



Lancers

**Financial Results
for the Fiscal Year Ended March 31, 2020**

LANCERS, INC.
(TSE Mothers : 4484)
May 14, 2020

Regarding the Spread of Coronavirus (COVID-19) **Lancers**

We would like to extend our deepest sympathies to those who have been affected by Coronavirus (COVID-19) and to those who have been socially impacted during this difficult time.

We would also like to express our gratitude to healthcare workers and governmental authorities, who have been involved in stopping the spread of the infections.

With our vision of “creating a society where everyone can work in their own way with technology”, we are determined to contribute to society by providing reliable services to freelancers who have been working through our platform and to our clients who have been placing orders through our services.

Support for freelancers

Providing “Cancellation Certificate” function that can issue necessary information in writing when applying for subsidies

[Important]
Information regarding application of
subsidies for freelancers due to COVID-
19 pandemic
(For freelancers / clients)



Cross-industry efforts to maintain employment

Welcoming employees from ASOVIEW Inc. for “**network sharing**” at challenging times

+++++

災害時雇用維持
シェアリングネットワーク

Sharing Employee Network during Disasters

+++++

Support for SMEs

Launched “COVID-19 Countermeasures Business Continuity Support Program” jointly with partners



Internal efforts to encourage remote work

Achieved a telework rate of 97.5%* by formulating and implementing “Smart Management 5 principles / Remote Work Way”

ランサーズリモートワークWay



*)Includes members working at home and co-creating with us as freelancers.

Our Mission

Empowerment of Individuals

Our Vision

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



Company Profile

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

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

- 1** **Company profile / Market trends**
- 2 Full-year and forth-quarter results for the year ended March 2020
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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)

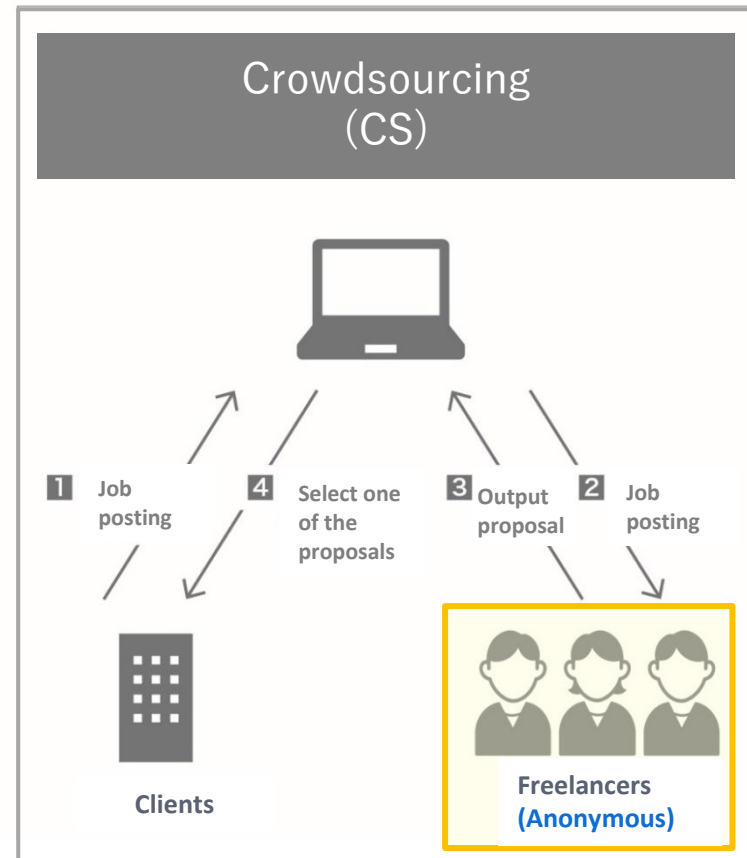
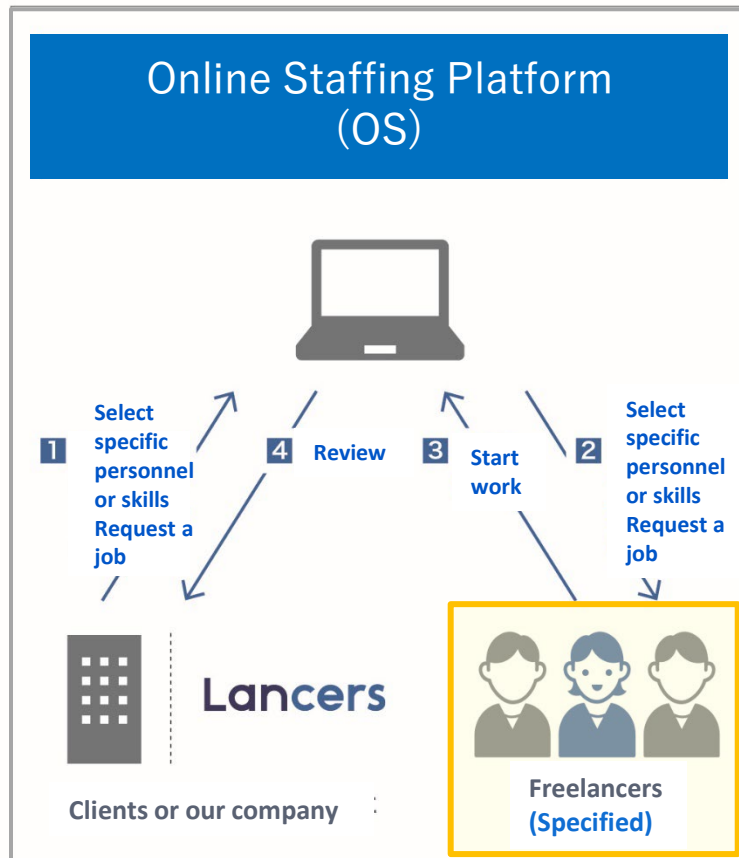


Benefits

- 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

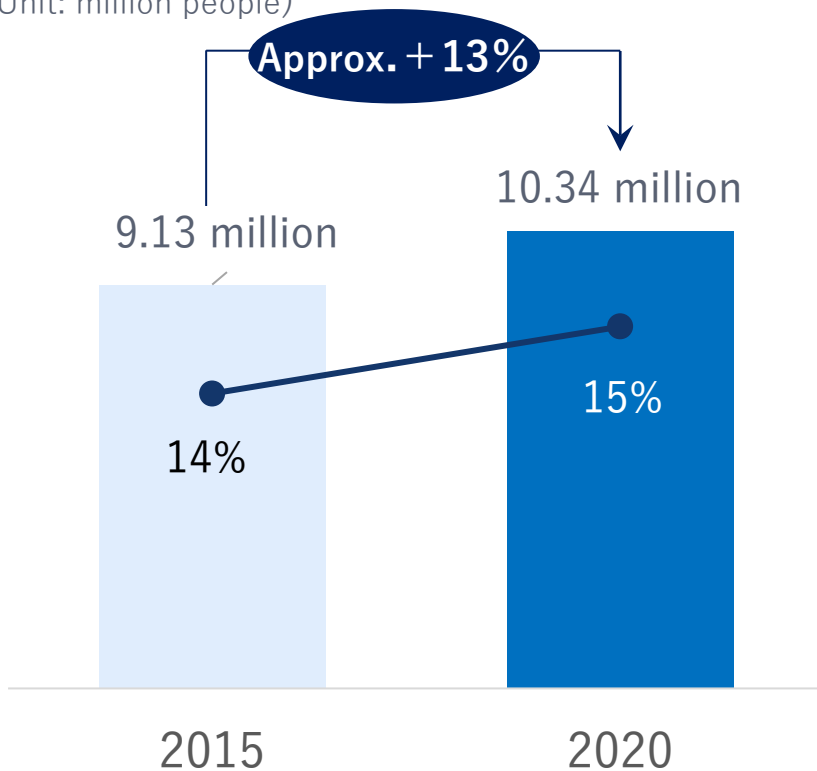


Chinese translation
Translating contracts,
pamphlets, manuals, etc

Population of freelancers is 10.34 million, approx.15% of the working population, with 3.12 million started freelancing within a year.

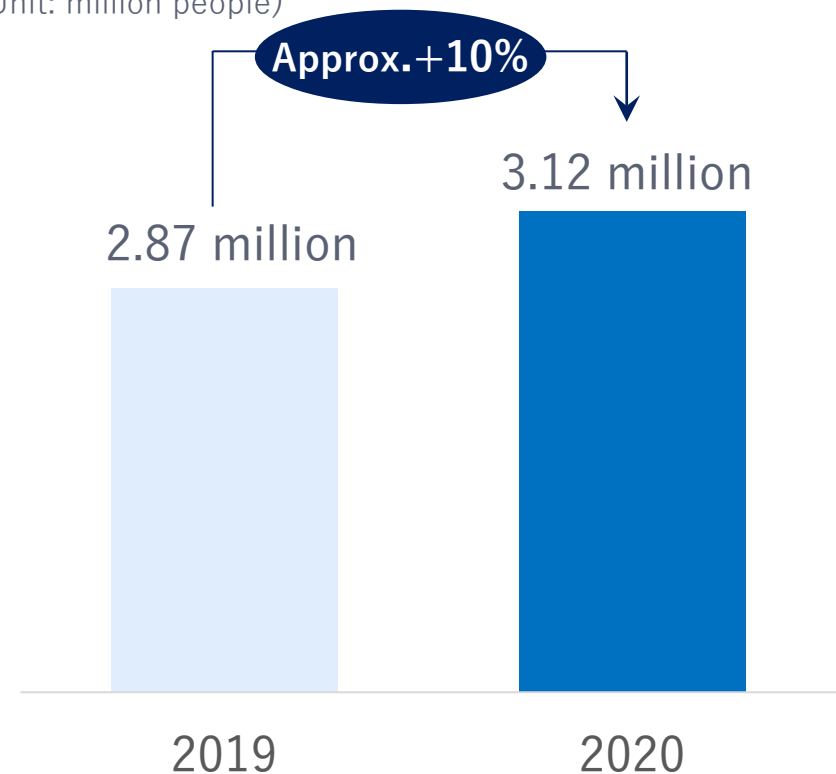
Freelance population and ratio to the working population

(Unit: million people)



People who started freelancing within 1 year

(Unit: million people)

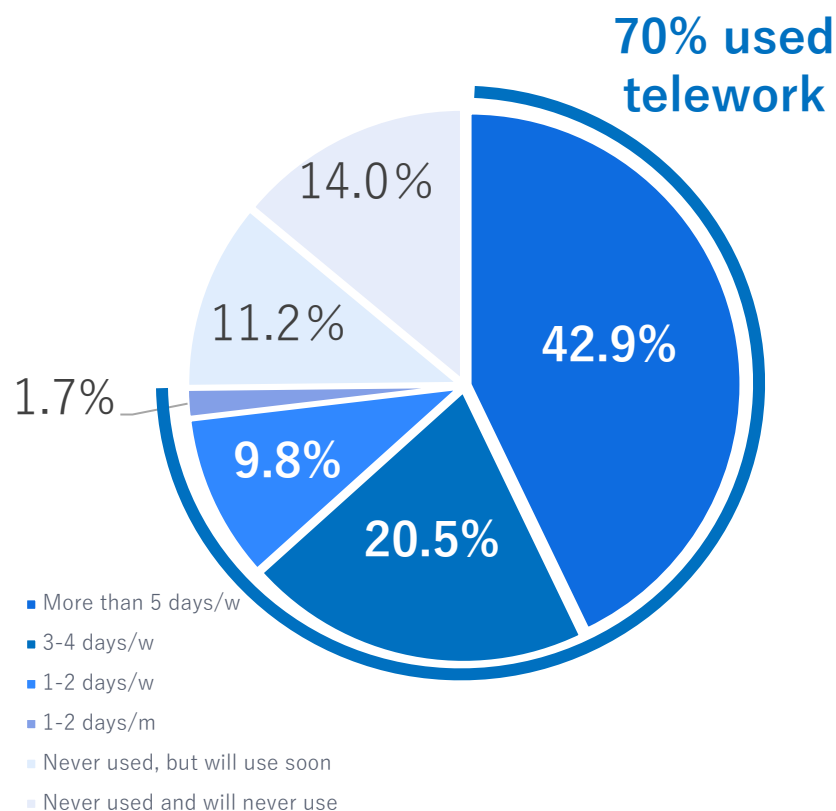


*) This is based on a survey conducted in February 2020 by our group, which commissioned Macromill, Inc. on men and women between the ages of 20 and 69 who received remuneration for their work in the past 12 months, which was compiled from responses from 3,094 people.

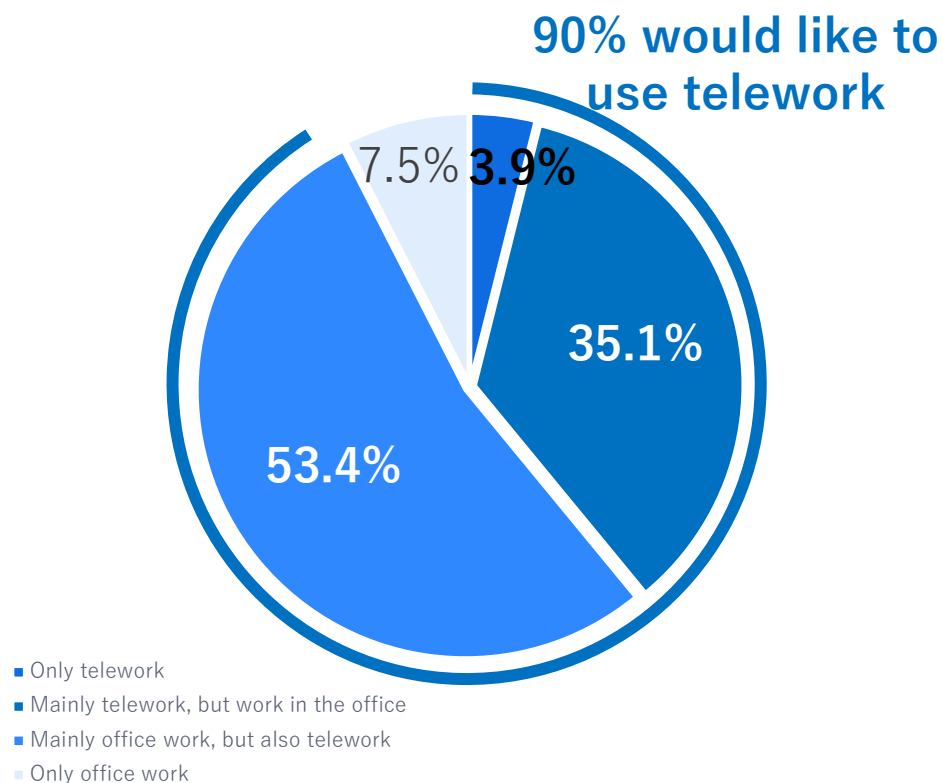
**) Quoted from "Labour Forces Survey (basic data) March 2020" by the Ministry of International Affairs and Communications.

