

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



August 9, 2023

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 Scheduled filing date of quarterly report: August 9, 2023 Scheduled payment date of dividend: -
 Supplementary materials for the financial results: Yes
 Investor conference for the quarterly financial results: No

(Million yen, rounded down)

1. Consolidated Financial Results for the Third Quarter (Cumulative) of the Fiscal Year Ending September 30, 2023 (From Oct. 1, 2022 to June 30, 2023)

(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	%
Q3 (Cum.) FY ending Sep. 30, 2023	9,690	24.6	4,531	29.0	820	(7.0)	1,010	5.5
Q3 (Cum.) FY ended Sep. 30, 2022	7,778	-	3,513	-	882	-	958	-

Note: Comprehensive income Q3 (Cum.) FY ending September 30, 2023: 588 million yen (decrease of 2.3%)
 Q3 (Cum.) FY ended September 30, 2022: 602 million yen (-%)

	Ordinary profit		Profit attributable to owners of parent		Net income per share	Diluted Net income per share
	Million yen	%	Million yen	%	yen	yen
Q3 (Cum.) FY ending Sep. 30, 2023	886	0.9	597	(0.6)	38.88	38.17
Q3 (Cum.) FY ended Sep. 30, 2022	877	-	600	-	39.37	38.76

*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 June 30, 2023	9,679		5,496		54.4
As of Sep. 30, 2022	7,638		4,666		59.9

Reference: Shareholders' equity As of June 30, 2023: 5,265 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	-		0.00		-					
FY ending Sep. 30, 2023 (Forecast)					-		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 consolidated financial forecast from the most recently announced forecast: None

* Notes

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

(Changes in specific subsidiaries affecting the scope of consolidation)

No. of new companies: 1 (Company name: Shuumatu Worker Co., Ltd.)

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)

June 30, 2023	15,491,160 shares	Sep. 30, 2022	15,271,460 shares
June 30, 2023	86 shares	Sep. 30, 2022	86 shares
June 30, 2023	15,358,202 shares	June 30, 2022	15,261,134 shares

(ii) Number of treasury shares at term-end

(iii) Average number of shares outstanding during term

※ 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. Qualitative Information Regarding the Quarterly Accounts

(1) Overview of Operating Results

Forward-looking statements in the text are based on judgments made as of the date of submission of this document.

During the Third quarter consolidated cumulative period, the Japanese economy showed signs of recovery due to the loosening of immigration restrictions and behavioral restrictions against new coronavirus infections. However, the outlook for the domestic and overseas economies remains uncertain due to rising prices caused by the unstable global situation and monetary policies of various countries.

As for the business environment surrounding our group, companies continue to face difficulties in hiring due to the structural shortage of labor in Japan. Under these circumstances, the government has implemented measures to promote the use of side job workers and dual job workers in companies in order to facilitate labor mobility, and a new law was passed on April 28, 2023 to recognize and protect freelancers as "independent willing entities" just like a corporation. The government has been implementing new measures in response to the change in values regarding the way companies and individuals work since the Corona Disaster, and it is expected to see an even wider spread of work styles unrestricted by employment status as companies increase their use of outside freelancers and the number of crowd workers who take on new side jobs or dual jobs increases.

This trend has been a tailwind for the Group, with the number of registered users reaching 5,757,000 (up 670,000 year-on-year) and the number of registered clients reaching 917,000 (up 96,000 year-on-year) as of June 31, 2023.

In this business environment, the Group has set a new growth strategy, "YOSHIDA 300," which aims to achieve net sales of 30 billion yen, EBITDA (non-GAAP) of 2.5 billion yen, and operating income margin of +10% per year or more, in addition to its medium- to long-term goal of a gross profit CAGR of 20% or more for 10 years. To achieve this, we are working to increase sales growth and profits in our existing businesses by increasing the number of companies and unit price in our mainstay matching business, and to grow our SaaS business; to make disciplined investments in M&A in businesses that have a high affinity with our business; to develop human resources by providing training for the next generation of management personnel; and to increase corporate value through human capital management.

