January 31, 2022

LITALICO りたりこ

3Q 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.

Executive Summary Q3 FY2021

Consolidated Results

- Operating income increased 38.2% by success of prior investments of approximately 0.4 JPY bn
- Revenue: 14.56 JPY bn (YoY+23.0%)
- Operating Income 1.70JPY bn (YoY+38.2%)
- Net Income:0.81JPY bn (YoY+24.1%)

Topics

- Opened 28 locations in Q3 FY2021; Totaling 259 locations
  – 12 LITALICO Works,12 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
- The Other segment returned to profitability in the third quarter due to the steady performance of each new business.

Financial Forecasts

- Revenue 20.0JPY bn / Operating Income 2.5 JPY bn / Net Income 1.2JPY bn
- The profitability of the platform business is improving, and the revenue growth of LITALICO Works and LITALICO Junior is continuing.As a result, we plan to pay a year-end dividend of 5 yen per share (up 100% from the previous fiscal year).

2. Consolidated Financial Results

3Q FY2021

Profit and Loss Statement

- Revenue increased 23.0% and operating income increased 38.2% by success of prior investments of approximately 0.4 JPY bn

- The effective tax rate will increase in the current fiscal year due to the fact that some group companies are in the period of upfront investment.

(JPY mn)

	3Q FY2021	Sales Ratio	YoY %	3Q FY2020	Sales Ratio
Revenue	14,567	—	+ 23.0%	11,839	—
Cost	8,965	(61.53%)	+ 18.6%	7,561	(63.87%)
Gross Profit	5,602	(38.47%)	+ 30.9%	4,278	(36.13%)
SGA	3,901	(26.80%)	+ 28.0%	3,048	(25.75%)
Operating Income	1,700	(11.67%)	+ 38.2%	1,230	(10.39%)
Ordinary Income	1,560	(10.70%)	+ 47.1%	1,060	(8.95%)
Net Income	812	(5.57%)	+ 24.1%	655	(5.53%)

Financial figures for the FY2020 and before are those of LITALICO Partners (consolidated) (same for all pages thereafter)

Profit and Loss Statement by Segment

- LITALICO Works business performed well in both existing and new stores
- Both sales and income increased in the LITALICO Junior Business due to steady progress in 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 performed well, and the segment returned to profitability in the third quarter (October to December). Profitability also improved significantly in the cumulative period.

(JPY mn)

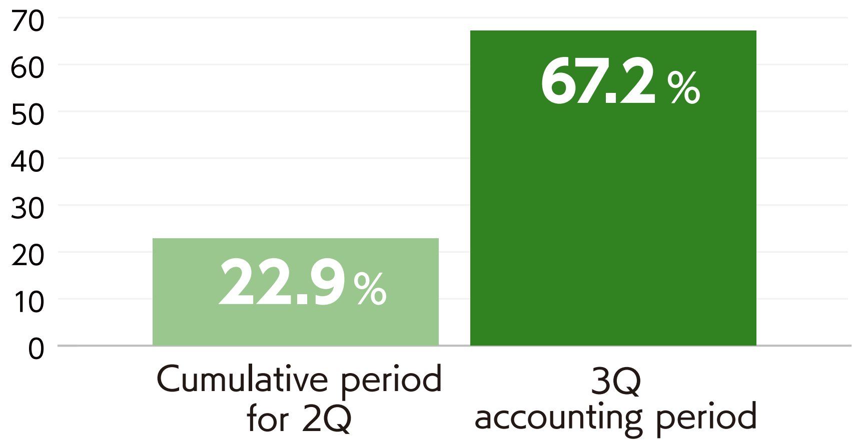
		3Q FY2021	3Q FY2020	YoY	YoY%
LITALICO Works	Revenue	6,372	5,727	644	11.3%
	Segment Profit	2,531	2,141	390	18.2%
LITALICO Junior	Revenue	4,979	4,165	813	19.5%
	Segment Profit	943	779	164	21.1%
LITALICO Platform business	Revenue	1,307	676	631	93.2%
	Segment Profit	132	24	107	432.4%
Others	Revenue	1,907	1,269	637	50.2%
	Segment Profit	▲26	▲237	210	—

Financial Results for the Third Quarter (October-December)

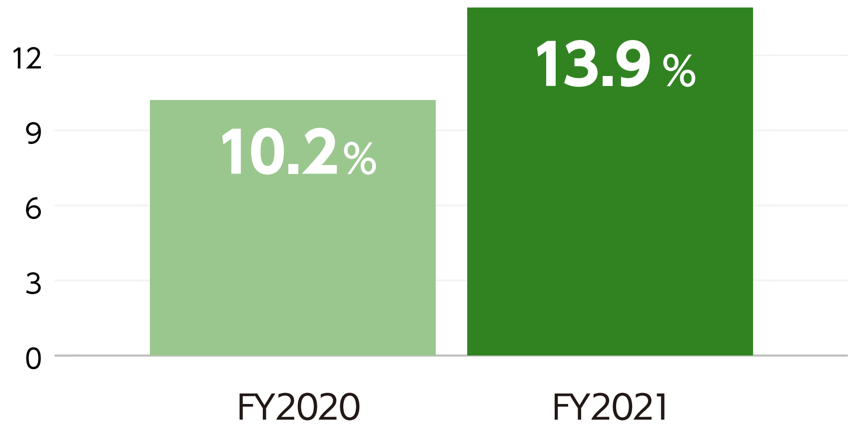
- Significantly increased operating income YoY to 67.2% from 22.9% in the first half of the fiscal year
- Operating profit margin also improved by 3.7% YoY to 13.9%

-The upfront investments made until the first half of the fiscal year have contributed to accelerated profit growth while improving profitability.

Operating income growth rate for the FY2021



Operating income ratio for the 3Q



(JPY mn)

	Cumulative period for 2Q:6 months			3Q accounting period: 3 months		
	FY2020	FY2021	YoY	FY2020	FY2021	YoY
Revenue	7,686	9,455	23.0%	4,154	5,112	23.1%
Operating Income	805	990	22.9%	425	711	**67.2%**
Operating income ratio	10.5%	10.5%	0.0%	10.2%	13.9%	**3.7%**

Financial Results for the Third Quarter (October-December)

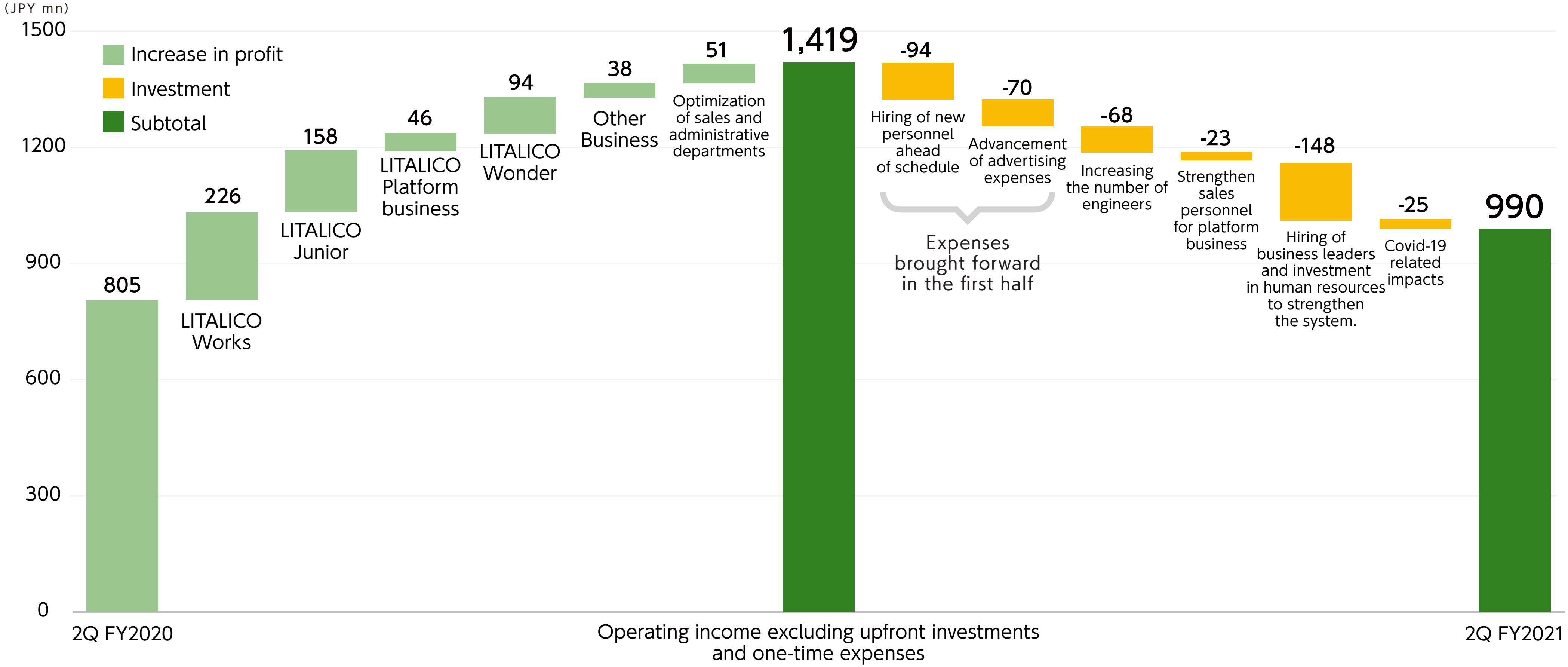
• Similar trend in each segment. All segments achieved profitability.

-The LITALICO Works and LITALICO Junior businesses saw steady growth in new locations and improved profitability in existing locations.
-In the platform business, while continuing to invest, both sales expansion and profitability improvement were achieved.
-In the Other segment, sales expanded due to upfront investments, and the segment returned to profitability.

