

# Financial Results for the Fiscal Year Ending March 31, 2022

( Matters related to business plans and growth potential )

LANCERS,INC. (TSE Growth: 4484)

### Full year results for FY ending March 31, 2022

- **The earnings forecast was generally in line with expectations** with GMV96.5%, Net sales 104.4%, Gross profit 96.4%
- **Implemented investments that contributed to long-term business growth and built a foundation for a significant increase in the growth rate forecast for FY03/2023 and a return to profitability.**
- Meanwhile, the recovery of investment in the marketplace business is falling behind, and the effect during the period is limited, with GMV up 18% YoY.
- Impairment loss was recorded for the managed services business **due to a change in policy from partial to complete withdrawal from the business** considering its growth potential and profitability.

### Management policy for FY ending March 31, 2023

- Marketplace business continues its growth policy. **Expect a further increase in gross profit to +28% YoY** with continued investment.
- Decided to acquire WSL\*\* and enter the upstream process (consulting area) **in order to increase the added value of our entire group.**
- The 3-year management policy of "achieving high growth and profitability and returning to profitability from the next fiscal year" remains unchanged. On the other hand, **some changes were made due to business withdrawal, etc.**

### Forecast of full-year results for FY ending March 31, 2023

- Growth is expected to accelerate despite withdrawal from some businesses, with **total company-wide GMV of 12.6 billion JPY (+23% YoY) and gross profit of 2.4 billion JPY (+24% YoY).**
- Gross profit from marketplace business +28% YoY Gross profit from agent business expected to be +158% YoY
- Operating loss improves despite continued investment, **expects to return to profitability in Q4**
- **In the fiscal year ending March 2024 (next fiscal year), the company expects to return to profitability for the full year** and move into a phase of continuous profit growth.

\*) The name has been changed from "Tech Agent Business" to "Agent Business" to reflect the expansion of job types in the consulting field.

\*\*) WSL Company indicates Work Style Labs, Inc.

**1 Company Profile**

**2 Results of the Fiscal Year Ending March 31, 2022**

**3 Forecast for the Fiscal Year Ending March 31, 2023**

Our Mission

**Empowerment of Individuals**

Our Vision

**10x your business with Lancers**

**Be your own boss with Lancers**

Company name

**LANCERS, INC.**

Business contents

**Platform business**

Founder and CEO

**Yosuke Akiyoshi**

Establishment

**April, 2008**

Staff

**Approx. 200 employees**

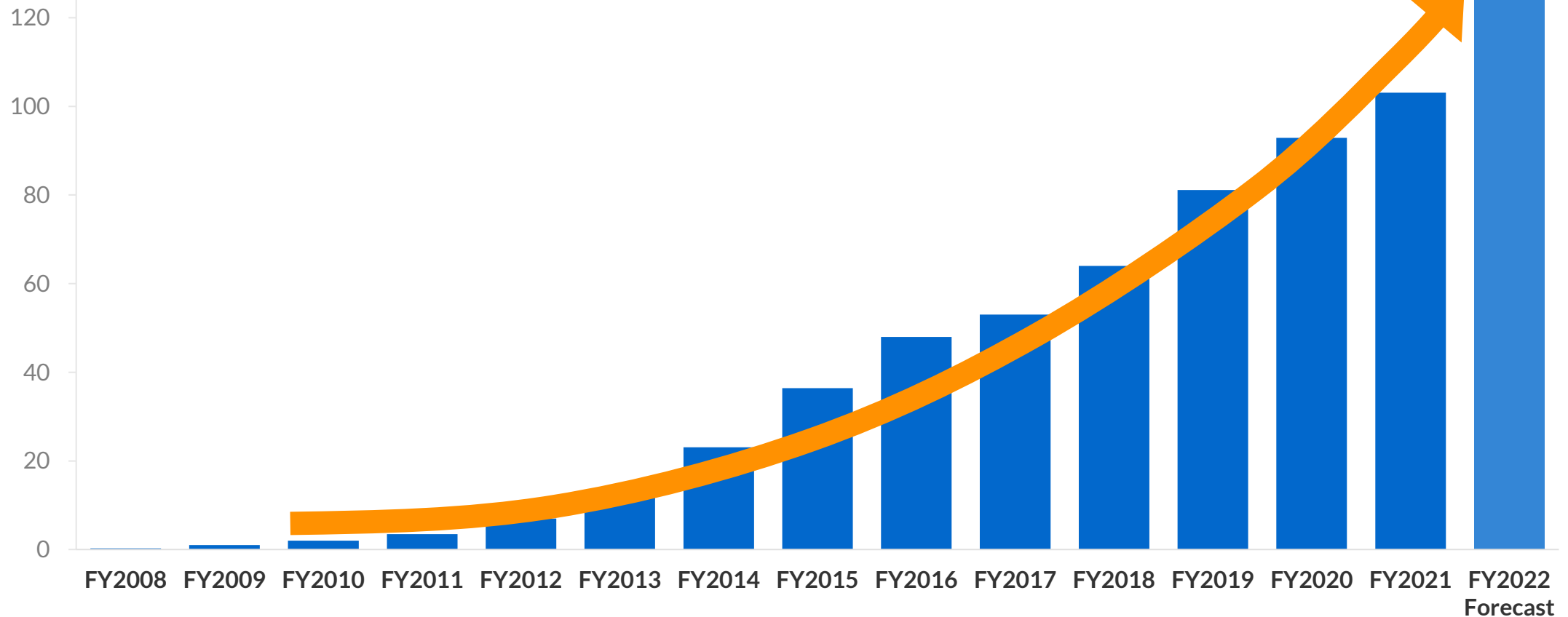
\*) Employees include full-time employees (excluding those who are seconded to outside the Group, but including those seconded to the company within the Group) and temporary workers(part-time workers).

## Changes in Lancers' Gross Merchandise Value

**Continuous growth since foundation.**

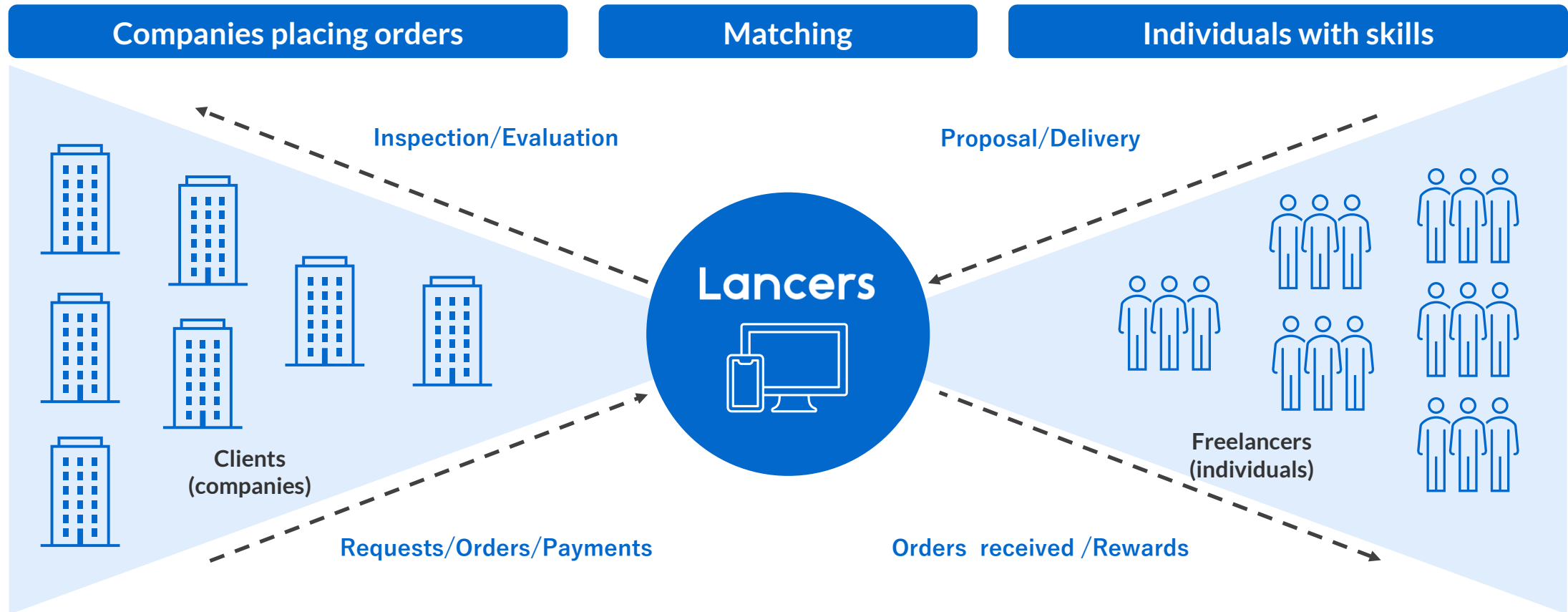
**Surpassed 10 billion JPY in FY2021, aiming for 12.6 billion JPY in FY2022.**

(Unit: 100 million JPY)



## Service Overview: Business Models

We operate an ordering platform that matches individuals and companies, which is completed online, and provide excellent human resources to companies and new work styles to individuals regardless of time and where they live.





# Developing a number of positions that contribute to DX promotion and productivity improvement, with a focus on engineers

## Focus on positions that support corporate DX operations


### Engineers


#### System development/operation

 **Web system development/programming**  
¥ 3,500- ¥ 7,000/h \*

 **iPhone · iPad app development**  
¥ 300,000- ¥ 2,000,000 \*


#### WEB production

 **Homepage creation**  
¥ 50,000- ¥ 400,000/1-10 pages \*

 **EC site construction and operation**  
¥ 500,000 /renovation of in-house EC site

### Marketers


#### Digital marketing

 **Listing advertisement operation**  
Advertising fees + approx.20% of advertising fees


### Designers

#### Designing

 **Logo designs**  
¥ 20,000- ¥ 85,000/piece \*

 **Business card production**  
¥ 10,000- ¥ 50,000 \*


#### Photos/videos/narration

 **Video creation/production /video material**  
¥ 50,000- ¥ 500,000/piece\*

 **Image processing/photo editing/image material**  
¥ 100- ¥ 5,000/piece \*


### Sales


#### Sales/telemarketing

 **Sales/telemarketing**  
¥ 2,000 - ¥ 3,500/h


### Back office


#### Consultation

 **Business/strategy consulting**  
¥ 150,000- ¥ 300,000 \*

 **Web/IT consultation**  
¥ 100,000- ¥ 200,000 \*


#### Office work/professional

 **PowerPoint creation**  
¥ 30,000- ¥ 100,000 (10 pages)

 **Excel editing**  
¥ 20,000- ¥ 30,000 \*

### Writers

#### Article writing

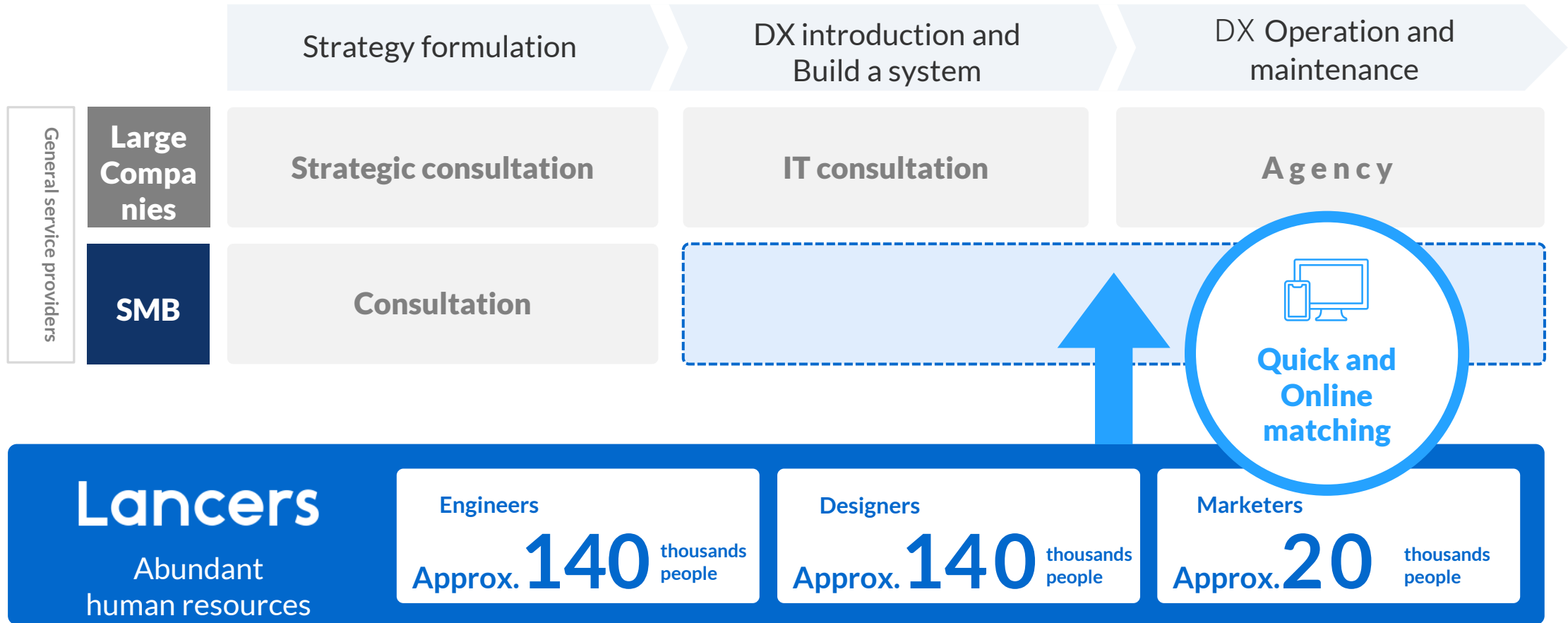
 **Article writing/blog articles/experiences**  
¥ 0.5- ¥ 5/letter \*

\*)The offer price is the request price of the content of typical work, and the detailed request price is as follows

<https://www.lancers.jp/help/beginner/lancer/examples>

## Service Features : Providing value to companies from DX implementation to operation

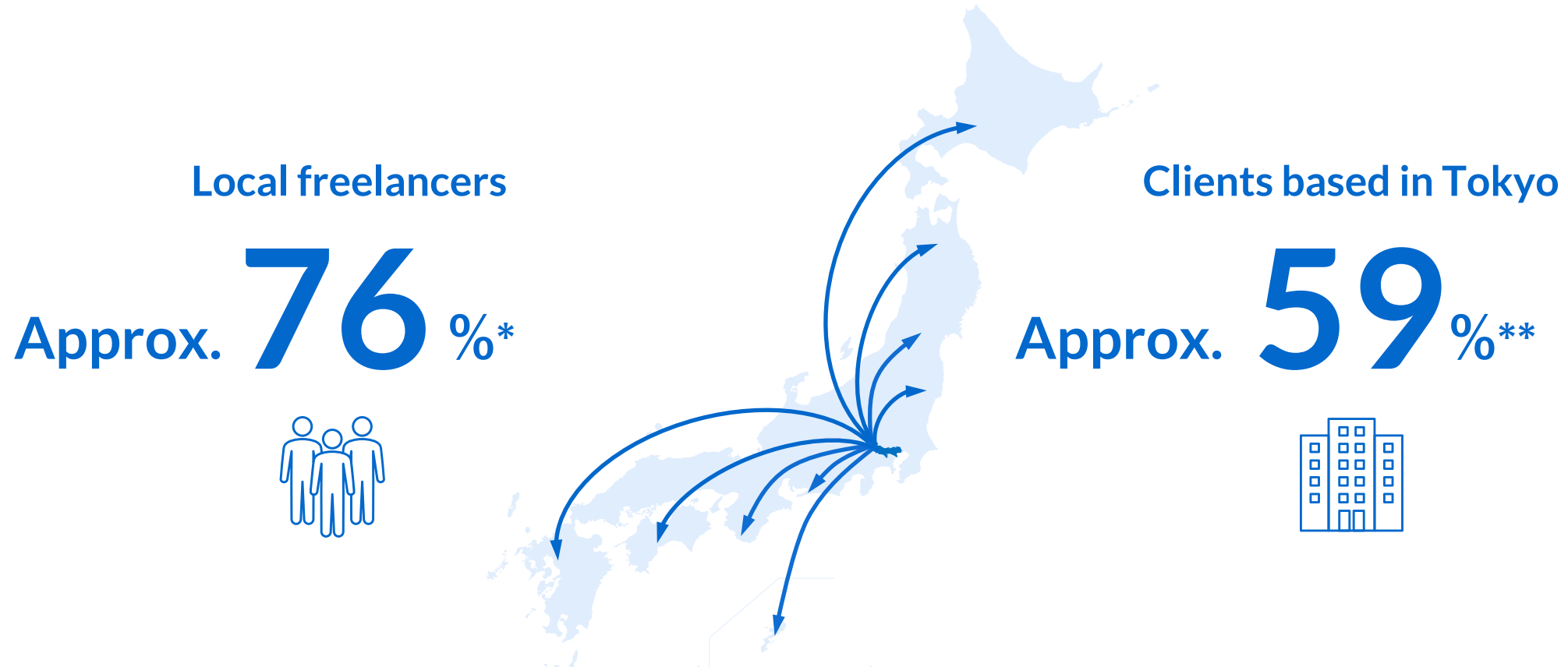
Matching of human resources who can support areas from implementation to operation of DX, focusing on small to medium-sized businesses (SMB).





## Service Features : Promoting New Ways to Work in Japan

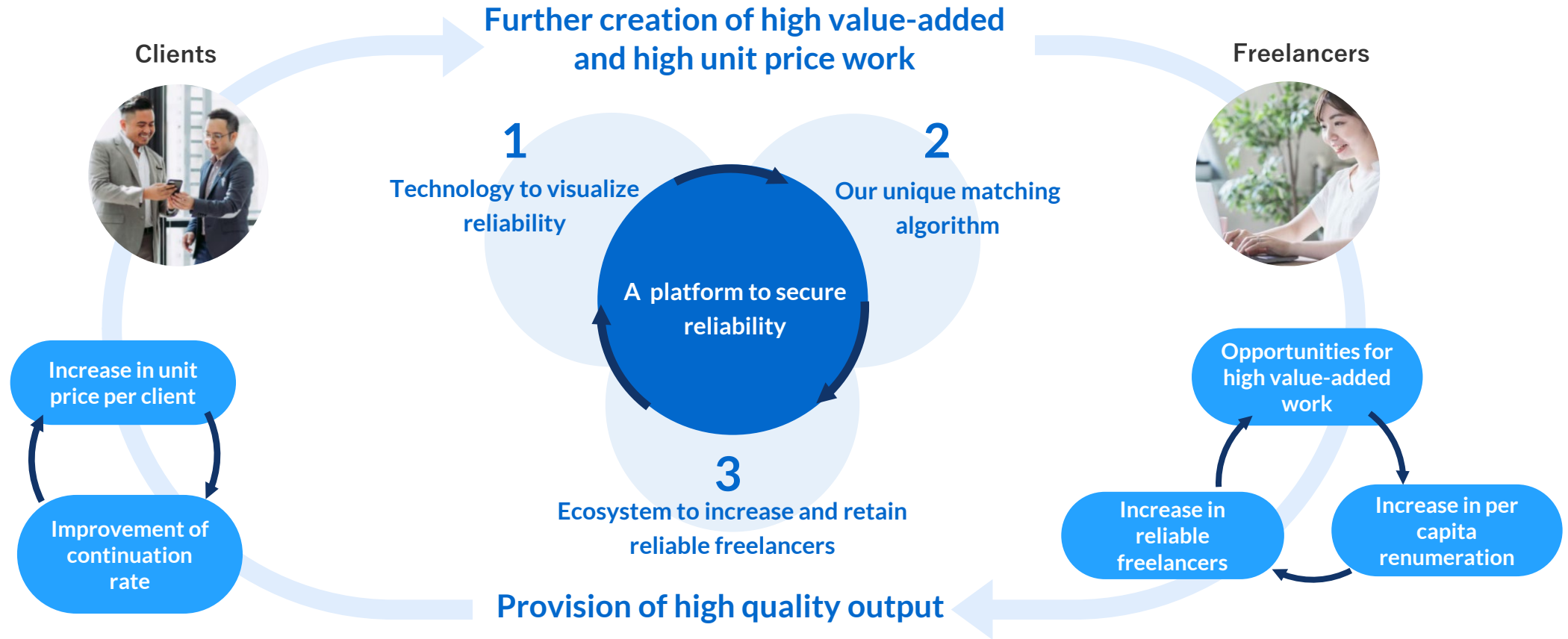
Freelancers in each domestic region receive orders for a project from a client based in Tokyo to disperse demand concentrated in Tokyo. By working online and accelerating side businesses, the use of local clients and the use of freelancers in Tokyo are increased.



