



Mr. Keisuke Hara (Worker)

Works as a freelance product manager for a major listed company

"I was able to get involved in a Tokyo-based project while trying out telecommuting from Biei Hokkaido. I'm grateful for having this remote project that lets me work while retaining the freedom of being a freelancer. I'd like to keep working in a way that isn't bound by location."



"Workstyle Revolution"

Securities code: TSE Mothers 3900

CrowdWorks, Inc. Financial Results for the First Half of the Fiscal Year Ending Sept. 30, 2021

(from Oct. 2020. to Mar. 2021)



Ms. Anna Murashima (Worker)

Mentoring at Crowd College while working as a writer and editor

My career as a writer started at CrowdWorks. I am where I am today because there was a place where I could challenge myself even with no experience. I would like to continue to support students who want to challenge themselves.

- Matching Business gross profit was 16.7million yen, grew by 23.3% YoY. Operating profit reached a record high of 380 million yen
- Company-wide operating profit was 290 million yen in the first half, up 200 million yen from the forecast.
- Company-wide operating profit forecast revised upward from 100 million yen to 300 million yen

- All indicators are showing steady progress, over 50% toward forecasts, both for the entire company and per segment
- Further progress in productivity projects that have been underway since the previous fiscal year. Gross profit per employee has improved 1.9x from the previous fiscal year*

* Improvement in Q2 FY2021 vs. Q1 FY2020

Business Overview / Vision / Business Strengths

We operate a new kind of online talent matching platform, developed inhouse, connecting companies with individuals and allowing them to order work directly.



720,000

Client Companies

- Access to human resources with the right skills/track record
- Requests can be made as needed, when needed
- No additional fee for job requests

Crowd
Works

“CrowdWorks”

Job request

Matching directly connects both parties

Job operation/delivery



4,430,000

Crowd Workers

- Access to jobs fitting own skills/situation
- Work flexibility according to your lifestyle
- Assistance can be given to make contracts and get paid

VISION / To Build Japan's Largest Online Working Infrastructure

Based on the vision to become the world's biggest platform that provides the largest amount of monetary rewards through the Internet, CrowdWorks aims first **to build Japan's largest online working infrastructure**

By maximizing the total contract value, CrowdWorks gives monetary rewards to the largest number of people in the country

Image of Japan's largest online working infrastructure

**Total contract value
conversion: \$20.6 billion**

(2.24 trillion yen)

FY 2020
Total contract value:
\$138.0M
(15.20 billion yen)



Remuneration amount
11.9 billion yen



Japan's largest remuneration amount target
400,000 people X average annual income \$40.1 K
(4.41 million yen)

\$17B

(1.74 trillion yen)

Employee number ranking *Reference: Yahoo Finance as of February 10, 2021

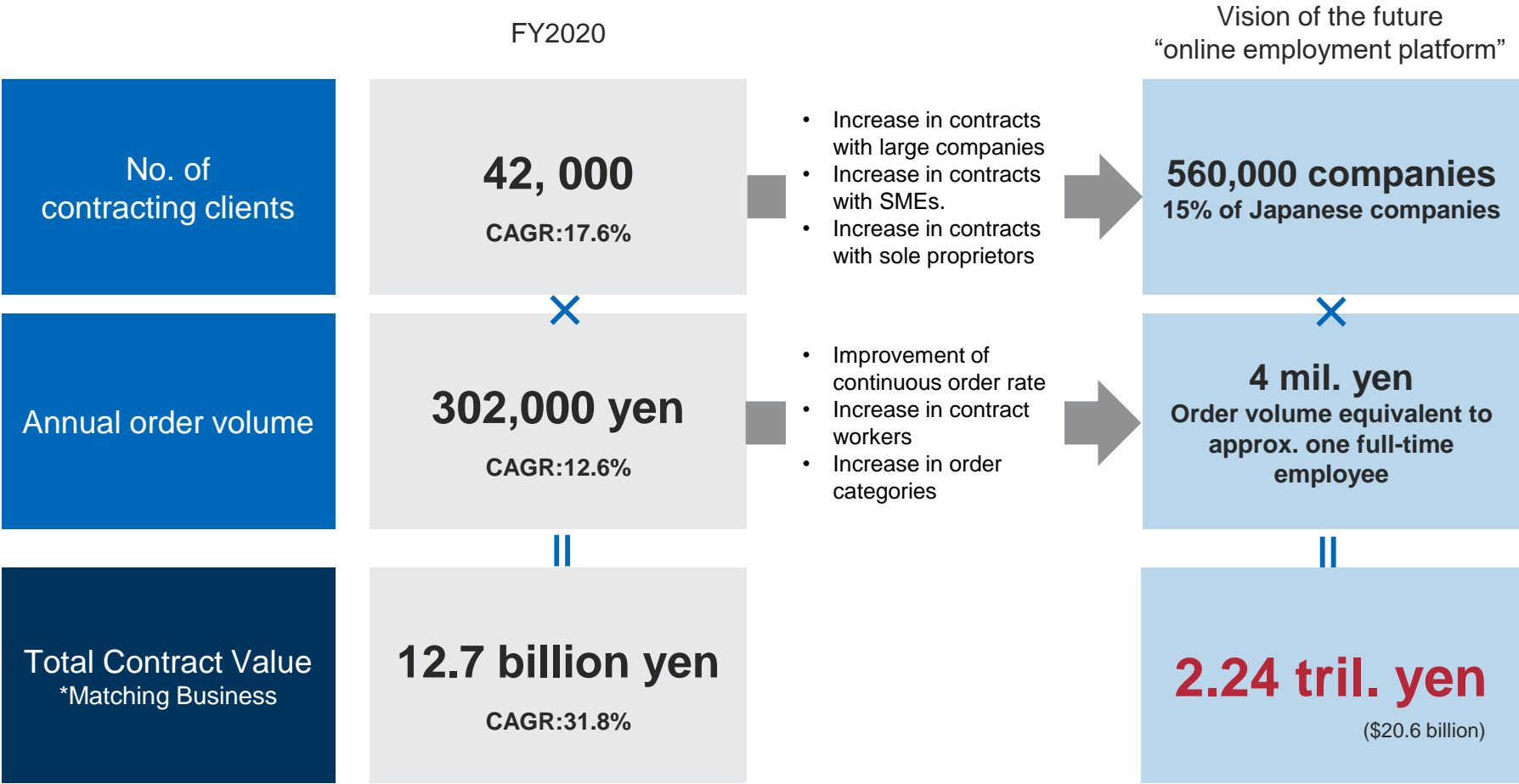
1. **Toyota 359,000 people**, 2. Nippon Telegraph and Telephone (NTT) 328,000 people, 3. Hitachi 313,000 people

* Source: National Tax Agency, "Results of the Survey on the Actual Status of Private Salary for 2020"

* The dollar notation is expressed as 1 dollar = 110 yen.

Immense Market Growth Potential (Client Side)

Immense, ever-expanding growth potential from more utilization of online talent

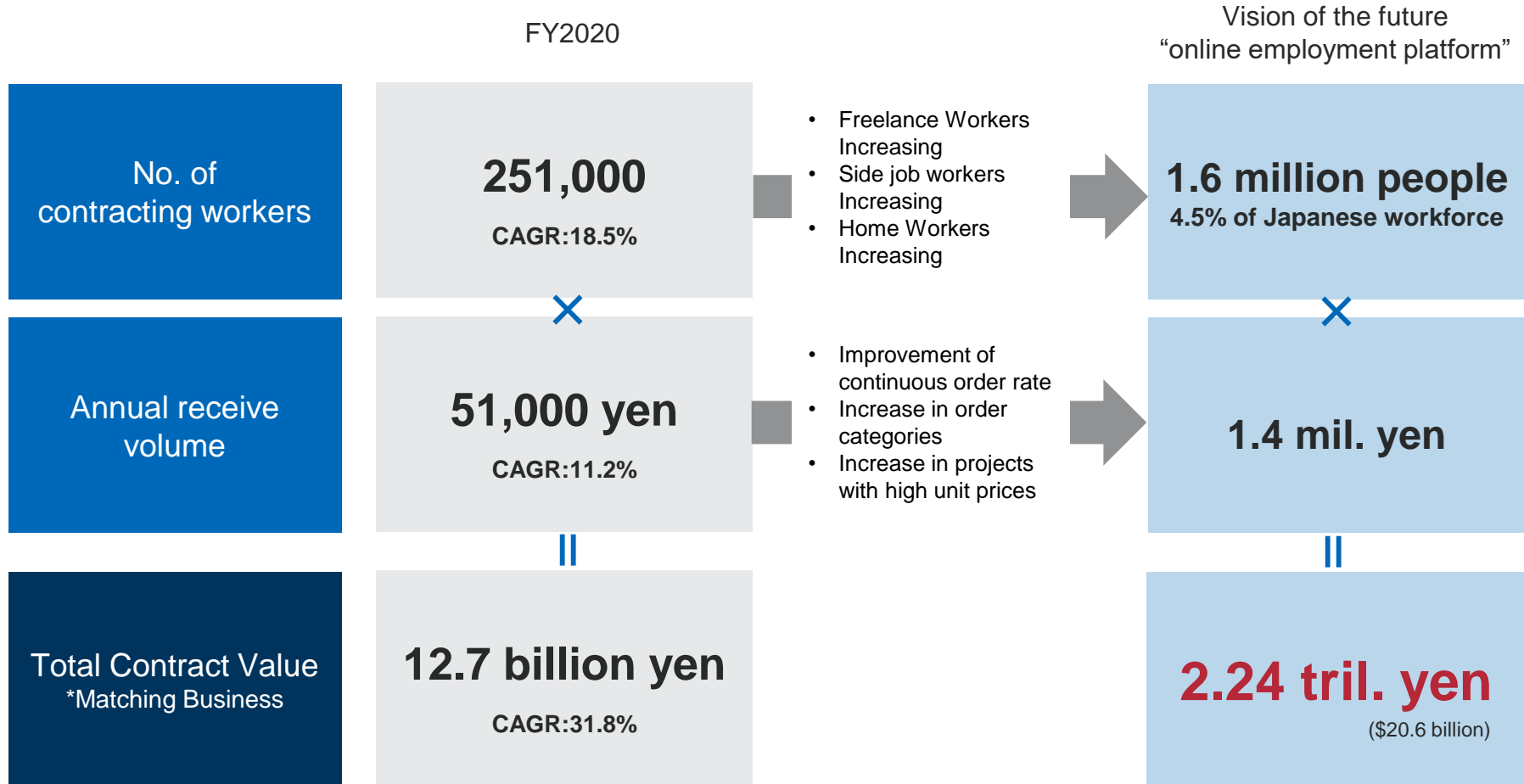


* CAGR: Average annual growth rate over the past three years from FY09/17 to FY09/2020

The dollar notation is expressed as 1 dollar = 110 yen.

Immense Market Growth Potential (Worker Side)

Immense, ever-expanding growth potential from more utilization of online talent



* CAGR: Average annual growth rate over the past three years from FY09/17 to FY09/2020

The dollar notation is expressed as 1 dollar = 110 yen.


1) Investment efficiency: Sound Unit Economics with 240% ROI in Two Years

LTV significantly exceeded client acquisition costs (including paid advertising and sales labor costs)
Acquisition cost recovered in 11 months, investment recovery rate is 240% over two years, that is +20% improvement from FY2019.

Achieved high investment efficiency in matching using the platform infrastructure

Matching Business unit economics

KPI	Definition	FY2019	FY2020
Average total contract value per client (over two years)	Average total contract value generated by one client in two years after acquisition	133,661 yen	148,874 yen
Take rate	Commission rate for total contract value	20.4%	21.5%
LTV (over two years)	Average gross profit generated by one client in two years after acquisition	27,267 yen	32,008 yen
CAC	Acquisition cost for one client (Advertising cost + sales cost)	13,457 yen	13,357 yen
Return on investment (ROI)	Rate of return vs. acquisition cost (LTV/CAC)	202%	240%


Improvement of +20%

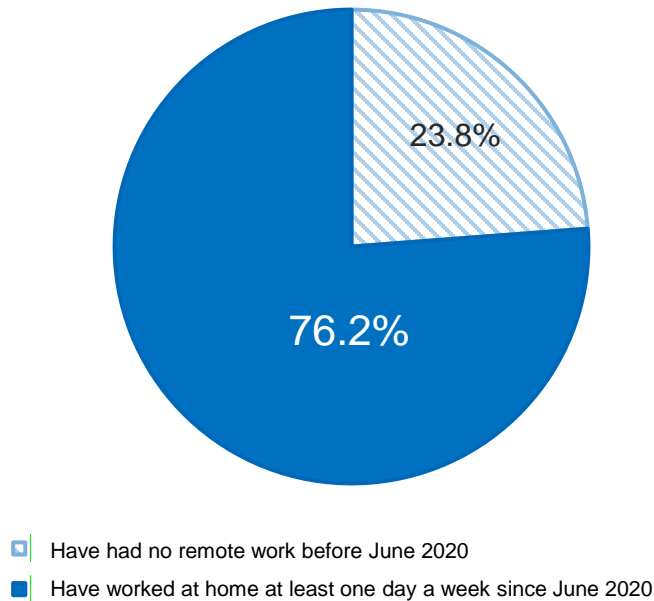
* Above figures are based on calculations of acquisition efficiency based on a two-year period for clients contracted from acquisition through either advertising or sales.

* Clients will continue use after two years; however, amounts incurred after this period are not included.

