

Financial Results

2nd Quarter of Fiscal Year 2023

LANCERS,INC. (TSE Growth: 4484)



Marketplace Business

Gross profit

YoY(2Q)

357 million JPY **+21%**

Agent Business

Gross profit

YoY(2Q)

202 million JPY **+119%**

Results for 2Q of FY2023

- **Progress is on track in terms of GMV and gross profit. Operating loss bottomed out and is improving in Q2. Continue SG&A optimization and return to profitability in 4Q onward**
 - Progress: 43% of GMV, 42% of gross profit vs Full-Year forecast
 - GMV: 2.83 billion JPY (+28% YoY excluding withdrawn businesses)
 - Gross profit: 0.55 billion JPY (+45% YoY excluding existing businesses)
 - Operating loss: -0.10 billion JPY (-0.07 billion JPY YoY, -0.13 billion JPY in previous Quarter)
- **Gross profit increased by 21% YoY for Marketplace Business, and by 119% YoY for Agent Business. Accelerate growth in the second half of the year**
 - Marketplace Business: Increase spend per client by product initiatives, while improving new client acquisition
 - Agent Business: Increasing business productivity in terms of gross profit per HC as planned. Further strengthen new client acquisition and collaboration with Workstyle Lab, Inc

Topics for 2Q of FY2023

- Spend per client continues to grow by product feature updates – ex. repeater function
- Promote legally compliant platform transactions for freelancer protection and invoice system

1 Company Profile

2 Financial Results for 2Q of FY2023

3 Topics for 2Q of FY2023

Our Mission

Empower Individuals

Our Vision

10x your business with Lancers

Be your own boss with Lancers

Company name

LANCERS, INC.

Business overview

Job Platform

Founder and CEO

Yosuke Akiyoshi

Establishment

April, 2008

Organization

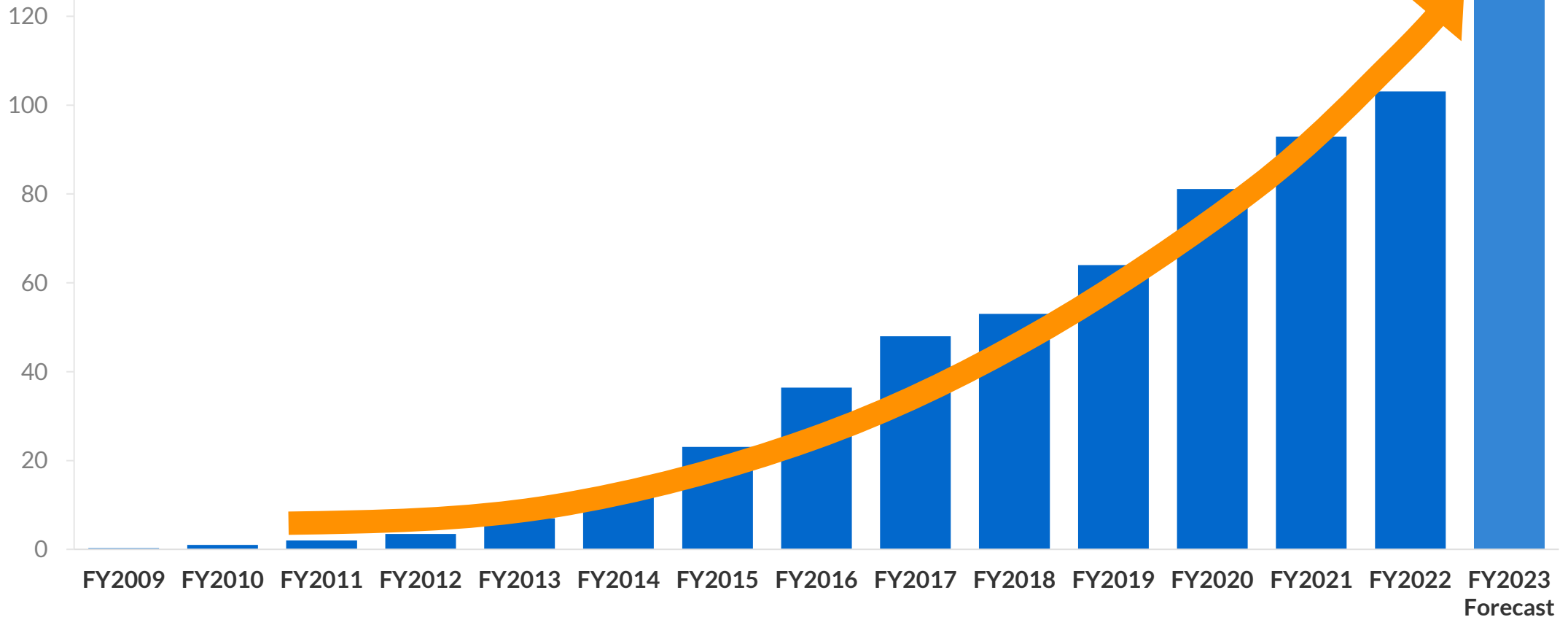
Approx. 200 employees*

*) Excluding directors and temporary workers (part-timers)

Growth History

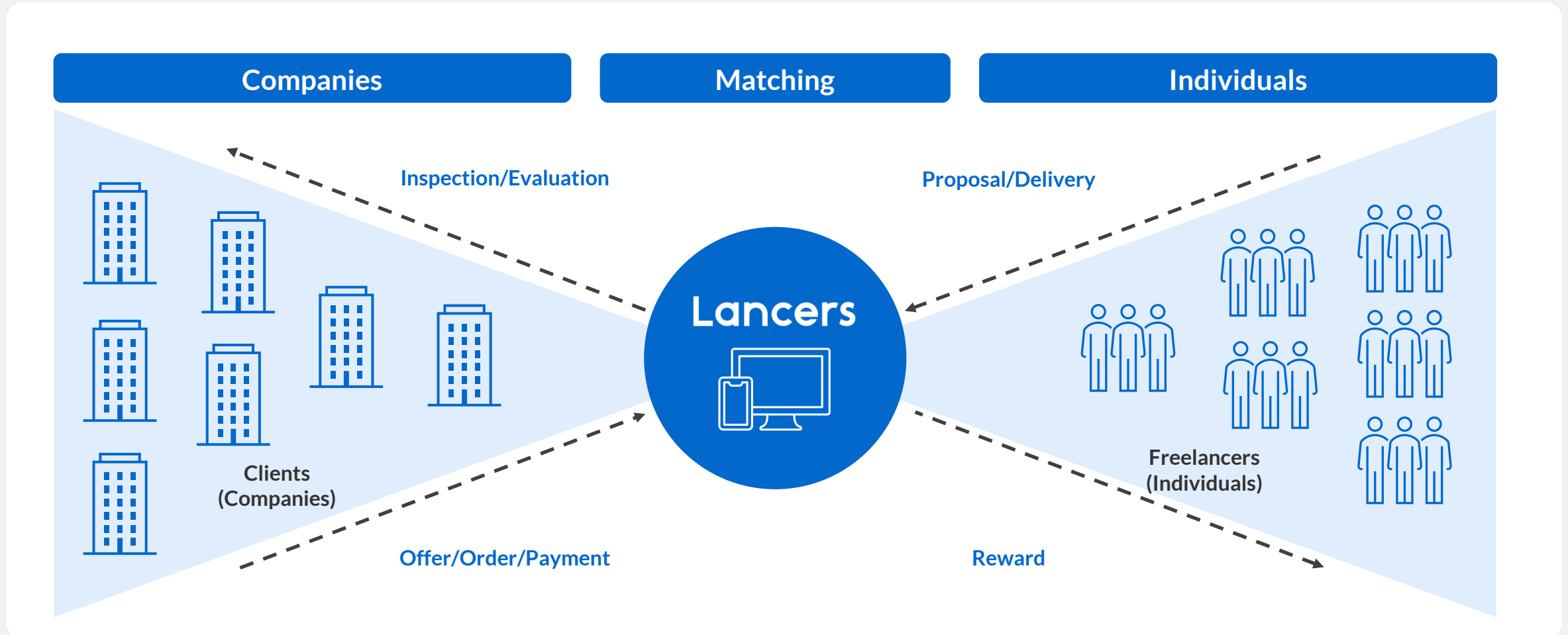
**Achieving continuous GMV growth since foundation,
We reached 10 billion JPY in FY2022, targeting 12.6 billion JPY in FY2023**

(Unit: 100 million JPY)



Service Overview: Business Model

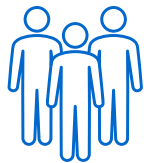
**With online job platform that matches individuals and companies,
We deliver excellent talents to companies, and provide new workstyles to individuals**



**Creating online job opportunities for local freelancers,
We solve one of the biggest issues in Japan – to build sustainable local society**

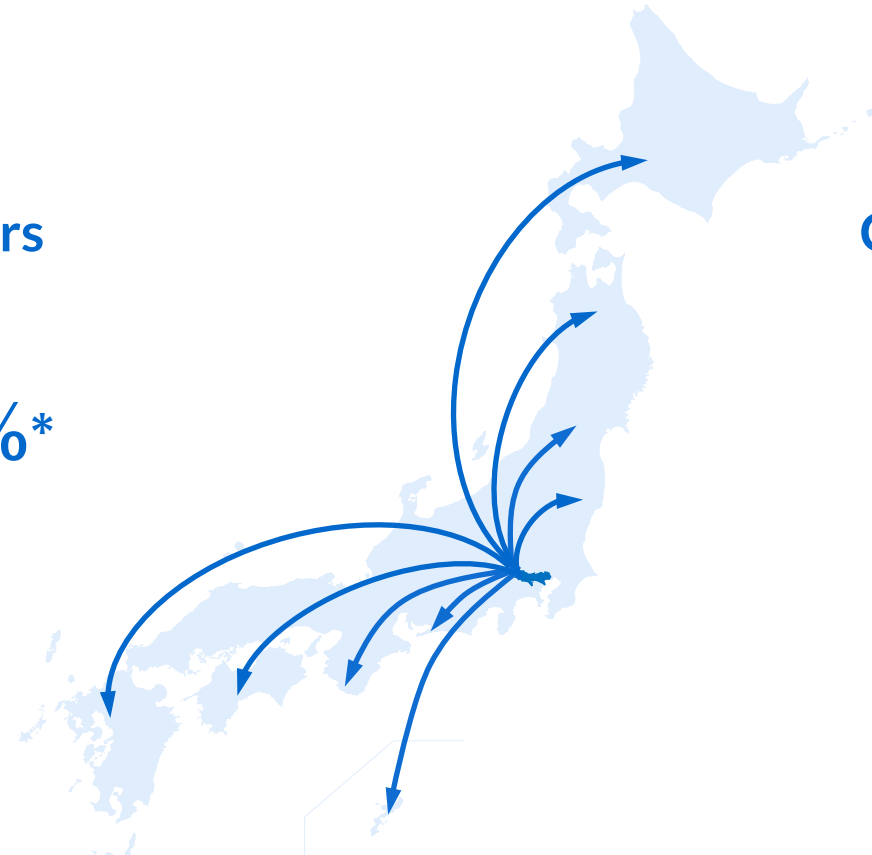
Local freelancers

76 %*



Clients based in Tokyo

59 %**



*) GMV of Landers alone, the ratio of GMV of Lancers whose place of residence is other than Tokyo (July to September 2022).


***) GMV of Lancers alone, the ratio of GMV of clients who are based in Tokyo (July to September 2022).


We provide various kinds of digital-oriented job opportunities, including engineers, designers, marketers etc.

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 + ~20% of advertising fees


Designers


Design

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

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

Photos/videos/narration

 Youtube 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 consultation
¥ 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

Content writing

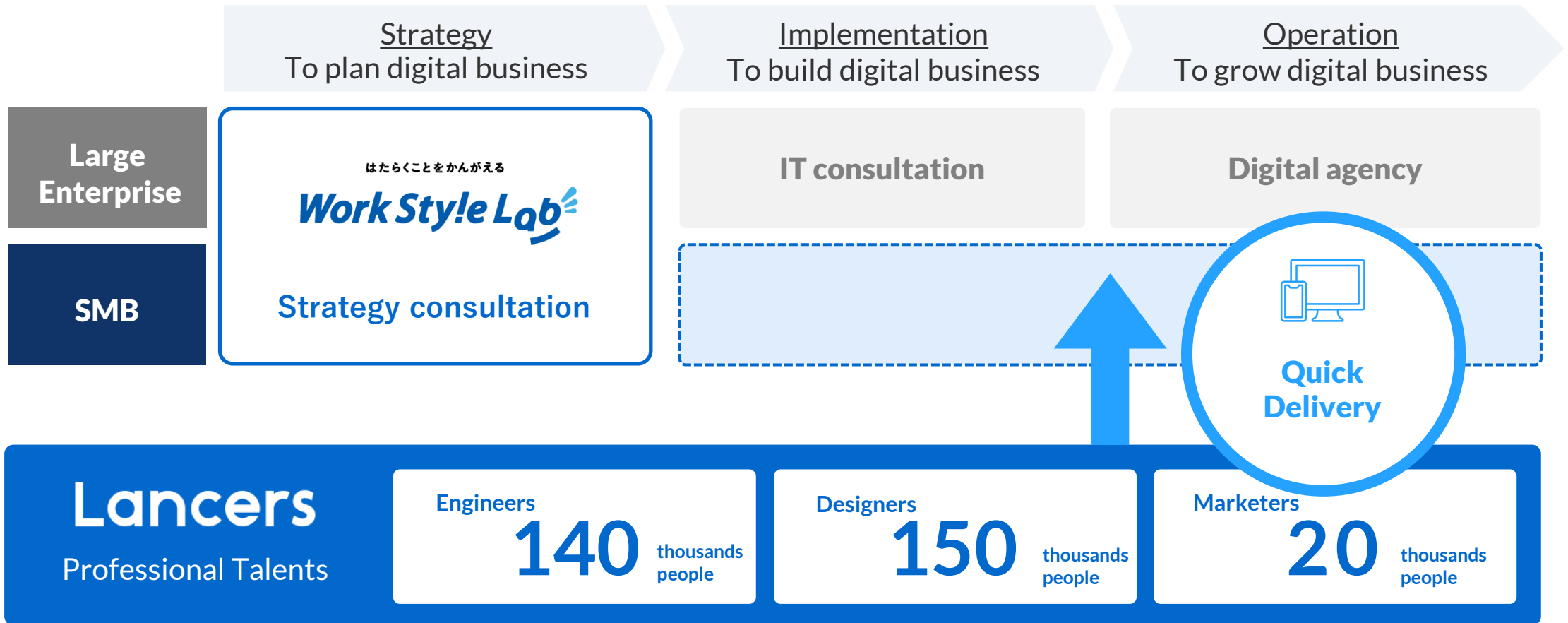
 Article writing/blog articles/experiences
¥ 0.5- ¥ 5/letter *

*) Average price of typical orders – details as follows

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

Helping Clients Promote Digital Transformation

Quickly delivering professional talents to mainly SMBs,
We help them plan, build and grow their digital businesses



Impact on SMBs' revenue growth & cost reduction – ex. EC business launch & growth



Reduced EC website production cost by 70%
Increased online sales by 50%

Decided to launch digital business for the future

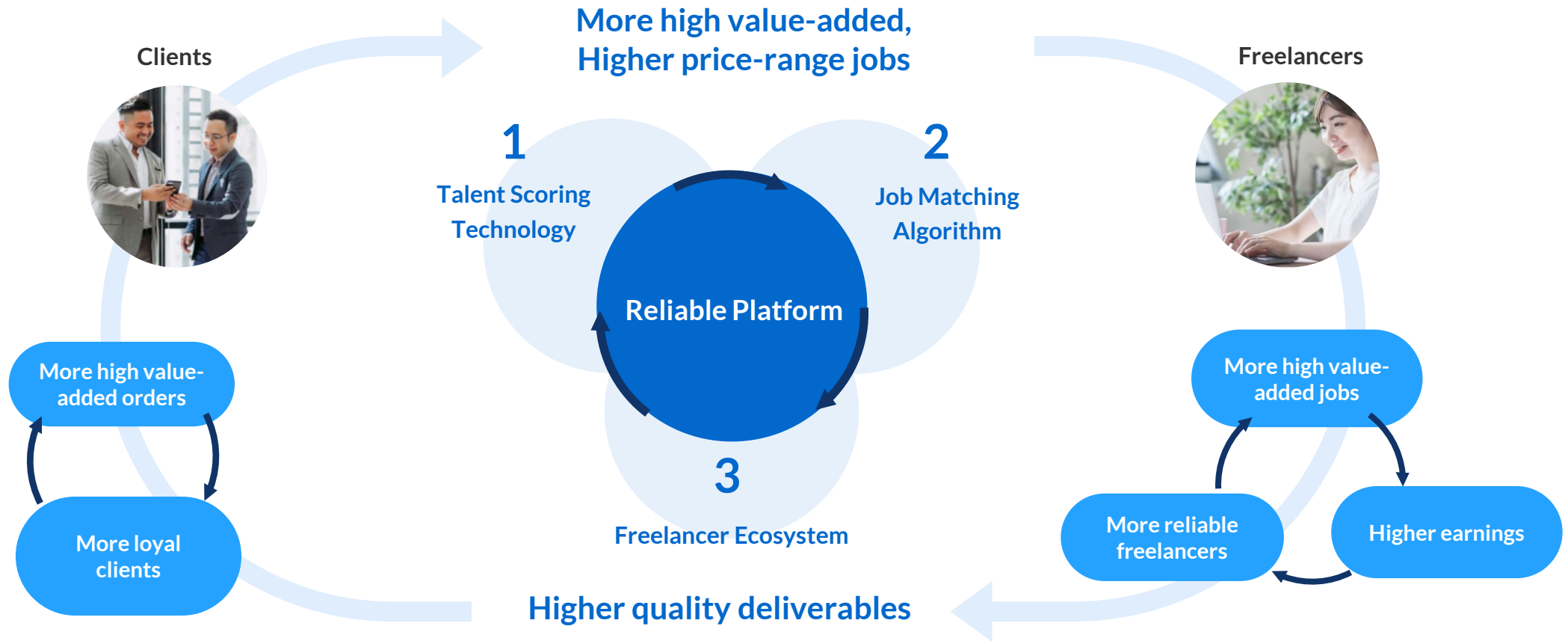
Searched business partner – but traditional website production agency was expensive and not flexible

Decided to renew and grow EC website with Lancers

Launched EC website and expanded EC business with Lancers – digital marketing, content marketing, SNS marketing etc.

