

Financial Results

1st Quarter of Fiscal Year 2023

LANCERS, INC. (TSE Growth: 4484)



Marketplace Business

Gross profit

YoY(1Q)

356 million JPY **+20%**

Agent Business

Gross profit

YoY(1Q)

144 million JPY **+74%**

Results for 1Q of FY2023

- **Progress is on track in terms of GMV and gross profit, and is advanced in terms of operating loss against earnings forecast**
 - Progress: 21% of GMV, 20% of gross profit vs Full-Year forecast
 - GMV: 2.64 billion JPY (+22% YoY excluding withdrawn businesses)
 - Gross profit: 0.49 billion JPY (+32% YoY excluding existing businesses)
 - Operating loss: -0.13 billion JPY (-0.4 billion JPY YoY, -0.13 billion JPY in previous Quarter)
- **Gross profit increased by 20% YoY for Marketplace Business, and by 74% YoY for Agent Business – both on track against earnings forecast**
 - Marketplace Business: Promoting product improvement initiatives, with a new service model “Skill-Catalogue” growing
 - Agent Business: Increasing business productivity in terms of gross profit per HC as planned. Completed acquisition of Work Style Lab, Inc. and started PMI to accelerate growth

Topics for 1Q of FY2023

- Expanding partnerships with regional financial institutions - **number of partners reached 39**
- Marketplace new service “Skill-Catalogue” showing **strong GMV growth at +40% QoQ**
- **Strengthened management team** – new outside director with an extended experience in product, technology and management joined a team

1 Company Profile

2 Financial Results for 1Q of FY2023

3 Topics for 1Q 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

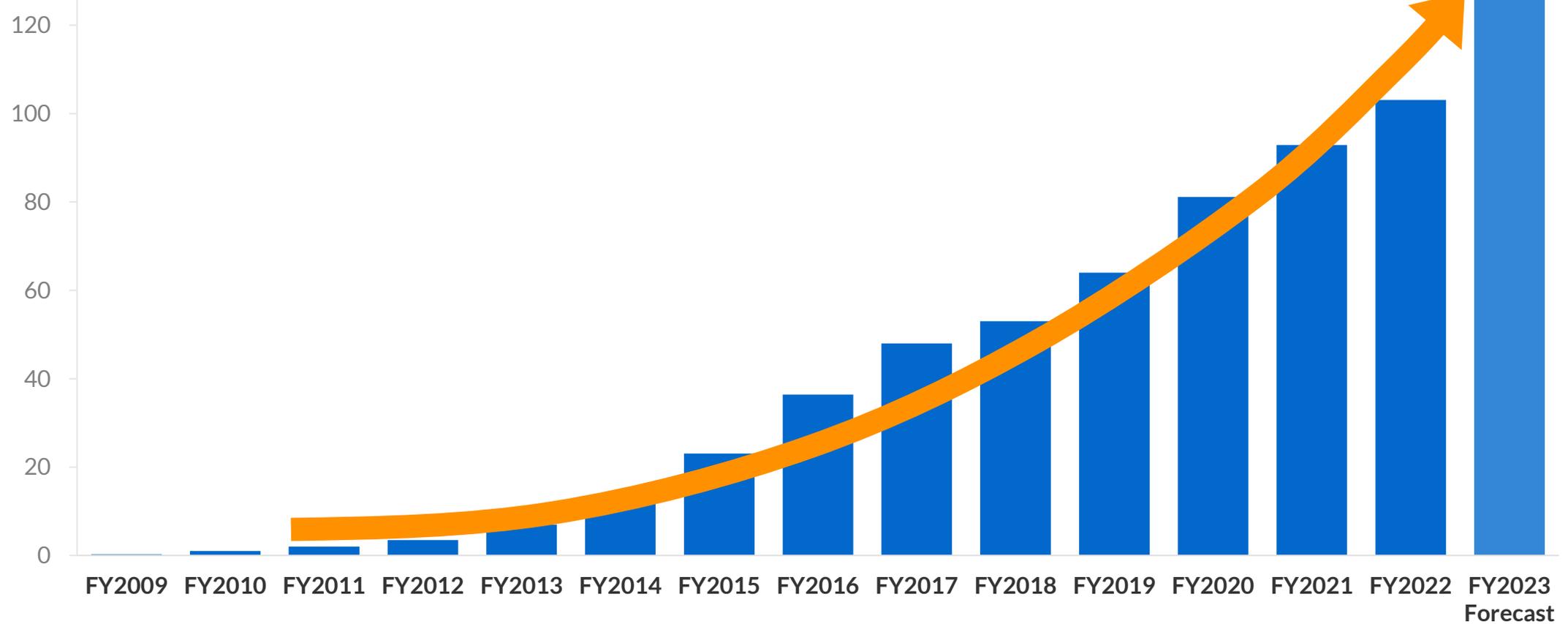
Approx. 200 employees*

*) As of June 2022. Employees include full-time employees and temporary workers(part-time workers).

Growth History

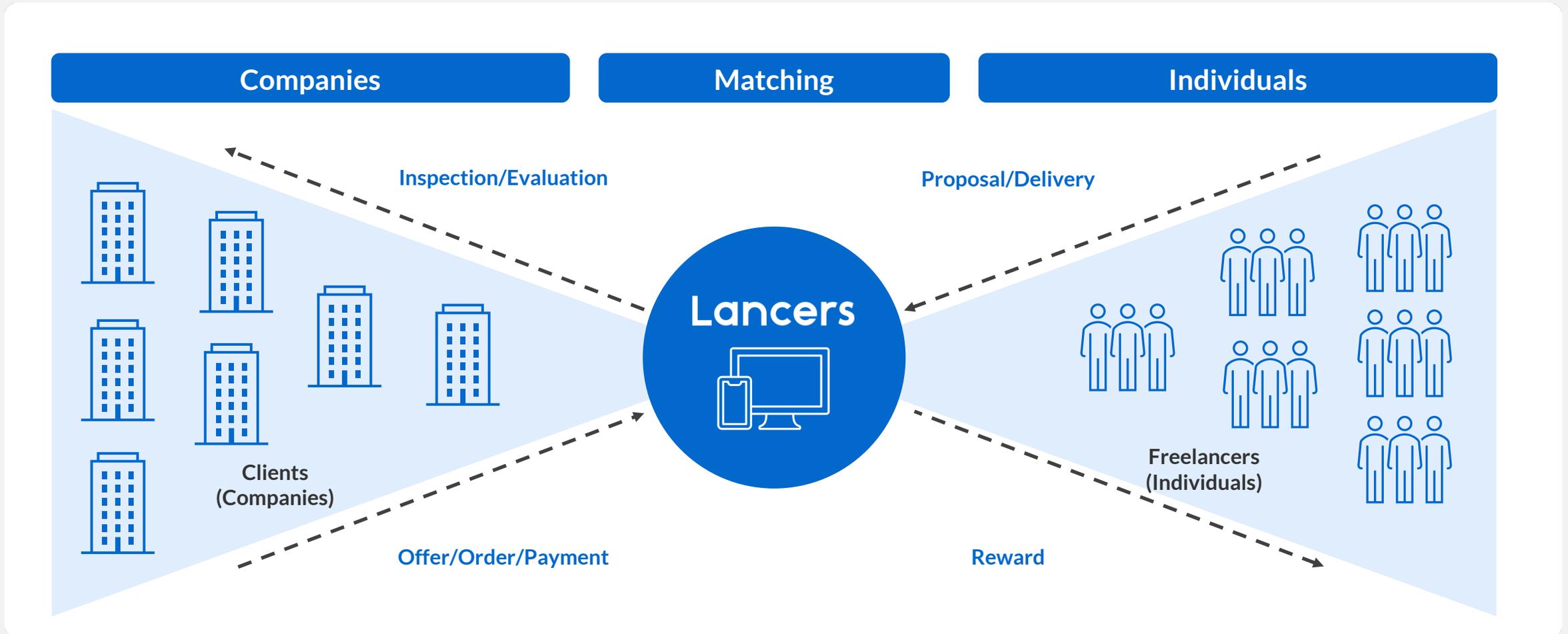
**Achieving continuous GMV growth since foundation,
We reached 10 billion JPY in FY2022, targeting 12.6 billion JPY in FY2023**

(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

77 %*



Clients based in Tokyo

59 %**



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

***) GMV of Lancers alone, the ratio of GMV of clients who are based in Tokyo (April to June 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

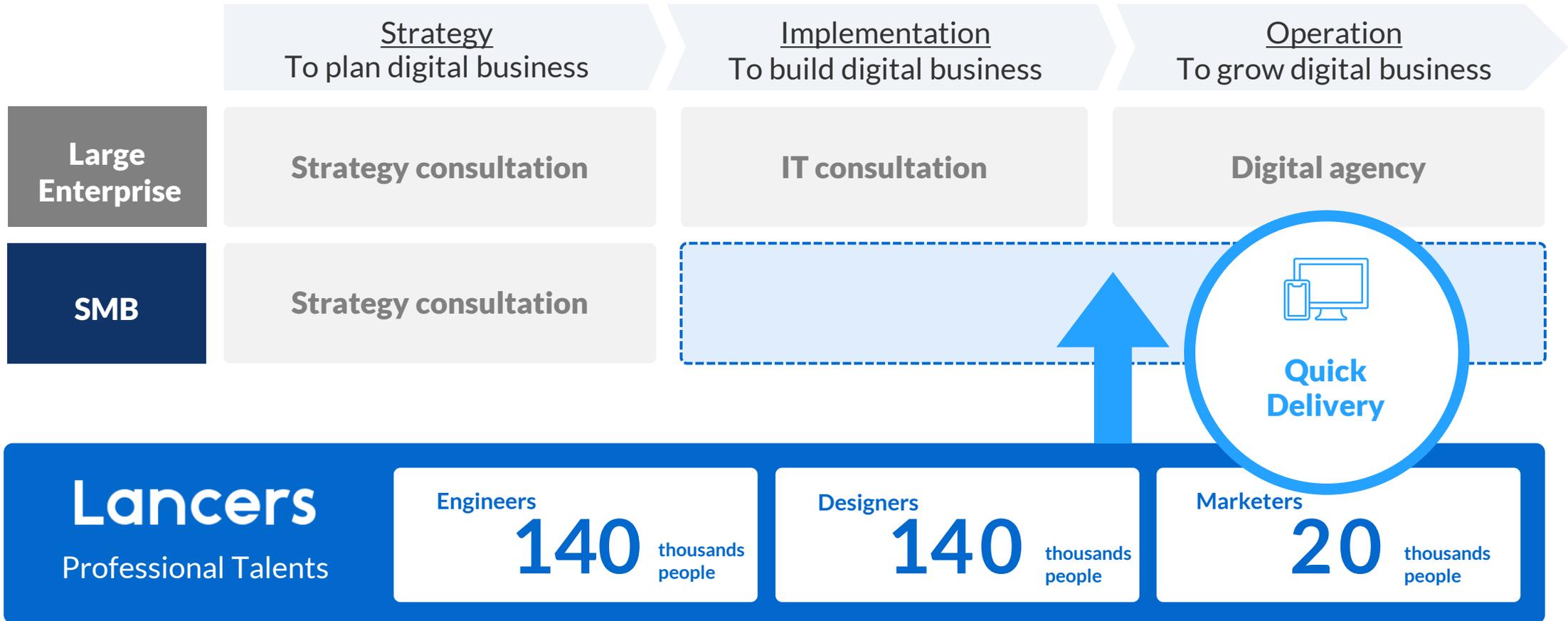
 Article writing/blog articles/experiences
¥ 0.5- ¥ 5/letter *

*) 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

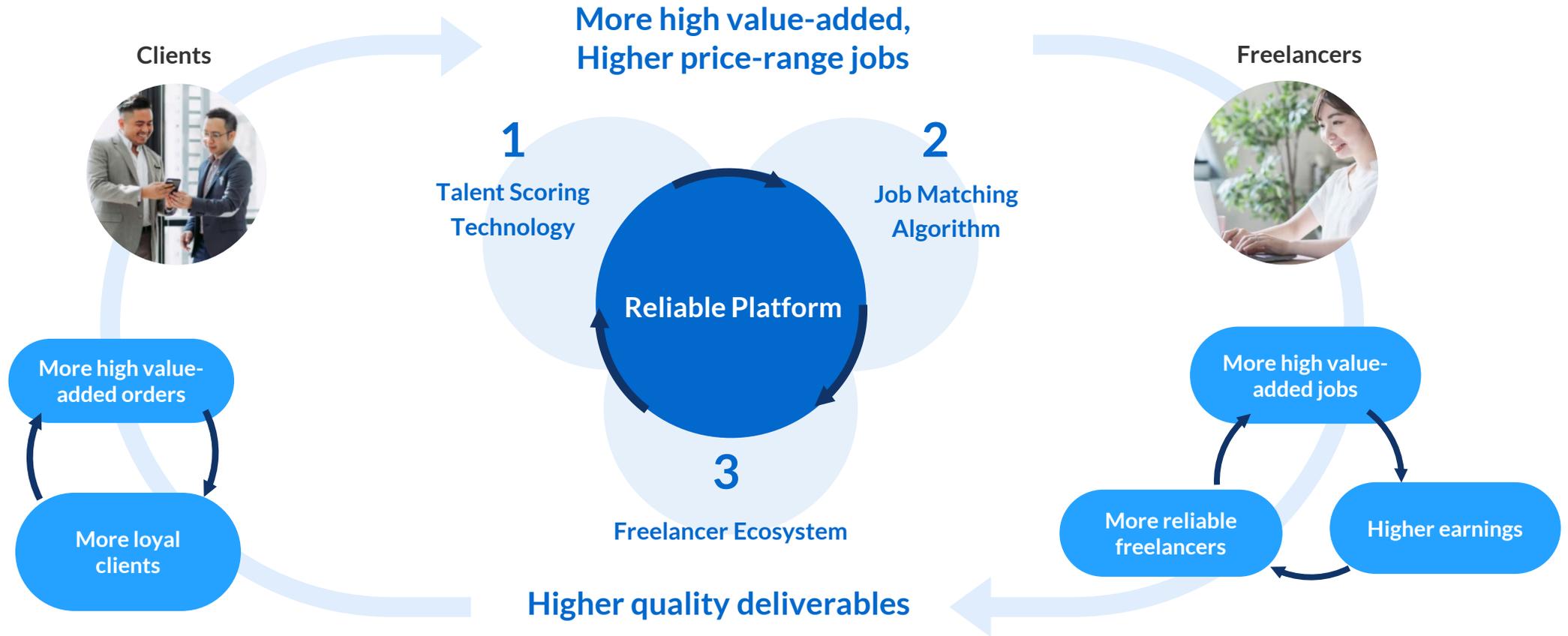
Searched business partner – but traditional website production agency was expensive and not flexible

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.

