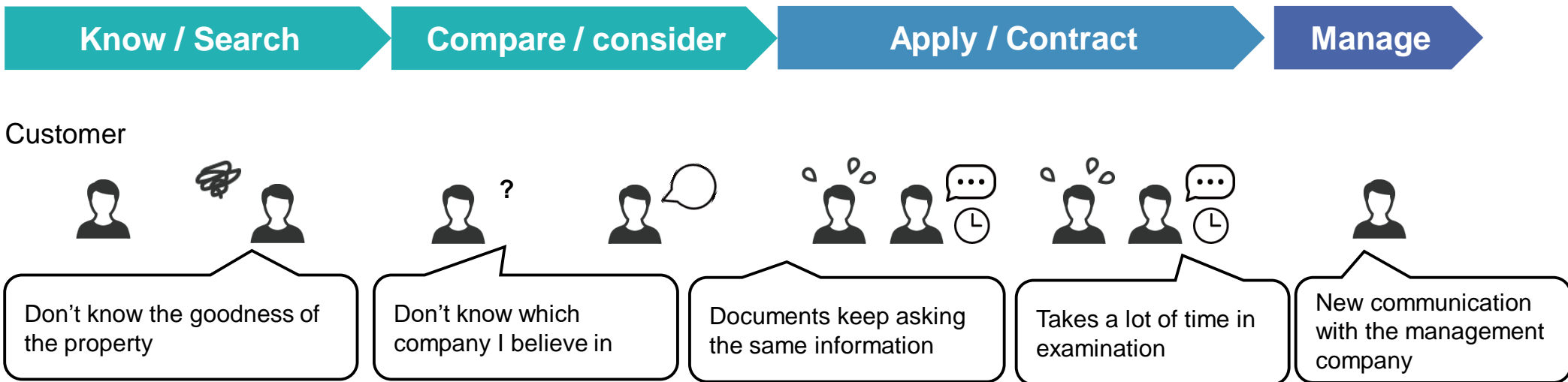
Business scope is narrow

• Divided business

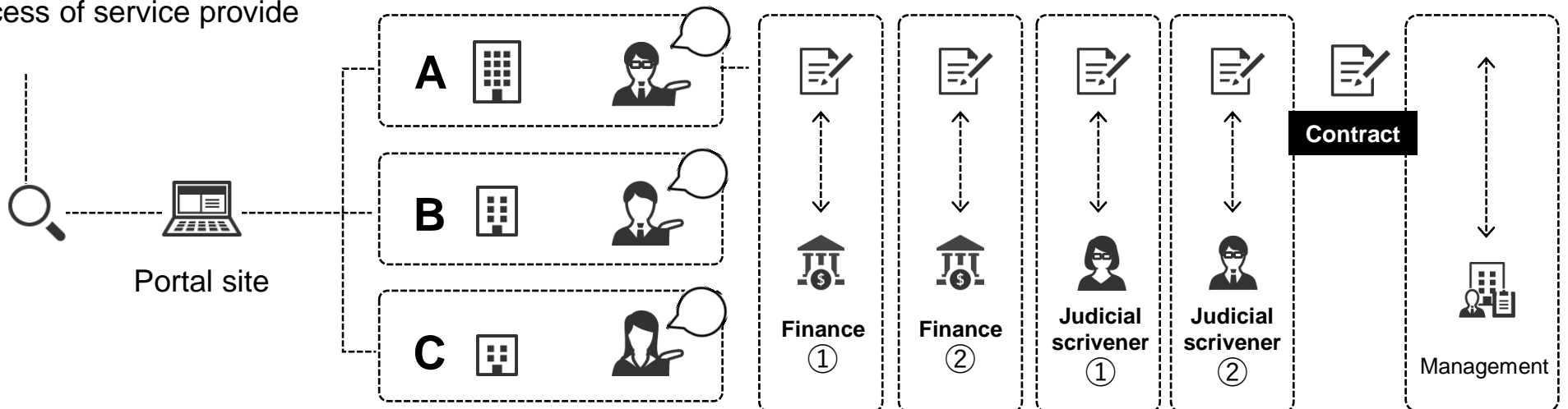


Real Estate industry's globalization is delayed

Conventional processes are cumbersome and fragmented



Process of service provide

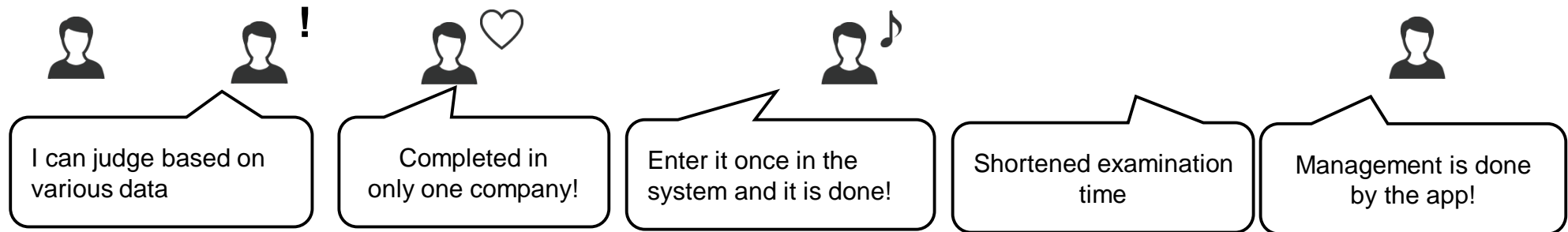


PropTech Solution

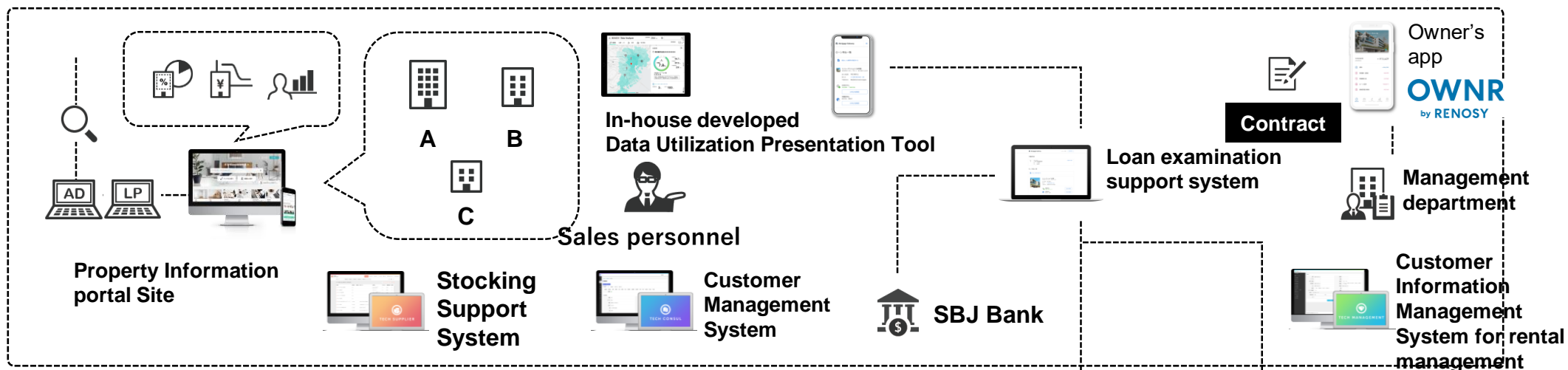
RENOSY business process to realize a simple purchase experience