Rapid (3 months) and forced expansion of telework. Telework becomes a new working standard.

Frequency of telework usage*



the needs of working style after COVID-19..

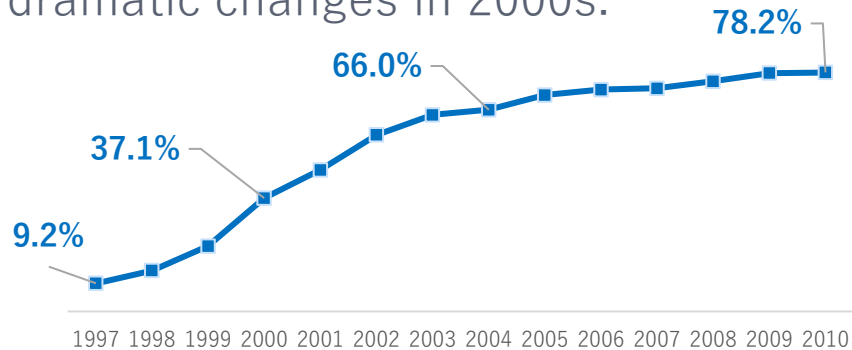


*)Source: Innovation ICT Lab, Nikkei BP Research Institute. Conducted on April 13, 2020 on the internet for Nikkei BP digital media readers and members. "Telework survey regarding COVID-19 countermeasures"

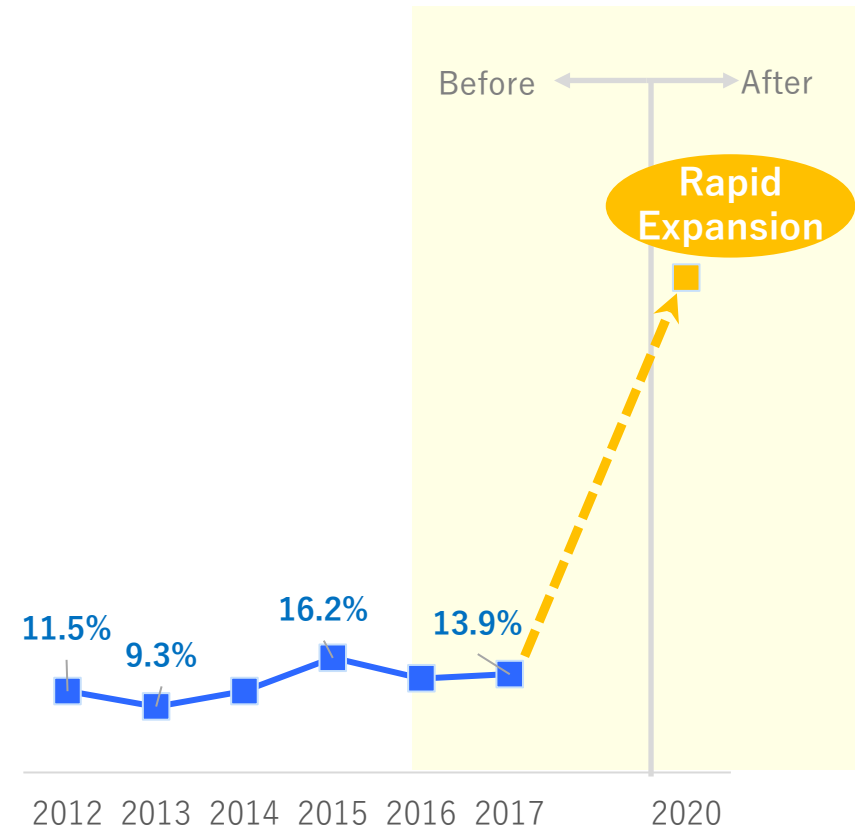
**) Source: Nikkei BizGate April 20-29, conducted on the internet for Nikkei BizGate members working all over Japan. Aggregated 1951 valid responses from the age of 20s to 70s.

There will be unprecedented changes in ways of work.

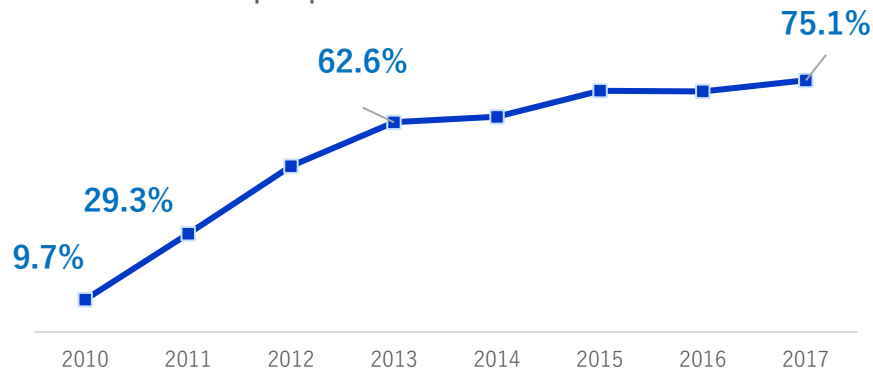
The Internet* has brought dramatic changes in 2000s.



Telework* has become widespread.
Work styles will change in 2020s.



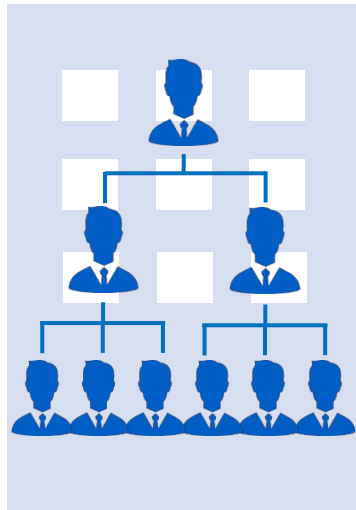
Smartphones* have become popular in 2010s.



*) Source: "Communication Usage Trend Survey" conducted by the Ministry of Internal Affairs and Communications and compiled based on results from each year.

The spread of telework is only a beginning. Changes in the values of fundamental working styles of Japanese companies will be seen.

Before



Place = Office work

HR = In-house Fulltime Employees

Organization = Management Control Type

Model = Membership Style



After



Place = Hybrid Work

HR=Internal and External Resources

Organization=Autonomous
Authority Transfer Type

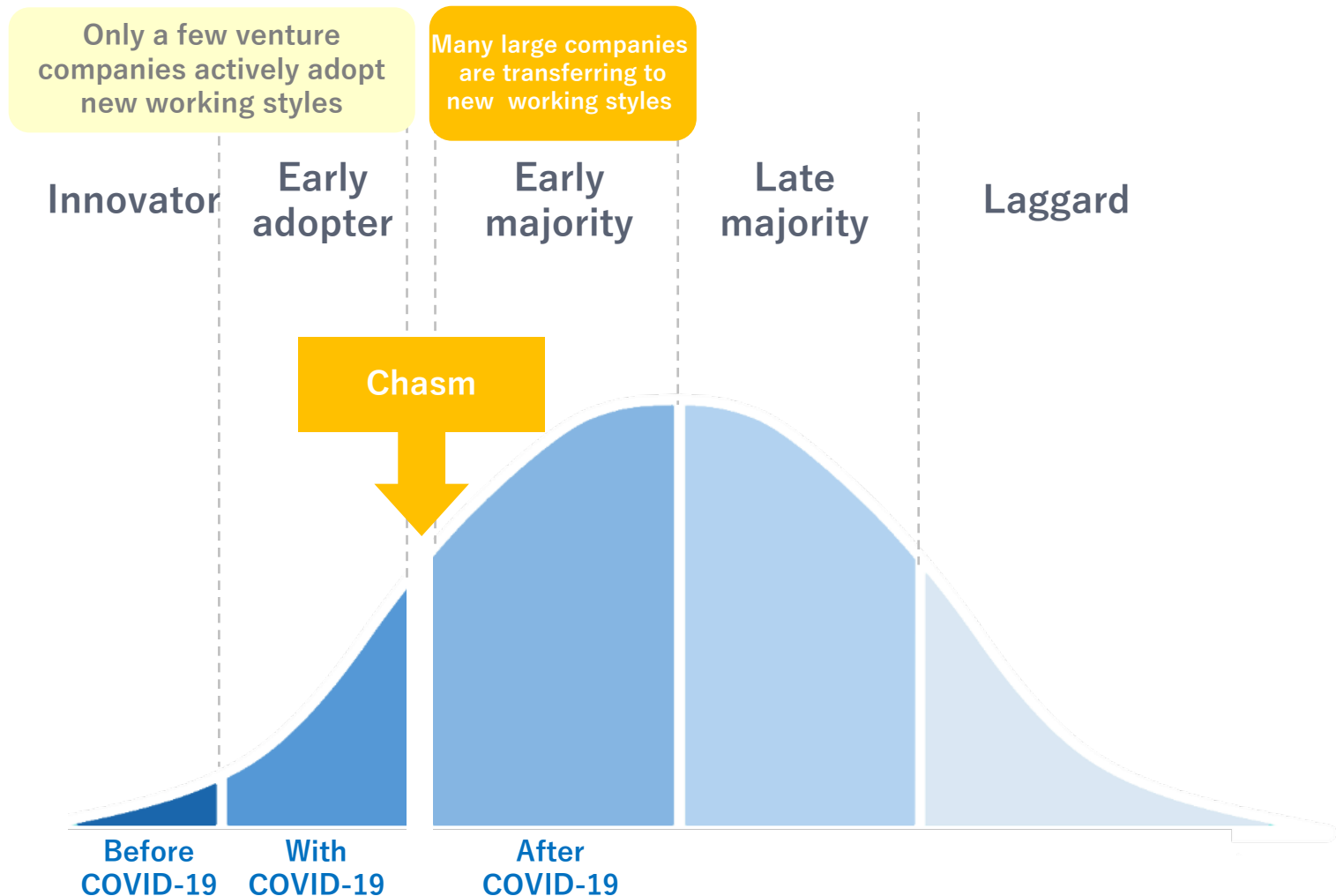
Model = Partnership Style



Surface

Deep
Level

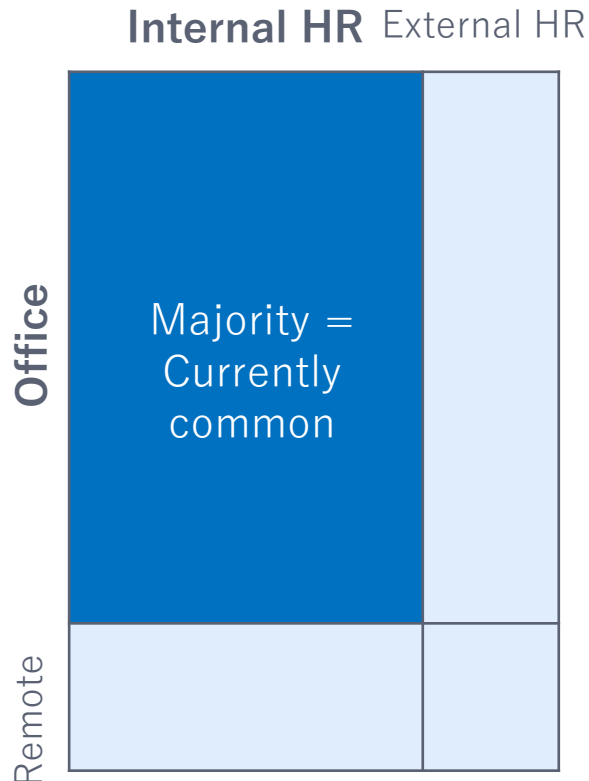
The new working styles will finally exceed the chasm.



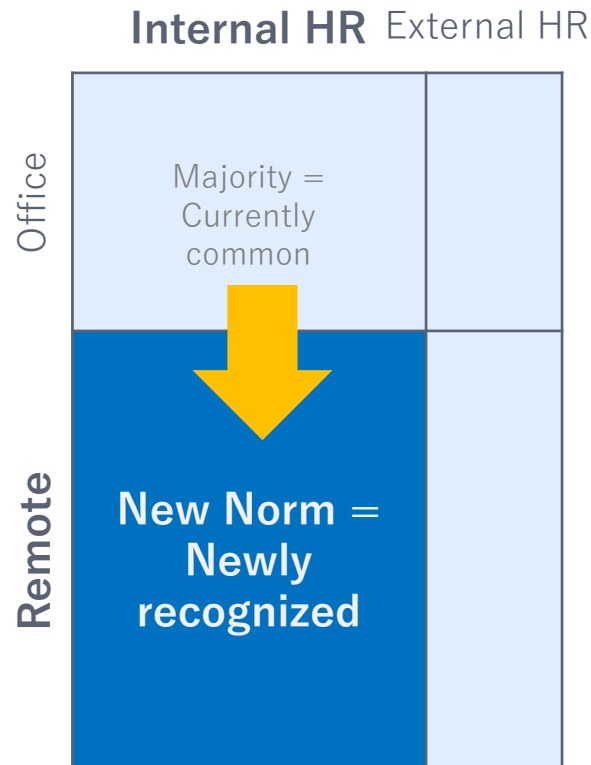
*) Based on Everett M Rogers' "Innovator Theory".

“Office x Internal Human Resources” used to be the mainstream.
“Remote x External Human Resources” will be common next.

