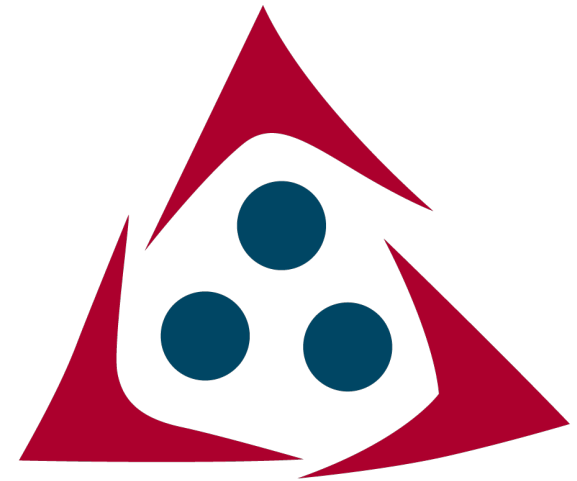


FY12/2022 1Q Financial Results

LaKeel Inc, 13 May, 2022
(TSE Growth : 4074)



LaKeel

- 1. Highlights of FY 12/2022 Q1 results**
- 2. Earnings trends and overview of consolidated results**
- 3. Our businesses and growth strategies**
- 4. Appendix**

1. Highlights of FY12/2022 Q1 results



Highlights of FY12/2022 Q1 results

Y-Y sales and profit growth in Q1, progress broadly inline with plan

Consolidated Results

YoY

**Sales & Profit
Growth**

Product Services Sales

YoY

+67.4%
(+¥385mn)

Professional Services Sales

YoY

-3.5%
(-¥24mn)

Operating Profit

YoY

+92.3%
(+¥57mn)

Recurring Profit

YoY

+136.5%
(+¥63mn)

Net Profit

YoY

+272.6%
(+¥49mn)

Highlights of FY12/2022 Q1 (Product)

Solid growth in subscriptions for LaKeel products

Product Services Sales

Sales weighting, YoY

44.9% ⇒ 58.5%

Subscription^{※1} User

Qtr end YoY

+22.3%
(+48 users)

215 users ⇒ 263 users

Subscription^{※1} Sales

YoY

+48.7%
(+¥62mn)

¥129mn ⇒ ¥191mn



MRR^{※2}

YoY

+48.7%
(+¥20.9mn)

¥43.0mn ⇒ ¥63.9mn

ARPU^{※2}

YoY

+21.5%
(+¥43k)

¥200k ⇒ ¥243k

※1 Subscriptions based on LaKeel products

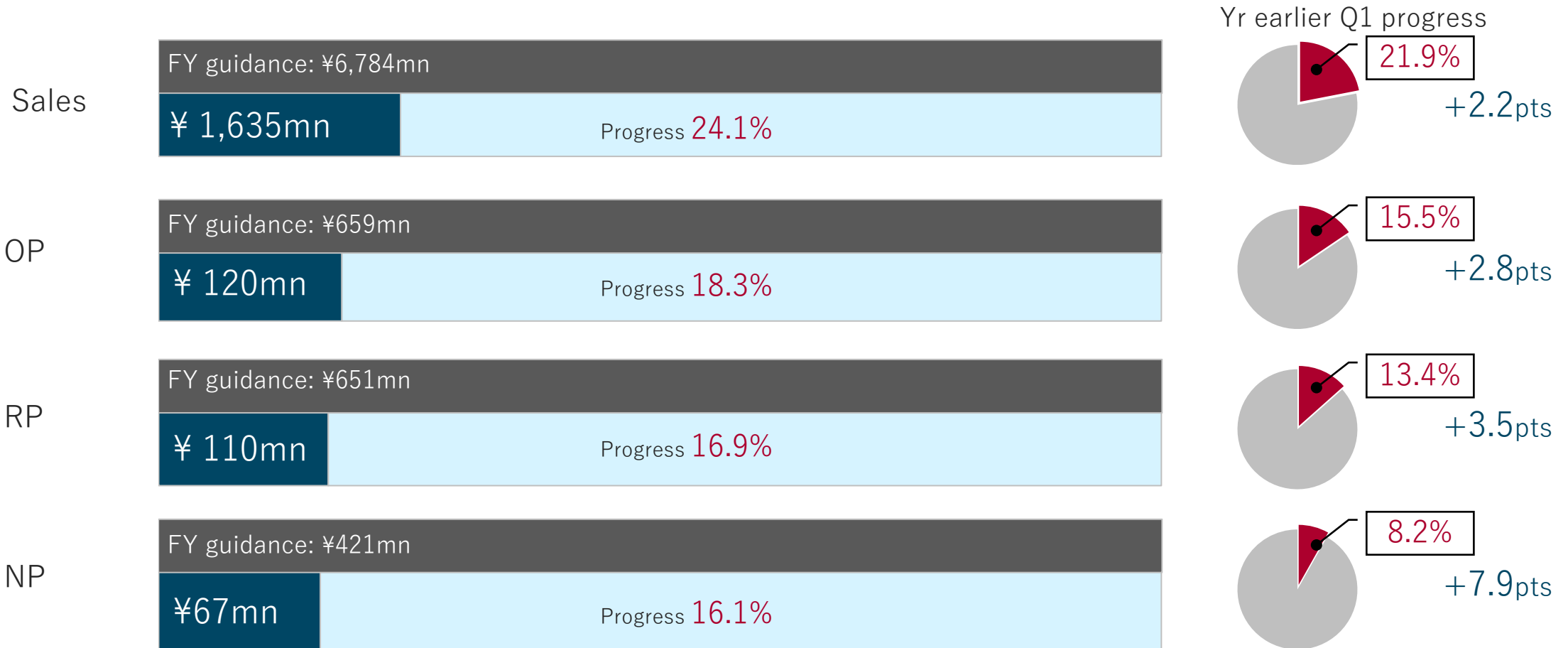
※2 MRR (Monthly Recurring Revenue) = qtr subscription sales divided by 3, ARPU = MRR divided by qtr end # of users

2. Earnings trends and overview of consolidated result

Progress vs guidance

Progress broadly inline with plan (No revisions to initial guidance)

Trend of momentum to build through the year, but better progress YoY



Overview of FY12/2022 Q1 results (P/L)

YoY sales and profit growth

(Units: ¥mn)	FY2021 Q1	FY2022 Q1	YoY growth
Sales	1,274	1,635	28.3%
GP	385 (30.3%)	508 (31.1%)	31.8%
SG&A	323 (25.4%)	388 (23.7%)	20.1%
OP	62 (4.9%)	120 (7.4%)	92.3%
EBITDA	115 (9.1%)	199 (12.2%)	72.1%
RP	46 (3.7%)	110 (6.7%)	136.5%
NP	18 (1.4%)	67 (4.2%)	272.6%

Product Services growth strong

- DX demand continues to drive Product Services centric sales growth
- Minimal impact from COVID-19

Focus on hiring and corporate awareness

- SG&A higher on costs including recruiting and advertising

Changes in accounting standards

- “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) applied from start of FY12/22 Q1.

※ NP: Net Profit attributable to parent shareholders.

