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Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 [Japanese GAAP]

May 14, 2021

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Scheduled date of Ordinary General Meeting of Shareholders June 24, 2021
Scheduled date of filing of annual securities report: June 24, 2021
Scheduled date of commencement of dividend payment June 10, 2021
Preparation of supplementary materials for financial results : Yes
Holding of financial results briefing : Yes (For institutional investors and analysts)

(Figures are rounded down to the nearest million yen)

1. Consolidated Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(1) Consolidated Results of Operation

(Percentages indicate year-on-year changes)

	Net Sales		Operating income		Ordinary income		Attributable to owners of parent Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal Year Ended March 31, 2021	3,427	△3.3	738	7.9	713	5.7	457	17.2
Fiscal year Ended March 31, 2020	3,544	16.2	684	23.7	675	26.9	390	△5.1

(Note) Comprehensive income Fiscal Year Ended March 31, 2021 458 Millions of yen (17.1 %)
Fiscal year Ended March 31, 2020 391 Millions of yen (△4.7 %)

	Earnings per share	Diluted Earnings per share	Shareholders' equity Net income margin	Total assets Ordinary income margin	Net Sales Operating income margin
	Yen	Yen	%	%	%
Fiscal Year Ended March 31, 2021	43.83	43.06	12.7	11.0	21.5
Fiscal year Ended March 31, 2020	37.78	36.74	12.8	14.4	19.3

(Reference) Equity in net income of affiliated companies Fiscal Year Ended March 31, 2021 — Millions of yen
Fiscal year Ended March 31, 2020 — Millions of yen

(Note) We conducted a 2-for-1 stock split of common stock on September 1, 2019. Accordingly, earnings per share and fully diluted earnings per share are calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity Ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal Year Ended March 31, 2021	6,486	3,830	59.1	365.74
Fiscal year Ended March 31, 2020	4,700	3,356	71.4	321.99

(Reference) Shareholders' equity Fiscal Year Ended March 31, 2021 3,830 Millions of yen
Fiscal year Ended March 31, 2020 3,356 Millions of yen

(3) Consolidated Cash Flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents Balance at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal Year Ended March 31, 2021	661	△48	△22	3,149
Fiscal year Ended March 31, 2020	39	△77	△20	2,559

2. Dividends

	Annual dividends					Total dividends (Total)	Dividend Payout Ratio (Consolidated)	Net assets Dividend Ratio (Consolidated)
	1st Quarter-End	2nd Quarter-End	3rd Quarter-End	Year-End	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year Ended March 31, 2020	—	0.00	—	0.00	0.00	0	—	—
Fiscal Year Ended March 31, 2021	—	0.00	—	10.00	10.00	104	22.8	2.7
Fiscal Year Ending March 31, 2022 (Forecast)	—	0.00	—	10.00	10.00		17.5	

(Note) Breakdown of the year-end dividend for the fiscal year Ended March 31, 2021: Ordinary dividend of ¥5.00; Commemorative dividend of ¥5.00

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(Percentages indicate year-on-year changes)

	Net Sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	5,000	45.9	1,000	35.4	1,000	40.1	600	31.1	57.29

* Notes

(1) Changes in Significant Subsidiaries during the Period (Changes in Specified Subsidiaries Resulting in Changes in the Scope of Consolidation) : None

Newly added — Exclusion —

(2) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatement of Corrections

① Changes in accounting policies due to revisions to accounting standards, etc. : None

② Changes in accounting policies due to other reasons : None

③ Changes in accounting estimates : Yes

④ Restatement of prior period financial statements after error corrections : None

(3) Number of shares outstanding (common stock)

① Number of shares outstanding at the end of the period (including treasury stock)	Fiscal Year Ended March 31, 2021	10,513,440shares	Fiscal Year Ended March 31, 2020	10,462,960shares
② Number of treasury stock at the end of the period	Fiscal Year Ended March 31, 2021	40,104shares	Fiscal Year Ended March 31, 2020	40,000shares
③ Average number of shares during the period	Fiscal Year Ended March 31, 2021	10,443,408shares	Fiscal Year Ended March 31, 2020	10,339,413shares

We conducted a 2-for-1 stock split of common stock on September 1, 2019. Accordingly, the number of shares outstanding (including treasury stock) at the end of the period, the number of treasury stock at the end of the period, and the average number of shares during the period have been calculated assuming that such stock split was implemented at the beginning of the previous fiscal year.

