

Aug 8, 2022



FY2022 Q1 Earnings Presentation

LITALICO Inc.
[TSE Code: 7366]



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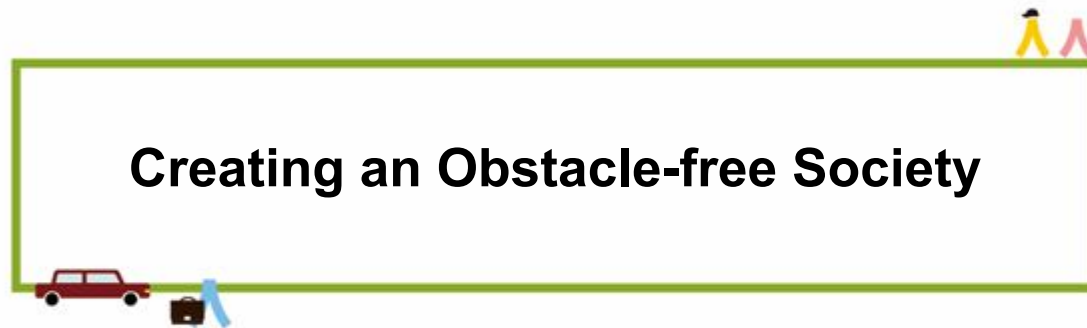
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Growth Strategy

The name “LITALICO” is a combination of two Japanese words:
”利他/Lita” (altruism) and “利己/Lico” (individualism).

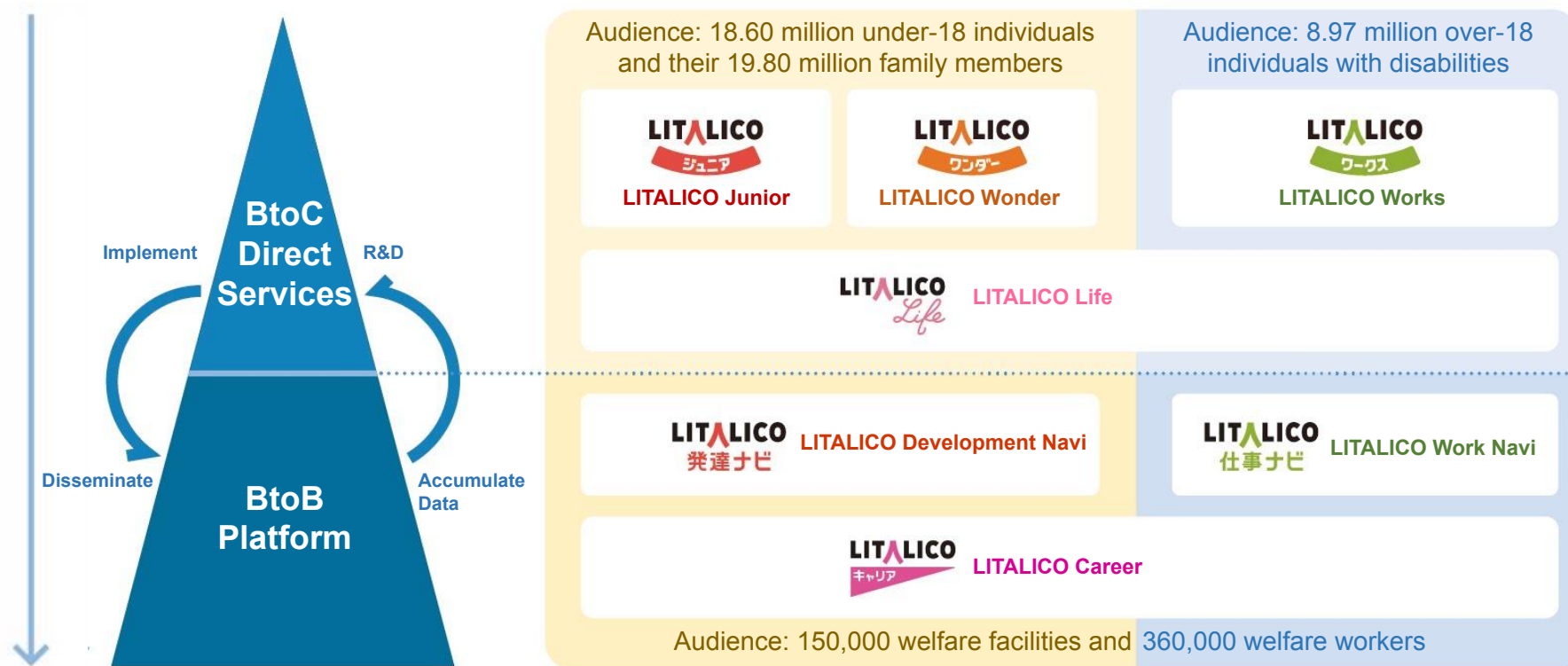
We aim to create an inclusive world where both are achieved interdependently.



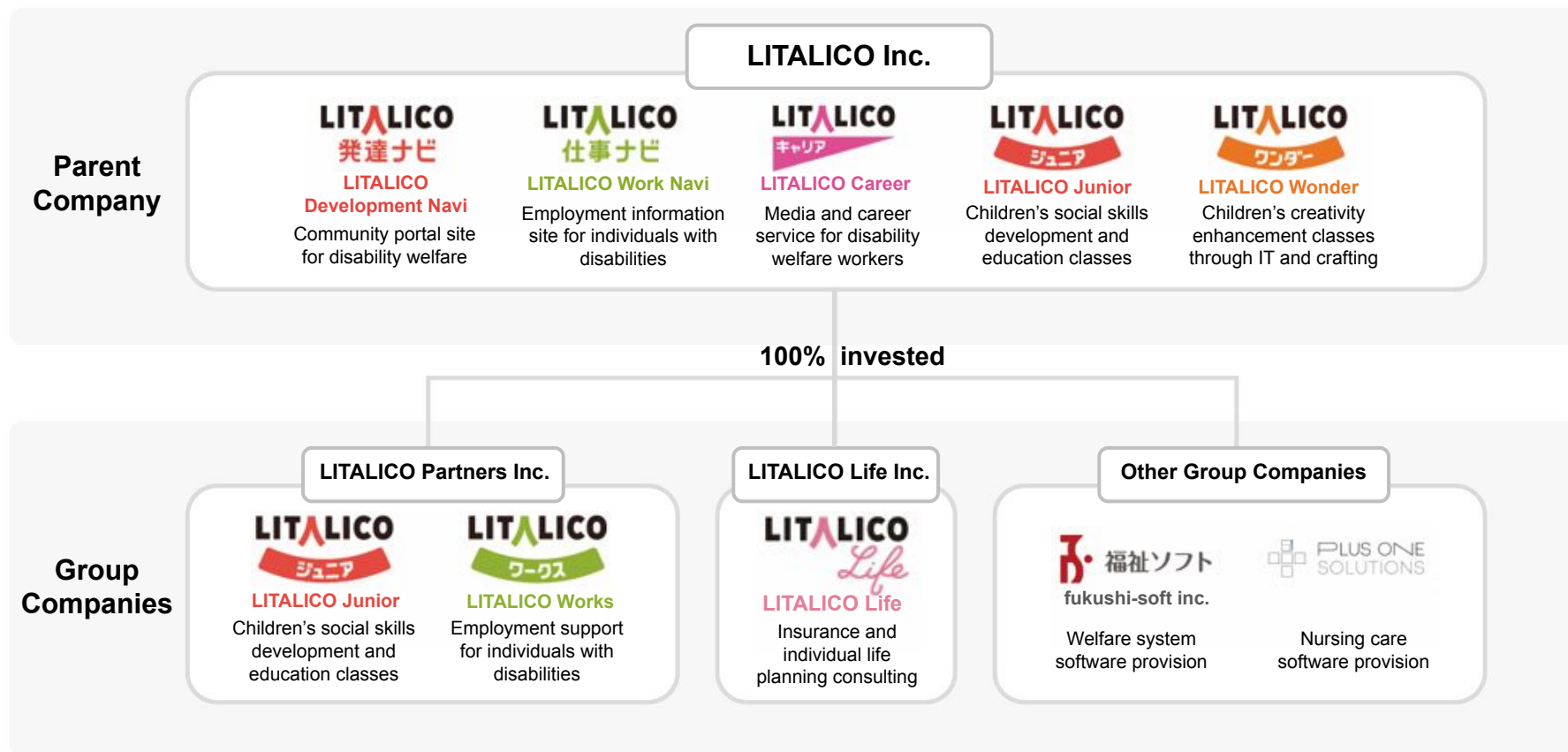
Obstacles are created by and within a society, not by the unique capabilities of an individual.