(JPY mn)

		Cumulative period for 2Q:6 months			3Q accounting period: 3 months		
		FY2020	FY2021	YoY	FY2020	FY2021	YoY
LITALICO Works	Revenue	3,778	4,198	11.1%	1,949	2,174	11.5%
	Segment Profit	1,427	1,653	15.9%	714	878	22.9%
	Segment Profit Ratio	37.8%	39.4%	1.6%	36.6%	**40.4%**	3.7%
LITALICO Junior	Revenue	2,701	3,188	18.0%	1,464	1,791	22.3%
	Segment Profit	476	515	8.1%	303	429	41.5%
	Segment Profit Ratio	17.6%	16.2%	▲1.5%	20.7%	**23.9%**	3.2%
LITALICO Platform business	Revenue	433	847	95.7%	244	461	88.8%
	Segment Profit	35	60	70.1%	▲10	72	+83
	Segment Profit Ratio	8.2%	7.1%	▲1.1%	▲4.3%	**15.7%**	20.0%
Others	Revenue	774	1,222	57.9%	496	686	38.3%
	Segment Profit	▲171	▲68	+239	▲67	41	+108
	Segment Profit Ratio	▲22.0%	▲5.5%	16.5%	▲13.4%	**6.0%**	19.4%

- Aggressive upfront investment (totaling approximately 403 million yen) in response to steady business progress
  - –LITALICOJunior’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



3.Financial Forecasts

FY2021

Financial Forecasts

- 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

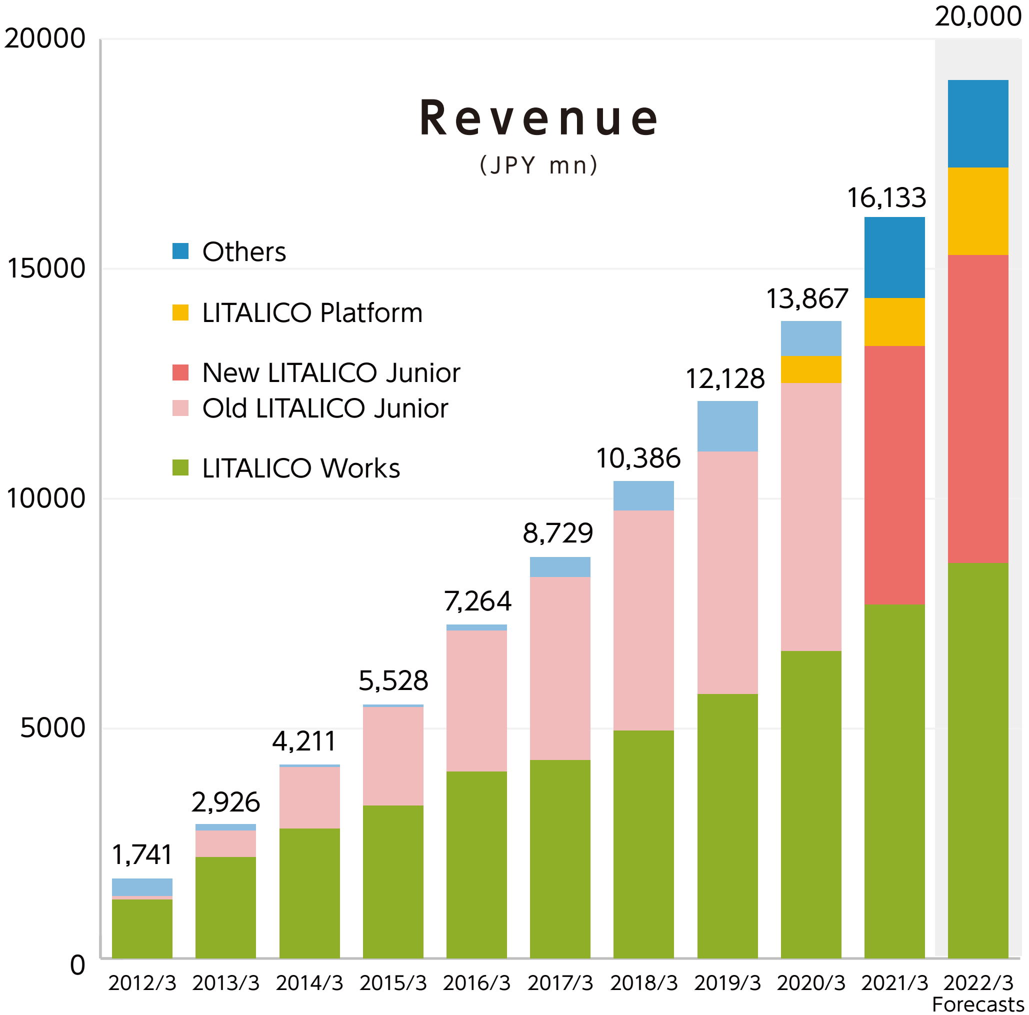
(JPY mn)

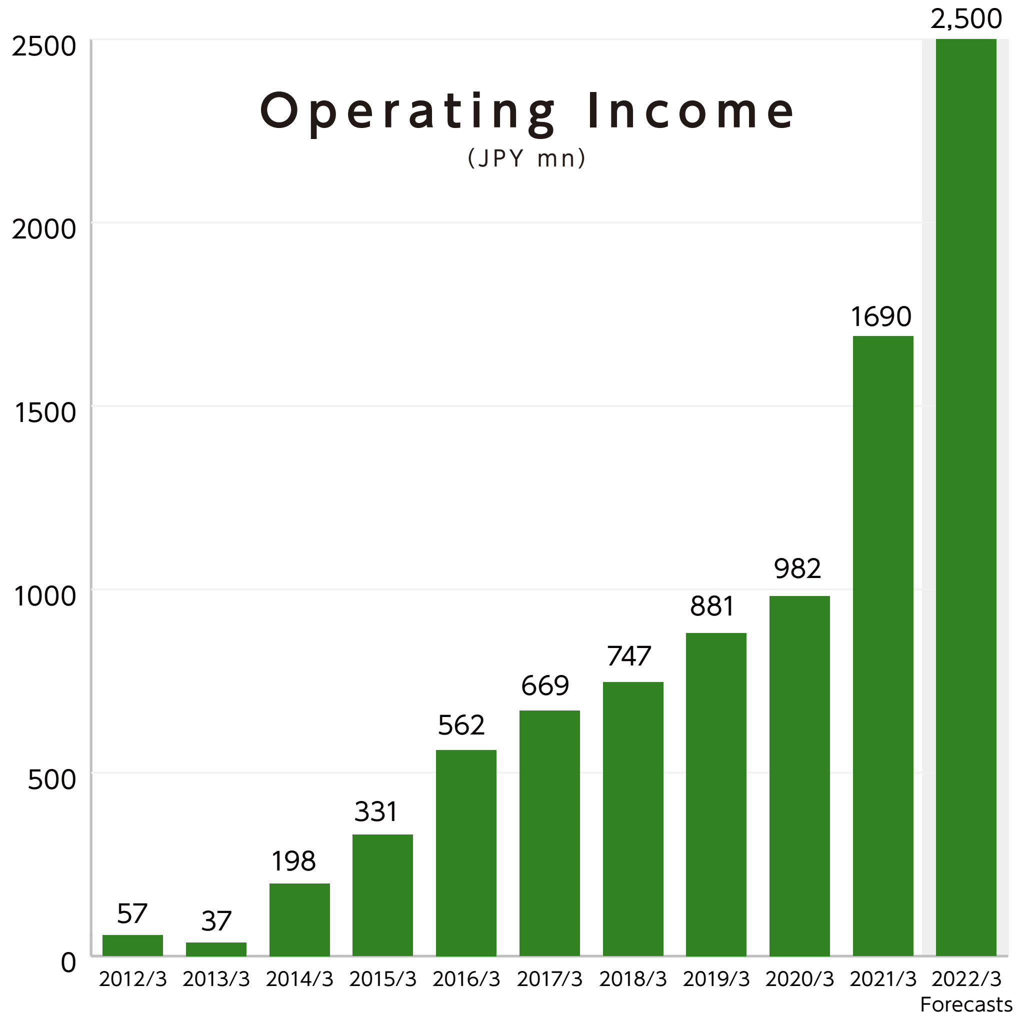
	FY2021 Forecasts	FY2020 Actual	YoY	YoY %
Revenue	20,000	16,133	+3,867	+24.0%
Operating Income	2,500	1,690	+810	+47.9%
Ordinary Income	2,200	1,428	+772	+54.1%
Net Income	1,200	700	+500	+71.4%

The profitability of the platform business is improving, and the revenue growth of LITALICO Works and LITALICO Junior is continuing.As a result, we plan to pay a year-end dividend of 5 yen per share (up 100% from the previous fiscal year).

Full year forecasts

・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

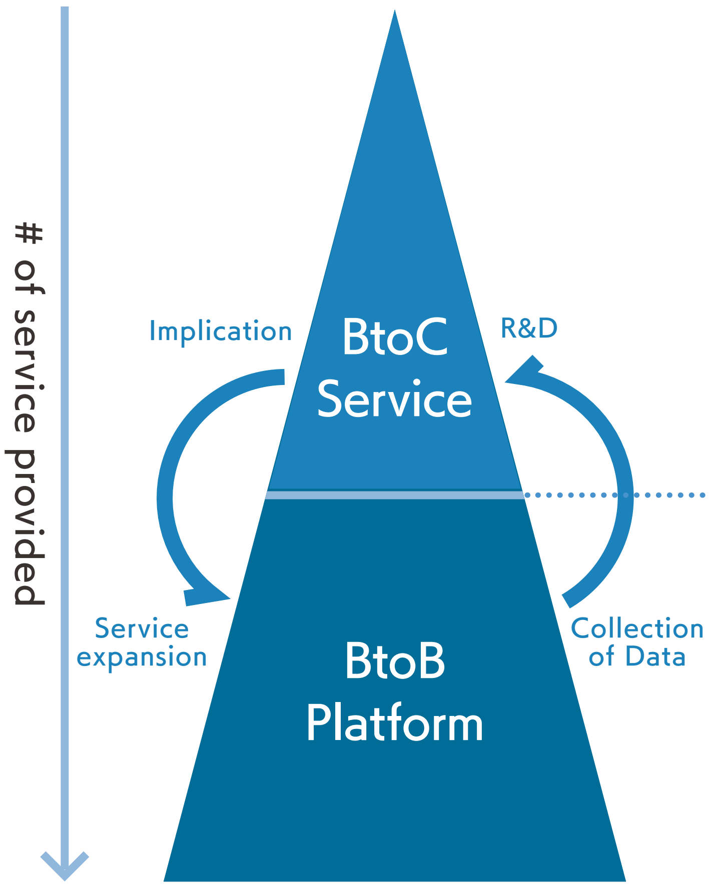
LITALICO's Vision

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

Total solutions in Disability / Welfare field

- 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.



