

Financial Results Briefing

The 3rd Quarter of
the Fiscal Year Ending March 31, 2024

February 9, 2024

GEECHS Inc.

TSE Standard Market: 7060

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Financial Highlights

**Financial Highlights
for FY3/2024 3Q**

1

FY3/24 3Q: Financial Highlights

Cumulative 3Q sales reached 17.8 billion yen, 50.7% YoY growth.

- 3Q sales grew by +41.3% YoY, driven by the solid performance of IT freelance matching business (Japan) and contributions from IT freelance matching business (Overseas).
- G2 Studios business secured for the delayed new development order.
- Seed Tech business experienced robust performance in offshore development and IT study abroad.
- The consolidated performance progress in line with the revised full-year forecast.

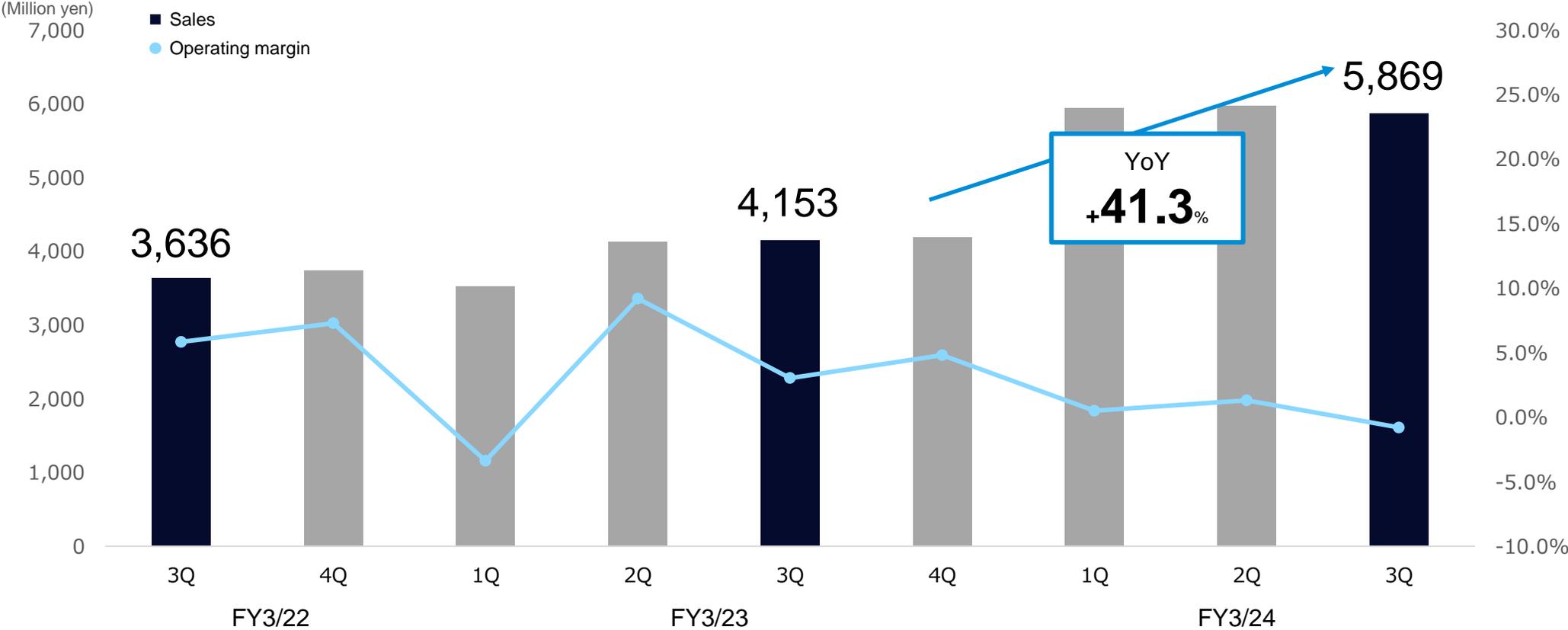
(JPY)

	Sales	EBITDA	Operating Income	Net Income*
3Q	5,869M	16M	-47M	-92M
YoY	(+41.3%)	(-)	(-)	(-)
3Q Cumulative	17,787M	263M	57M	-103M
YoY	(+50.7%)	(-)	(-85.1%)	(-)

*Net income attributable to owners of parent

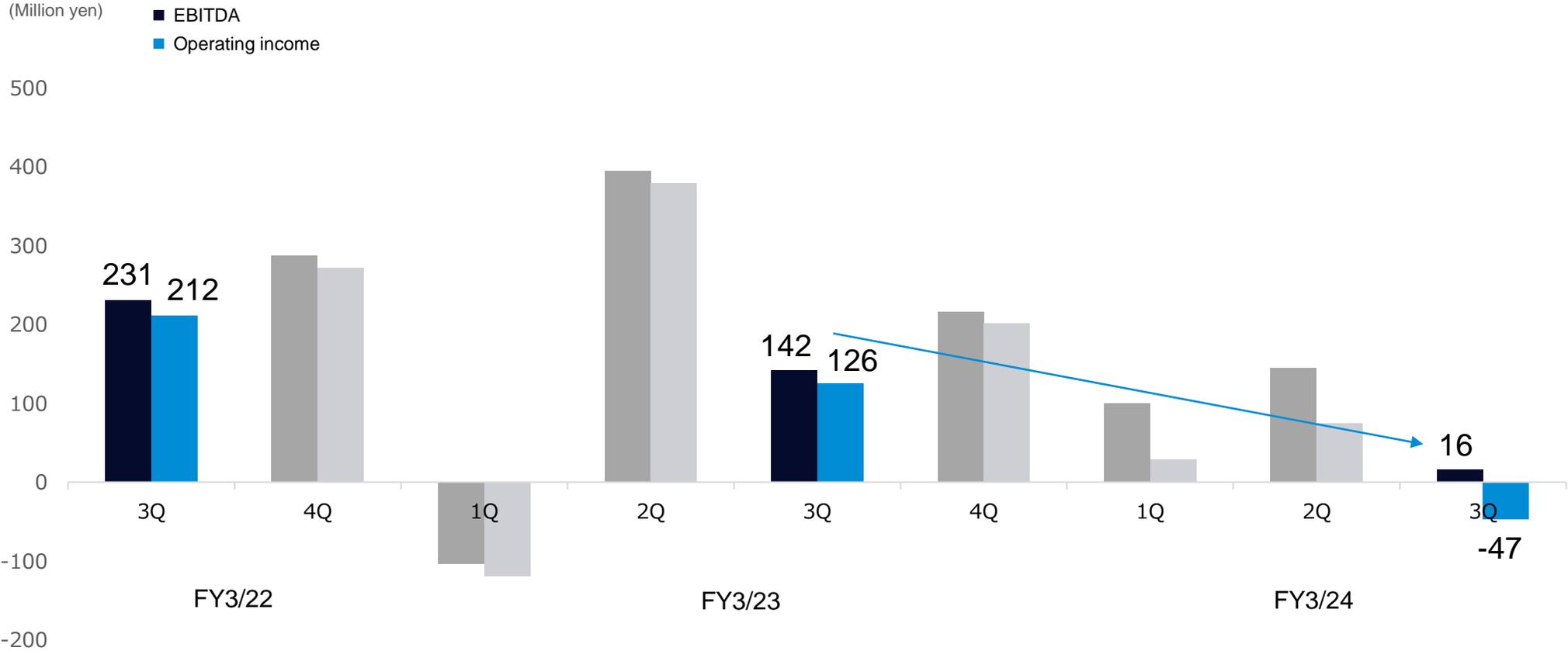
FY3/24 3Q: Financial Highlights (Sales, Operating Margin)

- 3Q sales resulted 5.9 billion yen, with steady performance of IT freelance matching business (Japan).
- The sales decreased 102 million yen compared to the previous quarter, but the overall progress remains in line with the revised full-year forecast.



FY3/24 3Q: Financial Highlights (EBITDA, Operating Profit)

- The operating profit for IT freelance matching business (Japan) has been steadily secured. The negative impact on consolidated operating profit is due to G2 Studios business.
- G2 Studios business secured one order for a new development title in December, with anticipated sales contributions expected from 4Q onwards.



FY3/24 3Q: Financial Highlights by Segment

- IT Freelance Matching Business (Japan) : Cumulative sales for 3Q exceeded 10 billion yen, showing +11.3% YoY growth.
- IT Freelance Matching Business (Overseas) : Progress is in line with the revised full-year forecast. Anticipating sales contributions from new MSP project from 4Q.
- G2 Studios Business : Successfully secured an order for the delayed new development title in 3Q, contributing to future sales.
- Seed Tech Business : 3Q cumulative sales increased by +60.7% compared to the previous year, driven by offshore development and the recovery in demand for study abroad post COVID-19.

