

# Financial Results

## 1st Quarter of Fiscal Year 2024

LANCERS, INC. (TSE Growth: 4484)



## Company-wide

Gross profit

YoY(1Q)

**553** million JPY **+11%**

## Matching Business

Gross profit

YoY(1Q)

**521** million JPY **+21%**

## Results for 1Q of FY2024

- **Company-wide GMV, gross profit and operating loss progressed as planned, and it is expected that operating profit will be achieved in July**
  - Expected progress: GMV 24% (21% YoY), gross profit 23% (20% YoY)
  - GMV:2.76 billion JPY (+5% YoY)
  - Gross profit : 0.55 billion JPY(+11% YoY)
  - Operating loss:-0.05 billion JPY (-0.13 billion JPY YoY)
- **Gross profit in Matching Business grew by 21% YoY, and segment profit was 140 million JPY as planned. However, we aim to improve productivity by strengthening the organizational structure for gross profit**
- -Acquisition of new clients as planned due to strengthened marketing
  - Increase in client spending due to product improvements such as AI functions
  - Expand gross profit per HC by strengthening the organizational structure and improving productivity

## Topics for 1Q of FY2024

- **Established “Lancers LLM Labs”**, a team dedicated to generative AI and Large-scale Language modeling (LLM)
- **Plans to merge with MENTA Co., Ltd. in October** to further improve management and business efficiency
- **New release of “PILE” programming learning application** using LLM technology
- New partnership with Shizuoka Pref. **to support diverse work styles within the region**

**1 Company Profile**

**2 Financial Results for 1Q of FY2024**

**3 Topics for 1Q of FY2024**

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**

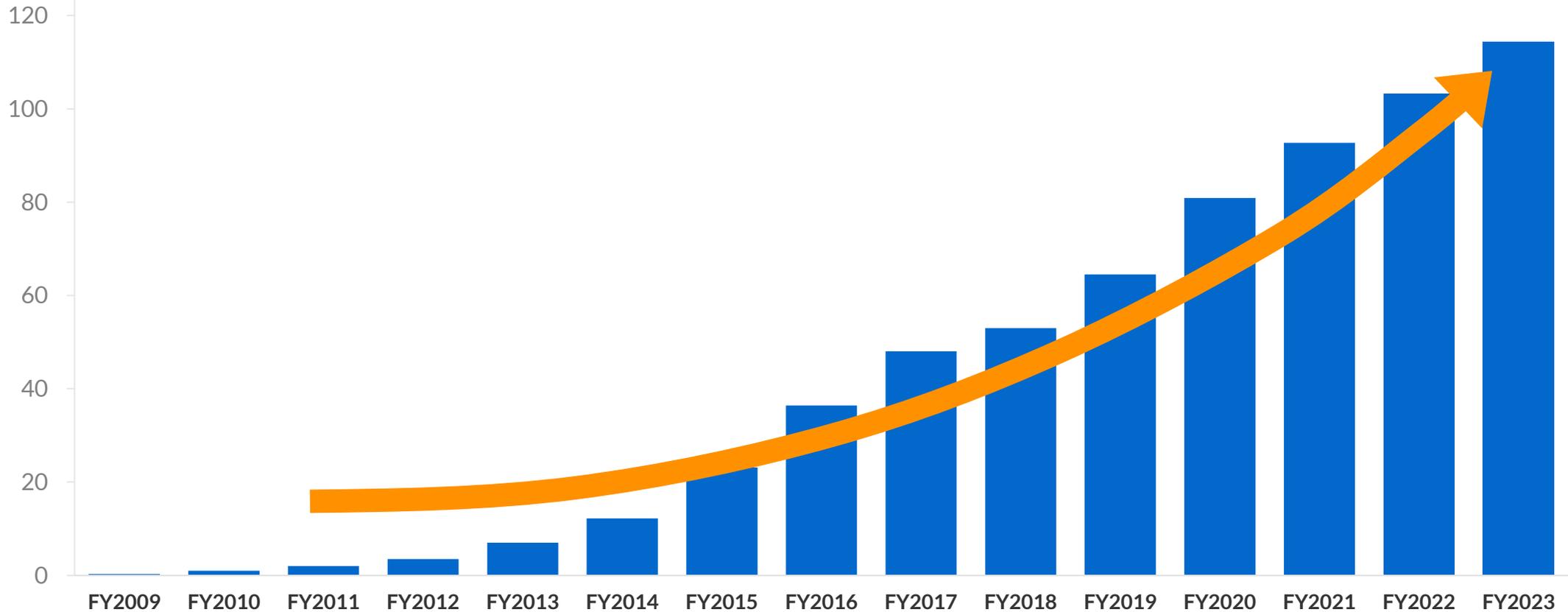
Organization

**Approx. 200 employees\***

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

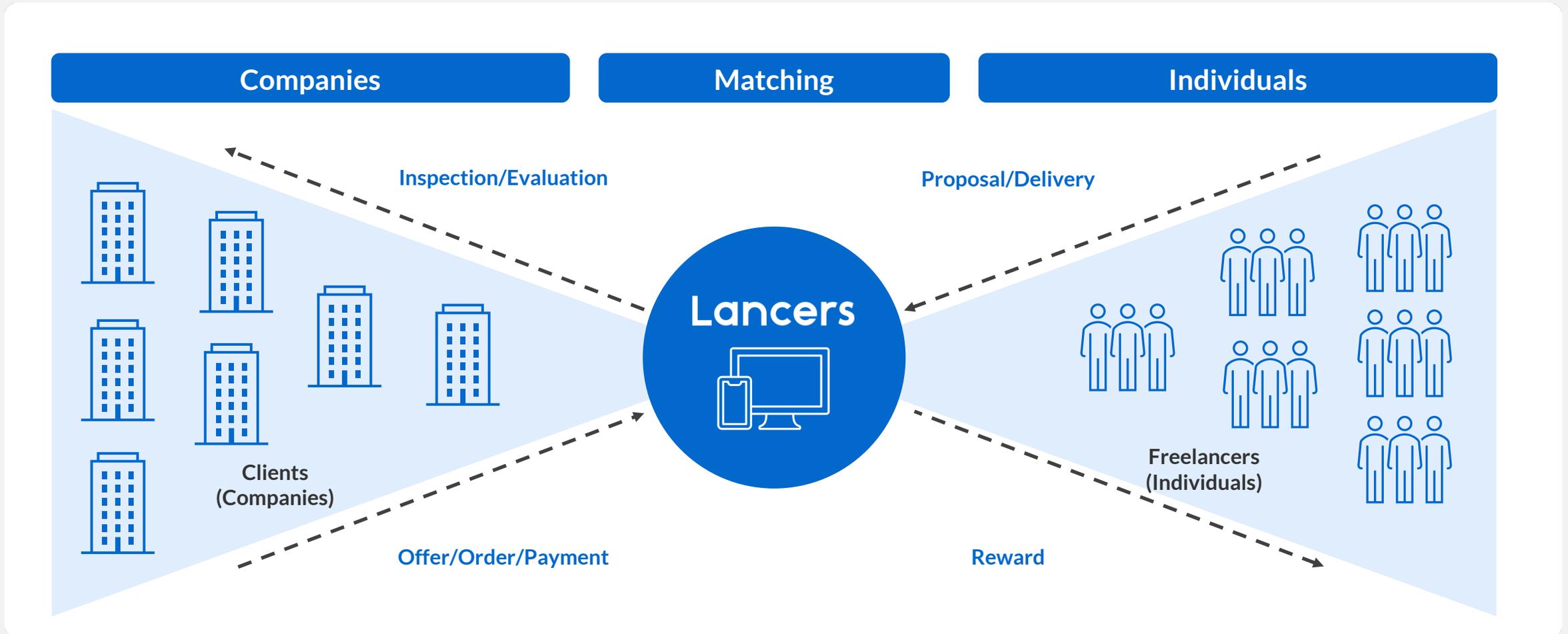
## Achieving continuous GMV growth since foundation

(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

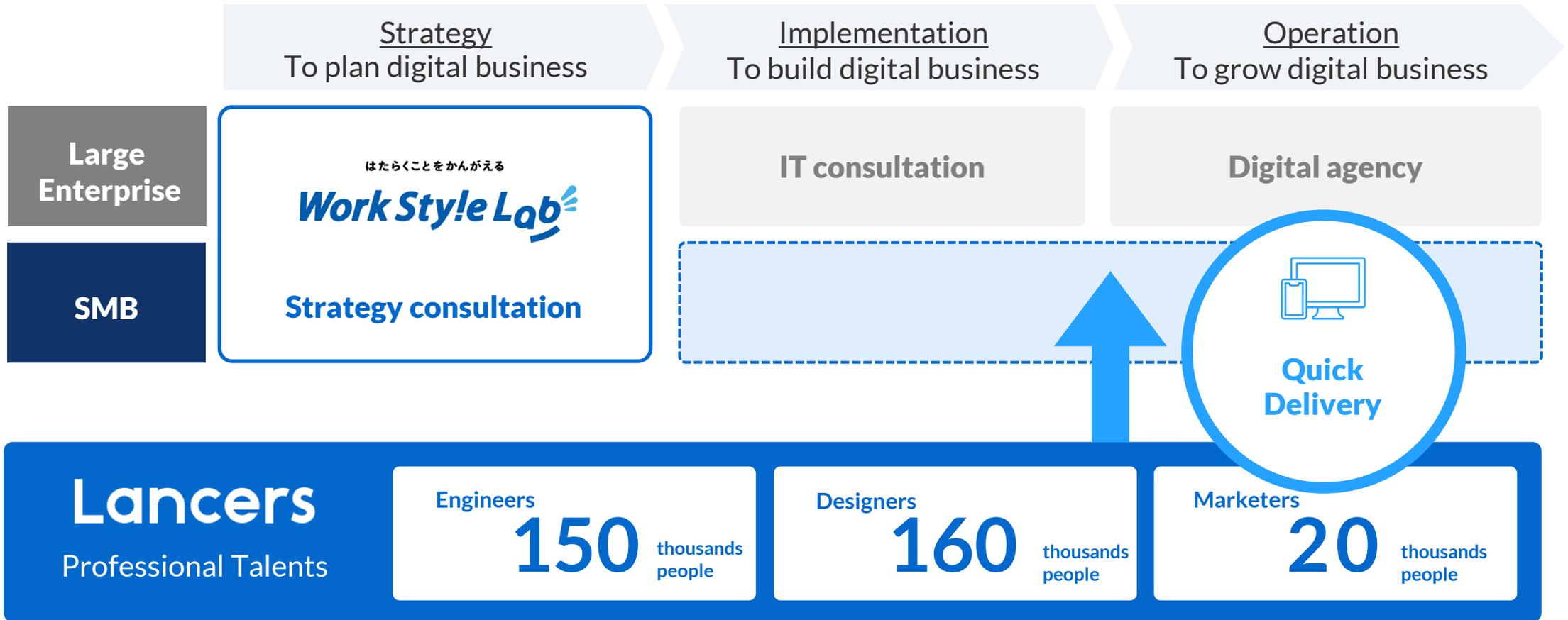
 **Article writing/blog articles/experiences**  
¥ 0.5- ¥ 5/letter \*

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

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

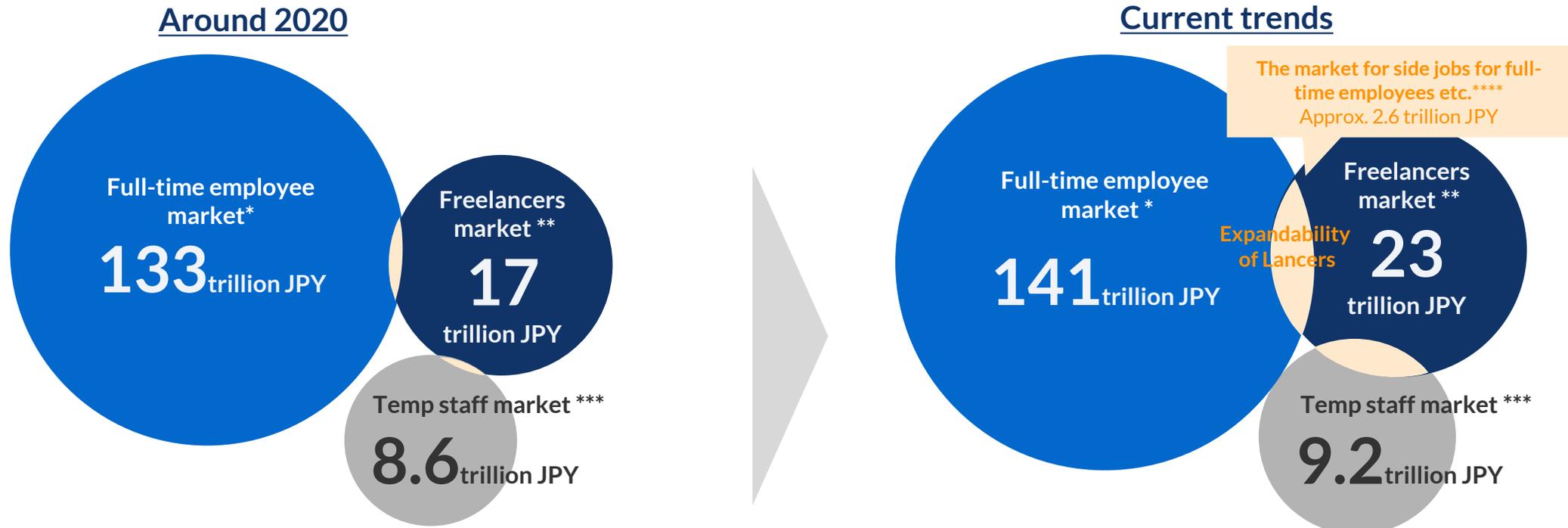
## Helping Clients Promote Digital Transformation

