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**Summary of Financial Results for the First Quarter of the Fiscal Year  
Ending September 30, 2019  
[Japan Standards] (Consolidated)**

February 14, 2019

Company name:	CrowdWorks Inc.	Stock listing:	Tokyo Stock Exchange
Securities code:	3900	URL:	<a href="https://crowdworks.co.jp">https://crowdworks.co.jp</a>
Representative:	Koichiro Yoshida, President and CEO		
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Scheduled filing date of quarterly report:		February 14, 2019	
Scheduled payment date of dividend:		—	
Supplementary materials for the quarterly financial results:		Yes	
Investor conference for the quarterly financial results:		None	

(Millions of yen rounded down)

**1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending September 30, 2019  
(From October 1, 2018 to December 31, 2018)**

### (1) Consolidated Financial Performance

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Q1/ FY ending September 30, 2019	2,027	49.9	13	—	13	—	(2)	—
Q1/ FY ended September 30, 2018	1,352	122.6	(4)	—	(6)	—	(35)	—

Note: Comprehensive income	Q1/ FY ending September 30, 2019	(6) million yen (— %)
	Q1/ FY ended September 30, 2018	(25) million yen (— %)

	Profit per share	Diluted profit per share
	Yen	Yen
Q1/ FY ending September 30, 2019	(0.16)	—
Q1/ FY ended September 30, 2018	(2.62)	—

## (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of December 31, 2018	5,538	2,223	38.4
As of September 30, 2018	5,957	2,227	35.7

Reference: Shareholders' equity	As of December 31, 2018	2,125 million yen
	As of September 30, 2018	2,126 million yen

## 2. Dividends

	Dividends per share				
	End of Q1	End of Q2	End of Q3	End of Q4	Annual
	Yen	Yen	Yen	Yen	Yen
FY ended September 30, 2018	—	0.00	—	0.00	0.00
FY ending September 30, 2019	—				
FY ending September 30, 2019 (Forecast)		0.00	—	0.00	0.00

Note: Revision of most recently published dividend forecast: None

**3. Consolidated Financial Forecasts for the Fiscal Year Ending September 30, 2019**  
**(From October 1, 2018 to September 30, 2019)**

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	8,700	31.1	—		—		—		—

Notes: 1. Revision of most recently published financial forecast: None

2. CrowdWorks (hereinafter, "the Company") plans to maintain profitability of operating profit in the consolidated financial forecasts for the fiscal year ending September 30, 2019, but the Company refrains from disclosing a specific amount in view of a possibility to make flexible investment decisions due to the intensifying recruitment environment of development employees and the competitive environment of Fintech services. Also, the Company aims at growth of 40% or more year-on-year for the total contract value and 30% or more year-on-year for net sales and gross profit, and the Company will promote enhanced corporate value realizing proactive investments in an efficient manner by securing resources for reinvestment through increased gross profit.

**\* Notes**

(1) Significant changes in subsidiaries during the three-month period ended December 31, 2018 (changes in specific subsidiaries affecting the scope of consolidation): None

New: — (Company name: ) Excluded: — (Company name: )

(2) Application of accounting procedures specific to preparing quarterly consolidated financial statements: None

(3) Changes in accounting principles, changes in accounting estimates and restatements

1) Changes in accounting policies associated with revision of accounting standards: Yes

2) Changes in accounting policies other than the above 1): None

3) Changes in accounting estimates: None

4) Restatements: None

(4) Number of outstanding shares (common stock)

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

As of December 31, 2018: 14,340,160 shares

As of September 30, 2018: 14,319,160 shares

2) Number of treasury shares at term-end

As of December 31, 2018: 48 shares

As of September 30, 2018: — shares

3) Number of average shares outstanding during term (quarterly total)

Q1/ FY ending September 30, 2019: 14,336,938 shares

Q1/ FY ended September 30, 2018: 13,553,660 shares

\* The Summary of Quarterly Financial Results is not subject to the quarterly review 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. For details on the conditions that form the assumptions used for earnings forecasts and notes on using earnings forecasts, please refer to Appendix page 3, "1. Qualitative Items Regarding the Quarterly Accounts (3) Forecast of Business Results and Future Prospects."