Sales breakdown by Service

Products Services are strong

		(units: ¥mn)	FY2021 1Q	FY2022 1Q	YoY growth
Consolidated Total			1,274	1,635	28.3%
Product Services			571	957	67.4%
Products	License		37	63	69.1%
	Subscription (LaKeel products)		129	191	48.7%
	Subscription (third party products)		45	34	-25.2%
	Other		21	15	-27.1%
Consulting Services			337	652	93.0%
Professional Services			702	678	-3.5%
Discretionary (flow) revenue			21	21	1.4%
Recurring revenue			681	656	-3.7%

Consulting Services grew strongly

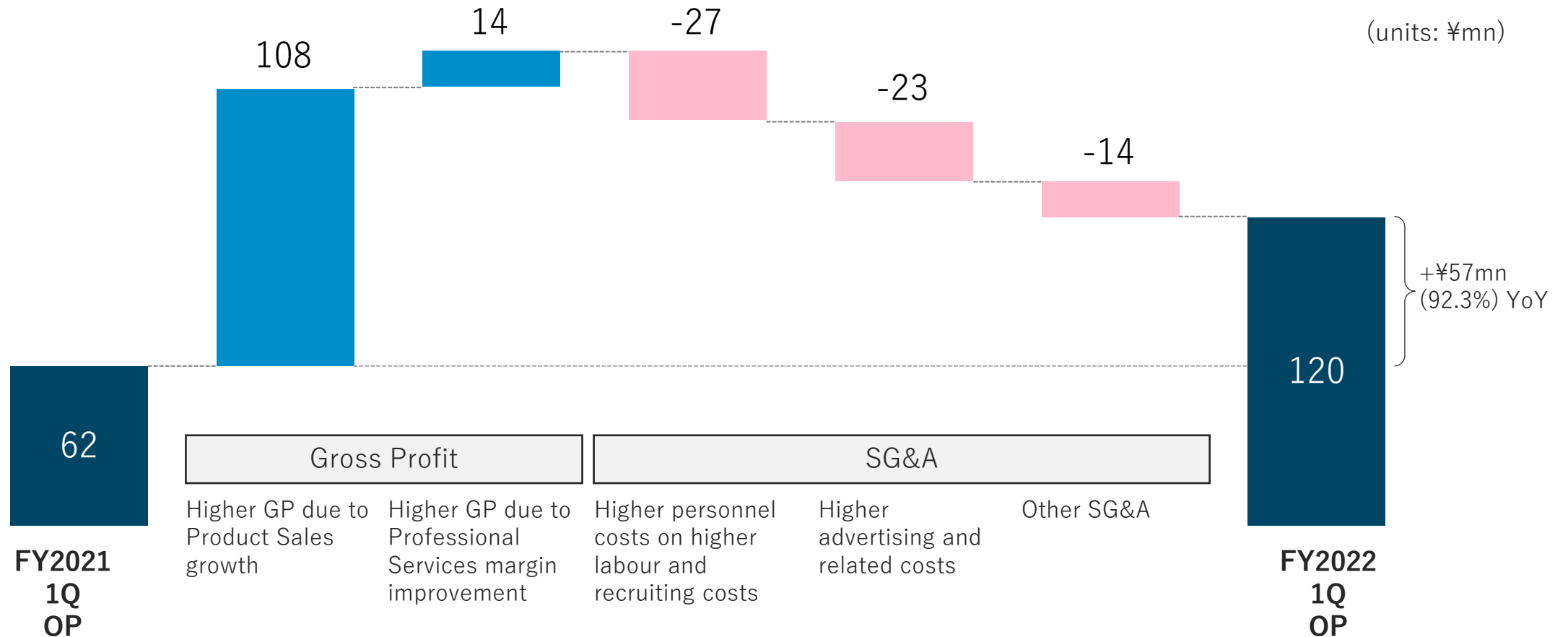
- License sales c.1.7x YoY
- Subscription sales continue to accumulate, c.1.5x YoY
- Continued growth in DX consulting
- Due to EOL etc, third party product sales declines continue

Professional Services focused on recurring business

- Limiting new system development orders (flow), focus on maintenance for existing customers.
- Declines in maintenance work due to lower System Investment budgets at some customers, but maintaining monthly revenue above ¥200m

