

October 2022



FY 2022 Q2 Earnings Presentation

LITALICO Inc.
[TSE Code: 7366]



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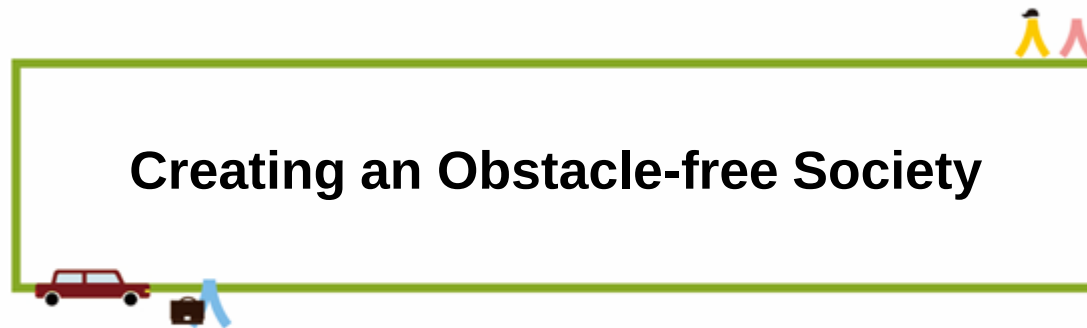
Furthermore, information and data other than those concerning the Company and its subsidiaries/affiliates are quoted from public information, and the Company has not verified and will not warrant its accuracy or dependency.

Business Strategy



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

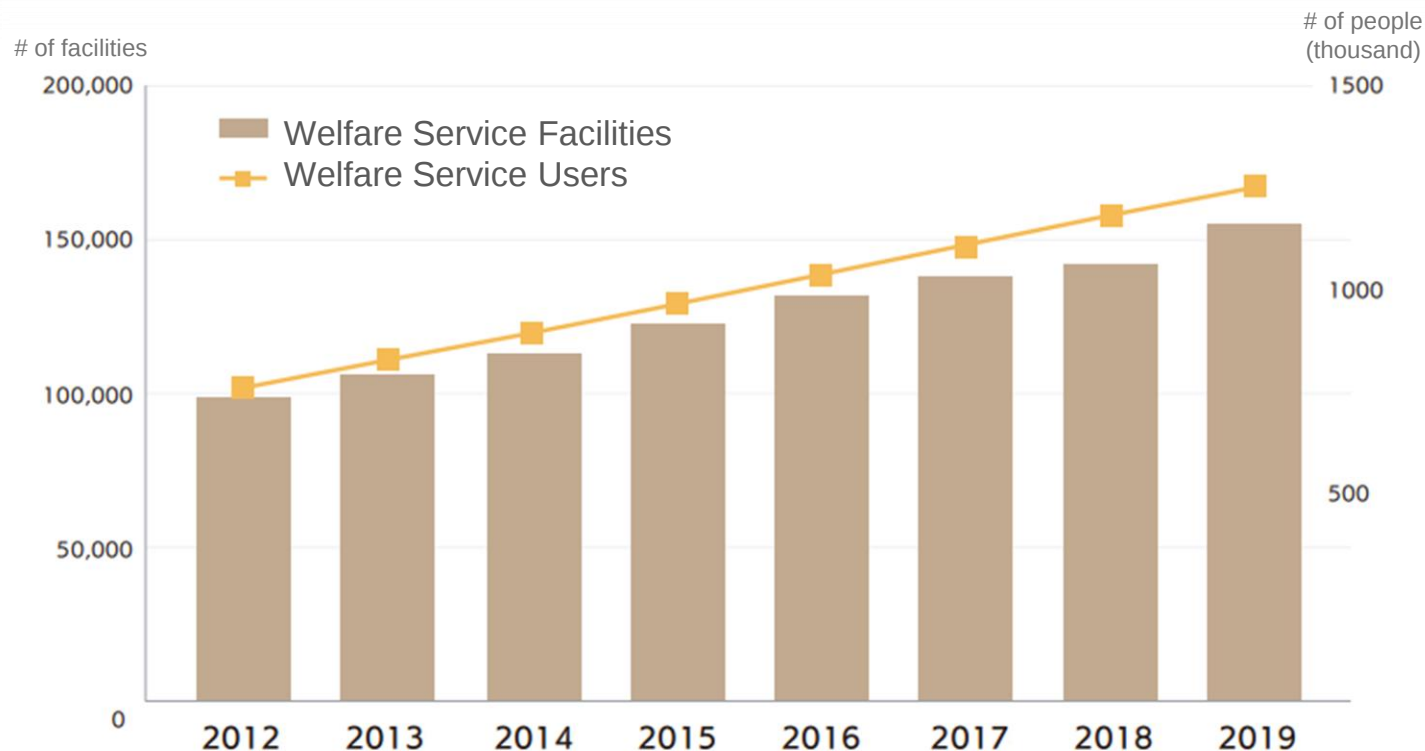
We aim to create an inclusive world where both are achieved interdependently.



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.

Number of Welfare Service Users and Provider Facilities

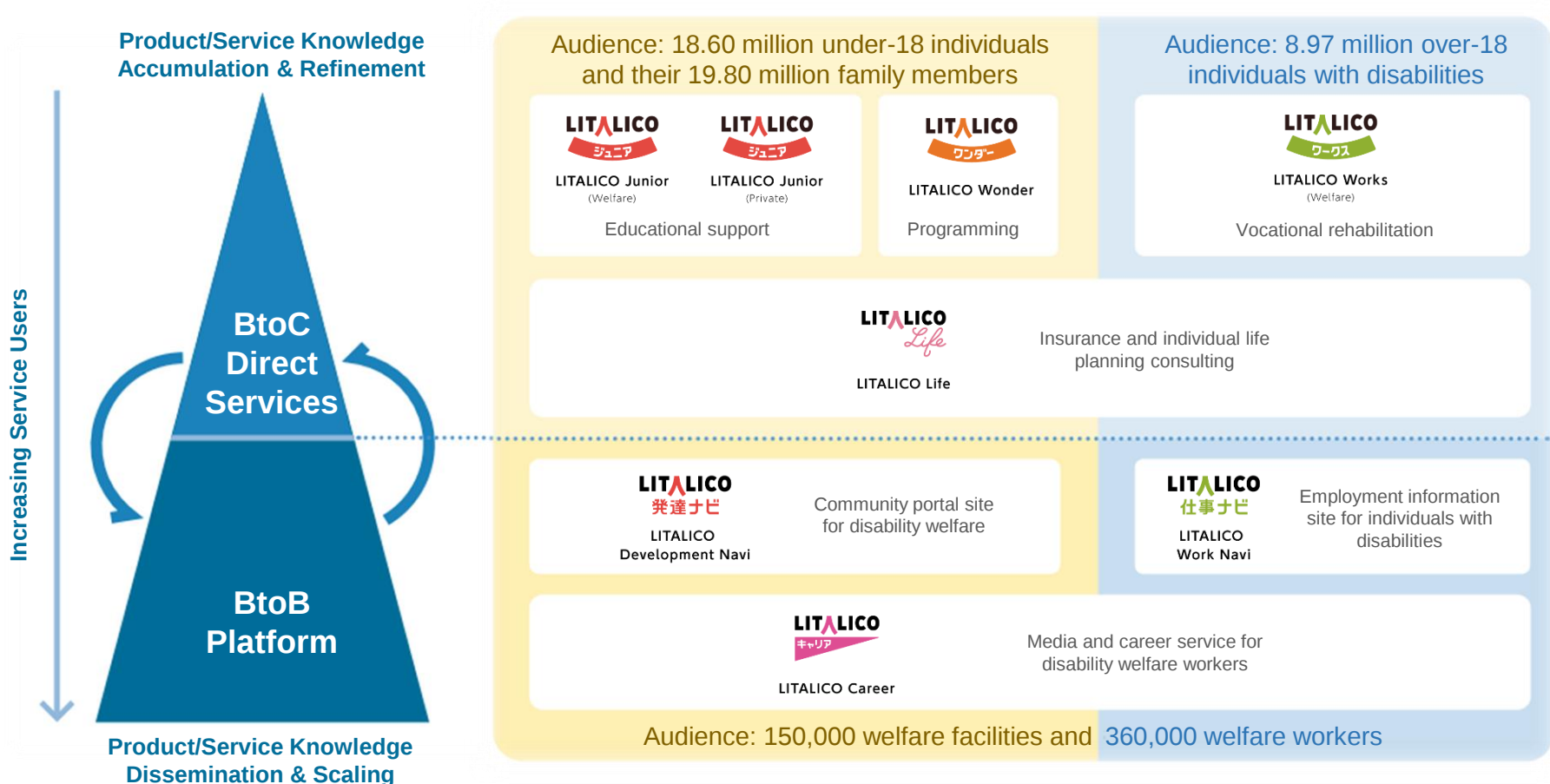


Disability welfare service users and providers continue to increase, reflecting a mounting social need

