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Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2022 [Japan GAAP]



November 11, 2021
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 Scheduled date of filing of quarterly report : November 11, 2021
 Scheduled date of commencement of dividend payment : -
 Preparation of supplementary explanatory materials : Yes
 Results briefing to be held : Yes (For Institutional Investors and Analysts)

(Figures are rounded down to the nearest million yen)

1. Consolidated Results for the Second Quarter (April 1, 2021 to September 30, 2021) of FY3/22

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

	Net Sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2nd Quarter of Fiscal Year Ending March 31, 2022	2,672	98.2	648	138.2	652	158.9	419	214.2
2nd Quarter of Fiscal Year Ended March 31, 2021	1,348	△31.8	272	△34.2	251	△39.3	133	△50.1

(Note) Comprehensive income (million yen)

2nd Quarter of Fiscal Year Ending March 31, 2022 417 (210.9%)
 2nd Quarter of Fiscal Year Ended March 31, 2021 134 (△52.0%)

	Net income per share	Diluted earnings per share
	Yen	Yen
2nd Quarter of Fiscal Year Ending March 31, 2022	39.97	39.32
2nd Quarter of Fiscal Year Ended March 31, 2021	12.78	12.55

(2) Consolidated Financial Position

	Total assets	Net assets	Equity Ratio
	Millions of yen	Millions of yen	%
2nd Quarter of Fiscal Year Ending March 31, 2022	5,532	4,150	75.0
Fiscal Year Ended March 31, 2021	6,486	3,830	59.1

(Reference) Shareholders' equity (million yen)

2nd Quarter of Fiscal Year Ending March 31, 2022 4,147
 Fiscal Year Ended March 31, 2021 3,830

2. Dividends

	Dividend per share				
	1st Quarter-End	2nd Quarter-End	3rd Quarter-End	Year-End	Total
Fiscal Year Ended March 31, 2021	Yen —	Yen 0.00	Yen —	Yen 10.00	Yen 10.00
Fiscal Year Ending March 31, 2022	—	0.00			
Fiscal Year Ending March 31, 2022 (Forecast)			—	10.00	10.00

(Note) Revisions to the most recently announced dividend forecast : None

3. 2022 Consolidated Financial Results Forecast (April 1, 2021 – March 31, 2022)

(Percentages indicate year-on-year changes)

	Net Sales		Operating income		Ordinary income		Net income attributable to owners of parent Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	5,400	57.5	1,200	62.5	1,200	68.1	740	61.7	70.53

(Note) Revisions to the most recently announced financial results forecast : Yes

* Notes

(1) Changes in Significant Subsidiaries during the Period Under Review : None

(Changes in Specified Subsidiaries Resulting in Changes in the Scope of Consolidation)

Newly added — Excluded —

(2) Adoption of Special Accounting Methods for Preparing Quarterly Consolidated Financial Statements : None

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

① Changes in accounting policies due to revisions to accounting standards, etc. : Yes

② Changes in accounting policies due to other reasons : None

③ Changes in accounting estimates : None

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

(4) Number of shares outstanding (common stock)

① Number of shares outstanding at the end of the period (including treasury stock)

② Number of treasury shares at the end of the period

③ Average number of shares during the period (cumulative from the beginning of the fiscal year)

2nd Quarter of Fiscal Year Ending March 31, 2022	10,532,000 shares	Fiscal Year Ended March 31, 2021	10,513,440 shares
2nd Quarter of Fiscal Year Ending March 31, 2022	40,149 shares	Fiscal Year Ended March 31, 2021	40,104 shares
2nd Quarter of Fiscal Year Ending March 31, 2022	10,484,862 shares	2nd Quarter of Fiscal Year Ended March 31, 2021	10,436,751 shares

※ This quarterly financial results report is exempt from quarterly review by certified public accountants or auditing firms.

- ※ Explanation regarding the appropriate use of financial results forecasts and other special notes

The forward-looking statements in this document are based on information currently available to us and on certain assumptions that we believe to be reasonable. Actual results may differ materially from those in this document due to a variety of factors.

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1. Qualitative Information on Consolidated Results for the Period

(1) Explanation of Results of Operation

The forward-looking statements in the text are based on our judgment as of the end of the current quarter consolidated accounting period.

