



Crowd
Works



Ms. Ai Sugimoto (CrowdWorks CrowdWorker)

Active as a writer while working in advertising for a venture company
“The experience of writing while working at a company in a completely different line of work gave me the chance to discover a new me.”



Mr. Komiya, JapanTaxi Co., Ltd. (CrowdTech Client)

Makes extensive use of freelance engineers in development of taxi apps
“CrowdWorks is a reliable partner in creating social infrastructure for transportation.”

“Workstyle Revolution”

Securities code: TSE Mothers 3900


CrowdWorks Inc. Financial Results for the First Three Quarters of the Fiscal Year Ending Sept. 30, 2019

(from Oct. 2018 to Jun. 2019)



Ms. Kishiwada (BizAsst. Online CrowdWorker)

Responsible for sales support provided 100% online, leveraging a wide range of secretarial and other experience
“Because I work from home, I can focus fully on my work while caring for my family.”



Mr. Hayashi (Commerce Promotion Section, Industry Department, City of Komagane, Nagano Prefecture)

Jointly presents “Workaction tours” in which people can work while visiting Komagane
“I feel the immense potential of the coming era, when more and more people can work wherever they are.”

- | 1. VISION /Business Significance
- | 2. Q3 FY 2019 Results
- | 3. Q3 FY 2019 KPI/Topics
- | 4. Appendix

| 1. VISION /Business Significance

VISION

To become the world's biggest platform that provides the largest amount of monetary rewards through the Internet

Sharing Economy Business

Potential labor force of
35 million people
Sharing Platform

Started in November 2011

Direct Matching Service



Job mobility platform for
the dispatch market of \$50 Billion
(5.4 trillion yen)

Started in April 2015

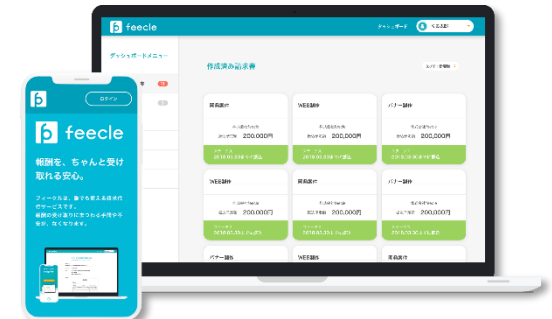
Online Agent Service



Fintech Business

Financial platform utilizing
personal credit and trust

Started in May 2018



Issues confronting the labor market

1. The labor environment lacks diversity, as full-time employees are in principle offered lifetime employment.

The Japanese tend to regard indefinite (lifetime) employment as ideal and finite employment* as less desirable.

*Finite employment: Temporary and part-time work

2. Full-time employees expect to work full-time, five days a week.

Due to Japan's unique cultural background, the Japanese find it difficult to request paid leave.

3. The business culture assumes visits to corporate clients, in which face-to-face transactions are considered necessary.

4. Social-security arrangements are based on lifetime employment and so are ill-equipped to handle changes in employment patterns.

- One-size-fits-all approaches and workstyles such as the above are demanded in Japan and pressure to conform is said to be high.

1. TOYOTA CEO Akio Toyoda

“It is difficult to sustain the lifetime employment unless more incentive is created for companies to do so.”

2. KEIDANREN (Japan Business Federation) Chairman Hiroaki Nakanishi

“We have reached the limits of thinking about corporate operations and business activities in terms of lifetime employment.”

3. Financial Services Agency (FSA) report on asset formation and management in an aging society

“In this aging society, it is estimated that a couple who will live until 95 years old will need at least ¥20 million more than what their pension benefits will provide.”

References:

NIKKEI “終身雇用、「企業にインセンティブ必要」 自工会会長”(May 13, 2019) (Japanese ver. Only): <https://www.Nikkei.com/article/DGXMZO44743460T10C19A5L91000/>

Chairman Nakanishi's Statements and Comments at His Press Conference (May 7, 2019)

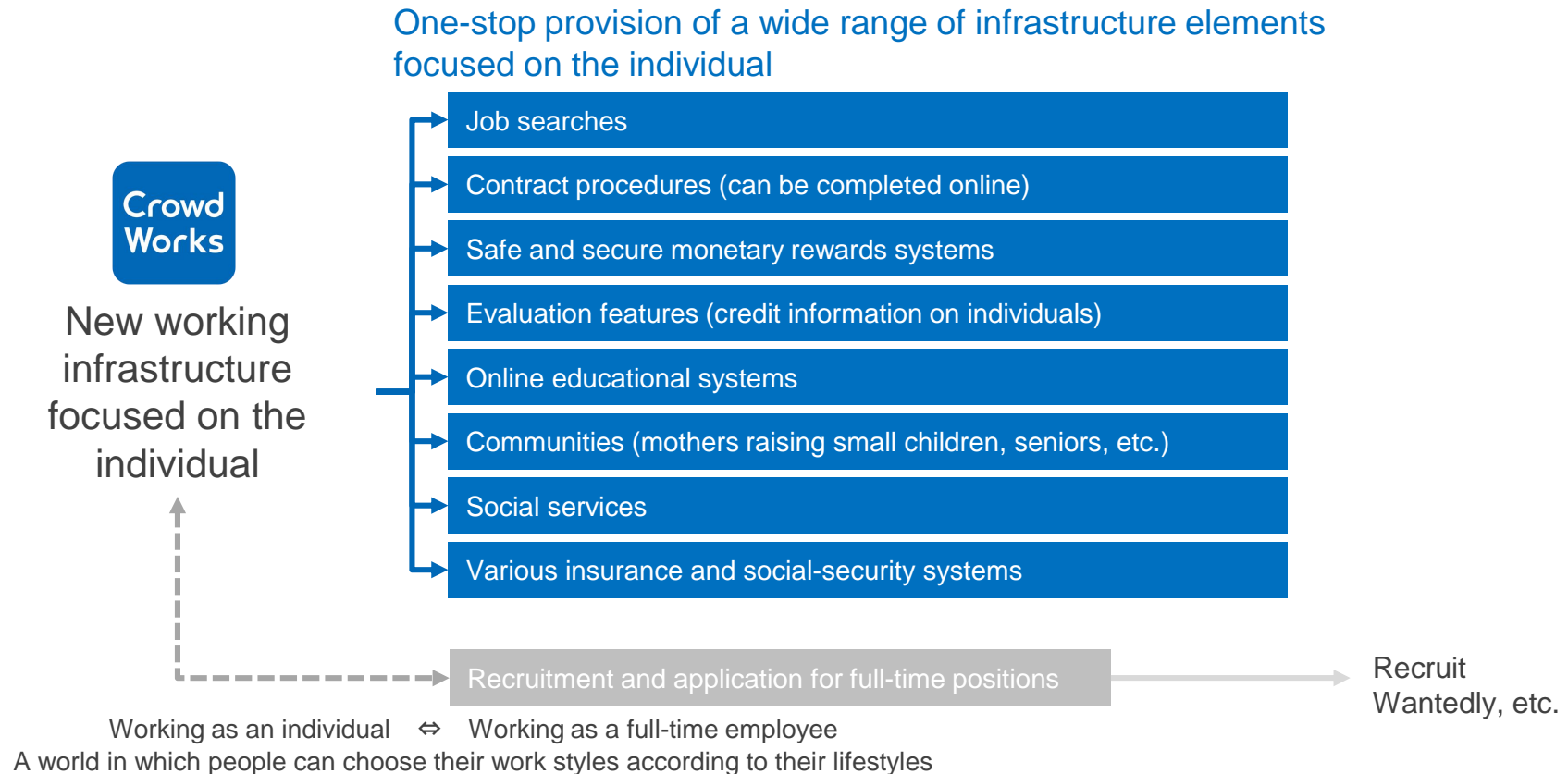
<https://www.keidanren.or.jp/en/speech/kaiken/2019/0507.html>

Japan's pension system inadequate in aging society, council warns (June 4, 2019)

<https://www.japantimes.co.jp/news/2019/06/04/business/financial-markets/japans-pension-system-inadequate-aging-society-council-warns/#.XPeCH4j7SHu>

The Answer: Providing A New Working Infrastructure Focused on the Individual

A new work infrastructure focused on the individual will expand the work choices available beyond full-time employment, enabling a transformation into a society in which each person can choose the work style that suits his or her lifestyle.



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

Japan's largest online working infrastructure image

Total contract value
conversion: \$20.6 billion

(2.27 trillion yen)

FY 2018
Total contract value:
\$111.5M
(11.15 billion yen)



Employee number ranking *Reference: Yahoo Finance as of November 14, 2018
1. Toyota 373,000 people, 2. Hitachi 306,000 people, 3. Nippon Telegraph and Telephone (NTT) 304,000 people

Offered Value/Target Market of the Company's Platform

“Revitalization of the potential labor force” + “Job-mobility of the temporary staffing market”, eliminate human resources mismatch

Target market	Provided value	Target number of people	Assumed income	Total Addressable Market (TAM*)
Potential labor force	Activation (1) Stable new revenue source (2) Can work in a favorite time and place (3) Safety net	5,590,000 people	\$15K (1.69 million yen)	\$85B (9.4 trillion yen)
Non-regular employee (Contract employee) (Part-time employee)	Side-jobs/dual-work (1) Provide a second income source (2) Improvement of skills and experience	19 million people	\$15K (1.69 million yen)	\$292B (32.1 trillion yen)
Regular employee	Side-jobs/dual-work (1) Provide a second income source (2) Improvement of skills and experience	11 million people	\$4.5K (0.5 million yen)	\$50B (5.5 trillion yen)
Temporary employee	Job-mobility, work-style reform (1) A free working style possible more than temps	1,340,000 people	\$24K (2.62 million yen)	\$32B (3.5 trillion yen)

*TAM: The largest market size that can be earned by the growth of our business

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

Total **\$460B**
(50.5 trillion yen)

Source: Statistics Bureau of the Ministry of Internal Affairs and Communications (2018) Labor Force Survey in 2017

Source: National Tax Agency Planning Division (2018) Survey on the Actual Status of Private Salary for 2017

Source: Ministry of Health, Labour and Welfare (2018) 2017 Survey on Temporary Employees

Source: en-japan inc. (2018) Estimates from the Company based on an actual survey of “side jobs” from listening to 3,000 regular employees

*Reference Total private salary income in Japan
(Regular+non-regular+dispatch) is about \$1,936B
(213 trillion yen)

CrowdWorks Inc. All Rights Reserved.