Customer

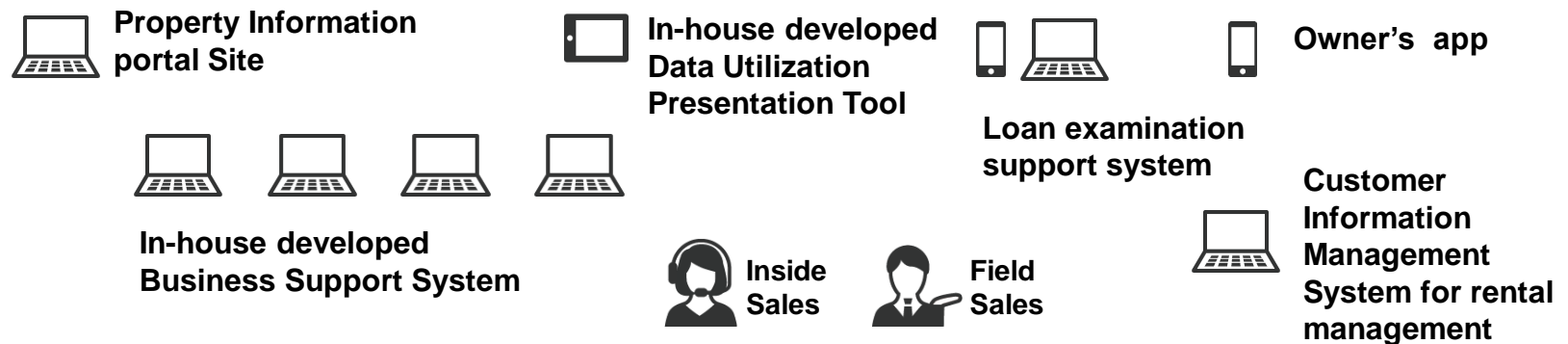
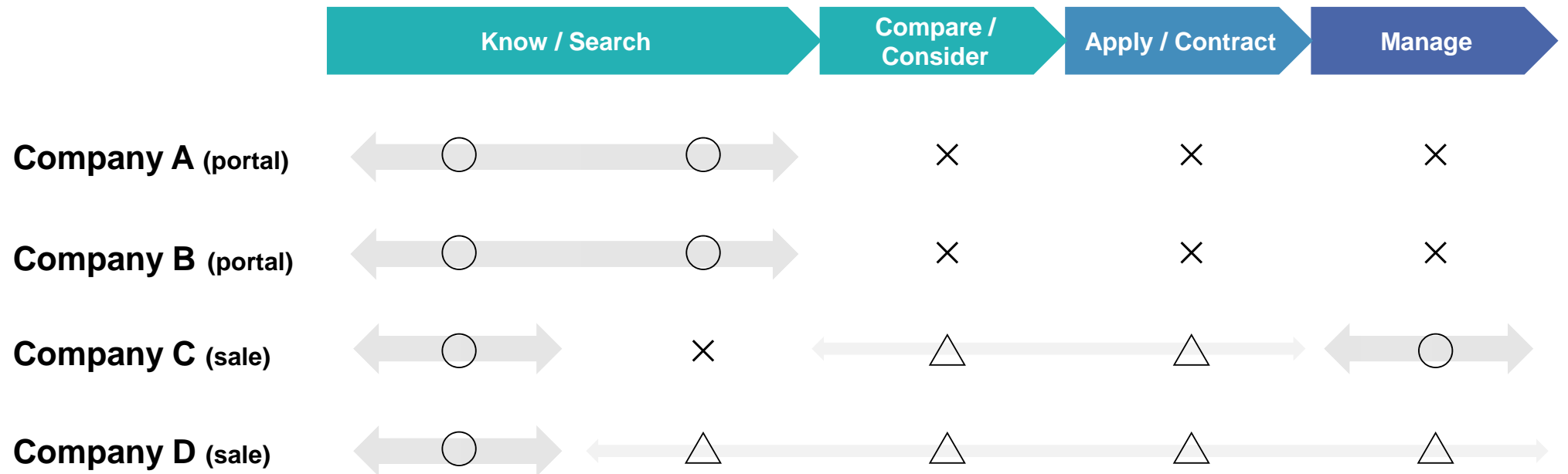


RENOSY



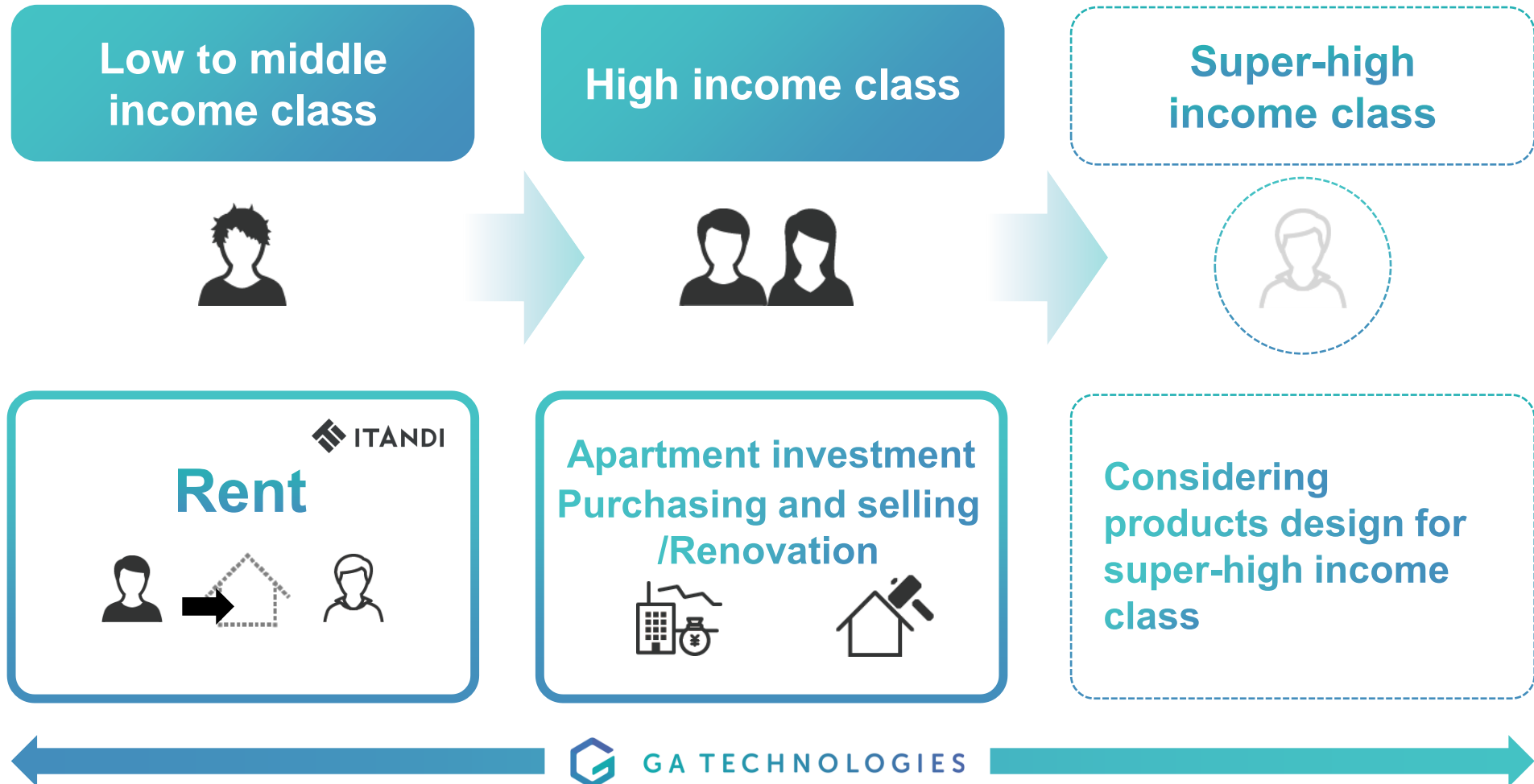
Judicial scrivener ① Judicial scrivener ②

Provide one-stop function required for real estate purchase



RENOSY Business Strategy

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



ITANDI business

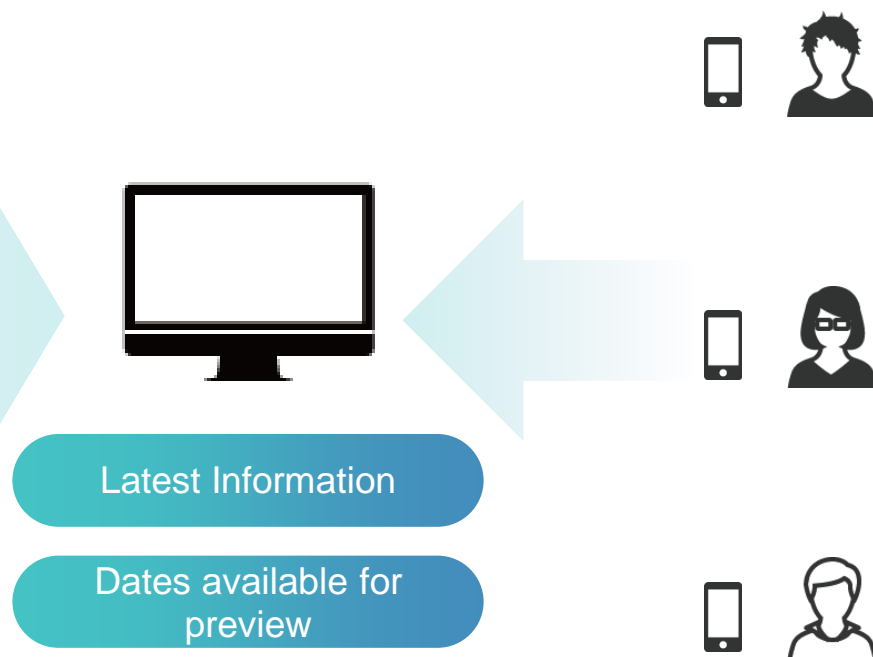
ITANDI Business Strategy

Creation of a self-preview-type new rental service for BtoC with the BtoB business at the entrance

