

Summary of Financial Results for the Fiscal Year Ended September 30, 2020

[Japan Standards] (Consolidated)

November 13, 2020

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: December 25, 2020 Scheduled payment date of dividend: -
 Scheduled filing date of securities report: December 28, 2020
 Supplementary materials for the financial results: Yes
 Investor conference for the financial results: Yes (for institutional investors and security analysts)

(Million yen, rounded down)

1. Consolidated Financial Results for the Fiscal Year Ended September 30, 2020 (From October 1, 2019 to September 30, 2020)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY ended Sept. 30, 2020	8,728	(0.2)	(298)	-	(311)	-	(53)	-
FY ended Sept. 30, 2019	8,749	31.9	48	104.1	67	591.6	(127)	-

Note: Comprehensive income FY ended September 30, 2020 : (27) million yen (-%)
 FY ended September 30, 2019 : (177) million yen (-%)

	Profit per share	Diluted profit per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
FY ended Sept. 30, 2020	(3.51)	-	(1.7)	(5.5)	(3.4)
FY ended Sept. 30, 2019	(8.63)	-	(4.8)	1.1	0.5

(Reference) Equity in net income of affiliates FY ended September 30, 2020: - million yen
 FY ended September 30, 2019: - million yen

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

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net asset value per share
	Million yen	Million yen	%	Yen
As of Sept. 30, 2020	5,108	3,127	61.2	205.38
FY ended Sept. 30, 2019	6,328	3,245	50.4	209.51

(Reference) Shareholders' equity As of September 30, 2020: 3,126 million yen
 As of September 30, 2019: 3,186 million yen

(3) Consolidated Cash Flow Position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY ended Sept. 30, 2020	(0)	536	(383)	3,418
FY ended Sept. 30, 2019	346	(162)	198	3,266

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 Sept. 30, 2019	-	0.00	-	0.00	0.00	-	-	-
FY ended Sept. 30, 2020	-	0.00	-	0.00	0.00	-	-	-
FY ending September 30, 2021 (Forecast)	-	0.00	-	0.00	0.00		-	

3. Consolidated Financial Forecasts for the Fiscal Year Ending September 30, 2021 (From October 1, 2020 to September 30, 2021)
(% figures represent year-on-year increase or decrease)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half year (Total)	3,264	(33.2)							
	~3,418	~ (30.1)	Loss		-		-		-
Full year	7,003	(19.8)							
	~7,507	~ (14.0)	Profit		-		-		-

Note: As for the percentage change in the sales forecast for the fiscal year ending September 30, 2021, the Group's percentage change for the fiscal year ending September 30, 2020 will be negative due to the sale or withdrawal of two subsidiaries in the project contracting business in the fourth quarter of the fiscal year ending September 30, 2020, but the Group is continuing on the growth path of our core business, the matching business. For earnings forecasts for the matching business and other new businesses, please refer to the attached document, Page 5 "1. Summary of Financial Performance (4) Future Prospects."

* Notes

- (1) Significant changes in subsidiaries during the period (changes in specific subsidiaries involving changes in the scope of consolidation) : None

No. of new companies: .. (Company name:) 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 : None

(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)	As of Sept. 30, 2020	15,225,160 shares	As of Sept. 30, 2019	15,210,160 shares
(ii) Number of treasury shares at term-end	As of Sept. 30, 2020	86 shares	As of Sept. 30, 2019	48 shares
(iii) Average number of shares outstanding during the term	FY ended Sept. 30, 2020	15,218,184 shares	FY ended Sept. 30, 2019	14,793,011 shares

(Reference) Overview of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended September 30, 2020 (From October 1, 2019 to September 30, 2020)

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

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY ended Sept. 30, 2020	5,458	16.9	(364)	-	(331)	-	(105)	-
FY ended Sept. 30, 2019	4,669	32.0	53	-	119	-	(98)	-

	Profit per share	Diluted profit per share
	Yen	Yen
FY ended Sept. 30, 2020	(6.91)	-
FY ended Sept. 30, 2019	(6.69)	-

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

- (2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net asset value per share
	Million yen	Million yen	%	Yen
FY ended Sept. 30, 2020	5,038	3,153	62.6	207.09
FY ended Sept. 30, 2019	5,075	3,235	63.7	212.56

Reference : Shareholders' equity As of Sept. 30, 2020: 3,152 million yen As of Sept. 30, 2019: 3,233 million yen

* The summary of financial results is not subject to audit by certified public accountants or audit corporations.

* Explanation regarding the appropriate use of the earnings forecast, and other noteworthy items

The forward-looking statements such as result forecasts included in this document are based on the information available to the Company at the time of the announcement and on certain assumptions considered reasonable, and the Company makes no representations as to their achievability. Actual results may differ materially from the forecast, depending on a range of factors.

