



1Q FY2021 Presentation Material

LITALICO Inc.

[TSE Code : 7366]



This document is based on the information available to LITALICO Inc. ("we" or "the Company") as of the time hereof and assumptions which it believes are reasonable. However, the Company makes no representations or warranties of any kind, expresses or implies, about the completeness and accuracy.

This presentation may contain future assumptions, prospects and forecasts based on planning, but these forward looking statements are based on the information that is currently available to us, and on certain assumptions that we assume to be reasonable, but the Company does not promise to achieve these.

Major differences may occur between the forecast and the actual performance, including changes in economic conditions, consumer needs and user preferences; competition with other companies; changes in laws, regulations and others; and a number of other future factors. Therefore, the actual performance announced may vary depending on these various factors.

The Company expressly disclaims any obligation or responsibility to update, revise or supplement any forward looking statement in any document or generally to the extent allowed by law or stock exchange rule. Use of or reliance on the information in this material is at your own risk.

1 . Summary	4P
2 . Consolidated Financial Results (FY2021)	5P
3 . Financial Forecast (FY2021)	8P
4 . Growth Strategy	11P
5 . Results by Business	14P
6 . Appendix	27P

Consolidated Results

- Revenue: 4.63 JPY bn (YoY+24.7%)
- Operating Income: 0.39 JPY bn (YoY+58.7%)
- Net Income: 0.11 JPY bn (YoY+2.9%) -Our progress is on track

New Locations

- Opened 7 locations in Q1 FY2021; Totaling 238 locations

-3 LITALICO Works, 3 LITALICO Junior (Governmental Support),
1 LITALICO Junior (Non Governmental Support)

Topics

- Started package selling the product of Fukushi-soft inc. since April 2021
- Platform Business is growing rapidly
- New locations of both LITALICO Works and LITALICO Junior are running well

Financial Forecasts

- Revenue:20.0JPY bn / Operating Income 2.5 JPY bn / Net Income 1.2JPY bn
- LITALICO Works and LITALICO Junior plan to open more locations next year compared to FY 2020 due to their good progress (+26 new locations). LITALICO Wonder will focus on growing the online business.
- Continue to aggressively invest in platform businesses as all new businesses are forecasted to become profitable.

Consolidated Financial Results

1Q FY2021

- Each business shows steady growth; able to maintain revenue and profit growth while continuing to invest in new business

- Every business is on good track compared to financial forecast

	1Q FY2021	Sales Ratio	YoY %	1Q FY2020	Sales Ratio
Revenue	4,639	—	+24.7%	3,720	—
Cost	2,916	(62.9%)	+19.3%	2,444	(65.7%)
Gross Profit	1,722	(37.1%)	+35.1%	1,275	(34.3%)
Revenue and General Administration Expense	1,324	(28.6%)	+29.2%	1,025	(27.6%)
Operating Income	397	(8.6%)	+58.7%	250	(6.7%)
Ordinary Income	327	(7.1%)	+57.0%	208	(5.6%)
Net Income	114	(2.5%)	+2.9%	110	(3.0%)

Profit and Loss Statement by Segment

7

- LITALICO Works' both new and existing locations are on good track
- LITALICO Junior increased profitability even with about 200 JPY mn investment due to speeding up opening new locations
- Platform business grew rapidly with advanced investment such as hiring sales persons
- Other businesses are also on good track, increased both revenue and profit

		1Q FY2021	1Q FY2020	YoY	YoY%
LITALICO Works	Revenue	2,087	1,887	+199	+10.6%
	Segment Profit	829	704	+125	+17.9%
LITALICO Junior	Revenue	1,534	1,259	+274	+21.8%
	Segment Profit	192	138	+53	+39.0%
LITALICO Platform businesses	Revenue	430	212	+217	+102.5%
	Segment Profit	64	▲31	+96	—
Others	Revenue	586	359	+227	+63.1%
	Segment Profit	▲64	▲69	+5	—

(JPY mn)

3. Financial Forecasts

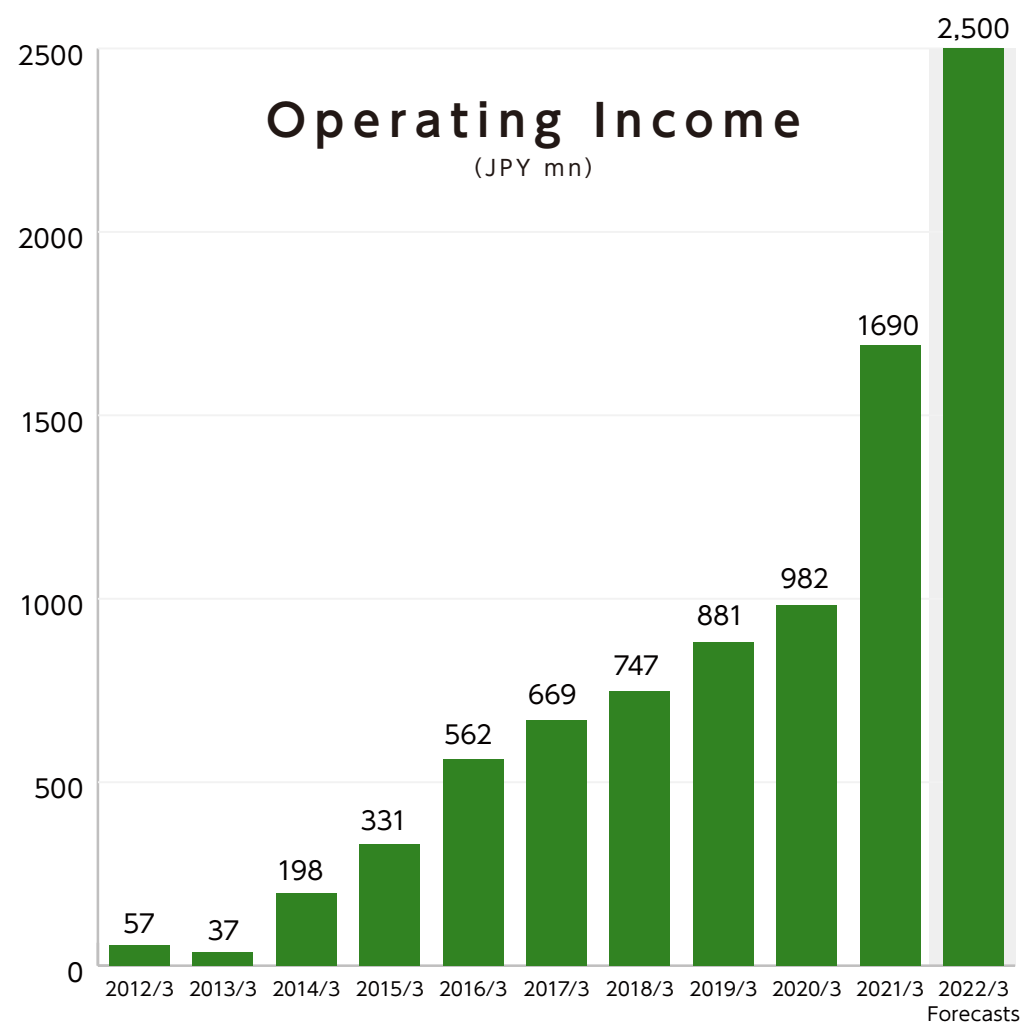
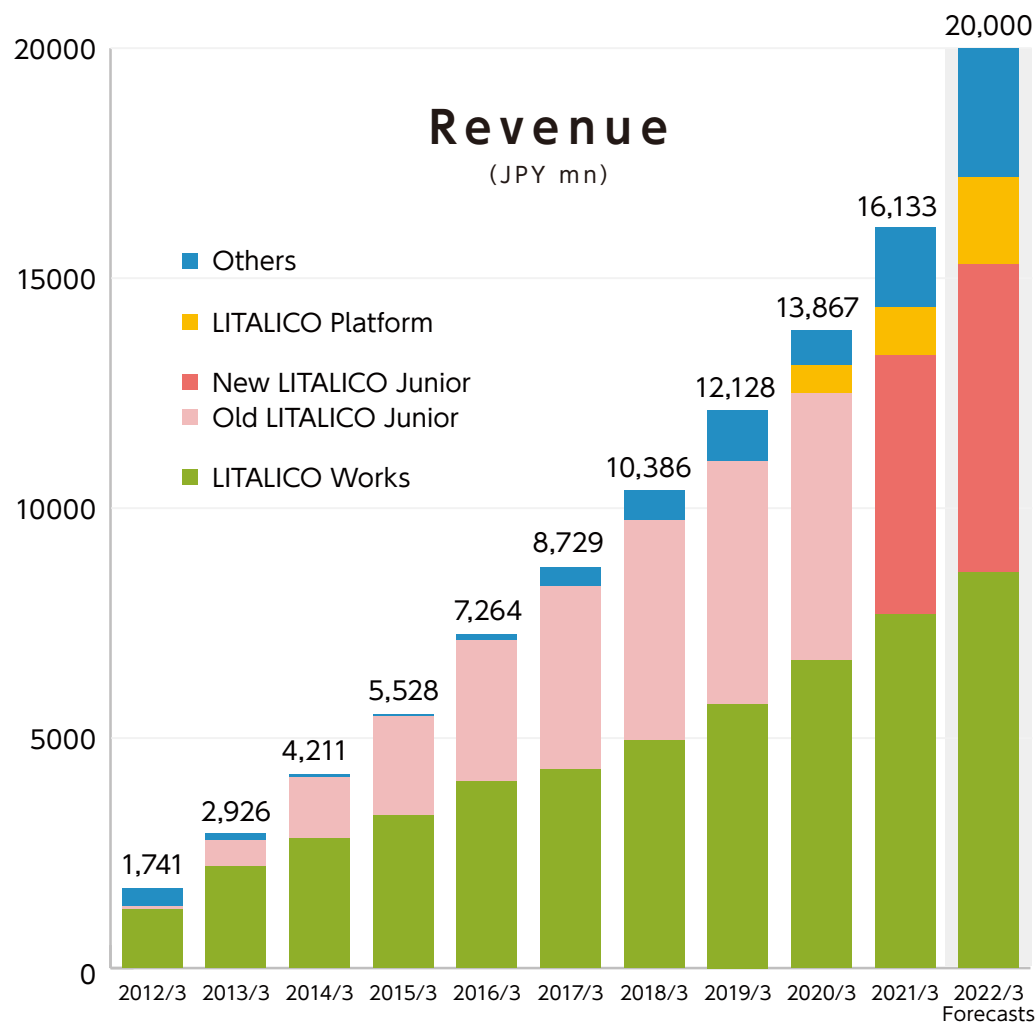
FY2021

