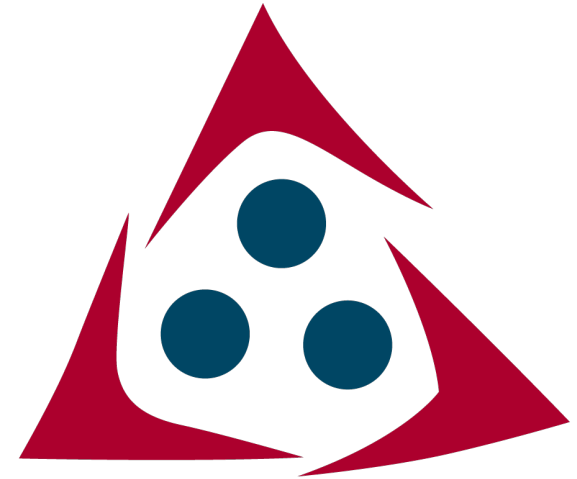


FY12/2021 4Q/Full Year Financial Results

LaKeel Inc, 14 Feb, 2022
(TSE Mothers : 4074)



LaKeel

- 1. Highlights of FY 12/2021 results**
- 2. Result trend and overview of consolidated result**
- 3. FY12/2022 earnings forecasts**
- 4. Our businesses and growth strategies**
- 5. Appendix**

1. Highlights of FY12/2021 results

Highlights of FY12/2021 results

Achieved both sales and profit growth driven by strong Product Services sales

Consolidated Results

YoY

**Sales & Profit
Growth**

Product Services Sales

YoY

+45.9%
(+¥929mn)

Professional Services Sales

YoY

-13.0%
(-¥430mn)

Operating Profit

YoY

+116.2%
(+¥295mn)

Recurring Profit

YoY

+102.9%
(+¥250mn)

Net Profit

YoY

+127.1%
(+¥177mn)

Highlights of FY12/2021 results

Subscriptions for LaKeel products on track

Product Services sales

Sales weighting, YoY

38.0% ⇒ 50.7%

Subscription^{※1} User

Vs. end-FY2020

+21.8%
(+44 users)

202 users ⇒ 246 users

Subscription^{※1} Sales

YoY

+48.8%
(+¥206mn)

¥422mn ⇒ ¥628mn

New products released

LaKeel HR
(Strategic HR package)

MRR^{※2}

YoY (Oct-Dec)

+44.5%
(+¥18.0mn)

¥40.5mn ⇒ ¥58.5mn

ARPU^{※2}

YoY (Oct-Dec)

+18.7%
(+¥37k)

¥200k ⇒ ¥237k

※1 Subscriptions based on LaKeel products

※2 MRR (Monthly Recurring Revenue) = average 3m cumulative sales. ARPU = MRR divided by # of users per month

2. Result trend and overview of consolidated result

Achievement status for FY result

Delivered ever better result than earnings upgrade in Dec



Overview of Q4/FY result (P/L)

Increased both YoY sales and profit for Q4 as well as for FY

(Unit:¥mn)	FY2021 4Q	Previous (FY2020 4Q)		FY2021	Previous (FY2020)	
		Actual	YoY		Actual	YoY
Sales	1,632	1,392	17.3%	5,830	5,331	9.4%
Gross profit	587 (36.0%)	458 (33.0%)	28.2%	2,048 (35.1%)	1,769 (33.2%)	15.8%
SG&A	386 (23.7%)	349 (25.1%)	10.6%	1,499 (25.7%)	1,515 (28.4%)	-1.1%
OP	201 (12.3%)	109 (7.9%)	84.1%	549 (9.4%)	254 (4.8%)	116.2%
EBITDA	263 (16.1%)	161 (11.6%)	62.7%	766 (13.2%)	434 (8.2%)	76.3%
RP	189 (11.6%)	103 (7.4%)	82.9%	493 (8.5%)	243 (4.6%)	102.9%
NP	123 (7.5%)	64 (4.6%)	90.5%	317 (5.4%)	139 (2.6%)	127.1%

DX related sales drove overall growth

- Mainly Product services sales were strong due to higher DX
- Minimal impact from COVID-19

Improved margins

- Stronger sales in Product services and tighter control on projects via PMO drove margin improvement
- Reduced recruiting costs suppressed SG&A
- Improved margins almost double for FY YoY

※ We established PMO (Project Management Office) in order to review each projects comprehensively and cross-sectionally.

※ NP: Net Profit attributable to parent shareholders.

Sales breakdown by service

Rapid growth in Product Services, surpassed Professional Services even for FY

(Unit : ¥mn)		FY2021 4Q	FY2020 4Q		FY2021	FY2020	
			Actual	YoY		Actual	YoY
Consolidated total		1,632	1,392	17.3%	5,830	5,331	9.4%
Product Services		887	605	46.6%	2,953	2,024	45.9%
P r o d u c t s	License	62	105	-40.7%	321	235	36.3%
	Subscription (LaKeel Products)	175	121	44.5%	628	422	48.8%
	Subscription (Third party products)	36	51	-29.4%	158	204	-22.3%
	Others	32	18	78.4%	91	143	-36.7%
Consulting Services		580	308	88.0%	1,753	1,017	72.3%
Professional Services		744	786	-5.3%	2,876	3,306	-13.0%
Flow based business rev		15	24	-39.1%	68	202	-66.2%
Recurring revenue		729	761	-4.2%	2,807	3,103	-9.5%

Expanding
DX consulting

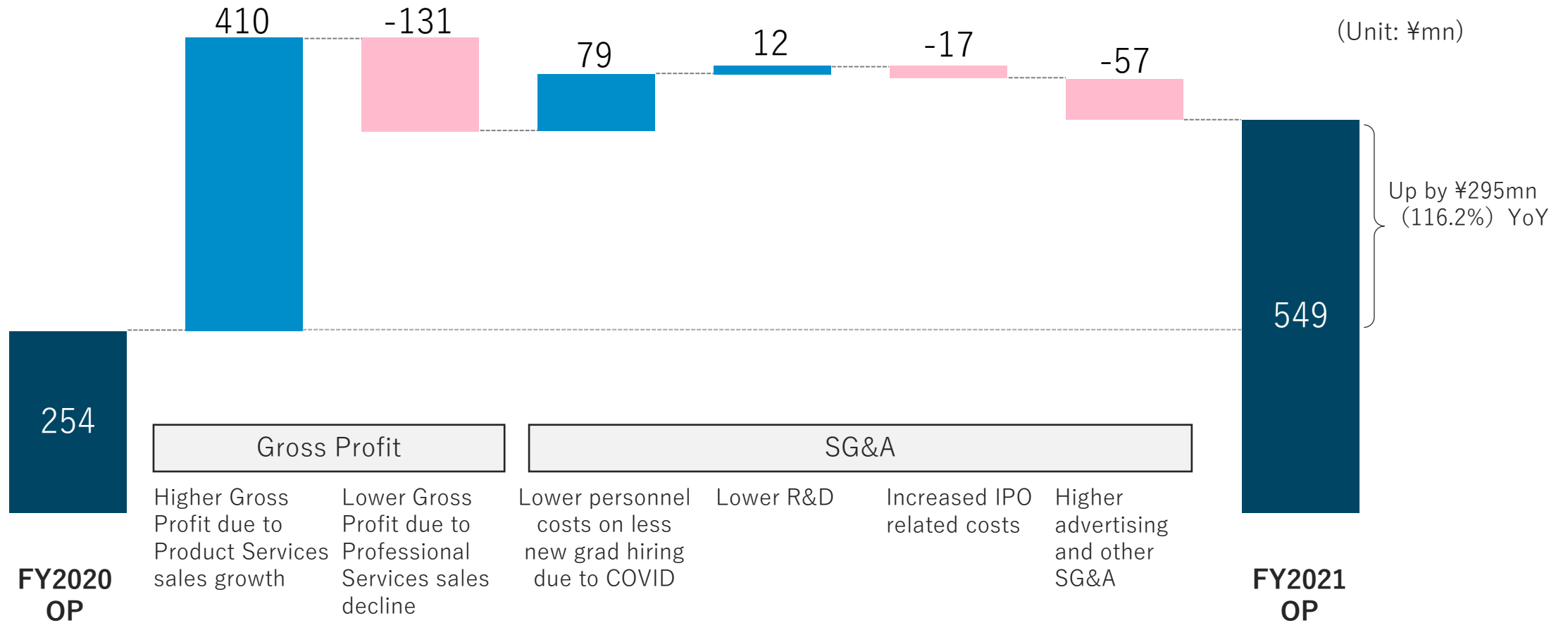
- License sales reached 1.3 times YoY
- Subscription based sales up 1.5 times YoY by building one by one
- Rapid sales growth in LaKeel DX installation consulting
- Third party products sales expect to decline

Focus on recurring
rev for Professional
services

- Restrain new users intentionally and focus on maintenance for existing users
- Maintaining as MRR slightly above ¥200mn

OP breakdown analysis

Significant increase driven by strong Product Services and reduced SG&A



Trend in sales contribution by service

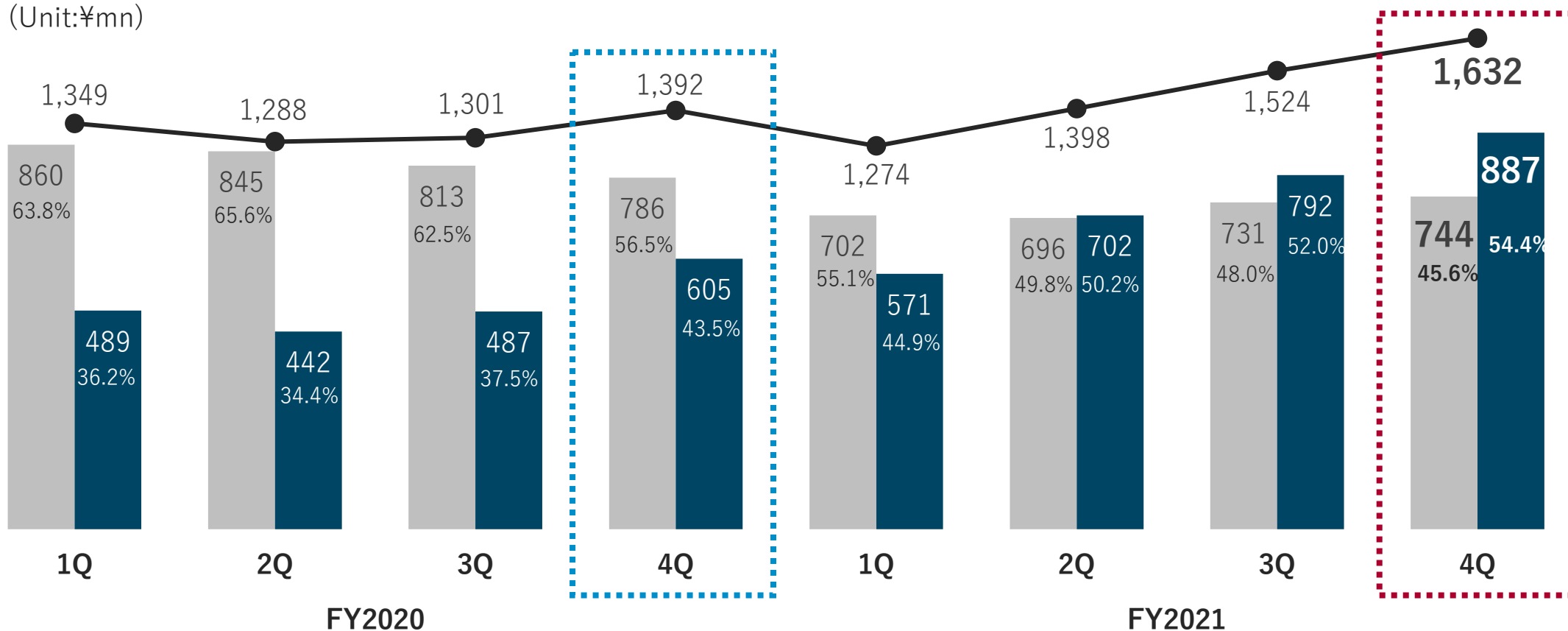
Change to Product Services lead

■ Product Services sales
 ■ Professional Services sales

● Total sales

Expanding LaKeel original product lines and focus on cloud and DX, is driving structural reform to a Product Services lead business model

