



# Lancers

## Financial Results

for the 2nd Quarter of Fiscal Year Ending March 31, 2021

LANCERS, INC.

(TSE Mothers : 4484)

November 12, 2020

1

**Company Overview / Market Trends**

2

Results for the 2nd quarter of the fiscal year ending March 2021 and Full Year Outlook

3

M&A Based on Mid-Long-Term Strategy

## Our Mission

## Empowerment of Individuals

## Our Vision

**We will create a world where anyone can live their own workstyle, with the power of technology**



### Company Profile

Company name	LANCERS, INC.
Business contents	Platform business
Founder and CEO	Yosuke Akiyoshi
Establishment	April, 2008
Staff	Approx. 200 employees*

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

Providing matching services for freelancers since 2008.  
Contactless operations from ordering to managing projects  
and payments.

Clients  
(Employers)



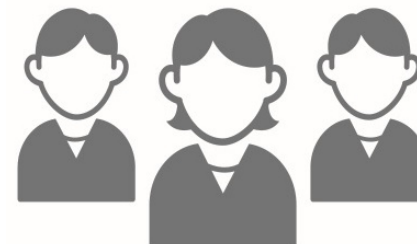
## Benefits

- Variabilization of labour costs
- Acquiring know-how from highly skilled personnel not found in-house
- Allowing human resource procurement in a short period of time compared to other human resource agencies



# Lancers

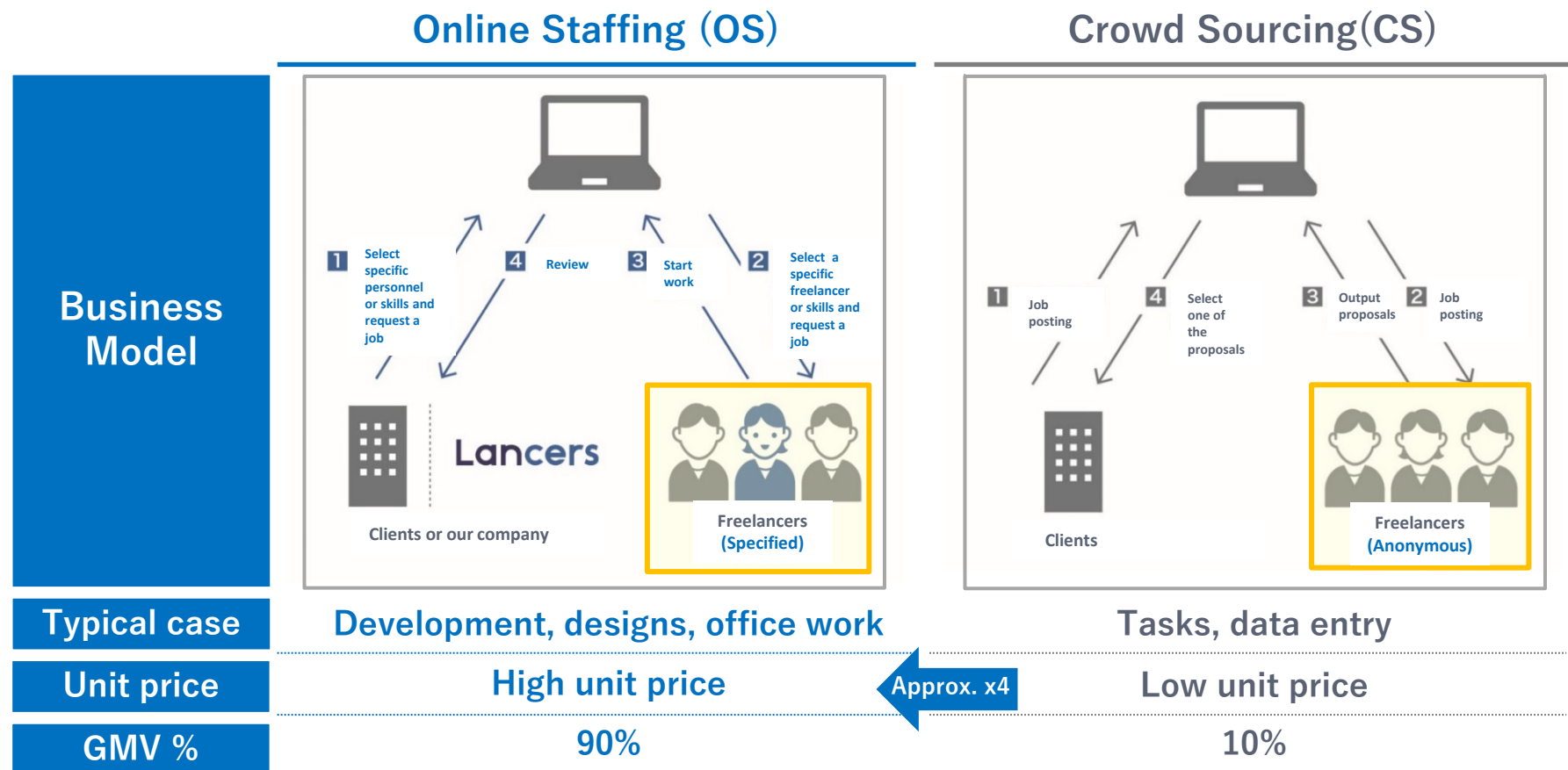
Freelancers  
(Contractors)



## Benefits

- Allowing to choose a job that makes the most of one's skills and know-how
- Allowing to work with multiple companies without being tied to one company, which leads to improving one's skills and increasing income
- Allowing to work anytime and anywhere they want

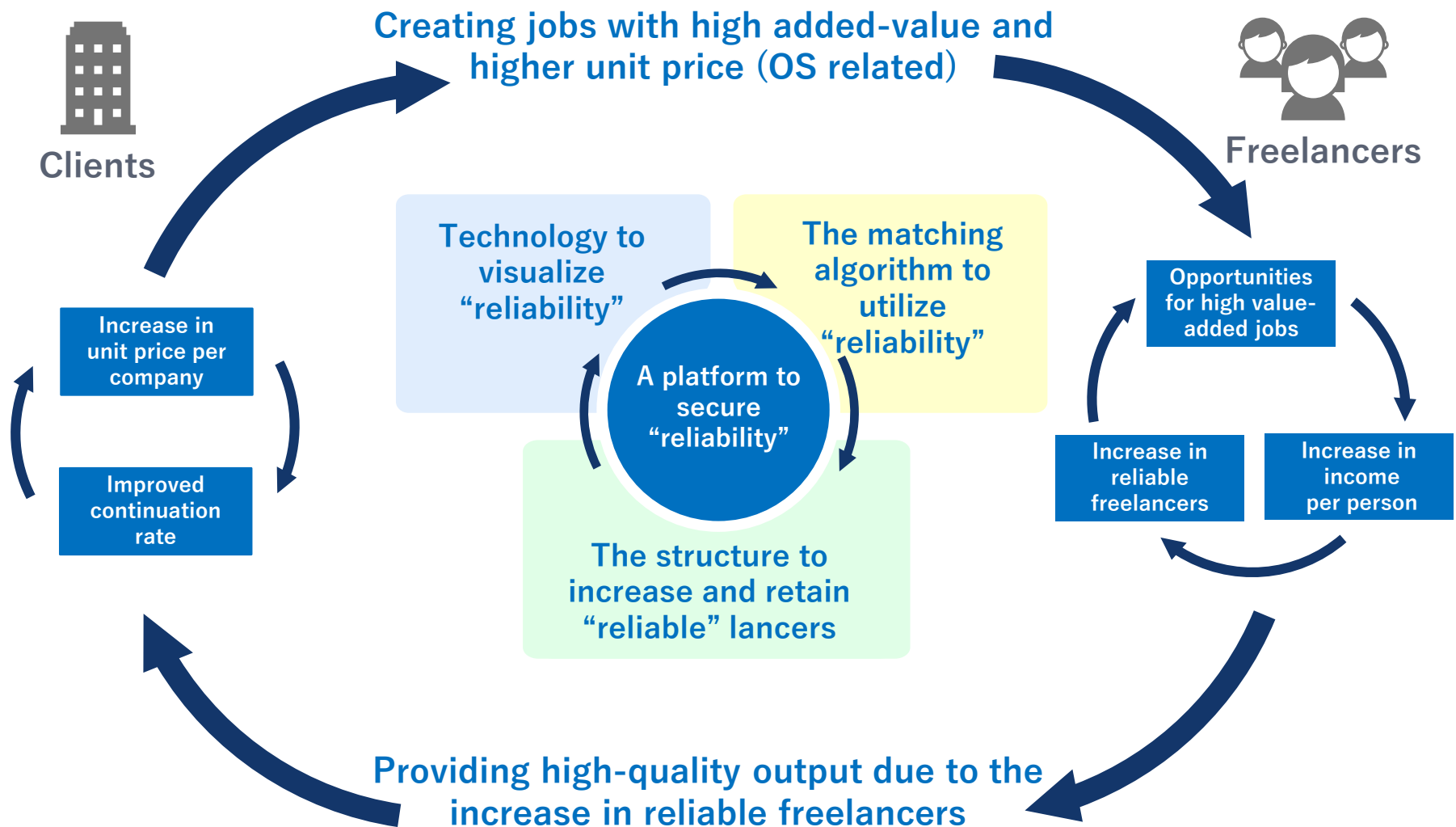
Online staffing\*(OS), which offers jobs to specific individuals is our main business model, OS accounts for 90% of total GMV\*\*.



\*)Online staffing (OS) is an abbreviation for online staffing platform, and will be referred to as online staffing or OS.

\*\*)Gross Merchandise Value.

A “reliable platform” where jobs with high added-value are offered.

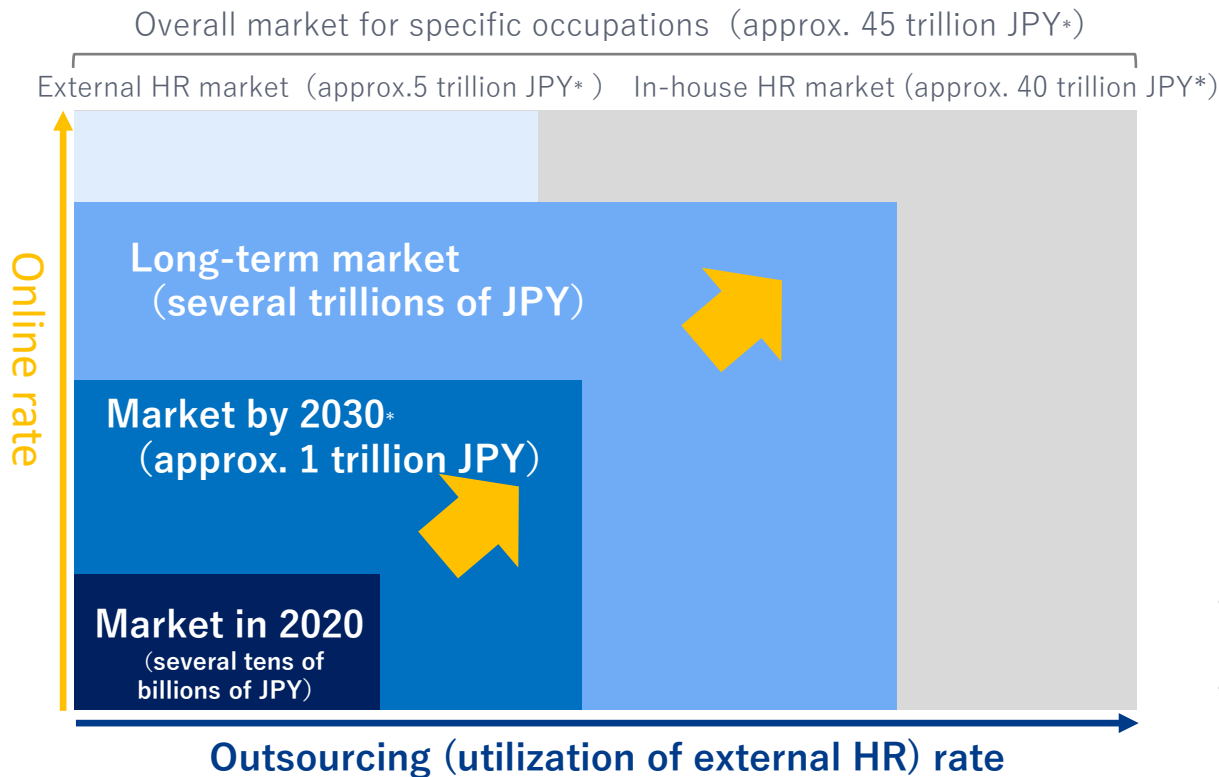


# Potential Expansion of Lancers' Target Market Lancers

With the spread of online work and utilization of external human resources, the market for specific occupations to be targeted will expand and expected to record around 1 trillion JPY by 2030.

Potential expansion of Lancers' target market

Market size ratio  
by specific occupations



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

\*\*)The market size is estimated by our company based on the data in the above reference in the "Freelance Survey 2020" conducted by our group in February 2020.

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- Cumulative 2Q GMV was +13.0% year-on-year, net sales was +16.2%, and gross profit was +7.2%, showing constant growth even in COVID-19. **GMV in a single quarter hit a record high.**
- In 2Q (single quarter), **we recorded operating profit**, making steady progress toward achieving full-year profit.
- Although COVID-19 has had positive and negative impacts on the earnings forecast as in 1Q, it has remained in the **middle** of the estimated range, and the progress rate is at the **same level as the previous fiscal year.**
- The negative impact of COVID-19 is expected to decrease in the 2<sup>nd</sup> half of the year, and the plan (upper limit) will continue to **aim for 30% of growth or more compared to the same period of the previous year in 4Q.**

# Financial Results in 2Q of FY2020 (Up to 2Q)

Lancers

- ① Grew steadily in COVID-19 pandemic, staying in the middle of the forecast range.
- ② The progress rate is at the same level as the previous term, and the progress is as planned due to the characteristics of this business.
- ③ Degree of deficit was reduced due to profitability of 2Q (single quarter) .

