

May 10th, 2021



FY2020 Presentation Material

LITALICO Inc.

[TSE Code : 7366]



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Consolidated Results

- Revenue: 16.13JPY bn (YoY+16.3%)
- Operating Income: 1.69JPY bn (YoY+71.9%) –Even with COVID-19 impact
- Net Income: 0.70JPY bn (YoY-16.7%) ※ FY2019 includes 240JPY mn via gain on business transfer

New Locations

- Opened 21 locations in FY 2020; totaling 231 locations – 10 LITALICO Works Locations, 11 LITALICO Junior Locations

Topics

- Platform Business has become profitable annually
- Fukushi-soft inc. joined LITALICO group from February 2021
- SaaS Business for Schools has begun. 30 Schools in Adachi City has started using LITALICO's SaaS.

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

FY2020

- Each business shows steady growth; able to maintain revenue and profit growth while continuing to invest in new business.
- Although business was impacted temporary by COVID 19, operating income grew 71.9% as a result of revenue growth and cost optimization.

	FY2020	Sales Ratio	YoY %	FY2019	Sales Ratio
Revenue	16,133	—	+16.3%	13,867	—
Cost	10,250	(63.5%)	+18.8%	8,626	(62.2%)
Gross Profit	5,882	(36.5%)	+12.2%	5,241	(37.8%)
Revenue and General Administration Expense	4,192	(26.0%)	▲1.6%	4,258	(30.7%)
Operating Income	1,690	(10.5%)	+71.9%	982	(7.1%)
Ordinary Income	1,428	(8.9%)	+46.0%	978	(7.1%)
Net Income	700	(4.3%)	▲17.4%	847	(6.1%)

(JPY mn)

- FY2020 includes Equity Losses of Affiliated Companies(Olive Union Inc.) JPY 252mn
- FY2019 includes profit on stock transfer of Conobie business, JPY 240mn

Profit and Loss Statement by Segment

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- LITALICO Works increased profitability by utilizing online
- LITALICO Junior was impacted by COVID-19, mainly in the non government support division, but both existing and new locations went well due to strong demands for the services.
- Platform business grew rapidly, and turned black.
- LITALICO Wonder was also impacted by COVID-19, but starting and investing in online courses brought it back on track

		FY2020	FY2019	YoY	YoY%
LITALICO Works	Revenue	7,693	6,686	+1,007	+15.1%
	Segment Profit	2,873	2,349	+524	+22.3%
LITALICO Junior	Revenue	6,448	5,826	+621	+10.7%
	Segment Profit	1,171	1,206	▲34	▲2.9%
LITALICO Platform businesses	Revenue	1,040	593	+446	+75.2%
	Segment Profit	42	(397)	+439	—
Others	Revenue	951	760	+190	+25.0%
	Segment Profit	▲430	▲162	▲268	—

(JPY mn)

3. Financial Forecasts

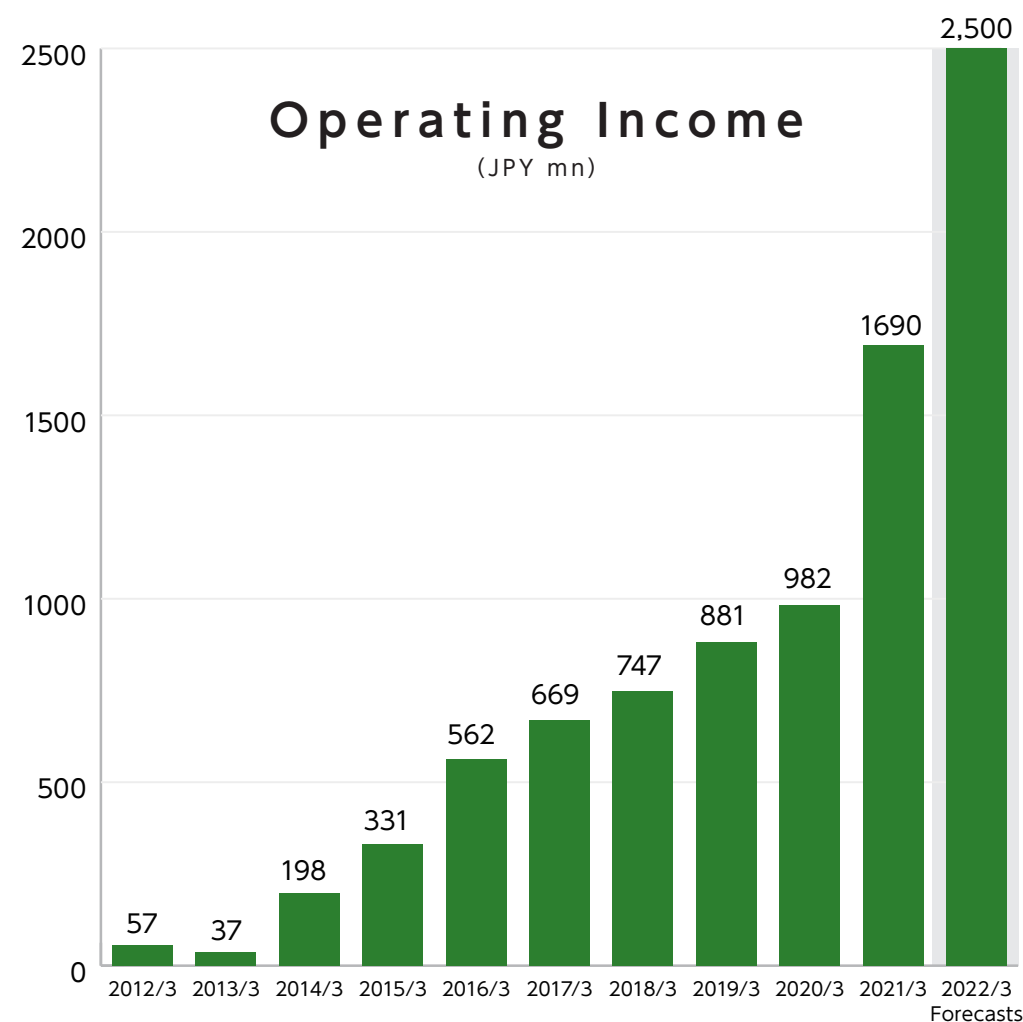
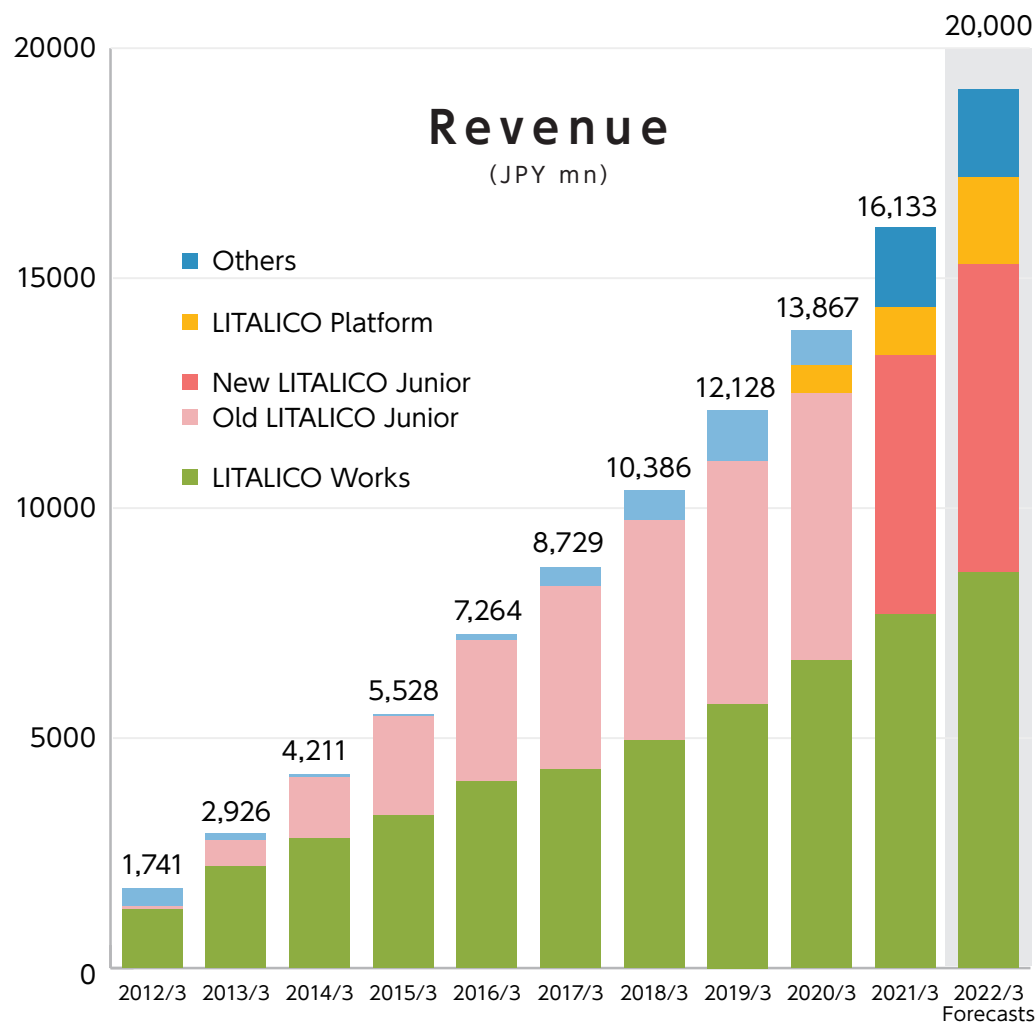
FY2020