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



## Current Market Trends: Target Market Expansion as Individual Working Styles Become Smoother

Work styles are diversifying, and the mobility of human resources is accelerating. 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

### DX and digitalization is being driven by the use of Lancers' services not only in large companies but also in SMEs



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

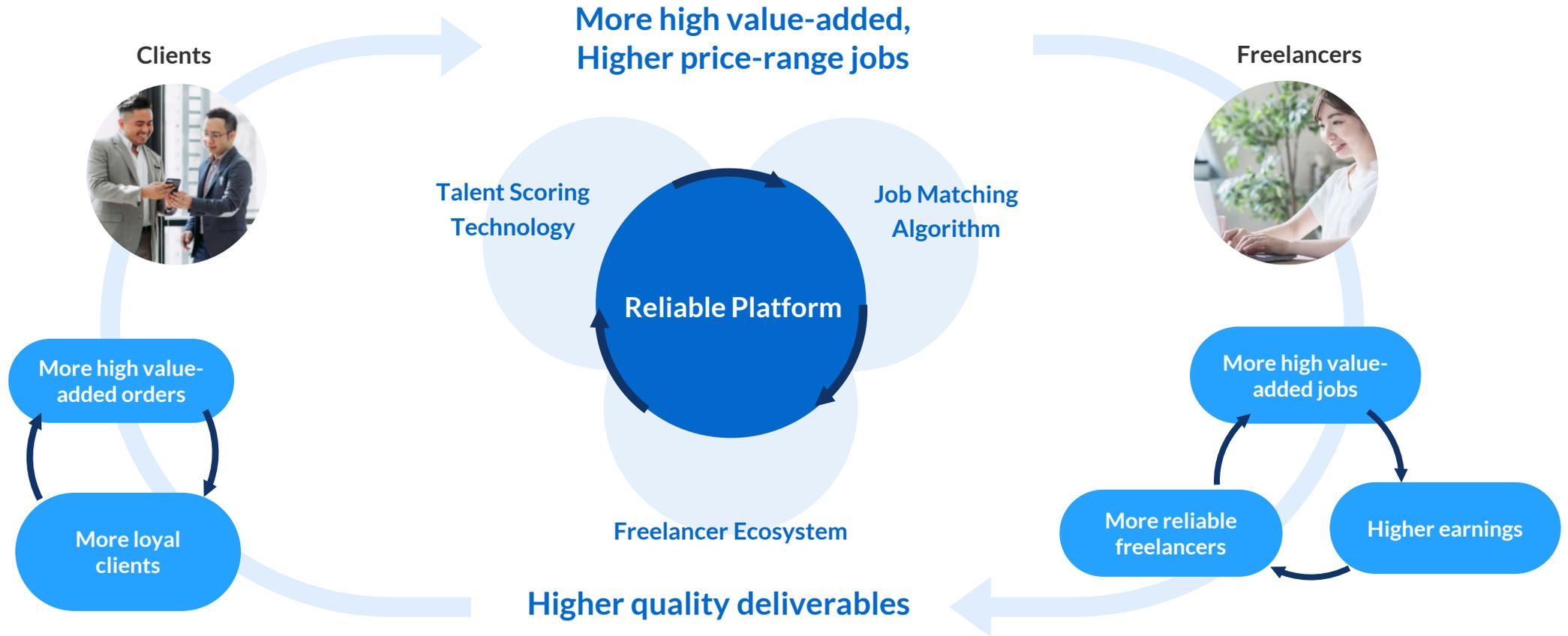
#### Counter-plan

- 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

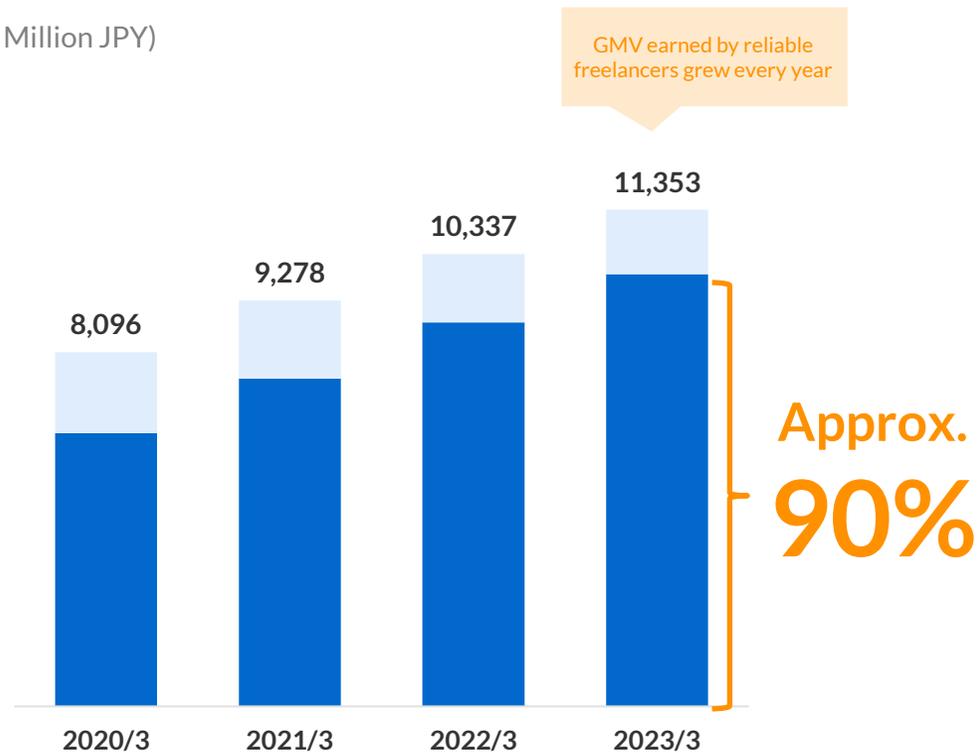
# Lancers is a reliable and high-value added job platform



**Growth in No. of reliable freelancers is the source of competition. Of the company-wide GMV, the GMV earned by reliable freelancers is increasing year by year**

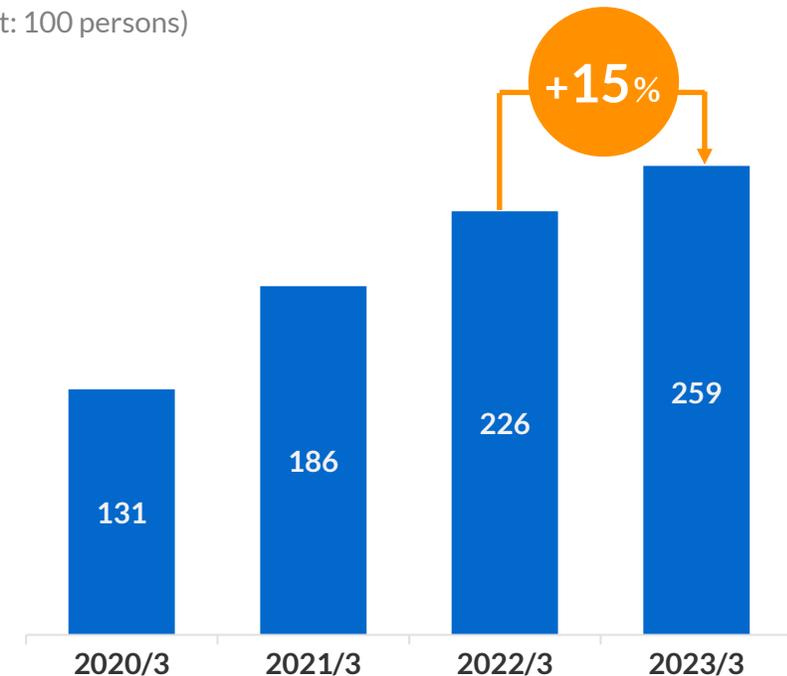
### Changes in company-wide GMV

(Unit: Million JPY)



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

(Unit: 100 persons)



\*) Reliable freelancers = Certified freelancer + Silver ranked freelancers + Bronze ranked freelancers, and the number of reliable freelancers at the end of each periods.

## Lancers' Strengths: Human Resource Development Structure that Leads to Work

Develop human resources (≡ reliable freelancers) in the cycle of skill and job acquisition. Also increase the no. of reliable freelancers and keep supporting them by holding community activities and events

### “Learn-to-Earn” ecosystem



### Organizing community activities and events



新しい働き方LAB

Empowered by Lancers

A nationwide collaborative community where individuals can grow together



LANCER OF THE YEAR 2023

Annual celebration and rewards program for freelancers

## Aim to solve social issues and create values through our company's strengths and business activities



 Human resources  
Employees/freelancers

 Social capital  
Clients

 Intellectual capital  
Database  
Original algorithms

 Financial capital  
Stable financial foundation

1 Company Profile

2 **Financial Results for 1Q of FY2024**

3 Topics for 1Q of FY2024

Company-wide GMV, gross profit, and operating loss are progressing as planned, and it is expected that operating income will be achieved in July

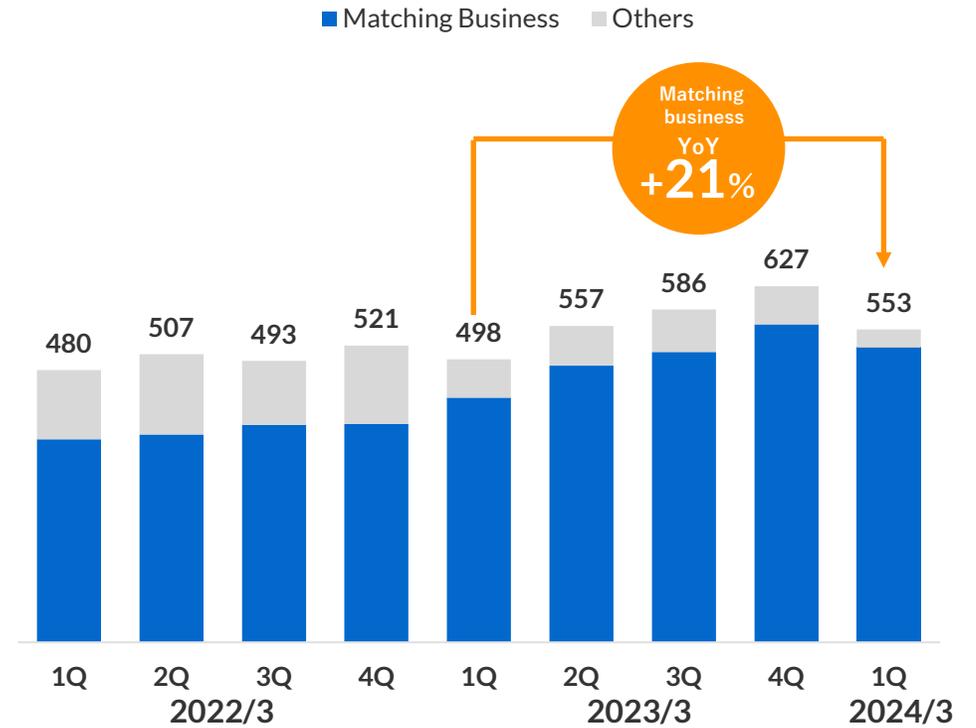
Financial performance (1Q)

Matching business YoY      %progress against forecast

GMV	<b>2,764</b> million JPY	<b>+13%</b>	<b>24%</b>
Net Sales	<b>1,113</b> million JPY	<b>+26%</b>	<b>23%</b>
Gross profit	<b>553</b> million JPY	<b>+21%</b>	<b>23%</b>
Operating income	<b>△54</b> million JPY		

Gross profit by business segment\*

(Unit: Million JPY)