(Unit:¥mn)

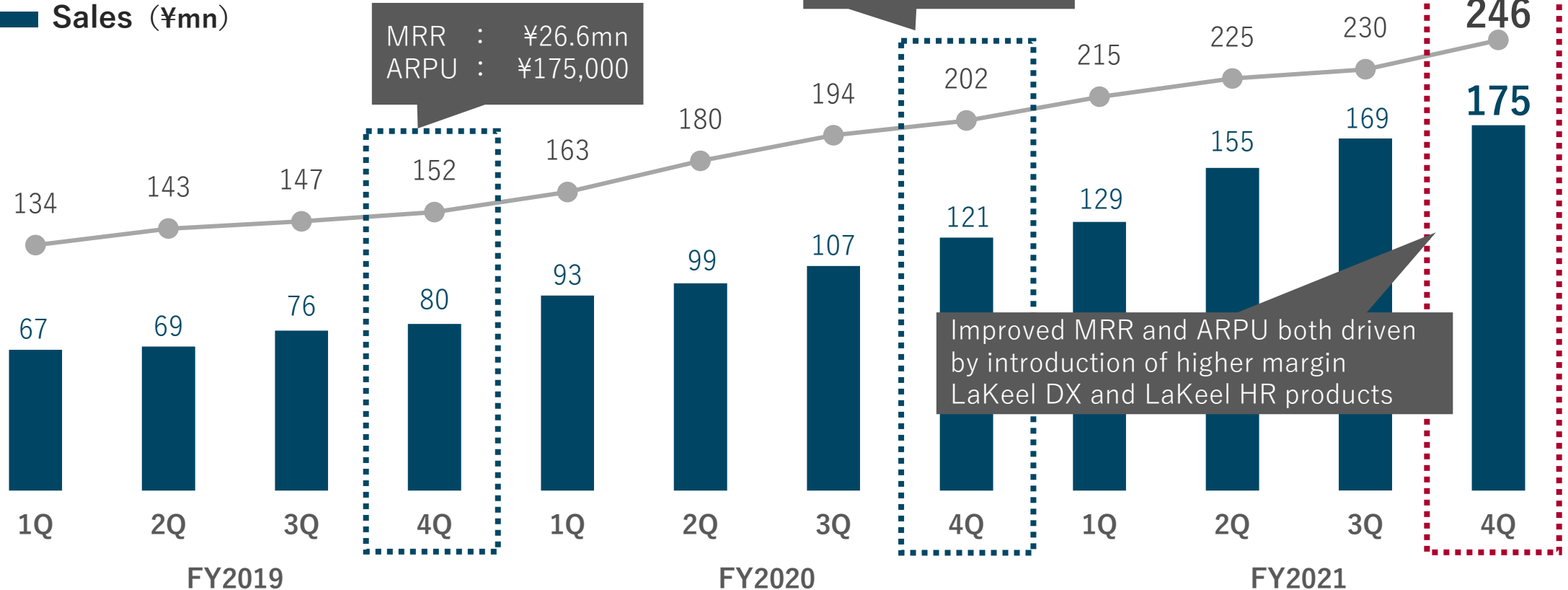


LaKeel Products※1Subscription based sales※2 · Trend in # of user

Subscription sales trending favourably

MRR : ¥58.5mn
ARPU : ¥237,000

● # of user
■ Sales (¥mn)



Improved MRR and ARPU both driven by introduction of higher margin LaKeel DX and LaKeel HR products

※1 LaKeel Products include DX, BI, HR, Commerce, Online Media Service, Data Insight, Messenger, My Number, Stress Check, Process Manager.

※2 Sales is quarterly total, # of user as of the end of each quarter.

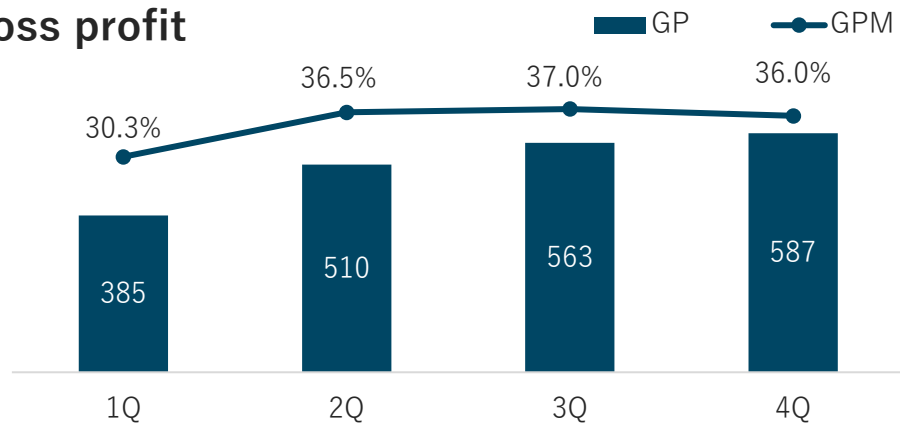
※3 MRR(Monthly Recurring Revenue) = average monthly sales for quarter. ARPU = MRR divided by # of quarter end users

Trend in quarterly profit (Gross profit, Operating profit)

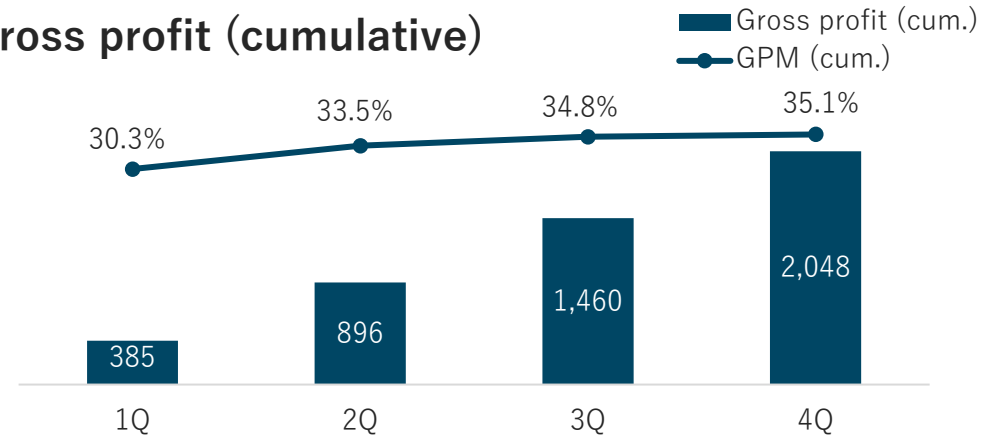
Increased OP from both improved gross profit and reduced SG&A

(Unit: ¥mn)

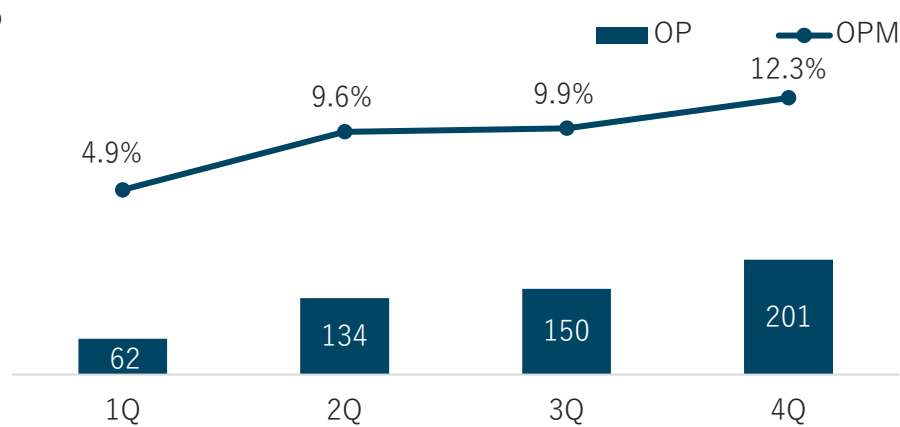
Gross profit



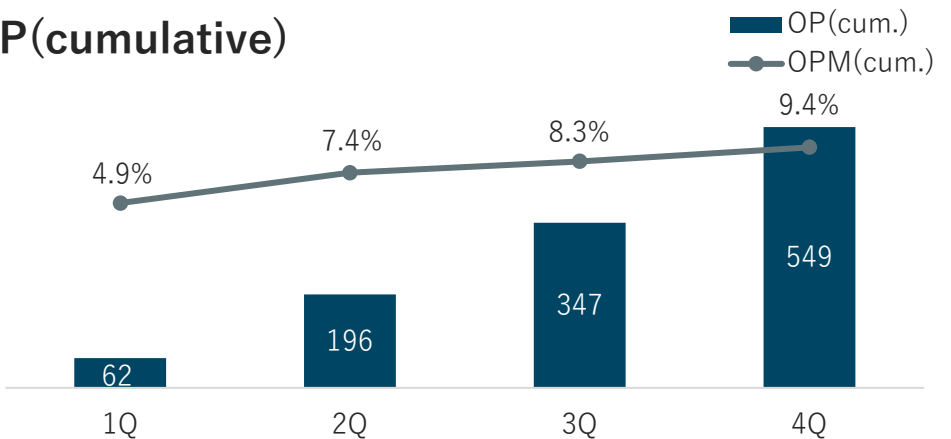
Gross profit (cumulative)



