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Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 [Japan GAAP]



May 13, 2022

Company name	geechs inc.	Listing Market	TSE Prime Market
Stock Code	7060	URL	https://geechs.com
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Scheduled date of Ordinary General Meeting of Shareholders	: June 24, 2022		
Scheduled date of commencement of dividend payment	: June 10, 2022		
Scheduled date of filing of securities report	: June 24, 2022		
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, 2022 (April 1, 2021 to March 31, 2022)

(1) Consolidated Results of Operations (Percentage 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	%
Fiscal Year Ended March 31, 2022	5,388	57.2	1,133	53.5	1,135	59.1	705	54.1
Fiscal Year Ended March 31, 2021	3,427	△3.3	738	7.9	713	5.7	457	17.2

(Note) Comprehensive income

Fiscal Year Ended March 31, 2022	703 Millions of yen	53.7 %	
Fiscal Year Ended March 31, 2021	458 Millions of yen	17.1 %	

	Earnings per Share	Diluted Earnings Per Share	Shareholders' Equity Net Income Margin	Total Assets Ordinary Margin	Net Sales Operating Margin
	Yen	Yen	%	%	%
Fiscal Year Ended March 31, 2022	67.18	66.17	17.0	19.3	21.0
Fiscal Year Ended March 31, 2021	43.83	43.06	12.7	11.0	21.5

(Reference) Equity in net income of affiliates

Fiscal Year Ended March 31, 2022	— Millions of yen		
Fiscal Year Ended March 31, 2021	— Millions of yen		

(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, 2022	5,874	4,470	75.7	422.26
Fiscal Year Ended March 31, 2021	6,486	3,830	59.1	365.74

(Reference) Shareholders' equity

Fiscal Year Ended March 31, 2022	4,444 Millions of yen		
Fiscal Year Ended March 31, 2021	3,830 Millions of yen		

(3) Consolidated Cash Flows

	Cash Flows From operating activities	Cash Flows From investing activities	Cash Flows 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, 2022	369	△68	△91	3,357
Fiscal Year Ended March 31, 2021	661	△48	△22	3,149

2. Dividends

	Dividend per share					Total dividends (Total)	Dividend Payout Ratio (Consolidat ed)	Net assets Dividend Ratio (Consolidat ed)
	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, 2021	—	0.00	—	10.00	10.00	104	22.8	2.7
Fiscal Year Ended March 31, 2022	—	0.00	—	10.00	10.00	105	14.9	2.4
Fiscal Year Ending March 31, 2023 (Forecast)	—	0.00	—	10.00	10.00		21.9	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023
(April 1, 2022 to March 31, 2023)

(Percentage indicate year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Net Income attributable to Owners of Parent		Earnings per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	5,800	7.6	800	△29.4	800	△29.6	480	△31.9	45.61

* 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 Errors

- 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

(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, 2022	10,564,840 shares	Fiscal Year Ended March 31, 2021	10,513,440 shares
② Number of treasury shares at the end of the period	Fiscal Year Ended March 31, 2022	40,151 shares	Fiscal Year Ended March 31, 2021	40,104 shares
③ Average number of shares during the period	Fiscal Year Ended March 31, 2022	10,497,369 shares	Fiscal Year Ended March 31, 2021	10,443,408 shares

(Reference) Summary of Non-Consolidated Results

1. Non-consolidated Results for the Fiscal Year Ended March 31, 2022

(April 1, 2021 to March 31, 2022)

(1) Non-Consolidated Results of Operations (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, 2022	2,118	23.9	545	18.4	577	23.1	364	11.8
Fiscal Year Ended March 31, 2021	1,710	11.4	460	35.8	468	33.0	325	56.7
	Earnings per Share		Diluted Earnings Per Share					
	Yen		Yen					
Fiscal Year Ended March 31, 2022	34.68		34.16					
Fiscal Year Ended March 31, 2021	31.18		30.63					

(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, 2022	4,854	3,604	73.7	339.92
Fiscal Year Ended March 31, 2021	4,489	3,303	73.6	315.44

(Reference) Shareholders' equity

Fiscal Year Ended March 31, 2022 3,577 Millions of yen
 Fiscal Year Ended March 31, 2021 3,303 Millions of yen

- ※ This financial results report is exempted from audit 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. Overview of Business Results, etc.