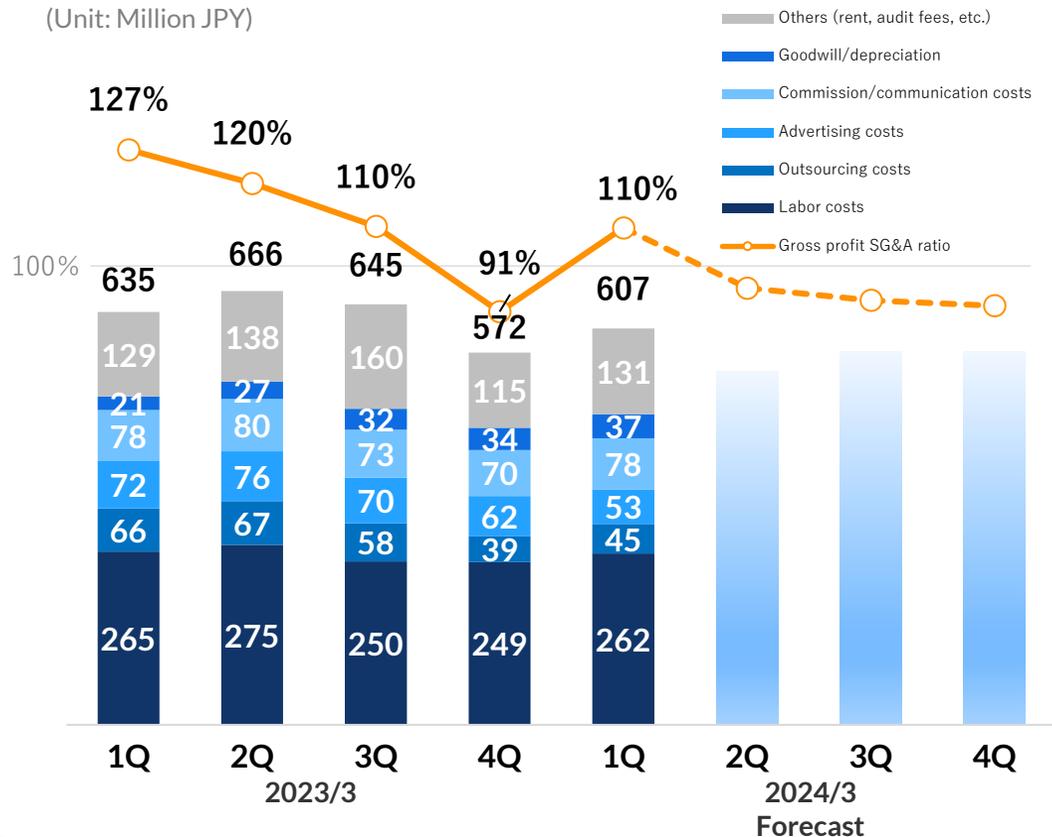
\*) Business divisions of our group based on management accounting standards. Consolidation adjustments are not shown

## SG&A Expenses

SG&A expenses increased in 1Q due to one-time expenses and postponement of the start of the fiscal year. Productivity improvement measures are still on, expected to be profitable from 2Q onward

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

(Unit: Million JPY)



### SG&A Optimization

QonQ  
Increase/Decrease

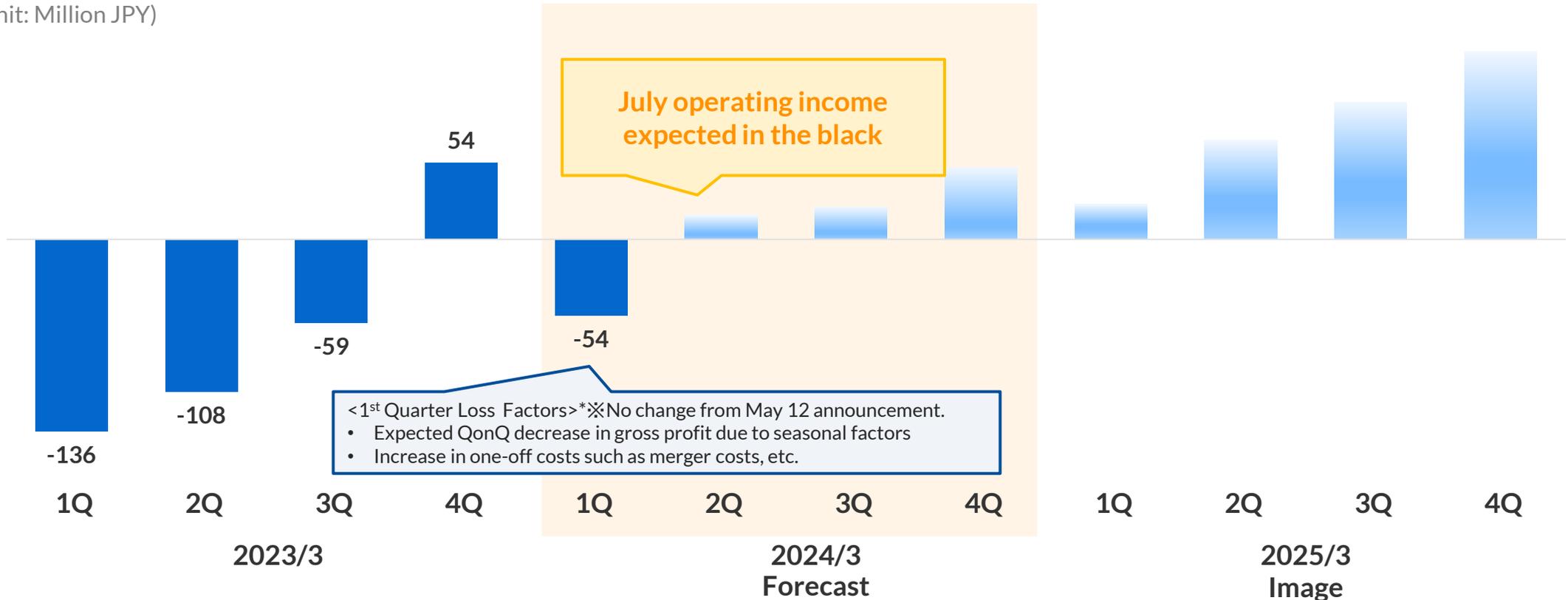
Labor	+12 million JPY	<ul style="list-style-type: none"> <li>Provision of bonuses and increase in new graduates</li> <li>Curtailment of hiring in admin and other divisions</li> </ul>
Outsourcing	+6 million JPY	<ul style="list-style-type: none"> <li>Increased one-time expenses (e.g., shareholders' meetings)</li> <li>Continued in-house production and efficiency improvement</li> </ul>
Advertising	△9 million JPY	<ul style="list-style-type: none"> <li>Pursue cost-effectiveness and improve efficiency</li> <li>Continued investment in advertising in focused areas</li> </ul>
Others	+26 million JPY	<ul style="list-style-type: none"> <li>Increase due to audit fees, etc.</li> <li>Increase due to postponement of withdrawal costs</li> </ul>

## Operating Income

Progress was in line with the plan despite a temporary loss in 1Q as announced in full-year results. We are on track to achieve constant profitability from 2Q onward

### Operating income

(Unit: Million JPY)

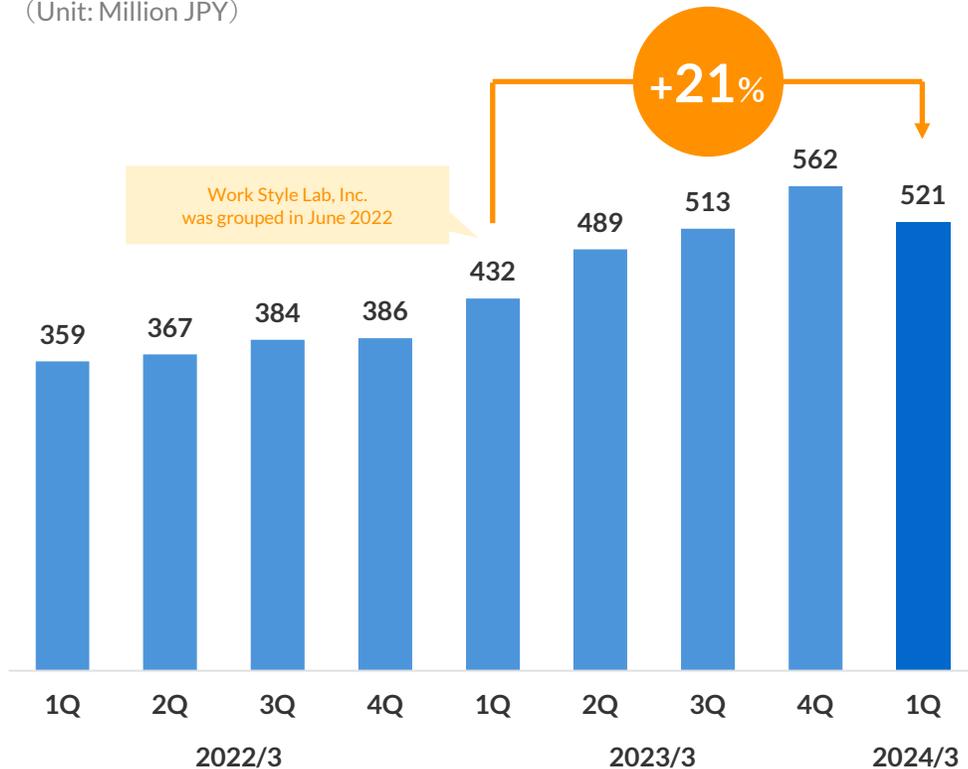


## Matching Business

Gross profit grew by 21% YoY, and operating income was in line with the plan at 140 million JPY. We aim to improve productivity by strengthening the organizational structure to further increase gross profit

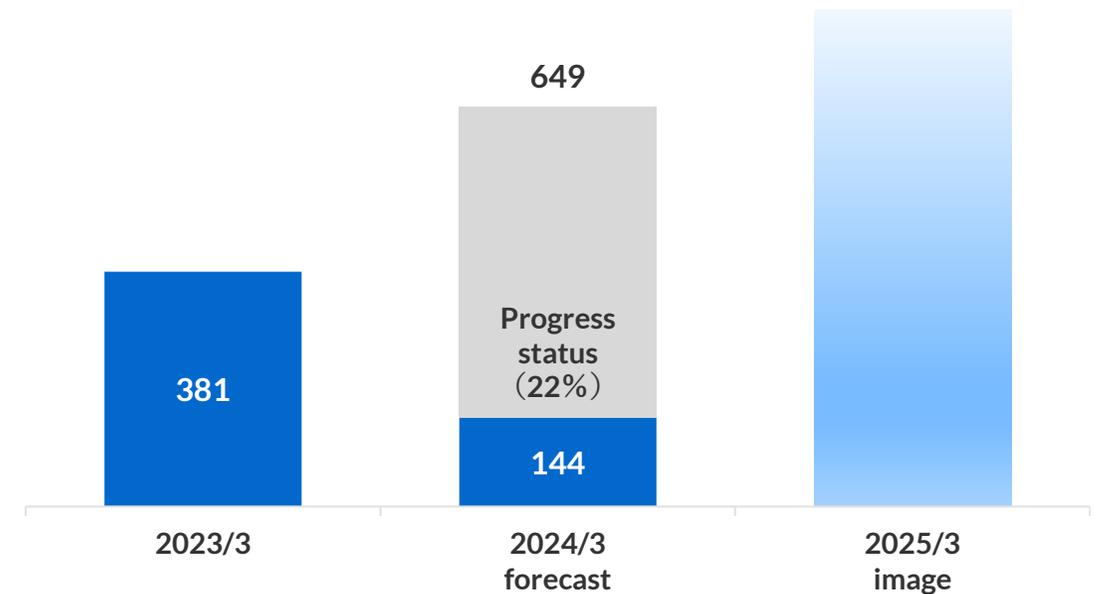
### Gross profit trends in Matching business

(Unit: Million JPY)



### Operating income progress in Matching business

(Unit: Million JPY)



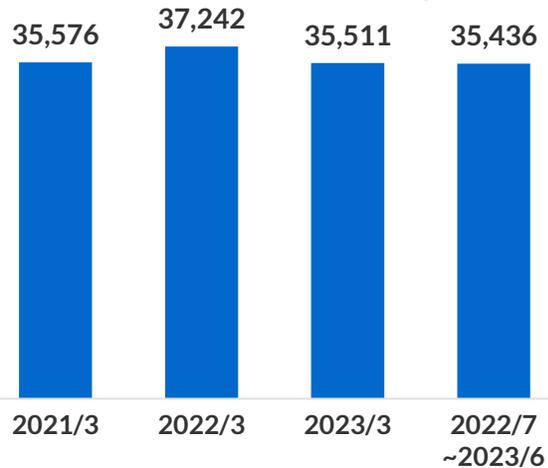
## Progress of Matching Business

New client acquisitions were in line with plans due to strengthened marketing. Growth in spend per client due to product improvement. Productivity improvement by strengthening the organizational structure is necessary to increase gross profit in the future

### Number of active clients

(Unit: Companies)

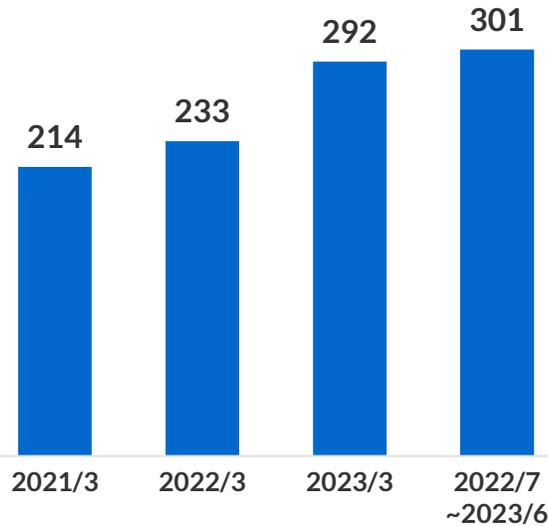
Contract termination of a client, which temporarily increased at the end of the fiscal year, is necessary to have an impact



