



Lancers

Materials about Growth Potential

Lancers, Inc.

(Tokyo Stock Exchange Mothers : 4484)

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
Staffs	c.200 employees* (as of the end of November, 2019)
External shareholder (as of the end of November, 2019)	       

*) 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-timers, part-time workers)

Yosuke Akiyoshi
Founder and CEO



Etsuko Okajima
Outside Director



Hideaki Sone
Managing Director
Executive Officer
Strategy



Takeyuki Kato
Outside Director



Nobuhiko Goto
Managing Director
Executive Officer
Online Matching,
Engineering



Providing matching services for freelancers since 2008

Clients (Employers)



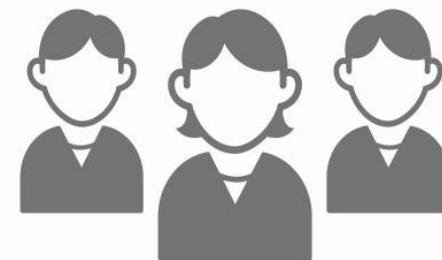
Benefits

- Being able to secure the necessary resources whenever needed
- Order can be placed for relatively low fees and shorter time



Lancers

Freelancers (Contractors)



Benefits

- Being able to
- choose projects that fit their skills
 - work whenever & wherever they want
 - Increase income

Handling various work from system development to back office

Expanding

System development /Web Designs

System Development



**Web development/
programming**
Modifying functions,
business tools, settings,
etc



iPhone/iPad app
App development and
modification, etc

Web Designs



Creating homepage
Design new homepage,
modify homepage, etc



**Making CMS/
Introducing WordPress**
Creating WordPress
websites, renewal, plug-in,
etc

Writing



Article writing for blogs
Articles for owned media,
blogs, introducing items,
etc



DM/mail magazines
Creating step mails,
FAXDM, mail magazines,
etc

Writing

Creative

Other Designs



Creating logos
Designing logos, etc



**Creating business
cards**
Designing business cards,
etc

Image/Videos/Narrations



Video production
Editing YouTube videos,
promotion videos,
advertising, etc



Image editing/assets
Retouch, clipping
background, subtitles etc

Tasks



Data entry/create lists
Collecting URLs, corporate
and item research, etc



**Monitoring
questionnaires**
Gathering data from
questionnaires, etc

Tasks

Expanding

Back Office

Consulting



Business consulting
Entrepreneurship,
corporate analysis,
planning, etc



Web/IT consulting
Attracting customers, SEO
consulting, KPI etc

Administration



Creating PowerPoint
Marketing materials,
manuals, designs, etc



Excel designs
Data entry, create lists,
input data, etc

Translation



English translation
Translating contracts,
pamphlets, manuals, etc



Chinese translation
Translating contracts,
pamphlets, manuals, etc

1

Potential for Target Market

2

Freelance Platform provides Highly-Priced Projects

3

Mechanisms and Technologies establish Reliability

4

From Investment Phase to Revenue-Generating Phase

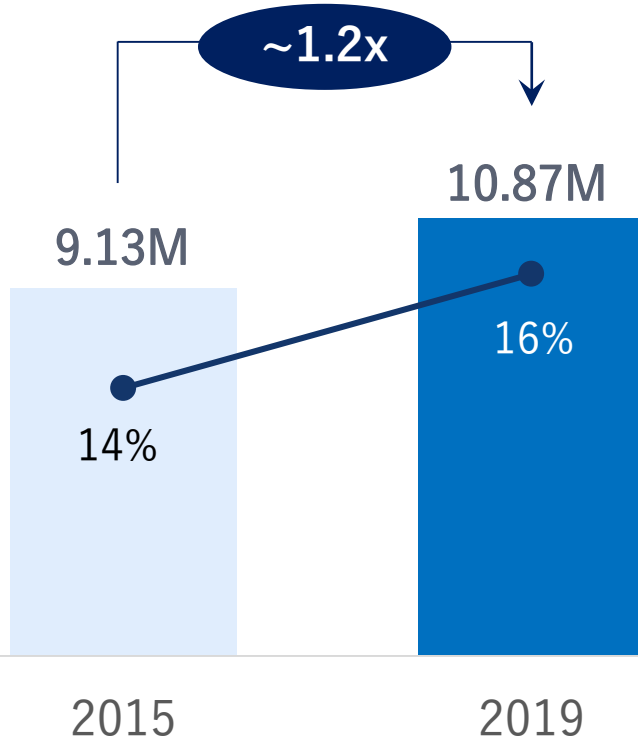
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Business Growth accelerated by Enterprise service

The number of freelancers has grown by 1.2 times over 5 years. Economic scale of freelancing is estimated approximately 20 trillion* JPY

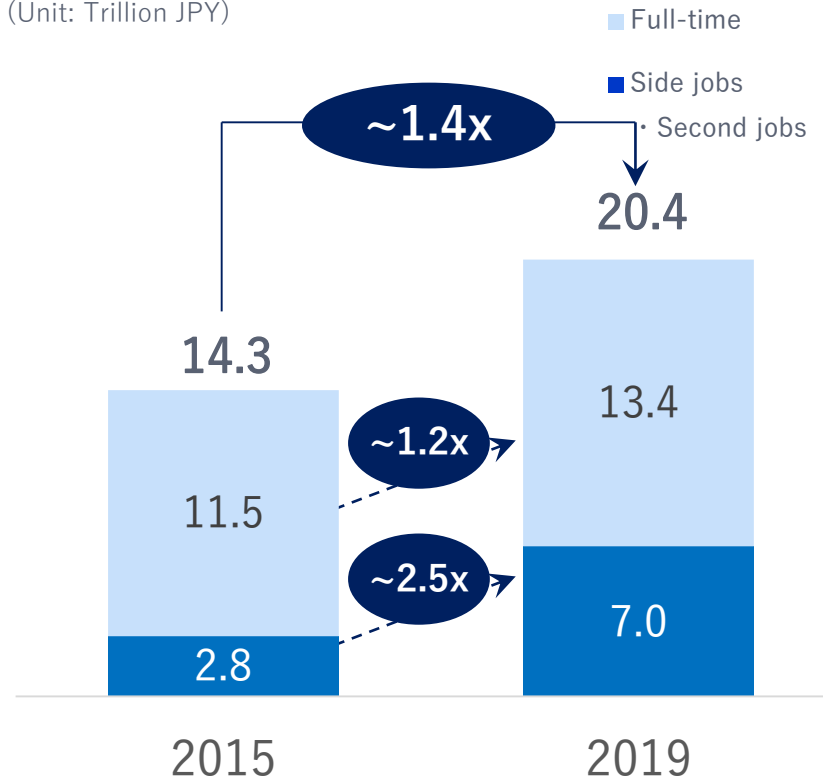
Freelance population and ratio of number of employed workers

(Unit: Million people)



Economic market scale for freelancers

(Unit: Trillion JPY)



*) "Freelance Survey 2019" was conducted in Feb, 2019 for men and women between the age of 20 and 69 who received reward for work in the past 12 months, and was answered by 3,000 people.

More actions are taken for side jobs at government, company and individual levels

Government's actions



“Expansion of side jobs” is a pillar of Japanese growth strategy

Outline of effective growth strategy plan

Chapter 1 Fundamental perspective

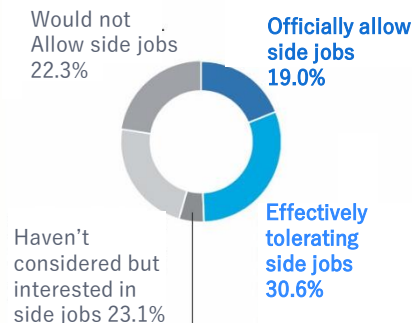
- (1) Background
- (2) Government and policy reforms
- (3) Organizational reforms
- (4) People reforms
 - Creating jobs with high added value
 - Expansion of flexible and diverse work styles
 - Expansion of side jobs and second jobs
 - Provision of infrastructure to expand diverse work formats
- (5) Promoting open innovation

Companies' actions



Japanese companies promote side jobs

Change in companies' opinion on side jobs



Considering allowing side jobs 5.0%

(Note) Response from 121 1st section listed companies

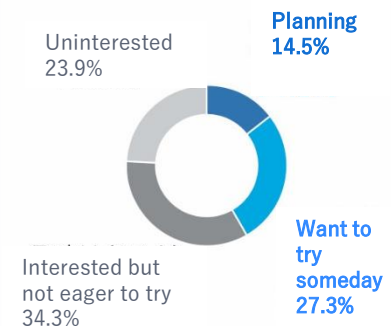
Source An article from 2019 May 20th, The Nikkei

Individuals' actions



40% of employees are interested in side jobs

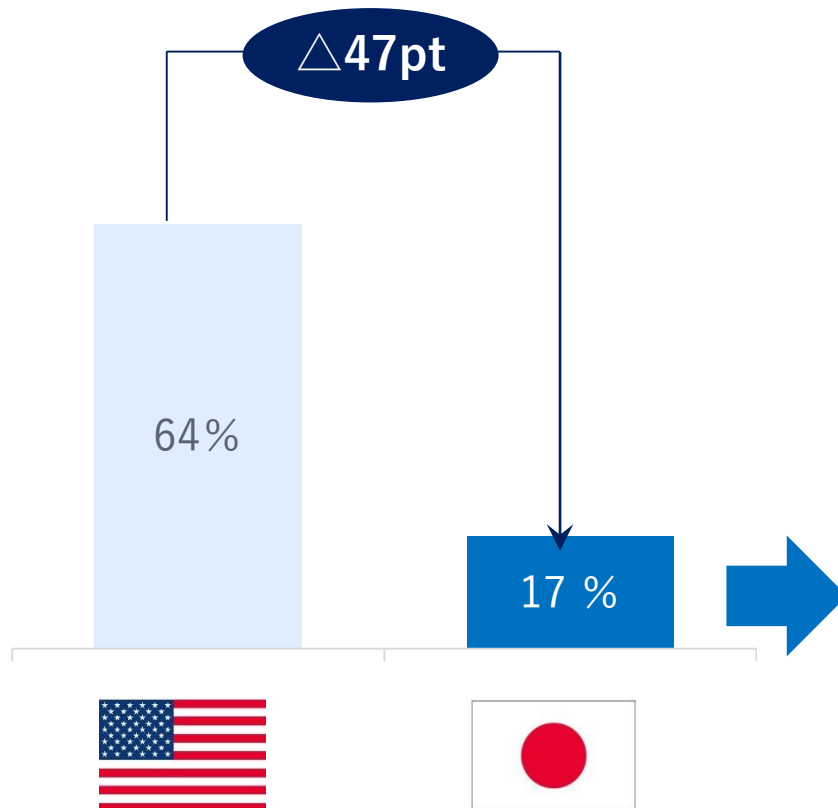
Percentage of employees considering having side jobs