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## 1. Qualitative Items Regarding the Quarterly Accounts

### (1) Summary of Business Results

A mixed picture prevailed in the quarterly period under review, the first quarter of FY 2019 (October 1 to December 31, 2018; hereinafter, “Q1”). In the Japanese economy, conditions were overall robust, with improving trends in enterprise revenues and the employment environment. However, significant elements of uncertainty remained in the diplomatic and trade spheres, rendering forward prospects for the economy more uncertain than ever. Amid a chronic labor shortage, efforts intensified to tap latent sources of labor, such as women who do not wish to work full-time because they are raising children, and senior citizens.

In light of these circumstances, the CrowdWorks Group (hereinafter, “the Group”) increased work requests to individuals through its crowdsourcing service. The value of work for which contracts were concluded reached their highest level ever for the Group in Q1. Meanwhile, the Group continued to invest aggressively in new business while boosting cost-efficiency in existing businesses. As a result, the Group continued to turn an operating profit in the quarterly period under review.

As a result of the foregoing, net sales for the consolidated Q1 of the fiscal year under review grew 49.9% from the same period of the previous fiscal year (YoY) to 2,027.721 million yen, operating profit was 13.844 million yen (operating loss of 4.927 million yen in the same period of the previous fiscal year), ordinary profit was 13.689 million yen (ordinary loss of 6.597 million yen in the same period of the previous fiscal year) and loss attributable to owners of parent was 2.320 million yen (loss attributable to owners of parent in the same period of the previous fiscal year was 35.539 million yen).

Financial results by segment are as follows:

#### 1) Direct Matching Business

In the Direct Matching Business, the Group increased its investment in advertising, accelerating expansion in the number of users of CrowdWorks. As a result, net sales were 269.174 million yen (up 20.9% YoY) and segment loss was 27.954 million yen (segment loss in the same period of the previous fiscal year was 15.527 million yen).

#### 2) Agent Matching Business

The Agent Matching Business enjoyed YoY growth during Q1. CrowdTech expanded steadily during the period. Transfer of the Cyta Business, completed in Q2 of previous fiscal year, and conversion of DENEN Co., Ltd. into a subsidiary, continued to contribute to income. As a result, net sales were 1,085.032 million yen (up 36.7% YoY), and segment profit was 12.483 million yen (up 246.9% YoY).

#### 3) Business Solution Business

The Business Solution Business benefited from the conversion of DENEN Co., Ltd. into a subsidiary, completed in Q1 of the previous fiscal year, as well as the inclusion of DENEN Co., Ltd. and I/O System Integration Co., Ltd. in the consolidated accounts. Net sales soared 70.4% YoY to 573.169 million yen. The segment posted a loss of 5.774 million yen, against a segment profit of 22.011 million in the same period of the previous fiscal year.

#### 4) Fintech Business

The Fintech Business was established in Q3 of the previous consolidated fiscal year. In this segment the Group developed “feecle,” a service used to guarantee acquisition of remunerations for freelancers. At Crowd Money Inc., the Group also developed a digital wallet application that allows use of remunerations for payment at retail outlets and the like. Front-loading of development costs for this segment impacted business results in Q1. Net sales were 329 thousand yen, while a segment loss of 28.187 million yen was recorded.

#### 5) Investment Development Business

The Investment Development Business became a reporting segment in Q2 of the previous consolidated fiscal year. Sales of marketable securities in Q1 resulted in appropriation of net sales of 100.014 million yen, for a segment profit of 74.635 million yen (compared with a segment loss of 402 thousand yen in the same period of the previous fiscal year).

## **(2) Summary of Financial Position**

### **(Assets)**

Total assets at end of Q1 stood at 5,538.261 million yen, down 419.455 million yen from the end of the previous consolidated fiscal year. The key factor in this result was a decline of 521.276 million yen in cash and deposits, caused in part by repayment of short-term loans payable.

### **(Liabilities)**

Total liabilities at end of Q1 were 3,315.168 million yen, down 415.118 million yen from the end of the previous consolidated fiscal year. Key factors included decreases of 390.0 million in repayment of short-term loans payable, 63.416 million in income taxes payable and 54.533 million yen in provision for bonuses.