(1) Overview of Consolidated Results of Operation

Under our Grand Vision "Make the biggest impression in the 21st century," we aim to continuously increase corporate value by leveraging our IT Freelance database, human resources infrastructure such as the development of IT engineers who are active globally, proactively grasping the lifestyles of people who are rapidly changing due to the spread of the Internet and corporate behavior and continuing to grow through the creation and evolution of services that are responsive to change. The Group consists of four business segments, including three subsidiaries. The four business segments are classified into: [IT Freelance Matching Business], [Game Business], [x-Tech Business] and [Seed Tech Business].

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

During the consolidated fiscal year, the Japanese economy was significantly affected by such factors as a stagnation in economic activities due to the announcement of repeated State of Emergency Declarations associated with the spread of the new coronavirus infections and the implementation of priority measures to prevent the spread of the virus. Furthermore, the outlook remains uncertain due to soaring resource prices and the impact of Russia's invasion of Ukraine.

With the rapid digital transformation amid the prolonged impact of the new coronavirus, we recognize that the need to strengthen IT skills among IT professionals and individuals is increasing further.

Under these circumstances, the Group continued to implement various measures based on the policies set forth in the Medium-Term Management Plan (G100) released on May 14, 2021 (from the fiscal year ended March 31, 2022 to the fiscal year ending March 31, 2025). We have built a business structure to fulfill our role as a technology resource sharing platform by grasping the needs of companies promoting digital shifts and individuals searching for new ways of working.

As a result, for the fiscal year, net sales were ¥5,388 million (up 57.2% year on year), operating income was ¥1,133 million (up 53.5%), ordinary income was ¥1,135 million (up 59.1%), and net income attributable to owners of parent was ¥705 million (up 54.1%).

[Accounting Standard for Revenue Recognition] (ASBJ Statement No. 29, March 31, 2020) As a result of the adoption of the "Revenue Recognition Accounting Standard" and other standards, net sales increased by ¥544 million, while operating income, ordinary income, and income before income taxes increased by ¥228 million.

Results by business segment were as follows.

<IT Freelance Matching Business>

In the IT Freelance Matching Business, the business performed well. As the demand from companies continue, the number of new IT Freelance registrations is steadily increasing in parallel to the number of matchings between the Tokyo metropolitan and regional areas through remote work. In addition, the number of new client companies grew significantly throughout the fiscal year due to the expansion of corporate advertising investment and the strengthening of sales enablement.

As a result, in this business segment, net sales were ¥1,814 million (up 25.6% year on year) and segment income was ¥996 million (up 21.0%).

<Game Business>

In the Game Business, the Group operates six titles, including [IDOLiSH7], which is distributed by BANDAI NAMCO Online Inc., and [My Hero ULTRA IMPACT], which is distributed by BANDAI NAMCO Entertainment Inc., and develops three new titles. As the number of development lines is increasing, we are focusing on appropriate resource control utilizing freelance. In the fourth quarter of the fiscal year ended March 31, 2022, the Group commenced operations of overseas versions of existing titles.

As a result, in this business segment, net sales were ¥3,153 million (up 95.1% year on year) and segment income was ¥584 million (up 116.2%).

<x-Tech Business>

In the x-Tech Business, the Group aims to become a technology partner for business model transformation using [Technology x Data], by utilizing cutting-edge technologies and methods, and mainly conducts app 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 such as golf.

As a result, net sales in this business segment were ¥304 million (up 14.3% year on year) and segment income was ¥15 million (compared with a segment loss of ¥12 million in the previous fiscal year).

<Seed Tech Business>

In the seed tech business, the Group provides on-demand programming school services and offshore development consignment business. In addition, we made preparations for the SaaS-type DX/IT Human Resource Development Service [sodatech] for corporations scheduled to launch in the next fiscal year.

As a result, net sales in this business segment were ¥116 million (up 12.2% year on year) and segment loss was ¥26 million (compared with segment loss of ¥15 million in the previous fiscal year).

(2) Overview of the Financial Position for the Current Fiscal Year

(Assets)

Current assets decreased ¥391,112 thousand from the end of the previous fiscal year to ¥5,524,378 thousand. This was mainly due to a decrease of ¥1,111,660 thousand in work in process, while cash and deposits increased ¥207,502 thousand and accounts receivable and contract assets increased ¥508,449 thousand.

