

# Financial Results for the Fiscal Year Ending March 31, 2023

( Matters related to business plans and growth potential )

LANCERS,INC. (TSE Growth: 4484)



## Highlights

### Company-wide (Full year)

Gross profit YoY  
**2,270** million JPY + **13%**

### Company-wide (4Q)

Gross profit YoY  
**627** million JPY + **20%**

### Company-wide (Full year forecasts)

Gross profit Operating income  
**2,379** million JPY **40** million JPY

### Matching business (Full year forecasts)

Gross profit YoY  
**2,222** million JPY + **11%**

### Full Year and 4Q Results for FY Ending March 31, 2023

Increased gross profit by 13% and reached a fully-year record high despite business withdrawal.  
Achieved quarterly profitability in 4Q as planned

<Full year>

- GMV: 11.3 billion JPY (+10% YoY), Gross profit: 2.27 billion JPY (+13% YoY)
- Operating income:  $\Delta$ 0.24 billion JPY ( $\Delta$ 0.36 billion JPY YoY)

<4Q>

- GMV: 2.97 billion JPY (+10% YoY), Gross profit: 0.62 billion JPY (+20% YoY)
- Operating income: 0.05 billion JPY ( $\Delta$ 0.13 billion JPY YoY)

### Forecast for FY Ending March 31, 2024

Achieve full-year profitability in FY2024. Increase gross profit of matching business by 11% YoY, and aim continuous profit growth from the next financial year onwards

<Company-wide> ※Including businesses that have been withdrawn

- GMV: 11.5 billion JPY (+2% YoY), Gross profit: 2.3 billion JPY (+5% YoY)
- Operating income: 0.04 billion JPY ( $\Delta$ 0.24 billion JPY YoY)

<Matching business>

- GMV: 11.2 billion JPY (+8% YoY), Gross profit: 2.2 billion JPY (+11% YoY)
- Segment income: 0.64 billion JPY (0.38 billion JPY YoY)

※ In this material, the calculation method of Gross Merchandise Value has been revised due to a partial flaw in the calculation method of "Lancers" in the Marketplace Business. The impact of this change is negligible

**1 Company Profile**

**2 Results of the Fiscal Year Ending March 31, 2023**

**3 Forecast for the Fiscal Year Ending March 31, 2024**

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**

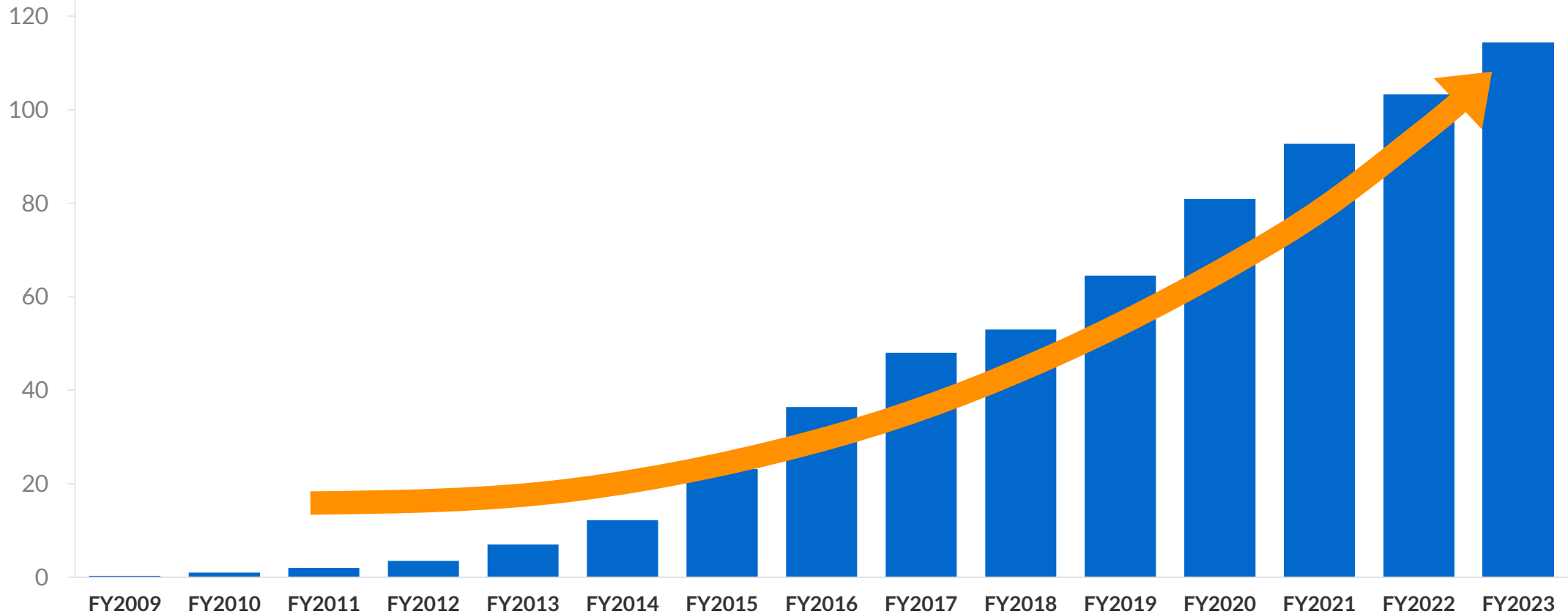
Organization

**Approx. 200 employees\***

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

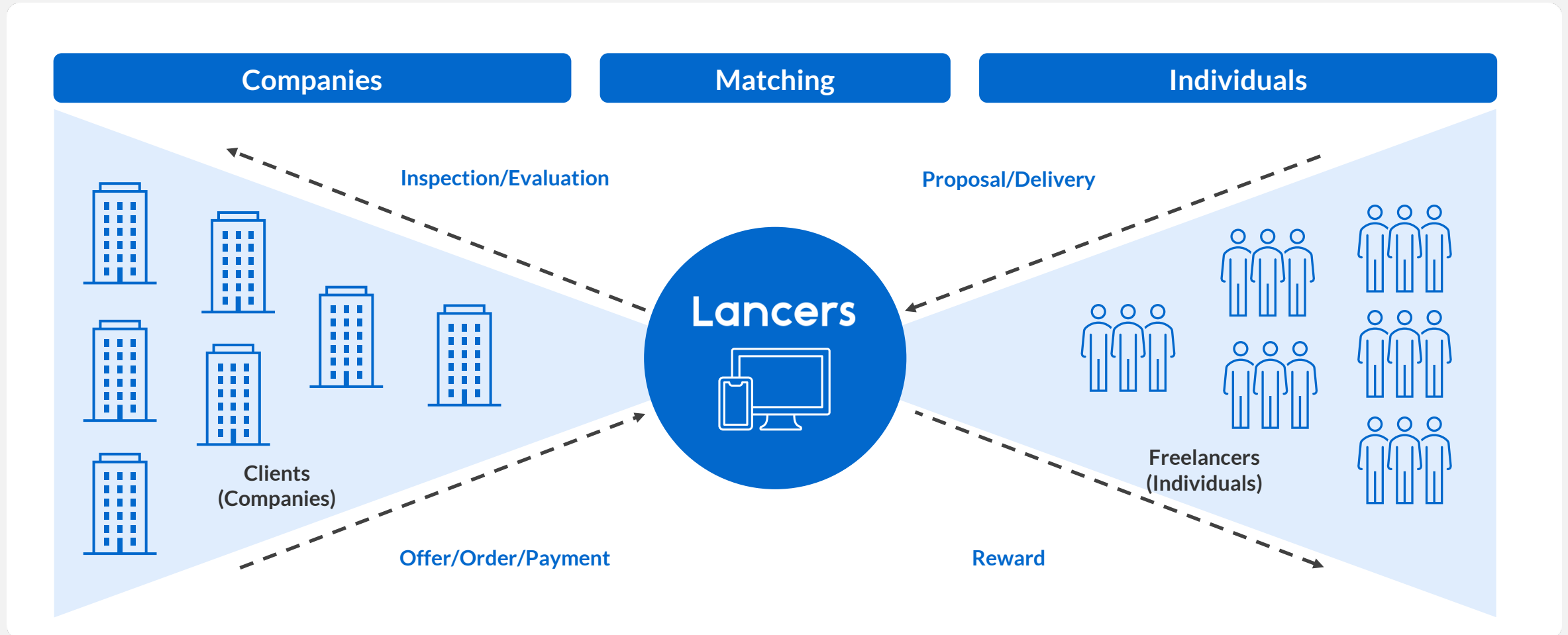
## Achieving continuous GMV growth since foundation

(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**





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

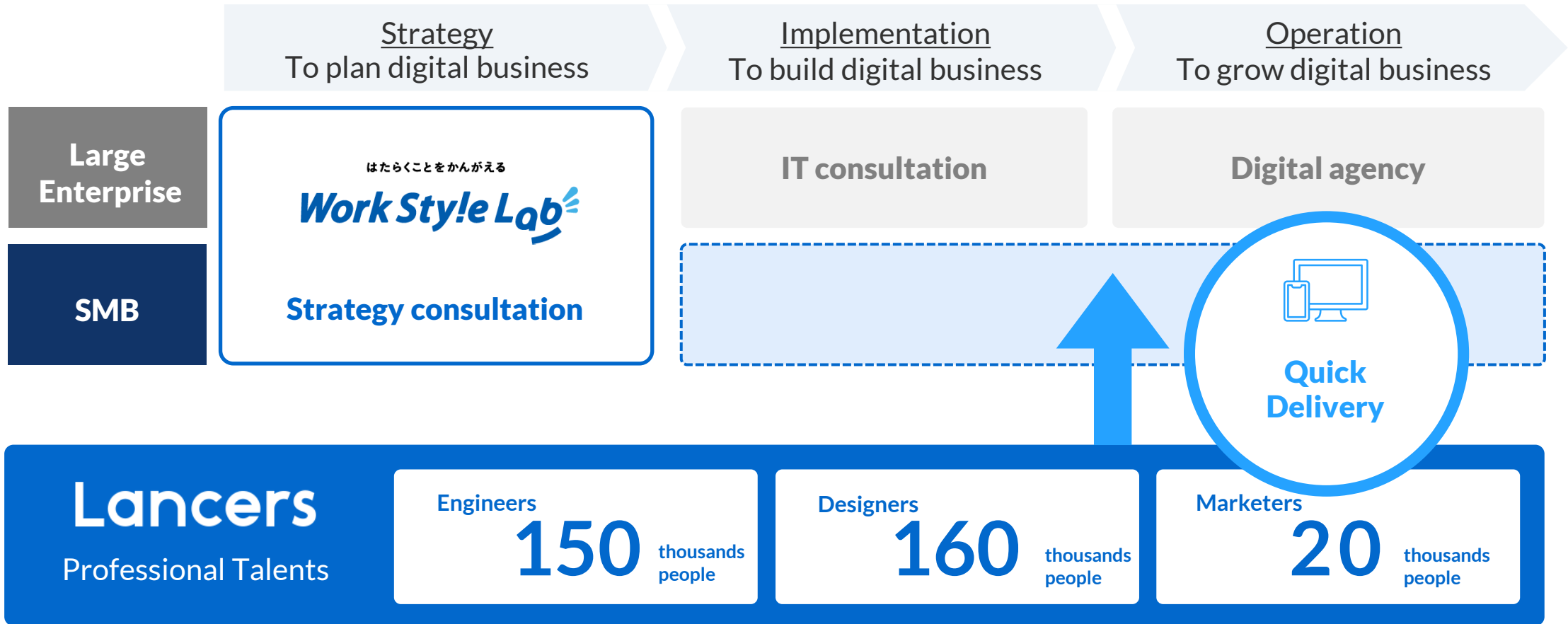
 Article writing/blog articles/experiences  
¥ 0.5- ¥ 5/letter \*

\*) Average price of typical orders – details as follows

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

## Helping Clients Promote Digital Transformation

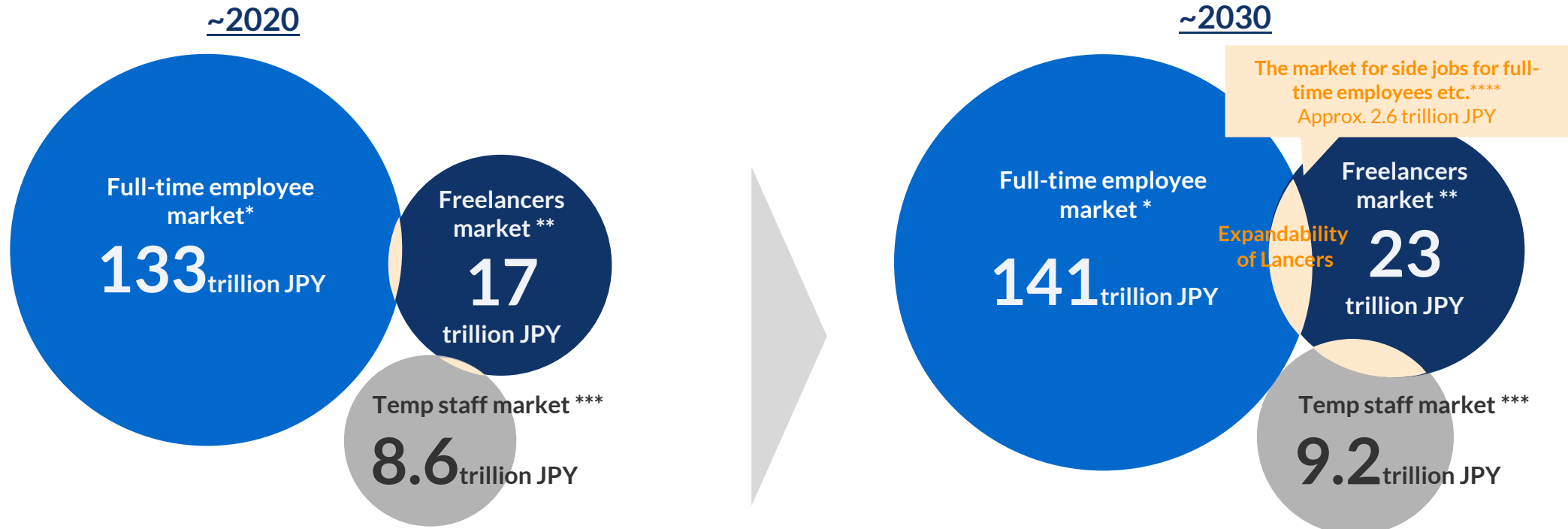
Quickly delivering professional talents to mainly SMBs,  
We help them plan, build and grow their digital businesses





## Market Trend: Labor Market Becomes More Fluid

The more diversified individual workstyle becomes, the more fluid labor market becomes.  
Our target market expands accordingly



\*) The market for regular employees is calculated by replacing the average wage of regular employees and regular staff by employment type in the Basic Survey on Wage Structure in 2020 by the Ministry of Health, Labour and Welfare, and multiplying it by the number of regular staff and employees in 2020 in the average results of the 2022 Labor Force Survey (Basic Tabulation) by the Ministry of Internal Affairs and Communications (2022). Similarly, the current trend is calculated by quoting the Basic Survey on Wage Structure in 2022 and 2023 (2023) from the same survey

\*\*) The freelance market in the broad sense is taken from the economic scale of freelancers in 2020 and October 2021 in the "New Freelance Survey 2021-2022" commissioned by Macromill, Inc.

\*\*\*) Figures for 2020 are from the Ministry of Health, Labour and Welfare's FY2020 Report on Worker Dispatching Business. Current trends are based on Yano Research Institute Ltd. "Survey on the Human Resources Business Market (Major 3 Categories) in Japan: (2022)," released on October 19, 2022, and temporary staffing market in FY2021 (note: based on business operator sales)

\*\*\*\*) Taken from our "New Freelance Status Survey 2021-2022" and "Survey on Work Styles 2023". Calculated by multiplying the population of side job-type sukima workers by the rate of increase in the ratio of full-time employees with side jobs and by the average annual compensation of 623,000 JPY

## Not only large companies but also SMEs accelerate digital transformation using Lancers



A client who operates 4 flower shops in Nagano Pref.