1 Business support system sales expansion for BtoB (management company)



2 Creation of self-introduction type new rental service for BtoC



1 Expansion of sales Business support system for BtoB (management company)

Digitalization of real estate contracts as a national policy

The Ministry of Land, Infrastructure and Transport (“MLIT”) has announced that it will conduct a social experiment of digitalized lease transaction (February 12, 2019) ¹

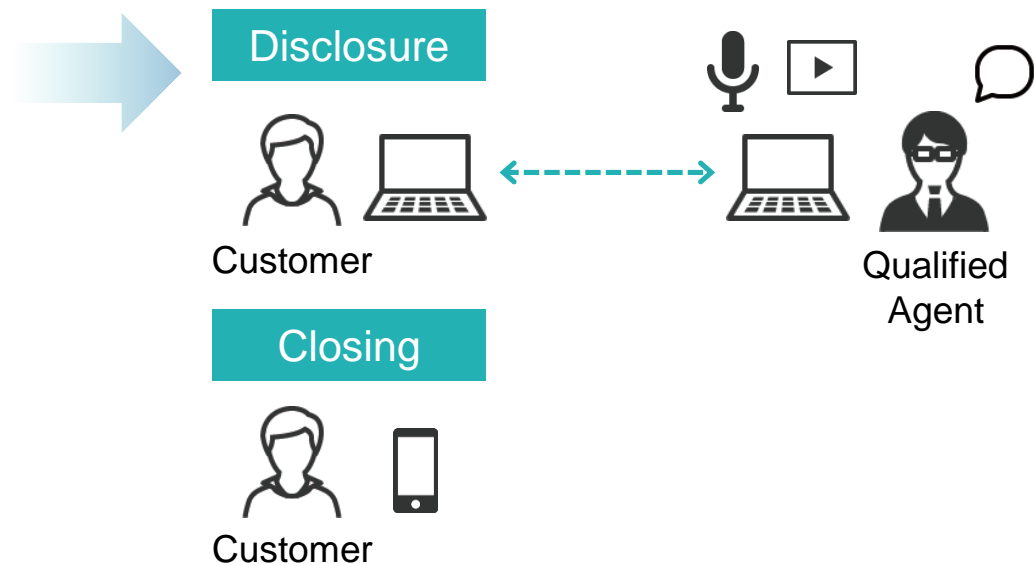
Current Disclosure Statement

Face-to-face disclosure and closing



Digitalized Disclosure Statement

Disclosure via Video phone and Digitalized contract



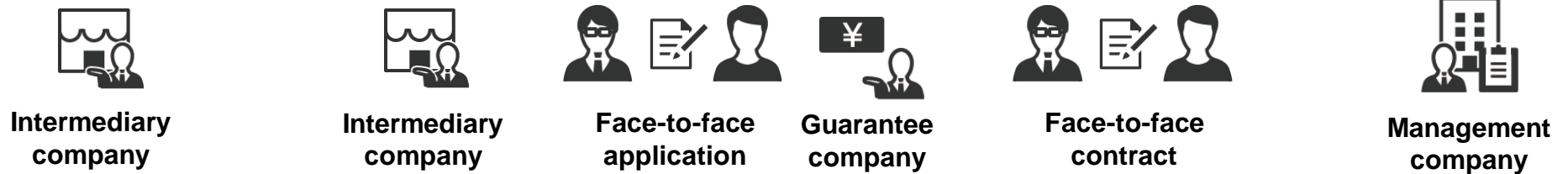
1) Source : "Verification study meeting on social experiment related to important item explanation using IT (5th)" by MLIT

Flow of Rental Contracts and the World ITANDI intends to make

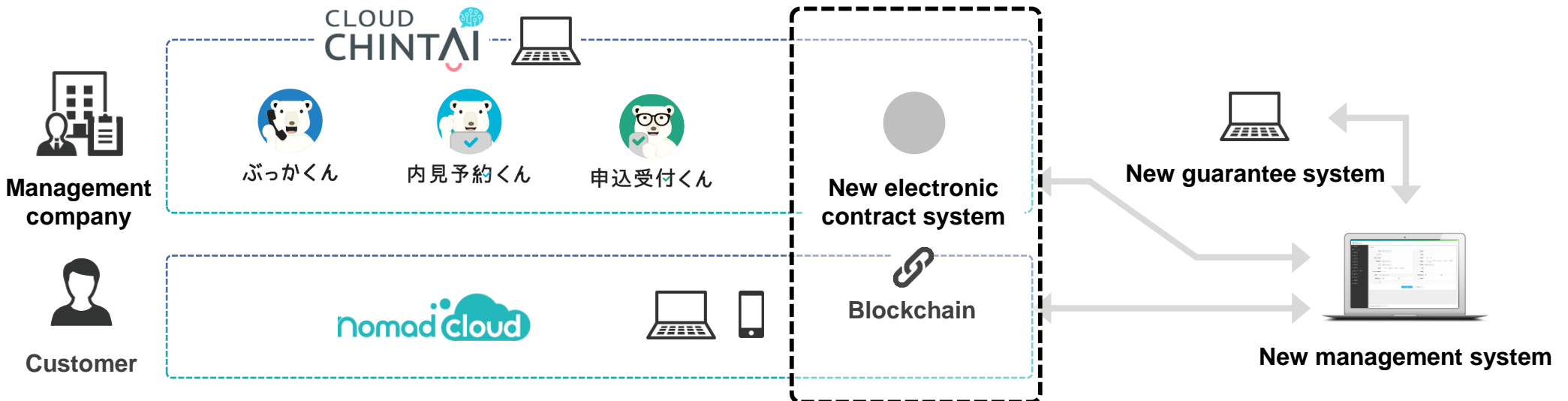
New electronic contract system based on blockchain technology