\*) GMV of Landers alone, the ratio of GMV of Landers whose place of residence is other than Tokyo (January to March 2022).

\*\*\*) GMV of Landers alone, the ratio of GMV of clients who are based in Tokyo (January to March 2022).

Establishing a platform for the distribution of high value-added work by guaranteeing reliability.

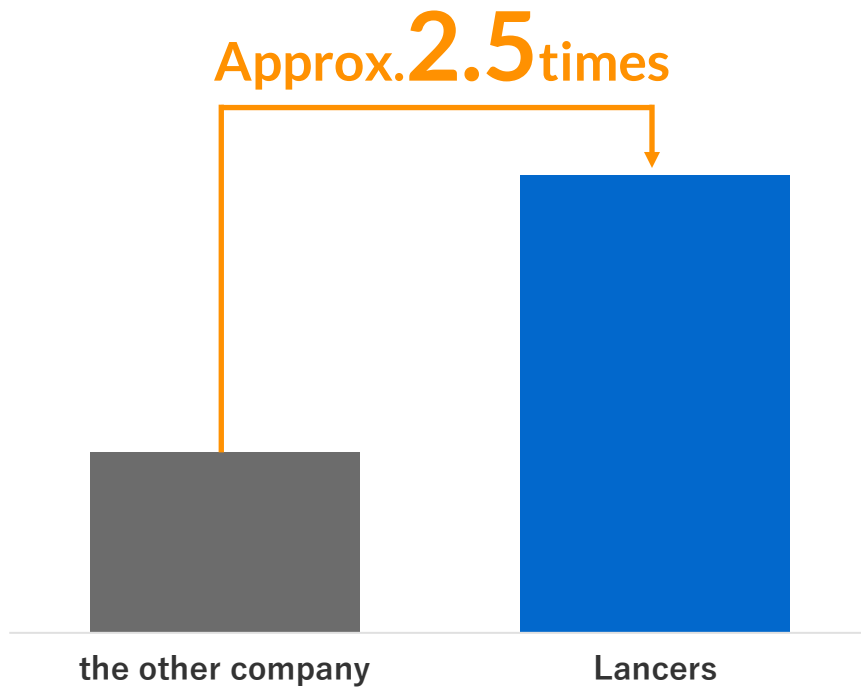


## Lancers' Strengths : A Highly Rewarding Platform

Compared to other companies, the number of orders received per active lancer is approx. 2.5 times higher. The number of reliable freelancers\* has increased to 20,000, accounting for approx. 20% of all active lancers, and supports the Group's platform.

\*) Reliable freelancers = certified freelancer + silver rank freelancer + bronze rank freelancer.

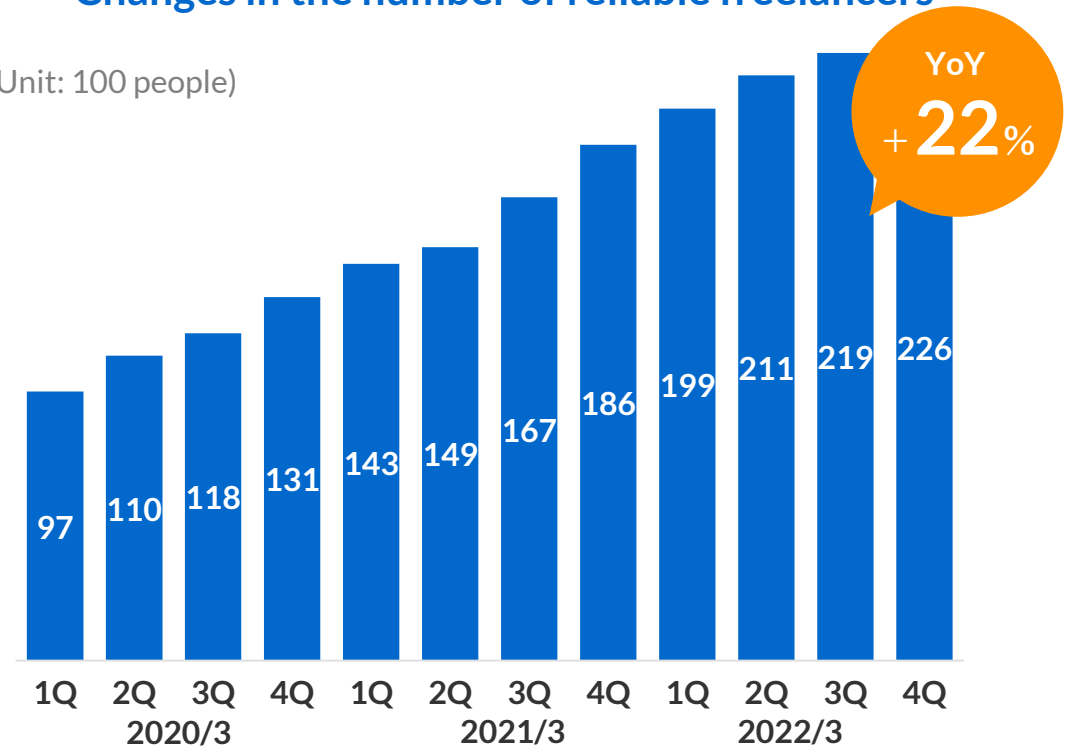
### Comparison of order amount (GMV) per person\*



\*)Comparison of order amount received per freelancer who received remuneration from April 2020 to March 2021.

### Changes in the number of reliable freelancers\*

(Unit: 100 people)



\*) It indicates the number of reliable freelancers at the end of each quarter.

1 Company Profile

2 **Results of the Fiscal Year Ending March 31, 2022**

3 Forecast for the Fiscal Year Ending March 31, 2023

## Performance Summary

Results were mostly in line with forecasts. Due to the withdrawal of a portion of Managed Services business (contracted services), companywide YoY growth was +11% in GMV and +4% in gross profit.

### Company-wide (Full-year)

Gross Merchandise Value **10,318** million JPY  
 Year-on-year **+11%** % Achievement **97%**

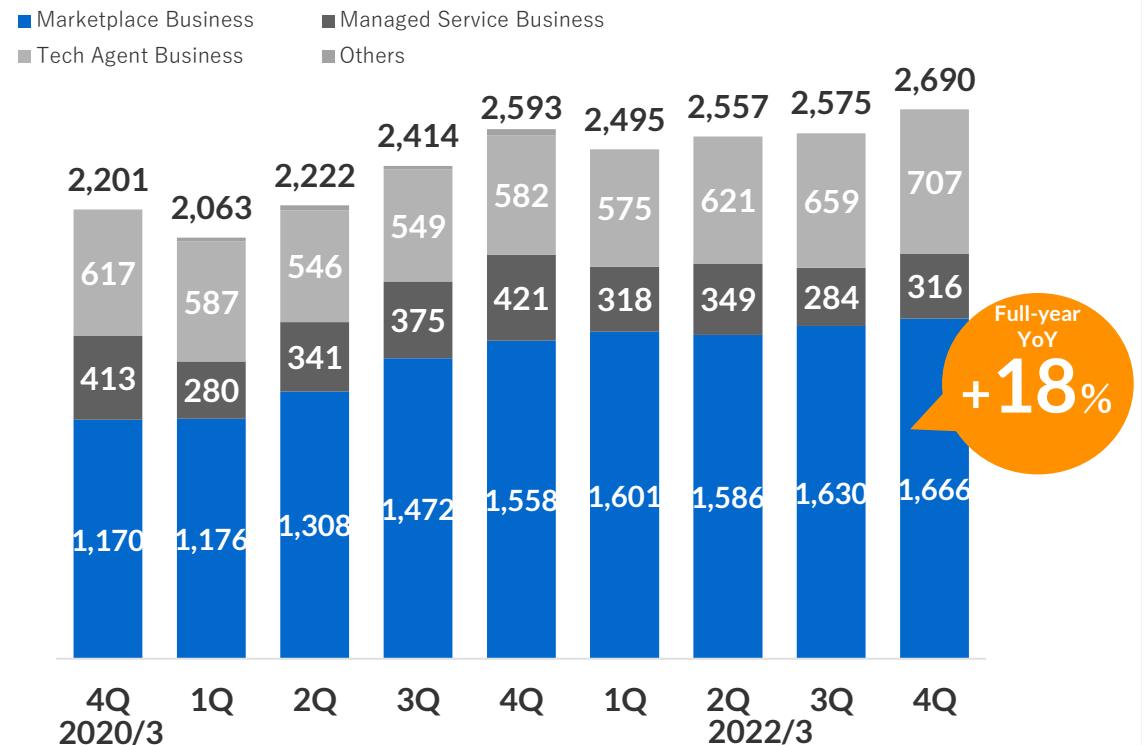
Net Sales **4,073** million JPY  
 Year-on-year **+5%** % Achievement **104%**

Gross profit **2,003** million JPY  
 Year-on-year **+4%** % Achievement **96%**

Operating income **△367** million JPY  
 Previous **+36** million JPY

### Trends in GMV by segment\*

(Unit: Million JPY)



\*) It indicates the business divisions of our group based on management accounting standards.

## Financial Results for Fiscal Year Ending March 31, 2022 (Consolidated)

The managed service business changed its policy from partial business withdrawal to complete withdrawal considering growth and profitability. As a result, a net loss of -670 million JPY was recorded due to an impairment loss of 220 million JPY.

(Unit: Million JPY)	FY ending March 31, 2022 (Full-year)	FY ending March 31, 2021 (Previous Full year)		FY ending March 31, 2022 (Forecast)	
	Actual	Actual	% change	Forecast	% Achievement
Gross Merchandise Value*	10,318	9,294	+11.0%	10,691	96.5%
Net sales	4,073	3,868	+5.3%	3,902	104.4%
Gross profit	2,003	1,925	+4.0%	2,078	96.4%
Selling, general and administrative expenses (SG&A)	2,370	1,889	+25.5%	2,448	96.8%
Operating income /loss	△367	36	-	△370	-
Ordinary income /loss	△358	48	-	△363	-
Net income /loss	△672	37	-	△452	-

\*) It is based on in-house management materials and is not an audited number.

## Balance Sheet for Fiscal Year Ending March 31, 2022 (Consolidated)

The company has secured a bank borrowing facility\* of approximately 1.2 billion JPY. Although in the investment phase, the equity ratio is at about 42%. Fixed assets decreased due in part to impairment losses resulting from the complete withdrawal from Managed services business.

(Unit: Million JPY))	FY ending March 31, 2022	FY ending March 31, 2021 (Previous)	
	Actual	Actual	change
Current assets	2,360	2,845	△485
Cash and deposits*	1,600	2,037	△437
Non-current assets	479	587	△107
Goodwill	170	427	△256
Total assets	2,840	3,433	△592
Current liabilities	1,651	1,592	+58
Customer deposits	838	800	+38
Non-current liabilities	1	4	△3
Net assets	1,188	1,837	△648
Total liabilities/net assets	2,840	3,433	△592

\*) Cash reserves of 762 million JPY at the end of March 2022 = cash and deposits of 1,600 million JPY - interest-bearing debt of 0 - deposits received of 838 million JPY. Total uncommitted bank overdraft facilities of 710 million JPY at the end of March 2022.

## Summary by Segment\*

The Marketplace business grew +18% YoY as investment recovery was pushed back.

In contrast, the Tech agent business saw market expansion accelerate due to the resumption of the economy, growing at an upward pace through the second half of the year.

\*)It indicates the business divisions of our group based on management accounting standards.

### Status by segment (Full-year)

Business policies  
for FY ending March 31, 2022

Concentrated  
investments

Marketplace business

Gross Merchandise Value

6,484百万円

Year-on-year

+18%

- Enhanced products and released multiple functions and services
- Strengthened marketing in the 2<sup>nd</sup> half of the year, using products as a hook
- Investment effects were pushed back and deviated from the initially expected growth rate

Re-growth

Tech agent business

Gross Merchandise Value

2,564百万円

Year-on-year

+13%

- With the resumption of the economy, the need for IT personnel has returned and the market is expanding
- Achieved record high number of new contracts and GMV in 4Q
- Growth rate also recovered to pre-pandemic growth rate, accelerating further

Withdrawal of some  
businesses (contract)

Managed service business

Gross Merchandise Value

1,269百万円

Year-on-year

△11%

- Withdrawal of flat-rate services considering growth rate and profitability
- As a result, the business went from partial business withdrawal to complete withdrawal



## Review of Marketplace Business

Because many measures required time for investment recovery, such as product and new service investments, the effects of these measures was not reflected in 2022/3. However, it will contribute to higher growth rates in 2023/3 and beyond.

### Investment Results

Investment in products

**154** million JPY

- Approx. 20 engineers employed
- Lancers “packaging system” and other functional additions, and improvements are on track

Investment in marketing

**152** million JPY

- Strengthen customer success from the 2nd half of the year
- Strengthen marketing, including SEO

Investment in new services

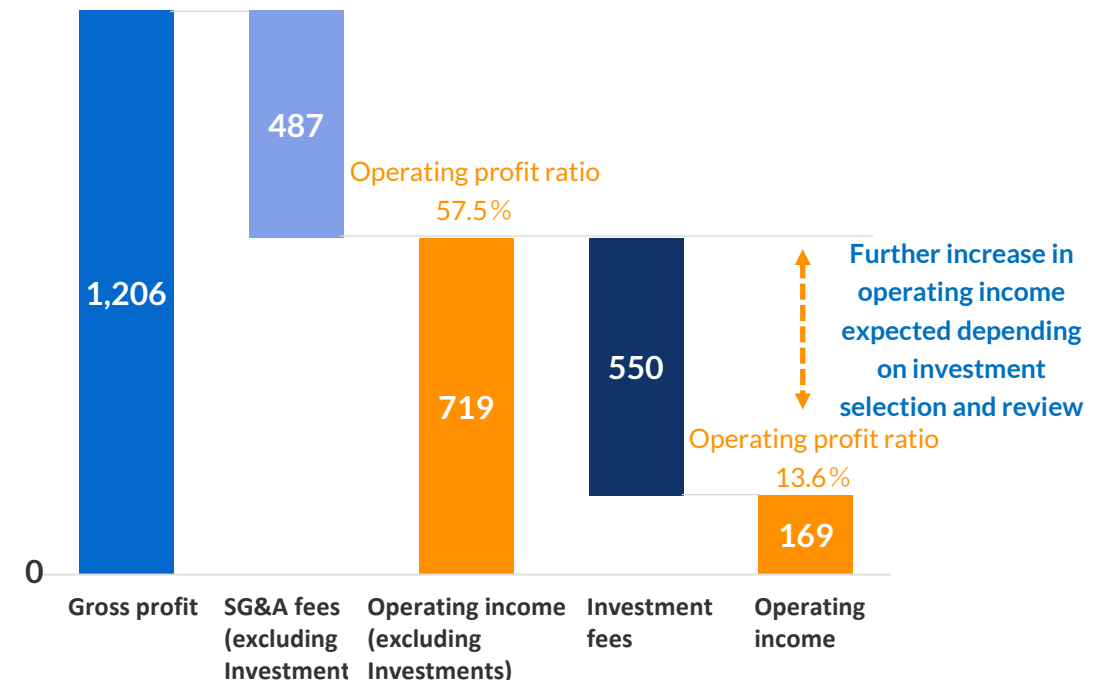
**243** million JPY

- Investments aimed at strengthening medium-to long-term growth, including investments in “Teams” and “MENTA”

※The results of investment by category are as follows: personnel expenses 186 million JPY, outsourcing expenses 180 million JPY, advertising expenses 118 million JPY, and other expenses 63 million JPY. The total amount remains unchanged, although there is a slight change in the number of items due to the recalculation of investment categories.

### Profit and Loss Structure of Marketplace Business

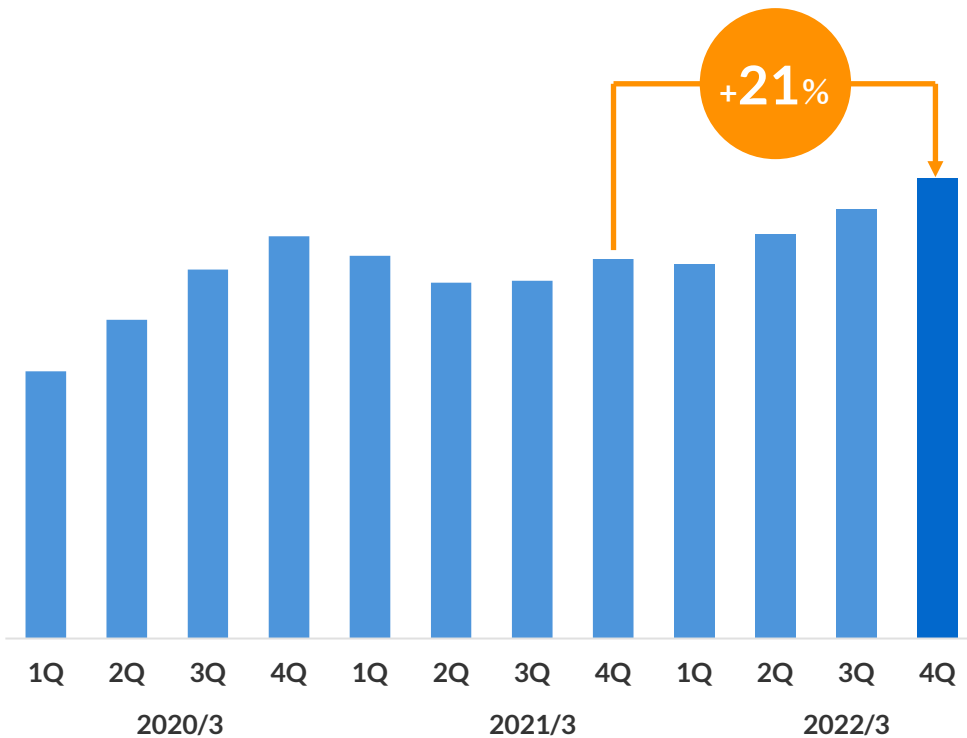
(Unit: Million JPY)



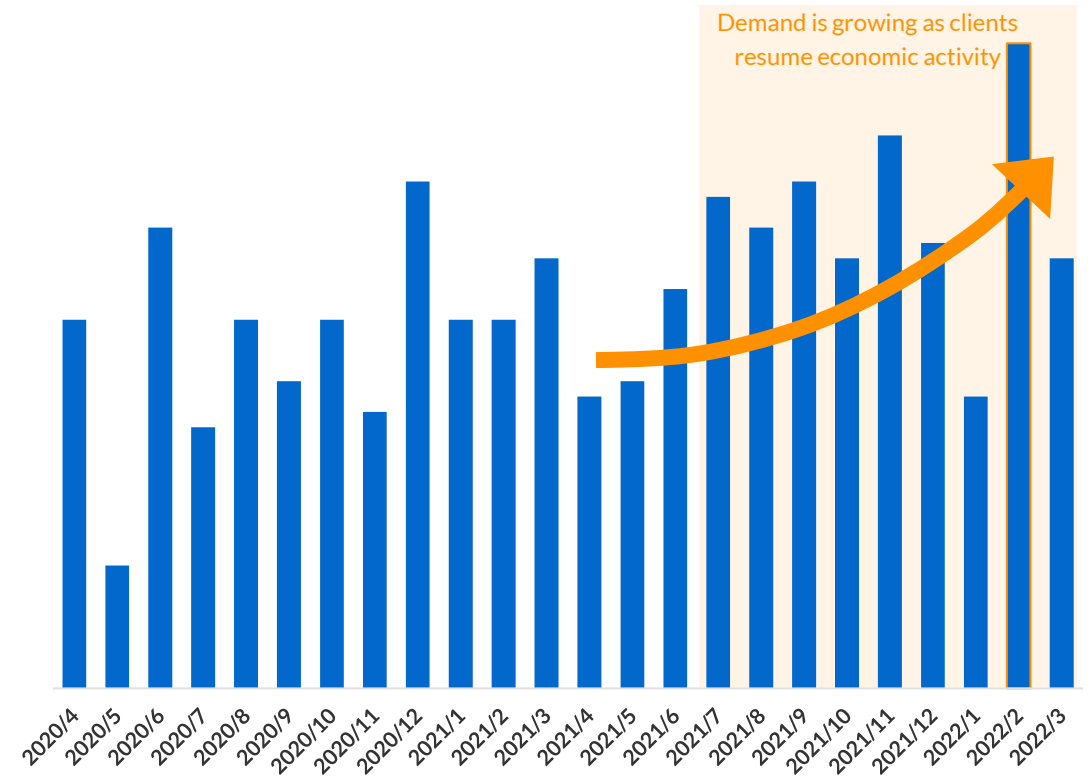
## Review of Tech Agent Business

With the resumption of economic activity by clients, demand for IT personnel returned and the market continued to expand. The number of new contracts reached a record high in 4Q and recovered to the pre-pandemic growth rate of +21% YoY.