As a result of the above, our consolidated business results for the third quarter of the fiscal year ending were as follows: net sales of 9,690,849 thousand yen (year-on-year increase of 24.6%), gross profit of 4,531,616 thousand yen (year-on-year increase of 29.0%), operating profit of 820,808 thousand yen (year-on-year decrease of 7.0%), EBITDA (Non-GAAP) of 1,010,681 thousand yen (year-on-year increase of 5.5%), Ordinary profit of 886,000 thousand yen (year-on-year increase of 0.9%), and net profit attributable to owners of the parent amounted to 597,143 thousand yen (year-on-year decrease of 0.6%).

Financial results by segment are as follows:

(1) Matching Business

In the Matching Business during the third of the consolidated fiscal year, growth was driven by the administrative/assistant area due to continued strong demand for assistant personnel contributed. In addition, the Group worked on onboarding of human resources hired in the first half of the year and productivity improvement.

As a result, GMV (gross merchandise value), which indicates the total transaction amount, was 16,933,168 thousand yen (year-on-year increase of 19.8%), net sales were 9,362,389 thousand yen (year-on-year increase of 22.9%), gross profit was 4,205,968 thousand yen (year-on-year increase of 25.3%), and segment profit was 978,204 thousand yen (year-on-year decrease of 5.2%).

(ii) SaaS Business

In the SaaS business for business during the third quarter of the consolidated fiscal year, the current momentum of human capital management has increased the need for man-hour management and visualization of productivity in organizations and projects, which has led to the introduction of the man-hour management tool "CrowdLog" mainly by large and growing companies. By continuing to add features and make improvements, we continue to improve unit prices, especially for major clients.

As a result, net sales and gross profit amounted to 295,155 thousand yen (year-on-year increase of 89.1%), and segment loss amounted to 187,783 thousand yen (segment loss of 142,616 thousand yen in the same period of the previous fiscal year).

(2) Overview of Financial Position

(Assets)

Total assets at the end of the third quarter of this consolidated fiscal year were 9,679,654 thousand yen, an increase of 2,041,157 thousand yen from the end of the previous period.

Current assets increased 689,081 thousand yen from the end of the previous period, mainly due to increases of 337,711 thousand yen in cash and deposits, 233,206 thousand yen in accounts receivable-trade and 85,142 thousand yen in accounts receivable-other. Noncurrent assets increased 1,352,076 thousand yen from the end of the previous period, mainly due to an increase of 1,182,988 thousand yen in goodwill.

(Liabilities)

Total liabilities at the end of the third quarter of the current fiscal year amounted to 4,182,703 thousand yen, an increase of 1,210,447 thousand yen from the end of the previous period.

Current liabilities increased 1,039,736 thousand yen from the end of the previous period, mainly due to increases of 629,016 thousand yen in short-term loans payable, 84,452 thousand yen in accounts payable-other, 90,271 thousand yen in income taxes payable, and 133,760 thousand yen in contract liabilities. Noncurrent liabilities increased 170,711 thousand yen from the end of the previous period, mainly due to a 150,211 thousand yen increase in long-term loans payable.

(Net assets)

Net assets at the end of the first quarter of the current fiscal year totaled 5,496,950 thousand yen, an increase of 830,710 thousand yen from the end of the previous period.

The increase in net assets was mainly due to net income attributable to owners of the parent of 597,143 thousand yen and an increase in stock acquisition rights of 113,709 thousand yen.

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

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. Quarterly Consolidated Financial Statements and Main Noted Items

