



CrowdWorks, Inc.

Financial Results for FY2022 1Q

Securities code: TSE Mothers 3900

| FY2022 1Q Results: Summary

FY2022 1Q Performance Highlights

Achieved net sales and gross profit growth of **+30% YoY**.

Quarterly operating profit (non-GAAP) also surpassed 300 million yen, **+184% YoY**, greatly exceeding past record highs.

	Entire Company	Matching Business	SaaS & New Business
GMV	4,598 million yen (YoY +25.0%)	4,552 million yen (YoY +24.5%)	45 million yen
Net sales	2,467 million yen (YoY +35.7%)	2,421 million yen (YoY +34.9%)	45 million yen
Gross profit	1,096 million yen (YoY +34.0%)	1,050 million yen (YoY +31.6%)	45 million yen
Operating profit (Non-GAAP)	306 million yen (YoY +184.0%)	337 million yen (YoY +116.4%)	-33 million yen

* Entire company operating profit (Non-GAAP) is the figure after adding back 2.6 million yen of stock compensation expense in 1Q from operating profit. As stock compensation expense is a company-wide expense, operating income (GAAP) figures are shown for each segment.

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

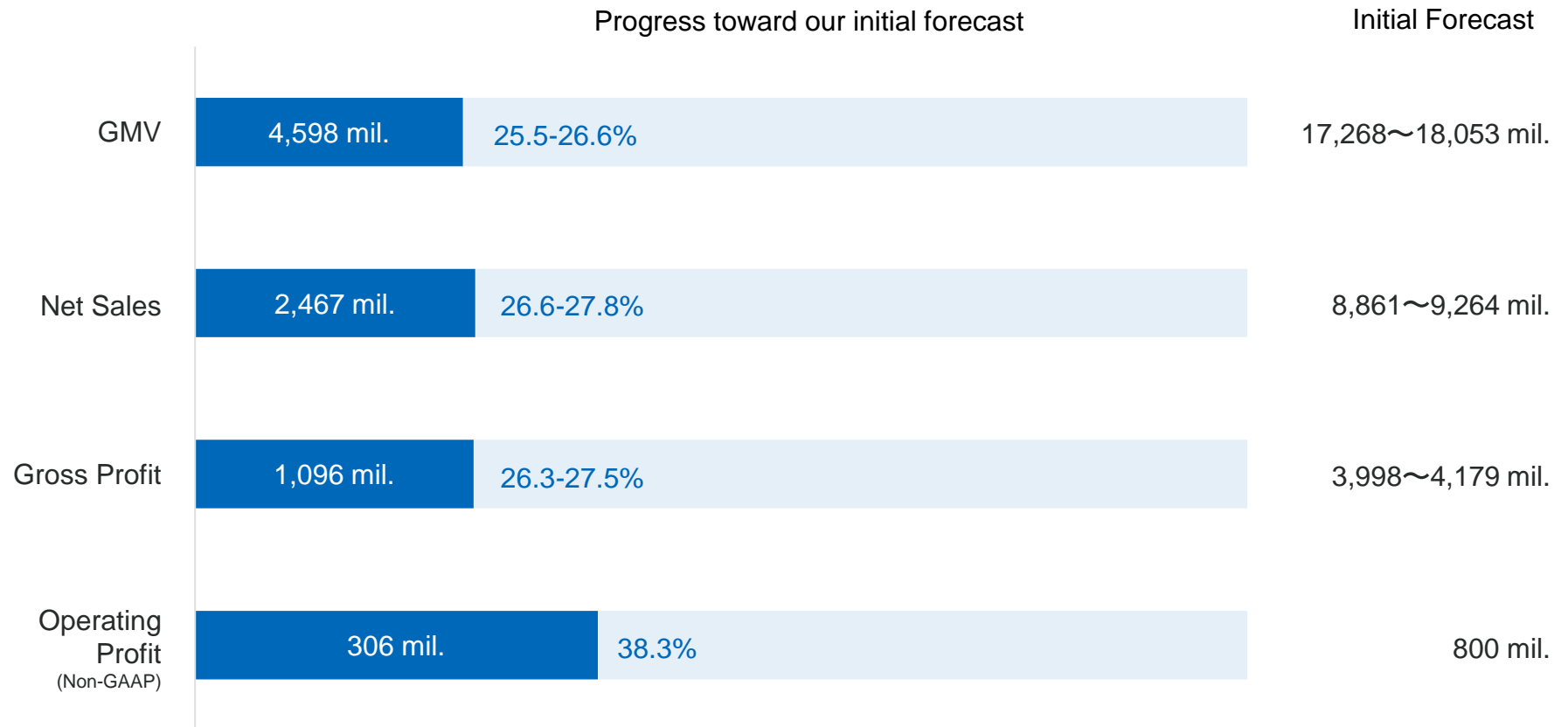
* Actual figures have been rounded down to the nearest million yen.

* Year-on-year comparisons are calculated in accordance with financial statement regulations, taking into account figures less than one million yen.

Progress vs Full-year Forecast

We achieved steady progress vs our forecast in the first quarter.

Top-line indicators exceeded more than 25% and Operating profit (non-GAAP) achieved 38.3% vs our forecast.



Upward Revision of Full-year Forecast

Given the steady progress, we revised Net sales and Gross profit targets upward to 10 billion yen (+24.1% YoY) and 4.6 billion yen (+27.7% YoY), respectively.

Operating profit (Non-GAAP) revised upward to 850 million yen. Operating profit in excess of forecast will be reinvested for further growth (details provided later in this document)

	Forecast	Upward Revision Forecast
GMV	17,268~18,053 million yen (YoY +10.0~15.0%)	18,500 million yen (YoY +17.9%)
Net sales	8,861~9,264 million yen (YoY +10.0~15.0%)	10,000 million yen (YoY +24.1%)
Gross profit	3,998~4,179 million yen (YoY +10.0~15.0%)	4,600 million yen (YoY +27.7%)
Operating profit (Non-GAAP)	800 million yen (YoY +29.3%)	850 million yen (YoY +37.3%)

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

Incorporating talent from various backgrounds into the Company to achieve a more solid and robust management structure.

Outside Director

Takeshi Niinami

President and Chief Executive Officer, Suntory Holdings Limited



A top-level executive of a leading Japanese corporation, selected as Outside Director to promote side work at major companies and bolster our management structure

An MBA-holder from Harvard Business School, Mr. Niinami began his career at Mitsubishi Corporation, was appointed CEO of Sodex Corporation (now LEOC Co., Ltd.), and served as President and CEO of Lawson, Inc. before assuming his current position as President and CEO of Suntory Holdings Inc. in 2014.

Member of the Council on Economic and Fiscal Policy. Vice-chairman of the Keizai Doyukai (Japan Association of Corporate Executives). Vice-Chairman of the Board of Councilors of Nippon Keidanren (Japan Business Federation). Vice Chairman of the Board of Trustees of the U.S.-Japan Council.

Executive Officer and CHRO (Chief Human Resources Officer)

Junichi Ito

Nearly 20 years of professional experience at global foreign securities firms and hedge funds



Management talent from the financial industry, brought in to tie together human resources and finance from a financial perspective, and promoting in organizational development to achieve sustainable growth

A graduate of the Department of Educational Administration, Faculty of Education, University of Tokyo in 1993, Mr. Ito has worked at Sanwa Bank (now Mitsubishi UFJ Bank), Morgan Stanley Asset Management, and Goldman Sachs Asset Management, where he has served as a portfolio manager for Japanese equities. Since 2002, he has served as a portfolio manager at a number of leading Asian hedge funds. He is also the founder of the University of Tokyo's Financial Research Association, a student organization with 980 members.

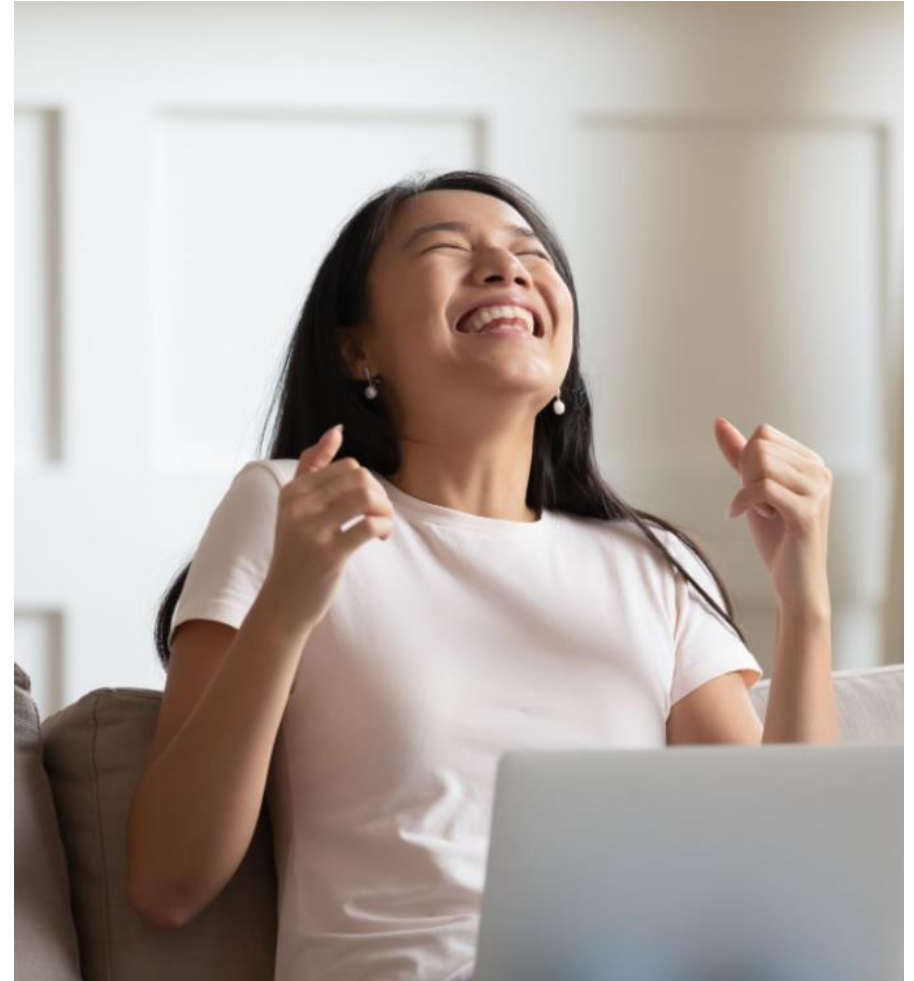
| Our Mission & Growth Strategy

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.

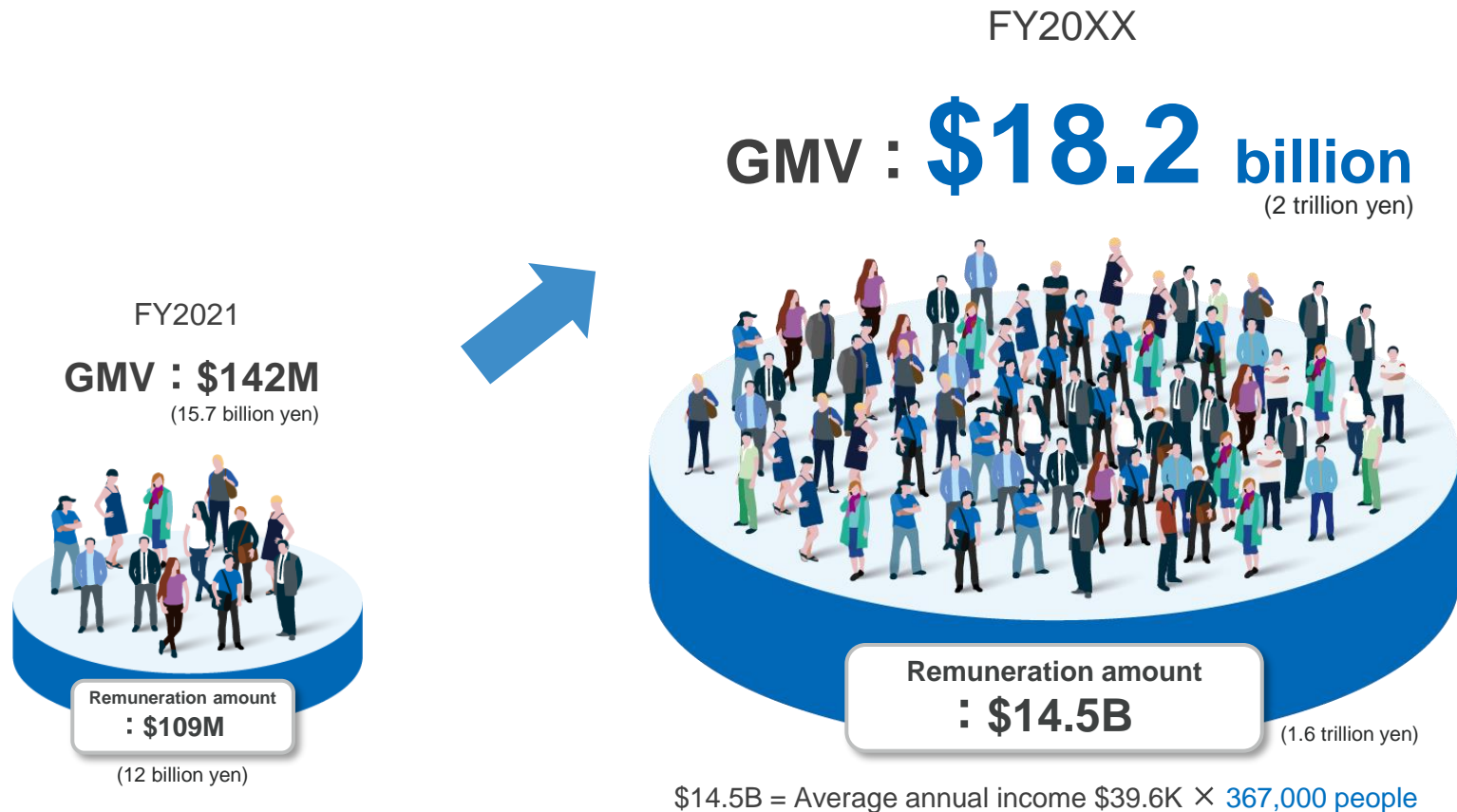


VISION : The company that delivers rewards to people the most in the world

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

This means a platform that pays to more than 360,000 people based on Japan’s average annualized income.