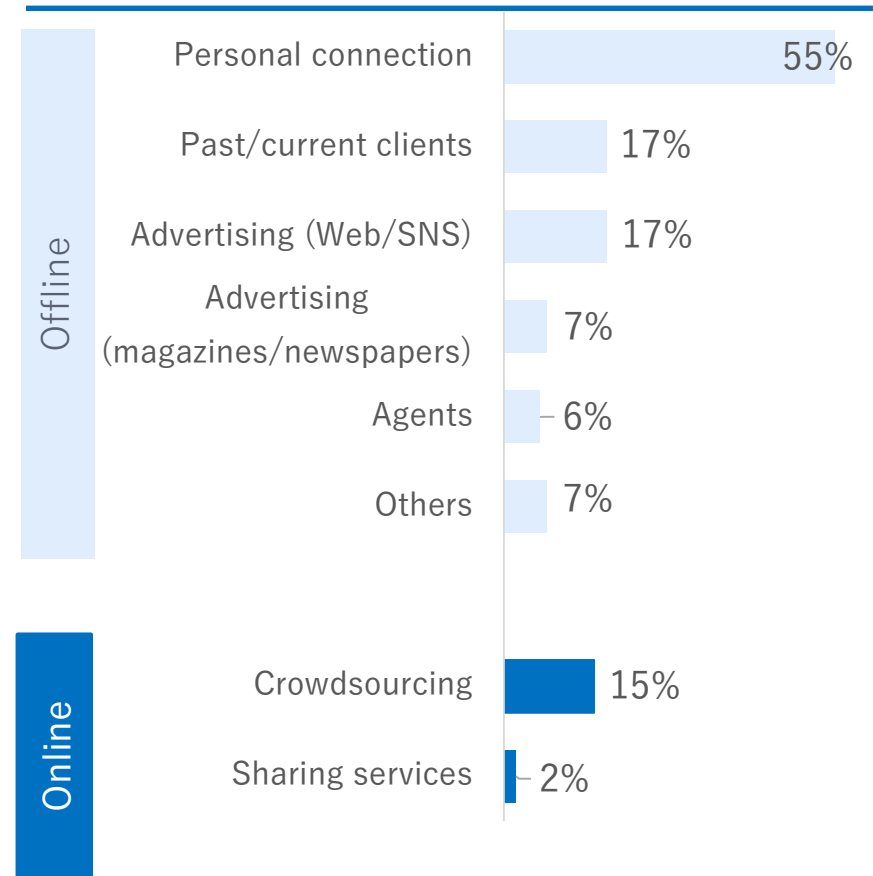
Source) Professional & Parallel Career Freelance · Association "Freelance White Paper 2018"

The rate for finding jobs online for freelancers is extremely low in Japan

The rate of online freelance work in Japan



Work acquisition routes for freelancers



Source) Our group "Freelance Survey 2019" , Upwork "Freelancing in America 2018"

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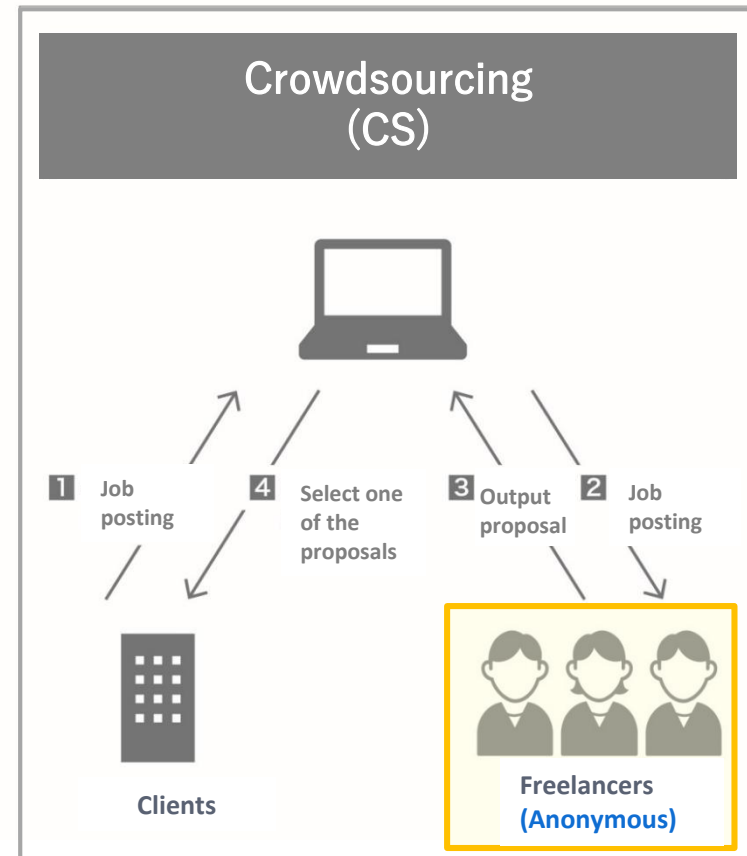
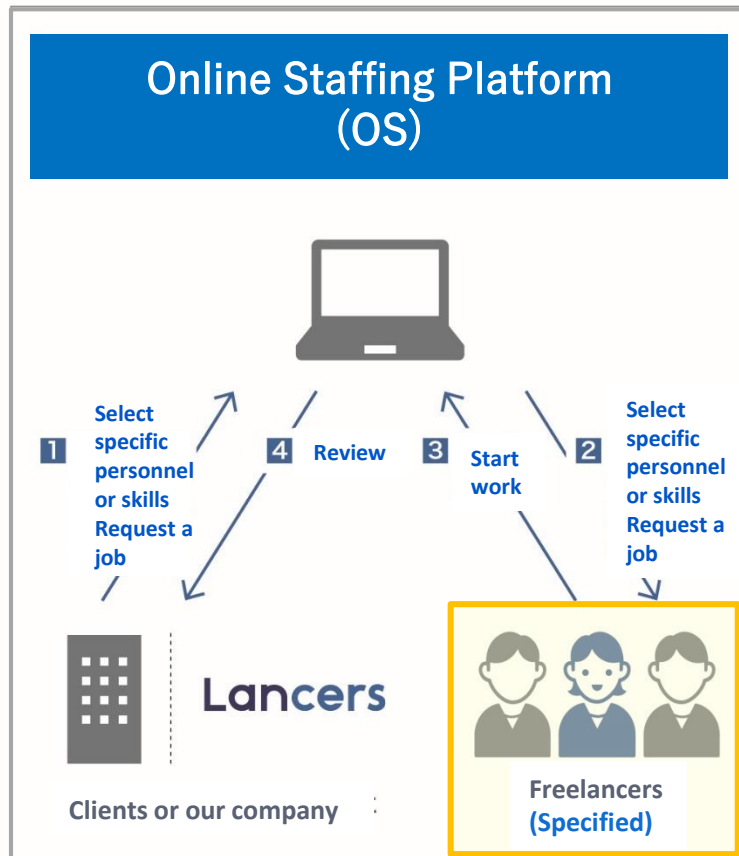
From Investment Phase to Revenue-Generating Phase

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Business Growth accelerated by Enterprise service

Crowdsourcing (“CS”) and Online Staffing Platform (“OS”)

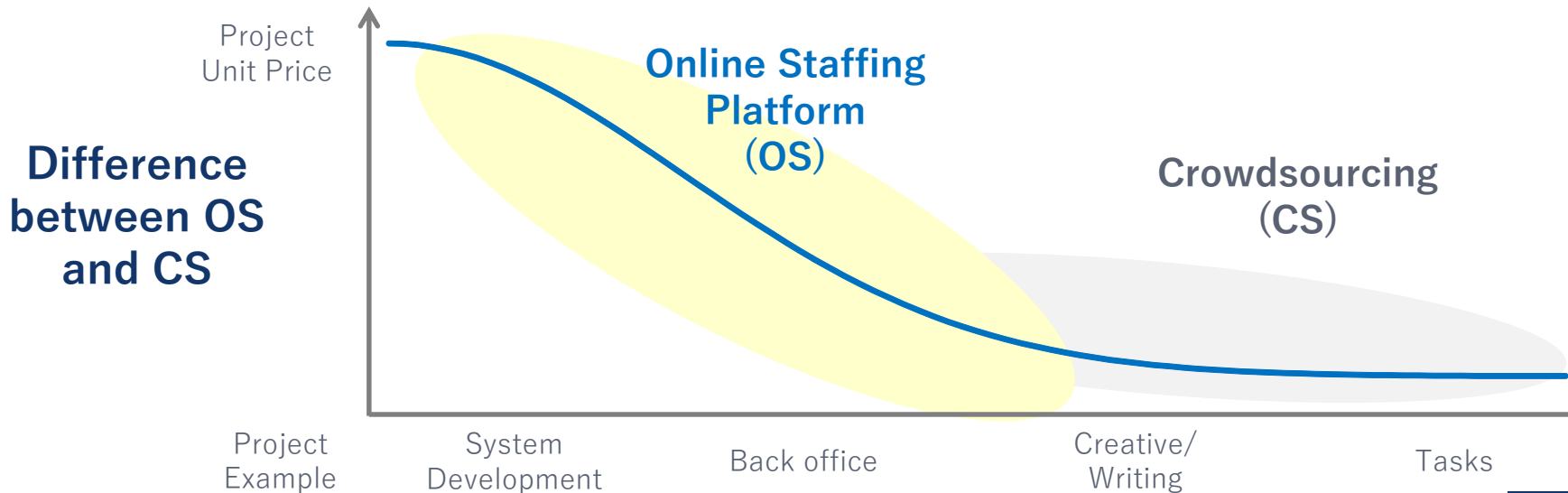
CS can access to a large number of anonymous freelancers for work. OS can match with specified freelancers