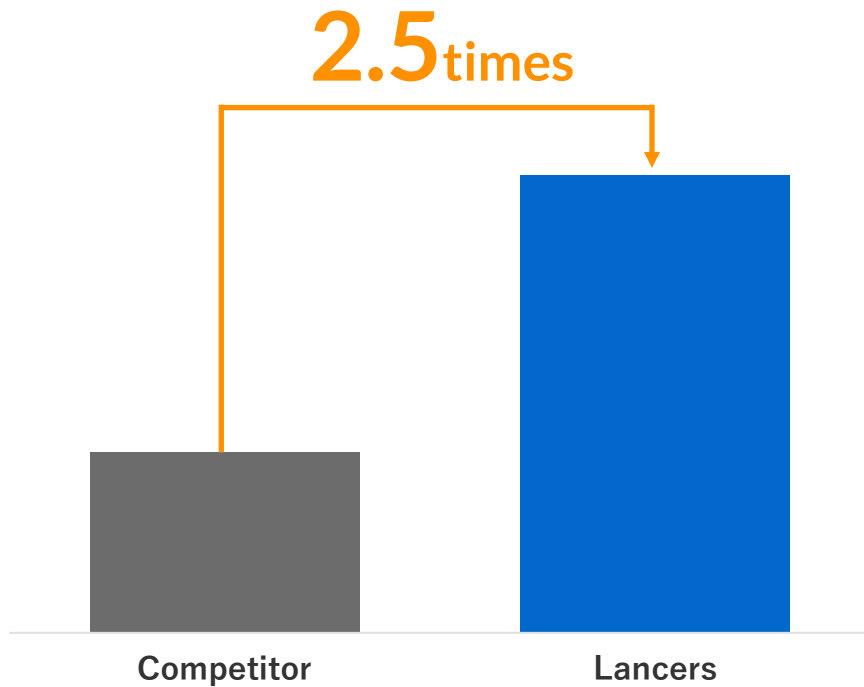
Accelerated internal operation DX with Lancers

Lancers is a reliable and high-value added job platform



With its increasing reliable freelancers, Lancers has become a highly rewarding platform

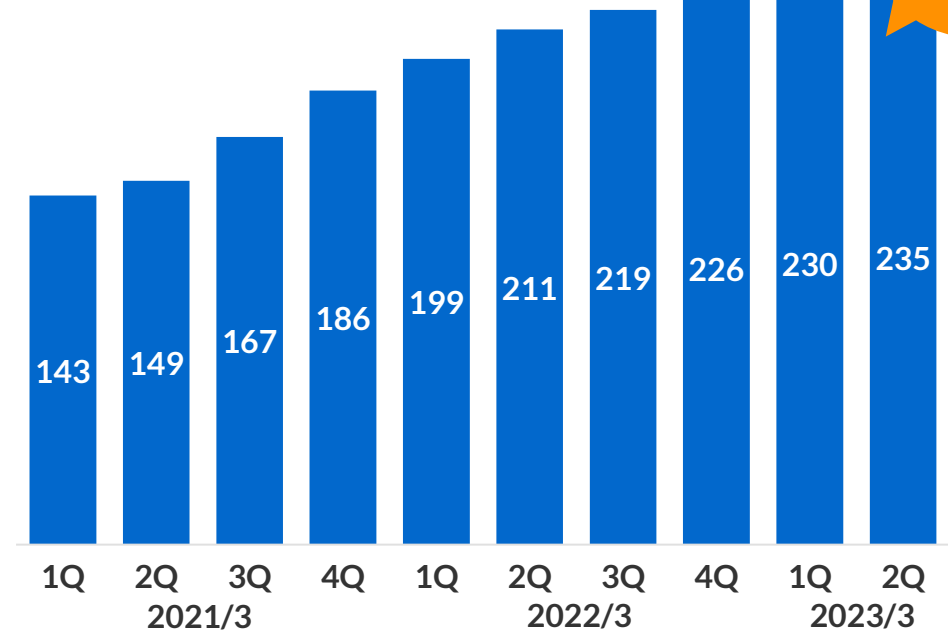
Average earnings per freelancer*



*) Comparison of average earnings per freelancer from April 2020 to March 2021.

Number of reliable freelancers*

(Unit: 100 people)



*) "Reliable freelancers" are measured by Lancers' unique ranking algorithm

1 Company Profile

2 **Financial Results for 2Q of FY2023**

3 Topics for 2Q of FY2023

GMV and gross profit progress is on track against earnings forecast

Financial performance

YoY excluding
withdrawn businesses %progress against
forecast

GMV **2,834**
million JPY **+28%** **43%**

Net Sales **1,194**
million JPY **+67%** **42%**

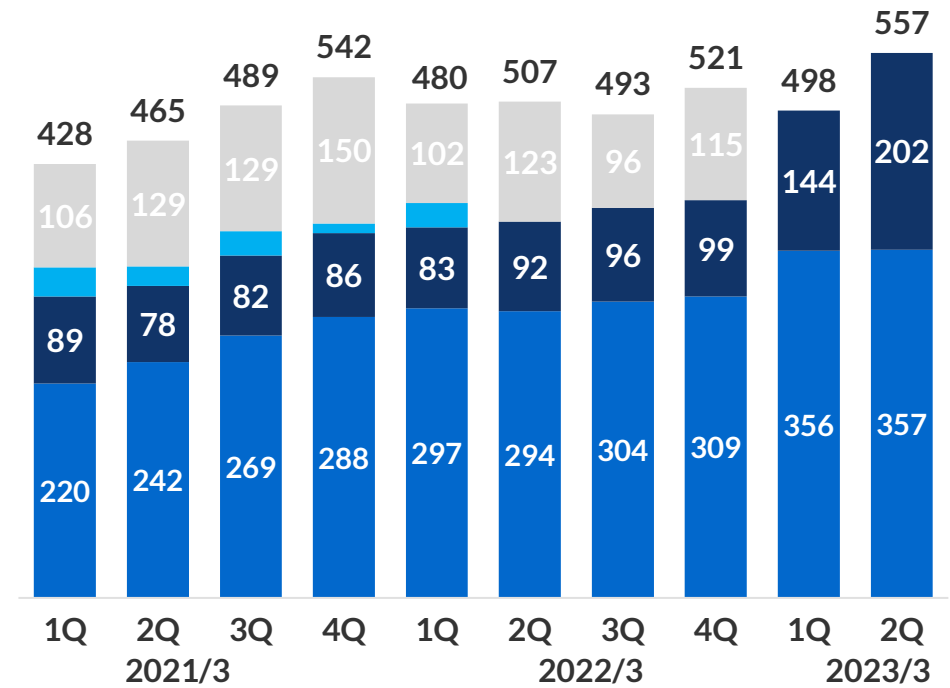
Gross profit **557**
million JPY **+45%** **42%**

Operating income **△108**
million JPY

Gross profit by business segment*

(単位：百万円)

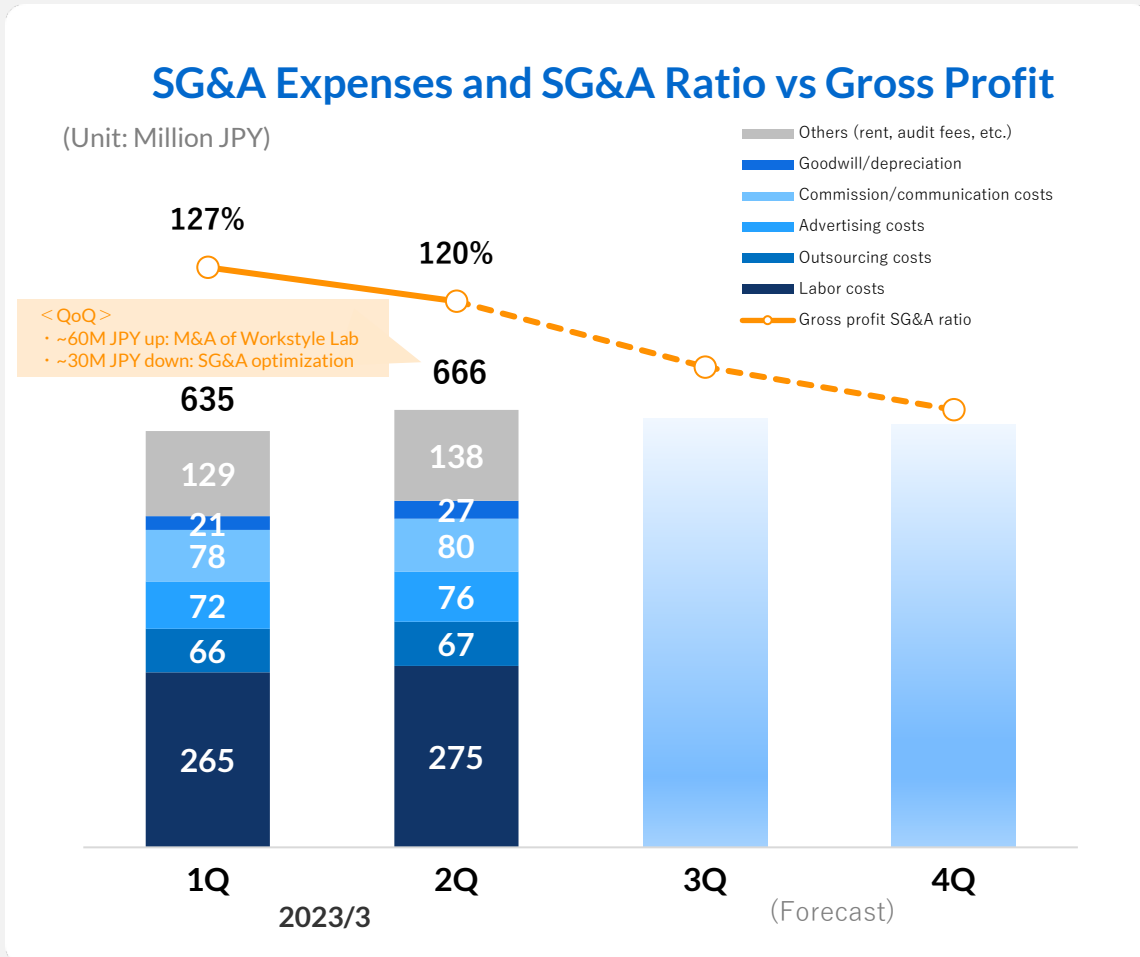
■ Marketplace Business ■ Agent Business ■ Others** ■ Managed Service Business(withdrawn)



*) Business divisions of our group based on management accounting standards

**)"Others" includes other businesses and consolidation adjustments

SG&A ratio against Gross Profit is decreasing by business process re-engineering and productivity improvement initiatives – aim to further optimize SG&A expenses



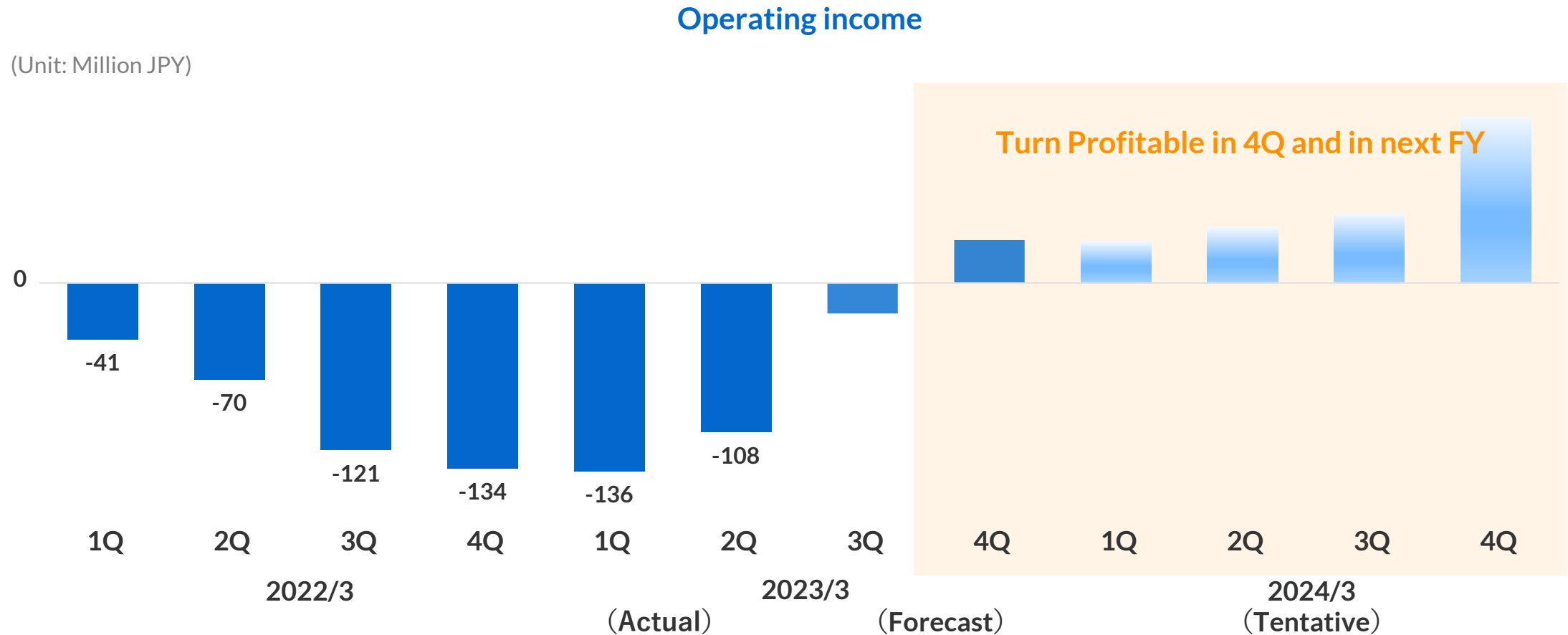
SG&A Optimization

Labor	<ul style="list-style-type: none"> Expand sales personnel directly related to gross profit Reduce indirect headcount by organizing a BPR* team and optimizing the organizational structure in conjunction with business efficiency improvement
Outsourcing	<ul style="list-style-type: none"> Outsourcing costs for withdrawn businesses were reduced toward the end of the fiscal year Conducted a review of all SG&A expenses to optimize subcontracting costs
Advertising	<ul style="list-style-type: none"> Focus on pay-for-performance advertising and cost-effective measures to increase efficiency and ensure disciplined cost management
Others	<ul style="list-style-type: none"> Reduction mainly in tool-related costs Optimization of cost control by improving workflow processes such as approval

* Abbreviation for Business Process Re-engineering. It refers to a fundamental review of the existing organization and systems toward the original purpose of the business, and redesigning the duties, business flow, management structure, and information systems from a process perspective.

Operating Income

Showing a steady progress towards profitability in 4Q of FY2023.
Losses bottomed out in 1Q, and losses in 2Q were smaller than predicted



Financial Results in 2Q of FY2023 (Consolidated)

**Topline progressed as planned – accelerate gross profit growth in the 2nd half.
SG&A expenses optimization is in progress (YoY increase is due to M&A of Workstyle Lab)**

(Unit: Million JPY)	FY Ending March 31, 2023 (2Q)	FY Ending March 31, 2022 (Previous 2Q)		FY Ending March 31, 2023 (2Q Total)	FY Ending March 31, 2022 (2Q Total)		FY Ending March 31, 2023 (Forecast)	
	Actual	Actual	% YoY	Actual	Actual	% YoY	Forecast	% Progress
GMV*	2,834	2,557	+10.8%	5,481	5,053	+8.5%	12,642	43.4%
Net sales	1,194	1,033	+15.6%	2,242	2,004	+11.8%	5,401	41.5%
Gross profit	557	507	+9.8%	1,055	988	+6.8%	2,490	42.4%
SG&A	666	577	+15.3%	1,301	1,099	+18.4%	2,780	46.8%
Operating income/loss	△108	△70	-	△245	△111	-	△289	-
Ordinary income/loss	△107	△67	-	△242	△108	-	△284	-
Net income/loss	△112	△69	-	△248	△175	-	△286	-

*) Based on in-house management materials and is not an audited number.

Balance Sheet for 2Q of FY2023 (Consolidated)

1.2 billion JPY secured as bank loans, enabling to maintain a sufficient level of funds for business operations

(Unit: Million JPY)	2Q of FY Ending March 31, 2023	FY Ending March 31, 2022 (Previous)	
	Actual	Actual	change
Current assets	2,167	2,360	△193
Cash and deposits	1,426	1,600	△174
Non-current assets	861	479	+381
Goodwill	430	170	+260
Total assets	3,029	2,840	+188
Current liabilities	1,689	1,651	+38
Customer deposits	783	838	△55
Non-current liabilities	394	1	+393
Net assets	944	1,188	△243
Total liabilities/net assets	3,029	2,840	+188

Updating our products in Marketplace Business to increase spend per client and attract new clients. Keeping on increasing gross profit per HC for Agent Business

*) Based on management accounting standards.