New client acquisitions were in line with plans due to strengthened marketing

### Spend per client

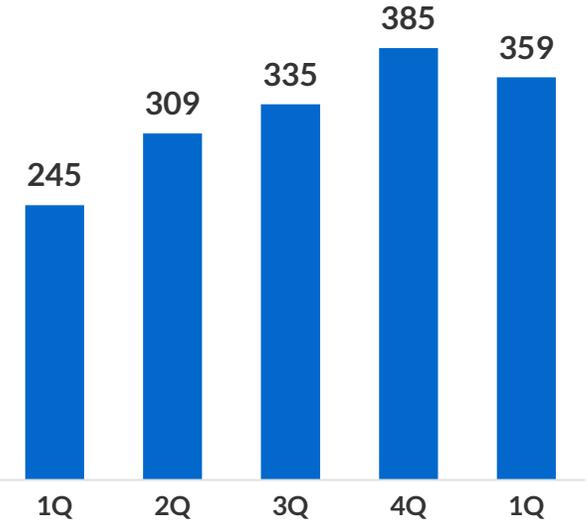
(Unit: Thousand JPY)



Increase in spend per client due to product improvements such as AI functions

### Gross profit per HC

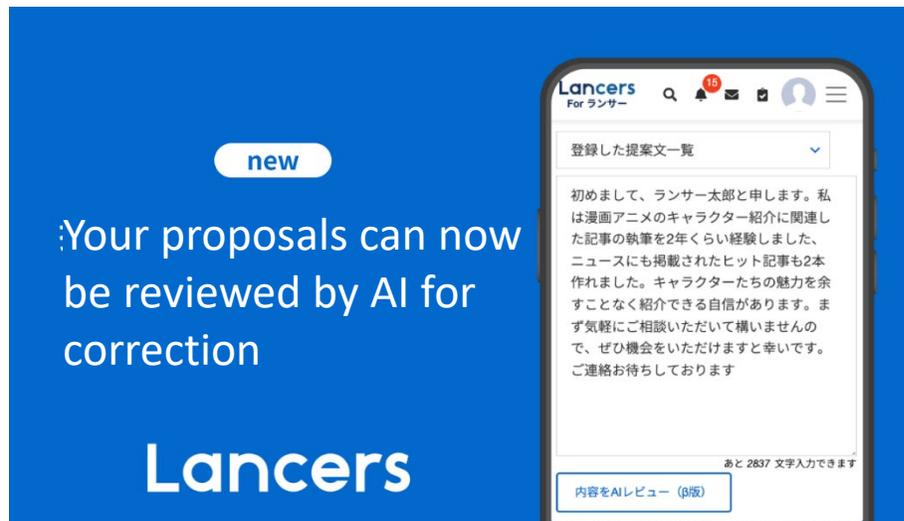
(Unit: Ten thousand JPY)



Structural reform is underway due to the need to improve productivity by strengthening the organizational structure

# Promote client use through product improvements, such as the addition of AI functions and AI-related job titles and skills

AI enables corrective review of proposals and more appropriate proposals to clients



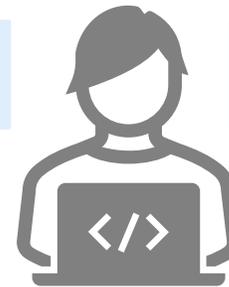
Adding AI-related jobs and skills to make the service easier for clients to find

Prompt Engineer

Opportunity Learning Engineer

AI Designer

Population Intelligence Engineer



12 AI-bases skills can be registered

AI development, AI tuning, ChatGPT, GPT-4, Midjourney, Stable Diffusion, DALL-E, Python, AI linguistic analysis, AI image production, AI video production, Figma

## Financial Results in 1Q of FY2024 (Consolidated)

**Company-wide GMV, gross profit, and operating loss are progressing as planned. Disciplined investment and productivity improvement measures are ongoing, and operating income is forecasted to be in the black in July. We are on track to achieve constant profitability from 2Q onward**

(Unit: Million JPY)	FY Ending March 31, 2024 (1Q)	FY Ending March 31, 2023 (Previous 1Q)		FY Ending March 31, 2024 (Forecast)	
	Actual	Actual	% YoY	Forecast	% Progress
GMV*	2,764	2,643	+4.6%	11,567	23.9%
Net sales	1,113	1,047	+6.3%	4,812	23.1%
Gross profit	553	498	+11.0%	2,379	23.3%
SG&A	607	635	△4.4%	2,339	26.0%
Operating income/loss	△54	△136	-	40	-
Ordinary income/loss	△54	△134	-	40	-
Net income/loss	△55	△136	-	38	-

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

## Balance Sheet for 1Q of FY2024 (Consolidated)

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

(Unit: Million JPY)	1Q of FY Ending March 31, 2024	FY Ending March 31, 2023 (Previous)	
	Actual	Actual	change
Current assets	2,122	2,216	△93
Cash and deposits*	1,347	1,295	+51
Non-current assets	842	857	△15
Goodwill	394	406	△12
Total assets	2,965	3,073	△108
Current liabilities	1,712	1,755	△43
Customer deposits	741	736	+5
Non-current liabilities	343	360	△17
Net assets	909	957	△47
Total liabilities/net assets	2,965	3,073	△108

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- 3 Topics for 1Q of FY2024**

## New Team Formed to Accelerate Working x AI Initiatives

Established “Lancers LLM Labs”, a team dedicated to generative AI and Large-scale Language Modeling (LLM), to develop new products and improve internal productivity



### Shingo Irie appointed as VP of Generative AI



< Profile >

- Founder of MENTA Co., Ltd.
- Joined Lancers Group in October 2020
- Resigned as Head of MENTA business due to taking on the responsibility of “Lancers LLM Labs”

#### Activities of Lancers LLM Labs

- LLM implementation and verification for Lancers related services
- Proposal of operational improvements to existing businesses to increase productivity
- Development and examination of new products utilizing LLM
- Provision of information on Working x AI, LLM

## Further business and management efficiency improvements will be initiated in conjunction with MENTA's reorganization

### Strengthening of our group structure

Absorption merger  
in October 2023



\*) After grouping Paraft Corporation in November 2017, the company changed its name

### Details of the merger

#### Purposes

- Integrate into the headquarters in line with organizational changes to improve business efficiency
- Review management resources, including admin costs, to improve management efficiency

#### Overview

- Dissolved company: MENTA Co., Ltd.
- Effective date: October 1, 2023
- Impact on financial results: Minor impact as the company is a consolidated subsidiary

## Released New Product Using LLM Technology

New release of PILE, a programming learning application, as an initiative of Lancers LLM Labs, a team specializing in generative AI. Improving the speed of development by technology



### Features of PILE, a programming learning application with LLM technology

1

#### App for learning anytime, anywhere

Learn programming skills on your smartphone

2

#### Content with short-time skimming

Loop learning in 5-10 min with explanations, 3-choice questions, and fill-in-the-blanks questions

3

#### Courses with high needs such as generative AI

13 skills from introduction to HTML/CSS to programming in ChatGPT available

# New partnership with Shizuoka Pref. to support diverse work styles within the region. Collaboration with local governments will continue to be strengthened

Shizuoka Pref. and Lancers collaborate to support diverse work styles



Local companies and stores in prefecture with demand for human resources



Request

Establishment of “Shizu-Work” to batch jobs in and out of the region



Posting of local and international projects linked to “Lancers” (including projects from our partner companies)

Register

Workers seeking diverse work styles



Partnerships with many municipalities and financial institutions nationwide

Partnership with 38 municipalities nationwide

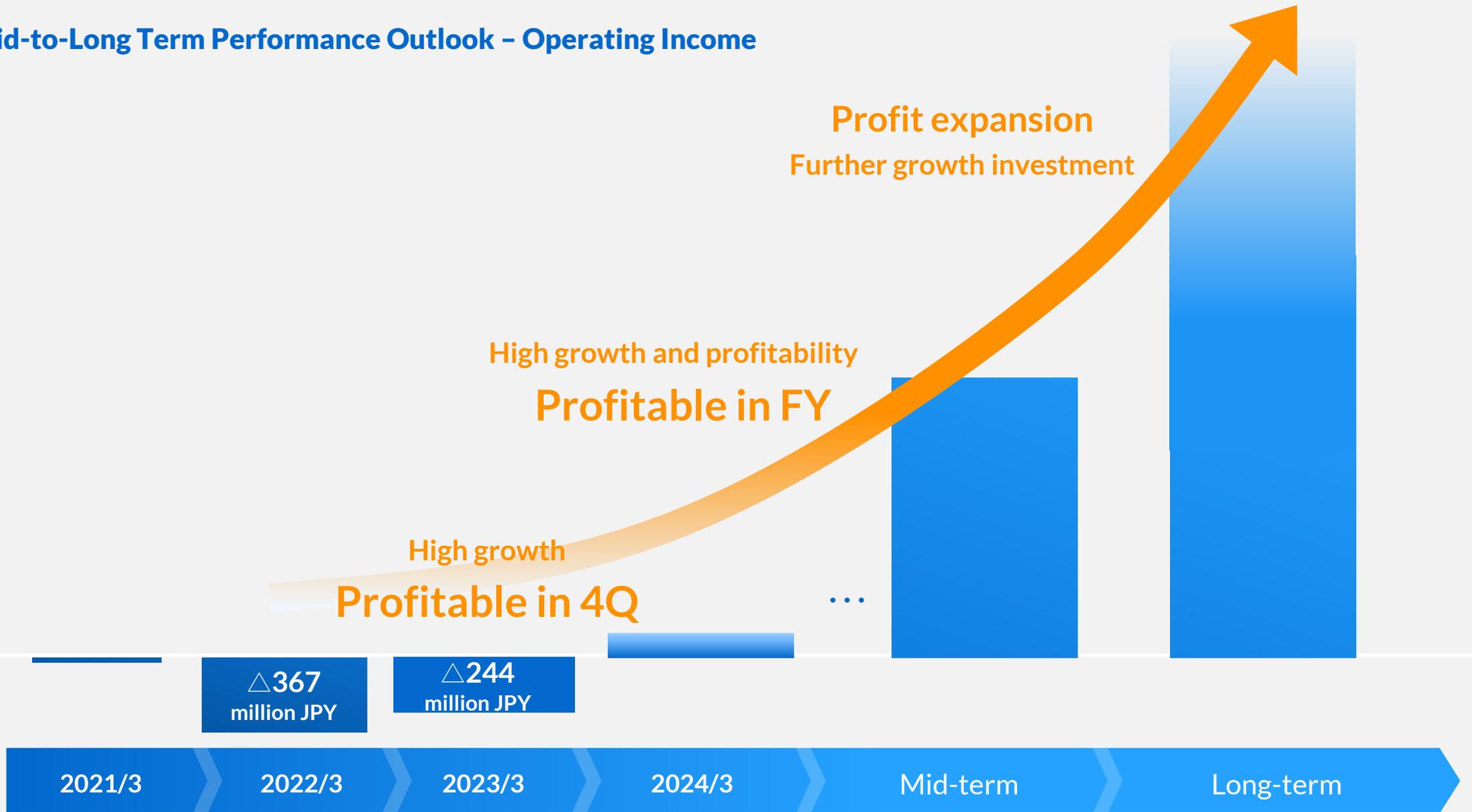


Partnership with 41 financial institutions\*



\*)8 financial institutions directly affiliated with the project, and 41 financial institutions affiliated with the project through the Strategic Center for Professional Human Resources in each prefecture in the professional human resources project promoted by the Cabinet Office.

