Fiscal Year Ended March 31, 2021
Financial Results and Medium-Term Management Plan Briefing

Financial Results Briefing

May 14, 2021

geechs inc.

1st Section of TSE: 7060

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Financial Results Briefing

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Financial Results Briefing

Corporate Profile

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[geek × tech]

Having technical groups as partners who have outstanding and deep knowledge
In the IT and Internet fields.
Supporting the work styles of all those involved and providing various values through our technologies

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Grand Vision



Our Grand Vision is “Make the biggest impression in the 21st century”.

Regardless of changes in the business environment, always “challenge” difficult issues and “enjoy” the process, link it to “growth”, and by repeating these processes, we will create a lot of “impressions” to the world.

We will further accelerate the growth of our IT Freelance Matching Business, which is one of the Group’s strengths, and leverage our ability to respond to changes.

Through the creation and evolution our services, we will develop a portfolio management centered on the IT and Internet fields.

We are aiming to continuously increase our corporate value.

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Group Corporate Profile

CompanyName	geechs inc. (1st Section of TSE: 7060)
Representa tive	President & CEO Naruhito Sonehara
Date of Establishment	August 23, 2007
Head Office	G-SQUARE 10F, 2-11-1 Dogenzaka, Shibuya-ku, Tokyo
Paid - in Capital	1,094 million yen [As of March 31, 2021]
Directors and Audit & Supervisory Board Members	President & CEO Naruhito Sonehara Director CFO Daisuke Sakuma Director Chihiro Narisue Outside Director Toshiyuki Matsushima Outside Director Takeshi Hanai Outside Audit & Supervisory Board Member Takashi Sasaki Outside Audit & Supervisory Board Member Nobuyuki Hata Outside Audit & Supervisory Board Member Daigo Hanaki Executive Officer Atsushi Sakurai Executive Officer Daisuke Takahara Executive Officer Shogo Kawano
Business Activities	IT Freelance Matching Business IT Human Resource Development Business Game Business x-Tech Business
Scale of Sales	3,427 (Millions of yen) (Year ended March 31, 2021)
Number of Employees	357 (As of March 31, 2021)
Bases	Tokyo Head Office, Shibuya Satellite Office, Osaka Branch, Fukuoka Branch, Nagoya Satellite Office, Ceb, Philippines

Our Group Companies

Group Companies

geechs

IT Freelance Matching Business x-Tech Business

G2Studios

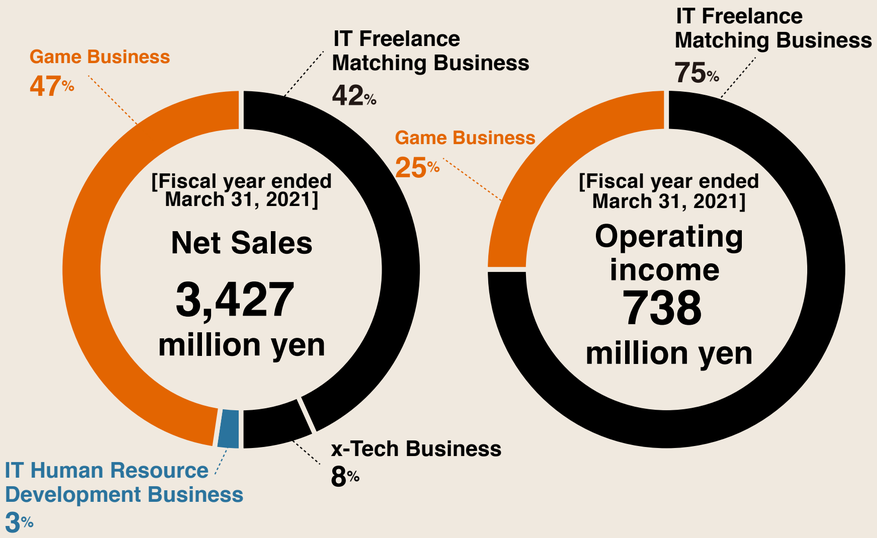
Game Business

NexSeed

IT Human Resource Development Business

Segmentation

Segment Composition

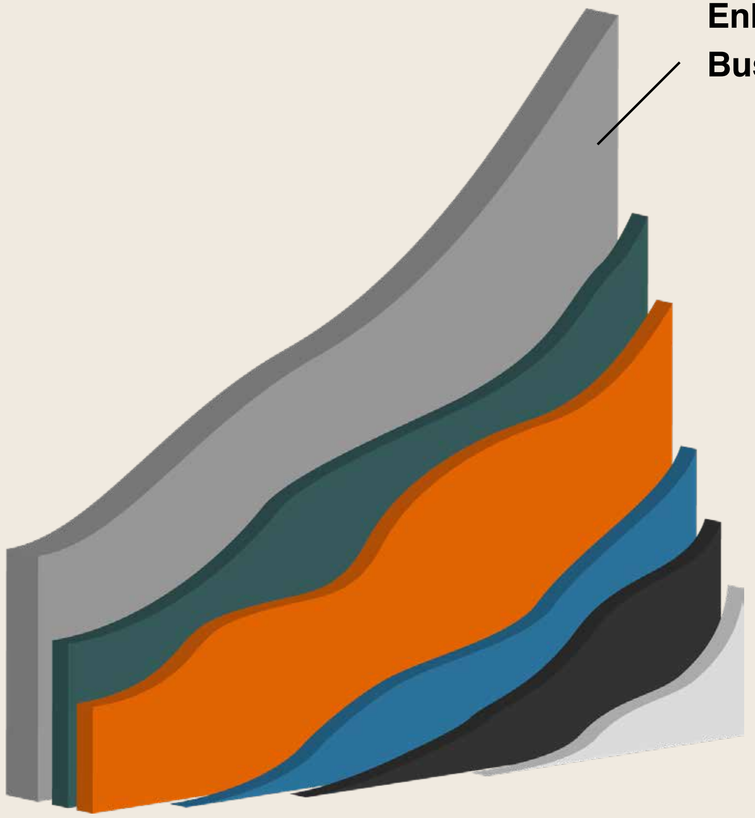


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geechs Group Advantage

Portfolio Management to Enhance Growth and Stability



Enhancing Management Stability and Maximizing Business Synergies

IT Freelance Matching Business

Further growth as a mainstay earnings while driving the market as a main business

Game Business

Stock-type products combining stability and growth potential

IT Human Resource Development Business

IT Human Resource Development and Offshore Development

x-Tech Business

Challenging new fields by leveraging (the most) advanced technology

New Business

Challenge to create new revenue sources through M&A and investment

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Financial Results for FY3/2021

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Executive Summary FY3/2021

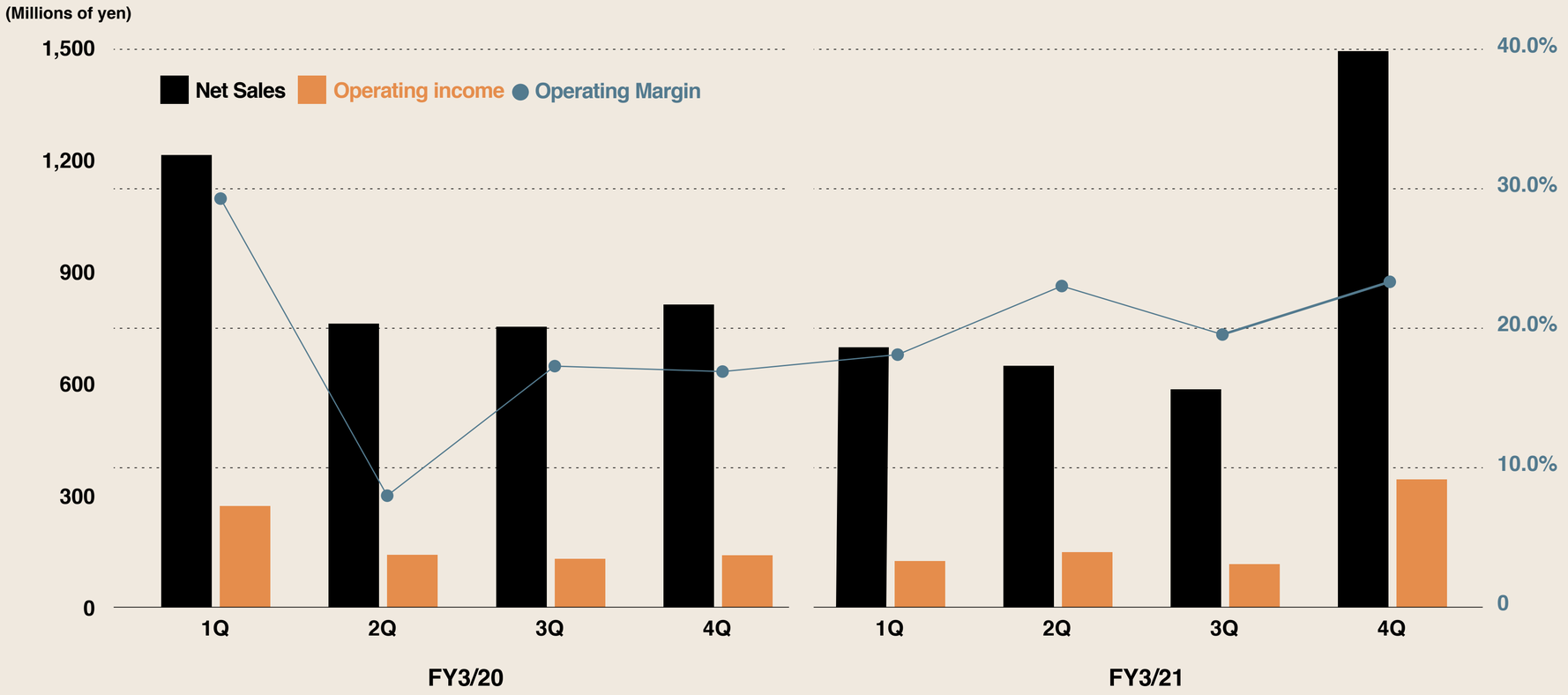
Results generally in line with the plan
In addition to achieving record-high operating income and net income,
Operating income margin is at a high level of 21.5%

	Net Sales	Operating income	Ordinary income	Net income
Consolidated (YoY)	3,427 Million yen (-3.3%)	728 Million yen (+7.9%)	713 Million yen (+5.7%)	457 Million yen (+17.2%)
4th Quarter (YoY)	1,494 Million yen (+83.6%)	350 Million yen (+151.6%)	347 Million yen (+170.5%)	236 Million yen (+454.6%)

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Gross Sales & Operating Profit

**The IT Freelance Matching Business will return to a growth trajectory,
In the 4th Quarter, we delivered two titles in the Game Business.
Significant growth in both net sales and operating income**



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Segment Information: FY3/2021

- IT Freelance Matching Business ・・・・・・・・・・・・ Rapid recovery to a growth trajectory led to higher sales and profits
- IT Human Resource Development Business ・・・・ Achieved full-year target due to growth in sales of programming schools and offshore development
- Game Business ・・・・・・・・・・・・・・・・・・・・・・・・ Lower sales and profits due to delayed delivery of one title
- x-Tech Business ・・・・・・・・・・・・・・・・・・・・・・・・ Significant increase in net sales due to the integration of business divisions and an increase in AR development orders, etc.

(Millions of yen)		FY3/21 Results		FY3/21 Forecast		YoY	
		Full year	4th Quarter	Planned value	Achievement rate	FY3/20 Results	YoY
By Segment							
IT Freelance Matching	Sales	1,444	382	1,420	101.7%	1,329	+8.6%
	Profit	823	222	770	106.9%	719	+14.4%
IT Human Resource Development	Sales	103	23	100	103.6%	223	▲53.6%
	Profit	-15	-6	-20	-	-4	-
Game	Sales	1,616	1,029	1,650	98.0%	1,789	▲9.7%
	Profit	270	227	280	96.5%	323	▲16.5%
x-Tech	Sales	266	59	280	95.1%	206	+28.8%
	Profit	-12	-5	0	-	-24	-
Common expense		-327	-87	-330	-	-330	-
Consolidated							
	Net Sales	3,427	1,494	3,450	99.4%	3,544	▲3.3%
	Operating income	738	350	700	105.5%	684	+7.9%

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Cost Structure

- Labor costs and personnel expenses are trending upward due to factors such as an increase in the number of IT Freelance Matching Business personnel and the x-Tech Business personnel.
- Reducing IT Freelancers' Customer Attraction Costs and Cost Control Based on Development Lines

