

## Summary of Financial Results for the Third Quarter of the Fiscal Year Ending September 30, 2021 [Japan Standards] (Non-Consolidated)

August 11, 2021

Company name:	CrowdWorks, Inc.	Stock listing:	Tokyo Stock Exchange
Security code:	3900	URL	<a href="https://crowdworks.co.jp">https://crowdworks.co.jp</a>
Representative:	Koichiro Yoshida, President and CEO		
Inquiries:	Takatsugu Tsukii, Director		TEL: 03(6450)2926
Scheduled filing date of quarterly report:	August 11, 2021	Scheduled payment date of dividend:	-
Supplementary materials for the quarterly financial results:	Yes		
Investor conference for the quarterly financial results:	None		

(Million yen, rounded down)

### 1. Financial Results for the Third Quarter of the Fiscal Year Ending September 30, 2021 (From October 1, 2020 to June 30, 2021)

(1) Financial Performance (cumulative) (% figures show year-on-year increase or decrease)

	Net sales		Operating profit		Ordinary profit		Net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Q3 (Cum.) FY ending Sep. 30, 2021	5,575	-	437	-	494	-	387	-
Q3 (Cum.) FY ended Sep. 30, 2020	-	-	-	-	-	-	-	-

	Profit per share	Diluted profit per share
	Yen	Yen
Q3 (Cum.) FY ending Sep. 30, 2021	25.44	24.96
Q3 (Cum.) FY ended Sep. 30, 2020	-	-

Note: In the third quarter of the fiscal year ended September 2020, the Company disclosed results based on consolidated accounts, but from the first half of the current fiscal year, the Company discloses results based on non-consolidated accounts. Therefore, the operating results for the third quarter (cumulative) of the fiscal year ended September 2020 and the percentage figures showing year-on-year increase or decrease are not stated.

### (2) Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of June 30, 2021	5,822	3,538	60.8
As of Sep. 30, 2020	5,038	3,153	62.6

Reference: Shareholders' equity As of June 30, 2021: 3,538 million yen  
As of September 30, 2020: 3,152 million yen

### 2. Dividends

	Annual dividends per share				
	End of Q1	End of Q2	End of Q3	End of Q4	Annual
	Yen	Yen	Yen	Yen	Yen
FY ended Sep. 30, 2020	-	0.00	-	0.00	0.00
FY ending Sep. 30, 2021	-	0.00	-	-	-
FY ending Sep. 30, 2021 (Forecast)	-	-	-	0.00	0.00

Note: Revision of most recently published dividend forecast: None

### 3. Financial Forecasts for the Fiscal Year Ending September 30, 2021 (From October 1, 2020 to September 30, 2021)

(% figures show year-on-year increase or decrease)

	Net sales		Operating profit		Ordinary profit		Profit		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	7,377	-	437	-	-	-	-	-	-

Note: Revision of most recently published financial forecast: Yes

The Company changed its forecast of operating results because it recorded an operating surplus of 437 million yen as a result of steady growth through concentrated investment in the matching business and efforts to improve productivity. For details, please refer to P. 3 "1. Qualitative Information Regarding the Quarterly Accounts (3) Overview of Forecast of Operating Results Including Financial Results."

\* Notes

- (1) Application of accounting procedures specific to preparing quarterly financial statements : Yes
- (2) Changes in accounting policies, changes in accounting estimates and restatements
- (i) Changes in accounting policies associated with revision of accounting standards : None
- (ii) Changes in accounting policies other than the above (i) : Yes
- (iii) Changes in accounting estimates : None
- (iv) Restatements : None

(3) Number of outstanding shares (common stock)

- (i) Number of shares outstanding at term-end (including treasury shares)
- (ii) Number of treasury shares at term-end
- (iii) Average number of shares outstanding during term (quarterly total)

Jun. 30, 2021	15,255,160 shares	FY ended Sep. 30, 2020	15,225,160 shares
Jun. 30, 2021	86 shares	FY ended Sep. 30, 2020	86 shares
Jun. 30, 2021	15,237,382 shares	Jun. 30, 2020	15,215,860 shares

\* The summary of quarterly financial results is not subject to the quarterly review by certified public accountants or audit corporations.

\* Explanation regarding the appropriate use of the earnings forecast, and other noteworthy items

The forward-looking statements such as result forecasts included in this document are based on the information available to the Company at the time of the announcement and on certain assumptions considered reasonable, and the Company makes no representations as to their achievability. Actual results may differ materially from the forecast, depending on a range of factors.