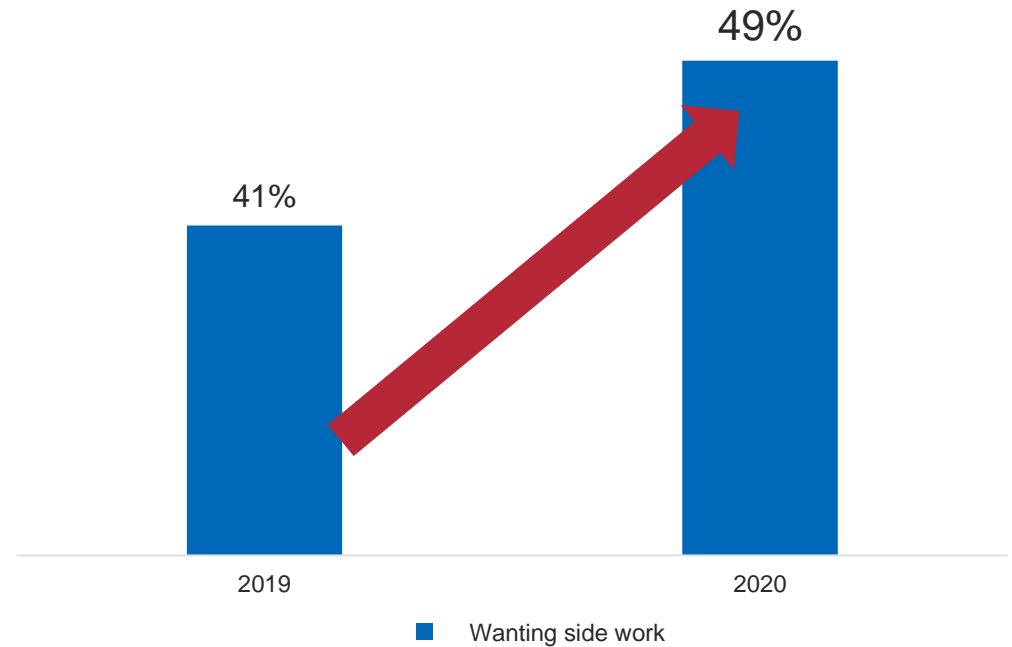
2) Business environment: Spread of Remote Work / Expanded Side Work Market

Remote work has become entrenched, with work styles shifting away from reliance on regular employees and office work. More people are desiring side work, with others wanting to incorporate work styles not bound by location, time, or employment type

76% of companies are still working remotely
Barriers falling to online work



Share of people wanting side work rises to nearly 50%
Side work market offers high growth potential

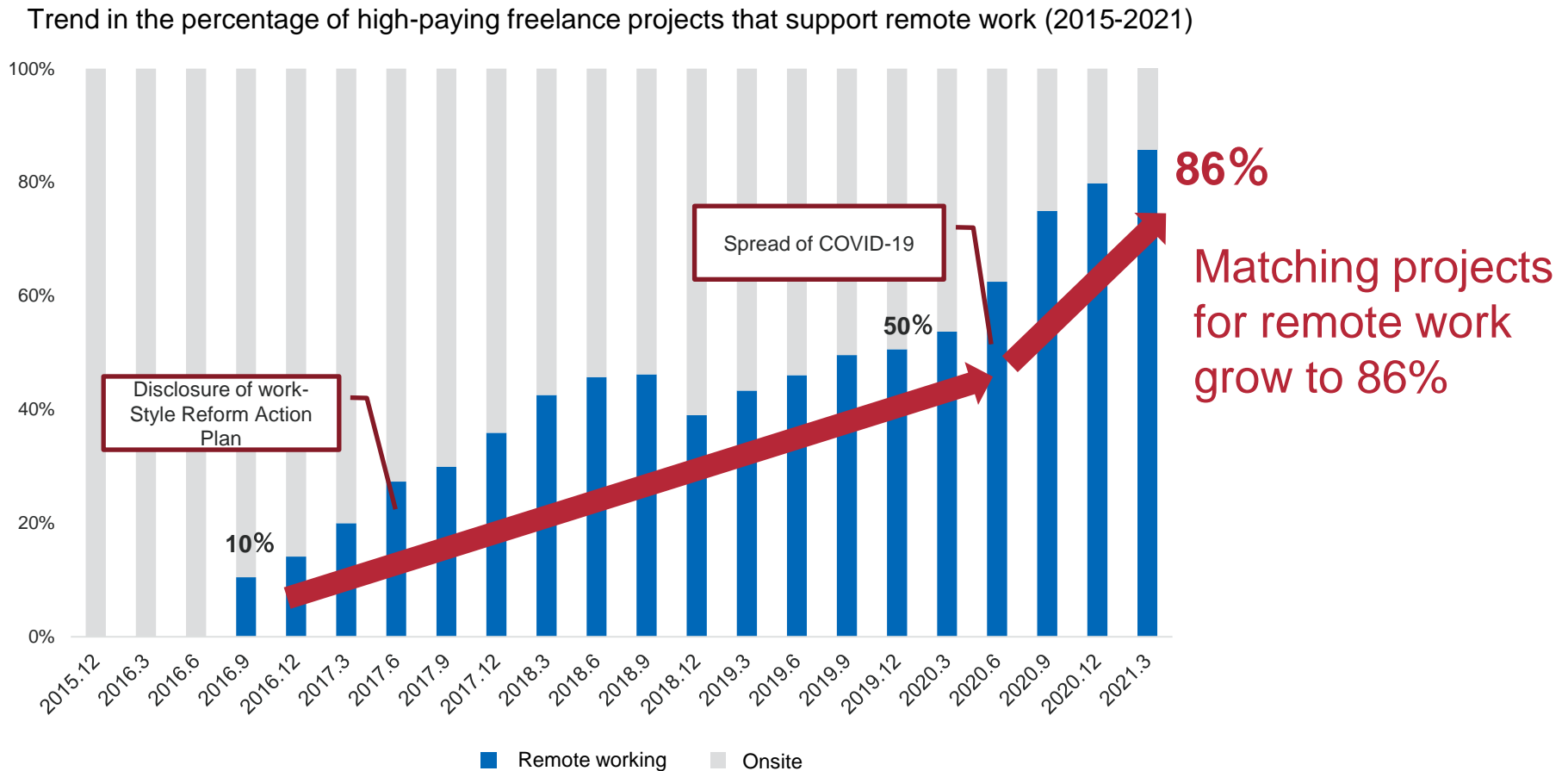


* Source: Drafted by CrowdWorks based on Pasona Institute, "Survey on Work Styles Post-COVID" (2020.12.01)

* Source: Drafted by CrowdWorks based on en Japan Inc., "10,000 Respondents! Side Work Field Survey: en Tenshoku User Survey," "6,000 Respondents! Side Work Field Survey: en Tenshoku User Survey"

2) Business environment: Spread of remote work: 86% of projects are remote work

86% of high-paying freelance projects issued through CrowdWorks services are remote work. This trend is expected to continue post-COVID as well

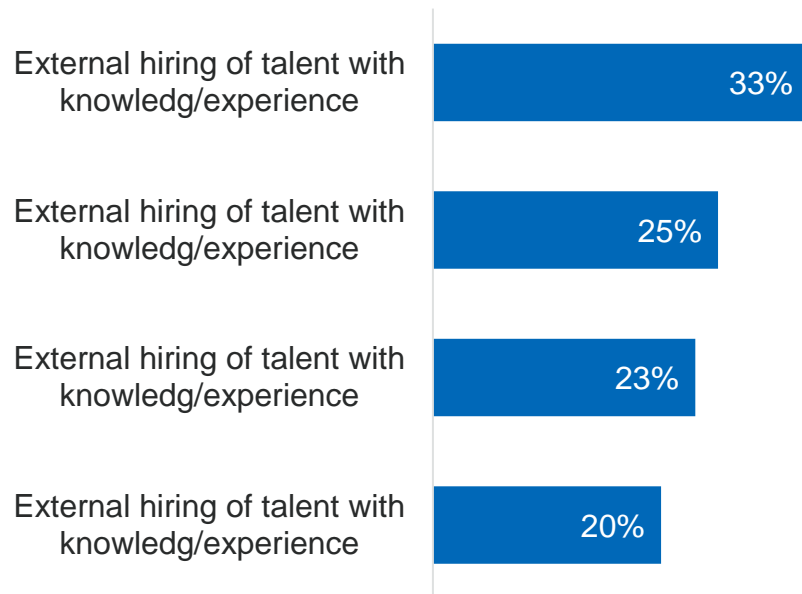


2) Business environment: Expansion of the sideline business market: Accelerating demand for external human resources

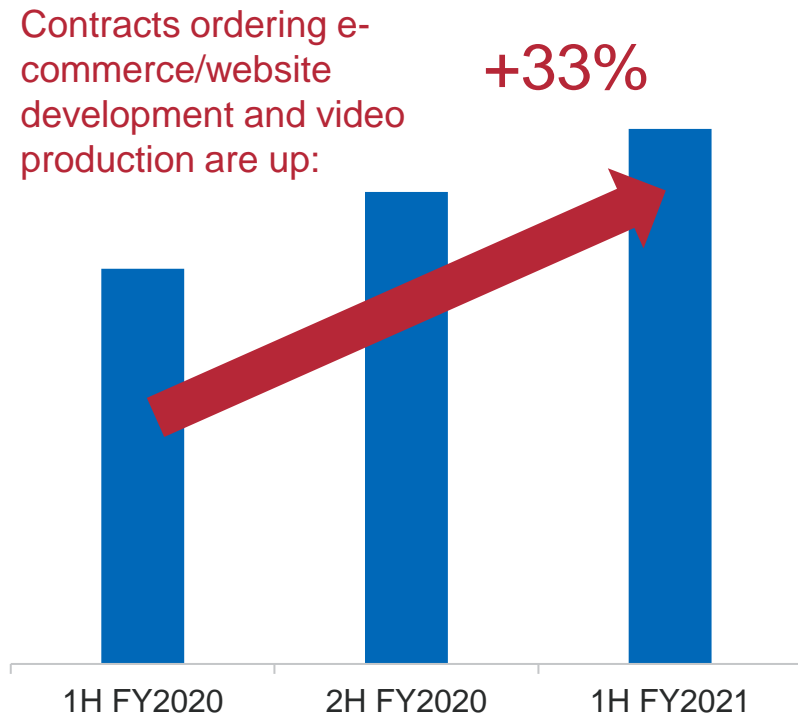
Coexisting with COVID-19 drives accelerating shift to digital work, leading to changing company approaches to talent procurement. The use of CrowdWorks is expanding as the search for external talent accelerates.

Barriers to shifting to digital is insufficient talent with technology skills

Talent issues in shifting to digital
(n=1474)

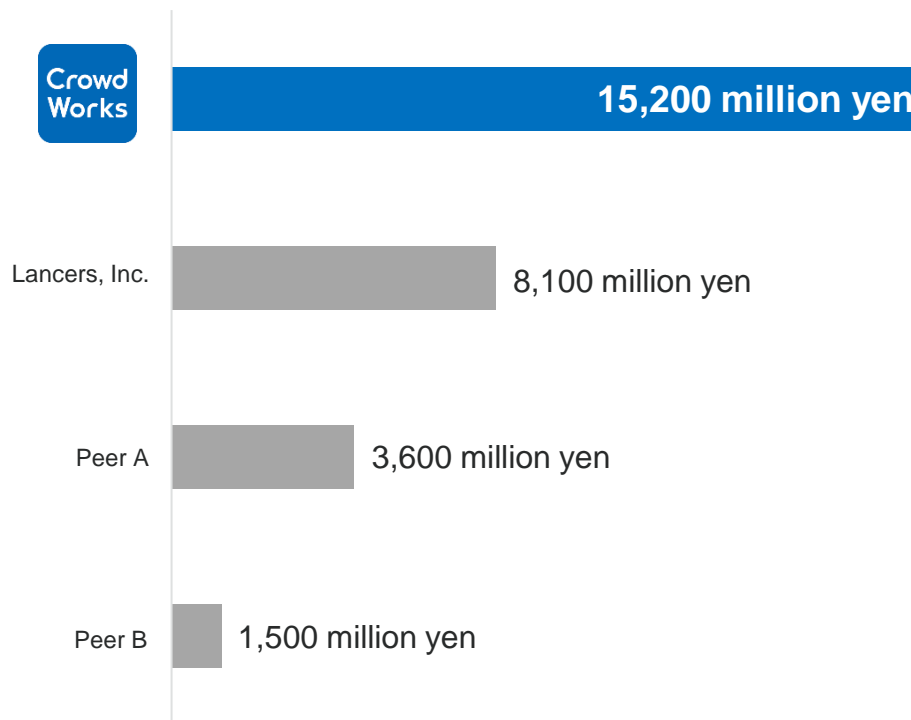


Expansion in talent outsourcing from development/design project orders



* Source: Drafted by CrowdWorks based on Dentsu Digital Inc., "Digital Transformation Survey of Japanese Companies 2020 Edition" (2020.12.18)

CrowdWorks is the **Number One**
online talent matching platform in the industry



* Compared with similar companies' public information(Figures to be announced as of November 2020)

