

**Fiscal Year Ending March 31, 2023  
1st Quarter Financial Results Briefing**

# **Financial Results Briefing**

**August 9, 2022**

**geechs inc.**

**TSE Prime Market: 7060**

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# Corporate Profile

# 1



**[ geek x 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 values through our technologies.

# Grand Vision

*Make the biggest impression  
in the 21st century*

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

We are aiming to continuously increase our corporate value.

# Group Corporate Profile

Name geechs inc. (TSE Prime Market : 7060)

Management President & CEO Naruhito Sonehara

Foundation August, 2007

Location Shibuya-ku, Tokyo, Japan

Capital Stock 1,101 (in JPY MM)

Business Activities IT Freelance Matching Business  
Game Business  
Seed Tech Business  
x-Tech Business

Employee 409(As of June, 2022)

Bases Tokyo Head Office  
Osaka Branch  
Fukuoka Branch  
Nagoya Satellite Office

## Our Group Companies



IT Freelance Matching Business x-Tech Business

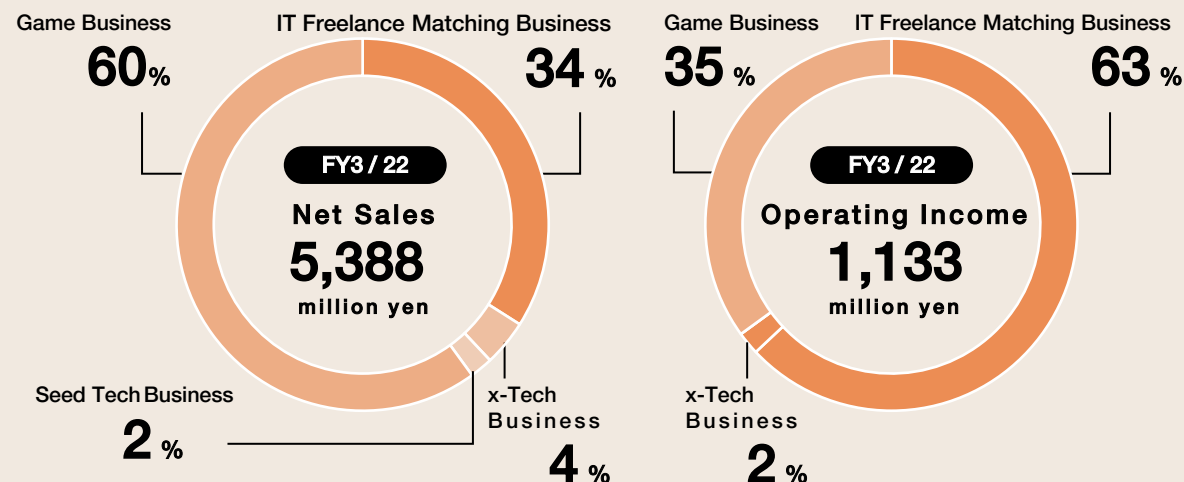


Game Business



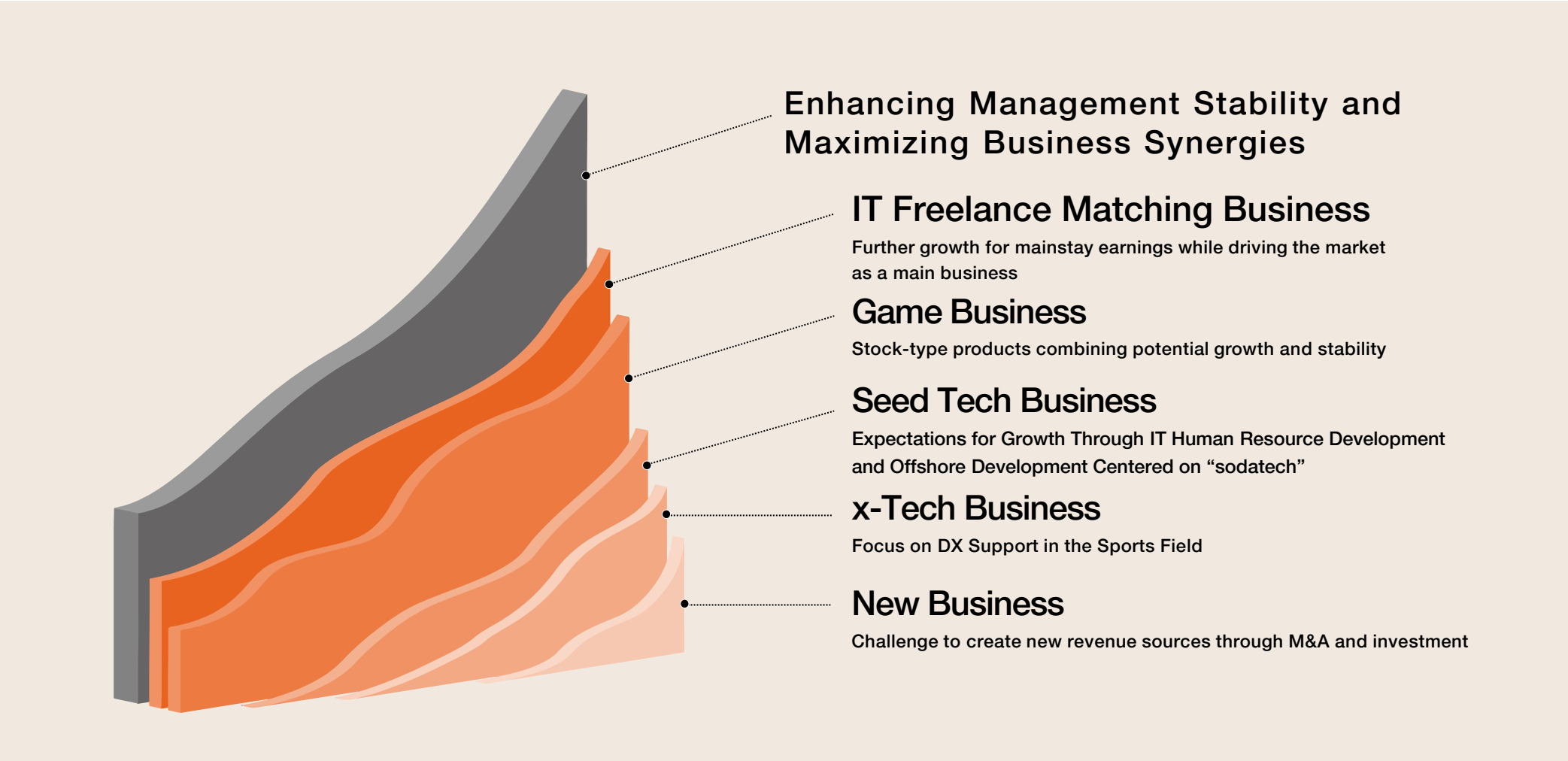
Seed Tech Business

## Segmentation



# geechs Group Advantage

## A Portfolio Management that Enhances Growth, Stability, and Profitability



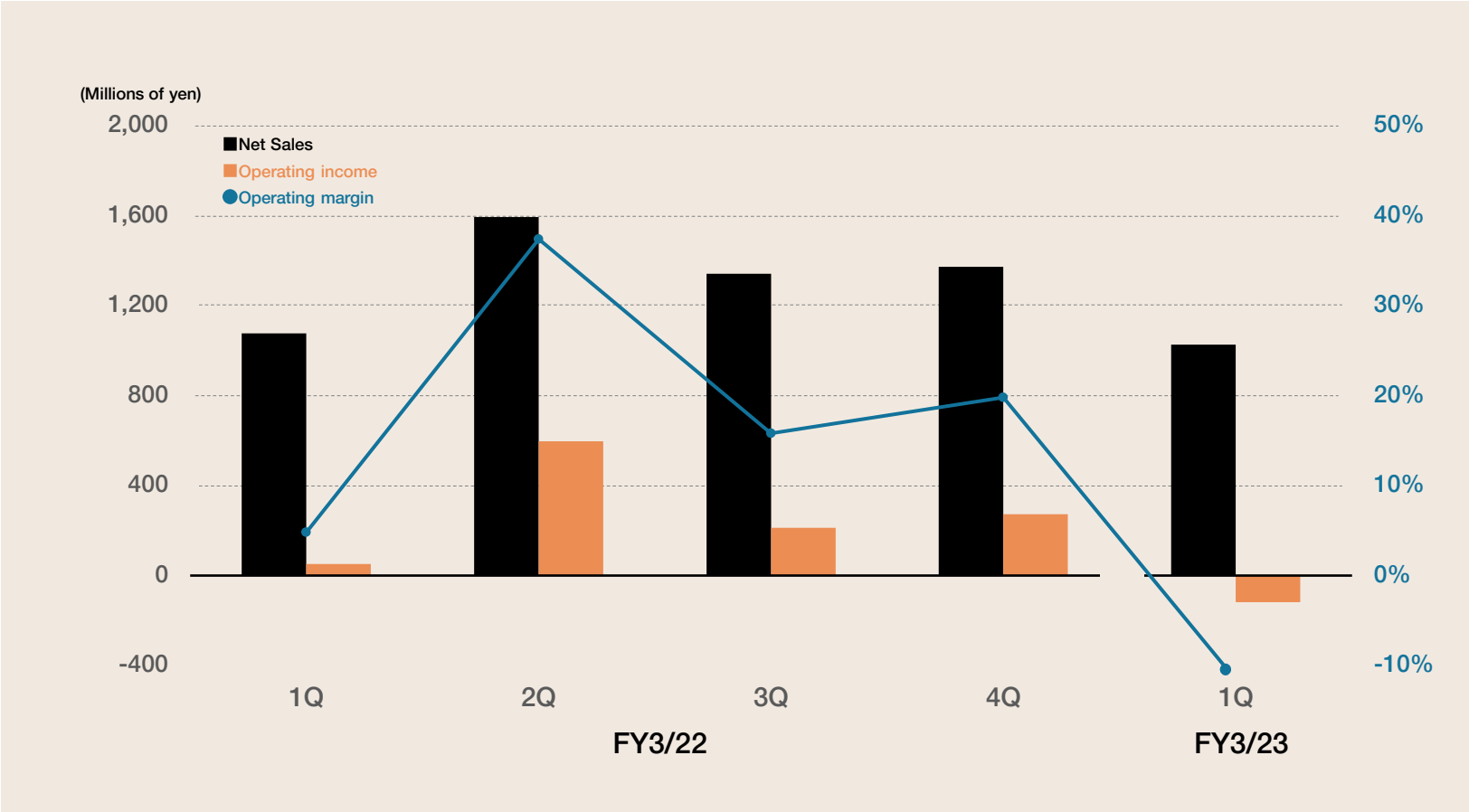
# Financial Results

# 2



# Executive Summary FY3/2023 1Q

- In our main segment, IT Freelance Matching Business, sales and profits both grew over 20% year on year, continuing from the previous fiscal year. On the other hand, the Game Business recorded losses due to the second-half-weighted performance as originally planned and the rescheduling of the launching of some titles.