Target population: People under the age of 18 (approx 18.6 million) and their families (approx 19.8 million)

Target population: people with disabilities over the age of 18 (8.97 million)

LITALICO ジュニア
Education service for children with developmental disabilities.

LITALICO ワンダー
Programming education for children

LITALICO ワークス
Employment support for people with disabilities

LITALICO Life
Life planning for families

LITALICO 発達ナビ
- Media for families
- SaaS for children welfare services

LITALICO 仕事ナビ
- Media for people with disabilities
- SaaS for disiability welfare services

LITALICO キャリア
- Media for employees of welfare services / carreer change support

About 150,000 welfare facilities and about 360,000 workers

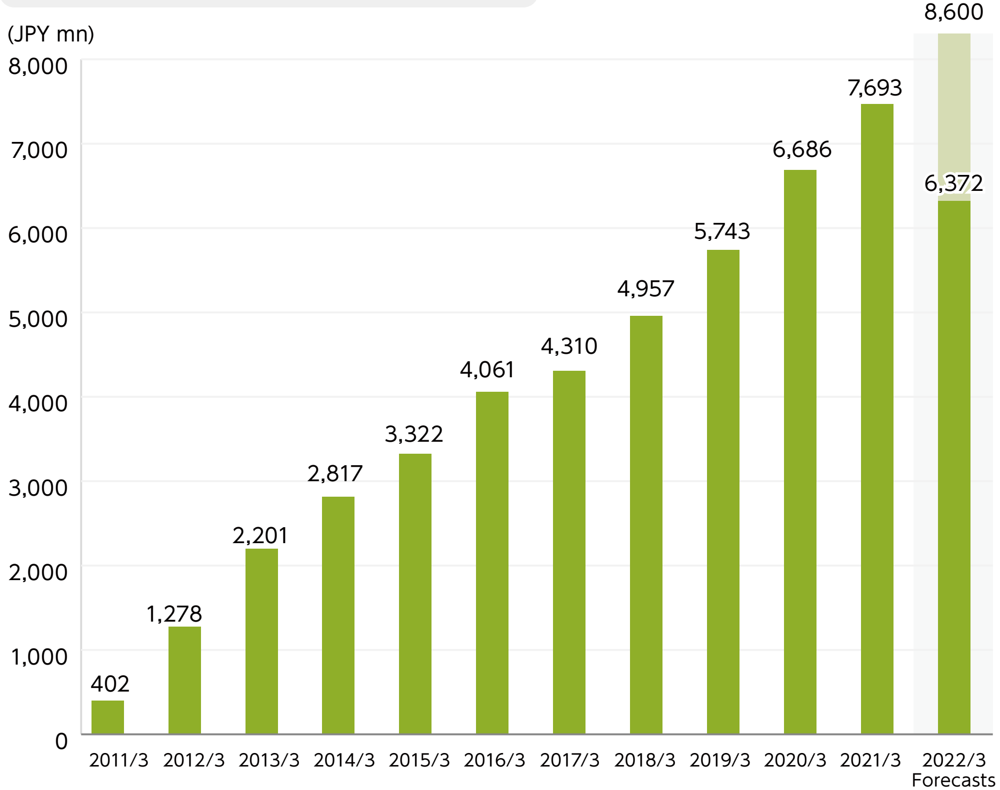
5.Results by Business

LITALICO Works (Employment Support for People with Disabilities)

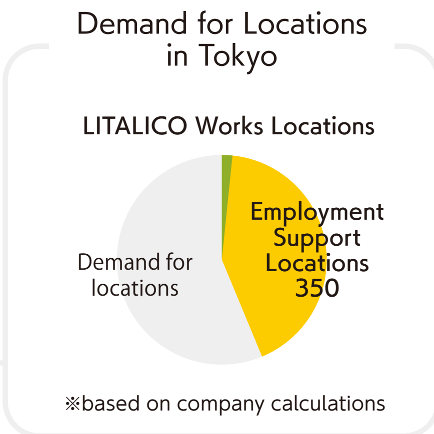
(empployment support)

- 104 Locations (+12 FY 2020)
- Planned for +14 new locations in FY2021
- With the establishment of the system We plan to increase the pace of new store openings.

LITALICO Works Revenue



FY 2021 Locations



LITALICO ワークス

(empployment support)

- Cumulative Number of Employed People 11,426 /6 month retention rate 89.3%
- 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

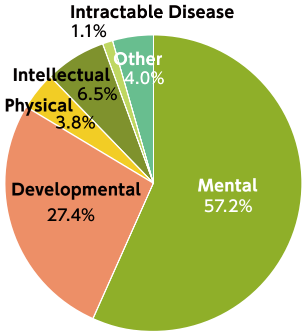
1,258 (YoY+328)

Accumulative 11,426

6 month retention rate

89.3%

Types of Disabilities



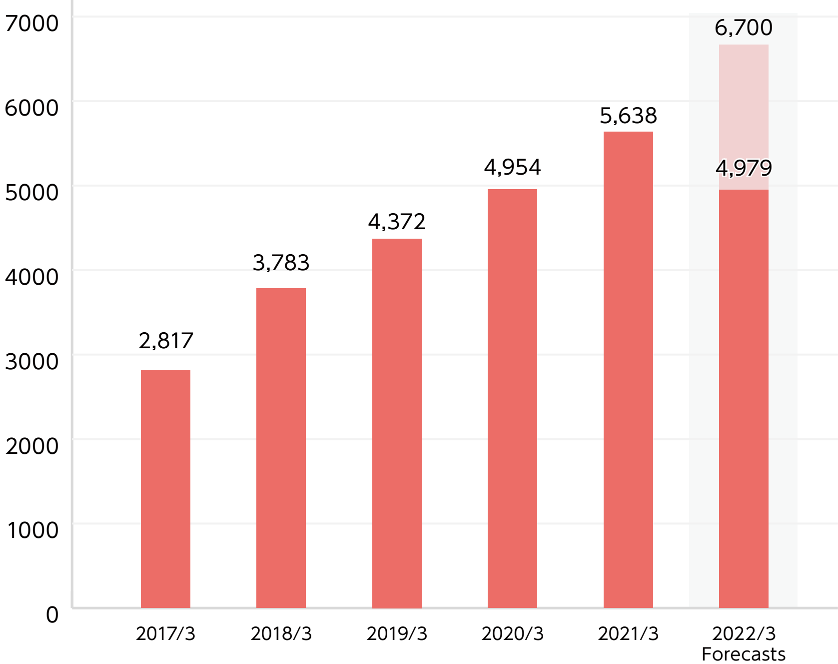
Implementation of Employment Support System

- 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)

- 112 Locations (+12 FY2020)
- Both sales and profit increased due to steady progress in new store openings
- Plan to open 13 new locations in FY2021. We plan to increase the pace of new store openings.

LITALICO Junior Revenue

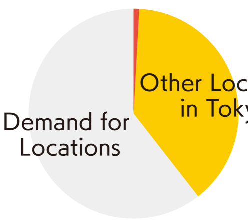


※ Discrepency from past reports due to new reporting segmentation.

