



November 19, 2019

Company name: CrowdWorks, Inc.
Representative: Koichiro Yoshida
President and CEO
(TSE Mothers Code No.3900)
Contact: Shinichi Nomura
Director

**(Corrections) Notice Regarding Partial Corrections of
“FY09-19 Presentation Material for IR”**

CrowdWorks, Inc. hereby announces that it has made corrections to “FY09-19 Presentation Material for IR” released on September 14, 2019. Corrections are underlined. The corrected version is attached below.

1. Details of Corrections

Page 41: Society Background: Worsening Labor Shortages and Standardization of Flexible Working Styles 2nd line of 2nd paragraph.

(Before correction)

Federation of Economic Organization

(After correction)

Federation of Economic Organization’s Chairman

Page 46: FY 2019 Balance Sheet Net assets figure

(Before correction)

FY 2019 end (consolidated) Net Asset 3,083

(After correction)

FY 2019 end (consolidated) Net Asset 3,245

The corrected version is also disclosed on the website below.

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



Crowd
Works



Ms. Kawai (CrowdWorks CrowdWorker)
Lives overseas and works at a company there. Does writing as a side business.

"By using the career and certifications I built up in Japan and applying myself to something I like, I've learned about a wide range of jobs I never knew existed."



Mr. Tamechika (CrowdWorks CrowdWorker)
Active as an engineer while working at a major manufacturing company.

"I'm confident that I'll be able to continue applying the experience and skills that I've acquired to business even after I reach retirement age."

"Workstyle Revolution"

Securities code: TSE Mothers 3900

CrowdWorks Inc. Financial Results for the Fiscal Year Ended Sept. 30, 2019 (from Oct. 2018 to Sep. 2019)



Ms. Noborizaka, NTT DATA INSTITUTE OF MANAGEMENT CONSULTING, Inc.
(Client)
Uses CrowdWorks for jobs in fields such as translation

"By outsourcing jobs outside of my expertise to others, I can apply my own skills to the greatest extent possible."



Mr. Ouchi, ASAHI Shimbun Media Lab (Client)
Uses CrowdWorks for writing jobs in the media he supervises

"By using crowdsourcing, I've increased the time I can spend on my other work."

- Total contract value : 14,806 million yen (+32.8% year-on-year)
-7.2% compared to the performance forecast of +40% growth
- Net sales : 8,749 million yen (+31.9% year-on-year)
+1.9% compared to the performance forecast of +30% growth
- Gross profit : 3,123 million yen (+24.0% year-on-year)
-6.0% compared to the performance forecast of +30% growth
- EBITDA : 167 million yen (+10.9% year-on-year)
Achieved an EBITDA surplus as predicted in the performance forecast
- Operating profit : 48 million yen (+104.1% year-on-year)
Achieved an operating profit surplus as predicted in the performance forecast

Factors Causing the Unachieved the Performance Forecast

Our current matching business showed favorable growth, with both net sales and operating profit achieving a surplus as predicted in the performance forecast.

On the other hand, total contract value and gross profit fell below forecast values as a result of the decline in contracting-related business growth rate and departure from our new business (fintech business).

Factors causing the unachieved the initial targets	FY 2019 results	Difference from initial targets		Difference in growth rate
Total contract value	14,806 million yen	-806 million yen		-7.2%
Increase due to steady growth in the existing matching business		+402 million yen		+3.6%
Decline due to departure from fintech business		-1,208 million yen		-10.8%
Net sales	8,749 million yen	+49 million yen	Achieved	+1.9%
Gross profit	3,123 million yen	-149 million yen		-6.0%
Increase in sales cost ratio for contracting-related business, decline due to shrinking contracting business		-44 million yen		-1.8%
Decline due to departure from fintech business		-55 million yen		-2.2%
Decline due to lagging growth in new business		-50 million yen		-2.0%
Operating profit	48 million yen	+48 million yen	Achieved	—

FY 2019 Review by Business and FY 2020 Policy

FY 2019 review

Matching business

In addition to the tailwind in the marketplace as a whole, we strengthened our client-targeted advertising and sales force, achieving favorable growth.
We also determined there will be sufficient returns in unit economics in a two-year period and intend to carry out investment targeted to long-term growth for this reason.

Project Contact business

Consolidated quarterly performance figures were severely affected by the delivery period of projects, resulting in reduced growth rate. Take rate was decreased due to soaring project costs.
We intend to optimize the profit and downsize this business as part of our revised growth plan for the future.

Fintech business

Decided to withdraw in the early stage because of intensifying competition after the entry.
We consider FinTech to be a strategic theme we should be involved with and intend to re-enter the market at a later date, following long-term observation.

M&A

Achieved operating profit surplus for existing projects.
Through PMI for existing projects, we solidified our capital efficiency guidelines, and as a result we were unable to implement any M&A projects for FY 2019. We will continue considering future opportunities based on these guidelines.

FY 2019 policy

Focus on investment

Downsizing with profitability focus

Continuing consideration

FY 2020 Performance Forecast (Entire Company)

Total contract value	:	16,200 million yen	+9% growth year-on-year
Net sales	:	9,000 million yen	+3% growth year-on-year
Gross profit	:	3,400 million yen	+8% growth year-on-year
EBITDA	:	-400 to -900 million yen	Leading deficit resulting from expanded investment in matching business
Operating profit	:	-500 to -1,000 million yen	

About the total contract value, net sales, gross profit

- Matching business growth rate will be 20% or above
- On the other hand, Project Contract business is projected to decrease around -20%
- While optimizing the profit for the Project Contract business, we will downsize its scope. Overall growth rate will decline.
- Aiming to maximize growth rate increase and medium-to-long term profits through expanded investment in core matching business.

About the EBITDA and operating profit

- Planned deficit resulting from the effects of repeated acceleration of leading investment in the matching business, which is performing well.
- We will implement investment with an expectation of two-year returns, seeking to maximize growth rate increase and medium-to-long term profits.

FY 2020: Performance Forecast by Segment

For the matching business, our forecast is +20% or greater continuous growth.

Although operating profits and EBITDA for the Project Contract business are expected to achieve a surplus, this will be downsized with a focus on profitability. The forecast for gross profit is -20% year-on-year.

We will implement concentrated investment in the matching business, aiming for a growth rate of +30% or more for FY 2021 and beyond.

There will also be investments in the launch of new businesses and services within a fixed scope, and a decline in operating profit of -100 to -200 million yen is expected.

	Matching business	Project Contract business	Other
Total contract value	13,300 million yen (+20% YoY)	2,800 million yen (+25% YoY)	100 million yen
Net sales	6,150 million yen (+19% YoY)	2,800 million yen (+22% YoY)	50 million yen
Gross profit	2,820 million yen (+20% YoY)	550 million yen (-8% YoY)	30 million yen
EBITDA	-400 to -800 million yen (Same period of previous fiscal year 42 million yen(profitable) Planning deficit resulting from expanded investment)	70 to 120 million yen (Same period of previous fiscal year 134 million yen Maintaining profit current level)	-100 to -200 million yen
Operating profit	-400 to -800 million yen (Same period of previous fiscal year 34 million yen (profitable) Planning deficit resulting from expanded investment)	0 to 50 million yen (Same period of previous fiscal year 58 million yen Maintaining profit current level)	-100 to -200 million yen

| FY 2019 Results (Entire Company)

FY 2019 Full-Year Profit and Loss Statement

Although total contract value and gross profit did not achieve the initial target values, net sales achieved +31.9% growth over target levels as a result of the steady growth of the existing matching business.

EBITDA and operating profit both maintained a surplus.

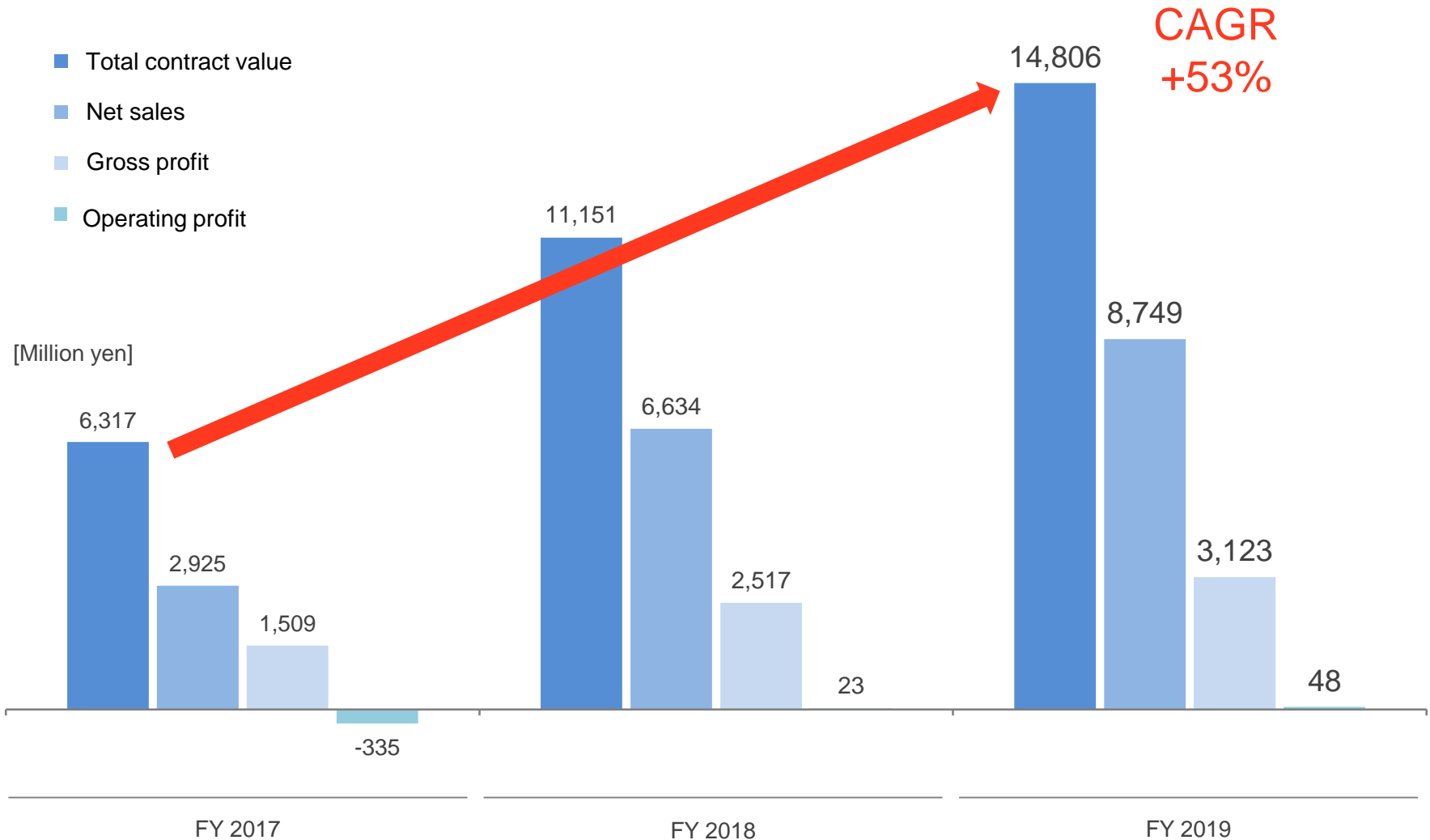
[Units: Million yen]

	Accounting period: Q4 FY 2019 (consolidated)			Cumulative period: FY 2019 (consolidated full-year)				
	Results	Quarter-on-quarter basis	FY 2018 results	Results	Year-on-year basis	FY 2018 results	Initial targets	Comparison to initial targets
Total contract value	3,974	+32.9%	2,990	14,806	+32.8%	11,151	+40% or more	-7.2%
Net sales	2,236	+24.7%	2,213	8,749	+31.9%	6,634	+30% or more	+1.9%
Gross profit	784	+15.3%	680	3,123	+24.0%	2,517	+30% or more	-6.0%
SG&A expenses	798	+38.2%	578	3,075	+23.3%	2,494	—	—
Operating profit	(14)	(116)	102	48	+24 (+104.1%)	23	Maintaining Profit	Achieved
EBITDA	11	(124)	135	167	+16 (+10.9%)	150	Maintaining Profit	Achieved
Ordinary profit	(6)	(94)	87	67	+57 (+591.6%)	9	—	
Profit attributable to owners of parent Current net profit	(57)	(144)	87	(127)	(46)	(81)	—	

- 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.