(million yen)		FY3/23	FY3/24	FY3/24	YoY	Revised Full-year Forecast	
		3Q Cumulative	3Q Cumulative	3Q Results	3Q Cumulative	Forecast	Progress
IT Freelance Matching Business (Japan)	Sales	9,369	10,427	3,519	+11.3%	14,250	73.2%
	Income	796	813	267	+2.1%	1,140	71.3%
IT Freelance Matching Business (Overseas)	Sales	-	5,455	1,751	-	7,700	70.9%
	Income	-	-81	-54	-	-130	-
G2 Studios Business	Sales	2,168	1,624	505	-25.1%	2,000	81.2%
	Income	60	-249	-112	-	-410	-
Seed Tech Business	Sales	122	197	68	+60.7%	300	65.7%
	Income	-31	-20	-18	-	-15	-
Other	Sales	158	107	39	-31.9%	150	71.9%
	Income	39	8	1	-77.3%	15	59.7%
Group-wide Expenses and Adjustment Costs		-478	-413	-130	-	-550	-

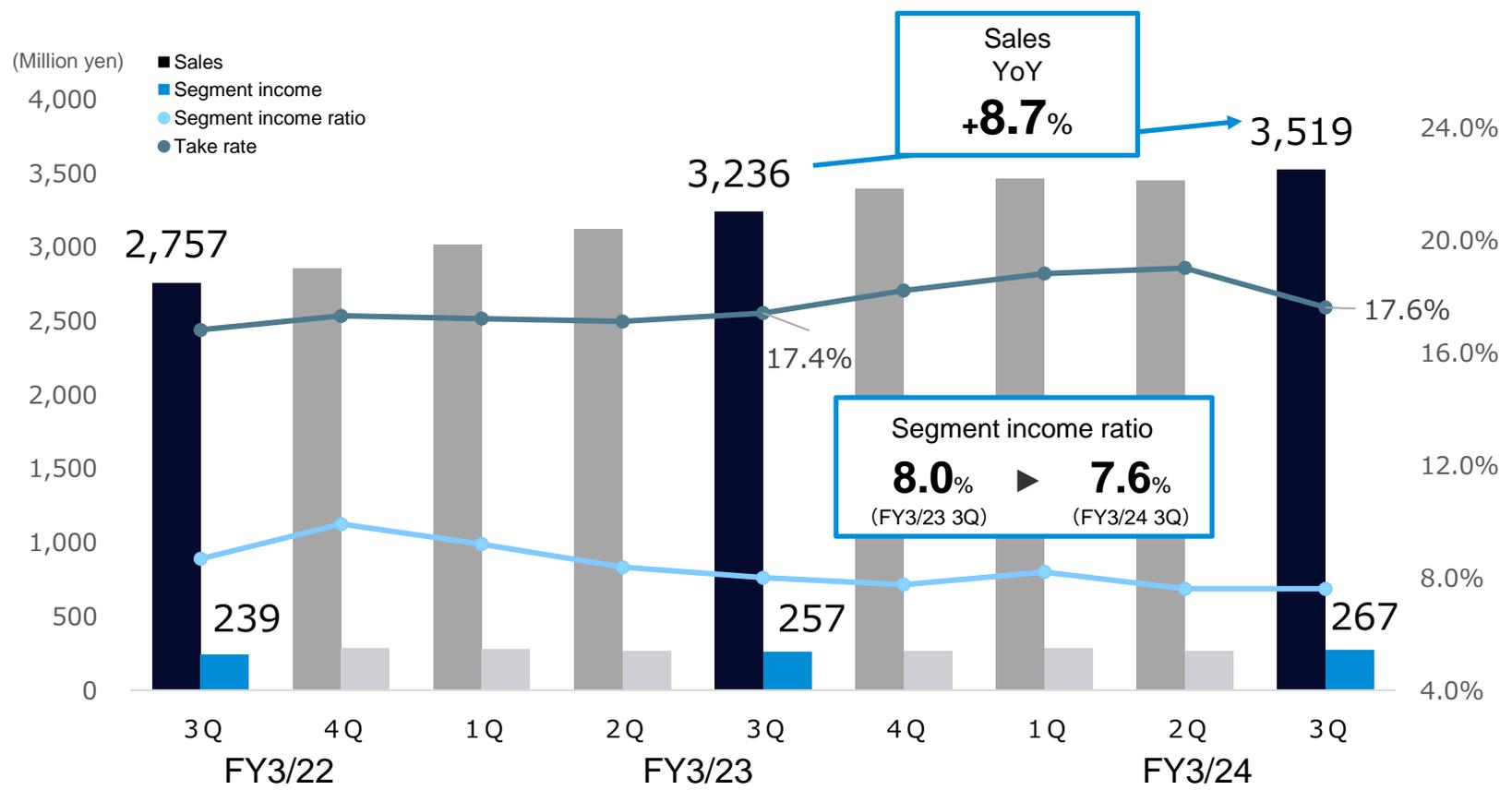
Results by Segment

**Financial Results
for FY3/2024 3Q**

2

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

- 3Q sales reached 3.5 billion yen, marking the record-high quarterly sales.
- Segment profit resulted 267 million yen due to investments in strengthening the business structure although the advertising expense ratio was controlled at 1.8%.
- With the start of the invoice system, our company incurred a portion of the consumption tax for IT freelancers, resulting in a lower take rate of 17.6% from 19.0% in the previous quarter, indicating 1.4 percentage points decrease.



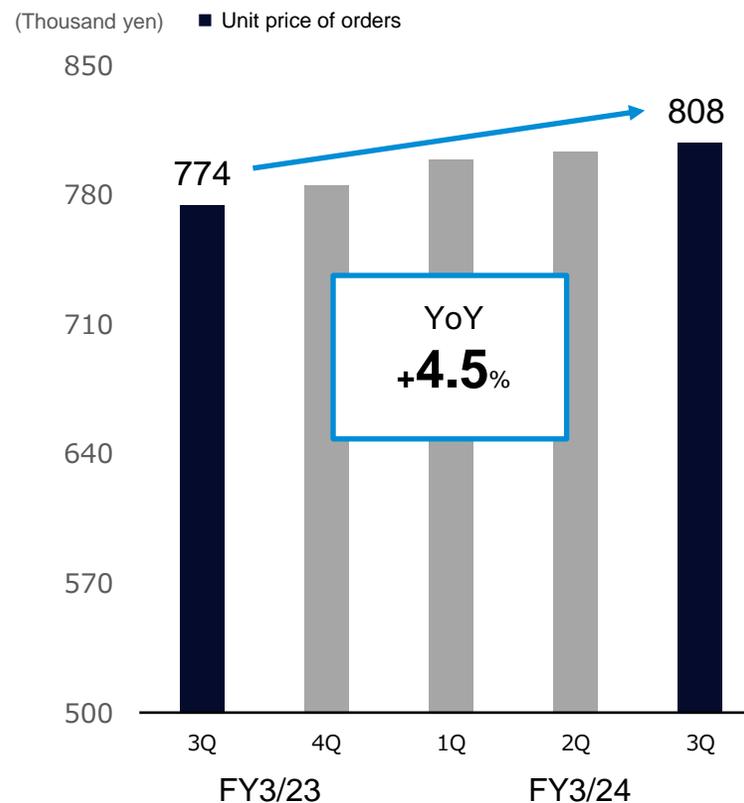
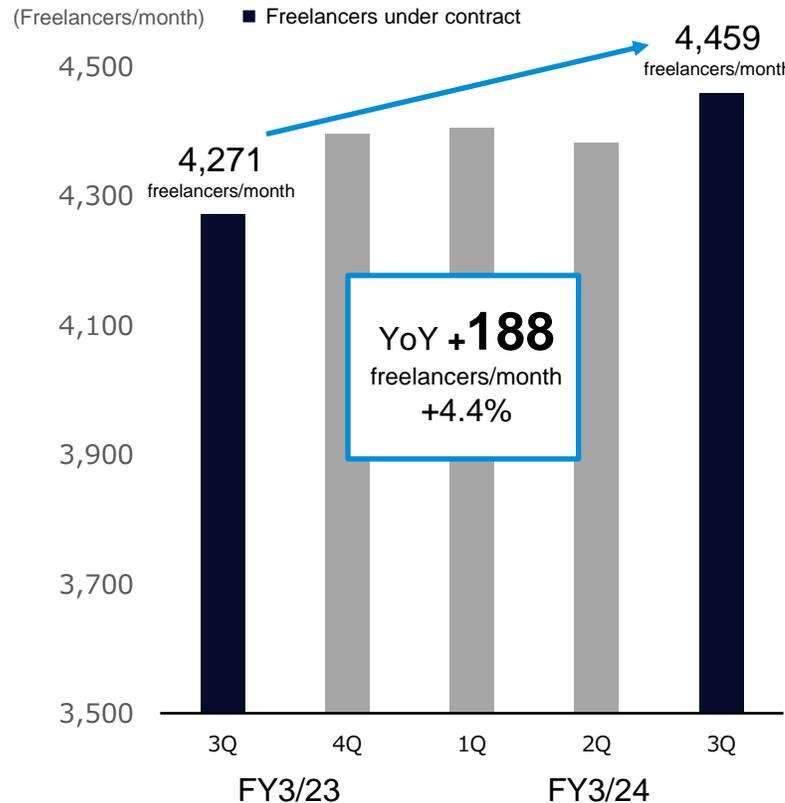
3Q	(YoY)
Sales	3,519 million yen (+8.7%)
Segment Income	267 million yen (+3.8%)
Advertising Expense Ratio	1.8 %

3Q Cumulative	(YoY)
Sales	10,427 million yen (+11.3%)
Segment Income	813 million yen (+2.1%)
Advertising Expense Ratio	2.7 %

* 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)

- In the gradually normalizing post COVID-19 economic conditions, the gap in the work contract preferences (on-site/100% remote/hybrid) between IT freelancers and client companies is gradually narrowing. Resulted the number of man-months worked has increased compared to the previous quarter.
- With the continued strong demand, the unit price of orders is 808 thousand yen, +4.5% increase compared to the same period last year.

