



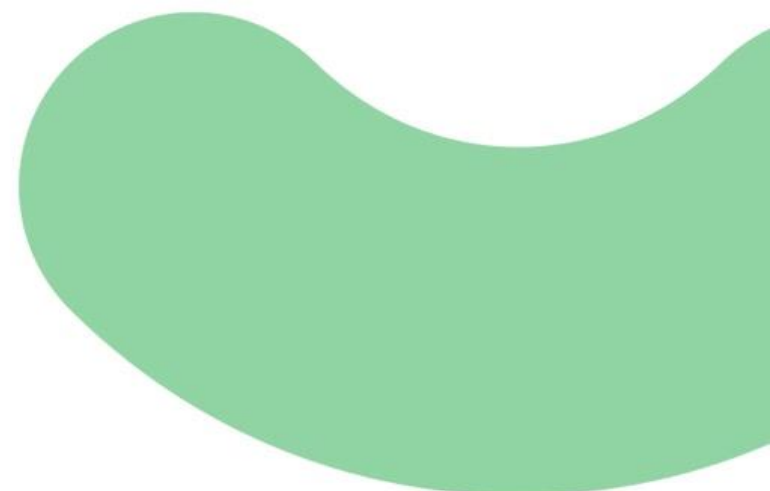
# Results of Operations

for the First Quarter of the Fiscal Year Ending March 2019 (1Q FY3/19)

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**Welbe, Inc.**

Securities Code: 6556



## Results of operations

- Net sales: ¥1,377 million; Operating profit: ¥362 million; Ordinary profit: ¥362 million; Profit: ¥224 million
  - ✓ Net sales up 40.5%, operating profit up 42.2%, ordinary profit up 41.8% and profit up 36.5%
  - ✓ Operating profit on sales: 26.3%, ordinary profit on sales: 26.3%
  - ✓ Asset impairment losses (extraordinary loss) associated with the planned relocation of the welbe Kinshicho center and Job Center Kawagoe

## Number of locations

- **4 welbe centers**, **2** employment retention support offices and **4 habii classrooms** were opened

Number of operating bases (As of June 30, 2018)

- (1) Employment Transition Support Business: Operation of **62 welbe** employment transition support offices; **2** employment retention support offices (\*1); **2** 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) office (\*3)
- (2) Habilitation Business: **20 habii** child development support classrooms; **3 habii plus** after-school day care service classrooms

\*1: Employment retention support offices and specific consultation support offices are located at employment transition support offices

\*2: "Job Centers" \*3: "Welbe Challenge"

## FY3/19 forecasts

- FY3/19 forecast: Net sales: ¥5,565 million; Operating profit: ¥1,295 million; Ordinary profit ¥1,291 million; Profit ¥834 million
- First quarter operating profit was generally as expected (28.0% of the FY3/19 forecast)
- Plan to open 14 locations including **7** employment transition support offices and **7** Habilitation centers

In the first quarter, net sales and all the level of profits increased steadily.

Compared with **1Q FY3/18 results**, net sales up ¥396 million, operating profit up ¥107 million, ordinary profit up ¥106 million and profit up ¥60 million.

Item	1Q FY3/18		1Q FY3/19		YoY change	
	Apr. - Jun.		Apr. - Jun.			
	Amount (Millions of yen)	Comp.	Amount (Millions of yen)	Comp.	Change (Millions of yen)	Change (%)
Net sales	980	100.0%	1,377	100.0%	396	40.5%
Gross profit	396	40.4%	571	41.5%	175	44.2%
Operating profit	254	26.0%	362	26.3%	107	42.2%
Ordinary profit	255	26.1%	362	26.3%	106	41.8%
Profit	164	16.8%	224	16.3%	60	36.5%

