Results of Operations

for the Fiscal Year Ended March 2019 (FY3/19)

Welbe, Inc.

Securities Code: 6556

Contents

1. Corporate and Business Overview

2. FY3/19 Financial Results Highlights

3. FY3/20 Forecast

4. Others

©2018 Welbe, Inc.

Corporate Overview (As of March 31, 2019)

Welbe Corporate Philosophy

Dedicated to the pursuit of self-fulfillment and happiness for all employees and the creation of a society where everyone can have big dreams

No. of shares issued / No. of shareholders

No. of shares issued	27,600,000
No. of shareholders	4,508

Business(No. of operating bases)

Disability Welfare Service Business

① Employment Transition Support Business：

Operation of

67 employment transition support offices

48 employment retention support offices (*1)

3 specific consultation support offices (*1)

2 employment support centers for people with developmental disabilities operated on consignment from Saitama Prefecture(*2)

1 self-reliance training (lifestyle training) center (*3)

② Habilitation Business：

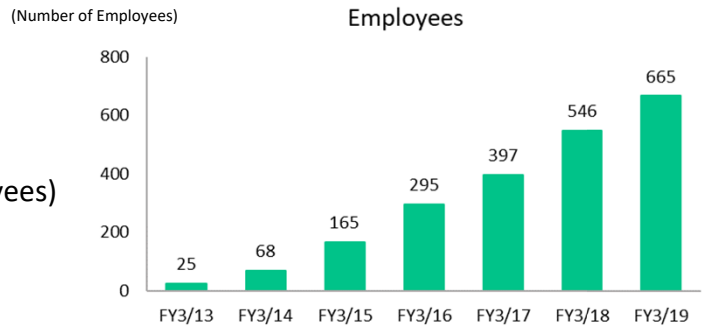
21 child development support classrooms

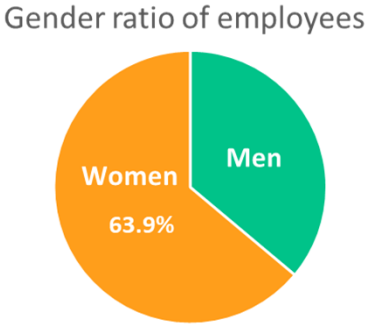
5 after-school day care service classrooms

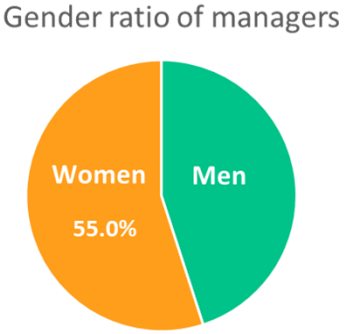
Employees

665

(excluding temporary employees)







*1: Employment retention support offices and specific consultation support offices are located at employment transition support offices *2: "Job Centers" *3: "Welbe Challenge"

©2018 Welbe, Inc.

Progress and Growth

Dec. 2011	**Established**
Apr. 2012	Began **Employment Transition Support Business** Opened welbe Nishifunabashi Ekimae Center
Nov. 2012	Opened **3 centers** welbe Kokukoen Ekimae Center, Shinkoshigaya Ekimae Center, and Matsudo Center
June 2014	Began **Habilitation Business for pre-school children** (Child development support business) Opened Habii Kawagoe Began Employment Support Business **specialized for people with developmental disabilities** Opened Job Center Soka
Apr. 2015	Began operations outside the **Kanto area** Opened welbe Nagoya Ekimae Center
Nov. 2016	Began **Habilitation Business for elementary, junior and senior high school students** (After-school day care service) Opened habii plus Kawagoe
Oct. 2017	**Listed on the TSE Mothers Market**
Apr. 2018	Began **Employment Retention Support Business** Opened Shin-Osaka center and Ogikubo Ekimae center
Mar. 2019	Operation of **93** offices (total amount of **welbe**, **habii** and **habii plus**)

©2018 Welbe, Inc.

Business Overview

<u>Seamless disability welfare services</u> for all ages from pre-school children to adults

Employment Transition Support Business (Age 18 to 65)

Job training, job hunting support, post-employment support for people with disabilities who want to work

- **welbe**
  Provision of services based on the Act on the Comprehensive Support for the Daily and Social Life of Persons with Disabilities
  Operation of employment transition support offices



- **Others**
  Operation of employment retention support offices, specific consultation support offices, Job Centers and Welbe Challenge

Habilitation Business (Up to age 18)

Support and guidance for growth and development of children with disabilities

- **habii**
  Provision of services based on the Child Welfare Act
  Operation of child development support centers for pre-school children



- **habii plus**
  Provision of services based on the Child Welfare Act
  Operation of after-school day care service classrooms for elementary, junior and senior high school students

Adults

Elementary, junior and senior high school students

Pre-school children

Employment transition support office

welbe

After-school day care service classroom

habii+ plus

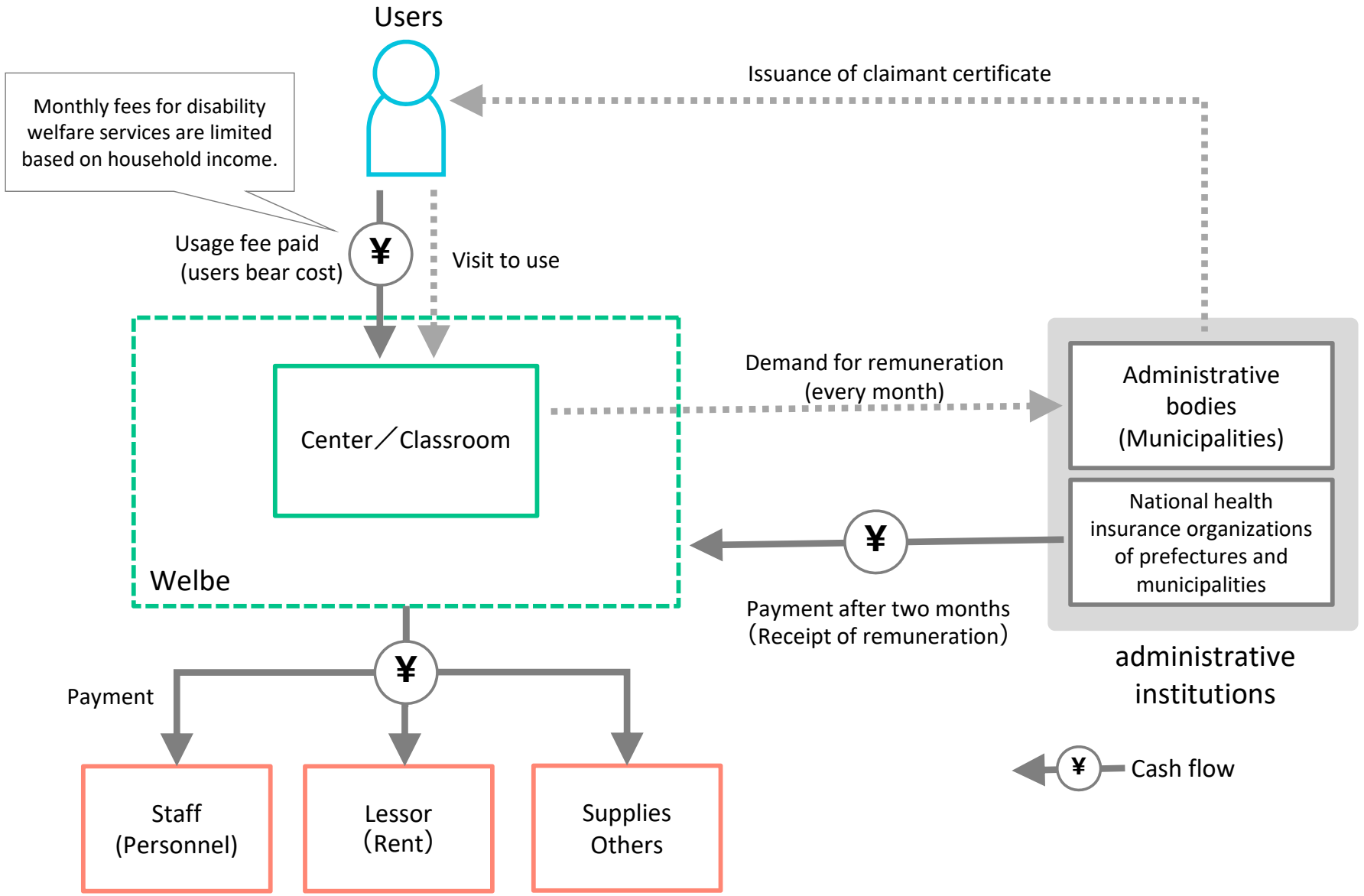
Child development support center

habii

©2018 Welbe, Inc.

Business Model

Users pay for part of the cost of services and the remaining balance of the cost is covered by the national health insurance organizations or other public-sector sources.



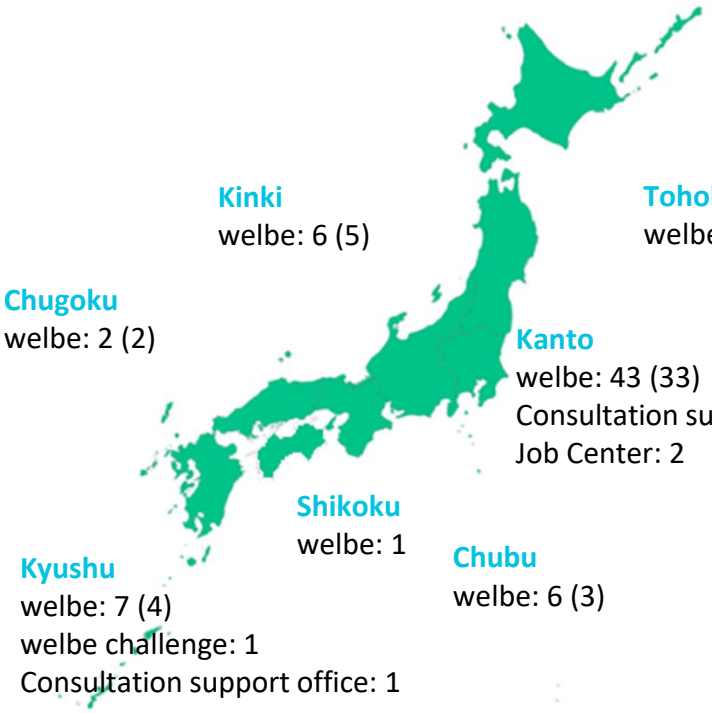
©2018 Welbe, Inc.