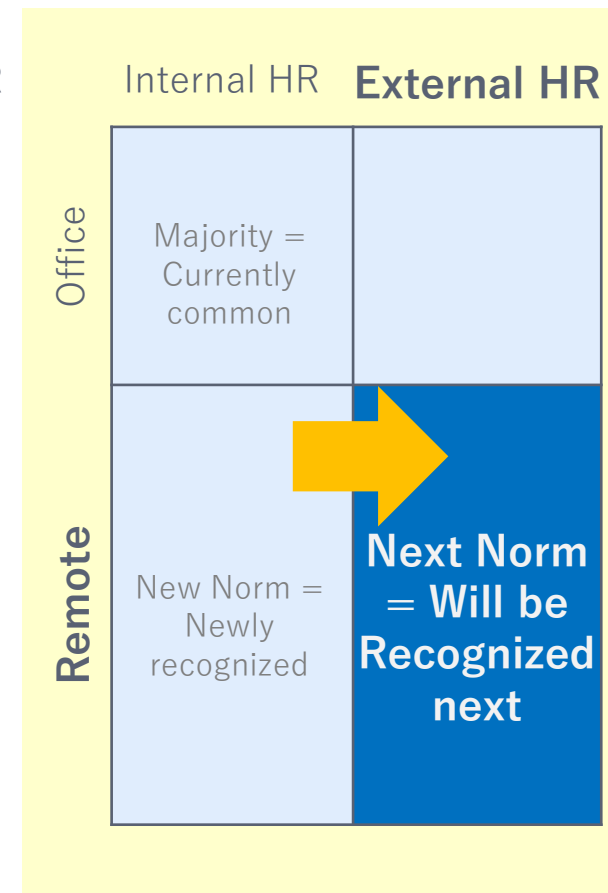
Before COVID-19



With COVID-19



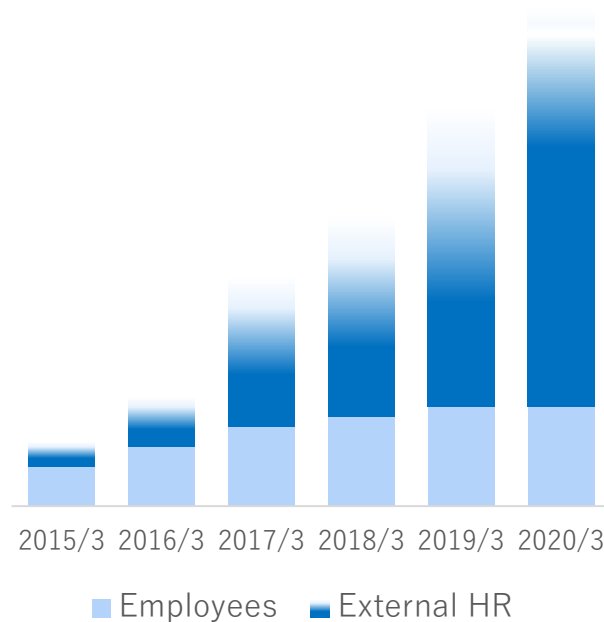
After COVID-19



Infiltration of Smart Management in Japanese Companies

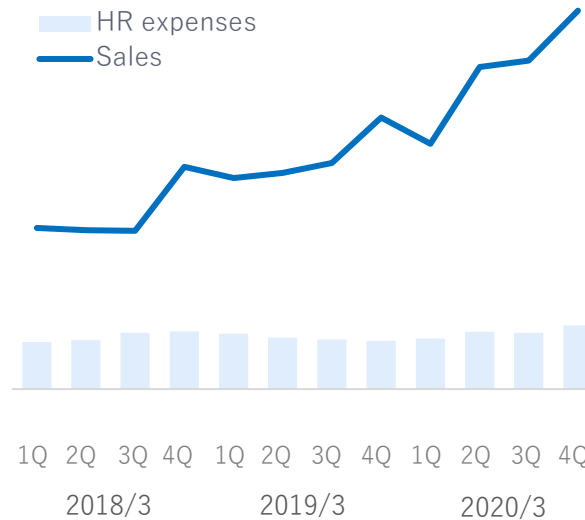
We are defining new working styles as “smart management” and encouraging it for a few years. We offer a solution for Japanese companies to resolve their management issues with rapid changes.

Use of our external personnel

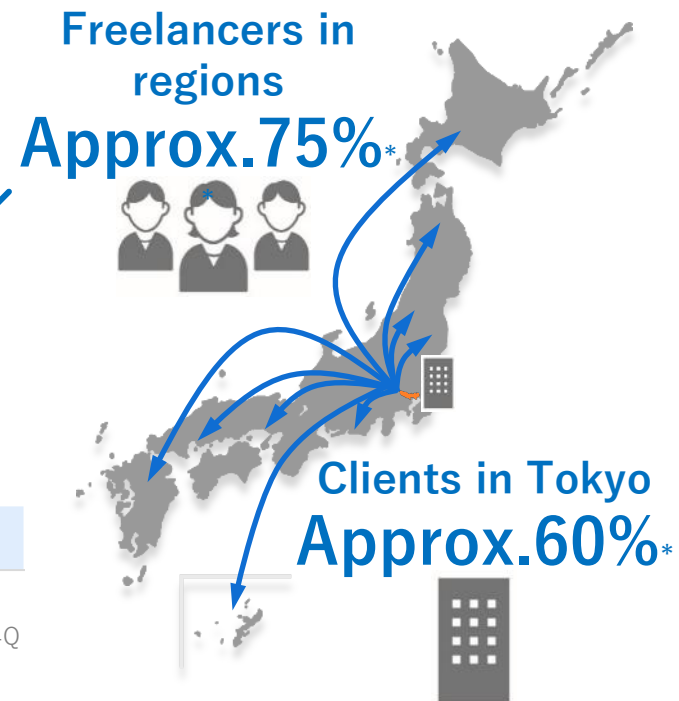


Changes in our HR expenses and sales

HR expenses are flat against sales growth.
Promoted use of HR independent of employment.



Comparison of Tokyo / regional ration in GMV

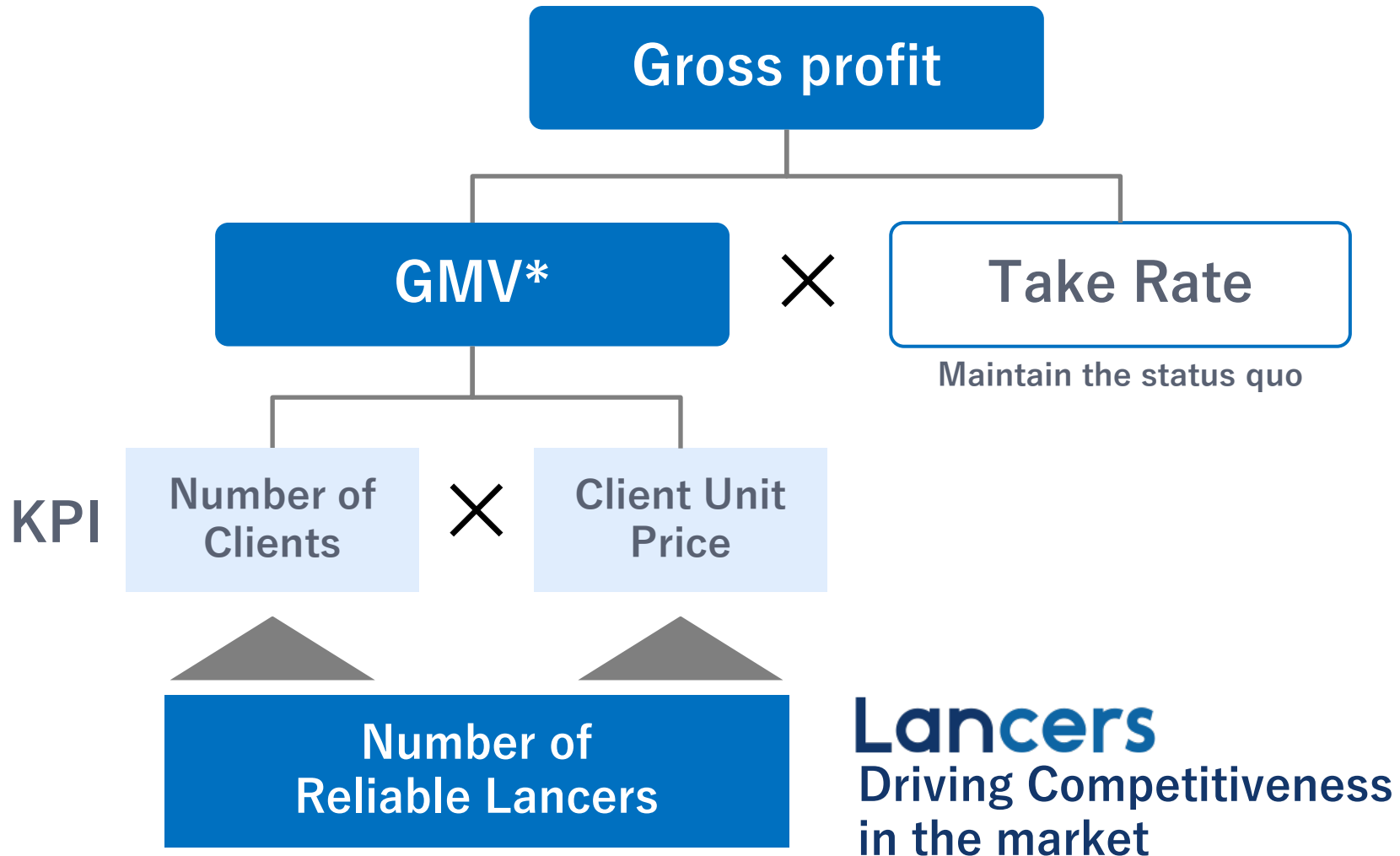


*) Percentage of Gross Merchandise Value of clients located in Tokyo out of total of Gross Merchandise Value of Lancers (non-consolidated) (Jan – Mar, 2020)

**) Percentage of Gross Merchandise Value of freelancers located outside Tokyo out of total of Gross Merchandise Value of Lancers (non-consolidated) (Jan – Mar, 2020)

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Emphasizing expansion of GMV and Gross profit
representing our added value



*) Gross Merchandise Value

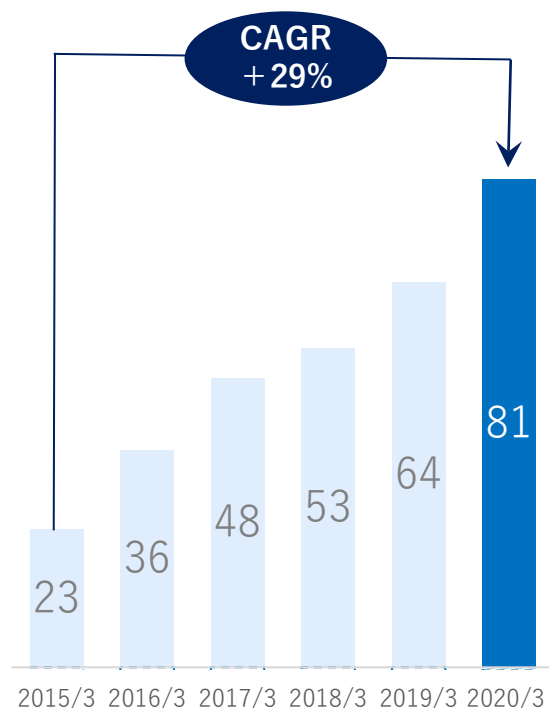
Summary of Full-Year Results for the Year Ended March 31, 2020

- Gross Merchandise Value up 26% from the previous year, Net sales up 38%, and Gross profit up 21%. These are **record high**.
- Despite COVID-19 pandemic in the 4th quarter, Gross Merchandise Value up 25%, Net sales up 39%, Gross profit up 20% compared to the previous year.
- It was a **profitable** year excluding investments centred on marketing and sales in the 1st and 4th quarters.
- **Client unit price**, which is a driving force of growth for the current term, **increased by 24% from the previous year**.

GMV, Net sales and Gross profit grew by approximately 30%

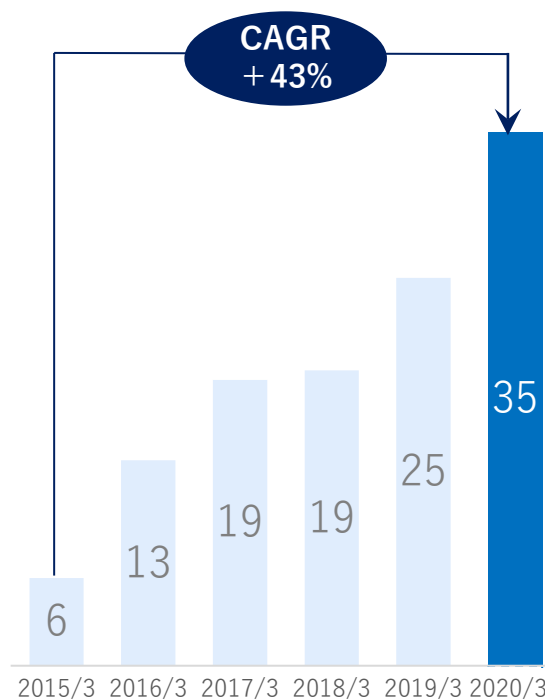
Trends in GMV

(Unit: 100 million JPY)



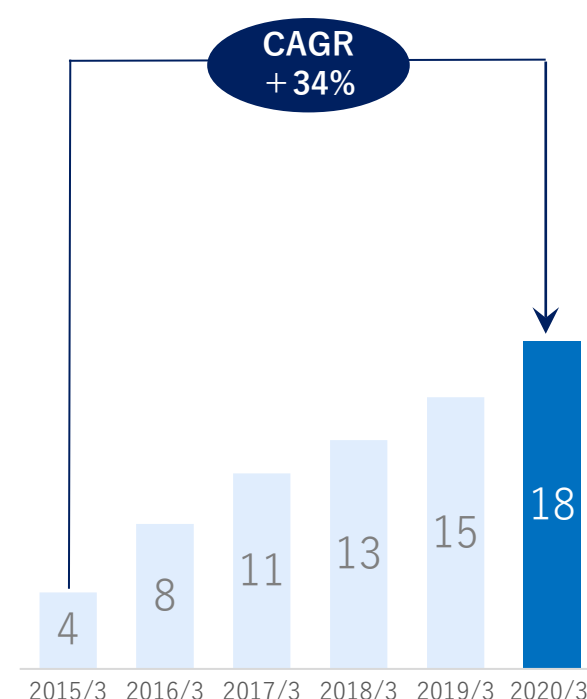
Trends in Net sales

(Unit: 100 million JPY)



Trends in Gross profit

(Unit: 100 million JPY)



Financial Results of Fiscal Year Ended March 2020 **Lancers**

- ① GMV, Net sales and Gross profit are growing steadily.
- ② All of them achieved most of the forecasted sales figures.
- ③ 1Q and 4Q increased by 24.5% from the previous year as a result of investments such as strengthening marketing and sales.

