

# Summary of Financial Results for the First Quarter of the Fiscal Year Ending September 30, 2023 [Japan Standards] (Consolidated)



Feb. 14, 2023

Company name: CrowdWorks, Inc. Stock listing: Tokyo Stock Exchange  
 Security code: 3900 URL: <https://crowdworks.co.jp>  
 Representative: Koichiro Yoshida, President and CEO  
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 Scheduled date of ordinary general meeting of shareholders: Feb. 14, 2023 Scheduled payment date of dividend: -  
 Supplementary materials for the financial results: Yes  
 Investor conference for the quarterly financial results: None

(Million yen, rounded down)

## 1. Consolidated Financial Results for the first quarter of the Fiscal Year Ending September 30, 2023 (From Oct. 1, 2022 to Dec. 30, 2022)

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

	Net sales		Gross profit		Operating profit		EBITDA (Non-GAAP)*	
	Million yen	%	Million yen	%	Million yen		Million yen	%
Q1 FY ending Sep. 30, 2023	2,977	20.7	1,396	27.4	225	(25.8)	280	(12.8)
Q1 FY ended Sep. 30, 2022	2,467	35.7	1,096	34.0	303	181.5	321	172.4

Note: Comprehensive income Q1 FY ending September 30, 2023: 168 million yen (decrease of 21.4%)  
 Q1 FY ended September 30, 2022: 214 million yen (increase of 171.7%)

Net Profit	Ordinary profit		Profit attributable to owners of parent		Net income per share	Diluted Net income per share Net income per share
	Million yen	%	Million yen	%	Million yen	Million yen
Q1 FY ending Sep. 30, 2023	219	(30.3)	149	(30.4)	9.79	9.58
Q1 FY ended Sep. 30, 2022	315	168.3	214	135.1	14.09	13.86

\*We consider non-GAAP EBITDA to be useful information in understanding our constant operating results, as it represents financial accounting figures (GAAP) less or adjusted for non-recurring items and certain other adjustments based on certain rules. Specifically, GAAP excludes or adjusts for stock-based compensation expense, depreciation and amortization, and amortization of goodwill, as well as other one-time gains and losses that we consider to be deductible.

## (2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio
	Million yen		Million yen		%
As of Dec. 31, 2022	7,971		4,884		59.6
As of Sep. 30, 2022	7,638		4,666		59.9

Reference: Shareholders' equity As of Dec. 31, 2022: 4,751 million yen  
 As of Sept.30, 2022: 4,576 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 2022	-	0.00	-	0.00	0.00
FY ended Sep. 30 2023	-				
FY ending Sep. 30, 2023 (Forecast)		0.00	-	0.00	0.00

Note: Revision of dividend forecast from the most recently announced forecast: None

## 3. Consolidated Financial Forecasts for the Fiscal Year Ending September 30, 2023 (From October 1, 2022 to September 30, 2023)

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

	Net sales		Gross profit		Operating profit		EBITDA (Non-GAAP)		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Full year	13,000	22.9	5,900	22.6	1,000	7.2	1,200	14.5	-	-	-	-

Note: Revision of dividend forecast from the most recently announced forecast: None

\* Notes

- (1) Changes in significant subsidiaries during the current consolidated period : 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)

Dec. 31, 2022	15,308,460 shares	Sep. 31, 2022	15,271,460 shares
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(ii) Number of treasury shares at term-end

Dec. 31, 2022	86 shares	Sep. 31, 2022	86 shares
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(iii) Average number of shares outstanding during term

Dec. 31, 2022	15,281,026 shares	Dec. 31, 2021	15,256,654 shares
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※ Quarterly financial statements are not included in the scope of quarterly review by certified public accountants or auditing firms.

※ Explanation of the appropriate use of earnings forecasts and other special notes

The forward-looking statements in this document are based on information currently available to us and certain assumptions that we consider reasonable, and are not intended to be a promise by us that they will be achieved. Actual results may differ materially due to various factors.

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## 1. Summary of Business Results

### (1) Overview of Business Results for the First Quarter of the Fiscal Year Ending September 30, 2023

Forward-looking statements in the text are based on the judgment of the Group (the Company and its consolidated subsidiaries) as of the date of submission of this document.

#### (1) Financial Results

During the first quarter of the current fiscal year, the Japanese economy resumed economic activities amid the ongoing outbreak of COVID-19 infection. However, the outlook for the domestic and overseas economies remains uncertain due to rising prices caused by the global unrest and unstable exchange rate fluctuations caused by the monetary policies of various countries.

