

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



Nov. 9, 2023

Company name: CrowdWorks, Inc. Stock listing: Tokyo Stock Exchange
 Security code: 3900 URL: <https://crowdworks.co.jp>
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 Scheduled date of ordinary general meeting of shareholders: Dec. 21, 2023 Scheduled payment date of dividend: -
 Scheduled filing date of quarterly report: Dec. 22, 2023
 Supplementary materials for the financial results: Yes
 Investor conference for the quarterly financial results: Yes (for institutional investors and security analysts)

(Million yen, rounded down)

1. Consolidated Financial Results for the Fiscal Year Ended September 30, 2023 (From Oct. 1, 2022 to Sep. 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	%
FY ended Sep. 30, 2023	13,210	24.9	6,142	27.6	1,153	23.7	1,420	35.6
FY ended Sep. 30, 2022	10,574	—	4,812	—	932	—	1,047	—

Note: Comprehensive income FY ended September 30, 2023: 1,084 million yen (increase of 34.1%)
 FY ended September 30, 2022: 808 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
FY ended Sep. 30, 2023	1,238	30.8	1,096	36.6	71.23	70.04
FY ended Sep. 30, 2022	946	—	802	—	52.60	51.74

	Return on equity	Return on asset	Operating profit margin
	%	%	%
FY ended Sep. 30, 2023	21.2	14.0	8.7
FY ended Sep. 30, 2022	17.5	12.4	8.8

*Note: Equity in earnings (losses) of affiliates FY ended September 30, 2023: (7) million yen
 FY ended September 30, 2022: (72) million yen

*We consider EBITDA (Non-GAAP) 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	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2023	9,995	6,039	57.9	372.95
As of Sep. 30, 2022	7,638	4,666	59.9	299.66

Reference: Shareholders' equity As of Sep. 30, 2023: 5,784 million yen
 As of Sep. 30, 2022: 4,576 million yen

(3) Consolidated Cash Flows 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 Sep. 30, 2023	1,349	(1,168)	436	5,734
FY ended Sep. 30, 2022	1,152	(262)	8	5,117

2. Dividends

	Annual dividends per share					Dividends (Total)	Dividend payout ratio (Consolidated)	Dividends to net assets ratio (Consolidated)
	End of Q1	End of Q2	End of Q3	End of Q4	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY ended Sep. 30, 2022	-	0.00	-	0.00	0.00	-	0.0	0.0
FY ended Sep. 30, 2023	-	0.00	-	0.00	0.00	-	0.0	0.0
FY ending Sep. 30, 2024 (Forecast)	-	0.00	-	0.00	0.00		0.0	

3. Consolidated Financial Forecasts for the Fiscal Year Ending September 30, 2024 (From October 1, 2023 to September 30, 2024)

(% 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	15,860	20.1	7,370	20.0	1,270	10.1	1,570	10.5	-	-	-	-

Note: Please refer to "1. Business Results, (4) Future Prospects" on page 4 of the attached document for information on the forecast of business results.

* 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) 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

(3) Number of outstanding shares (common stock)

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

Sep. 30, 2023	15,509,960 shares	Sep. 30, 2022	15,271,460 shares
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(ii) Number of treasury shares at term-end

Sep. 30, 2023	124 shares	Sep. 30, 2022	86 shares
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(iii) Average number of shares outstanding during term

Sep. 30, 2023	15,395,546 shares	Sep. 30, 2022	15,263,704 shares
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Reference: Overview of Non-Consolidated Operating Performance

1. Non-Consolidated Financial Results for the Fiscal Year Ended September 30, 2023 (From October 1, 2022 to September 30, 2023)

(1) Non-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	%
FY ended Sep. 30, 2023	12,023	15.1	1,251	37.3	1,349	34.9	1,192	50.7
FY ended Sep. 30, 2022	10,449	34.5	911	58.4	1,000	55.0	791	27.1

	Profit per share	Diluted profit per share
	Yen	Yen
FY ended Sep. 30, 2023	77.43	76.01
FY ended Sep. 30, 2022	51.82	50.98

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY ended Sep. 30, 2023	9,654	6,119	61.0	379.67
FY ended Sep. 30, 2022	7,585	4,674	60.4	300.22

Reference: Shareholders' equity As of September 30, 2023: 5,888 million yen
As of September 30, 2022: 4,584 million yen

※ 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 Fiscal Year Ended 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.