We will build Japan's largest online employment infrastructure with more than



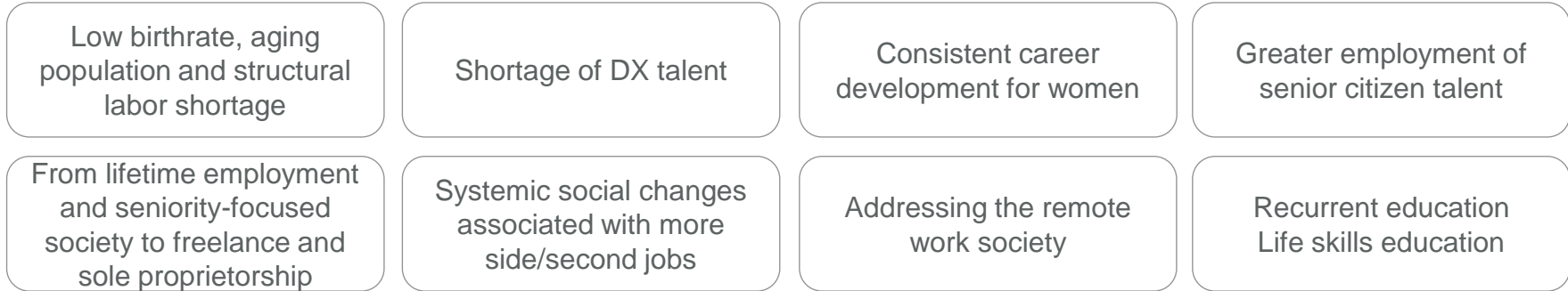
Source

*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

Social Issues in Japan



By creating the infrastructure for talent
We will resolve social issues

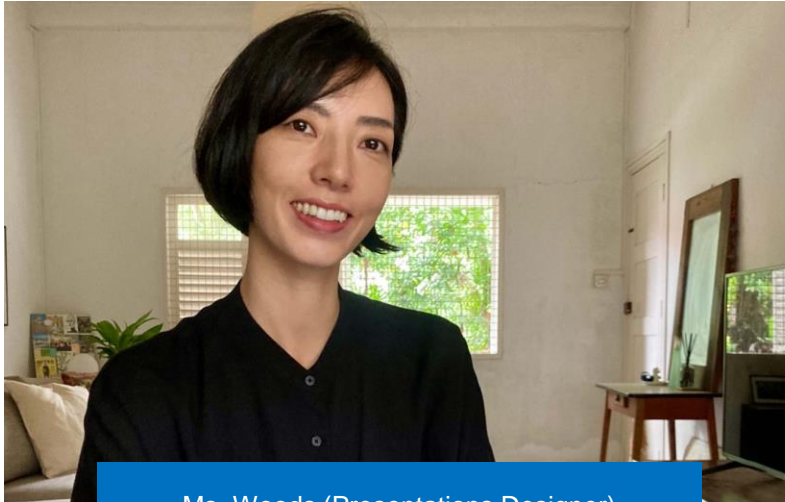


By creating the infrastructure for talent
We will grow sales and profits

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.



Ms. Woods (Presentations Designer)

Lives in Singapore and designs various types of materials as a freelance presentation designer [from 10am to 6pm on weekdays](#).

Work is carried out fully [remotely from overseas](#).

Converted to freelance upon moving overseas in 2017.

Utilizing her experience as a visual specialist at a major U.S. food company, she works [as a designer who “creates captivating materials and presentations”](#).



Mr. Aikou (System Engineer)

Lives in Nagasaki, Japan, and works [from 8am to 9pm on weekdays](#), does system development work as an engineer, and also does wireless communication, network-related, and electrical work as a private business.

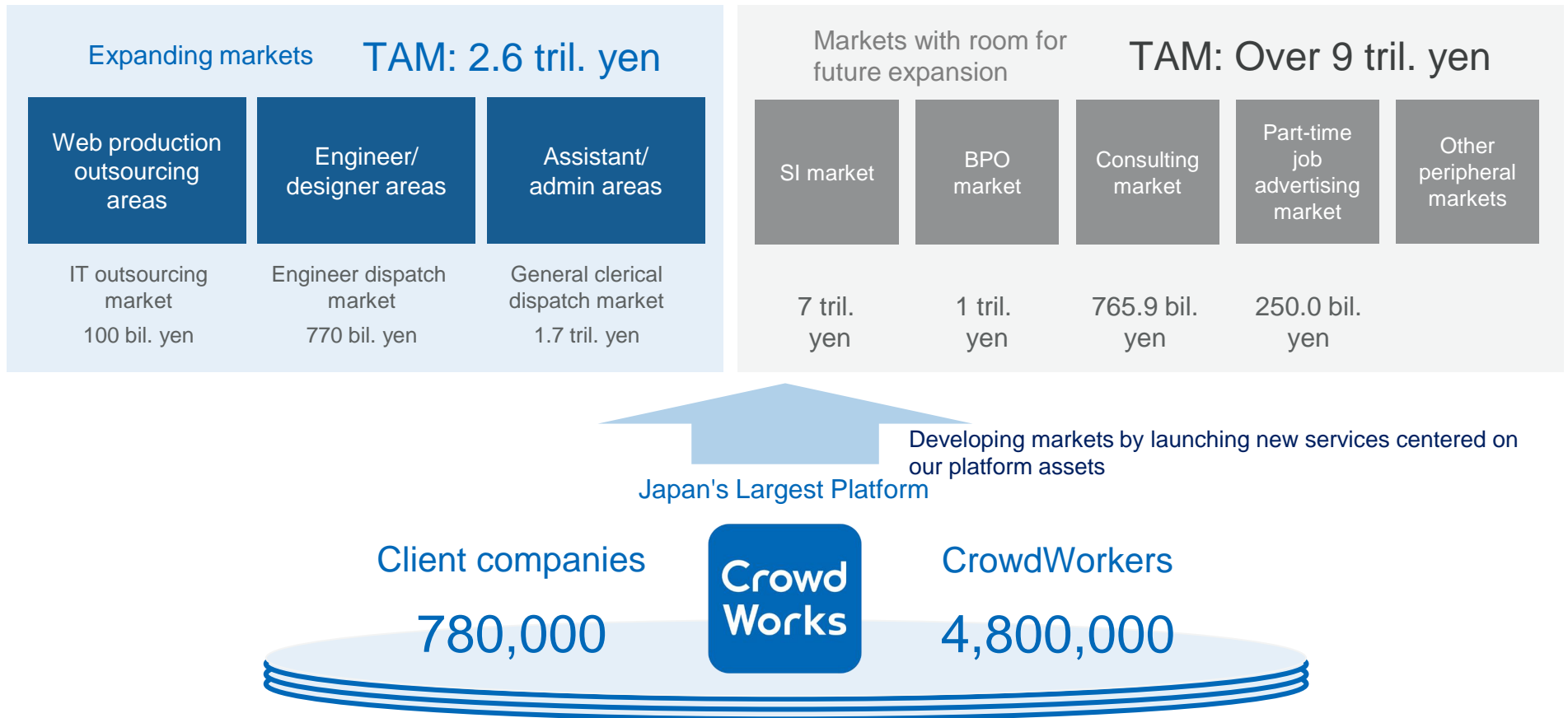
Work is [conducted online and remotely](#).

After building a career as a mission-critical system engineer in the Tokyo metropolitan area, [he returned to local area and continued his system development work remotely](#).

Developed his career as an engineer while contributing to the local community through his private business.

Japan's largest platform assets and huge TAM

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.

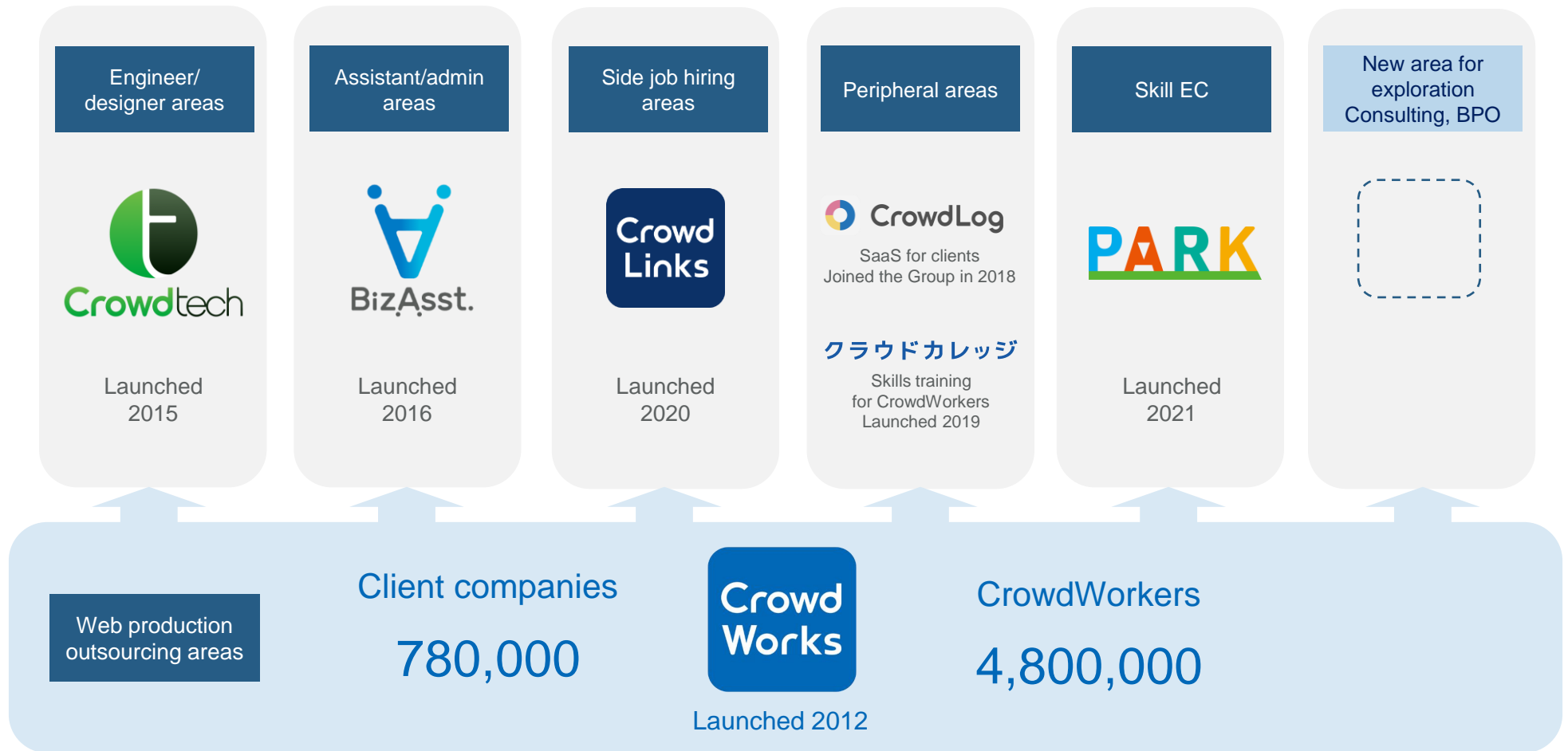


Source
 For the IT outsourcing market, the market scale of production and others is calculated from "Current Status and Outlook of the Internet Advertising & Web Solutions Market" by Deloitte Tohmatsu MIC Research Institute. Technician dispatch and general office worker dispatch markets are calculated by multiplying the number of workers in information processing and communications technology and office job workers by the dispatch fee from the Ministry of Health, Labour and Welfare's "Worker Dispatch Business Report. The SI, BPO, and consulting markets are taken from IDC's "Domestic Enterprise IT Market," "Domestic Consulting Services Market," and "Domestic Business Process Outsourcing (BPO) Services Market" market forecast releases. The part-time job advertisement market is calculated by multiplying the ratio of clerical and sales jobs by the market size from the "Job Information Provision Service Market Size Survey" release by the National Association of Job Information.

New Business Development By Leveraging Our Platform Assets

Since our founding, we have expanded our business by developing services in domain after domain. We now possess highly reproducible business development capabilities.

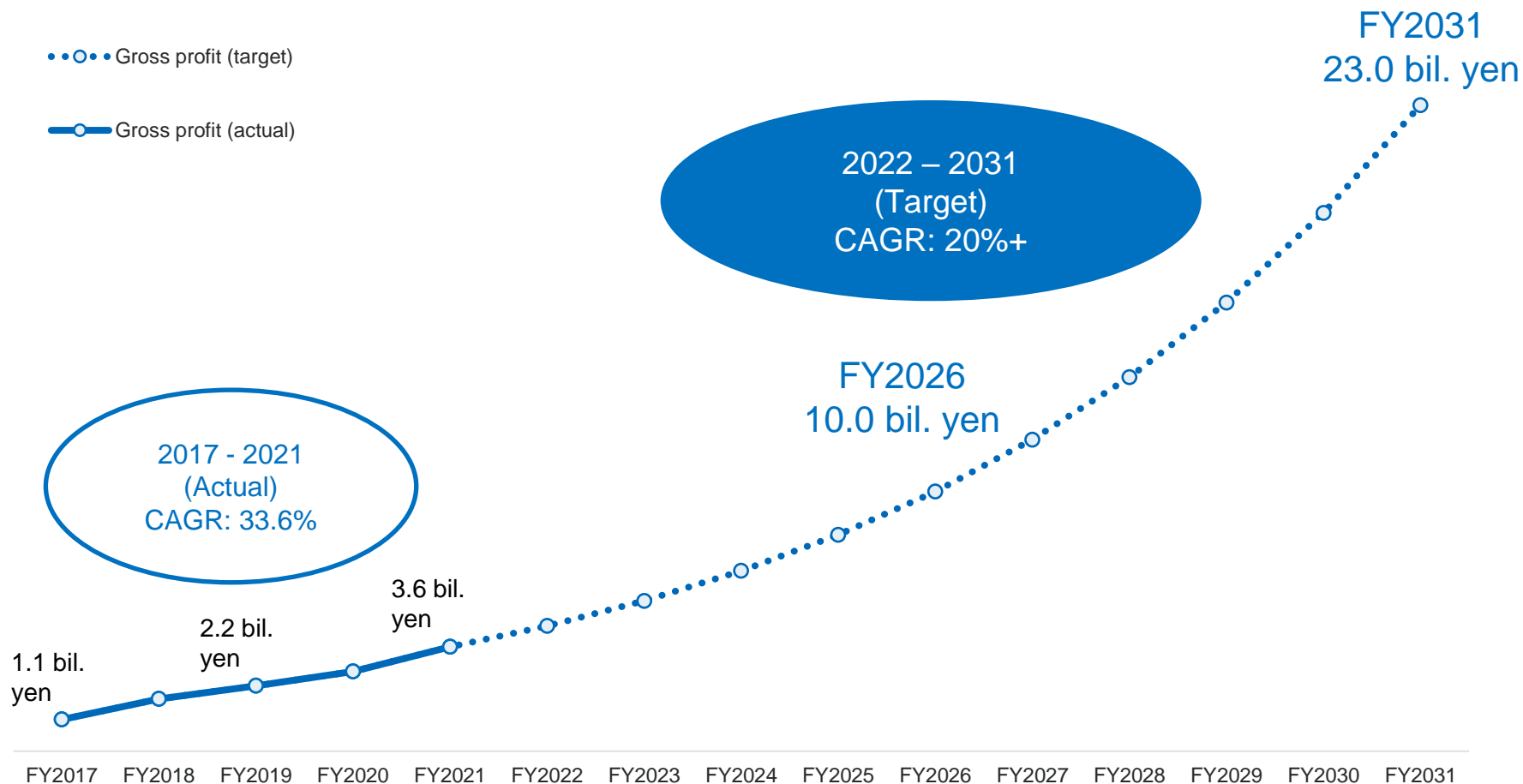
Thanks to accumulating platform assets and business development expertise, we can achieve continued market expansion.