**1Q** (YoY)

Net Sales	<b>1,026</b> million yen	(-4.8%)
Operating income	<b>-119</b> million yen	
Ordinary income	<b>-118</b> million yen	
Net income	<b>-96</b> million yen	

# Segment Information FY3/2023 1Q

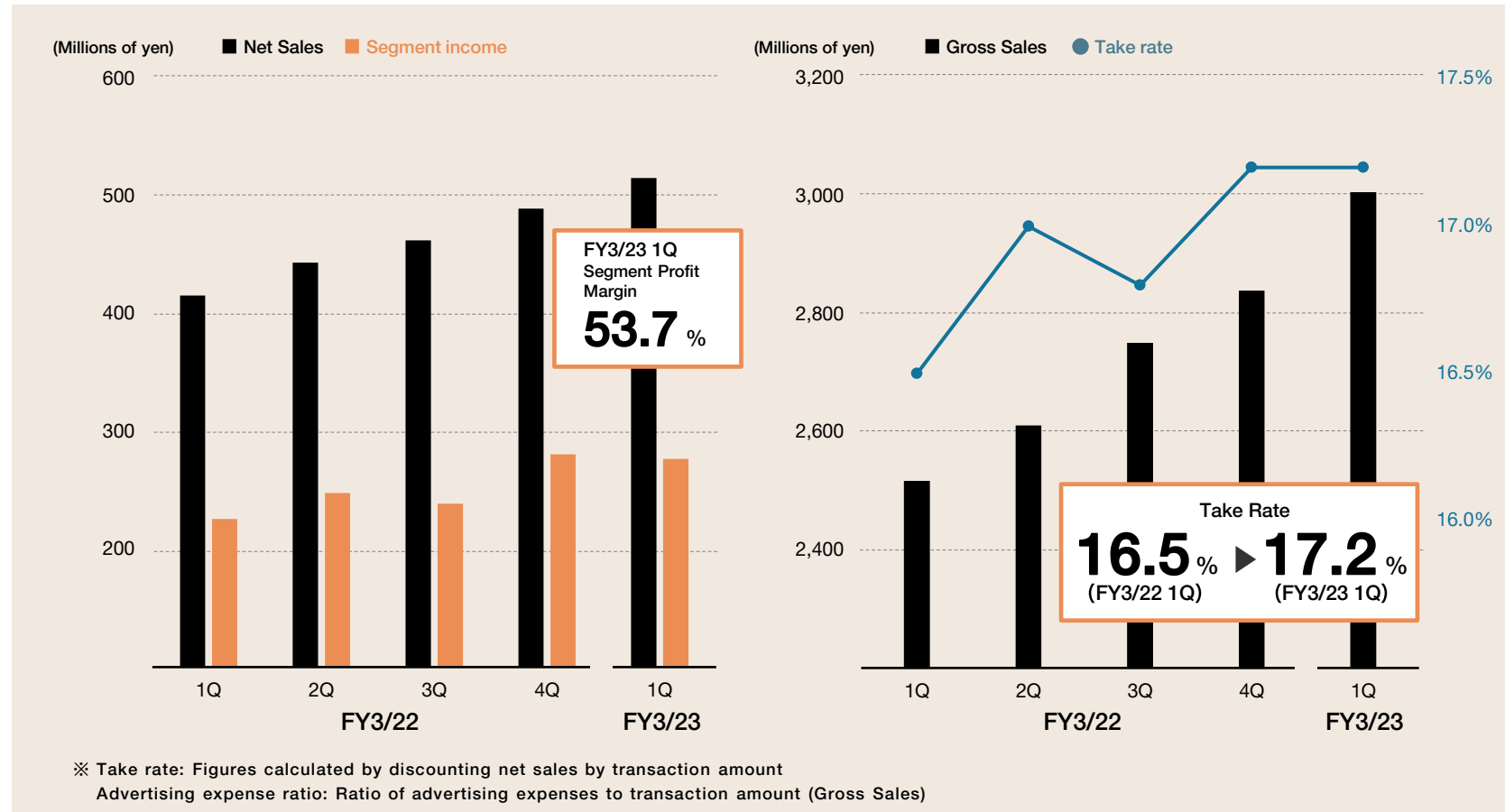
- IT Freelance Matching Business : Highest-ever net sales in 1Q, exceeding ¥0.5 billion. Earnings also trended above plan
- Game Business : Losses due to second-half-weighted plan from the beginning, as well as the rescheduling of titles
- Seed Tech Business : While offshore development continued to perform favorably, the segment resulted in losses due to upfront investment for the transition from the on-demand model to the “sodatech” model
- x-Tech Business : Strong performance of marketing support (recurring sales) for golf-related companies starting at the same level as the previous fiscal year

(Millions of yen)		Previous year*	Results	YoY	Full-year Plan	
		1Q	1Q	1Q	Plan value	Progress Rate
<b>By Segment</b>						
IT Freelance Matching	Sales	416	516	+24.0%	2,200	23.5%
	Profit	226	277	+22.6%	900	30.9%
Game	Sales	583	442	-24.2%	3,200	13.8%
	Profit	-69	-246	-	400	-
Seed Tech	Sales	33	25	-23.7%	150	17.2%
	Profit	3	-36	-	-80	-
x-Tech	Sales	43	43	+0.9%	250	17.5%
	Profit	11	12	+6.5%	50	25.4%
Common Expenses		-121	-126	-	-470	-
<b>Consolidated</b>						
Net Sales		1,077	1,026	-4.8%	5,800	17.7%
Operating income		51	-119	-	800	-

