

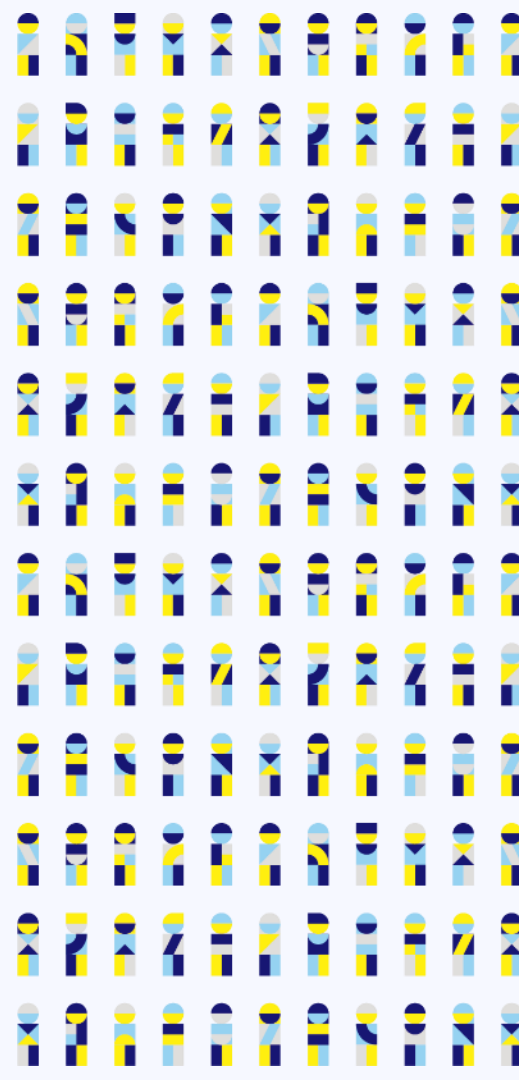


# Notice of Acquisition of Shuumatu Worker Co., Ltd. as a Consolidated Subsidiary

~Leading Company in the High Skilled Talent (side-job) Market~

March 28, 2023

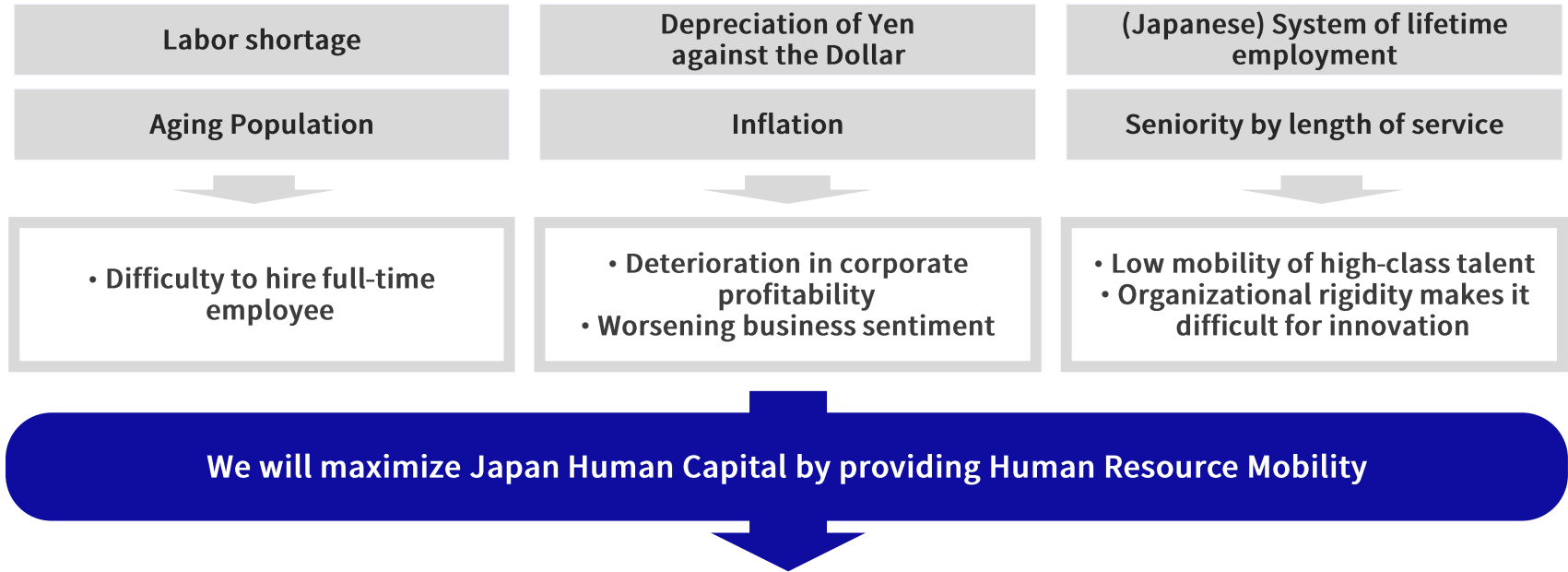
Securities code: TSE Growth 3900



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- 1. No.1 Talent Matching Platform : Accelerate growth in the High Skilled Talent (side-job) area**
- 2. Overview: Shuumatsu Worker Co., Ltd.**
- 3. Appendix: About Us**  
**(No.1 Talent Matching Platform in Japan)**
- 4. Appendix: High Skilled Talent (side-job) Market**  
**(High Skilled Talent (side-job) Market Expected to Expand to 2.3 Trillion Yen)**

# We are committed to mobilizing human resources to solve issues in Japan



**Aiming to solve Japan's problems  
by providing talented human resources to where they are needed**

# Accelerating Growth in the High Skilled Talent (side-job) Area



No. 1 freelance matching platform  
In Japan

Forte <b>1</b>	<b>Human Resources Database</b> (Workers 5.42 million / Clients 875,000)
Forte <b>2</b>	<b>Business Model</b> (Direct + agent-based Platform)
Forte <b>3</b>	<b>Management Model</b> (Productivity Improvement Know-How)



Matching platform specializing in high  
skilled talent (side-job)

Forte <b>1</b>	<b>One of the largest High Skilled Talent (side-job) Business</b>
Forte <b>2</b>	<b>IT/Web Side Worker Data Base</b>
Forte <b>3</b>	<b>Expertise in the Area of High Skilled Talent Human Resources</b>

Accelerate growth in the high skilled talent (side-job) area  
**Become a Major Player in Japan's Human Resources Mobility**

# Aiming for early recovery in profitability

Through our past 3 years experience and by leveraging our data base, applying our know-how, we will jointly aim for early recovery in profitability.

Shuumatu Worker Latest Financial Results	
(million yen)	FY ended June 30, 2022
Net Sales	1,290
Operating loss	▲174
Ordinary loss	▲171
Net loss	▲171

