

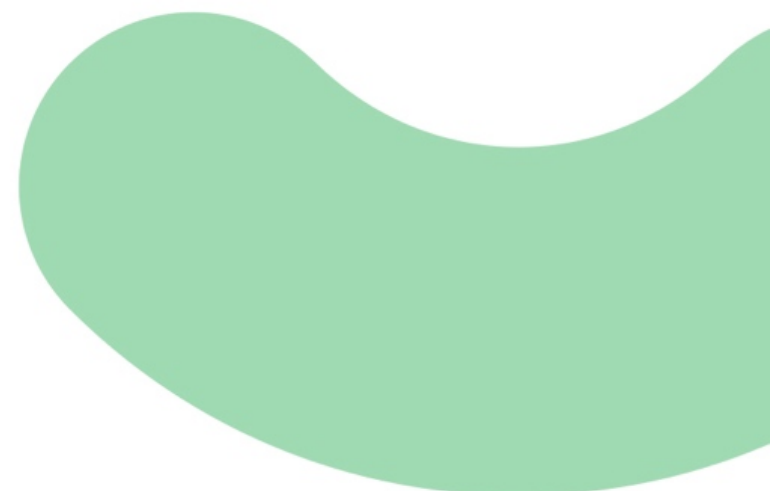


Results of Operations

for the Second Quarter of the Fiscal Year Ending March 2021 (2Q FY3/21)

Welbe, Inc.

Securities Code: 6556



■Results of operation

- From the same period of the previous year, Net sales up 740 million, operating profit up 160 million
- Compared to the half-year profit forecast, Net sales up 170 million, operating profit up 140 million
- The number of users has increased due to thorough measures against infectious diseases and the successful introduction of online support for the impact of new coronavirus infection.
- Compared to the full-year profit forecast, the progress rate of both sales and profits at each stage is steadily progressing to over 50%.

■Second-half outlook

- The number of users is expected to remain strong even after October.
- Increased the number of bases planned to open from the initial plan. (Employment Transition Support: + 2 bases, Habilitation: + 2)

■Revision of year-end dividend forecast

- We are planning to pay a year-end commemorative dividend of 5.0 yen for the 10th term of the establishment.
(Record date : March 31, 2021)
- Annual dividend of 14.5 yen
: Interim dividend of 4.7 yen, Year-end ordinary dividend 4.8 yen, Year-end commemorative dividend 5.0 yen

- Consolidated accounting started from the FY3/20.
- Figures for the 1st to 3rd quarters of FY3/20, and before the FY3/19 are based on non-consolidated financial statements.

2. Quarterly Results

- From the same period of the previous year, Net sales up 740 million, operating profit up 160 million.
- The number of users increased due to thorough measures against infectious diseases and the successful introduction of online support for the impact of COVID-19 infection.
- Achievement rate of over 100% for half-year profit forecast, progress rate of over 50% for full-year profit forecast.

	FY3/20	FY3/21	YoY change		FY3/21		FY3/21	
	2Q	2Q			1H Forecast		Forecast	
	Amount (Millions of yen)	Amount (Millions of yen)	Change (Millions of yen)	Change (%)	Amount (Millions of yen)	Achievement ratio	Amount (Millions of yen)	Progress
Net sales	3,286	4,028	+742	+22.6%	3,854	104.5%	7,838	51.4%
Gross profit	1,378	1,646	+268	+19.5%				
Operating profit	946	1,110	+164	+17.3%	969	114.6%	1,952	56.9%
Ordinary profit	948	1,118	+170	+17.9%	968	115.5%	1,950	57.3%
Profit	614	728	+113	+18.5%	627	116.1%	1,328	54.9%

3. Second half outlook

Net sales



- The number of users is expected to remain strong even after October.

However, we will continue to monitor the status of the COVID-19.

New Open



- Increased the number of bases planned to open from the initial plan.

Employment Transition Support :10bases(plan+2) Habilitation :7bases(plan+2)

Proceed with contracts for candidate properties to open next fiscal year.

Employment Transition Support Business (welbe)

Jun. 2020	Awaji-Ekimae
	Urayasue-Ekimae
Sep.	Utsunomiya 2nd
Oct.	Nagasaki-Ekimae
(planned)	
	Nishi-Kawaguchi 2nd
	Yokosuka-Chuo-Ekimae
	Okayama-Ekimae 2nd
	Nagoya-Kanayama-Ekimae
	Kyoto-Shijo-Karasuma 2nd
	Hiroshima-Ekimae 2nd



Public service / Habilitation business

(Child development support classrooms, After-school day care service classrooms)

Sep. 2020 habii Yamato

(planned)

habii Kokura

habii Takatsuki

habii Chiba

habii-plus Omiya 2nd



Private service / Habilitation business

(early childhood/learning classrooms)

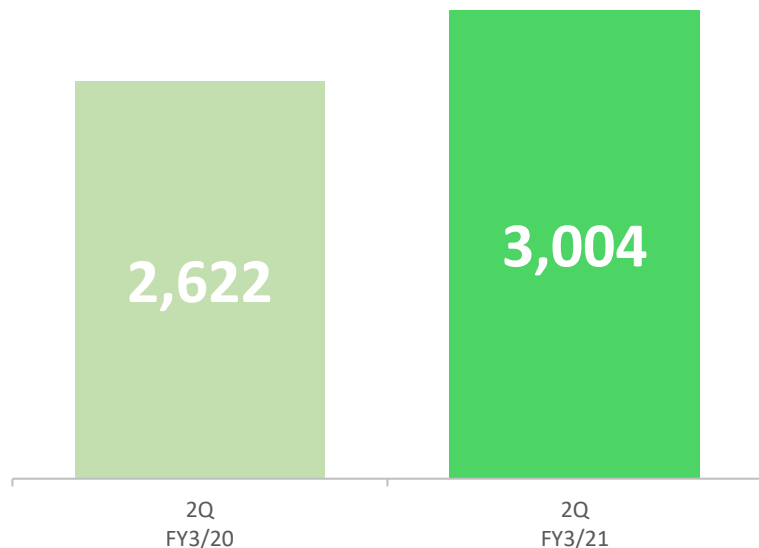
Sep. 2020 Habii Academy Yamato

Dec. Habii Academy Tama-plaza



4-1. Employment Transition Support Business

Net sales (millions of yen)



YoY + ¥382 million

Change +14.6%

Progress 51.2% vs. full-year forecast

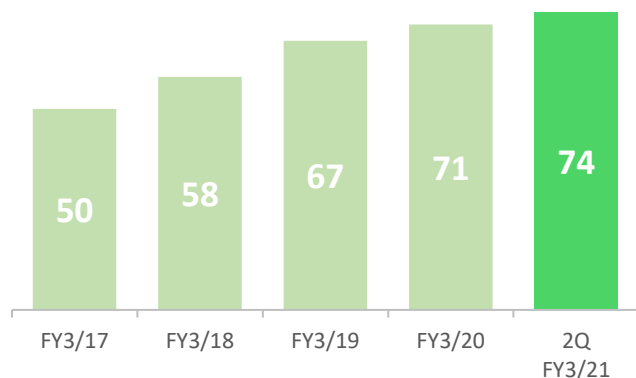
【Main factors of change】

(+) Increase in the number of users at Employment Transition Support offices

Increase in basic remuneration at Employment Transition Support offices

Business orders from government agencies

Number of bases



4-2. Employment Transition Support Business

Overview of Employment Transition Support business

- Increased the number of users because online support was approved during the request to refrain from going out and the school closure measures.

In the future, even if the state of emergency is declared again, it is assumed that the number of users can be maintained by promptly introducing online support.

- We plan to open second centers (additional bases), mainly in areas where the number of users is maintained at a high level.
- Contracted operation of "Job Center Kawaguchi" from Saitama Prefecture from April 2020.

The third contract after Soka(from June 2014) and Kawaguchi(from June 2015).

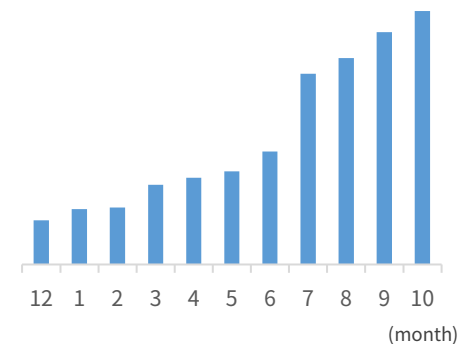
- Contracted the operation of "Koshigaya City Employment Support Center for Persons with Disabilities" from October 2020.

Welbe Link Inc.

- Increased staff to 5 to strengthen the sales force.
- Fee charging placement service promotes the registration of users and graduates of our service.

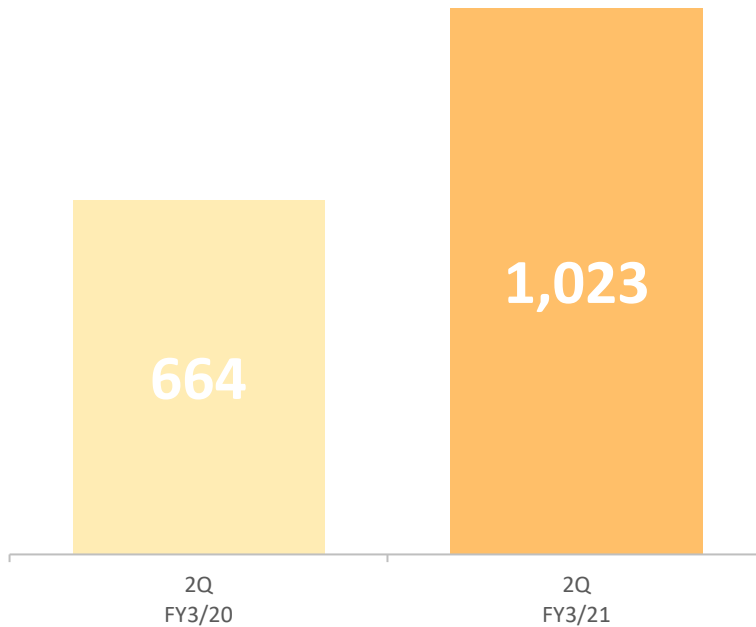
(980 as of the end of October)

Number of registrations of job placement

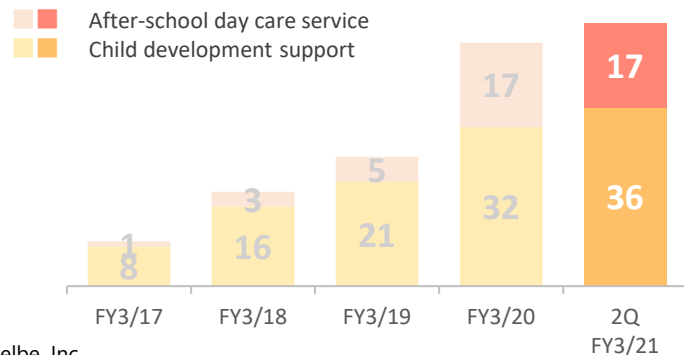


5-1. Habilitation Business

Net sales (millions of yen)



Number of bases



YoY **+¥359 million**

Change **+54.2%**

Progress **52.0%** vs. full-year forecast

【Main factors of change】

(+) Increase in the number of users

Consolidation of ILIS Inc.

Start of online classroom at "Habii Academy"

"I hope I reduce the commuting burden
while the convergence of the new coronavirus cannot be expected."

"I hope I take classes even in areas where it is far from habii and habii plus."



Start of online classroom

- ✓ All instructors are specialists in education for children with disabilities who have experience in our habilitation bases.
- ✓ While online learning is pervasive at school, many children are unable to stay focused at home. → "How to learn online learning" is also supported.
- ✓ Requests for services for children with disabilities "I want you to give guidance on learning", requests for cram schools "I want you to give guidance according to the characteristics of your child" .
 - Services that can only be provided by our company, which has accumulated know-how in the treatment of children with developmental disabilities.

Initiatives to improve profitability

■ Multifunctionalization of after-school daycare service classrooms.

