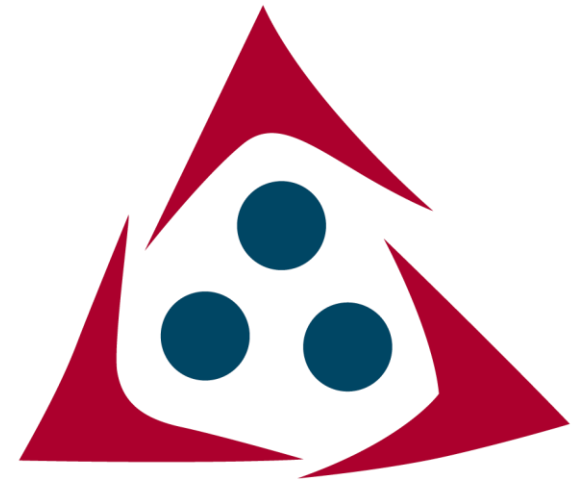


# FY12/2023 Q4/Full Year Financial Results

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LaKeel Inc, 14 February, 2024  
(TSE Growth : 4074)



# LaKeel

- 1. Highlights of FY 12/2023 results**
- 2. Earnings trends and overview of consolidated results**
- 3. FY12/2024 earnings forecasts**
- 4. Our businesses and growth strategies**
- 5. Appendix**

# 1. Highlights of FY12/2023 results

# Highlights of FY12/2023 results

## Sales and profit growth, record earnings achieved

### Consolidated Earnings

YoY (FY)

**Sales growth**  
**Profit growth**

### Product Services Sales

YoY (FY)

**+11.2%**  
**(+¥448mn)**

### Professional Services Sales

YoY (FY)

**+11.2%**  
**(+¥323mn)**

### Operating Profit

YoY (FY)

**+0.3%**  
**(+¥2mn)**

### Recurring Profit

YoY (FY)

**+10.3%**  
**(+¥75mn)**

### Net Income

YoY (FY)

**+15.5%**  
**(+¥72mn)**

※ Net Income: Net Income attributable to parent shareholders

# Highlights of FY12/2023(Product Services)

## Sustained growth in subscriptions for LaKeel products

### Product Services Sales

Sales weighting, YoY (FY)

**58.1% ⇒ 58.1%**

### Subscription<sup>※1</sup> User #

Vs previous FY end

**+16.5%**  
**(+46 users)**

278 users ⇒ 324 users

### Subscription<sup>※1</sup> Sales

YoY

**+19.3%**  
**(+¥157mn)**

¥814mn ⇒ ¥972mn

### New products/functions



**eBookkeeping storage service**  
(JIIMA certified: 502900-00)



### MRR <sup>※2</sup>

YoY (Q4; Oct-Dec)

**+19.6%**  
**(+¥14.1mn)**

¥72.5mn ⇒ ¥86.7mn

### ARPU<sup>※2</sup>

YoY (Q4; Oct-Dec)

**+2.6%**  
**(+¥7k)**

¥260k ⇒ ¥267k

※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

# FY results achievement vs guidance

## Results broadly in line with plan (after revision at Q3 results)



# Quarterly earnings trends

## Sales and profits rose in Q4

(Units: ¥mn)	Q1	Q2	Q3	Q4	Q1-4	Revised guidance	Comment on quarterly trends
<b>Sales</b>	1,838	1,869	1,899	<b>2,045</b>	<b>7,653</b>	7,658	<b>Earnings recovered in Q4</b> <ul style="list-style-type: none"> <li>• Both sales and profits grew in Q4 as booking of orders for new license sales, which had been pushed back, were weighted towards Q4.</li> <li>• Growth in high-margin license sales boosted overall profit margins.</li> </ul>
<b>Gross profit</b>	646 (35.2%)	621 (33.2%)	602 (31.7%)	<b>769</b> (37.6%)	<b>2,640</b> (34.5%)	—	
<b>SG&amp;A</b>	459 (25.0%)	517 (27.7%)	439 (23.1%)	<b>449</b> (22.0%)	<b>1,865</b> (24.4%)	—	
<b>Operating Profit</b>	187 (10.2%)	103 (5.6%)	162 (8.6%)	<b>320</b> (15.7%)	<b>774</b> (10.1%)	783	
<b>EBITDA</b>	276 (15.0%)	192 (10.3%)	252 (13.3%)	<b>413</b> (20.2%)	<b>1,134</b> (14.8%)	—	
<b>Recurring Profit</b>	189 (10.3%)	97 (5.2%)	161 (8.5%)	<b>357</b> (17.5%)	<b>806</b> (10.5%)	780	
<b>Net Income</b>	128 (7.0%)	64 (3.4%)	102 (5.4%)	<b>244</b> (11.9%)	<b>539</b> (7.1%)	510	

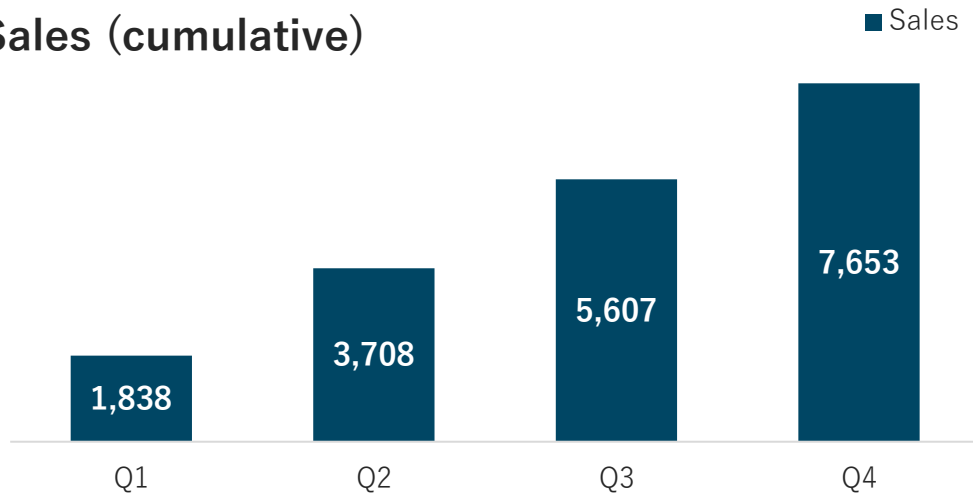
※ Net Income: Net Income attributable to parent shareholders



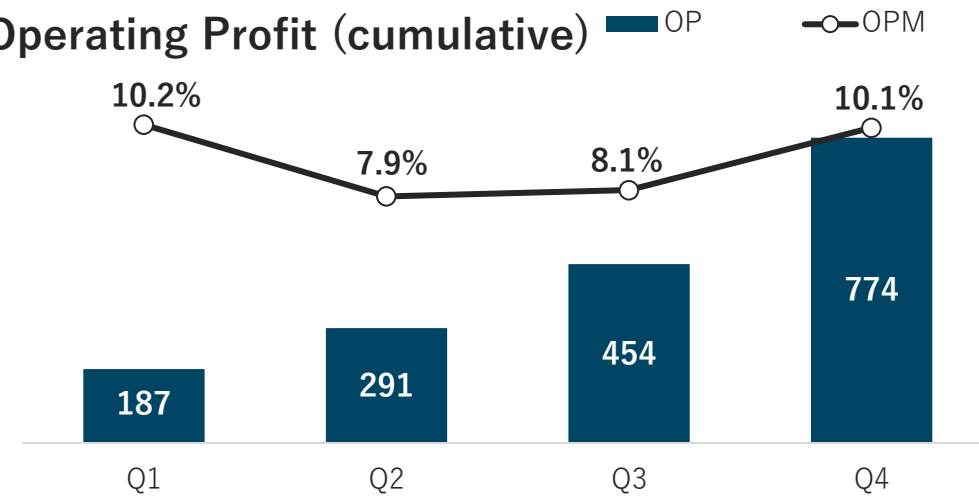
# Quarterly earnings trends (cumulative)

(Units: ¥mn)

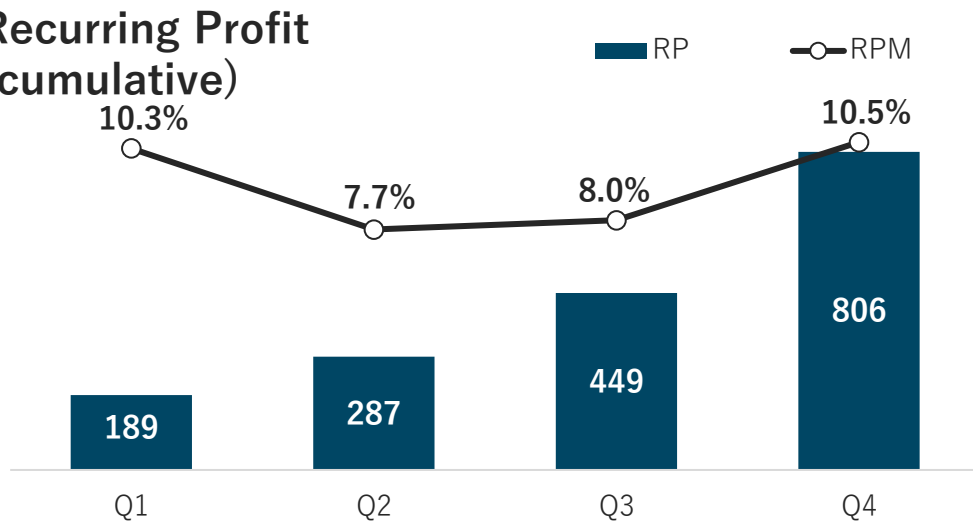
## Sales (cumulative)



