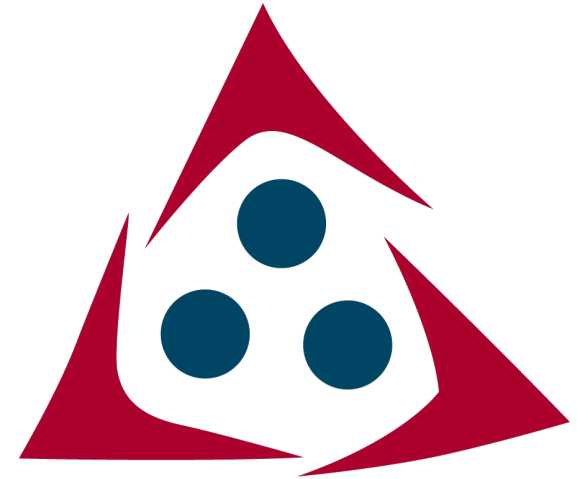


FY12/2022 Q3 Financial Results

LaKeel Inc, 14 November, 2022
(TSE Growth : 4074)



LaKeel

- 1. Highlights of FY 12/2022 Q3 results**
- 2. Earnings trends and overview of consolidated results**
- 3. Our businesses and growth strategies**
- 4. Appendix**

1. Highlights of FY12/2022 Q3 results



Highlights of FY12/2022 Q3 results

YoY sales and profit growth, solid progress inline with plan

Consolidated Sales

YoY (Q1-Q3)

+22.2%
(+¥933mn)

Product Services Sales

YoY (Q1-Q3)

+44.1%
(+¥911mn)

Professional Services Sales

YoY (Q1-Q3)

+1.0%
(+¥22mn)

Operating Profit

YoY (Q1-Q3)

+49.3%
(+¥172mn)

Recurring Profit

YoY (Q1-Q3)

+60.4%
(+¥183mn)

Net Income

YoY (Q1-Q3)

+62.3%
(+¥120mn)

※ Net Income: Net Income attributable to parent shareholders

Highlights of FY12/2022 Q3 (Product)

Solid growth in subscriptions for LaKeel products

Product Services Sales

Sales weighting, YoY (Q3; Jul-Sep)

52.0% ⇒ 57.4%

Subscription^{※1} User

Qtr end YoY

+18.3%
(+42 users)

230 users ⇒ 272 users

Subscription^{※1} Sales

YoY (Q1-Q3)

+31.8%
(+¥144mn)

¥453mn ⇒ ¥597mn



MRR^{※2}

YoY (Q3; Jul-Sep)

+21.7%
(+¥12.2mn)

¥56.3mn ⇒ ¥68.5mn

ARPU^{※2}

YoY (Q3; Jul-Sep)

+2.9%
(+¥7k)

¥245k ⇒ ¥252k

※1 Subscriptions based on LaKeel products

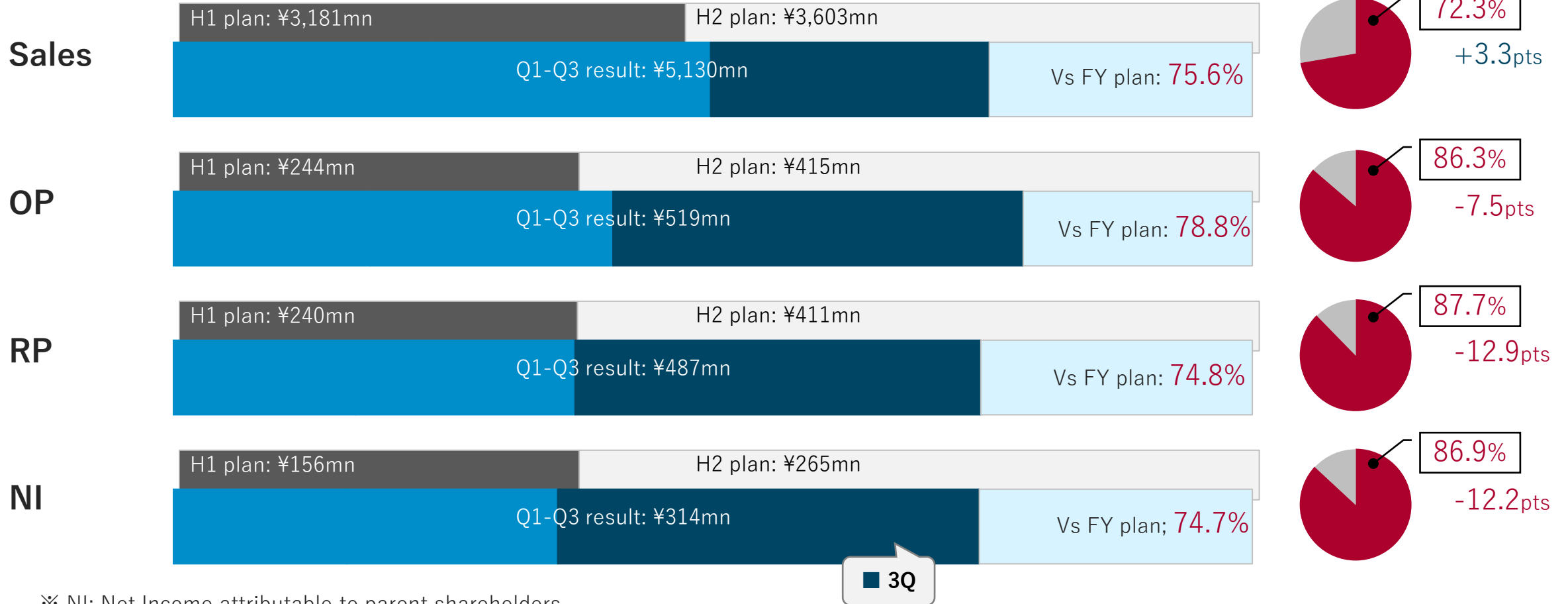
※2 MRR (Monthly Recurring Revenue) = qtr subscription sales divided by 3, ARPU = MRR divided by qtr end # of users

2. Earnings trends and overview of consolidated results

Progress vs guidance

Solid progress vs guidance

Yr earlier Q1-Q3 progress



※ NI: Net Income attributable to parent shareholders

Quarter earnings trend

Margins improved significantly in Q3

(Units: ¥mn)	Q1	Q2	Q3	Q1-Q3 (cumulative)	FY guidance	Comment on quarterly trend
Sales	1,635 (100.0%)	1,743 (100.0%)	1,751 (100.0%)	5,130 (100.0%)	6,784	Profits grew strongly
GP	508 (31.1%)	597 (34.2%)	657 (37.6%)	1,763 (34.4%)	—	
SG&A	388 (23.7%)	448 (25.7%)	407 (23.3%)	1,244 (24.2%)	—	SG&A declined
OP	120 (7.4%)	148 (8.5%)	250 (14.3%)	519 (10.1%)	659	
EBITDA	199 (12.2%)	225 (12.9%)	328 (18.8%)	753 (14.7%)	—	<ul style="list-style-type: none"> • Professional Services GPM improved • Training costs lower on completion of new graduate training • Recruiting costs rose, but offset by control of advertising
RP	110 (6.7%)	132 (7.6%)	245 (14.0%)	487 (9.5%)	651	
NI	67 (4.2%)	82 (4.7%)	164 (9.4%)	314 (6.1%)	421	

※ NI: Net Income attributable to parent shareholders

Overview of FY12/2022 Q3 results (P/L)

YoY sales and profit growth

(Units: ¥mn)	FY12/21 Q3	FY12/22 Q3	YoY growth	FY12/21 Q1-Q3	FY12/22 Q1-Q3	YoY growth
Sales	1,524	1,751	14.9%	4,197	5,130	22.2%
GP	563 (37.0%)	657 (37.6%)	16.7%	1,460 (34.8%)	1,763 (34.4%)	20.7%
SG&A	413 (27.1%)	407 (23.3%)	-1.4%	1,112 (26.5%)	1,244 (24.2%)	11.8%
OP	150 (9.9%)	250 (14.3%)	66.2%	347 (8.3%)	519 (10.1%)	49.3%
EBITDA	202 (13.3%)	328 (18.8%)	62.5%	503 (12.0%)	753 (14.7%)	49.7%
RP	136 (9.0%)	245 (14.0%)	79.2%	304 (7.2%)	487 (9.5%)	60.4%
NI	100 (6.6%)	164 (9.4%)	64.2%	194 (4.6%)	314 (6.1%)	62.3%

DX demand grows solidly, contributing to sales growth

- Appetite for DX investment remains strong, Product Services sales growth centered on financial services.
- Limited impact from COVID-19, yen weakness and Ukraine situation

Drivers of profit growth

- GPM up on growth of high margin Product Services
- Higher recruiting and training costs in SG&A