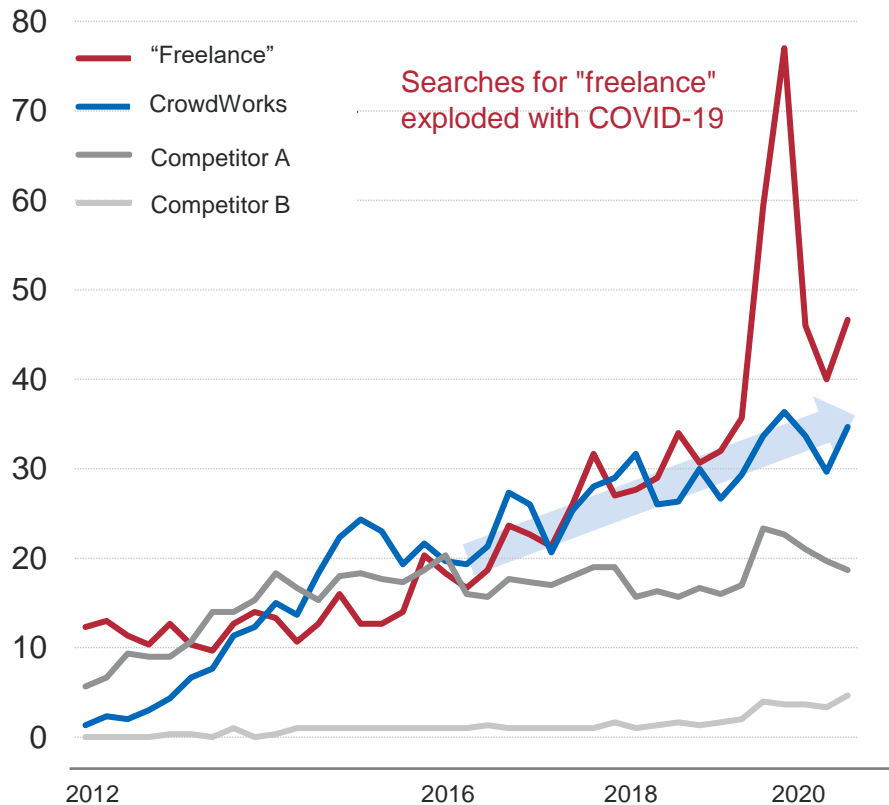
3) Brand strength: Overwhelming recognition and intention to use

"CrowdWorks" search trends grow explosively alongside "freelance," with CW overwhelmingly beating the competition

CrowdWorks holds the #1 position in the industry for crowdsourcing usage rate / intention surveys

Changes in keyword searching trends

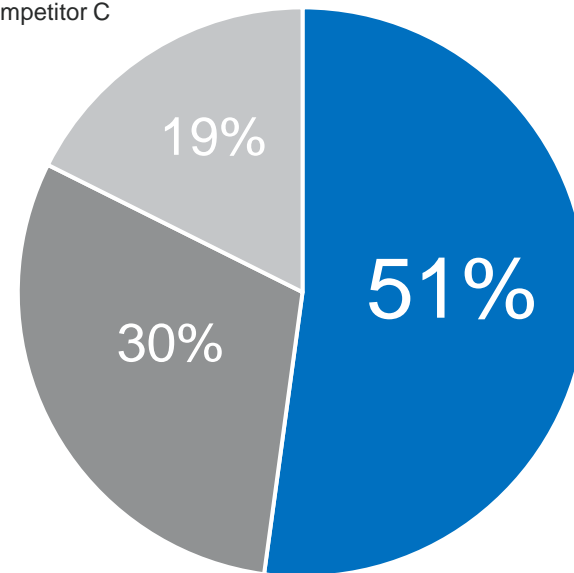
(Popularity by keyword)



* Source: Keyword trend survey using Google Trends

Crowdsourcing usage rates and intention survey

■ CrowdWorks
■ Competitor A
■ Competitor C



* Source: Web survey related to crowdsourcing using. (According to our survey in August 2020)
The percentage of respondents who have used the service in the past year and intend to use it next time



FY2021 Management Policy

Three-Year Effort to Generate Profit via Productivity Improvement

Halfway through the three-year plan, we have reached the turnaround point. The foundation for improving investment efficiency has been laid, and the remaining 1.5 years will be used to move from hypothesis and implementation of reinvestment to its policy formulation.

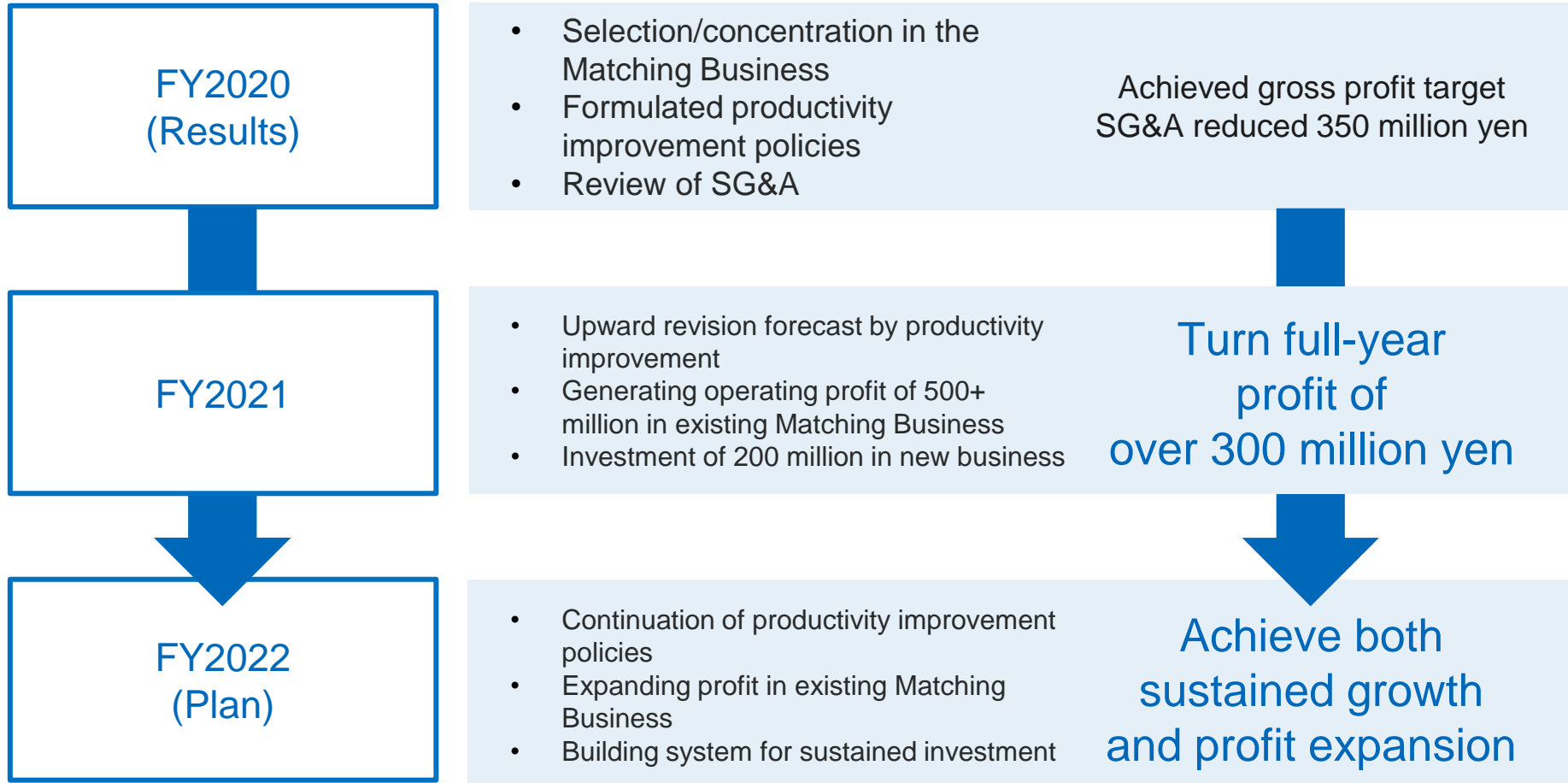
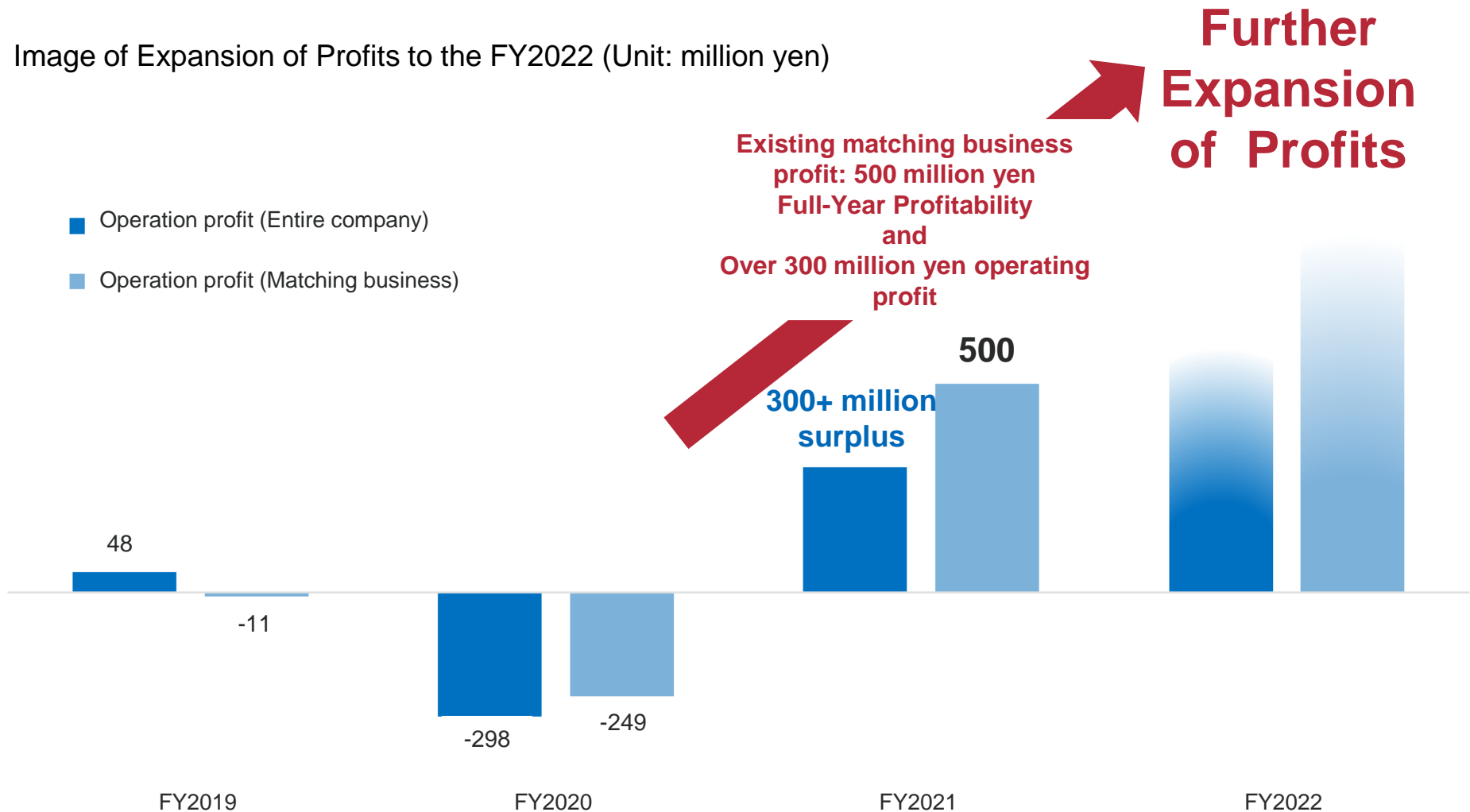


Image of Expansion of Profits to the FY2022 (Unit: million yen)



Taking productivity improvement initiatives and presenting them company-wide each week, promoting application in other divisions. Ongoing initiatives for building expertise to improve gross profit and optimizing costs

Productivity improvement project impact reported at weekly company-wide morning assembly (excerpted presentations below)

The image shows three overlapping screenshots of productivity improvement pitch presentations, each marked with a red circle containing the letter 'A' in the top right corner.