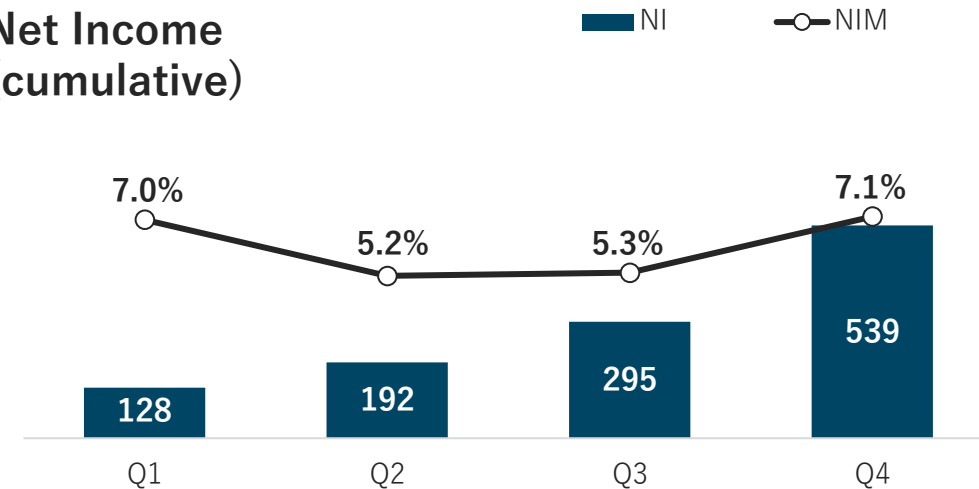
## Operating Profit (cumulative)



## Recurring Profit (cumulative)



## Net Income (cumulative)



※ Net Income: Net Income attributable to parent shareholders

# Overview of Q4 and FY results (Income statement)

## Sales and profit growth for both the full year and Q4

(Units: ¥mn)	FY12/22 Q4	FY12/23 Q4	YoY	FY12/22 FY	FY12/23 FY	YoY
<b>Sales</b>	1,750	<b>2,045</b>	16.9%	6,880	<b>7,653</b>	11.2%
<b>Gross Profit</b>	641 (36.7%)	<b>769</b> (37.6%)	20.0%	2,404 (35.0%)	<b>2,640</b> (34.5%)	9.8%
<b>SG&amp;A</b>	388 (22.2%)	<b>449</b> (22.0%)	15.6%	1,632 (23.7%)	<b>1,865</b> (24.4%)	14.3%
<b>Operating Profit</b>	252 (14.5%)	<b>320</b> (15.7%)	26.7%	772 (11.2%)	<b>774</b> (10.1%)	0.3%
<b>EBITDA</b>	334 (19.1%)	<b>413</b> (20.2%)	23.8%	1,087 (15.8%)	<b>1,134</b> (14.8%)	4.3%
<b>Recurring Profit</b>	243 (13.9%)	<b>357</b> (17.5%)	47.0%	731 (10.6%)	<b>806</b> (10.5%)	10.3%
<b>Net Income</b>	152 (8.7%)	<b>244</b> (11.9%)	60.5%	467 (6.8%)	<b>539</b> (7.1%)	15.5%

Improved profits on license sales growth

- Booking of orders for new license sales, which had been pushed back, was weighted to Q4 and lifted Q4 earnings. This lifted overall margins.

Higher SG&A

- Personnel-related expenses rose YoY, particularly hiring expenses.
- Advertising costs also rose slightly, but all other costs were largely in line with the previous year.

※ Net Income: Net Income attributable to parent shareholders

# Sales breakdown by service

## Full-year sales rose 11% for both Product Services & Professional Services

(Units: ¥mn)		FY12/22 Q4	FY12/23 Q4	YoY growth	FY12/22 FY	FY12/23 FY	YoY growth
<b>Consolidated total</b>		1,750	<b>2,045</b>	16.9%	6,880	<b>7,653</b>	11.2%
<b>Product Services</b>		1,018	<b>1,241</b>	22.0%	3,995	<b>4,444</b>	11.2%
<b>Products</b>	<b>License</b>	72	<b>180</b>	147.8%	370	<b>394</b>	6.4%
	<b>Subscription (Lakeel products)</b>	217	<b>260</b>	19.5%	814	<b>972</b>	19.3%
	<b>Subscription (third party products)</b>	34	<b>32</b>	-3.6%	136	<b>132</b>	-3.2%
	<b>Other</b>	20	<b>24</b>	20.9%	87	<b>107</b>	23.7%
<b>Consulting Services</b>		672	<b>743</b>	10.5%	2,585	<b>2,836</b>	9.7%
<b>Professional Services</b>		731	<b>803</b>	9.8%	2,885	<b>3,209</b>	11.2%
<b>Discretionary (flow)</b>		42	<b>8</b>	-80.6%	131	<b>85</b>	-34.6%
<b>Recurring revenue</b>		689	<b>795</b>	15.3%	2,753	<b>3,123</b>	13.4%

License sales rose, consulting services recovered

- License sales were weighted to Q4 and rose YoY
- Subscription sales posted solid growth
- Consulting Services was a drag on overall Product Services, but sales recovered in line with increased license sales.

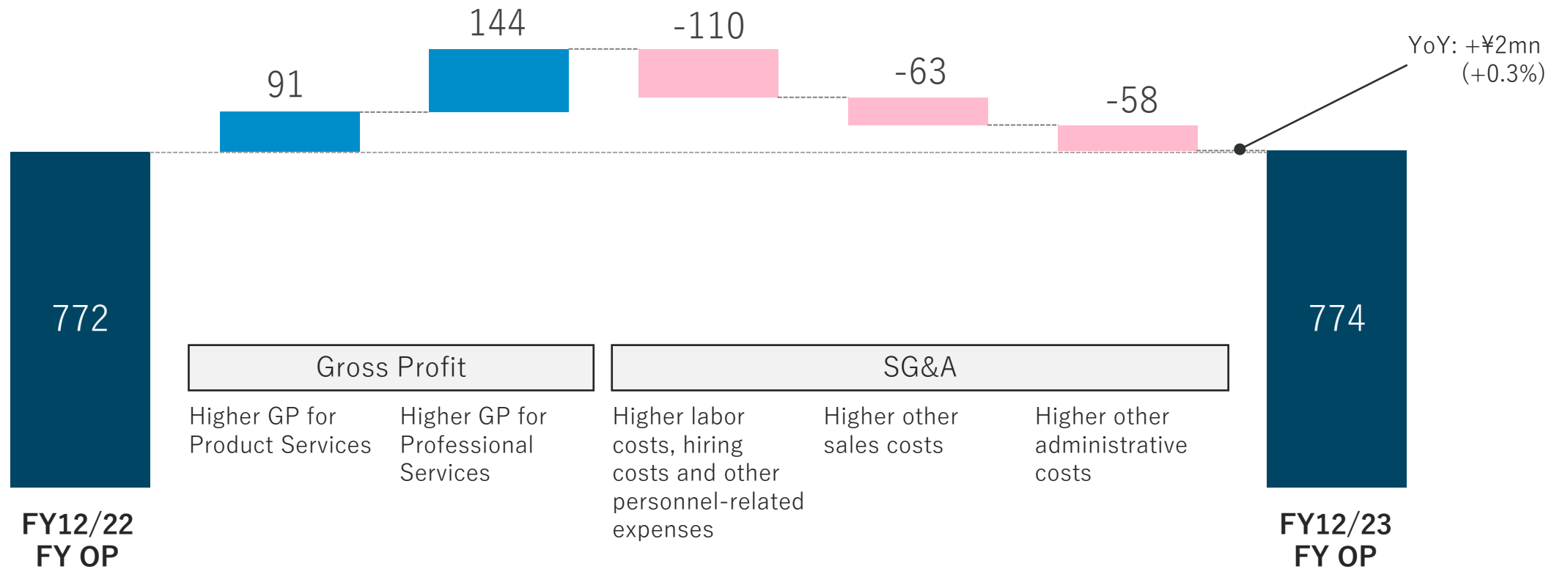
Professional Services solid

- Professional Services made solid progress.

# OP variance analysis

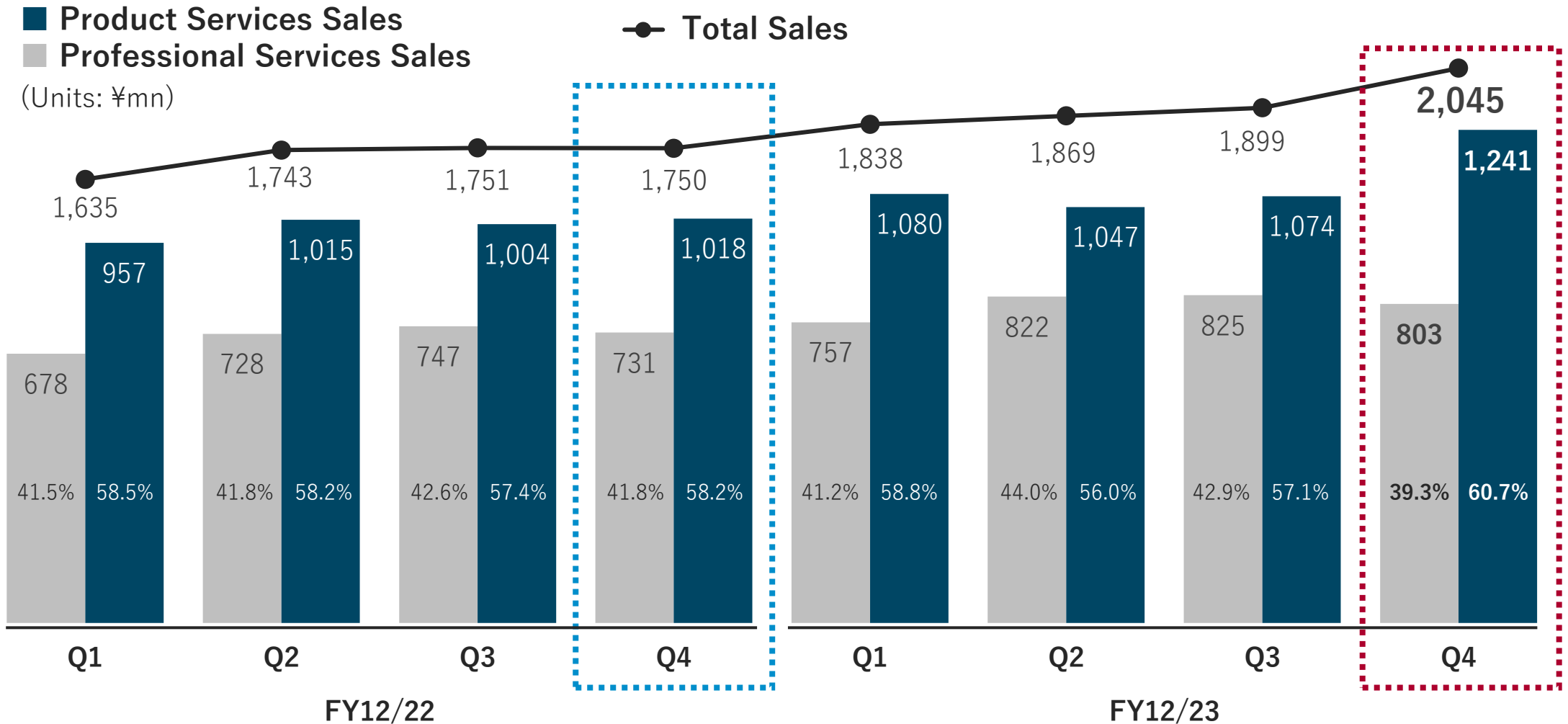
## OP up slightly despite higher personnel-related costs such as labor and hiring