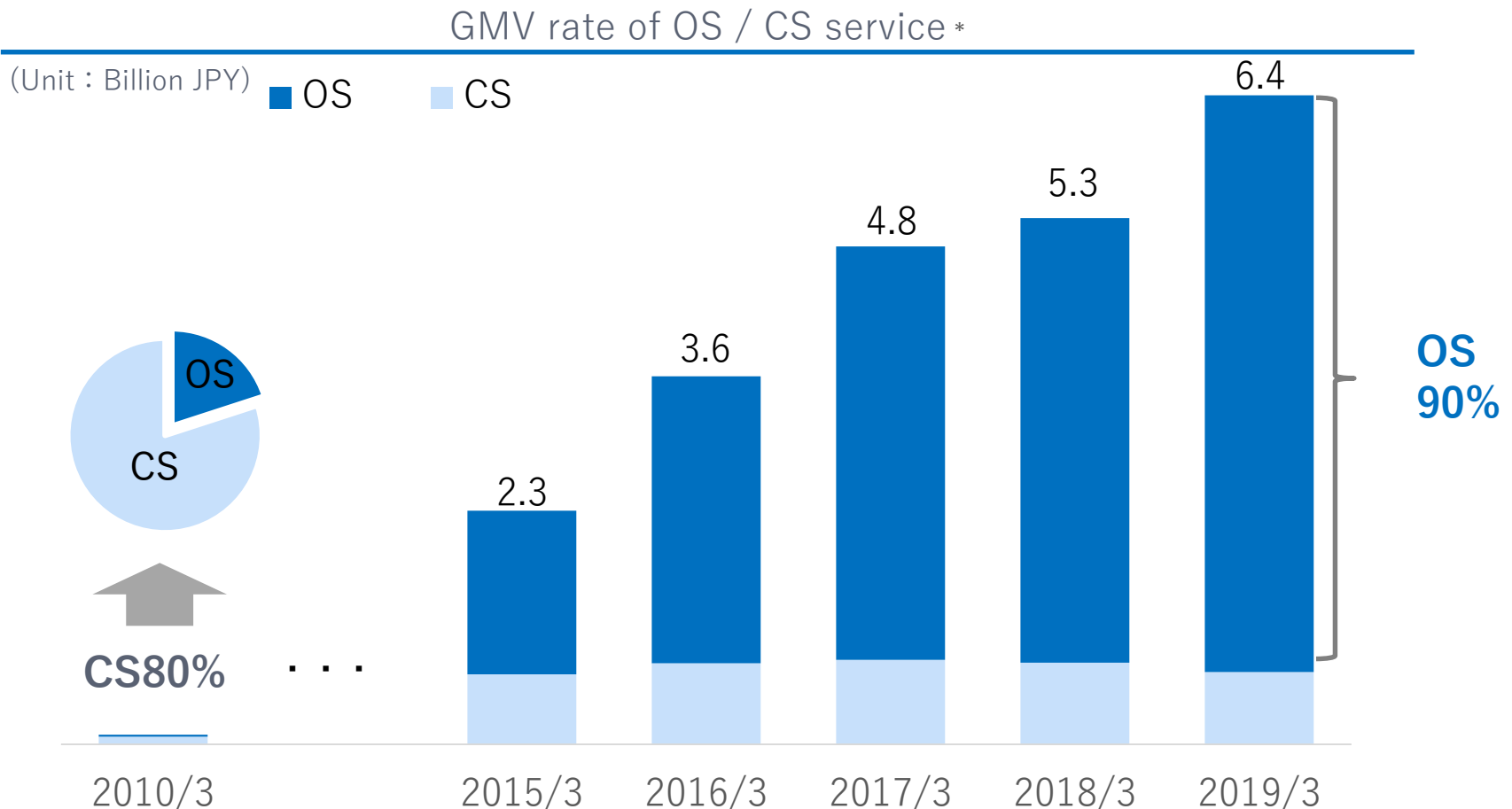
Characteristics of projects and unit prices differ between OS and CS

	Online Staffing Platform	Crowdsourcing
Client Needs	Securing freelancers (talent) with continuity	Submission of result
Characteristics of Freelancer	Professional / Semi-professionals	Many and Unspecified (= Crowd)
A Typical Project Example	Development / Back office	Writing / Tasks
Unit Price	High price	Low Price

~ 4 times



90% of Gross Merchandise Value consists of Online staffing platform



*) This graph includes online staffing platform and crowdsourcing, Others such as "Lancers AREA PARTNER" and "sharefull" are not included.

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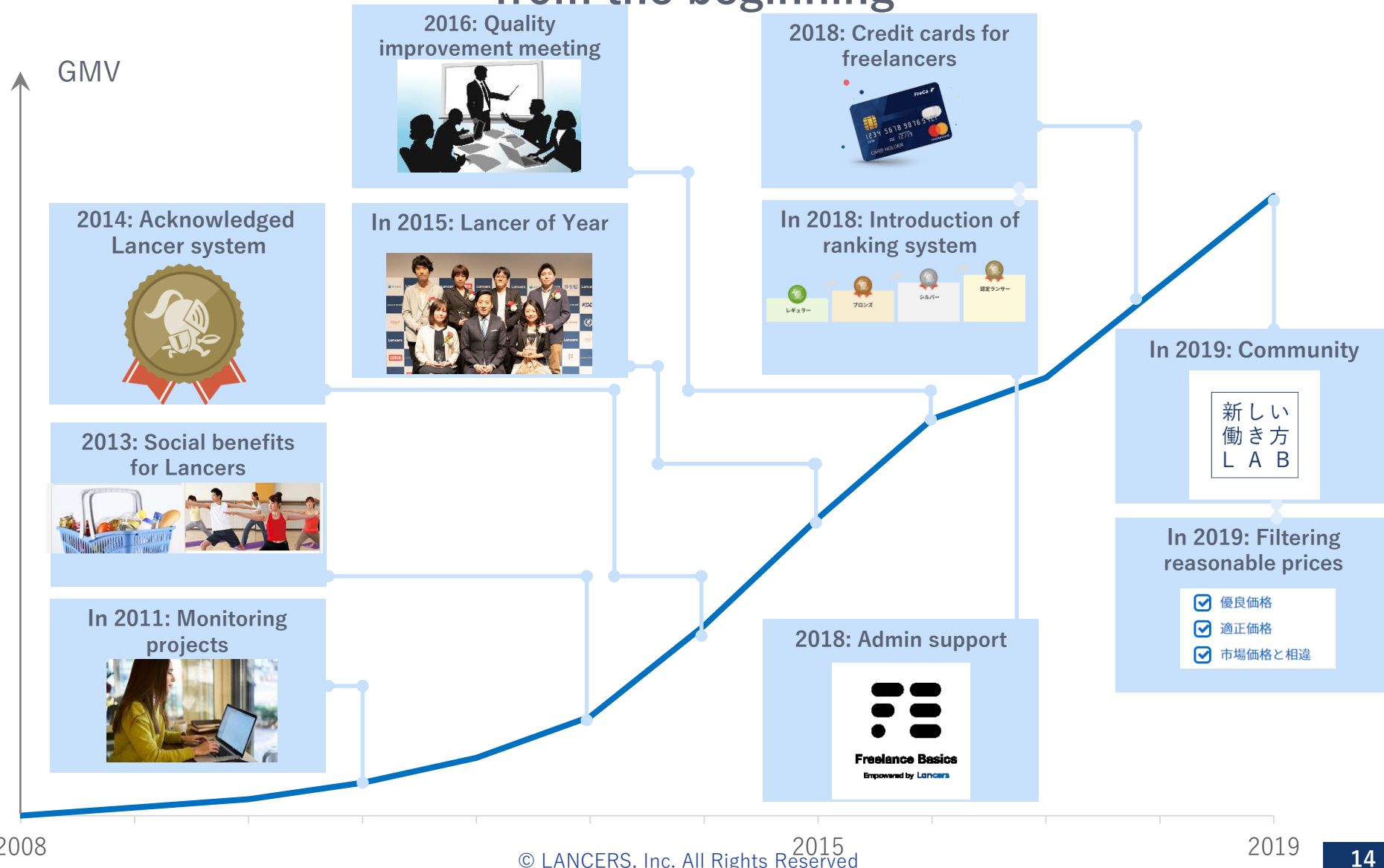
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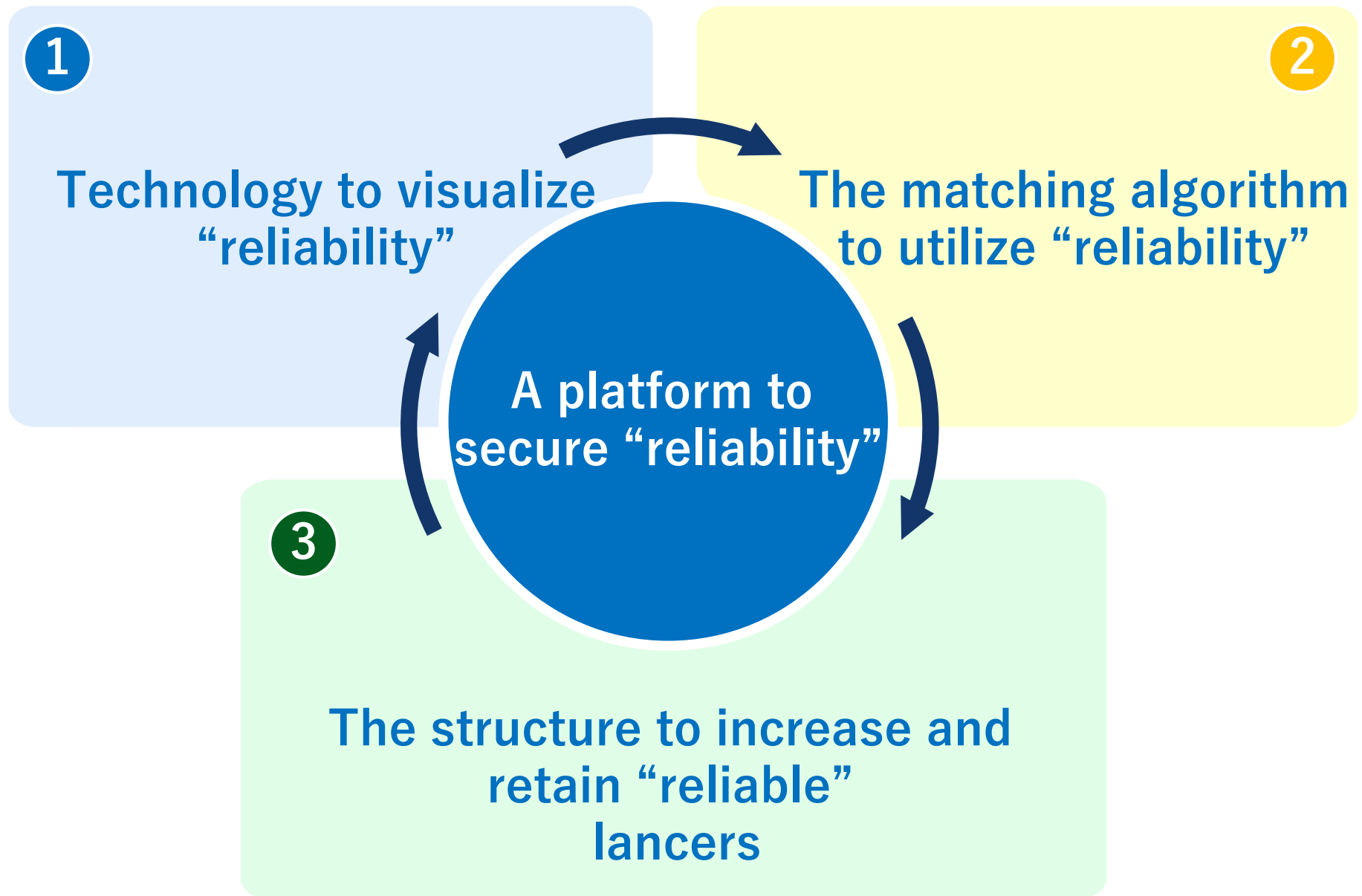
Business Growth accelerated by Enterprise service