Employment Transition Support Business Overview

With operations centered in the Tokyo area, this business is expanding with the goal of establishing a nationwide network

Number of **welbe** locations from Hokkaido to Kyushu **67**

(As of March 2019)



Hokkaido
welbe: 1 (1)

Tohoku
welbe: 1

Kinki
welbe: 6 (5)

Chugoku
welbe: 2 (2)

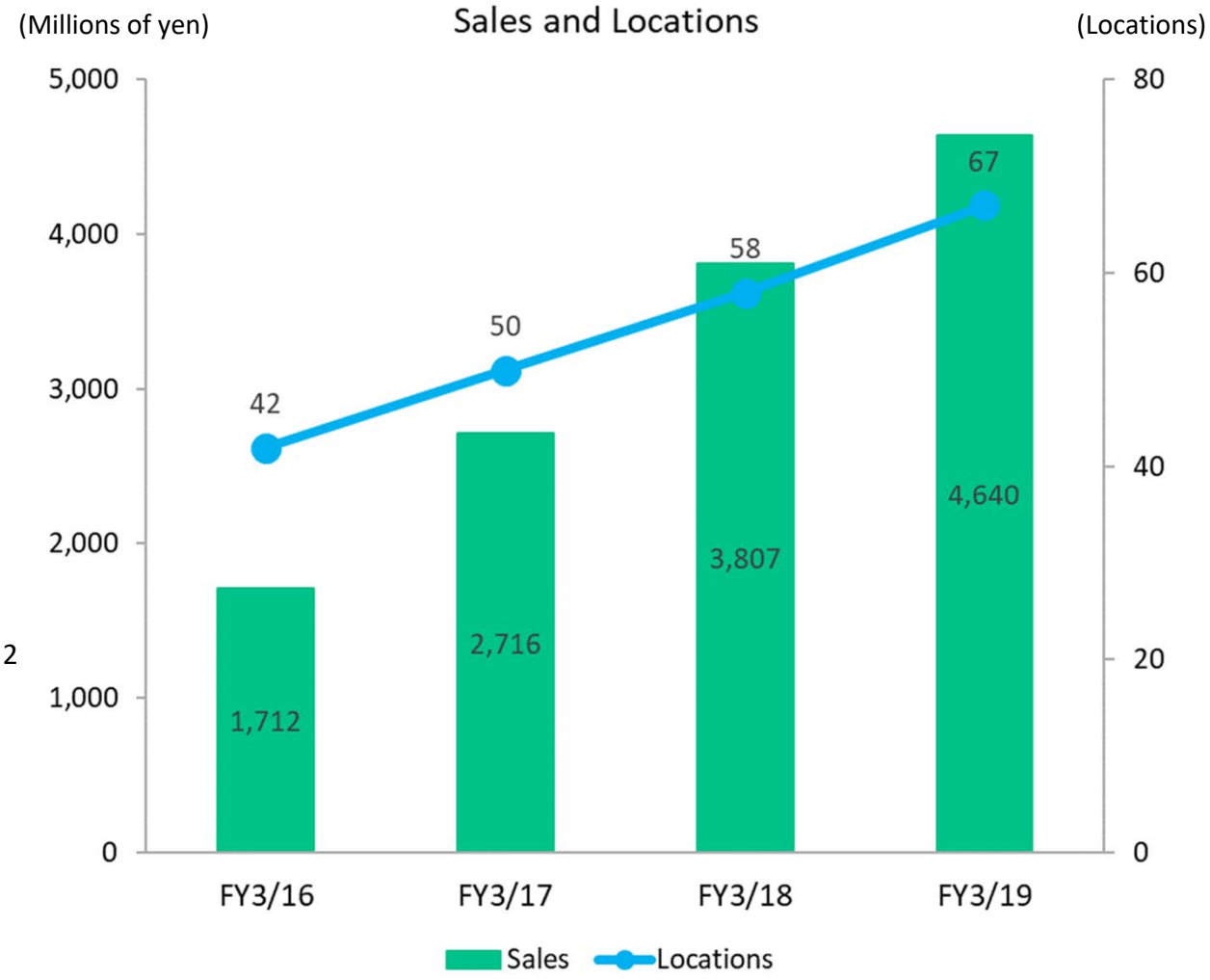
Kanto
welbe: 43 (33)
Consultation support office: 2
Job Center: 2

Shikoku
welbe: 1

Chubu
welbe: 6 (3)

Kyushu
welbe: 7 (4)
welbe challenge: 1
Consultation support office: 1

* Numbers in parenthesis show the number of welbe centers with retention support office.



*Source: Welbe website

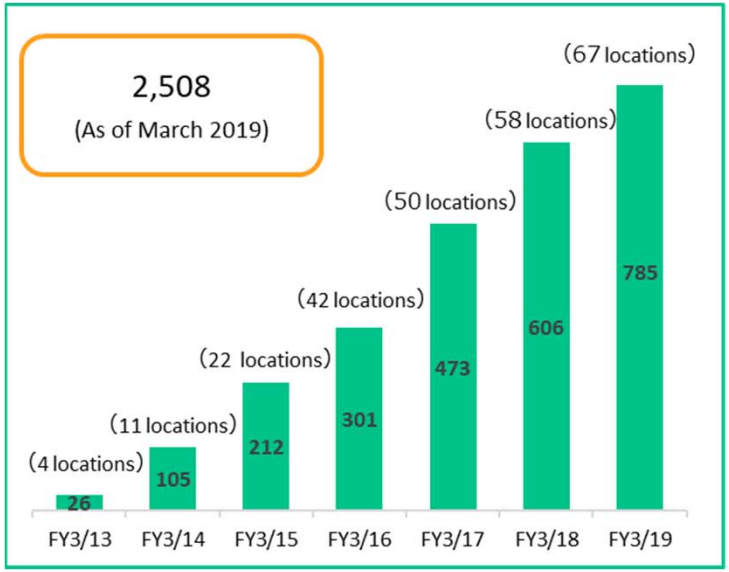
©2018 Welbe, Inc.

Employment Transition Support Business Performance

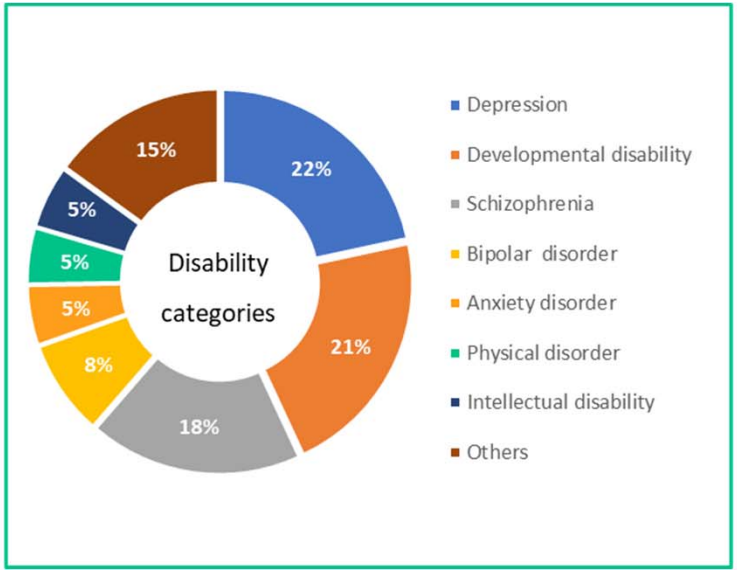
Periodic communications and consultations with employers to help people remain in a job

(Advice for developing workers' skills, such as methods to deal with specific disabilities and other needs and help for employers about interacting with and giving directions to people with special needs)

Number of People with Jobs

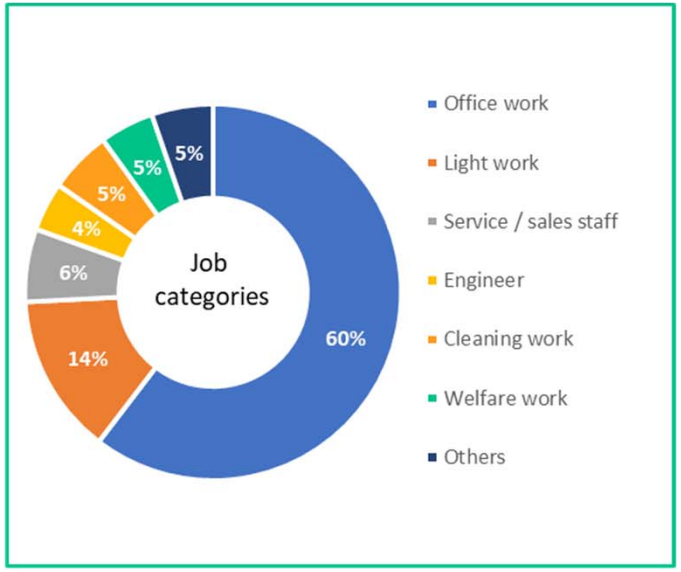


Job Placements by Disability Category



* Mentalare diseases are 74%,
going from depression to anxiety disorder.

Job Placement Categories



* More than 70% are in jobs
where they had no experience, primarily office work.

Latest **six-month job retention success rate:** **87.2%**

* Rate of people placed in jobs by Welbe between October 2017 and September 2018 who remained in their jobs for at least six months

©2018 Welbe, Inc.

Habilitation Business Overview

Continuing to open new locations with emphasis on Tokyo area

Number of **habii** locations nationwide **21**

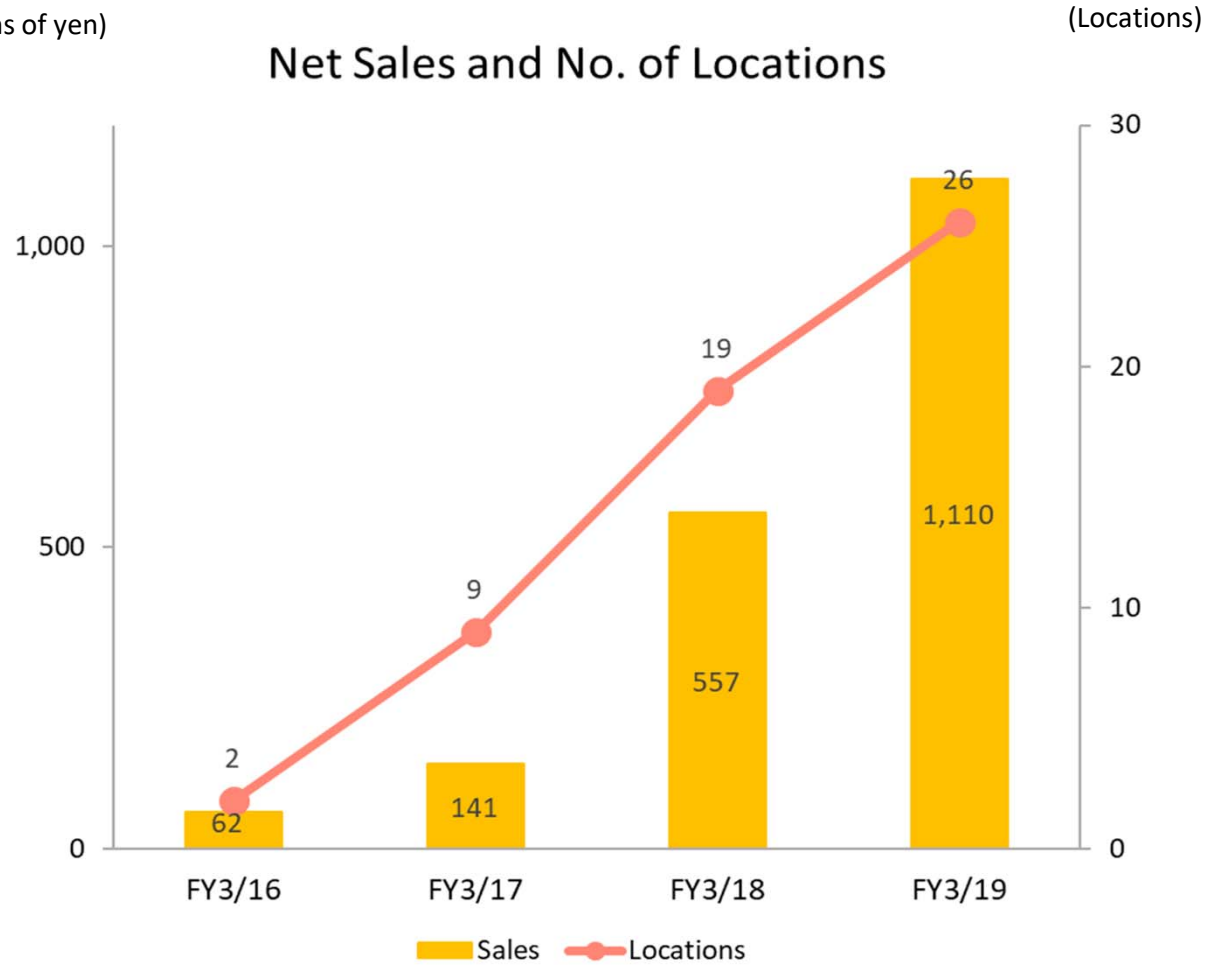
Number of **habii plus** locations nationwide **5**