10 years Target: Maintain Gross Profit Annual Growth Rate of 20% or More for Ten Consecutive Years

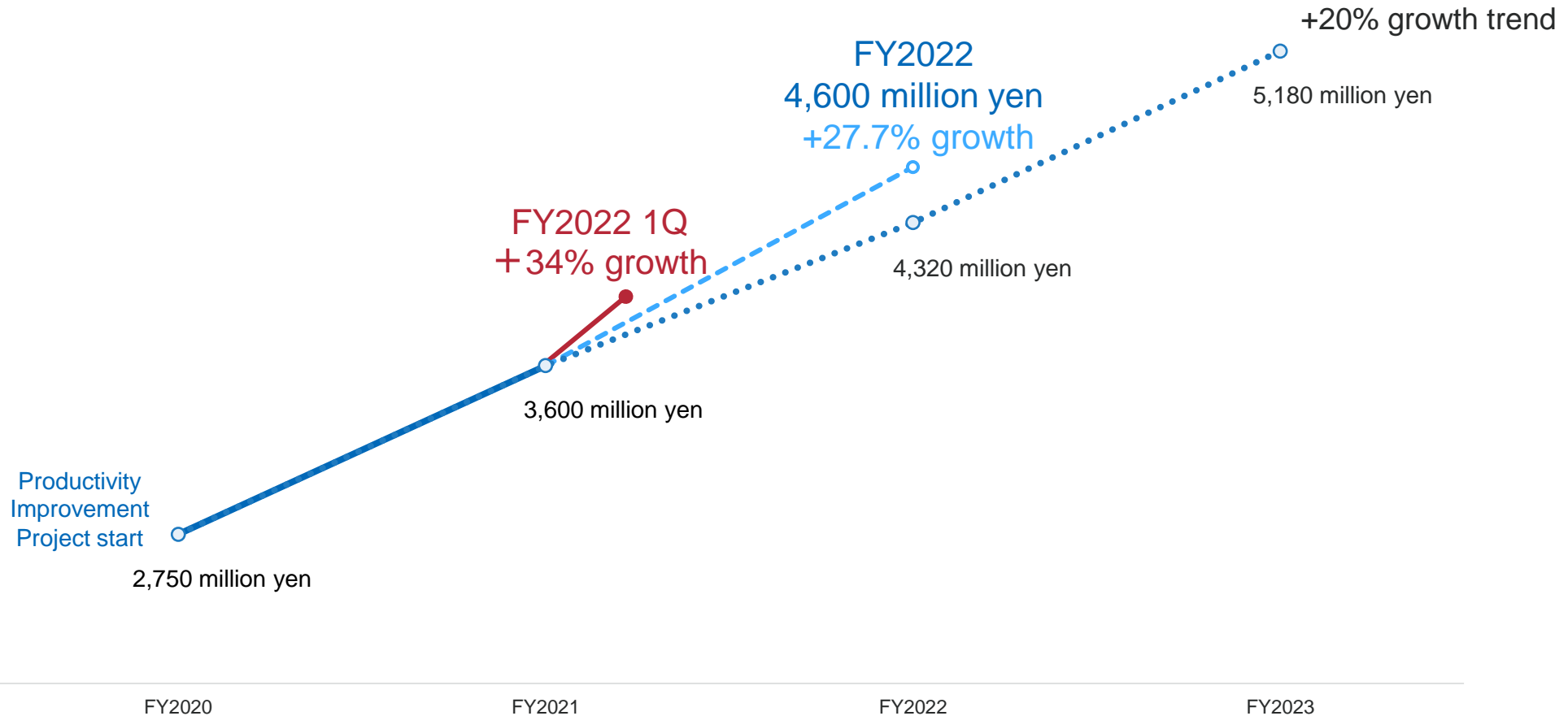
We have established a medium-term target to **maintain CAGR of 20% or more in our Gross profit for 10 consecutive years.**

With our FY2022 1Q result we revised our full year forecast to **+27.7% YoY**, aiming to achieve long-term targets ahead of schedule.



Growth - 20% is our base commitment. Achieving higher growth rate this FY

Growth from 1Q performance was **+34% YoY**, surpassing our medium-term target of 20% growth. This result has put us in a good position toward achieving our revised forecast target of **4.6 billion yen (+27.7% YoY)**.



*Due to the withdrawal from the project contracting business in the fiscal year ending September 2020, the actual results of 2,750 million yen for the fiscal year ending September 2020 exclude the gross profit from the contracted business.

| Performance Achievement Culture

At CrowdWorks, we define "culture" as a **product for our working members**.

Through the embracement of this culture, our working members can grow their own talent.

Our culture is the base or our organization and base of our sustainable growth.

Published on the corporate website

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

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

The driving force behind the performance we have been achieving is our productivity improvements

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"

Example Productivity Improvements

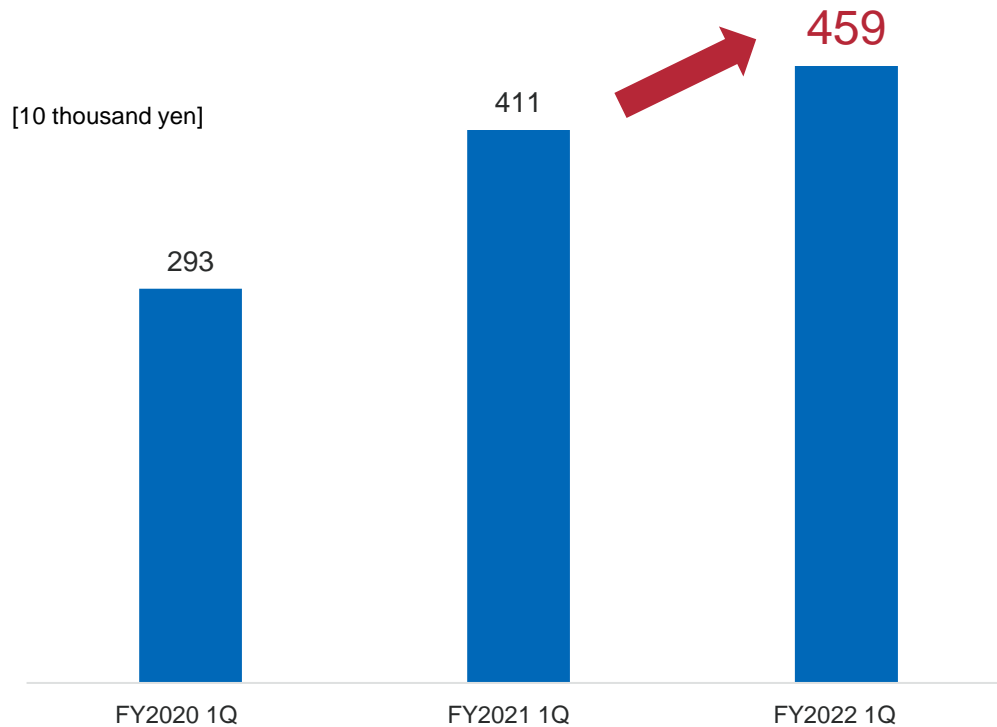
Productivity Improvement Topics		Practical Examples	Impact	
(1) Marketing	Improve the unit economics for LTV/CPA by changing investment allocation and marketing methods	[Crowdtech] Improve advertising efficiency by updating landing pages used for client-facing advertisement	Customer acquisition costs:	46% reduction
		[CrowdLog] Improve website appeal methods in line with price revisions	New customer LTV: Investment efficiency:	4.6x 4x
(2) Process changes	Reduce costs and improve the ratio of gross profit to cost by reviewing business processes	[Crowdtech] Improve project closing rate by creating system to divide/allocate sales operation processes	Project closing rate:	1.9x
		[BizAsst] Increase the number of contracts signed through regular contact with existing clients	Number of contracts signed:	Up 29%
		[Crowdtech] Improve new project closing rate by equalizing workflow and with support structure featuring veteran talent	New project closing rate:	Up 46%
(3) Engineering	Improve productivity by implementing technology to systematize and automate processes	[Accounting] Cut work time by 90% by reviewing payment workflow for quick withdrawals	Support man-hours: Order rate:	44% reduction 1.8% improvement
		[CrowdWorks] Improve timeouts from 300 to 0 per month, improve user experience	Administration man-hours:	97% reduction
		[CrowdWorks] Reduce excess costs through reviewing machine specifications for automated testing	Server expenses:	25% reduction

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

Gross profit per employee continued to improve by 11.7% YoY as a result of productivity improvements ongoing since FY2020

Gross profit per employee

(excluding Project Contracting Business in FY2020 1Q)



Gross profit
per employee
Year-on-year
+11.7%

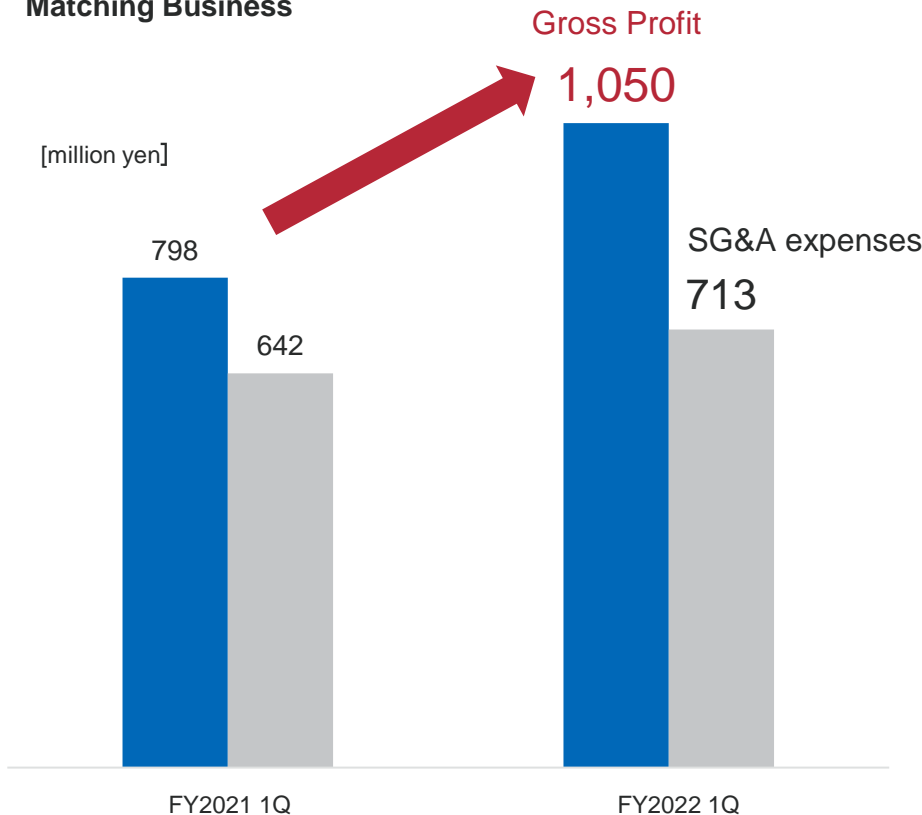
* Employee = Core employees + contract employees + parttime workers (excludes officers)

* Productivity compared per average number of employees per quarter

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

Achieved gross profit growth of 31.6% YoY while limiting SG&A expenses to an 11.1% increase YoY