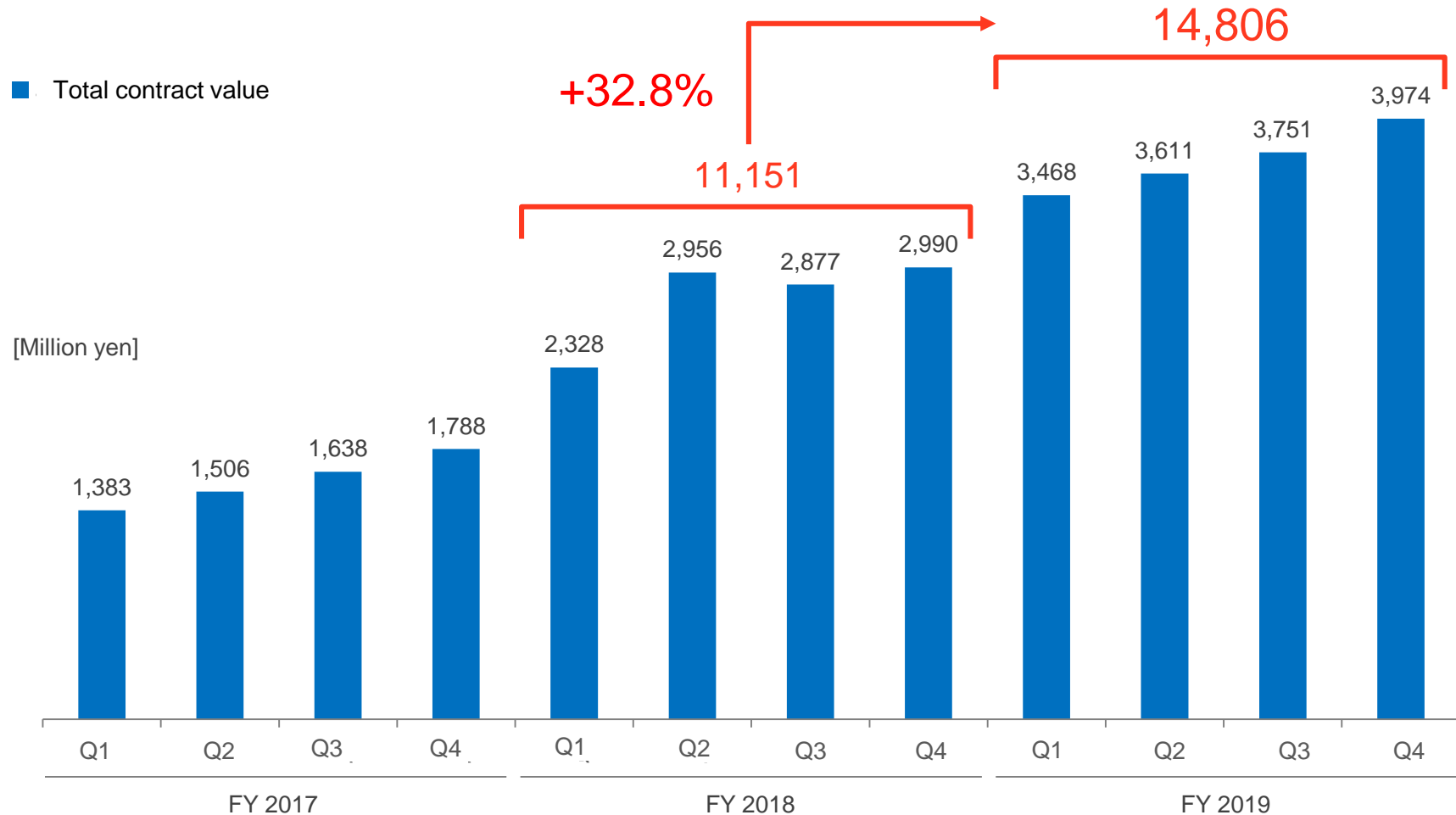
Entire Company: Full-Year Performance (Cumulative) Trends

For total contract value, the compound annual growth rate (CAGR) was +53%.
Net sales, gross profit, and operating profit all achieved the highest levels on record.



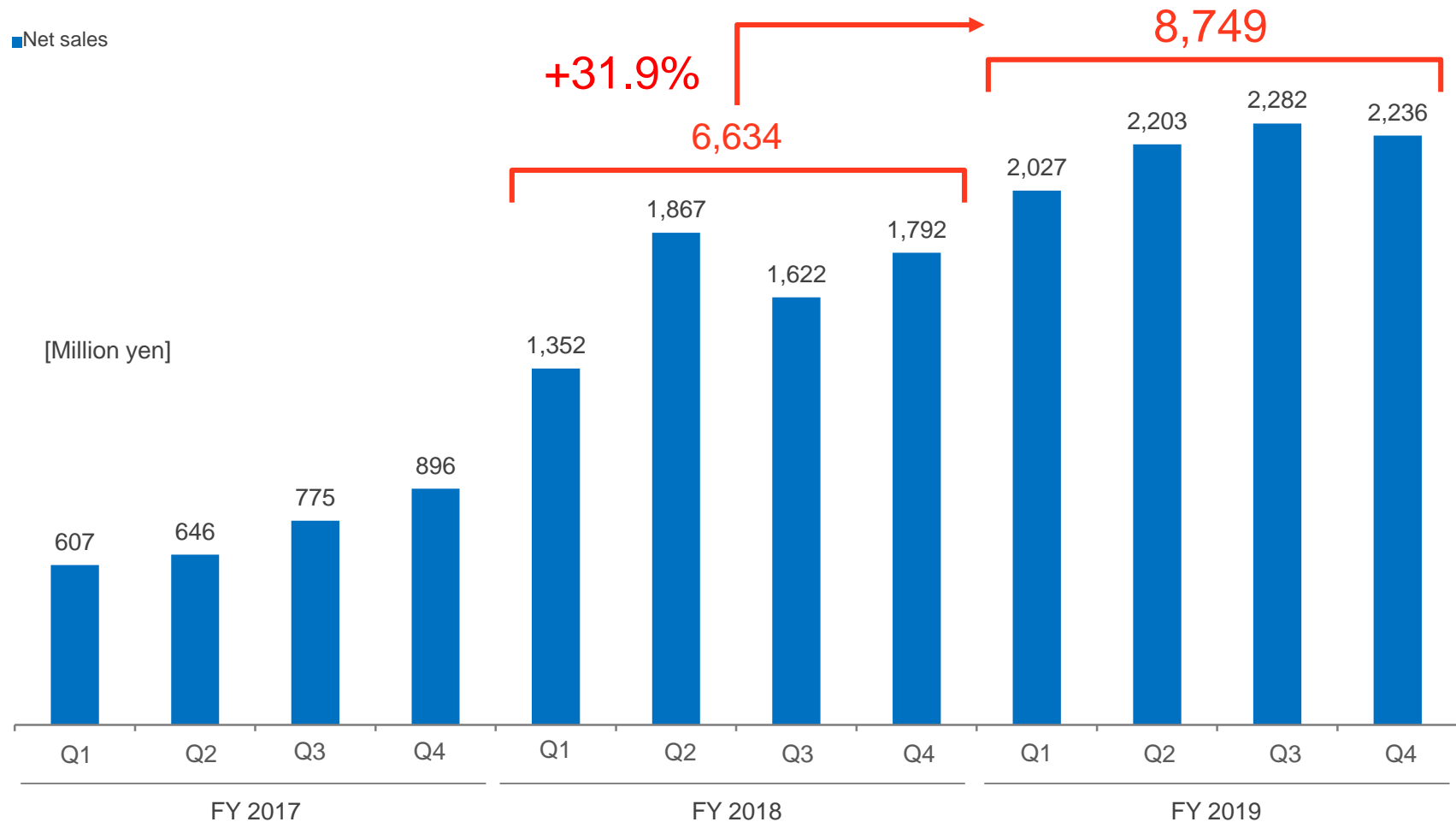
Entire Company: Consolidated Total Contract Value

Consolidated total contract value growth for the entire company was +32.8%.
With the exception of fintech and M&A, all sectors achieved steady growth in line with the initial targets.



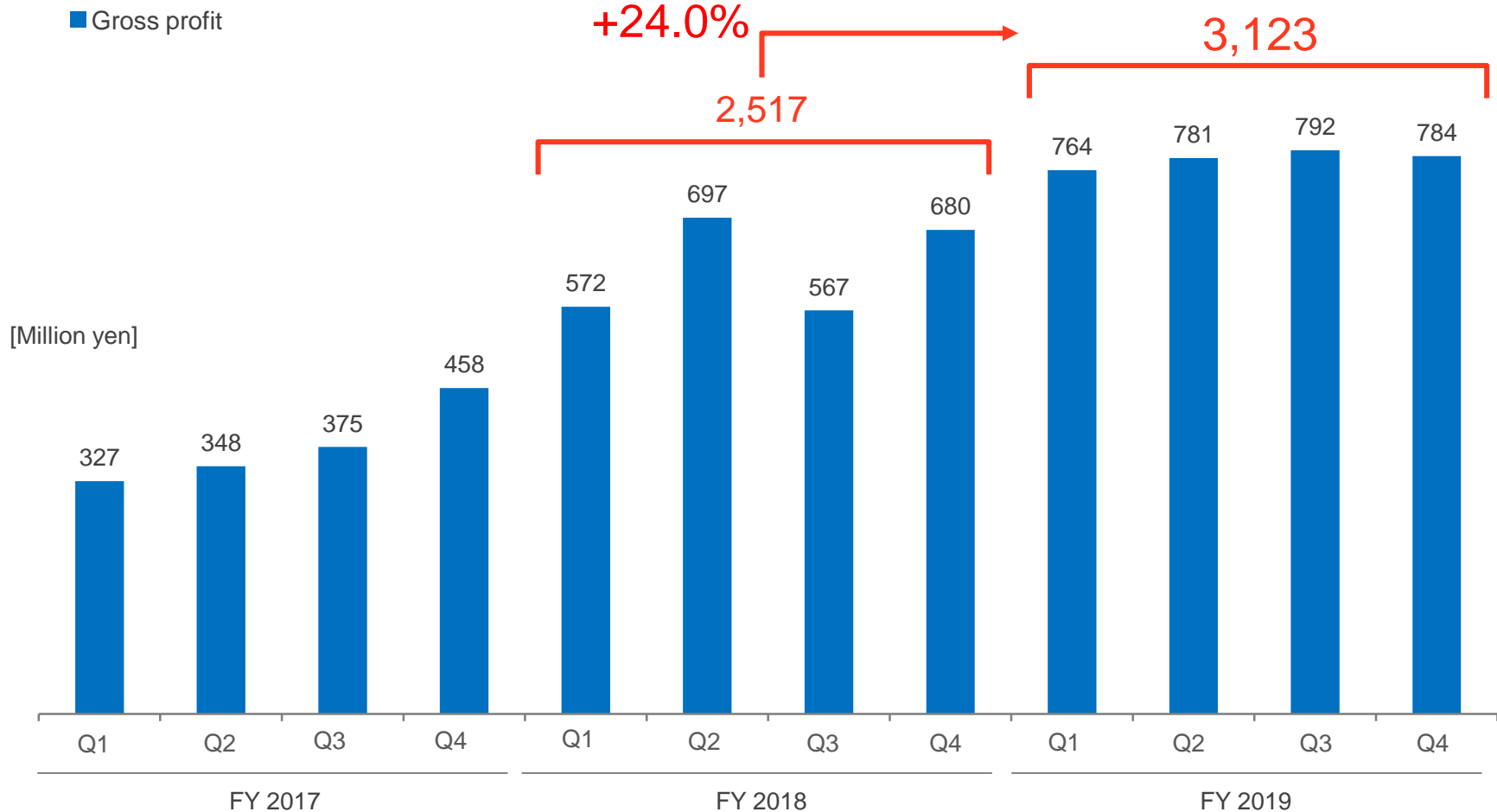
Entire Company: Consolidated Net Sales

For net sales, consolidated growth for the entire company was +31.9%, achieving the initially forecast performance.



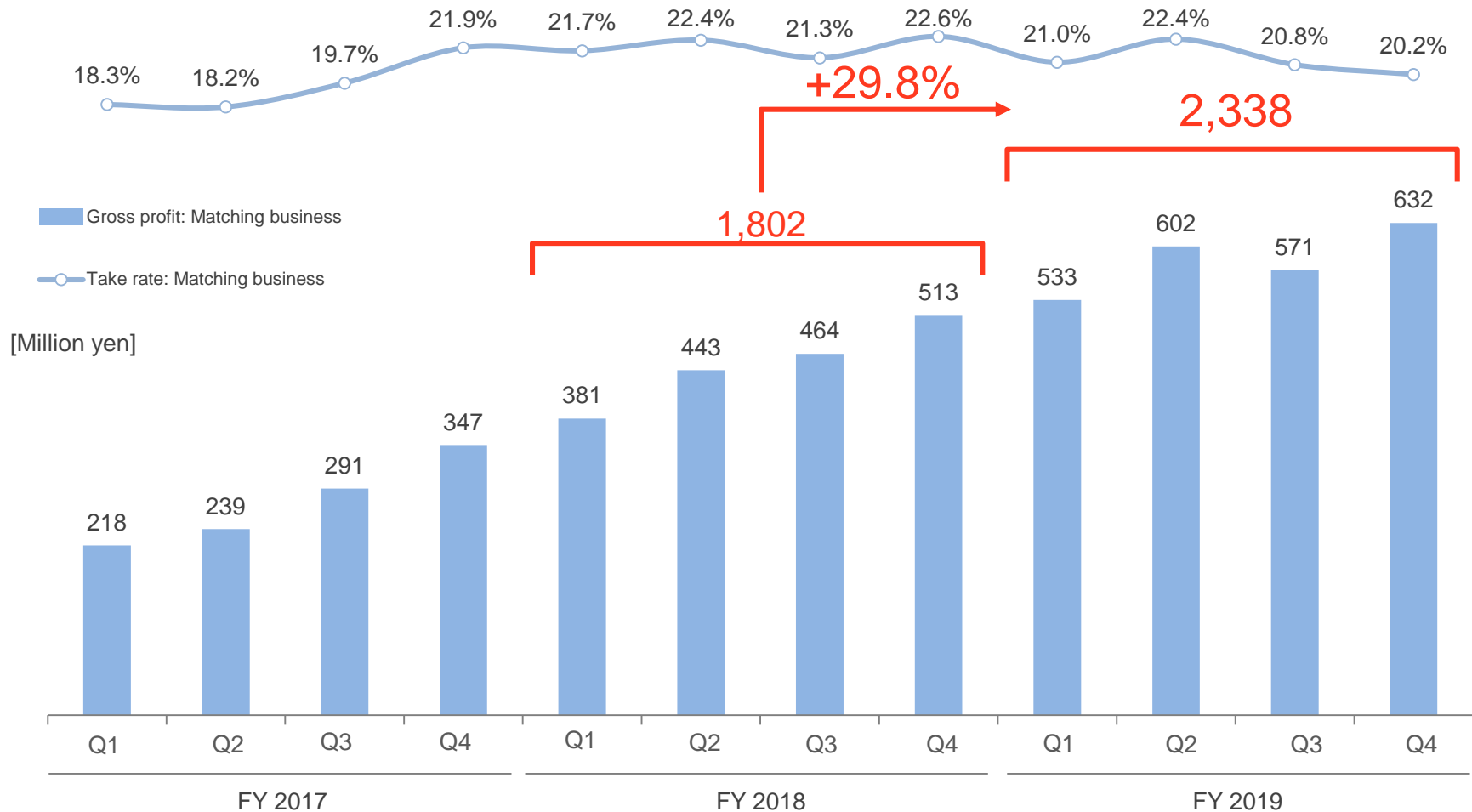
Entire Company: Consolidated Gross Profit

Although gross profit for FY 2019 was affected by the decline in gross profit for the Project Contract business, the consolidated growth rate for the entire company was +24.0% thanks to strong performance in the matching business.