(Reference) Summary of Non-Consolidated Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(1) Non-Consolidated Results of Operation (Percentages indicate year-on-year changes)

	Net Sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal Year Ended March 31, 2021	1,710	11.4	460	35.8	468	33.0	325	56.7
Fiscal year Ended March 31, 2020	1,536	10.9	339	70.9	352	72.5	207	△30.1

	Earnings per share	Diluted Earnings per share
	Yen	Yen
Fiscal Year Ended March 31, 2021	31.18	30.63
Fiscal year Ended March 31, 2020	20.10	19.55

We conducted a 2-for-1 stock split of common stock on September 1, 2019. Accordingly, earnings per share and fully diluted earnings per share have been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity Ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal Year Ended March 31, 2021	4,489	3,303	73.6	315.44
Fiscal year Ended March 31, 2020	3,996	2,961	74.1	284.17

(Reference) Shareholders' equity Fiscal Year Ended March 31, 2021 3,303 Millions of yen
Fiscal year Ended March 31, 2020 2,961 Millions of yen

※ This financial report is exempt from audit by certified public accountants or auditing firms.

※ Cautionary statement with respect to financial forecasts

The financial forecasts in this report are based on information currently available to us and on certain assumptions that we believe reasonable. Actual results may differ materially from these forecasts due to a variety of factors.

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1. Overview of Results of Operation

(1) Overview of Results of Operation for the Period

Under the Group's Grand Vision of "becoming the biggest impression in the 21st century," we will leverage our IT Freelancers database and our human resources infrastructure, including the development of IT engineers, who are active globally, to proactively grasp the lifestyles of people and corporate behavior that are rapidly changing due to the spread of the Internet. We will leverage our ability to respond to change to constantly grow, through the creation and evolution of services, with the aim of continually increasing corporate value. The Group consists of four business segments, including three subsidiaries. The business segments are classified into: "IT Freelance Matching Business," "IT Human Resource Development Business," "Game Business," and "x-Tech Business."

From the first quarter consolidated fiscal period, the Company has reviewed and combined the previous reporting segments of "Video Business" and "Internet Business" into "x-Tech Business". Comparative analysis with the previous fiscal year is based on the new classification method.

During the consolidated fiscal year under review, the Japanese economy continued to be in an extremely severe situation due to the prolonged significant deterioration caused by the spread of new coronaviral infections. The future outlook remains uncertain, as evidenced by the announcement of a State of Emergency in January of this year.

At the same time, amid the ongoing progress in adapting to new lifestyles and promoting workstyle reforms in response to the Corona Crisis, we recognize that the role that the Group should play will become even more important in addressing the challenges faced by companies promoting digital shifts and individuals seeking new lifestyles and workstyles.

Under these circumstances, the Group recorded net sales of ¥3,427 million (down 3.3% year on year), operating income of ¥738 million (up 7.9%), ordinary income of ¥713 million (up 5.7%), and net income attributable to owners of parent of ¥457 million (up 17.2%).

Results by business segment were as follows:

<IT Freelance Matching Business>

In the IT Freelance Matching Business, the business environment is recuperating, as corporate demand for hiring recovered, which had been temporarily restrained due to the effects of the new coronavirus infectious disease. The Group worked to strengthen its support structure by promoting DX to digitalize existing operations and provide optimal services, further expanding "Frinove", a welfare program for IT Freelancers, and actively conducting surveys of supply and demand trends and IT Freelancer's attitudes regarding the issue of the Coronavirus.

As a result, the segment recorded, net sales of ¥1,444 million (up 8.6% year on year) and segment income of ¥823 million (up 14.4%).