(Unit: Million JPY)	FY2020 (up to 2Q)	FY2019 (up to 2Q) (year on year)		FY2020 (Full-year forecast)		(Reference) Progress in the previous term**
	Actual	Actual	% Change	Forecast	% Progress	% Progress
Gross Merchandise Value*	4,285	3,793	+13.0%	9,050~ 9,750	47.4%~ 44.0%	46.7%
Net sales	1,798	1,547	+16.2%	3,950~ 4,300	45.5%~ 41.8%	44.5%
Gross profit	893	833	+7.2%	1,900~ 2,100	47.0%~ 42.5%	46.4%
Selling, general and administrative expenses (SG&A)	908	1,048	△13.4%	1,890~ 2,050	48.0%~ 44.3%	49.9%
Operating income/loss	△14	△214	+200	10~50	—	—
Ordinary income/loss	△8	△218	+209	10~50	—	—
Net income/loss	△4	△225	+221	0~40	—	—

\*) It is based on in-house management data and the figures are not audited.

\*\*) It shows the cumulative progress of the 2Q of the fiscal year ending March 2020 against the results of the fiscal year ending March 2020.

# Financial Results in 2Q of FY2020 (Quarter)

Lancers

- ① It grew steadily, surpassing the same period of the previous year (2Q) and the previous quarter (1Q) even in COVID-19 pandemic.
- ② SG&A expenses were higher than in the same period of the previous year due to strategic product development and investment in sales & marketing.
- ③ Gross profit also grew steadily and recorded an operating profit. Ended with net loss due to tax adjustments, etc.

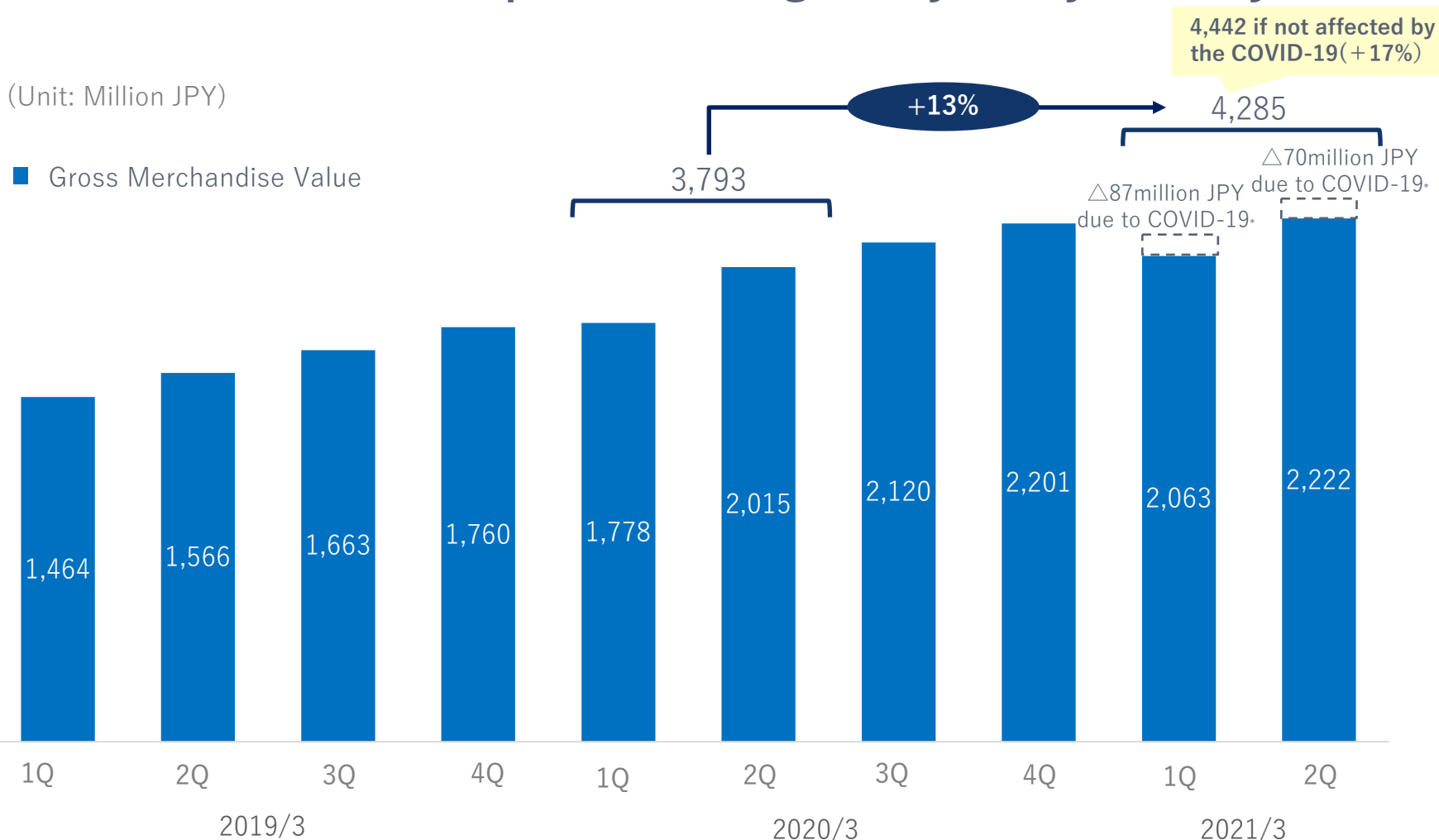
(Unit: Million JPY)	2Q FY2020	2Q FY2019* (year on year)		1Q FY2020 (previous quarter)	
	Actual	Actual	% change	Actual	% change
Gross Merchandise Value*	2,222	2,015	+10.3%	2,063	+7.7%
Net sales	930	878	+5.9%	867	+7.4%
Gross profit	465	455	+2.1%	428	+8.6%
Selling, general and administrative expenses (SG&A)	463	400	+15.8%	444	+4.3%
Operating income/loss	1	55	△53	△16	+17
Ordinary income/loss	3	49	△46	△11	+14
Net income/loss	△5	43	△49	1	△6

\*) It is based on in-house management data and the figures are not audited.

# Trend of Gross Merchandise Value (Consolidated) **Lancers**

It reached a record high in Q (single quarter) even under the influence of COVID-19 pandemic. It grew by 13% year-on-year.

(Unit: Million JPY)

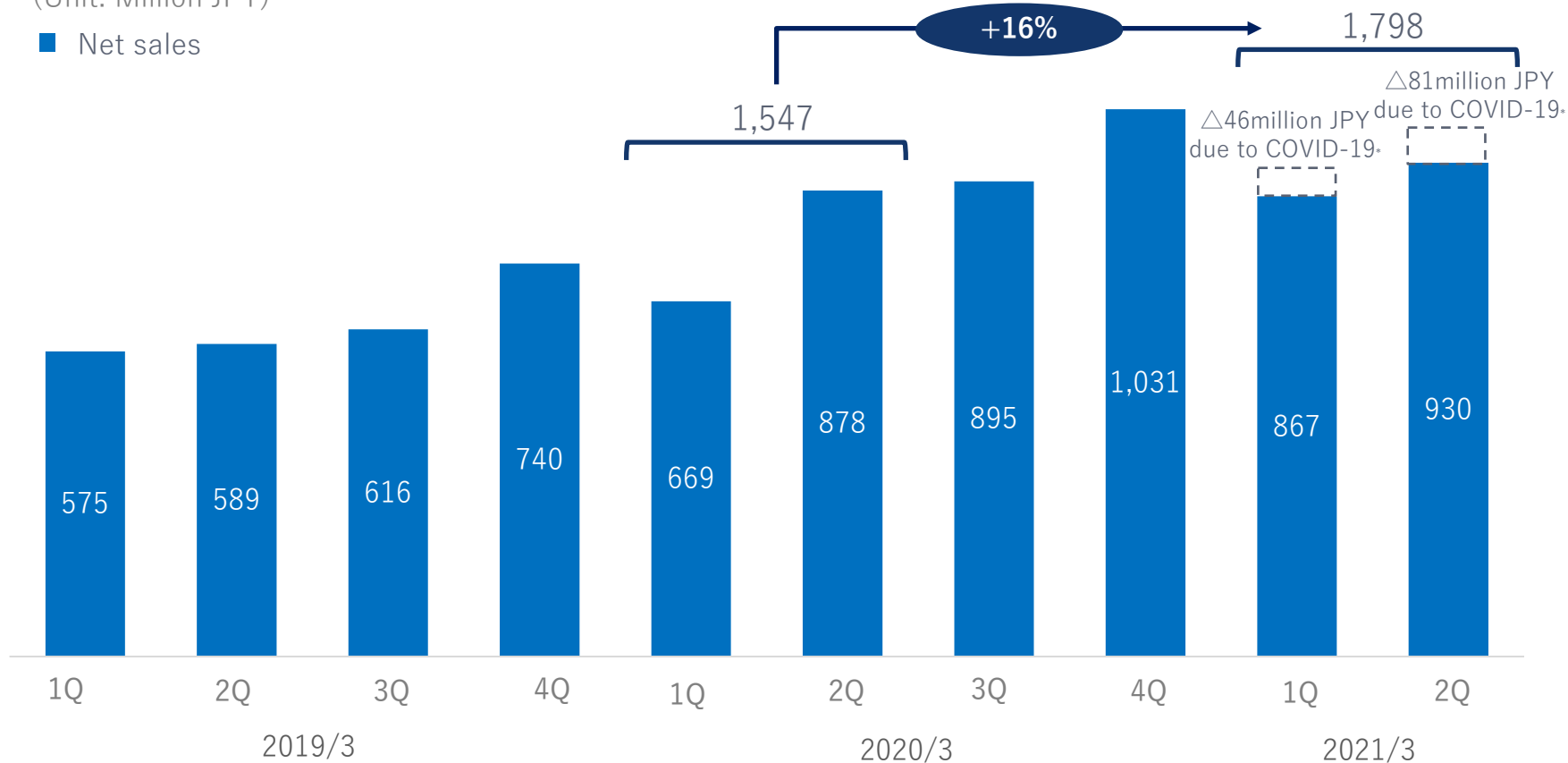


\*) It refers to the impact that COVID-19 pandemic imposed on the initial plan in our forecast for the year ending March 2021 before the pandemic.

The impact of the COVID-19 pandemic continued,  
with growth of 16% year-on-year.

(Unit: Million JPY)

■ Net sales

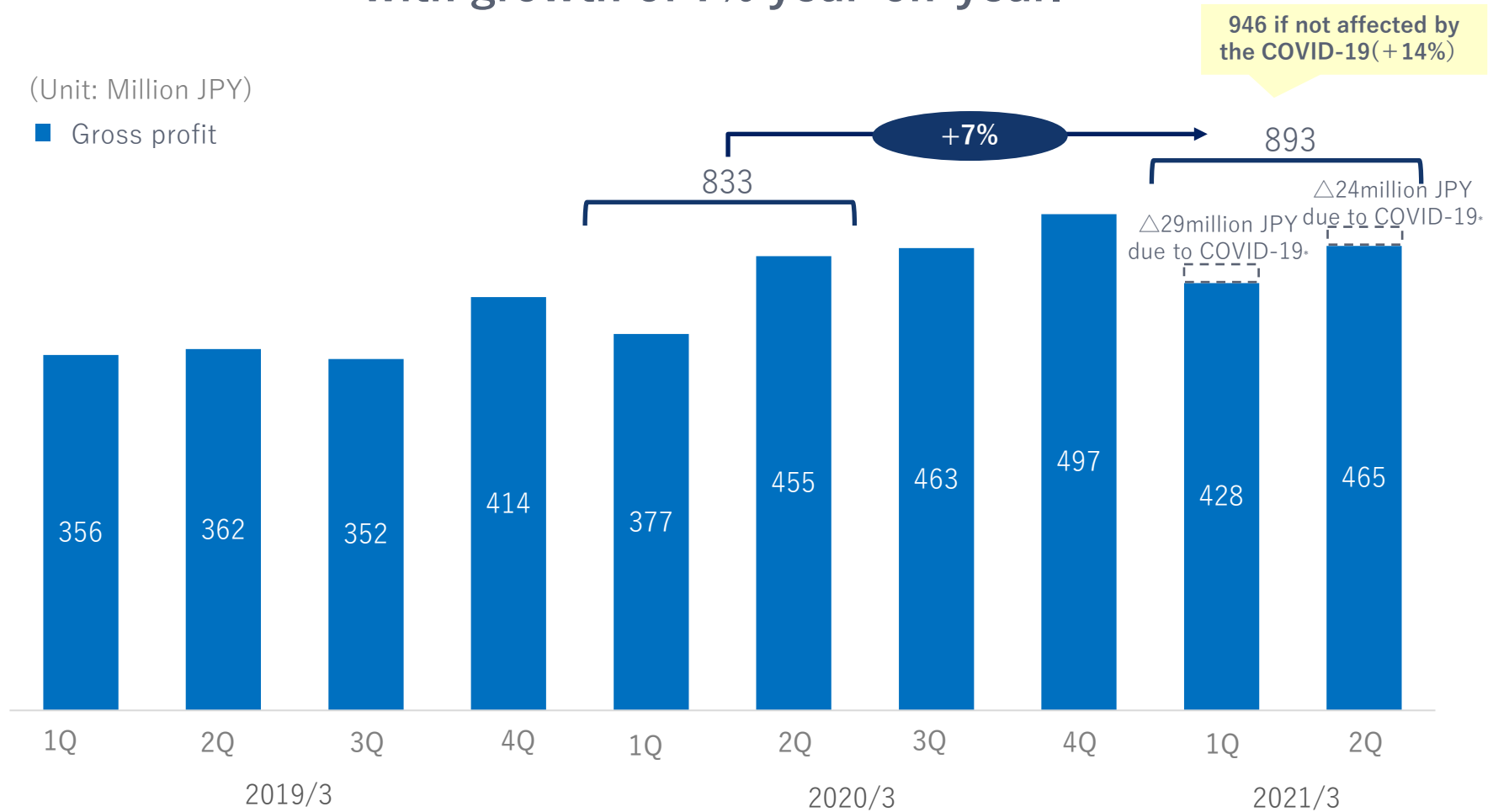


\*) It refers to the impact that COVID-19 pandemic imposed on the initial plan in our forecast for the year ending March 2021 before the pandemic.

