



Financial Results Briefing

2nd Quarter of Fiscal Year Ending March 31, 2021

Geechs Inc.
TSE 1st Section: 7060

A G E N D A

1. Financial Results Highlights	P3
2. Segment Highlights	P9
3. Finance/Number of Employees	P22
4. Medium-term Outlook	P25
5. Business Overview	P31
6. APPENDIX	P36



Financial Results Highlights

Executive Summary (2nd Quarter Cumulative)

Consolidated

Net Sales

1,348

million yen

(103.7% compared to plan)

Operating income

272

million yen

(181.6% compared to plan)

IT Freelance Matching

Number of Orders

5,873

(YoY +4.0%)

Gross Sales

4,325

million yen (YoY +6.6%)

Game

Operating income

37 million yen

(-35mn turnaround)

Titles under
development

4 titles

Other

IT Human Resource
Development Sales

58 million yen

(Compared to plan 116.4%)

x-Tech Sales

130 million yen

(119.1% compared to plan)

Progress of plan

Quantitative aspect

	(2nd Quarter Cumulative)	Half-Year Plan / Progress Rate		Full-year Forecast / Progress*	
Net Sales	1,348 million yen	1,300 million yen	103.7%	4,200 million yen	32.1%
Operating income	272 million yen	150 million yen	181.6%	600 million yen	45.4%
Ordinary income	251 million yen	130 million yen	193.8%	580 million yen	43.4%
Net income	133 million yen	70 million yen	190.5%	340 million yen	39.2%

Qualitative aspect

- Operating income margin remained at a high level of 20.2%, mainly due to appropriate cost controls.
- IT Frequency of Contracts in the IT Freelance Matching Business Recovered Before the Effect of COVID-19
- In the Game Business, the R/S*** game titles under management performed strongly, and operating income increased compared to the plan.
- In the IT Human Resource Development Business, started online IT Study Abroad, with over 100 participants

*: Progress rate against initial forecast for FY3/21**: Revenue share

2nd Quarter Cumulative by Segment

- IT Freelance Matching Business posted year-on-year increases in sales and profits, and maintained 20% growth in operating income.
- In the IT Human Resource Development Business, net sales decreased significantly year on year, despite progress as planned.
- In the Game Business, sales decreased year on year due to the impact of the release timing.
- In the x-Tech Business, net sales increased significantly due to synergy from business integration.

(Millions of yen)	(2nd Quarter Cumulative)	Half-Year Plan / Progress Rate		Year-on-Year Report / YoY	
Net Sales	1,348	1,300	103.7%	1,978	▲31.8%
IT Freelance Matching	701	710	98.9%	626	+12.1%
IT Human Resource Development	58	50	116.4%	112	▲48.1%
Game	459	430	106.9%	1,142	▲59.8%
x-Tech	130	110	119.1%	101	+28.8%
Operating income	272	150	181.6%	414	▲34.2%
IT Freelance Matching	399	375	106.6%	329	+21.4%
IT Human Resource Development	-3	-15	-	2	-
Game	37	-35	-	260	▲85.5%
x-Tech	-1	-10	-	-12	-
Common expense	-160	-165	-	-165	-

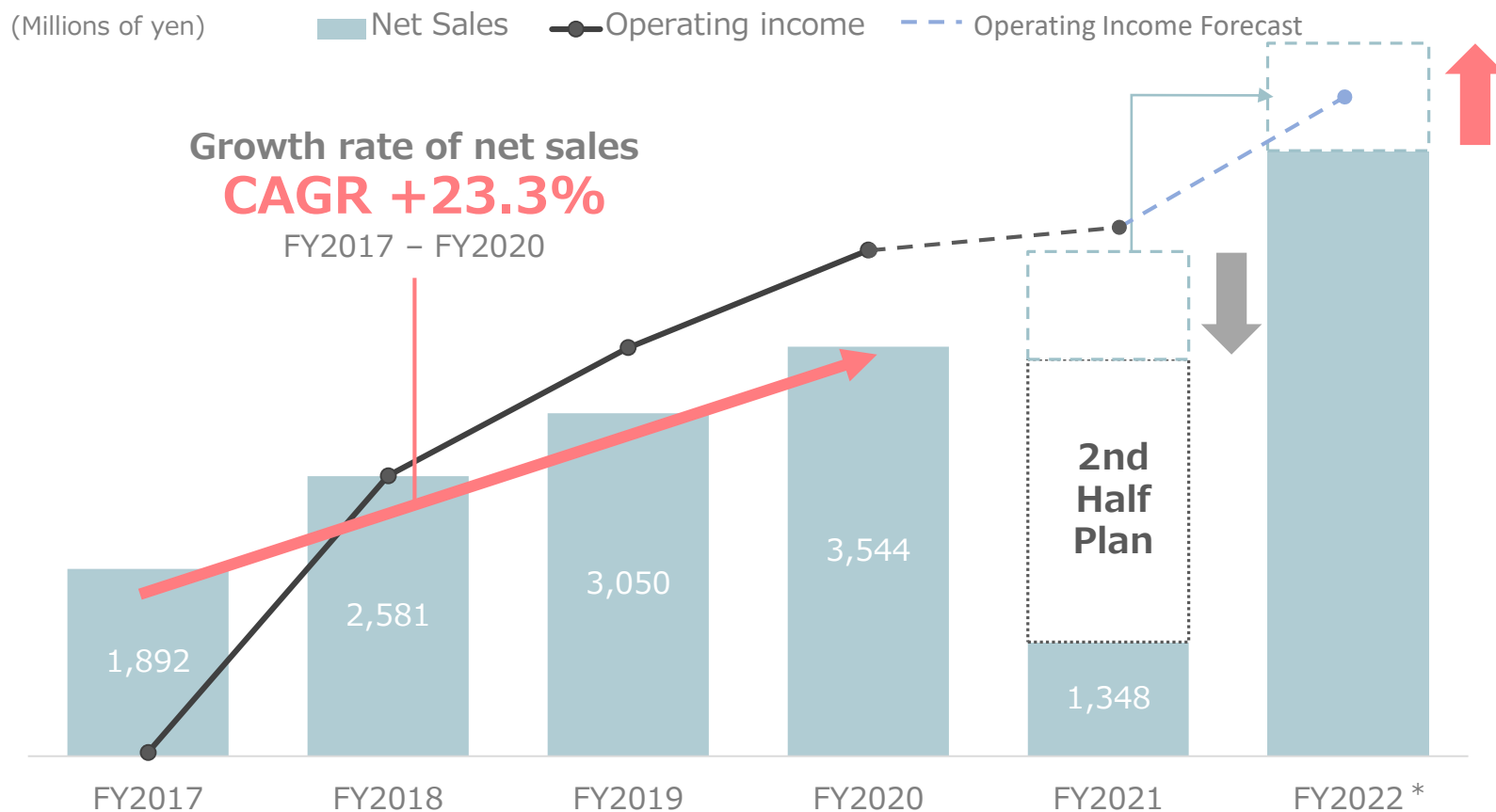
FY3/21 Revision of Full-Year Forecast

- The full-year forecast for FY2021 was downwardly revised to ¥3.45 billion in net sales due to a change in one game scheduled for release in 4th Quarter to the next fiscal year.
- Operating income was revised upward to ¥700 million due to overall cost control and other factors.

(Millions of yen)	Before revision	Revised	Change
Net Sales	4,200	3,450	▲750
IT Freelance Matching	1,460	1,420	▲40
IT Human Resource Development	80	100	20
Game	2,380	1,650	▲730
x-Tech	280	280	0
Operating income	600	700	100
IT Freelance Matching	730	770	40
IT Human Resource Development	-80	-20	60
Game	320	280	▲40
x-Tech	0	0	0
Common expense	-370	-330	△40

Results trends

- Although sales grew 23.3% from FY2017 to FY2020 due to the cumulative business, a significant increase is expected in FY2022 due to the delay in the release of game titles.
- Operating income margin remained high at 20.2% in 2nd Quarter of FY2021.



*: The graph for FY2022 is an image.



Segment Highlights

IT Freelance Matching Business Summary

Quantitative aspect

Net Sales

701 million yen

(98.9% compared to plan)

Operating income

399 million yen

(106.6% compared to plan)

Qualitative aspect

- Due to the decline in new contracts (YoY ▲32%) as a result of the impact of COVID-19, net sales were slightly higher than planned.
- Operating income exceeded forecast due to success of cost control, etc.
- Although demand declined due to the impact of COVID-19, demand is recovering particularly in the Game, Logistics & Manufacturing, and Education segments.

