



Lancers

Financial Results

for the 3rd Quarter of Fiscal Year Ending March 31, 2020

LANCERS, INC.

(TSE Mothers : 4484)

February 14 , 2020

1 Company Overview

2 Financial Highlights

3 Recent Initiatives

Our Mission

Empowerment of Individuals

Our Vision

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



Company Profile

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

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

Providing matching services for freelancers since 2008

Clients (Employers)



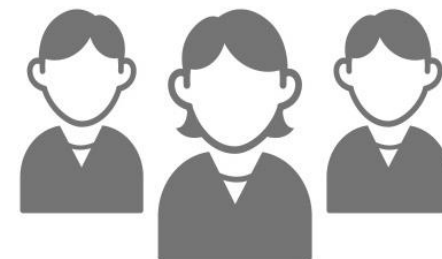
Benefits

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



Lancers

Freelancers (Contractors)

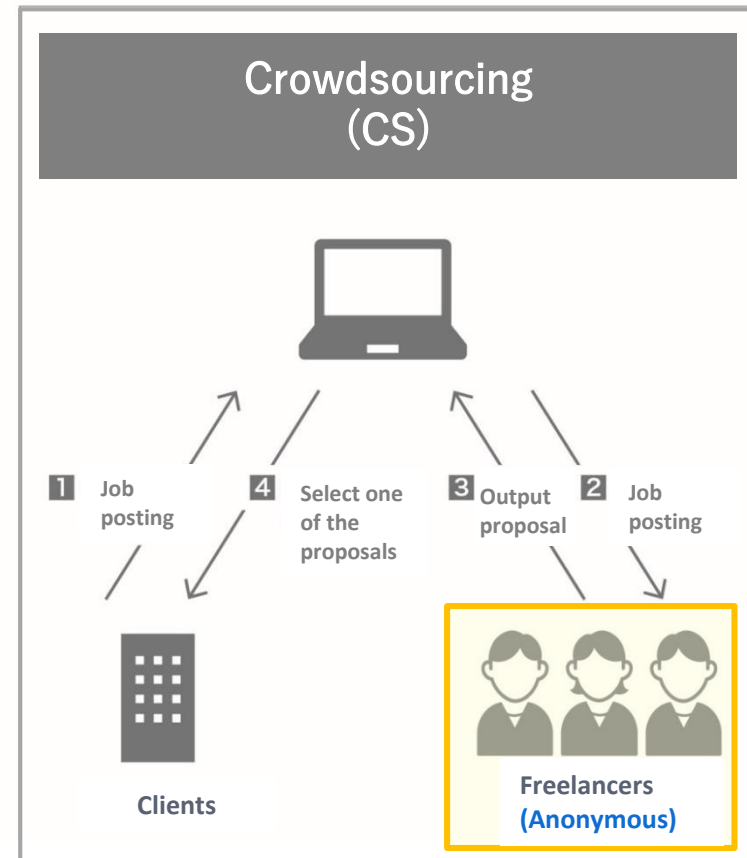
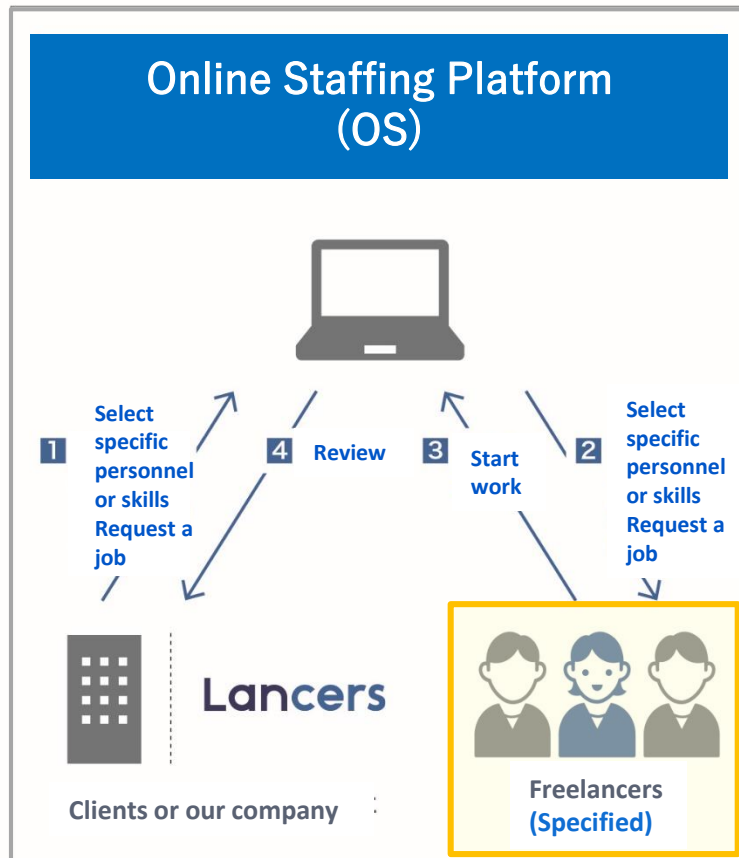


Benefits

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

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



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

We connect Clients in Tokyo and Freelancers in various regions

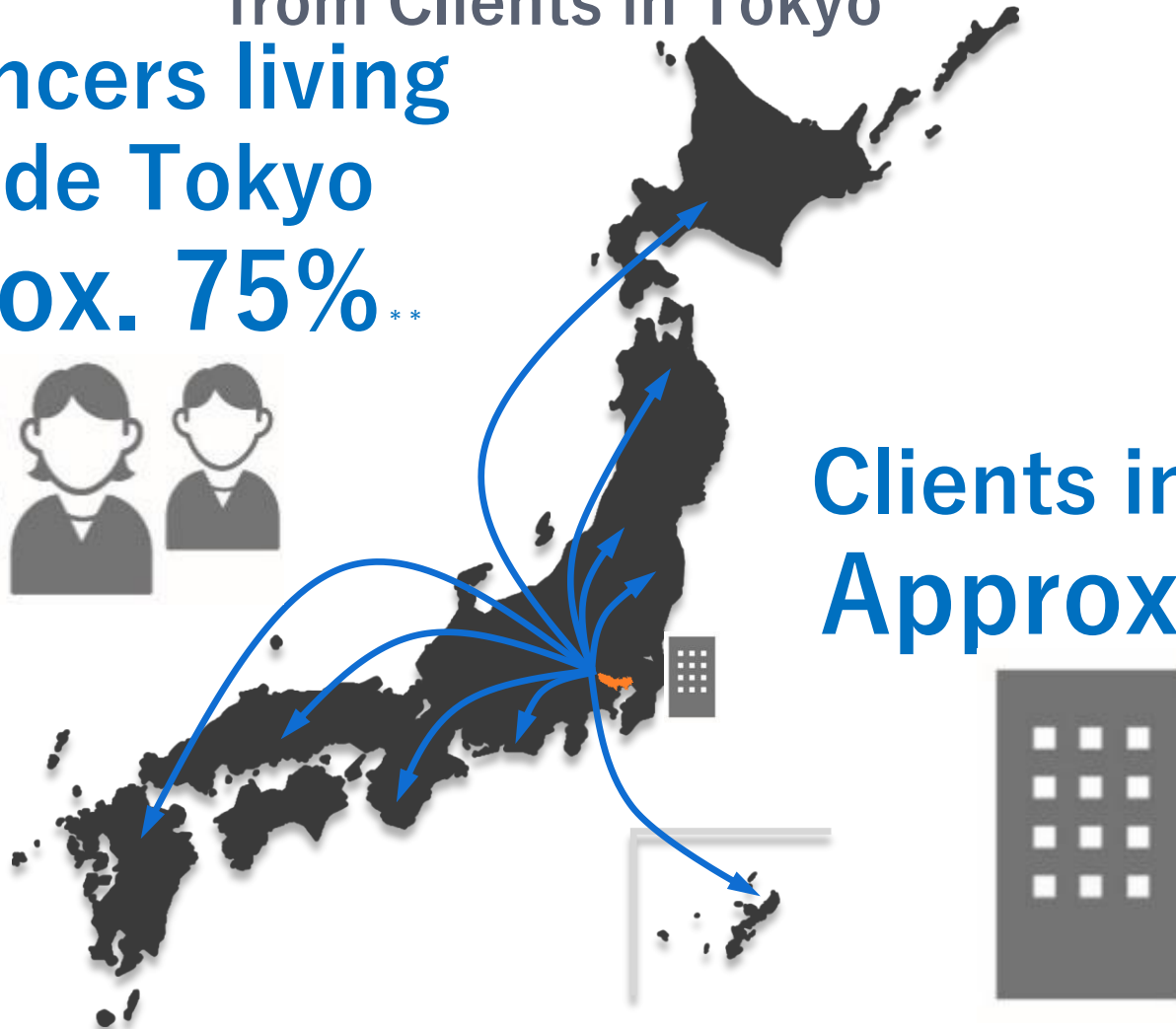
Lancers

Freelancers in various region receive orders from Clients in Tokyo

Freelancers living outside Tokyo
Approx. 75%**



Clients in Tokyo
Approx. 60%*



*) Percentage of Gross Merchandise Value of clients located in Tokyo out of total of Gross Merchandise Value of Lancers (non-consolidated) (Oct – Dec, 2019)

**) Percentage of Gross Merchandise Value of freelancers located outside Tokyo out of total of Gross Merchandise Value of Lancers (non-consolidated) (Oct – Dec, 2019)

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

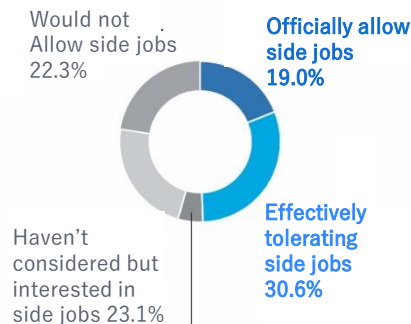
- (1) Background
- (2) Government and policy reforms
- (3) Organizational reforms
- (4) People reforms
 - Creating jobs with high added value
 - Expansion of flexible and diverse work styles
 - Expansion of side jobs and second jobs
 - Provision of infrastructure to expand diverse work formats
- (5)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

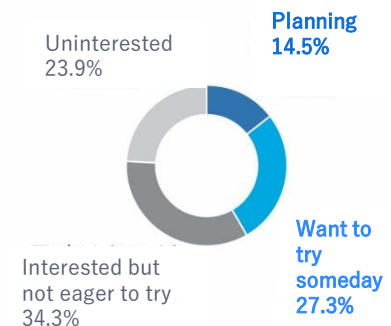
Source An article from 2019 May 20th, The Nikkei

