

Financial Results Briefing

The 1st Quarter of
the Fiscal Year Ending March 31, 2024

August 10, 2023

GEECHS Inc.

TSE Prime Market: 7060

Contents

1.	Financial Highlights	02
2.	Results by Segment	07
3.	Appendix	14

Financial Highlights

**Financial Highlights
for FY3/2024 Q1**

1

FY3/24 Q1: Financial Highlights

Achieved Record High Sales

- We started a consolidation with Launch this FY. The IT Freelance Matching Business, Japan continued to see high demand, and progressed favorably.
- Q1 operating income was forecast to be negative due to the impact of G2 Studios, but we achieved a surplus thanks to the strong performance of IT Freelance.
- Bridge Consulting Group, a portfolio company of our Venture Investment Program, was listed on the Tokyo Stock Exchange Growth Market.

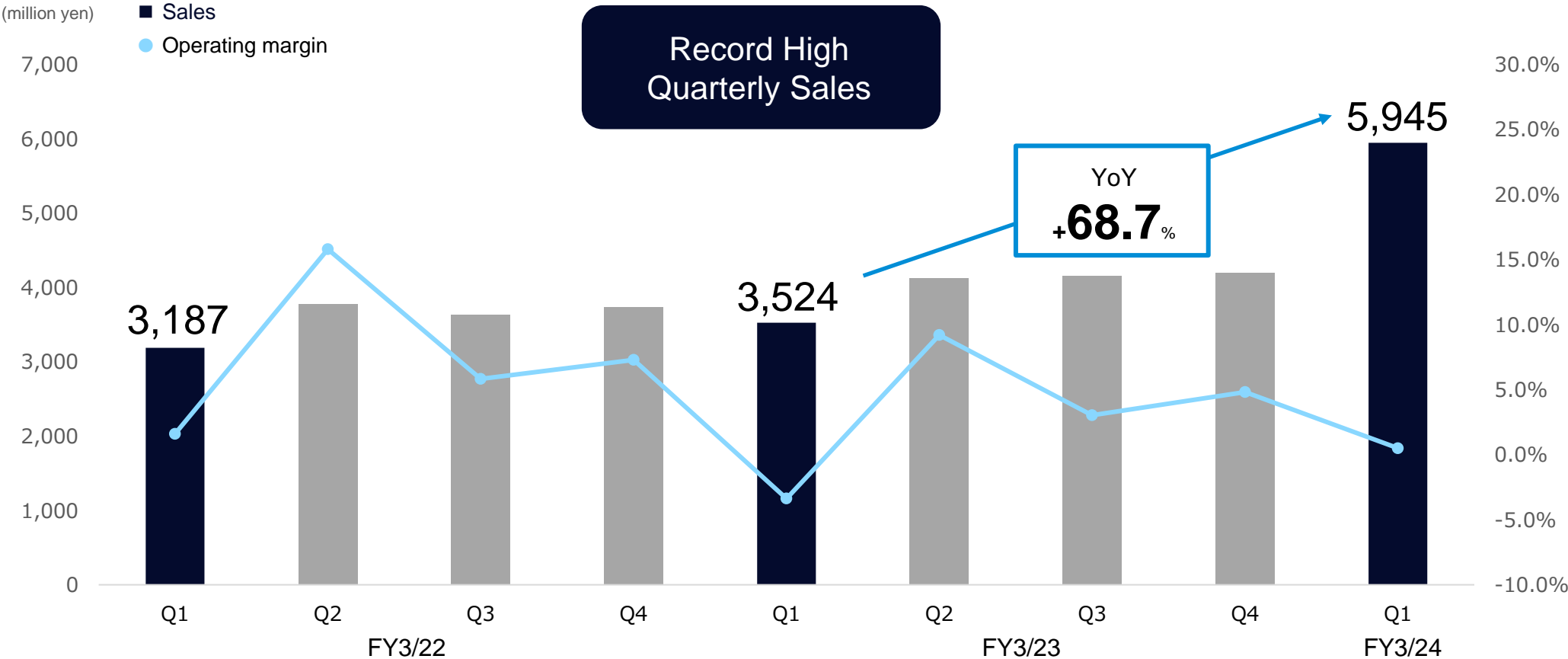
(JPY)

	Sales	EBITDA	Operating Income	Net Income*
Q1	5,945M	100M	29M	4M
YoY	(+68.7%)	(-)	(-)	(-)

*Net income attributable to owners of parent

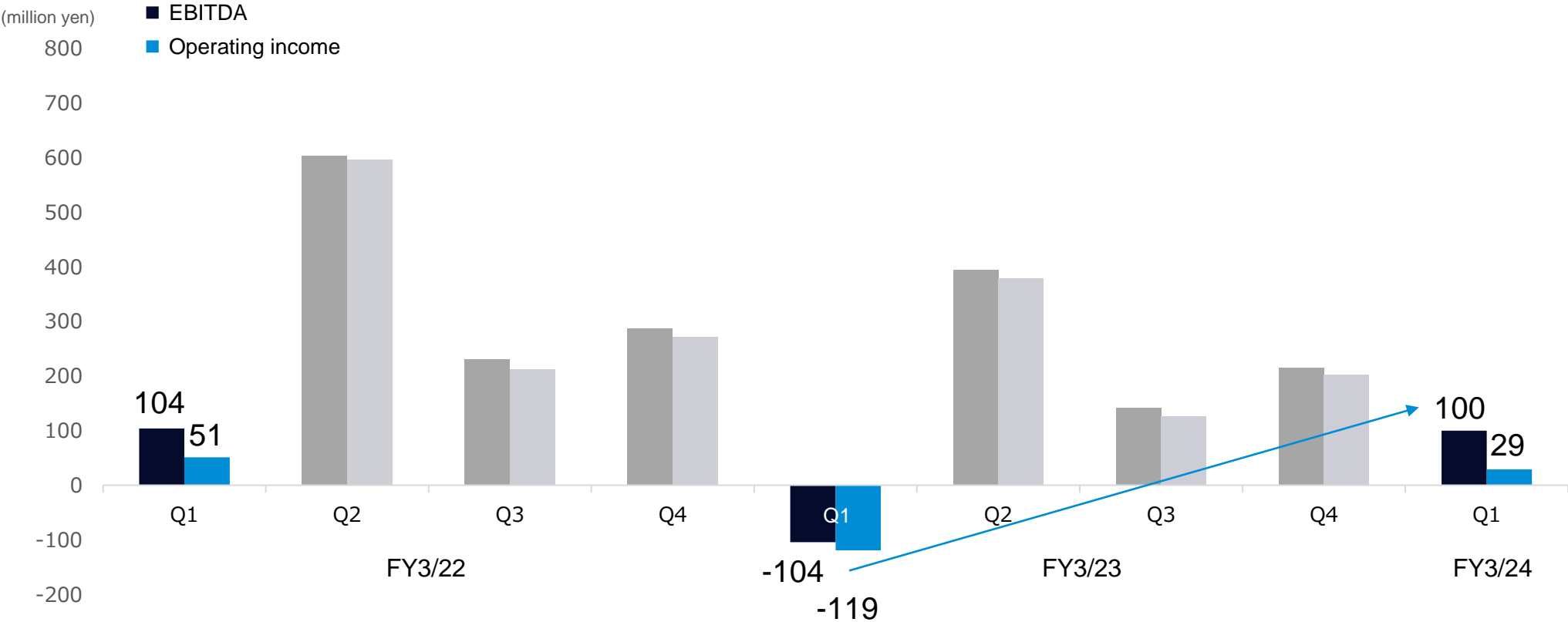
FY3/24 Q1: Financial Highlights (Sales and Operating Margin)

- The new consolidation with Launch contributed to sales, which were up 68.7% YoY. (Achieved highest-ever quarterly sales)



FY3/24 Q1: Financial Highlights (EBITDA, Operating Profit)

- In Q1, the IT Freelance Matching Business progressed favorably, exceeding the corporate plan and starting in the black.



FY3/24 Q1: Financial Highlights by Segment

- IT Freelance Matching Business, Japan : Sales progressed steadily, growing 14.8% YoY to around 3.4 billion yen.
- IT Freelance Matching Business, Overseas : Though there was no contribution to profit due to audit costs and goodwill amortization related to the consolidation of the company as a subsidiary, progress was in line with the company plan.
- G2 Studios : Though operating profit was in the red due to the planned order of a title in Q1 being delayed into Q2, the deficit shrank YoY.
- Group-wide Expenses and Adjustment Costs : Increased audit expense, higher personnel and floor space expansion expenses in order to strengthen the administrative headquarters

(million yen)		Previous year results	Results	YoY	Full-year projection	Progress rate
IT Freelance Matching Business, Japan	Sales	3,014	3,460	+14.8%	15,000	23.1%
	Income	277	282	+1.8%	1,140	24.8%
IT Freelance Matching Business, Overseas* ¹	Sales	-	1,840	-	10,000	18.4%
	Income	-	-21	-	0	-
G2 Studios* ²	Sales	442	561	+27.0%	2,550	22.0%
	Income	-246	-74	-	100	-
Seed Tech	Sales	25	52	+104.5%	300	17.6%
	Income	-36	-9	-	-30	-
Other	Sales	43	33	-24.3%	150	22.1%
	Income	12	3	-68.5%	30	13.3%
Group-wide Expenses and Adjustment Costs		-126	-151	-	-540	-

*¹From this FY, the IT Freelance Matching Business (Overseas) is included in the reportable segment.