Large Business Opportunities as a Human Resource Sharing Platform

Business opportunities surrounding the Company are 2.27 trillion yen

Reforming conventional markets centered on regular and non-regular employees, and creating a society where any individual can work freely

Target market	Total Addressable Market (TAM)	FY 2018 Current share	FY 2018 Total contract value	Future share	Future business scale
Potential labor force	\$85B (9.4 trillion yen)	0.012%	\$50M (5.53 billion yen) Direct Matching	4.5%	\$3.8B (423 billion yen)
Non-regular employee (Contract employee) (Part-time employee)	\$292B (32.1 trillion yen)			4.5%	\$13.1B (1.44 trillion yen)
Regular employee	\$50B (5.5 trillion yen)			4.5%	\$2.3B (247.5 billion yen)
Temporary employee	\$32B (3.5 trillion yen)	0.13%	\$42M (4.57 billion yen) Online Agent	4.5%*	\$1.4B (157.5 billion yen)
Total	\$460B (50.5 trillion yen)	0.002% (Including 1.03 billion yen in peripheral business)	\$111M (11.1 billion yen) (Including 1.03 billion yen in peripheral business)	4.5%	\$20.6B (2.27 trillion yen)

Source: Statistics Bureau of the Ministry of Internal Affairs and Communications (2018) Labor Force Survey in 2017

Source: National Tax Agency Planning Division (2018) Survey on the Actual Status of Private Salary for 2017

Source: Ministry of Health, Labour and Welfare (2018) 2017 Survey on Temporary Employees

Source: en-japan inc. (2018) Estimates from the Company based on an actual survey of "side jobs" from listening to 3,000 regular employees

*A future share of 4.5% is the market share ratio of one major company in the temporary market (sales revenue of \$1.5B:160 billion yen)

CrowdWorks Inc. All Rights Reserved.

| 2. Q3 FY 2019 Results

Total contract value : Over 40% growth

Net sales/gross profit : Over 30% growth

EBITDA/operating profit : Maintaining a surplus

The factors not included in the forecast above are as follows.

Upside

- Common to the sharing economy business
 - More new users than expected are being captured due to an increase in the sideline segment caused by work style reform.
 - Last minute ordering before the consumption tax hike is engendering a greater than expected increase in work volume.
- Direct Matching Service
 - The effects of advertising and marketing are engendering a greater than expected increase in contract workers.
- Online Agent Service
 - Contracts with major clients are increasing the number of long-term projects.

Downside

- Common to the sharing economy business
 - Difficulty in recruiting engineers is causing delays in new service development.
 - Costs from hiring activities are increasing.
- Direct Matching Service
 - New worker registrations are generating a greater-than-expected increase in the low-ARPU stratum.
- Online Agent Service
 - Client case continuation rates are declining more than expected.
- Other, peripheral businesses and fintech
 - Progress in new services, to compensate for insufficient total contract value after the withdrawal from payment-wallet business, is slow.

Cumulative Q3 2019 Profit and Loss Statement

Net sales, gross profit and operating profit grew steadily in cumulative Q3. Also, the Company appropriated an extraordinary loss of 81 million yen in cumulative Q3 arising from its withdrawal from Crowd Money.

(Unit: million yen)

	Cumulative Q3 FY 2019 (consolidated)		Cumulative Q3 FY 2018 results (consolidated)	Revised full-year target for FY 2019 (consolidated)
	Results	Year-on-year comparison		
Total contract value	10,831	+32.7%	8,161	+40%
Net sales	6,513	+34.5%	4,842	+30%
Gross profit	2,338	+27.3%	1,837	+30%
SG&A expenses	2,276	+18.8%	1,916	–
Operating profit	62	+141	(78)	Positive
EBITDA	155	+140	15	Positive
Ordinary profit	74	+151	(77)	–
Profit attributable to owners of parent	(70)	+98	(168)	–

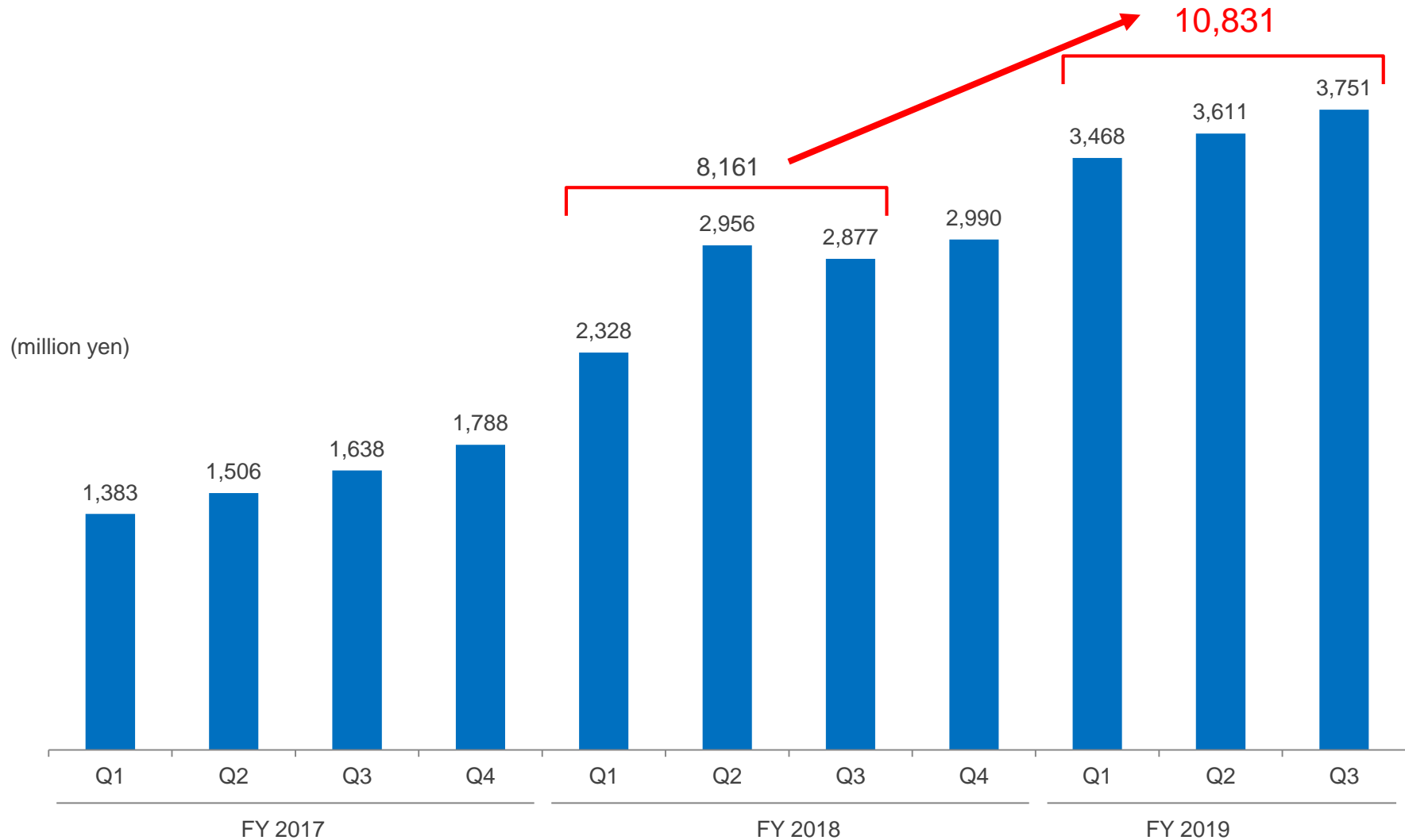
● Note on impact on profit attributable to owners of parent

As a result of the impact of appropriation of extraordinary income of 26 million yen from sale of investment securities, processing of 96 million yen impairment of software assets from Cyta operations in H1 and loss of 81 million yen from withdrawal from operations due to dissolution of Crowd Money in cumulative Q3, a loss of 70 million yen is appropriated.

- 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.

