

# Financial Results Briefing

The 2nd Quarter of  
the Fiscal Year Ending March 31, 2024

November 10, 2023

**GEECHS Inc.**

TSE Standard Market: 7060

# Contents

|    |                      |    |
|----|----------------------|----|
| 1. | Financial Highlights | 2  |
| 2. | Results by Segment   | 9  |
| 3. | Appendix             | 20 |

# Financial Highlights

**Financial Highlights  
for FY3/2024 Q2**

**1**

# FY3/24 Q2: Financial Highlights

## Record-high quarterly sales

- In Q2, cumulative total reached a record high sales figure, driven by contributions from both Japan and overseas IT freelance matching businesses.
- The operating profit for Q2 decreased by 80.1% compared to the same period last year due to delays in acquiring new orders for G2 Studios.
- Due to the reversal of deferred tax assets of G2 Studios, a net loss amounting to 16 million yen was incurred in Q2.
- Seed Tech established a development lab specializing in IT human resources training and development in Kobe City.
- Following the downward revision of the full-year forecast, we decided to withdraw our mid-term business plan.

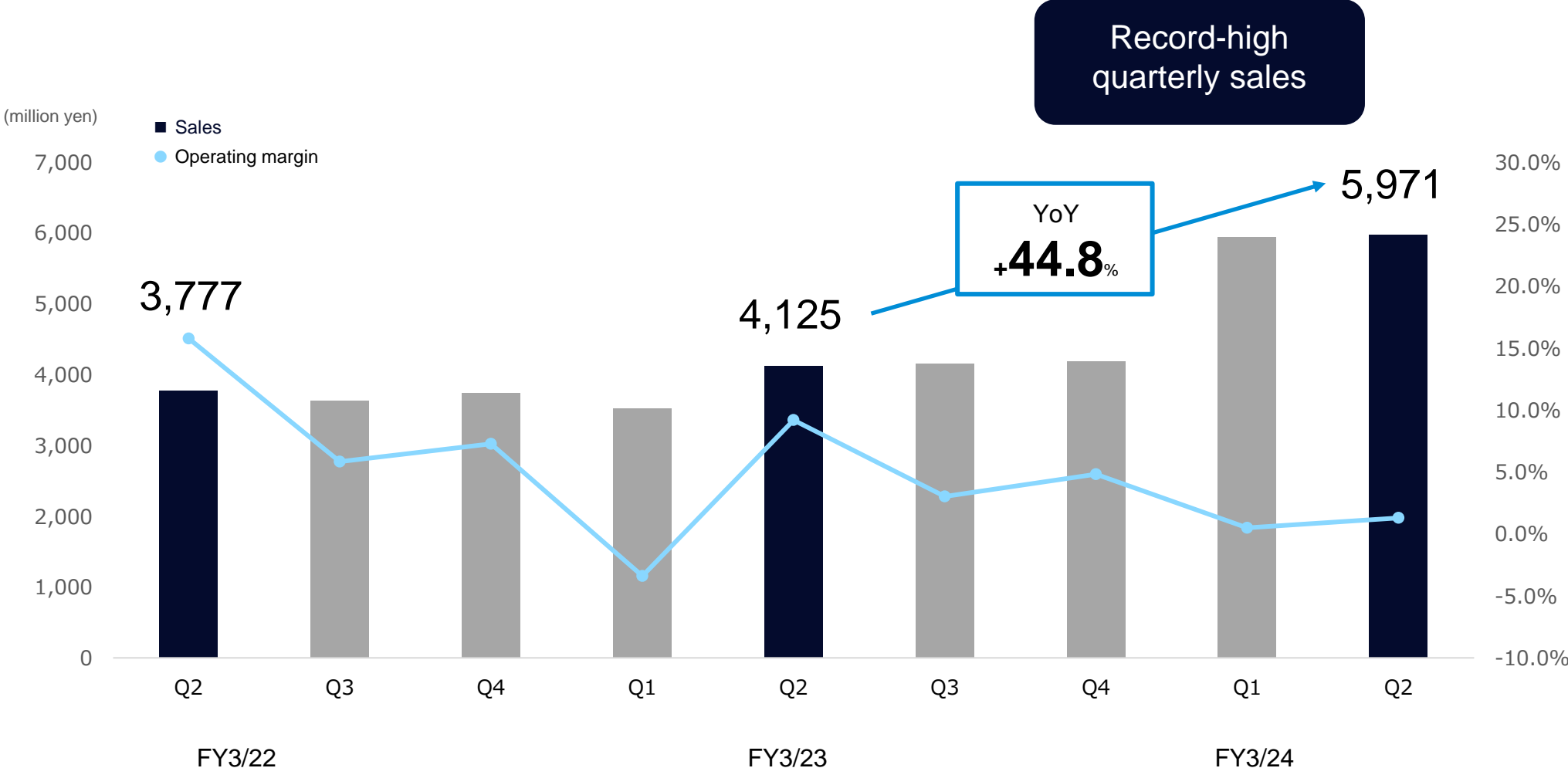
(JPY)

|               | Sales          | EBITDA      | Operating Income | Net Income* |
|---------------|----------------|-------------|------------------|-------------|
| Q2            | <b>5,971M</b>  | <b>147M</b> | <b>75M</b>       | <b>-16M</b> |
| YoY           | (+44.8%)       | (-)         | (-80.1%)         | (-)         |
| Q2 Cumulative | <b>11,917M</b> | <b>247M</b> | <b>104M</b>      | <b>-11M</b> |
| YoY           | (+55.8%)       | (-)         | (-59.8%)         | (-)         |

\*Net income attributable to owners of parent

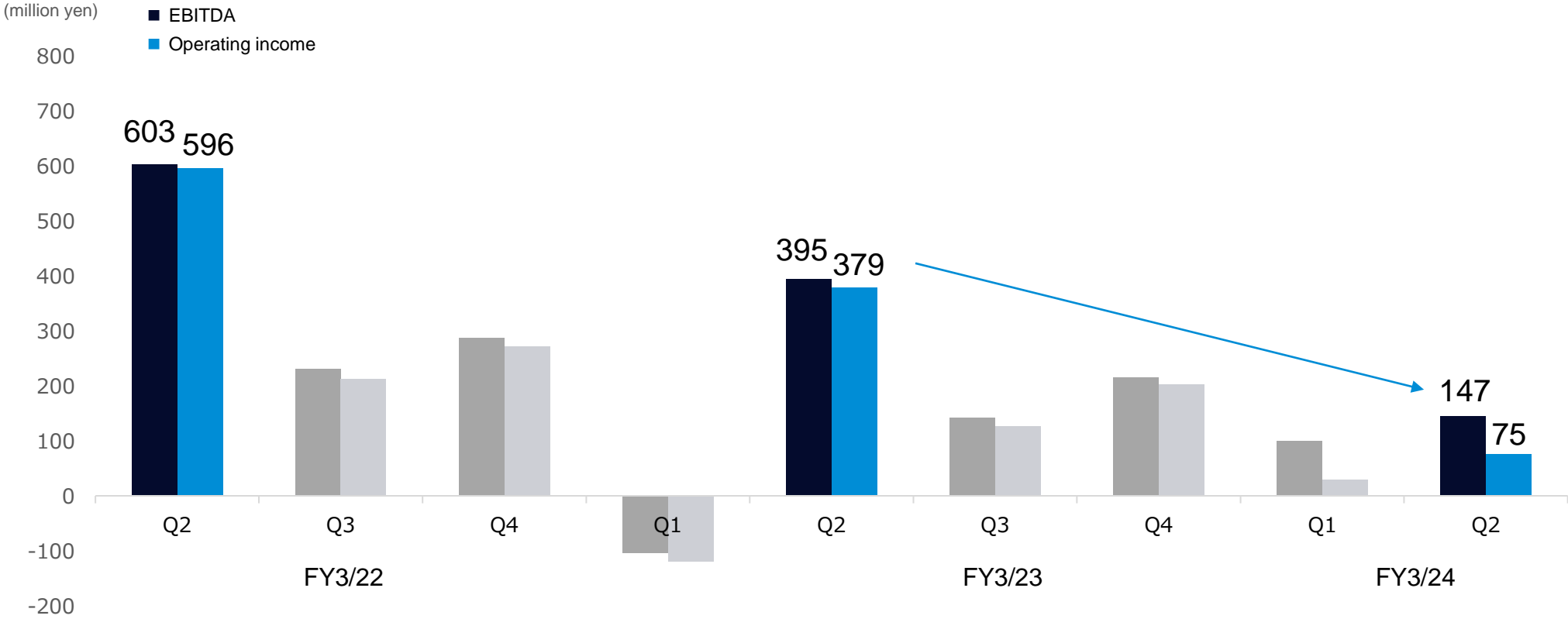
# FY3/24 Q2: Financial Highlights (Sales, Operating margin)

- Our overseas subsidiary, Launch, significantly contributed to our revenue, resulting in a 44.8% increase compared to the same period last year.
- Following the trend set in Q1, our quarterly sales reached a new record high.



# FY3/24 Q2: Financial Highlights (EBITDA, Operating profit)

- In Q2, while IT freelance matching business (Japan) showed strong operating profits, a decline in G2 Studios operating profits below the company's projections resulted in 80.1% decrease in consolidated operating profits compared to the same period last year.



# FY3/24 Q2: Financial Highlights by Segment

- IT Freelance Matching Business (Japan) : Sales for the first half of the fiscal year reached 6.9 billion yen, setting a record high. Despite continuing investments in advertising, we managed to the segment profit at the same level as the previous year.
- IT Freelance Matching Business (Overseas) : The first half sales progressed in line with the company's plan.
- G2 Studios Business : Due to the delay in securing development orders to the second half of the fiscal year, the segment profit for the first half expanded with a larger negative margin compared to the previous year.
- Seed Tech Business : As a result of the strong performance in offshore development, sales for the first half of the fiscal year increased by +73.7% compared to the previous year.
- Group-wide Expenses and Adjustment Costs : There was an increase in audit expenses, personnel costs for strengthening the administration, and additional office costs due to expansion.

| (million yen)                             |        | FY3/24<br>Q2 Cumulative | FY3/24<br>Q2 Cumulative | FY3/24<br>Q2 Results | YoY<br>Q2 Cumulative | YoY<br>Q2 |
|---|--------|-------------------------|-------------------------|----------------------|----------------------|-----------|
| IT Freelance Matching Business (Japan)    | Sales  | 6,132                   | <b>6,907</b>            | <b>3,447</b>         | +12.6%               | +10.6%    |
|   | Income | 539                     | <b>546</b>              | <b>263</b>           | +1.2%                | +0.6%     |
| IT Freelance Matching Business (Overseas) | Sales  | -                       | <b>3,704</b>            | <b>1,864</b>         | -                    | -         |
|   | Income | -                       | <b>-26</b>              | <b>-5</b>            | -                    | -         |
| G2 Studios Business                       | Sales  | 1,348                   | <b>1,119</b>            | <b>557</b>           | -17.0%               | -38.5%    |
|   | Income | -29                     | <b>-136</b>             | <b>-62</b>           | -                    | -         |
| Seed Tech Business                        | Sales  | 74                      | <b>129</b>              | <b>76</b>            | +73.7%               | +57.3%    |
|   | Income | -33                     | <b>-2</b>               | <b>7</b>             | -                    | -         |
| Other                                     | Sales  | 102                     | <b>68</b>               | <b>35</b>            | -33.1%               | -39.6%    |
|   | Income | 27                      | <b>7</b>                | <b>3</b>             | -71.8%               | -74.7%    |
| Group-wide Expenses and Adjustment Costs  |        | -243                    | <b>-282</b>             | <b>-131</b>          | -                    | -         |

# Revision of Full-year Forecast (Consolidated)

- Although IT Freelance Matching Business (Japan) is expected to follow generally align with our plan, the impact of the overall group's decrease in sales is prompting a revision of our performance.
- Sales revenues from IT Freelance Matching Business (Overseas) and G2 Studios, are experiencing a major decrease. Consequently, we anticipate that operating profit, ordinary profit, and net income attributable to owners of parent for the current period will fall well below our initial forecasts.

