



# 2Q 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 .....	5P
3 . Financial Forecast (FY2021) .....	10P
4 . Growth Strategy .....	13P
5 . Results by Business .....	16P
6 . Appendix .....	28P

- Operating income increased 23.0% despite investment of approximately 0.4 JPY bn
- Steady progress toward full-year forecast

### Consolidated Results

- Revenue: 9.45 JPY bn (YoY+23.0%)
- Operating Income: 0.96 JPY bn (YoY+23.0%)
- Net Income: 0.39JPY bn (YoY▲5.0%)

### Topics

- Opened 21 locations in Q2 FY2021; Totaling 252 locations – 7 LITALICO Works, 10 LITALICO Junior (Governmental Support), 4 LITALICO Junior (Non Governmental Support)
- Steady increase in the number of contracted facilities in the platform business
- Newly opened LITALICO Works and LITALICO Junior locations also performing well
- LITALICO Wonder achieves profitability in the Covid19 due to strong sales of online courses

### Financial Forecasts

- Revenue 20.0JPY bn / Operating Income 2.5 JPY bn / Net Income 1.2JPY bn
- Due to the concentration of investment in recruitment and marketing in the first half, profits are expected to be weighted toward the second half. We invested approximately 400 million yen in the first half.
- On track to meet full-year plan.

## 2. Consolidated Financial Results

2Q FY2021

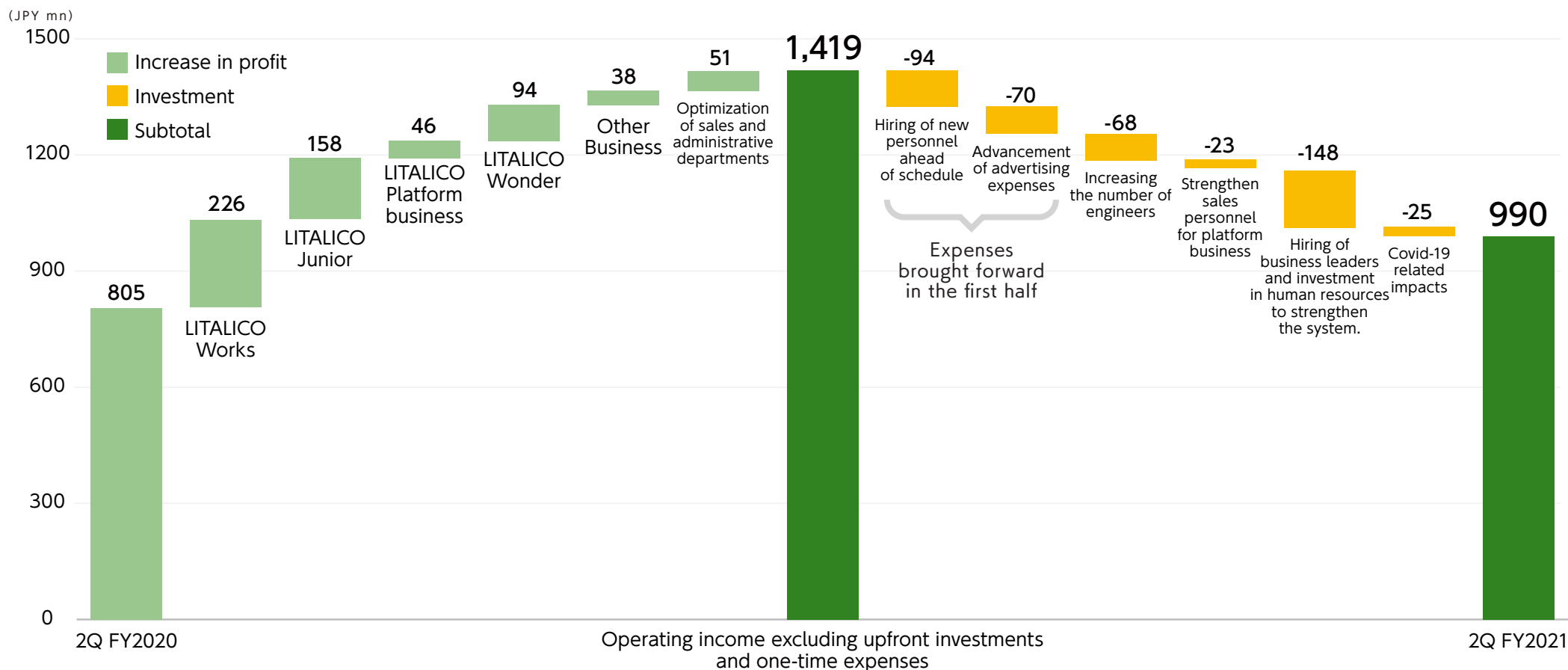
- Revenue increased 23.0% and operating income increased 23.0% despite investment of approximately 0.4 JPY bn in the first half.

- Steady progress toward full-year forecast

(JPY mn)

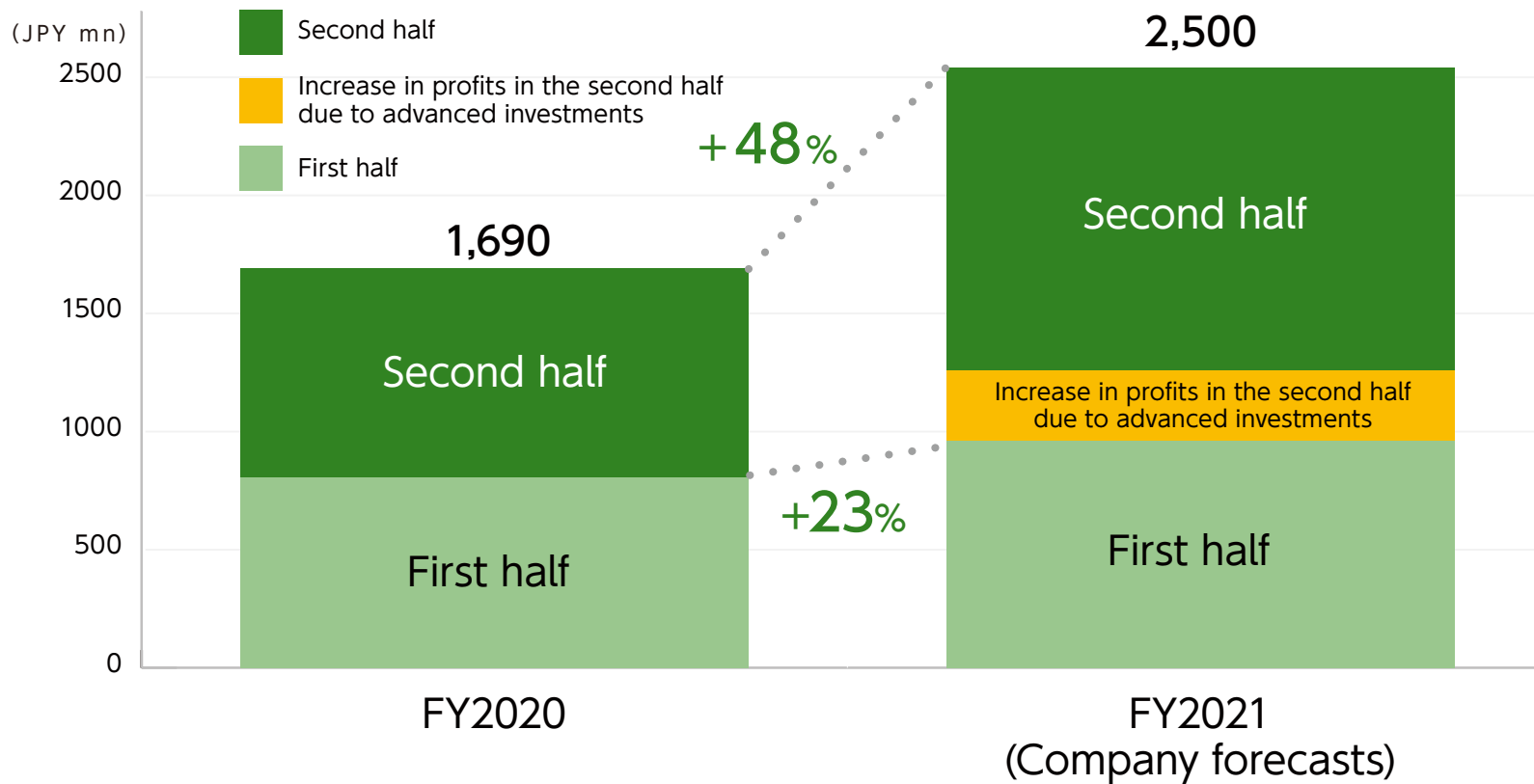
	2Q FY2021	Sales Ratio	YoY %	2Q FY2020	Sales Ratio
Revenue	9,455	—	+ 23.0%	7,686	—
Cost	5,881	( 62.20%)	+ 19.7%	4,915	( 63.95%)
Gross Profit	3,573	( 37.79%)	+ 29.0%	2,771	( 36.05%)
SGA	2,583	( 27.32%)	+ 31.4%	1,965	( 25.57%)
Operating Income	990	( 10.47%)	+ 23.0%	805	( 10.47%)
Ordinary Income	865	( 9.15%)	+ 26.8%	682	( 8.87%)
Net Income	391	( 4.14%)	▲5.0%	411	( 5.35%)

- Aggressive upfront investment (totaling approximately 403 million yen) in response to steady business progress
  - LITALICJunior’s April hiring. Approx.94 JPY mn
  - Concentrated advertising expenses to strengthen marketing function. Approx.70 JPY mn
  - Increasing the number of engineers to improve product development capabilities. Approx 68 JPY mn
  - Investment in HR development such as sales personnel to expand platform business. Approx. 23 JPY mn
  - Hiring of business leaders and investment in human resources to strengthen the system. Approx 148 JPY mn
- Other Covid-19 factors. Approx. ▲25 JPY mn



# Changes in operating income between the first and second half

- Steady progress toward the full-year forecast (operating income: 2.5 JPY bn)
- Growth will accelerate in the second half of the fiscal year due to intensive investment in recruitment, marketing, and other areas that contribute to sales in the first half.