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1. Summary of Financial Performance

(1) Summary of Financial Performance for the Fiscal Year Ended September 30, 2020

With a vision of a “work-style revolution—to become the world’s biggest platform providing the largest amount of monetary rewards through the Internet” since its establishment, the CrowdWorks Group (hereinafter, “the Group”) has been promoting online human resources matching with crowdsourcing at its core, whereby individuals can earn rewards using the Internet. In recent years, the range of work-style choices beyond employment at an enterprise has widened, as job opportunities for the potential labor force, namely, women, the elderly and people with disabilities, are expanding, and given the trend to allow employees to pursue side jobs and businesses in accordance with “work-style reforms,” which is the primary theme of “Dynamic Engagement of All Citizens,” the slogan of the central government, and the diversification of values regarding individual work-styles toward more flexible ways to work. With work style reform laws gradually taking effect since April 2019, including legislation on equal pay for equal work in April 2020 and an extension of employment of older employees until age 70 effective by the revision of the Law Concerning Stabilization of Employment of Older Persons in April 2021, the trend of reviewing the conventional employment system has spread widely.

Particularly, among enterprises, there are an increasing number of enterprises who want to acquire human resources in forms that are free from the traditional style. In these days, major companies representing Japan tend to move toward allowing their employees to have a side job or side business, aiming to increase the incomes of their own employees, to improve motivation, and to secure and retain excellent human resources. In addition, in response to the recent spread of COVID-19, many companies of all sizes and across all industry sectors have introduced and utilized work-at-home or teleworking, and people have been gradually responding to new ways of working and lifestyles (referred to as the new normal). This tendency has become a tailwind for the market surrounding the Company, promoting a change in procurement methods of human resources, where enterprises employ external specialized talents (freelancers, double jobbers, etc.) and utilize crowd workers via online networks. In such an environment, during the fiscal year ended September 30, 2020, the Company steadily proceeded with implementation of its selection processes and its concentration on the matching business, its core business, in line with the investment policy for this fiscal year established at the end of the fiscal year ended September 2019.

In the matching business, while aiming to improve the growth rate through upfront investment, due to the impact of the novel coronavirus (COVID-19), the Company faced suspension of agreements with some clients and difficulty in acquiring new clients, etc. However, thanks to a recovery trend in the acquisition of new clients from the fourth quarter, the Company achieved the initial target for the full-year results. The Company expects continued growth in the matching business, as demand for human resources is high among companies with a continuous shortage of engineers, designers and other human resources, and the use of freelancers and home-based workers via online platforms is expected to increase in the future. In addition, during the ongoing COVID-19 pandemic, many companies have introduced telework and digitalized their business operations, leading to an increase in demand for online office assistants as well as steady growth in the matching business for high-priced, high-continuation and high-end human resources.

In the project contracting business, while downsizing the business in line with the Company’s policy for the current consolidated fiscal year, the Company realized an operating profit. In addition, the Company withdrew from the project contracting business in the fourth quarter by selling two subsidiaries, thereby establishing an efficient management structure for the fiscal year ending September 2021. In line with the sale of the subsidiaries, the Company recorded a gain on sales of shares of subsidiaries and associates (extraordinary income).

As a result of the aforementioned, concerning the business results of the Group for the fiscal year ended September 30, 2020, net sales were 8,728,350 thousand yen (year-on-year decrease of 0.2%), operating loss was 298,359 thousand yen (previous-year operating profit was 48,020 thousand yen), ordinary loss was 311,993 thousand yen (previous-year ordinary profit was 67,252 thousand yen) and loss attributable to owners of parent was 53,347 thousand yen (previous-year loss attributable to owners of parent was 127,604 thousand yen).

Reportable segments have been changed starting from the first quarter of the current consolidated fiscal year, and the following figures for the previous year are compared based on the change in segment classification.

Financial results by segment are as follows:

(i) Matching Business

In the matching business for the current consolidated fiscal year under review, while the business outlook remained uncertain due to the pandemic of COVID-19, the acquisition of new clients and agreements with some clients were affected in the third quarter, resulting in a temporary slowdown in the growth rate. However, the business showed a recovery trend in the fourth quarter and net sales and gross profit exceeded the disclosed 20% forecast at the beginning of the period. As for selling, general and administrative expenses, in order to increase the number of clients and order volume, we actively invested 240 million yen annually in TV advertising, and more than 600 million yen in online advertising, which is more than 50% increase from the previous fiscal year, as planned for the current fiscal year. On the other hand, with regard to expenses other than advertising expenses, we worked to improve productivity and succeeded in reducing indirect selling, general and administrative expenses by 350 million yen compared with the initial budget. By reinvesting funds raised by reducing expenses, we achieved the gross profit target and reduced the operating loss in the initial plan. As a result, net sales were 6,302,964 thousand yen (year-on-year increase of 23.3%) and segment loss was 249,791 thousand yen (previous-year segment loss was 11,997 thousand yen).