\* Adjusted figures for the partial segment change from this fiscal year (transfer of the x-Tech xR segment to the Game Business)

# IT Freelance Matching Business (1/3)

- Quarterly Gross Sales Exceeded ¥3.0 billion and Net Sales Exceeded ¥0.5 billion!
- The 1Q segment profit margin remained high at over 50%, partly due to advertising investment being carried out from 2nd Quarter onward
- Following on from 4th Quarter of the previous fiscal year, there was an increase in business matching, and take rate remained at a high level



**1Q** (YoY)

Gross Sales **3,001** million yen (+19.2%)

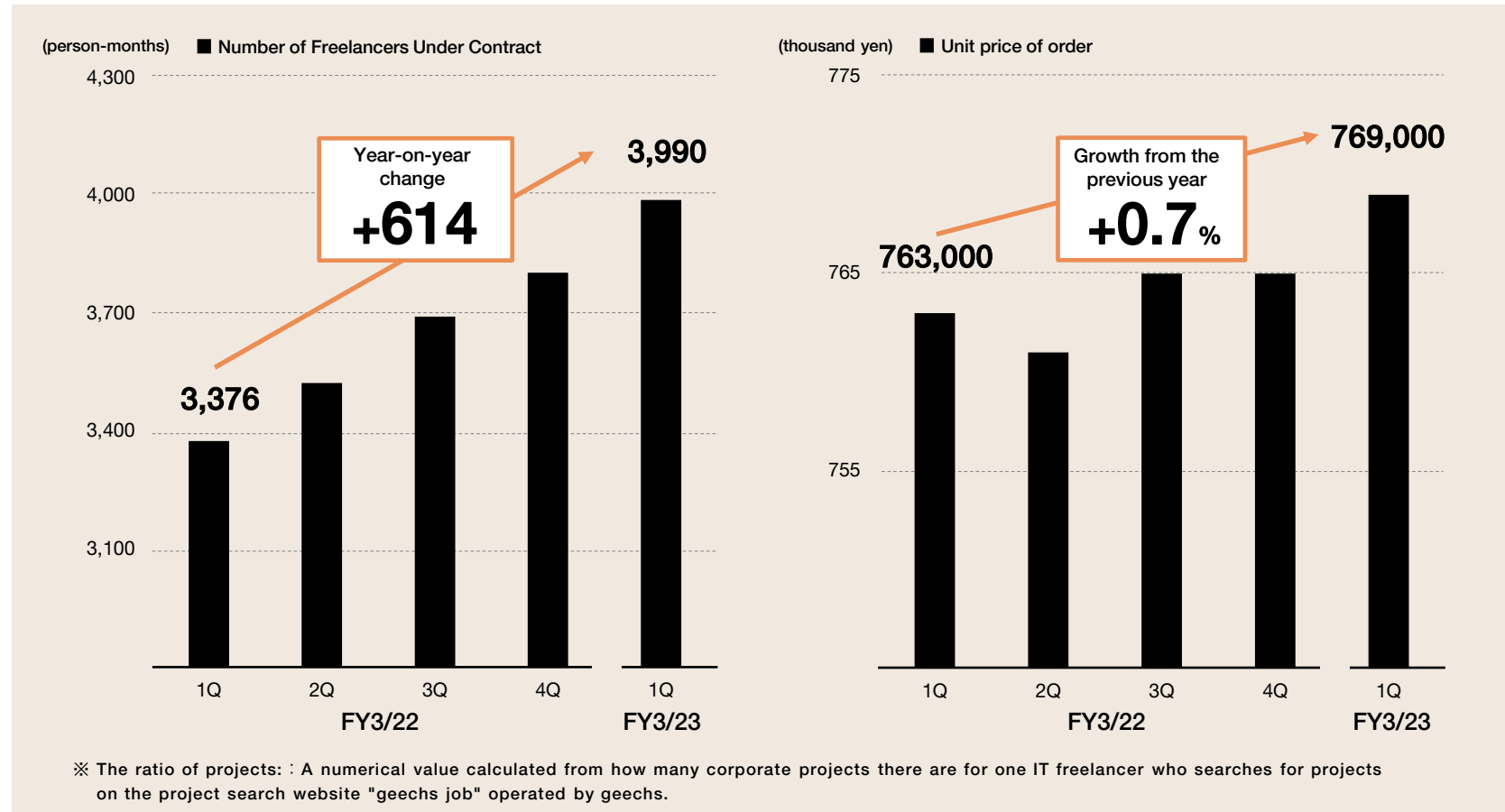
Net Sales **516** million yen (+24.0%)

Segment income **277** million yen (+22.6%)

Advertising Expense Ratio **1.4** %

# IT Freelance Matching Business (2/3)

- Number of IT Freelancers Under Contract increased at regional sites, with 1Q growth achieving a record high of more than 600 person-months
- The transaction ratio, which represents the supply and demand in the IT Freelance Market, has remained at a high level of 10.73 times. The unit price of orders continued to rise, reaching the highest on record



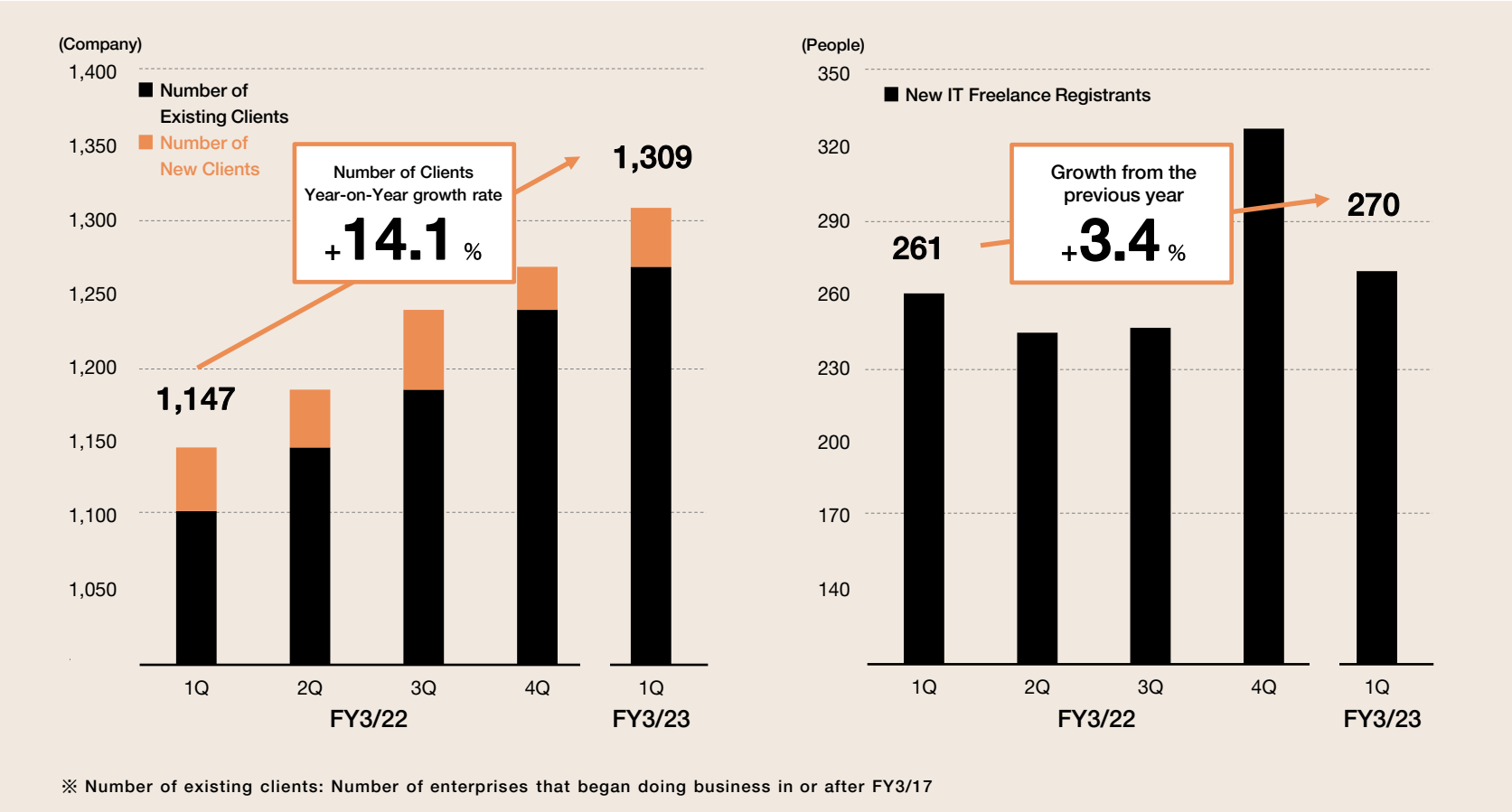
**1Q** (YoY)