The impact of the COVID-19 pandemic continued, with growth of 7% year-on-year.

(Unit: Million JPY)

■ Gross profit



\*) It refers to the impact that COVID-19 pandemic imposed on the initial plan in our forecast for the year ending March 2021 before the pandemic.

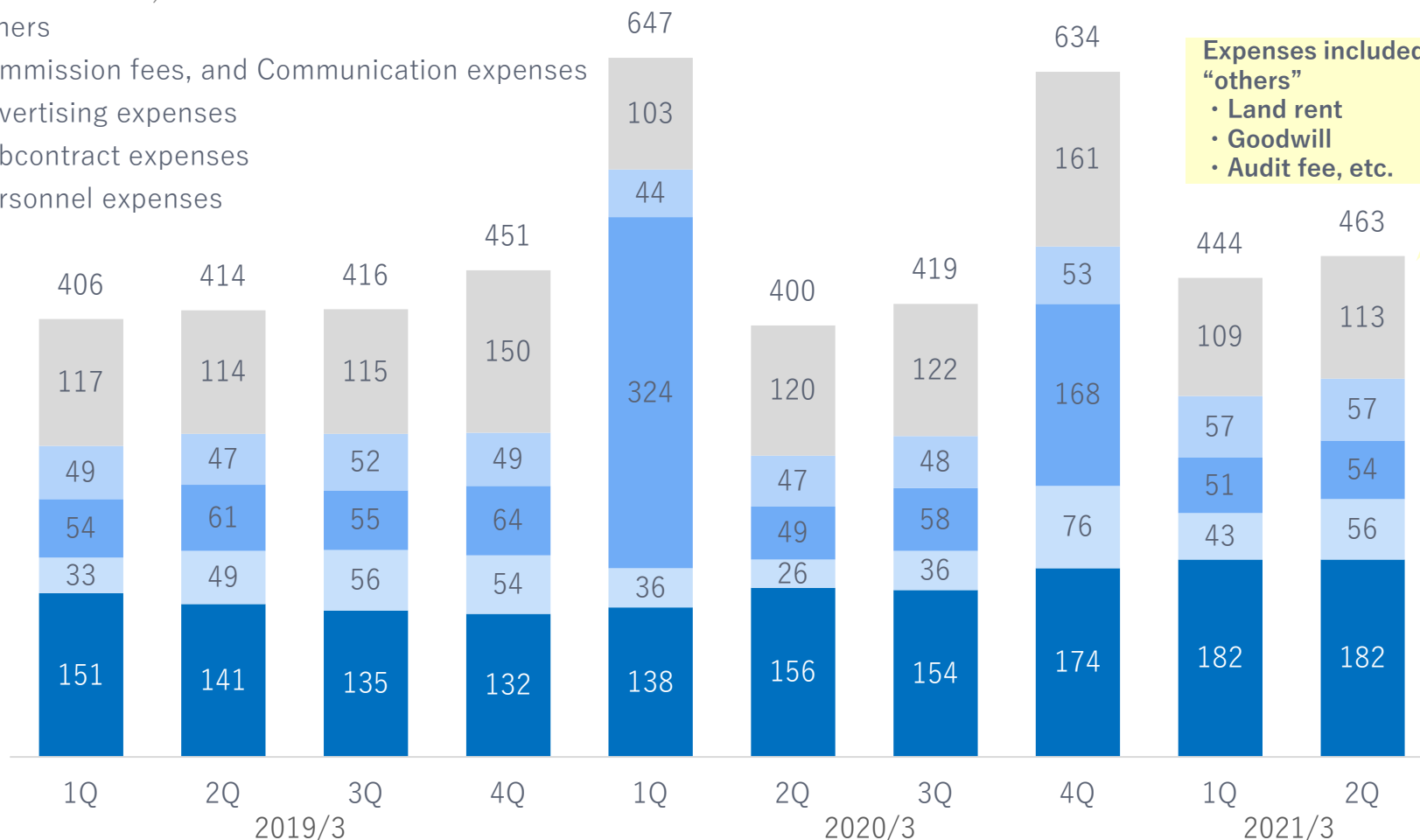
SG&A expenses in the past years have remained almost constant despite the increase in GMV.

(Unit: Million JPY)

- Others
- Commission fees, and Communication expenses
- Advertising expenses
- Subcontract expenses
- Personnel expenses

Expenses included in "others"

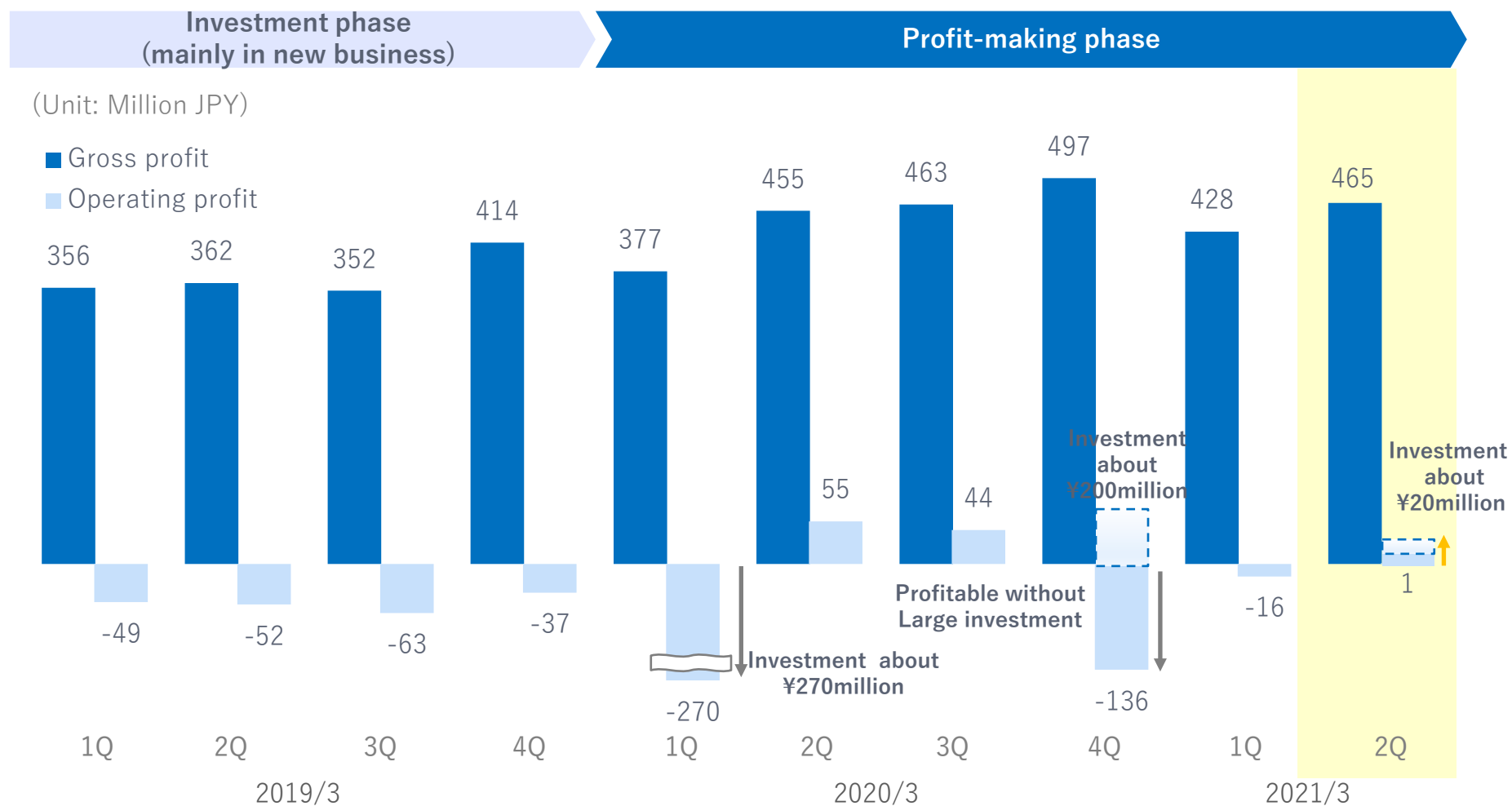
- Land rent
- Goodwill
- Audit fee, etc.



# Trends in Gross Profit and Operating Profit (Consolidated)

Lancers

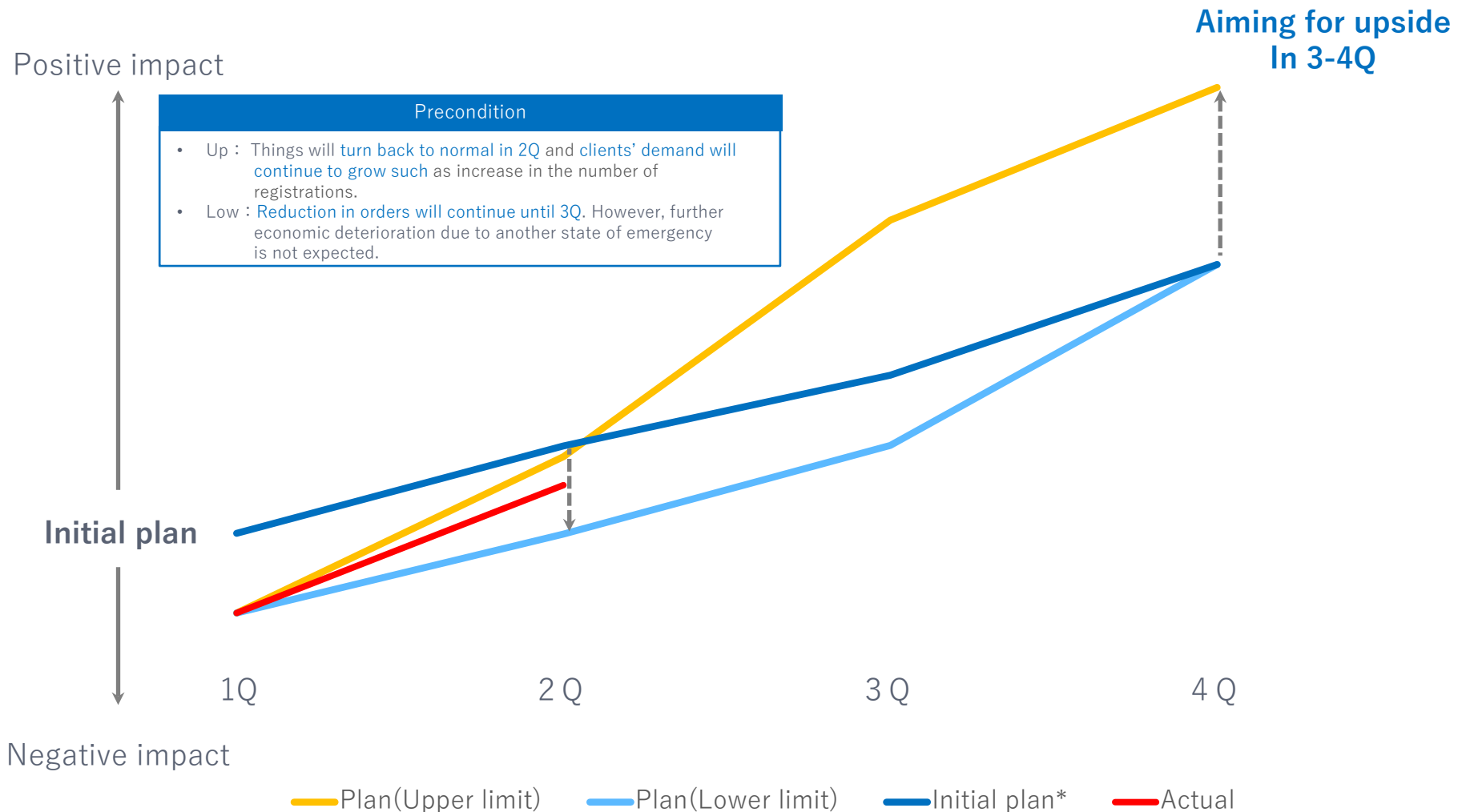
Achieved an operating profit in a single quarter while continuing to invest.  
Making steady progress towards full-year profitability.