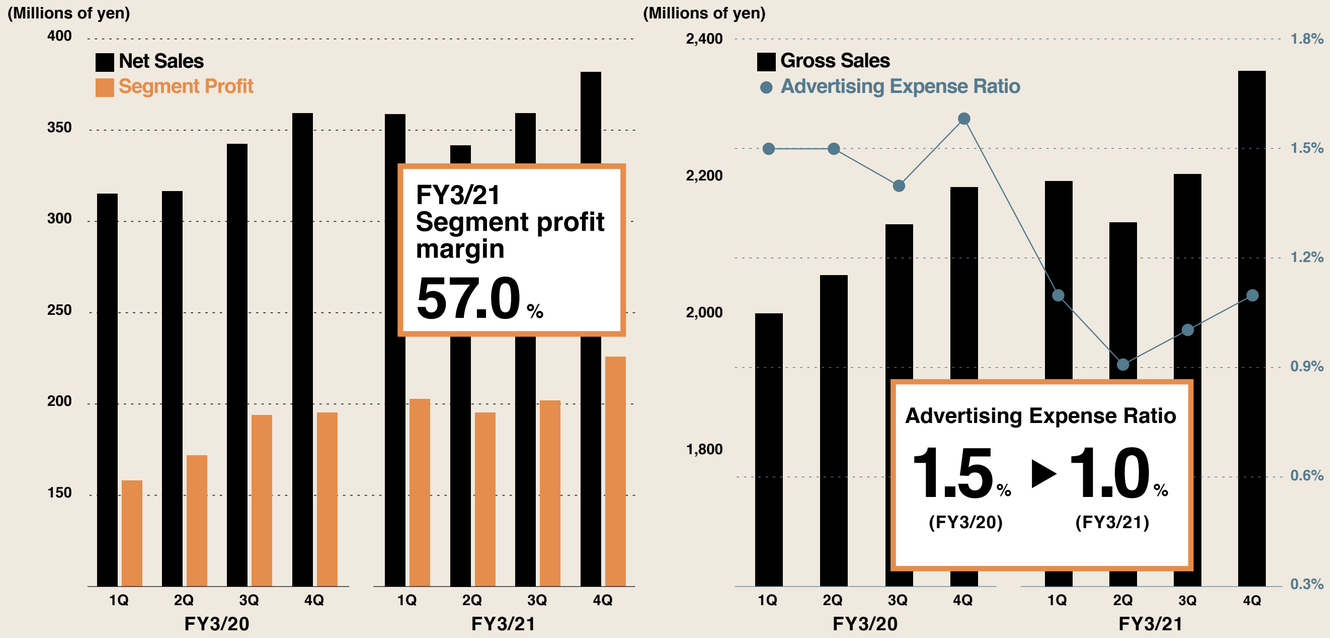
(Millions of yen)	FY3/21 Results	FY3/21 Net Sales Ratio	FY3/20 Results	FY3/20 Net Sales Ratio	Rate of Change
Net Sales	3,427	-	3,544	-	-
Expenses	2,689	78.5%	2,860	80.7%	△6.0%
Cost of Sales	1,388	40.5%	1,501	42.4%	△7.5%
Labor costs	788	23.0%	727	20.5%	+8.3%
Outsourcing expenses	302	8.8%	399	11.3%	△24.4%
Engineer Attraction Expenses*	91	2.7%	123	3.5%	△25.8%
Other	206	6.0%	250	7.1%	△17.7%
SG&A expense	1,300	37.9%	1,358	38.3%	△4.2%
Personnel expenses	781	22.8%	770	21.7%	+1.4%
Other	519	15.1%	587	16.6%	△11.7%
Operating income	738	21.5%	684	19.3%	+7.9%

* Expenses for attracting engineers: IT Freelance Customer Attraction Expenses

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IT Freelance Matching Business(1/2)

- Net Sales, Operating Income, and Gross Sales Record Highlights in 4th Quarter, Rapid Recovery to Growth Trajectory
- Improving Customer Attraction Efficiency through Effective Marketing and increased the transaction volume



*Advertising expense ratio: Advertising expenses as a percentage of Gross Sales

4th Quarter (YoY)

Gross Sales	2,353 Million yen	(+7.8 %)
Net Sales	382 Million yen	(+6.5 %)
Segment income	222 Million yen	(+13.7 %)
Advertising Expense Ratio*	1.1 %	

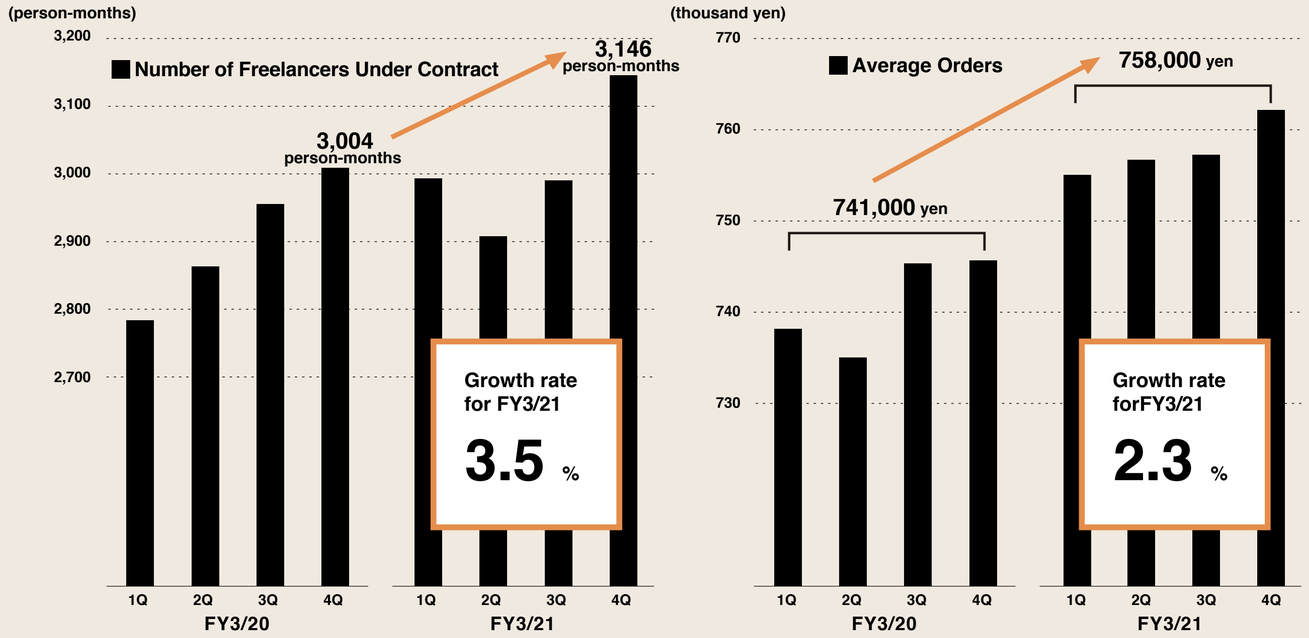
3rd Quarter Cumulative (YoY)

Gross Sales	8,883 Million yen	(+6.1 %)
Net Sales	1,444 Million yen	(+8.6 %)
Segment income	823 Million yen	(+14.4 %)
Advertising Expense Ratio*	1.0 %	

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IT Freelance Matching Business(2/2)

- The 4th Quarter saw a new high record in the number of occupancy months partly due to a recovery in demand from client companies.
- The unit price of orders for the full fiscal year has been on an uptrend due to high demand, and it has reached a record high.



4th Quarter (YoY)

Number of Freelancers Under Contract

3,146 person-months (+4.7%)

Unit price of order

763,000 yen (+2.3%)

Full year (YoY)

Number of Freelancers Under Contract

12,007 person-months (+3.5%)

Unit price of order

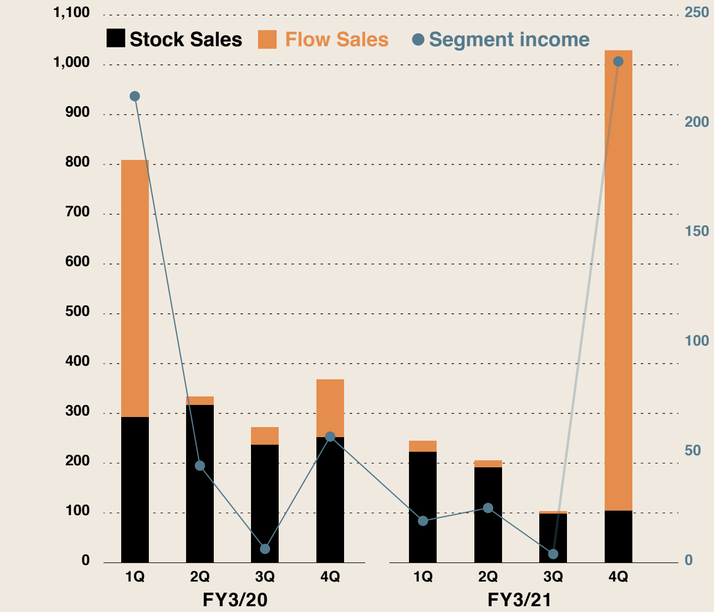
758,000 yen (+2.3%)

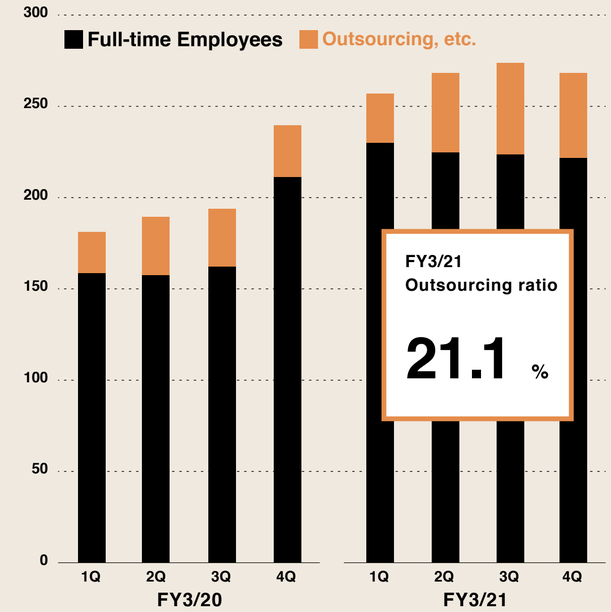
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Game Business

■ In 4th Quarter, Delivery of 2 Titles as Scheduled and Recording of Flow Sales

■ Appropriate Resource Control Aligned with Development Lines





Stock Sales: Contract Game Operation and Revenue Share Sales

Flow Sales: Contract Sales of New Game Development, Contract Sales of Additional Functions for Existing Game Operation, and Other Contract Development Sales

4th Quarter (YoY)

Net Sales	1,029	Million yen	(+178.2%)
Segment income	227	Million yen	(+303.1%)

Full year (YoY)

Net Sales	1,616	Million yen	(-9.7%)
Segment income	270	Million yen	(-16.5%)

Operating Game Titles	4	Tiltles
Under development	3	Tiltles

Number of Employees (End of FY3/21)	270	(Full-time: 213, Outsourcing: 57)

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Other Businesses

Topics

IT Human Resource Development Business

- Due to the impact of COVID-19, IT study abroad is still suspended.
- Programming schools performed well
- Aiming to strengthen the offshore development and programming school businesses
  Established Seedtech Inc. in Japan

x-Tech Business

- Growth in sales of multiple AR-related development projects
- Support golf-related companies in media production and marketing, etc.
  New Sales Growth
- The PV/day of the golf media "Gridge" hit a high record.
- Pachinko and pachislot machine manufacturer PV production recovered

IT Human Resource Development Business

4thQuarter (YoY)

Net Sales
23 Million yen (-37.6%)

Segment income
-6 Million yen

Full year (YoY)

Net Sales
103 Million yen (-53.6%)

Segment income
-15 Million yen

x-Tech Business

4thQuarter (YoY)

Net Sales
59 Million yen (+24.7%)

Segment income
-5 Million yen

4thQuarter (YoY)

Net Sales
266 Million yen (+28.8%)

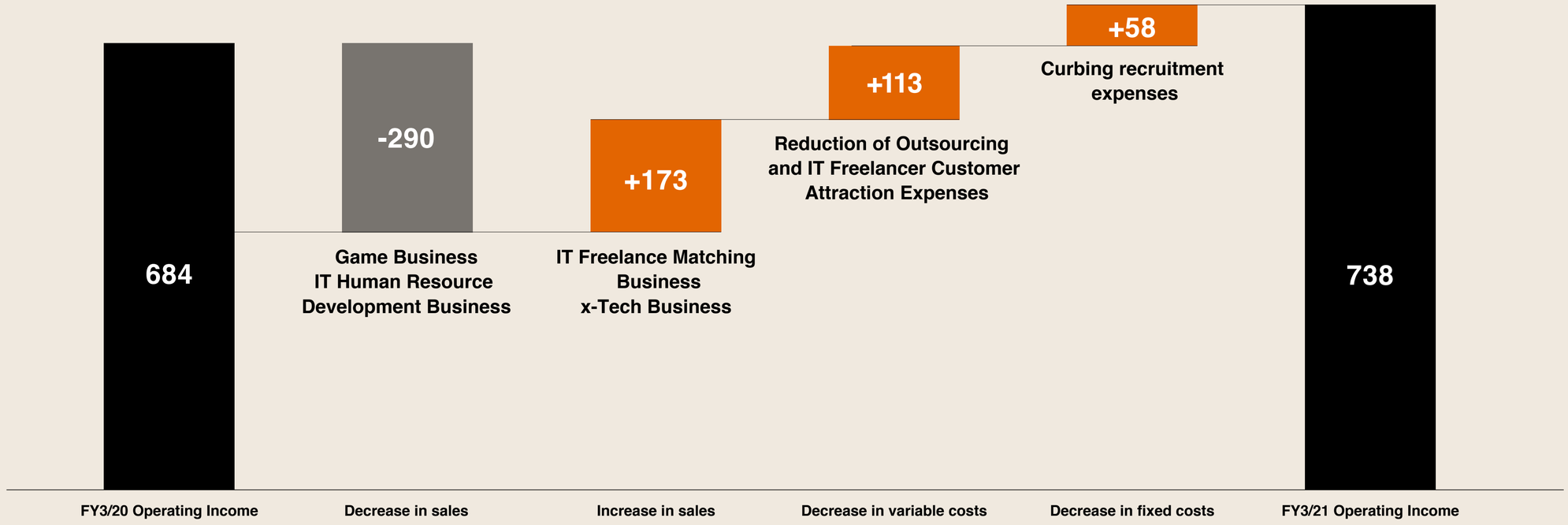
Segment income
-12 Million yen

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Operating Profit Variance Analysis

The decrease in sales due to the delayed delivery of one title in the Game Business to FY3/22 was offset by the increase sales in IT Freelance matching Business and the x-Tech Business as well as the appropriate cost controls such as for outsourcing costs, and resulted in an increase of 54 million yen.

(Millions of yen)



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Consolidated Balance Sheet & Cash Flow Statement

■ Cash and deposits at B/S increased by approx. 600 million yen due to an increase in operating CF accompanying the increase in advances received.