Number of Freelancers Under Contract  
**3,990** person-months  
 (+18.2%)

Unit price of order  
**769,000** yen  
 (+0.7%)

# IT Freelance Matching Business (3/3)

- The number of new client companies is growing steadily, due to the effective advertisement toward companies.
- The pace of new IT Freelance registrants is exceeding 1,000 per year



**1Q** (YoY)

Number of New Clients  
**40** companies (-7.0%)

Number of New Registrants  
**270** person (+3.4%)

# Advertising Investment in IT Freelance Matching Business

- Support the Fuji Television virtual adventure island event (“Netaverse”), attracted more than 600,000 visitors in 2021 (from mid-August to late August)
- From this event, our PR has been started and Mr. Koji Kato was appointed as our ambassador. Maximize the effects of advertising and promotions using his PR materials on websites and transportation advertisements (scheduled from September to March)

## “geechs job” Ambassador Mr. Koji Kato

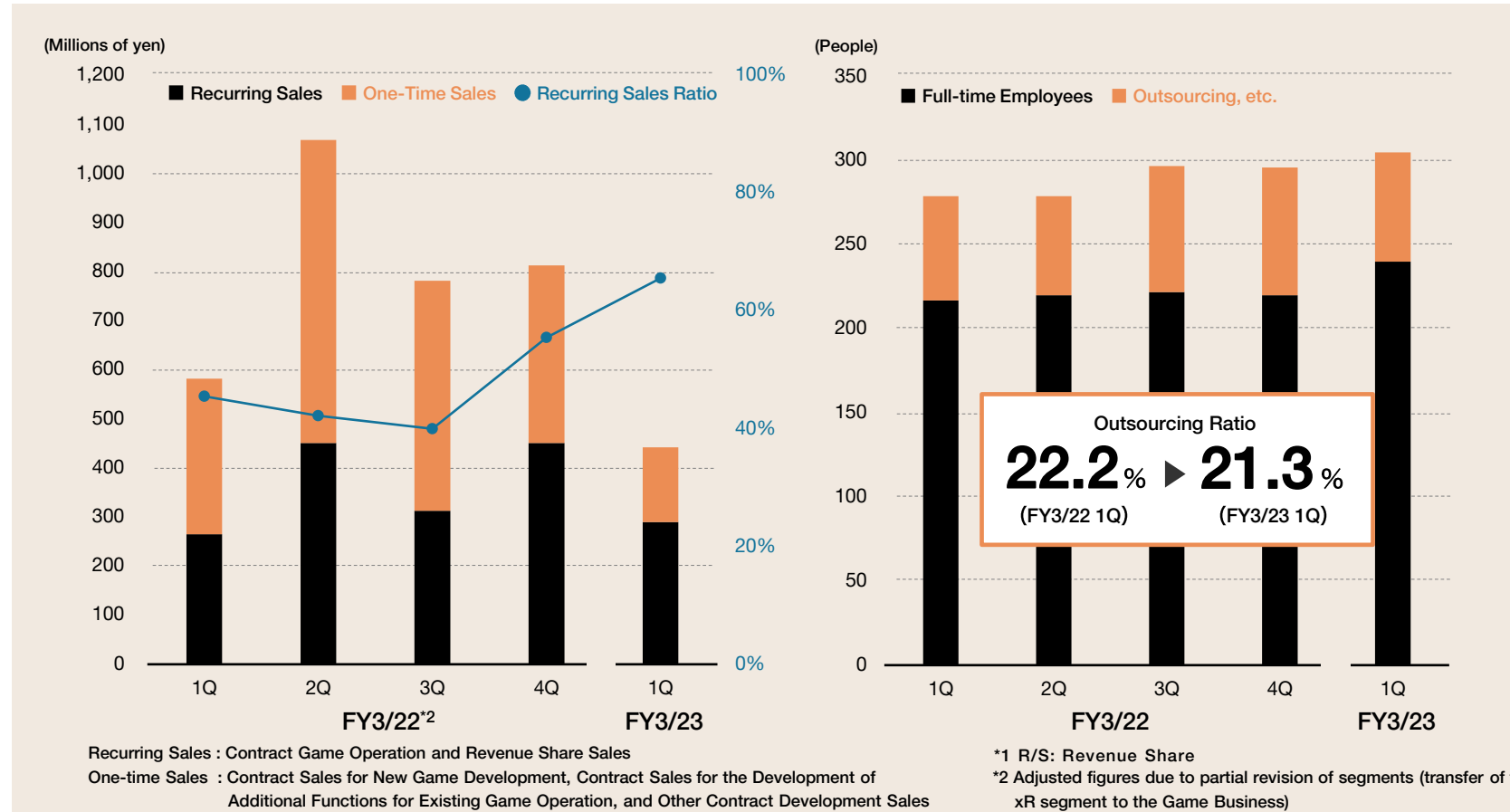


## Background and Objectives

- IT Freelance and corporate promotions have been focused on web advertisements and friend introduction. Now, we aim to further improve a degree of recognition in order to respond rising demands for IT Freelancers (market expansion).
- As we have not conducted mass-market promotions in the past, we consider it as a strategic advertising investment to further strengthen our organizational and recruiting capabilities and to improve branding for the achievement of the "G100" medium-term management plan.
- With the sponsorship of Fuji Television on the virtual event and the appointment of Mr. Koji Kato, who is highly popular, as our ambassador, we improve our mid- to long-term branding toward the public, the IT Freelancers, and client companies.

# Game Business

- Segment loss due to the second-half-weighted performance as originally planned and the rescheduling of titles
- The decline in recurring sales was attributable to a decline in sales of R/S\*<sup>1</sup> and operations of titles expected to be closed
- One new development project was ordered and started as planned



**1Q** (YoY)

Net Sales **442** million yen (-24.2%)

Segment income **-246** million yen

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Operating Game Titles **6** Titles

Under development **4** Titles

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Employee (End of 1Q) **305**  
 (240 full-time , 65 outsourcing)

# Other Business

## Topics

### Seed Tech Business

- “sodatech” business resulted in a loss as planned due to continued investment in content development
- Use of a brand representative to strengthen branding (see next page)
- Offshore development sales were growing steadily, reflecting existing buildup and new orders
- Sales of Cebu Island IT Study Abroad by reopening were also robust. Aiming for further upside from the full-year plan

### x-Tech Business

- Profitability was established due to the impact of the buoyant golf market, steady growth in recurring sales from the orders for media production and marketing support from golf-related companies, as well as the launch of this business at the same level as the previous fiscal year

1Q	(YoY)
Net Sales	<b>25</b> million yen (-23.7%)
Segment loss	<b>-36</b> million yen

1Q	(YoY)
Net Sales	<b>43</b> million yen (+0.9%)
Segment income	<b>12</b> million yen



# Advertising Investment of “sodatech”

- Appointed Mr. Junpei Mizobata, one of the official ambassadors of “Project to Energize Nippon from Small and Medium Enterprises” as an ambassador of “sodatech”
- Maximize advertising effectiveness by utilizing various advertising media and websites (for one year from July 2022)

## “Project to Energize Nippon from Small and Medium Enterprises” Official Ambassador Mr. Junpei Mizobata



**"sodatech",  
cultivating DX / IT human resources  
in-house**

30,000 yen per month / 1 person

- ✓ Eliminate the shortage of DX/IT personnel
- ✓ Recruitment cost compression
- ✓ Improving the IT literacy of internal human resources

Human resource development service for corporations that develops DX · IT human resources from inexperienced people

"sodatech" = Develop + Technological Human Resource

## Background and Objectives

- After launching the service in April, we foresee that the market for DX and IT Human Resource Development will further accelerate as we grasp the client's issues along with the increased number of companies introducing “sodatech” service. Thought we focused on web advertising and promotion at the exhibit so far, our investment strategy aims to rapidly increase our service recognition and to strengthen branding in line with the pace of market growth.
- Strategic advertising investment in order to attain the market share with increasing speed by selecting Mr. Junpei Mizobata, who is highly recognized from the target group of “sodatech” and official ambassador of “Project to Energize Nippon from Small and Medium Enterprises,” as our ambassador.
- The appointment of Mr. Junpei Mizobata as the official ambassador of the “Project to Energize Nippon from Small and Medium Enterprises” from the 4th term is attracting a lot of attention.