(ii) Project Contracting Business

With regard to the project contracting business for the current consolidated fiscal year under review, we worked to downsize the business while maintaining profitability based on the policy of business selection and concentration. We achieved an operating profit because the number of deliveries and inspections for system development projects exceeded expectations in the first half of the fiscal year and we promoted cost review on a company-wide basis. In addition, we downsized the business by selling two subsidiaries in the project contracting business in the fourth quarter. As a result, net sales were 2,280,574 thousand yen (year-on-year decrease of 30.4%) and segment profit was 80,695 thousand yen (year-on-year increase of 44.3%).

(iii) SaaS Business

In SaaS Business for the current consolidated fiscal year under review, the company provided business management tools for enterprises. We have achieved steady growth through an increase in the number of new subscribing companies and invested in the development of new functions and service improvements in anticipation of further growth and expansion. As a result, net sales of 71,675 thousand yen (year-on-year increase of 29.5%) and segment loss of 88,780 thousand yen (previous-year segment loss was 23,425 thousand yen).

(2) Summary of Financial Position for the Fiscal Year Ended September 30, 2020

(Assets)

Total assets at the end of the current consolidated fiscal year under review stood at 5,108,916 thousand yen, down 1,219,667 thousand yen from the end of the previous consolidated fiscal year. The decrease in total assets was primarily due to the sale of two consolidated subsidiaries in the fourth quarter. Current assets stood at 4,759,085 thousand yen, and its main components, cash and deposits, stood at 3,413,627 thousand yen and notes and accounts receivable - trade stood at 669,371 thousand yen. Non-current assets stood at 349,830 thousand yen, and its main components, property, plant and equipment, stood at 73,070 thousand yen, intangible assets stood at 53,215 thousand yen and investment securities stood at 50,991 thousand yen.

(Liabilities)

Total liabilities at the end of the current consolidated fiscal year under review stood at 1,981,690 thousand yen, down 1,101,536 thousand yen from the end of the previous consolidated fiscal year. The decrease in total liabilities was primarily due to the sale of two consolidated subsidiaries in the fourth quarter. Current liabilities stood at 1,948,682 thousand yen, and its main components, deposits received, stood at 1,027,633 thousand yen and accounts payable - other stood at 513,835 thousand yen. Non-current liabilities stood at 33,007 thousand yen.

(Net assets)

Net assets at the end of the current consolidated fiscal year under review stood at 3,127,226 thousand yen, down 118,131 thousand yen from the end of the previous consolidated fiscal year. The decrease in net assets was primarily due to the recording of a net loss.

(3) Summary of Cash Flows for the Fiscal Year Ended September 30, 2020

Cash and cash equivalents at the end of the current consolidated fiscal year under review were 3,418,919 thousand yen, up 152,477 thousand yen from the previous consolidated fiscal year. The status of each cash flow for the current consolidated fiscal year under review is as follows:

(Cash flows from operating activities)

Net expenditures as a result of operating activities were 989 thousand yen (net proceeds of 346,433 thousand yen in the previous consolidated fiscal year). Major increase factors for the cash flow were an increase in accounts payable - other of 162,904 thousand yen, an increase in deposits received of 161,539 thousand yen, depreciation of 48,996 thousand yen, amortization of goodwill of 67,460 thousand yen, loss on cancellation of rental contracts of 11,631 thousand yen and loss on valuation of investment securities of 59,999 thousand yen. On the other hand, major decrease factors were the recording of loss before income taxes of 74,178 thousand yen, a gain on sales of shares of subsidiaries of 309,446 thousand yen, an increase in notes and accounts receivable - trade of 28,755 thousand yen, a decrease in notes and accounts payable - trade of 54,174 thousand yen, and an increase in accounts receivable - other of 59,811 thousand yen.

(Cash flows from investing activities)

Net proceeds as a result of investing activities were 536,584 thousand yen (net expenditures of 162,648 thousand yen in the previous consolidated fiscal year). Major increase factors for the cash flow were proceeds from withdrawal of time deposits of 86,078 thousand yen and proceeds from sales of shares of subsidiaries of 581,047 thousand yen resulting in change in the scope of consolidation. On the other hand, major decrease factors were payments into time deposits of 38,903 thousand yen, purchase of investment securities of 50,991 thousand yen, purchase of property, plant and equipment of 19,758 thousand yen and purchase of intangible assets of 13,446 thousand yen.

(Cash flows from financing activities)

Net expenditures as a result of financing activities were 383,118 thousand yen (net proceeds of 198,967 thousand yen in the previous consolidated fiscal year). Major increase factors for the cash flow were proceeds from long-term borrowings of 260,000 thousand yen and proceeds from issuance of common shares of 2,700 thousand yen. On the other hand, major decrease factors were repayments of long-term borrowings of 273,683 thousand yen, redemption of bonds of 288,000 thousand yen and payments from changes in ownership interests in subsidiaries of 82,000 thousand yen that do not result in change in the scope of consolidation.