STRATEGY

LITALICO's Total Solution in the Disability Arena

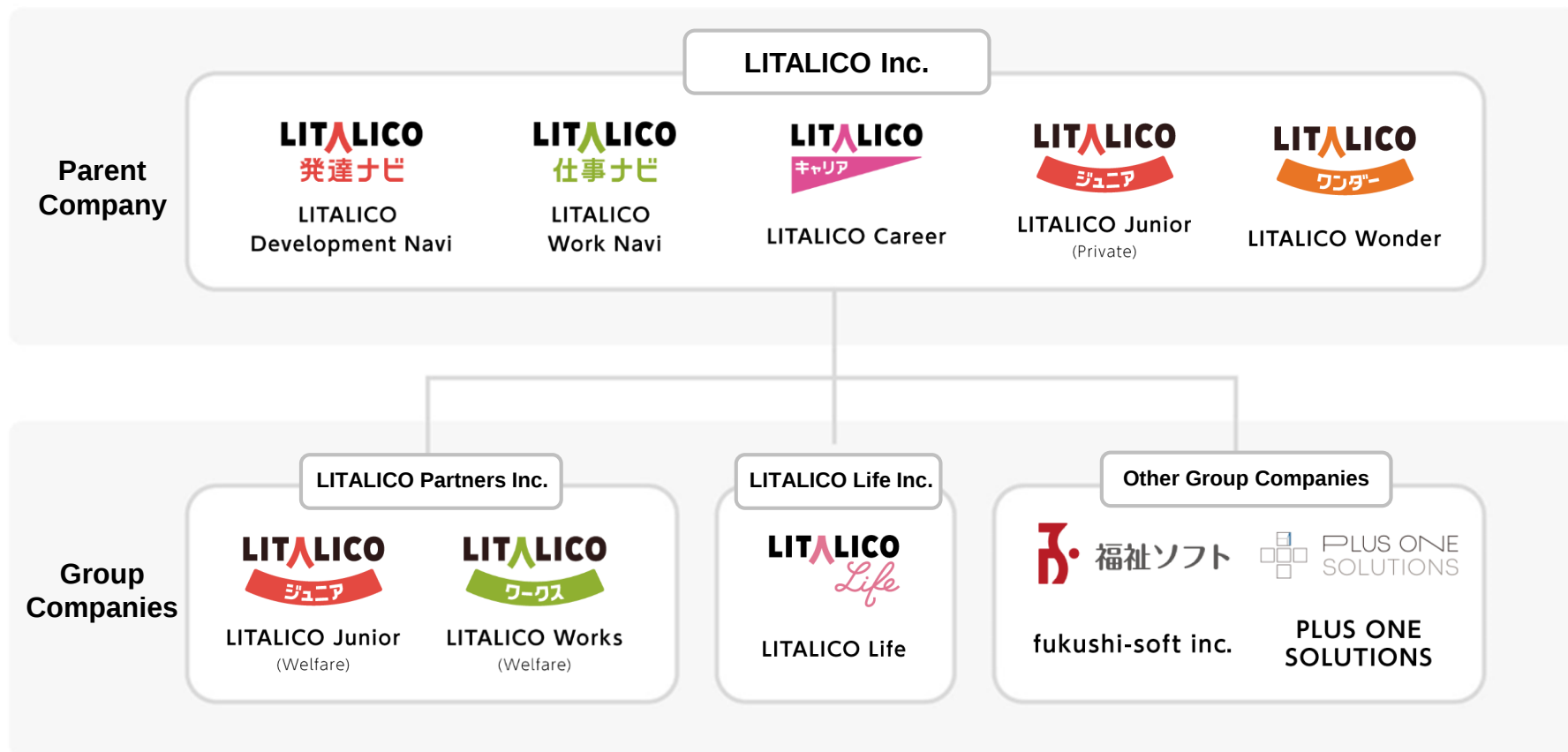
- **BtoC: Provision and expansion of proprietary high quality services**
- **BtoB: Commercialization and dissemination of proprietary services across entire industry**
- **Competitive advantage within the disability welfare industry through support and engineering capabilities**
- **Reinforcement of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



STRUCTURE

Parent and Group Companies

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



Consolidated Financial Results

RESULTS

FY2022 H1 Consolidated and Segment Overview

CONSOLIDATED

- 11.4 bln yen in sales (+21% YoY), 1.35 bln yen in operating profit (+36% YoY)
- Tracking healthy progress versus company annual forecast

LITALICO Works

- 7 new site launches increased total to 113 sites
- Customer attraction remained healthy at both existing and new sites
- Continued job placement increase trend resulted in temporary dip in facility operation rates vs PY

LITALICO Junior

- 12 new site launches increased total to 125 sites
- Customer attraction remained healthy at both existing and new sites
- Temporary COVID induced decrease of approx. 90 million yen in sales and profits for Q2

LITALICO Platform

- 1.5 bln yen in sales (approx. 2x YoY), and 540 mln yen in segment profits (approx. 9x YoY)
- Impact from healthy increase in contracts, and re-pricing of the Fukushi-soft

Others

- Each business expanded favorably, with sales at 1.5 bln yen (+19% YoY)
- LITALICO Wonder has re-launched site expansion; 2 new site launched increased total to 19 sites.

RESULTS

Consolidated P&L

- Profit increase even with aggressive investments
- Temporary COVID induced decrease of approx. 90 million yen in sales and profits for Q2

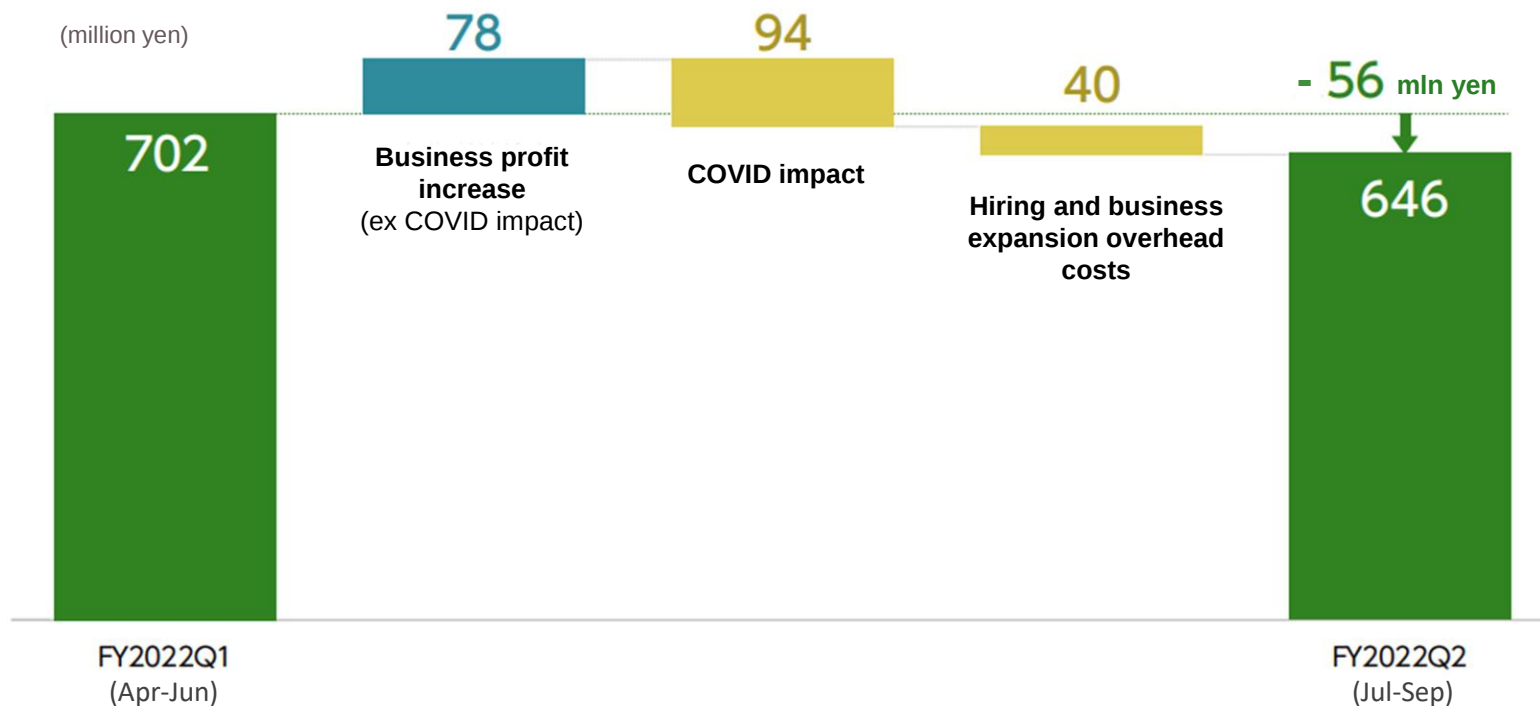
(million yen)