# Profit and Loss Statement by Segment

- LITALICO Works business performed well in both existing and new stores
- Income increased in LITALICO Junior Business despite upfront investment due to acceleration of new store openings
- Both sales and profit increased in the platform business while making upfront investments in hiring and training of sales personnel, etc.
- In the Other segment, each new business is performing well, sales are expanding, and profits are improving

		2Q FY2021	2Q FY2020	YoY	YoY%	(JPY mn)
LITALICO Works	Revenue	4,198	3,778	+420	+11.1%	
	Segment Profit	1,653	1,426	+226	+15.9%	
LITALICO Junior	Revenue	3,188	2,701	+487	+18.0%	
	Segment Profit	514	475	+39	+ 8.4%	
LITALICO Platform business	Revenue	846	432	+414	+95.7%	
	Segment Profit	59	35	+24	+70.1%	
Others	Revenue	1,221	773	+447	+57.9%	
	Segment Profit	▲67	▲170	+102	—	



# 3. Financial Forecasts

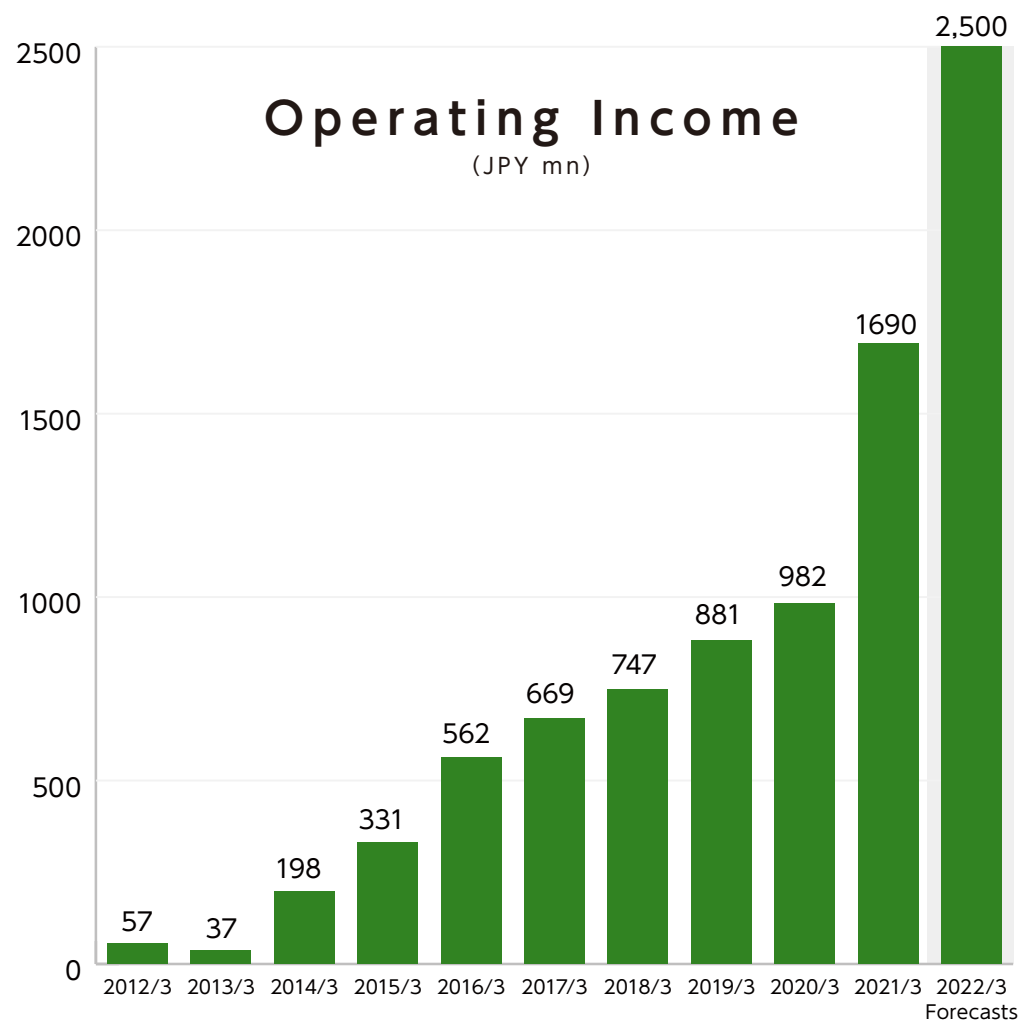
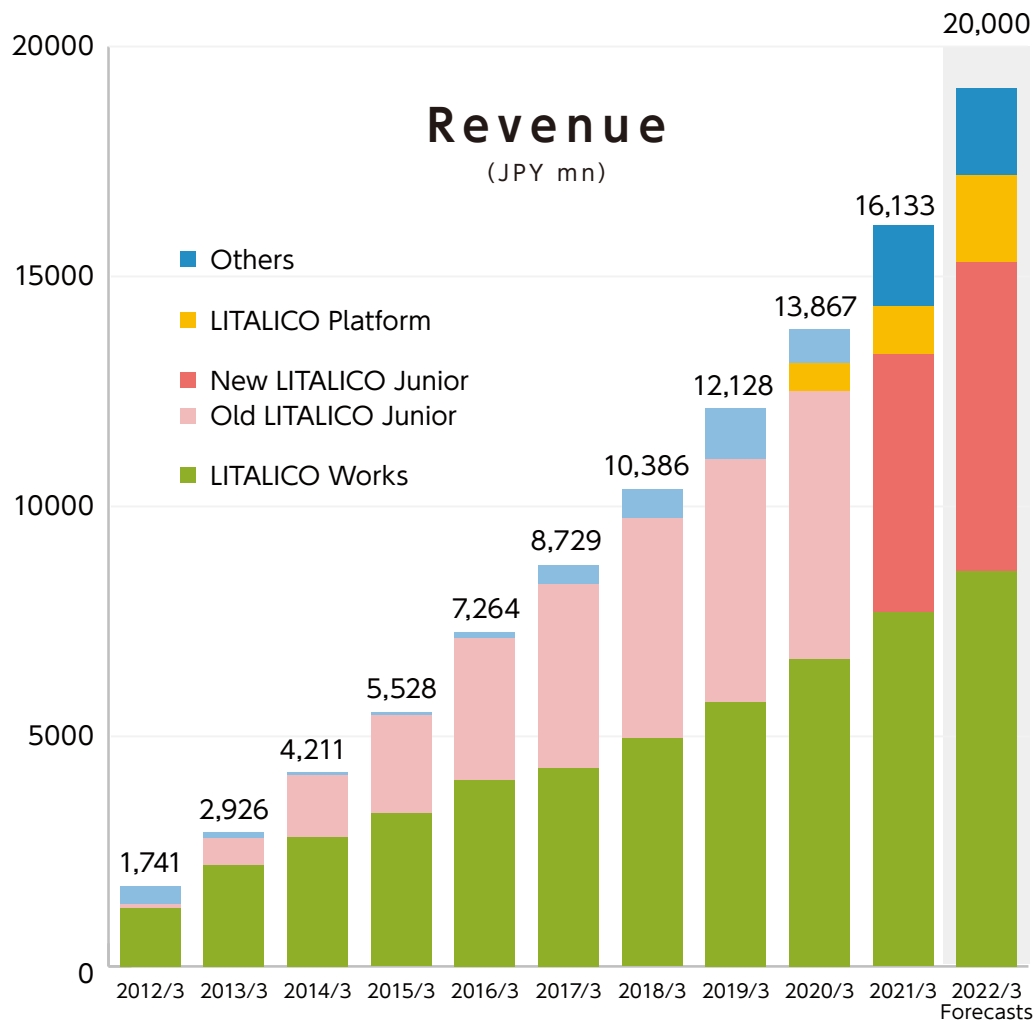
FY2021

- Revenue 20 JPY bn, Operating Income 2.5 JPY bn, and Net Income 1.2 JPY bn
- Plan to return to profitability in all businesses while enhancing growth potential of existing businesses
- Plan to open 14 LITALICO Works locations and 13 LITALICO Junior locations, accelerating the pace of new openings
- Due to the strong progress of the business, upfront investment will be concentrated in the first half of this fiscal year, especially in the second quarter.