Non-current assets decreased by ¥220,896 thousand from the end of the previous fiscal year to ¥349,916 thousand. This was mainly due to decreases of ¥133,407 thousand in deferred tax assets, ¥58,589 thousand in buildings and structures (net), and ¥56,443 thousand in lease and guarantee deposits, while there was an increase of ¥19,870 thousand in investment securities.

As a result, total assets were ¥5,874,294 thousand, down ¥612,008 thousand from the end of the previous fiscal year.

(Liabilities)

Current liabilities decreased by ¥1,248,118 thousand from the end of the previous fiscal year to ¥1,398,549 thousand. This was mainly due to a ¥1,125,380 thousand decrease in advances received.

Non-current liabilities decreased by ¥4,254 thousand from the end of the previous fiscal year to ¥4,884 thousand. This was mainly due to a decrease of ¥3,848 thousand in lease obligations.

As a result, total liabilities decreased by ¥1,252,373 thousand from the end of the previous fiscal year to ¥1,403,433 thousand.

(Net Assets)

Net assets increased by ¥640,364 thousand from the end of the previous fiscal year to ¥4,470,860 thousand. This was mainly due to an increase of ¥600,460 thousand in retained earnings.

As a result, the equity ratio was 75.7% (compared to 59.1% 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 current consolidated fiscal year increased by ¥207,502 thousand from the end of the previous consolidated fiscal year to ¥3,357,198 thousand.

(Cash Flows from Operating Activities)

Net cash provided by operating activities was ¥369,207 thousand. This was mainly due to a ¥1,111,603 thousand decrease in inventories and a ¥507,949 thousand increase in accounts receivable and contract assets.

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

Net cash used in investing activities was ¥68,653 thousand (compared with ¥48,908 thousand used in the same period of the previous fiscal year). This was mainly due to purchase of investment securities of ¥49,950 thousand and purchase of property, plant and equipment of ¥23,103 thousand.

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

Net cash used in financing activities was ¥91,339 thousand (compared with ¥22,588 thousand used in the same period of the previous fiscal year). This was mainly due to dividend payment of ¥104,561 thousand.

(4) Future Outlook

Although it is expected that the spread of new coronavirus infections will gradually converge due to the development and diffusion of vaccines and therapeutic drugs, the situation remains uncertain. In addition, there are various factors surrounding Ukraine, including the unstable international situation, rapid exchange rate fluctuations, and increases in energy and raw material prices. Therefore, the Group recognizes that a cautious economic outlook is necessary.

Under this business environment, the Group will continue to make strategic investments in order to achieve the goals of the Medium-Term Management Plan [G100] from the fiscal year ending March 2022 to the fiscal year ending March 2025.

In the IT Freelance Matching Business, with the aim of further accelerating growth, the Group will invest in human resources to strengthen its organizational capabilities and in strategic advertising to improve its branding. In the Game Business, we expect to receive orders for multiple new titles in addition to those existing under development, and we have positioned the next fiscal year for the preparation of the achievement of the Medium-Term Management Plan. We will thoroughly control our resources and strive for development. In the SeedTech Business, in addition to the existing businesses, the Group will continue to make upfront investments for the early launch and profitability of the SaaS-type DX/IT Human Resource Development Service [sodatech] for corporate customers. In the x-Tech Business, the xR Business will be transferred to the Game Business, and the Group will focus on the Digital Marketing Business, which leverages its strengths in consulting, production, and operations utilizing the latest technologies for sports manufacturers, centered on golf-related companies.

In light of these factors, for the next fiscal year, we forecast net sales of ¥5,800 million (up 7.6% year-on-year), operating income of ¥800 million (down 29.4% year-on-year), ordinary income of ¥800 million (down 29.6% year-on-year), and net income attributable to owners of parent of ¥480 million (down 31.9% year-on-year).