1. The status of business performance

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

From the first quarter of the current fiscal year, the name of the segment has been changed from the "IT Human Resource Development Business" to the "Seed Tech Business". The change in the segment name has no impact on segment information.

During the six months ended September 30, 2021 (April 1, 2021 to September 30, 2021), the impact of the worldwide expansion of new coronavirus infections has been prolonged. The Japanese economy also continued to face severe conditions as economic activity was restrained by the repeated extension of the State of Emergency. The outlook remains uncertain, although there are signs of an end to the situation, such as the rapid progress in vaccination in Japan and the decline in the number of people affected. Under these circumstances, the Group continued to implement various measures based on the policies set forth in the "G100" Medium-Term Management Plan (from the fiscal year ending March 2022 to the fiscal year ending March 2025) released on May 14, 2021. We have built a business structure that will enable us to capture the demand of companies promoting digital shifts and individuals searching for new ways of working, and fulfill our role as a technology resource sharing platform.

Under these circumstances, the Group recorded net sales of ¥2,672,834 thousand (up 98.2% year on year), operating income of ¥648,779 thousand (up 138.2%), ordinary income of ¥652,121 thousand (up 158.9%), and net income attributable to owners of parent of ¥419,080 thousand (up 214.2%).

"Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) As a result of the adoption of the "Accounting Standard for Revenue Recognition," etc., net sales increased by ¥880,352 thousand, operating income, ordinary income and net income attributable to owners of parent increased by ¥299,168 thousand.

Results by business segment were as follows.

<IT Freelance Matching Business>

In the IT Freelance Matching Business, the business environment was favorable. There have been major changes in existing ways of working, as evidenced by the long-standing corona incident which has led to the establishment of Remote Work, which was adopted by 80% of IT Freelances and has resulted in an increase in matching between the Tokyo metropolitan area and regional bases.

In order to respond to these changes in the business environment, the Group took measures such as enhancing its support structure, expanding investment in advertising for companies, and strengthening its sales structure.

As a result, net sales in this business segment for the six months ended September 30, 2021 were ¥860,985 thousand (up 22.7% year on year) and segment income was ¥475,385 thousand (up 18.9%).

<Game Business>

In the Game Business, the Group operates four titles, including "IDOLiSH7", which is distributed by BANDAI NAMCO Online Inc.

The business performed well, partly due to the smash hit of "My Hero Academia ULTRA IMPACT" distributed

by BANDAI NAMCO Entertainment Inc., which has been in operation since the first quarter of the fiscal year ending March 31, 2022.

In the second quarter of the fiscal year ending March 31, 2022, one of the new titles under development that had been recognized under the cost recovery method became possible to reasonably estimate the progress of fulfillment of performance obligations. Accordingly, revenue is recognized based on the degree of progress.

As a result, net sales in this business segment for the six months ended September 30, 2021 were ¥1,598,096 thousand (up 247.5% year on year) and segment income was ¥381,755 thousand (up 912.6% year on year).

<x-Tech Business>

In the x-Tech Business, the Group aims to become a technology partner for business model transformation using "Technology × Data" utilizing cutting-edge technologies and methods. The Group mainly conducts apps and video production utilizing cutting-edge AR (augmented reality) and other technologies, as well as digital marketing support and D2C support in the sports field.

As a result, for the six months ended September 30, 2021, net sales in this business segment were ¥142,163 thousand (up 8.5% year on year) and the segment loss was ¥192 thousand (compared with a segment loss of ¥534 thousand in the same period of the previous fiscal year).

<Seed Tech Business>

In the Seed Tech business, from the first quarter of the fiscal year ending March 31, 2021, Seed tech Inc., which was established in the previous fiscal year, commenced full-scale operations, promoting the on-demand programming school service and offshore development consignment business.

As a result, for the six months ended September 30, 2021, net sales in this business segment were ¥71,588 thousand (up 23.0% year on year) and segment income was ¥8,041 thousand (compared with a segment loss of ¥3,847 thousand in the same period of the previous fiscal year).