- Promote after-school daycare service business " habii plus " to multifunctional classrooms that can also provide child development support service.

- Start bases: (June) Nishi-Funabashi
(July) Fujimino, Nishi-Kawaguchi

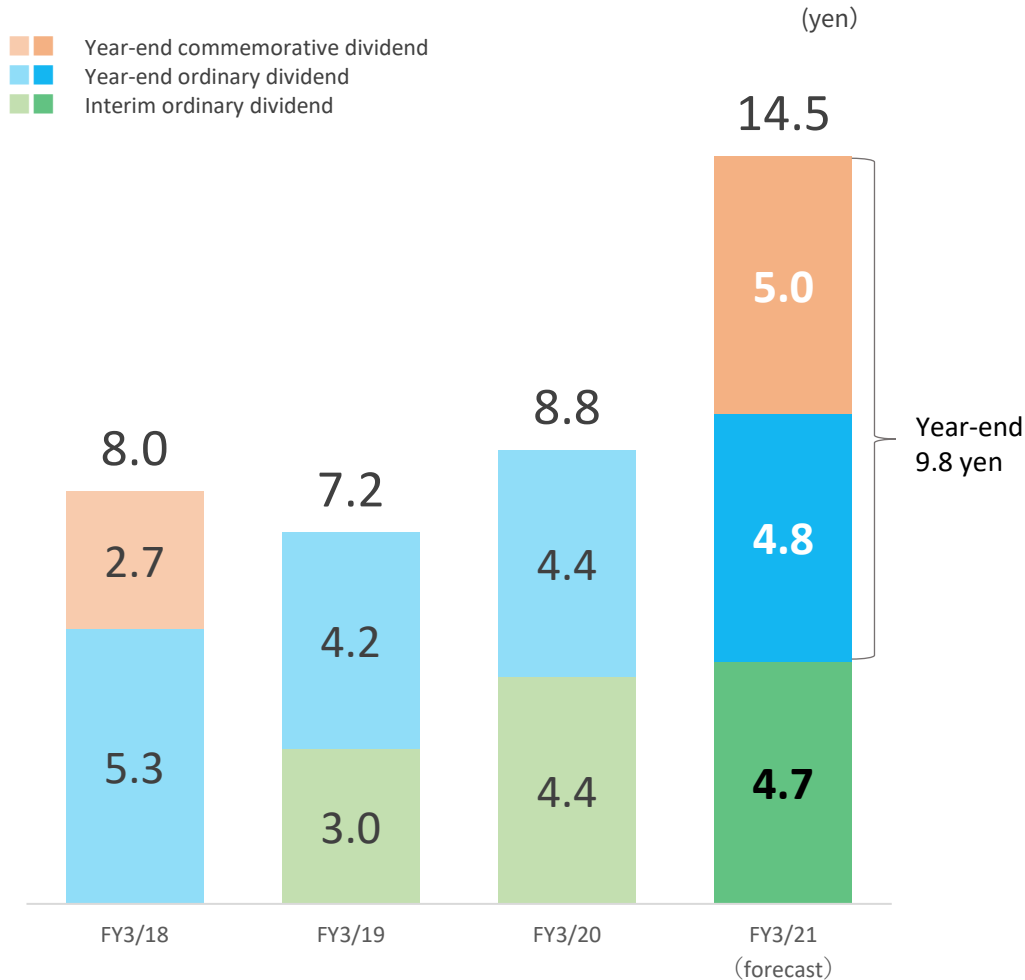
■ Start of "Visiting support services for nursery and school."

- Service that provides direct support to children and indirect support to staff by visiting daycare centers and schools. Publicly funded services.
- Additional provision to users who are already using our service.

- Start bases : (June) Shiki
(Nov.) Kawaguchi, Nishi-Kawaguchi

6. Revised dividend forecast (Implementation of commemorative dividend)

Changes in dividends per share



- Dividend payout ratio target is 20%
- Our company was founded on December 1, 2011, and this year marks the **10th term** of its establishment.
- Regarding the year-end dividend, in addition to the announced ordinary dividend of 4.8 yen, **a commemorative dividend of 5.0 yen** will be paid.
- Annual dividend is 14.5 yen
 Interim ordinary dividend 4.7 yen
 Year-end ordinary dividend: 4.8 yen,
 Year-end commemorative dividend: 5.0 yen

Dividends per share for the FY3/18 factor in the effects of the stock split
 To commemorate the listing of TSE Mothers, we have increased the dividend payout ratio by 10%.

Supplementary materials for financial results

- Consolidated accounting started from the 4th quarter of the FY3/20. Figures for the 1st to 3rd quarters of FY3/20, and before the FY3/19 are based on non-consolidated financial statements.

Performance forecast comparison and previous year comparison

	FY3/20	FY3/21	YoY change		FY3/21		FY3/21	
	2Q	2Q			1H Forecast		Forecast	
	Amount (Millions of yen)	Amount (Millions of yen)	Change (Millions of yen)	Change (%)	Amount (Millions of yen)	Achievement ratio	Amount (Millions of yen)	Progress
Net sales	3,286	4,028	+742	+22.6%	3,854	104.5%	7,838	51.4%
Gross profit	1,378	1,646	+268	+19.5%				
Operating profit	946	1,110	+164	+17.3%	969	114.6%	1,952	56.9%
Ordinary profit	948	1,118	+170	+17.9%	968	115.5%	1,950	57.3%
Profit	614	728	+113	+18.5%	627	116.1%	1,328	54.9%

Result of operation

- Net Sales increase steadily.

Increase the number of users. Increase basic compensation at Employment Transition Support offices. Consolidation of ILIS Inc.

- compared to the half-year profit forecast, achievement rate exceeds 100% for both sales and profit at each stage.
- Compared to the full-year profit forecast, the progress rate exceeds 50% for both sales and profit at each stage.

Quarterly comparisons (Overall profit and loss)

(millions of yen)	FY3/20					FY3/21					YoY Change	QoQ Change
	1Q	2Q	3Q	4Q	cumulative total	1Q	2Q	3Q	4Q	cumulative total	(2Q vs 2Q)	(1Q vs 2Q)
Net sales	1,593	1,693	1,753	1,837	6,878	1,957	2,071			4,028	+377	+114
Sales of Employment Transition Support Business	1,276	1,345	1,388	1,352	5,363	1,469	1,535			3,004	+189	+65
(Transition support compensation)	(1,237)	(1,301)	(1,327)	(1,285)	(5,151)	(1,408)	(1,462)			(2,871)	+161	+54
(Retention support compensation)	(39)	(44)	(61)	(66)	(211)	(60)	(72)			(132)	+27	+11
Sales of Habilitation Business	316	347	365	485	1,514	487	536			1,023	+188	+48
Cost of sales	943	964	987	1,239	4,135	1,156	1,225			2,381	+260	+68
Gross profit	649	728	766	598	2,742	800	845			1,646	+117	+45
SG&A expenses	210	221	248	303	984	262	274			536	+53	+12
Operating profit	439	507	517	295	1,758	538	571			1,110	+64	+32
Non-operating profit / loss	0	0	-3	0	-1	3	4			7	+3	+1
Ordinary profit	440	508	513	295	1,756	541	576			1,118	+68	+34
Extraordinary profit / loss	—	-2	0	-15	-18	-4	—			-4	+2	+4
Profit before taxes	440	505	512	279	1,738	537	576			1,113	+70	+39
Profit	277	337	322	236	1,174	345	383			728	+46	+38

Sales

Transition support compensation (4Q FY3/20)

- Decrease due to fewer business days of the transition support center

Retention support compensation (1Q FY3/21)

- Users in April temporarily decreased due to the announcement of an emergency declaration

Habilitation Business (4Q FY3/20)

- Increase due to the new consolidation of ILIS Inc.

Cost of Sales (4Q FY3/20)

- Increase in personnel expenses due to the bonus payment for COVID-19 response
- Increase due to the new consolidation of ILIS Inc.

SG&A (4Q FY3/20)

- Increase in advertising costs
- Acquisition-related costs of ILIS Inc.
- Increase due to the new consolidation of ILIS Inc.

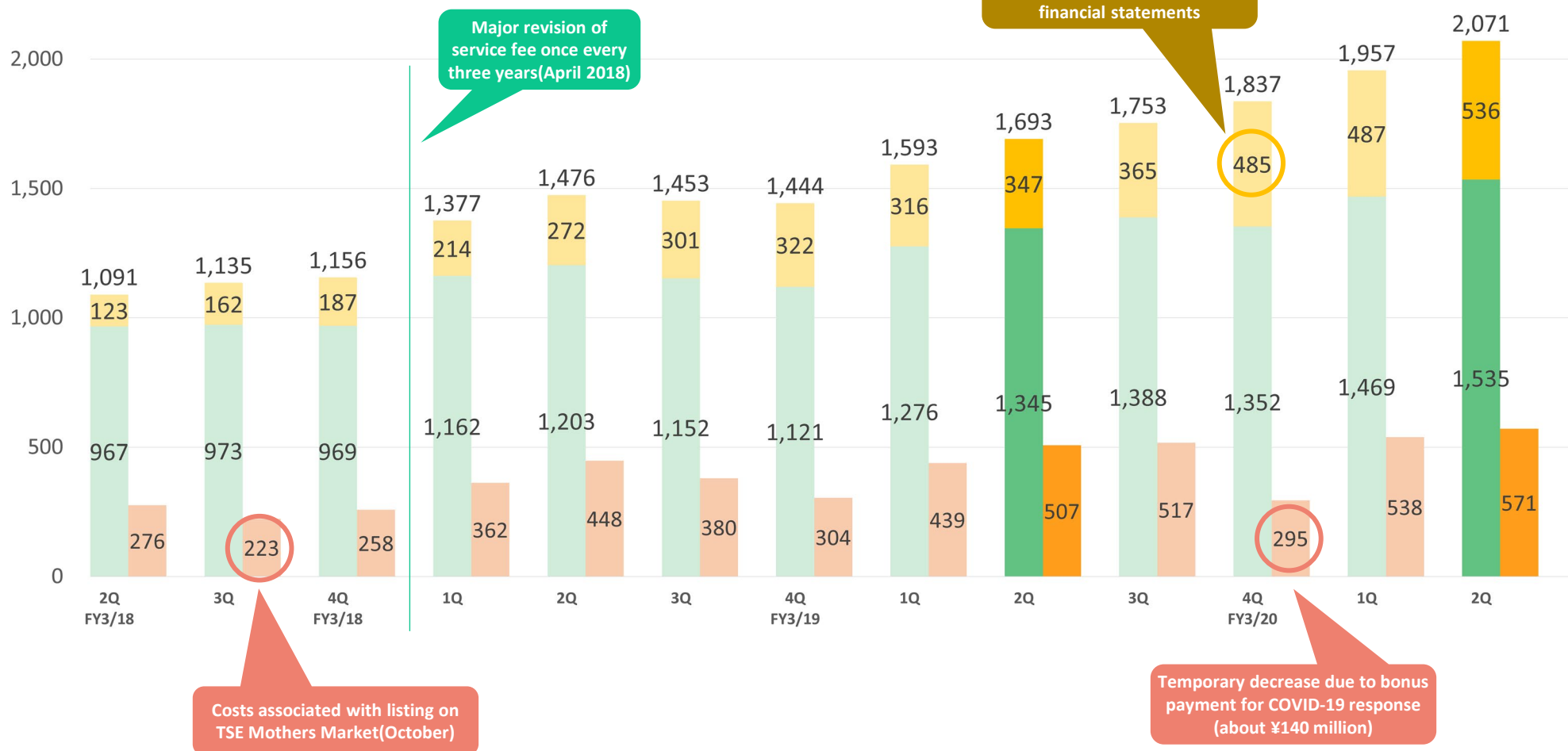
Extraordinary loss (4Q FY3/20)

- Impairment loss due to relocation, etc.