Conventional process

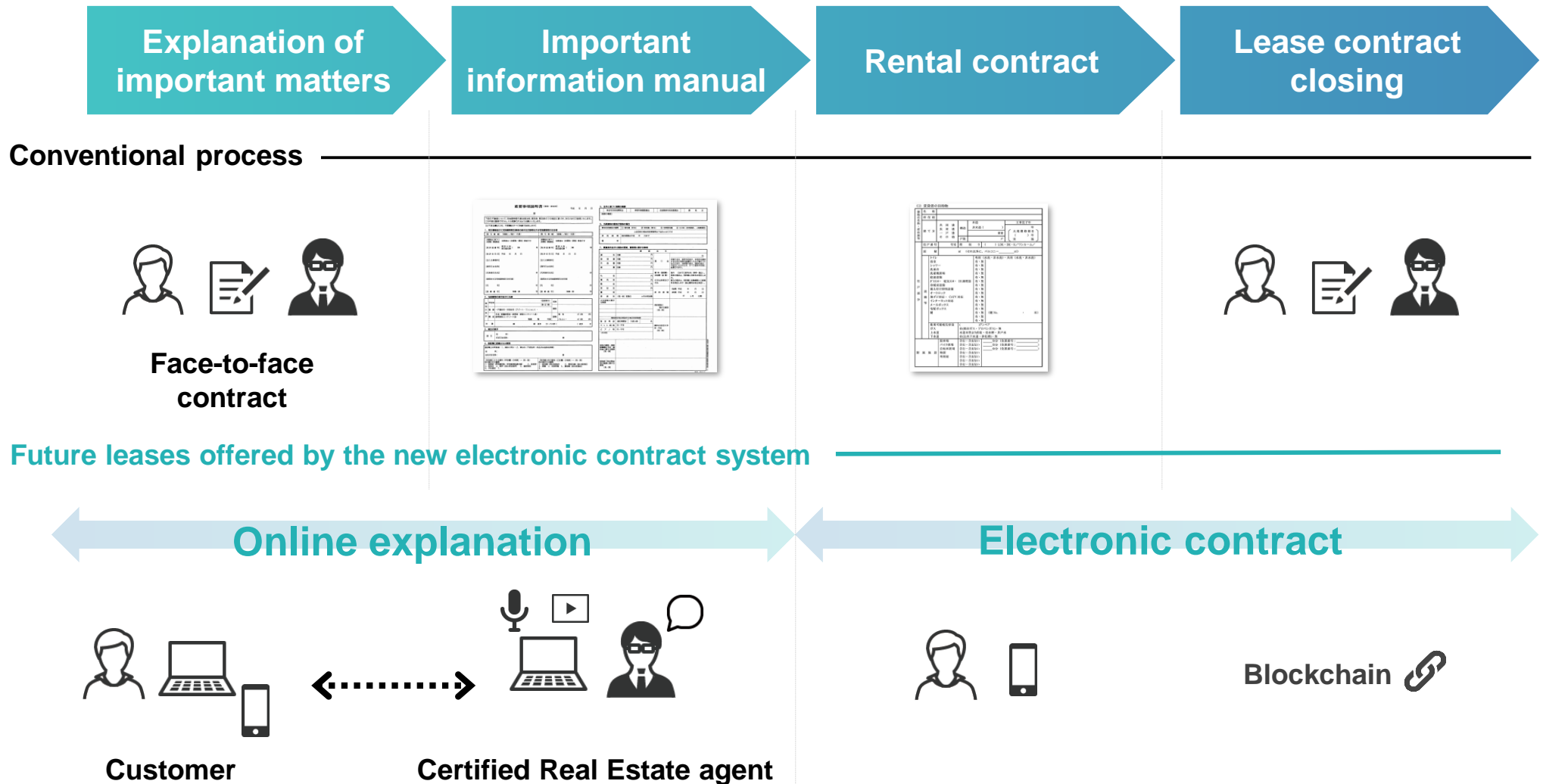


Aim at the world



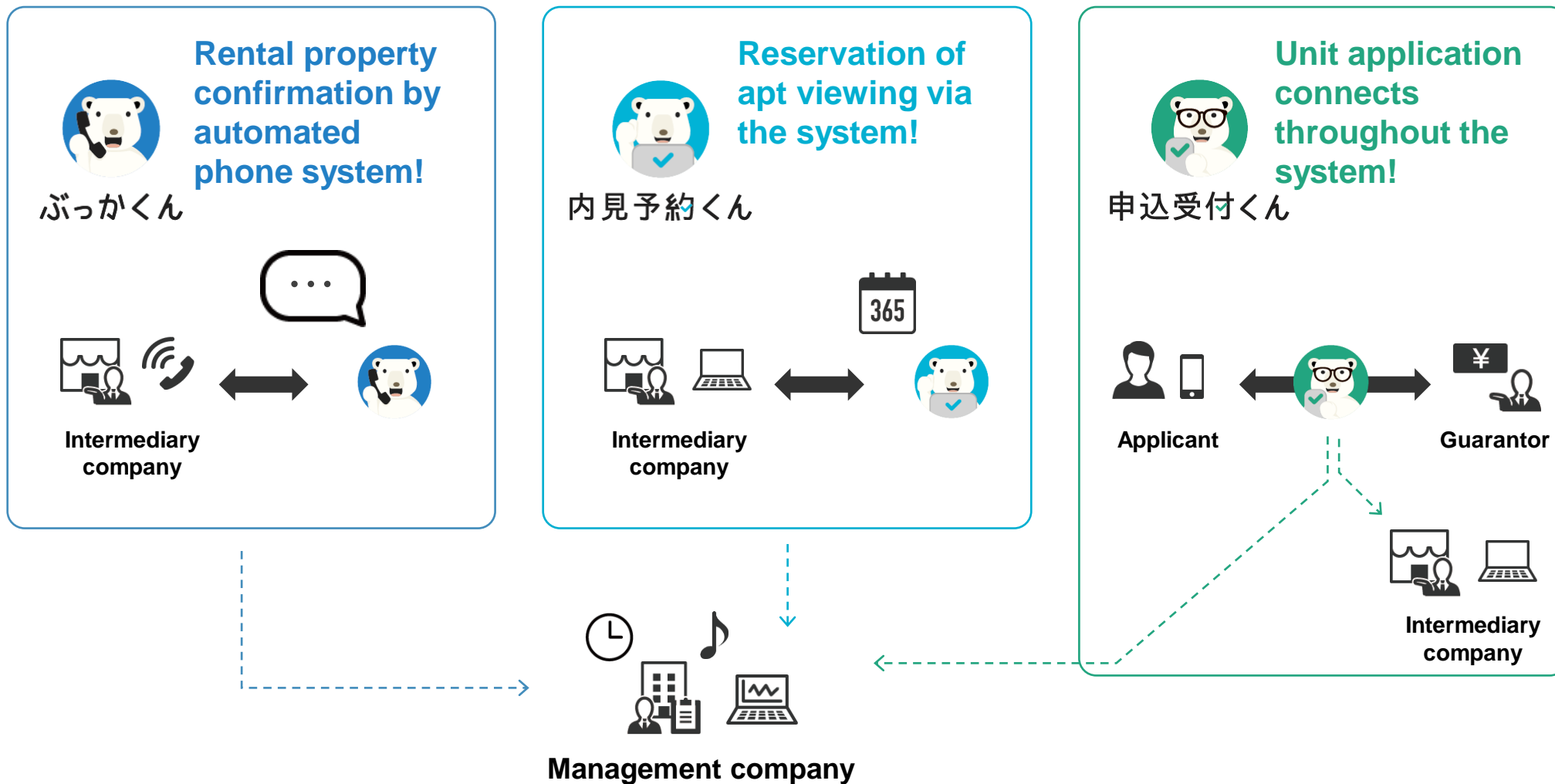
The contract flow that the new electronic contract system tries to achieve

While aiming for complete online, the first priority is "Ease of introduction"



ITANDI's Products

ITANDI mainly develops systems for apartment rental businesses



ITANDI looking at numbers ¹⁾



Number of contracted locations approximately

450



ぶっかくん



Number of contracted locations

403



Cumulative number of received calls

approximately

13.5

million



内見予約くん



Number of contracted locations

122



Number of brokers

approximately

13,300



申込受付くん



Number of contracted locations

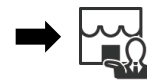
26



Number of companies in contract

approximately

150



Number of brokers

approximately

1,160



Cumulative number of electronic applications

approximately

2,340

1) As of May 2019

Introduction system of change system



DAITO TRUST CONSTRUCTION CO.,LTD.

Number of units under rental management

1st in JAPAN¹⁾

**Pressance Corporation
Co., Ltd.**

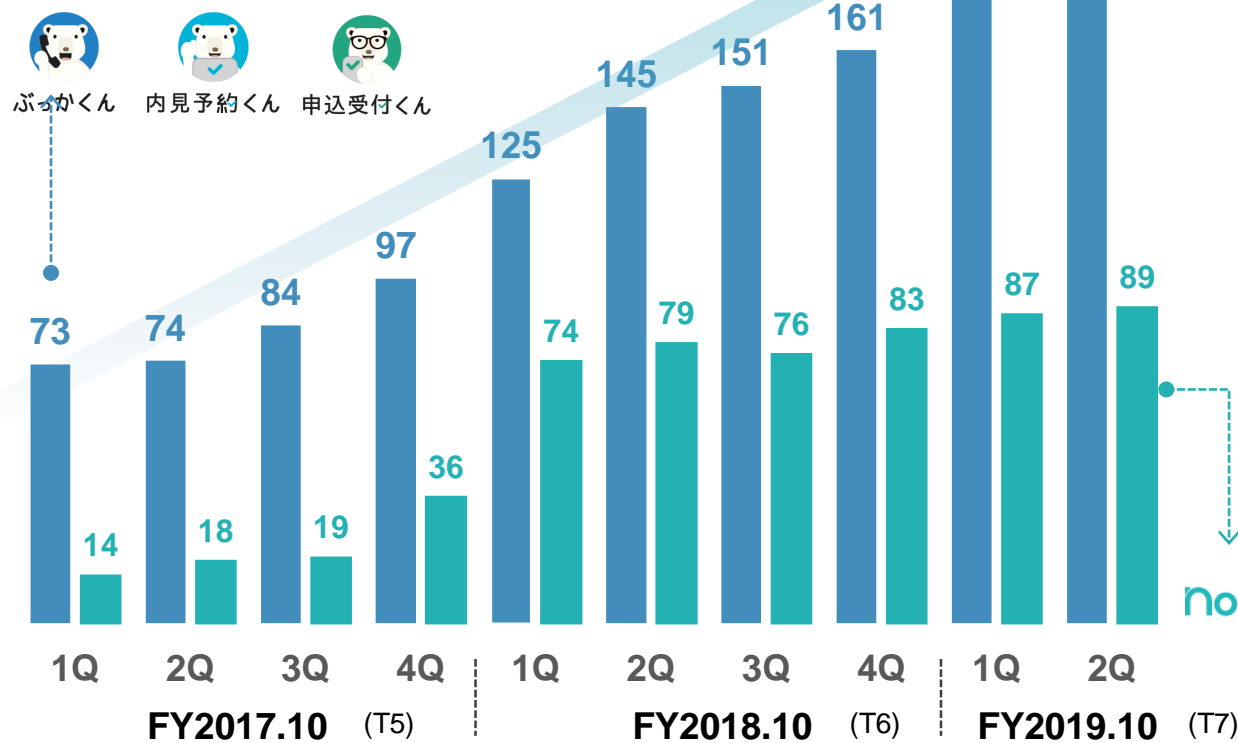
**Misawa home real estate
Co., Ltd.**

**Mitsui home estate
Co., Ltd.**

1) Nationwide rental housing newspaper "2018 managed number of units ranking 952 company"