### **(Net assets)**

Net assets at end of Q1 were 2,223.093 million yen, down 4.336 million yen from the end of the previous consolidated fiscal year.

## **(3) Forecast of Business Results and Future Prospects**

The Group's forecast of business results for FY 2019 (consolidated fiscal year ending September 30, 2019) remains unchanged from the previous announcement on November 14, 2018 but is currently under review. If it judges that a revision of the forecast of business results is required, the Group will publish such revision promptly.

**2. Quarterly Consolidated Financial Statements and Important Notes****(1) Quarterly Consolidated Balance Sheets**

	(Thousands of yen)	
	Fiscal Year Ended September 30, 2018 (As of September 30, 2018)	Q1/ Fiscal Year Ending September 30, 2019 (As of December 31, 2018)
<b>Assets</b>		
Current assets		
Cash and deposits	3,021,105	2,499,828
Notes and accounts receivable - trade	786,916	811,343
Accounts receivable - other	461,409	556,196
Deposits paid	26,982	12,705
Operational investment securities	107,894	84,089
Merchandise and finished goods	74,245	45,155
Work in process	250,508	300,194
Other	47,711	68,169
Allowance for doubtful accounts	(18,202)	(17,786)
Total current assets	4,758,570	4,359,896
Non-current assets		
Property, plant and equipment	82,011	93,966
Intangible assets		
Goodwill	754,329	732,245
Other	111,948	105,291
Total intangible assets	866,277	837,537
Investments and other assets		
Other	266,312	262,316
Allowance for doubtful accounts	(15,454)	(15,454)
Total investments and other assets	250,857	246,861
Total non-current assets	1,199,146	1,178,364
Total assets	5,957,717	5,538,261
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	190,019	174,832
Short-term loans payable	680,000	290,000
Current portion of long-term loans payable	314,243	317,172
Current portion of bonds	520,000	514,640
Accounts payable - other	267,084	335,235
Income taxes payable	75,543	12,126
Provision for bonuses	78,992	24,459
Deposits received	776,323	808,734
Other	222,082	242,671
Total current liabilities	3,124,288	2,719,871
Non-current liabilities		
Long-term loans payable	391,026	380,244
Bonds payable	80,000	80,000
Asset retirement obligations	51,469	51,550
Other	83,502	83,502
Total non-current liabilities	605,997	595,297
Total liabilities	3,730,286	3,315,168

	(Thousands of yen)	
	Fiscal Year Ended September 30, 2018 (As of September 30, 2018)	Q1/ Fiscal Year Ending September 30, 2019 (As of December 31, 2018)
Net assets		
Shareholders' equity		
Capital stock	2,090,457	2,091,387
Capital surplus	2,049,120	2,050,050
Retained earnings	(2,017,155)	(2,019,475)
Treasury shares	—	(64)
Total shareholders' equity	2,122,422	2,121,898
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,812	3,188
Total accumulated other comprehensive income	3,812	3,188
Subscription rights to shares	372	372
Non-controlling interests	100,822	97,634
Total net assets	2,227,430	2,223,093
Total liabilities and net assets	5,957,717	5,538,261

**(2) Quarterly Consolidated Statements of Income and Comprehensive Income**

Quarterly Consolidated Statement of Income

Scope of Consolidation of First Quarter

	(Thousands of yen)	
	Q1/ Fiscal Year Ended September 30, 2018 (Oct. 1, 2017 to Dec. 31, 2017)	Q1/ Fiscal Year Ending September 30, 2019 (Oct. 1, 2018 to Dec. 31, 2018)
Net sales	1,352,751	2,027,721
Cost of sales	780,603	1,263,317
Gross profit	572,147	764,404
Selling, general and administrative expenses	577,074	750,560
Operating profit (loss)	(4,927)	13,844
Non-operating income		
Gain from lapsed deposits received	—	2,676
Other	899	448
Total non-operating income	899	3,125
Non-operating expenses		
Interest expenses	2,472	3,261
Other	97	18
Total non-operating expenses	2,569	3,280
Ordinary profit (loss)	(6,597)	13,689
Profit (loss) before income taxes	(6,597)	13,689
Income taxes - current	15,143	4,585
Income taxes - deferred	(2,146)	14,612
Total income taxes	12,996	19,197
Loss	(19,594)	(5,508)
Profit (loss) attributable to non-controlling interests	15,945	(3,188)
Profit (loss) attributable to owners of parent	(35,539)	(2,320)



