

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

November 15, 2021

Company name: CrowdWorks, Inc. Stock listing: Tokyo Stock Exchange
 Security code: 3900 URL: <https://crowdworks.co.jp>
 Representative: Koichiro Yoshida, President and CEO
 Inquiries: Takatsugu Tsukii, Director TEL: 03(6450)2926
 Scheduled date of ordinary general meeting of shareholders: December 22, 2021 Scheduled payment date of dividend: -
 Scheduled filing date of securities report: December 23, 2021
 Supplementary materials for the financial results: Yes
 Investor conference for the financial results: Yes (for institutional investors and security analysts)

(Million yen, rounded down)

1. Financial Results for the Fiscal Year Ended September 30, 2021 (From October 1, 2020 to September 30, 2021)

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

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY ended Sept. 30, 2021	7,769	42.3	575	-	645	-	622	-
FY ended Sept. 30, 2020	5,458	16.9	(364)	-	(331)	-	(105)	-

	Profit per share	Diluted profit per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
FY ended Sept. 30, 2021	40.84	40.08	18.0	11.5	7.4
FY ended Sept. 30, 2020	(6.91)	-	(3.3)	(6.6)	(6.7)

(Reference) Equity in net income of affiliates FY ended Sept. 30, 2021 (20) Million yen FY ended Sept. 30, 2020 - Million yen

Note: Diluted profit per share of the previous fiscal year is not stated, as net loss per share is recorded, while there is a balance of subscription rights to shares.

(2) Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net asset value per share
	Million yen	Million yen	%	Yen
FY ended Sept. 30, 2021	6,201	3,794	60.9	247.53
FY ended Sept. 30, 2020	5,038	3,153	62.6	207.09

(Reference) Shareholders' equity FY ended Sept. 30, 2021 3,776 Million yen FY ended Sept. 30, 2020 3,152 Million yen

(3) Cash Flow Position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY ended Sept. 30, 2021	868	(95)	5	4,219
FY ended Sept. 30, 2020	-	-	-	-

2. Dividends

	Annual dividends per share					Dividends (total)	Dividend payout ratio	Dividends to net assets ratio
	End of Q1	End of Q2	End of Q3	End of Q4	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY ended Sept. 30, 2020	-	0.00	-	0.00	0.00	-	-	-
FY ended Sept. 30, 2021	-	0.00	-	0.00	0.00	-	-	-
FY ending Sept. 30, 2022 (Forecast)	-	0.00	-	0.00	0.00		-	

3. Financial Forecasts for the Fiscal Year Ending September 30, 2022 (From October 1, 2021 to September 30, 2022)

(% figures represent 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
First half year (Total)	-	-	-	-	-	-	-	-	-
Full year	-	-	-	-	-	-	-	-	-

Note: As a result of acquisition of stocks of CODEAL Corporation in October 2021, the Company will start to report consolidated financial results from the fiscal period ending September 2022. Please refer to 1. Summary of Financial Performance (4) Future Prospects and the attached sheet "Announcement of Consolidated Financial Forecasts Associated with Transition to Consolidated Financial Reporting" for consolidated financial forecasts.

* Notes

(1) Changes in accounting principles, 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) : None
- (iii) Changes in accounting estimates : None
- (iv) Restatements : None

(2) 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 the term

As of Sept. 30, 2021	15,225,160 shares	As of Sept. 30, 2020	15,225,160 shares
As of Sept. 30, 2021	86 shares	As of Sept. 30, 2020	86 shares
FY ended Sept. 30, 2021	15,218,184 shares	FY ended Sept. 30, 2020	15,218,184 shares