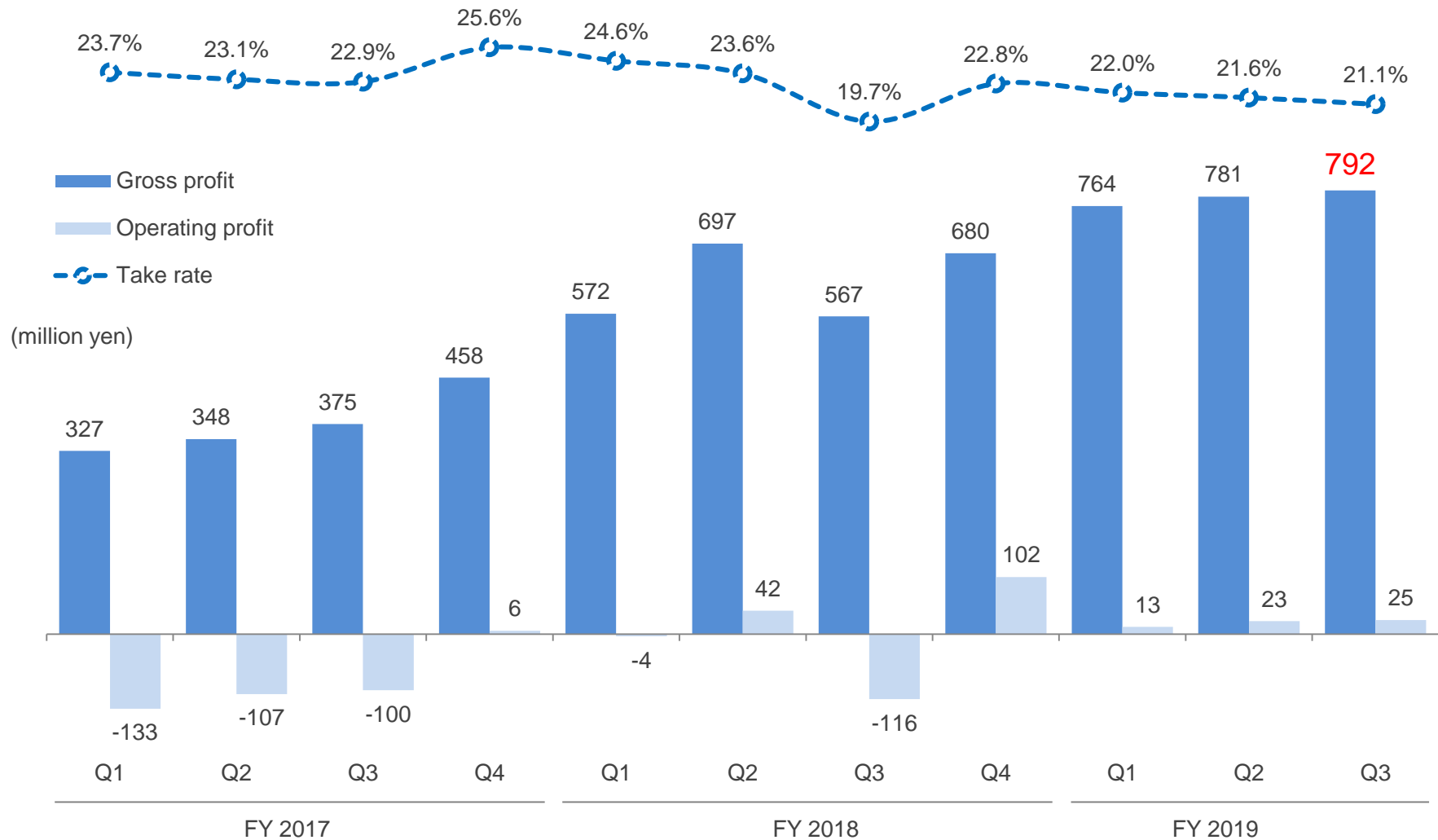
Quarterly Total Contract Value

The cumulative total of total contract value from this fiscal year reached 10.83 billion yen.
Total contract value in Q3 expanded +32.7% over the same period of the previous fiscal year.



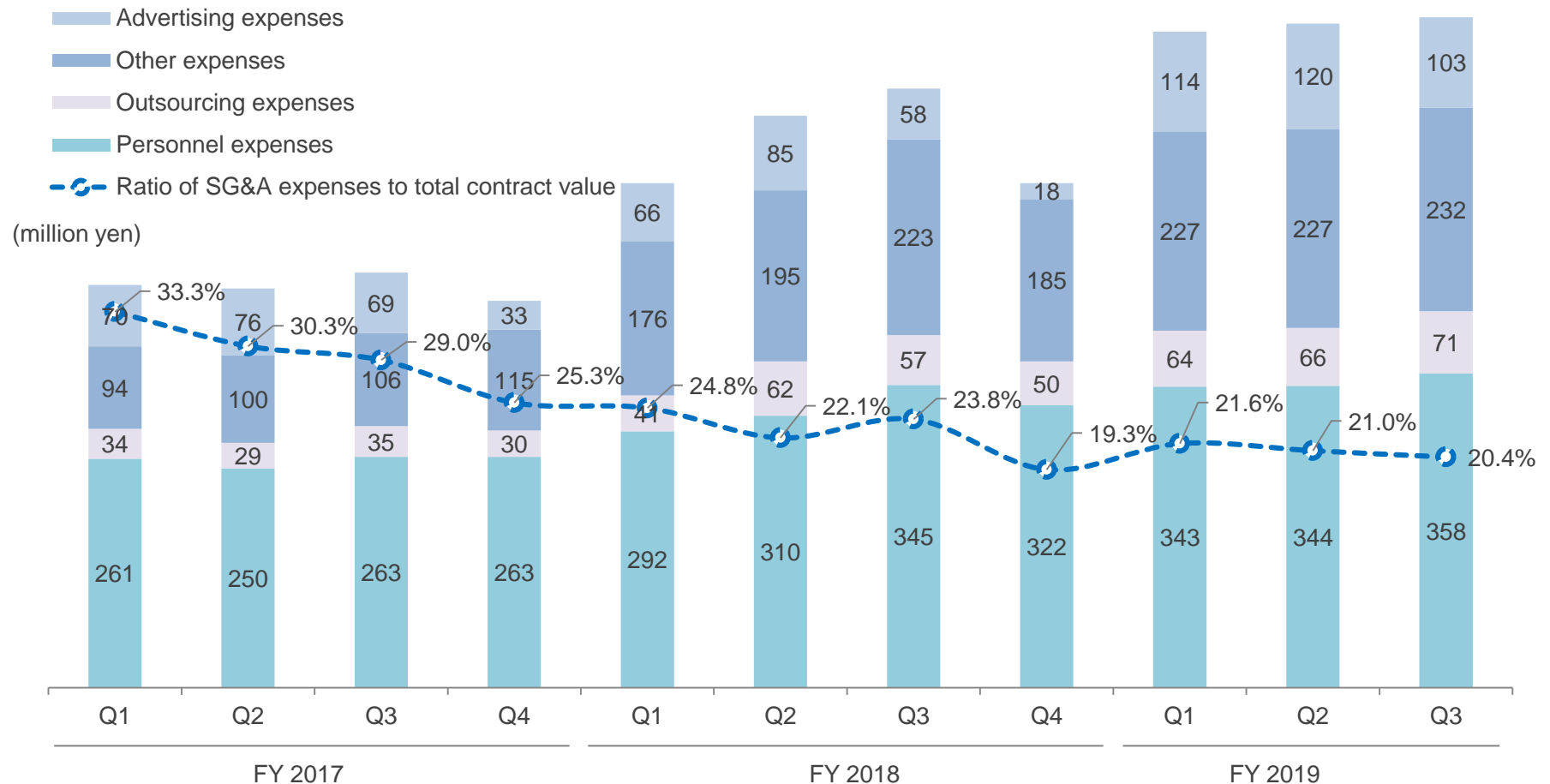
Quarterly Take Rate/Gross Profit, Operating Profit

Take rate was controlled within a certain standard. Quarterly gross profit notched its highest-ever level for the Company.



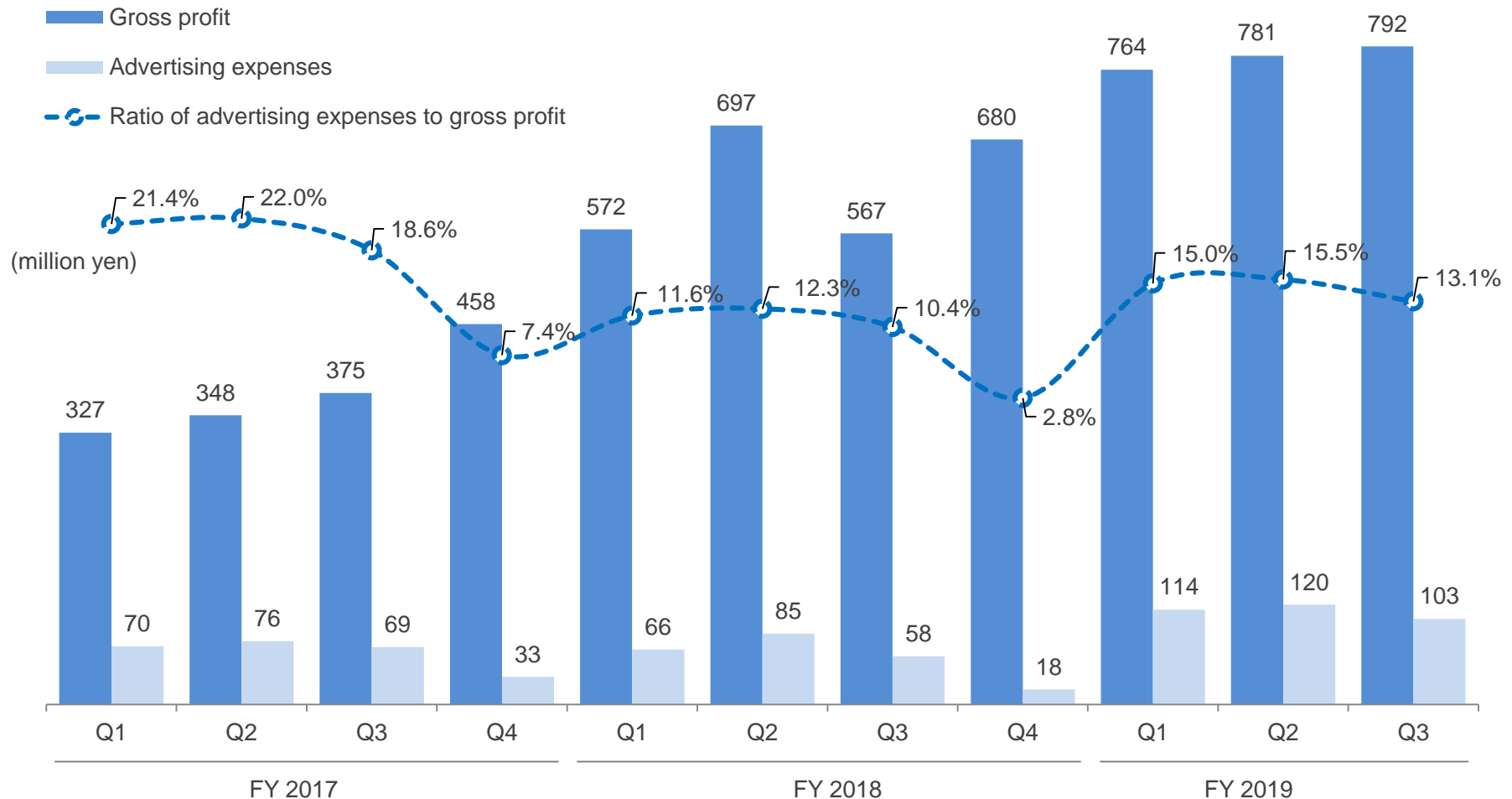
Quarterly SG&A Expenses/Ratio of SG&A Expenses to Total Contract Value

Continuing from the first half of the year, the Company is increasing advertising expenses actively in 3Q. Moreover, in tandem with growth in operations, the Company is expanding its workforce. Nonetheless, the Company succeeded in reducing the ratio of SG&A expenses to total contract value.