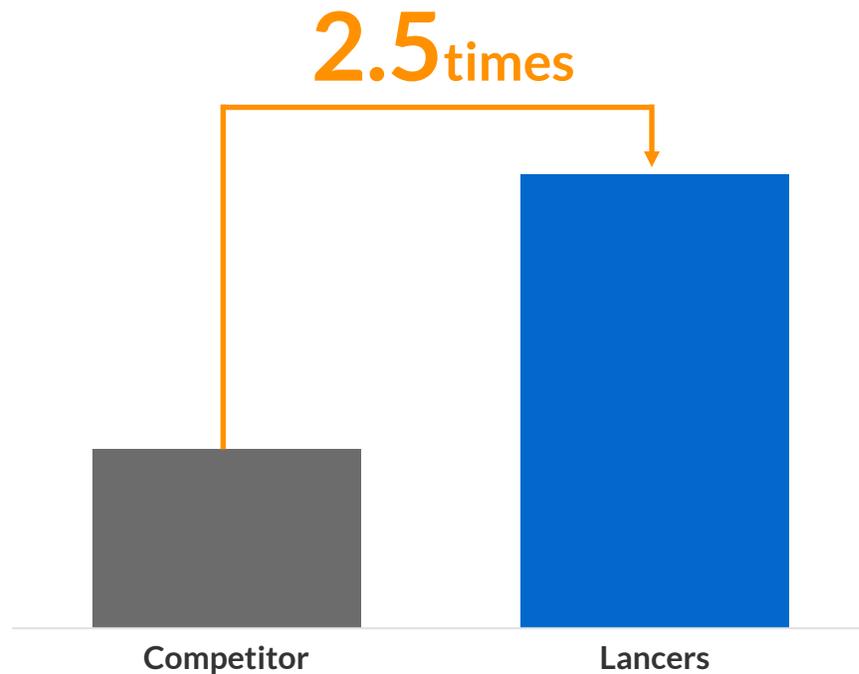
Accelerated internal operation DX with Lancers

Lancers is a reliable and high-value added job platform



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

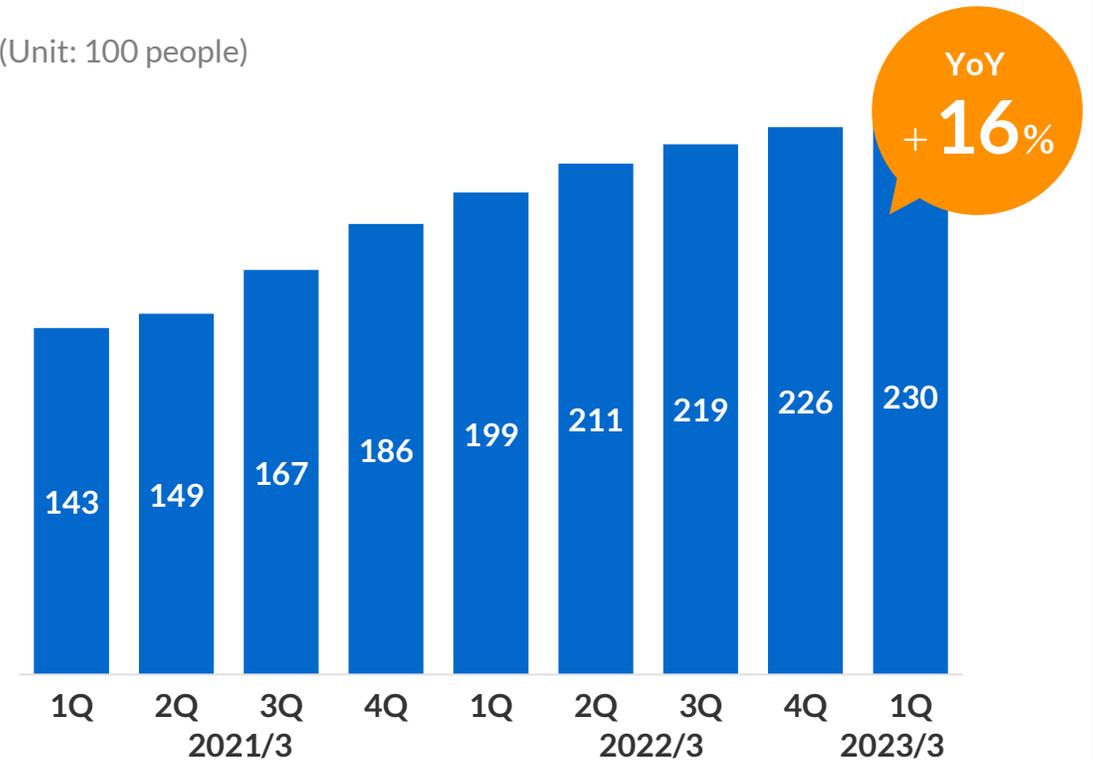
Average earnings per freelancer*



*) 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

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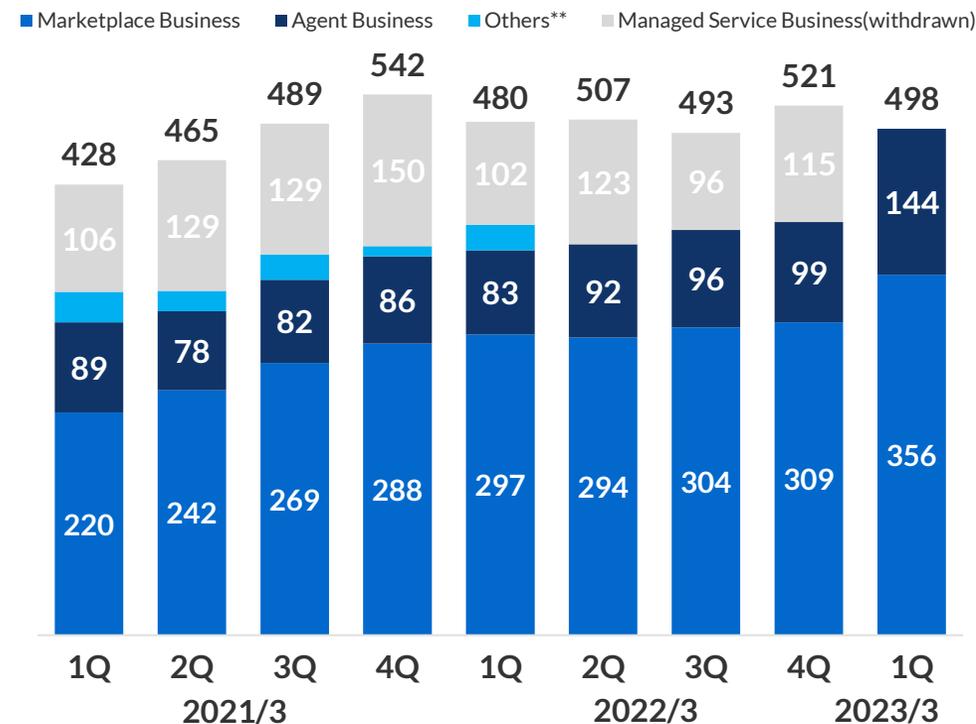
GMV and gross profit progress is on track against earnings forecast

Financial performance

		YoY excluding withdrawn businesses	%progress against forecast
GMV	2,647 million JPY	+22%	21%
Net Sales	1,047 million JPY	+54%	19%
Gross profit	498 million JPY	+32%	20%
Operating income	△136 million JPY		

Gross profit by business segment*

(Unit: Million JPY)

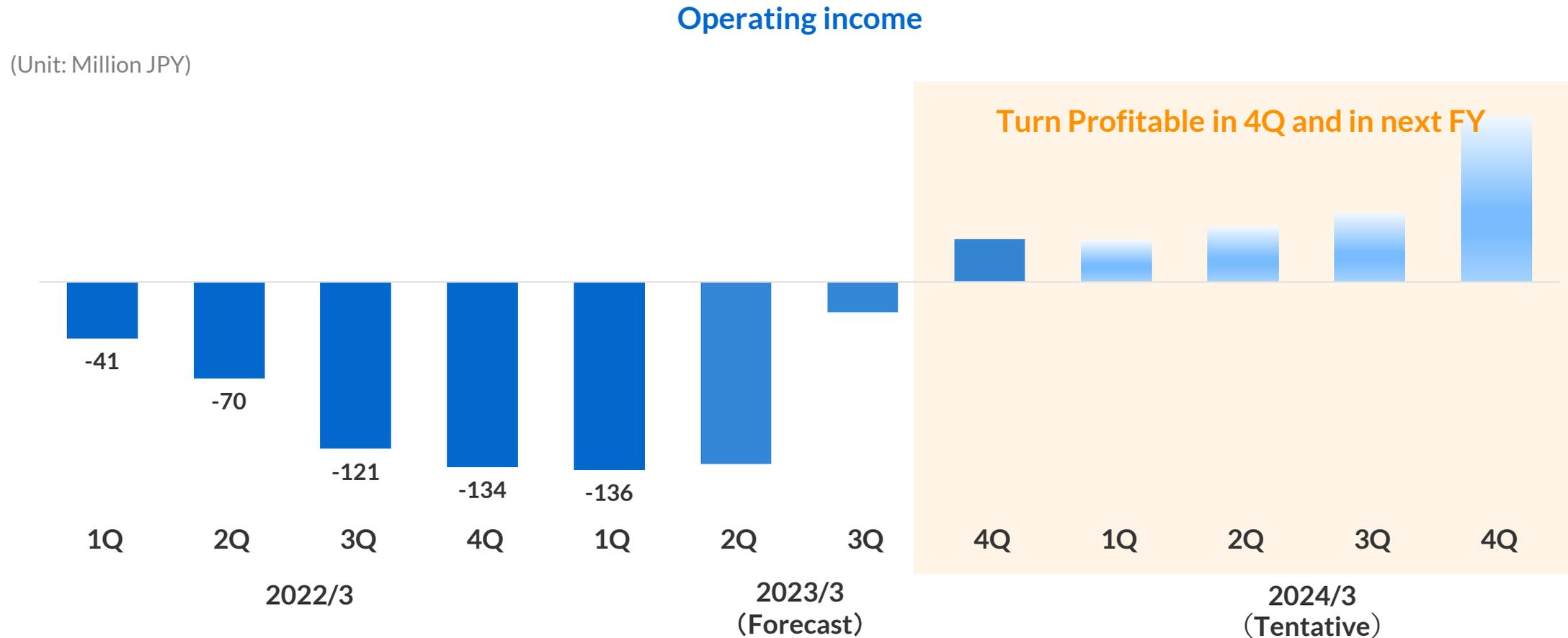


*) Business divisions of our group based on management accounting standards

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

Operating Income

Showing a steady progress towards profitability in 4Q of FY2023, with an operating loss in 1Q smaller than expected at initial earnings forecast



Financial Results in 1Q of FY2023 (Consolidated)

GMV and gross profit is on track against forecast, with its performance seasonality considered. SG&A expenses increase is due to Work style Lab, Inc. whose acquisition completed in June

(Unit: Million JPY)	FY Ending March 31, 2023 (1Q)	FY Ending March 31, 2022 (Previous 1Q)		FY Ending March 31, 2023 (Forecast)	
	Actual	Actual	% YoY	Forecast	% Progress
GMV*	2,647	2,495	+6.1%	12,642	20.9%
Net sales	1,047	971	+7.9%	5,401	19.4%
Gross profit	498	480	+3.7%	2,490	20.0%
SG&A	635	521	+21.8%	2,780	22.9%
Operating income/loss	△136	△41	-	△289	-
Ordinary income/loss	△134	△40	-	△284	-
Net income/loss	△136	△106	-	△286	-

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

Balance Sheet for 1Q of FY2023 (Consolidated)

1.64 billion JPY secured as a bank line of credit*, out of which 330 million JPY has been borrowed as a result of consolidation of Work style Lab, Inc.

(Unit: Million JPY)	1Q of FY Ending March 31, 2023	FY Ending March 31, 2022 (Previous)	
	Actual	Actual	change
Current assets	2,324	2,360	△36
Cash and deposits*	1,513	1,600	△86
Non-current assets	853	479	+373
Goodwill	442	170	+272
Total assets	3,178	2,840	+337
Current liabilities	1,714	1,651	+63
Customer deposits	783	838	△54
Non-current liabilities	411	1	+410
Net assets	1,052	1,188	△135
Total liabilities/net assets	3,178	2,840	+337

*) Total uncommitted bank overdraft facilities of 710 million JPY at the end of June 2022.

Promoting product initiatives, accelerating a new service model “Skill-Catalogue” growth as for Marketplace Business, and increasing business productivity as for Agent Business

Performance summary by segment

Marketplace Business

Gross profit

356million JPY

YoY growth

+20%

- Continuing product improvement initiatives, with a new service model “Skill-Catalogue” growth
- “Skill-Catalogue” showing strong GMV growth by 40% QoQ and recently launched a Metaverse job category

Agent Business

Gross profit

144million JPY

YoY growth

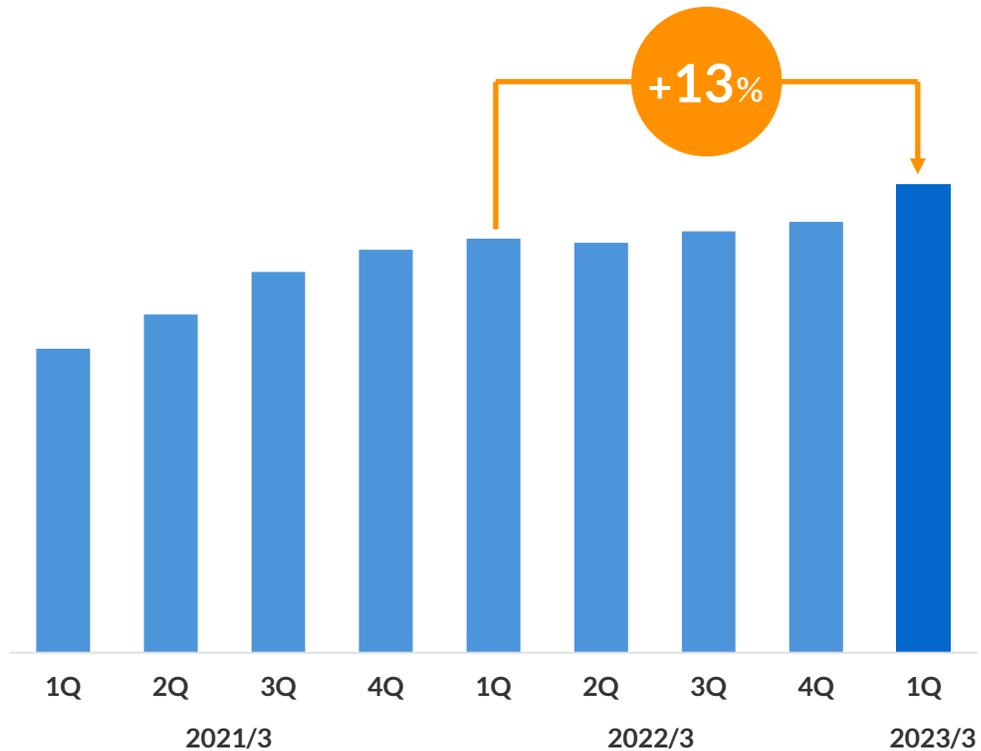
+74%

- Improve business productivity in terms of gross profit per HC from 2Q onwards as planned
- Accelerate creating business synergies with newly acquired Work Style Lab, Inc. from 2Q onwards

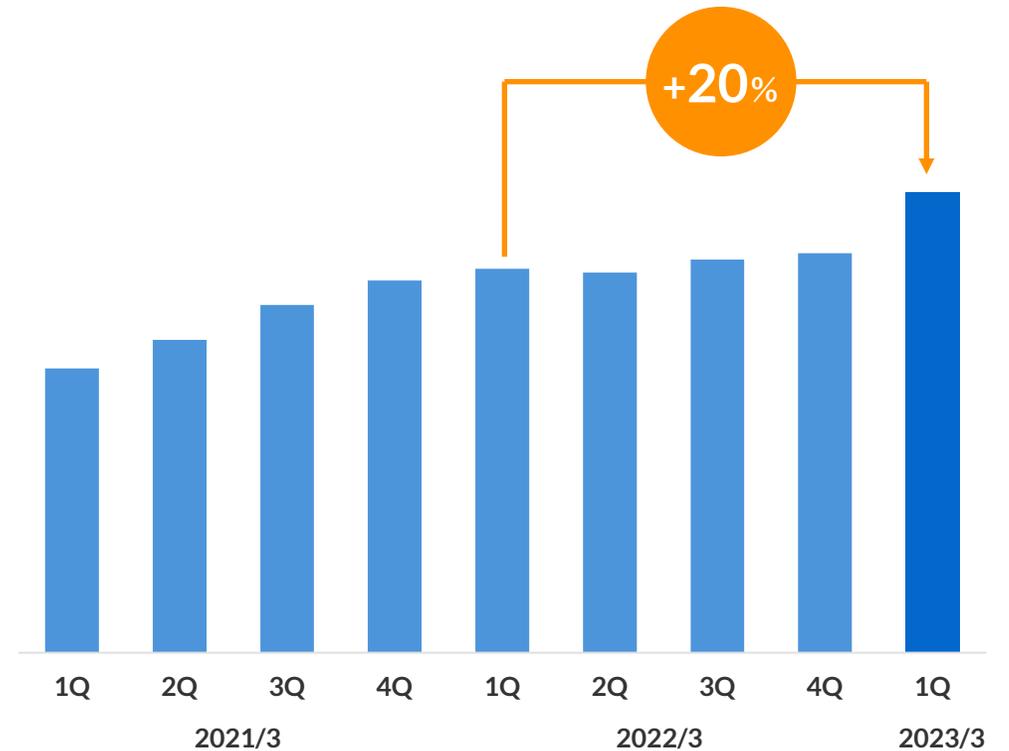
Gross profit growing steadily by 20% YoY.