Individuals' actions



40% of employees are interested in side jobs

Percentage of employees considering having side jobs

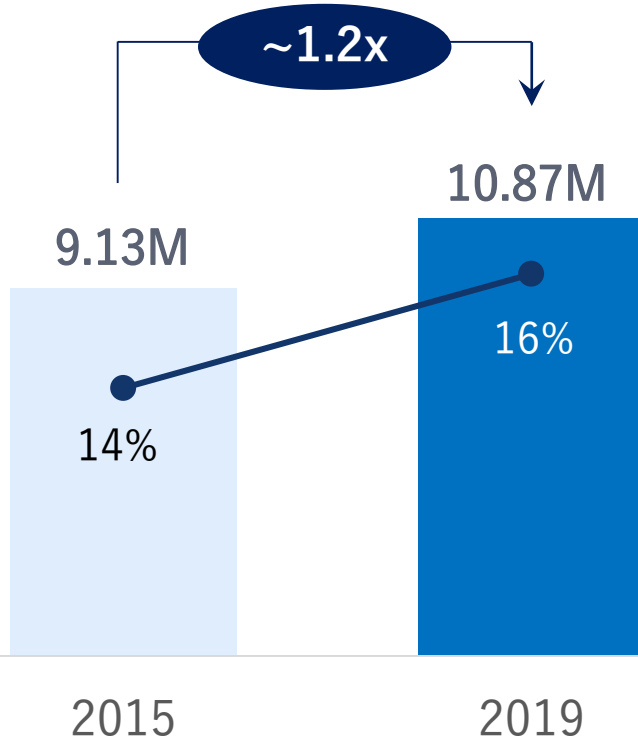


Source) Professional & Parallel Career Freelance · Association "Freelance White Paper 2018"

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

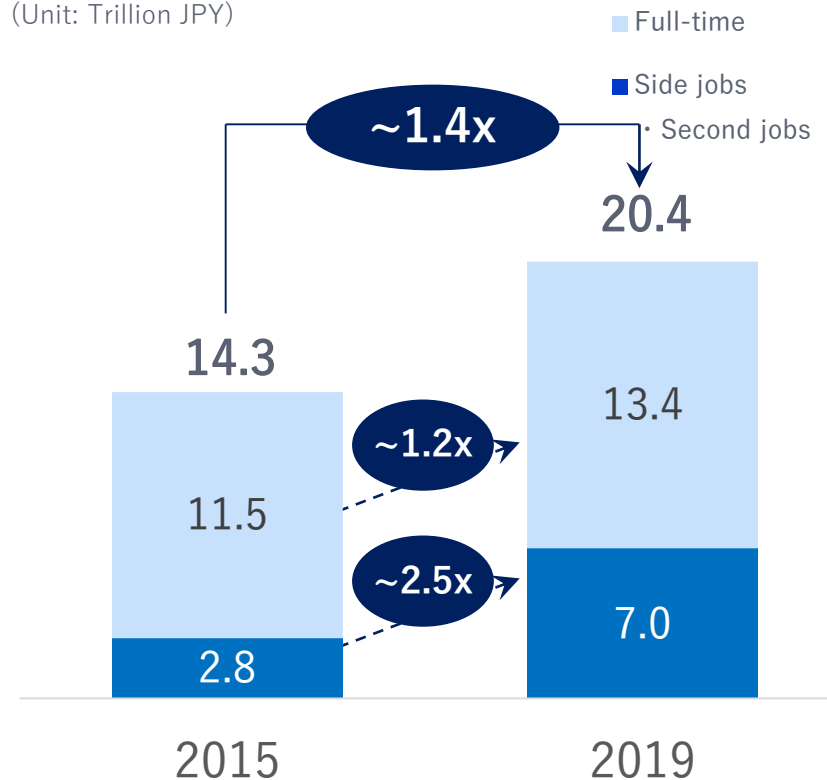
Freelance population and ratio of number of employed workers

(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.

1

Company Overview

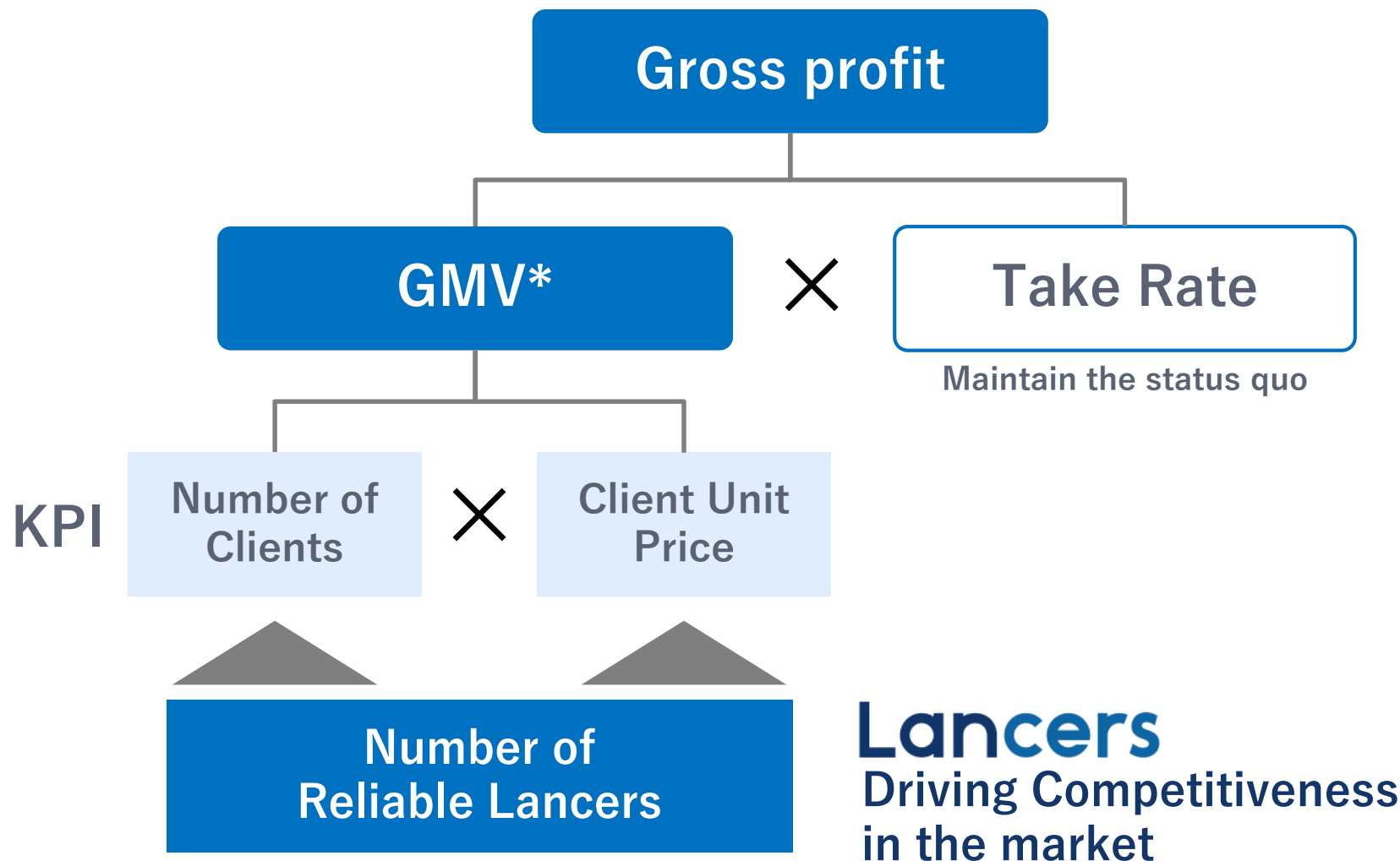
2

Financial Highlights

3

Recent Initiatives

Emphasizing expansion of GMV and Gross profit
representing our added value



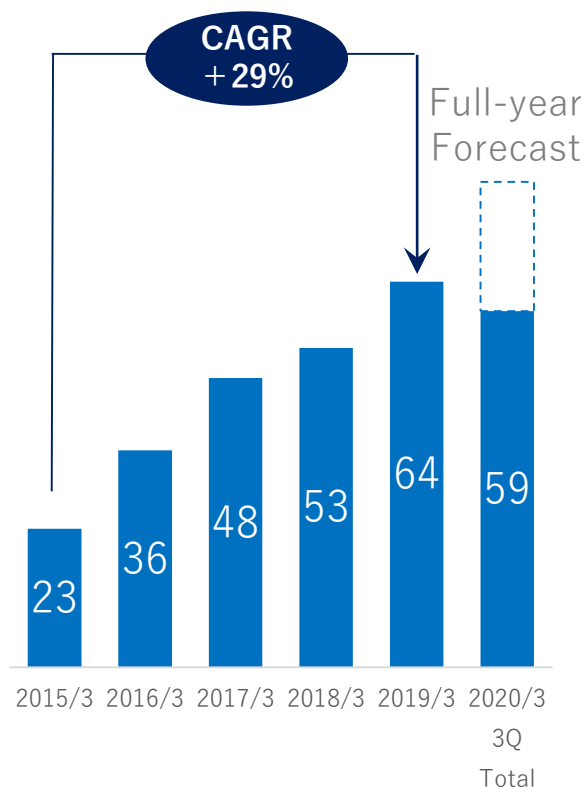
*) Gross Merchandise Value

- Gross Merchandise Value up 26% year on year, Net sales up 37%, and Gross profit up 21%. All on a growth track.
- We successfully built a structure to constantly secure operating profit, ensuring profit for two consecutive quarters with a surplus of 44 million JPY in 3Q.
- Our important KPI, Client unit price was on the rise, and it drove GMV growth.
- We will invest in client acquisition in 4Q for a higher growth rate.