Active use of external HR  
90% of design-related orders are placed to our freelancers

### Issue

- Need to design flyers and create a website, but do not have the in-house resources
- Looked for resources locally, but they do not meet our requirements

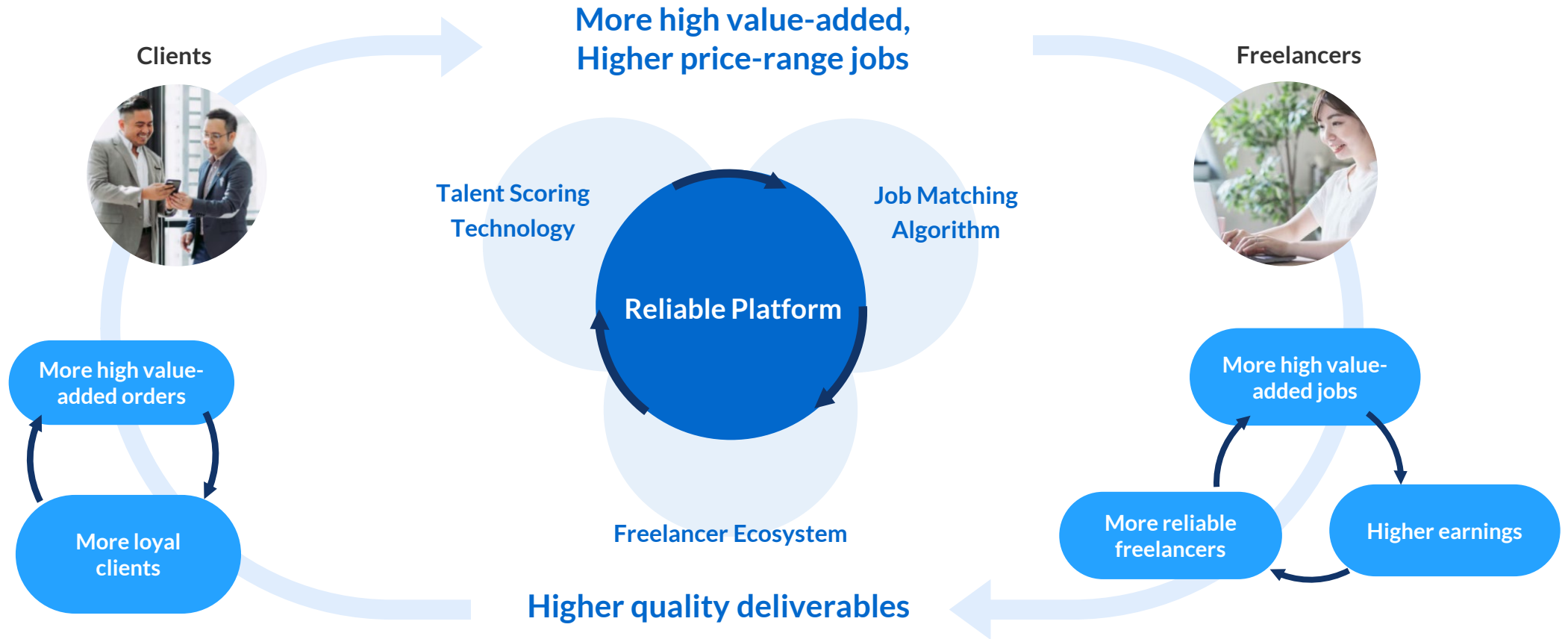
### Counter-plan

- Searched for professional personnel through Lancers and found a match with a person who had the design and requirements we needed

### Out come

- Ongoing requests for design and production work (90% of design-related work ordered)
- By utilizing external resources, employees can focus on their core business, such as customer service, increasing productivity

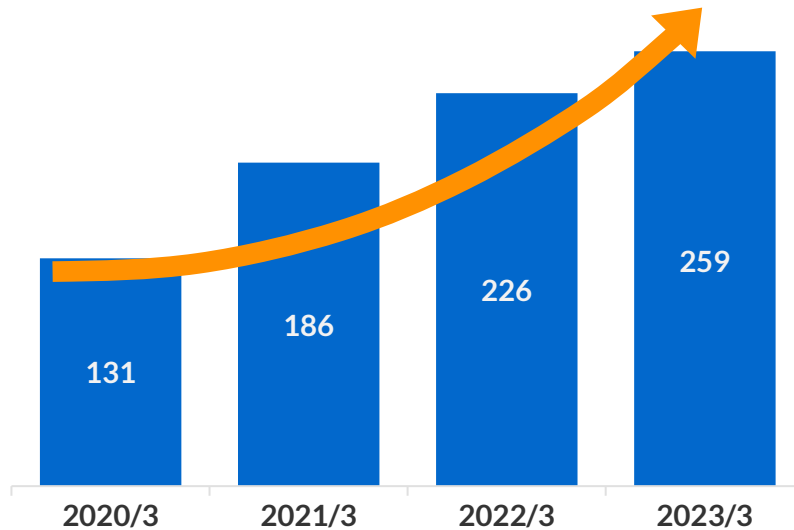
# Lancers is a reliable and high-value added job platform



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

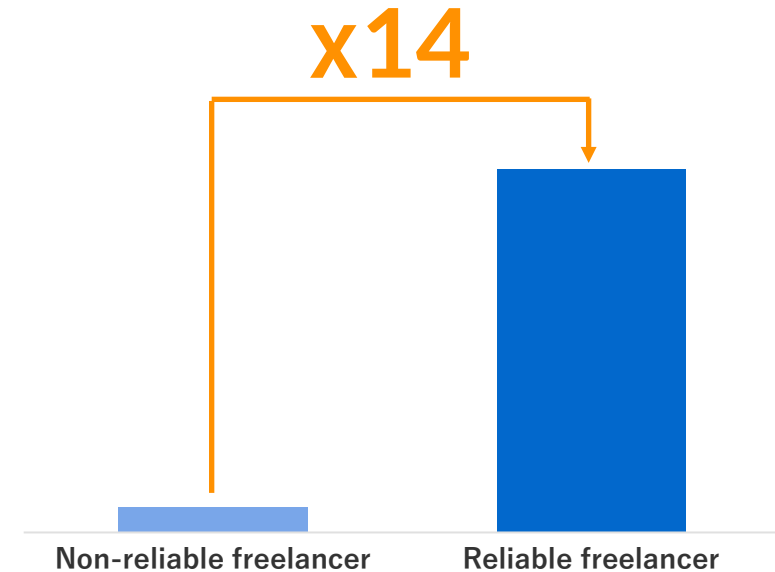
### Number of reliable freelancers\*

(Unit: 100 people)



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

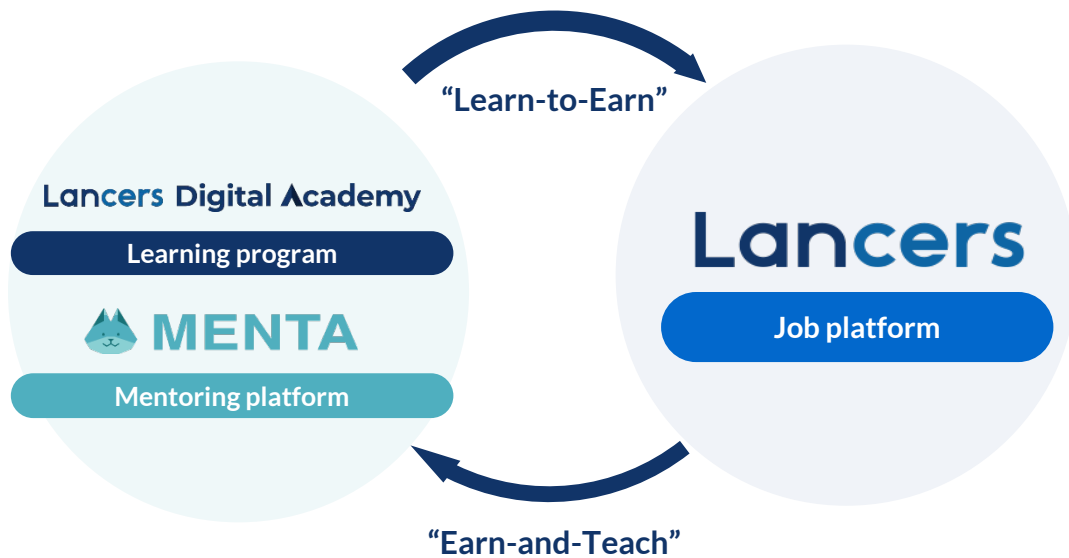
### Comparison of order value (GMV) per reliable freelancer with non-reliable freelancer\*



\*) It indicates a comparison of the number of orders received per compensated lancer from April 2022 to March 2023

# Build a unique “learn-to-earn” ecosystem and co-creation community to retain reliable freelancers

## “Learn-to-Earn” ecosystem



## Co-creation community



新しい働き方LAB

Empowered by Lancers

Growing together as a national co-creation community



LANCER OF THE YEAR 2023

Annual celebration and rewards program for freelancers

## Solve socio-economic problems and create values through our strengths and business activities



Human resources  
Employees/freelancers



Social capital  
Clients



Intellectual capital  
Database  
Original algorithms



Financial capital  
Stable financial foundation

1 Company Profile

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3 Forecast for the Fiscal Year Ending March 31, 2024

## Performance Summary

**Gross profit for the full year grew steadily despite the business withdrawal, up 13% YoY.  
4Q non-consolidated profit returned to black as planned**

### Financial performance (Full year)

		YoY	% Achievement
GMV	<b>11,353</b> million JPY	<b>+10%</b>	<b>101%</b>
Net Sales	<b>4,808</b> million JPY	<b>+18%</b>	<b>102%</b>
Gross profit	<b>2,270</b> million JPY	<b>+13%</b>	<b>102%</b>
Operating income	<b>△249</b> million JPY		

### Financial performance (4Q)

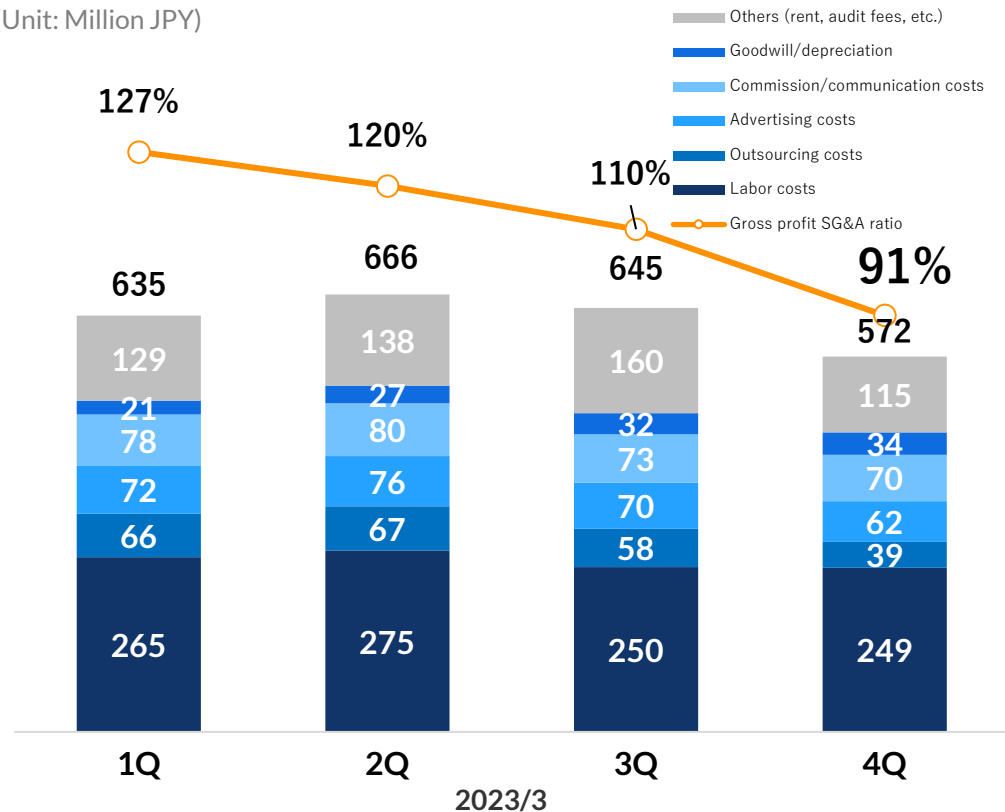
		YoY
GMV	<b>2,977</b> million JPY	<b>+10%</b>
Net Sales	<b>1,338</b> million JPY	<b>+25%</b>
Gross profit	<b>627</b> million JPY	<b>+20%</b>
Operating income	<b>54</b> million JPY	



Continuously optimize SG&A expenses taking productivity improvement measures. Although some expenses were delayed in 4Q, the gross profit SG&A-to-sales ratio improved to 91%

## SG&A Expenses and SG&A Ratio vs Gross Profit

(Unit: Million JPY)

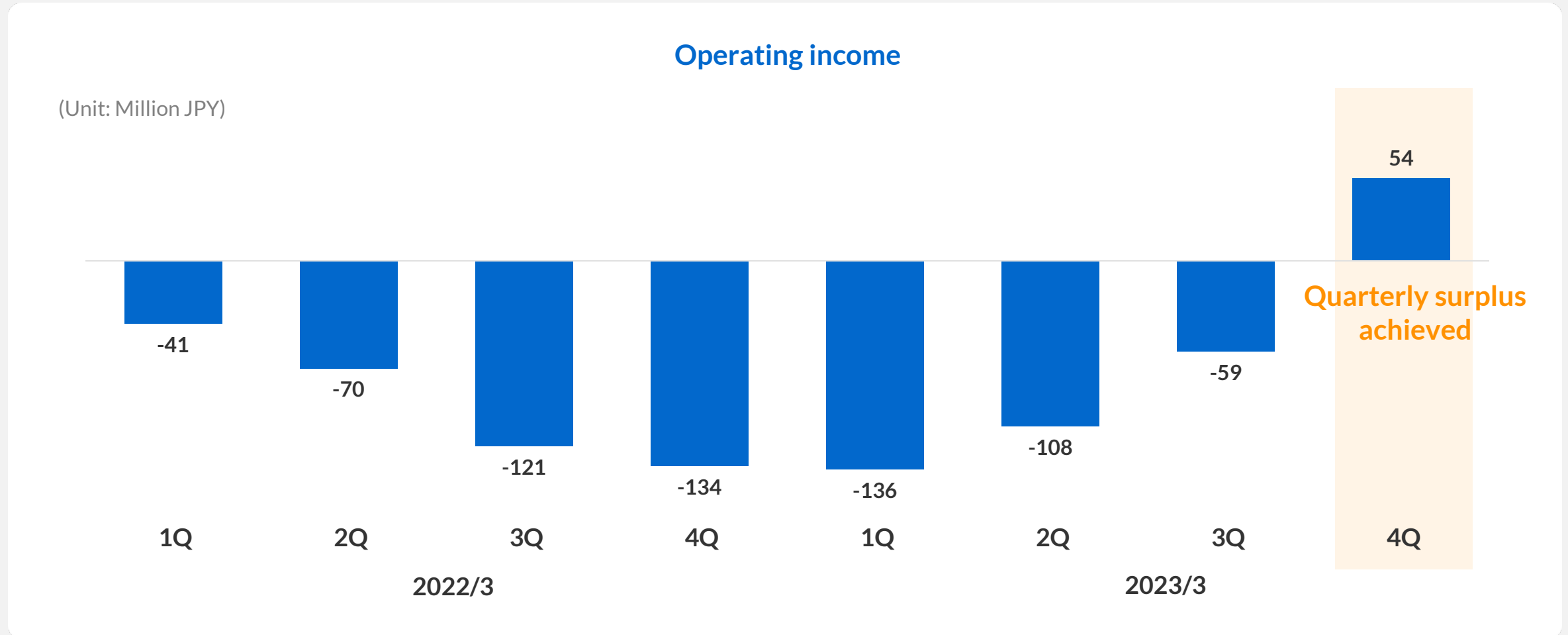


## SG&A Optimization

Labor	<ul style="list-style-type: none"> <li>Optimization of organization due to business withdrawal or business efficiency improvement</li> <li>Curtailed hiring in indirect and administrative departments, etc.</li> </ul>
Outsourcing	<ul style="list-style-type: none"> <li>The transfer of withdrawal of withdrawn businesses has been decreased due to completion</li> <li>Reduced through in-house production and more efficient management tools</li> </ul>
Advertising	<ul style="list-style-type: none"> <li>Operational efficiency through thorough cost-effectiveness monitoring</li> <li>Continues investment in advertising in focus areas to be strengthened</li> </ul>
Others	<ul style="list-style-type: none"> <li>Increase/decrease due to system repairs, etc.</li> <li>Decreased due to timing of one-off costs</li> </ul>

## Operating Income

Achieved quarterly profitability in 4Q and achieve full-year profitability from the fiscal year ending March 31, 2024.



# Strengthening new client acquisition and generative AI-related actions for Marketplace business. Improving management and business efficiency for Agent business

\*) Based on management accounting standards.