OP



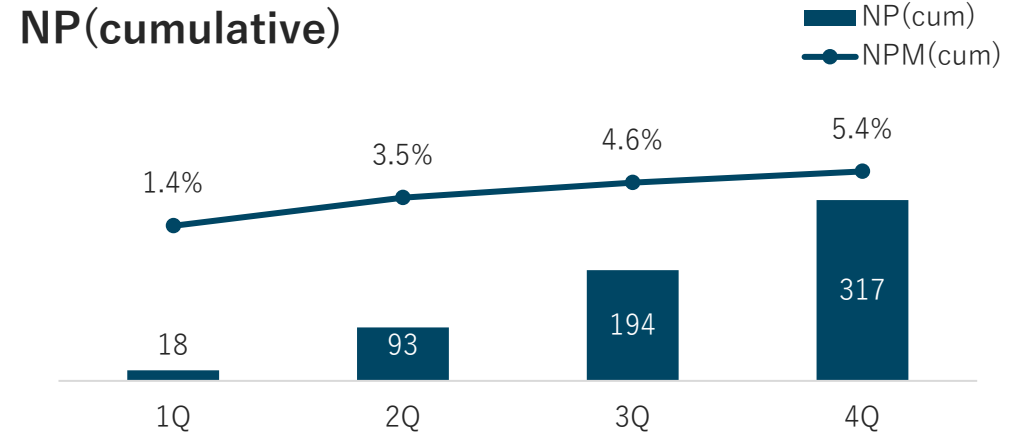
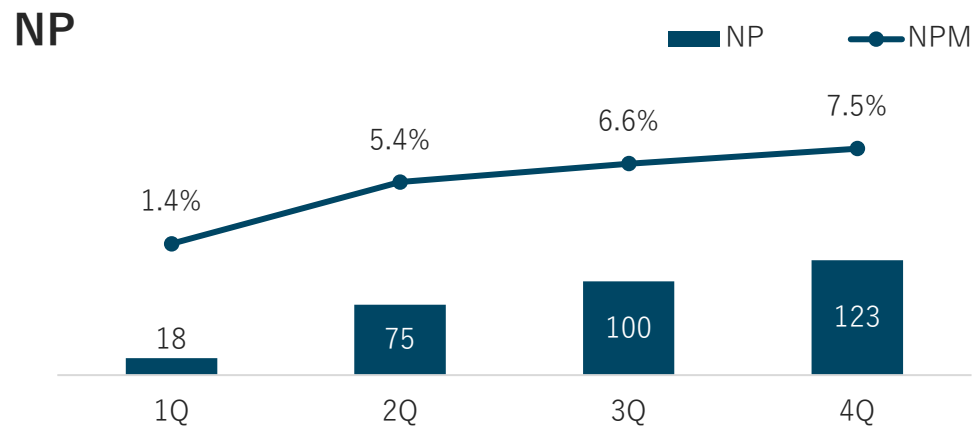
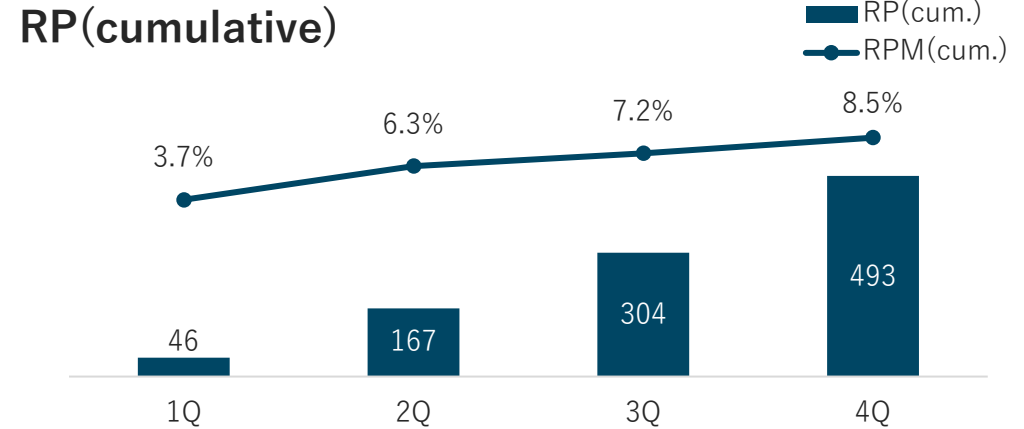
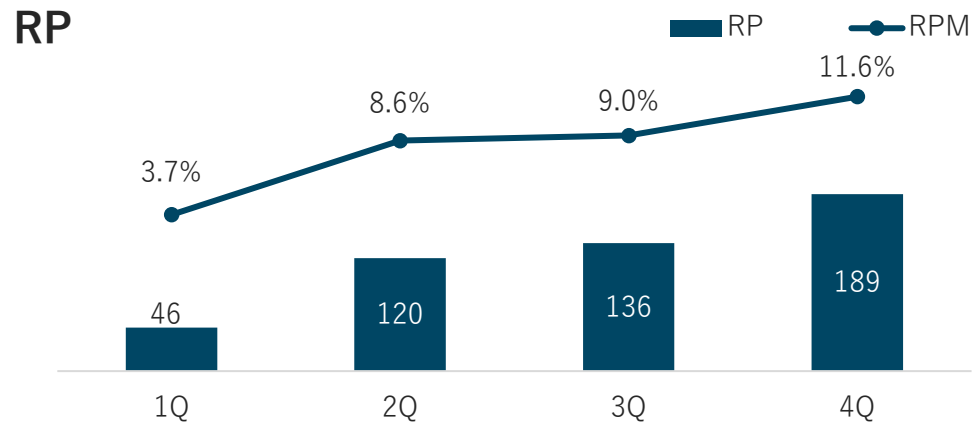
OP(cumulative)



Trend in quarterly profit (Recurring profit, Net profit)

OP improvement driving RP and NP improvement

(Unit: ¥mn)



※NP: Net Profit attributable to parent shareholders

FY end result (B/S)

Strengthening B/S by capital raising in IPO

(Unit: ¥mn)	Previous FY end (FY2020 end)	FY2021 end	+ / -
			YoY
Current assets	2,265	3,876	71.1%
Cash and deposit	1,323	2,570	94.2%
Fixed assets	1,470	1,565	6.5%
Goodwill	505	470	-6.8%
Total assets	3,736	5,442	45.7%
Current liabilities	1,723	1,948	13.1%
Non-current liabilities	883	676	-23.4%
Net assets	1,129	2,817	149.4%
Own equity	1,110	2,798	152.0%
(Equity ratio)	29.7%	51.4%	21.7P
Non-controlling interests	18	18	-2.1%

Strengthen B/S via IPO

- Cash and deposit increased by ¥1.2bn at end of FY20 to ¥2.5bn
- Short-term interest-bearing debt, ¥0.8bn, long-term ¥0.6bn
- Capital ratio improved to 51.4%

Goodwill and amortisation

- Goodwill of ¥0.6bn booked due to MBO in Nov 2017 and subsidiary acquisition in Dec 2018
- Amortising over 12~20 years to match estimated period of benefit, thus appropriately reflected in earnings

※ Listed in TSE Mothers market at 16th of July, 2021

3. FY12/2022 earnings forecasts

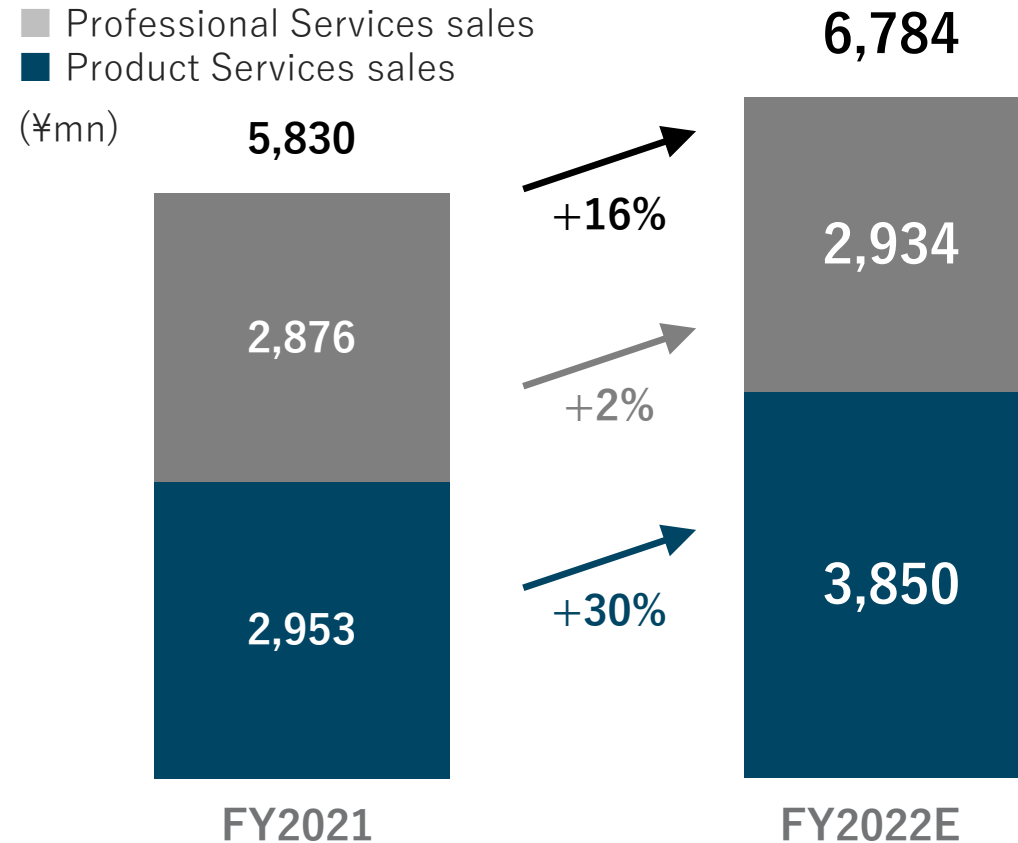
FY2022 Consolidated earnings forecasts (sales)

Project sales to rise 16% YoY on rising DX demand and solid Product Services

FY12/22 consolidated sales forecast
¥6,784mn (+16% YoY)

Professional Services
¥2,934mn (+2% YoY)
(43% of total)

Product Services
¥3,850mn (+30% YoY)
(57% of total)