# Full-Year Forecast Quarterly Trends(Prediction) **Lancers**

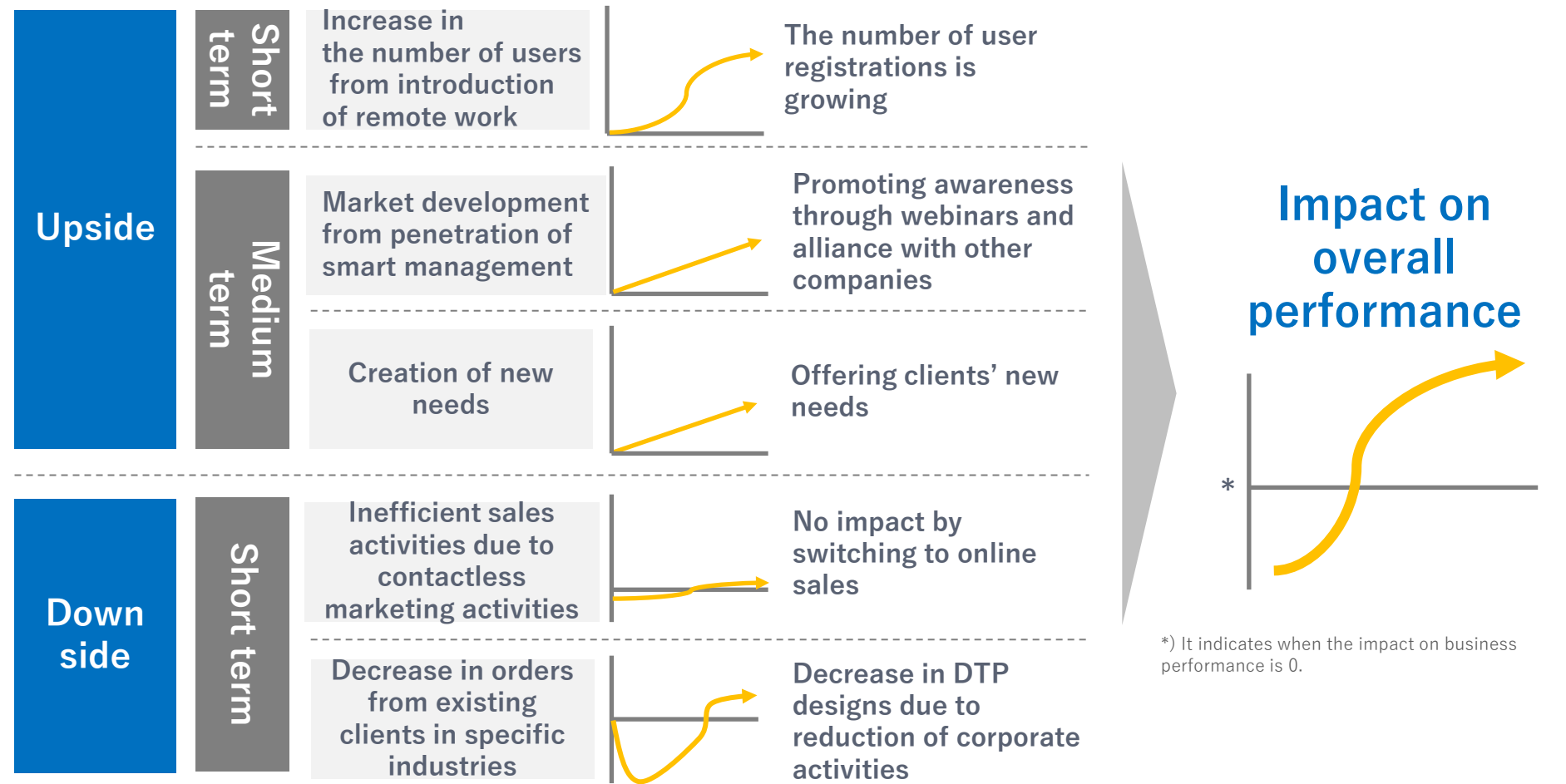
Due to the positive and negative impacts of COVID-19 pandemic, the earnings forecast has remained neutral.



\*) It shows our forecast for the fiscal year ending March 2021 before the spread of COVID-19.

# Impact on Performance from COVID-19 Pandemic    **Lancers**

Positive and negative impacts continued in 2Q as in 1Q, while negative impacts are expected to decrease in the second half.

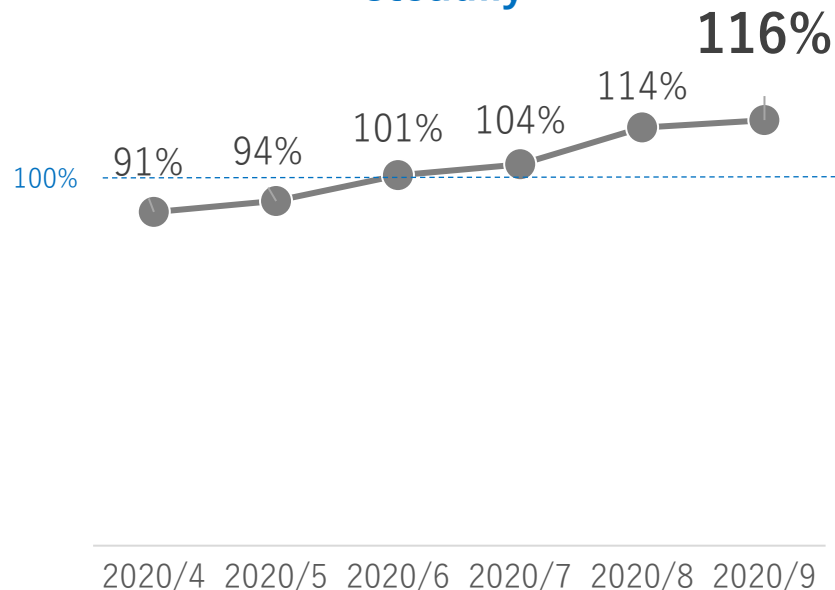


# Recovery from Negative Impact from COVID-19 Pandemic

General market support category\* is the main factor of negative impact. Of the above categories, number of direct orders is quickly increasing, and number of contracts are recovering slowly.

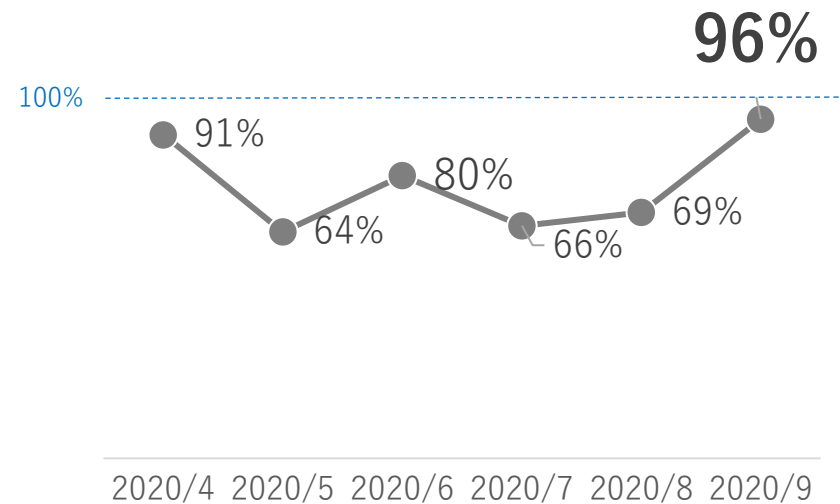
Changes in GMV of direct ordering (online) marketing support\*\* compared to the same month of the previous year \*\*\*\*

**The number of direct orders (online) recovers quickly and increases steadily**



Changes in GMV of contract marketing support\*\*\* compared to the same month of the previous year\*\*\*\*

**Negative effects on contracts remain but it is showing slow recovery**



\*) The marketing support category refers to all categories related to our marketing activities such as DTP, article creation, and advertising support.

\*\*) This is a year-on-year change in the GMV amount of the DTP design of our group's main service, "Lancers", and shows the same content as the DTP design on page 22 of the financial result briefing material for the first quarter of the fiscal year ending March 2021.

\*\*\*) This shows Lancers Outsourcing, which we outsource marketing support for companies (DTP, article writing, advertising, etc). See page 35 for contracted service categories.

\*\*\*\*) It is based on in-house management materials, and they are not audited figures.

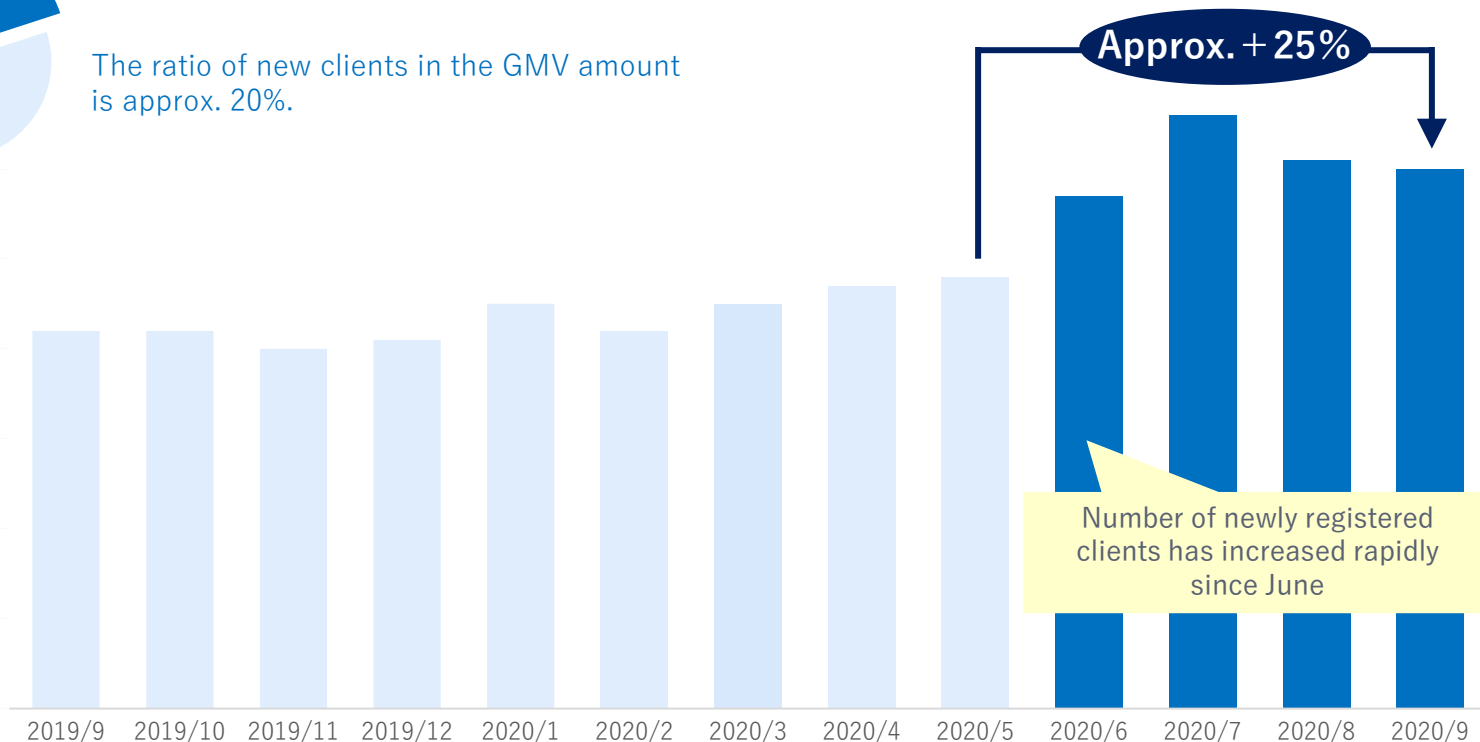
# Continuation and Expansion of Positive Impact of COVID-19 Pandemic **Lancers**

With increasing new demand during the pandemic, the number of newly registered clients continues to grow, contributing to the future expansion of GMV.

Changes in the number of newly registered clients

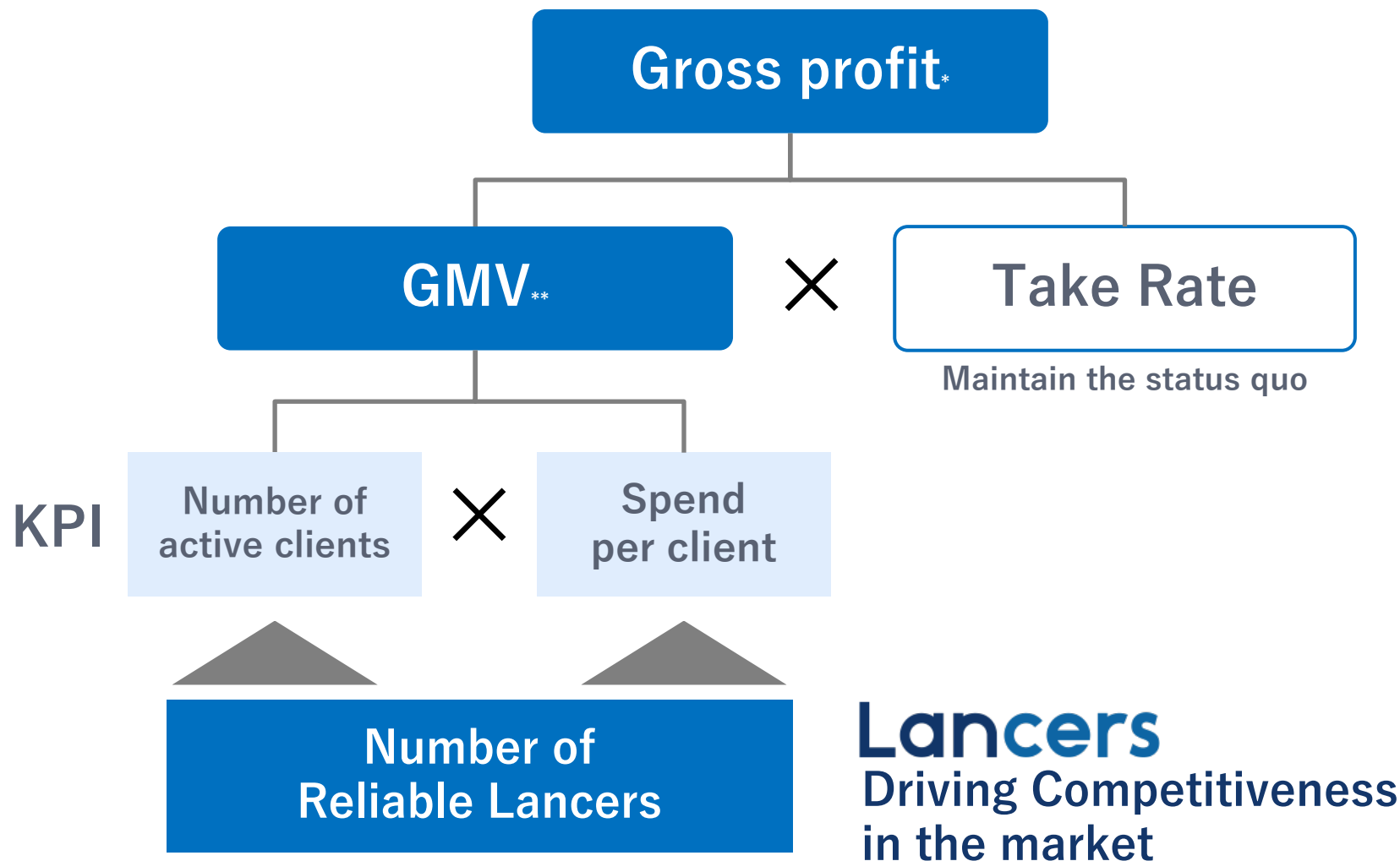


The ratio of new clients in the GMV amount is approx. 20%.