Performance summary by segment (2Q)

Marketplace Business

Gross profit

357 million JPY

YoY growth

+21%

- Increasing spend per client through implementing repeater functions
- Continuing to acquire new clients in the 2nd half of the year

Agent Business

Gross profit

202 million JPY

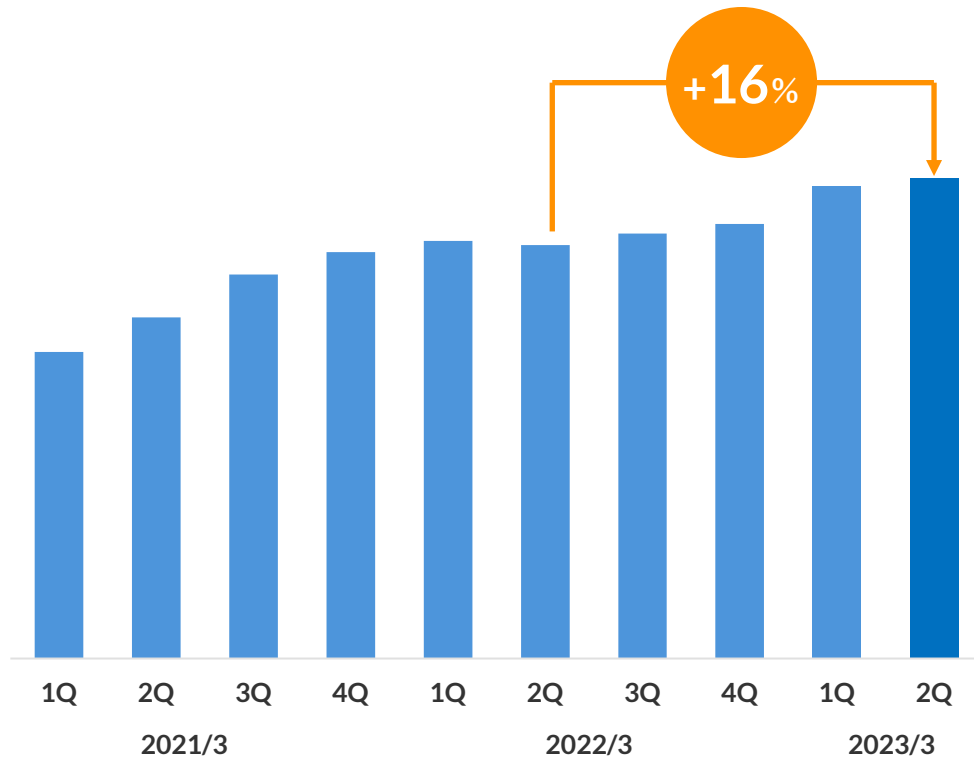
YoY growth

+119%

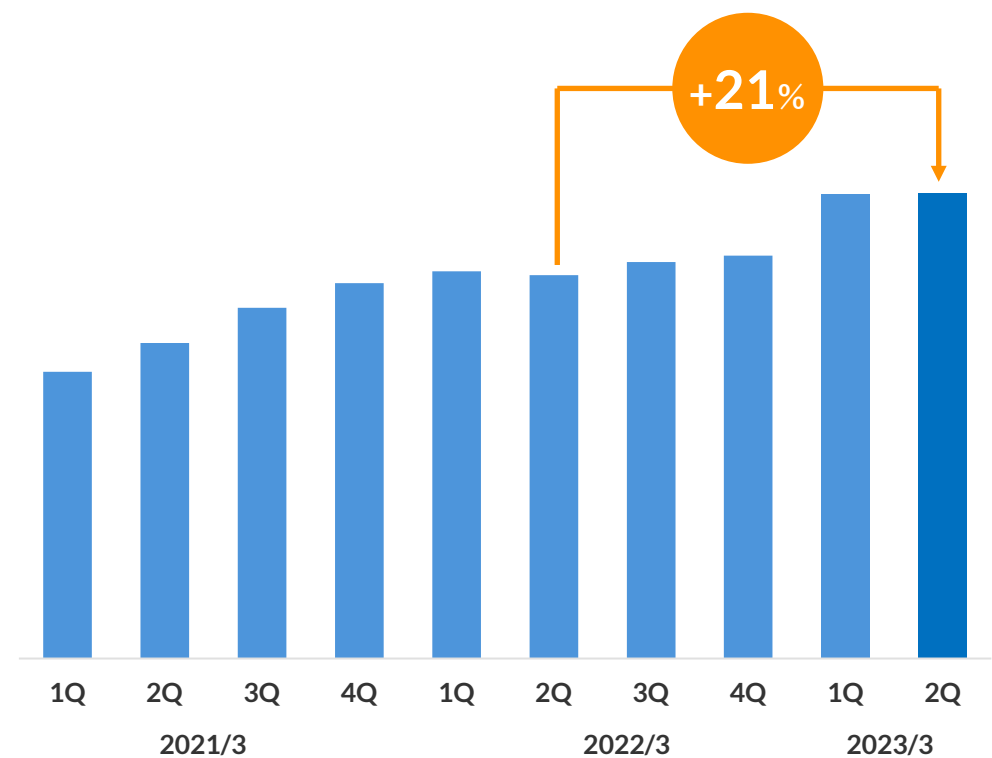
- The plan to increase gross profit per HC toward 2nd half of the year by strengthening sales is progressing well despite the impact of organizational expansion
- Promoting collaboration and cooperation with Work Style Lab, Inc. and attracting new clients to accelerate growth

Gross profit growing steadily by 21% YoY – Increase spend per client by product initiatives, while improving new client acquisition

GMV of Marketplace business

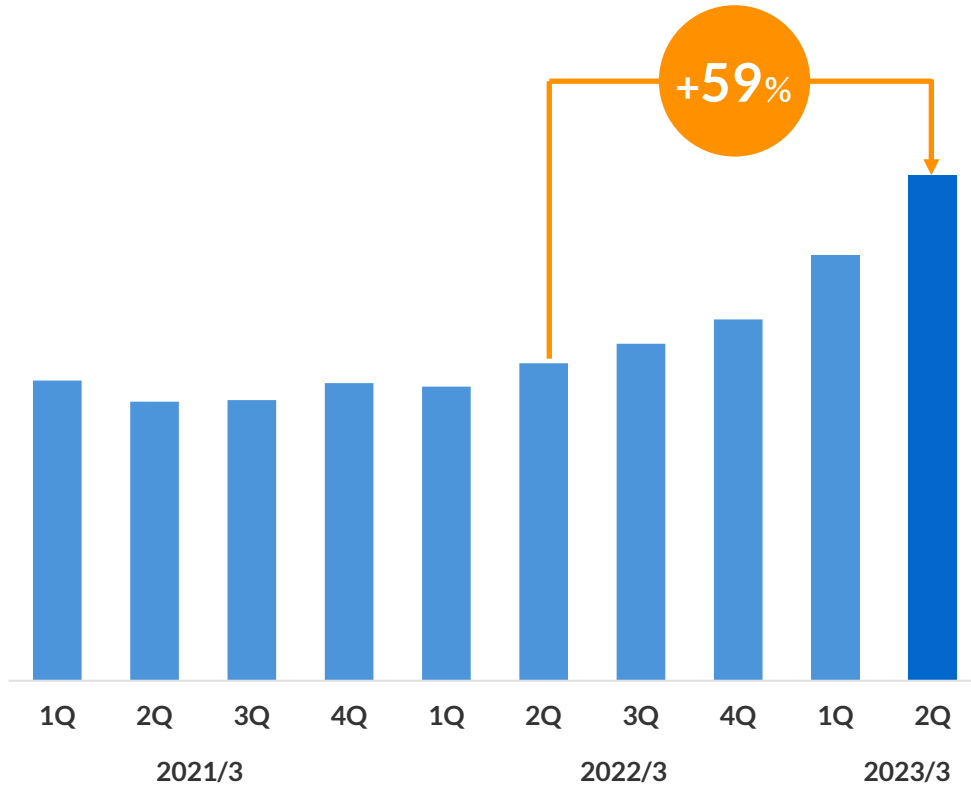


Gross profit of Marketplace business



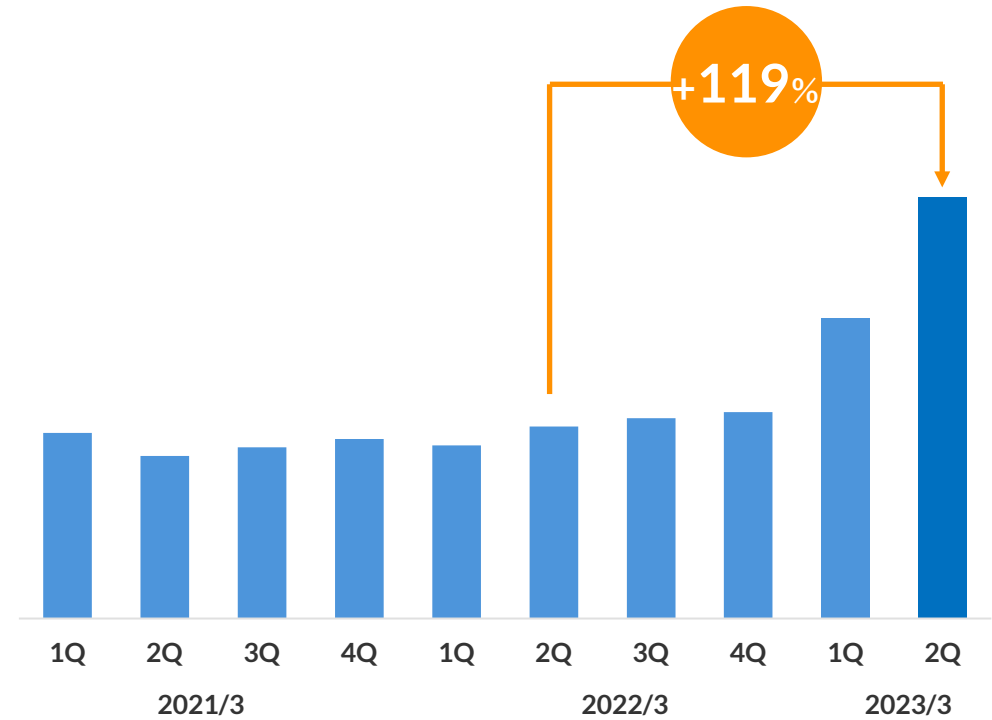
Gross profit increased by 119% YoY – Further strengthen new client acquisition and collaboration with Workstyle Lab, Inc.

GMV of Agent business*



*) Includes GMV of WorkstyleLab, Inc. from June.

Gross profit of Agent business*



*) Includes gross profit of WorkStyleLab, Inc. from June.

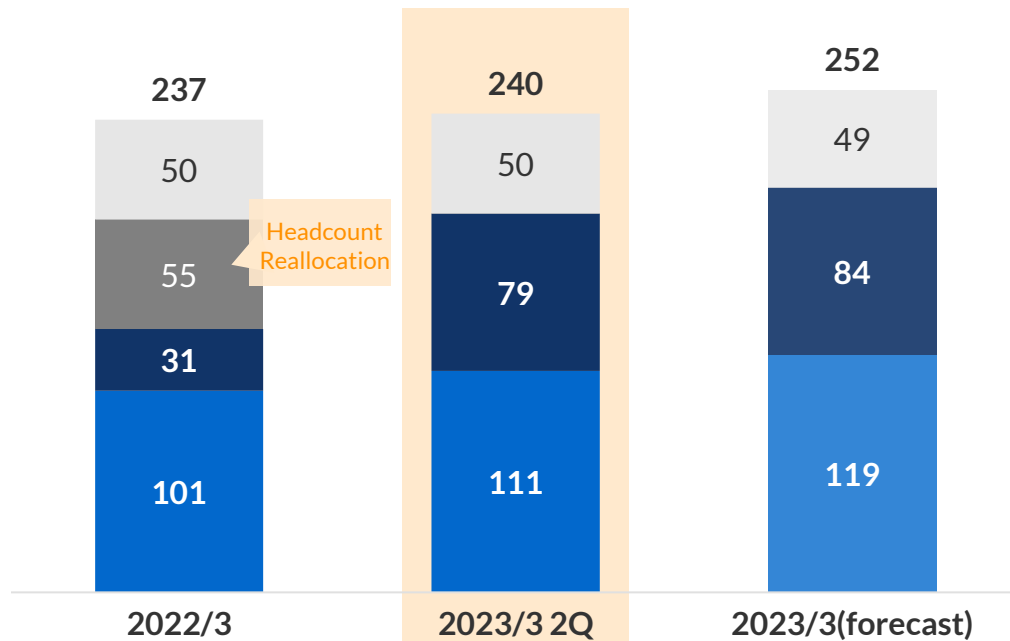
Agent Business : Business Productivity Improvement

Gross profit per HC grew steadily due to strengthened sales force despite the impact of organizational expansion.

Company-wide HCs

(Unit: number of headcounts)

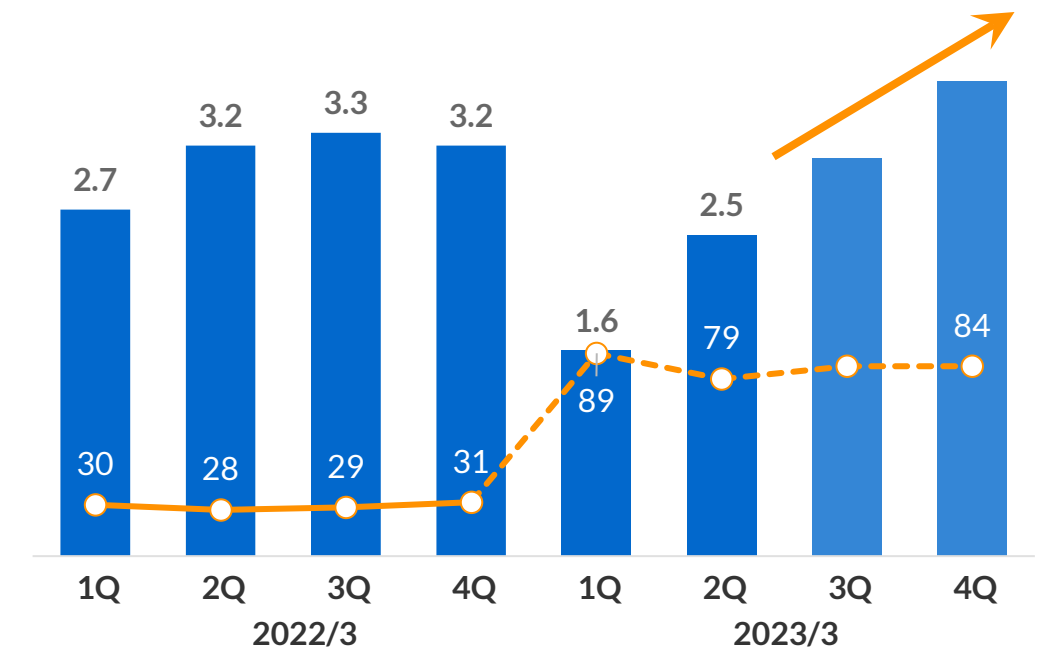
■ Marketplace business
■ Agent business
■ Withdrawn business
■ Corporate
 +Development department



Gross profit per HC of Agent business

(Unit: Million JPY)

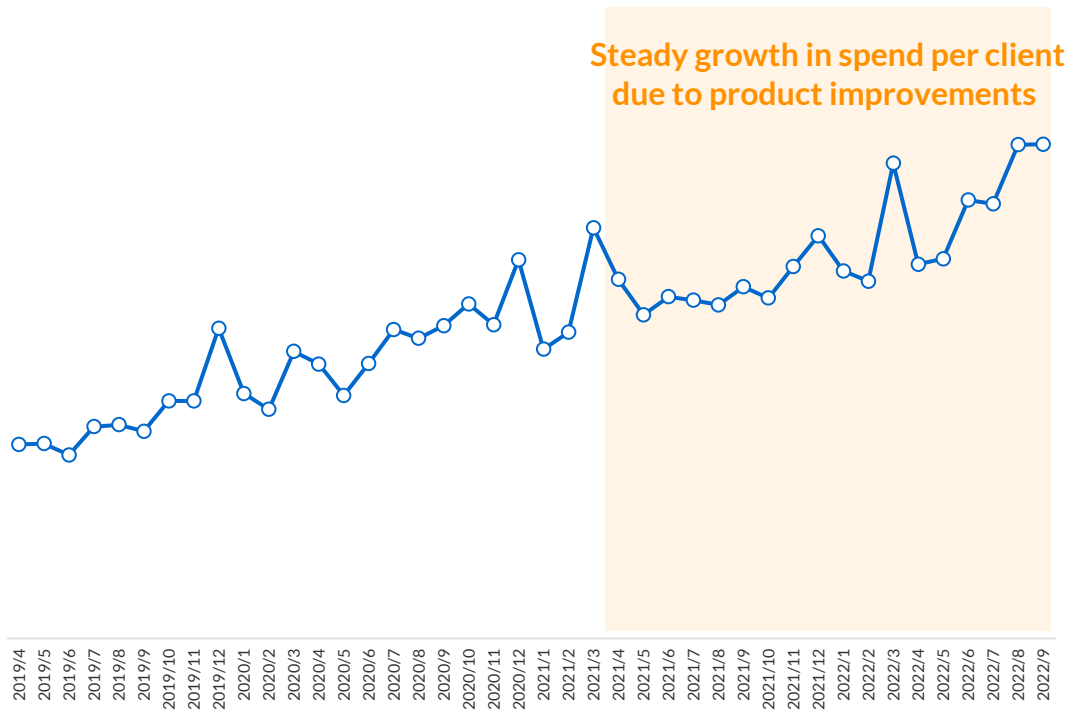
■ Gross profit per headcount
○ Headcounts



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- 2 Financial Results for 2Q of FY2023
- 3 Topics for 2Q of FY2023**

Promote clients' continuous transaction by implementing product feature updates, resulting in steady growth of spend per client

Monthly spend per client by "Lancers" clients



Update the product gradually, and To increase spend per client by promoting client use

Lancers "Repeater Function"

Visualization of selected freelancers



Lancers "Skill-Catalogue estimate function"

Smooth internal approval flow on the client's side



Various functions are already in place and will continue to promote platform transactions in compliance with regulations

Our Commitment to Protect Freelancers

Perspectives on protecting freelancers

“Delayed payment”

- Optional function for requests in compliance with the Subcontracting Law (It implements automatic disbursement functions to set up the acceptance inspection flow and to ensure that the payment is received in the bank account within the deadline of the Subcontracting law)

“Unilateral change of job description”

- The job description of the contract cannot be changed without agreement of both parties once the contract is concluded.
- Providing services such as message highlighting, recommending reply within 24 hours, to avoid miscommunication

“Unreasonably low payment”

- AI-based payment deviation from the market based on job rank, and its presentation and correction alert function
- (Competition Skill-Catalogue) Setting the minimum amount for payment

Our main initiatives

Our Approach to Invoice System

Providing appropriate information through sponsored seminars and awareness surveys etc, for both clients and freelancers.

Our group's response

Provide appropriate information

Provide information on trends

- Appropriate delivery of information to both clients and freelancers

In-house training

Promote understanding among sales personnel

- Training within agent business
- Training for all employees (planned)

Restructure our system

Additional functions (planned)

- Qualified invoicing capabilities
- Modification of systems linked to the system

Began providing appropriate information

Sponsored seminars with LayerX Inc.