(As of March 2019)



Kansai area
Osaka habii: 2
Hyogo habii: 1

Kanto area
Saitama habii: 7
habii plus: 5
Chiba habii: 4
Kanagawa habii: 5
Tokyo habii: 2



*Source: Welbe website

©2018 Welbe, Inc.

Key Strengths of Welbe

1. Operational manuals and internal audit

- ✓ Operational manuals for the provision of services of a consistently high quality
- ✓ Assessment of the operating effectiveness by internal auditors

2. Close ties with communities served

- ✓ Build a powerful local network by using collaboration with partners such as local public-service organizations, disability welfare institutions, hospitals and educational institutions.

3. A sufficient number of certified supervisors

- ✓ The one-year temporary deferment of enforcing this rule will end in March 2019.
- ✓ Acquiring the necessary certifications to become a supervisor will be extremely difficult, which makes recruiting these people very challenging.
- ✓ There are many candidates in Welbe who can become certified employees.

©2018 Welbe, Inc.

Major Activities

(1) Announcements of Results of Research Projects

Date	Event	Summary
Nov. 2017	The 25th Vocational Rehabilitation Research and Practical Application Announcements	Announcement of survey of trial corporate support performed by employment transition support offices for job retention of people with mental disabilities and developmental disabilities
		Benefits of programs at employment transition support offices based on group cognitive behavioral therapy (2) – Increasing motivation to participate in these programs
		Report on Job Center Soka of the Saitama prefectural employment support center for people with developmental disabilities – Proper assistance by starting with the possibility that an individual has a developmental disability
		Report of accomplishments of job retention support for disabled people at employment transition support offices – Activities of the welbe Takasaki Ekimae Center
	The 25th Japanese Association of Psychiatric Rehabilitation in Kurume	Announcement of survey of trial corporate support performed by employment transition support offices for job retention of people with mental disabilities and developmental disabilities
Dec. 2017	Labor Support Forum NIPPON 2017	Activities for continuous training of people with mental disabilities – Information about programs based on group cognitive behavioral therapy
Nov. 2018	The 26th Vocational Rehabilitation Research and Practical Application Announcements	Activities concerning how to conduct simulation programs for experiencing jobs – Aiming at operating interesting and realistic programs
		Assistance using self-monitoring sheets at employment transition support offices – Example of continuous training for people with indications of a manic state
		Assistance using self-monitoring sheets at employment transition support offices – Example of activities to enhance work preparation by heightening a sense of self-efficacy
Dec. 2018	Labor Support Forum NIPPON 2018	Employment transition support for developing a role behavior suitable for jobs – Using simulation programs for experiencing jobs
	The 26th Japanese Association of Psychiatric Rehabilitation in Tokyo	Use of self-monitoring sheets at employment transition support offices – Example of improvement of aptitude for finding a job by using activities that heighten a sense of self-efficacy
Feb. 2019	The 38th Japanese Society for Social Psyciatry	In-house mental health training using super-simple type cognitive-behavioral therapy – Aiming to improvement of the sense of coherence of employee –

(2) The Wel-1cup Innovation Announcements

- ✓ Every welbe business site gave a presentation about innovative activities and examples of the accomplishments of these innovations.
- ✓ This event improves the ability to provide support by sharing the knowledge of each location with the entire welbe organization.

(3) Labor Forum (once every year)

- ✓ A large event centered on how to find jobs for people with disabilities.
- ✓ Participants include person in charge of support organizations, government agencies and companies, users of our services, former users, and other individuals.
- ✓ Forum includes a keynote address, panel discussion, events where people can experience programs themselves, and other activities.



©2018 Welbe, Inc.

Population of People with Disabilities

There are 2,019 thousand people in Japan between the ages of 20 and 65 living at home who have a mental disability. This is approximately 2.6% of Japan's working age population.

(Thousands)

	Total	People living at home	Age 18 to 65*	People in institutions People with physical and mental disabilities at rehabilitation facilities and hospitals
Children/adults with physical disabilities	4,360	4,287	1,013	73
Children/adults with intellectual disabilities	1,082	962	580	120
People with mental disabilities	3,924	3,611	**2,019** (age 20 to 65)	313
Total	9,366	8,860	3,611	506

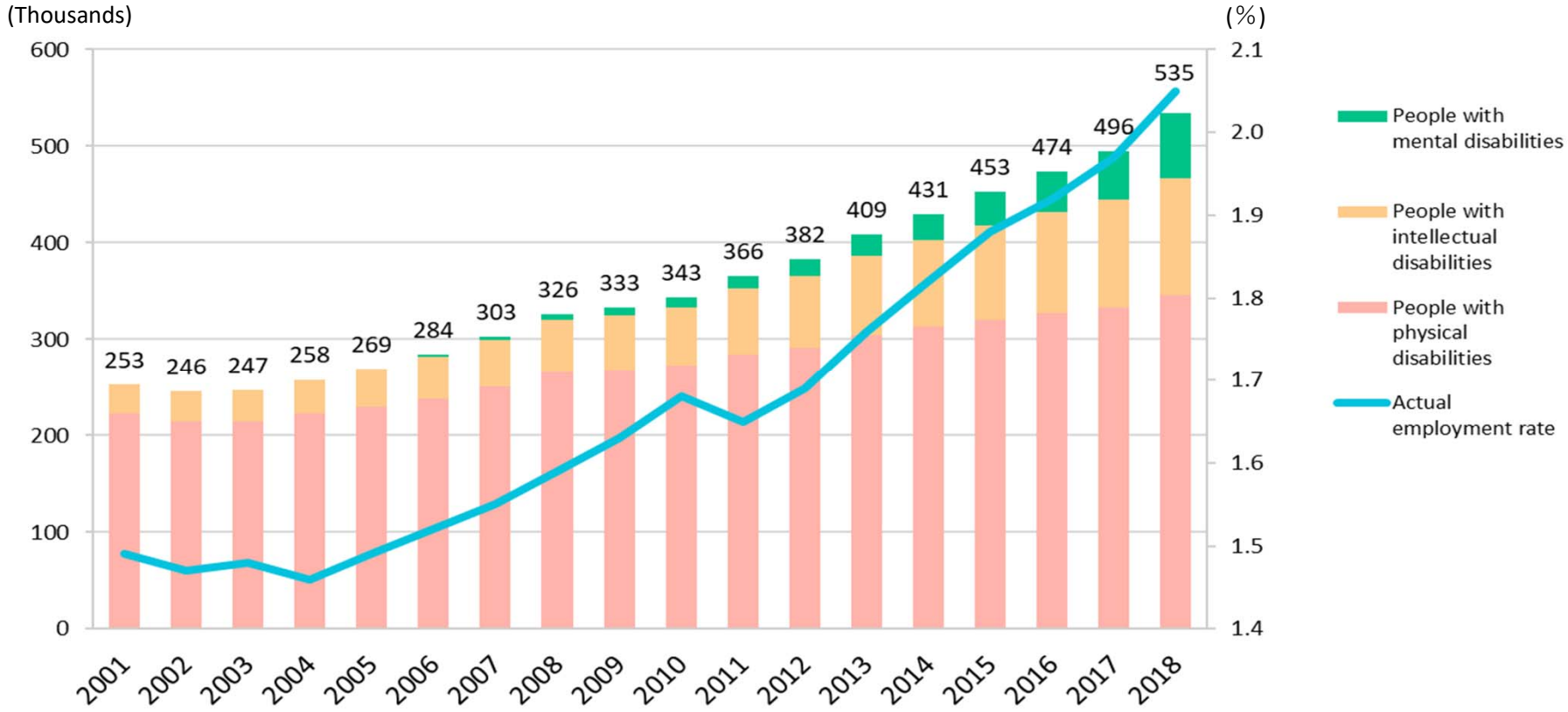
*Japan's working age population: 75,458 thousand people (as of Nov. 2018)

Source: Prepared by Welbe based on 2018 Disabled People White Paper (Cabinet Office) and Population Estimates (Statistics Bureau, Ministry of Internal Affairs and Communications)

©2018 Welbe, Inc.