Topics

- Implemented Filing Seminars for IT Freelancers and Free Influenza Immunization Programs ahead of the Scheduled Year.
- Enhancing Free Nove Services to Meet IT Freelancers' Needs, such as Calc*, an Accounting Service for Individuals.
- Establishment of a new division to adapt to changes in the environment and reinforcement of the organizational structure.

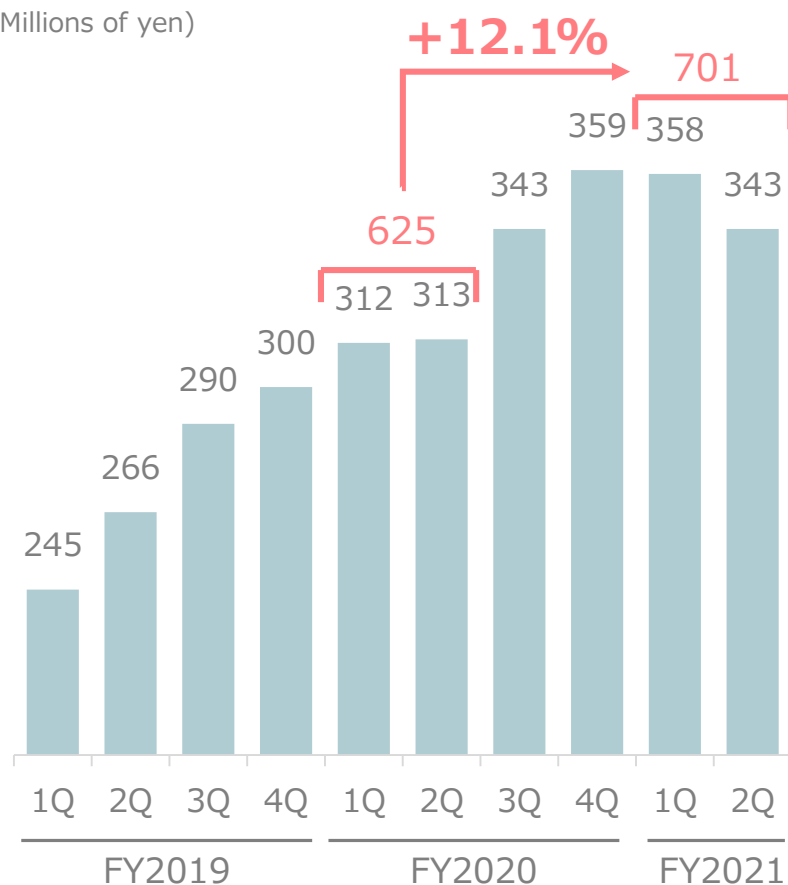
*: Services Provided by F&M Inc. (<https://www.calq.jp/>)

Net Sales and Gross Sales

- Net sales had a steady growth 12.1% year on year despite a temporary decline due to the impact of COVID-19.

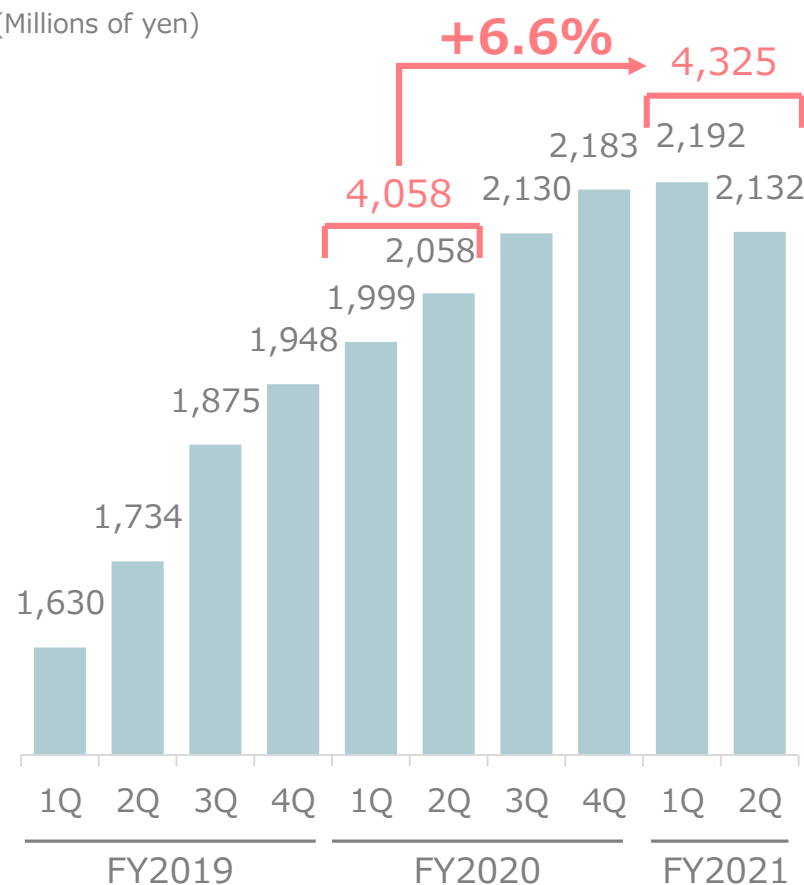
Net Sales

(Millions of yen)



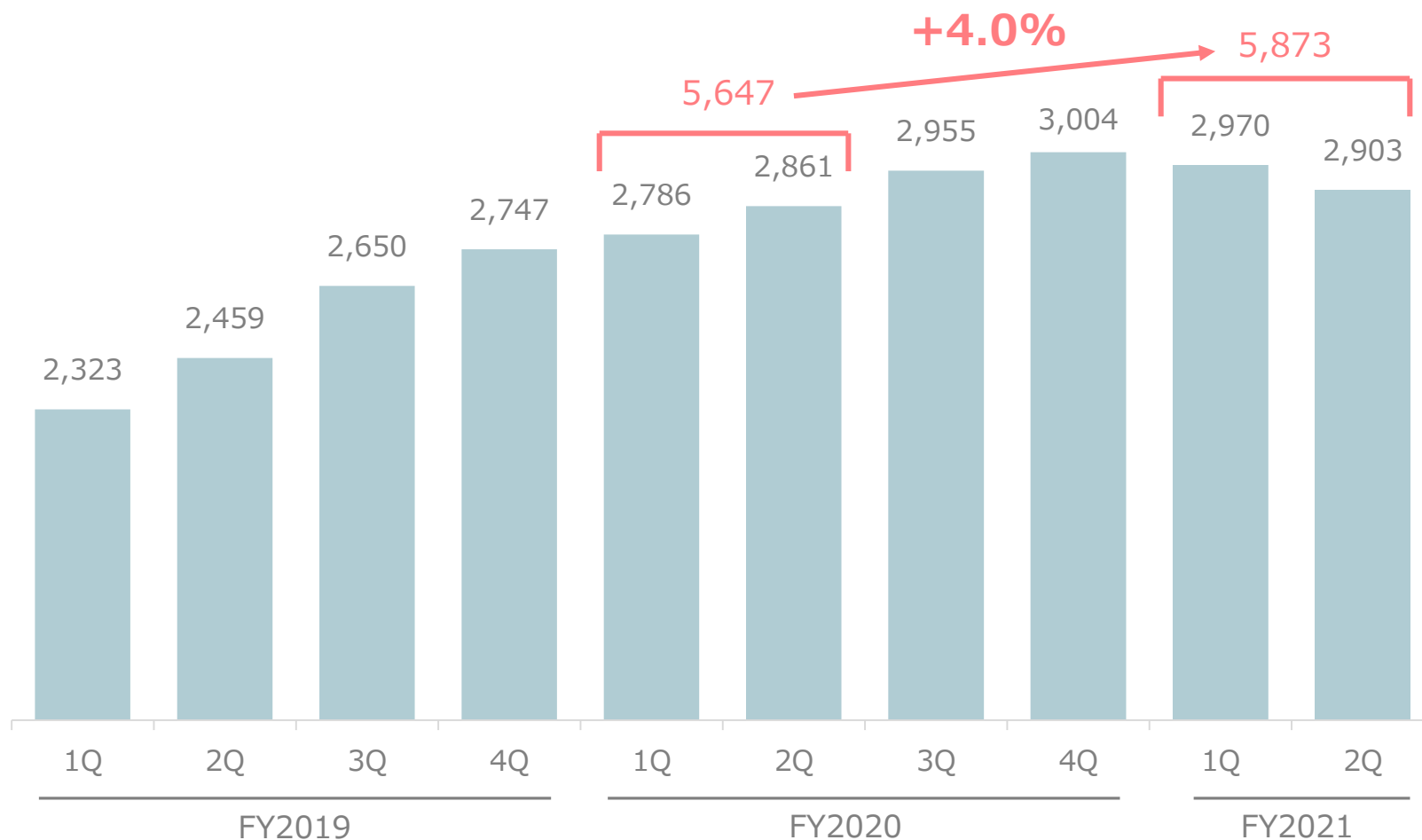
Gross Sales

(Millions of yen)






Changes in Number of Orders

- Orders for the first half of FY2021 increased by 4.0% year-on-year despite a temporary decline in part to the impact of COVID-19.