FY 2021 Locations

Demand for Locations in Tokyo

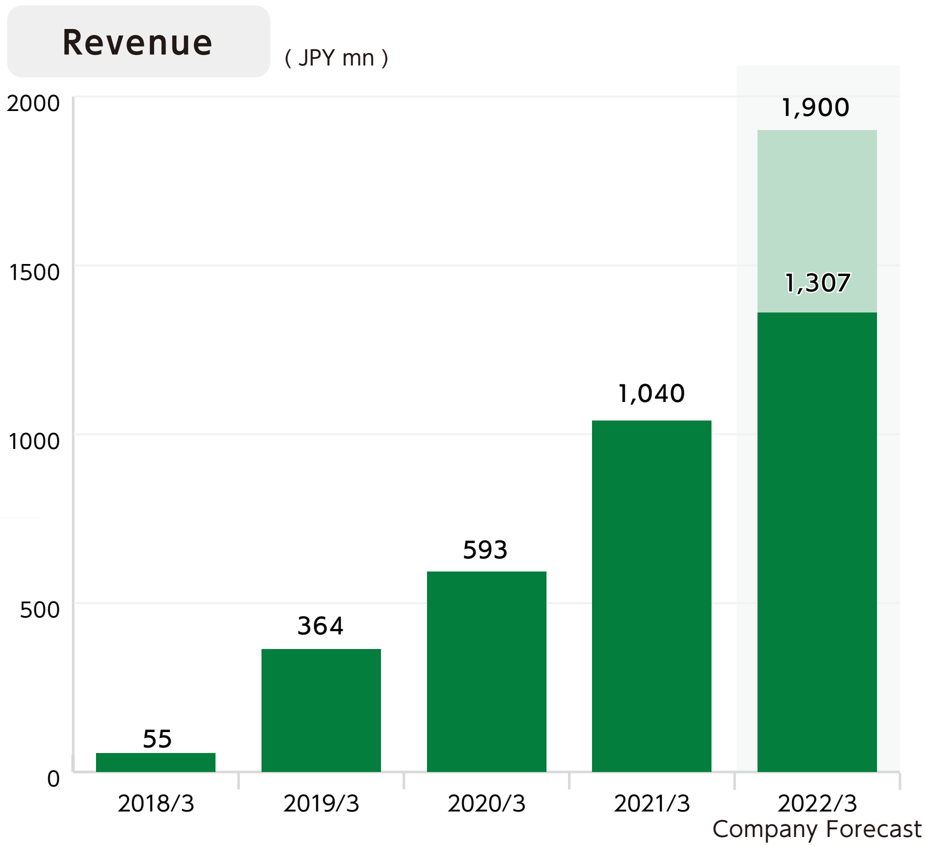
LITALICO Junior 22 Locations



※based on company calculations

LITALICOPlatform Business

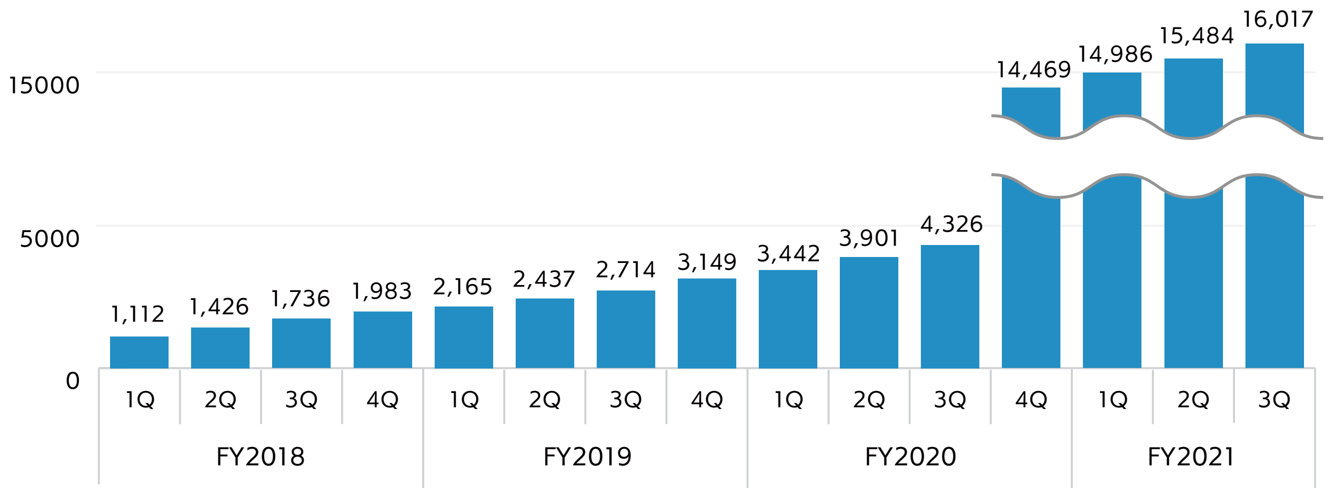
- 93.2% increase in sales compared to the same period last year
- Sales and profits increased while making upfront investments in hiring and training of sales and support personnel, and entered the phase of accelerated growth
- Developing matching media for users and workers and SaaS business for DX support for facilities



LITALICOPlatform Business

- Package selling the product of Fukushi-soft inc. increased the pace of gaining new accounts
- LITALICO Career achieved 16,000 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**

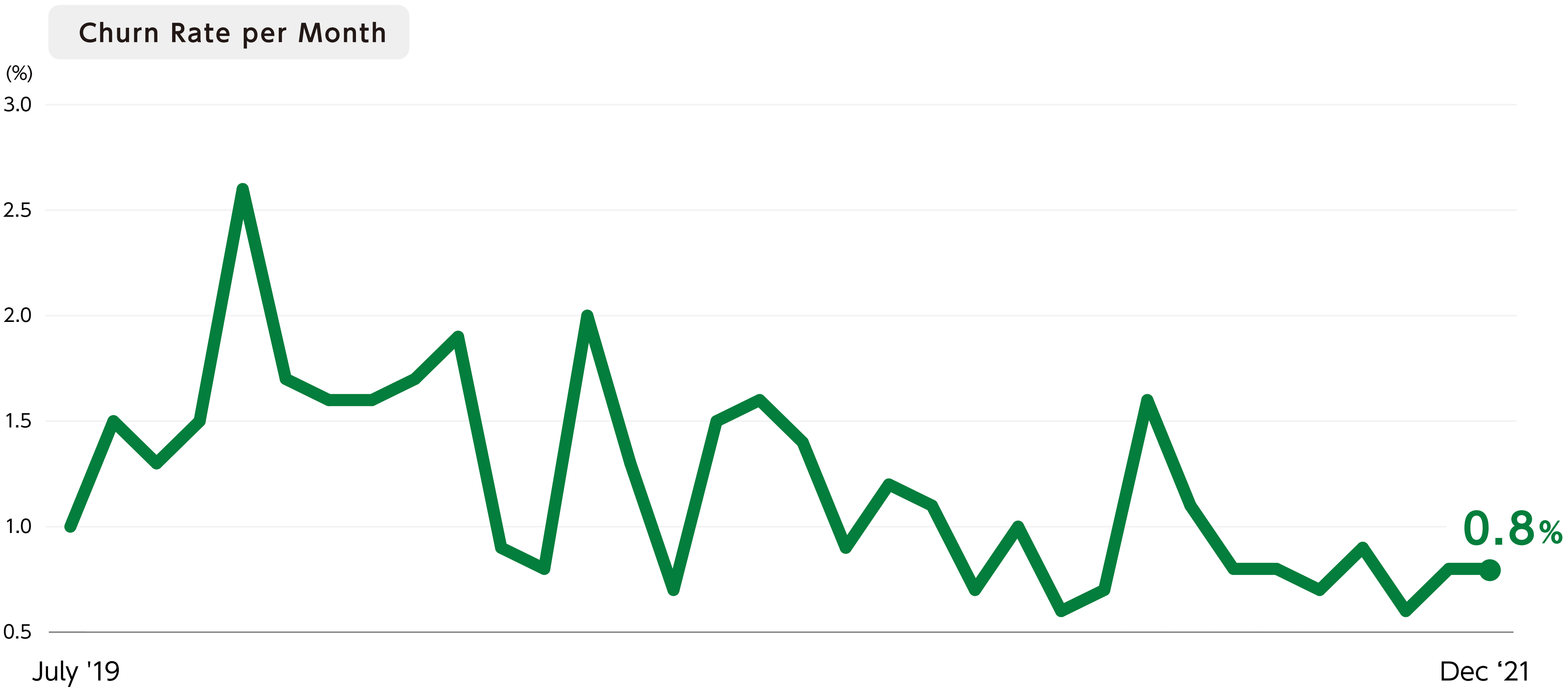
Schools Nursery Schools **70,000**

Companies Other **100,000**

Nursing Homes **300,000**

SaaS Business Monthly Churn Rate

- Monthly churn rate is steadily decreasing



Current Product Line Up and Future Development Plan

- Current services are focused on disability & wefare, 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

Disiability and Welfare

- Billing and Operation Support
- Training Support
- Factoring
- Marketing Support
- Recuritment Support

Schools and Nursing Schools

- Education material and Training support
- Planning System

Nursing Homes

- Billing and Operation Support

Strengthen internal structure for growth of platform business

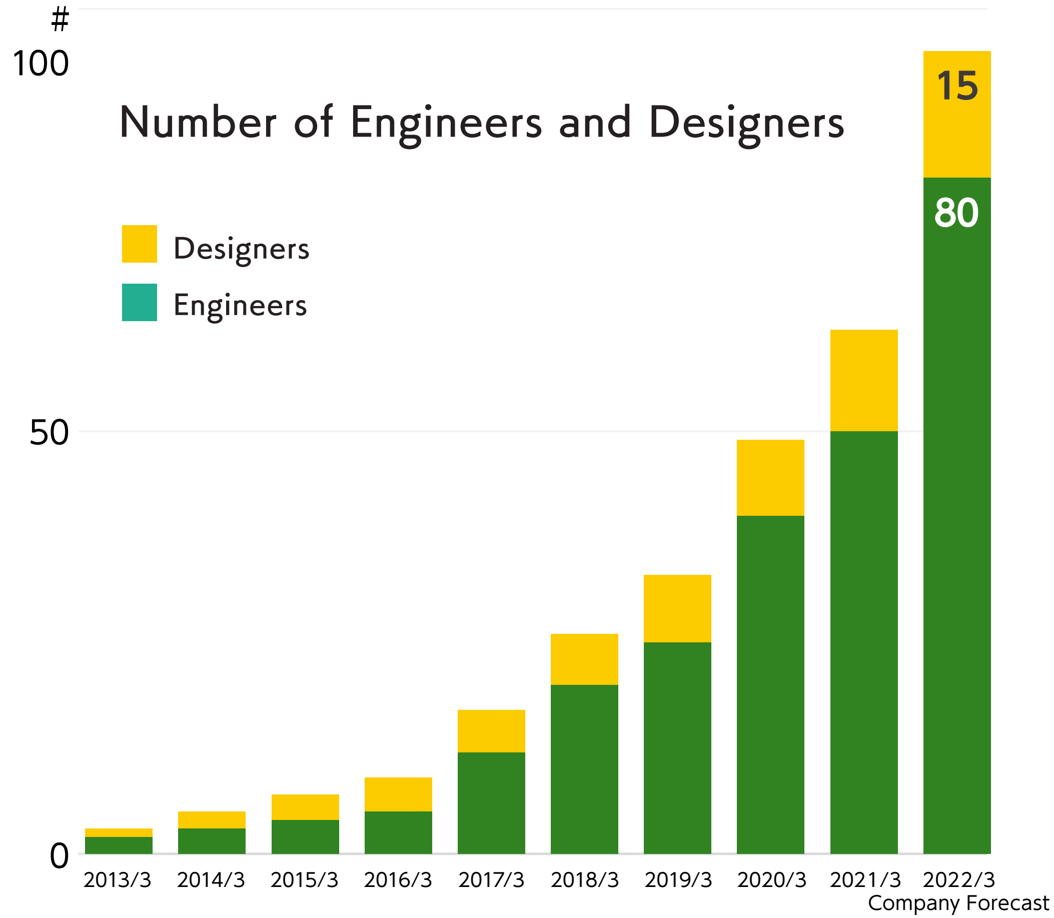
- To further accelerate the growth of the platform business, we will significantly strengthen our product development capabilities by hiring engineers, PdMs, and designers.
- Build a system to leverage LITALICO's strength in recruiting.
- Strengthening product development capabilities will also contribute to improving quality and efficiency in the BtoC direct service area.