Removal of societal obstacles leads to the creation of a civilization
that honors the felicity of all diverse life.

- BtoC: Provision and expansion of proprietary high quality services
- BtoB: Commercialization and dissemination of proprietary services across entire industry
- Competitive advantage within the disability welfare industry through support and engineering capabilities
- Reinforcement of data analysis and product development capabilities going forward



- Platform and general education businesses are held within the parent company, while publicly funded businesses are held within group companies



Consolidated Financial Results

FY2022

CONSOLIDATED

- 5.6 bln yen in sales (+22% YoY), 700 mln yen in operating profit (+76% YoY)
- Tracking healthy progress versus company annual forecast

LITALICO
Works

- Launch of three new sites, for an increase to a total of 109 sites
- Healthy customer attraction at both existing and new sites
- Execution of planned fortification investments towards new site launches progressed smoothly
- New user induction progressing smoothly, after the larger temporary dip in service utilization rate due to a significant increase in user job placements versus previous year

LITALICO
Junior

- Launch of four new sites, for an increase to a total of 117 sites
- Healthy customer attraction at both existing and new sites
- Segment profit increased rapidly by 1.5x
(partly a function of damped profits in the previous year due to upfront investments)

LITALICO
Platform

- 790 mln yen in sales (2x increase YoY), and 260 mln yen in segment profits (4x increase YoY)
- Impact from healthy increase in contracts, and price increases in welfare system software provision

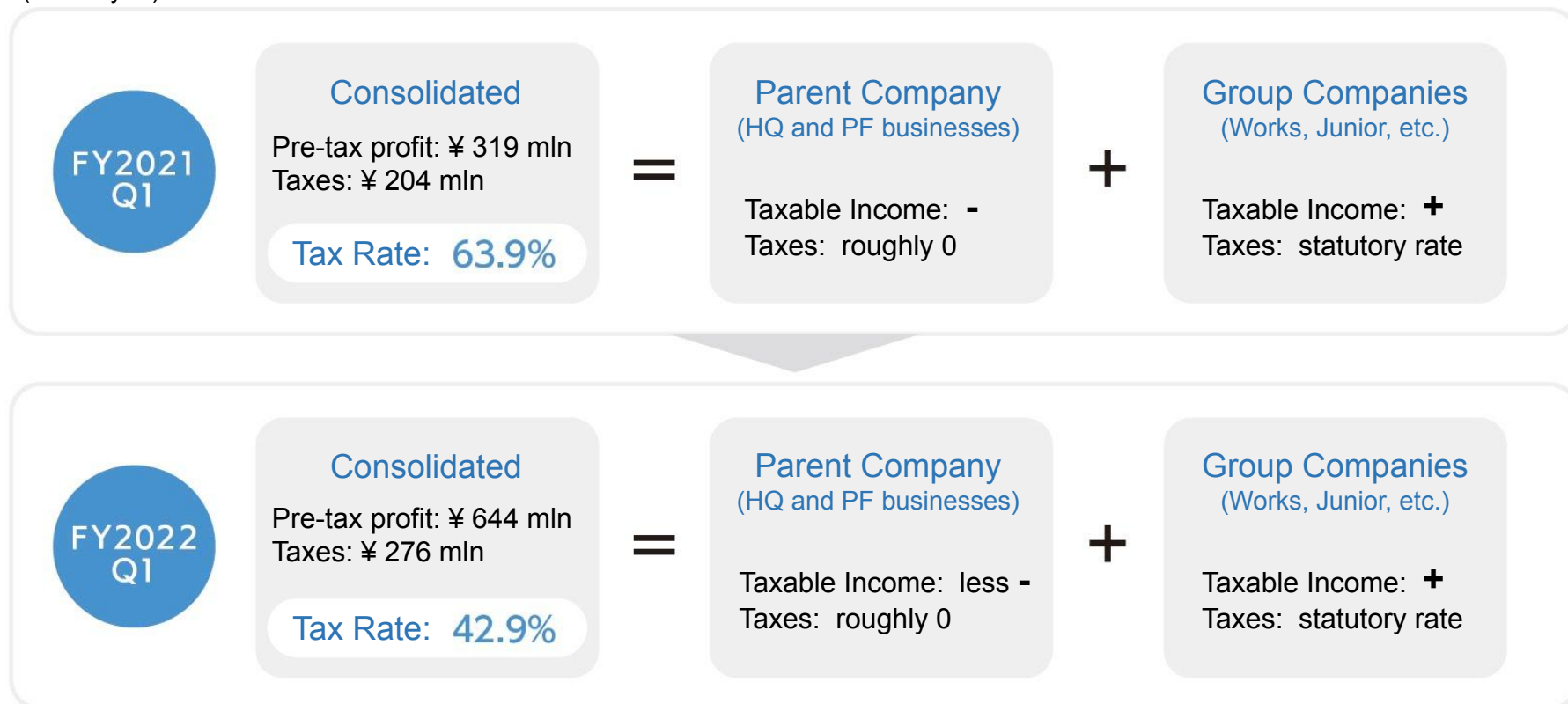
OTHERS

- Each business expanded favorably, with sales at 700 million yen (+20% YoY)
- LITALICO Wonder has re-launched site expansion; one new site launched for a total of 18 sites.

- Profit increase in spite of aggressive investments
- Reduction in effective tax rate due to profit improvement in parent company (see next slide for details)

(million yen)	FY2022 Q1	% of Sales	YoY	FY2021 Q1	% of Sales
Sales	5,665	—	+ 22.1%	4,639	—
Operating Profit	702	(12.39%)	+ 76.6%	397	(8.56%)
Ordinary Profit	619	(10.93%)	+ 89.3%	327	(7.05%)
Net Profit	367	(6.48%)	+221.9%	114	(2.46%)

(million yen)



▶ The increase in platform business profits alleviated parent company losses, resulting in a lower consolidated effective tax rate. It is expected that improvements in parent company profits going forward will continue to push convergence towards the statutory.

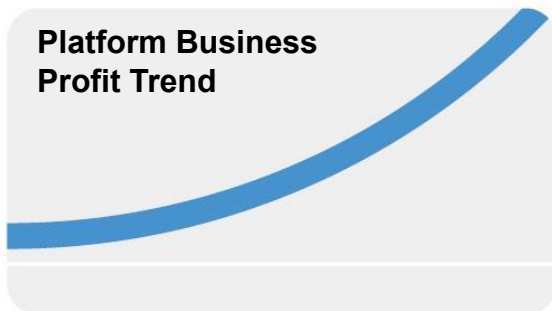
Expanding HQ functions for long-term growth. Advancement in executive hiring expected to alleviate cost requirements for a certain period.

Headquarter Cost Trend

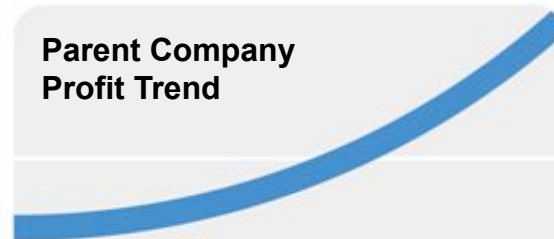


Profitability attained, now entering growth phase. Margins should continue to rise even with continued investment.

Platform Business Profit Trend



Parent Company Profit Trend



Profit increase from the platform and other businesses expected to absorb HQ expansion related costs.