<IT Human Resource Development Business>

In the IT Human Resource Development Business, IT Study Abroad is a key feature that enables students to learn programming and English on an on-site basis. However, the impact of the new coronavirus infectious disease has made it difficult to travel from Japan since April 2020, and this has had a major impact on our business. Under these circumstances, the Group worked to minimize its impact by focusing on the provision of online classes launched as a new service and offshore development.

As a result, the segment recorded sales of ¥103 million (down 53.6% year on year) and a segment loss of ¥15 million (segment loss of ¥4 million in the previous fiscal year).

<Game Business>

Sales were firm, buoyed by strong trend of staying at home due to the effects of the new coronaviral

infectious disease and strong sales of titles managed by the Company. In this environment, we are managing four titles, including IDOLiSH7, developed on a consignment basis from BANDAI NAMCO Online Inc., and three other new titles. As the number of development lines is increasing, we are focusing on appropriate resource control according to the development situation.

In addition, we delivered two games using other company IP that we developed on a consignment basis during the fourth quarter of the current fiscal year. On the other hand, there was the impact of a delay in the delivery of one title to the next fiscal year.

As a result, the segment recorded net sales of ¥1,616 million (down 9.7% year on year) and segment income of ¥270 million (down 16.5%).

<x-Tech Business>

In the x-Tech Business, the Group is engaged in the production of video content utilizing cutting-edge technologies such as VR (virtual reality), AR (augmented reality), MR (Mixed Reality), and 3D hologram, as well as the management of the "Gridge" golf media, and supporting the IT adoption and diffusion by companies in the sports field, including golf.

As a result, the segment recorded sales of ¥266 million (up 28.8% year on year) and a segment loss of ¥12 million (segment loss of ¥24 million in the previous fiscal year).

(2) Overview of Financial Position for the Period

(Assets)

Current assets increased by ¥1,634 million from the end of the previous fiscal year to ¥5,915 million. This was mainly due to increases of ¥238 million in notes and accounts receivable-trade, ¥752 million in work in process, and ¥590 million in cash and deposits.

Non-current assets increased by ¥151 million from the end of the previous fiscal year to ¥570 million. This was mainly due to increases of ¥163 million in deferred tax assets and ¥79 million in investment securities, while guarantee deposits decreased by ¥52 million.

As a result, total assets were ¥6,486 million, up ¥1,785 million from the end of the previous fiscal year.

(Liabilities)

Current liabilities increased by ¥1,361 million from the end of the previous fiscal year to ¥2,647 million. This was mainly due to increases of ¥921 million in advances received, ¥247 million in income taxes payable, and ¥105 million in accrued consumption taxes.

Non-current liabilities decreased by ¥49 million from the end of the previous fiscal year to ¥9 million. This was mainly due to a decrease of ¥55 million in asset retirement obligations.

As a result, total liabilities were ¥2,656 million, an increase of ¥1,311 million from the end of the previous fiscal year.

(Net Assets)

Net assets totaled ¥3,830 million, an increase of ¥474 million from the end of the previous fiscal year. This was mainly due to increases of ¥8 million in common stock, ¥8 million in capital surplus and ¥457 million in retained earnings.

As a result, the equity ratio was 59.1% (71.4% at the end of the previous fiscal year).

(3) Overview of Cash Flows for the Period

Cash and cash equivalents (hereinafter, "cash") at the end of the fiscal year under review increased by ¥590 million from the end of the previous fiscal year to ¥3,149 million.

(Net cash provided by (used in) operating activities)

Net cash provided by operating activities was ¥661 million, an increase of ¥621 million from the previous fiscal year. This was mainly due to a ¥1,073 million increase in advances received and a ¥642 million increase in inventories.

(Net Cash Provided by (Used in) Investing Activities)

Net cash used in investing activities was ¥48 million (compared with ¥77 million used in the same period of the previous fiscal year). This was mainly due to an increase of ¥49 million in payments for purchase of investment securities and an increase of ¥52 million in proceeds from collection of guarantee deposits.