Company where the engineer/business leader is from

- Recruit
- M3
- McKinsey & Company
- SMS
- Bain & Company
- Deloitte
- SanSan
- Voyage Group
- GREE
- IBM
- DeNA
- IGPI

Reson for joining

- It has been a distant field until now, but it is highly meaningful and a job that I can be proud of.
- The possibility of technological challenges such as store business and owning unique data.
- All the employees I met during the selection process were good people with good intentions, and I want to work with them.
- I want to contribute to this field because I have a child with disabilities.



Other Businesses: LITALICO Junior (personal course), LITALICO Wonder, LITALICO Life

• 50.2% increase in revenue compared to the same period last year, returned to profitability in the 3Q.

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

LITALICOJunior Personal Course

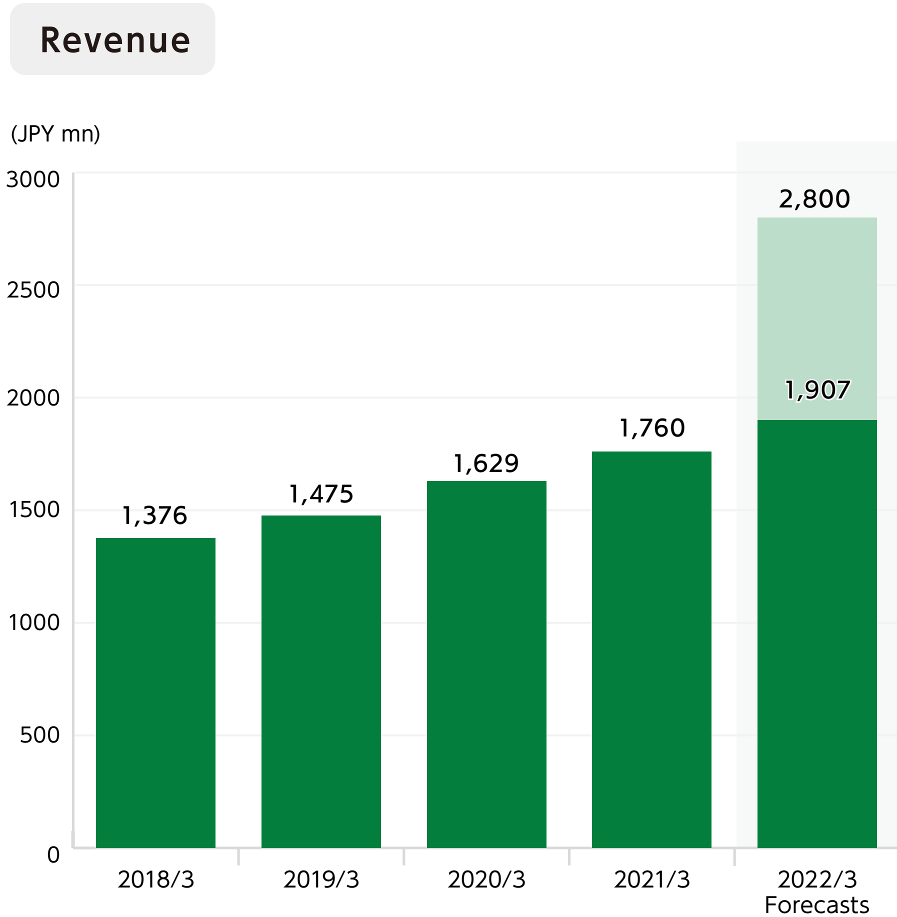
Education for children with developmental disabilities,
able to use without the use of government supported welfare services.
Sevice model is short term, high quality support.

LITALICO Wonder

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

LITALICOLife

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



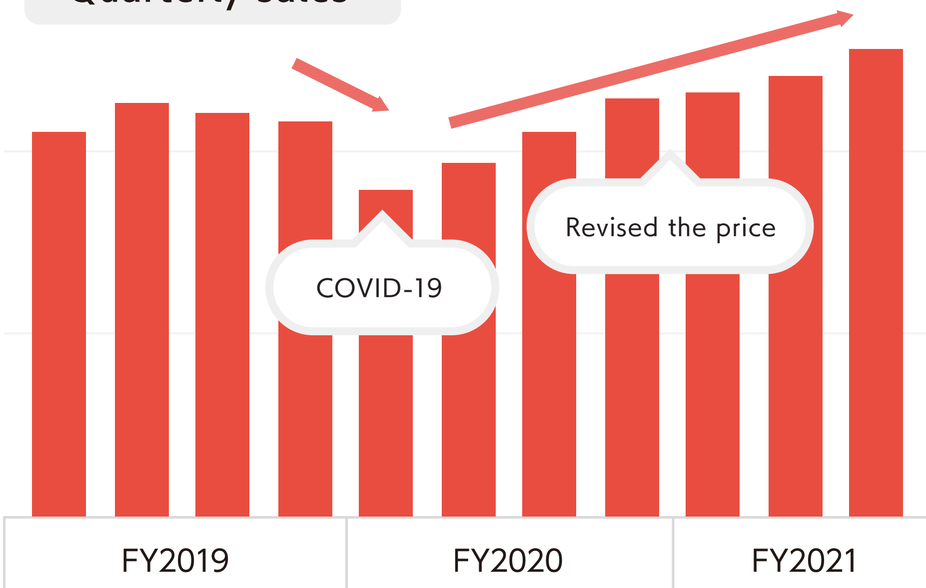
(Personal Course)

- 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.

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



LITALICOWonder Division (Programming School)

LITALICO ワンダー

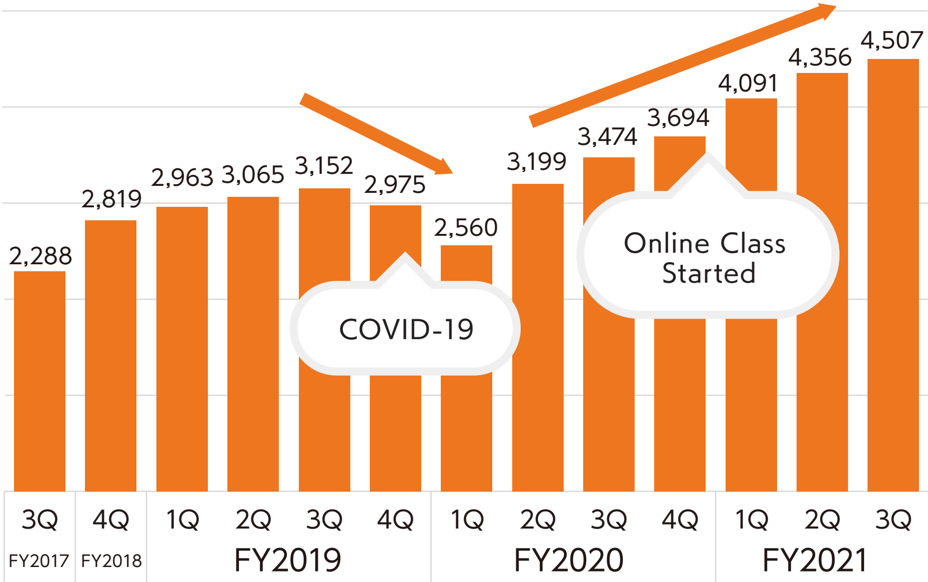
(Programming School)

- 17 Locations, Students:4,507
- Temporary decline in classroom enrollment due to the impact of Covid-19, but growth potential accelerated with the launch of online courses.
- Online courses are doing well and the number of students in classrooms is increasing. Profitability also improved in the Covid19

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



LITALICO Life Division (Service for Families)

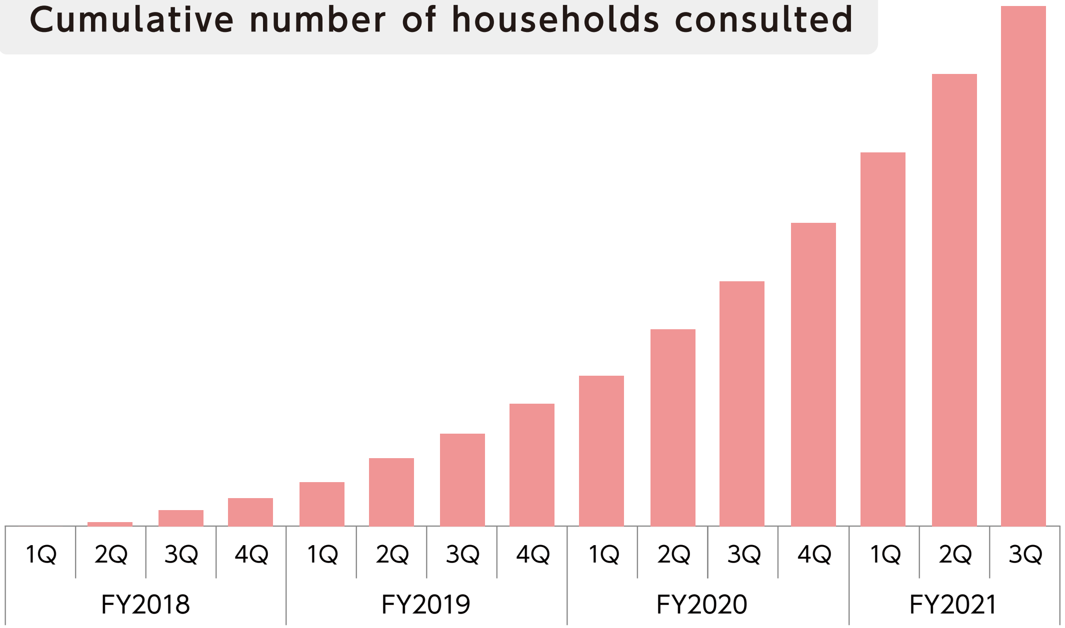
(Service for Families)