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



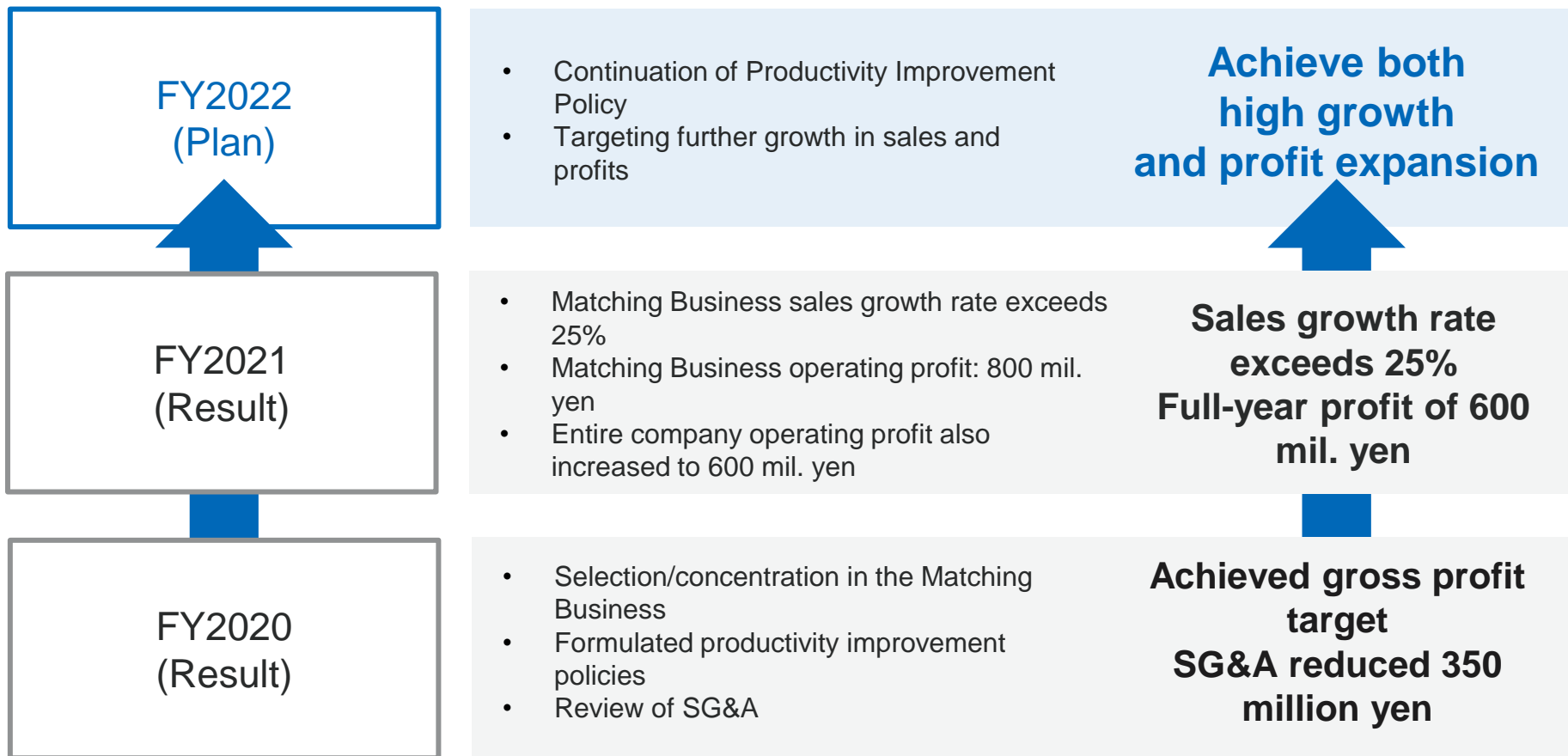
Gross profit
+31.6%

SG&A expenses
+11.1%

*Both are YoY comparisons

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



| FY2022 Results: Details

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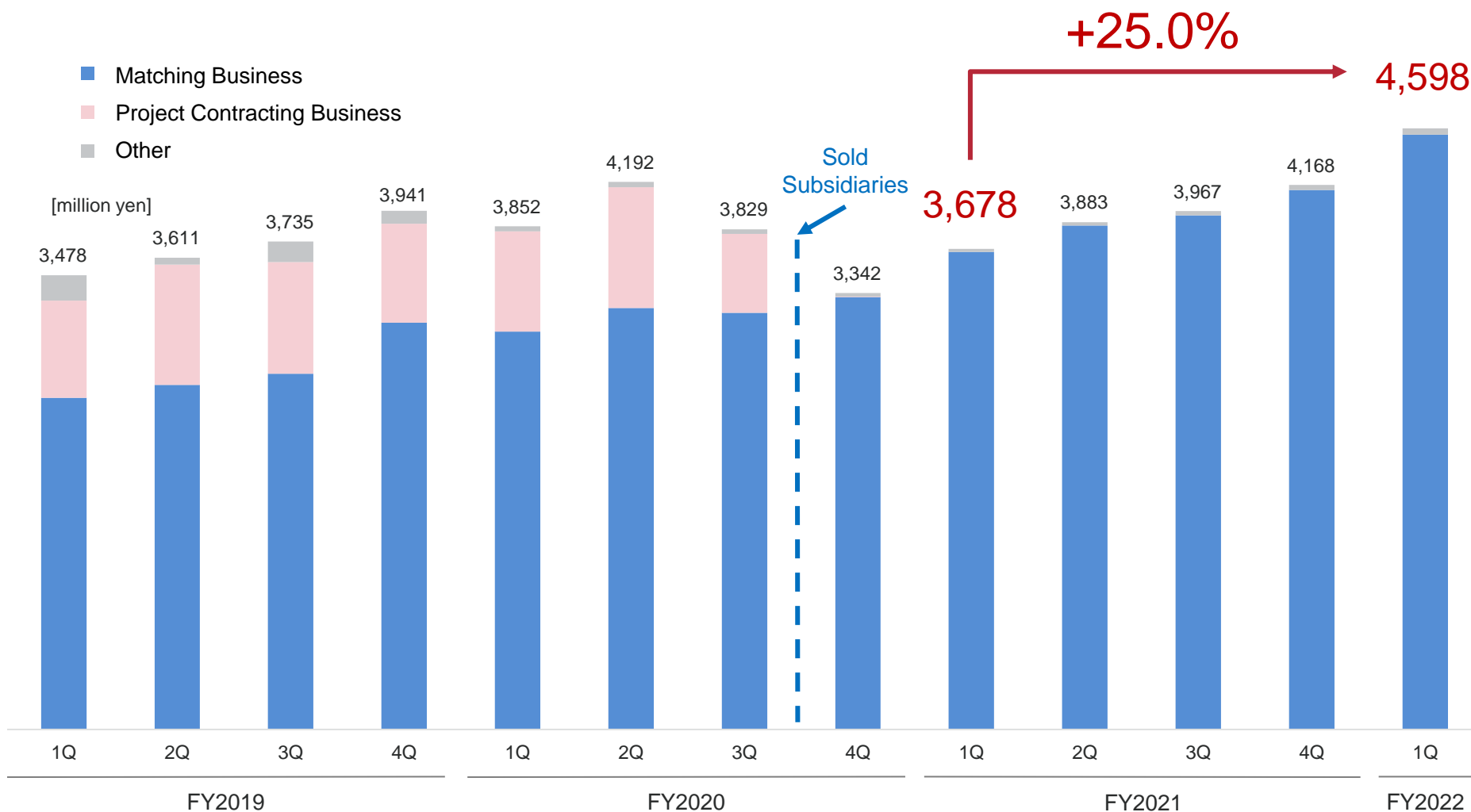
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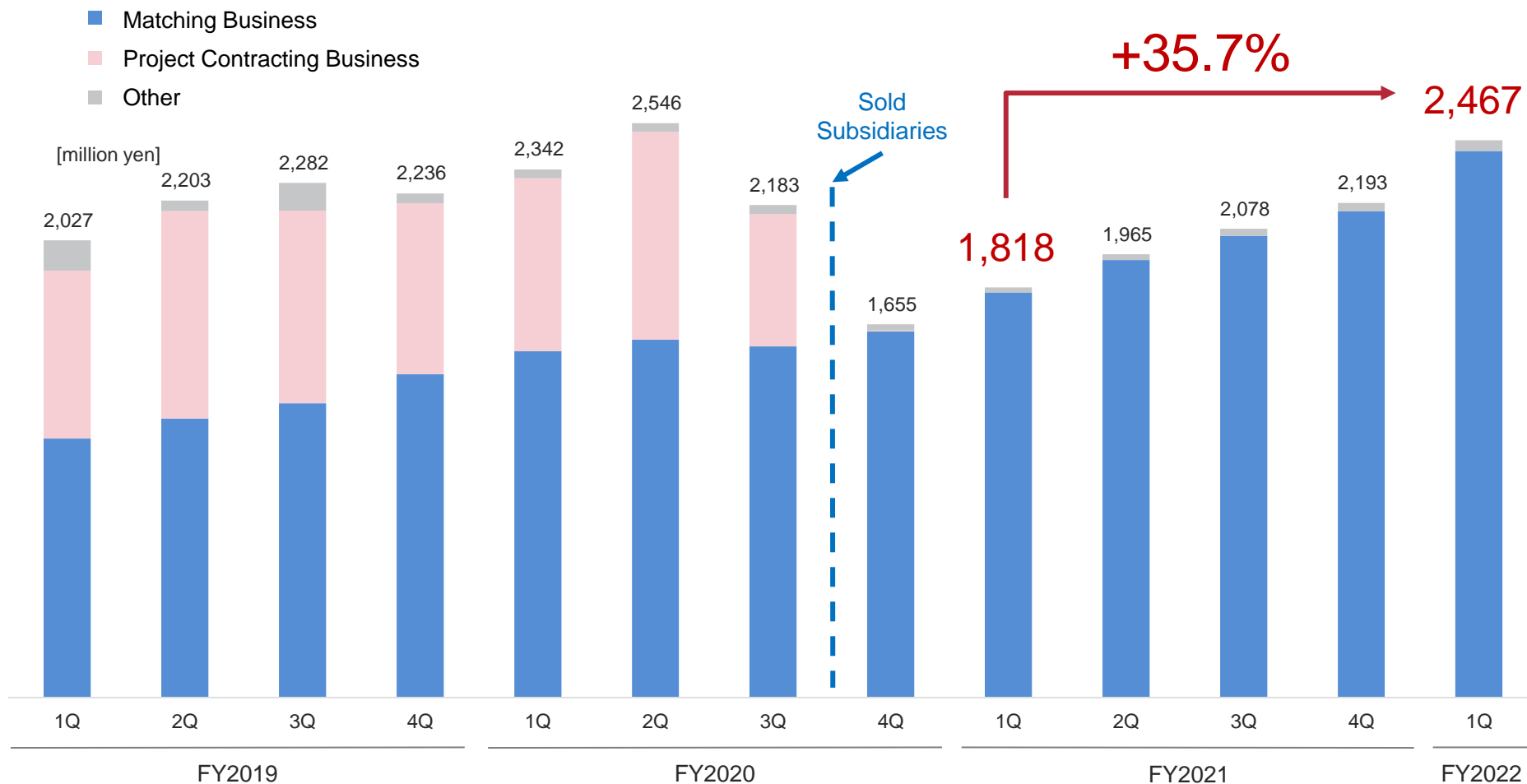
GMV growth accelerated, up 25.0% YoY



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

Net Sales Quarterly Transition

Growth also accelerated in net sales, up 35.7% YoY.



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

Gross Profit Quarterly Transition

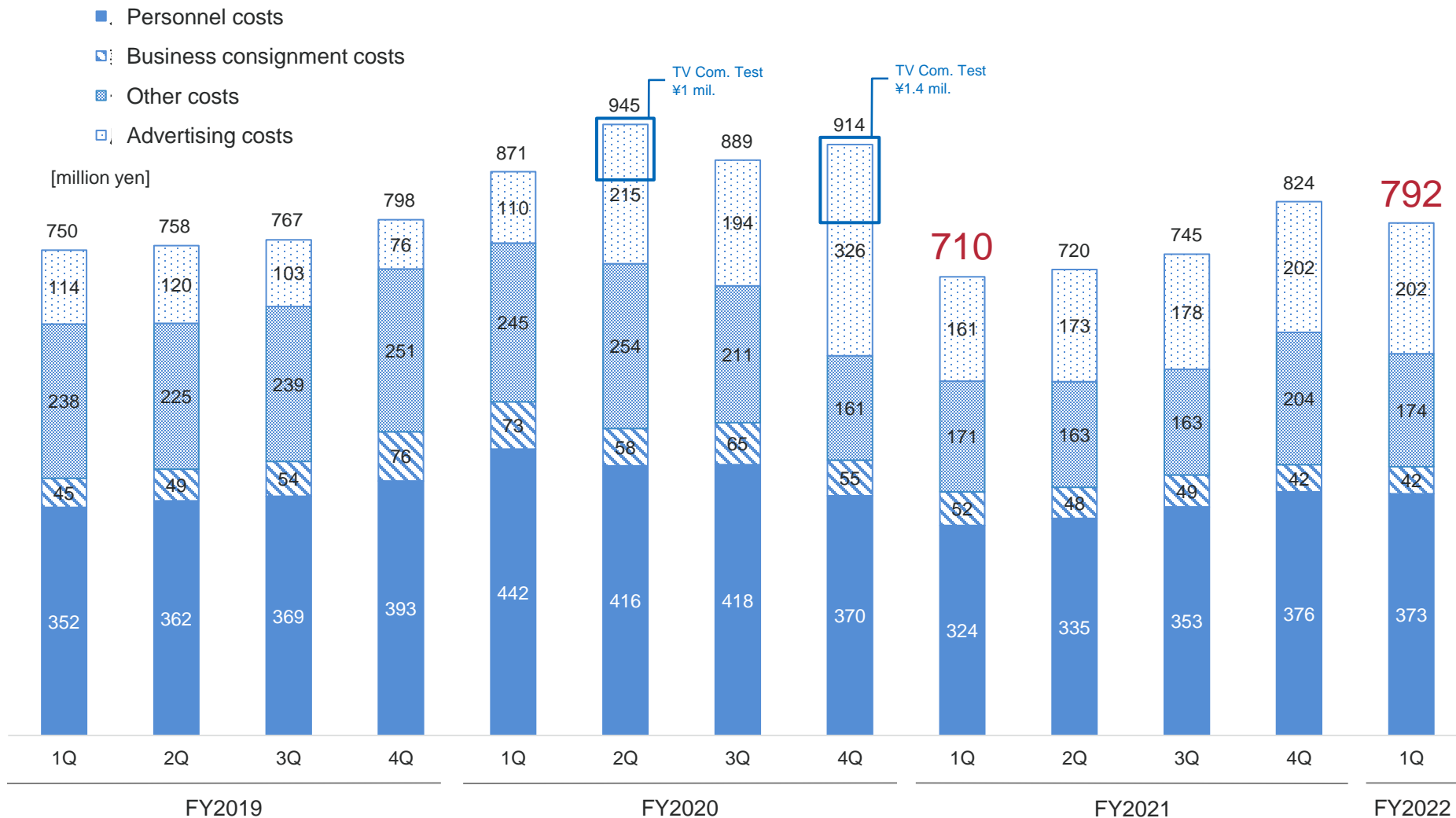
Achieved growth of 34.0% YoY thanks to steady growth in the Matching Business.