Continuing product improvement initiatives, with a new service model “Skill-Catalogue” growth

GMV of Marketplace business



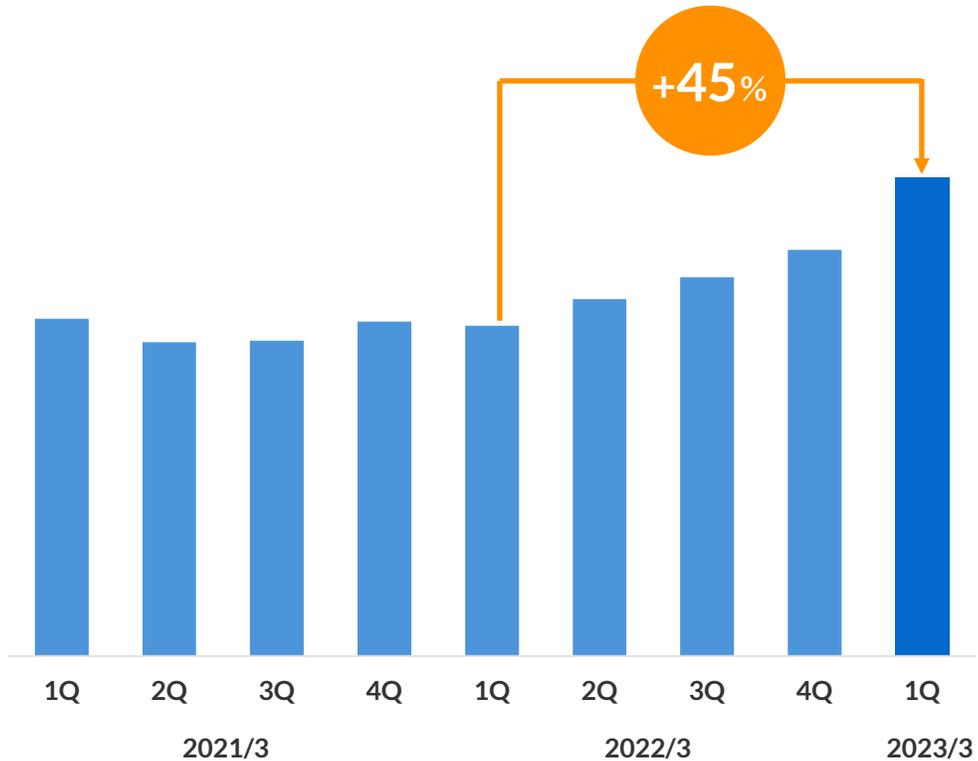
Gross profit of Marketplace business



Gross Profit growing by 74% YoY as expected.

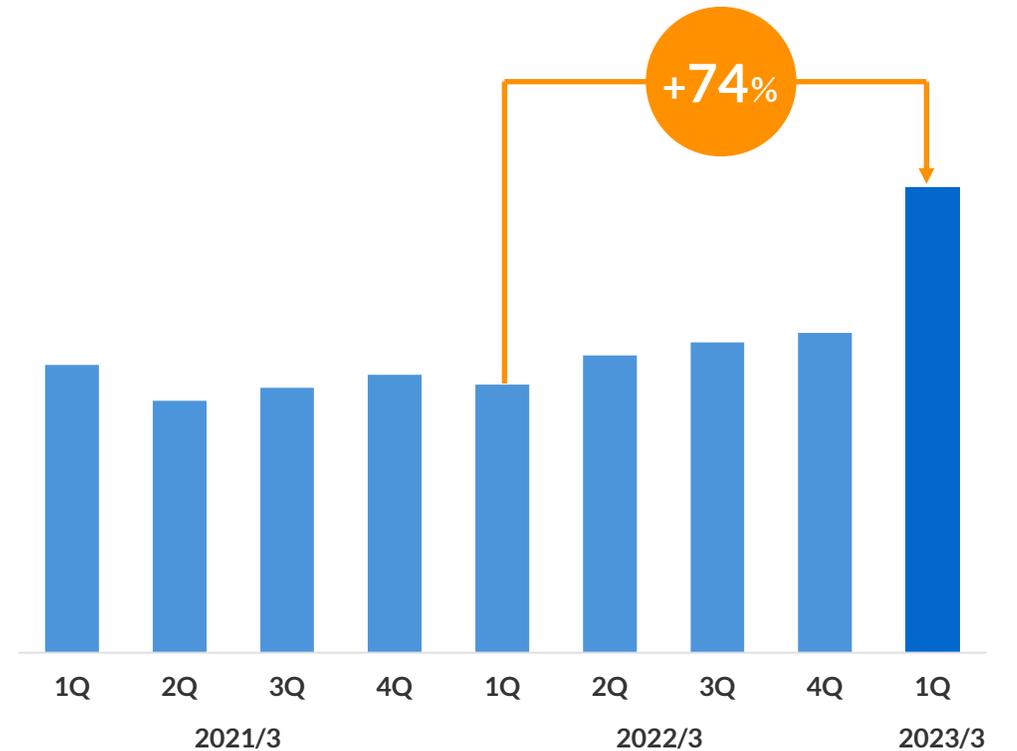
Accelerate creating business synergies with Work Style Lab, Inc. from 2Q onwards

GMV of Agent business*



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

Gross profit of Agent business*



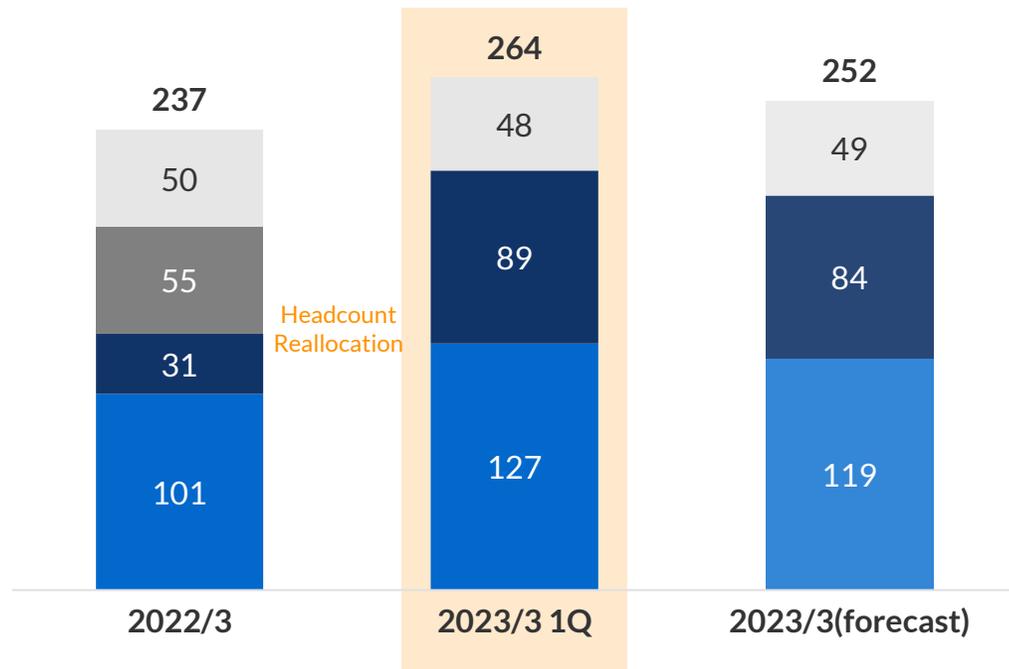
*) Includes gross profit of WorkStyleLab, Inc. from June.

Improve business productivity in terms of gross profit per HC from 2Q onwards as planned

Company-wide HCs

(Unit: number of headcounts)

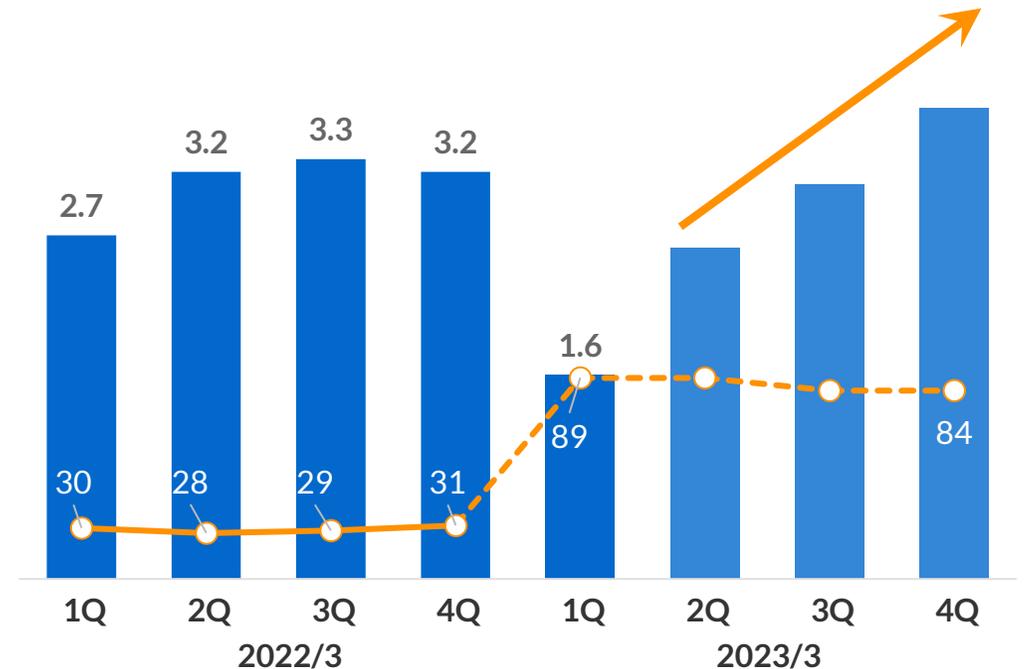
■ Marketplace business +Development department
 ■ Agent business
 ■ Withdrawn business
 ■ Common



Gross profit per HC of Agent business

(Unit: Million JPY)

■ Gross profit per headcount
 ○ Headcounts

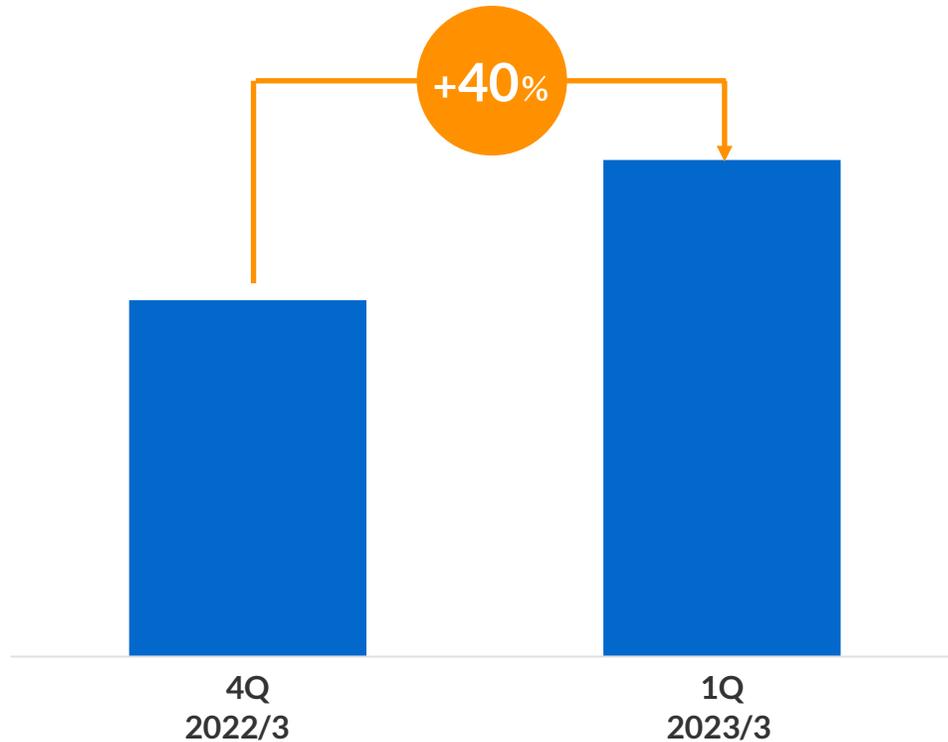


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Growing Marketplace's New Service Model "Skill-Catalogue"

"Skill-Catalogue", which was renewed in Nov 2021, showing strong GMV growth by 40% QoQ. Recently launched a Metaverse job category – continue category expansion

GMV of "Skill-Catalogue"



Launched Metaverse job category

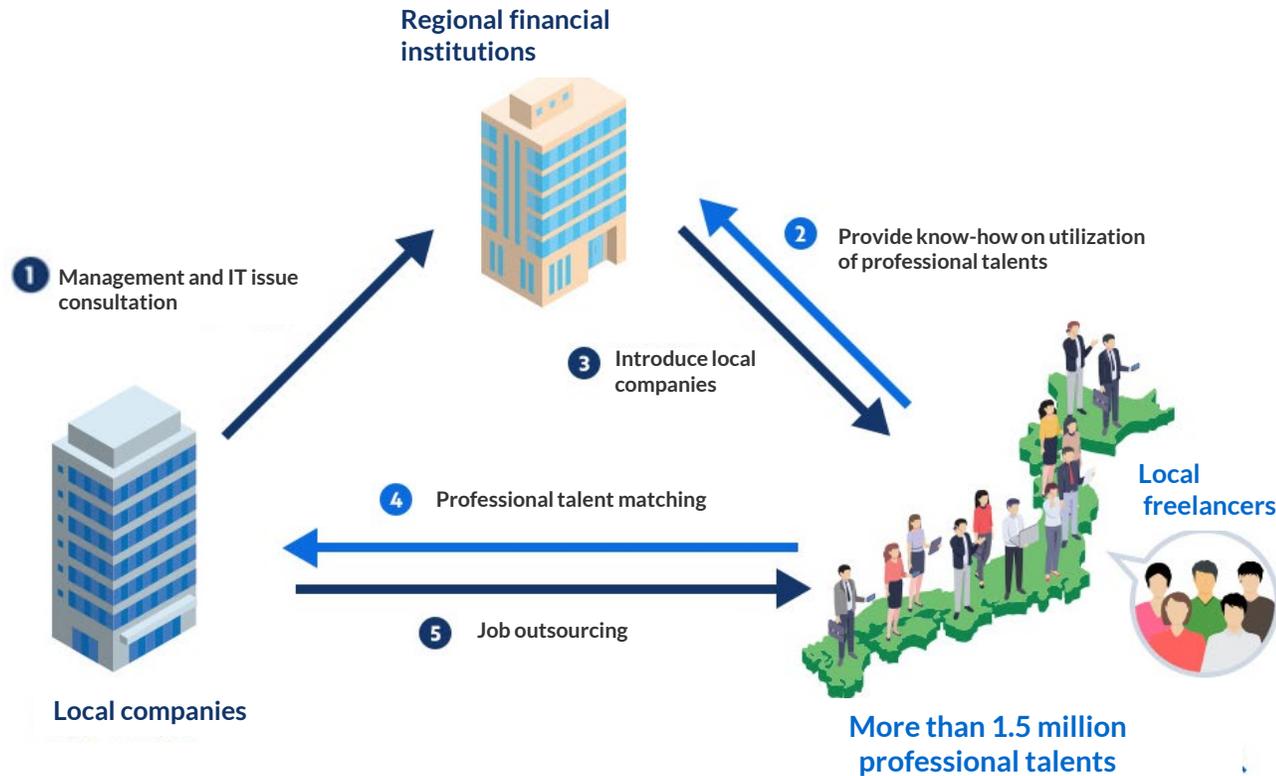
A grid of eight job listings from the Lancers marketplace, all related to 3D animation and metaverse services. Each listing includes a thumbnail image, a title, a price, and a "Lancers Choice" badge. The listings are:

- 3DCG アニメーション制作します (300,000 JPY)
- 仮想空間作成します (150,000 JPY)
- 【メタバース】3DCG映像制作します (200,000 JPY)
- AR/VRアプリ開発します (149,000 JPY)
- フォトリアルな外観3DCGパース作成します (180,000 JPY)
- 医療特化の3DCG動画作ります (160,000 JPY)
- VR360度動画制作します (80,000 JPY)
- 【Vtuber】3Dアバターモデリング承ります (50,000 JPY)

Expanding Partnerships with Regional Financial Institutions

Expanding partnerships with regional financial institutions to widen Lancers' service coverage.
Accelerate helping regional SMBs promote and grow digital businesses

Partnership with regional financial institutions



*) direct partnerships with 6 financial institutions, indirect partnerships with 33 financial institutions via strategic local partners certified by Cabinet Office.