## Human Talent & Client Database

Workers 5.42 million / Clients 875,000



## Productivity Improvement Policy

Goals and internal regulations for productivity improvement



## CW Sales Model

3 Skills & 6 Bases

Early  
Recovery in  
Profitability

• Figures are rounded down to the nearest million yen

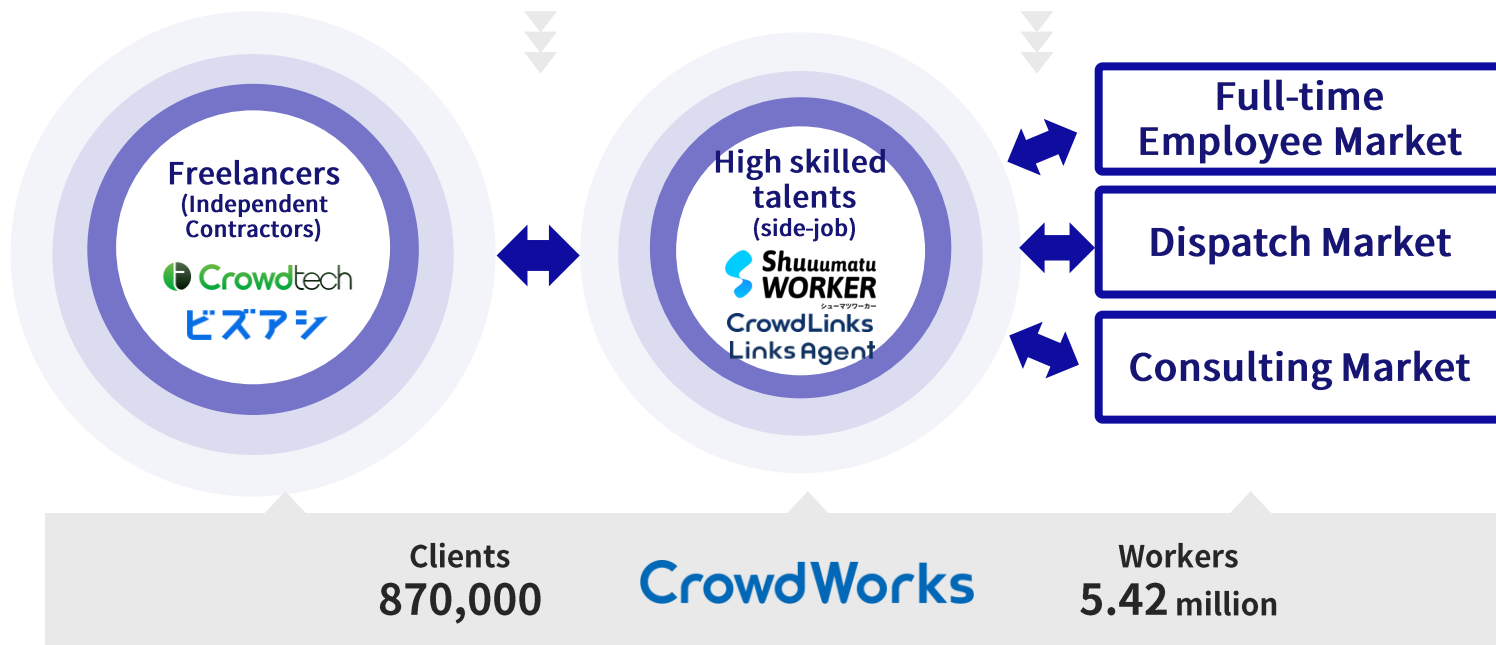
# Expansion of the high skilled talent (side-job) market is the gateway to Freelance market expansion and Human Resource Mobility

## Point 1

Many full-time employees tend to take on second/side-jobs before becoming freelancers/independent contractors. Increase of second/side-jobs will increase this talent pool.

## Point 2

Increase in the number of freelancers/independent contractors and high skilled talents (side-job), will accelerate the mobility of human resources.



# Growth Strategy: Expand from the Freelance talent market to all HR markets in Japan

CrowdWorks will contribute to  
Changes in the Japanese labor market, The revitalization of the human resources market and the improvement of productivity in Japan

We will leverage our experience in the freelance talent market into all human resource areas

**Human Resources Database**  
(Workers 5.42 million / Clients 875,000)

**Business Model**  
(Direct + agent-based Platform)

**Management Model**  
(Productivity Improvement Know-How)

High Skilled  
Talent  
(side-job)

Full-time  
Employees

Dispatch

Consulting  
Business

Productivity  
Management/  
Productivity  
Improvement

Accelerate growth through continuous organic growth and M&A



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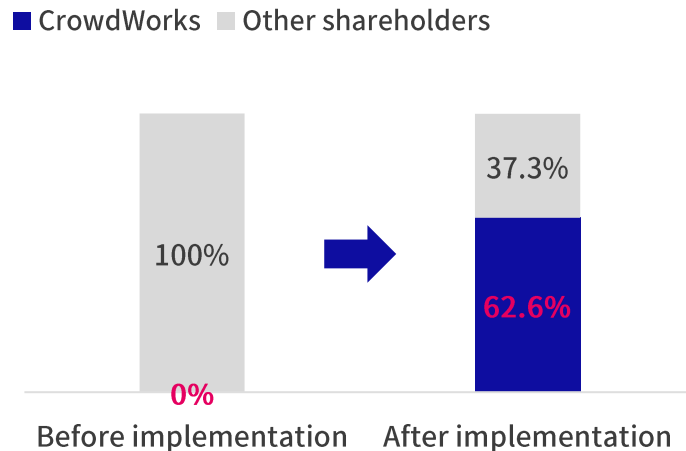
# Overview of Shuumatu Worker Co., Ltd.

- Acquired 62.6% of the shares of Shuumatu Worker Co., Ltd. by transferring shares from existing shareholders and subscribing to a third-party allotment of new shares.
- We own 62.6% of the company and will be included in the consolidated statement of income from the third quarter of the fiscal year ending September 30, 2023.

## Outline of this case

Date of share acquisition	April 5, 2023 (scheduled)
Acquisition funds	Loans from financial institutions and cash on hand (planned)
Impact on consolidated financial results	Scheduled to be consolidated in the income statement from the third quarter of the fiscal year ending September 30, 2023.

## Change in the ratio of resolution rights as a result of this implementation



The number of shares acquired is 62.672%, and the above figures are rounded down to the nearest one decimal place.

# Leading company in the high skilled talent (side-job)business market

Leading company in the side-job market that operates a platform matching high-skilled side-job employees with companies.

## Company Overview

Name	Shuumatu Worker Co., Ltd.
Location	28-3 Maruyama-cho, Shibuya, Tokyo Ichigo Shibuya Dogenzaka Building 5F
Founded	September 2016 (7th FY ending June 30)
Capital	100 million yen
No. of employees	45 *About 30 separate outsourcing contracts
Business	Shuumatu Worker Side-job matching platform Over 41,000 high-skilled IT personnel Over 1,100 client companies Freelance Force Outsourcing Contract Management SaaS

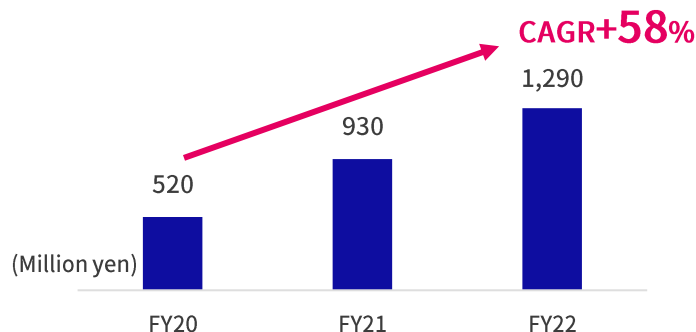
## Representative



CEO: Yukiya Matsumura

Born in Ishikawa, Japan  
After graduating from Yokohama National University, he joined VOLTAGE in 2012 as a new graduate and worked as a social game producer. 2016, he founded Shuumatu Worker.