In the business environment surrounding our group, companies continue to face difficulties in hiring due to the structural shortage of labor in Japan. Amid such a situation, traditional forms of employment are beginning to change, as values regarding work styles of companies and individuals have changed since the COVID-19, work options other than working for a company have expanded, and an increasing number of large companies are allowing their employees to work second or concurrent jobs and have introduced a four-day workweek. In addition, In terms of government policy, the Cabinet established the "Headquarters for the Realization of New Capitalism" in October 2021, and new measures are being considered and implemented to promote the use of side job and dual job workers in companies and to protect freelancers, and reforms are underway to facilitate the movement of labor. This trend has been a tailwind for the Group, with an increase in the number of companies utilizing outside professional human resources (freelancers, side workers, and dual job workers) and crowdworkers, and an increase in the number of new side workers and dual job workers. As of December 31, 2022, the number of registered users reached 5,420,000 (up 614,000 year-on-year) and the number of registered clients 875,000 (up 99,000 year-on-year) due to an increase in the number of crowdworkers. In this business environment, the Group aims to achieve its mid- to long-term goal of a gross profit CAGR of 20% or more for 10 years by expanding its workforce and improving productivity in its core matching business, thereby increasing sales growth and profits. We are also actively investing in new businesses, including the SaaS business for businesses, and M&A to create future growth.

As a result of the above, our consolidated business results for the first quarter of the current fiscal year were as follows: net sales of 2,977,513 thousand yen (year-on-year increase of 20.7%), gross profit of 1,396,905 thousand yen (year-on-year increase of 27.4%), operating profit of 225,320 thousand yen (year-on-year decrease of 25.8%), EBITDA (Non-GAAP) of 280,613 thousand yen (year-on-year decrease of 12.8%) Ordinary profit was 219,717 thousand yen (year-on-year decrease of 30.3%), and Net profit attributable to owners of the parent amounted to 149,554 thousand yen (year-on-year decrease of 30.4%).

Financial results by segment are as follows:

#### (i) Matching Business

In the Matching Business during the first quarter of the consolidated fiscal year, in addition to a structural labor shortage, competition for IT personnel such as engineers and designers is intensifying, and the need for freelance workers who can work three to four days a week and the need for online administrative assistants associated with the digitization (DX) of business operations are expanding. Accordingly, GMV (gross margin of distribution transactions), net sales, and gross profit were all higher than in the same period of the previous year due to measures to acquire new clients by strengthening the sales structure and to improve unit prices aimed at existing clients.

GMV (gross merchandise value), which indicates the total transaction amount, was 5,373,529 thousand yen (year-on-year increase of 18.0%), net sales were 2,889,569 thousand yen (year-on-year increase of 19.3%), gross profit was 1,308,961 thousand yen (year-on-year increase of 24.6%), and segment profit was 299,543 thousand yen (year-on-year decrease of 11.2%).

#### (ii) SaaS Business

In the SaaS business during the first quarter of the consolidated fiscal year under review, the need for man-hour management and productivity visualization in organizations and projects has increased due to the growing momentum of human capital management. In the SaaS business the introduction of the man-hour management tool "CrowdLog" has been progressing, especially among large and growing companies. As a result, the introduction of "CrowdLog," a man-hour management tool, has been progressing, especially among large and growing companies. Therefore, the Company focused on developing new clients by continuing to cultivate large corporate clients and strengthening marketing efforts, as well as on improving unit contract prices and lowering the churn rate through customer success.

As a result, net sales and gross profit amounted to 87,944 thousand yen (year-on-year increase of 106.0%), and segment loss amounted to 74,222 thousand yen (segment loss of 36,643 thousand yen in the same period of the previous fiscal year).

## (2) Overview of Financial Position for the First Quarter of the Fiscal Year Ending September 30, 2023

### (Assets)

Total assets at the end of the first quarter of the current fiscal year were 7,971,775 thousand yen, an increase of 333,278 thousand yen from the end of the previous period.

Current assets increased 192,787 thousand yen from the end of the previous period, mainly due to increases of 63,683 thousand yen in accounts receivable-trade, 118,896 thousand yen in accounts receivable-other and 27,613 thousand yen in operating investment securities, despite a decrease of 46,746 thousand yen in cash and deposits. Noncurrent assets increased 140,490 thousand yen from the end of the previous period, mainly due to an increase of 130,154 thousand yen in goodwill.