Changes in accounting standards

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

※ NI: Net Income attributable to parent shareholders

Sales breakdown by service

Product Services strong, Professional Services slight growth

(Units: ¥mn)		FY12/21 Q3	FY12/22 Q3	YoY growth	FY12/21 Q1-Q3	FY12/22 Q1-Q3	YoY growth
Consolidated total		1,524	1,751	14.9%	4,197	5,130	22.2%
Product Services		792	1,004	26.8%	2,066	2,977	44.1%
Products	License	106	112	6.1%	259	297	15.0%
	Subscription (Lakeel products)	169	205	21.7%	453	597	31.8%
	Subscription (third party products)	37	33	-8.9%	122	102	-15.9%
	Other	16	28	77.6%	59	66	13.3%
Consulting Services		463	624	34.5%	1,172	1,912	63.1%
Professional Services		731	747	2.1%	2,131	2,153	1.0%
Discretionary (flow)		15	53	236.1%	53	89	66.7%
Recurring revenue		715	693	-3.1%	2,077	2,064	-0.7%

Consulting Services grew strongly

- DX consulting continues to expand
- Due to EOL etc, subscriptions of third party products decline as planned

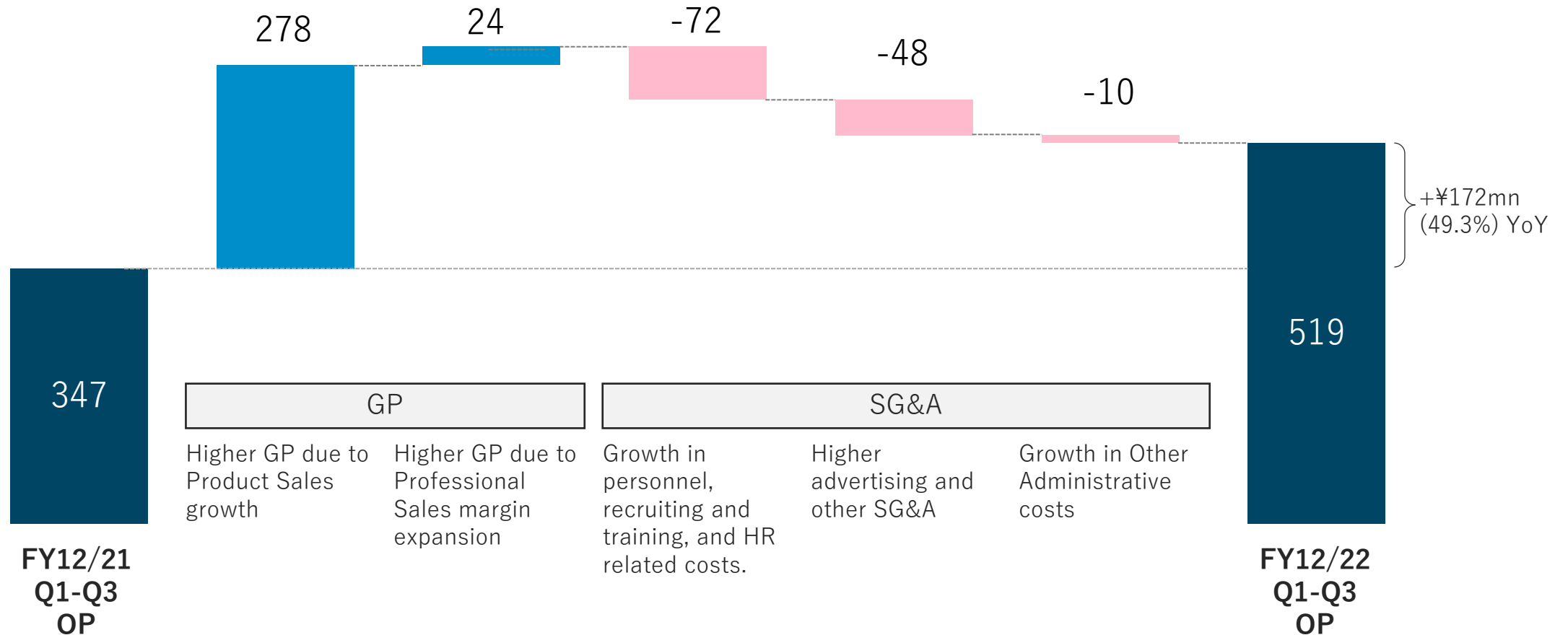
Professional Services slight growth

- Focus on maintenance business for existing clients
- Continue to limit new discretionary business, slight increase on client requests

OP variance analysis

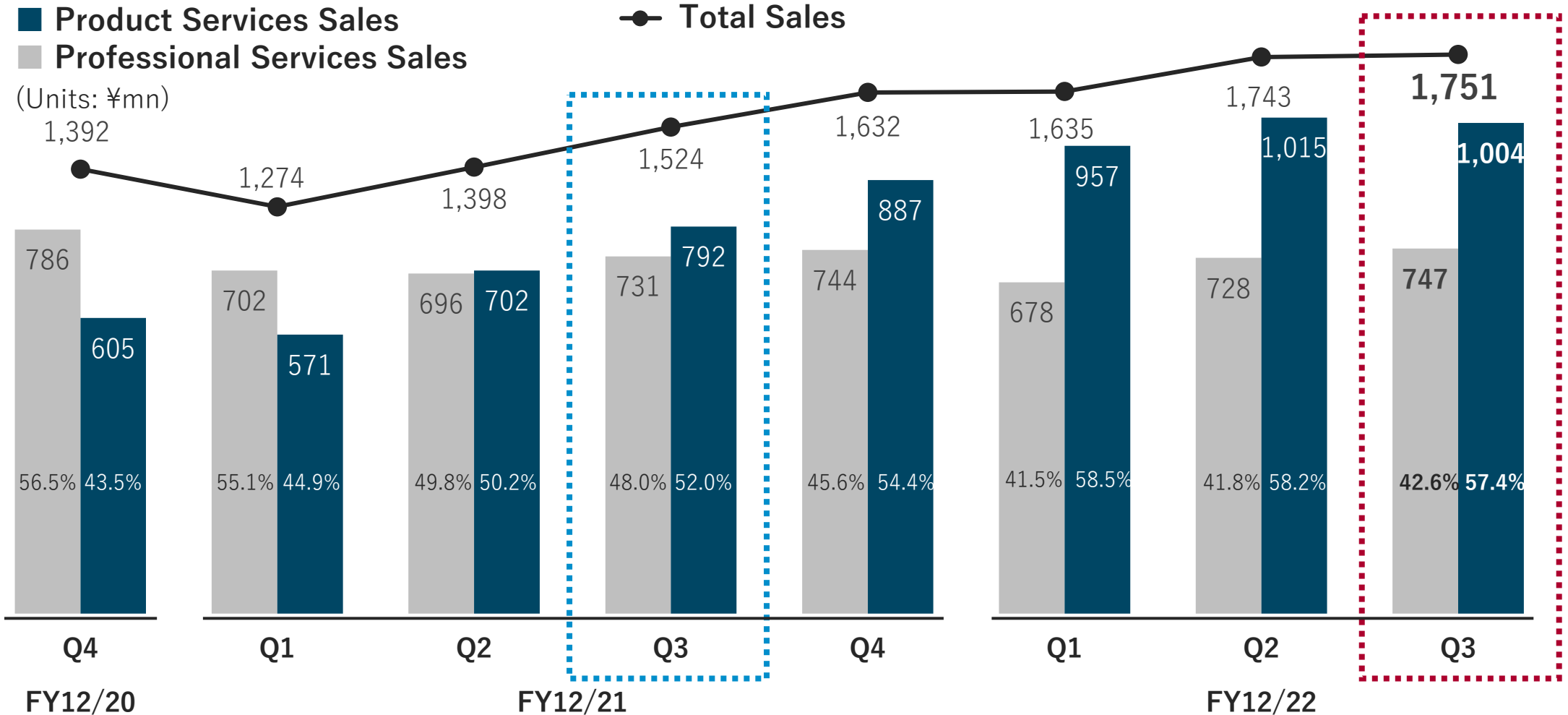
Strong OP gains driven by Product Services growth

(Unit: ¥mn)



