

Summary of Financial Results for the Second Quarter of the Fiscal Year Ending September 30, 2022 [Japan Standards] (Consolidated)



May 16, 2022

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 Scheduled filing date of quarterly report: May 16, 2022 Scheduled payment date of dividend: -
 Supplementary materials for the quarterly financial results: Yes
 Investor conference for the quarterly financial results: Yes

(Million yen, rounded down)

1. Consolidated Financial Results for the Second Quarter (Cumulative) of the Fiscal Year Ending September 30, 2022 (From October 1, 2021 to March 31, 2022)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Q2 (Cum.) FY ending Sep. 30, 2022	5,097	-	624	-	600	-	398	-
Q2 (Cum.) FY ended Sep. 30, 2021	-	-	-	-	-	-	-	-

Note: Comprehensive income Q2 (Cum.) FY ending September 30, 2022: 402 million yen (-%)
 Q2 (Cum.) FY ended September 30, 2021: - million yen (-%)

	Profit per share		Diluted profit per share	
	Yen		Yen	
Q2(Cum.) FY ending Sep. 30, 2022	26.10		25.69	
Q2(Cum.) FY ended Sep. 30, 2021	-		-	

(2) Consolidated Financial Position

	Total assets		Net assets		Capital adequacy ratio	
	Million yen		Million yen		%	
As of Mar. 31, 2022	7,041		4,209		59.2	
As of Sep. 30, 2021	-		-		-	

Reference: Shareholders' equity As of March 31, 2022: 4,167 million yen
 As of September 30, 2021: - million yen

2. Dividends

	Annual dividends per share				
	End of Q1	End of Q2	End of Q3	End of Q4	Annual
	Yen				
FY ending Sep. 30, 2022	-	0.00	-	0.00	0.00
FY ended Sep. 30, 2021	-	0.00			
FY ending Sep. 30, 2022 (Forecast)		0.00	-	0.00	0.00

Note: Revision of most recently published dividend forecast: None

3. Consolidated 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 attributable to owners of parent		Profit per share	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	
Full year	10,000	-	750	-	-	-	-	-	-	

Note: Revision of most recently published financial forecast: None

* Notes

- (1) Changes in significant subsidiaries during the three-month period ended March 31, 2021 : None
 (Changes in specific subsidiaries affecting the scope of consolidation)
 No. of new companies: - (Company name:) No. of excluded companies: - (Company name:)
- (2) Application of accounting procedures specific to preparing quarterly consolidated financial statements : Yes
- (3) Changes in accounting principles, changes in accounting estimates and restatements
- (i) Changes in accounting policies associated with revision of accounting standards : Yes
- (ii) Changes in accounting policies other than the above (i) : None
- (iii) Changes in accounting estimates : None
- (iv) Restatements : None

(4) Number of outstanding shares (common stock)

(i) Number of shares outstanding at term-end (including treasury shares)

Mar. 31, 2022	15,261,160 shares	Sep. 30, 2021	15,255,160 shares
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(ii) Number of treasury shares at term-end

Mar. 31, 2022	86 shares	Sep. 30, 2021	86 shares
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(iii) Average number of shares outstanding during term (quarterly total)

Mar. 31, 2022	15,258,472 shares	Mar. 31, 2021	15,228,536 shares
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* 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.

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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 the CrowdWorks Group (CrowdWorks, Inc. and its consolidated subsidiaries, hereinafter referred to as the “Group”) as of the filing date of this document.

(1) Operating Results

During this second quarter consolidated cumulative period, the Japanese economy is expected to resume full-scale economic activities and revitalize the economy due to progress in vaccinations against COVID-19 infections and the effects of various policies. However, the outlook for the domestic and overseas economies remains uncertain due to factors such as the mutated strain of COVID-19 and the social unrest in Russia and Ukraine. In the Group, the COVID-19 crisis has led to changes in the values of companies and individuals regarding the way they work. This has led to an expansion of opportunities for women, seniors, and people with disabilities, who are potential labor forces, and an expansion of options for employees to work outside of working at companies, including side jobs or second jobs. 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 reform of employment system has been making progress.