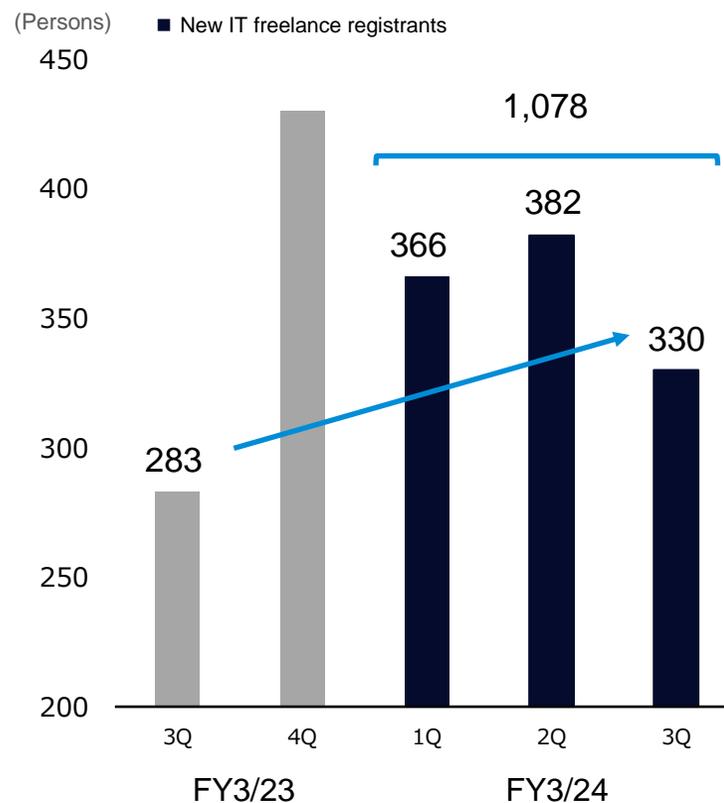
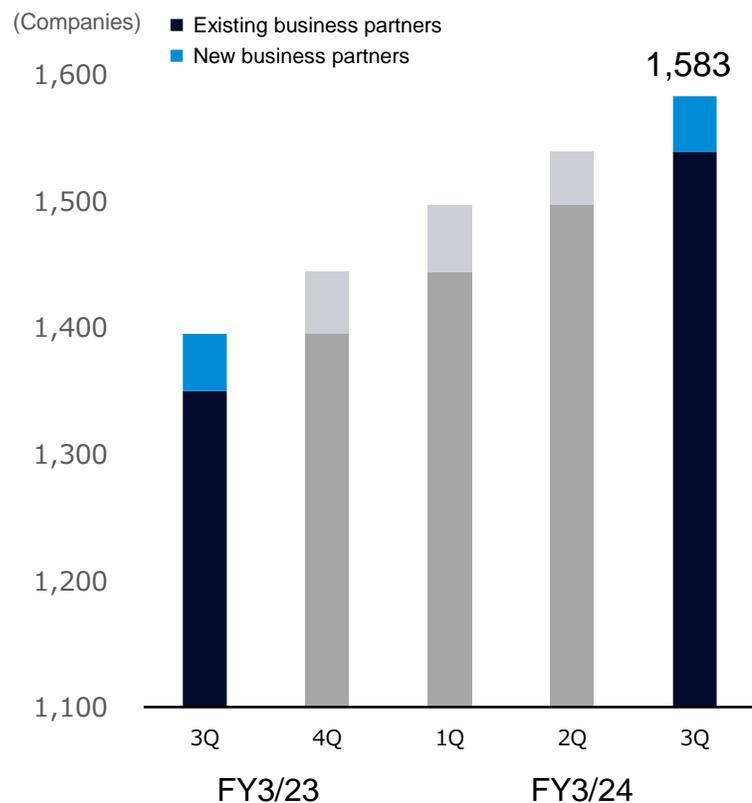


3Q		(YoY)
Freelancers Under Contract	4,459	freelancers/month (+4.4%)
Unit Price of Orders	808	thousand yen (+4.5%)
3Q Cumulative		(YoY)
Freelancers Under Contract	13,246	freelancers/month (+7.0%)
Unit Price of Orders	803	thousand yen (+4.2%)

IT Freelance Matching Business (Japan)

(Number of Business Partners, Number of New Registrants)

- The number of new client companies increased by 139 in cumulative 3Q, continuing to show a strong trend.
- The number of new registrations for IT freelancers reached 1,078 in cumulative 3Q, showing a steady increase.



3Q

Number of Business Partners

44

Number of New Registrants

330

3Q Cumulative

Number of Business Partners

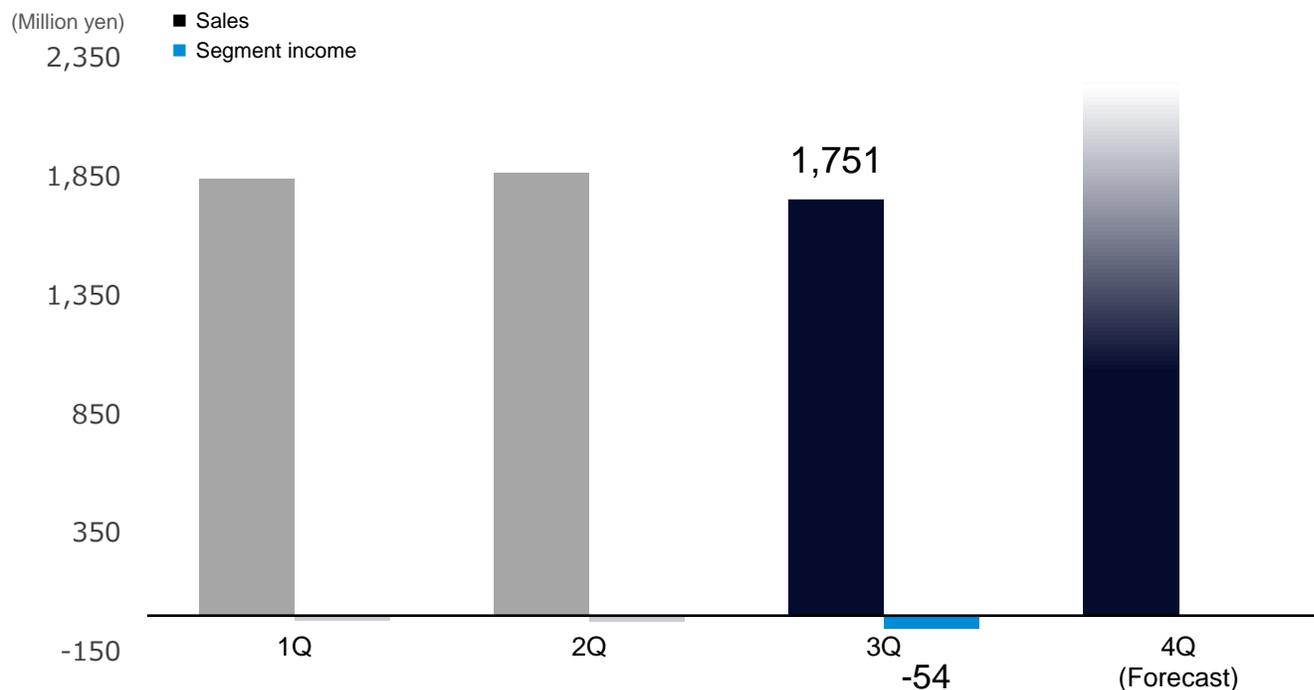
139

Number of New Registrants

1,078

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

- The factor behind the decline in sales since the previous quarter is the delayed commencement of the MSP*1 project.
- Sales contribution from the MSP project is expected to start from 4Q onwards.
- Performance has been progressing in line with the revised full-year forecast.