GMV, Net sales and Gross profit grew by an average of 30% per year

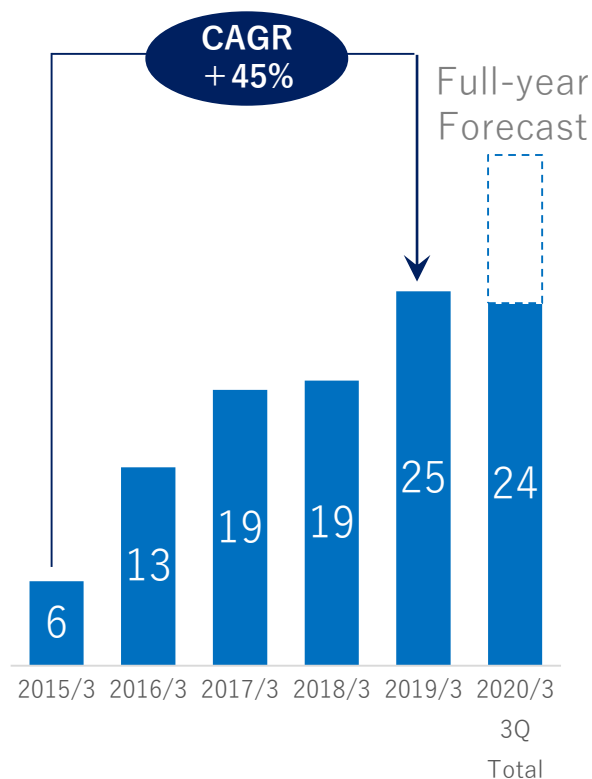
Trends in GMV

(Unit: 100 million JPY)



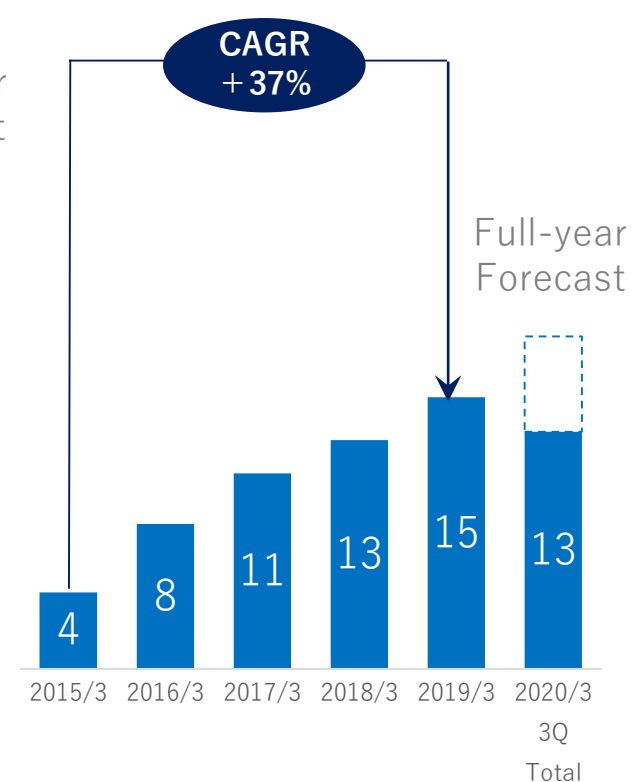
Trends in Net sales

(Unit: 100 million JPY)



Trends in Gross profit

(Unit: 100 million JPY)



Financial Results in Q3 of FY2019 Ending March 2020 (Up to Q3)

Lancers

- ① GMV up 26.0% YoY, Net sales up 37.1%, and Gross profit up 21.0%. All on a growth track.
- ② Our topline grew as planned. (Heavy dependence on 4Q due to seasonal factors)
- SG&A expenses progressed 63.0% as promotional activities for clients are scheduled in 4Q.
- ③ The accumulated current account ran a deficit of 170M JPY due to advertising expenses in 1Q.

(Unit : Million JPY)	FY2019 (up to Q3)	FY2018 (up to Q3) (year on year)		FY2019 (full-year forecast)	
	Actual	Actual	% change	Forecast	% progress
Gross Merchandise Value	5,912	4,693	+26.0%	8,055	73.4%
Net sales	2,443	1,781	+37.1%	3,441	71.0%
Gross profit	1,297	1,071	+21.0%	1,819	71.3%
Selling, general and administrative expenses (SG&A)	1,467	1,236	+18.7%	2,330	63.0%
Operating loss	-170	-165	—	-510	—
Ordinary loss	-191	-155	—	-549	—
Current net profit/loss	-204	160	—	-565	—

Financial Results in Q3 of FY2019 Ending March 2020 (Quarter)

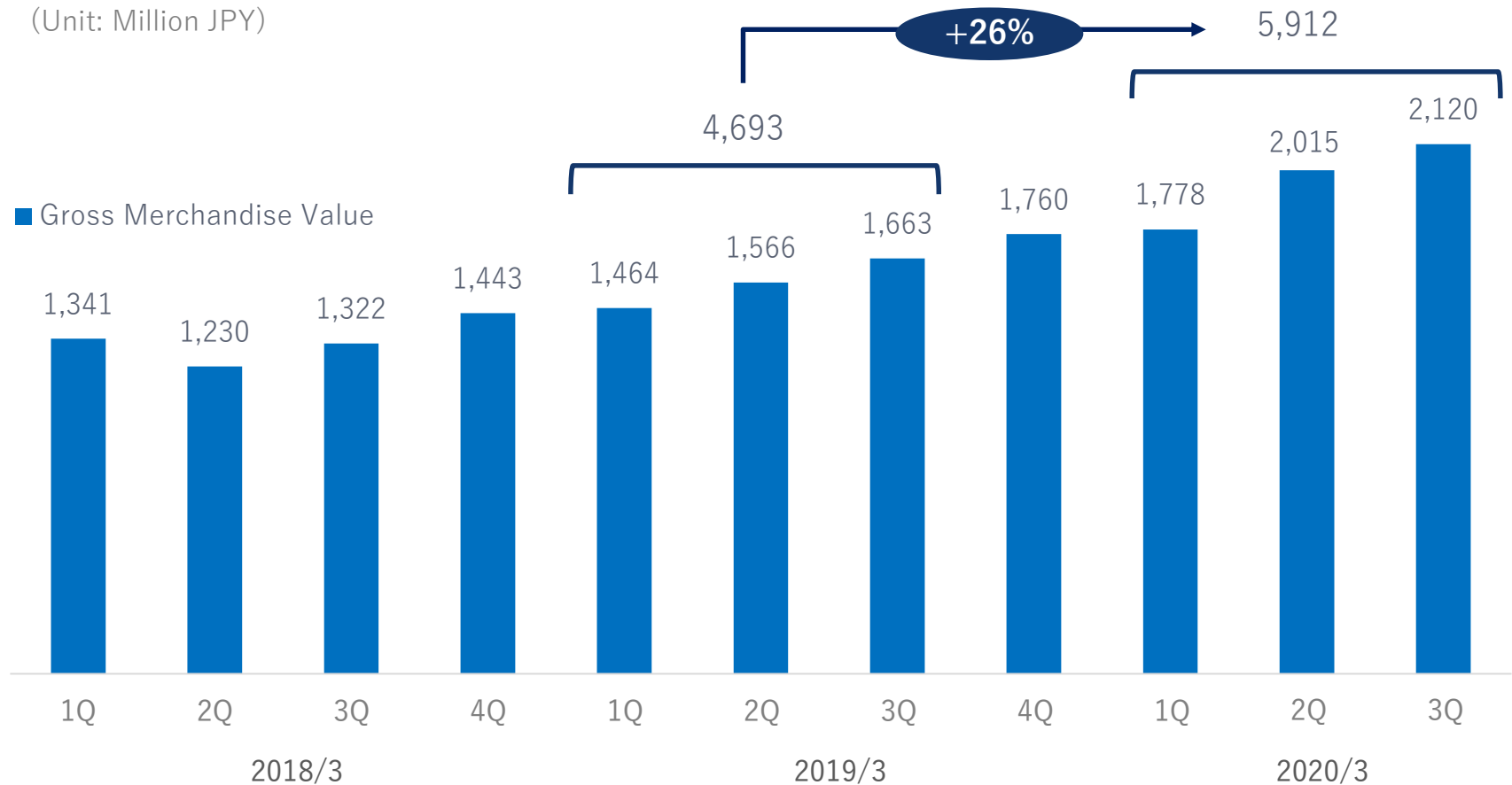
- ① GMV up 27.5% YoY, Net sales up 45.3%, and Gross profit up 31.6%. All on a growth track.
- ② We managed SG&A expenses well, up only 0.8% YoY, unproportional to a growth in sales.
- ③ We secured Operating profit of 44 million JPY.
- ④ Ordinary profit, however, fell 44.9% from the previous quarter as expenses for listing on a stock exchange increased.

(Unit: Million JPY)	Q3 FY2019	Q3 FY2018 (year on year)		Q2 FY2019 (previous quarter)	
	Actual	Actual	% change	Actual	% change
Gross Merchandise Value	2,120	1,662	+27.5%	2,014	+5.2%
Net sales	895	616	+45.3%	878	+1.9%
Gross profit	463	352	+31.6%	455	+1.8%
Selling, general and administrative expenses (SG&A)	419	416	+0.8%	400	+4.8%
Operating profit/loss	44	-63	—	55	-19.8%
Ordinary profit/loss	27	-58	—	49	-44.9%
Current net profit/loss	21	-60	—	43	-50.8%

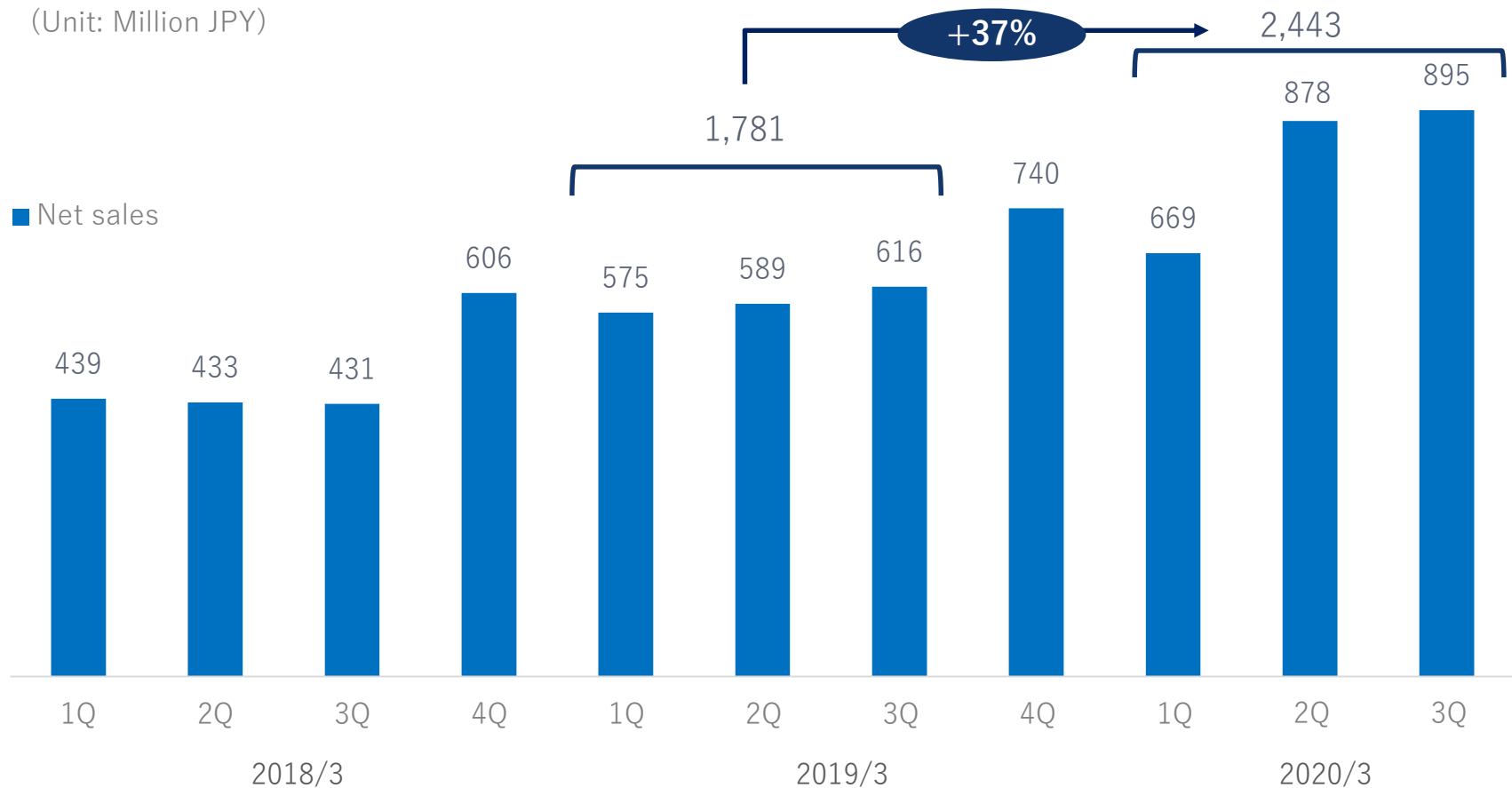
Trend of Gross Merchandise Value (Consolidated) **Lancers**

Gross Merchandise Value up 26% year on year.