* The summary of financial results is not subject to audit 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. Summary of Financial Performance.....	2
(1) Summary of Financial Performance for the Fiscal Year Ended September 30, 2021	2
(2) Summary of Financial Position for the Fiscal Year Ended September 30, 2021	3
(3) Summary of Cash Flows for the Fiscal Year Ended September 30, 2021	3
(4) Future Prospects.....	3
2. Basic Policy in Selection of Accounting Standards.....	4
3. Financial Statements and Important Notes.....	5
(1) Balance Sheet.....	5
(2) Statement of Income	7
(3) Statement of Changes in Equity.....	8
(4) Statement of Cash Flows	10
(5) Notes on Financial Statements.....	11
(Notes Regarding Going Concern Assumptions)	11
(Changes in Reporting Method).....	11
(Additional information).....	11
(Segment Information, etc.)	11
(Equity in Net Income of Affiliates)	12
(Per Share Information)	13
(Material Subsequent Events).....	14

1. Summary of Financial Performance

(1) Summary of Financial Performance for the Fiscal Year Ended September 30, 2021

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 current fiscal year under review.

(1) Operating Results

With a vision of a “Our goal is to reward your talent” 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 the fiscal year under review, a state of emergency has been declared again owing to the spread of the novel coronavirus, and the severe economic environment continued. In this situation, in line with the biggest theme “Work-style reforms” which is the primary theme of “Dynamic Engagement of All Citizens” advocated by the government, opportunities for women, senior citizens, and people with disabilities, who are potential workers, to play an active role have been expanding, and company employees have been expanding their options to work outside of working for companies such as pursuing side jobs and side business, and individual values for working styles are diversifying. 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.

In response to this trend, there are an increasing number of enterprises who want to acquire human resources in forms that are free from the traditional style. Major companies representing Japan are shifting 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, there is a growing movement to respond to new ways of working and new lifestyles (New Normal), such as the acceleration of the digital shift in society as a whole. Corporate needs related to human resource procurement are changing, as exemplified by the digitization and e-commerce of corporate activities, the accompanying expansion of the acceptance of external specialists (freelancers, double jobbers, etc.), and the use of crowd workers who work via the Internet. These developments have provided a boost to the Company’s market, with 4.7 million registered users (594 thousand more users compared to the previous fiscal year) and 760 thousand registered clients (90 thousand more clients compared to the previous fiscal year) as of the end of September 2021.

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 the growth rate and improving productivity. As a result, the Company achieved an operating surplus in the fiscal year under review owing to progress in productivity improvement initiatives in addition to all indicators of the total contract value, net sales and gross profit of the matching business having achieved the performance forecast.

Demand from enterprises for engineers, designers, and other professionals remains high, and the use of external specialists through the Internet and crowd workers 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, 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 this fiscal year were net sales of 7,769,472 thousand yen, operating profit of 575,194 thousand yen, ordinary profit of 645,191 thousand yen, and net profit of 622,421 thousand yen.

Financial results by segment are as follows:

(i) Matching Business

In the matching business for this fiscal year, the total contract value, net sales, and gross profit have achieved the performance 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 performance 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 15,227,773 thousand yen, net sales were 7,649,817 thousand yen, gross profit was 3,381,722 thousand yen, and segment profit was 773,895 thousand yen.

(ii) SaaS Business

In the SaaS business for this fiscal year, the introduction of business management tools for enterprises reached a record high, and the number of customers is steadily expanding. The Group worked to expand sales and raise unit prices by cultivating major corporate clients and collaborating with companies. In addition, the Group made upfront investments in marketing and the development of new functions and service improvement toward further expansion of growth.

As a result, net sales and gross profit were 119,406 thousand yen, and segment loss was 166,388 thousand yen.

(2) Summary of Financial Position for the Fiscal Year Ended September 30, 2021

(Assets)

Total assets at the end of this fiscal year stood at 6,201,268 thousand yen, up 1,162,625 thousand yen from the end of the previous fiscal 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 5,707,154 thousand yen, and for the main components, cash and deposits stood at 4,219,115 thousand yen, accounts receivable - trade stood at 733,569 thousand yen and accounts receivable - other stood at 717,996 thousand yen. Non-current assets stood at 494,114 thousand yen, and for the main components, property, plant and equipment, stood at 70,906 thousand yen, intangible assets stood at 34,345 thousand yen, and investments and other assets stood at 388,861 thousand yen.