■ Growth in B/S work in process and advances received due to an increase in the number of development projects in the Game Business

■ B/S investment securities increased due to an increase in the number of companies investing

Balance Sheet

(Millions of yen)	FY3/20	FY3/21	Change
Current assets	4,281	5,915	+1,634
Cash and deposits	2,559	3,149	+590
Accounts receivable	1,280	1,518	+238
Work in process	364	1,117	+752
Fixed assets	419	570	+151
Property, plant and equipment	127	82	▲44
Investment securities	30	109	+79
Total assets	4,700	6,486	+1,785
Liabilities	1,344	2,655	+1,311
Accounts Payable	811	858	+46
Advances received	203	1,125	+921
Net assets	3,356	3,830	+474
Total liabilities and net assets	4,700	6,486	+1,785

Cash Flow

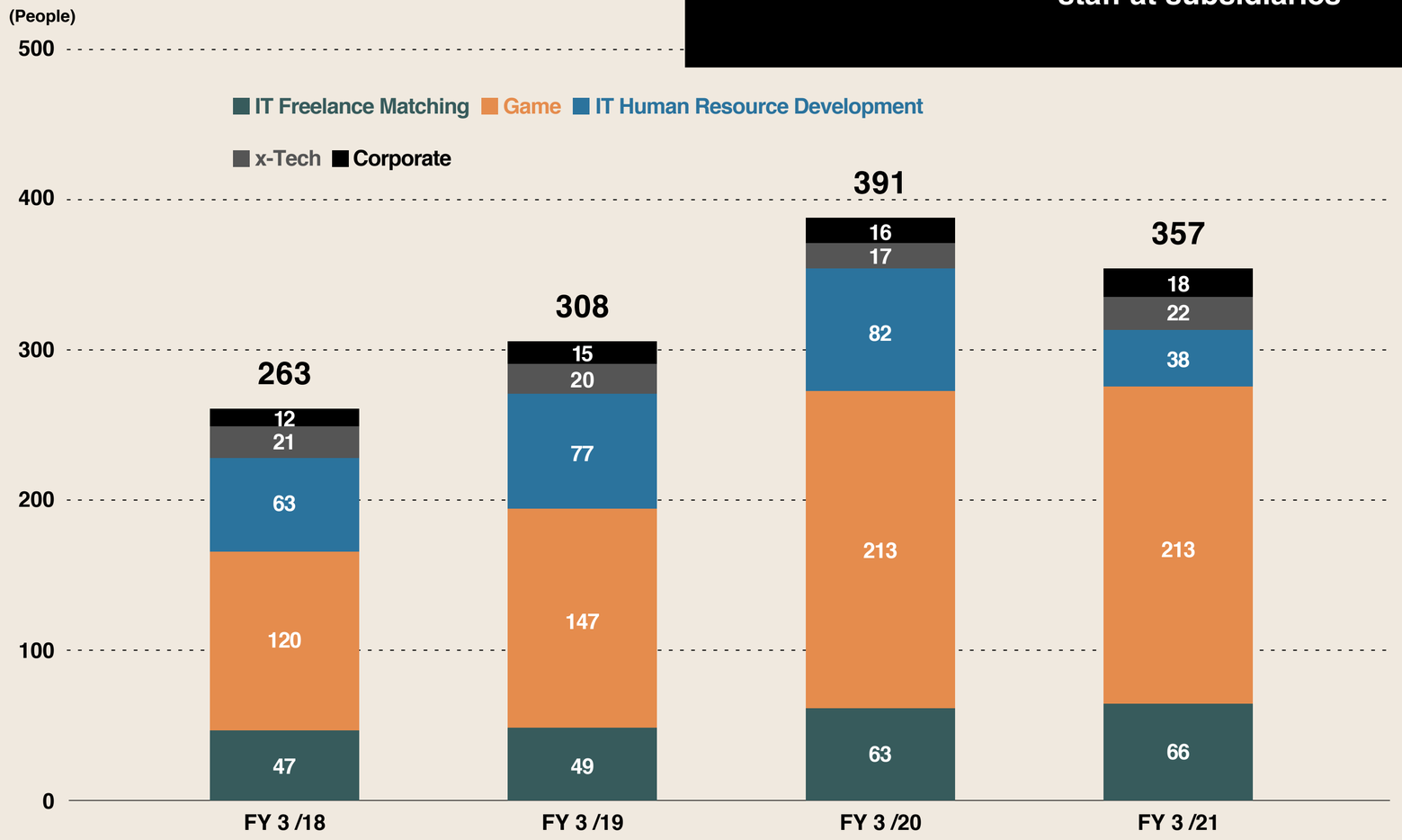
(Millions of yen)	FY3/20	FY3/21	Change
Operating CF	39	661	+621
Decrease(increase)in notes and accounts receivable	-147	-238	▲90
Decrease (increase) in inventories	-110	-752	▲642
Increase (decrease) in advances received	-149	923	+1,073
Cash flows from investing activities	-77	-48	+28
Acquisition of fixed assets	-14	-10	+4
Purchase of investment securities	-30	-79	▲49
FCF*	-37	612	+649
Financing CF	-20	-22	▲2
Repayment of Interest-Bearing Debt	-225	0	+225
Proceeds from issuance of common stock	226	16	▲209
Cash and deposits	2,559	3,149	+590

*: Operating CF + Investing CF

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Changes in the Number of Employees

Down by 34 YoY due to rationalization of the number of local staff at subsidiaries



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Forecast for FY3/2022

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Executive Summary FY3/2022

IT Freelance Matching Business Rapidly Recovering on a Growth Track,
Due to an increase in the Game Business pipeline
Significant increases in both sales and profits

	Net Sales	Operating income	Ordinary income	Net income
Consolidated (YoY)	5,000 Million yen (+45.9%)	1,000 Million yen (+35.4%)	1,000 Million yen (+40.1%)	600 Million yen (+31.1%)

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Segment Information: FY3/2022

- IT Freelance Matching Business ・・・・・・・・・・・・・・・・・・・・ Sales and Profits Increased due to recovery from Previous Growth Trends
- Game Business ・・・・・・・・・・・・・・・・・・・・・・・・・・・・・・・・ Significant increases in both sales and profits due to growth in recurring revenue
- x-Tech Business ・・・・・・・・・・・・・・・・・・・・・・・・・・・・・・・・ Sales grew due to an increase in AR orders and the launch of new services in the golf field
- Seed Tech (formerly IT Human Resource Development) Business ・・・・・ Expect higher sales due to business expansion of offshore development and programming schools

(Millions of yen)		FY3/22	FY3/21	YoY
By Segment				
IT Freelance Matching	Sales	1,680	1,444	+16.3 %
	Profit	850	823	+3.2 %
Game	Sales	2,900	1,616	+79.4 %
	Profit	625	270	+131.4 %
x-Tech	Sales	300	266	+12.7 %
	Profit	0	-12	-
Seed Tech	Sales	120	103	+15.9 %
	Profit	0	-15	-
Common expense		-475	-327	-
Consolidated				
	Net Sales	5,000	3,427	+45.9 %
	Operating income	1,000	738	+35.4 %

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Dividend Policy

■ Initial and commemorative dividends were paid in FY3/21. In FY3/22, we plan to increase the ordinary dividend and pay the same dividend as in the previous fiscal year.

Basic Policy

While prioritizing growth investments that will lead to sustainable profit growth and an increase in corporate value,
Stable and Continuous Payment of Dividends to Shareholders

Dividend Trend

	FY3/21	FY3/22
Dividend	10 yen Ordinary dividend ¥5 Commemorative dividend ¥5	10 yen
Total dividends	104 Million yen	104 Million yen
Dividend Payout Ratio	11.4 % (Ordinary dividend only)	17.5 %

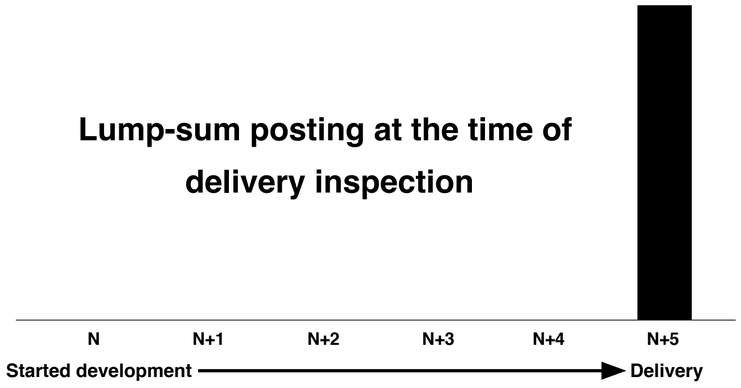
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Impact of the New Revenue Recognition Standard on Business Performance (1/3)

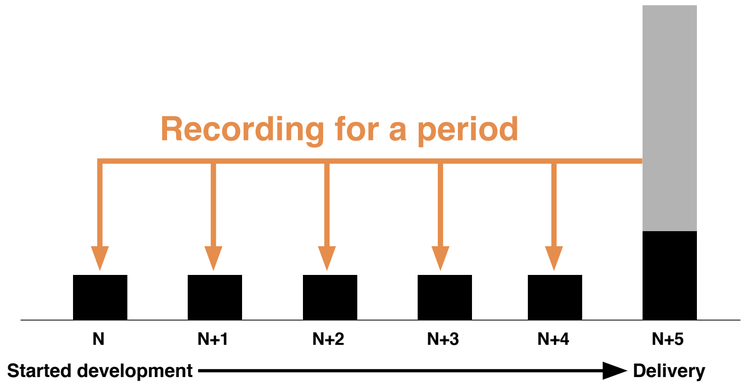
■ Adoption of New Revenue Recognition Standards for the Fiscal Year Ending March 31, 2022

Until now, revenue related to flow sales (development projects) in the Game Business had been recorded as a lump sum at the time of acceptance inspections.
It is considered appropriate to recognize revenue as a performance obligation satisfied over the development period,
The sales recognized as a lump sum at the time of delivery inspection are changed to a recognition as a period (only for the cost portion)*.

Sales recognition pattern based on previous standards



Sales recognition pattern under the new standard



Due to the new standard, the timing of recording of sales has been diversified. However, there is no impact on profits.

* In principle, this covers the period until reasonable progress can be estimated.

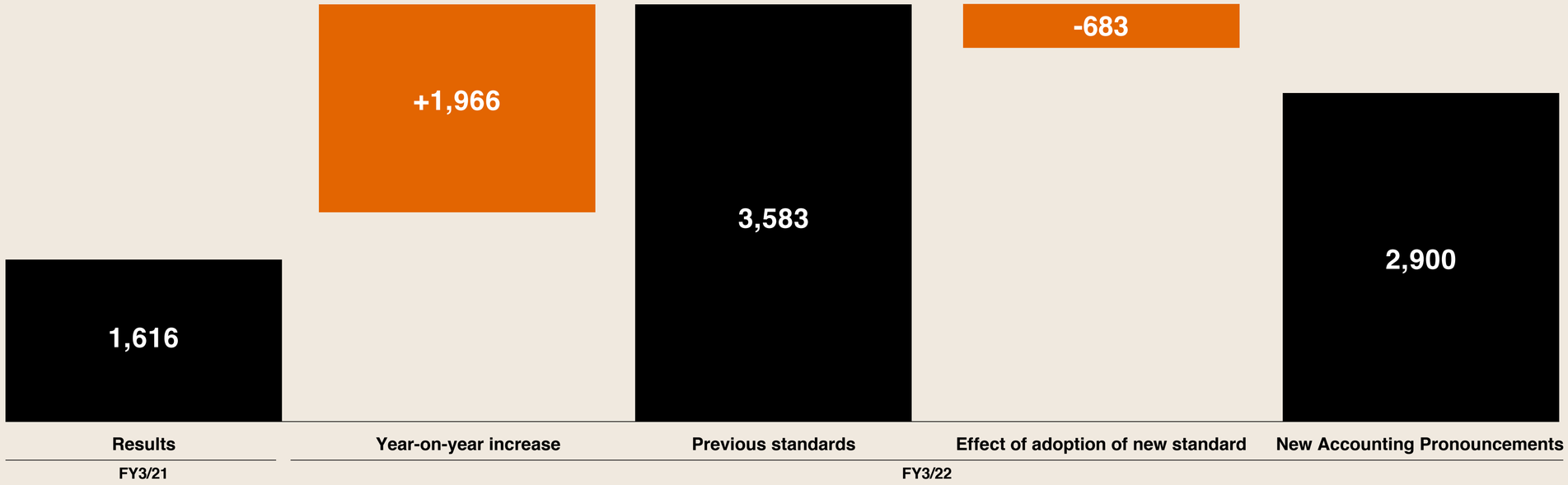
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Impact of the New Revenue Recognition Standard on Business Performance (2/3)

Impact on 1st Year: Net Sales -¥683 million (Game Business Only)

- The balance of work in process at the beginning of the period of ¥683 million is adjusted with advances received as having been recorded as sales in the previous fiscal year
- Prior-year development costs have a negative impact on sales only for the first year, but no impact on profits

(Millions of yen)



	FY3/21	FY3/22	Rate of Change	Change
Previous standards	1,616	3,583	+121.7 %	1,966
New Accounting Pronouncements	-	2,900	+79.4 %	1,283

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Impact of the New Revenue Recognition Standard on Business Performance (3/3)

Positive side

Sales recorded as a lump sum at the time of delivery inspection are leveled out during the development period, so the volatility of sales at the time of delivery inspection declines.

Downside

Although apparent sales will decline only in FY3/22, when the new standard was applied, there will be no impact on profits.

Summary

- As a result of the change in the standard, net sales will be negative in the first year of adoption, but there will have no impact on profits.
- After the application, sales are also recognized for development projects prior to delivery inspections, which had not been recognized in the past. Therefore, there is no medium-term impact.
- For BS, adjustments to work in process and advances received occur at the beginning of the period, resulting in a decrease in total assets.