### Changes in GMV of tech agent business



### Changes in the number of new contracts



- 1 Company Profile
- 2 Results of the Fiscal Year Ending March 31, 2022
- 3 Forecast for the Fiscal Year Ending March 31, 2023**

## Policy for FY Ending March 31, 2023 (This Fiscal Year)

**Focus on the Marketplace and Agent businesses\* to raise the growth angle a notch. Completely withdraw from the managed services business and improve profitability of the entire company, returning to profitability from 4Q onward.**

### Policy for FY ending March 31, 2023 (this fiscal year)

#### Marketplace business

#### Accelerate growth

Expansion of distribution by new clients.  
Take rate improvement through value addition

#### Agent business\*

#### Regrow

Acceleration of growth through organizational expansion.  
Entering a new area of occupation

#### Managed service business

#### Complete withdrawal

Service closure and partial transfer

#### Entire group

**Improve profitability to achieve constant profitability from the next fiscal year onward.**

\*) The name has been changed from "Tech Agent Business" to "Agent Business" to reflect the expansion of job types in the consulting field.

## Partial Changes to the 3-year Management Policy in Response to This Fiscal Year's Policy

Aiming for high growth and high profitability, our policy for returning to profitability and expanding profits from the next fiscal year remains unchanged. Meanwhile, based on the decision to postpone investment recovery in 2022/3, and to withdraw completely from some businesses, a part of the 3-year management policy has been changed.

1

Concentrate investment in the marketplace business.  
Aiming for a 40% growth rate in GMV in 3 years.

Partially changed

1

Accelerate growth in the marketplace and agent businesses

2

Total company-wide GMV CAGR +30% in 3 years to over 20 billion JPY. Gross profit to expand to 4 billion JPY scale.

Partially changed

2

Company-wide gross profit to 3-3.5 billion JPY

No change

3

Establishing a platform for high growth and high profitability. Return to profitability within three years and enter the profit expansion phase while continuing to invest.

## Changes in Company-wide Gross Merchandise Value and Gross Profit

Aiming for +23% YoY GMV and +24% YoY gross profit

### Changes in company-wide GMV

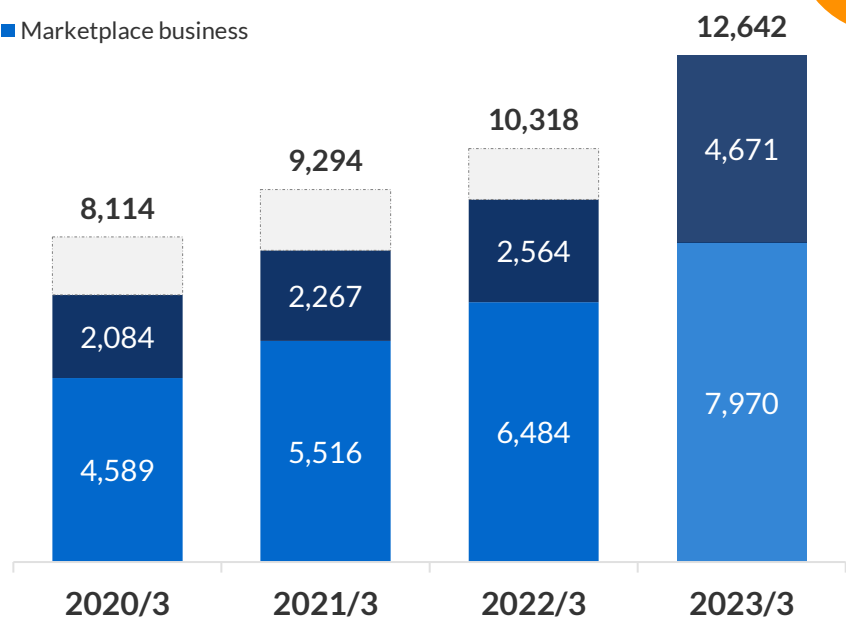
(Unit: Million JPY)

■ Withdrawn business, etc.\*

■ Agent business

■ Marketplace business

Forecast  
YoY  
**+23%**



\*) Includes withdrawn businesses and consolidation adjustments. Negative figures are not shown.

### Changes in company-wide gross profit

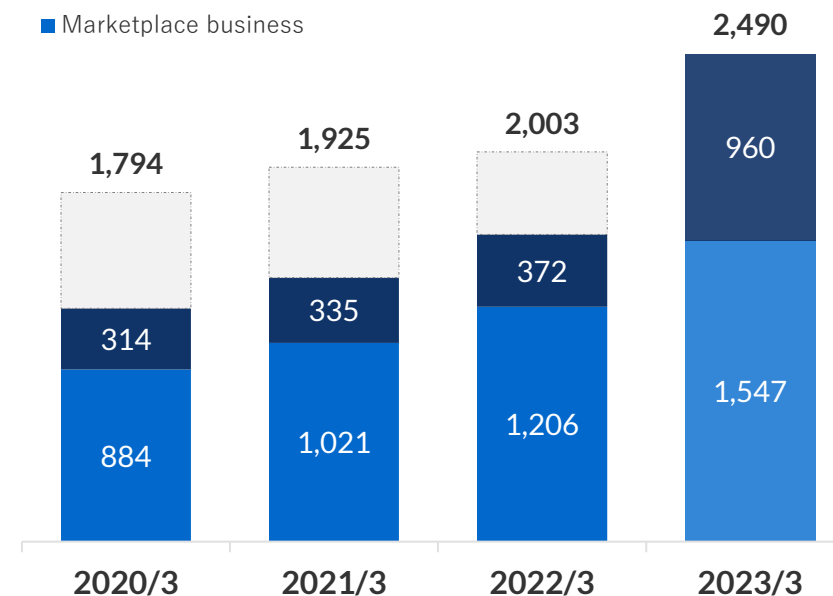
(Unit: Million JPY)

■ Withdrawn business, etc.\*

■ Agent business

■ Marketplace business

Forecast  
YoY  
**+24%**



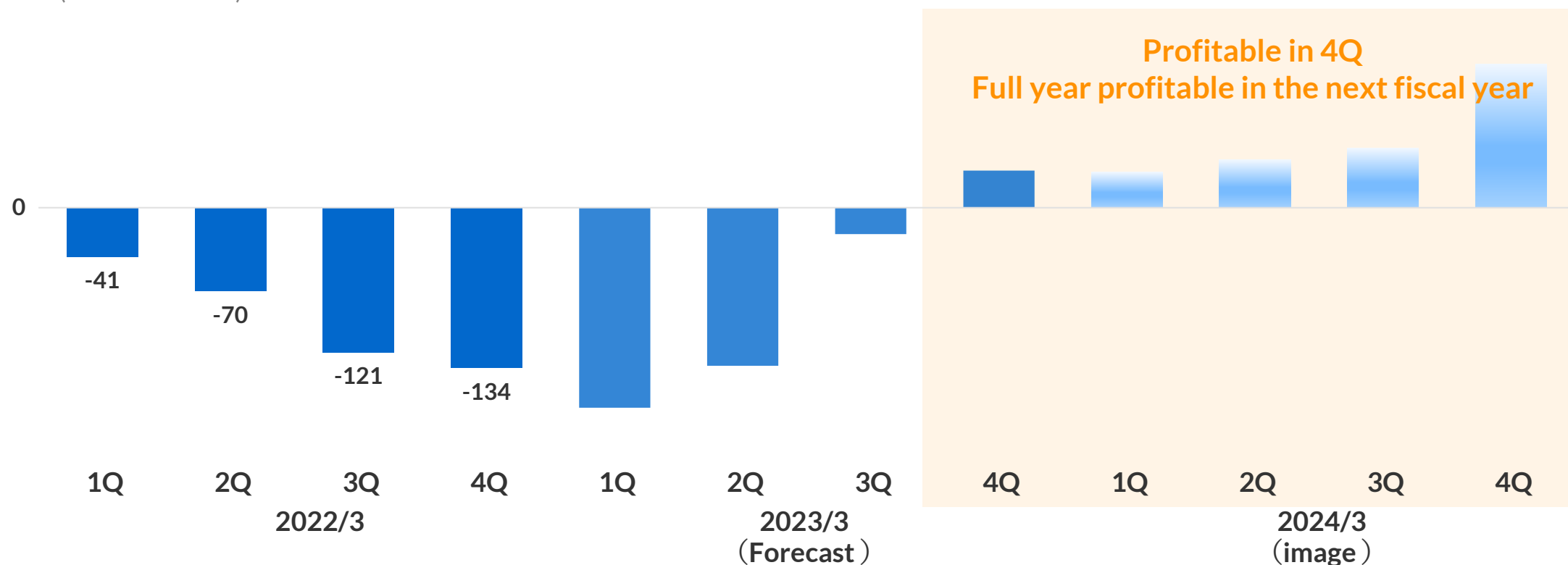
\*) Includes withdrawn businesses and consolidation adjustments. Negative figures are not shown.

## Changes in Company-wide Quarterly Operating Income

### Profitability in 4Q of the fiscal year ending March 31, 2023, and full-year profitability in the next fiscal year

Changes in company-wide operating income

(Unit: Million JPY)



## Marketplace Business Policy

In The Marketplace business, continue to invest in marketing and products to strengthen new client acquisition, while improving take rate through value-added improvements to push up the growth angle.

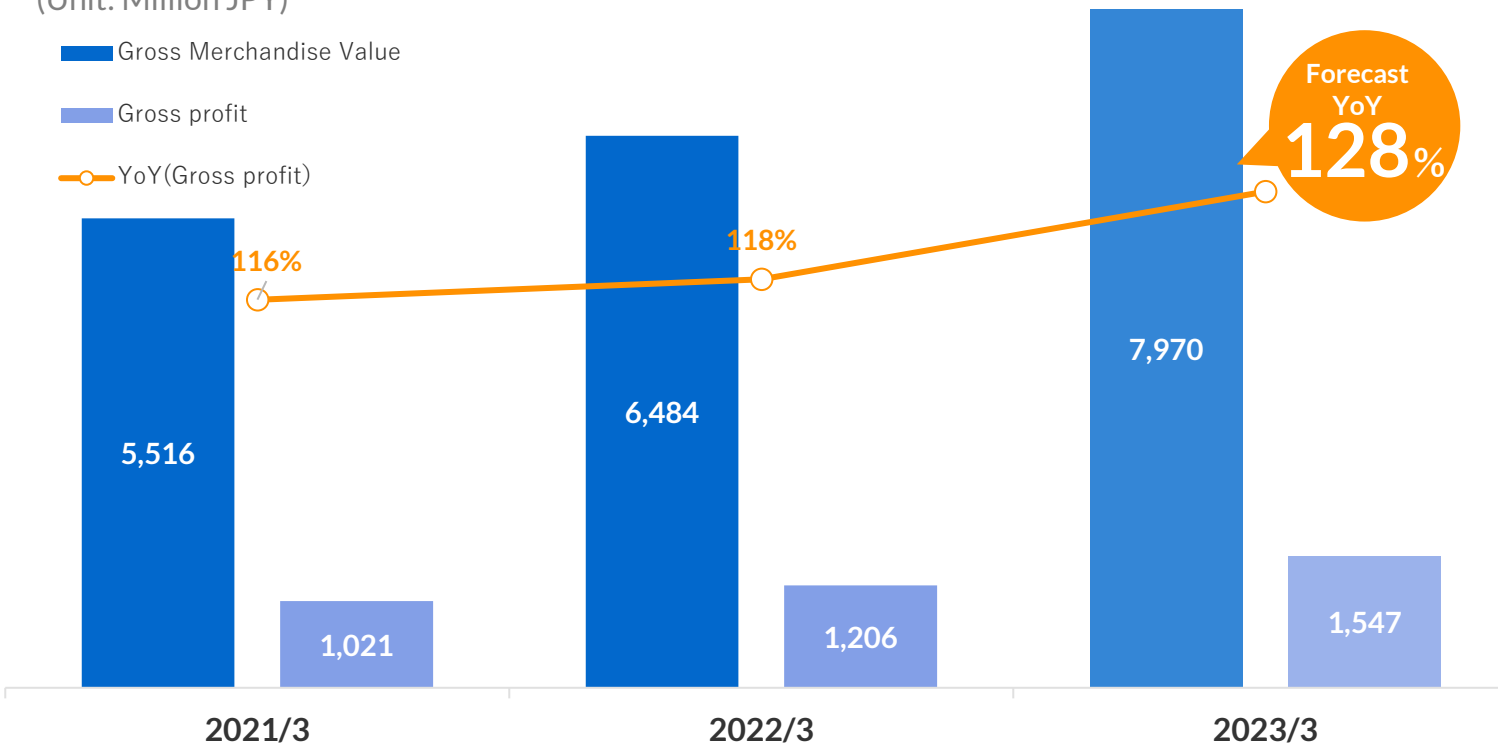
### Changes in growth rate and profitability of marketplace business

(Unit: Million JPY)

■ Gross Merchandise Value

■ Gross profit

○ YoY(Gross profit)



### Policies for FY ending March 31, 2023

Expand new client base through disciplined marketing investments

Increase No. of users and unit price through continuous product investment

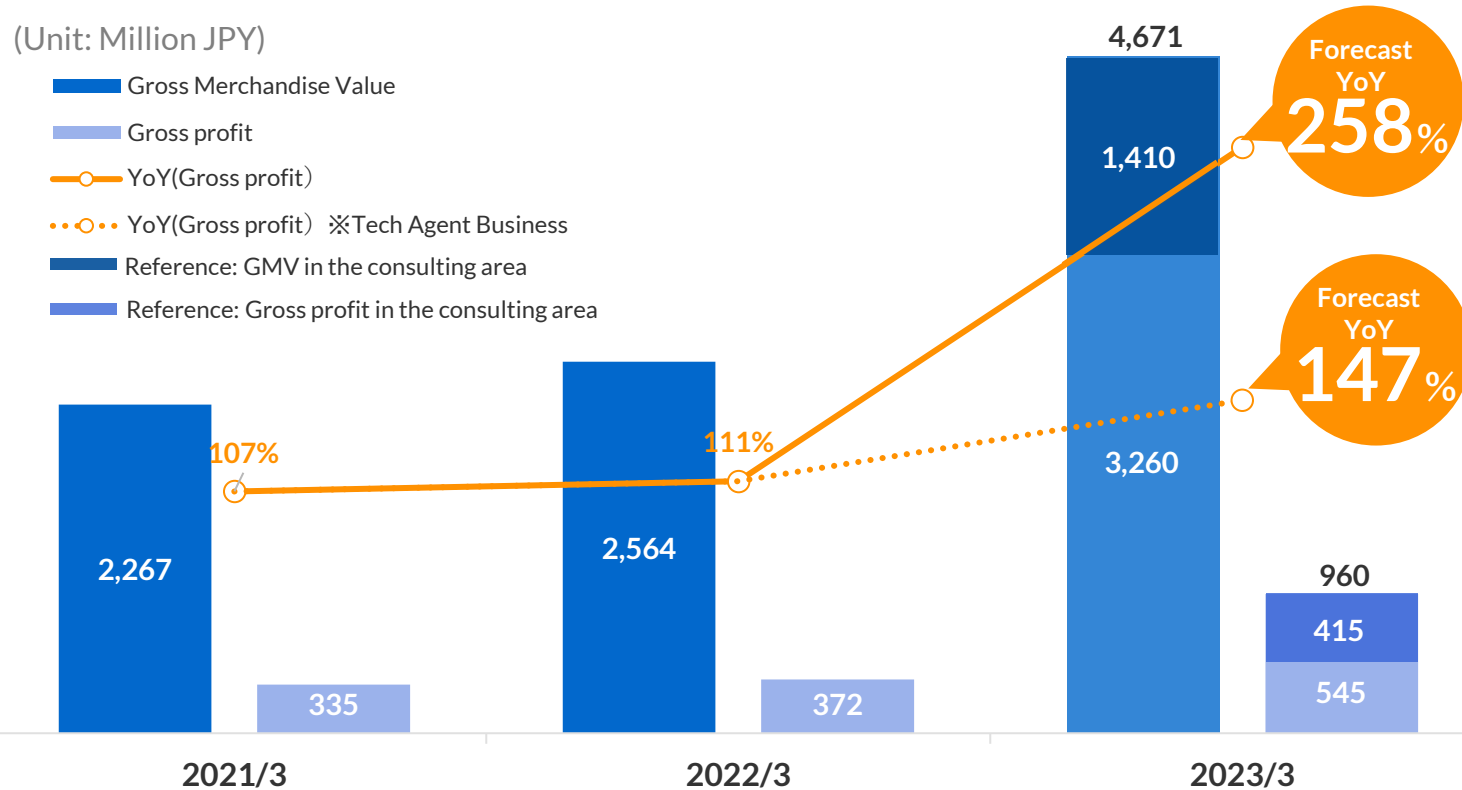
Value-added increase in Take rate improvement



In The Agent business, aim to increase gross profit by adding value through expansion of the organization and expansion of job types into new areas.

## Changes in growth rate and profitability of agent business

(Unit: Million JPY)



## Policies for FY ending March 31, 2023

Expansion of GMV through organizational expansion

Increase added value by expanding job categories into new areas

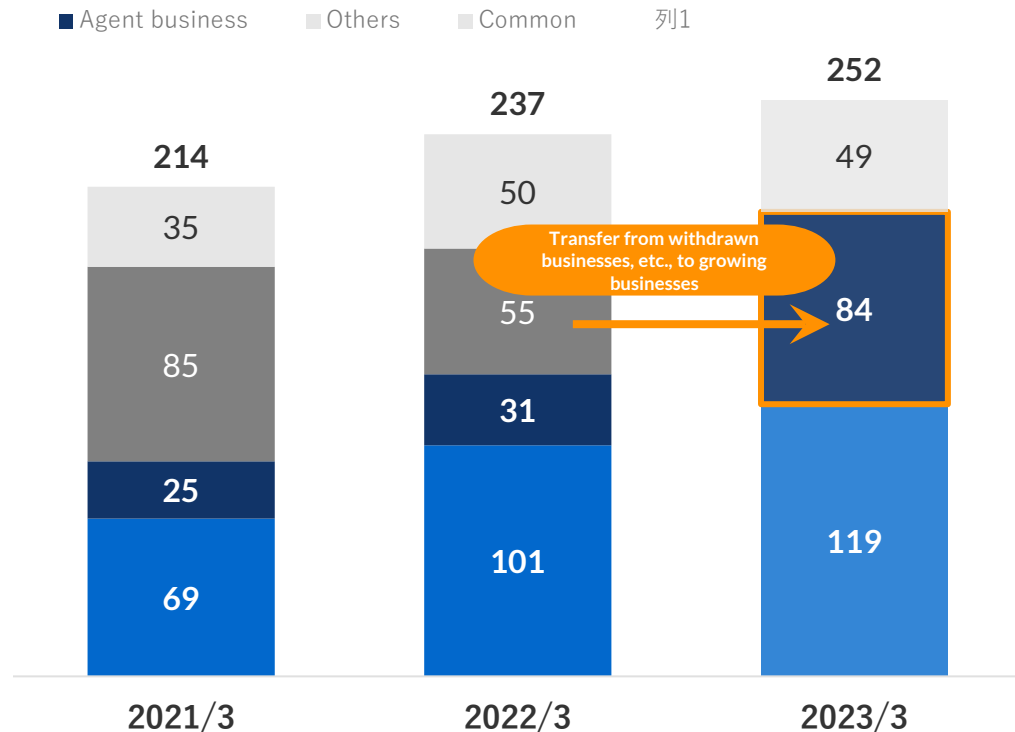
Increase productivity per capita through system investment

## Agent Business Policy : Increase gross profit through organizational expansion

**Aim to improve gross profit per employee by reallocating personnel to the agent business without significantly increasing the number of employees company-wide.**

### Trends in company-wide personnel

(Unit: Person)



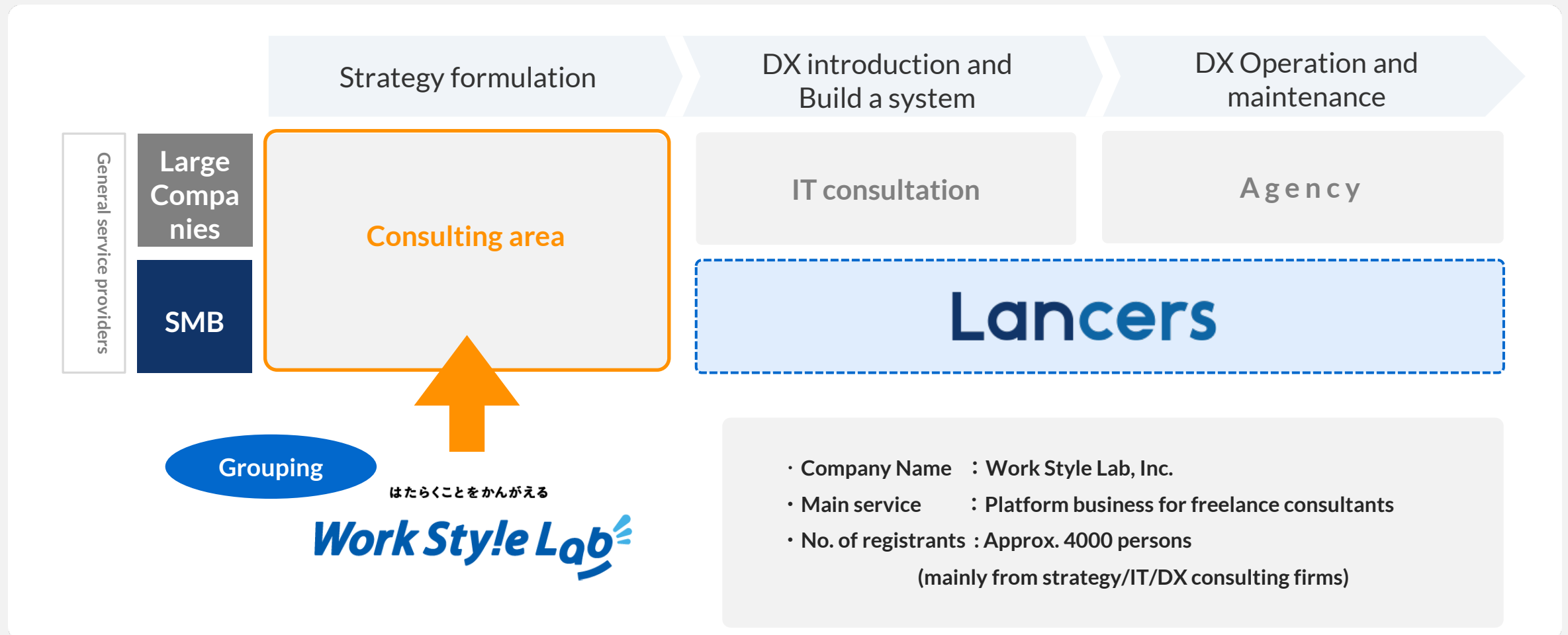
### Trends in gross profit per capita in agent business

(Unit: Million JPY)



## Agent Business Policy: Add Value by Expanding Job Types to New Areas

In order to enter the consulting domain and evolve into a platform that can provide one-stop support for corporate DX, We will acquire Work Style Lab, Inc. as a new group company.