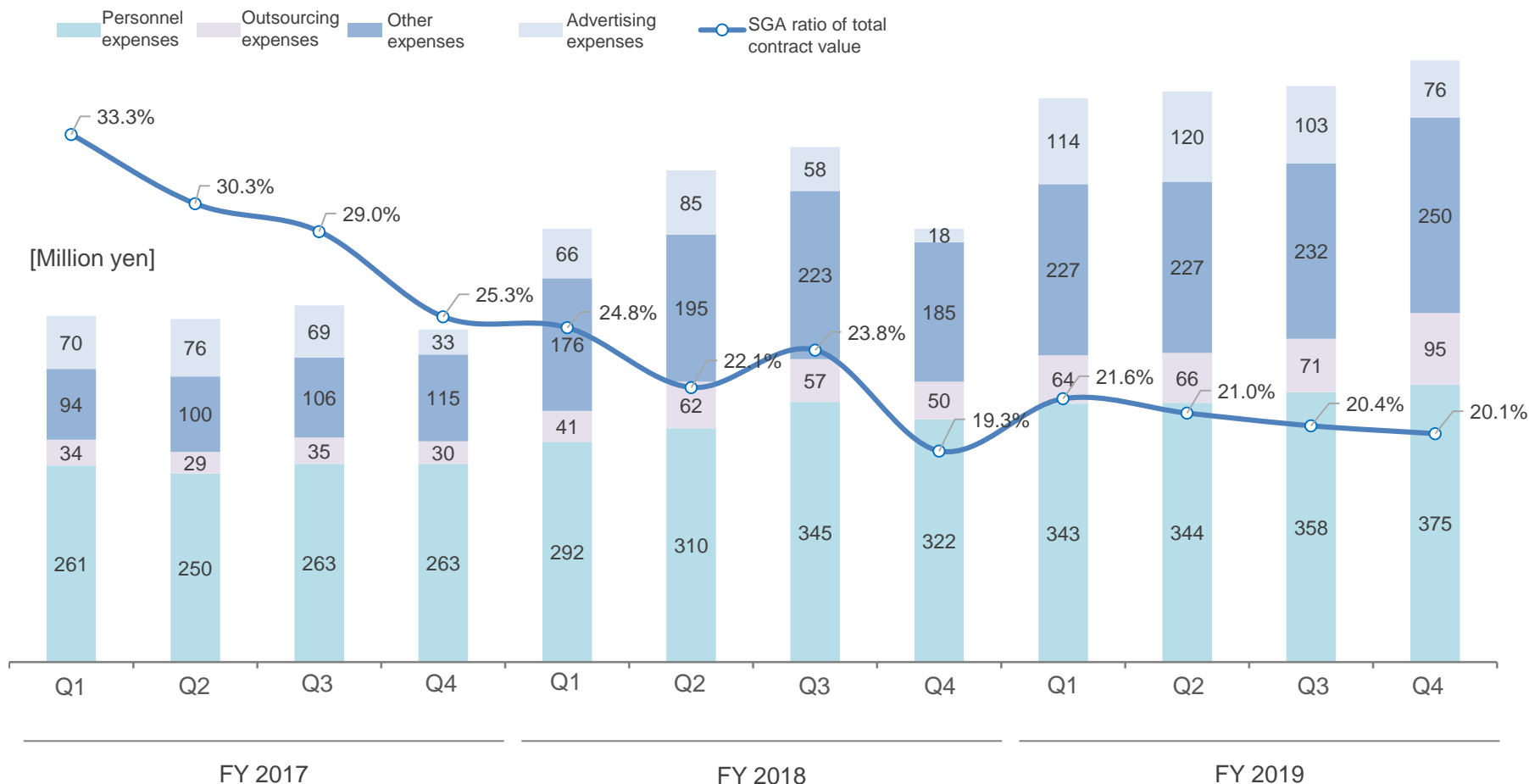
Reference Data: Gross Profit Performance of Matching Business

For the matching business, gross profit growth was +29.8%, and the take rate continued to maintain a position around 20%. The Project Contract business will make a profit and be downsized in FY 2020, and we will focus on the matching business.



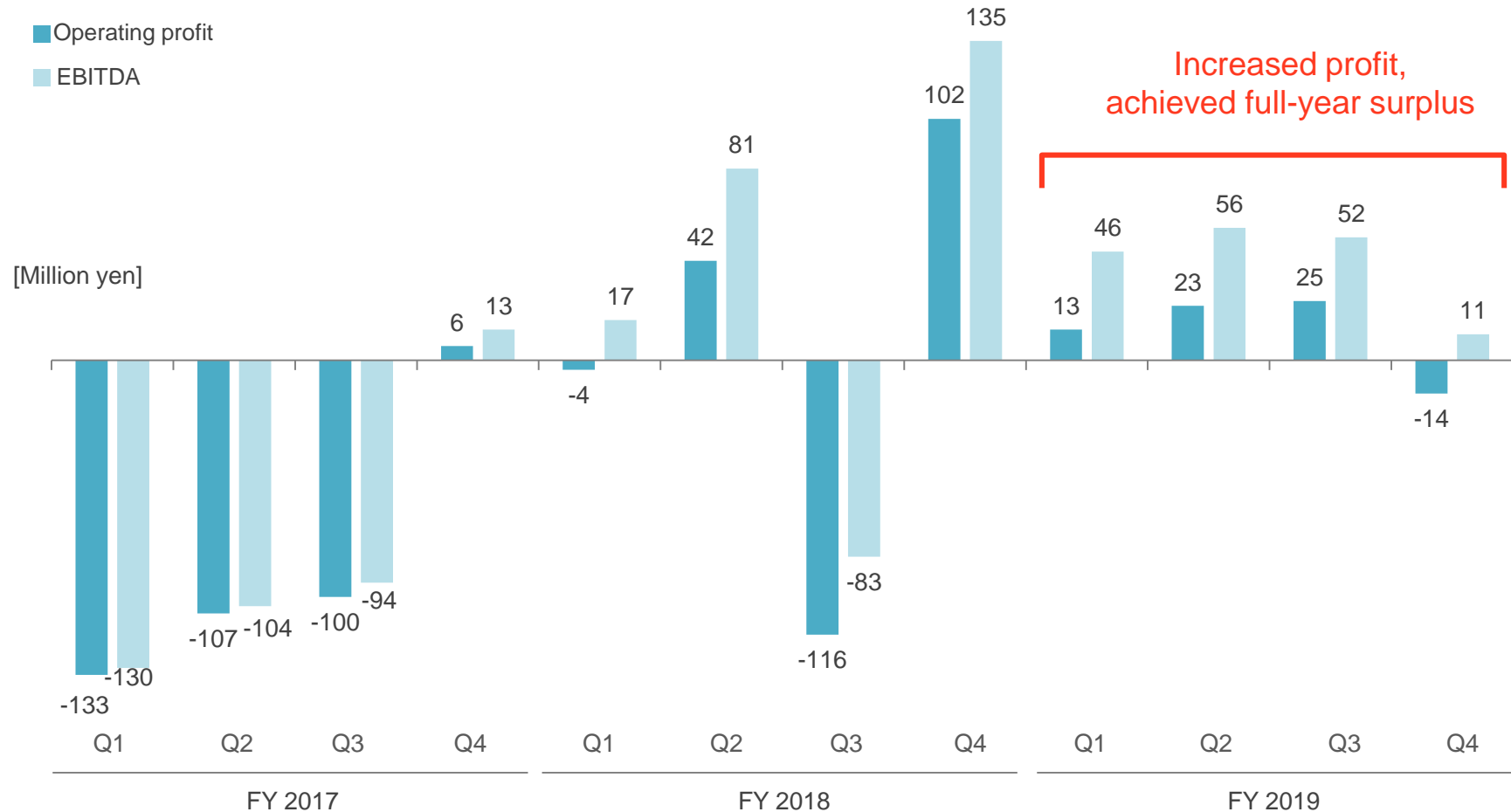
*The performance figures for individual segments listed in this document are the Company's current calculated values and have not undergone official accounting audits. The post-accounting audit figures are currently being prepared, so there may be some changes in the Q1 of FY 2020 and beyond.

SGA expenses were stabilized with 20% of the total by controlling advertising investment.



Entire Company: Consolidated Operating Profit

Operating profit increased and EBITDA remained in a surplus for all four quarters. Achieved full-year surplus operating profit for the second consecutive year.



Entire Company: Impact of Profit Attributable to Owners of Parent

The extraordinary losses which occurred in FY 2019 as a result of the withdrawal from fintech, differences from the business plan for Cyta, which was acquired through M&A, and appraisal losses for marketable securities in the investment development business were as follows.

Extraordinary loss content		FY 2019 results
Ordinary profit		67.25 million yen
Extraordinary incomes		26.55 million yen
Gain on sales of investment securities		26.54 million yen
Gain on reversal of subscription rights to shares		10 thousand yen
Extraordinary losses		181.09 million yen
Loss on retirement of non-current securities	Collective depreciation of fixed assets related to transfer of graviee and DENEN	1.11 million yen
Impairment loss	Cyta software losses	96.44 million yen
Loss on valuation of investment securities	Marketable securities investment losses	2.11 million yen
Loss on cancellation of contracts	Crowd Money contract cancellation losses	81.42 million yen
Profit before income taxes		-87.28 million yen
Income taxes		84.85 million yen
Profit		-172.13 million yen
Profit attributable to non-controlling interests		-44.53 million yen
Profit attributable to owners of parent		-127.60 million yen

- 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.

Segments for Disclosure Content Updated

As a result of business selection, concentration, and organization updates, the disclosure segments from FY 2020 have been updated.

Related to this, we will unify the summary of financial results, securities report, and financial results presentation material segments into a single new segment.

*This balance sheet will be disclosed under the new segment. Please see the appendix for old segment disclosure content.

Disclosure segments until Q4 FY 2019.		Disclosure segments from Q1 FY 2020.	
<ul style="list-style-type: none"> Summary of financial results Securities report 	Direct matching	<ul style="list-style-type: none"> Summary of financial results Securities report Financial results presentation material 	Matching segment <ul style="list-style-type: none"> Consisting mainly of system usage and matching referral contracts (CrowdWorks, CrowdTech, BizAsst., graviee, etc.)
	Agent matching		
	Business solution		
	Fintech		
	Investment development		
	Other		
<ul style="list-style-type: none"> Financial results presentation material 	Sharing economy business		Project Contract segment <ul style="list-style-type: none"> Consisting mainly of commissioning contracts (DENEN, I/O System Integration, Forge, etc.)
	Fintech, peripheral business, new business		Other segment

*From FY 2020, the segments used for reporting up until now have been merged as follows. "direct matching" and "agent matching" segments are merged into one "matching" segment, the contracting-related business of the "agent matching" segment and the "business solution" segment are merged into a single "project contract" segment, and the "Fintech," "investment development," and "other" segments are merged into a "new business and other interests" segment. In this way, the report segments have been reduced to a total of 3. In addition, the reporting segment values for net sales, segment losses, and other items in the consolidated fiscal year after the segment update are currently being calculated, and these figures will be disclosed after calculations are completed.

| Results of Segments

FY 2019: Performance of Individual Segments

Matching business total contract value was +35.4%, and gross profit was +29.8%, leading the segments.