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Financial Results Briefing

Medium-Term Management Plan “G100”

4

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Key Points of G100

1

Net Sales **10** billion yen,

Operating income **2.5** billion yen,

and CAGR **30** %

for the Fiscal Year Ending March 31, 2025

2

Aiming to be

the No.1 in Japan

for Technology Resource Sharing Platforms

3

Stable and Steady Growth in the Game Business by Increasing Pipelines

4

Create new business pillars through x-Tech/Seed Tech business growth and M&A

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Growth Trajectory

Chapter 1: Startup Phase

- Vein Carry Japan Inc. established

Expand IT Freelance Matching Business

Chapter 2: Business Expansion and Growth Phase

- Game Business Launched
- IT Human Resource Development Business Launched
- x-Tech Business Launched
- IPO
  TSE Mothers (March 2019)
  TSE 1st Section (April 2020)

Expansion of Business Portfolio and IPO

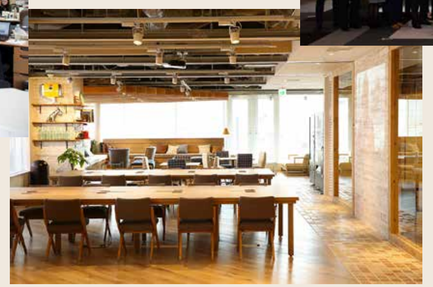
Chapter3: after IPO

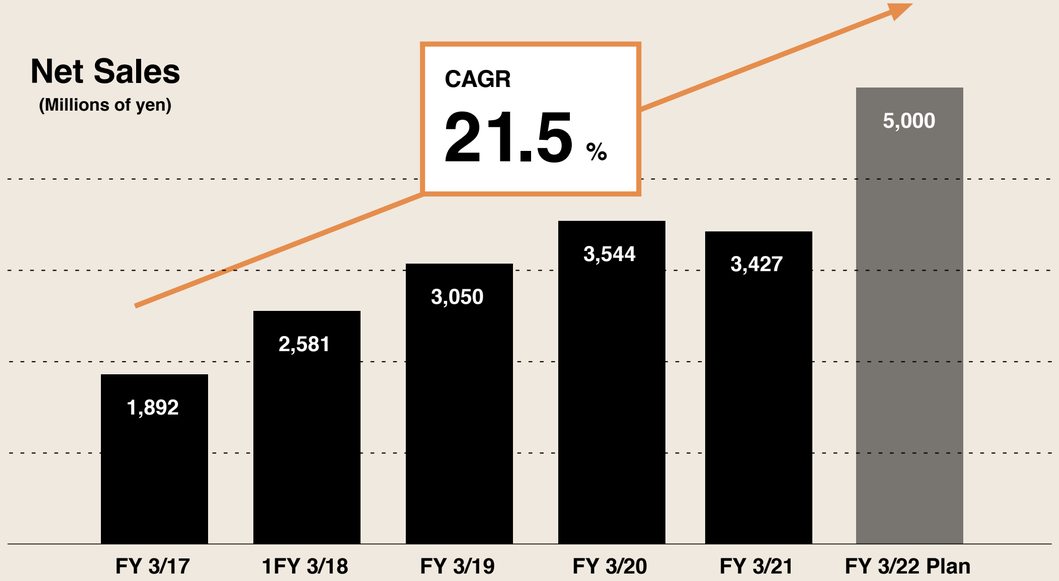
- Further growth in the IT Freelance Matching Business and the Game Business, which are revenue pillars
- Create new business pillars through growth in x-Tech and Seed Tech businesses and M&A

To lay the groundwork for future growth





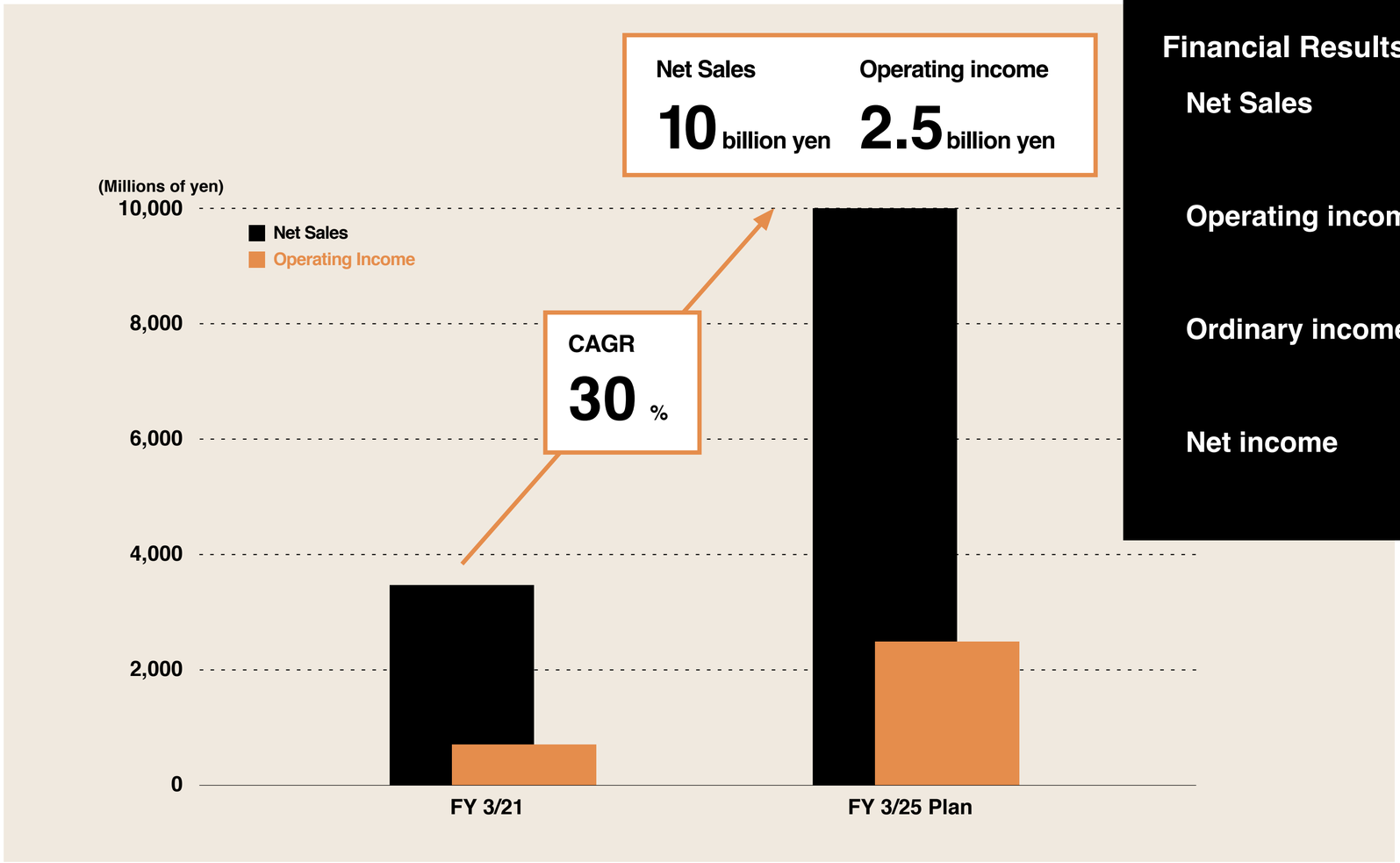




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Medium-Term Management Plan Figures

Aiming to more than triple sales and profits by FY3/25



Financial Results (FY3/25) (CAGR)

Net Sales	10,000	Million yen	(+30.7 %)
Operating income	2,500	Million yen	(+35.7 %)
Ordinary income	2,500	Million yen	(+36.8 %)
Net income	1,500	Million yen	(+34.6 %)

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IT Freelance Matching Business

Technology Resource Sharing Platform

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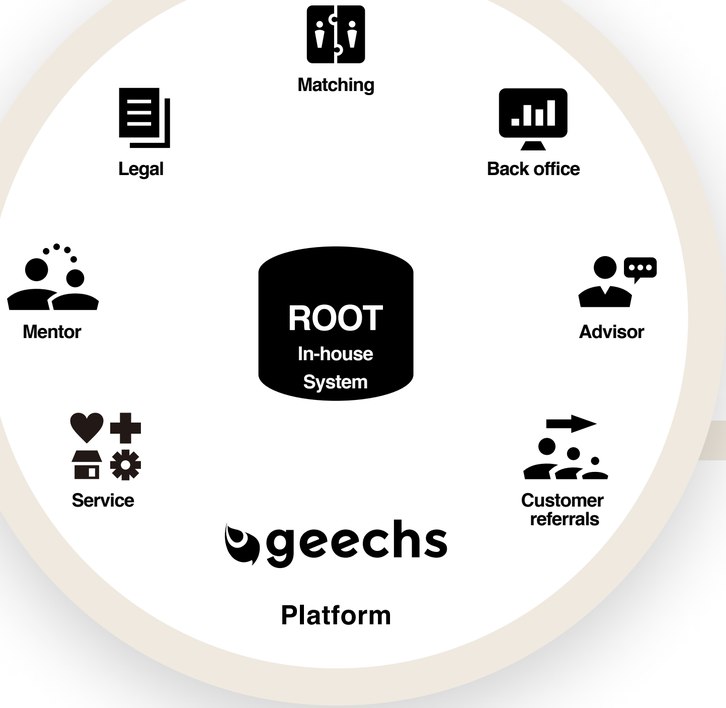
Portfolio Information Website
Continuously owned
1,500 or more properties



IT Freelance
Approximately
1,000
New Registrations
Per Year

フリノベ
Freelance x Innovation

Benefit Program
For IT Freelance



Growing companies in IT field

Services
Approximately
3,000
Companies



Internet companies
- Ad Tech
- Fin Tech
- HR Tech
- Ed Tech
- Health Tech
- Med Tech
- Real estate Tech
- EC
- Game
- Other SaaS

IT companies
- Various backbone systems
- In-house Business Systems

Business
Partners
26
companies



CLASC
CalQ
techgym
Money Forward クラウド
Tokyo Midtown Clinic
HIS

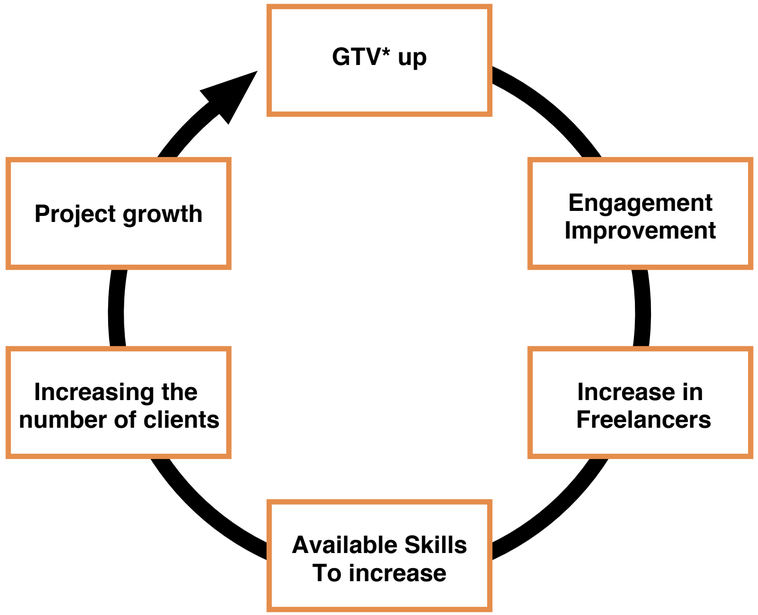
(Excerpt)

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geechs Business Cycle

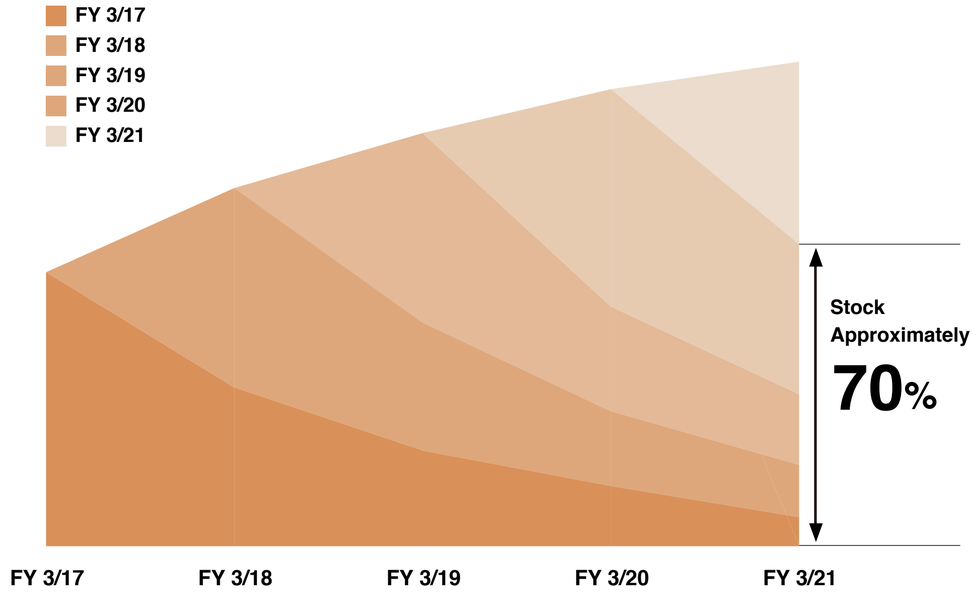
- A Model for Increasing Value that Leverages the Utilization of Excellent Freelancers and the Successful Experiences of Customer Support Leading to Increase in Projects
- A Business Foundation that Combines Stability and Growth Potential

Increasing returns (flywheel) cycle



* GTV (Gross Transaction Value): Gross Transaction Value

Number of Customers by Year of Initial Transaction

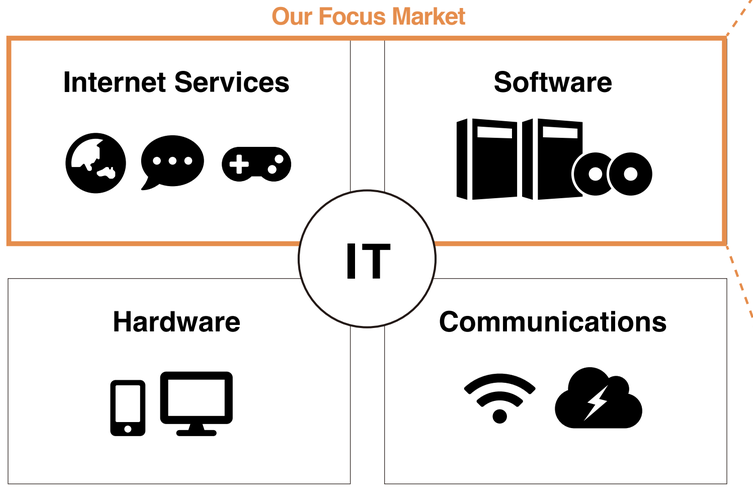


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Market Size and Growth Potential

Investing the management resources in the Internet service and software industries, which are expected to grow particularly rapidly

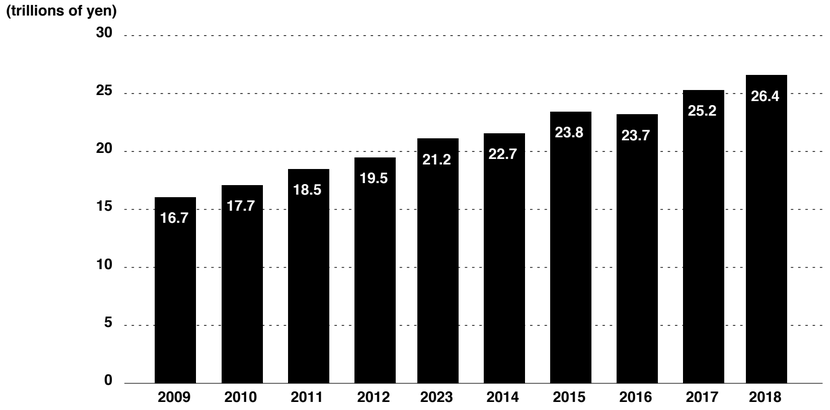
IT Market



Changes in Our Focus Market

Market size **26.4** trillion yen

Growth rate **5.2** %



Source: Ministry of Economy, Trade and Industry, 2019 Basic Survey of Information and Communications in Japan.