Number of partners*

39

Direct partner financial institutions



Strengthening Management Team

Mr. Murakami, who has an extensive experience in product, technology and management, has newly joined Lancers management team as a director

Management Team



Director
Executive Officer
CEO
Yosuke Akiyoshi



Director
Executive Officer
COO
Hideaki Sone

Newly joined



Director
Etsuko Okajima



Director
Takeyuki Kato



Director
Shin Murakami



Corporate Auditor
Kiyosuke Murata



Corporate Auditor
Koichiro Hirata



Corporate Auditor
Toru Nagasawa

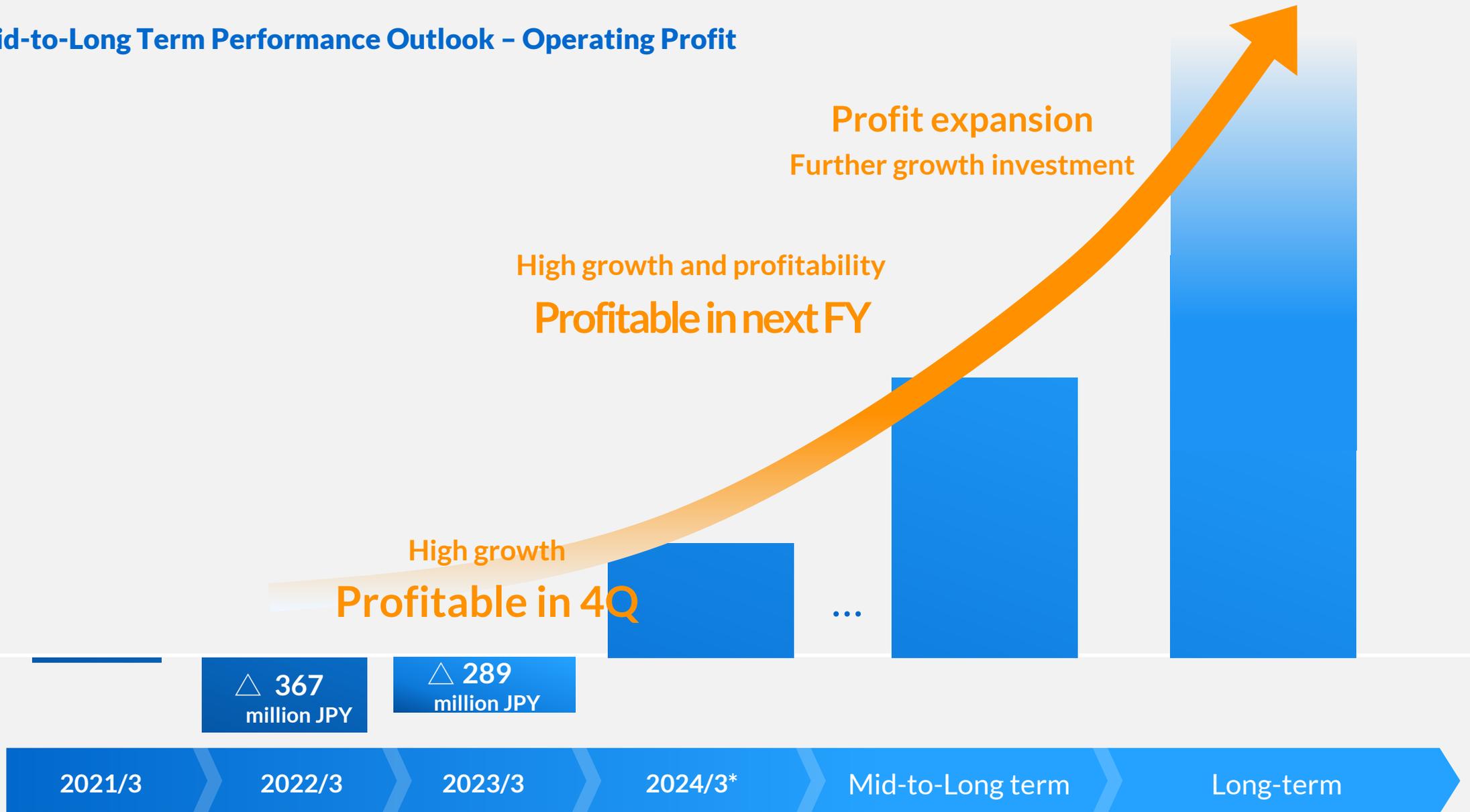
Shin Murakami – New director



Career Background

- 2012 Executive Officer & Chief Mobile Officer of Yahoo Japan Corporation
- 2014 Director of Ymobile Corporation
- 2017 Japan Representative of LinkedIn Japan
- 2017-present Representative Director of Shin & Co.
- 2021-present Visiting Professor, Faculty of Entrepreneurship, Musashino University
- 2022-present Director of Poppins Corporation
- 2022-present Google LLC

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

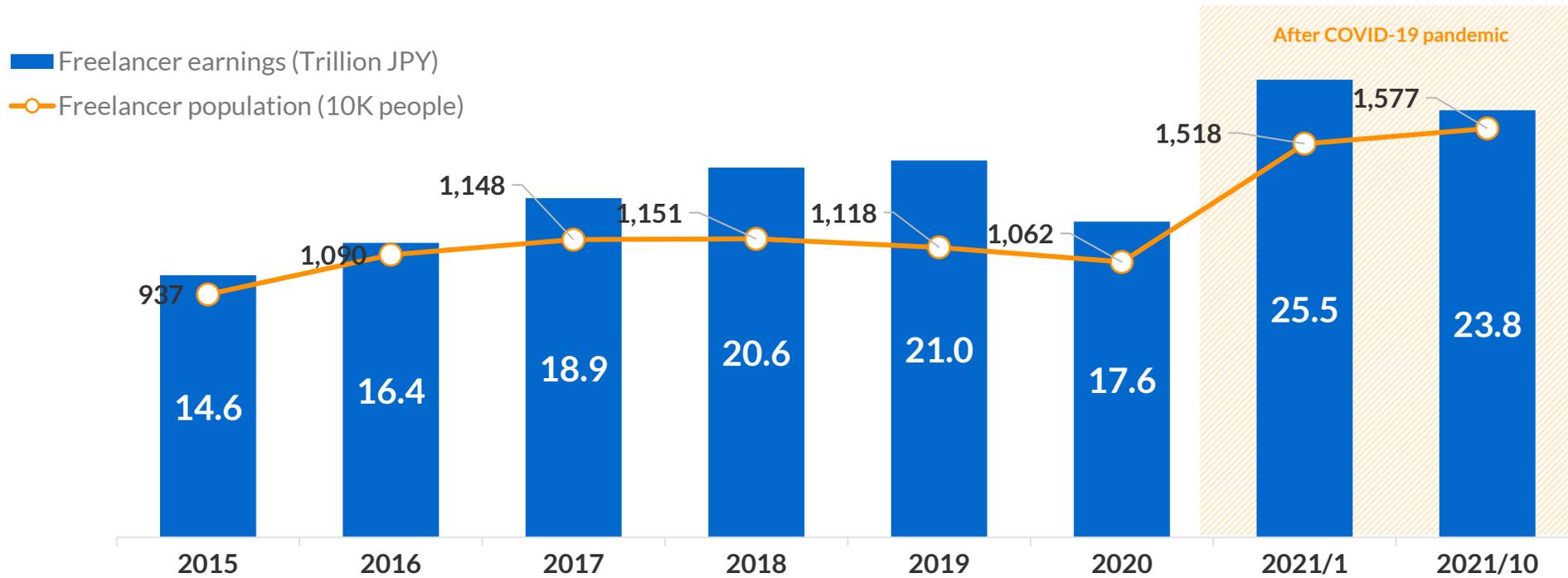
2 Details of Our Performance

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*

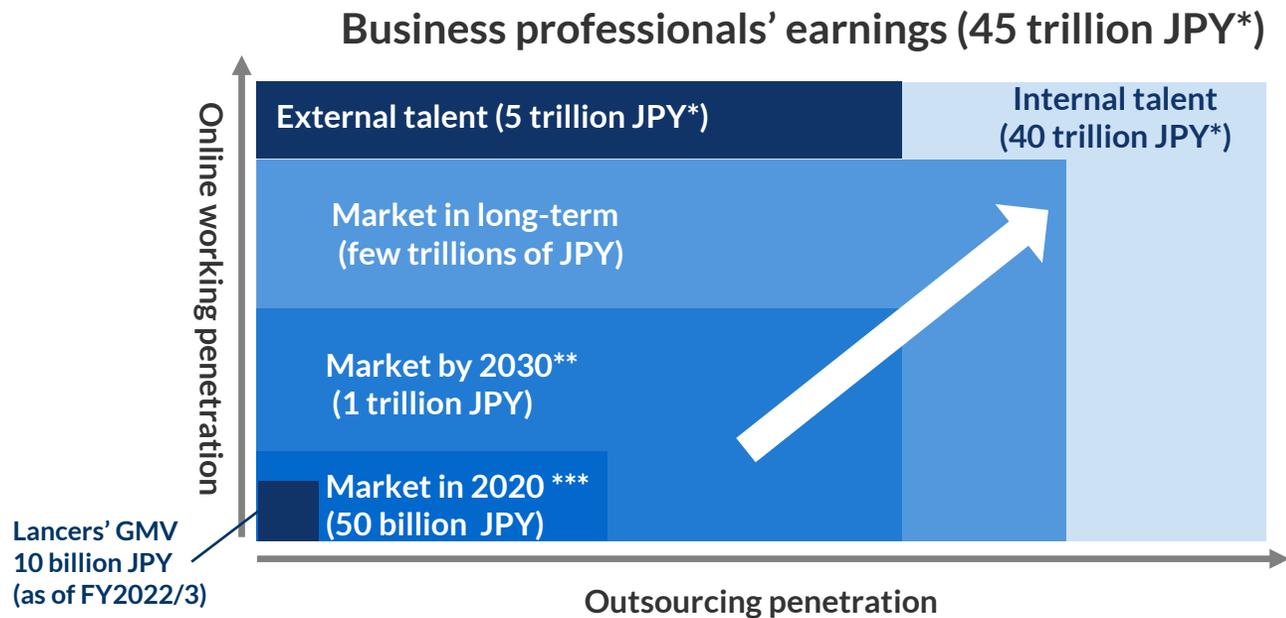


*) Reference from "New Freelance Survey 2021-2022". Please refer to the following URL for details: https://speakerdeck.com/lancers_pr/xin-huriransushi-tai-diao-cha-2021-2022nian-ban

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

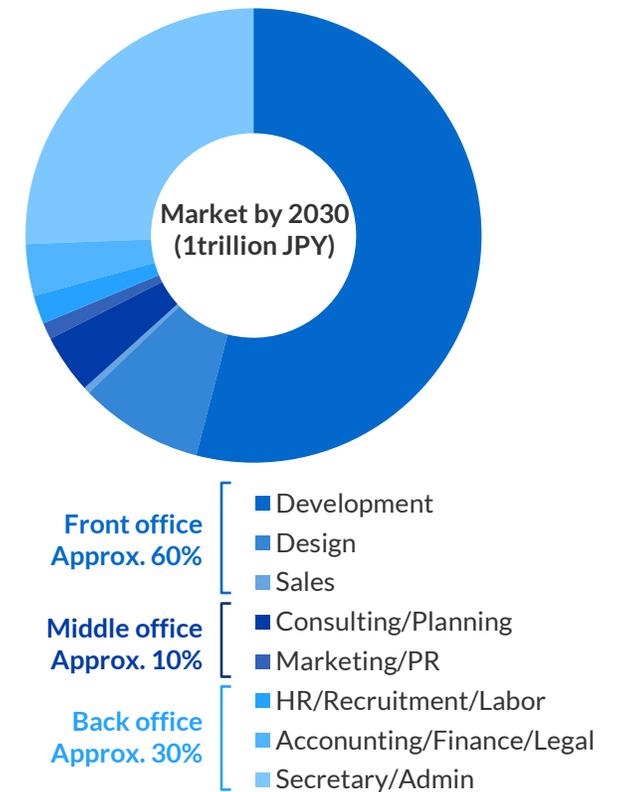


*) Calculated market size referring to 2015 National Census, 2016 Economic Census, Specified Service Industry Dynamic Statistics Survey August 2020, Reiwa 1st Annual Wage Structure Basic Statistics Survey, Yano Research Institute "2020-2021 BPO (Business Process Outsourcing) Market" Actual conditions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

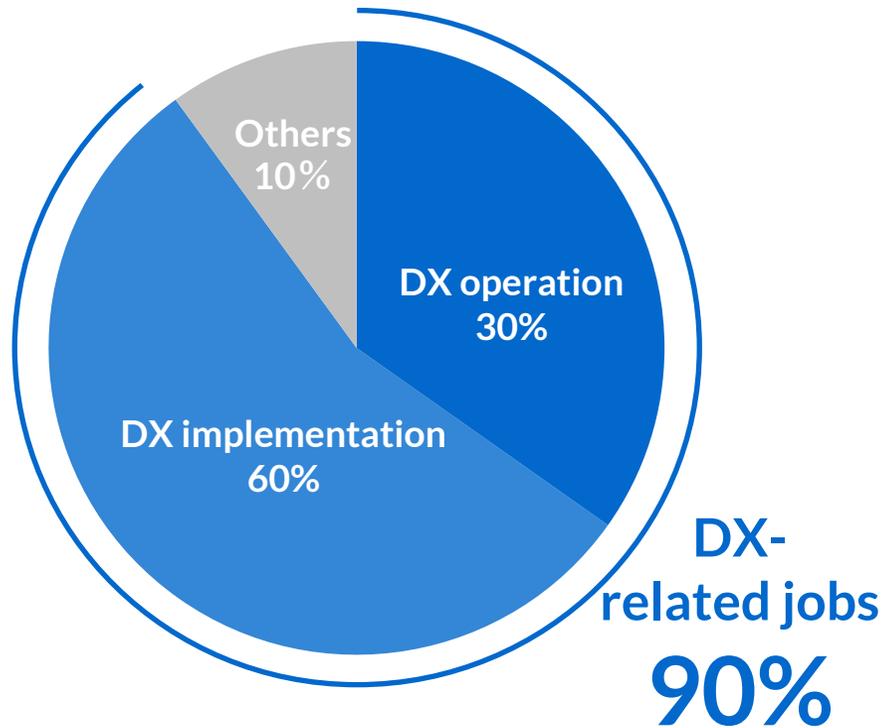
***) Estimated from IR disclosure of other companies in the same industry

Market size by occupation



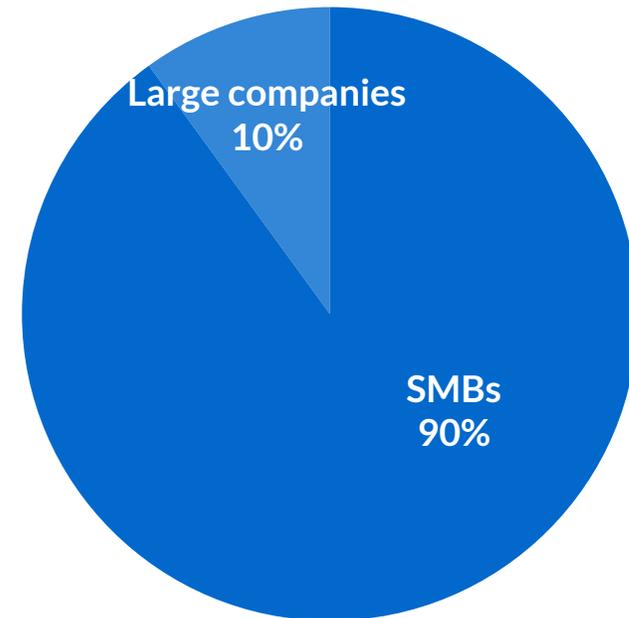
Lancers' main customers are SMBs, most of whose business needs are DX-related