(4) Future Prospects

It can be assumed that the domestic online market for human resources matching will also continue to expand in the medium-to long-term future owing to manpower shortages at enterprises and the accelerated social trend toward seeking diversified work-styles. In the fiscal year ending September 2021, based on our policy of selection and concentration, we will continue to focus on the matching business. While continuing to focus on investments in the business, we will work on improving its productivity and reform of the business structure, aiming to make it profitable for the full fiscal year. In addition, we merged Brain Partners Co., Ltd., a group company, and sold two subsidiaries in the project contracting business, and in the fiscal year ending September 30, 2021, the company will merge with the absorption-type merger of Group companies BizAsst., Inc., graviee Inc., to shift to non-consolidated management. This will strengthen the matching business and as investments to create future growth drivers, we will reinvest part of earned profit into new businesses, aiming at both profit generation and sustainable growth. The Company sold two subsidiaries, we withdraw from the project contracting business in the fiscal year ending September 2021.

With regard to the impact of COVID-19, although the situation remains uncertain due to concerns about an economic slump caused by the prolonged pandemic, the Company maintains its future growth strategy at this time.

As a result of the above, with regard to business results for the consolidated fiscal year ending September 30, 2021, we expect the total contract value to be 13.48 to 14.05 billion yen (decrease of 11.4% to 7.7%), net sales to be 7.0 to 7.5 billion yen (decrease of 19.8% to 14.0%), gross profit to be 3.07 to 3.21 billion yen (decrease of 7.5% to 3.3%) and operating profit to be positive. While concentrating on the matching business, we will strive to generate operating profit by shifting from consolidated to non-consolidated management and promoting business structural reforms. The Group's percentage change for the fiscal year ending September 30, 2020 will be negative due to the sale or withdrawal of two subsidiaries in the project contracting business in the fourth quarter of the fiscal year ending September 30, 2020, but the Group is continuing on the growth path of our core business, the matching business.

With regard to business results by segment for the consolidated fiscal year ending September 30, 2021, we expect the total contract value of the matching business to be 13.41 to 13.98 billion yen (increase of 5.0% to 10.0%), net sales to be 6.93 to 7.43 billion yen (increase of 10.0% to 18.0%), gross profit to be 3.02 to 3.16 billion yen (increase of 10.0% to 15.0%) and operating profit to be at least 0.2 billion yen. In the fiscal year ending September 2021, we will continue to improve productivity to make profits from the matching business, and reinvest part of earned profits into the business so that we will work to establish a structure to achieve sustainable growth while generating profits. In addition, SaaS Business and in areas other than the segments, we have a policy to actively develop new businesses as investments for future growth, where we aim for the early launch of new businesses and profitability within the scope of full-year profits on a consolidated basis. We expect total contract value and net sales to be 70 million yen, gross profit to be 50 million yen and operating loss to be 200 million yen.

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

(5) Material Events Related to Going Concern Assumptions, etc.

Not applicable.

2. Basic Policy in Selection of Accounting Standards

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

3. Consolidated Financial Statements and Important Notes

(1) Consolidated Balance Sheet

	(Thousand yen)	
	Fiscal Year Ended September 30, 2019 (As of September 30, 2019)	Fiscal Year Ended September 30, 2020 (As of September 30, 2020)
Assets		
Current assets		
Cash and deposits	3,411,499	3,413,627
Notes and accounts receivable - trade	995,201	669,371
Accounts receivable - other	502,393	562,159
Operational investment securities	59,584	51,148
Other	264,252	76,076
Allowance for doubtful accounts	(12,364)	(13,298)
Total current assets	5,220,567	4,759,085
Non-current assets		
Property, plant and equipment		
Buildings and structures	123,137	103,362
Accumulated depreciation	(46,313)	(54,419)
Buildings and structures, net	76,823	48,943
Tools, furniture and fixtures	58,253	49,671
Accumulated depreciation	(34,474)	(29,866)
Tools, furniture and fixtures, net	23,779	19,804
Vehicles	1,213	-
Accumulated depreciation	(1,213)	-
Vehicles, net	0	-
Construction in progress	-	4,323
Total property, plant and equipment	100,603	73,070
Intangible assets		
Goodwill	655,837	12,909
Other	37,618	40,306
Total intangible assets	693,455	53,215
Investments and other assets		
Investment securities	89,682	50,991
Other	239,730	174,038
Allowance for doubtful accounts	(15,454)	(1,485)
Total investments and other assets	313,957	223,544
Total non-current assets	1,108,016	349,830
Total assets	6,328,583	5,108,916