Quarterly Advertising Expenses/Ratio of Advertising Expenses to Gross Profit

From the second half of the fiscal year (H2), the Company began online advertising to attract clients. The Company is increasing advertise expenses by two times from the previous year because of the Company rises in registration of client.



| 3. Q3 FY 2019 KPI/Topics

Cumulative Q3 FY 2019 Business KPI (Take Rate)

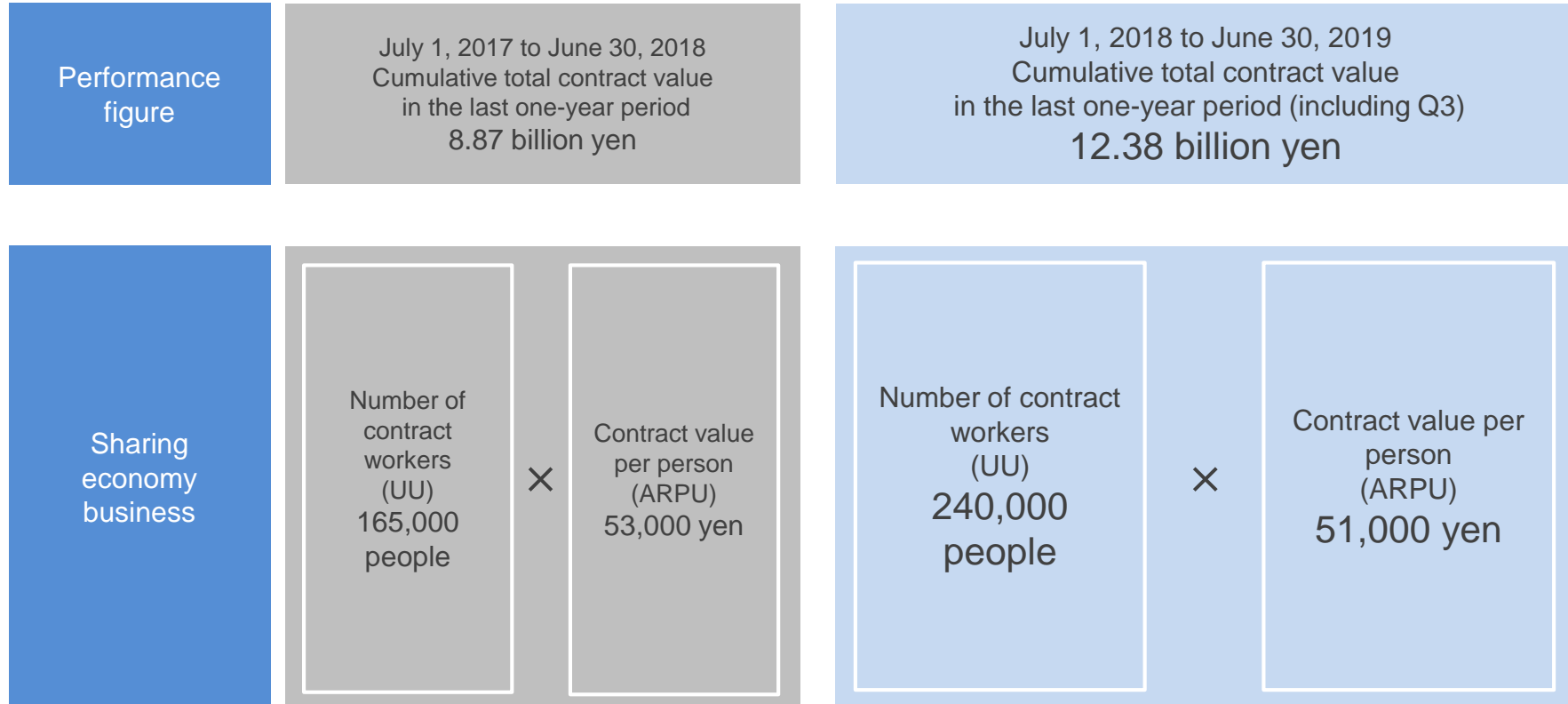
Sharing economy business: Take rate* is forecast to hold at around 20% through the fiscal year.

Performance figure	<p>[Important indicator] Total contract value 10.83 billion yen</p> <p>(Same period of previous fiscal year 8.16 billion yen Comparison with same period of previous fiscal year +32.7%)</p>	<p>Take rate 21.6%</p> <p>(Same period of previous fiscal year 22.5%) (Comparison with same period of previous fiscal year -0.9%)</p>	=	<p>Gross profit (Growth fund) 2.33 billion yen</p> <p>(Same period of previous fiscal year 1.83 billion yen) (Comparison with same period of previous fiscal year +27.3%)</p>
Sharing economy business	<p>Total contract value 9.68 billion yen</p> <p>(Same period of previous fiscal year 7.28 billion yen Comparison with same period of previous fiscal year +32.9%)</p>	<p>Take rate 19.2%</p> <p>(Same period of previous fiscal year 20.5%) (Comparison with same period of previous fiscal year -1.3%)</p>	=	<p>Gross profit 1.86 billion yen</p> <p>(Same period of previous fiscal year 1.49 billion yen) (Comparison with same period of previous fiscal year +24.6%)</p>
Fintech/New peripheral business	<p>Total contract value 1.14 billion yen</p> <p>(Same period of previous fiscal year 870 million yen Comparison with same period of previous fiscal year +31.4%)</p>	<p>Take rate 41.3%</p> <p>(Same period of previous fiscal year 39.1%) (Comparison with same period of previous fiscal year +2.2%)</p>	=	<p>Gross profit 470 million yen</p> <p>(Same period of previous fiscal year 340 million yen) (Comparison with same period of previous fiscal year +38.9%)</p>

* Take rate: Gross profit/Total contract value Added value (gross profit) ratio generated from our handling contract amount (%)

Q3 FY 2019 Business KPI (UU×ARPU) – in the Last One-year Period

The cumulative total contract value for the past year (July 1, 2018 to June 30, 2019), which includes Q3, is 12.38 billion yen (YoY change: +39.6%). This growth was achieved through a strategy of increasing UU* while holding ARPU** steady.

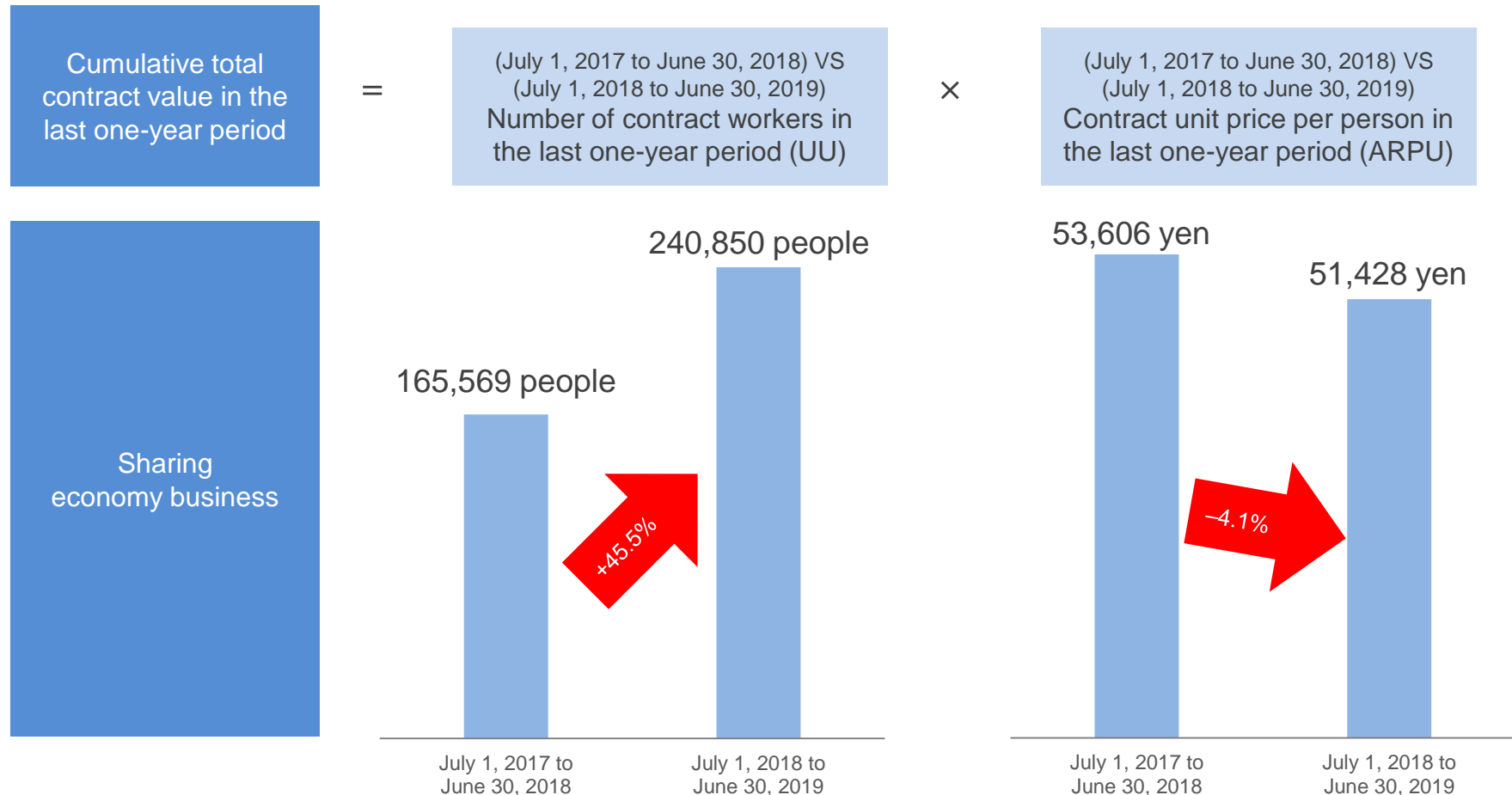


* Number of contract workers (UU): Unique contract number of people who had orders received during the period

** Contract value per person (ARPU): Average contract amount per person during the period

Q3 FY 2019 Business KPI (UU×ARPU) – in the Last One-year Period

In the last one-year(July 1, 2018 to June 30, 2019), number of contract workers(UU*) was grown due to temporary increasing of new UU by an effect of TV show, broadcasted in the last September. Contract unit price per person (ARPU**) declined slightly.