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

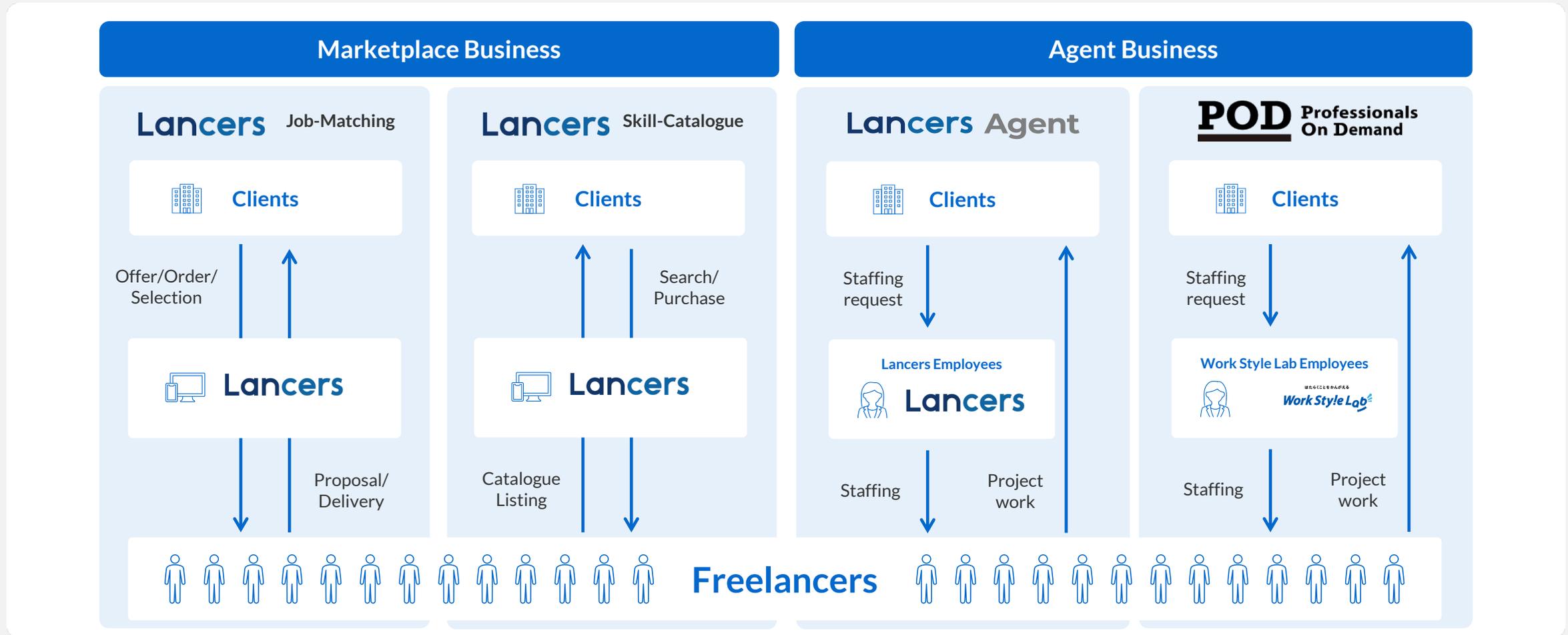
*) Based on management accounting standards

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 BtoC	18-19%
Agent Business	Lancers Agent POD Professionals On Demand	SMBs Large companies	Engineer, Designer IT/business consultant	Talent staffing BtoBtoC	14-17%

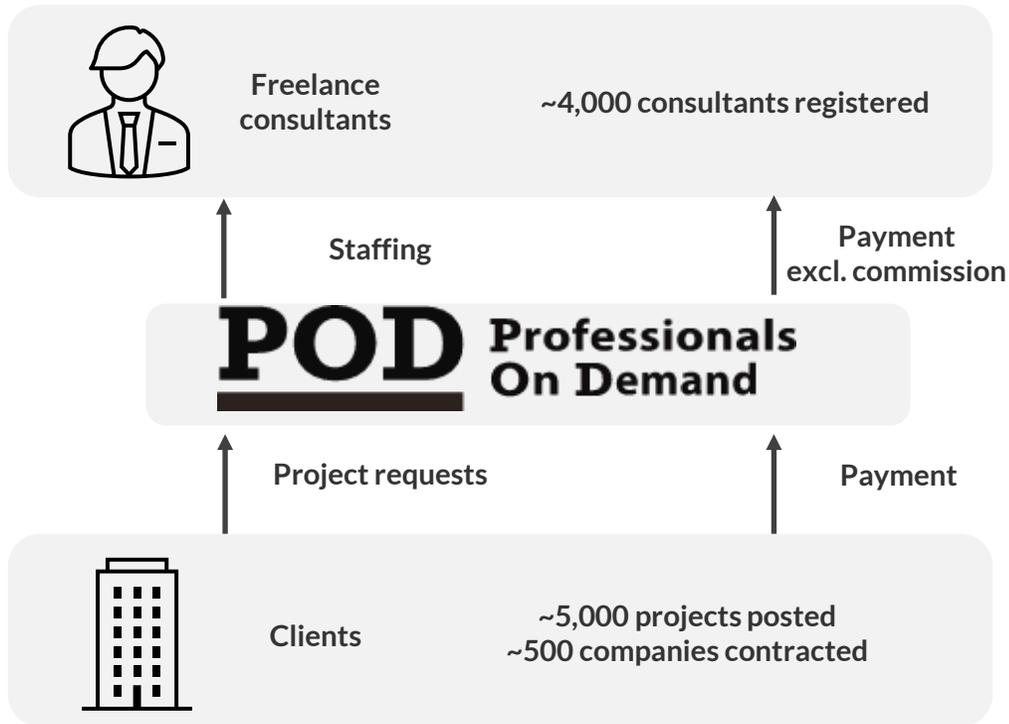
*) Based on performance in FY2022

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

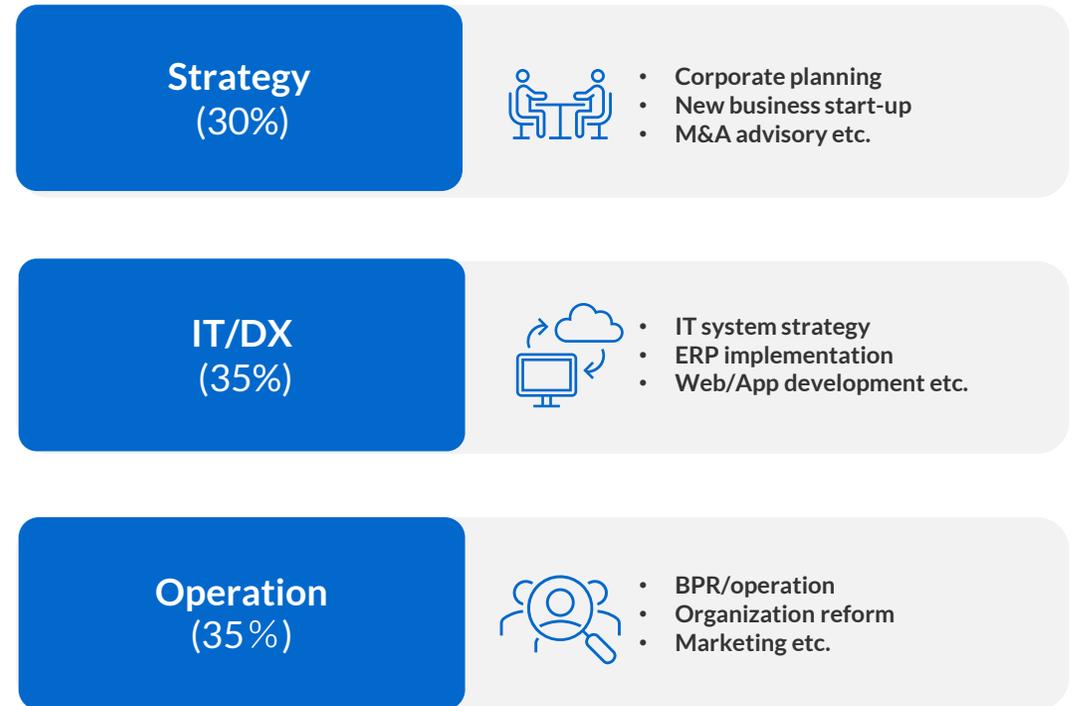


Work Style Lab, Inc. provides “Professionals On Demand (POD)” as its main service, which matches professional consultants to SMBs and large enterprises

Service details



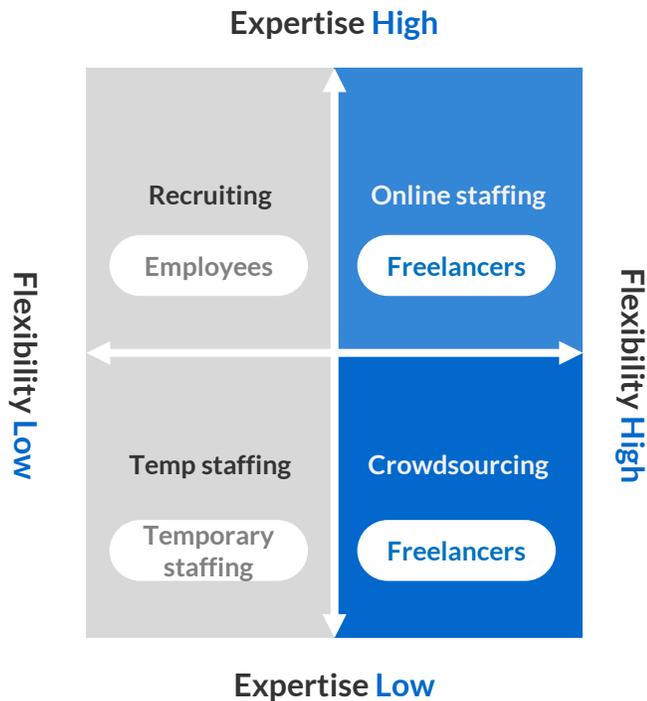
Project details



Differences from Traditional Staffing Services

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

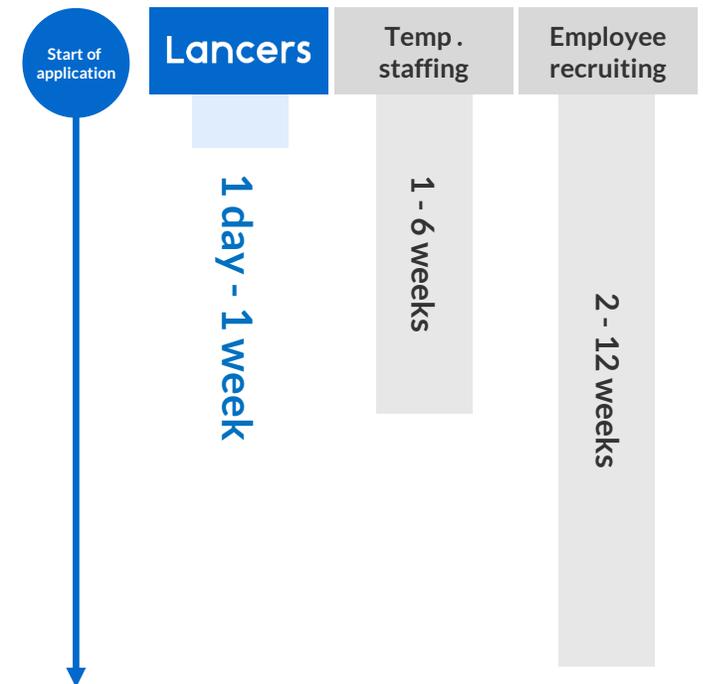
Professional talents



Online project delivery

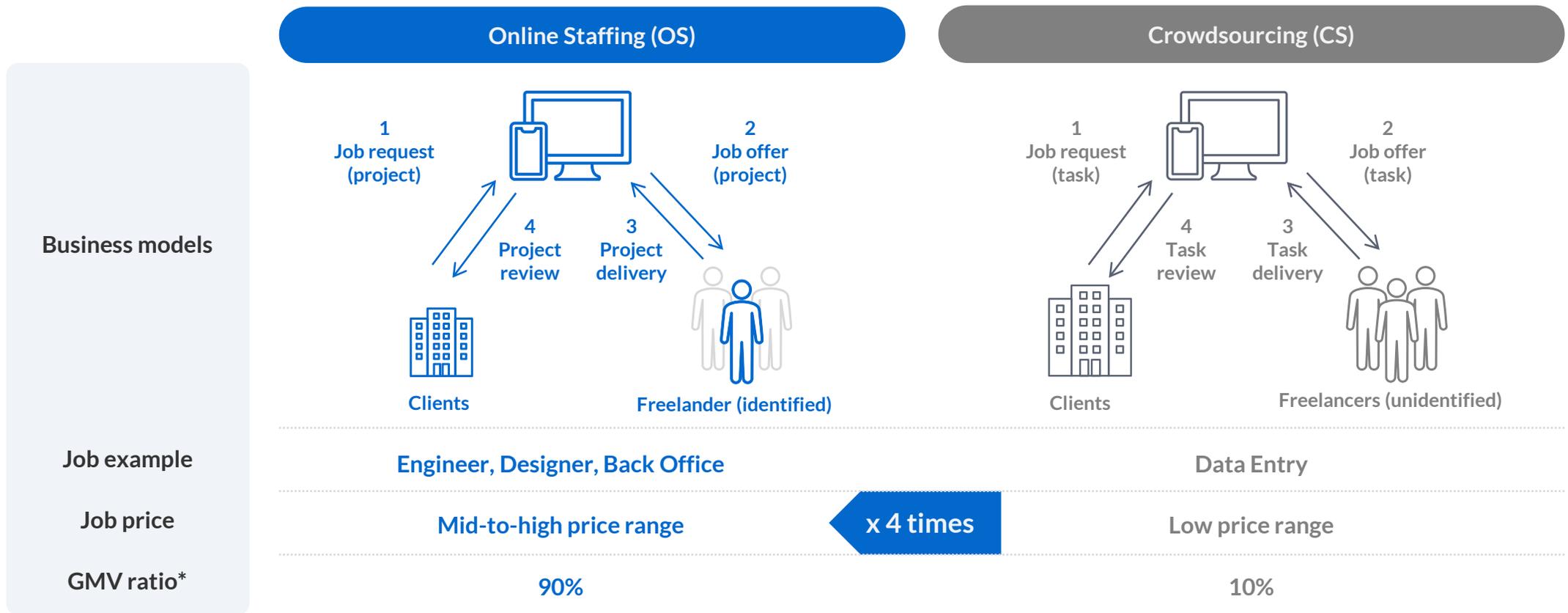


Short lead-time



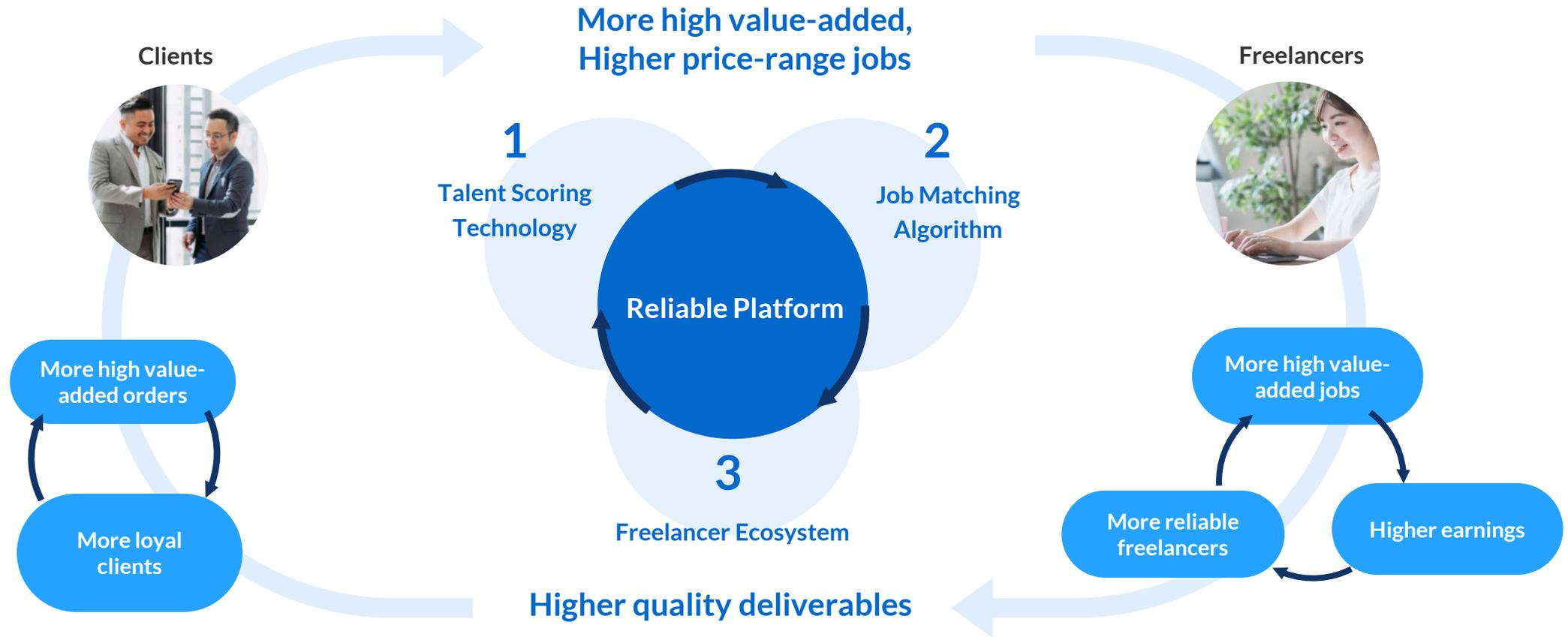
Our business model is defined as online staffing platform, rather than crowdsourcing