Pathway to Be a “Reliable Platform”

Lancers


Our initiatives to gain trust from users from the beginning






1 Technology to visualize “reliability”

We recommend a real-name system to enhance reliability

Acknowledged Lancer

**Koichi Otsuka** Other web-related work / Private
I can provide services regarding SEO customer consulting / marketing / SEO writer / Web production technology.

Desirable Unit Price ¥ 15,000 / h

Performance 3,239 projects



Reviews 4.9

Completion rate 99%

Confidentiality ✓


ID verification ✓


Telephone ✓



Acknowledged categories: SEO/SEM strategies Website operation/protection/HP updates Icon/button designing Writing articles/blogs/experiences Creating web contents [Display all](#)

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

Acknowledged Lancer

**Kenii Ueshima** Desktop application engineer / Private
Ask me anything regarding EXCELVBA/ACCESS or development for macro.

Performance 557 projects

Rating 4.9

Completion rate 98%

Confidentiality ✓

ID verification ✓

Telephone ✓

Acknowledged categories: Web system development/programming Creating EXCEL Macro/developing VBA Monitoring/questionnaires/enquiries Collecting data/typing/creating lists Establishing servers/network [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 12 consecutive months, and have come third in system development/operation division in Dec 2019.
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.

About myself

[Received Lancer of the Year 2018 & 2019] [Featured in the Nikkei]
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.

2 The matching algorithm to utilize “reliability” Lancers

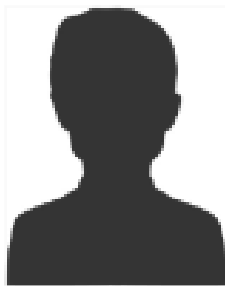
Prioritize and display reliable lancers,
and match them up with clients

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



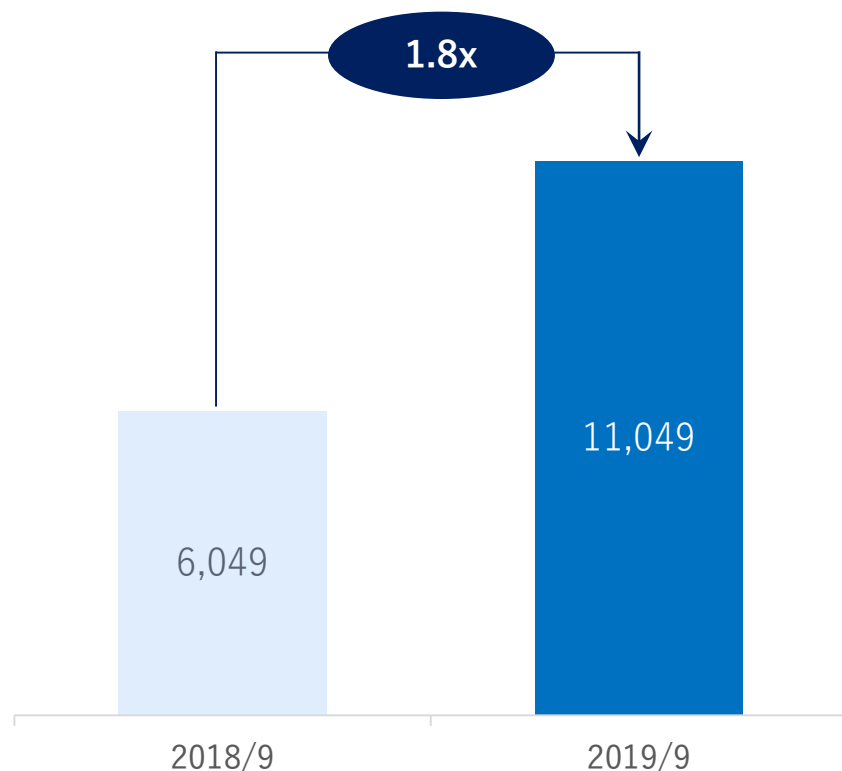
3 The structure to increase and retain “reliable” lancers

