



CrowdWorks, Inc.

Financial Results for FY2021

Securities code: TSE Mothers 3900

| FY2021 Results: Summary

FY2021 Full-year Performance Highlights

Entire Company: Achieved a record high profit of 600 million yen

Matching Business: Achieved growth of more than 25% for the full year, and operating profit of 800 million yen

	Entire Company	Matching Business	SaaS & New Business	Project Contracting Business
GMV	15,698 million yen (YoY +3.2%)	15,578 million yen (YoY +22.0%)	119 million yen	Sold in FY2020
Net sales	8,055 million yen (YoY -7.7%)	7,936 million yen (YoY +25.9%)	119 million yen	
Gross profit	3,600 million yen (YoY +8.4%)	3,498 million yen (YoY +27.1%)	102 million yen	
Operating profit	601 million yen (YoY +8.9 mil. yen)	800 million yen (YoY +10.4 mil. yen)	-200 million yen	

*1) Results by segment are disclosed after offsetting transactions between consolidated companies.

In the Matching Business, achieved sales growth of over 30% YoY, accelerating growth

	Entire Company	Matching Business	SaaS & New Business	Project Contracting Business
GMV	4,168 million yen (YoY +24.7%)	4,129 million yen (YoY +24.8%)	38 million yen	Sold in FY2020
Net sales	2,193 million yen (YoY +32.5%)	2,154 million yen (YoY +32.7%)	38 million yen	
Gross profit	962 million yen (YoY +34.7%)	931 million yen (YoY +31.0%)	31 million yen	
Operating profit	137 million yen (YoY +3.3 mil. yen)	193 million yen (YoY +3.3 mil. yen)	-55 million yen	

*1) Results by segment are disclosed after offsetting transactions between consolidated companies.

| CrowdWorks's Mission & Growth Strategy

Bring a smile to people through work



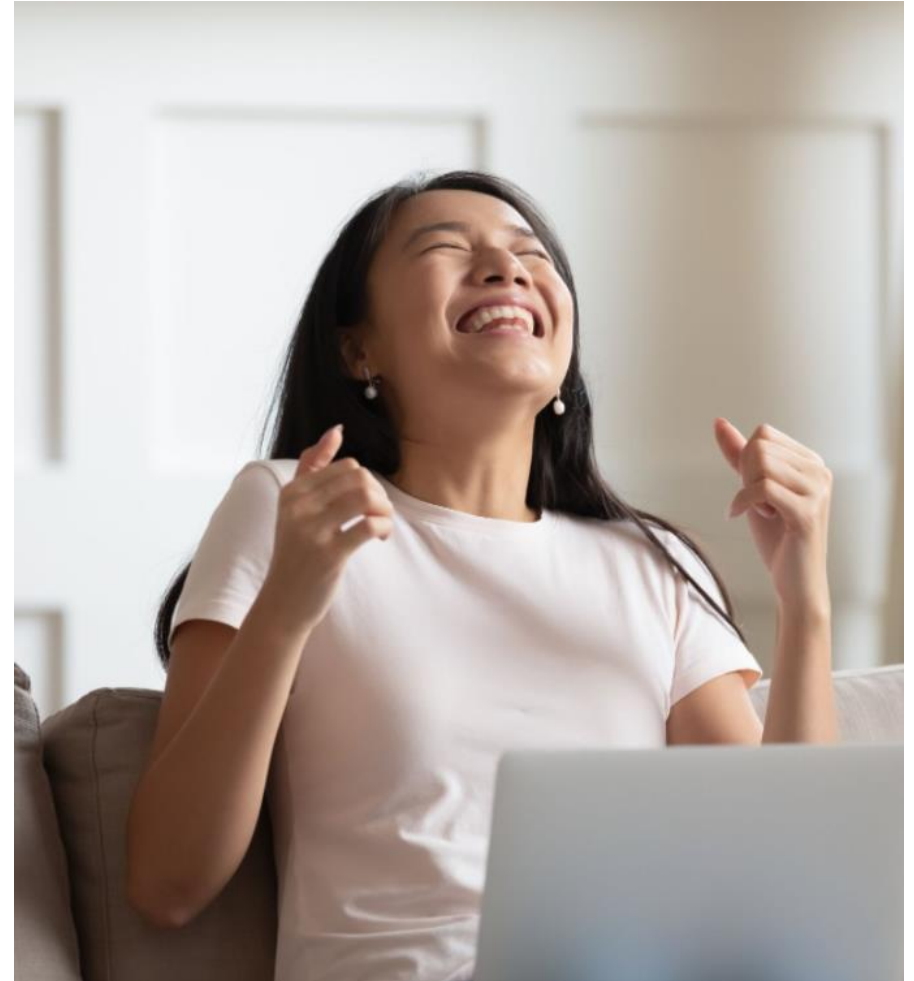
Talent infrastructure

Talent infrastructure

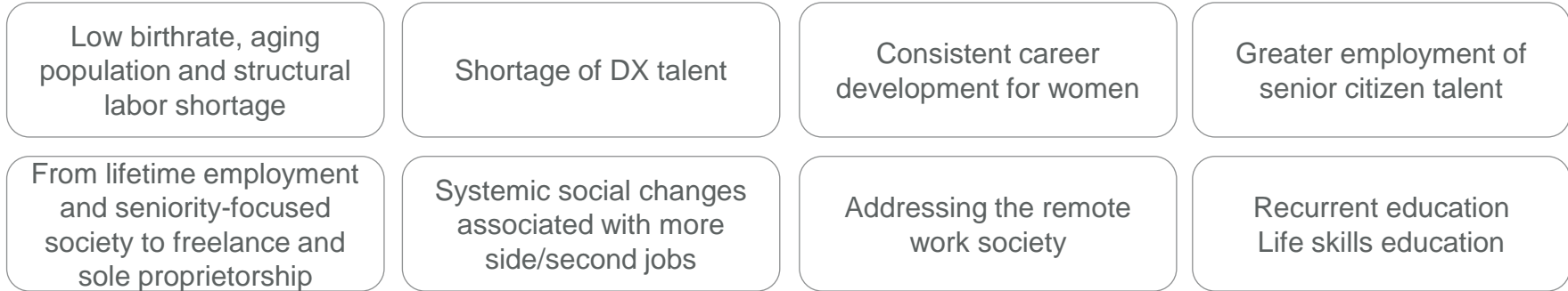
More than ever before, the world today is a place in which talent and experience can be used for the betterment of other people's lives.

Writers, designers, engineers, video distributors, school instructors, and many others are making a career out of what they are good at, helping others, and bringing smiles to the people around them.

We believe in the infinite potential of people. We believe that people's talents can be tapped to significantly improve others' lives. CrowdWorks' mission is to become a modern infrastructure for talent.



Social Issues in Japan



By creating the infrastructure for talent
We will resolve social issues



By creating the infrastructure for talent
We will grow sales and profits

SDGs to achieve through the infrastructure for the individual



CrowdWorks supports new ways of working tailored to the individual, such as freelancing, side jobs leveraging skills, remote work, and Internet-based work from home.



While I work as a full-time employee, **I also have a side job in web production**, working in the early mornings and after 7pm on weekdays, and for about 5-6 hours on holidays.

My work is **entirely remote**.

I can work flexibly, either in the early morning, late at night, or even when I have a few moments, **leveraging my skills as a designer to gain a new source of income**.

I am considering going fully independent after earning a stable income as a sole proprietor.



As an administrative assistant, I work **from 9am to 3:30pm on weekdays**, working on CMS submissions and inspections for client companies.

My work is **at home, online, and fully remote**.

I am a professional with several qualifications in commercial fields, as well as qualifications as a secretary, **and more than 15 years of experience in clerical affairs**.

I support my **clients** with a cutting-edge, fully-remote at-home work style.

CrowdWorks's Strengths and Sources of Growth Potential

CrowdWorks's overwhelming strength is being the largest platform for talent and client companies in Japan. The source of our growth is to utilize our platform assets to develop a variety of services and expand our market share in a total addressable market (TAM) of over 10 trillion yen.

Japan's Largest Platform



Developing markets by launching new services centered on our platform assets

Expanding markets

Web production outsourcing areas	Engineer/designer areas	Assistant/admin areas
IT outsourcing market	Engineer dispatch market	General clerical dispatch market
100 bil. yen	770 bil. yen	1.7 tril. yen

TAM: 2.6 tril. yen

Markets with room for future expansion

SI market	BPO market	Consulting market	Part-time job advertising market	Other peripheral markets
7 tril. yen	1 tril. yen	765.9 bil. yen	250.0 bil. yen	

TAM: Over 9 tril. yen

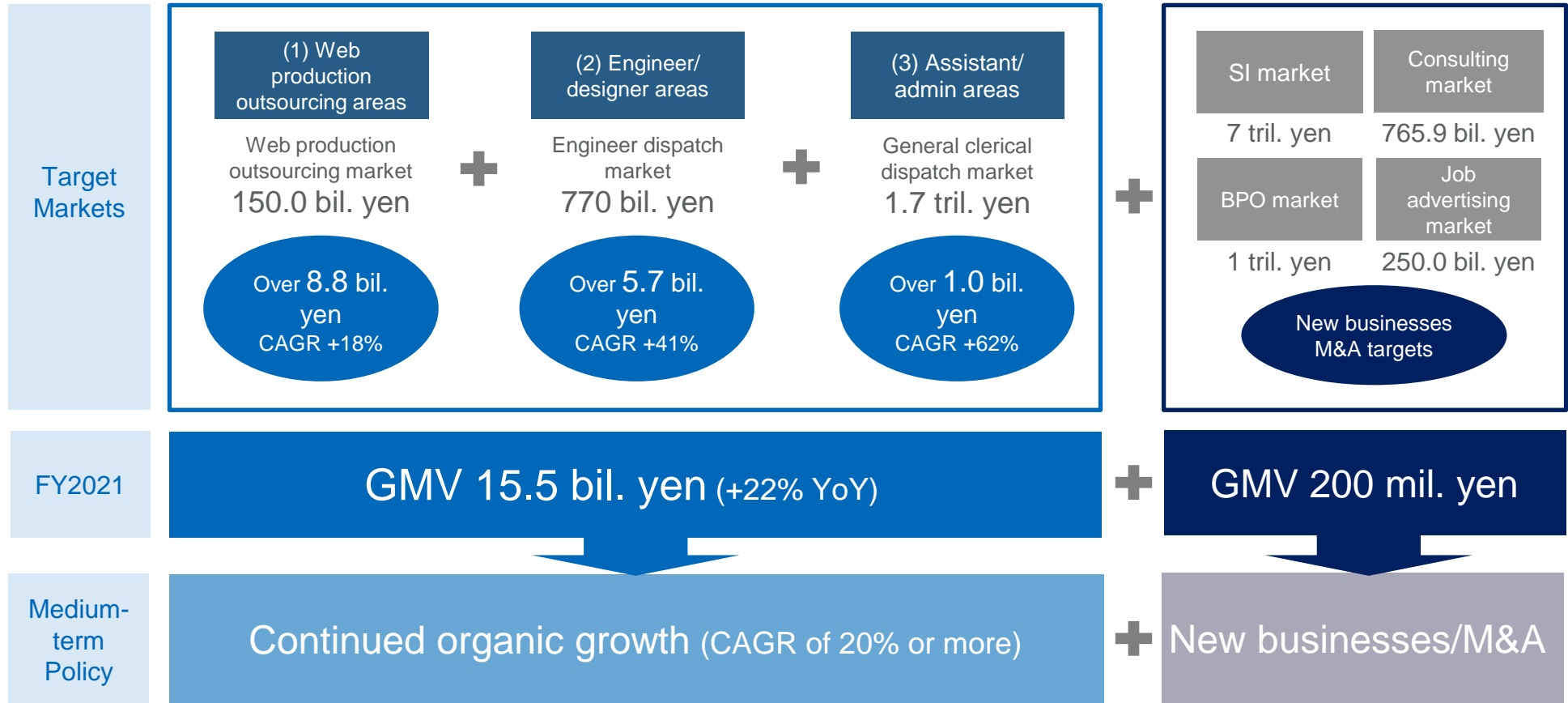
- IT outsourcing market size: CrowdWorks estimation based on an assessment and outlook of the internet advertising and web solutions markets published by Deloitte Tohmatsu MIC Research Institute.
- Engineer dispatch market and general office worker dispatch market sizes: CrowdWorks estimation based on a worker dispatch business report published by the Ministry of Health, Labour and Welfare's Worker Dispatch Business Report.
- SI market, BPO market, and consulting market sizes: Applied from IDC's respective market forecast releases.
- Part-time job advertising market size: CrowdWorks estimation based on data from a job posting information service market survey release published by the Association of Job Information of Japan.