Plans for expansion in the future

公認会計士が徹底解説！

LayerX × Lancers

株式会社LayerX
パワラク事業部
インボイス制度アドバイザー
第一人者 (やな はやと)

無料 オンラインセミナー

2022年 10月 18日 火
11:00 - 12:00

ランサーズ株式会社
執行役員 事業企画部 企画
後藤 信彦 (ごとうのぶひこ)

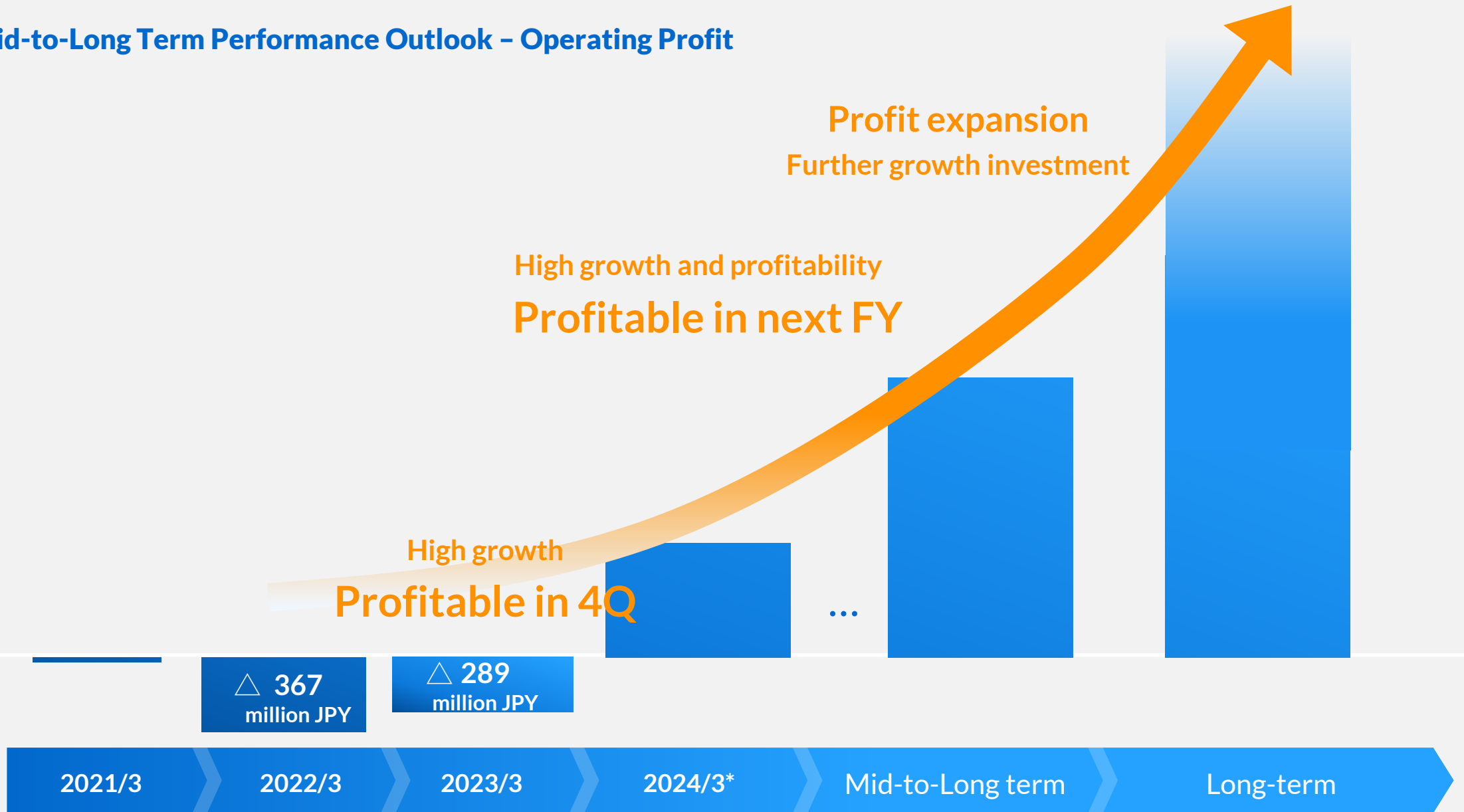
Launched an independent survey on the invoice system

Surveys for both clients and freelancers

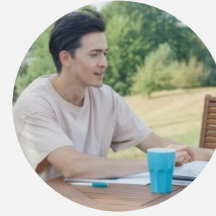
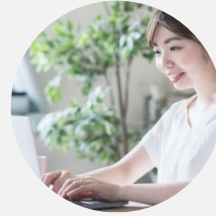
インボイス制度に関する取引先企業の意識調査

Lancers

Mid-to-Long Term Performance Outlook - Operating Profit



*) Turn profitable while continuing investment within 3 years. Proactively discuss with the market if more attractive mid-to-long term investment opportunities are upcoming

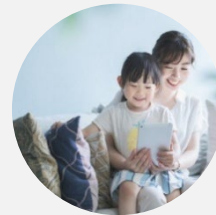


Empower Individuals

Through the power of technology, Lancers empowers all individuals to live their own lives

- with less friction, more freedom, and more shining moments.

We contribute to make a better and sustainable society by innovating workstyle and lifestyle of individuals.



APPENDIX



1 Details of Our Services

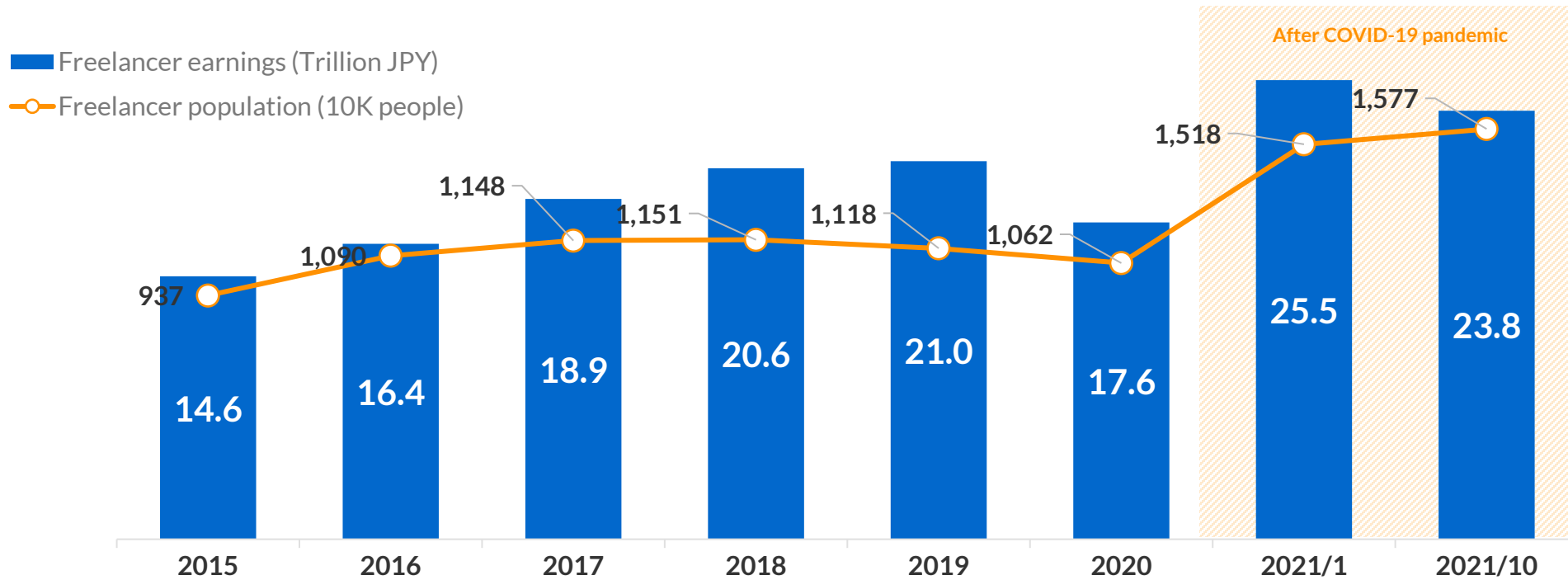
2 Details of Our Performance

3 Business Plan of this FY

4 Business Risks and Others

Freelancer population has been increasing up to 15.7 million – 24% of Japanese workers

Freelancer earnings and population*

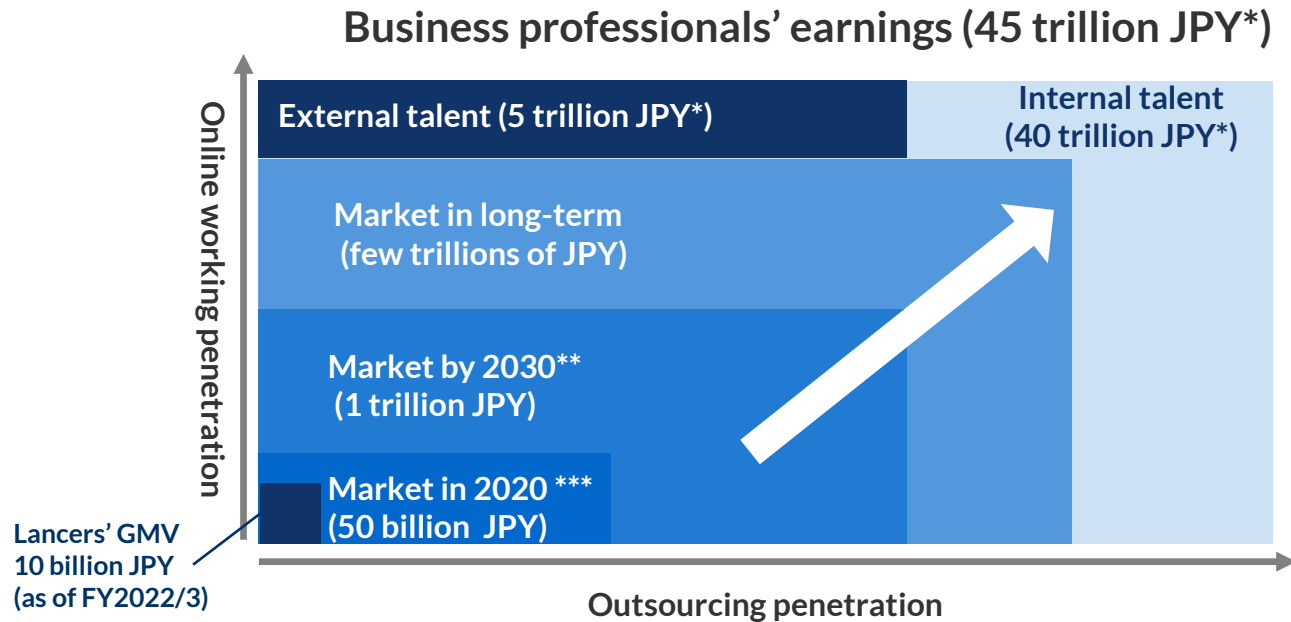


*) Reference from "New Freelance Survey 2021-2022". Please refer to the following URL for details: https://speakerdeck.com/lancers_pr/xin-huriransushi-tai-diao-cha-2021-2022nian-ban

Market Potential

Market is expected to expand to 1 trillion JPY around 2030, as online work and job outsourcing becoming much more popular in the future

Market size

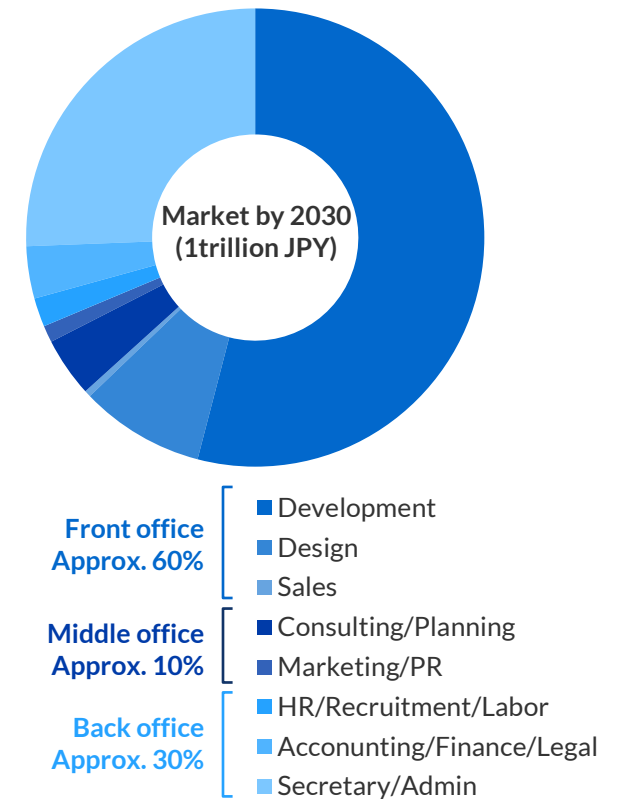


*) Calculated market size referring to 2015 National Census, 2016 Economic Census, Specified Service Industry Dynamic Statistics Survey August 2020, Reiwa 1st Annual Wage Structure Basic Statistics Survey, Yano Research Institute "2020-2021 BPO (Business Process Outsourcing) Market" Actual conditions and prospects", Industry Trends SEARCH.COM, Career Change Service doda" Average Annual Income Ranking by Job Type 2019"

**) Assumed online working penetration weighted average as 31%, referring to "Freelancer Survey 2020" and "Freelancer Survey 2021" published in Feb 2020 and Feb 2021 by Lancers.

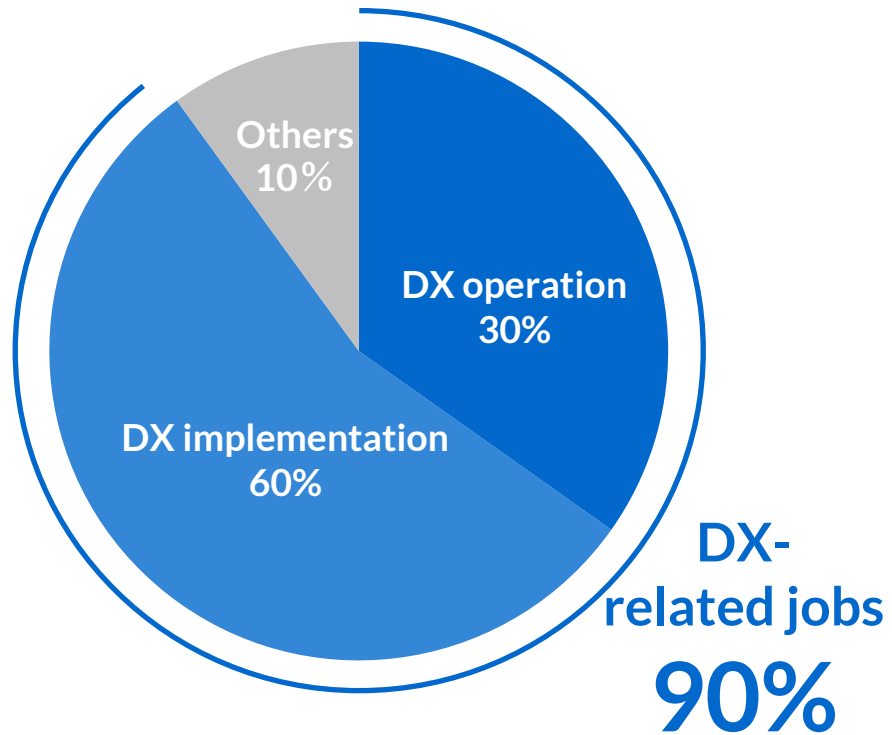
***) Estimated from IR disclosure of other companies in the same industry

Market size by occupation



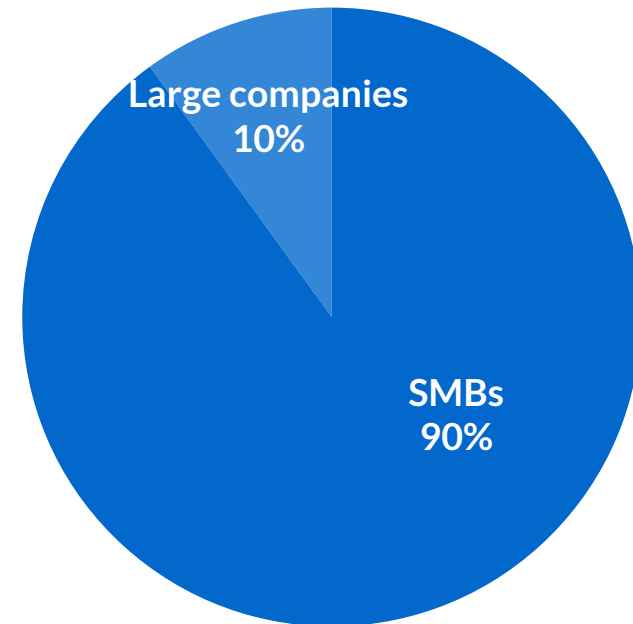
Lancers' main customers are SMBs, most of whose business needs are DX-related

GMV by job category*



*) Percentage of Lancers' GMV

GMV by client business size*



*) Percentage of Lancers' GMV

Operating businesses in 2 segments with different business models

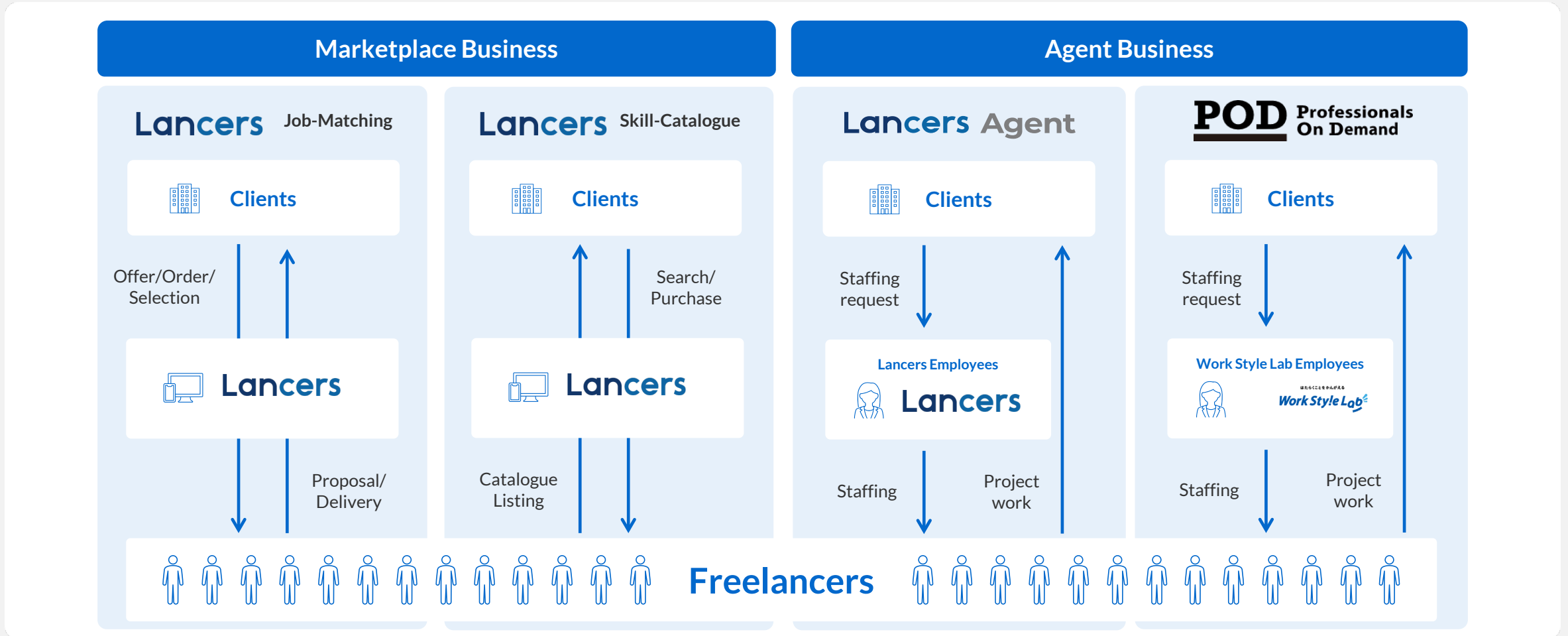
*) Based on management accounting standards