*²From this FY, the Game Business was renamed G2 Studios Business. The x-Tech Business was reclassified to part of Other Businesses.

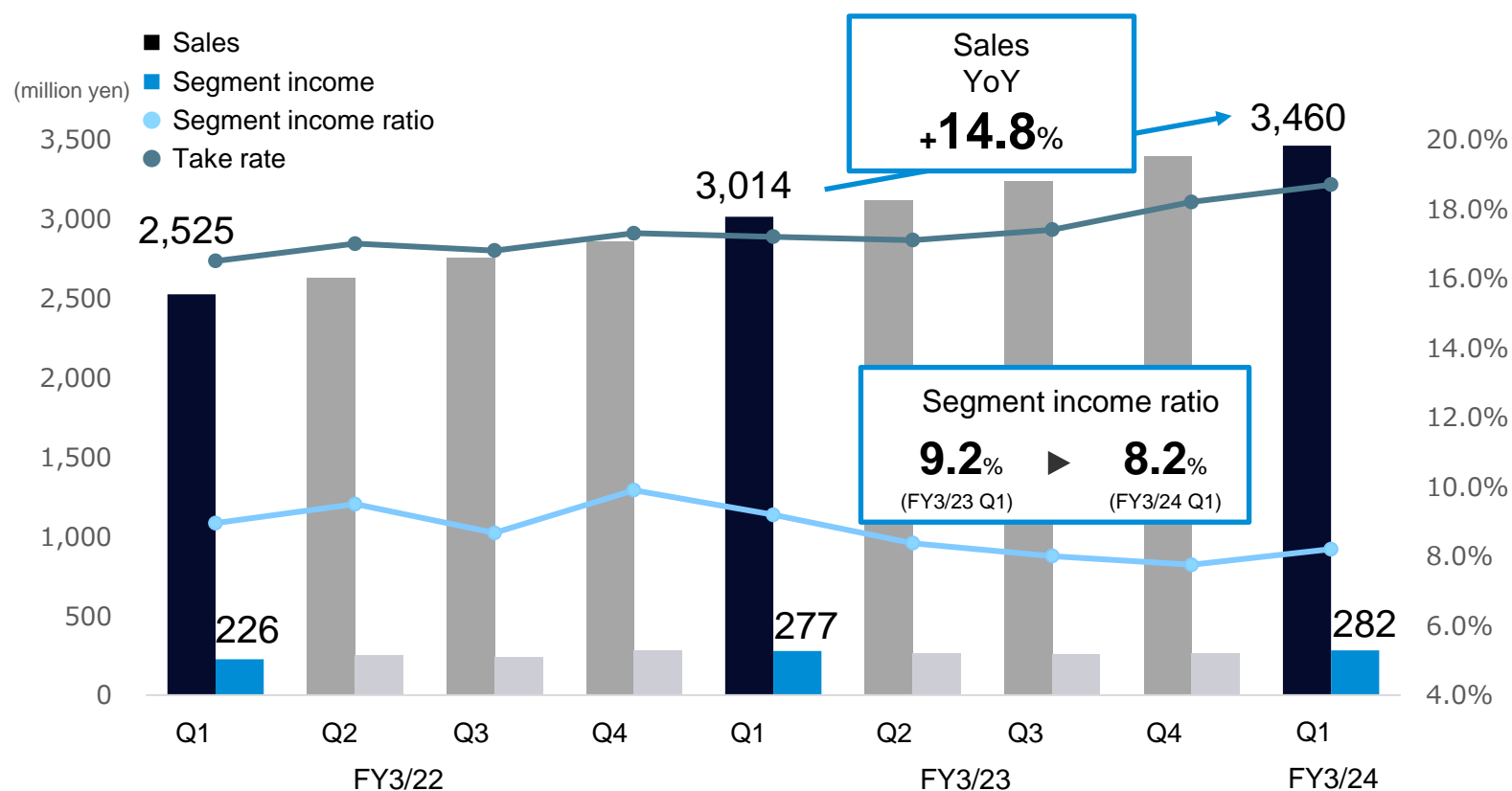
Results by Segment

**Financial Results
for FY3/2024 Q1**

2

IT Freelance Matching Business, Japan (Sales, Segment Profit and Advertising Expense Ratio)

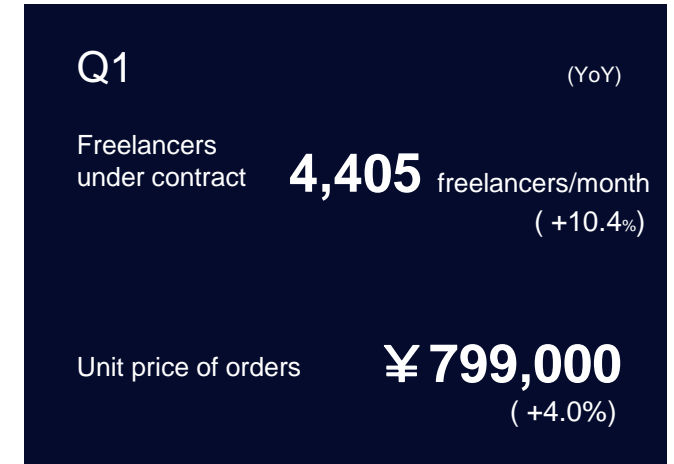
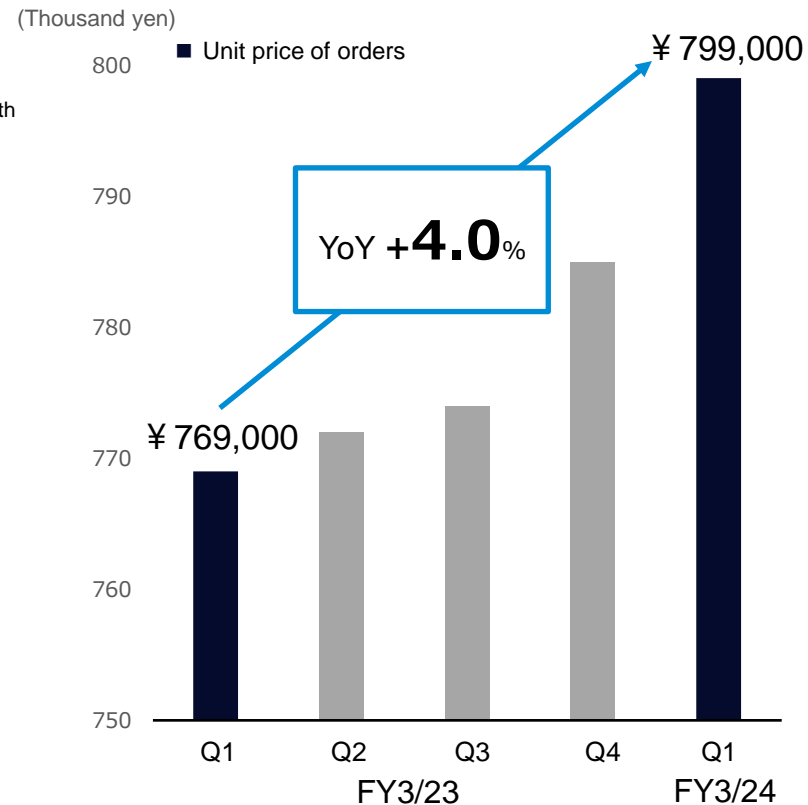
- Sales exceeded 3.4 billion yen, a record high.
- Due to continued investment in branding advertisement of 106 million yen in Q1 (up from 43 million yen Q1 last FY), the segment profit ratio fell 1.0 points YoY.
- At the same time, the take rate was 18.7%, 1.5 points higher YoY than last FY (17.2%).