3Q		
Sales*2	1,751	million yen
EBITDA	1	million yen
Segment Income	-54	million yen

3Q Cumulative		
Sales	5,455	million yen
EBITDA	81	million yen
Segment Income	-81	million yen

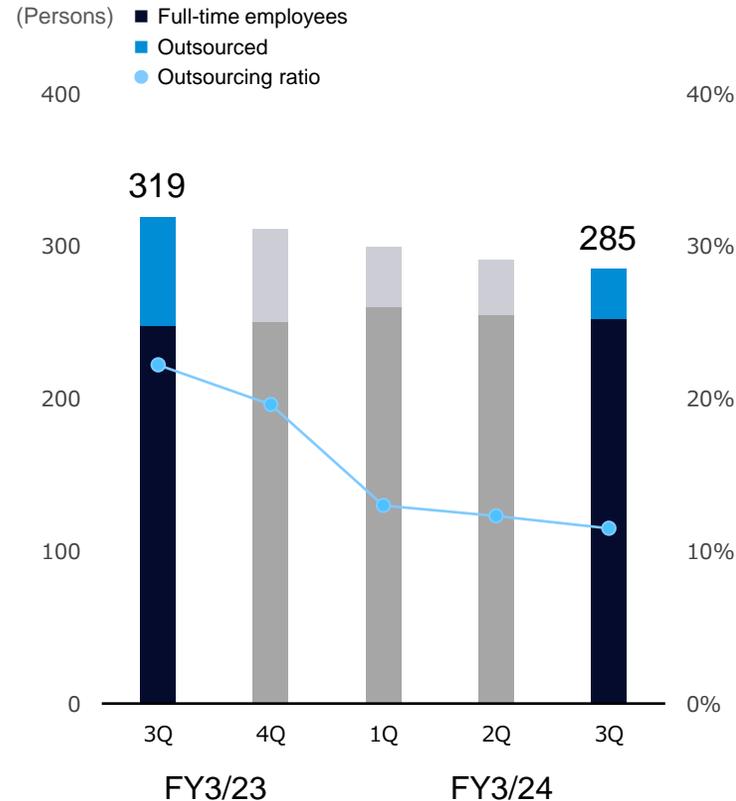
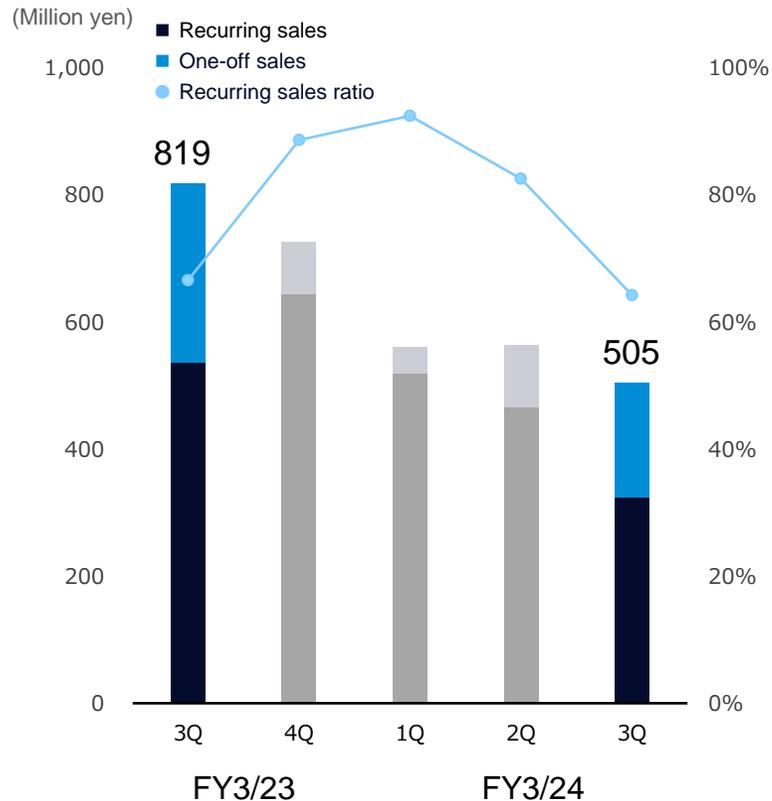
*1 MSP (Managed Services Providers) : A comprehensive talent management solution that covers the entire process from marketing in customer talent acquisition to contract finalization.

*2 The consolidation accounting period for Launch is from January to December. Performance is converted into JPY at the average rate of JPY 92.37 to AUD 1. The assumed initial exchange rate is JPY 85 to AUD 1.

G2 Studios

(Sales, Segment Income, Others)

- The impact of the delayed new order from the previous quarter continued, sales in 3Q resulted 505 million yen.
- The recurring sales ratio declined due to the downsizing of management titles in operation scheduled for termination.
- Despite the cancellation of one development title at the end of December in 3Q, a new development title started, bringing the total number of titles under development to three. Furthermore, an order for one development title was secured in January 2024.



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

3Q		(YoY)
Sales	505	million yen (-38.4%)
Segment Income	-112	million yen (-)

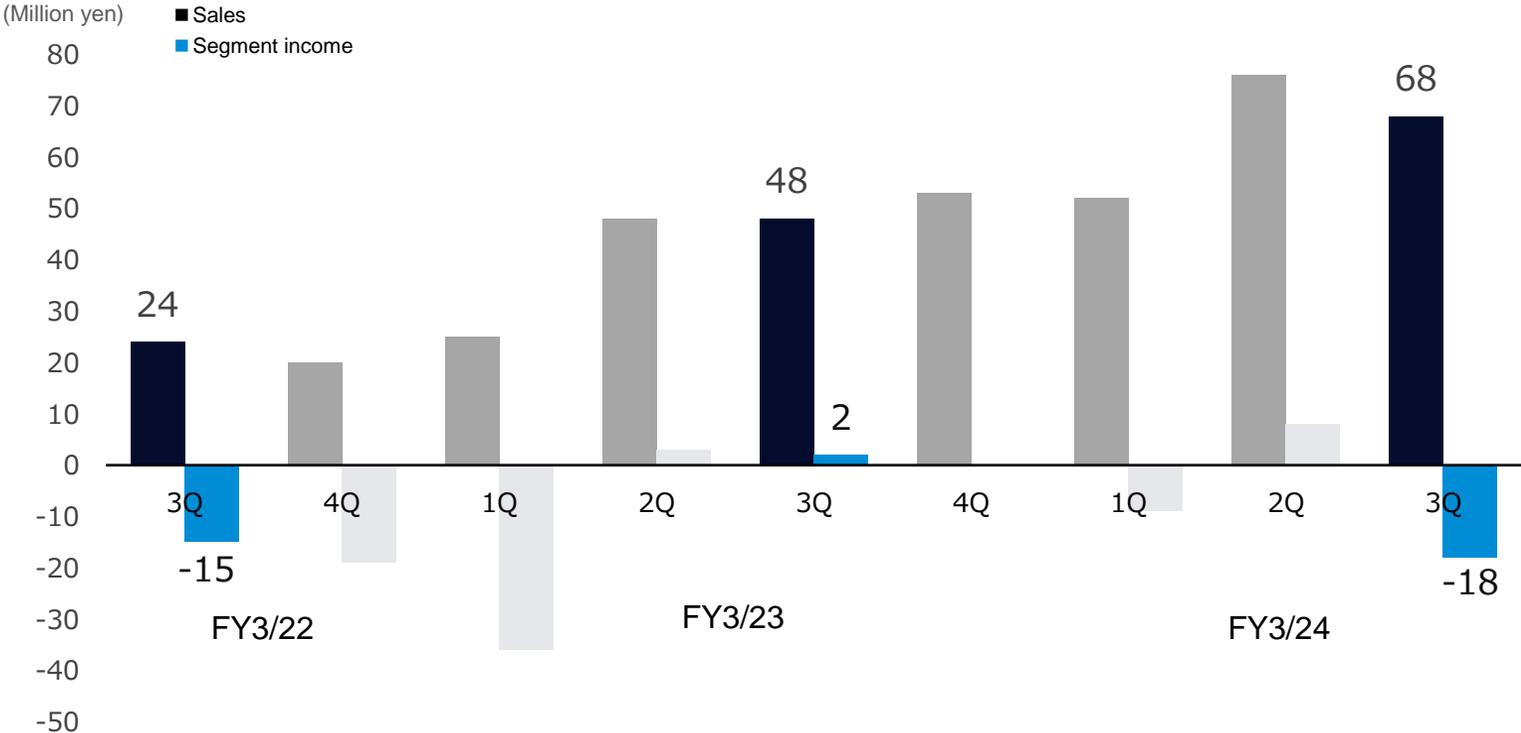
3Q Cumulative		(YoY)
Sales	1,624	million yen (-25.1%)
Segment Income	-249	million yen (-)

Operating game titles	7
Titles under development	3

No. of employees (as of end 3Q)	285
	(252 full-time, 33 outsourced)

Seed Tech (Sales, Segment Income)

- 3Q sales reached 68 million yen, in line with the company plan.
- Offshore development continued to perform well, with +49.8% sales increase in cumulative 3Q compared to the same period last year.
- Segment profit resulted -18 million yen, attributed to temporary cost increases related to the hiring and training expenses for the “Seed Tech Camp Project”, as well as expenses associated to the participation in expo.



3Q	(YoY)
Sales	68 million yen (+40.7%)
Segment Income	-18 million yen (-)

3Q Cumulative	(YoY)
Sales	197 million yen (+60.7%)
Segment Income	-20 million yen (-)

Appendix

3

GEECHS

[geek x tech]

Partnering with technological groups with a wealth of eminent expertise in the IT and Internet fields, GEECHS supports the work styles of all those involved to provide all sorts of value through our technologies.