- Number of new contracts are steadily increasing
- Expanding specialized online seminars nation wide

Expanded Service Area

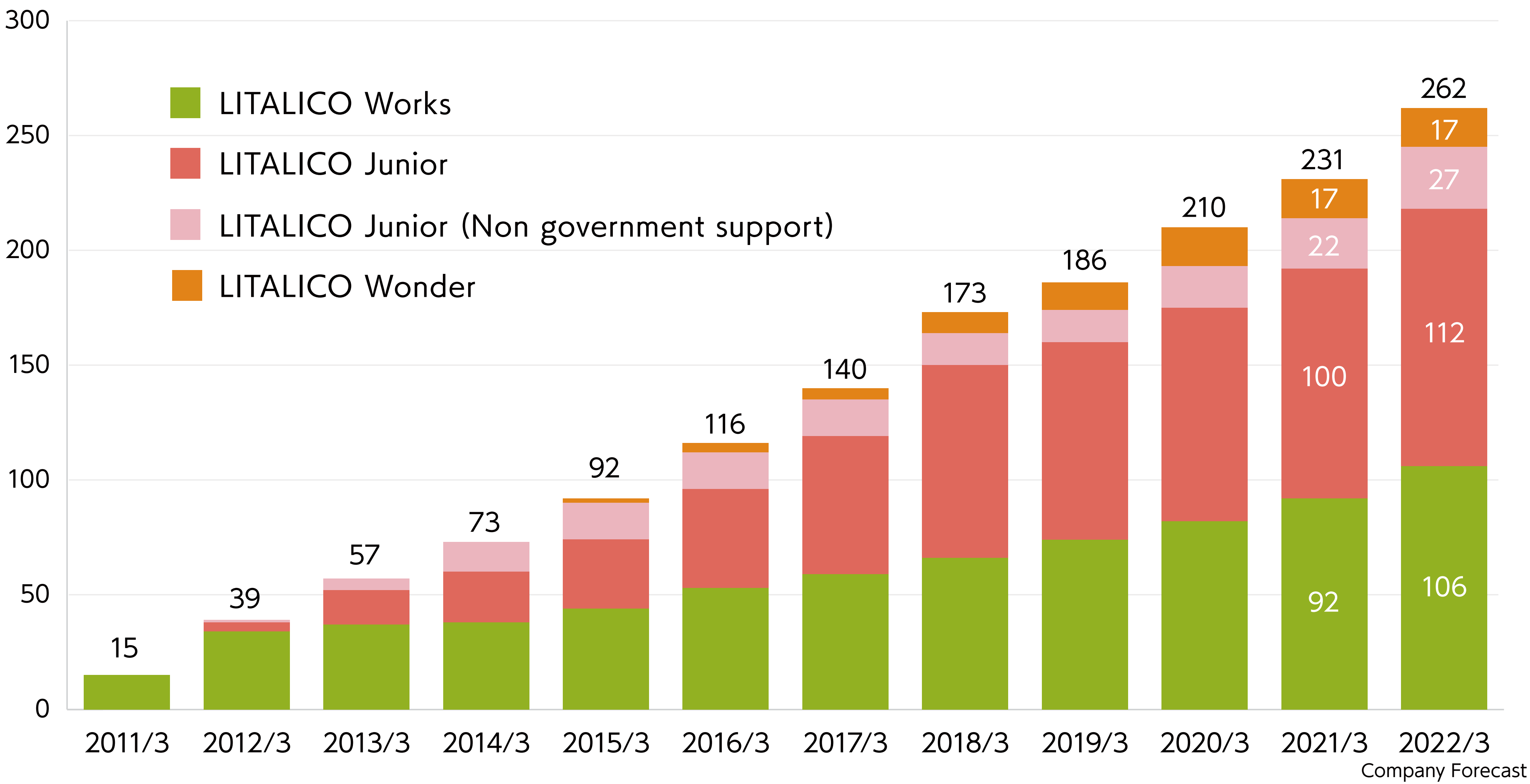
- Seminars with lecturers covering a variety of topics
- Individual consultations to address the various concerns of families

Cumulative number of households consulted

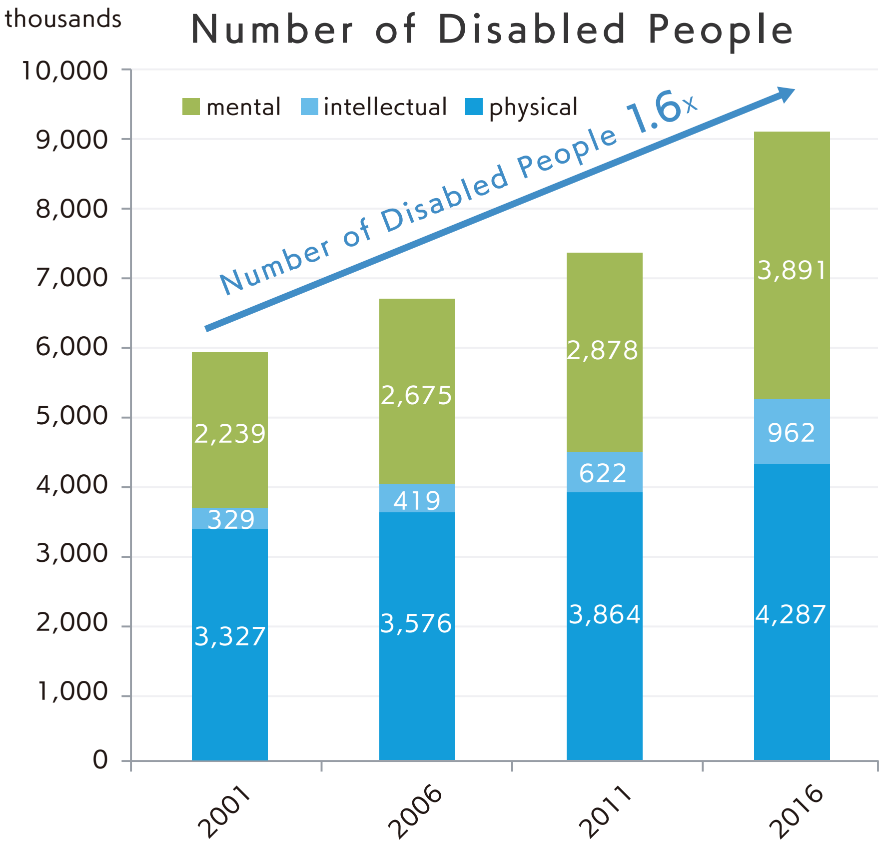


6. Appendix

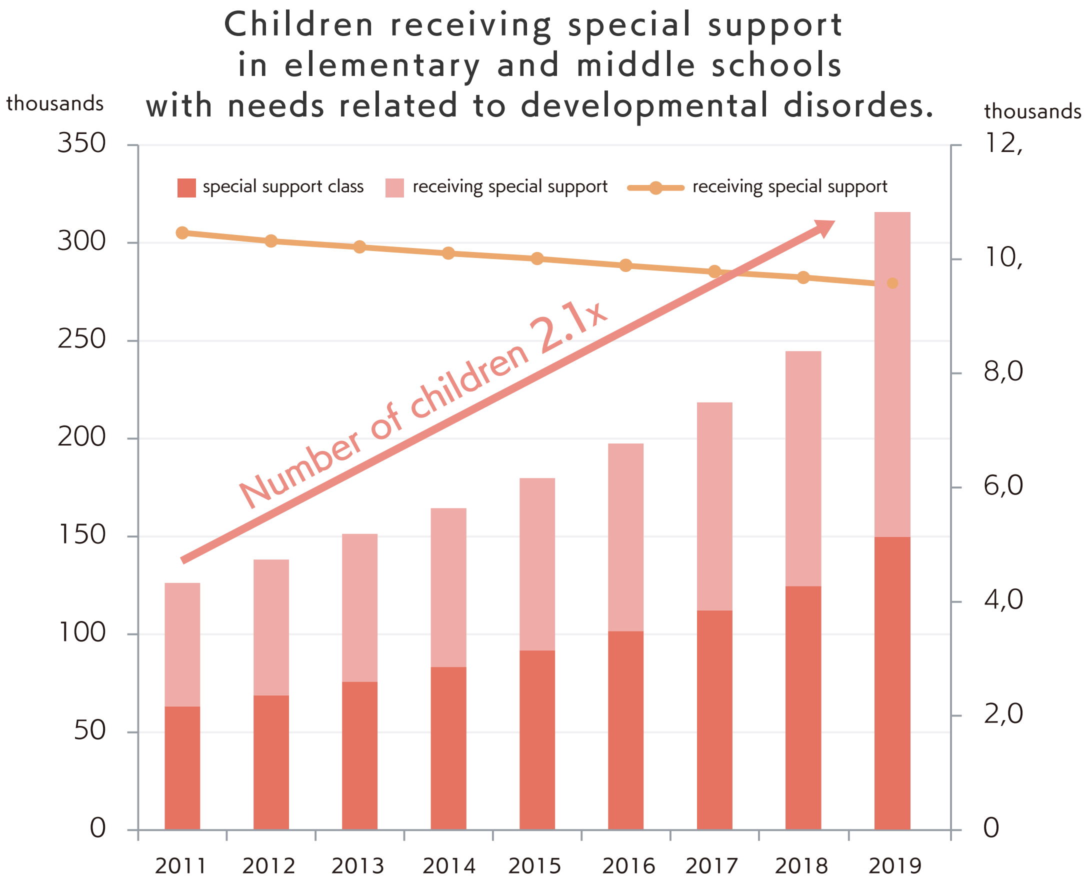
• Planned to reach a total of 262 Locations in FY 2021



• The number of disabled people, as well as children requring special needs education are increasing.