(2) Explanation of Financial Position

① Assets, Liabilities and Shareholders' Equity

(Current Assets)

The balance of current assets at the end of the second quarter of the current fiscal year was ¥5,058,201 thousand, a decrease of ¥857,289 thousand from the end of the previous fiscal year. This was mainly due to a decrease of ¥1,113,279 thousand in work in process.

(Fixed Assets)

The balance of non-current assets at the end of the second quarter of the current fiscal year was ¥474,256 thousand, a decrease of ¥96,556 thousand from the end of the previous fiscal year. This was mainly due to decreases of ¥59,096 thousand in buildings and structures (net) and ¥88,472 thousand in deferred tax assets, while there was an increase of ¥56,802 thousand in lease and guarantee deposits.

(Current Liabilities)

The balance of current liabilities at the end of the second quarter of the current fiscal year was ¥1,374,706 thousand, a decrease of ¥1,271,961 thousand compared to the end of the previous fiscal year. This was mainly due to a ¥1,125,380 thousand decrease in advances received.

(Non-current liabilities)

The balance of non-current liabilities at the end of the second quarter of the current fiscal year was ¥7,334 thousand, a decrease of ¥1,804 thousand from the end of the previous fiscal year. This was mainly due to a decrease of ¥1,917 thousand in lease obligations.

(Net Assets)

Net assets as of September 30, 2021 were ¥4,150,416 thousand, an increase of ¥319,920 thousand compared

to the end of the previous fiscal year. This was mainly due to an increase of ¥314,347 thousand in retained earnings.

② Cash Flows

Cash and cash equivalents (hereinafter, "cash") at the end of the second quarter of the current fiscal year decreased by ¥269,459 thousand from the end of the previous fiscal year to ¥2,880,235 thousand.

(Cash Flows from Operating Activities)

Net cash provided by operating activities was △¥55,091 thousand for the six months ended September 30, 2021, a decrease of ¥445,249 thousand from the same period of the previous fiscal year. This was mainly due to ¥312,162 thousand in income taxes paid, ¥1,096,158 thousand decrease in contract liabilities, and ¥1,113,203 thousand increase in inventories.

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

Net cash used in investing activities was ¥108,657 thousand (compared with ¥72,067 thousand used in the same period of the previous fiscal year). This was mainly due to payment for lease and guarantee deposits of ¥56,852 thousand and payment for fulfillment of asset retirement obligations of ¥39,920 thousand.

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

Net cash used in financing activities was ¥103,118 thousand (compared with ¥22,637 thousand used in the same period of the previous fiscal year). This was mainly due to dividend payment of ¥104,518 thousand.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Statements

The consolidated financial results forecast for the fiscal year ending March 31, 2022 has been changed from the consolidated financial results forecast announced on May 14, 2021 in the "Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2021." For details, please refer to the "Revision of Financial Results Forecast" announced today (November 11, 2021).

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheet

(Thousand yen)

	Previous fiscal year (As of March 31, 2021)	2nd Quarter (As of September 30, 2021)
Assets		
Current assets		
Cash and deposits	3,149,695	2,880,235
Accounts receivable	1,518,823	-
Accounts Receivable and Contract Assets	-	2,015,355
Work in process	1,117,488	4,209
Supplies	410	487
Advance Payment	14	113
Prepaid expenses	81,789	131,895
Other	49,840	28,454
Allowance for doubtful accounts	△2,572	△2,550
Total current assets	5,915,490	5,058,201
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	60,687	1,590
Tools, furniture and fixtures, net	6,574	6,197
Lease assets, net	15,465	14,065
Net property, plant and equipment	82,726	21,854
Intangible assets		
Software	1,006	793
Total intangible assets	1,006	793
Investments and other assets		
Investment securities	109,912	109,912
Lease and guarantee deposits	169,202	226,005
Long-term prepaid expenses	7,338	3,536
Deferred tax assets	200,626	112,154
Total investments and other assets	487,080	451,608
Total fixed assets	570,813	474,256
Total assets	6,486,303	5,532,457

(Thousand yen)