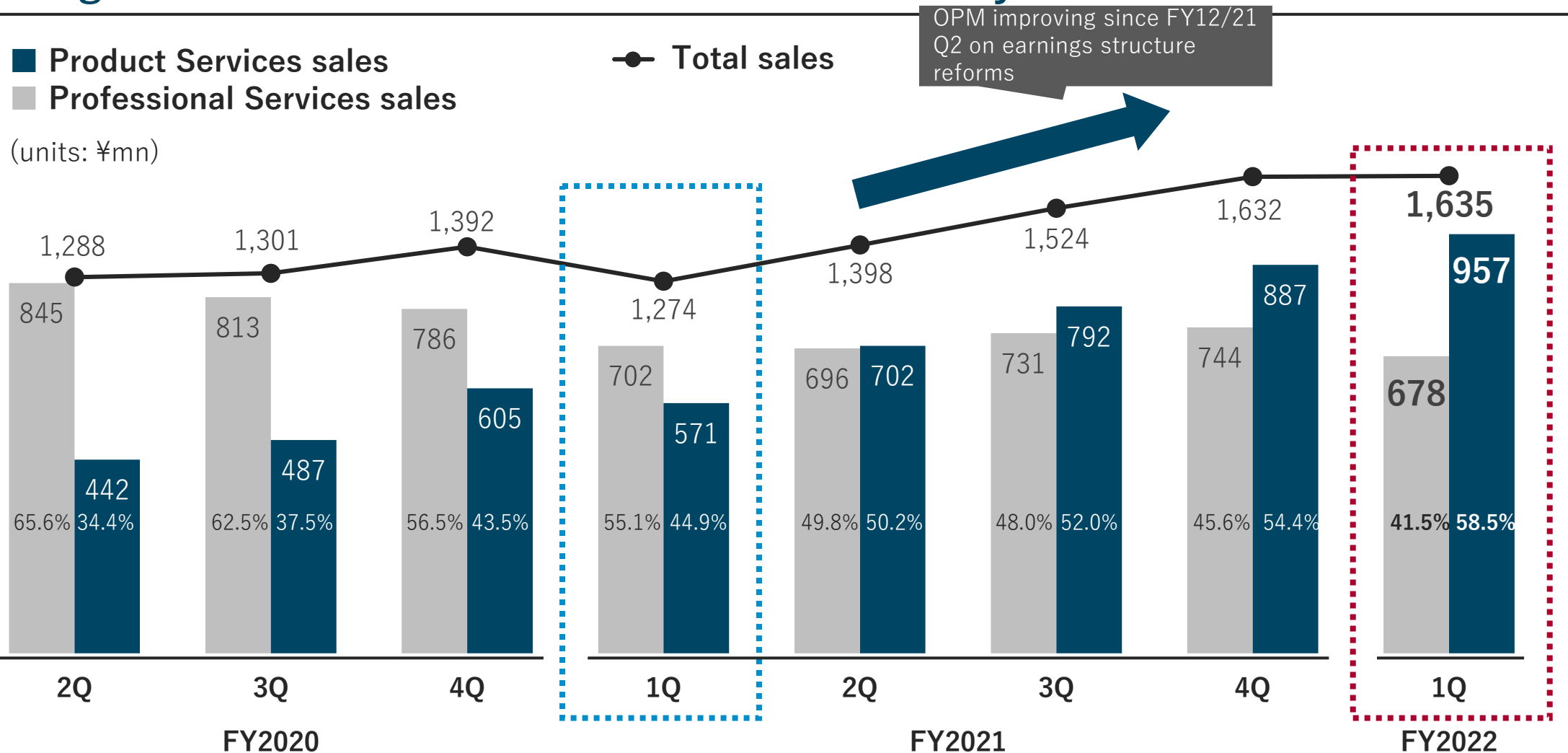
OP variance analysis

Product Services growth, Professional Services margins drive OP growth



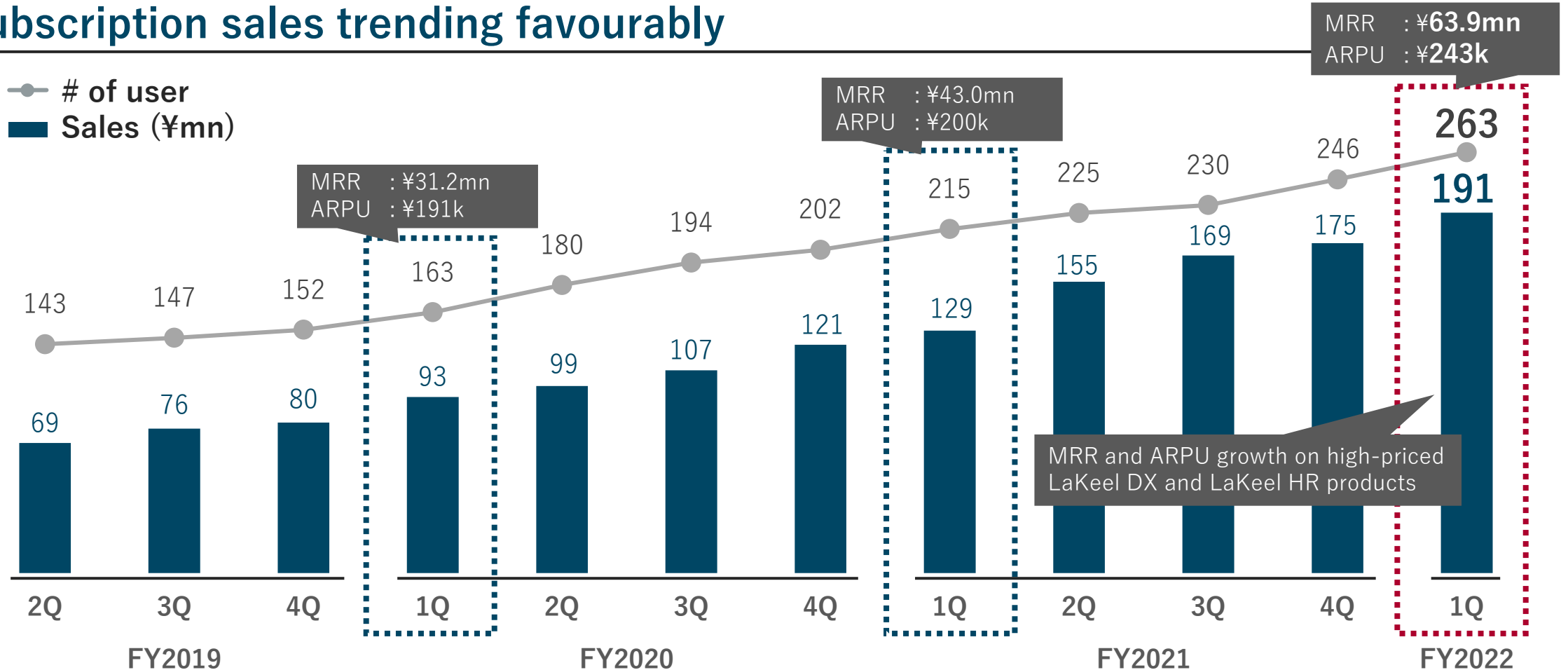
Trends in sales contribution by service

Earnings structure transformation continues smoothly



LaKeel Products※1Subscription based sales※2 & Trend in user

Subscription sales trending favourably



※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

※4 FY2022 includes impact from accounting standard change.

Overview of FY12/2022 Q1 results (B/S)

(Unit : ¥mn)	FY2021 Q1 end	FY2021 end	FY2022 Q1 end	+/- vs FY2021 end
Current assets	2,095	3,876	3,817	-1.5%
Cash & deposits	1,180	2,570	2,579	0.3%
Fixed assets	1,524	1,565	1,538	-1.7%
Goodwill	496	470	461	-1.8%
Total assets	3,620	5,442	5,356	-1.6%
Current liabilities	1,609	1,948	1,818	-6.7%
Non-current liabilities	849	676	662	-2.1%
Net assets	1,160	2,817	2,875	2.1%
Own equity	1,142	2,798	2,856	2.1%
(Equity ratio)	31.5%	51.4%	53.3%	1.9P
Non-controlling interests	18	18	18	0.8%

Financial strength

- Cash and deposits ¥2.5b, up ¥1.4b YoY.
- Short-term interest-bearing debt ¥0.8bn, long-term ¥0.6bn.
- Equity ratio 53.3%

Goodwill booking and amortisation

- Goodwill of ¥0.6bn booked due to Nov 2017 MBO and subsidiary acquisition in Dec 2018, ¥461m remaining as of Q1 end.
- Amortising over 12~20 years to match estimated period of benefit, appropriately reflected in earnings

Changes in accounting standards

- “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) applied from start of FY12/22 Q1.