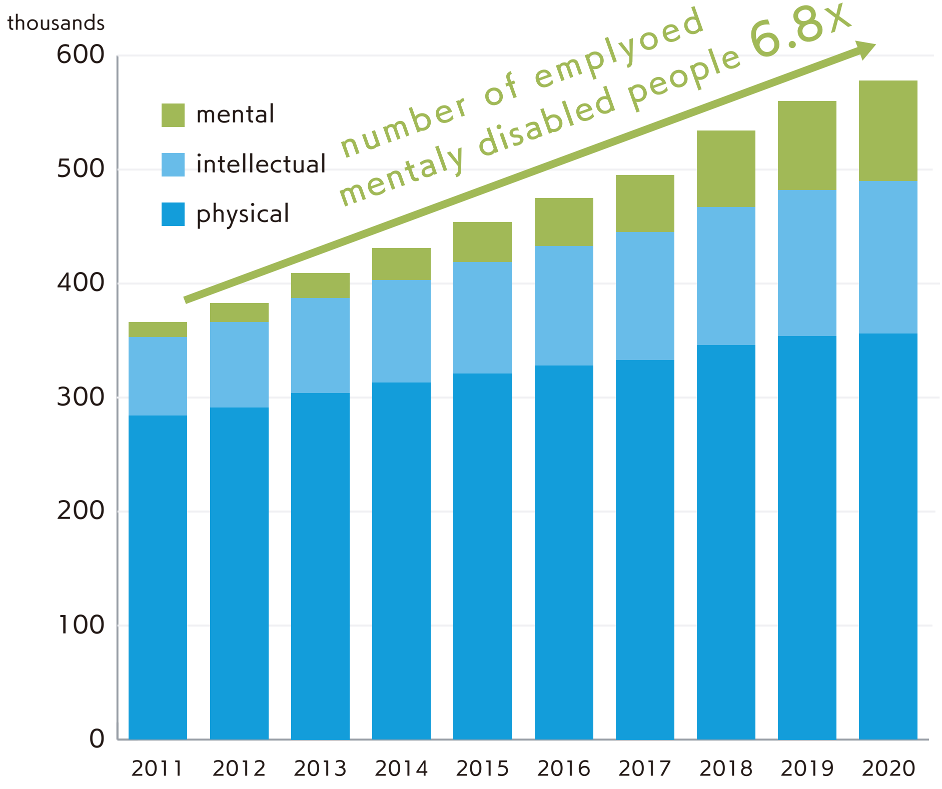
Source:Cabinet Office
(Annual Report on Government Measures for Persons with Disabilities).



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

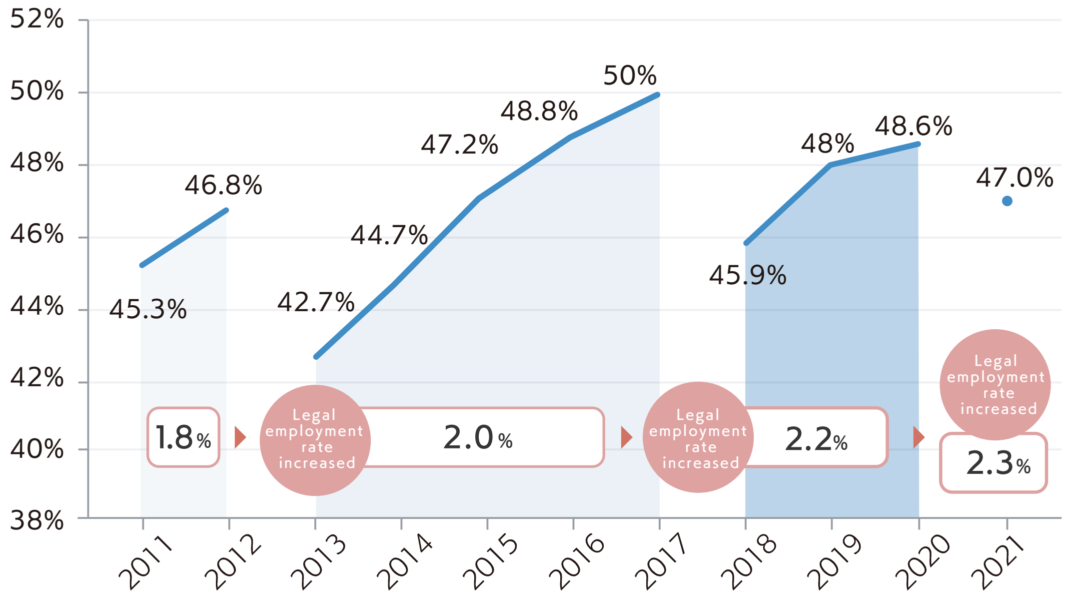
• Number of employed disabled people are increasing. Legal employment rate increased to 2.3%

Number of employed disabled people



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

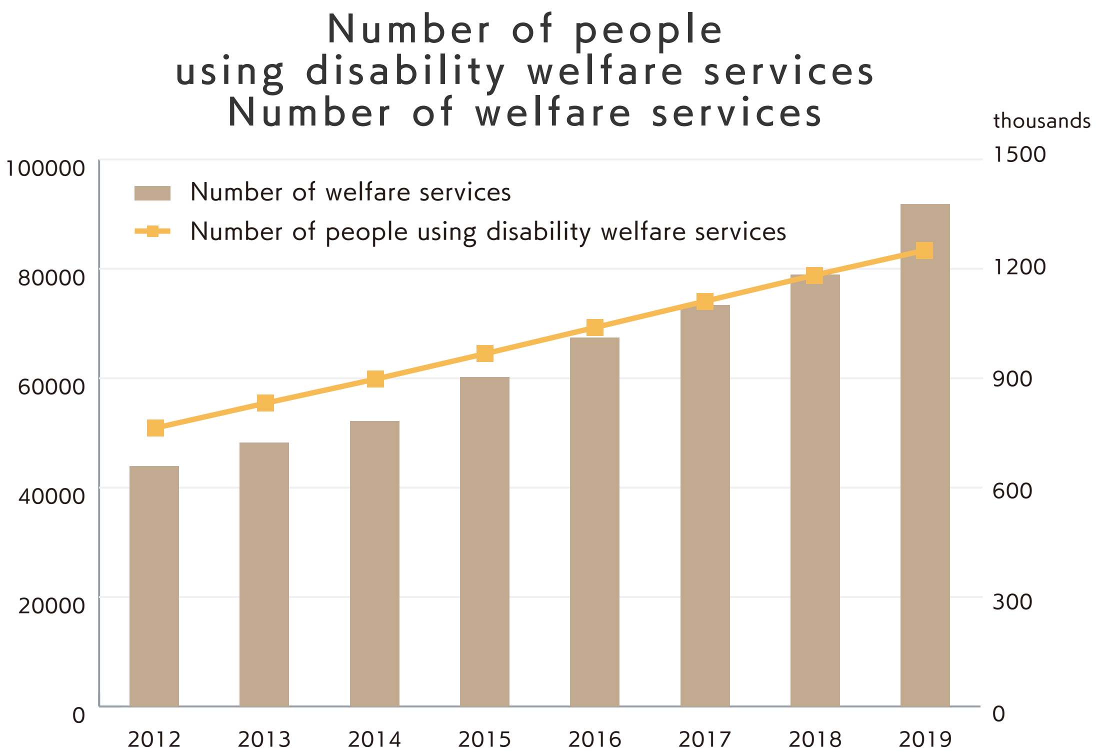
Percentage of Companies Achieving the legal employment rate

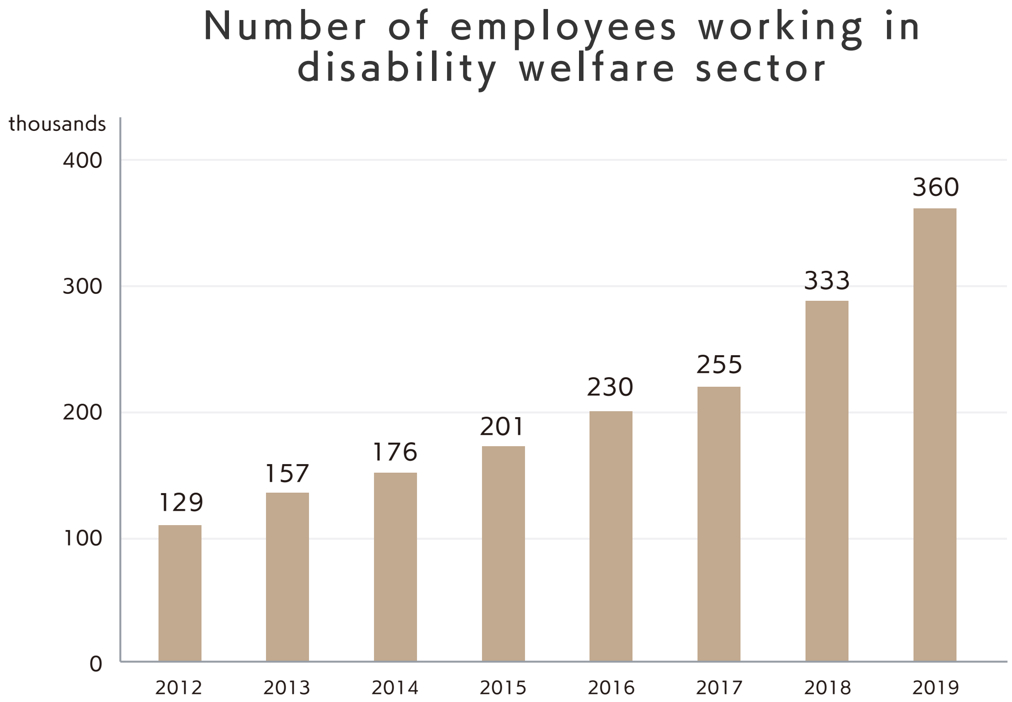


Source: MHLW (Survey of social welfare facilities)

LITALICO's Business Environment(3)