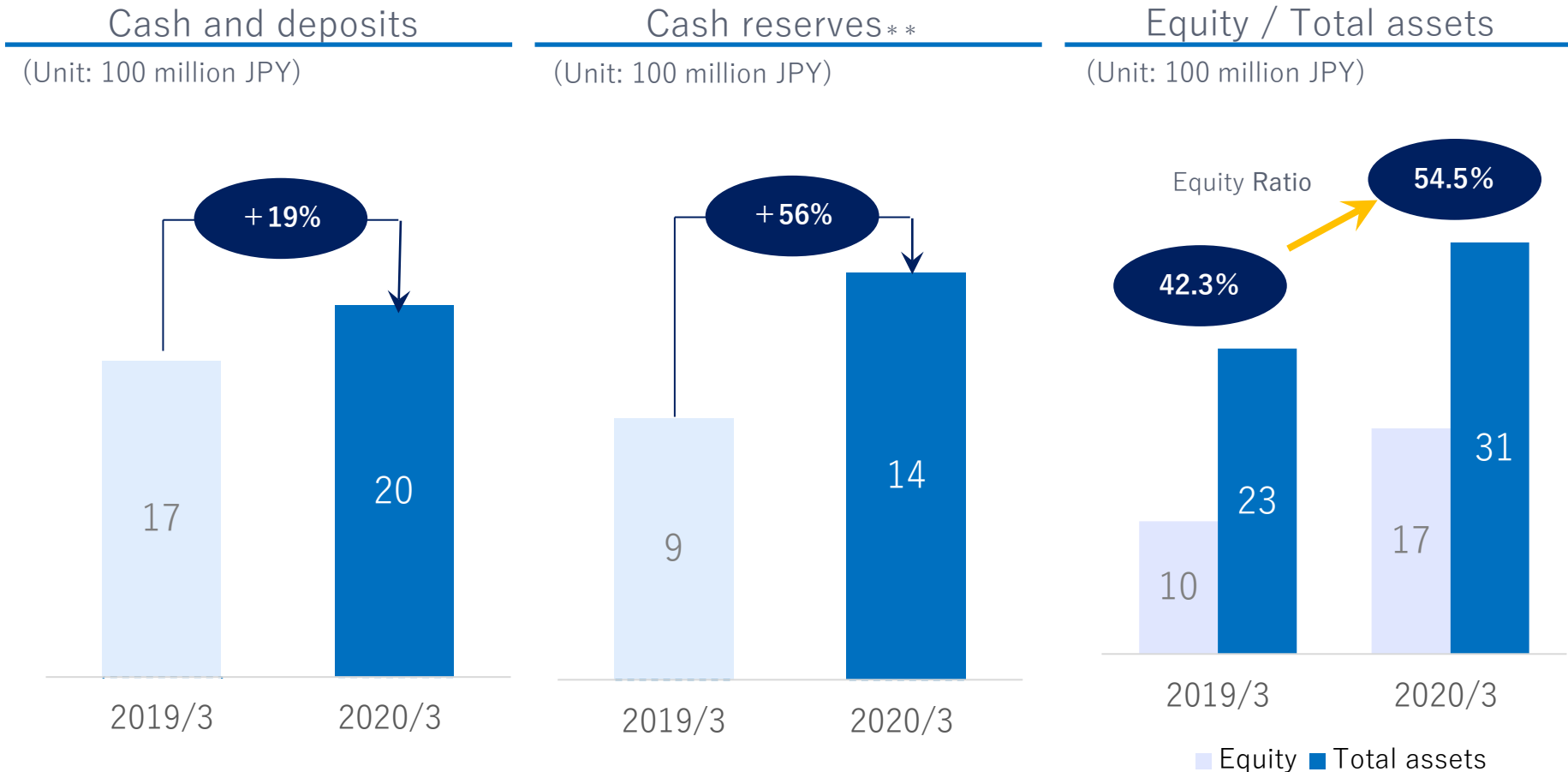
(Unit : Million JPY)	FY2019	FY2018 (year on year)		FY2019 (full-year forecast) ※Released on Dec 16 th	
	Results	Results	% change	Forecast	% achievement
Gross Merchandise Value	8,114	6,451	+26.0%	8,055	100.7%
Net sales	3,474	2,522	+37.7%	3,441	100.9%
Gross profit	1,794	1,485	+20.8%	1,819	98.6%
Selling, general and administrative expenses (SG&A)	2,102	1,688	+24.5%	2,330	90.2%
Operating loss	△307	△202	—	△510	—
Ordinary loss	△328	△93	—	△549	—
Current loss	△353	△17	—	△565	—

4th Quarter Results for the Fiscal Year Ended March 2020 (Quarter)

- ① Gross Merchandise Value, Net sales and Gross profit are record highs, steadily increasing from the previous year.
- ② SG&A expenses increased 40.4% YoY, due to investment to acquire clients.

(Unit : Million JPY)	FY2019 4Q	FY2018 4Q (year on year)		FY2019 3Q (quarter on quarter)	
	Results	Results	% change	Results	% change
Gross Merchandise Value	2,201	1,761	+ 25.0%	2,120	+ 4.0%
Net sales	1,031	740	+39.2%	895	+15.1%
Gross profit	497	414	+20.1%	463	+7.2%
Selling, general and administrative expenses (SG&A)	634	451	+40.4%	419	+51.2%
Operating profit / loss	△136	△37	—	44	△180
Ordinary profit / loss	△137	61	+ 198	27	△164
Net income / loss	△148	△178	—	21	△169

Financed ¥1.07 billion equity through IPO and secured ¥560 million for debt.* Our current High Equity Ratio and Cash reserves show our balance sheet stability.

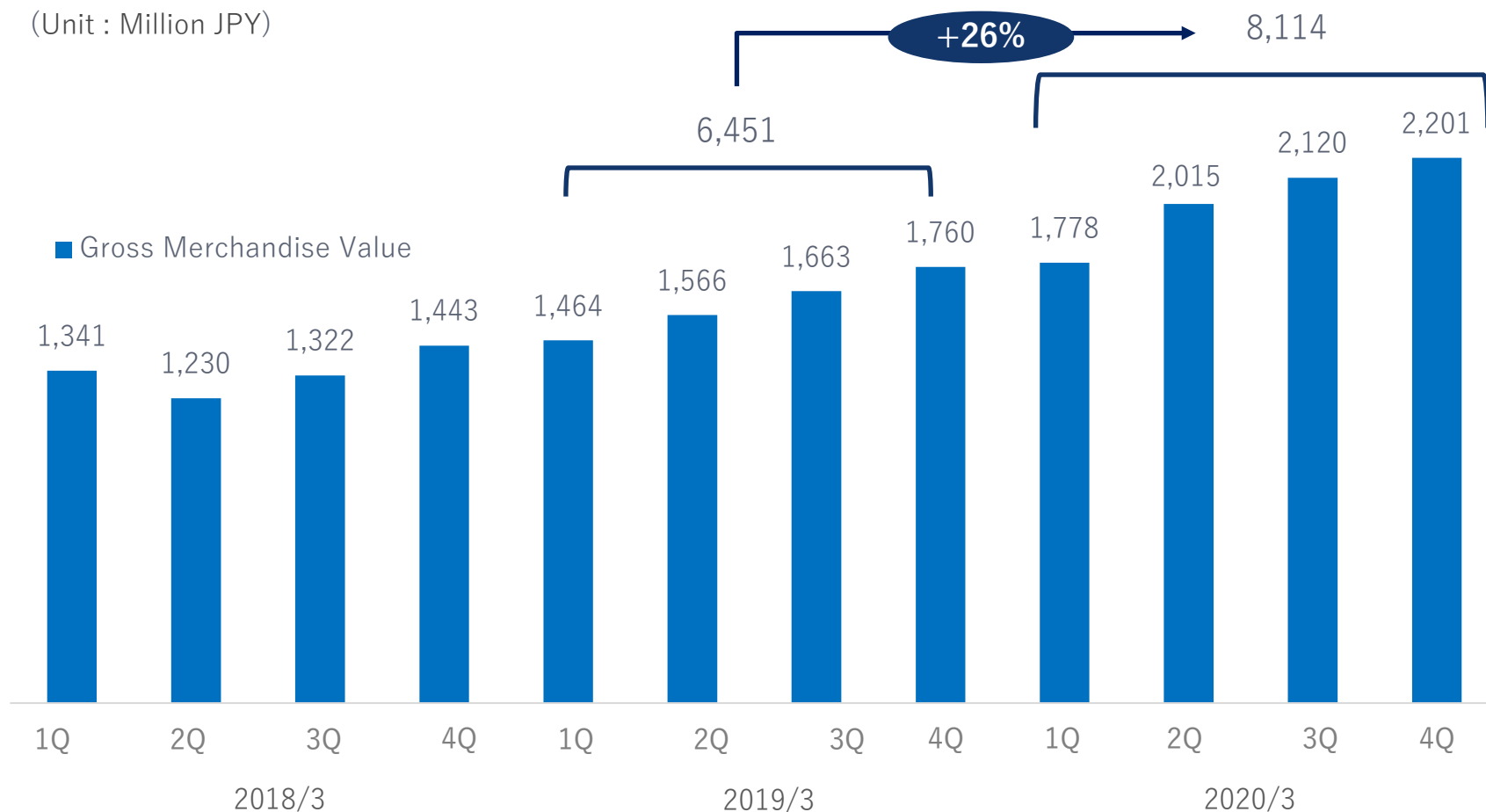


*) Uncommitted overdraft

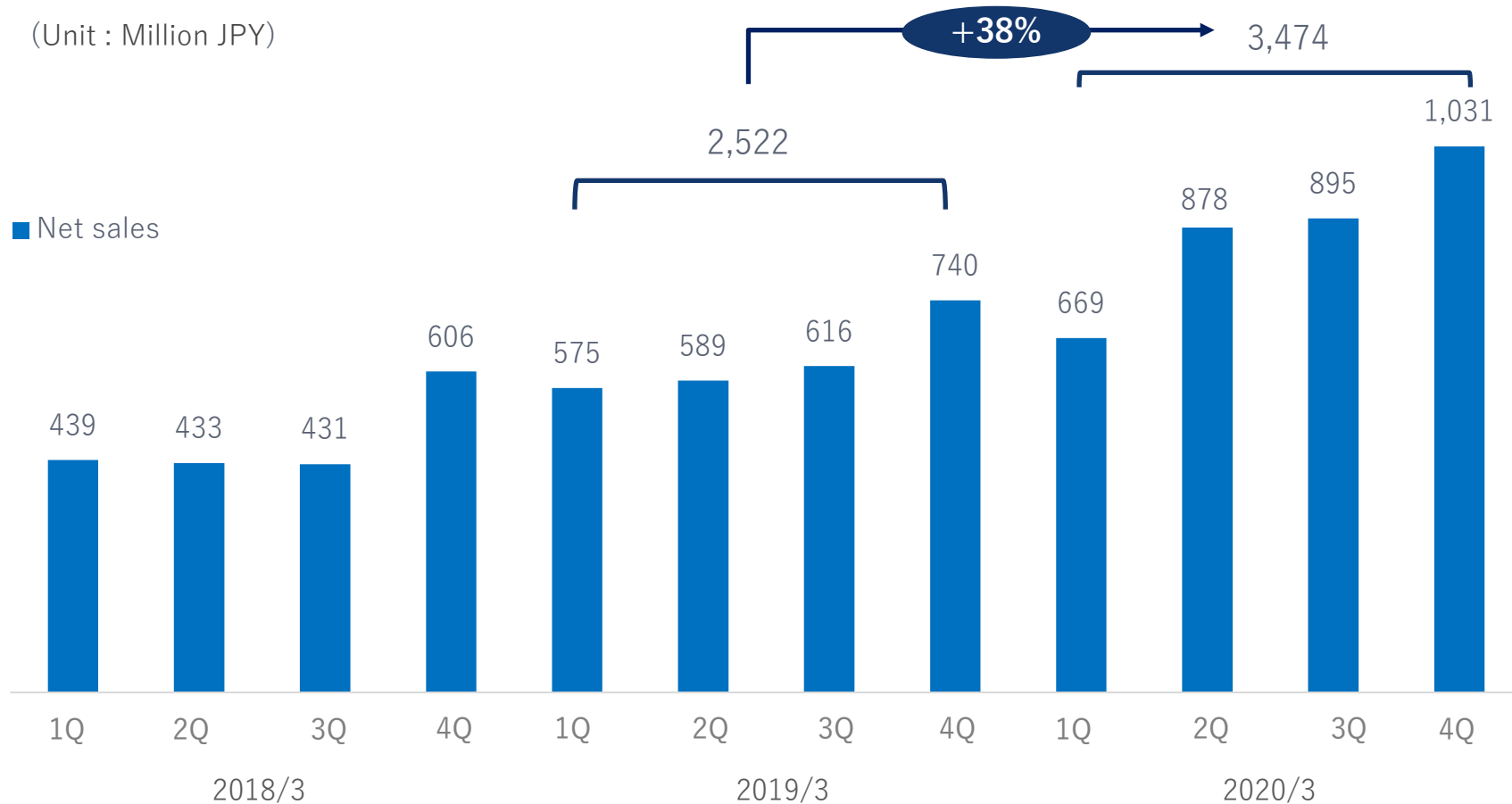
**) Cash reserves= cash and deposits – interest bearing debt - deposits

Gross Merchandise Value up 26% from the previous year.

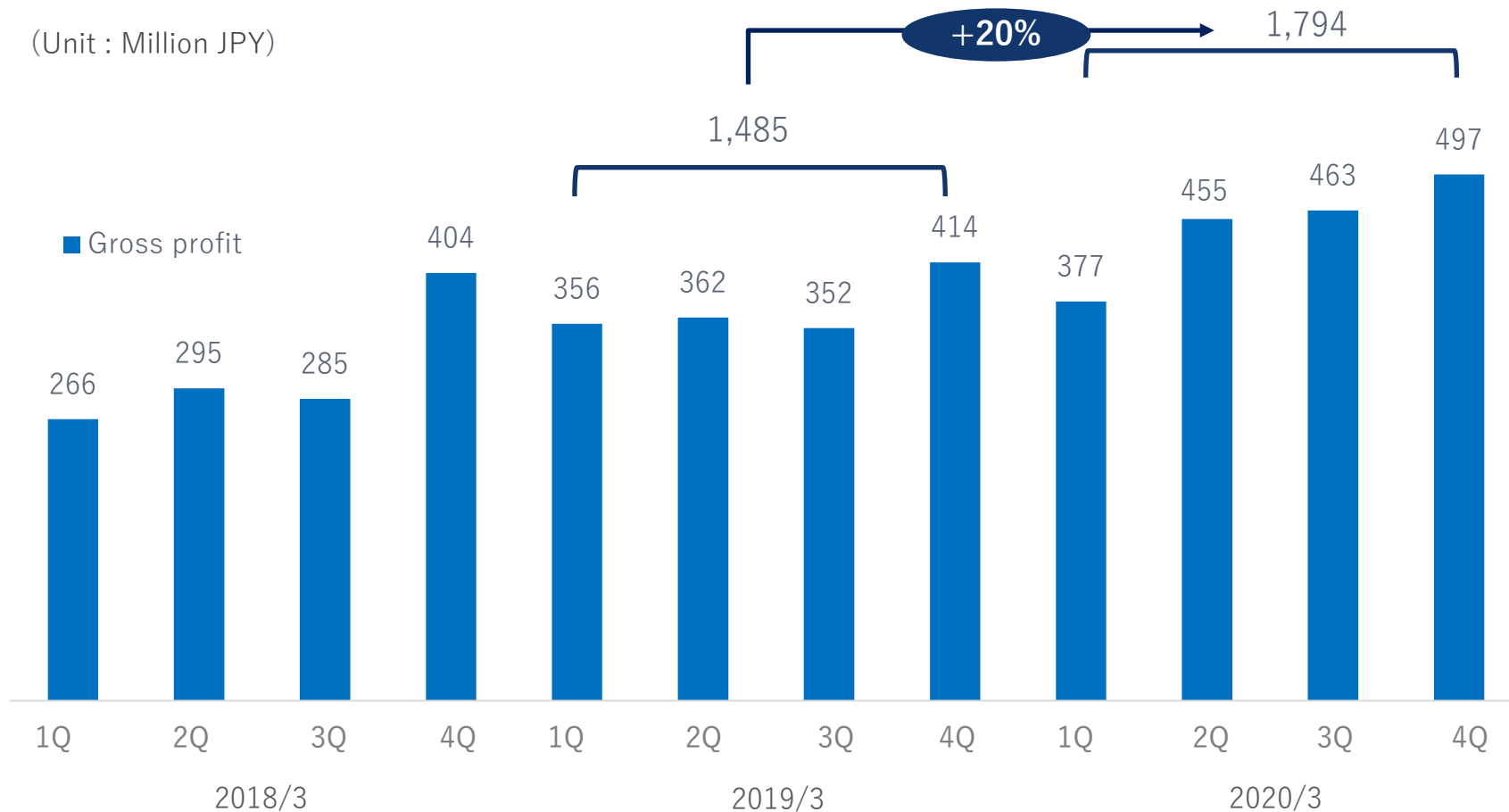
(Unit : Million JPY)



Net sales up 38% from the previous year.