In the current consolidated fiscal year, the Japanese economy is expected to gradually recover as the restrictions on socioeconomic activities caused by the expansion of the new coronavirus are resolved. On the other hand, the economic outlook in Japan and abroad remains uncertain due to global uncertainty and rising prices.

In the business environment surrounding our group, there is a more active movement to secure new sources of income due to hiring difficulties in companies caused by Japan's structural labor shortage and increased household risks associated with rising prices. With the aim of facilitating labor mobility, the government has implemented measures to promote the use of side job workers and dual-employer workers in companies, and the Law Concerning Appropriateness of Transactions with Specified Contract Workers, which recognizes freelancers as "independent and willing entities" like companies, is expected to come into effect by the fall of 2024. With the further diversification of corporate and individual values regarding work styles since the Corona Disaster, companies are beginning to see moves to improve productivity by utilizing human resources such as freelancers and side workers.

These trends have been a tailwind for the Group, with the number of registered users reaching 5,886,000 (year-on-year increase of 611,000) and the number of registered clients reaching 933,000 (year-on-year increase of 84,000) as of September 30, 2023.

Based on the mission of "Talent infrastructure" the company has set mid-term management targets for the current fiscal year, "YOSHIDA 300," aiming for net sales of 30 billion yen, EBITDA (non-GAAP) of 2.5 billion yen, and annual operating income growth rate of more than 10%, in addition to its mid- to long-term target of "10 years of gross profit CAGR of 20% or more. In order to achieve these targets, we have set the following growth targets: in existing businesses, we will improve the unit price per contract per client and increase sales and profits through an account sales structure in our mainstay matching business, and grow our SaaS business; in M&A, we will make disciplined investments in businesses that have a high affinity with our mainstay matching business; in human resource development, we will produce the next generation of management personnel through training and development.

As a result of the above, the results for the current consolidated fiscal year were as follows: net sales of 13,210,655 thousand yen (year-on-year increase of 24.9%), operating profit of 1,153,536 thousand yen (year-on-year increase of 23.7%), Ordinary profit of 1,238,339 thousand yen (year-on-year increase of 30.8%), and net profit attributable to shareholders of the parent amounted to 1,096,574 thousand yen (year-on-year increase of 36.6%).

Financial results by segment are as follows:

(i) Matching Business

In the matching business during the consolidated fiscal year, GMV (gross merchandise value), net sales, and gross profit grew steadily as a result of the human resources hired and the acquisition of new clients through continuous investment in advertising, and record profits were recorded as a result of continued efforts to improve productivity.

As a result, GMV (gross merchandise value), which indicates the total transaction amount, was 22,929,436 thousand yen (year-on-year increase of 19.3%), net sales were 12,755,174 thousand yen (year-on-year increase of 23.4%), gross profit was 5,690,112 thousand yen (year-on-year increase of 24.3%), and segment profit was 1,322,535 thousand yen (year-on-year increase of 11.9%).

(ii) SaaS Business

In the SaaS business for business during the consolidated fiscal year under review, the Company continued to focus on developing new clients by cultivating large corporate clients and strengthening marketing efforts, as well as improving the unit contract price associated with customer success.

As a result, net sales and gross profit amounted to 421,717 thousand yen (year-on-year increase of 82.1%), and segment loss amounted to 197,907 thousand yen (segment loss of 223,566 thousand yen in the same period of the previous fiscal year).

(2) Overview of Financial Position

(Assets)

Total assets at the end of the current consolidated fiscal year were 9,995,020 thousand yen, an increase of 2,356,523 thousand yen from the end of the previous period.

Current assets increased 1,014,849 thousand yen from the end of the previous period, mainly due to increases of 617,436 thousand yen in cash and deposits, 246,324 thousand yen in accounts receivable-trade and 118,023 thousand yen in accounts receivable-other. Noncurrent assets increased 1,341,674 thousand yen from the end of the previous period, mainly due to an increase of 1,148,832 thousand yen in goodwill.

(Liabilities)

Total liabilities at the end of the current consolidated fiscal year amounted to 3,955,964 thousand yen, an increase of 983,708 thousand yen from the end of the previous period.