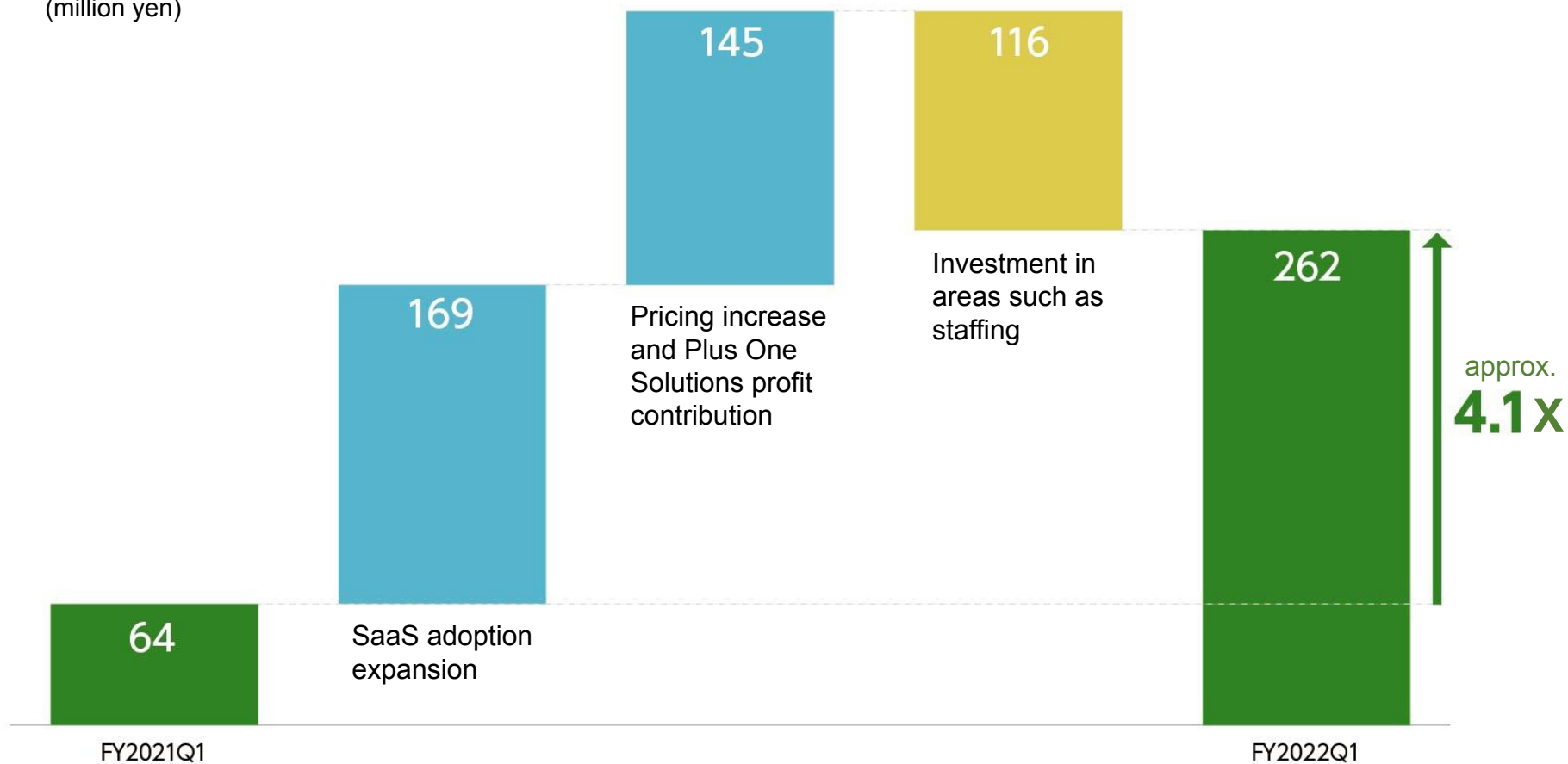
Future overall profitability expected as profit from PF and other businesses increase, even with continued investment in HQ functions.

- Profit increased across all segments

(million yen)		FY2022 Q1	FY2021 Q1	Change	% Change
LITALICO Works Business	Sales	2,343	2,087	255	12.3%
	Profit	868	829	38	4.6%
LITALICO Junior Business	Sales	1,821	1,534	286	18.7%
	Profit	285	192	92	48.3%
LITALICO Platform Business	Sales	794	430	364	84.6%
	Profit	262	64	197	4.1
Other Businesses	Sales	706	586	119	20.3%
	Profit	(16)	(64)	48	—

- Significant profit increase despite aggressive investments

(million yen)



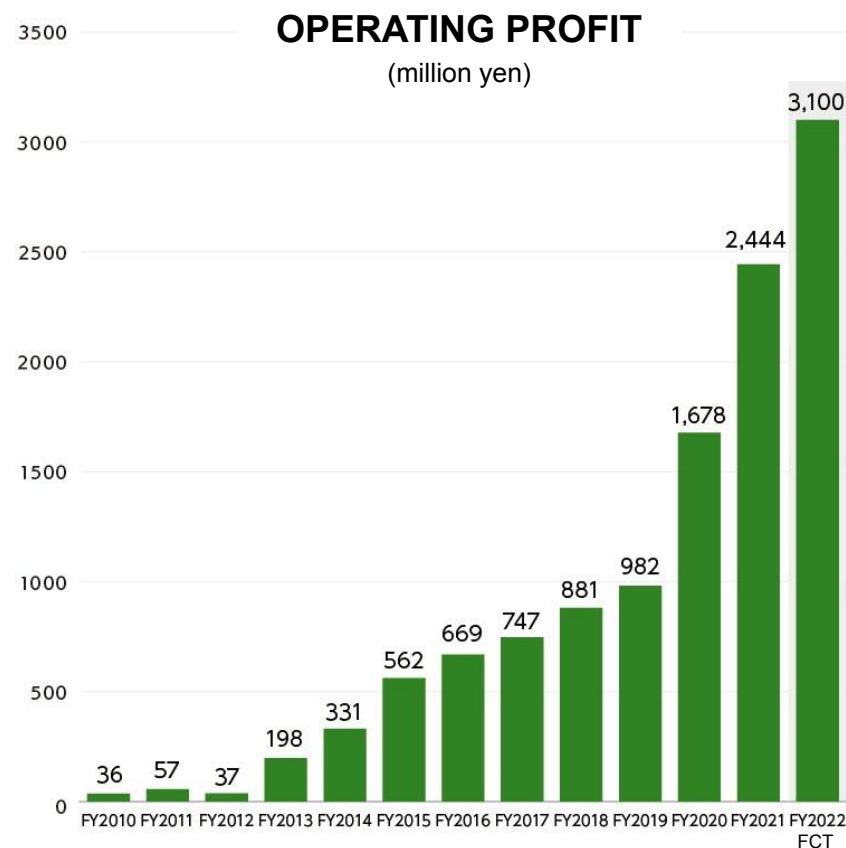
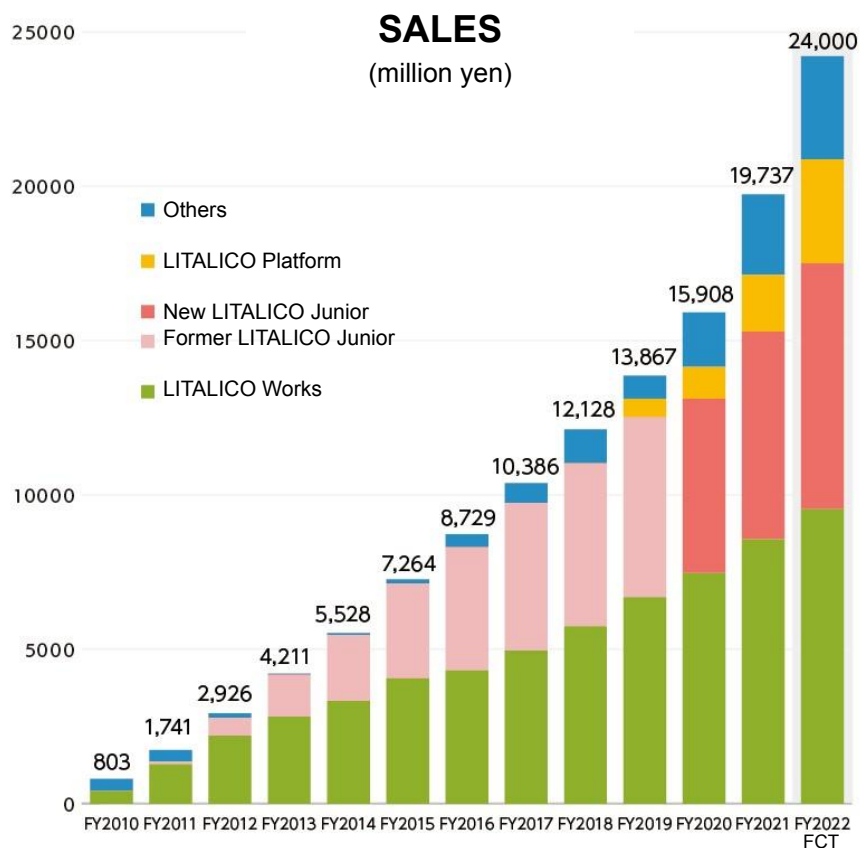
Financial Forecasts

FY2022

- Profitability to increase along with continued aggressive investments in platform business
- Acceleration of site expansion with 15 new sites each planned for LITALICO Works and Junior
- LITALICO Wonder launched site expansion in response to healthy increase in the number of students, expected to continue
- One-off impact from fukushi-soft inc. price hikes and Plus One Solutions acquisition combined, accounted for 800 mln yen in sales

(million yen)	FY2022 Forecast	FY2021 Actual	Change YoY	% Change YoY
Sales	24,000	19,737	+ 4,263	21.6%
Operating Profit	3,100	2,444	+ 656	26.8%
Ordinary Profit	2,850	2,241	+ 609	27.2%
Net Profit	1,450	1,078	+ 372	34.5%

- Planning for ten consecutive years of sales and profit increase



Business Results

LITALIO Works Segment



LITALIO Junior Segment



LITALIO Platform Segment



Others Segment



LITALIO Works Segment



LITALICO Works

LITALIO Junior Segment

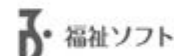


LITALICO Junior

LITALIO Platform Segment

LITALICO
Development NaviLITALICO
Work Navi

LITALICO Career



fukushi-soft inc.