(Units: ¥mn)



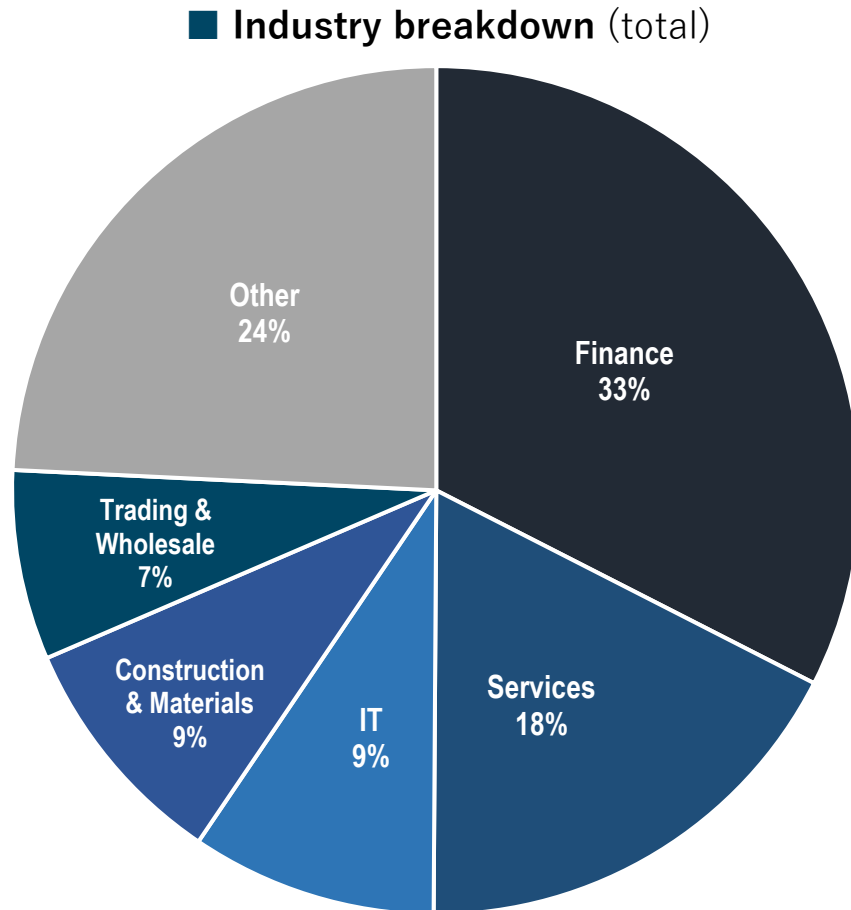
# Trend in sales contribution by service

Weighting of Product Services sales rose on growth in license sales in Q4.

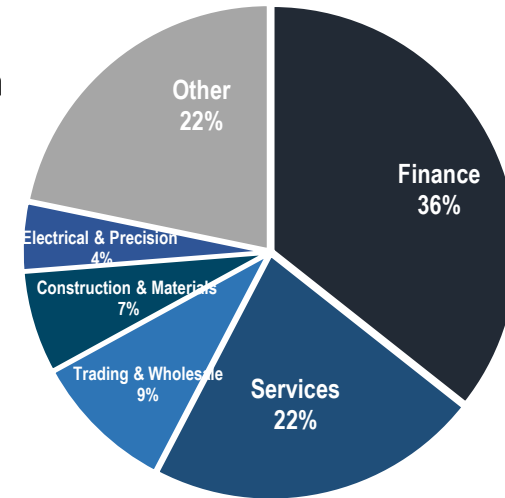


# Sales by client industry

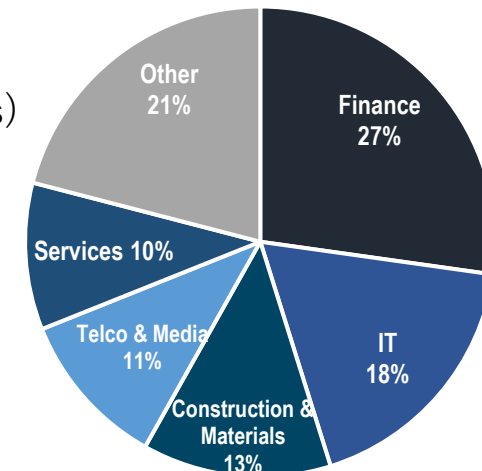
## Sales to the Finance and Services industry solid



■ Industry breakdown (Product Services)



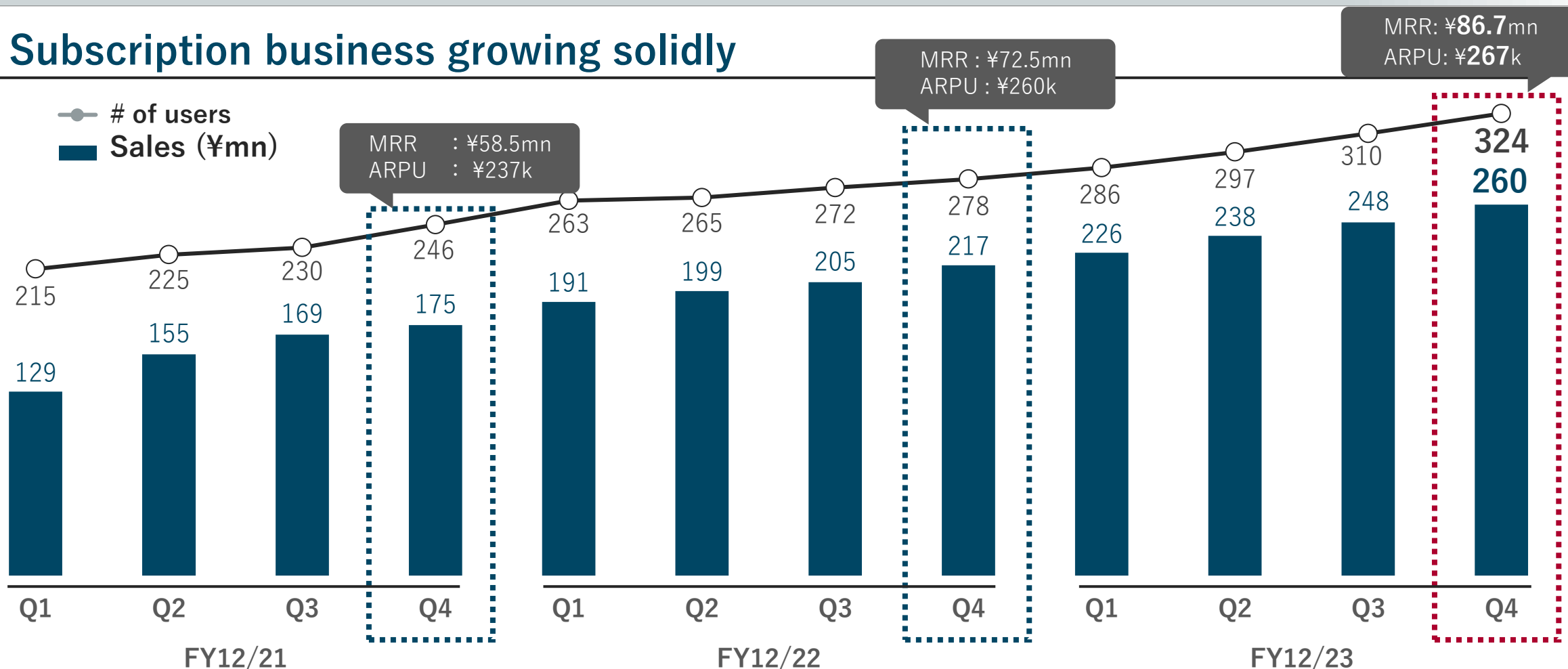
■ Industry breakdown (Professional Services)



※ FY12/23, LaKeel parent basis.

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

## Subscription business growing solidly



※1 LaKeel Products include DX, BI, HR, Workflow, 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) = sales for quarter divided by 3. ARPU = MRR divided by # of quarter end users

# Overview of FY12/23 results (Balance sheet)

(Units: ¥mn)	FY12/22 end	FY12/23 end	+/- vs FY12/22 end
<b>Current assets</b>	4,183	<b>4,009</b>	-4.2%
<b>Cash &amp; deposits</b>	3,230	<b>2,704</b>	-16.3%
<b>Fixed assets</b>	1,604	<b>2,398</b>	49.5%
<b>Goodwill</b>	436	<b>401</b>	-7.9%
<b>Total assets</b>	5,787	<b>6,408</b>	10.7%
<b>Current liabilities</b>	2,435	<b>2,112</b>	-13.3%
<b>Non-current liabilities</b>	80	<b>470</b>	484.5%
<b>Net assets</b>	3,271	<b>3,824</b>	16.9%
<b>Own equity</b>	3,254	<b>3,806</b>	17.0%
<b>(Equity ratio)</b>	56.2%	<b>59.4%</b>	3.1P
<b>Non-controlling interests</b>	16	<b>17</b>	5.9%

## Financial overview

- Cash & deposits ¥2.7bn, down ¥0.5bn after Nov 2023 ¥0.6bn investment in Bitkey Co.
- Fixed assets ¥2.4bn, up ¥0.8bn as marketable securities rose after this investment
- Interest bearing debt ¥1.1bn, broadly flat YoY. However, fixed liabilities rose as debt payable within one year was rolled over.
- Equity ratio rose to 59.4%.