Trend in Sales Contribution by Service

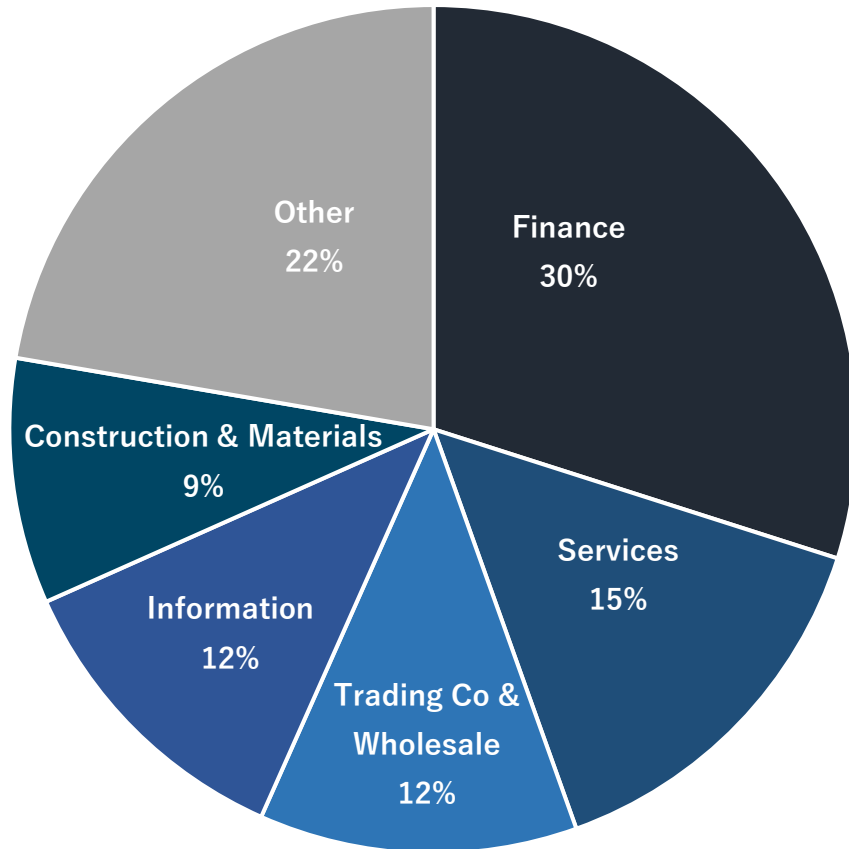
Product Services now around 60% of total sales



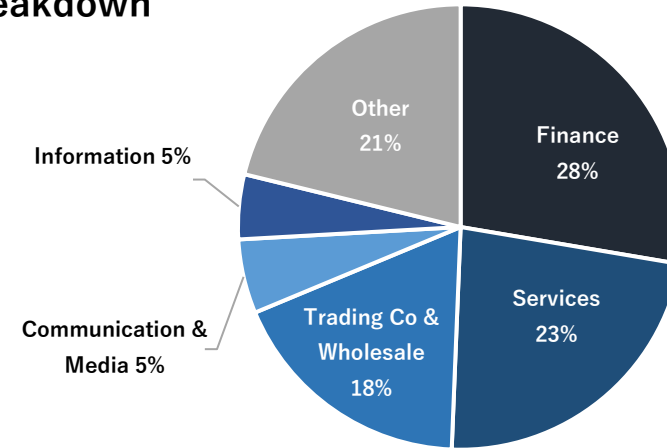
Sales by Client Industry

Financial services expanding, top in both Product and Professional

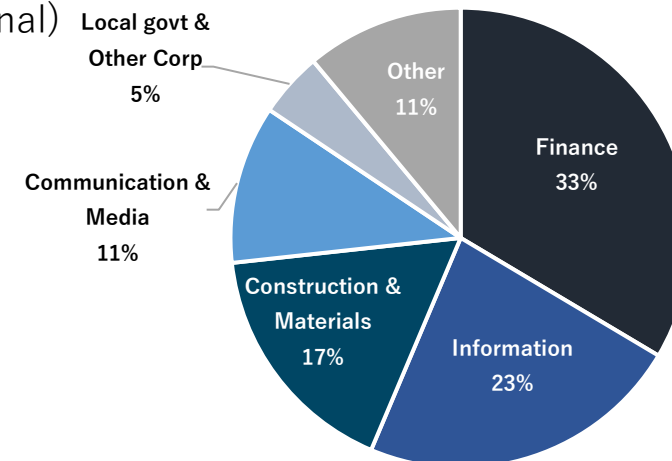
■ Industry breakdown (total)



■ Industry breakdown (Product)



■ Industry breakdown (Professional)

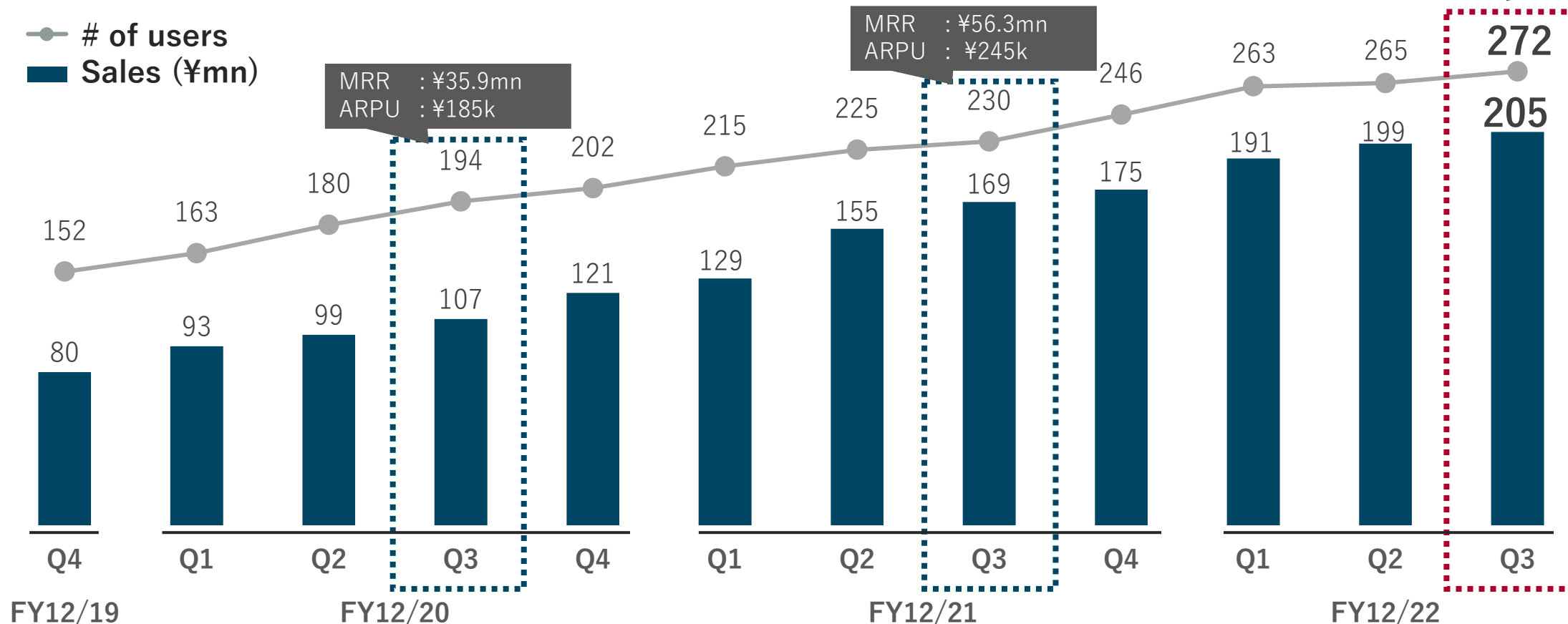


※ FY12/22 Q1-Q3, LaKeel parent basis.

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

Subscription business situation

MRR : ¥68.5mn
ARPU : ¥252k



※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 FY12/22 includes impact from accounting standard change.