- 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.

	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



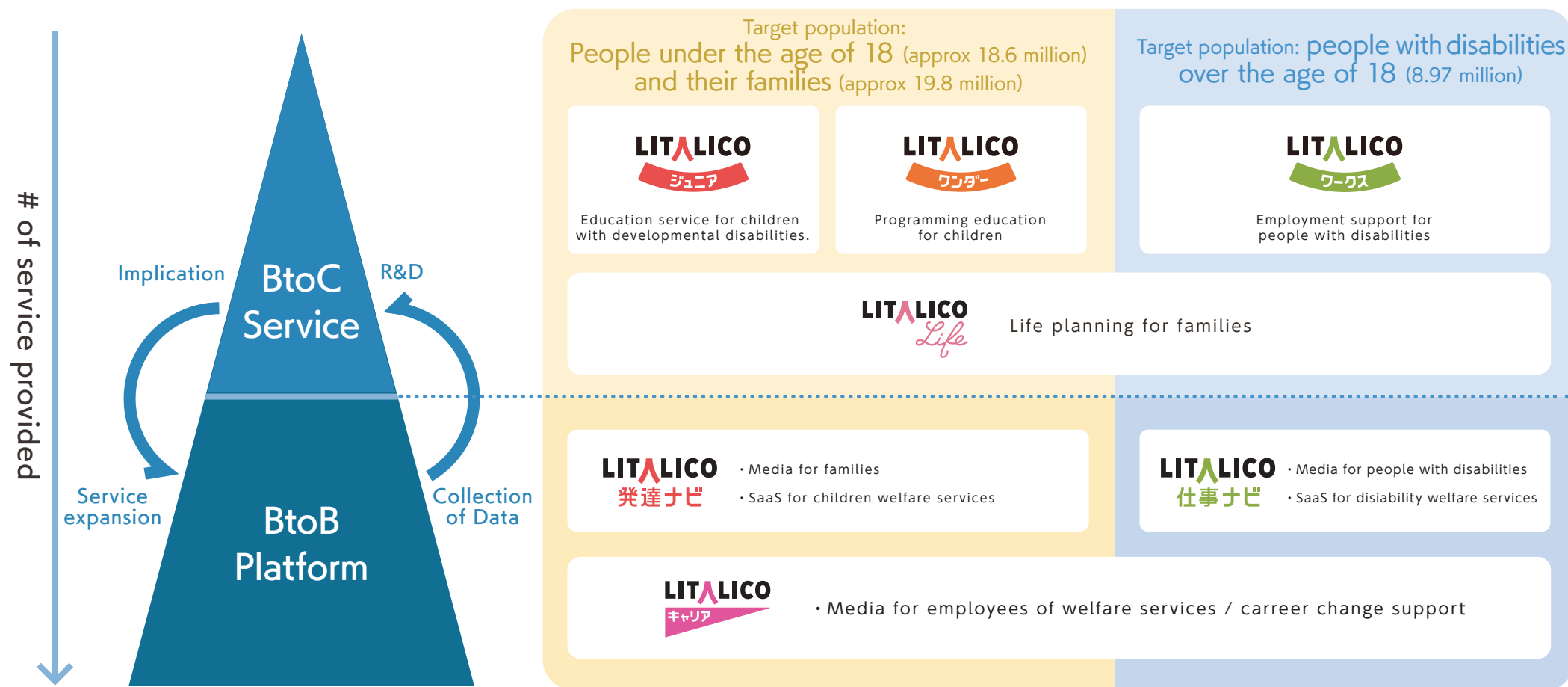
Creating a Society Without Barriers



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 Segment



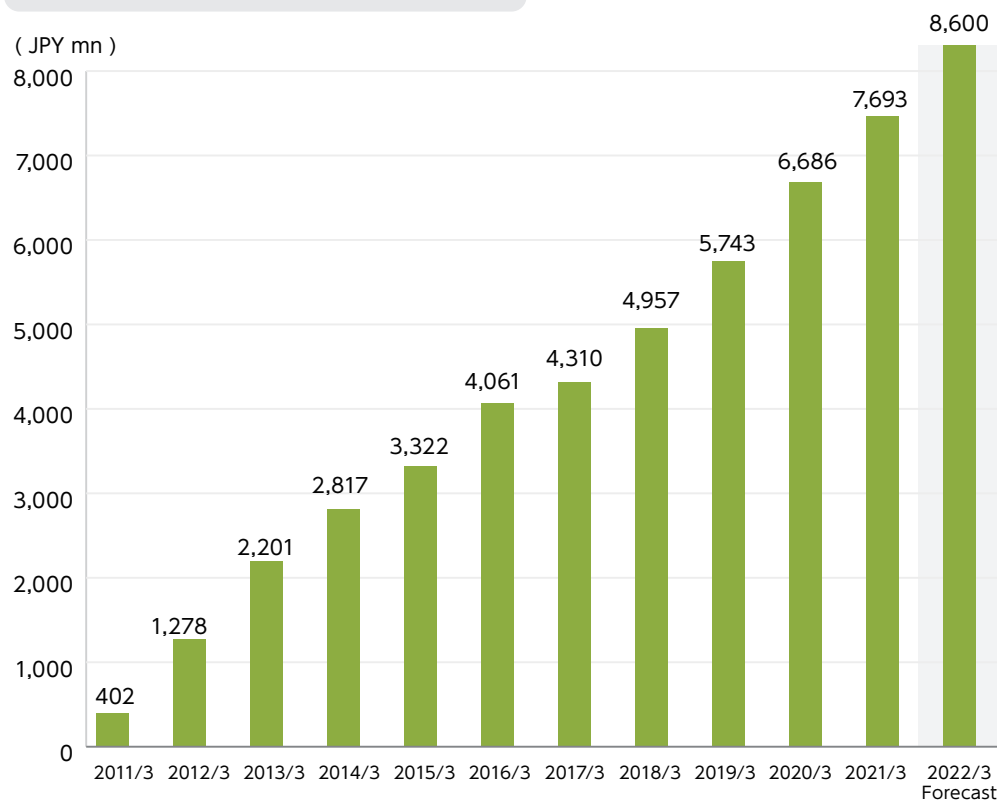
(employment support)



• 92 locations (YoY +10)

• Planned for +14 new locations in FY 2021

LITALICO Works Revenue

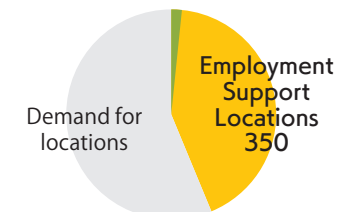


FY 2020 Locations



Demand for Locations in Tokyo

LITALICO Works Locations



※based on company calculations



(障害者就労支援)

- Cumulative Number of Employed People 10,168 / 6 month retention rate 90.0%
- To improve quality, developed and implemented a system to help make support plans
- Utilizing technology such as VR in job training

Results FY 2020

Number of employments supported

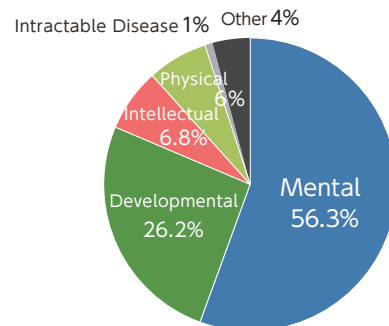
1,302

accumulative 10,168

6 month retention rate

90.0%

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)

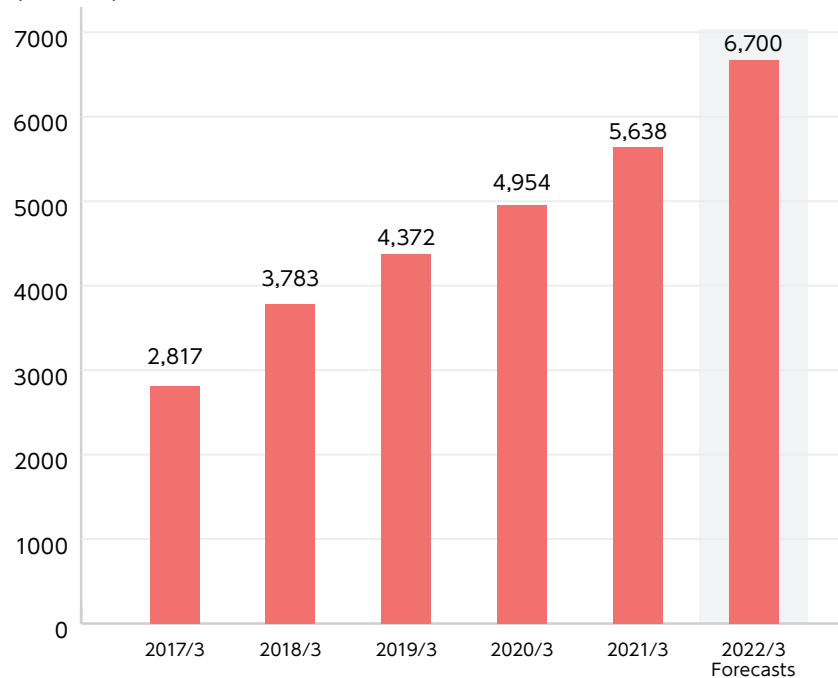


• 100 Locations (YoY +7)

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

LITALICO Junior Revenue

(JPY mn)



※ Discrepancy from past reports due to new reporting segmentation.