Key Areas of Current Revenue Growth and Future Strategy

Our main categories are (1) web production, (2) engineers/designers, and (3) assistant/admin areas. GMV surpassed 15.5 billion yen in 2021.

We will continue to capture the various needs arising from the platform and expand our domain through organic growth in existing businesses, as well as through new businesses and M&A.

We will also achieve continuous market expansion and strong sales/profit growth (CAGR of 20% or more).



- Target market CAGR is calculated from the past three years.
- IT outsourcing market size: CrowdWorks estimation based on an assessment and outlook of the internet advertising and web solutions markets published by Deloitte Tohmatsu MIC Research Institute.
- Engineer dispatch market and general office worker dispatch market sizes: CrowdWorks estimation based on a worker dispatch business report published by the Ministry of Health, Labour and Welfare's Worker Dispatch Business Report.
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New Business Development By Leveraging Our Platform Assets

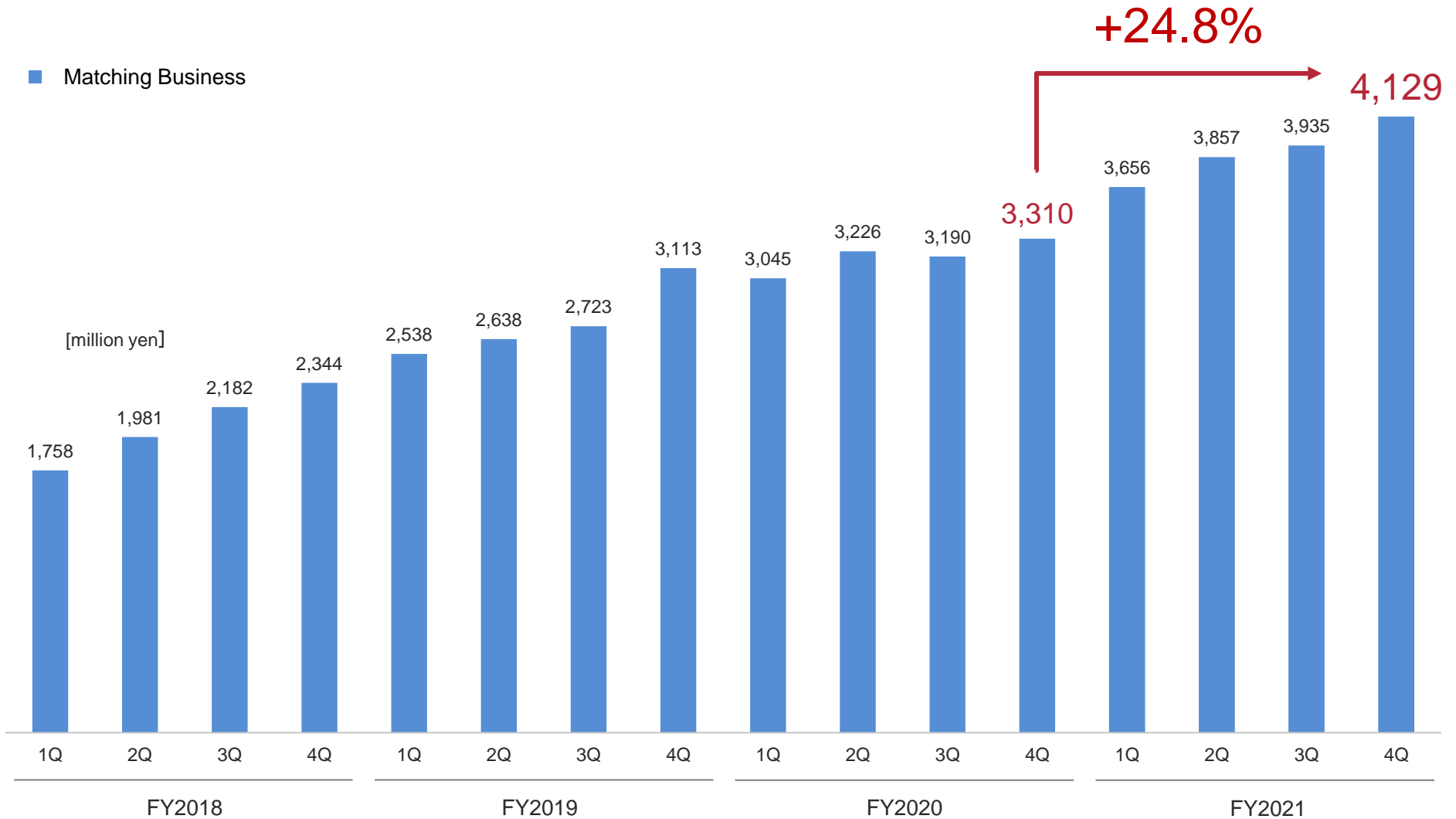
In the nine years since our founding, we have expanded our business by developing services in domain after domain. We now possess highly reproducible business development capabilities.

Thanks to accumulating platform assets and business development expertise, we can achieve continued market expansion.



| FY2021 Results: Details

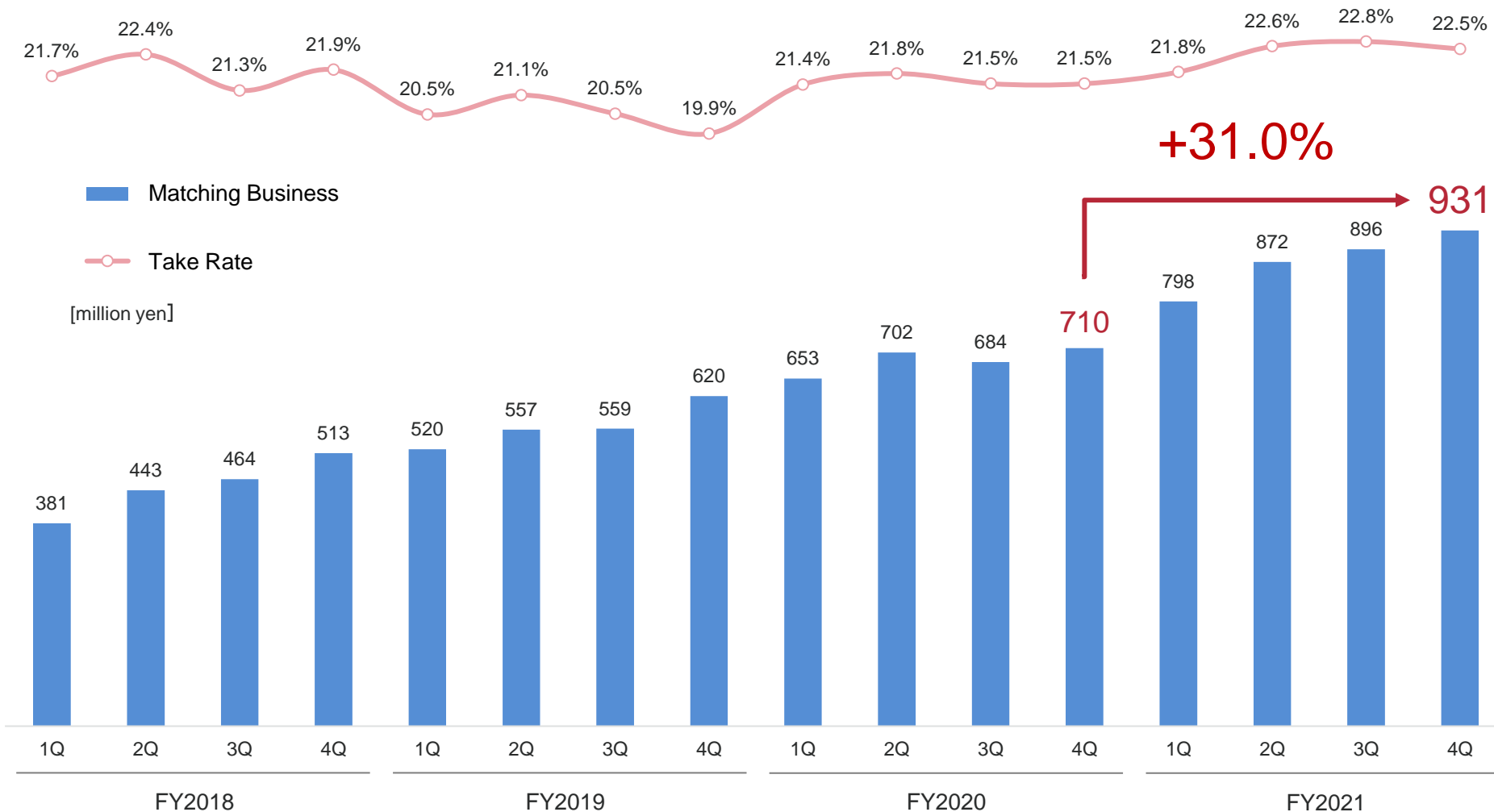
Growth accelerated in GMV for the matching business, up 24.8% YoY



Matching Business Gross Profit and Take Rate

Growth also accelerated in gross profit, up 31.0% YoY.