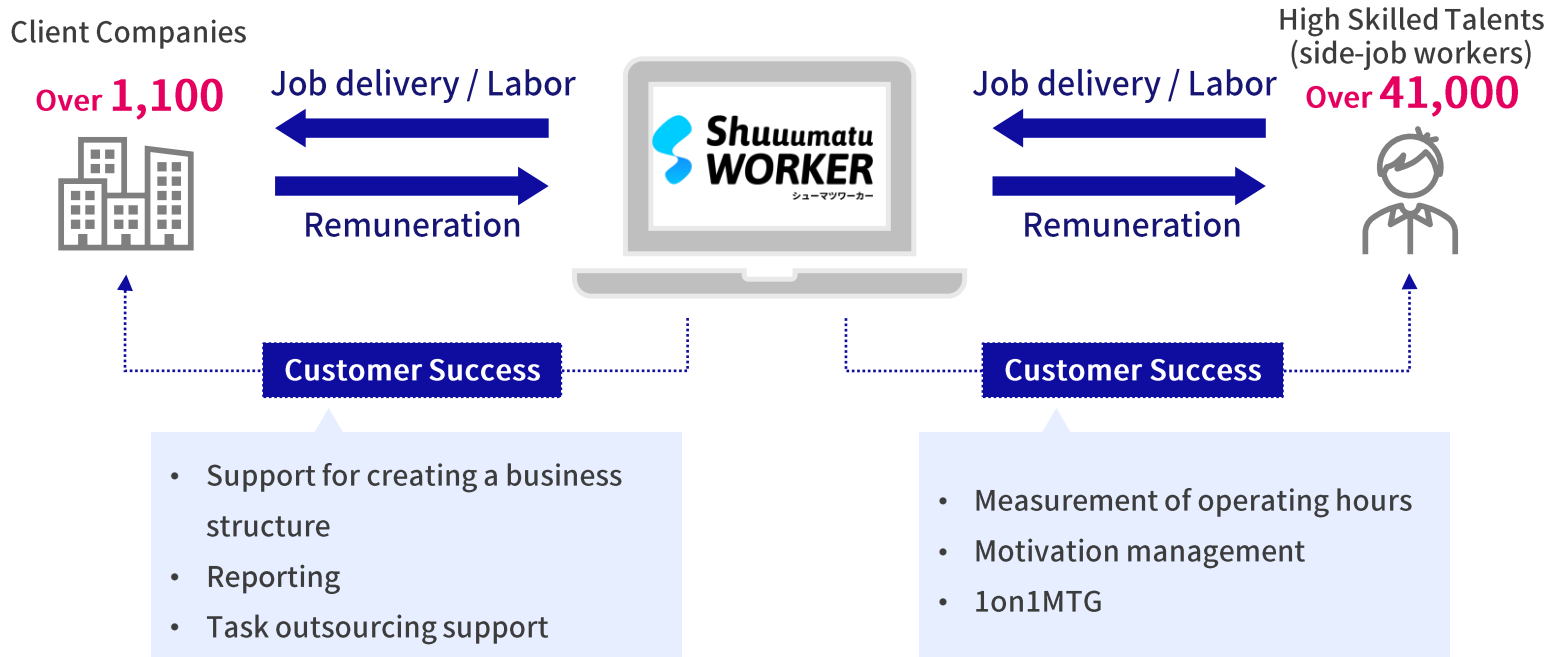
## Net Sales





# Business Model

Not only provide support for matching, but also set up customer success teams for both client companies and workers, Continuous support is provided even after the matching process.



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# MISSION

## 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.

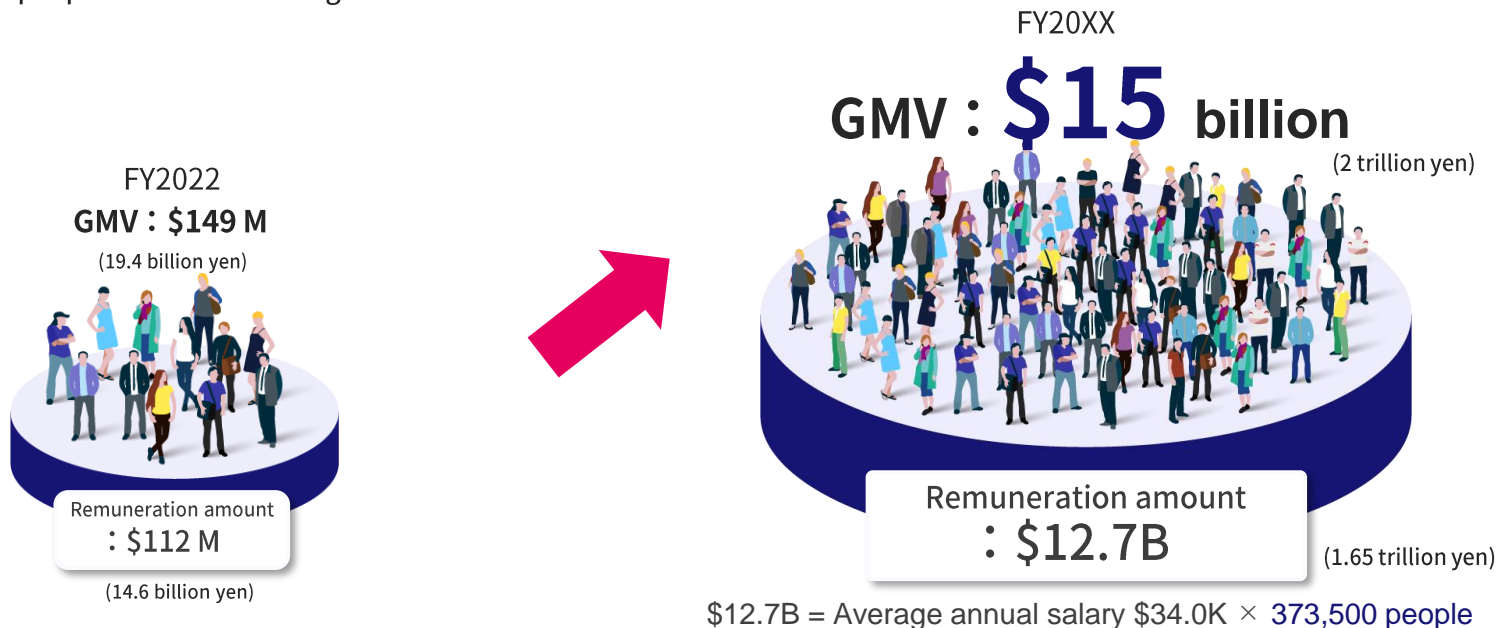
Writers, designers, engineers, video distributors, school instructors, and many others are making a career out of what they are good at, helping others, and bringing smiles to the people around them.

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

Achieving our goal of “The company that delivers rewards to people the most in the world”, Over the long-term, CrowdWorks aims to reach “**\$15 billion in work distribution GMV.**” We will build Japan's largest online employment infrastructure with more than 373,500 people in terms of average annualized income.



(Sources) \*Average annual salary \$31.0K National Tax Agency, "Results of the Survey on the Actual Status of Private Salary for 2021"

\* 372,000 Number level of employees ranking No. 1 in Japan; Reference: Yahoo Finance as of Nov. 10, 2022 1. Toyota 372,000 people, 1. Hitachi 372,000 people, 2. NTT 341,000 people

\* The dollar notation is expressed as 1 dollar = 130 yen

# Business Model – No.1 online talent matching platform

Since 2012, we have developed a platform business offering people to work in ways unbound by traditional employment styles: freelance, side work, work from home, and more.

We have over **80,000** client companies and **600,000** new worker registrations every year with almost no ads.



- Comparison of GMV with competitors in FY22: Coconara 12.71 billion yen, Lancers 10.03 billion yen \*CW 19.45 billion yen
- Number of clients and workers is as of the end of FY22



# FY2022 Achieved Record High Sales and Profits

We achieved **record high profits**, while achieving **+30% or more growth in sales and gross profit**.

(Million yen)	FY21		FY22	YoY
GMV	15,698	▶	19,447	+23.9%
Net Sales	8,055	▶	10,574	+31.3%
Gross Profit	3,600	▶	4,812	+33.7%
Operating Profit (Non-GAAP)	618	▶	1,004	+62.4%

\* The company-wide operating profit (Non-GAAP) figure is calculated by subtracting the stock compensation expense of 72 million yen from operating profit.

\* 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.





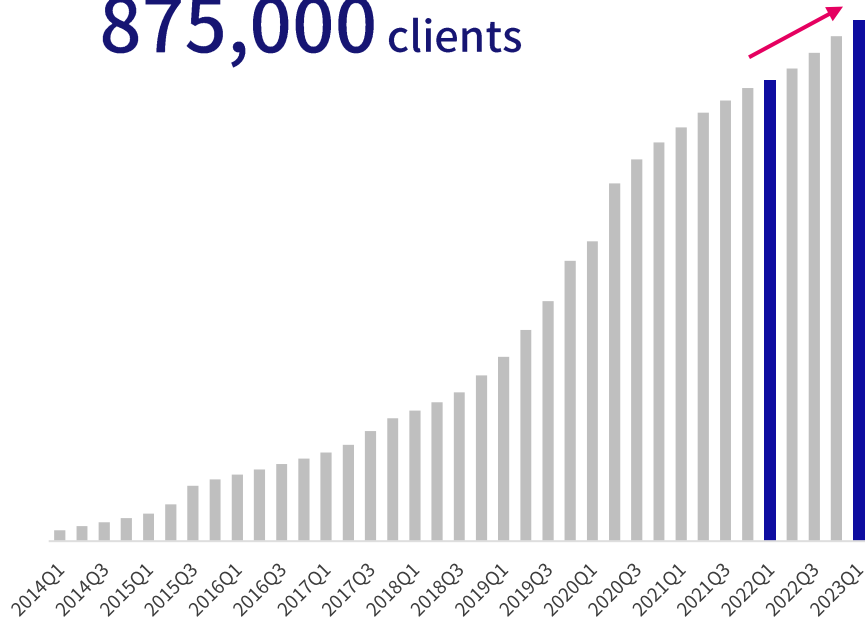
# Industry-Leading Number of Clients & Workers

One of the largest on-line worker matching platforms in Japan with approximately 100,000 clients and 600,000 newly registered workers annually.