Others Segment



LITALICO Junior



LITALICO Wonder



LITALICO Life



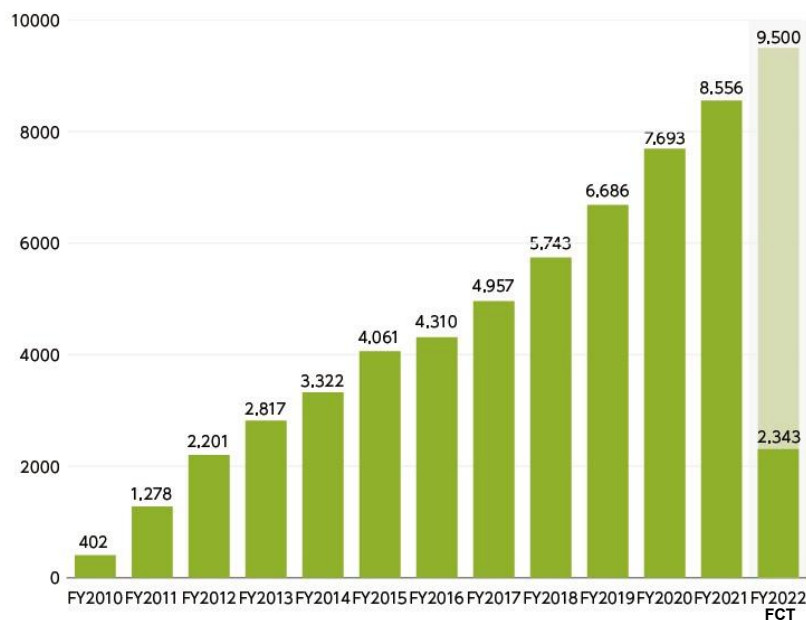
LITALICO Works
Employment support for individuals
with disabilities



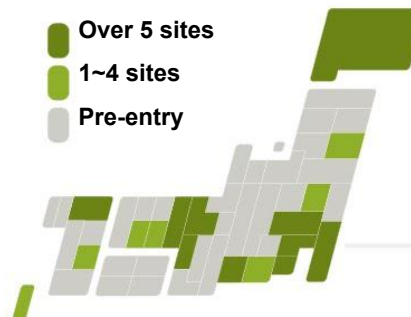
- 109 sites nationally (+3 sites vs previous FY end)
- 15 additional sites planned for FY2022
- Internal structural fortification planned to support expansion pace

LITALICO Works SALES

(million yen)



FY22 LITALICO Works Sites



Demand in Tokyo

15 LITALICO Works sites

Unmet
Demand

350
Employment
Support
Facilities

*Company estimate

Employment Transition Support Business

3 new sites:

Hokkaido, Okayama, Fukuoka



LITALICO Works

Employment support for individuals
with disabilities

- 12,409 cumulative placements, achieved 91.3% 6 months retention rate
- Annual placements largely increased to 529 (+18.6% YoY)
- Continued technology utility such as VR and automated support systems

Employment Placement Track Record

Q1 Placements

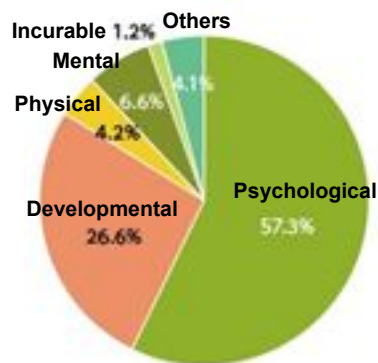
529 (+83 YoY)

Cumulative: 12,409

6 Month
Retention Rate

91.3%

Types of Disorders



(FY numbers)

Assistance Planning System Installation



- Automated system based on accumulated data, that offers the most suitable employment recommendations for the user
- Becoming a data platform for future development of a more refined support and matching algorithm

LITALIO Works Segment



LITALIO Junior Segment



LITALIO Platform Segment



Others Segment



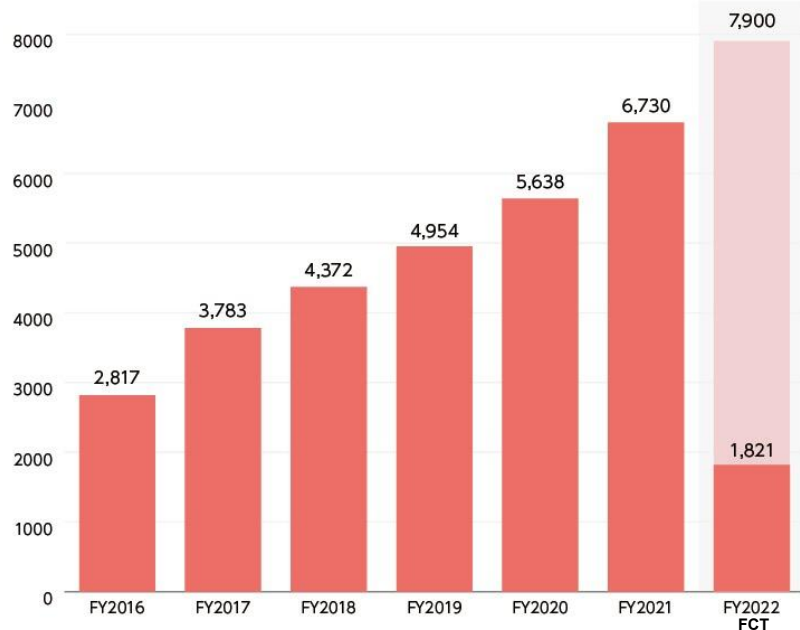


LITALICO Junior

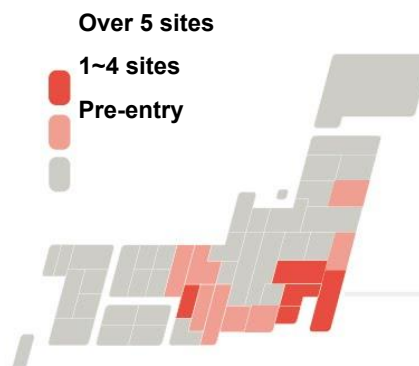
Children's social skills development
and education classes

- 117 sites nationally (+4 sites vs previous FY end)
- Sales increased due to steady new site launches
- 15 additional sites planned for FY2022

LITALICO Junior Sales Trend



FY22 LITALICO Junior Sites

Demand in Tokyo
22 LITALICO Junior sites

*Company estimate

Employment Transition Support Business

4 new sites:

Saitama, Chiba, Nagoya, Osaka

LITALIO Works Segment



LITALIO Junior Segment



LITALIO Platform Segment



Others Segment



- Sales +88% YoY
- Sales and profit increased while hiring sales and engineer staff; entering growth phase
- Launched a matching media platform for service users and social workers, and a SaaS DX support business for institutions