## Goodwill booking and amortisation

- Goodwill of ¥0.6bn booked due to Nov 2017 MBO and subsidiary acquisition in Dec 2018, ¥0.40bn remaining as of FY end.
- Amortising over 12~20 years to match estimated period of benefit, appropriately reflected in earnings.

## Stock options

- We issued trust-type stock options in Jul 2019, but currently these options have not been exercised and there will be no impact on past or future earnings from this factor.



## 3. FY12/2024 earnings guidance

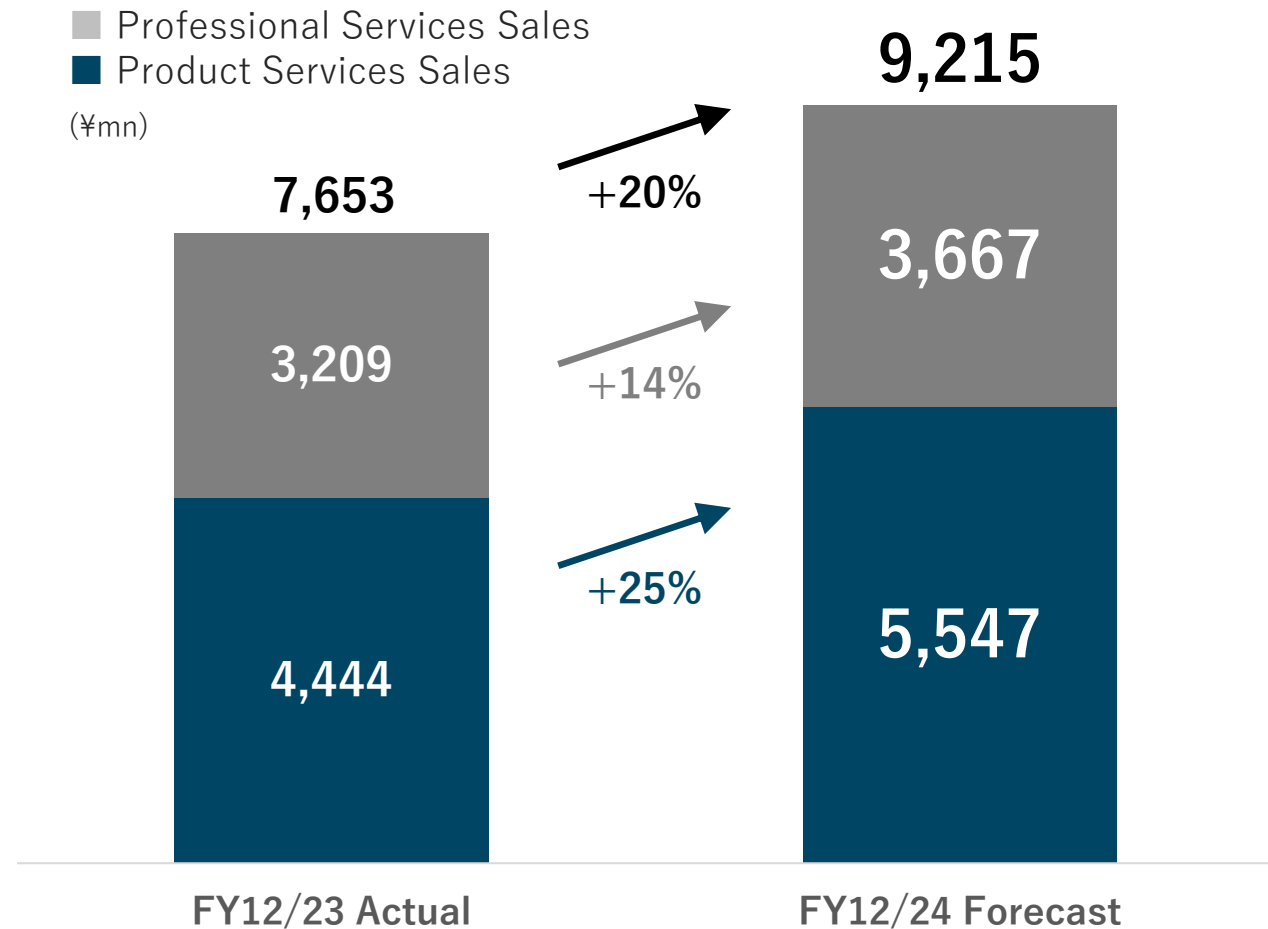
# FY12/24 Consolidated earnings forecasts (Sales)

**Expect 20% YoY sales growth, particularly in DX and HR areas**

**FY12/24 consolidated sales forecast**  
**¥9,215mn (+20% YoY)**

**Professional Services**  
**¥3,667mn (+14% YoY)**  
※ 40% sales weight

**Product Services**  
**¥5,547mn (+25% YoY)**  
※ 60% sales weight



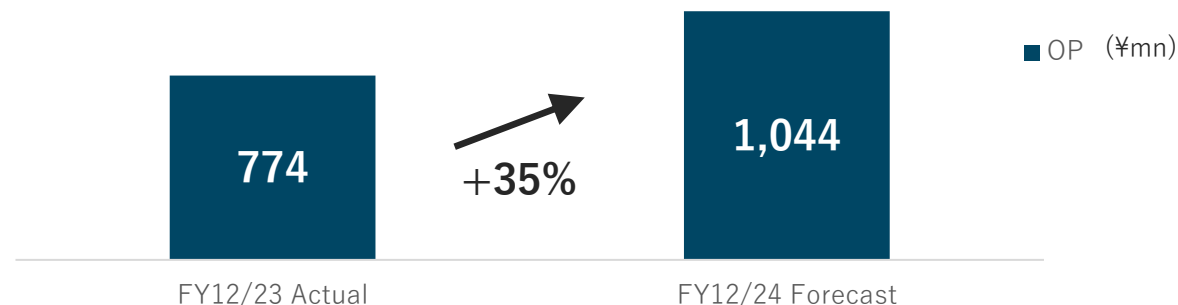
# FY12/24 consolidated earnings forecasts (Profits)

Expect profit growth of between 24-35% on expansion of both segments

## Operating Profit

¥1,044mn (+35% YoY)

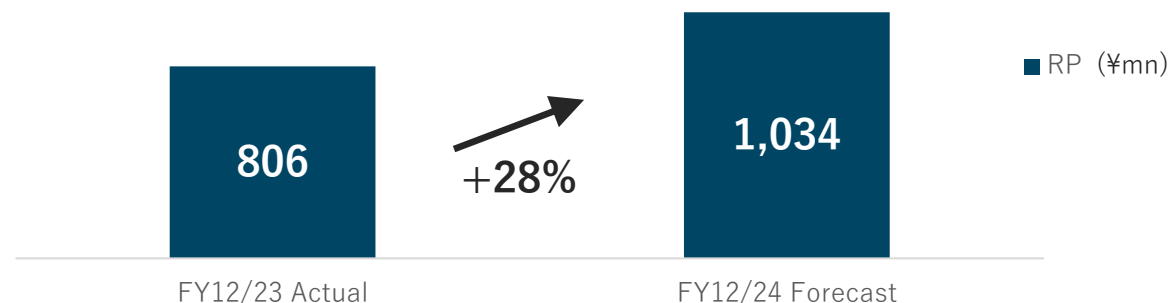
※OPM: 11.3%



## Recurring Profit

¥1,034mn (+28% YoY)

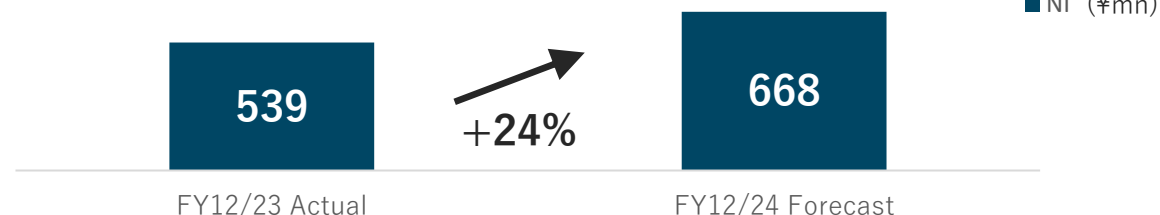
※RPM: 11.2%



## Net income attributable to parent shareholders

¥668mn (+24% YoY)

※NIM: 7.3%



## 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 supporting corporate Digital Transformation (DX)

## Product Services

## DX related services

### ■ LaKeel DX/Apps

- **LaKeel DX:** Cloud application development and operation infrastructure
- **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