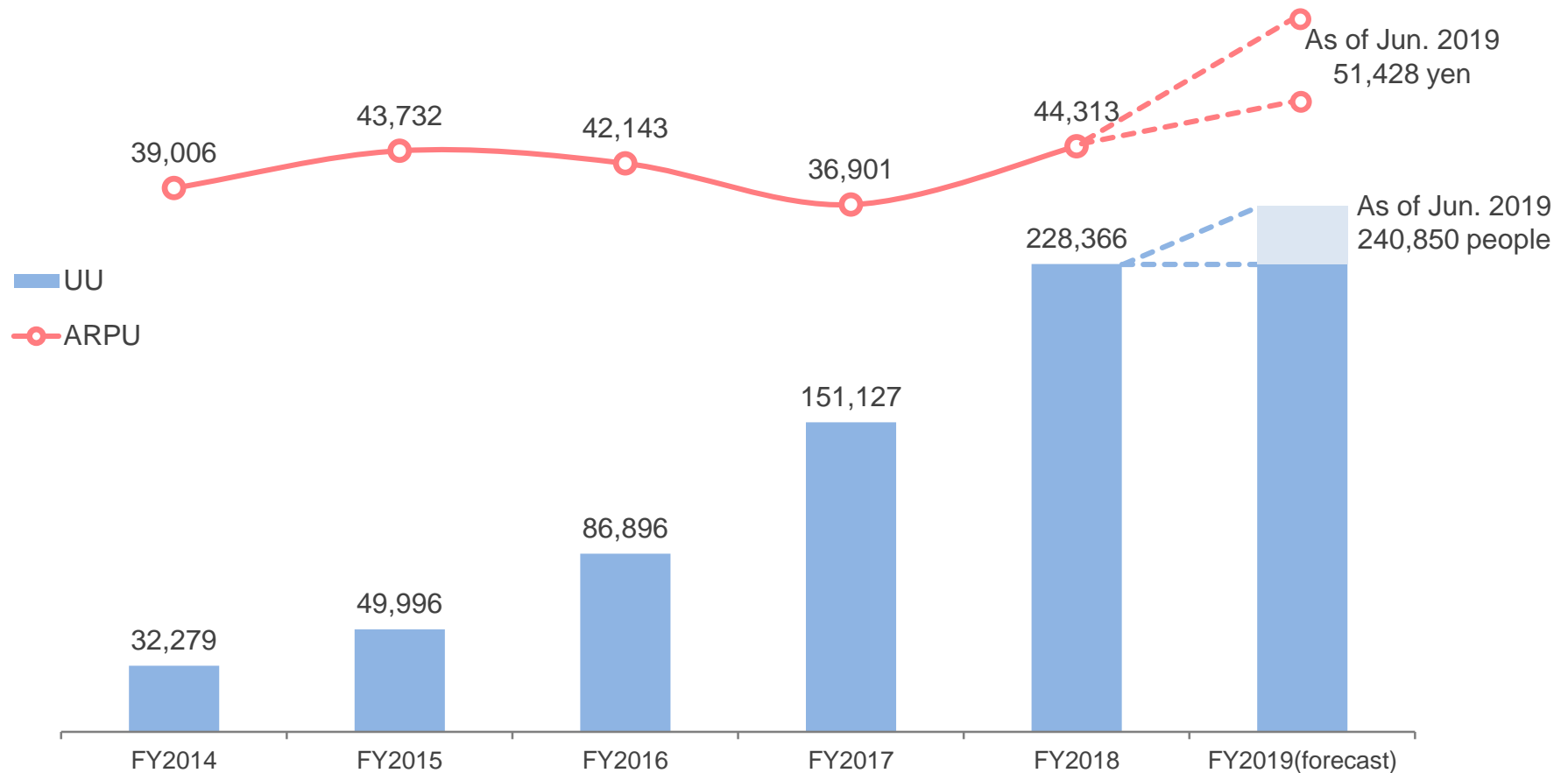


* Number of contract workers (UU): Unique contract number of people who had orders received during the period

** Contract value per person (ARPU): Average contract amount per person during the period

Reference Data: Business KPI (UU×ARPU) – Full Year Forecast

Both of UU* and ARPU** are forecast to expand through the fiscal year.

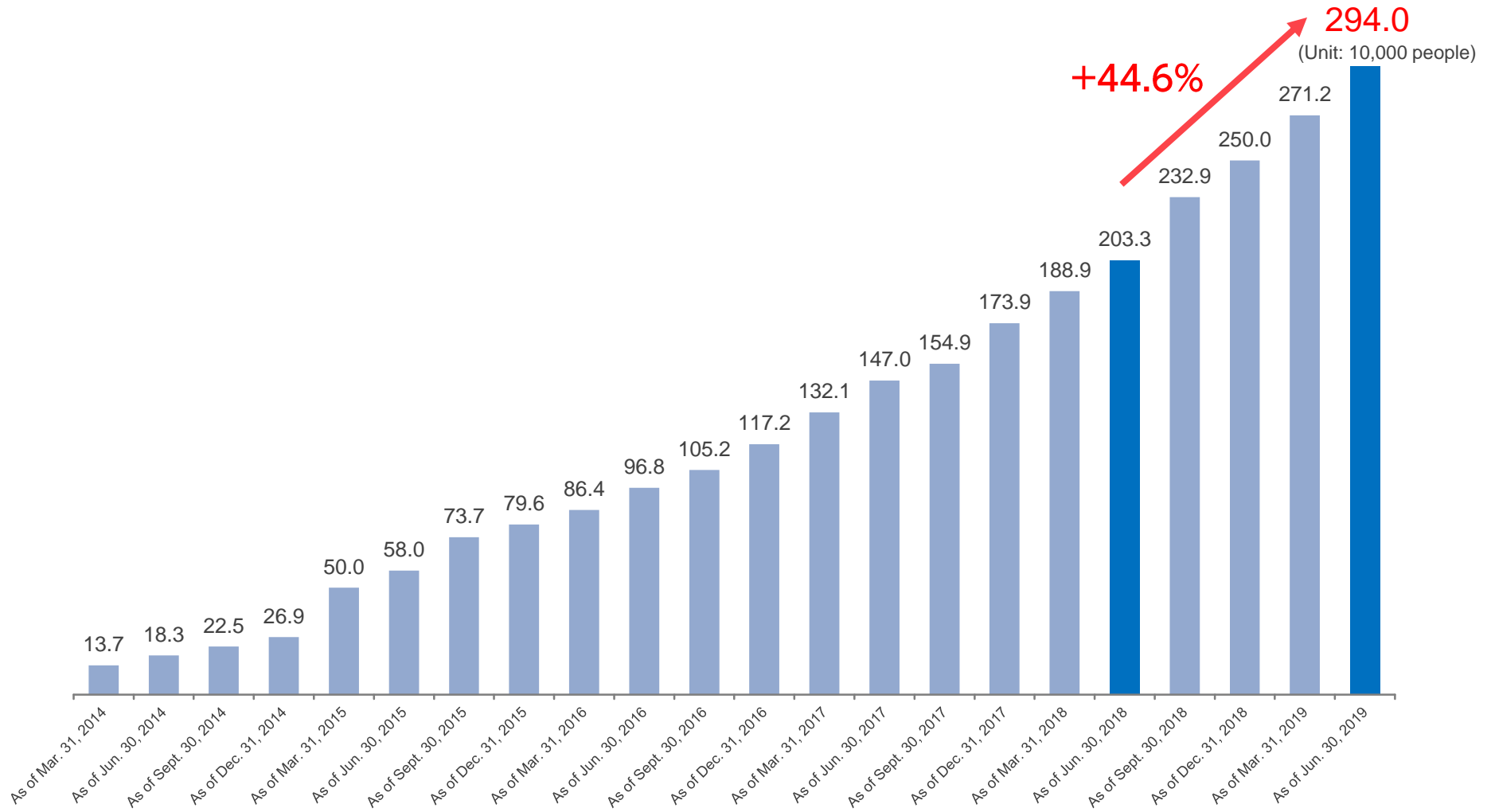


* Number of contract workers (UU): Unique contract number of people who had orders received during the period

** Contract value per person (ARPU): Average contract amount per person during the period

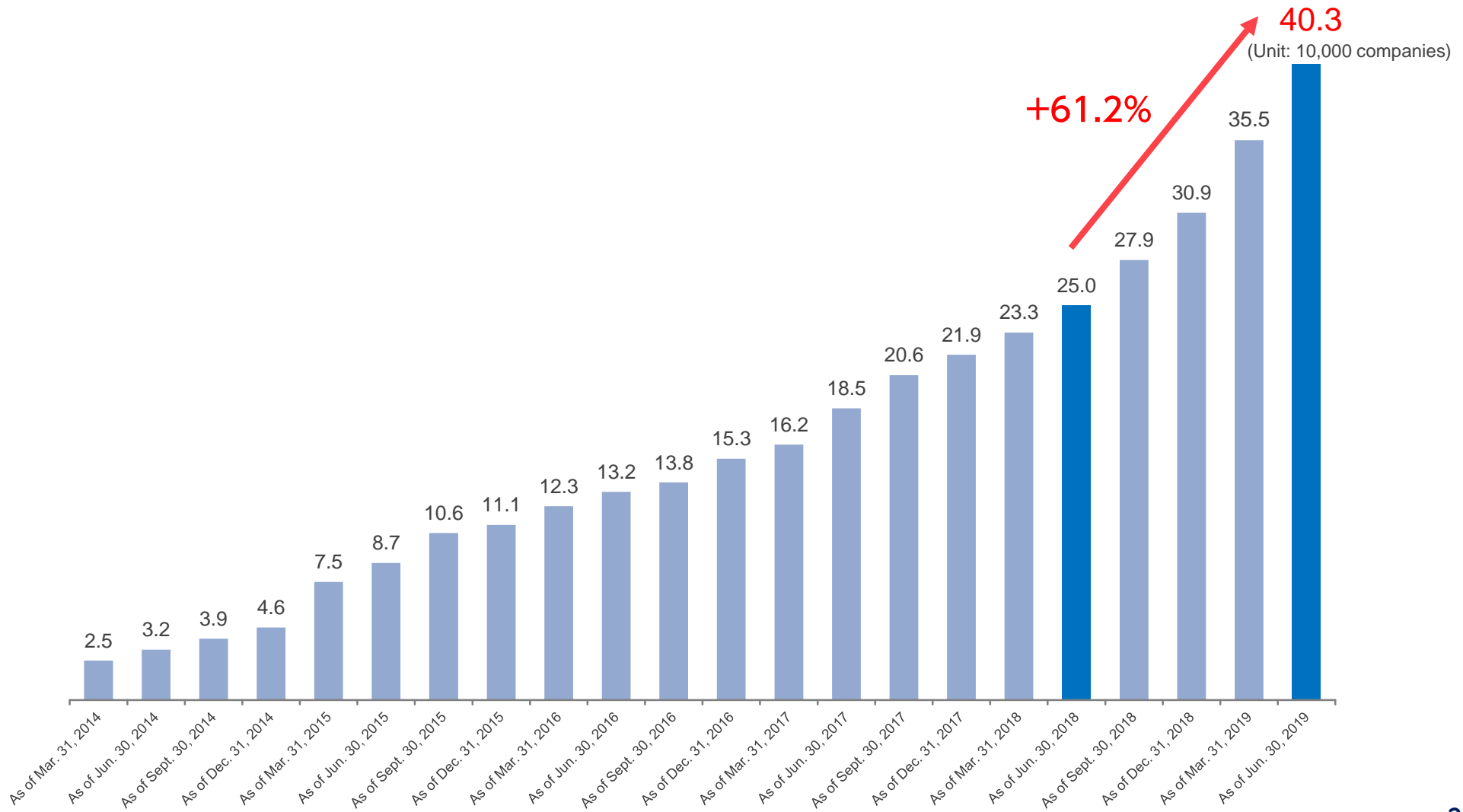
Group Cumulative Number of Workers

The number of workers in the entire group: 2,940,000 people (as of Jun. 30, 2019)
Year-on-year increase of 907,000 people (+44.6% growth).