Number of Registered Clients

**875,000** clients

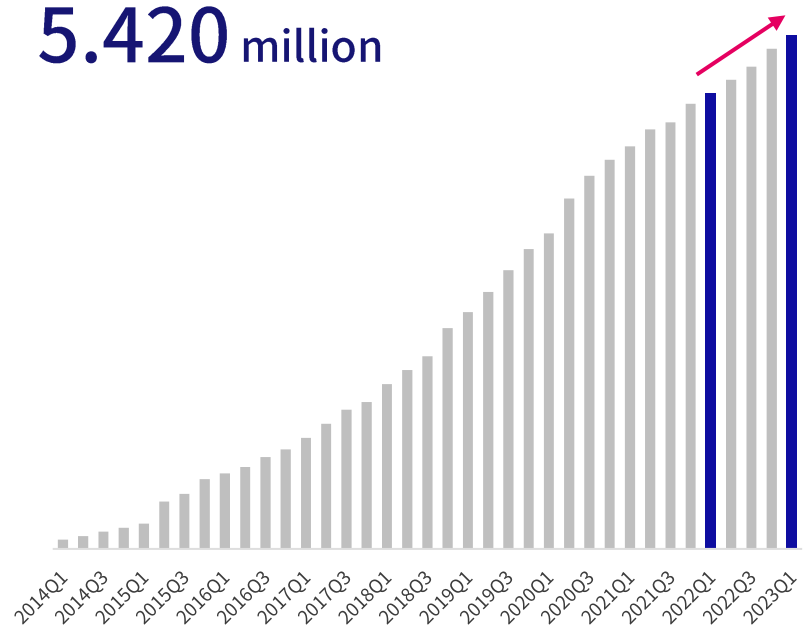
+99,000 clients



Number of Registered Workers

**5.420** million

+614,000 workers



# CW's Culture of Productivity

The driving force behind recent profitability performance is our Productivity Improvement Policy.

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

## Productivity Improvement Policy

Define goals and internal rules for productivity improvement



**A corporate culture capable of achieving sustainable growth in sales and profits**

## PIP\*

(Internal productivity improvement knowledge sharing contest)

Sharing productivity improvement success cases company-wide/across organizations

\*PIP: "Productivity Improvement Pitch"

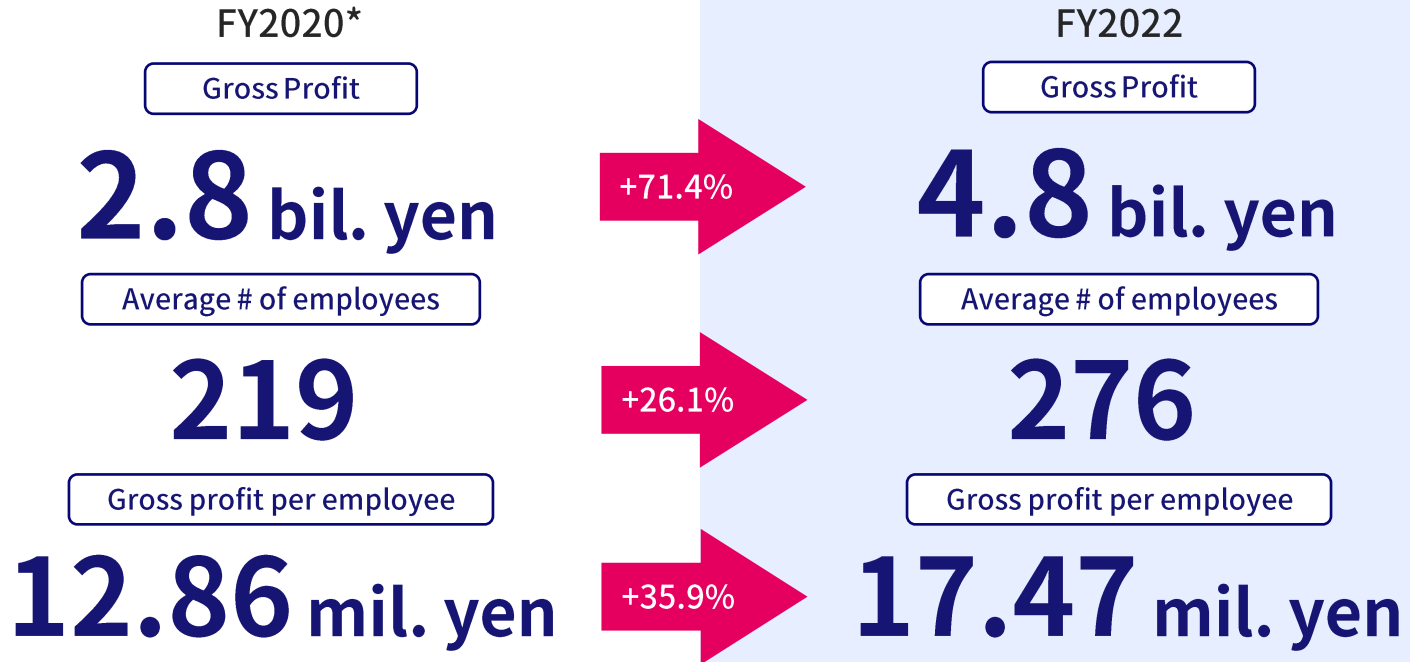


**Productivity Improvement KPIs**

- (1) Gross Profit per Employee**
- (2) SG&A Expense Ratio Change and Gross Profit Growth Rate**

# Three-Year Productivity Improvement Results

Gross profit growth of +71.4% while number of employees increased +26.1%



- Average number of employees is the average number of the total number of employees at the end of each quarter.
- Figures for the FY 2020 are actual results excluding commissioned business.



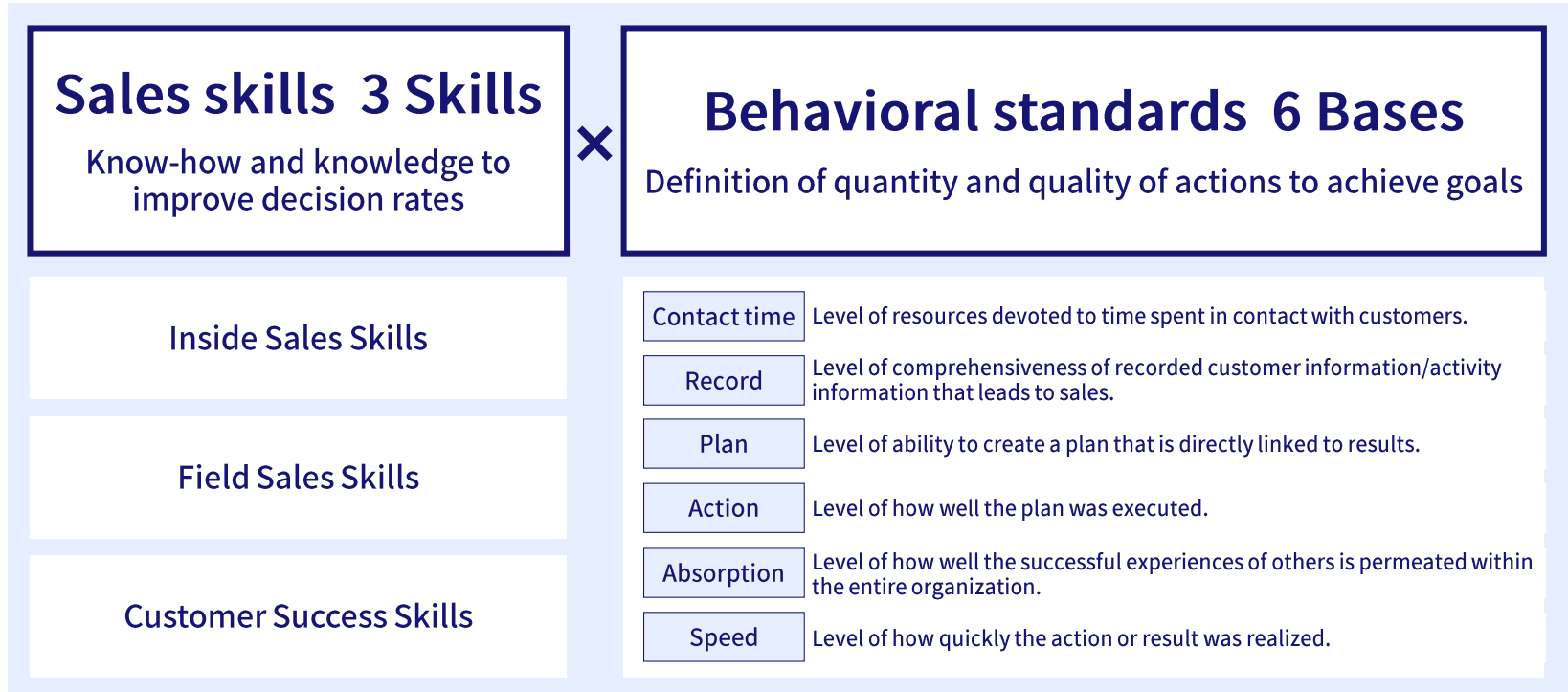
# (FYI) Examples of 1Q Productivity Improvements