Impact of COVID-19

- Has bottomed out in 2nd Quarter of FY2021 and is currently on a recovery trend, and is expected to recover from 3rd Quarter onward.
- In the future, we plan to increase the IT Freelancer Customer Attraction Cost, which had been restrained, and proceed with preparations for a recovery in market conditions.

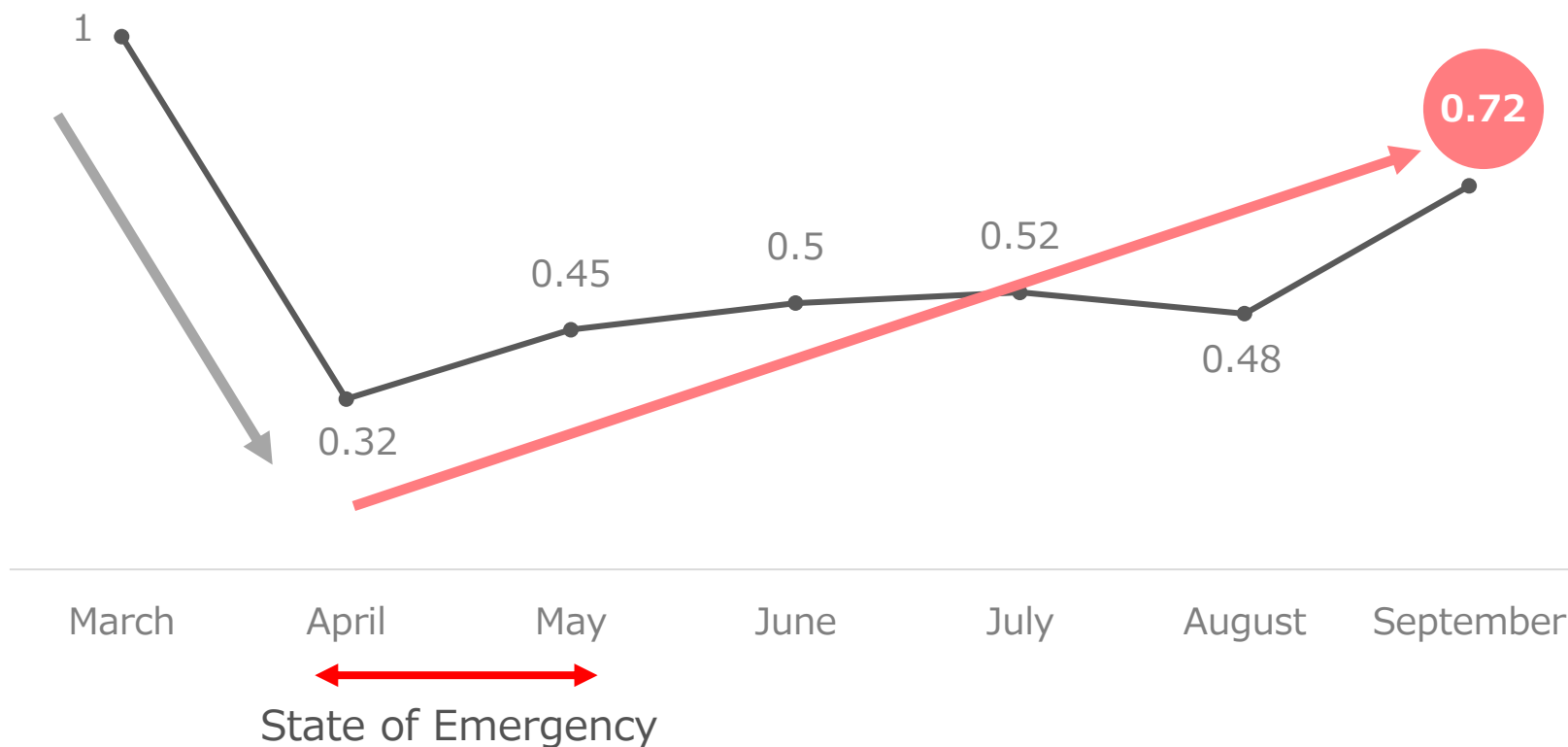
	FY2021 2nd Quarter	FY2021 3rd Quarter	FY2021 4th Quarter
Impact	 <p>Major negative impact</p>	 <p>Recovery trend</p>	 <p>recovery</p>
Impact Details	<ul style="list-style-type: none"> • Demand declined sharply, with 75% of business partners stopping acceptance. • Significant decline in new contracts to YoY▲32% • Implement cost control measures such as curbing IT Freelancers' spending to attract customers 	<ul style="list-style-type: none"> • The stop of accepting customers has settled down, and demand is recovering from the Tokyo project. • On the other hand, there is a large demand for remote work, and companies and IT Freelancers need more support than ever before. 	<ul style="list-style-type: none"> • The number of new contracts is expected to recover in line with the recovery in demand, and the number of new contracts is expected to steadily increase.

Number of Contracts

- Although there was a huge temporary decline in the number of deals, with 75% of business partners stopping accepting deals, the number of deals closed monthly is currently 70% in March, which is the highest for the year, recovering to the same level as the same month of the previous year, and is expected to recover from 3rd Quarter onward.

Changes in the Number of Contracts

(Changes in the Index with March 2020 as 1)



“Frinove”, a welfare program

- As the number of IT Freelancers increases, we are expanding services that meet customer needs and offering 38 services.

Service Overview

A service that provides an environment where IT freelancers can work with peace of mind for a long time by striving to resolve the causes of uncertainty.

- Holding of Filing Tax Returns Seminars
- Business card creation discounts
- Offering discounts on accounting software
- Support for various online learning services
- Providing preferential treatment for English Study Abroad
- AI Programming Study Course "techgym"
- Offering discounts for medical checkups
- Providing discounts for medical checkups
- Presentation of benefits for participation in the National Pension Fund
- Provision of various insurance services
- Provision of housing loans exclusively for freelance

Topics

Adding a Service Lineup



Benefit system for IT Freelance 

- Added Calc*, an easy-to-use accounting service for simply sending in an envelope, to the Frinove service lineup
- Provide IT Freelancers with preferential pricing, reduce the burden of filing tax returns, and strengthen support so that they can focus more on their work.

*: Services Provided by F&M Inc. (<https://www.calq.jp/>)

Game Business Summary

Quantitative aspect

Net Sales

459 million yen

(106.9% compared to plan)

Operating income

37 million yen

(-35million turnaround)

Qualitative aspect

- Revised forecast due to timing difference in titles scheduled for release in 4th Quarter of the current fiscal year
- Mainstay brand IDOLiSH7 reached its fifth anniversary, and R/S performed strongly
- Started planning one new development title

Pipeline

Under
management

4 titles
(YoY -1)

Under
development

4 titles
(YoY +2)