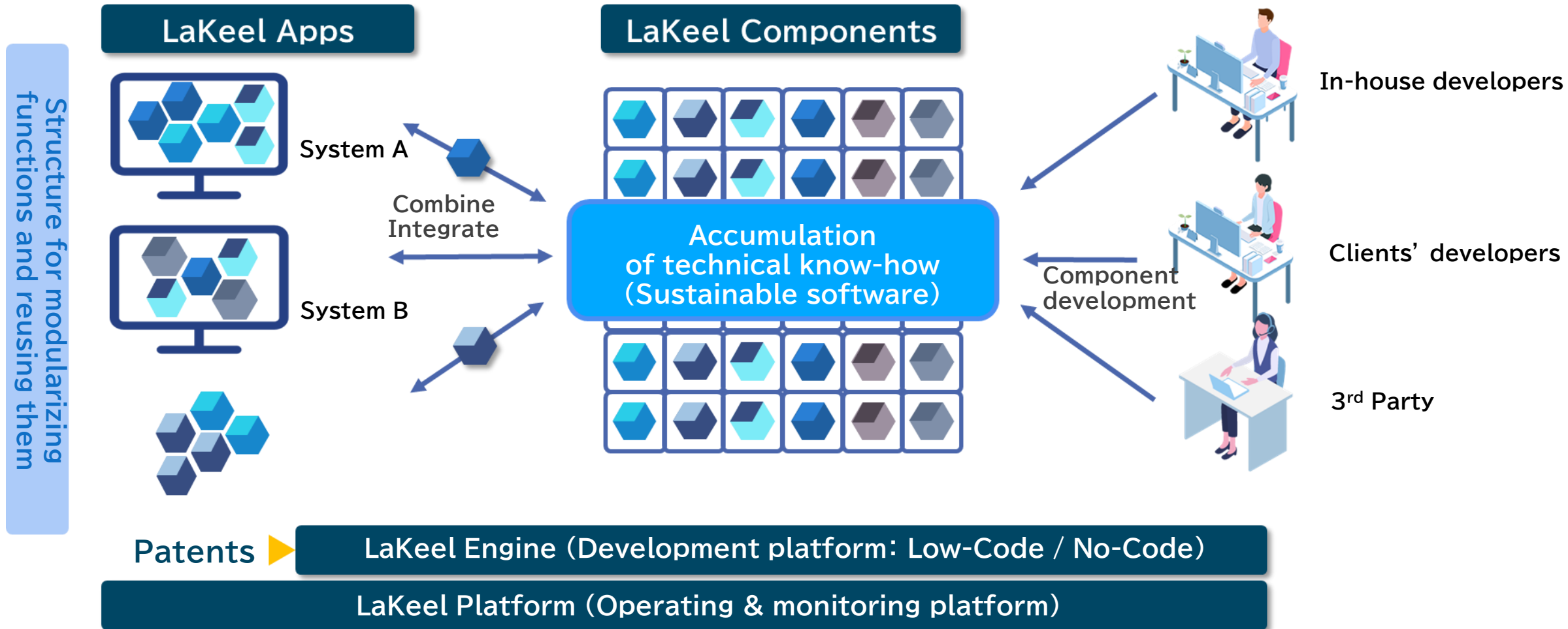
- Legacy systems migration, cloud migration from on-premise systems
- System development from scratch

### ■ System maintenance services

# Sustainable software architecture

Technology that continues to grow and change, avoiding obsolescence

※LaKeel DX feature layer



# LaKeel Apps (Product suite)

## 13 LaKeel Apps to support companies

### 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.



### Data analysis/management platform



Big data analytics platform that leverages cloud technology. Additional functionality from microservices such as visualization tools and analytics.



### LaKeel Messenger



Corporate SNS tool

### LaKeel Stress Check



Occupational health tool

### LaKeel Passport



User access control platform

### HR strategy platform



The concept of this HR core business system is to support the execution of HR strategies. It provides a wide range of data management functions, such as talent data and people data, business process standardization, and automation of next actions in addition to analysis.



### Microlearning platform



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



### LaKeel Process Manager



Workflow management platform

### LaKeel Workflow



High-performance workflow system

### LaKeel My Number



Platform to manage 'My Number' IDs

### LaKeel Survey



Survey data management platform

### LaKeel eDocument



eBook-keeping storage service

### LaKeel Commerce



Ecommerce tool

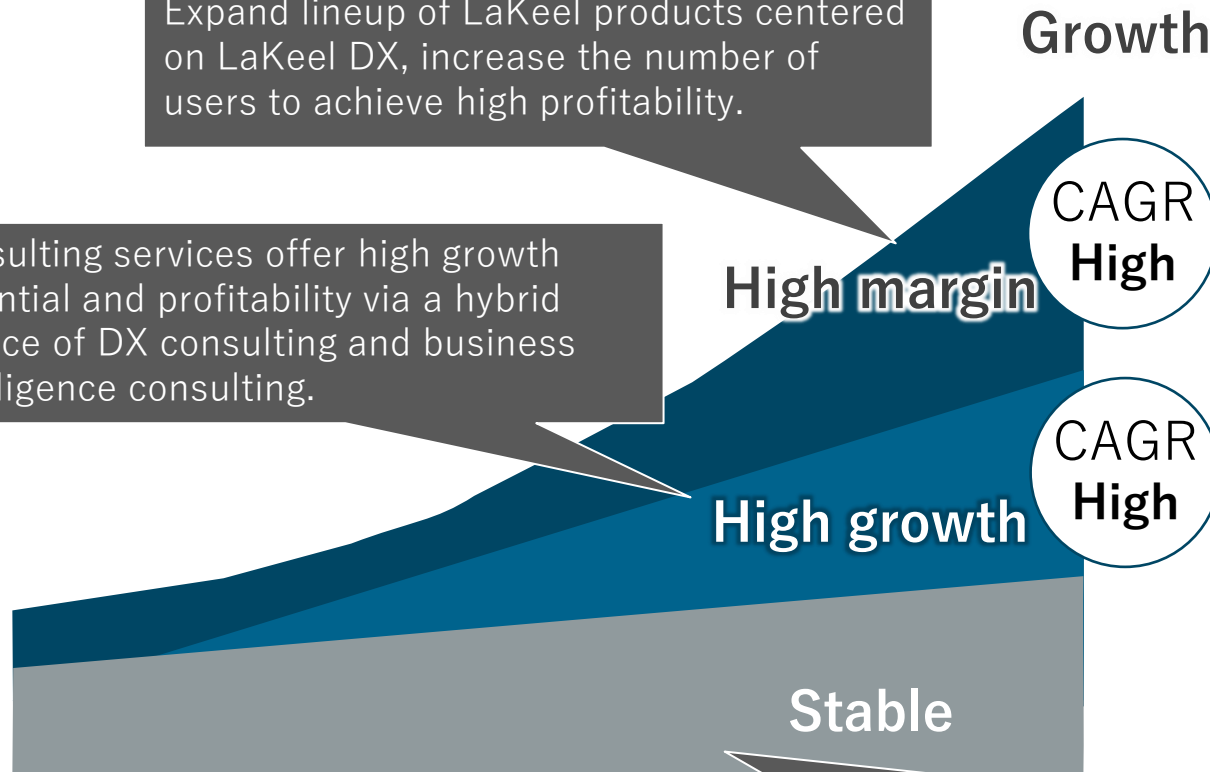
# Growth strategy: Service portfolio

## 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

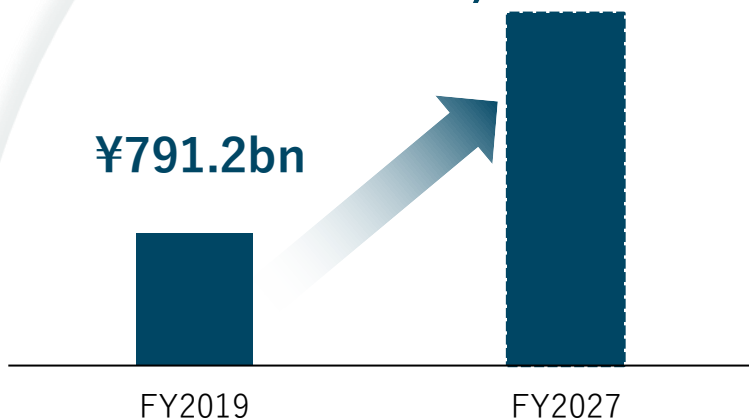


# Growth strategy: DX market size

## DX market in Japan (2027 E)

¥2,107.4bn

¥791.2bn

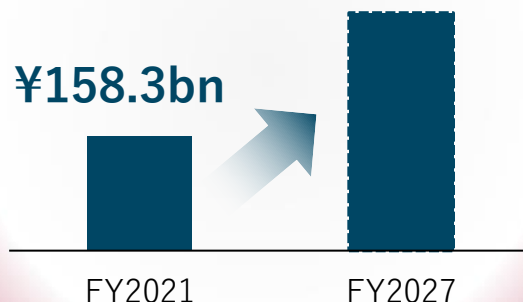


Source: Fuji Chimera Research Institute, Inc  
Expect CAGR of 13.0% based on "2020 Future Prospects of Digital Transformation Market." (chart by LaKeel)

## 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 :	<b>340</b>	2021 results
Sales:	<b>¥85.82tn</b>	Listed cos: Disclosed materials Unlisted: Teikoku Data Bank, Tokyo Shoko Research
IT budgets:	<b>¥1.06tn</b> (1.23% of sales)	Source: Corporate IT Trends Survey Report 2021 by JUAS
DX budgets:	<b>¥158.3bn</b> (15% of IT budgets)	LaKeel forecasts

# Growth strategy: LaKeel's vision

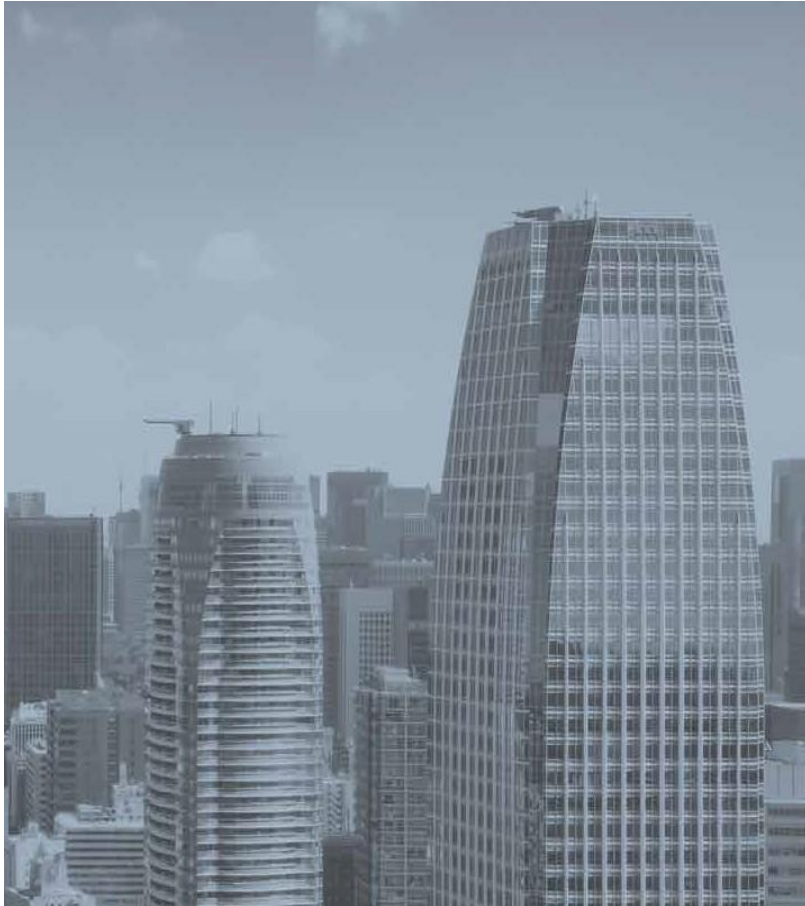


LaKeel proactively develops DX solutions using its strong technical capabilities and business insights. Through the widespread adoption of LaKeel DX (Application PaaS) as a digital business platform for client companies, we will build a “LaKeel DX economy” where software components are distributed among companies to generate profits and create a new market called the software component industry.