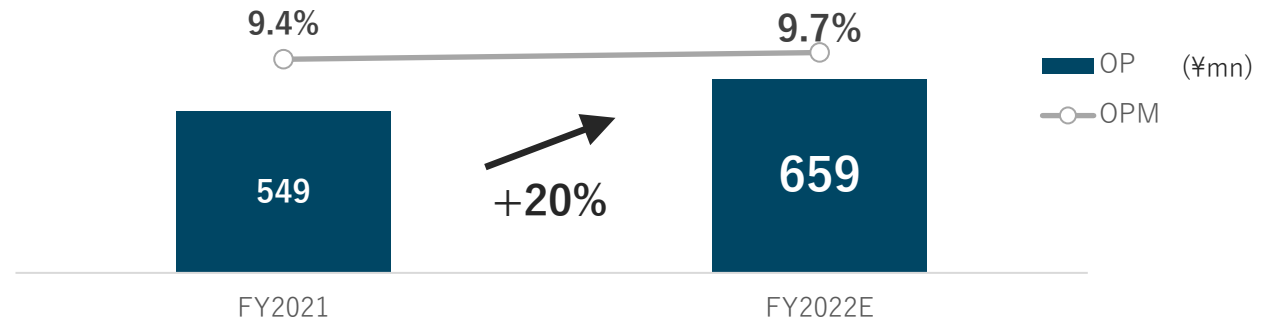
FY2022 Consolidated earnings forecasts (profits)

Project 20-33% YoY profit growth on solid growth in Product Services segment

OP

¥659mn (+20% YoY)

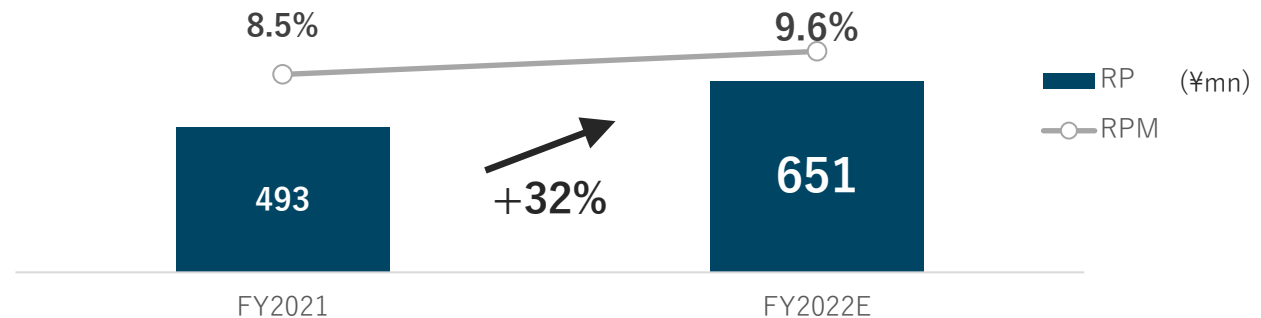
*OPM 9.7%



RP

¥651mn (+32% YoY)

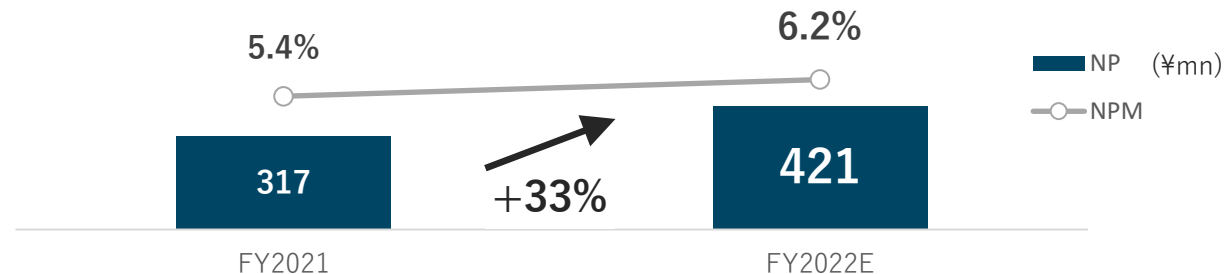
*RPM 9.6%



Net profit attributable to parent shareholders

¥421mn (+33% YoY)

*NPM 6.2%



4. Our businesses and growth strategies

Vision and Business details

Digital Native Company
~Creating the future today~



A better digital relationship for business

2 services to support corporate Digital Transformation (DX)

Product services

DX related services

■ LaKeel DX/Apps

- **LaKeel DX:** aPaaS platform for sustainable software development and operation
- **LaKeel Apps:** Products for use on LaKeel DX

■ Consulting services

- Implementation and optimisation of LaKeel DX/Apps
- Analysis of big data collected by LaKeel DX

Professional services

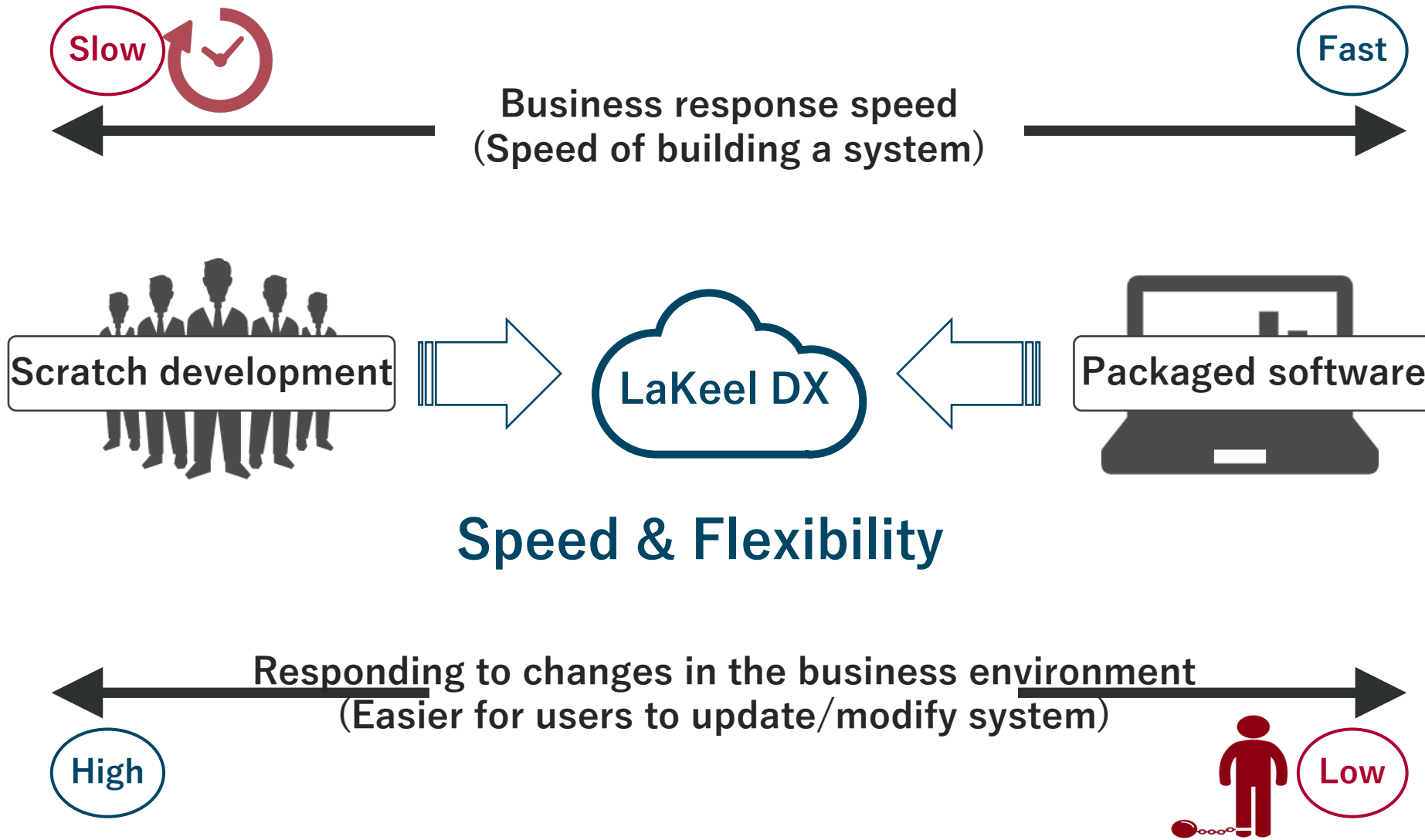
System related services

■ System development services

- Legacy systems migration, cloud migration from on-premise systems
- System development from scratch

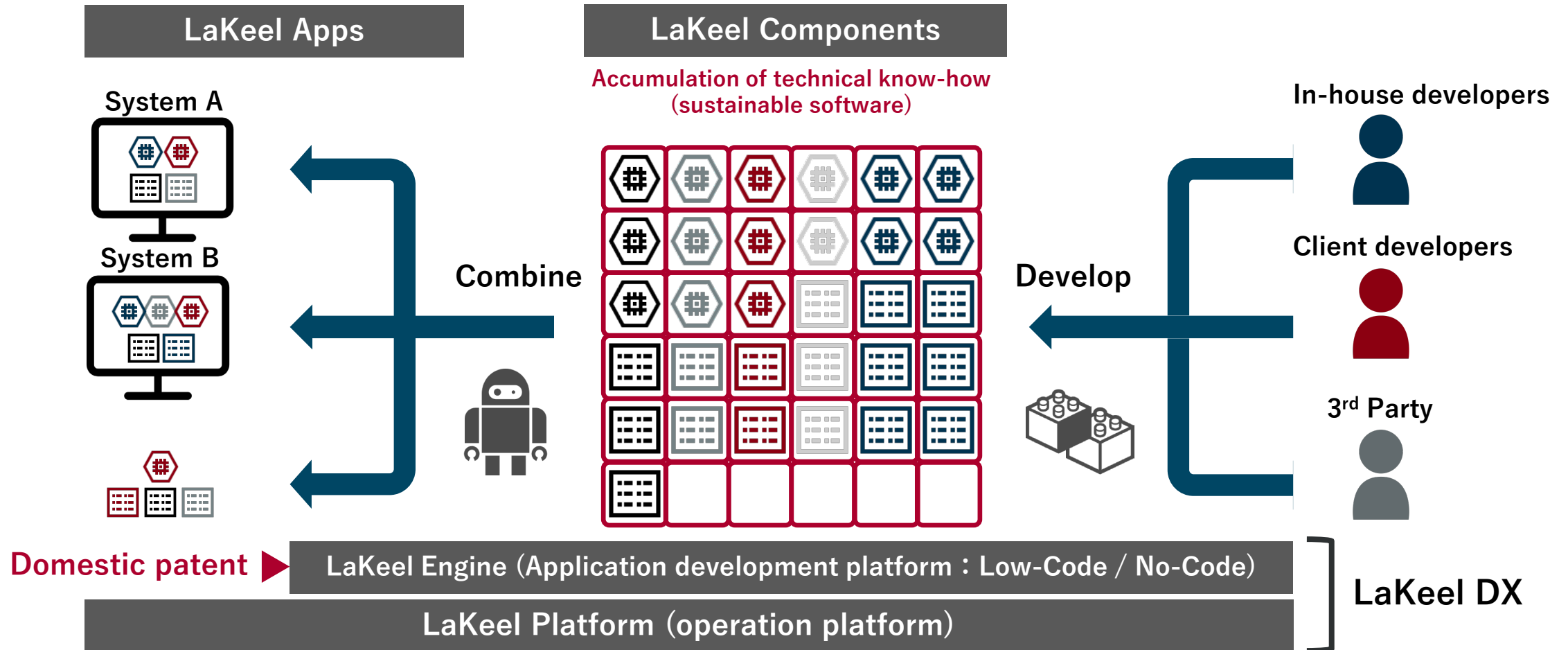
■ System maintenance services

DX offers both speed and flexibility



Sustainable software architecture

LaKeel DX = Building blocks of software/microservices that can be combined and replaced



LaKeel Apps (Product suite)

LaKeel BI

Business Intelligence tool

Data analysis for large-scale data such as management, accounting or HR. Presents data in an easy-to-understand format to enhance business strategy formulation process.