	FY2022 H1	FY2021 H1	% YoY
Sales	11,405	9,455	+ 20.6%
Operating Profit	1,348	990	+ 36.2%
Ordinary Profit	1,219	865	+ 41.0%
Net Income	662	391	+ 69.4%

RESULTS

FY2022 Q1 vs Q2 Operating Profit Breakdown

- Investment for future growth continued despite negative COVID impact
- Growth remained on track with annual forecast



RESULTS

Segment Income Statement

- Sales and profit increased across all segments
- Platform business profits increased approximately 9x YoY

(million yen)

		FY2022 H1	FY2021 H1	% YoY
LITALICO Works	Sales	4,683	4,198	+ 11.5%
	Profit	1,723	1,653	+ 4.3%
LITALICO Junior	Sales	3,737	3,188	+ 17.2%
	Profit	624	514	+ 21.2%
LITALICO Platform	Sales	1,534	846	+ 81.1%
	Profit	540	59	approx. 9x
Others	Sales	1,451	1,221	+ 18.8%
	Profit	- 18	- 67	--

RESULTS

Absorption Merger with Fukushi-soft

- Business integration has progressed smoothly since the consolidation of Fukushi-soft in Feb 2021
- Fukushi-soft will be absorbed as of Jan 1, 2023

Up to Dec 31, 2022



From Jan 1, 2023



► Increased team integration for further platform business expansion

Financial Forecasts

FORECAST**Consolidated Annual Forecast**

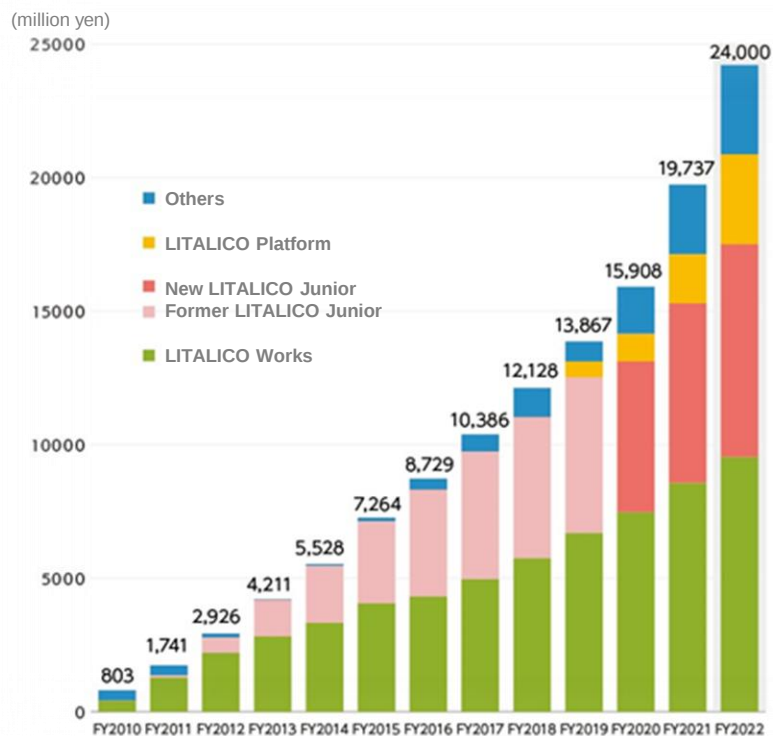
- Profitability to increase along with continued aggressive investments in platform business
- Fukushi-soft pricing changes and PlusOne Solutions acquisition impacted 800 million yen in sales increase
- Expansion accelerating with 14 LITALICO Works and 15 LITALICO Junior planned facility launches
- LITALICO Wonder resumed facility launches in response to healthy increase in users

(million yen)

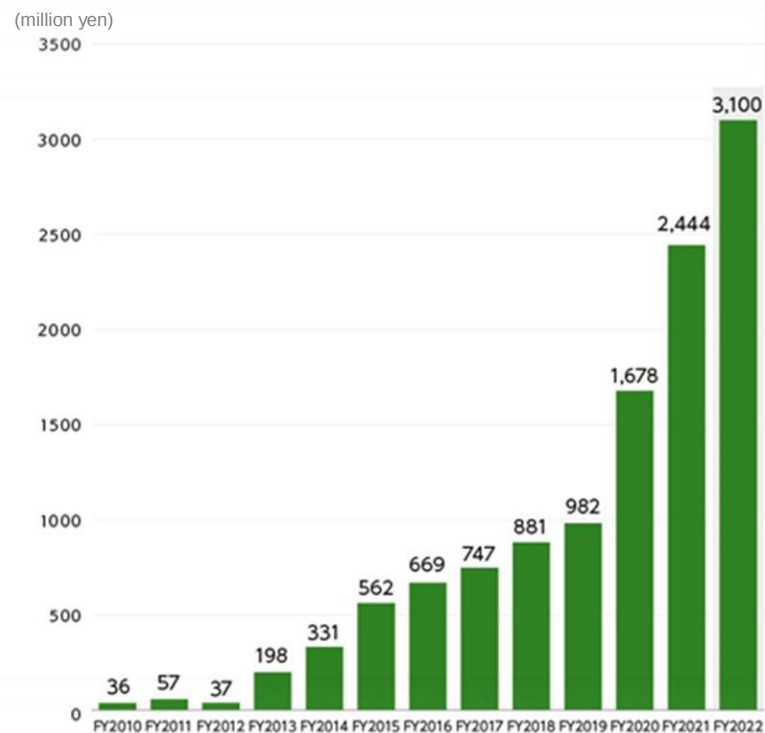
	FY2022	FY2021	Δ YoY	% YoY
Sales	24,000	19,737	+ 4,263	+ 21.6%
Operating Profit	3,100	2,444	+ 656	+ 26.8%
Ordinary Profit	2,850	2,241	+ 609	+ 27.2%
Net Income	1,450	1,078	+ 372	+ 34.5%

- Planning for ten consecutive years of sales and profit increase

Sales



Operation Profit



Business Results

SEGMENT

LITALICO Segments and Business Units

LITALICO Works Segment



LITALICO Junior Segment



LITALICO Platform Segment



Others Segment



SEGMENT

LITALICO Works (Welfare)

LITALICO Works Segment



LITALICO Junior Segment



LITALICO Platform Segment



Others Segment



RESULTS

LITALICO Works (Vocational Rehabilitation Welfare)



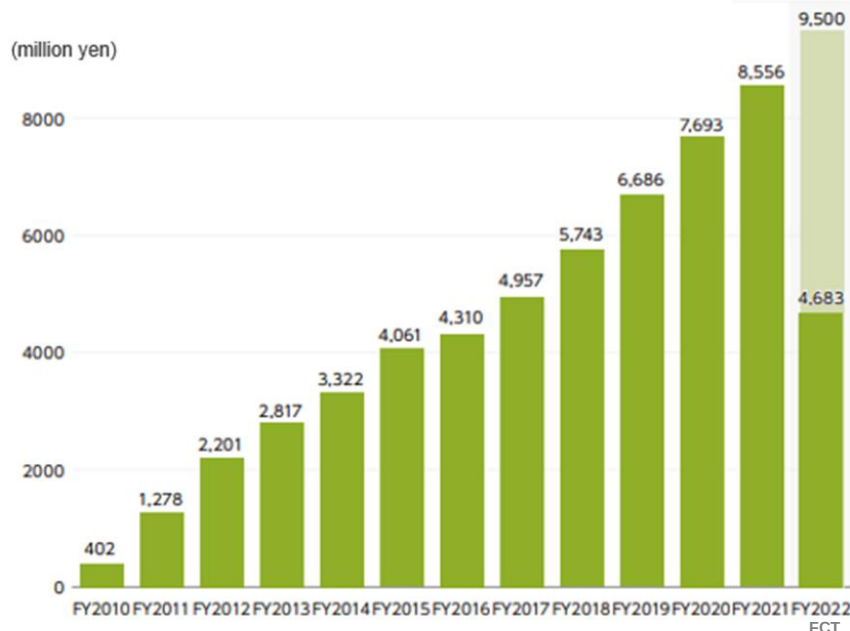
LITALICO Works
(Welfare)