Q1		(YoY)
Sales	3,460 million yen	(+14.8%)
Segment Income	282 million yen	(+1.8%)
Advertising expense ratio	3.1 %	

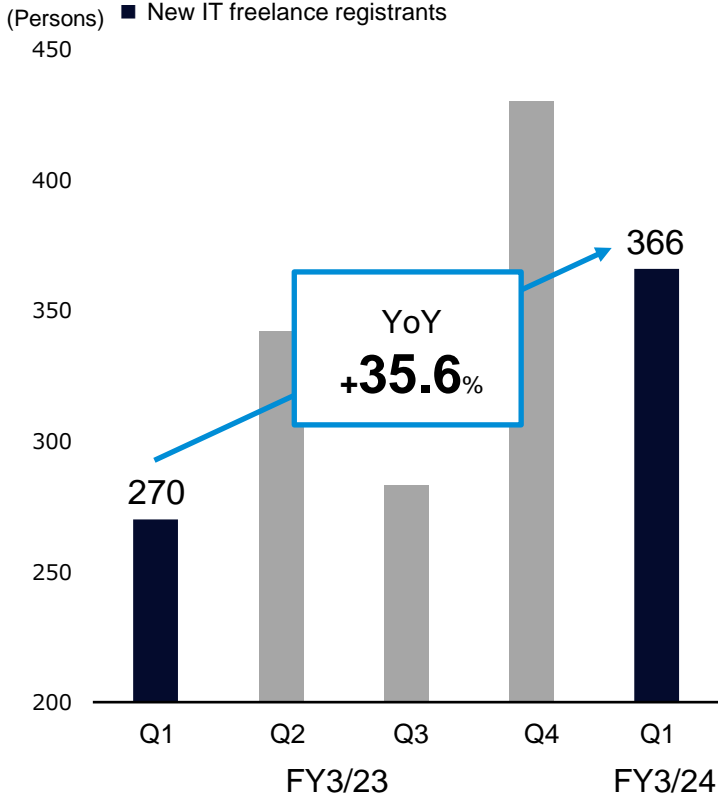
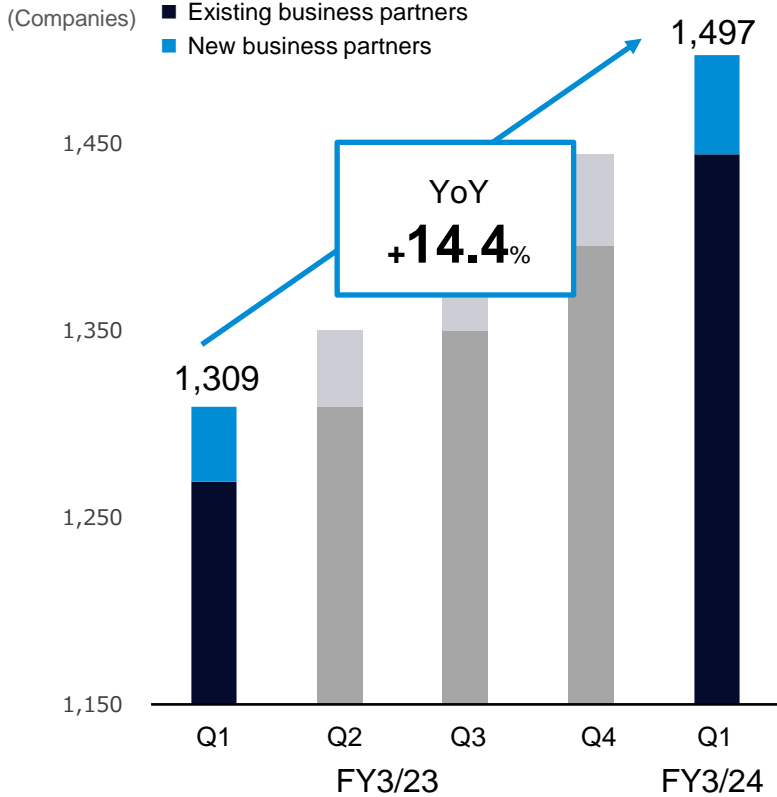
IT Freelance Matching Business, Japan (Freelancers under contract and Unit price of orders)

- Demand from customers remains strong, with the ratio of projects remaining at a high level of 7.88 times.
- The unit price of orders increased significantly YoY.



IT Freelance Matching Business, Japan (New business partners, New registrants)

- New business partners progressed favorably, with an increase of 53 companies.
- Newly registered IT freelancers totalled 366, up 35.6% YoY.
- Continuing from the previous year, we plan to invest in branding advertisement this FY.



Q1	(YoY)
New business partners	53 (+32.5%)
New registrants	366 (+35.6%)

*Existing business partners: Number of companies that started transactions with us since the fiscal year ended March 31, 2017

IT Freelance Matching Business, Overseas (Sales, EBITDA and Segment profit)

We started consolidation of PL this FY.

- We achieved sales and EBITDA in line with the corporate plan.
- Operating loss was approximately 21 million yen due to the impact of opening audit costs, goodwill amortization costs, etc.
- The CEO of Launch received an RCSA Industry Award*¹ from RCSA, the premier industry organization for the human resource business.

(JPY)

Sales*²

EBITDA

Segment Income

Q1

1,840M

31M

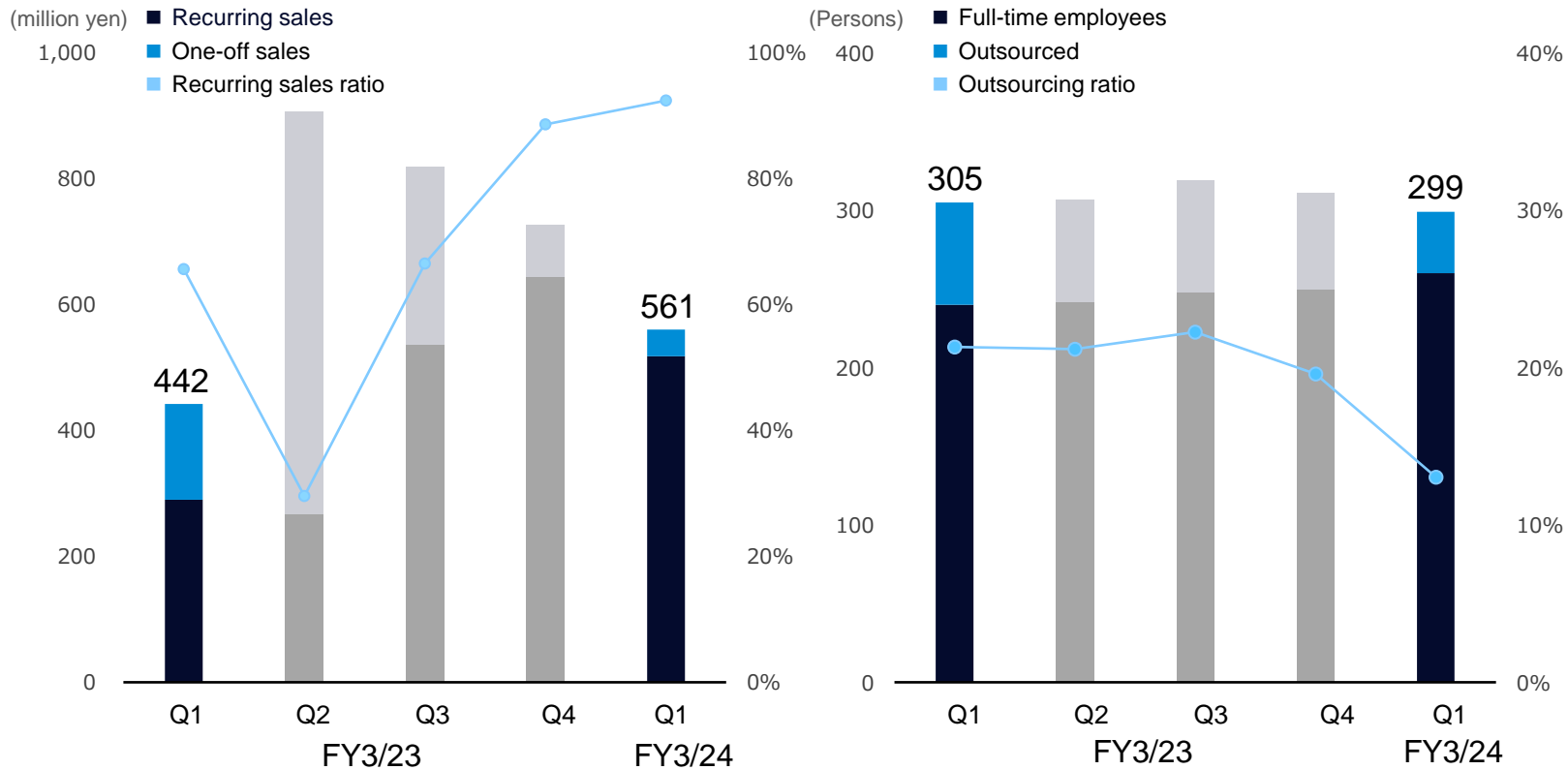
-21M

*¹The RCSA Industry Awards, which have a history dating back 21 years, are presented to executives in recognition of excellence in the human resources business.

*²Launch's results are converted into Japanese yen at the average rate of 90.56 yen to the Australian dollar. Our assumed exchange rate is 85 yen to the Australian dollar.

G2 Studios (Sales, Segment profit, Number of titles and Number of employees)

- At the end of FY3/23, one operated title was terminated, while one title under development was cancelled in Q1.
- While the delay of a planned order of a title from Q1 to Q2 meant that segment profit was -74 million yen, the deficit shrank (compared to -246 million yen last FY).