	(Thousand yen)	
	Fiscal Year Ended September 30, 2019 (As of September 30, 2019)	Fiscal Year Ended September 30, 2020 (As of September 30, 2020)
Liabilities		
Current liabilities		
Accounts payable - trade	183,047	-
Short-term borrowings	100,000	100,000
Current portion of long-term borrowings	282,473	648
Current portion of bonds	308,000	-
Accounts payable - other	379,502	513,835
Deposits received	876,781	1,027,633
Other	502,829	306,565
Total current liabilities	2,632,633	1,948,682
Non-current liabilities		
Long-term borrowings	257,715	-
Bonds payable	40,000	-
Other	152,877	33,007
Total non-current liabilities	450,592	33,007
Total liabilities	3,083,226	1,981,690
Net assets		
Shareholders' equity		
Capital stock	2,687,217	2,688,567
Capital surplus	2,645,880	2,615,484
Retained earnings	(2,144,759)	(2,198,107)
Treasury shares	(64)	(120)
Total shareholders' equity	3,188,274	3,105,823
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(1,645)	21,052
Total accumulated other comprehensive income	(1,645)	21,052
Subscription rights to shares	2,440	350
Non-controlling interests	56,288	-
Total net assets	3,245,357	3,127,226
Total liabilities and net assets	6,328,583	5,108,916

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

	(Thousand yen)	
	Fiscal Year Ended September 30, 2019 (Oct. 1, 2018 to Sept. 30, 2019)	Fiscal Year Ended September 30, 2020 (Oct. 1, 2019 to Sept. 30, 2020)
Net sales	8,749,813	8,728,350
Cost of sales	5,626,641	5,405,781
Gross profit	3,123,172	3,322,568
Selling, general and administrative expenses	3,075,151	3,620,927
Operating profit (loss)	48,020	(298,359)
Non-operating income		
Gain from lapsed deposits received	18,794	35,887
Subsidy income	3,600	11,117
Surrender value of insurance policies	7,778	1,486
Other	7,952	7,327
Total non-operating income	38,124	55,819
Non-operating expenses		
Interest expenses	11,201	4,520
Share issuance costs	3,708	-
Commission expenses	-	52,868
Other	3,982	12,063
Total non-operating expenses	18,892	69,453
Ordinary profit (loss)	67,252	(311,993)
Extraordinary income		
Gain on sales of investment securities	26,546	-
Gain on reversal of subscription rights to shares	11	-
Gain on sales of shares of subsidiaries and associates	-	309,446
Total extraordinary income	26,557	309,446
Extraordinary losses		
Loss on retirement of non-current assets	1,113	-
Impairment loss	96,440	-
Loss on valuation of investment securities	2,110	59,999
Loss on cancellation of contracts	81,429	-
Loss on cancellation of rental contracts	-	11,631
Total extraordinary losses	181,094	71,631
Loss before income taxes	(87,285)	(74,178)
Income taxes - current	42,333	62,392
Income taxes - deferred	42,519	(86,515)
Total income taxes	84,853	(24,123)
Loss	(172,138)	(50,054)
Profit (loss) attributable to non-controlling interests	(44,534)	3,292
Loss attributable to owners of parent	(127,604)	(53,347)

Consolidated Statement of Comprehensive Income

	(Thousand yen)	
	Fiscal Year Ended September 30, 2019 (Oct. 1, 2018 to Sept. 30, 2019)	Fiscal Year Ended September 30, 2020 (Oct. 1, 2019 to Sept. 30, 2020)
Loss	(172,138)	(50,054)
Other comprehensive income		
Valuation difference on available-for-sale securities	(5,458)	22,698
Total other comprehensive income	(5,458)	22,698
Comprehensive income	(177,596)	(27,356)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(133,062)	(30,649)
Comprehensive income attributable to non-controlling interests	(44,534)	3,292

(3) Consolidated Statement of Changes in Equity

Fiscal Year Ended September 30, 2019 (From October 1, 2018 to September 30, 2019)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,090,457	2,049,120	(2,017,155)	—	2,122,422
Changes during period					
Issuance of new shares	596,760	596,760			1,193,520
Change in scope of consolidation					—
Loss attributable to owners of parent			(127,604)		(127,604)
Purchase of treasury shares				(64)	(64)
Net changes during period other than shareholders' equity					—
Total changes during period	596,760	596,760	(127,604)	(64)	1,065,851
Balance at end of current period	2,687,217	2,645,880	(2,144,759)	(64)	3,188,274

	Accumulated other comprehensive income		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 current period	3,812	3,812	372	100,822	2,227,430
Changes during period					
Issuance of new shares					1,193,520
Change in scope of consolidation					—
Loss attributable to owners of parent					(127,604)
Purchase of treasury shares					(64)
Net changes during period other than shareholders' equity	(5,458)	(5,458)	2,068	(44,534)	(47,924)
Total changes during period	(5,458)	(5,458)	2,068	(44,534)	1,017,927
Balance at end of current period	(1,645)	(1,645)	2,440	56,288	3,245,357

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

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,687,217	2,645,880	(2,144,759)	(64)	3,188,274
Changes during period					
Issuance of new shares	1,350	1,350			2,700
Change in scope of consolidation		(31,746)			(31,746)
Loss attributable to owners of parent			(53,347)		(53,347)
Purchase of treasury shares				(56)	(56)
Net changes during period other than shareholders' equity					—
Total changes during period	1,350	(30,396)	(53,347)	(56)	(82,450)
Balance at end of current period	2,688,567	2,615,484	(2,198,107)	(120)	3,105,823