Improvement theme	1Q Examples (October-December)		Results
<b>Marketing</b>  Improve LTV/CPA unit economics by changing investment allocation and marketing methods.	[BizAssist] Reduction of CPA by improving targeting methods for attracting workers <ul style="list-style-type: none"> <li>• More detailed job classifications for scout contacts than in the past have led to an increase in the number of applicants and a reduction in CPAs.</li> </ul>	CPA/case	¥337 → ¥96 (- 71.5%)
	[CrowdLinks] Improved the number of inquiries by improving the first view of the website <ul style="list-style-type: none"> <li>• Successfully increased the number of inquiries after repeated AB testing.</li> </ul>	No. of Inquiries /month	42 → 60 (+ 42.8%)
<b>Process Change</b>  Review business processes to reduce costs and improve gross profit to cost ratio	[CrowdTech] Reduced work hours of part-time employees in the Support Department by utilizing the Slack function. <ul style="list-style-type: none"> <li>• Improved Slack chat confirmation flow to reduce time per process.</li> </ul>	Time required for one process	15 sec → 3 sec (- 12 sec)
	[BizAssist] Reduced time required by implementing scheduling tool.	Required Time /month	160 min → 40 min (- 75%)
<b>Engineering</b>  Improve productivity by systematizing and automating through the introduction of technology	[CrowdLog] Successfully fully automating the man-hours required to manage inquiries by linking Slack and databases.	man-hours managed /month	6.5 h → 0
	[CrowdWorks] Reduce system downtime to zero by reviewing DB switching methods <ul style="list-style-type: none"> <li>• Reduced time spent on DB switching by leveraging new features of Amazon Web Services</li> </ul>	System downtime	60 min → 0



# CW Sales Model Improves Sales Productivity

Achieve sustainable growth by promoting the strategic use of sales personnel by making policies based on the knowledge and know-how accumulated since the company's establishment.

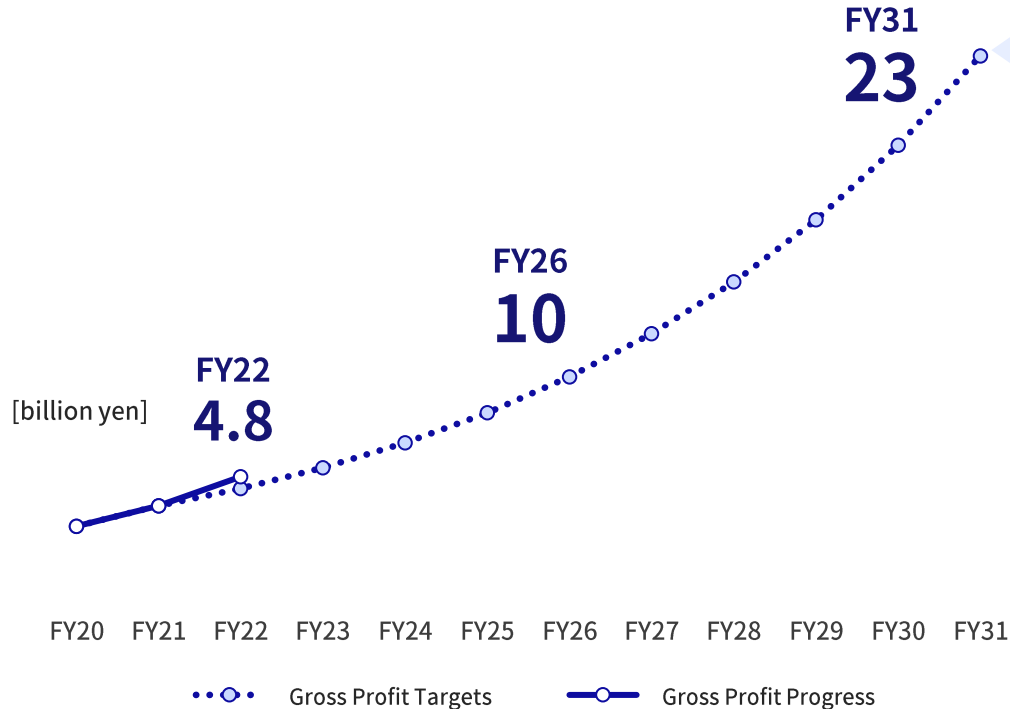


# Examples of Improvement by CW Sales Model

3 Skills	6 Bases	Examples (FY23 1Q)	Results
Inside Sales	Plan	[BizAssist] Targeting industries with high past performance, the process was changed to e-mail as a means of acquiring appointments. Optimal solution was found through effectiveness verification based on a certain number of actions, leading to an improvement in the deal closing rate.	Sales Qualified Lead Rate 6% → 46% (+40pt)
Field Sales	Record	[BizAssist] Established a record flow for next actions and due date setting on a customer management system. Consolidation of know-how on how to take Next Action has led to an improvement in the deal order rate by responding to customers at the optimal time.	Order Rate 8% → 17% (+9pt)
Field Sales	Execution	[CrowdTech] Utilized a function in the human resource management system that enables automatic extraction of target personnel on the system. By identifying and proposing human resources that were overlooked at the time of proposal, the number of monthly proposals increased.	No. of proposals /month 149 → 188 (+26.2%)
Field Sales	Absorption	[BizAssist] Regularly hold study sessions on sales techniques for existing customers. Sharing deep-cultivation sales techniques with existing customers throughout the organization led to an improvement in the deal conversion rate.	Sales Qualified Lead Rate 57% → 75% (+18pt)
Customer Success	Record	[CrowdLog (SaaS) ] Defined churn patterns and established a recording flow on the customer management system. Detecting and responding to churn alerts has led to a reduction in the churn rate.	Churn Rate 1% → 0.7% (-0.3pt)

# Medium- to Long-term Growth Targets

Aim to achieve gross profit of 23.0 billion yen in FY31 by maintaining the mid- to long-term target of Gross profit CAGR +20% or more for 10 years.