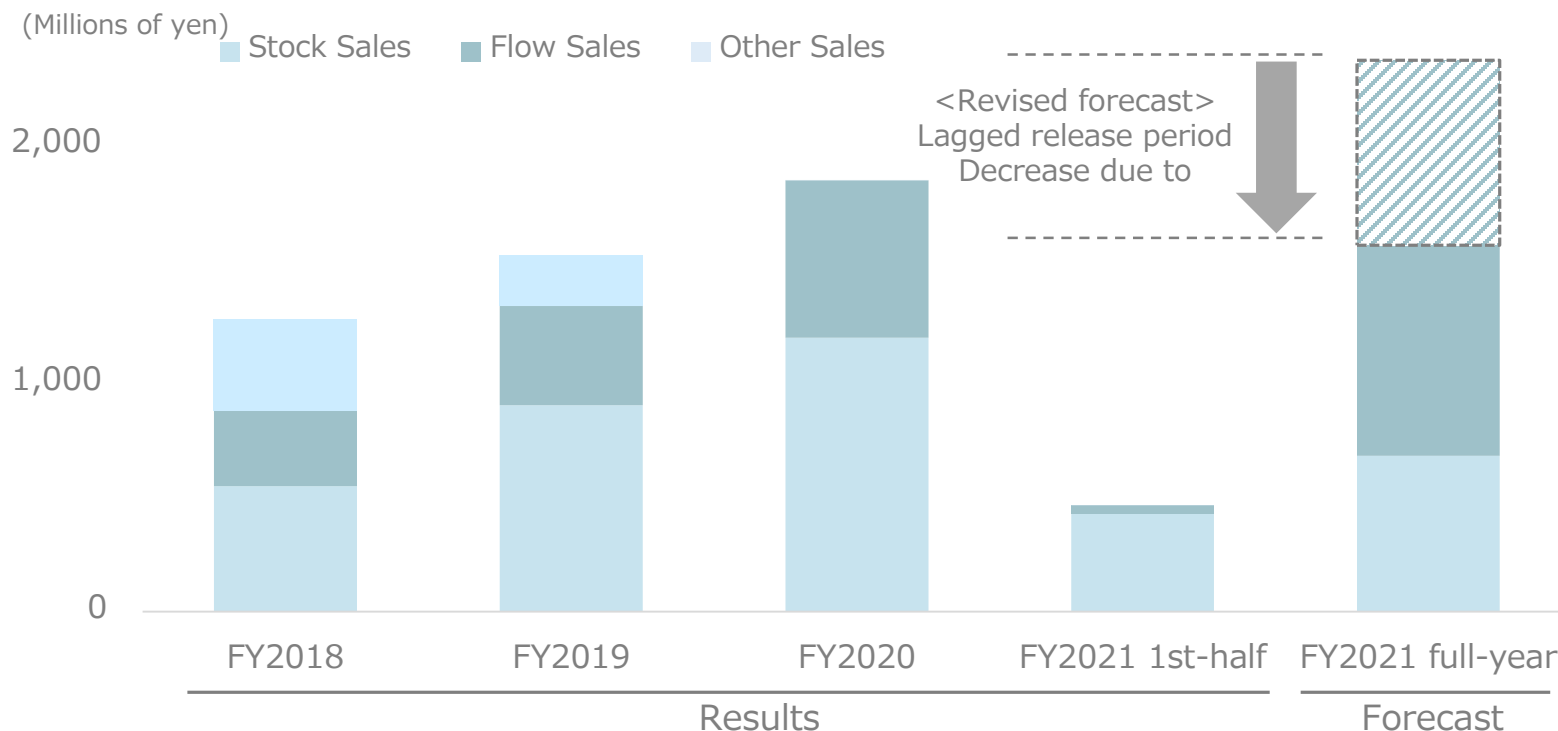
Planning stage

1 title
(YoY ±0)

Game Business Sales

- Net sales were on an uptrend, but the forecast was revised due to a delay in the release period new titles.
- Scheduled release of 2 new titles under development in 4th Quarter of the current fiscal year (flow sales)

Sales Trends by Type




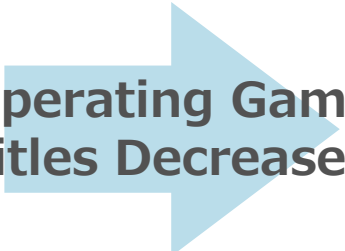

Stock Sales : Contract Game Operation Sales and Revenue Share Sales

Flow Sales : Contract Sales for New Game Development, Contract Sales for the Development of Additional Functions for Existing Game Operation, and Contract Sales for Other Development

Other Sales : Sales from publishing titles

Impact of COVID-19

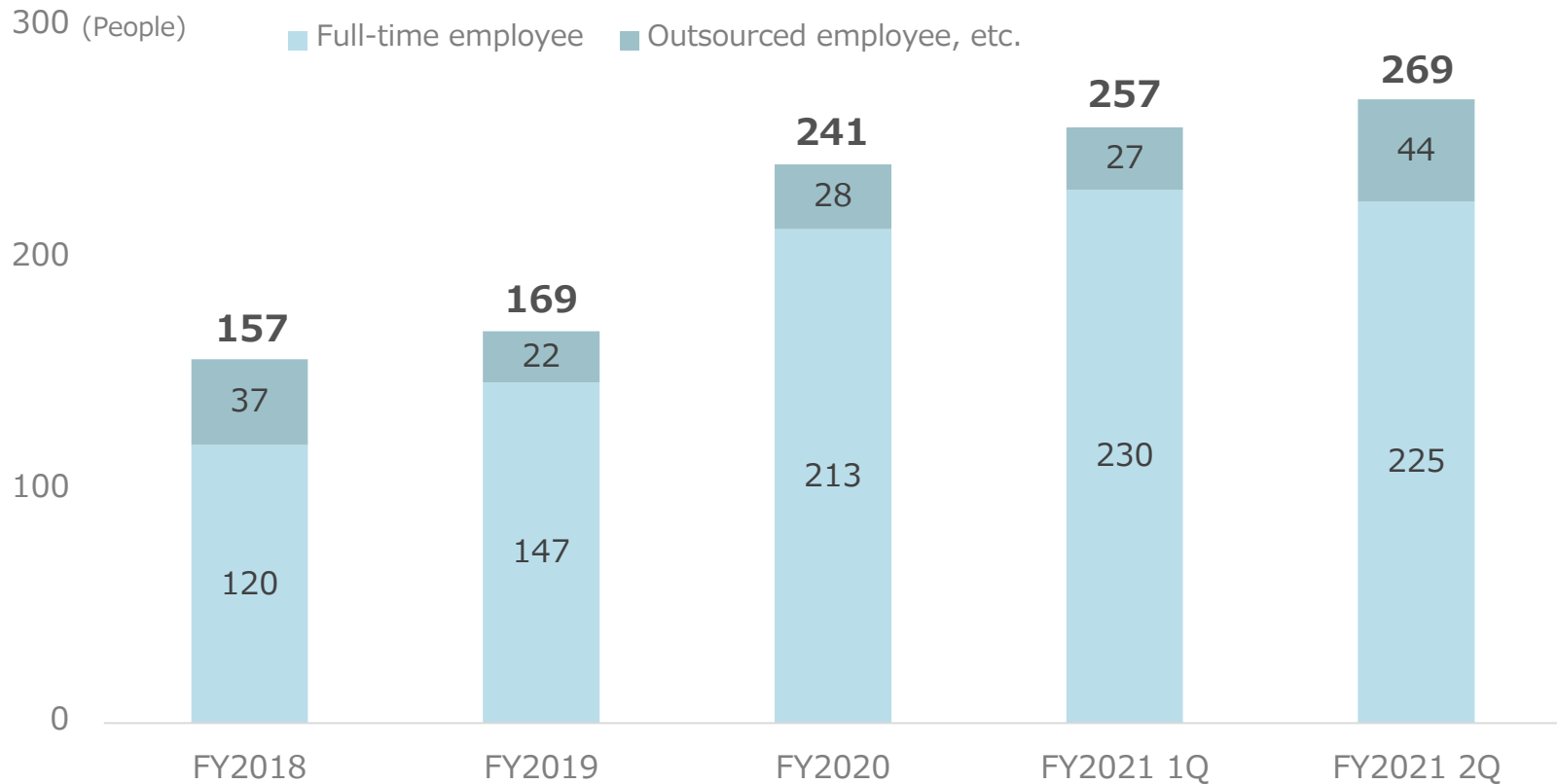
- Game market remained relatively favorable, supported by strong demand increase due to people's tendency to stay at home.
- In our Game Business, although the impact of COVID-19 is minimal, we plan to close two titles under management and concentrate resources on newly developing titles.

	FY2021 2nd Quarter	FY2021 3rd Quarter	FY2021 4th Quarter
Impact	 Demand Increase due to Tendency to Stay at Home	 Operating Game Titles Decreased	 Increase of Operating Game Titles
Impact Details	<ul style="list-style-type: none"> • R/S increased partly thanks to the effects of the fifth anniversary of the mainstay brand IDOLiSH7, and operating income greatly exceeded the plan. • Smooth transition to a remote development structure 	<ul style="list-style-type: none"> • Stock sales are expected to be sluggish due to the closure of two titles under management. • Started a new project with an order for one new title 	<ul style="list-style-type: none"> • Two titles are scheduled to be released, and sales and operating income are expected to increase significantly. • On the other hand, sales are expected to decline from the initial plan due to a delay in the release of one title.

Changes in the Number of Game Business Development Personnel

- Increasing the number of development titles and increasing the number of development personnel using IT Freelancers.
- Continue to implement appropriate resource controls in line with the increase in development lines.