	Accumulated other comprehensive income		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 current period	(1,645)	(1,645)	2,440	56,288	3,245,357
Changes during period					
Issuance of new shares					2,700
Change in scope of consolidation					(31,746)
Loss attributable to owners of parent					(53,347)
Purchase of treasury shares					(56)
Net changes during period other than shareholders' equity	22,698	22,698	(2,090)	(56,288)	(35,680)
Total changes during period	22,698	22,698	(2,090)	(56,288)	(118,131)
Balance at end of current period	21,052	21,052	350	—	3,127,226

(4) Consolidated Statement of Cash Flows

	(Thousand yen)	
	Fiscal Year Ended September 30, 2019 (Oct. 1, 2018 to Sept. 30, 2019)	Fiscal Year Ended September 30, 2020 (Oct. 1, 2019 to Sept. 30, 2020)
Cash flows from operating activities		
Loss before income taxes	(87,285)	(74,178)
Depreciation	33,262	48,996
Amortization of goodwill	85,927	67,460
Impairment loss	96,440	-
Loss on cancellation of rental contracts	-	11,631
Loss on valuation of investment securities	2,110	59,999
Interest expenses	11,201	4,520
Share issuance costs	3,708	-
Loss (gain) on sales of shares of subsidiaries	-	(309,446)
Loss (gain) on sales of investment securities	(26,546)	-
Decrease (increase) in notes and accounts receivable - trade	(208,285)	(28,755)
Increase (decrease) in notes and accounts payable - trade	(6,972)	(54,174)
Decrease (increase) in accounts receivable - other	(40,984)	(59,811)
Decrease (increase) in operational investment securities	48,309	8,436
Increase (decrease) in allowance for doubtful accounts	(5,838)	933
Increase (decrease) in provision for bonuses	(78,992)	-
Increase (decrease) in accounts payable - other	112,417	162,904
Increase (decrease) in deposits received	100,457	161,539
Other	439,432	37,704
Subtotal	478,364	37,762
Interest and dividends received	311	283
Interest paid	(11,201)	(4,520)
Income taxes paid	(121,040)	(34,514)
Cash flows from operating activities	346,433	(989)
Cash flows from investing activities		
Payments into time deposits	(79,510)	(38,903)
Proceeds from withdrawal of time deposits	51,600	86,078
Purchase of property, plant and equipment	(32,637)	(19,758)
Purchase of intangible assets	(36,698)	(13,446)
Purchases of investment securities	(60,000)	(50,991)
Proceeds from sales of investment securities	60,097	-
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	-	581,047
Other	(65,499)	(7,440)
Cash flows from investing activities	(162,648)	536,584

(Thousand yen)

	Fiscal Year Ended September 30, 2019 (Oct. 1, 2018 to Sept. 30, 2019)	Fiscal Year Ended September 30, 2020 (Oct. 1, 2019 to Sept. 30, 2020)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(580,000)	-
Proceeds from long-term borrowings	180,000	260,000
Repayments of long-term borrowings	(345,081)	(273,683)
Proceeds from issuance of bonds	321,600	-
Redemption of bonds	(573,600)	(288,000)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(82,000)
Repayments of lease obligations	(385)	-
Proceeds from issuance of shares	1,190,685	2,700
Proceeds from issuance of subscription rights to shares	4,914	-
Other	(64)	(2,135)
Cash flows from financing activities	198,067	(383,118)
Net increase (decrease) in cash and cash equivalents	381,852	152,477
Cash and cash equivalents at beginning of period	2,884,589	3,266,442
Cash and cash equivalents at end of period	3,266,442	3,418,919

(5) Notes on Consolidated Financial Statements

(Notes Regarding Going Concern Assumptions)

Not applicable.

(Change in reporting method)

1. Consolidated Balance Sheet

“Merchandise and finished goods,” “Work in process” and “Deposits paid” in “Current assets,” which were presented as separate line items in the previous consolidated fiscal year, were included under “Other” in “Current assets” in the current consolidated fiscal year because the first two items account for 1% or less of the total assets, and the latter item is intended to increase clarity. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, 64,555 thousand yen of “Merchandise and finished goods,” 82,454 thousand yen of “Work in process,” 26,056 thousand yen of “Deposits paid” and 91,186 thousand yen of “Other” in “Current assets,” which were presented in the consolidated balance sheet for the previous fiscal year, have been reclassified as 264,252 thousand yen of “Other” in “Current assets.”

“Software” in “Intangible assets,” which was presented as a separate line item in the previous consolidated fiscal year, was included under “Other” in “Intangible assets” in the current consolidated fiscal year to increase clarity. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, 37,317 thousand yen of “Software” and 300 thousand yen of “Other” in “Intangible assets,” which were presented in the consolidated balance sheet for the previous fiscal year, have been reclassified as 37,618 thousand yen of “Other” in “Intangible assets.”