Vocational rehabilitation for
individuals with disabilities

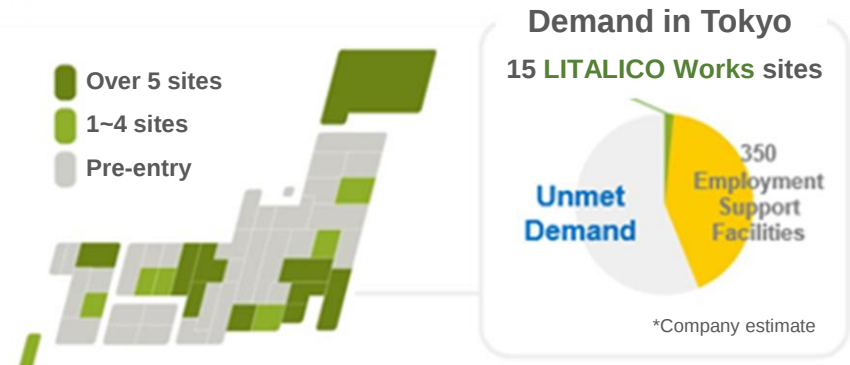


- 113 facilities (+7 sites vs PFYend)
- 14 total launches planned for FY2022
- Internal structural fortification planned to support expansion pace

LITALICO Works Sales



FY22 LITALICO Works Facilities



Locations

7 new sites:

Hokkaido, Okayama, Fukuoka, Saitama, Aichi, Kanagawa, Hyogo

RESULTS

LITALICO Works



LITALICO Works
(Welfare)

Vocational rehabilitation for
individuals with disabilities

- 12,836 cumulative placements, achieved 91.3% 6 months retention rate
- Annual job placements largely increased to 956 service users (+20.1% YoY)
- Continued technology utility such as VR and automated support systems

Employment Placement Track Record

H1 Placements

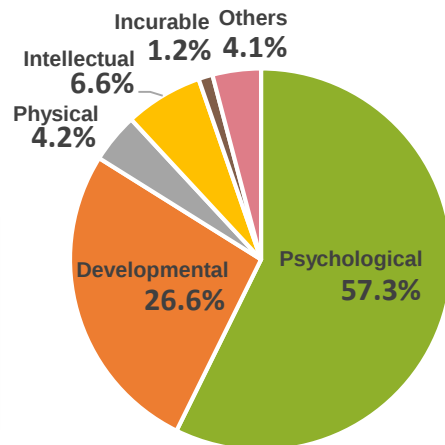
956 (+160 YoY)

Cumulative: 12,836

6 Month
Retention Rate

91.3%

Types of Disorders



(FY numbers)

Automated Rehabilitation Planning System

- Automated system based on accumulated data that recommends the most suitable vocational rehabilitation plan for the user
- Becoming a data platform for future development of a more refined support and matching algorithm



SEGMENT

LITALICO Junior (Welfare)

LITALICO Works Segment



LITALICO Junior Segment



LITALICO Platform Segment



Others Segment



RESULTS

LITALICO Junior (Welfare)



LITALICO Junior
(Welfare)

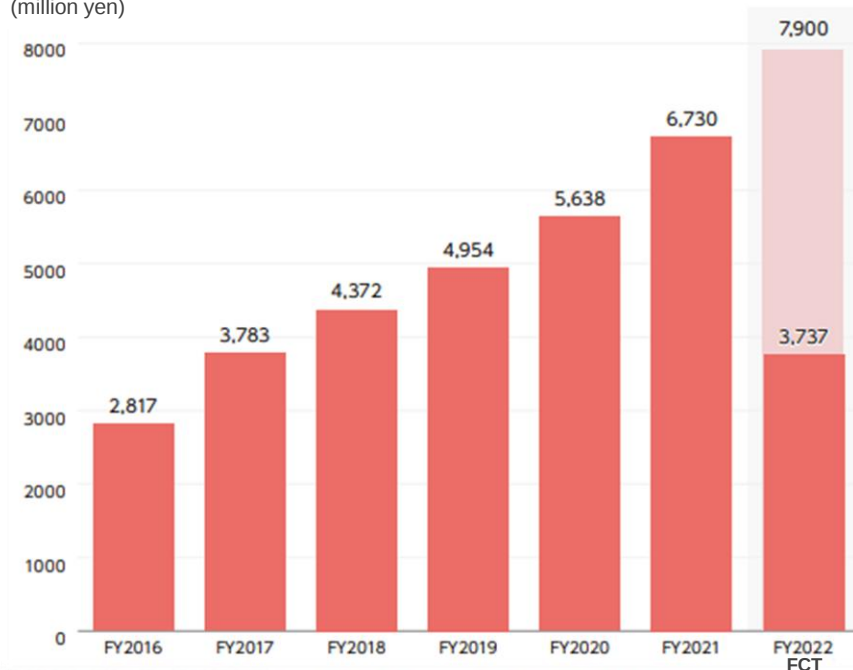
Children's social skills development
and education classes



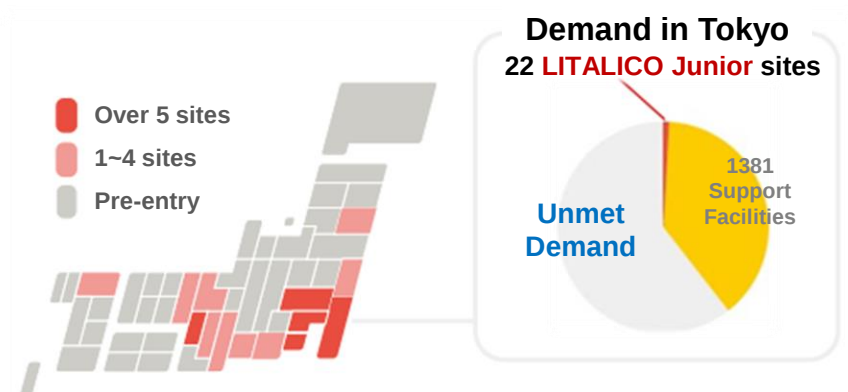
- 125 facilities (+12 sites vs PFYend)
- Sales and profits increase due to healthy pace of facility launches
- 15 total launches planned for FY2022, with expected increase in pace

LITALICO Junior Sales

(million yen)



FY22 LITALICO Junior Facilities



Locations

12 new sites:

Saitama x 3, Chiba, Aichi x 2, Osaka, Fukuoka x 2, Kanagawa x 3,

SEGMENT

LITALICO Platform

LITALICO Works Segment



LITALICO Junior Segment



LITALICO Platform Segment



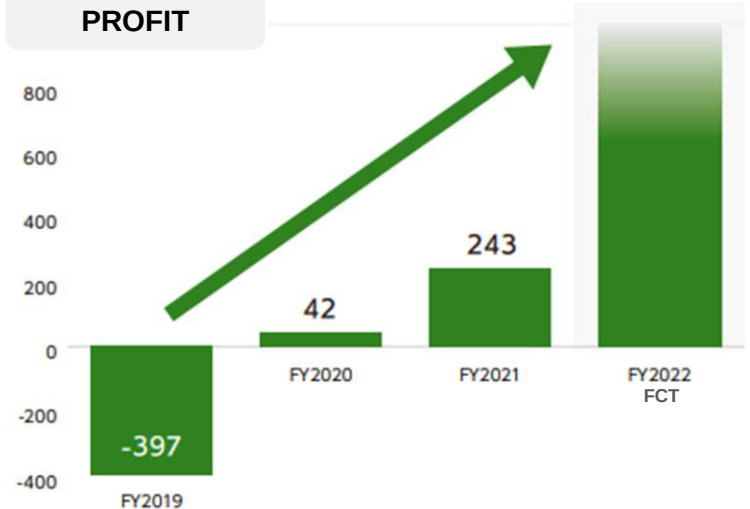
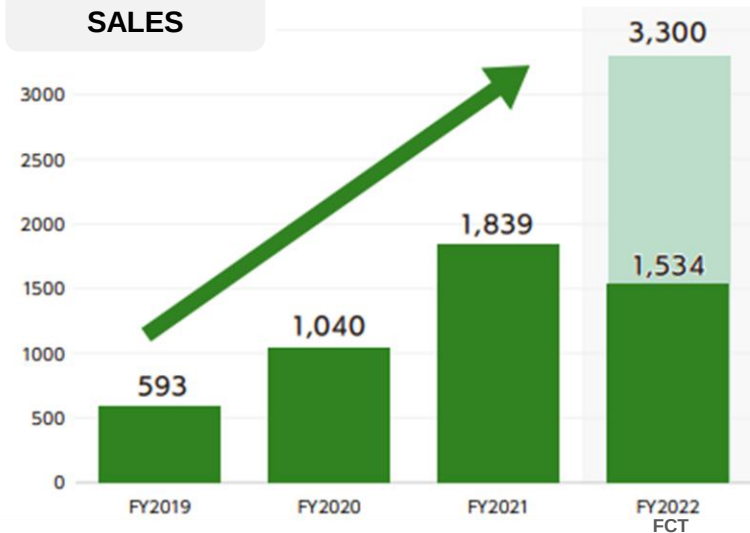
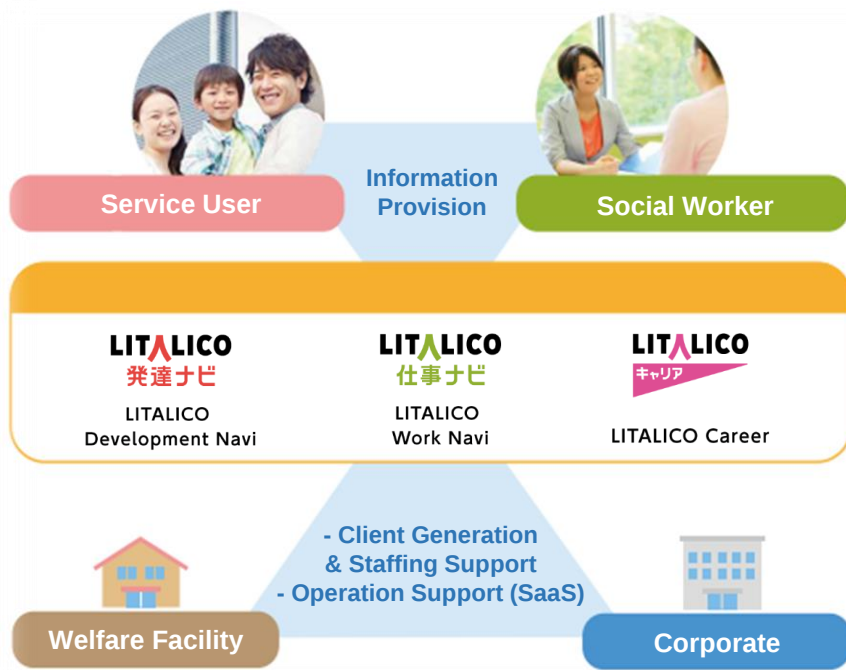
Others Segment