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

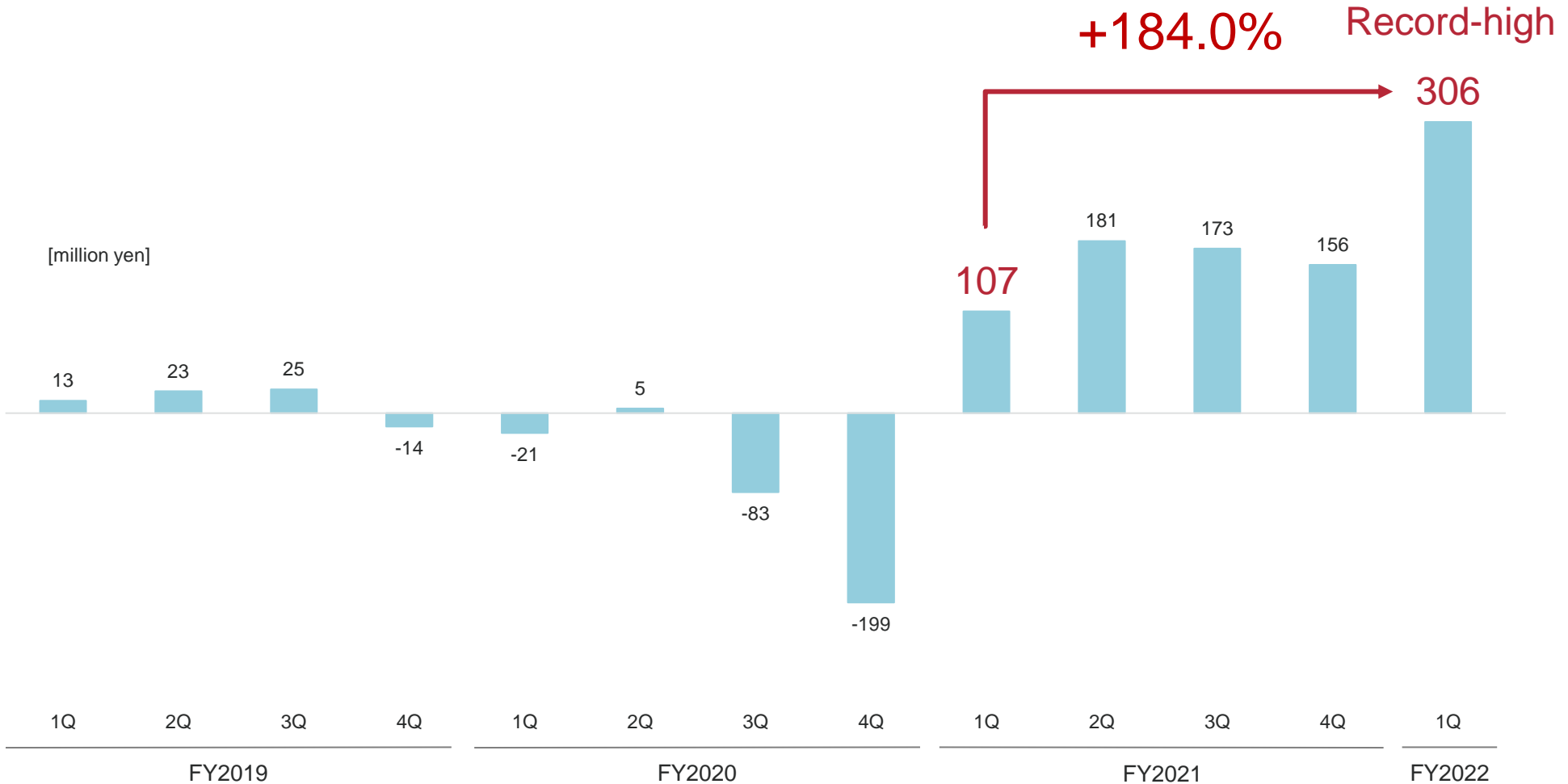
SG&A Expenses Quarterly Transition

Achieved 34% growth in gross profit while limiting the increase in SG&A expenses to 11.6% YOY



Operating Profit (Non-GAAP) Quarterly Transition

Operating Profit (Non-GAAP) reached a record high of 306 million yen (+199 million yen YoY) due to productivity improvements.



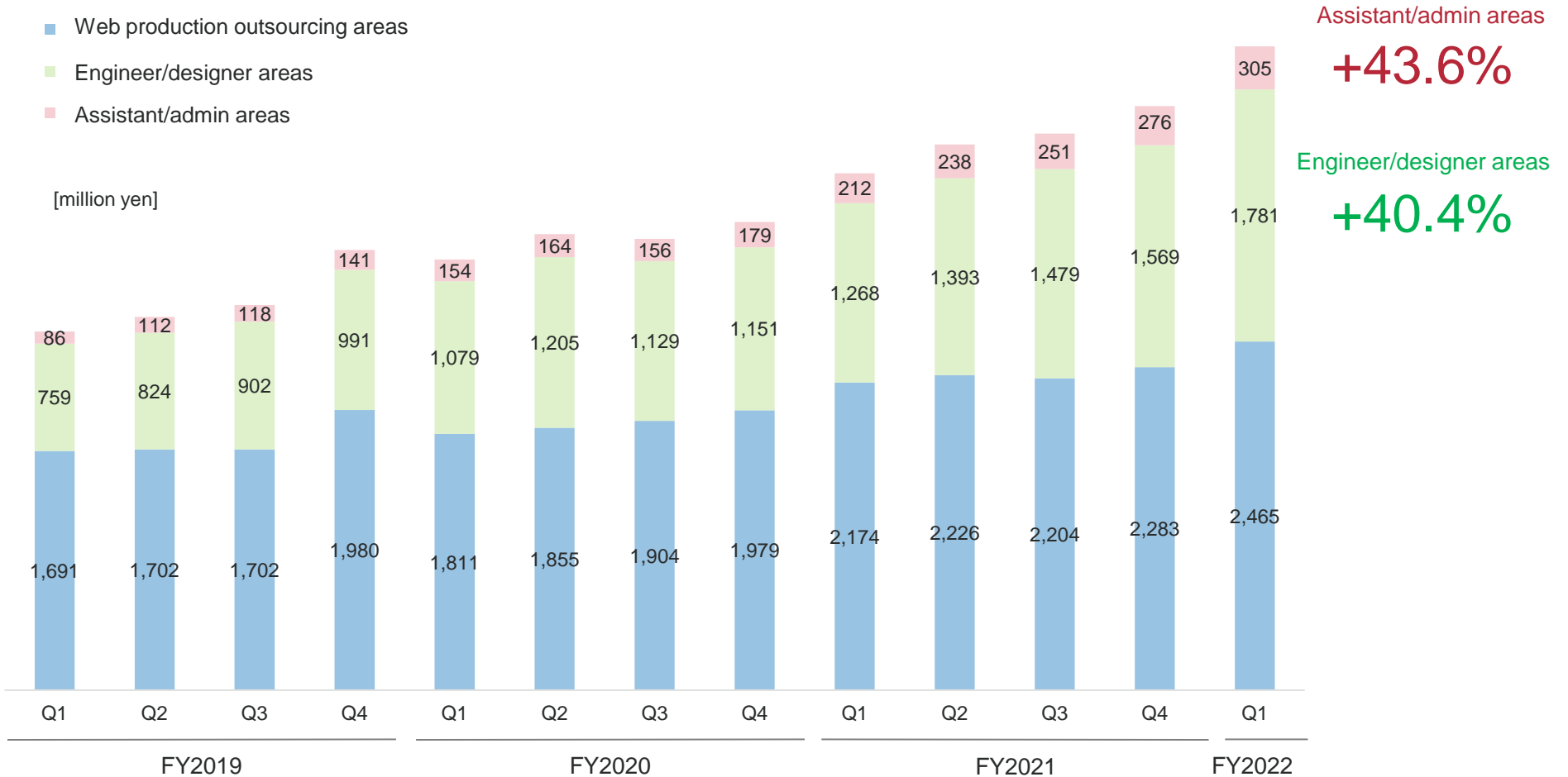
Matching Business GMV by category

Growth again driven in 1Q by engineer/designer areas and admin/assistant areas, with each achieving over +40%

- (1) Web outsourcing areas : FY2022 1Q growth rate +13.4%
- (2) Engineer/designer areas : FY2022 1Q growth rate +40.4%
- (3) Assistant/admin areas : FY2022 1Q growth rate +43.6%

- Web production outsourcing areas
- Engineer/designer areas
- Assistant/admin areas

[million yen]



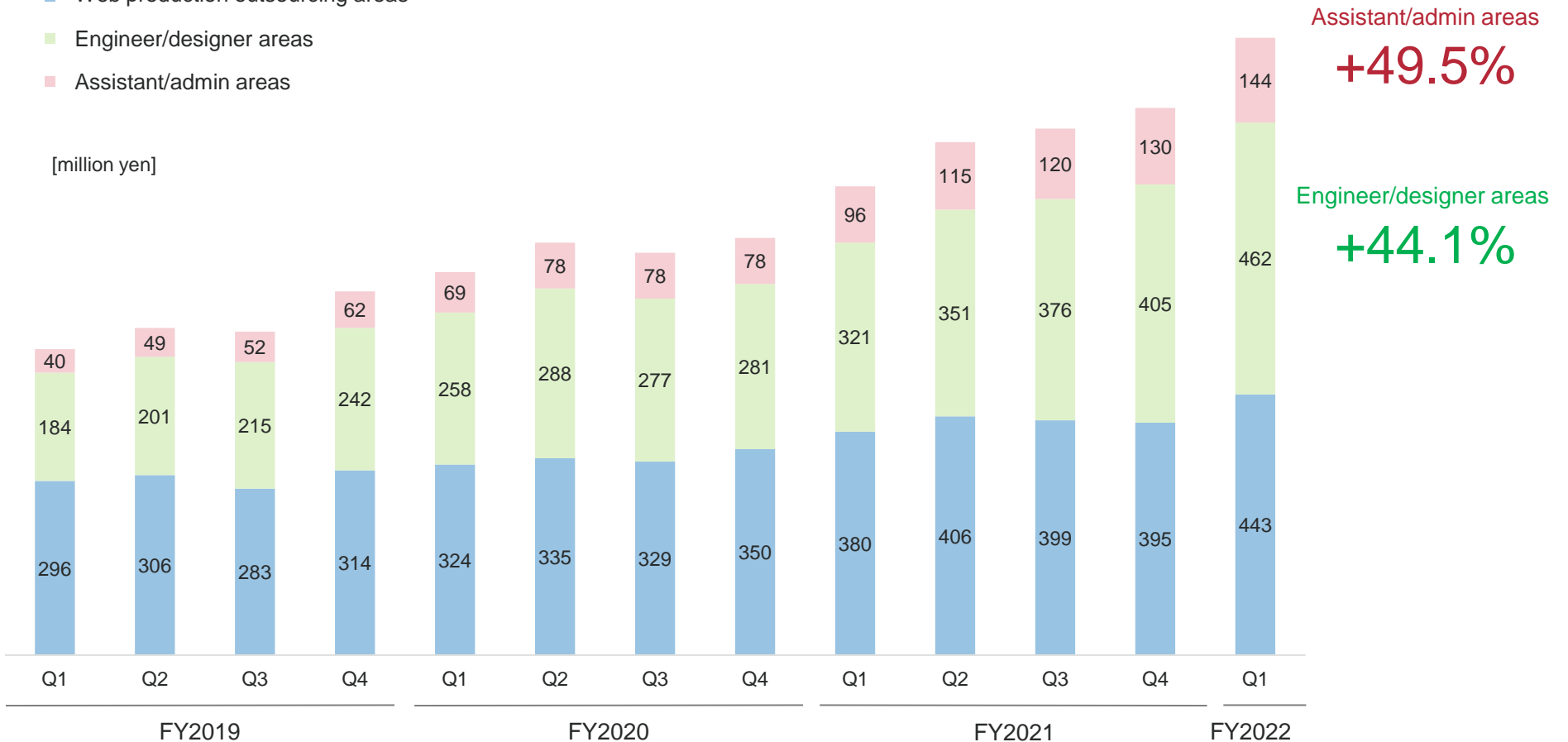
Matching Business Gross Profit by category

Gross profit also growth higher, with engineer/designer areas and admin/assistant areas each achieving over 40%

- (1) Web outsourcing areas : FY2022 1Q growth rate +16.6%
- (2) Engineer/designer areas : FY2022 1Q growth rate +44.1%
- (3) Assistant/admin areas : FY2022 1Q growth rate +49.5%

- Web production outsourcing areas
- Engineer/designer areas
- Assistant/admin areas

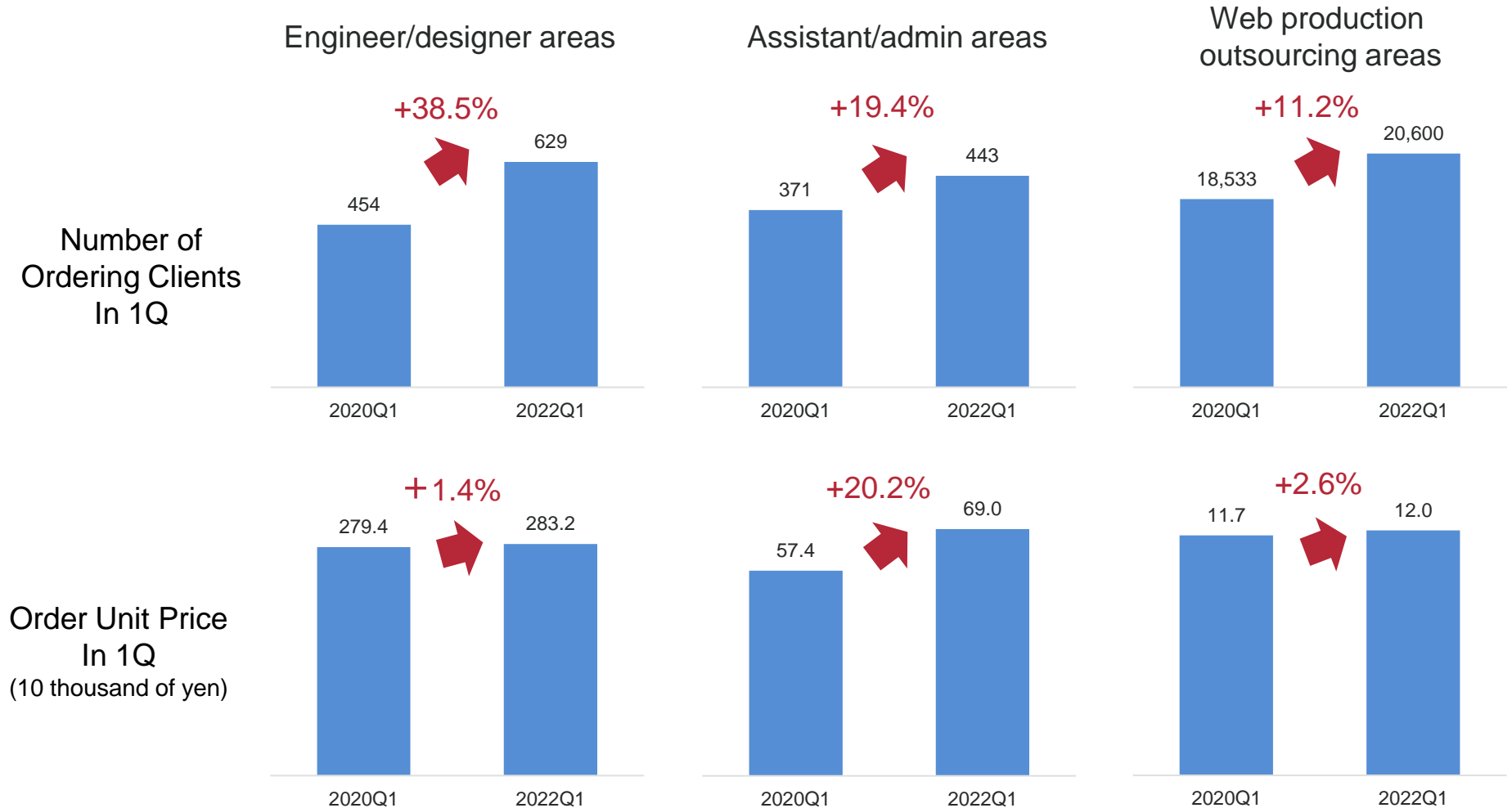
[million yen]