# 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

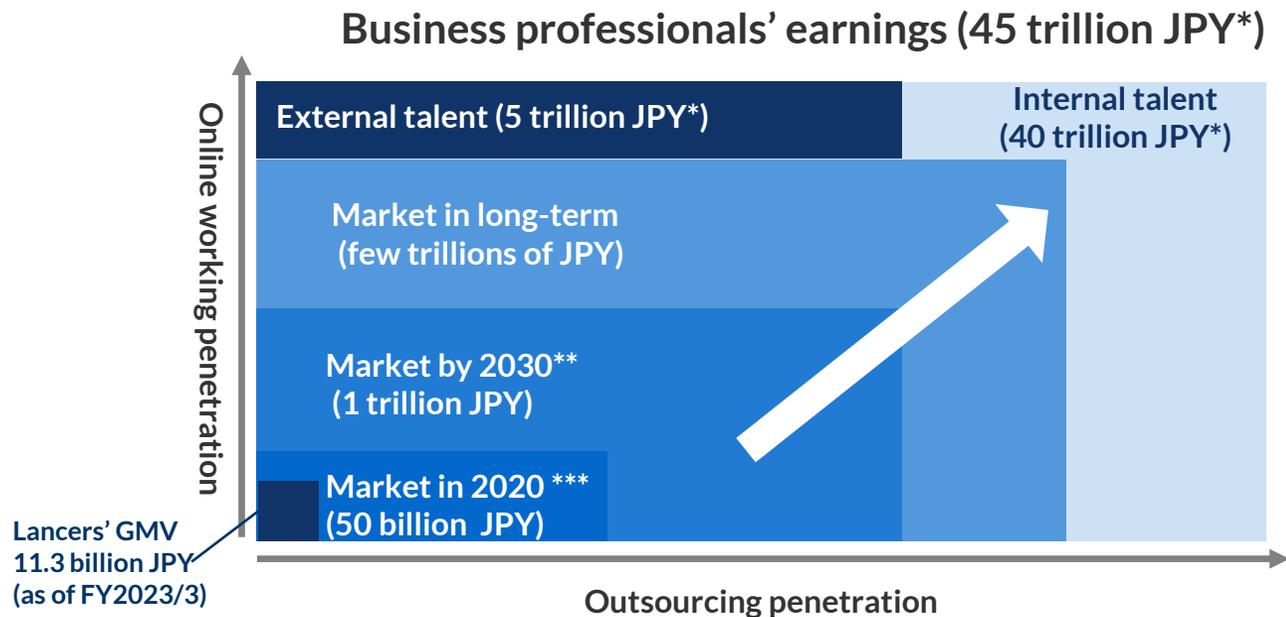
## 3 Mid-Term Business Policy

## 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

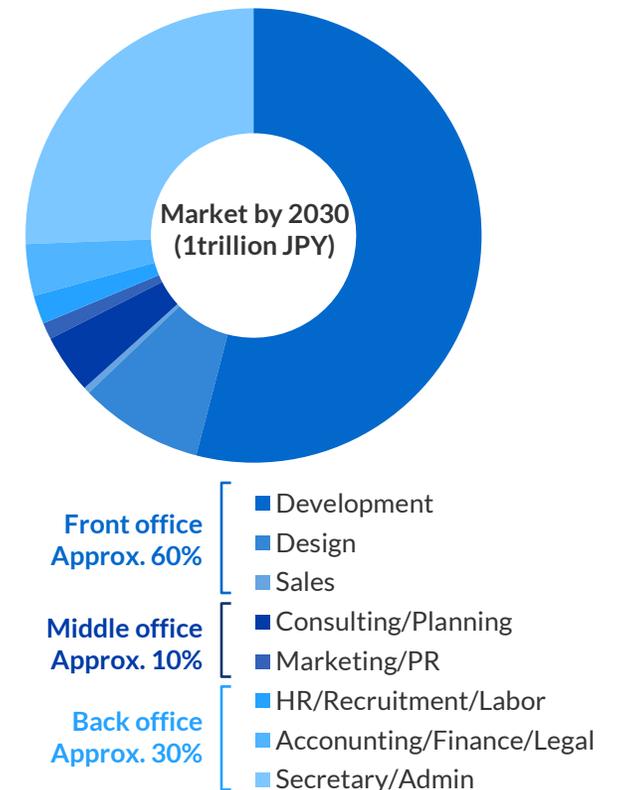


\*) Calculated market size referring to 2015 National Census, 2016 Economic Census, Specified Service Industry Dynamic Statistics Survey August 2020, Reiwa 1st Annual Wage Structure Basic Statistics Survey, Yano Research Institute "2020-2021 BPO (Business Process Outsourcing) Market" Actual conditions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

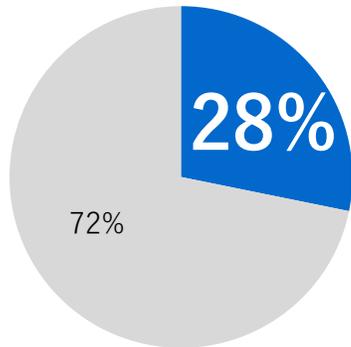


# Flexible working options increase as people take on second jobs while working full-time, and the spread of online work allows for greater flexibility in where they work, increasing the mobility of HR

\*) 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

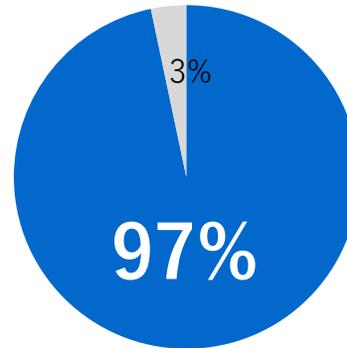
■ Full-time employees with a second job ■ Other freelancers



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

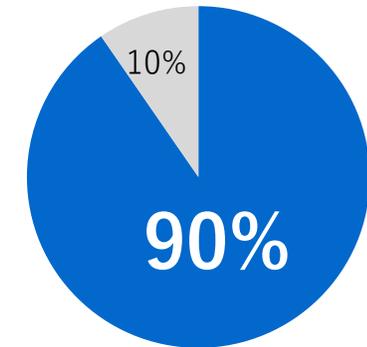
■ Want to continue working on the side ■ Do not want to continue working on the side



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

## Transformation of workplace

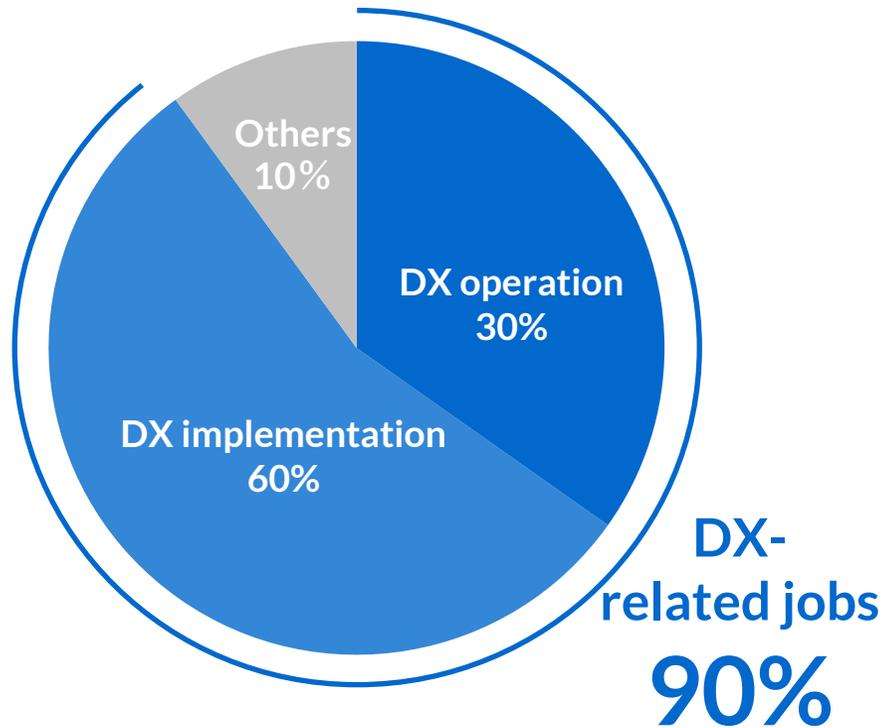
■ Outside the office ■ At the office



Outside the office environment account for about 90%

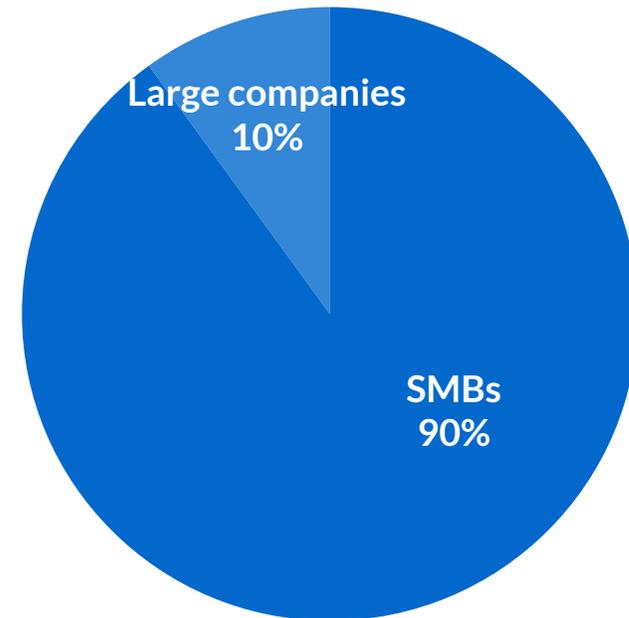
## Lancers' main customers are SMBs, most of whose business needs are DX-related

GMV by job category\*



\*) Percentage of Lancers' GMV

GMV by client business size\*



\*) Percentage of Lancers' GMV

## Changes in Business Segments

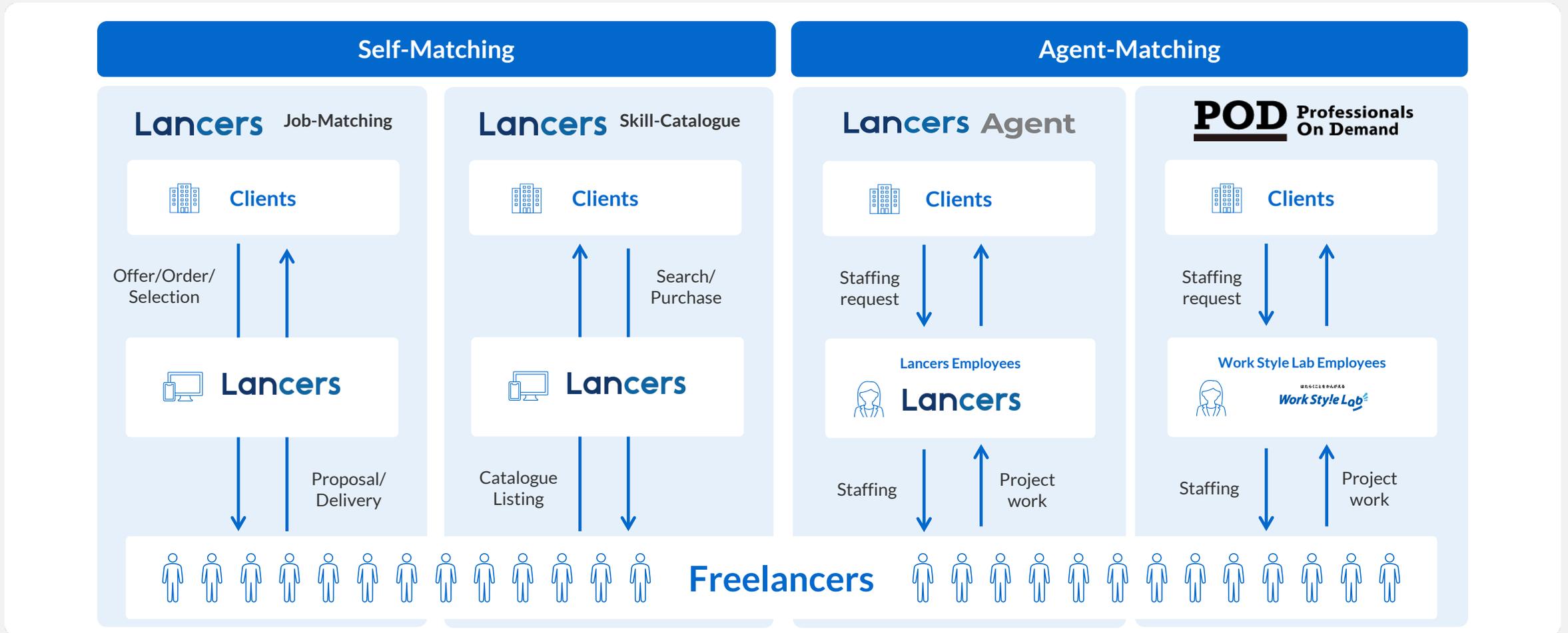
Judging that it is important to consolidate and effectively utilize multiple services, consolidated them into a single matching business