Current liabilities increased 818,659 thousand yen from the end of the previous period, mainly due to increases of 430,680 thousand yen in short-term borrowings, 90,342 thousand yen in accounts payable-other, 42,493 thousand yen in deposits received, and 135,578 thousand yen in contract liabilities. Noncurrent liabilities increased 165,049 thousand yen from the end of the previous period, mainly due to a 142,949 thousand yen increase in long-term borrowings.

(Net assets)

Net assets at the end of the current consolidated fiscal year totaled 6,039,056 thousand yen, an increase of 1,372,815 thousand yen from the end of the previous period.

The increase in net assets was mainly due to profit attributable to owners of the parent of 1,096,574 thousand yen and an increase in subscription rights to shares of 141,011 thousand yen.

(3) Overview of Cash Flows Position for the Fiscal Year Ended September 30, 2023

Cash and cash equivalents at the end of the current consolidated fiscal year amounted to 5,734,898 thousand yen. The status of each cash flow and their factors during the current consolidated fiscal year are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was 1,349,431 thousand yen. Major cash inflows were profit before income taxes of 1,207,146 thousand yen, depreciation and amortization of 32,151 thousand yen, amortization of goodwill of 81,935 thousand yen, loss on valuation of investment securities of 31,192 thousand yen, stock compensation expense of 153,295 thousand yen, increase in deposits received of 31,941 thousand yen, increase in contract liabilities of 129,795 thousand yen. On the other hand, the main factors of decrease were an increase of 49,842 thousand yen in notes and accounts receivable-trade and an increase of 117,474 thousand yen in accounts receivable-other, a decrease of 66,570 thousand yen in accounts payable-other, and income taxes paid of 160,778 thousand yen due to the expansion of transactions associated with business growth.

(Cash flows from investing activities)

Net cash used in investing activities was 1,168,337 thousand yen. The main cash outflows were 125,842 thousand yen for purchase of investment securities and 975,938 thousand yen for purchase of investments in subsidiaries resulting in change in scope of consolidation.

(Cash flows from financing activities)

Net cash provided by financing activities amounted to 436,342 thousand yen. The main cash flow increase factors were a 400,000 thousand yen increase in short-term borrowings and 92,227 thousand yen in proceeds from issuance of shares. On the other hand, the main cash flow decreasing factor was 59,586 thousand yen in repayment of long-term borrowings.

(4) Future Prospects

In the business environment surrounding our group, not only are freelancers and side job workers being utilized by companies as a new means of securing human resources due to the structural shortage of human resources, but there is also a more active movement to secure new sources of income due to the increased household risks associated with the recent price increases. The online human resources matching market in Japan is expected to continue to grow in the future.

In order to achieve our mission of "Talent infrastructure" we have set a medium- to long-term goal of "achieving a gross profit CAGR of at least +20% for 10 years" by 2021, and from this fiscal year, we have set a new growth target of "YOSHIDA 300" to achieve net sales of 30 billion yen, EBITDA (non-GAAP) of 2.5 billion yen and annual growth rate of operating income of at least +10%. To achieve these goals at an early stage, we will strengthen our account sales structure to provide solutions to our clients' management issues in order to improve their productivity and deliver more compensation to more workers while increasing added value. We will also focus on M&A in areas where we can expect synergies with our Matching and SaaS businesses, aiming for discontinuous growth.

As a result of the above, for the fiscal year ending September 30, 2024, the Group expects GMV (gross merchandise value) of 28,020 million yen (year-on-year increase of 20.0%), net sales of 15,860 million yen (year-on-year increase of 20.1%), gross profit of 7,370 million yen (year-on-year increase of 20.0%), operating income of 1,270 million yen (year-on-year increase of 10.1%), and EBITDA (non-GAAP) of 1,570 million yen (year-on-year increase of 10.5%).

2. Basic Approach to the Selection of Accounting Standards

The Group policy is to prepare its consolidated financial statements in accordance with Japanese GAAP in order to facilitate periodic comparisons and inter-company comparability of consolidated financial statements.