- Revenue 20JPY bn, Operating Income 2.5 JPY bn, and Net Income 1.2 JPY bn
- Speeding up existing business's growth, and the rapid growth of new business increased overall profitability.
- New locations: LITALICO Works +14, LITALICO Junior +12. Grew the number of new openings per year.
- Due to good progress, concentrate advanced investment on 1st half of FY2021

	FY2021 Forecasts	FY2020 Actual	YoY	YoY %
Revenue	20,000	16,133	+3,867	+24.0%
Operating Income	2,500	1,690	+810	+47.9%
Ordinary Income	2,200	1,428	+772	+54.1%
Net Income	1,200	700	+500	+71.4%

(JPY mn)

• Increased sales and profits for 9 consecutive years



※ From 2021/3, LITALICO Junior is displayed as New LITALICO Junior (LITALICO Junior Business minus the non government support division).
The non welfare division is included in the Other Business segment.

4. Growth Strategy

LITALICO's Vision



Creating a Society Without Barriers

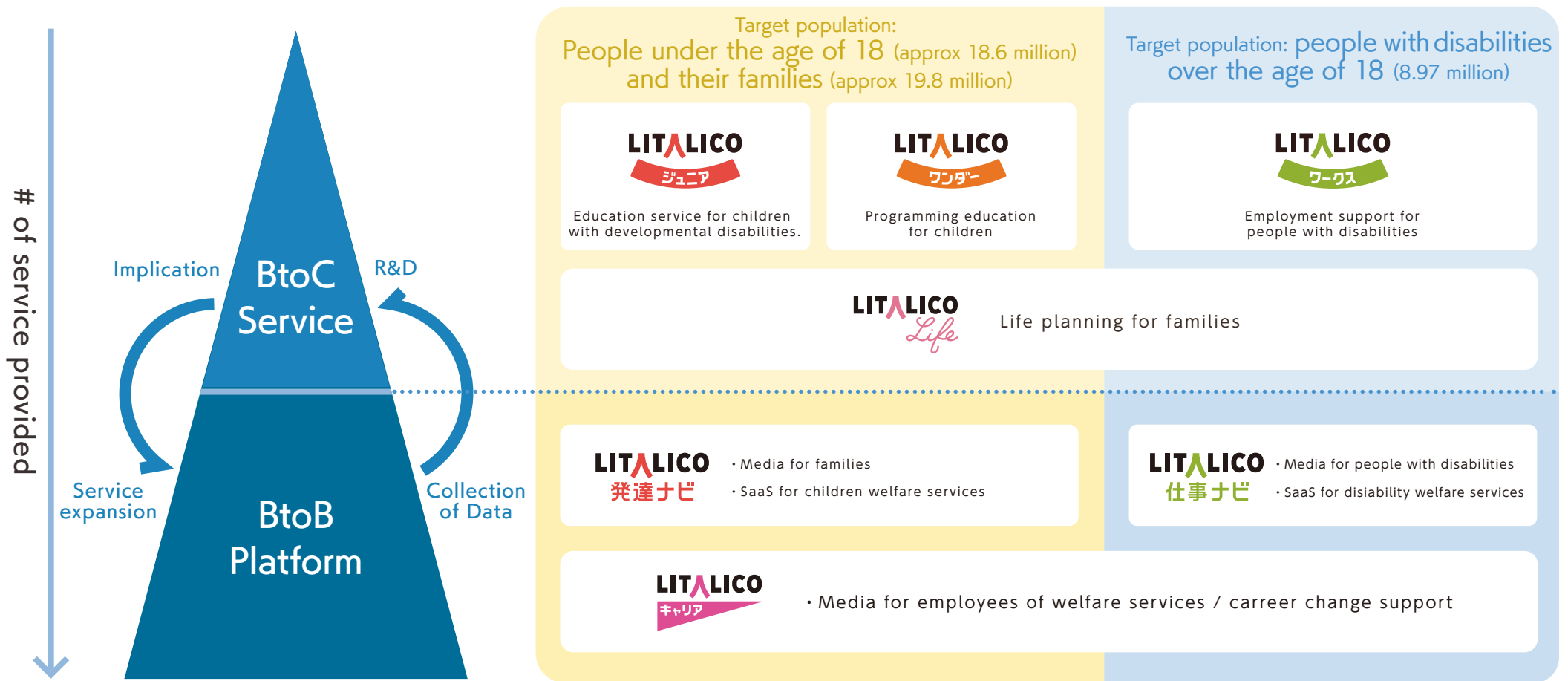


Disabilities exist not with people but with society.

By eliminating society's disabilities,
we will create a "people"-centric society where all can be happy



- BtoC: R&D and actual practice of top quality services
- BtoB: Collection of data and service expansion in multiple areas of the market
- Build competitiveness by combining a deep understanding the disability and welfare market with strong engineering.
- Become the number one technology company in terms of both quality and quantity by strengthening data analysis, product development, and marketing.