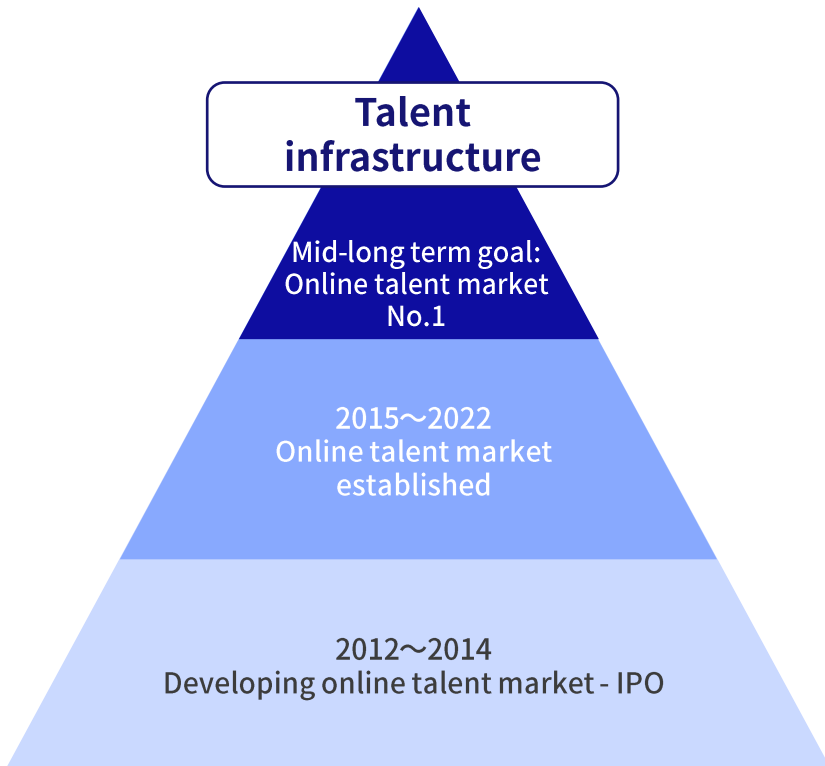


Gross profit

**CAGR +20%  
or more  
for 10 years**

# GMV 100 billion yen & to be the No.1 Online Talent Market

Establish the online talent market in the first 10 years and become the No. 1 online talent market in the next 10 years



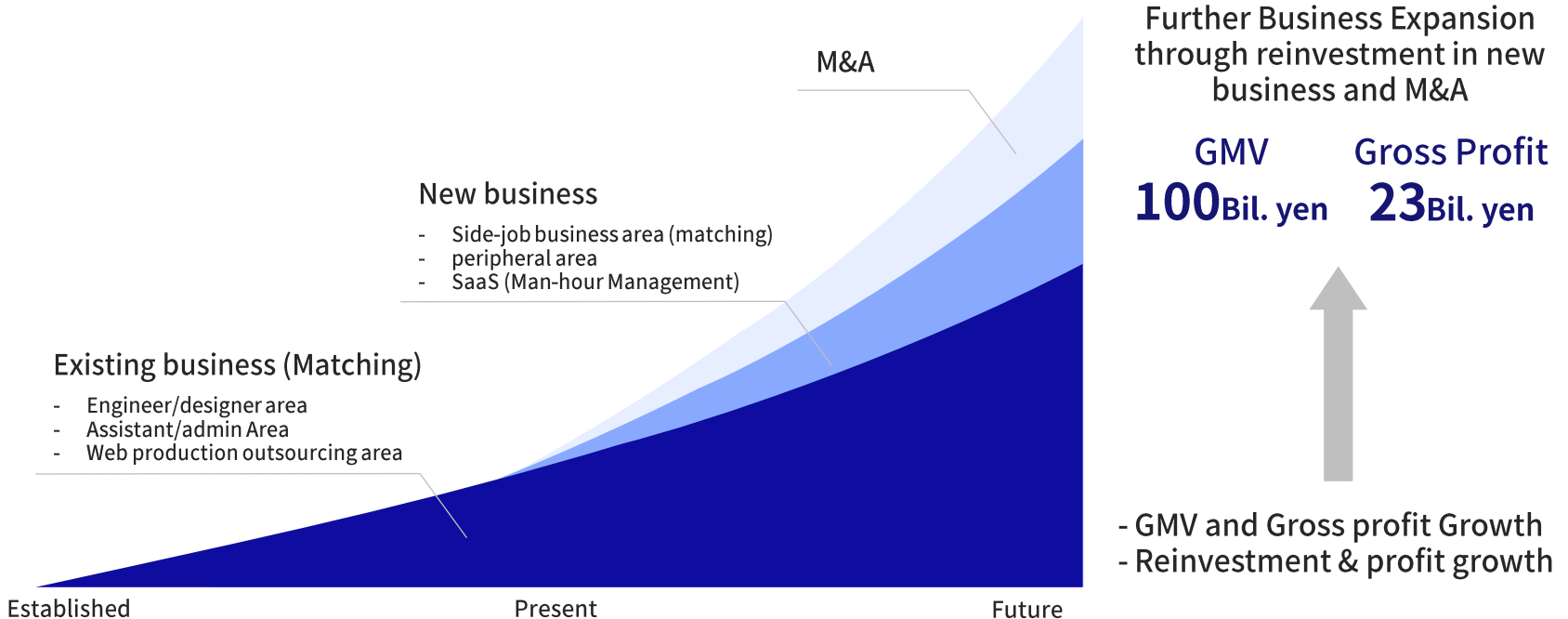
GMV (aim)	Gross Profit	Business size level
<b>FY31</b> <b>100 Bil. yen</b>	<b>FY31</b> <b>23 Bil. yen</b>	Semi-prime corporate level in domestic existing talent market
<b>FY22</b> <b>19.4 Bil. yen</b>	<b>FY22</b> <b>4.8 Bil. yen</b>	Emerging listed company level in domestic existing talent market
<b>FY14(IPO)</b> <b>1.5 Bil. yen</b>	<b>FY14(IPO)</b> <b>400 Mil. yen</b>	Start-up

• Gross profit is calculated based on the level of take rate



# Medium- to Long-term Growth Image

Achieve further growth and business expansion by achieving continuous growth in both sales and profits in the existing matching business and reinvesting in new businesses and M&A from profits generated by existing businesses.





# Expand management know-how to the entire human resources domain

**We will contribute to changes in the Japanese labor market, the revitalization of the human resources market as a whole, and the improvement of productivity in Japan as a whole.**

**Dominant presence in the independent contractor market / Full-scale expansion of strengths that have dramatically improved earnings into all human resource areas**