Overview of FY12/22 Q3 results (B/S)

(Unit : ¥mn)	FY12/21 Q3 end	FY12/21 end	FY12/22 Q3 end	+/- vs FY12/21 end
Current assets	3,672	3,876	3,998	3.1%
Cash & deposits	2,436	2,570	3,052	18.7%
Fixed assets	1,593	1,565	1,627	3.9%
Goodwill	479	470	444	-5.5%
Total assets	5,266	5,442	5,625	3.4%
Current liabilities	1,843	1,948	1,900	-2.5%
Non-current liabilities	741	676	589	-12.8%
Net assets	2,680	2,817	3,135	11.3%
Own equity	2,662	2,798	3,116	11.4%
(Equity ratio)	50.5%	51.4%	55.4%	4.0P
Non-controlling interests	18	18	18	-0.5%

Financial strength

- Cash and deposits ¥3.0b, up ¥0.5b from FY21 end.
- Short-term interest-bearing debt ¥0.73bn, long-term ¥0.51bn.
- Equity ratio 55.4%

Goodwill booking and amortisation

- Goodwill of ¥0.6bn booked due to Nov 2017 MBO and subsidiary acquisition in Dec 2018, ¥444m remaining as of Q2 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

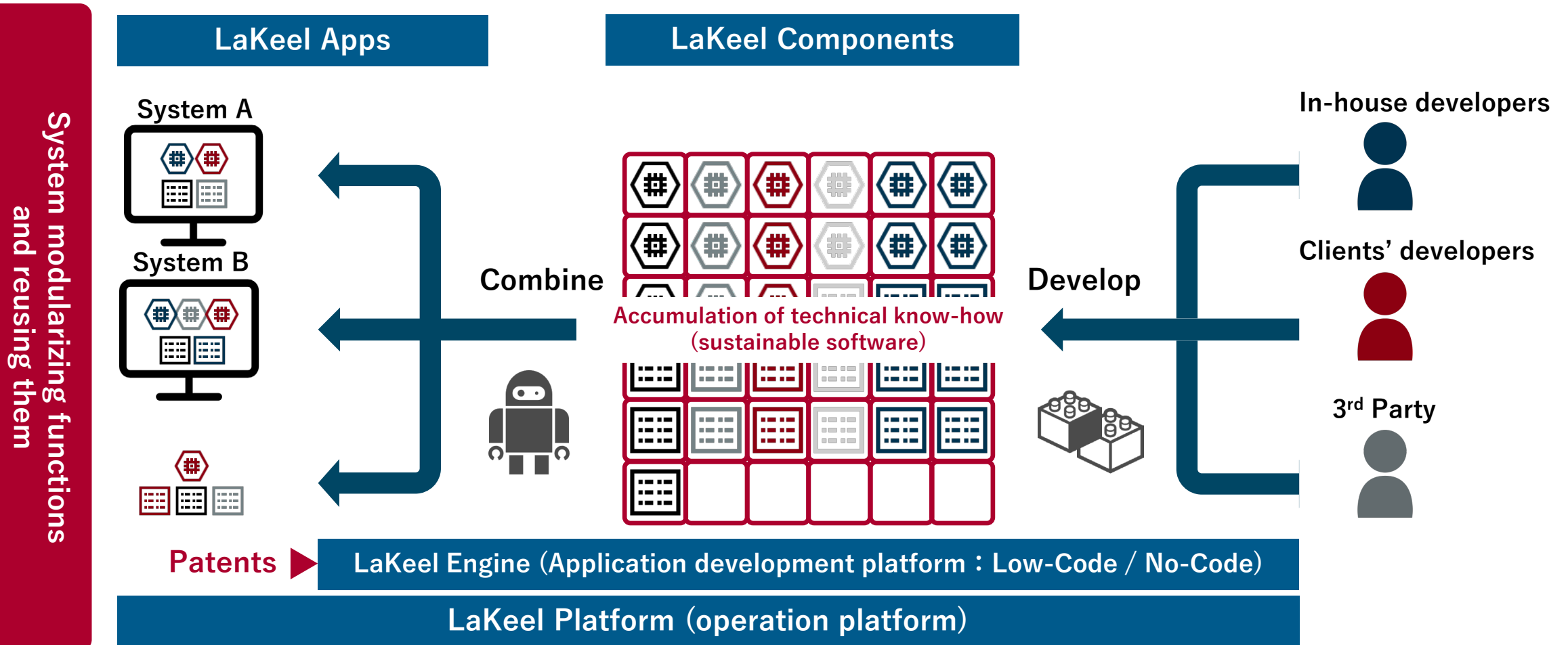
- Legacy systems migration, cloud migration from on-premise systems
- System development from scratch

■ System maintenance services

Sustainable software architecture

Technology that continues to grow and change, avoiding obsolescence

✧ LaKeel DX feature layer



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

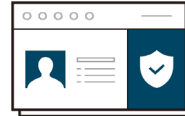
Big data analytics platform that can have additional functionality from microservices



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

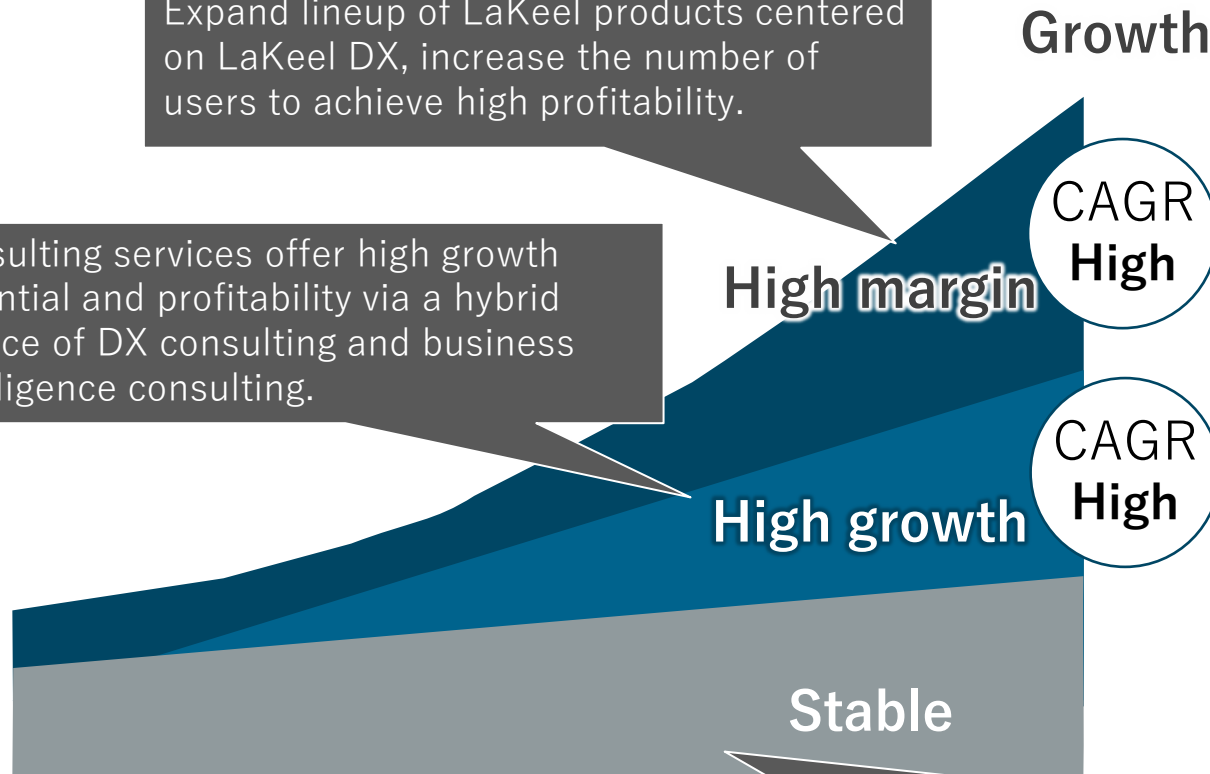
Growth strategy: Service portfolio

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

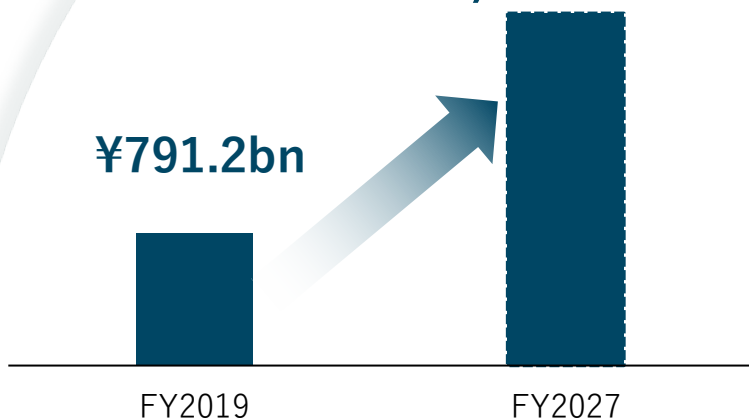
Professional Services already has stable recurring revenues, but more cross-selling will guide existing customers to Product Services and DX business

Growth strategy: DX market size

DX market in Japan (2027 E)

¥2,107.4bn

¥791.2bn

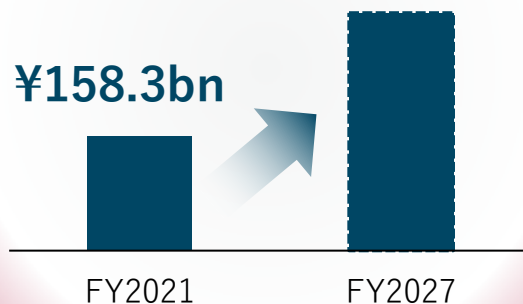


Source: Fuji Chimera Research Institute, Inc
Expect CAGR of 13.0% based on "2020 Future Prospects of Digital Transformation Market." (chart by LaKeel)

Our DX target market (for 2027)

¥329.5bn

¥158.3bn



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

DX global market (2027E)