# Renewal of Corporate logo

On geechs' 15th anniversary on August 23, 2022, we will renew our logo to further business growth and the realization of a sustainable society, following the transition from the 1st Section of the TSE to the prime market.



[ geek x tech ]

In the IT and Internet fields

With a technical group of outstanding and deep knowledge  
as a partner,

We will support the working styles of all those involved,  
Providing Various Values Through Its In-house Technologies

From the cycle of challenge, enjoyment and growth,  
While continuing to create a lot of impression,

With a readiness to once again lead the industry  
By expanding globally, not just in Japan  
We are pioneering a new era.

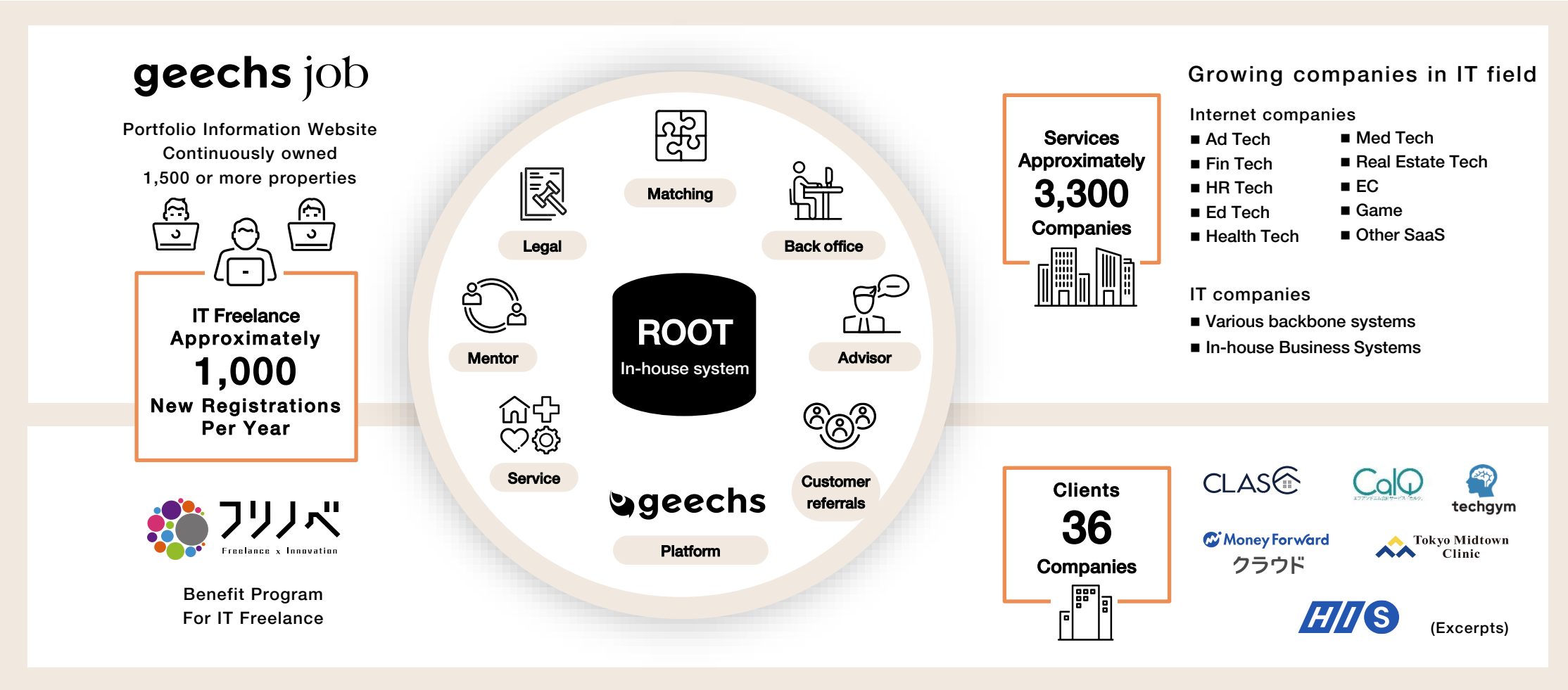
*Make the biggest impression  
in the 21st century*