### Performance summary by segment (4Q)

#### Marketplace Business

Gross profit

**400** million JPY

YoY growth

**+29%**

- Progress on new client acquisition is being made through marketing initiatives
- Take rates have improved due to revised fees
- Generative AI-related initiatives are accelerating

#### Agent Business

Gross profit

**229** million JPY

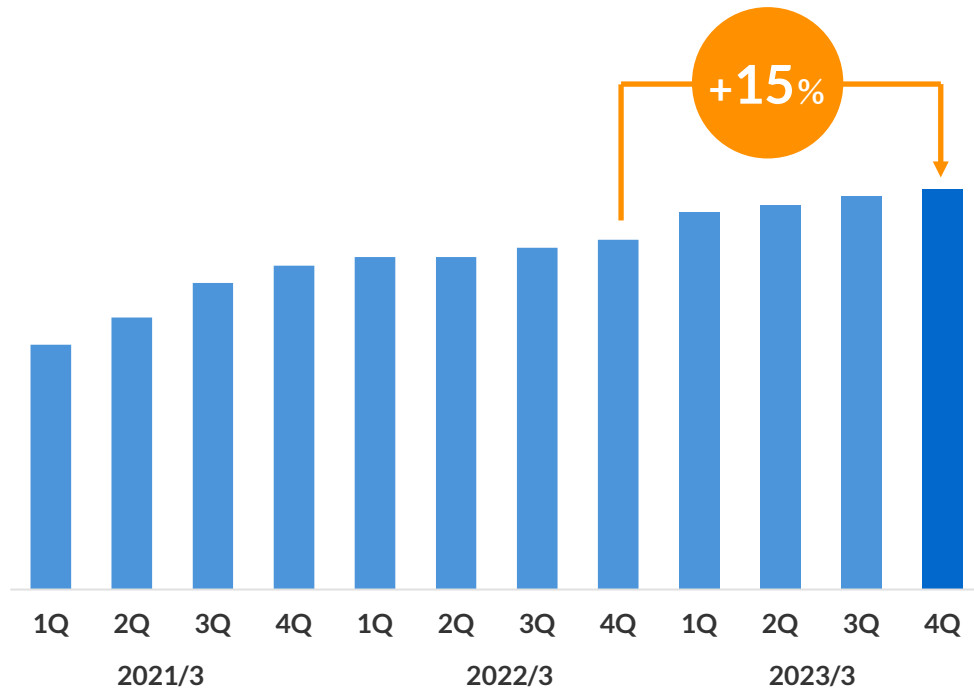
YoY growth

**+130%**

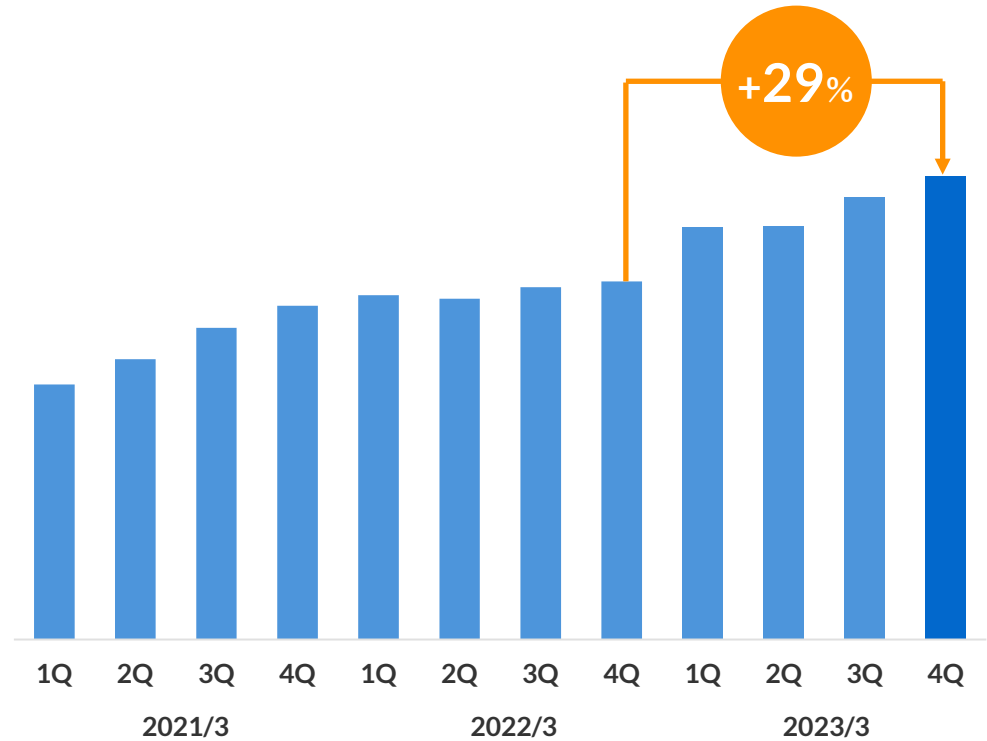
- Productivity issues are improving, although there are delays in building mechanisms due to organizational expansion
- Improve management and business efficiency through absorption mergers, stronger database collaboration and a review of the organizational structure

Gross profit grew steadily by 29% YoY, strengthening new client acquisition measures

GMV of Marketplace business



Gross profit of Marketplace business



# Accelerated efforts to use generative AI in products and services

10,000+  
Registered  
users



## 教えて、MENTAくん!

GPTにより優秀なエンジニアと進化したMENTAくんに質問・相談してみよう!

✓GPT3.5Turboで高速回答 ✓無料で使い放題

勉強に行き詰まってしまいました・・・

Pythonで自動化したい作業があるので手順を教えてください

Swiftについて理解度を深めたいので何かクイズ出してください

つくりたいプロダクトのアイデアがあるんだけど、聞いてくれる?


どうしても解決できないバグがあるんだけど・・・




## Creating new job opportunities

ランサーズ、パッケージを提案、特集  
 特集  
 ランサーズならプロのフリーランスに直接頼んで売上アップできます。業務内容と料金表からパッケージを選んで依頼するだけ。ビジネスでの依頼のごとほとんどはランサーズで解決できます。  
 相談・見積もりは **無料** です  
 ※気になるパッケージがあれば、まずは気軽に相談・見積もりしていきましょう


ご利用シーン




ChatGPT活用サポート  
AIでチャットボット、文章作成



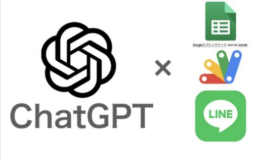
開業準備  
ロゴ・名刺・ECサイトまで




店舗開業・運営  
開業・運営に必要なサービスが揃う




YouTube動画の編集・制作  
定期発信するなら！サービスが充実



**ChatGPT**  
ChatGPT × Googleスプレッドシート/LINE BOT 連携をします  
12 0  
18,000 円-



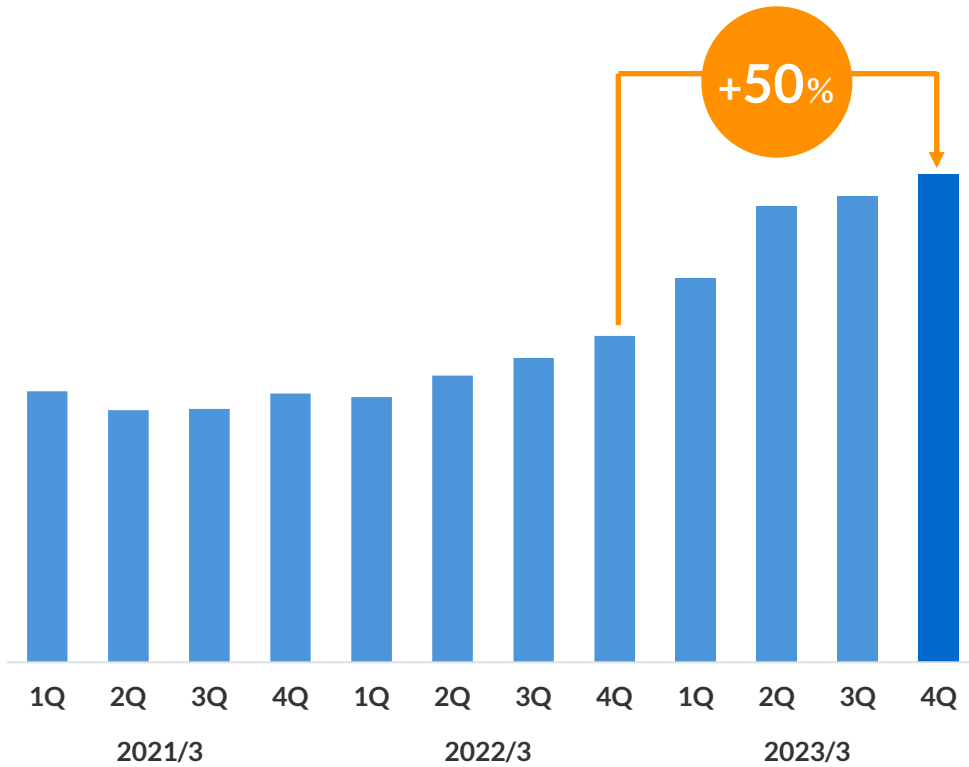
**DeepL ChatGPT Review**  
【Lancer of the year W受賞】AIの翻訳や英語をチェックします  
585 0  
10,500 円-



**話題の！**  
オンラインにてレクチャーします  
ChatGPTを使いこなす!  
91 0  
10,000 円-

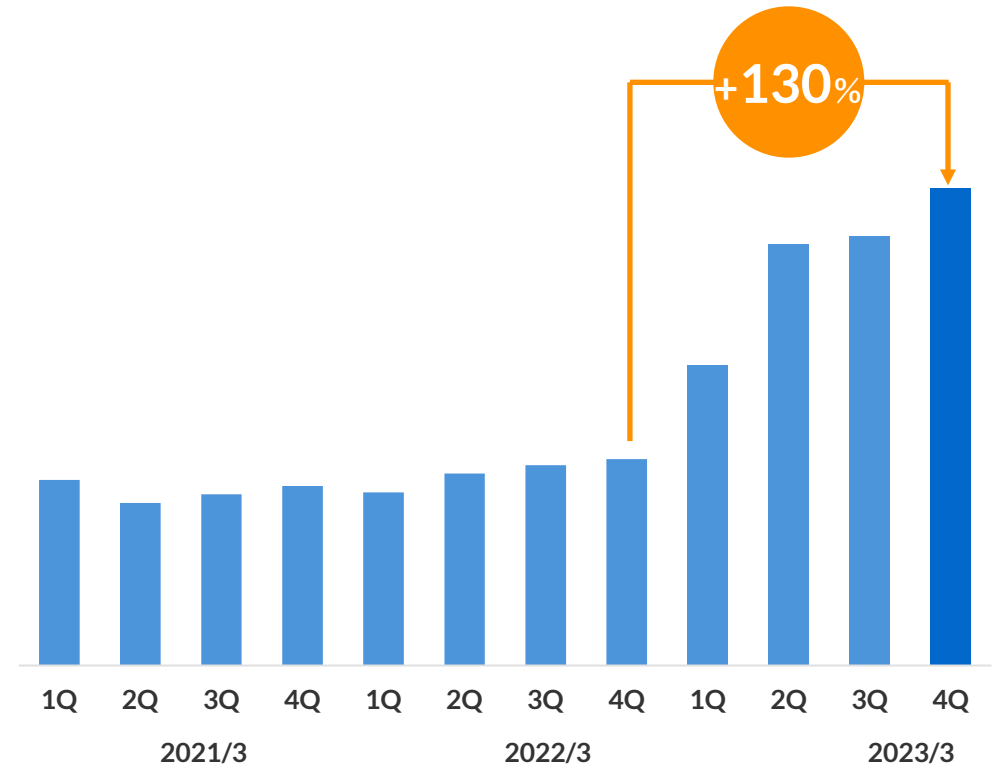
## Gross profit increased by 130% YoY, improving sales productivity

### GMV of Agent business\*



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

### Gross profit of Agent business\*



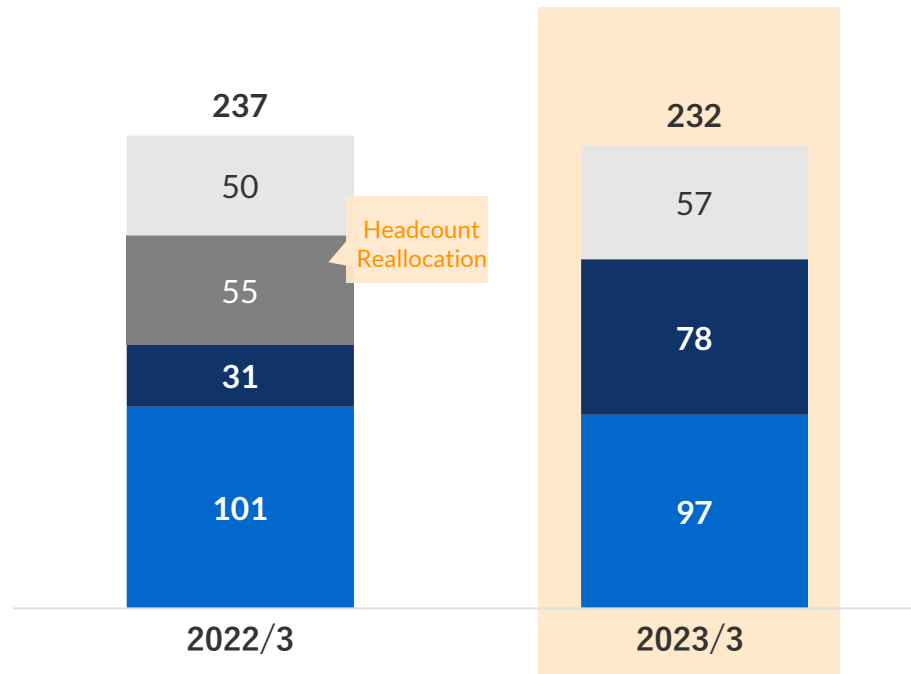
\*) Includes gross profit of WorkStyleLab, Inc. from June.

## Gross profit per headcount has improved, strengthening sales organization

### Company-wide HCs

(Unit: number of headcounts)

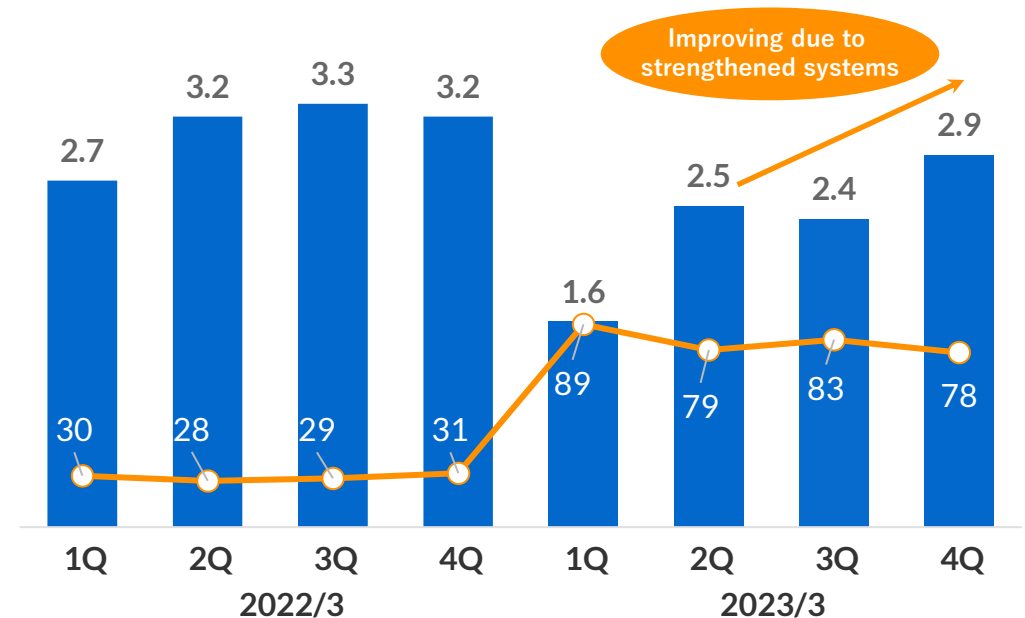
■ Marketplace business   
 ■ Agent business   
 ■ Withdrawn business   
 ■ Corporate  
 +Development department



### Gross profit per HC of Agent business

(Unit: Million JPY)

■ Gross profit per headcount  
○ Headcounts



## Financial Results for Fiscal Year Ending March 31, 2023 (Consolidated)

**Full-year gross profit grew steadily by 13% YoY despite service withdrawal, achieving quarterly profit in 4Q by SG&A expense optimization**

(Unit: Million JPY)	FY ending March 31, 2023 (Full-year)	FY ending March 31, 2022 (Previous Full year)		FY ending March 31, 2022 (Feb. Forecast)		4Q of FY Ending March 31, 2023	4Q of FY Ending March 31, 2022 (Previous single quarter)	
	Actual	Actual	% change	Forecast	% Achievement	Actual	Actual	% change
Gross Merchandise Value*	11,353	10,337	+9.8%	11,262	100.8%	2,977	2,700	+10.3%
Net sales	4,808	4,073	+18.0%	4,723	101.8%	1,338	1,066	+25.4%
Gross profit	2,270	2,003	+13.3%	2,236	101.5%	627	521	+20.3%
Selling, general and administrative expenses (SG&A)	2,519	2,370	+6.3%	2,526	99.7%	572	655	△12.7%
Operating income /loss	△249	△367	-	△289	-	54	△134	-
Ordinary income /loss	△244	△358	-	△284	-	55	△130	-
Net income /loss	△238	△672	-	△286	-	68	△376	-

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



## Financial Results by Segment\* for Fiscal Year Ending March 31, 2023

**Gross profit increased by 24% YoY for Marketplace business and by 110% YoY for Agent business, with acquisition of Workstyle Lab inc.**

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

	FY Ending March 31, 2023 ( Full-year )					4Q(single quarter) of FY Ending March 31, 2023		
	GMV (YoY)	Gross profit (YoY)	Operating income	GMV % Achievement	Gross profit % Achievement	GMV (YoY)	Gross profit (YoY)	Operating income
(Unit: Million JPY)								
Marketplace business	7,462 +14.7%	1,496 +24.1%	373	100.7%	101.1%	1,919 +14.5%	400 +29.4%	160
Agent business	3,890 +51.7%	783 +110.5%	△30	101.0%	102.2%	1,058 +49.7%	229 +129.6%	32
Others**	0	△10	△10	-	-	-	△2	△2
shared cost***	-	-	△582	-	-	-	-	△134
Company-wide total	11,353 +9.8%	2,270 +13.3%	△249	100.8%	101.5%	2,977 +10.3%	627 +20.3%	54

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

\*\*) 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

## Balance Sheet for Fiscal Year Ending March 31, 2023 (Consolidated)

Keep a sufficient level of cash for business operations with secured bank loans of 1.2 billion JPY

(Unit: Million JPY)	FY ending March 31, 2023	FY ending March 31, 2022 (Previous)	
	Actual	Actual	change
Current assets	2,216	2,360	△144
Cash and deposits*	1,295	1,600	△305
Non-current assets	857	479	+377
Goodwill	406	170	+236
Total assets	3,073	2,840	+233
Current liabilities	1,755	1,651	+104
Customer deposits	736	838	△102
Non-current liabilities	360	1	+359
Net assets	957	1,188	△231
Total liabilities/net assets	3,073	2,840	+233

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- 2 **Results of the Fiscal Year Ending March 31, 2023**
- 3 **Forecast for the Fiscal Year Ending March 31, 2024**

## Management Policy and Full Year Forecasts for the Fiscal Year Ending 31 March 2024

### Company-wide (Full year forecasts)

Gross profit

Operating income

**2,379** million JPY    **40** million JPY

### Matching business (Full year forecasts)

Gross profit

YoY

**2,222** million JPY    **+11%**

Management policy and full-year forecasts for FY ending 31 March 2024

**Gross profit +5% YoY, partly due to the impact of business withdrawal and recession risk. Continue productivity improvement initiatives and achieve full-year profitability.**