In response to this trend, there have been structural changes in the way employees work, such as an increase in the number of companies that recruit human resources regardless of the type of employment, and the introduction at large companies of a four-day workweek system, which allows employees to work side jobs or second jobs. In addition, as off-line communication has been limited due to the coronavirus outbreak, the digitalization of corporate activities and the shift to e-commerce have brought about changes to the way human resources are procured, such as the utilization of external professionals (freelancers, side jobbers, double jobbers) and crowd workers working via the Internet. These developments have provided a boost to the Company’s market, with 4.95 million registered users (0.52 million more users compared with the previous fiscal year) and 795,000 registered clients (75,000 more clients compared with the previous fiscal year) as of the end of March 2022.

In such an environment, under a policy to concentrate our investment in the matching business, which is our core business, the Company has been striving to achieve both growth and profit increase by improving productivity. As a result, in this second quarter consolidated cumulative period, all indicators of gross merchandise volume, sales, and gross profit in the matching business performed well against the revised disclosed forecast, and the company achieved its highest quarterly operating profit ever by continuing its efforts to improve productivity.

In the matching business, there is a high corporate need for specialist personnel such as engineers and designers, and the use of specialist personnel (freelancers) on the premise of remote work is increasing. Demand for online office assistants is also booming due to the digitization of business operations.

In the SaaS business, CrowdLog which is provided as a 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 Group’s business results for the consolidated second quarter (cumulative) of this fiscal year were net sales of 5,097,726 thousand yen, operating profit of 624,528 thousand yen, ordinary profit of 600,611 thousand yen, and profit attributable to owners of parent of 398,242 thousand yen.

(Note) Since the Company has been preparing quarterly consolidated financial statements since the first quarter of the current fiscal year, comparative information regarding the quarterly consolidated statements of income is not provided.

Financial results by segment are as follows:

(i) Matching Business

In the matching business for the second quarter under review, gross merchandise volume, sales, and gross profit were all in line with the revised forecast through continued investment in web advertising and strengthening of the sales structure by hiring human resources. In addition, the Group recorded a record-high quarterly operating profit through efforts to improve productivity.

As a result, the GMV, which indicates the total amount of transactions, was 9,322,677 thousand yen, net sales were 5,000,405 thousand yen, gross profit was 2,188,928 thousand yen, and segment profit was 708,682 thousand yen.

(ii) SaaS Business

During the second quarter under review, the Company continued to focus on developing new clients through continued efforts to cultivate large corporate clients and strengthen marketing in the SaaS business, as well as on improving the unit price per contract through the addition of new functions.

As a result, net sales and gross profit were 94,454 thousand yen, and segment loss was 87,014 thousand yen.

(2) Overview of Financial Position

(Assets)

Total assets at the end of the second quarter of this consolidated fiscal year were 7,041,316 thousand yen. Current assets stood at 6,528,435 thousand yen, and for the main components, cash and deposits stood at 4,780,855 thousand yen, and accounts receivable - trade stood at 855,379 thousand yen, while accounts receivable - other stood at 841,578 thousand yen. Non-current assets stood at 512,880 thousand yen, and for the main components, property, plant and equipment stood at 58,728 thousand yen, intangible assets stood at 121,168 thousand yen, and investments and other assets stood at 332,982 thousand yen.

(Liabilities)

Total liabilities at the end of the second quarter of this consolidated fiscal year were 2,832,159 thousand yen. Current liabilities stood at 2,779,650 thousand yen, and for the main components, accounts payable - other stood at 794,590 thousand yen and deposits received stood at 1,237,209 thousand yen. Non-current liabilities stood at 52,508 thousand yen.

(Net assets)

Net assets at the end of the second quarter of this consolidated fiscal year stood at 4,209,156 thousand yen. The increase in net assets was due to an increase in retained earnings resulting from the recording of profit attributable to owners of parent.

(Note) Since consolidated financial statements were not prepared for the 10th consolidated fiscal year, comparative information for quarterly consolidated financial statements is not presented.