By type of employment



Quantitative and Qualitative

Net Sales

58 million yen

(116.4% compared to plan)

Operating income

-3.8 million yen

(Improvement of 11 million yen compared to the plan)

- Reduce losses by restraining costs amid the large impact of COVID-19

Impact of COVID-19

FY2021 2nd Quarter

Major negative impact

- IT Study Abroad due to Philippine's Lockdown
- Promoting recovery measures through the opening of online schools and the vertical launch of offshore development

FY2021 3rd Quarter

Major negative impact

- Further expansion is expected, starting with more than 100 online trainees
- Promoting offshore development and expecting large-scale orders
- Pay close attention to the situation in the Philippines

FY2021 4th Quarter

Easing Travel?

- Due to the easing of travel from the next fiscal year onward, there is a possibility that the timing of starting offline IT Study Abroad may be foreseen.
- Secure large-scale offshore development projects

x-Tech Business Summary

Quantitative and Qualitative

Net Sales

130 million yen

(119.1% compared to plan)

Operating income

-0.5 million yen

(Improvement of 9.5 million yen compared to the plan)

- Restrained deficit by exceeding sales plan due to increase in AR projects.

Impact of COVID-19

FY2021 2nd Quarter

FY2021 3rd Quarter

FY2021 4th Quarter

With minimal impact
Favorable trend

- Steadily accumulate track record for various AR projects, leading to an increase in net sales
- Slump in Play-Related PV Projects
- Our Golf Media "Gridge" Achieved a Record High of 750,000 MAU

Steady growth

- Continue to increase orders for various AR projects
- Digital marketing centered on the sports field and expected increase in orders for D2C projects
- Game-related PV projects showing signs of recovery
- The decision was made to hold an additional Game due to an increase in the number of participants in the GridgeCup qualifying Game.



Finance/Number of Employees

Balance Sheet Cash Flow

- Cash and cash equivalents increased due to a significant improvement in operating cash flow resulting from an increase in advances received, despite an increase in work in process on B/S due to an increase in the number of newly developed titles in the Game Business.
- Expenditures on investment securities increased due to the implementation of two startup company investment programs.

Balance Sheet

(Millions of yen)	FY2020	FY2021 2Q	Change
Current assets	4,281	5,119	838
Cash and cash equivalents	2,559	2,851	292
Accounts receivable	1,280	1,121	▲159
Work in process	364	967	602
Fixed assets	419	601	182
Property, plant and equipment	127	111	▲16
Investment securities	30	99	69
Total assets	4,700	5,721	1,020
Liabilities	1,344	2,226	882
Advances received	203	949	746
Interest-bearing debt	0	0	0
Net assets	3,356	3,494	138
Total liabilities and net assets	4,700	5,721	1,020

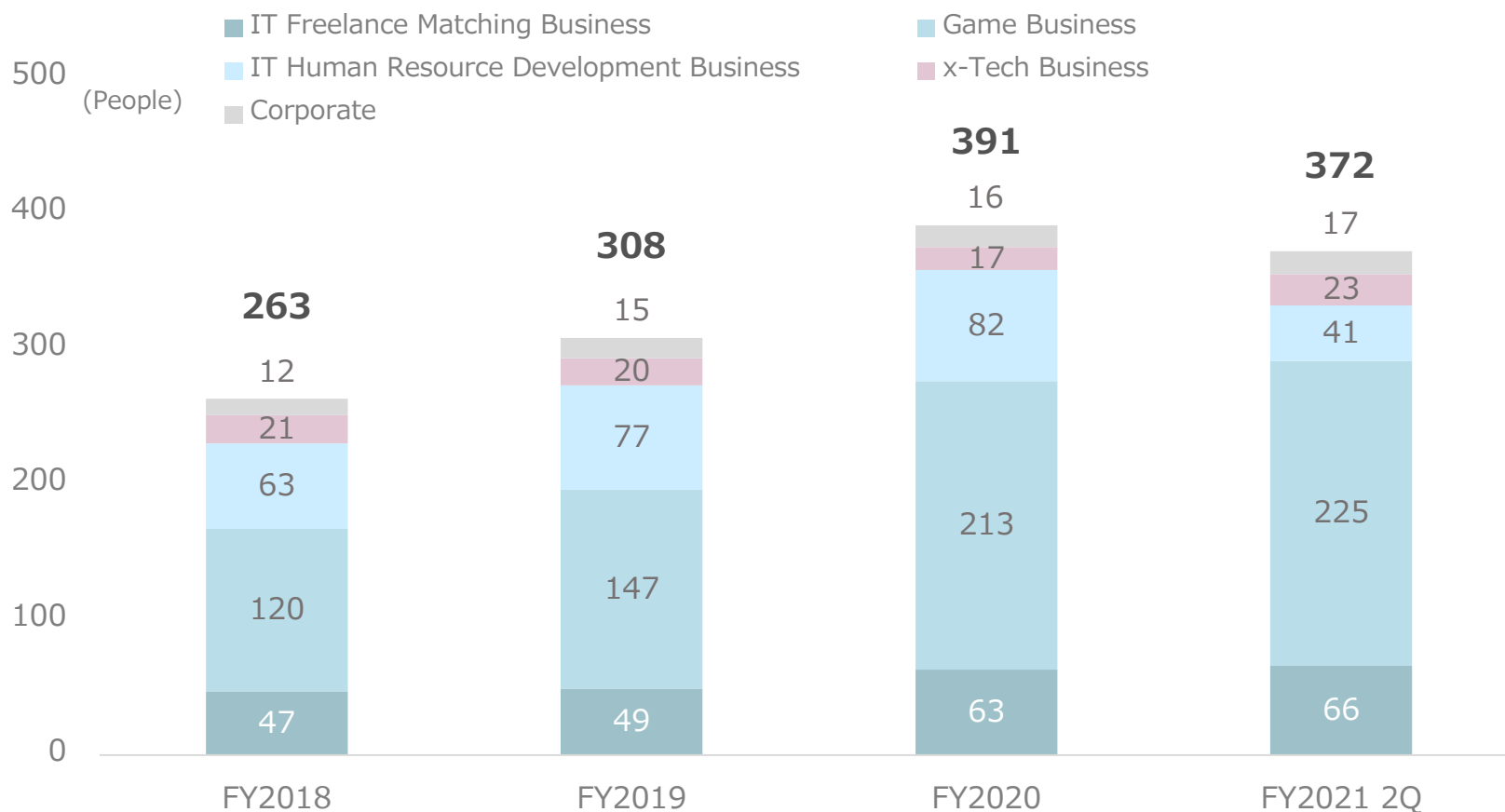
Cash Flow

(Millions of yen)	FY2020 2Q	FY2021 2Q	Change
Operating CF	-96	390	486
Decrease (increase) in trade and other receivables	-19	159	178
Decrease (increase) in inventories	154	-602	▲757
Increase (decrease) in advances received	-349	742	1,091
Cash flows from investing activities	-2	-72	▲69
Purchase of investment securities	0	-69	▲69
FCF*	-98	318	416
Financing CF	-14	-22	▲8
Repayment of Interest-Bearing Debt	-225	0	225
Proceeds from issuance of common stock	220	4	▲215
Cash and deposits	2,502	2,851	348

*FCF = Operating CF + Investing CF

Number of Employees

- The number of employees decreased by 19 YoY. The main factor behind this is that in the IT Human Resource Development Business, the impact of COVID-19 has led to the rationalization of local staff.
- Game Business: Increase both for new graduates and mid-career.