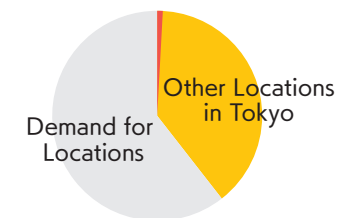
FY 2020 Locations

- 5+ Locations
- 1~4 Locations
- No Locations



Demand for Locations in Tokyo

LITALICO Junior 22 Locations

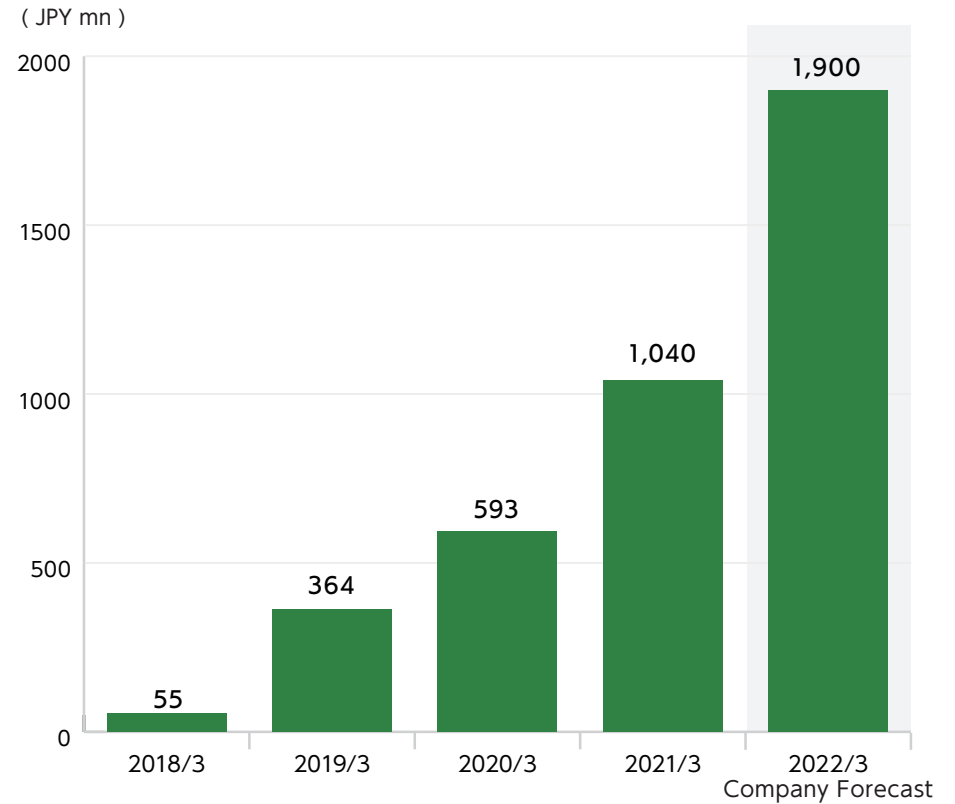


※based on company calculations

- Expanding business to matching business for users and facilities and SaaS for welfare facilities.



Revenue





- LITALICO's support tools will officially be introduced to Adachi City's 30 elementary and middle schools starting April 2021
- LITALICO will provide tools for individual support planning, teaching material recommendations, teacher training and more
- Planned to expand tools and support services in the future



Planning
Support Tools



Teaching
Material



Training
Videos

- 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

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• Although FY 2020 was impacted by COVID 19, expected to become profitable in FY2021 through sales growth.

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.

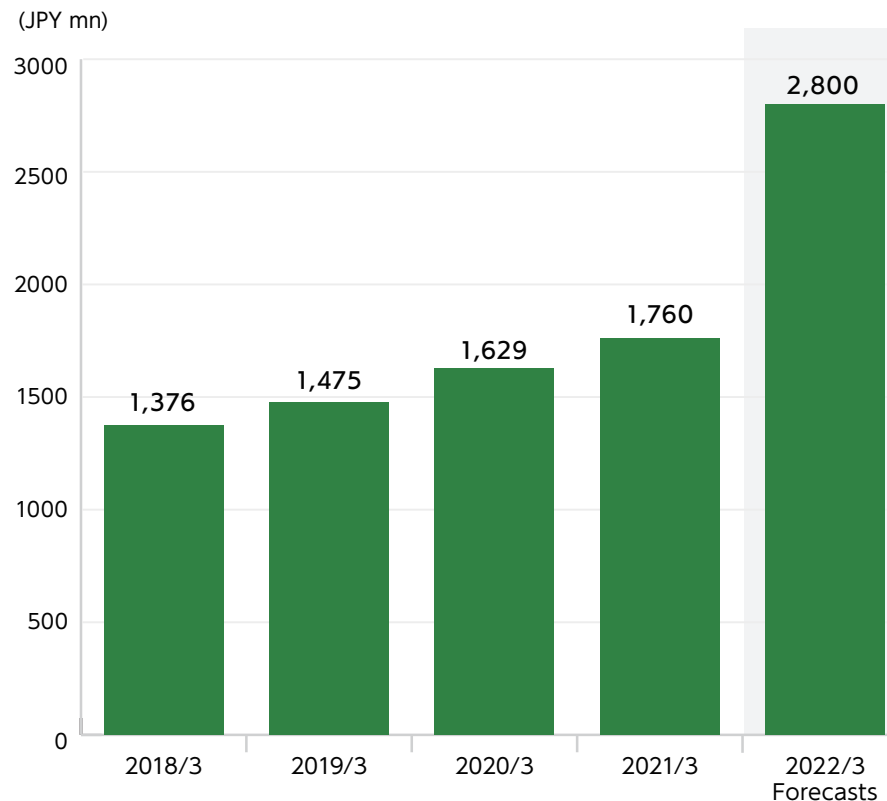
LITALICO Wonder

Aims to grow the creativity of children
through programing 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)

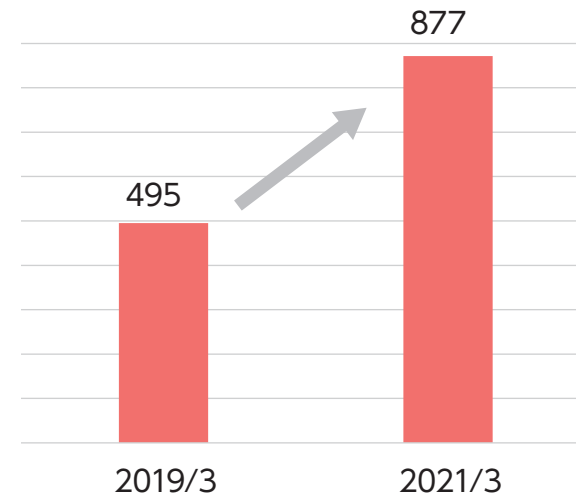
- Planning 5~6 new locations in FY 2021.

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 1 to 1 course





Programming School



• Total Locations (±0 Compared to FY 2019)

• Students: 3,694 (+18.89% Compared to FY 2019)

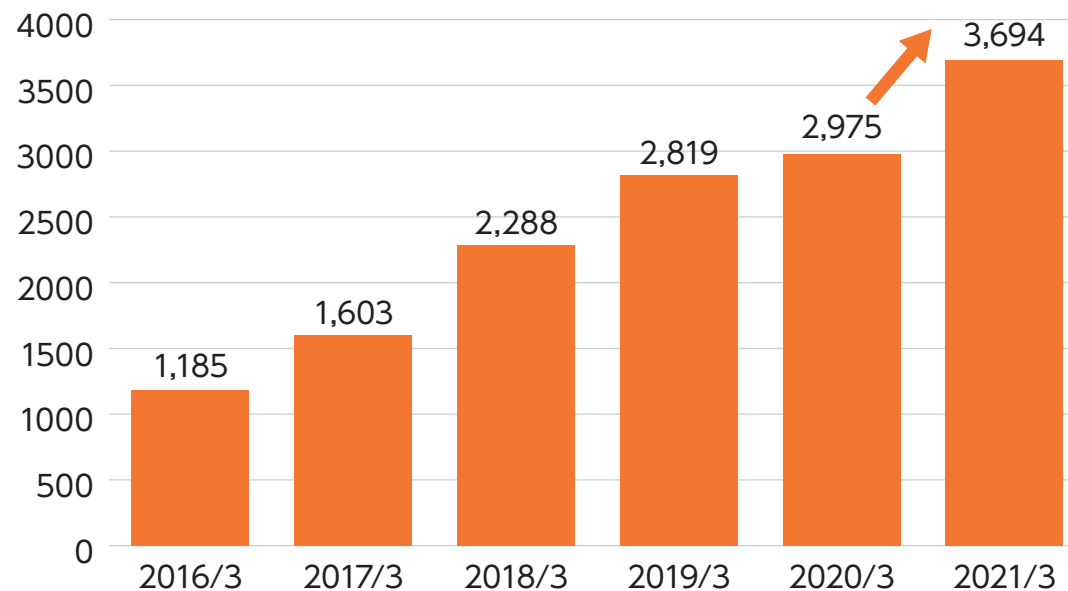
• Number of students decreased temporary due to COVID 19, but was able to reach 3,694 students (+18.89% compared to FY2019 by starting and growing online classes.