(1) Quarterly Consolidated Balance Sheet

	(Thousand yen)	
	Fiscal Year Ended September 30, 2022 (As of Sep. 30, 2022)	Q3 Fiscal Year Ending September 30, 2023 (As of June 30, 2023)
Assets		
Current assets		
Cash and deposits	5,117,461	5,455,172
Accounts receivable - trade	854,276	1,087,483
Accounts receivable - other	853,530	938,672
Operational investment securities	35,904	38,549
Other	44,629	78,891
Allowance for doubtful accounts	(17,039)	(20,925)
Total current assets	6,888,762	7,577,843
Non-current assets		
Property, plant and equipment	63,697	67,209
Intangible assets		
Goodwill	91,120	1,274,109
Other	19,996	12,835
Total intangible assets	111,116	1,286,944
Investments and other assets		
Other	575,414	754,009
Allowance for doubtful accounts	(493)	(6,352)
Total investments and other assets	574,920	747,657
Total non-current assets	749,734	2,101,811
Total assets	7,638,497	9,679,654
Liabilities		
Current liabilities		
Short-term borrowings	103,036	732,052
Accounts payable - other	937,767	1,022,220
Income taxes payable	138,302	228,574
Contract liabilities	294,306	428,066
Deposits received	1,184,805	1,226,756
Other	263,047	323,332
Total current liabilities	2,921,266	3,961,002
Non-current liabilities		
Long-term borrowings	20,240	170,451
Other	30,750	51,250
Total non-current liabilities	50,990	221,701
Total liabilities	2,972,256	4,182,703
Net assets		
Shareholders' equity		
Capital stock	2,697,177	2,741,574
Capital surplus	2,655,177	2,699,574
Retained earnings	(798,301)	(201,157)
Treasury shares	(120)	(120)
Total shareholders' equity	4,553,932	5,239,870
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	22,217	25,690
Total accumulated other comprehensive income	22,217	25,690
Subscription rights to shares	90,091	203,800
Noncontrolling interests	-	27,589
Total net assets	4,666,240	5,496,950
Total liabilities and net assets	7,638,497	9,679,654

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

The Third Quarter (Cumulative) of Consolidated Fiscal Year

	(Thousand yen)	
	Q3 (Cumulative) Fiscal Year Ended September 30, 2022 (Oct. 1, 2021 to June 30, 2022)	Q3 (Cumulative) Fiscal Year Ending September 30, 2023 (Oct. 1, 2022 to June 30, 2023)
Net sales	7,778,413	9,690,849
Cost of sales	4,264,815	5,159,232
Gross profit	3,513,598	4,531,616
Selling, general and administrative expenses	2,630,872	3,710,807
Operating profit	882,726	820,808
Non-operating income		
Gain on invalidation of deposit	47,494	70,083
Foreign exchange gains	20,465	2,932
Other	3,851	2,509
Total non-operating income	71,810	75,525
Non-operating expenses		
Interest expenses	669	2,460
Share of loss of entities accounted for using equity method	75,552	7,555
Other	409	318
Total non-operating expenses	76,631	10,334
Ordinary profit	877,905	886,000
Extraordinary losses		
Loss on valuation of investment securities	-	31,193
Total extraordinary losses	-	31,193
Profit before income taxes	877,905	854,807
Income taxes	277,080	269,449
Net profit	600,824	585,358
Profit (loss) attributable to non-controlling interests	-	(11,785)
Profit attributable to owners of parent	600,824	597,143

Quarterly Consolidated Statement of Comprehensive Income

The Third Quarter (Cumulative) of Consolidated Fiscal Year

	(Thousand yen)	
	Q3 (Cumulative) Fiscal Year Ended September 30, 2022 (Oct. 1, 2021 to June 30, 2022)	Q3 (Cumulative) Fiscal Year Ending September 30, 2023 (Oct. 1, 2022 to June 30, 2023)
Net profit	600,824	585,358
Other comprehensive income		
Valuation difference on available-for-sale securities	1,958	3,472
Total other comprehensive income	1,958	3,472
Comprehensive income	602,783	588,831
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	602,783	600,616
Comprehensive income attributable to non-controlling interests	-	(11,785)

(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 third 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 third quarter (October 1, 2021 to June 30, 2022)

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	1,308,224	-	1,308,224	38	-	1,308,262
Goods or services to be transferred over a period of time	6,311,267	156,053	6,467,320	-	-	6,467,320
Revenue from contracts with customers	7,619,492	156,053	7,775,545	38	-	7,775,583
Other revenue	-	-	-	2,829	-	2,829
(1) Sales to external customers	7,619,492	156,053	7,775,545	2,867	-	7,778,413
(2) Internal sales or exchange between segments	-	-	-	-	-	-
Total	7,619,492	156,053	7,775,545	2,867	-	7,778,413
Segment profit (loss)	1,031,983	(142,616)	889,366	(6,640)	-	882,726

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 third quarter of the previous fiscal year.