5. Results by Business





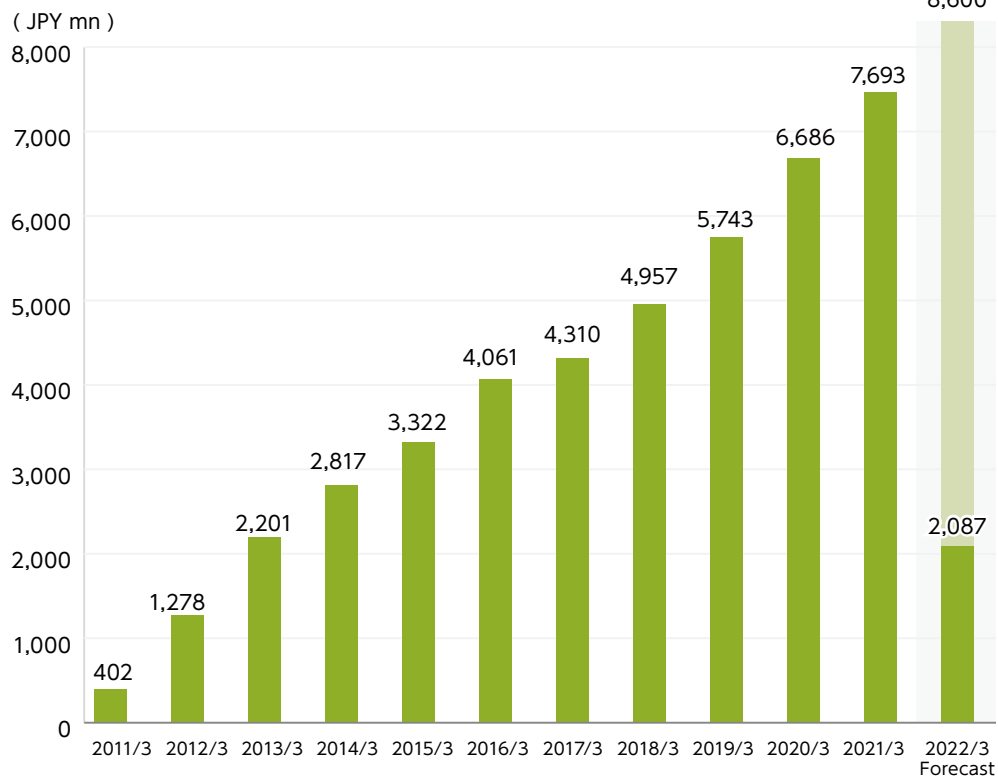
(employment support)



• 95 Locations (QoQ+3)

• Planned for +14 new locations in FY2021

LITALICO Works Revenue

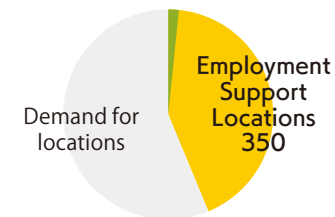


FY 2020 Locations



Demand for Locations in Tokyo

LITALICO Works Locations



※based on company calculations





(employment support)

- Cumulative Number of Employed People 10,614 / 6 month retention rate 90.8%
- Fastest pace of employments supported (Legal employment rate increased to 2.3% from March)
- Utilizing technology such as VR in job training

Results 1Q FY2021

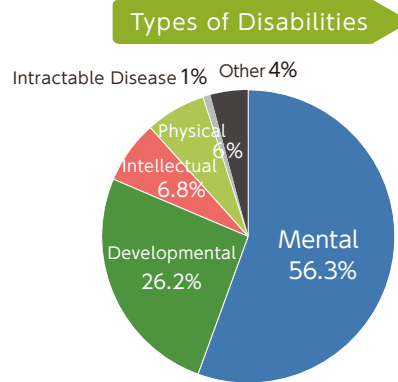
Number of employments supported

446 (YoY+146)

Accumulative 10,614

6 month retention rate

90.8%



Implementation of Employment Support System



- Developed and implemented a system that recommends support plans based on past support data.
- Will grow into a data platform with improved algorithms and accuracy and better recommendations.





(Education service)

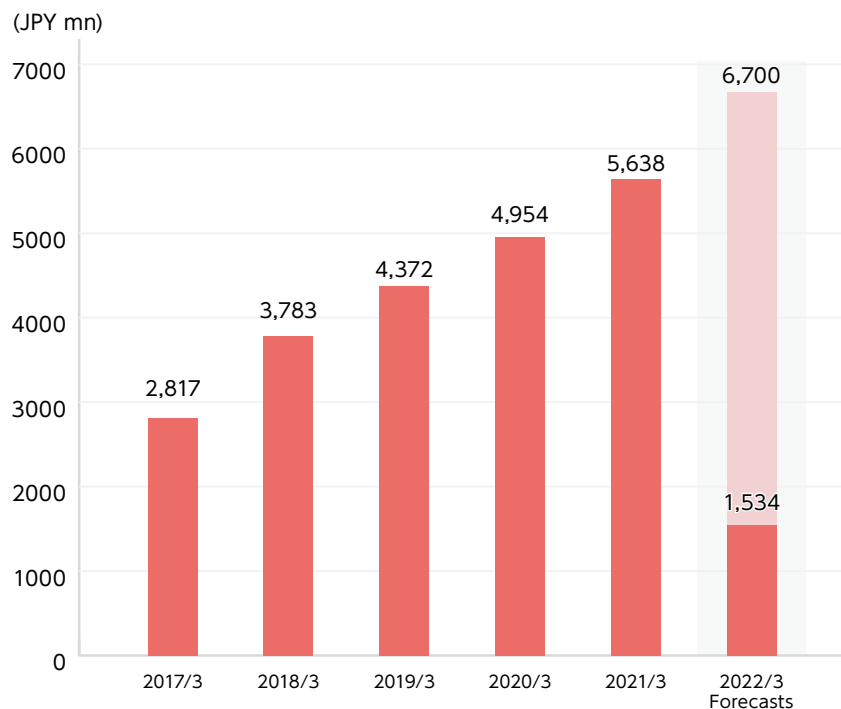


- 103 Locations (QoQ+3)

- Planned for 12 new locations in FY 2021
Expanding to new areas such as Shizuoka Prefecture

- About 0.2JPY bn for advanced investment to hire persons

LITALICO Junior Revenue

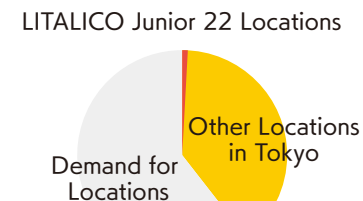


※ Discrepancy from past reports due to new reporting segmentation.

FY 2020 Locations



Demand for Locations in Tokyo



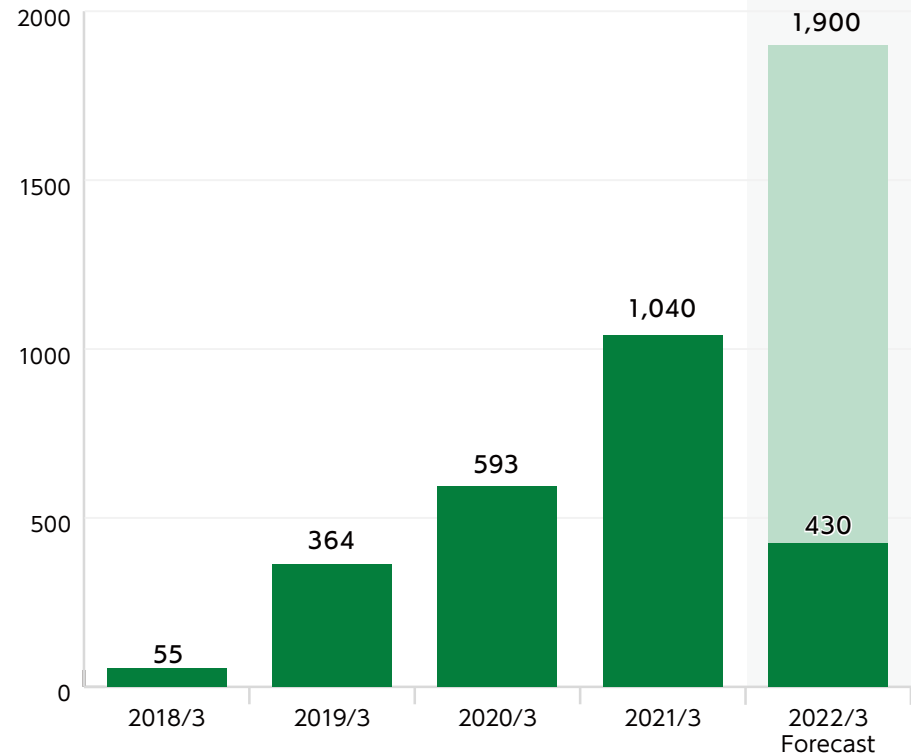
※based on company calculations

- Business grew rapidly with advanced investment such as hiring sales persons
- Expanding business to matching business for users and facilities and SaaS for welfare facilities.