\*) It is based on in-house management materials and is not an audited number. The number of newly registered clients indicates the clients registered with “Lancers”.

Emphasizing expansion of GMV and Gross profit  
representing our added value



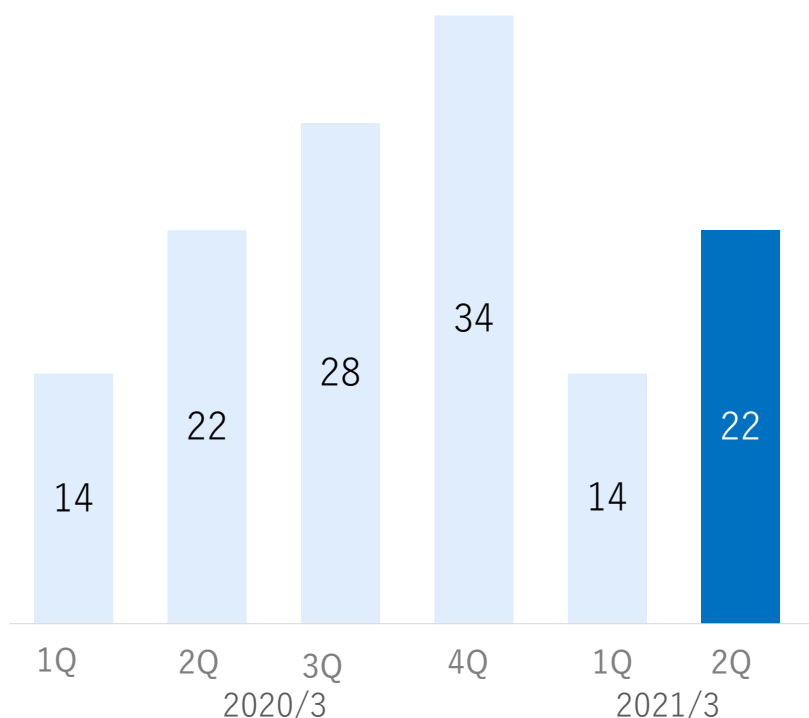
\*)Since the sales recording standard differs for each service, "gross profit" is used as a management index.

\*\*)Gross Merchandise Value

## Spend per Client\* has been increasing steadily

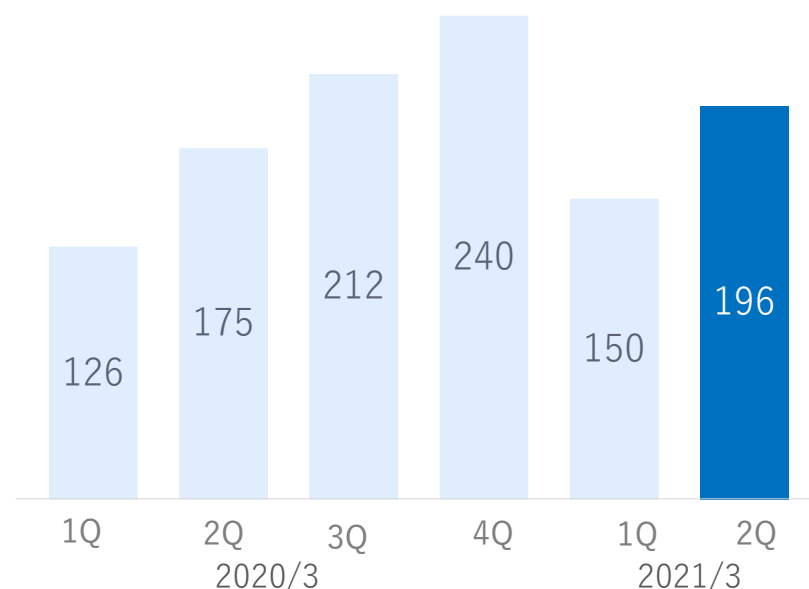
Cumulative quarterly changes  
in the number of active clients\*

(Unit: Thousand client users)



Cumulative quarterly changes  
in spend per client\*

(Unit: Thousand JPY)

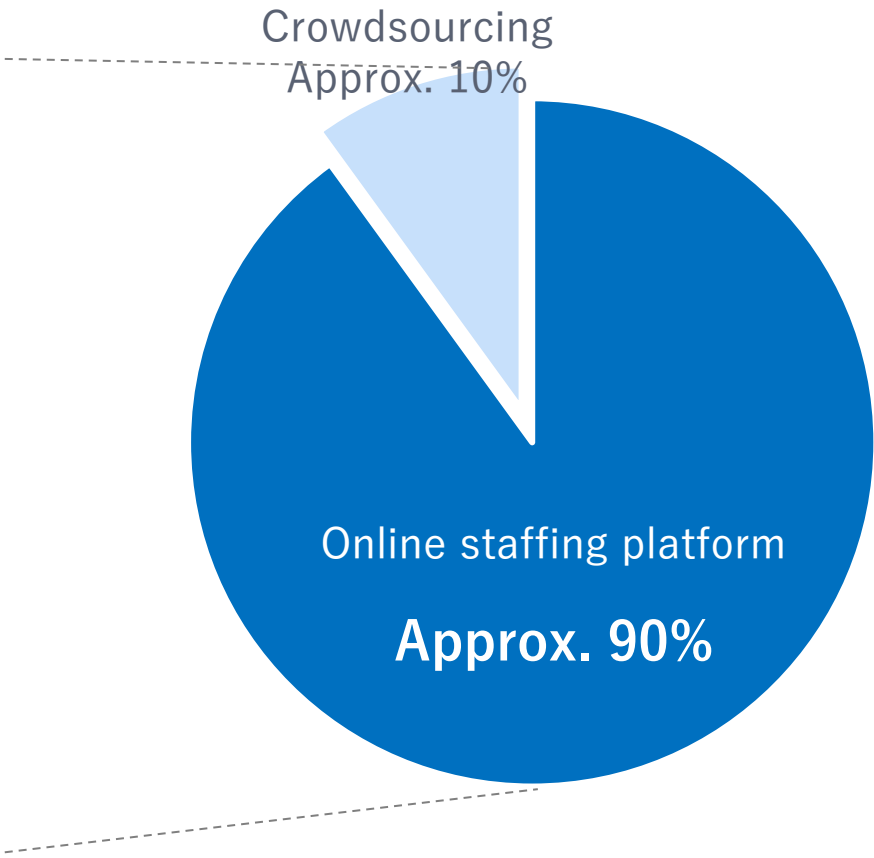
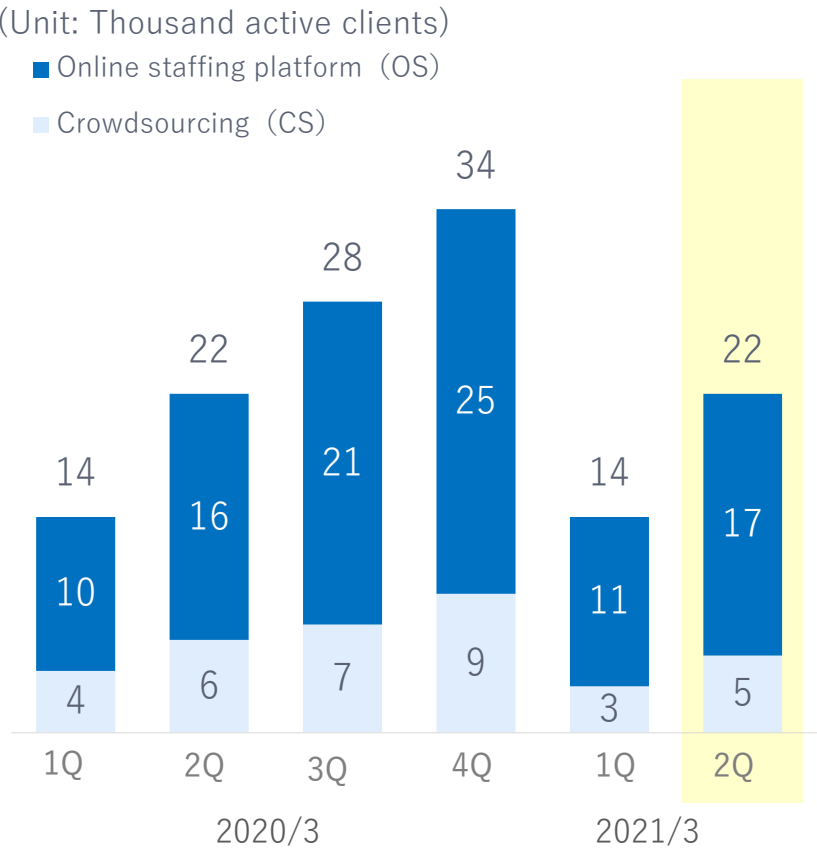


\*) It indicates the “number of clients” and “unit price of clients” as the “number of active clients” and “spend per client” respectively up to the 1<sup>st</sup> quarter financial statements for the fiscal year ending March 2021. The spend per client indicates the average spend per client during the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

The number of active clients in the OS field is on an upward trend, accounting for 90% of GMV.

Changes in Number of active clients in OS/CS

Percentage of GMV in OS/CS (2020/9)



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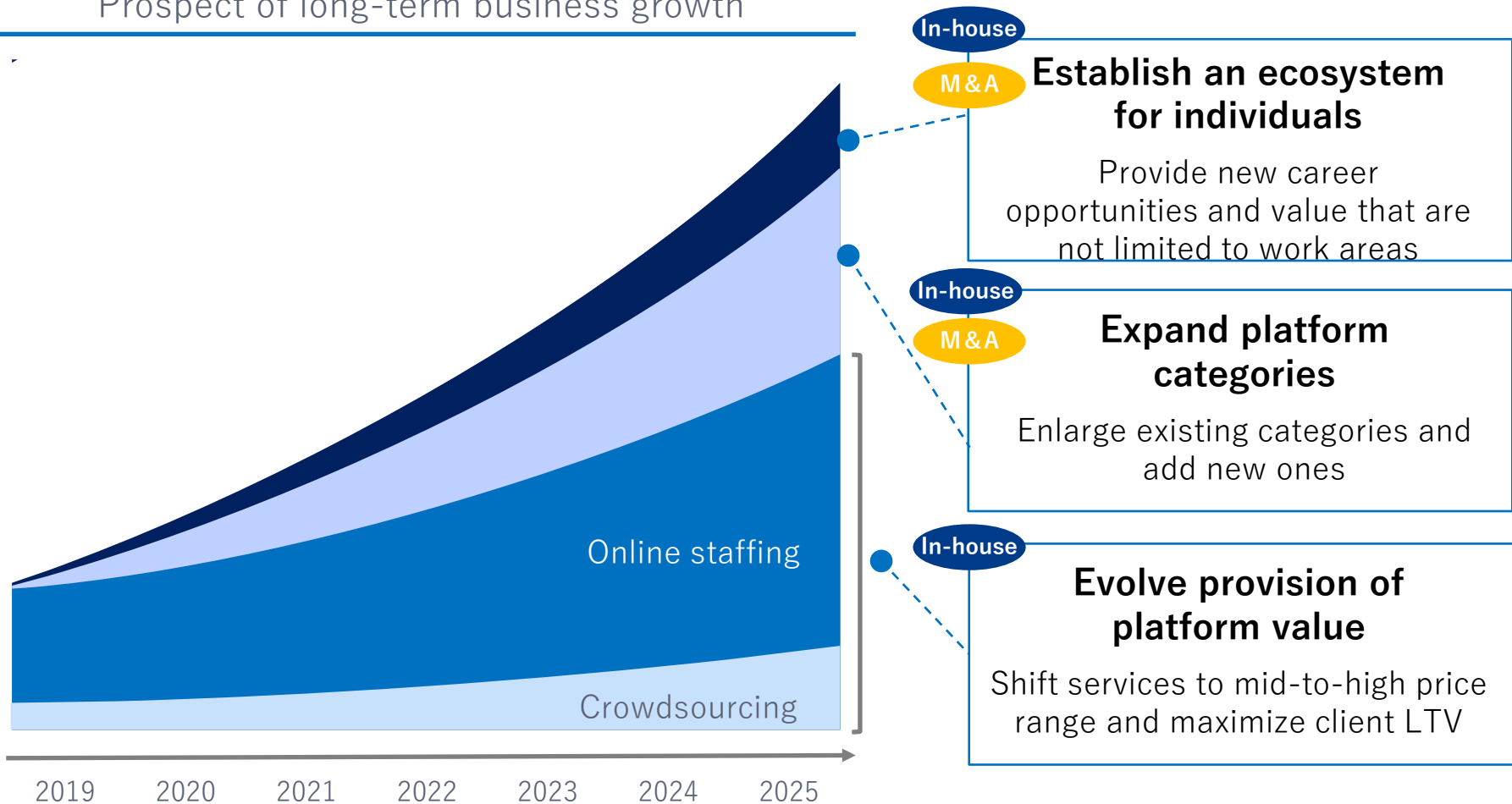
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**M&A Based on Mid-Long-Term Strategy**