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>



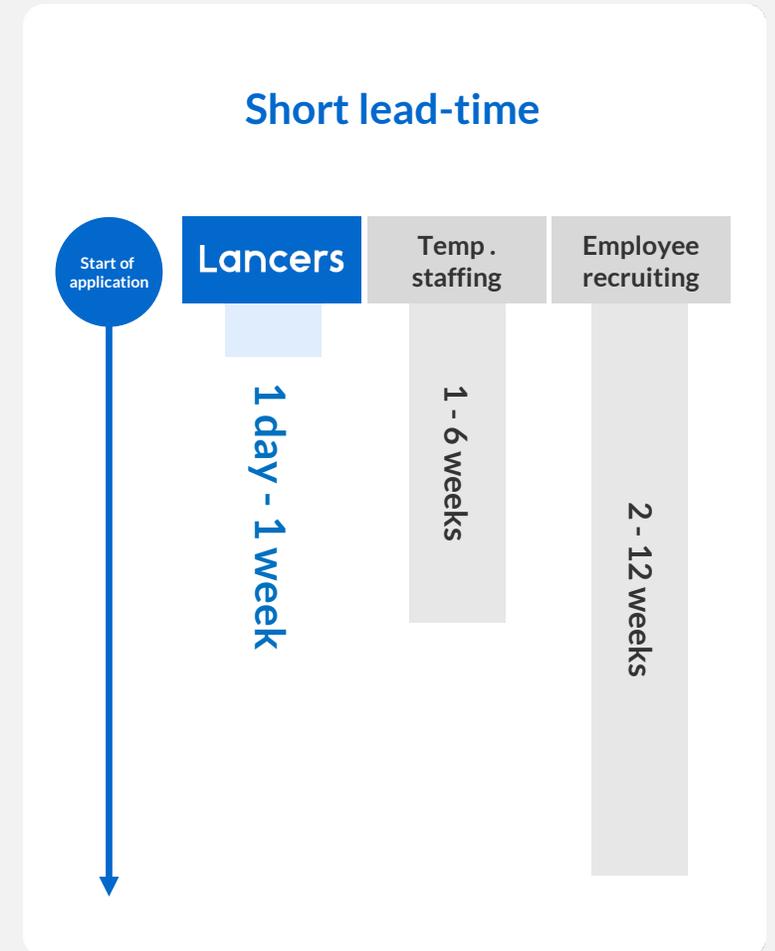
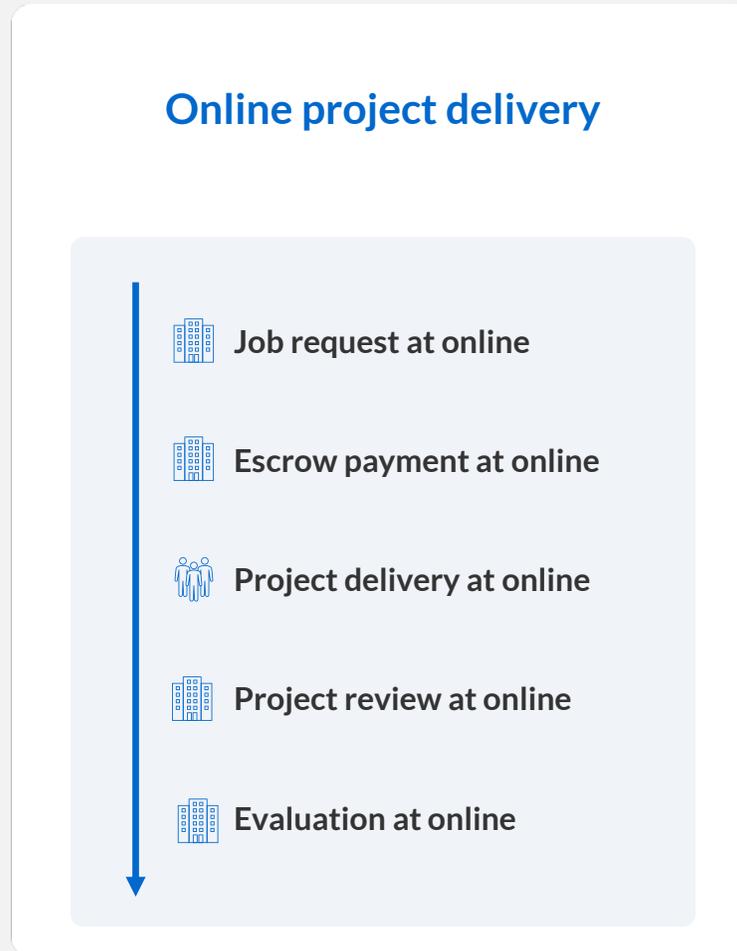
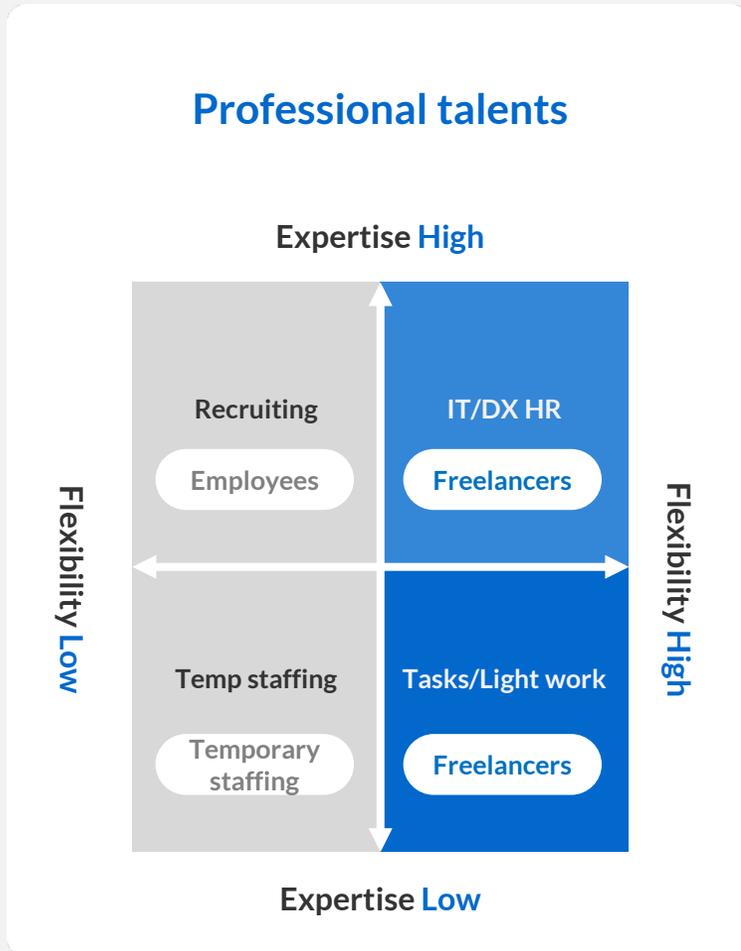
After change (FY2024)	
Business segment	Main services
Matching business	<b>Lancers</b>
	<b>Lancers Agent</b>
	<b>POD Professionals On Demand</b>

Although we integrated into a single matching business, there are 2 methods of matching: self and agent. Multiple service windows available depending on client needs



## Differences from Traditional Staffing Services

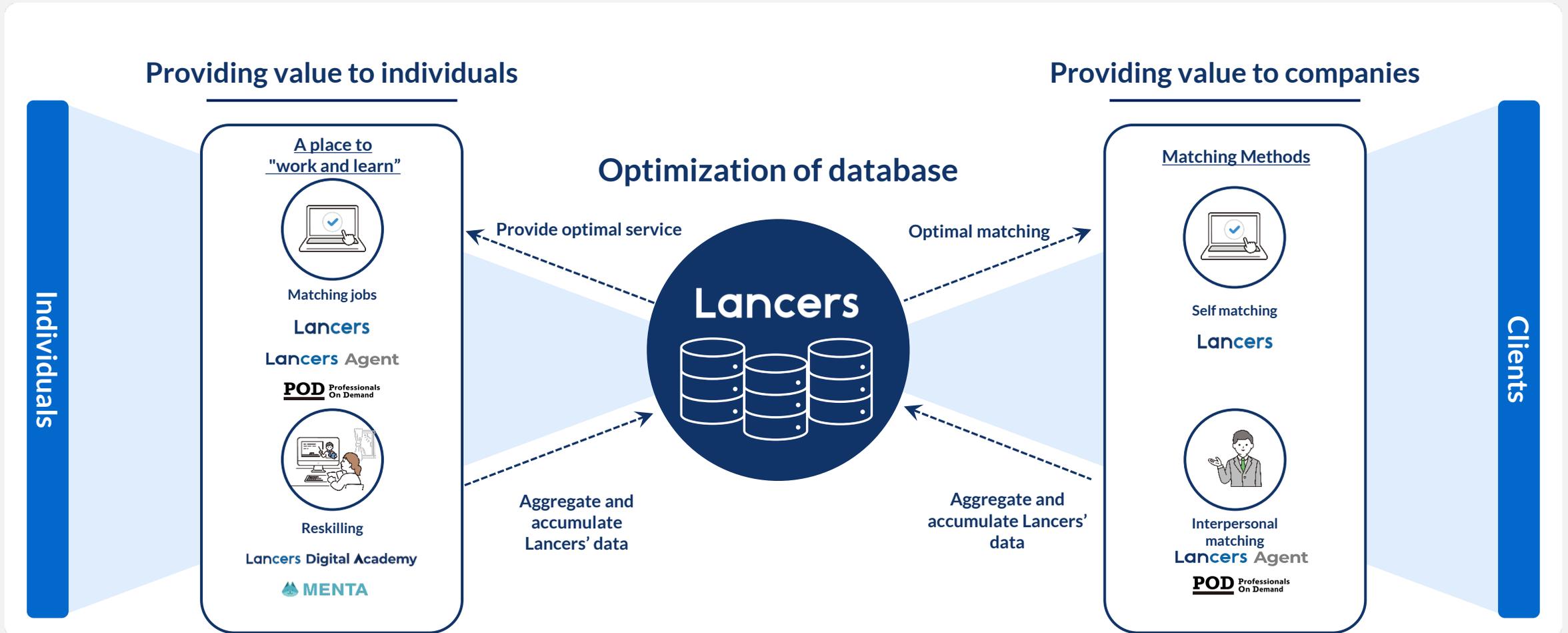
Provide online job platform matching professional talents, with much shorter lead-time than traditional staffing services



- 1 Details of Our Services
- 2 Details of Our Performance**
- 3 Mid-Term Business Policy
- 4 Sustainability Initiatives and Others

## Policy for the Current Term: Towards an Optimized Matching Platform

More coordination between services and optimization of databases to increase matching efficiency



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

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

#### Business policies

- By integrating into a single matching business and strengthening the linkages between services, we aim to increase management and business efficiency and further expand our growth and profitability in the next fiscal year and beyond

#### Main strategies

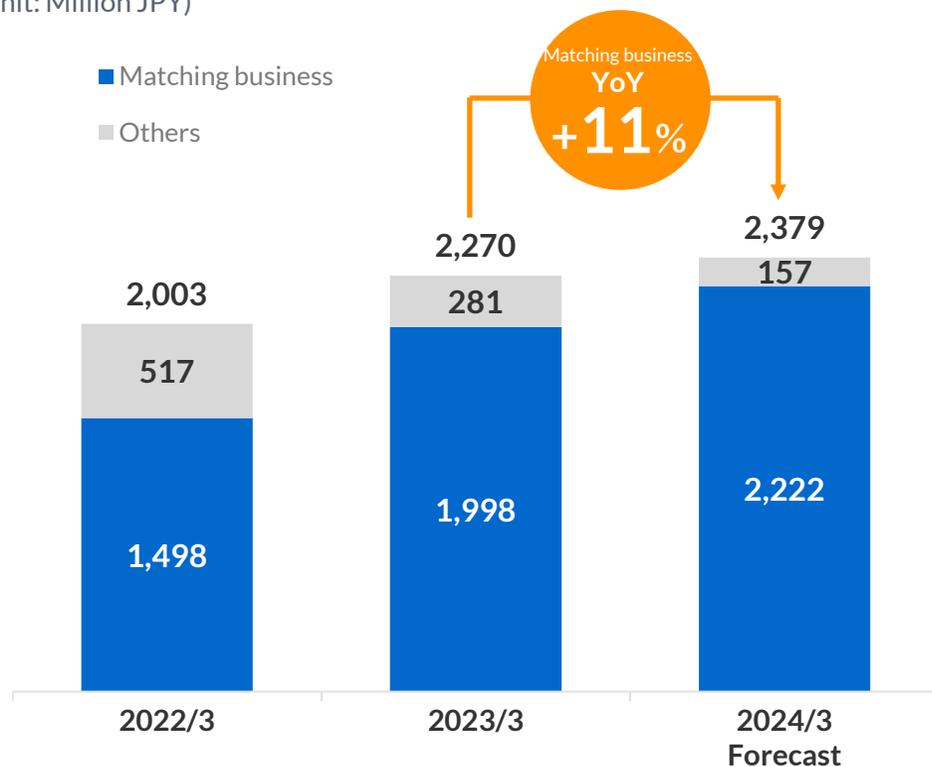
- Expanding the number of new clients by strengthening marketing
- Product improvements to update customer experience and increase the amount spent by clients
- Strengthening the organizational structure to improve productivity and increase gross profit per HC

## Company-Wide Gross Profit and Operating income Trends

Gross profit in Matching business is +11% YoY, while company-wide operating income is targeted at 0.04 billion JPY

### Changes in company-wide gross profit

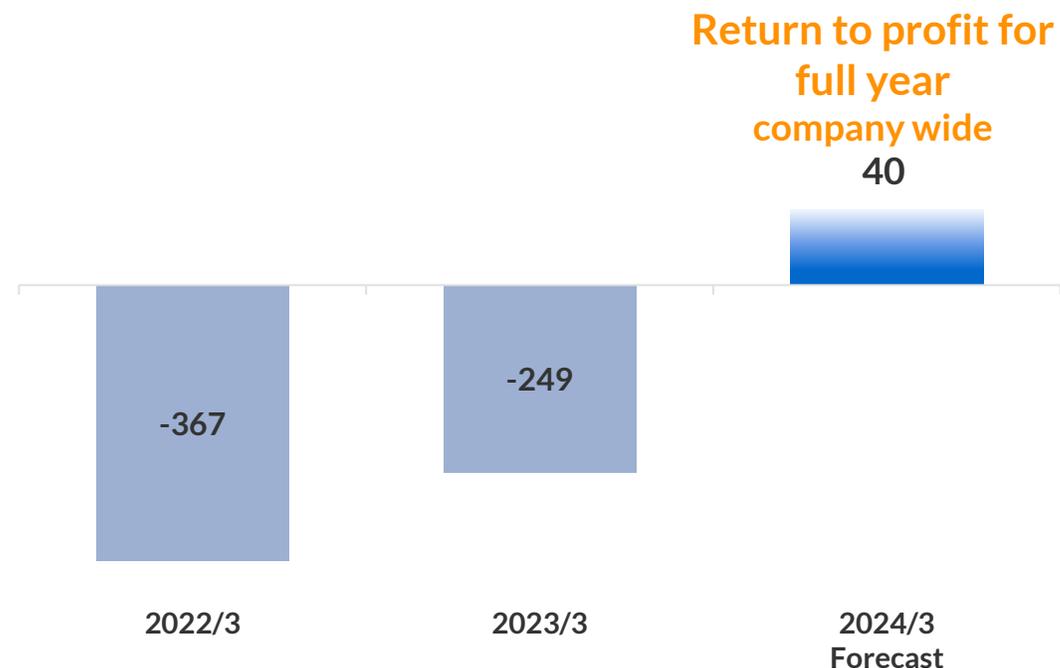
(Unit: Million JPY)