(3) Overview of Forecast of Operating Results Including Consolidated 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 the structural shortages of human resources and the accelerated social trend toward seeking diversified work styles.

The fiscal year ending September 2022 is the final fiscal year of the "Three-year productivity improvement plan" for which we have been working on since the fiscal year ended September 2020. As with the fiscal years so far, we aim to achieve growth and profit increase by promoting productivity improvement and business structure reform while continuing to make concentrated investments in the matching business.

The current economic climate continues to be uncertain due to the spread of a mutated strain of COVID-19 and concerns about the global situation. Against the backdrop of the COVID-19 pandemic that has lasted since 2020, companies are diversifying their means of securing human resources regardless of the type of employment or work in the face of COVID-19, which has continued since 2020. In particular, there is a high demand for matching specialist (freelance) personnel in the fields of engineering, design, and office administration, and growth more than 40% is continuing.

As a result of the above, for the financial results for the Group for the fiscal year ending September 2022, which we revised upward in the first quarter of this consolidated fiscal year, the GMV (gross merchandise value) to 18,500 million yen, net sales to 10,000 million yen, gross profit to 4,600 million yen, operating profit to 750 million yen, and Non-GAAP operating profit excluding share-based remuneration expenses to 850 million yen.

In the second quarter (cumulative) of the current fiscal year, GMV, net sales, and gross profit were all in line with budgets. Non-GAAP operating profit for the second quarter (cumulative) of the year was 651 million yen, 76.6% of the full-year budget. Therefore, in order to achieve sustainable growth over the medium to long term, the Group intends to make additional investments in the second half of the year to the extent that it does not affect the full-year forecast.

Consolidated Financial Forecasts for the Fiscal Year Ending September 30, 2022

Since the Company has shifted to consolidated financial statements again from the fiscal year ending September 30, 2022, year-on-year comparisons are not provided. Please see "[Reference] Comparison with Consolidated Conversion Results for the Fiscal Year Ended September 30, 2021" below for a comparison of consolidated results for the fiscal year ended September 30, 2021.

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

	GMV (Gross merchandise value)		Net sales		Gross profit		Operating profit		Non-GAAP operating profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2022 Full year Forecast (Consolidated)	18,500	-	10,000	-	4,600	-	750	-	850	-
[Appendix] FY2021 Full-year Result (Non-consolidated)	15,347	-	7,769	-	3,484	-	575	-	593	-

(Note 1) Since the Company has shifted to consolidated financial results from the fiscal year ending September 30, 2022, year-

on-year comparisons are not provided.

(Note 2) The Company discloses non-GAAP operating profit as a measure of its essential operating performance. non-GAAP operating profit is the sum of financial accounting figures (Japan GAAP) exclude stock compensation expense.

[Reference] Comparison with Consolidated Conversion Results for the Fiscal Year Ended September 30, 2021

The Company has converted non-consolidated results for the fiscal year ended September 30, 2021 into consolidated results for the purpose of comparison with the results of past fiscal years.

The consolidated conversion results for the fiscal year ended September 30, 2021 are the results on a consolidated basis, including the results of the consolidated subsidiaries that were absorbed and dissolved after the second quarter of the fiscal year ended September 30, 2021.

As a result, GMV (gross transaction volume) for the fiscal year ending September 30, 2022 is expected to be 18,500 million yen (+17.9% growth), net sales 10,000 million yen (+24.1% growth), gross profit 4,600 million yen (+27.7% growth), operating profit 750 million yen (+24.9% growth), and non-GAAP operating profit, excluding the stock compensation expense is expected to be 850 million yen (+37.3% growth).

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

	GMV (Gross merchandise value)		Net sales		Gross profit		Operating profit		Non-GAAP operating profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2022 Full year Forecast (Consolidated)	18,500	+17.9	10,000	+24.1	4,600	+27.7	750	+24.9	850	+37.3
[Appendix] FY2021 Full-year Result (Consolidated- Conversion)	15,698	-	8,055	-	3,600	-	600	-	619	-

(Note 3) Year-on-year changes in the consolidated earnings forecast for the fiscal year ending September 30, 2022 are calculated based on the percentage change from the consolidated results for the fiscal year ended September 30, 2021.