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



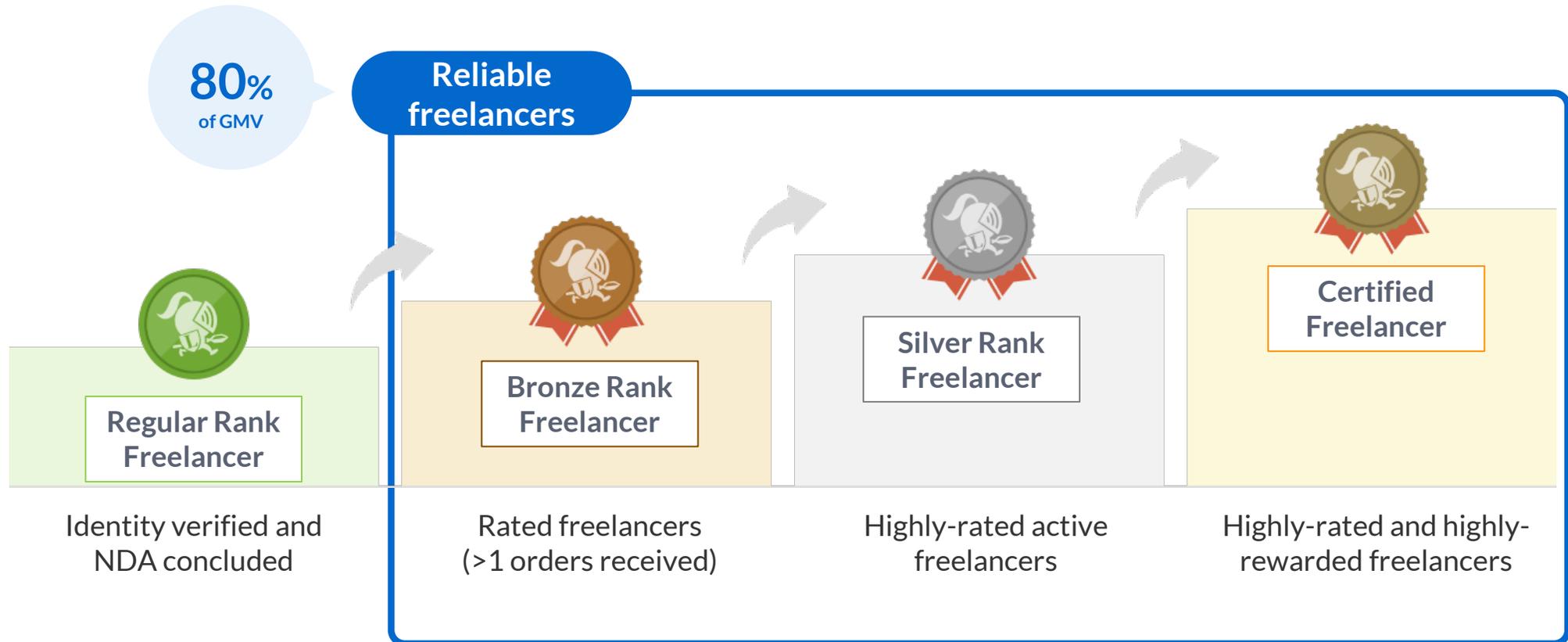
*)Percentage of our group's GMV.

Lancers is a reliable and high-value added job platform



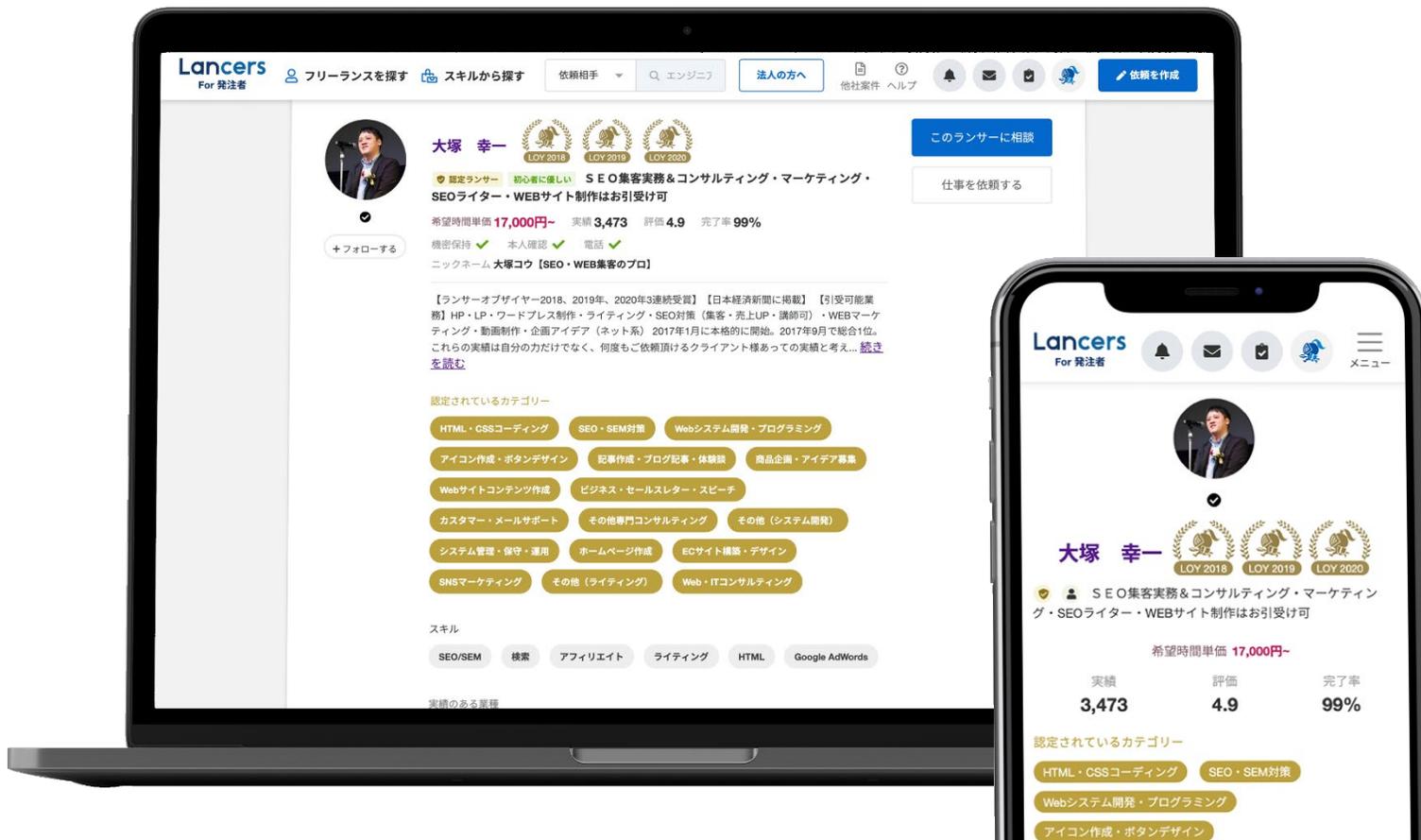
Definition of “Reliable Freelancers”

“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

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Revenue Recognition for Each Segment

Using different revenue recognition standards for 2 business segments

	Marketplace Business	Agent Business
Major service		
Revenue recognition	Net-based (net sales = gross profit)	Gross-based (net sales ≠ 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

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Financial Results by Segment* for 1Q of FY2023 (Single Quarter)

Progress is on track for each business. Completed acquisition of Work Style Lab, Inc. and accelerate creating business synergies in 2Q onward for Agent business

*) Based on management accounting standards.

(Unit: Million JPY)	1Q(single quarter) of FY Ending March 31, 2023				4Q of FY Ending March 31, 2022 (Previous single quarter)		FY Ending March 31, 2023 (Forecast)	
	GMV (YoY)	Gross profit (YoY)	Operating/ Segment profit	Operating margin	GMV % change	Gross profit % change	GMV %Progress	Gross profit %Progress
Marketplace business	1,814 +13.0%	356 +19.6%	47	9.9%	+8.9%	+15.0%	25.1%	24.5%
Agent business	832 +44.6%	144 +74.4%	△13	-	+17.8%	+44.9%	17.8%	15.3%
Others*	0	△2	△2	-	-	-	-	-
shared cost**	-	-	△169	-	-	-	-	-
Company-wide total	2,647 +6.1%	498 +3.7%	△136	-	△1.6%	△4.4%	-	-

*) 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

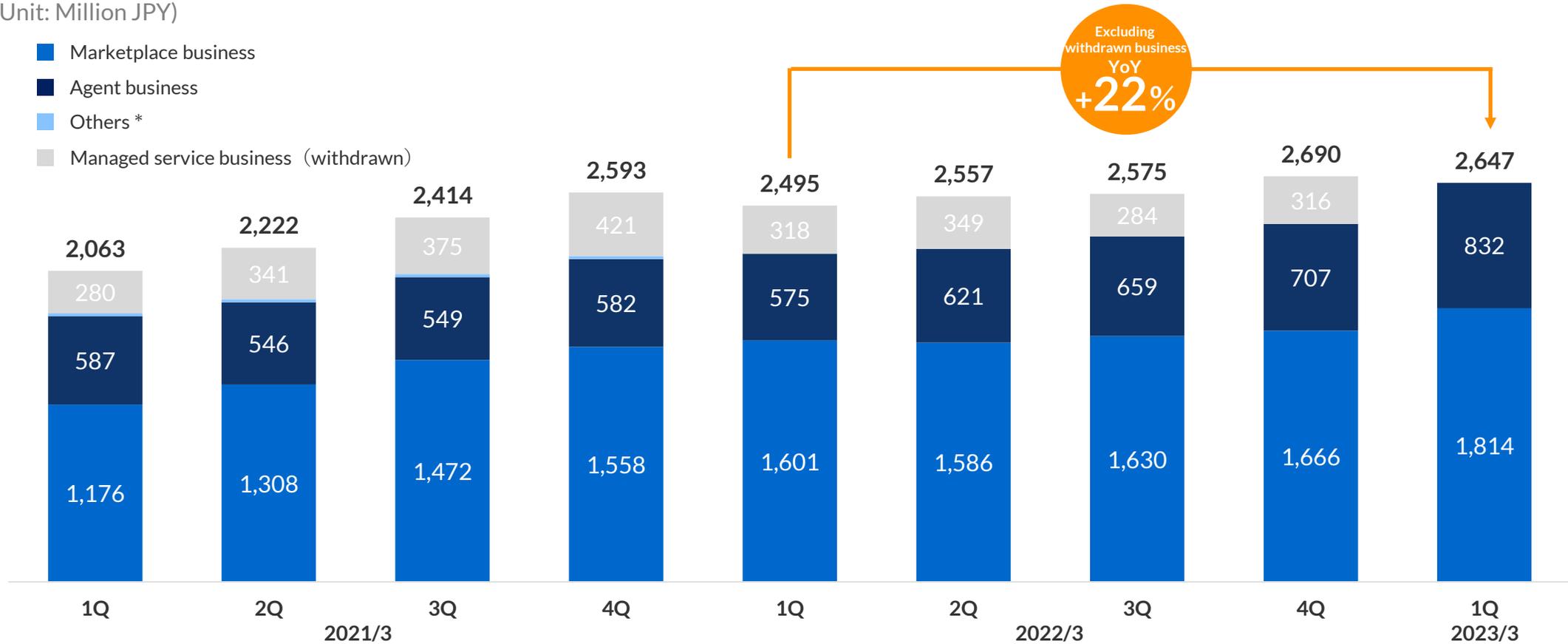
(Unit: Million JPY)		FY2019				FY2020				FY2021				FY2022
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
GMV	Marketplace business	1,106	1,131	1,180	1,170	1,176	1,308	1,472	1,558	1,601	1,586	1,630	1,666	1,814
	Agent business	410	489	566	617	587	546	549	582	575	621	659	707	832
	Others*	0	3	3	0	18	25	16	31	0	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
	Agent business	63	76	85	89	89	78	82	86	83	92	96	99	144
	Others*	10	14	13	29	12	14	8	17	-1	-3	-4	-4	-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
	Agent business	-4	7	16	18	21	13	13	24	16	20	19	11	-13
	Others*	-102	-120	-126	-134	-131	-136	-159	-147	-156	-175	-170	-167	-171
	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 22% YoY

(Unit: Million JPY)

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

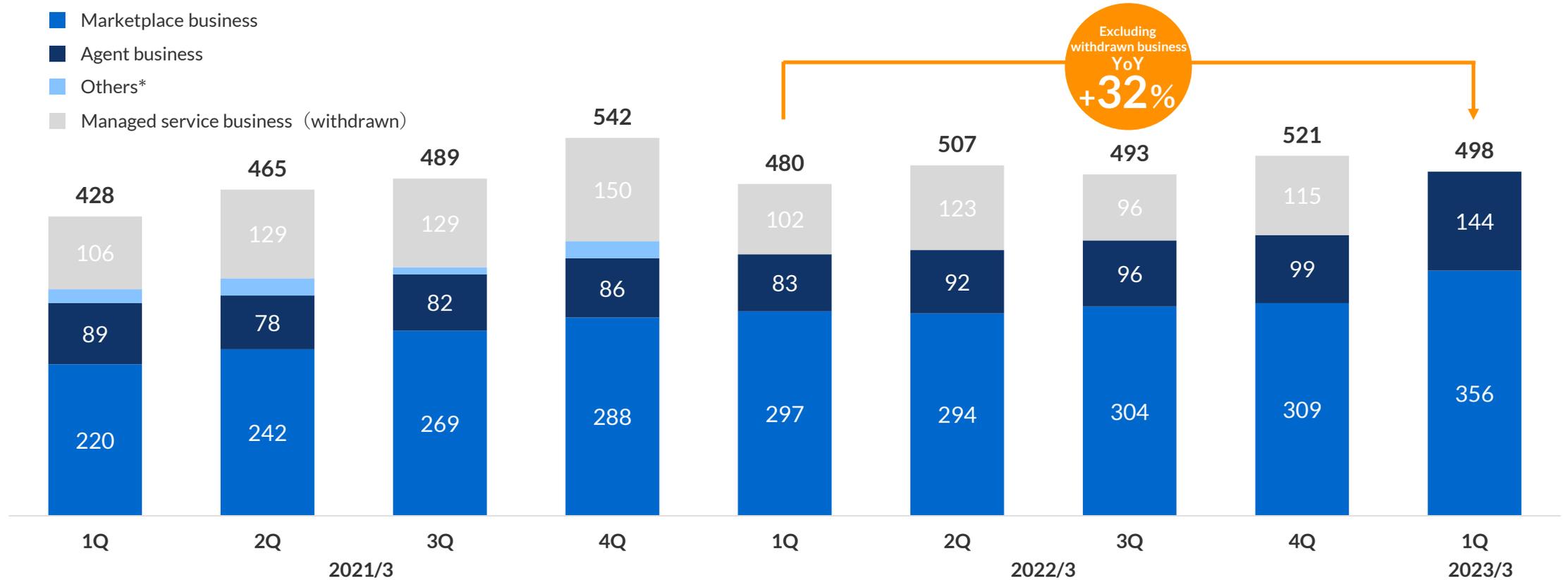


*) Includes other businesses and consolidation adjustments. In addition, negative figures are not shown.