| (million yen)    | Full-year forecast |                | Change | FY3/23 Results | YoY    |
|------------------|--------------------|----------------|--------|----------------|--------|
|                  | Before revision    | After revision |        |                |        |
| Sales            | 28,000             | <b>24,400</b>  | -3,600 | 15,997         | 52.5%  |
| EBITDA           | 900                | <b>300</b>     | -600   | 651            | -      |
| Operating Income | 700                | <b>50</b>      | -650   | 589            | -91.5% |
| Ordinary Income  | 680                | <b>40</b>      | -640   | 567            | -93.0% |
| Net Income*      | 360                | <b>-165</b>    | -525   | 244            | -      |
| (yen)            |                    |                |        |                |        |
| Annual dividend  | 15.00              | <b>10.00</b>   | -5.00  | 10.00          | -      |

\*Net income attributable to owners of parent



# Revision of Full-year Forecasts by Segment

- IT Freelance Matching Business (Japan) : Due to the review of the annual average number of man-months worked, the revenue forecasts has been revised downward.
- IT Freelance Matching Business (Overseas) : Due to the delay in the receiving planned MSP projects from Q3 to Q4, the forecasts for annual sales and segment profit have been revised downward. (Note: The consolidated financial statement integration for Launch covers the period from January to December.)
- G2 Studios Business : The forecasts for sales and segment profit have been revised downward due to the postponement of orders and expected to decrease in stock sales in the first half of the fiscal year.
- Seed Tech Business : Thanks to the strong performance in offshore development, the segment profit forecast has been revised upward.

| (million yen)                             |        | Before revision | After revision | Change | FY3/23 Results | YoY<br>After revision |
|---|--------|-----------------|----------------|--------|----------------|-----------------------|
| IT Freelance Matching Business (Japan)    | Sales  | 15,000          | <b>14,250</b>  | -750   | 12,762         | +11.7%                |
|   | Income | 1,140           | <b>1,140</b>   | —      | 1,060          | +7.5%                 |
| IT Freelance Matching Business (Overseas) | Sales  | 10,000          | <b>7,700</b>   | -2,300 | -              | -                     |
|   | Income | 0               | <b>-130</b>    | -130   | -              | -                     |
| G2 Studios Business                       | Sales  | 2,550           | <b>2,000</b>   | -550   | 2,896          | -30.9%                |
|   | Income | 100             | <b>-410</b>    | -510   | 121            | -                     |
| Seed Tech Business                        | Sales  | 300             | <b>300</b>     | —      | 176            | +70.4%                |
|   | Income | -30             | <b>-15</b>     | 15     | -31            | -                     |
| Other                                     | Sales  | 150             | <b>150</b>     | —      | 183            | -18.2%                |
|   | Income | 30              | <b>15</b>      | -15    | 39             | -62.2%                |
| Group-wide Expenses and Adjustment Costs  |        | -540            | <b>-550</b>    | -10    | -600           | -                     |

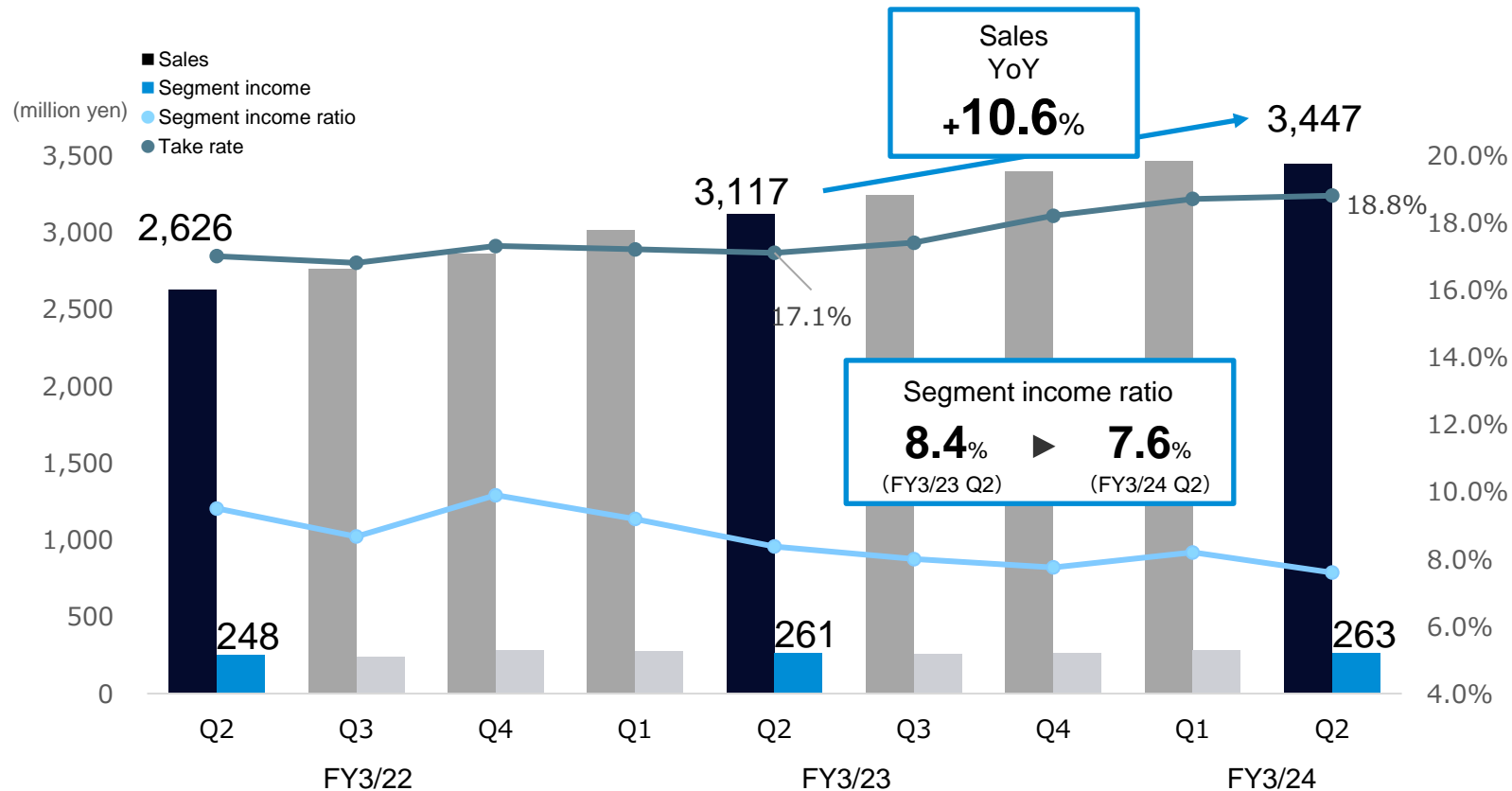
# Results by Segment

**Financial Results  
for FY3/2024 Q2**

# 2

# IT Freelance Matching Business (Japan) (Sales, Segment income and Advertising expense ratio)

- Despite a slight decrease in sales of 3.4 billion yen compared to Q1, the cumulative total for the half-year reached 6.9 billion yen, setting a record high.
- Continued branding advertising investment\*1 of 108 million yen (compared to 70 million yen in the same period last year) led to a 0.8 percentage points decrease in segment profit margin compared to the same period last year. However, take rate\*2 increased from 17.1% in the same period last year to 18.8%, indicating 1.9 percentage points improvement.



| Q2                        |              | (YoY)                   |
|---------------------------|--------------|-------------------------|
| Sales                     | <b>3,447</b> | million yen<br>(+10.6%) |
| Segment Income            | <b>263</b>   | million yen<br>(+0.6%)  |
| Advertising Expense Ratio | <b>3.1</b>   | %                       |

| Q2 Cumulative             |              | (YoY)                   |
|---------------------------|--------------|-------------------------|
| Sales                     | <b>6,907</b> | million yen<br>(+12.6%) |
| Segment Income            | <b>546</b>   | million yen<br>(+1.2%)  |
| Advertising Expense Ratio | <b>3.1</b>   | %                       |

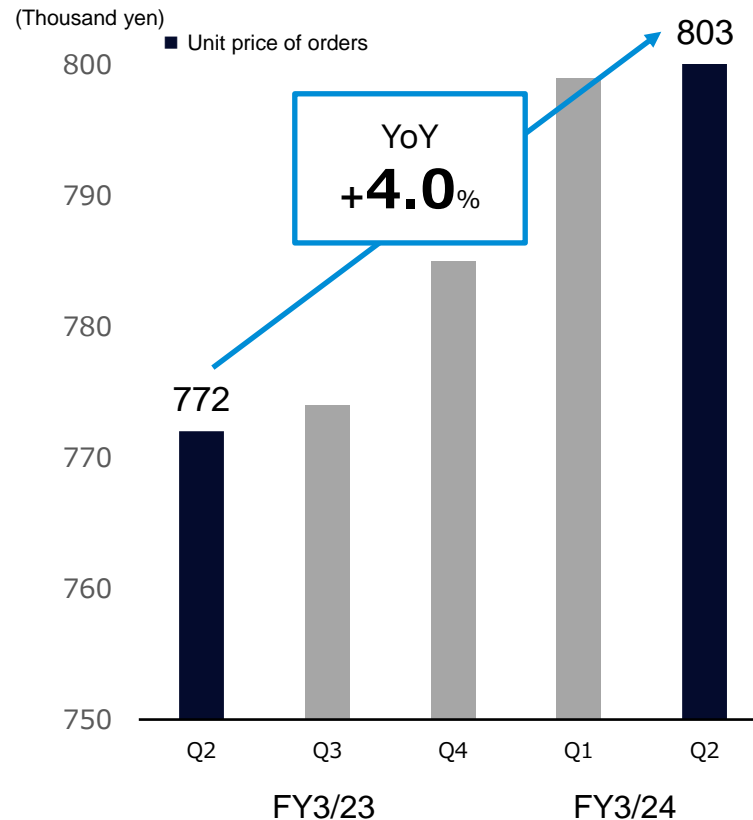
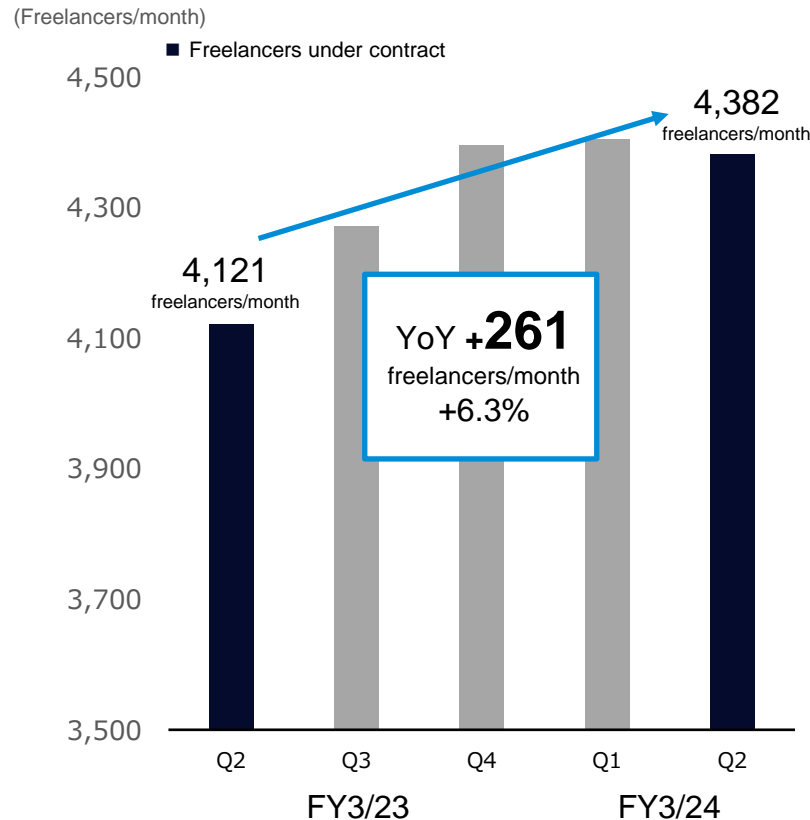
\*1 The branding advertising investment amount is for the second quarter, covering a period of three months.