Revenue

(JPY mn)

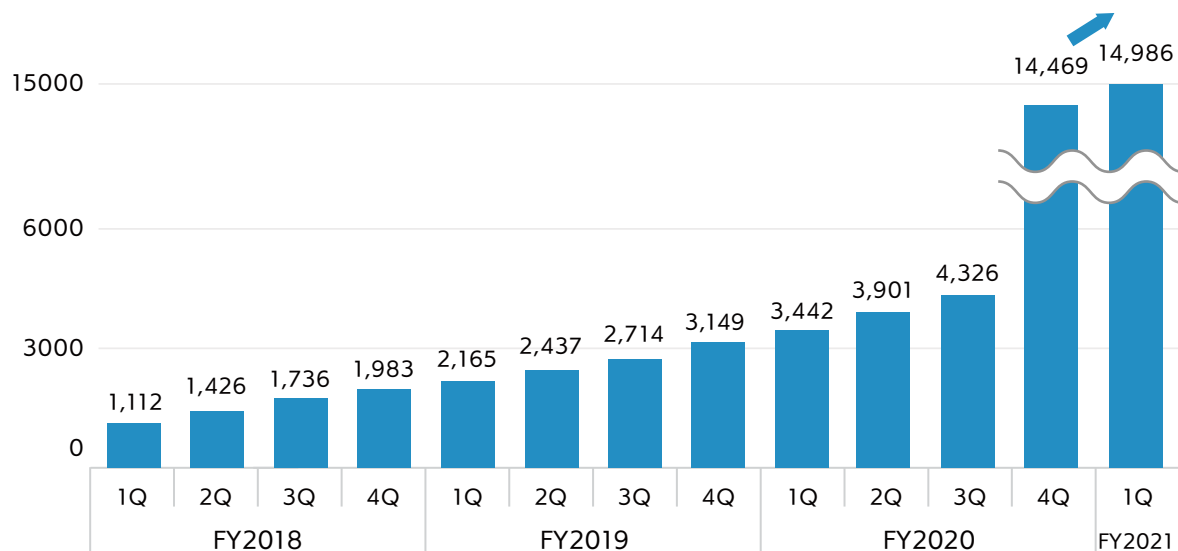




- Package selling the product of Fukushi-soft inc. increased the pace of gaining new accounts

- LITALICO Career achieved 13,000 job offering posts on site

LITALICO Platform's monthly subscribed accounts



※Acquired Fukushi-soft in Jan. 2021
 ※There are other accounts with incentive fee

Expanding customer base

Disability Welfare Facility
70,000

Schools
 Nursery Schools
70,000

Companies
 Other
100,000

Nursing Homes
350,000



SaaS Business Monthly Churn Rate

- Monthly churn rate is steadily decreasing.

Churn Rate per Month



- Current services are focused on disability & welfare, education & nursing schools, and the nursing home market.
- Planned to expand products and services with increased additional value
- Contribute to the growth of the entire market by gathering and utilizing data

Disability and Welfare



Billing and Operation Support



Training Support



Factoring



Marketing Support



Recruitment Support

Schools and Nursing Schools



Education material and Training support



Planning System

Nursing Homes



Billing and Operation Support

Other Businesses: LITALICO Junior (non government support), LITALICO Wonder, LITALICO Life

- Revenue grew, good Progress to become profitable

100% Paid by Customer (non welfare business).
 Able to provide services without dependency on government welfare policies

LITALICO Junior (non government support)

Education for children with developmental disabilities, able to use without the use of government supported welfare services. Service model is short term, high quality support.

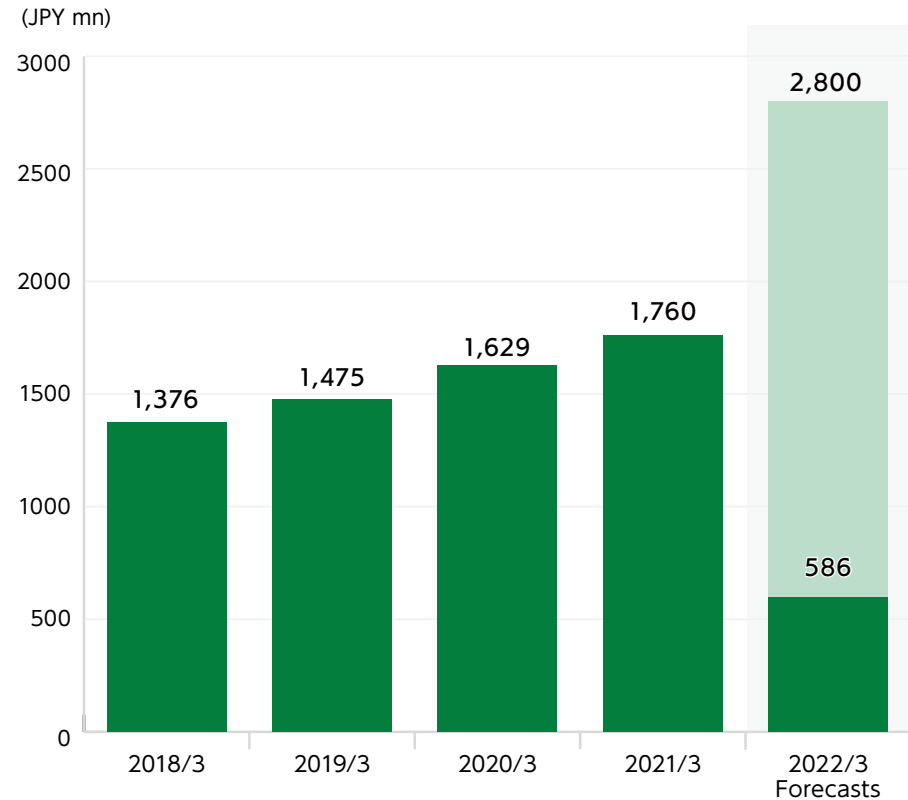
LITALICO Wonder

Aims to grow the creativity of children through programming and robot education. Currently providing both face to face and online services.

LITALICO Life

Life planning and informational support for families with differing concerns and needs. Currently expanding online seminars and support sessions.

Revenue





(Education service)



• Transitioned into a short term, high quality service model.