(Thousand yen)

	Following fiscal year (Forecast)	Current fiscal year (Results)	Change from the previous fiscal year (%)
<Net Sales>	5,800,000	5,388,647	7.6%
IT Freelance Matching Business	2,200,000	1,814,443	21.2%
Game Business	3,200,000	3,153,713	1.5%
Seed Tech Business	150,000	116,194	29.1%
x-Tech Business	250,000	304,296	△17.8%
<Operating income>	800,000	1,133,696	△29.4%
IT Freelance Matching Business	900,000	996,534	△9.7%
Game Business	400,000	584,016	△31.5%
Seed Tech Business	△80,000	△26,880	-
x-Tech Business	50,000	15,054	232.1%
Corporate expenses and adjustments	△470,000	△435,029	-
<Ordinary income>	800,000	1,135,706	△29.6%
<Net income attributable to owners of parent>	480,000	705,194	△31.9%

(5) Significant events, etc. related to the premise of a going concern

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 Sheet

(Thousand Yen)

	Previous consolidated fiscal year (As of March 31, 2021)	Current consolidated fiscal year (As of March 31, 2022)
Assets		
Current assets		
Cash and deposits	3,149,695	3,357,198
Accounts receivable	1,518,823	-
Accounts receivable and contract assets	-	2,027,272
Work in process	1,117,488	5,827
Supplies	410	467
Advance payment	14	8,456
Prepaid expenses	81,789	78,283
Other	49,840	49,635
Allowance for doubtful accounts	△2,572	△2,763
Total current assets	5,915,490	5,524,378
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	60,687	2,097
Tools, furniture and fixtures, net	6,574	5,260
Lease assets, net	15,465	17,187
Net property, plant and equipment	82,726	24,545
Intangible assets		
Software	1,006	581
Total intangible assets	1,006	581
Investments and other assets		
Investment securities	109,912	129,782
Lease and guarantee deposits	169,202	112,759
Long-term prepaid expenses	7,338	3,028
Deferred tax assets	200,626	67,219
Other	-	12,000
Total investments and other assets	487,080	324,789
Total fixed assets	570,813	349,916
Total assets	6,486,303	5,874,294

(Thousand yen)

	Previous consolidated fiscal year (As at March 31, 2021)	Current consolidated fiscal year (As at March 31, 2022)
Liabilities		
Current liabilities		
Accounts payable	858,138	1,033,545
Accounts payable other	35,514	98,741
Accrued expenses	28,235	51,177
Income taxes payable	337,593	101,752
Accrued consumption taxes	144,805	54,407
Deposits received	29,088	34,906
Advance received	1,125,380	-
Contract liabilities	-	9,591
Unearned revenue	20,526	-
Asset retirement obligations	55,662	-
Lease obligations	11,721	14,255
Other	-	171
Total current liabilities	2,646,667	1,398,549
Long-term liabilities		
Lease obligations	7,101	3,252
Other	2,037	1,631
Total long-term liabilities	9,139	4,884
Total liabilities	2,655,807	1,403,433
Net assets		
Shareholders' equity		
Paid-in capital	1,094,214	1,101,531
Capital surplus	1,044,157	1,051,474
Retained earnings	1,714,342	2,314,803
Treasury stock	△21,155	△21,252
Total shareholders' equity	3,831,559	4,446,556
Accumulated other comprehensive income		
Foreign currency translation adjustments	△1,073	△2,426
Total accumulated other comprehensive income	△1,073	△2,426
Subscription rights to shares	-	26,718
Non-controlling interests	10	12
Net assets	3,830,496	4,470,860
Total liabilities and net assets	6,486,303	5,874,294

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

(Thousand yen)

	Previous consolidated fiscal year From April 1, 2020 to March 31, 2021	Current consolidated fiscal year From April 1, 2021 to March 31, 2022
Net sales	3,427,816	5,388,647
Cost of sales	1,388,538	2,605,184
Gross margin	2,039,278	2,783,463
Selling, general and administrative expenses	1,300,798	1,649,767
Operating income	738,479	1,133,696
Non-operating income		
Interest income	120	43
Consignment revenue	-	500
Lecture fee income	100	-
Late charge	372	-
Subsidy income	-	2,540
Foreign exchange gain	-	1,054
Other	188	338
Total non-operating income	782	4,475
Non-operating expenses		
Interest expenses	55	127
Foreign exchange loss	6,836	-
Stock issuance expenses	103	842
Market change cost	15,859	-
Commitment fee	2,436	1,495
Other	25	-
Total non-operating expenses	25,318	2,465
Ordinary income	713,942	1,135,706
Extraordinary losses		
Loss on valuation of investment securities	-	30,080
Total extraordinary losses	-	30,080
Net income before income taxes	713,942	1,105,626
Income taxes - current	419,371	266,029
Income taxes-deferred	△163,027	134,400
Total income taxes	256,344	400,429
Net income	457,598	705,197
Net income (loss) attributable to non-controlling interests (△)	△157	3
Net income attributable to owners of parent	457,755	705,194