2. Quarterly Consolidated Financial Statements and Main Noted Items

(1) Quarterly Consolidated Balance Sheet

	(Thousand yen)
	Q2 Fiscal Year Ending September 30, 2022 (As of March 31, 2022)
Assets	
Current assets	
Cash and deposits	4,780,855
Accounts receivable - trade	855,379
Accounts receivable - other	841,578
Operational investment securities	33,129
Other	36,712
Allowance for doubtful accounts	(19,220)
Total current assets	6,528,435
Non-current assets	
Property, plant and equipment	58,728
Intangible assets	
Goodwill	96,182
Other	24,986
Total intangible assets	121,168
Investments and other assets	
Other	333,092
Allowance for doubtful accounts	(110)
Total investments and other assets	332,982
Total non-current assets	512,880
Total assets	7,041,316
Liabilities	
Current liabilities	
Short-term borrowings	103,036
Accounts payable - other	794,590
Deposits received	1,237,209
Other	644,814
Total current liabilities	2,779,650
Non-current liabilities	
Long-term borrowings	21,758
Other	30,750
Total non-current liabilities	52,508
Total liabilities	2,832,159
Net assets	
Shareholders' equity	
Capital stock	2,695,985
Capital surplus	2,653,985
Retained earnings	(1,202,932)
Treasury shares	(120)
Total shareholders' equity	4,146,917
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	20,292
Total accumulated other comprehensive income	20,292
Subscription rights to shares	41,947
Total net assets	4,209,156
Total liabilities and net assets	7,041,316

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

The Second Quarter (Cumulative) of Consolidated Fiscal Year

	(Thousand yen)
	Q2 (Cumulative) Fiscal Year Ending September 30, 2022 (Oct. 1, 2021 to Mar. 31, 2022)
Net sales	5,097,726
Cost of sales	2,811,477
Gross profit	2,286,249
Selling, general and administrative expenses	1,661,721
Operating profit	624,528
Non-operating income	
Gain from lapsed deposits received	33,522
Other	11,076
Total non-operating income	44,599
Non-operating expenses	
Share of loss of entities accounted for using equity method	67,702
Other	814
Total non-operating expenses	68,516
Ordinary profit	600,611
Profit before income taxes	600,611
Income taxes	202,369
Net profit	398,242
Profit attributable to non-controlling interests	-
Profit attributable to owners of parent	398,242

Quarterly Consolidated Statement of Comprehensive Income

The Second Quarter (Cumulative) of Consolidated Fiscal Year

	(Thousand yen)
	Q2 (Cumulative) Fiscal Year Ending September 30, 2022 (Oct. 1, 2021 to Mar. 31, 2022)
Net profit	398,242
Other comprehensive income	
Valuation difference on available-for-sale securities	3,883
Total other comprehensive income	3,883
Comprehensive income	402,125
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	402,125
Comprehensive income attributable to non-controlling interests	-

(3) Quarterly Consolidated Statement of Cash Flows

	(Thousand yen)
	Q2 (Cumulative) Fiscal Year Ending September 30, 2022 (Oct. 1, 2021 to Mar. 31, 2022)
Cash flows from operating activities	
Profit before income taxes	600,611
Depreciation	17,867
Amortization of goodwill	9,365
Share of loss (profit) of entities accounted for using equity method	67,702
Decrease (increase) in accounts receivable - trade	(120,985)
Decrease (increase) in accounts receivable - other	(123,095)
Increase (decrease) in allowance for doubtful accounts	(8,519)
Increase (decrease) in accounts payable - other	123,123
Increase (decrease) in deposits received	116,983
Other	36,819
Subtotal	719,871
Interest and dividends received	16
Interest paid	(447)
Income taxes paid	(83,986)
Cash flows from operating activities	635,453
Cash flows from investing activities	
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(81,229)
Other	2,911
Cash flows from investing activities	(78,318)
Cash flows from financing activities	
Repayment of long-term borrowings	(1,518)
Proceeds from issuance of stock acquisition rights	6,117
Other	6
Cash flows from financing activities	4,605
Net increase (decrease) in cash and cash equivalents	561,740
Cash and cash equivalents at beginning of period	4,219,115
Cash and cash equivalents at end of period	4,780,855

(4) Notes on Quarterly Consolidated 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 Consolidated 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 consolidated fiscal year, including the second quarter of the current consolidated fiscal year, and by multiplying this effective tax rate and the pre-tax profit.