○ Table of Contents of the Appendix

1. Qualitative Information Regarding the Quarterly Accounts.....	2
(1) Overview of Operating Results.....	2
(2) Overview of Financial Position.....	3
(3) Overview of Forecast of Operating Results Including Financial Results.....	3
2. Quarterly Financial Statements and Main Noted Items.....	5
(1) Quarterly Balance Sheet .....	5
(2) Quarterly Statement of Income .....	7
(3) Notes on Quarterly Financial Statements.....	8
(Notes Regarding Going Concern Assumptions) .....	8
(Notes on Significant Changes in the Amount of Shareholders' Equity) .....	8
(Application of Accounting Procedures Specific to Preparing Quarterly Financial Statements) .....	8
(Changes in Accounting Policies).....	8
(Additional Information).....	8
(Segment Information, etc.) .....	8
(Material subsequent events) .....	8
3. Other .....	9
Material Events Related to Going Concern Assumptions, etc.....	9

## 1. Qualitative Information Regarding the Quarterly Accounts

### (1) Overview of Operating Results

The forward-looking statements contained in this document are based on the judgments of CrowdWorks, Inc. (hereinafter, “the Company”) as of the end of the third quarter of this fiscal year.

#### (1) Operating Results

With a vision of a “Work-style revolution—To become the world’s biggest platform providing the largest amount of monetary rewards through the Internet” since its establishment, the Company has been promoting online human resources matching with crowdsourcing at its core, whereby individuals can earn rewards using the Internet. In recent years, the range of work-style choices beyond employment at an enterprise has widened, as job opportunities for the potential labor force, namely, women, the elderly and people with disabilities, are expanding, and given the trend to allow employees to pursue side jobs and businesses in accordance with “work-style reforms,” which is the primary theme of “Dynamic Engagement of All Citizens,” the slogan of the central government, and the diversification of values regarding individual work-styles toward more flexible ways to work. With work-style reform laws gradually taking effect since April 2019, including legislation on equal wages for equal work in April 2020 and an extension of employment of older employees until age 70 effective by the revision of the Act on Stabilization of Employment of Elderly Persons in April 2021, the trend of reviewing the conventional employment system has spread widely.

Particularly, among enterprises, an increasing number of enterprises want to acquire human resources in forms that are free from the traditional style. These days, major companies representing Japan tend to move toward allowing their employees to have a side job or side business, aiming to increase the incomes of their own employees, to improve motivation, and to secure and retain excellent human resources. In addition, in response to the recent spread of COVID-19, an increasing number of companies of all sizes and across all industry sectors have introduced and utilized work-at-home or teleworking, and the digital shift across society has been accelerating. Under such circumstances, more people have been gradually responding to new ways of working and lifestyles (referred to as the new normal). More companies are digitalizing their activities, introducing e-commerce into their operations, and in association, expanding employment of external specialized talents (freelancers, double jobbers, etc.), and utilizing crowdworkers via online networks. This tendency has become a tailwind for the market surrounding the Company, promoting a change in corporate needs regarding human resources procurement methods.

In such an environment, the Company established a policy to concentrate our investment in the matching business, which is our core business, and has been working to increase profitability by increasing growth rate and improving productivity through the merger of consolidated subsidiaries into a non-consolidated management. As a result, the Company achieved an operating surplus in the cumulative third quarter of this fiscal year owing to progress in productivity improvement initiatives; in addition to the progress rate of the performance forecast for the total contract value, net sales and gross profit of the matching business exceeded 75% during the third quarter of this fiscal year.

Demand for engineers, designers, and other professionals remains high, and the use of freelancers and crowdworkers is expected to increase also in the future. In addition, while the COVID-19 pandemic is ongoing, many companies have introduced telework and digitalized their business operations and marketing activities, leading to an increase in demand for online office assistants as well as steady growth in the matching business for high-priced, high-continuation, and high-end human resources, with engineers and designers at the core.

In the SaaS business for businesses, the number of subscribers who introduce CrowdLog, an SaaS service that efficiently manages the operation of freelancers and in-house human resources, is steadily increasing, and the Company plans to continue upfront investment.

As a result of the foregoing, the Company’s business results for the cumulative third quarter of this fiscal year were net sales of 5,575,822 thousand yen, operating profit of 437,613 thousand yen, ordinary profit of 494,600 thousand yen, and net profit of 387,635 thousand yen.

Note: Since the Company has prepared quarterly financial statements from the second quarter of this fiscal year, comparative information on the quarterly statement of income is not presented.