Consolidated Statement of Comprehensive Income

(Thousand yen)

	Previous consolidated fiscal year From April 1, 2020 to March 31, 2021	Current consolidated fiscal year From April 1, 2021 to March 31, 2022
Net income	457,598	705,197
Other comprehensive income		
Foreign currency translation adjustments	422	△1,353
Total other comprehensive income	422	△1,353
Comprehensive income	458,020	703,843
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	458,170	703,842
Comprehensive income attributable to non- controlling interests	△149	1

(3) Consolidated Statement of Changes in Net Assets

For the Fiscal Year Ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

(Thousand yen)

	Shareholders' Equity					Accumulated Other Comprehensive Income		Non-controlling Interests Equity	Subscription Rights to Shares	Net Assets
	Paid-in Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Foreign currency translation Adjustment Account	Other Comprehensive income Cumulative total			
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 of items during the period										
Issuance of new shares	8,199	8,199			16,398					16,398
Dividends from surplus					-					-
Net income attributable to owners of parent			457,755		457,755					457,755
Purchase of treasury stock				△155	△155					△155
Issuance of Subscription Rights										-
Lapse of stock acquisition rights										-
Net changes of items other than shareholders' equity						422	422	△156	-	265
Total changes of items during the period	8,199	8,199	457,755	△155	473,998	422	422	△156	-	474,263
Balance at the end of the period	1,094,214	1,044,157	1,714,342	△21,155	3,831,559	△1,073	△1,073	10	-	3,830,496

Current fiscal year (From April 1, 2021 to March 31, 2022)

(Thousand yen)

	Shareholders' Equity					Accumulated other comprehensive income		Non-controlling interests Equity	Subscription rights to shares	Net assets
	Paid-in Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Foreign currency translation Adjustment Account	Other Comprehensive income Cumulative total			
Balance at the beginning of the year	1,094,214	1,044,157	1,714,342	△21,155	3,831,559	△1,073	△1,073	10	-	3,830,496
Changes of items during the period										
Issuance of new shares	7,317	7,317			14,634					14,634
Dividends from surplus			△104,733		△104,733					△104,733
Net income attributable to owners of parent			705,194		705,194					705,194
Purchase of treasury stock				△97	△97					△97
Issuance of Subscription Rights									29,875	29,875
Lapse of stock acquisition rights									△3,156	△3,156

(Thousand yen)

	Shareholders' Equity					Accumulated other comprehensive income		Non-controlling interests Equity	Subscription rights to shares	Net assets
	Paid-in Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Foreign currency translation Adjustment Account	Other Comprehensive income Cumulative total			
Net changes of items other than shareholders' equity					-	△1,353	△1,353	1	-	△1,351
Total changes of items during the period	7,317	7,317	600,460	△97	614,997	△1,353	△1,353	1	26,718	640,364
Balance at the end of the period	1,101,531	1,051,474	2,314,803	△21,252	4,446,556	△2,426	△2,426	12	26,718	4,470,860

(4) Consolidated Statement of Cash Flows

(Thousand yen)