SALES



PROFIT





Community portal site
for disability welfare



Employment information
site for individuals with
disabilities

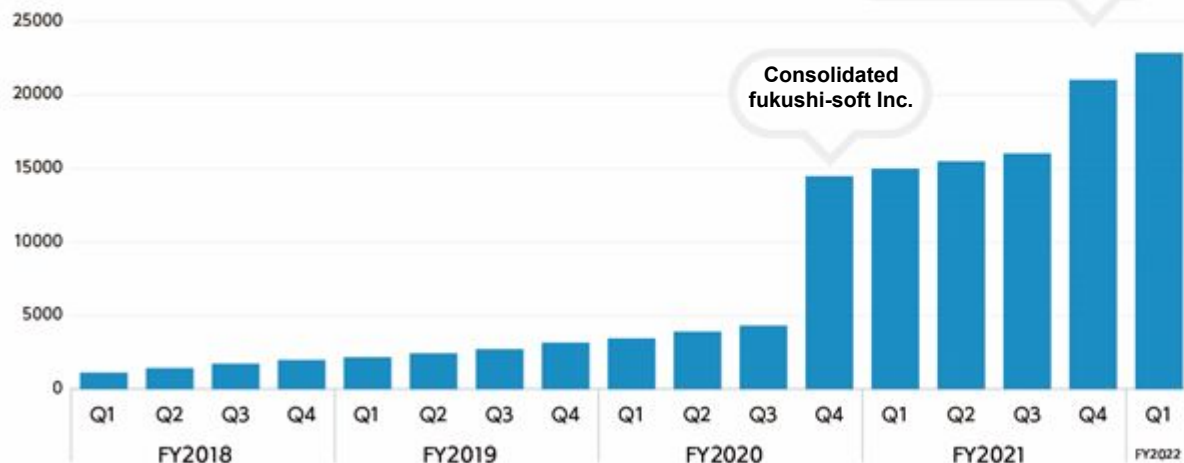


Media and career
service for disability
welfare workers

- Steady increase in service contracts
- LITALICO Career topped 18,000 job offerings
- Fortification of SaaS business within the nursing care industry achieved through full consolidation of Plus One Solutions

LITALICO Platform Fixed Fee Contracts

(Number of offices)



Service Provision Expansion



Disability Welfare
150,000
offices



Schools, Nurseries
70,000
offices



Corporates, others
100,000
offices



Nursing Care
300,000
offices

* fukushi-soft inc. consolidated as of Jan 2021; Plus One Solutions consolidated as of Mar 2022

* offices using other contract formats also exist



- Current line-up services disability welfare offices, schools & nurseries, and nursing care fields
- Service pricing increased in Apr 2022 in line with functional product upgrades
- Sequential expansion of product offerings with higher value-add
- Contribute to industry-wide quality enhancement through various data accumulation and utilization, such as facility operation information

Services for Disability Welfare Offices



Billing & Operations
Support



Education, Material
& Training Support



Factoring



Client
Generation



Staffing
Support

Services for Schools and Nurseries



Education, Material
& Training Support



Program Creation Support

Services for Nursing Care



Billing & Operations
Support

- Large scale development capacity fortification through hiring of engineers, PdMs, and designers, in bolstering accelerated growth of the Platform business
- Creating an organizational structure that maximize LITALICO's strength in talent attraction
- Product development expertise will also fortify BtoC service quality and efficiency improvement

Background of Engineers and Business Leaders (partial list)

- Recruit
- M3
- McKinsey & Company
- S.M.S
- Gree
- IBM
- Bain & Company
- Deloitte
- Sansan
- DeNA
- Industrial Growth Platform
- Carta

Reasons for Joining LITALICO

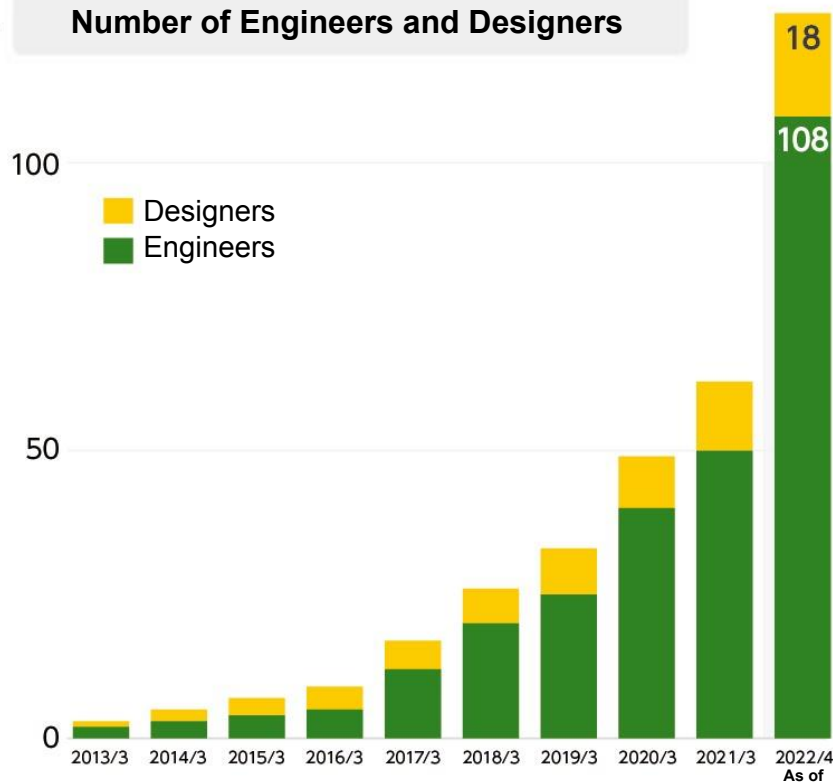
The significance of the work being done that one can be proud of, in a previously unfamiliar industry

Potential for technological endeavors surrounding propriety data and storefront business

All employees are passionate people that would be great to work with

LITALICO's services held relevance to close friends and/or family

Number of Engineers and Designers



LITALIO Works Segment



LITALIO Junior Segment



LITALIO Platform Segment



Others Segment



LITALICO Junior LITALICO Wonder LITALICO Life

- Sales +20.0% YoY
- Offering a line-up of 100% self-paid services that are unhindered by welfare structures

LITALICO Junior (Personal Course)

Development classes designed for children under 18 with special needs, open to all irrespective of disability certification.

LITALICO Wonder

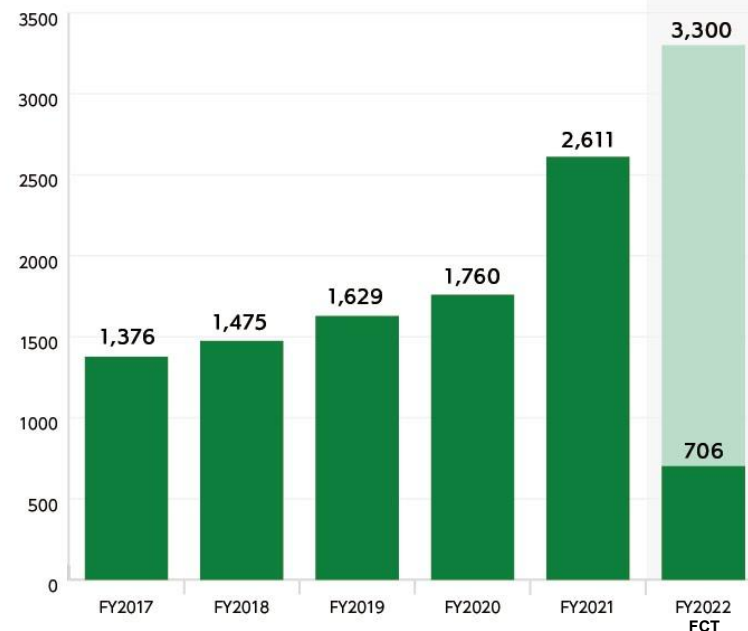
On-site and remote programming classes for children designed to develop creativity through building games and robots.

LITALICO Life

Information provision and life planning support customized to individual interests and obstacles.
Online seminars and study groups.