3. Our businesses and growth strategies

Vision and Business details

Digital Native Company
~Creating the future today~



A better digital relationship for business

2 services supporting 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

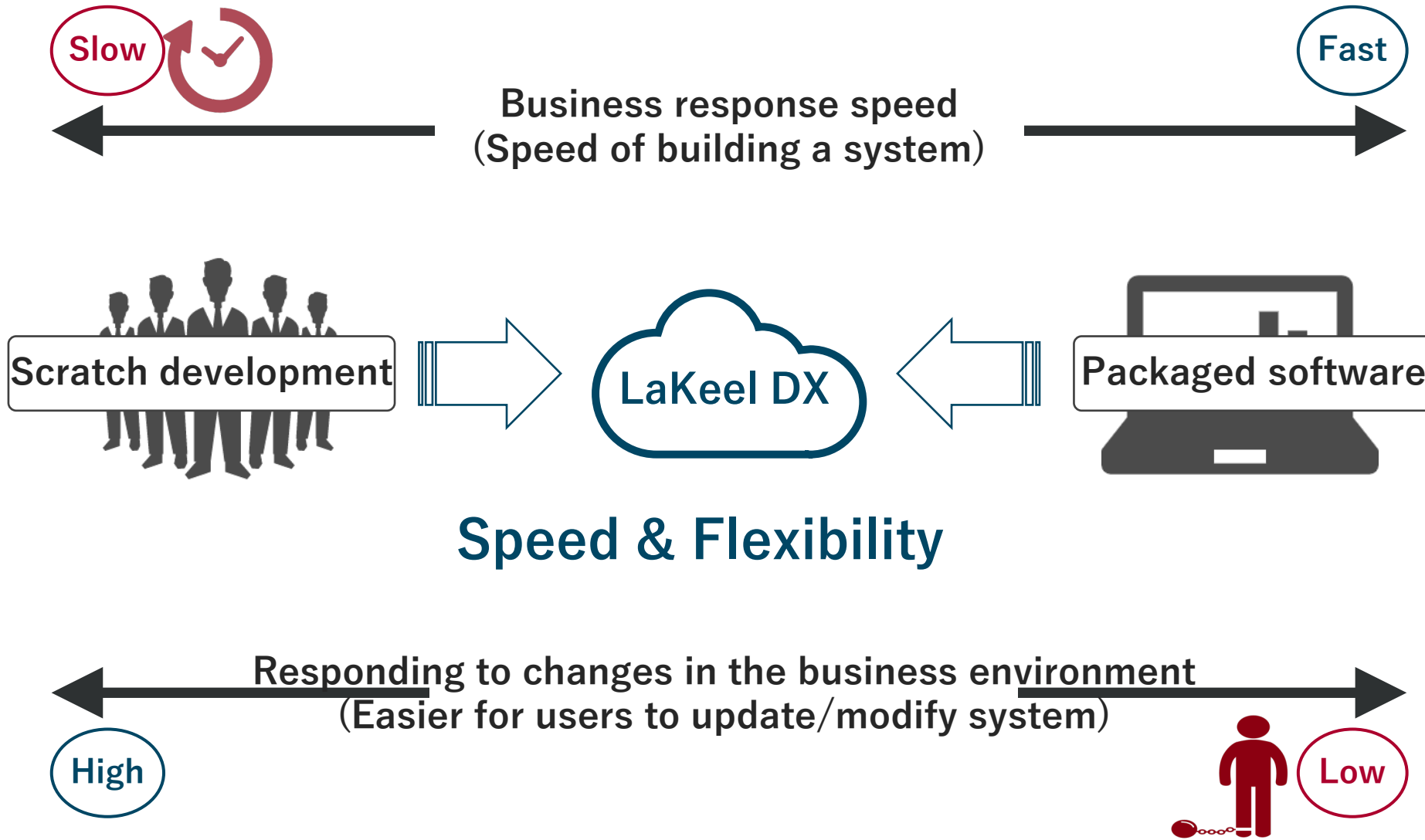
System related services

■ System development services

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

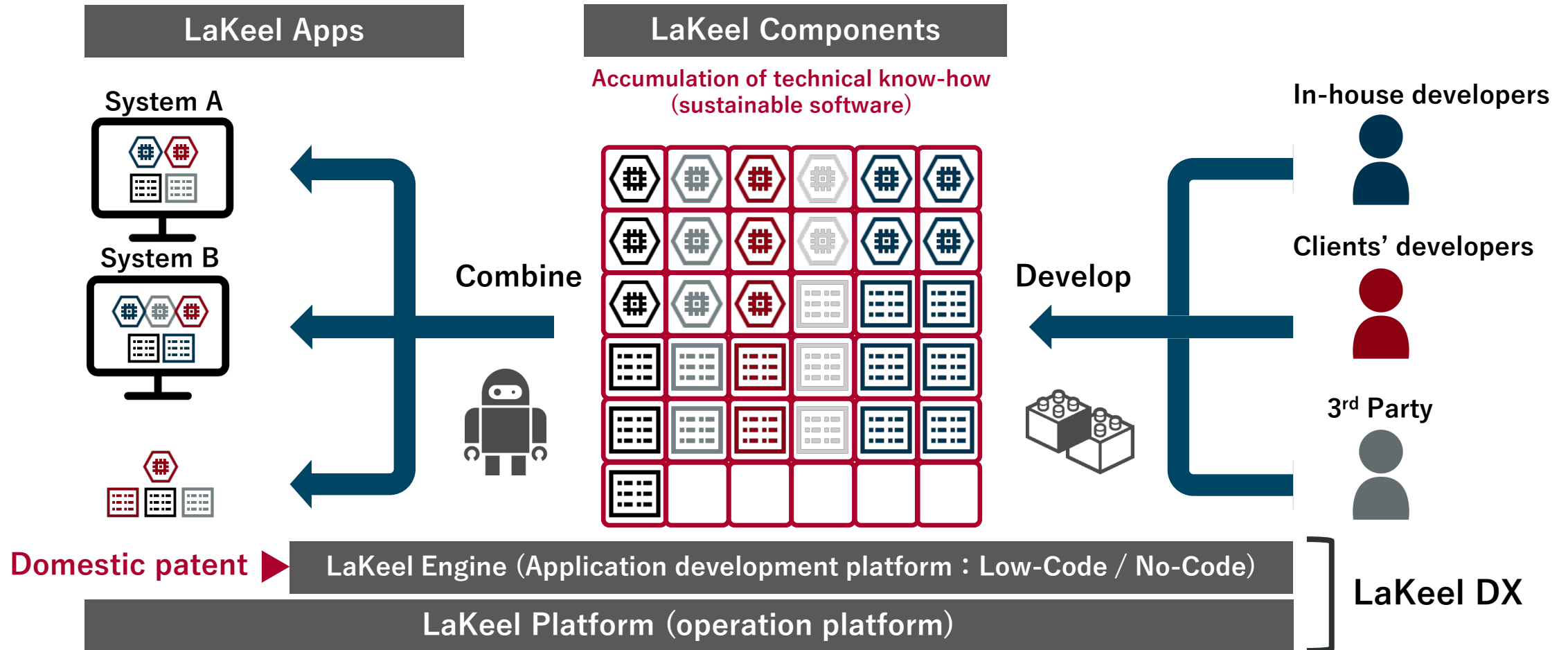
■ System maintenance services

DX offers both speed and flexibility required by corporates



Sustainable software architecture

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



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

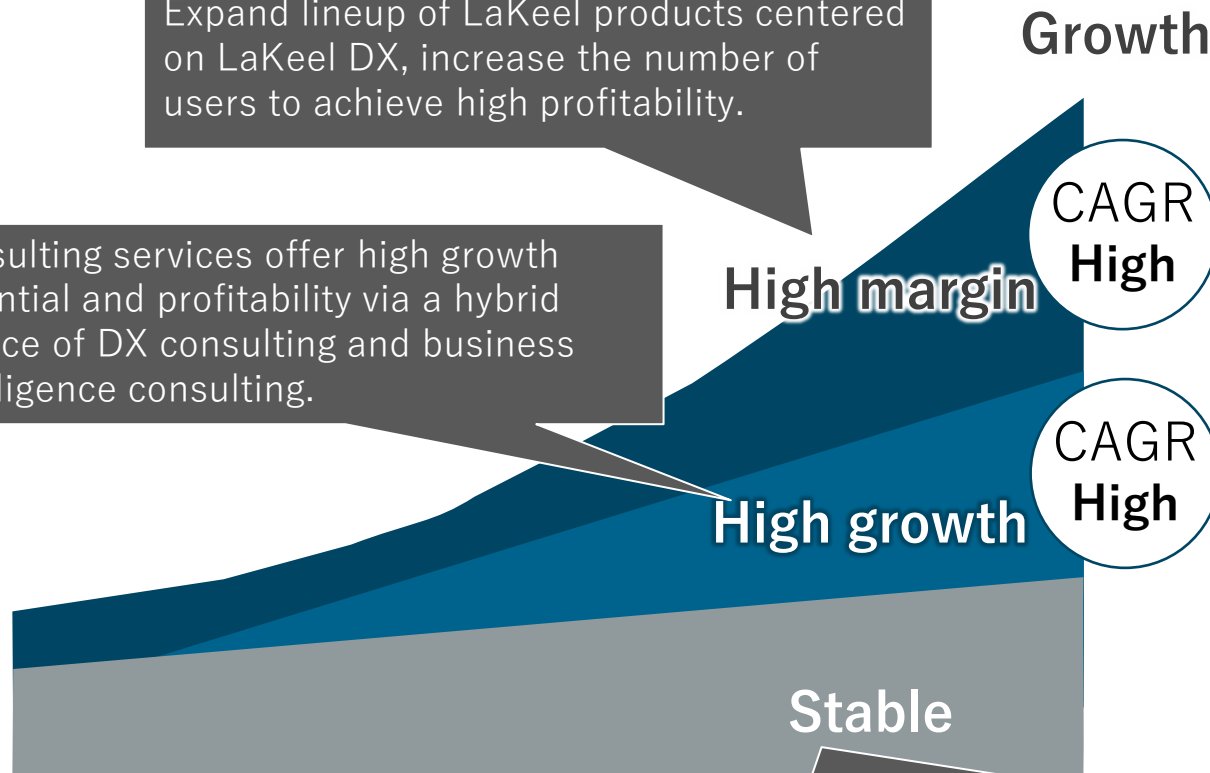
Growth Strategy: Service portfolio

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

Long term, aim for continuous up-sell and cross-sell to drive higher Life Time Value (LTV)

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.