3. Consolidated Financial Statements and Main Noted Items

(1) Consolidated Balance Sheet

	(Thousand yen)	
	Fiscal Year Ended September 30, 2022 (As of Sep. 30, 2022)	Fiscal Year Ended September 30, 2023 (As of Sep. 30, 2022)
Assets		
Current assets		
Cash and deposits	5,117,461	5,734,898
Accounts receivable - trade	854,276	1,100,600
Accounts receivable - other	853,530	971,553
Operational investment securities	35,904	38,549
Other	44,629	78,264
Allowance for doubtful accounts	(17,039)	(20,254)
Total current assets	6,888,762	7,903,611
Non-current assets		
Property, plant and equipment		
Building	83,985	104,008
Accumulated depreciation	(31,782)	(50,746)
Building (net)	52,202	53,262
Tools, furniture and fixtures	32,896	20,790
Accumulated depreciation	(21,401)	(11,237)
Tools, furniture and fixtures (net)	11,495	9,552
Total property, plant and equipment	63,697	62,815
Intangible assets		
Goodwill	91,120	1,239,952
Other	19,996	10,290
Total intangible assets	111,116	1,250,243
Investments and other assets		
Deferred tax assets	160,353	186,480
Other	415,061	598,223
Allowance for doubtful accounts	(493)	(6,352)
Total investments and other assets	574,920	778,351
Total non-current assets	749,734	2,091,409
Total assets	7,638,497	9,995,020

(Thousand yen)

	Fiscal Year Ended September 30, 2022 (As of Sep. 30, 2022)	Fiscal Year Ended September 30, 2023 (As of Sep. 30, 2022)
Liabilities		
Current liabilities		
Short-term borrowings	103,036	533,716
Accounts payable - other	937,767	1,028,110
Income taxes payable	138,302	127,167
Deposits received	1,184,805	1,227,298
Contract liabilities	294,306	429,884
Other	263,047	393,748
Total current liabilities	2,921,266	3,739,925
Non-current liabilities		
Long-term borrowings	20,240	163,189
Other	30,750	52,850
Total non-current liabilities	50,990	216,039
Total liabilities	2,972,256	3,955,964
Net assets		
Shareholders' equity		
Capital stock	2,697,177	2,751,307
Capital surplus	2,655,177	2,709,307
Retained earnings	(798,301)	298,273
Treasury shares	(120)	(169)
Total shareholders' equity	4,553,932	5,758,718
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	231,102
Non-controlling interests	-	23,545
Total net assets	4,666,240	6,039,056
Total liabilities and net assets	7,638,497	9,995,020

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

	(Thousand yen)	
	Fiscal Year Ended September 30, 2022 (Oct. 1, 2021 to June 30, 2022)	Fiscal Year Ended September 30, 2023 (Oct. 1, 2022 to June 30, 2023)
Net sales	10,574,552	13,210,655
Cost of sales	5,761,715	7,068,256
Gross profit	4,812,836	6,142,399
Selling, general and administrative expenses	3,880,000	4,988,862
Operating profit	932,835	1,153,536
Non-operating income		
Gain from lapsed deposit received	59,581	88,146
Foreign exchange gains	27,181	8,050
Other	5,997	2,978
Total non-operating income	92,760	99,174
Non-operating expenses		
Interest expenses	870	4,001
Share of loss of entities accounted for using equity method	72,968	7,555
Loss on investments in capital	4,897	2,191
Other	42	623
Total non-operating expenses	78,778	14,371
Ordinary profit	946,817	1,238,339
Extraordinary losses		
Loss on valuation of investment securities	-	31,192
Payment compensation	16,736	-
Total extraordinary losses	16,736	31,192
Profit before income taxes	930,081	1,207,146
Income taxes	177,597	154,061
Income tax-deferred	(50,389)	(27,659)
Total income tax	127,207	126,401
Net profit	802,873	1,080,745
Profit (loss) attributable to non-controlling interests	-	(15,829)
Profit attributable to owners of parent	802,873	1,096,574

Consolidated Statement of Comprehensive Income

(Thousand yen)

	Fiscal Year Ended September 30, 2022 (Oct. 1, 2021 to June 30, 2022)	Fiscal Year Ended September 30, 2023 (Oct. 1, 2022 to June 30, 2023)
Net profit	802,873	1,080,745
Other comprehensive income		
Valuation difference on available-for-sale securities	5,808	3,472
Total other comprehensive income	5,808	3,472
Comprehensive income	808,682	1,084,218
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	808,682	1,100,047
Comprehensive income attributable to non-controlling interests	-	(15,829)