## Forecast for FY Ending March 31, 2023

For the current fiscal year, SG&A expenses, excluding WSL, are expected to remain almost flat, and operating loss will improve.

(Unit: Million JPY)	FY ending March 31, 2022 (previous period)	FY ending March 31, 2023 (forecast)	YoY
Gross Merchandise Value*	10,318	12,642	+22.5%
Net sales	4,073	5,401	+32.6%
Gross profit	2,003	2,490	+24.3%
Selling, general and administrative expenses(SG&A)	2,370	2,780	+17.3%
Operating income /loss	△367	△289	+77
Ordinary income /loss	△358	△284	+74
Net income /loss	△672	△286	+385

\*)It is based on in-house management materials and is not an audited number.

## Forecast by FY Ending March 31,2023 by Segment\*

**Marketplace business grows to +28% YoY in gross profit due to accelerated growth.**

**Agent business aims for gross profit growth of 158% YoY, partly due to expansion into new areas.**

\*) It shows the business division of our group based on management accounting standards.

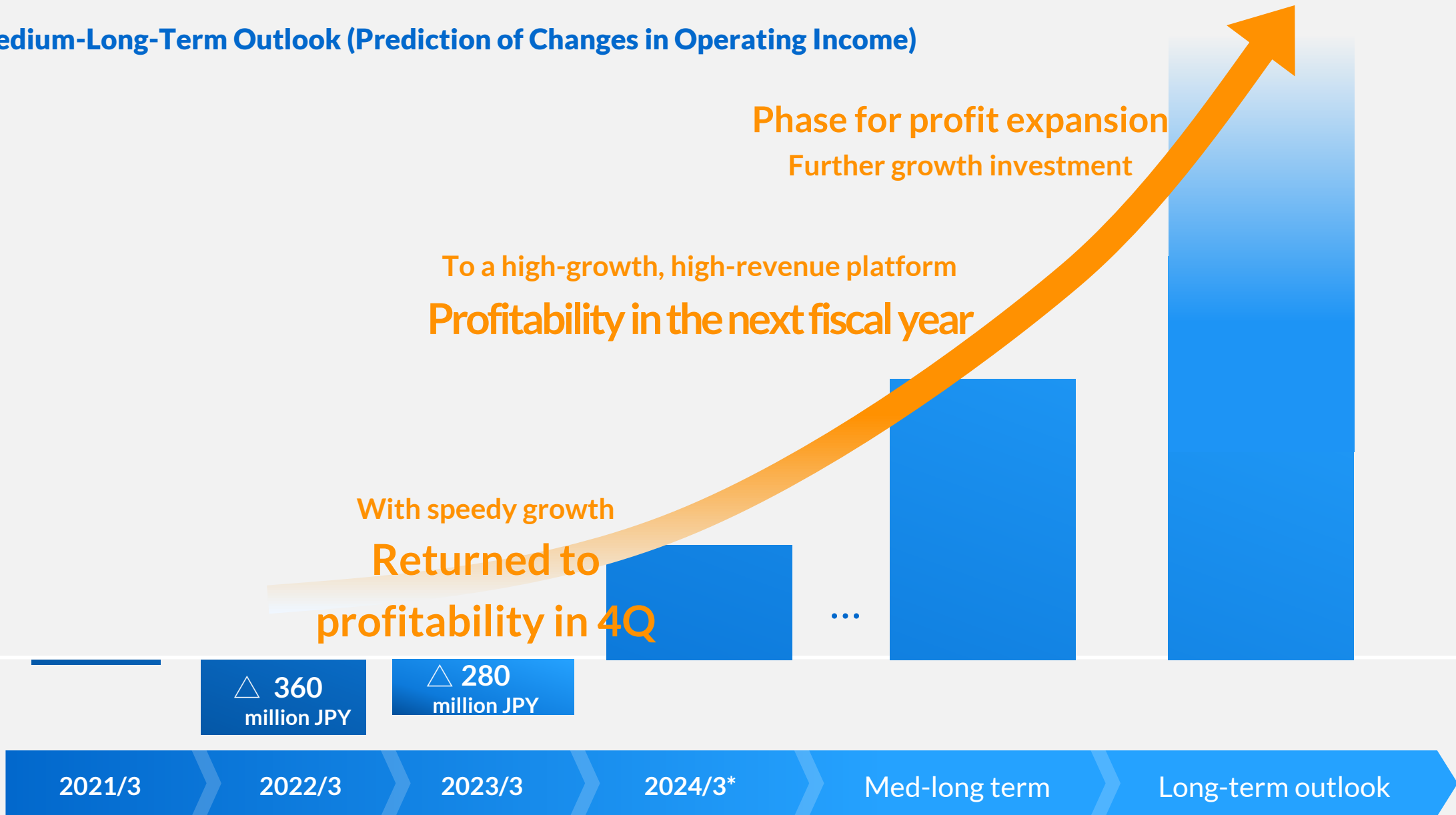
FY ending March 31, 2023 ( forecast)

(Unit: Million JPY)	Gross Merchandise Value (YoY)	Gross profit (YoY)	Take rate (YoY)	Operating/ Segment profit	Operating margin
Marketplace business	7,970 +22.9%	1,547 +28.3%	19.4% +0.8pt	338	17.8%
Agent business	4,671 +82.2%	960 +158.1%	20.6% -	17	0.5%
Others*	-	△17	-	△17	-
shared cost**	-	-	-	△628	-
Company-wide total	12,642 +22.5%	2,490 +24.3%	19.7% +0.29pt	△289	-

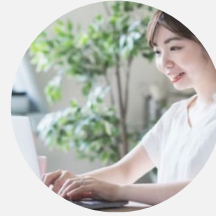
\*)Includes other gross merchandise value ,gross profit, consolidation adjustments, etc., in accordance with the Group's management accounting standards.

\*\*)Includes corporate expenses (corporate, development, etc.). Expenses directly related to business segments are not included as they are considered business expenses.

# Medium-Long-Term Outlook (Prediction of Changes in Operating Income)



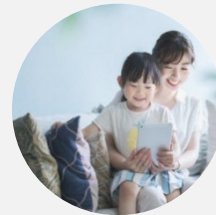
\*) While continuing to invest, we plan to return to profitability and increase profits within three years. However, if temporary expenses are incurred for medium- to long-term growth and operating income does not increase beyond the previous fiscal year, investments will be made after dialogue with the market.



# Empowerment of Individuals

By maximizing the potential of technology, Lancers will achieve the empowerment of all individuals to continue to live more smoothly, more freely, more like themselves, and with a smile on their faces.

We aim to contribute to make a better society through providing values and growth opportunities, and by revolutionizing the work-style and lifestyle of individuals.



# APPENDIX





# 1 Service Details

## 2 Lancers' Strengths

## 3 Performance Details

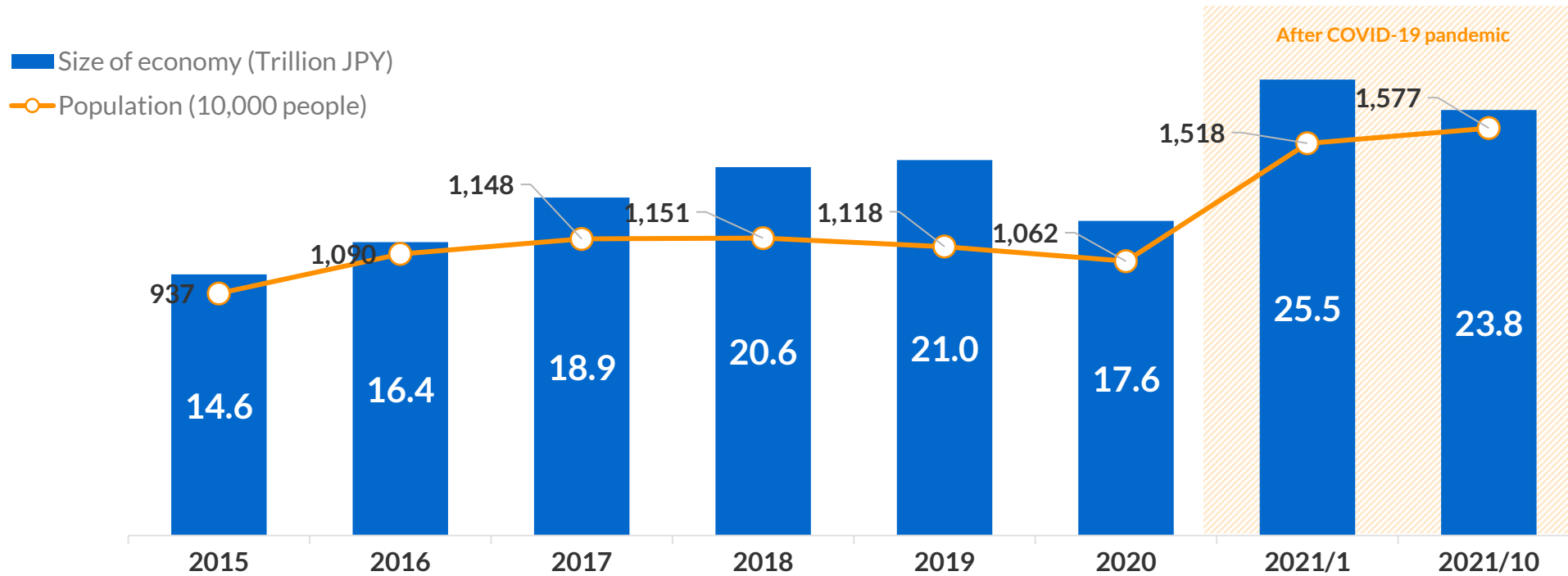
## 4 Financial Details

## 5 Initiatives for Sustainability (SDGs)

## Freelance Market Trends

Compared to 2015, the population of freelancers continues to grow by +68%.  
The size of its economy also expanded by +63%.

### Expanding the size of the freelance economy and population \*

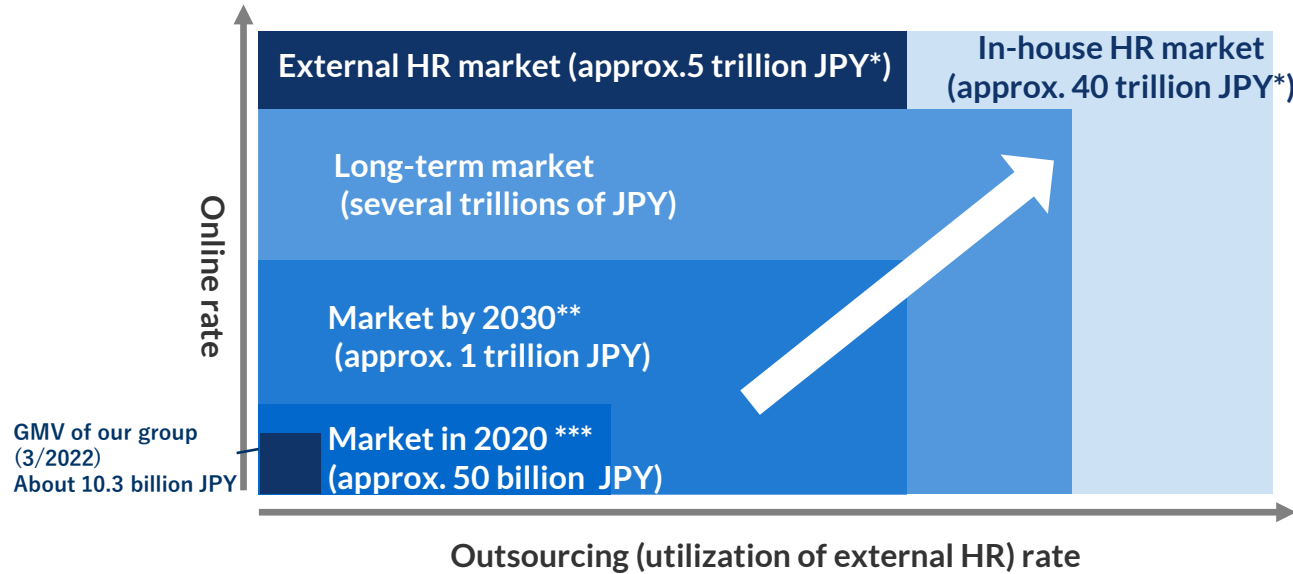


\*) Reference from "New Freelance Survey 2021-2022". Please refer to the following URL for details:  
[https://speakerdeck.com/lancers\\_pr/xin-huriransushi-tai-diao-cha-2021-2022nian-ban](https://speakerdeck.com/lancers_pr/xin-huriransushi-tai-diao-cha-2021-2022nian-ban)

Market is expected to expand to about 1 trillion JPY around 2030 as online and outsourcing become more prevalent in the future

Potential expansion of Lancers' target market

Overall market for specific occupations (approx. 45 trillion JPY\*)

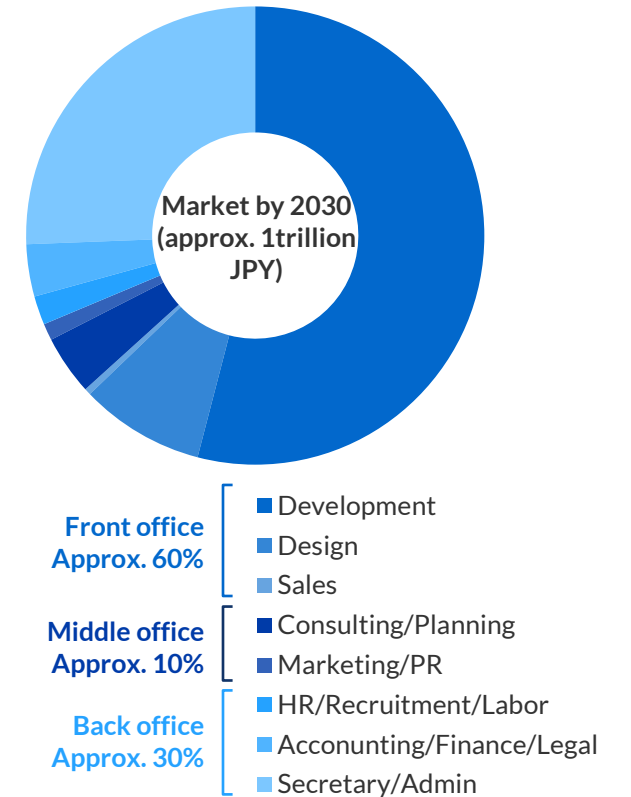


\*) We calculated the external HR utilization rate and the target HR market and estimated the market size based on materials such as 2015 National Census, 2016 Economic Census, Specified Service Industry Dynamic Statistics Survey August 2020, Reiwa 1st Annual Wage Structure Basic Statistics Survey, Yano Research Institute "2020-2021 BPO (Business Process Outsourcing) Market" Actual conditions and prospects", Industry Trends SEARCH.COM, Career Change Service doda" Average Annual Income Ranking by Job Type 2019".

\*\*)The online rate of specific occupations (weighted average online rate of 31%) is estimated from the "Freelance Survey 2020" conducted by our group in February 2020 and the "Freelance Survey 2021" conducted in February 2021, calculating the market size from the above data. We estimate that the figures will reach around 2030 from the growth rate of other companies in the same industry (average 30-40%).

\*\*\*)It is estimated from GMV disclosed by other companies in the same industry.

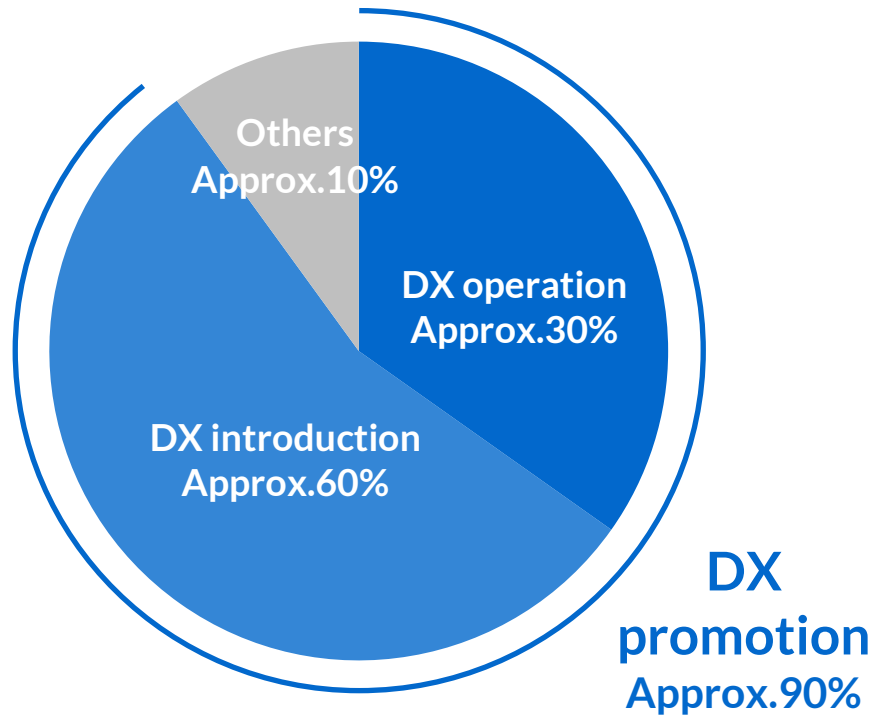
Market size ratio by specific occupations



## Needs Target

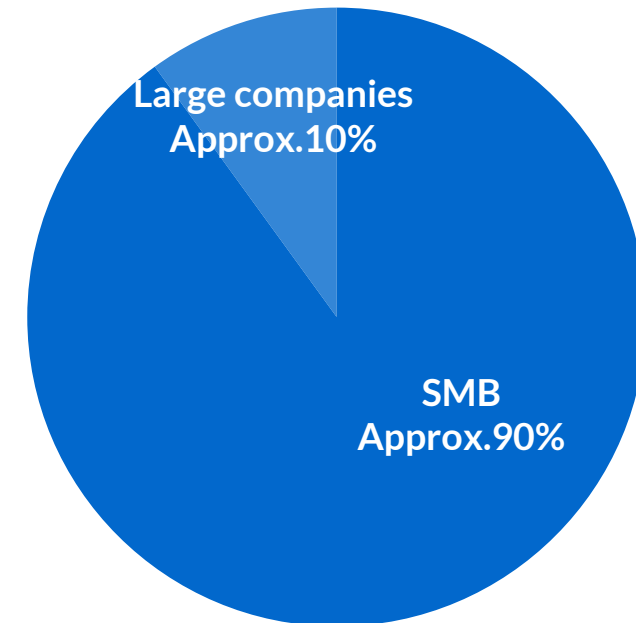
Approximately 90% of work distributed by Lancers is related to DX promotion, and most of the clients are SMBs.