\*2 Take rate is calculated by deducting the compensation paid to IT freelancers from the gross sales profit, and then dividing it by the total transaction volume.

# IT Freelance Matching Business (Japan)

## (Freelancers under contract, Unit price of orders)

- The number of man-months worked slightly decreased compared to the previous quarter since Q2 of FY3/2021.
- The mismatch in preferred working styles between engineers and client companies (remote vs. on-site) is the mismatch in preferred working styles (i.e. remote working style and on-site working style) between engineers and client companies.
- Demands from client companies remained high in Q2, with projects-to-applicants ratio of 10.65.
- The order unit price increased by 4.0% from the same period last year to 803 thousand yen.



| Q2                         |              | (YoY)                        |
|----------------------------|--------------|------------------------------|
| Freelancers Under Contract | <b>4,382</b> | freelancers/month<br>(+6.3%) |
| Unit Price of Orders       | <b>803</b>   | thousand yen<br>(+4.0%)      |

| Q2 Cumulative              |              | (YoY)                        |
|----------------------------|--------------|------------------------------|
| Freelancers Under Contract | <b>8,787</b> | freelancers/month<br>(+8.3%) |
| Unit Price of Orders       | <b>801</b>   | thousand yen<br>(+4.0%)      |

# IT Freelance Matching Business (Japan) (Profitability)

- Due to the increase in Customer Acquisition Cost (CAC) caused by branding advertising investments, Unit Economics fell to 1.8 from 2.6 in the previous fiscal year.
- However, Lifetime Value (LTV) has been steadily increasing. In the second half of the fiscal year, we will control the acquisition cost per IT freelancer through appropriate marketing measures.

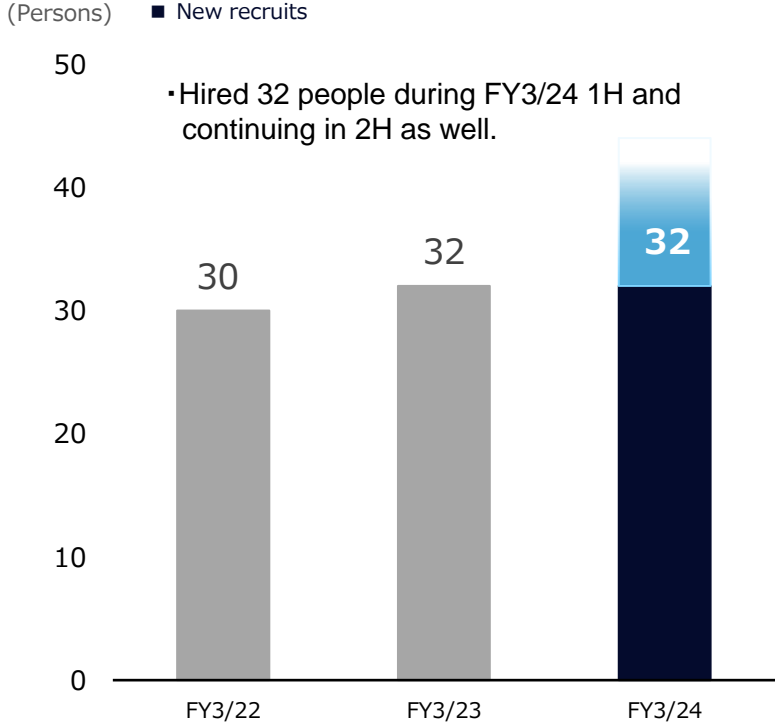
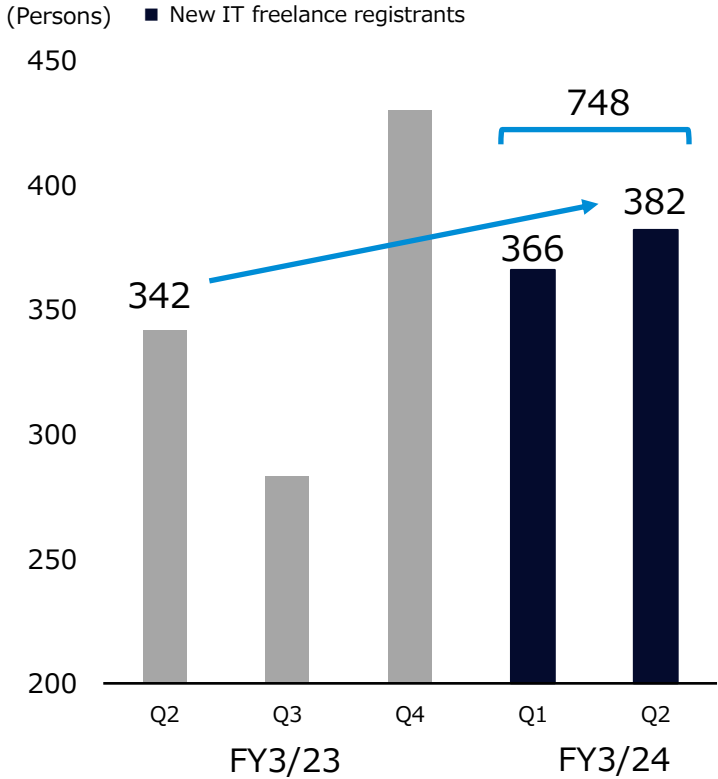
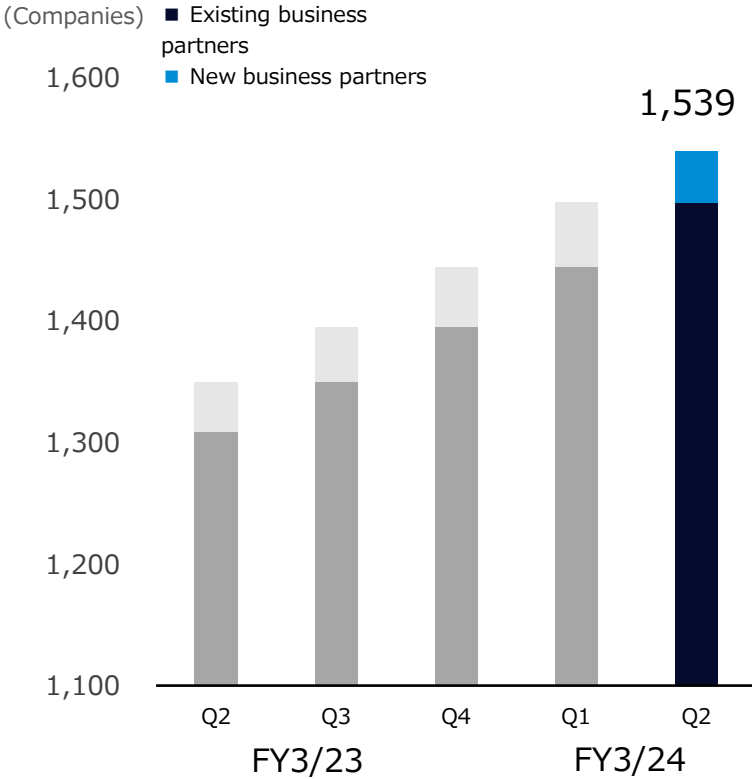
| KPI                                  | Definition  | FY3/23 | FY3/24 1H    |
|--------------------------------------|---|--------|--------------|
| Unit Economics                       | Return on IT freelancer acquisition cost<br>(= LTV / CAC)   | 2.6    | <b>1.8</b>   |
| LTV (thousand yen)                   | Average gross profit generated by one IT freelancer during their engagement<br>(= ARPU x Average engagement duration) | 2,249  | <b>2,544</b> |
| ARPU (thousand yen)                  | Average monthly unit price (gross profit) per IT freelancer   | 130    | <b>144</b>   |
| Average engagement duration (months) | Average duration of engagement for an IT freelancer*  | 17.3   | <b>17.7</b>  |
| CAC (thousand yen)                   | Average acquisition cost per IT freelancer  | 998    | <b>1,427</b> |

\* Average total engagement duration including project changes

# IT Freelance Matching Business (Japan)

## (Effectiveness of branding advertising investments)

- The number of new client companies increased by 95 in cumulative Q2, indicating a favorable trend.
- The number of new registrations for IT freelancers reached 748 in cumulative Q2, surpassing the annual target of 1,000 registrations at a favorable pace.
- As of Q2 of this fiscal year, the number of new hires has exceeded the annual hiring figures from both the previous year and the year before. We have also established an education team, and the organizational development to support growth in the coming fiscal years is progressing smoothly.



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

Sales and EBITDA in line with the company plan.

- In the first half of the fiscal year, the company performed slightly above the pace outlined in the business plan.
- Due to the amortization of goodwill and the impact of audit expenses, the cumulative operating loss for Q2 amounted to -26 million yen.
- The downward revision for the full year was due to the shift in the commencement of revenue contribution from the MSP project planned for Q3, which was delayed to Q4.

(JPY)

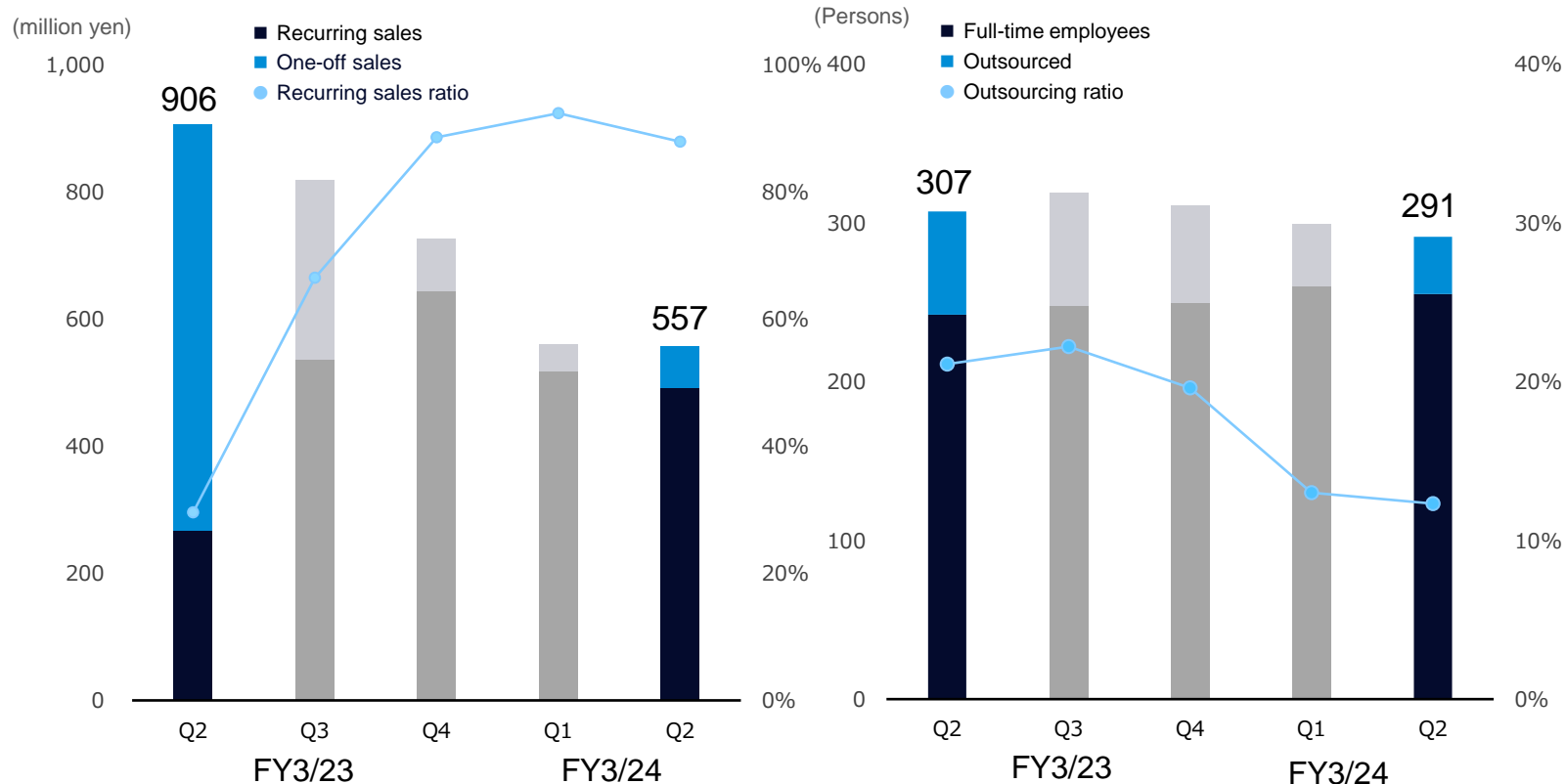
|               | Sales         | EBITDA     | Segment Income |
|---------------|---------------|------------|----------------|
| Q2            | <b>1,864M</b> | <b>48M</b> | <b>-5M</b>     |
| Q2 Cumulative | <b>3,704M</b> | <b>80M</b> | <b>-26M</b>    |

\*Launch's results are converted into JPY at the average rate of JPY 91.22 to AUD 1. Our assumed exchange rate is JPY 85 to AUD 1.