Creating an environment where they can focus on their work

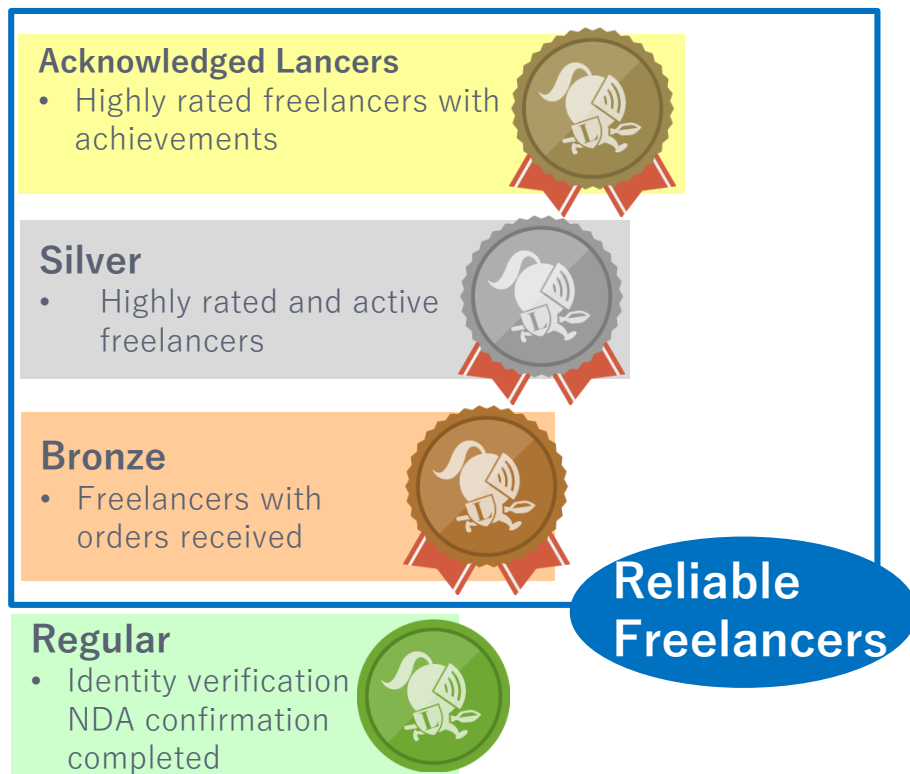


The number of reliable and competitive freelancers is increasing

Trends in reliable freelancers*



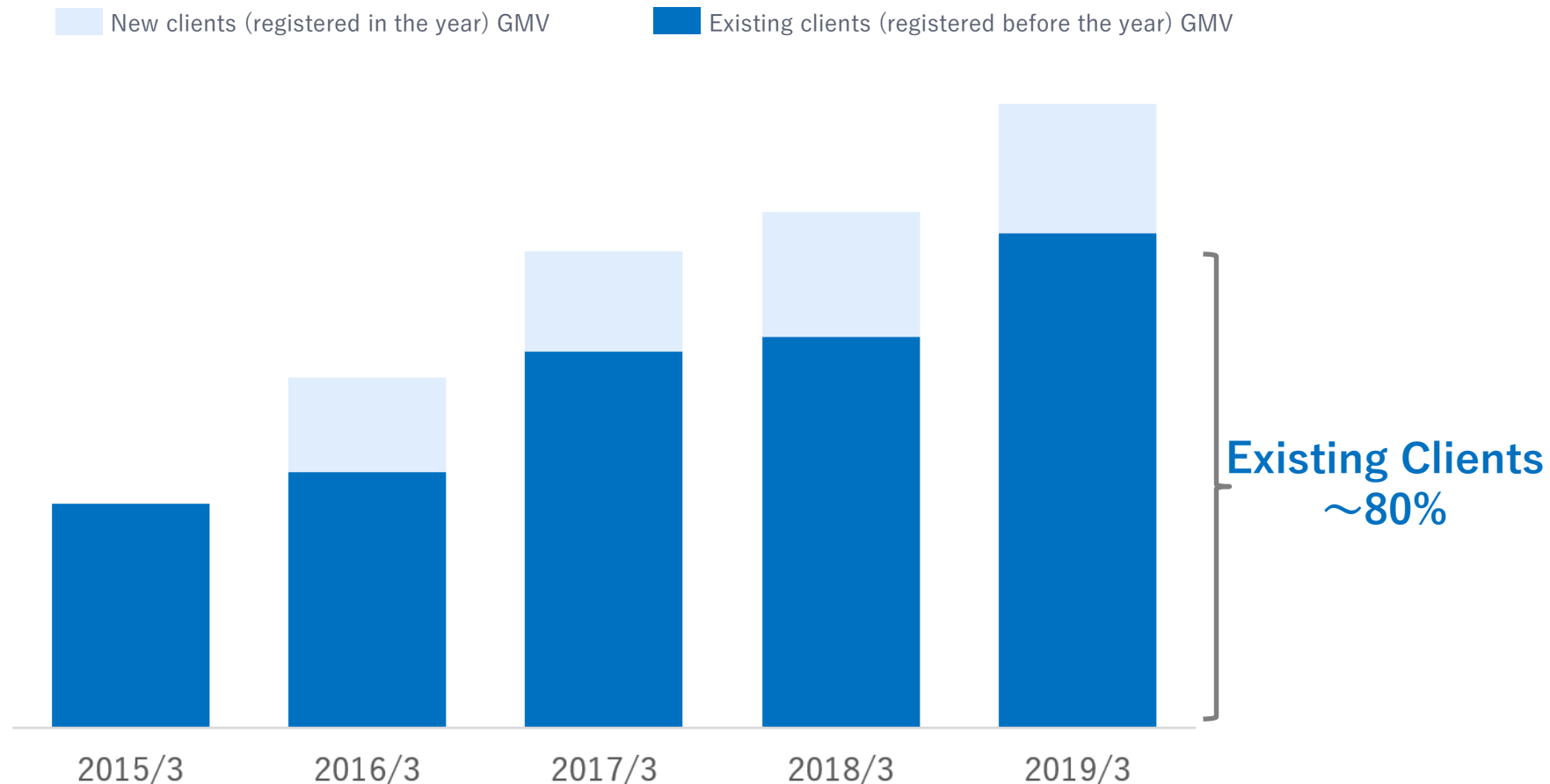
Reference: Definition of reliable freelancers



*) The total number of bronze, silver and acknowledged freelancers in the ranking system is defined as “reliable freelancers”

Once clients use our service, most of them use it continuously

Percentage of Existing clients to GMV



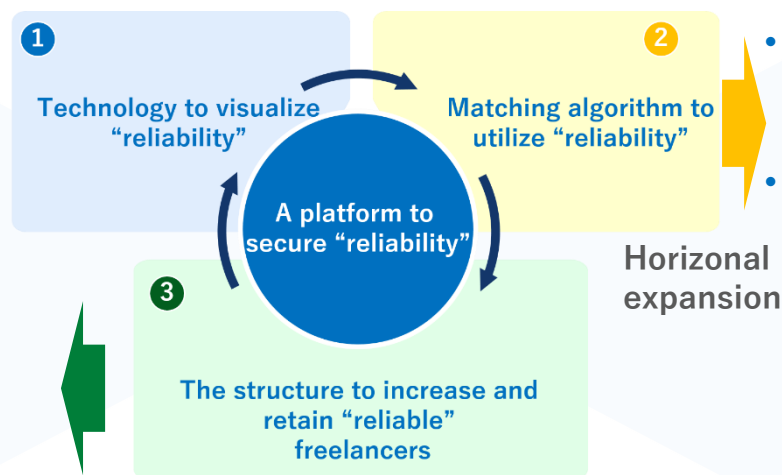
We will proactively promote alliances with large companies and further strengthen "Lancers' strengths"



- We support the freelancers for "relief" of the three major needs of them from a finance side.
- We develop credit card "FreCa" for exclusive use of the freelancers jointly.



Reinforcement



- We established JV in a domain of Hourly Job
- We laterally expand the matching algorithm and take in offline needs



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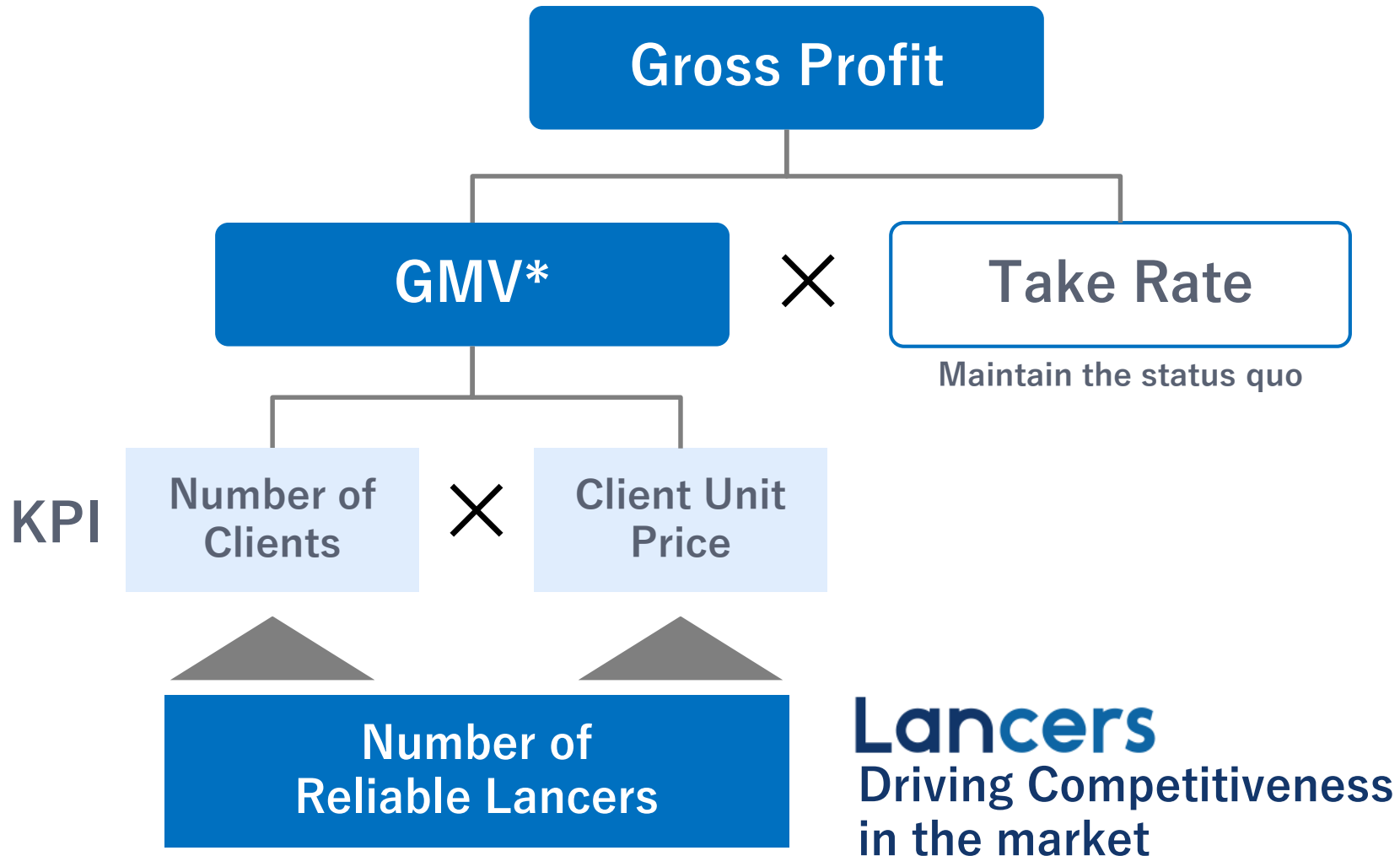
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From Investment Phase to Revenue-Generating Phase

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Business Growth accelerated by Enterprise service