On the other hand, as a result of an increase in sales cost ratio, gross profit of the Project Contract business was -3.6% year-on-year.

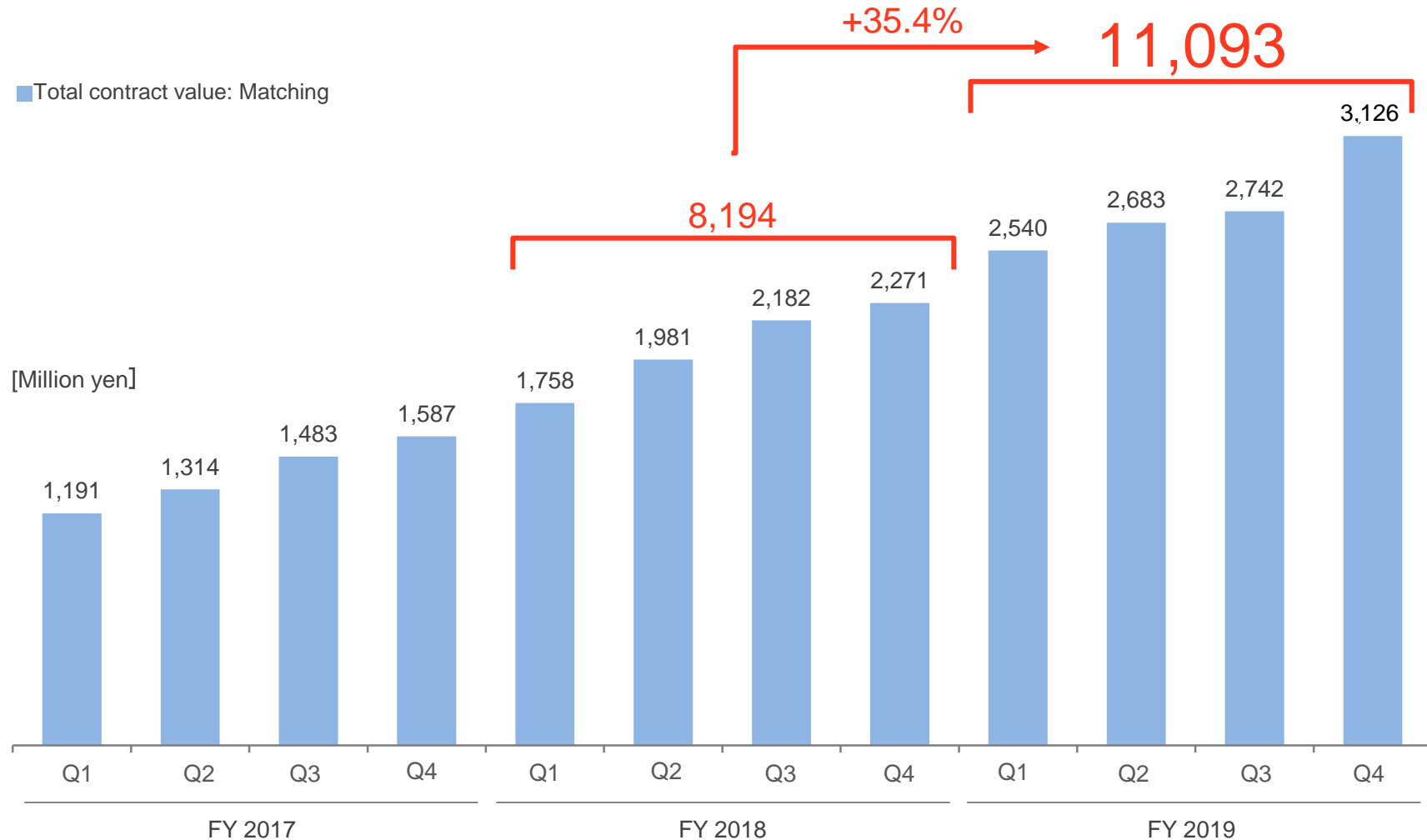
Segment	Total contract value		Take rate		Gross profit
(1) Matching	11,093 million yen (FY 2018 results: 8,190 million yen) (Year-on-year: +35.4%)	×	21.1% (FY 2018 results: 22.0%) (Year-on-year: -0.9%)	=	2,330 million yen (FY 2018 results: 18,000 million yen) (Year-on-year: +29.8%)
(2) Project Contract	3,430 million yen (FY 2018 results: 2,840 million yen) (Year-on-year: +20.8%)	×	21.3% (FY 2018 results: 26.7%) (Year-on-year: -5.4%)	=	730 million yen (FY 2018 results: 750 million yen) (Year-on-year: -3.6%)
Other	280 million yen (FY 2018 results: 110 million yen) (Year-on-year: +139.3%)	×	19.3% (FY 2018 results: - %) (Year-on-year: - %)	=	-50 million yen (FY 2018 results: -40 million yen) (Year-on-year: - %)

*The performance figures for individual segments listed in this document are the Company's current calculated values and have not undergone official accounting audits. The post-accounting audit figures are currently being prepared, so there may be some changes in the Q1 of FY 2020 and beyond.

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

(1) Matching Business: Total Contract Value

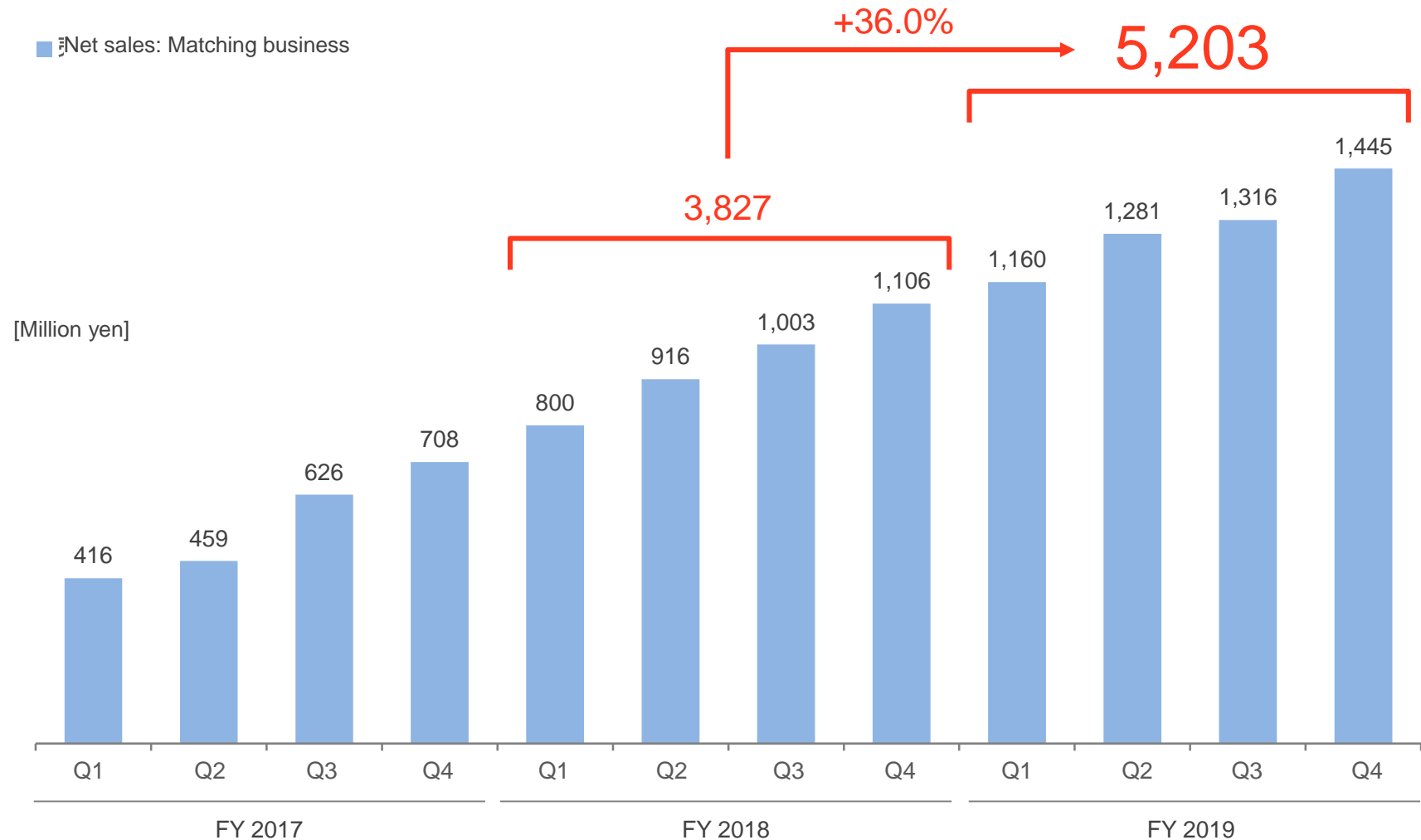
Total contract value for the matching business continues to grow: +35.4%.



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(1) Matching Business: Net Sales

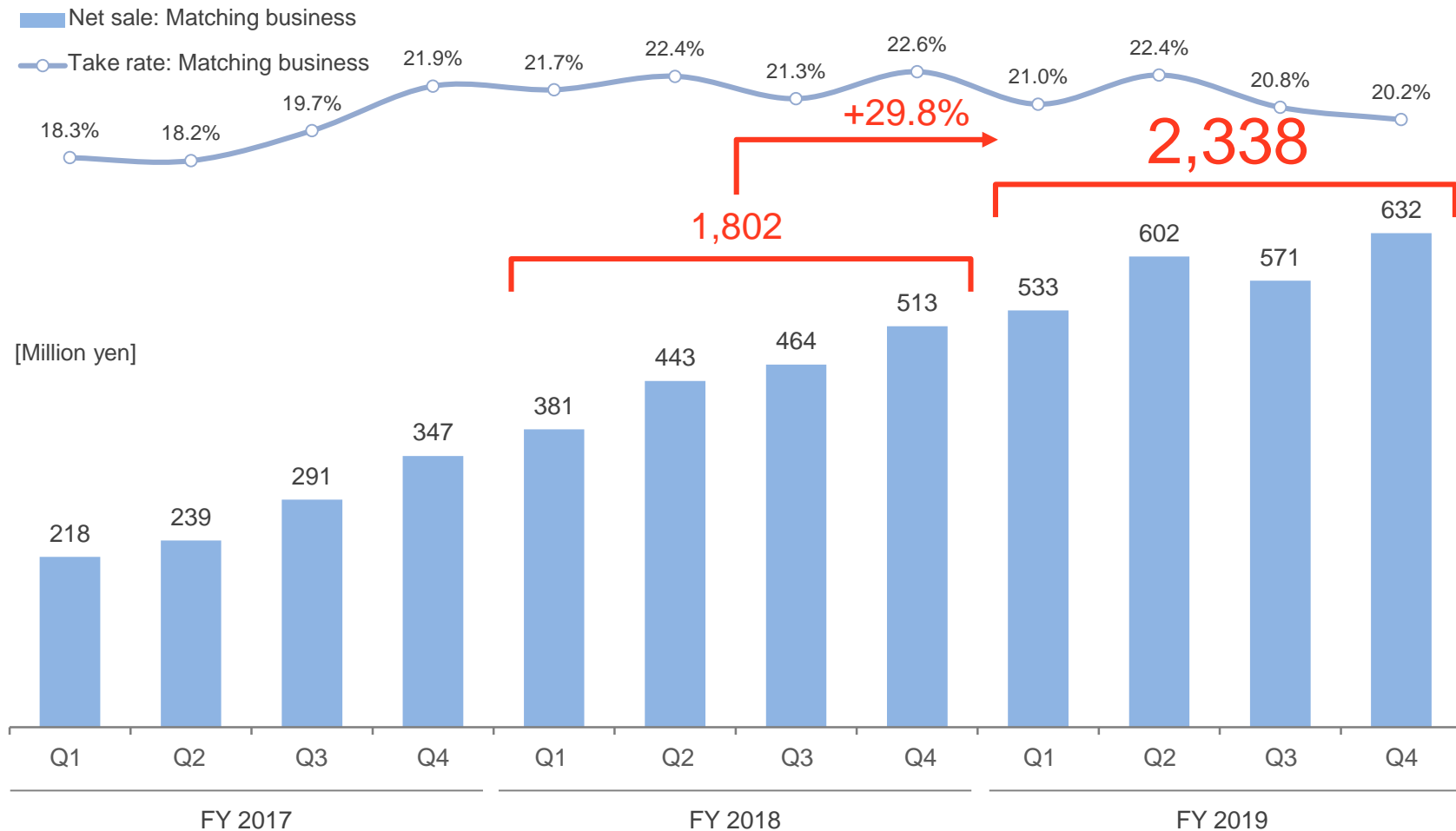
Net sales for the matching business continues to grow +36.0% year-on-year.