## Actively utilize M&A to enlarge the target market and provide new value beyond the work platform

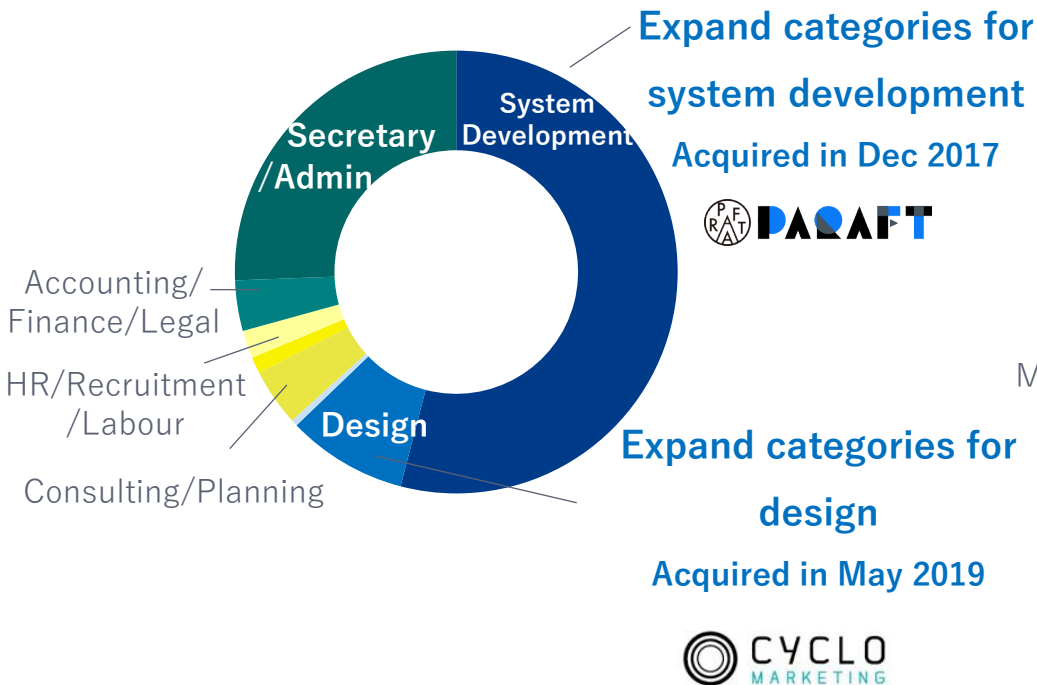
Prospect of long-term business growth



## Promote M&A with the aim to expand platform categories and build an ecosystem for individuals

Expanding platform categories

Add new career categories and expand existing categories in specific occupations in the target market



Establish an ecosystem for individuals

**Provide new career and educational opportunities**

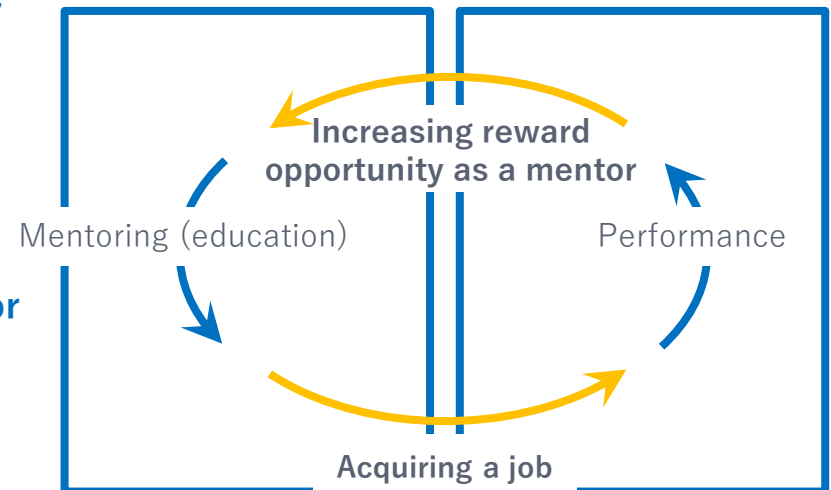
Acquired in Oct 2020



MENTA



Lancers

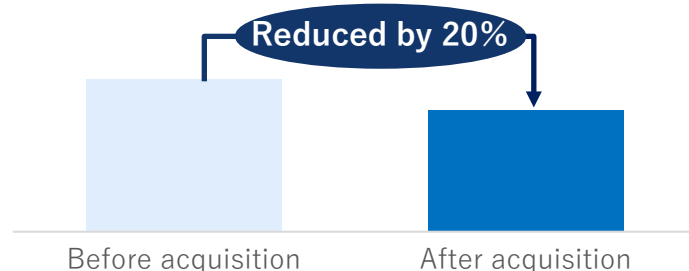


## Create synergy by utilizing Lancers' assets (freelance database), and GMV expands steadily after M&A

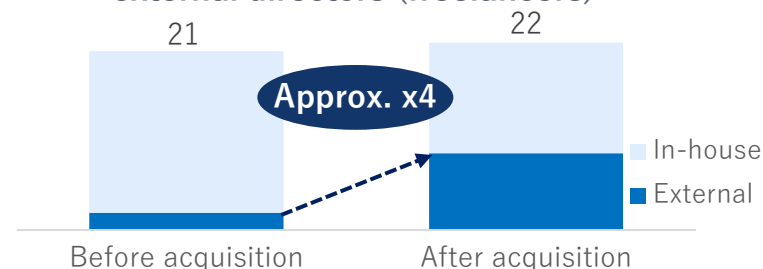
### Examples of utilizing Lancers' assets\*



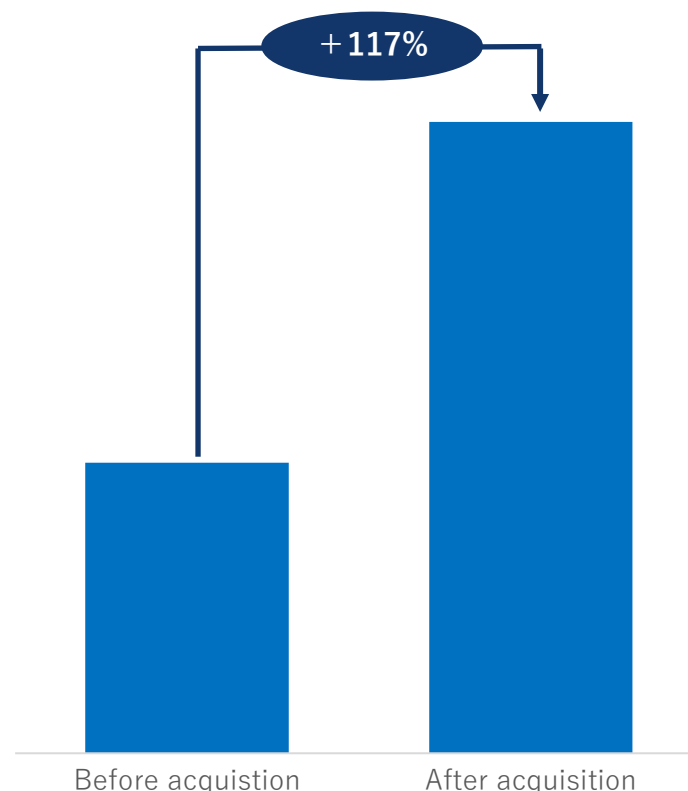
Reducing the average acquisition cost on engineers (freelancers) by utilizing the freelance database



Liquidation of labour costs by freelancing of external directors (freelancers)



### Changes in GMV of group companies\*\*



\*) It is based on in-house management materials and is not an audited number. Paraft Inc. refers to the current Lancers Agency inc. CycloMarketing Inc. was absorbed and merged with Lancers in October 2020.

\*\*) Group companies include Paraft Inc. and CycloMarketing Inc. Before the acquisition of the total distribution amount, Paraft Inc. used the one from a year before the acquisition and the one for the fiscal year ending 2020 (for one year) after the acquisition. As of March 2020, It has been 10 months for CycloMarketing Inc. since the acquisition, therefore figures from 10 months before the acquisition and the one for the fiscal year ending 2020 (10 months) after the acquisition are used.

# Empowerment of Individuals

Lancers empowers individuals by maximizing the possibilities of the internet to help provide ease, freedom, personality and smiles people.

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

# APPENDIX

# Recent Activities

Service/Additional performance/  
Shareholder composition

Management team

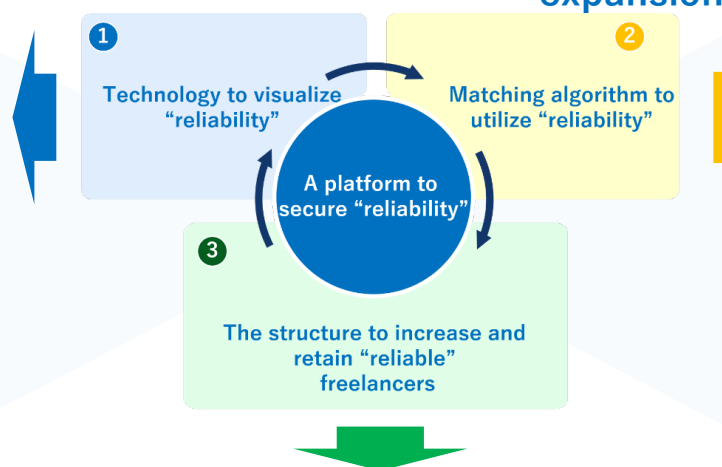
Lancers' strengths

## Actively promote alliance with large companies Further strengthen Lancers' strengths



- Strengthen EC support area in collaboration with Shopify Japan and FRACTA Inc.
- Provide educational support and training programs to support the introduction of "Shopify" for freelancers.

### Expanding areas



### Horizontal expansion



- Daily introduction = Established JV (Sharefull,inc.) in the area of Hourly Job.
- Expand the matching algorithm horizontally to capture offline needs.

### Reinforcement



- Collaborate with GMO Creators Network, Inc., which belong to GMO Internet group.
- Immediate payment available.

Collaboration with Shopify Japan Inc., which operates a leading global commerce platform “Shopify”, and FRACTA Inc., which supports the construction and operation of brand EC.



## Background

- Although the demand for EC businesses is increasing due to COVID-19 pandemic, many companies do not have the skills to establish EC websites.
- In cooperation with both companies, we support the construction, introduction and operation of corporate EC websites.

## Details

1. Provide education and training programs to support the introduction of “Shopify” for freelancers.
2. Freelancers who have completed the programs will receive a badge of certificate for completion to help them acquire jobs for introduction support.



“Sharefull”, an app introduced by an investment company,  
exceeded 500,000 DL

Lancers

Job seekers' daily service app, “Sharefull”, has exceeded 500,000 DL  
As a new service from November 11, they started long-term job  
advertisement with detailed job seeking information which includes  
applicants' PR videos.

スキマ時間を価値に変える  
シェアフル



Launched Japan's first financial support service for freelancers "FREENANCE byGMO" in cooperation with API to offer immediate payment.



### Background

- Unstable income is a major concern to continue freelancing
- Collaboration to eliminate financial concerns that many freelancers may have about their future

### Details

- Provide "FREENANCE, the immediate payment function" for registered freelancers
- Offer cash payment in the shortest possible day by linking "FREENANCE byGMO" in cooperation with API

Recent Activities

**Service/Additional performance/  
Shareholder composition**

Management team


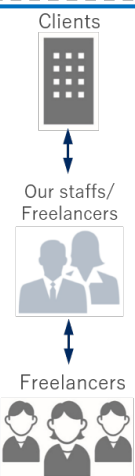
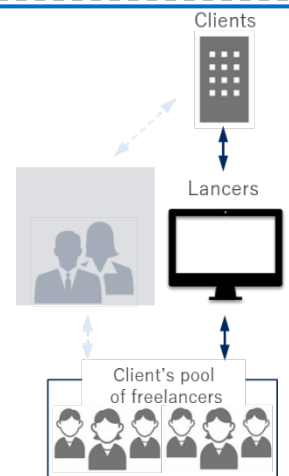
Lancers' strengths

We offer multiple services with different sales accounting standards

① Direct order

② Through a third party

③ Using both services

Main Services		Lancers	Lancers Agent Lancers Outsourcing*	Lancers Enterprise
Accounting standards	Sales	Handling fees associated with the client's requested amount ⌵	Client's request amount ÷ Fees + Lancer's reward ≠	Monthly system usage fees and handling fees associated with client's request amount ≠
	Gross profit	Various costs deducted from handling fees	Lancer's reward and various costs deducted from the client's request amount	Various costs deducted from system usage fees and handling fees
Service models				

\*)Lancers Outsourcing is a service that outsources directly from clients.