LaKeel Commerce

Ecommerce tool

Develop components to quickly add new payment methods as they appear, able to combine with existing systems.



LaKeel Online Media Service

Microlearning platform

Specializes in labor, safety, food and occupational harassment. Support provided in several languages including English, Chinese, Vietnamese, Nepalese, Burmese, Brazilian Portuguese.



LaKeel Passport

User-access control platform

Links with external systems, provides single sign-in, multi-factor, multi-step authentication to centrally manage user IDs and, unify and strengthen security levels.



LaKeel Data Insight

Data analysis/management platform

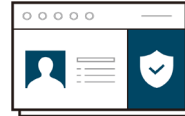
Big data analytics platform that can have additional functionality from microservices



LaKeel My Number

Platform to manage 'MyNumber' IDs

Platform to manage and operate 'MyNumber' ID of employees and their families.



LaKeel Stress Check

Enterprise occupational health tool

Online compliance system to report occupational health performance indicators to the Ministry of Health, Labor and Welfare.



LaKeel Survey

Survey data management platform

General questionnaire data collection and visualisation tool.



LaKeel Messenger

Corporate SNS tool

Customizable real-time and secure communications tool for large scale corporate environments



LaKeel HR

HR strategy platform

HR core system that supports HR strategies. Offers wide range of data management and analytic tools.



LaKeel WorkFlow

Enterprise approval system platform

Application and approval system for enterprise-wide workflows.



LaKeel Process Manager

Workflow management platform

System that allow end users to combine multiple workflows and streamline to one.



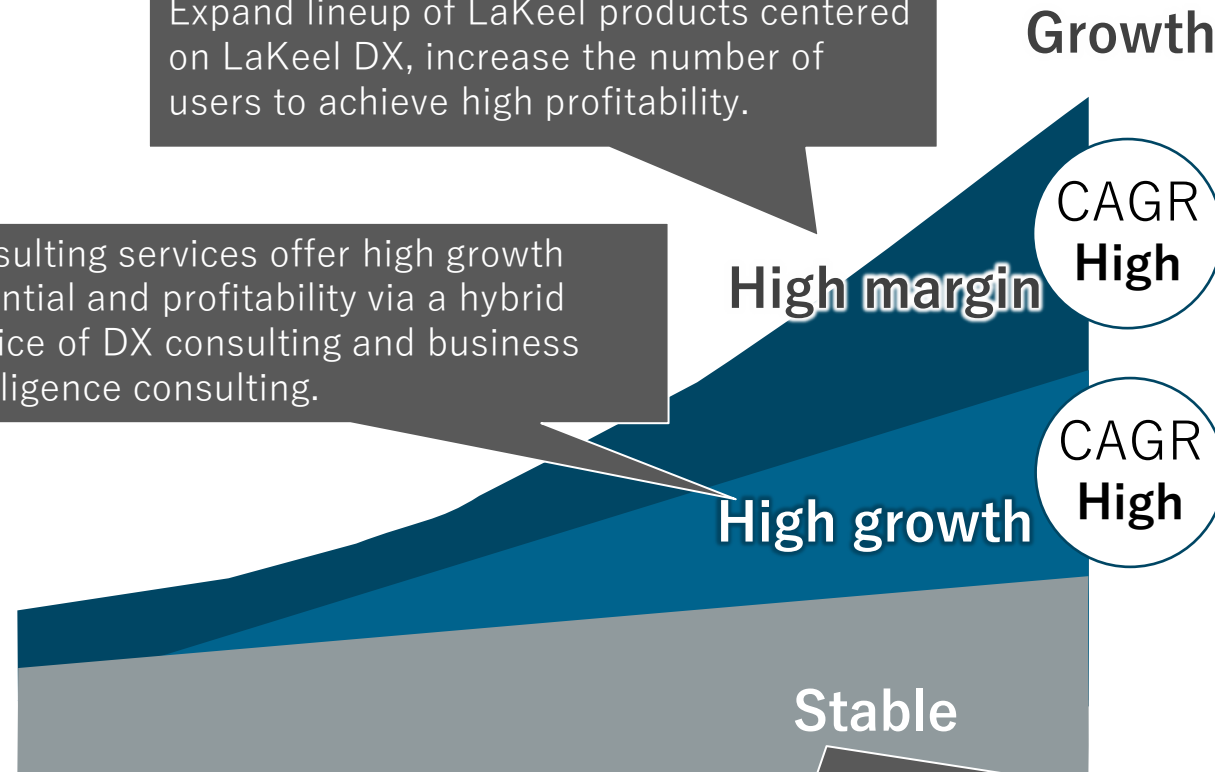
LaKeel DX

Growth Strategy: Service portfolio

Focus on Product Services segment that is expected to be highly profitable

Expand lineup of LaKeel products centered on LaKeel DX, increase the number of users to achieve high profitability.

Consulting services offer high growth potential and profitability via a hybrid service of DX consulting and business intelligence consulting.



Professional Services already has stable recurring revenues, but more cross-selling will guide existing customers to Product Services and DX business

■ Product services (LaKeel DX/Apps)

- Earnings focused on ongoing high margins

License + subscription fees

■ Consulting services

- Earnings focused on high growth with advanced technology

Discretionary business

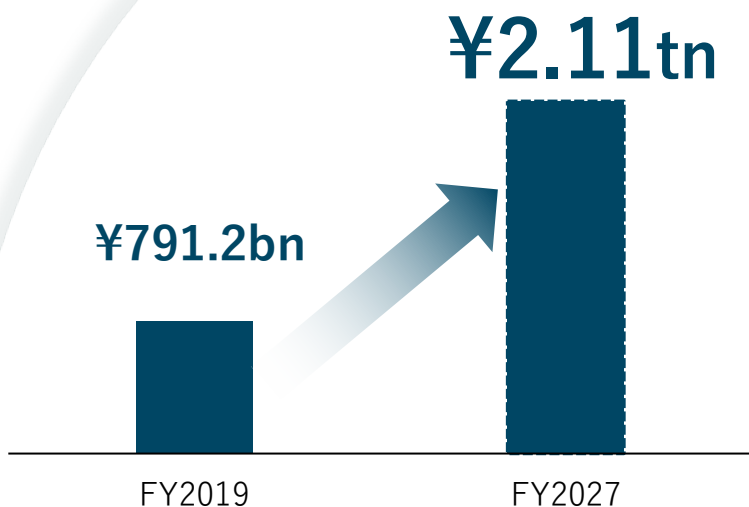
■ Professional services

- Earnings focused on stability and continuity

Discretionary and recurring revenues

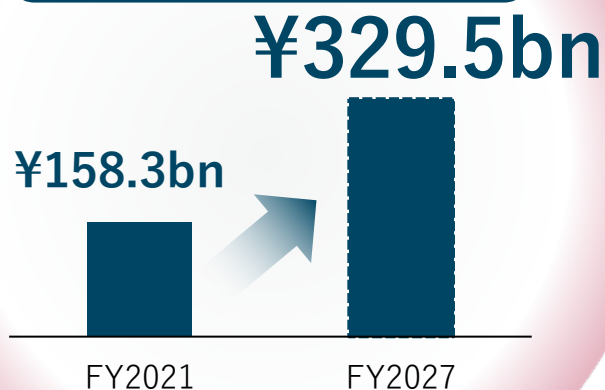
Growth Strategy: DX market size

DX market in Japan (2027 E)



Source: Fuji Chimera Research Institute, Inc
Expect CAGR of 13.0% based on "2020 Future Prospects of Digital Transformation Market." (chart by LaKeel)

Our DX target market (for 2027)



Source: Expect CAGR of 13% in the domestic DX market, chart by LaKeel

DX global market (2027E)

¥143.32tn*

*\$1.30tn, ¥110/\$

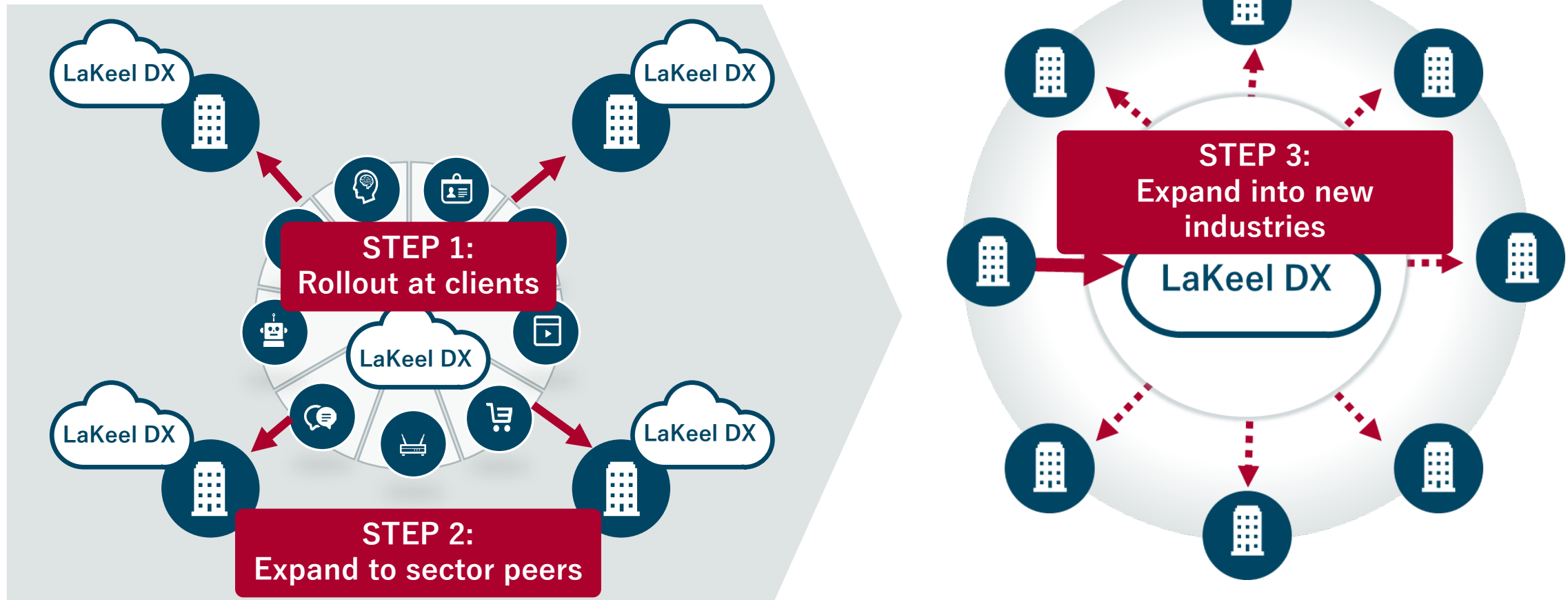
Source: Global Information, Inc
Global Digital Transformation Market By Component, By Deployment Type, By Enterprise Size, By End User, By Regional Outlook, Industry Analysis Report and Forecast, 2021 - 2027