“Leasehold and guarantee deposits” and “Deferred tax assets” in “Investments and other assets,” which were presented as separate line items in the previous consolidated fiscal year, were included under “Other” in “Investments and other assets” in the current consolidated fiscal year to increase clarity. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, 149,856 thousand yen of “Leasehold and guarantee deposits,” 21,028 thousand yen of “Deferred tax assets” and 68,844 thousand yen of “Other” in “Investments and other assets,” which were presented in the consolidated balance sheet for the previous fiscal year, have been reclassified as 239,730 thousand yen of “Other” in “Investments and other assets.”

“Income taxes payable” in “Current liabilities,” which was presented as a separate line item in the previous consolidated fiscal year, was included under “Other” in “Current liabilities” in the current consolidated fiscal year to increase clarity. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, 33,643 thousand yen of “Income taxes payable” and 469,185 thousand yen of “Other” in “Current liabilities,” which were presented in the consolidated balance sheet for the previous fiscal year, have been reclassified as 502,829 thousand yen of “Other” in “Current liabilities.”

“Deferred tax liabilities” and “Asset retirement obligations” in “Non-current liabilities,” which were presented as separate line items in the previous consolidated fiscal year, were included under “Other” in “Non-current liabilities” in the current consolidated fiscal year to increase clarity. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, 11,210 thousand yen of “Deferred tax liabilities,” 58,163 thousand yen of “Asset retirement obligations” and 83,502 thousand yen of “Other” in “Non-current liabilities,” which were presented in the consolidated balance sheet for the previous fiscal year, have been reclassified as 152,877 thousand yen of “Other” in “Non-current liabilities.”

2. Consolidated Statement of Income

“Subsidy income,” which was included under “Other” in “Non-operating income” in the previous consolidated fiscal year, was presented as a separate line item “Subsidy income” in “Non-operating income” in the current consolidated fiscal year, as it exceeded 10% of the total non-operating income. “Interest income,” “Outsourcing service income” and “Income from lecture and manuscript fees” in “Non-operating income,” which were presented as separate line items in the consolidated previous fiscal year, were included under “Other” in “Non-operating income” in the current consolidated fiscal year to increase clarity. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, 311 thousand yen of “Interest income,” 510 thousand yen of “Outsourcing service income,” 1,120 thousand yen of “Income from lecture and manuscript fees” and 9,610 thousand yen of “Other” in “Non-operating income,” which were presented in the consolidated statement of income for the previous fiscal year, have been reclassified as 3,600 thousand yen of “Subsidy income” and 7,952 thousand yen of “Other” in “Non-operating income,” respectively.

3. Consolidated Statement of Cash Flows

“Loss on retirement of non-current assets,” “Gain on reversal of subscription rights to shares,” “Interest income,” “Decrease (increase) in inventories,” “Decrease (increase) in other assets” and “Increase (decrease) in other liabilities” in “Cash flows from operating activities,” which were presented as separate line items in the previous consolidated fiscal year, were included under “Other” in “Cash flows from operating activities” in the current consolidated fiscal year to increase clarity. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, 1,113 thousand yen of “Loss on retirement of non-current assets,” -11 thousand yen of “Gain on reversal of subscription rights to shares,” -311 thousand yen of “Interest income,” 177,744 thousand yen of “Decrease (increase) in inventories,” 16,359 thousand yen of “Decrease (increase) in other assets” and 244,537 thousand yen of “Increase (decrease) in other liabilities,” which were presented in “Cash flows from operating activities” in the previous consolidated statement of cash flows, have been reclassified as 439,432 thousand yen of “Other” in “Cash flows from operating activities.”

“Payments of leasehold deposits” and “Proceeds from refund of leasehold deposits” in “Cash flows from investing activities,” which were presented as separate line items in the previous consolidated fiscal year, were included under “Other” in “Cash flows from investing activities” in the current consolidated fiscal year to increase clarity. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, -47,627 thousand yen of “Payments of leasehold deposits,” 12,468 thousand yen of “Proceeds from refund of leasehold deposits” and -30,340 thousand yen of “Other” in “Cash flows from investing activities,” which were presented in the previous consolidated statement of cash flows, have been reclassified as -65,499 thousand yen of “Other” in “Cash flows from investing activities.”

“Purchase of treasury shares” in “Cash flows from financing activities,” which was presented as a separate line item in the previous consolidated fiscal year, have been reclassified as “Other” in “Cash flows from financing activities” in the current consolidated fiscal year to increase clarity. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, -64 thousand yen of “Purchase of treasury shares” in “Cash flows from financing activities,” which were presented in the previous consolidated statement of cash flows, have been reclassified as -64 thousand yen of “Other” in “Cash flows from financing activities.”

(Additional information)

(Accounting estimates due to the impact of COVID-19)

With regard to the impact of COVID-19, it is difficult to accurately predict how the pandemic will spread and when it will end. At present, we consider that COVID-19 may have a certain impact on future cash flows and forecasts of the future business environment, but that such impact is limited. We also believe that there will be no material impact on accounting estimates such as impairment loss of non-current assets and the recoverability of deferred tax assets. However, we will continue to monitor the situation, because, depending on changes in the situation, it may have an impact on our consolidated financial statements for the following fiscal year and beyond.