(Unit: Million JPY)

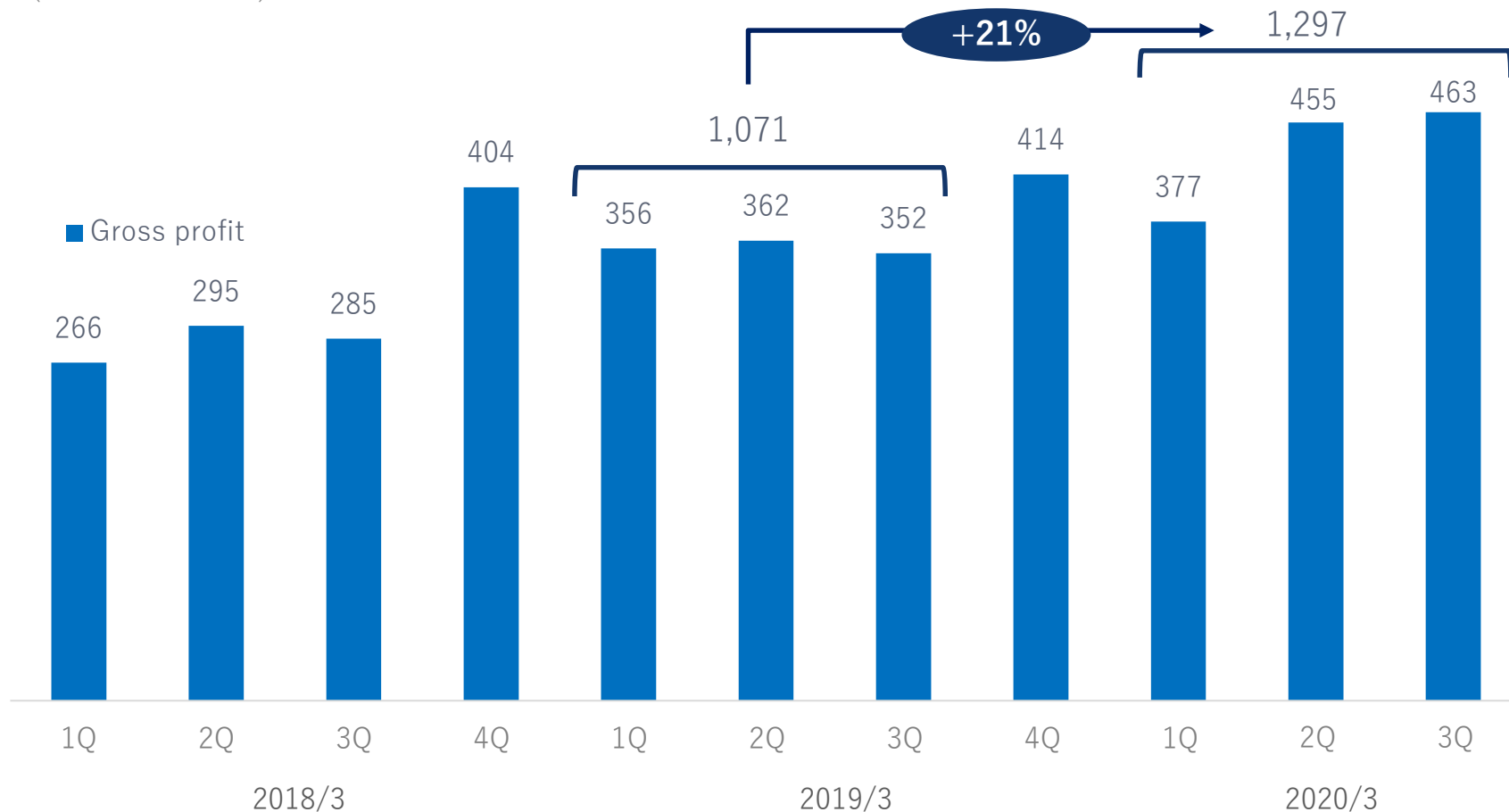


Net sales up 37% year on year.

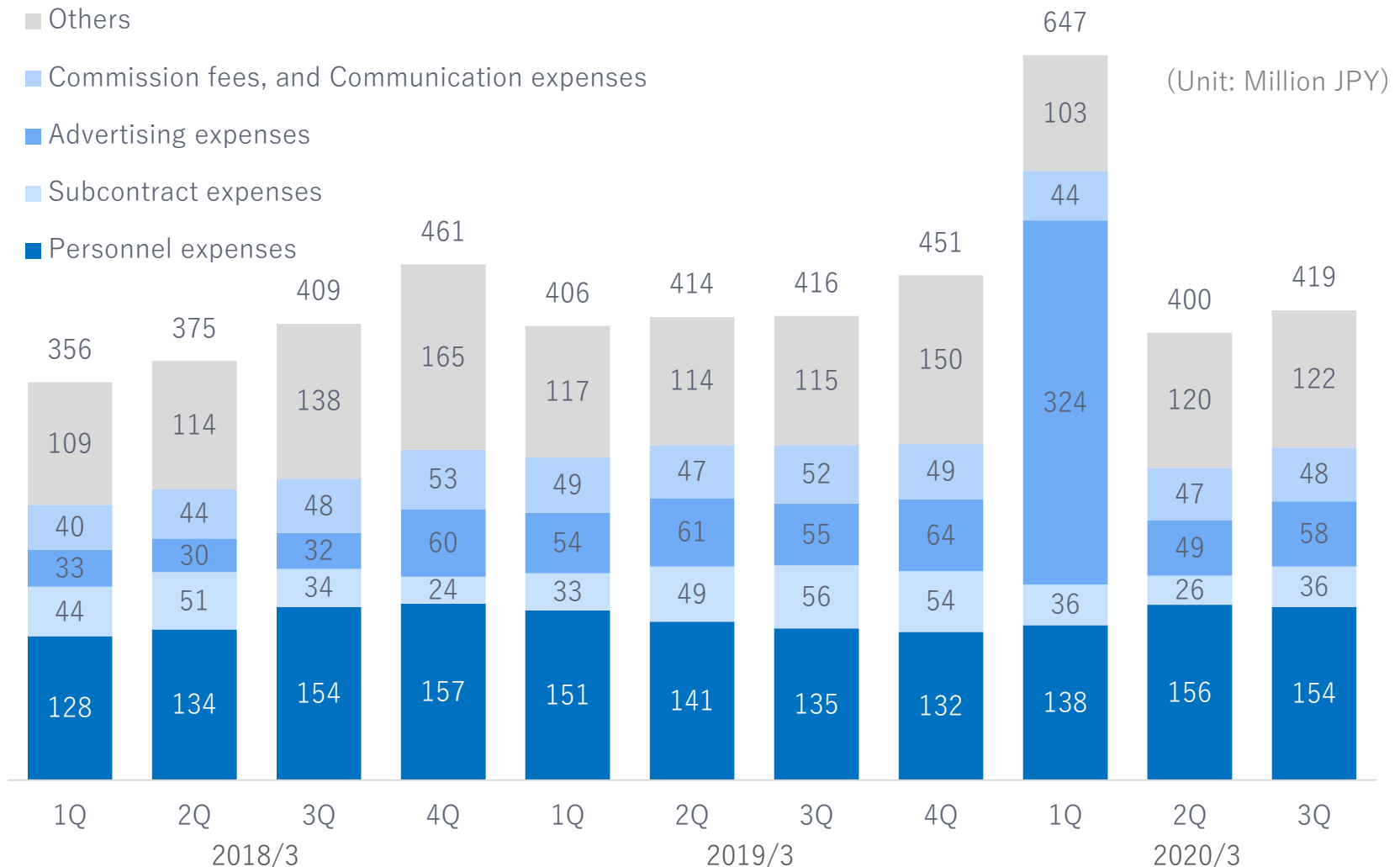


Gross profit up 21% year on year.

(Unit: Million JPY)



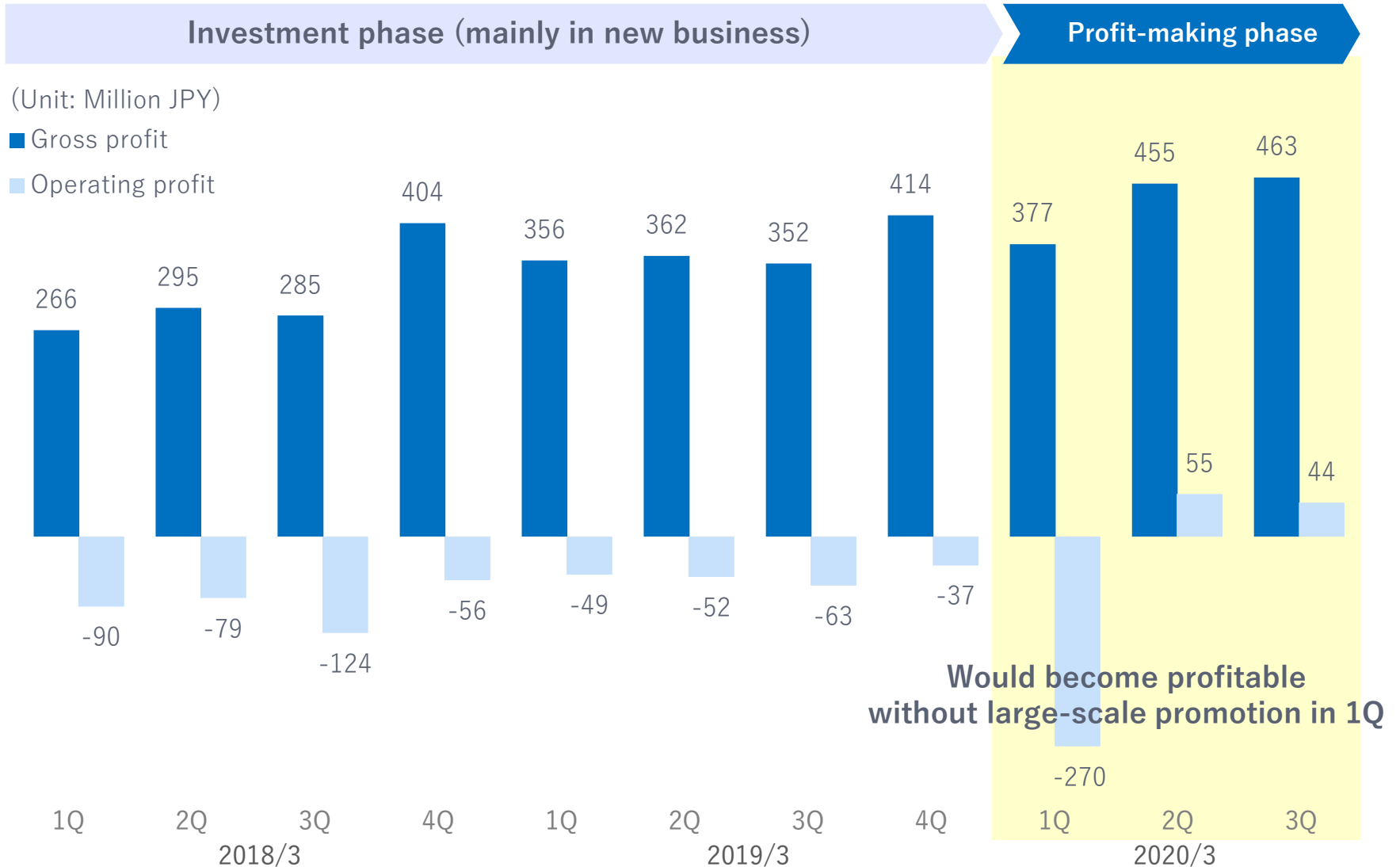
SG&A expenses have been constant while sales have been growing for years.