Sales Trend

(million yen)





LITALICO Junior
Children's social skills development
and education classes



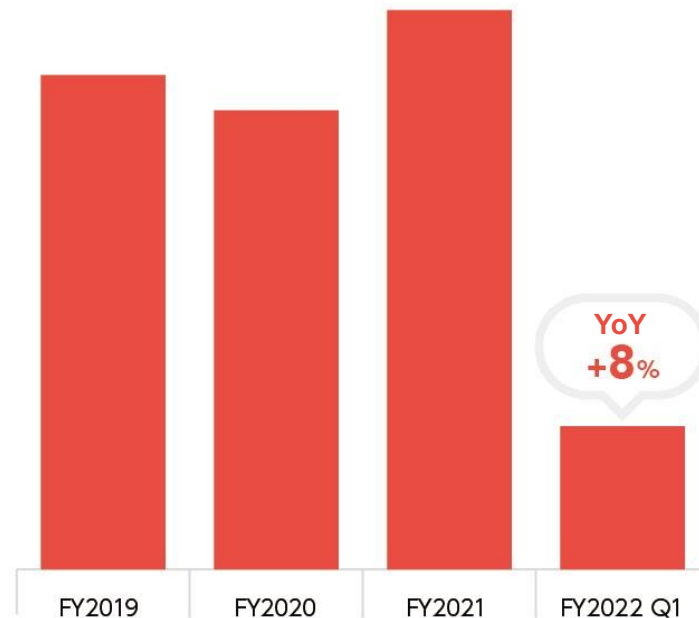
- A short-term intensive service model (personal course)
- Current focus on hiring, staff education, and structural fortification for further site expansion

Course Overview



- 9 month intensive personal tutoring program mainly for pre-school children (ages 4~8)
- Program designed based on assessment
- Parent training and educational path planning support
- Home schooling support

Personal Course Sales Trend





LITALICO Wonder
Children's creativity enhancement
classes through IT and crafting



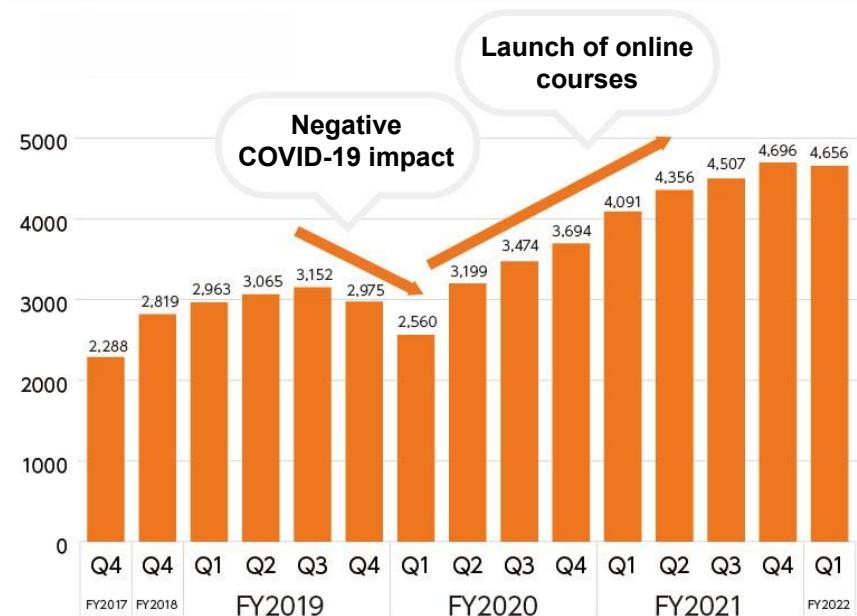
- Total 18 sites with 4,656 students
- Increased capacity from new site launches
- Prices raised for new clients joining post Apr 2022

Online Course Launch



- 2 course types: Basic, and Expert
- One to two 60 minute classes per week
- Monthly tuition similar to other “cram schools”

Number of Students





Insurance and individual
life planning consulting



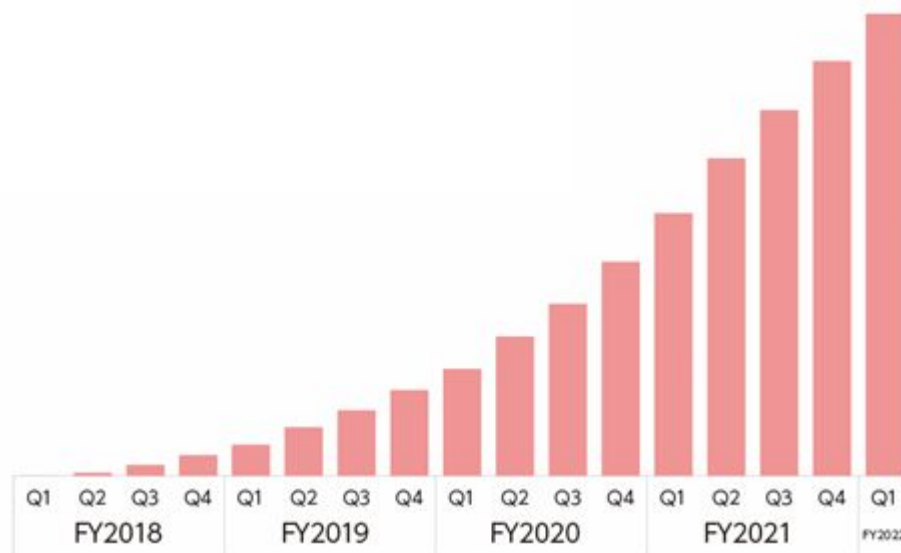
- **Healthy increase in cumulative number of households utilizing services**
- **Launched nationwide study groups with specific themes**

Service Area Expansion



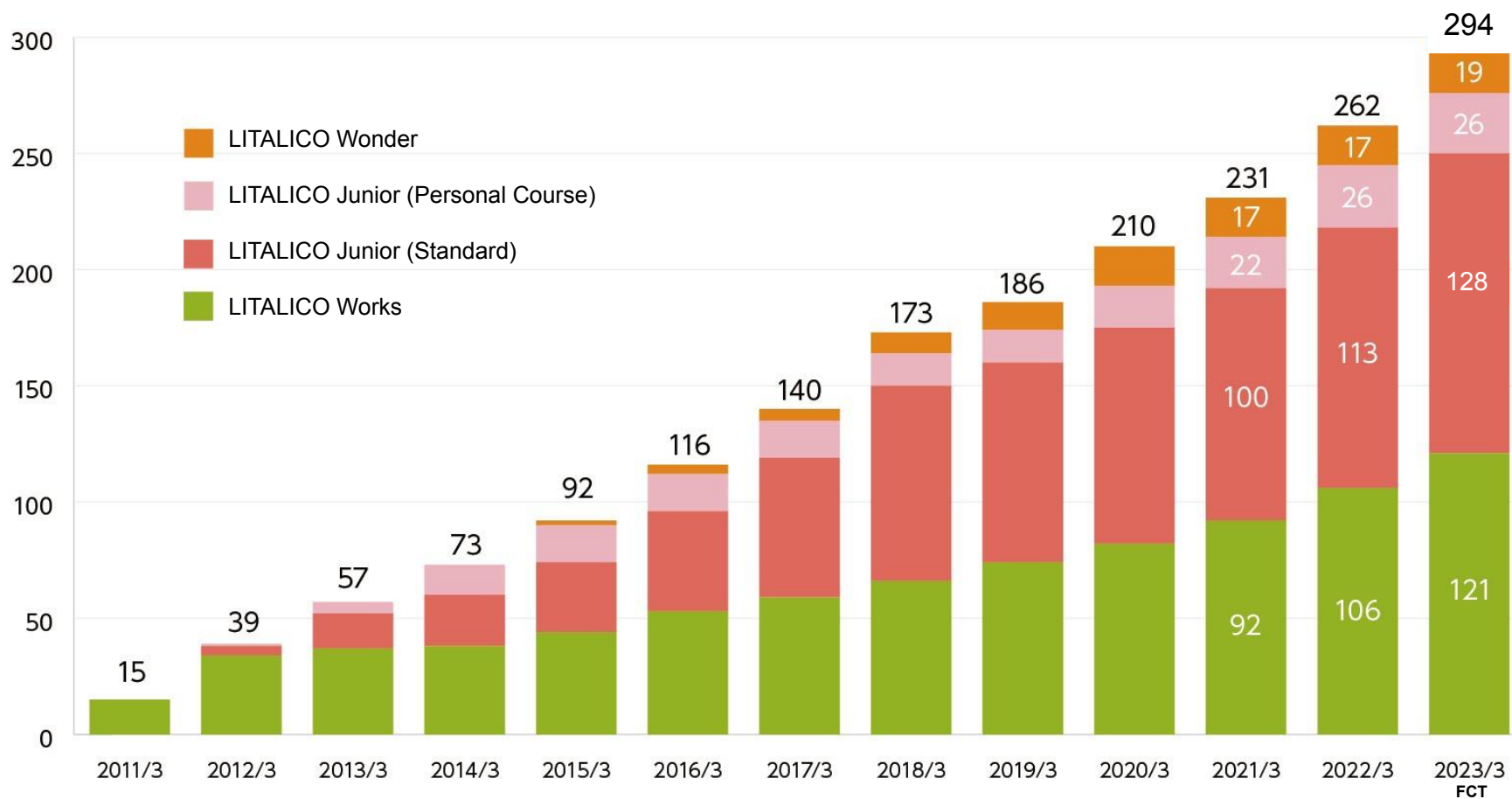
- Expert led study groups across a multitude of topics
- Offering customized consultations to meet individual needs of each household