Gross profit up 20% from the previous year.

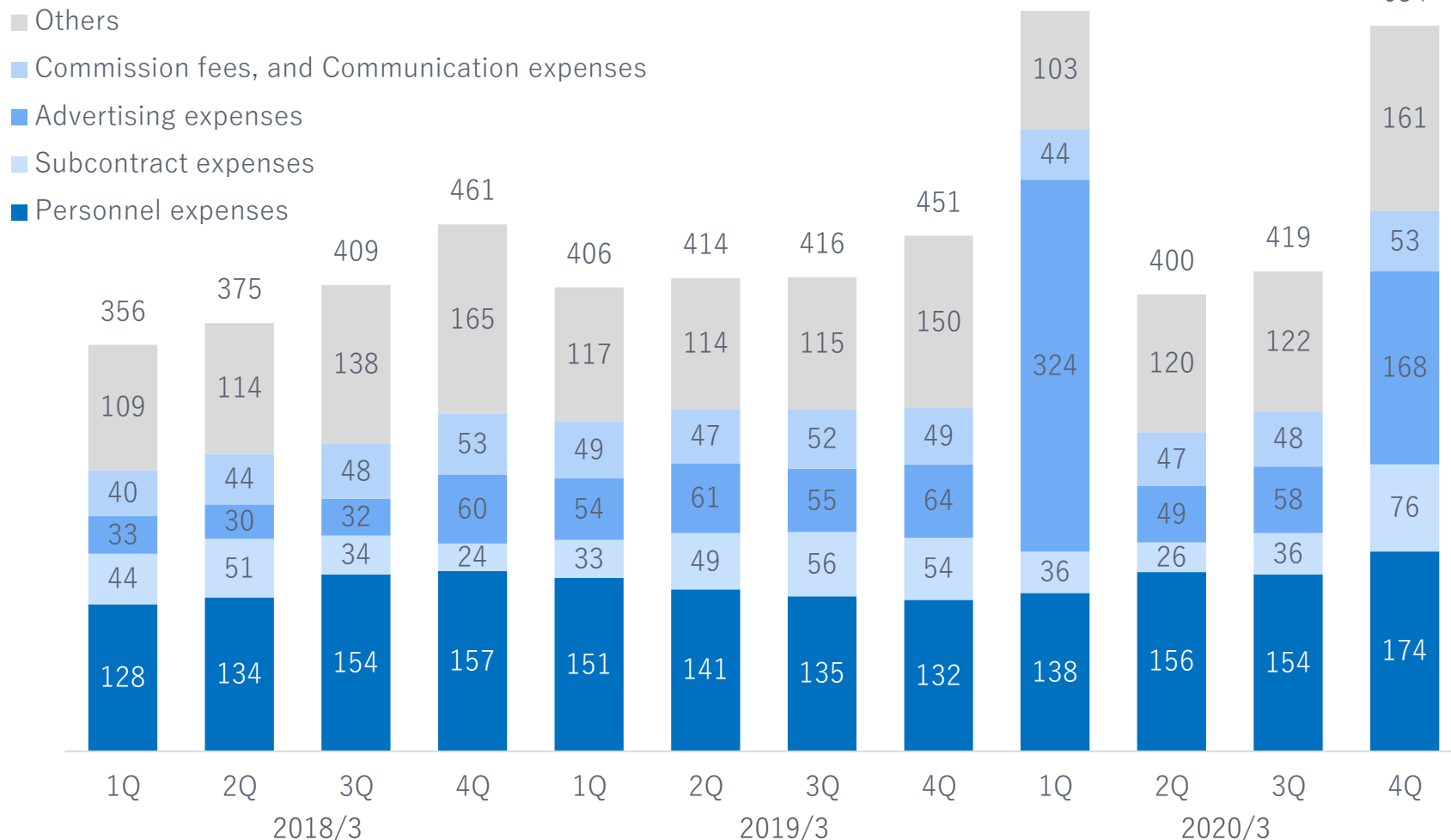


Trends in SG&A Expenses (Consolidated)

Lancers

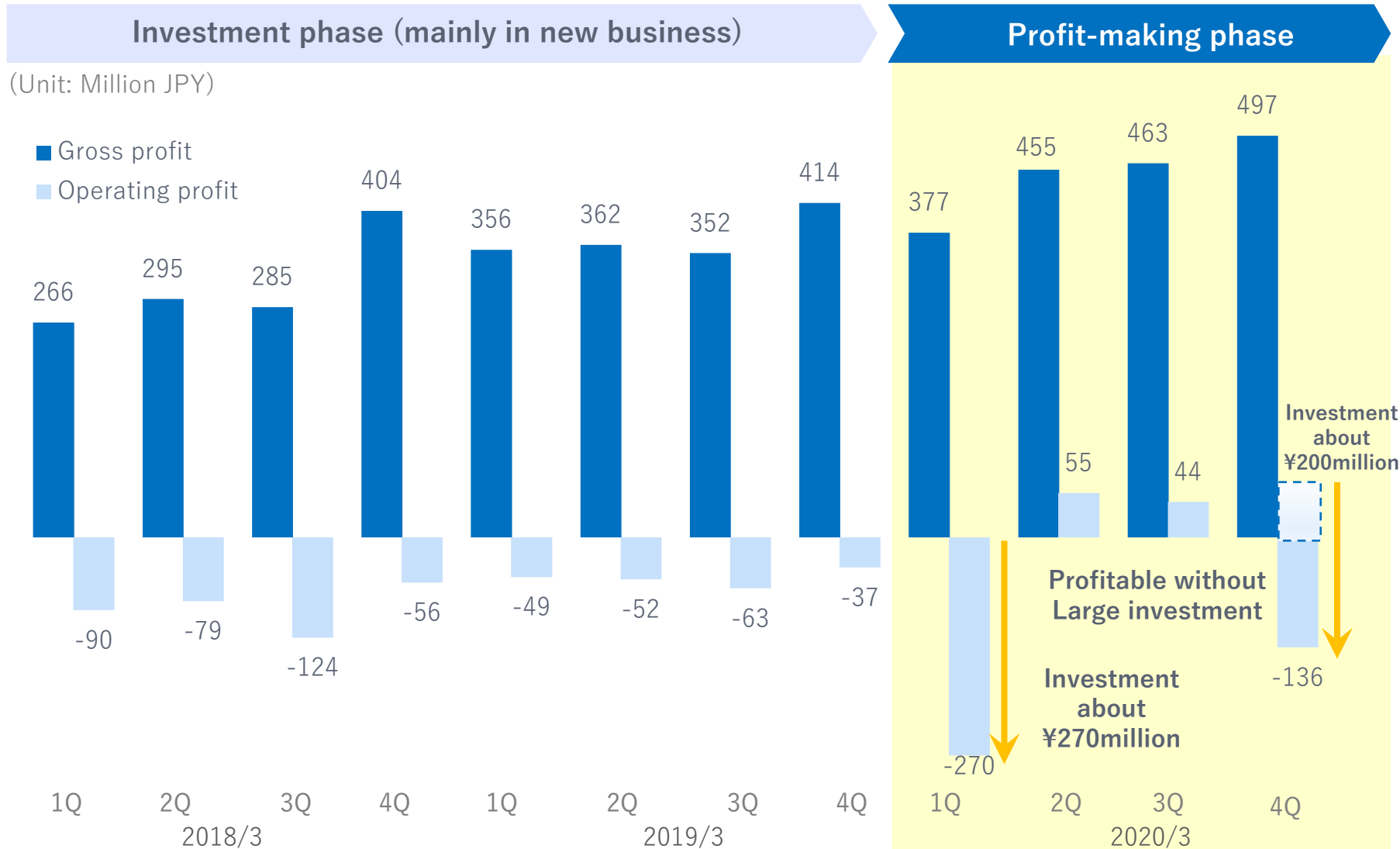
SG&A expenses in previous years remained constant against sales, excluding investment to strengthen marketing and sales.

(Unit: Million JPY)



Trends in Gross Profit and Operating Profit (Consolidated) **Lancers**

Invested about ¥500 million for the full year, and it is in the black without investment

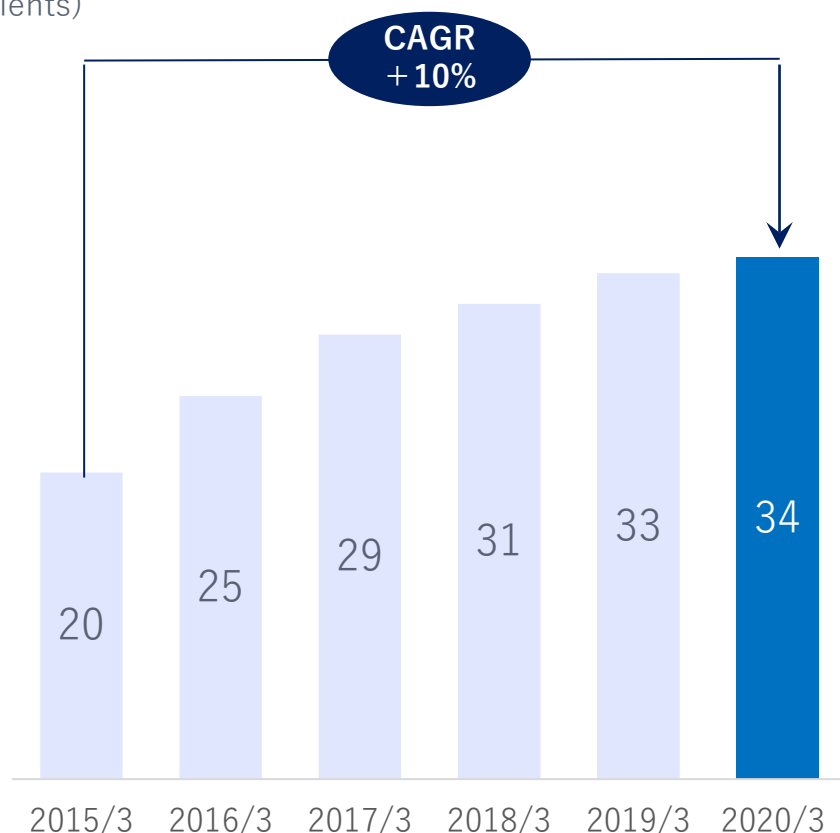


Increases in the Number and Unit Price of Clients **Lancers**

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

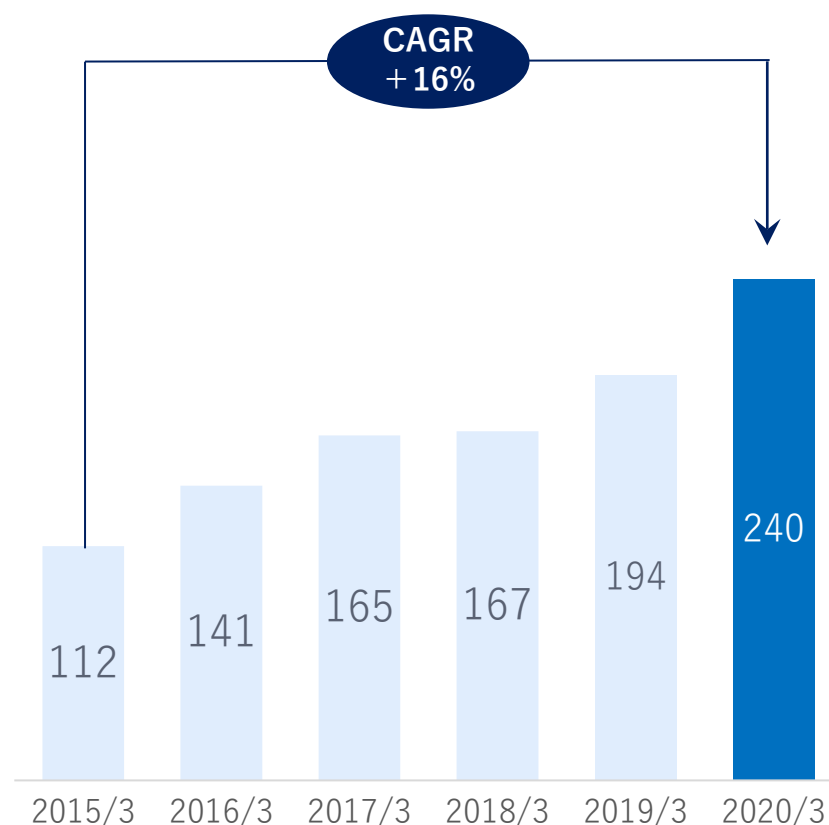
The number of clients *

(Unit : thousand clients)



Client unit price *

(Unit : Thousand JPY)



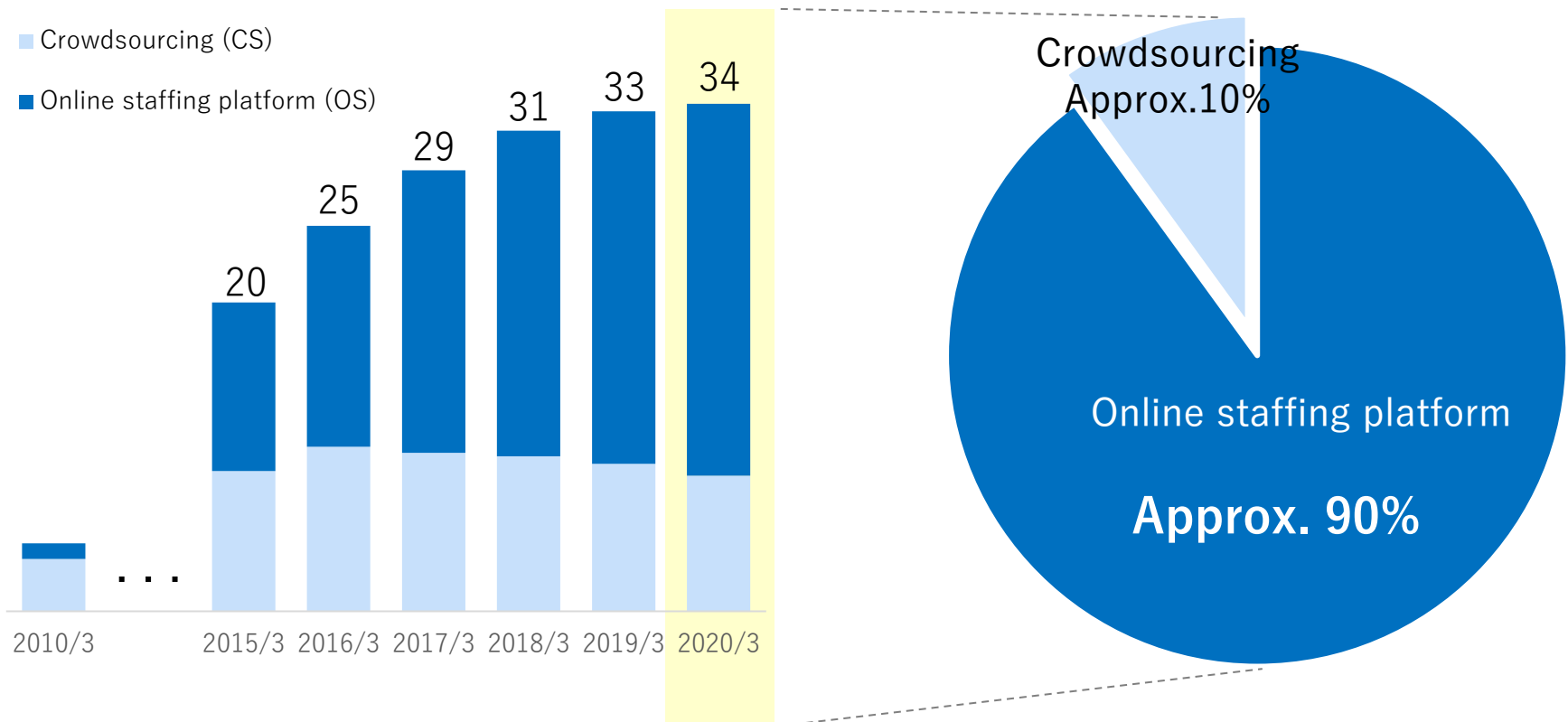
*) This graph includes online staffing platform and crowdsourcing. Others such as “Lancers AREA PARTNER” and “sharefull” are not included.