### (Liabilities)

Total liabilities at the end of the first quarter of the current fiscal year amounted to 3,086,895 thousand yen, up 114,639 thousand yen from the end of the previous period.

Current liabilities increased 72,097 thousand yen from the end of the previous period, mainly due to increases of 26,039 thousand yen in accounts payable-other, 14,914 thousand yen in contract liabilities, and 32,137 thousand yen in deposits received, despite a decrease of 30,177 thousand yen in income taxes payable-other. Non-current liabilities increased 42,541 thousand yen from the end of the previous period, mainly due to a 27,254 thousand yen increase in long-term borrowings.

### (Net assets)

Net assets at the end of the first quarter of the current fiscal year totaled 4,884,879 thousand yen, an increase of 218,638 thousand yen from the end of the previous fiscal year.

The increase in net assets was mainly due to the posting of 149,554 thousand yen in net profit attributable to owners of the parent and a 43,265 thousand yen increase in subscription rights to shares.

## (3) Explanation of Consolidated Financial Forecasts and Other Forward-Looking Statements

There is no change to the consolidated financial forecast for the fiscal year ending September 30, 2023, which was announced on November 14, 2022.

## 2. Consolidated Financial Statements and Main Noted Items

### (1) Consolidated Balance Sheet

	(Thousand yen)	
	Fiscal Year Ended September 30, 2022 (As of Sep. 30, 2022)	Q1 Fiscal Year Ending September 30, 2023 (As of Dec. 31, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	5,117,461	5,070,714
Accounts receivable - trade	854,276	917,959
Accounts receivable - other	853,530	972,426
Operational investment securities	35,904	63,517
Other	44,629	70,625
Allowance for doubtful accounts	(17,039)	(13,694)
<b>Total current assets</b>	<b>6,888,762</b>	<b>7,081,549</b>
Non-current assets		
Property, plant and equipment	63,697	81,019
Intangible assets		
Goodwill	91,120	221,274
Other	19,996	17,924
<b>Total intangible assets</b>	<b>111,116</b>	<b>239,199</b>
Investments and other assets		
Other	575,414	570,621
Allowance for doubtful accounts	(493)	(614)
<b>Total investments and other assets</b>	<b>574,920</b>	<b>570,006</b>
<b>Total non-current assets</b>	<b>749,734</b>	<b>890,225</b>
<b>Total assets</b>	<b>7,638,497</b>	<b>7,971,775</b>
<b>Liabilities</b>		
Current liabilities		
Short-term borrowings	103,036	107,596
Accounts payable - other	937,767	963,807
Income taxes payable - other	138,302	108,125
Contract liabilities	294,306	309,220
Deposits received	1,184,805	1,216,942
Other	263,047	287,671
<b>Total current liabilities</b>	<b>2,921,266</b>	<b>2,993,363</b>
Non-current liabilities		
Long-term borrowings	20,240	47,494
Other	30,750	46,037
<b>Total non-current liabilities</b>	<b>50,990</b>	<b>93,531</b>
<b>Total liabilities</b>	<b>2,972,256</b>	<b>3,086,895</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	2,697,177	2,700,507
Capital surplus	2,655,177	2,658,507
Retained earnings	(798,301)	(648,746)
Treasury shares	(120)	(120)
<b>Total shareholders' equity</b>	<b>4,553,932</b>	<b>4,710,147</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	22,217	41,375
<b>Total accumulated other comprehensive income</b>	<b>22,217</b>	<b>41,375</b>
Subscription rights to shares	90,091	133,357
<b>Total net assets</b>	<b>4,666,240</b>	<b>4,884,879</b>
<b>Total liabilities and net assets</b>	<b>7,638,497</b>	<b>7,971,775</b>

## (2) Consolidated Statements of Income and Comprehensive Income

## Consolidated Statement of Income

## The First Quarter of Consolidated Fiscal Year

	(Thousand yen)	
	Q1 Fiscal Year Ended September 30, 2022 (Oct. 1, 2021 to Dec. 31, 2021)	Q1 Fiscal Year Ending September 30, 2023 (Oct. 1, 2022 to Dec. 31, 2022)
Net sales	2,467,313	2,977,513
Cost of sales	1,371,007	1,580,607
Gross profit	1,096,305	1,396,905
Selling, general and administrative expenses	792,774	1,171,585
Operating profit	303,531	225,320
Non-operating income		
Gain from lapsed deposits received	15,327	10,344
Other	4,620	1,092
Total non-operating income	19,947	11,437
Non-operating expenses		
Share of loss of entities accounted for using equity method	7,840	7,105
Foreign exchange loss	-	9,607
Other	216	326
Total non-operating expenses	8,057	17,039
Ordinary profit	315,421	219,717
Profit before income taxes	315,421	219,717
Income taxes	100,486	70,163
Net profit	214,934	149,554
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	214,934	149,554