	Previous fiscal year (As of March 31, 2021)	2nd Quarter (As of September 30, 2021)
Liabilities		
Current liabilities		
Accounts Payable	858,138	917,482
Accounts Payable other	35,514	93,235
Accrued expenses	28,235	68,965
Income taxes payable	337,593	156,525
Accrued consumption taxes	144,805	34,409
Deposits received	29,088	35,784
Advance received	1,125,380	-
Contract Liabilities	-	50,726
Unearned revenue	20,526	-
Asset retirement obligations	55,662	-
Lease obligations	11,721	10,286
Other	-	7,291
Total current liabilities	2,646,667	1,374,706
Long-term liabilities		
Lease obligations	7,101	5,183
Other	2,037	2,150
Total long-term liabilities	9,139	7,334
Total liabilities	2,655,807	1,382,041
Net assets		
Shareholders' Equity		
Paid-in Capital	1,094,214	1,096,617
Capital surplus	1,044,157	1,046,560
Retained earnings	1,714,342	2,028,689
Treasury stock	△21,155	△21,208
Total shareholders' equity	3,831,559	4,150,659
Accumulated other comprehensive income		
Foreign currency translation adjustments	△1,073	△2,736
Total accumulated other comprehensive income	△1,073	△2,736
Subscription rights to shares	-	2,479
Non-controlling interests	10	13
Net assets	3,830,496	4,150,416
Total liabilities and net assets	6,486,303	5,532,457

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

2nd Quarter Consolidated Cumulative Period

(Thousand yen)

	Previous 2nd Quarter (April 1, 2020- September 30, 2020)	2nd Quarter (April 1, 2021- September 30, 2021)
Net Sales	1,348,314	2,672,834
Cost of Sales	401,796	1,216,129
Gross Margin	946,518	1,456,704
Selling, general and administrative expenses	674,101	807,925
Operating income	272,416	648,779
Non-operating income		
Interest income	44	18
Lecture fee income	100	-
Subsidy income	-	1,840
Foreign exchange gain	-	2,167
Other	146	332
Total non-operating income	290	4,358
Non-operating expenses		
Interest expenses	-	70
Foreign exchange loss	3,951	-
Stock issuance expenses	36	48
Market Change Cost	15,859	-
Commitment Fee	941	896
Other	0	-
Total non-operating expenses	20,788	1,016
Ordinary income	251,919	652,121
Net income before income taxes	251,919	652,121
Income taxes - current	232,636	143,648
Income taxes-deferred	△113,937	89,388
Total income taxes	118,699	233,036
Net income	133,219	419,085
Net income (loss) attributable to non-controlling interests (△)	△142	4
Net income attributable to owners of parent	133,362	419,080

Consolidated Statement of Comprehensive Income
 2nd Quarter Consolidated Cumulative Period

(Thousand yen)

	Previous 2nd Quarter (April 1, 2020- September 30, 2020)	2nd Quarter (April 1, 2021- September 30, 2021)
Net income	133,219	419,085
Other comprehensive income		
Foreign currency translation adjustments	1,052	△1,662
Total other comprehensive income	1,052	△1,662
Comprehensive income	134,272	417,422
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	134,408	417,419
Comprehensive income attributable to non-controlling interests	△136	3

(3) Quarterly Consolidated Statements of Cash Flows

(Thousand yen)