Cumulative Number of Households Utilizing Service



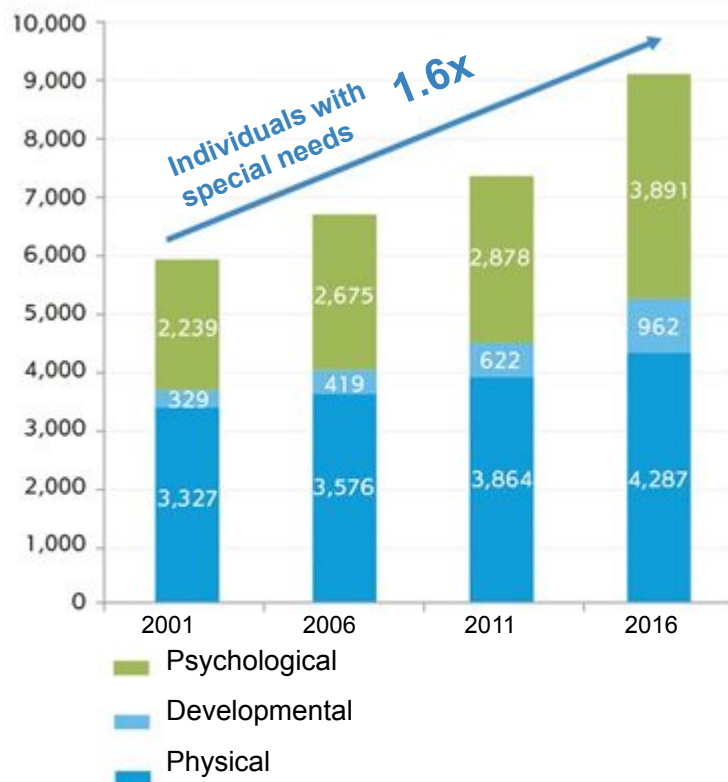
Appendix

- Total 294 sites planned for FY2022



- **Number of individuals with disabilities continue to increase, with more children attending special needs classes in addition to normal school**

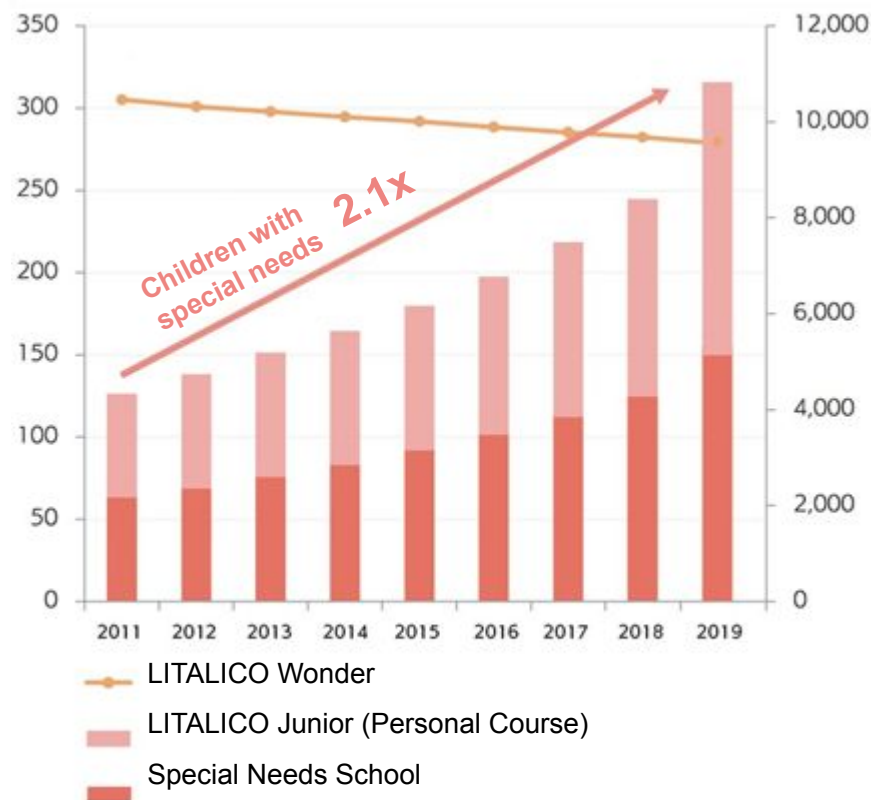
Number of All Individuals with Disabilities



*Ref: White Paper; Cabinet Office, Government of Japan



**Children with Developmental Disorders (Grades 1~9)
Attending Additional Special Needs School**



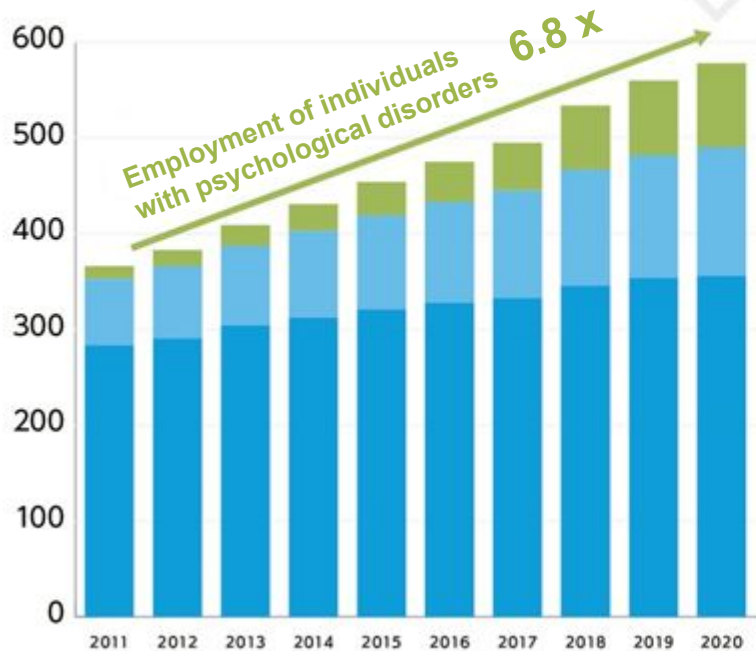
*Ref: White Paper; Cabinet Office, Government of Japan

- Rising employment of individuals with disabilities; legally mandated employment rate is 2.3%

Number of All Individuals with Disabilities

■ Psychological
■ Developmental
■ Physical

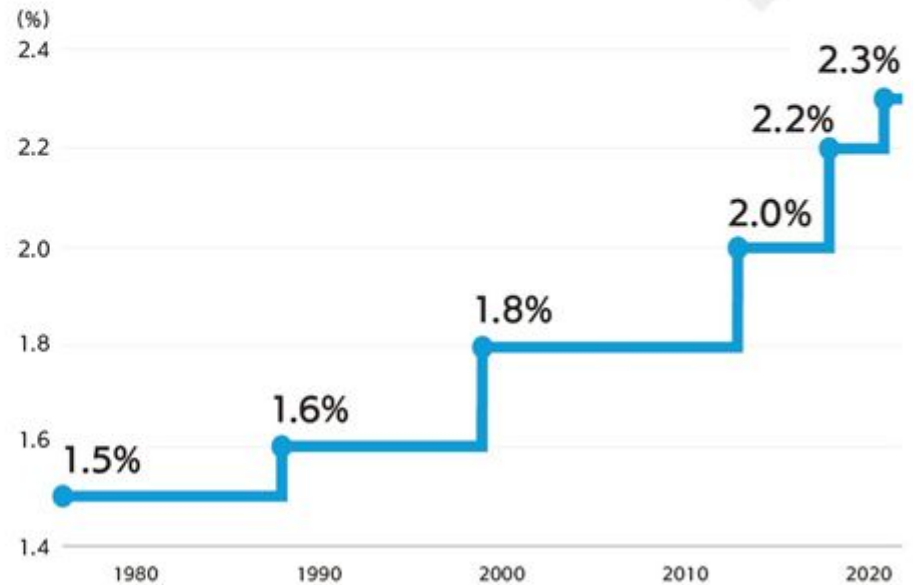
**Psychological disorders:
Up 6.8x over past 10 years**