Financial results by segment are as follows:

#### (i) Matching Business

In the matching business for the cumulative third quarter of this fiscal year, the total contract value, net sales, and gross profit have been exceeding the disclosed forecast owing to continued investment through selection and concentration and implementation of productivity improvement projects. As for selling, general, and administrative expenses, operating profit exceeded the disclosed forecast owing to continued investment in online advertising and efforts to improve productivity while strengthening the sales structure by increasing the number of staff.

As a result, total contract value, which indicates the total amount of transactions, was 11,097,879 thousand yen, net sales were 5,495,124 thousand yen, gross profit was 2,450,707 thousand yen, and segment profit was 580,723 thousand yen.

#### (ii) SaaS Business

In the SaaS business for the cumulative third quarter of this fiscal year, the introduction of business management tools for enterprises reached a record high, and the number of customers steadily expanding, and The Company has made upfront investment for marketing, new functional development, and service improvement for further growth expansion through the steady growth.

As a result, net sales were 80,459 thousand yen, and segment loss was 120,875 thousand yen.

## (2) Overview of Financial Position

### (Assets)

Total assets at the end of the third quarter of this fiscal year stood at 5,822,513 thousand yen, up 783,870 thousand yen from the end of the previous year. The increase in total assets is due to an increase in current assets accompanying the merger of subsidiaries and business expansion. Current assets stood at 5,415,096 thousand yen, and its main components, cash and deposits, stood at 3,947,605 thousand yen, accounts receivable-other stood at 696,857 thousand yen, while notes and accounts receivable - trade stood at 685,599 thousand yen. Non-current assets stood at 407,417 thousand yen, and its main components, property, plant and equipment, stood at 74,329 thousand yen, intangible assets stood at 39,037 thousand yen, and investments and other assets stood at 294,050 thousand yen.

### (Liabilities)

Total liabilities at the end of the third quarter of this fiscal year stood at 2,283,637 thousand yen, up 398,270 thousand yen from the end of the previous year. The increase in liabilities is due to an increase in current liabilities owing to the merger of subsidiaries and business expansion. Current liabilities stood at 2,250,609 thousand yen, and its main components, deposits received, stood at 1,127,808 thousand yen and accounts payable - other stood at 594,849 thousand yen. Non-current liabilities stood at 33,027 thousand yen.

### (Net assets)

Net assets at the end of the third quarter of this fiscal year stood at 3,538,876 thousand yen, up 385,599 thousand yen from the end of the previous year. The increase in net assets was due to an increase in retained earnings resulting from the recording of net income.

## (3) Overview of Forecast of Operating Results Including Financial Results

It can be assumed that the domestic online market for human resources matching will also continue to expand in the medium-to-long-term future owing to manpower shortages at enterprises and the accelerated social trend toward seeking diversified work-styles. Aiming to achieve our vision of “Work-style revolution —To become the world’s biggest platform that provides the largest amount of monetary rewards through the Internet,” in the fiscal year ending September 30, 2021, the Company will aim to be profitable for the full fiscal year by continuing and focusing on investments in the matching business, while working on improving its productivity and reforming the business structure.

The Company merged with Brain Partner Inc., a group company, and sold two subsidiaries in the project contracting business to withdraw from the business in the fiscal year ended September 30, 2020. In January 2021, the Company merged with BizAsst., Inc. and graviee Inc., both of which were consolidated subsidiaries, to shift to non-consolidated management. As a result, non-consolidated financial results are to be reported from the second quarter.

The following is an explanation of the operating results forecast.

During the cumulative third quarter of this fiscal year, steady growth and productivity improvement efforts by concentrating investment in the matching business were successful, leading us to revise upward the forecast of operating profit for the full year to more than 437 million yen. As a result, for the fiscal year ending September 30, 2021, the total contract value will be 14,435 million yen, net sales 7,377 million yen, gross profit 3,265 million yen, and operating profit 437 million yen or more.

With regard to business results by segment for the fiscal year ending September 30, 2021, we upwardly revised the total contract value of the matching business to 14,335 million yen, net sales to 7,277 million yen, gross profit to 3,185 million yen, and operating profit to 637 million yen or more. In the fourth quarter of this fiscal year, we will continue to improve productivity and aim to maximize profits, while promoting the establishment of a system for achieving sustainable growth by reinvesting in new businesses within the scope of profit generated.