## Handling various work from system development to back office

### Expanding

### System Development /Web Designs

#### System Development



Web development/  
Programming

¥3,500-  
¥7,000/h\*



iPhone/iPad app

¥300,000-  
¥2,000,000\*

#### Web Designs



Creating homepage

¥50,000-400,000  
/1-10 pages\*



Making CMS/  
Introducing WordPress

¥50,000- ¥200,000/-  
10pages\*

#### Writing



Article writing for blogs

¥ 0.5- ¥5/letter\*



DM/mail magazines

¥20,000-  
¥40,000\*

### Writing

### Creative

#### Other Designs



Creating logos

¥20,000-  
¥85,000/ design\*



Creating business  
cards

¥10,000-  
¥50,000\*

#### Image/Videos/Narrations



Video production

¥50,000-  
¥500,000/per project\*



Image editing/assets

¥100-  
¥5,000/ piece\*

#### Tasks



Data entry/create lists

¥1,000- ¥10,000  
/100 tasks\*



Monitoring  
questionnaires

¥10- ¥3,000  
/questionnaire\*

### Tasks

### Expanding

### Back Office

#### Consulting



Business consulting

¥150,000-  
¥300,000\*



Web/IT consulting

¥100,000-  
¥200,000\*

#### Administration



Creating PowerPoint

¥30,000-  
¥100,000 (10 slides) \*



Excel designs

¥20,000-  
¥30,000\*

#### Translation



English translation

¥5.0- ¥8.0  
(per word) \*



Chinese translation

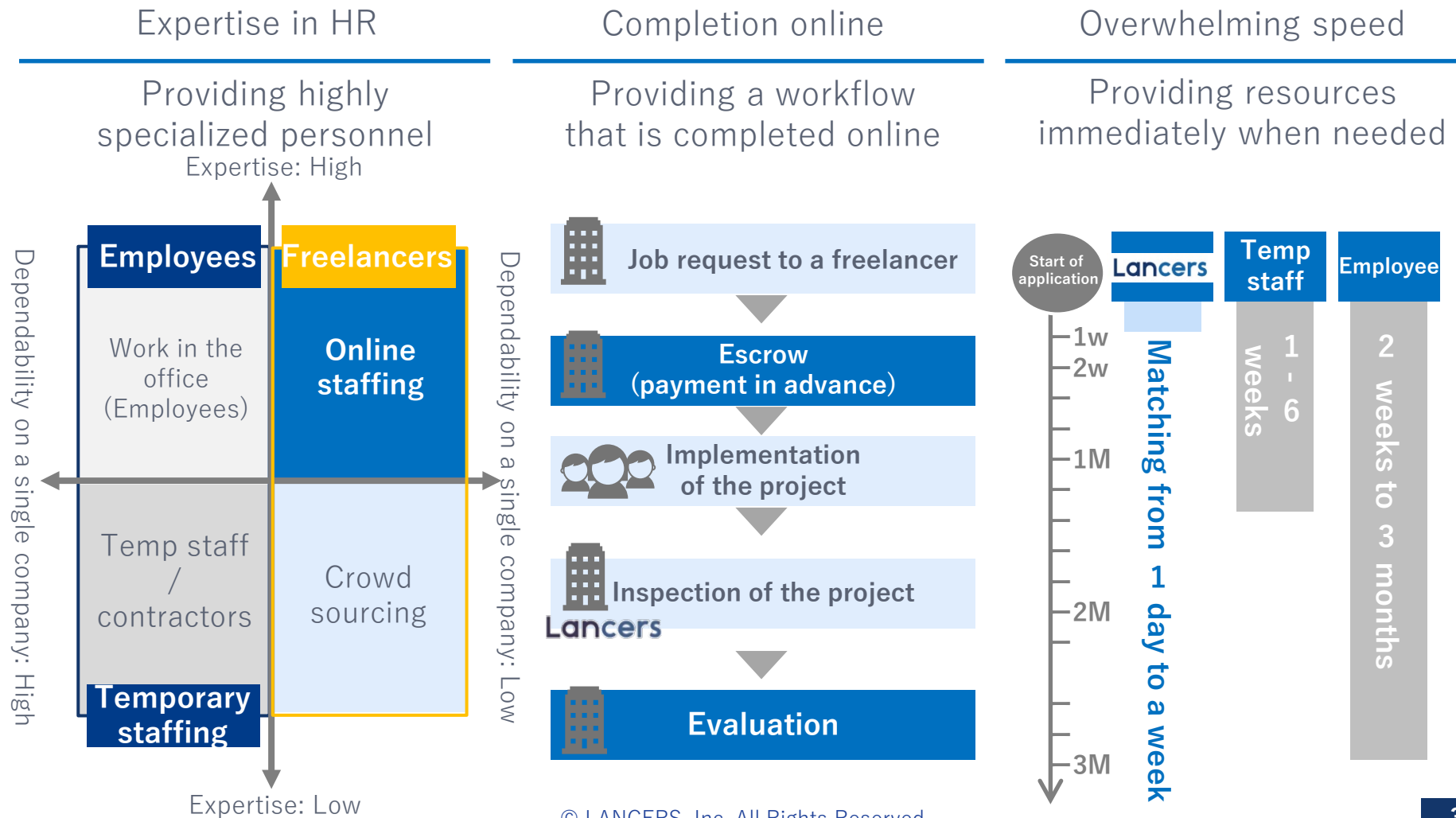
¥2.0- ¥6.0  
(per word) \*

\*)The requested price is the price offered for a basic project and refer to the website below for requested prices in detail.

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

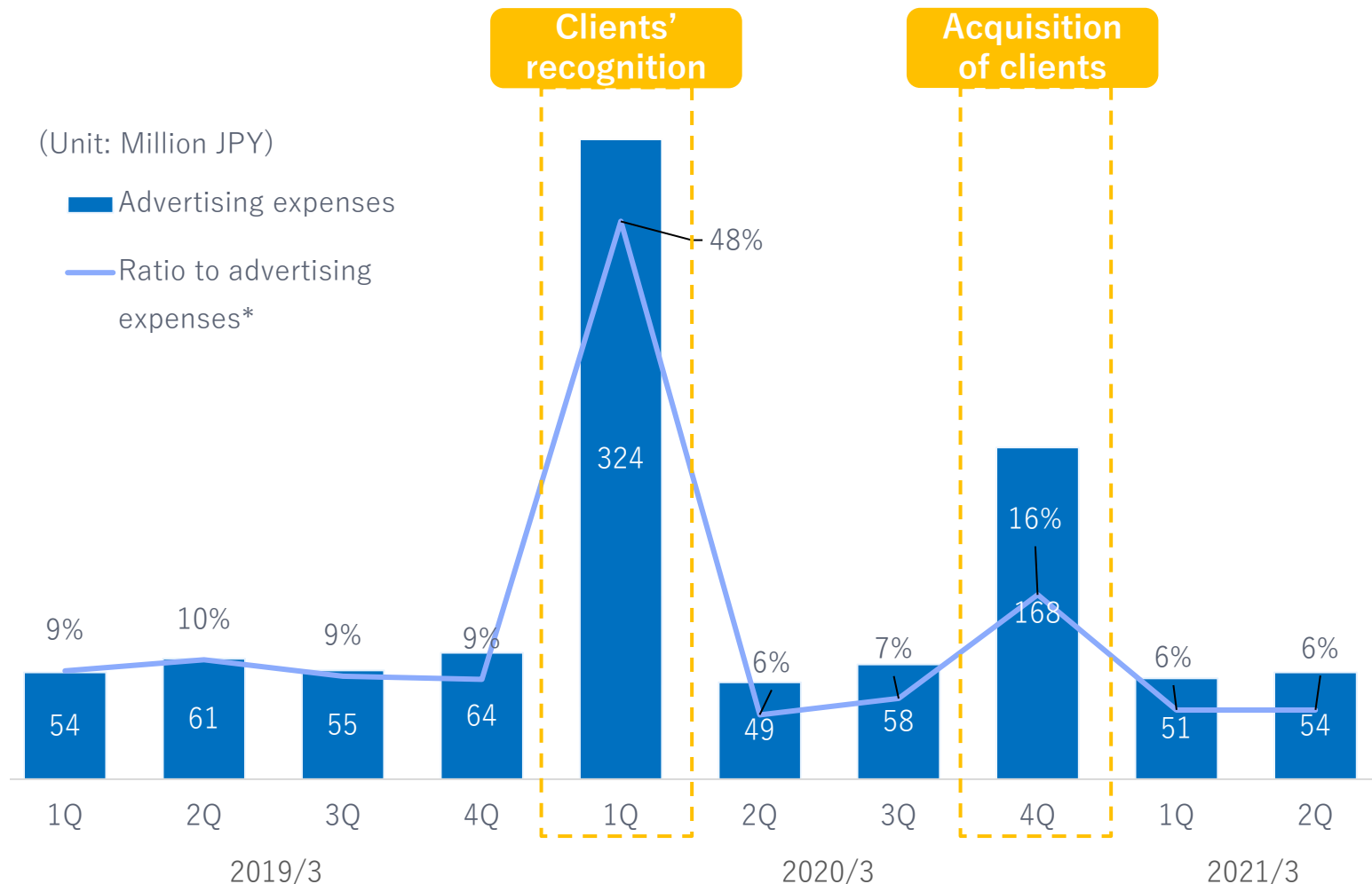
# Differences from Other Human Resource Services **Lancers**

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



# (Reference) Trends in Advertising Expenses (Consolidated)

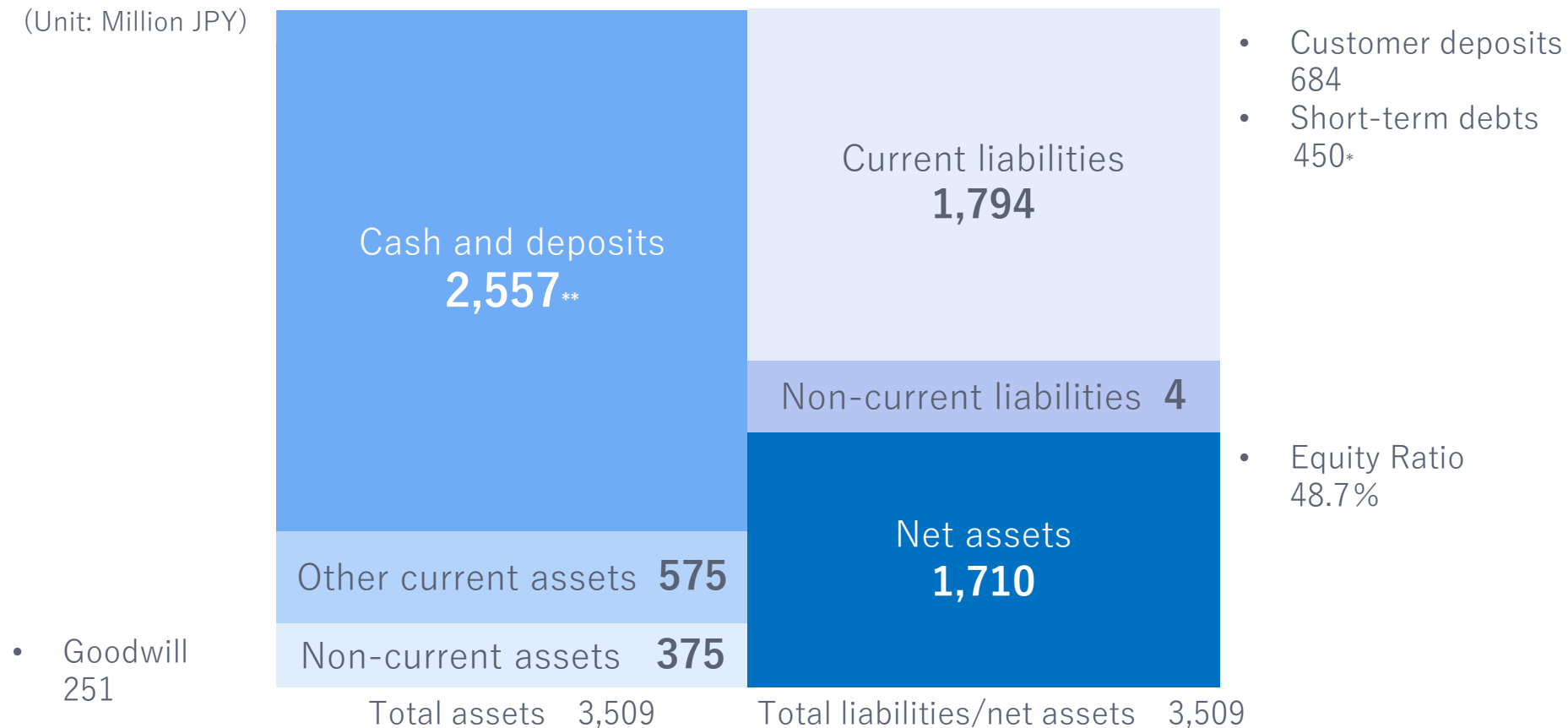
The ratio of advertising expenses to sales remains at the constant level of 6%.



\*) Proportion of advertising expenses in Net sales.

A new overdraft limit of 150 million JPY has been added\*  
 Net cash\*\* and equity ratio are high, and the financial base is solid.

(Unit: Million JPY)



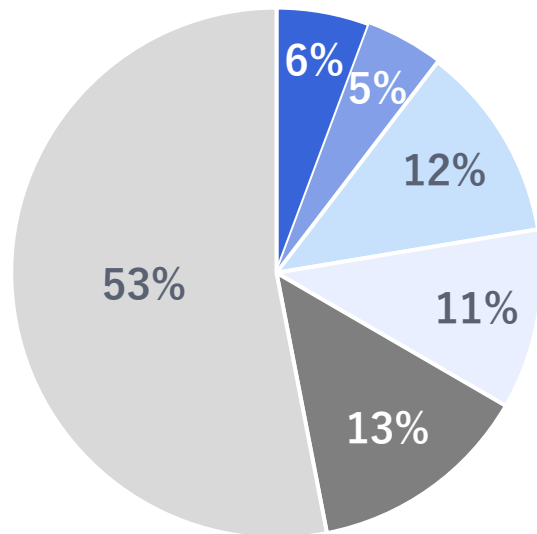
\*)The total amount of uncommitted overdrafts is 710 million JPY as of the end of September 2020. The short-term debts of 450 million JPY at the end of September 2020 was used within the overdraft and was repaid at the end of October.

\*\*)1,423 million JPY of Net Cash as of the end of September 2020 = cash and deposits 2,557 million JPY – debt 450 million JPY – customer deposits 684 million JPY



**VC ownership ratio has dropped.  
The number of domestic and overseas institutional investors has  
increased by 20%, accounting for 30% of the total.**

Shareholder composition  
(as of the end of March 2020)



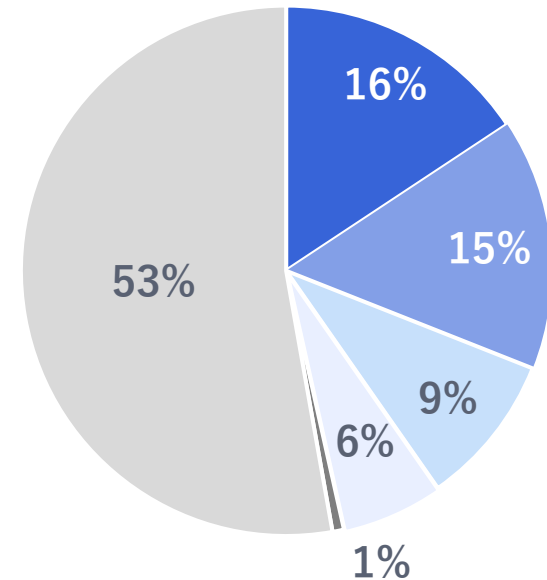
Overseas institutional investors

Business companies

Domestic institutional investors

VC

Shareholder composition  
(as of the end of September 2020)



Individual investors/others

Founders/managers

Recent Activities

Service/Additional performance/  
Shareholder composition

**Management team**

Lancers' strengths

## A strong management team of specialists from each field with in-house training



**Yosuke Akiyoshi** CEO

- Launched an internet-based venture business in university.
- In charge of planning/development at NIFTY Corporation.
- Established “Lancers” that offers matching services for individuals and companies.