※Consolidation adjustments are not shown

### Changes in company-wide operating income

(Unit: Million JPY)

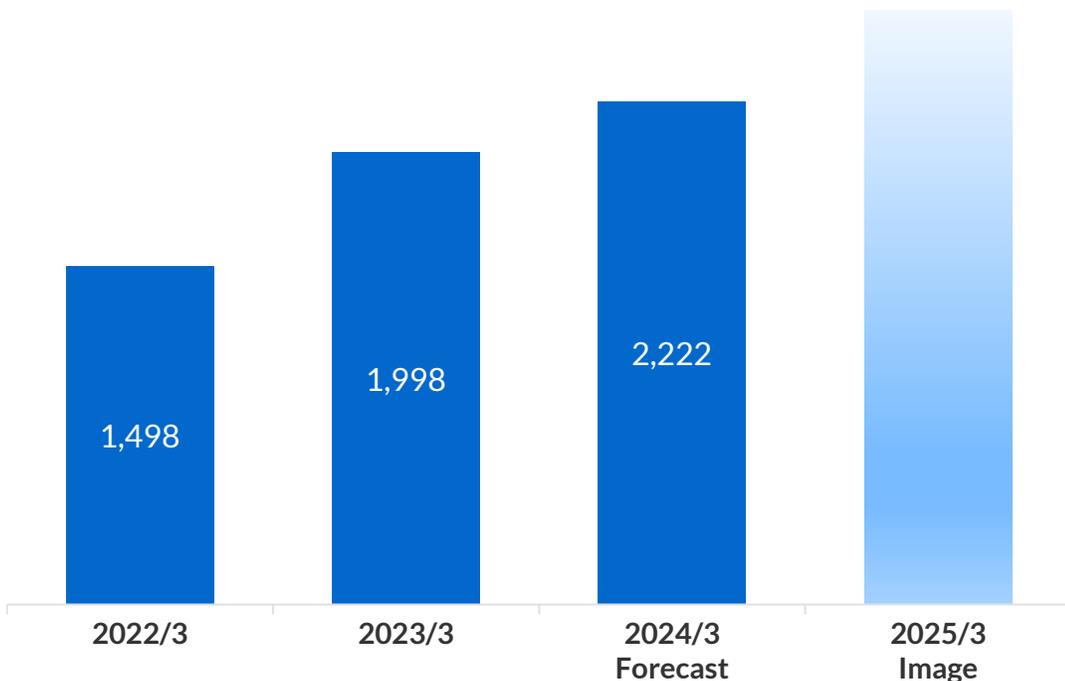


## Gross Profit and Operating income of Matching Business

Aiming to accelerate growth by strengthening the linkages between services and to achieve operating income of 649 million JPY, a significant improvement in profitability of +70% YoY

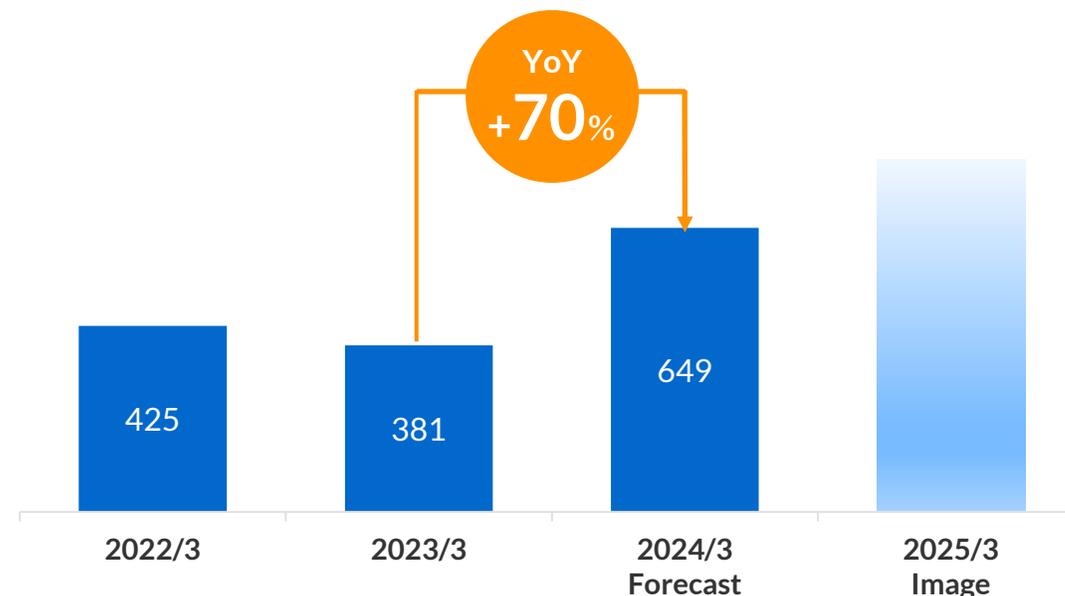
### Gross profit in Matching business

(Unit: Million JPY)



### Operating income in Matching business

(Unit: Million JPY)



## Forecast for FY Ending March 31, 2024

**Gross profit grew by 5% YoY, considering the impact of business withdrawals and recessionary risks. Productivity improvement initiatives will continue, with profitability expected to return to the black for the full year**

(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.

## 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

		FY2021				FY2022				FY2023				FY2024
(Unit: Million JPY)		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
GMV	Matching business	1,760	1,851	1,950	2,057	2,070	2,122	2,208	2,288	2,381	2,599	2,669	2,746	2,686
	Others	298	367	461	531	418	443	373	411	262	234	228	231	78
	Consolidation Adjustments*	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross profit	Matching business	309	320	338	359	359	367	384	386	432	489	513	562	521
	Others	118	145	152	184	122	142	113	138	68	70	75	67	32
	Consolidation Adjustments*	0	-1	-1	-1	-1	-3	-4	-4	-2	-2	-2	-2	0
Segment income	Matching business	126	124	155	179	151	123	99	51	58	25	99	197	144
	Others	-11	12	0	18	-10	10	-17	12	-23	-12	3	-5	-26
	Shared Costs and Consolidation Adjustments*	-130	-136	-155	-147	-181	-204	-203	-198	-171	-122	-162	-137	-171

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

## Financial Results by Segment\* for 1Q of FY2024 (Single Quarter)

### Against forecast, GMV, gross profit, and operating income progressed as planned

\*) Based on management accounting standards

	1Q(single quarter) of FY Ending March 31, 2024			FY Ending March 31, 2024 (Forecast)		
	GMV* (YoY)	Gross profit (YoY)	Operating/ Segment income	GMV %Progress	Gross profit %Progress	Operating/ Segment Income %Progress
(Unit: Million JPY)						
Matching business	2,686 +12.8%	521 +20.7%	144	24.0%	23.5%	22.2%
Others**	78	32	△26	-	-	-
shared cost***	0	0	△171	-	-	-
Company-wide total	2,764 +4.6%	553 +11.0%	△54	23.9%	23.3%	-

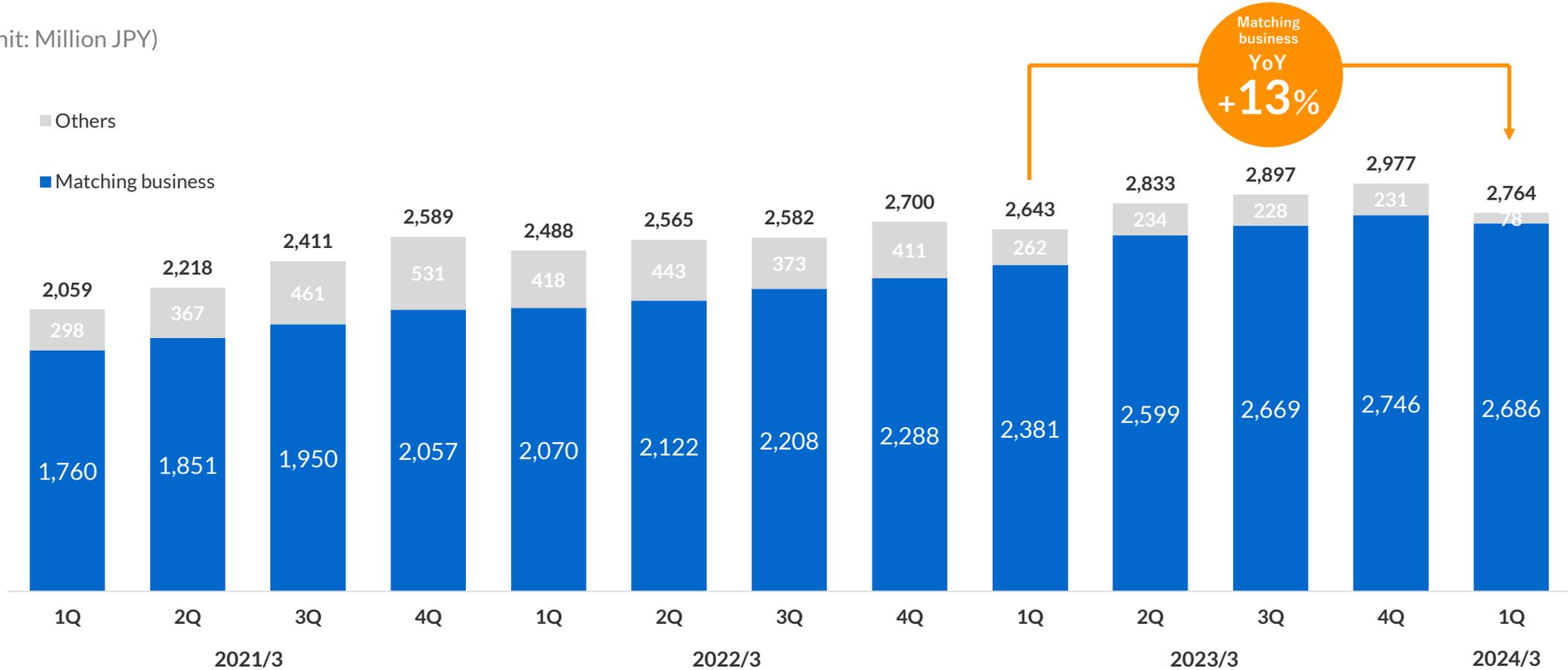
\*) Based on in-house management materials and is not an audited number

\*\*\*) 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

GMV of Matching business grew by 13% YoY

(Unit: Million JPY)

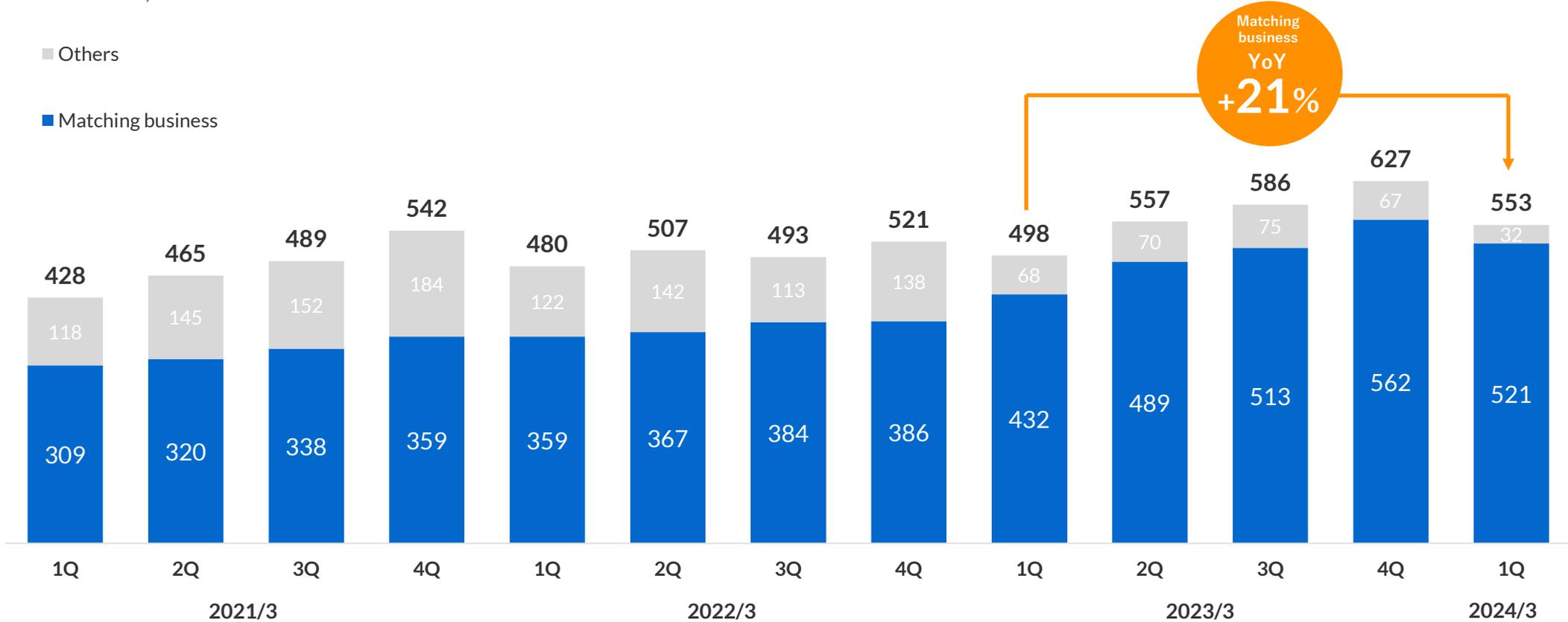


## Gross Profit (Consolidated)

Gross profit of Matching business increased by 21% YoY.