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 Standard 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 December 31, 2023)
Business description	IT Freelance Matching Business (Japan) IT Freelance Matching Business (Overseas) G2 Studios Business, Seed Tech Business
Sales volume	JPY 15,997 million (as of March 31, 2023)
Employees	533 (as of December 31, 2023)
Offices	Tokyo Head Office, Osaka Branch, Fukuoka Branch, Nagoya Satellite Office Australia, Philippines

Group companies

GEECHS

IT Freelance Matching Business (Japan)

launch

IT Freelance Matching Business (Overseas)

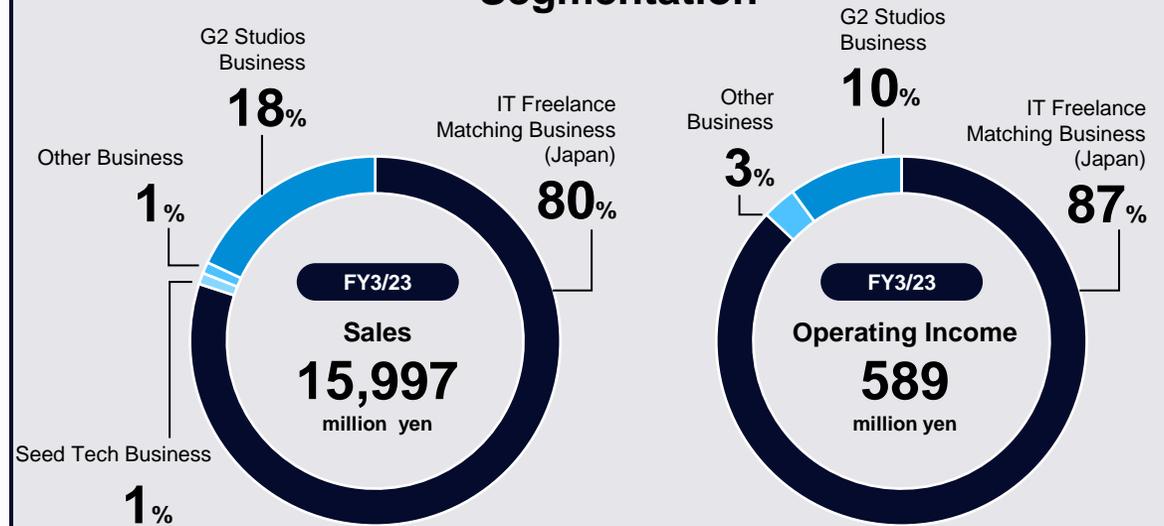
seedtech

Seed Tech Business

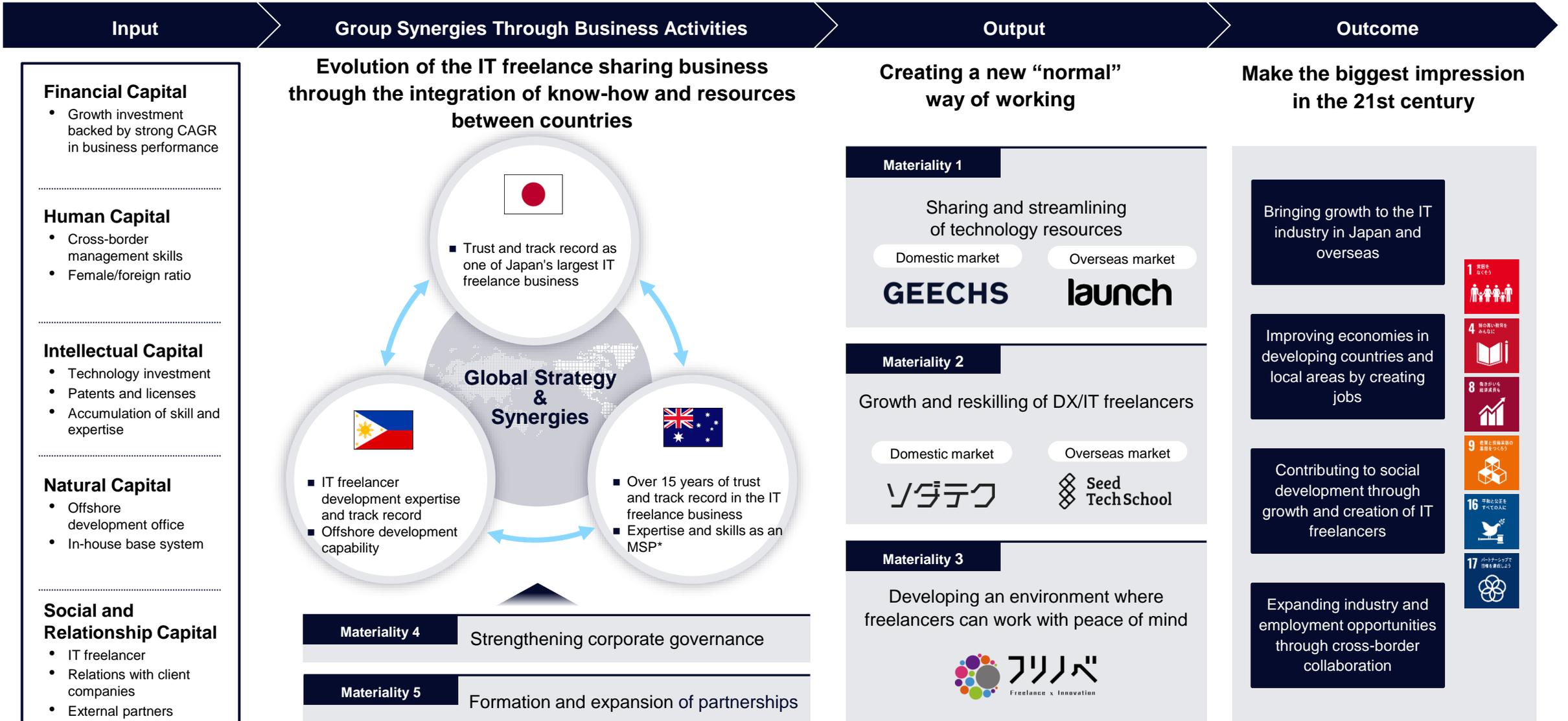
G2Studios

G2 Studios Business

Segmentation

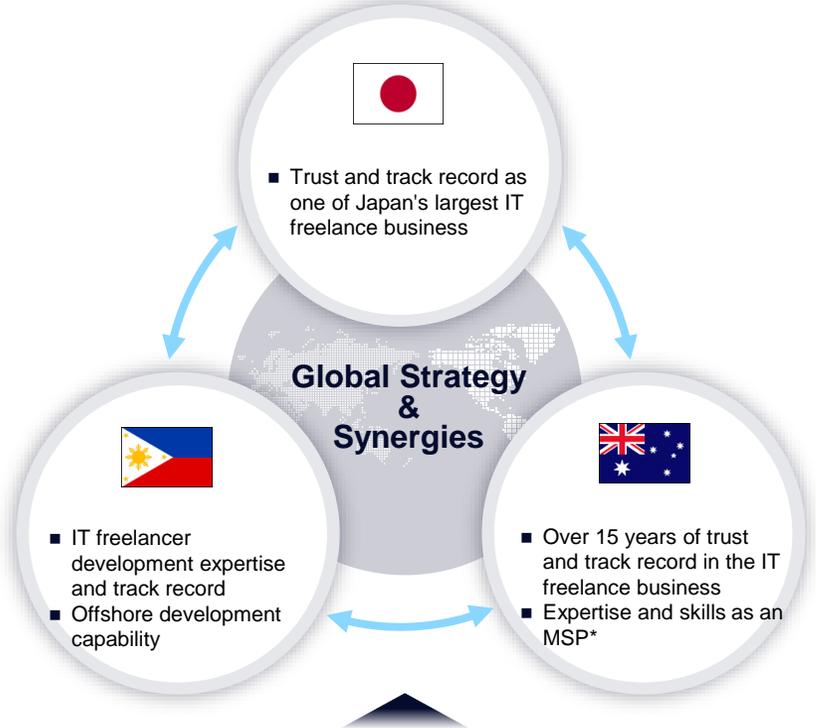


GEECHS Social Impact Flow