(JPY mn)

	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%

• Steady progress toward 9th consecutive year of revenue and profit growth



※ 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



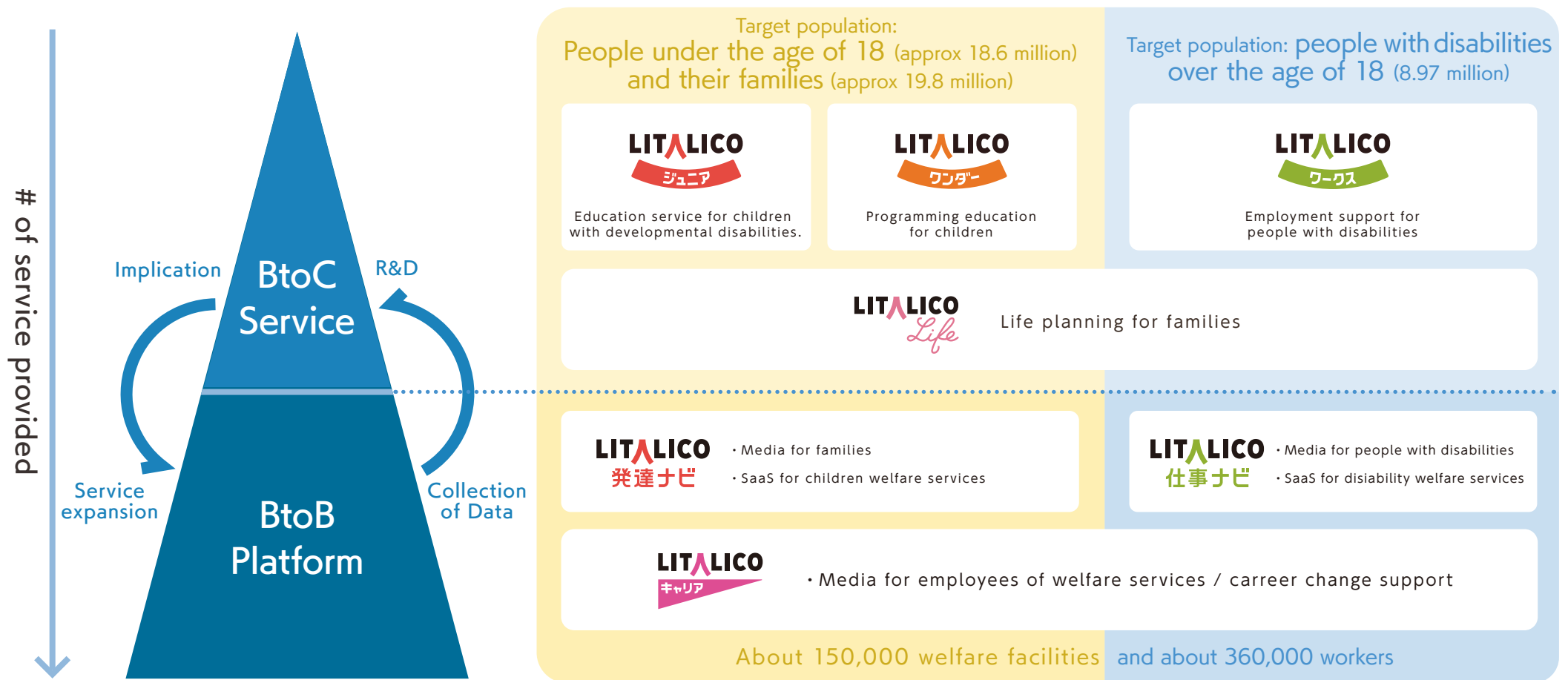
Creating a Society Without Barriers



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)

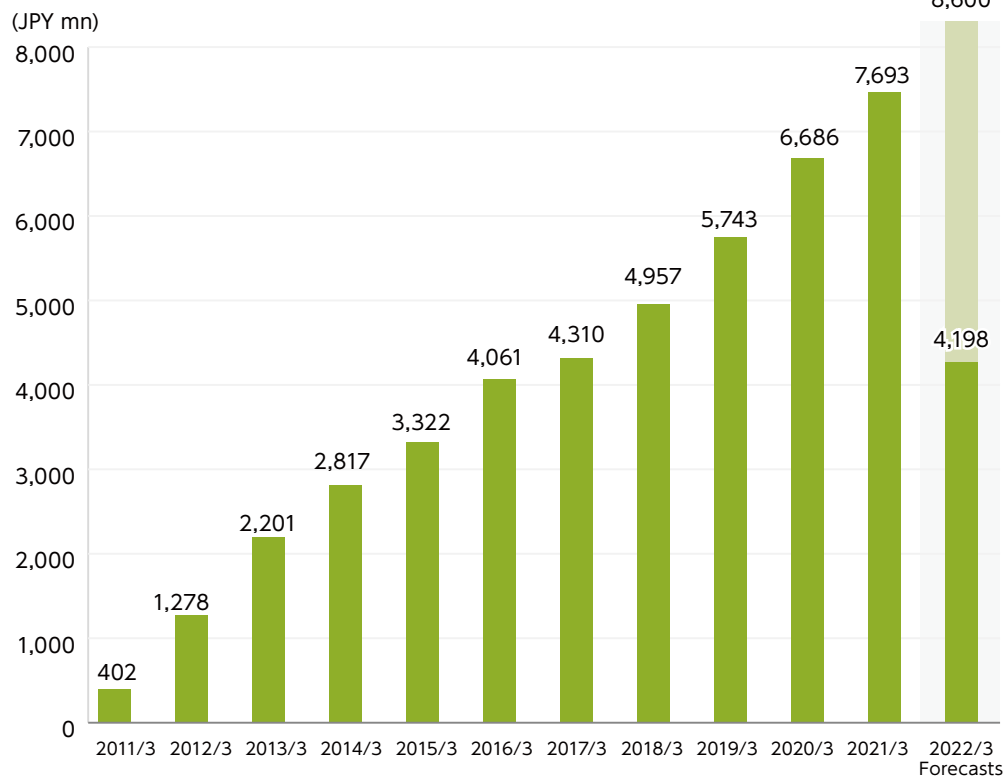


• 99 Locations (+7 FY 2020)

• Planned for +14 new locations in FY2021

• The pace of new store openings will increase each year due to the establishment of the system

## LITALICO Works Revenue

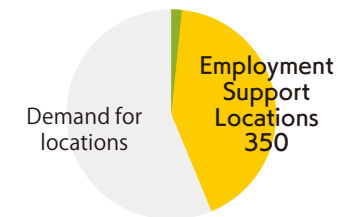


## FY 2021 Locations



## Demand for Locations in Tokyo

LITALICO Works Locations



※based on company calculations





(employment support)

- Cumulative Number of Employed People 10,964 / 6 month retention rate 88.5%

- Fastest pace of employments supported (Legal employment rate increased to 2.3% from March)

- Utilizing technology such as VR in job training

## Results 2Q FY2021

Number of employments supported

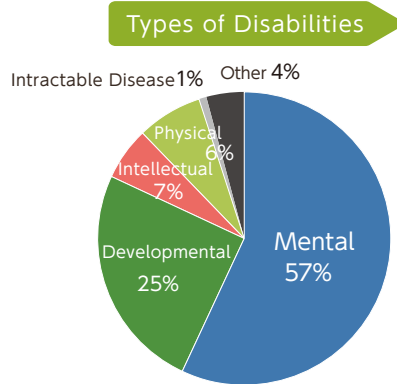
**796** (YoY+225名)

Accumulative 10,964名

---

6 month retention rate

**88.5%**



## 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 )

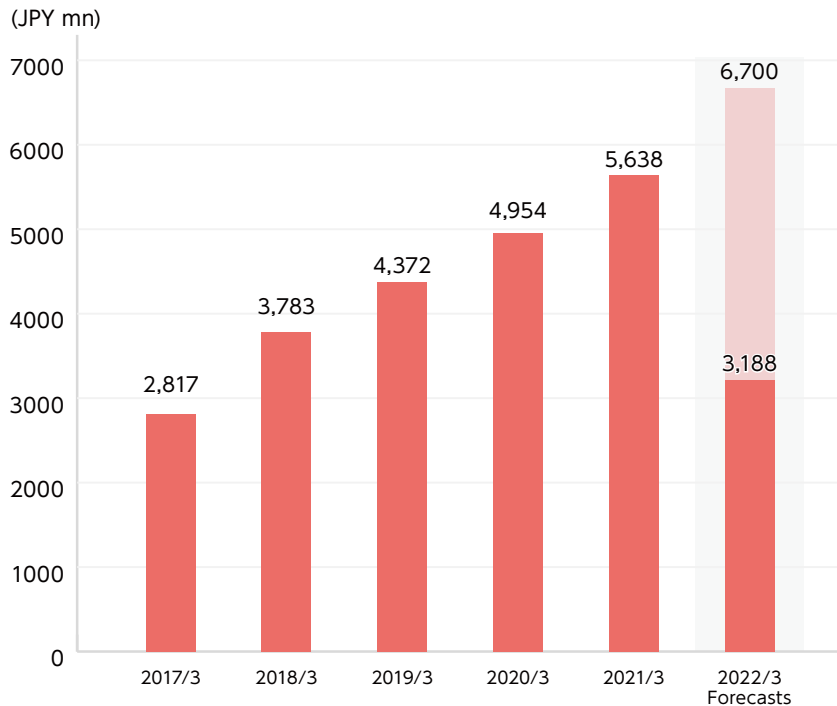


- 110 Locations (+10 FY2020)

- Advance investment such as hiring ahead of schedule to accelerate new store openings

- Plan to open 13 new locations in FY2021. The pace of new store openings will be increased annually.

## LITALICO Junior Revenue

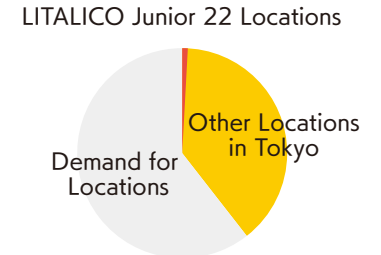


※ Discrepancy from past reports due to new reporting segmentation.