• Increase in profitability led to more new locations. 22 total (+4 compared to FY 2019)

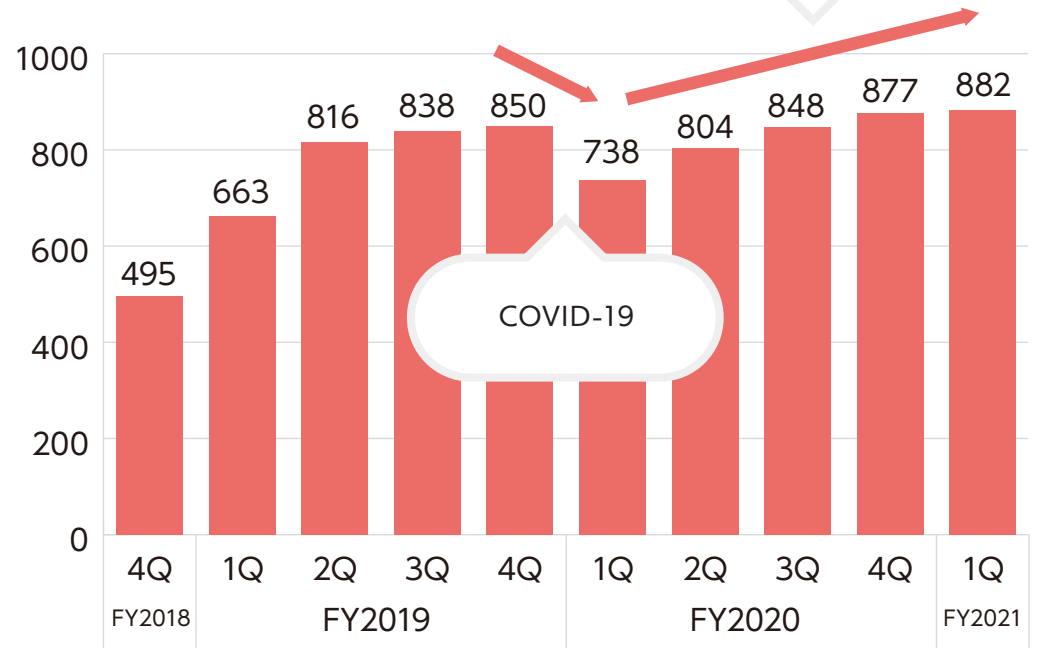
• Planning 5~6 new locations in FY 2021.

Service Overview



- Main target is before school (4~8yrs) conducting 1 to 1 classes for 9 months
- Comes with initial assesment and 9 months education plan
- Also conducts parent training as well as planning for future education
- Also supports and advises home schooling

Number of students of personal course





Programming School



• 17 Locations, Students:4,091

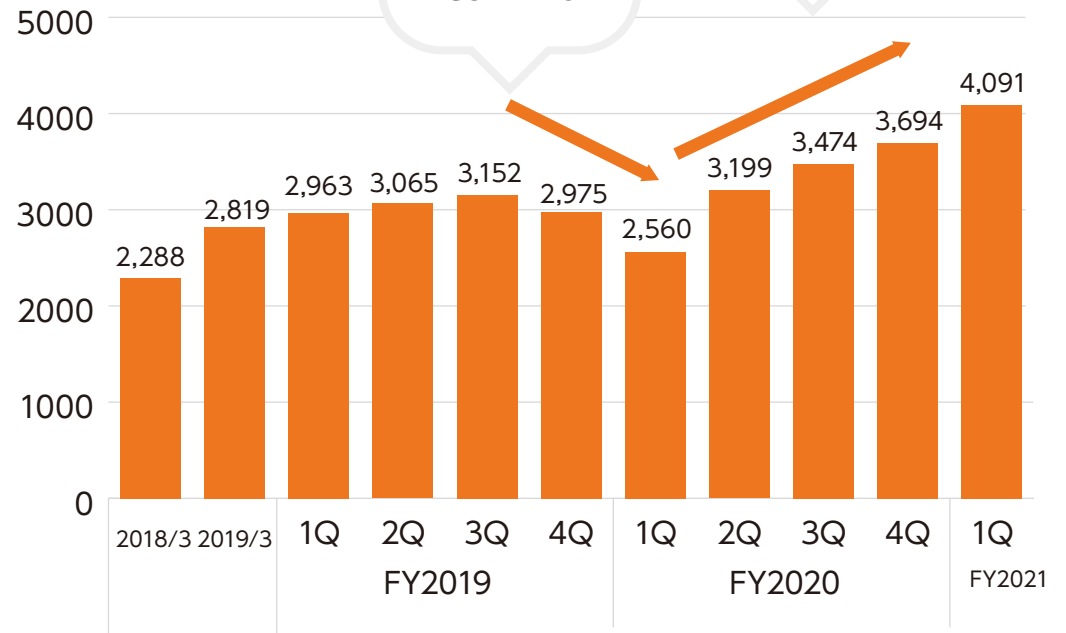
• Number of students decreased temporary due to COVID 19, but recover by starting and growing online classes.

Started Online Classes



- 2 Courses: 1 basic, and 1 expert.
- 1 to 2 classes every week. Each class is 60minutes. Price is similar to normal classes' .

of Students





(Service for Families)



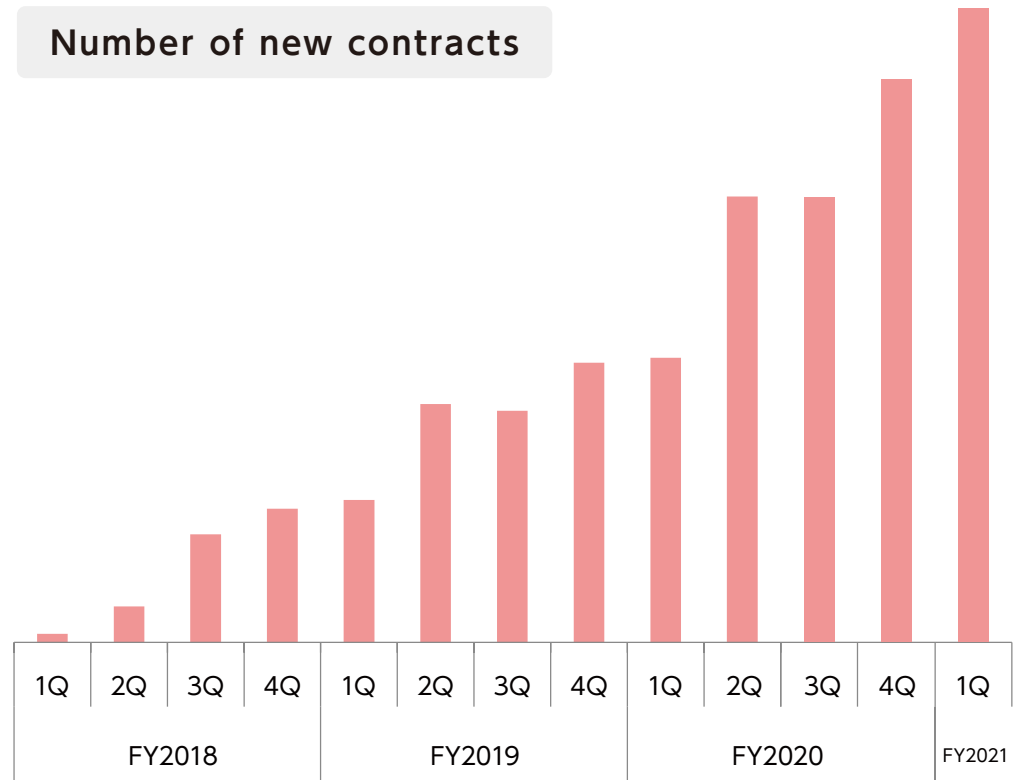
- Number of new contracts are steadily increasing