(Net cash provided by (used in) financing activities)

Net cash used in financing activities was ¥22 million (¥20 million used in the same period of the previous fiscal year). This was mainly due to a decrease of ¥209 million in proceeds from issuance of common stock and a decrease of ¥225 million in repayments of long-term loans payable.

(4) Future Outlook

For the foreseeable future, the outlook is expected to remain uncertain due to the effects of new coronaviral infections. Our group is implementing a variety of measures to mitigate this impact and continue to take necessary measures in response to the rapidly changing circumstances. The consolidated financial results forecast for the fiscal year ending March 31, 2022 is currently planned and has been formulated based on the assumption that the current situation will continue during the fiscal year, and taking into account certain business and other risks. We will promptly disclose any revisions to our financial forecasts in the future.

(Thousand yen)

	Following fiscal year (Forecast)	Current fiscal year (Results)	Year-on-year change (%)
<Net Sales>	5,000,000	3,427,816	45.9%
IT Freelance Matching Business	1,680,000	1,444,289	16.3%
Game Business	2,900,000	1,616,506	79.4%
x-Tech Business	300,000	266,204	12.7%
Seed Tech Business (Note)	120,000	103,560	15.9%
<Operating income>	1,000,000	738,479	35.4%
IT Freelance Matching Business	850,000	823,498	3.2%
Game Business	625,000	270,112	131.4%
x-Tech Business	0	△12,187	―
Seed Tech Business (Note)	0	△15,615	―
Corporate expenses and adjustments	△475,000	△327,329	―
<Ordinary income>	1,000,000	713,942	40.1%
<Net income attributable to owners of parent>	600,000	457,755	31.1%

(Note) From the fiscal year ending March 31, 2022, the name of the IT Human Resource Development Business is changed to Seed Tech Business.

(IT Freelance Matching Business)

Despite the ongoing uncertainty regarding the settlement of the new coronaviral infectious diseases, corporate IT recruitment demand is showing a rapid recovery partly due to the settlement of customer company attitudes toward adapting to remote work. In addition, we promoted digitalization of operations throughout the fiscal year ended March 31, 2021, and have put in place a structure that will allow us to provide services that are no different from before the Corona crisis. In light of this situation, the Company forecasts a 16.3% growth rate in net sales for the fiscal year ending March 31, 2022.

(Game Business)

The Game Business handles the planning, development, and operation of new games as a partner company, with customers such as major game companies and other game publishers. Consequently, the revenue composition consists of flow revenue (commissioned sales for new game development and commissioned sales for the development of additional functions for existing game operations) and stock revenue (commissioned sales and revenue sharing for game operations).

In light of this situation, we are planning to achieve a 79.4% growth rate in net sales for the fiscal year ending March 31, 2022 from the fiscal year ending March 31, 2021, based on a plan that is in line with the schedule, including game titles currently being developed.

(x-Tech Business)

We plan to develop a digital marketing business that leverages our strengths in consulting, production, and operations that will make use of the latest technologies such as xR, and centered on sports manufacturers. In response to the rapid changes in the business environment, we will support the DX transition to a new business model through digital marketing utilizing data and technologies and D2C support. In light of this situation, the Company forecasts a 12.7% growth rate in net sales for the fiscal year ending March 31, 2022.

(Seed Tech Business)

Effective from the fiscal year ending March 31, 2022, the name of the IT Human Resource Development Business is changed to the Seed Tech Business.

This business focused on sales to individuals and corporations wishing to study abroad in English or IT from Japan to overseas (Cebu, Philippines). However, the continued difficulty of traveling from Japan from April 2020 has had a major impact on our business. To this end, we established Seed-Tech Inc. in Japan as a new earnings pillar to strengthen outsourcing of on-demand programming school services and offshore development. We will provide services in collaboration with our overseas subsidiary, NexSeed. In light of this situation, the Company forecasts a 15.9% growth rate in net sales for the fiscal year ending March 31, 2022 from the fiscal year under review.