(3) Consolidated Statement of Changes in Equity

Fiscal Year Ended September 30, 2022 (From October 1, 2021 to September 30, 2022)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,691,267	2,649,267	(1,601,174)	(120)	3,739,238
Changes during period					
Issuance of new shares	5,909	5,909			11,819
Profit attributable to owners of parent			802,873		802,873
Purchase of treasury shares					
Net changes in items other than shareholders' equity					
Total changes during period	5,909	5,909	802,873	-	814,693
Balance at end of period	2,697,177	2,655,177	(798,301)	(120)	4,553,932

	Valuation and translation adjustments		Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of period	16,408	16,408	18,459	-	3,774,107
Changes during period					
Issuance of new shares					11,819
Profit attributable to owners of parent					802,873
Purchase of treasury shares					
Net changes in items other than shareholders' equity	5,808	5,808	71,631	-	77,439
Total changes during period	5,808	5,808	71,631	-	892,133
Balance at end of period	22,217	22,217	90,091	-	4,666,240

Fiscal Year Ended September 30, 2023 (From October 1, 2022 to September 30, 2023)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,697,177	2,655,177	(798,301)	(120)	4,553,932
Changes during period					
Issuance of new shares	54,130	54,130			108,260
Profit attributable to owners of parent			1,096,574		1,096,574
Purchase of treasury shares				(49)	(49)
Net changes in items other than shareholders' equity					
Total changes during period	54,130	54,130	1,096,574	(49)	1,204,785
Balance at end of period	2,751,307	2,709,307	298,273	(169)	5,758,718

	Valuation and translation adjustments		Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of period	22,217	22,217	90,091	-	4,666,240
Changes during period					
Issuance of new shares					108,260
Profit attributable to owners of parent					1,096,574
Acquisition of treasury shares					(49)
Net changes in items other than shareholders' equity	3,472	3,472	141,011	23,545	168,029
Total changes during period	3,472	3,472	141,011	23,545	1,372,815
Balance at end of period	25,690	25,690	231,102	23,545	6,039,056

(4) Consolidated Statement of Cash Flows

	(Thousand yen)	
	Fiscal Year Ended September 30, 2022 (From October 1, 2021 to Sep. 30, 2022)	Fiscal Year Ended September 30, 2023 (From October 1, 2022 to Sep. 30, 2023)
Cash flows from operating activities		
Profit before income taxes	930,081	1,207,146
Depreciation	28,376	32,151
Amortization of goodwill	14,427	81,935
Payment compensation	16,736	-
Loss on valuation of investment securities	-	31,192
Share of loss of entities accounted for using equity method	72,968	7,555
Stock-based compensation expense	72,085	153,295
Decrease (increase) in accounts receivable - trade	(119,882)	(49,842)
Decrease (increase) in accounts receivable - other	(134,973)	(117,474)
Increase (decrease) in allowance for doubtful accounts	(10,316)	(1,880)
Increase (decrease) in accounts payable - other	255,812	(66,570)
Increase (decrease) in deposits received	64,579	31,941
Increase (decrease) in contract liabilities	114,305	129,795
Other	20,769	74,923
Subtotal	1,324,970	1,514,170
Interest and dividends received	34	41
Interest paid	(870)	(4,001)
Payment amount of compensation	(16,736)	-
Income taxes paid	(155,037)	(160,778)
Cash flows from operating activities	1,152,360	1,349,431
Cash flows from investing activities		
Purchases of investment securities	(162,059)	(125,842)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(81,229)	(975,938)
Payment for investments in capital	-	(60,596)
Other	(19,068)	(5,960)
Cash flows from investing activities	(262,357)	(1,168,337)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	-	400,000
Repayments of long-term borrowings	(3,036)	(59,586)
Proceeds from issuance of shares	-	92,227
Purchase of treasury shares	-	(49)
Proceeds from issuance of share acquisition rights	9,573	3,750
Other	1,806	-
Cash flows from financing activities	8,343	436,342
Net increase (decrease) in cash and cash equivalents	898,345	617,436
Cash and cash equivalents at beginning of period	4,219,115	5,117,461
Cash and cash equivalents at end of period	5,117,461	5,734,898

(5) Notes on Consolidated Financial Statements

(Notes Regarding Going Concern Assumptions)

Not applicable.