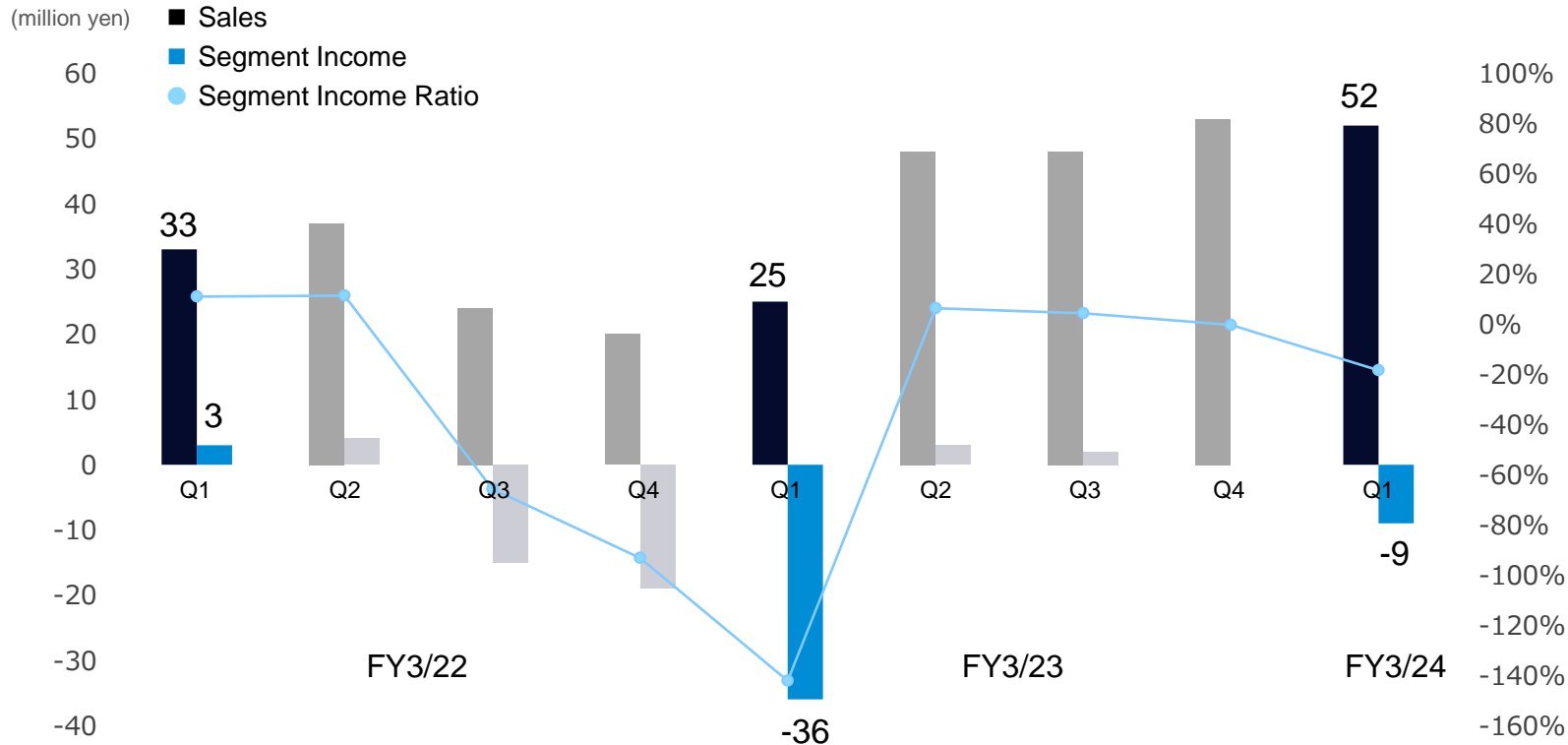
Q1	(YoY)
Sales	561 million yen (+27.0%)
Segment income	-74 million yen
Operating game titles	6
Titles under development	2
No. of employees (as of end Q1)	299 (260 full-time, 39 outsourced)

Recurring sales: Sales from game operation commissions and revenue sharing

One-off sales: Sales from developing new games, developing additional functions for existing games, and other types of development work

Seed Tech (Sales, Segment profit)

- Offshore development increased by 128% YoY. Overseas IT study abroad greatly increased by 104.5% YoY thanks to recovery in projects from school corporations.
- Despite continuing up-front investment into “Sodatech”, the segment deficit shrank.
- In Q2, we plan to start “Seed Tech Camp”, a domestic IT development project.



Q1 (YoY)

Sales **52** million yen (+104.5%)

Segment income **-9** million yen

Appendix

3

Solving the Shortage of IT Human Resources in Japan

IT Resource Crisis Is Our Business *Make the biggest impression
in the 21st century*

GEECHS **supports the work styles of IT freelancers**,
sharing their skills and experiences with companies that face a shortage of IT human resources.
GEECHS also continues to provide **globally-oriented businesses** by utilizing **foreign IT freelancers** overseas,
develops IT freelancers from scratch regardless of whether they work for a corporation or for themselves,
creating IT human resources from within organizations through **reskilling**, and provides an environment
that will increase the number of people who wish to build a career as an IT freelancer in Japan.
In such way, **GEECHS contributes greatly to the future of Japanese society.**

Group Corporate Profile

Company name	GEECHS Inc. (TSE Prime Market: 7060)
President and CEO	Naruhito Sonehara
Established	August 23, 2007
Head office	Shibuya Scramble Square, 2-24-12 Shibuya, Shibuya-ku, Tokyo, JAPAN
Capital	1,111 million yen (as of June 30, 2023)
Business description	IT Freelance Matching Business (Japan) IT Freelance Matching Business (Overseas) G2 Studios Business, Seed Tech Business
Sales volume	¥15,997 million (as of March 31, 2023)
Employees	493 (as of June 30, 2023)
Offices	Tokyo Head Office, Osaka Branch, Fukuoka Branch, Nagoya Satellite Office Australia, Philippines

Group companies

GEECHS

IT Freelance Matching Business x-Tech Business

launch

IT Freelance Matching Business (Overseas)