(5) Significant Events Related to Going Concern Assumptions

Not applicable.

2. Basic Approach to Selection of Accounting Standards

Taking into account the comparability of consolidated financial statements between periods and among companies, for the time being our policy is to prepare consolidated financial statements under Japanese GAAP.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

(Thousand yen)

	Previous consolidated fiscal year (As of March 31, 2020)	Current consolidated fiscal year (As of March 31, 2021)
Assets		
Current assets		
Cash and deposits	2,559,268	3,149,695
Notes and accounts receivable	1,280,365	1,518,823
Merchandise	66	-
Work in process	364,943	1,117,488
Supplies	423	410
Advance Payment	927	14
Prepaid expenses	65,295	81,789
Other	18,888	49,840
Allowance for doubtful accounts	△8,970	△2,572
Total current assets	4,281,208	5,915,490
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	113,344	60,687
Tools, furniture and fixtures, net	14,131	6,574
Lease assets, net	-	15,465
Total property and equipment	127,475	82,726
Intangible fixed assets		
Software	584	1,006
Total intangible assets	584	1,006
Investments and other assets		
Investment securities	30,080	109,912
Lease and guarantee deposits	221,794	169,202
Long-term prepaid expenses	1,774	7,338
Deferred tax assets	37,390	200,626
Total investments and other assets	291,040	487,080
Total fixed assets	419,100	570,813
Total assets	4,700,309	6,486,303

(Thousand yen)

	Previous consolidated fiscal year (As of March 31, 2020)	Current consolidated fiscal year (As of March 31, 2021)
Liabilities		
Current liabilities		
Accounts Payable	811,911	858,138
Accounts Payable-other	33,113	35,514
Accrued expenses	28,130	28,235
Income taxes payable	90,533	337,593
Accrued consumption taxes	39,145	144,805
Deposits received	27,914	29,088
Advances received	203,471	1,125,380
Unearned income	25,734	20,526
Asset retirement obligations	12,248	55,662
Lease obligations	13,152	11,721
Total current liabilities	1,285,357	2,646,667
Long-term liabilities		
Lease obligations	3,214	7,101
Asset retirement obligations	55,504	-
Other	-	2,037
Total long-term liabilities	58,719	9,139
Total liabilities	1,344,076	2,655,807
Net assets		
Shareholders' Equity		
Paid-in Capital	1,086,015	1,094,214
Capital surplus	1,035,958	1,044,157
Retained earnings	1,256,587	1,714,342
Treasury stock	△21,000	△21,155
Total shareholders' equity	3,357,560	3,831,559
Accumulated other comprehensive income		
Foreign currency translation adjustments	△1,495	△1,073
Total accumulated other comprehensive income	△1,495	△1,073
Non-controlling interests	167	10
Total net assets	3,356,232	3,830,496
Total liabilities and net assets	4,700,309	6,486,303

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Thousand yen)

	Previous consolidated fiscal year From April 1, 2019 To March 31, 2020	Current consolidated fiscal year From April 1, 2020 To March 31, 2021
Net Sales	3,544,309	3,427,816
Cost of Sales	1,501,612	1,388,538
Gross profit	2,042,697	2,039,278
Selling, general and administrative expenses	1,358,446	1,300,798
Operating income	684,250	738,479
Non-operating income		
Interest income	89	120
Gain on transfer of content rights	4,500	-
Lecture fee income	64	100
Damages from delayed receipts	-	372
Other	70	188
Total non-operating income	4,724	782
Non-operating expenses		
Interest expenses	201	55
Foreign exchange losses	7,627	6,836
Stock issuance expenses	1,591	103
Market Change Costs	4,000	15,859
Commitment Fee	-	2,436
Other	108	25
Total non-operating expenses	13,529	25,318
Ordinary income	675,446	713,942
Extraordinary losses		
Impairment loss	34,680	-
Total extraordinary losses	34,680	-
Income before income taxes	640,765	713,942
Income taxes - current	211,637	419,371
Income taxes-deferred	38,579	△163,027
Total income taxes	250,216	256,344
Net income	390,548	457,598
Net income (loss) attributable to non-controlling interests (△)	△102	△157
Net income attributable to shareholders of the parent company	390,651	457,755