In the SaaS Business and new business in other segments, there is no change in the policy announced at the beginning, and it is policy to positively work as an investment for future growth, and the investment will be carried out within the scope of achievement of profitability for the whole year of the company.

As a result, the total contract value and net sales are expected to be 100 million yen, gross profit to be 80 million yen, and operating loss to be 200 million yen.

(Reference: forecast on initial consolidated basis)

Since the Company shifted to non-consolidated financial settlement from the second quarter onward, the Company has announced non-consolidated operating results forecasts as described above. However, from the perspective of comparison with the results of the previous fiscal year, the Company has announced financial results forecasts based on initial consolidated accounting as key management indicators.

The following management indicators are the revised forecasts based on the figures including the first-quarter results of the merged consolidated subsidiaries, BizAsst., Inc. and graviee Inc.

[Company] (% figures represent year-on-year increase or decrease)

	Total contract value		Net sales		Gross profit		Operating profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Full year ending Sep. 30, 2021	14,786	(2.8)	7,663	(12.2)	3,381	1.8	463	-
(Reference) Full year ended Sep. 30, 2020	15,216	-	8,728	-	3,322	-	(298)	-

[Matching Business]

	Total contract value		Net sales		Gross profit		Operating profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Full year ending Sep. 30, 2021	14,686	15.0	7,563	20.0	3,301	20.0	663	-
(Reference) Full year ended Sep. 30, 2020	12,771	-	6,302	-	2,751	-	(249)	-

[SaaS Business and other new businesses]

	Total contract value		Net sales		Gross profit		Operating profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY ending Sep. 30, 2021 Full year	100	-	100	-	80	-	(200)	-

(Other)

In order to continue to provide safe and secure platforms, the Company has taken strict action against possible violations of the terms of service by users (e.g. unauthorized using of payment services). Accordingly, the Company suspended the quick withdrawal function from June 25, 2021, and temporarily suspended new orders in task format from July 8, 2021 to July 19, 2021. However, the impact of this measure is immaterial and does not involve any impact on business results or financial risk.

With regard to the impact of COVID-19, a state of emergency was declared again in July 2021 in some regions, and the uncertain situation such as the economic impact due to the prolonged coronavirus crisis worldwide will continue; however, there is no change in the future policy at this point.

The earnings forecast is based on the judgment of the Company based on the information currently available. The forecasts are subject to various uncertainties, and actual results may differ from these forecasts.

## 2. Quarterly Financial Statements and Main Noted Items

## (1) Quarterly Balance Sheet

(Thousand yen)

	Fiscal Year Ended September 30, 2020 (As of September 30, 2020)	Q3 / Fiscal Year Ending September 30, 2021 (As of June 30, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	3,240,063	3,947,605
Accounts receivable - trade	581,398	685,599
Accounts receivable - other	606,085	696,857
Operational investment securities	51,148	31,020
Other	93,674	67,113
Allowance for doubtful accounts	(13,050)	(13,100)
<b>Total current assets</b>	<b>4,559,319</b>	<b>5,415,096</b>
Non-current assets		
Property, plant and equipment		
Buildings	100,656	83,993
Accumulated depreciation	(53,582)	(25,989)
Buildings, net	47,073	58,004
Tools, furniture and fixtures	48,683	45,233
Accumulated depreciation	(29,341)	(28,907)
Tools, furniture and fixtures, net	19,342	16,325
Construction in progress	4,323	-
<b>Total property, plant and equipment</b>	<b>70,738</b>	<b>74,329</b>
Intangible assets		
Software	40,306	32,582
Goodwill	-	6,454
<b>Total intangible assets</b>	<b>40,306</b>	<b>39,037</b>
Investments and other assets		
Shares of subsidiaries and associates	201,243	75,986
Deferred tax assets	22,144	15,446
Other	144,891	207,620
Allowance for doubtful accounts	-	(5,002)
<b>Total investments and other assets</b>	<b>368,278</b>	<b>294,050</b>
<b>Total non-current assets</b>	<b>479,323</b>	<b>407,417</b>
<b>Total assets</b>	<b>5,038,643</b>	<b>5,822,513</b>
<b>Liabilities</b>		
Current liabilities		
Short-term borrowings	100,000	100,000
Accounts payable - other	481,168	594,849
Accrued expenses	104,804	110,213
Income taxes payable	28,267	109,618
Deposits received	1,026,730	1,127,808
Advances received	43,427	135,892
Asset retirement obligations	21,198	-
Other	46,761	72,227
<b>Total current liabilities</b>	<b>1,852,359</b>	<b>2,250,609</b>
Non-current liabilities		
Asset retirement obligations	33,007	33,027
<b>Total non-current liabilities</b>	<b>33,007</b>	<b>33,027</b>
<b>Total liabilities</b>	<b>1,885,366</b>	<b>2,283,637</b>