■ 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 (flow) business

■ Professional services

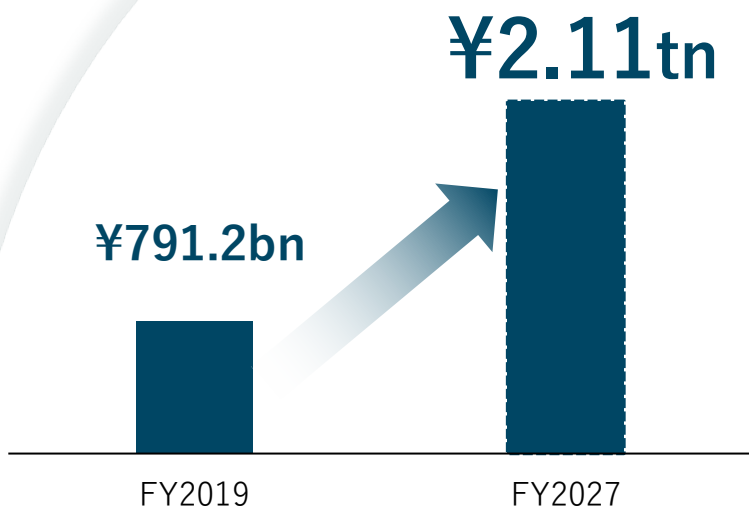
- Earnings focused on stability and continuity

Discretionary and recurring revenues

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

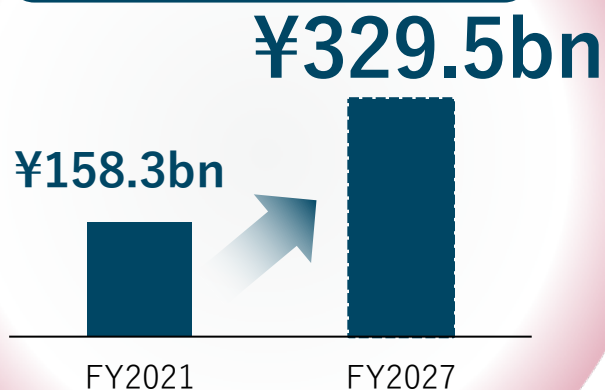
Growth Strategy: DX market size

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/\$

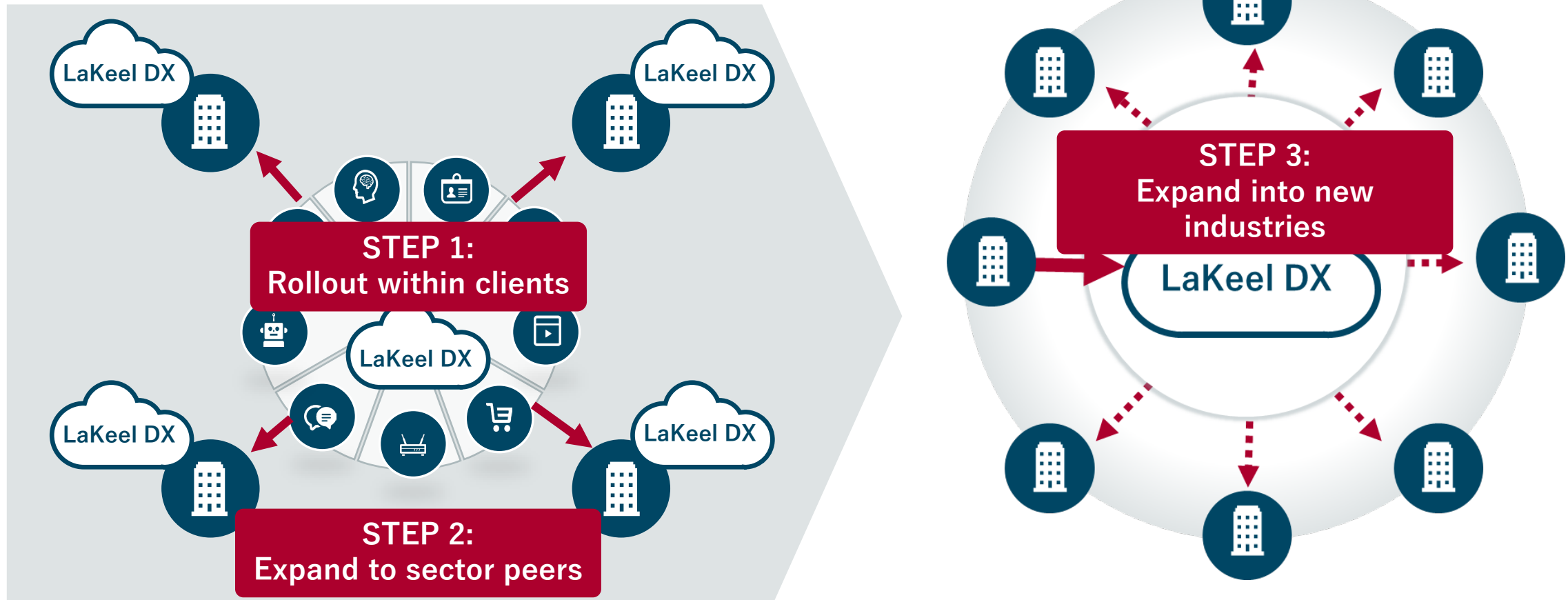
Source: Global Information, Inc
Global Digital Transformation Market By Component, By Deployment Type, By Enterprise Size, By End User, By Regional Outlook, Industry Analysis Report and Forecast, 2021 - 2027

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)

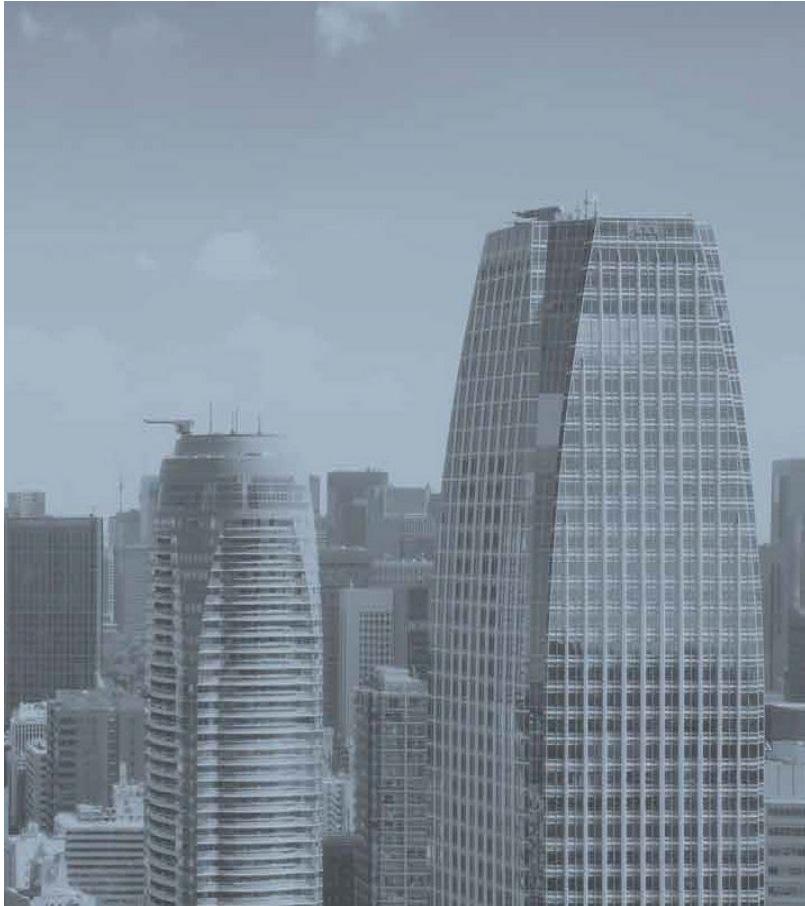
Build and expand LaKeel DX Economy



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.