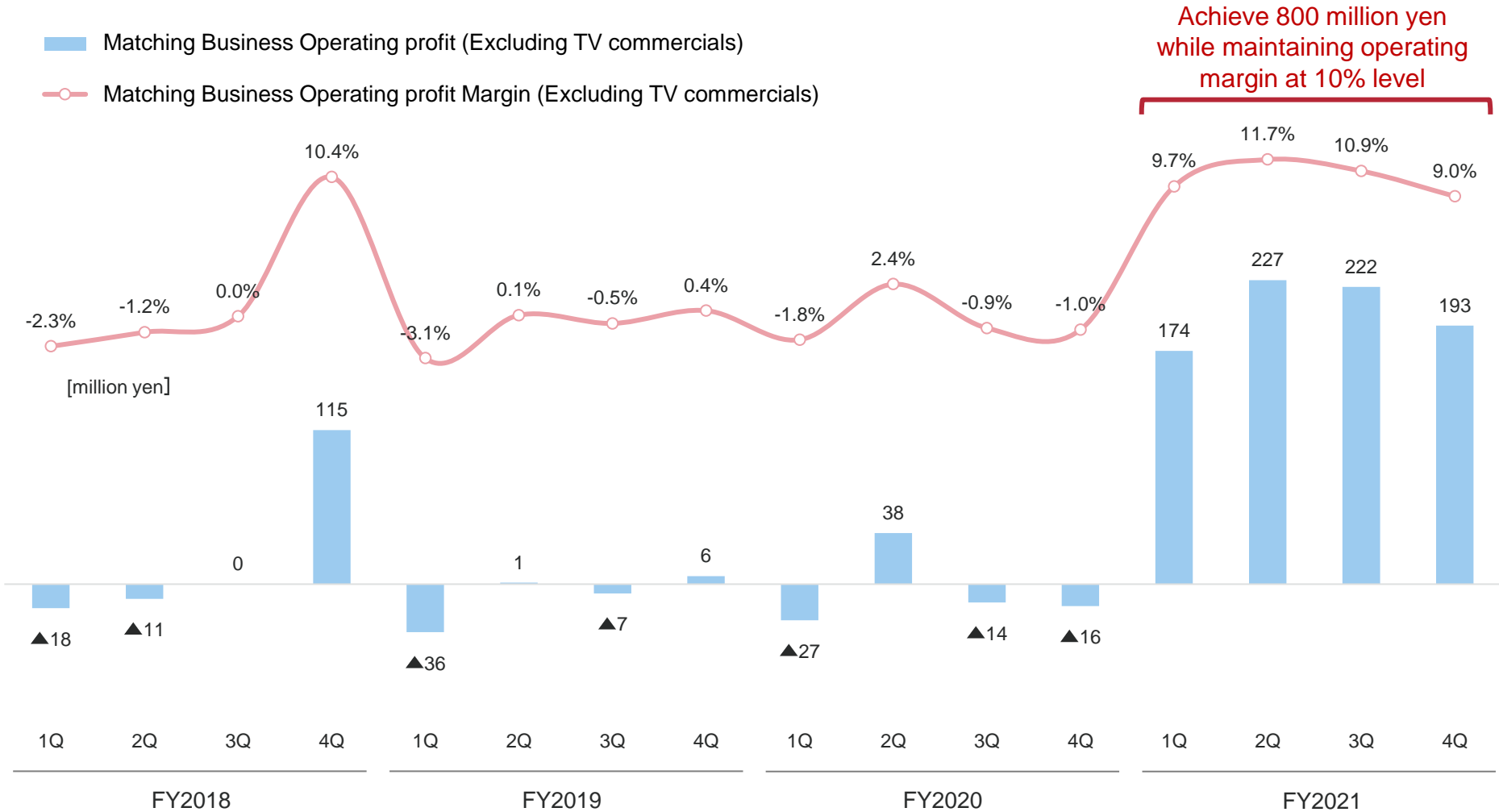
Take rate improved 1.0% YoY (FY2020: 21.5% vs. FY2021: 22.5%)



Matching Business Operating Profit and Operating Profit Margin

Operating profit also increased steadily, to 800 mil. yen (more than +1 bil. yen YoY)

While increasing investment in advertising, maintained a 10% operating profit margin

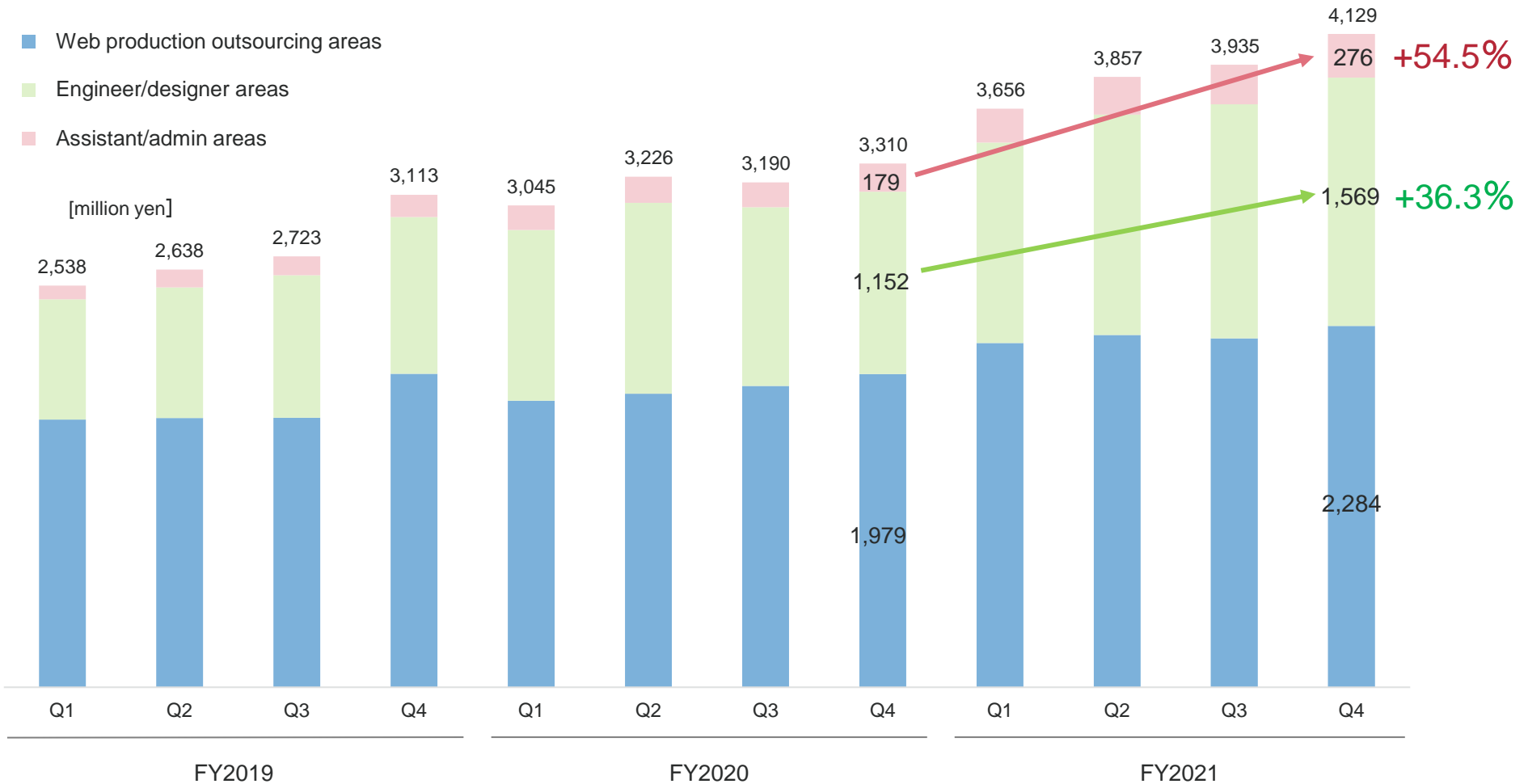


1*) FY2020 Operating income excluding temporary advertising investment (e.g. TV commercials) in the Matching Business

Matching Business GMV by category

Growth driven by engineer/designer areas and administrative/assistant areas

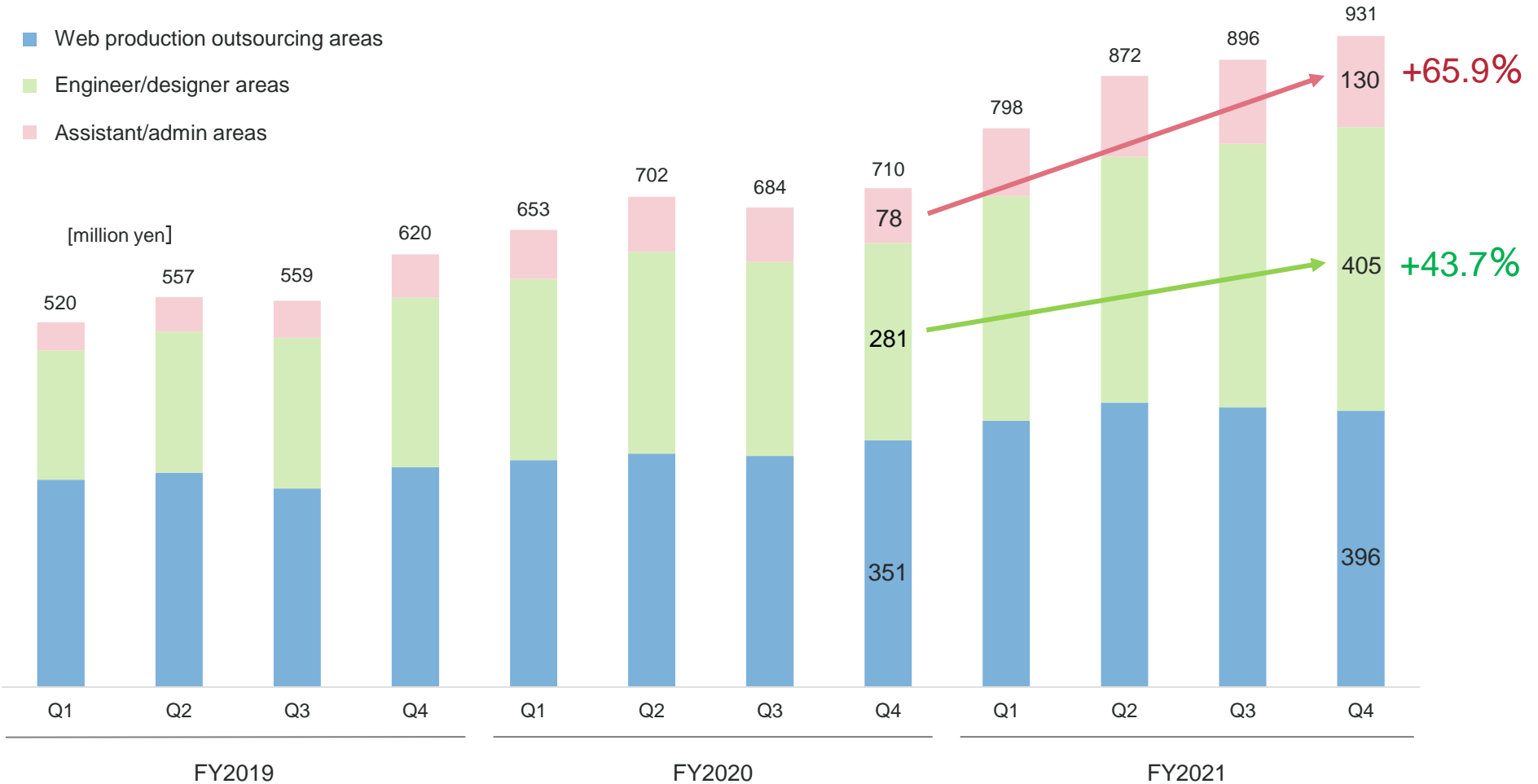
- (1) Web outsourcing areas : 2021 full-year growth rate +17.7%, 4Q growth rate +15.4%
- (2) Engineer/designer areas : 2021 full-year growth rate +25.1%, 4Q growth rate +36.3%
- (3) Assistant/admin areas : 2021 full-year growth rate +49.6%, 4Q growth rate +54.5%



Matching Business Gross profit by category

Gross profit also reached high growth levels, with engineer/designer areas and admin/assistant areas each gaining over 30%