Group Cumulative Number of Clients

The number of clients recorded the highest ever increase with a year-on-year increase of 153,000.



Direct Matching Service

1. Release of character-rate search-refinement feature

Contributes to increase in contract amount per person

こだわり

記事のジャンル▶
(Category of Article)

求めるレベル▶
(Skill of Level)

文字単価▼
(Price per Character)

5 ▼ 円~
(yen)

指定しない
(Not applicable) ▼ 円
(yen)

- Search results -

固定報酬制
(Fixed Fee)

5.0 円 (yen)

(文字単価)
(Price per Character)

1,000文字
(1,000 characters)

With the provision of the character-rate search-refinement feature for writing jobs, workers can efficiently find work at the rates they desire, thereby supporting improvement of worker productivity.

2. Skill certification

Contributes to increase in contract amount per person

CrowdWorks Co., Ltd.
Skill Certification

Skill Certification Course

- Online Writer Certification Level 1
- Online Writer Certification Level 2
- Online Writer Certification Level 3
- Business Clerical Certification

スキル検定一覧

WEBライター検定1級

WEBライター検定2級

WEBライター検定3級

ビジネス事務検定

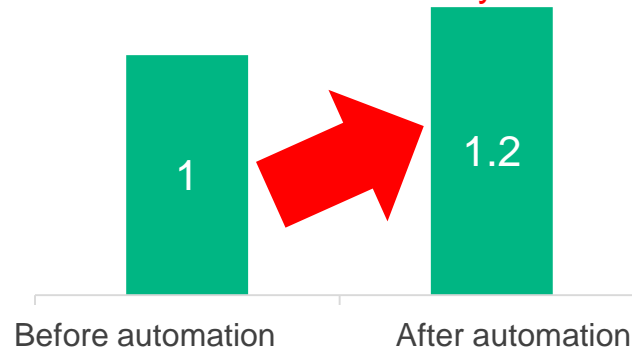
Providing CrowdWorkers with skill certification enables them to increase their ability to receive orders and increase the rates they receive.

Online Agent Service

1. Release of a feature that reserves online interviews automatically

Contributes to increasing the number of contract users

Automation increases the
number of interviews by 20%

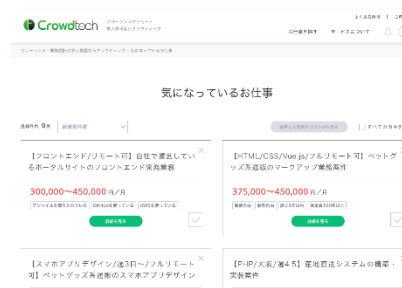


This feature raises efficiency by automating CrowdTech interview reservations, resulting in a 20% increase in new worker interviews.

2. Strengthening of work-management functions

Contributes to increasing the number of contract users

List for consideration



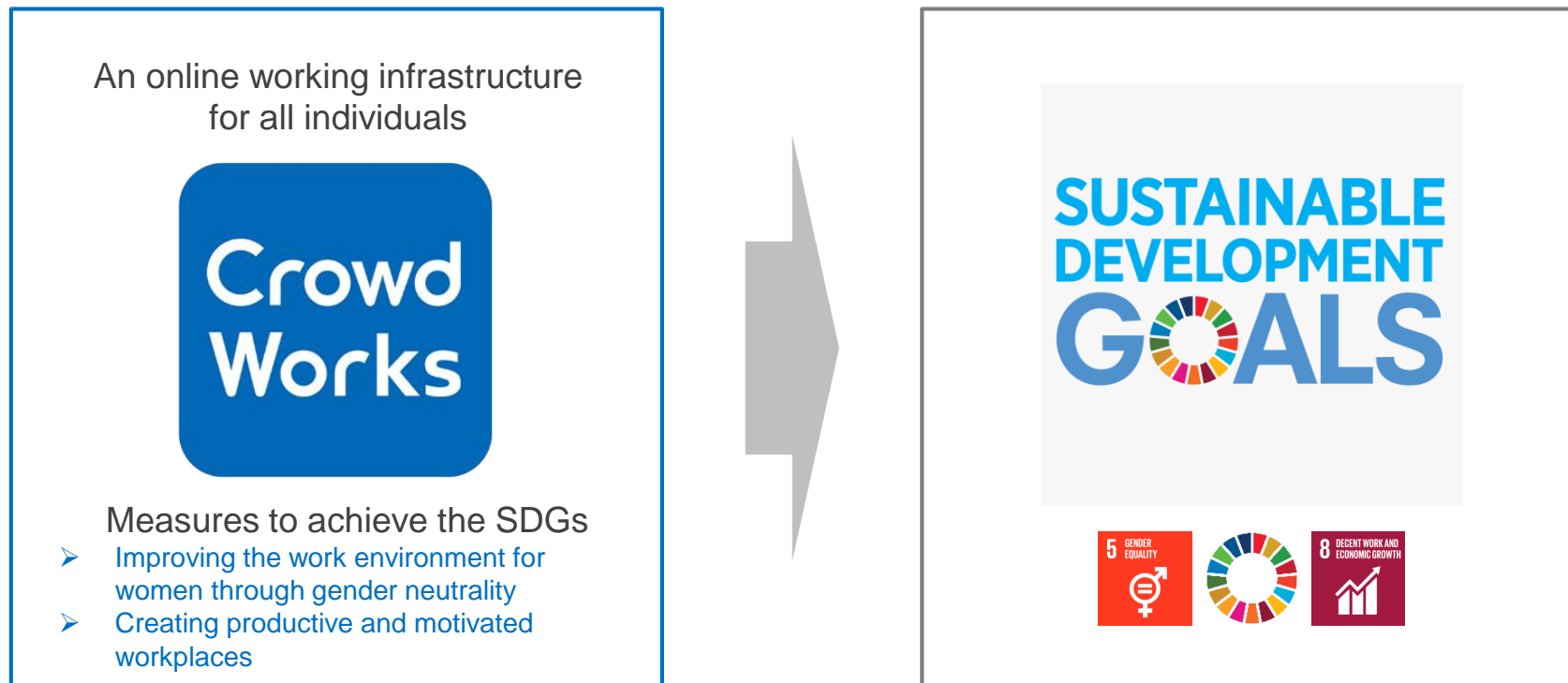
Project application history



To provide crowd workers with continuous opportunities to obtain work, the feature strengthens management functions and expands features enabling workers to work for longer periods with greater security.

CrowdWorks is committed to providing environments where every individual, whether a freelancer, homemaker, senior or company employee, can work on an equal basis. In this way we address a wide range of social issues, such as boosting individuals' motivation and achieving a gender-neutral work environment.

We support the SDGs by providing “an online working infrastructure” for all individuals.



As part of efforts to achieve the SDGs, CrowdWorks launched the Inclusive Project in-house. In this project, CrowdWorks management staff members grapple with the Company's key issues from an inclusive viewpoint, advancing efforts to achieve sustainable growth.

Inclusive Project to achieve the SDGs

Eliminating gender-based inequality to empower women

Aim: Improving the work environment for women through gender neutrality

- Conducting surveys of views about gender and hiring

Improving workplace motivation to create new value

Aim: Creating productive and motivated workplaces

- Introduction of fully flexible and fully remote work systems
- Freedom to pursue side-job

Targets within the SDGs



Target 5.5

Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life



Target 8.5

By 2030 achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

Case Study from the Inclusive Project (1): Eliminating Gender-based Inequality to Empower Women

Thinking ahead of society, the Company conducted surveys of employee view on the theme of "Disadvantage and limitation of gender in a working life". Employee have experienced disadvantage and limitation in their career

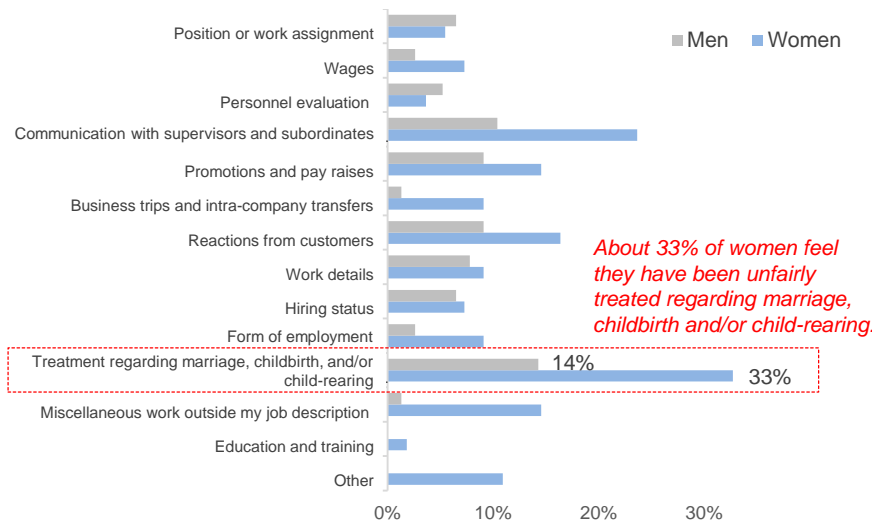
: 33% of women and 14% of men feel they have been unfairly treated regarding marriage, childbirth and/or child-rearing.