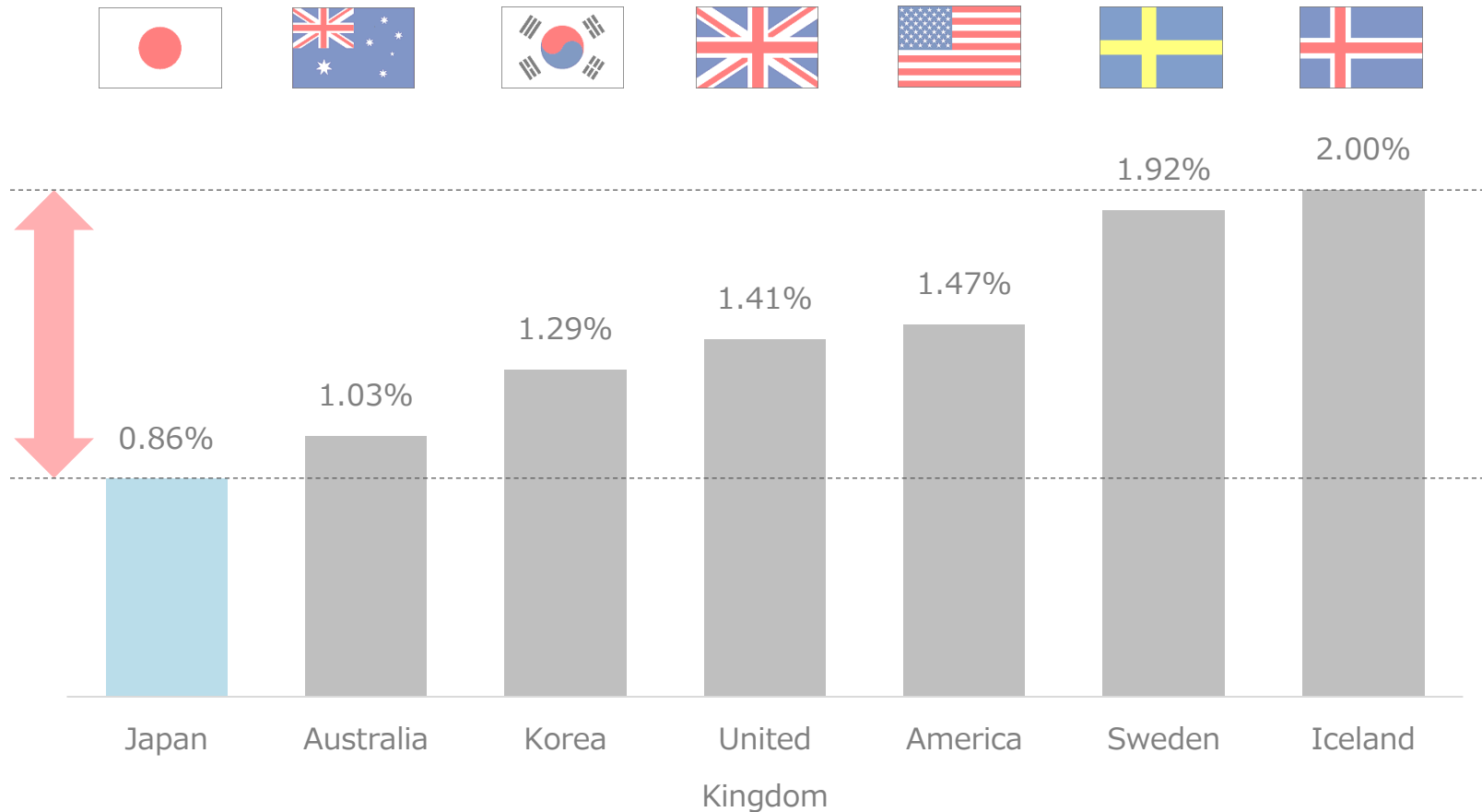


Medium-term Outlook

IT Human Resource Market Trends (1)

- The proportion of IT personnel in Japan is lower than in other countries, and this is a major issue.

Ratio of IT Freelancers to Total Population by Country

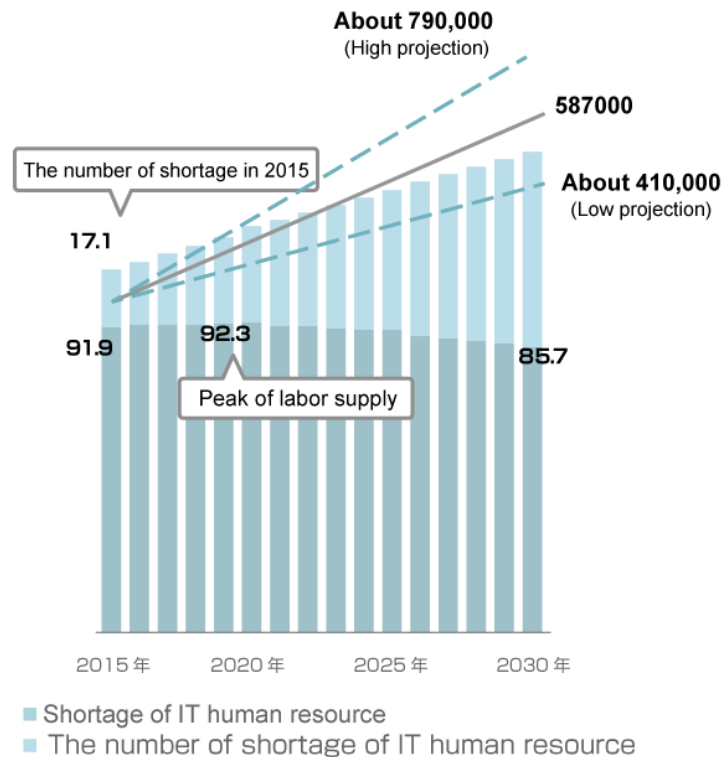


Source: Human Resocia, "IT Engineer Report for 92 Countries: Vol.1"

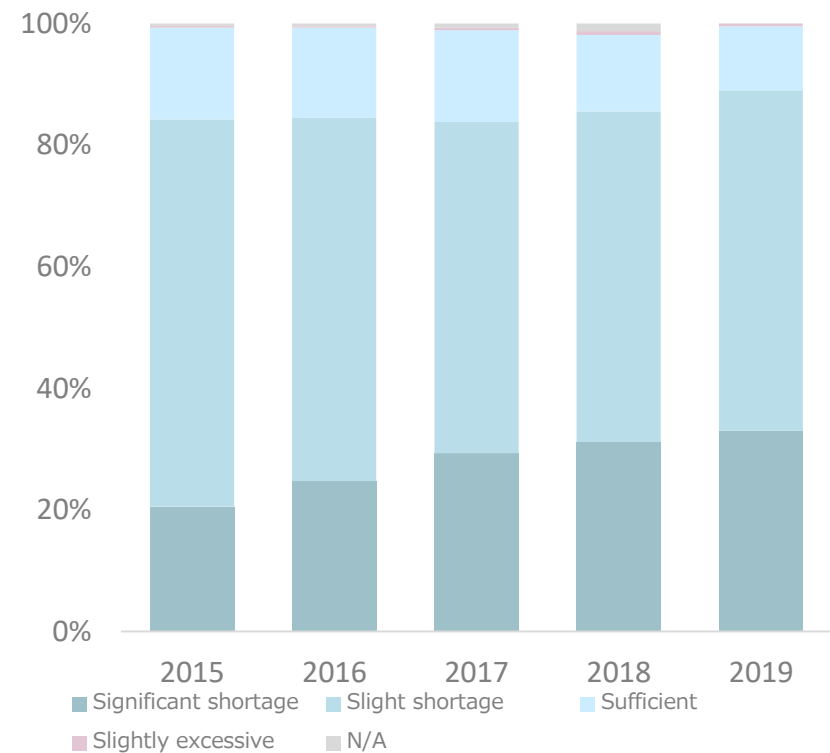
IT Human Resource Market Trends (2)

- According to the IT Human Resource Supply and Demand Gap Survey, it is expected that there will be a maximum shortage of 790,000 in 2030, and there is a high likelihood that the shortage of IT human resources will become even more serious in the future.
- Enterprises are feeling an increasing shortage of IT human resources, and securing and developing IT human resources is an urgent issue.

Estimation of IT Human Resource Shortage



Sense of excess and shortage of IT personnel



Source: Ministry of Economy, Trade and Industry, Survey Report on the Latest Trends and Future Design of IT Freelancers.

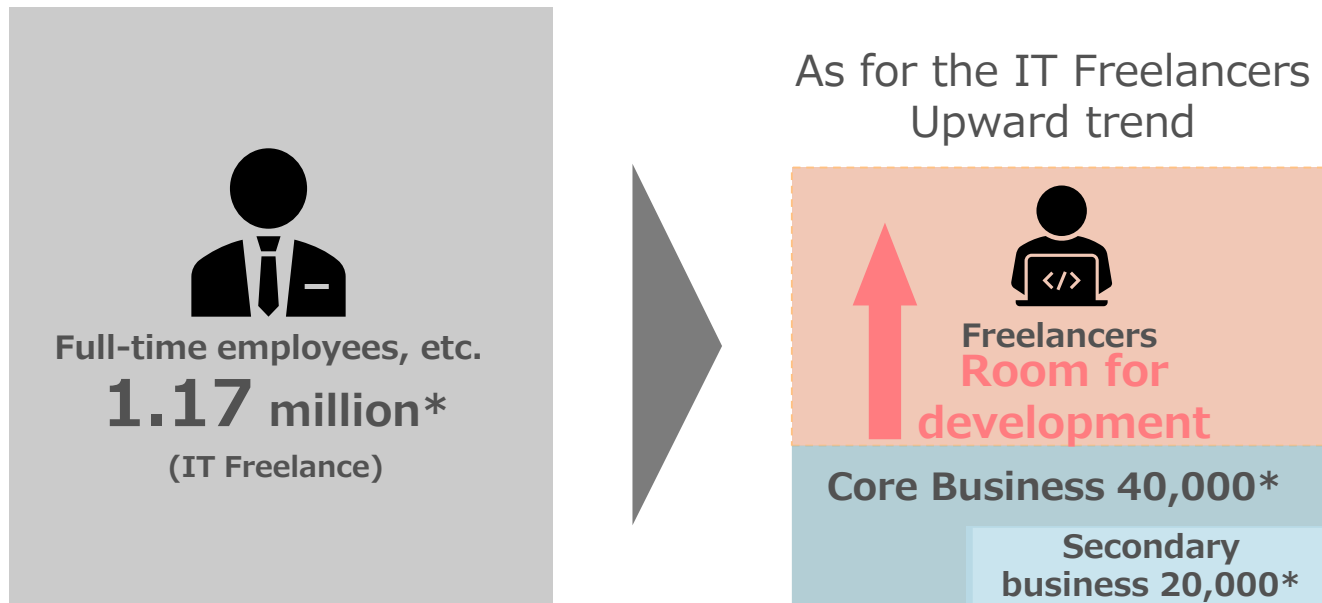
: The Information Processing Promotion Organization of Japan, "IT Human Resource White Paper 2020_Perceived over and under the IT Human Resource Volume of Customer Companies [Changes over the Past Five Years]."