<Company-wide>

- GMV : 11.5 billion JPY (+2% YoY \*Growth rate including withdrawn businesses)
- Gross profit: 2.3 billion JPY (+5% YoY \*Growth rate including exiting businesses)
- Operating income: **0.04 billion JPY** (△0.24billion JPY YoY)

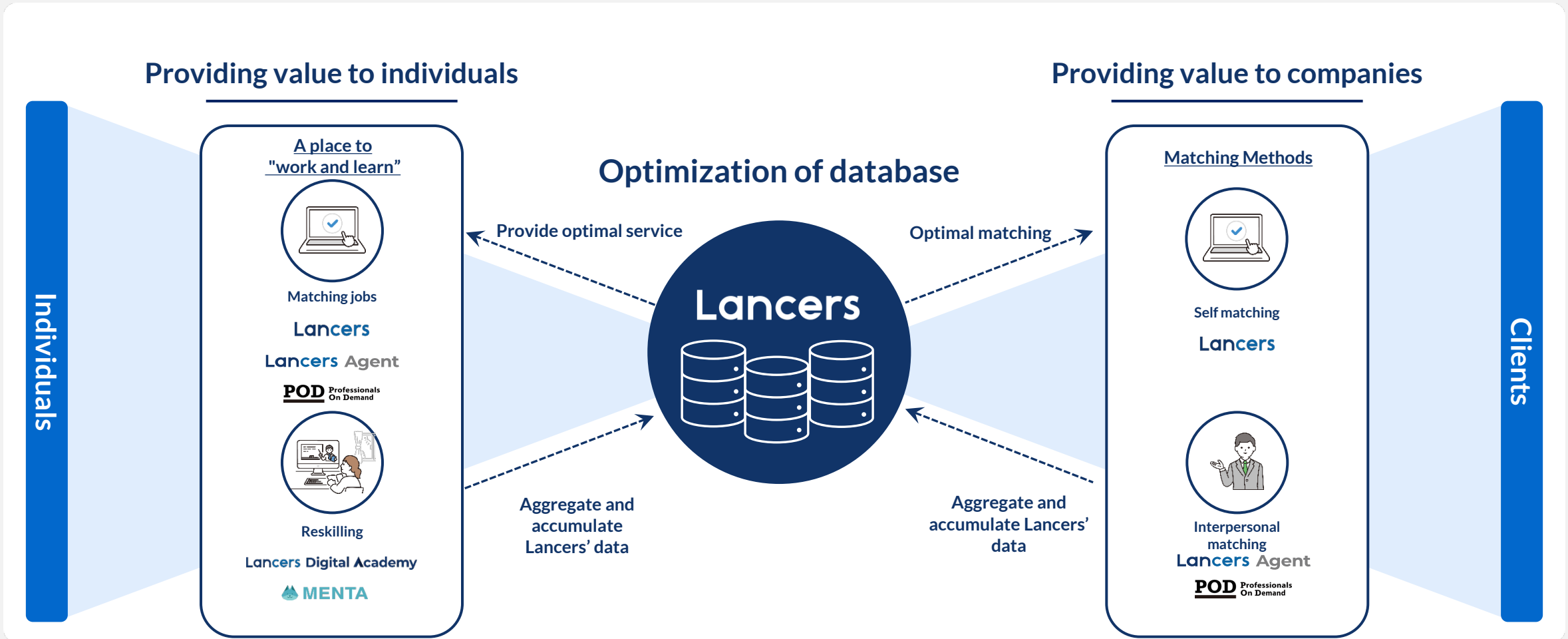
Business policy for FY ending 31 March 2024

**Improve business efficiency and expand profitability in next financial year and ahead, by consolidating business segments and strengthening service integration**

<Matching business>

- GMV: 11.2 billion JPY (+8% YoY)
- Gross profit: 2.2 billion JPY (+11% YoY)
- Segment income: **0.64 billion JPY** (0.38 billion JPY)

# Strengthening service and database integration to optimize job matching



## Consolidate marketplace and agent business segment into “Matching business”

Before change (FY2023)	
Business segment	Main services
Marketplace business	<p><b>Lancers</b></p> <p>※It includes customer transfers from withdrawn businesses.</p>
Agent business	<p><b>Lancers Agent</b></p> <p><b>POD Professionals On Demand</b></p>



After change (FY2024)	
Business segment	Main services
Matching business	<b>Lancers</b>
	<b>Lancers Agent</b>
	<b>POD Professionals On Demand</b>

## Accelerating growth and expanding profitability through measures to better link services and improve productivity

### Business policy in the year ending 31 March 2024

#### Business policy

- Improve business efficiency and expand profitability in next financial year and ahead, by consolidating business segments and strengthening service integration

#### Key strategies

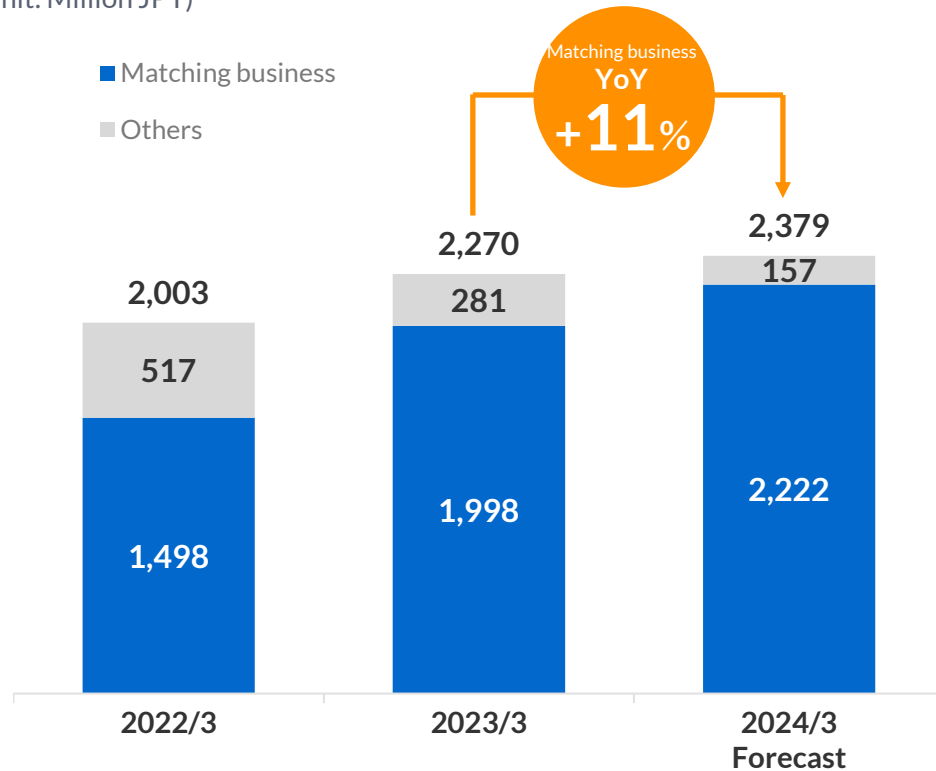
- Effectively increase # of new clients by cost-efficient marketing activities
- Enhance customer experience to increase client spend
- Strengthen sales organization to continue improving business productivity

## Increase gross profit for Matching business by +11%, achieving company-wide fully-year profit

### Changes in company-wide gross profit

(Unit: Million JPY)

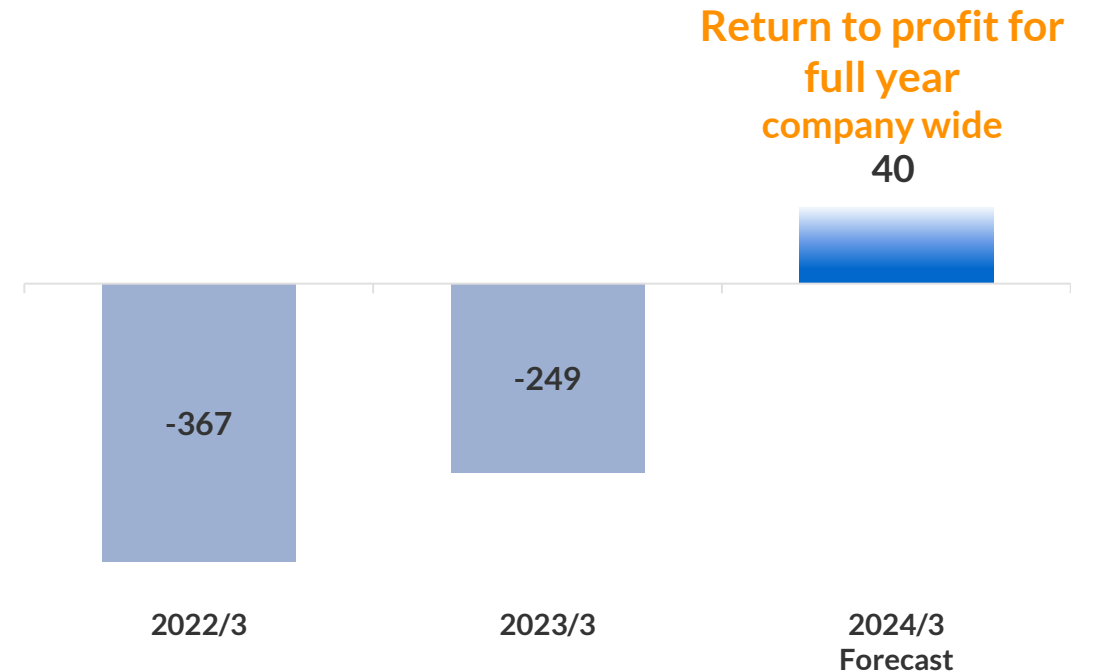
- Matching business
- Others



※Consolidation adjustments are not shown

### Changes in company-wide operating income

(Unit: Million JPY)

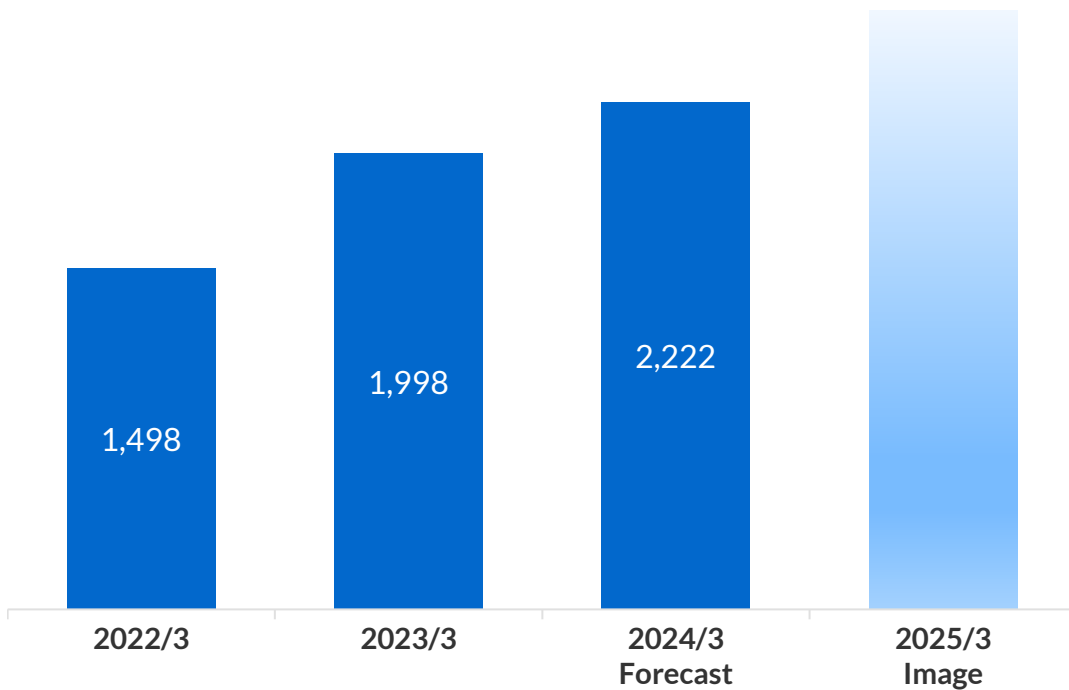




Accelerate growth towards next fiscal year, while significantly improving profitability by +70%

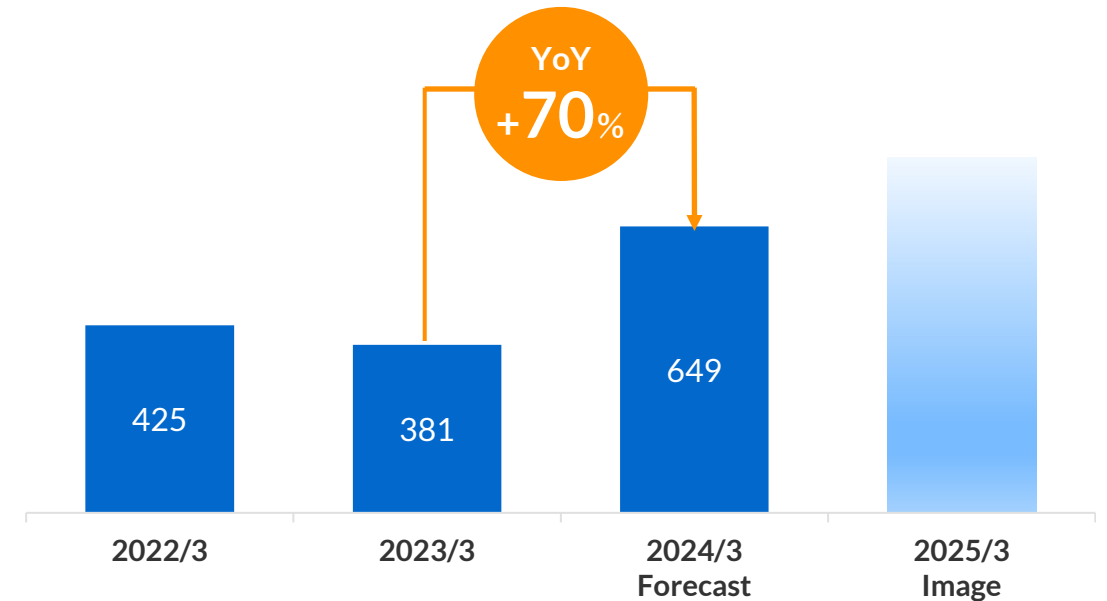
### Gross profit in Matching business

(Unit : Million JPY)

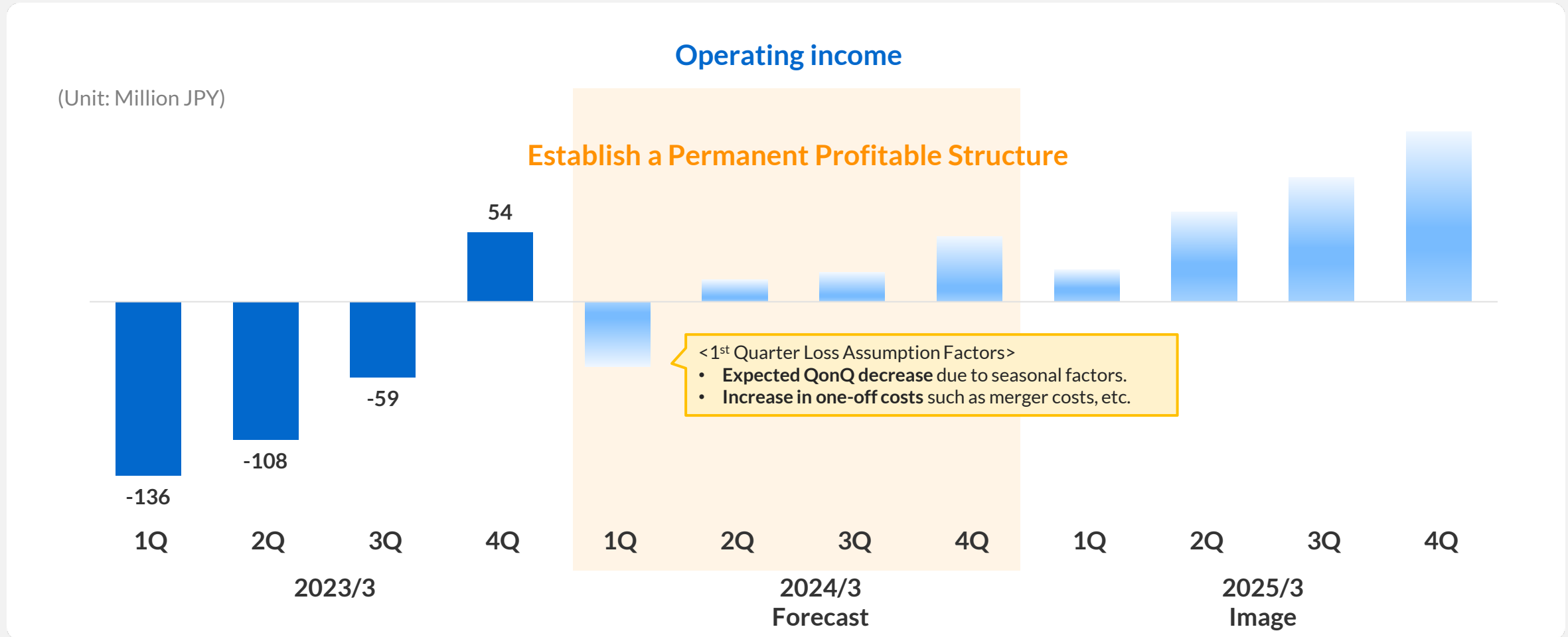


### Operating income in Matching business

(Unit: Million JPY)



## Return to black from 2Q and achieve full-year profitability



## Forecast for FY Ending March 31, 2024

**Grow gross profit +5% YoY, partly due to the impact of business withdrawal and recession risk. Continue productivity improvement initiatives and achieve full-year profitability**

(Unit: Million JPY)	FY ending March 31, 2023 (previous period)	FY ending March 31, 2024 (forecast)	YoY
GMV*	11,353	11,567	+1.9%
Net sales	4,808	4,812	+0.1%
Gross profit	2,270	2,379	+4.8%
SG&A	2,519	2,339	△7.2%
Operating income/loss	△249	40	+290
Ordinary income/loss	△244	40	+285
Net income/loss	△238	38	+276

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

## Full-Year Forecasts for FY Ending March 31, 2023, by Segment\*

By integrating into Matching business and aims to increase management and business efficiency and expand growth and profitability

\*) Based on management accounting standards.