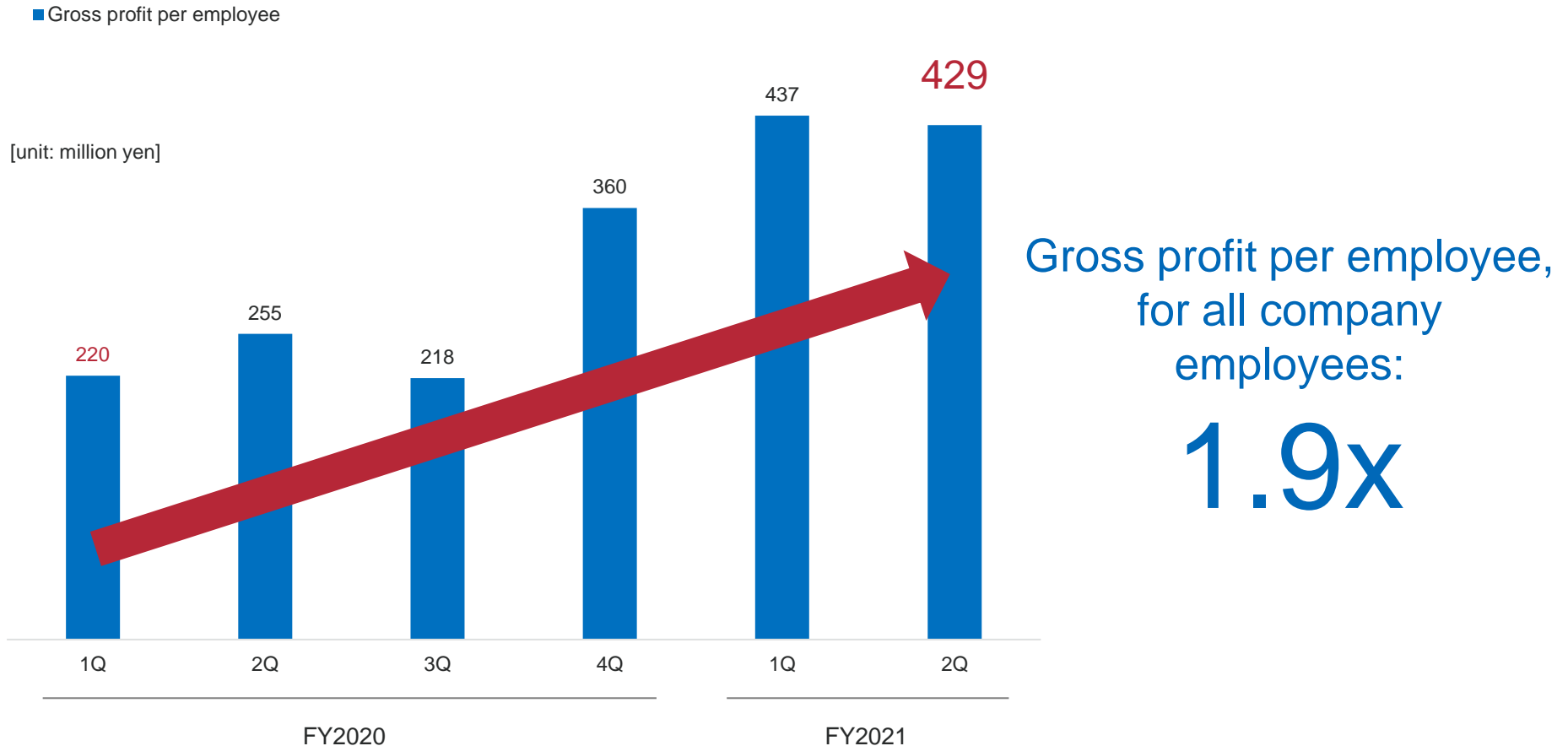
- Top Slide: 生産性向上ピッチ A**
Reduced man-hours by 36.2% by organizing the purpose and reviewing the method of case introduction
クラウドテック事業部 サポート部キャリアアドバイザーチーム
- Middle Slide: 生産性向上ピッチ (M-PIP) A**
Improving Paid CAC by reducing man-hours and improving the case decision rate through the use of automatic schedule adjustment tools and email.
- Bottom Slide: 生産性向上ピッチ (E-PIP) A**
Reduce maintenance man-hours and improve development efficiency by removing low value features.
プロダクト本部 プロダクト開発部 プラットフォーム開発1G・2G 維持チーム・Impromチーム

2021/03/22

1H FY2021:
50+ Improvement
Actions Taken

Productivity per Employee Improves to 1.9x

Gross profit per employee increases to 1.9x as a result of initiatives to improve productivity



* "All company employees" = Core employees + contract employees + part-time workers (excludes officers)

1H FY2021 Results/KPI : Summary

1H FY2021 Segment Performance Highlights

With the Project Contracting Business sold in the previous fiscal year, we have continued to focus on the Matching Business and new businesses as with Q1. **Growth in the Matching Business exceeded forecasts, with gross profit up 23.3% and operating profit turning a profit of 383 million yen. Progress versus forecasts is over 50%**

	Matching Business			SaaS Business/ Other New Business		Project Contracting Business
	Results	YoY	Vs. full-year forecast	Results	Vs. full-year forecast	Results
Total contract value	7,513 million yen	+19.8%	53.7 to 56.0%	40 million yen	68.9%	Sold in FY2020
Net sales	3,735 million yen	+19.6%	50.2 to 53.9%	40 million yen	68.9%	
Gross profit	1,671 million yen	+23.3%	52.8 to 55.2%	40 million yen	96.5%	
Operating profit	383 million yen	+455 million yen		-90 million yen		

* Business results by segment include offsetting transactions between consolidated companies.

* In compliance with financial statement regulations, actual figures are rounded down to the nearest 10 million yen.

1H FY2021 Performance Highlights (Entire Company)

Steady progress against earnings forecasts in total contract value, net sales, and gross profit.
Operating profit reached a record high of 289 million yen

		Year-on-year	Progress toward full-year performance outlook
Total contract value	: 7,562 million yen	-6.0%	53.8% to 56.1%
Net sales	: 3,783 million yen	-22.6%	50.4% to 54.0%
Gross profit	: 1,719 million yen	-4.6%	53.5% to 55.9%
Operating profit	: 289 million yen	+304 mil.yen	Over 200 million yen in excess of initial forecast

	Summary	Self Evaluation
Entire Company	<ul style="list-style-type: none"> Total contract value, net sales, and gross profit all rose to a level exceeding earnings forecasts, steadily increasing to 50%+ progress against full-year budget Succeeded in optimizing SG&A expenses through the productivity improvement project while increasing gross profit, with operating profit at 289 million yen In light of the steady progress in the first half, we have revised the full-year operating profit forecast (from 100 million yen to 300 million yen). 	Great
Matching Business	<ul style="list-style-type: none"> Total contract value and net sales are up by about 20% YoY, with gross profit up by 23.3% YoY Despite ongoing investment in web advertising, turned an operating profit of 383 million yen Take rate improved +0.6% YoY to 22.2% 	Great
SaaS Business	<ul style="list-style-type: none"> Total contract value and net sales achieved 68% of full-year forecast, with gross profit at 96% SaaS CrowdLog, a workload management system, continues to see increasing contracts, ARR exceeded 100 million yen 	Great

1H FY2021 Performance of Individual Segments

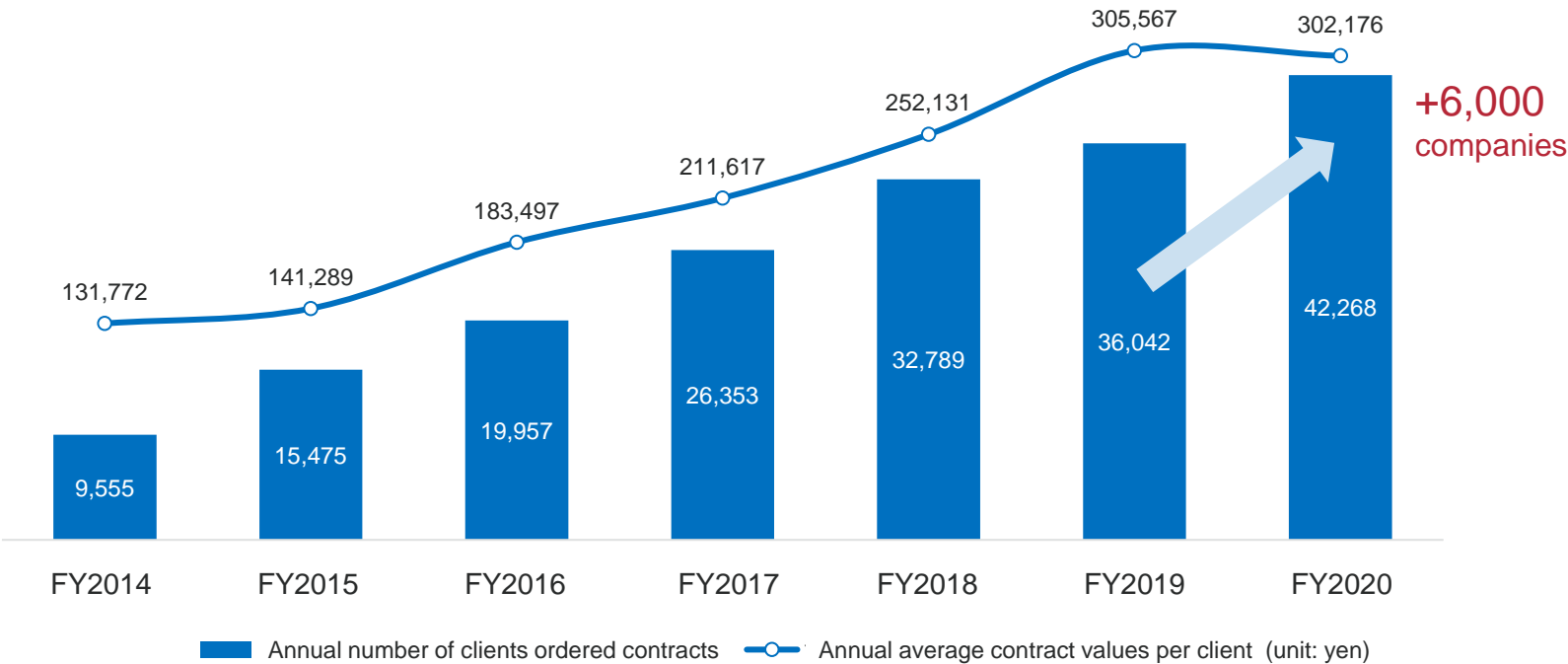
Our core Matching Business's take rate improved by 0.6%.
Gross profit growth of +23.3% YoY.

Segments	Total Contract Value		Take Rate		Gross Profit
Matching Business	7,513 million yen (Year-on-year +19.8%)	×	22.2% (Year-on-year +0.6%)	=	1,671 million yen (Year-on-year +23.3%)
SaaS Business/ Other New Business	48 million yen	×	100.0%	=	48 million yen
Total	7,562 million yen	×	22.7%	=	1,719 million yen

* Take rate: Gross profit divided by total contract value. Ratio (%) of added value (gross profit) created from total contract value handled by the Company

Matching Business: Client KPI FY2020 Results

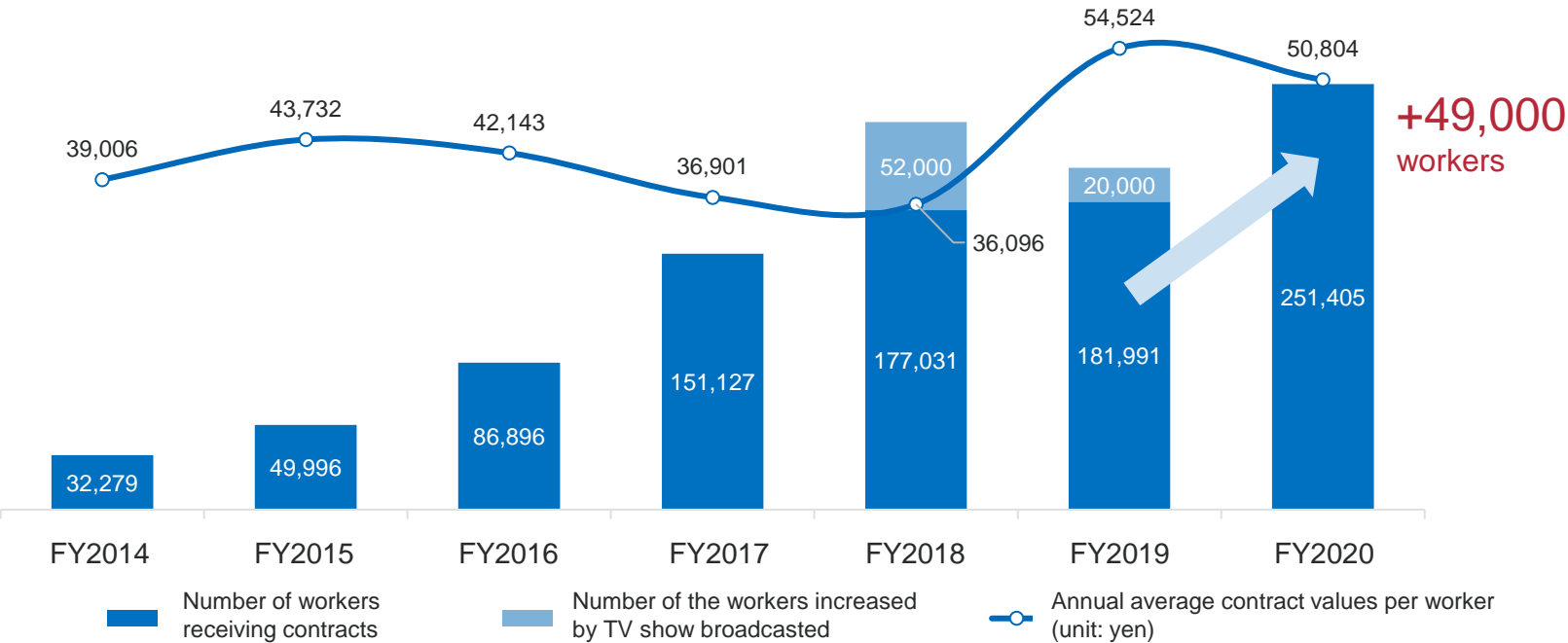
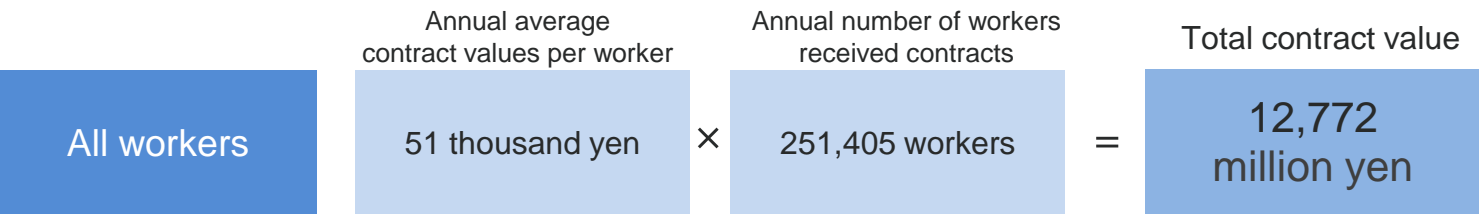
Despite the COVID-19 pandemic, average contract values maintained last year's levels, with +17.3% increase in the number of clients ordering contracts



* Figures for client KPI have been revised to reflect a change in the Company's business segments.