- Expanding specialized online seminars nation wide

Expanded Service Area



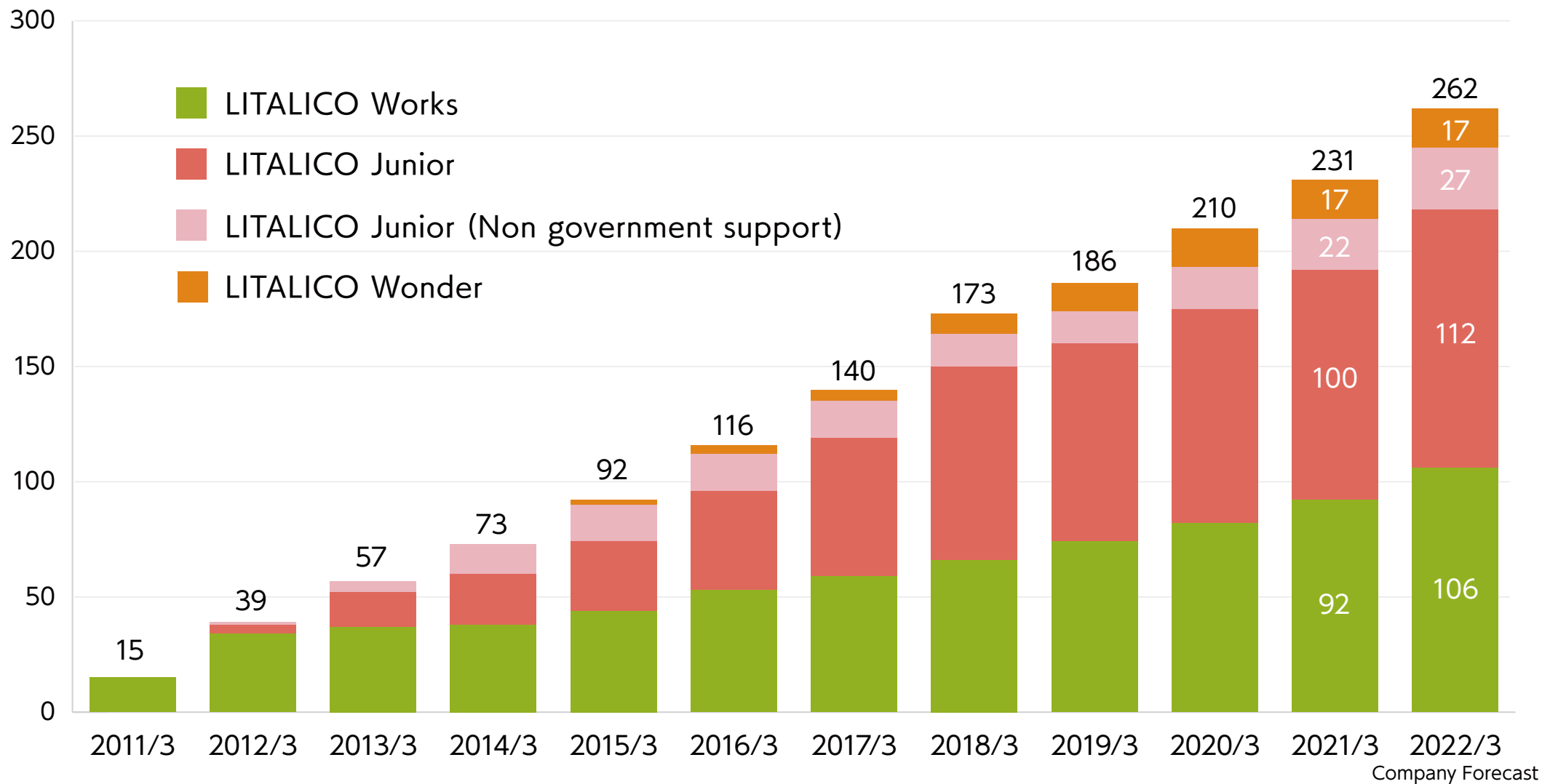
Number of new contracts



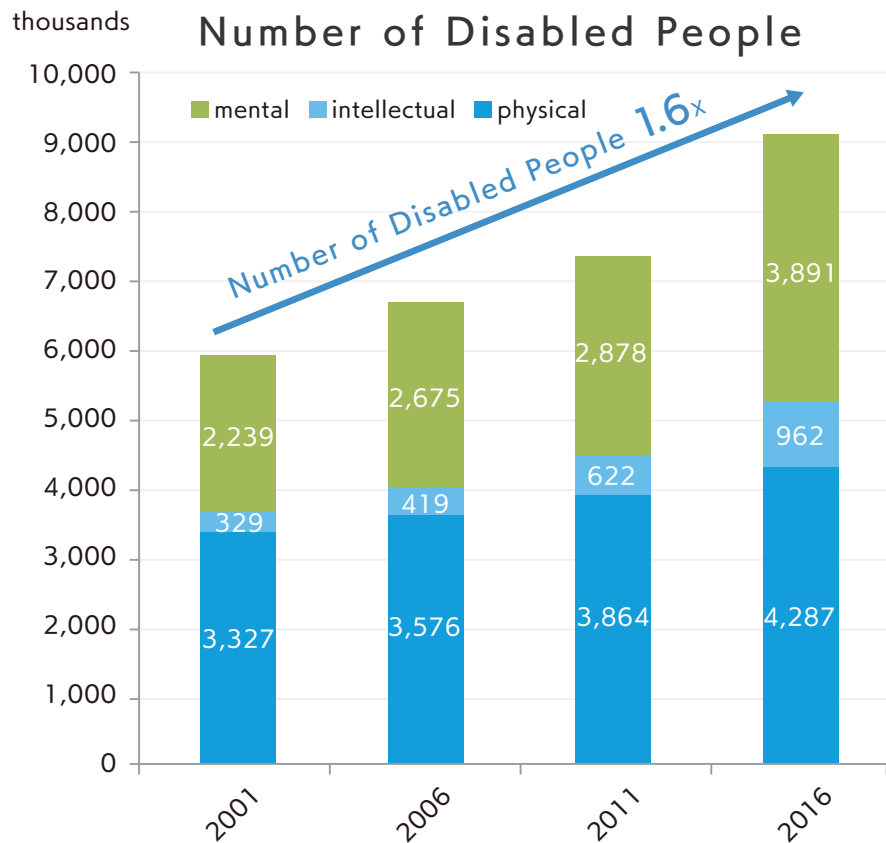
6 . Appendix



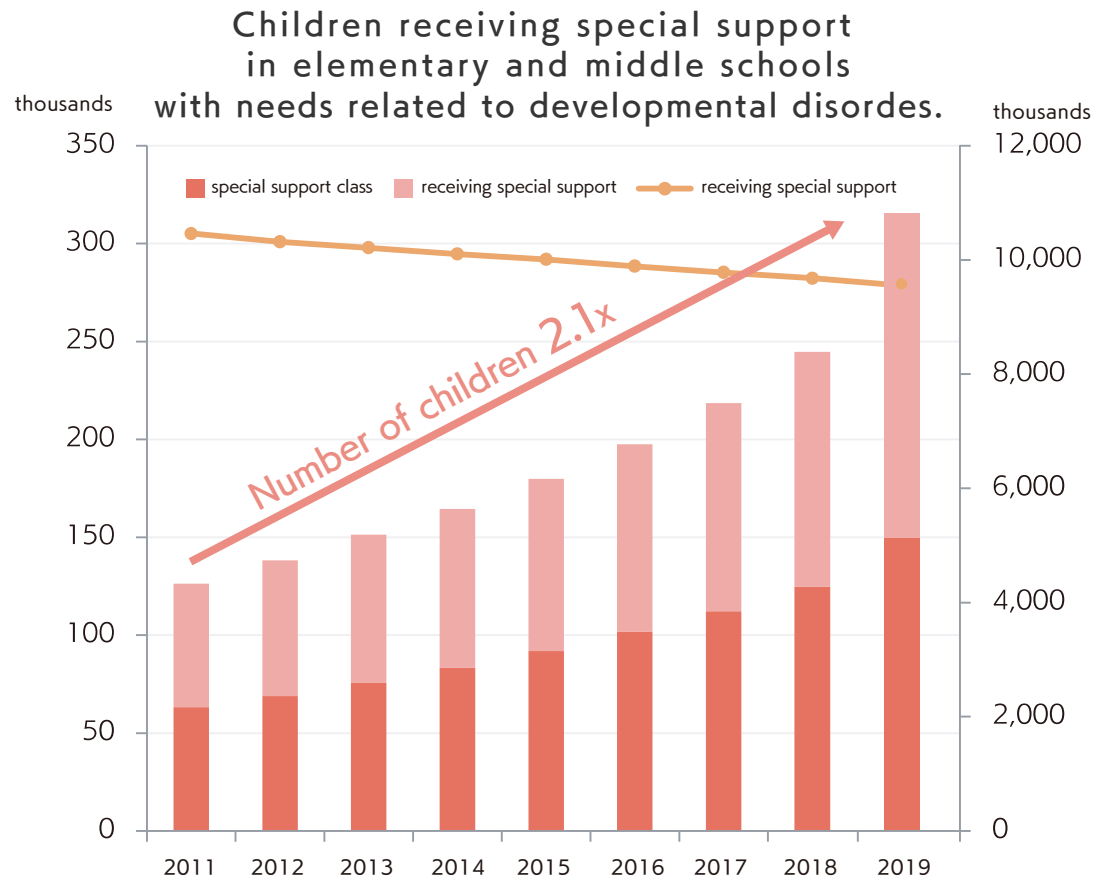
•Planned to reach a total of 262 Locations in FY 2021



- The number of disabled people, as well as children requiring special needs education are increasing.