From Investment Phase to Profit Making Phase (Consolidated)

Lancers

Transitioning to the profit-making phase from this year

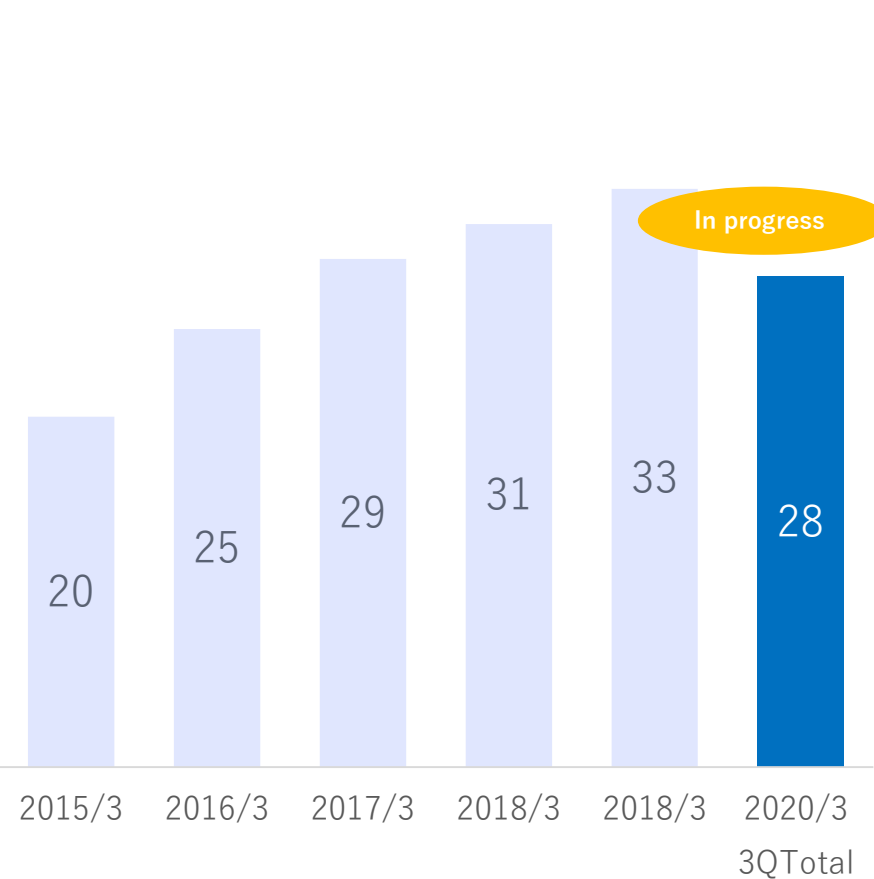


Increases in the Number and Unit Price of Clients Lancers

The number of clients and unit price is growing steadily.
In particular, client unit price is on the rise.

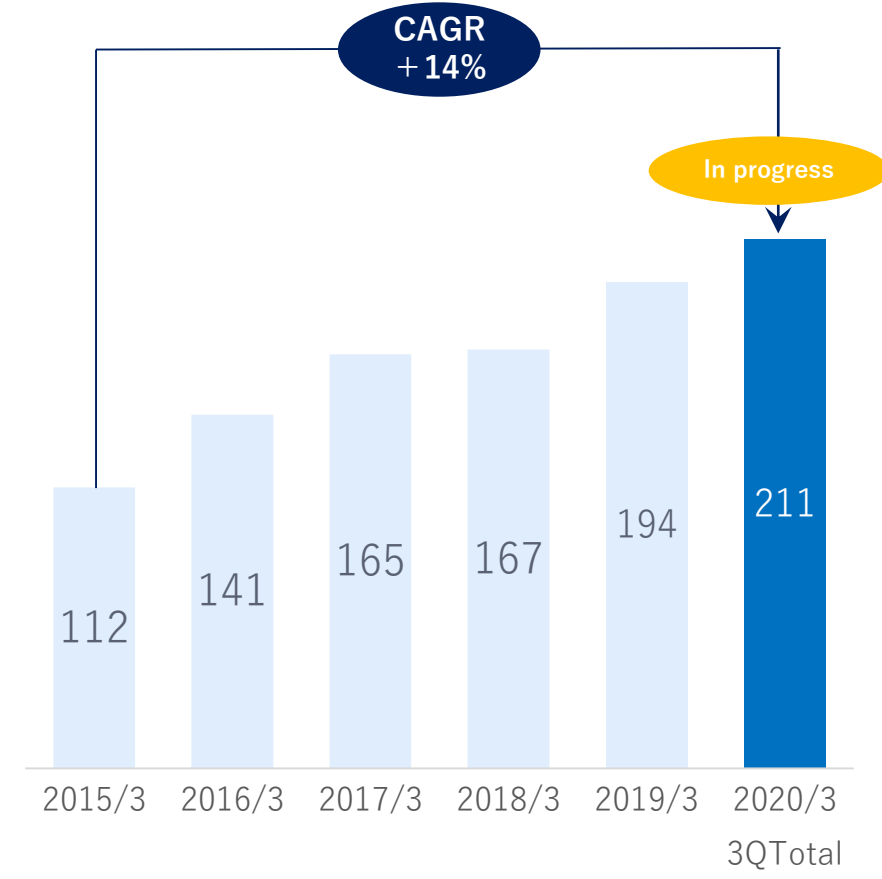
The number of clients*

(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.

1

Company Overview

2

Financial Highlights

3

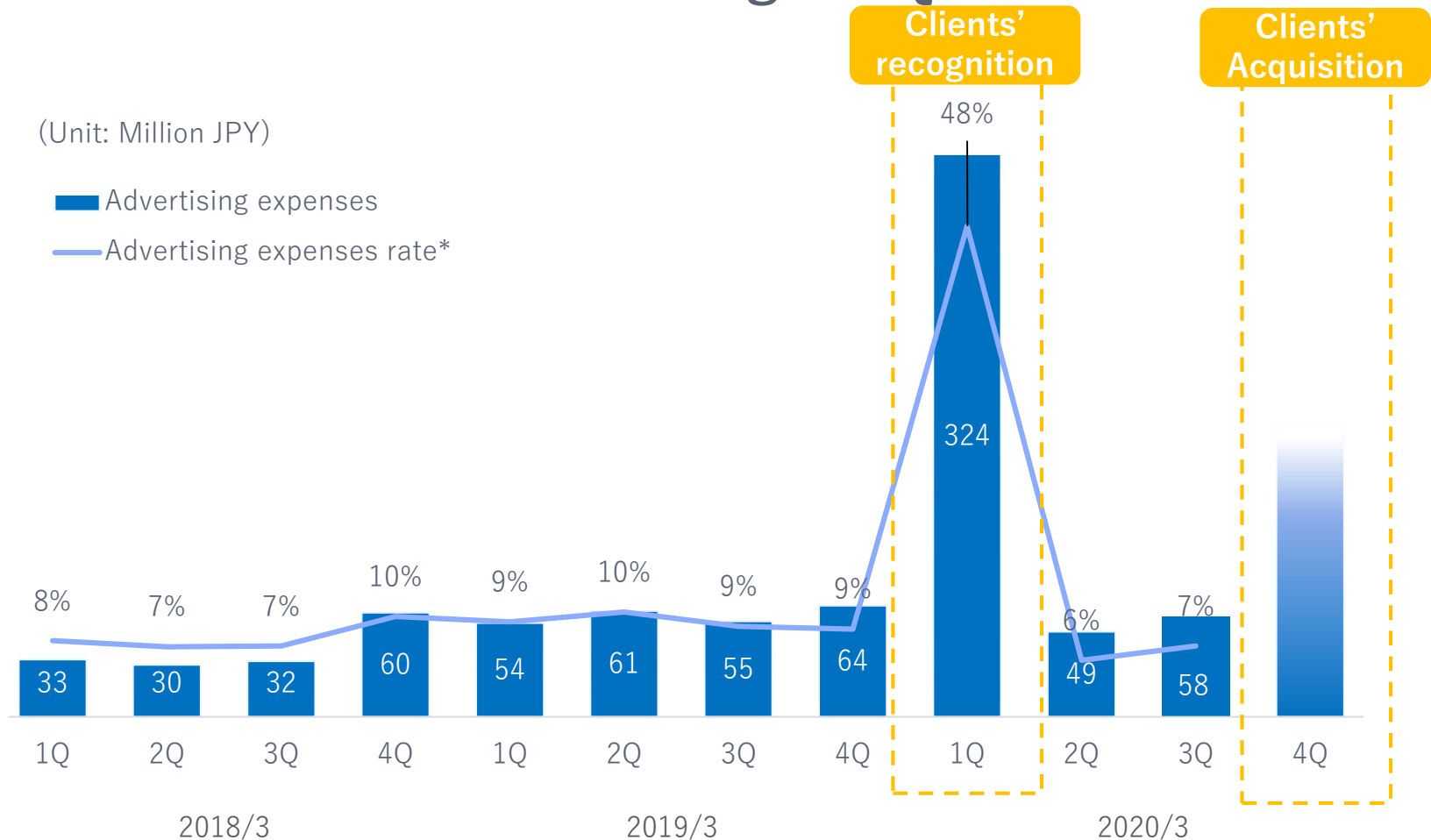
Recent Initiatives

Full-Year Plan is on track

- 1 Further investment in 4Q for acquiring clients.
- 2 Lancers Enterprise, which is our focusing business, increased sales staff and expanded sales.
- 3 By providing a reliable platform and opportunities to grow, we aim to support freelancers' activities.