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(1) Matching Business: Gross Profit and Take Rate

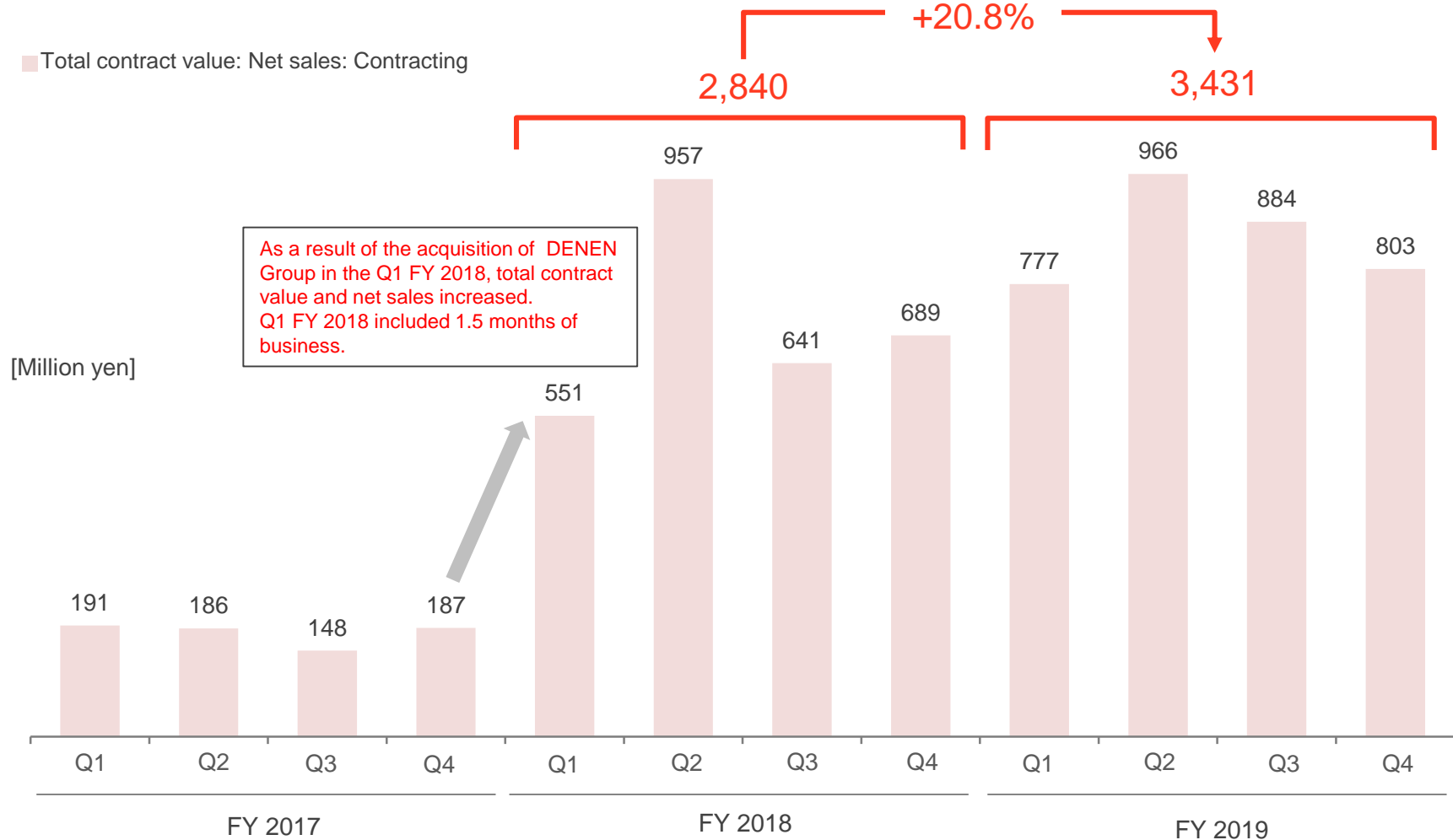
Gross profit for the matching business continues to grow +29.8%.
Take rate remained at around 20%.



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(2) Project Contract Business: Total Contract Value and Net Sales

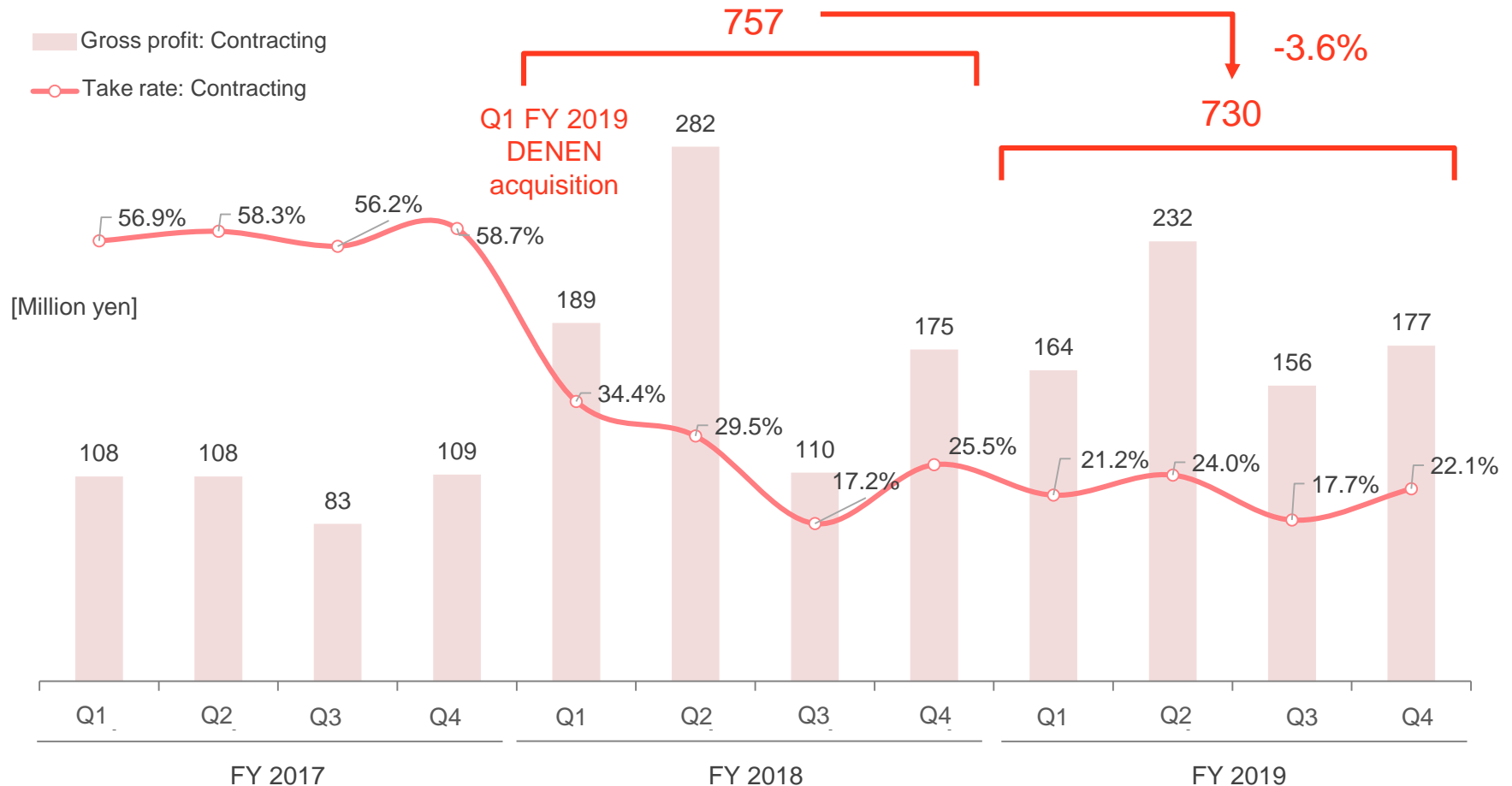
Regarding net sales for the Project Contract business, since Q1 FY 2018 included 1.5 months of the new acquisition of DENEN's business (normally 3 months), growth was +20.8% when considering FY 2019.



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(2) Project Contract Business: Gross Profit and Take Rate

Due to an increase in sales cost ratio for contracted projects, the take rate declined year-on-year. Since gross profit also declined 3.6%, maintaining a surplus and downsizing are being considered for the Project Contract business segment.



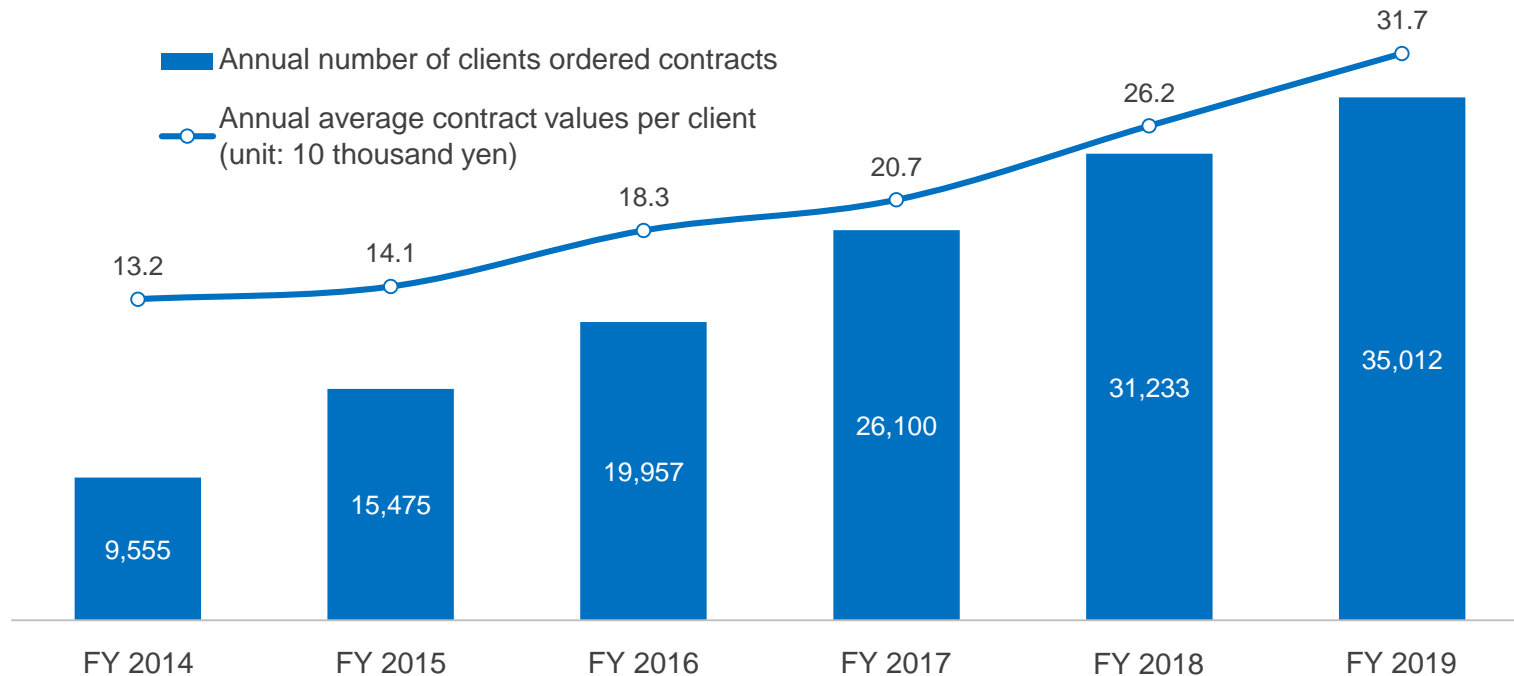
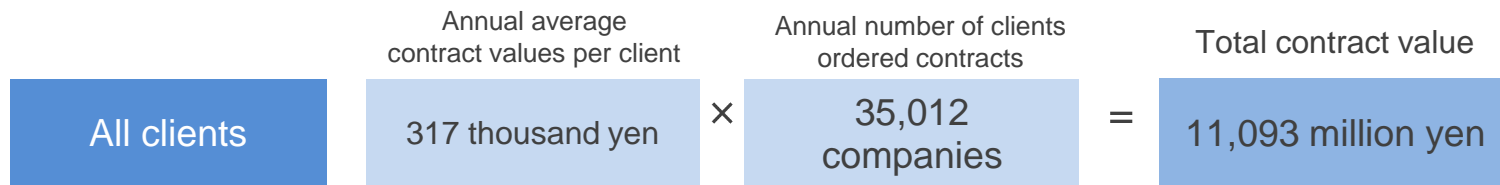
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| Matching Business KPI

Matching business KPI: Order value per client × Number of clients ordered = Total contract value