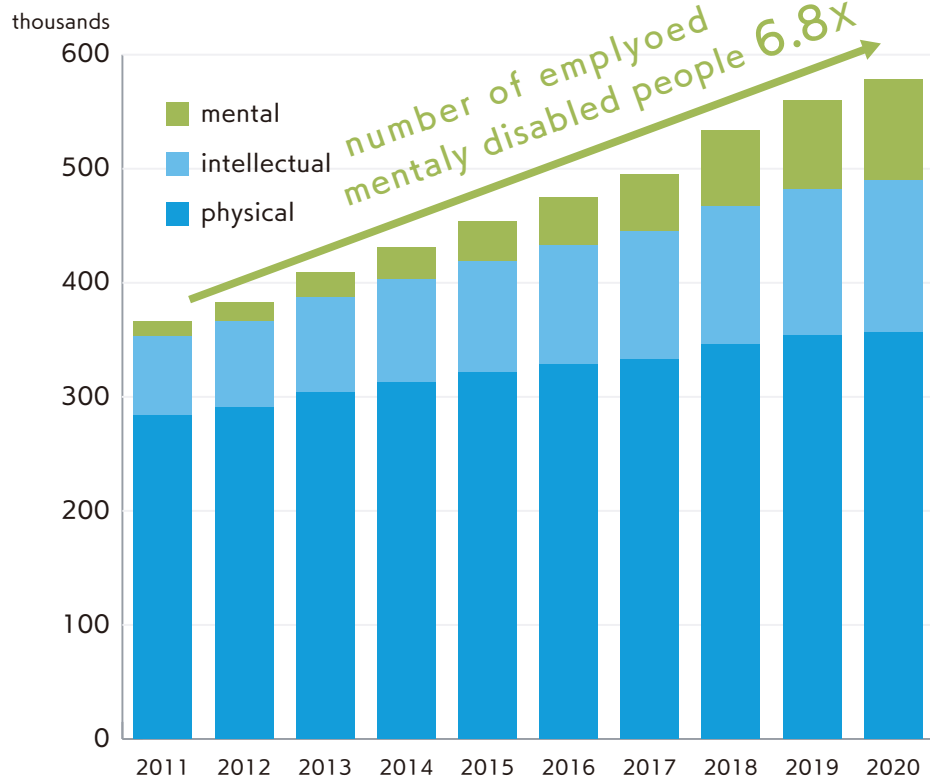
Source: Cabinet Office (Annual Report on Government Measures for Persons with Disabilities).



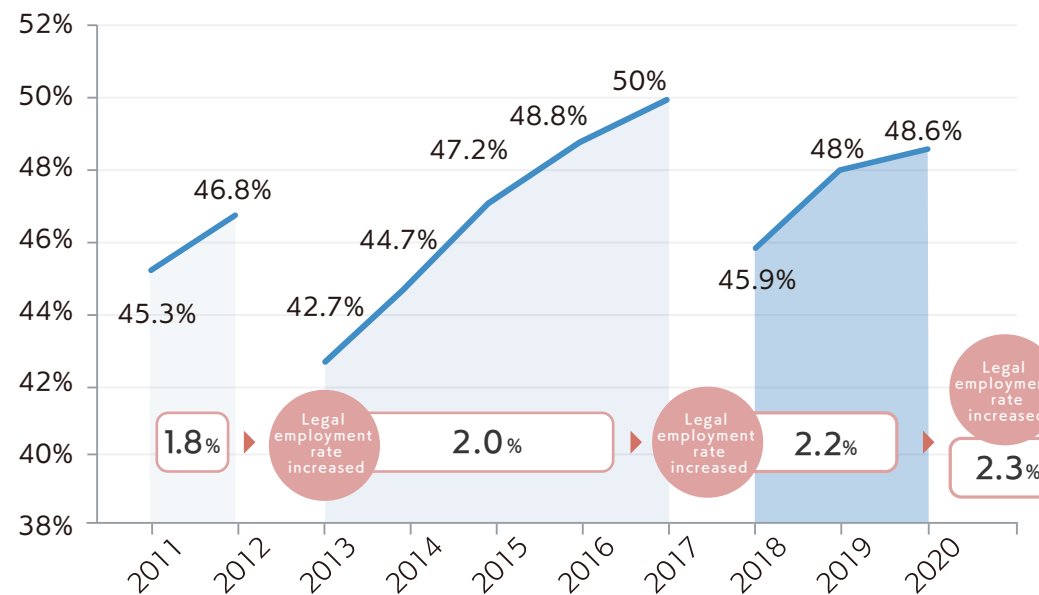
Ministry of Education, Culture, Sports, Science and Technology (MEXT) (Report on School Basic Survey)

• Number of employed disabled people are increasing. Legal employment rate increased to 2.3%

Number of employed disabled people



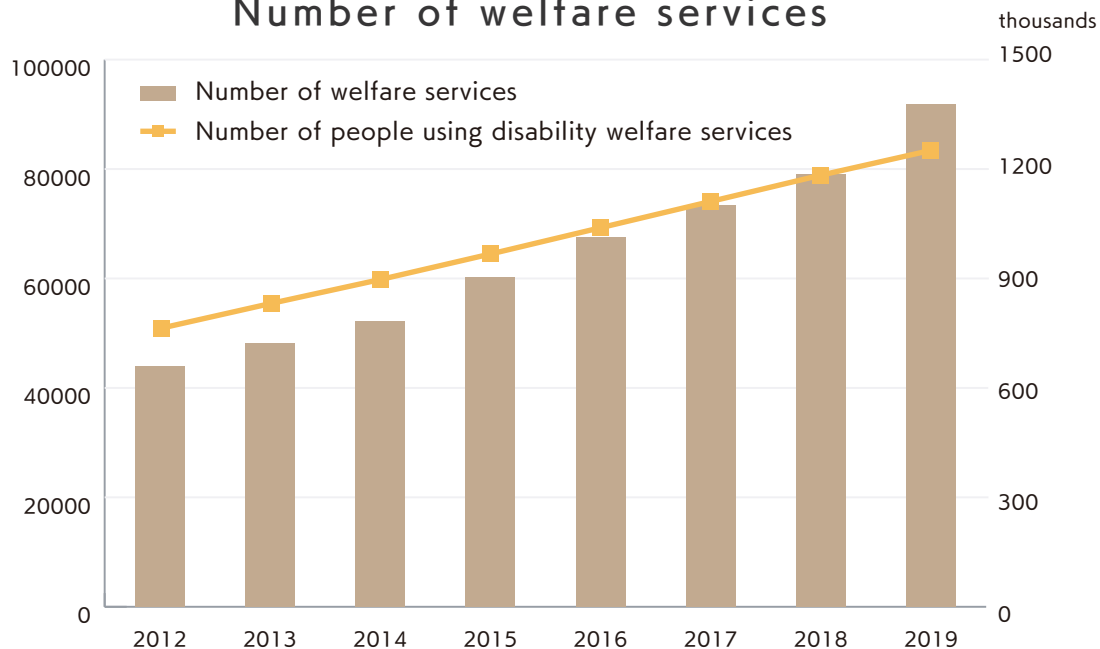
Percentage of Companies Achieving the legal employment rate