# G2 Studios

## (Sales, Segment income, Number of titles and Number of employees)

- Due to the slump in the mobile game market, the timing for orders of the planned new development title was delayed, resulting in a segment profit of -62 million yen in Q2.
- In the second half of the fiscal year, we will ensure to secure orders for the next fiscal year and establish a structure for profit generation.
- The number of management titles in operation in Q2 increased by one title due to the operation transfer.



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

### Q2

|                |            | (YoY)                |
|----------------|------------|----------------------|
| Sales          | <b>557</b> | million yen (-38.5%) |
| Segment Income | <b>-62</b> | million yen (-)      |

### Q2 Cumulative

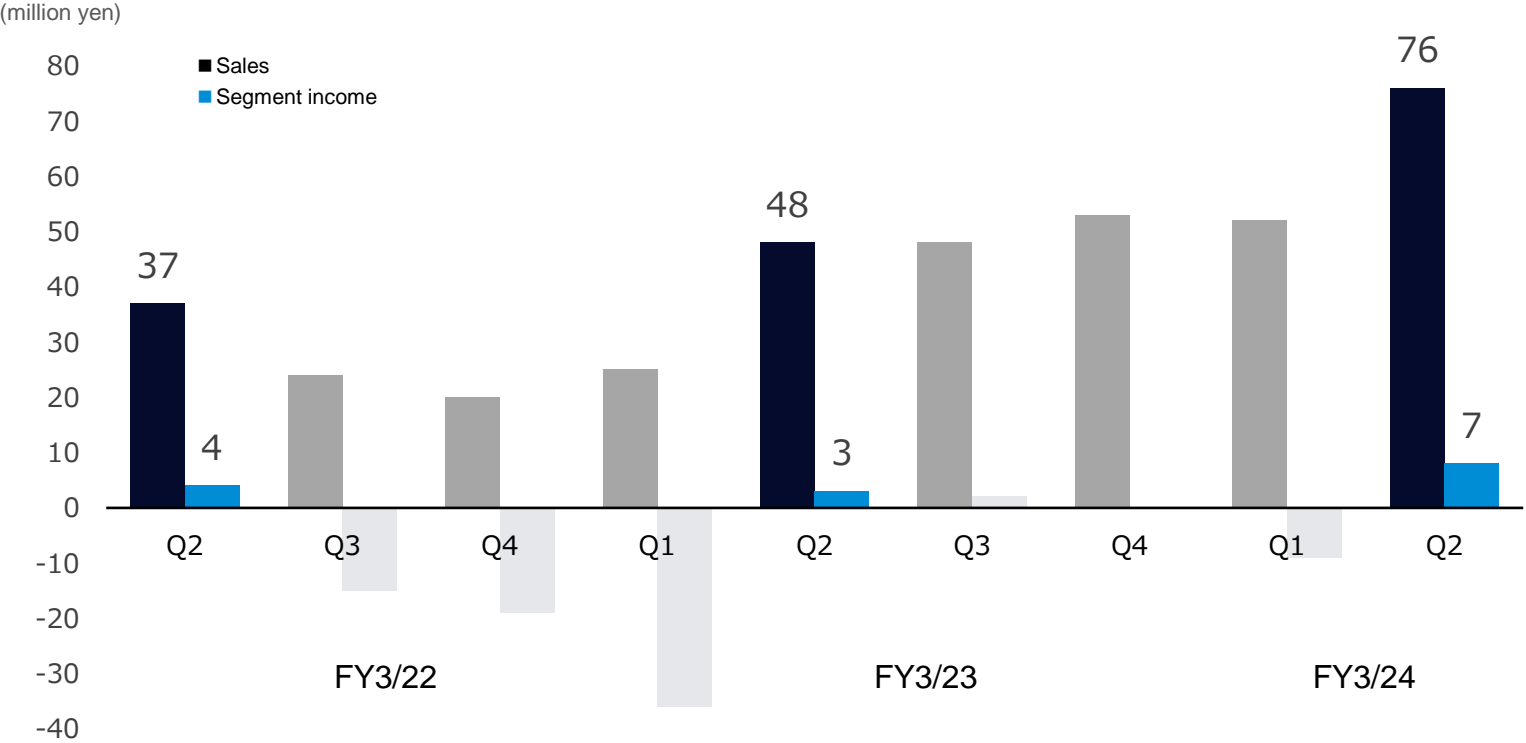
|                |              | (YoY)                |
|----------------|--------------|----------------------|
| Sales          | <b>1,119</b> | million yen (-17.0%) |
| Segment Income | <b>-136</b>  | million yen (-)      |

|                                 |                                |
|---------------------------------|--------------------------------|
| Operating game titles           | <b>7</b>                       |
| Titles under development        | <b>2</b>                       |
| No. of employees (as of end Q2) | <b>291</b>                     |
|                                 | (255 full-time, 36 outsourced) |



# Seed Tech (Sales, Segment income)

- Total sales reached 129 million yen in cumulative figures for Q2, showing a growth of +73.7% compared to the same period last year.
- Sales from offshore development increased by +96% in cumulative figures for Q2 compared to the previous year.
- The domestic IT human resources development project “Seed Tech Camp”, utilizing “Sodatech” started in Q2, and enrolled its first batch with 10 participants.



|                       |                                   |
|-----------------------|-----------------------------------|
| <b>Q2</b>             | (YoY)                             |
| <b>Sales</b>          | <b>76</b> million yen<br>(+57.3%) |
| <b>Segment Income</b> | <b>7</b> million yen<br>(-)       |

|                       |                                    |
|-----------------------|------------------------------------|
| <b>Q2 Cumulative</b>  | (YoY)                              |
| <b>Sales</b>          | <b>129</b> million yen<br>(+73.7%) |
| <b>Segment Income</b> | <b>-2</b> million yen<br>(-)       |

# Consolidated Balance Sheet & Cash Flow Statement

## Balance Sheet

(million yen)

|   | FY3/23 | FY3/24 Q2 | Change |
|---|--------|-----------|--------|
| <b>Current asset</b>                    | 6,409  | 6,385     | -23    |
| Cash and deposits                       | 3,755  | 3,471     | -283   |
| Accounts receivable and contract assets | 2,475  | 2,644     | 169    |
| <b>Fixed assets</b>                     | 2,590  | 2,617     | 27     |
| Tangible fixed assets                   | 126    | 101       | -24    |
| Goodwill                                | 944    | 970       | 25     |
| Customer-related assets                 | 1,182  | 1,215     | 32     |
| Investment securities                   | 80     | 81        | 1      |
| <b>Total assets</b>                     | 8,999  | 9,003     | 3      |
| <b>Liabilities</b>                      | 4,311  | 4,237     | -74    |
| Accounts payable                        | 1,139  | 1,115     | -23    |
| Contract liabilities                    | 23     | 40        | 16     |
| Debt                                    | 1,676  | 1,590     | -86    |
| Net assets                              | 4,687  | 4,765     | 78     |
| <b>Total liabilities and net assets</b> | 8,999  | 9,003     | 3      |

\*Divide the increase or decrease amount calculated in 1 yen by one million and truncate the decimal places beyond the first digit.

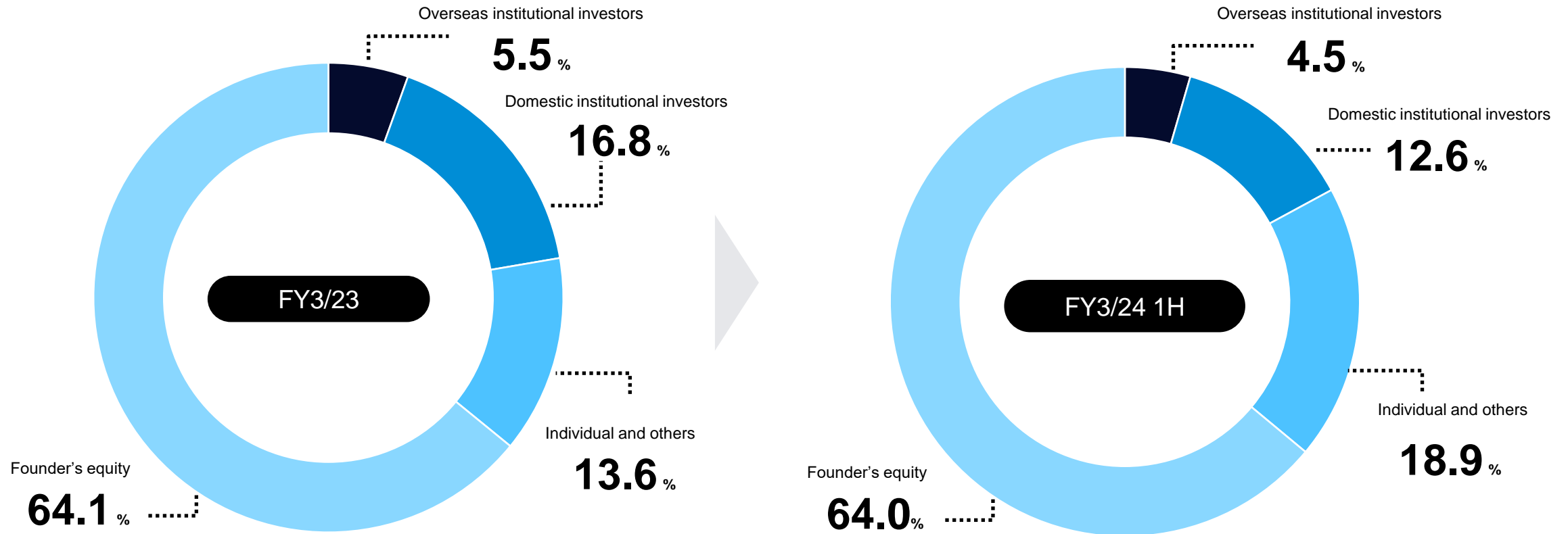
## Cash Flow

(million yen)

|  | FY3/23 Q2 | FY3/24 Q2 | Change |
|--|-----------|-----------|--------|
| <b>Operating cash flow</b>                                   | -80       | -76       | 4      |
| Net income before tax adjustments                            | 263       | 75        | -188   |
| Depreciation expenses (including goodwill amortization)      | 8         | 116       | 108    |
| Increase/decrease in accounts receivable and contract assets | -255      | -127      | 128    |
| Increase/decrease in accounts payable                        | 35        | -26       | -61    |
| Increase/decrease in contract liabilities                    | 6         | 16        | 9      |
| Increase/decrease in unpaid consumption tax, etc.            | -35       | -109      | -74    |
| Amount of corporate tax paid                                 | -59       | -75       | -16    |
| <b>Investing cash flow</b>                                   | -1        | -17       | -16    |
| Expenditure for security deposits and guarantees             | 0         | -16       | -16    |
| Income from security deposits and guarantees refund          | 1         | 1         | 0      |
| FCF  | -81       | -93       | -11    |
| <b>Financing cash flow</b>                                   | -111      | -198      | -87    |
| Repayment of borrowings                                      | 0         | -86       | -86    |
| Income from stock issuance                                   | 0         | 3         | 2      |
| Dividend payment amount                                      | -104      | -102      | 1      |