Matching Business: Worker KPI FY2020 Results

Growth in side job and freelancing during the COVID-19 pandemic led to a **49 thousand worker growth in workers taking contracts**



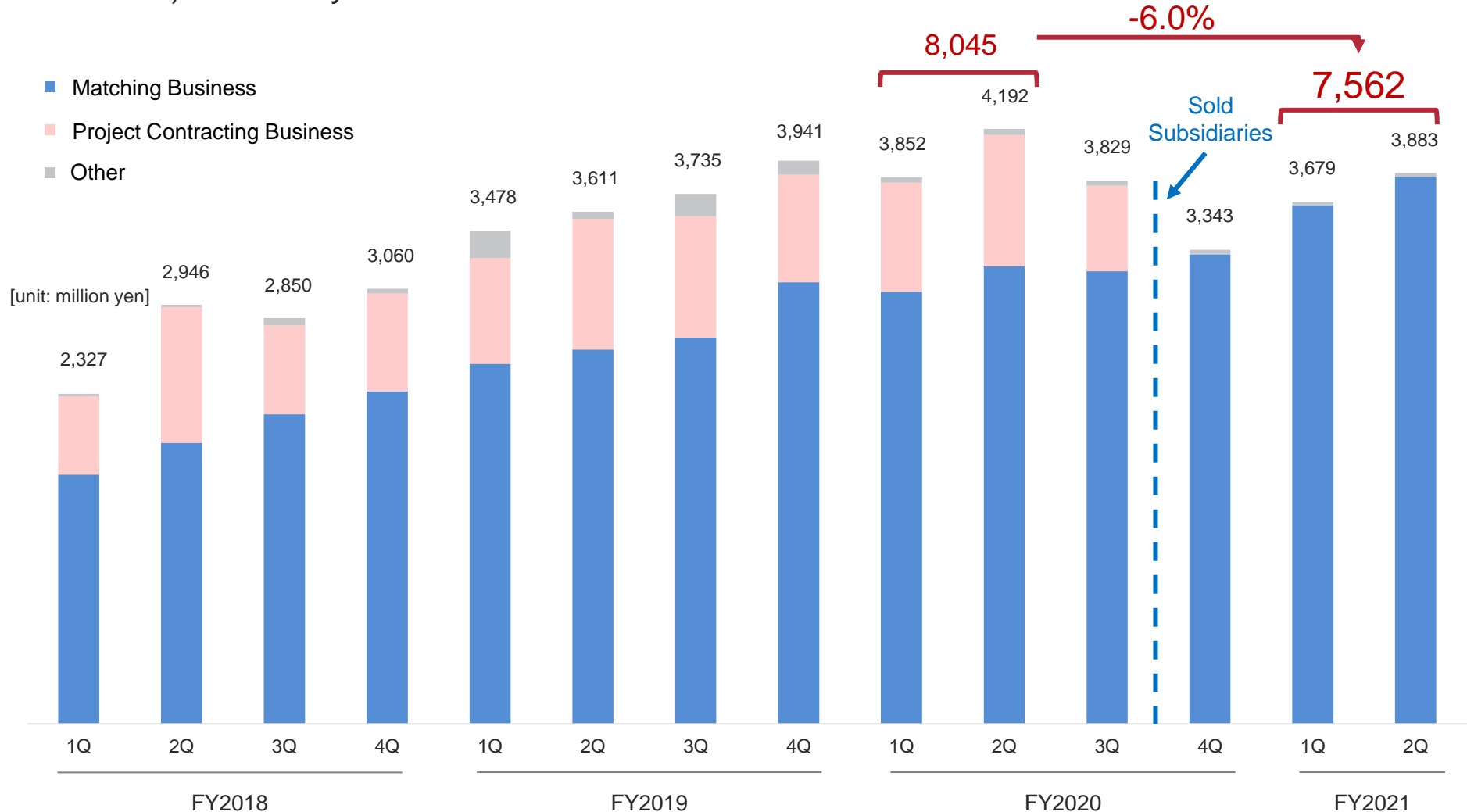
* Figures for worker KPI have been revised to reflect a change in the Company's business segments.



1H FY2021 Results: Detail

Entire Company: Total contract value

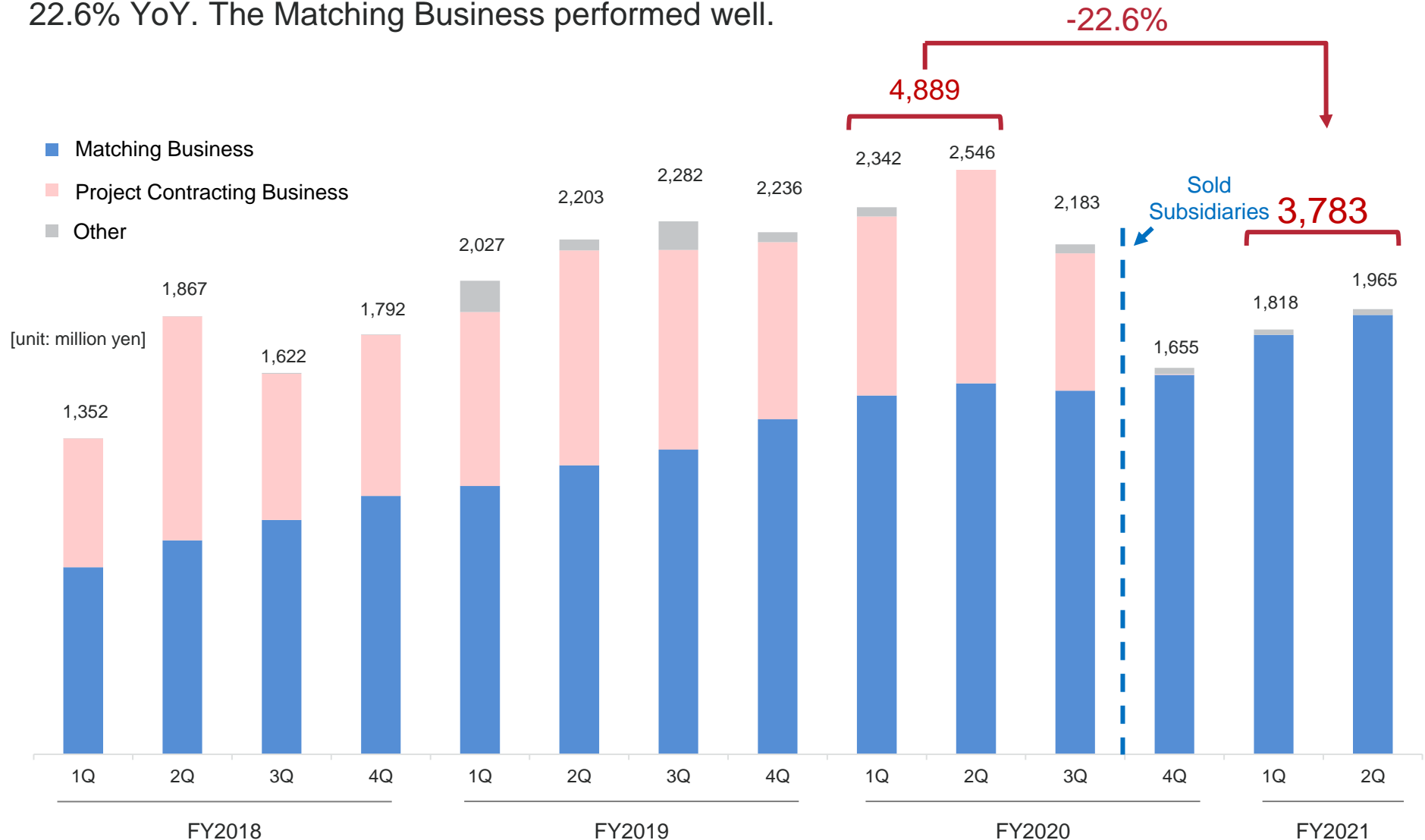
Despite negative YoY growth from impact of sale of the Project Contracting Business, high growth from the mainstay Matching Business contributed to reduced loss versus initial forecasts (-19.7% to -17.4%). Year-on-year is -6.0%.



* Other: "SaaS business" + "Other new businesses" from FY2021

Entire Company: Net Sales

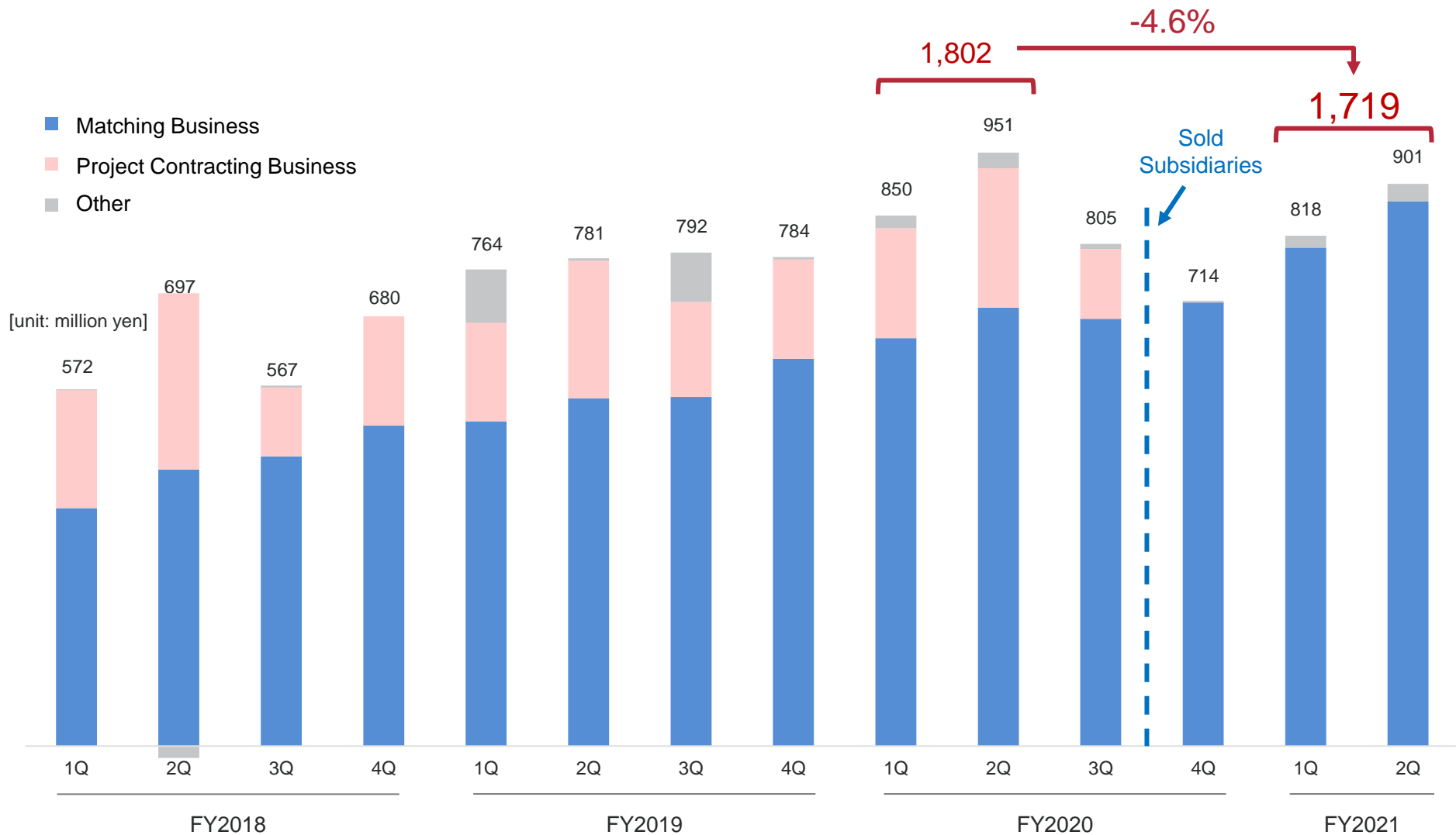
Impact from sale of the Project Contracting Business resulted in company-wide net sales down 22.6% YoY. The Matching Business performed well.