Existing client information

No. of clients :	340	2021 results
Sales:	¥85.82tn	Listed cos: Disclosed materials Unlisted: Teikoku Data Bank, Tokyo Shoko Research
IT budgets:	¥1.06tn (1.23% of sales)	Source: Corporate IT Trends Survey Report 2021 by JUAS
DX budgets:	¥158.3bn (15% of IT budgets)	LaKeel forecasts

Growth Strategy: LaKeel DX Economy (Ecosystem)

Build and expand LaKeel DX Economy



LaKeel aims to be an application platformer (**aPaaS**; application platform-as-a-service). LaKeel wants to create and grow a “LaKeel DX Economy” through progressive and widespread adoption of LaKeel DX as a digital business platform for enterprises.

5. Appendix

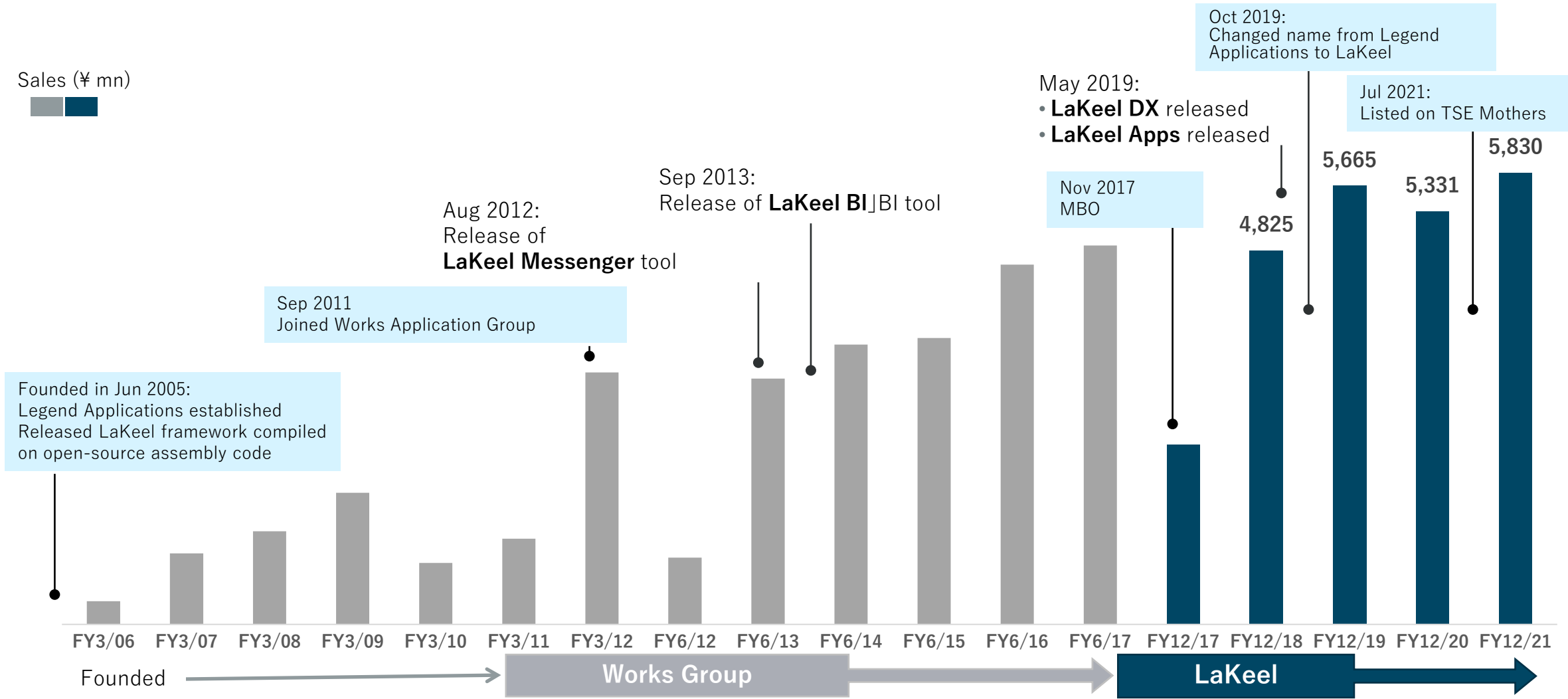
Company overview



Company	LaKeel, Inc.
Founded	10 June 2005
Capital	¥1,011,888,855 (as of 31 Dec 2021)
Head Office	Atago Green Hills MORI Tower.33F Atago, Minato-ku, Tokyo, Japan
CEO	Tsutomu Kubo
Business portfolio	Supports digital transformation at enterprises via its 2 business segments (Product Services and Professional Services)
No. of employees	450 (consolidated, as of 31 Dec 2021)
Group companies	Legend Applications China Holding, Inc. Legend Applications China Co., Ltd. ZEST, Inc.
Market	TSE Mothers
Sector	Information & Communication
Code	4074 (ISIN JP3967020003)

Timeline

Sales (¥ mn)

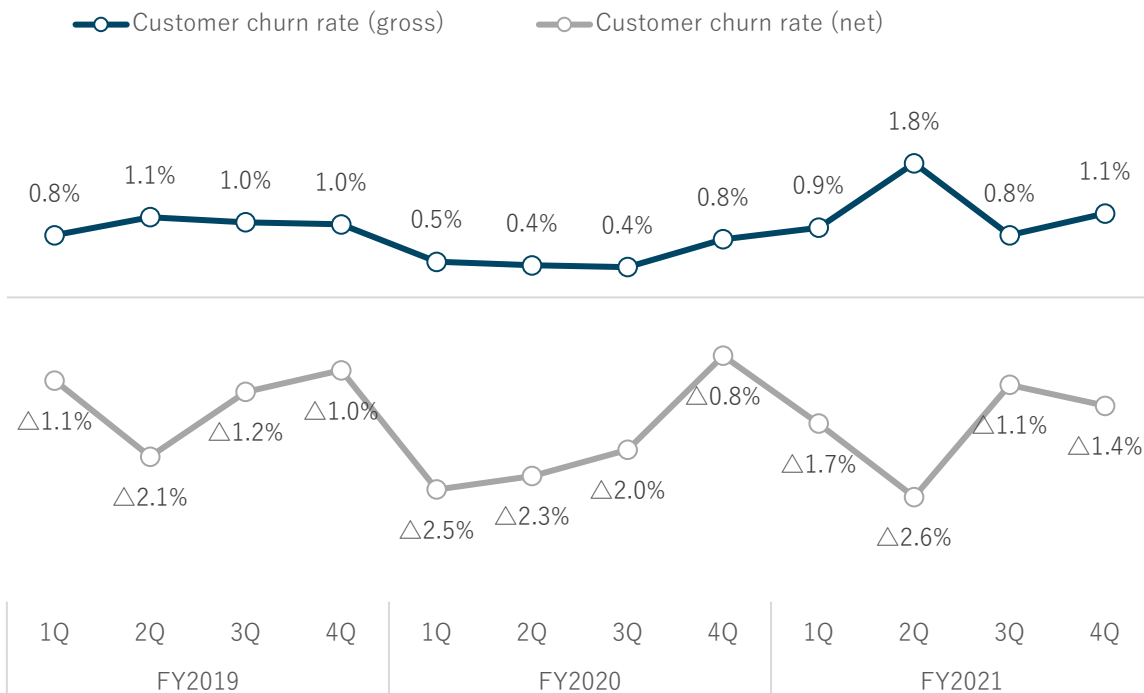


*1 Consolidated accounts from FY12/18. Parent prior to that. *2 FY6/12 was a 3m period due to change in accounting period *3 For FY12/17, Sales shown for Legend Applications between 1 Jul-31 Dec 2017

Product Services

Continued NP growth. ARPU also rising in line with growth in LaKeel DX

LaKeel product churn rate



For comparisons with sector peers, we now define churn rate as follows:

- Customer churn rate (gross)
(Avg for period of # of users cancelling in a month/# of users at month end)
- Customer churn rate (net)
(Avg for period of (# of users cancelling in a month – # of new users signing up) /# of users at month end)

LaKeel DX/Apps sales (FY2020→FY2021)

	FY2020	FY2021	YoY
LaKeel products			
Subscription sales (yr)	¥422.6mn	¥628.7mn	49%
No. of users (end FY)	202	246	22%
MRR (As of 4Q)	¥40.5mn	¥58.5mn	44%
ARPU (As of 4Q)	¥200,000	¥237,000	18%

LaKeel DX

Subscription sales (yr)	¥43.2mn	¥88.3mn	105%
No. of users (end FY)	3	6	100%
MRR (As of 4Q)	4.9mn	¥11.1mn	125%
ARPU (As of 4Q)	¥1.644mn	¥1.852mn	13%

LaKeel Apps

Subscription sales (yr)	¥379.4mn	¥540.4mn	42%
No. of users (end FY)	199	240	20%
MRR (As of 4Q)	¥35.5mn	¥47.4mn	33%
ARPU (As of 4Q)	¥178,000	¥197,000	11%

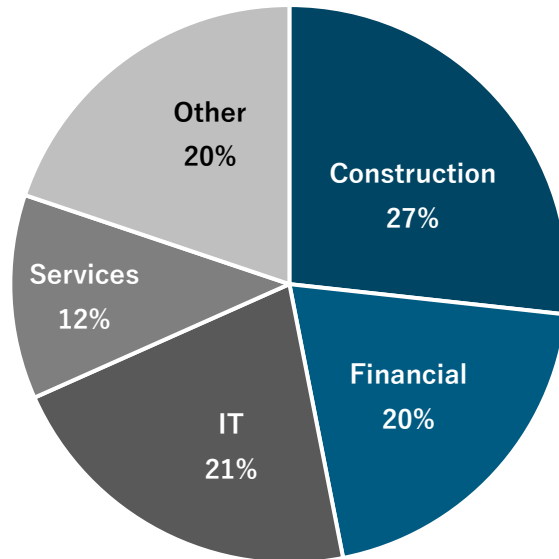
- MRR (Monthly recurring revenues: (Quarterly subscription sales / 3)
- ARPU: MRR / (No. of users at end-quarter)