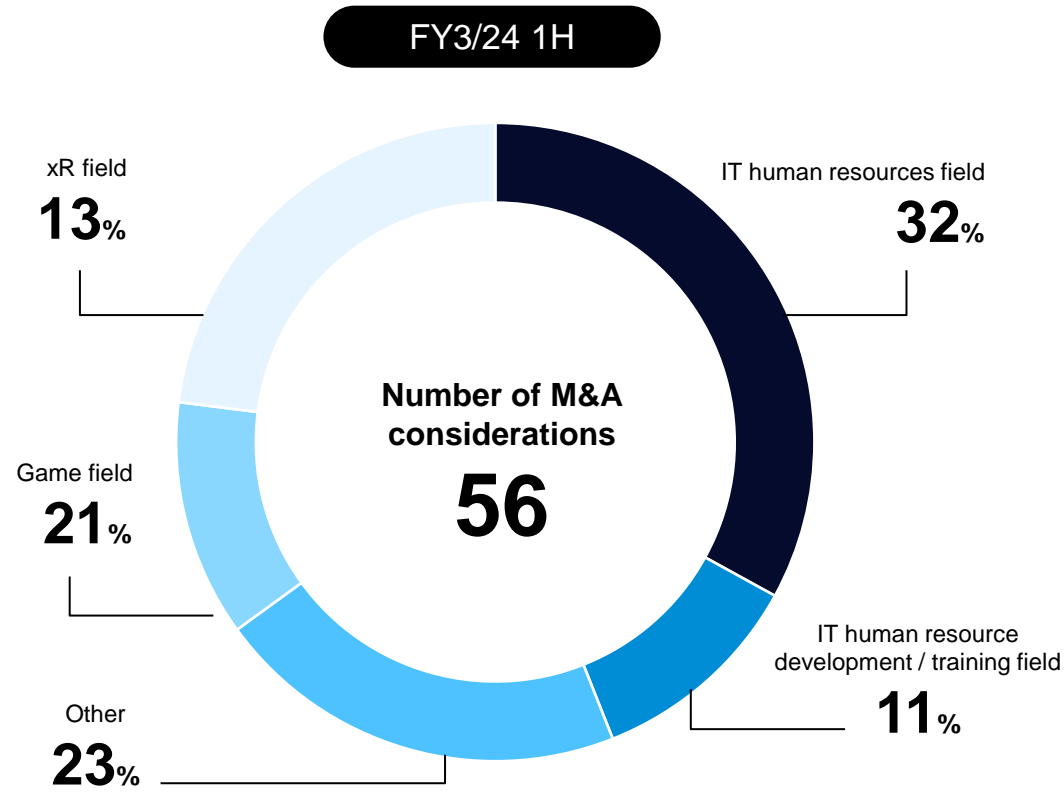
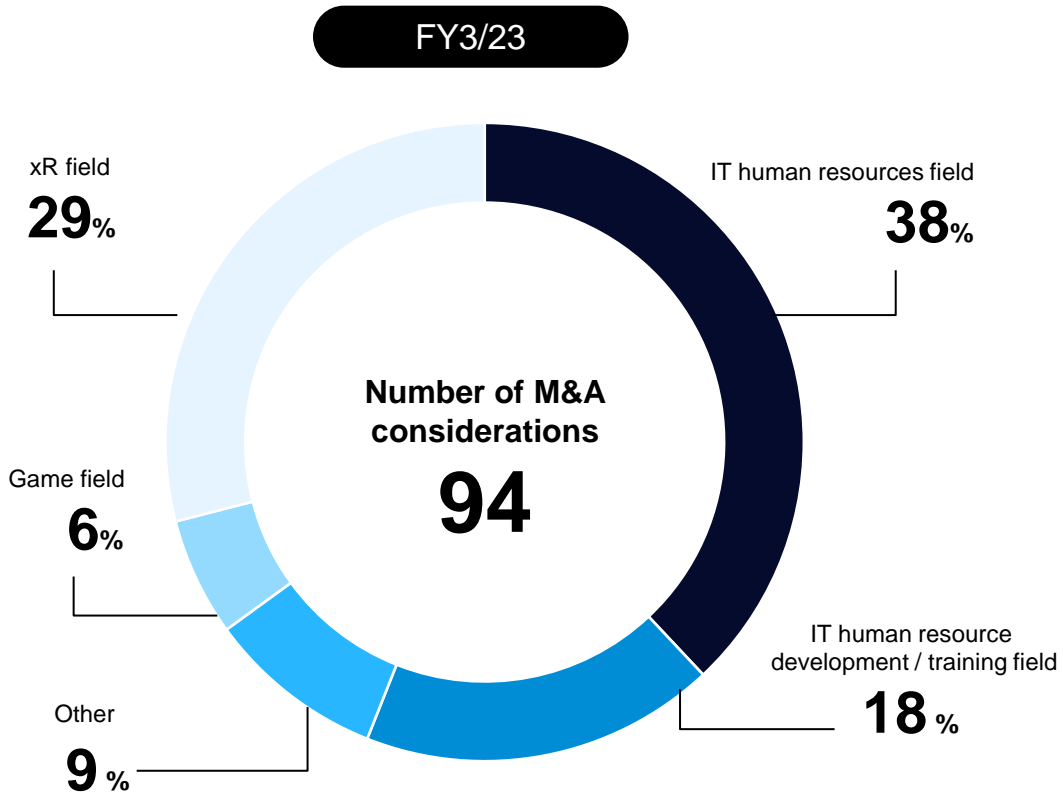
# Shareholder Composition

In an environment where U.S. policy interest rates are gradually increasing, there has been some fund reductions from institutional investors managing small-cap and micro-cap stocks. As a result, the ratio of overseas investors decreased by -1.0 points compared to the previous period, and the ratio of domestic institutional investors decreased by -4.2 points. On the other hand, the ratio of individual investors increased by +5.3 points.



# Approach towards M&A

We are focusing on the IT human resources field and IT human resources development/training field. In the first half of the fiscal year ending March 2023, we have been actively considering mergers and acquisitions, with a total of 56 cases, surpassing the pace of the previous fiscal year. In the second half, we will further strengthen our efforts in M&A related to the domestic IT human resources field.



# 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

|                             |  |
|-----------------------------|--|
| <b>Company name</b>         | GEECHS Inc. (TSE Standard Market: 7060)  |
| <b>President and CEO</b>    | Naruhito Sonehara  |
| <b>Established</b>          | August 23, 2007  |
| <b>Head office</b>          | Shibuya Scramble Square, 2-24-12 Shibuya, Shibuya-ku, Tokyo, JAPAN   |
| <b>Capital</b>              | 1,111 million yen (as of September 30, 2023)   |
| <b>Business description</b> | IT Freelance Matching Business (Japan)<br>IT Freelance Matching Business (Overseas)<br>G2 Studios Business, Seed Tech Business |
| <b>Sales volume</b>         | JPY 15,997 million (as of March 31, 2023)  |
| <b>Employees</b>            | 504 (as of September 30, 2023)   |
| <b>Offices</b>              | Tokyo Head Office, Osaka Branch, Fukuoka Branch, Nagoya Satellite Office<br>Australia, Philippines                             |

## Group companies

# GEECHS

IT Freelance Matching Business (Japan)

## launch

IT Freelance Matching Business (Overseas)