Matching Business Ordering Clients & Order Unit Price by category

In FY2022, the **key focus is to increase clients order unit price** and the number of ordering clients

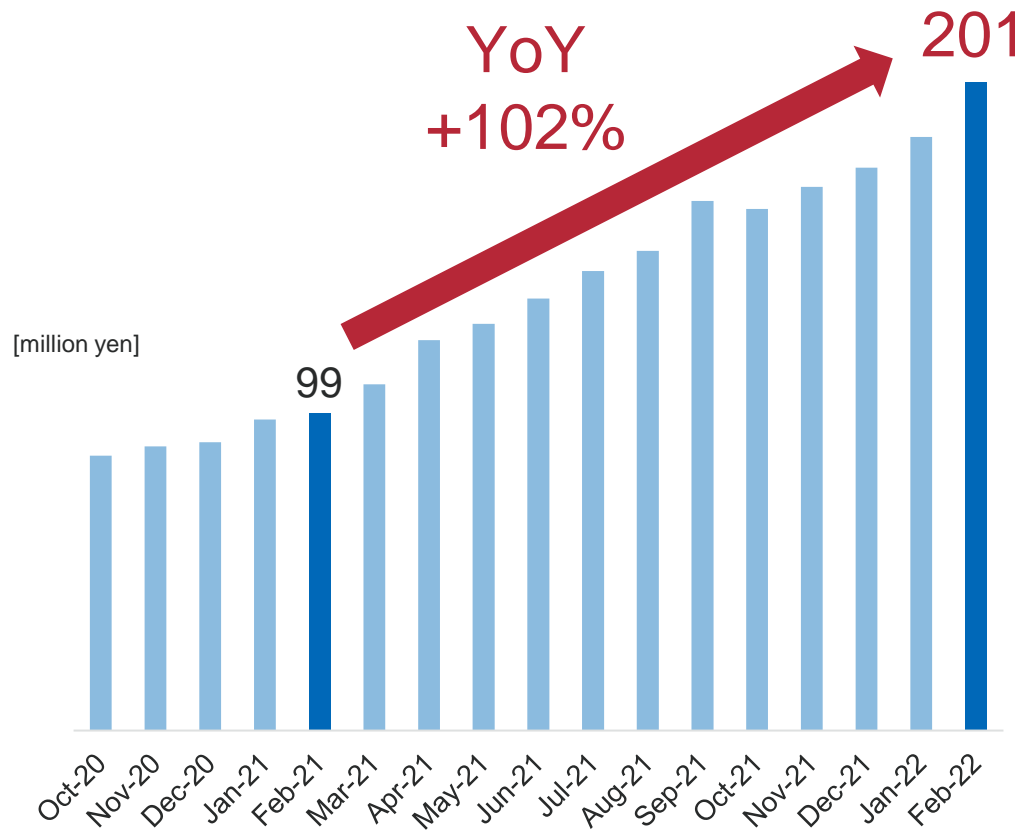
Number of clients and unit prices increased thanks to measures to improve unit prices beginning from 1Q



Steady Growth in ARR for SaaS Business "CrowdLog"

Achieved ARR of over 200 million yen in Feb. by both expanding customers and increasing unit prices(price revision)
The churn rate is low at 1.2%, and we plan to continue to invest for future growth.

ARR (Annual Recurring Revenue) of CrowdLog
(as of February 2022)



ARR
¥ 2 mil.

Churn Rate
1.2%

*As of Feb. 2022

* ARR (Annual Recurring Revenue) : Calculated by multiplying the monthly sales amount for recurring customers by 12 as of the end of each month.

* Churn rate: Average of the percentage of monthly charges that decreased due to cancellations, as a percentage of monthly charges for recurring customers, for the most recent 12 months.

| Upward Revision Plan and Investment Approach

Upward Revision of Full-year Forecast

Given the steady progress, we revised net sales and gross profit targets upward to 10 billion yen (+24.1% YoY) and 4.6 billion yen (+27.7% YoY), respectively.

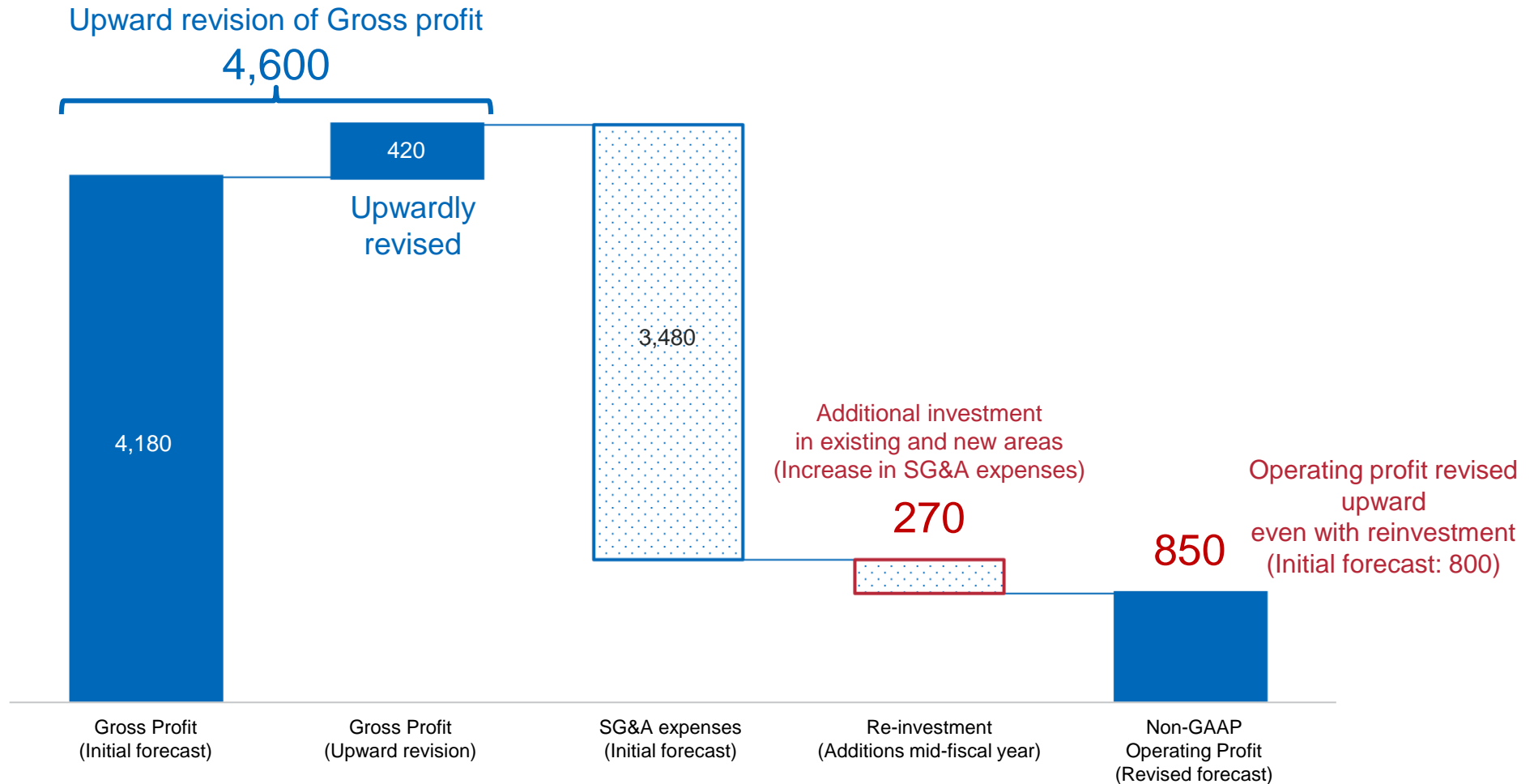
Operating profit (Non-GAAP) revised upward to 850 million yen. Operating profit in excess of forecast will be reinvested for further growth.

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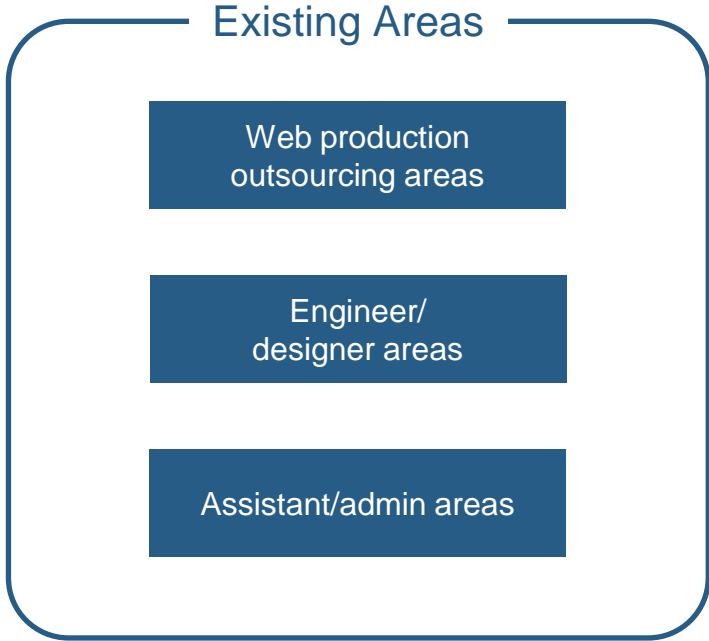
Investment Approach Underlying Revised Forecast

Gross profit revised upward to 4.6 billion yen (+10% vs. initial forecast) thanks to productivity improvements
 Operating profit (non-GAAP) revised upward to 850 million yen (+50 million yen vs. initial forecast), with 270 million yen to be reinvested for further growth



Additional investment areas

The additional investment budget of 270 million yen will be focused on investment toward further growth in existing areas and investment in new business areas in order to achieve sustainable growth of gross profit at or above +30% YoY in the current and next fiscal years.



Investment in personnel
Additional investment in advertising budget

Investment in personnel
Additional investment in advertising budget
New service development

| Appendix



CrowdWorks, Inc.

President and CEO : Koichiro Yoshida
 Capital : 2,694,380,000JPY
 Founded : Nov 11, 2011
 Services : Operates internet services, primarily CrowdWorks, Japan's largest crowdsourcing service

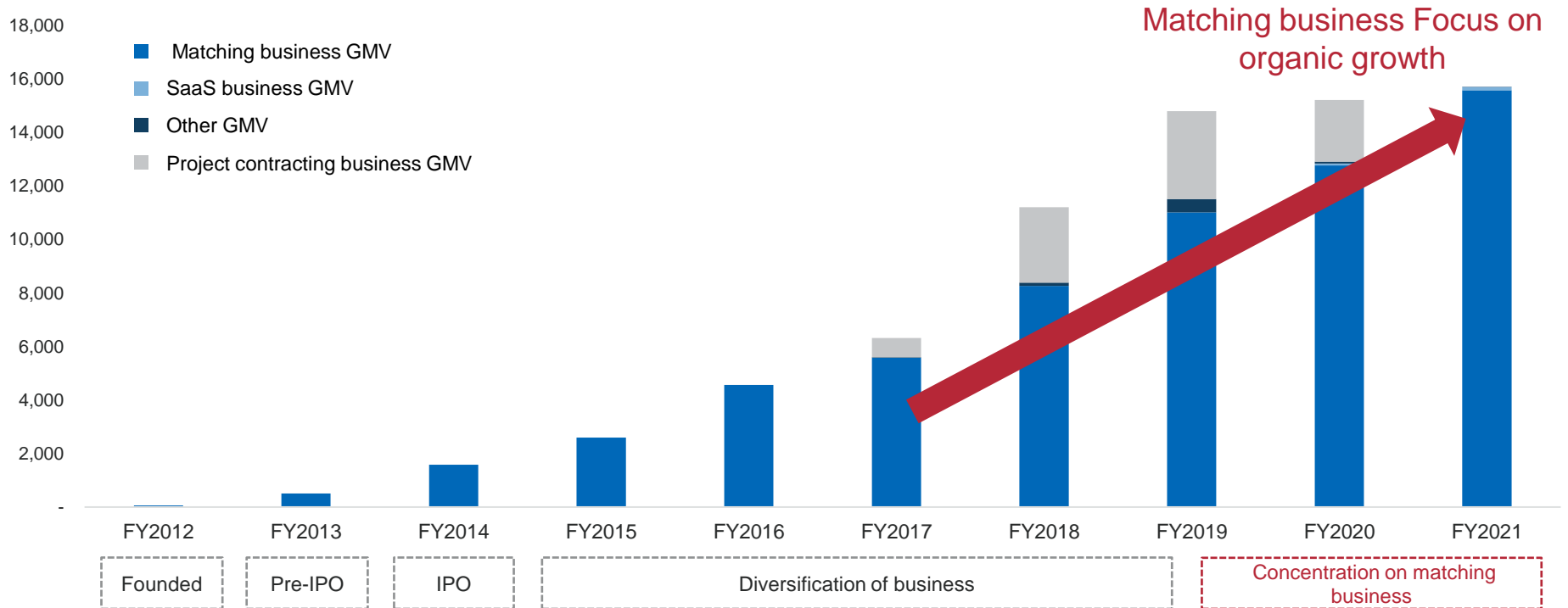
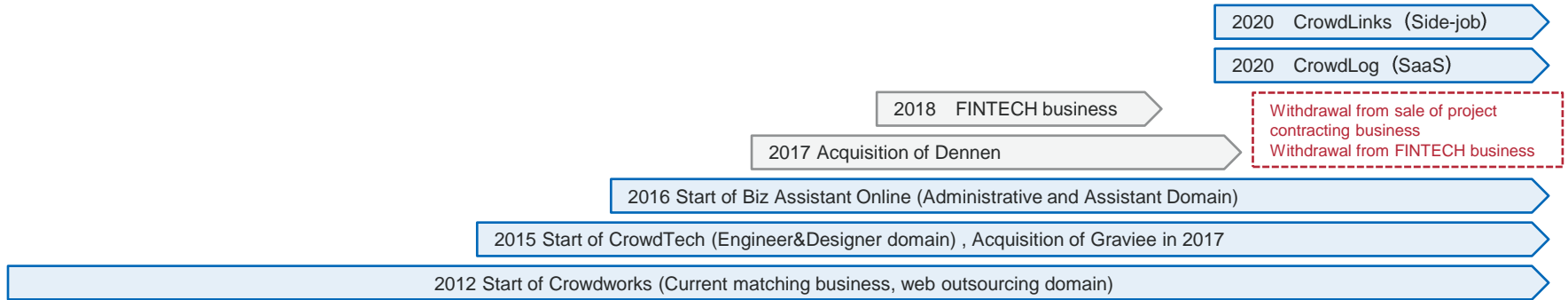