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'.

Number of Students



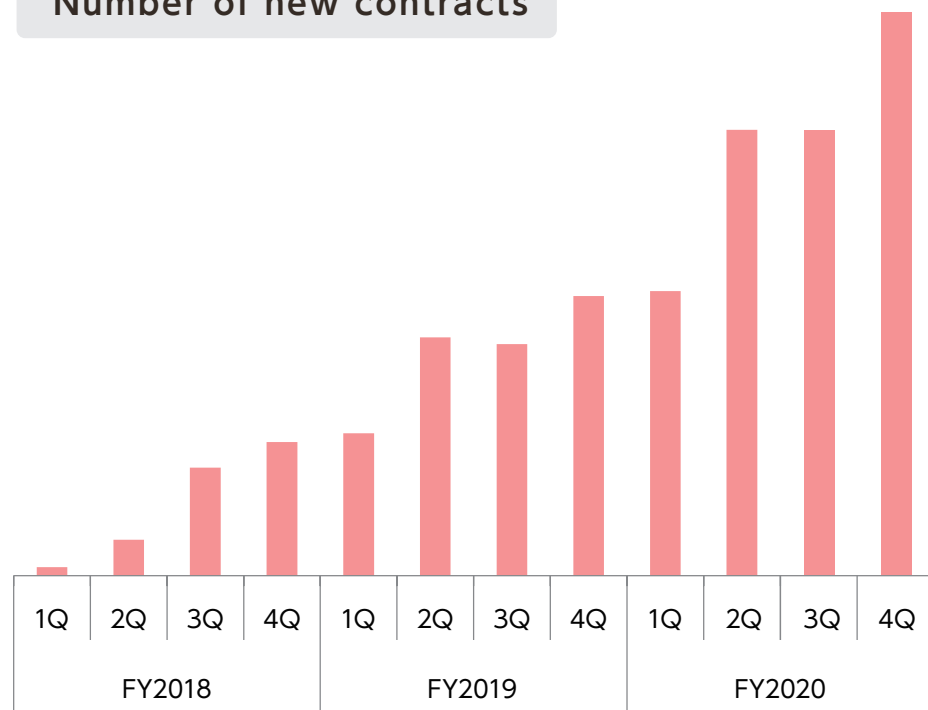


(Service for Families)



- Number of new contracts are steadily increasing
- Able to expand nation wide utilizing online seminars and sessions
- Expanding specialized online seminars nation wide