Consolidated Statement of Comprehensive Income

The First Quarter of Consolidated Fiscal Year

	(Thousand yen)	
	Q1 Fiscal Year Ended September 30, 2022 (Oct. 1, 2021 to Dec. 31, 2021)	Q1 Fiscal Year Ending September 30, 2023 (Oct. 1, 2022 to Dec. 31, 2022)
Net profit	214,934	149,554
Other comprehensive income		
Valuation difference on available-for-sale securities	(396)	19,158
Total other comprehensive income	(396)	19,158
Comprehensive income	214,538	168,713
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	214,538	168,713
Comprehensive income attributable to non-controlling interests	-	-



### (3) Notes to 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 first quarter of the current consolidated fiscal year, and by multiplying this effective tax rate and the pre-tax profit.

(Change in accounting policy)

The "Guidance on Accounting Standard for Measurement of Fair Value" (ASBJ Guidance No. 31, June 17, 2021; hereinafter referred to as "Guidance on Accounting Standard for Measurement of Fair Value") The "Guidance on Accounting Standard for Measurement of Fair Value" (ASBJ Guidance No. 31, June 17, 2021; hereinafter referred to as "Guidance on Accounting Standard for Measurement of Fair Value") The new accounting policy prescribed by the "Guidance on Accounting Standard for Measurement of Fair Value" (ASBJ Guidance No. 31, June 17, 2021) is applied from the beginning of the current consolidated first quarter, and the new accounting policy prescribed by the "Guidance on Accounting Standard for Measurement of Fair Value" is applied prospectively in accordance with the transitional treatment prescribed in paragraph 27-2 of the Guidance on Accounting Standard for Measurement of Fair Value. The application of this accounting standard application guidance has no impact on the quarterly consolidated financial statements.

(Segment information, etc.)

[segment information]

Previous consolidated cumulative first quarter (October 1, 2021 to December 31, 2021)

#### 1. Information of net sales and profit or loss by reportable segment and decomposition of earnings

(Thousand yen)

	Reportable segments			Other (Note)	Adjusted amount	Amounts shown on quarterly consolidated statement of income
	Matching Business	SaaS Business	Total			
Net sales						
Goods or services to be transferred at one point of time	416,318	-	416,318	14	-	416,332
Goods or services to be transferred over a period of time	2,005,460	42,689	2,048,150	-	-	2,048,150
Revenue from contracts with customers	2,421,779	42,689	2,464,468	14	-	2,464,483
Other revenue	-	-	-	2,829	-	2,829
(1) Sales to external customers	2,421,779	42,689	2,464,468	2,844	-	2,467,313
(2) Internal sales or exchange between segments	-	-	-	-	-	-
Total	2,421,779	42,689	2,464,468	2,844	-	2,467,313
Segment profit (loss)	337,337	(36,643)	300,693	2,837	-	303,531

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

#### 2. Information on impairment loss on fixed assets and goodwill by reportable segment

(Significant changes in the amount of goodwill)

In the matching business segment, the Company acquired all shares of CODEAL, Inc. and made it a wholly owned subsidiary. The increase in goodwill due to this event was 101,244 thousand yen in the first quarter of the previous fiscal year.

Current consolidated fiscal year (October 1, 2021 to Sep 30, 2022)

1. Information on net sales and profit or loss by reportable segment and decomposition of earnings

(Thousand yen)

	Reportable segments			Other (Note)	Adjusted amount	Amounts shown on quarterly consolidated statement of income
	Matching Business	SaaS Business	Total			
Net sales						
Goods or services to be transferred at one point of time	517,268	-	517,268	-	-	517,268
Goods or services to be transferred over a period of time	2,372,301	87,944	2,460,245	-	-	2,460,245
Revenue from contracts with customers	2,889,569	87,944	2,977,513	-	-	2,977,513
Other revenue	-	-	-	-	-	-
(1) Sales to external customers	2,889,569	87,944	2,977,513	-	-	2,977,513
(2) Internal sales or exchange between segments	-	-	-	-	-	-
Total	2,889,569	87,944	2,977,513	-	-	2,977,513
Segment profit (loss)	299,543	(74,222)	225,320	-	-	225,320

Note 1: The category of "Other" indicates business segments which are not included in reportable segments, and includes any newly developed business, etc.