## Quarterly Consolidated Statement of Comprehensive Income

## Scope of Consolidation of First Quarter

	(Thousands of yen)	
	Q1/ Fiscal Year Ended September 30, 2018 (Oct. 1, 2017 to Dec. 31, 2017)	Q1/ Fiscal Year Ending September 30, 2019 (Oct. 1, 2018 to Dec. 31, 2018)
Loss	(19,594)	(5,508)
Other comprehensive income		
Valuation difference on available-for-sale securities	(5,513)	(623)
Total other comprehensive income	(5,513)	(623)
Comprehensive income	(25,108)	(6,132)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(39,236)	(2,944)
Comprehensive income attributable to non-controlling interests	14,128	(3,188)

**(3) Notes on Quarterly Consolidated Financial Statements****(Notes Regarding Going Concern Assumptions)**

Not applicable.

**(Notes on significant changes in the amount of shareholders' equity)**

Not applicable.

**(Changes in Accounting Policy)**

Beginning in Q1, the Group applies the Guideline for Application of Accounting Standards in Tax-effect Accounting (Corporate Accounting Standards Application Guideline No. 28, February 16, 2018) and the Guideline for Application of Possibility of Collection of Deferred Tax Assets (Corporate Accounting Standards Application Guideline No. 26, February 16, 2018). These changes have no impact on the consolidated financial statements for Q1.

**(Segment Information)**

## Segment Information

For the consolidated first quarter of the fiscal year ended September 30, 2018 (October 1, 2017 to December 31, 2017)

## 1. Net sales and profit or loss of each reportable segment

(Thousands of yen)

	Reportable segments						Other (Note 1)	Adjusted amount (Note 2)	Amounts shown on quarterly consolidated statement of income
	Direct Matching	Agent Matching	Business Solution	Fintech	Investment Development	Total			
Net sales									
(1) Sales to external customers	222,733	793,728	336,289	—	—	1,352,751	—	—	1,352,751
(2) Internal sales or exchange between segments	—	—	—	—	—	—	—	—	—
Total	222,733	793,728	336,289	—	—	1,352,751	—	—	1,352,751
Segment profit (loss)	(15,527)	3,599	22,011	—	(402)	9,680	(3,550)	(11,058)	(4,927)

Notes: 1. Classification of "Other" is for business segments which are not included in reportable segments, which includes new development business, etc.

2. Segment profit has been adjusted with operating profit in the quarterly consolidated statement of income and includes the commission fee.

## 2. Impairment loss and goodwill regarding non-current assets for each reportable segment

(Important impairment losses regarding non-current assets)

Not applicable.

(Important changes in amount of goodwill)

In Q1, the acquisition of DENEN shares resulted in appropriation of goodwill of 259.001 million yen for the Group's Agent Matching Business and goodwill of 381.182 million for the Group's Business Solution Business.

(Important gain on bargain purchase)

Not applicable.

For the consolidated first quarter of the fiscal year ending September 30, 2019 (October 1, 2018 to December 31, 2018)

1. Net sales and profit or loss of each reportable segment

(Thousands of yen)

	Reportable segments						Other (Note 1)	Adjusted amount (Note 2)	Amounts shown on quarterly consolidated statement of income
	Direct Matching	Agent Matching	Business Solution	Fintech	Investment Development	Total			
Net sales									
(1) Sales to external customers	269,174	1,085,032	573,169	329	100,014	2,027,721	—	—	2,027,721
(2) Internal sales or exchange between segments	6,321	1,585	—	—	—	7,906	—	(7,906)	—
Total	275,496	1,086,617	573,169	329	100,014	2,035,628	—	(7,906)	2,027,721
Segment profit (loss)	(27,954)	12,483	(5,774)	(28,187)	74,635	25,201	(3,451)	(7,906)	13,844

Notes: 1. Classification of “Other” is for business segments which are not included in reportable segments, which includes new development business, etc.