**Human Resources Database**  
(Workers 5.42 million / Clients 875,000)

**Business Model**  
(Direct + agent-based Platform)

**Management Model**  
(Productivity Improvement Know-How)

**High Skilled  
Talent  
(side-job)**

**Full-time  
Employees**

**Dispatch**

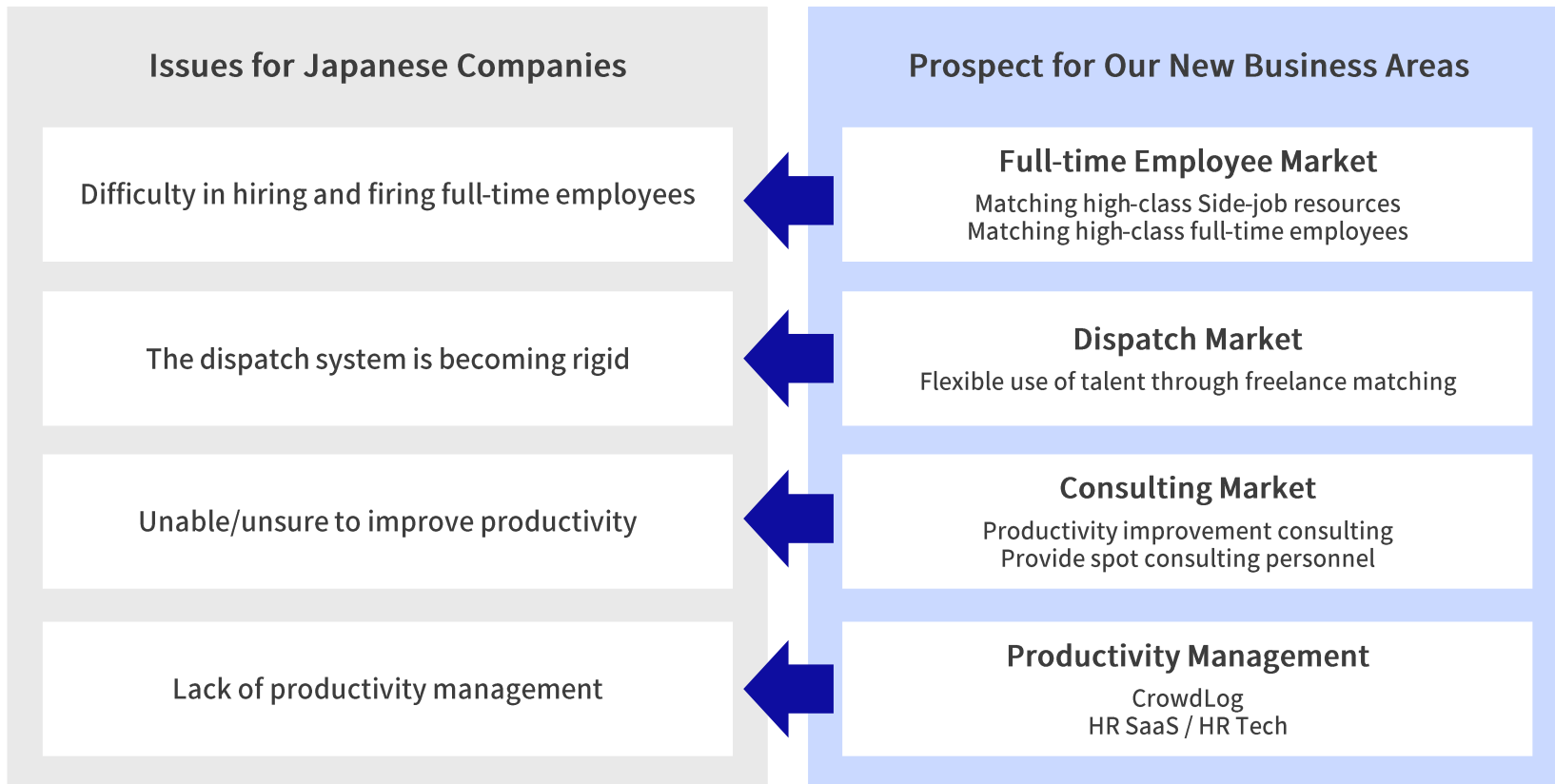
**Consulting  
Business**

**Productivity  
Management/P  
roductivity  
Improvement**

**Accelerate growth through organic growth and M&A**



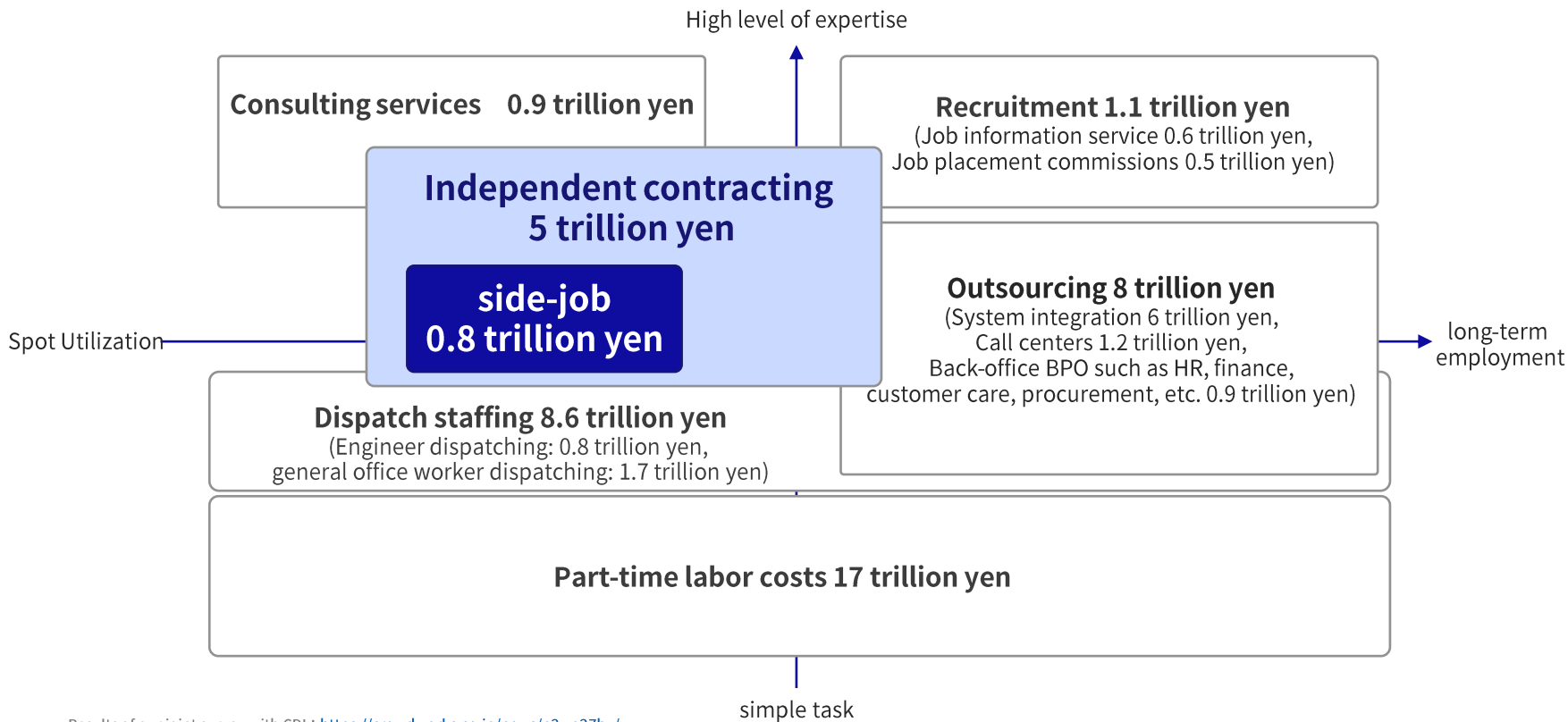
# Expand management know-how to the entire human resources domain



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# The market size of the side-job business compared to adjacent areas is currently 0.8 trillion yen



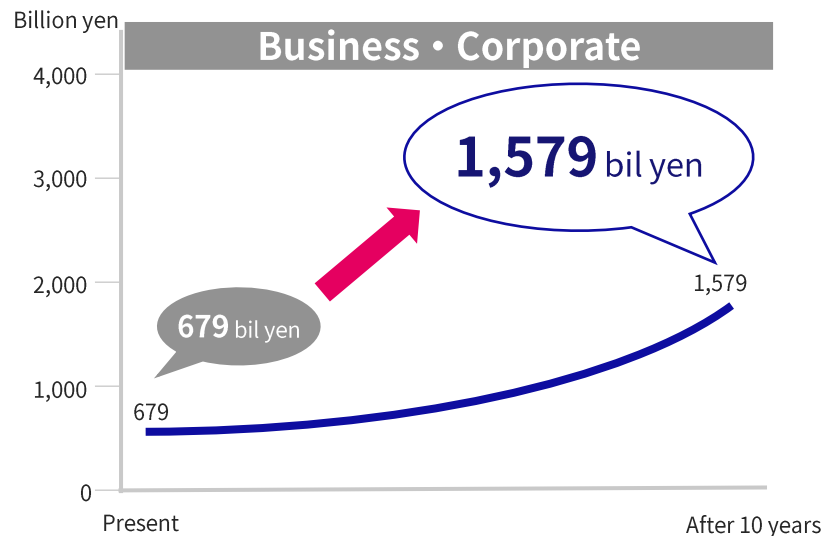
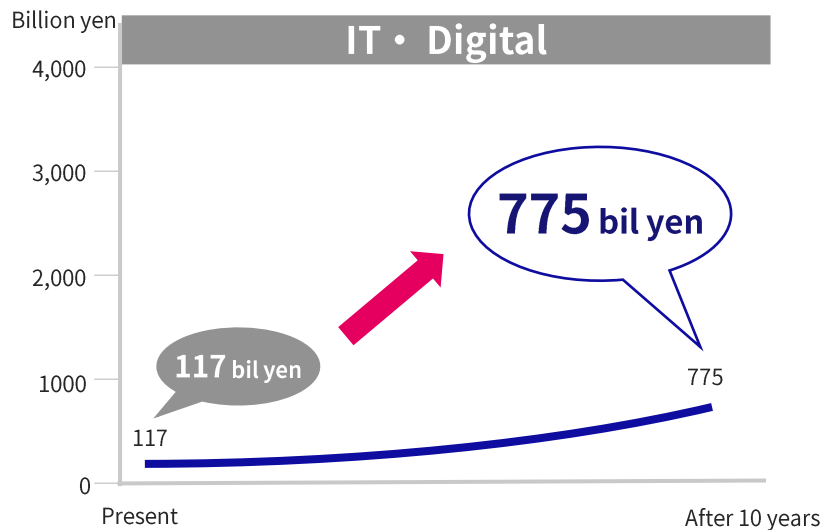
• Results of our joint survey with CDI: <https://crowdworks.co.jp/news/p2v-g27hv/>