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Focus Market Representative Field

Significant Potential for Overall Focus Market Over 830 Billion yen

SaaS

Market Size (Forecast)	Growth rate
1.1 trillion yen (2024)	13%

Our Potential
180.3 billion yen

FinTech

Market Size (Forecast)	Growth rate
1.2 trillion yen (2022)	52%

Our Potential
194.8 billion yen

AdTech

Market Size (Forecast)	Growth rate
2.0 trillion yen (2025)	5%

Our Potential
330.6 billion yen

EdTech

Market Size (Forecast)	Growth rate
321.0 billion yen (2025)	8%

Our Potential
51.7 billion yen

HealthTech

Market Size (Forecast)	Growth rate
283.4 billion yen (2025)	26%

Our Potential
45.6 billion yen

HRTech

Market Size (Forecast)	Growth rate
171.0 billion yen (2025)	31%

Our Potential
27.5 billion yen

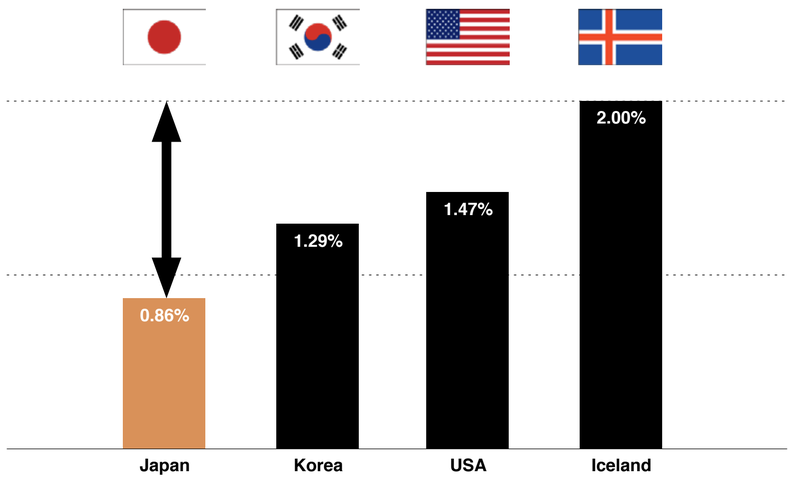
Our own estimates are based on the following information
Sources: Smart Camp SaaS Industry Report 2020; Yano Research Institute Japan FinTech Market Survey 2019; Nomura Research Institute Japan IT Navigator 2020
Deloitte Tohmatsu Mic Economic Research Institute, "HRTech Cloud Market State and Outlook: Fiscal 2020 Version," and Japan Information Service Industry Association, "Information Service Industry Basic Survey: 2019 Edition."

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Potential of IT Freelance Market

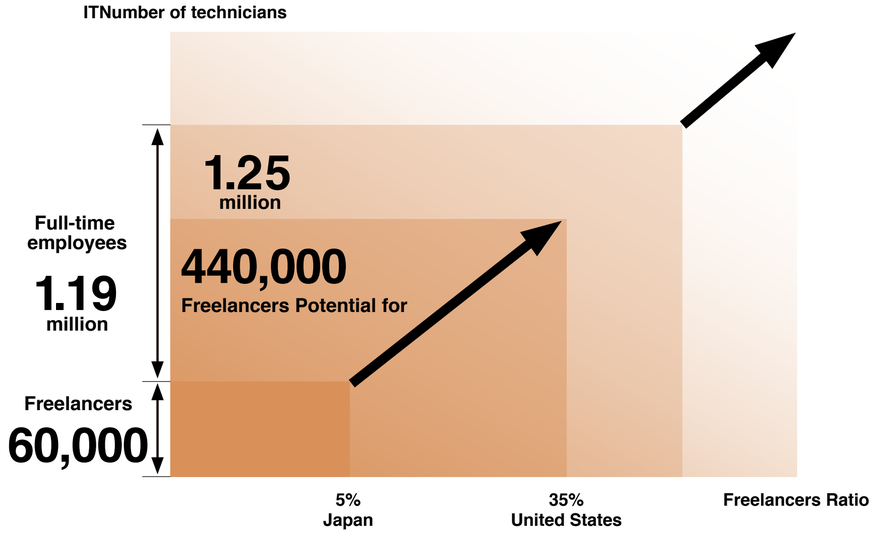
The freelance ratio of Japan's 1.25 million IT engineers is only 5%, which is low compared to 35% in the US.
The Japanese freelance market is expected to expand in the future.

IT Technicians' Percentage of the Total Population*1



*1 : Source: Human Resource "IT Engineer Report for 92 Countries: Vol.1"

IT Freelance Market Potential*2

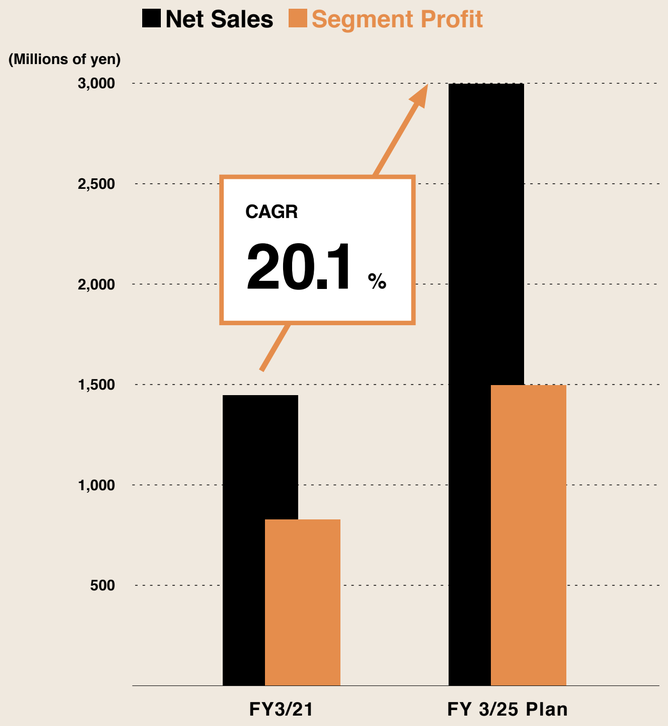


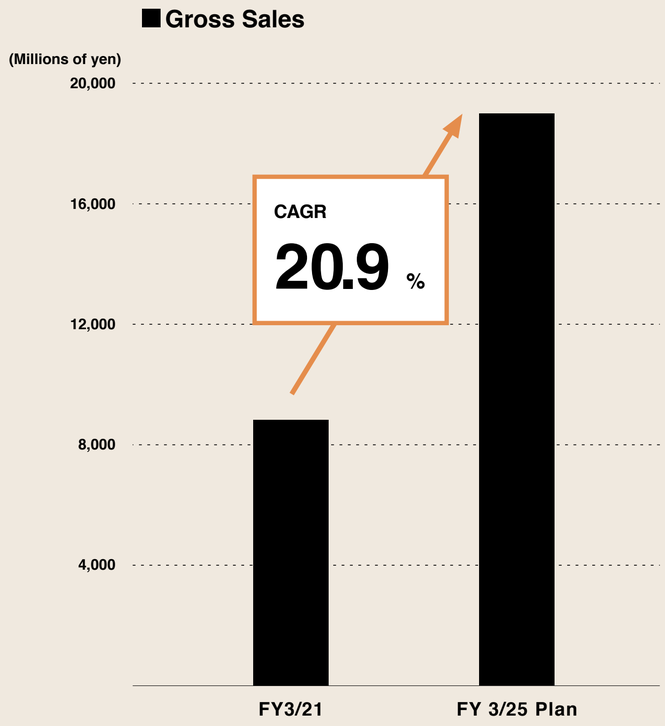
*2 :Our own estimates are based on the following information
Source: Cabinet Office, "The 17th Freelancers in Japan: An Analysis of Their Size, Features, and State and Impact of Non-Competition Obligations" (July 24, 2019)
"IT Human Resource White Paper 2020" by the Information Processing Promotion Organization of Japan;
Statistics Bureau, Ministry of Internal Affairs and Communications,
"Labour Force Survey (Basic Data)"
2019 Average Results Lancers, Freelancers Survey 2019

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Medium-Term Management Plan Figures: IT Freelance Matching Business

- Aiming to Double Net Sales, Segment Income, and Gross Sales by FY3/25
- In terms of KPIs, aim to more than double the number of occupancy months and achieve an order unit price of over 800,000 yen





*Advertising expense ratio: Advertising expenses as a percentage of Gross Sales

Financial Results (FY3/25)

(CAGR)

Net Sales	3,000 Million yen	(+20.1 %)
Segment income	1,500 Million yen	(+16.2 %)
Profit margin	50.0 %	

KPI (FY3/25)

(CAGR)

Gross Sales	19,000 Million yen	(+20.9 %)
Advertising Expense Ratio*	1.2 %	
Number of Freelancers Under Contract	24,500 person-months	(+19.5 %)
Unit price of order	812,000 yen	(+1.7 %)

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Functional Strategy：IT Freelance Matching Business

Human Resource Strategy

Fostering High Performers and Strengthening Recruitment

- Strengthen recruitment of diverse human resources, including executive candidates, by restructuring recruitment strategies
- Increase the level of remuneration systems by reviewing evaluation and remuneration systems
- Introduced new organizational management techniques (sales enablement) in addition to conventional training programs

Sales Strategy

Establishment of a New Sales Strategy

- Establishment of a new sales process, construction of a system, and project management across bases
- Focus on growth markets and client companies to strengthen new customer development
- Maximize retention and up-selling by strengthening support for existing clients

Marketing Strategy

Engagement-Enhancing Marketing Measures

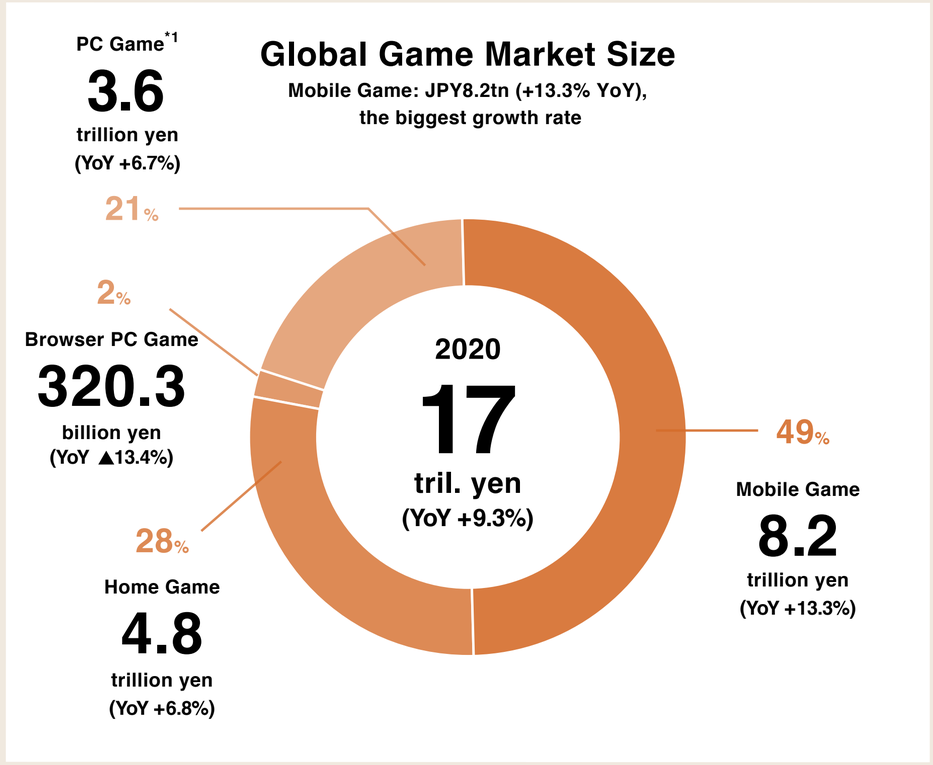
- Strengthen advertising and marketing for companies and strengthen development of regional IT Freelancers
- Crisis of DX and AI human resources through collaboration with group companies
- Further strengthen freelance support for Freelancers such as Freelance Service

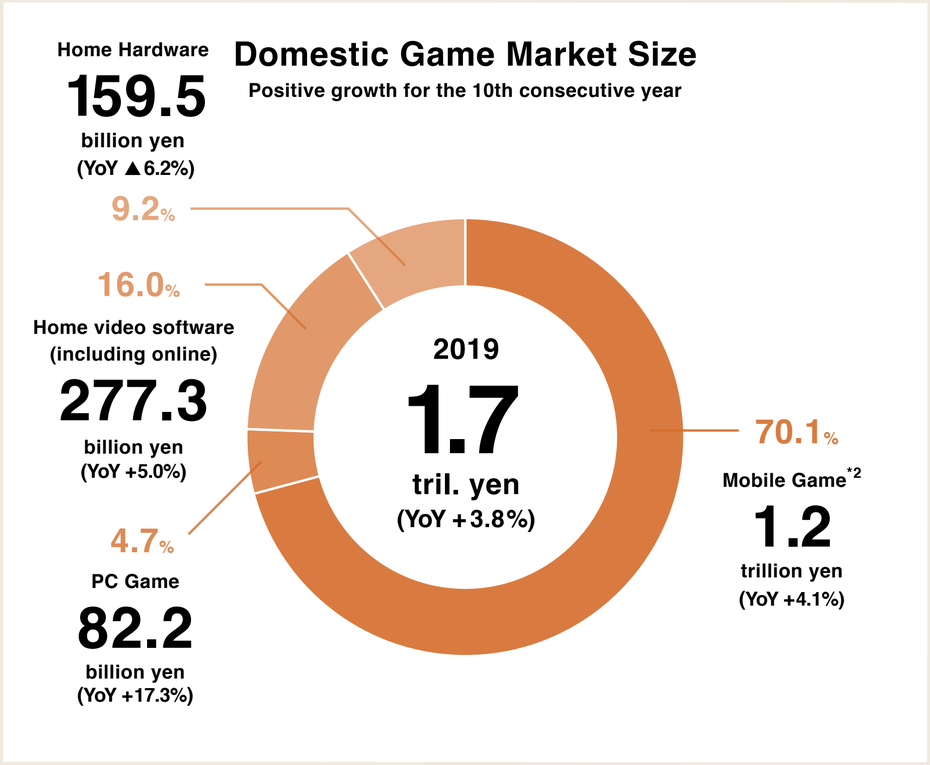
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Domestic and Foreign Game Markets Size

■ Achieved all-time high on positive growth in the market as a whole. Mobile Game Risk Aversion Trend Due to Lower Hit Rate and Surging Development Costs

■ As a result, we expect that collaborative development will increase and that the importance of developers will increase.