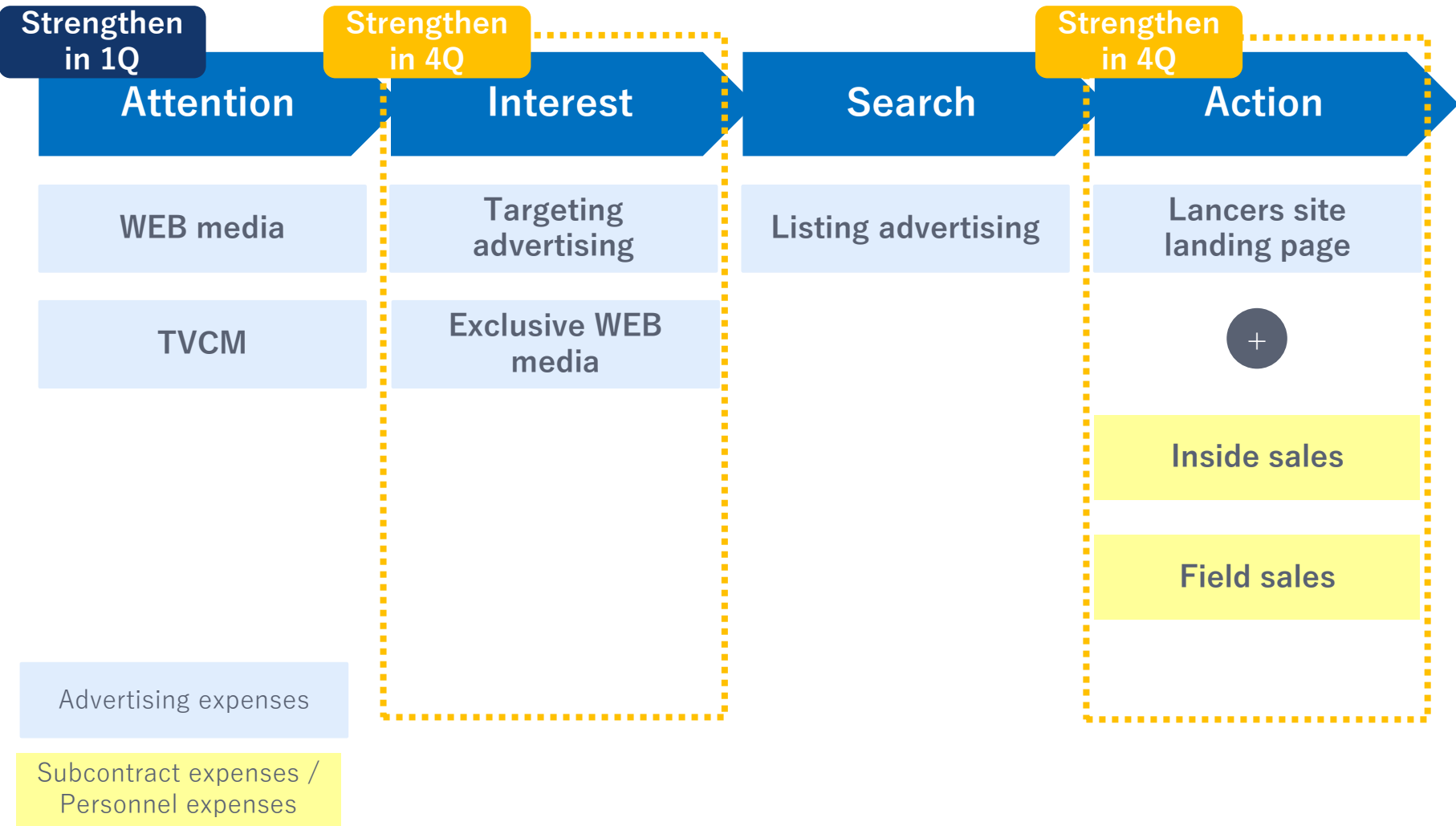
1 Advertising Expenses (consolidated)

Invest in advertising expenses in 1Q to accelerate growth.
Invest mainly in subcontract expenses in addition to
advertising in 4Q.



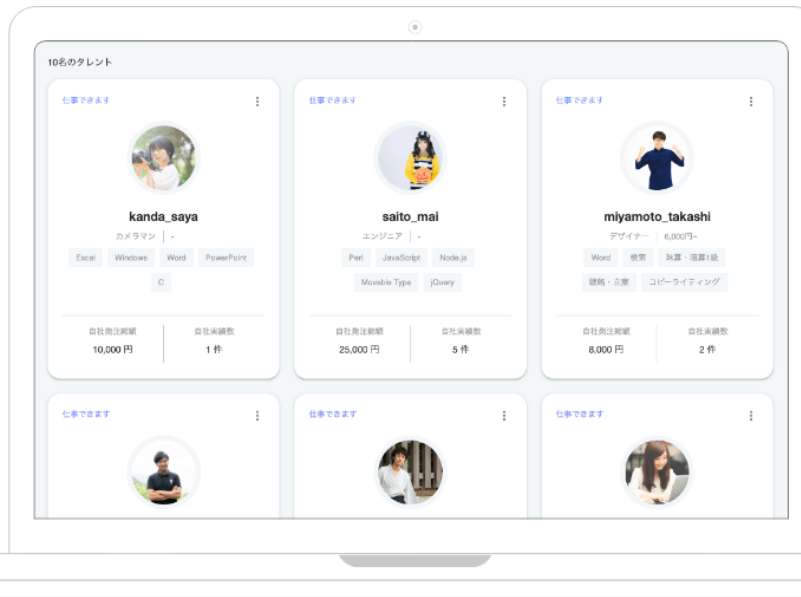
*)Advertising expenses as a percentage of Net sales

To “acquire” clients,
develop more targeted marketing and sales.



2 Focusing on Lancers Enterprise

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

Create your team on the cloud system

Solutions that Enterprise provides



3 Other Initiatives for Users

By providing a reliable platform and opportunities to grow, we aim to support freelancers' activities.

A Dec.2019 3 promises to users

3 promises to users
from Lancers

- 1
We provide services continuously.
- 2
We provide secure transactions.
- 3
We provide transactions at fair prices.

B Dec.2019 Introducing acknowledged client system



Certification

C Dec.2019 Business alliance with Rease Co., Ltd.

rease
smeta

D Jan.2020 2nd collaboration with Adobe Systems Co., Ltd.



イラストや動画編集に興味あるけど、ハードルが高いと思っているあなた！
無料で学べる今だからこそ、挑戦してみませんか？

2020年こそは
クリエイティブスキルを
広げよう！

無料で学んで無料で使えるアドビコンプリートプラン3か月



To achieve further development as a social infrastructure, we provide services with the following 3 promises.

3 promises to users from Lancers

1

We provide services continuously.

2

We provide secure transactions.

3


**We provide transactions at
fair prices.**

B Introducing an Acknowledged Client System Lancers

For reliable platform operation, we introduced “acknowledgement system” to clients as well as freelancers.

In the last 6 months,

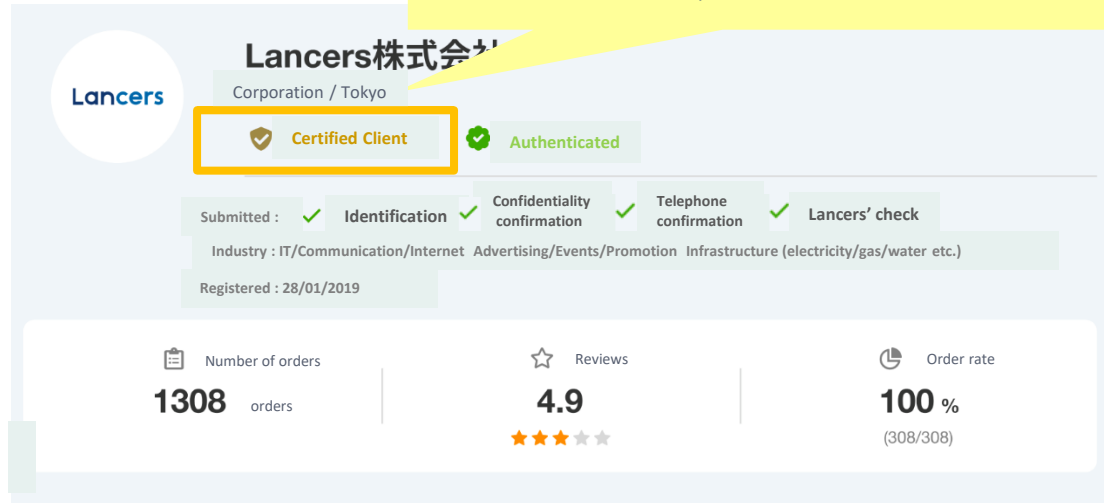
- Total work completed is ¥300,000 or more
- 30% or less of work cancellation rate
- 5% or less of jobs that are “not at the right price”
- Average rating of 4.8 or more
- 80% or more response rate etc.



Client Version

Authentication Certification

The system stated



Lancers株式会社
Corporation / Tokyo

Certified Client **Authenticated**

Submitted : ✓ Identification ✓ Confidentiality confirmation ✓ Telephone confirmation ✓ Lancers' check ✓

Industry : IT/Communication/Internet Advertising/Events/Promotion Infrastructure (electricity/gas/water etc.)

Registered : 28/01/2019

Number of orders	Reviews	Order rate
1308 orders	4.9 ★★★★☆	100 % (308/308)

Offering support for providing the necessary credit and rental guarantee for a rental property for freelancers.

Lancers

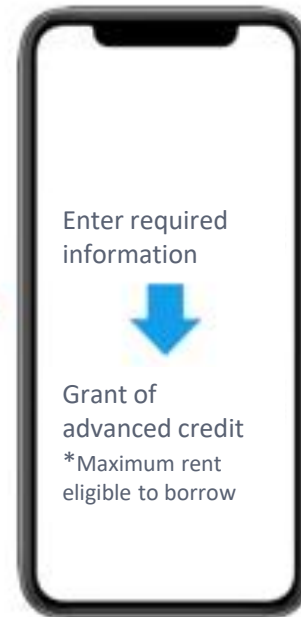
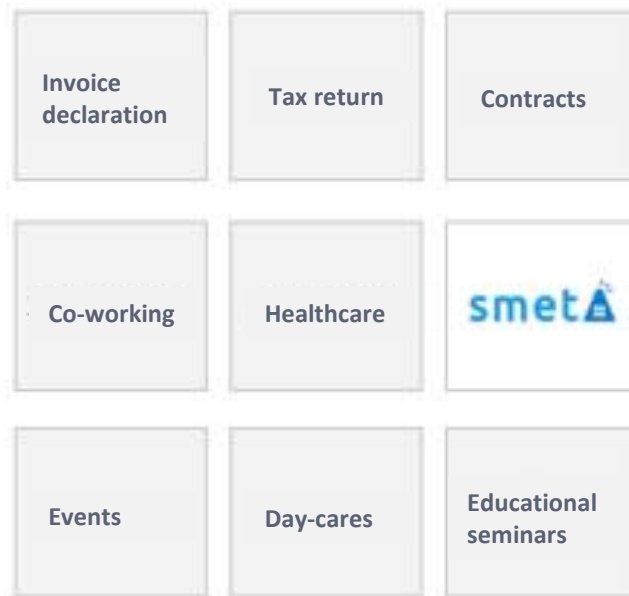
rease

Freelance Basics

smet 

smet 

Guarantee



Guarantee of rent

Offering Adobe Creative Cloud Complete Plan for free and supporting 4,000 people to grow their potential.