(Liabilities)

Total liabilities at the end of this fiscal year stood at 2,406,704 thousand yen, up 521,337 thousand yen from the end of the previous fiscal 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 2,375,954 thousand yen, and for the main components, accounts payable - other stood at 671,216 thousand yen and deposits received stood at 1,119,373 thousand yen. Non-current liabilities stood at 30,750 thousand yen.

(Net assets)

Net assets at the end of this fiscal year stood at 3,794,564 thousand yen, up 641,287 thousand yen from the end of the previous fiscal year. The increase in net assets was due to an increase in retained earnings resulting from the recording of profit of this fiscal year.

(3) Summary of Cash Flows for the Fiscal Year Ended September 30, 2021

Cash and cash equivalents as of the end of this fiscal year amounted to 4,219,115 thousand yen. The status of each cash flow for the fiscal year under review is as follows:

(Cash flows from operating activities)

Revenues from operating activities were 868,792 thousand yen. Major increase factors for the cash flow were record of income before income taxes of 638,773 thousand yen, depreciation of 27,310 thousand yen, a decrease in investment securities for sale of 16,922 thousand yen, an increase in allowance for doubtful accounts of 13,745 thousand yen, an increase in accounts payable - other of 84,626 thousand yen, an increase in deposits received of 91,600 thousand yen, and an increase in advances received of 73,144 thousand yen. The main reasons for the decrease on the other hand were an increase in notes and accounts receivable - trade of -51,260 thousand yen and an increase in accounts receivable - other of -109,733 thousand yen.

(Cash flows from investing activities)

Payments from investing activities were 95,370 thousand yen. The main increase in cash flow was 34,582 thousand yen in proceeds from refund of leasehold deposits. On the other hand, the main reasons for the decrease were purchase of investment securities 31,193 thousand yen, payments for investments in capital 59,491 thousand yen and purchase of shares of subsidiaries and associates 24,994 thousand yen.

(Cash flows from financing activities)

Revenues provided by financing activities were 5,086 thousand yen. Major increase factor for the cash flow was proceeds from issuance of shares of 5,400 thousand yen.

(4) Future Prospects

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. The Company has changed its mission to "Talent infrastructure" and its vision to "Our goal is to reward your talent" and will continue to provide ways for individuals to earn rewards.

The fiscal year ending September 2022 is the final fiscal year of the "profit generation through productivity improvement" which we have been working on over the three years since the fiscal year ended September 2020. As with the fiscal year under review, we aim to achieve a full-year operating surplus by promoting productivity improvement and business structure reform while continuing to make concentrated investments in matching business.

With regard to the impact of COVID-19, although the situation remains uncertain, the Company maintains its future growth strategy at this time.

As a result of the above, for the fiscal year ending September 2022, the group performances are expected to be 17,268 to 18,053 million yen of Gross Merchandise Value (GMV), 8,861 to 9,264 million yen of net sales, 3,998 to 4,179 million yen of gross profit, 700 million yen of operating profit and 800 million yen of Non-GAAP earnings excluding share-based remuneration expenses.

In addition, the Company acquired stocks of CODEAL Corporation, which provides the direct matching platform CODEAL for IT human resources, and made it a subsidiary. As a result, the Company will conduct consolidated financial reporting from the first quarter of the fiscal year ending September 2022 and thereafter. We consider that the acquisition of CODEAL Corporation will enable the acquisition of client and worker assets owned by CODEAL Corporation and the expansion of a new monthly billing service model, which will lead to the securing of profitability and the strengthening of growth potential in the matching business over the medium-to long-term.

Consolidated financial forecasts are as follows:

[Total Company]

	Gross Merchandise Value (GMV)		Net sales		Gross profit		Operating profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Full year	17,268 to 18,053	-	8,861 to 9,264	-	3,998 to 4,179	-	700	-

This forecast is based on the assumption that no further declarations of a state of emergency will be issued by the central government owing to a resurgence of COVID-19.