* Other: "SaaS business" + "Other new businesses" from FY2021

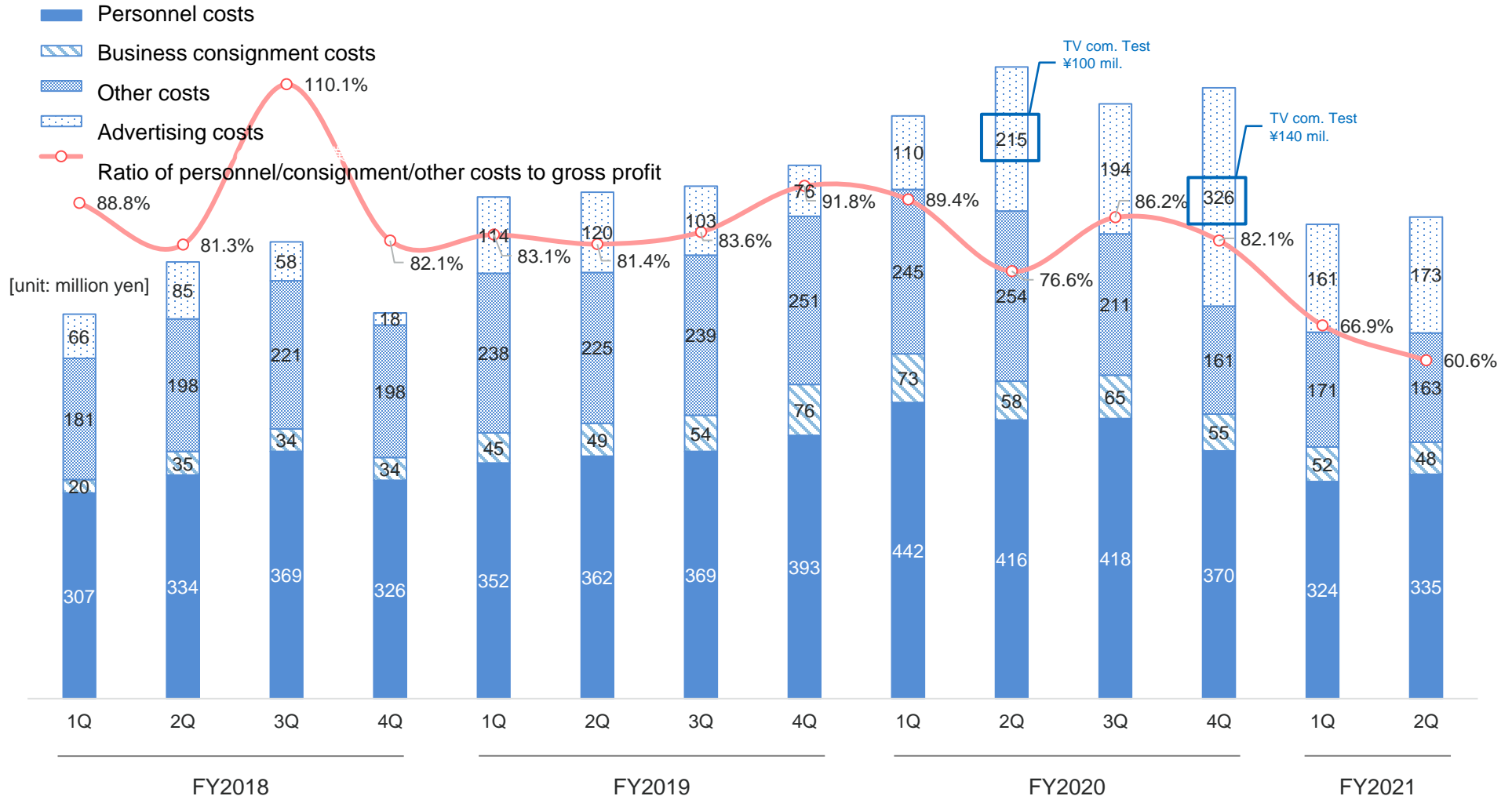
Entire Company: Gross profit

Gross profit was -4.6% YoY, greatly exceeded the disclosed forecast.



* Other: "SaaS business" + "Other new businesses" from FY2021

Substantial improvements in SG&A expenses per gross profit while continuing to invest in web advertising

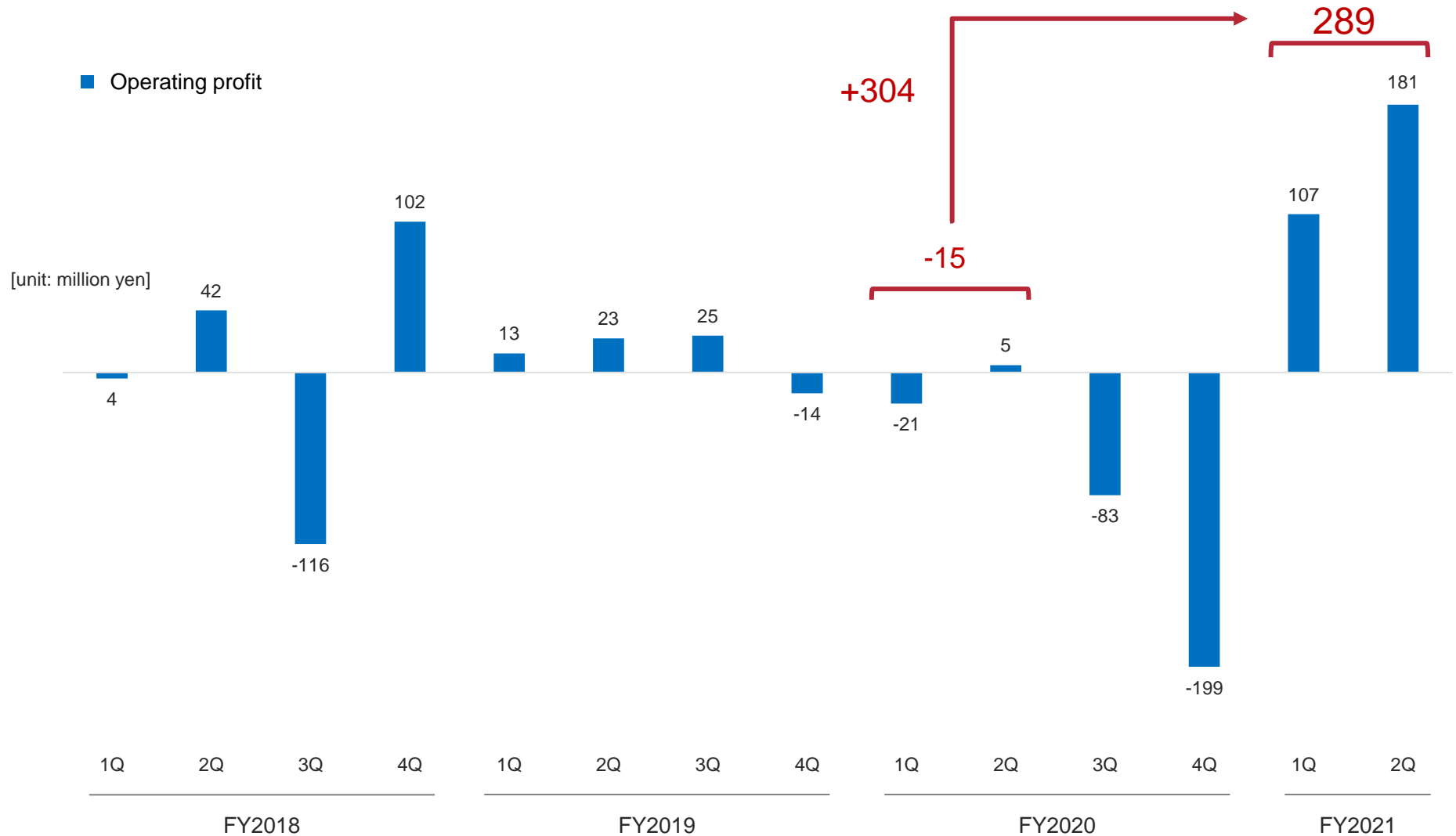


* Starting this fiscal year, new hiring and education expenses are aggregated into labor costs. Past values are shown with this recalculation in effect.

* Other costs include rent for land, expenses for communication lines, settlement fees, payment fees, taxes and public dues, depreciation, and amortization of goodwill.

Entire Company: Operating profit

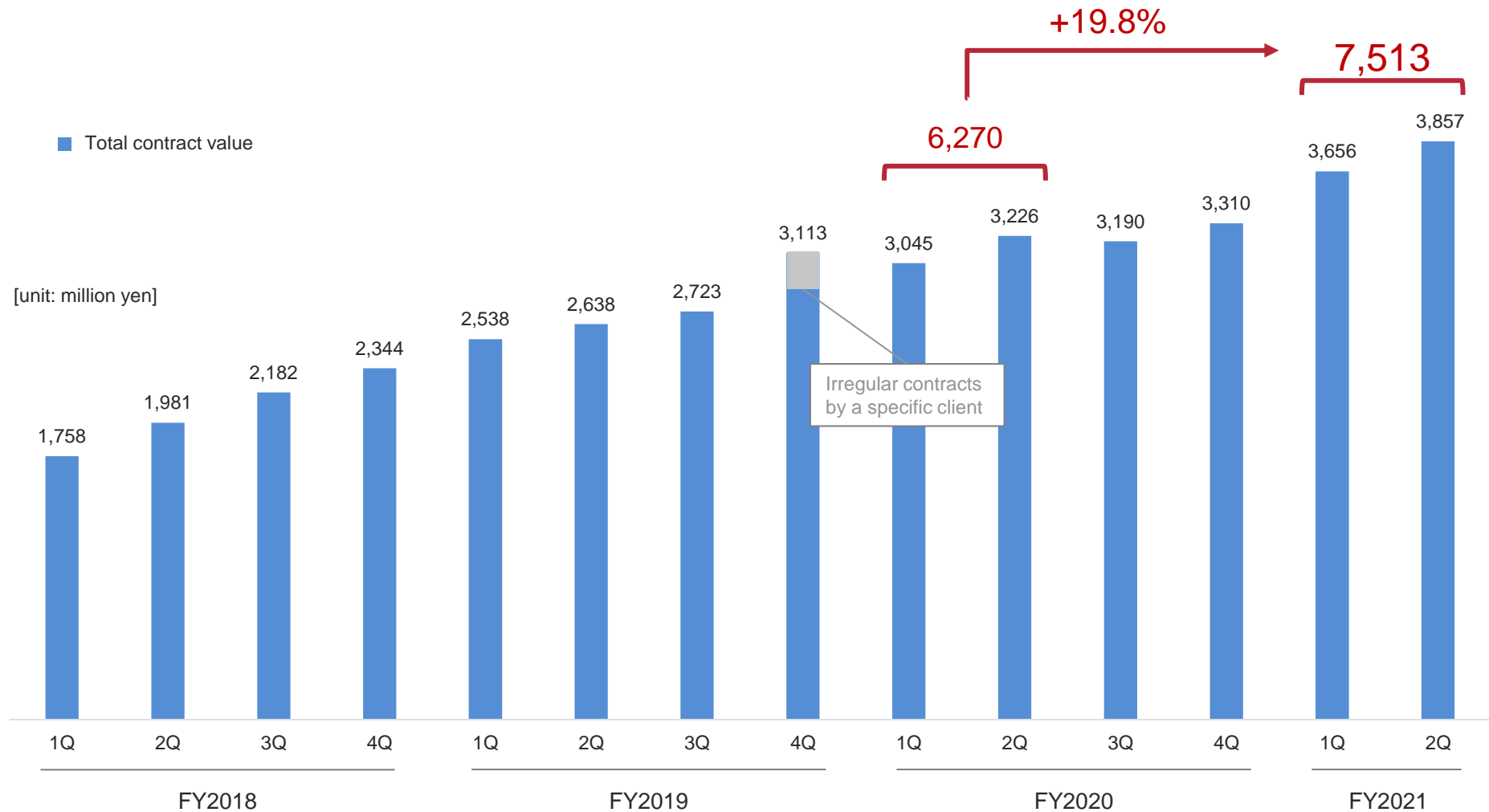
Productivity improvement policies ongoing from the previous fiscal year have been successful, reaching a record high operating profit of 289 million yen. Continuing investments in the Matching Business and new businesses