Lancers' business segments

	Major services	Major clients	Major categories	Business model	Take rate*
Marketplace Business	Lancers	SMBs	Engineers, Designers, Marketer, Sales, Writer, Back Office	Job matching	18-19%
Agent Business	Lancers Agent POD Professionals On Demand	SMBs Large companies	Engineer, Designer IT/business consultant	Talent staffing	14-20%

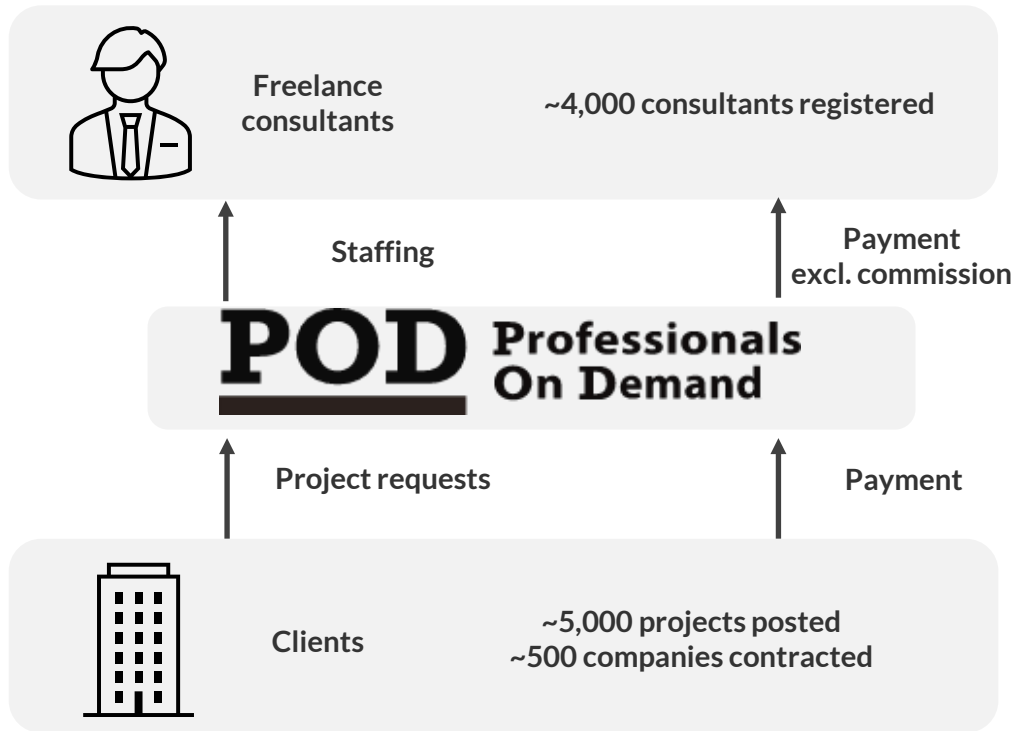
*) Based on performance over the last year

Provide multiple service models to clients, using a common freelancer platform

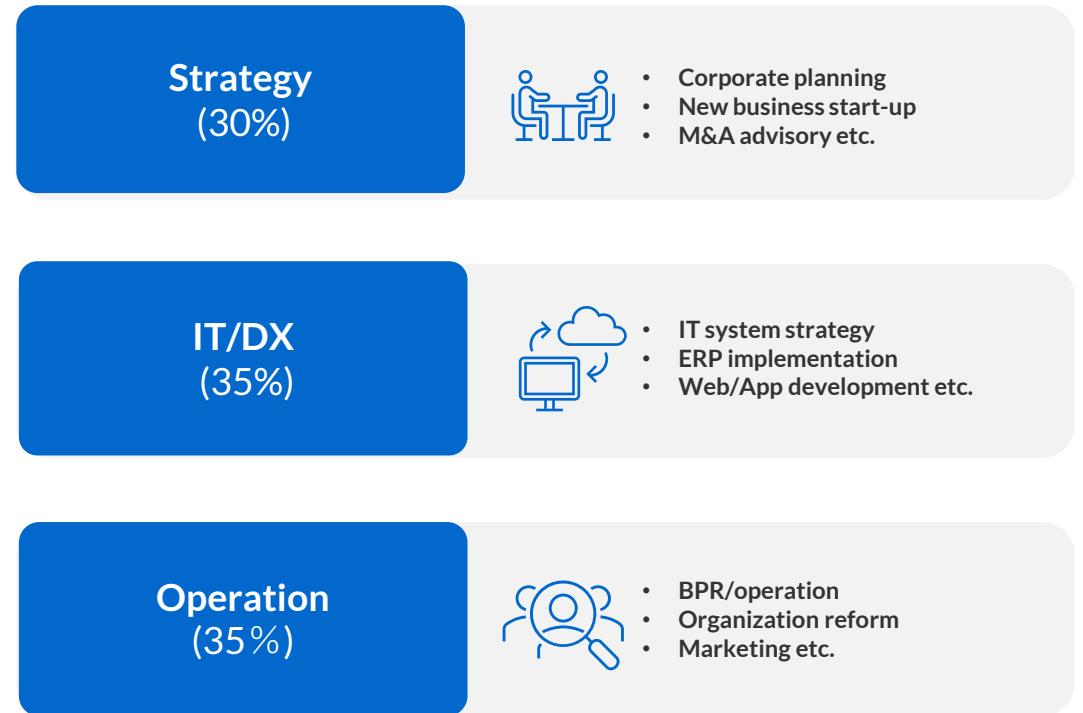


Work Style Lab, Inc. provides “Professionals On Demand (POD)” as its main service, which matches professional consultants to SMBs and large enterprises

Service details

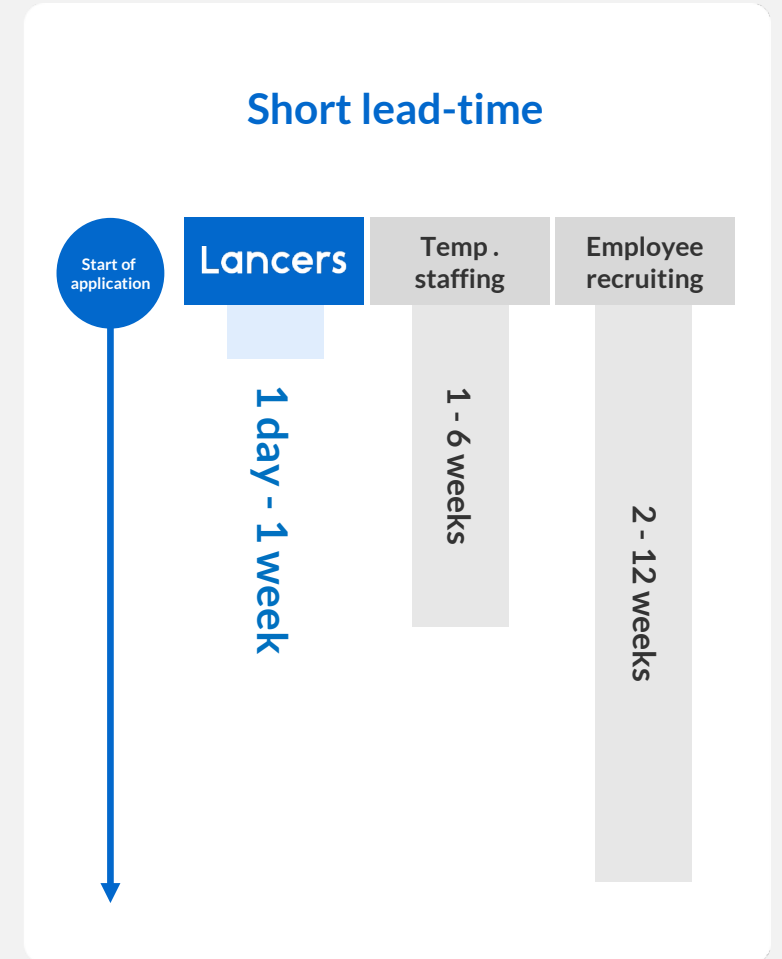
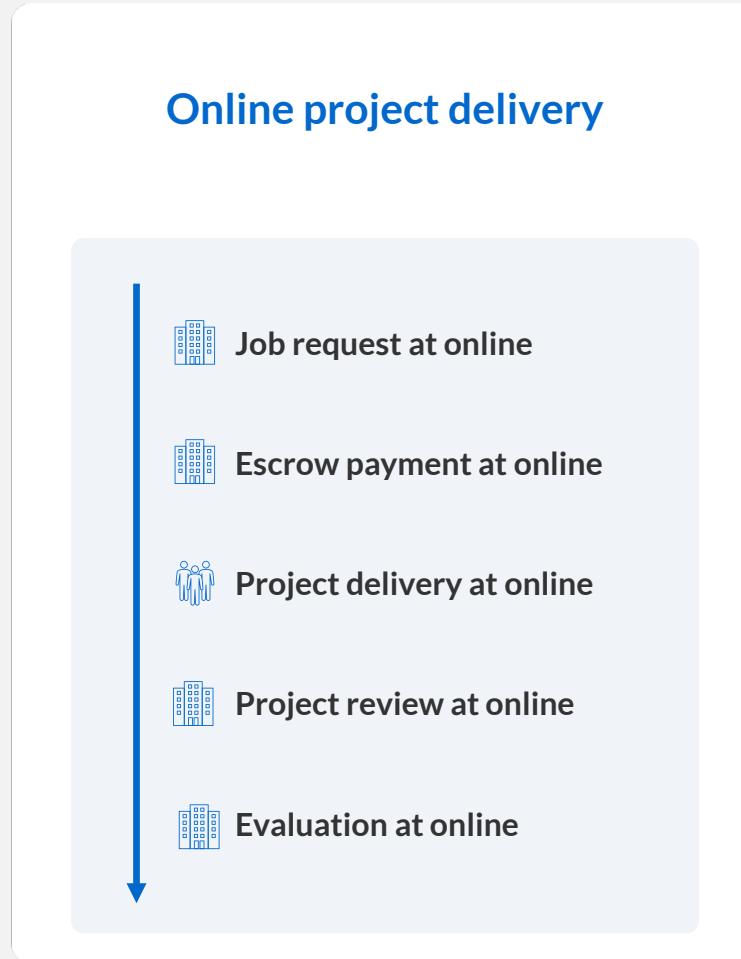
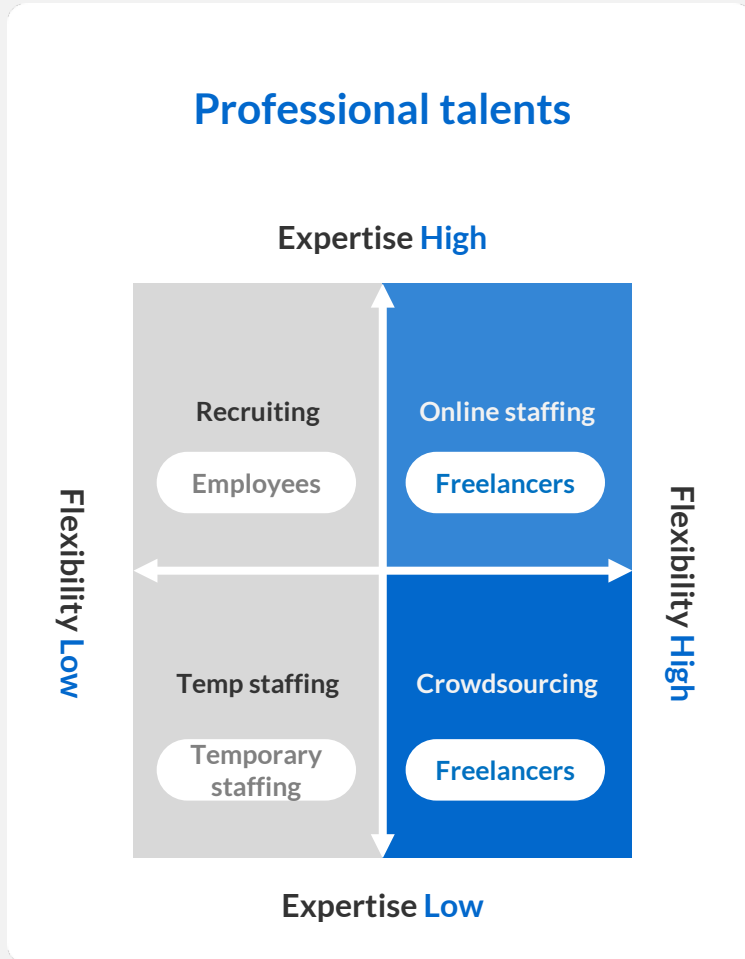


Project details



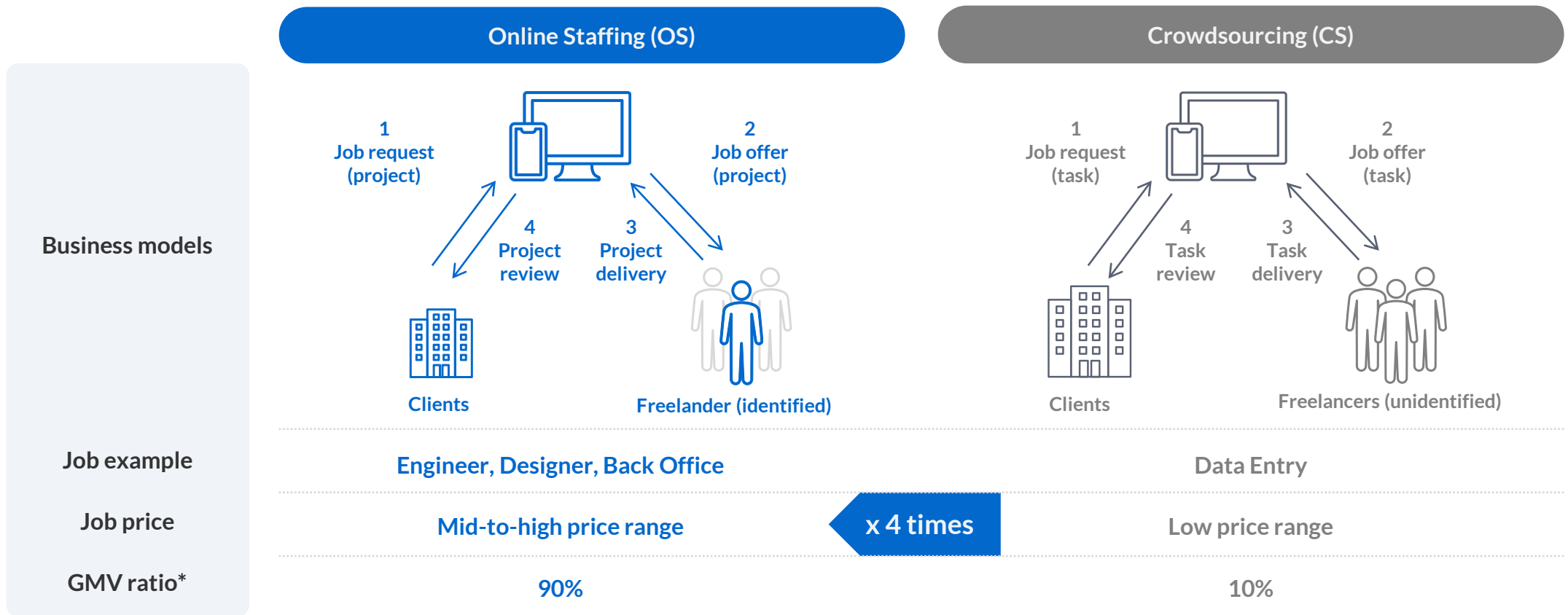
Differences from Traditional Staffing Services

Provide online job platform matching professional talents, with much shorter lead-time than traditional staffing services



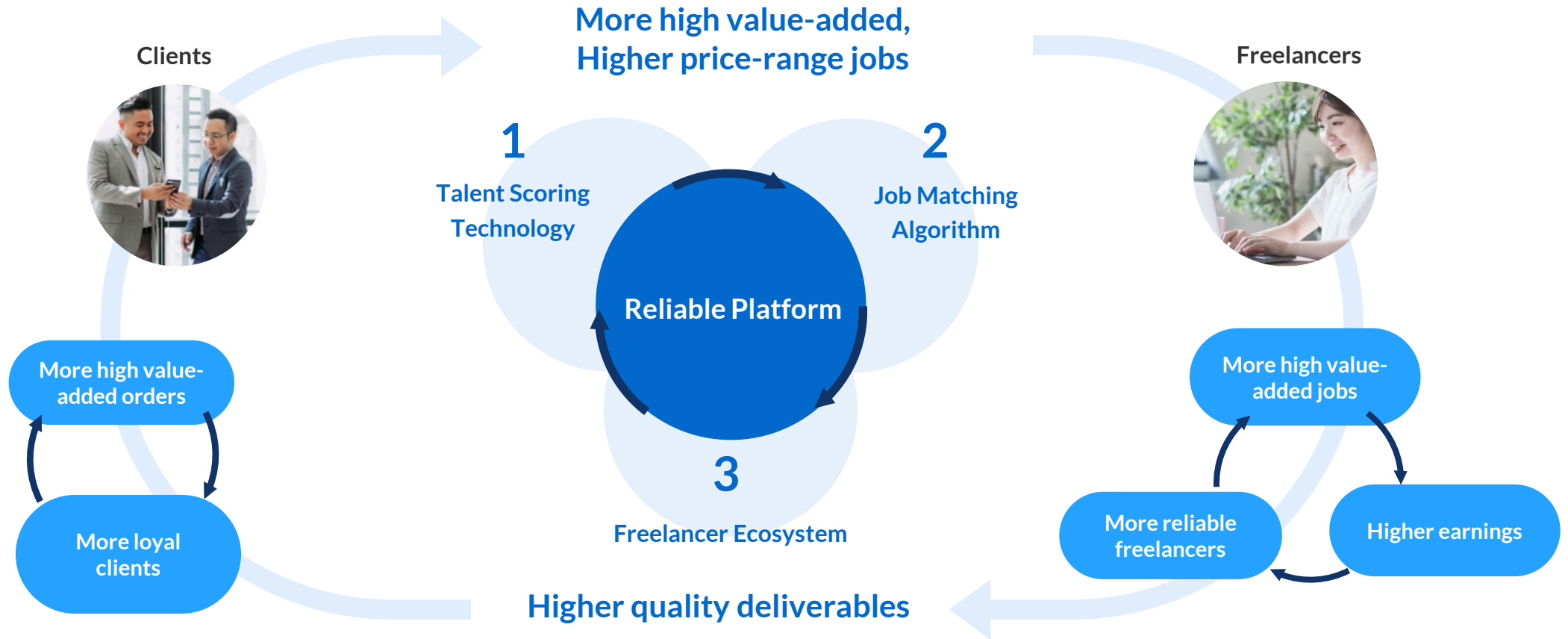
Our business model is defined as online staffing platform, rather than crowdsourcing