Current consolidated cumulative third quarter (October 1, 2022 to June 30, 2023)

2. 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	1,570,851	3,550	1,574,401	158	-	1,574,560
Goods or services to be transferred over a period of time	7,791,537	291,570	8,083,107	-	-	8,083,107
Revenue from contracts with customers	9,362,389	295,120	9,657,509	158	-	9,657,668
Other revenue	-	-	-	33,181	-	33,181
(1) Sales to external customers	9,362,389	295,120	9,657,509	33,340	-	9,690,849
(2) Internal sales or exchange between segments	-	35	35	-	(35)	-
Total	9,362,389	295,155	9,657,544	33,340	(35)	9,690,849
Segment profit (loss)	978,204	(187,783)	790,421	30,387	-	820,808

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 Peaceful Morning Co., Ltd. The increase in goodwill due to this event was 136,965 thousand yen in the third quarter of the current consolidated cumulative period.

Also, in the matching business segment, the Company acquired shares of Shuumatu Worker Co., Ltd. and included the company in the scope of consolidation. The increase in goodwill due to this event was 1,093,801 thousand yen in the third quarter of the current consolidated cumulative period.

(Business combinations related matters)

(Business combination through acquisition)

On April 5, 2023, In the Matching Business segment, the Company acquired shares of Shuumatu Worker Co., Ltd. from existing shareholders and underwrote a third-party allocation of new shares, making the company a consolidated subsidiary.

(1) Outline of Business Combination and Related Matters

1. Name of acquired company and its business

Name of acquired company: Shuumatsu Worker Co., Ltd.

Business description: Operation of a side business matching platform

2. Main reasons for the business combination

With the mission of "becoming an infrastructure for individuals", we have been striving to expand our human resource matching platform that connects companies and individuals online in order to provide society with new work options. Currently, we have more than 917,000 client companies and 5.75 million registered workers on our platform, and we have established ourselves as a leading company in the human resource matching market. In recent years, as the values of companies and individuals regarding working styles diversify, the side job market has become more active, with an increasing number of companies utilizing outside professional human resources (side job workers and freelancers) and an increasing number of workers taking on side jobs.

In particular, CrowdLinks, a new service specializing in high-skilled side job workers, has experienced rapid growth, with more than 100,000 high-skilled side job workers working for major companies registered with the company. Since its establishment in 2016, Shuumatu Worker Co., Ltd. has been creating a new lifestyle in Japan by operating a platform that matches talented side hustlers with companies to stabilize and popularize new ways of working with the mission of "freeing working style and expanding life possibilities."

As we acquire Shuumatu Worker Co., Ltd. we will be able to provide a wider range of human resources to our clients in the side hustle area, which is our focus, and also provide more work opportunities to workers, thereby fulfilling our vision of "becoming the company that delivers the most rewards to the most people in the world", also to the expansion of profit-earning opportunities.

Based on the above, we have decided to make Shuumatu Worker Co., Ltd. a subsidiary because we believe that welcoming it as a group company will lead to the strengthening of our business foundation and the enhancement of business value in the sidelines over the medium to long term.

We will invest our management improvement know-how accumulated over the past three years to quickly shift from a “loss-making management style with investment in advance” to a “profitable reinvestment management style through productivity improvement.

3. Date of business combination
April 5, 2023 (deemed acquisition date April 1, 2023)

4. Legal form of business combination
Acquisition of shares for cash

5. Name of company after combination
No change

6. Percentage of voting rights acquired
62.67%

7. Main basis for determining the acquiring company
The Company acquired the shares for cash consideration.

(2) Period of the acquired company’s results included in the consolidated financial statements
From April 1, 2023 to June 30, 2023

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

Consideration for acquisition	Cash	1,159,911 thousand yen
Acquisition price		<u>1,159,911 thousand yen</u>

(4) Amount of goodwill incurred, reason for incurrence, amortization method and amortization period

1. Amount of goodwill incurred
1,093,801 thousand yen

2. Cause of occurrence
This is the excess earning power expected from future business development.

3. Amortization method and period
Equal amortization over 10 years

(Material Subsequent Events)
Not applicable.

3. Other

Material Events Related to Going Concern Assumptions, etc.

Not applicable.