Matching Business: Detailed Results for 1H FY2021

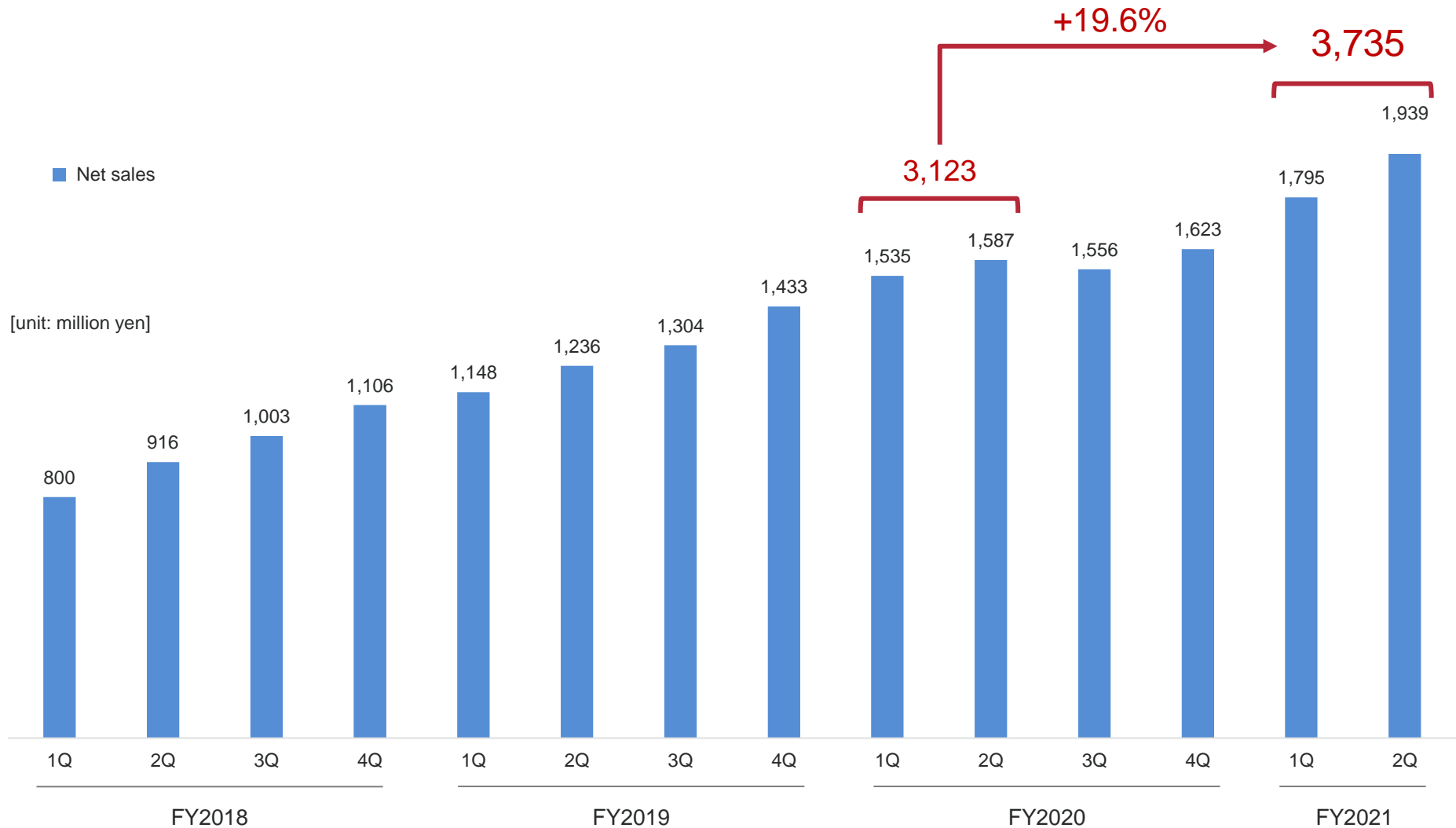
Matching Business: Total Contract Value

Growth in total contract value for the Matching Business exceeded initial forecasts, up 19.8% YoY



Matching Business: Net Sales

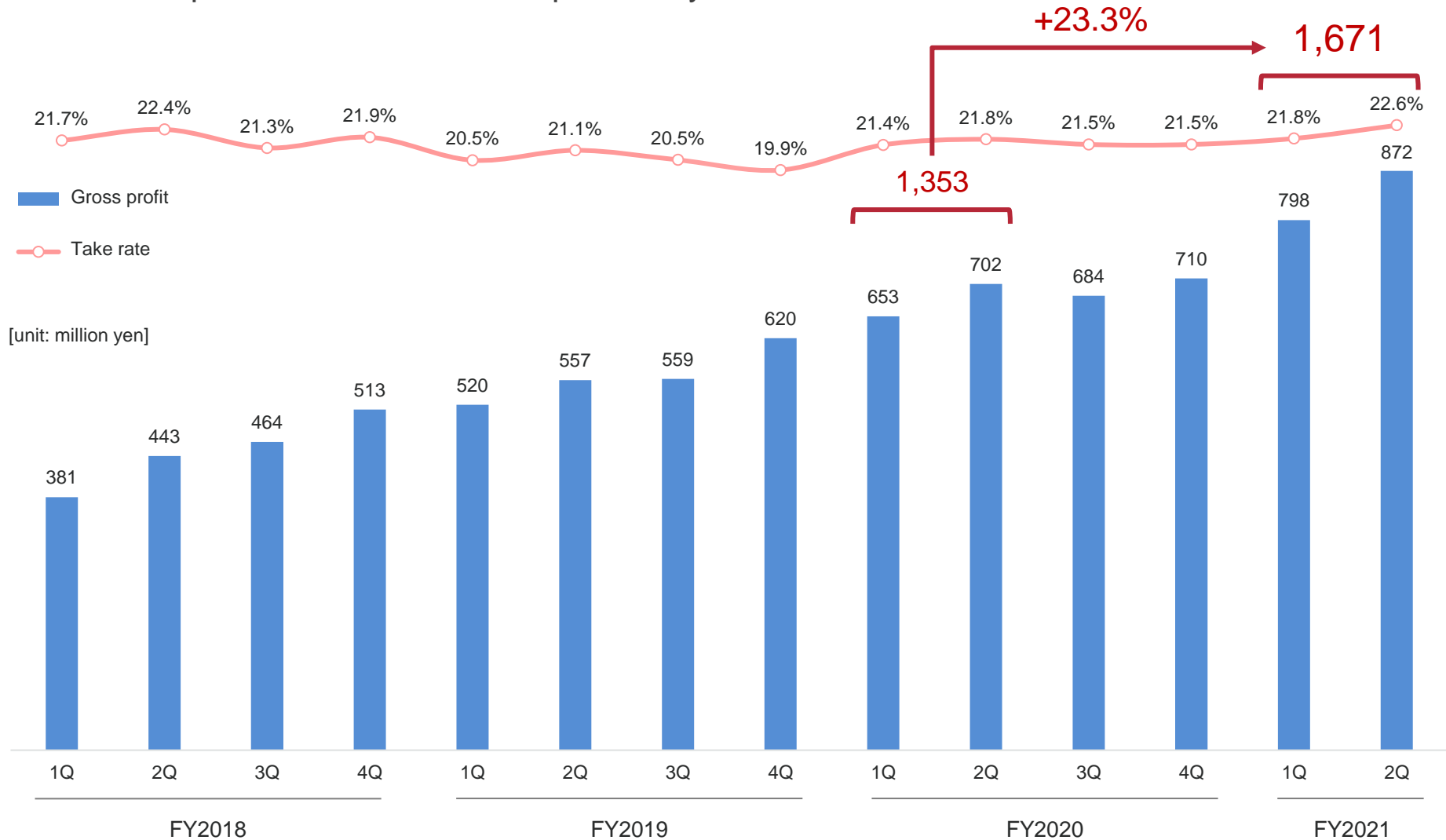
Net sales also trended strong in the Matching Business, up 19.6% YoY



Matching Business: Gross Profit, Take Rate

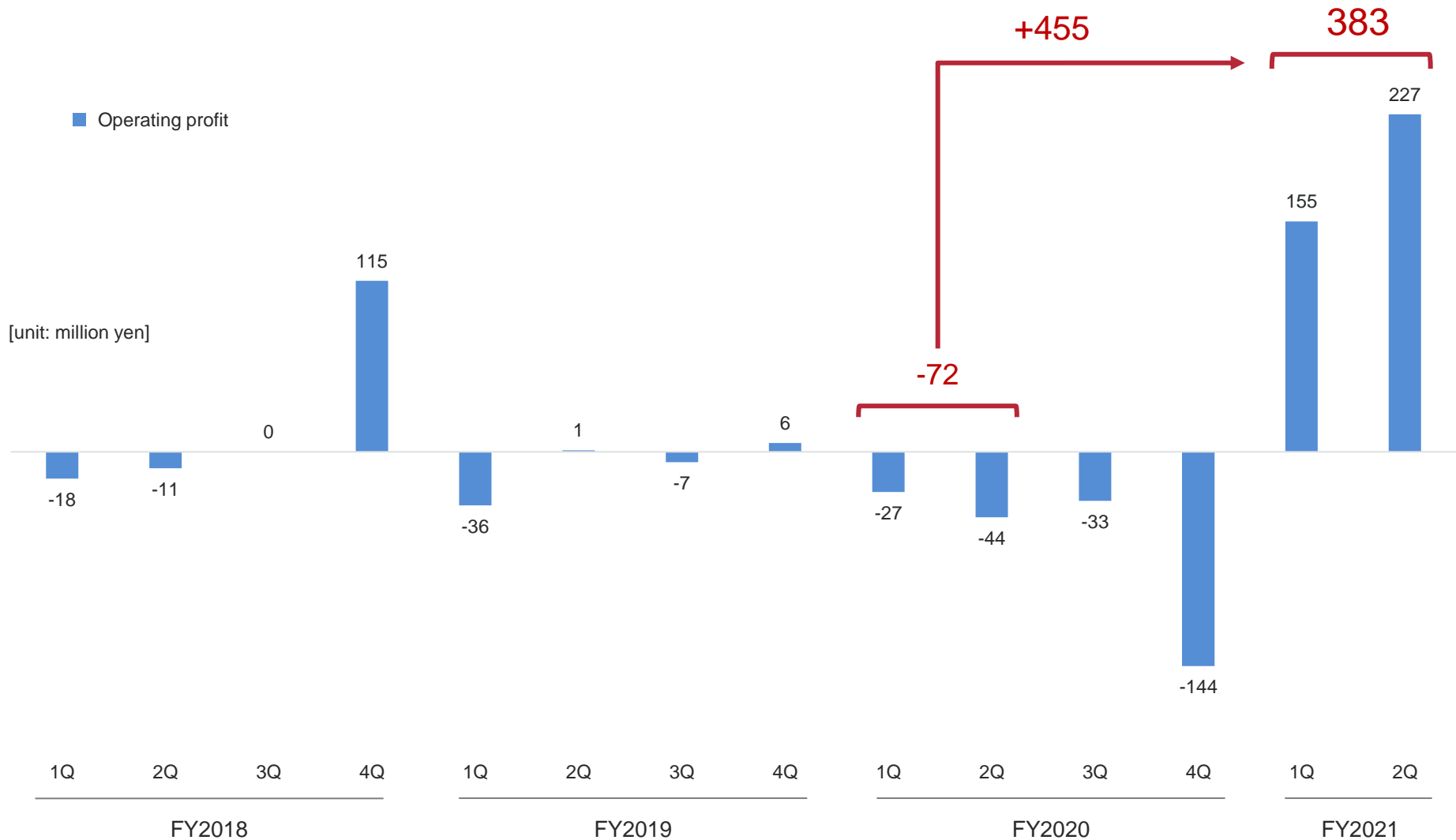
Gross profit grew significantly beyond initial forecasts at +23.3% YoY.

Take rate improved 0.6% versus the previous year (1H FY2020:21.6% vs 1H FY2021: 22.2%)



Matching Business: Operating Profit

Generated operating profit of 383 million yen despite steady investment in line with investment plans



Matching Business consumes 330 million yen of the 350 million yen investment plan for the first half. Investment is to continue as planned in the second half

	FY2021 policy	1H Results
Web Advertisement	<p>FY2021 investment plan:</p> <p>1H: 350 million yen 2H: 290 million yen FY: 640 million yen</p> <p>Ongoing investment under rule: 24-month LTV \div CAC \geq 100% (within scope of turning company-wide profit)</p>	As planned (330 mil. yen)
TVCM	<p>No investment in FY2021</p> <p>Per test results, growth contribution would be hard to realize on short-term</p> <p>Concentration on productivity improvement and turning a company-wide profit</p>	No investment, as planned

* 24 month LTV/CAC \Rightarrow 100% means the investment criteria to recover the acquisition costs of one client within 24 months.

* LTV: The total amount of gross profit generated by one new client in a 24-month period

* CAC: Acquisition cost per client (advertising and sales labor costs, etc.)

FY2021 Performance Forecast, Investment Strategy for 2H

Given steady progress in performance for the first half, we are revising our forecasts for the Matching Business. We are consequently also revising company-wide performance forecasts; **operating income is expected to turn a profit of 300 million yen or more**

Total Contract Value	:	From 14,148 to 14,786 million yen	Year-on-year	From -7.0 to -2.8%
Net Sales	:	From 7,348 to 7,663 million yen	Year-on-year	From -15.8 to -12.2%
Gross Profit	:	From 3,244 to 3,381 million yen	Year-on-year	From -2.4 to +1.8%
Operating Profit	:	Over 300 million yen operating profit	Year-on-year	+598 million yen

- This document is a revision of the forecast for consolidated financial results disclosed on November 13, 2020 and February 14, 2021.
- From the second quarter of the fiscal year ending March 31, 2021 onward, the Company will shift to non-consolidated earnings forecast in keeping with the change to non-consolidated financial results.
- For revisions to individual earnings forecasts, please refer to the "Financial Results for the Second Quarter of the Fiscal Year Ending September 2021" and "Notice of Revision of Financial Forecasts (Upward Revision of Operating Profit)" documents disclosed today.

FY2021: Performance Forecast by Segment

Matching Business gross profit revised upward to +15-20%.