IT Human Resource Market Analysis

- In the IT Freelance Market, the IT Freelancers Market is expected to expand further, as there is an expected increase in career changes from permanent employees to IT Freelancers.
- Work style reforms and COVID-19 accelerate remote work and boost freelancers.

IT Freelance Market Forecasts

Shift from Full-time Employees to Freelancers



*: Our own estimates are based on the following information

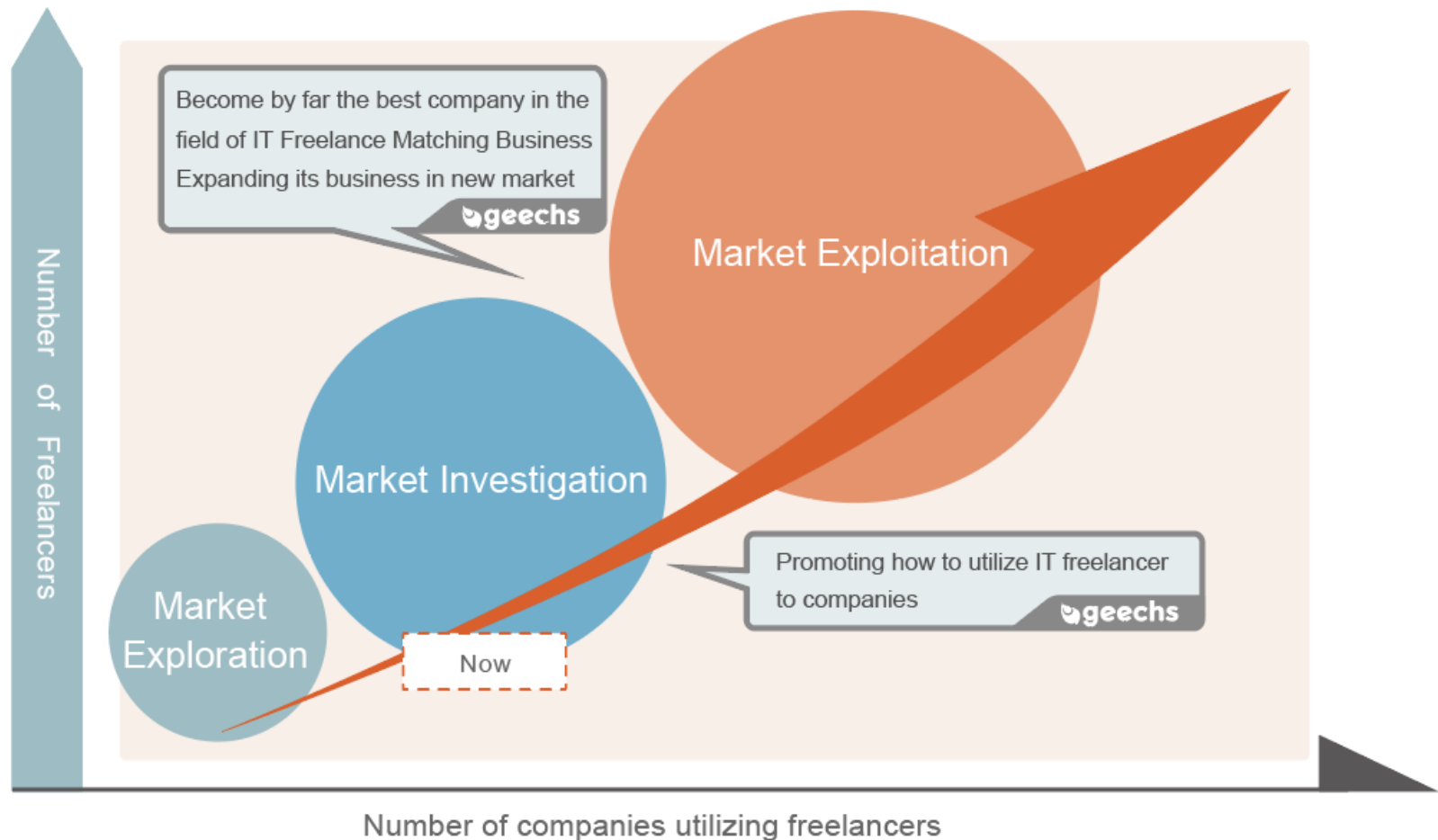
Source: Cabinet Office, "Japan's 17th Freelancers: Analysis of Their Size, Features, and State and Impact of Non-Competition Obligations" (July 24, 2019)

: The Information Processing Promotion Organization of Japan "IT Human Resource White Paper 2019"

: Statistics Bureau, Ministry of Internal Affairs and Communications, "Labour Force Survey (Basic Tabulation) 2019 Average Results."

Medium-term Outlook

- The concept of working in the 21st century changed, and IT freelancers are becoming common.
- Freelancers are expected to accelerate in occupations other than IT as well.