Quarterly comparisons (Net sales and Operating profit)

(Millions of yen)

- Sales (Employment Transition support business)
- Sales (Habilitation business)
- Operating profit

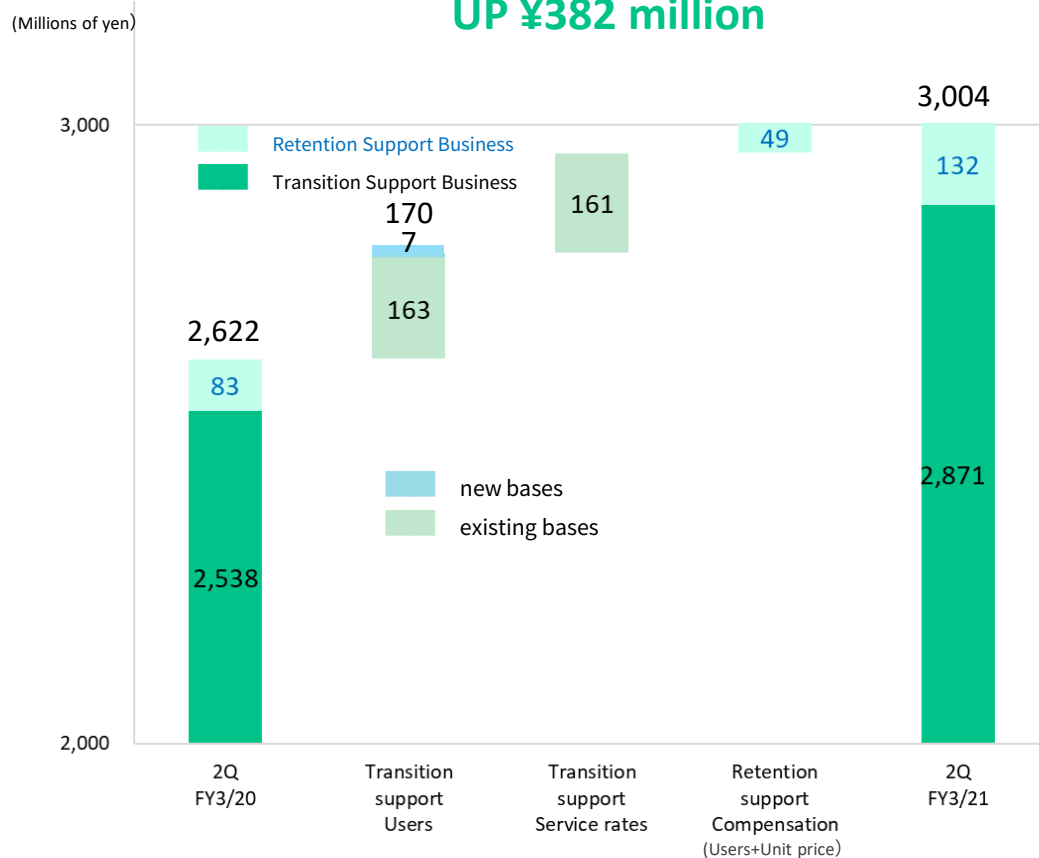


Results for the period (Factors of change in sales)

- With regard to **Employment Transition Support Business**, we were able to maintain a work retention record equal to or higher than that of the previous year. The basic remuneration rose, and the usage unit price increased from April.
 - Regarding **Habilitation Business**, the new consolidation of ILIS Inc contributed, and the after-school day service business sales increased significantly.
 - In both businesses, the number of users was steadily increasing.
- The introduction of online support for the impact of the spread of new coronavirus infection was successful, and the number of users exceeded the initial forecast.

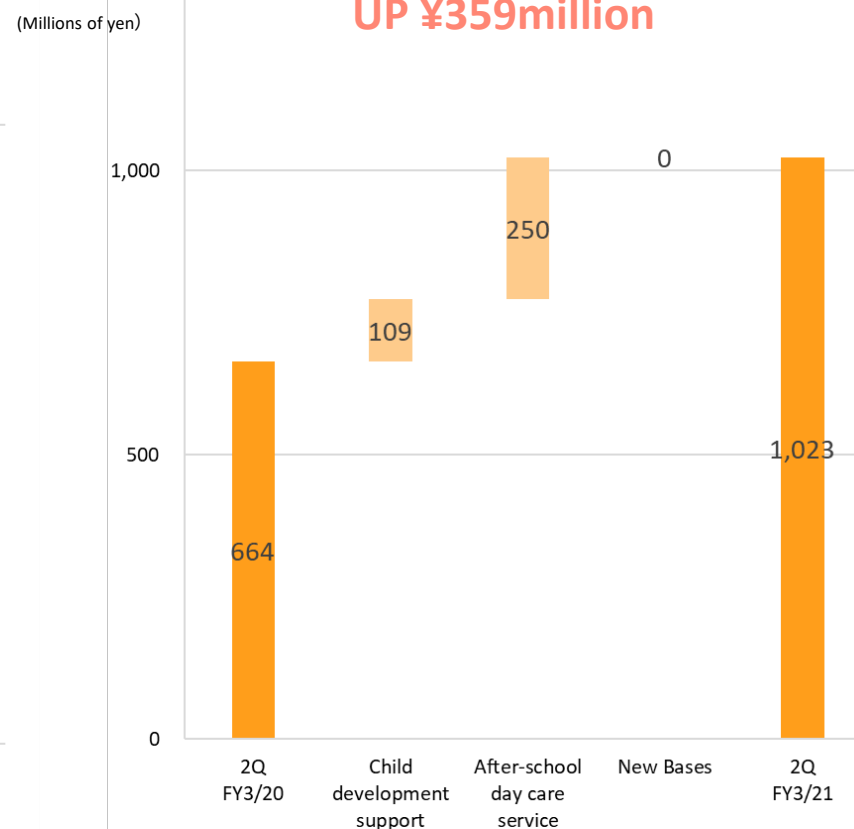
Sales of Employment Transition Support Business

UP ¥382 million



Sales of Habilitation Business

UP ¥359million



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

* New Bases sales figures for the number of users are for sales at bases that were opened after April 1, 2020.

Quarterly comparisons (Cost of sales)

(millions of yen)	FY3/20						FY3/21						YoY Change (2Q vs 2Q)	QoQ Change (1Q vs 2Q)
	1 Q	2 Q	3 Q	4 Q	cumulative total	Comp.	1 Q	2 Q	3 Q	4 Q	cumulative total	Comp.		
Net sales	1,593	1,693	1,753	1,837	6,878		1,957	2,071			4,028		+377	+114
Personal	681	685	698	908	2,973	71.9%	828	870			1,698	71.3%	+184	+41
Rent	95	97	102	119	415	10.0%	120	126			247	10.4%	+29	+5
Supplies expense	67	67	70	80	286	6.9%	69	63			132	5.6%	-4	-6
Travel, transportation and expenses	36	37	37	37	148	3.6%	35	39			74	3.1%	+2	+4
Depreciation	21	22	25	33	103	2.5%	26	28			54	2.3%	+5	+1
Others	40	54	53	59	207	5.0%	75	97			173	7.3%	+43	+21
Cost of sales/Total	943	964	987	1,239	4,135	100.0%	1,156	1,225			2,381	100.0%	+260	+68
Cost of sales ratio	59.2%	57.0%	56.3%	67.4%	60.1%		59.1%	59.2%			59.1%		+2.2%	+0.1%
Gross profit	649	728	766	598	2,742		800	845			1,646		117	+45

FY3/20

Personal (4Q)

- Increase in personnel expenses due to the settlement bonus
- Increase due to the new consolidation of ILIS Inc.

Rent (4Q)

- Increase due to the new consolidation of ILIS Inc.

FY3/21

Personal (1Q)

- Increase due to personnel increase such as hiring new graduates

Others (1Q)

- Increase in brokerage fees associated with property rent
- Increase hiring costs associated with hiring employees
- Increase due to the new consolidation of ILIS Inc.

Others (2Q)

- Increase in repair costs due to office renovation
- Increase hiring costs associated with hiring employees
- Increase due to the new consolidation of ILIS Inc.

Quarterly comparisons (SG&A)

(millions of yen)	FY3/20						FY3/21						YoY Change	QoQ Change
	1 Q	2 Q	3 Q	4 Q	cumulative total	Comp.	1 Q	2 Q	3 Q	4 Q	cumulative total	Comp.	(2Q vs 2Q)	(1Q vs 2Q)
Net sales	1,593	1,693	1,753	1,837	6,878		1,957	2,071			4,028		+377	+114
Gross profit	649	728	766	598	2,742		800	845			1,646		+117	+45
Personal	96	100	102	124	424	43.1%	115	110			225	42.1%	+9	-4
Tax and dues	37	43	50	54	185	18.9%	53	61			114	21.3%	+17	+8
Advertising	26	24	25	42	119	12.2%	33	31			65	12.1%	+7	-1
Commission fee	18	18	18	35	90	9.2%	21	30			52	9.8%	+12	+8
Rent	15	15	15	16	63	6.4%	16	17			34	6.4%	+1	+0
Others	16	19	35	29	100	10.2%	21	22			44	8.3%	+3	+1
SG&A/Total	210	221	248	303	984	100.0%	262	274			536	100.0%	+53	+12
SG&A to sales ratio	13.2%	13.1%	14.2%	16.5%	14.3%		13.4%	13.2%			13.3%		+0.2%	-0.1%
Operating profit	439	507	517	295	1,758		538	571			1,110		+64	+32
Operating margin	27.6%	30.0%	29.5%	16.1%	25.6%		27.5%	27.6%			27.6%		-2.4%	+0.1%

FY3/20

Tax and dues (3Q、4Q)

- Consumption tax hike

Others (3Q)

- Implementation of company-wide social gathering

Personal (4Q)

- Increase in personnel expenses due to settlement bonus for COVID-19 response

Advertising (4Q)

- product listing ads costs
- Increasing commission fee (4Q)
- Acquisition-related costs of ILIS Inc.

FY3/21

Tax and dues (1Q、2Q)

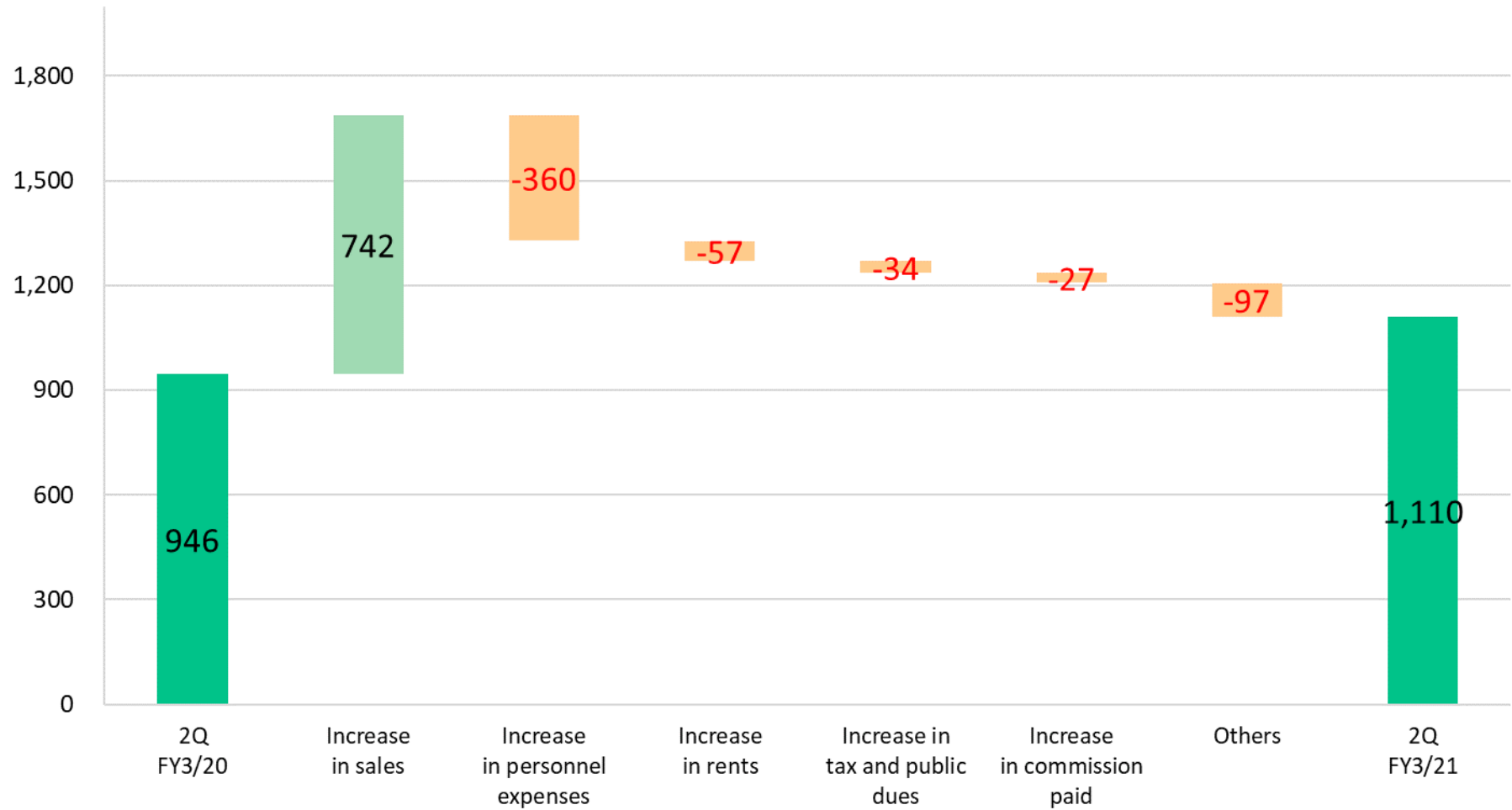
- Consumption tax hike

Commission fee (2Q)