- 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 Overseas market

GEECHS launch

Materiality 2

Growth and reskilling of DX/IT freelancers

Domestic market Overseas market

V3TEK 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

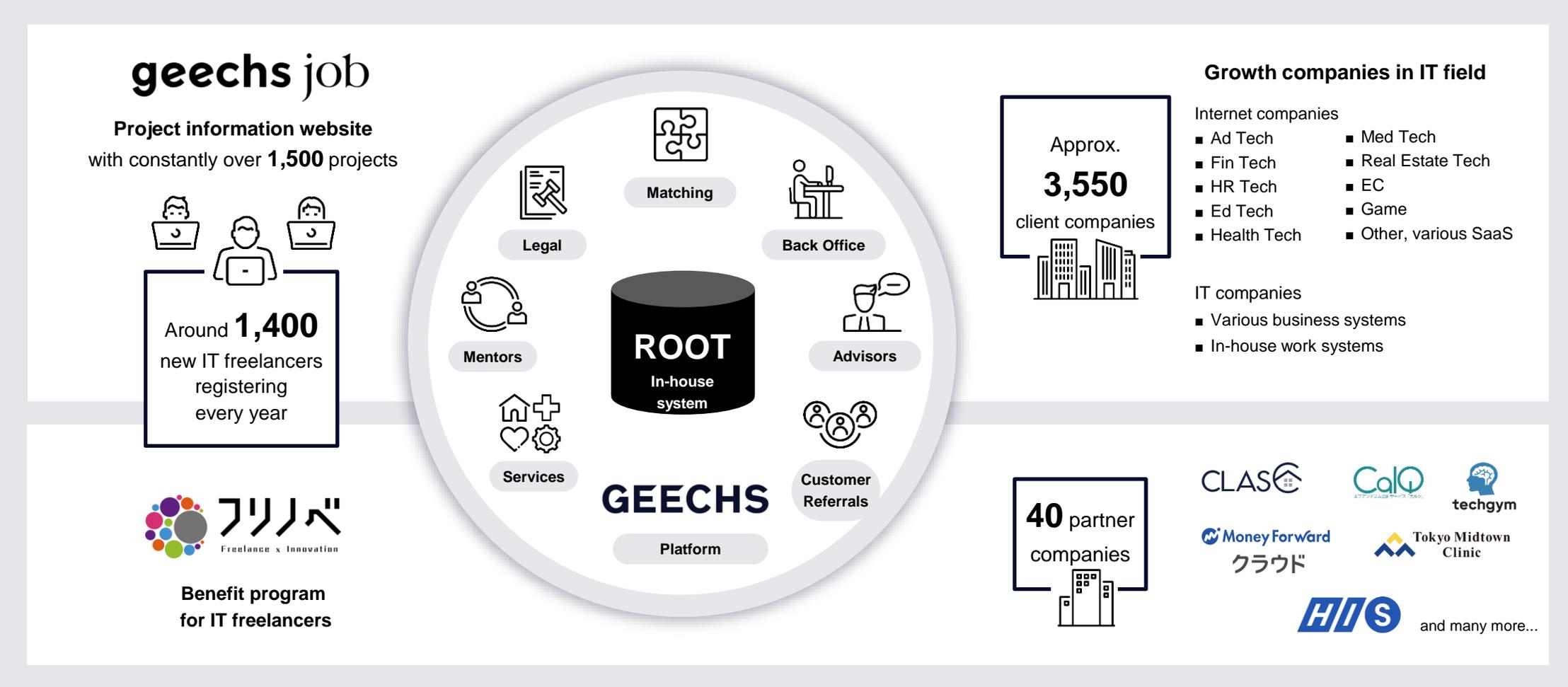
- Bringing growth to the IT industry in Japan and overseas
- Improving economies in developing countries and local areas by creating jobs
- Contributing to social development through growth and creation of IT freelancers
- Expanding industry and employment opportunities through cross-border collaboration

- 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 産業と人材の両方を育てる
- 16 労働の成果をすべての人に
- 17 パートナーシップで目標を達成しよう

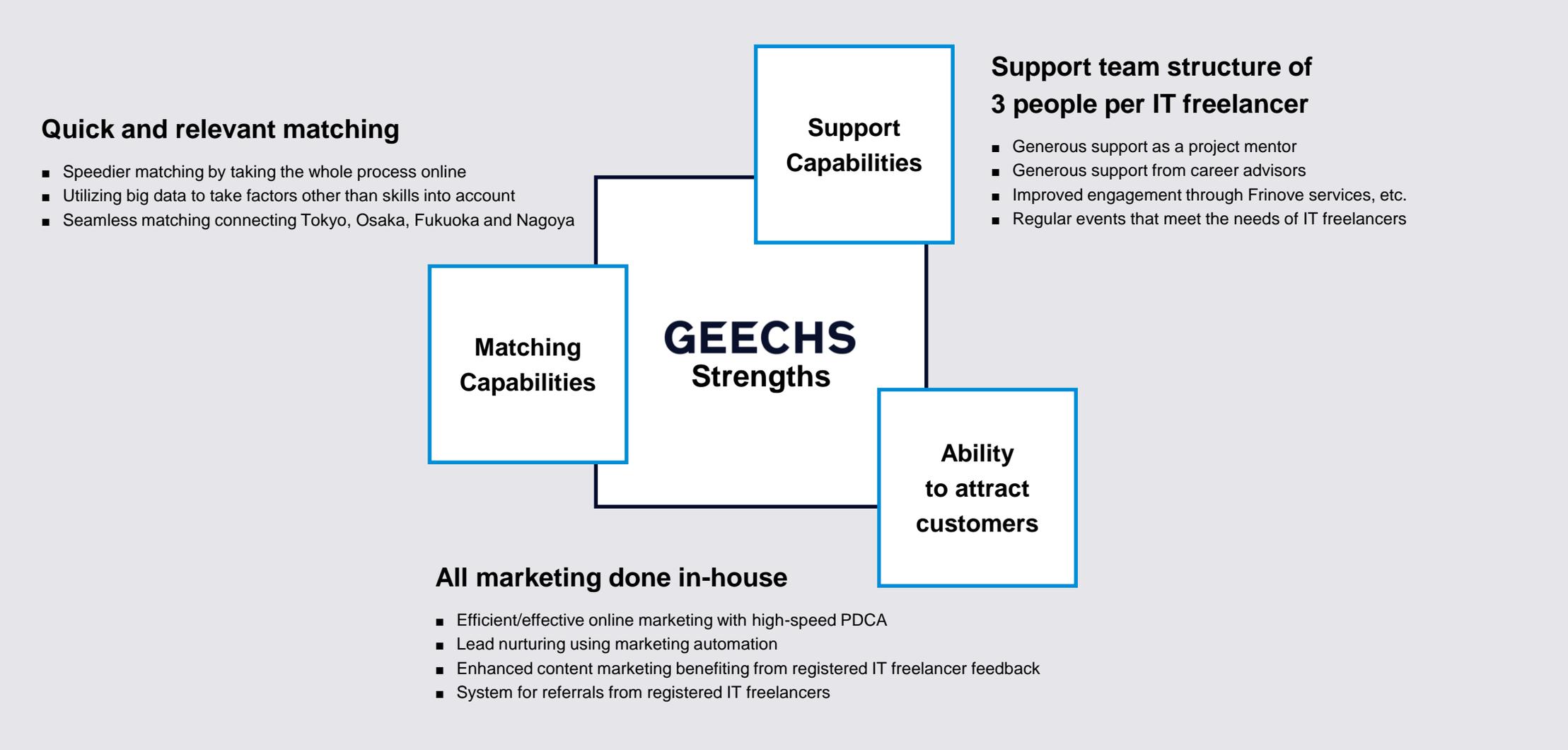
*Owning a proprietary Vendor Management System as a Managed Service Provider (MSP)