Number of new contracts



Expanded Service Area

【オンライン開催】中学・高校の選び方と今からできる準備【東京版】
～発達に特性のある子に合った具体的な進路先の種類・特長を知る～



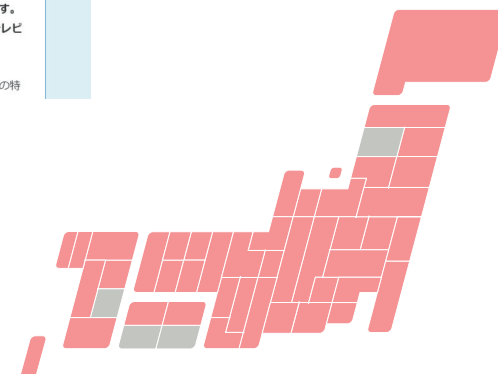
子どもの可能性を狭めず、将来を見通す

※本テーマは【オンライン開催】となります。
ZOOMミーティングでのグループで行うテレビ会議形式の勉強会となります（参加人数限定）。

小学校とその先の進路の選択肢やそれぞれの特

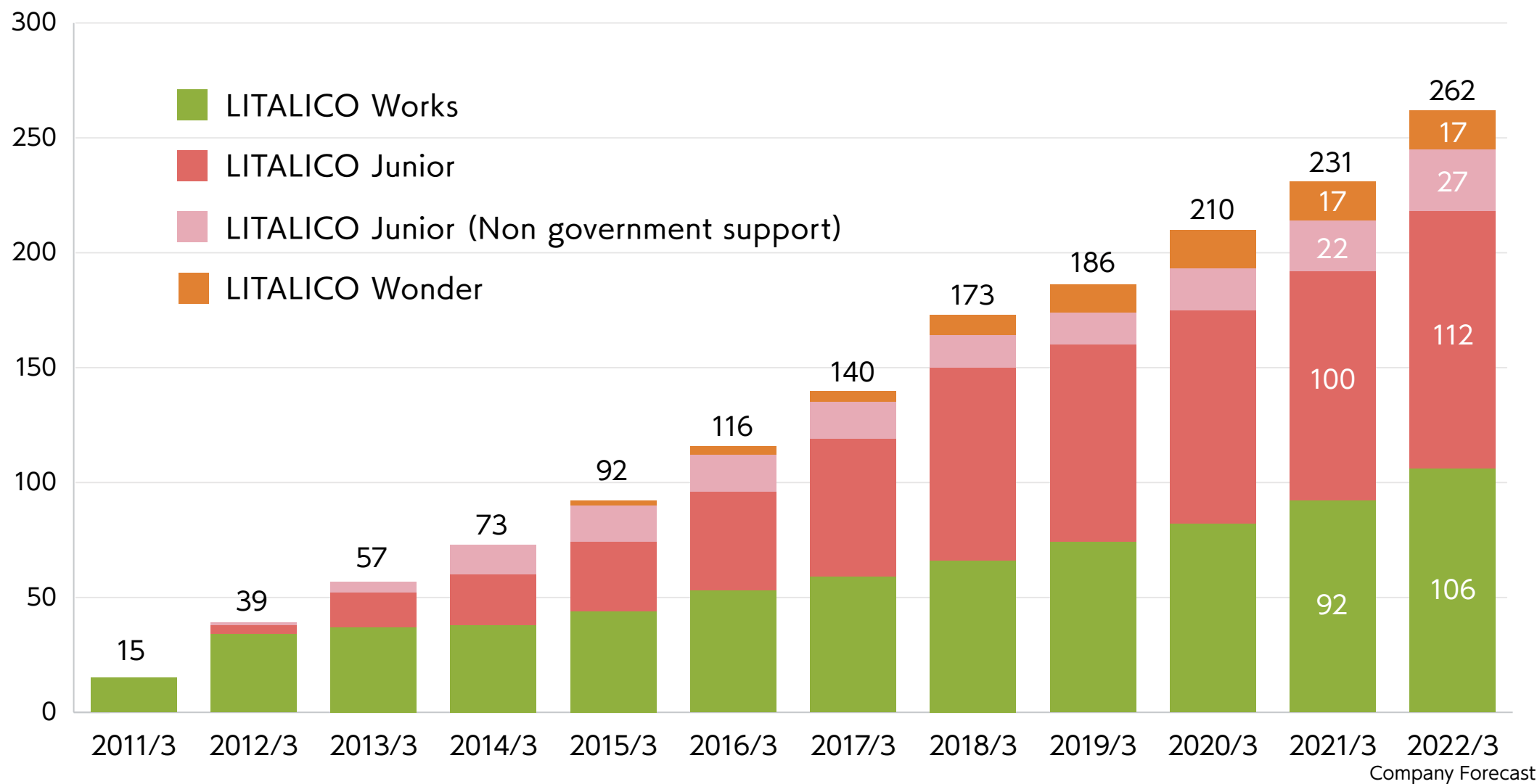
【Expanded Service Area】

Achieved contracts in 43/47 prefectures

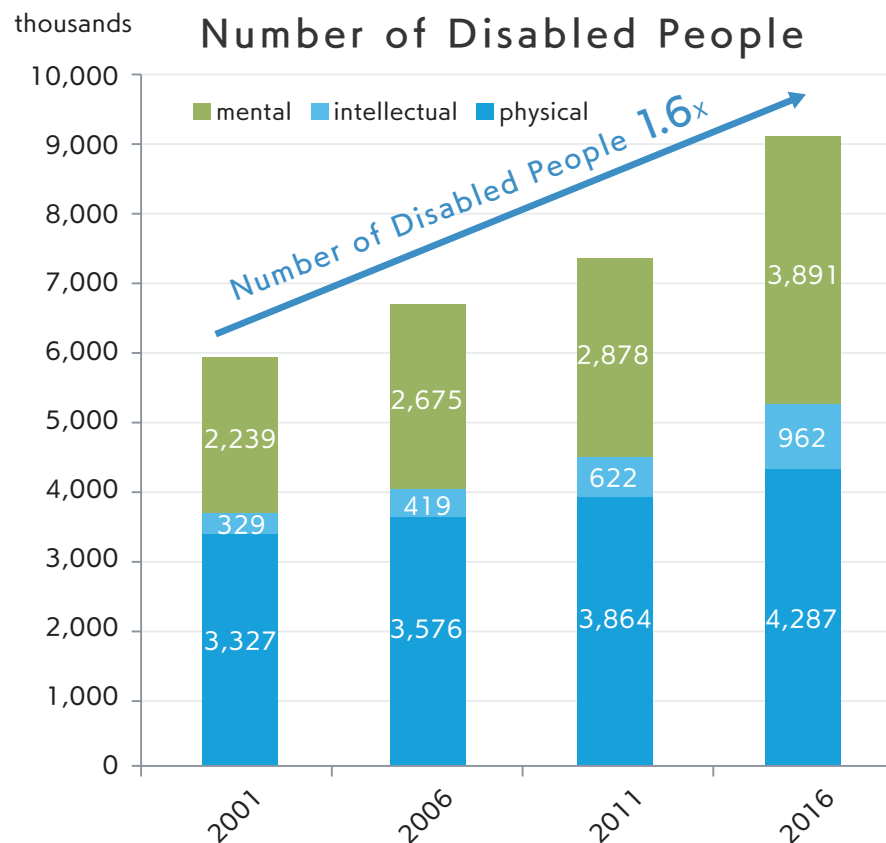


6. Appendix

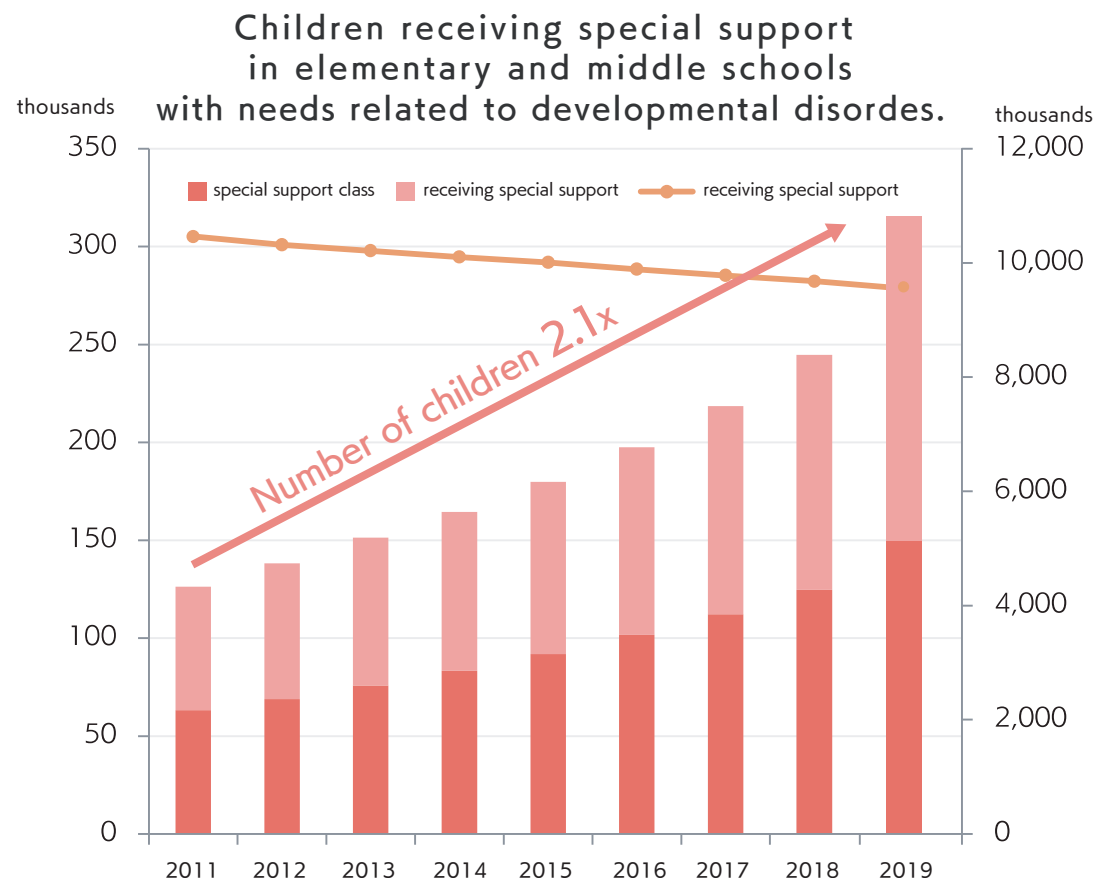
•Planned to reach a total of 262 Locations in FY 2021