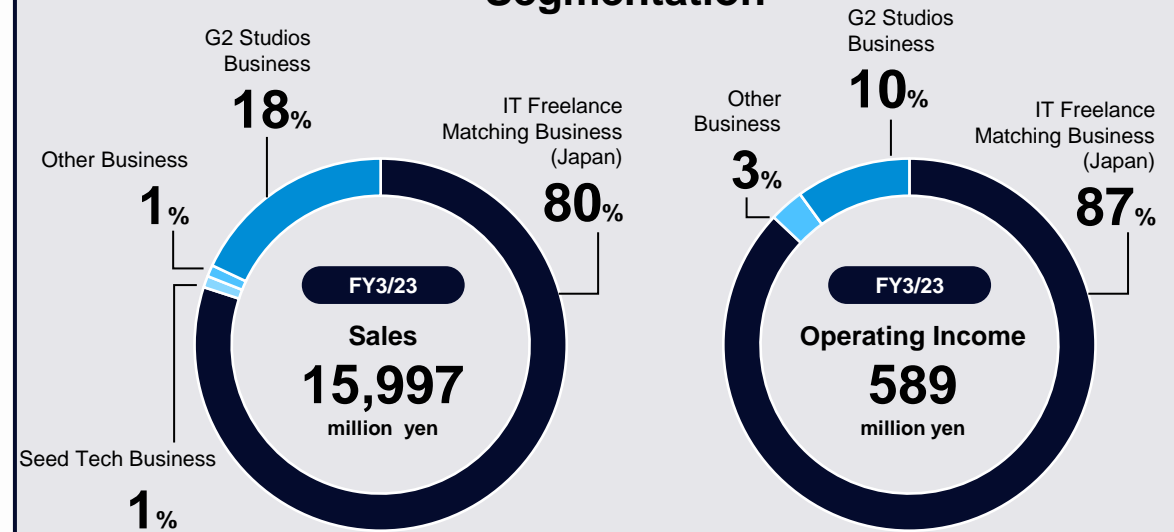
## seedtech

Seed Tech Business

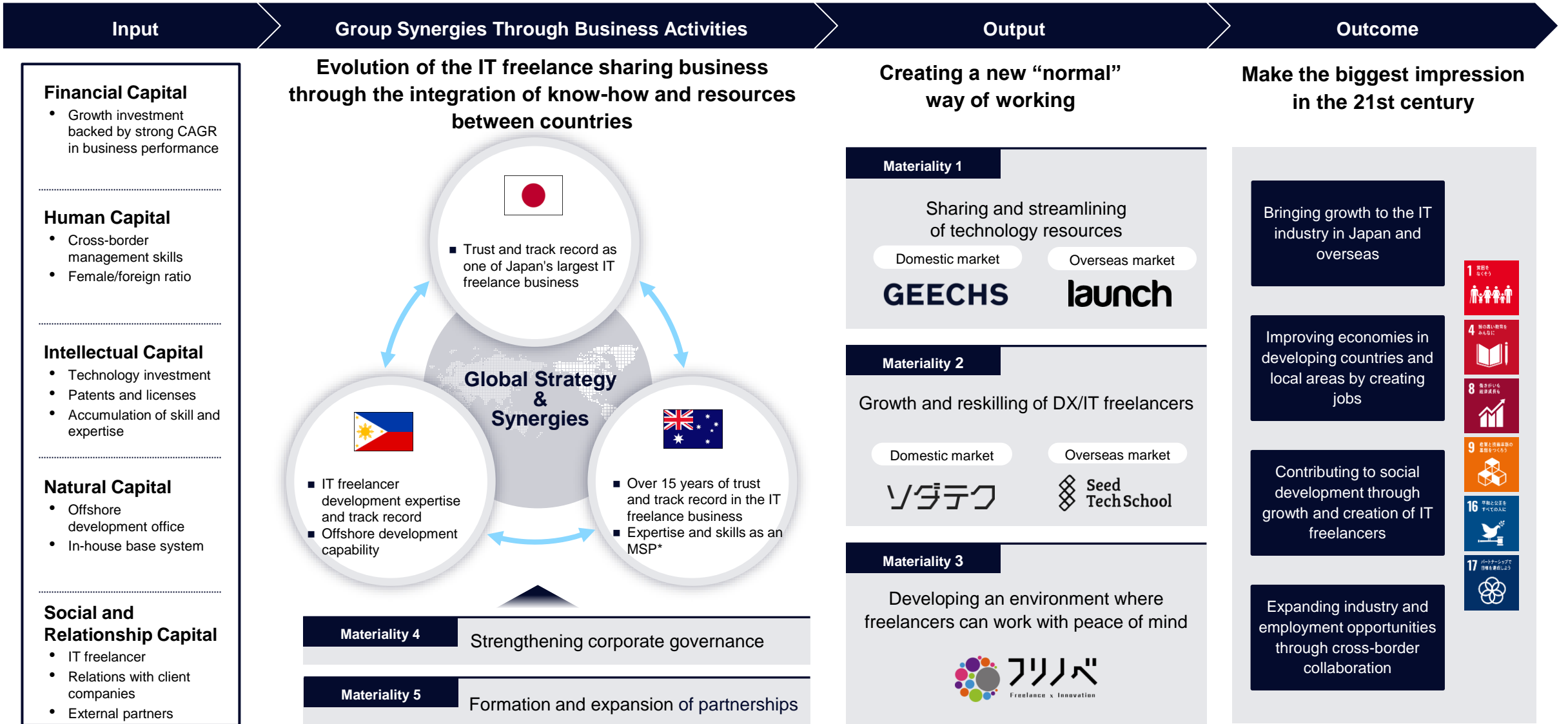
## G2Studios

G2 Studios Business

## Segmentation

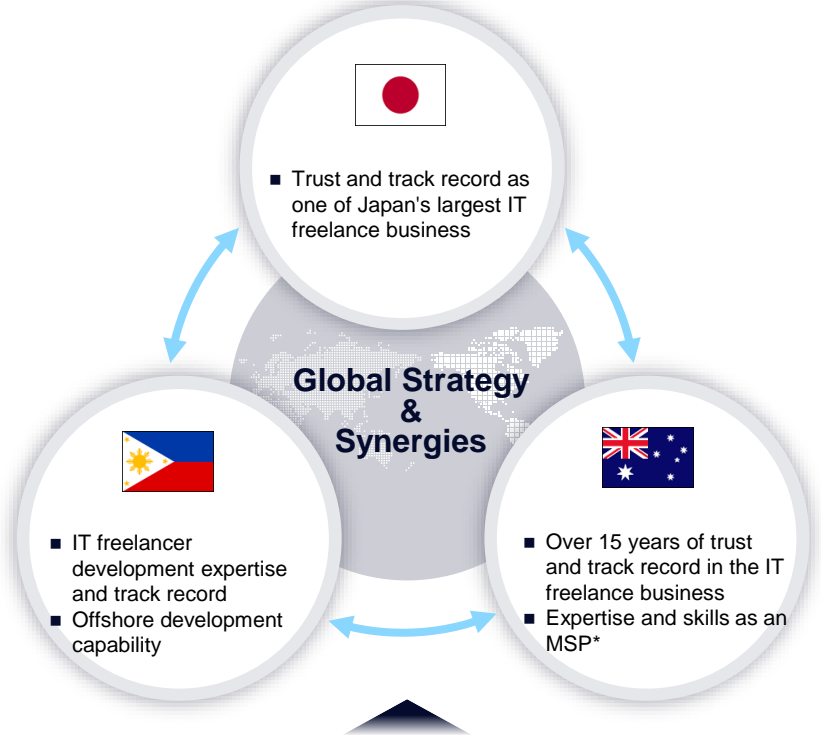


# GEECHS Social Impact Flow



- Financial Capital**
- Growth investment backed by strong CAGR in business performance
- 
- Human Capital**
- Cross-border management skills
  - Female/foreign ratio
- 
- Intellectual Capital**
- Technology investment
  - Patents and licenses
  - Accumulation of skill and expertise
- 
- Natural Capital**
- Offshore development office
  - In-house base system
- 
- Social and Relationship Capital**
- IT freelancer
  - Relations with client companies
  - External partners

**Evolution of the IT freelance sharing business through the integration of know-how and resources between countries**



- Materiality 4** Strengthening corporate governance
- Materiality 5** Formation and expansion of partnerships

**Creating a new "normal" way of working**

**Materiality 1**

Sharing and streamlining of technology resources

Domestic market: **GEECHS**      Overseas market: **launch**

---

**Materiality 2**

Growth and reskilling of DX/IT freelancers

Domestic market: **V3テック**      Overseas market: **Seed Tech School**

---

**Materiality 3**

Developing an environment where freelancers can work with peace of mind

**Freelance x Innovation**

**Make the biggest impression in the 21st century**

Bringing growth to the IT industry in Japan and overseas

Improving economies in developing countries and local areas by creating jobs

Contributing to social development through growth and creation of IT freelancers

Expanding industry and employment opportunities through cross-border collaboration

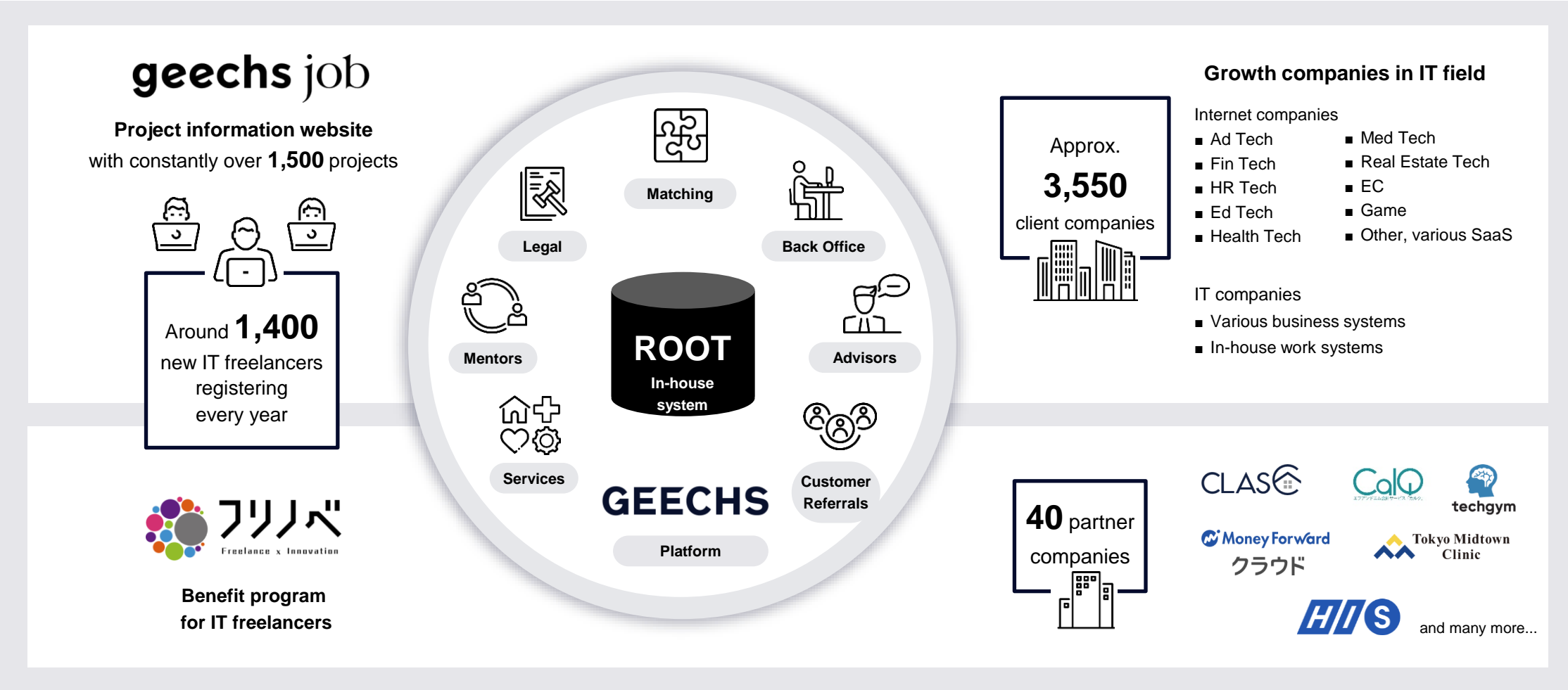
- 1 雇用をなくす
- 4 質の高い仕事をみんなに
- 8 働きがいも経済成長も
- 9 産業と地域経済の連携を活かす
- 16 労働の質をすべての人に
- 17 パートナーシップで目標を達成しよう