: 65% of women and 4% of men consider their gender when selecting a career path or occupation.

The Company takes active roles in the workforce by fostering an environment in which they can keep working regardless of gender.

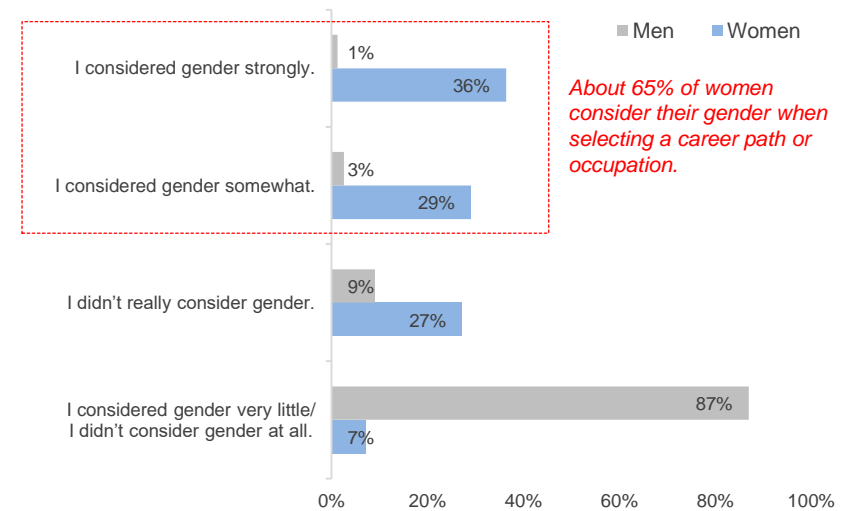
Q: In your career, have you ever experienced a disadvantage due to gender? If so, in what ways?

(Men: n=77 Women: n=55; tabulation of multiple responses)



Q: When selecting a career path or occupation, did you take gender into consideration?

(Men: n=77 Women: n=55)



* A partial excerpt from a survey conducted in CrowdWorks in July 2019 regarding the "Disadvantage and limitation of gender in a working life"

Case Study from the Inclusive Project (2): Creating Productive and Motivated Workplaces

The Company keeps introducing a variety of work styles to solve "Issues in the labor market" in Japan.

Introduction of fully flexible and fully remote work systems



Full-Flex

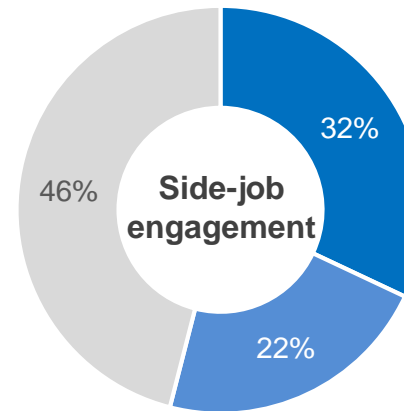
&



Full-Remote

These systems enable people to continue working despite a wide variety of restrictions, such as child-rearing and nursing care. Workers can continue their careers without interruption, increasing their motivation.

Freedom to pursue side-job
CrowdWorks employees' involvement in side-job



- Currently running a side-job
- Has run a side-job in the past
- Has never run a side-job

Five perceived benefits of a side-job

1. Increased income
2. Improved skills and knowledge
3. Change of pace/atmosphere
4. Testing one's abilities
5. Trying new challenges

About half of CrowdWorks employees have experienced doing a side-job. Side-job provide employees with a way of improving their skills and knowledge while boosting their income. Employees also learn to manage their time and health independently.

| 4. Appendix

FY 2019 Profit and Loss Statement: Quarterly Transition

The total contract value for the 3rd quarter of FY 2019 was 3,751 million yen (+30.4% year-on-year)

Net sales : 2,282 million yen (+40.6% year-on-year)

Gross profit : 792 million yen (+39.5% year-on-year)

Operating profit : 25 million yen (+141 million-yen year-on-year)

(Unit: million yen)

	FY 2018 (consolidated)				FY 2019 (consolidated)				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Year-on-year basis	Quarter-on-quarter basis
Total contract value	2,328	2,956	2,877	2,990	3,468	3,611	3,751	+30.4%	+3.9%
Net sales	1,352	1,867	1,622	1,792	2,027	2,203	2,282	+40.6%	+3.6%
Gross profit	572	697	567	680	764	781	792	+39.5%	+1.3%
SG&A expenses	577	654	684	578	750	758	767	+12.0%	+1.1%
Operating profit	(4)	42	(116)	102	13	23	25	+141	+1
EBITDA	17	81	(83)	135	46	56	52	+136	(4)
Ordinary profit	(6)	38	(109)	87	13	34	25	+135	(9)
Profit attributable to owners of parent	(35)	(21)	(111)	87	(2)	(37)	(30)	+81	+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.

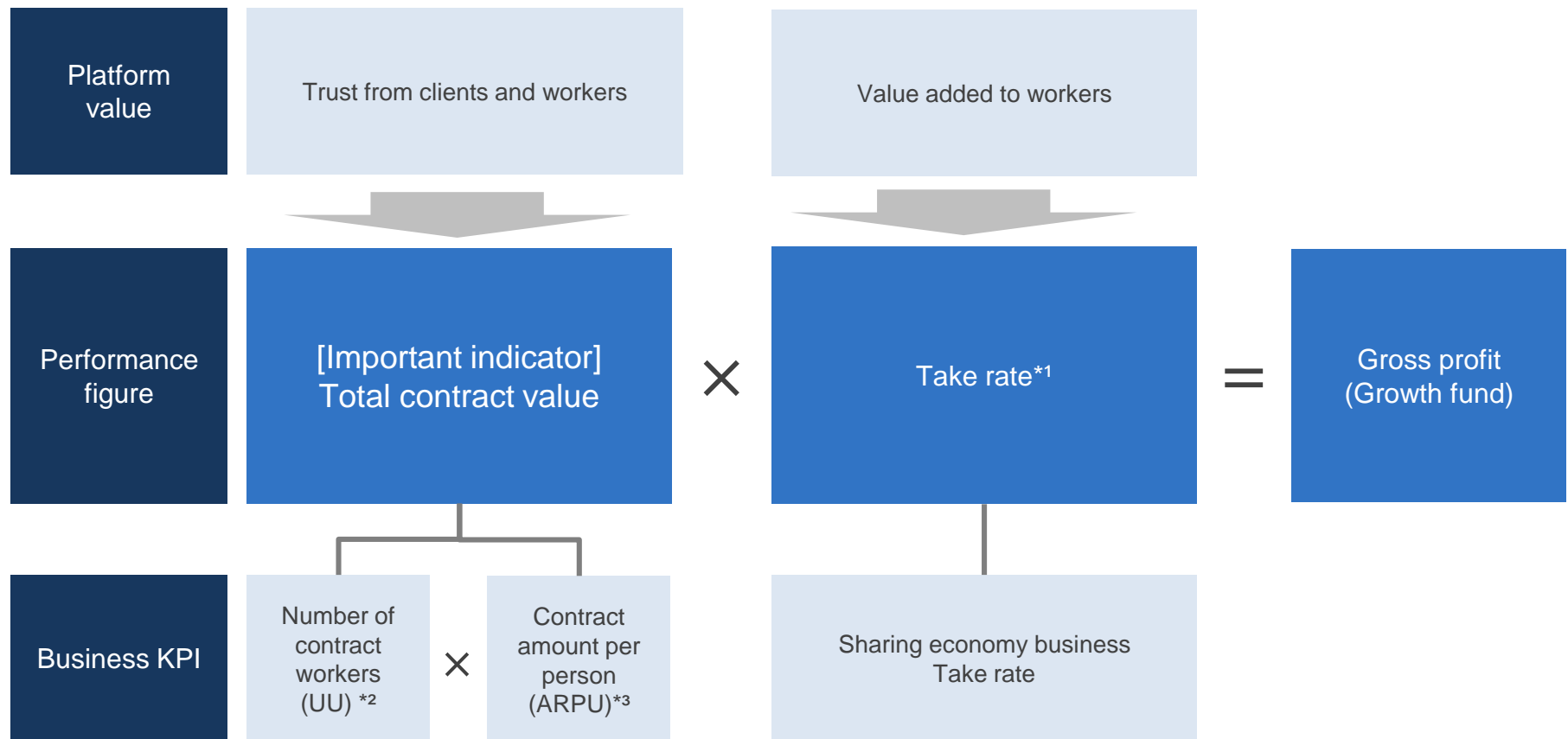
Through the exercise of some subscription rights to shares, the Company raised a total of 1.04 billion yen during the current fiscal year. As a result, capital adequacy ratio at the end of Q3 was 14.0% higher than at the end of the previous fiscal year.

(Unit: million yen)

	Q3 FY 2019 end (consolidated)	FY 2018 end (consolidated)	Compared with the end of the previous fiscal year
Current assets	5,162	4,758	404
Non-current assets	1,111	1,199	(88)
Total assets	6,273	5,957	315
Current liabilities	2,574	3,124	(549)
Non-current liabilities	524	605	(81)
Net assets	3,174	2,227	947
Capital adequacy ratio	49.7%	35.7%	+14.0%

- 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.
- 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 of the current consolidated fiscal year. For purposes of comparison of financial condition, this revision is applied retroactively to the figures at the end of the previous consolidated fiscal year.

Set the **total contract value** created by the trust of client and worker matching **as an important index**, and maximize the gross profit as a growth resource.