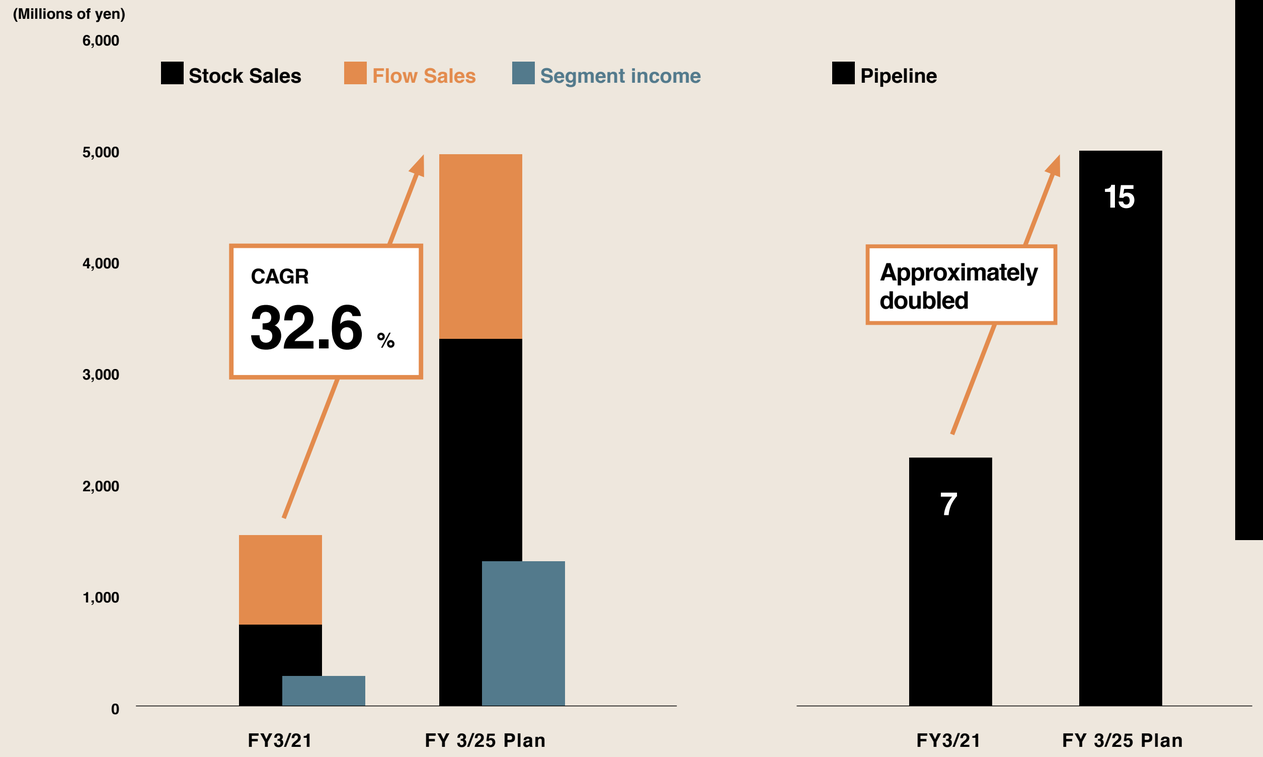


Source: Created by us based on Global Game Market Report 2020 (Free Edition) and Famitsu Game White Paper 2020
*1: Package and Non-Package *2: Game App Including Smart Devices and SNS

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Medium-Term Management Plan Figures: Game Business

- By receiving 2-3 titles order annually and an increase in the pipeline resulting from stable operations,We Aim to 3x Sales and 5x Segment Profit
- Continue to implement appropriate resource controls tailored to development lines



Stock Sales: Contract Game Operation and Revenue Share Sales
Flow Sales: Contract Sales of New Game Development, Contract Sales of Additional Functions for Existing Game Operation, and Other Contract Development Sales

FY3/25 (CAGR)

Net Sales	5,000 Million yen	(+32.6 %)
Segment income	1,300 Million yen	(+48.1 %)
Return on Sales	26.0 %	
Pipeline	15 Titles	
Number of Employees	400 (300 full-time employees, 100 outsourced)	

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Functional Strategy：Game Business

Human Resource Strategy

Fostering High Performers and Strengthening Recruitment

- Recruitment and development of diverse human resources, including executive candidates, through restructuring of recruitment strategies
- Introduce practical training programs for the early turnaround of new graduates and priority strengthening training programs for each position
- Recruiting and team formation based on people analysis

Partner Strategy

Strengthening Partner Relations

- Strengthen joint development with external developers, share know-how in the areas of expertise, and hold various workshops
- Strengthen synergies within the Group with the IT Freelancers Business to further utilize IT Freelancers as an immediate force

R&D strategy

Reinforcement of fundamental systems

- Improve development efficiency by strengthening libraries and frameworks through strengthening development foundations
- Strengthen various tools, including office environments and security, corresponding to the remote development system
- Improve technological capabilities by strengthening R&D

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x-Tech Business



1. Cultivating the Future with New Technology "xR"

A variety of products already on the market through an AR app developed in-house
Creating an Up-Cycle by Providing New Added Value and Experience

2. Digital Marketing Support in the Sports Field

Mainly promoting golf and IT. Develop own media, build D2C,
Provision of SNS management agency, online, and offline marketing services

3. Abundant track record of production and management know-how

A golf-specific agent utilizing Youtubers and Instagramers.
Various video editing/production
Operation of the Youtube channel "Gridge Channel"
and one of Japan's largest golf media "Gridge" .

Technology Partners for Business Model Transformation

Utilizing leading-edge technologies and methods to leverage "Technology × Data" to create a business model
A technology partner for innovation, cultivating videos that utilize xR
Provide value by combining production technology and digital marketing and D2C support know-how in the sports field

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Renaming IT Human Resource Development Business Segment

■ Established seedtech Inc. specializing in offshore development and programming schools to strengthen business development in Japan

■ The IT Human Resource Development Business segment was renamed Seed Tech Business.

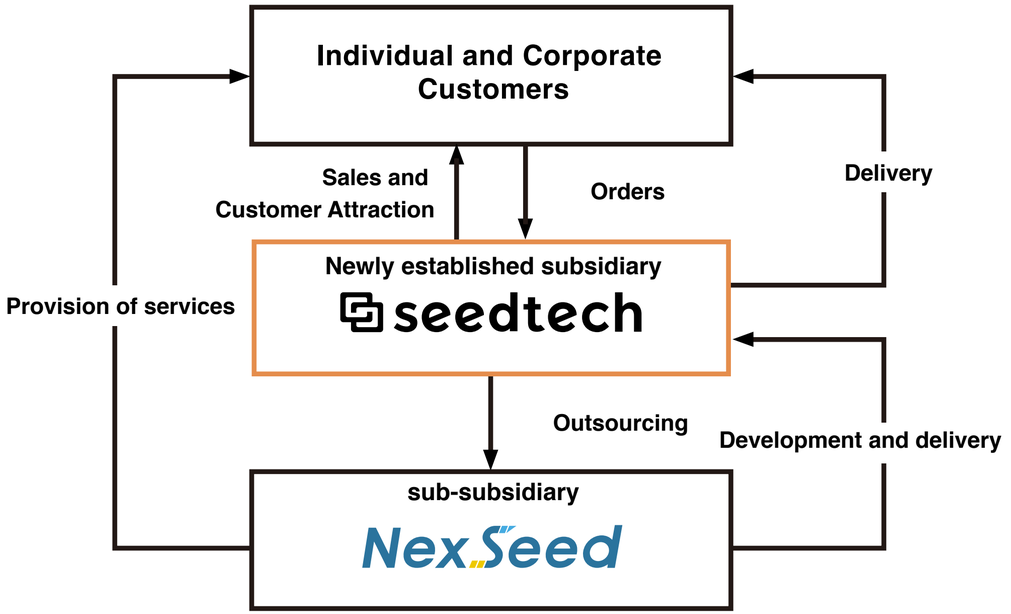
Change of Segment Name

IT Human Resource Development Business ▶ Seed Tech Business

Overview of New Subsidiaries

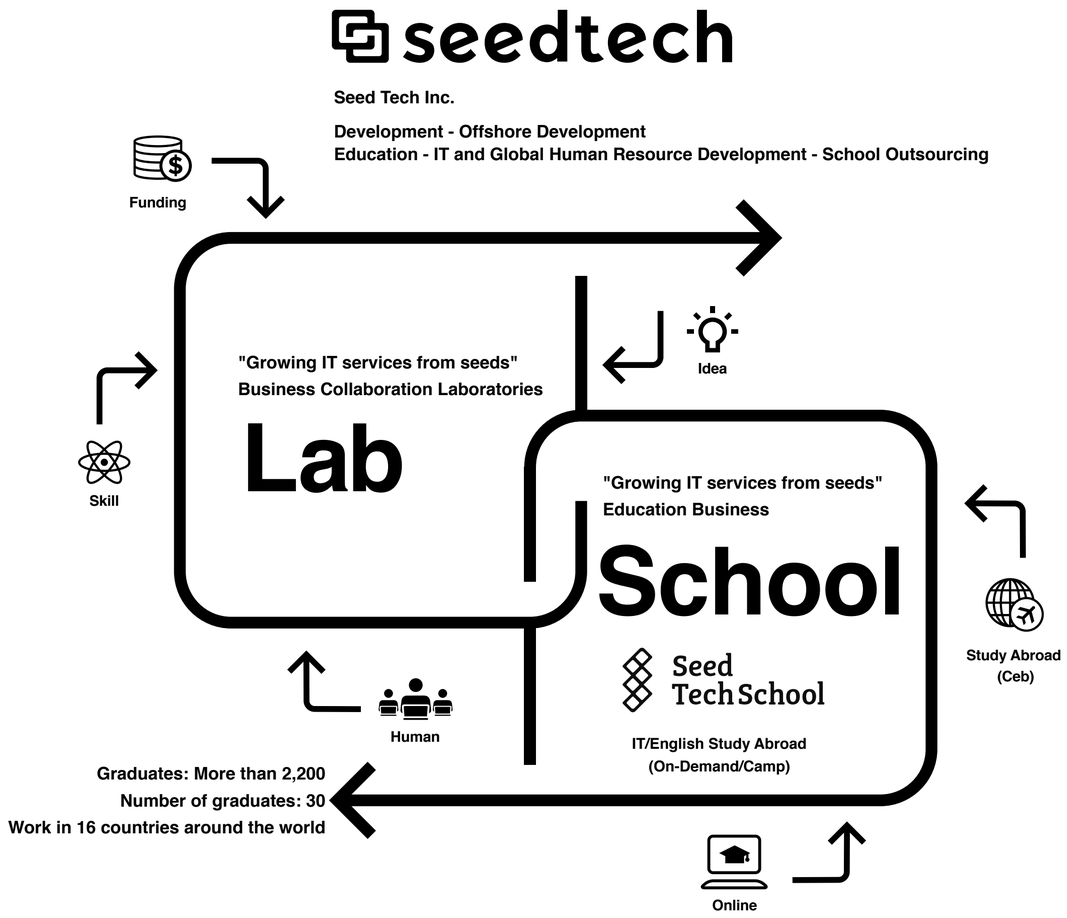
Company Name	Seed Tech Inc.
Representative	Takahara Daisuke
Address	24-12, Shibuya 2-chome, Shibuya-ku, Tokyo
Hitachi	January 29, 2021 (commencement of operations: April 1, 2021)
Capital	50 million yen
Fiscal year end	March
Business	Education Business IT/Global Human Resource Development and School Contract Management Development Business In-house development and offshore development

Business management scheme



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Seed Tech Business



1.Global Standard Business Collaboration Laboratories for Offshore Development

To ensure success in developing new businesses and DX products,
Comprehensive support from dedicated design and business teams
Ideal for developing successful services.
It also develops Shopify, one of the world's largest e-commerce platforms.

2. Operation of a programming school

We operate an on-demand programming school.
Students can learn practical and advanced skills, since the school is run by a company with a proven track record in offshore development business.
Our programming school supports the students to change their jobs or to find their side jobs, and train them to become globally active engineers.

Leveraging Technology to Advance the World

From the two businesses of development and education, develop IT services and IT human resources from the seed stage.