Gross profit excluding withdrawn business increased by 32% YoY

(Unit: Million JPY)

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



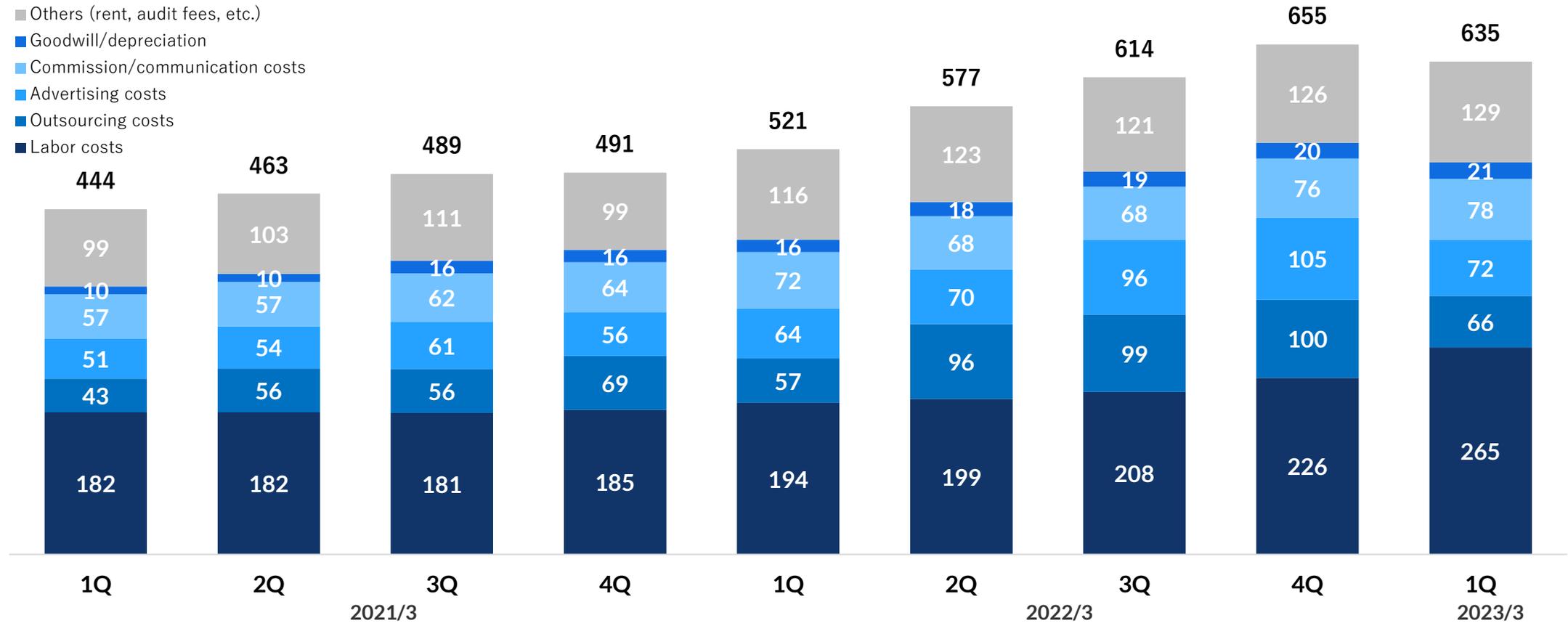
*) Includes other businesses and consolidation adjustments. In addition, negative figures are not shown.

SG&A Expenses (Consolidated)

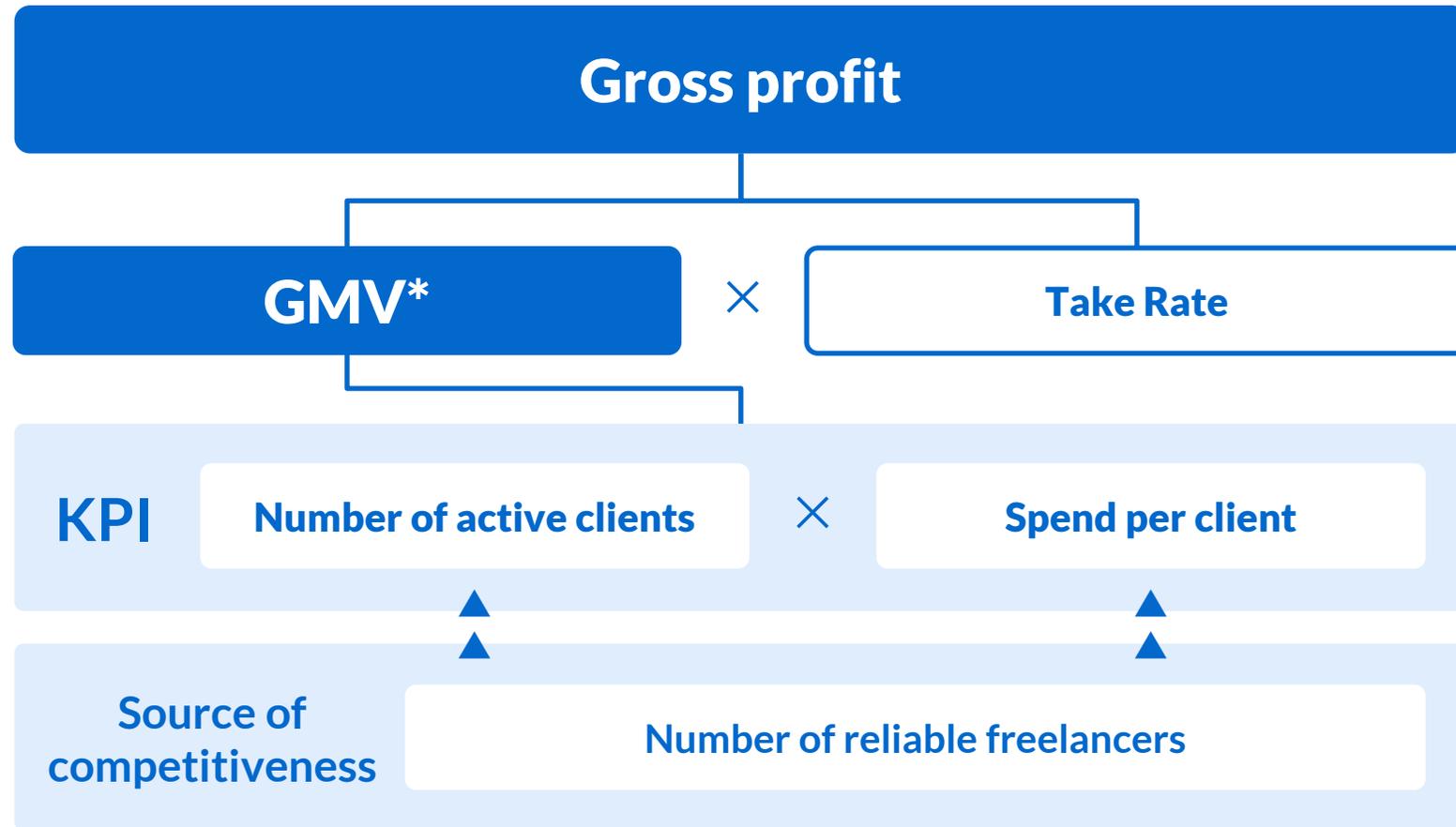
SG&A increase is mainly due to acquisition of Work Style Lab, Inc.

(Unit: Million JPY)

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



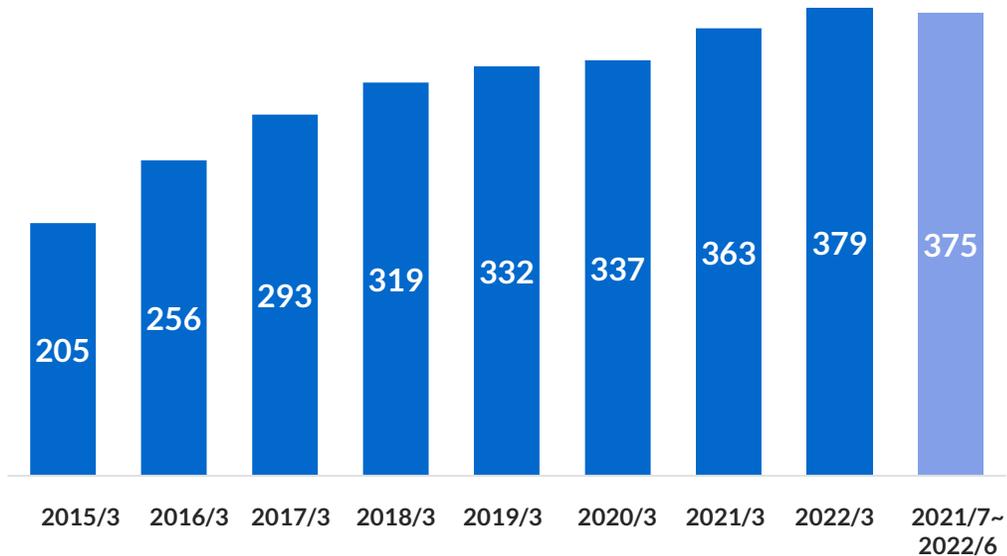
Gross profit and GMV are the most important metrics, with its growth coming from active clients and its continuous spend



Number of active clients and its spend remain steady despite the impact of withdrawn business

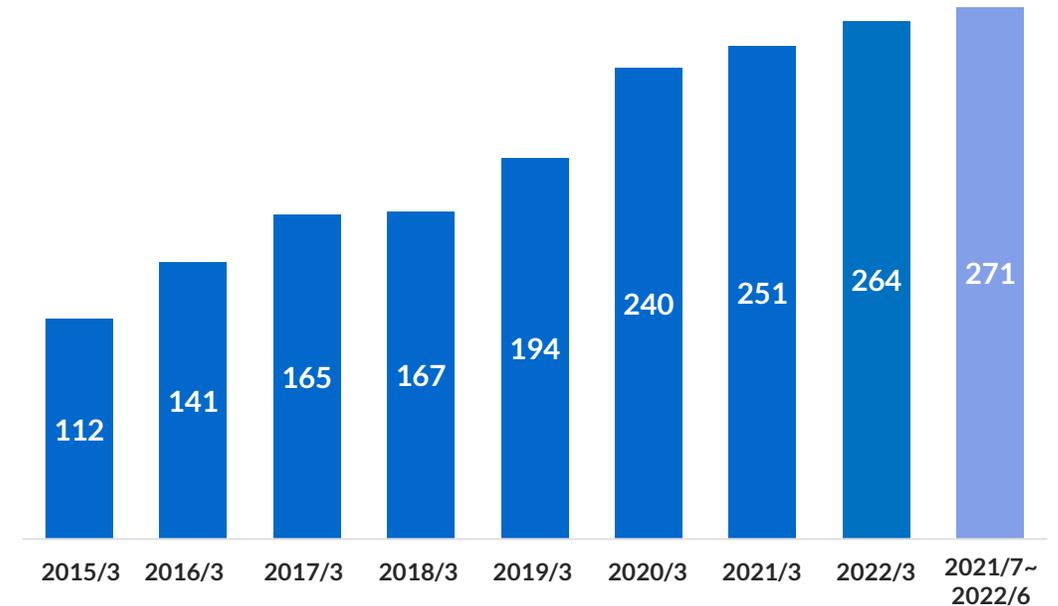
Number of active clients

(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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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

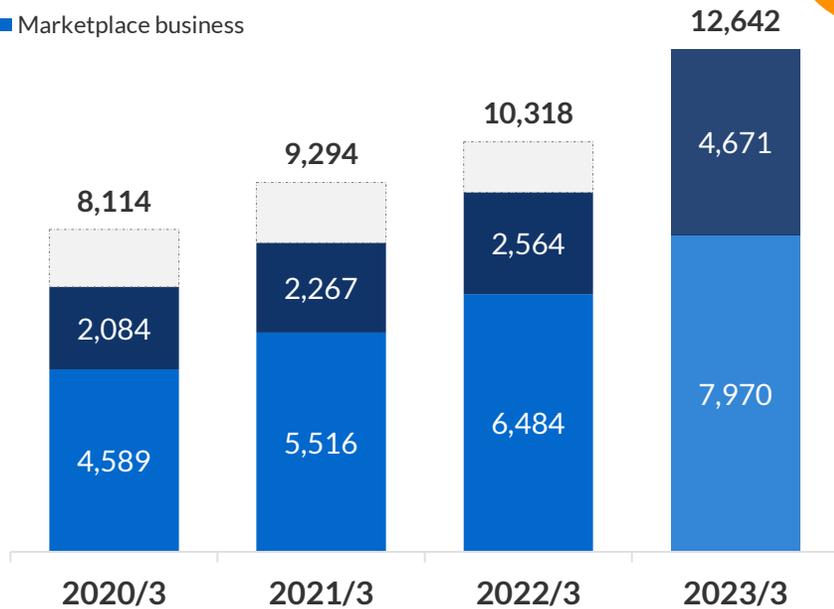
(Unit: Million JPY)

■ 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

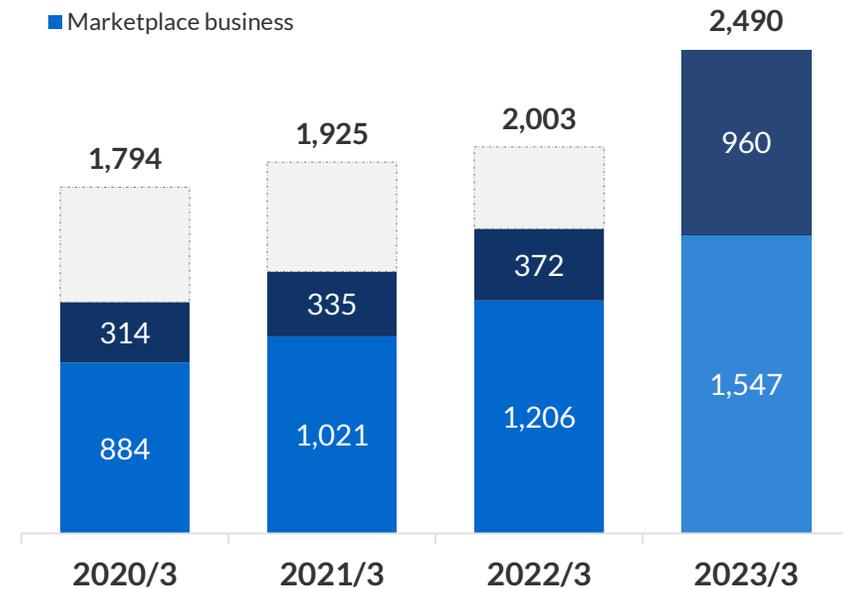
(Unit: Million JPY)

■ 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

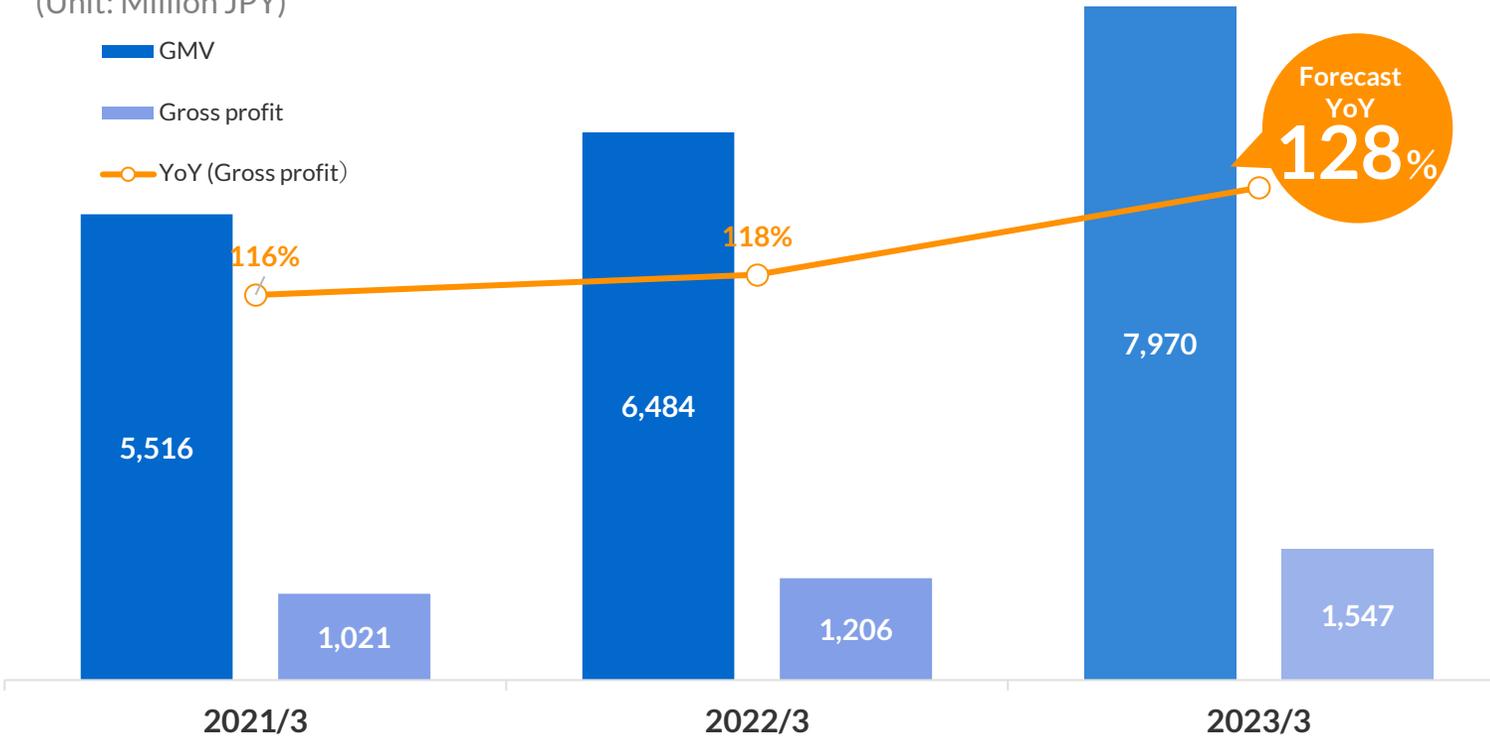
Growth rate and profitability of Marketplace business