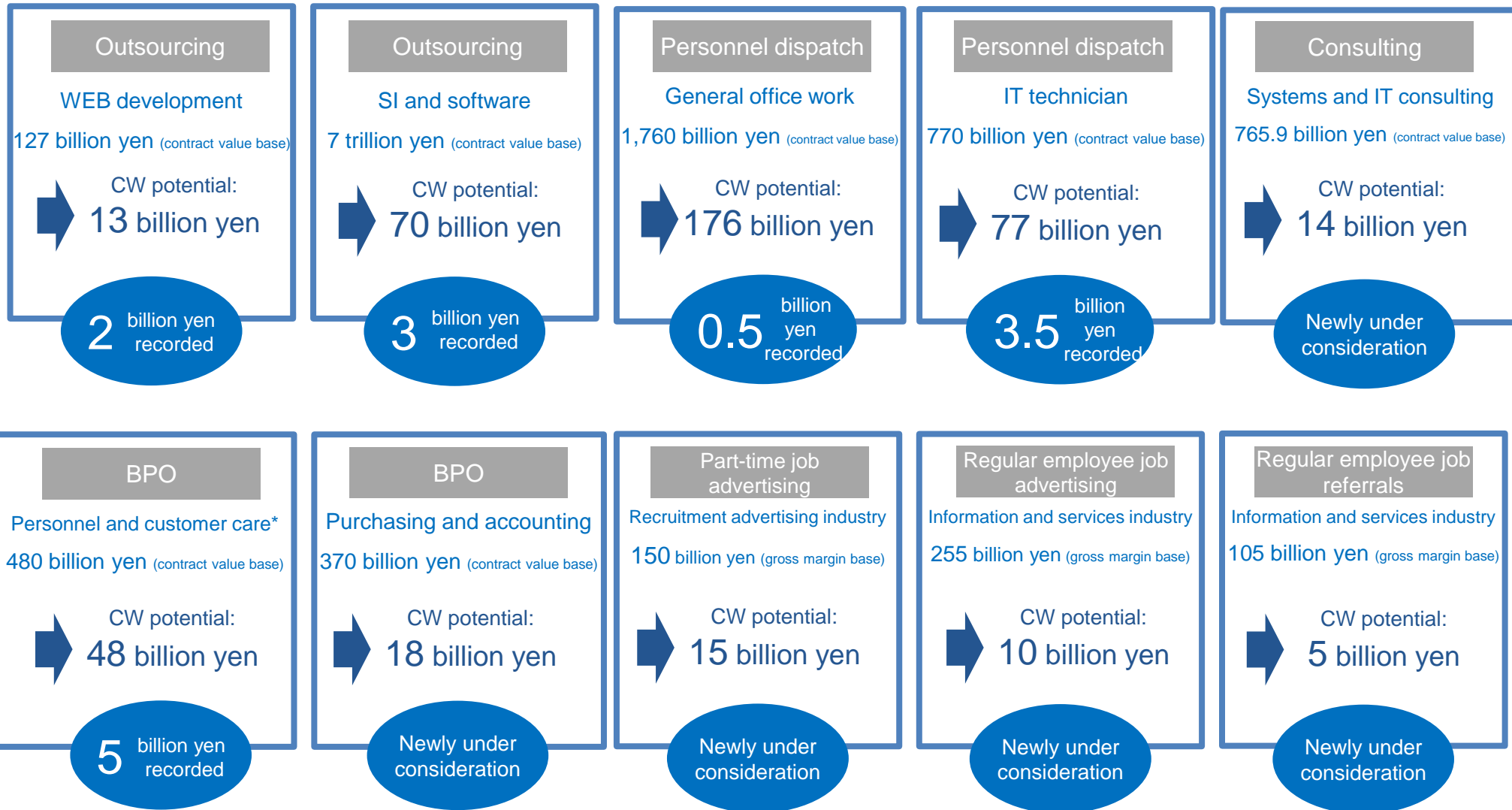
Increasing both of the numbers of clients ordered and order value per client.

Increasing the number of large companies ordered jobs and order values is the key strategy.



※本資料に記載するセグメント別業績は、現時点の当社計算数値であり、正式に会計監査を受けたものではありません。会計監査後の数値は現在算定中であり、2020年第1四半期決算以降に変更となる可能性があります。

Client-Side Target Market Potential and Current Trends

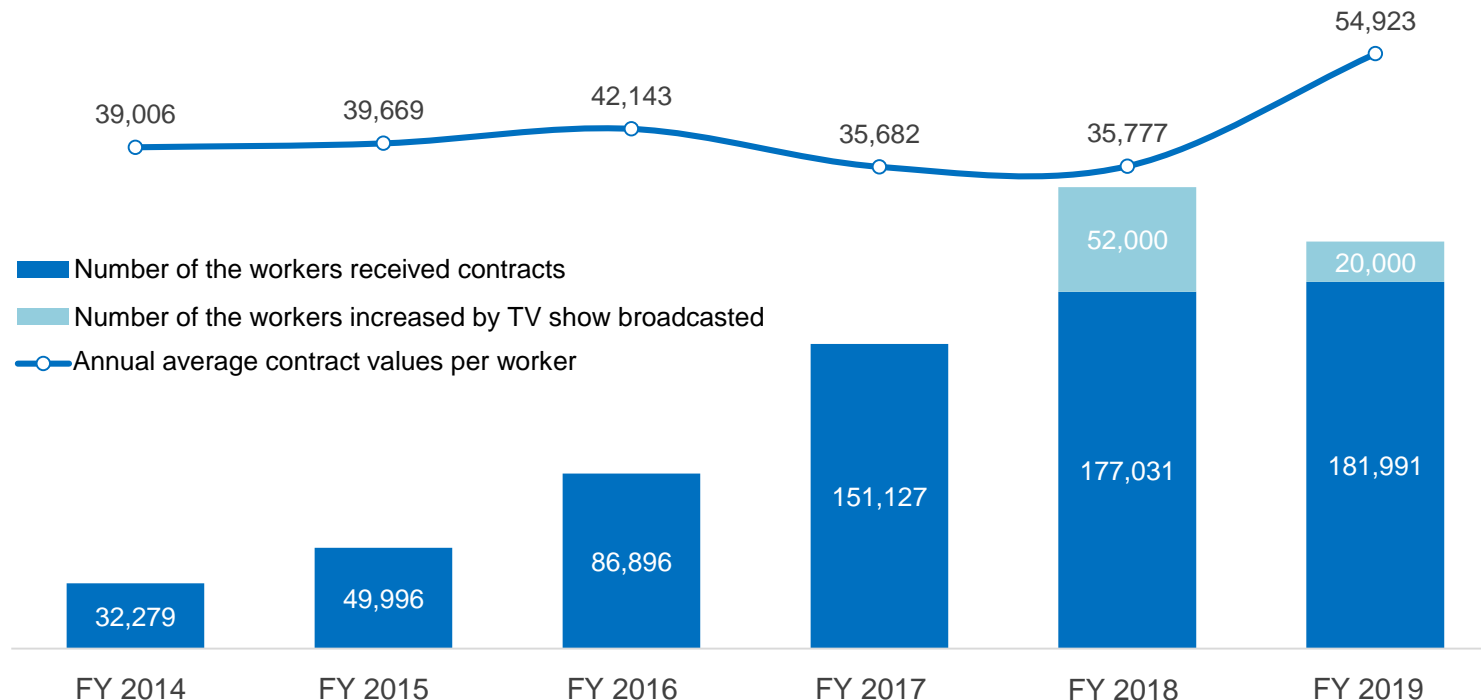
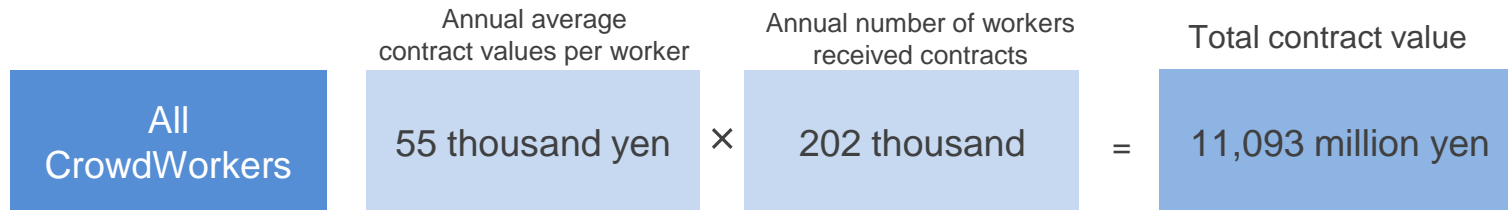


*BPO market customer care includes operations such as call centers, large-volume data processing and collection, and field work.

2. CrowdWorker KPI Results

Matching business KPI: Value of contracts received by workers x number of workers received contracts = Total contract value

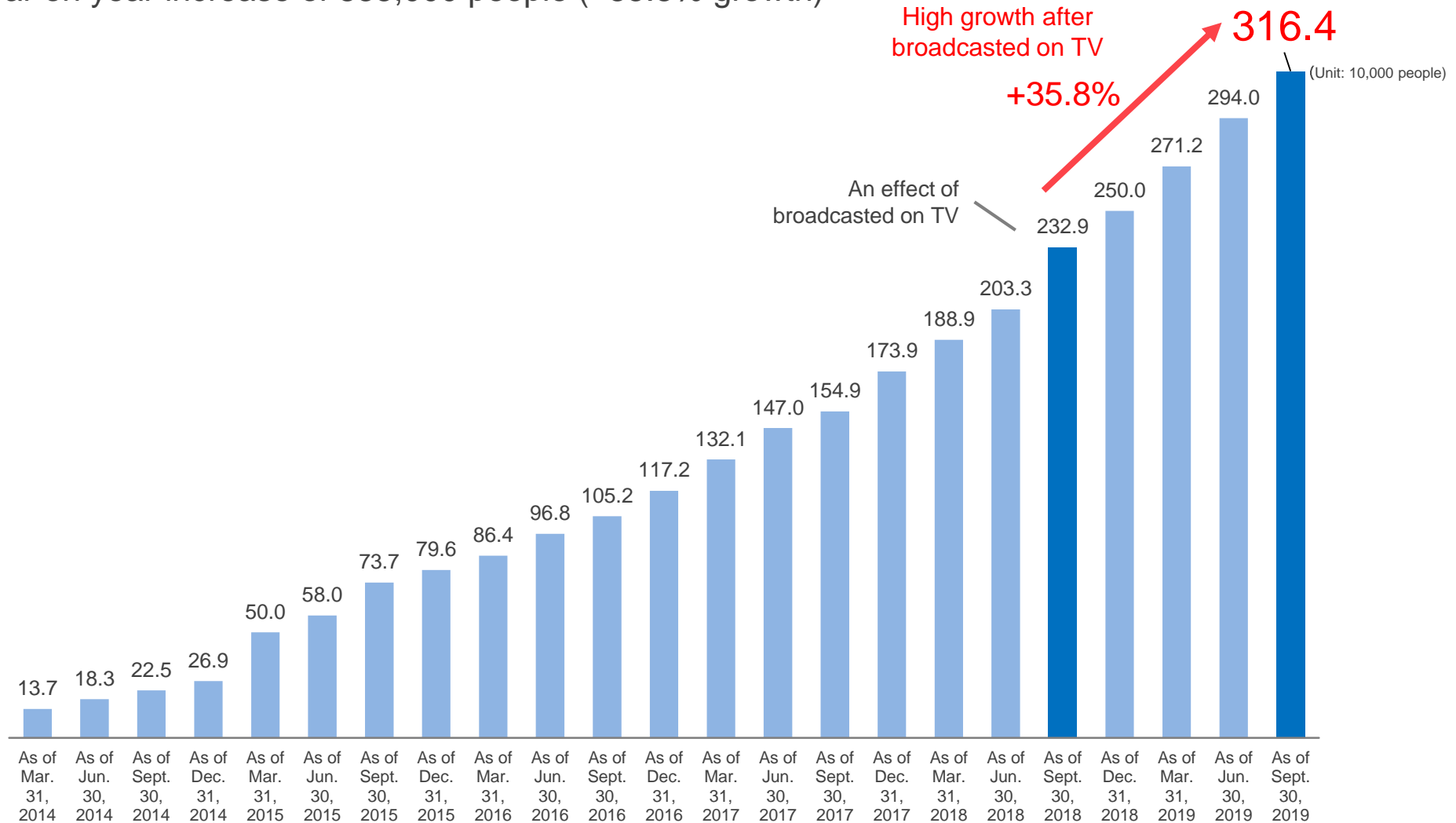
Workers' annual contract value for FY2019 was the highest ever on record. We are attempting to increase both number of workers and contract value as our main KPIs.