4. Appendix

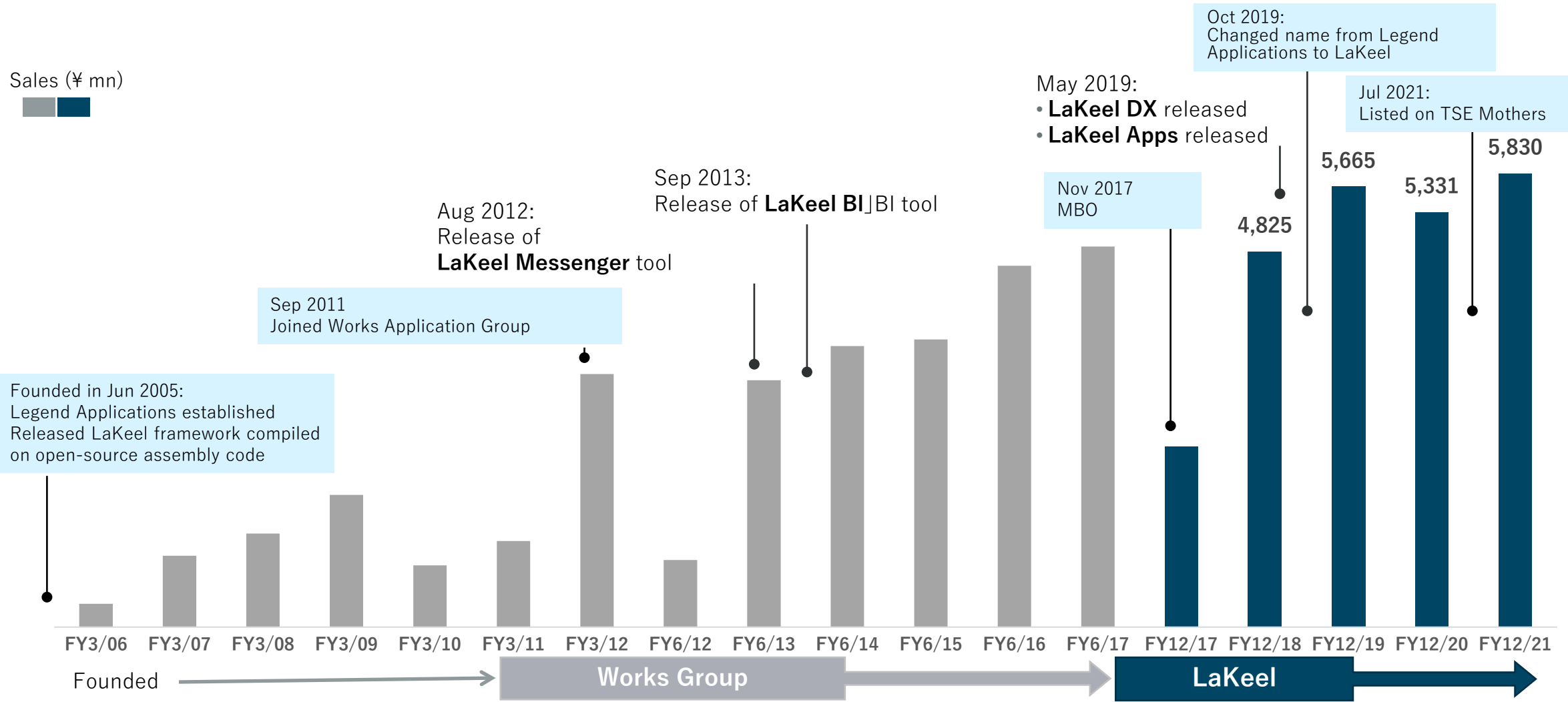
Company overview



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 2-5-1 Atago, Minato-ku, Tokyo, Japan
CEO	Tsutomu Kubo
Business portfolio	Supports digital transformation (DX) at corporates 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 Growth
Sector	Information & Communication
Code	4074 (ISIN JP3967020003)

Timeline

Sales (¥ mn)

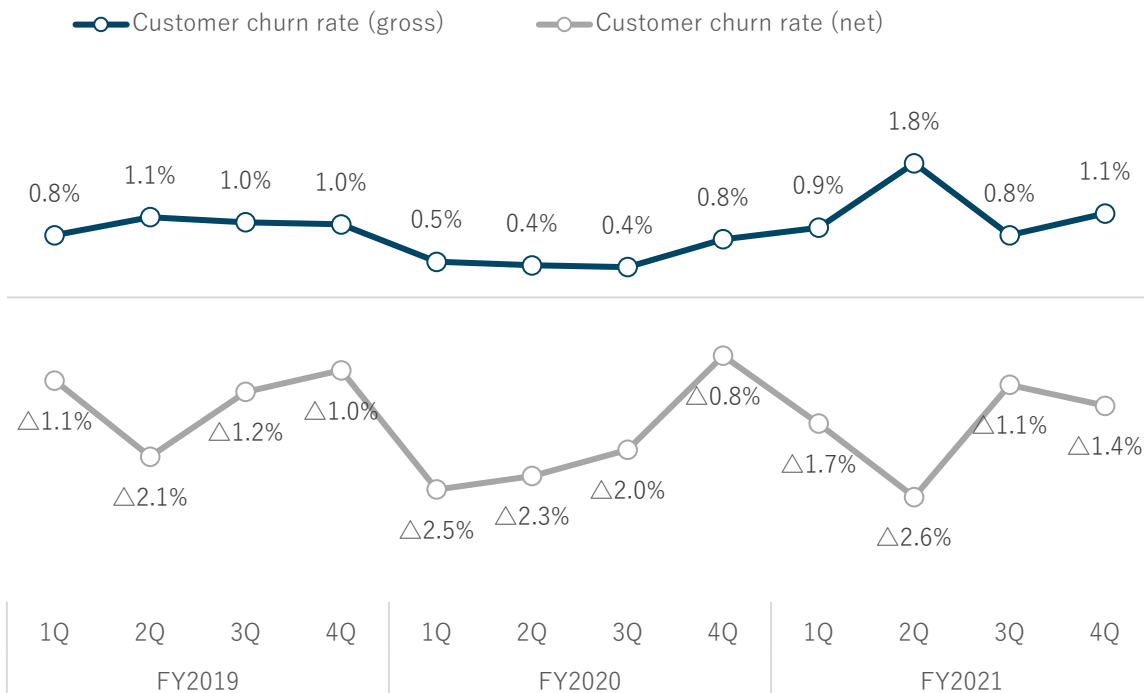


*1 Consolidated accounts from FY12/18. Parent prior to that. *2 FY6/12 was a 3m period due to change in accounting period *3 For FY12/17, Sales shown for Legend Applications between 1 Jul-31 Dec 2017