(Segment information, etc.)

(Segment information)

1 Summary of reportable segments

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

The Company has three reportable segments: Matching business, Project contracting business and SaaS businesses.

2 Changes to reportable segments

Finalizing a policy of focusing investment on its online matching business centered on CrowdWorks, CrowdTech, BizAsst. and gravior, on October 1, 2019, the Group changed its organizational structure to focus on the matching business. In line with this reorganization, the Group changed its reportable segments from the first quarter of the fiscal year ended September 2020.

Previously the Group maintained five reportable segments: Direct Matching, Agent Matching, Business Solution, Fintech, and Investment Development. The Group decided to unify the matching business portions of the former Direct Matching and Agent Matching into a single operating segment Matching Business; combine the Business Solution segment with the portion of Agent Matching that consists of contracting-related business into project contracting business; change the administrative tools business part of Business Solutions into SaaS Business; three reportable segments and pool Fintech and Investment Development into Other Business.

Segment information for the fiscal year ended September 30, 2019, is prepared and disclosed based on the new reportable segments.

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

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

4 Information on the amount of net sales, profits or losses, assets, liabilities and other items of each reportable segment

For the consolidated fiscal year ended September 30, 2019 (From October 1, 2018 to September 30, 2019)

(Thousand yen)

	Reportable segments				Other (Note 1)	Adjusted amount (Note 2)	Amounts shown on consolidated statement of income
	Matching	Project Contracting	SaaS	Total			
Net sales							
(1) Sales to external customers	5,113,598	3,278,777	55,347	8,447,724	302,089	-	8,749,813
(2) Internal sales or exchange between segments	30,954	2,753	180	33,888	-	(33,888)	-
Total	5,144,552	3,281,531	55,527	8,481,612	302,089	(33,888)	8,749,813
Segment profit (loss)	(11,997)	55,906	(23,425)	20,483	61,424	(33,888)	48,020

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

2. Segment profit (loss) has been adjusted with operating profit (loss) in the consolidated statement of income.

For the consolidated fiscal year ended September 30, 2020 (From October 1, 2019 to September 30, 2020)

(Thousand yen)

	Reportable segments				Other (Note 1)	Adjusted Amount (Note 2)	Amounts shown on consolidated statement of income
	Matching	Project Contracting	SaaS	Total			
Net sales							
(1) Sales to external customers	6,302,964	2,280,574	71,675	8,655,214	73,135	-	8,728,350
(2) Internal sales or exchange between segments	272	2,307	135	2,714	-	(2,714)	-
Total	6,303,236	2,282,881	71,810	8,657,929	73,135	(2,714)	8,728,350
Segment profit (loss)	(249,791)	80,695	(88,780)	(257,877)	(37,767)	(2,714)	(298,359)

Note: 1. The category of “Other” indicates business segments which are not included in reportable segments, and includes Investment Development business, etc.
 2. Segment profit (loss) has been adjusted with operating profit (loss) in the consolidated statement of income.

(Information on impairment loss regarding non-current assets of each reportable segment)

For the consolidated fiscal year ended September 30, 2019 (From October 1, 2018 to September 30, 2019)

	Reportable segments				Other (Note 1)	Adjusted Amount (Note 2)	Amounts shown on consolidated statement of income
	Matching	Project Contracting	SaaS	Total			
Impairment loss	96,440	-	-	96,440	-	-	96,440

For the consolidated fiscal year ended September 30, 2020 (From October 1, 2019 to September 30, 2020)

Not applicable.

(Per Share Information)

The amount of net loss per share and the basis for calculation are as follows:

Item	Fiscal Year Ended September 30, 2019 (October 1, 2018 to September 30, 2019)	Fiscal Year Ended September 30, 2020 (October 1, 2019 to September 30, 2020)
(1) Net loss per share (yen)	(8.63)	(3.51)
(Basis for calculation)		
Loss attributable to owners of parent (thousand yen)	(127,604)	(53,347)
Amount not attributable to common shareholders (thousand yen)	—	—
Loss attributable to owners of parent relating to common stock (thousand yen)	(127,604)	(53,347)
Average number of shares of common stock outstanding during the fiscal year (shares)	14,793,011	15,218,184
A description of potentially dilutive shares not included in the calculation of diluted profit per share in the absence of anti-dilutive effect, of which there have been significant changes from the end of the previous fiscal year.		
(2) Diluted profit per share	—	—
(Basis for calculation)		
Adjusted profit attributable to owners of parent (thousand yen)	—	—
Increased number of shares of common stock (shares)	—	—
A description of potentially dilutive shares not included in the calculation of diluted profit per share in the absence of anti-dilutive effect, of which there have been significant changes from the end of the previous fiscal year.	—	—

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

(Material subsequent events)

Not applicable.