(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) 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 fiscal year, and the new accounting policy prescribed by the "Guidance on Accounting Standard for Measurement of Fair Value" will be 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 consolidated financial statements.

(Change in Presentation)

(Consolidated Statements of Income)

"Interest expense" and "Loss on investments in capital," which were included in "Other" under non-operating expenses in the previous consolidated fiscal year, are separately presented in the current consolidated fiscal year due to their increased importance in terms of amount. The consolidated financial statements for the previous consolidated fiscal year have been reclassified to reflect these changes in presentation.

As a result, 5,809 thousand yen presented as "Other" under non-operating expenses in the consolidated statement of income for the previous consolidated fiscal year has been reclassified as "Interest expenses" of 870 thousand yen, " Loss on investments in capital " of 4,897 thousand yen, and "Other" of 42 thousand yen.

(Consolidated Statement of Cash Flows)

"Stock-based compensation expense" which were included in "Other" under Cash flows from operating activities in the previous consolidated fiscal year, are separately presented in the current consolidated fiscal year due to their increased importance in terms of amount. The consolidated financial statements for the previous consolidated fiscal year have been reclassified to reflect these changes in presentation.

As a result, 92,855 thousand yen presented as "Other" under Cash flows from operating activities in the Consolidated Statement of Cash Flows for the previous consolidated fiscal year has been reclassified as "Stock-based compensation expense" of 72,085 thousand yen, " Other " of 20,769 thousand yen.

(Business combinations related matters)

(Business combination through acquisition)

1. Peaceful Morning Corporation

On October 14, 2022, the Company acquired all shares of Peaceful Morning Corporation, making it a wholly owned subsidiary.

(1) Outline of the Business Combination

(i) Name and business contents of the acquired corporation

Name of the acquired corporation: Peaceful Morning 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.

Peaceful Morning 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 Peaceful Morning Corporation. is increasing.

In the current situation where the shift to DX is accelerating, we believe that making Peaceful Morning 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 September 30, 2023

(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
<u>Non-current liabilities</u>	<u>28,687 thousand yen</u>
<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

2. Shuumatu Worker Co., Ltd.

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: Shuumatu 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 933,000 client companies and 5.88 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 110,000 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 September 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		1,159,911 thousand yen

- (4) Description and amount of major acquisition-related expenses
Fees and commissions for advisory services 6,500 thousand yen

- (5) 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

- (6) Amounts of assets received and liabilities assumed on the date of business combination and their breakdown

Current assets	401,959 thousand yen
Non-current assets	24,117 thousand yen
Total assets	426,077 thousand yen
Current liabilities	274,297 thousand yen
Non-current liabilities	196,947 thousand yen
Total liabilities	471,244 thousand yen

- (7) Estimated amount and calculation method of the effect of the business combination on the consolidated statement of income for the current consolidated fiscal year as if the business combination had been completed at the beginning of the consolidated fiscal year.

Net sales 761,425 thousand yen
 Operating income (155,523) thousand yen

(Method of calculating the estimated amount)

The difference between the net sales and profit/loss information calculated as if the business combination had been completed on the first day of the consolidated fiscal year and the net sales and profit/loss information in the Company's consolidated statements of income is considered to be the estimated amount of impact. The amount of amortization of goodwill is the estimated amount of the impact, calculated as if the goodwill recognized at the time of the business combination had occurred at the beginning of the current fiscal year.

These notes are unaudited.

(Segment information, etc.)

[segment information]

1. Overview of Reportable Segments

i. Method of determining reportable segments

The Company's reportable segments are components of the Company for which separate financial information is available and which are subject to periodic review by the Board of Directors in order to determine the allocation of management resources and evaluate performance. The Company has two reportable segments: "Matching Business" and "SaaS Business."

ii. Type of services belonging to each reportable segment

The Matching Business operates a service that matches companies and individuals mainly on the Internet. The SaaS for Business segment provides business management tools for companies.

2. Calculation of net sales, profit or loss, assets, liabilities and other items by reportable segment

The accounting method of the reported business segments is in accordance with the accounting policies adopted for the preparation of financial statements. Profits of reportable segments are based on operating profit.