- Recruitment site creation costs
- Groupware enhancement costs

Factors Impacted in an Increase in Operating Profit

(Millions of yen)



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

(Millions of yen)	FY3/20		2Q FY3/21		Change	Rate of Change
	Amount	Comp.	Amount	Comp.		
Current assets	3,352	74.3%	3,731	75.9%	+378	11.3%
Non-current assets	1,158	25.7%	1,183	24.1%	+25	2.2%
Total assets	4,511	100.0%	4,914	100.0%	+403	8.9%
Liabilities	1,033	22.9%	826	16.8%	-207	-20.0%
(Of the above, loans and bonds)	(181)	(4.0%)	(113)	(2.3%)	(-68)	(-37.7%)
Net assets	3,477	77.1%	4,088	83.2%	+610	17.6%
Equity ratio	77.1%		83.2%			6.1%

- Current ratio

490.4%

- Fixed ratio

29.0%

- Equity ratio

83.2%

(millions of yen)	FY3/17	FY3/18	FY3/19	FY3/20	2Q FY3/21
Cash flows from operating activities	391	609	1,102	1,167	590
Cash flows from investing activities	-62	-230	-237	-483	-135
(Free cash flow)	(329)	(379)	(865)	(683)	(454)
Cash flows from financing activities	-23	447	-563	-541	-206
Net increase (decrease) in cash and cash equivalents	305	826	302	142	247
Cash and cash equivalents at end of period	765	1,592	1,894	2,036	2,284

• Free cash flow

454 million

• Increase in cash flow

247 million

Cash flows from operating activities

- Profit (+ 1,113million)
- Increase in account receivables (– 133million)
- Payment amount of corporate tax (– 377million)

Cash flows from investing activities

- Increase in property, plant, and equipment (– 92million)

Cash flows from financing activities

- Expenditure for repayment of long-term debt (– 54million)
- Dividend payments (– 122million)

Forecast

No change in our full-year forecast
announced on May 14, 2020

- Consolidated accounting started from the 4th quarter of the FY3/20. Figures for the 1st to 3rd quarters of FY3/20, and before to the FY3/19 are based on non-consolidated financial statements.

Forecast for the Fiscal Year Ending March 2021

- The pace of opening new bases will be maintained, with plans for 8 employment transition support offices and 5 Habilitation offices.
- Assumed steady growth in the number of users at existing bases.

【Impact of the new coronavirus】

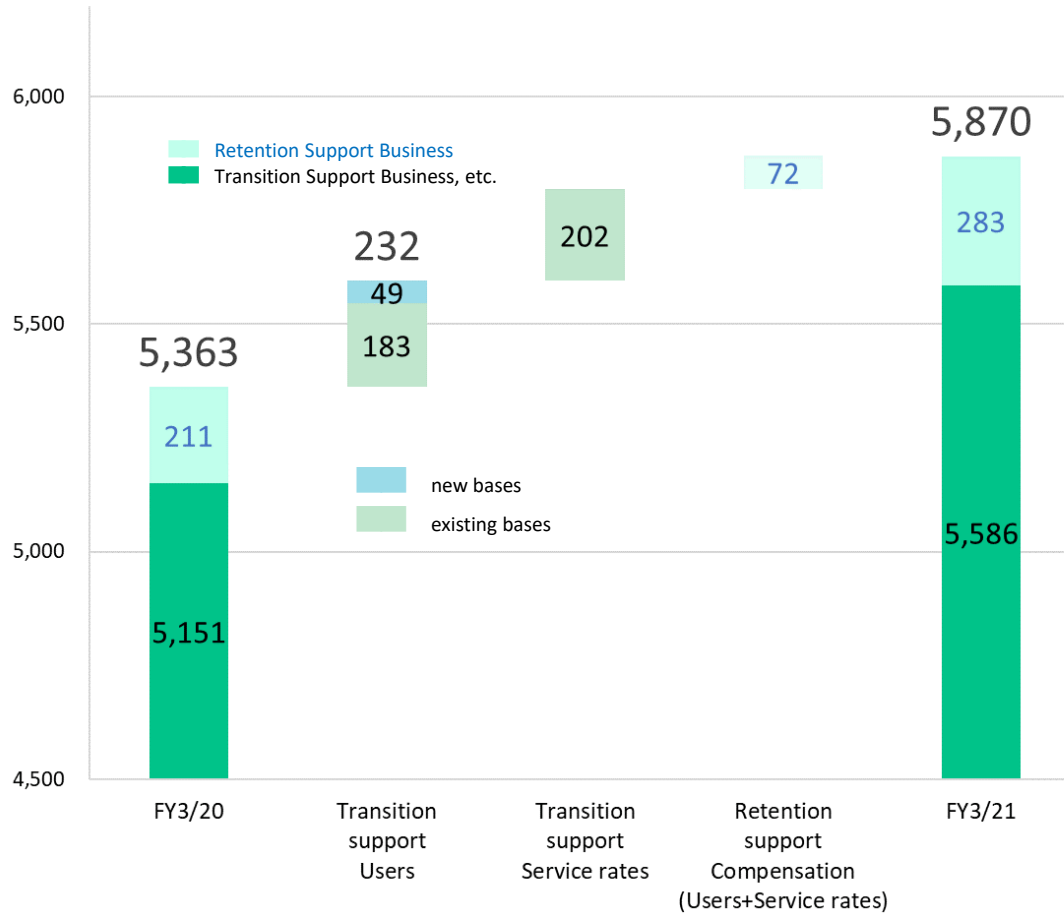
At the time of this announcement, the occupancy rates were lower than usual. It's due to the request to refrain from going out.

The number of users is on a recovery trend due to measures such as the introduction of online support.

We have prepared consolidated earnings forecasts based on the assumption that operating rates will return to normal levels from the second quarter onward.

(millions of yen)	FY3/20		FY3/21		Change	Change (%)
	Results	Comp.	Forecast	Comp.		
Net sales	6,878	100.0%	7,838	100.0%	+960	+14.0%
Operating profit	1,758	25.6%	1,952	24.9%	+194	+11.1%
Ordinary profit	1,756	25.5%	1,950	24.9%	+193	+11.0%
Profit	1,174	17.1%	1,328	16.9%	+153	+13.1%

(millions of yen)



**Increase
YoY change**

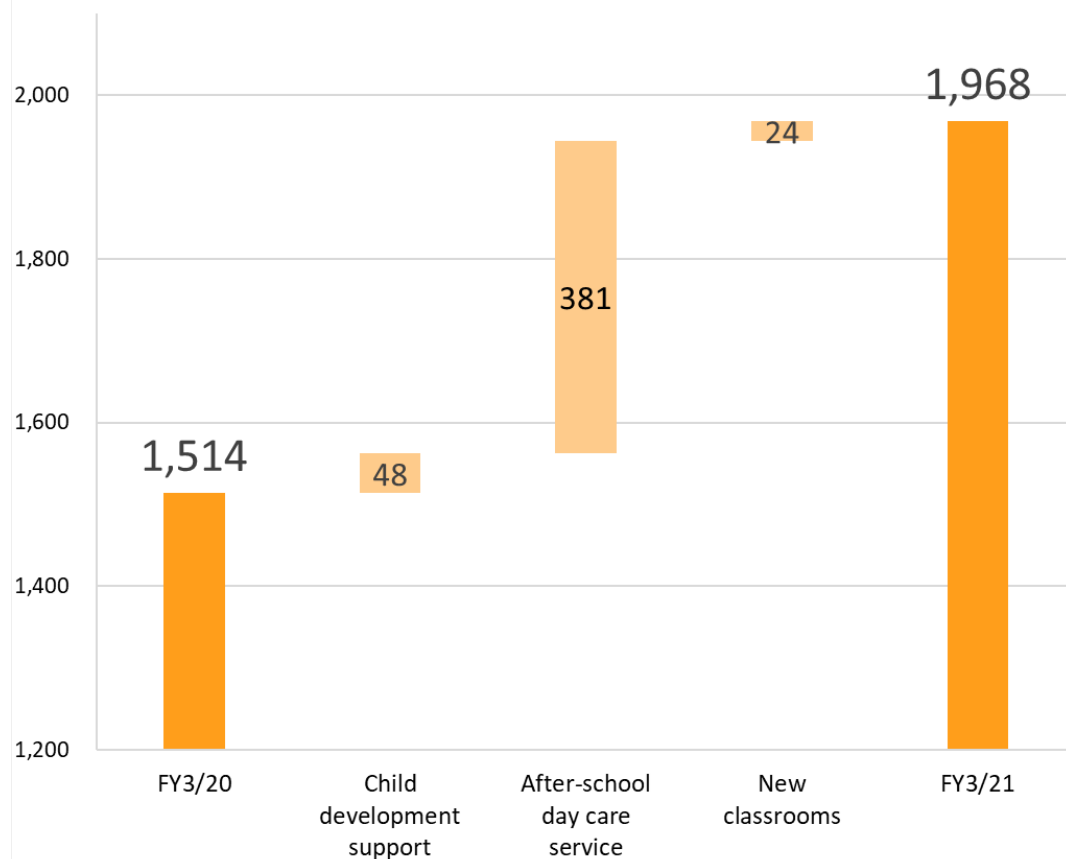
**+ 508million
+ 9.5%**

Transition support Users	Regarding new base openings, we expect to open 8 new bases. Outlook for a <u>steady increase in the number of users</u> at Transition support service.
Transition support Service rates	Service rates of Employment Transition Support office are based on the number of users who remain in their jobs for six months. <u>Service rates of almost all the existing centers are increased</u> because they achieved a higher number of users compared to FY3/19
Retention support Compensation	Users and service rates are estimated based on the results for FY3/20 at each office. As of March 2020, we have operated 58 of employment retention support offices. We will open sequentially as soon as the condition is set.

* 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 bases that were opened after April 1, 2020.