## FY 2021 Locations



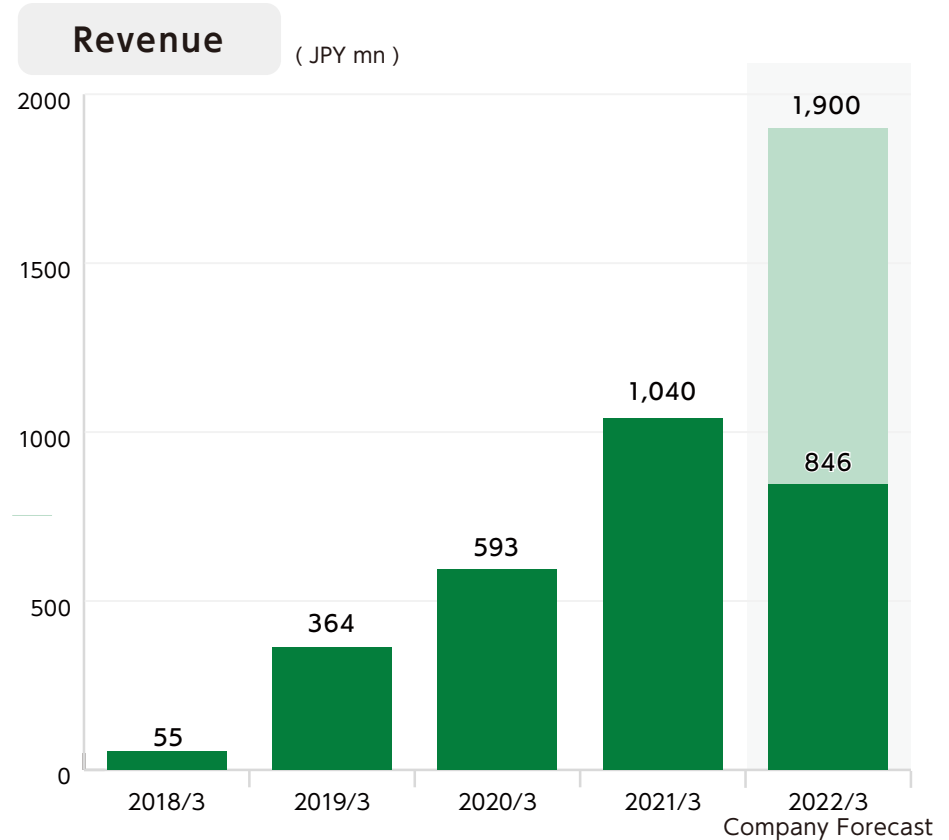
## Demand for Locations in Tokyo



※based on company calculations



- 96% increase in sales compared to the same period last year
- Sales and profits increased while making upfront investments in hiring and training of sales and support personnel, and entered the phase of accelerated growth
- Expanding business to matching business for users and facilities and SaaS for welfare facilities.

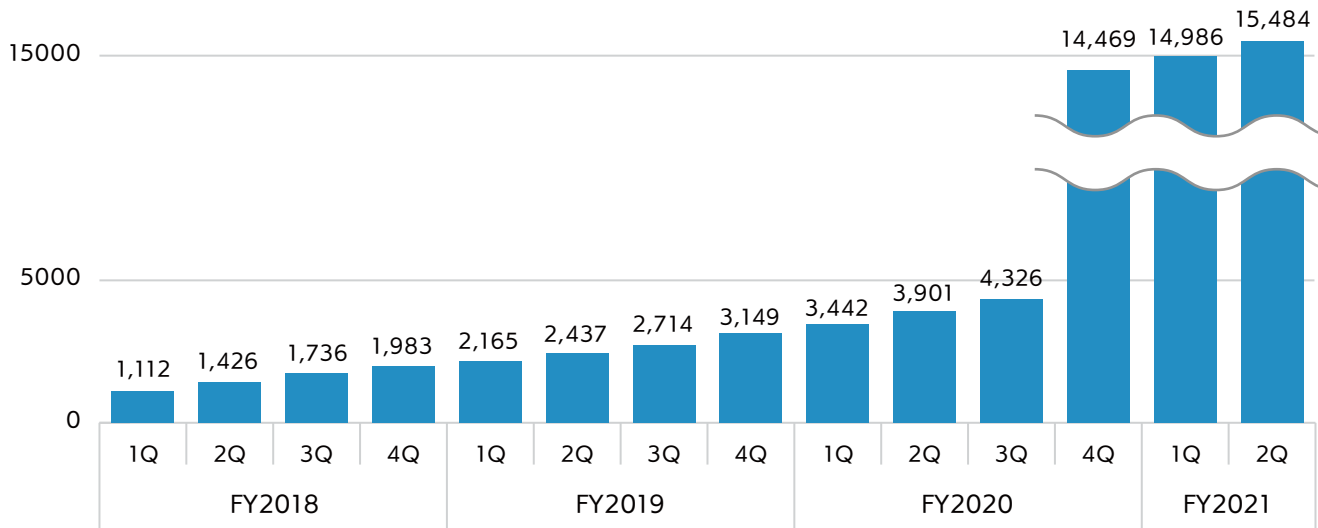




- Package selling the product of Fukushi-soft inc. increased the pace of gaining new accounts

- LITALICO Career achieved 14,000 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  
**150,000**

Schools Nursery Schools  
**70,000**

Companies Other  
**100,000**

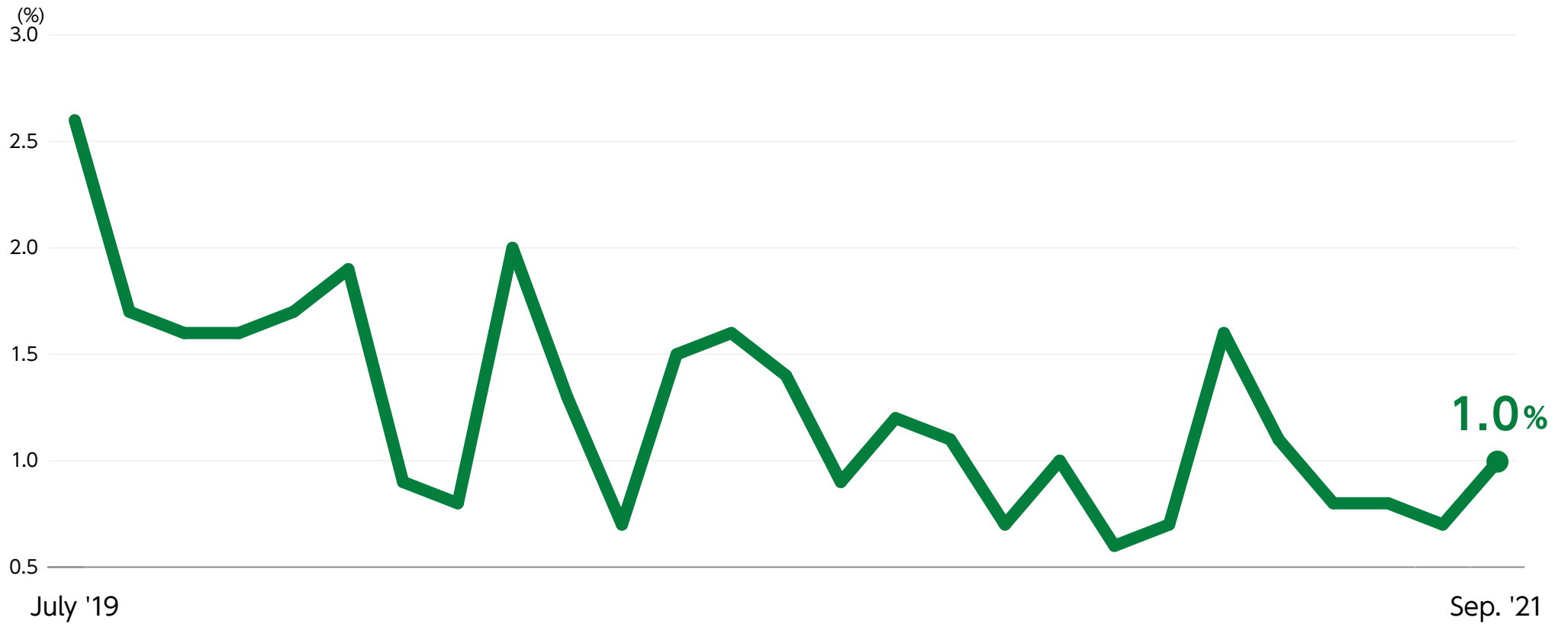
Nursing Homes  
**300,000**



# 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 (personal course), LITALICO Wonder, LITALICO Life

•58% increase in revenue compared to the same period last year, on track to return to profitability

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.