Product Services

Continued net growth. ARPU also rising on LaKeel DX growth

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%

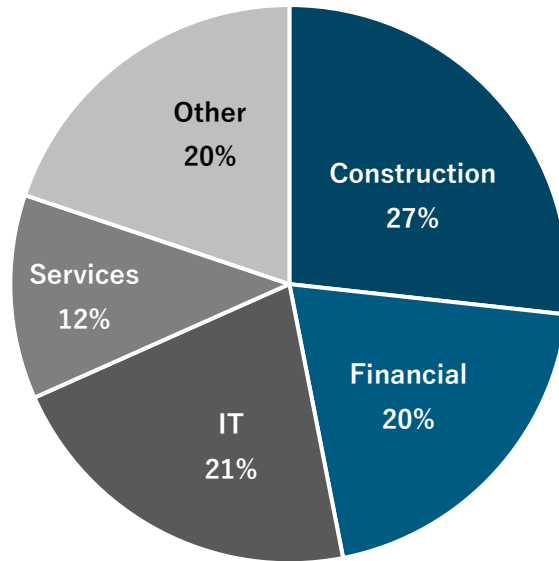
- MRR (Monthly recurring revenues: (Quarterly subscription sales / 3)
- ARPU: MRR / (No. of users at end-quarter)

Professional Services

Client base offering stable profits

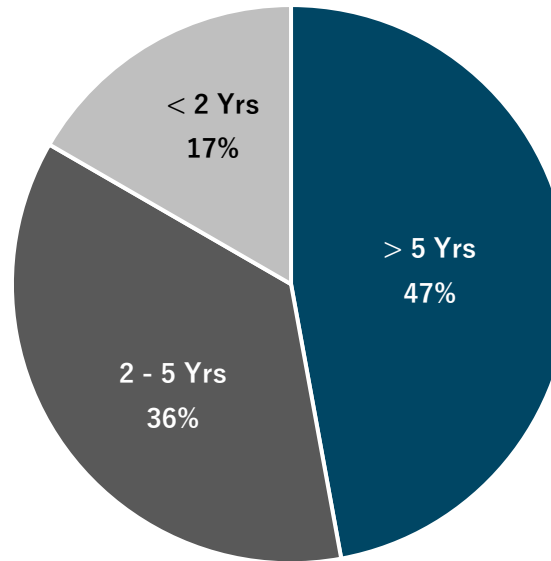
- Over 200 clients in wide range of industries, centered on large construction and financial services companies
- Many client relationships have continued since LaKeel was founded
- 2/3 of sales generated by customers with annual spend over ¥100mn

Customer by industry



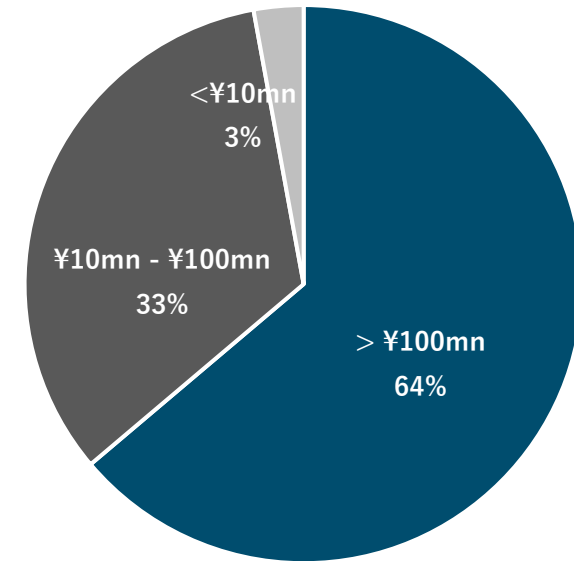
Sales by industry
(FY12/21 results)

Length of business relationship



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

Customer Annual Spend Split

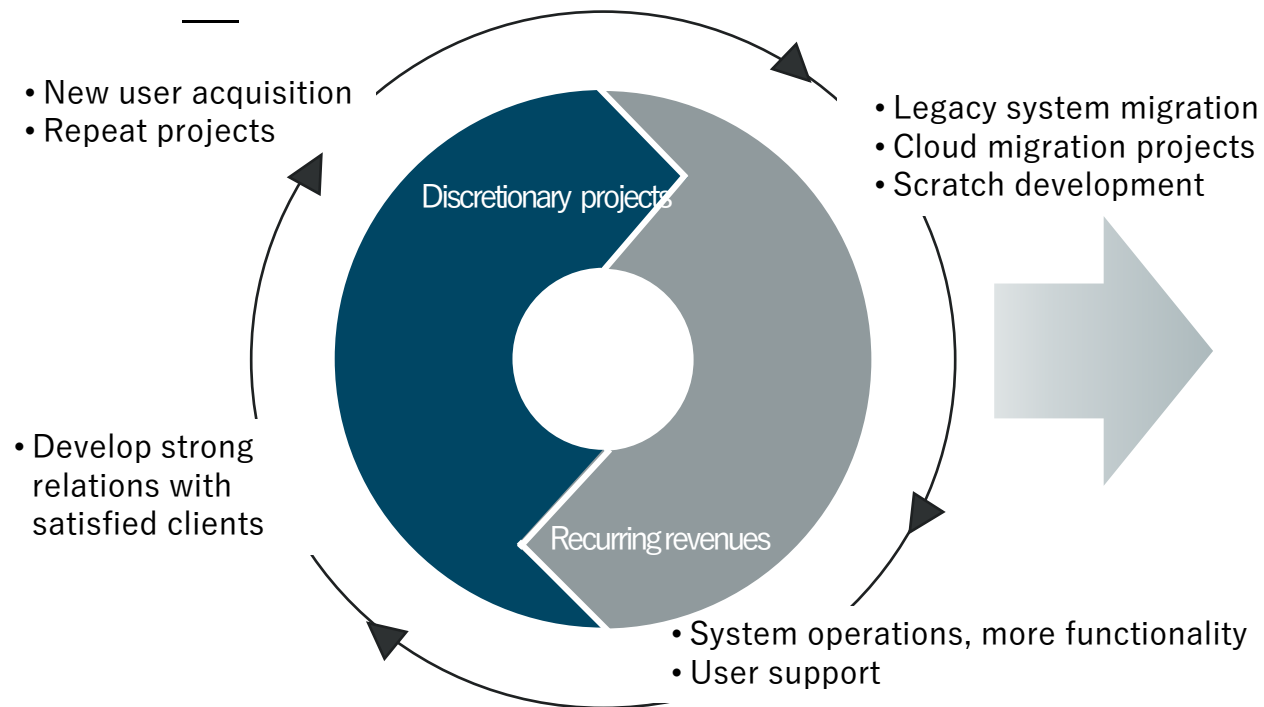


Annual spend per client (% of total sales)
(FY12/21 results)