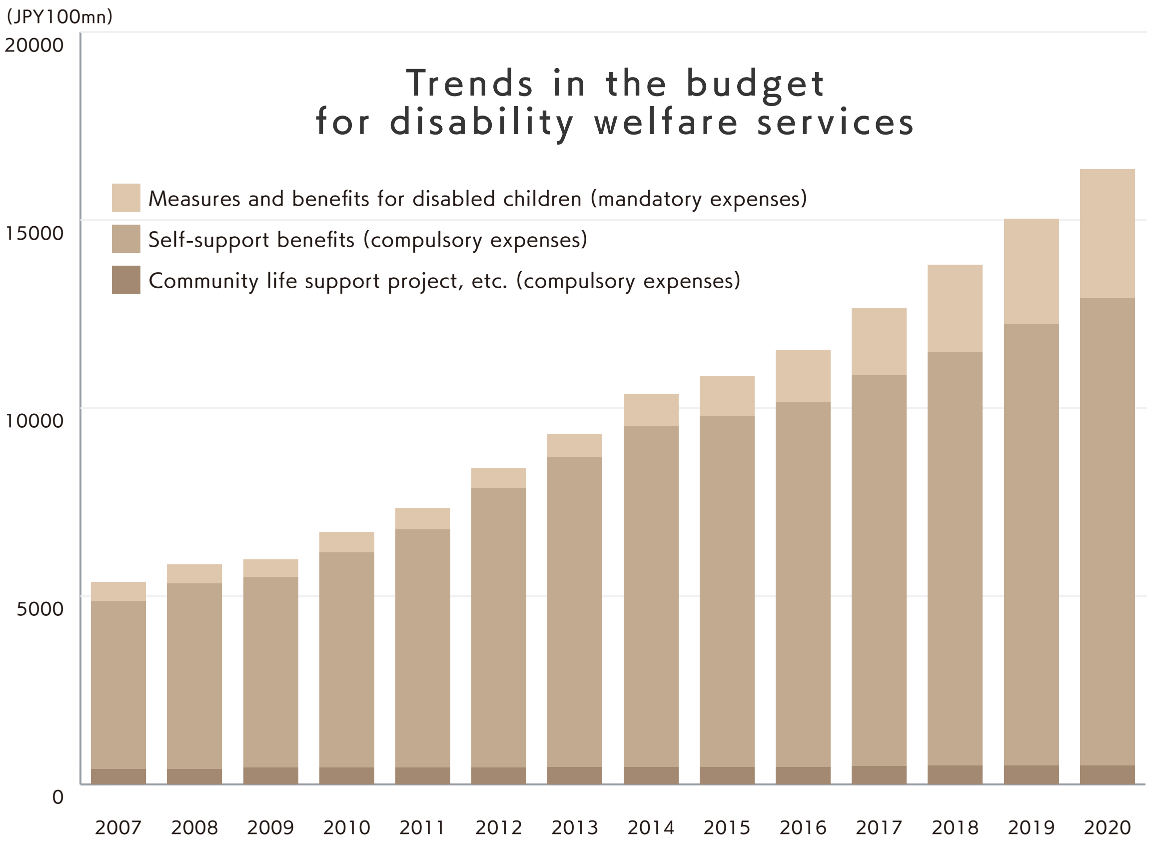
• Welfare facilities, as well as number of people working in welfare sector are increasing.



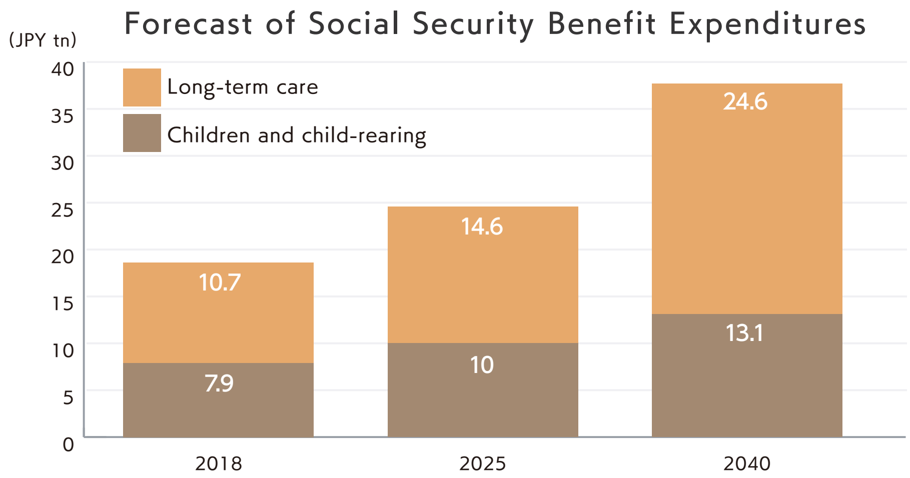


LITALICO's Business Environment(4)

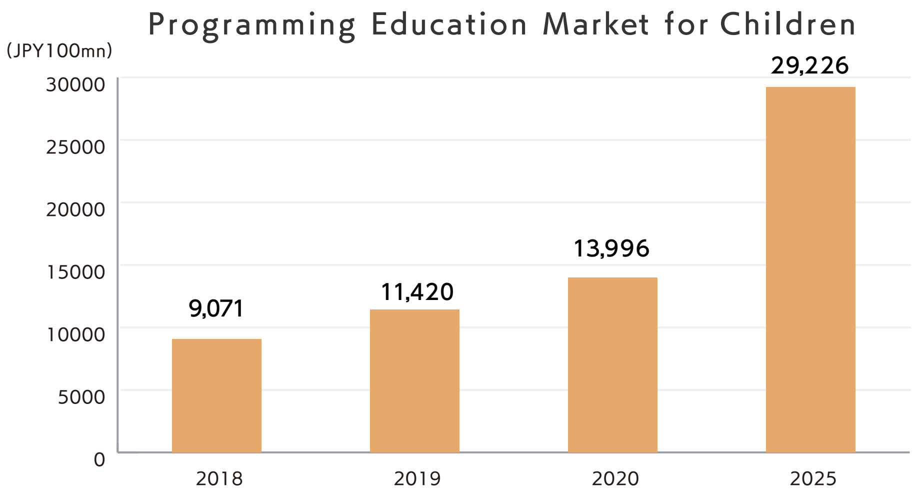
• The size of the market for disability welfare services and adjacent industries (medical, nursing care, etc.) is increasing every year



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



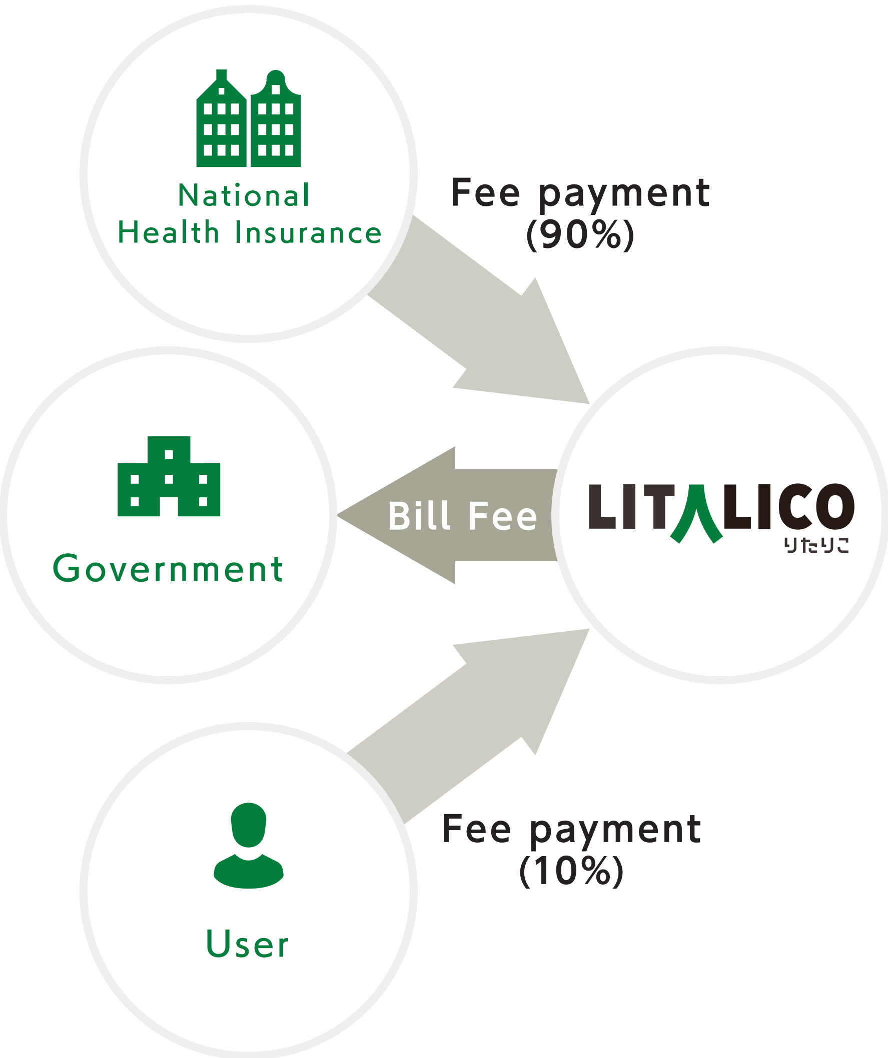
Cabinet Secretariat, Cabinet Office, Ministry of Finance, Ministry of Health, Labour and Welfare (Future Prospects for Social Security toward 2040)



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

How government expense business works. (Welfare)

・The fee per service use is fixed: 10% is payed by the user and 90% is payed 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 annualy 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

Appendix

Reward Revision

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 : 1,258
  Cumulative 11,426
- Retention Rate after 6 months of being employed : 89.3%

LITALICO Junior users

- As of September 2021: 7,994

LITALICO Wonder users

- As of September 2021: 4,507

Female Employee Ratio

- Company : 65.1%
- Managerial Posititon : 50.6%
- New Graduate : 78.0%

Company training and skill up opportunities

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

Company compensates for some remote working expenses.

Evaluation by external organizations

Received an MSCI ESG rating of AA

MSCI ESG RATINGS AA

CCC	B	BB	BBB	A	AA	AAA

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

LITALICO りたりこ — 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