2. Basic Policy in Selection of Accounting Standards

The Company's policy is to prepare its financial statements by Japanese standards for the time being in consideration of comparability of accounting periods and financial statements between companies. In addition, with regard to the application of IFRS (International Financial Reporting Standards), the Company intends to take appropriate responses with due consideration to circumstances at home and abroad.

3. Financial Statements and Important Notes

(1) Balance Sheet

	(Thousand yen)	
	Fiscal Year Ended September 30, 2020 (September 30, 2020)	Fiscal Year Ended September 30, 2021 (September 30, 2021)
Assets		
Current assets		
Cash and deposits	3,240,063	4,219,115
Accounts receivable - trade	581,398	733,569
Accounts receivable - other	606,085	717,996
Operational investment securities	51,148	27,531
Other	93,674	31,788
Allowance for doubtful accounts	(13,050)	(22,847)
Total current assets	4,559,319	5,707,154
Non-current assets		
Property, plant and equipment		
Buildings	100,656	86,933
Accumulated depreciation	(53,582)	(31,141)
Buildings, net	47,073	55,792
Tools, furniture and fixtures	48,683	45,947
Accumulated depreciation	(29,341)	(30,832)
Tools, furniture and fixtures, net	19,342	15,114
Construction in progress	4,323	-
Total property, plant and equipment	70,738	70,906
Intangible assets		
Software	40,306	30,042
Goodwill	-	4,303
Total intangible assets	40,306	34,345
Investments and other assets		
Shares of subsidiaries and associates	201,243	75,986
Deferred tax assets	22,144	112,527
Other	144,891	205,350
Allowance for doubtful accounts	-	(5,002)
Total investments and other assets	368,278	388,861
Total non-current assets	479,323	494,114
Total assets	5,038,643	6,201,268

(Thousand yen)

	Fiscal Year Ended September 30, 2020 (September 30, 2020)	Fiscal Year Ended September 30, 2021 (September 30, 2021)
Liabilities		
Current liabilities		
Short-term borrowings	100,000	100,000
Accounts payable - other	481,168	671,216
Accrued expenses	104,804	126,585
Income taxes payable	28,267	100,372
Deposits received	1,026,730	1,119,373
Advances received	43,427	165,689
Asset retirement obligations	21,198	5,540
Other	46,761	87,175
Total current liabilities	1,852,359	2,375,954
Non-current liabilities		
Asset retirement obligations	33,007	30,750
Total non-current liabilities	33,007	30,750
Total liabilities	1,885,366	2,406,704
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)	(1,580,717)
Total retained earnings	(2,203,139)	(1,580,717)
Treasury shares	(120)	(120)
Total shareholders' equity	3,131,874	3,759,695
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	21,052	16,408
Total valuation and translation adjustments	21,052	16,408
Subscription rights to shares	350	18,459
Total net assets	3,153,276	3,794,564
Total liabilities and net assets	5,038,643	6,201,268

(2) Statement of Income

	(Thousand yen)	
	Fiscal Year Ended September 30, 2020 (From October 1, 2019 to September 30, 2020)	Fiscal Year Ended September 30, 2021 (From October 1, 2020 to September 30, 2021)
Net sales	5,458,279	7,769,472
Cost of sales	2,989,124	4,285,018
Gross profit	2,469,155	3,484,454
Selling, general and administrative expenses	2,833,391	2,909,260
Operating profit (loss)	(364,235)	575,194
Non-operating income		
Gain from lapsed deposits received	35,887	45,118
Cancellation penalty income	-	8,600
Other	64,154	21,063
Total non-operating income	100,041	74,782
Non-operating expenses		
Interest expenses	1,459	772
Loss on investments in capital	3,442	3,963
Commission expenses	52,868	-
Other	9,419	48
Total non-operating expenses	67,189	4,784
Ordinary profit (loss)	(331,383)	645,191
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	362,000	-
Gain on extinguishment of tie-in shares	-	15,593
Total extraordinary income	362,000	15,593
Extraordinary losses		
Loss on valuation of investment securities	59,999	-
Loss on valuation of shares of subsidiaries and associates	93,162	-
Loss on liquidation of subsidiaries	4,363	-
Loss on cancellation of rental contracts	11,631	-
Loss on extinguishment of tie-in shares	-	22,011
Total extraordinary losses	169,157	22,011
Income before income taxes or loss before income taxes	(138,540)	638,773
Income taxes - current	7,247	103,351
Income taxes - deferred	(40,616)	(86,999)
Total income taxes	(33,368)	16,352
Profit for the period or loss for the period	(105,172)	622,421