Consolidated Statement of Comprehensive Income

(Thousand yen)

	Previous consolidated fiscal year From April 1, 2019 To March 31, 2020	Current consolidated fiscal year From April 1, 2020 To March 31, 2021
Net income	390,548	457,598
Other comprehensive income		
Foreign currency translation adjustments	554	422
Total other comprehensive income	554	422
Comprehensive income	391,102	458,020
(Comprehensive income attributable to)		
Comprehensive income attributable to shareholders of the parent company	391,202	458,170
Comprehensive income attributable to non-controlling interests	△99	△149

(3) Consolidated Statement of Changes in Net Assets

For the year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

(Thousand yen)

	Shareholders' Equity					Accumulated other comprehensive income		Non-controlling interests Equity	Total net assets
	Paid-in Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Foreign currency translation Adjustment account	In addition Comprehensive income Cumulative total		
Balance at the beginning of the year	972,152	922,095	865,935	△21,000	2,739,184	△2,049	△2,049	242	2,737,377
Changes of items during the period									
Issuance of new shares	113,862	113,862			227,725				227,725
Net income attributable to owners of parent			390,651		390,651				390,651
Purchase of treasury stock									－
Net changes of items other than shareholders' equity						554	554	△75	478
Total changes of items during the period	113,862	113,862	390,651	－	618,376	554	554	△75	618,855
Balance at end of period	1,086,015	1,035,958	1,256,587	△21,000	3,357,560	△1,495	△1,495	167	3,356,232

For the year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

(Thousand yen)

	Shareholders' Equity					Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Paid-in Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Foreign currency translation Adjustment	Total accumulated other comprehensive income		
Balance at the beginning of the year	1,086,015	1,035,958	1,256,587	△21,000	3,357,560	△1,495	△1,495	167	3,356,232
Changes during the period									
Issuance of new shares	8,199	8,199			16,398				16,398
Net income attributable to owners of parent			457,755		457,755				457,755
Purchase of treasury stock				△155	△155				△155
Net changes of items other than shareholders' equity						422	422	△156	265
Total changes during the period	8,199	8,199	457,755	△155	473,998	422	422	△156	474,263
Balance at end of period	1,094,214	1,044,157	1,714,342	△21,155	3,831,559	△1,073	△1,073	10	3,830,496

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	Previous consolidated fiscal year From April 1, 2019 To March 31, 2020	Current consolidated fiscal year From April 1, 2020 To March 31, 2021
Net cash provided by (used in) operating activities		
Income before income taxes	640,765	713,942
Depreciation and amortization	49,099	77,015
Impairment loss	34,680	-
Increase (decrease) in allowance for doubtful accounts (△ indicates decrease)	8,970	△6,398
Interest and dividend income	△89	△120
Interest expenses	201	55
Stock issuance expenses	1,591	103
Market Change Costs	-	15,859
Foreign exchange gains (losses) (△ indicates gains)	△91	△5
(Increase) decrease in notes and accounts receivable - trade (△ indicates increase)	△147,810	△238,456
(Increase) decrease in inventories (△ indicates increase)	△110,429	△752,466
Increase (decrease) in notes and accounts payable - trade (△ indicates decrease)	153,646	46,377
Increase (decrease) in advances received (△ indicates decrease)	△149,250	923,880
Increase (decrease) in unearned revenue (△ indicates decrease)	△12,410	△5,347
Increase (decrease) in accrued consumption taxes (△ indicates decrease)	△42,796	105,659
Other	△51,298	△42,207
Subtotal	374,779	837,893
Interest and dividend income received	89	120
Interest paid	△137	△55
Income taxes paid	△339,281	△176,239
Other	4,500	-
Net cash provided by (used in) operating activities	39,949	661,718
Net cash provided by (used in) investing activities		
Purchase of investment securities	△30,080	△79,832
Purchase of property, plant and equipment	△13,794	△9,409
Purchase of intangible assets	△496	△870
Proceeds from collection of lease and guarantee deposits	550	52,802
Payment for lease and guarantee deposits	△33,311	△1,314
Payment for asset retirement obligations	-	△10,285
Net cash provided by (used in) investing activities	△77,131	△48,908
Net cash provided by (used in) financing activities		
Repayment of long-term debt	△225,218	-
Repayment of lease obligations	△20,965	△22,868
Proceeds from issuance of common stock	226,133	16,294
Market Change Expenses	-	△15,859
Purchase of treasury stock	-	△155
Net cash provided by (used in) financing activities	△20,049	△22,588
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	964	205
Net increase (decrease) in cash and cash equivalents (△ indicates decrease)	△56,266	590,426