FY ending March 31, 2024 (forecast)

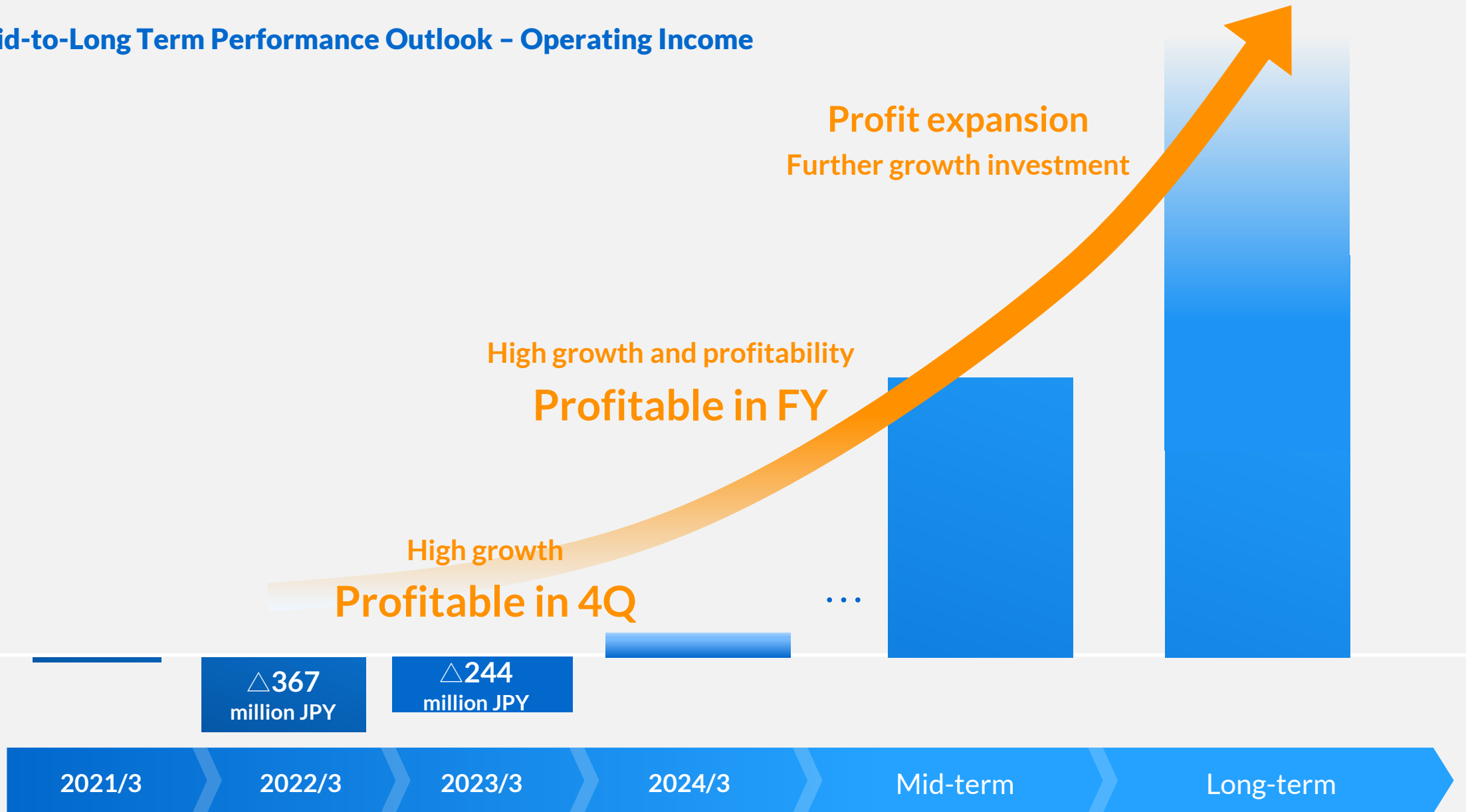
(Unit: Million JPY)	GMV* (YoY)	Gross profit (YoY)	Take rate (YoY)	Operating income
Matching business	11,207 +7.8%	2,222 +11.2%	19.8% +0.6pt	649
Others**	359	157	-	△34
shared cost***	0	0	-	△573
Company-wide total	11,567 +1.9%	2,379 +4.8%	20.6% +0.6pt	40

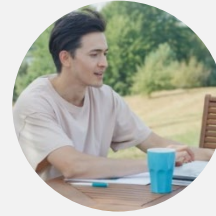
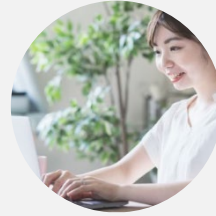
\*) Based on in-house management materials and is not an audited number.

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

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

# Mid-to-Long Term Performance Outlook - Operating Income



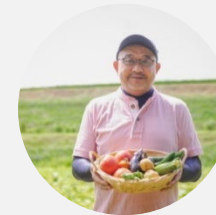
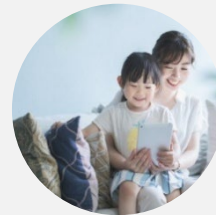


# Empower Individuals

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 Mid-Term Business Policy

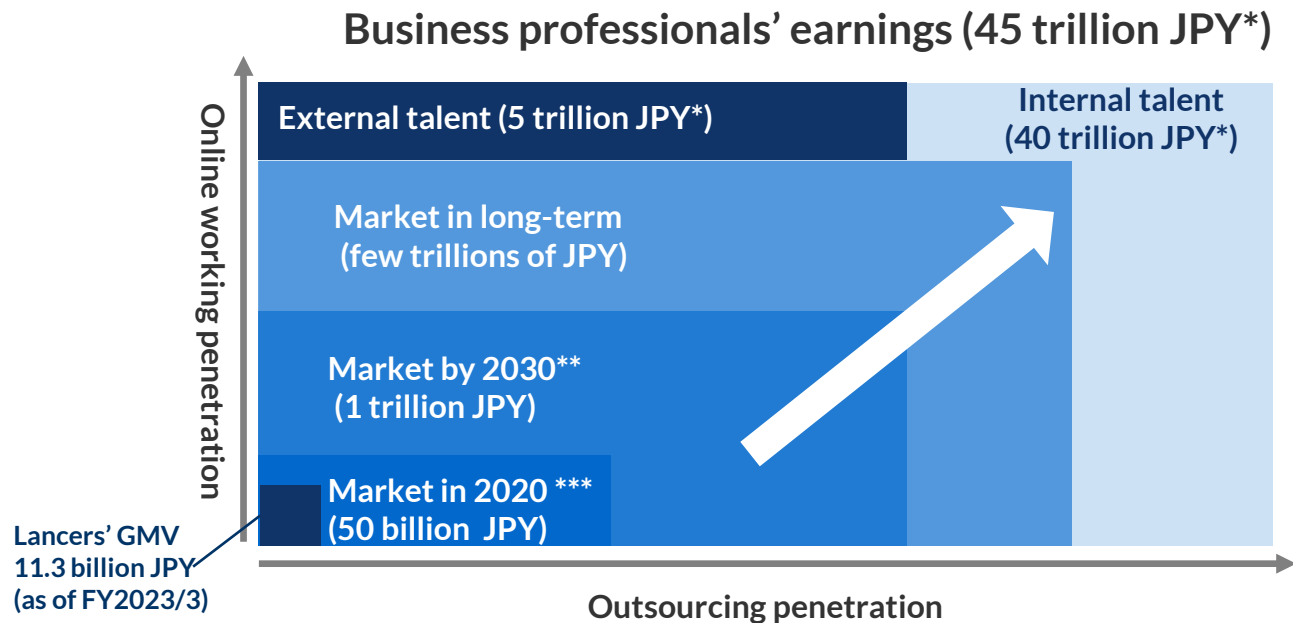
## 4 Sustainability Initiatives and Others



## 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

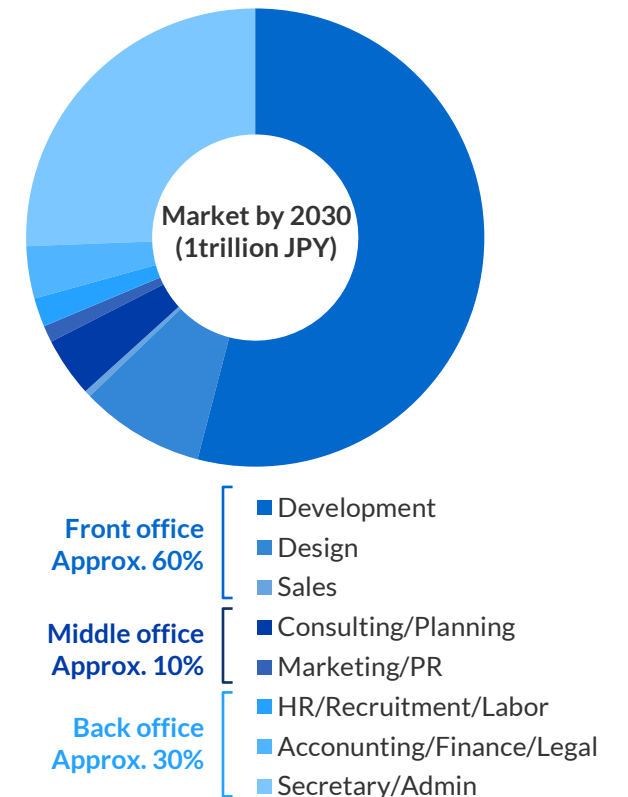


\*) Calculated market size referring to 2015 National Census, 2016 Economic Census, Specified Service Industry Dynamic Statistics Survey August 2020, Reiwa 1st Annual Wage Structure Basic Statistics Survey, Yano Research Institute "2020-2021 BPO (Business Process Outsourcing) Market" Actual conditions 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

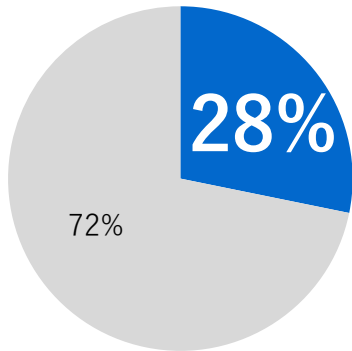


# Flexible working options increase as people take on second jobs while working full-time, and the spread of online work allows for greater flexibility in where they work, increasing the mobility of HR

\*) It was adapted from our survey of 209 Lancers registrants (individuals registered as order takers) conducted between 30 January and 5 February 2023, entitled 'Working Methods Survey 2023'.

## Freelancers with a full-time second job

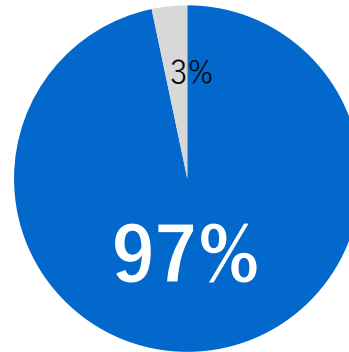
■ Full-time employees with a second job ■ Other freelancers



Freelancers with a second job as a full-time employee account for about 30% of all freelancers

## Full-time employees' willingness to continue to work on the side

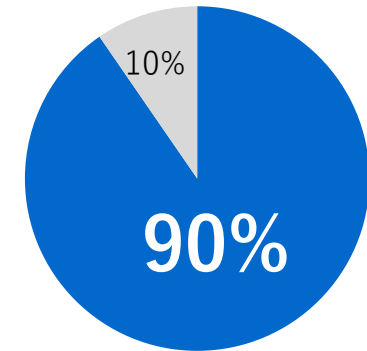
■ Want to continue working on the side ■ Do not want to continue working on the side



About 90% of full-time employees who have taken on a second job intend to continue

## Transformation of workplace

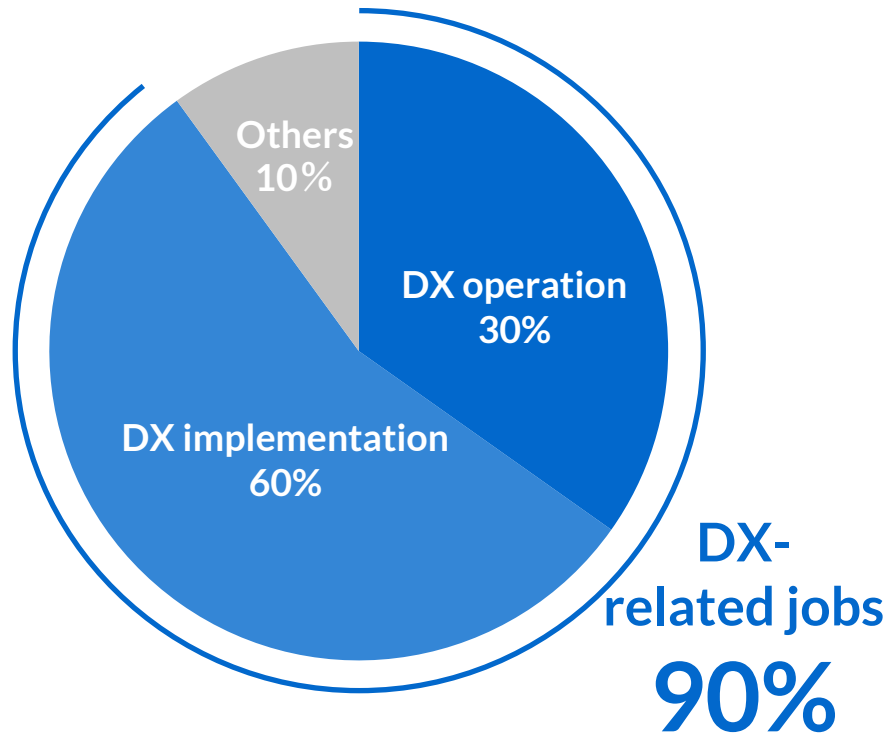
■ Outside the office ■ At the office



Outside the office environment account for about 90%

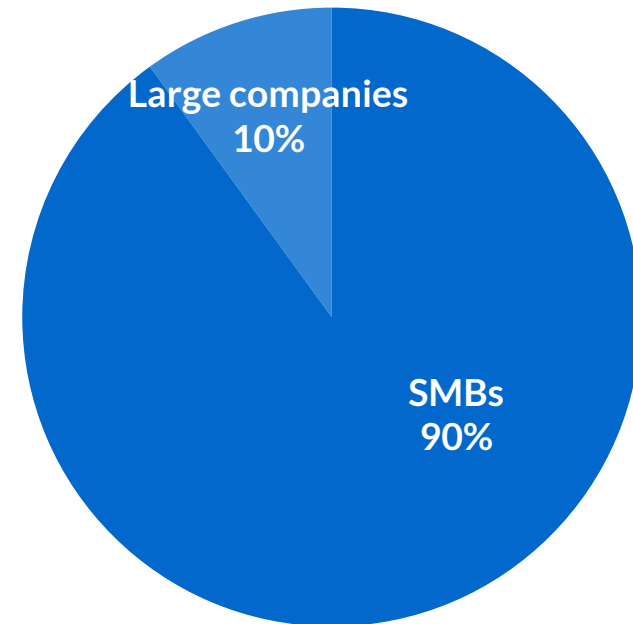
## Lancers' main customers are SMBs, most of whose business needs are DX-related

GMV by job category\*



\*) Percentage of Lancers' GMV

GMV by client business size\*



\*) Percentage of Lancers' GMV

## FY2023 reported in two business segments; FY2024 will be a single business segment

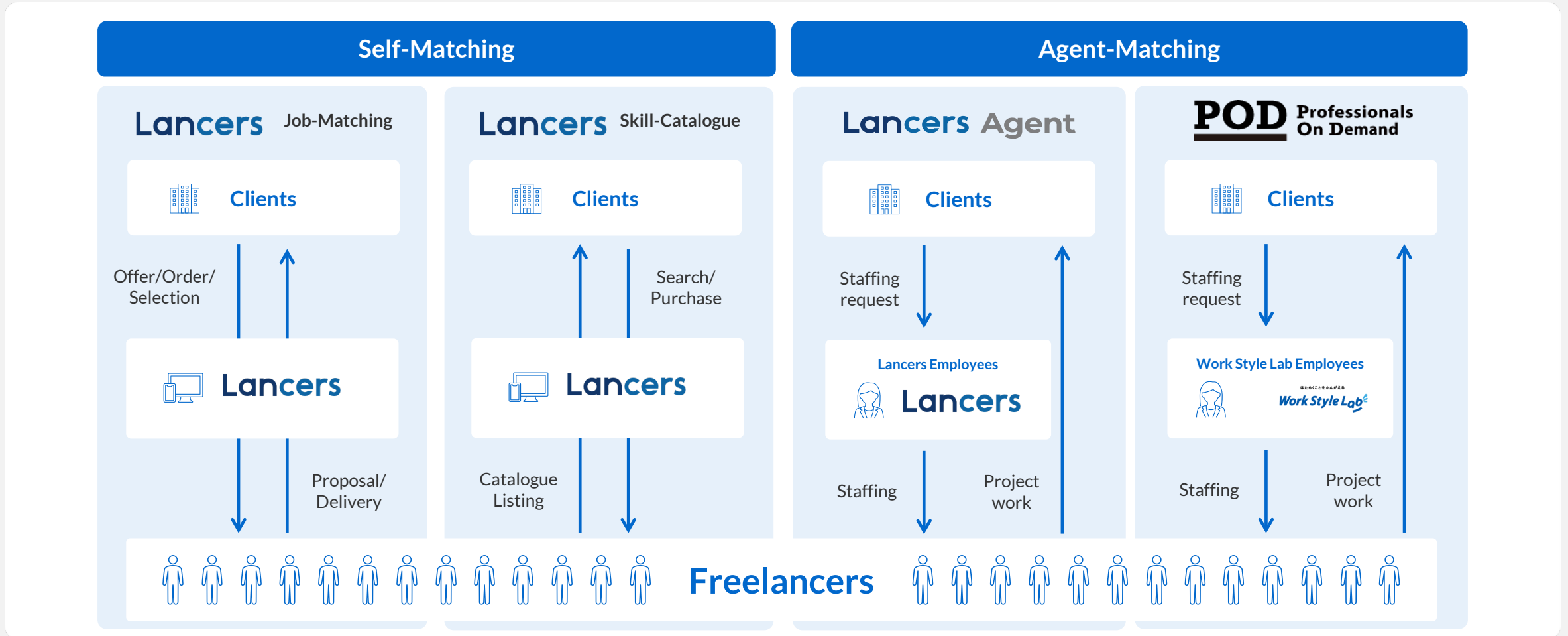
\*) Based on management accounting standards