We are aiming to be an Application Platformer (Application PaaS=Platform-as-a-Service). Our goal is to create a new paradigm for IT services and realize our purpose of “Creating the future today.”

# 5. Appendix

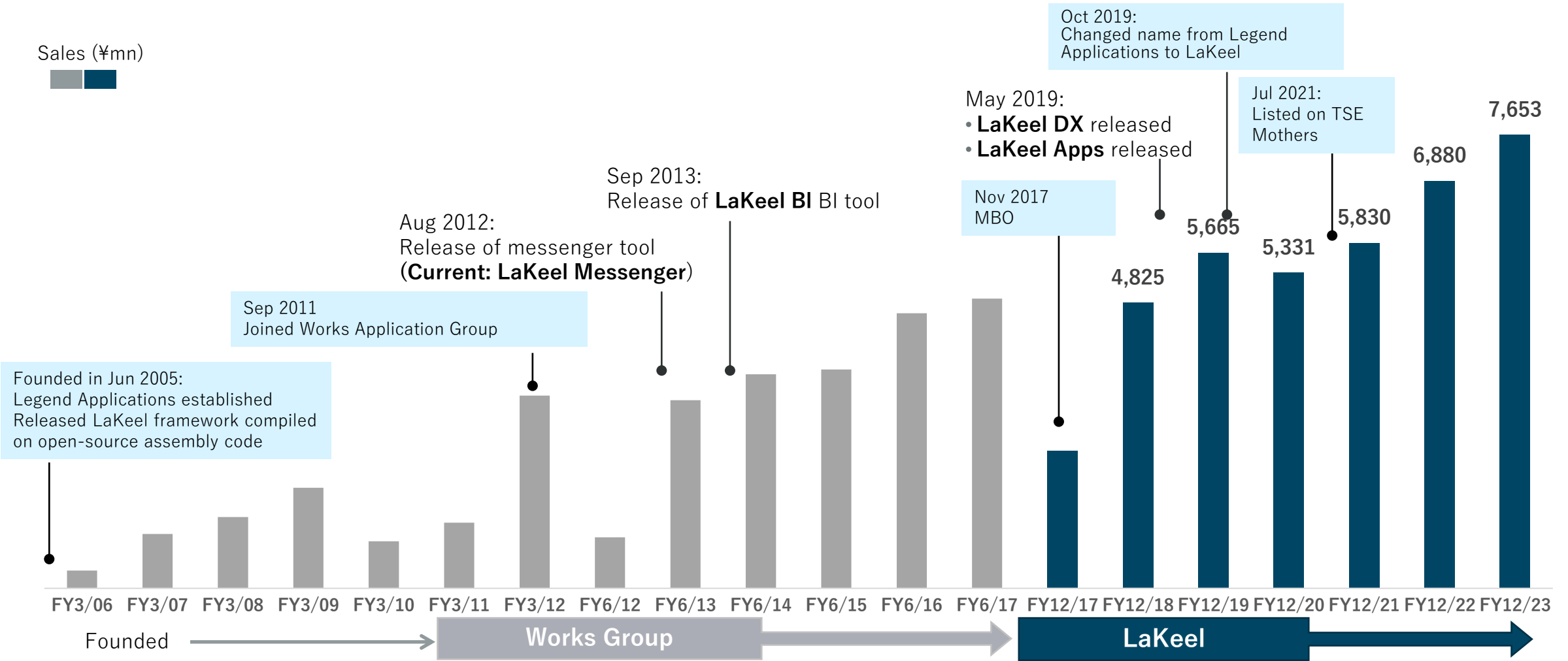
# Company overview



Company	LaKeel, Inc.
Founded	10 June 2005
Capital	¥1,015mn (as of 31 Dec 2023)
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	433 (consolidated, as of 31 Dec 2023)
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)

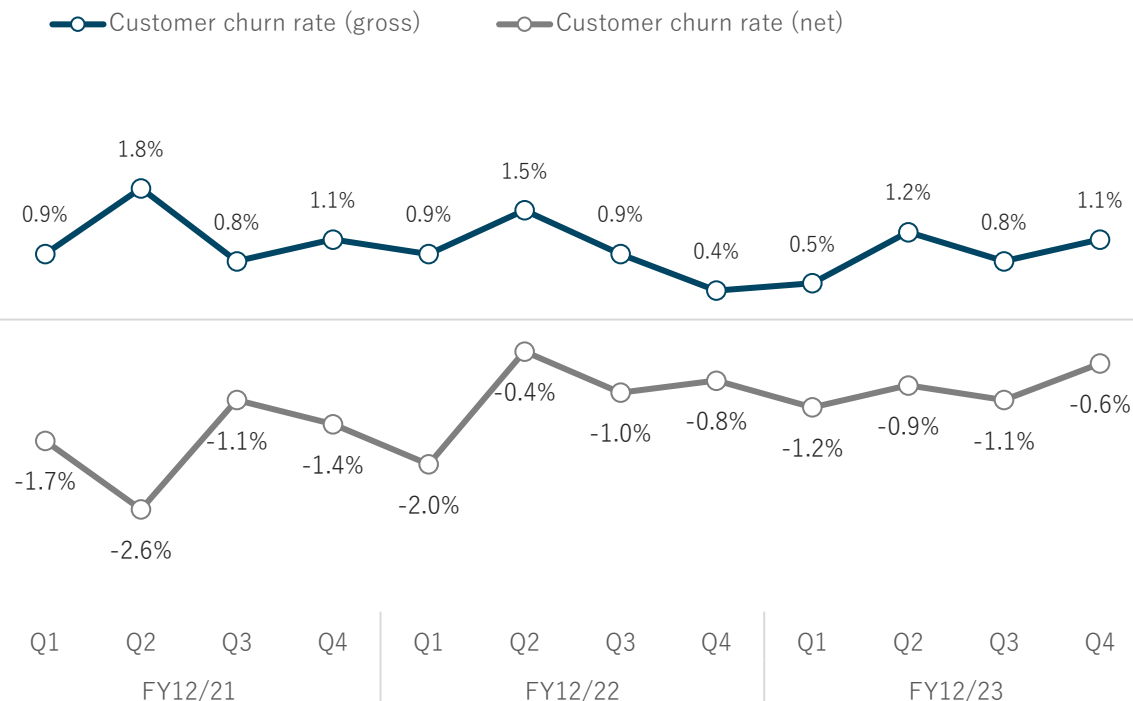


\*1 Consolidated accounts from FY12/18. Parent prior to that. \*2 FY6/12 was a 3m period due to change in accounting period \*3 For FY12/17, Sales shown for Legend Applications between 1 Jul-31 Dec 2017

# 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 (FY12/22→FY12/23)

	FY12/22	FY12/23	YoY
<b>LaKeel products</b>			
Subscription sales (yr)	¥814.8mn	¥972.2mn	19%
# of users (FY end)	278	324	17%
MRR (As of Q4)	¥72.5mn	¥86.7mn	19%
ARPU (As of Q4)	¥260k	¥267k	3%
<b>LaKeel DX</b>			
Subscription sales (yr)	¥172.4mn	¥228.3mn	32%
# of users (FY end)	8	12	50%
MRR (As of Q4)	¥15.1mn	¥20.4mn	34%
ARPU (As of Q4)	¥1,897k	¥1,701k	-10%
<b>LaKeel Apps</b>			
Subscription sales (yr)	¥642.2mn	¥743.8mn	16%
# of users (FY end)	270	312	16%
MRR (As of Q4)	¥57.3mn	¥66.2mn	16%
ARPU (As of Q4)	¥212k	¥212k	0%

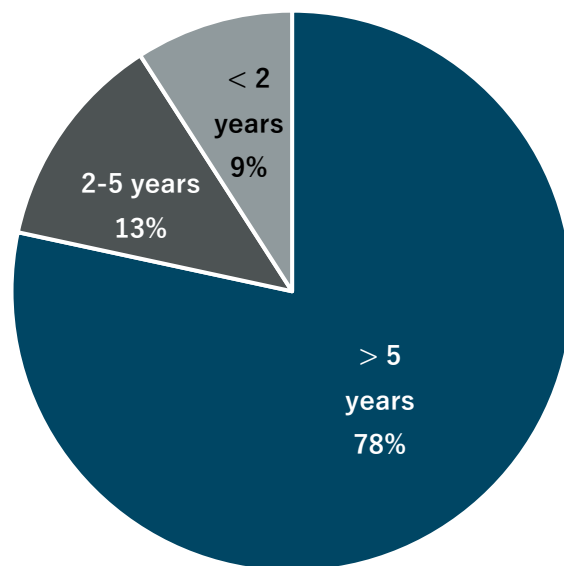
- MRR (Monthly recurring revenues: (Quarterly subscription sales / 3)
- ARPU: MRR / (No. of users at end-quarter)

# Professional Services

## Client base offering stable profits

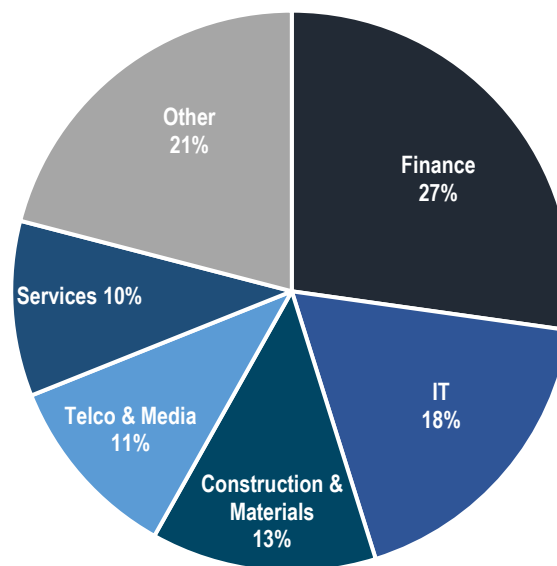
- Business centered on clients such as major construction companies with whom we have had business since the company's founding
- **Business with more than 200 companies in a wide range of industries**, recently notable increase in finance
- Over 70% of sales generated at customers with annual spend over ¥100mn