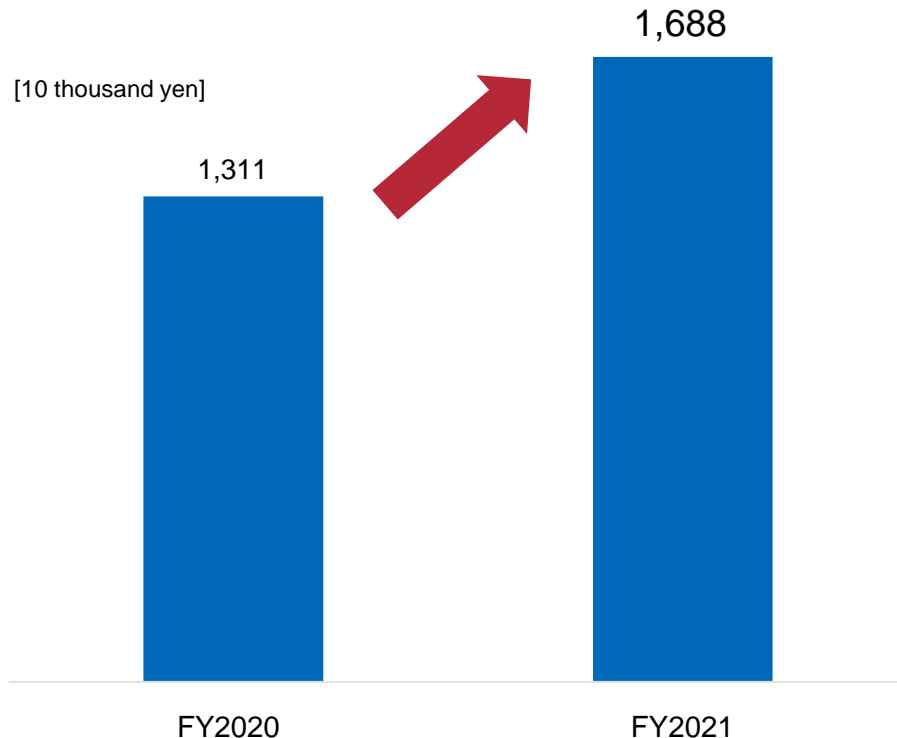
- (1) Web outsourcing areas : 2021 full-year growth rate +18.1%, 4Q growth rate +12.9%
- (2) Engineer/designer areas : 2021 full-year growth rate +31.4%, 4Q growth rate +43.7%
- (3) Assistant/admin areas : 2021 full-year growth rate +51.5%, 4Q growth rate +65.9%



Productivity Improvement KPI (1): Improving Gross Profit per Employee

Gross profit per employee improved by 28.7% when excluding impact from sale of the Project Contracting Business. This was a result of the sale of the low-productivity Project Contracting Business, as well as internal improvements (e.g., improved take rate, stronger sales productivity and inside sales, and improved LTV).

Gross profit per employee without previous year Sale of Project Contracting Business



Gross profit per employee

Year-on-year

+28.7%

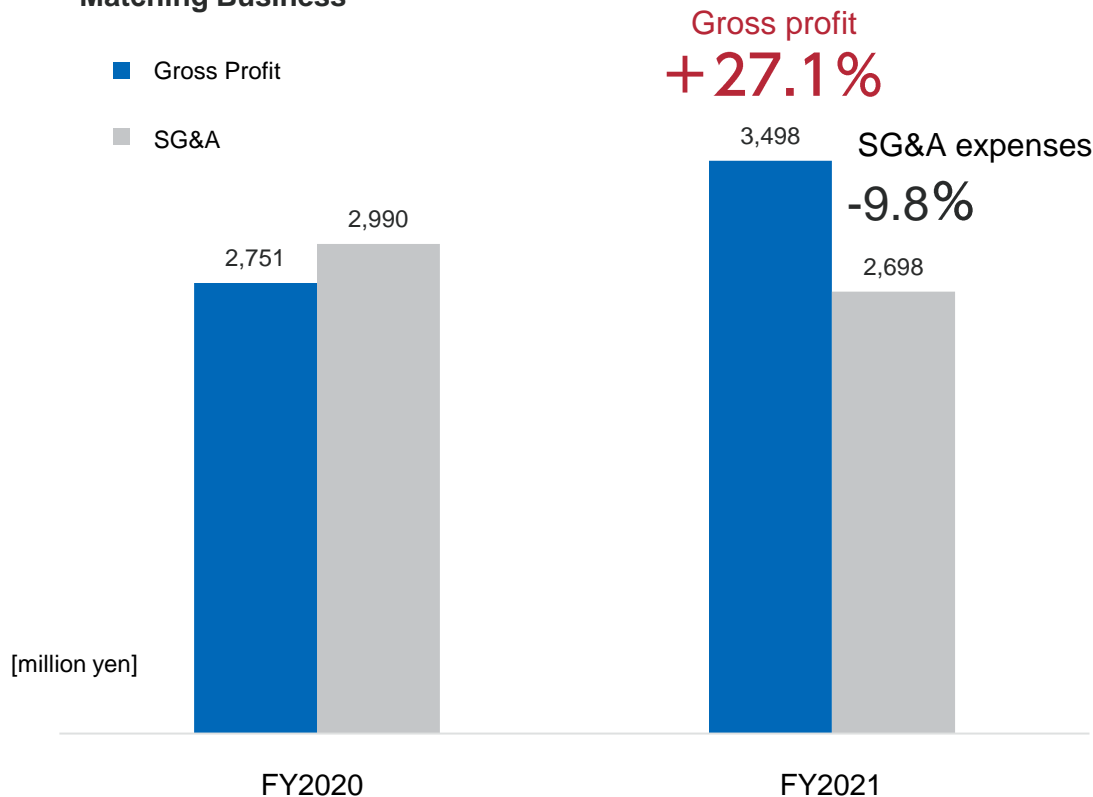
*Internal improvement without Sale of Project Contracting Business

* Employee = Core employees + contract employees + parttime workers (excludes officers)
* Productivity compared per average number of employees per quarter

Productivity Improvement KPI (2) Reducing SG&A Expenses and Growing Gross Profit

We achieved nearly 30% gross profit growth while reducing SG&A expenses by approximately 10% YoY. Our goal is to continue growing gross profit at a rate outpacing the increase in SG&A expenses.

Gross profit growth rate and SG&A expense change rate in the Matching Business



**Gross profit
+27.1%**

**SG&A expenses
-9.8%**

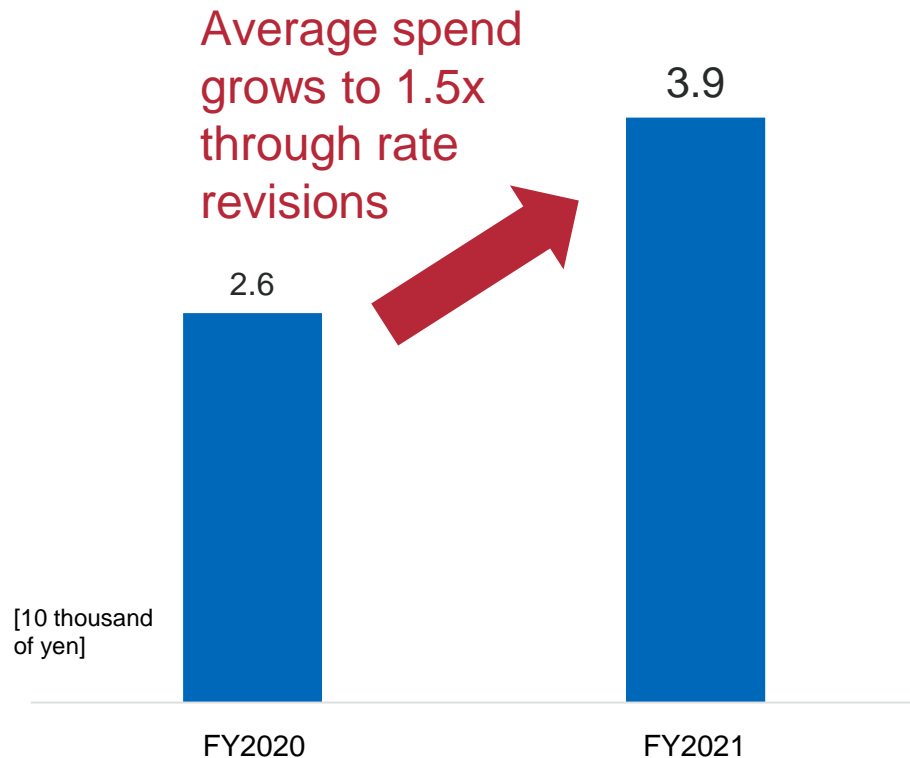
*Both are YoY comparisons

New CrowdLog Business ARR Steadily Growing due to Unit Price Improvement Measures

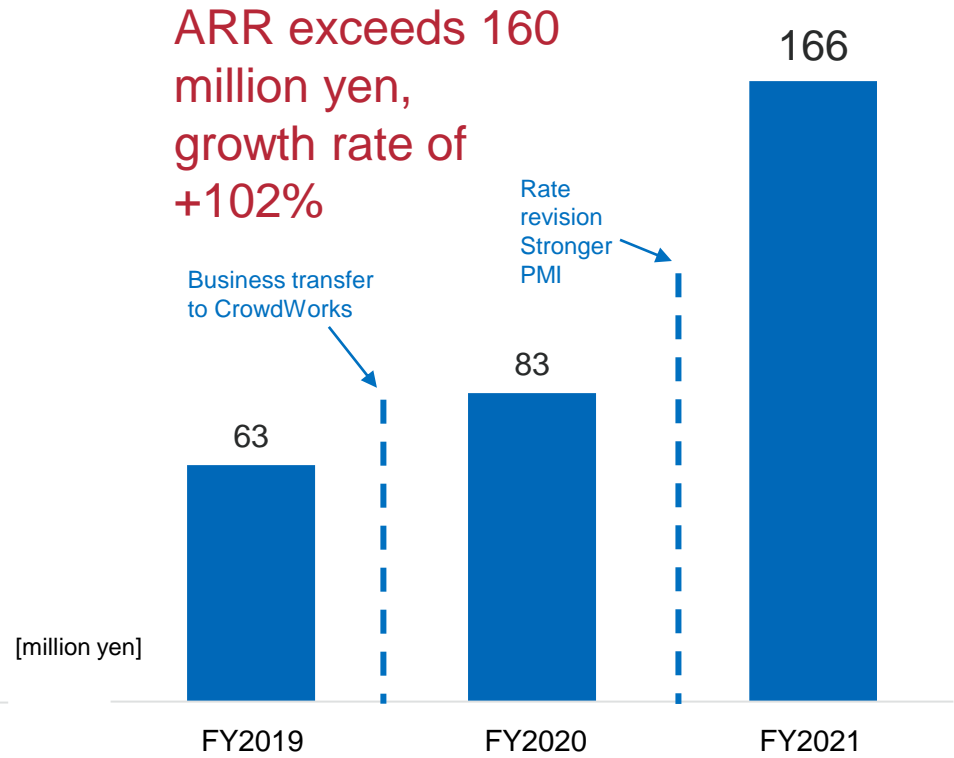
Average customer spend is up 50% thanks to measures to improve unit prices through rate revisions and other actions taken post-PMI.

As of September 30, 2021, ARR surpassed 160 million yen, up 102% YoY.

Average spend per paying client



CrowdLog ARR over time (year-end values)



| FY2022 Management policy & Forecast

FY2022 is the final year of the three-year productivity improvement plan

In the three years to achieve both growth and profitability through improved productivity, FY2021 provided significant sales growth and profitability.

In FY2022, we will seek even further growth in sales and profits.



Productivity Improvement: A Core Driving Force and Culture Behind Business Performance

The driving force behind the performance we have achieved is our productivity improvements, thoroughly refined over the past two years.

We have developed our Productivity Improvement Policy and our PIP (a productivity improvement knowledge sharing contest), establishing a corporate culture capable of achieving sustainable growth in sales and profits.



*PIP: "Productivity Improvement Pitch"

Rigorous improvement in all internal operations based on the productivity policy formulated for FY2020
At weekly PIP meetings, 90 productivity improvement measures are presented over the course of the year.

Sample PIP (Productivity Improvement Pitch) Presentations

Productivity Improvement Pitch (Engineering)

The story of how “Storybook” made front-end development dramatically easier.