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Segment Policy and Positioning

- Maintain high growth and profitability and aim for further growth with the IT Freelance Matching Business and the Game Business as the mainstay of revenues
- Continue investment to make the x-Tech and Seed Tech businesses a third mainstay of earnings, and aim for dramatic business expansion through M&A

IT Freelance Matching Business

- Mainstay business that drives the Group as a whole
- Aiming for Further Business Expansion while Maintaining High Growth and Profitability

Game Business

- The second mainstay of earnings that is a stock-type business and combines stability and growth potential
- Grow by expanding pipeline, including overseas titles

x-Tech Business

- Taking on the Challenge of New Services and New Fields by Leveraging Advanced Technologies
- Aim for early profitability while continuing investment

Seed Tech Business

- Redefine the growth model due to the impact of corona, etc., and re-grow through offshore development and online Study Abroad
- Continuous investment policy with an eye on after-corona sales

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Investment Strategy / Areas of Focus (1/2)

Investment Domain

SaaS

HR: Engagement, labor, recruitment management, etc.
Data Analysis: BI, Development, Budget Management, etc.
EC supply chain
: Ordering management, inventory management, sales management, etc.
Sales and Marketing: ABM/MA, CRM/SFA, etc.
Others: Project management, workflow, etc.

Sharing

Human Resource and Skill Platform
engineers, designers,
Professionals such as accountants

Investment track record
CLAS Inc.
■ Sharing of furniture and home appliances
Bridge Consulting Group Inc.
■ Accountant sharing

Investment Strategy

■ Being able to expect to form business alliances and create new businesses in the future, with the creation of business synergies in mind.
■ Comprehensive Internet and Technology Domain

EC / D2C

Study on a project basis

Investment track record
Brandit Inc.
■ EC / D2C

AR / VR / MR

In content production
A Wide Range of Examinations for Companies with Strengths

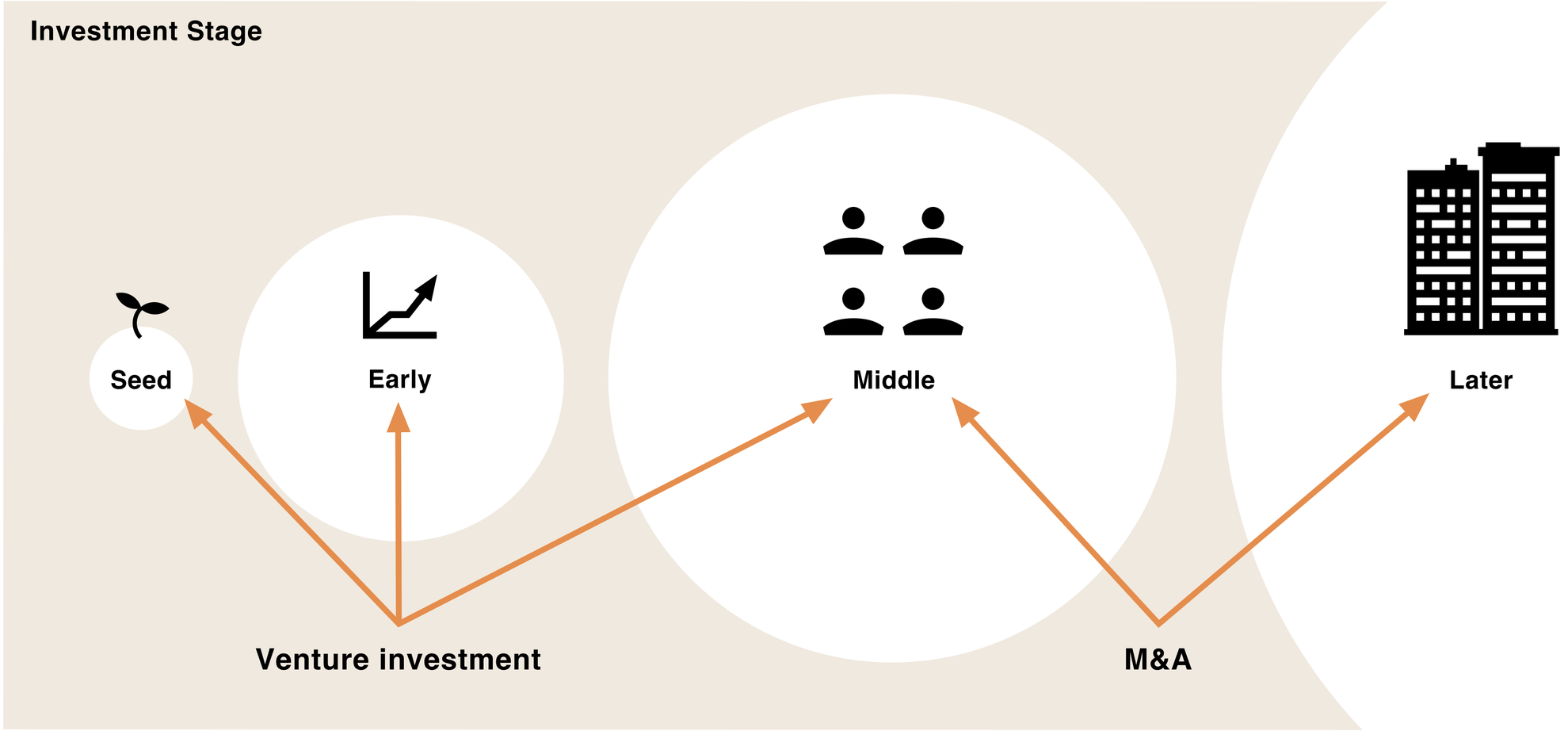
DX

In each of the areas of DX Human Resource Development
A Wide Range of Examinations for Companies with Strengths

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Investment Strategy / Areas of Focus (2/2)

- The seed to early stages are primarily targeted for venture investments with a focus on creating new businesses in the future.
- In the Middle to Later stage, the main target for M&A is to generate business synergies to generate profits at an early stage.



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Cash Allocation

Aiming for a dividend payout ratio of 30%, while prioritizing business and growth investments for organic growth and further acceleration of growth

(Millions of yen)

	Last 4 Years		Medium-Term Management Plan (4-Year Cumulative)	
Operating CF	1,350	3.5 times	Approx. 4,500	**Business investment: Approx. 2,000-2,500 million yen** ■ Advertising expenses, personnel expenses, recruitment expenses, ■ Investment in R&D Expenses
Growth investment	110	15 times	Approx. 1,500	**M&A and venture capital investment : Approx. 1,000-1,500 million yen** ■ Growth Areas Aiming to Create Business Synergies ■ Identified investments
Shareholder Returns	104	10 times	Approx. 1,000	**Dividend** ■ Implement steadily and continuously in accordance with the newly formulated basic policy ■ Targeting a Dividend Payout Ratio of 30%

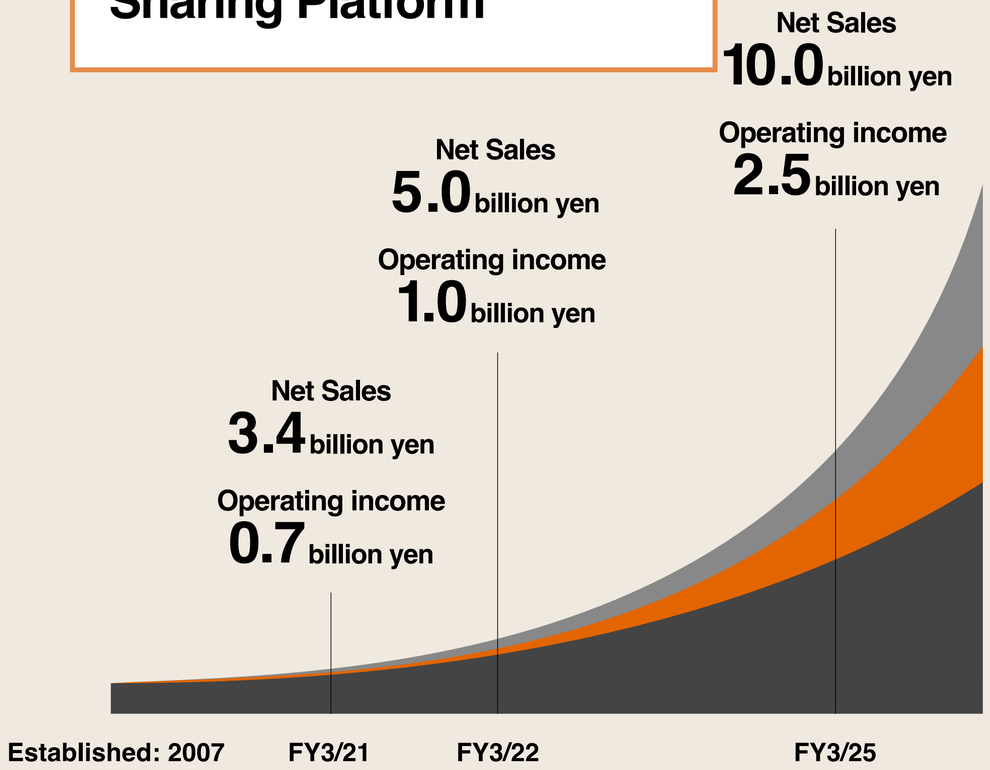
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Company-Wide Strategy

No.1 in Japan

for Technology Resource

Sharing Platform



Focus Theme

Growth through New Businesses and M&As in Business Model Innovation Fields

Further Growth of New x-Tech Business
Deepen and expand business domains through aggressive M&A

Game Development and Operation Pipeline Growth

Build a multi-title management structure with more than 10 titles per year by increasing the pipeline through long-term management of existing titles and acquisition of 2-3 newly developed titles per year

Organic growth through synergy

IT engineer sharing, training and education, overseas resource utilization (offshore development)
Further growth of existing businesses

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Financial Goals

- Aiming for double growth rate and even higher operating income margin through growth strategy and M&A
- Our basic policy on shareholder returns is to pay stable and continuous dividends while prioritizing growth investments that will lead to sustainable profit growth and increase corporate value. Our goal is a dividend payout ratio of 30% in FY3/25.

			FY3/21		Medium-term Targets
Growth Indicators	Growth rate of net sales	FY17/3~CAGR	16.0%	FY3/21~CAGR	30.7%
Profitability Indicators	Operating income margin		21.5%		25.0%
Efficiency Indicators	ROE		12.7%		20.0%
Shareholder Return Indicators	Dividend Payout Ratio		11.4%		30.0%

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Financial Results Briefing

Appendix

5

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Business Model

Technology Resource Sharing Platform

geechs job

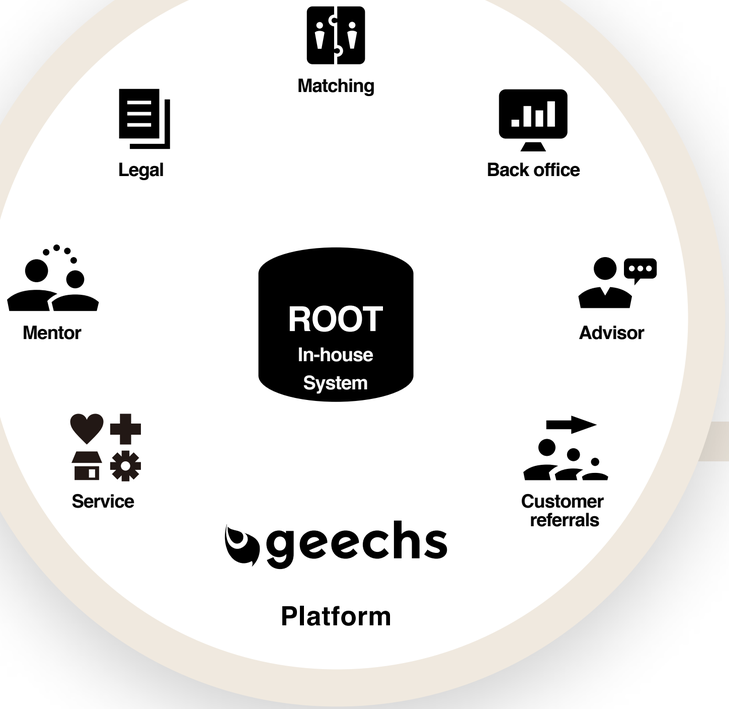
Portfolio Information Website
Continuously owned
1,500 or more properties



IT Freelance
Approximately
1,000
New Registrations
Per Year

フリノベ
Freelance x Innovation

Benefit Program
For IT Freelance



Growing companies in IT field

Services
Approximately
3,000
Companies



Internet companies
- Ad Tech
- Fin Tech
- HR Tech
- Ed Tech
- Health Tech
- Med Tech
- Real estate Tech
- EC
- Game
- Other SaaS