Employment of People with Disabilities

- The number of disabled people employed and the actual employment rate are both at all-time highs. The number of disabled people employed has set a new record for 15 consecutive years.
- The statutory employment rate will rise to **2.2%** in April 2018 and climb further to **2.3%** in FY2020.
- "The approval of the Action Plan for the Realization of Work Style Reform is a historical step for reform to change the work style in Japan"
  Goal of the Action Plan: Use employment transition support businesses and other resources to raise the shift of people with disabilities to regular employment to at least **50%** more than in FY2016 by no later than FY2020.
  (Excerpt from statement of the Prime Minister at the 10th meeting of the Council for the Realization of Work Style Reform, Mar. 28, 2017)



Source: Report on the "Status of Employment of Persons with disabilities" in 2018, Ministry of Health, Labour and Welfare

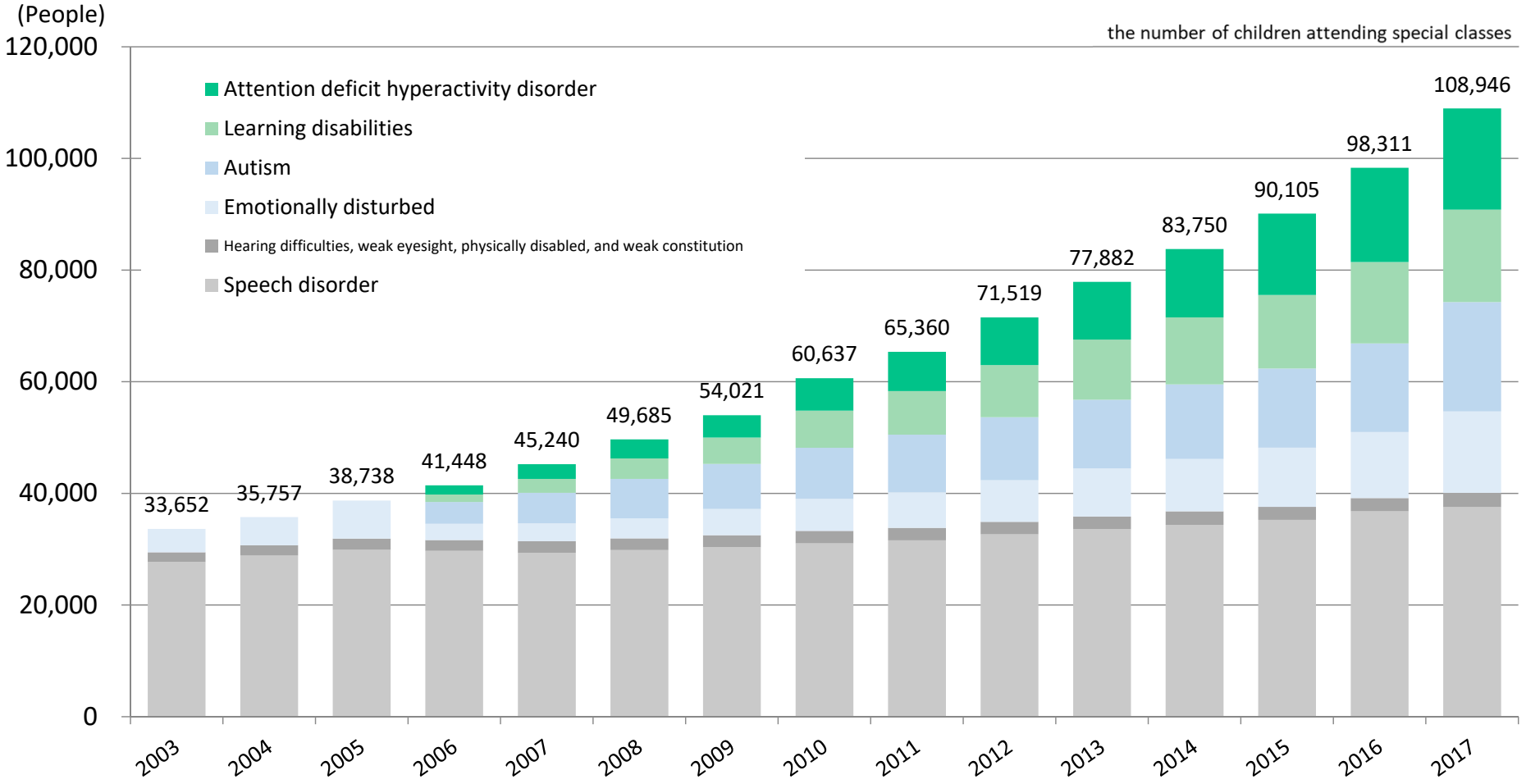
©2018 Welbe, Inc.

Growth in the Number of Developmentally Disabled Children in Japan

■ 6.5% of children who attend a regular school have the potential of developmental disorder.

(Dec. 2012 survey by the Ministry of Education, Culture, Sports, Science and Technology)

■ Steady increase in the number of children attending special classes to accommodate their disabilities.



Source: FY2015 Survey of Special Classes for Disabilities, Ministry of Education, Culture, Sports, Science and Technology

©2018 Welbe, Inc.

Contents

1. Corporate and Business Overview

2. FY3/19 Financial Results Highlights

3. FY3/20 Forecast

4. Others

©2018 Welbe, Inc.

Highlights

Results of operations

■ Net sales: ¥5,751 million; Operating profit: ¥1,495 million; Ordinary profit: ¥1,471 million; Profit: ¥991 million .

- ✓ Net sales up 31.8%, operating profit up 47.7%, ordinary profit up 41.1% and profit up 40.7% .
- ✓ Operating profit on sales : 26.0%, Ordinary profit on sales : 25.6% .
- ✓ Compared with the FY3/19 forecast, net sales up ¥185 million, operating profit up ¥200 million, ordinary profit up 180million, profit up ¥157 million.
- ✓ Asset impairment losses (extraordinary loss) associated with the relocation of three Employment Transition Support Business offices and the sharp decline of profitability in **welbe challenge** Kokura center(self-reliance training(lifestyle training) center).

Strategy of opening new locations

■ In the Employmet Transition support business,
9 welbe centers (original plan was 7 centers) and **48** employment retention support offices were opened.

■ In the Habilitation business, total **7** classrooms (5 habii classrooms and 2 habii plus classrooms; original plan was each 6 and 1) were opened.

FY3/20 forecast

■ FY3/20 forecast: Net sales: ¥6,737 million; Operating profit: ¥1,788 million; Ordinary profit ¥1,787 million; Profit ¥1,216 million.

■ Plan to open 12 locations including **6** employment transition support offices and **6** Habilitation centers.

Others

■ We **increase** the year-end dividend per share by **¥ 1.2** to ¥ 4.2 from our most recent forecast.
For the FY3/19, the annual dividend becomes **¥ 7.2** per share, combined with the interim dividend of ¥ 3.0 per share.

■ We established wholly-owned subsidiary "**Welbe Link**" on April 25, 2019 to provide total consulting services with respect to employment of people with disabilities.

©2018 Welbe, Inc.

Financial Overview

FY3/19 Result (1)

■ In FY3/19, net sales and all the level of profits steadily increased.

(1) Compared with the **FY3/19 forecast**, net sales up ¥185 million, operating profit up ¥200 million, ordinary profit up 180million, profit up ¥157 million.

(2) Compared with the **FY3/18 result**, net sales up ¥1,387 million, operating profit up ¥483 million, ordinary profit up 428 million, profit up ¥287 million.

Item	FY3/19 Results		FY3/19 Forecast		(1) Vs. FY3/19 Forecast		FY3/18 Result		(2) YoY change	
	Amount (Millions of Yen)	Comp.	Amount (Millions of Yen)	Comp.	Change (Millions of Yen)	Change(%)	Amount (Millions of Yen)	Comp.	Change (Millions of Yen)	Change(%)
Net sales	5,751	100.0%	5,565	100.0%	+185	+3.3%	4,364	100.0%	+1,387	+31.8%
Gross profit	2,348	40.8%	2,147	38.6%	+200	+9.3%	1,730	39.7%	+617	+35.7%
Operating profit	1,495	26.0%	1,295	23.3%	+200	+15.5%	1,012	23.2%	+483	+47.7%
Ordinary profit	1,471	25.6%	1,291	23.2%	+180	+14.0%	1,042	23.9%	+428	+41.1%
Profit	991	17.2%	834	15.0%	+157	+18.8%	704	16.1%	+287	+40.7%

©2018 Welbe, Inc.

Quaterly Results

FY3/19 Result (2)

■In the 4th quarter, net sales and ordinary profit were lower, profit was higher than in the 3rd quarter.

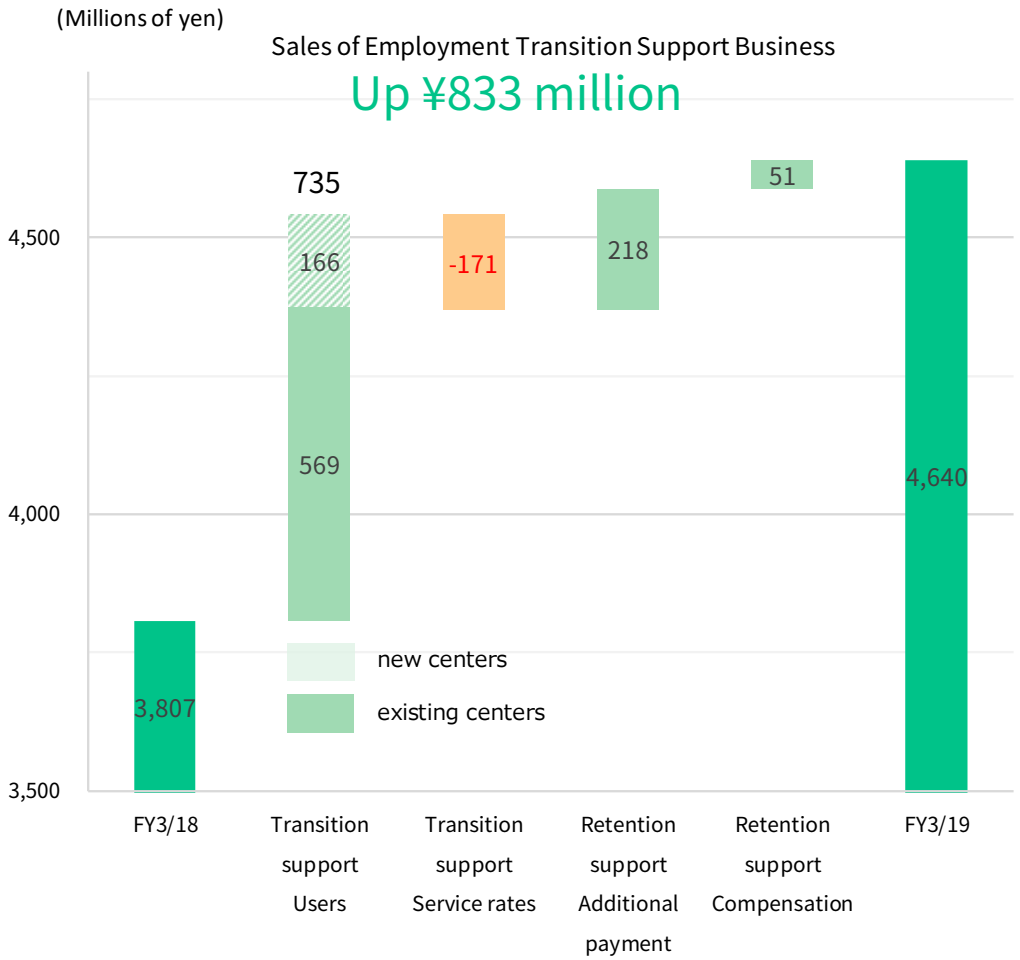
(1)Net sales was lower because of the fewer business days of transition support center (**welbe** center).
On ther other hand, retention support compensation was higher because the number of users has been increased.
(2)Ordinary profit was lower because the loss on cancellation of leases(¥22 million) was recorded as non-operating loss.
(3)In extraordinary loss, Impairment loss was recorded
because of the sharp decline of profitability in **welbe challenge** Kokura center .
(4)Profit was higher because of lower income taxes caused by the use of tax credits for salary growth
and a decrease in the retained earnings tax due to the payment of a dividend.