RESULTS

LITALICO Platform

- **Sales +81% 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**



RESULTS

LITALICO Platform

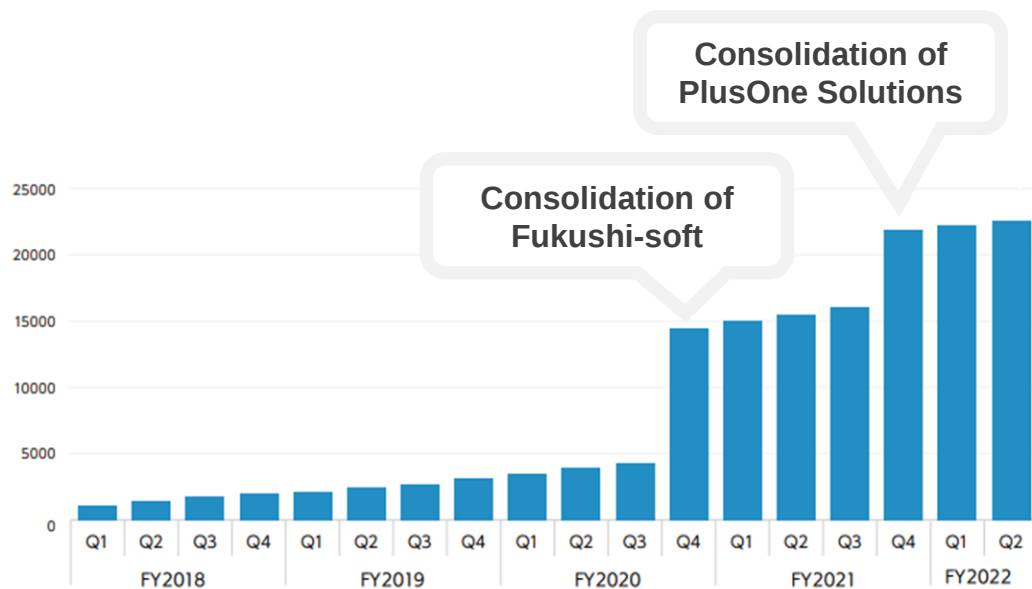
LITALICO
発達ナビ
LITALICO
Development Navi

LITALICO
仕事ナビ
LITALICO
Work Navi

LITALICO
キャリア
LITALICO Career

- Steady increase in service contracts
- Fukushi-soft users remain steady with low drop-off since pricing changes
- Further fortification of nursing care SaaS business through consolidation of PlusOne Solutions

LITALICO Platform Business Subscription Contracts



* fukushi-soft inc. consolidated as of Jan 2021; Plus One Solutions consolidated as of Mar 2022
* facilities using other contract formats also exist

Service Provision Expansion



Disability Welfare
150,000
facilities



Corporates, others
100,000
facilities



Schools, Nurseries
70,000
facilities



Nursing Care
300,000
facilities

- Current line-up services disability welfare facilities, 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 Facilities



Billing & Operations
Support



Education, Material
& Training Support



Factoring



Client
Generation



Staffing
Support

Services for Schools and Nurseries



Education, Material
& Training Support



Program Planning
Support

Services for Nursing Care



Billing & Operations
Support

RESULTS

Internal Fortification for Platform Business Growth

- 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

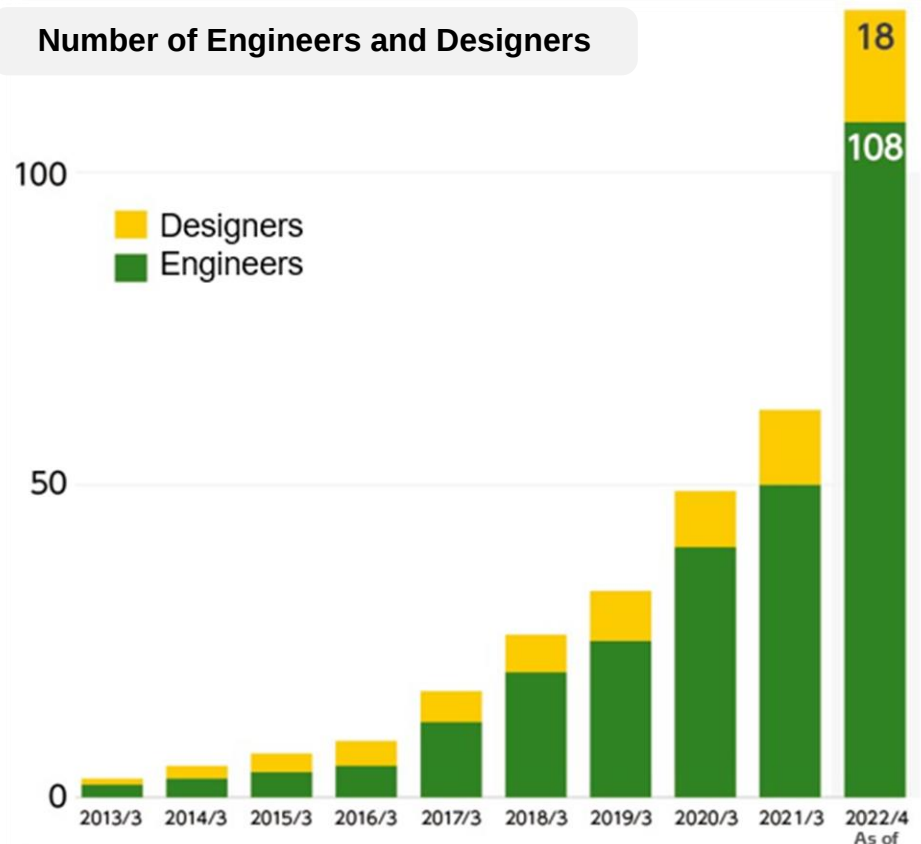
The significance of the work being done that one can be proud of, in a previously unfamiliar industry

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



SEGMENT

Others

LITALICO Works Segment



LITALICO Junior Segment



LITALICO Platform Segment



Others Segment



RESULTS

Others LITALICO Junior (Private), LITALICO Wonder, LITALICO Life

- **Sales +19.0% YoY**
- **Services in Others segment offers a line-up of 100% self-paid services that are unhindered by welfare structures**

LITALICO Junior (Private)