2. Information on impairment loss on fixed assets and goodwill by reportable segment

(Significant changes in the amount of goodwill)

In the Matching Business segment, the Company acquired all shares of PeacefulMorning Corporation. The increase in goodwill due to this event was 136,965 thousand yen in the first quarter of the current consolidated cumulative period.

(Business combinations-related matters)

(Business combination through acquisition)

On October 14, 2022, the Company acquired all shares of PeacefulMorning Corporation, a wholly owned subsidiary.

(1) Outline of the Business Combination

(i) Name and business contents of the acquired corporation

Name of the acquired corporation: PeacefulMorning Corporation.

Description of business: Operation of "RPA HACK," a specialized media about RPA, "RoboRunner," a training service for RPA developers, and "RPA HACK Freelance," a matching platform for RPA and low code professionals.

(ii) Main reasons for the business combination

The Group operates an online human resource matching business centered on crowdsourcing, a mechanism for individuals to earn compensation via the Internet, and aims to expand opportunities for individuals and freelancers to earn compensation and expand mechanisms to accumulate and utilize credit.

PeacefulMorning Corporation. operates various services to promote DX through RPA and low code. 2018 saw the release of "RPA HACK", a specialized media on RPA that disseminates RPA chaos maps, white papers, and other industry information. Since then, we have expanded our area of value provision and provide services for the entire range of RPA and low code from implementation and development to operation and development. With the growing need to resolve the shortage of DX human resources, especially in large companies, and the need for in-house production, the demand for RPA and low-code engineers and meticulous support services provided by PeacefulMorning Corporation. is increasing.

In the current situation where the shift to DX is accelerating, we believe that making PeacefulMorning Corporation a subsidiary will accelerate the aggressive expansion of our business and the realization of our vision.

(iii) Date of business combination

October 14, 2022 (deemed acquisition date: October 1, 2022)

(iv) Legal form of business combination

Acquisition of shares for cash

(v) Name of the entity after the business combination

There are no changes.

(vi) Ratio of voting rights acquired

100.0%

(vii) Main rationale for the decision to acquire

This was because the Company acquired the shares in exchange for cash.

(2) Period of performance of the acquired entity included in the consolidated financial statements

From October 1, 2022 to December 31, 2022

(3) Acquisition cost of acquired entity and breakdown by type of consideration

Consideration for the acquisition	Cash	139,999 thousand yen
Acquisition cost		139,999 thousand yen

(4) Details and amounts of major acquisition-related expenses

Advisory fees and commissions: 12,842 thousand yen

(5) Details of the acquisition consideration for the conditional acquisition consideration stipulated in the business combination agreement and future accounting policy

(i) Conditional Consideration Details

The Company has entered into an agreement to pay a conditional acquisition consideration (Earnout Consideration) of 60,000 thousand yen depending on the degree of achievement of business performance and other factors.

(ii) Future Accounting Policies

In the event of an increase in the acquisition consideration, the Company's policy is to adjust the acquisition cost and treat the amount of goodwill and amortization of goodwill as an adjustment to the acquisition cost.

(6) Amount, cause of occurrence, amortization method, and amortization period of goodwill arising

(i) Amount of goodwill arising

136,965 thousand yen

(ii) Cause of occurrence

The excess earning power expected from future business development.

- (iii) Amortization method and amortization period  
8-year straight-line depreciation

- (7) Amount of assets accepted and liabilities assumed on the date of business combination and major breakdown thereof

Current assets	81,361 thousand yen
Non-current assets	899 thousand yen
<u>Total asset</u>	<u>82,261 thousand yen</u>
Current liabilities	50,540 thousand yen
Non-current liabilities	28,687 thousand yen
<u>Total liabilities</u>	<u>79,227 thousand yen</u>

- (8) Estimated amount of effect on the consolidated statement of income for the current consolidated fiscal year if the business combination is assumed to have been completed on the day of commencement of the consolidated fiscal year and calculation method thereof

Not applicable

(Material subsequent events)

Not applicable.

3. Other

Material Events Related to Going Concern Assumptions, etc.

Not applicable.