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



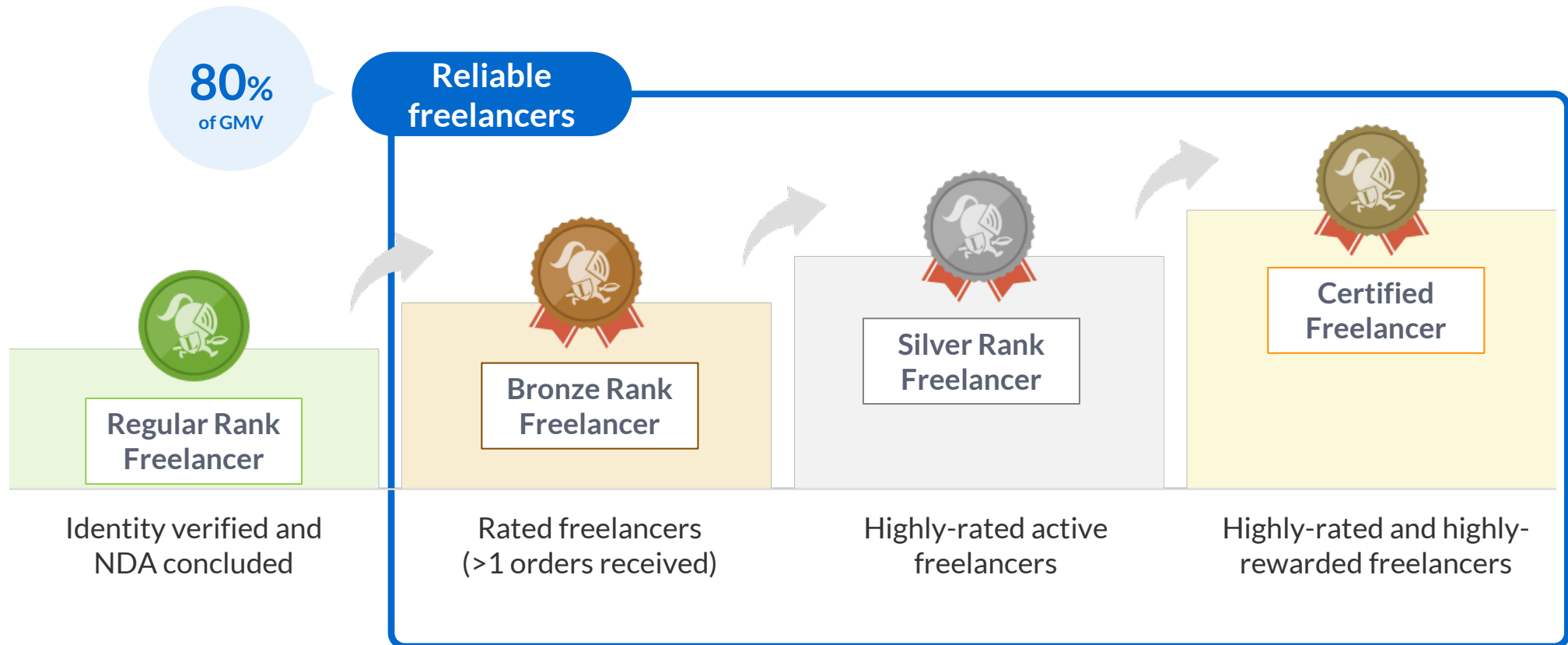
*)Percentage of our group's GMV.

Lancers is a reliable and high-value added job platform



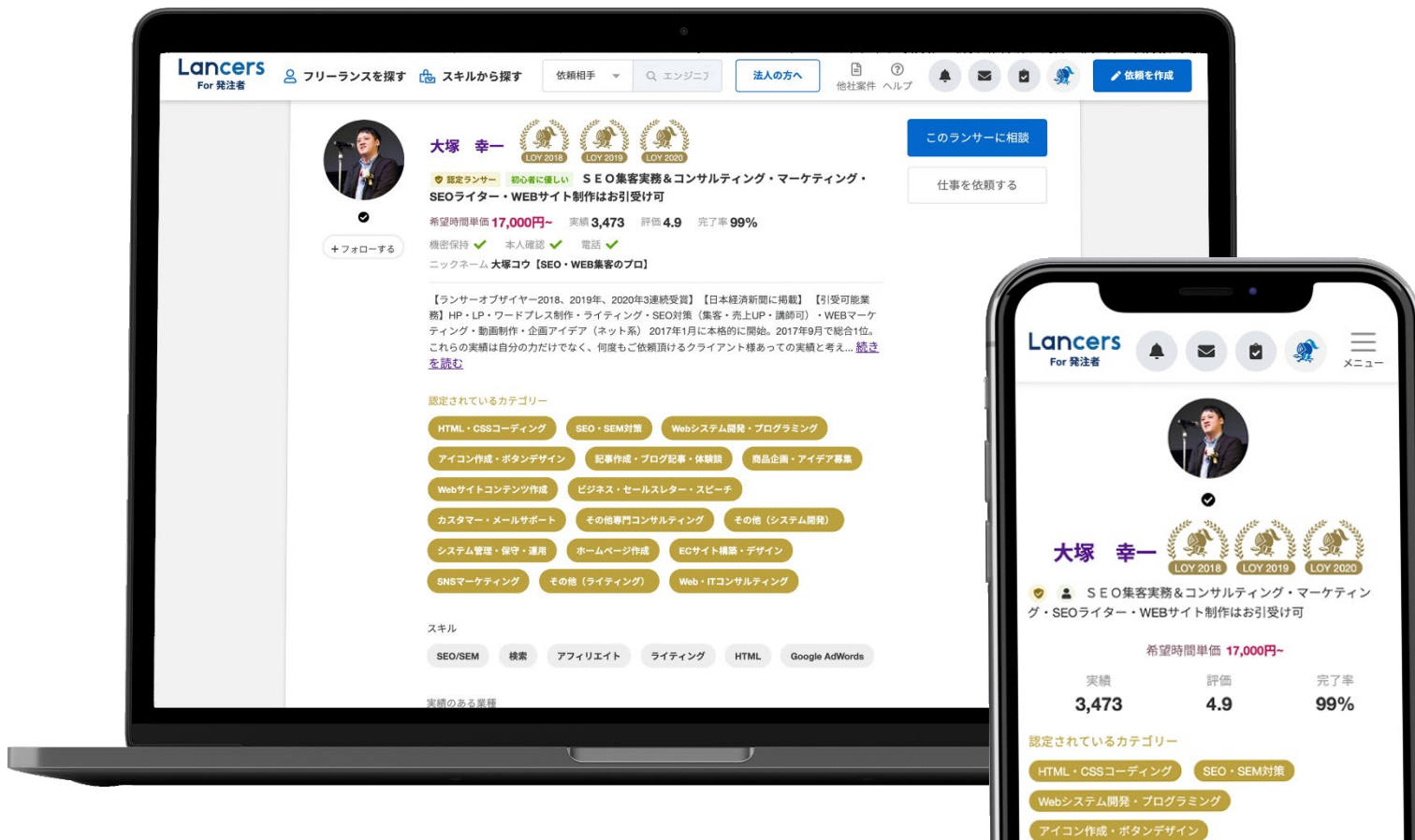
Definition of “Reliable Freelancers”

“Reliable freelancers” are defined and measured by Lancers’ unique ranking algorithm



1. Talent Scoring Technology

Our platform highly recommends real-name-based reliable freelancers in its search experience



2. Job Matching Algorithm

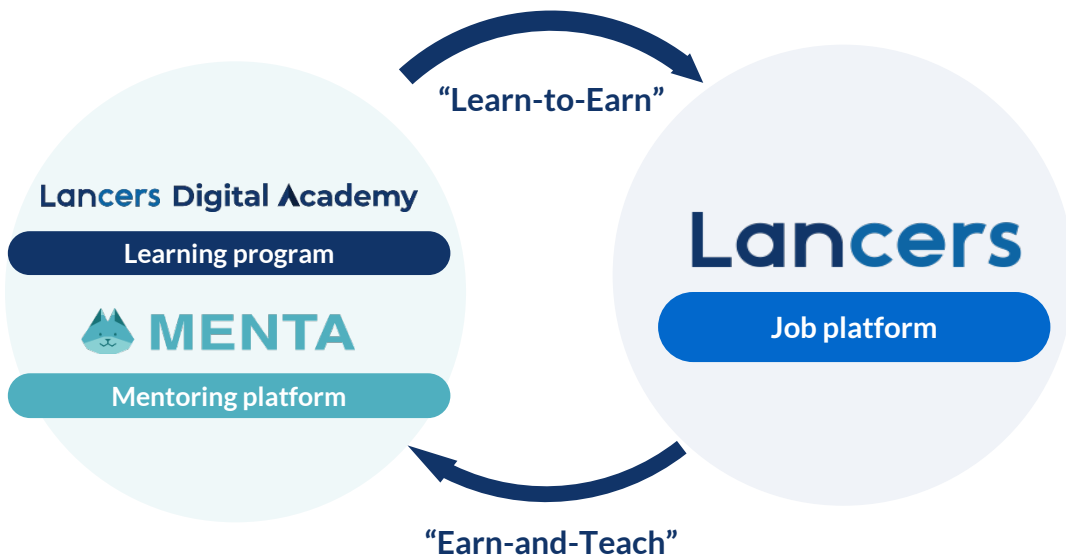
Our platform promotes job matching with a fair market price using our unique algorithm



3. Freelancer Ecosystem

Our platform incubates and retains qualified freelancers with a unique “learn-to-earn” ecosystem

“Learn-to-Earn” ecosystem



Features of “Lancers Digital Academy”



Provide **practical skills and knowledge** of top players in the industry



Provide **fully online-based video** learning courses



Provide **innovative learning experience** in a virtual classroom

- 1 Details of Our Services
- 2 Details of Our Performance**
- 3 Business Plan of this FY
- 4 Business Risks and Others

Using different revenue recognition standards for 2 business segments

	Marketplace Business	Agent Business
Major service	Lancers	Lancers Agent POD Professionals On Demand
Revenue recognition	Net-based (net sales $\hat{=}$ gross profit)	Gross-based (net sales \neq gross profit)
GMV	Job transaction value	Job transaction value
Net sales	Commission fee + optional fee	Job transaction value
Gross profit	Commission fee + optional fee	Commission fee



Financial Results by Segment* for 2Q of FY2023 (Single Quarter)

Marketplace business grew by 21% YoY in gross profit.

Agent business grew by 119% YoY in gross profit with the addition of Work Style Lab, Inc.

*) Based on management accounting standards.

	2Q(single quarter) of FY Ending March 31, 2023				1Q of FY Ending March 31, 2023 (Previous single quarter)	
	GMV (YoY)	Gross profit (YoY)	Operating/ Segment profit	Operating margin	GMV % change	Gross profit % change
(Unit: Million JPY)						
Marketplace business	1,845 +16.4%	357 +21.4%	43	9.3%	+1.7%	+0.4%
Agent business	988 +59.0%	202 +119.4%	△29	-	+18.7%	+39.6%
Others*	0	△2	△2	-	-	-
shared cost**	-	-	△120	-	-	-
Company-wide total	2,834 +10.8%	557 +9.8%	△108	-	+7.1%	+11.7%

*) Includes other gross merchandise value ,gross profit, consolidation adjustments, etc., based on managerial accounting standards.

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

Financial Results by Segment* for 2Q of FY2023 (Accumulated Total)

Against the forecast, each business progressed as planned.

Plan to increase the take rate of value-added improvement and gross profit per HC in 2nd half of the year

*) Based on management accounting standards.

	2Q (Accumulated Total) of FY Ending March 31, 2023				FY Ending March 31, 2023 (Forecast)	
	GMV (YoY)	Gross profit (YoY)	Operating/ Segment profit	Operating margin	Forecast	% Progress
(Unit: Million JPY)						
Marketplace business	3,660 +14.8%	713 +20.5%	90	9.6%	45.9%	46.1%
Agent business	1,821 +52.1%	347 +98.1%	△43	-	39.0%	36.1%
Others*	0	△4	△2	-	-	-
shared cost**	-	-	△293	-	-	-
Company-wide total	5,481 +8.5%	1,055 +6.8%	△245	-	43.4%	42.4%

*) Includes other gross merchandise value ,gross profit, consolidation adjustments, etc., based on managerial accounting standards.

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

Performance Details by Segment *

*) Based on management accounting standards

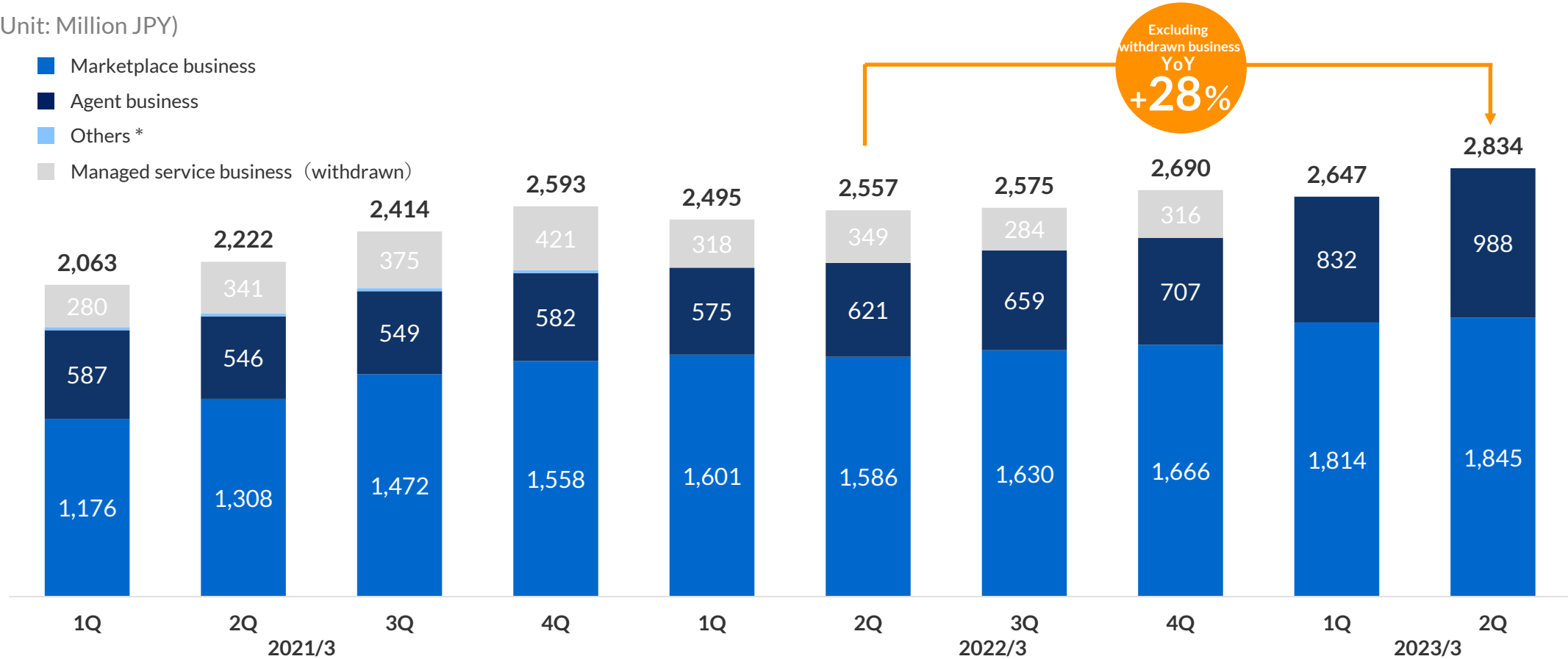
(Unit: Million JPY)		FY2019				FY2020				FY2021				FY2022	
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
GMV	Marketplace business	1,106	1,131	1,180	1,170	1,176	1,308	1,472	1,558	1,601	1,586	1,630	1,666	1,814	1,845
	Agent business	410	489	566	617	587	546	549	582	575	621	659	707	832	988
	Others*	0	3	3	0	18	25	16	31	0	0	0	0	-	-
	Managed service business	260	389	370	413	280	341	375	421	318	349	284	316	-	-
Gross profit	Marketplace business	213	222	224	223	220	242	269	288	297	294	304	309	356	357
	Agent business	63	76	85	89	89	78	82	86	83	92	96	99	144	202
	Others*	10	14	13	29	12	14	8	17	-1	-3	-4	-4	-2	-2
	Managed service business	89	142	140	155	106	129	129	150	102	123	96	115	-	-
Profit by segment	Marketplace business	-186	107	102	-34	104	111	143	154	98	54	22	-6	47	43
	Agent business	-4	7	16	18	21	13	13	24	16	20	19	11	-13	-29
	Others*	-102	-120	-126	-134	-131	-136	-159	-147	-156	-175	-170	-167	-171	-122
	Managed service business	23	60	51	13	-10	13	3	19	-0	30	6	27	-	-

*) Includes other Gross Merchandise Value amount, 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.

GMV excluding withdrawn business increased by 28% YoY

(Unit: Million JPY)

- Marketplace business
- Agent business
- Others *
- Managed service business (withdrawn)

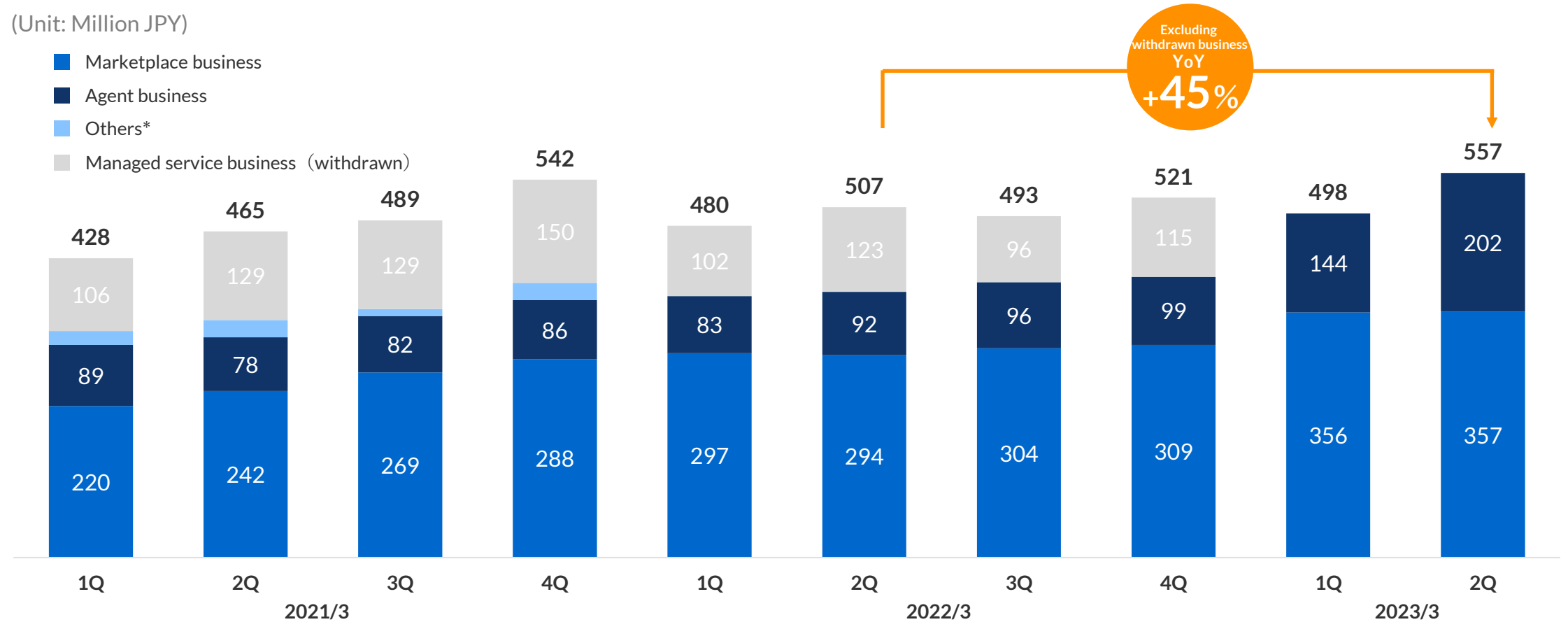


*) Includes other businesses and consolidation adjustments. In addition, negative figures are not shown.