*1 Take rate: Gross profit/Total contract value Added value (gross profit) ratio generated from our handling contract amount (%)

*2 Number of contract workers (UU): Unique contract number of people who had orders received during a certain period

*3 Contract amount per person (ARPU): Average contract amount per person during a certain period

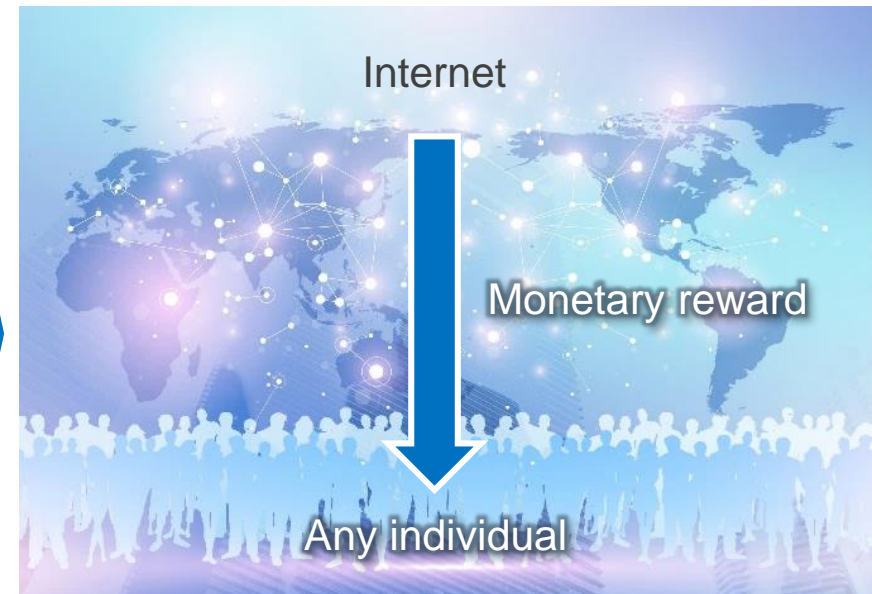
CrowdWorks develops a business that delivers monetary rewards to any individuals through the Internet.

By optimally utilizing the results of the work of individuals and credit data accumulated on the Internet, we revitalize talented personnel, eliminate human resources mismatches, and update the labor market.

20th century



21st century



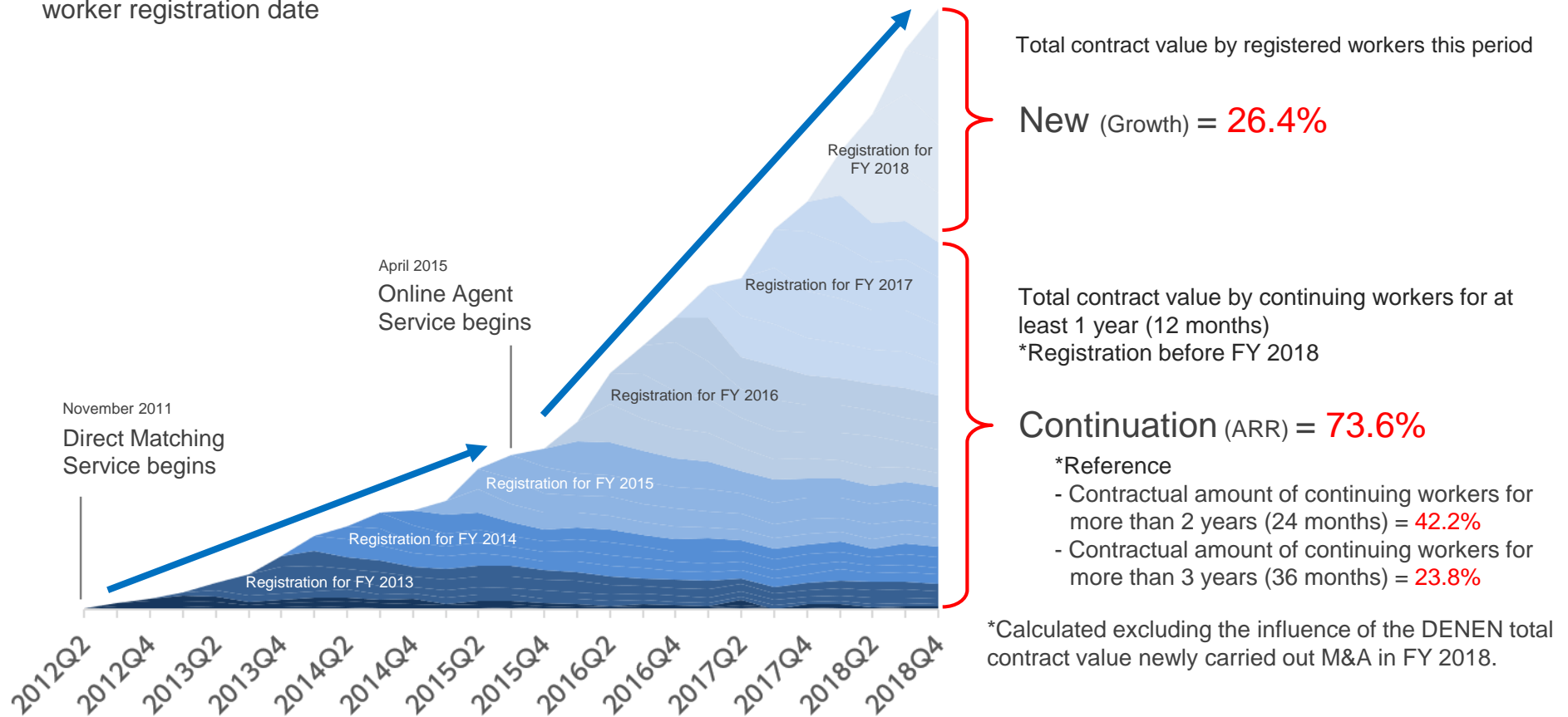
Business Strength: Business Model Generating Stock Revenues

The total contract value in the sharing economy business forms the basis of a continuous contract

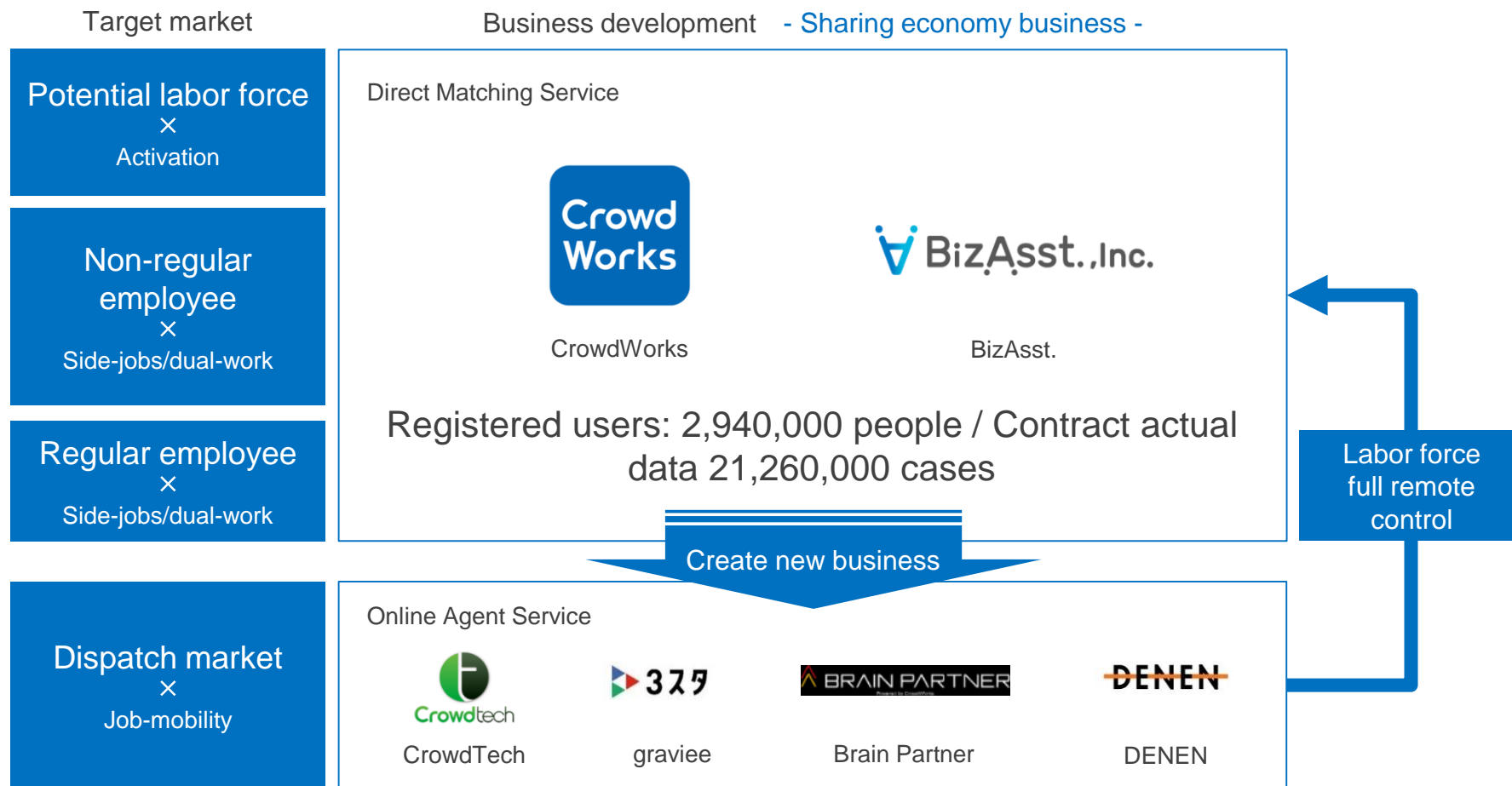
- 73.6% have been created by continuing workers for more than 1 year
- 23.8% have been created by continuing workers for more than 3 years

We have established **a business model in which workers are stocked over the long term.**

Total contract value calculated from the worker registration date



Utilizing the asset data of users of CrowdWorks, efficient business development is possible
Advantages: (1) Japan's largest online talent database.
(2) Easy test marketing of various new businesses by utilizing platform data.



ユーザー登録数100万人突破&5周年記念イベント
クラウドワークス感謝祭

Bring a smile to everyone
through work

[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]

CrowdWorks Inc.

Corporate planning/IR supervisor

<https://crowdworks.co.jp/>

E-mail: ir@crowdworks.co.jp

Disclaimer: This document is a translation of the Japanese original. The Japanese original has been disclosed in Japan in accordance with Japanese accounting standards and the Financial Instruments and Exchange Act. This document does not contain or constitute any guarantee and the Company will not compensate any losses and/or damage stemming from actions taken based on this document. In the case that there is any discrepancy between the Japanese original and this document, the Japanese original is assumed to be correct.