Professional Services

Client base offering stable profits

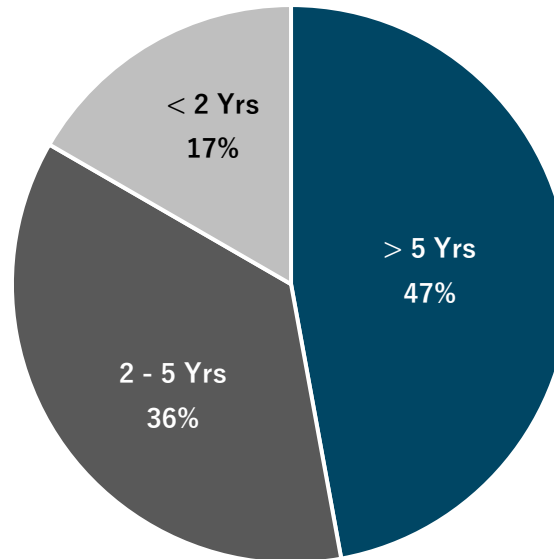
- Over 200 clients in wide range of industries, centered on large construction and financial services companies
- Many client relationships have continued since LaKeel was founded
- 2/3 of sales generated by customers with annual spend over ¥100mn

Customer by industry



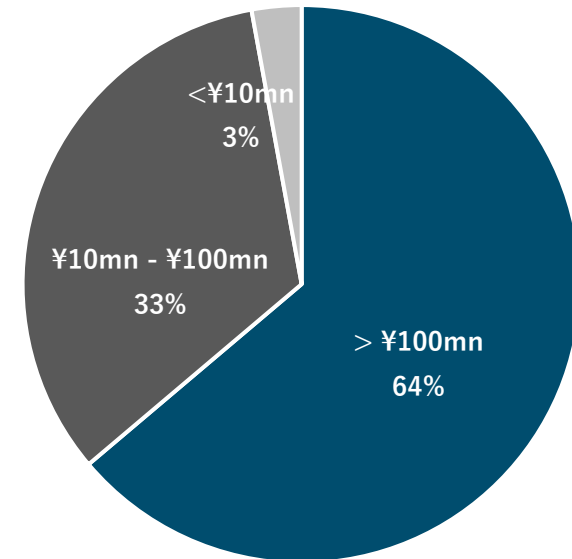
Sales by industry
(FY12/21 results)

Length of business relationship



Length of client business relationship (% of sales)
(FY12/21 results)

Customer Annual Spend Split

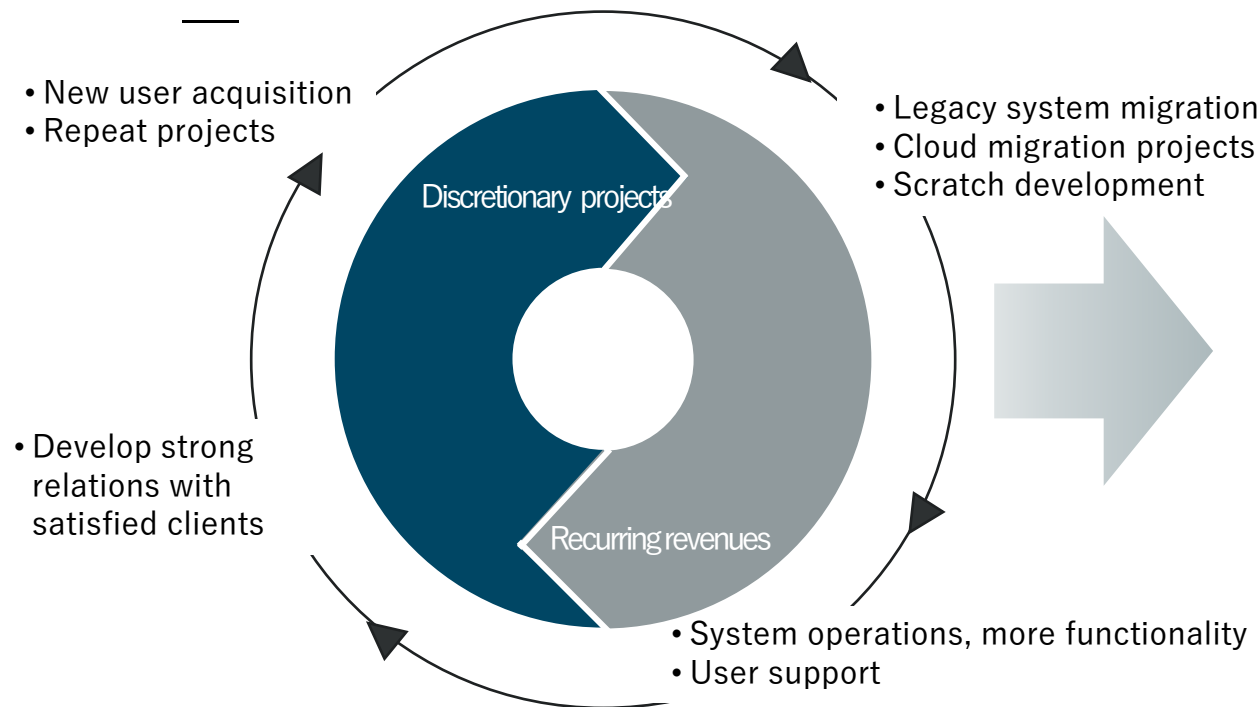


Annual spend per client (% of total sales)
(FY12/21 results)

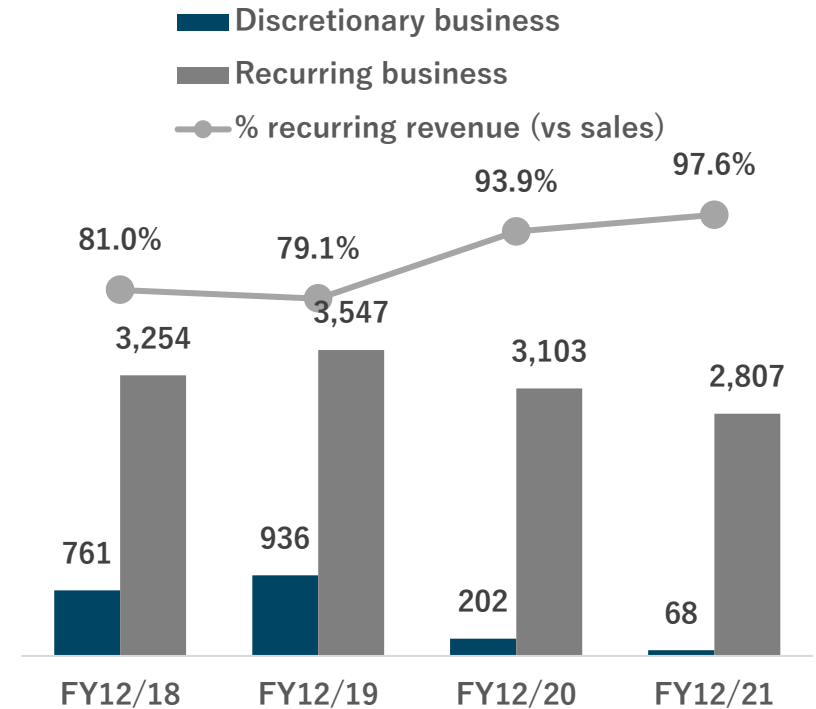
Professional Services

Over 90% of sales are stable recurring revenues

High value-added business model

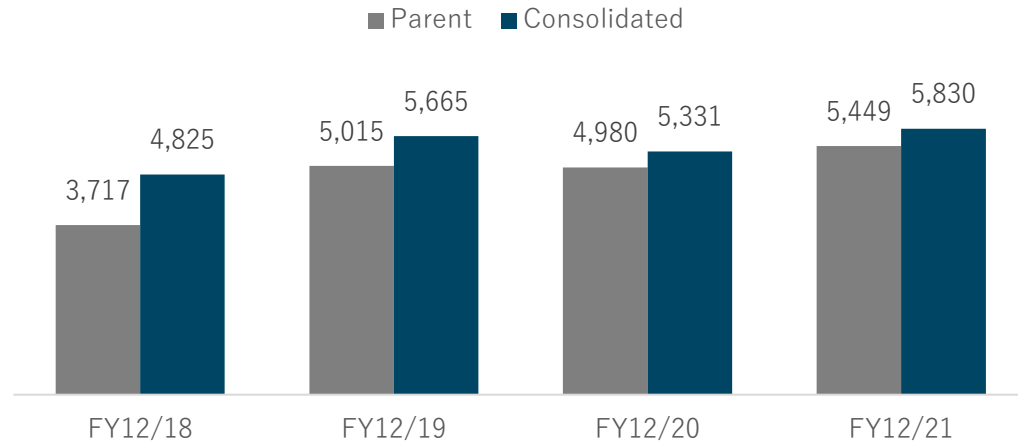


Types of business (¥mn)

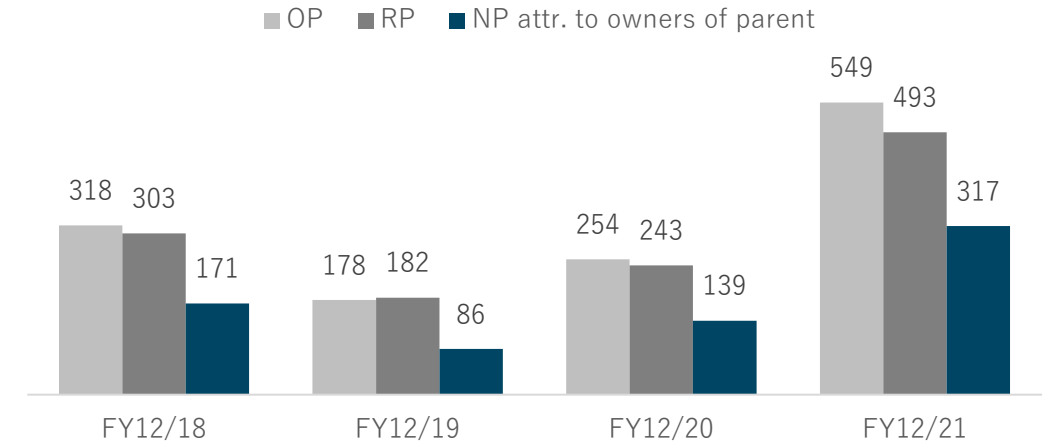


Financial Highlights (1)