Product development Group



2021/09/27

Productivity Improvement Pitch (Engineering)

The story of how I improved my productivity by changing the way we scan mail, make up notifications, and receive faxes.

General Affairs and Legal Group




2021/7/19

Productivity Improvement Pitch (Marketing)

The story of how an automated schedule adjustment tool reduced man-hours, increased decision rates, and improved CAC

BizAsst Group




2021/08/16

Productivity Improvement Pitch (Process change)

A story about creating an illustration module and changing the illustration creation process.

Design Group



2021/08/16

Productivity improvements through PIP

FY2021

90 cases

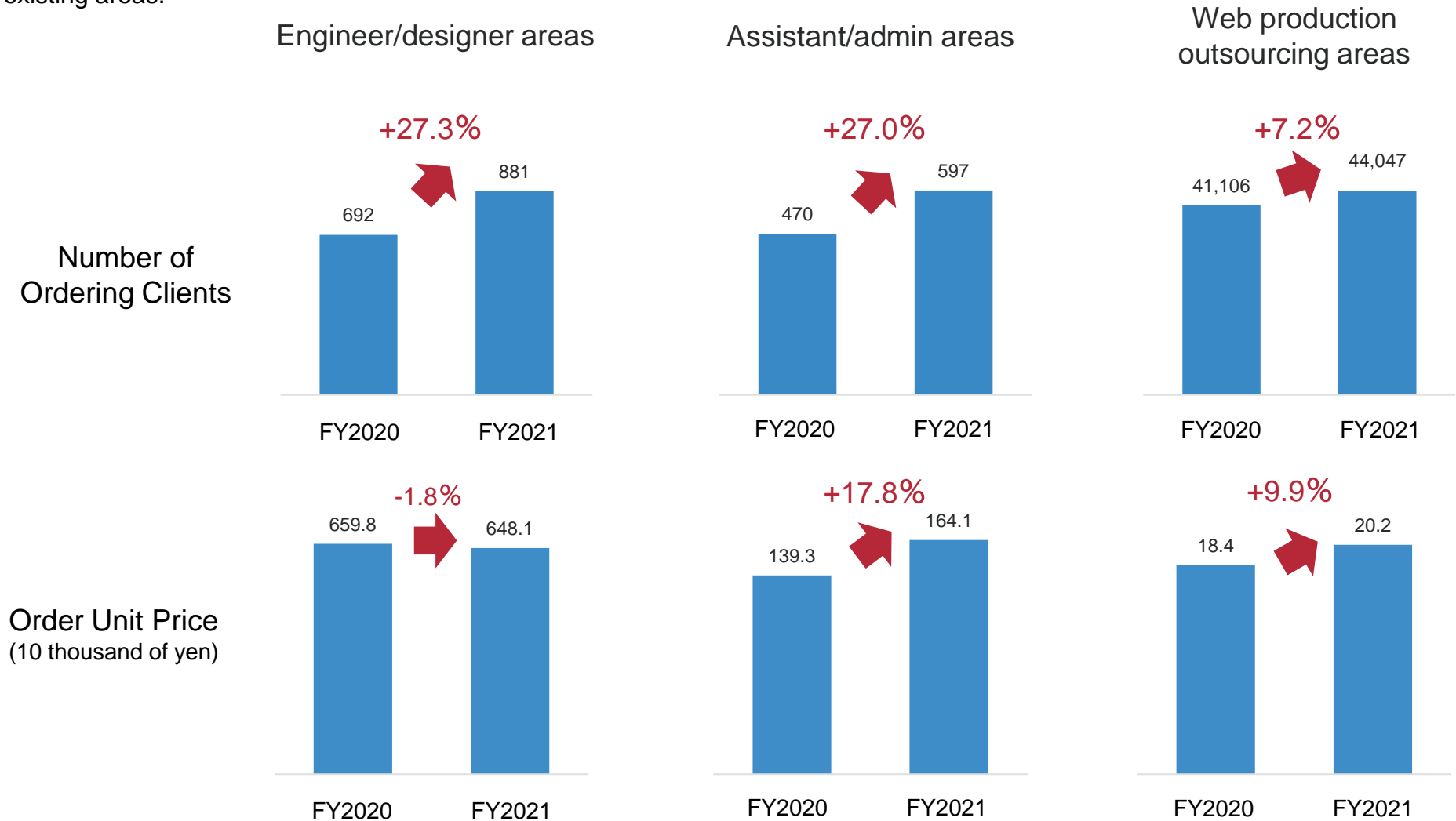
Implementing PIP has led to business growth and productivity improvement in FY2021.

Productivity Improvement Topics		Practical Examples	Impact
(1) Marketing	Improve the unit economics for LTV/CPA by changing investment allocation and marketing methods	[BizAsst] Automatic schedule adjustment tool and email policy reduces man-hours, improves close rate, and improves customer acquisition costs	Customer acquisition costs: 20% reduction
		[CrowdLog] Increasing LTV for new customers by focusing on high unit price projects for major companies	New customer LTV: 47% increase
(2) Process changes	Reduce costs and improve the ratio of gross profit to cost by reviewing business processes	[Crowdtech] Reviewing the method of acquiring new business to reduce the man-hours required for acquisition	Acquisition time: From 180 minutes to 20 minutes per project
		[BizAsst] Improving worker onboarding to increase monthly retention rate and LTV	Monthly retention rate: From 89.1% to 94.8%
(3) Engineering	Improve productivity by implementing technology to systematize and automate processes	[CrowdWorks] Reducing man-hours and improving order rate by migrating user support from phone to chat	Man-hours: 44% reduction Order rate: 1.8% improvement
		[CrowdWorks] Reducing maintenance man-hours by removing unnecessary functions	Maintenance man-hours: From 728 hours to 0 hours Maintenance expenses: From 5.4 million yen to 0 yen
(4) Task and operations improvement	Improve productivity by reviewing and streamlining daily tasks and operations	[CrowdWorks] Streamlining month-end sales aggregation by using a unified format	Time for aggregation: From 250 minutes to 50 minutes per month (80% reduction)
		[Administrative divisions] Improving accuracy and efficiency of forecast/performance management by automatically detecting errors	Number of errors: From 23 to 2 per month (87% reduction)

Current Year Growth Topics (1) Reinvestment in Existing Areas, Increasing Order Unit Price

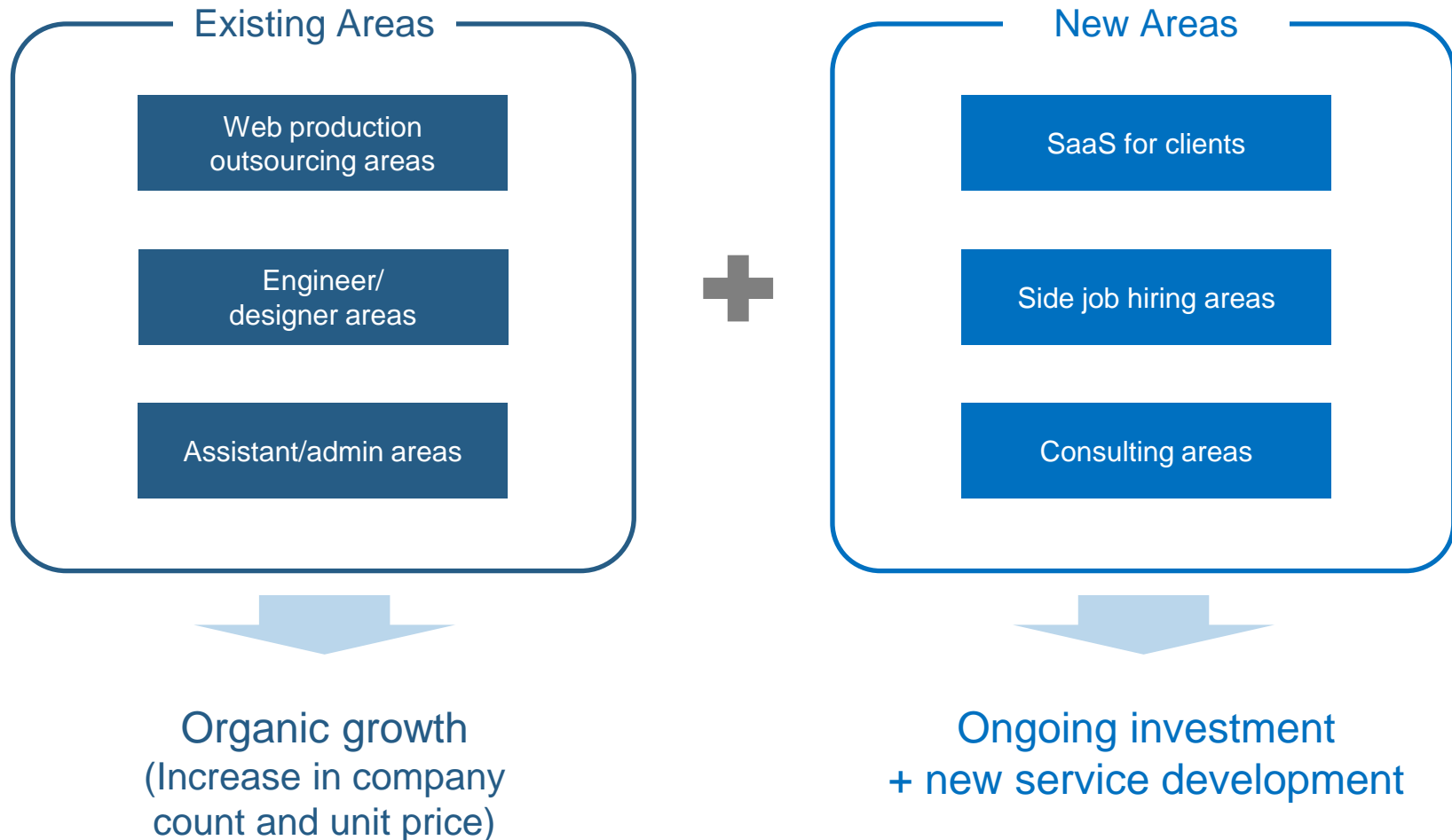
Increasing the number of ordering clients were main driver of FY2021 growth.

In FY2022, the **key focus is to increase clients order unit price** and the number of ordering clients through reinvestment in existing areas.



Current Year Growth Topics (2) Expanding New Areas

In addition to existing areas, we plan to expand into new domains, such as SaaS for clients, side job recruiting, and consulting.



We expect a minimal growth rate of 10-15% in sales and gross profit, and a non-GAAP operating profit of 800 million yen.