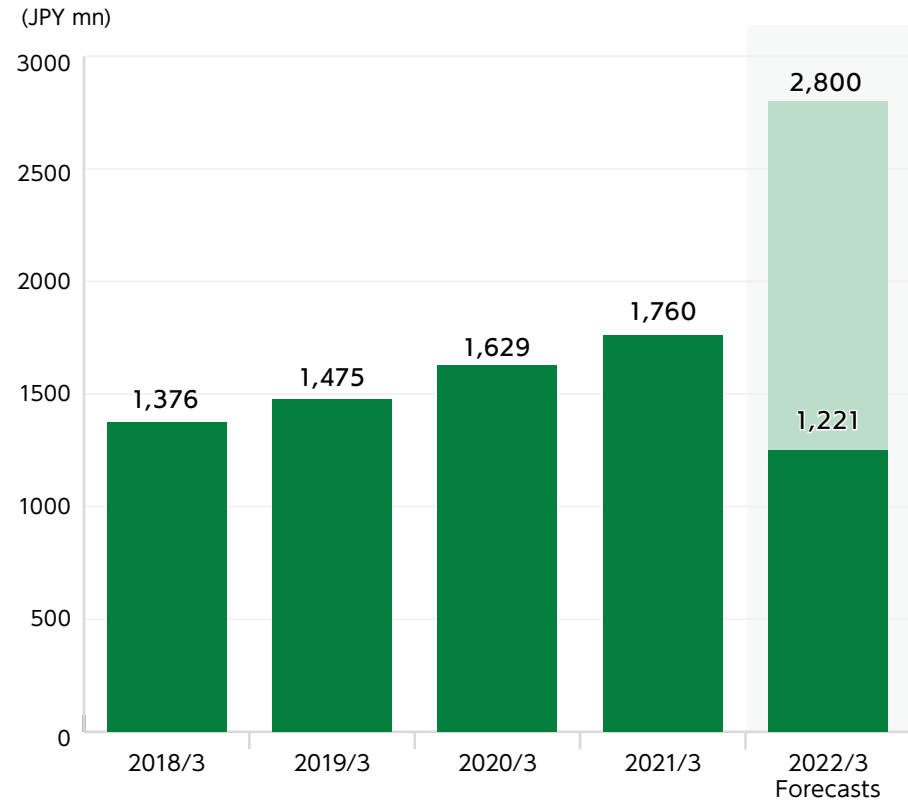
## LITALICO Wonder

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







(Personal Course)



- short-term intensive model (personal course)

- Resumption of new store openings due to improved profitability, 26 locations (+4 FY2020)

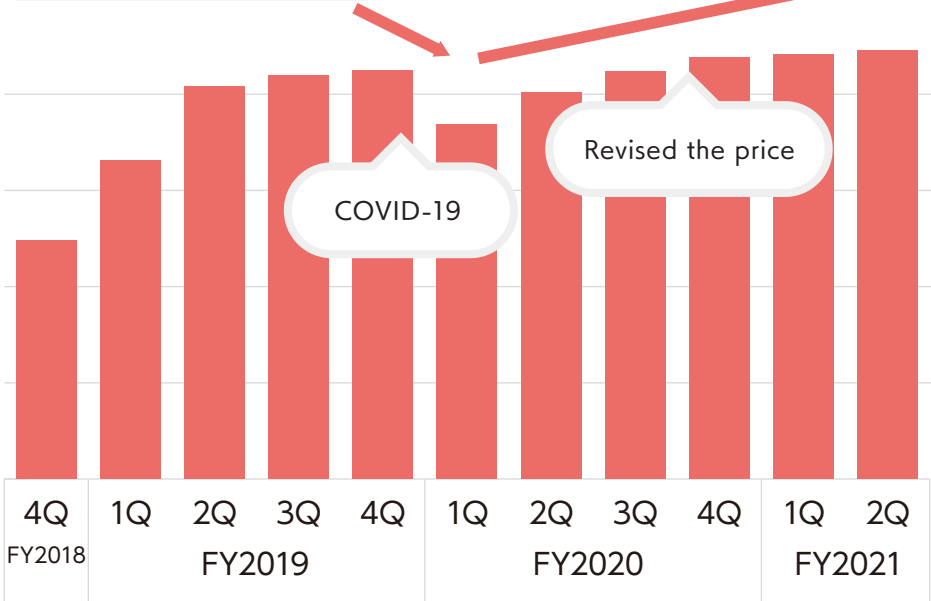
- In light of the impact of Covid-19, focus on strengthening the organizational structure, including recruitment, and training new staff to accelerate the opening of new schools in the next fiscal year and beyond.

## 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

## Quarterly sales





(Programming School)



- 17 Locations, Students: 4,270

- Temporary decline in classroom enrollment due to the impact of Covid-19, but growth potential accelerated with the launch of online courses.

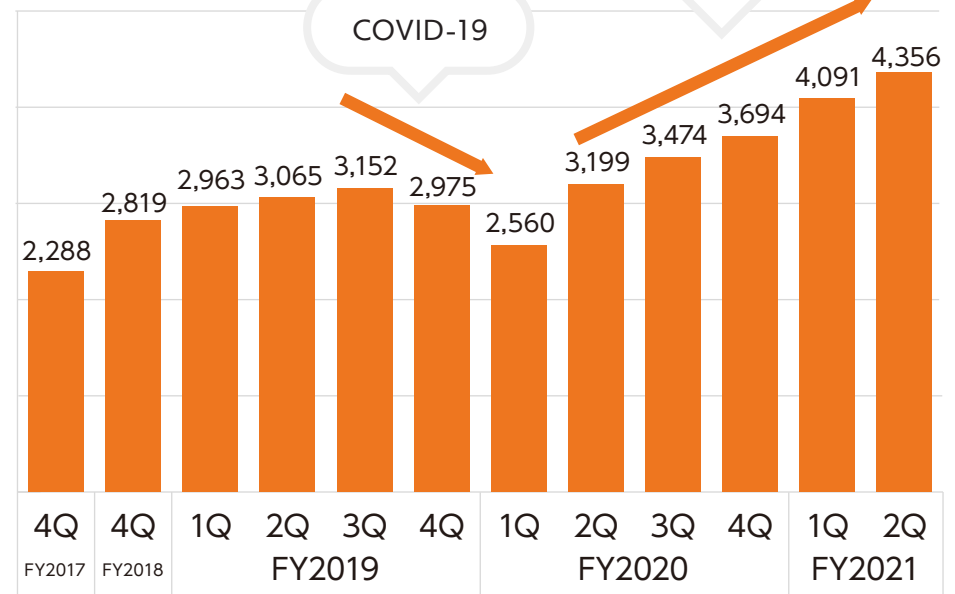
- achieves profitability in the Covid19 due to strong sales of online courses

## 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

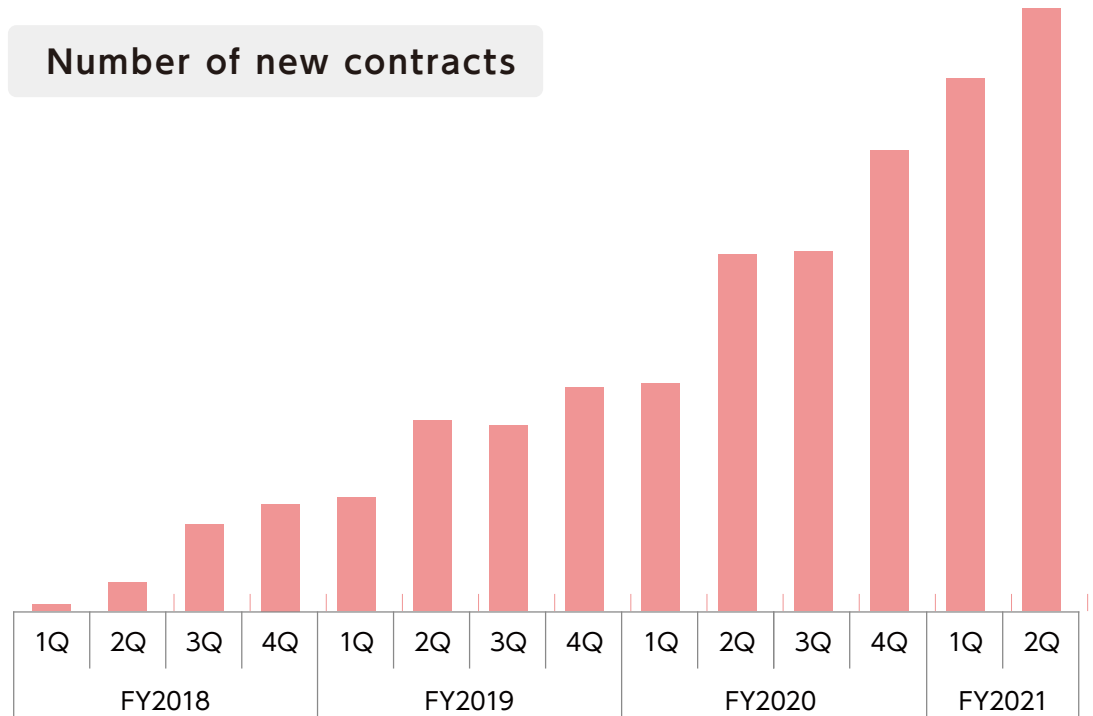
- Expanding specialized online seminars nation wide

## Expanded Service Area

- Seminars with lecturers covering a variety of topics
- Individual consultations to address the various concerns of families