Lancers × **Adobe**

Increasing individual values
by multiplying skills



Adobe × 新しい働き方 Lancers

イラストや動画編集に興味あるけど、ハードルが高いと思っているあなた！
無料で学べる今だからこそ、挑戦してみませんか？

**2020年こそは
クリエイティブスキルを
広げよう！**

無料で学んで無料で使えるアドビコンプリートプラン3カ月



Lancer of the Year, the 6th festival for freelancers, to be held, inviting 1,000 people.



A day to find an answer to “your own way of working”



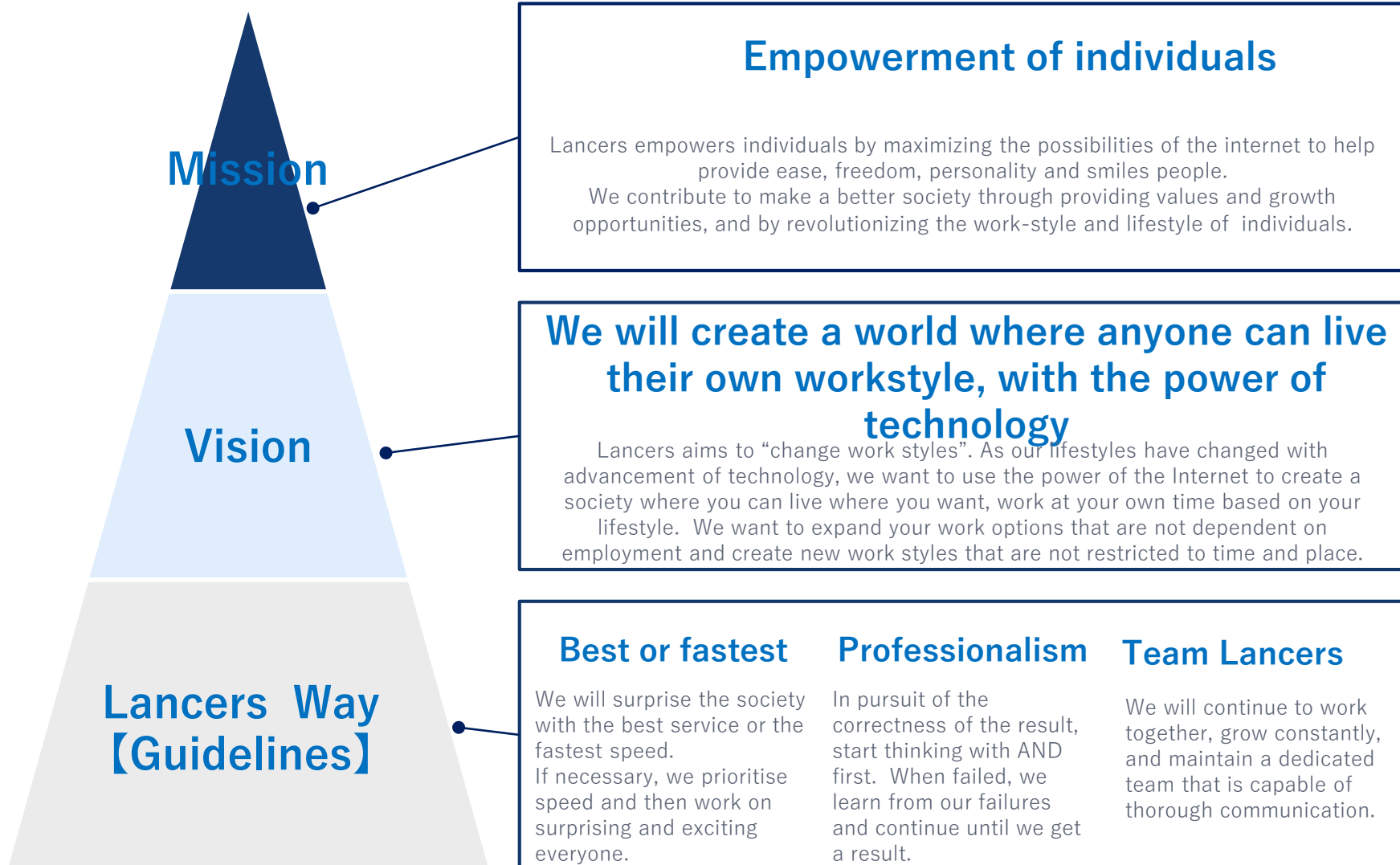
Empowerment of Individuals

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

Operating business based on mission, vision and guidelines



Has been a user since 2015 with the highest monthly profit of 4.3 million JPY. Recently established a corporation and achieved monthly sales of 12 million JPY.

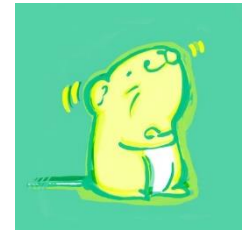


- Nickname: Tottoko Lancer
- Gender: Male
- Highest monthly income as a freelancer*: 4.3 million JPY (May 2018)
- Highest monthly sales after incorporation: 12 million JPY (January 2020)
- Range of work:
 - Writer
 - Editing & directing
 - Media management
 - SNS operations
 - Advertising operations
 - Lectures for various seminars etc

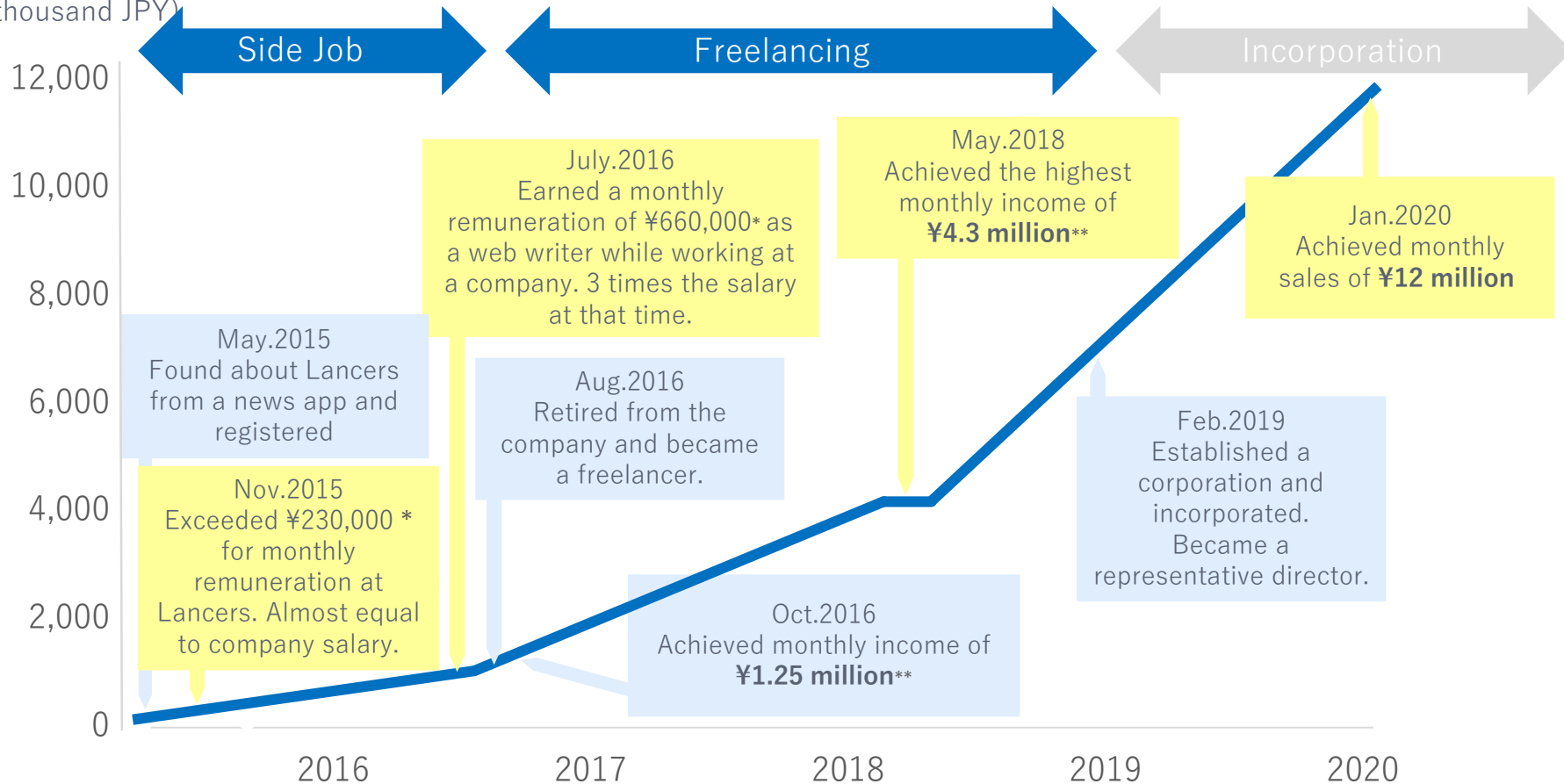
*) Monthly income including compensation other than through Lancers

Opportunities for freelancers to maximize their potential

Changes in monthly income of Lancer



(Unit : thousand JPY)



*) Monthly remuneration amount only through Lancers

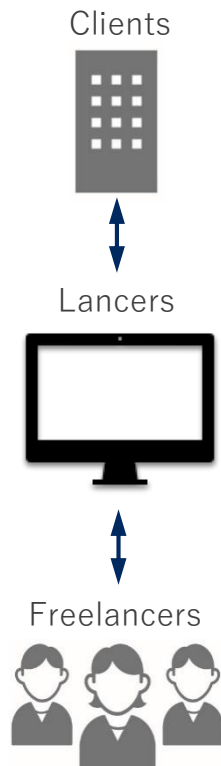
**) Monthly income including compensation other than through Lancers