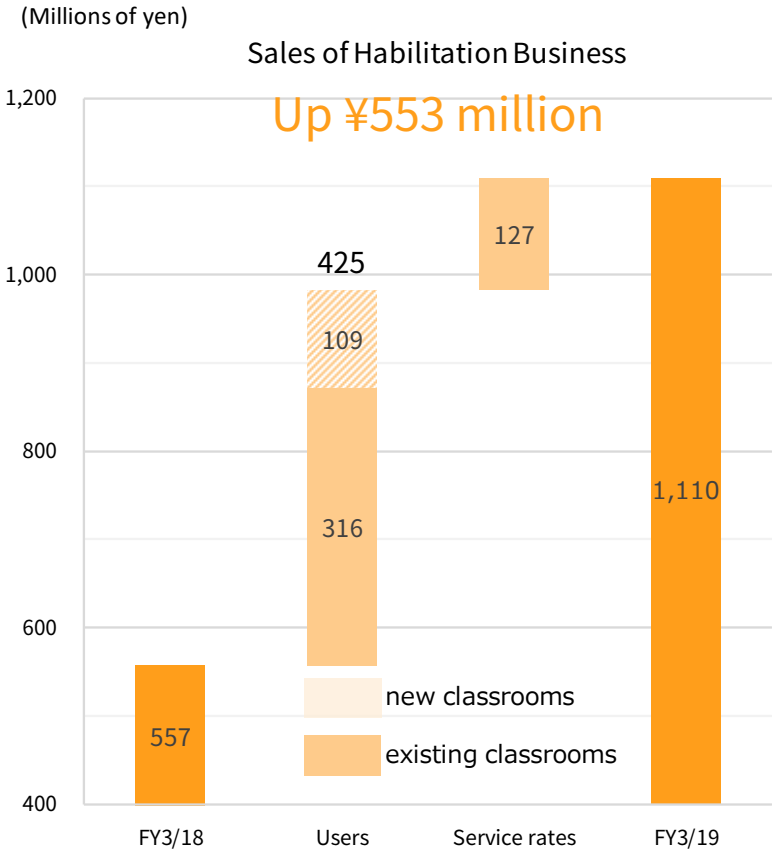
Items	1Q FY3/19 Apr.- June		2Q FY3/19 July- Sept.		3Q FY3/19 Oct.- Dec.		4Q FY3/19 Jan.- Mar.		FY3/19 Apr.-Mar.		QoQ change (3Q vs 4Q)	
	Amount (Millions of Yen)	Comp.	Amount (Millions of Yen)	Comp.	Amount (Millions of Yen)	Comp.	Amount (Millions of Yen)	Comp.	Amount (Millions of Yen)	Comp.	Change (Millions of Yen)	Change(%)
Net sales	1,377	100.0%	1,476	100.0%	1,453	100.0%	1,444	100.0%	5,751	100.0%	(1) -9	- 0.7%
Sales of Employment Transition Support Business	1,162	84.4%	1,203	81.6%	1,152	79.3%	1,121	77.7%	4,640	80.7%	-31	- 2.7%
(Transition support compensation)	(1,046)	(76.0%)	(1,099)	(74.5%)	(1,134)	(78.0%)	(1,091)	(75.6%)	(4,371)	(76.0%)	-42	- 3.7%
(Retention support additional payment)	(116)	(8.4%)	(102)	(6.9%)	—	(0.0%)	—	(0.0%)	(218)	(3.8%)	+0	—
(Retention support compensation)	(0)	(0.0%)	(2)	(0.1%)	(18)	(1.3%)	(30)	(2.1%)	(51)	(0.9%)	+11	+60.5%
Sales of Habilitation Business	214	15.6%	272	18.4%	301	20.7%	322	22.3%	1,110	19.3%	+21	+7.1%
Gross profit	571	41.5%	647	43.9%	596	41.0%	532	36.9%	2,348	40.8%	-64	- 10.8%
Operating profit	362	26.3%	448	30.4%	380	26.2%	304	21.1%	1,495	26.0%	-76	- 20.0%
Ordinary profit	362	26.3%	448	30.3%	380	26.1%	280	19.5%	1,471	25.6%	(2) -99	- 26.1%
Profit	224	16.3%	293	19.9%	236	16.2%	238	16.5%	991	17.2%	(3) (4) +1	+0.8%

©2018 Welbe, Inc.

Net sales

- Sales in the **Employment Transition Support Business** increased 22%.
- Sales in the **Habilitation Business** increased 99%.





* Components of changes in sales are reference figures based on approximations and used for internal management purposes.
* New center/classroom sales figures for the number of users are for sales at locations that were opened after April 2018 (9 Employment Transition Support Business bases and 7 Habilitation Business bases).

©2018 Welbe, Inc.

Cost of Sales

■Cost of sales increased ￥789 million.

(1) 4Q / Total cost of sales up ¥54 million mainly due to an increase of personnel resulting from the growth of the number of location, the purchase of emergency goods supplies to users and the preparation of Personal computers, etc. for new employees.

(2) Annual / Personnel up ¥553 million mainly due to the growth of the number of locations, the establishment of a bonus system and more payments for workers with professional qualifications.

(3) Annual / Cost to sales ratio decreased due to an increase of sales despite the growth in total costs caused by the increase in the number of locations.

Item	1Q	2Q	3Q	4Q	QoQ change (3Q vs 4Q)	FY3/19		FY3/18		YoY change
	Apr.- June	July- Sept.	Oct.- Dec.	Jan.- Mar.		Apr. - Mar.		Apr. - Mar.		
	Amount (Millions of Yen)	Amount (Millions of Yen)	Amount (Millions of Yen)	Amount (Millions of Yen)	Change (Millions of Yen)	Amount (Millions of Yen)	Comp.	Amount (Millions of Yen)	Comp.	Change (Millions of Yen)
Net Sales	1,377	1,476	1,453	1,444	-9	5,751		4,364		+1,387
Personnel	561	580	598	623	+24	2,363	69.4%	1,810	68.7% (2)	+553
Rent	82	86	87	92	+4	348	10.2%	277	10.5%	+71
Supplies	68	65	68	91	+22	294	8.7%	242	9.2%	+51
Traveling	31	34	35	34	-1	136	4.0%	108	4.1%	+27
Depreciation	19	21	22	26	+3	89	2.6%	69	2.6%	+19
Others	41	40	43	44	+0	170	5.0%	125	4.8%	+45
Total	805	828	857	911 (1)	+54	3,403	100.0%	2,633	100.0%	+769
Cost to sales ratio	58.5%	56.1%	59.0%	63.1%	+4.2%	59.2%		60.3%	(3)	- 1.2%
Gross profit	571	647	596	532	-64	2,348		1,730		+617

©2018 Welbe, Inc.

SG&A expenses

■Selling, general and administrative expenses increased ¥134 million.

(1) 4Q / SG&A total up ¥11 million mainly due to the bonus payments (personnel) and the focus of marketing especially among listing advertising.
(2) Annual / Personnel up ¥25 million mainly due to upgrading of head office functions associated with stock listing.
(3) Annual / Tax and dues up ¥43 million mainly due to higher consumption taxes resulting from an increase in taxable procurement activities and to higher payments required by Japan's size-based business tax system.
(4) Annual / Rent up ¥32 million mainly due to relocating headquarters since January, 2018.

Item	1Q	2Q	3Q	4Q	QoQ change (3Q vs 4Q)	FY3/19		FY3/18		YoY change
	Apr.- June	July- Sept.	Oct.- Dec.	Jan.- Mar.		Apr. - Mar.		Apr. - Mar.		
	Amount (Millions of Yen)	Amount (Millions of Yen)	Amount (Millions of Yen)	Amount (Millions of Yen)	Change (Millions of Yen)	Amount (Millions of Yen)	Comp.	Amount (Millions of Yen)	Comp.	Change (Millions of
Operating profit	571	647	596	532	-64	2,348		1,730		+617
Personnel	96	91	92	98	+6	379	44.5%	353	49.2%	(2) +25
Tax and dues	36	37	38	37	+0	150	17.7%	107	14.9%	(3) +43
Advertising/promotion	26	21	22	28	+5	97	11.5%	80	11.2%	+17
Commision paid	19	17	15	19	+4	71	8.4%	61	8.5%	+10
Rent	14	14	14	14	+0	58	6.8%	26	3.6%	(4) +32
Others	16	17	32	28	-3	95	11.2%	90	12.6%	+5
Total	209	198	216	228	(1) +11	852	100.0%	717	100.0%	+134
SG&A to sales ratio	15.2%	13.5%	14.9%	15.8%	+0.9%	14.8%		16.5%		- 1.6%
Operating profit	362	448	380	304	-76	1,495		1,012		+483
Operating margin	26.3%	30.4%	26.2%	21.1%	- 5.1%	26.0%		23.2%		+2.8%

©2018 Welbe, Inc.

Factors Impacted in an Increase in Operating Profit

■ Operating profit increased ¥483 million YoY.

(Millions of yen)



* Above amounts are total for cost of sales and SG&A expenses

©2018 Welbe, Inc.

Balance Sheet

■ Total assets increased due to increase in accounts receivable by higher sales.

■ Liabilities decreased mainly due to repayment of loans and bonds.

■ Equity ratio moved up 8.5 points to 68.5%.

Items	FY3/18		FY3/19		Change (Millions of yen)	Change (%)
	Amount (Millions of Yen)	Comp.	Amount (Millions of Yen)	Comp.		
Current assets	2,919	78.8%	2,433	79.5%	+486	+20.0%
Non-current assets	787	21.2%	626	20.5%	+161	+25.8%
Total assets	3,707	100.0%	3,059	100.0%	+647	+21.2%
Liabilites	1,167	31.5%	1,224	40.0%	-56	- 4.6%
(Of the above, loans and bonds)	(383)	(10.3%)	(592)	(19.4%)	(-209)	(-35.3%)
Net assets	2,539	68.5%	1,835	60.0%	+704	+38.4%
Equity ratio	68.5%		60.0%			+8.5%

Changes in current assets

• Increase in cash and cash equivalents	+ 302
• Increase in accounts receivable	+ 181

Changes in non-current assets

• Increase in tangible fixed assets	+ 96
• Increase in lease and guarantee deposits	+ 29

Changes in liabilities

• Increase in income taxes payable	+ 110
• Decrease due to repayment of loans and bonds	- 209

Changes in net assets

• Increase in retained earnings from profit	+ 991
• Decrease in retained eanings due to dividend payments	- 295

(Millions of yen)

©2018 Welbe, Inc.