(3) Statement of Changes in Equity

Fiscal Year Ended September 30, 2020 (From October 1, 2019 to September 30, 2020)

(Thousand yen)

	Shareholders' equity						
	Capital stock	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Other retained earnings	Total retained earnings		
Balance at beginning of period	2,687,217	2,645,217	2,645,217	(2,097,967)	(2,097,967)	(64)	3,234,402
Changes during period							
Issuance of new shares	1,350	1,350	1,350				2,700
Profit for the period or loss for the period				(105,172)	(105,172)		(105,172)
Purchase of treasury shares						(56)	(56)
Net changes in items other than shareholders' equity							
Total changes during period	1,350	1,350	1,350	(105,172)	(105,172)	(56)	(102,528)
Balance at end of period	2,688,567	2,646,567	2,646,567	(2,203,139)	(2,203,139)	(120)	3,131,874

	Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	(1,363)	(1,363)	2,440	3,235,479
Changes during period				
Issuance of new shares				2,700
Profit for the period or loss for the period				(105,172)
Purchase of treasury shares				(56)
Net changes in items other than shareholders' equity	22,416	22,416	(2,090)	20,325
Total changes during period	22,416	22,416	(2,090)	(82,202)
Balance at end of period	21,052	21,052	350	3,153,276

For the Fiscal Year Ended September 30, 2021 (From October 1, 2020 to September 30, 2021)

(Thousand yen)

	Shareholders' equity						
	Capital stock	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Other retained earnings	Total retained earnings		
Balance at beginning of period	2,688,567	2,646,567	2,646,567	(2,203,139)	(2,203,139)	(120)	3,131,874
Changes during period							
Issuance of new shares	2,700	2,700	2,700				5,400
Profit for the period or loss for the period				622,421	622,421		622,421
Purchase of treasury shares							-
Net changes in items other than shareholders' equity							
Total changes during period	2,700	2,700	2,700	622,421	622,421	-	627,821
Balance at end of period	2,691,267	2,649,267	2,649,267	(1,580,717)	(1,580,717)	(120)	3,759,695

	Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	21,052	21,052	350	3,153,276
Changes during period				
Issuance of new shares				5,400
Profit for the period or loss for the period				622,421
Purchase of treasury shares				-
Net changes in items other than shareholders' equity	(4,644)	(4,644)	18,109	13,465
Total changes during period	(4,644)	(4,644)	18,109	641,287
Balance at end of period	16,408	16,408	18,459	3,794,564