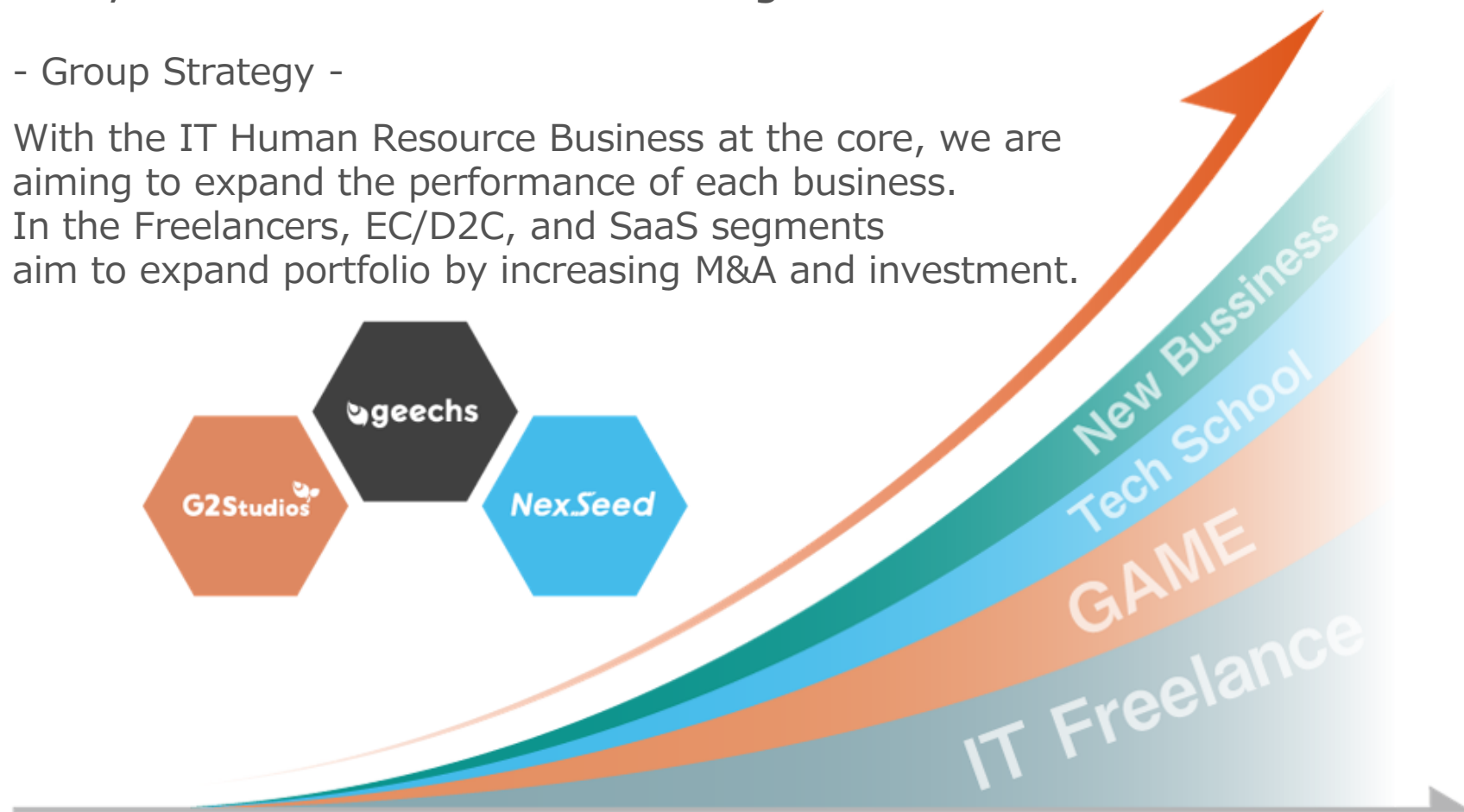


Growth Strategy

In 2023, in the IT Freelance Matching Business aim for JPY13.0 billion in transaction value, JPY2.0 billion in sales, and JPY1.0 billion or more in segment income.

- Group Strategy -

With the IT Human Resource Business at the core, we are aiming to expand the performance of each business. In the Freelancers, EC/D2C, and SaaS segments aim to expand portfolio by increasing M&A and investment.



*Future image of each business. This does not mean the medium-term management plan.



Business Overview

Supporting IT Freelancers

1

IT Freelancers Human Resource Agents

Acquired high recognition from both IT freelancers and companies.
Approximately 17,000 IT Freelancers are highly sensitive to technology.

2

Technology Resource Sharing Platform

The age when skills are shared. In response to the management issue of a corporate IT shortage,
We propose the use of IT freelancers as an effective technical resource.

3

Providing Benefits for IT Freelancers

IT freelancers can be used through the Freinoven benefit program
Provide preferential services and support for the surrounding environment in addition to work.



geechs job



フリノベ
Freelance x Innovation

NexSeed

IT Human Resource
Development Business



Human Resource Development for Global IT

1

IT Study Abroad to Realize Career Changes

For engineers by simultaneously learning both programming and English Supporting Career Changes. Developing IT Human Resources Able to Work Globally.

2

Track record as a training program for schools and companies

Training for new graduates and mid-career employees of corporations and school programming training
As a result, it boasts a large track record of utilization.

3

Offshore development in Cebu Island, Philippines

Leveraging our IT Human Resource Network, which we have developed through our own IT Study Abroad, on Cebu Island
Established an offshore development system. Received development orders from Japanese companies.

Asobi Creators



1

Specialize in Partner Strategy

Through contract development and operations with our solid technological capabilities centered on Unity and PHP Stabilize earnings base and win R/S for strong-performing titles.

2

Sales Ranking Top 3rd Game Operation

Game for women developed in-house using the Rhythm Game Engine It has a strong track record of operations.

3

Securing Development Lines through Collaboration with the IT Human Resource Business

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

For business model reforms Technology partners



1

Cultivating the Future with New Technology "xR"

With the growing demand for xR, particularly in the sports field, we use our development know-how to respond to these needs and support innovation in all industries.

2

Supporting Digital Marketing in the Sports Field

Promote golf x IT through our own golf media. Accumulated in the sports field by reinforcing digital marketing based on data Support for B2C.

3

Abundant track record of production and management know-how

With a track record of more than 500 video productions, it boasts a track record in AR apps, VR content, and 3D holograms.

In addition, more than 750,000 users of the Gridge golf media operated by the Company per month

Growing into an industry leader in the number of SNS followers.



APPENDIX

Company Profile

Company Name	Geechs inc. (1st Section of TSE: 7060)	
Representative	Naruhito Sonehara President	
Date of Establishment	August 23, 2007	
Head Office	G-SQUARE 10F, 2-11-1 Dogenzaka, Shibuya-ku, Tokyo	
Paid-in Capital	1.088 billion yen [as of September 30, 2020]	
Directors and Audit & Supervisory Board Members	<div> Naruhito Sonehara , President & CEO Daisuke Sakuma , Direrctor CFO Chihiro Narisue , Director Toshiyuki Matsushima , Outside Director Takeshi Hanai , Outside Director Takashi Sasaki , Outside Audit & Supervisory Board Member </div> <div> Nobuyuki Hata , Outside Audit & Supervisory Board Member Daigo Hanaki , Outside Audit & Supervisory Board Member Atsushi Sakurai , Executive Officer Daisuke Takahara , Executive Officer Shogo Kawano , Executive Officer </div>	
Business Activities	IT Human Resource Business Game Business	IT Human Resource Development Business x-Tech Business
Scale of Sales	3.544 billion yen [Fiscal year ending March 31, 2020]	
Number of Employees	372 (As of September 30, 2020)	
Bases	Tokyo Head Office, Tokyo Satellite Office, Osaka Branch, Fukuoka Branch, Nagoya Satellite Office, Ceb, Philippines	
Total assets	4.7 billion yen [Year ended March 31, 2020]	

History

Year	Details
August 2007	Established Vein Carry Japan Inc. (now Geechs Inc.) to develop IT human resources business
October	Launched the Global Recruiting Business
January 2009	Acquisition of Privacy Mark Certification
Feb. 2012	Absorbed BRAHMaaS Japan Inc. and commenced the Game Business (now G2 Studios Inc.)
April	Established Vein Global Inc. as a subsidiary of the Global Recruiting Business
January 2013	Launched IT Human Resource Development Business (Established overseas subsidiary NexSeed Inc. in Cebu, Philippines)
June	ISMS Certification
October	Company name changed to Geechs Inc.
January 2014	Launched Video Production Business (now x-Tech Business)
October	IT Freelance Matching Business Established Osaka Satellite Office (now Osaka Branch)
January 2015	Launched Internet Business (now x-Tech Business)
Dec.	IT Freelance Matching Business Nagoya Satellite Office
May 2016	IT Freelance Matching Business Fukuoka Satellite Office (now Fukuoka Branch)
April 2018	Sold the Vein Global Inc.
May	Spun off Game Business and established G2 Studios Inc. (now a consolidated subsidiary)
March 2019	Listing on TSE Mothers
Dec.	Start of venture investment program
Apr. 2020	Listing changed to 1st Section of TSE
April	Integration of Video Production Business and Internet Production Business (Currently x-Tech Business)
April	Opened Tokyo Satellite Office

Financial Highlights

Fiscal Year-End		FY2018	FY2019	FY2020	FY2020 2Q
Net sales	(thousand yen)	2,581,971	3,050,413	3,544,309	1,348,314
Ordinary income	(thousand yen)	379,270	532,117	675,446	251,919
Net income attributable to owners of parent	(thousand yen)	277,809	411,610	390,651	133,362
Comprehensive income	(thousand yen)	278,707	410,322	391,102	134,272
Paid-in capital	(thousand yen)	320,191	972,152	1,086,015	1,088,238
Net assets	(thousand yen)	1,044,139	2,737,377	3,356,232	3,494,916
Total assets	(thousand yen)	2,819,849	4,515,127	4,700,309	5,721,155
Net income per share	(Yen)	33.47	47.96	37.78	12.78
Equity ratio	(%)	37.0	60.6	71.4	61.1
Return on equity	(%)	31.6	21.8	12.8	-
Net cash provided by (used in) operating activities	(thousand yen)	457,454	191,429	39,949	390,157
Net cash provided by (used in) investing activities	(thousand yen)	▲ 31,118	124,085	▲ 77,131	▲ 72,067
Net cash provided by (used in) financing activities	(thousand yen)	42,768	1,058,611	▲ 20,049	▲ 22,637
Cash and cash equivalents at end of year	(thousand yen)	1,244,697	2,615,535	2,559,268	2,851,332
Number of Employees	(person)	263	308	391	372



Forward-Looking Statements

The statements contained in this presentation are based on a number of assumptions and are intended to assure or guarantee the realization of future numerical plans and measures.

None. Please note that actual results may differ due to various factors. There are new information and future events in the future.

We assume no obligation, however, to update or revise the forward-looking statements included in this report.