Cash Flows

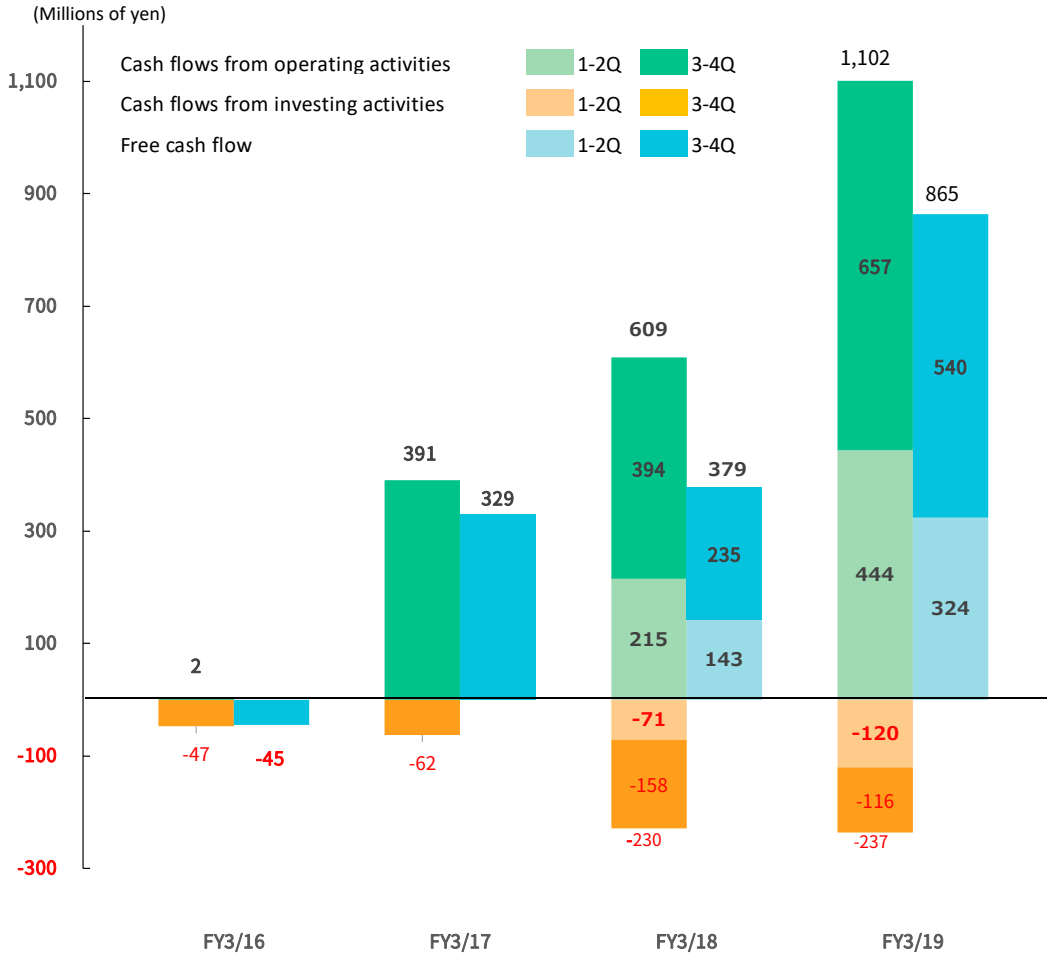
■Cash flows from operating activities and Free cash flow increased steadily.

(1) Cash flows provided by operating activities were ¥1,102 million mainly due to profit.

(2) Cash flows used in investing activities were ¥273 million mainly due to the purchase of property, plant and equipment.

(3) Cash flows used in financing activities were ¥563 million
mainly due to the repayment of long-term loans of ¥ 180 million and cash dividend paid of ¥ 294 million.

	FY3/16	FY3/17	FY3/18	FY3/19
Cash flows from operating activities	2	391	609	1,102
Cash flows from investing activities	-47	-62	-230	-237
(Free cash flow)	(-45)	(329)	(379)	(865)
Cash flows from financing activities	338	-23	447	-563
Net increase in cash and cash equivalents	293	305	826	302
Cash and cash equivalents at end of period	460	765	1,592	1,894



©2018 Welbe, Inc.

New locations

■ In the **Employment Transition Support Business**,

9 welbe centers (original plan was 7 new centers), 48 employment retention support offices were open.

■ In the **Habilitation Business**, 5 habii classrooms and 2 habii plus classrooms were opened. Original plan was each 6 and 1.

Employment Transition Support Business

Employment transition support center : welbe

Apr 2018	Takasaki Ekimae center II
May	Tokorozawa prope-dori center
Jun	Hon-Atsugi Ekimae center II
Jun	Sendai Ekimae center
Aug	Matsuyama center
Dec	Totsuka Ekimae center
	Minami-Urawa center
Feb 2019	Nagoya Ekimae center II
Mar	Hamamatsu Ekimae center II

Employment retention support center

As of Mar 2019,

Operation of **48** offices.

Habilitation Business

Child development support center : habii

Apr 2018	Shiki Ekimae II
May	Shonandai
	Kashiwa
Jun	Koshigaya
Sep	Kami-Itabashi

After-school day care service center : habii plus

Mar 2019	Shiki
	Urawa

©2018 Welbe, Inc.

Contents

1. Corporate and Business Overview

2. FY3/19 Financial Results Highlights

3. FY3/20 Forecast

4. Others

©2018 Welbe, Inc.

Forecast for the Fiscal Year Ending March 2020

業績予想

- Forecast sales of ¥6,737 million, operating profit of ¥1,788 million, ordinary profit of ¥1,787 million and profit of ¥1,216 million in FY3/20.
- Plan to open **6 welbe centers**, **6 habilitation classrooms**.
- Forecast higher sales and earnings as the number of users in the Employment Transition Support Business and Habilitation Business are expected to increase steadily.
- Service rates of existing **welbe** centers are increased because almost all the centers achieved higher number of users with six-month job retention compared to FY3/19.

(Millions of yen)

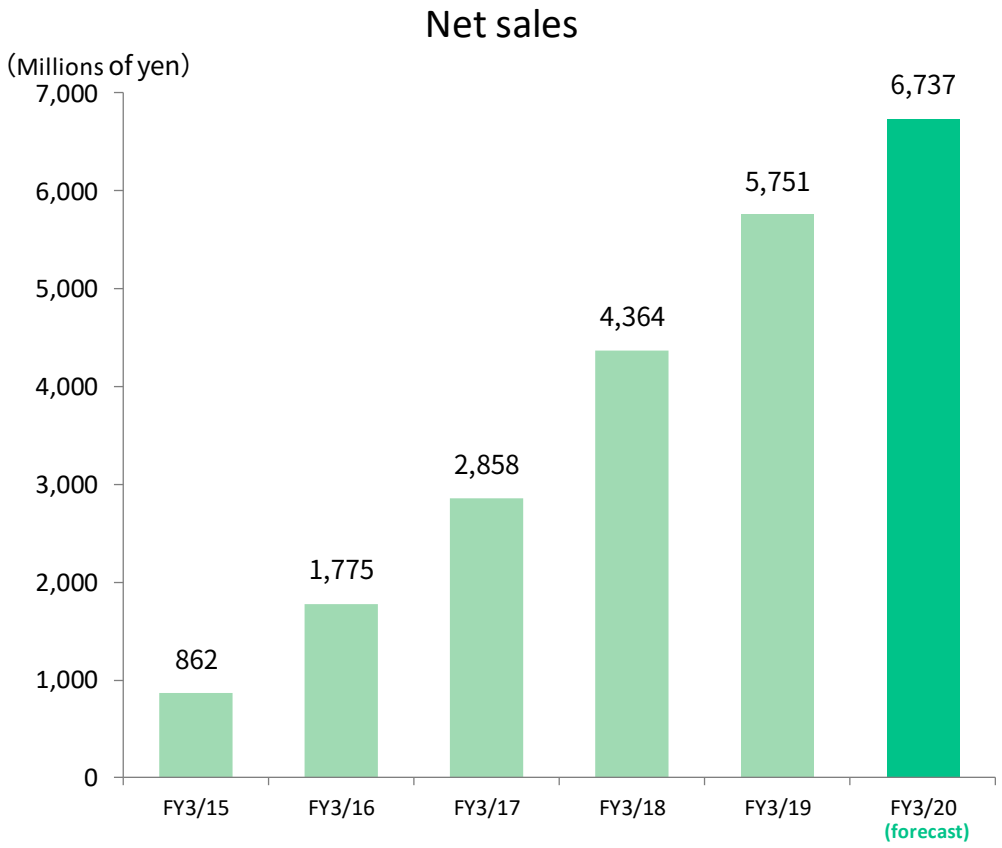
Item	FY3/20 Forecast		FY3/19 Results		Change	Change (%)
	Amount (Millions of Yen)	Comp.	Amount (Millions of Yen)	Comp.		
Net sales	6,737	100.0%	5,751	100.0%	+986	+17.2%
Operating profit	1,788	26.5%	1,495	26.0%	+293	+19.6%
Ordinary profit	1,787	26.5%	1,471	25.6%	+315	+21.5%
Profit	1,216	18.1%	991	17.2%	+224	+22.6%

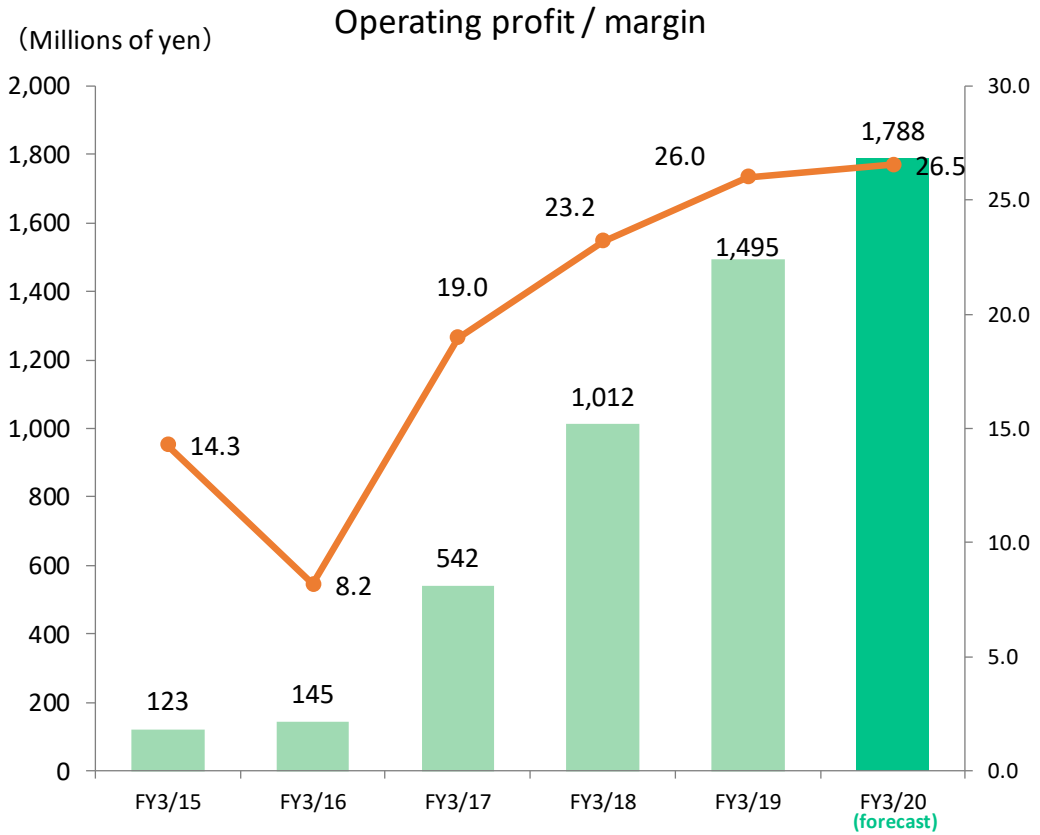
©2018 Welbe, Inc.