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

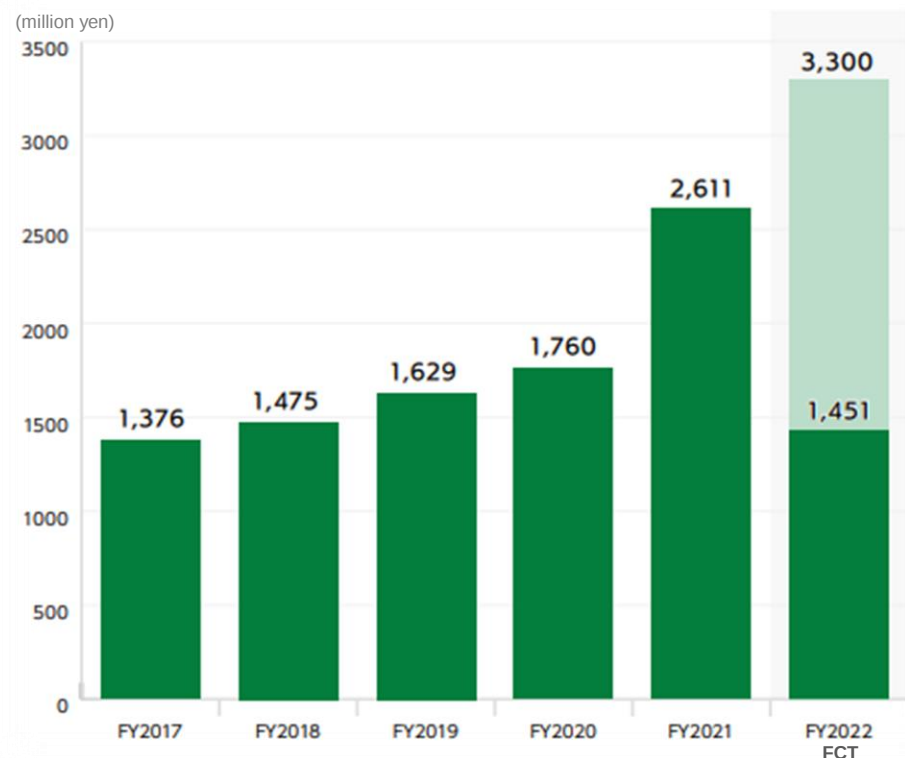
LITALICO Wonder

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



RESULTS

LITALICO Junior (Private)



LITALICO Junior
(Private)

Children's social skills development
and education classes



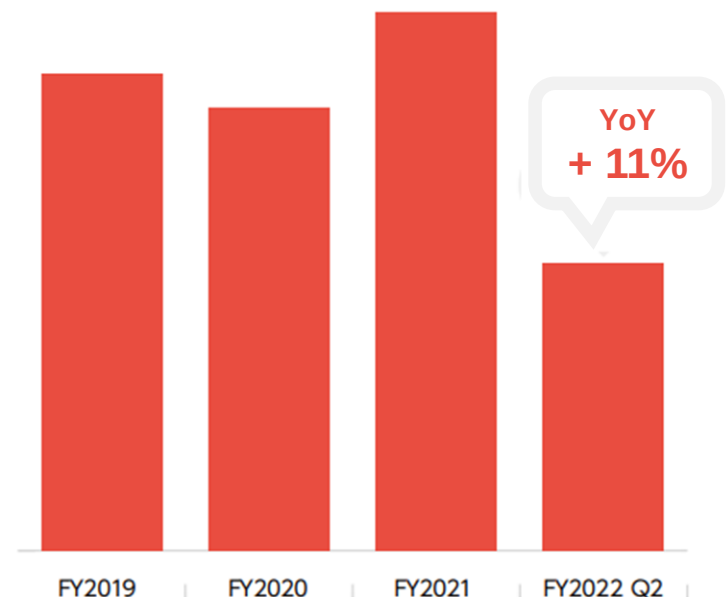
- A short-term intensive service model (out-of-pocket)
- Current focus on hiring, staff education, and structural fortification for further site expansion

LITALICO Junior Private Course Features

- 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



Sales Trend



RESULTS

LITALICO Wonder



LITALICO Wonder

Children's creativity enhancement classes through IT and crafting



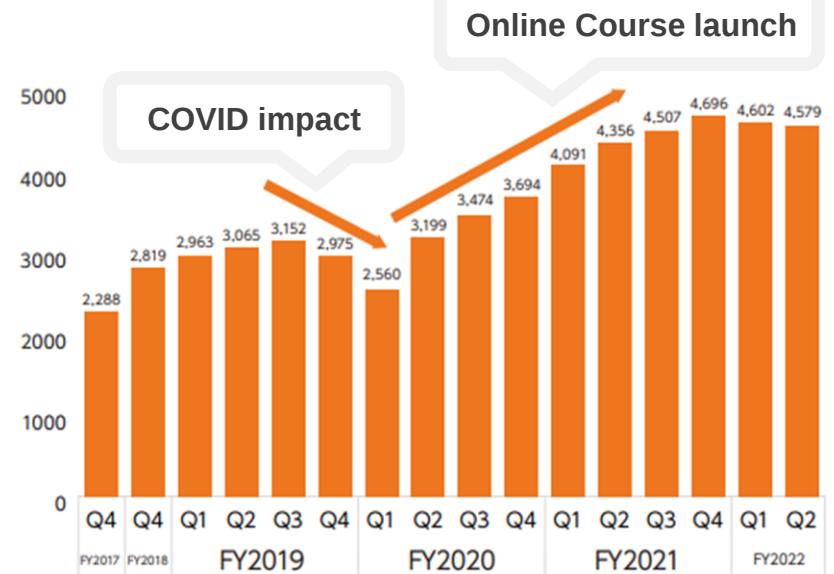
- Total 19 sites with 4,579 students
- Increased capacity from new site launches
- Prices raised for new clients joining post Apr 2022

LITALICO Wonder Online Course Features

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



Number of Students



RESULTS

LITALICO Life



LITALICO Life

Insurance and individual
life planning consulting



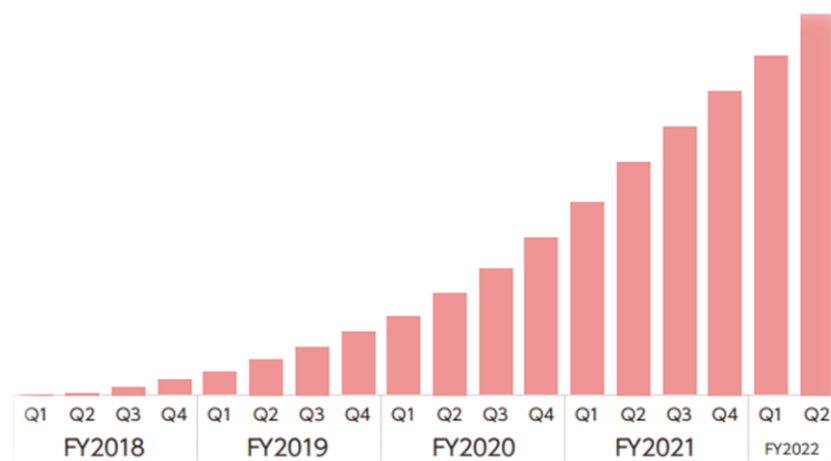
- Healthy increase in cumulative number of households utilizing services
- Launched nationwide study groups with specific themes

Service Area Expansion

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



Number of Household Service Users (Cumulative)