Percentage by needs of distributed work\*



\*)Percentage of Gross Merchandise Value of our group by other details.

Percentage of clients by size\*



\*)Percentage of Gross Merchandise Value of our group by size of client companies.

## Our Services We Offer from Our Business Segments\*

Disclosed by business segments\* due to the impact of the pandemic that differs for each business. Reported market changes and strategic updates by each segment.

\*)It shows the business division of our group based on management accounting standards.

### Our group's business segments

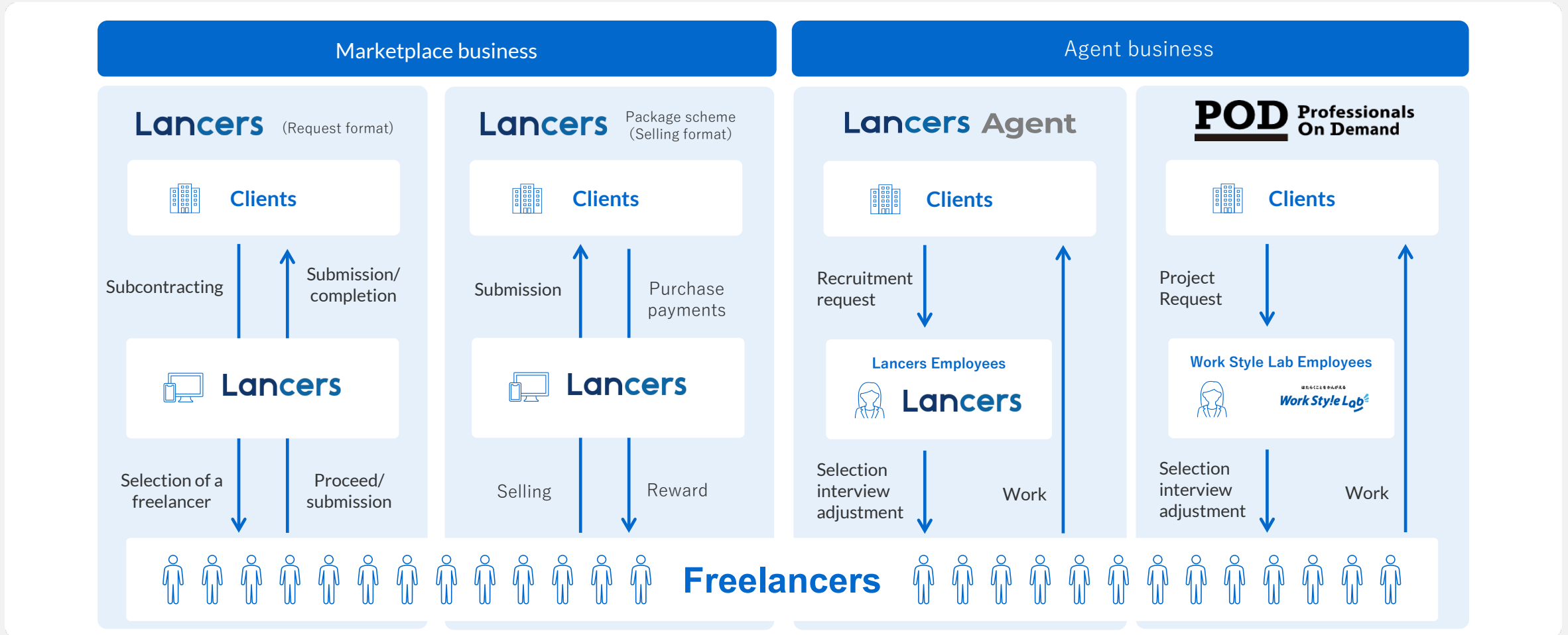
	Major services	Major clients	Major categories	Business models	Take rate*
Marketplace business	<b>Lancers</b>	SMB	Development/operation Creative production Back office	Directly used by companies online	Approx.18%-19%
Agent business	<b>Lancers Agent</b> <b>POD Professionals On Demand</b>	SMB Large companies	Development/operation Creative production Consulting	IT human resource support provided by our staff	Approx. 14%-15%

\*)Take rate level for the previous year.

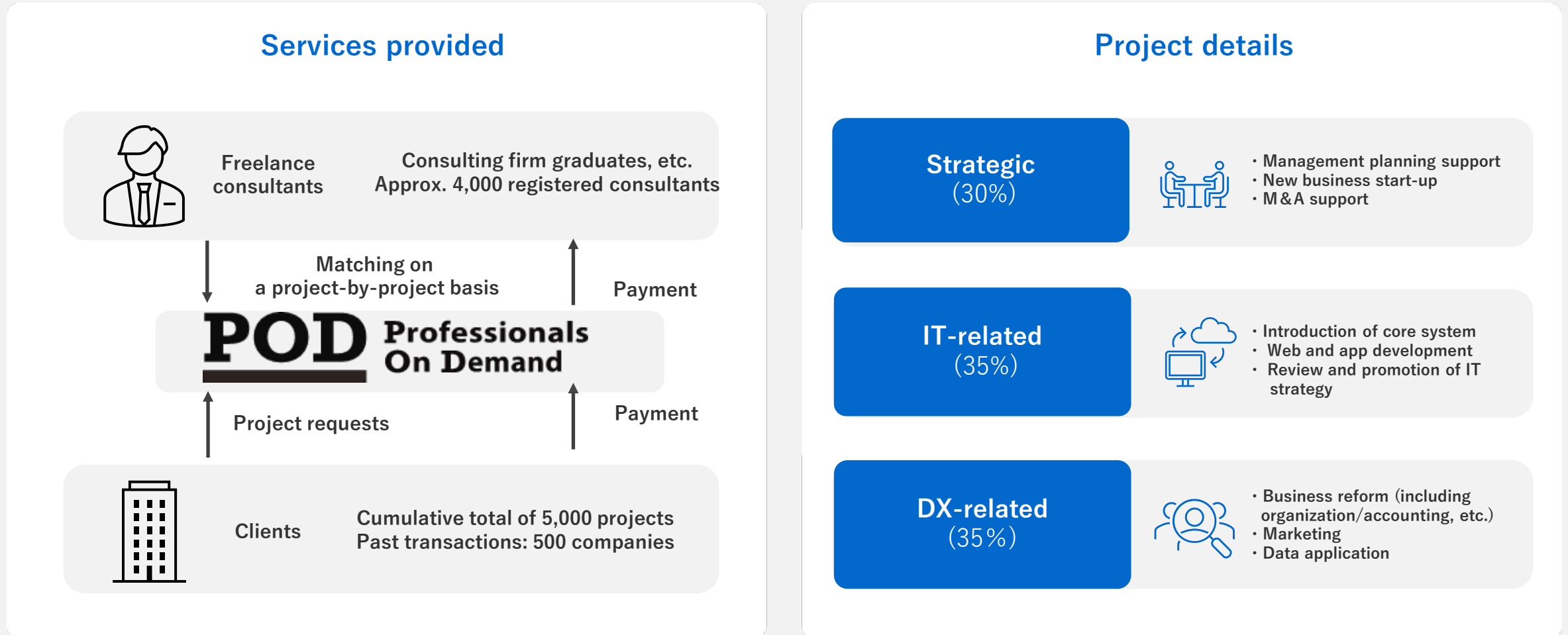
\*\*\*) Workstyle Lab's Professionals on Demand is not disclosed at this time due to the lack of achievements of our group

## Each Service Models

Lancers has a common platform and offer multiple services depending on the needs of our clients.



Work Style Lab, Inc. offers “Professionals On Demand (POD)” as its main service, which mediates between registered consultants and large and small-to-medium companies (SMB).

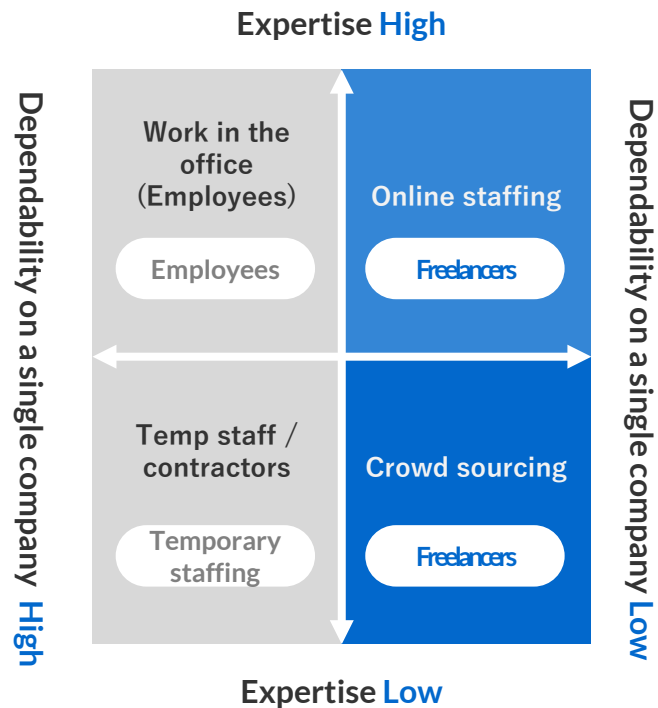


## Differences from Other Human Resource Services

Highly convenient in terms of human resource expertise, completion online, and Overwhelming speed.

### Expertise in HR

Providing highly specialized personnel



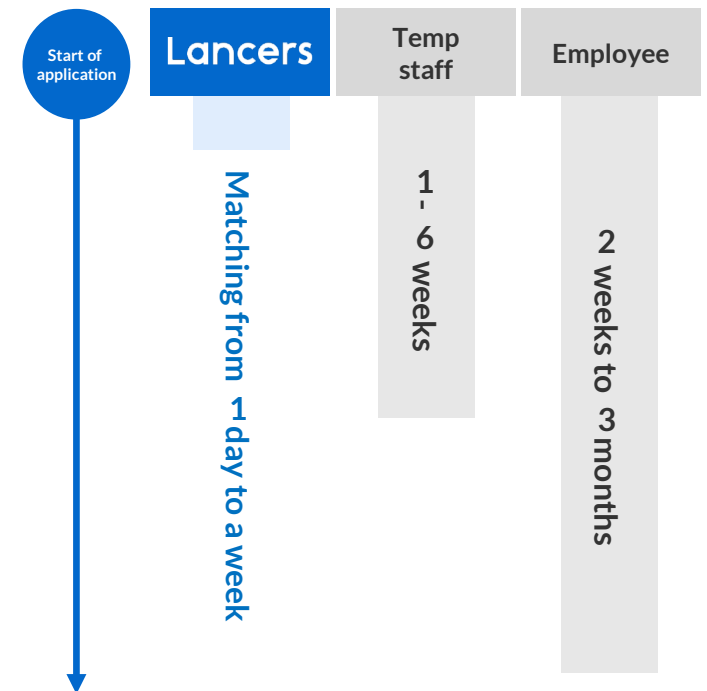
### Completion online

Providing a workflow that is completed online



### Overwhelming speed

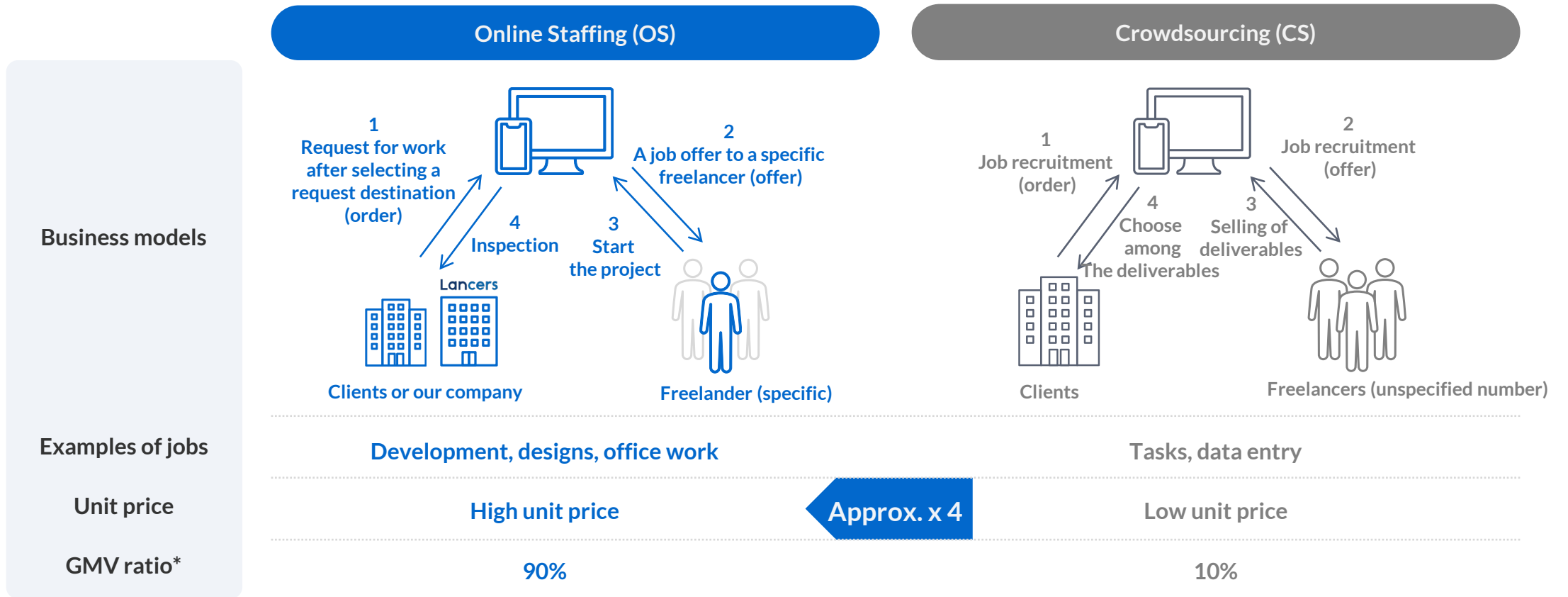
Providing resources immediately when needed





Online staffing\* (OS) that provides a job offer to specific individual is our main feature, which contributes 90% of Gross Merchandise Value. It puts us on a unique position in Japan.

\*)Online staffing (OS) is an abbreviation for online staffing platform.



\*)Percentage of our group's GMV.

1 Service Details

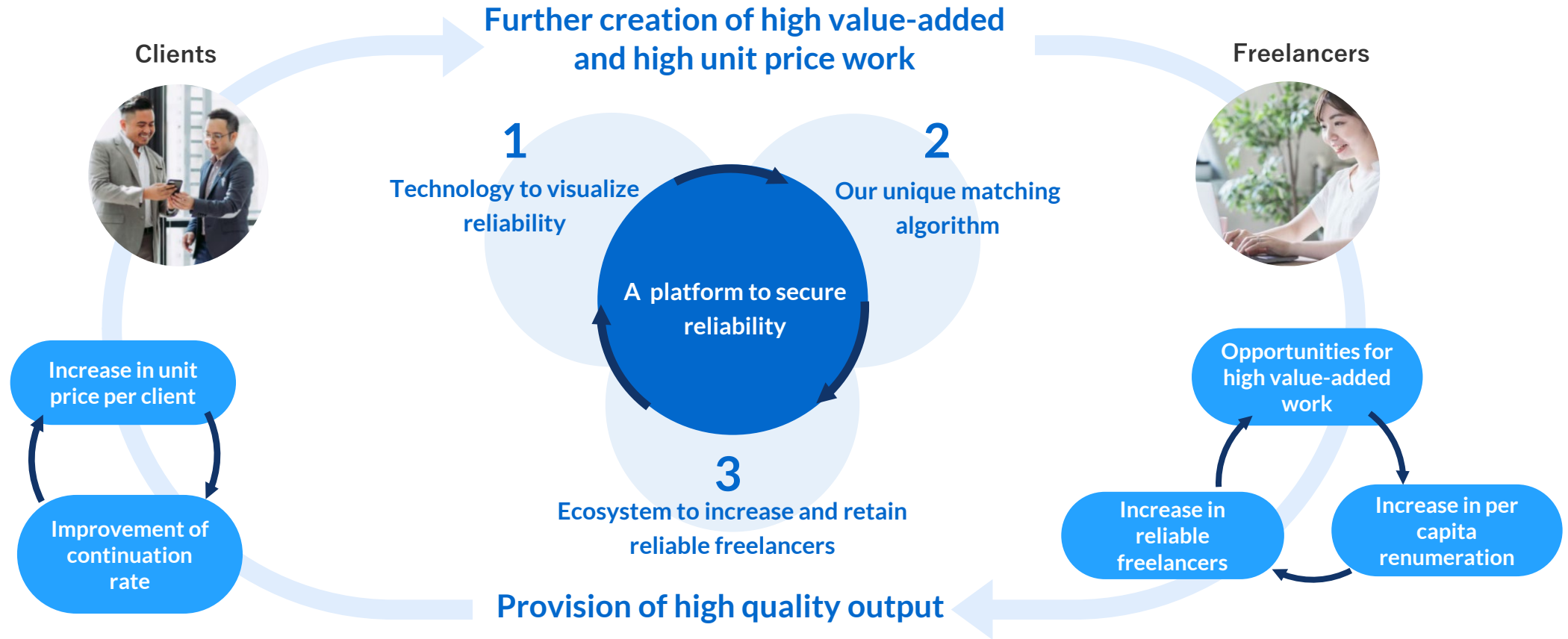
**2 Lancers' Strengths**

3 Performance Details

4 Financial Details

5 Initiatives for Sustainability (SDGs)

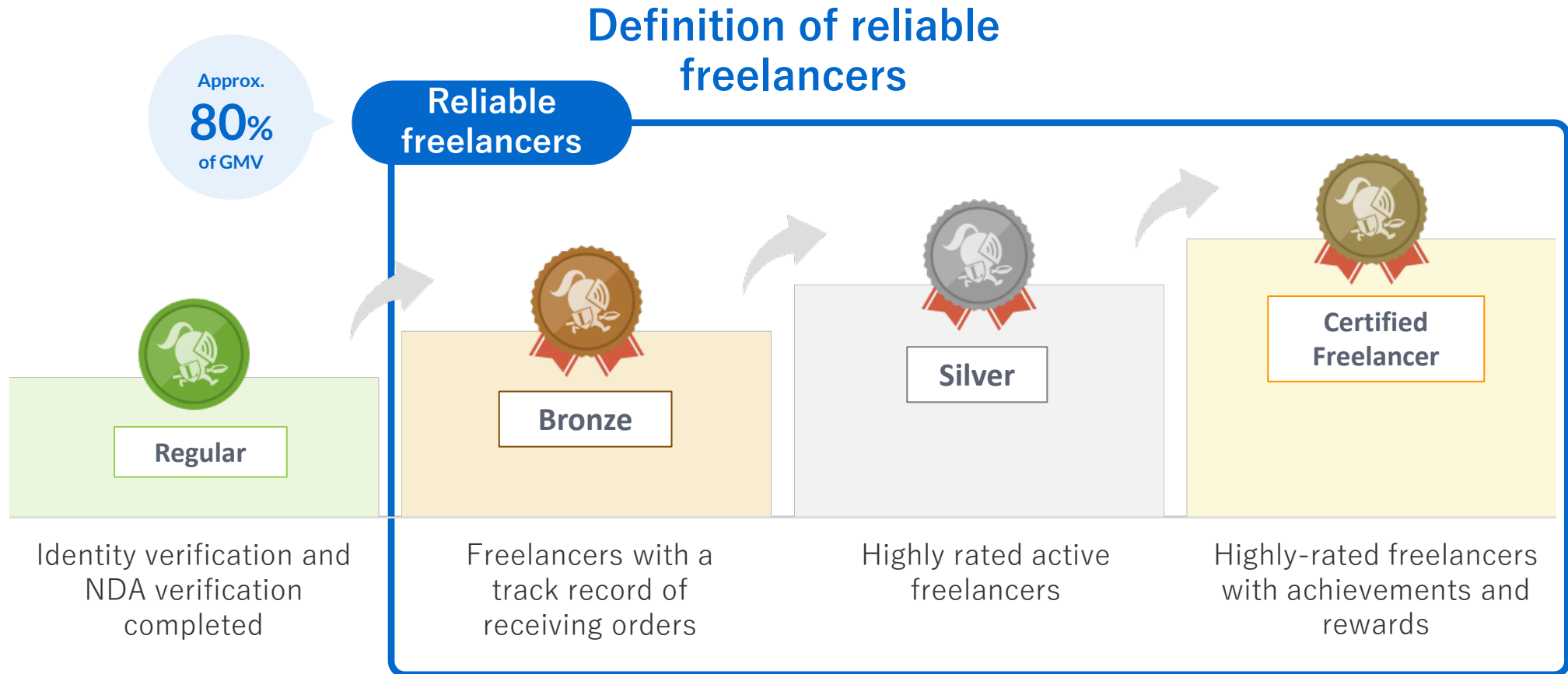
# Establishing a platform for the distribution of high value-added work by guaranteeing reliability.