- 4,800,000 of CrowdWorkers (users)
- 780 thousand of clients
- 12 ministries and agencies
- 80 local government

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



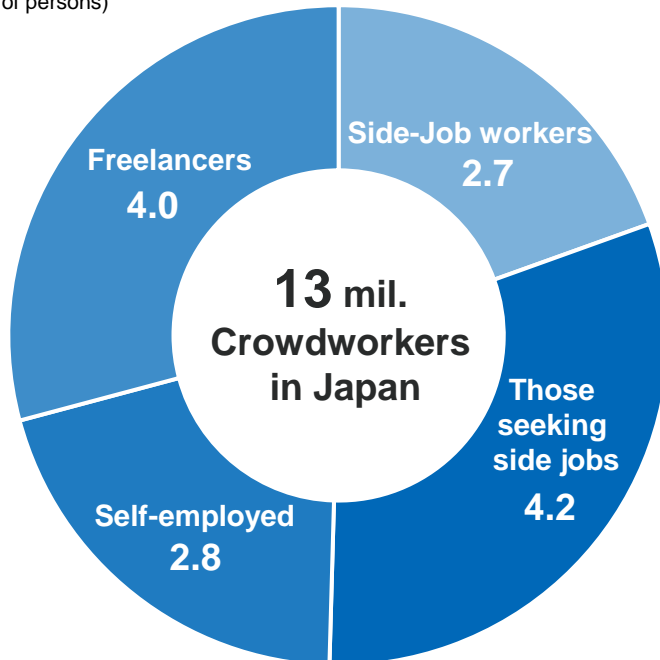
Successfully launched a variety of new businesses even post listing
 Established a solid management base through experience of business withdrawal



The total pool of CrowdWorkers, including freelancers and side job workers, has now surpassed 13 million and is expected to grow further. Remote work and work from home have become commonplace amid the COVID-19 pandemic, further accelerating flexible work styles.

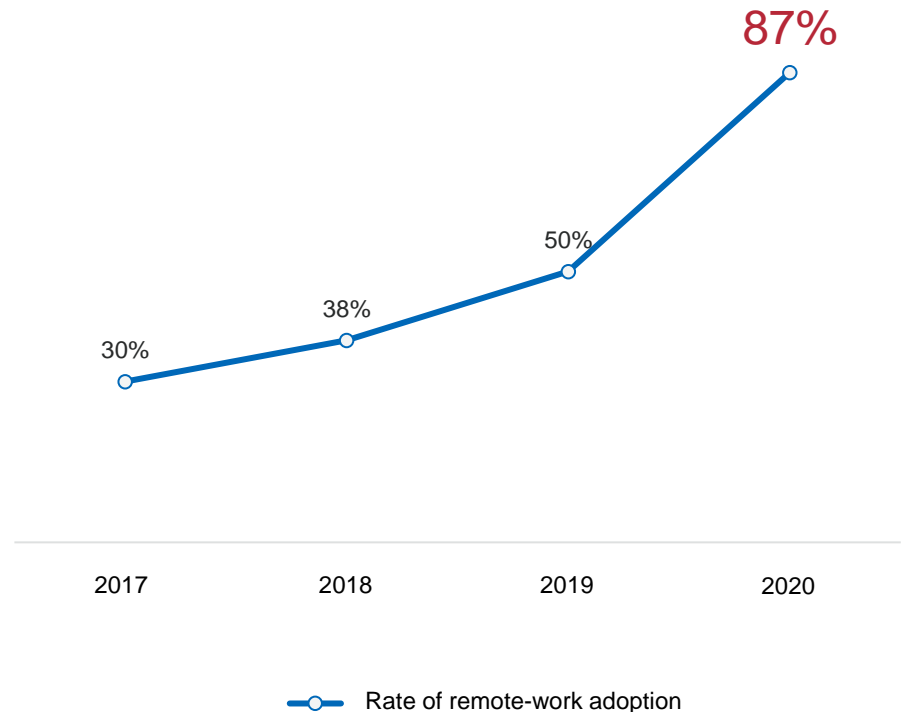
Population of CrowdWorkers in Japan(Estimate)

(million of persons)



Corporate Adoption Rate of Remote

COVID-19 leads to remote work becoming a common style;
Nearly 90% of companies will continue to use remote work



Source

Population of CrowdWorkers: "Labour Force Survey" and "Employment Status Survey," Ministry of Internal Affairs and Communications. Of "Self-employed," those business owners without employment are defined as freelancers, whereas those business owners with employment and with family employees are considered self-employed. "Side workers" refers to those people with a side job, whereas "Those seeking side jobs" refers to those seeking additional employment.

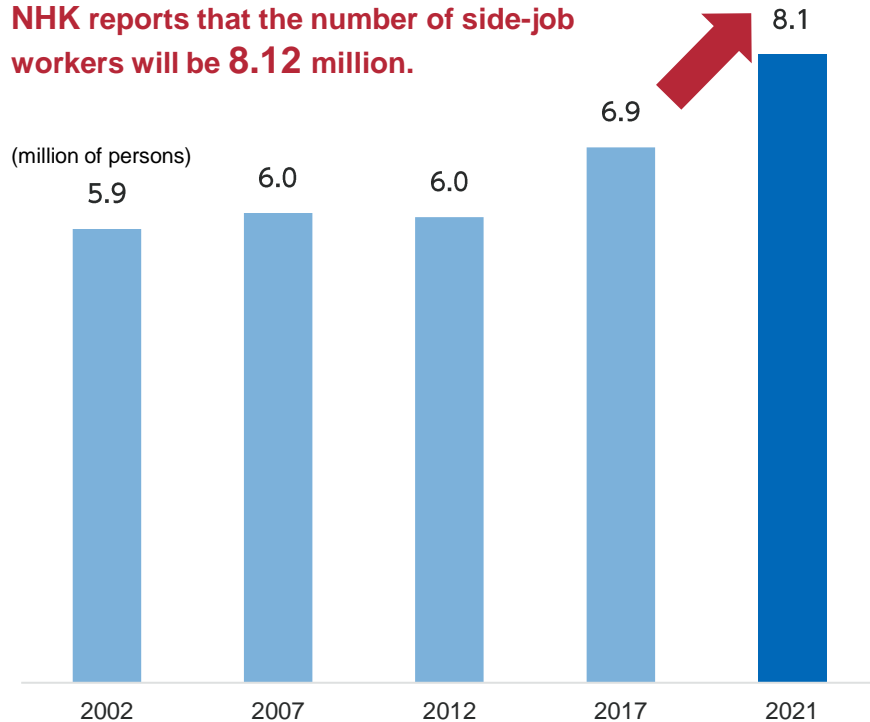
Corporate Adoption Rate of Remote Work / Work from Home Systems extracted from the "Communications Usage Trend Survey," Ministry of Internal Affairs and Communications.

Side-Job Worker Pool also Continues to Grow

The number of side workers has been on the rise in recent years, with around 8 million people now seeking side jobs. Side jobs have been on an expansionary trend since the initial boom year of 2018, with further growth expected in the number of those seeking side jobs.

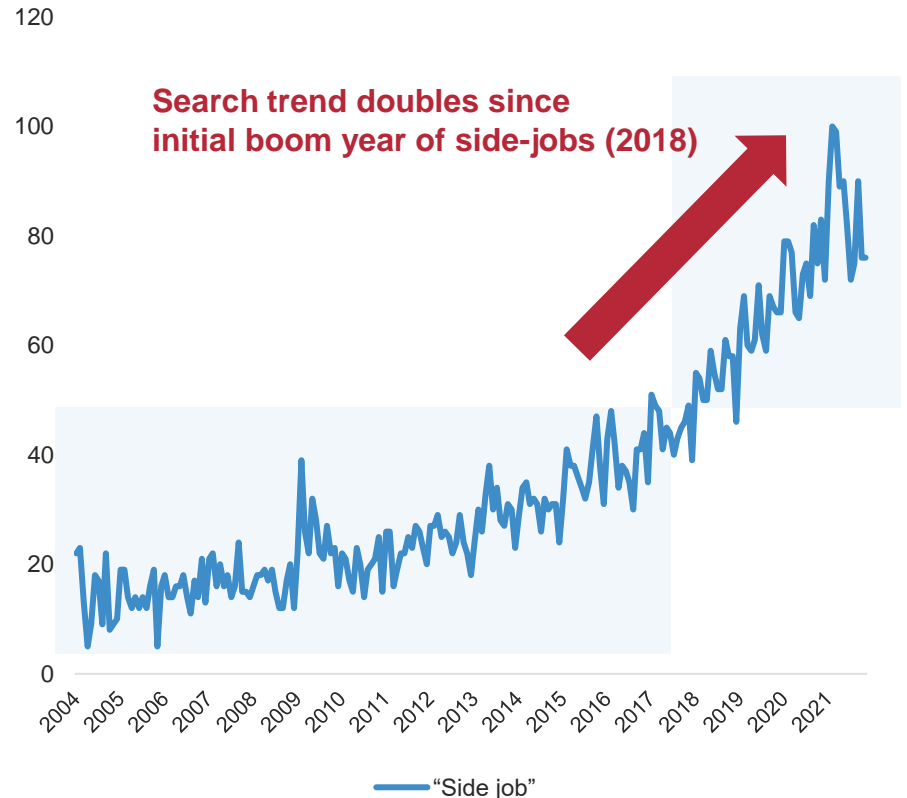
Number of Side-Job Worker

NHK reports that the number of side-job workers will be 8.12 million.



“Side-Job” Search Keyword Trend

(Keyword popularity)

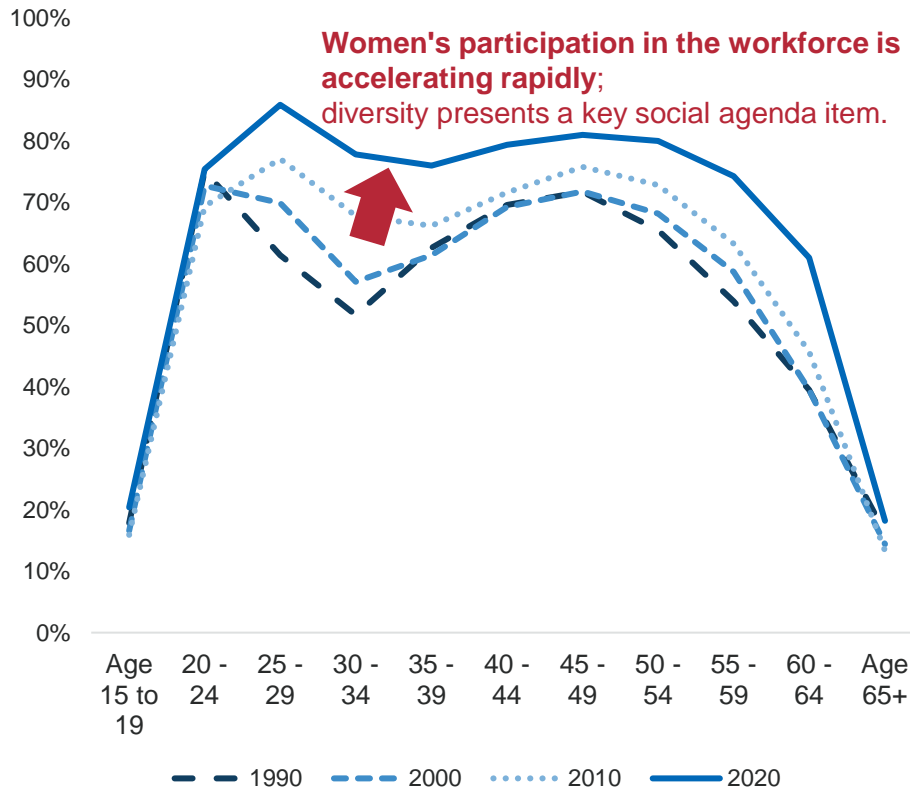


Source
 Number of Side-Job Worker until 2017: “2017 Employment Status Survey,” Ministry of Internal Affairs and Communications
 “Side Job” Search Keyword Trend: Keyword volume for “副業” (side job), Google Trends

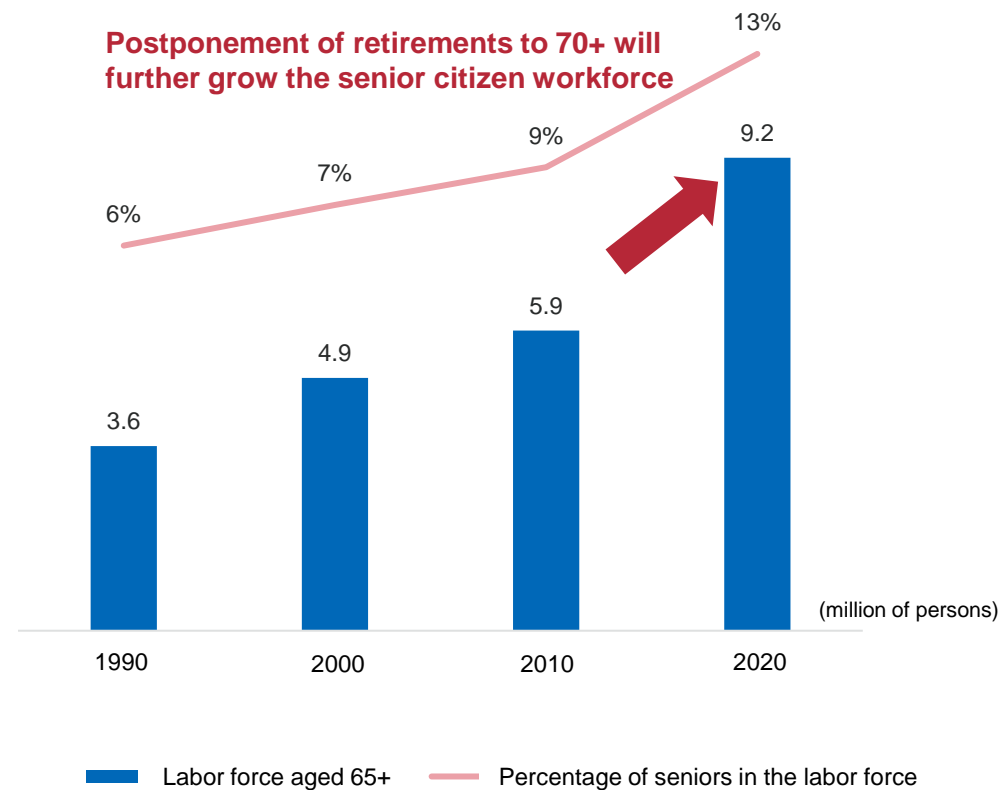
Increasing Labor Pool Among Women and Senior Citizens

Women's participation in the workforce is further accelerated by the spread of online processes and remote work. The share of working senior citizens is also rapidly increasing, with retirement postponements to age 70 to drive this trend even further.