High-priced online staffing platform -based work is increasing

Changed in OS/CS clients

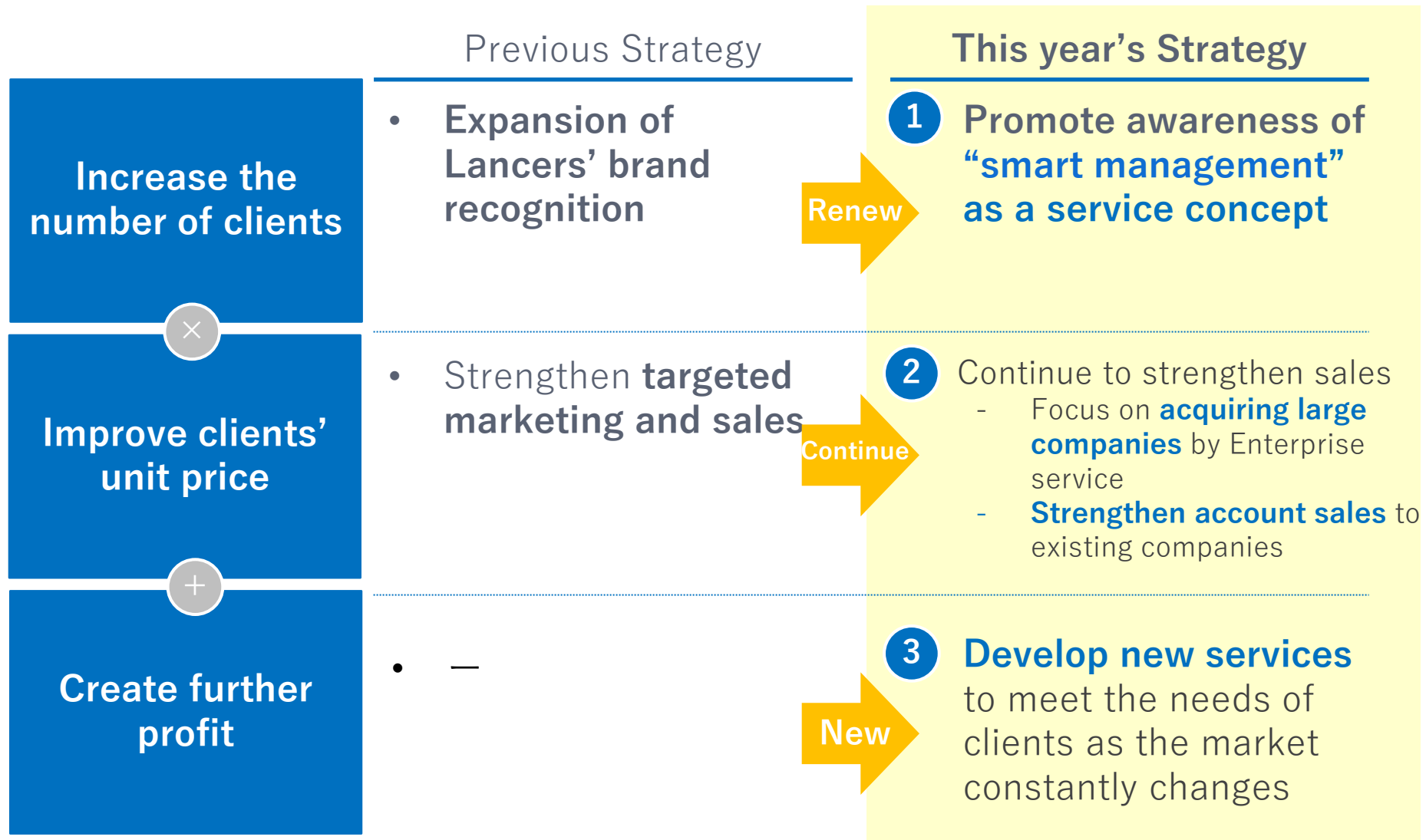
Percentage of GMV in OS/CS (2020/3)

(Unit: Thousand clients)



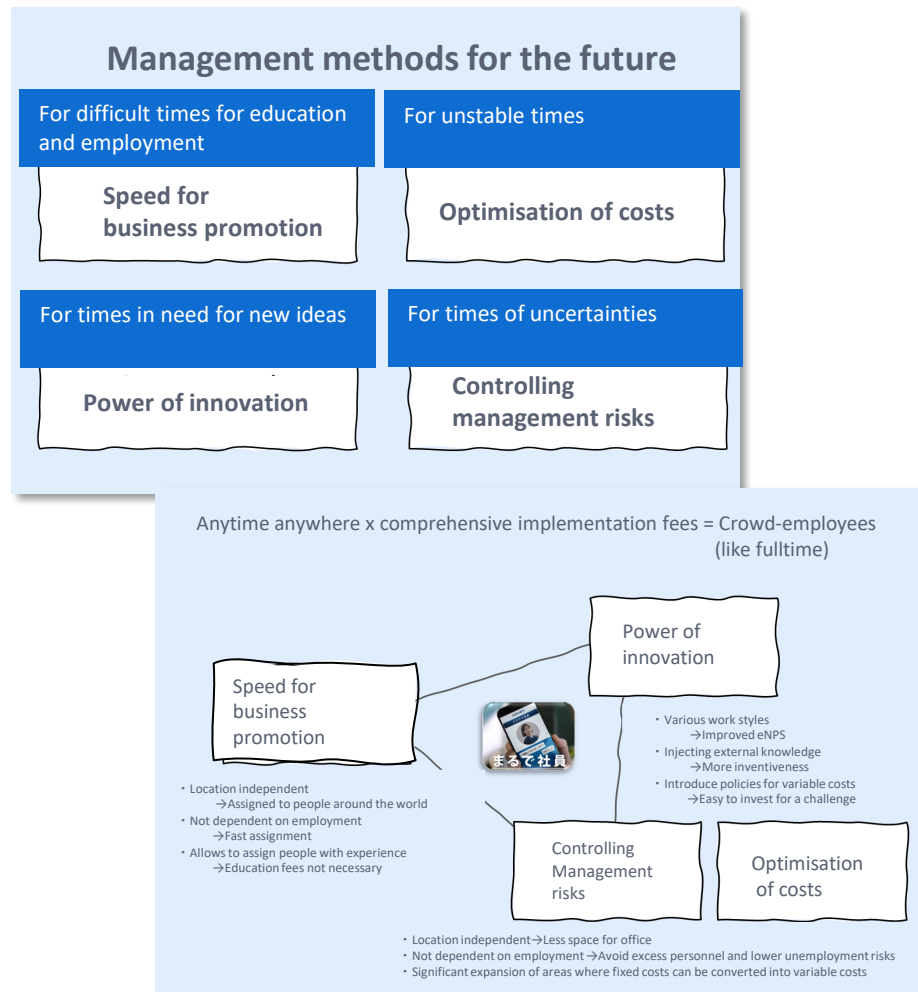
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Strengthen sales to large companies and improve client unit price



We will infiltrate the awareness of smart management to attract clients

How smart management works



Example of smart management

“Team structures with diverse members based on business characteristics” Work speed has been increased by unified contracts. Example of LIFULL Co., Ltd.

2020-02-26

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We will strengthen account sales to existing companies and aim to upsell, while attracting large companies by Enterprise service.

Example of Enterprise service

“Relying on freelancers raises success rate of new business creation.” Example of Honda R & D Co., Ltd.

2020-04-06

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- Honda R&D Co., Ltd. conducts research and development in the fields of motorcycles, automobiles, energy, and robotics that are indispensable to our daily lives.
- Started using Lancers' services within the team of new business creation program launched in 2019.
- By using Lancers' services, **problems such as “lack of personnel necessary for creating new business” and “securing speed” have been solved.**

We will continue to develop and release new services to meet new clients' needs accompanying changes in work styles.

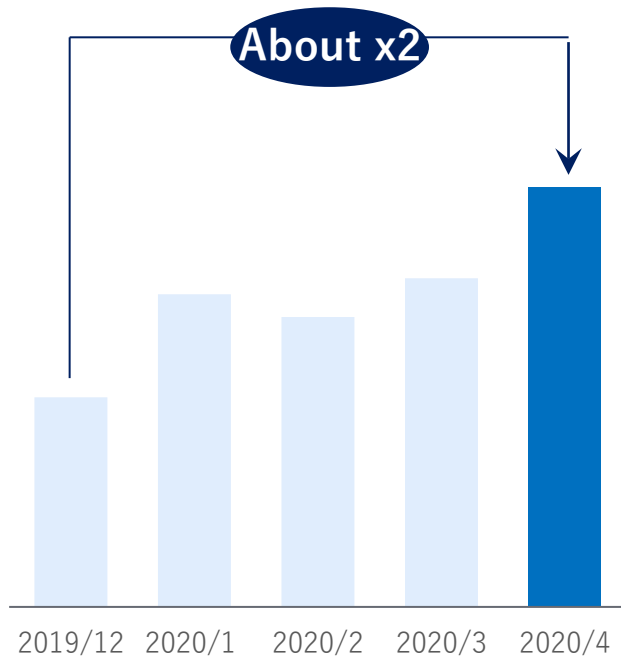
Release of new service “Lancers Assistant Telephone Substitution Plan”



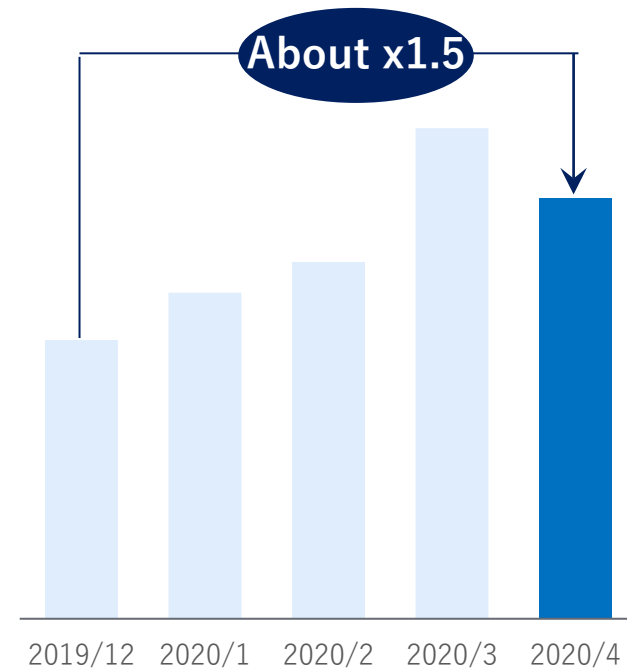
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The number of freelance registrants* and the number of inquiries from clients regarding our group services have increased.

Changes in freelance registrants**



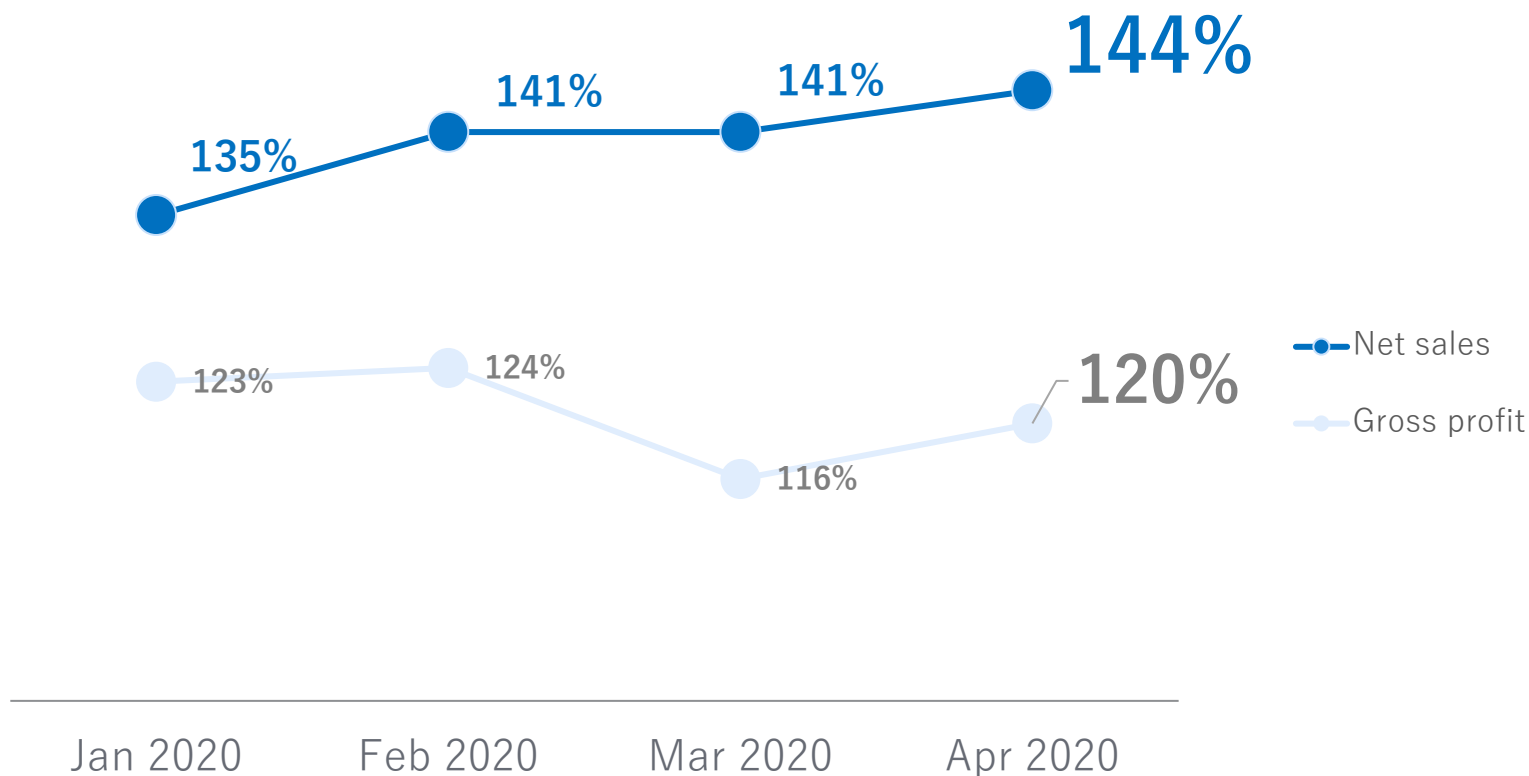
Number of order inquiries from clients**



*) The number of registered freelancers includes freelancers in a broad sense. "Freelance in a broad sense" refers to "full-time freelance" who is paid without belonging to a specific company but has not been a full-time freelance but has been paid as a freelance in the last year. Indicates a group that includes people (general office workers doing side
**)The number of freelance registrants and the number of inquiries from clients are trends in the rate of increase, assuming 100% as of December 12, 2019.