2. Segment profit has been adjusted with operating profit in the quarterly consolidated statement of income.

2. Impairment loss and goodwill regarding non-current assets for each reportable segment

(Important impairment losses regarding non-current assets)

Not applicable.

(Important changes in amount of goodwill)

Not applicable.

(Important gain on bargain purchase)

Not applicable.

**(Additional Information)**

The Group began applying the Partial Revision of Accounting Standards in Tax-effect Accounting (Corporate Accounting Standards No. 28, February 16, 2018) at the beginning of Q1. As a result, deferred tax assets are listed under Investments and Other Assets, while deferred tax liabilities are listed under Non-current Liabilities.

**(Important Subsequent Events)**

Issue of share warrants with clauses on revision of exercise price and clauses on permission to exercise

Based on the resolutions of the meeting of the Board of Directors of January 8, 2019, on January 24, 2019 the Company issued share warrants with clauses on revision of exercise price and clauses on permission to exercise by means of a third-party allocation. Payment of the entire amount of the issue prices (4.914 million yen) is complete.

(1) Allocation date	January 24, 2019
(2) Number of warrants	13,000
(3) Issue price	Total price: 4.914 million      Price per warrant: 378 yen
(4) Number of dilutive shares in the issue	1,300,000 shares (100 shares per warrant)  As stated in “(6) Exercise price and conditions for revision of exercise price” below, the exercise price of these warrants is subject to revision. However, there is no maximum exercise price. The minimum exercise price of the warrants is 1,263 yen. Even in the event of exercise at the minimum exercise price, however, the number of dilutive shares in the warrant issue is 1,300,000 shares.
(5) Amount of funds raised	2,334.114 million yen(Note)
(6) Exercise price and conditions for revision of exercise price	Initial exercise price: 1,804 yen  The exercise price is revised to the amount equivalent to 92% of the closing price (hereinafter, “the Closing Price”) of normal trading of the original common shares on the Tokyo Stock Exchange (hereinafter, “the TSE”) on the trading day immediately before the effective date (hereinafter, “the Revision Date”) of the request to exercise the warrants (or, if there is no Closing Price on the Revision Date, the immediately previous Closing Price), with amounts less than one yen per share discarded (rounded off). An exception exists if the revised price is lower than the minimum exercise price. In such cases, the minimum exercise price becomes the revised exercise price.
(7) Methods of subscription and allocation	Warrants are allocated by third-party allocation.
(8) Allocation agents	The warrants are allocated to each of Mizuho Securities Co., Ltd. (hereinafter, “Mizuho Securities”) and Morgan Stanley MUFG Securities Co., Ltd. (hereinafter, “Morgan Stanley”) (hereinafter, individually and collectively referred to as “the Allocation Agents”) in the amounts listed below.  Mizuho Securities: 6,500 Morgan Stanley: 6,500
(9) Other	The Company intends to enter into a third-party allocation contract (hereinafter, “the Third-party Allocation Contract”) with the Allocation Agents with respect to the warrants, subject to the condition of notice effective based on the Financial Instruments and Exchange Act. Under the terms of the Third-party Allocation Contract, the warrants may be exercised only within a certain period not to exceed 60 trading days in which the Company gives notice of permission to exercise the warrants, and only up to the number of shares indicated in the permission to exercise.  Under the terms of the Third-party Allocation Contract, the Allocation Agents may not transfer the warrants to any third party except with the permission of the Board of Directors of the Company.

Note: The amount of funds raised consists of the total issue price of the warrants, plus the total assets contributed when the warrants are exercised based on the original exercise price, minus an estimate of the various costs incurred in issuing the warrants. The amount of funds raised is subject to increase or decrease if the exercise price is revised or adjusted. Also, the amount of funds raised is subject to decrease if that the warrants are not exercised within the exercise period, or if the Company effaces (repays) some or all of the warrants it has acquired.

As of January 31, 2019, a cumulative total of 3,250 warrants have been exercised, resulting in the delivery of 325,000 shares.

### **3. Other**

#### **Material Events Related to Going Concern Assumptions**

Not applicable.