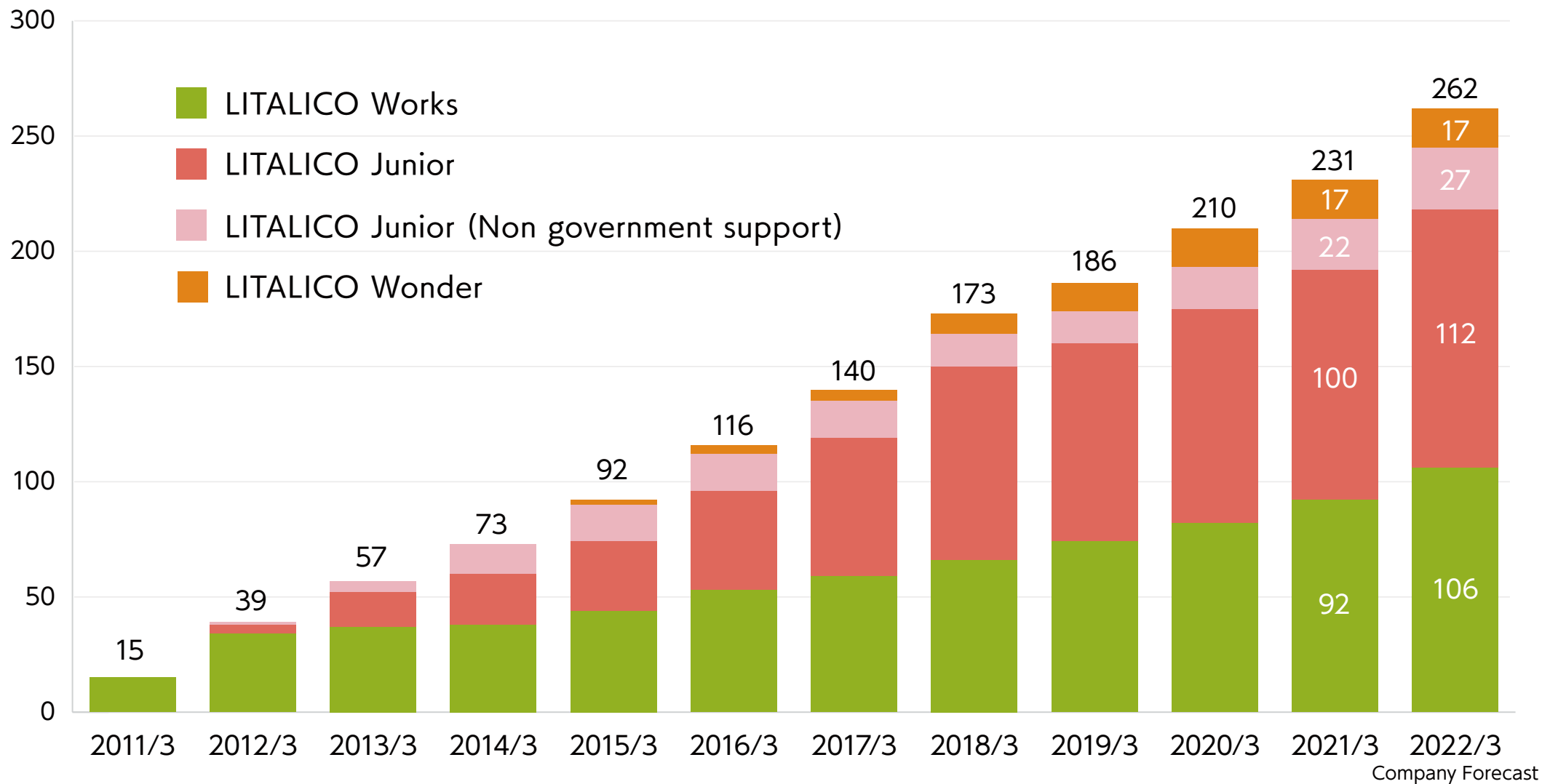
## Number of new contracts



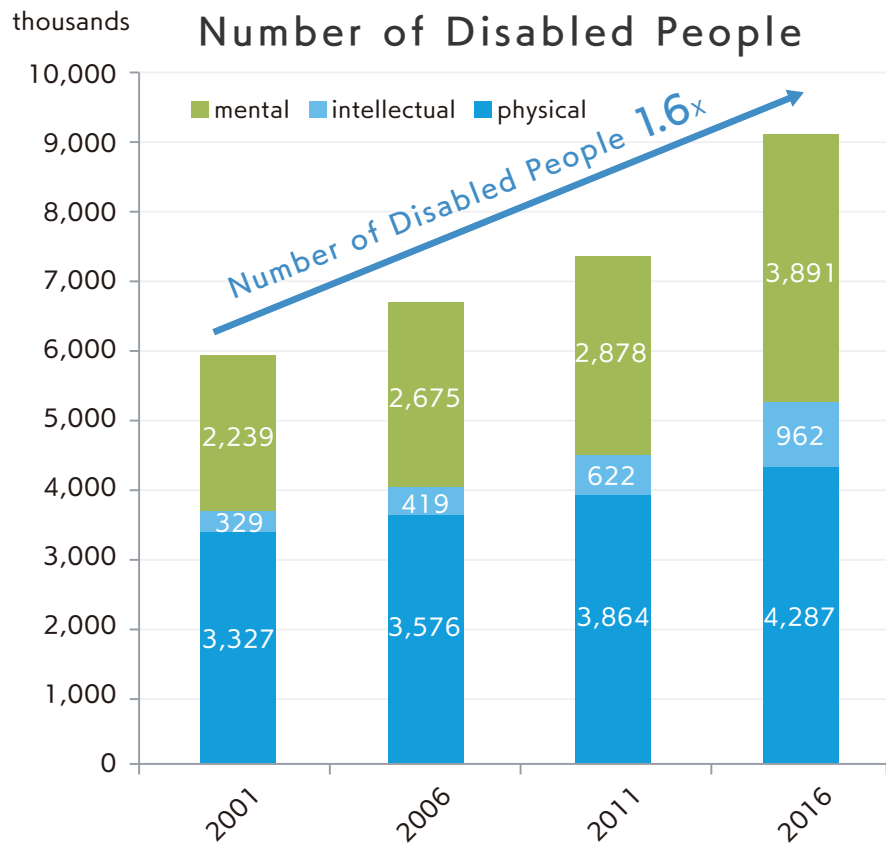
# 6. Appendix



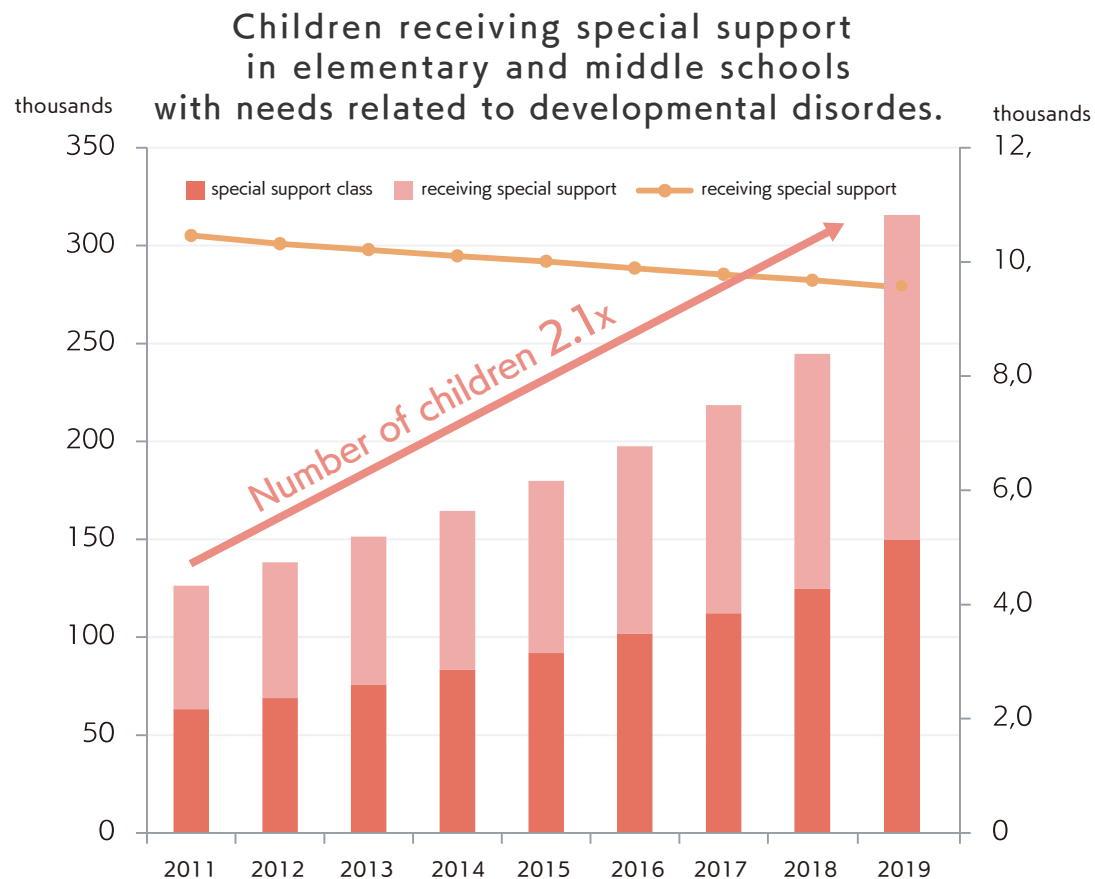
•Planned to reach a total of 262 Locations in FY 2021