# Appendix

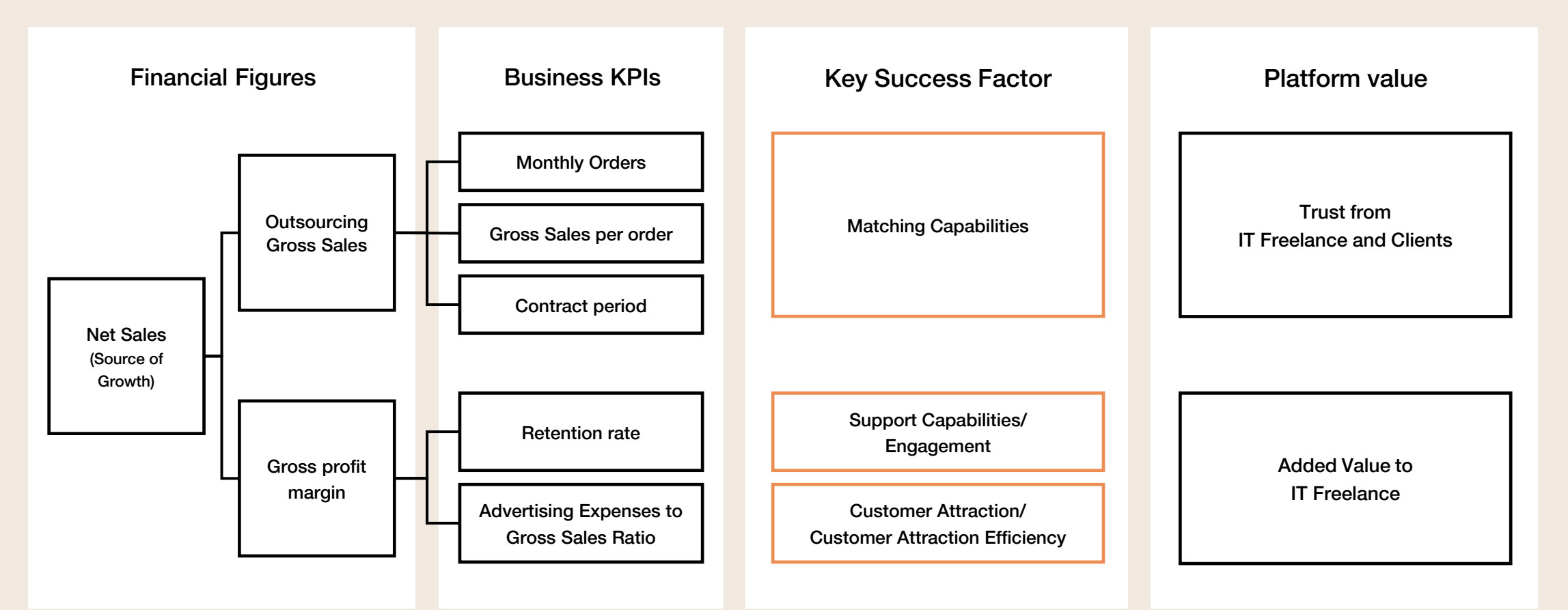
# 3

# IT Freelance Matching Business

## Technology Resource Sharing Platform

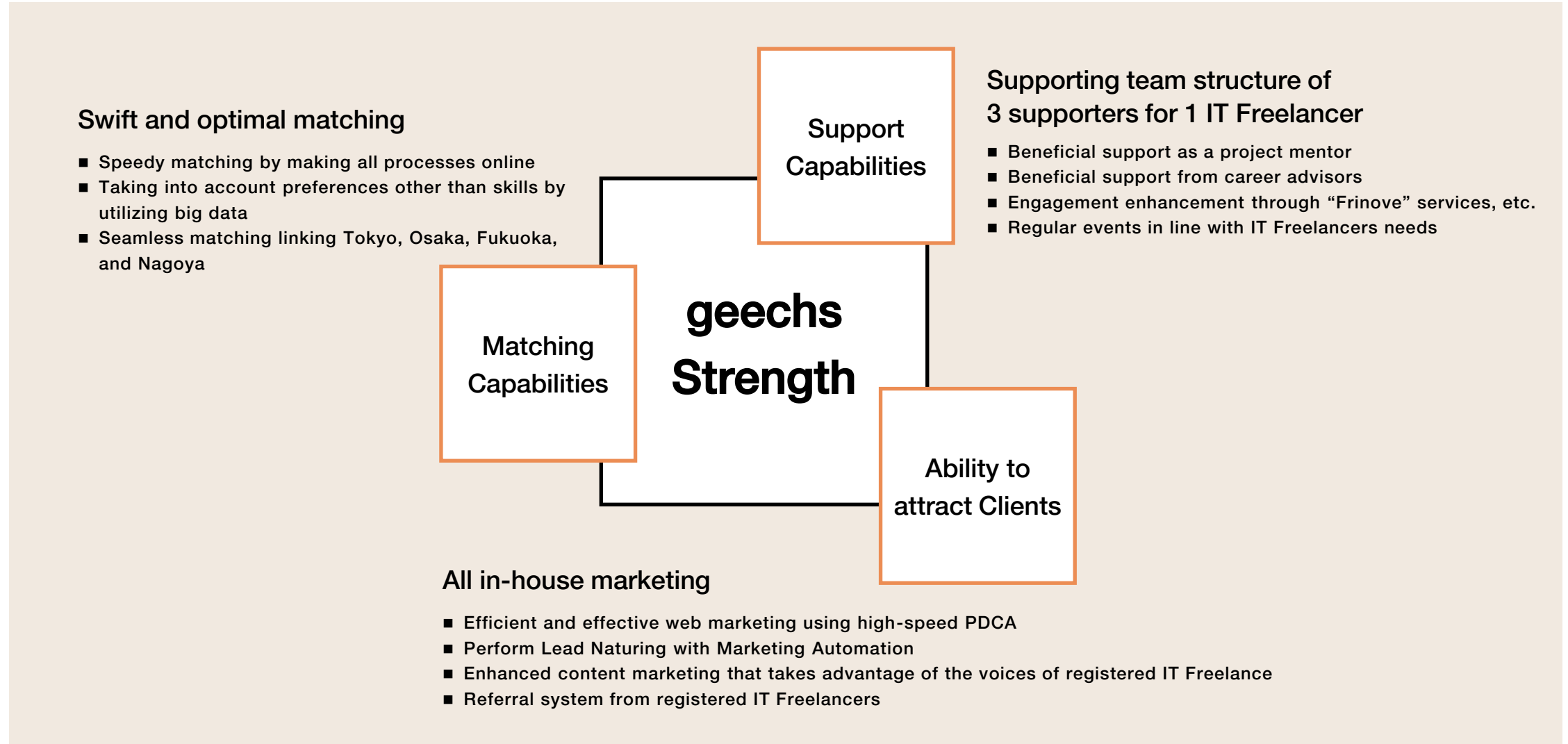


# Source of growth



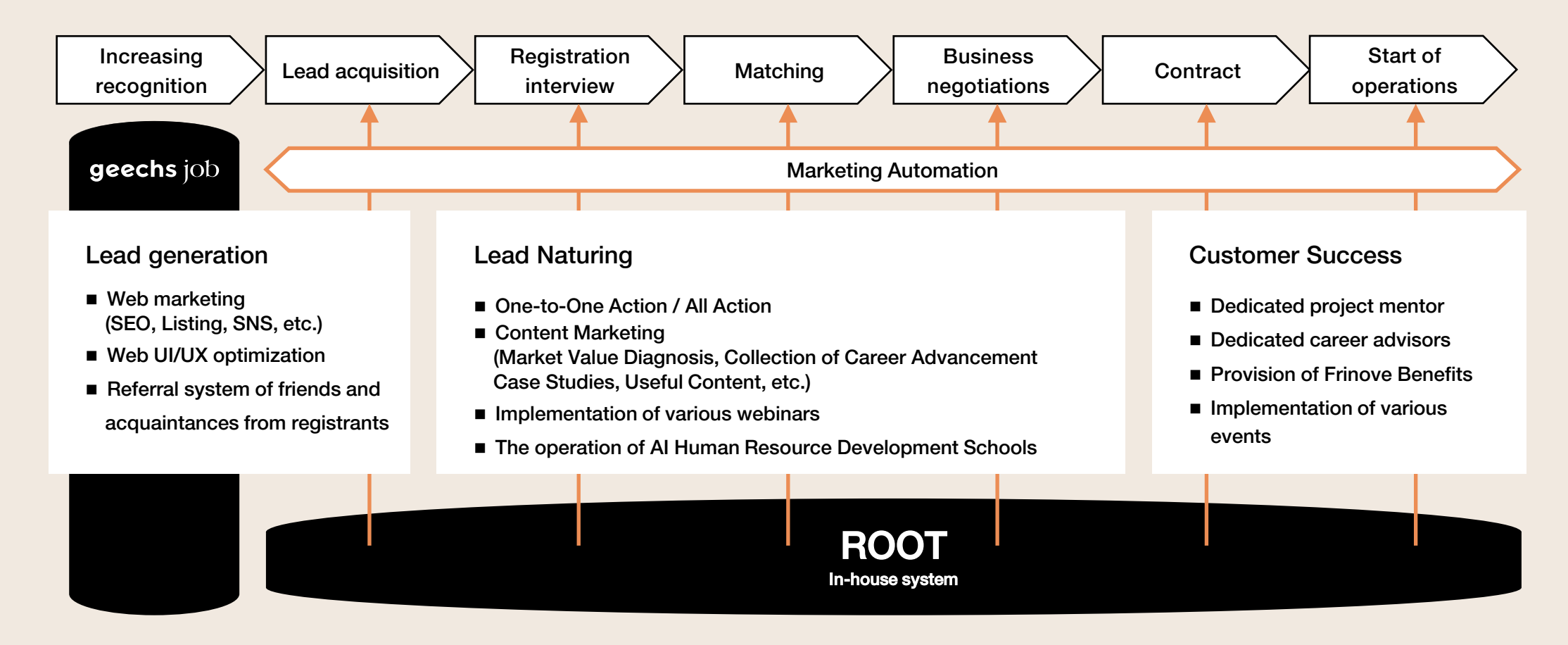
Net Sales : The difference between the total amount of orders received from clients and the total amount of orders placed with IT Freelancers (Net sales for accounting purposes).  
 Gross Sales : The total amount of outsourcing orders received from clients.

# geechs Strength



# Relationships with IT Freelance

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



# Differentiation from Similar Businesses

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

	<b>geechs</b>	<b>Crowdsourcing</b>	<b>IT technician dispatch</b>
Registrant	IT Freelance(Main Business)	Freelancers (Side Business/Main Business)	Dispatched worker
Major Clients	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 person-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	<ul style="list-style-type: none"> <li>• Legacy system operations</li> <li>• Business system development</li> </ul>
Employment Relationships	None	None	Job relationship with dispatching agency



# Engagement

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

We provide

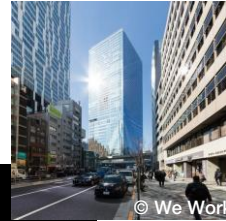
### **46** benefits for IT Freelance

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 -on 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
- Providing AI Study Support Benefits etc



# Game Business



**G2Studios**

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

## 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.

### 1. Specialize in Partner Strategy

With solid technical capabilities centered on Unity / PHP, we have stabilized our earnings base through contract development and operation, and won a revenue share for strong titles. Expanded orders for globally distributed titles.

### 2. Game development achievements at the top of the sales ranking

In addition to the 2D / 3D game development know-how that we have accumulated so far, we have a wealth of experience in operating a wide range of game genres. In the future, we will also focus on research and development in the Metaverse field.