## Reference: Definition of Reliable Freelancers

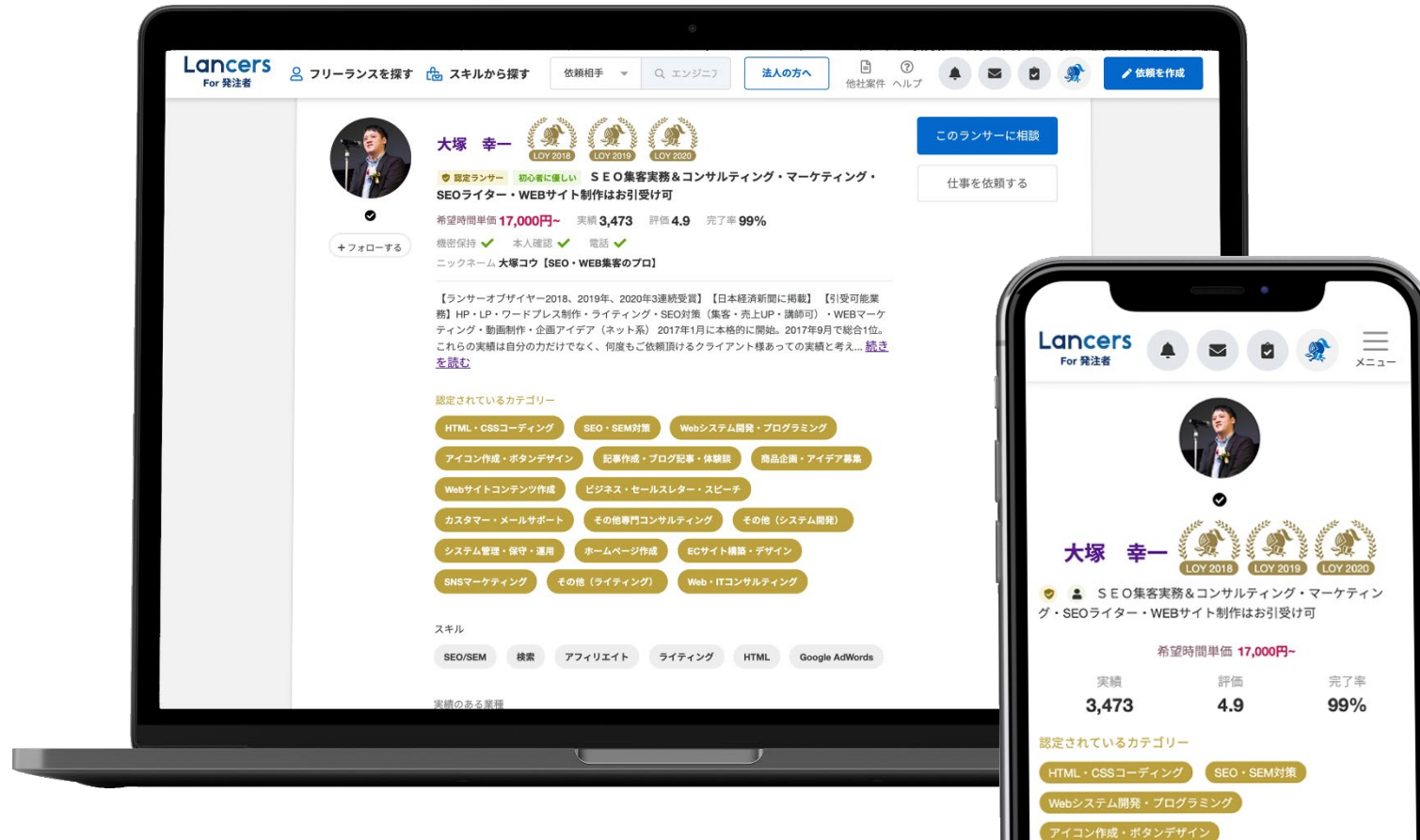
Rank evaluation is conducted and certified every month.

Increasing reliable freelancers to establish a higher quality and more valuable platform.



## 1. Technology to visualize “reliability”

We have developed a mechanism that recommends a real-name system that is effective for strengthening reliability and displays it with priority



## 2. Our unique matching algorithm

It promotes matching with reliable freelancers and clients

Matching freelancers with clients with high affinity

Register reliable data



- ✓ Real names
- ✓ ID photos
- ✓ Skills
- ✓ Achievements



Request projects at appropriate price

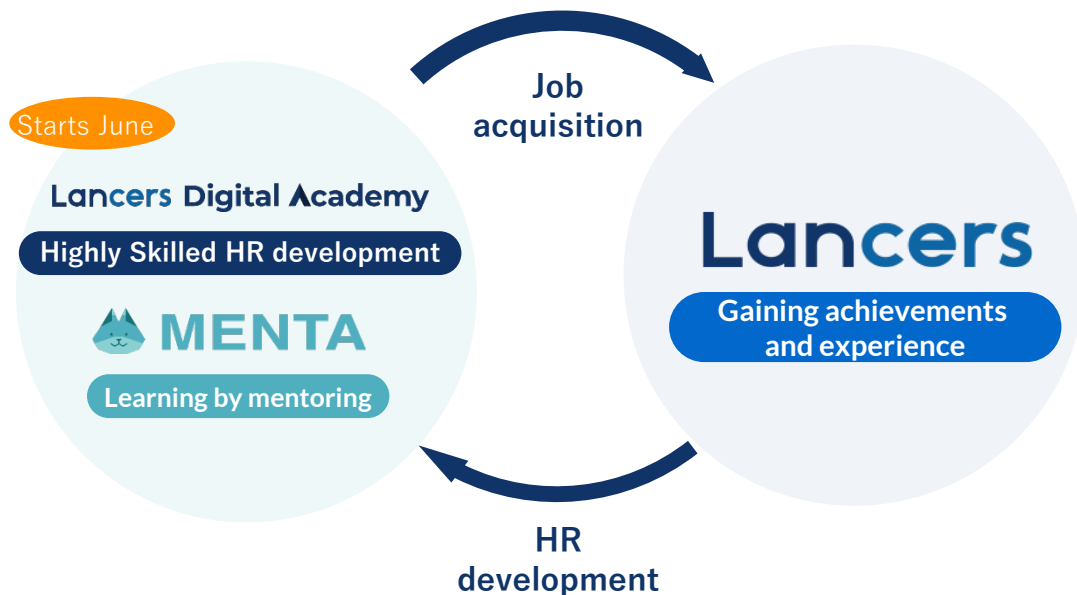


- ✓ Best prices
- ✓ Fair prices
- ✓ Difference from market price

### 3. Ecosystem to increase and retain reliable freelancers

Develop and secure highly skilled freelancers by establishing a cycle of skill acquisition and job acquisition.

#### Reinforcing the cycle of skill acquisition and job acquisition



#### Features of “Lancers Digital Academy” linking highly skilled HR development and job acquisition



Learn the skills and knowledge of the top players in the industry



Learn cutting-edge skills from high-quality video materials through full online learning

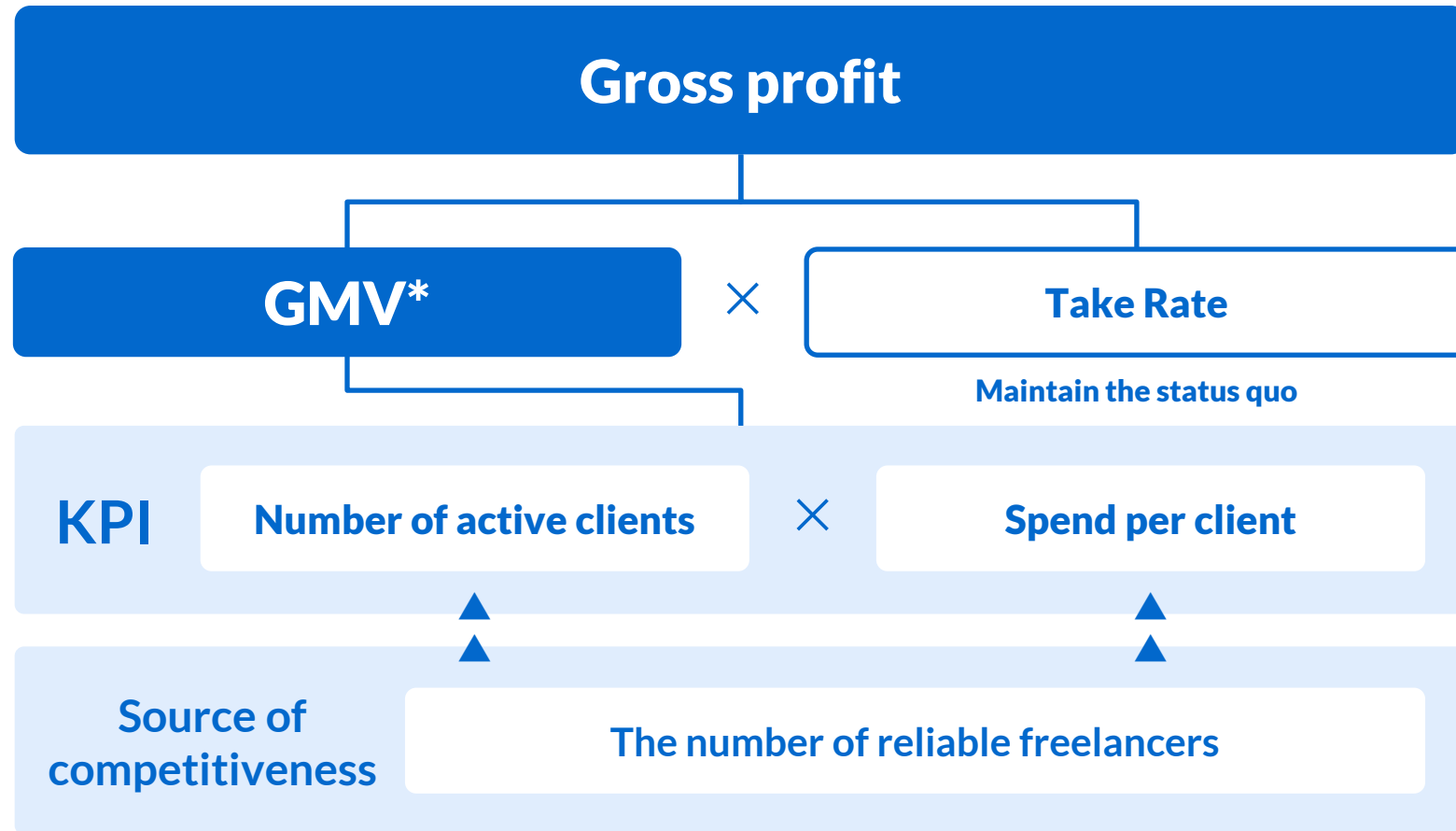


Experience an unprecedented learning environment through virtual classrooms that create interaction in a virtual space

- 1 Service Details
- 2 Lancers' Strengths
- 3 Performance Details**
- 4 Financial Details
- 5 Initiatives for Sustainability (SDGs)



Emphasizing expansion of Gross Merchandise Value and Gross profit representing our added value.

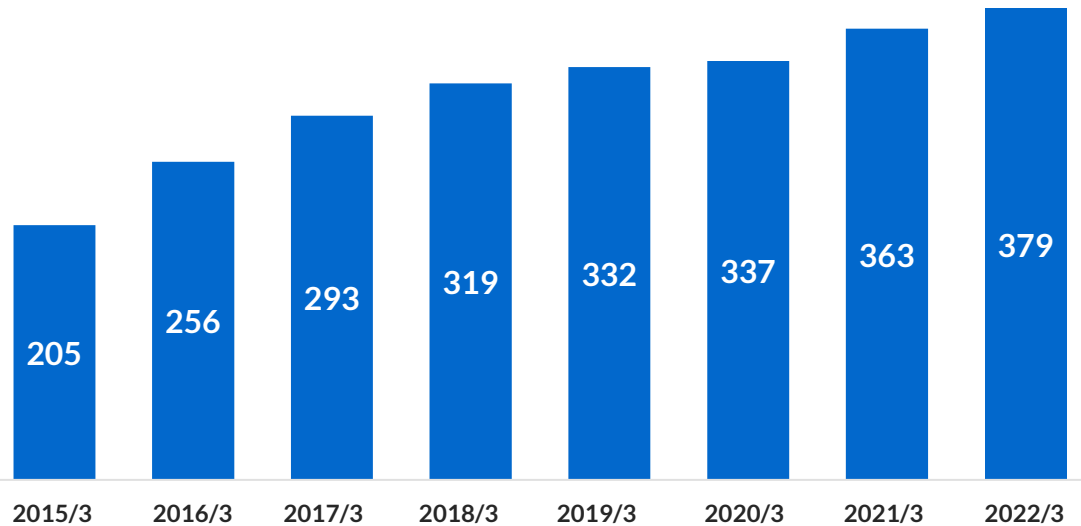


## Changes in the Number of Client Companies and Usage Amount (Annual)

The number of clients and the amount spent by clients remained steady.

### Annual trends in number of active clients \*

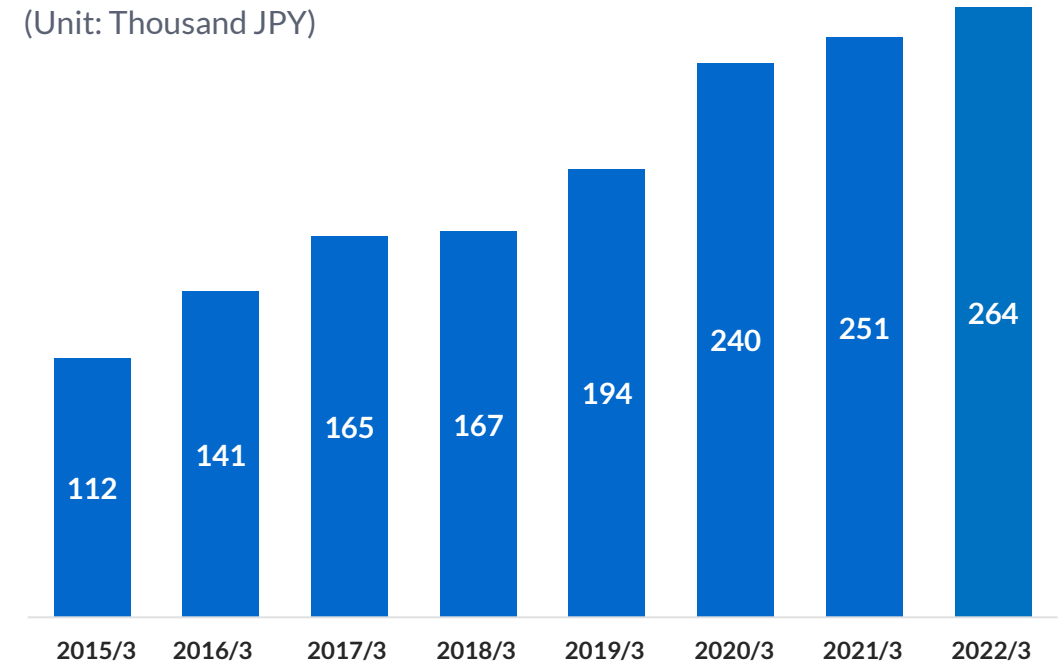
(Unit: Hundred active clients )



\*) It indicates the "number of clients" as the "number of active clients" respectively up to the 1<sup>st</sup> quarter financial statements for the fiscal year ended March 2021.

### Annual trends in spend per client\*

(Unit: Thousand JPY)



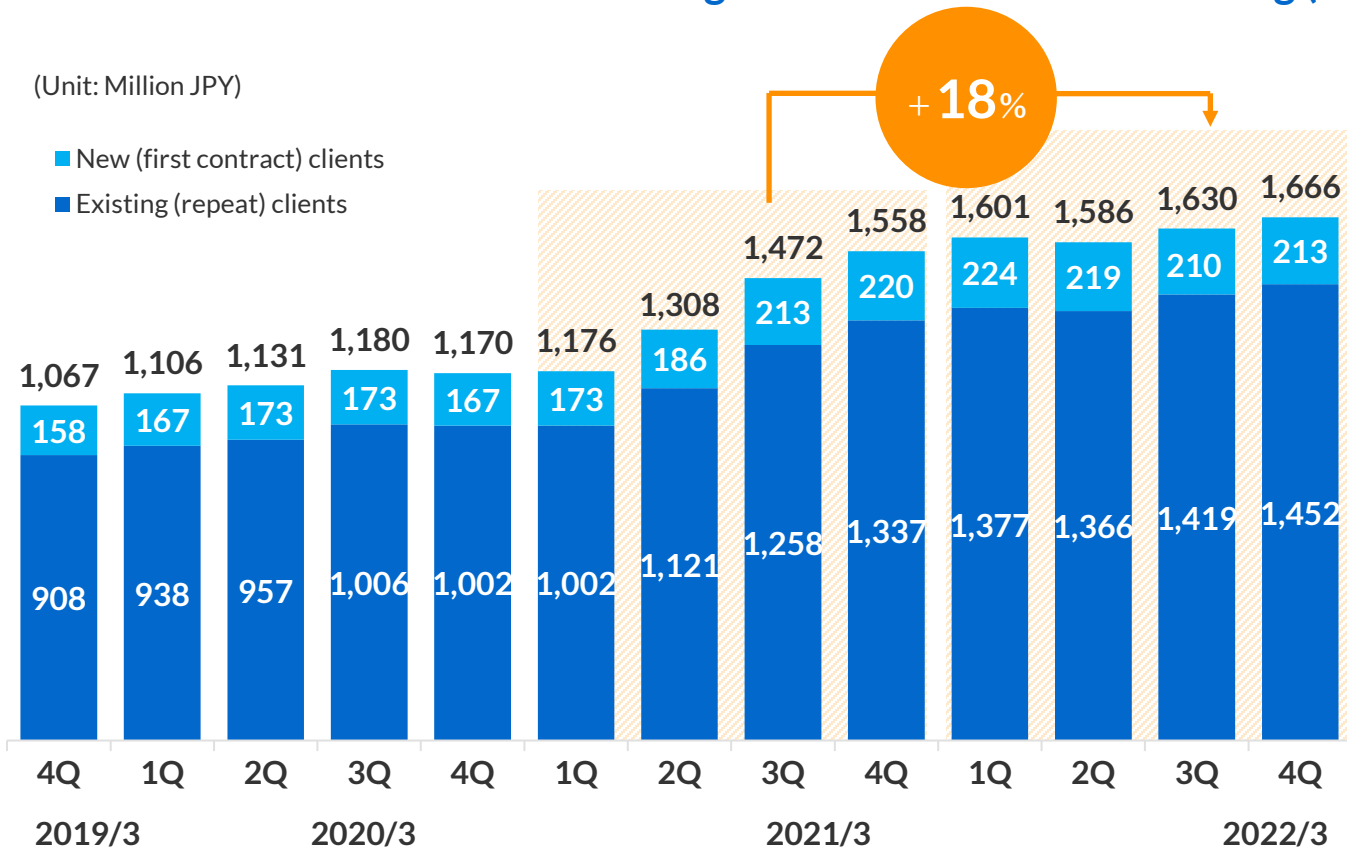
\*) It indicates the "unit price of clients" as the "spend per client" respectively up to the 1<sup>st</sup> quarter financial statements for the fiscal year ended March 2021. The spend per client indicates the average spend per client during the limited period. It does not include businesses in other areas such as "Lancers AREA PARTNER", "Sharefull" and "MENTA".

## GMV of new clients and existing clients diverge from the target line of sight

Changes in GMV of new and existing (repeat) clients

(Unit: Million JPY)

- New (first contract) clients
- Existing (repeat) clients



+18%

GMV of new clients

YoY + 9%

Delayed recovery of investment, effect will be reflected from this fiscal year onward.