	Forecast	YoY
GMV	17,268~18,053 million yen	+10.0~15.0%
Net sales	8,861~9,264 million yen	+10.0~15.0%
Gross profit	3,998~4,179 million yen	+10.0~15.0%
Non-GAAP Operating profit	800 million yen	+29.3%

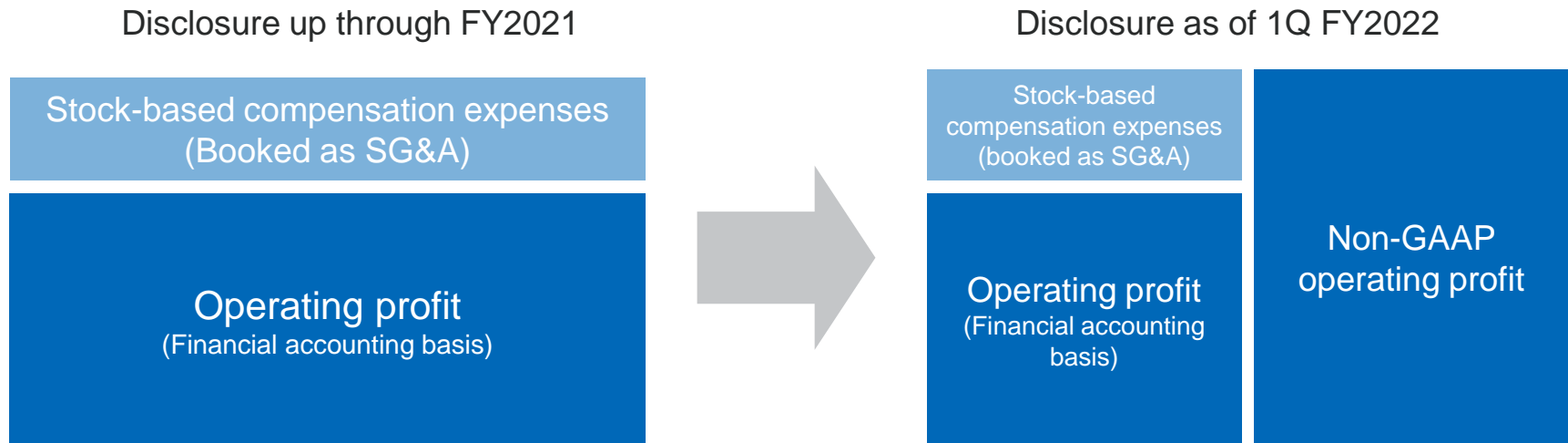
- We disclose operating profit for the current fiscal year as non-GAAP operating profit. Non-GAAP operating profit is calculated as operating profit less stock-based compensation expenses. See next page for details.
- Business results by segment include offsetting transactions between consolidated companies.
- In compliance with financial statement regulations, actual figures are rounded down to the nearest 10 million yen.

New Indicator: Non-GAAP Operating Profit

We plan to introduce a full-fledged stock-based compensation system from FY2022, with the aim of further increasing the motivation and morale of executives and employees to enhance corporate value over the medium and long term.

As of FY2022, we will disclose non-GAAP operating profit, with stock-based compensation expenses re-added, as an essential indicator measuring profit. In FY2022, we plan to pay stock-based compensation of a maximum of 100 million yen.

Operating profit + Stock-based compensation expenses = Non-GAAP operating profit
 (Financial accounting basis)



| Appendix



CrowdWorks, Inc.

President and CEO : Koichiro Yoshida
 Capital : 2,691,260,000JPY
 Founded : Nov 11, 2011
 Services : Operates internet services, primarily CrowdWorks, Japan's largest crowdsourcing service



- 4,700,000 of CrowdWorkers (users)
- 760 thousand of clients
- 12 ministries and agencies
- 80 local government

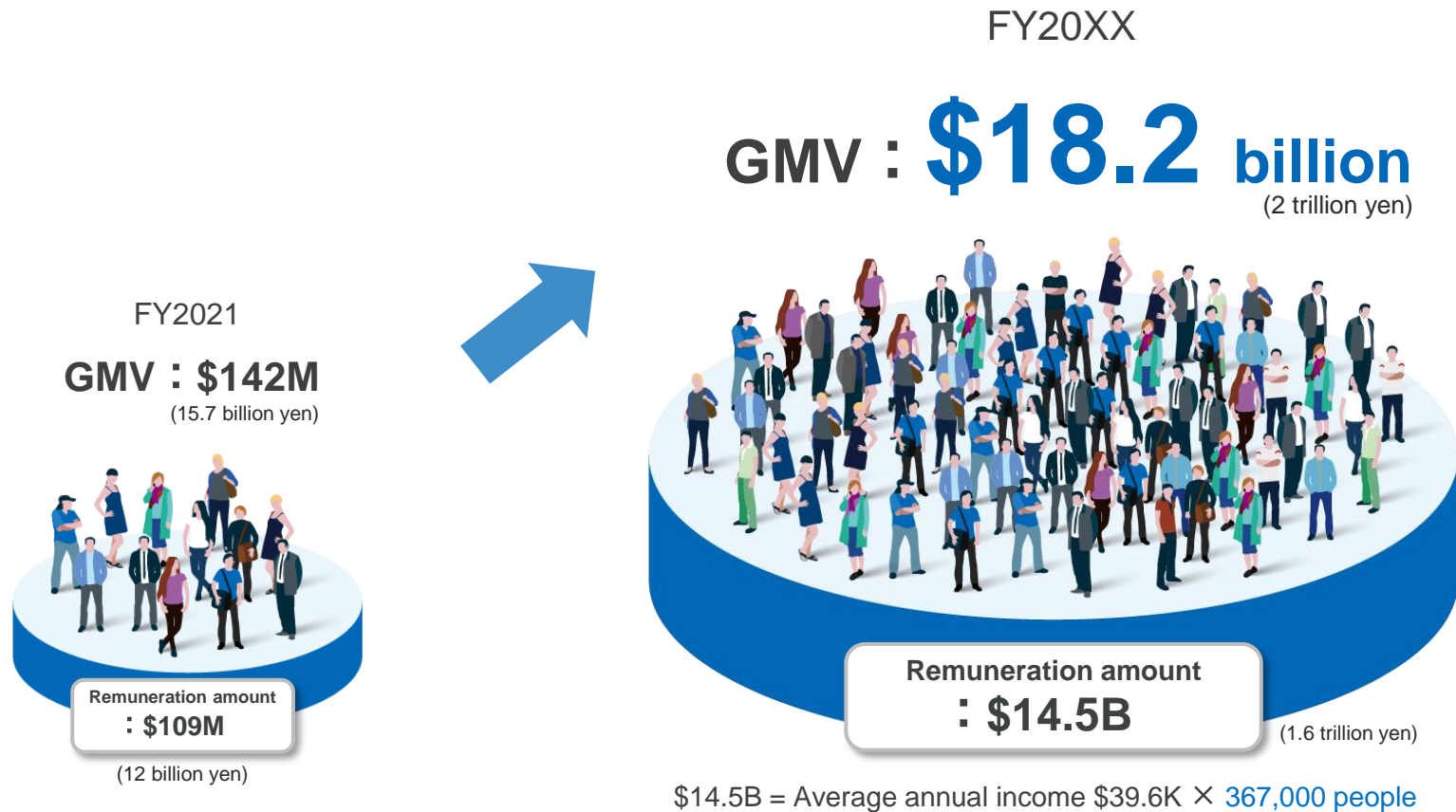
* The numbers of workers and clients of CrowdWorks, Inc. services as of Sept.30, 2021



VISION : Our goal is to reward your talent

Over the long-term, CrowdWorks aims to reach “\$18.2 billion in work distribution GMV.”

We will build Japan's largest online employment infrastructure with more than 360,000 people in terms of average annualized income.



Source

*Average annual income \$39.6K National Tax Agency, "Results of the Survey on the Actual Status of Private Salary for 2020"

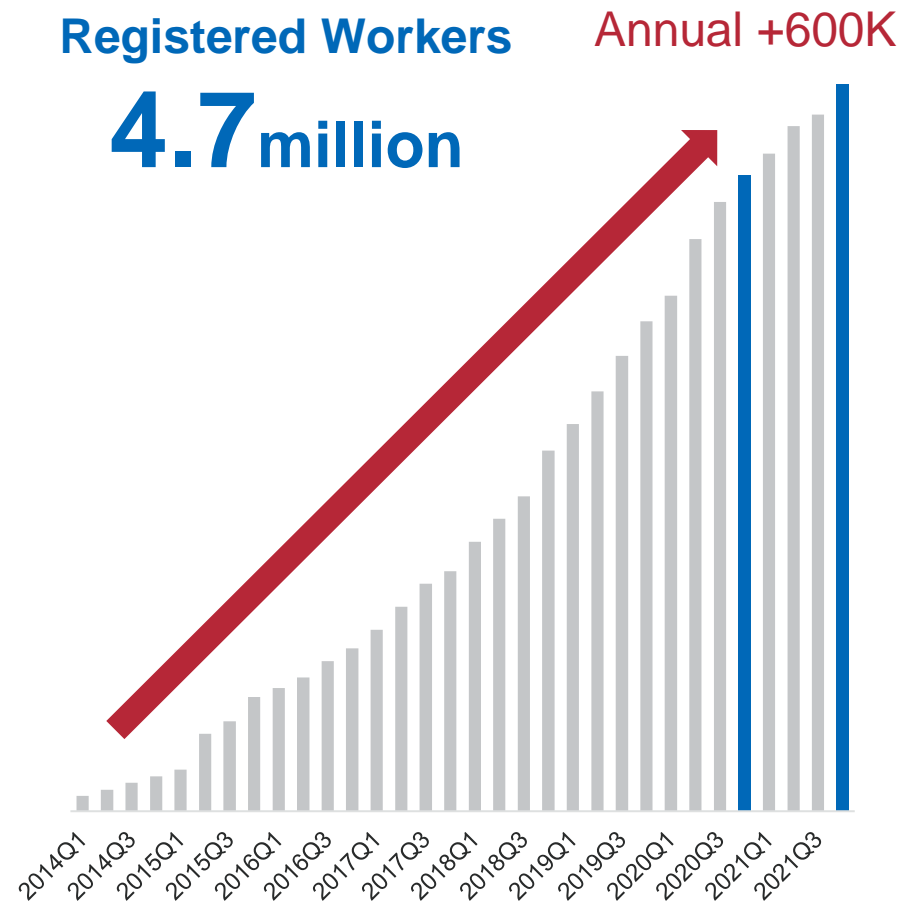
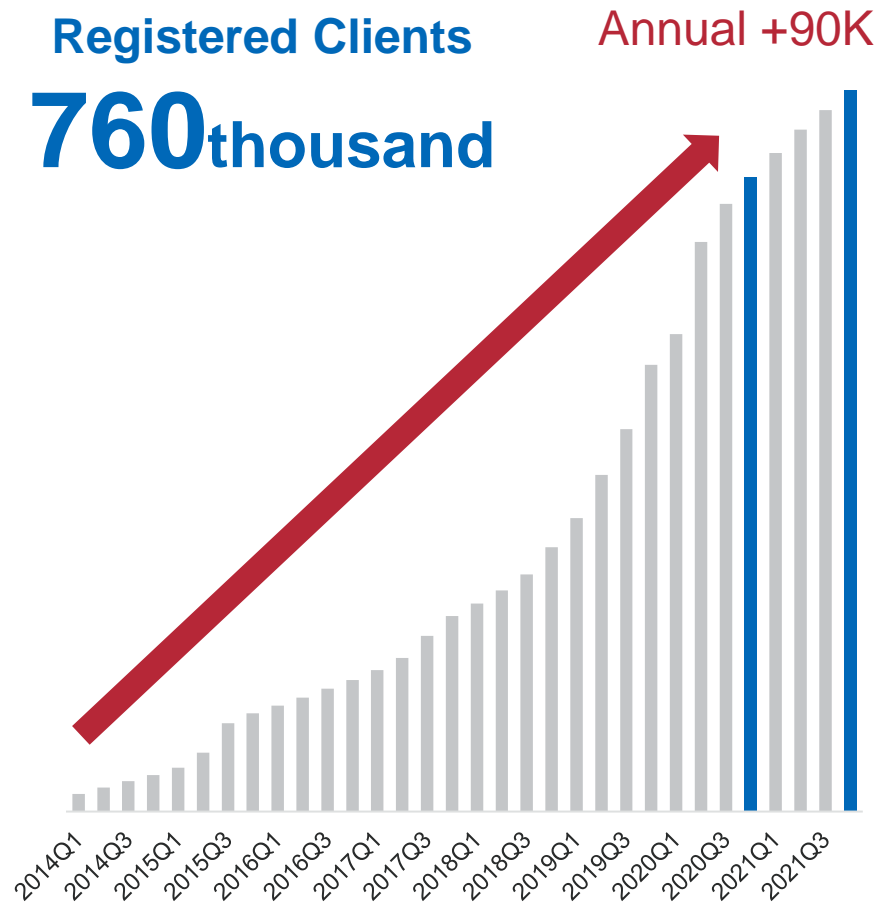
*367,000 people Employee number ranking *Reference: Yahoo Finance as of February 10, 2021 1. Toyota 359,000 people, 2. Nippon Telegraph and Telephone (NTT) 328,000 people, 3. Hitachi 313,000 people