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



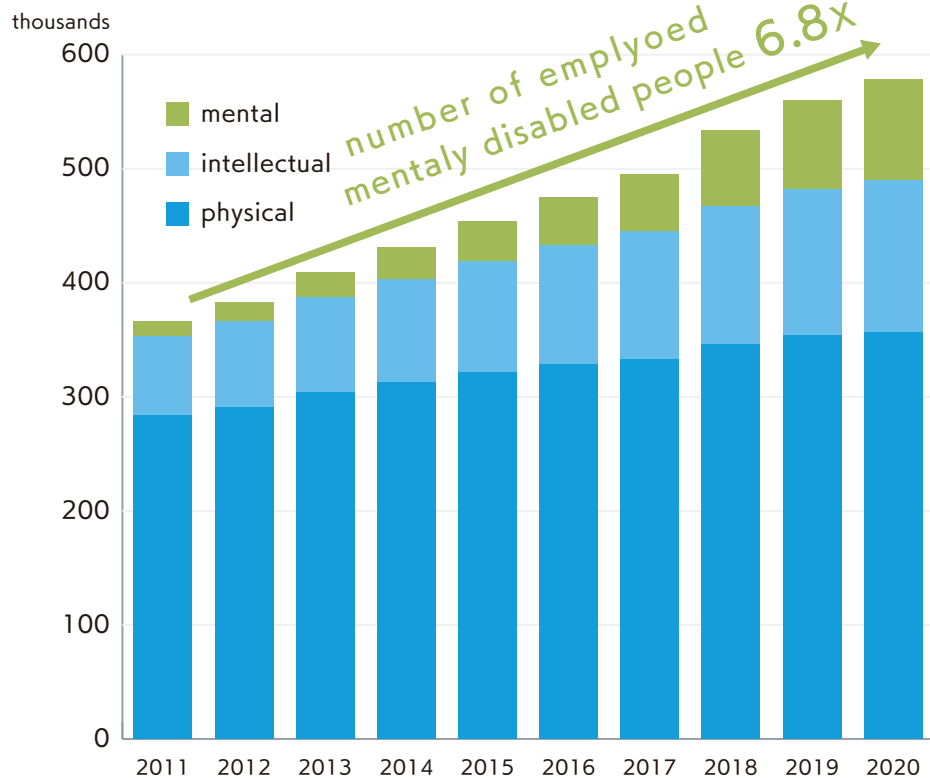
Source: Cabinet Office (Annual Report on Government Measures for Persons with Disabilities).



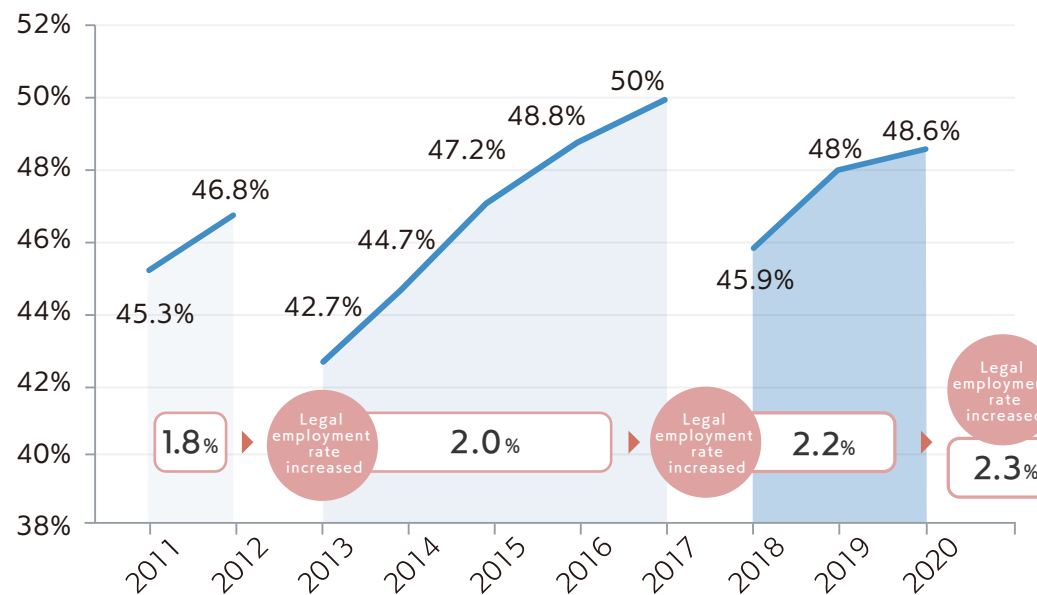
Ministry of Education, Culture, Sports, Science and Technology (MEXT) (Report on School Basic Survey)

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

Number of employed disabled people



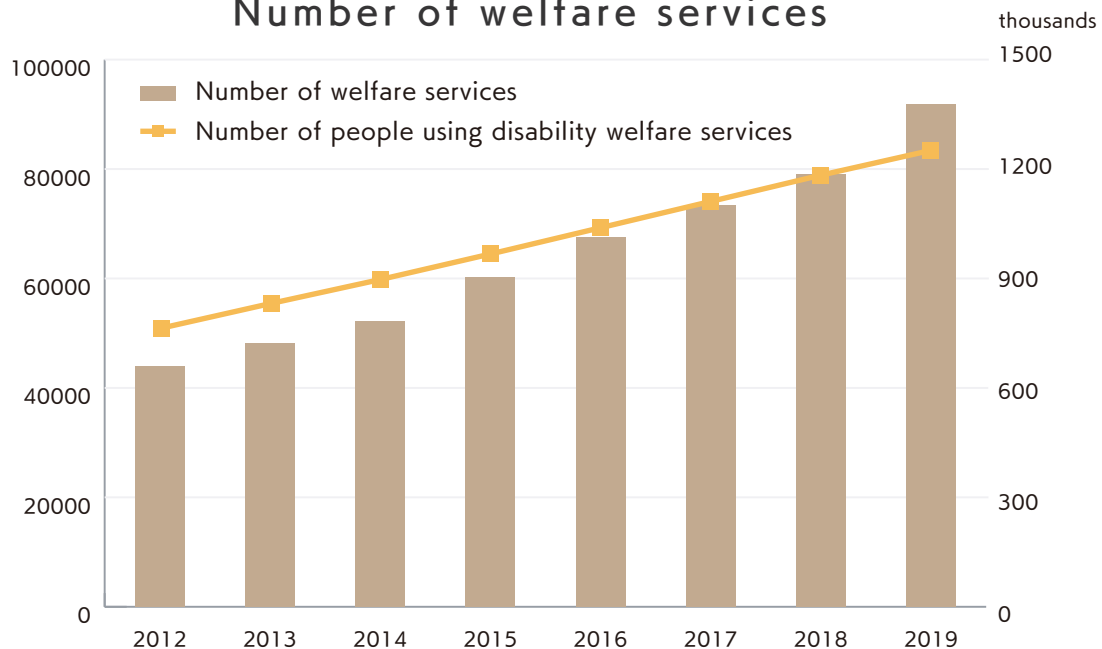
Percentage of Companies Achieving the legal employment rate



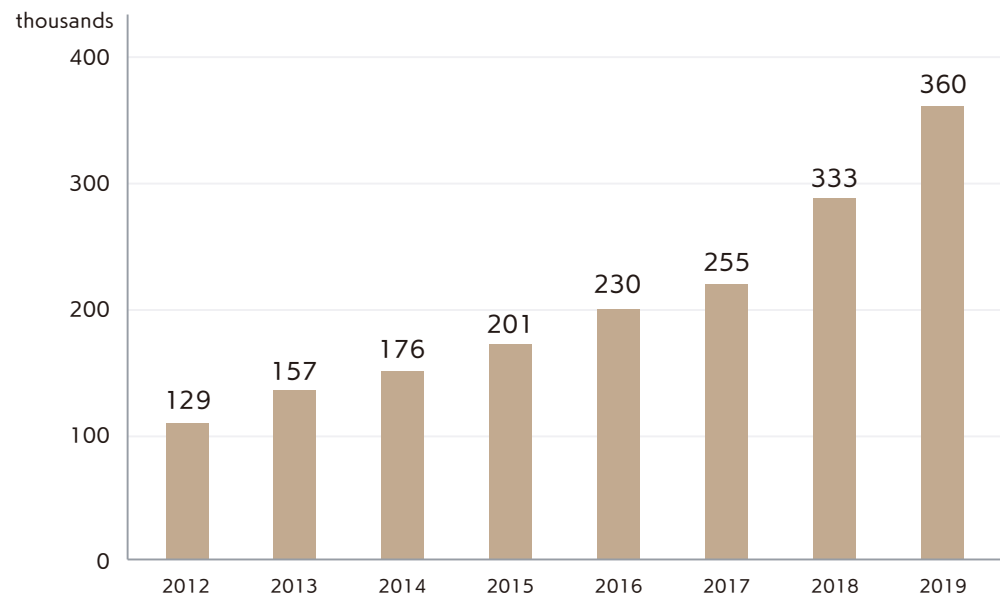
Source: MHLW (Survey of social welfare facilities)