**Hideaki Sone**  
Director and Executive Officer

- Worked as a strategy consultant at McKinsey & Company.
- Engaged in sales/business strategy, promotion of overseas DC business M&A/PMI, group-wide business strategy and business planning at Rakuten, Inc.
- Joined Lancers in February 2015. In charge of management strategy, new business promotion, M&A, etc.



**Masatsuna Ishiyama**  
Executive Officer, Agent Business

- Led freelancing engineering fields at Web Do Japan Co., Ltd. (currently known as CROOZ, Inc.), Vein Carry Japan Inc. (currently known as geechs inc.), BonB Co., Ltd. (foundation), and A-STAR Co., Ltd. (foundation).
- Joined Lancers in June 2017. In charge of overall solution businesses.



**So Hirai**  
Executive Officer, Solution Business

- Engaged in consulting business at Rakuten, Inc.
- Involved in launching Japanese subsidiary of foreign-affiliated shopping comparison website NexTag.
- Joined our company in May 2014. In charge of overall solution business.



**Shio Konuma**  
Executive Officer, CFO

- Engaged in investment banking business at Nikko Citigroup Limited.
- Engaged in IPO, capital policy/financial strategy planning, and M&A global development at Recruit Co., Ltd.
- Joined Lancers in November 2017. In charge of corporate department.



**Nobuhiro Nakajima**  
Executive Officer, CPO

- Involved in software architecture at FUJI SOFT INCORPORATED.
- After engaging in the startup of a major company for web services, research/development, and PF development as a freelancer, Nakajima changed to CTO for a startup and launched global services.
- Joined Lancers in February 2017. Currently in charge of product development as Executive Officer and CPO.



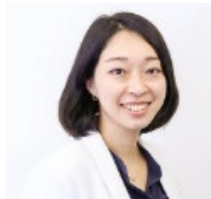
**Ryoichi Ueno**  
Executive Officer, Online Matching Business

- Joined Lancers as a new graduate. Engaged in product planning/development and launching new businesses as an engineer.
- Became the youngest Executive Officer in May 2020 (has been with Lancers for 7 years)



**Katsuhide Kotani**  
Executive Officer, Business Development

- In charge of corporate sales and sales planning at Pasona Inc.
- Engaged in business planning and business development at Rakuten, Inc.
- Engaged in new business development and alliance strategy at en-Japan inc.
- Joined Lancers in April 2019. Responsible for sales & marketing.



**Yoshie Miyazawa**  
Executive Officer, Human Resource

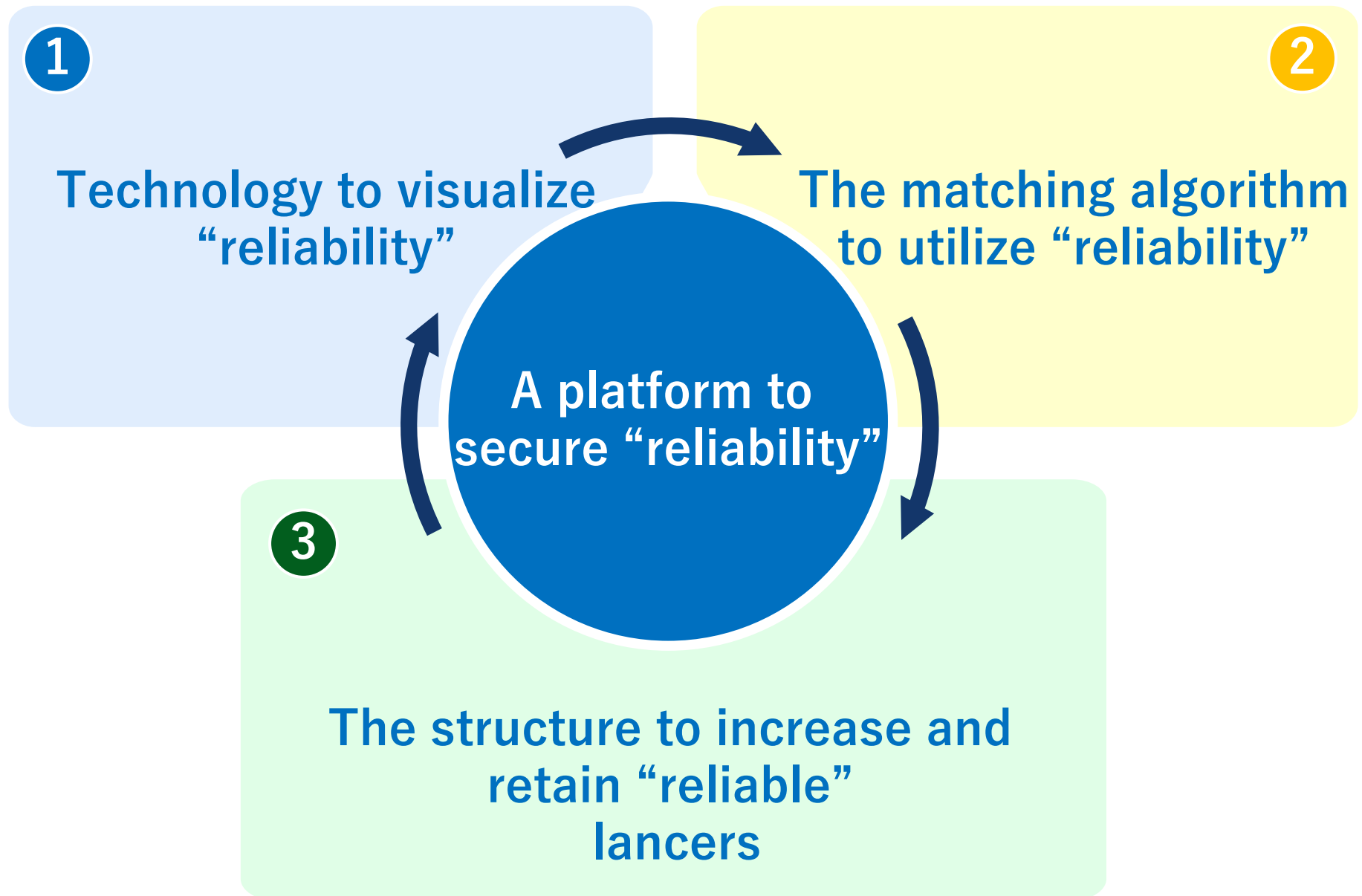
- Engaged in corporate sales at Culture Convenience Club Co., Ltd.
- Dealt with new business and business planning at mixi.
- Joined Lancers in September 2014. After engaging in business planning, marketing and platform business (currently online matching business), Miyazawa currently leads human resource department.

Recent Activities


Service/Additional performance/  
Shareholder composition


Management team

**Lancers' strengths**



## We recommend a real-name system to enhance reliability

**Acknowledged Lancer**

**Koichi Otsuka** Other web-related work / Private  
Specialises in SEO customer consulting / marketing / SEO writer / Web production.

Desirable Unit Price ¥ 17,000 / h Performance 3,444 projects Reviews 4.9

Completion rate 99%

Confidentiality ID verification Telephone


LOY2018 LOY2019 LOY2020 TOP100


Acknowledged categories: HTML/CSS coding SEO/SEM strategies Website operation/protection/HP updates Web system development/programming Icon/button designing Creating web conte Display all

Industries I have worked in: Medical/medicine Real-estate/housing IT/communication/internet Marketing/event/promotion Animals/pets

### About myself

[Received Lancer of the Year 2018 & 2019 & 2020 for 3 consecutive years] [Featured in the Nikkei]  
[Specialized areas] HP/LP/Wordpress / Writing / SEO customer consulting/lectures / Web marketing / Video editing / Web-based business planning  
Started freelancing in earnest in Jan 2017.  
I was first in overall ranking in Sep 2017.  
I am still first in SEO/SEM customer division, but these achievements are not only my own performance, but also my loyal clients who continue to come back for me.

**Acknowledged Lancer**

**Takeshi Ueshima** Desktop application engineer / Private  
Specialises in EXCELVBA/development for macro.  
Nominated for “Lancers of the Year 2019”

Performance 720 projects 4.9 Completion rate 98%

Confidentiality ID verification Telephone

Acknowledged categories: Web system development/programming Creating EXCEL Macro/developing VBA Other system development Windows application development Display all

Industries I have worked in: Stores (restaurants/bars etc.) Medical/medicine IT/communication/internet Consulting/thinktank University/school

Display all

### About myself

I have been No.1 in EXCEL/VBA development division in Lancers' ranking for 20 consecutive months as of August 2020. I am in 3<sup>rd</sup> place in “system development” and 1<sup>st</sup> in “EXCEL/VBA development”, I have also been nominated for the “Lancer of the Year 2019”.  
I offer inexpensive and high-quality systems.  
Please ask me anything for Macro development using EXCEL/ACCESS.

## 2 The matching algorithm to utilize “reliability” Lancers

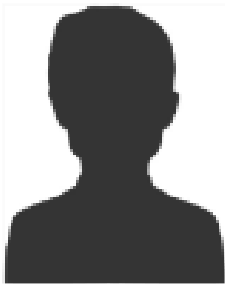
Prioritize and display reliable lancers, and match them up with clients

Match lancers with clients with high affinity



Register reliable data

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



Request projects at appropriate prices

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



### 3 The structure to increase and retain “reliable” lancers

Creating an environment where they can focus on their work

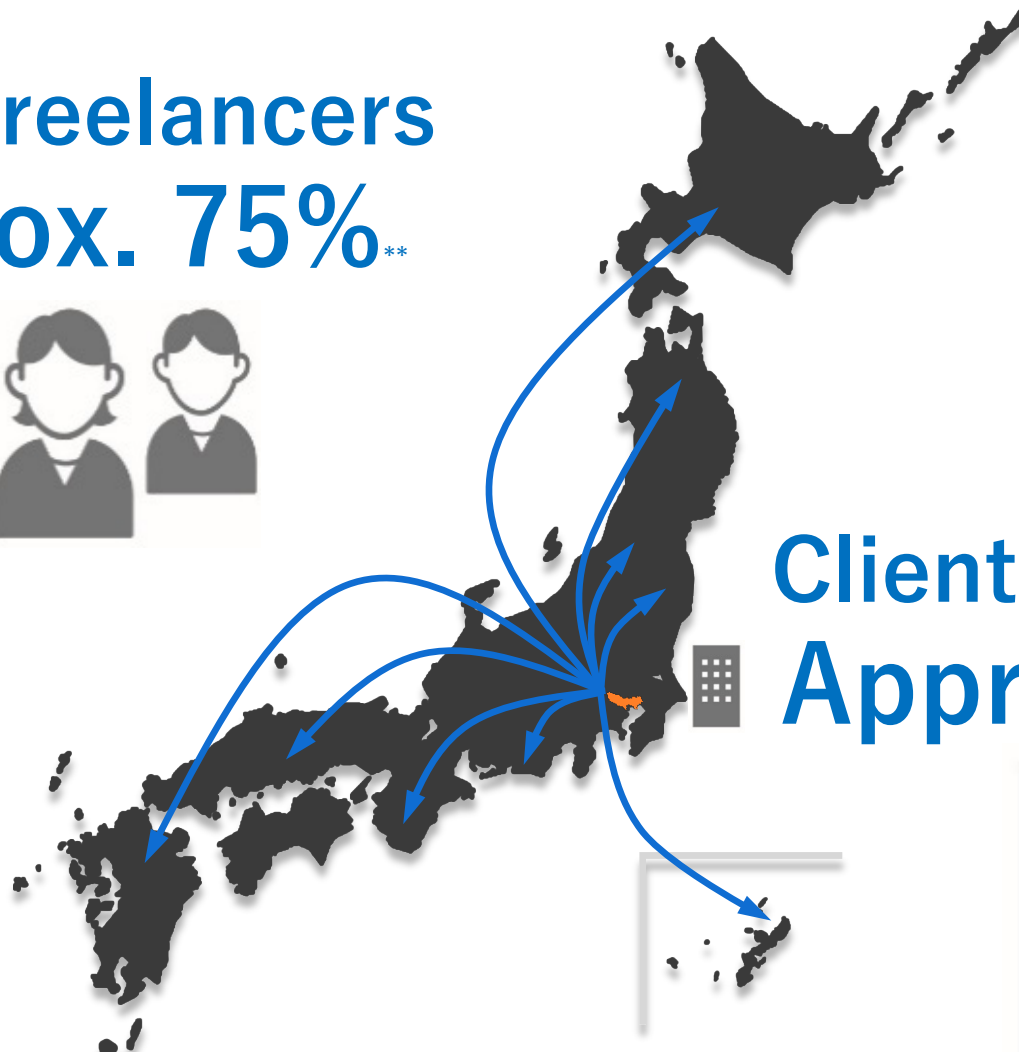




# Matching Clients in Tokyo with Local Freelancers **Lancers**

Freelancers in different regions receive orders from clients in Tokyo

**Local freelancers**  
**Approx. 75%\*\***



**Clients in Tokyo**  
**Approx. 60%\***



\*) Percentage of total distribution of clients located in Tokyo among the total distribution of freelancers (July-September 2020)

\*\*) Percentage of total distribution of freelancers located outside of Tokyo (July-September 2020)

“Lancer of the Year” is held every year to celebrate freelancers.

 **LANCER<sup>OF THE</sup>  
YEAR 2020**

「自分らしい働き方」の答えを見つける1日



## Handling of this material

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**Lancers**