(millions of yen)



Increase + **¥454million**
YoY change + **29.9%**

Child development support	<p>It is an increase existing business sites at child development support business.</p> <p>Due to the impact of the new coronavirus, we expect the utilization rate to decline in the first quarter, but we expect to recover from the second quarter.</p> <p>The number of users at existing bases is steadily maintained and increasing, and we expect to increase in sales.</p>
After-school day care service	<p>It is the increase in after-school day care service at existing offices.</p> <p>Due to the impact of the new coronavirus, we expect the utilization rate to decline in the first quarter, but we expect it to recover from the second quarter</p> <p>The number of users at existing bases is steadily maintained and increasing, and we expect to increase in sales.</p> <p>In addition, sales have increased due to the full-year consolidation of ILIS Inc. (FY3/20 only the fourth quarter includes .)</p>
New bases	<p>From the second quarter, we expect to open 5 new bases.</p>

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

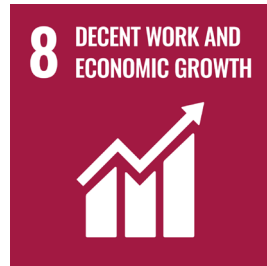
* Difference analysis "Child development support" is the total amount of "habii" operated by Welbe and "ILIS CLUB" operated by ILIS Inc.

* Difference analysis "After-school day care service" is the total amount of "habii plus" operated by Welbe and "ILIS CLUB" operated by ILIS Inc.

* New center/classroom sales figures for the number of users are for sales at bases that were opened **after April 1, 2020.**

Reference materials

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



SDGs is an abbreviation for "Sustainable Development Goals". Adopted by all 193 member countries of the United Nations in September 2015 as a universal goal to be achieved in the 15 years from 2016 to 2030.

Initiatives for SDGs through **the way employees work.**

To **pursue the self-fulfillment and happiness of all employees,** which is our corporate philosophy, we are striving to create a work environment where people can work for a long time with a sense of satisfaction.

- Employment rate of persons with disabilities 3.0% * 1
- Female employee ratio 65.3% * 2
- Paid leave acquisition rate 66% * 3
- Desired area assignment rate 100% * 3
- Introduction of occupational health doctor system (from July 2020)
- Female manager ratio 61.1% * 2
- Return to work rate from childcare leave 100% * 3
- Promotion of taking childcare leave for male employees

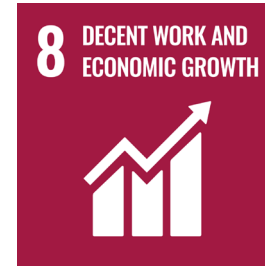
* 1 . As of October 2020 (non-consolidated basis)
 * 2 . As of September 2020 (consolidated basis)
 * 3 . As of March 2020 (non-consolidated basis)

About our efforts to hire disabled

**Business support center
Kinshicho center**

- 9 staff members (all disabled)
- Undertake the business of headquarters and offices





Initiatives for SDGs through **business**

Through our business, we will work **toward the realization of the creation of a society where everyone can have big dreams,** which is our management philosophy.

WHO estimates that productivity losses mental health induced will be \$ 1 trillion annually worldwide.

Our employment transition support business will support the employment and establishment of workplaces for persons with disabilities.

Our habilitation business will support the growth and development of children with disabilities and contribute to the realization of a sustainable society.

- Number of contractors for our Employment Transition Support service 1,990 people
- Number of contractors for our Habilitation services 2,551 people
- Employment record for the last year 828 people
- 6-month employment retention record for the last year 90.1%
- Employment record since establishment 3,357 people

* As of March 2020

Board Member



Makoto Ohta

President



Takao Senga

Director
Senior Executive Vice President



Yuki Hamachi

Director
Executive Vice President



Hideyuki Nakazato

Director



Koichi Ito

Director



Shigenobu Kanba

External Independent
External Director

1980 Joined Keio University Hospital Neuropsychiatry
1996 Professor, Department of Neuropsychiatry, University of Yamanashi
2004 Professor, Department of Neuropsychiatry Graduate School of Medical Sciences, Kyushu University
2019 Professor Emeritus, Kyushu University (to present)
2019 External Director, Welbe, Inc. (to present)

(Other positions)
President, The Japanese Society of Psychiatry and Neurology



Mitsuyoshi Komatsu

External Independent
External Audit &
Supervisory Board Member

2003 Joined Deloitte Touche Tohmatsu LLC
2009 Joined Koyano C.P.A. Office
2016 External Audit & Supervisory Board Member, Welbe, Inc. (to present)



Yasutoshi Kita

Audit & Supervisory
Board Member

1984 Joined Mizuho Bank, Ltd.
1994 Joined Mizuho Securities Co., Ltd.
2008 President, Kita Yasutoshi Office (to present)
2016 External Director, Welbe, Inc.
2019 Audit & Supervisory Board Member, Welbe, Inc. (to present)

(Other positions)
Supervisory director, Keihan Private REIT, Inc.
Advisor, 100nen Keiei no Kai



Masafumi Sato

External Independent
External Audit &
Supervisory Board Member

2005 Joined Numata Low Office
2008 Partner Attorney, TGS Partners Law Office
2016 External Audit & Supervisory Board Member, Welbe, Inc. (to present)

(Other positions)
Partner Attorney, Legal Strategy Low Office

Other governance systems

■ Compensation Committee

External independent officers make up the majority and make disciplined decisions on director compensation.

■ Risk Compliance Committee

It is held once every three months for accurate management of various risks surrounding the business.

■ Abuse Prevention Committee

In principle, it is held every month for user safety and human rights protection.

■ Disaster Countermeasures Committee

In principle, it is held once every three months to reduce damage caused by natural disasters and the new coronavirus and take prompt action in the event of an outbreak.

■ Whistleblower/hotline system

We accept acts that violate or may violate work rules and regulations at the whistleblowing window. We also have a hotline system to receive opinions and requests from employees.



Director



Audit

① Employment Transition Support Business

Welbe, Inc. :

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

- **74** employment transition support offices(**welbe**)
- **65** employment retention support offices
- **3** specific consultation support offices
- **1** self-reliance training (lifestyle training) center
- **3** employment support centers for people with developmental disabilities operated on consignment from Saitama Prefecture
- Other : Orders received from government agencies

Welbe Link Inc. :

provide total consulting services with respect to employment of people with disabilities

- **1** satellite office
- Fee-charging placement

② Habilitation Business

- **36** child development support classrooms
- **17** after-school day care service classrooms
- **1** support for visiting nursery schools
- **1** early childhood/learning classroom
- **1** specific consultation support office

* Number of bases as of Sep. 2020



(The scenery in the center of welbe)



(The Scenery in the classroom of habii)

Adults

School children

Pre-school children

Welbe, Inc.

Individual services



Welbe Link Inc.

Enterprise services



private expense

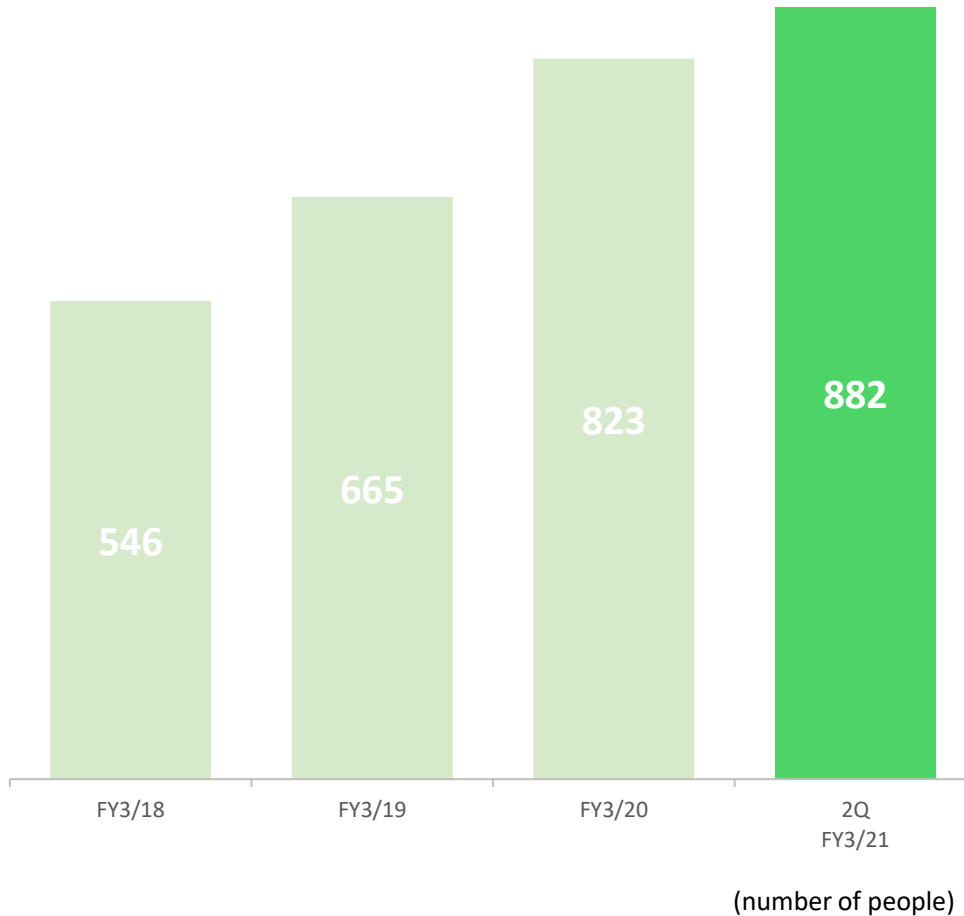


ILIS Inc.



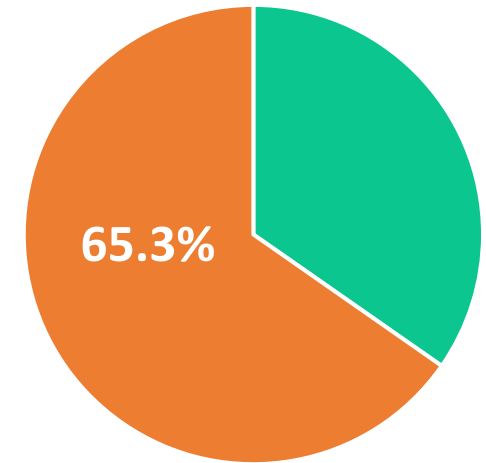
ILIS CLUB
Our Mission Is Delivering Relief & Smile

- The number of employees increases with the expansion of business
- Monthly number of applicants: 675
(Excludes new graduates. Average for the past year)