*Ref: White Paper; Cabinet Office, Government of Japan

Legally Mandated Employment Rate

Legally mandated employment rate continues to rise

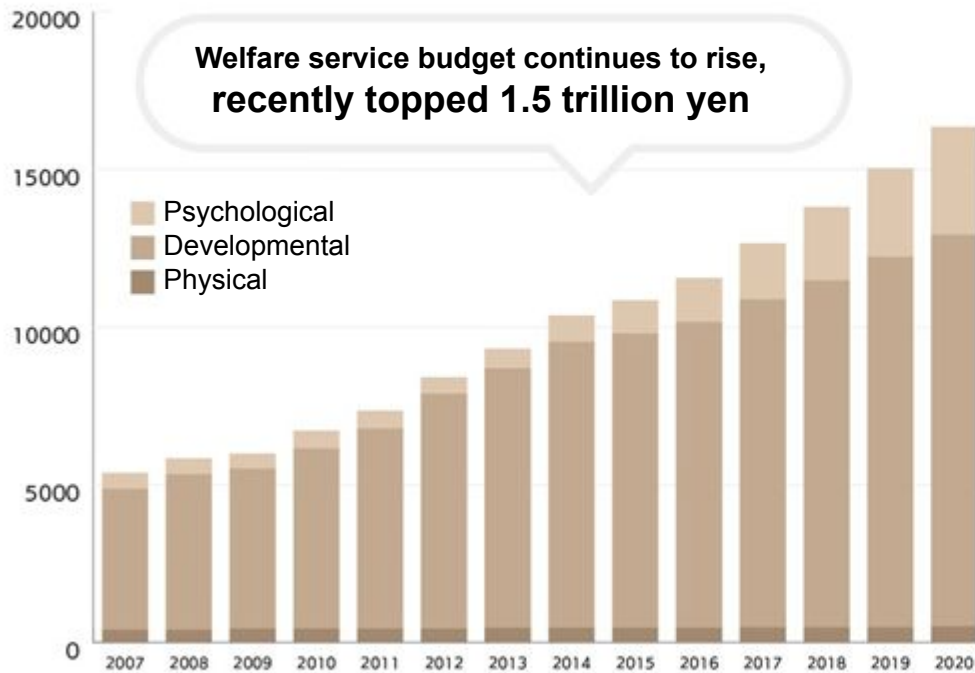


*Ref: Ministry of Health, Labour and Welfare

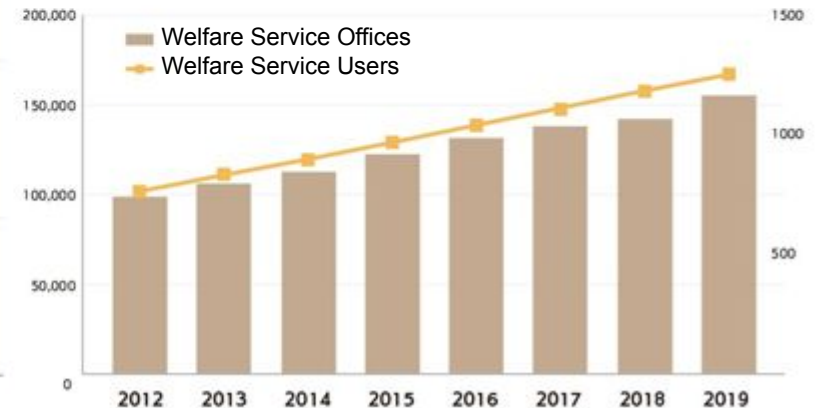
- Welfare services and peripheral industry (medical, nursing care, etc.) markets continues to rise

Disability Welfare Service Budget

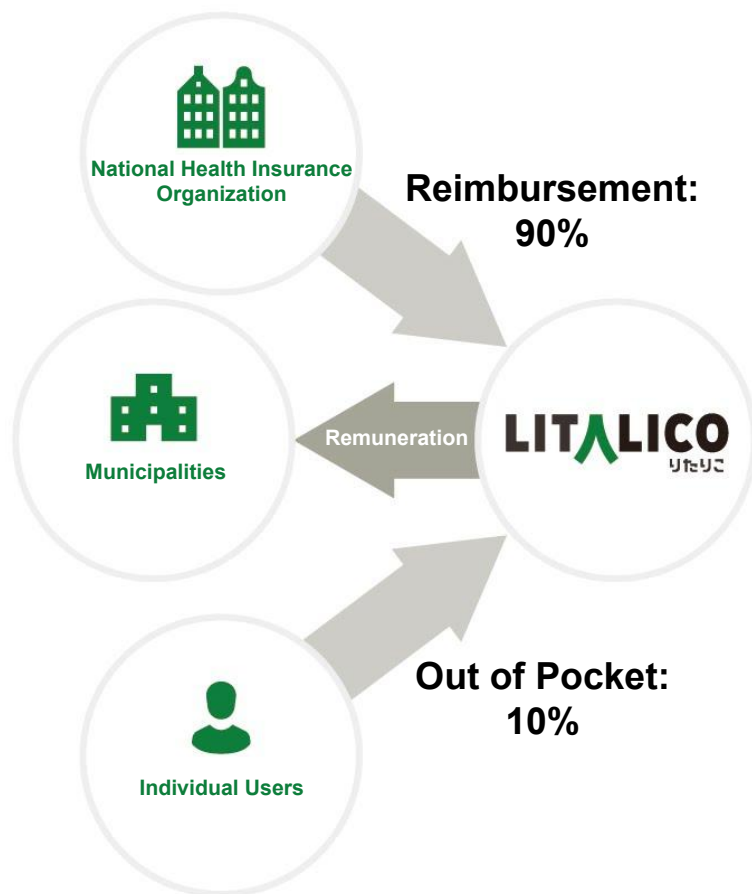
(million yen)



Disability Welfare Service Users and Offices



*Ref: Ministry of Health, Labour and Welfare



LITALICO Works Pricing

Employment Transition Support

Per person; up to 20 persons

1st Yr: ¥8,100 /session

2nd Yr: ¥8,100~¥9,400 /session

3rd Yr: ¥11,000 /session

Employment Retention Support

Per person; unlimited

¥20,000~¥30,000 /month

LITALICO Junior Pricing

Development Support

Per person; up to 10 persons

¥15,000 /session

Afterschool Daycare Service

Per person; up to 10 persons

Weekday: ¥9,800 /session

Weekend : ¥11,000 /session

Daycare Visitation Service

Per person; unlimited

¥15,000 /session

¥20,000 /session

* Prices fluctuate monthly based on prevalence of disability certified individuals; above numbers have been approximated

Employment Transition Support Reimbursement Points

Based on 6 month retention of employment in previous two fiscal years

Job Retention	Base Fee
Over 50%	1,128
40~49%	959
30~39%	820

Employment Retention Support Reimbursement Points

Based on employment retention rate of supported individuals

Job Retention	Base Fee
Over 95%	3,449
90~94%	3,285
80~89%	2,710
70~79%	2,176
35~69%	1,642

Child Development Support Reimbursement Points

Supports disability certified individuals ages 0~6

Additional Personal Support (100~125)

Professional Support (123~187)

Adolescent Instructor (90~187)

Base Fee (885)

Afterschool Day Service Reimbursement Points

Supports disability certified individuals ages 6~18

Additional Personal Support (100~125)

Professional Support (187)

Adolescent Instructor (90~187)

Base Fee (Weekday 604, Weekend 721)

LITALICO Works Assisted Employment Placements

- As of Jun 2022 end: 529
- Cumulative: 12,409
- 6 month retention rate: 91.3%

LITALICO Junior Users

- As of Jun 2022 end: 8,066

LITALICO Wonder Users

- As of Jun 2022 end: 4,656

LITALICO Number of Employees by Segment

- LITALICO Works: 1,006
- LITALICO Junior: 1,273
- LITALICO Platform: 238
- Others: 645

LITALICO Ratio of Female Employees

- Firm-wide: 65.8%
- Middle and Upper Management: 50.9%
- New Grads: 79.6%

Employee Benefits

- Training and skills training provision
- Subsidy support for remote working environment expenses
- Removed family structure based compensation to respect lifestyle diversity

External Evaluation

MSCI
ESG RATINGS



CCC B BB BBB A **AA** AAA

As of 2021, LITALICO Inc. received an MSCI ESG Rating of AA.

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