(4) Statement of Cash Flows

	(Thousand yen)
	Fiscal Year Ended September 30, 2021 (From October 1, 2020 to September 30, 2021)
Cash flows from operating activities	
Income before income taxes	638,773
Depreciation	27,310
Amortization of goodwill	6,454
Loss (gain) on extinguishment of tie-in shares	6,417
Interest expenses	772
Loss (gain) on investments in capital	3,963
Decrease (increase) in accounts receivable - trade	(51,260)
Decrease (increase) in accounts receivable - other	(109,733)
Decrease (increase) in operational investment securities	16,922
Increase (decrease) in allowance for doubtful accounts	13,745
Increase (decrease) in accounts payable - other	84,626
Increase (decrease) in deposits received	91,600
Increase (decrease) in advances received	73,144
Other	86,130
Subtotal	888,868
Interest and dividends received	28
Interest paid	(772)
Income taxes paid	(19,331)
Cash flows from operating activities	868,792
Cash flows from investing activities	
Purchase of property, plant and equipment	(14,274)
Purchases of investment securities	(31,193)
Payments for investments in capital	(59,491)
Purchase of shares of subsidiaries and associates	(24,994)
Proceeds from refund of leasehold deposits	34,582
Cash flows from investing activities	(95,370)
Cash flows from financing activities	
Proceeds from issuance of shares	5,400
Other	(314)
Cash flows from financing activities	5,086
Net increase (decrease) in cash and cash equivalents	778,507
Cash and cash equivalents at beginning of period	3,245,355
Increase (decrease) in cash and cash equivalents resulting from merger of consolidated subsidiaries	195,252
Cash and cash equivalents at end of period	4,219,115

(5) Notes on Financial Statements

(Notes Regarding Going Concern Assumptions)

Not applicable.

(Change in reporting method)

Statement of income

“Outsourcing service income” in “Non-operating income” which had been separately presented in the previous fiscal year has become immaterial and is therefore presented as a part of “Other” in “Non-operating income” in this fiscal year. The financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, “Outsourcing service income” of 57,040 thousand yen and “Other” of 7,114 thousand yen, which were presented in “Non-operating income” in the statement of income of the previous fiscal year, have been reclassified as “Other” of 64,154 thousand yen in “Non-operating income.”

“Loss on investments in capital” which was included in “Other” in “Non-operating expenses” in the previous fiscal year has increased in importance and is therefore separately presented as “Loss on investments in capital” in “Non-operating expenses” in this fiscal year. The financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, in the statement of income of the previous fiscal year, “Other” of 12,861 thousand yen, which was presented in “Non-operating expenses” has been reclassified as “Loss on investments in capital” of 3,442 thousand yen and “Other” of 9,419 thousand yen in “Non-operating expenses.”

(Additional information)

(Certain assumptions regarding 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)

In the previous fiscal year, the Company had prepared consolidated financial statements, but this fiscal year the Company has prepared non-consolidated financial statements. Therefore, information of the previous fiscal year is not stated.

[Segment information]

1. Summary of reportable segments

(1) Method of determination of reportable segments

Reportable segments of the Company are units for which separate financial information is available and which are subject to regular examination by the Board of Directors in order to make decisions on the allocation of managerial resources and evaluation of business performance. The Company has two reportable segments: matching business and SaaS business.

(2) Type of service belonging to each reportable segment

“Matching business” operates services that match companies and individuals mainly via the Internet.

“SaaS business” provides business management tools for enterprises.

2. Calculation method for net sales, profits or losses, assets, liabilities and other items of each reportable segment

The accounting procedure for reported business segments is in accordance with the accounting policy adopted for the preparation of financial statements. Profits or losses in reportable segments are figures based on operating profit or loss.

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

For the fiscal year ended September 30, 2021 (From October 1, 2020 to September 30, 2021)

(Thousand yen)

	Reportable segments			Other (Note)	Adjusted amount	Amount recorded on financial statement
	Matching	SaaS	Total			
Net sales						
(1) Net sales to external customers	7,649,817	119,406	7,769,224	248	-	7,769,472
(2) Internal sales or exchange between segments	-	-	-	-	-	-
Total	7,649,817	119,406	7,769,224	248	-	7,769,472
Segment profit (loss)	773,895	(166,388)	607,507	32,313	-	575,194

Note: The category of "Other" indicates business segments that are not included in reportable segments, and includes Investment Development Business, etc.

4. Information on impairment loss regarding non-current assets of each reportable segment

For the fiscal year ended September 30, 2021 (From October 1, 2020 to September 30, 2021)

Not applicable.