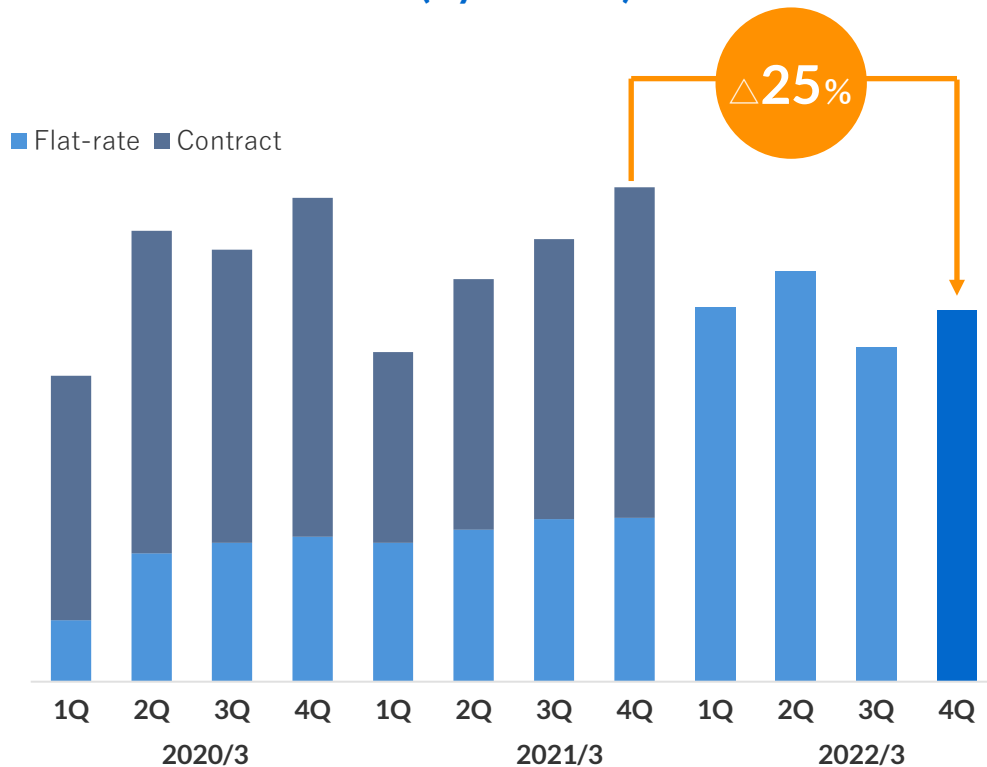
GMV of existing clients

YoY + 19%

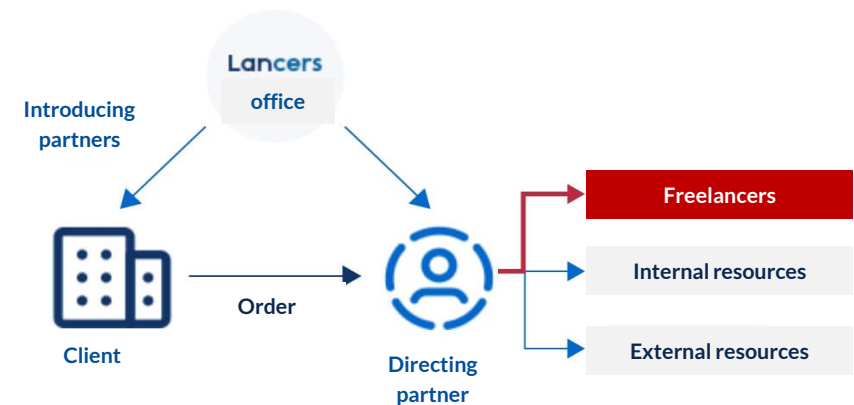
Steady accumulation but affected by new clients

# Withdrawal of contract-based services and flat-rate services, and transfer of some clients to existing services

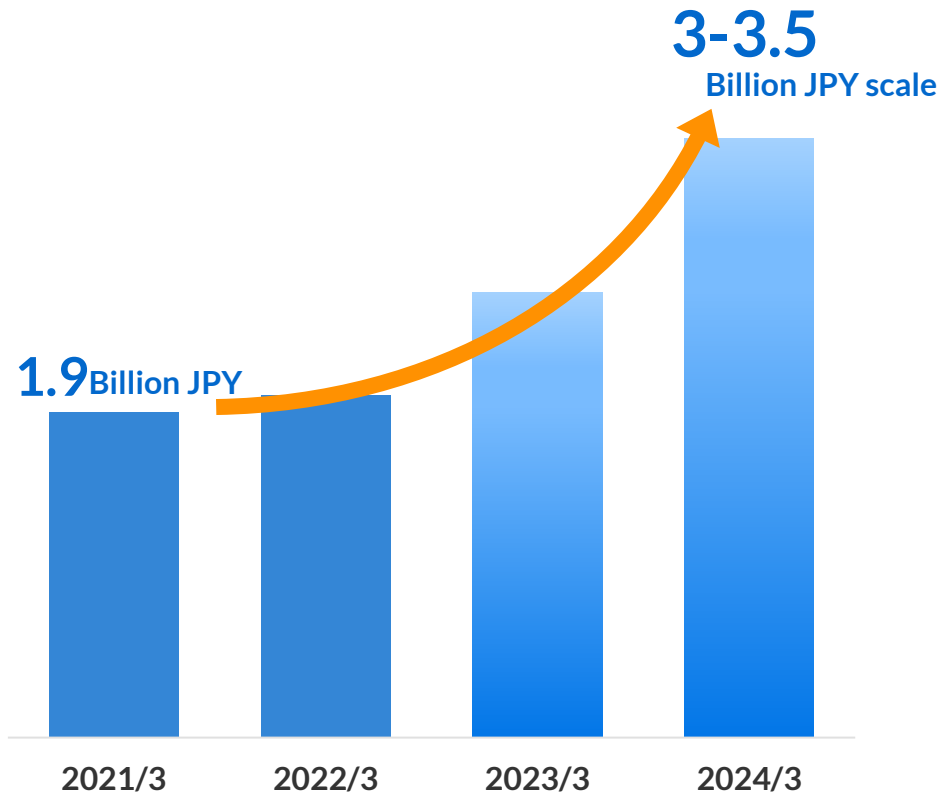
Changes in GMV of manages service business (by service)



## Some clients transferred to existing services



## Company-wide target transition of gross profit



### Increasing profits by restructuring peripheral businesses

- Increasing profits by regrowth of tech agent business  
[\(consolidate into the agent business\)](#)
- Stabilizing profits by restructuring the managed service business

### Business expansion by building an ecosystem for individuals

- Provide new compensation opportunities that are not limited to existing work areas
- Expand the value of services provided to lancers and individuals, such as education

### Expand client LTV through platform evolution

- Diversifying product matching mechanisms
- [Take-rate changes due to value-added improvements](#)
- Promoting continuous usage by strengthening customer success

### Attracting new clients by expanding categories

- Subdividing existing categories based on market needs
- Launch and expansion of new categories with high market needs
- [Entry into high value-added consulting areas](#)

- 1 Service Details
- 2 Lancers' Strengths
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## Consolidated P/L for FY Ending March 31, 2022 (Single Quarter)

**SG&A expenses increased due to intensive investment in the marketplace business.**

**Impact on sales structure due to structural shift toward withdrawal from managed services business.**

(Unit: Million JPY)	4Q of FY Ending March 31, 2022 (single quarter)	4Q of FY Ending March 31, 2021 (Previous single quarter)		3Q of FY Ending March 31, 2022 (Previous single quarter)	
	Actual	Actual	% change	Forecast	% Achievement
Gross Merchandise Value*	2,690	2,593	+3.7%	2,575	+4.5%
Net sales	1,066	1,081	△1.4%	1,001	+6.5%
Gross profit	521	542	△3.9%	493	+5.6%
Selling,general and administrative expenses(SG&A )	655	491	+33.3%	614	+6.6%
Operating income /loss	△134	50	-	△121	-
Ordinary income /loss	△130	54	-	△119	-
Net income /loss	△376	47	-	△119	-

\*)It is based on in-house management materials and is not an audited number.

## Financial Results by Segment\* for 4Q (Single Quarter) of FY Ending March 31, 2022

The marketplace business will be reviewed as the recovery of investment has been pushed back. The managed service business scaled back for withdrawal. The tech agent business is on a renewed growing trend.

\*) It shows the business division of our group based on management accounting standards.

(Unit: Million JPY)	4Q(single quarter) of FY Ending March 31, 2022					3Q of FY Ending March 31, 2022 (Previous single quarter)		
	Gross Merchandise Value (YoY)	Net sales (YoY)	Gross profit (YoY)	Sales/segment profit	Operating margin	Gross Merchandise Value % change	Net sales % change	Gross profit % change
Marketplace business	1,666 +6.9%	320 +10.8%	309 +7.2%	△6	-	+2.2%	+3.3%	+ 1.7%
Managed service business	316 △24.8%	287 △24.9%	115 △22.9%	27	9.7%	+11.3%	+11.2%	+20.1%
Tech agent business	707 +21.3%	462 +22.2%	99 +16.0%	11	2.4%	+7.2%	+5.9%	+3.1%
Others*	0	△4	△4	△167	-	-	-	-
<b>Total</b>	<b>2,690 +3.7%</b>	<b>1,066 △1.4%</b>	<b>521 △3.9%</b>	<b>△134</b>	<b>-</b>	<b>+4.5%</b>	<b>+6.5%</b>	<b>+5.6%</b>

\*) It includes other Gross Merchandise Value amount, sales, gross profit, company-wide expenses (corporate/development, etc), consolidated adjustments, etc in our management accounting standards. Expenses directly linked to business segments are not included because they are considered as business expenses.



## Financial Results by Segment\* for Full Year Ending March 31, 2022

The marketplace business fell short of the forecast due to client acquisition issues. The managed services business is making progress toward withdrawal. The tech agent business is expanding as the market recovers.

\*) It indicates our group's business segmentation based on management accounting standards.

(Unit: Million JPY)	FY Ending March 31, 2022 ( Full-year )					FY Ending March 31, 2022 (Forecast)		
	Gross Merchandise Value (YoY)	Net sales (YoY)	Gross profit (YoY)	Sales/segment profit	Operating margin	Gross Merchandise Value achievement rate	Net sales achievement rate	Gross profit achievement rate
Marketplace business	6,484 +17.6%	1,251 +22.4%	1,206 +18.0%	169	13.6%	90.8%	94.2%	90.8%
Managed service business	1,269 △10.6%	1,153 △10.6%	438 △15.0%	64	5.6%	124.4%	124.5%	111.0%
Tech agent business	2,564 +13.1%	1,682 +15.1%	372 +11.0%	68	4.1%	101.4%	101.6%	102.5%
Others*	0	△13	△13	△669	-	-	-	-
Total	10,318 +11.0%	4,073 +5.3%	2,003 +4.0%	△367	-	96.5%	104.4%	96.4%

\*) It includes other Gross Merchandise Value amount, sales, gross profit, company-wide expenses (corporate/development, etc), consolidated adjustments, etc in our management accounting standards. Expenses directly linked to business segments are not included because they are considered as business expenses.

## Performance Trends by Segment\*

\*)It shows the business division of our group based on management accounting standards.

(Unit: Million JPY)		FY2018				FY2019				FY2020				FY2021			
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Gross	Marketplace business	960	1,000	1,070	1,067	1,106	1,131	1,180	1,170	1,176	1,308	1,472	1,558	1,601	1,586	1,630	1,666
Merchandise	Managed service business	290	271	264	308	260	389	370	413	280	341	375	421	318	349	284	316
Value	Tech agent business	213	293	327	384	410	489	566	617	587	546	549	582	575	621	659	707
	Others*	0	0	0	0	0	3	3	0	18	25	16	31	0	0	0	0
Net sales	Marketplace business	201	199	212	216	213	222	224	223	220	242	269	289	309	311	310	320
	Managed service business	241	251	246	285	240	361	336	375	254	310	341	382	289	317	258	287
	Tech agent business	94	122	147	186	203	273	318	378	372	351	359	378	375	407	436	462
	Others*	38	15	9	51	10	21	16	54	19	26	18	31	-1	-3	-4	-4
Gross profit	Marketplace business	201	199	212	216	213	222	224	223	220	242	269	288	297	294	304	309
	Managed service business	74	87	78	104	89	142	140	155	106	129	129	150	102	123	96	115
	Tech agent business	52	60	53	59	63	76	85	89	89	78	82	86	83	92	96	99
	Others*	28	15	8	34	10	14	13	29	12	14	8	17	-1	-3	-4	-4
Profit by segment	Marketplace business	58	58	72	63	-186	107	102	-34	104	111	143	154	98	54	22	-6
	Managed service business	8	41	32	47	23	60	51	13	-10	13	3	19	-0	30	6	27
	Tech agent business	-24	-21	-16	-22	-4	7	16	18	21	13	13	24	16	20	19	11
	Others*	-92	-130	-152	-125	-102	-120	-126	-134	-131	-136	-159	-147	-156	-175	-170	-167

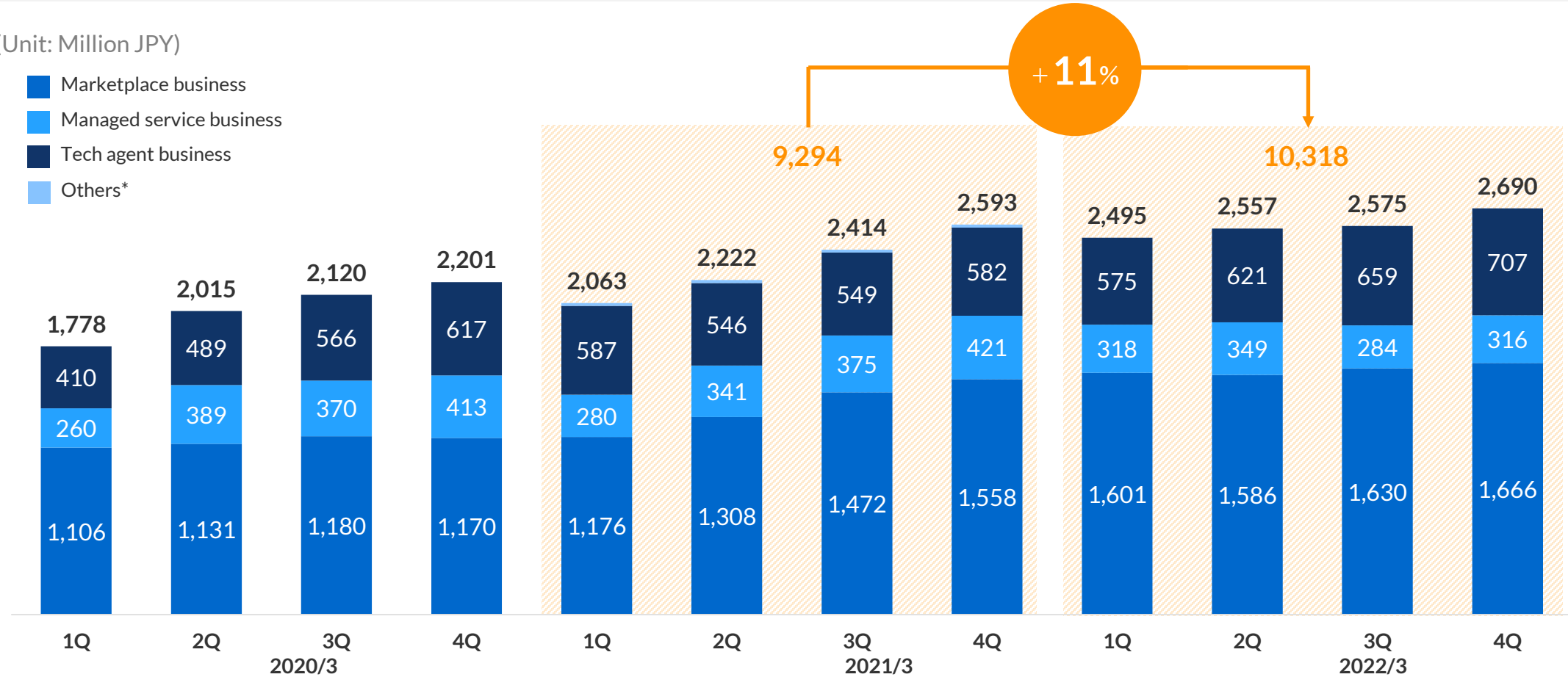
\*) It includes other Gross Merchandise Value amount, sales, gross profit, company-wide expenses (corporate/development, etc), consolidated adjustments, etc in our management accounting standards. Expenses directly linked to business segments are not included because they are considered as business expenses.

## Trend in Gross Merchandise Value (Consolidated)

Companywide growth was +11% YoY, and Tech agent business accelerated to re-grow from 2Q onward.

(Unit: Million JPY)

- Marketplace business
- Managed service business
- Tech agent business
- Others\*



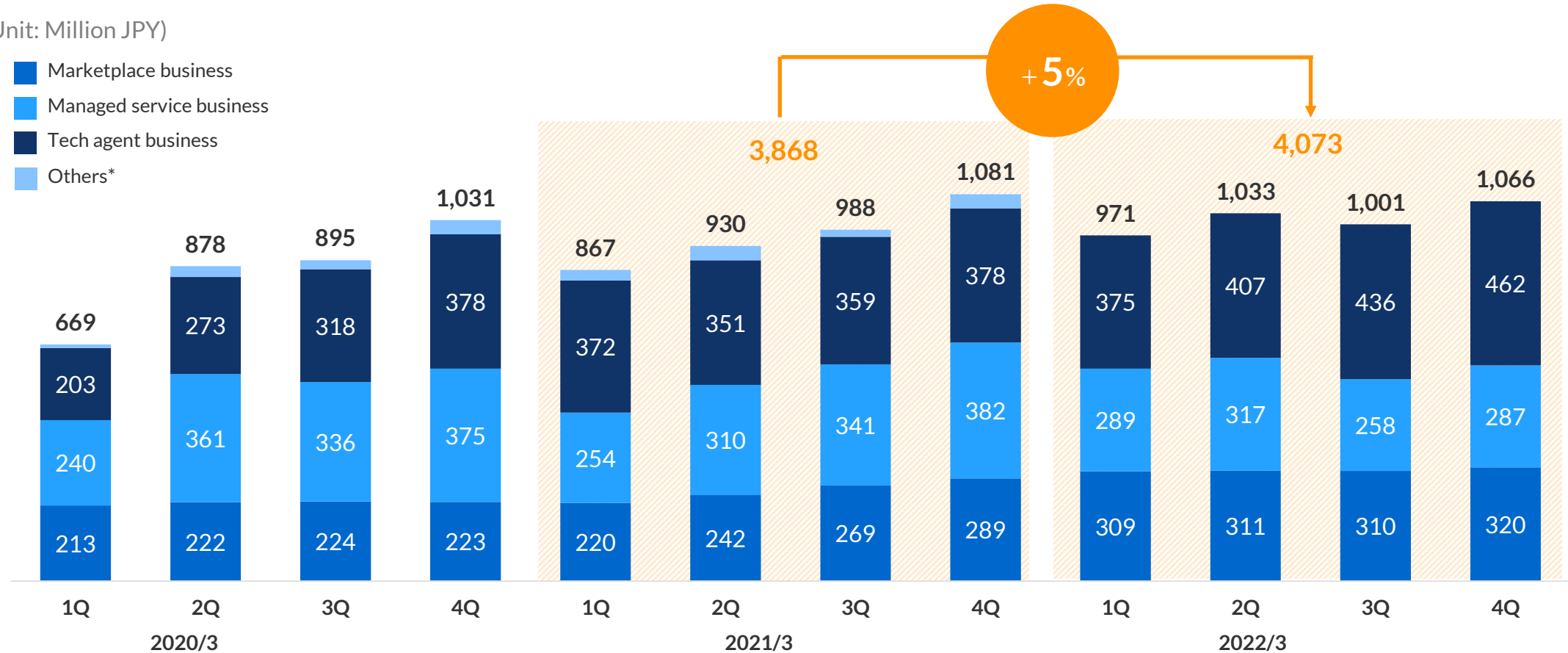
\*) "Others" includes other businesses and consolidation adjustments. In addition, negative figures are not shown.

## Trend in Net sales (Consolidated)

Net sales increased by 5% YoY, partly due to the impact of withdrawal from Managed services business.