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

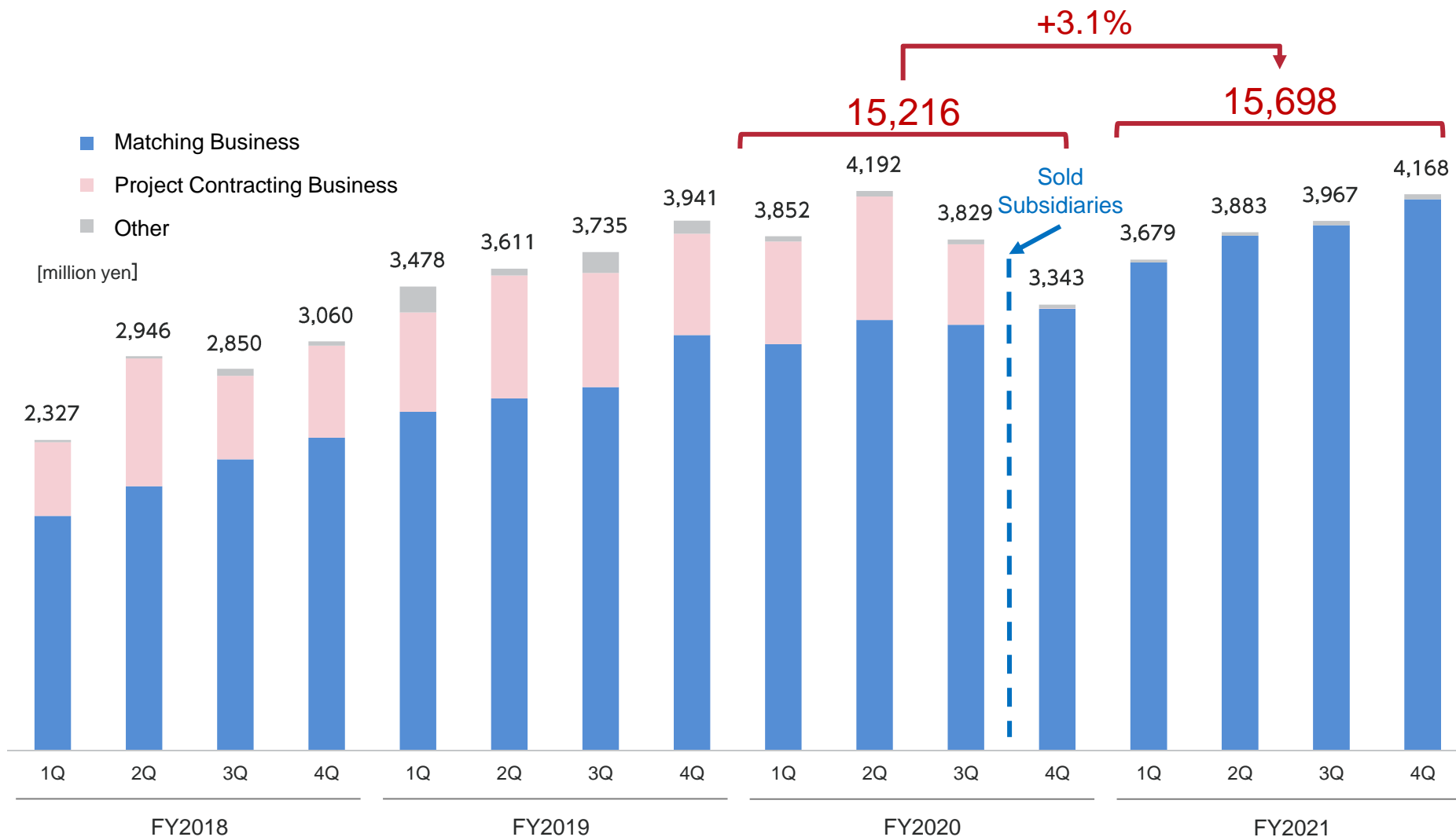
Overwhelming Client/Worker Base

With 4.7 million online workers, we possess Japan's largest talent database.

And, with a client base of 760,000 companies, we can offer matching opportunities for all kinds of jobs.



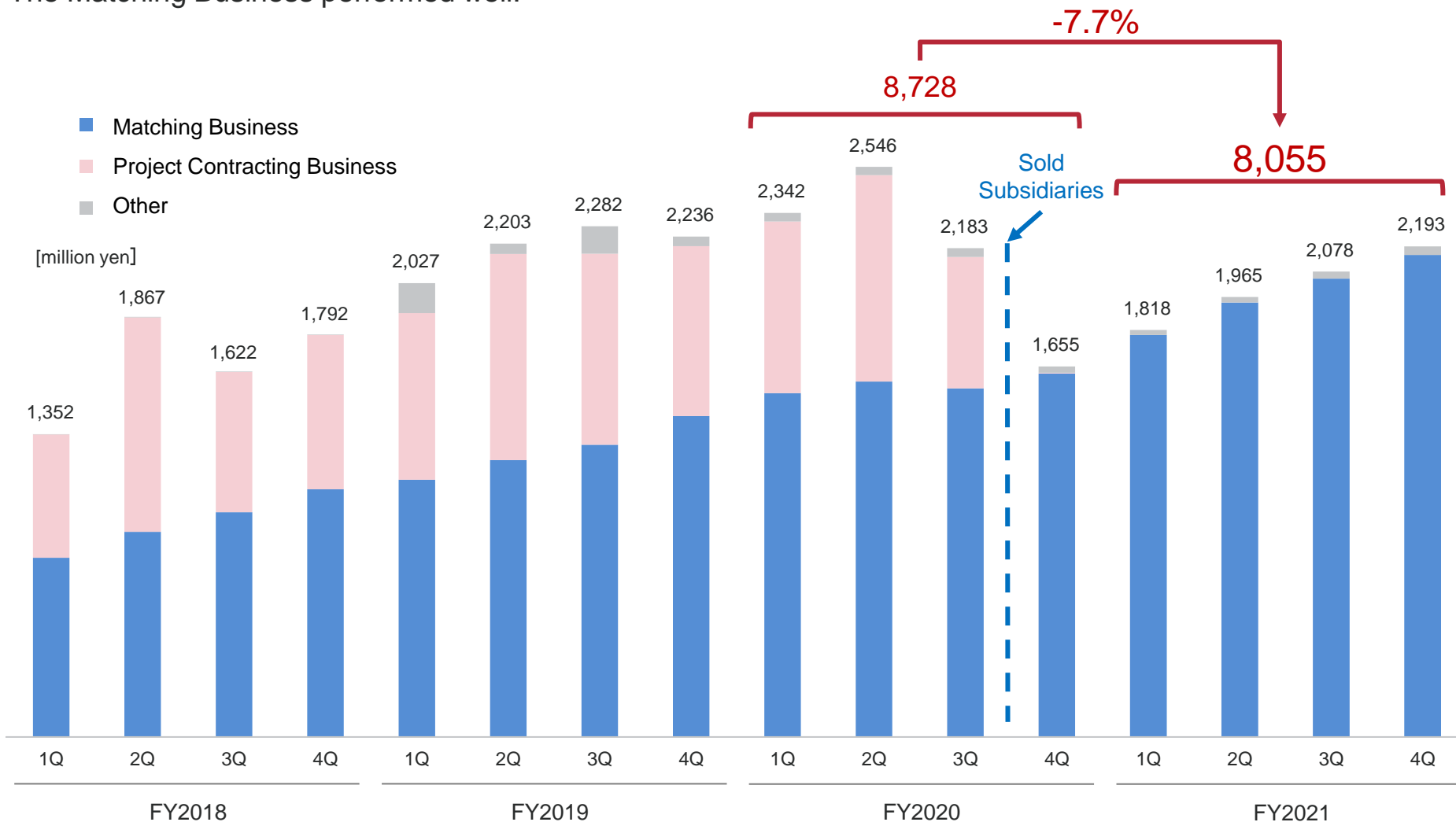
Achieved positive growth of 3.1% YoY thanks to steady growth in the Matching Business.



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

Entire Company Net Sales

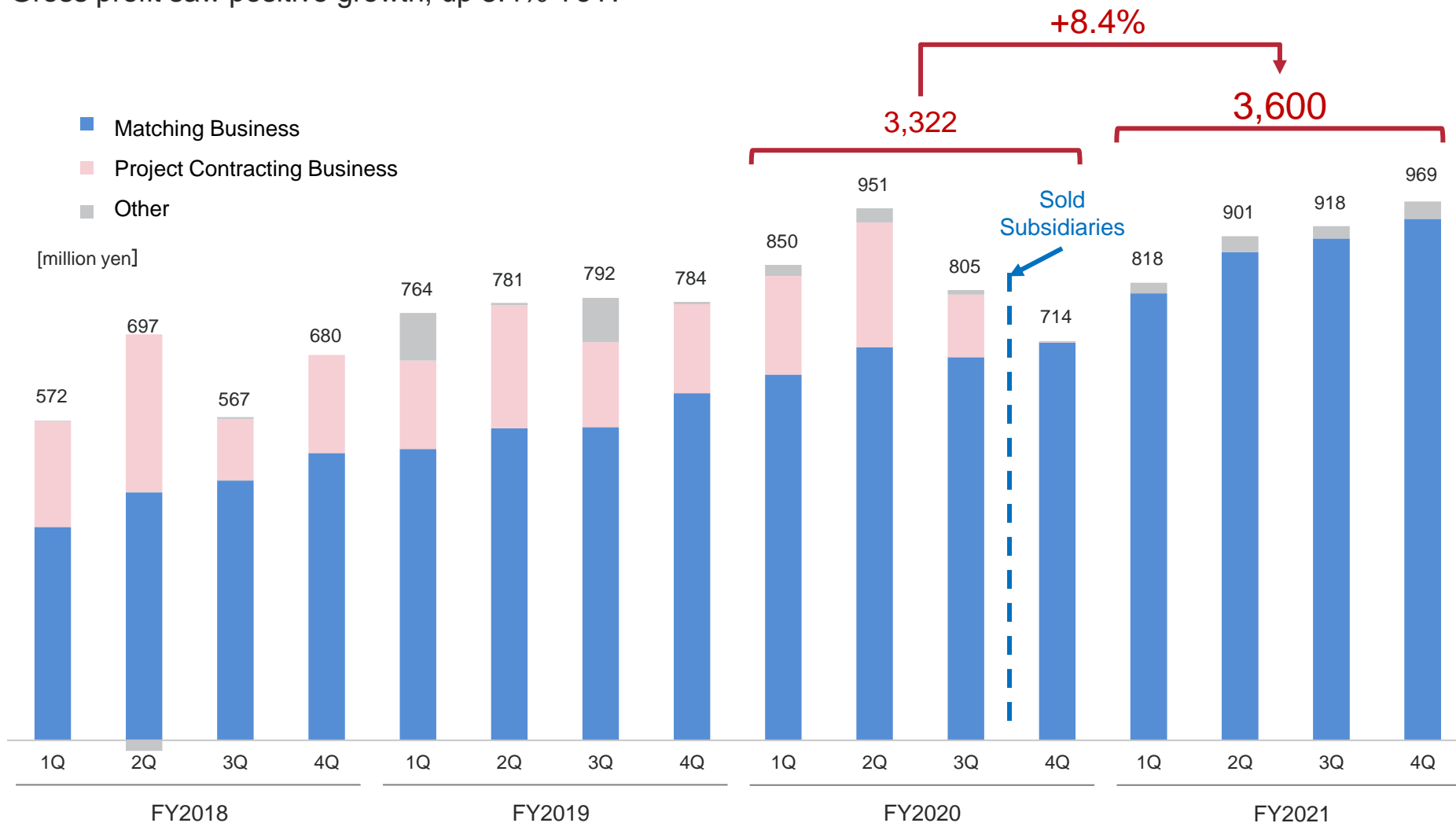
Impact from sale of the Project Contracting Business resulted in company-wide net sales down 7.7% YoY.
The Matching Business performed well.