### Lancers' business segments

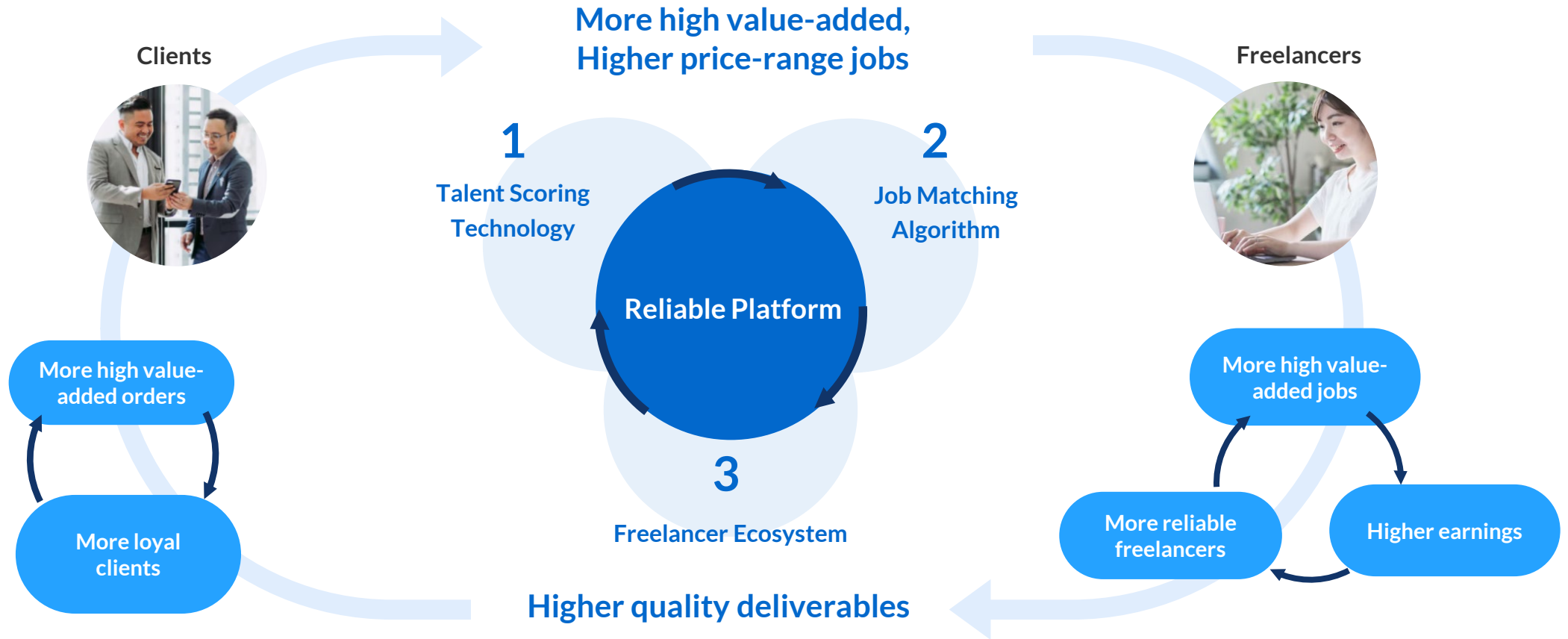
	Major services	Major clients	Major categories	Business model	Take rate*
<b>Marketplace Business</b>	<b>Lancers</b>	SMBs	Engineers, Designers, Marketer, Sales, Writer, Back Office	Job matching	19-21%
<b>Agent Business</b>	<b>Lancers Agent</b> <b>POD Professionals On Demand</b>	SMBs Large companies	Engineer, Designer IT/business consultant	Talent staffing	17-22%

\*) Based on performance over the last year

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

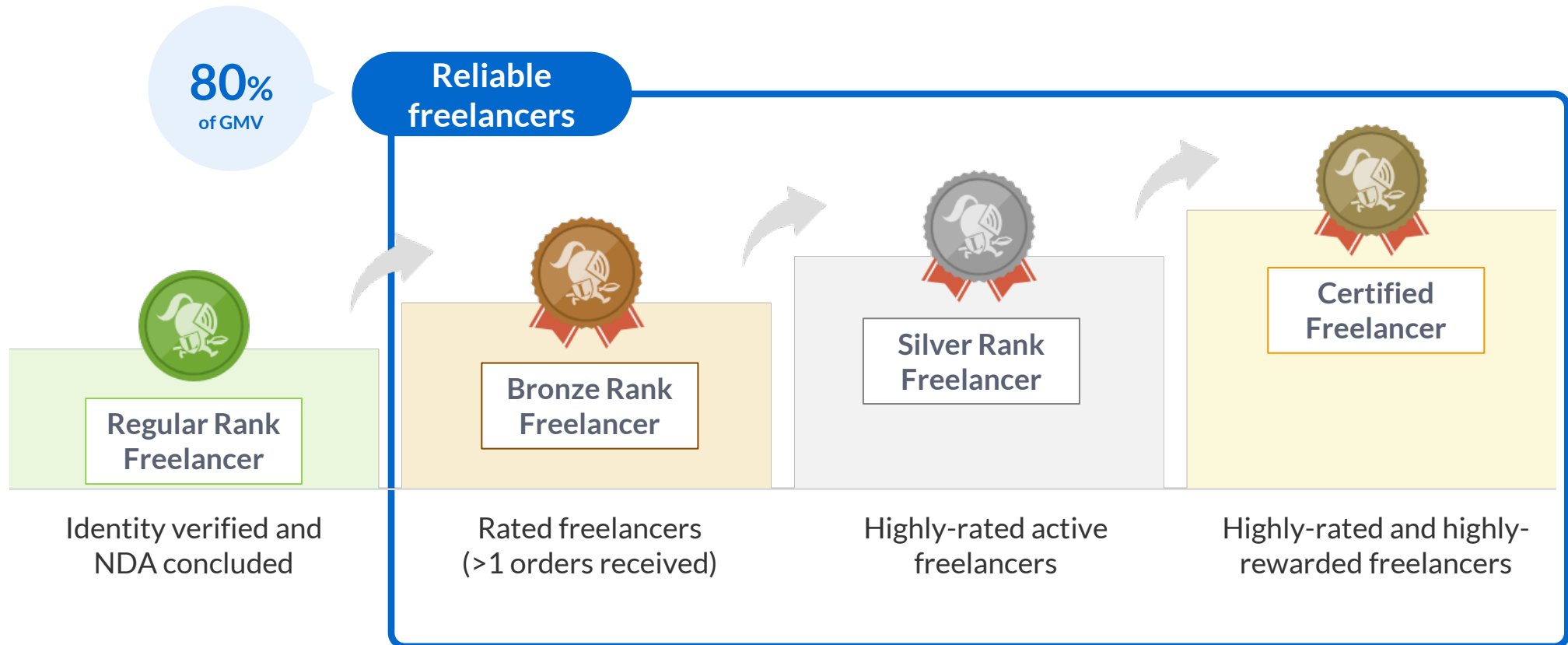


# Lancers is a reliable and high-value added job platform



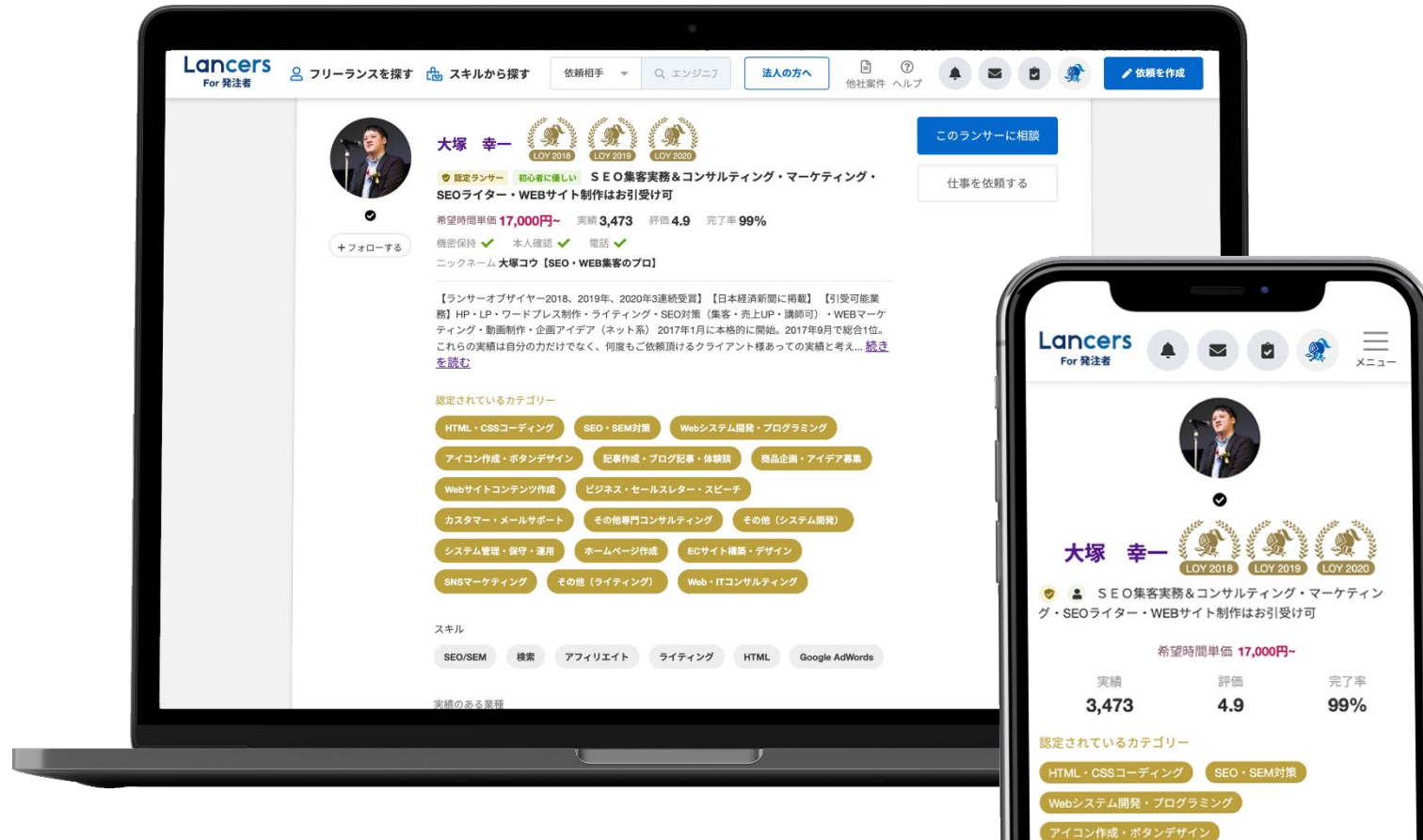
## Definition of “Reliable Freelancers”

“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

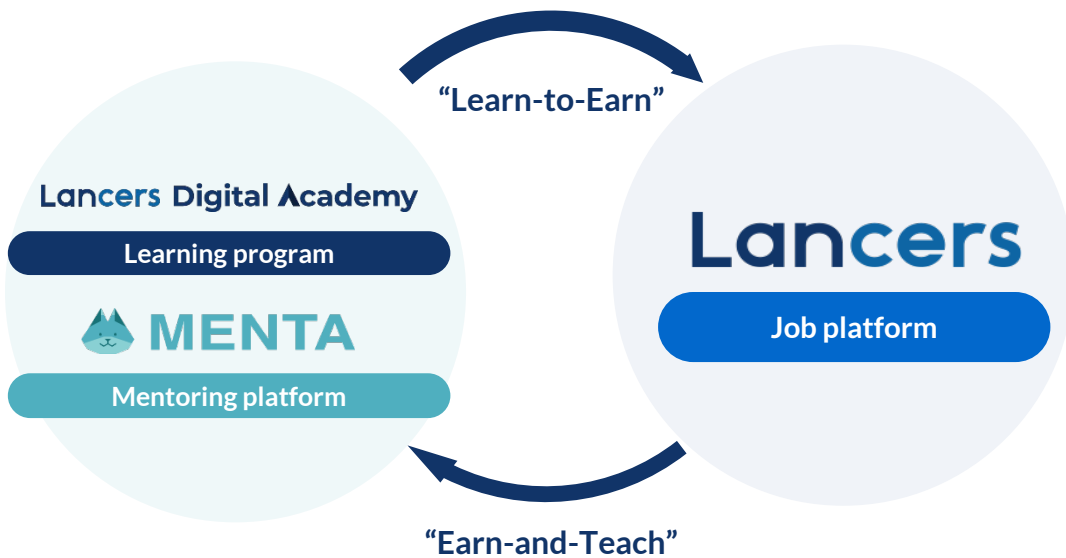
Our platform promotes job matching with a fair market price using our unique algorithm



### 3. Freelancer Ecosystem

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

#### “Learn-to-Earn” ecosystem



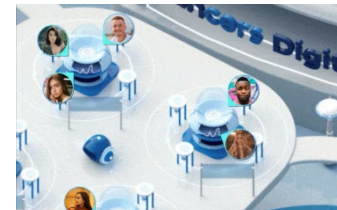
#### Features of “Lancers Digital Academy”



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



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

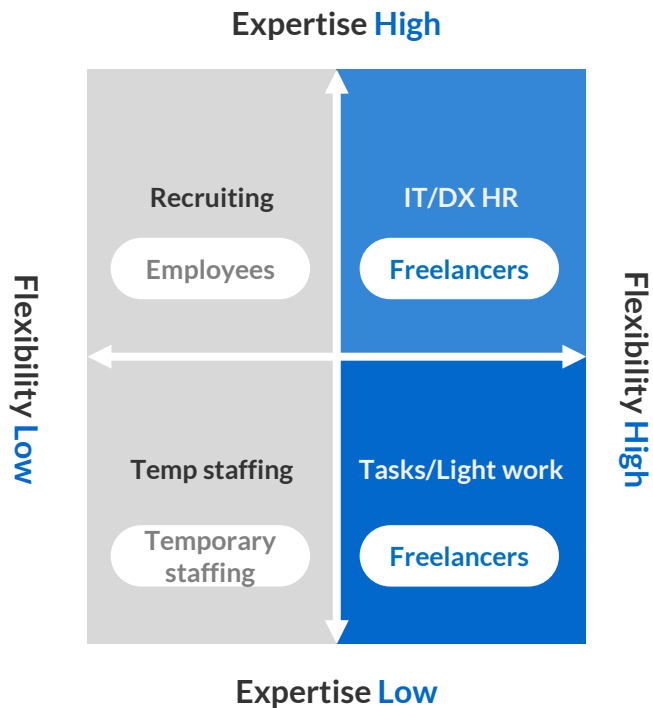


Provide **innovative learning experience** in a virtual classroom

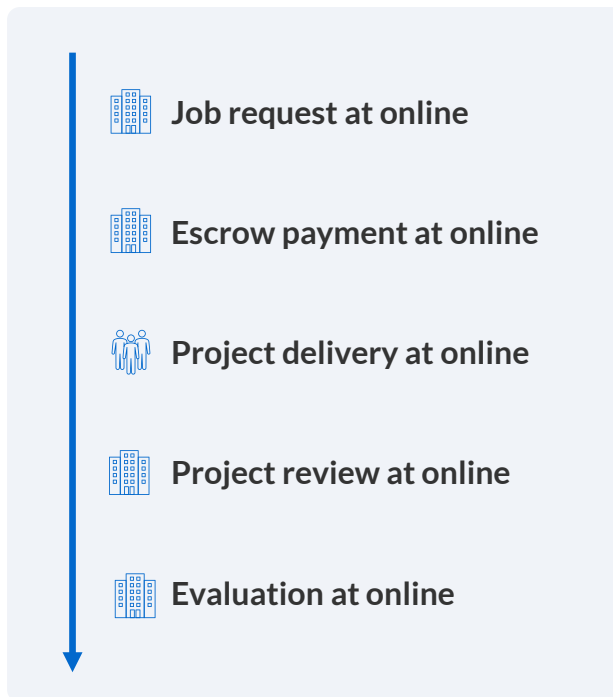
## Differences from Traditional Staffing Services