Net Sales and Operating Profit

FY3/20 forecast (2)

- Forecast net sales up 17.2% to ¥6,737 million, operating profit up 26.5% to ¥1,788 million, operating margin 26.5%
- Net sales and operating profit are expected to increase; flat in operating margin



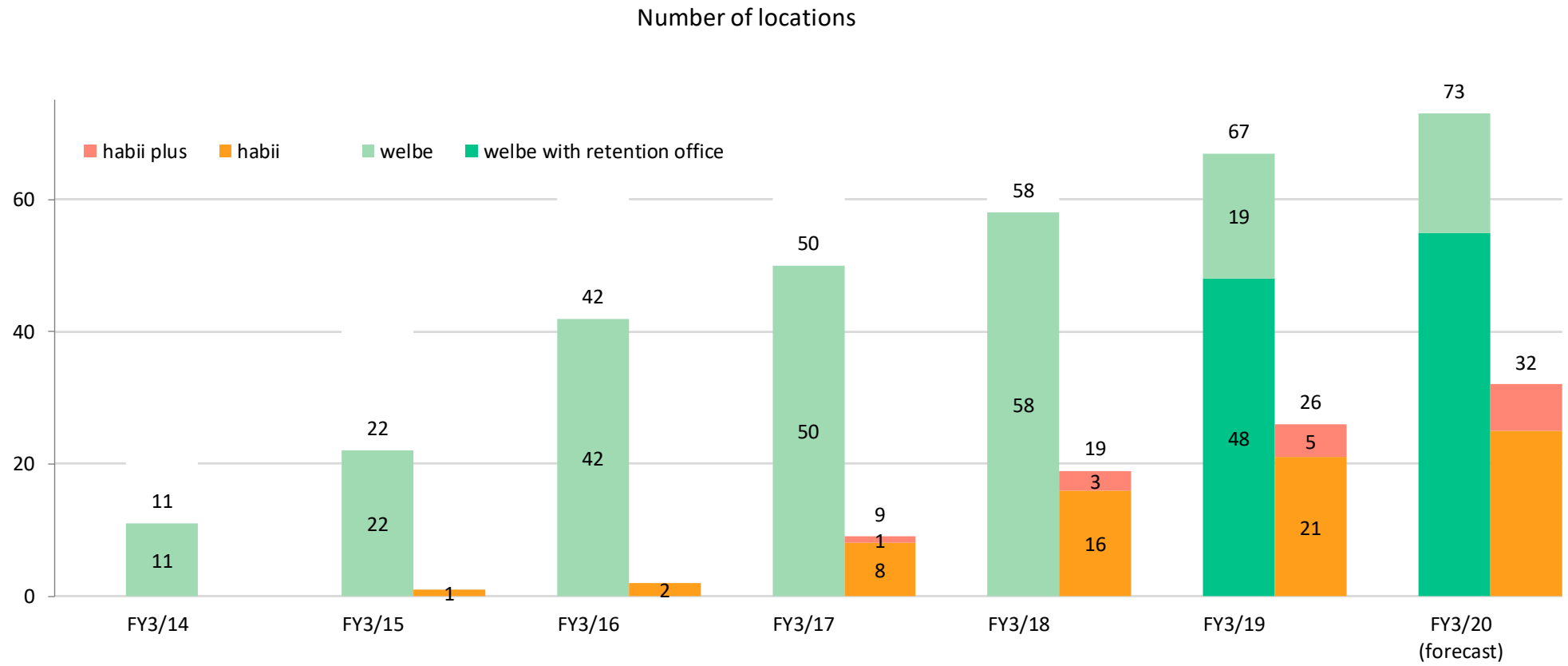


©2018 Welbe, Inc.

Growth in the Number of Locations

FY3/20 forecast (3)

- Plan to open **6 welbe centers**, **6 habilitation classrooms**.
- Operation forecast of 105 offices (total amount of **welbe**, **habii** and **habii plus**) as of March, 2020.
- Employment retention support offices will be opened sequentially as soon as the condition is set.

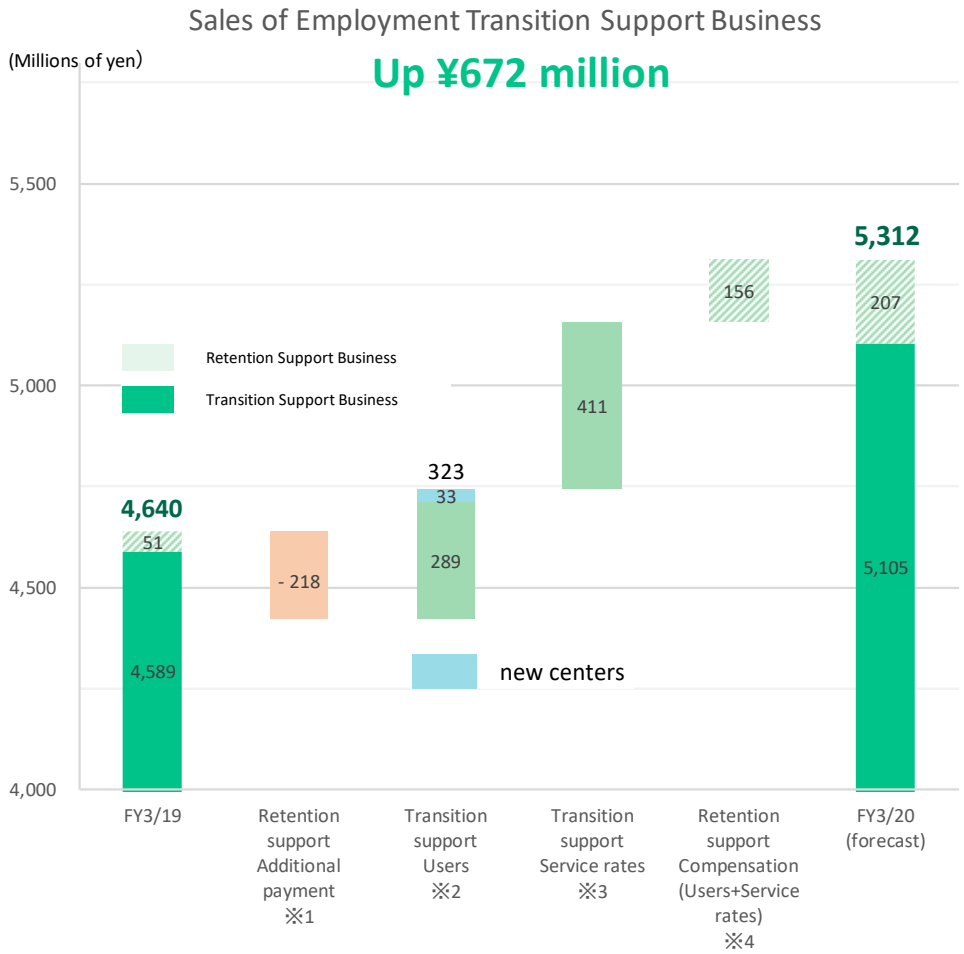


©2018 Welbe, Inc.

Sales Forecast – Employment Transition Support Business

FY3/20 forecast (4)

Sales in **the Employment Transition Support Business** are expected to increase 14% mainly because of the outlook for steady growth in the number of users. Service rates of almost all the existing welbe centers are increased because they achieved higher number of users with six-month job retention compared to FY3/19.



※1 The FY3/19's first half (from April to September,2018) was a period to prepare for the start of the employment retention support business. During this period, half of the previous additional payment for job retention support could be received.
In FY3/20, this additional payment is **subtracted**.

※2 Outlook for **an increase in the number of users** is setbased on expectations for new users at newly opened locations and measures at existing locations to maintain and improve the operating ratio

※3 Service rates of employment transition support office(welbe) are based on the number of users who remain in their jobs for six months. **Service rates of almost all the existing centers are increased** because they achieved higher number of users compared to FY3/19

※4 As of Mar 2019,we have operated **48** of employment retention support offices. Employment retention support offices will be opened sequentially as soon as the condition is set.
Users and service rates are estimated based on the results for FY3/19 at each offices.

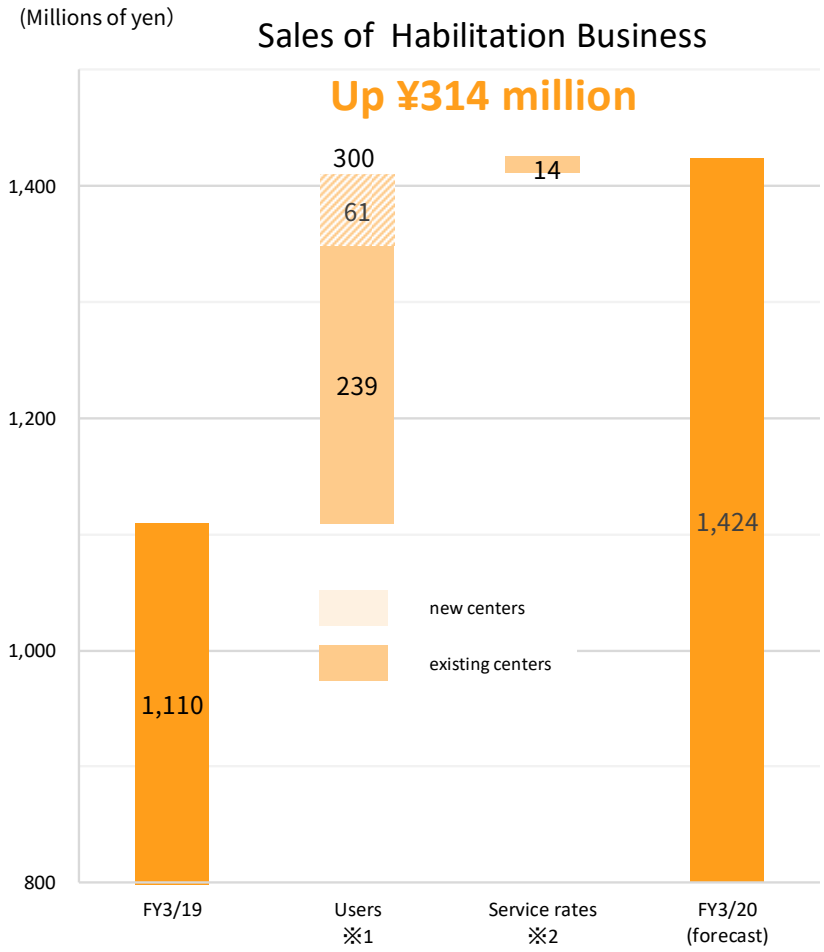
* Components of changes in sales are reference figures based on approximations and used for internal management purposes.

©2018 Welbe, Inc.