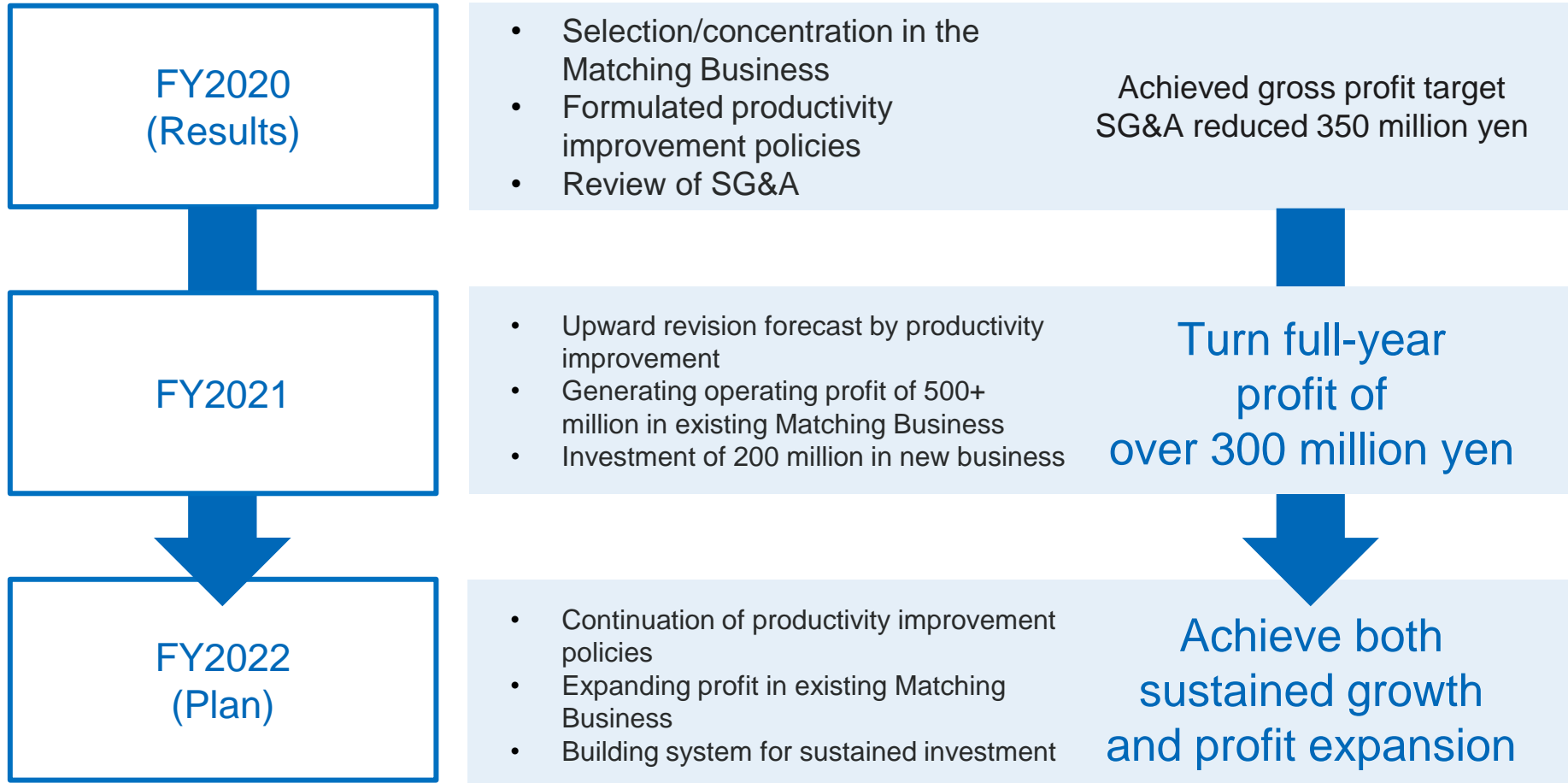
Expecting operating income of 500 million yen or more in the Matching Business.

	Matching Business	Project Contracting Business	New business/ Others
Total Contract Value	From 14,048 to 14,686 million yen Year-on-year From +10.0 to +15.0%	Business Sold	100 million yen
Net Sales	From 7,248 to 7,563 million yen Year-on-year From +15.0 to +20.0%		100 million yen
Gross Profit	From 3,164 to 3,301 million yen Year-on-year From +15.0 to +20.0%		80 million yen
Operating Profit	Over 500 million yen Year-on-year +740 million yen		-200 million yen

- Business results by segment include offsetting transactions between consolidated companies.
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Three-Year Effort to Generate Profit via Productivity Improvement

Halfway through the three-year plan, we have reached the turnaround point. The foundation for improving investment efficiency has been laid, and the remaining 1.5 years will be used to move from hypothesis and implementation of reinvestment to its policy formulation.



Profits Generated to be Reinvested in new SaaS Business, Targeting Further Growth and Expansion

Profits generated will be used for investment in the new SaaS B2B business. We seek to create pillars for future growth and expand our business portfolio while continuing to grow existing businesses.

“CrowdLog” Workload Management SaaS



- A SaaS product enabling smart management of task man-hours and project cost calculations
- Zero initial costs for implementation. Subscription billing based on the number of users
- As of end of March 2021, [over 450 companies have implemented the product](#). Further, more and more major companies are showing use cases for the product.
- As of the end of March 2021, [CrowdLog has achieved over ¥100 million in ARR](#).

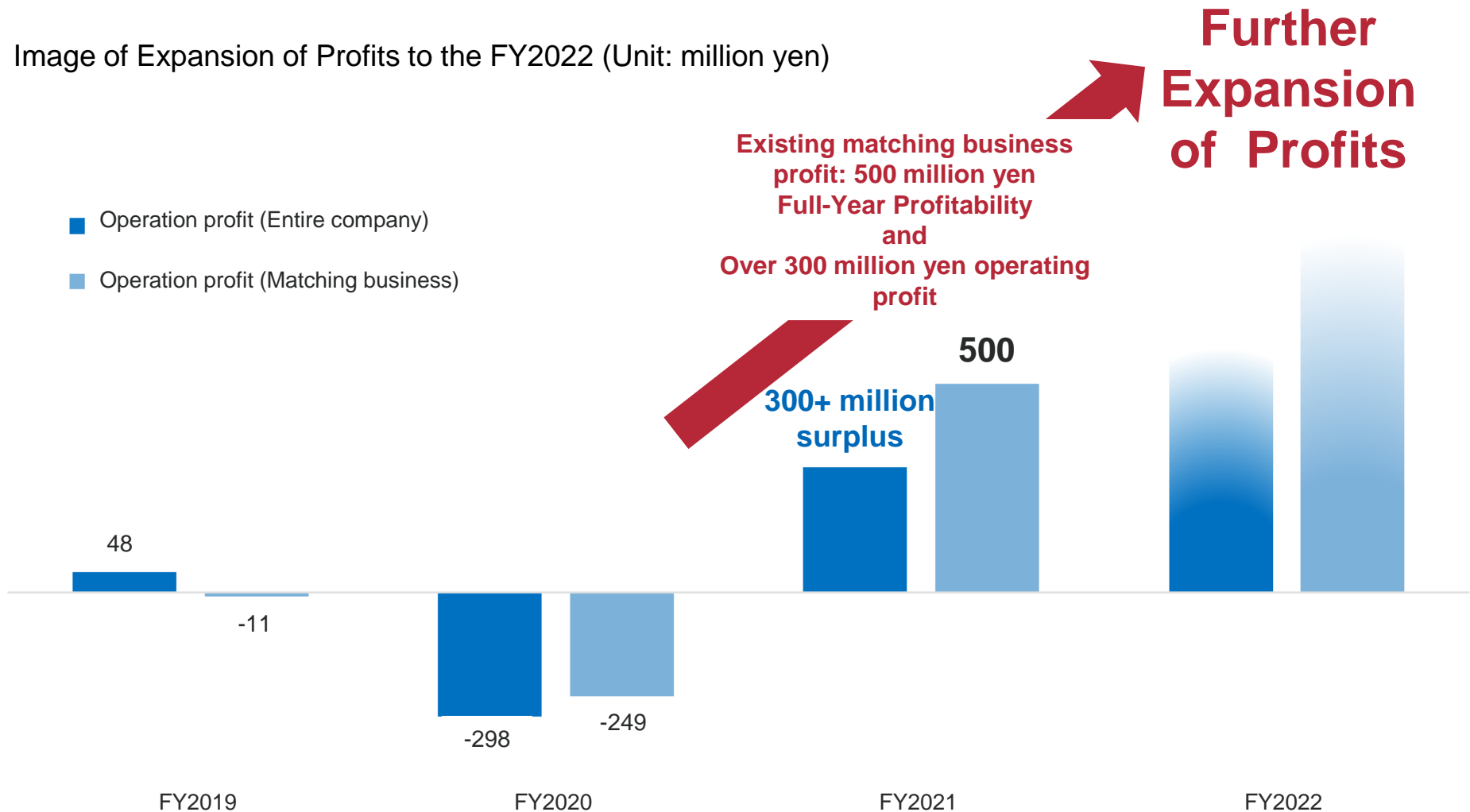
“RISA” 3D Cloud Office



- Employees virtually commute via avatars, providing a cloud office space
- Resolves issues caused by non-face-to-face communication accelerated by telecommuting
- Will invest in OPSION Inc., which operates Cloud Office RISA, making it a company under the scope of the equity method and using a capital alliance to develop business
- New users include Konica Minolta, NTT East, Keio University

* ARR(Annual Recurring Revenue): the amount of predictable revenue that a company can expect to receive on an annual basis.

Image of Expansion of Profits to the FY2022 (Unit: million yen)



Appendix



CrowdWorks, Inc.

President and CEO : Koichiro Yoshida
 Capital : 2,691,267,206 JPY
 Founded : Nov 11, 2011
 Services : Operates internet services, primarily CrowdWorks, Japan's largest crowdsourcing service



- 4,430,000 of CrowdWorkers (users)
- 720 thousand of clients
- 12 ministries and agencies
- 80 local government

* The numbers of workers and clients of CrowdWorks, Inc. services as of Mar.31, 2021



FY2021 Business Policy: Ongoing Selection/Concentration in the Matching Business, Turn to Profitability

FY2020 review

FY2021 policy

Matching Business

- Maintained growth even during coronavirus pandemic, attained performance exceeding initial forecasts
- Operating profit grows into profitability levels (if excluding TV commercial impact)
- As side job bans lift and telecommuting becomes commonplace, plus work-style reforms, the market gains continued tailwinds as we target ongoing growth
- Dual FY2021 themes of productivity improvement and turning an operating profit drive increased business sustainability



Ongoing
focus on
investment
+
turn to
profitability

Project Contracting Business

- Continue to downsize business in line with plan, turn full-year profit of 80 million yen
- Sell DENEN & IOSI, subsidiaries comprising 95% of the Project Contracting Business, going effectively to zero as of 4Q



Sale complete,
withdrawal from
business

M&A

- Despite exploring for M&A projects, no M&A conducted in FY2020
- Continue discovery activities for growth businesses exceeding existing business or promoting growth of existing businesses



Continuing
consideration

FY2021 Profit and Loss Statement: Quarterly Transition

FY2021 Q2

Total Contract Value	: 3,883 million yen	(YoY -7.4%)
Net Sales	: 1,965 million yen	(YoY -22.8%)
Gross Profit	: 901 million yen	(YoY -5.2%)
Operating Profit	: 181 million yen	(YoY +175 million yen)

[unit: million yen]

	FY2020 (Consolidated)				FY2021 (Q1: Consolidated, From Q2: Non-consolidated)			
	1Q	2Q	3Q	4Q	1Q	2Q	YoY	QoQ
Total contract value	3,852	4,192	3,829	3,343	3,678	3,883	-7.4%	+5.6%
Net sales	2,342	2,546	2,183	1,655	1,818	1,965	-22.8%	+8.1%
Gross profit	850	951	805	714	818	901	-5.2%	+10.2%
SG&A expenses	871	945	889	914	710	720	-23.9%	+1.4%
Operating profit	-21	5	-83	-199	107	181	+175	+73
Ordinary profit	-4	16	-127	-196	117	210	+194	+92
Net profit	-13	-56	-105	121	91	150	+206	+58

- In compliance with financial statement regulations, actual figures are rounded down to the nearest million yen, and year-on-year amounts and percentage changes are calculated taking into consideration the value of less than one million yen.
- Since the Company has transitioned to non-consolidated financial statements as of the second quarter of the fiscal year ending September 2021, figures for said second quarter and thereafter are expressed on a non-consolidated basis. In this document, comparisons utilize consolidated results for the period from the previous fiscal year to the first quarter of the fiscal year ending September 2021.

2Q FY2021 Balance Sheet

[unit: million yen]

	FY2021 Q2 (Non-consolidated)	FY2020 Q2 (Non-consolidated)	Year-on-year
Current assets	5,200	4,559	+640
Non-current assets	349	479	-129
Total assets	5,549	5,038	+511
Current liabilities	2,134	1,852	+281
Non-current liabilities	33	33	0
Net assets	3,382	3,153	+229
Capital adequacy ratio	60.9%	62.6%	-1.6%

- In compliance with financial statement regulations, actual figures are rounded down to the nearest million yen, and year-on-year amounts and percentage changes are calculated taking into consideration the value of less than one million yen.
- Since the Company has transitioned to non-consolidated financial statements as of the second quarter of the fiscal year ending September 2021, comparisons are made against non-consolidated figures as of the end of the previous fiscal year.

2Q FY2021 Cash Flows

[unit: million yen]

	FY2021 Q2
Cash flows from operating activities	301
Cash flows from investing activities	-29
Cash flows from financing activities	5
Net increase (decrease) in cash and cash equivalents	277
Cash and cash equivalents at the end of period	3,717

- In compliance with financial statement regulations, actual figures are rounded down to the nearest million yen, and year-on-year amounts and percentage changes are calculated taking into consideration the value of less than one million yen.
- While the Company has transitioned to non-consolidated financial statements as of the second quarter of the fiscal year ending September 2021, we have not prepared non-consolidated statements of cash flow for the previous fiscal year and therefore have not conducted a comparison between the figures.



[Precautions concerning future prospects]

Forward-looking statements such as the business forecasts described in this material are not intended to promise the realization of the Company. Please note that the actual results may differ depending on various factors.

[Inquiries concerning this material]

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