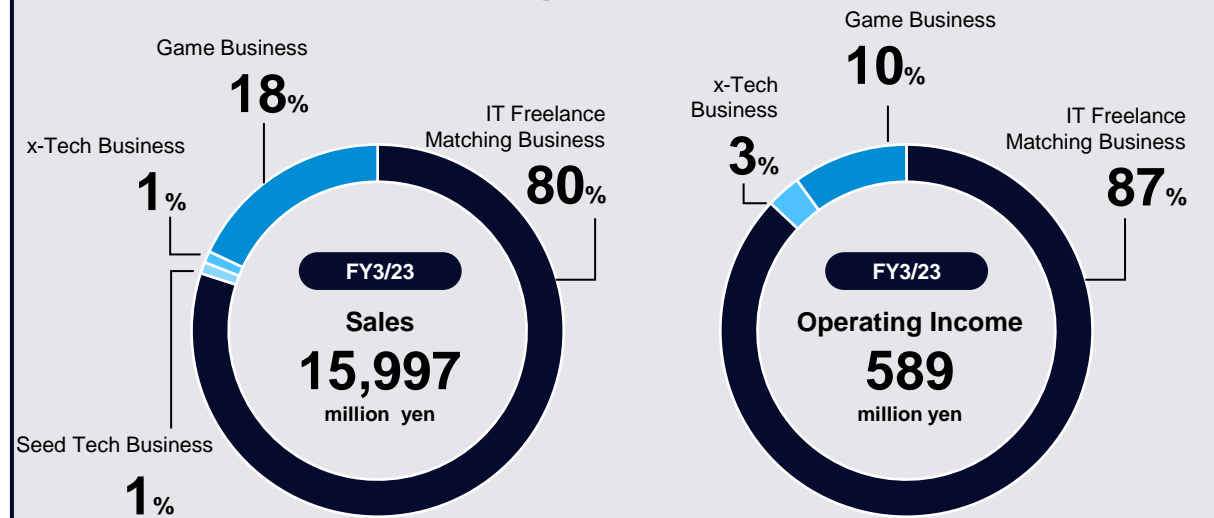
seedtech

Seed Tech Business

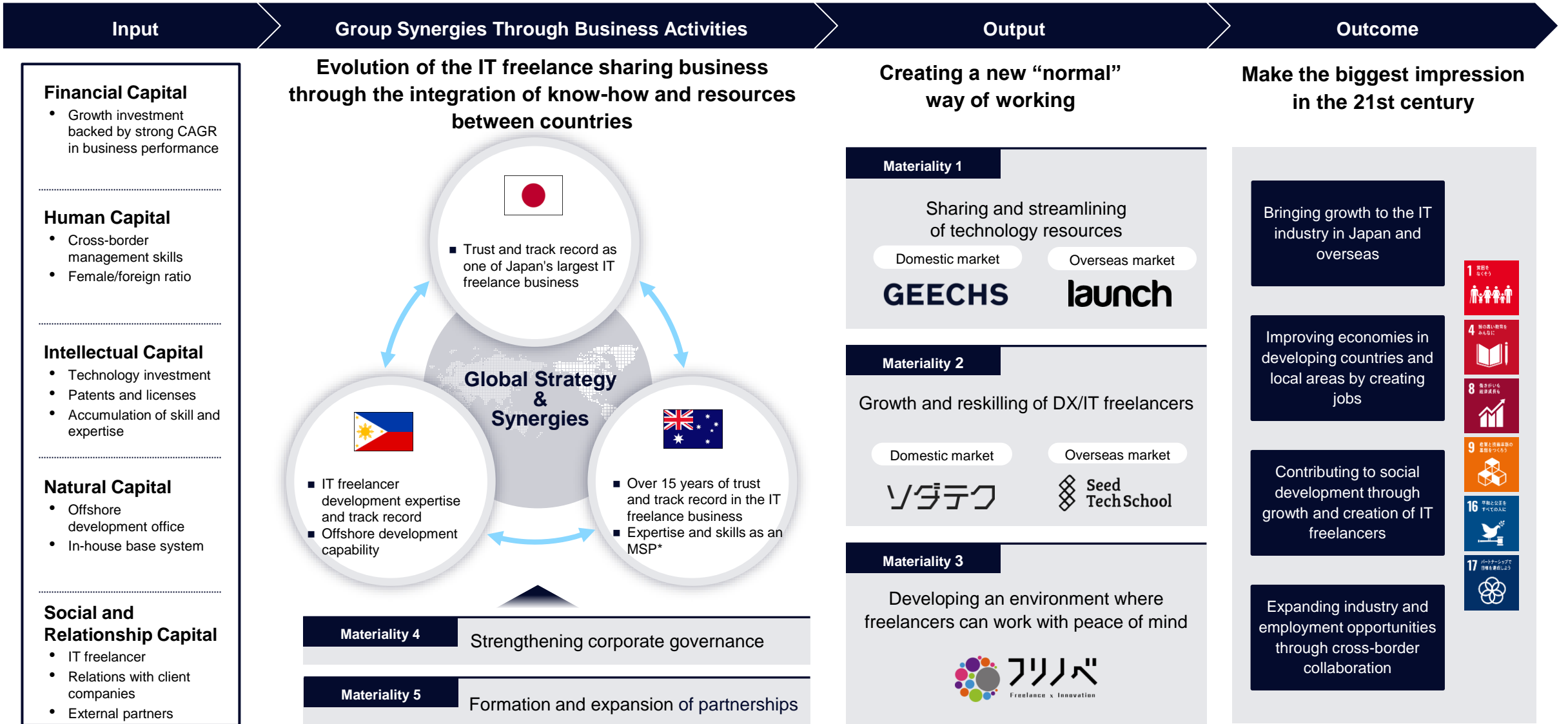
G2Studios

Game Business

Segmentation



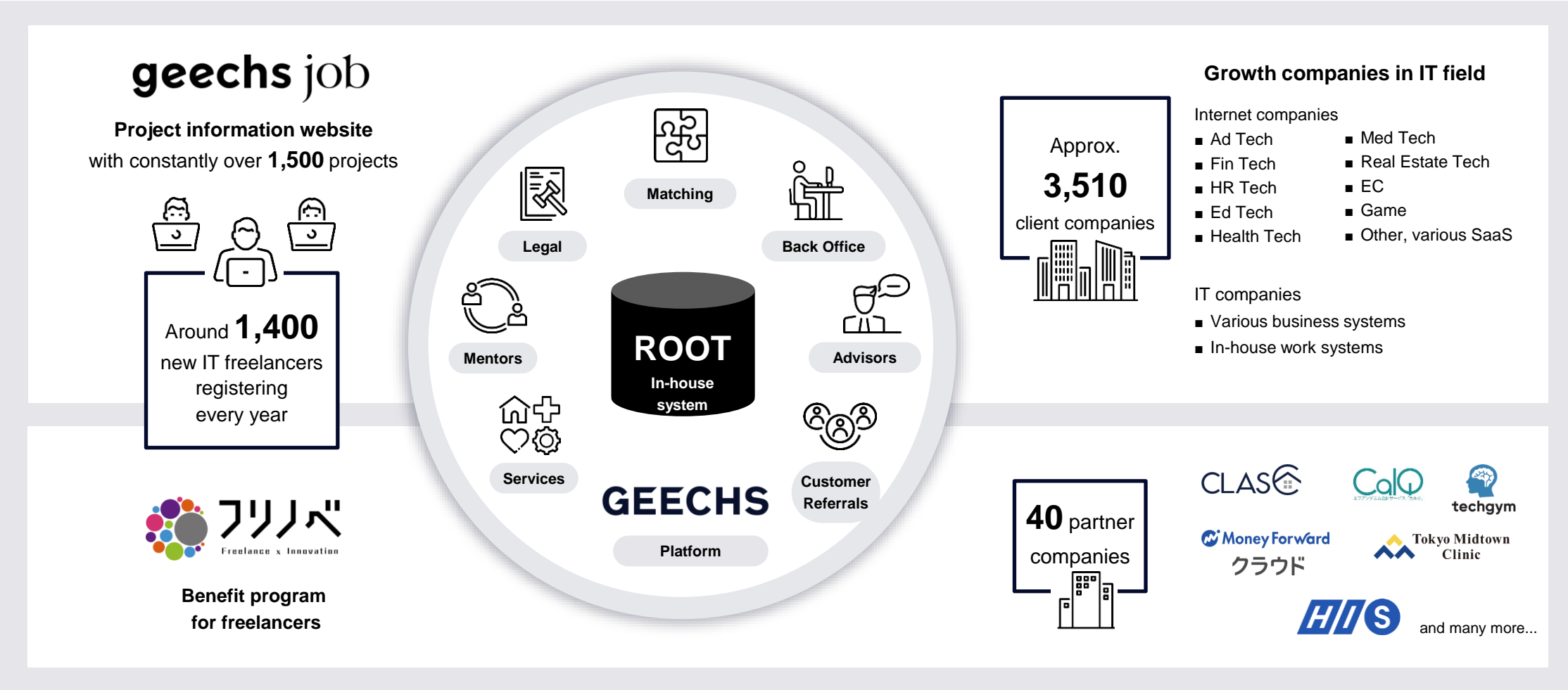
GEECHS Social Impact Flow



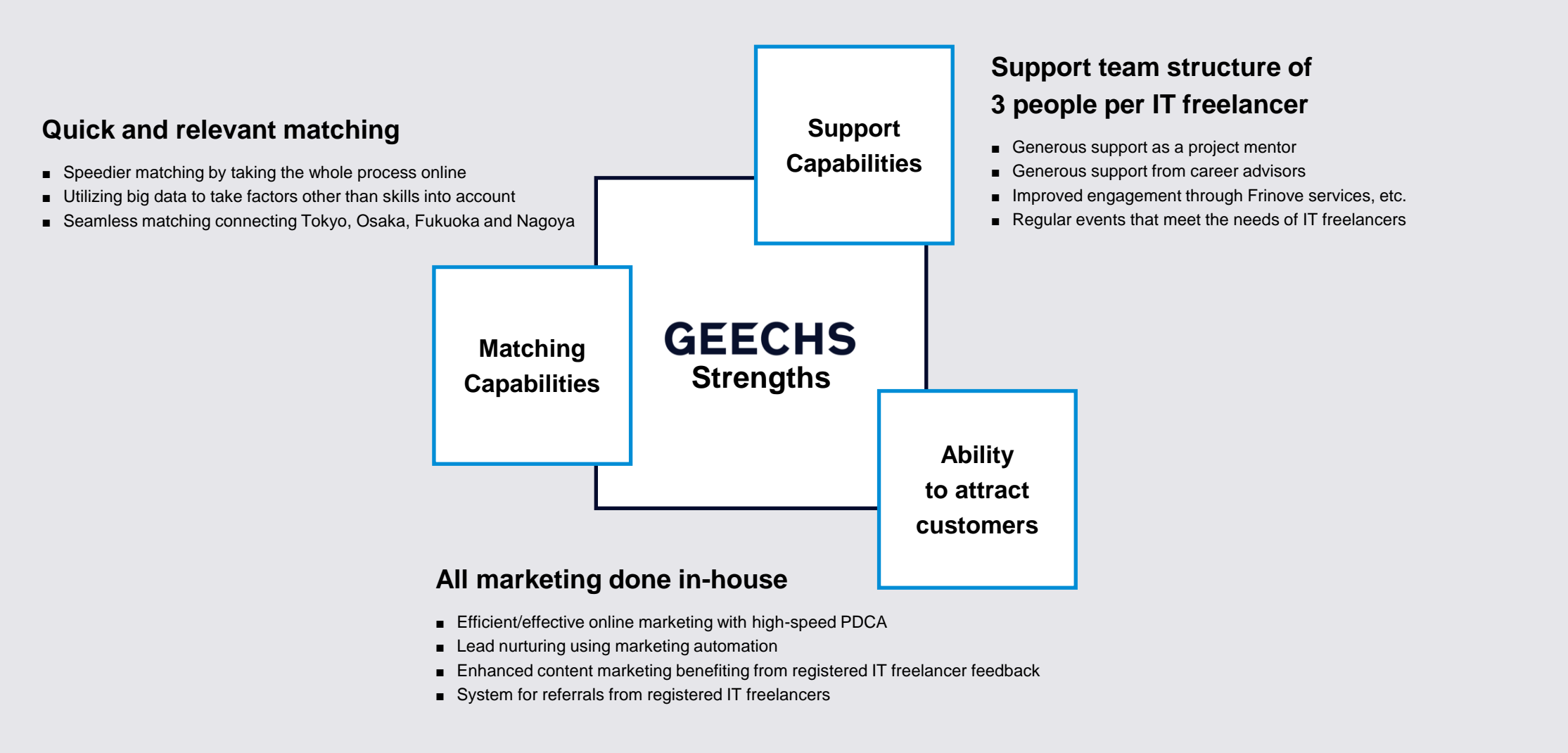
*Owning a proprietary Vendor Management System as a Managed Service Provider (MSP)