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

Entire Company Gross Profit

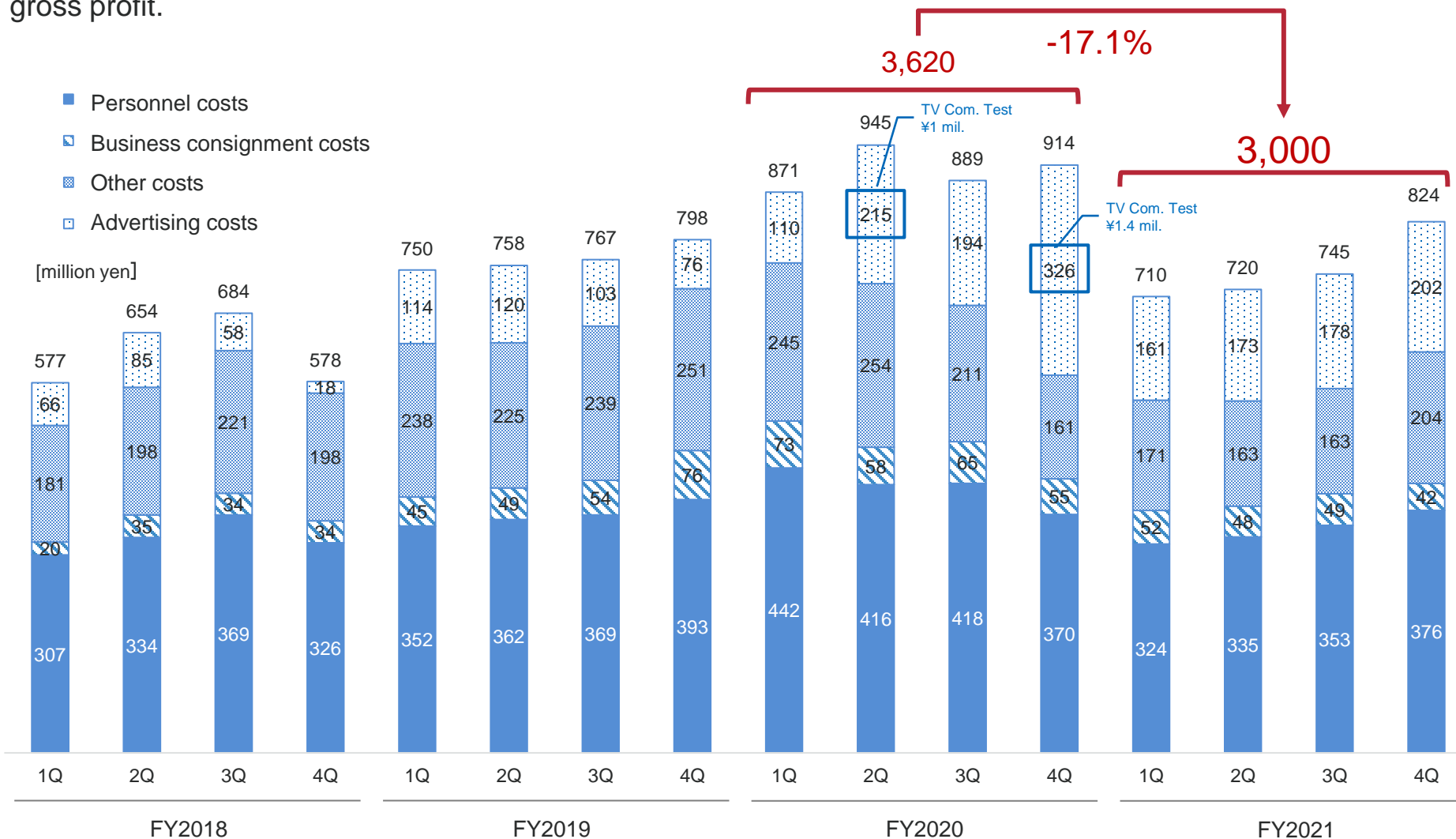
Despite impact from the sale of the Project Contracting Business, the Matching Business is seeing steady growth. Gross profit saw positive growth, up 8.4% YoY.



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

Entire Company SG&A expenses

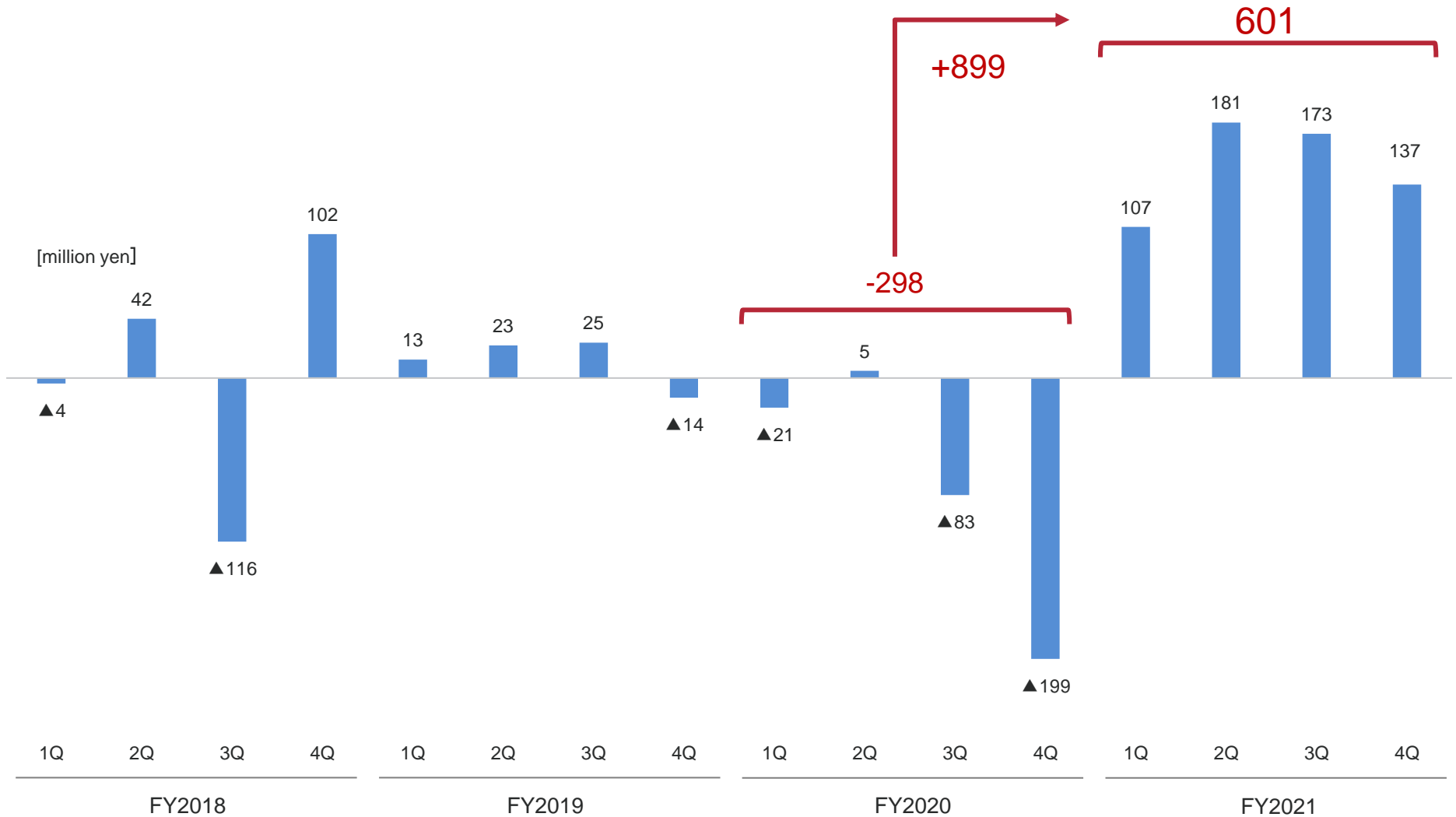
We increased advertising expenses in 4Q but maintained productivity, resulted in successful increase of gross profit.



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

Entire Company Operating Profit

Operating profit reached a record high of 601 million yen (+899 million yen YoY) due to improved productivity.



FY2021 Profit and Loss Statement: Quarterly Transition

FY2021

GMV	15,698million yen	(YoY +3.1%)
Net sales	8,055million yen	(YoY -7.7%)
Gross profit	3,600million yen	(YoY +8.4%)
Operating profit	601million yen	(YoY +899 million yen)

[Unit: million yen]

	FY2020 (Consolidated)				FY2021 (Q1: Consolidated, From Q2: Non-consolidated)					
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
GMV	3,852	4,192	3,829	3,343	3,678	3,883	3,967	4,168	+24.7%	+5.1%
Net sales	2,342	2,546	2,183	1,655	1,818	1,965	2,078	2,193	+32.5%	+5.5%
Gross profit	850	951	805	714	818	901	918	962	+34.7%	+4.7%
SG&A expenses	871	945	889	914	710	720	745	824	+3.2%	+10.7%
Operating profit	-21	5	-83	-199	107	181	173	137	+337	-36
Ordinary profit	-4	16	-127	-196	117	210	186	150	+347	-35
Net profit	-13	-56	-105	121	91	150	156	234	+113	+78

* In compliance with financial statement regulations, actual figures are rounded down to the nearest million yen, and year-on-year amounts and percentage changes are calculated taking into consideration the value of less than one million yen.

* Since the Company has transitioned to non-consolidated financial statements as of the second quarter of the fiscal year ending September 2021, figures for said second quarter and thereafter are expressed on a non-consolidated basis. In this document, comparisons utilize consolidated results for the period from the previous fiscal year to the first quarter of the fiscal year ending September 2021.

[Unit: million yen]

	FY2021 (Non-consolidated)	FY2020 (Non-consolidated)	Year-on-year
Current assets	5,707	4,559	+1,147
Non-current assets	494	479	+14
Total assets	6,201	5,038	+1,162
Current liabilities	2,375	1,852	+523
Non-current liabilities	30	33	-2
Net assets	3,794	3,153	+641
Capital adequacy ratio	60.9%	61.2%	-0.3%

* In compliance with financial statement regulations, actual figures are rounded down to the nearest million yen, and year-on-year amounts and percentage changes are calculated taking into consideration the value of less than one million yen.

* Since the Company has transitioned to non-consolidated financial statements as of the second quarter of the fiscal year ending September 2021, comparisons are made against non-consolidated figures as of the end of the previous fiscal year.

[Unit: million yen]

	FY2021 (Non-consolidated)
Cash flows from operating activities	868
Cash flows from investing activities	-95
Cash flows from financing activities	5
Net increase (decrease) in cash and cash equivalents	778
Cash and cash equivalents at the end of period	4,219

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

[Precautions concerning future prospects]

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

[Inquiries concerning this material]

CrowdWorks, Inc.

IR group

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