Emphasizing expansion of GMV and gross profit
representing our added value

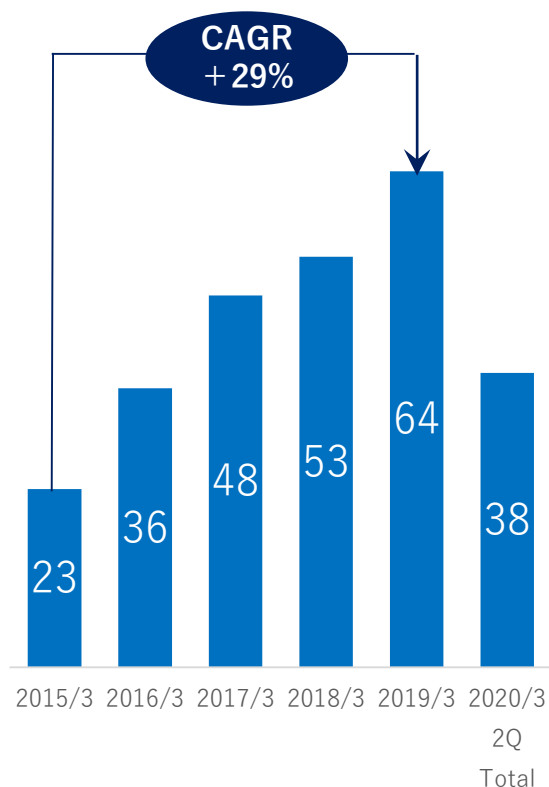


*) Gross Merchandise Value

GMV, Sales and Gross profit grew by an average of over 30% per year

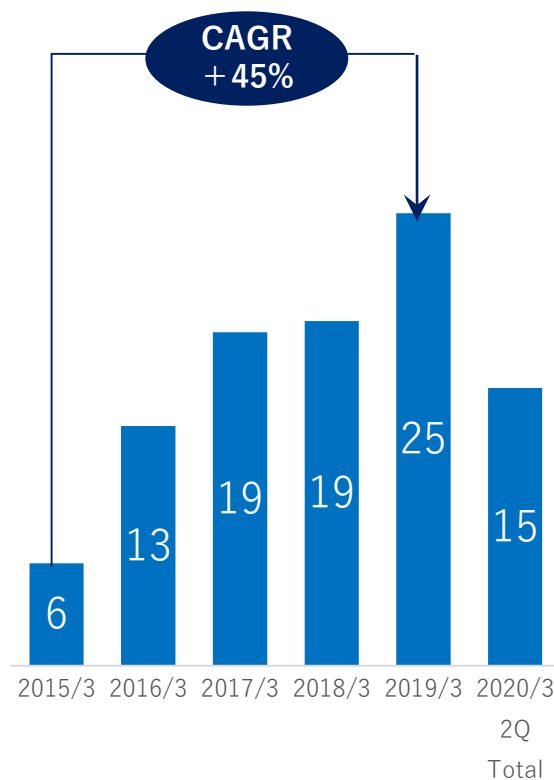
Trends in GMV

(Unit: 100 million JPY)



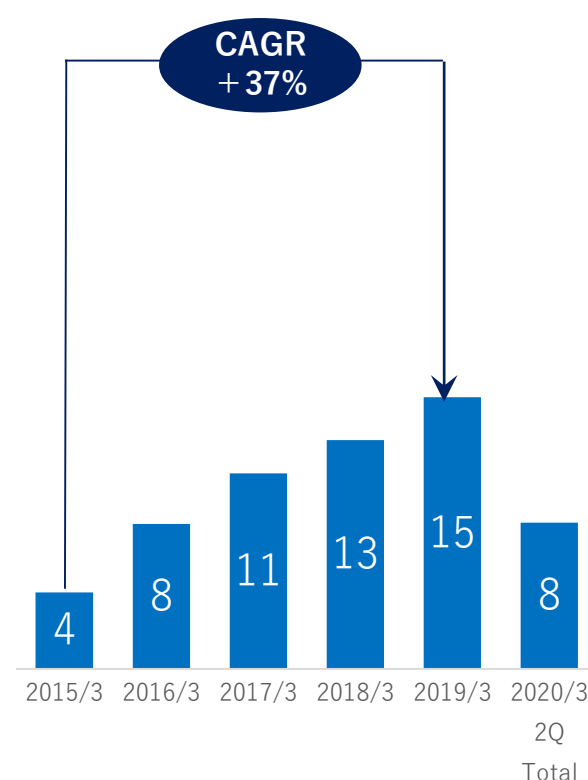
Trends in sales

(Unit: 100 million JPY)



Trends in gross profit

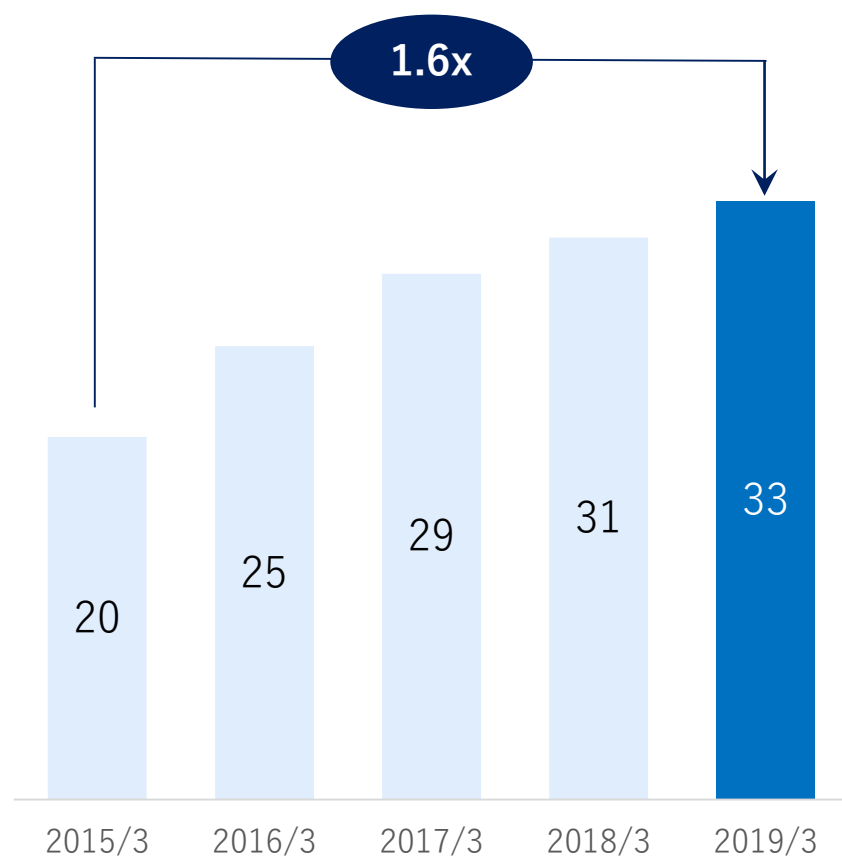
(Unit: 100 million JPY)



Both the number of clients and the client unit price have been growing

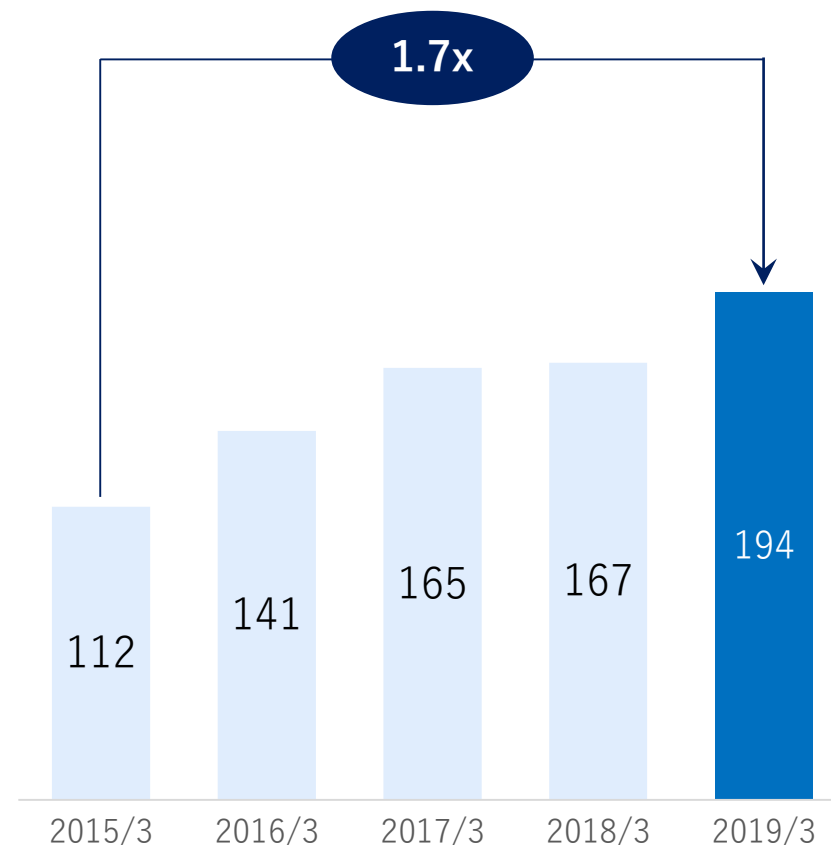
The number of clients *

(Unit : thousand clients)