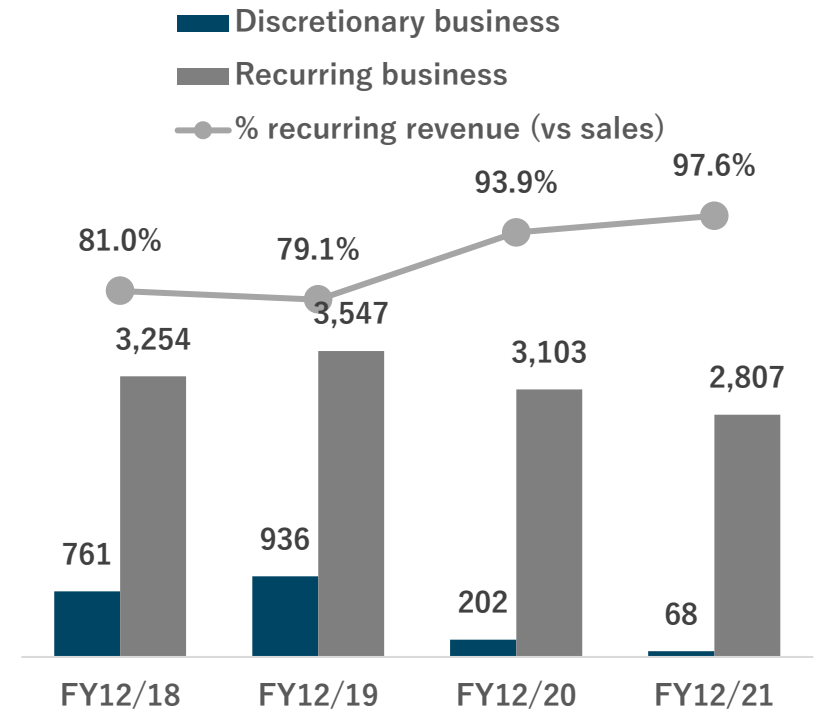
Professional Services

Over 90% of sales are stable recurring revenues

High value-added business model

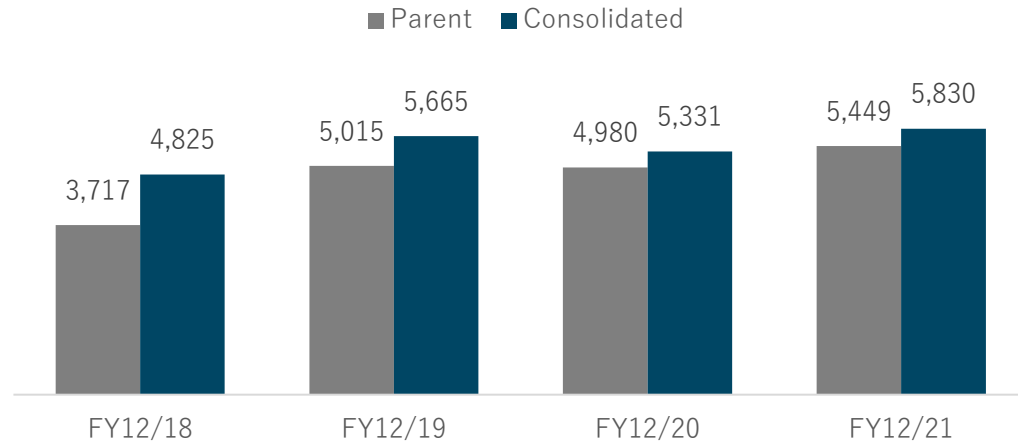


Types of business (¥mn)

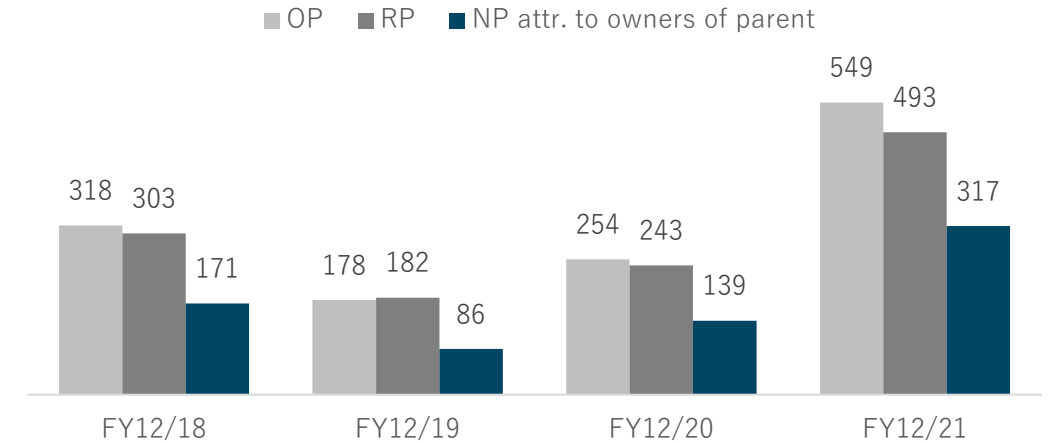


Financial Highlights (1)

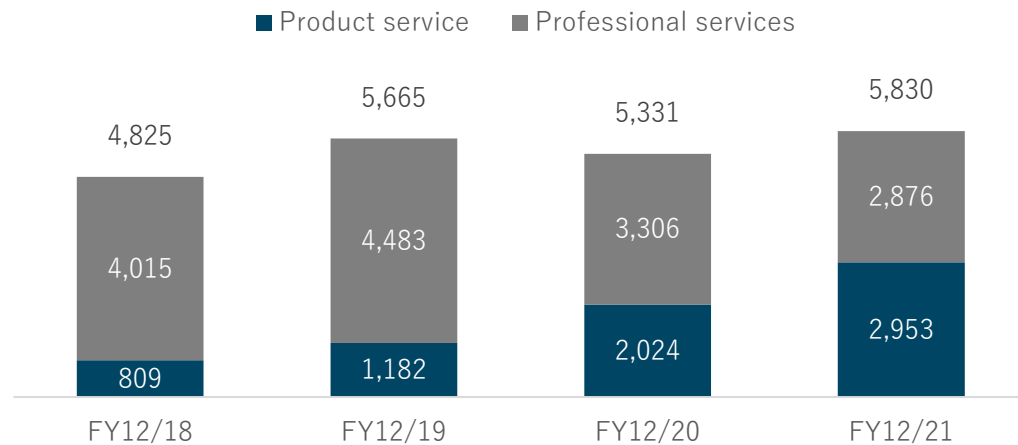
Sales (¥mn)



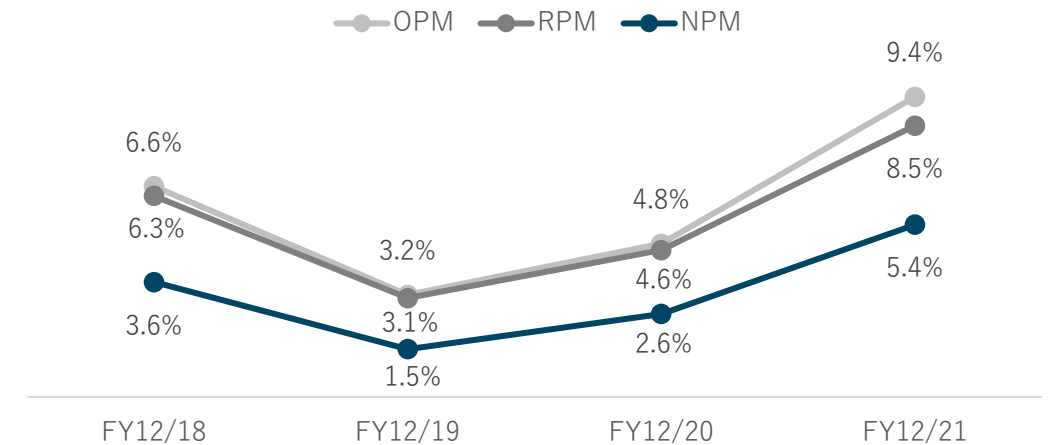
Profit (¥mn, consolidated)

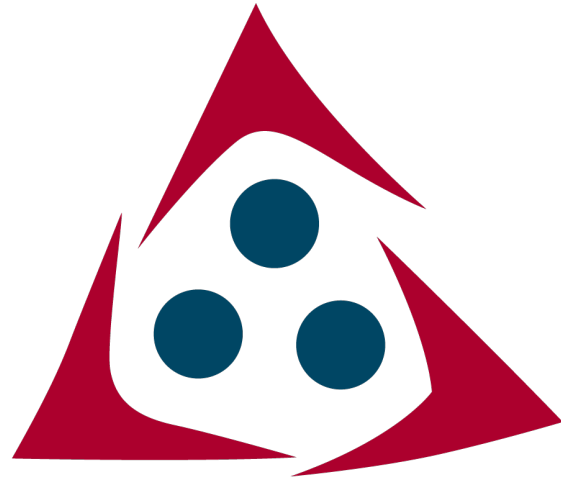


Sales by segment (¥mn, consolidated)



Profit margins (% , consolidated)





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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