ITANDI Business Growth

Trend in CloudchintAI・nomadcloud accounts



Application of 申込受付くん

(Including initial cost, monthly fee for use free campaign)¹⁾

FY2019.10

1Q approximately 60 companies

2Q

申込受付くん approximately 150 companies

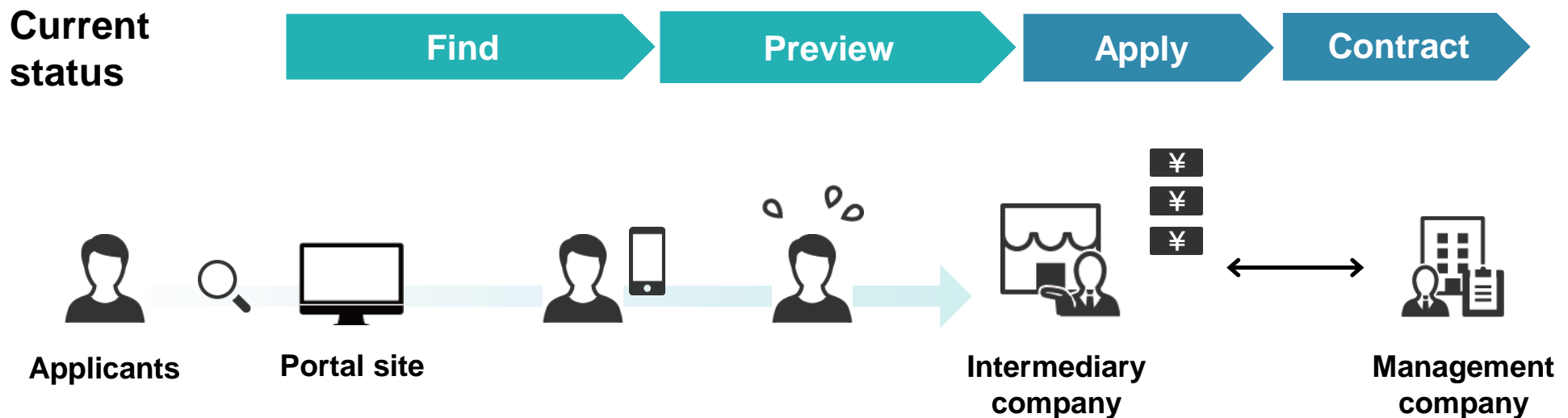


1) From 2019.4.15 Implemented initial cost and monthly fee of 0 yen campaign

2 Creation of self-preview-type new rental service for BtoC

Problems caused by the analog rental industry

Since the current rental process involves an intermediary, it takes time and effort for tenants, and additional expenses are incurred.



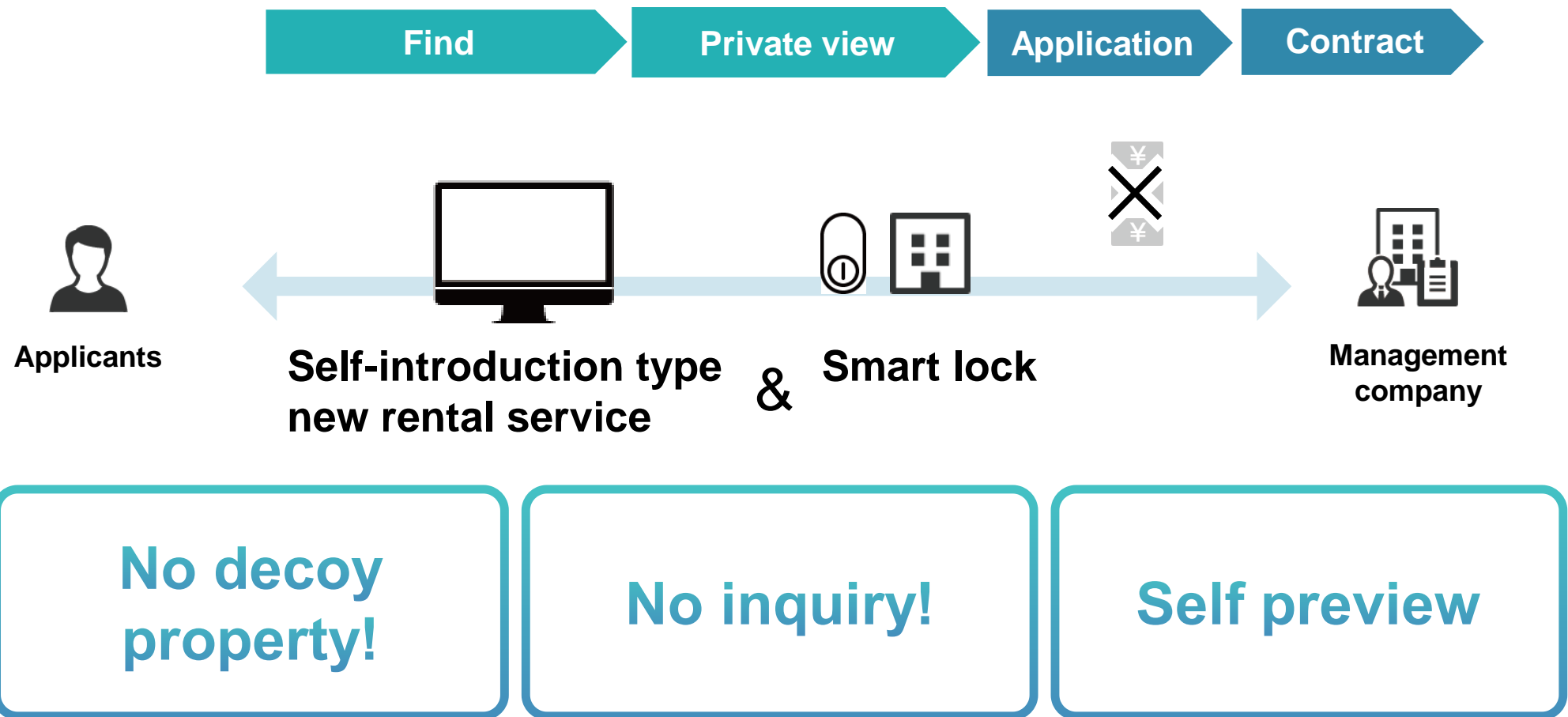
A decoy property for attracting customers

Need to inquire

Need to actually go to the store

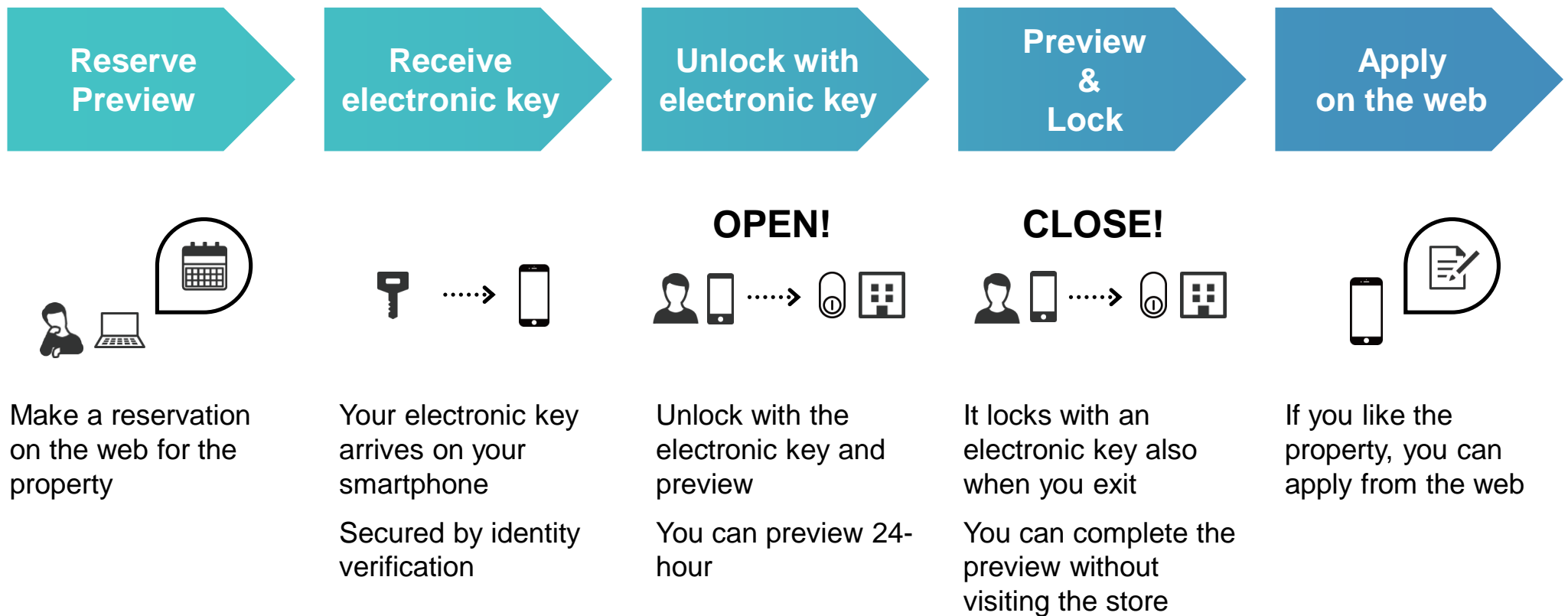
Self-preview-type new rental service

By the conjunction with Cloud ChintAI, and combining a smart lock with a new rental service that can provide property information in real time, it can provide a new experience of self-preview.