	Previous 2nd Quarter (April 1, 2020- September 30, 2020)	2nd Quarter (April 1, 2021- September 30, 2021)
Net cash provided by (used in) operating activities		
Net income before income taxes	251,919	652,121
Depreciation	29,652	57,477
Share-based compensation expense	-	2,459
Increase (decrease) in allowance for doubtful accounts (Δ indicates decrease)	Δ 4,827	Δ 22
Interest and dividend income	Δ 44	Δ 18
Interest expenses	-	70
Subsidy income	-	Δ 1,840
Stock issuance expenses	36	48
Market Change Cost	15,859	-
Foreign exchange gains (losses) (Δ indicates gains)	3,951	33
Increase (decrease) in notes and accounts receivable - trade (Δ indicates increase)	159,136	-
Increase (decrease) in trade receivables and contract assets (Δ indicates increase)	-	Δ 495,988
Increase (decrease) in inventories (Δ indicates increase)	Δ 602,475	1,113,203
Increase (decrease) in notes and accounts payable - trade (Δ indicates decrease)	Δ 58,484	58,389
Increase (decrease) in advances received (Δ indicates decrease)	742,524	-
Increase (decrease) in unearned revenue (Δ indicates decrease)	Δ 5,172	-
Increase (decrease) in contractual liabilities (Δ indicates decrease)	-	Δ 1,096,158
Increase (decrease) in accrued consumption taxes (Δ indicates decrease)	33,181	Δ 110,396
Other	Δ 100,124	75,902
Subtotal	465,130	255,283
Interest and dividend income received	44	18
Interest paid	-	Δ 70
Income taxes paid	Δ 75,018	Δ 312,162
Other	-	1,840
Net cash provided by (used in) operating activities	390,157	Δ 55,091
Net cash provided by (used in) investing activities		
Purchase of investment securities	Δ 69,832	-
Purchase of property, plant and equipment	Δ 777	Δ 12,221
Purchase of intangible assets	Δ 144	-
Payment for lease and guarantee deposits	Δ 1,314	Δ 56,852
Proceeds from collection of lease and guarantee deposits	-	336
Payment for asset retirement obligations	-	Δ 39,920
Net cash provided by (used in) investing activities	Δ 72,067	Δ 108,657
Net cash provided by (used in) financing activities		
Repayment of lease obligations	Δ 11,146	Δ 3,352
Proceeds from issuance of common stock	4,410	4,806
Market Change Expense	Δ 15,859	-
Purchase of treasury stock	Δ 40	Δ 53
Dividends paid	-	Δ 104,518
Net cash provided by (used in) financing activities	Δ 22,637	Δ 103,118

	(Thousand yen)	
	Previous 2nd Quarter (April 1, 2020- September 30, 2020)	2nd Quarter (April 1, 2021- September 30, 2021)
Effect of exchange rate Changes on cash and cash equivalents	△3,388	△2,591
Net increase (decrease) in cash and cash equivalents (△ indicates decrease)	292,064	△269,459
Cash and cash equivalents, beginning of year	2,559,268	3,149,695
Cash and cash equivalents at end of period	2,851,332	2,880,235

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes in Case of Significant Changes in the Amount of Shareholders' Equity)

Not applicable.

(Changes in Accounting Policies)

(Application of Accounting Standard for Revenue Recognition)

"Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) Effective from the beginning of the first quarter of the fiscal year ending March 31, 2022, the Company has applied the "Revenue Recognition Accounting Standard" and other standards, and recognizes revenue in the amount that is expected to be received in exchange for the promised goods or services when the control of the goods or services is transferred to the customer. As a result, with regard to commissioned development sales in the Game Business, previously revenue was recognized on an acceptance basis. However, the Company has changed its method to recognize revenue over a certain period based on the progress rate of fulfillment of performance obligations. In cases where it is not possible to reasonably estimate the progress of fulfillment of performance obligations, but it is expected that expenses incurred will be recovered, revenue is recognized on a cost recovery basis.

With regard to the application of the Revenue Recognition Standard, etc., in accordance with the transitional treatment stipulated in the provision of paragraph 84 of the Revenue Recognition Standard, the cumulative effect of retroactively applying the new accounting policy from the beginning of the first quarter of the current fiscal year is adjusted to retained earnings at the beginning of the first quarter of the current fiscal year, and a new accounting policy is applied from the beginning of the current fiscal year.

As a result, net sales increased by ¥880,352 thousand, cost of sales increased by ¥581,184 thousand, operating income, ordinary income and income before income taxes increased by ¥299,168 thousand, current assets decreased by ¥1,258,545 thousand, and current liabilities decreased by ¥1,557,714 thousand. This change has no impact on the beginning balance of retained earnings.

As the Accounting Standard for Revenue Recognition, etc. has been applied, from the first quarter of the fiscal year ended December 31, 2021, "Accounts receivable" presented in "Current assets" in the consolidated balance sheet for the previous fiscal year has been included in "Accounts receivable and contract assets." In addition, "Advance Received" and "Unearned revenue" that were presented in "Current Liabilities" in the consolidated balance sheet for the previous consolidated fiscal year are now included in "Contract Liabilities" from the first quarter of the consolidated fiscal year under review.