Steady growth in April 2020 after restrictions were in place.
However, some downsides are expected in the future.

(Reference) Year-on-year change / monthly change



*)It is based on in-house management data and they are not audited numbers.

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There is large potential due to infiltration of telework in mid-long term. We are concerned about some impacts due to the reduction of economic activities of clients.

Mid- to long-term impacts (upsides)

- (+) Market development potential through infiltration of smart management
- (+) Creation of new needs associated with different work styles

Short-term impacts (upsides / downsides)

- (–) Reduction of orders from existing clients due to reduction of corporate activities in specific industries
- (–) Inefficiency in sales activities due to the inability to perform physical sales (phone/face-to-face)
- (+) Expansion of clients and freelancers through infiltration of telework

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- Even under the influence of COVID-19 pandemic, we aim **for a growth rate similar to the previous year** by **capturing profitability** and upside opportunities for the full year ending March 2021.
- However, **upsides and downsides currently coexist**, and we are experiencing difficult times as the restrictions are still in place.
- In this situation, the full-year business forecast for the fiscal year ending March 2021 is **“undecided”** as it is extremely difficult to make an appropriate and rational decision.
- **Disclosure of the 1st quarter earnings forecast** based on the assumptions
 - Economic activities in specific industries will continue to shrink.
 - As short-term, mid-long-term upside needs lead time before sales, it is assumed that it will not be included in the 1st quarter.

Forecast for the 1Q of the Fiscal Year Ending March 2021 **Lancers**

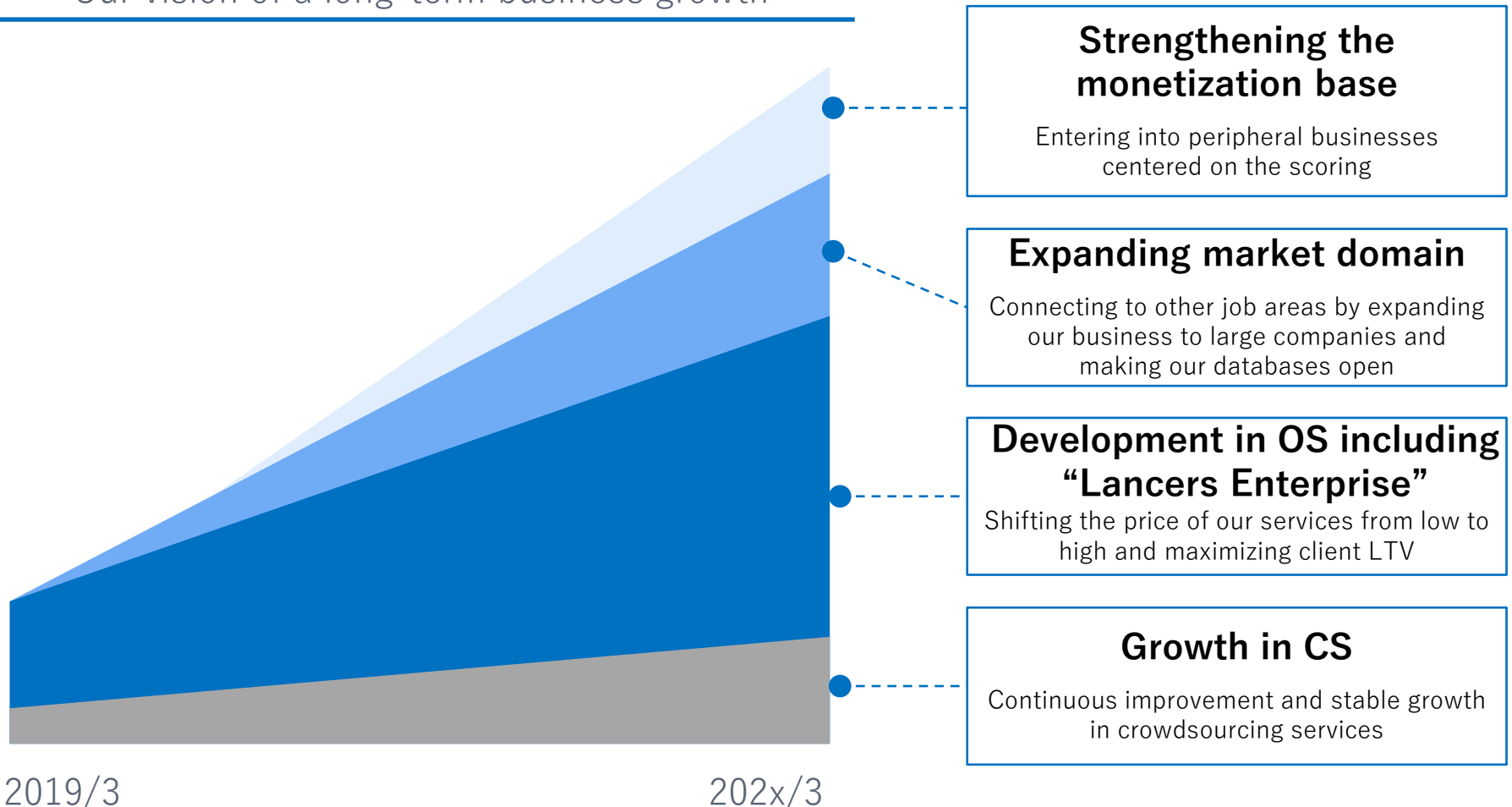
- ① Considering the impacts of COVID-19, it will be down compared to the assumption.
- ② Net sales will continue to grow steadily at +24% from the previous year.
- ③ Will continue strategic investment profitable for the year, operating loss expected in 1Q

(Unit : Million JPY)	FY2020 1Q			FY2019 1Q (year on year)	
	Adjusted for impacts COVID-19	Before impacts*			
	Prediction	As planned	Changing rates	Results	% change (vs prediction)
Net sales	830	913	△9.2%	669	+ 24.0%
Gross profit	400	457	△12.6%	377	+5.9%
Selling, general and administrative expenses (SG&A)	460	502	△8.5%	647	△29.0%
Operating loss	△60	△45	—	△270	—
Ordinary loss	△60	△44	—	△267	—
Quarterly net loss	△70	△52	—	△269	—

*) Our company's 1Q forecast for the fiscal year ending Mar 2021 before the spread of COVID-19.

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

Our vision of a long-term business growth



*)OS stands for Online Staffing Platform

**)CS stands for Crowdsourcing.

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

Introduction of Lancers' Services

Lancers' Strength

Consolidated Statement

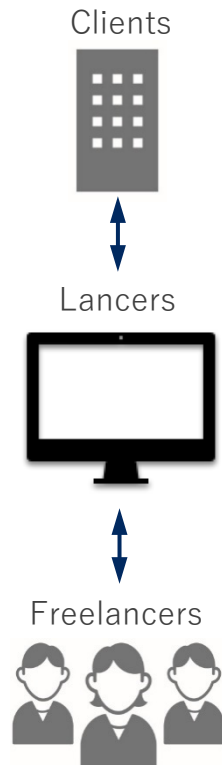
Marketing & Sales

We provide several services to meet our clients' needs

1

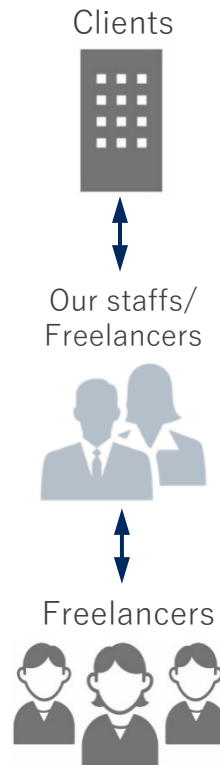
Clients can assign freelancers to projects directly

Lancers



2

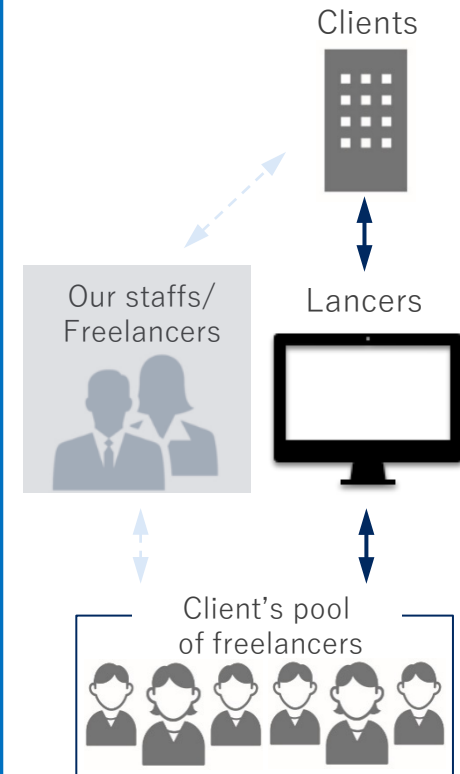
Clients can find suitable freelancers through our staff
Lancers Agent
Lancers Outsourcing



3

Clients can choose freelancers from their own organization pool

Lancers Enterprise



We offer multiple services with different sales accounting standards

① Direct order

② Through a third party

③ Using both services

Main Services

Lancers

Lancers Agent
Lancers Outsourcing

Lancers Enterprise

Sales

Handling fees associated with the client's requested amount



Client's request amount
÷ Fees + Lancer's reward



Monthly system usage fees and handling fees associated with client's request amount



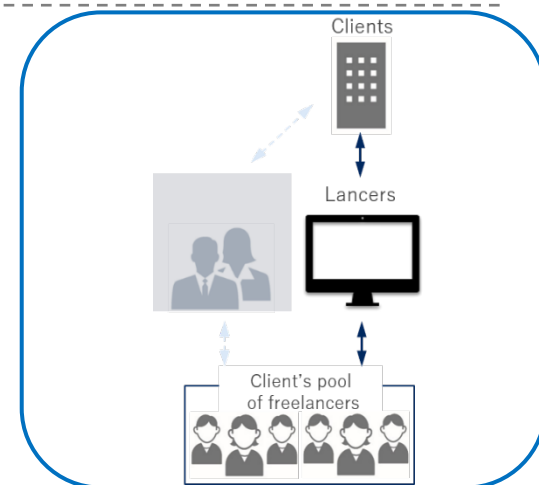
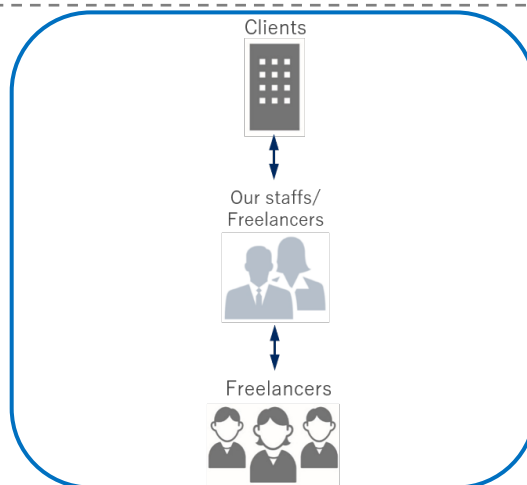
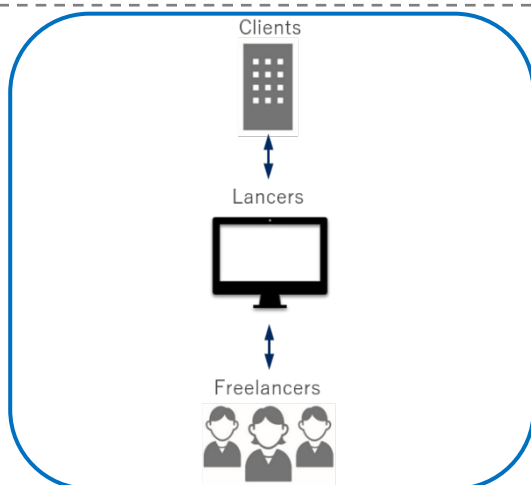
Gross profit