¥143.32tn*

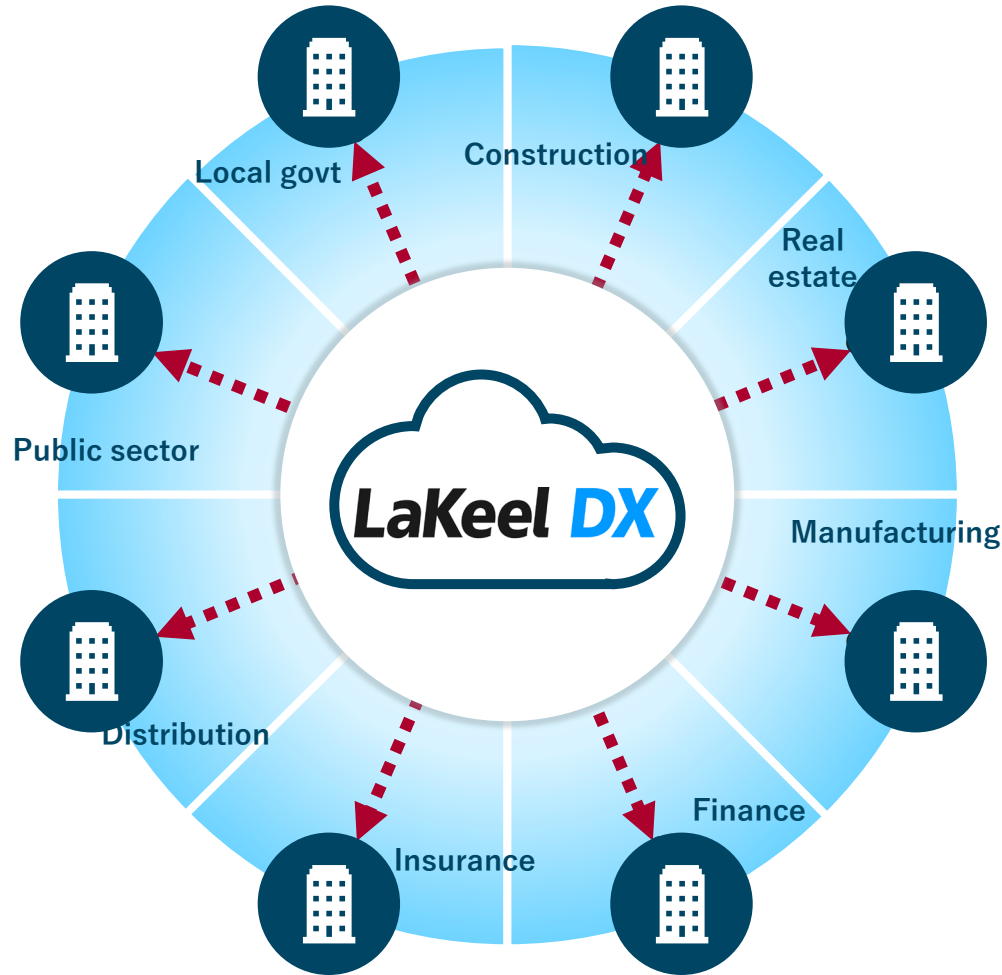
*\$1.30tn, ¥110/\$

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)

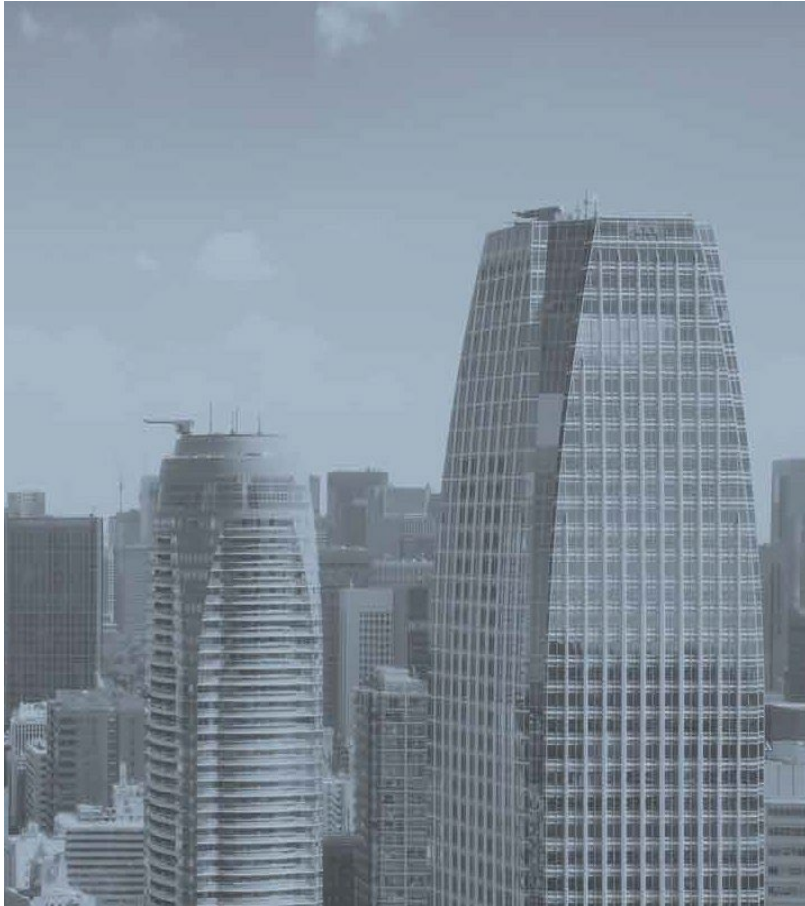


We are aiming to be an Application Platformer (Application PaaS=Platform-as-a-Service).

Also, we want to create and grow a “**LaKeel DX Economy**” through progressive And widespread adoption of LaKeel DX as a digital platform for enterprises.

4. Appendix

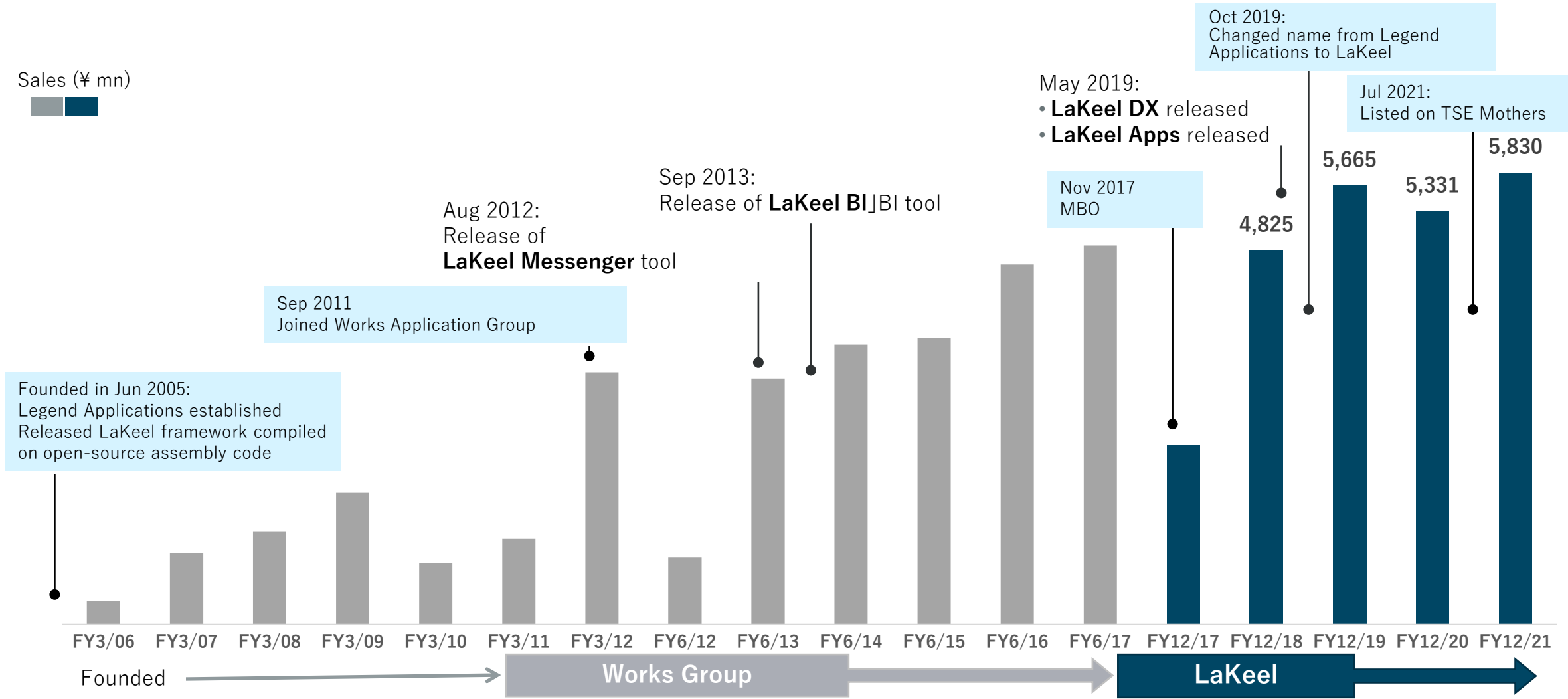
Company overview



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)