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

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

# Differences between Developer and Publisher

**As for the future strategy of the Game Business  
Aiming to be a developer of global distribution titles**

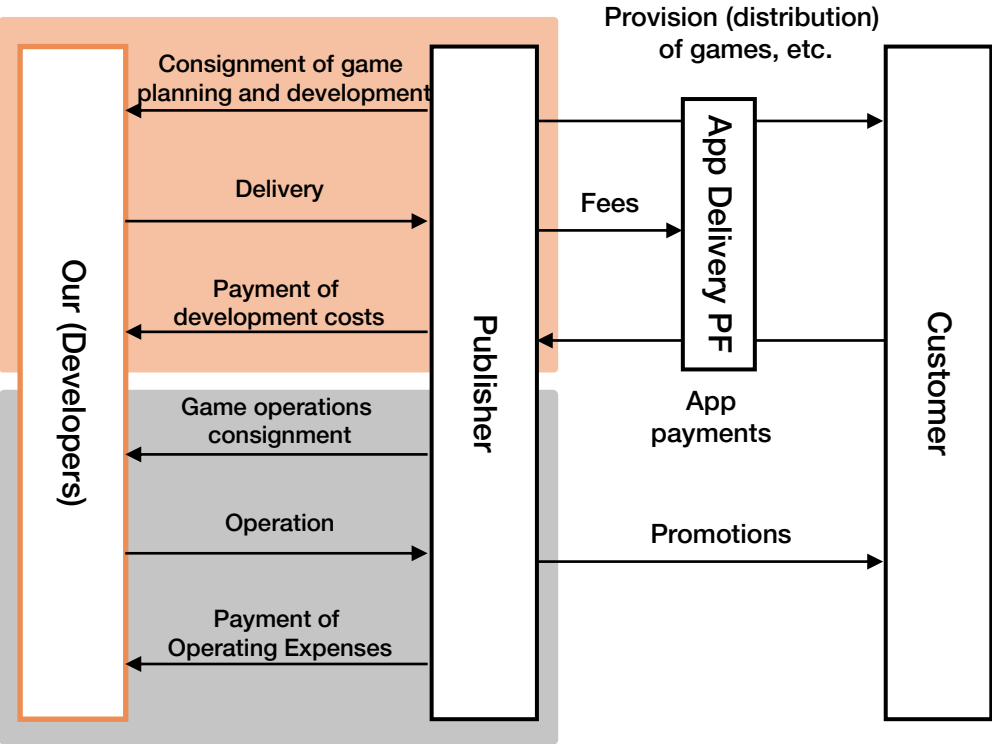
	Developers (Our company)	Publisher
Main Roles	planning, development, and operation of titles	planning, distribution and promotion of titles
Revenue Model	<ul style="list-style-type: none"> <li>● Planning and Development Sales from Publishers (One-Time Sales)</li> <li>● Publisher Sales (Recurring Sales, Fixed)</li> <li>● RS*<sup>1</sup> Sales Based on Billing for Titles (Recurring Sales, Variable*<sup>2</sup>)</li> </ul>	<ul style="list-style-type: none"> <li>● In-app billing</li> <li>● Advertising App</li> </ul>
Risk/Return	Low Risk, Middle to High Return	High-risk, High-return
Business Characteristics	<ul style="list-style-type: none"> <li>● Fixed and stable revenues, regardless of whether a title is a hit or not</li> <li>● The Upside is limited, but the return on a hit is large</li> <li>● Low-volatility recurring-fee business model</li> </ul>	<ul style="list-style-type: none"> <li>● If a title is a hit, there are high expectations for the Upside</li> <li>● If it doesn't, a business model that is difficult to recover costs and risky and has high volatility</li> </ul>

\*1 Revenue share \*2 Determined according to the contract for each title

# Game Business -Business and Revenue Image-

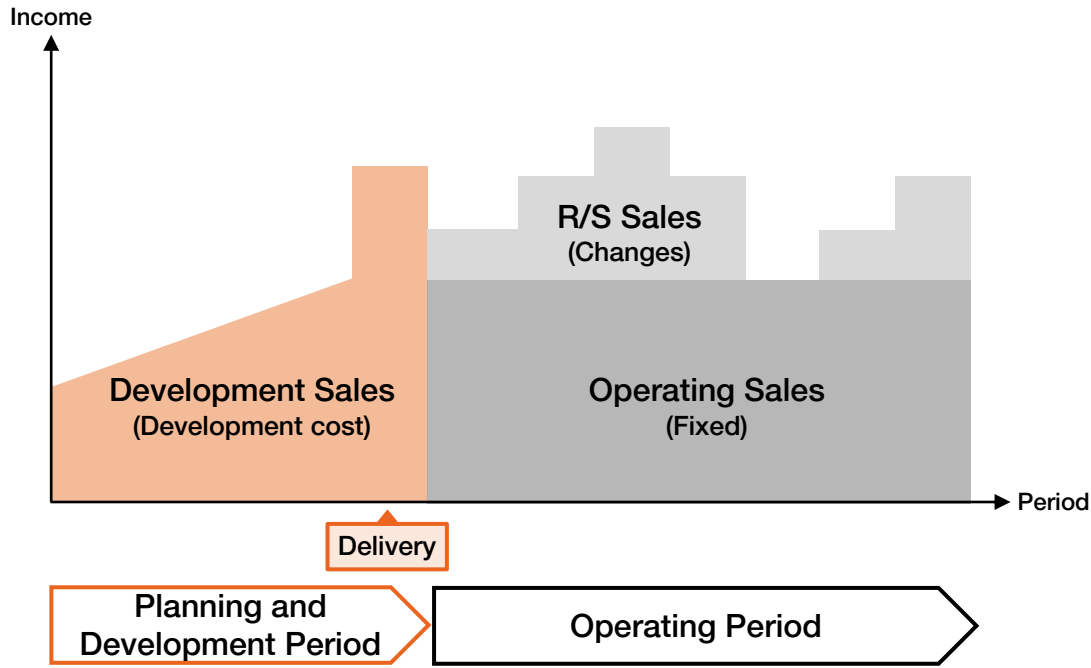
## Business Model

- We are a developer exclusively entrusted with the planning, development, and operation of games from a major publisher