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

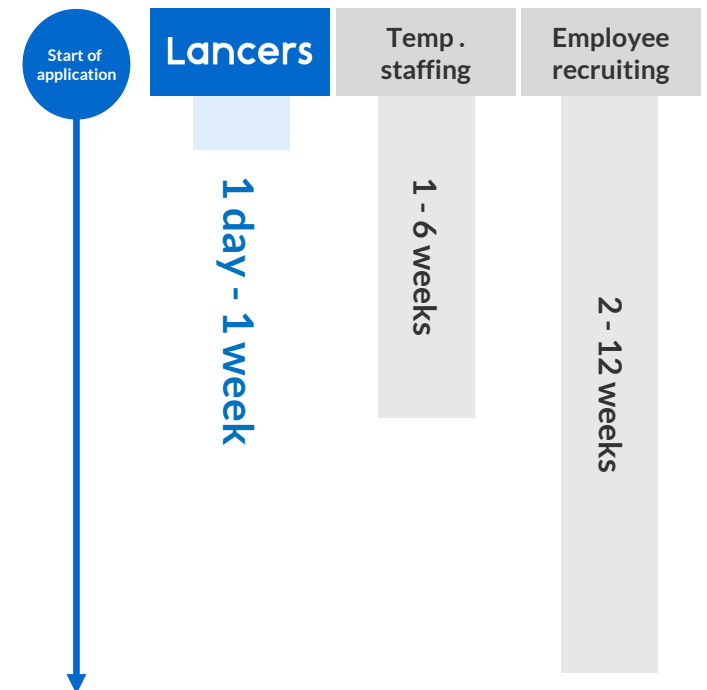
### Professional talents



### Online project delivery



### Short lead-time



- 1 Details of Our Services
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## Using different revenue recognition standards for 2 business segments

	Self Matching	Agent Matching
Major service	Lancers	Lancers Agent <b>POD</b> 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



## Performance Details by Segment\*

\*) Based on management accounting standards

(Unit: Million JPY)		FY2020				FY2021				FY2022				FY2023			
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
GMV	Marketplace business	1,102	1,126	1,176	1,165	1,173	1,304	1,469	1,553	1,594	1,594	1,638	1,676	1,811	1,845	1,886	1,919
	Agent business	410	489	566	617	587	546	549	582	575	621	659	707	832	988	1,010	1,058
	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	382	400
	Agent business	63	76	85	89	89	78	82	86	83	92	96	99	144	202	206	229
	Others*	10	14	13	29	12	14	8	17	-1	-3	-4	-4	-2	-2	-2	-2
	Managed service business	89	142	140	155	106	129	129	150	102	123	96	115	-	-	-	-
Segment income	Marketplace business	-186	107	102	-34	104	111	143	154	98	54	22	-6	47	43	122	160
	Agent business	-4	7	16	18	21	13	13	24	16	20	19	11	-13	-29	-19	32
	Others*	-102	-120	-126	-134	-131	-136	-159	-147	-156	-175	-170	-167	-171	-122	-162	-137
	Managed service business	23	60	51	13	-10	13	3	19	-0	30	6	27	-	-	-	-

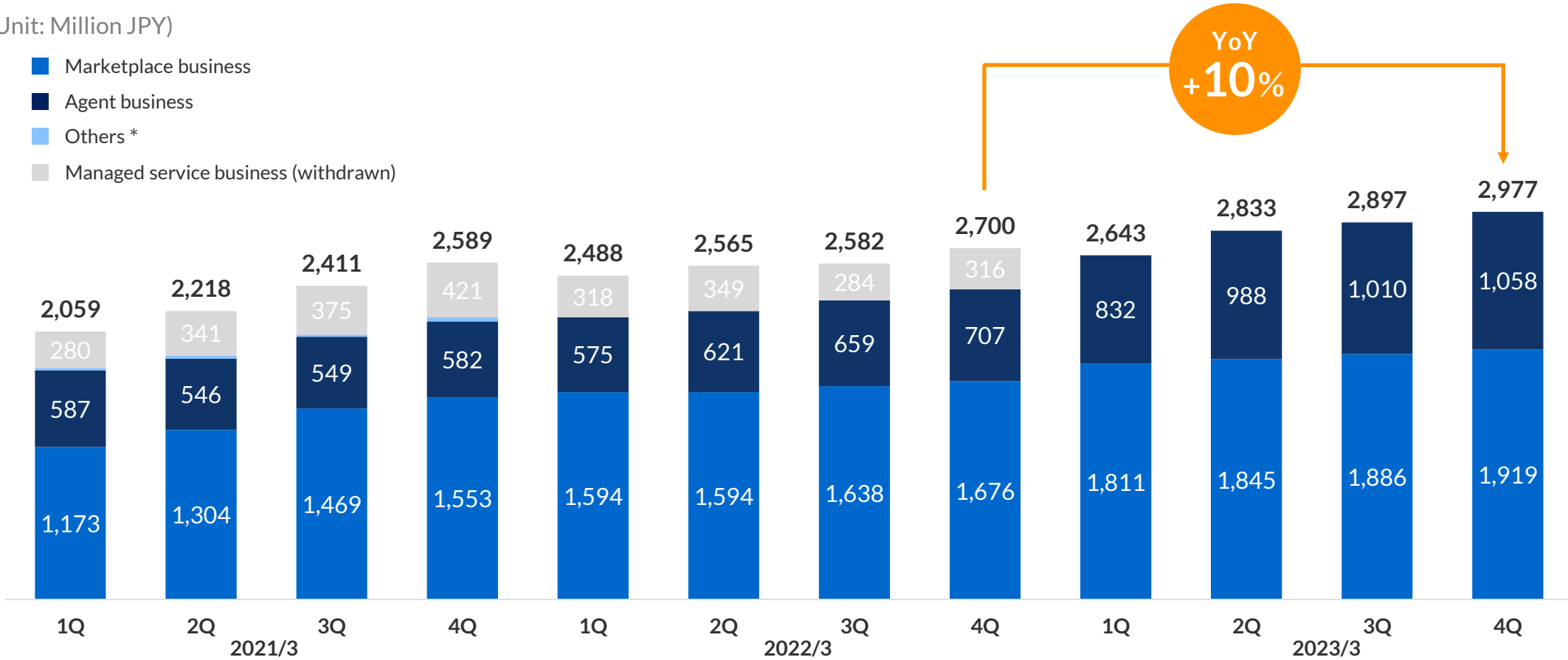
\*) Includes other Gross Merchandise Value amount, gross profit, company-wide expenses (corporate/development, etc), consolidated adjustments, etc in our management accounting standards. Expenses directly linked to business segments are not included because they are considered as business expenses.

## Gross Merchandise Value (Consolidated)

### GMV grew by 10% YoY

(Unit: Million JPY)

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



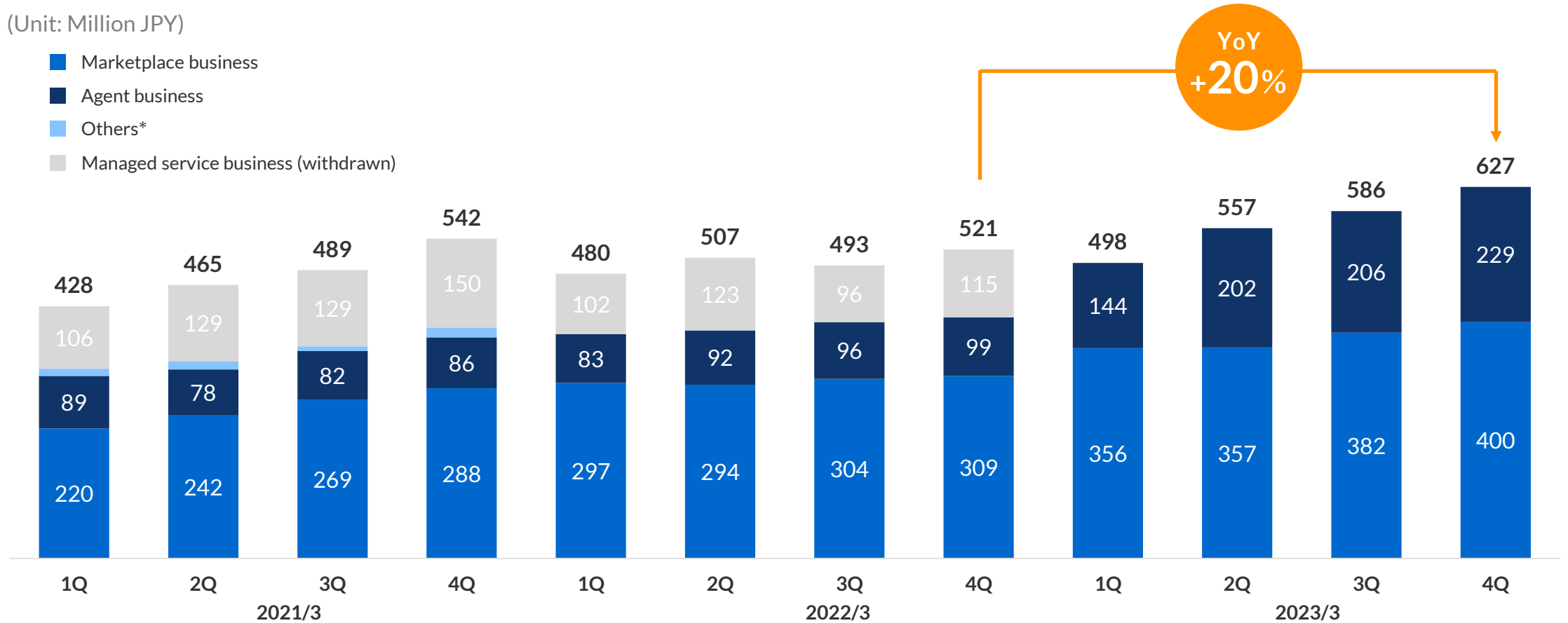
\*) Includes other businesses and consolidation adjustments. In addition, negative figures are not shown.

## Gross Profit (Consolidated)

### Gross profit increased by 20% 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.

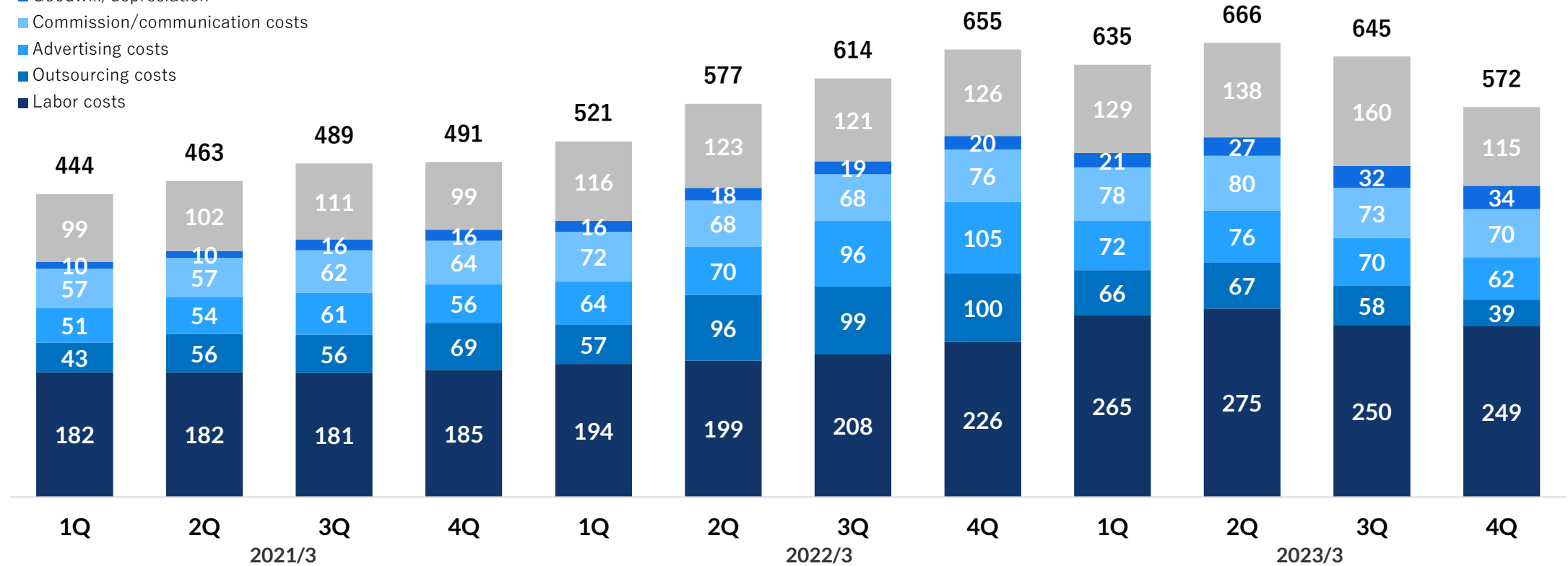


## SG&A Expenses (Consolidated)

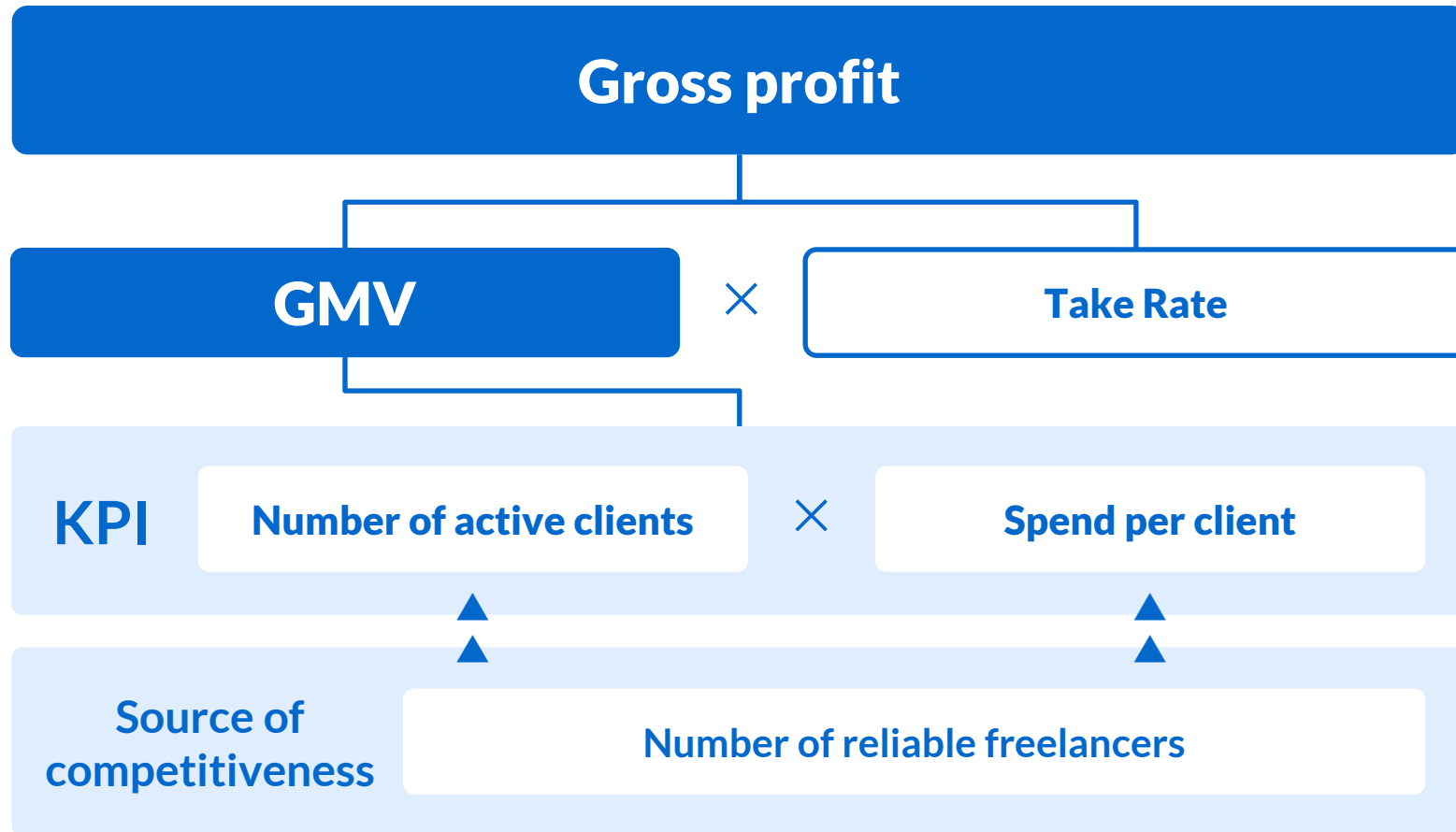
SG&A expenses were reduced from the forecast, ending with 572 million JPY

(Unit: Million JPY)

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



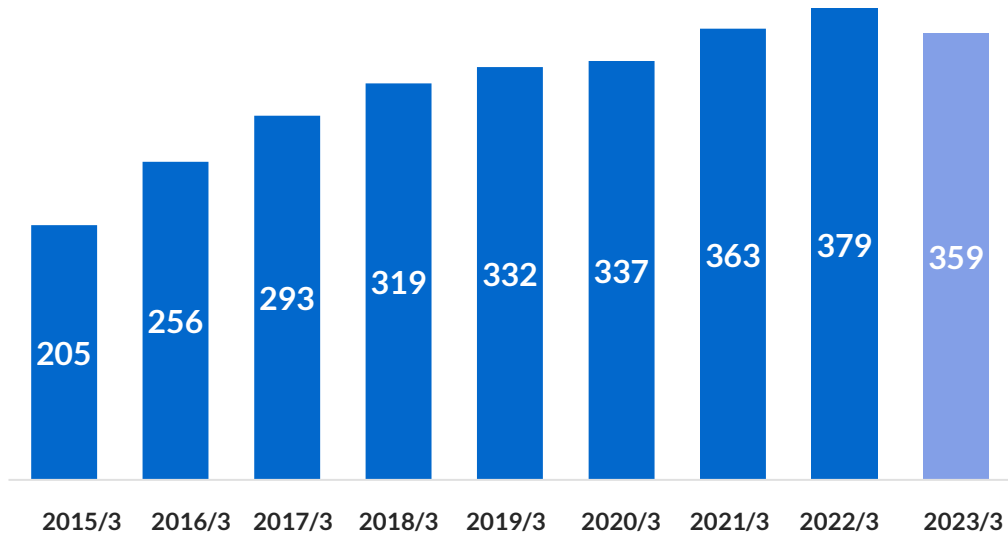
Gross profit and GMV are the most important metrics, with its growth coming from active clients and its continuous spend