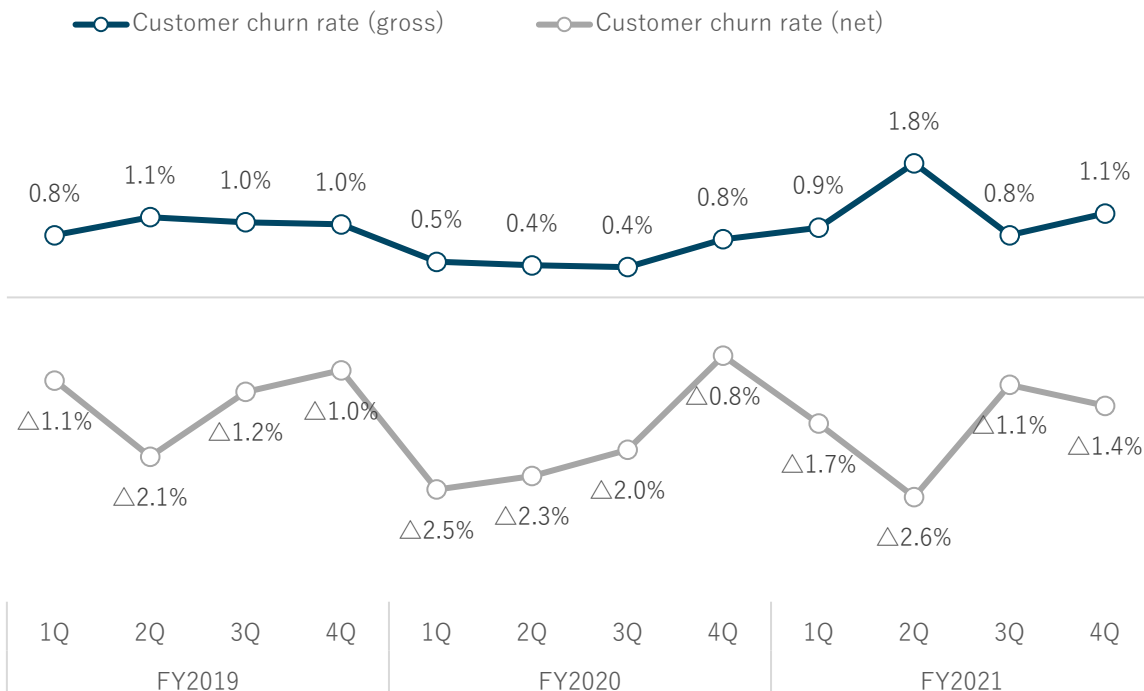


*1 Consolidated accounts from FY12/18. Parent prior to that. *2 FY6/12 was a 3m period due to change in accounting period *3 For FY12/17, Sales shown for Legend Applications between 1 Jul-31 Dec 2017

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%

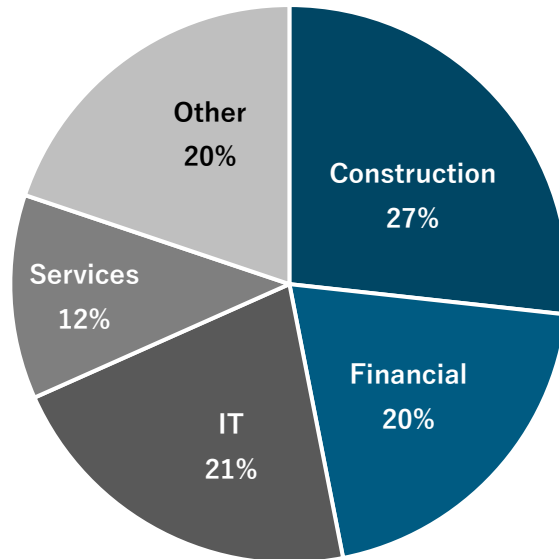
- MRR (Monthly recurring revenues: (Quarterly subscription sales / 3)
- ARPU: MRR / (No. of users at end-quarter)

Professional Services

Client base offering stable profits

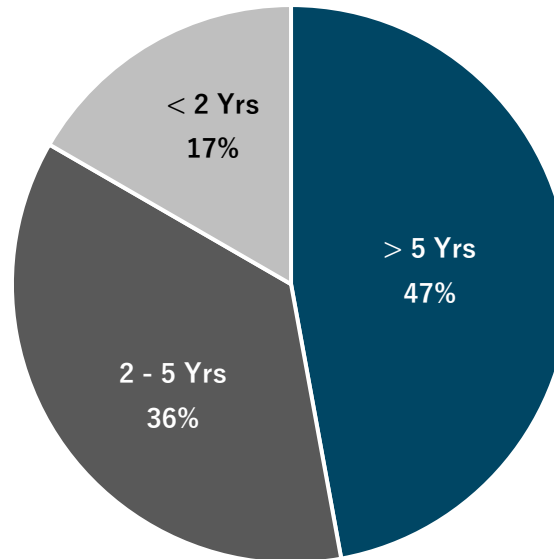
- Over 200 clients in wide range of industries, centered on large construction and financial services companies
- Many client relationships have continued since LaKeel was founded
- 2/3 of sales generated by customers with annual spend over ¥100mn

Customer by industry



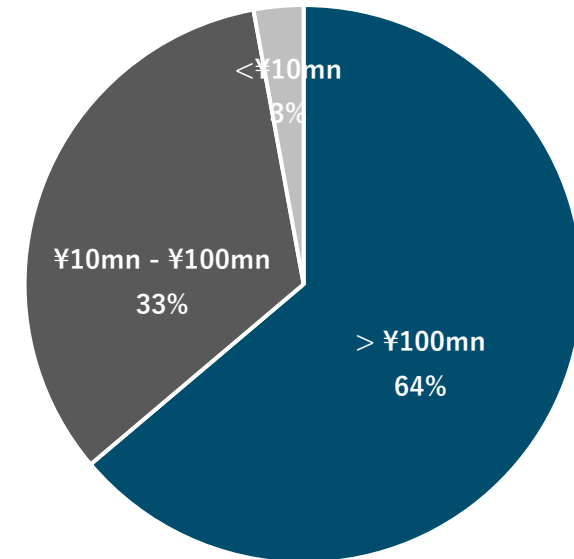
Sales by industry
(FY12/21 results)

Length of business relationship



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

Customer Annual Spend Split

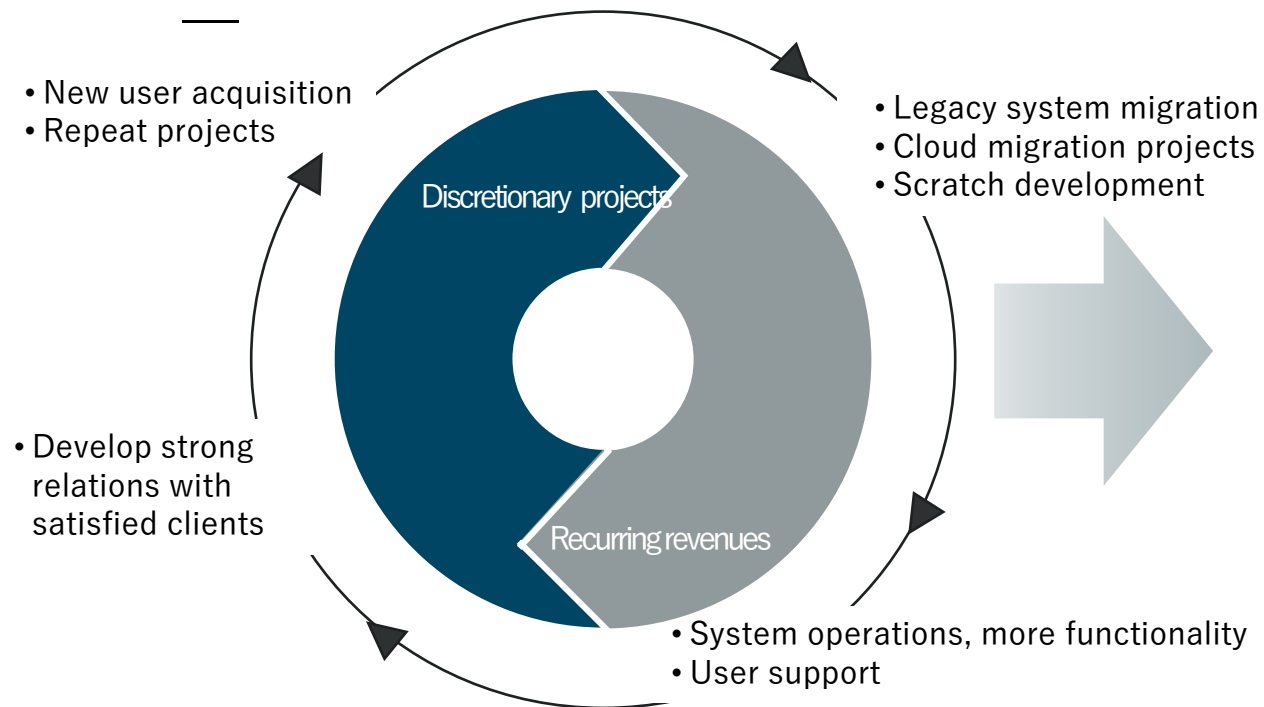


Annual spend per client (% of total sales)
(FY12/21 results)