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



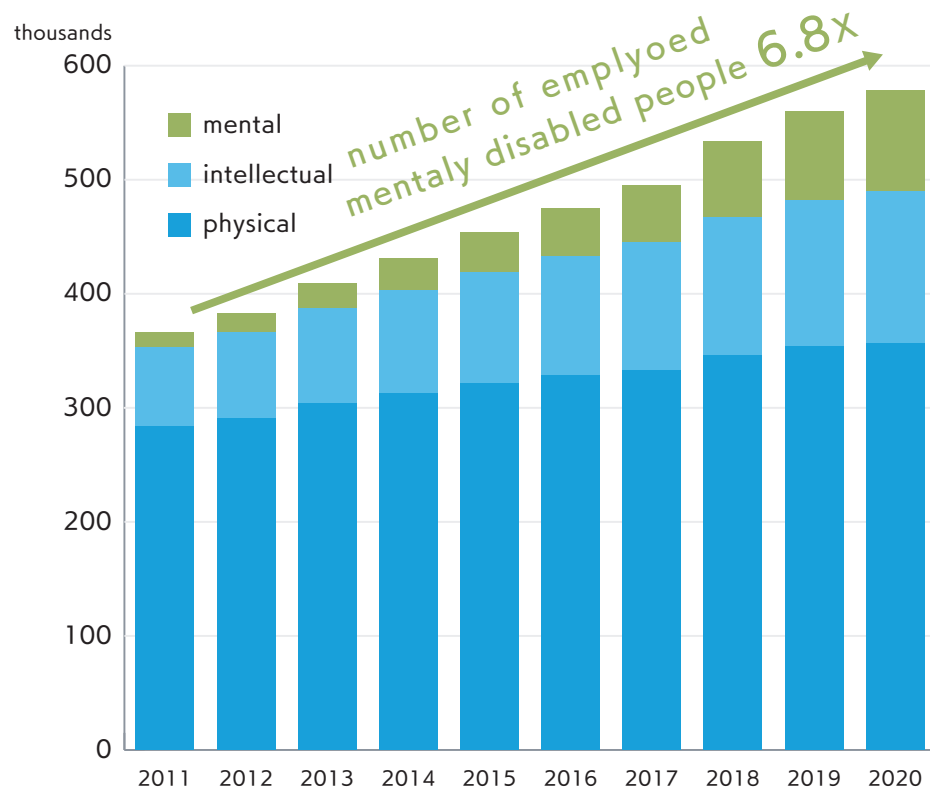
Source: Cabinet Office
(Annual Report on Government Measures for Persons with Disabilities).



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

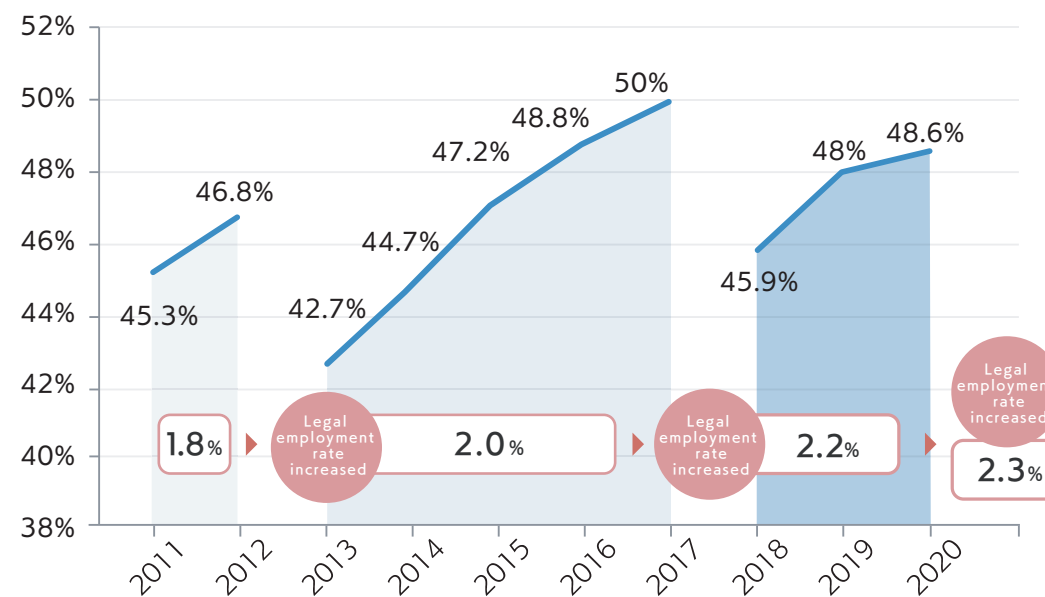
- Number of employed disabled people are increasing. Legal employment rate increased to 2.3%

Number of
employed disabled people



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

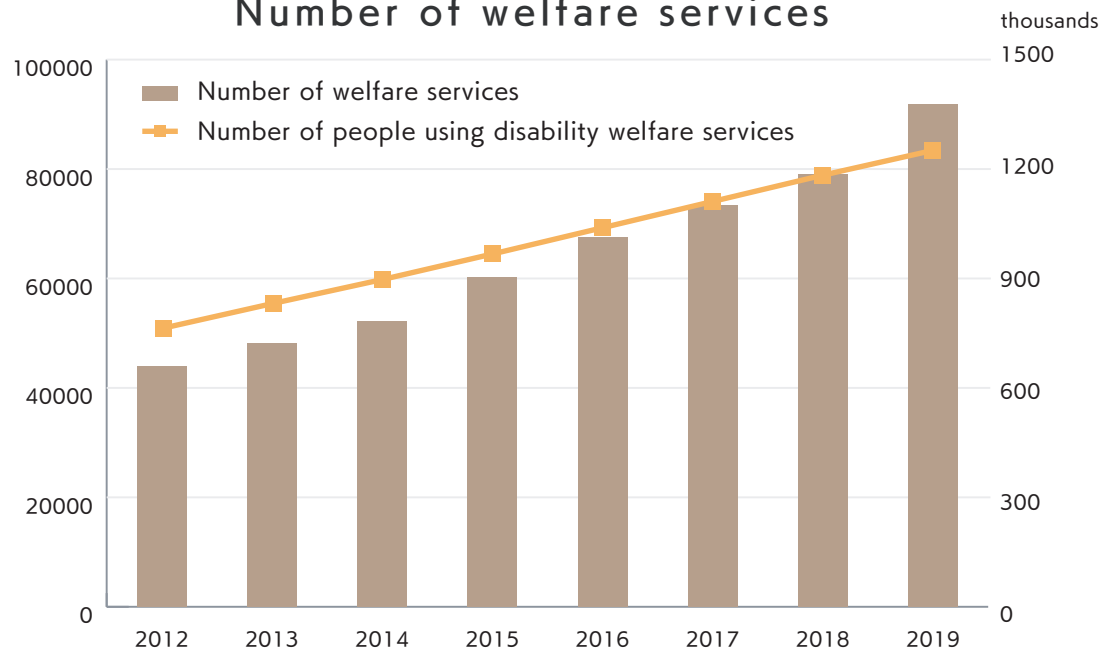
Percentage of Companies
Achieving the legal employment rate