(Thousand yen)

	Previous consolidated fiscal year From April 1, 2019 To March 31, 2020	Current consolidated fiscal year From April 1, 2020 To March 31, 2021
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,615,535	2,559,268
Cash and cash equivalents at end of year	2,559,268	3,149,695

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Significant Matters Forming the Basis for Preparation of Consolidated Financial Statements)

Scope of Consolidation

All subsidiaries are included in the scope of consolidation.

Number of consolidated subsidiaries: 3

Name of Consolidated Subsidiary

G2 Studios Inc.

NexSeed Inc.

Seed Tech Inc.

Seed Tech Inc. was newly established during the fiscal year under review and has been included in the scope of consolidation.

(Changes in Accounting Estimates)

(Changes in useful lives)

During the fiscal year under review, the Company decided to cancel its head office. Accordingly, the useful lives of fixed assets that are not expected to be used after cancellation were reviewed. In addition, the expected period of use of asset retirement obligations, which had been recorded as an obligation to restore properties to their original state under the real estate lease agreement for the head office, was changed. As a result, compared with the previous method, operating income, ordinary income and income before income taxes for the current consolidated fiscal year have each decreased by ¥54 million.

(Segment Information)

1. Overview of reportable segments

(1) Method of determining reportable segments

The reportable segments of our group are those for which separate financial information is available and which are regularly reported to our board of directors for the purpose of deciding how to allocate resources and evaluating performance.

The Group consists of four business segments, including three subsidiaries: the IT Freelance Matching Business, the IT Human Resource Development Business, the Game Business, and the x-Tech Business.

(2) Types of services belonging to each reportable segment

The IT Freelance Matching Business mainly provides matching services for IT Freelancers and companies. The IT Human Resource Development Business mainly operates an on-site school business for English and programming. The Game Business mainly develops and operates smartphone games on a consignment basis. The x-Tech Business primarily produces videos for corporate clients and provides sales promotion support centered on the operation of the "Gridge", which is an information site for golfers.

(3) Changes in reportable segments, etc.

Effective from the fiscal year ended March 31, 2021, the Video Production Business and the Internet Business were merged to form the new x-Tech Business.

In addition, Seed Tech Inc. which was newly established during the fiscal year, is included in the scope of consolidation and is reported under “IT Human Resource Development Business” segment. Segment information for the previous fiscal year has been prepared based on the segment classification after the change.

2. Methods of calculating the amounts of net sales, income or loss, assets, liabilities, and other items by reportable segment

Income of reportable segments is based on operating income. Inter-segment sales and transfers are based on third-party transaction prices.