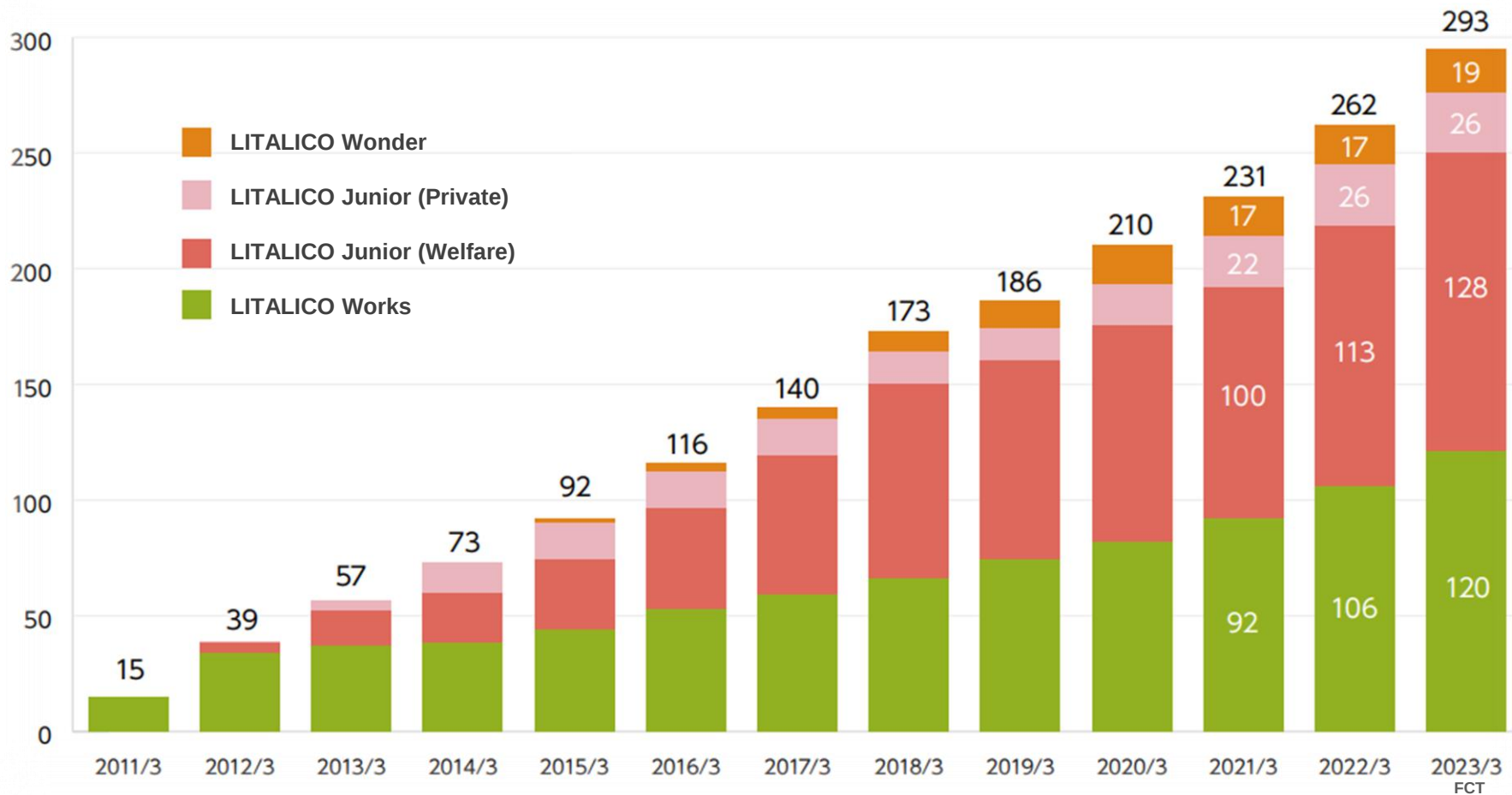
Reference



REFERENCE

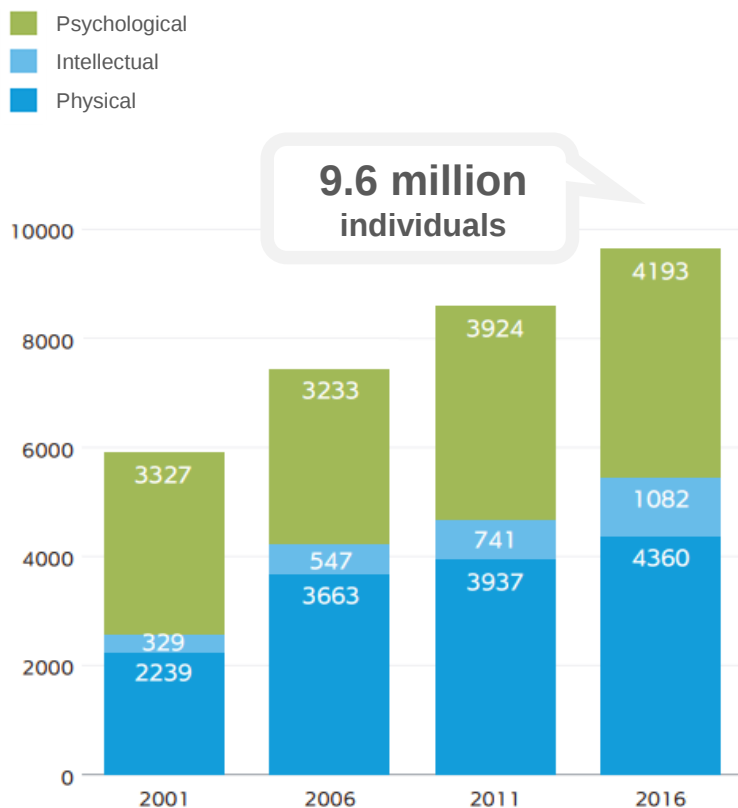
Number of Service Provision Facilities

- Total 293 sites planned for FY2022



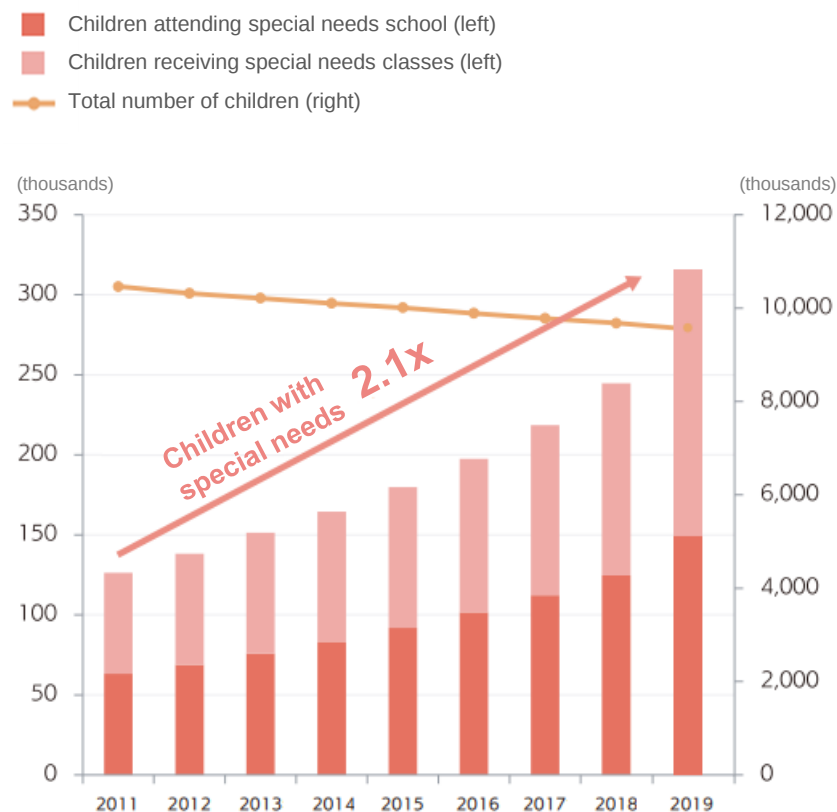
- Number of individuals with disabilities continue to increase, with more children attending special needs classes in addition to normal school

Number of All Individuals with Disabilities



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

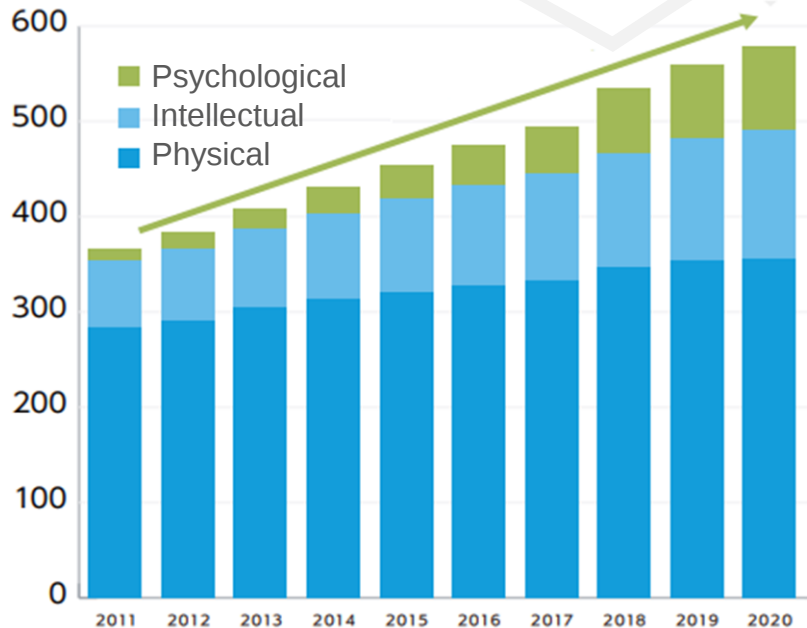
Children with Developmental Disorders Receiving Special Needs Schooling (Grades 1~9)