We provide several services to meet our clients' needs

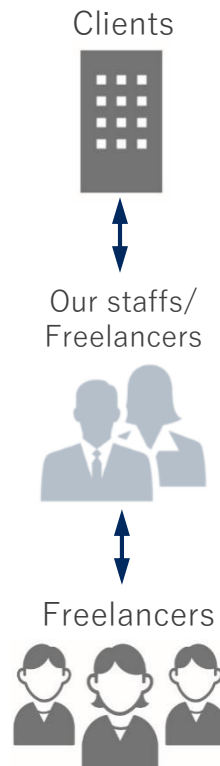
Launched May 2019

- 1 Clients can assign freelancers to projects directly

Lancers

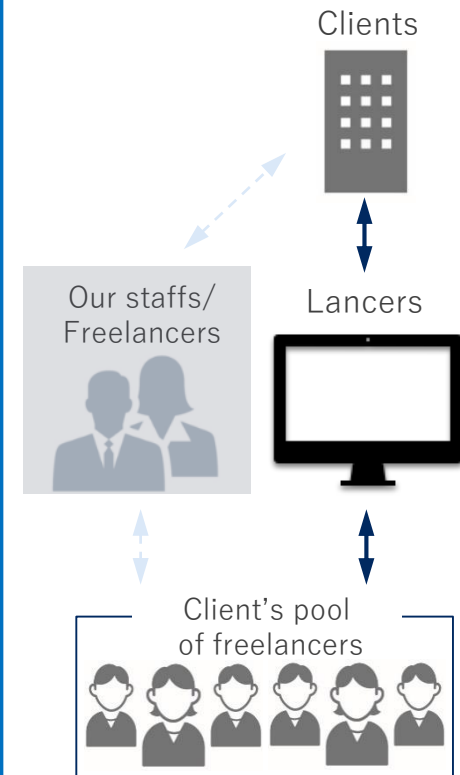


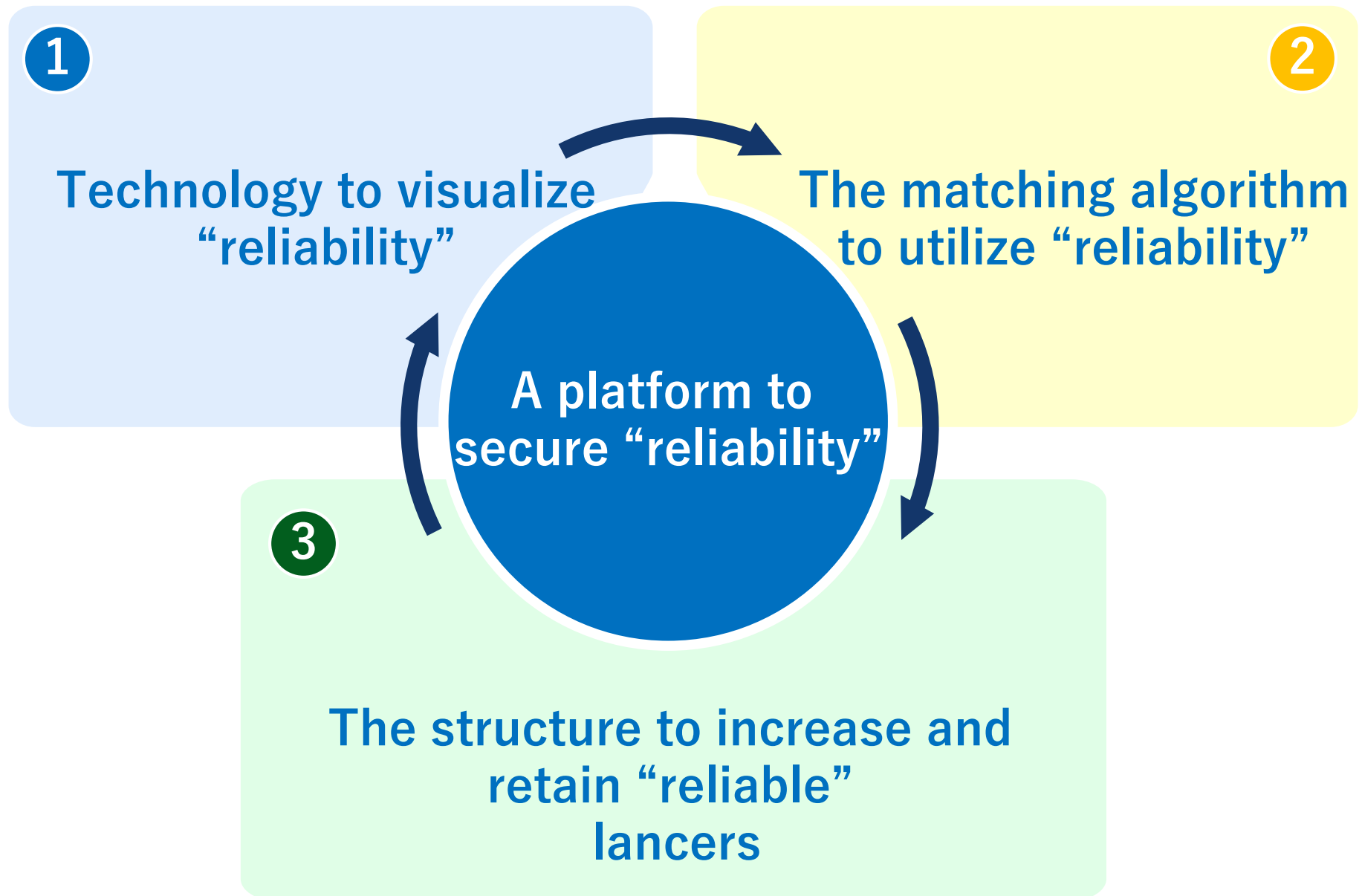
- 2 Clients can find suitable freelancers through our staff
Lancers Agent
Lancers Outsourcing



- 3 Clients can choose freelancers from their own organization pool


Lancers Enterprise






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

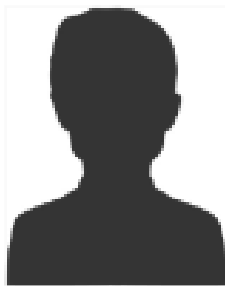
Prioritize and display reliable lancers,
and match them up with clients

Match lancers with clients with high affinity



Register reliable data

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



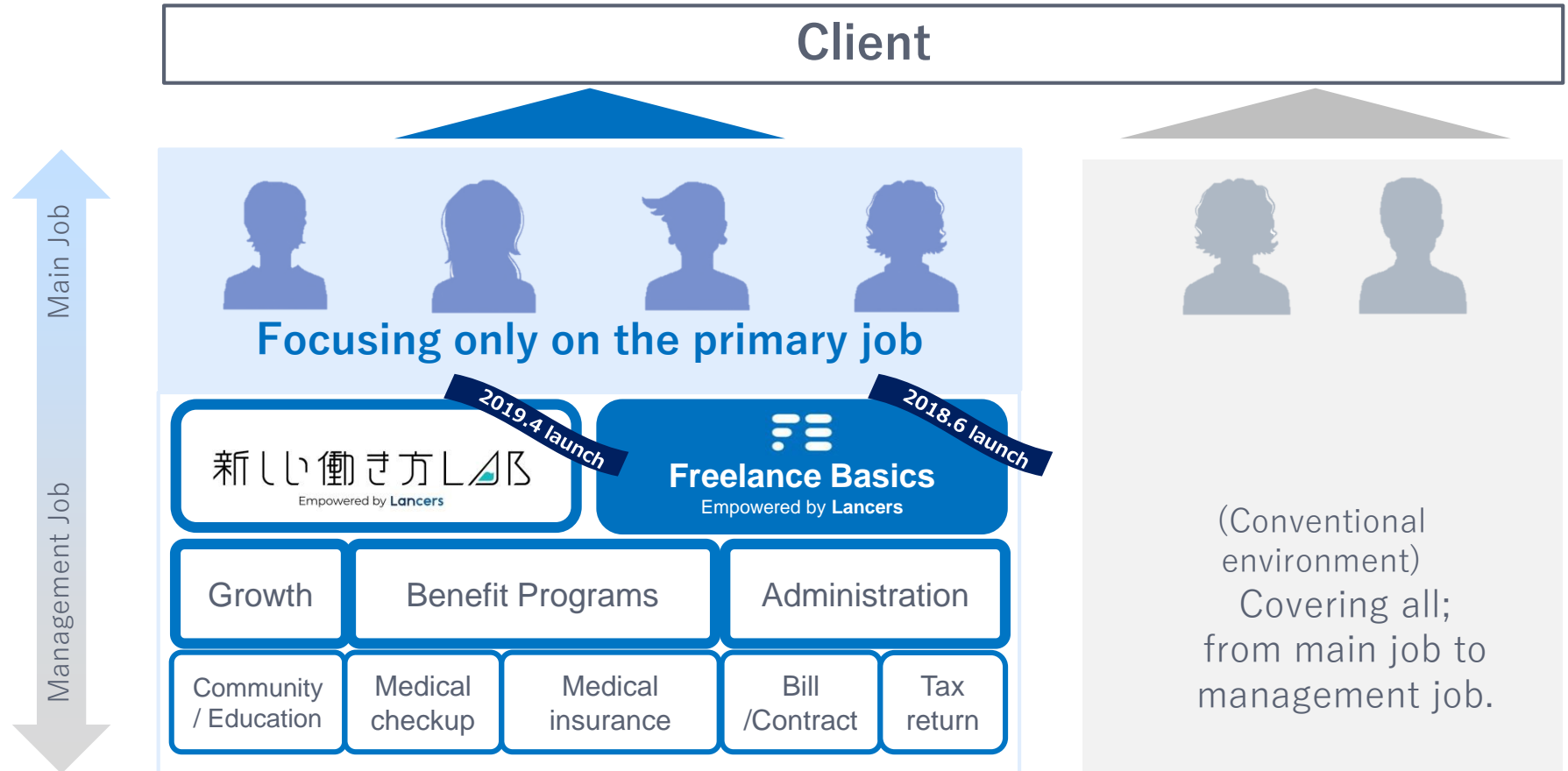
Request projects at appropriate prices

- ✓ 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



Handling of this material

This information contained herein is based on current economic, regulatory, market trends and other conditions. The Company makes no representation or guarantee with respect to the credibility, accuracy, appropriateness or completeness of the information herein. The information contained herein may change without prior notice. Furthermore, the information on future business results are forward-looking statements. Forward-looking statements include but not limited to expressions such as "believe", "expect", "plan", "strategic", "expect", "anticipate", "predict" and "possibility", as well as other similar expressions to explain future business activities, achievements, events and future conditions. Forward-looking statements are predictions about the future that reflect management's judgment based on currently available information. As such, these forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from those expressed in or suggested by the forward-looking statements. Therefore, you may not rely entirely on forward-looking statements. The Company does not assume any obligation to change or correct any forward-looking statements in light of new information, future events or other findings. In giving this material, the Company does not undertake any obligation to provide the recipient with access to any additional information or to update this material or any additional information or to correct any inaccuracies in any such information which may become apparent. Information on companies other than the Company and information provided from third parties are based on public information or sources. The Company has not independently verified the accuracy and appropriateness of such data and indicators used herein, nor assume any responsibility for the credibility, accuracy, appropriateness and completeness of such data and indicators presented in this document.

Lancers