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Group Cumulative Number of Workers Increasing

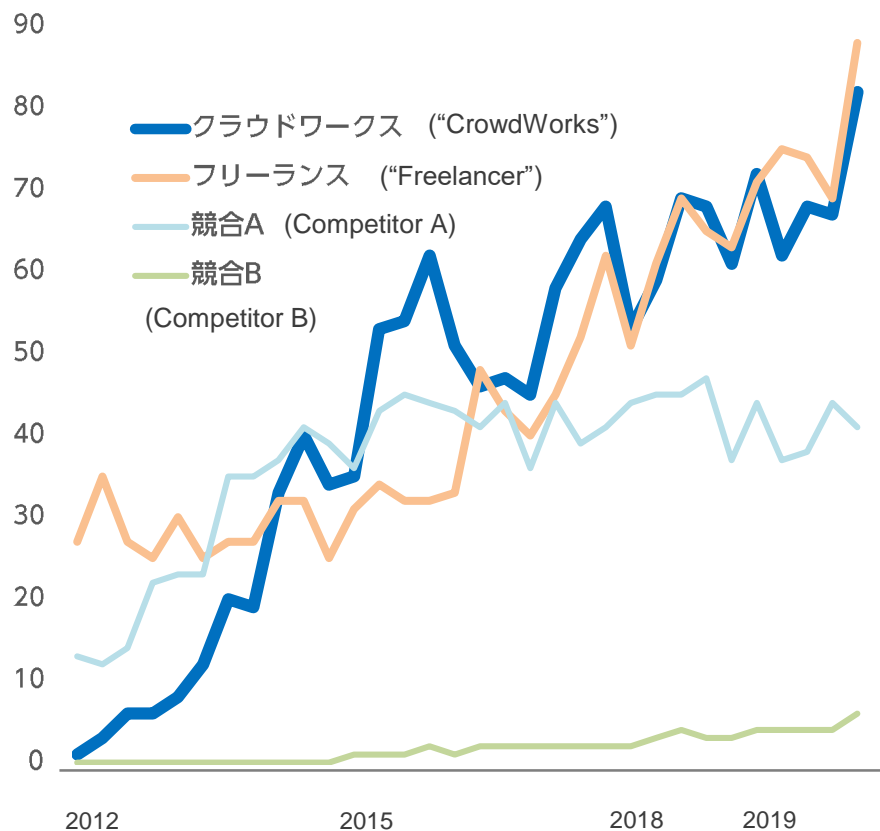
The number of workers in the entire group: 3,164,000 people (as of Sept. 30, 2019)
Year on year increase of 835,000 people (+35.8% growth)



Brand Strength Organically Drives the Acquisition of New CrowdWorkers

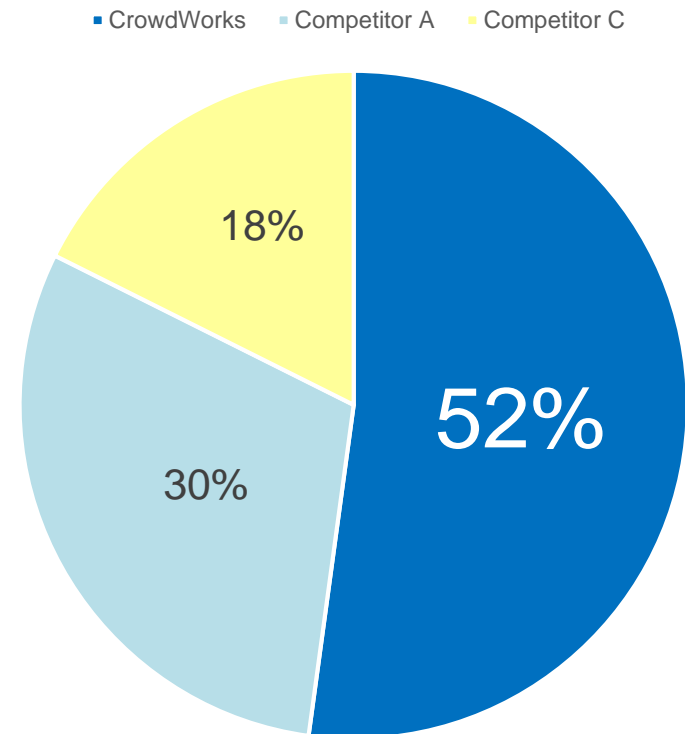
“CrowdWorks” and “freelancer” search trends both experienced rapid growth, overwhelming competitors. In the crowdsourcing usage rates and intention survey, CrowdWorks overshadowed its competitors and was #1 in the industry.

Changes in keyword searching trends



*Source: Keyword trend survey using Google Trends

Crowdsourcing usage rates and intention survey



*Source: Web survey related to crowdsourcing using Rakuten Insight
(Survey date: October 2019)

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With labor categories such as potential labor, irregular employees, regular employees, and dispatch employees as our targets, we will use online conversion to develop new markets and expand the scope of our business.

Target market	Provided value	Target number of people	Assumed income	Total Addressable Market (TAM*)	Future share	Future business scale
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)	4.5%	\$3.8B (423 billion yen)
Non-regular employee (Contract employee) (Part-time employee)	Side-work/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)	4.5%	\$13B (1.44 trillion yen)
Regular employee	Side-work/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)	4.5%	\$2.2B (247.5 billion yen)
Temporary employee	Fluidization, 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)	4.5%*	\$1.4B (157.5 billion yen)
				Total		
						\$460B (50.5 trillion yen)
					4.5%	\$20B (2.27 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.

*Reference Total private salary income in Japan (Regular+non-regular+dispatch) is about \$2,130B (213 trillion yen)

*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)

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

| FY 2020 Performance Forecast/Investment Policy

FY 2019 review

Matching business

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We consider FinTech to be a strategic theme we should be involved with and intend to re-enter the market at a later date, following long-term observation.

M&A

Achieved operating profit surplus for existing projects.
Through PMI for existing projects, we solidified our capital efficiency guidelines, and as a result we were unable to implement any M&A projects for FY 2019. We will continue considering future opportunities based on these guidelines.

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- Matching business growth rate will be 20% or above
- On the other hand, Project Contract business is projected to decrease around -20%
- While optimizing the profit for the Project Contract business, we will downsize its scope. Overall growth rate will decline.
- Aiming to maximize growth rate increase and medium-to-long term profits through expanded investment in core matching business.

About the EBITDA and operating profit

- Planned deficit resulting from the effects of repeated acceleration of leading investment in the matching business, which is performing well.
- We will implement investment with an expectation of two-year returns, seeking to maximize growth rate increase and medium-to-long term profits.

FY 2020: Performance Forecast by Segment

For the matching business, our forecast is +20% or greater continuous growth.

Although operating profits and EBITDA for the Project Contract business are expected to achieve a surplus, this will be downsized with a focus on profitability. The forecast for gross profit is -20% year-on-year.

We will implement concentrated investment in the matching business, aiming for a growth rate of +30% or more for FY 2021 and beyond.

There will also be investments in the launch of new businesses and services within a fixed scope, and a decline in operating profit of -100 to -200 million yen is expected.

	Matching business	Project Contract business	Other
Total contract value	13,300 million yen (+20% YoY)	2,800 million yen (+25% YoY)	100 million yen
Net sales	6,150 million yen (+19% YoY)	2,800 million yen (+22% YoY)	50 million yen
Gross profit	2,820 million yen (+20% YoY)	550 million yen (-8% YoY)	30 million yen
EBITDA	-400 to -800 million yen (Same period of previous fiscal year 42 million yen (profitable) Planning deficit resulting from expanded investment)	70 to 120 million yen (Same period of previous fiscal year 134 million yen Maintaining profit current level)	-100 to -200 million yen
Operating profit	-400 to -800 million yen (Same period of previous fiscal year 34 million yen (profitable) Planning deficit resulting from expanded investment)	0 to 50 million yen (Same period of previous fiscal year 58 million yen Maintaining profit current level)	-100 to -200 million yen

Broad policy: Downsize and focus on profitability in the Project Contract business while focusing the investment on the Matching business, which is performing well.
Accelerate the investments below, targeting marketing and client order volume growth.
Aim for growth rates +30% or more for existing matching business.



Matching business investments

Extent of impact on operating profit

Expected effects

1. Increased the budget of web advertising investment
Cross-business client marketing
(Including TV commercial testing)

-200 to -600 million yen
*Consider expanding this investment after measuring effectiveness.

- Strengthening the brand and expanding recognition
- Increase acquisition of new clients and workers

2. Increased sales personnel numbers for matching business
Created a specialized team for provision of services to large companies

-100 to -150 million yen

- Increased numbers of large company users
- Increased order value

3. Refine the ordering experience for new clients
Develop an API specialized for ordering clients
Strengthen ordering support, especially the concierge
Invest in automation and AI utilization for ordering processes

-100 to -150 million yen

- Increase ordering rates
- Increase continuous client ordering rates

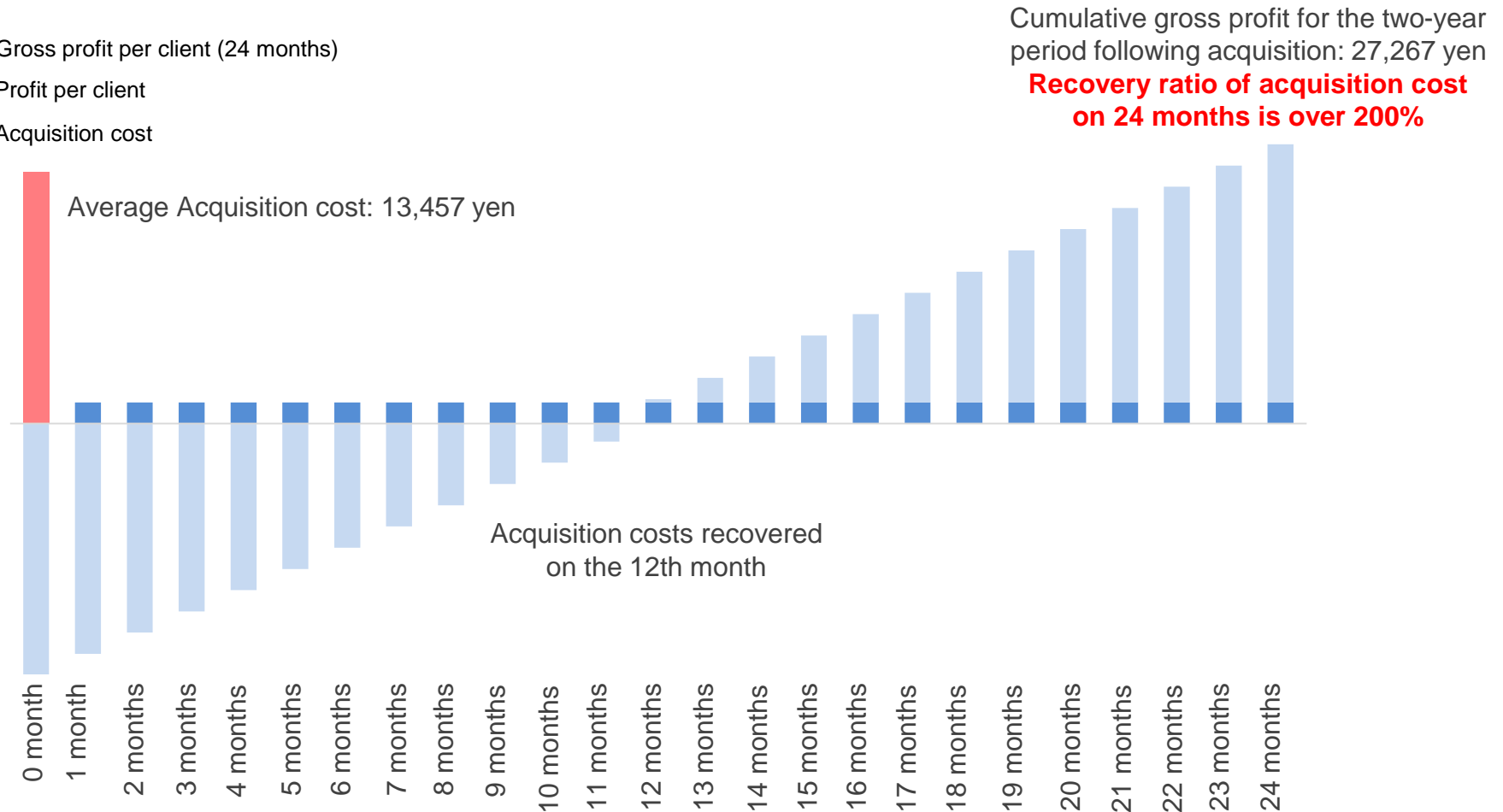
Unit Economics Achievement: Prerequisite for Investment

Recover client acquisition expenses within one year and expand matching business investment.