Length of business relationship



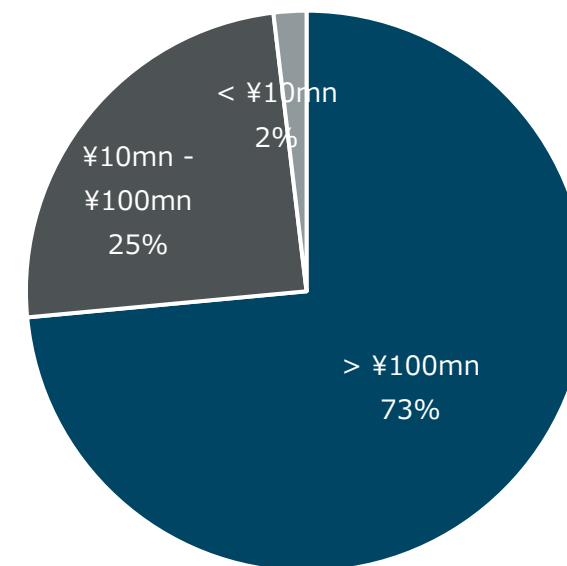
Length of client business relationship (% of total sales)  
(FY12/23 results)

Clients by industry



Sales by industry (% of total sales)  
(FY12/23 results)

By annual spend

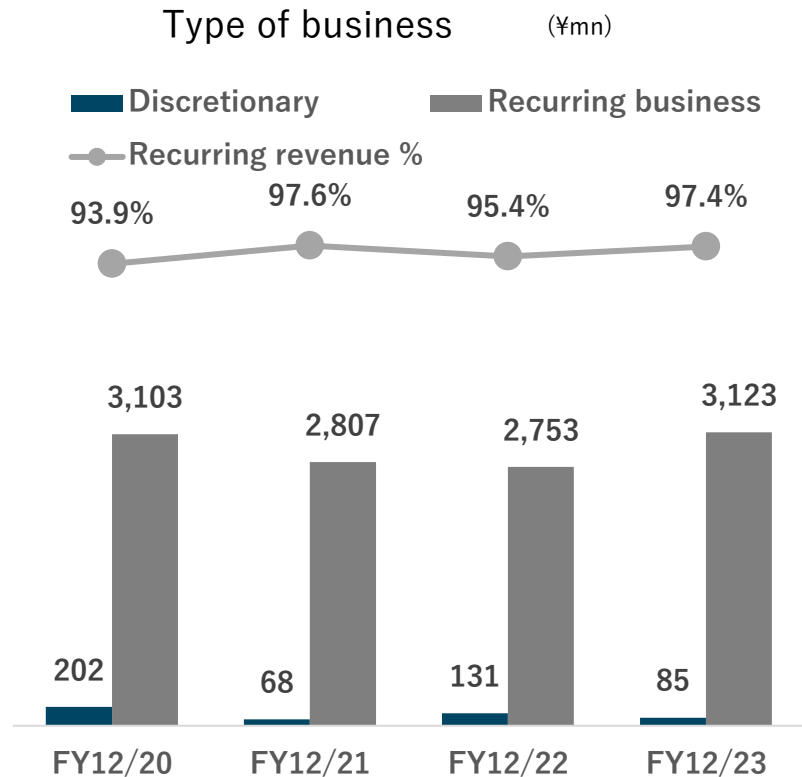
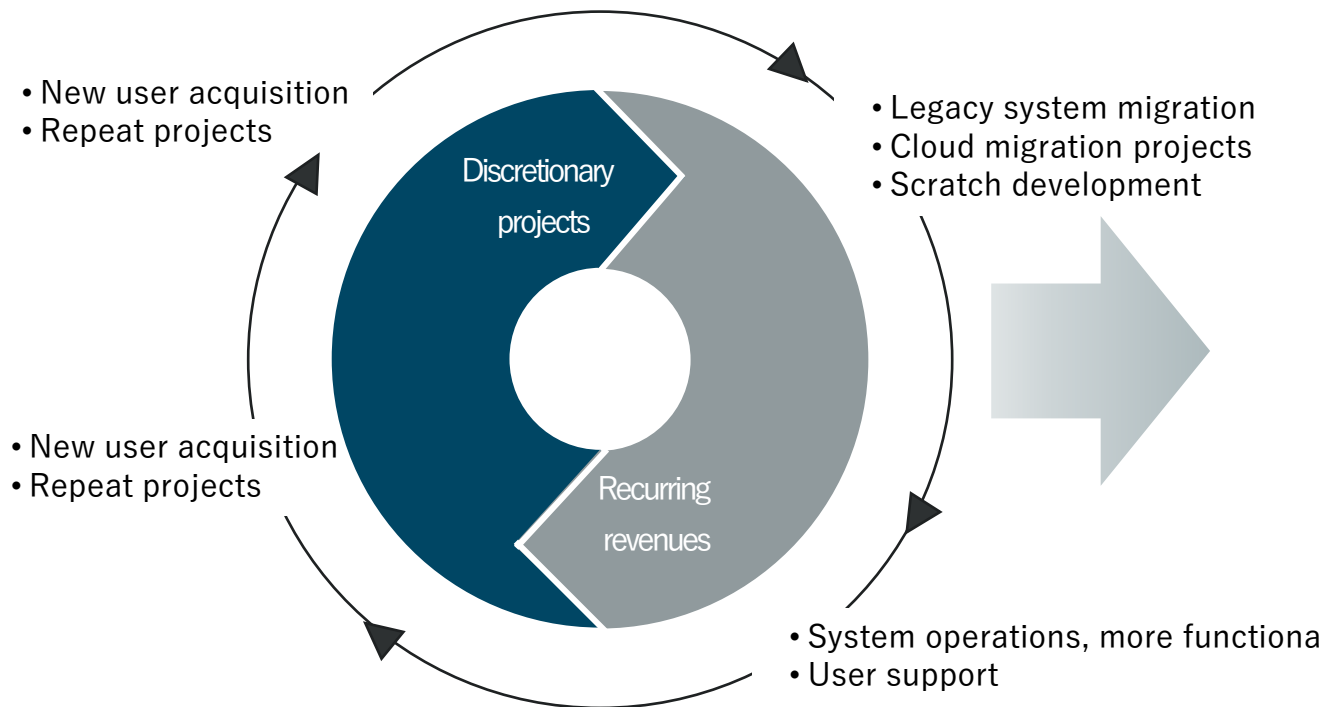


Annual spend per client (% of total sales)  
(FY12/23 results)