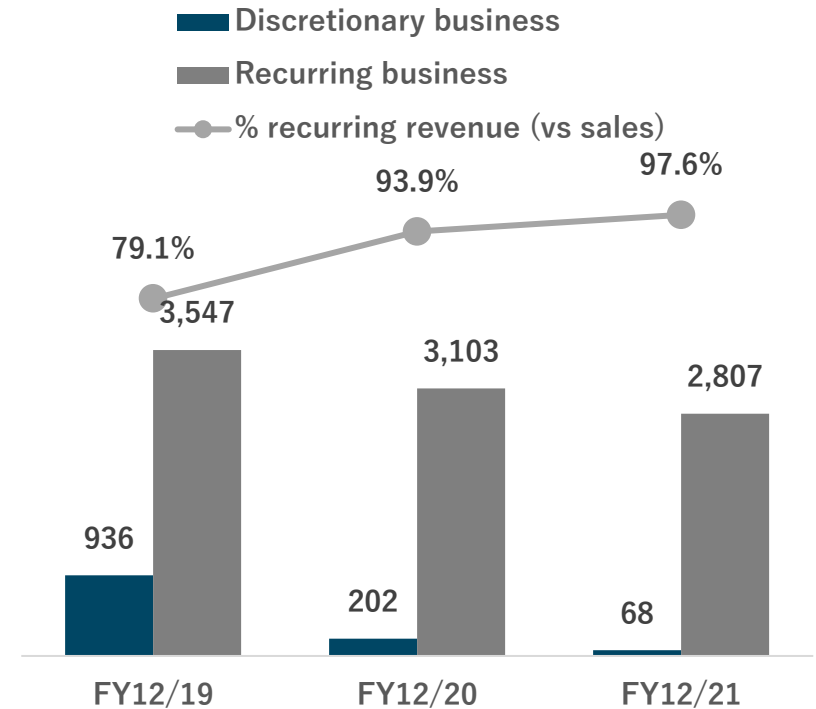
Professional Services

Over 90% of sales are stable recurring revenues

High value-added business model

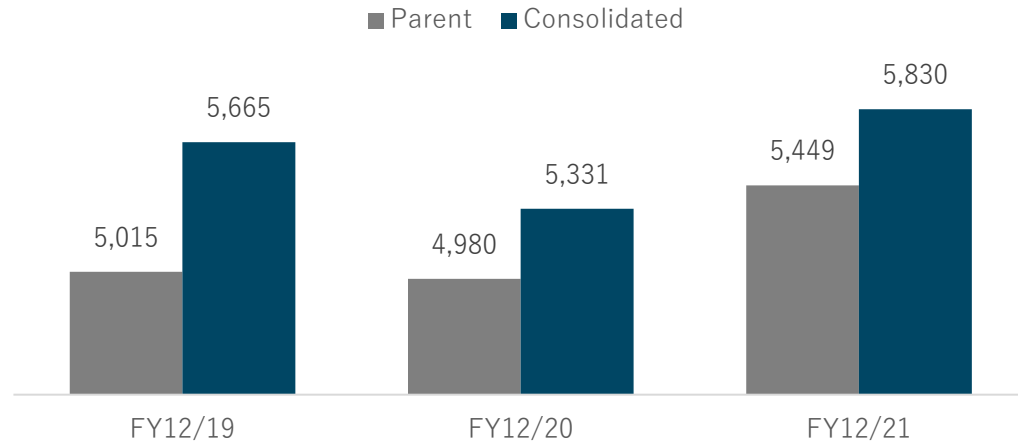


Types of business (¥mn)

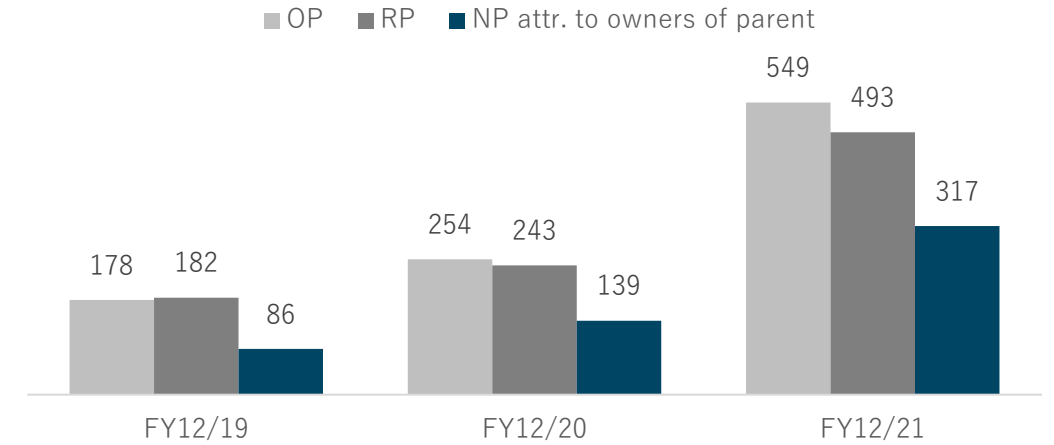


Financial Highlights (1)

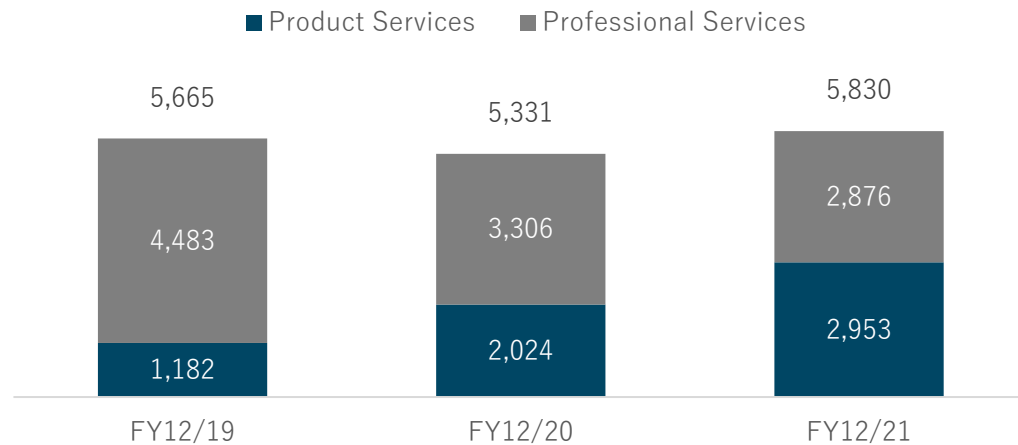
Sales (¥mn)



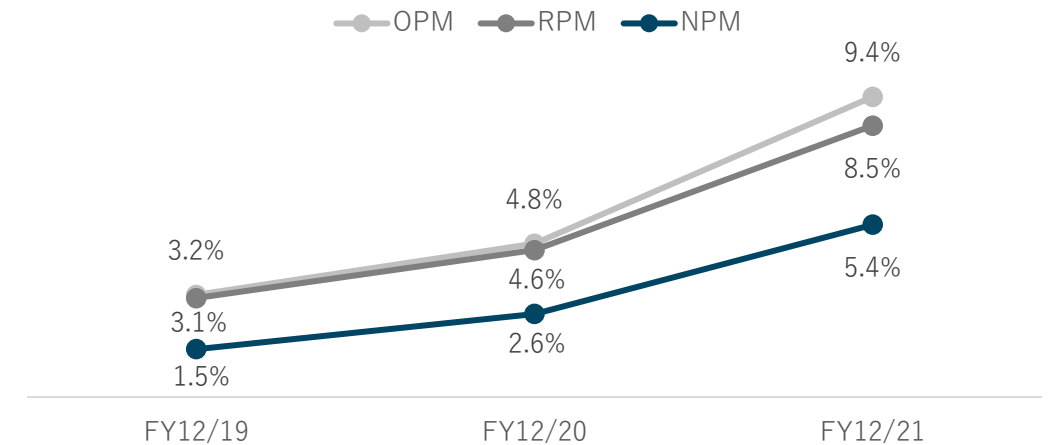
Profit (¥mn, consolidated)