Sales Forecast – Habilitation Business

FY3/20 forecast (5)

Sales in **the Habilitation Business** are expected to increase 28% and account for 21% of total sales, mainly because of the outlook for an increase in the number of users.



*1 Outlook for **a steady increase in the number of users** is based on expectations for new users at newly opened locations and measures at existing locations to maintain and improve the operating ratio

For habii child development support centers, the additional guidance personnel has been increased for locations where more than the designated standard number of people in childcare positions requiring professional certifications are assigned. Now a number of units **up to the amount for two people is allowed**.

*2

(Previous system)		→	(Since April 2018)		
Child guidance, etc. personnel	195 units		Specialists (nursery school teachers, etc.)	209 units	x2
Guidance personnel	185 units		Child guidance, etc. personnel	155 units	Maximum of 418 units
			Other employees	91 units	

Utilization rates have been estimated for individual locations , taking plans for recruiting personnel for child guidance into consideration.

* Components of changes in sales are reference figures based on approximations and used for internal management purposes.

©2018 Welbe, Inc.

Contents

1. Corporate and Business Overview

2. FY3/19 Financial Results Highlights

3. FY3/20 Forecast

4. Others

©2018 Welbe, Inc.

Shareholder Distributions

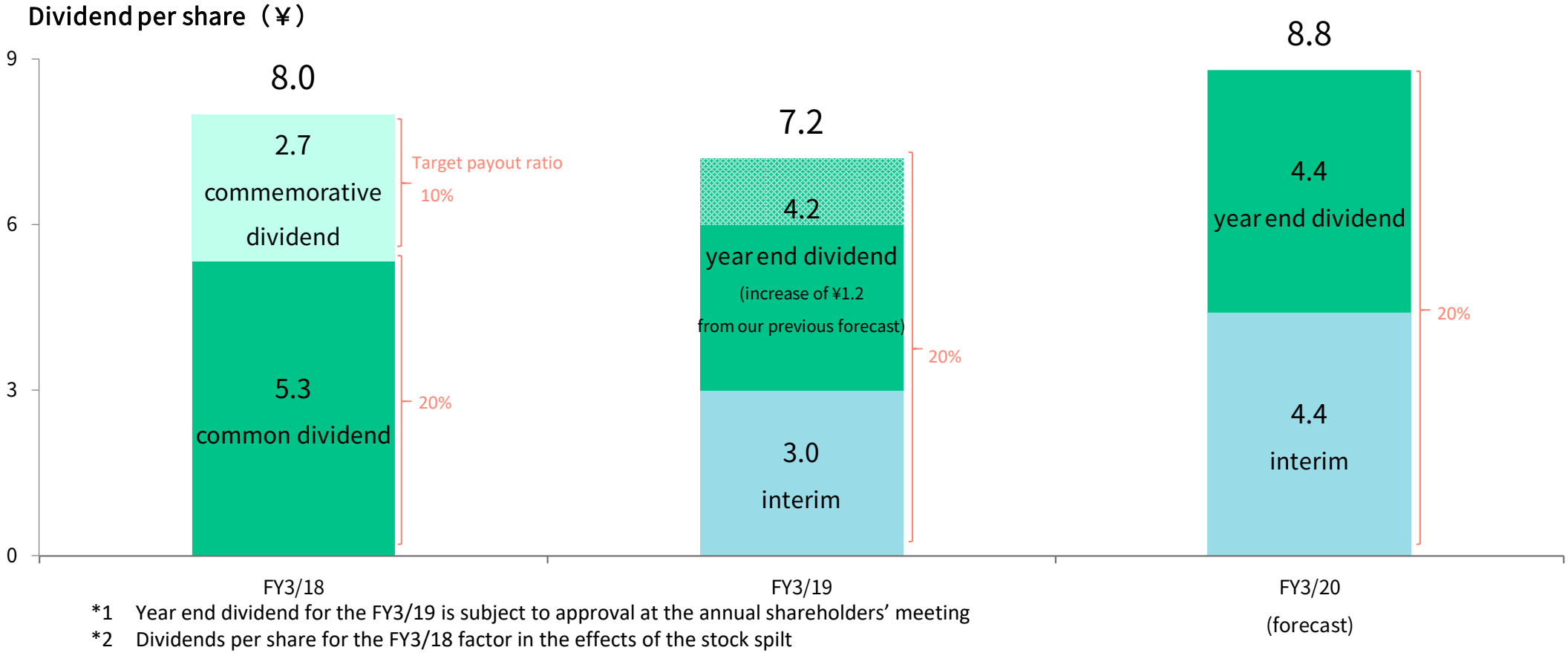
- For the FY3/19, Annual dividend of **¥7.2** per share. We increase the year end dividend par share by ¥1.2 from our most recent dividend forecast.
- For the FY3/20, We plans to pay a total dividend of **¥ 8.8** par share.

Welbe's policy is to make consistent earnings distributions that properly reflect results of operations while taking actions aimed at maintaining the long-term soundness of business operations

Increase retained earnings to maintain financial soundness and provide funds for future growth

Reflect results of operations and the financial position in shareholder distributions

Dividend payout ratio target: 20%



*1 Year end dividend for the FY3/19 is subject to approval at the annual shareholders' meeting

*2 Dividends per share for the FY3/18 factor in the effects of the stock spilt and include a ¥2.7 commemorative dividend (10% equivalent of dividend payout ratio) for the listing of welbe stock on the TSE Mothers Market.

©2018 Welbe, Inc.

Establishment of new subsidiary

Topics (2)

We established wholly-owned subsidiary “**Welbe Link**” on April 25, 2019 to provide total consulting services with respect to employment of people with disabilities. Welbe Link mainly plans to provide **enterprise-level** services.

Company overview

Name	Welbe Link Inc.	Established	April 25, 2019
Representative	Yuki Hamachi (Senior managing director of **Welbe**)	Capital	¥5,000,000

Business overview

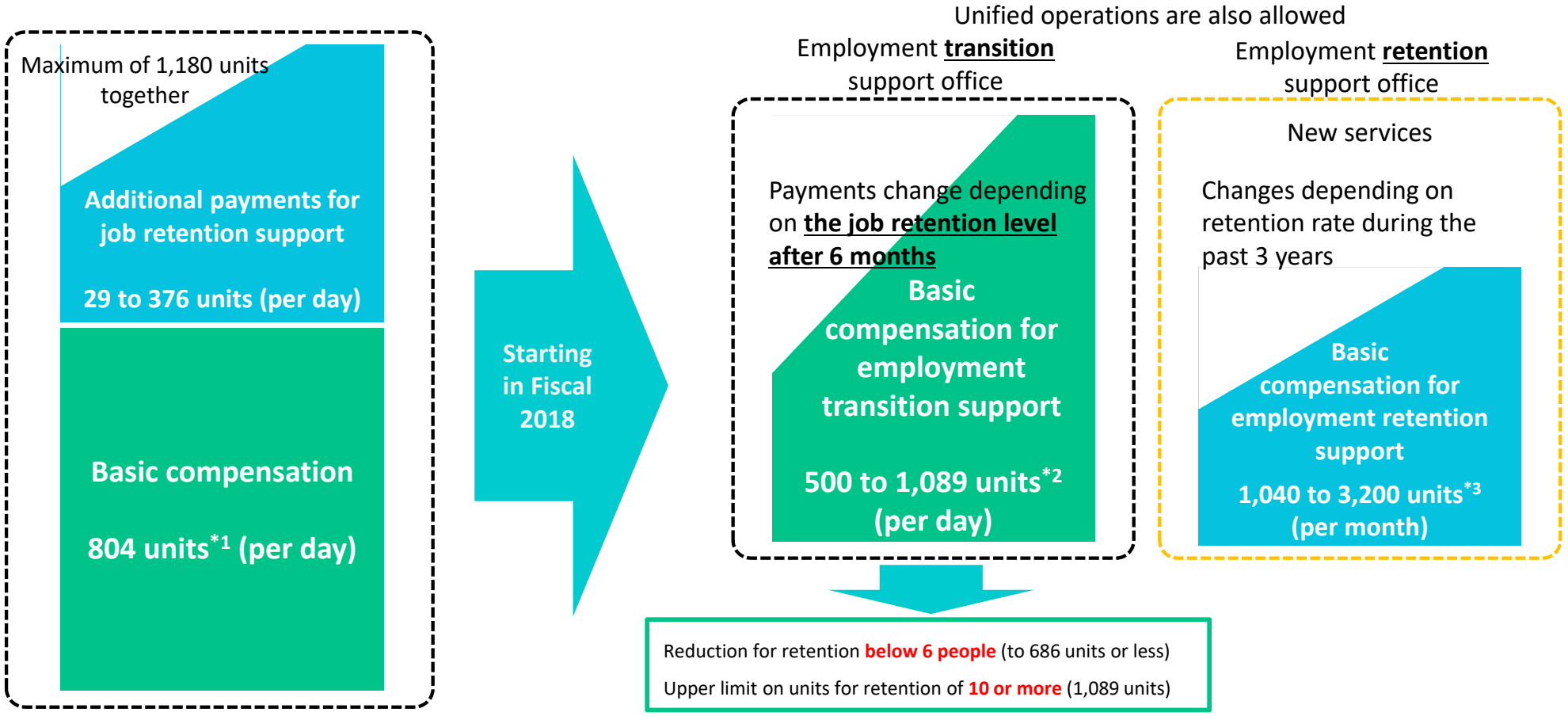


©2018 Welbe, Inc.

Revisions to Disability and Welfare Service Compensation in Fiscal 2018

Topics (3)

In April 2018, Japan replaced the system of additional payments for job retention support with the job retention support service system. As a result, basic compensation for employment transition support changes depending on the level of job retention.



*1. Reduction of 15%-50% based on number of employment transitions and job retentions

*2. For up to 20 people

*3 . For up to 20 people

Source: Prepared by Welbe based on the Summary of Fiscal 2018 Revisions to Compensation for Disability and Welfare Services

At employment **transition** support offices, the priority is **constantly supplying** people who can remain in their jobs for at least 6 months.
At employment **retention** support offices, the priority is providing effective support that **raises the job retention ratio**.

©2018 Welbe, Inc.

Precautions concerning Use of This Presentation Material

- These materials were prepared to help investors understand Welbe, Inc. and were not intended as a solicitation for investment in Welbe, Inc. Investors are urged to reach their own decisions with regard to making an investment in Welbe, Inc.
- Forecasts and other statements about outlooks, strategies and other forward-looking information are based on the outlook of management using information available at the time these materials were prepared and certain assumptions judged to be valid. Actual results may differ significantly from these forecasts due to a variety of risk factors and other uncertainties.
- Welbe, Inc. will not be held responsible for any problems or damages that result from the information provided in these materials.
- Please do not copy, transfer or reuse this presentation in any way for any purpose without the consent of Welbe.

Inquiries

Investor Relations, Welbe, Inc.

Telephone: +81-3-6268-9542
Fax: +81-3-6268-9543
e-mail: ir@welbe.co.jp
Website: http://www.welbe.co.jp/

©2018 Welbe, Inc.


welbe