Client unit price *

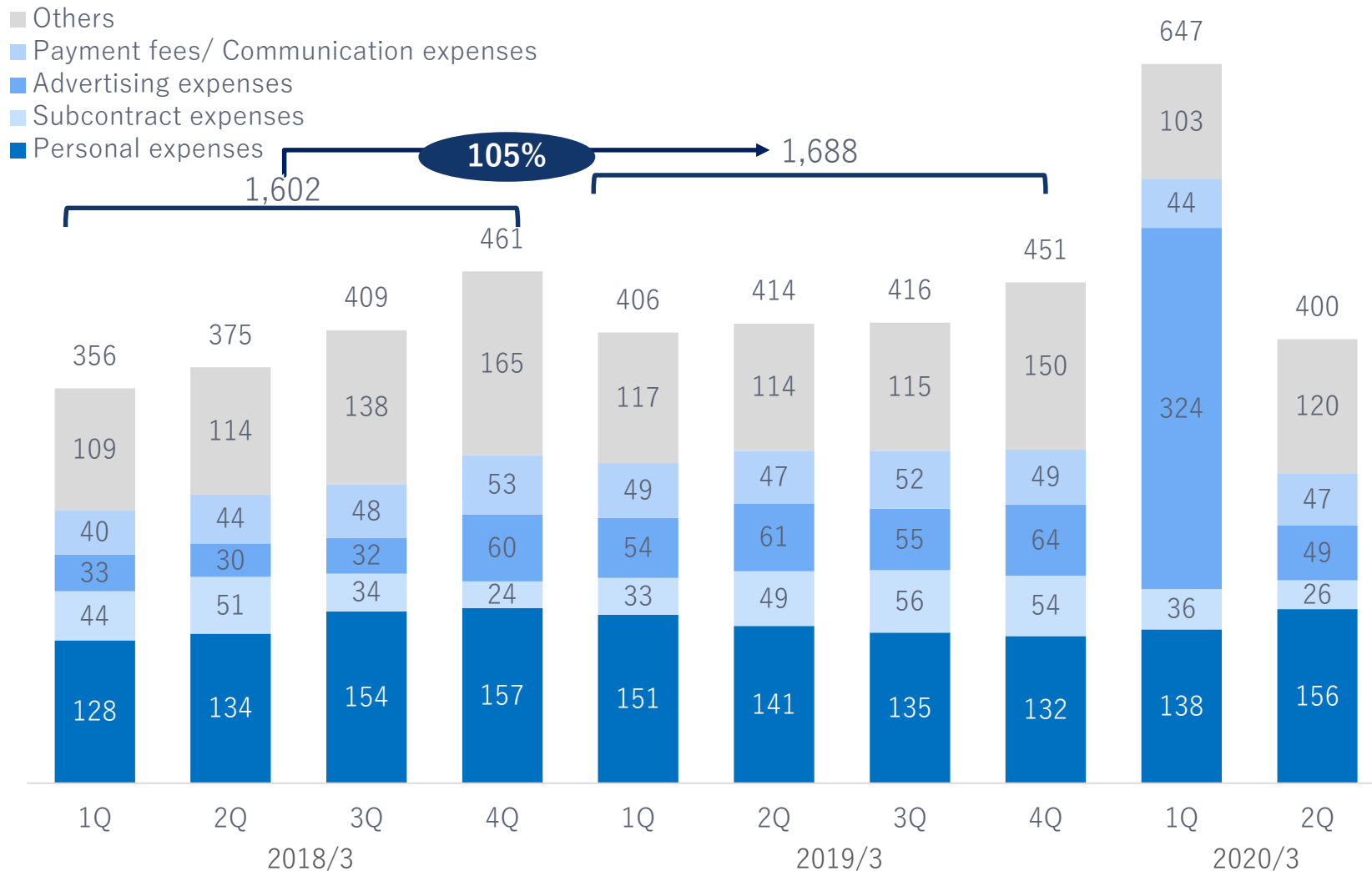
(Unit : thousand JPY)



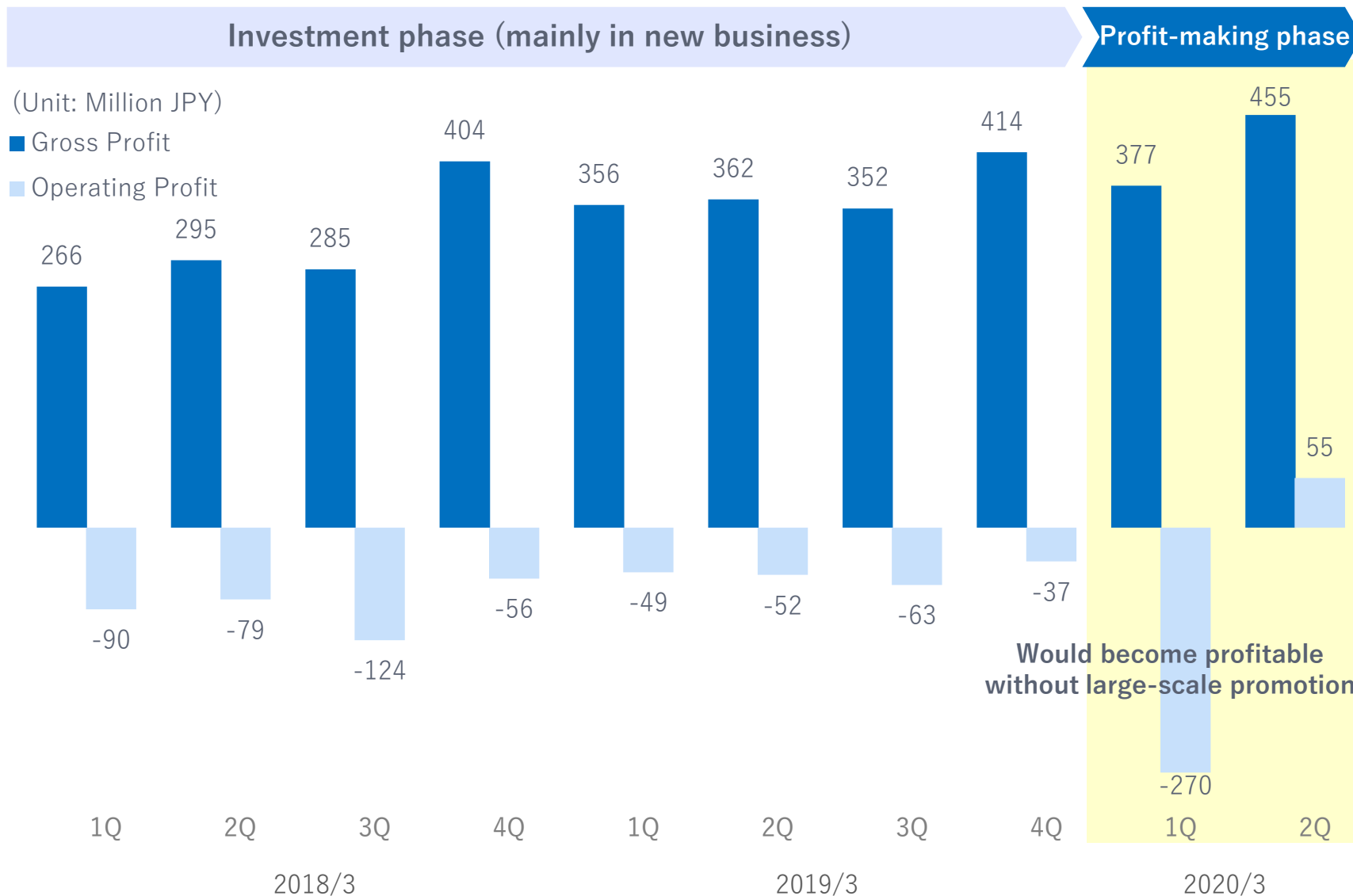
*) This graph includes online staffing platform and crowdsourcing, Others such as "Lancers AREA PARTNER" and "sharefull" are not included.

SG & A expenses in the previous fiscal year remained constant despite of sales growth

(Unit : Million JPY)



Transitioning to the profit-making phase from this year

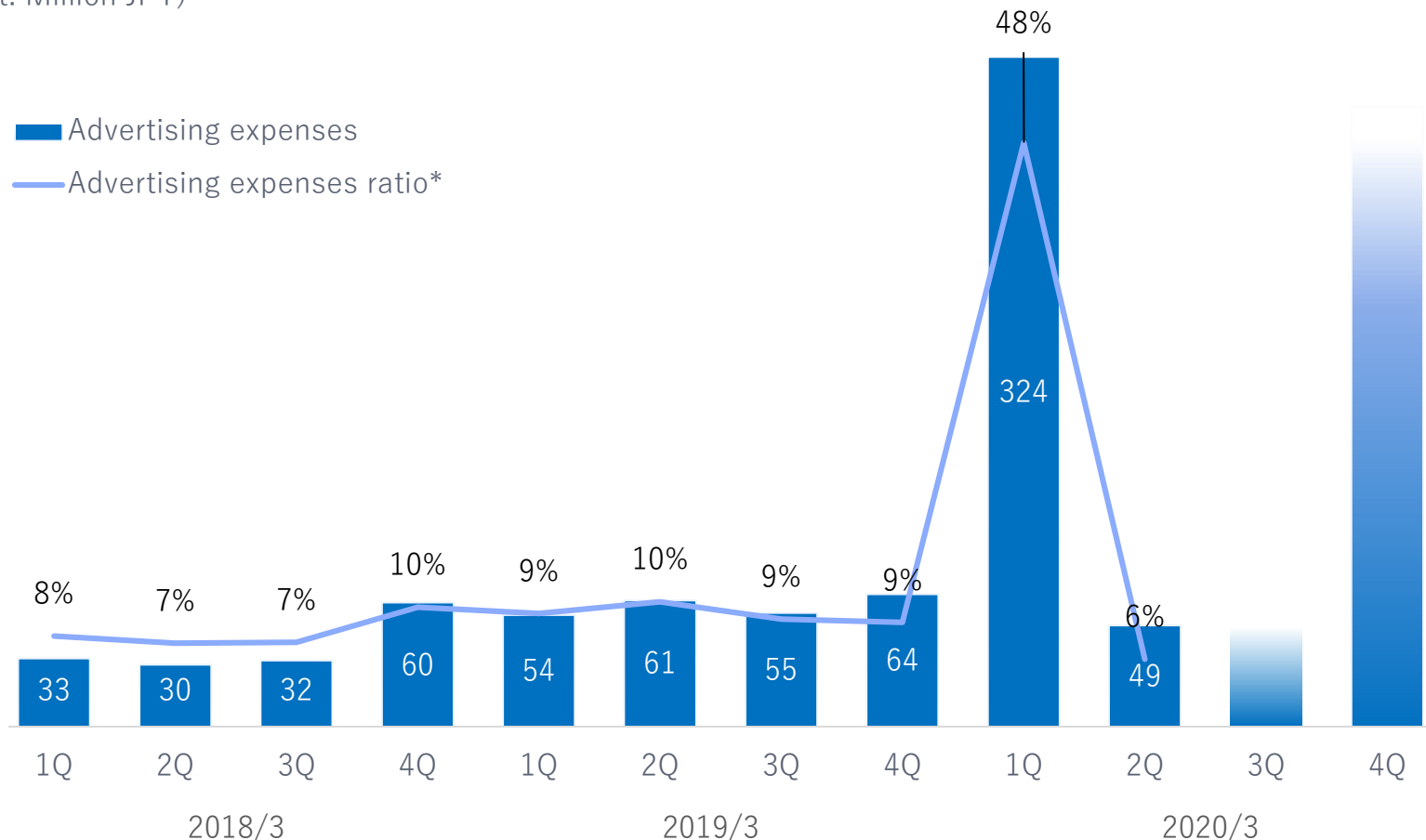


Change in Advertising expenses

Lancers

Invested in advertising expenses in 1Q and 4Q to accelerate growth. The constant advertising expense ratio is improving