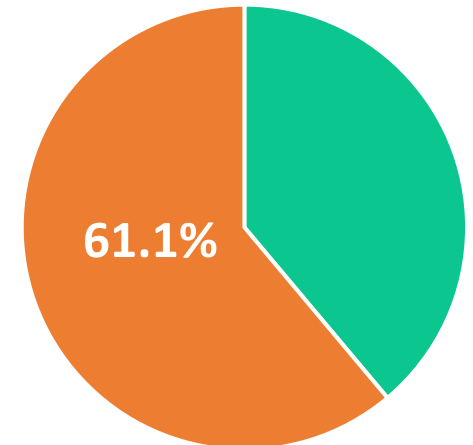


- Our workplace where women play an active role

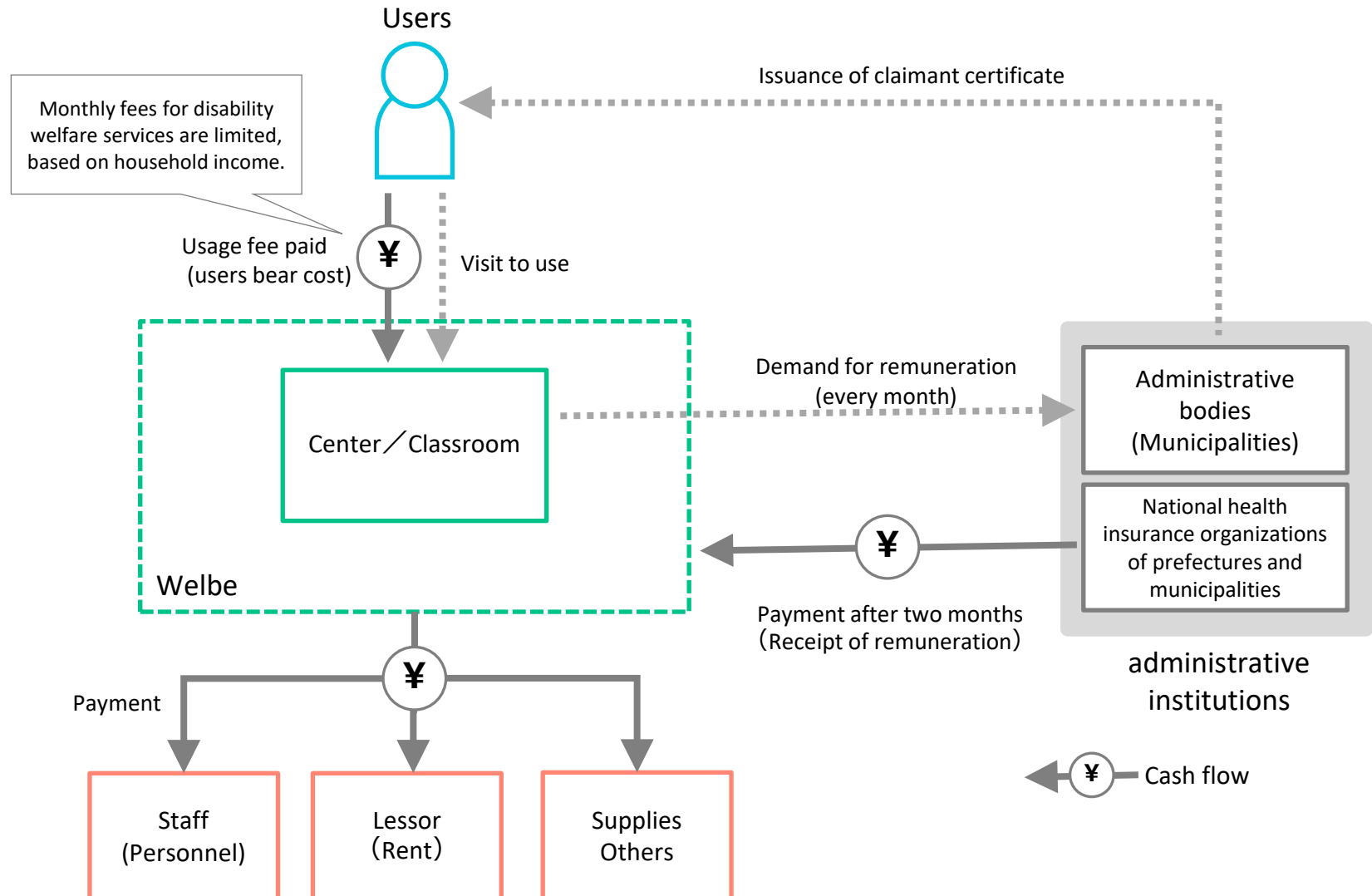
Female ratio of
employees



Female ratio of
managers



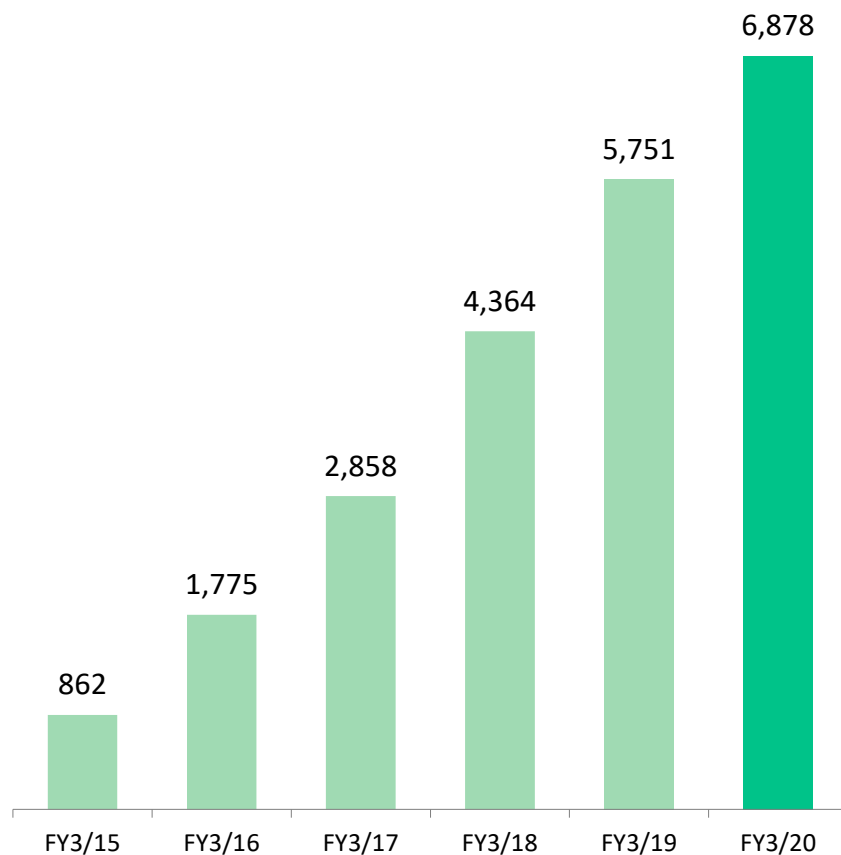
Users pay for part of the cost of services, and the remaining balance of the cost is covered by the national health insurance organizations or other public-sector sources.



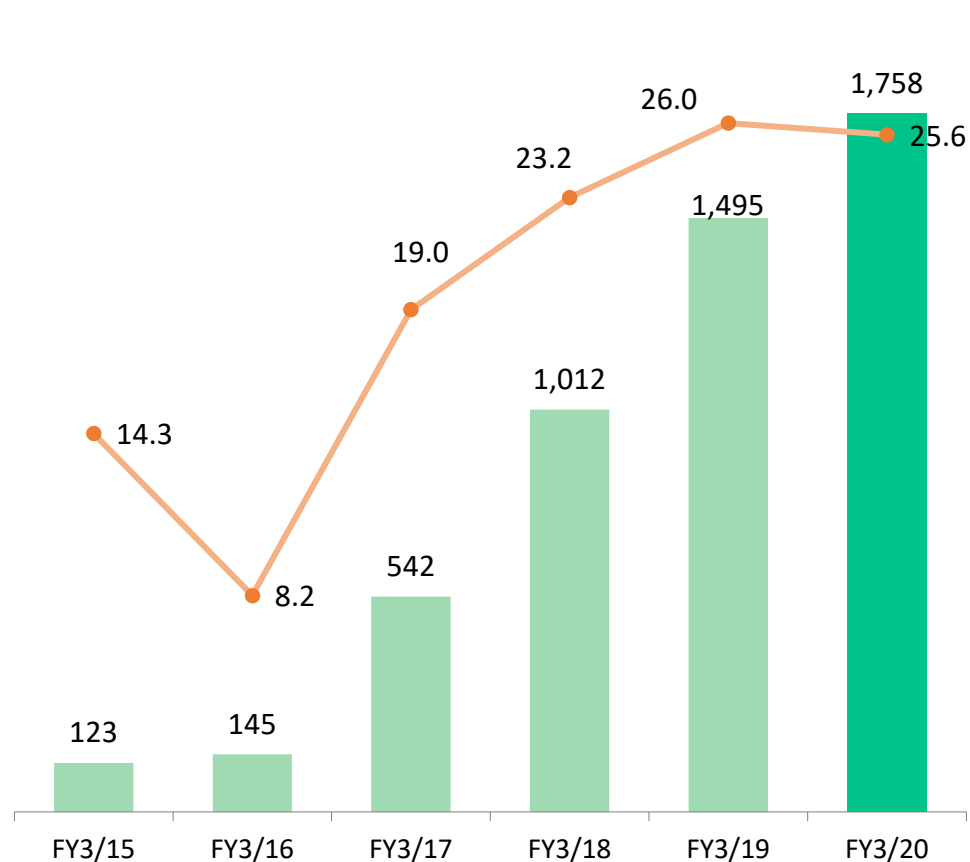
Dec. 2011	●	Established
Apr. 2012	●	Began Employment Transition Support Business Opened welbe Nishi-Funabashi Ekimae Center
Nov. 2012	●	Opened 3 centers welbe Kokukoen Ekimae Center, Shin-Koshigaya Ekimae Center, and Matsudo Center
June 2014	●	Began Habilitation Business for pre-school children (Child 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
Apr. 2019	●	Established wholly-owned subsidiary " Welbe Link Inc. " to provide total consulting services with respect to employment of people with disabilities.
Feb. 2020	●	Acquired all the issued shares of " ILIS Inc. " that provide Habilitation Business and made it a consolidated subsidiary.
Sep. 2020	●	Operation of 127 offices

■ million of yen
 - - - %

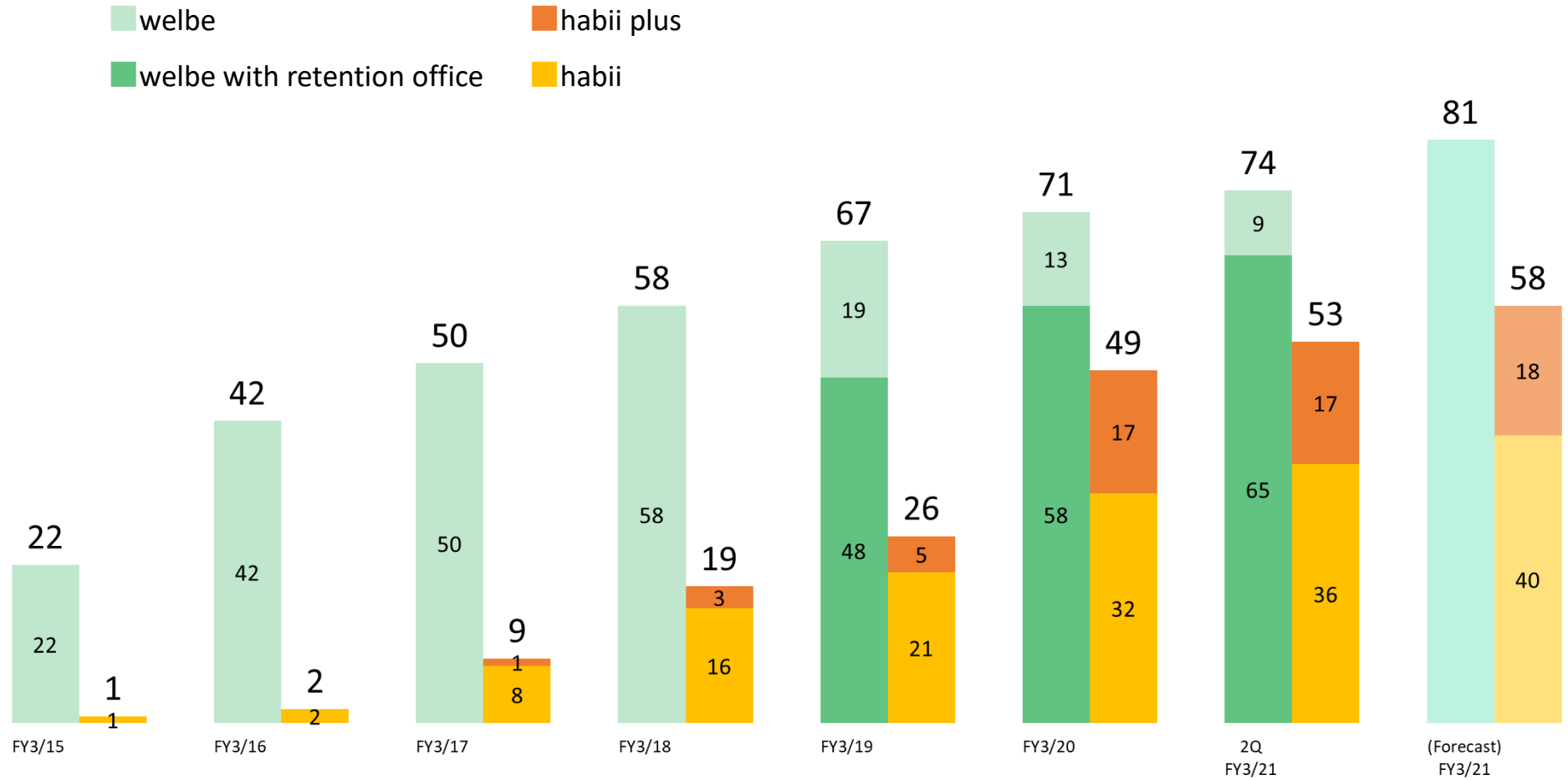
Net sales



Operating profit / margin



Growth in the Number of bases



Number of **welbe** bases

74

Prefectures	Bases	Prefectures	Bases
Hokkaido	1	Aichi	3
Miyagi	1	Mie	1
Tochigi	2	Kyoto	1
Gunma	2	Osaka	3
Saitama	13	Hyogo	3
Chiba	6	Nara	1
Tokyo	12	Okayama	1
Kanagawa	9	Hiroshima	1
Nigata	1	Ehime	1
Ishikawa	1	Fukuoka	4
Nagano	1	Kumamoto	2
Shizuoka	3	Kagoshima	1