(Unit: Million JPY)

- Others
- Matching business



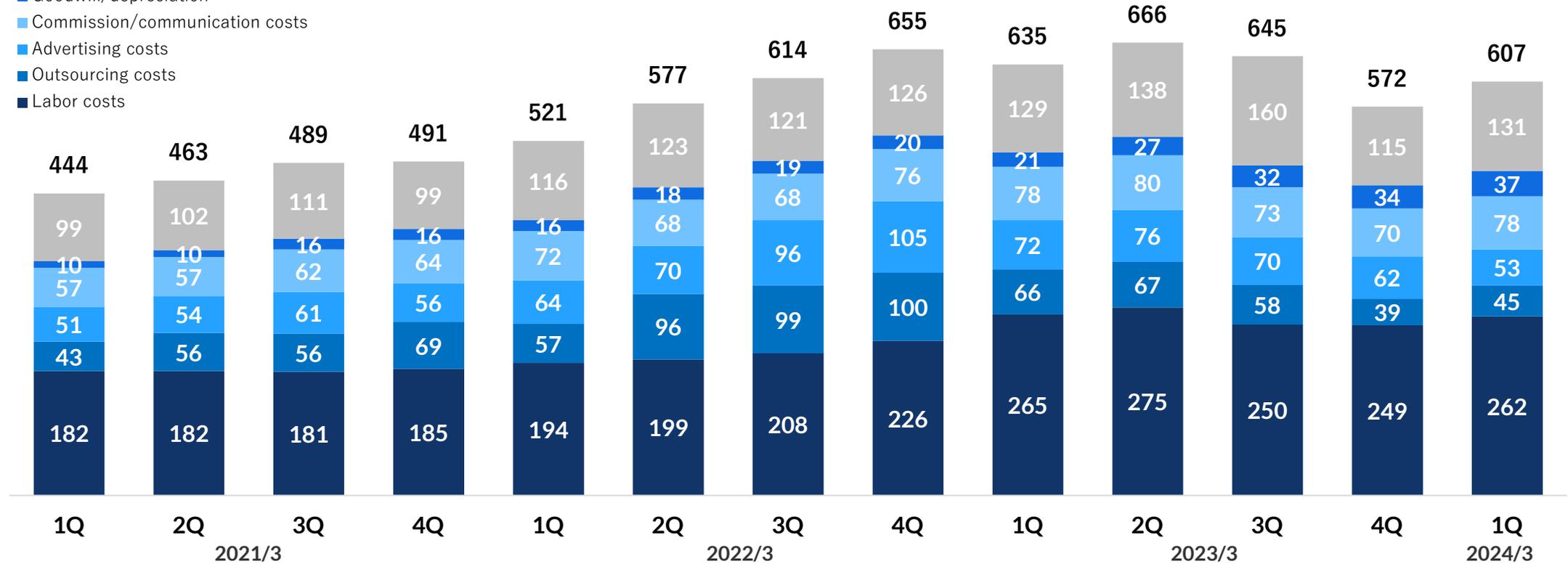
※Not shown if consolidation adjustment is negative

## SG&A Expenses (Consolidated)

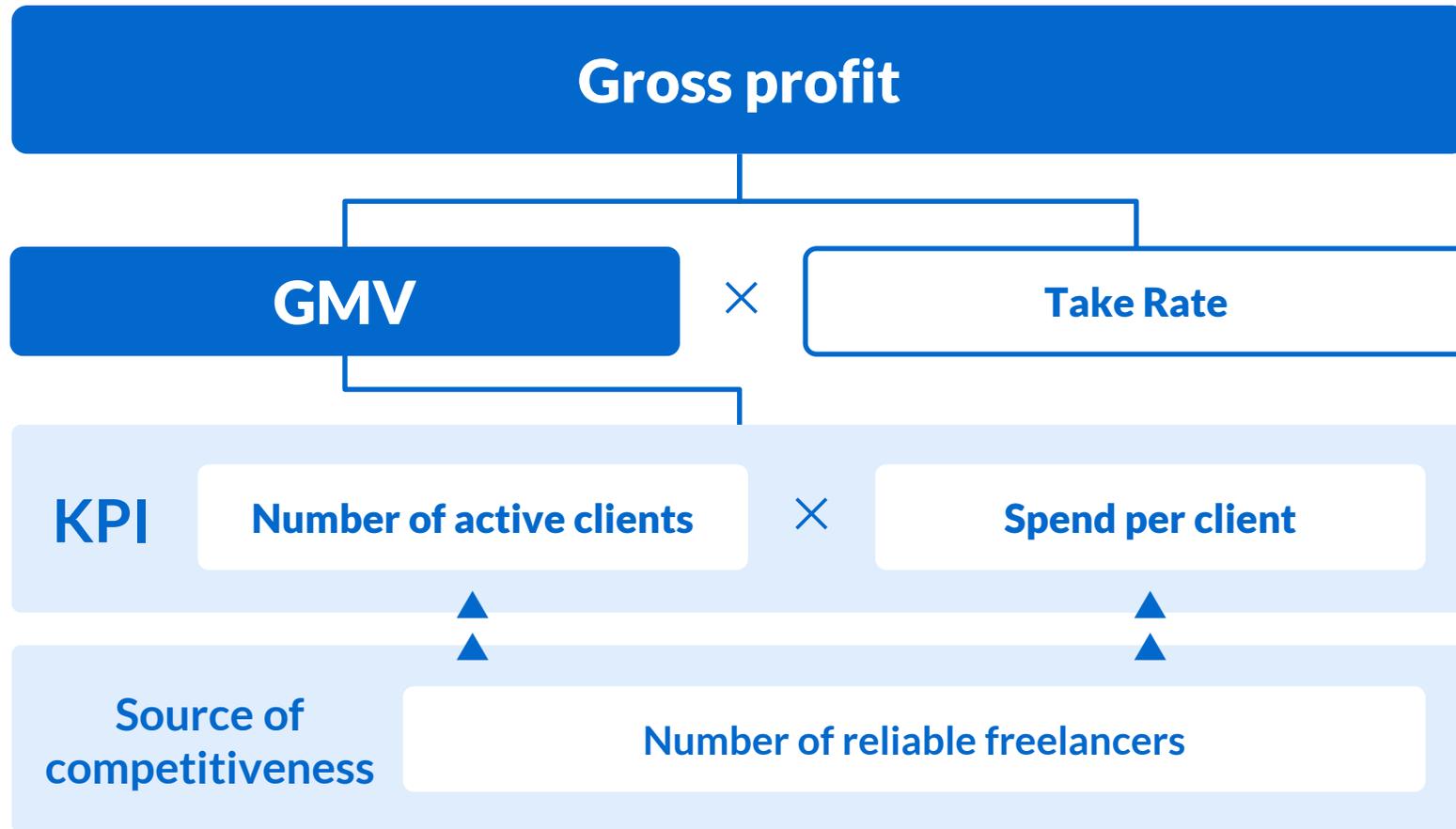
Finished at 607 million yen due to one-time costs and timing delays

(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



- 1 Details of Our Services
- 2 Details of Our Performance
- 3 Mid-Term Business Policy**
- 4 Sustainability Initiatives and Others

**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.**

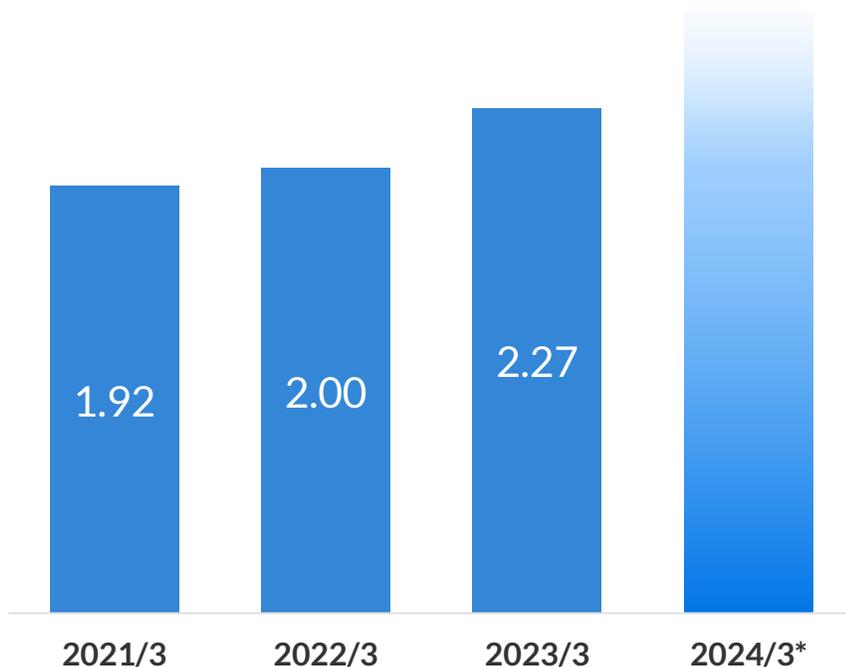
**Return to profitability in 3 years while continuing investment**

\*) 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](#)

- 1 Details of Our Services
- 2 Details of Our Performance
- 3 Mid-Term Business Policy
- 4 Sustainability Initiatives and Others**

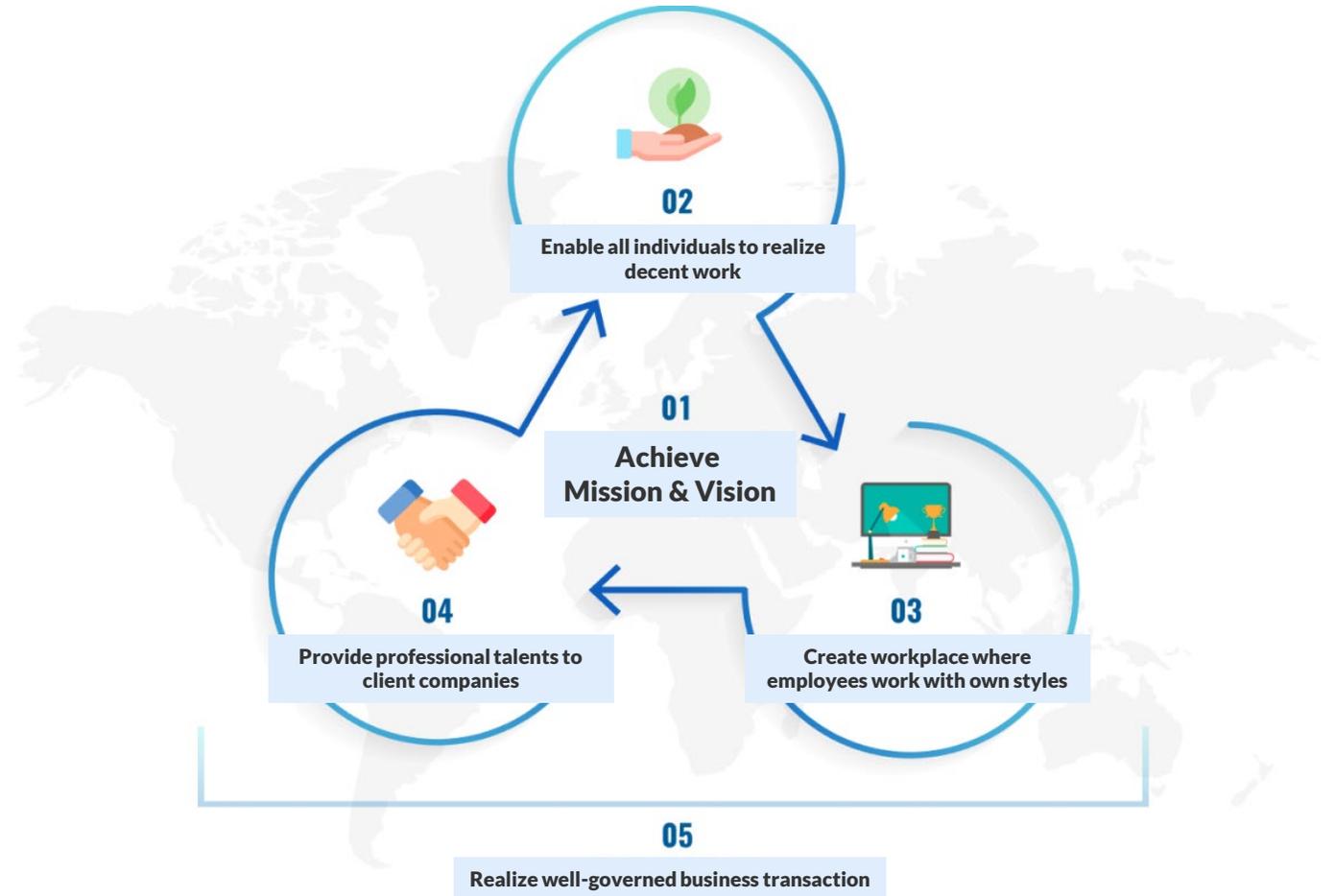
# Sustainability

**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”

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

**77** %\*



Clients based in Tokyo

**56** %\*\*



\*) GMV of "Lancers", the ratio of GMV of Lancers whose place of residence is other than Tokyo (April to June 2023).

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