3. Information on the amounts of net sales, income or loss, assets, liabilities, and other items by reportable segment"

For the year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

(Thousand yen)

	Reportable segments				Total	Adjustment (Note 1)	Consolidated Statements of Income (Note 2)
	IT Freelance Matching Business	IT Human Resource Development Business	Game Business	x-Tech Business			
Net Sales							
Net Sales to External Customers	1,329,529	218,294	1,789,880	206,604	3,544,309	-	3,544,309
Inter-segment Net Sales or Transfer	-	4,777	-	-	4,777	△ 4,777	-
Total	1,329,529	223,071	1,789,880	206,604	3,549,087	△ 4,777	3,544,309
Segment income Or loss (△)	719,772	△4,200	323,423	△ 24,551	1,014,442	△330,191	684,250
Other items Impairment loss	-	34,680	-	-	34,680	-	34,680

(Note) 1. The adjustment for segment income (loss) △¥330 million yen is not allocated to each reportable segment.
Corporate expenses of △¥356 million and inter-segment eliminations of ¥26 million are included.
2. The total of segment income (loss) and adjustments are reported as operating income in the consolidated statements of income.
3. The amounts of segment assets and liabilities are not disclosed because they are not allocated to business segments.

For the year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

(Thousand yen)

	Reportable segments				Total	Adjustment (Note 1)	Consolidated Statements of Income (Note 2)
	IT Freelance Matching Business	IT Human Resource Development Business	Game Business	x-Tech Business			
Net Sales							
Net Sales to External Customers	1,444,289	100,816	1,616,506	266,204	3,427,816	-	3,427,816
Inter-segment Net Sales or Transfer	-	2,744	-	-	2,744	△2,744	-
Total	1,444,289	103,560	1,616,506	266,204	3,430,560	△2,744	3,427,816
Segment income Or loss (△)	823,498	△15,615	270,112	△12,187	1,065,809	△327,329	738,479

(Note) 1. The adjustment for segment income (loss) △¥327 million is not allocated to each reportable segment.
Corporate expenses of △¥350 million and inter-segment eliminations of ¥23 million are included.
2. The total segment income (loss) and adjustments are reported as operating income in the consolidated statements of income.
3. The amounts of segment assets and liabilities are not disclosed because they are not allocated to business segments.

(Per Share Information)

Item	Previous consolidated fiscal year From April 1, 2019 To March 31, 2020	Current consolidated fiscal year From April 1, 2020 To March 31, 2021
Net assets per share	321.99 yen	365.74 yen
Earnings per share	37.78 yen	43.83 yen
Diluted earnings per share	36.74 yen	43.06 yen

(Note) 1. We conducted a 2-for-1 stock split on September 1, 2019. Earnings per share and fully diluted earnings per share have been calculated as if these stock splits had taken place at the beginning of the previous fiscal year.

2. The basis for calculating earnings per share and fully diluted earnings per share are as follows:

Item	Previous consolidated fiscal year From April 1, 2019 To March 31, 2020	Current consolidated fiscal year From April 1, 2020 To March 31, 2021
Earnings per share		
Net income attributable to owners of parent (thousand yen)	390,651	457,755
Amount not attributable to common shareholders (thousand yen)	—	—
Net income attributable to owners of parent related to common stock (thousands of yen)	390,651	457,755
Average number of shares during the period (shares)	10,339,413	10,443,408
Diluted earnings per share		
Net income attributable to owners of parent (thousand yen)	390,651	457,755
Increase in number of shares of common stock(shares)	292,615	187,331
【Of which, Stock acquisition rights (shares)】	(292,615)	(187,331)
Summary of dilutive shares not included in the calculation of diluted earnings per share due to lack of dilutive effect	—	—

3. Net assets per share are calculated on the following basis:

Item	Previous consolidated fiscal year From April 1, 2019 To March 31, 2020	Current consolidated fiscal year From April 1, 2020 To March 31, 2021
Total net assets (thousands of yen) Amount deducted from total net assets (thousand yen)	3,356,232 167	3,830,496 10
【Of which, Stock Acquisition rights to shares (thousands of yen) 】 【Of which, non-controlling interests (thousands of yen) 】	(—) (167)	(—) (10)
Net assets attributable to common stock at the end of the period (thousand yen)	3,356,064	3,830,485
Number of shares of common stock used for calculation of net assets per share (shares)	10,422,960	10,473,336

(Significant Subsequent Events)

Not applicable.