Gross profit excluding withdrawn business increased by 45% YoY

(Unit: Million JPY)

- Marketplace business
- Agent business
- Others*
- Managed service business (withdrawn)



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

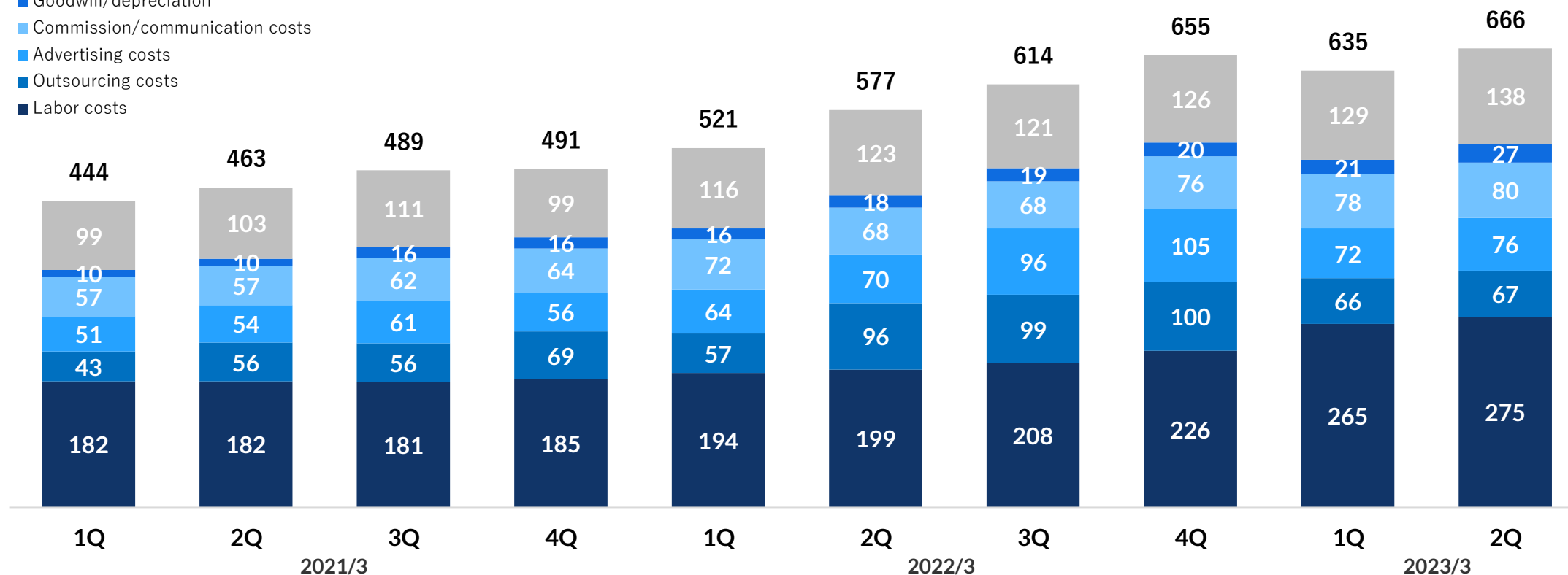
SG&A Expenses (Consolidated)

SG&A expenses increased by 0.06 billion JPY QoQ due to the inclusion of Workstyle Lab Inc. in the group. SG&A expenses were reduced from the forecast to 660 million JPY.

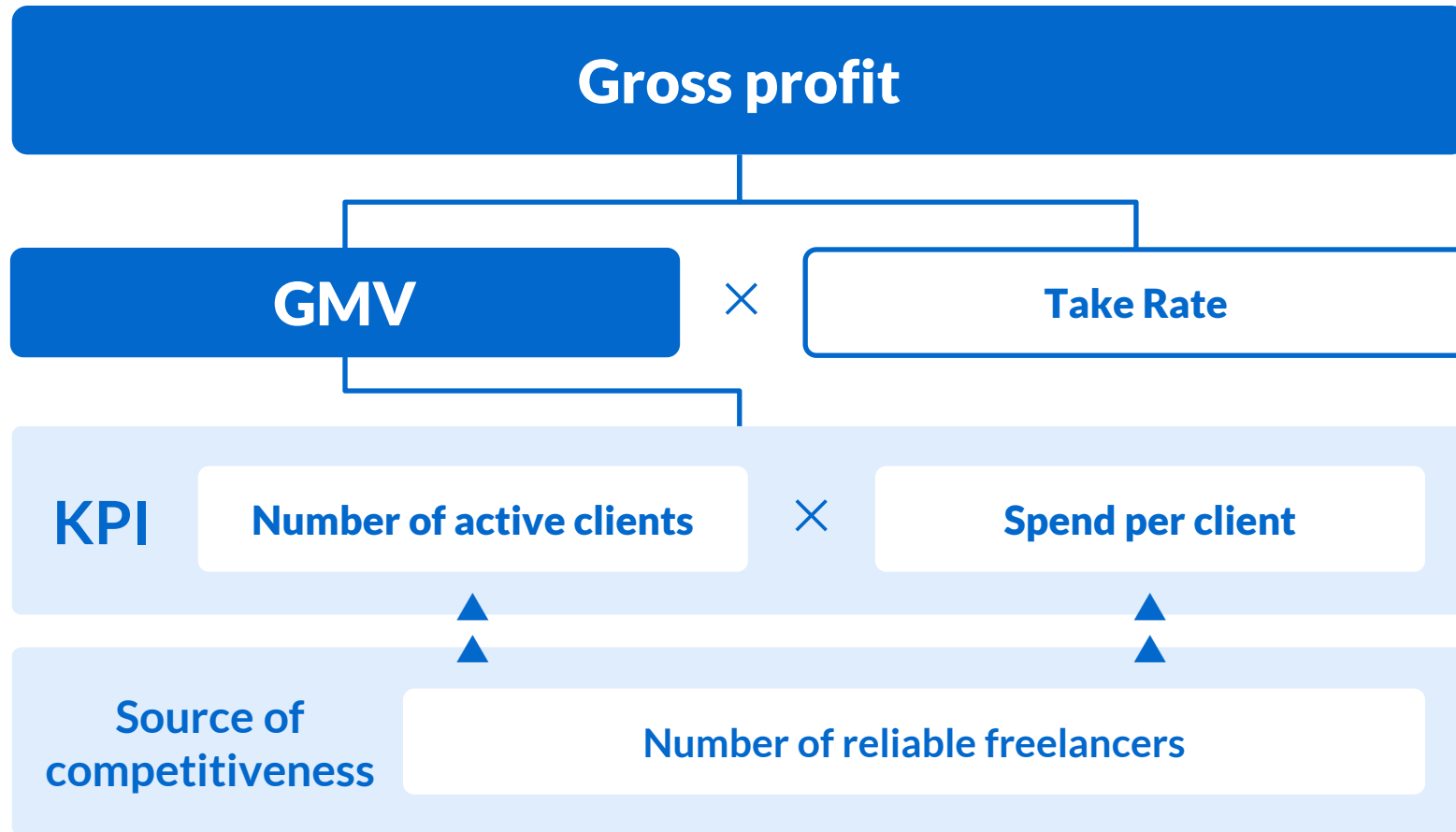
We aim to further optimize SG&A expenses in 2nd half of the year

(Unit: Million JPY)

- Others (rent, audit fees, etc.)
- Goodwill/depreciation
- Commission/communication costs
- Advertising costs
- Outsourcing costs
- Labor costs



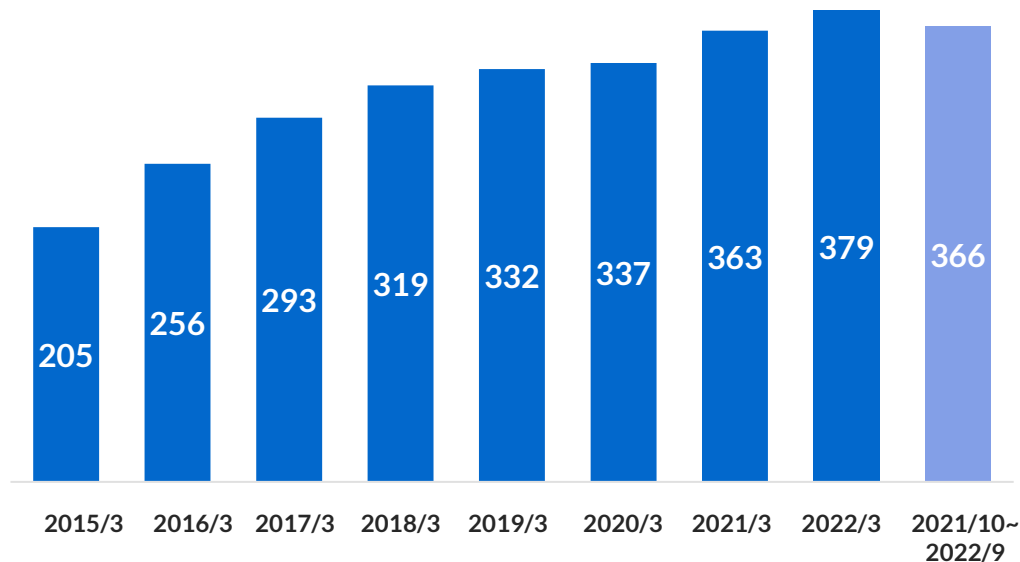
Gross profit and GMV are the most important metrics, with its growth coming from active clients and its continuous spend



Number of active clients affected by withdrawn business, spend per client increased due to Workstyle Lab Inc. inclusion in the group

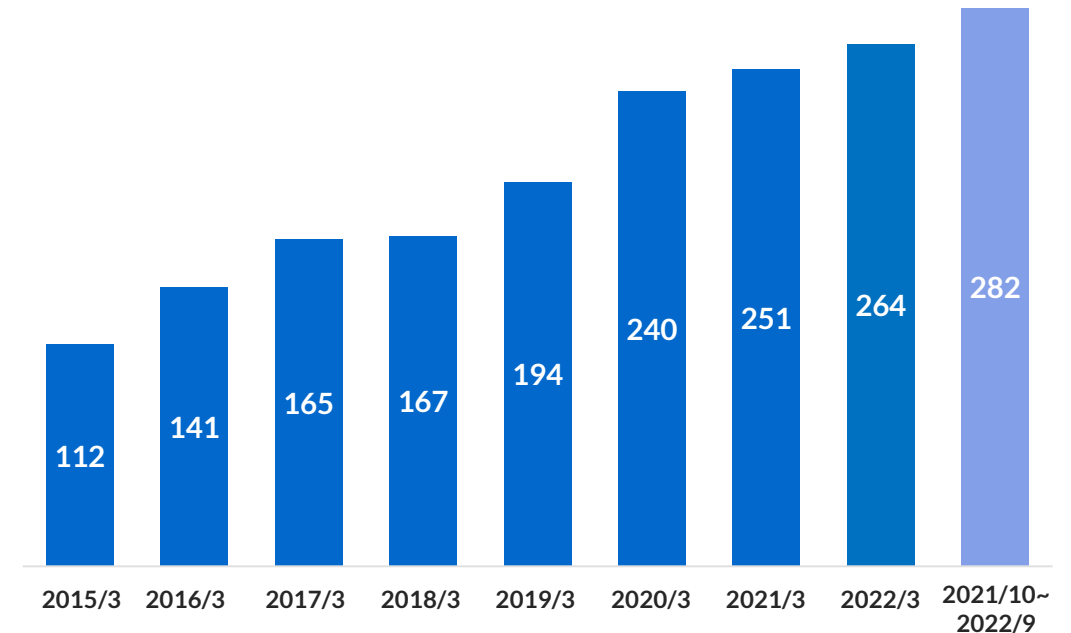
Number of active clients

(Unit: Hundred active clients)



Spend per client*

(Unit: Thousand JPY)



*) 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".

- 1 Details of Our Services
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Focus on growth of Marketplace and Agent businesses while completely withdrawing from Managed Service business. Improve productivity and return to profitability from 4Q onward

Marketplace Business

Accelerate growth

Increase number of new clients
Improve take rate by adding PF value

Agent Business

Regrow

Expand organization
Enter into new job category

Managed Service Business

Withdraw

Close existing services
Transfer customers to other services

Company-Wide

Improve productivity to achieve constant profitability from next FY onward

Become a high growth and high profitability platform accelerating core 2 businesses' growth

1

Investment in Marketplace Business to achieve 40% GMV growth in 3 years

1

Accelerate growth of Marketplace & Agent Business

2

Target company-wide gross profit 4 billion and GMV 20 billion JPY with +30% CAGR

2

Target company-wide gross profit 3-3.5 billion JPY

3

Become a high growth and high profitability platform.
Return to profitability in 3 years while continuing investment

Increase GMV by +23% YoY and gross profit by +24% YoY

Company-wide GMV

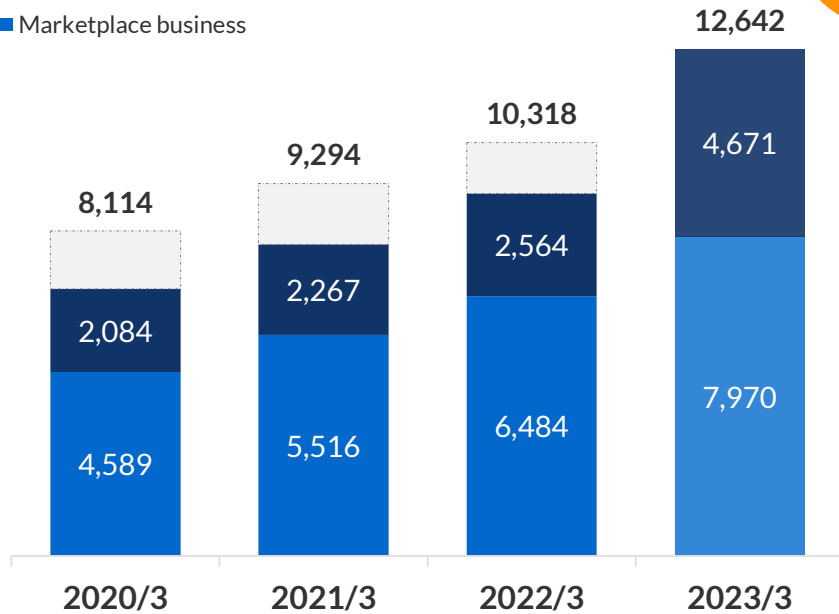
(Unit: Million JPY)

■ Withdrawn business, etc.*

■ Agent business

■ Marketplace business

Forecast YoY
+23%



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

Company-wide gross profit

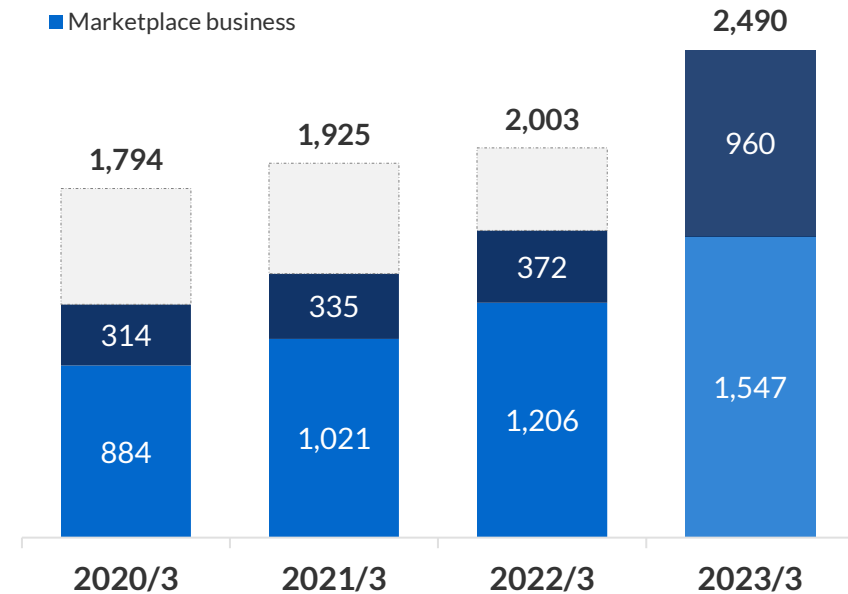
(Unit: Million JPY)

■ Withdrawn business, etc.*

■ Agent business

■ Marketplace business

Forecast YoY
+24%



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

Continue marketing and product investment to strengthen new client acquisition, while improving take rate through platform value-add to increase gross profit