(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

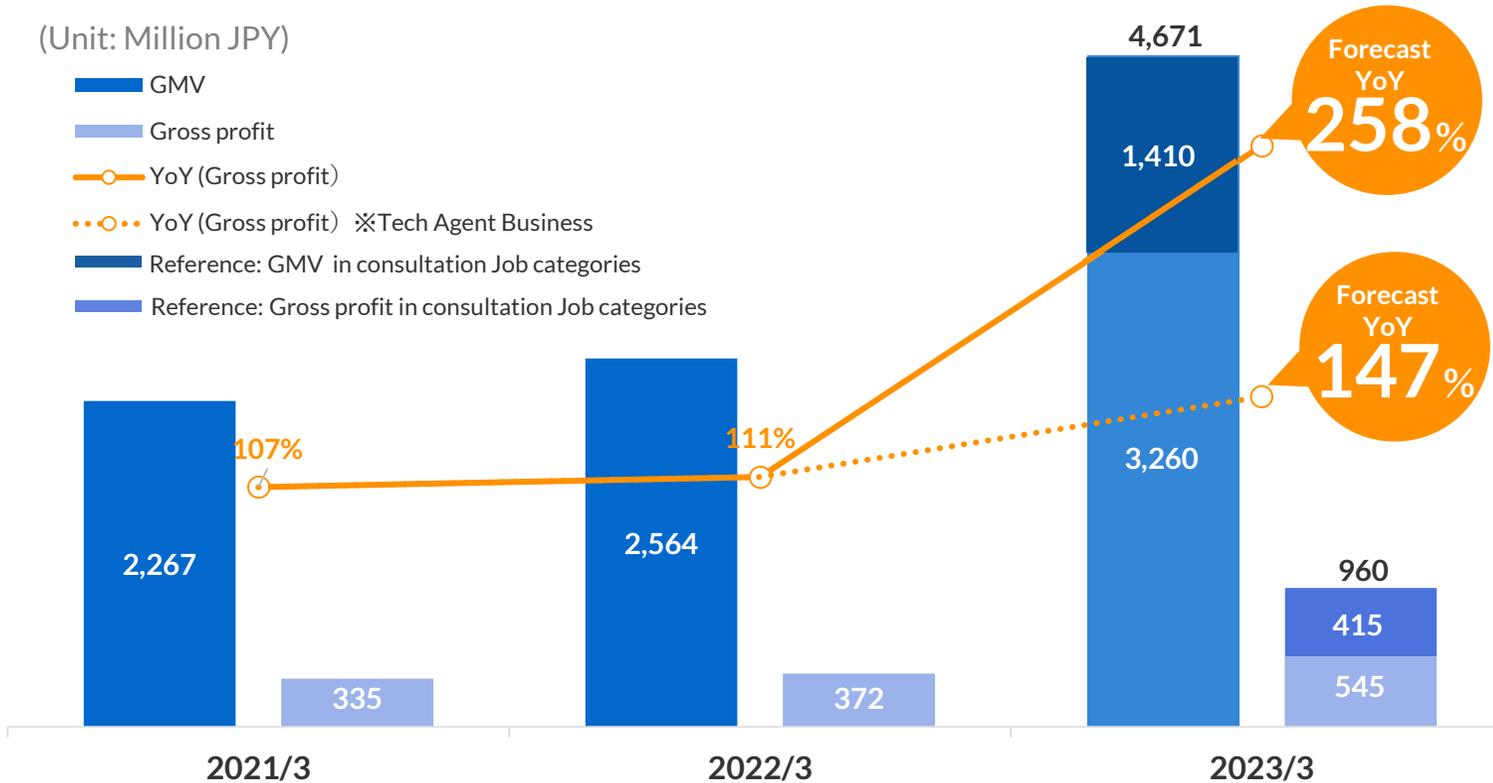
■ Gross profit

—○— YoY (Gross profit)

····· YoY (Gross profit) ※Tech Agent Business

■ Reference: GMV in consultation Job categories

■ Reference: Gross profit in consultation Job categories



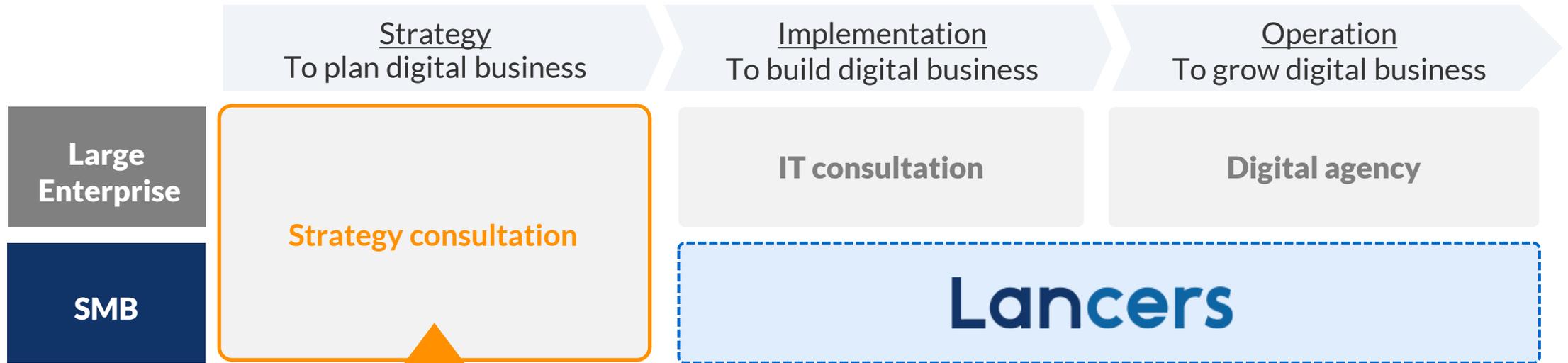
Strategy in FY 2023

Increase GMV through organizational expansion

Increase service value-add through job category expansion

Improve productivity per HC through system investment

Completed the acquisition of Work style Lab, Inc. to expand its consultation job category, achieving end-to-end SMBs' digital business support from strategy to operation



- Company Name : Work Style Lab, Inc.
- Main service : Matching for freelance consultants
- No. of users : Approx. 4,000 consultants
(mainly from strategy/IT consulting firms)

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.

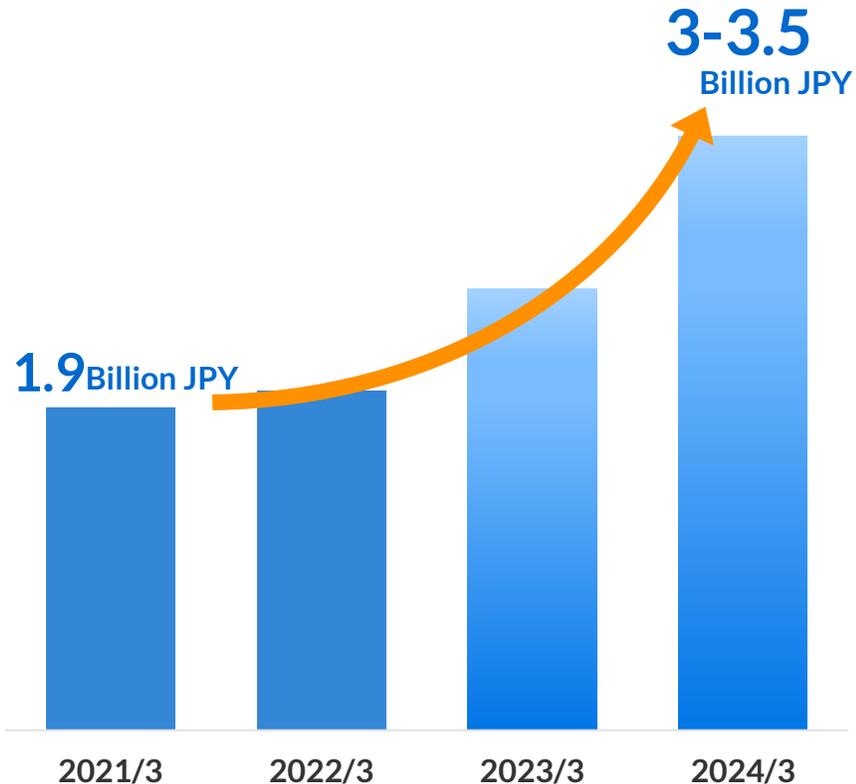
FY ending March 31, 2023 (forecast)

(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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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
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
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

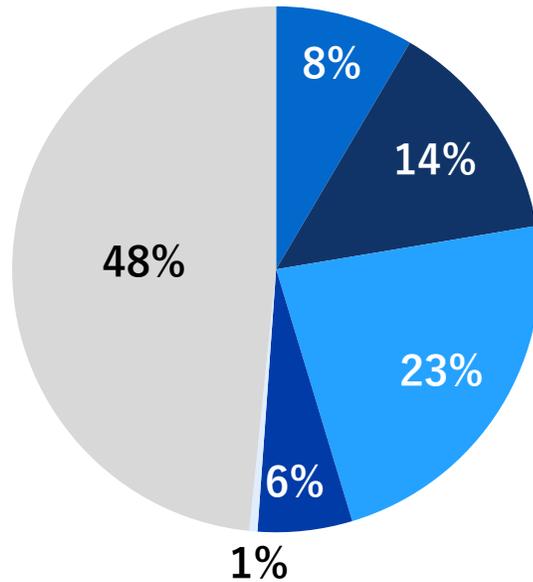
Important Business Risks (2/2)

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

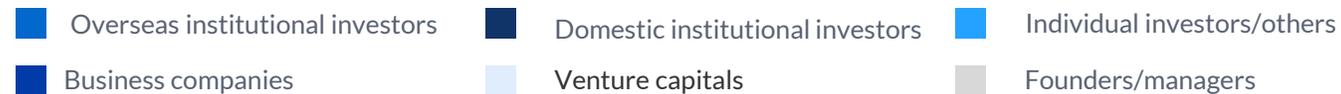
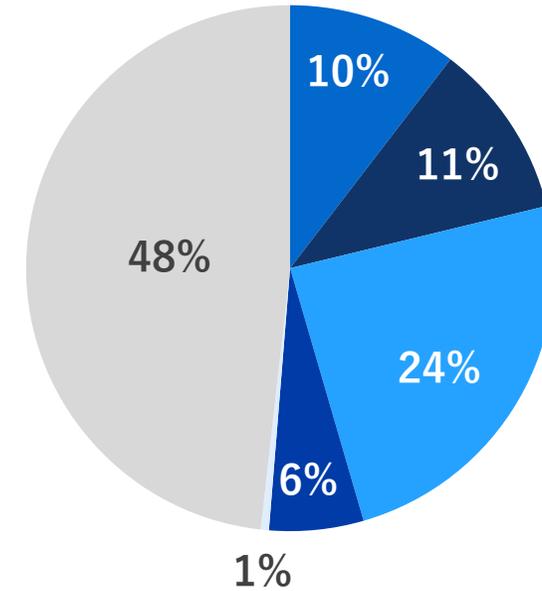
Major business risks	Possibility/ duration	Impact on business execution	Examples of risk scenarios	Major counter-actions
System failure	Low/ Occasionally	<ul style="list-style-type: none"> Outflow of customers Damage on brand image 	<ul style="list-style-type: none"> Possible server outages and loss 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.

Shareholder Composition

Shareholder Composition
(as of end of September, 2021)



Shareholder Composition
(as of end of March, 2022)

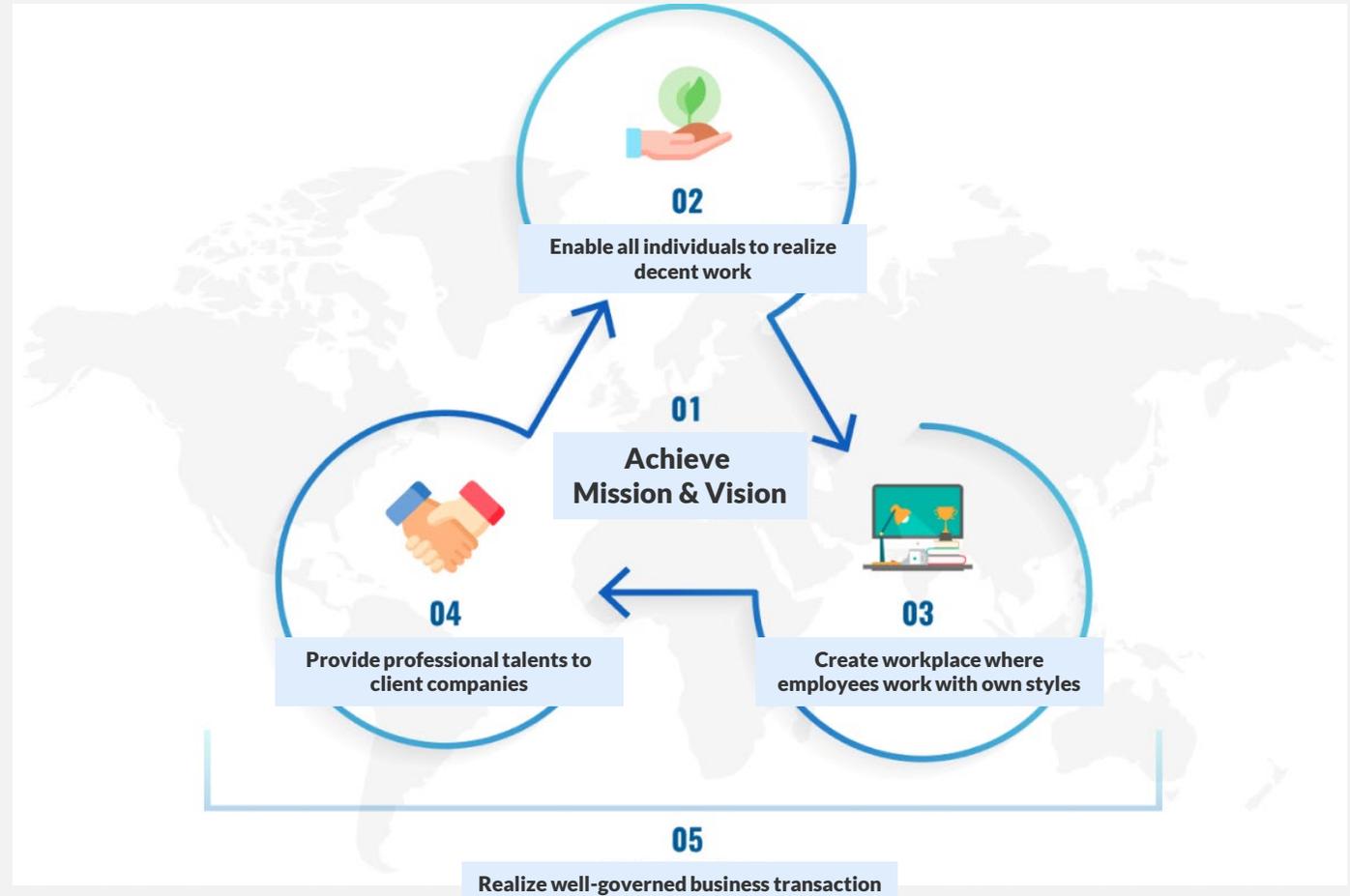


Sustainability

**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