Flow of self-introduction type new rental service

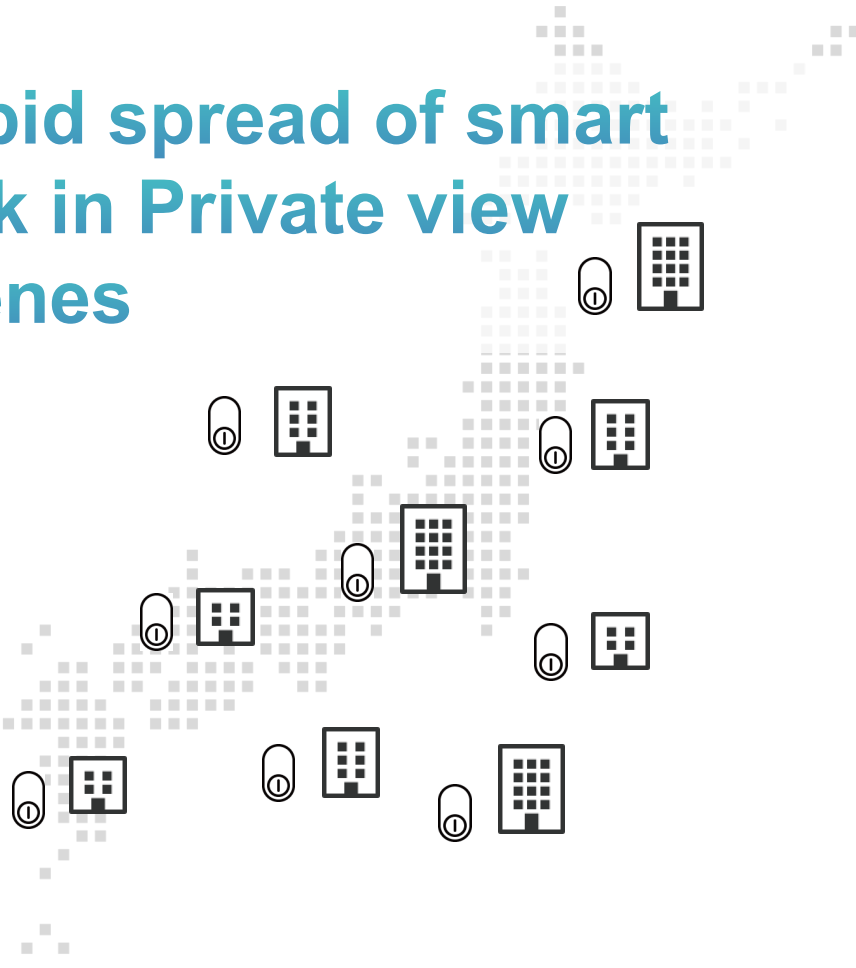
With "Self-preview", "Smart Lock" and  , It becomes possible to apply for rental properties without intermediaries
申込受付くん



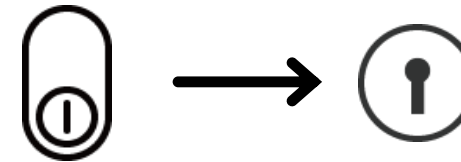
100,000 free Smart Locks provided to rental management companies for free

Business tie-up with the aim of realizing a high-security self-preview-type new rental service with Bit Key Co., Ltd.

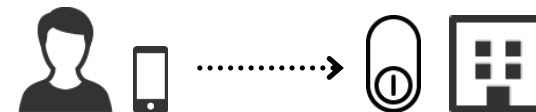
Rapid spread of smart lock in Private view scenes



① Can be fixed on existing keys



② Can schedule visits and unlock with your smartphone

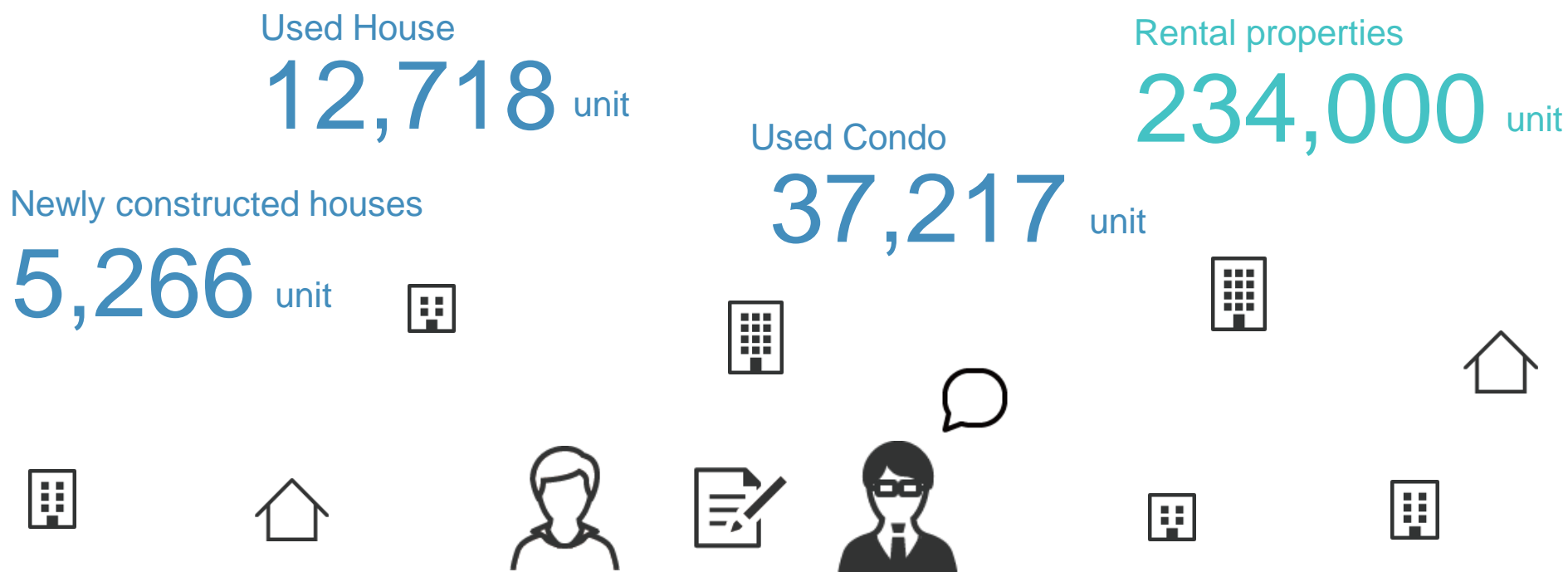


Potential of the Electronic Real Estate Contract Market

In the Tokyo metropolitan area, the huge numbers of real estate contracts are still being done face to face and in writing

Number of condominiums in the metropolitan area ¹⁾(2018)

Number of residential rental properties in the metropolitan area ²⁾ (2017)

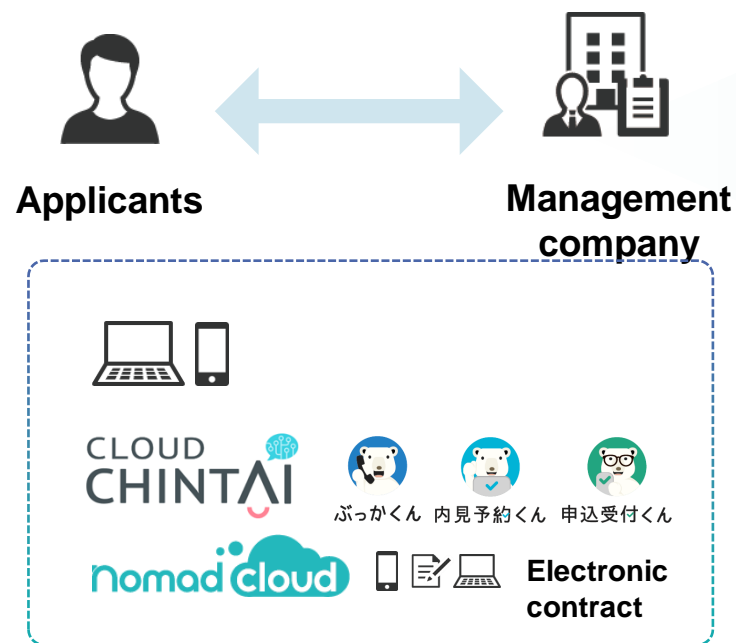


1) Public interest foundation East Japan Real Estate Distribution Organization Tokyo Metropolitan Real Estate Market Trend (2018)