(Equity in net income of affiliates)

1. Matters regarding affiliated companies

(Thousand yen)

Fiscal Year Ended September 30, 2021 (From October 1, 2020 to September 30, 2021)	
Amount of investment in affiliates	75,986
Amount of investment by the equity method 57,255	55,529
Amount of investment return when the equity method is applied	(20,456)

2. The Matters Related to the Special Purpose Company Subject to Disclosure

The Company has no special purpose companies subject to disclosure.

(Per Share Information)

	Fiscal Year Ended September 30, 2020 (From October 1, 2019 to September 30, 2020)	Fiscal Year Ended September 30, 2021 (From October 1, 2020 to September 30, 2021)
Net asset value per share	207.09 yen	247.53 yen
Profit per share or Loss per share	(6.91 yen)	40.84 yen
Diluted profit per share	- yen	40.08 yen

Note 1: Diluted profit per share of the previous fiscal year is not stated, as net loss per share is recorded, while there is a balance of latent shares.

2: The basis for calculating net income per share or net loss per share and diluted profit per share is as follows.

	Fiscal Year Ended September 30, 2020 (From October 1, 2019 to September 30, 2020)	Fiscal Year Ended September 30, 2021 (From October 1, 2020 to September 30, 2021)
Profit per share or loss per share		
Profit (loss) (thousand yen)	(105,172)	622,421
Amount not attributable to common shareholders (thousand yen)	-	-
Profit on common stock (thousand yen)	(105,172)	622,421
Average number of shares of common stock outstanding during the fiscal year (shares)	15,218,184	15,241,841
Diluted profit per share		
Adjusted amount on profit (thousand yen)	-	-
(Of which, interest expenses (after deducting the amount equivalent to tax)) (thousand yen)	(-)	(-)
Increased number of shares of common stock (shares)	-	289,129
(Of which, convertible bond-type bonds with subscription rights to shares) (shares)	(-)	(-)
(Of which, subscription rights to shares) (shares)	(-)	(289,129)
A description of potentially dilutive shares not included in the calculation of diluted profit per share in the absence of dilutive effect	Subscription rights to shares 450,000 shares	Subscription rights to shares 11,400 shares

(Material subsequent events)

Acquisition of companies through purchase of stocks

At the meeting of the Board of Directors held on September 27, 2021, the Company adopted the resolution to purchase the stocks of CODEAL Corporation and make it a subsidiary and entered into a transfer agreement with stocks as of the same date.

1. Purpose of acquisition of stocks

Our Group is developing an online human resource matching business centered on crowdsourcing, a system for individuals to earn remuneration using the Internet, with the aim of expanding opportunities for individuals and freelancers to earn remuneration and enhancing systems for accumulating and utilizing trust.

CODEAL offers the direct matching platform CODEAL for business-ready IT talent, with over 15,000 registered users, mostly engineers.

The Company believes that acquiring CODEAL will enable it to acquire the assets of its customers and workers and expand its monthly billing service model, thereby securing the profitability of its matching business over the medium-to long-term and strengthening its growth potential.

In the fiscal year ended September 2021, the Company merged a subsidiary and worked to improve productivity on a company-wide basis under a policy of selection and concentration, and now the Company has reached the phase where the matching business can be expected to continuously expand profit. For this reason, we considered that focusing on business expansion, including acquisition of companies that develop matching business, would be beneficial for enhancing the Company's corporate value, and decided to acquire stocks.

2. Name of the counterparty of the acquisition of stocks

Shota Atago and TAKUMI LLC., shareholders of CODEAL Corporation

3. Name, description of business and size of the company to be acquired

- (1) Name of company: CODEAL Corporation
- (2) Description of business: Operation of IT human resource matching services
- (3) Capital stock: 14,100 thousand yen

4. Time of acquisition of stocks

October 1, 2021

5. Number of shares to be acquired, and status of owned stocks after acquisition

- (1) Number of shares to be acquired: 123,000 shares
 - (2) Shareholding ratio after the acquisition: 100.00%
- * Acquisition cost is not disclosed owing to agreement between the parties, but fair value is calculated.

6. Method of raising funds for payment and method of payment

Own funds