IT Freelance Matching Business, Japan

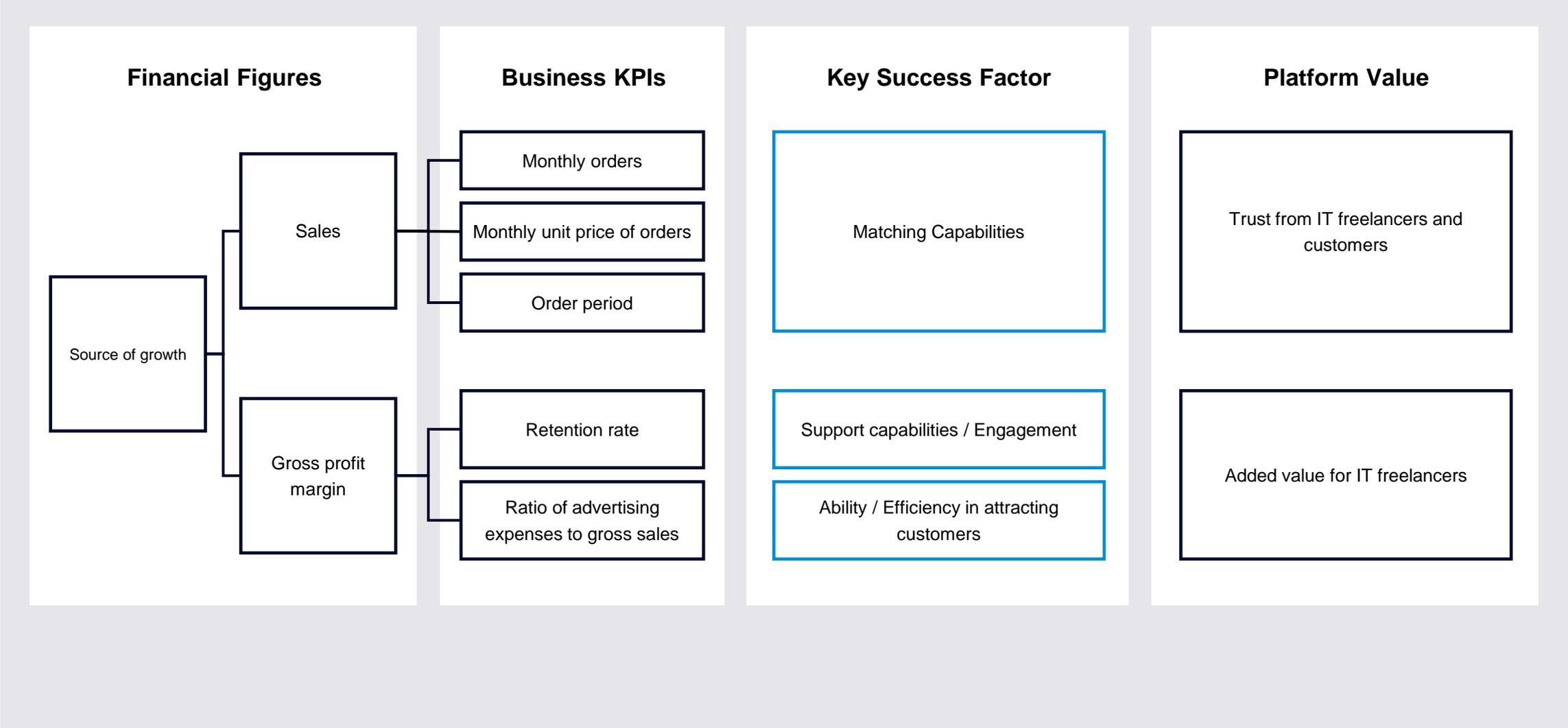
Technology Resource Sharing Platform



GEECHS Strengths

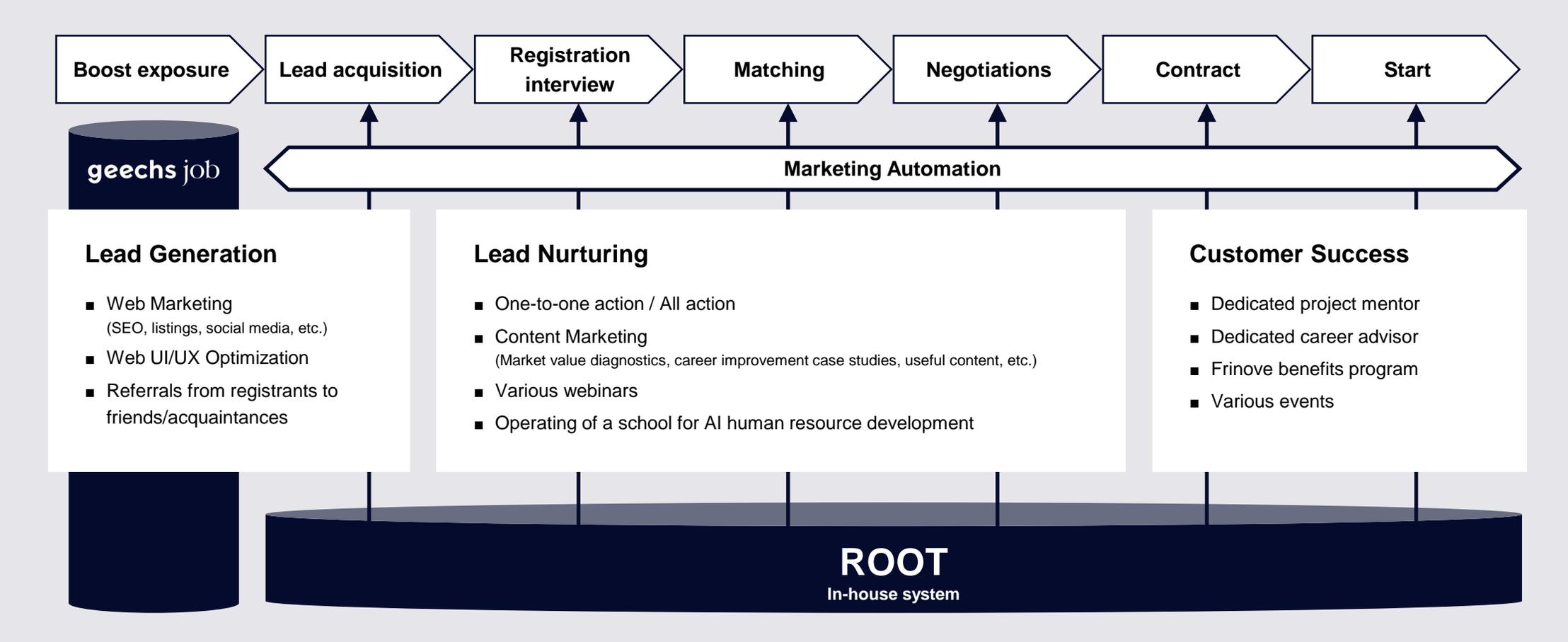


Source of Growth



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

	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

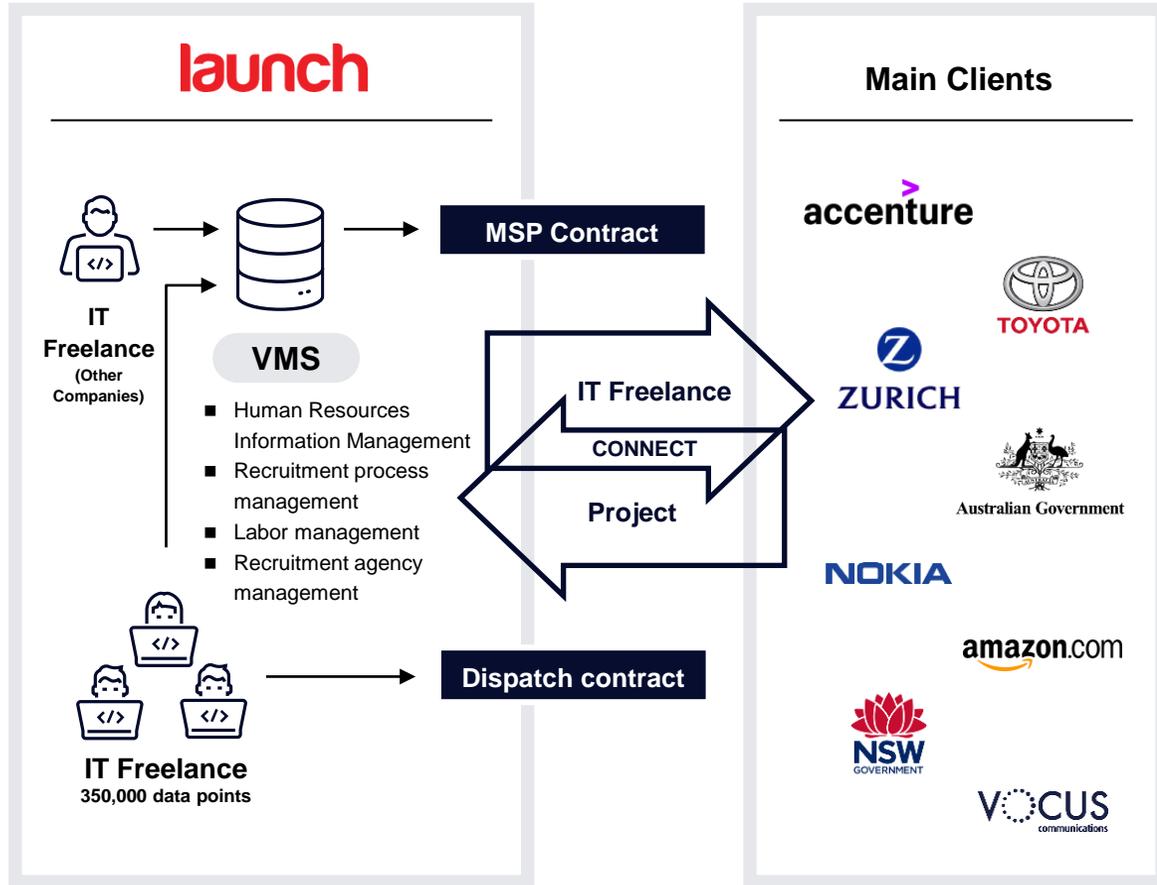
Strengthening ongoing partnerships to maximize business by increasing engagement with IT freelancers

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

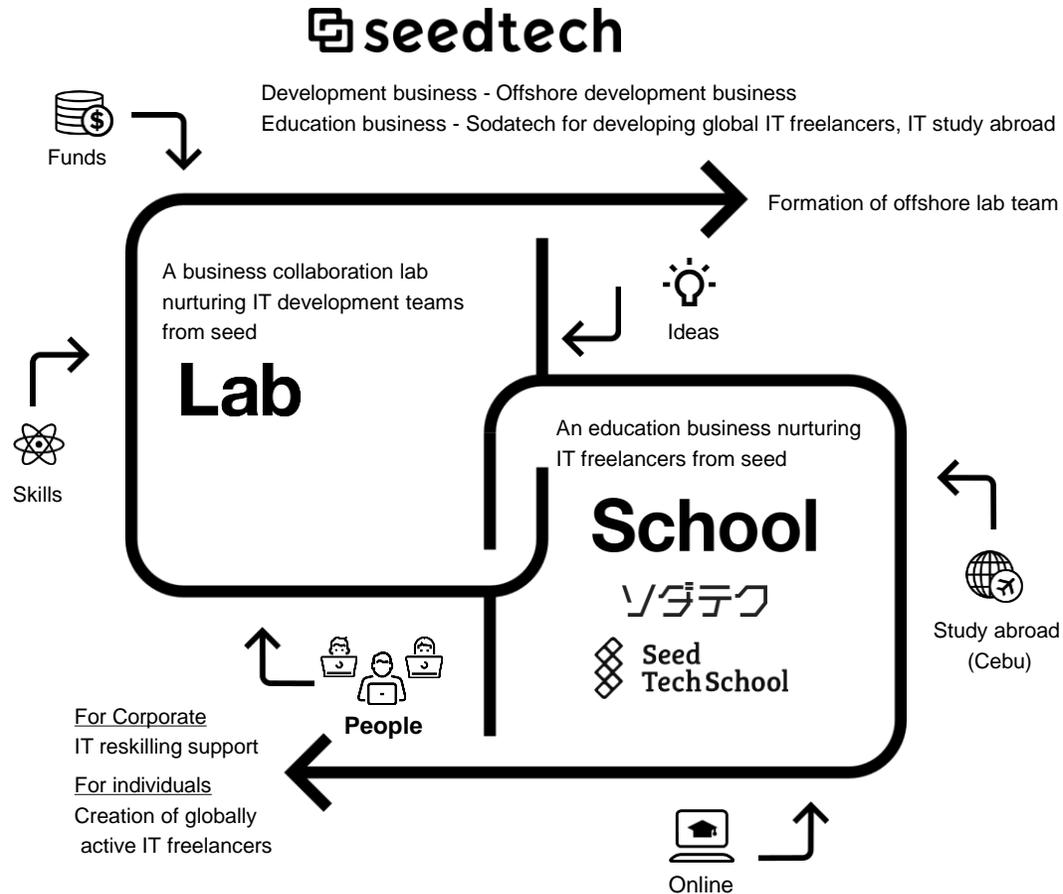
Launch has its own IT freelancer database of over 350,000 people and over 7,500 freelancers/month are under contract.