2) at home, Trends of residential properties in the Tokyo metropolitan area (2018)

The world of real estate rental ITANDI aims to achieve

- Streamline the real estate industry by using technology
- Create a platform to become a lifeline hub as a new commercial flow



A world view drawn
by GA technologies GROUP



Customer

Realization of "a real ideal life" of a customer not bound by "a tied up home"



Think about your ideal life for the **first time**

Realize "a life you want to do now"

Future of life
Create

Leasing

Buying & selling & Renovation

Real estate investment



RENOSY

RENOSY

Feel free to change real estate as you change clothes



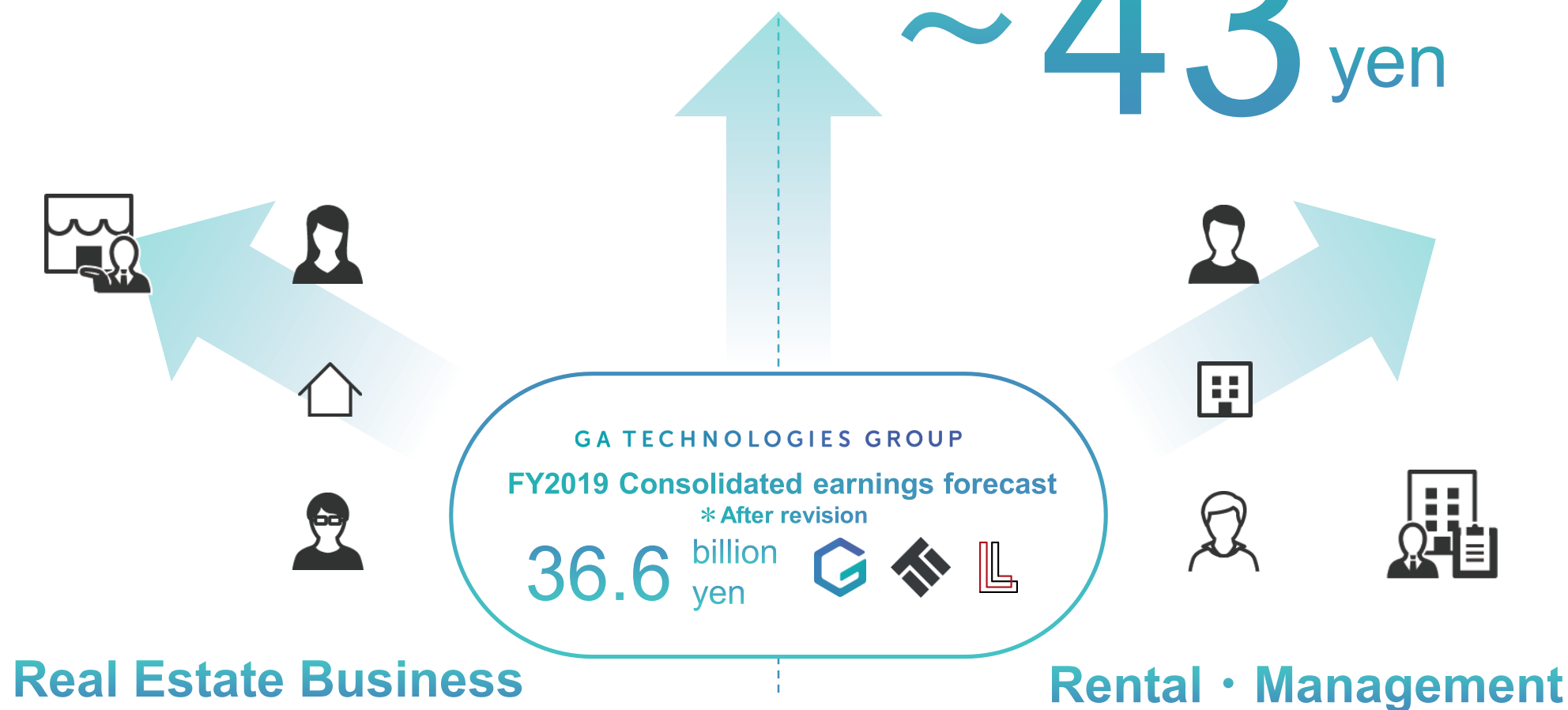
Sweep away the distrust against real estate and traders



Easily buy and sell real estate

GA GROUP Potential

Real Estate Market Size ¹⁾ ~ 43 trillion yen



1) According to the Ministry of Finance "Annual corporate statistics survey for fiscal year 2007", real estate sales

Real Estate Market Potential

Number of houses nationwide ¹⁾(2014)

~ **60** million units

Number of Contracts per year ²⁾ (2018)

Houses ~ **1.62** million units

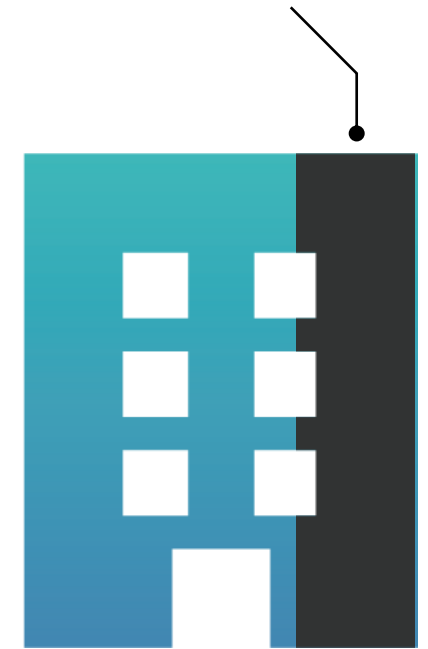
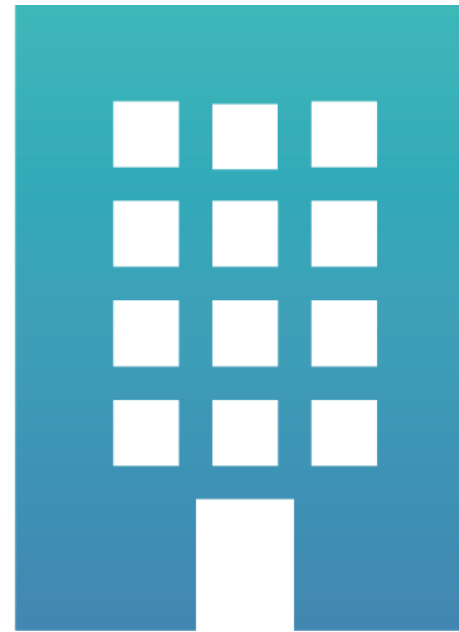
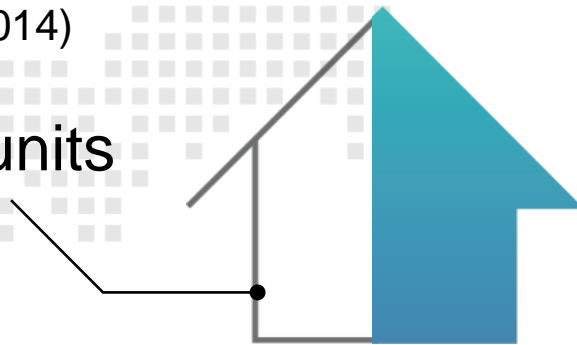
Rental ~ **3.77** million units

New Housing Starts ³⁾ (2018)

~ **0.95** million units

Vacant houses ¹⁾ (2014)