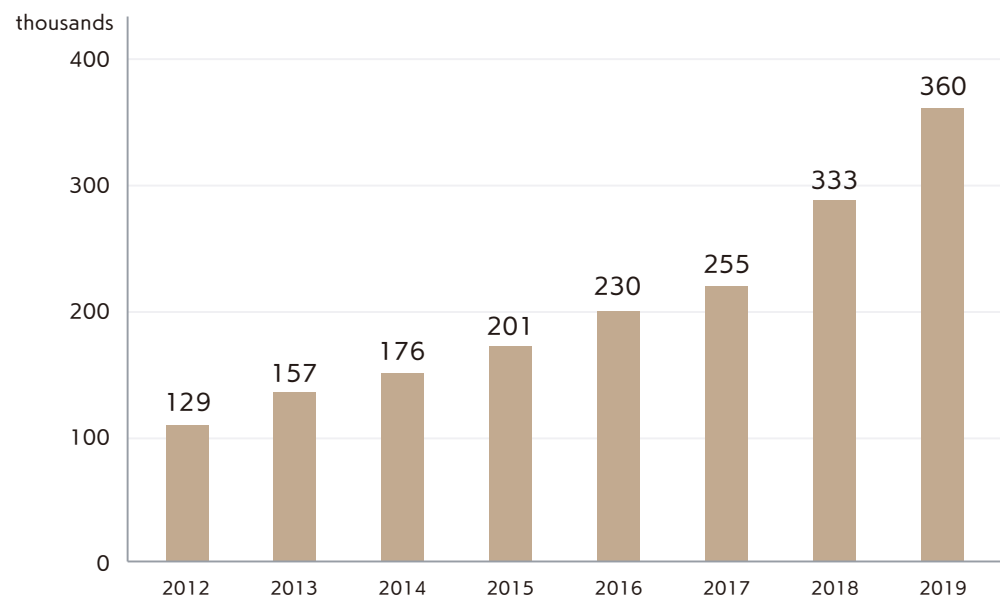
Source: MHLW (Survey of social welfare facilities)

- Welfare facilities, as well as number of people working in welfare sector are increasing.

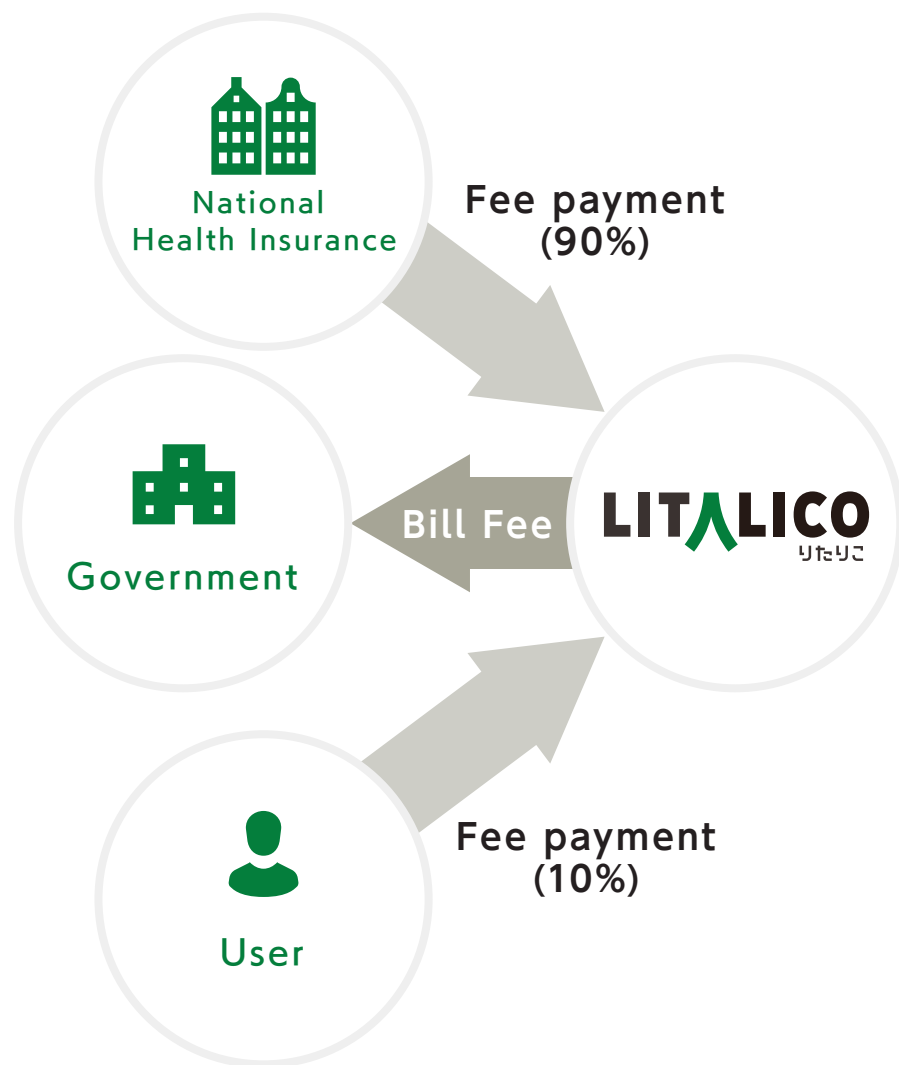
Number of people using disability welfare services
Number of welfare services



Number of employees working in disability welfare sector



•The fee per service use is fixed: 10% is paid by the user and 90% is paid by the government.



LITALICO Works' Fee

Employment Support

Fee per user. Max 20 users.

1st year : ~8,100yen/use

2nd year : ~8,100 ~ 9,400yen/use

3rd year : ~11,000yen/use

※Fee changes annually based on after employment churn rate

After Employment Support

Fee per user. no limit to number of users.

~20,000 ~ 30,000yen/month

LITALICO Junior's Fee

0~6 yrs (before school)

Fee per user. Max 10 users.

~15,000 円 /use

※ Fee changes monthly based on team staff qualifications

6~18 yrs (after school)

Fee per user. Max 10 users.

Weekdays : ~9,800yen/use

Weekends : ~11,000yen/use

※ Fee changes monthly based on team staff qualifications

Visiting Nursing Schools

Fee per user. no limit to number of users.

~20,000yen/use

※ Fee changes monthly based on team staff qualifications

※For ease of understanding, numbers are approximate

Fee for Employment Support Services

Based on 6 month churn rate
of past year's successfully employed people

Churn	Base Fee
over 50%	1,128
40~49%	959
30~39%	820

Fee for Post Employment Support Services

Based on churn rate of successfully employed people

Churn	Base Fee
Over 95%	3,449
90~94%	3,285
80~89%	2,710
70~79%	2,176
50~69%	1,642

Fee Units for 0~6 yrs

Additional points by placing qualified employees
on the team.

Personal Support Additional Points(100~125)
Qualified support points (123~187)
Qualified instructor points (90~187)
Base Fee (885)

Reward Rate for 6~18 yrs

Additional points by placing qualified employees on the team.

Personal Support Additional Points(100~125)
Qualified support points(187)
Qualified instructor points(90~187)
Basic Reward (Weekdays 604, Weekends 721)

※1point=10JPY

People Employed through using LITALICO Works

- FY 2021 : 446 名
Cumulative 10,614
- Retention Rate after 6 months of being employed : 90.8%

LITALICO Junior users

- As of June 2021: 7.366

LITALICO Wonder users

- As of June 2021: 4.091

Female Employee Ratio

- Company : 64.6%
- Managerial Position : 51.3%
- New Graduate : 78.2%

Company training and skill up opportunities

To respect diversity, eliminated compensation for family or individual specific circumstance

Company compensates for some remote working expenses.



— Creating a Society Without Barriers

LITALICO Inc.

Zip code : 153 - 0051, Nakameguro GT Tower 15F ,2-1-1 Kamimeguro, Meguro-ku, Tokyo, JAPAN

TEL:+81-3- 5704-7355 FAX:+81-3- 5704-7356

URL:<https://litalico.co.jp/en/>



©2021 LITALICO Inc.