3. Information on sales, profit or loss, assets, liabilities and other items by reportable segment and their breakdown

Precious consolidated fiscal year (October 1, 2021 to September 30, 2022)

(Thousand yen)

	Reportable segments			Other (Note 1)	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	1,769,209	-	1,769,209	38	-	1,769,247
Goods or services to be transferred over a period of time	8,570,920	231,553	8,802,474	-	-	8,802,474
Revenue from contracts with customers	10,340,130	231,553	10,571,684	38	-	10,571,722
Other revenue	-	-	-	2,829	-	2,829
(1) Sales to external customers	10,340,130	231,553	10,571,684	2,867	-	10,574,552
(2) Internal sales or exchange between segments	-	-	-	-	-	-
Total	10,340,130	231,553	10,571,684	2,867	-	10,574,552
Segment profit (loss)	1,182,288	(223,566)	958,721	(25,886)	-	932,835

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

2. Segment assets are not shown because assets are not allocated to business segments.

Current consolidated Fiscal Year (October 1, 2022 to September 30, 2023)

(Thousand yen)

	Reportable segments			Other (Note 1)	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	2,090,272	9,918	2,100,191	669	-	2,100,860
Goods or services to be transferred over a period of time	10,664,902	411,711	11,076,613	-	-	11,076,613
Revenue from contracts with customers	12,755,174	421,630	13,176,804	669	-	13,177,474
Other revenue	-	-	-	33,181	-	33,181
(1) Sales to external customers	12,755,174	421,630	13,176,804	33,850	-	13,210,655
(2) Internal sales or exchange between segments	-	87	87	-	(87)	-
Total	12,755,174	421,717	13,176,892	33,850	(87)	13,210,655
Segment profit (loss)	1,322,535	(197,907)	1,124,628	28,908	-	1,153,536

Note1: The category of "Other" indicates business segments which are not included in reportable segments, and includes any newly developed business, etc.

2: Segment assets are not shown because assets are not allocated to business segments.

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

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

(Thousand yen)

	Reportable segments			Other (Note)	Whole company/ Eliminations	Total
	Matching Business	SaaS Business	Total			
Amortization for the current period	14,427	-	14,427	-	-	14,427
The balance at the end of the current period	91,120	-	91,120	-	-	91,120

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

(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 current consolidated fiscal year.

Current consolidated fiscal year (October 1, 2022 to Sep 30, 2023)

(Thousand yen)

	Reportable segments			Other (Note)	Whole company/ Eliminations	Total
	Matching Business	SaaS Business	Total			
Amortization for the current period	81,935	-	81,935	-	-	81,935
The balance at the end of the current period	1,239,952	-	1,239,952	-	-	1,239,952

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

(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 current consolidated fiscal year.

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.

(Per Share Information)

	Fiscal Year Ended September 30, 2022 (From October 1, 2021 to September 30, 2022)	Fiscal Year Ended September 30, 2023 (From October 1, 2022 to September 30, 2023)
Net assets per share	299.66 yen	372.95 yen
Net profit per share	52.60 yen	71.23 yen
Net profit per share (diluted)	51.74 yen	70.04 yen

Note: Basis for calculation of net profit per share and diluted net profit per share is as follows.

	Fiscal Year Ended September 30, 2022 (From October 1, 2021 to September 30, 2022)	Fiscal Year Ended September 30, 2023 (From October 1, 2022 to September 30, 2023)
Profit per share or loss per share		
Profit attributable to owners of parent (loss) (thousand yen)	802,873	1,096,574
Amount not attributable to common shareholders (thousand yen)	-	-
Profit attributable to owners of parent on common stock (thousand yen)	802,873	1,096,574
Average number of shares of common stock outstanding during the fiscal year (shares)	15,263,704	15,395,546
Net profit per share (diluted)		
Adjusted amount on profit (thousand yen)	-	-
Increased number of shares of common stock (shares)	253,392	260,799
(Of which, subscription rights to shares) (shares)	(253,392)	(260,799)
A description of potentially dilutive shares not included in the calculation of diluted profit per share in the absence of dilutive effect	The 12th series of Subscription rights 91,300 shares The 13th series of Subscription rights 49,400 shares The 14th series of Subscription rights 144,000 shares	The 14th series of Subscription rights 144,000 shares The 15th series of Subscription rights 150,000 shares

(Material subsequent events)

Not applicable.