The number of active clients was affected by the withdrawn business, but the spend per client increased due to the inclusion of Work Style Lab, Inc. to our group

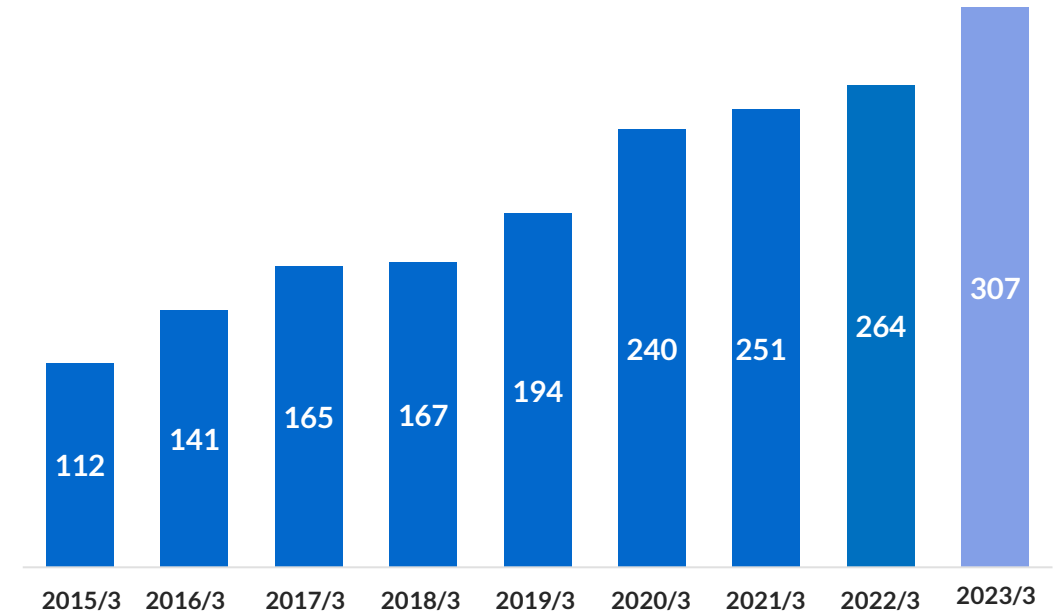
### Number of active clients

(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".

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**Although this is the final year, there is no change to the profit growth policy of achieving high growth and profitability and constant profitability**

### Mid-Term Business Policy(~3/2024)\*

**1**

**Accelerating growth in Matching business**

※Business segments to be renamed

**2**

**Become a high growth and high profitability platform.**

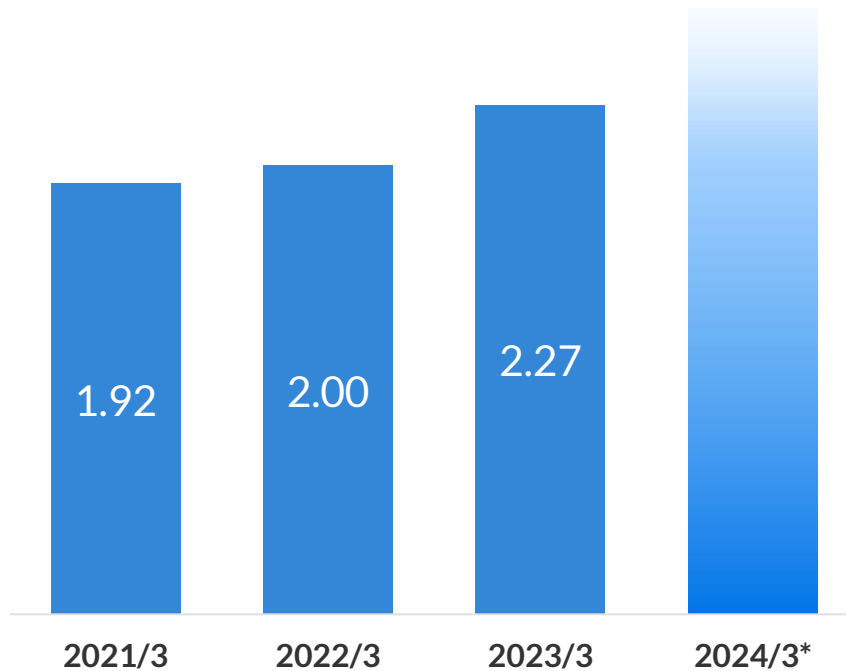
**Return to profitability in 3 years while continuing investment**

\*) The target of 3-3.5 billion yen in company-wide gross profit for FY2024/3 was withdrawn at the announcement of the 3Q results for FY2022/3 on 12 February 2023, in view of the current situation.

## Accelerate growth of gross profit

(Unit: Billion JPY)

### Accelerating growth in Matching business



\*) The target of 3-3.5 billion yen in company-wide gross profit for FY2024/3 was withdrawn in view of the current situation.

### Improve profits by restructuring peripheral businesses

- Increase profits by regrowth of tech Agent business
  - Improve profitability by restructuring Managed service business
- [Strengthening of management and business efficiency and completion of business withdrawal by consolidating into Matching 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.
- [Strengthening human resource development services such as the Lancers Digital Academy and MENTA](#)

### Increase client LTV through platform evolution

- Provide various types of job matching mechanisms
  - Promote continuous PF usage by strengthening customer success
- [Take-rate changes due to increased added value of products](#)

### Acquire new clients by category expansion

- Enable to explore more niche categories meeting market demand
  - Launch new job categories with high market demands
- [Entering high value-added consulting areas and launching new categories such as the area of generative AI](#)

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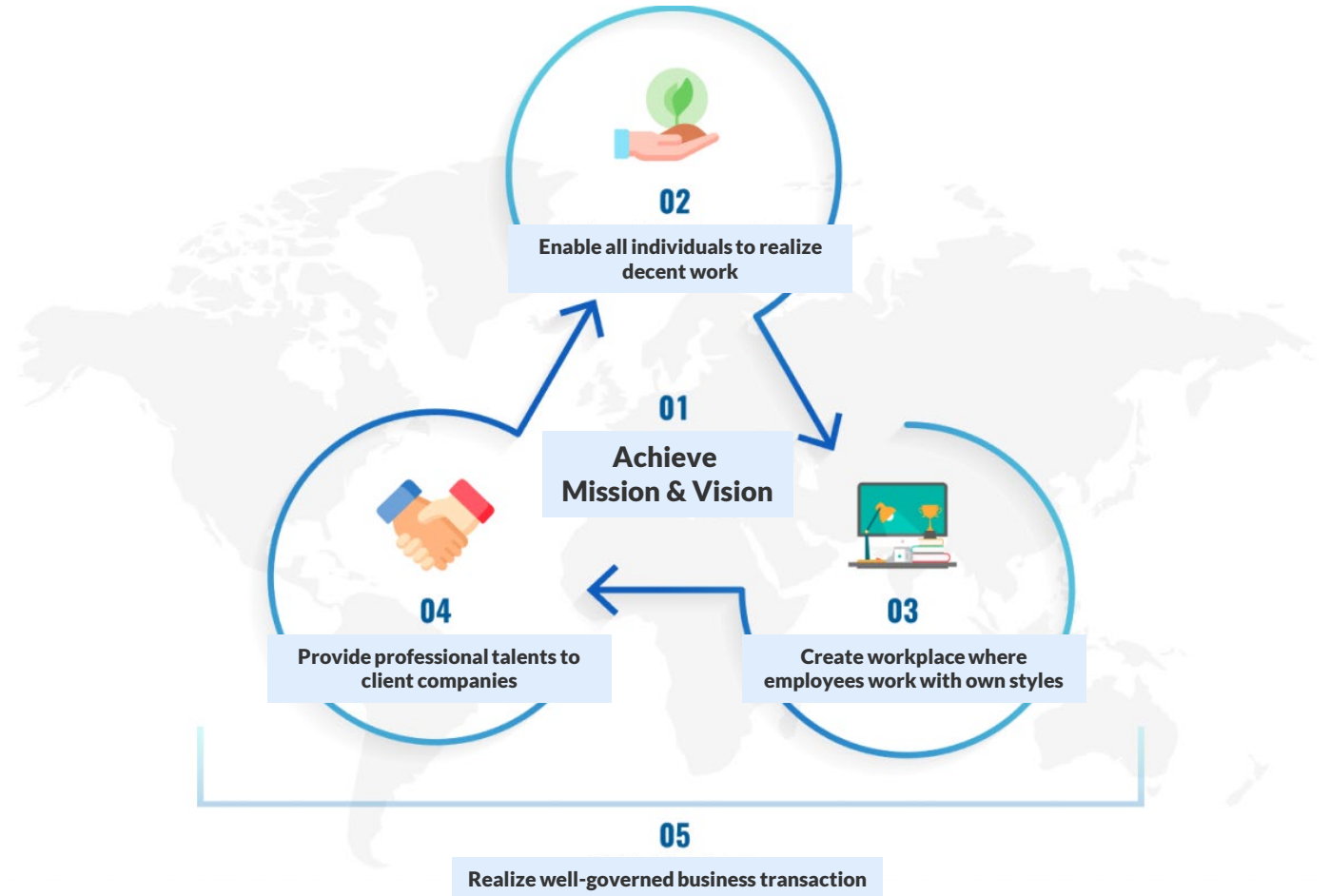
# Sustainability

**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.

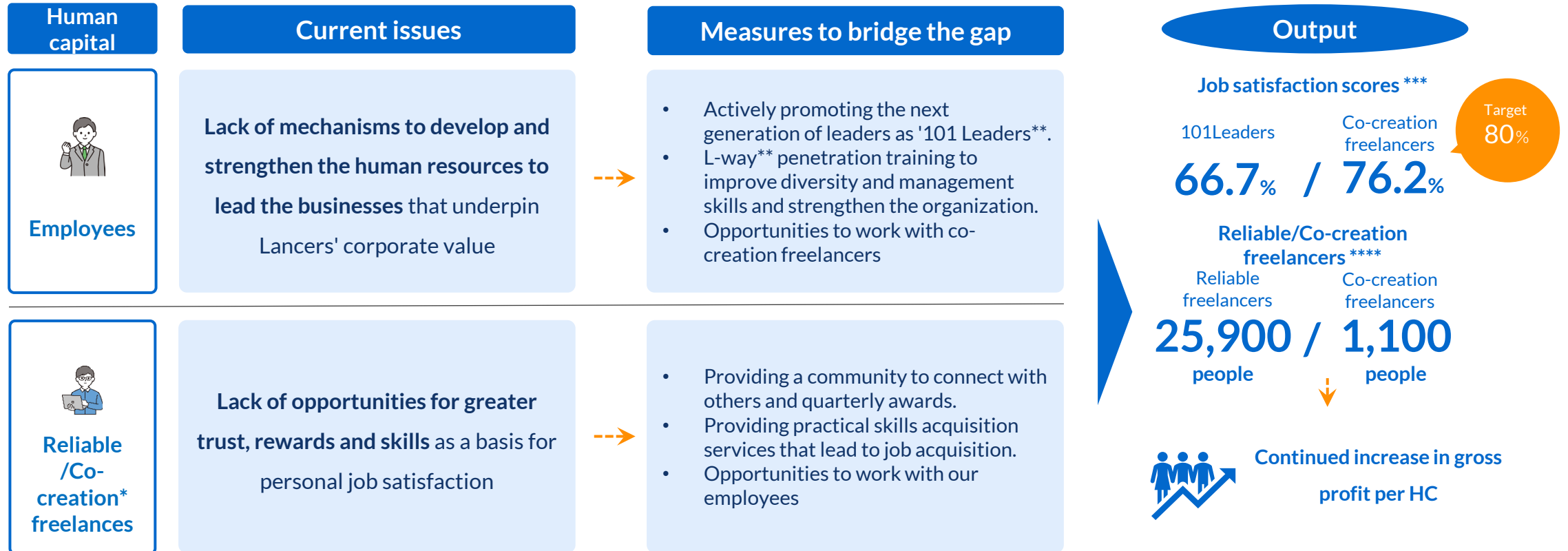
See more details in <https://www.lancers.co.jp/sustainability/>





## Human Capital to Increase Enterprise Value

In order to create value for Lancers, it is essential to strengthen human capital in the broadest sense. Employees and freelancers co-create to improve human productivity and accelerate business growth



\*) Co-Creation freelancers indicate freelancers who work directly with Lancers Inc.

\*\*) '101 Leaders' is an abbreviation for leaders who embody our behavioral guideline of doing 101, while 'L-Way' is an abbreviation for the Lancers Way, the Lancers' behavioral guideline.

\*\*\*) Job satisfaction scores indicate job satisfaction scores surveyed among 101 leaders and freelancers who have had the opportunity to work with us (co-creation freelancers).

\*\*\*\*) The number of Reliable freelancers and co-creation freelancers indicates the number of freelancers as of March 2023.

## “Lancer of the Year”

In March, "Lancer of the Year," a festival to honor freelancers, was held for the ninth time this year. We also introduced new ways of working, such as new graduate freelancers

### PROFESSIONAL WINNERS



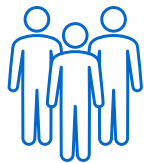
### ROOKIE WINNERS



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

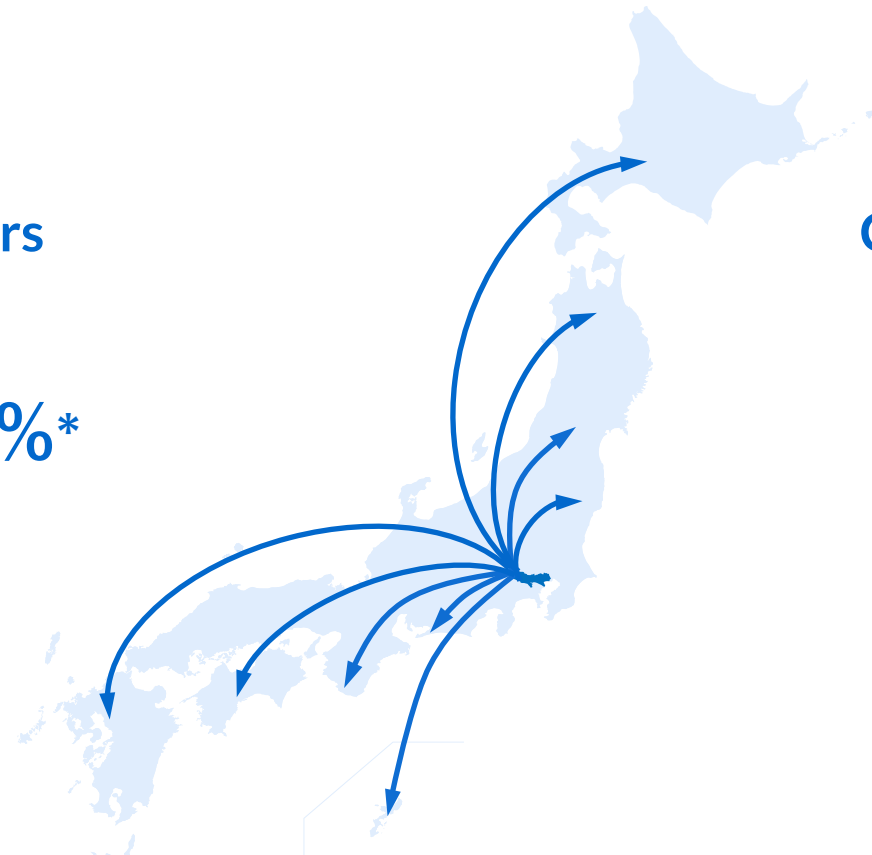
Local freelancers

約 **76** %\*



Clients based in Tokyo

約 **58** %\*\*



\*) GMV of Landers alone, the ratio of GMV of Lancers whose place of residence is other than Tokyo (January to March 2023).

\*\*\*) GMV of Lancers alone, the ratio of GMV of clients who are based in Tokyo (January to March 2023).

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

## 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"> <li>Outflow of customers</li> <li>Damage on brand equity</li> </ul>	<ul style="list-style-type: none"> <li>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</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 JIPDEC</li> </ul>
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, rapid traffic increase, software malfunctions, unauthorized access, computer virus infections etc.</li> </ul>	<ul style="list-style-type: none"> <li>Ensuring a security system to prevent unauthorized external access and saving service data in the cloud</li> </ul>
Acquisition and retention of employees	Mid/ 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 performance may be affected if well-trained employees cannot be sufficiently secured or if such talents cannot be adequately retained</li> </ul>	<ul style="list-style-type: none"> <li>Acquiring highly motivated excellent talents who fully understand our mission and vision</li> <li>Implementing measures to develop internal talents – such as personnel system aligning with business strategy</li> </ul>
Uncertainty of new businesses	Low/ Long-term	<ul style="list-style-type: none"> <li>Impact on inorganic growth</li> </ul>	<ul style="list-style-type: none"> <li>New business may not proceed as planned and investment may not be returned if unexpected situations may happen</li> </ul>	<ul style="list-style-type: none"> <li>Building multiple business plans &amp; scenarios carefully analysing market situation</li> <li>Strengthening monitoring system to minimize the impact on our business performance.</li> </ul>

### 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