Various costs deducted from handling fees

Lancer's reward and various costs deducted from the client's request amount

Various costs deducted from system usage fees and handling fees

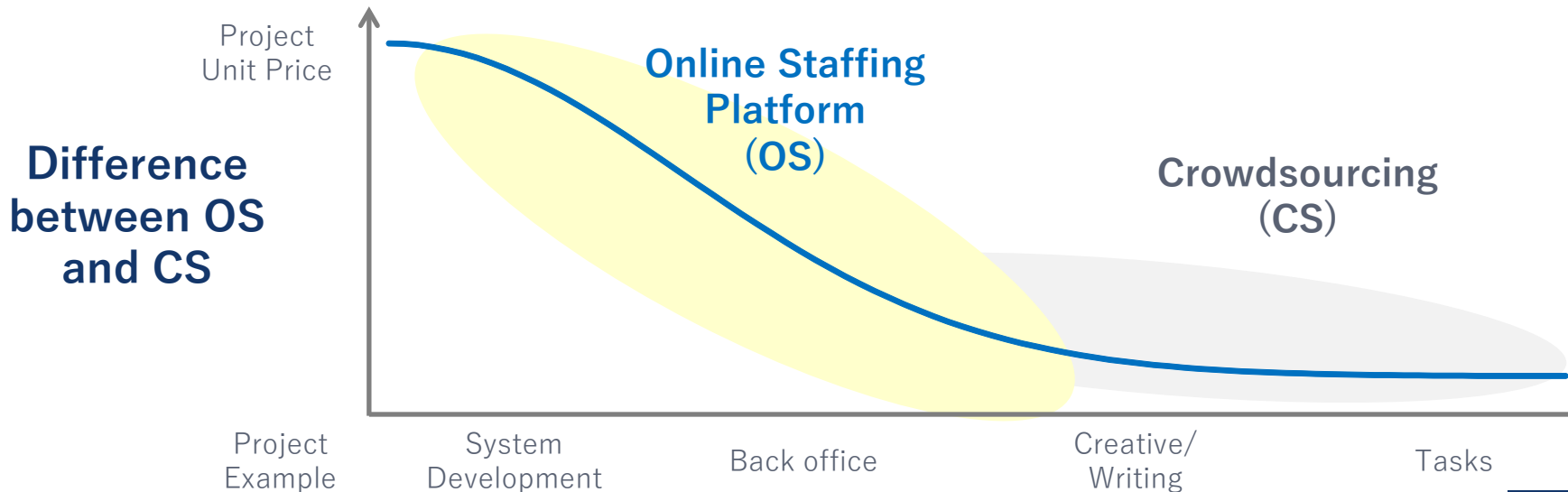
Service models



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



Introduction of Lancers' Services

Lancers' Strength

Consolidated Statement

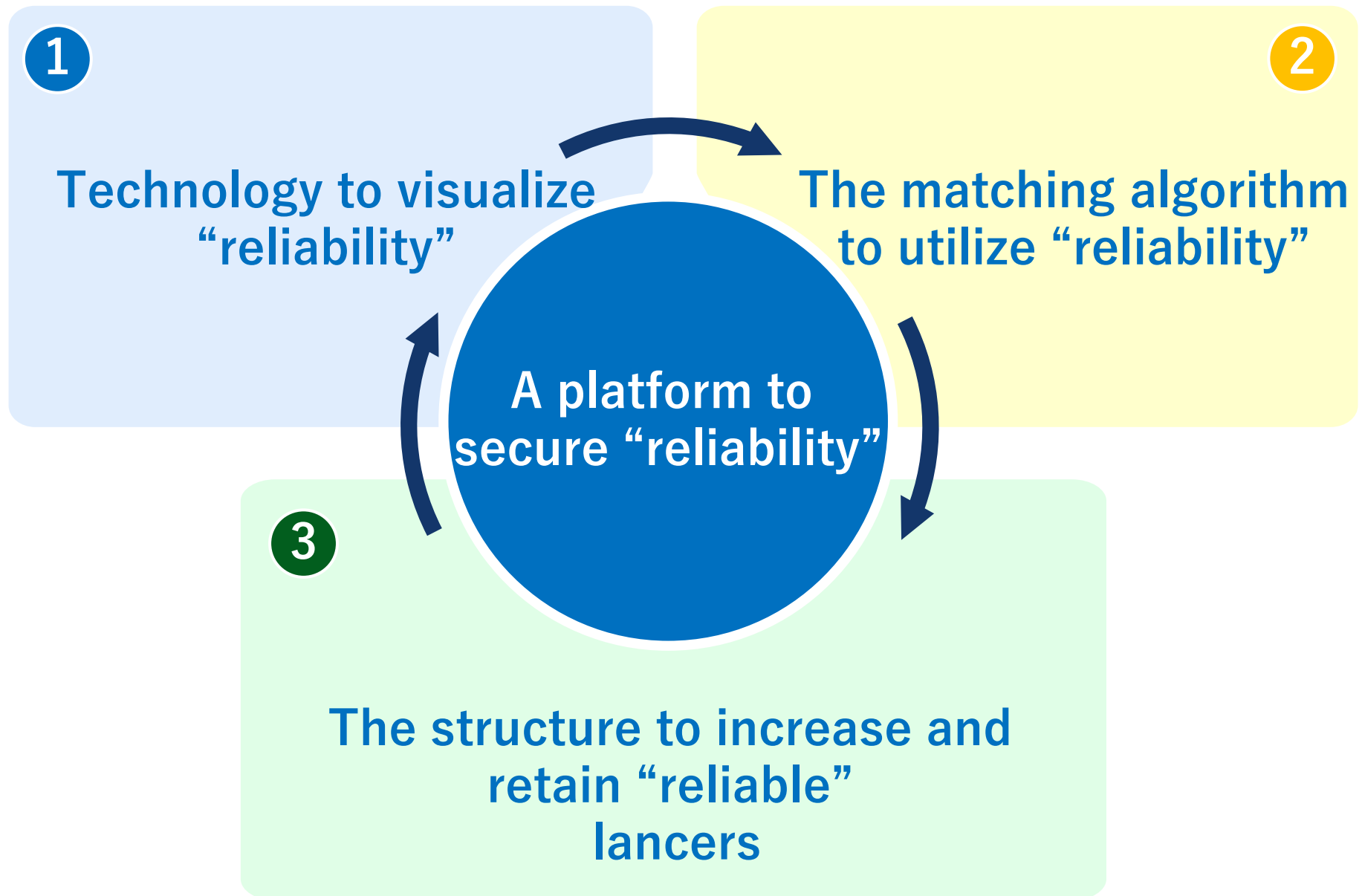
Marketing & Sales

6th "Lancer of the Year" to celebrate freelancers.
Switched to be held online due to COVID-19 pandemic.




「自分らしい働き方」の答えを見つける1日






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

**Takeshi 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**

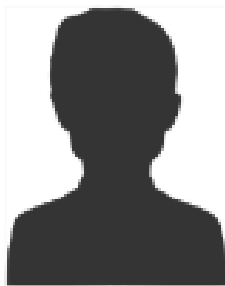
Prioritize and display reliable lancers,
and match them up with clients

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



Introduction of Lancers' Services

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Marketing & Sales

Consolidated Statements of Income

Lancers

(Unit: Million JPY)	2018/3	2019/3	2020/3
Net sales	1,910	2,522	3,474
Gross profit	1,251	1,485	1,794
Selling, general and administrative expenses (SG&A)	1,602	1,688	2,102
Operating loss	△350	△202	△307
Ordinary loss	△351	△93	△328
Net loss	△354	△17	△353

※Rounded down to the nearest million yen.

Consolidated Balance Sheet

Lancers

(Unit: Million JPY)	2018/3	2019/3	2020/3
Current assets	2,062	2,242	2,777
Cash and deposits	1,568	1,708	2,032
Non-current assets	319	105	368
Total assets	2,381	2,348	3,145
Current liabilities	1,370	1,354	1,424
Non-current liabilities	—	—	6
Equity	1,010	993	1,714
Total liabilities and equity	2,381	2,348	3,145

※Rounded down to the nearest million yen.

Consolidated Cashflow Statement

Lancers

(Unit : Million JPY)	2018/3	2019/3	2020/3
Cash flow from sales activities	△100	△156	△359
Cash flow from investment	△112	96	△225
Cash flow from financial activities	709	150	902
Increase / decrease in cash and cash equivalents	496	90	323
Balance of cash and cash equivalents at the end of the period	1,638	1,728	2,052

※Rounded down to the nearest million yen.

Introduction of Lancers' Services

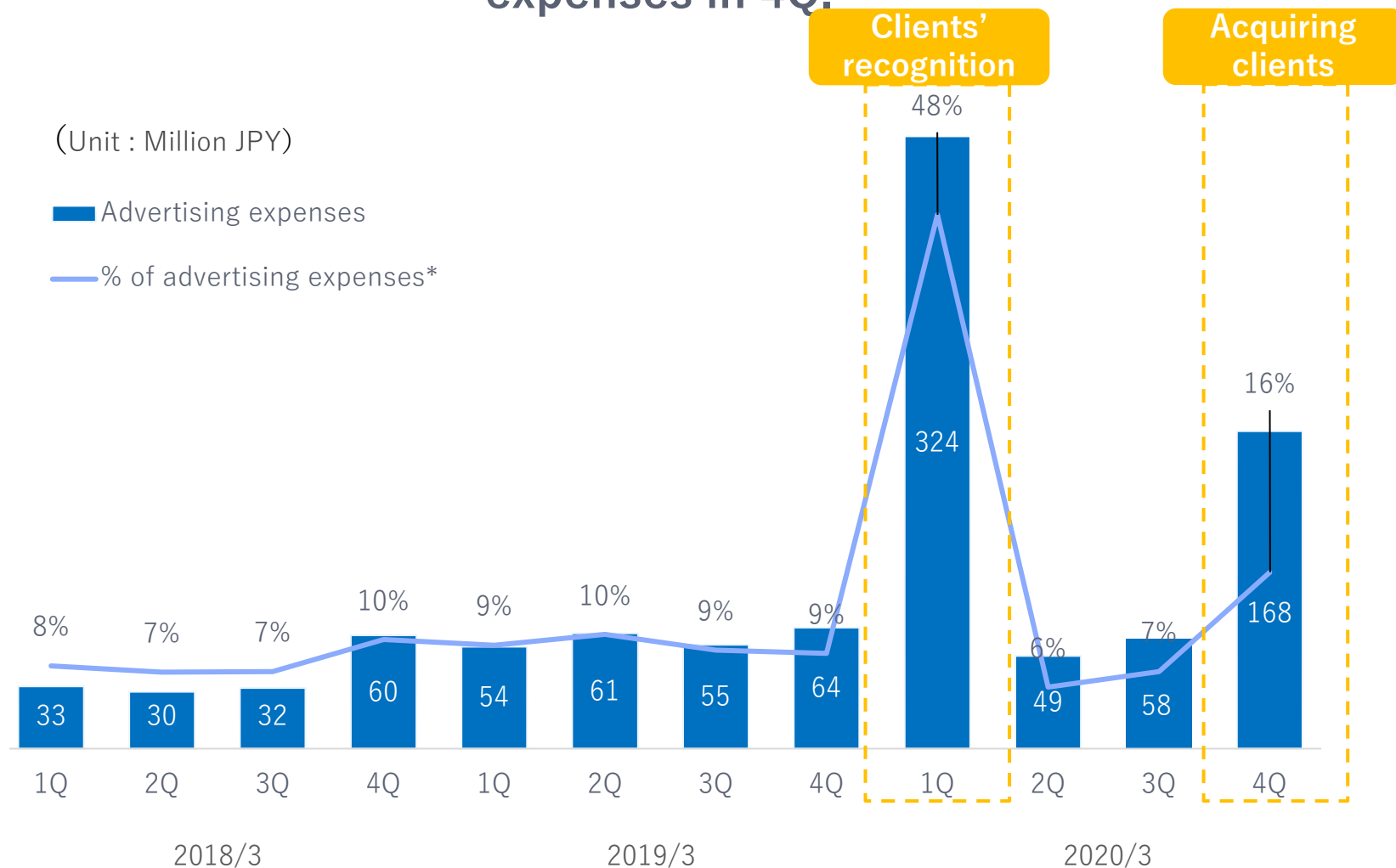
Lancers' Strength

Consolidated Statement

Marketing & Sales

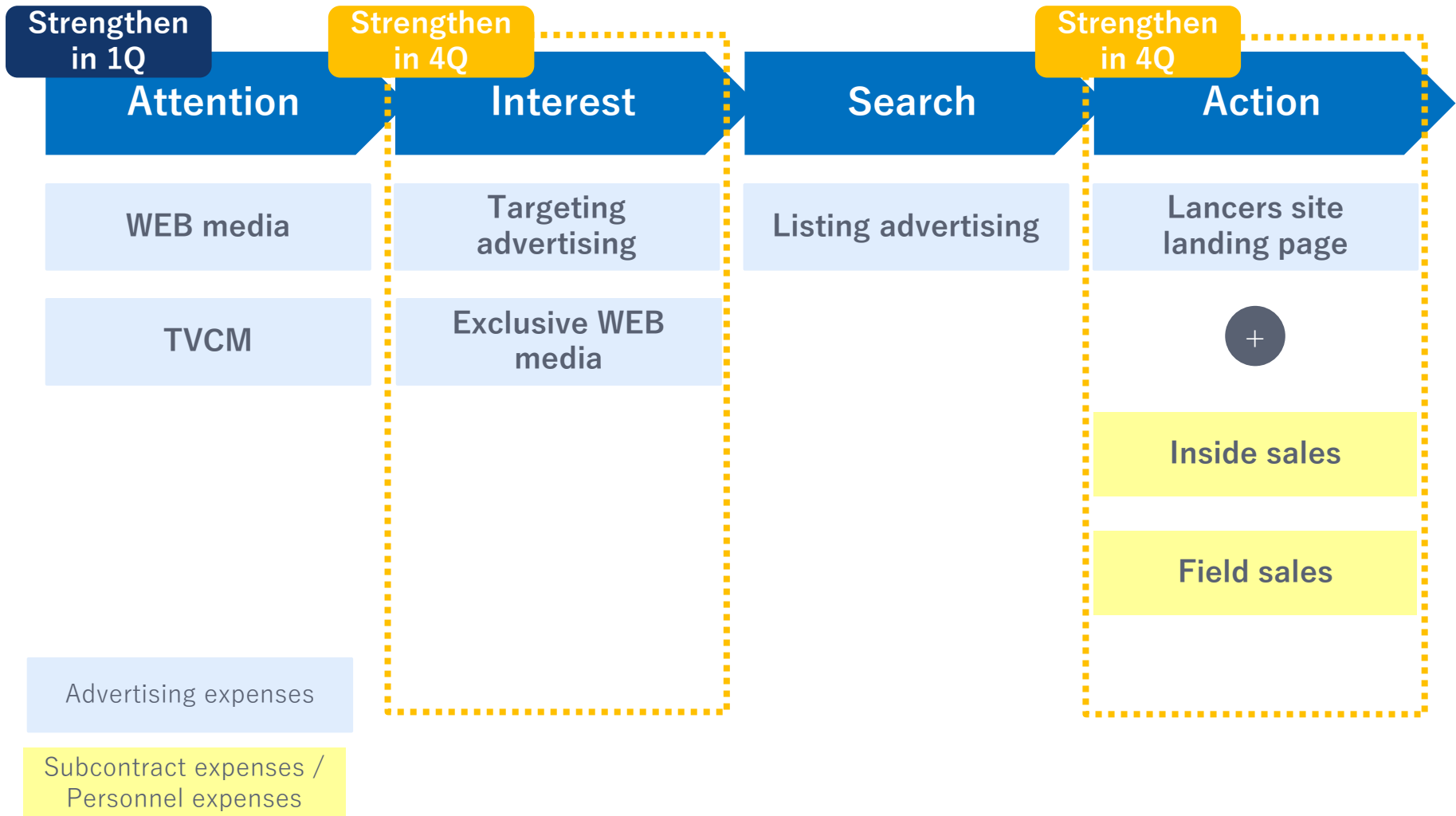
Trends in Advertising Expenses (Consolidated) Lancers

Investment focused on advertising expenses in 1Q to accelerate growth.
Allocation and distribution of advertising expenses and outsourcing expenses in 4Q.



*) Proportion of advertising expenses in sales.

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



Handling of this material

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Lancers