Latest six-month job
retention success rate

90.1%

*Rate of people placed in jobs by Welbe between October 2018 and September 2019 who remained in their jobs for at least six months

Latest Number of People
with Jobs

828

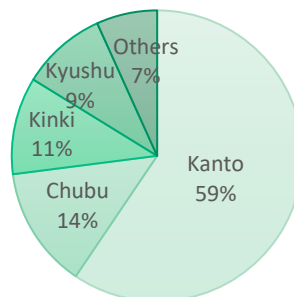
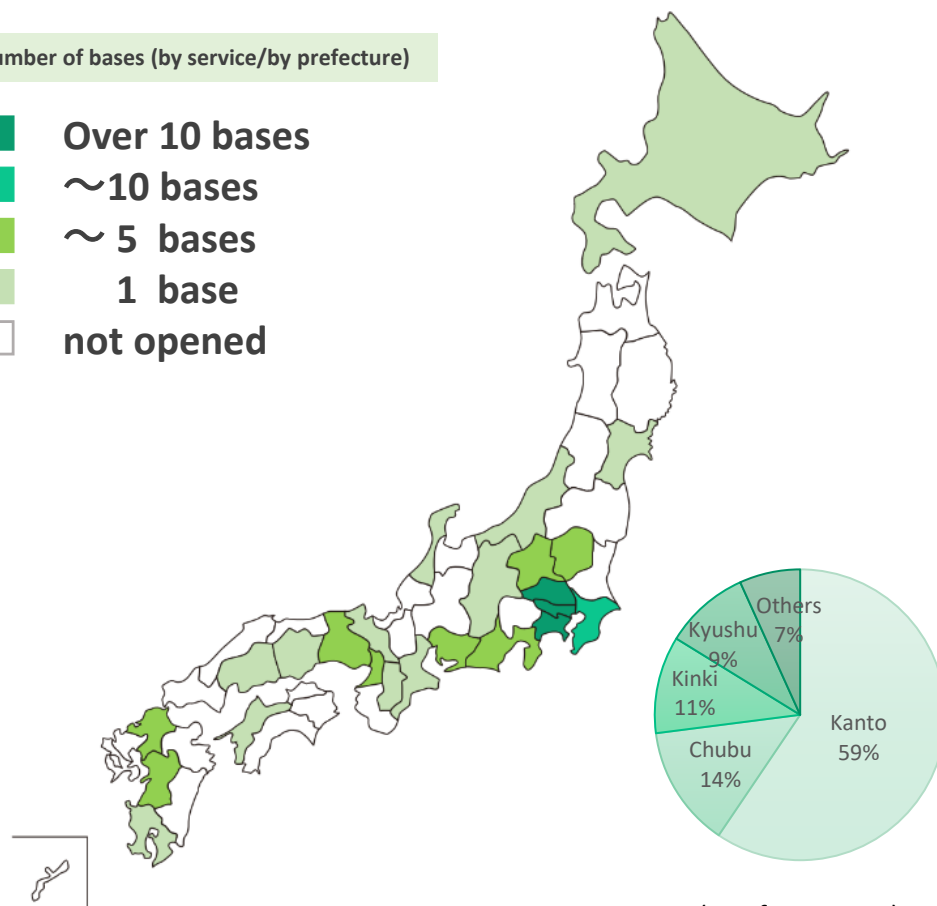
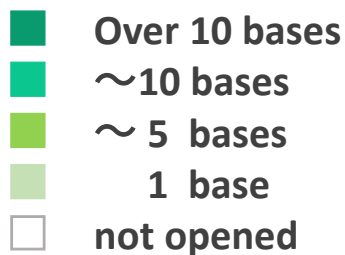
* From April 2019 to March 2020

Cumulative Number of People
with Jobs

3,357

* As of March 2020

Number of bases (by service/by prefecture)



(As of Sep. 2020)

Habilitation Business Performance

Number of **habii** bases

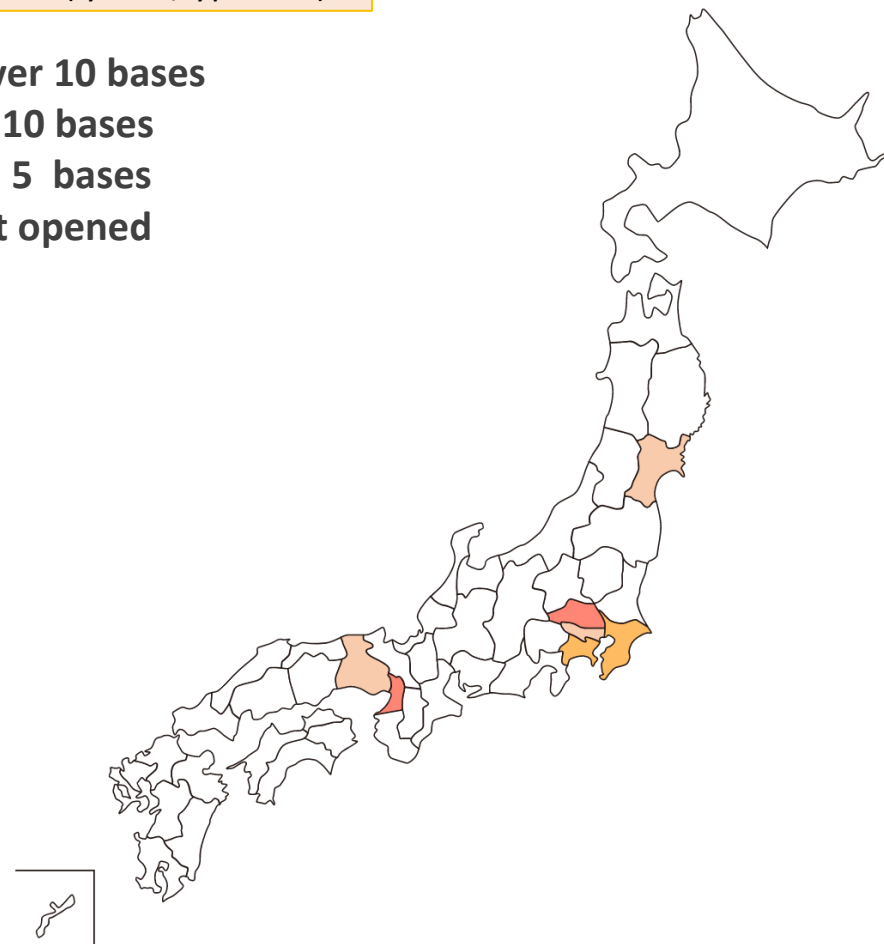
36

Number of **habii plus** bases

17

Number of bases (by service/by prefecture)

- Over 10 bases
- ~10 bases
- ~ 5 bases
- not opened



Number of bases (by brand / by region)

	Kanto	Kansai	Others	Total
Habii	21 C21	3 C3	1 C1	25 C25
Habii Plus	9 CA3、A6	—	—	9 CA3、A6
ILIS	—	8 CA8	—	8 CA8
Total	30	11	1	42

C : only child development support provided A : only after-school day care service provided
CA : multifunctional offices、provide both C and A

Number of bases (by service / by region)

	Kanto	Kansai	Others	Total
child development support	24	11	1	36
after-school day care service	9	8	—	17
Total	33	19	1	53

(As of Sep. 2020)

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

- ✓ Acquiring the necessary certifications to become a supervisor will be extremely difficult^(*1), which makes recruiting these people very challenging.
- ✓ Many candidates in Welbe can become certified supervisors.

(*1) If a base was newly designated by March 31, 2018, it would have been possible to appoint a person in charge during the 1-year after the start of the base, even if the person had not completed the necessary training.

■ We established wholly-owned subsidiary "**Welbe Link**" to provide total consulting services concerning the employment of people with disabilities.



The logo expresses Welbe Link's presence of creating a virtuous cycle between companies and disabilities and continuing to grow.



Business Overview

- Support of job extracting
- Training
- Individualized support for each disabled people
- Fee-charging placement
- Operation of Satellite offices

Satellite Office

- Location: Urayasu
- Open: April 2020
- Number of rooms: 4



- We have acquired the shares of "ILIS Inc.," which runs the habilitation business in Osaka Prefecture;
Operating eight offices (Multifunctional offices for pre-school children and school children) and one consultation support office in Osaka Prefecture.



Company overview

ILIS Inc. operates eight offices (Multifunctional offices for pre-school children and school children) and one consultation support office in Osaka Prefecture based on the Child Welfare Law. ILIS provides services to a wide range of age groups, from infants to high school students.

Welbe group will make a full-scale entry into the habilitation business in the Kinki region, and the synergy effect with our employment transition support business will create an environment that provides consistent welfare services for the disabled.



Business Overview

- Operates habilitation business and consultation support office in Osaka Prefecture.
- Multifunctional offices ILIS CLUB : 8 bases
 - Bases / Imabayashi, Abeno , Naniwa, Yaominami , Matsubara, Izumiotsu, Kisiwada, Izumisano
 - According to age, provide child development support service and after-school daycare service with a maximum of 10 people
 - 90% of users are after-school daycare service users.
- Consultation support office ILIS PLAN : 1 base
 - Base / Abeno

Population of People with Disabilities

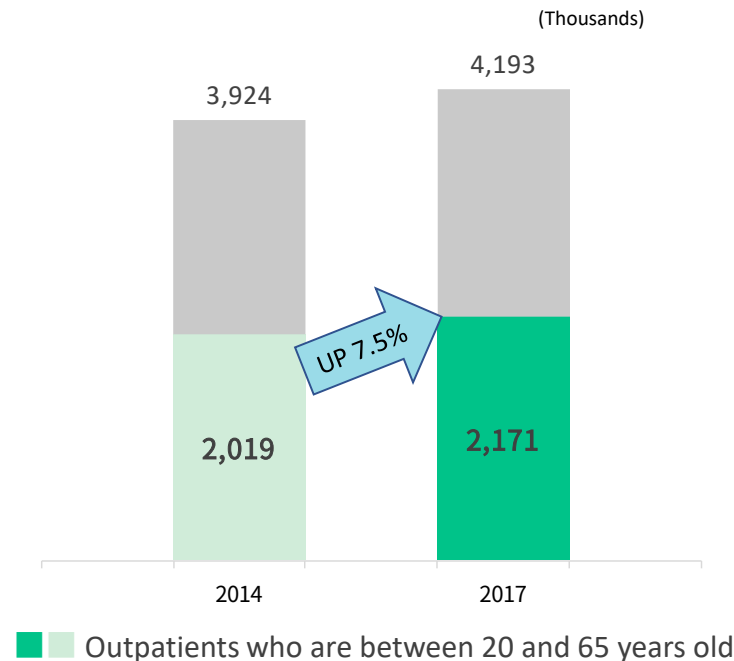
■ There are **2 million** people in Japan between the ages of 20 and 65 living at home who have a mental disability.

It is approximately **2.9%** of Japan's working-age population.