~ **8.5** million units

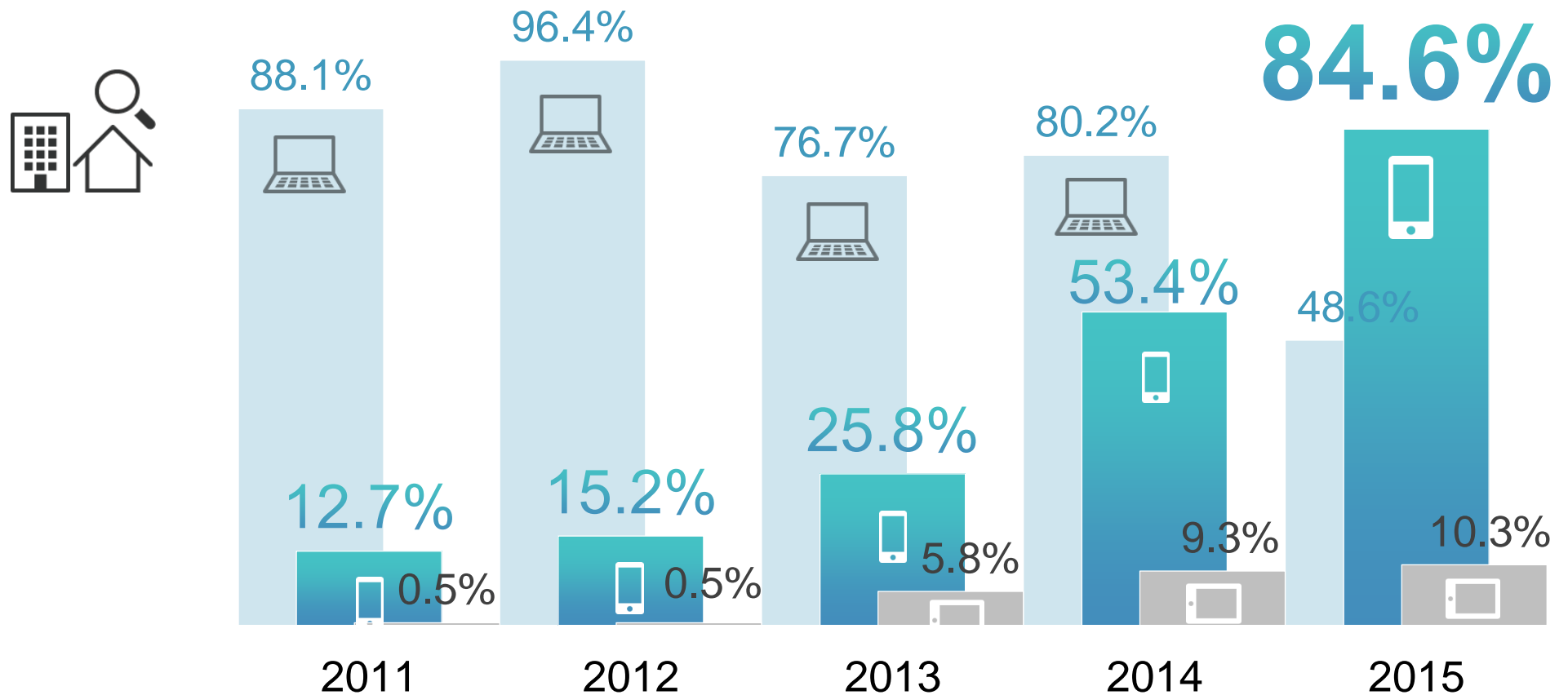


- 1) Ministry of Land, Infrastructure, Transport and Tourism "Fiscal year 2007 Health Economy Related Data" Number of households and number of houses (2018)
- 2) Public interest Foundation corporate real estate distribution promotion center "On the utilization status of designated distribution mechanisms (Heisei 29)" (2019)
- 3) Ministry of Land, Infrastructure, Transport and Tourism "Fiscal year 2007 Health Economy Related Data" Trends in the number of new housing starts (2018)

Smartphones Play Leading Role in Property Searches

Smartphones now outnumber PCs as the device used to search for property information

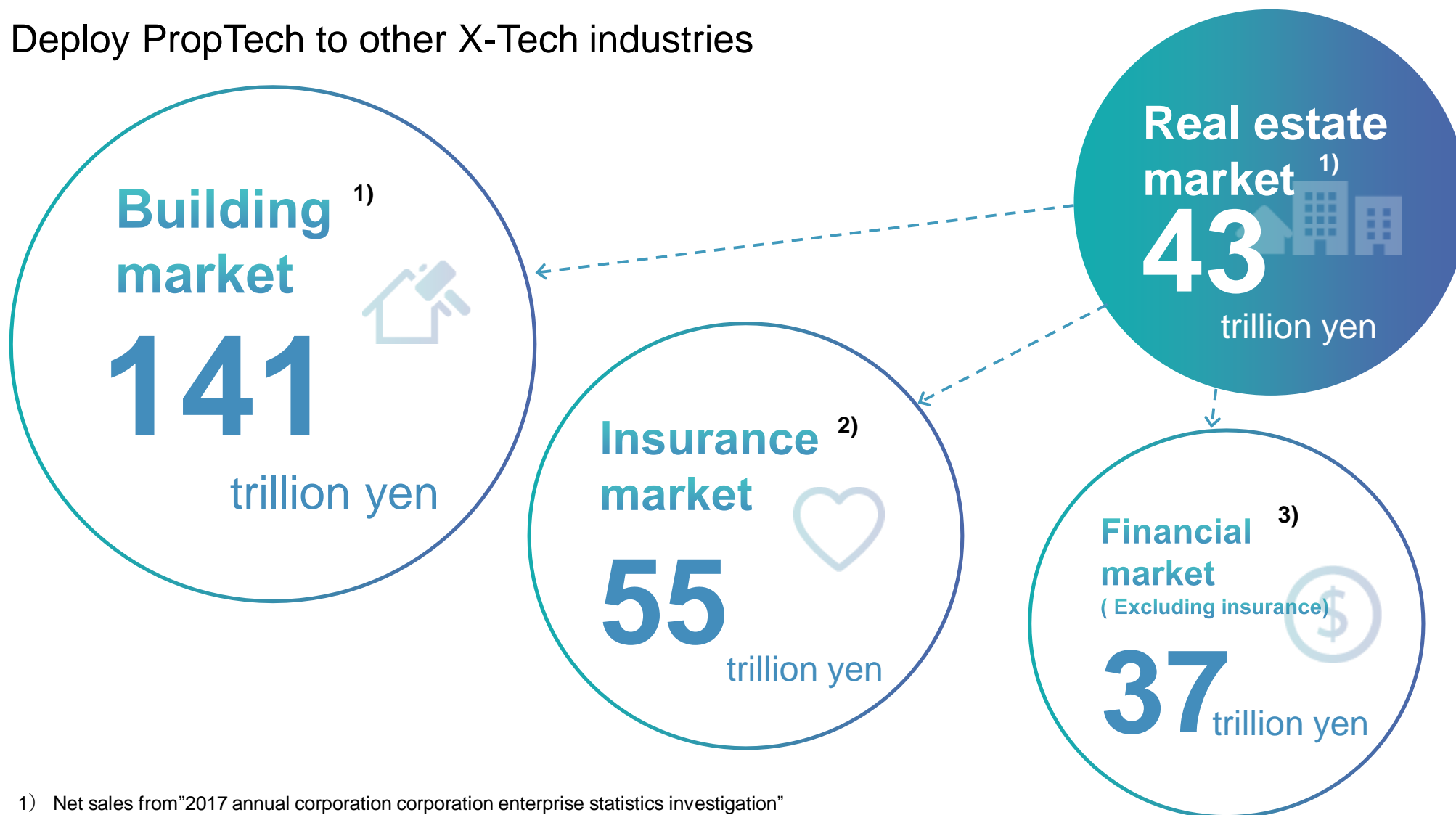
Devices used for search ¹⁾



1) From Real Estate Information Site Business Operator Contact Council "Real Estate Information Site Users Consciousness Questionnaire"

Target market and scale

Deploy PropTech to other X-Tech industries



1) Net sales from "2017 annual corporation corporation enterprise statistics investigation"

2) Recurring revenue from "the annual survey of corporation companies according to the 2017 fiscal year"

3) As of August 16, 2018 Total sales of financial related companies excluding insurance (calculated from SPEEDA)

Company Profile

Date founded March 12, 2013

Head office Sumitomo Fudosan Roppongi Grand Tower 40F, Roppongi 3-2-1, Minato-ku, Tokyo, Japan

Capital 100 million yen

Number of employees 344 (As of May. 2019)¹⁾

Business activities

- Development and operation of “RENOSY”, a comprehensive platform for secondhand real estate using AI.
 - Development and operation of the “Tech series”, a real estate operation supporting system using AI.
 - Development and operation of “OWNR by RENOSY”, an application for real estate owners.
 - Development and operation of investment-orientated Crowdfunding service for secondhand apartments.
 - Development of cloud type construction management.
-

Officers

President and Chief Executive Officer : Ryo Higuchi

Managing Director : Masashi Shimizu

Directors : Dai Higuchi, Yoshihisa Fujihara, and Ken Kutaragi (Outside)

Auditors: Yoshihisa Terui (Full-time), Mitsuru Ozaki (Outside), Katsumi Ueda (Outside)

1) Excluding subsidiaries, directors, part-time job and interns.

Disclaimer on Projection

Materials and information given in this presentation include projections.

These are based on current expectations, forecasts, and assumptions that are subject to risk, and include uncertainties which could cause actual results to differ materially from these statements.

These risks and uncertainties include general industry and market conditions, and general domestic and international economic conditions such as interest rate and currency exchange fluctuations.

Regardless of new information or further events in the future, we do not have any obligation to update or revise any projections included in this presentation.