IT companies
- Various backbone systems
- In-house Business Systems

Business
Partners
26
companies

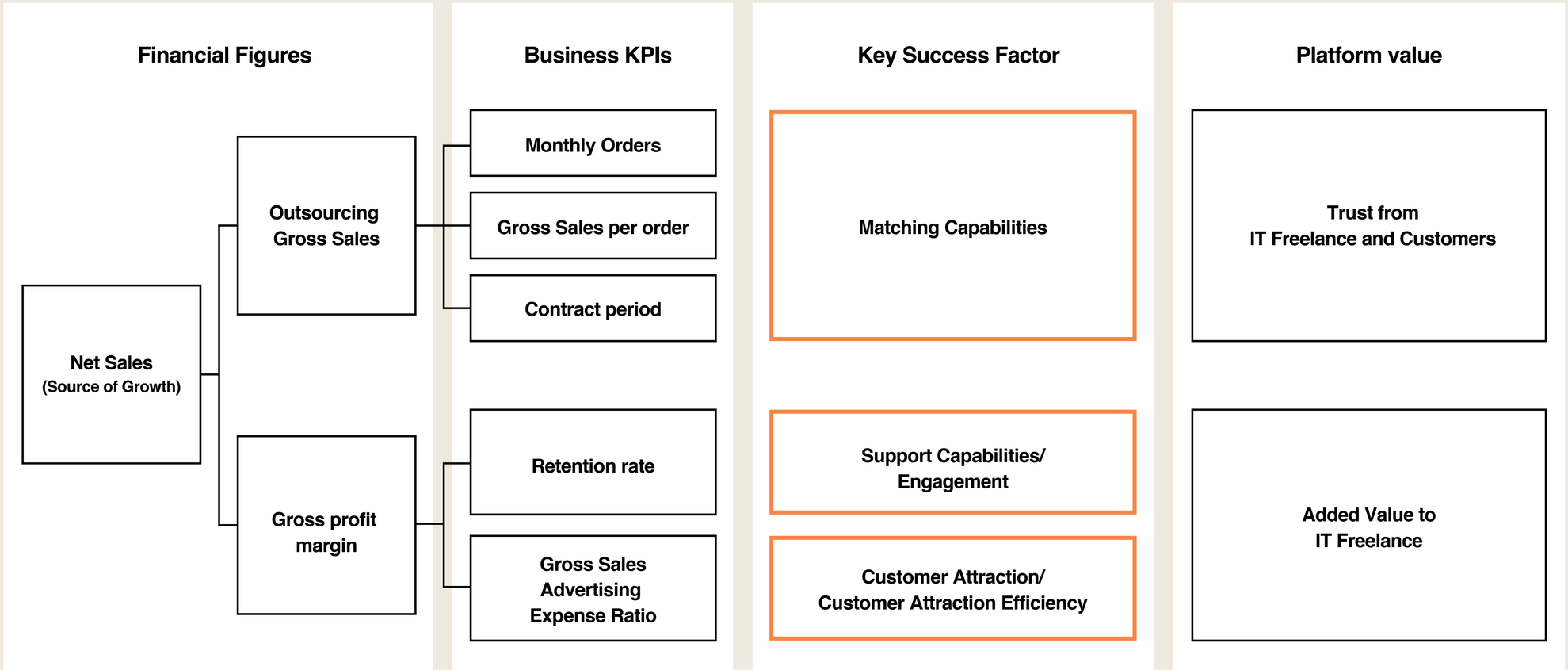


CLASC　CalQ　techgym
Money Forward クラウド　Tokyo Midtown Clinic
HIS

(Excerpt)

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geechs

Source of growth



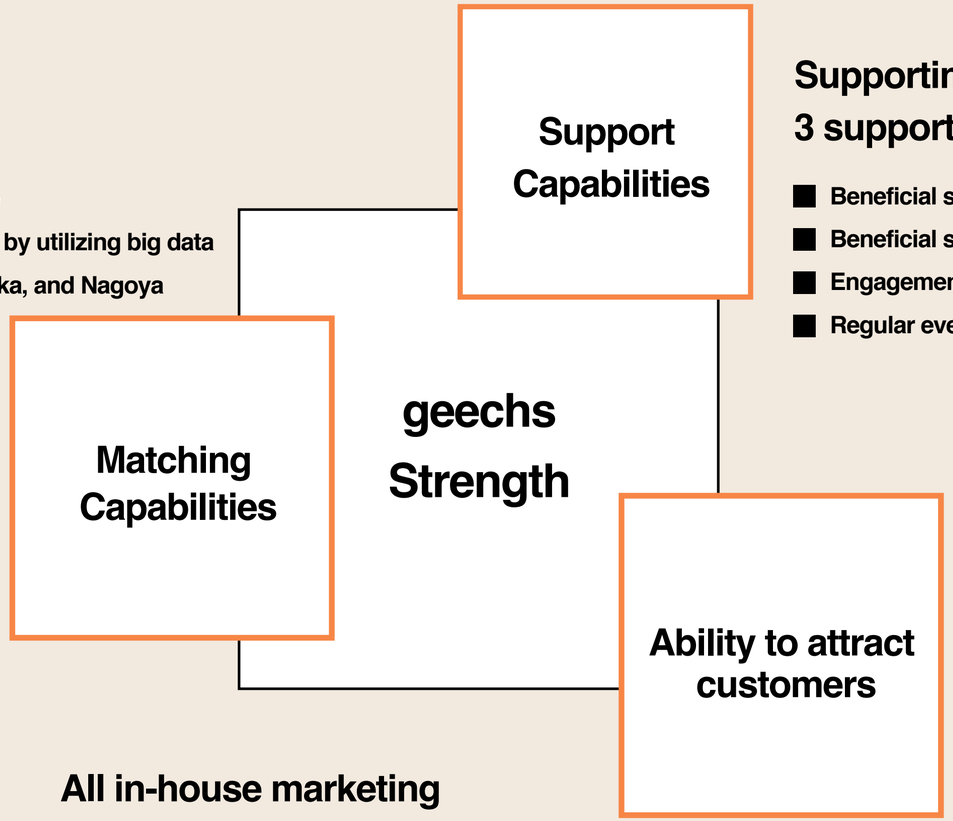
<Note>
・Net Sales: The difference between the total amount of orders received from customers and the total amount of orders placed with IT Freelancers (Net sales for accounting purposes).
・Gross Sales : The total amount outsourcing orders received from customers.

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geechs Strength

Swift and optimal matching

- Speedy matching by making all processes online
- Taking into account preferences other than skills by utilizing big data
- Seamless matching linking Tokyo, Osaka, Fukuoka, and Nagoya



Supporting team structure of 3 supporters for 1 IT Freelancer

- Beneficial support as a project mentor
- Beneficial support from career advisors
- Engagement enhancement through “Frinove” services, etc.
- Regular events in line with IT Freelancers needs

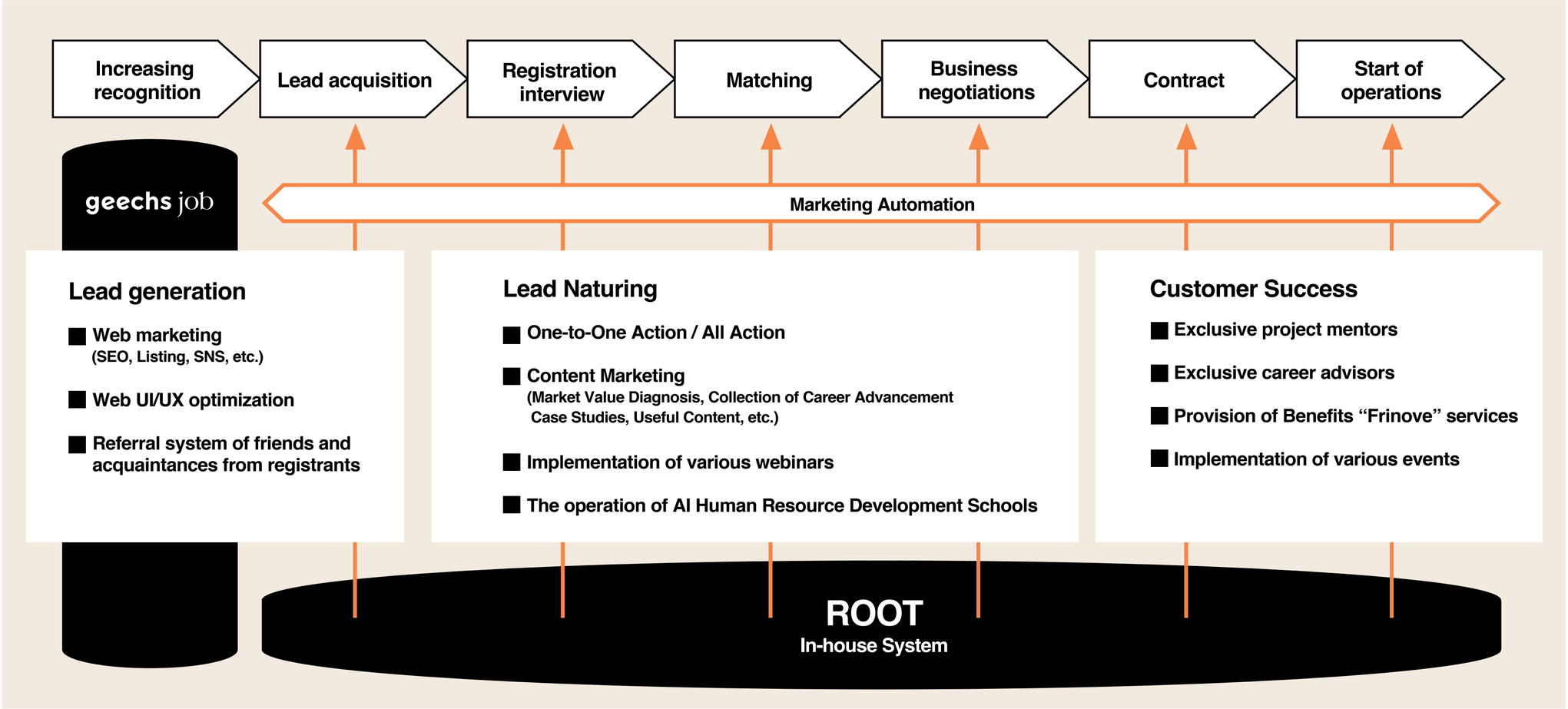
All in-house marketing

- Efficient and effective web marketing using high-speed PDCA
- Perform Lead Naturing with Marketing Automation
- Enhanced content marketing that takes advantage of the voices of registered IT Freelance
- Referral system from registered IT Freelancers

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Relationships with IT Freelance

Engagement enhancement by maintaining effective long-term contact with IT Freelancers



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Differentiation from Similar Businesses

Developing a platform specializing in mid- to high-spec core IT Freelance

	geechs	Crowdsourcing	IT Engineer dispatch
Registrant	IT Freelance(Main Business)	Freelance (Side Business/Main Business)	Dispatched worker
Major Customers	Internet Service companies	Mid-tier and Major Enterprises	Major System Integrator Companies
Contract form	Semi-Delegation Contract	Service Contract	Temporary staffing contracts
Granularity of operations	Monthly man-hours	Deliverables	Time
Contract Term	1.3.6 Months	Single time	From 1 Month
Major Business (Projects)	Internet Service development	Design Production, etc. Wide variety of low-priced projects	・Legacy system operations ・Business system development
Employment Relationships	None	None	Job relationship with dispatching agency

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Engagement

By enhancing our engagement with IT Freelance, Strengthening Continuous Partnerships to Maximize Business

We provide
36 benefits for IT Freelance
to resolve the causes of uncertainty and can work with peace of mind for a long time.

- Conducting seminars on the Filing of Tax Returns
- Offering discounts on accounting software
- Support for various online learning services
- Provision of discounts for partial and full medical checkups
- Providing preferential treatment for English Study Abroad
- Providing benefits for weddings and other life events
- Provision of housing loan origination fee discounts
- Providing Affiliated Credit Cards and Incentives



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Game Business







G2 Studios Inc.
For smartphone-oriented ease apps planning, development, and operations

1. Specialize in Partner Strategy

Through contract development and operations with our solid technological capabilities centered on Unity and PHP Stabilize earnings base, winning revenue share for strong-performing titles.

2. Sales Ranking Top 3rd Game Operation

Game for women developed in-house using the Rhythm Game Engine has a strong track record of operations.

3. Securing Development Lines through Collaboration with the IT Freelance Matching Business

Through intra-group collaboration, while utilizing our own IT Freelance, We have flexibly created development lines for each project.

Asobi Creators.

G2 Studios Inc. one of the companies of the Group specializing in the Game Business, plans, develops, and operates native app games for smartphones based on Unity,in partnership with major licensors and game manufacturers.

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ESG Statement & Map

■ Formulated ESG Statement and ESG Map on April 1

ESG Map

Pride in Reducing Environmental Impact

- Establishment of a business recovery system in the event of climate change
- Comprehensive paperless and electronic filing
- Office premised on "Cool Biz" and "Warm Biz"
  Control of Air Conditioning and Reduction of Electricity Consumption
- Building a Corporate Culture for Zero Waste
- Support for employees' environmental conservation activities
- Corporate investment to reduce environmental impact



Contribution to Society

Contribution to the Environment

ESG management

Strengthening Governance

Toward a society where employees can work with peace of mind

- Solve the shortage of IT human resources in companies and promote the enhancement of IT human resources
- The Role of Infrastructure in the Fields of Technological Innovation and Development
- Promote diversity in working styles Freelancers Benefit Support
- In-house system for employees' life events, Development of welfare programs
- Health management initiatives



Strengthening Corporate Governance

- Strengthen reliable, safe, and fair trade and risk management
- Compliance with Security Policies, Internal Controls
- Governance structure of group companies, appointment of executives regardless of gender or nationality



ESG Statement

Under the Grand Vision of becoming the biggest impression in the 21st century, the entire Group is united in contributing to society and continuing to grow as a company through business activities by promoting new work styles such as freelance, human resource development, the promotion of DX that leverages our technological capabilities, and product development.
The geechs Group will continue to engage in ESG management in order to realize a sustainable society while continuously increasing corporate value.

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Performance Highlights

Fiscal Year-End		FY3/18	FY3/19	FY3/20	FY3/21
Net Sales	(thousand yen)	2,581,971	3,050,413	3,544,309	3,427,816
Ordinary income	(thousand yen)	379,270	532,117	675,446	713,942
Net income attributable to owners of parent	(thousand yen)	277,809	411,610	390,651	457,755
Comprehensive income	(thousand yen)	278,707	410,322	391,102	458,020
Paid-in Capital	(thousand yen)	320,191	972,152	1,086,015	1,094,214
Net assets	(thousand yen)	1,044,139	2,737,377	3,356,232	3,830,496
Total assets	(thousand yen)	2,819,849	4,515,127	4,700,309	6,486,303
Net income per share	(Yen)	33.47	47.96	37.78	43.83
Equity Ratio	(%)	37.0	60.6	71.4	59.1
Return on Equity	(%)	31.6	21.8	12.8	12.7
Net cash provided by (used in) operating activities	(thousand yen)	457,454	191,429	39,949	661,718
Net cash provided by (used in) investing activities	(thousand yen)	-31,118	124,085	-77,131	-48,908
Net cash provided by (used in) financing activities	(thousand yen)	42,768	1,058,611	-20,049	-22,588
Cash and cash equivalents at end of year	(thousand yen)	1,244,697	2,615,535	2,559,268	3,149,695
Number of Employees	(people)	263	308	391	357

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Make the biggest impression in the 21st century

Notes regarding Forward-Looking Statements

The information contained in this presentation is based on a number of assumptions.These statements are not intended to assure or guarantee the achievement of future numerical targets or measures. Please note that actual results may differ due to various factors. We do not have obligation to update or revise the forward-looking statements in this report even if there are new information or events in the future.

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