Share of Women Participating in the Workforce by Age Group



Share of Senior Citizens (Age 65+) Participating in the Workforce



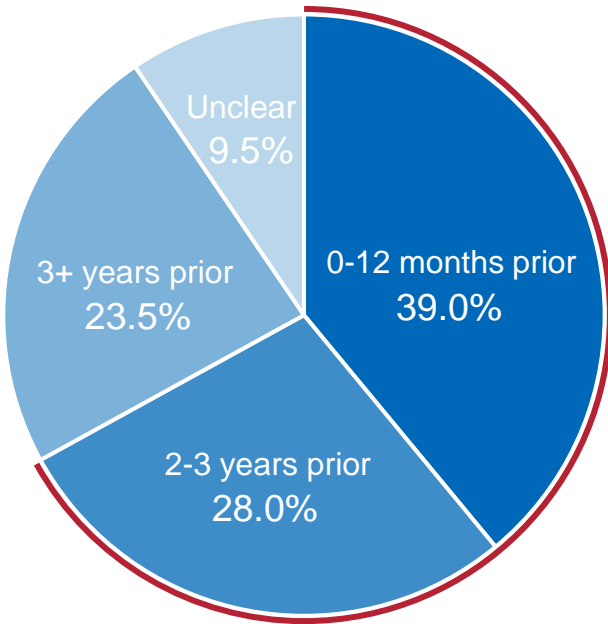
Source

Share of women participating in the workforce derived from the Labour Force Survey, defined as the ratio of the working population to the population of each age group. From the same survey, the share of senior citizens participating in the workforce is defined as the percentage of working population aged 65 and over to the total working population by age group for each year.

Companies are more rapidly bringing in talent from outside of their organization, and the shortage of personnel from promoting DX will accelerate this trend.

Timing of initial external talent hire (HR personnel, n = 200)

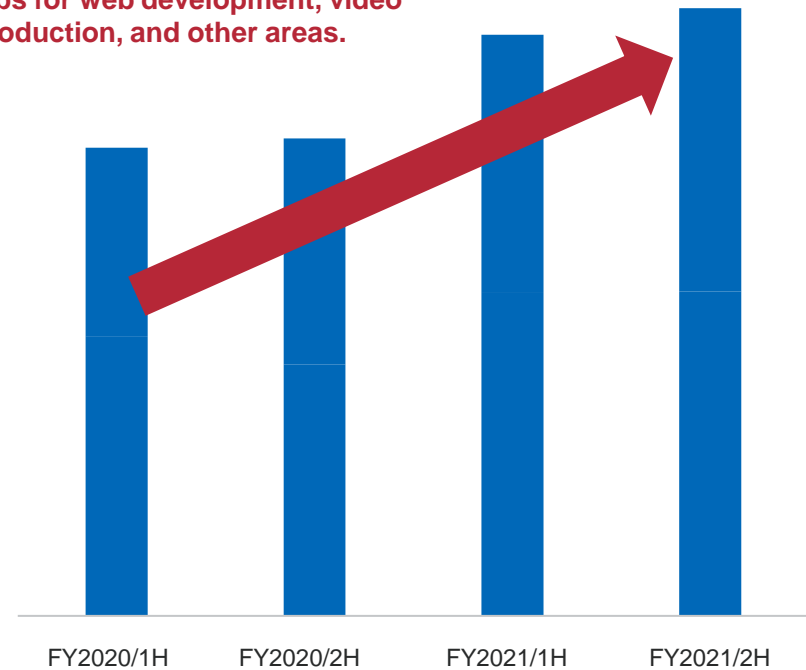
70% of companies have hired outside talent in the past three years, showing more active utilization of external human resources.



Growth in contract jobs for web and system development, video production, etc:

Shortage of DX personnel
Annualized growth of 30% in contract jobs for web development, video production, and other areas.

+28%



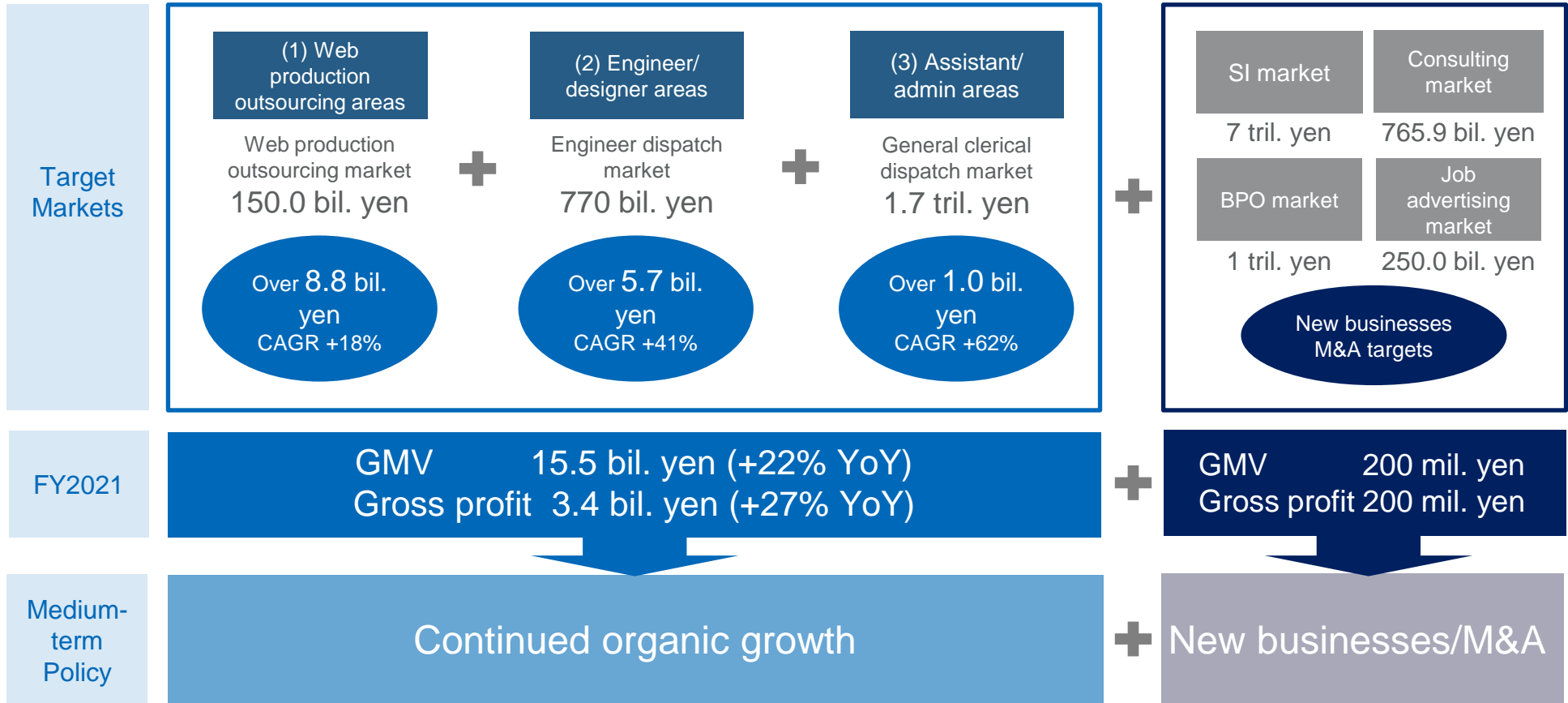
Source
"Trend Survey in Side Jobs and Side Businesses 2020," Recruit Works Institute

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 and gross profit 3.4 billion yen in FY2021.

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.



*Target market CAGR is calculated from the past three years.

Source
 For the IT outsourcing market, the market scale of production and others is calculated from "Current Status and Outlook of the Internet Advertising & Web Solutions Market" by Deloitte Tohmatsu MIC Research Institute. Technician dispatch and general office worker dispatch markets are calculated by multiplying the number of workers in information processing and communications technology and office job workers by the dispatch fee from the Ministry of Health, Labour and Welfare's "Worker Dispatch Business Report. The SI, BPO, and consulting markets are taken from IDC's "Domestic Enterprise IT Market," "Domestic Consulting Services Market," and "Domestic Business Process Outsourcing (BPO) Services Market" market forecast releases. The part-time job advertisement market is calculated by multiplying the ratio of clerical and sales jobs by the market size from the "Job Information Provision Service Market Size Survey" release by the National Association of Job Information.

FY2022 Profit and Loss Statement: Quarterly Transition

FY2022 1Q Result

GMV	4,598 million yen (YoY +25.0%)
Net Sales	2,467 million yen (YoY +35.7%)
Gross Profit	1,096 million yen (YoY +34.0%)
Operating Profit(Non-GAAP)	306 million yen (YoY +184.0%)
Operating Profit	303 million yen (YoY +181.5%)

[Unit: million yen]

	FY2021 (1Q: Consolidated, From 2Q: Non-consolidated)				FY2022 (Consolidated)		
	1Q	2Q	3Q	4Q	1Q	YoY	QoQ
GMV	3,678	3,883	3,967	4,168	4,598	+25.0%	+10.3%
Net sales	1,818	1,965	2,078	2,193	2,467	+35.7%	+12.5%
Gross profit	818	901	918	962	1,096	+34.0%	+13.9%
SG&A expenses	710	720	745	824	795	+11.6%	-3.9%
Operating profit (Non-GAAP)	107	181	173	156	306	+184.0%	+96.6%
Operating profit	107	181	173	137	303	+181.5%	+120.6%
Ordinary profit	117	210	186	150	315	+168.3%	+109.4%
Net profit	91	150	156	234	214	+135.1%	-8.5%

* 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.

* Results for the 2Q through 4Q of the fiscal year ending September 30, 2021 have been compared using non-consolidated results.

[Unit: million yen]

	FY2022 1Q-end (Consolidated)	FY2021 (Non-consolidated)	Year-on-year
Current assets	6,014	5,707	+306
Non-current assets	554	473	+81
Total assets	6,568	6,180	+387
Current liabilities	2,523	2,375	+148
Non-current liabilities	53	30	+22
Net assets	3,991	3,774	+217
Capital adequacy ratio	60.5%	60.9%	-0.4%

* 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 shifted to consolidated financial results from the first quarter of the fiscal year ending September 30, 2022, comparisons have been made with non-consolidated figures for the previous fiscal year.

Type	Revenue Model	Details	Booking Method	Share of company-wide gross profit
1) System-based matching	Commission	<ul style="list-style-type: none"> Model where a portion of business consignment fees (contract value) is paid in the form of system usage fees (commission) System usage fees: 5% to 20% of business consignment fees (varies with consignment fees) 	GMV (Business consignment fees)	45.5%
	Advertising fees	<ul style="list-style-type: none"> Model charging usage fees for ad postings and other optional services Optional service usage fee: 8,000 yen - 30,000 yen (varies depending on the type of option) 	Net sales, Gross profit (Commission + Advertising fees)	
2) Support-based matching	Business consignment fees	<ul style="list-style-type: none"> Model where clients pay business consignment fees (contract value) A portion of contract value is paid as worker compensation (= cost) Cost rate: 50% to 80% (varies depending on specialization/characteristics of the project) 	GMV, Net sales (Business consignment fees) Gross profit (Business consignment fees - Cogs)	51.6%
3) SaaS	Service usage fees	<ul style="list-style-type: none"> Model where service usage fees are paid on a monthly basis Monthly usage fees: Varies with client usage scale 	GMV, Net sales, Gross profit (Service usage fees)	2.9%
			Company-wide Total	100%

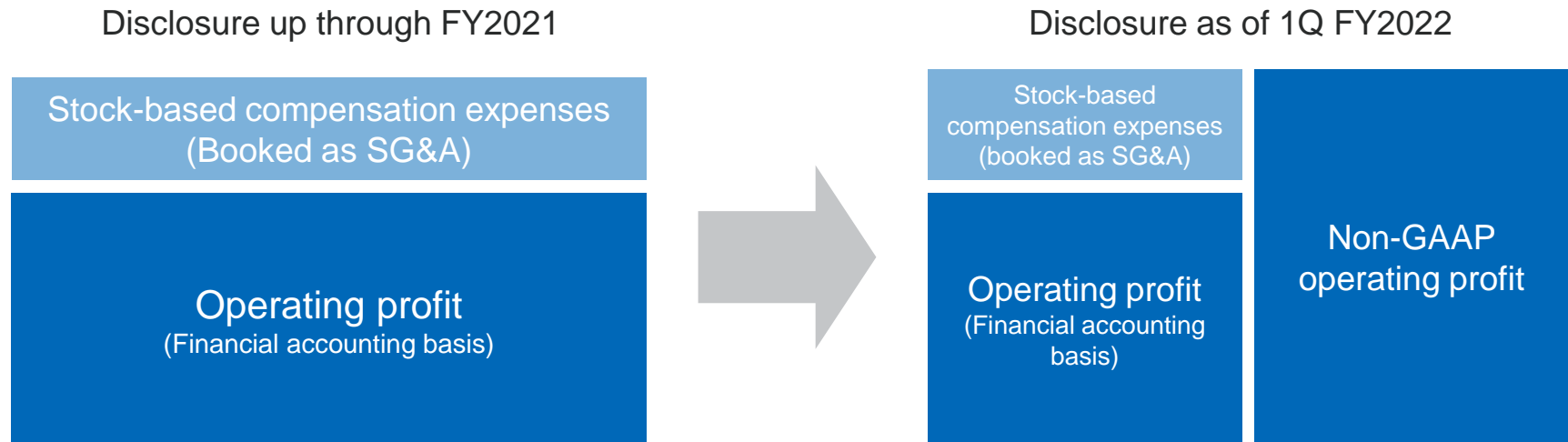
*Share of company-wide gross profit is based on the actual results for the fiscal year ended September 30, 2021.

New Indicator: Non-GAAP Operating Profit

We decided 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)



[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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