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

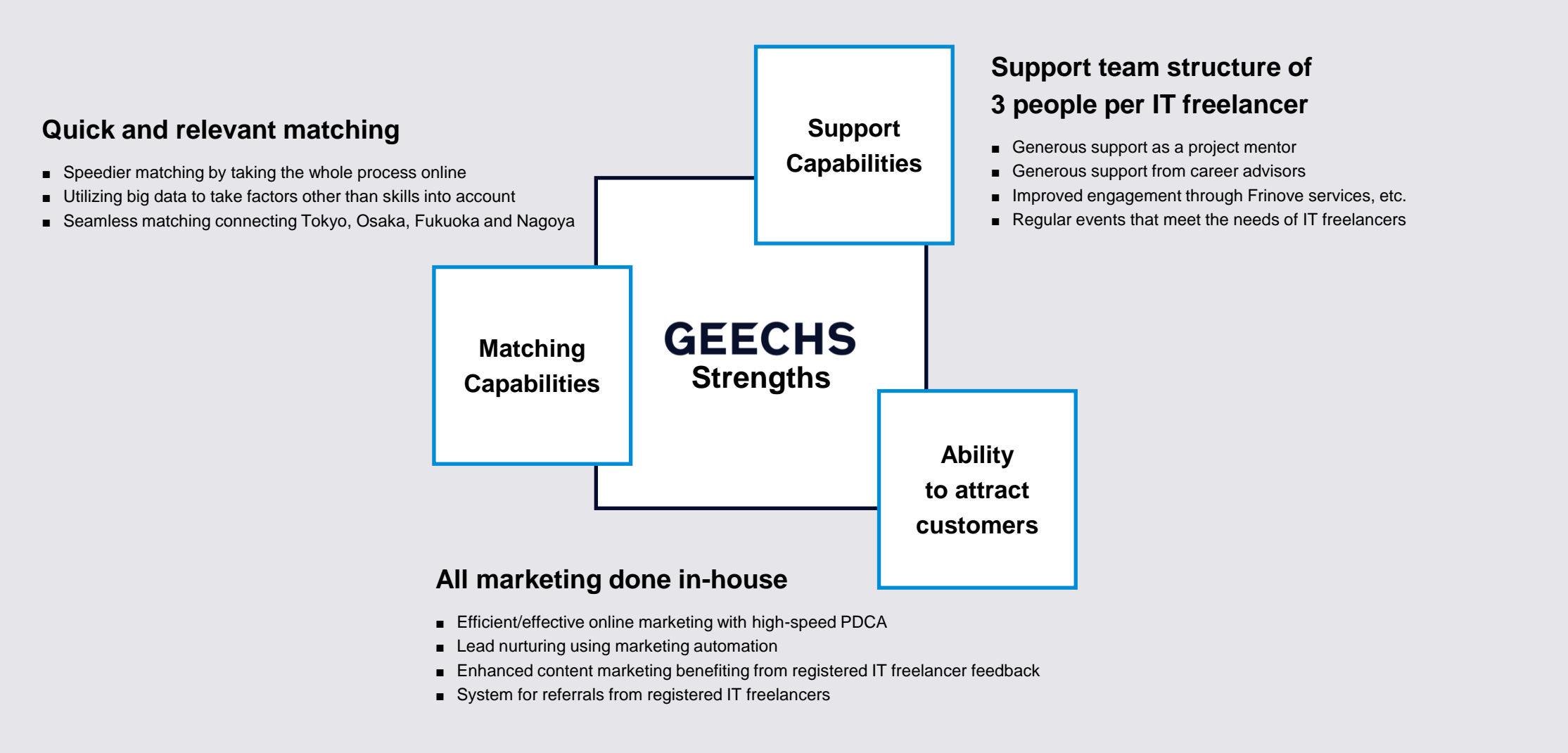


# IT Freelance Matching Business, Japan

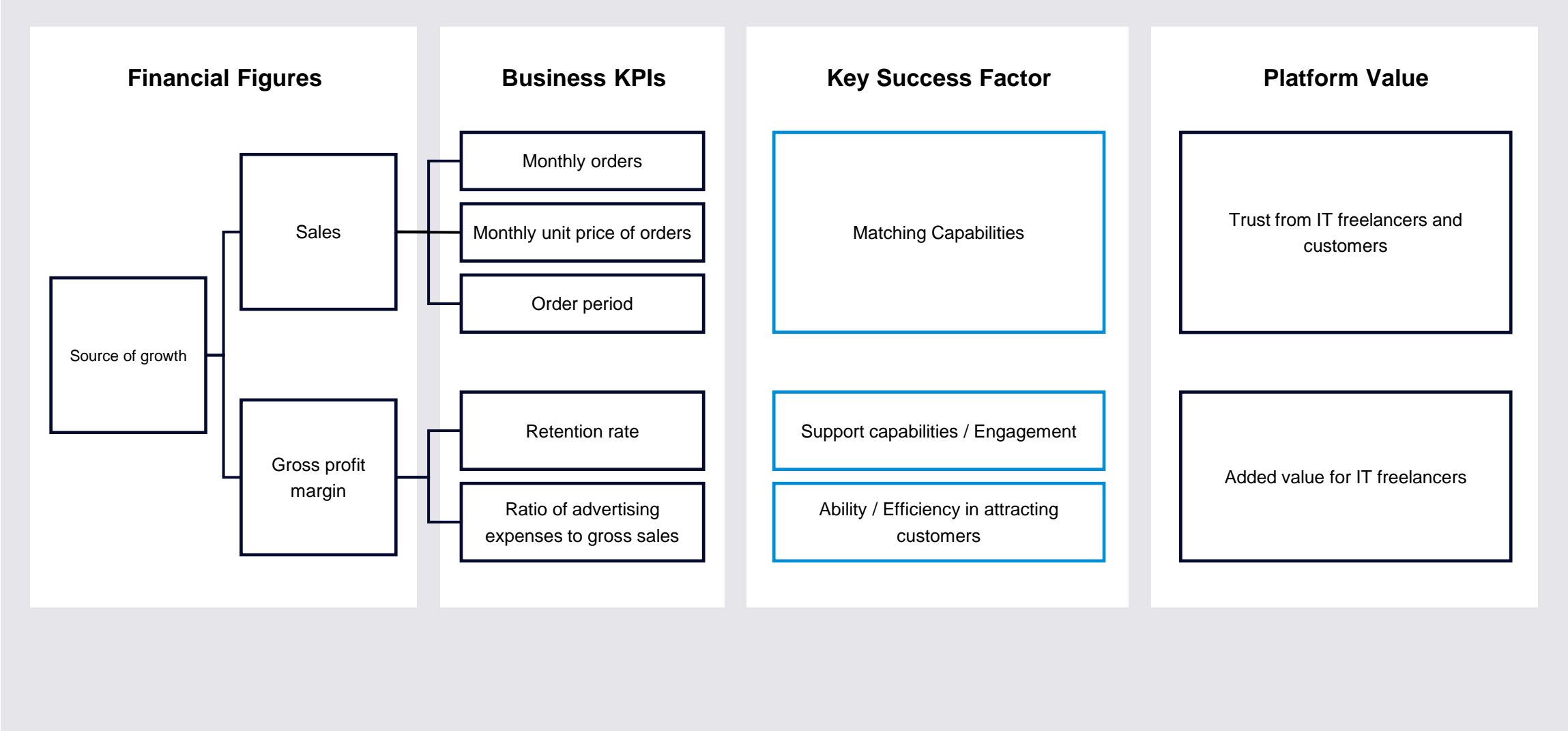
## Technology Resource Sharing Platform



# GEECHS Strengths

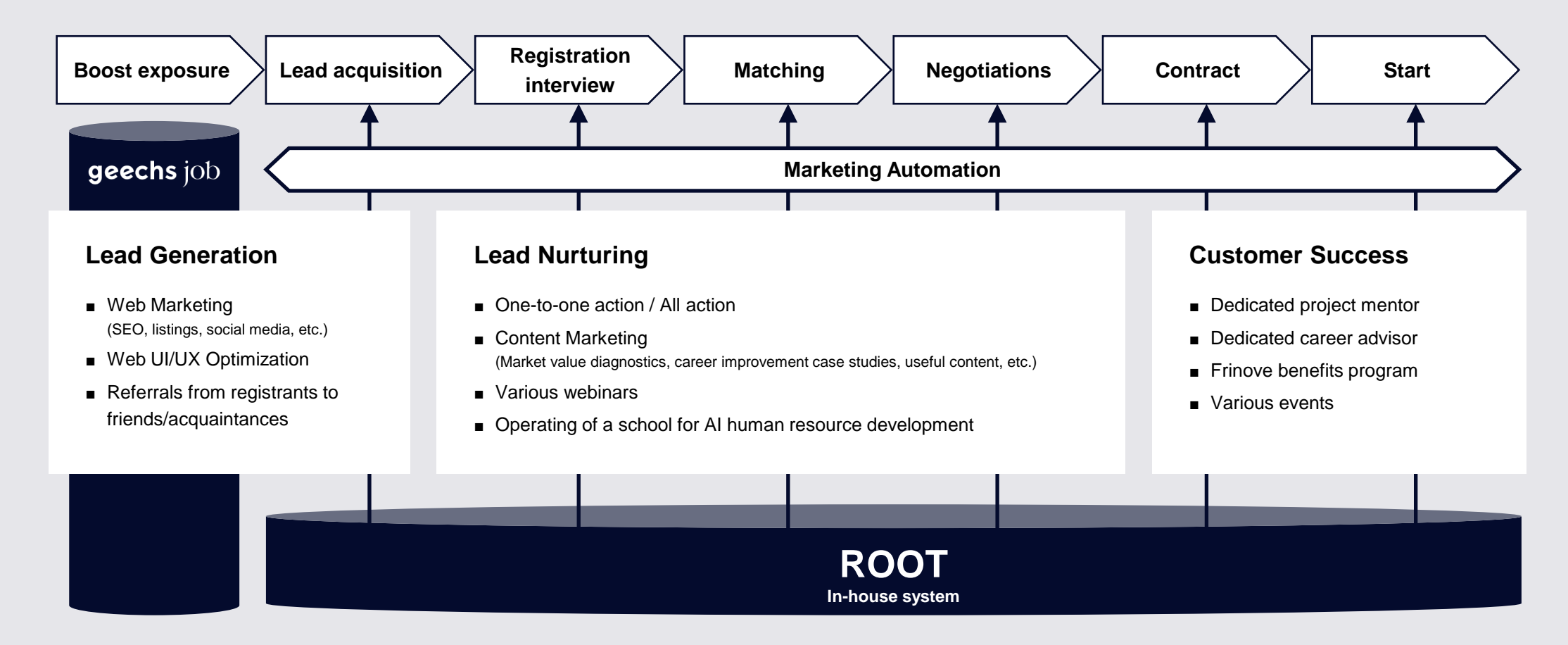


# Source of Growth



# 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

|                              | <b>GEECHS</b>                    | <b>Crowdsourcing</b>   | <b>IT Engineers Dispatch</b>   |
|------------------------------|----------------------------------|--|--|
| 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"> <li>• Managing legacy systems</li> <li>• Developing work systems</li> </ul> |
| Employment relationship      | None                             | None   | Employment relationship with temping agency  |

# Engagement

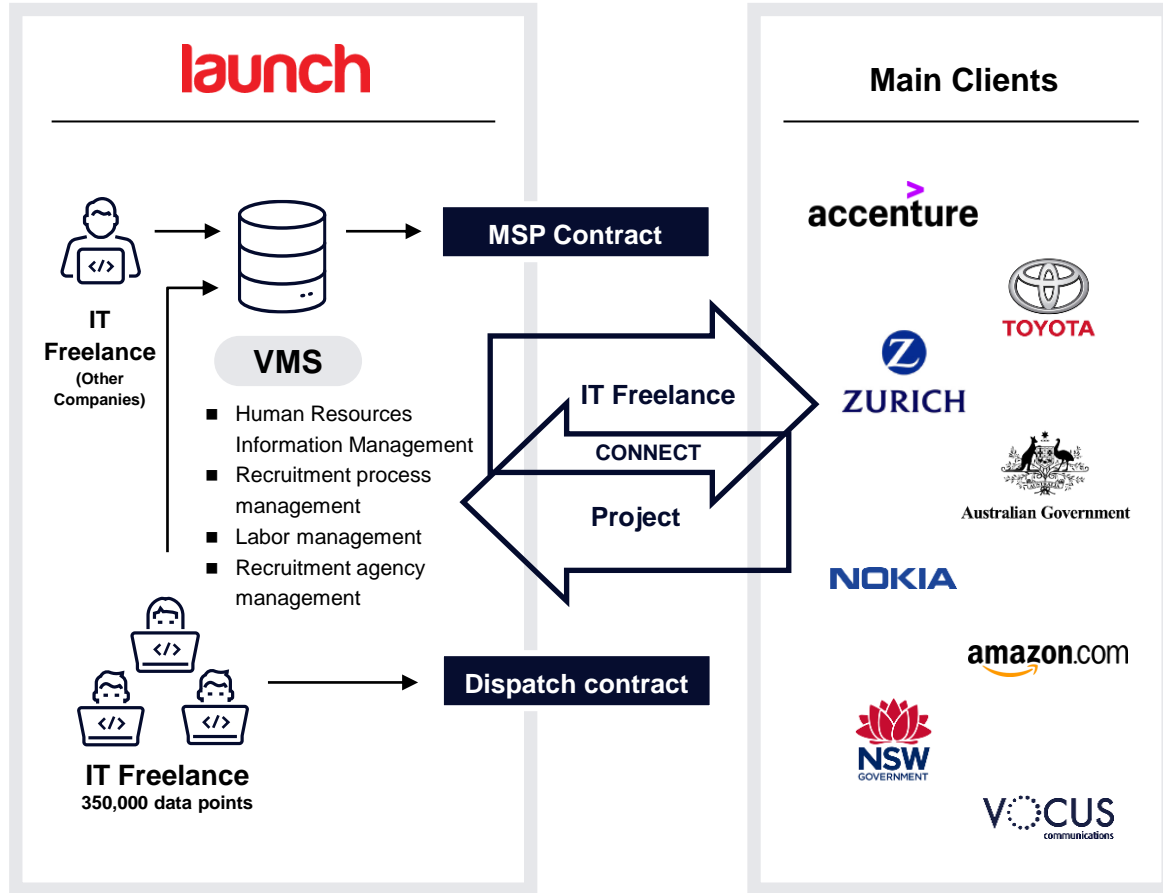
## Strengthening ongoing partnerships to maximize business by increasing engagement with IT freelancers