IT Freelance Matching Business, Japan

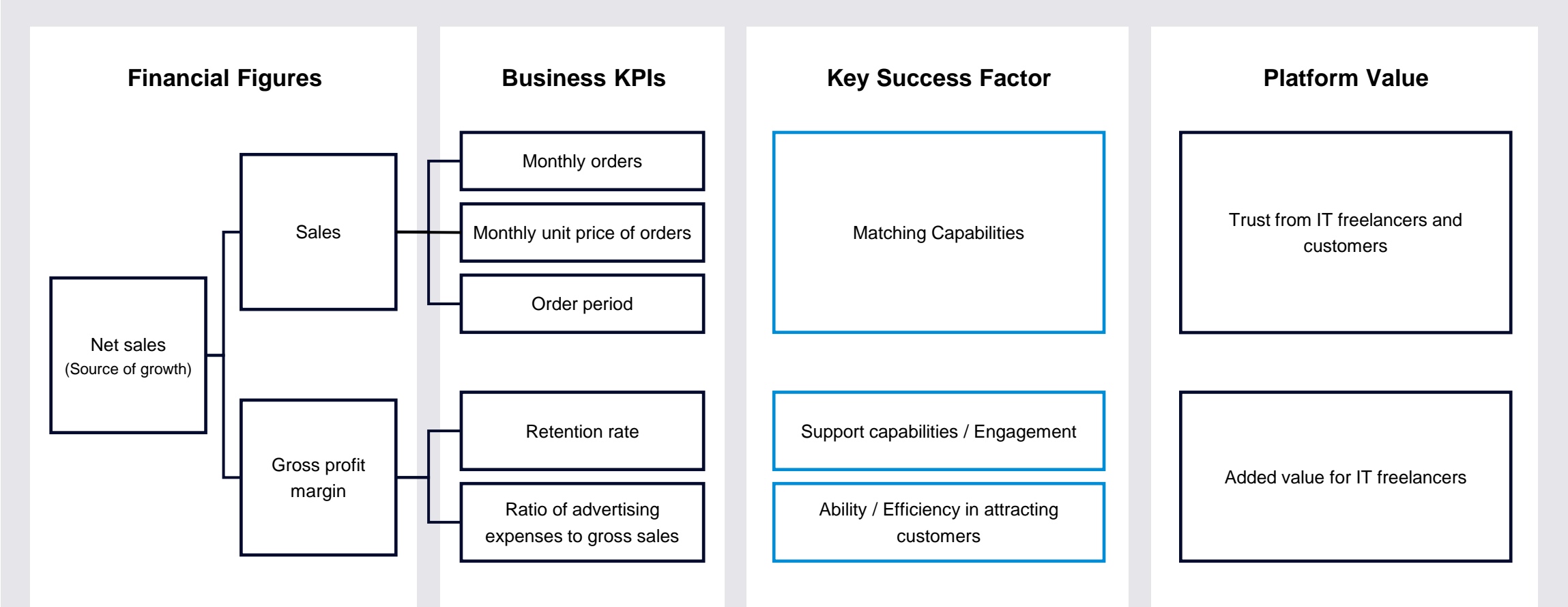
Technology Resource Sharing Platform



GEECHS Strengths



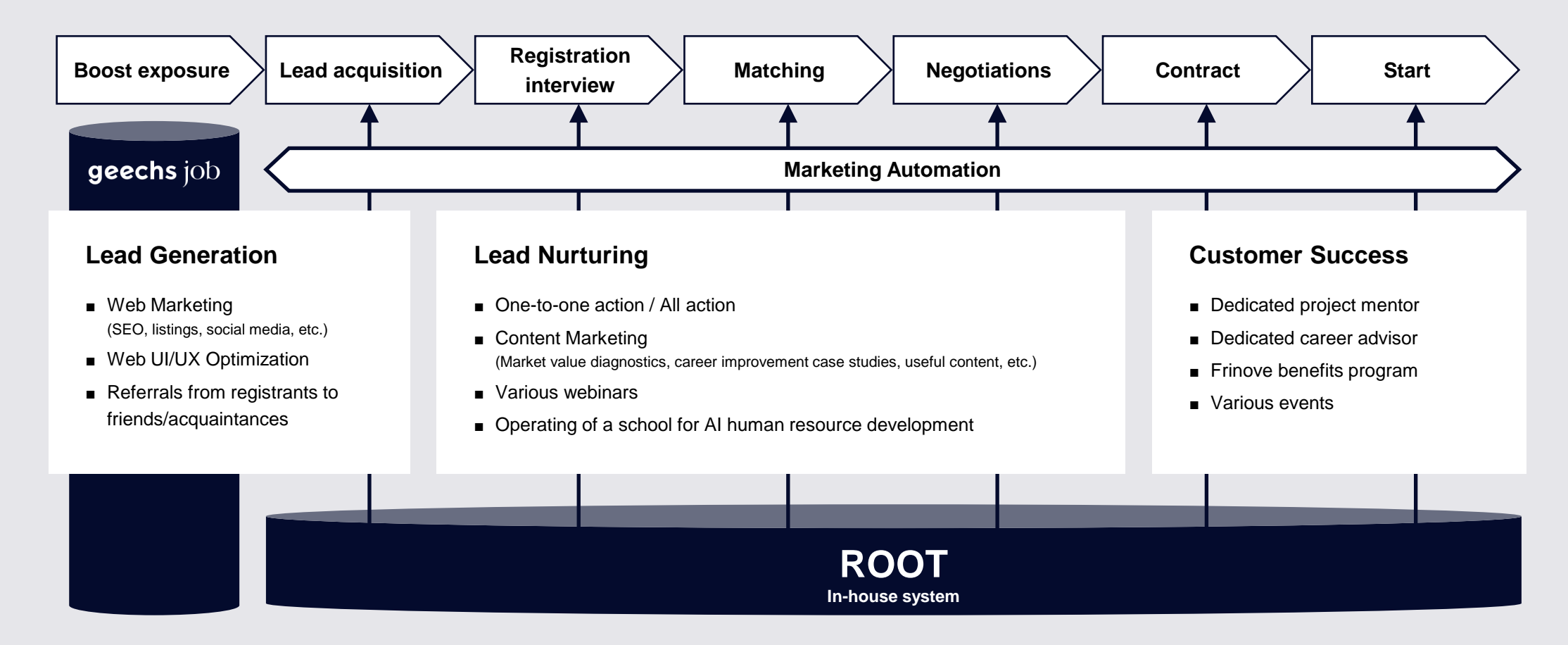
Source of Growth



Net sales: This is the difference between the total amount of orders received from customers and the total amount of orders placed with IT freelancers.

Connect with IT Freelancers

Improve engagement by having effective contact with IT freelancers over the long term



Differences from Similar Businesses

Developing a platform specifically for mid- to high-spec, professional IT freelancers

	GEECHS	Crowdsourcing	IT Engineers Dispatch
Registrant	IT freelancers (main job)	Freelancers (side/main job), and others	Dispatched workers
Main clients	Growth companies in IT field	Medium-sized and large companies	Major system integration companies
Type of contract	Quasi contract	Service contract	Worker dispatch contract
Pay basis	Per hours worked/month	Per deliverables	Per hour
Contract term	From 1, 3 or 6 months and longer	Based on project	From one month
Main type of work (projects)	Internet service development	Wide variety of low-cost projects, such as design production	<ul style="list-style-type: none"> • Managing legacy systems • Developing work systems
Employment relationship	None	None	Employment relationship with temping agency