(Changes in accounting policies)

Effective from the beginning of the first quarter of the current consolidated fiscal year, the Group has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020, hereinafter referred to as the "Revenue Recognition Accounting Standard"), etc., in which revenue is recognized at the amount expected to be received in exchange for the promised goods or services upon the transfer of control of those goods or services to customers.

In addition, with respect to the application of the Revenue Recognition Accounting Standard, etc., the transitional treatment set forth in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard is followed, and the cumulative effect amount of the retroactive application of the new accounting policy prior to the beginning of the first quarter of the current consolidated fiscal year is added to or subtracted from the retained earnings at the beginning of the first quarter of the current consolidated fiscal year, and the new accounting policy is applied from the beginning balance. However, by applying the method set forth in Paragraph 86 of the Revenue Recognition Accounting Standard, the new accounting policy has not been retroactively applied to contracts for which almost all amounts of revenue were recognized in accordance with the previous treatment prior to the beginning of the first quarter of the current consolidated fiscal year. In addition, by applying the method specified in Paragraph 86 additional passage (1) of the Revenue Recognition Accounting Standard, changes in contracts made prior to the beginning of the first quarter of the current consolidated fiscal year are accounted for in accordance with the contract terms after reflecting all changes in contracts, and the cumulative effect amount is added to or subtracted from retained earnings at the beginning of the first quarter of the current consolidated fiscal year.

As a result, there is no impact on profit and loss for the second quarter (cumulative) of the current fiscal year and the balance of retained earnings at the beginning of the current fiscal year.

The Group has adopted the "Accounting Standard for Calculation of Market Value" (ASBJ Statement No. 30, July 4, 2019, hereinafter referred to as the "Accounting Standard for Market Value Calculation"), etc. from the beginning of the first quarter of the current consolidated fiscal year, and in accordance with the transitional treatment prescribed in Paragraph 19 of the Accounting Standard for Market Value Calculation and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), the new accounting policy prescribed in the Accounting Standard for Market Value Calculation, etc. will be applied in the future. There is no impact on the quarterly consolidated financial statements.

(Segment information, etc.)

[Segment information]

Current consolidated second quarter (cumulative) of the fiscal year (October 1, 2021 to March 31, 2022)

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

(Thousand yen)

	Reportable segments			Other (Note)	Adjusted amount	Amounts shown on quarterly (cumulative) consolidated statement of income
	Matching	SaaS	Total			
Net sales						
Goods or services to be transferred at one point of time	849,423	-	849,423	37	-	849,460
Goods or services to be transferred over a period of time	4,150,982	94,454	4,245,436	-	-	4,245,436
Revenue from contracts with customers	5,000,405	94,454	5,094,859	37	-	5,094,896
Other revenue	-	-	-	2,829	-	2,829
(1) Sales to external customers	5,000,405	94,454	5,094,859	2,867	-	5,097,726
(2) Internal sales or exchange between segments	-	-	-	-	-	-
Total	5,000,405	94,454	5,094,859	2,867	-	5,097,726
Segment profit (loss)	708,682	(87,014)	621,668	2,859	-	624,528

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
(Significant changes in the amount of goodwill)

In the Matching Business segment, the Company acquired all shares of CODEAL Corporation, making it a wholly owned subsidiary.

The amount of increase in goodwill due to this event was 101,244 thousand yen in the second quarter (cumulative) of the current fiscal year.

(Material subsequent events)

Not applicable.

3. Other

Material Events Related to Going Concern Assumptions, etc.

Not applicable.