- 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

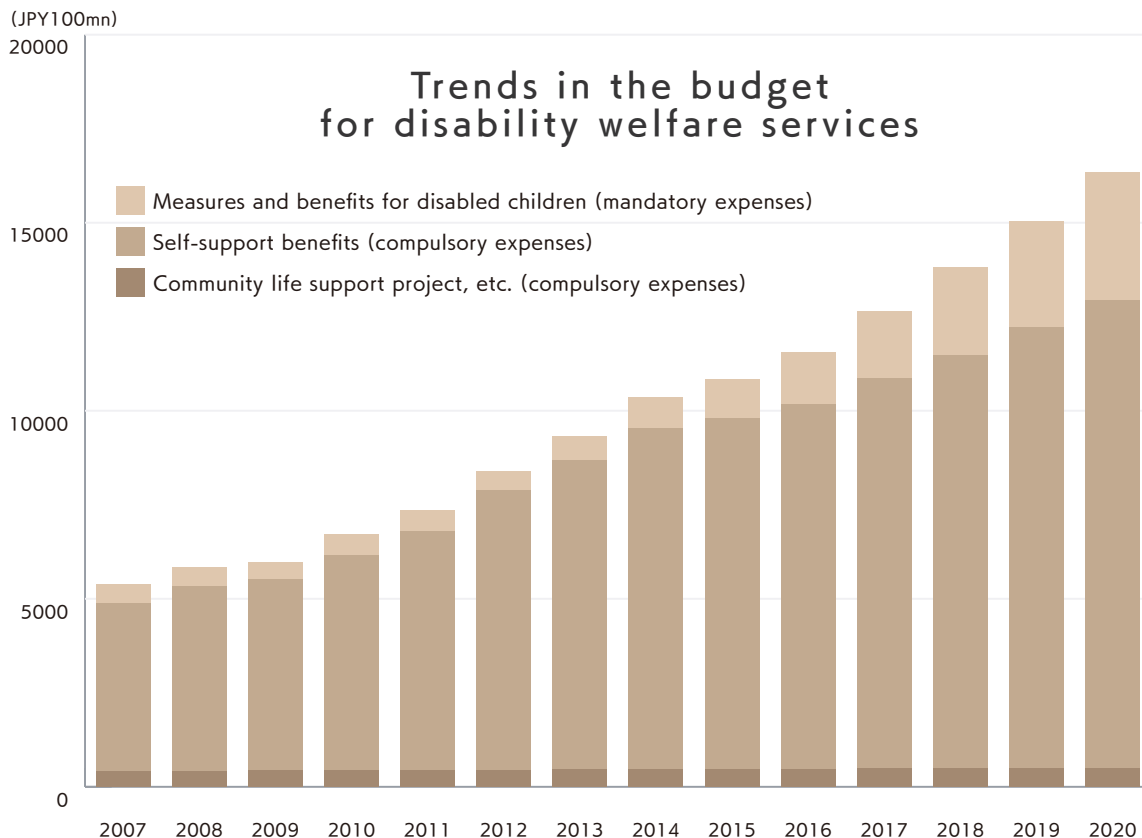


Number of employees working in disability welfare sector



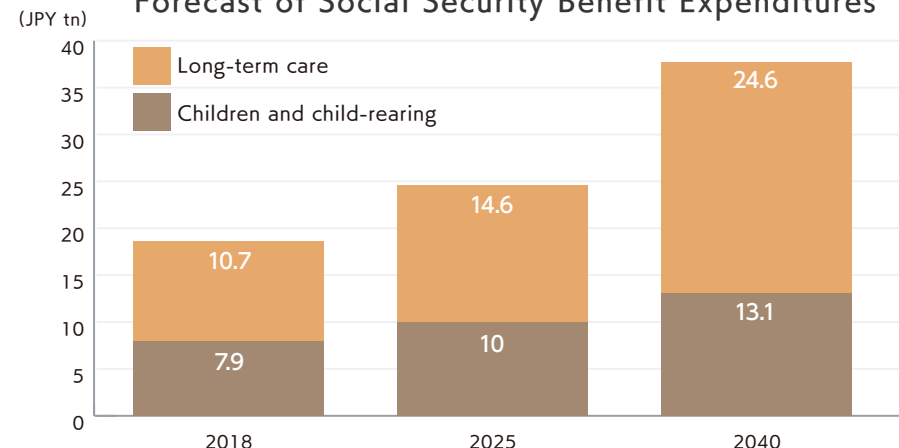


- The size of the market for disability welfare services and adjacent industries (medical, nursing care, etc.) is increasing every year



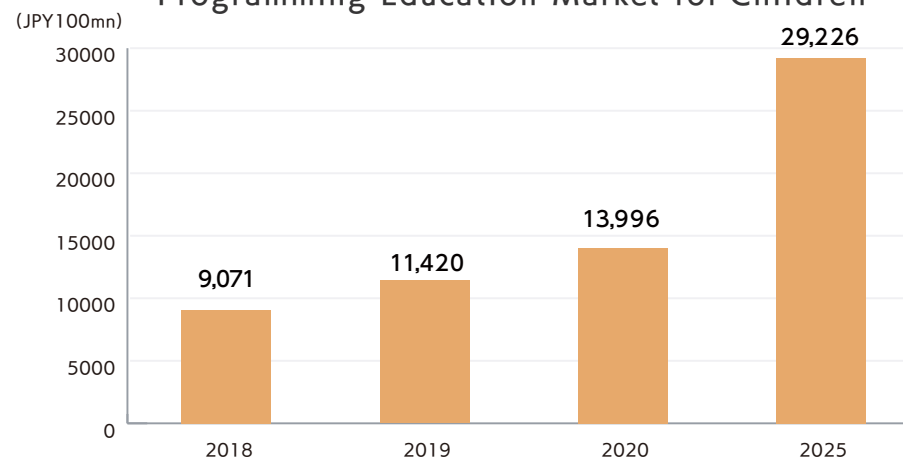
Ministry of Health, Labour and Welfare (Recent trends in the field of disability welfare)

Forecast of Social Security Benefit Expenditures



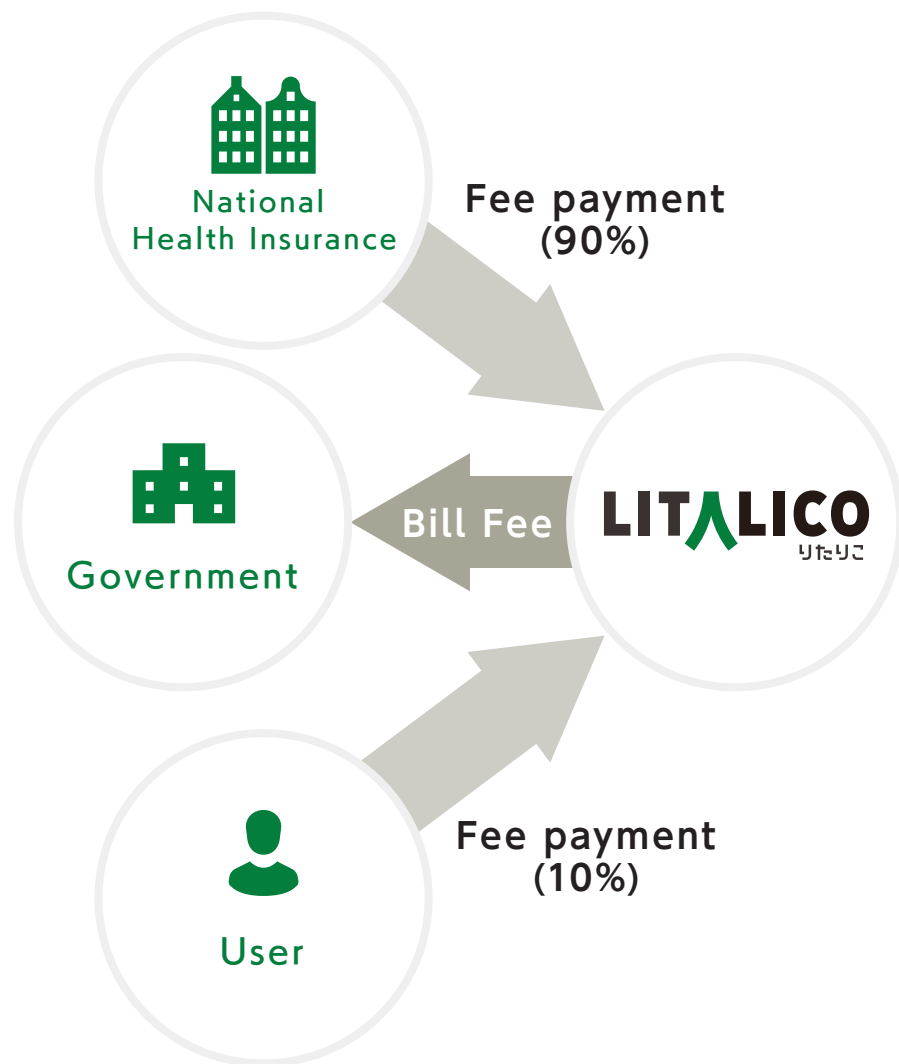
Cabinet Secretariat, Cabinet Office, Ministry of Finance, Ministry of Health, Labour and Welfare (Future Prospects for Social Security toward 2040)

Programming Education Market for Children



Coeteco and Funai Research Institute, "2021 Market Research on Programming Education for Children"

•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 : 796  
Cumulative 10,904
- Retention Rate after 6 months of being employed : 88.5%

### LITALICO Junior users

- As of September 2021: 7,408

### LITALICO Wonder users

- As of September 2021: 4,356

### Evaluation by external organizations

- Received an MSCI ESG rating of AA



### Female Employee Ratio

- Company : 65.4%
- Managerial Position : 50.2%
- New Graduate : 78.4%

### Company training and skill up opportunities

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

Company compensates for some remote working expenses.



— Create a society without any barriers

LITALICO (LITALICO Inc.)

Zip code : 153 - 0051

Nakameguro GT Tower 15F / 16F / 20F

2-1-1 Kamimeguro, Meguro-ku, Tokyo, JAPAN

TEL : 03-5704-7355 / FAX: 03-5704-7356

URL: <http://litalico.co.jp>



©2021 LITALICO Inc.