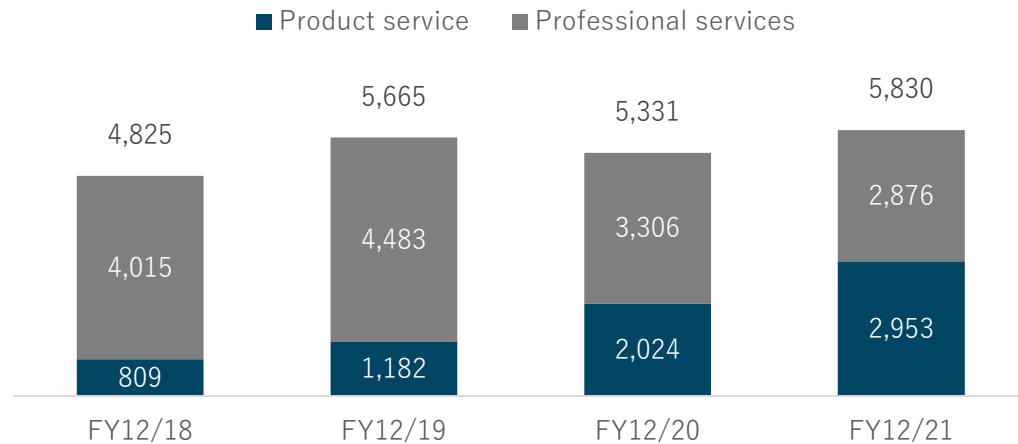
Sales (¥mn)



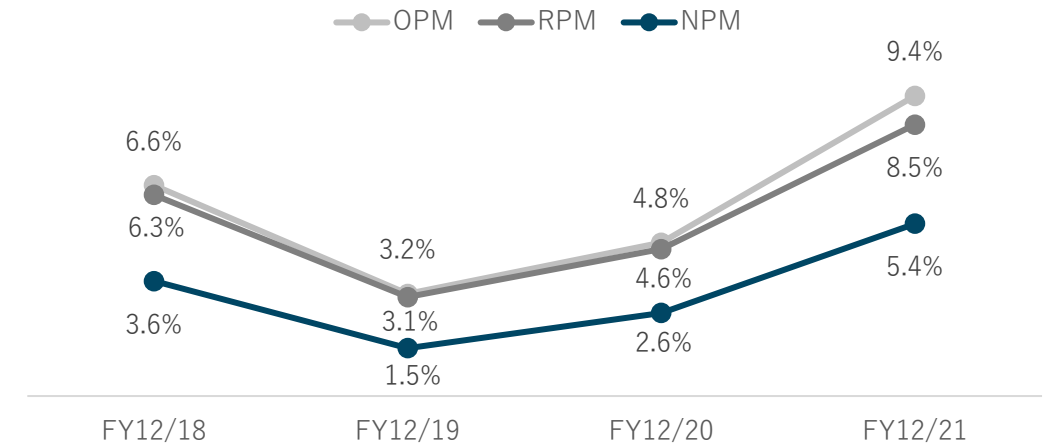
Profit (¥mn, consolidated)



Sales by segment (¥mn, consolidated)

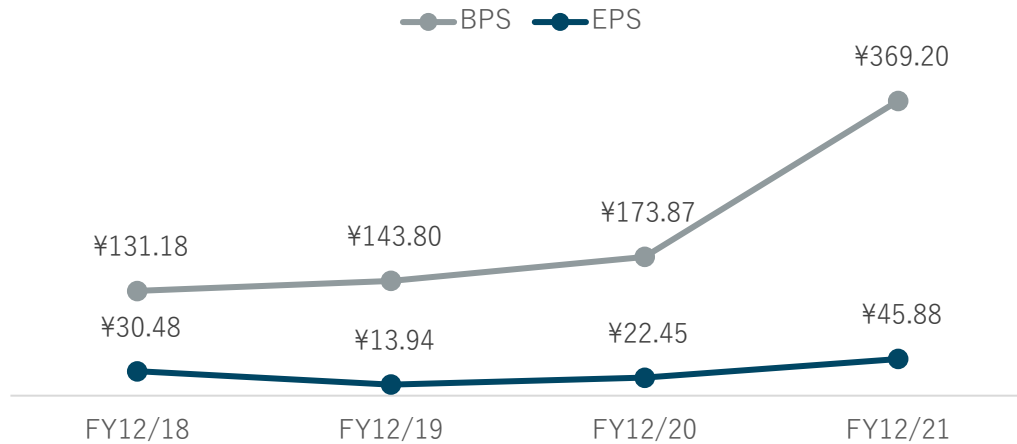


Profit margins (% , consolidated)

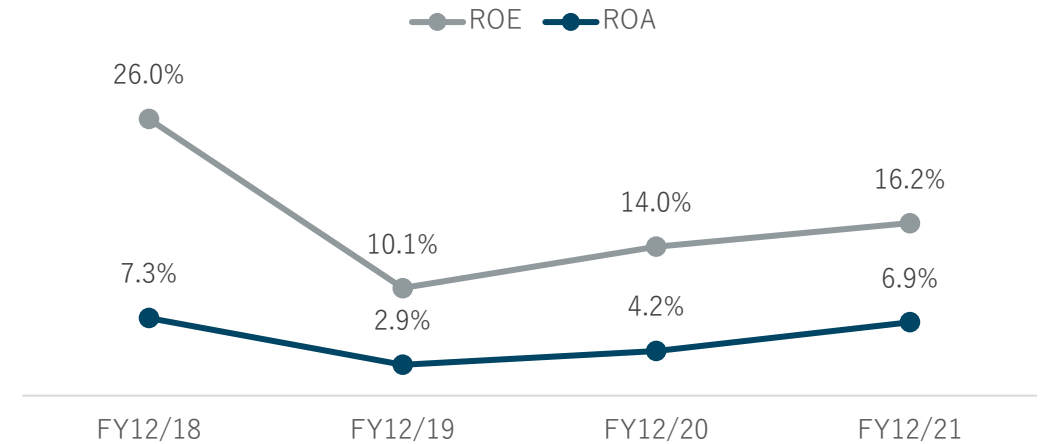


Financial Highlights (2)

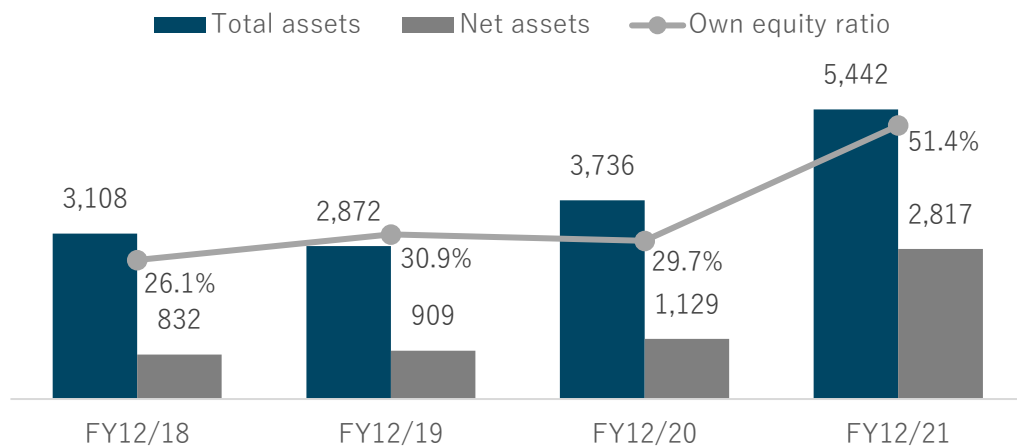
BPS · EPS (¥)



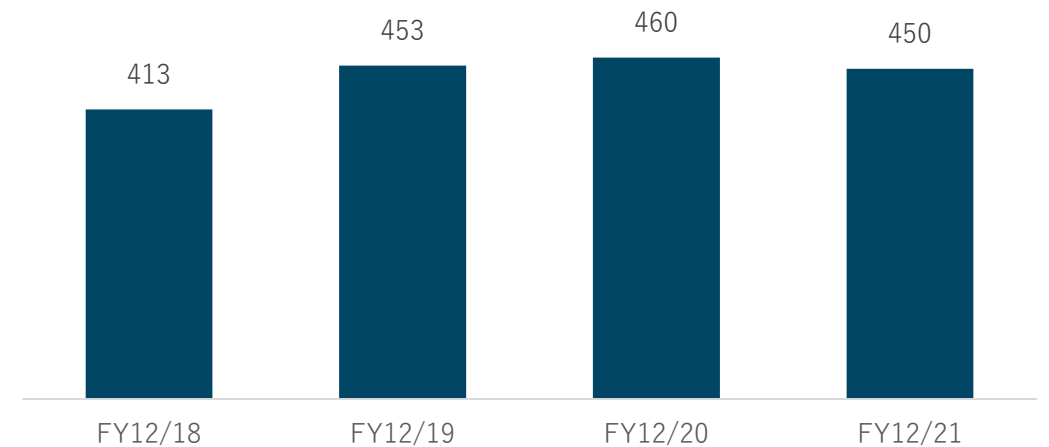
ROE · ROA (%)

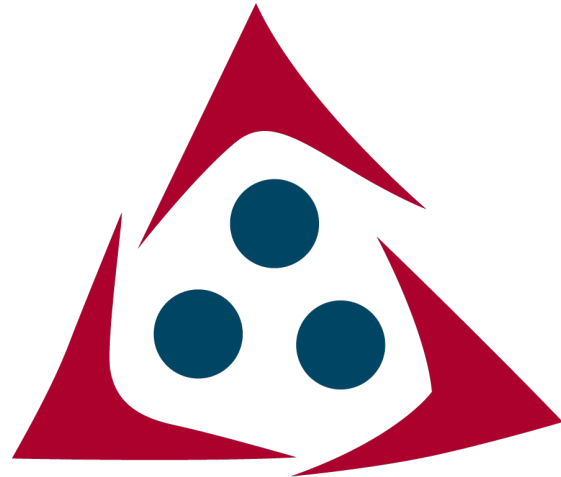


Total assets, net assets, shareholders equity (¥mn, %)



No. of Employees





LaKeel

Forward-looking statements

- Materials and information in this presentation may include so-called "forward-looking statements." These statements are based on current expectations, forecasts and assumptions that are subject to risks and uncertainties that could cause outcomes and results to differ materially from these statements.
- Risks and uncertainties include general industry and market conditions, and general domestic and international economic conditions such as interest rate and currency exchange fluctuations.
- The company are not obliged to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

LaKeel

Corporate site

<https://www.lakeel.com/en/>

IR information

<https://www.lakeel.com/en/ir.html>

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Lakeel-ir@lakeel.com



LaKeel

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