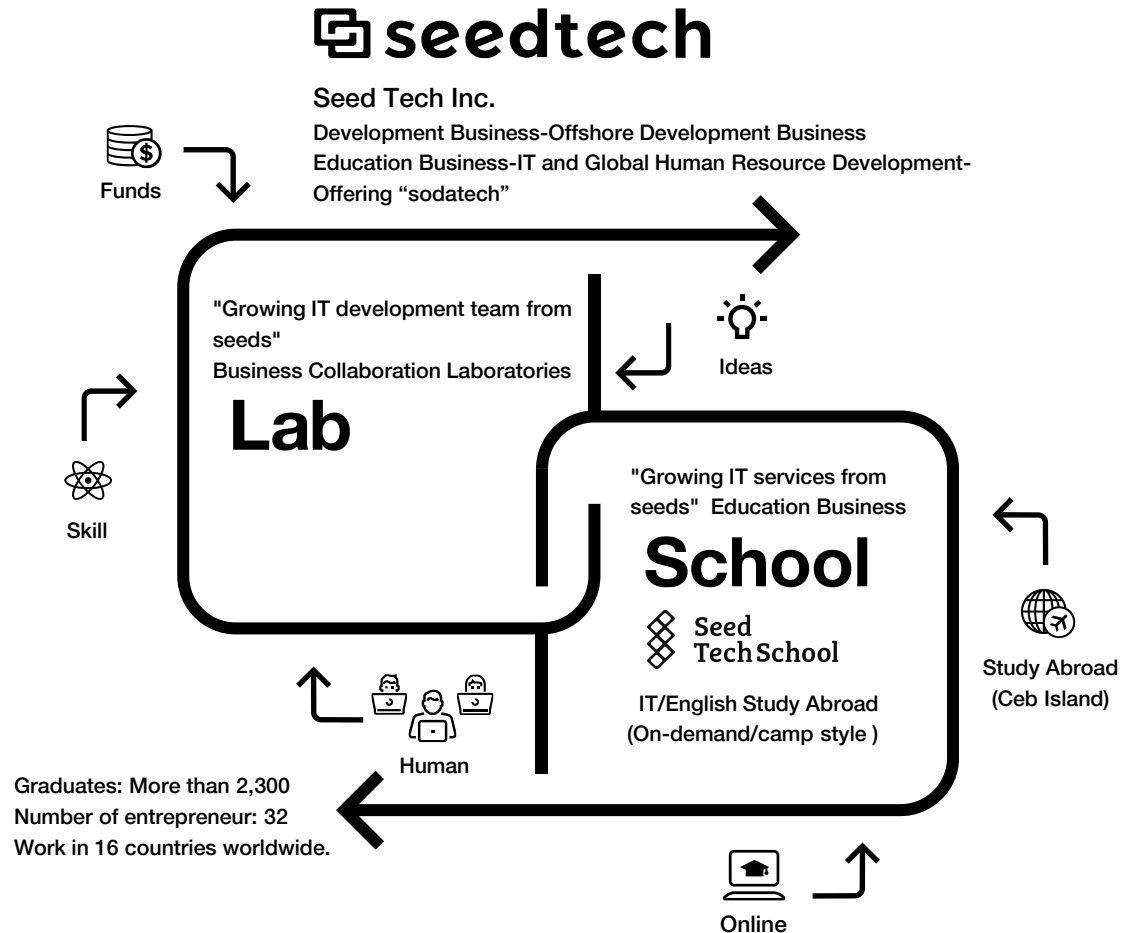
## Revenue Image

- In the planning and development period, from FY3/22, the same amount of development costs were recorded as sales.
- For the operating period, in addition to fixed-rate management sales, R/S sales are recorded based on the fee-based sales of titles\*



\*: Set according to the contract for the title, etc.

# Seed Tech Business



## 1. Provision of SaaS-type DX/IT Human Resource Development Platform

Providing DX/IT Human Resource Development Service "sodatech" for corporate customers supporting non-engineers reskilling with a wealth of curriculums that cover more than 300 video-based teaching materials and over 400 total learning hours.

## 2. Worldwide Standard Business Collaboration Laboratory-Type Offshore Development

Comprehensive support is provided for securing IT human resources, training and management for successful new business, DX and product development in the Philippines. It is ideal for forming a long-term successful development team. It is also involved in the development of the world's largest EC platform [Shopify].

## 3. Operating the Programming School

Overseas, we operate a camp-style programming and English school. The school is operated by a company that has a track record in offshore development which paved way in offering programming classes to learn practical and high-level technologies. Supporting job changes and sideline to developing engineers who can play an active role globally.

## Leveraging Technology to Advance the World

Develop IT development teams and IT personnel from within the two business areas of development and education.

# x-Tech Business



## 1. Digital Marketing Support for the Golf

### Industry

Promote golf xIT, and provide digital marketing support for owned media development, D2C construction, SNS management agency, etc.

## 2. A wealth of production track record and operations know-how

In addition to specialized golf agents utilizing YouTubers and Instagrammers, it has a wealth of track record in various types of video editing and production. Operates Gridge, Japan's largest golf media.

## 3. Operating Japan's Largest Amateur Golf Tournaments "Gridge Cup"

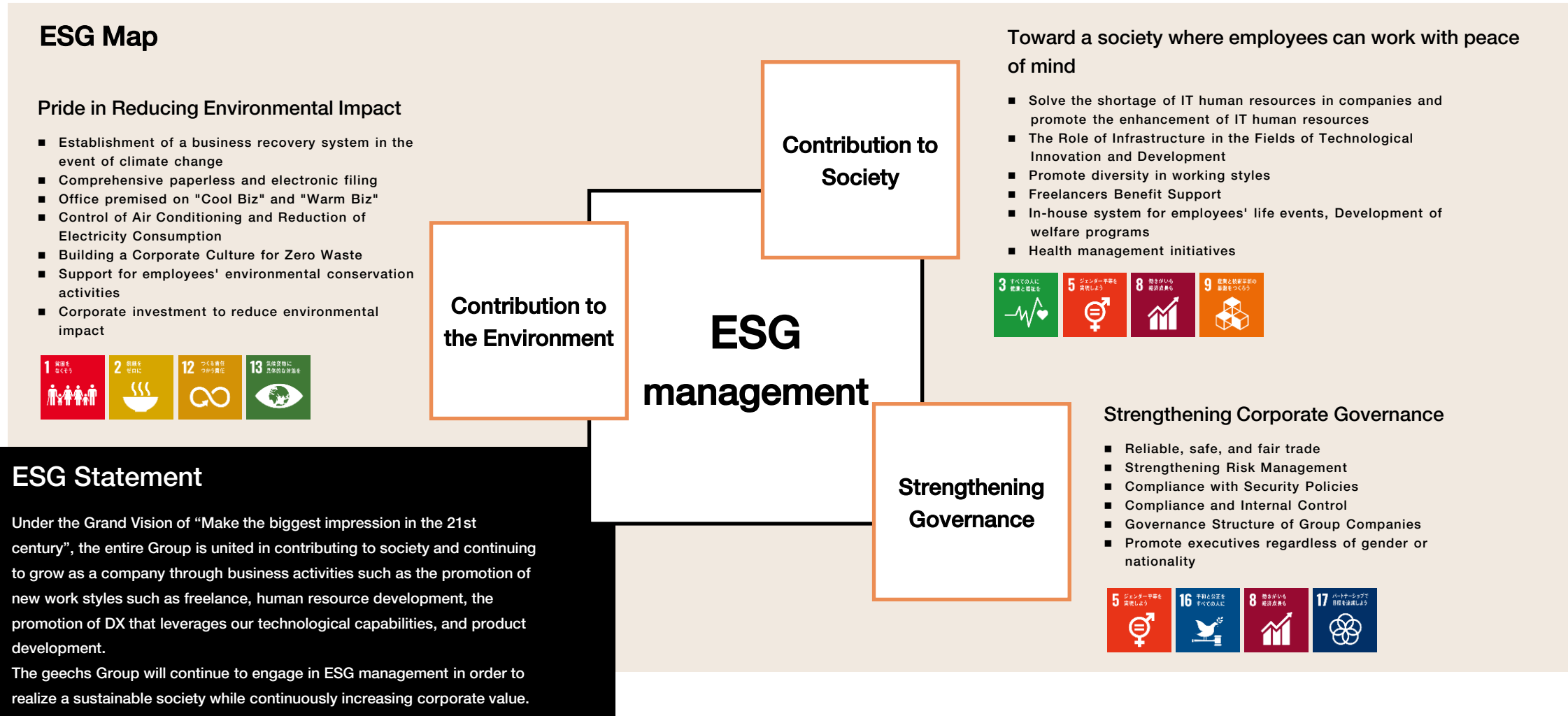
Provides the point of contact between the various golf-related companies that are our customers and amateur golfers in person, providing OMO support fused with online.

## Technology Partners for Business Model Transformation

Leveraging on cutting-edge technologies and methods to become a technology partner for business model transformation using [Technology x Data] and provide value by multiplying digital marketing and D2C support know-how in the sports field.

# ESG Statement & Map

## Under way based on the ESG Statement and the ESG Map



# Performance Highlights

Fiscal Year-End		FY3/20	FY3/21	FY3/22	1Q of FY3/23
Net Sales	(thousand yen)	3,544,309	3,427,816	5,388,647	1,026,054
Ordinary income	(thousand yen)	675,446	713,942	1,135,706	-118,098
Net income attributable to owners of parent	(thousand yen)	390,651	457,755	705,194	-96,358
Comprehensive income	(thousand yen)	391,102	458,020	703,843	-89,602
Capital Stock	(thousand yen)	1,086,015	1,094,214	1,101,531	1,101,531
Net assets	(thousand yen)	3,356,232	3,830,496	4,470,860	4,287,188
Total assets	(thousand yen)	4,700,309	6,486,303	5,874,294	5,835,860
Net income per share	(Yen)	37.78	43.83	67.18	-9.16
Equity Ratio	(%)	71.4	59.1	75.7	72.8
Return on Equity	(%)	12.8	12.7	17.0	-
Net cash provided by (used in) operating activities	(thousand yen)	39,949	661,718	369,207	-
Net cash provided by (used in) investing activities	(thousand yen)	-77,131	-48,908	-68,653	-
Net cash provided by (used in) financing activities	(thousand yen)	-20,049	-22,588	-91,339	-
Cash and cash equivalents at end of year	(thousand yen)	2,559,268	3,149,695	3,357,198	-
Employee	(people)	391	357	384	409



*Make the biggest impression  
in the 21st century*



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### 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.