Engagement

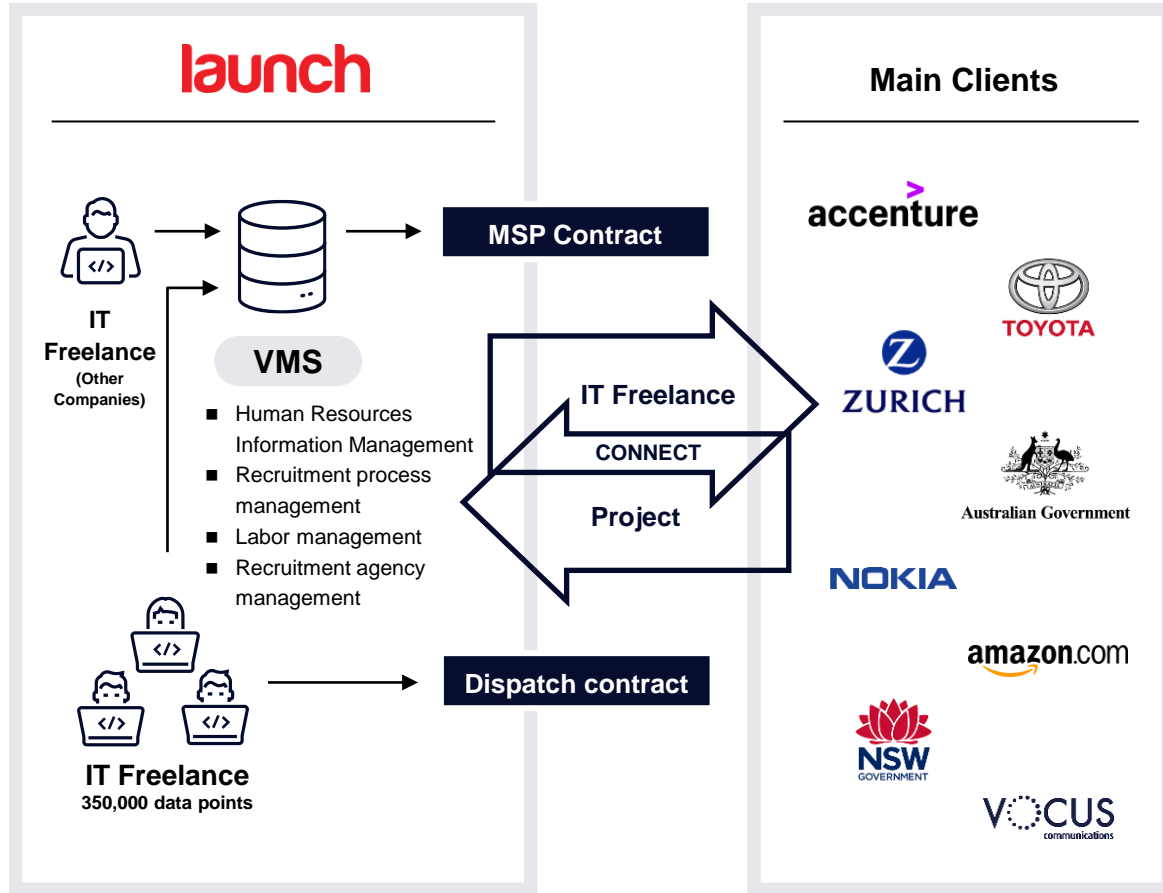
Strengthening ongoing partnerships to maximize business by increasing engagement with IT freelancers

Offering **50** services which enable our IT freelancers to work for extended periods without the undue stress of instability

- Seminars on how to file a tax returns
- Discounts on accounting software
- Support via various online learning services
- Discounts for medical checkups and health screenings
- Special offers on English study abroad programs
- Special benefits for marriage and other life events
- Discounts on mortgage administration fees
- Affiliated credit cards and other benefits
- Benefits to support learning of AI technology etc.



IT Freelance Matching Business, Overseas (Launch Group)



1. Australian IT freelance service pioneer

Established in 2006, Launch has earned trust and a track record as a venture company in the IT staffing service industry. Launch has been doing business continuously with more than 50% of its customers for more than five years.

2. Extensive IT freelancer database

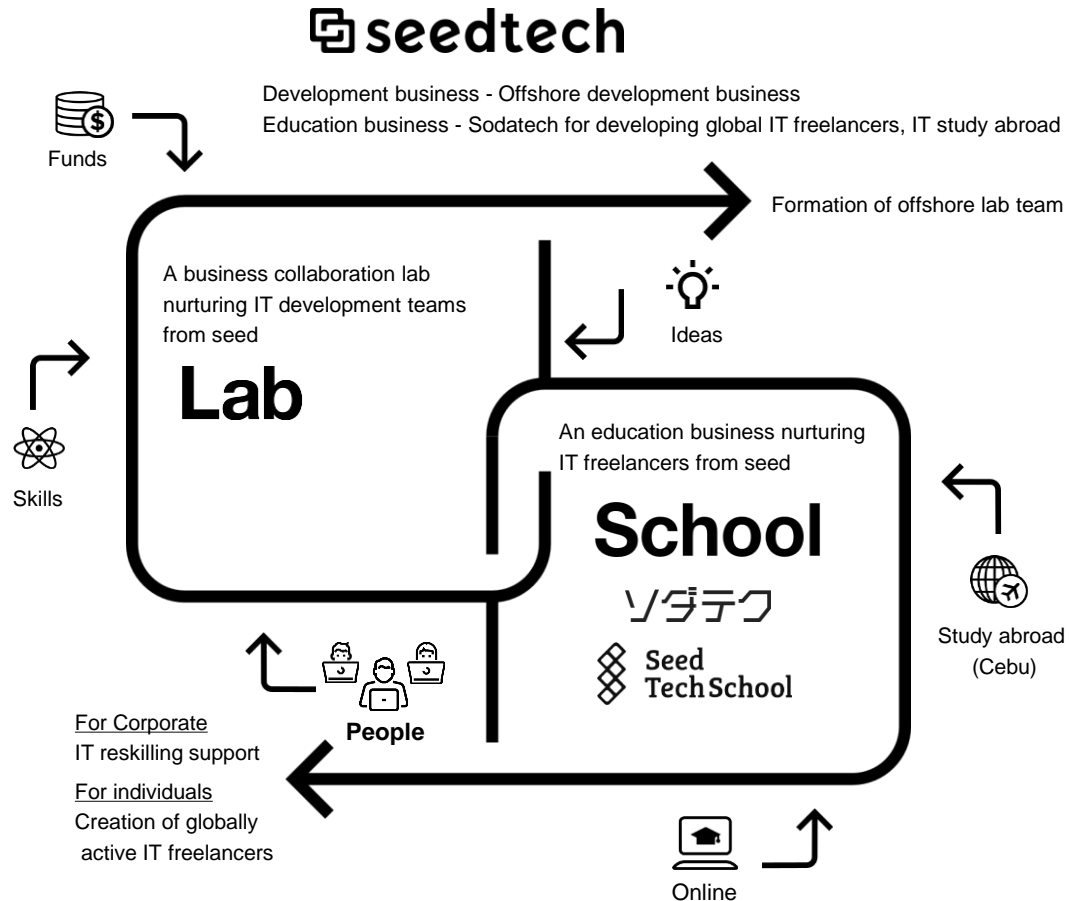
Launch has its own IT freelancer database of over 350,000 people and over 7,500 freelancers/month are under contract.

3. MSP and VMS

The Managed Services Provider (MSP) market is expanding worldwide. Launch's MSP business is expected to grow steadily by integrating customers' entire human resource procurement process from marketing to contracting to build a solid customer base. It also has developed a proprietary Vendor Management System (VMS) which solves all sorts of the human resource management issues in casual employment.

*VMS: Vendor Management System is a human resource management solution that integrates the customers' entire human resource procurement process from marketing to contracting.

Seed Tech



1. Providing “Sodatech”, a DX/IT human resource development service for companies

Providing a SaaS-type DX/IT human resource development platform for corporations and individuals.

An expansive curriculum containing more than 400 tutorial videos with a total learning time of more than 400 hours to aid the reskilling of non-engineers

2. A global standard business collaboration lab for offshore development

Providing comprehensive support on the island of Cebu in the Philippines which secures, trains, and manages IT freelancers in order to lead to success in generating new business, digital transformation, and product development. It is ideal for forming a long term successful development team.

The lab is also involved in the development of one of the world’s largest e-commerce platforms, Shopify.

3. Programming school

A residential style programming and English school overseas.

Students can learn practical and advanced skills, since the school is run by a company with a proven track record in the offshore development business.

The programming school supports those wanting a career change or looking for a side job, giving them the tools they need to become engineers anywhere around the world.

Taking the world forward with the power of technology

Nurturing IT development teams and IT freelancers from seed by focusing on development and education.

G2 Studios



G2Studios

G2 Studios Inc.

Planning, development, and
operation of smartphone game apps

1. Specialists in Partner Strategy

With solid technical capabilities centered on Unity / PHP, we have stabilized our revenue base through contract development and operations, winning revenue share from successful titles.

We have also increased orders for globally distributed titles.

2. Achievement in Top Sales Game Development

In addition to the expertise we have built up in 2D / 3D game development, we have a wealth of experience in operating a wide range of game genres. Looking to the future, we will also focus on research and development in the metaverse.

3. Securing Development Lines through Cooperation with IT Freelance Matching Business

Through collaboration within the Group, we have flexibly created development lines for each project while utilizing our own base of IT freelancers.

Asobi Creators

G2 Studios Inc., a Group company specializing in the gaming business, engages in planning, developing and operating native app games for smartphones based on Unity in partnership with major licensors and game manufacturers.