- Average LTV per client (gross profit for a two-year period) = 27,267 yen
- Marketing expenses per client = 13,457 yen
- The recovery ratio of acquisition cost on 24th months = 202.6%

We will make the maximum investment within CPA(Cost Per Acquisition) we can recover on 12th month

- Gross profit per client (24 months)
- Profit per client
- Acquisition cost

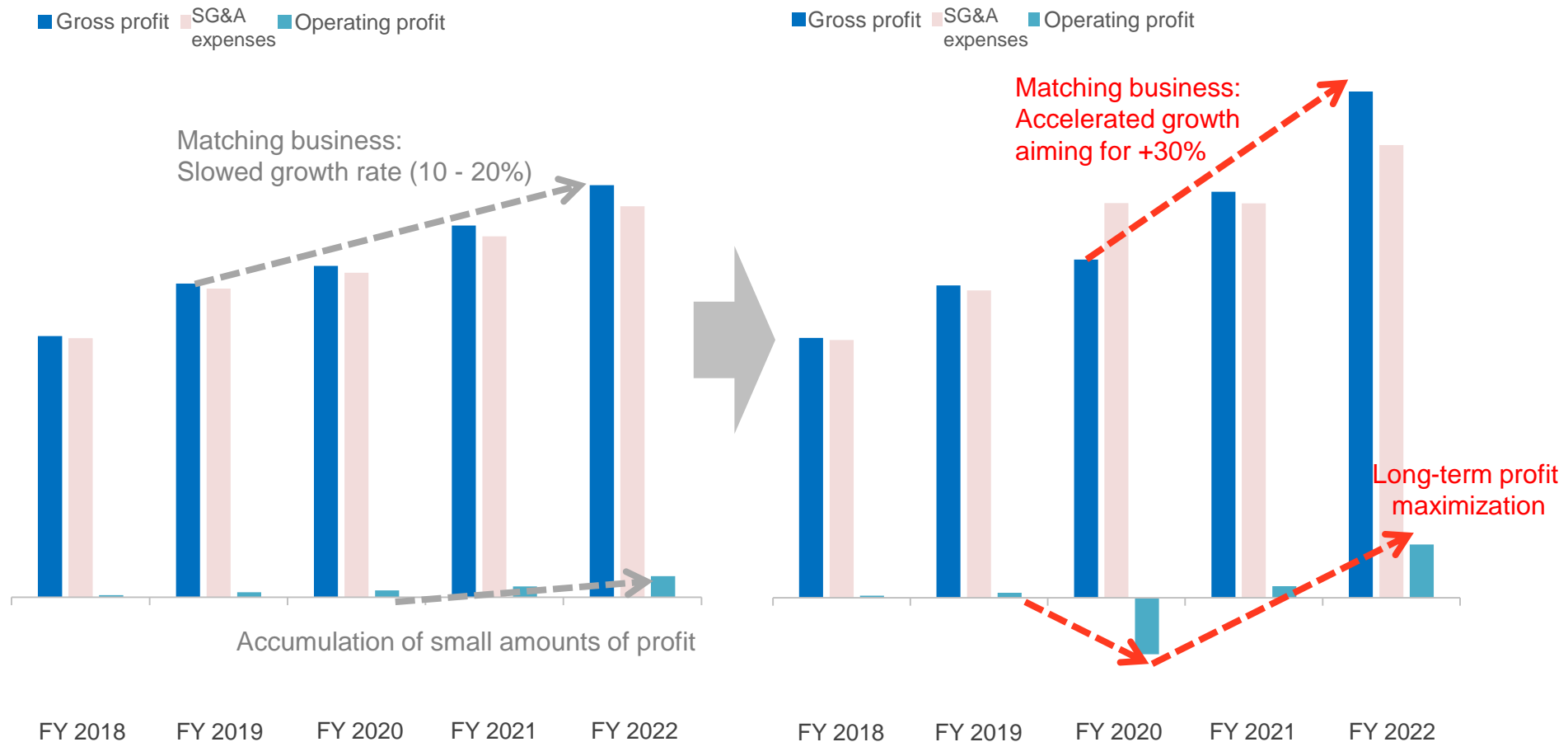


Profit Creation Through Focused Investment in the Matching Business

By focusing investment on the matching business, which is performing well, we will aim for improved gross profit growth rate and medium-to-long term maximization of operating profit.

Suppressed investment / maintaining the status quo

Expanded investment



| VISION/Business Outline/Management Policy



CrowdWorks, Inc.

President and CEO : Koichiro Yoshida
 Capital : 2,687,210,000JPY
 Founded : Nov 11, 2011
 Services : Running services mainly one of the largest crowdsourcing platform, CrowdWorks.jp.



- 3,160,000 people of Crowdworkers (users)
- 470,000 clients
- 12 ministries and agencies
- 80 local government

*The numbers of workers and clients of CrowdWorks, Inc. services as of Sept. 30, 2019



Business Characteristics: Expansion of Matching Services Linking Jobs with Personnel Online

Through the Internet, our service enables human resources all over the world to access, order, and accept jobs.

We not only provide matching for jobs and personnel but also online handling of contracts and payments, as well as support for continuing use.

Ordering party = Client
(Company or individual)
470,000 companies



- Securing highly-skilled personnel
- Optimization and externalization of operation
- Variability of personnel expenses
- Promotion of innovation
- Reduced employee overtime

Crowd Works

Direct connection
over the Internet
Matching

Accepting party = Worker
(Mainly individuals)
3,160,000 workers



- Achieving a flexible working style (working online, from home)
- Increased earnings by putting free time to use
- Increased earnings from side work
- Skill improvement through jobs

Job requests and
payment

Work execution and
delivery

Companies are struggling with labor shortages

- According to the Ministry of Health, Labour and Welfare's report, the ratio of job openings to applicants in FY 2018 was 1.62:1. This is the first time the ratio has reached this level in since the rapid economic growth period of 1973, and indicates **the most severe labor shortage in nearly 45 years** (source: Nihon Keizai Shimbun, August 18, 2019).
- By 2030, the labor shortage is expected to reach **6.44 million employees** (source: PERSOL RESEARCH AND CONSULTING, Chuo University, "2030 Future Trends in the Labor Market").

Traditional management techniques face structural limitations, and individuals are choosing more flexible working styles

- **President of Toyota: "We are entering a difficult phase for protecting the lifetime employment model."**
- **Federation of Economic Organization's Chairman: "It's becoming impossible to conduct company management and business activities with an assumption of lifetime employment."**
- **50% of major companies expect employee growth and new business development through eliminating the prohibition on side work** (source: Nihon Keizai Shimbun, May 20, 2019).
- Since more and large, small, and medium-sized companies are eliminating their side work prohibitions, **the number of freelancers working side jobs in their free time will continue to grow** (source: Freelance White Paper 2018).
- Among regular employees, the ratio currently engaged in side work is 10.9%. **41.0% of employees say they are not working side jobs now but would like to in the future** (source: PERSOL RESEARCH AND CONSULTING, "Attitude Survey on the Current Status of Side Jobs").

VISION/To 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

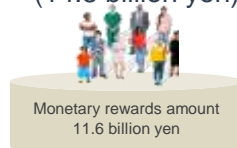
By maximizing the total contract value, CrowdWorks gives monetary rewards to the largest number of people in the country

Japan's largest online working infrastructure image

Total contract value
conversion: \$20.3 billion

(2.27 trillion yen)

FY 2019
Total contract value:
\$134.5M
(14.8 billion yen)

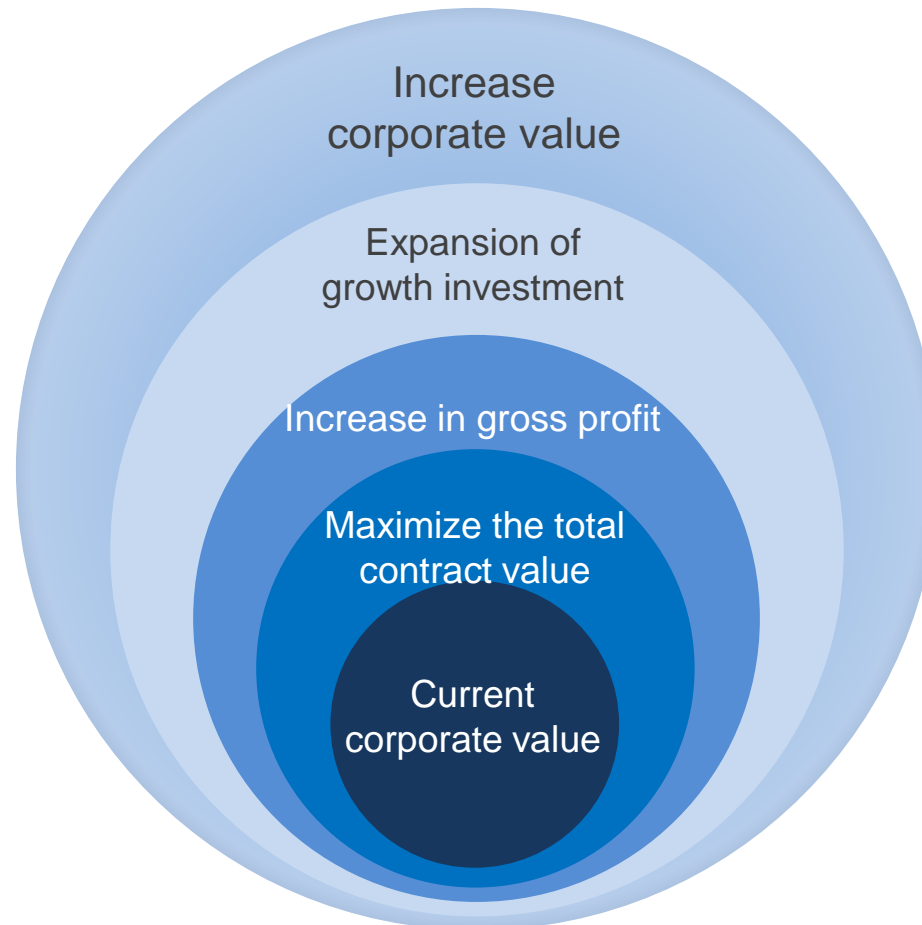


Employee number ranking *Reference: Yahoo Finance as of September 11, 2019
1. Toyota 371,000 people, 2. Nippon Telegraph and Telephone (NTT) 303,000 people, 3. Hitachi 296,000 people

Business Policy: Increase Corporate Value Through Reinvestment

By maximizing the total contract value, the Company will steadily build up the base of long-term earnings

The Company will invest in growth resources obtained from the accumulated bases for improvement of existing services and new growth, and will aim for further improvement of corporate value



| Appendix

FY 2019 Profit and Loss Statement: Quarterly Transition

The total contract value for the 4th quarter of FY 2019 was 3,974 million yen (+32.9% year-on-year)

Net sales : 2,236 million yen (+24.7% year-on-year)

Gross profit : 784 million yen (+15.3% year-on-year)

Operating profit : -14 million yen (-116 million-yen year-on-year)

(Unit: million yen)

	FY 2018 (consolidated)				FY 2019 (consolidated)					
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	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	3,974	+32.9%	+5.9%
Net sales	1,352	1,867	1,622	1,792	2,027	2,203	2,282	2,236	+24.7%	-2.0%
Gross profit	572	697	567	680	764	781	792	784	+15.3%	-0.9%
SG&A expenses	577	654	684	578	750	758	767	798	+38.2%	+3.9%
Operating profit	(4)	42	(116)	102	13	23	25	(14)	(116)	(39)
EBITDA	17	81	(83)	135	46	56	52	11	(124)	(40)
Ordinary profit	(6)	38	(109)	87	13	34	25	(6)	(94)	(32)
Profit attributable to owners of parent	(35)	(21)	(111)	87	(2)	(37)	(30)	(57)	(144)	(26)

- 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, capital adequacy ratio at the end of FY 2019 recovered 50.4%.

(Unit: million yen)

	FY 2019 end (consolidated)	FY 2018 end (consolidated)	Compared with the end of the previous fiscal year
Current assets	5,220	4,758	+461
Non-current assets	1,108	1,199	(91)
Total assets	6,328	5,957	+370
Current liabilities	2,632	3,124	(491)
Non-current liabilities	450	605	(155)
Net assets	3,245	2,227	+1,017
Capital adequacy ratio	50.4%	35.7%	+14.7%

- 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.

FY 2019 Cash Flow Statement

Cash flows from operating activities achieved full-year surplus.

(Unit: million yen)

	FY 2019 (consolidated)	FY 2018 (consolidated)
Cash flows from operating activities	346	(542)
Cash flows from investing activities	(162)	(75)
Cash flows from financing activities	198	1,794
Net increase (decrease) in cash and cash equivalents	381	1,175
Cash and cash equivalents at end of period	3,266	2,884

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

Sharing economy business: Total contract value grew +31.9% and Gross profit grew +24.0%.

Performance figure	<p>[Important indicator] Total contract value 14.81 billion yen</p> <p>(Same period of previous fiscal year 11.15 billion yen Comparison with same period of previous fiscal year +32.8%)</p>	×	<p>Take rate 21.1%</p> <p>(Same period of previous fiscal year 22.6%) (Comparison with same period of previous fiscal year -1.5%)</p>	=	<p>Gross profit (Growth fund) 3.12 billion yen</p> <p>(Same period of previous fiscal year 2.52 billion yen) (Comparison with same period of previous fiscal year +24.0%)</p>
Sharing economy business	<p>Total contract value 13.34 billion yen</p> <p>(Same period of previous fiscal year 10.12 billion yen Comparison with same period of previous fiscal year +31.9%)</p>	×	<p>Take rate 19.1%</p> <p>(Same period of previous fiscal year 20.4%) (Comparison with same period of previous fiscal year -1.3%)</p>	=	<p>Gross profit 2.54 billion yen</p> <p>(Same period of previous fiscal year 2.06 billion yen) (Comparison with same period of previous fiscal year +23.6%)</p>
Fintech/New peripheral business	<p>Total contract value 1.46 billion yen</p> <p>(Same period of previous fiscal year 1.03 billion yen Comparison with same period of previous fiscal year +41.6%)</p>	×	<p>Take rate 39.6%</p> <p>(Same period of previous fiscal year 44.2%) (Comparison with same period of previous fiscal year -4.6%)</p>	=	<p>Gross profit 580 million yen</p> <p>(Same period of previous fiscal year 460 million yen) (Comparison with same period of previous fiscal year +26.1%)</p>

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

CrowdWorks's perspective:



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.



Three approaches for working on SDGs and ESG.

➤ Eliminating Gender-based Inequality to Empower Women

- Promoted to rising the managerial positions for women from 3 people to 7 people (18.0% of all managerial positions)

➤ Creating Productive and Motivated Workplaces

- Improved employee satisfaction : The highest score “AAA” is recorded.
(Recorded the highest score 10 times in total from Jul. 2018)

➤ Strengthening Corporate Governance

- Outside directors' numbers and ratio will be increased from 1 person to 3 people (The composition ratio of the Board of Directors changes from 25% to 42%)
- Independent outside directors are supposed to be elected to ensure further enhancement of supervisory functions of management and sustainable growth



[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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