				(Thousands)
	Total	People living at home/ Outpatient	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	1,094	962	580	132
People with mental disabilities	4,193	3,891	2,171 (age 20 to 65)	302
Total	9,635	9,140	3,764	495

*Japan's working age population: 75,114 thousand people (as of May. 2019)

Increase in the number of people with mental disabilities



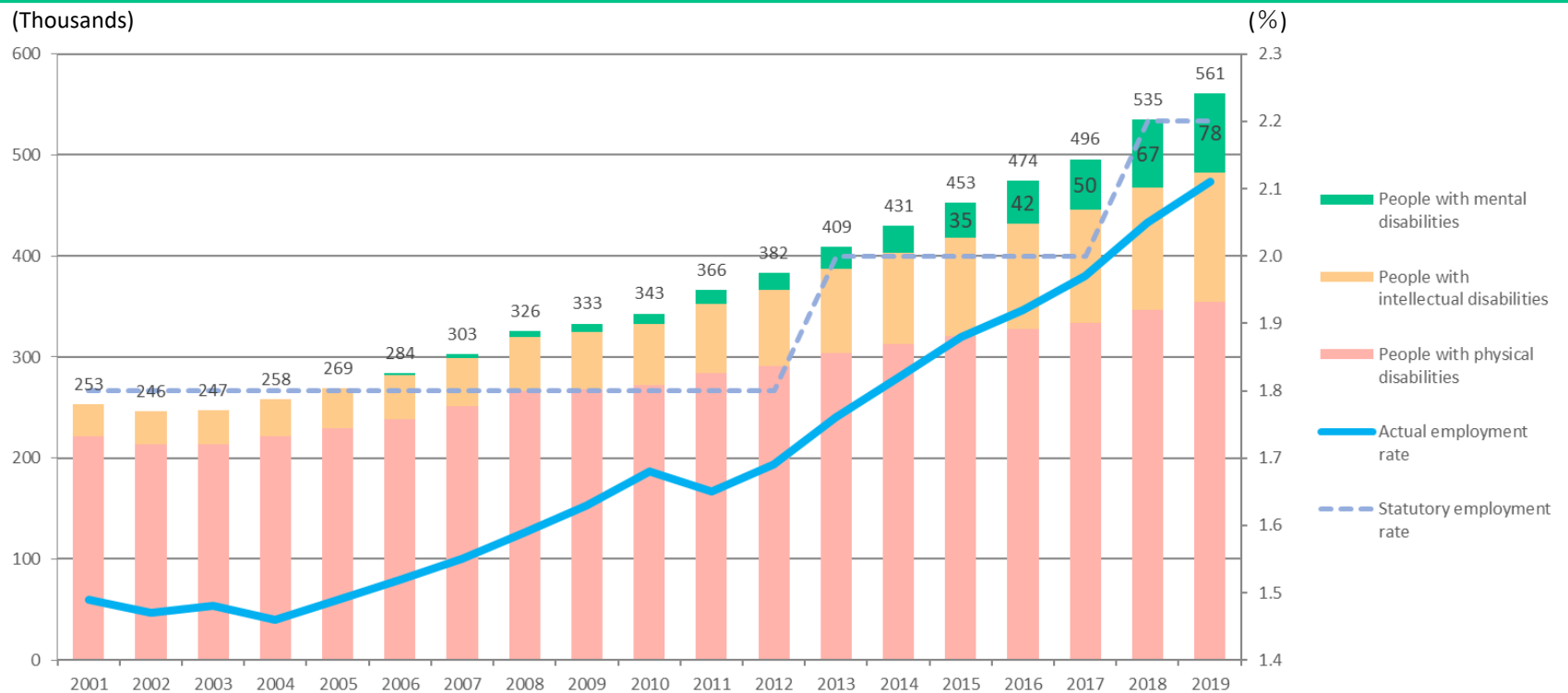
Source: Prepared by Welbe based on 2019 Disabled People White Paper (Cabinet Office) and Population Estimates (Statistics Bureau, Ministry of Internal Affairs and Communications)

Employment of People with Disabilities

- The number of disabled people with job and the actual employment rate are both at all-time highs. The number of disabled people employed has set a record for 16 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."

The 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 the statement of the Prime Minister at the 10th meeting of the Council for the Realization of Work Style Reform, Mar. 28, 2017)



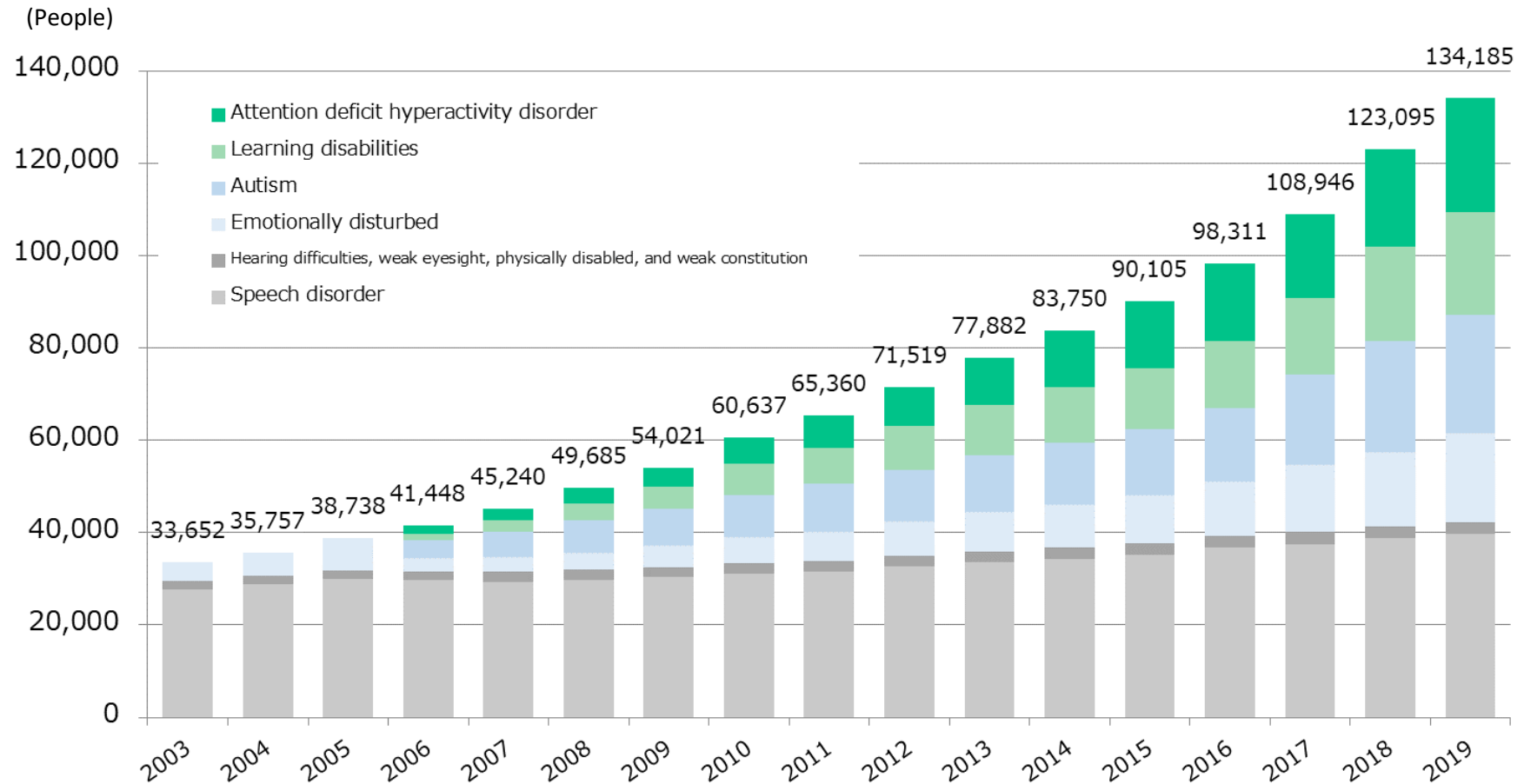
Source: Report on the "Status of Employment of Persons with disabilities" in 2019, Ministry of Health, Labour and Welfare

Growth in the Number of Developmentally Disabled Children in Japan

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

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

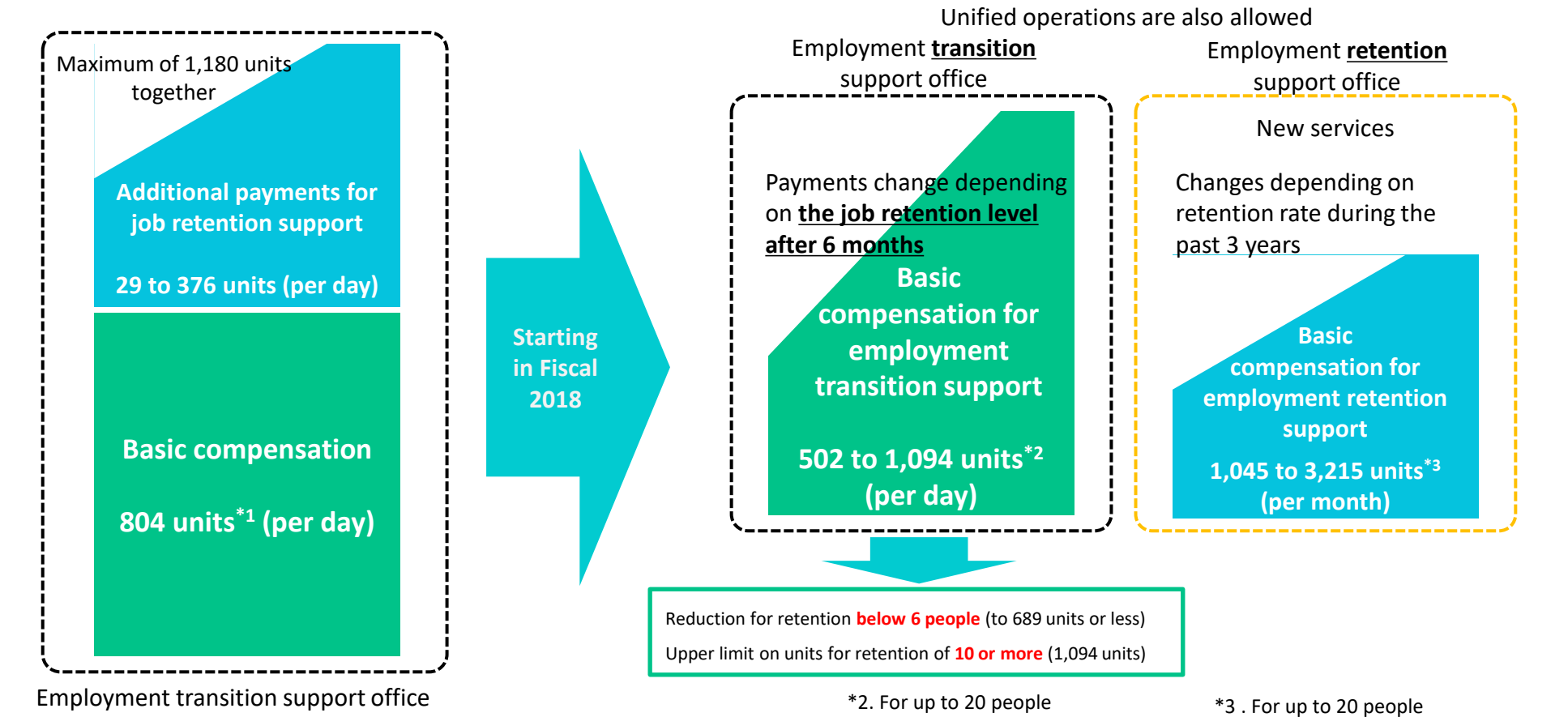
■ The steady increase in the number of children attending special classes to accommodate their disabilities.



Source: FY2019 Survey of Special Classes for Disabilities, Ministry of Education, Culture, Sports, Science and Technology

Revisions to Disability and Welfare Service Compensation in Fiscal 2018

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



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**.



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