In accordance with the transitional treatment stipulated in Paragraph 89-2 of the Revenue Recognition Accounting Standard, no reclassifications have been made for the previous fiscal year using a new method of presentation. Furthermore, in accordance with the transitional treatment stipulated in Paragraph 28-15 of the "Accounting Standard for Quarterly Financial Statements" (ASBJ Statement No. 12, March 31, 2020), information of revenue breakdown arising from contracts with customers for the second quarter of the previous fiscal year is not stated.

(Application of Accounting Standard for Calculation of Market Value, etc.)

Accounting Standard for Calculation of Market Value (ASBJ Statement No. 30, July 4, 2019) The Company has applied the "Current Value Accounting Standard" and other standards from the beginning of the first quarter of the current fiscal year, and in accordance with the transitional treatment stipulated in Paragraph 19 of the Current Value Accounting Standard and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), it has decided to apply the new accounting policies stipulated in the Current Value Accounting Standard and other standards into the future. This change has no impact on the quarterly consolidated financial statements.

(Segment and Other Information)

Effective from the first quarter of the fiscal year ending March 31, 2022, the name of the former “IT Human Resource Development Business” segment has been changed to the “Seed Tech Business”, and the order of presentation of reportable segments has been changed. As a result, the name and the order of listing of the reportable segments for the six months ended September 30, 2021 have been changed in the same manner.

Previous 2nd Quarter (April 1, 2020 - September 30, 2020)

1. Information on Net Sales and Income (Loss) by Reportable Segment

(Thousand yen)

	Reportable Segments				Total	Adjustment (Note 1)	Quarter Consolidated Statements of Income (Note 2)
	IT Freelance Business	Game Business	x-Tech Business	Seed Tech Business			
Net Sales							
Net Sales to External Customers	701,978	459,882	130,978	55,475	1,348,314	-	1,348,314
Inter-segment Net Sales or Transfer	-	-	-	2,744	2,744	△2,744	-
Total	701,978	459,882	130,978	58,219	1,351,058	△2,744	1,348,314
Segment income or loss (△)	399,830	37,699	△534	△3,847	433,147	△160,730	272,416

(Note) 1. Adjustment of segment income (loss) △ ¥160,730 thousand is corporate expenses not allocated to each reportable segment △¥174,647 thousand and ¥10,917 thousand for inter-segment eliminations are included.

2. The total of segment income (loss) and adjustments are adjusted with operating income in the quarterly consolidated statements of income.

2nd Quarter (April 1, 2021 - September 30, 2021)

1. Information on Net Sales and Income (Loss) by Reportable Segment

(Thousand yen)

	Reportable Segments				Total	Adjustment (Note 1)	Quarter Consolidated Statements of Income (Note 2)
	IT Freelance Business	Game Business	x-Tech Business	Seed Tech Business			
Net Sales							
Net Sales to External Customers	860,985	1,598,096	142,163	71,588	2,672,834	-	2,672,834
Inter-segment Net Sales or Transfer	-	-	-	-	-	-	-
Total	860,985	1,598,096	142,163	71,588	2,672,834	-	2,672,834
Segment income or loss (△)	475,385	381,755	△192	8,041	864,989	△216,210	648,779

(Note) 1. Adjustment of segment income (loss) △¥216,210 thousand includes corporate expenses of △¥232,110 thousand that are not allocated to each reportable segment and inter-segment eliminations of ¥15,900 thousand.

2. The total of segment income (loss) and adjustments are adjusted with operating income in the quarterly consolidated statements of income.

2. Matters Related to Changes in Reportable Segments, etc.

As stated in Changes in Accounting Policies, the Company has applied the Revenue Recognition

Accounting Standard and other standards from the beginning of the first quarter of the current fiscal year, and changed the accounting method for revenue recognition. The method of calculating profit or loss for business segments has been changed in the same manner. As a result of this change, compared with the conventional method, net sales and segment income for the Game Business for the six months ended September 30, 2021 increased by ¥880,352 thousand and ¥299,168 thousand, respectively.