(Thousand yen)

	Fiscal Year Ended September 30, 2020 (As of September 30, 2020)	Q3 / Fiscal Year Ending September 30, 2021 (As of June 30, 2021)
Net assets		
Shareholders' equity		
Capital stock	2,688,567	2,691,267
Capital surplus		
Legal capital surplus	2,646,567	2,649,267
Total capital surplus	2,646,567	2,649,267
Retained earnings		
Other retained earnings		
Retained earnings brought forward	(2,203,139)	(1,815,504)
Total retained earnings	(2,203,139)	(1,815,504)
Treasury shares	(120)	(120)
Total shareholders' equity	3,131,874	3,524,909
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	21,052	13,679
Total valuation and translation adjustments	21,052	13,679
Subscription rights to shares	350	287
Total net assets	3,153,276	3,538,876
Total liabilities and net assets	5,038,643	5,822,513



## (2) Quarterly Statement of Income

The Cumulative Third Quarter of Fiscal Year

	(Thousand yen)
	The Cumulative Third Quarter of Fiscal Year (Oct. 1, 2020 to June 30, 2021)
Net sales	5,575,822
Cost of sales	3,053,918
Gross profit	2,521,904
Selling, general and administrative expenses	2,084,291
Operating profit	437,613
Non-operating income	
Gain from lapsed deposits received	35,177
Other	22,975
Total non-operating income	58,152
Non-operating expenses	
Interest expenses	581
Loss on investments in capital	538
Other	45
Total non-operating expenses	1,165
Ordinary profit	494,600
Extraordinary income	
Gain on extinguishment of tie-in shares	15,593
Total extraordinary income	15,593
Extraordinary losses	
Loss on extinguishment of tie-in shares	22,011
Total extraordinary losses	22,011
Profit before income taxes	488,182
Income taxes	100,546
Net profit	387,635

## (3) Notes on Quarterly Financial Statements

(Notes Regarding Going Concern Assumptions)

Not applicable.

(Notes on Significant Changes in the Amount of Shareholders' Equity)

Not applicable.

(Application of Accounting Procedures Specific to Preparing Quarterly Financial Statements)

(Calculation of tax expenses)

Tax expenses are calculated by reasonably estimating the effective tax rate after tax effect accounting is applied to the pre-tax profit for the fiscal year, including the third quarter of this fiscal year, and by multiplying this effective tax rate and the quarterly pre-tax profit.

(Changes in Accounting Policies)

(Changes in calculation of tax expenses)

Formerly, tax expenses for the Company were calculated using the principle method. However, to further improve the efficiency of quarterly settlement operations of the Company, from the first quarter of current fiscal year, tax expenses are changed to be calculated by reasonably estimating the effective tax rate after tax effect accounting is applied to the pre-tax profit for the fiscal year, and by multiplying this effective tax rate and the quarterly pre-tax profit.

Since the impact of this change on the quarterly financial statements is minor, it is not applied retroactively.

(Additional Information)

(Certain assumptions regarding the COVID-19 in accounting estimates)

The assumptions used in the accounting estimates for the impact of the spread of COVID-19 have not materially changed from the description included in the additional information in the first quarter report.

(Segment Information, etc.)

[Segment information]

For the third quarter of the fiscal year ending September 30, 2021 (October 1, 2020, to June 30, 2021)

## 1. Information of net sales and profit (loss) of each reportable segment

(Thousand yen)

	Reportable segments			Other Note:	Adjusted Amount	Amounts shown on quarterly statement of income
	Matching	SaaS	Total			
Net sales						
(1) Sales to external customers	5,495,124	80,459	5,575,583	238	-	5,575,822
(2) Internal sales or exchange between segments	-	-	-	-	-	-
Total	5,495,124	80,459	5,575,583	238	-	5,575,822
Segment profit (loss)	580,723	(120,875)	459,848	(22,235)	-	437,613

Note: The category of "Other" indicates business segments which are not included in reportable segments, and includes any newly developed business, etc.

## 2. Information of impairment loss on non-current assets, of goodwill, etc. for each reportable segment

Not applicable.

(Material subsequent events)

Not applicable.

3. Other

Material Events Related to Going Concern Assumptions, etc.