# Market size of side-job business is expected to grow to about 2.3 trillion yen in 10 years

**Present** About **796** billion yen  
(117 bil + 679 bil)

**After 10 years**

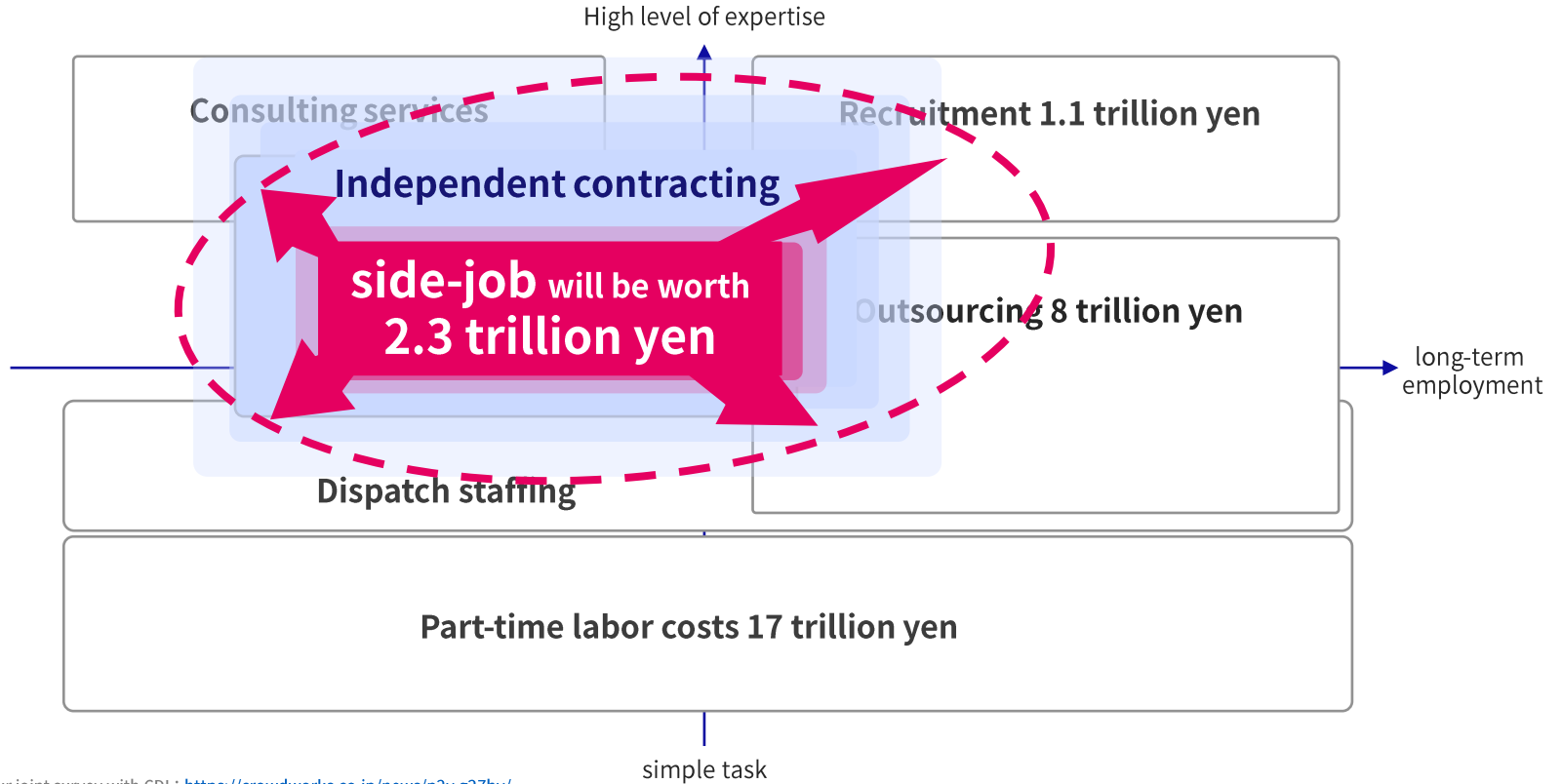
About **2.3** trillion yen  
(775 bil + 1,579 bil)



- Results of our joint survey with CDI : <https://crowdworks.co.jp/news/p2v-g27hv/>
- Total market size is based on labor costs
- Current market size: Assume less than 10% of workers are willing to work on the side and achieve a match.
- Market size after 10 years: Assuming that the % of side-jobs increases to about 37% and that about 35% of SMEs have introduced side-jobs.



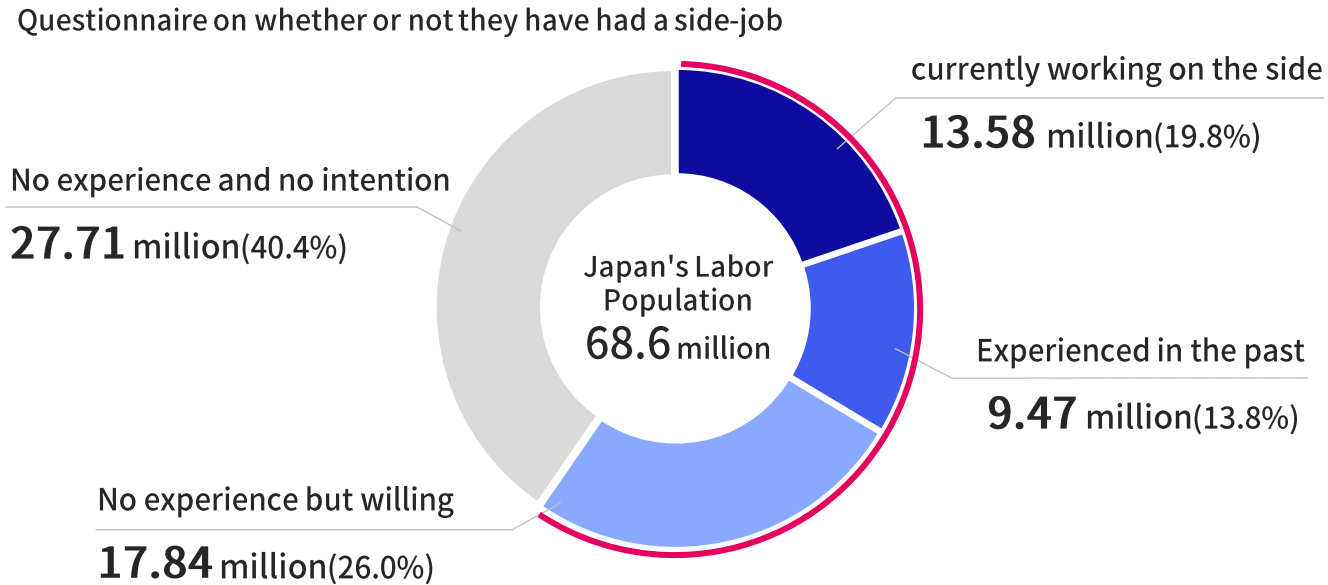
# Expansion of the side-job market will lead to further business opportunities



• Results of our joint survey with CDI : <https://crowdworks.co.jp/news/p2v-g27hv/>

# High skilled talent (side-job) Population Potential

Based on the results of our survey on side-job, the potential population of those who have had a side hustle and those who intend to have a side hustle combined reaches 40.89 million\* (approx. 60% of the working population).



(Sources) Labor Force Survey (Basic Tabulation) 2021 Average Results, Statistics Bureau, Ministry of Internal Affairs and Communications, Japan.

\*40.89 million: Total of (1) to (3) when the results of our survey (i.e., (1) 19.8% currently have a side-job, (2) 13.8% have had a side-job in the past, (3) 26.0% have no side-job but intend to have one, (4) 40.4% have no side-job and no intention to have one) are applied to the Japanese working population.



**【Cautionary Statement Concerning Forward-Looking Statements】**

Forward-looking statements in this document are not guarantees of future performance and involve risks and uncertainties. Please note that actual results may differ from these forward-looking statements due to changes in the environment and other factors.

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