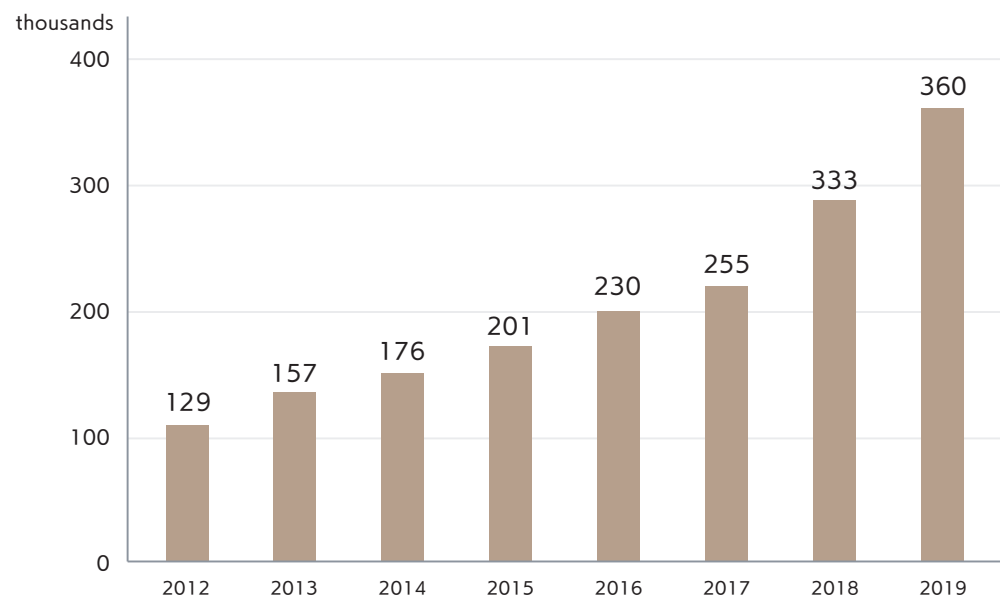
Source: MHLW (Survey of social welfare facilities)

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

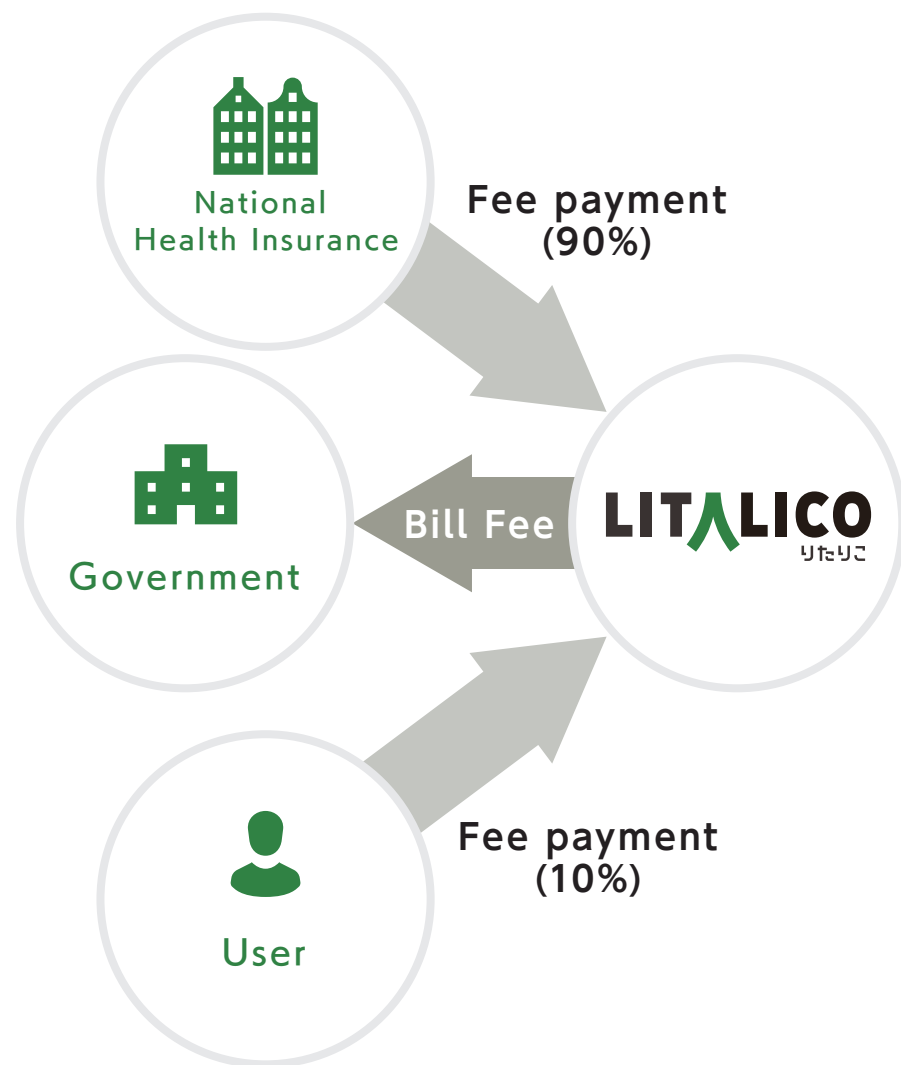
Number of people
using disability welfare services
Number of welfare services



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)
Base Fee (Weekdays 604, Weekends 721)

※1point=10JPY

People Employed through using LITALICO Works

- FY 2020 : 1,302People、Cumulative 10,168People
- Retention Rate after 6 months of being employed : 90.0%

LITALICO Junior users

- As of March 2021 : 7,52

LITALICO Wonder users

- As of March 2021 : 3,694

Female Employee Ratio

- Company : 64.6%
- Managerial Posititon : 52%
- New Graduate : 73.2%

Company training and skill up opportunities

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

Company compensates for some remote working expenses.



—— 障害のない社会をつくる

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