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

Employment of Individuals with Disabilities

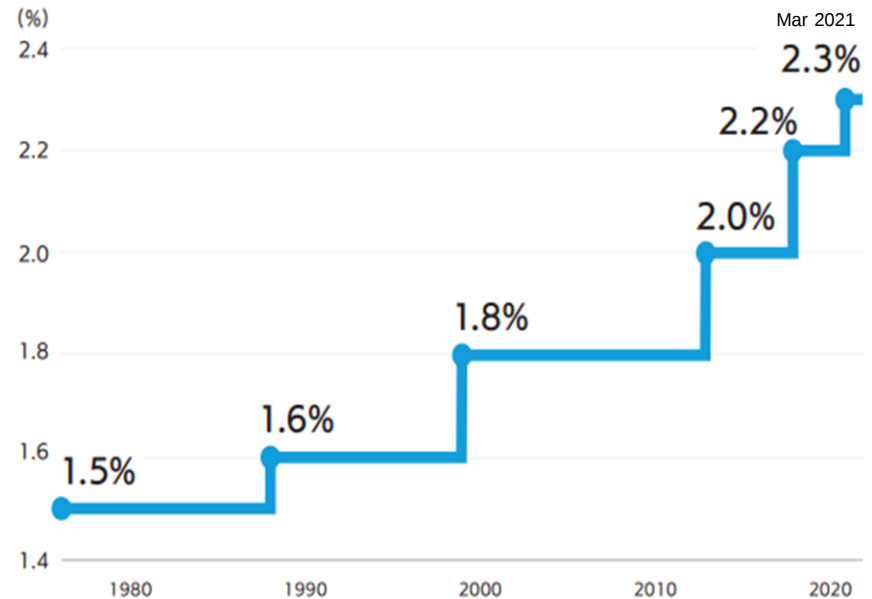
6.8x increase over past 10 yrs
in employment of psychologically
disabled individuals



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

Legally Mandated Employment Rate

Legally mandated employment
rate continues to rise

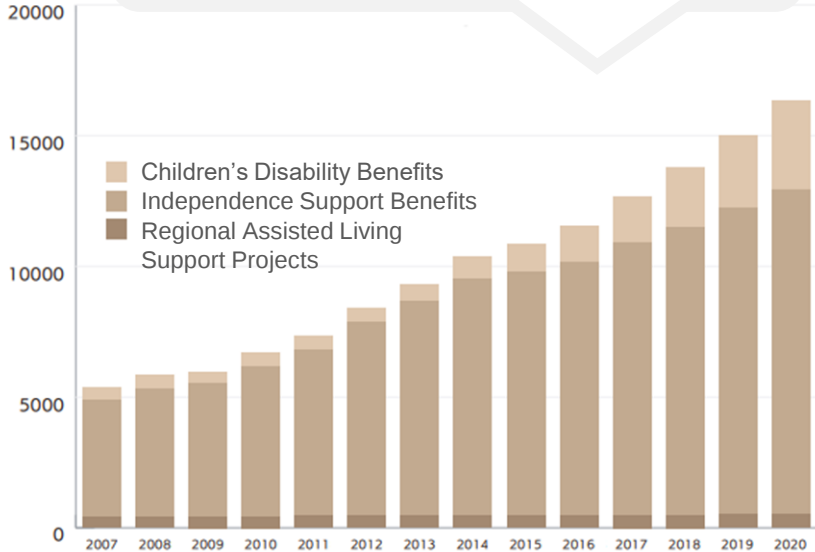


REFERENCE

LITALICO Business Environment (3)

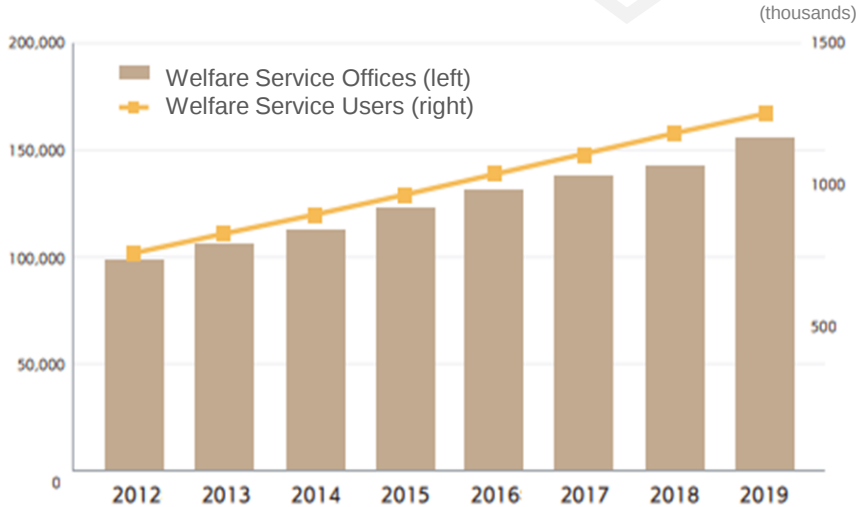
- **Welfare services and peripheral industry (medical, nursing care, etc.) markets continues to rise**

**Welfare service budget continues to rise
topping 1.5 trillion yen**



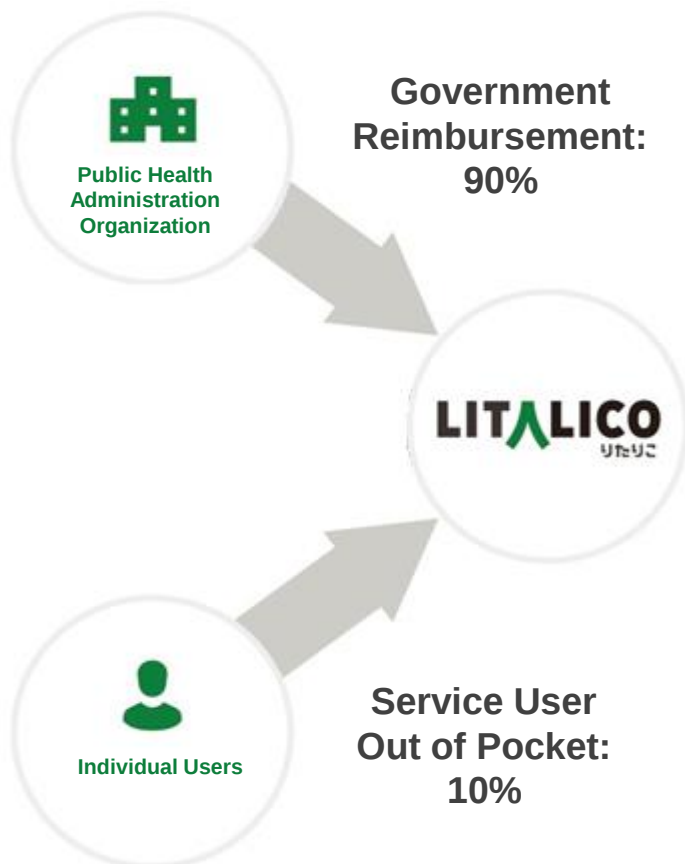
*Ref: Ministry of Health, Labour and Welfare

**Welfare facilities also increasing with
now over 150,000 sites**



REFERENCE

Publicly Funded Businesses



LITALICO Works Pricing

Employment Transition Support

Up to 6 mths into employment

Per person; 20 person limit

1st Yr: ¥8,100 /session

2nd Yr: ¥8,100~9,400 /session

3rd Yr: ¥11,000 /session

Employment Retention Support

From 6 mths to 3 yrs into employment

Per person; unlimited

¥ 20,000~30,000 /month

LITALICO Junior Pricing

Development Support

Up to Pre-school

Per person; 10 person limit

¥15,000 /session

Afterschool Daycare Service

Grades 1 ~12

Per person; 10 person limit

Weekday: ¥9,800 /session

Weekend : ¥11,000 /session

Daycare Visitation Service

Per person; unlimited

¥15,000 /session

¥20,000 /session

REFERENCE

Reimbursement Points Table

- Points are revised every three years; most recent update occurred in Apr 2022

Employment Transition Support Reimbursement Points per Session

Based on 6 month retention of employment across the average of previous two fiscal years

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

Child Development Support Reimbursement Points per Session

Supports disability certified individuals ages 0~6

Personal Support	Points
Specialized Support	123~187
Social Worker Support	90~187
Base Fee	885

Employment Retention Support Reimbursement Points per Session

Based on employment retention rate of supported individuals during the previous fiscal year

Job Retention	Points
Over 95%	3,449
90~94%	3,285
80~89%	2,710
70~79%	2,176
50~69%	1,642

Afterschool Day Service Reimbursement Points per Session

Supports disability certified individuals ages 6~18

Personal Support	Points
Professional Support	187
Social Worker Support	90~187
Base Fee	Weekday 604, Weekend 721

LITALICO Works Assisted Employment Placements

- As of Sep 2022 end: 956
- Historical cumulative: 12,836
- 6 month retention rate: 91.3%

LITALICO Number of Employees by Segment

- LITALICO Works: 1,014
- LITALICO Junior: 1,453
- LITALICO Platform: 271
- Others: 673

LITALICO Ratio of Female Employees

- Firm-wide: 65.2%
- Middle and Upper Management: 50.8%
- New Grads: 79.6%

LITALICO Junior Users

- As of Sep 2022 end: 8,732

LITALICO Wonder Users

- As of Sep 2022 end: 4,579

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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