	Previous consolidated fiscal year From April 1, 2020 to March 31, 2021	Current consolidated fiscal year From April 1, 2021 to March 31, 2022
Net cash provided by (used in) operating activities		
Net income before income taxes	713,942	1,105,626
Depreciation	77,015	66,485
Share-based compensation expense	-	26,718
Loss (gain) on valuation of investment securities (Δ indicates gain)	-	30,080
Increase (decrease) in allowance for doubtful accounts (Δ indicates decrease)	Δ 6,398	190
Interest and dividend income	Δ 120	Δ 43
Interest expenses	55	127
Subsidy income	-	Δ 2,540
Stock issuance expenses	103	842
Market Change Cost	15,859	-
Increase (decrease) in notes and accounts receivable - trade (Δ indicates increase)	Δ 238,456	-
Increase (decrease) in trade receivables and contract assets (Δ indicates increase)	-	Δ 507,949
Increase (decrease) in inventories (Δ indicates increase)	Δ 752,466	1,111,603
Increase (decrease) in notes and accounts payable - trade (Δ indicates decrease)	46,377	174,691
Increase (decrease) in advances received (Δ indicates decrease)	923,880	-
Increase (decrease) in unearned revenue (Δ indicates decrease)	Δ 5,347	-
Increase (decrease) in contractual liabilities (Δ indicates decrease)	-	Δ 1,137,077
Increase (decrease) in accrued consumption taxes (Δ indicates decrease)	105,659	Δ 90,398
Other	Δ 42,212	122,650
Subtotal	837,893	901,008
Interest and dividend income received	120	43
Interest paid	Δ 55	Δ 127
Income taxes paid	Δ 176,239	Δ 534,256
Other	-	2,540
Net cash provided by (used in) operating activities	661,718	369,207
Net cash provided by (used in) investing activities		
Purchase of investment securities	Δ 79,832	Δ 49,950
Purchase of property, plant and equipment	Δ 9,409	Δ 23,103
Purchase of intangible assets	Δ 870	-
Proceeds from collection of lease and guarantee deposits	52,802	144,072
Payment for lease and guarantee deposits	Δ 1,314	Δ 87,753
Payment for asset retirement obligations	Δ 10,285	Δ 39,920
Other	-	Δ 12,000
Net cash provided by (used in) investing activities	Δ 48,908	Δ 68,653
Net cash provided by (used in) financing activities		
Repayment of lease obligations	Δ 22,868	Δ 1,314
Proceeds from issuance of common stock	16,294	14,634
Market Change Expense	Δ 15,859	-
Purchase of treasury stock	Δ 155	Δ 97

(Thousand yen)

	Previous consolidated fiscal year From April 1, 2020 to March 31, 2021	Current consolidated fiscal year From April 1, 2021 to March 31, 2022
Dividends paid	-	△104,561
Net cash provided by (used in) financing activities	△22,588	△91,339
Effect of exchange rate Changes on cash and cash Equivalents	205	△1,711
Net increase (decrease) in cash and cash equivalents (△ indicates decrease)	590,426	207,502
Cash and cash equivalents, beginning of year	2,559,268	3,149,695
Cash and cash equivalents, end of year	3,149,695	3,357,198

(5) Notes to Consolidated Financial Statements

(Note on Going Concern Assumption)

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 fiscal year, the Group applies 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 promised 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, the cumulative effect of retroactively applying the new accounting policy is adjusted to retained earnings at the beginning of the current fiscal year.

As a result, net sales increased by ¥544,209 thousand, cost of sales increased by ¥316,140 thousand, operating income, ordinary income and income before income taxes increased by ¥228,068 thousand, current assets decreased by ¥1,110,214 thousand, and current liabilities decreased by ¥1,338,283 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 current fiscal year, [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], [Advance Received] and [Advance Received Revenue] presented in [Current Liabilities] in the consolidated balance sheet for the previous fiscal year are now included in [Contract Liabilities].

In accordance with the transitional treatment stipulated in Paragraph 89-2 of the Revenue Recognition Accounting Standard, the Company has not reclassified the previous fiscal year using a new method of presentation.

(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 fiscal year, and in accordance with the transitional treatment stipulated in Paragraph 19 and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), the new accounting policies stipulated in the Current Value Accounting Standard and other standards will be applied prospectively. This change has no impact on the current consolidated financial statements.

(Segment Information, etc.)

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 among the constituent units of our group 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 four reportable segments are [IT Freelance Matching Business], [Game Business], [x-Tech Business] and [Seed Tech Business].

(2) Types of services belonging to each reportable segment

The IT Freelance Business mainly provides matching services for IT freelancers and companies. The Game Business mainly develops and operates smartphone games on a consignment basis. The x-Tech Business provides apps, video production, and digital marketing support that make the most of cutting-edge augmented reality (AR) and other technologies. [Seed Tech Business] mainly conducts on-demand programming school services and offshore consigned development.

(3) Matters relating to changes in reportable segments, etc.

From the current consolidated fiscal year, the name of the segment has been changed from the previous [IT Human Resource Development Business] to [Seed Tech Business], changing the order of presentation of reportable segments.