Sales by segment (¥mn, consolidated)

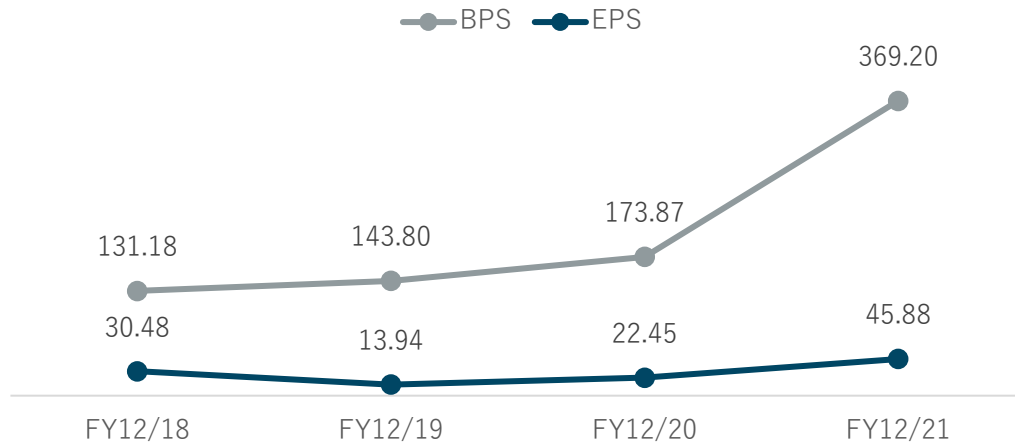


Profit margins (% , consolidated)

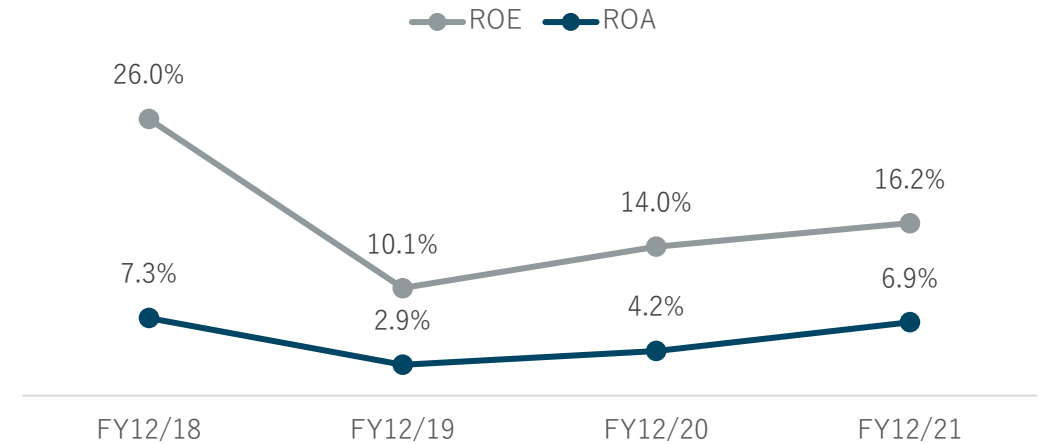


Financial Highlights (2)

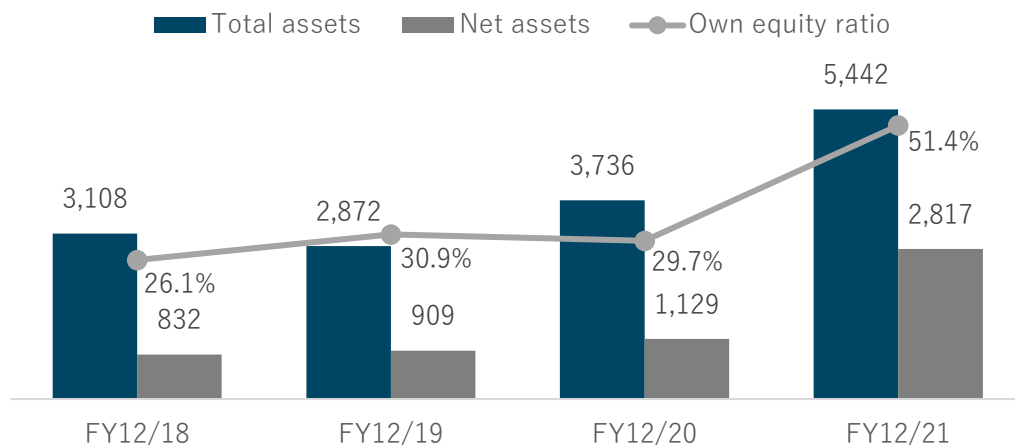
BPS & EPS (¥)



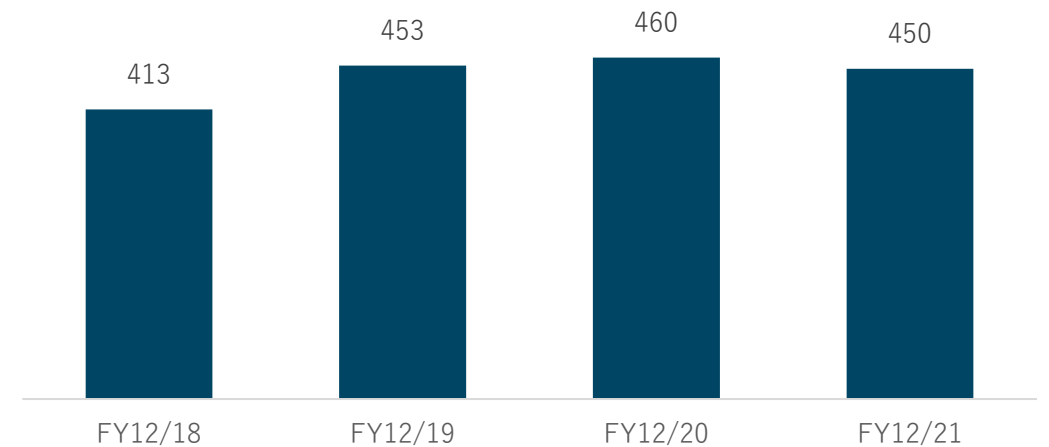
ROE & ROA (%)



Total assets, net assets, own equity ratio (¥mn, %)



Number of employees (people)



Approach to SDGs

At Lakeel, based on our management philosophy, vision and action guidelines (LaKeel Way), we engage in dialogue with all stakeholders, including customers, employees, shareholders/investors, business partners, local communities, NPOs, governments and international organisations, and play an active role in building a sustainable society.

Action01

Building a foundation for industry and innovation



LaKeel DX aims to create a foundation for industry and technological innovation through the provision of sustainable software (software that does not become obsolete and can be used forever).



Action02

Consideration for global environmental resources



Through our business and our internal business systems, we are working on DX and “paperless” not just for our company, but for whole industries. In addition, we have set up offices in buildings that are proactively developing cutting-edge measures for environmental issues, and are working with building management companies to reduce carbon emissions.



Action03

Social contribution through sports



Through sponsorship of pro golfers and the holding of the LaKeel Cup Japan, Golf Championship, we provide opportunities for adult golfers to take on the challenge of competing, create a sense of team camaraderie, and provide a healthy living environment for both body and mind through sports.



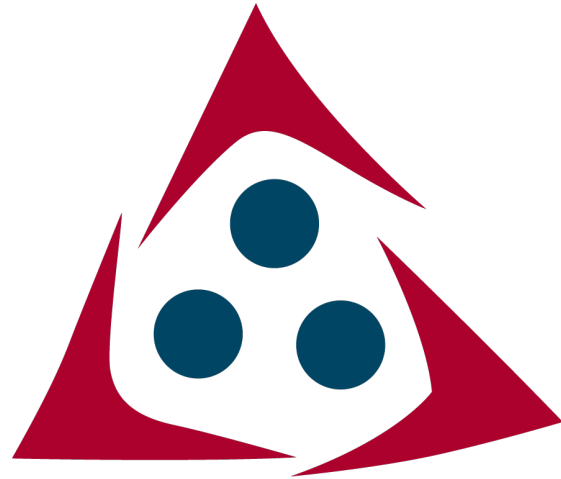
Action04

Creating a rewarding workplace



We are working to create rewarding workplaces through HR and skill development systems, so that diverse human resources with different personalities can demonstrate their abilities. We are also promoting workstyle reforms.





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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