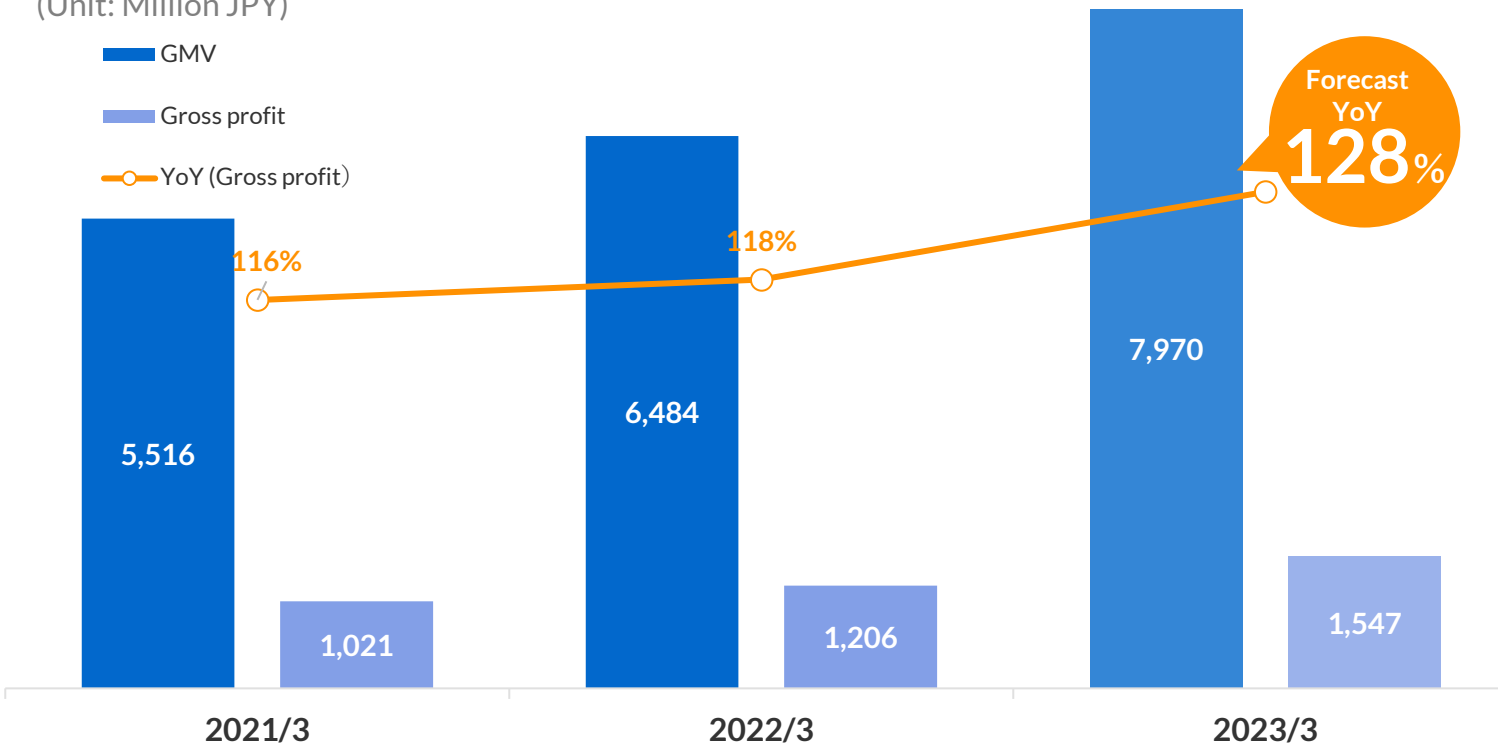
Growth rate and profitability of Marketplace business

(Unit: Million JPY)

■ GMV

■ Gross profit

○ YoY (Gross profit)



Strategy in FY 2023

Expand new client base through disciplined marketing investment

Increase No. of clients and ARPU through product investment

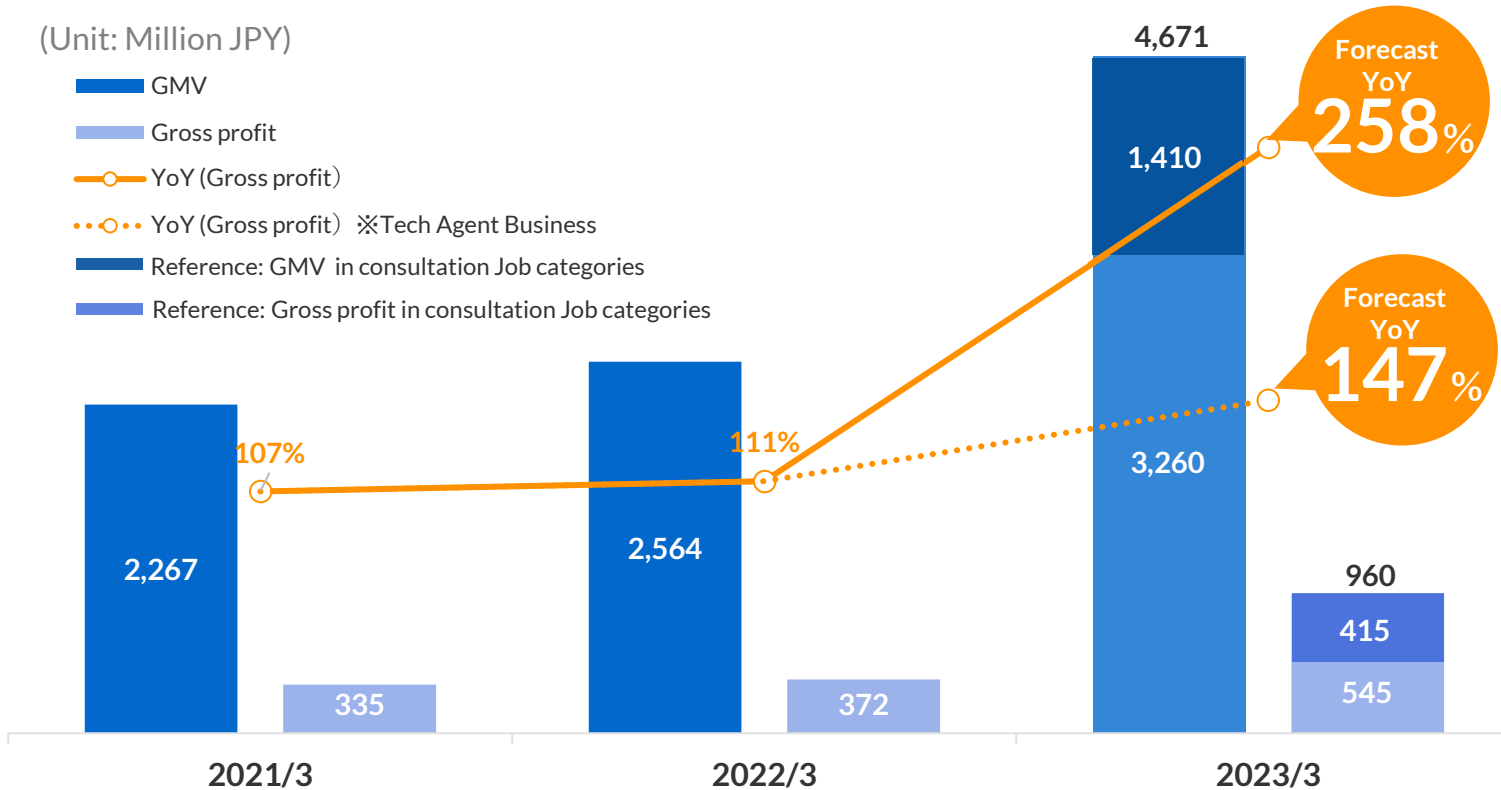
Improve take rate through platform value-add

Grow organization size and expand job categories to increase gross profit

Growth rate and profitability of Agent business

(Unit: Million JPY)

- GMV
- Gross profit
- YoY (Gross profit)
- - - ○ YoY (Gross profit) ※Tech Agent Business
- Reference: GMV in consultation Job categories
- Reference: Gross profit in consultation Job categories



Strategy in FY 2023

Increase GMV through organizational expansion

Increase service value-add through job category expansion

Improve productivity per HC through system investment

Improve operating loss from the previous FY, controlling SG&A expenses excluding the impact of Wok Style Lab acquisition

(Unit: Million JPY)	FY ending March 31, 2022 (previous period)	FY ending March 31, 2023 (forecast)	YoY
GMV*	10,318	12,642	+22.5%
Net sales	4,073	5,401	+32.6%
Gross profit	2,003	2,490	+24.3%
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

*) Based on in-house management materials and is not an audited number.

Increase Marketplace' gross profit by +28% YoY and Agent business by +158% YoY

*) Based on management accounting standards.

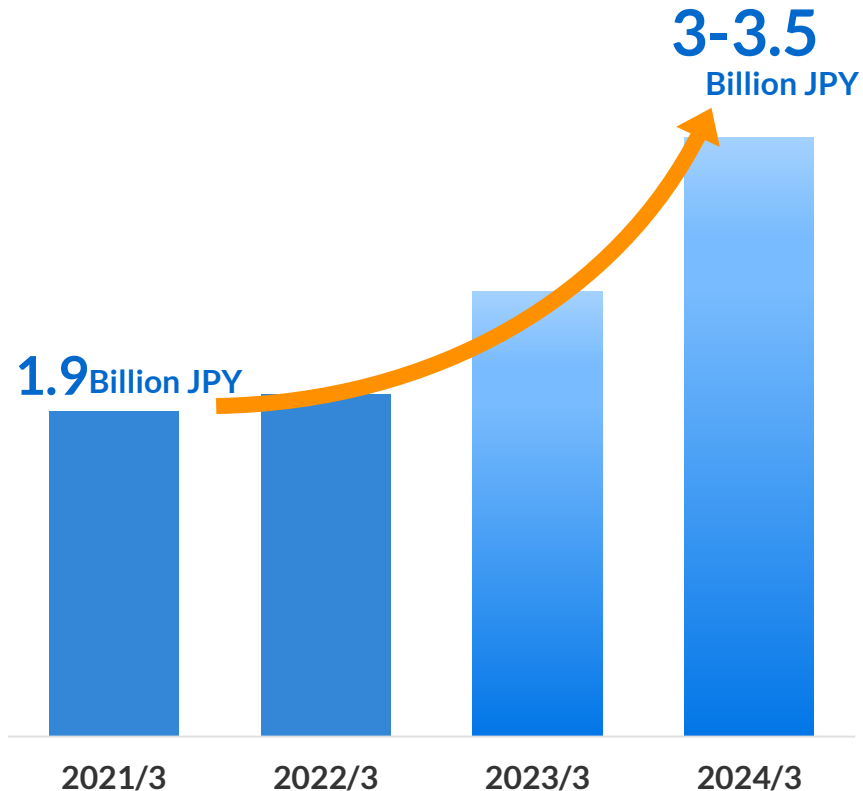
FY ending March 31, 2023 (forecast)

(Unit: Million JPY)	GMV (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., based on managerial accounting standards.

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

Accelerate growth of gross profit



Improve profits by restructuring peripheral businesses

- Increase profits by regrowth of tech Agent business
[\(consolidated into Agent business\)](#)
- Improve profitability by restructuring Managed service business

Expand business by building ecosystem for individuals

- Provide individuals opportunities to gain more earnings beyond existing job PF
- Provide value-add services to individuals such as education etc.

Increase client LTV through platform evolution

- Provide various types of job matching mechanisms
- [Improve take-rate by more platform value-add](#)
- Promote continuous PF usage by strengthening customer success

Acquire new clients by category expansion

- Enable to explore more niche categories meeting market demand
- Launch new job categories with high market demands
- [Enter into high value-added consultation job category](#)

- 1 Details of Our Services
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- 4 Business Risks and Others**

Important Business Risks (1/2)

Identify major risks which might have a significant impact on business execution and operation, taking right measures to address those risks

Major business risks	Possibility/duration	Impact on business execution	Examples of risk scenario	Major counter-actions
Significant events regarding the going concern assumption	Low/short-term	<ul style="list-style-type: none"> Impact on business operations 	<ul style="list-style-type: none"> Possibility of financial deterioration in the event of an operating loss instead of the planned operating surplus in 4Q of FY2023 or a full-year surplus for FY2024 Possibility of financial deterioration and inability to secure sufficient working capital 	<ul style="list-style-type: none"> Establish a structure of constant profitability through selection and concentration of business, improvement of profitability of 2 main businesses, and further optimization of SG&A expenses Secure stable and flexible funds by concluding overdraft agreements with major banks and commitment line agreements
Changes in competitive landscape	Mid/Short-term	<ul style="list-style-type: none"> Decrease in market share Decrease in profitability 	<ul style="list-style-type: none"> More intensive competitive landscape, less competitive advantage in the market Possible fundamental & structural changes in business model 	<ul style="list-style-type: none"> Building services that pursue appropriate usability, with enhanced customer support functions Developing businesses that truly meet the success of users in the long-term
Changes in government laws and regulations	Low/Long-term	<ul style="list-style-type: none"> Impact on business operations 	<ul style="list-style-type: none"> Less growth in freelancer population and side-job workers than expected, due to possible changes in government policies and market trend accordingly 	<ul style="list-style-type: none"> Reduce business risks by gathering information on labour-related laws and regulations

Important Business Risks (2/2)

Identify major risks which might have a significant impact on business execution and operation, taking right measures to address those risks

Major business risks	Possibility/duration	Impact on business execution	Examples of risk scenarios	Major counter-actions
Information security	Low/ Occasionally	<ul style="list-style-type: none"> Outflow of customers Damage on brand equity 	<ul style="list-style-type: none"> Damage in brand social credibility due to leakage of personal or confidential information, caused by unauthorized access from outside or defects in internal management systems 	<ul style="list-style-type: none"> Establishing information security policies and strictly managing personal and confidential information Establishing security-related rules and manuals and providing in-house training for directors and employees Obtaining and renewing the privacy mark system certification from JIPDEC
System failure	Low/ Occasionally	<ul style="list-style-type: none"> Outflow of customers Damage on brand image 	<ul style="list-style-type: none"> Possible server outages and loss of stored data due to unexpected events – such as natural disasters, rapid traffic increase, software malfunctions, unauthorized access, computer virus infections etc. 	<ul style="list-style-type: none"> Ensuring a security system to prevent unauthorized external access and saving service data in the cloud
Acquisition and retention of employees	Mid/ Med-term	<ul style="list-style-type: none"> Loss of competitiveness Impact on business operations 	<ul style="list-style-type: none"> Our business performance may be affected if well-trained employees cannot be sufficiently secured or if such talents cannot be adequately retained 	<ul style="list-style-type: none"> Acquiring highly motivated excellent talents who fully understand our mission and vision Implementing measures to develop internal talents – such as personnel system aligning with business strategy
Uncertainty of new businesses	Low/ Long-term	<ul style="list-style-type: none"> Impact on inorganic growth 	<ul style="list-style-type: none"> New business may not proceed as planned and investment may not be returned if unexpected situations may happen 	<ul style="list-style-type: none"> Building multiple business plans & scenarios carefully analysing market situation Strengthening monitoring system to minimize the impact on our business performance.

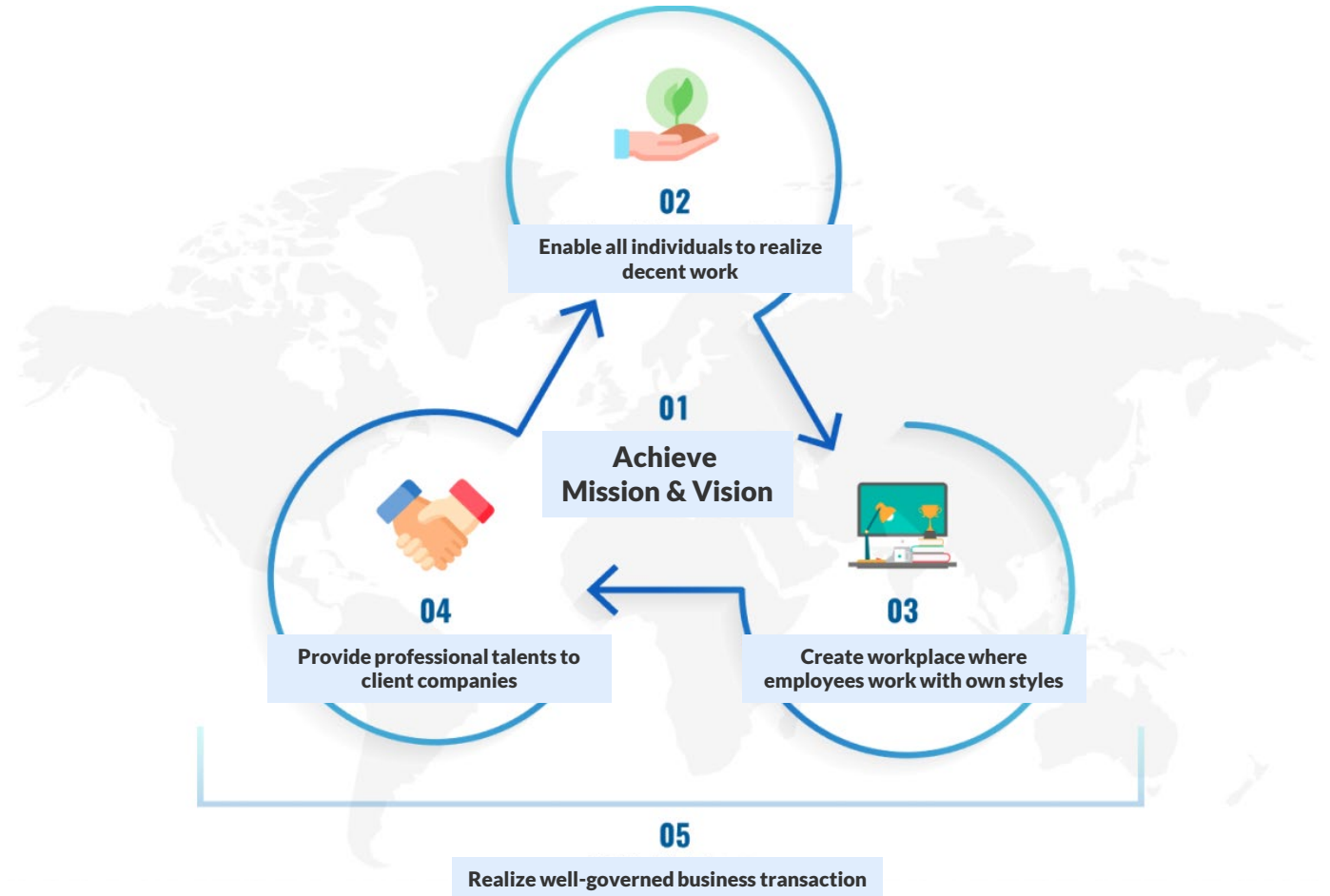
Sustainability

**Build a sustainable and diversified society
by providing new workstyles**

While valuing the relationships between individuals and client companies, we fulfill our responsibilities as a business innovator for workstyle of the next era, to contribute to build a well-developing and sustainable society.

We are committed to solve 5 important SDGs materiality issues including “decent work and economic growth”, by achieving our group mission & vision to create new workstyles and own workstyles for all individuals.

See more details in <https://www.lancers.co.jp/sustainability/>



“Lancer of the Year”

We pioneered and has held an annual award “Lancer of the Year” since 2015 to celebrate and promote innovative workstyles of individuals

 **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