(Unit: Million JPY)

- Marketplace business
- Managed service business
- Tech agent business
- Others\*



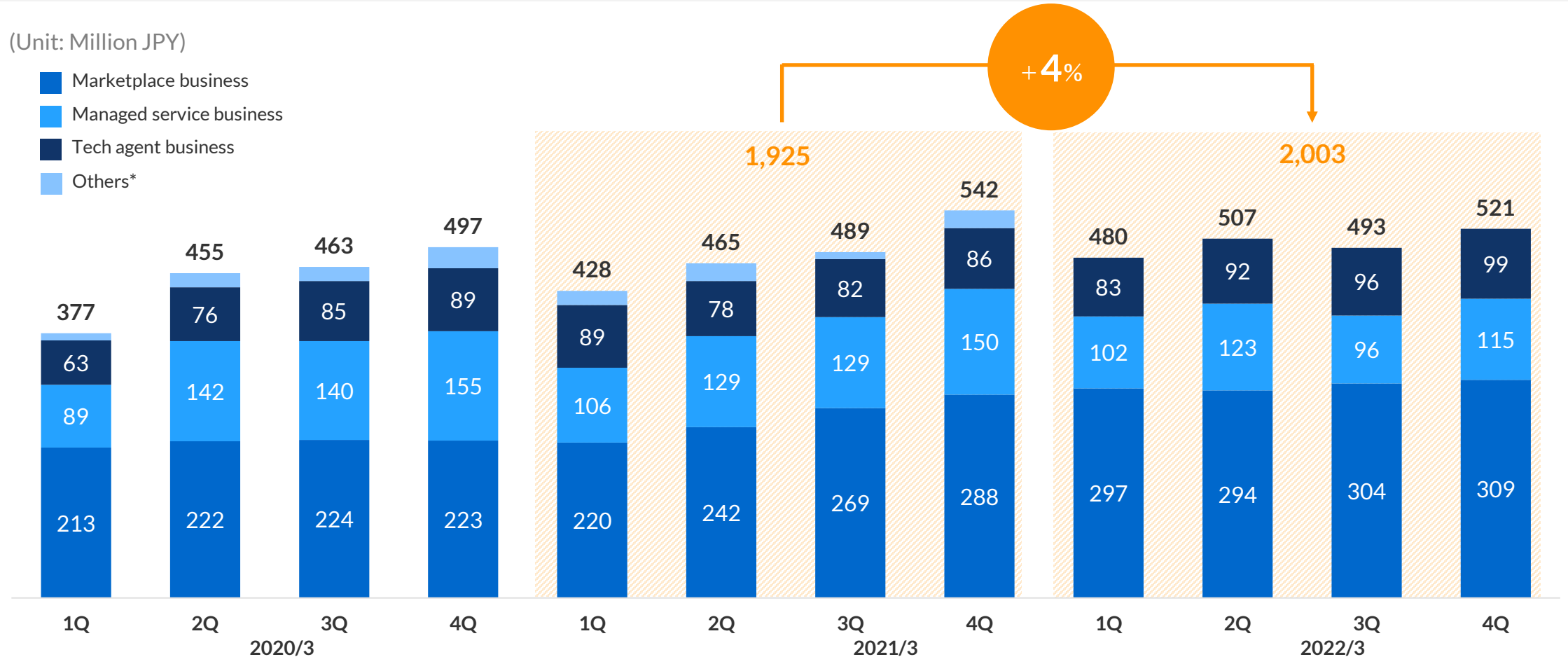
\*) Others\* includes other businesses and consolidation adjustments. In addition, negative figures are not shown.

## Trend in Gross profit (Consolidated)

Gross profit increased 4% YoY, partly due to the impact of withdrawal from Managed services business.

(Unit: Million JPY)

- Marketplace business
- Managed service business
- Tech agent business
- Others\*

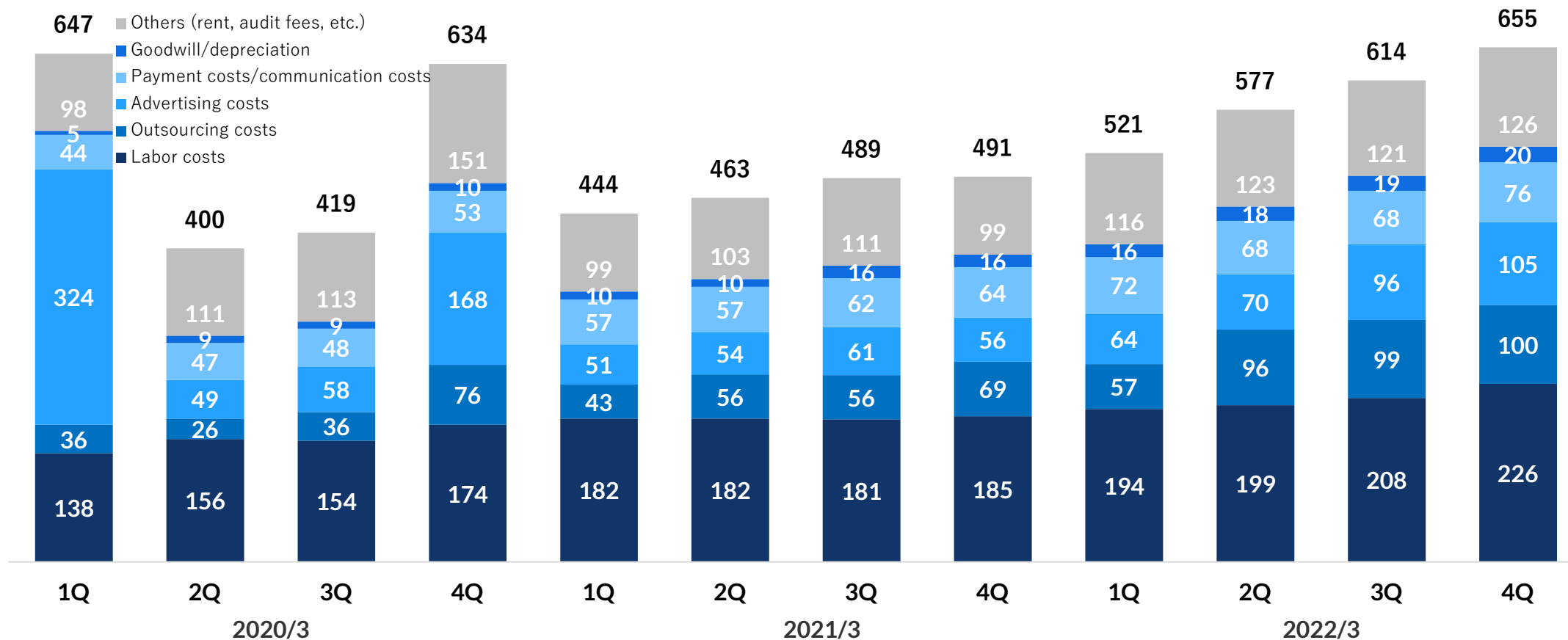


\*) "Others" includes other businesses and consolidation adjustments. In addition, negative figures are not shown.

## Trend in SG & A Expenses (Consolidated)

Overall SG&A expenses were within budget.

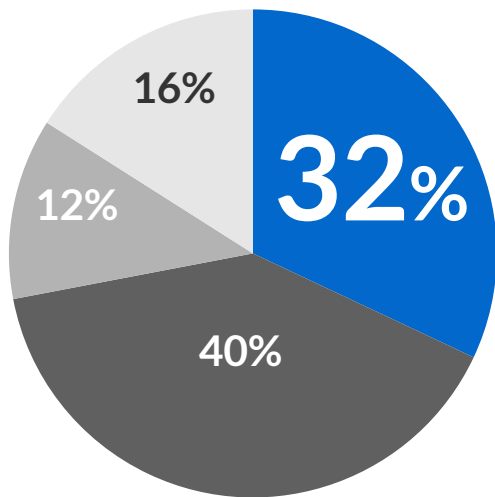
(Unit: Million JPY)



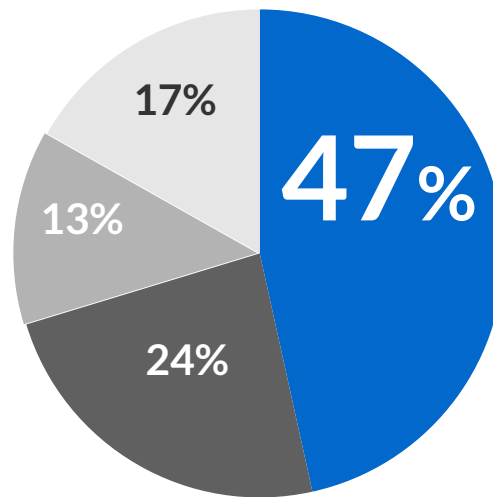
## Personnel Composition (Consolidated)

The marketplace business expanded its organization by hiring approximately 20 engineers. Continued reallocation to growing businesses through internal transfers.

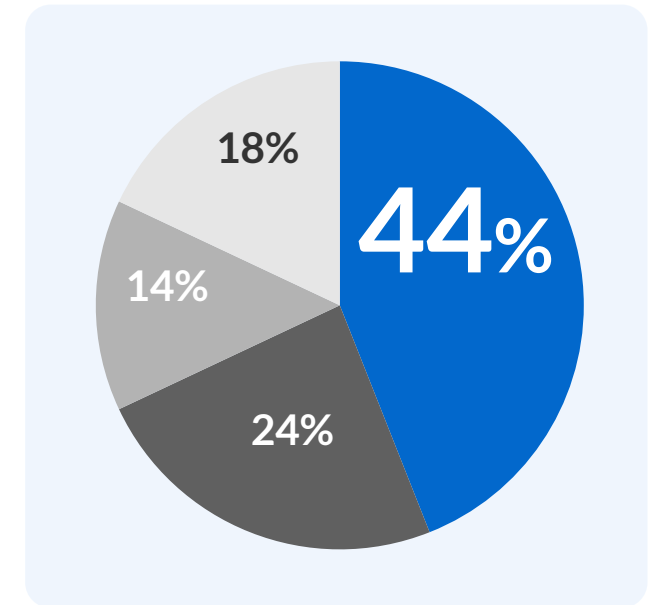
FY ended in March 2021



FY ending March 2022 (expectation)



FY ending March 2022 (Actual)

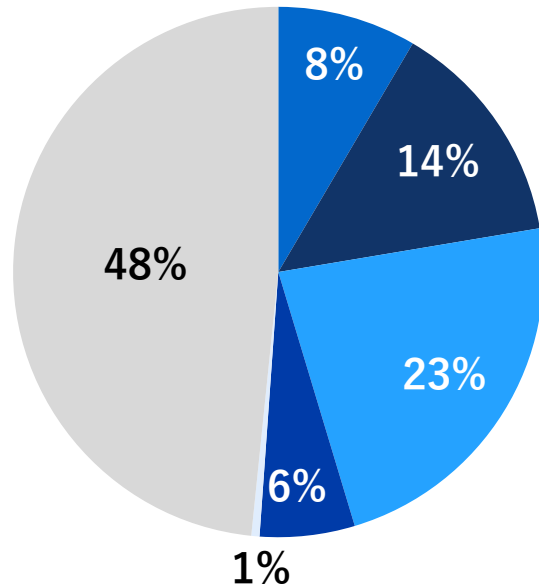


■ Marketplace business\*   ■ Managed service business   ■ Tech agent business   ■ Corporate (common department) \*excluding directors and corporate auditors

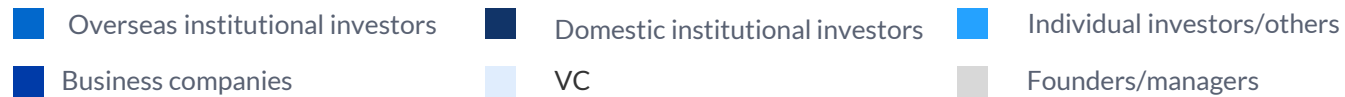
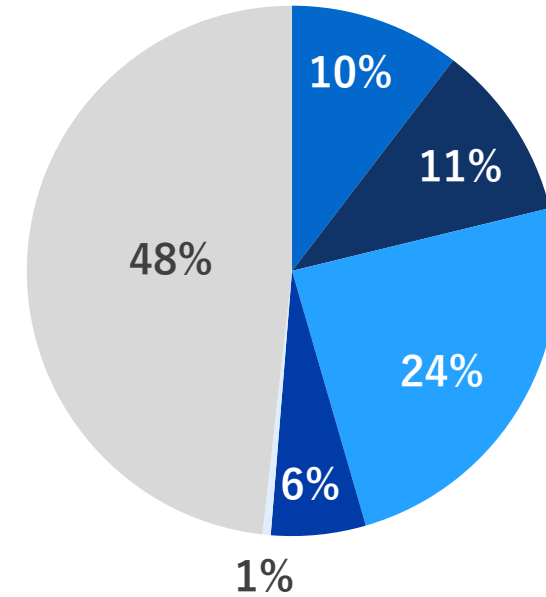
\*)The marketplace business includes the number of personnel in the development department.

## Shareholder Composition

Shareholder Composition  
(as of end of September, 2021)



Shareholder Composition  
(as of end of March, 2022)





## Important Risk and Response Policies for Business Execution 1/2

**We will appropriately identify major risks\* that we recognize may have a significant impact on the realization of our goals and the execution of our business plans, and take measures to address them.**

\*)Please refer to "Business and Other Risks" in the Annual Securities Report for other risks.

Significant risks for our business	Possibility/duration	Impact on business execution	Examples of risky situations	Main response policies
Changes in the competitive environment	Medium/Short-term	<ul style="list-style-type: none"> <li>Drop in shares</li> <li>Decrease in usage rate</li> </ul>	<ul style="list-style-type: none"> <li>Possible intensification of competitions with companies that offer similar services and failure to sufficiently differentiate with them.</li> <li>Potential for innovative changes in the structure of the business domain itself.</li> </ul>	<ul style="list-style-type: none"> <li>Building services that pursue appropriate usability</li> <li>Ensuring safety when using our website</li> <li>Enhanced customer support functions</li> <li>Business development based on a code of conduct that puts the success of freelancers first</li> </ul>
Labour-related laws and regulations and trends in the working population	Low/Long-term	<ul style="list-style-type: none"> <li>Impact on business operations</li> </ul>	<ul style="list-style-type: none"> <li>Due to domestic labour laws and regulations, population trends, etc., the growth of the freelance population may slow down and side businesses may not increase. The market environment may also change.</li> </ul>	<ul style="list-style-type: none"> <li>Aiming to reduce risks by collecting information on labour-related laws and regulations</li> </ul>
Security for information	Low/Occasionally	<ul style="list-style-type: none"> <li>Outflow of customers</li> <li>Damage on brand image</li> </ul>	<ul style="list-style-type: none"> <li>Due to unauthorized access from outside or defects in the internal management systems, social credibility of our group may be damaged if personal or confidential information is leaked and a claim for damages is made to us.</li> </ul>	<ul style="list-style-type: none"> <li>Establishing information security policies and strictly managing personal and confidential information</li> <li>Establishing security-related rules and manuals and providing in-house training for directors and employees</li> <li>Obtaining and renewing the privacy mark system certification from the Japan Institute for Promotion of Digital Economy and Society (JIPDEC)</li> </ul>

**We will appropriately identify major risks\* that we recognize may have a significant impact on the realization of our goals and the execution of our business plans, and take measures to address them.**

\*) Please refer to "Business and Other Risks" in the Annual Securities Report for other risks.

Significant risks for our business	Possibility/duration	Impact on business execution	Examples of risky situations	Main response policies
System failure	Low/ Occasionally	<ul style="list-style-type: none"> <li>Outflow of customers</li> <li>Damage on brand image</li> </ul>	<ul style="list-style-type: none"> <li>Possible server outages and loss of stored data due to unexpected events such as natural disasters and accidents, rapid increase in the number of users and traffic, software malfunctions, unauthorized access via networks, and computer virus infections.</li> </ul>	<ul style="list-style-type: none"> <li>Saving data in the cloud.</li> <li>Ensuring a security system to prevent unauthorized external access.</li> </ul>
Acquisition and development of human resources	Medium/ Med-term	<ul style="list-style-type: none"> <li>Loss of competitiveness</li> <li>Impact on business operations</li> </ul>	<ul style="list-style-type: none"> <li>Our business and our business performance may be affected if the human resources required cannot be sufficiently secured and trained, or if the out flow of human resources accelerates.</li> </ul>	<ul style="list-style-type: none"> <li>Acquiring excellent highly motivated human resources who fully understand our mission and vision.</li> <li>Implementing measures to secure excellent human resources and appropriately developing and allocate them, as well as introducing a personnel system with a mission to continuously expand our business.</li> </ul>
Uncertainty of new businesses	Low/ Long-term	<ul style="list-style-type: none"> <li>Impact on discontinuous growth</li> </ul>	<ul style="list-style-type: none"> <li>An unexpected situation may occur and new businesses may not proceed as planned and the investment funds may not be recovered.</li> </ul>	<ul style="list-style-type: none"> <li>Carefully analysing the market and business plans</li> <li>Strengthening the monitoring system, including apparent information, to minimize the impact on our business and performance.</li> </ul>

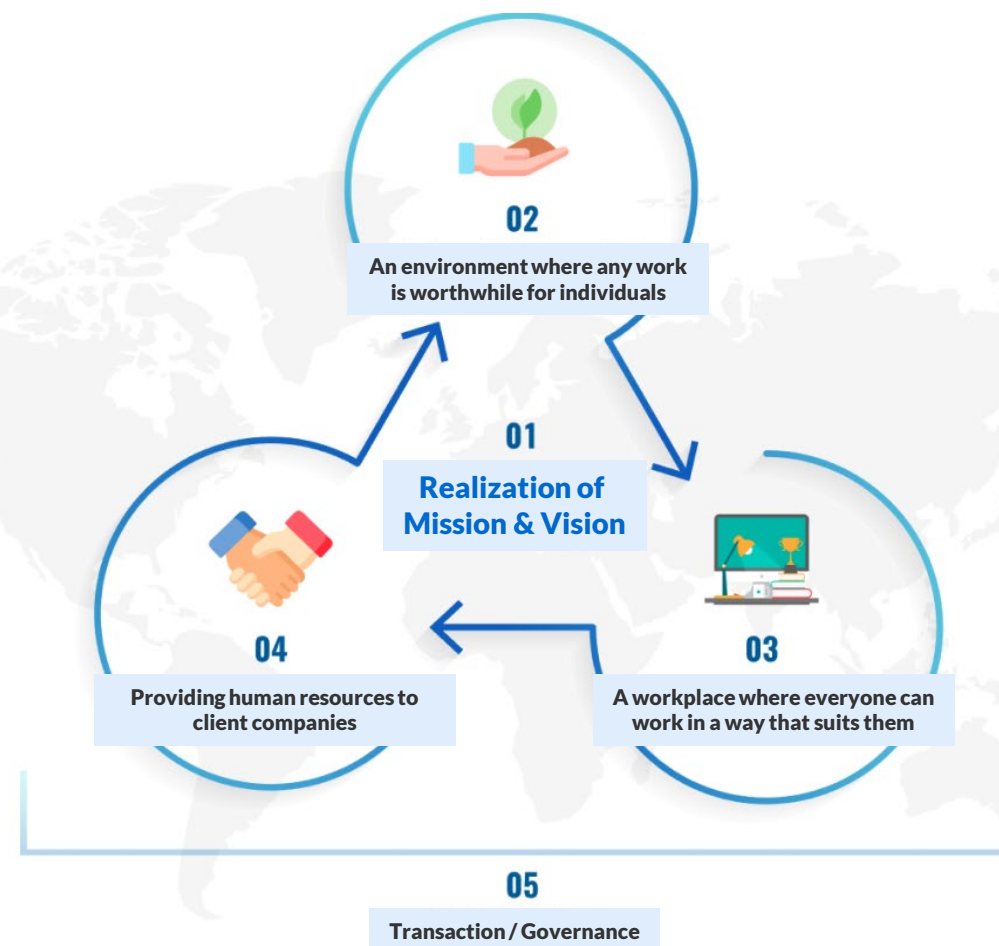
- 1 Service Details
- 2 Lancers' Strengths
- 3 Performance Details
- 4 Financial Details
- 5 Initiatives for Sustainability (SDGs)**

# Sustainability

## Building a sustainable society with an understanding of diversity by providing new work styles

While valuing the relationship between individuals and client partner companies, we will fulfill our responsibilities through business operations as an innovator for the next generation to contribute to the healthy and dramatic development of society and the creation of a sustainable society.

In addition, we consider that “realization of Mission Vision (creation of new work styles and new job satisfaction)” is in a field “job satisfaction” that can contribute to the SDGs, and are committed to deal with 5 important issues (materiality) which are involved in the SDGs.



※ See below for more details.

<https://www.lancers.co.jp/sustainability/>

## “Lancer of the Year” Held in March 2022

Freelancers’ celebration “Lancer of the Year” is held every year.



**LANCER OF THE YEAR 2022**



### Handling of this document

This document contains statements regarding expectations and prospects. These descriptions are only based on the information at the time this document was created. Moreover, these statements do not guarantee future results, but involve risks and uncertainties. Please note that actual results may differ significantly from future expectations due to changes in the social environment and other factors.

Factors that affect the above actual results may include, but are not limited to, domestic and international economic conditions and related industry trends of our company.

The information contained in this document regarding other companies is be quoted from public information, and we have not verified and do not guarantee the truth, accuracy. Appropriateness or completeness of such information.

### Disclosure policy

We will disclose the latest content, including the progress of the materials in the “Business Plan and Growth Potential Matters” in the full-year financial results. We also plan to disclose the progress of management indicators (financial figures and KPI figures) quarterly.

# Lancers