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

Segment income is based on operating income. Inter-segment sales and transfers are based prices at an arm's length.

As stated in Changes in Accounting Policies, the Company has applied the Revenue Recognition Accounting Standard and other standards and changed the accounting method for revenue recognition from the beginning of the current consolidated fiscal year. The method of calculating profit or loss for business segments has been changed, and as a result, compared with the previous accounting method for revenue recognition, net sales and segment income for the Game Business for the current fiscal year have increased by ¥544,209 thousand and ¥228,068 thousand, respectively.

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

Previous Fiscal Year (From April 1, 2020 to March 31, 2021)

(Thousand yen)

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

- (Note) 1. The adjustment for segment income or loss △ ¥327,329 thousand is not allocated to each reportable segment includes corporate expenses of △ ¥350,846 thousand and inter-segment eliminations of ¥23,517 thousand.
2. The total of segment income (loss) and other adjustments are reflected to operating income in the consolidated statements of income.
3. The amounts of segment assets and liabilities are not disclosed as they are not allocated among business segments.

Current fiscal year (From April 1, 2021 to March 31, 2022)

(Thousand yen)

	Reportable Segments				Total	Adjustment (Note 1)	Consolidated income (loss) Statement of Accounts (Note 2)
	IT Freelance Matching Business	Game Business	x-Tech Business	Seed Tech Business			
Net Sales							
Net Sales to External Customers	1,814,443	3,153,713	304,296	116,194	5,388,647	-	5,388,647
Inter-segment Net Sales or Transfer	-	-	-	-	-	-	-
Total	1,814,443	3,153,713	304,296	116,194	5,388,647	-	5,388,647
Segment income Or loss (△)	996,534	584,016	15,054	△26,880	1,568,725	△435,029	1,133,696

- (Note) 1. Adjustment of segment income (loss) △ ¥435,029 thousand is not allocated to each reportable segment Includes corporate expenses of △ ¥466,529 thousand and inter-segment eliminations of ¥31,500 thousand.
2. The total of segment income (loss) and other adjustments are reflected to operating income in the consolidated statements of income.
3. The amounts of segment assets and liabilities are not disclosed as they are not allocated among business segments.

(Per Share Information)

Item	Previous consolidated fiscal year From April 1, 2020 to March 31, 2021	Current consolidated fiscal year From April 1, 2021 to March 31, 2022
Net assets per share	¥365.74	¥422.26
Earnings per share	¥43.83	¥67.18
Diluted earnings per share	¥43.06	¥66.17

(Note) The basis for calculating net income per share and diluted net income per share is as follows.

Item	Previous consolidated fiscal year From April 1, 2020 to March 31, 2021	Current consolidated fiscal year From April 1, 2021 to March 31, 2022
Earnings per share		
Net income attributable to owners of parent (thousand yen)	457,755	705,194
Amount not attributable to common shareholders (thousand yen)	-	-
Net income attributable to owners of parent related to common stock (thousand yen)	457,755	705,194
Average number of shares during the period (shares)	10,443,408	10,497,369
Diluted net income per share		
Net income attributable to owners of parent (thousand yen)	457,755	705,194
Increase in number of common shares (shares)	187,331	159,793
(Subscription Rights to Shares) (Shares)	(187,331)	(159,793)
Summary of dilutive shares not included in the calculation of diluted net income per share due to lack of dilutive effect	-	2 types of Subscription Rights by resolution of the Board of Directors on August 26, 2021 (Number of Subscription Rights: 1,270)

(Note) The basis for calculation of net assets per share is as follows.

Item	Previous consolidated fiscal year From April 1, 2020 March 31, 2021	Current consolidated fiscal year From April 1, 2021 March 31, 2022
Total net assets (thousands of yen)	3,830,496	4,470,860
Amount deducted from total net assets (thousand yen)	10	26,730
(Subscription rights to shares (thousand yen))	(-)	(26,718)
(Of which, non-controlling interests (thousand yen))	(10)	(12)
Net assets attributable to common stock at the end of the period (thousand yen)	3,830,485	4,444,129
Number of shares of common stock used for calculation of net assets per share (shares)	10,473,336	10,524,689

(Significant Subsequent Events)

Not applicable.