# Professional Services

Over 90% of sales are stable recurring revenues

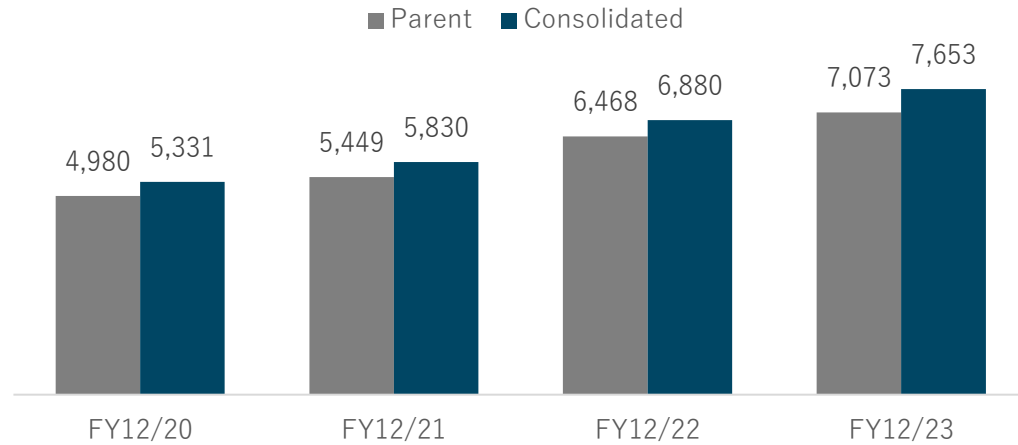
## High value-added business model



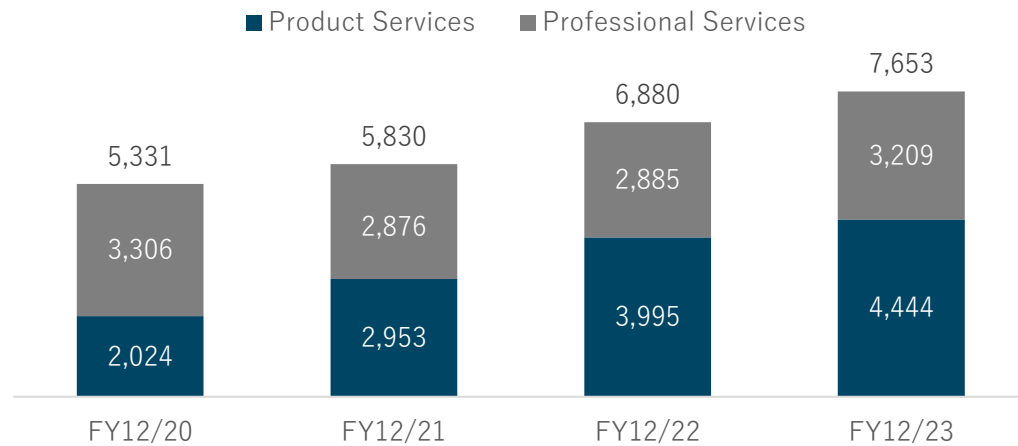


# Financial Highlights (1)

## Sales (¥ mn)

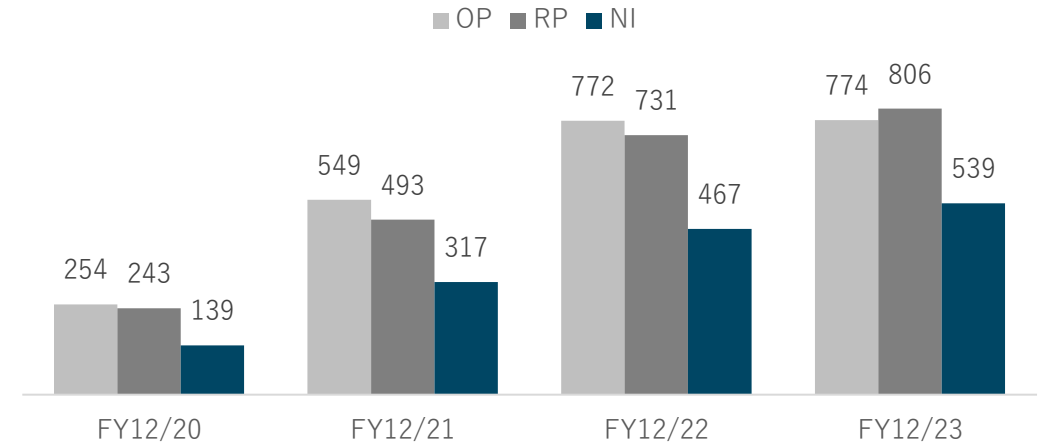


## Sales by segment (¥ mn, consolidated)

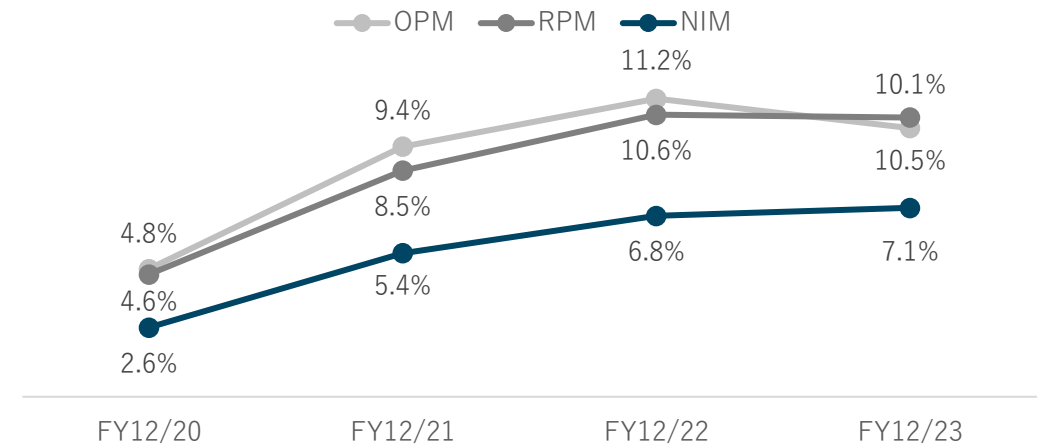


※ Net Income: Net income attributable to parent shareholders

## Profits (¥ mn, consolidated)

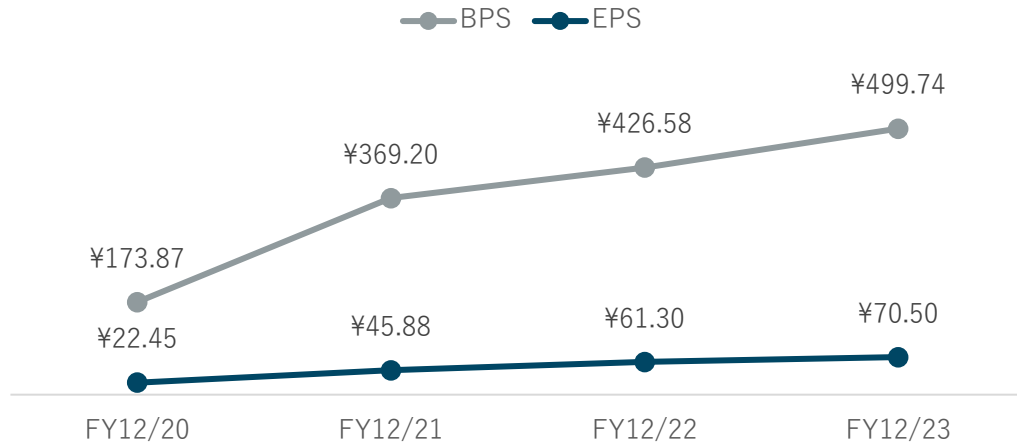


## Profit margins (¥ mn, consolidated)

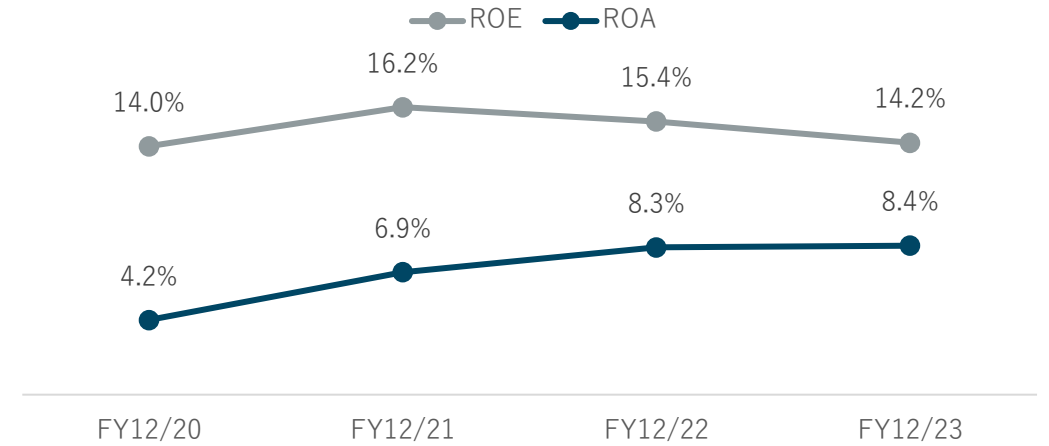


# Financial Highlights (2)

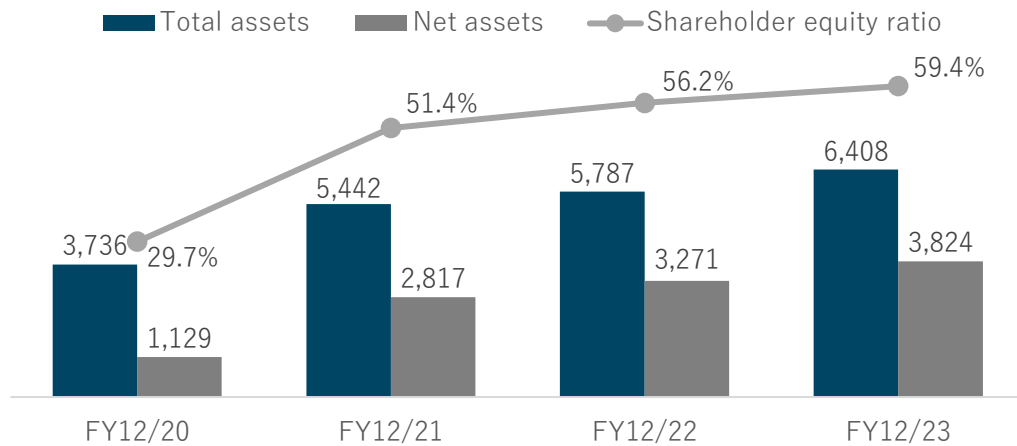
## BPS, EPS (¥)



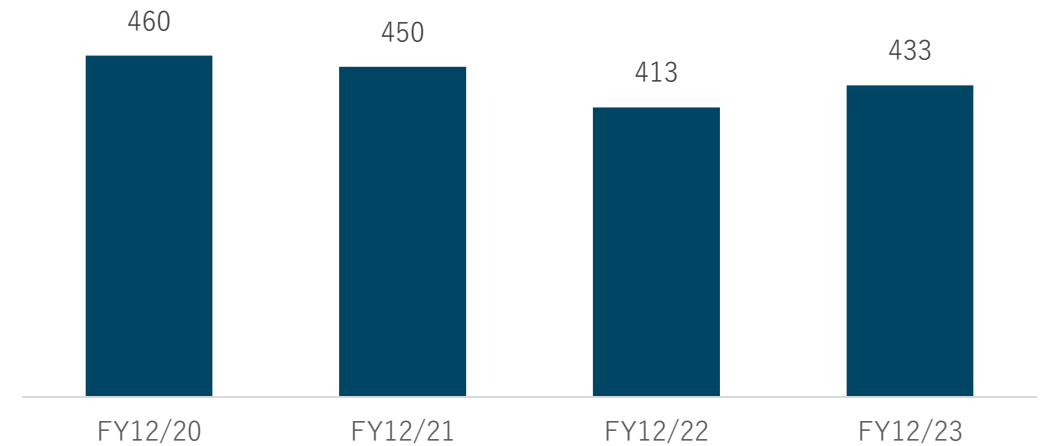
## ROE, ROA (%)

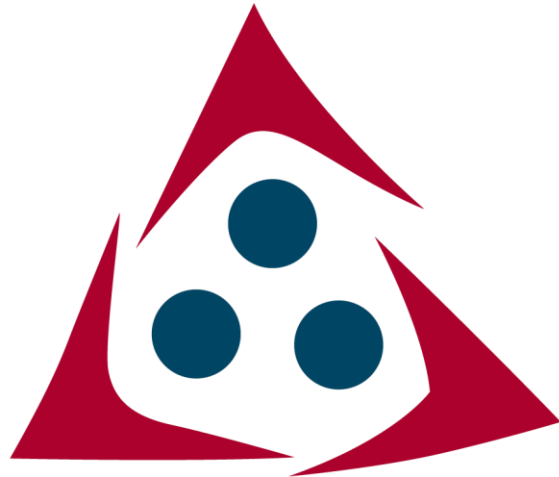


## Total assets, net assets, shareholder equity ratio (¥ mn, %)



## Headcount





# 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

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