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

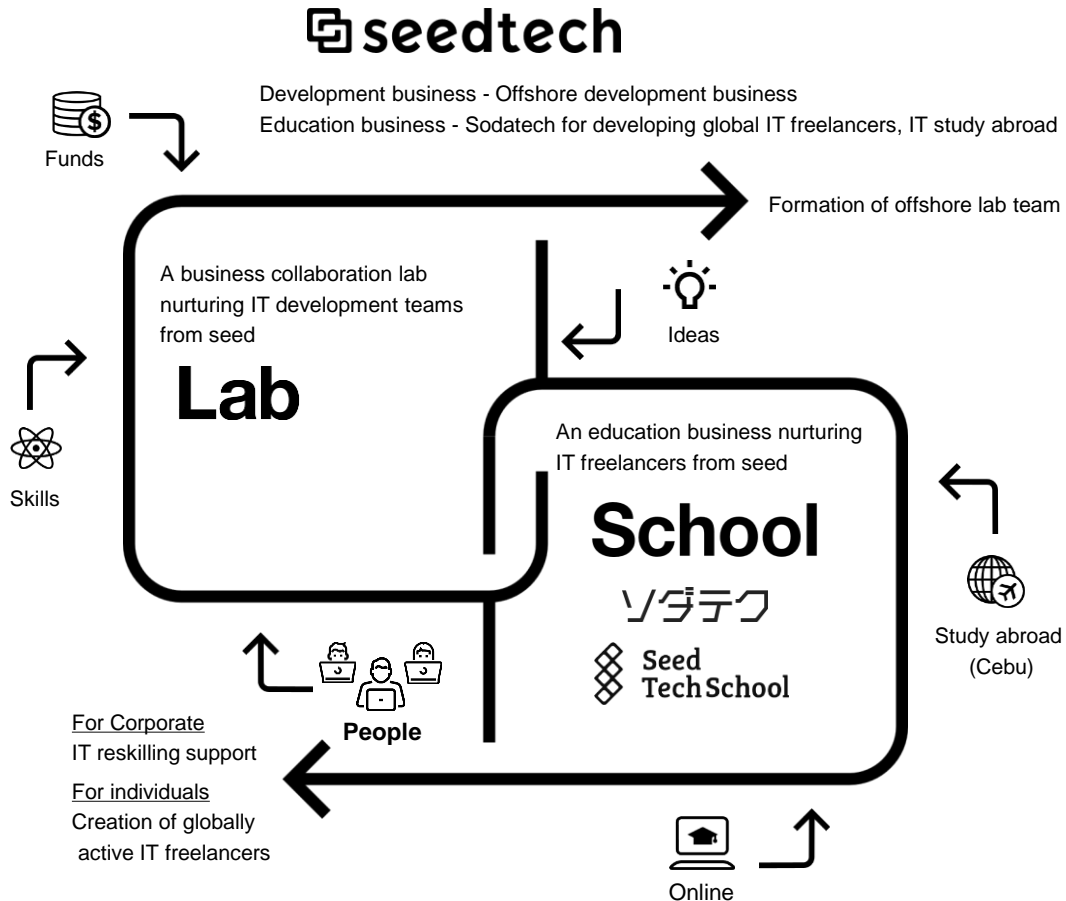
Launch has its own IT freelancer database of over 350,000 people and over 7,500 freelancers/month are under contract.

## 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.

Photo Spot : WeWork Shibuya Scramble Square

# Differences between Developer and Publisher

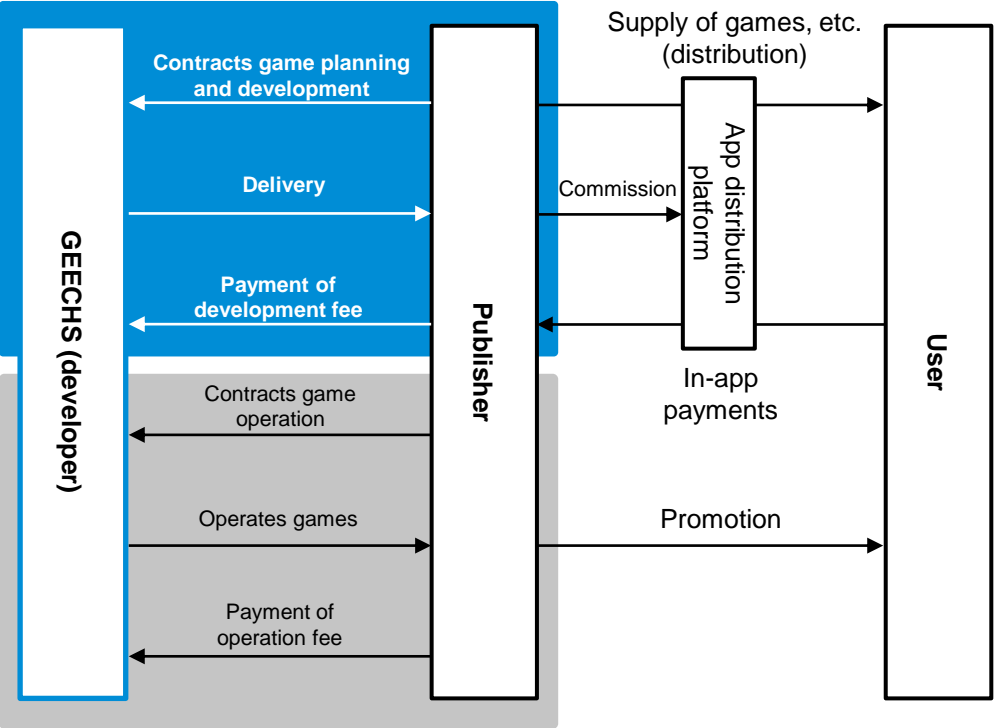
**The future strategy of the Game Business is to become a developer of globally distributed titles.**

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

# G2 Studios: Business and Revenue Image

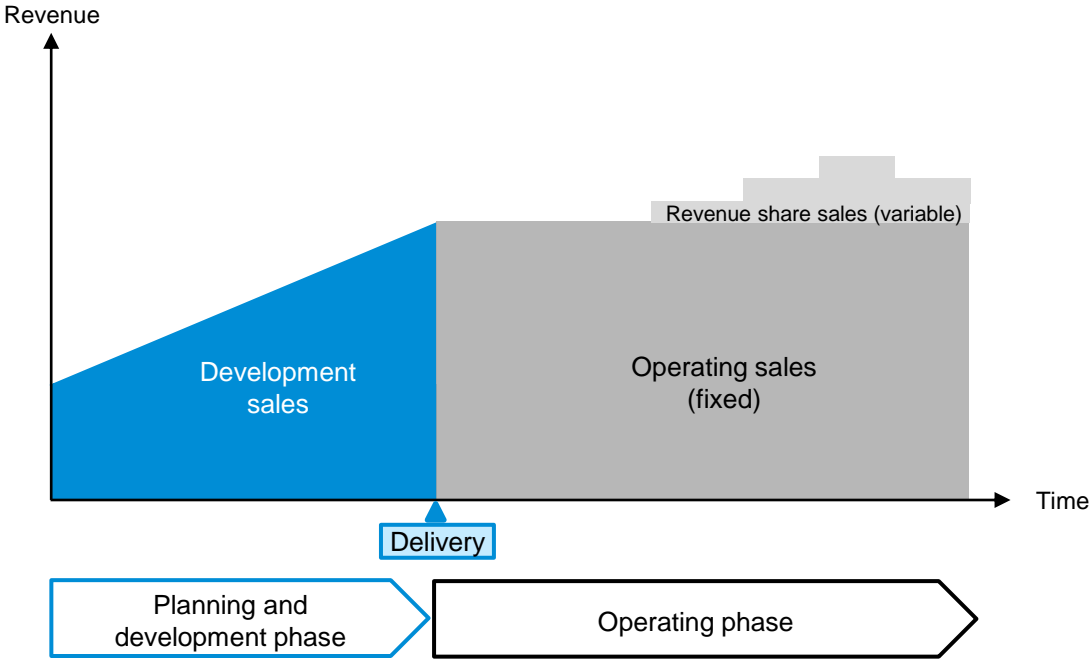
## Business Model

- 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                            |                | FY3/21    | FY3/22     | FY3/23     | FY3/24 1H  | FY3/24 Forecast |
|--|----------------|-----------|------------|------------|------------|-----------------|
| Sales                                      | (Thousand yen) | 3,427,816 | 14,340,774 | 15,997,838 | 11,917,444 | 24,400,000      |
| EBITDA                                     | (Thousand yen) | 815,495   | 1,226,900  | 651,393    | 247,574    | 300,000         |
| Operating income                           | (Thousand yen) | 738,479   | 1,133,696  | 589,410    | 104,965    | 50,000          |
| Ordinary income                            | (Thousand yen) | 713,942   | 1,135,706  | 567,920    | 99,812     | 40,000          |
| Profit attributable to owners of parent    | (Thousand yen) | 457,755   | 705,194    | 244,215    | -11,414    | -165,000        |
| Comprehensive income                       | (Thousand yen) | 458,020   | 703,843    | 239,743    | 152,082    | -               |
| Capital                                    | (Thousand yen) | 1,094,214 | 1,101,531  | 1,109,972  | 1,111,532  | -               |
| Net assets                                 | (Thousand yen) | 3,830,496 | 4,470,860  | 4,687,486  | 4,765,684  | -               |
| Total assets                               | (Thousand yen) | 6,486,303 | 5,874,294  | 8,999,379  | 9,003,284  | -               |
| Net income per share                       | (Yen)          | 43.83     | 67.18      | 23.2       | -1.11      | -15.98          |
| Capital adequacy ratio                     | (%)            | 59.1      | 75.7       | 47.7       | 48.0       | -               |
| Return on equity                           | (%)            | 12.7      | 17.0       | 5.6        | -          | -               |
| Cash flow from operating activities        | (Thousand yen) | 661,718   | 369,207    | 688,038    | -76,094    | -               |
| Cash flow from investing activities        | (Thousand yen) | -48,908   | -68,653    | -1,560,893 | -17,655    | -               |
| Cash flow from financing activities        | (Thousand yen) | -22,588   | -91,339    | 1,274,450  | -198,567   | -               |
| Cash and cash equivalents at end of period | (Thousand yen) | 3,149,695 | 3,357,198  | 3,755,033  | 3,471,320  | -               |
| Employees                                  | (Persons)      | 357       | 384        | 444        | 504        | -               |

# Supplemental Data (IT Freelance Matching Business, Japan)

| Fiscal Year-End                                   | FY3/23    |           |           |           |            | FY3/24    |           |
|---|-----------|-----------|-----------|-----------|------------|-----------|-----------|
|   | Q1        | Q2        | Q3        | Q4        | Full-year  | Q1        | Q2        |
| Sales<br>(Thousand yen)                           | 3,014,968 | 3,117,730 | 3,236,528 | 3,393,625 | 12,762,853 | 3,447,652 | 3,447,026 |
| Advertising expense*<br>(Thousand yen)            | 43,435    | 70,656    | 90,096    | 119,050   | 323,238    | 106,986   | 108,202   |
| Advertising expense ratio<br>(%)                  | 1.4%      | 2.3%      | 2.8%      | 3.5%      | 2.5%       | 3.1%      | 3.1%      |
| Operating income<br>(Thousand yen)                | 277,694   | 261,941   | 257,325   | 263,494   | 1,060,457  | 282,780   | 263,527   |
| Operating income ratio<br>(%)                     | 9.2%      | 8.4%      | 8.0%      | 7.8%      | 8.3%       | 8.2%      | 7.6%      |
| Take rate<br>(%)                                  | 17.2%     | 17.1%     | 17.4%     | 18.2%     | 17.5%      | 18.8%     | 19.0%     |
| Freelancers under contract<br>(Freelancers/month) | 3,990     | 4,121     | 4,271     | 4,395     | 16,777     | 4,405     | 4,382     |
| Unit price of orders<br>(Thousand yen)            | 769       | 772       | 774       | 785       | 775        | 799       | 803       |
| New business partners<br>(Companies)              | 40        | 41        | 45        | 49        | 175        | 53        | 42        |
| Newly registered IT freelancers<br>(Persons)      | 270       | 342       | 283       | 430       | 1,325      | 366       | 382       |

\*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

geechs.com