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.

Photo Spot : WeWork Shibuya Scramble Square

Differences between Developer and Publisher

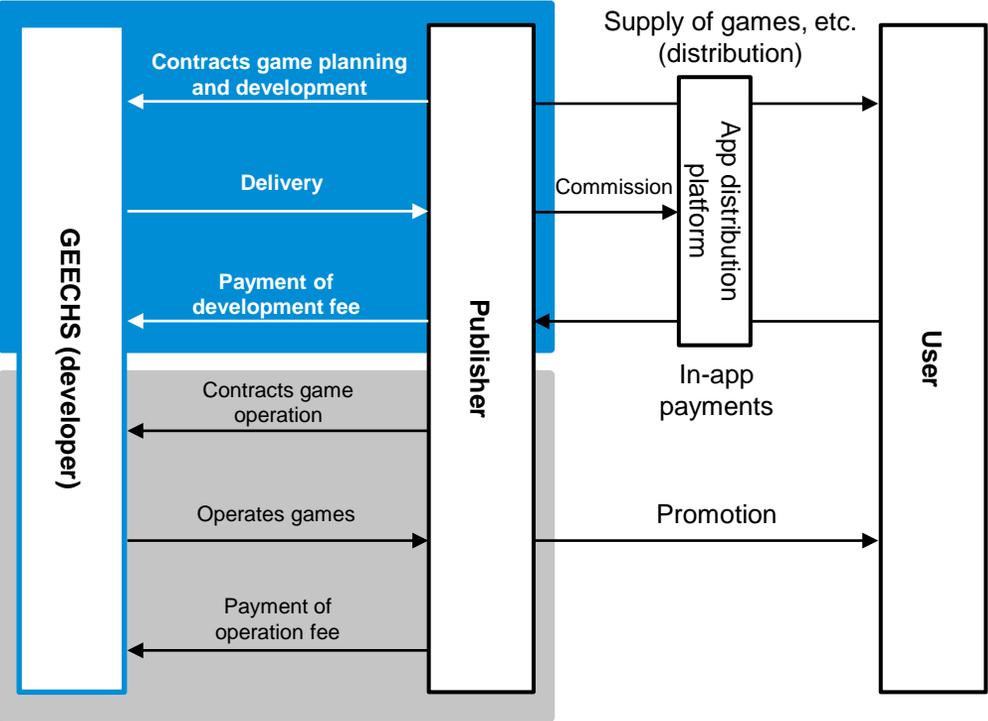
The future strategy of the Game Business is to become a developer of globally distributed titles.

	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

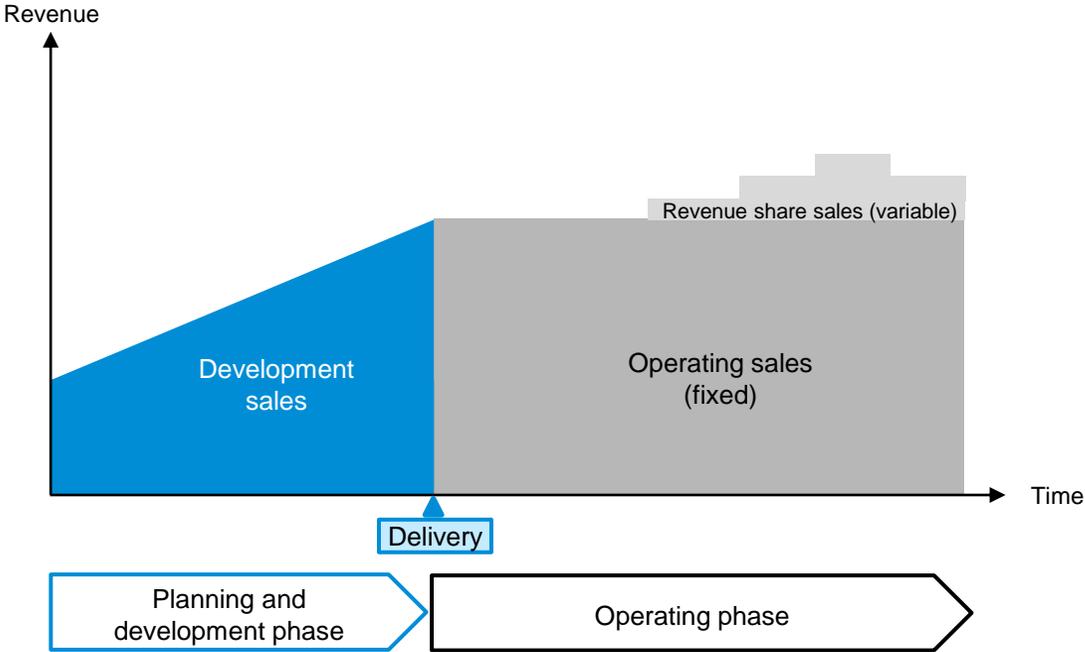
Business Model

- 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		FY3/21	FY3/22	FY3/23	FY3/24 3Q	FY3/24 Forecast
Sales	(Thousand yen)	3,427,816	14,340,774	15,997,838	17,787,028	24,400,000
EBITDA	(Thousand yen)	815,495	1,226,900	651,393	263,939	300,000
Operating income	(Thousand yen)	738,479	1,133,696	589,410	57,743	50,000
Ordinary income	(Thousand yen)	713,942	1,135,706	567,920	49,155	40,000
Profit attributable to owners of parent	(Thousand yen)	457,755	705,194	244,215	-103,770	-165,000
Comprehensive income	(Thousand yen)	458,020	703,843	239,743	44,867	-
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	4,662,238	-
Total assets*	(Thousand yen)	6,486,303	5,874,294	8,999,379	8,854,298	-
Net income per share	(Yen)	43.83	67.18	23.2	-10.05	-15.98
Capital adequacy ratio*	(%)	59.1	75.7	47.7	47.7	-
Return on equity	(%)	12.7	17.0	5.6	-	-
Cash flow from operating activities	(Thousand yen)	661,718	369,207	688,038	-	-
Cash flow from investing activities	(Thousand yen)	-48,908	-68,653	-1,560,893	-	-
Cash flow from financing activities	(Thousand yen)	-22,588	-91,339	1,274,450	-	-
Cash and cash equivalents at end of period	(Thousand yen)	3,149,695	3,357,198	3,755,033	-	-
Employees	(Persons)	357	384	444	533	-

*In the first quarter of the current fiscal year, the Company finalized the provisional accounting treatment for corporate consolidation, and the figures for the FY3/2023 reflect the details of the finalization of the provisional accounting treatment.

Supplemental Data (IT Freelance Matching Business, Japan)

Fiscal Year-End	FY3/2023					FY3/2024		
	1Q	2Q	3Q	4Q	Full-year	1Q	2Q	3Q
Sales (Thousand yen)	3,014,968	3,117,730	3,236,528	3,393,625	12,762,853	3,460,652	3,447,026	3,519,688
Advertising expense* (Thousand yen)	43,435	70,656	90,096	119,050	323,238	106,986	108,202	63,917
Advertising expense ratio (%)	1.4%	2.3%	2.8%	3.5%	2.5%	3.1%	3.1%	1.8%
Operating income (Thousand yen)	277,694	261,941	257,325	263,494	1,060,457	282,780	263,527	267,060
Operating income ratio (%)	9.2%	8.4%	8.0%	7.8%	8.3%	8.2%	7.6%	7.6%
Take rate (%)	17.2%	17.1%	17.4%	18.2%	17.5%	18.8%	19.0%	17.6%
Freelancers under contract (Freelancers/month)	3,990	4,121	4,271	4,395	16,777	4,405	4,382	4,459
Unit price of orders (Thousand yen)	769	772	774	785	775	799	803	808
New business partners (Companies)	40	41	45	49	175	53	42	44
Newly registered IT freelancers (Persons)	270	342	283	430	1,325	366	382	330

*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