(Unit: Million JPY)



*) Ratio of Advertising expenses to sales

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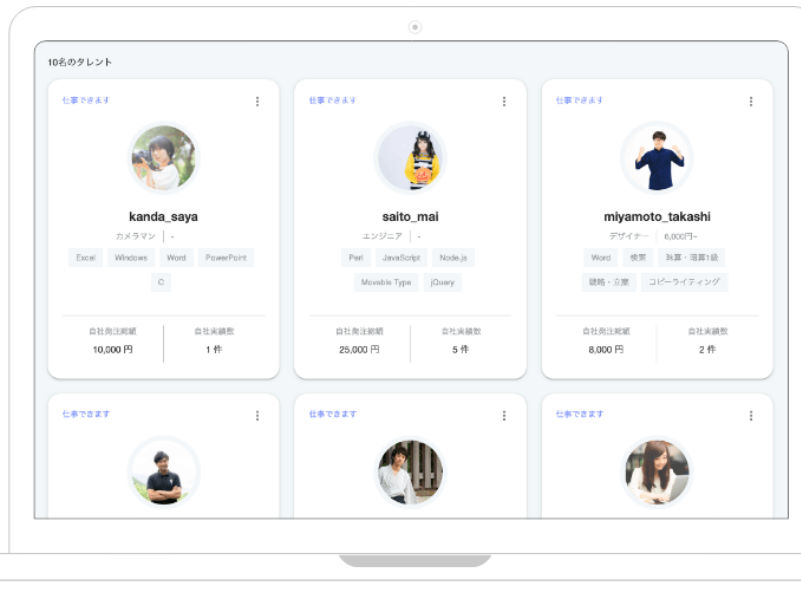
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From Investment Phase to Revenue-Generating Phase

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Business Growth accelerated by Enterprise service

Acquire clients from different market by using external human resources for corporations and providing a centralized management system

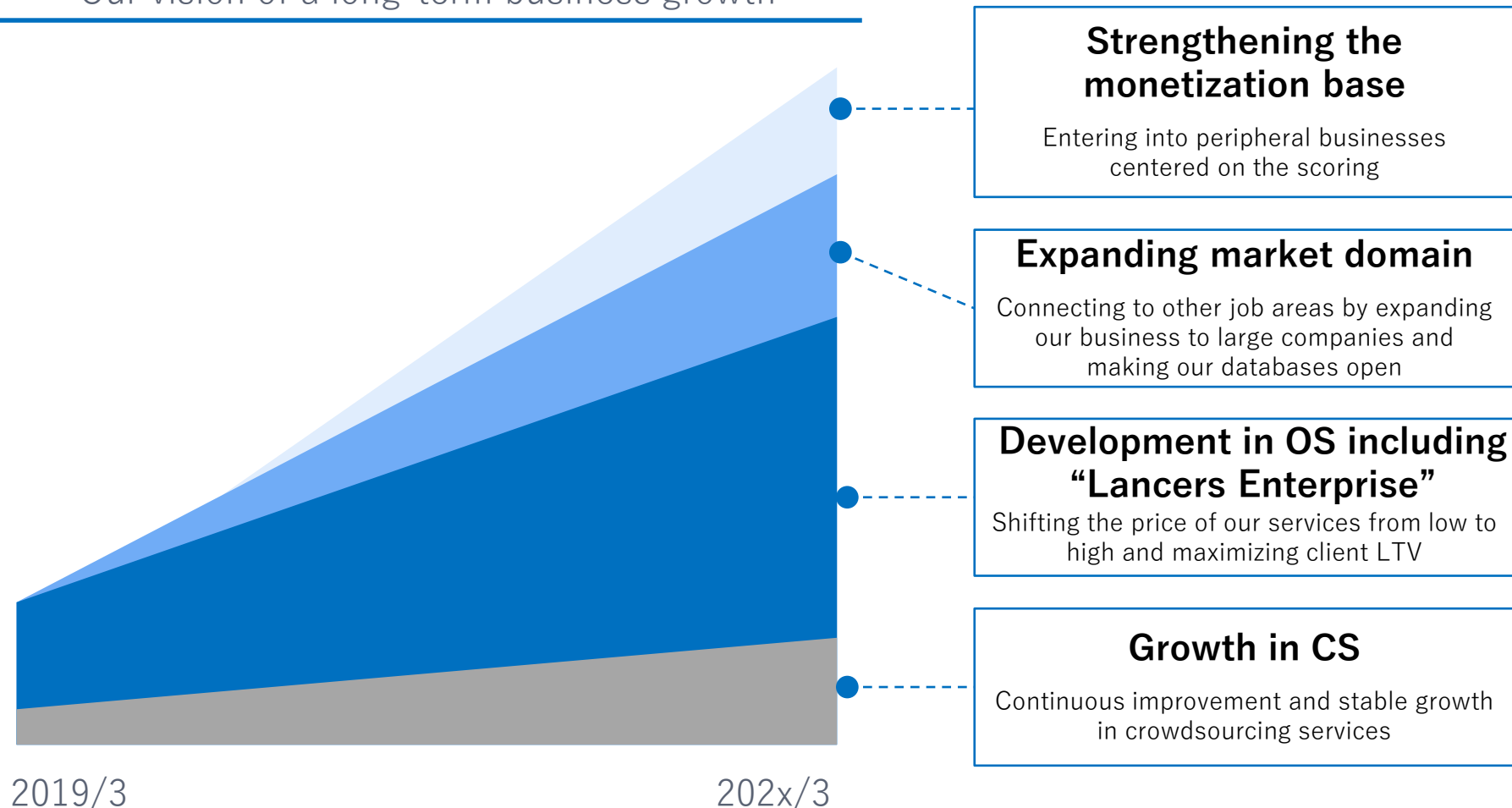


5 Features of Lancers Enterprise

1. Establish a “**personnel pool**” that meets the standards of each company
2. Offer “**immediate ordering**” services that become available to clients immediately
3. Provide **enhanced security system**
4. **Centralized order approval function**
5. **Support from staff** available for proving instruction and ordering

We aim to innovate Japanese working styles by introducing OS services as a core business structure

Our vision of a long-term business growth



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

Consolidated Statements of Income

Lancers

(Unit: Million JPY)	2018/3	2019/3	2020/3 2Q
Net sales	1,910	2,522	1,547
Gross profit	1,251	1,485	833
SG & A expenses	1,602	1,688	1,048
Operating loss	△350	△202	△214
Ordinary loss	△351	△93	△218
Net loss	△354	△17	△225

Consolidated Statements of Income

Lancers

(Unit: Million JPY)	2019/3				2020/3	
	1Q	2Q	3Q	4Q	1Q	2Q
Net sales	575	589	616	740	669	878
Gross profit	356	362	352	414	377	455
SG&A expenses	406	414	416	451	647	400
Net loss/profit	△49	△52	△63	△37	△270	55

Consolidated Balance Sheet

Lancers

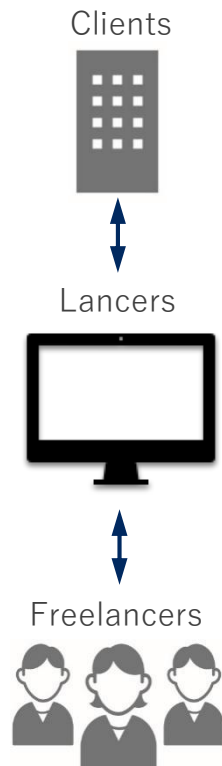
(Unit: Million JPY)	2018/3	2019/3	2020/3 2Q
Current assets	2,062	2,242	2,661
Cash and deposits	1,568	1,708	2,112
Non-current assets	319	105	390
Total assets	2,381	2,348	3,051
Current liabilities	1,370	1,354	2,272
Non-current liabilities	—	—	12
Equity	1,010	993	767
Total liabilities and equity	2,381	2,348	3,051

We provide several services to meet our clients' needs

1

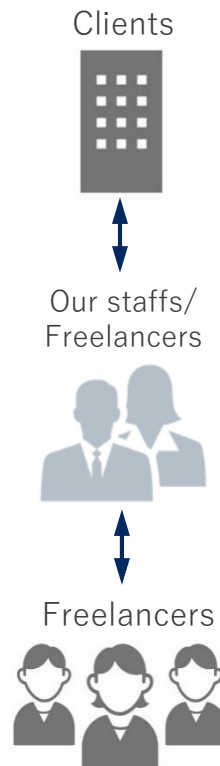
Clients can assign freelancers to projects directly

Lancers



2

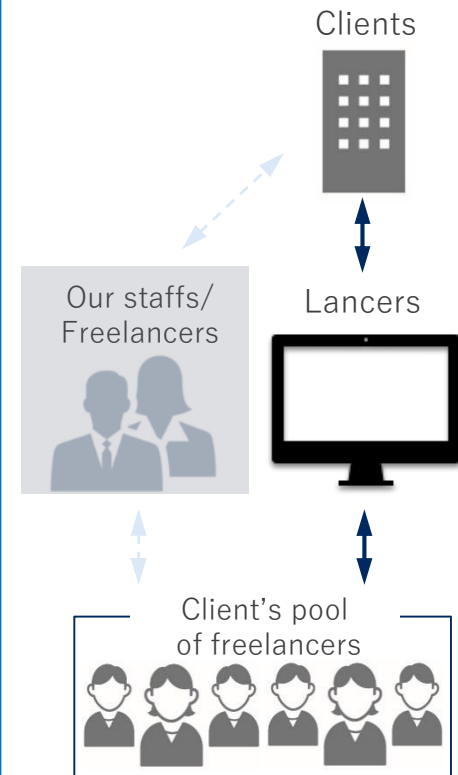
Clients can find suitable freelancers through our staff
Lancers Agent
Lancers Outsourcing



3

Clients can choose freelancers from their own organization pool

Lancers Enterprise



Launched May 2019

Handling of this material

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Lancers