Differences between Developer and Publisher

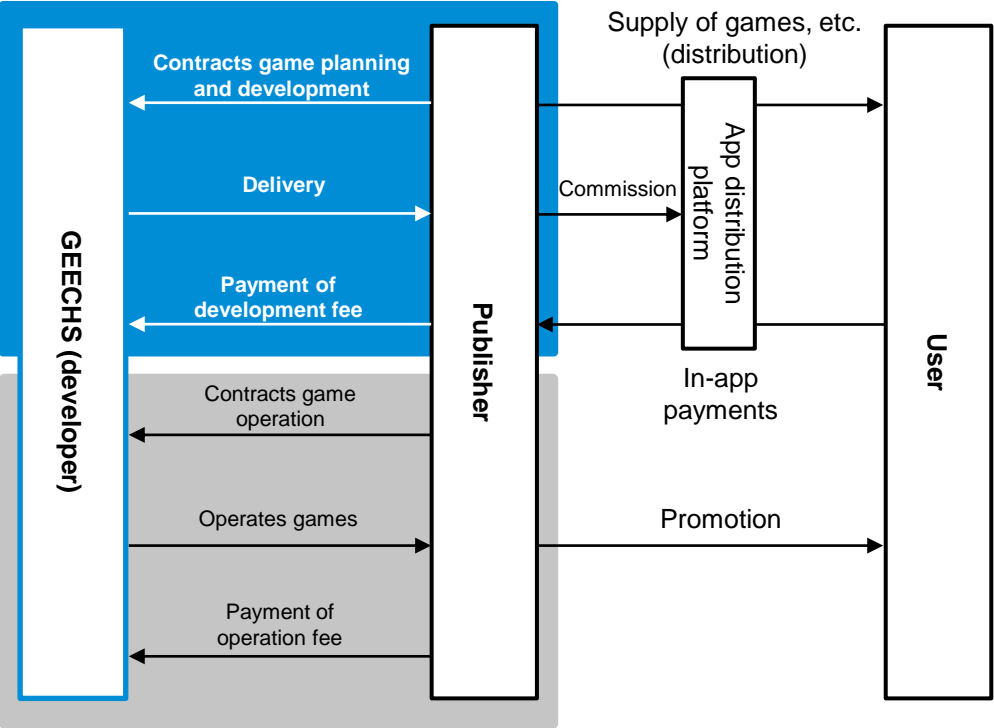
The future strategy of the Game Business is to become a developer of globally distributed titles.

	Developer (GEECHS)	Publisher
Main role	Planning, development, and operation of titles	Planning, distribution and promotion of titles
Revenue model	<ul style="list-style-type: none"> • Planning and development sales from publishers (one-off sales) • Operating sales from publishers (recurring sales, fixed) • Revenue sharing sales according to in-app payments for titles (recurring sales, variable*) 	<ul style="list-style-type: none"> • In-app payments • Advertising app
Risk/return	Low risk / middle to high return	High risk / high return
Business features	<ul style="list-style-type: none"> • Fixed and stable earnings regardless of whether title is a hit or not • Limited upside, but big returns on hit titles • Stock-type business model with low volatility 	<ul style="list-style-type: none"> • High hopes for upside if title is a hit • A highly volatile business with high risk of not recovering costs if a title is not a hit
		* Determined according to contract for each title

G2 Studios: Business and Revenue Image

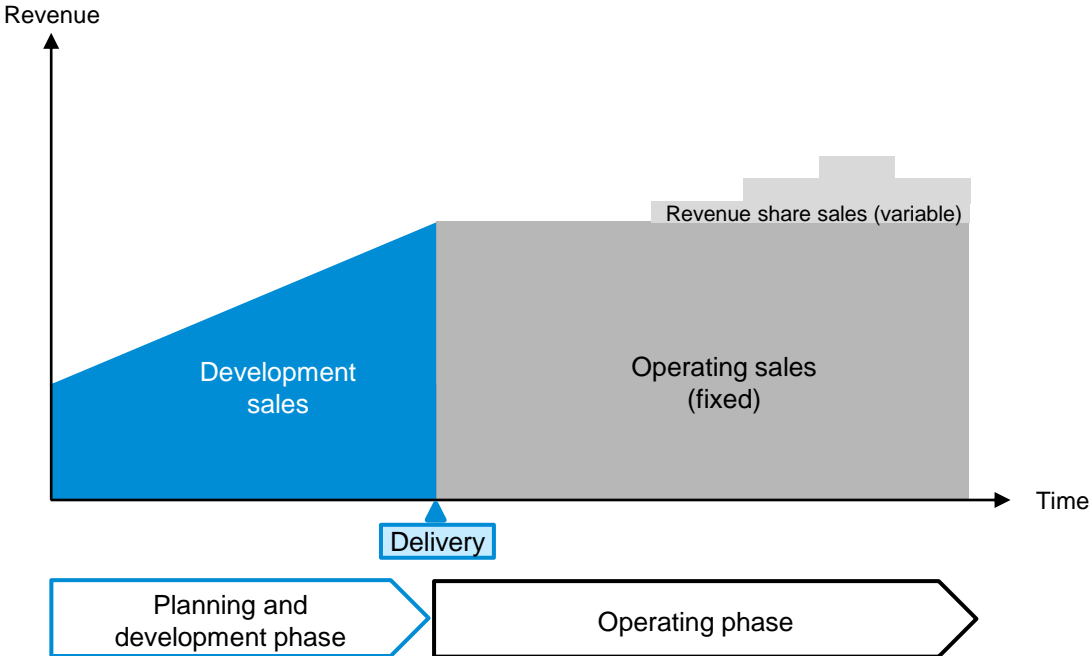
Business Model

- G2 Studios is a developer specifically contracted by major game companies (publishers) for the planning, development and operation of games.



Revenue Image

- Since stable revenue recognition has become possible during the planning and development phase since FY3/23, volatility has decreased.
- During the operation phase, in addition to fixed operating sales, revenue share sales according to the title's billing sales are recorded* after the publisher's development costs have been recuperated.



* Determined according to contract for each title

Performance Highlights

Fiscal Year-End		FY3/20	FY3/21	FY3/22	FY3/23	FY3/24 Full-year projection
Sales	(Thousand yen)	3,544,309	3,427,816	14,340,774	15,997,838	28,000,000
EBITDA	(Thousand yen)	773,350	815,495	1,226,900	651,393	900,000
Operating income	(Thousand yen)	684,250	738,479	1,133,696	589,410	700,000
Ordinary income	(Thousand yen)	675,446	713,942	1,135,706	567,920	680,000
Profit attributable to owners of parent	(Thousand yen)	390,651	457,755	705,194	244,215	360,000
Comprehensive income	(Thousand yen)	391,102	458,020	703,843	239,743	-
Capital	(Thousand yen)	1,086,015	1,094,214	1,101,531	1,109,972	-
Net assets*	(Thousand yen)	3,356,232	3,830,496	4,470,860	4,687,486	-
Total assets*	(Thousand yen)	4,700,309	6,486,303	5,874,294	8,999,379	-
Net income per share	(Yen)	37.78	43.83	67.18	23.2	34.87
Capital adequacy ratio*	(%)	71.4	59.1	75.7	47.7	-
Return on equity	(%)	12.8	12.7	17.0	5.6	-
Cash flow from operating activities	(Thousand yen)	39,949	661,718	369,207	688,038	-
Cash flow from investing activities	(Thousand yen)	-77,131	-48,908	-68,653	-1,560,893	-
Cash flow from financing activities	(Thousand yen)	-20,049	-22,588	-91,339	1,274,450	-
Cash and cash equivalents at end of period	(Thousand yen)	2,559,268	3,149,695	3,357,198	3,755,033	-
Employees	(Persons)	391	357	384	444	-

*As the provisional accounting treatments for corporate consolidation were finalized in Q1, the figures for the previous fiscal year reflect the finalized provisional accounting treatments.

Supplemental Data (IT Freelance Matching Business, Japan)

Fiscal Year-End	FY3/23					FY3/24
	Q1	Q2	Q3	Q4	Full-year	Q1
Sales (Thousand yen)	3,014,968	3,117,730	3,236,528	3,393,625	12,762,853	3,460,652
Advertising expense* (Thousand yen)	43,435	70,656	90,096	119,050	323,238	106,986
Advertising expense ratio (%)	1.4%	2.3%	2.8%	3.5%	2.5%	3.1%
Operating income (Thousand yen)	277,694	261,941	257,325	263,494	1,060,457	282,780
Operating income ratio (%)	9.2%	8.4%	8.0%	7.8%	8.3%	8.2%
Take rate (%)	17.2%	17.1%	17.4%	18.2%	17.5%	18.8%
Freelancers under contract (Freelancers/month)	3,990	4,121	4,271	4,395	16,777	4,405
Unit price of orders (Thousand yen)	769	772	774	785	775	799
New business partners (Companies)	40	41	45	49	175	53
Newly registered IT freelancers (Persons)	270	342	283	430	1,325	366

*Total amount of advertising expenses for companies and for attracting freelance engineers

*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 are not under any obligation to update or revise the forward-looking statements in this report even if new information or events come to light in the future.

GEECHS

www.geechs.com