# 1Q Factors Impacted in an Increase in Net Sales

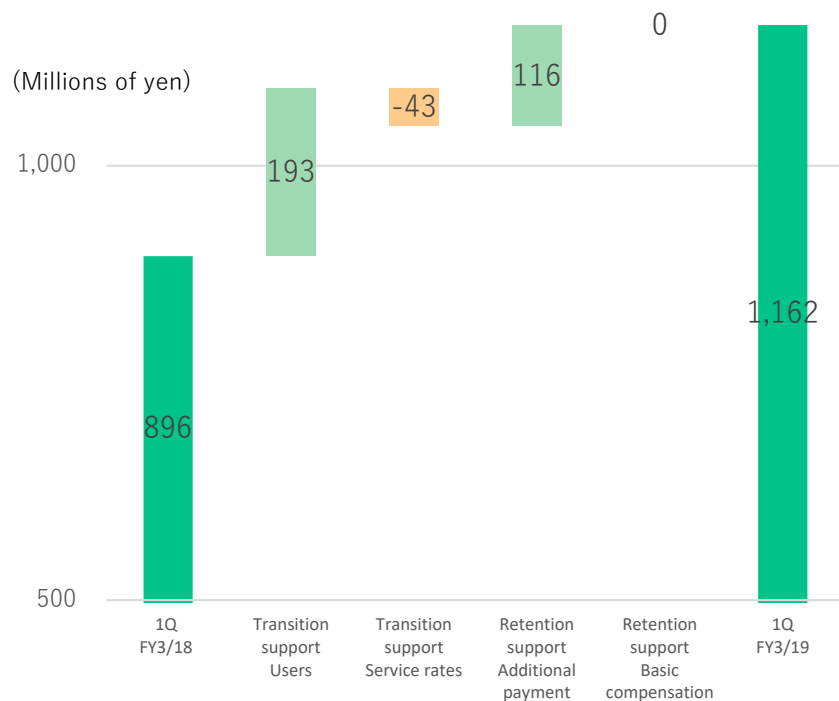
Sales in **the Employment Transition Support Business** increased 30%.

Sales in **the Habilitation Business** increased 156%.

The number of users and the operating ratio continued to increase at all locations.

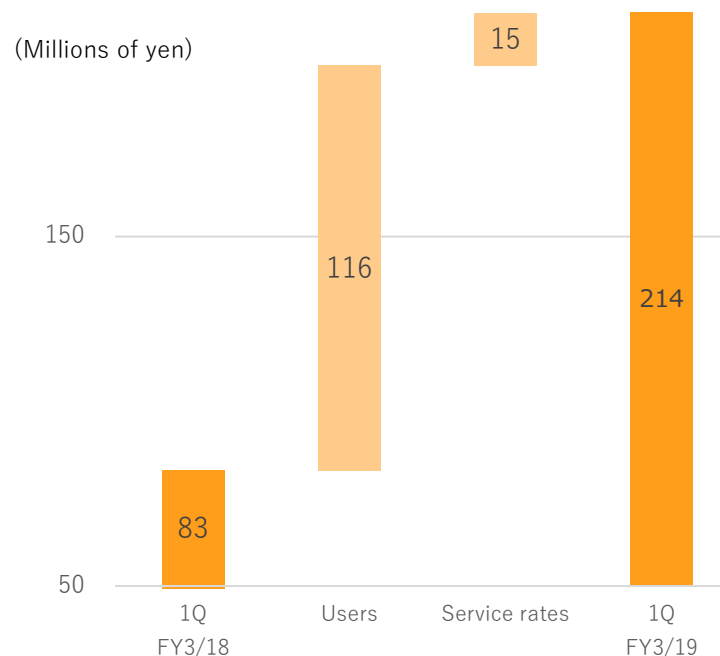
Sales of Employment Transition Support Business

Up ¥266 million



Sales of Habilitation Business

Up ¥131 million



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

The cost to sales ratio decreased despite growth in total costs caused by the increase in the number of locations. Personnel expenses increased mainly because of the larger number of locations, the establishment of a bonus system and more payments for workers with professional qualifications.

Item	1Q FY3/18		1Q FY3/19		YoY change
	Apr. - Jun.		Apr. - Jun.		
	Amount (Millions of yen)	Comp.	Amount (Millions of yen)	Comp.	Change (Millions of yen)
Personnel	391	67.0%	561	69.7%	169
Rent	61	10.6%	82	10.2%	20
Supplies	63	10.8%	68	8.6%	5
Travelling	24	4.2%	31	4.0%	7
Depreciation	13	2.4%	19	2.4%	5
Others	29	5.0%	41	5.2%	12
Total	583	100.0%	805	100.0%	221
Cost to sales ratio	59.6%		58.5%		

Selling, general and administrative expenses increased ¥67 million.

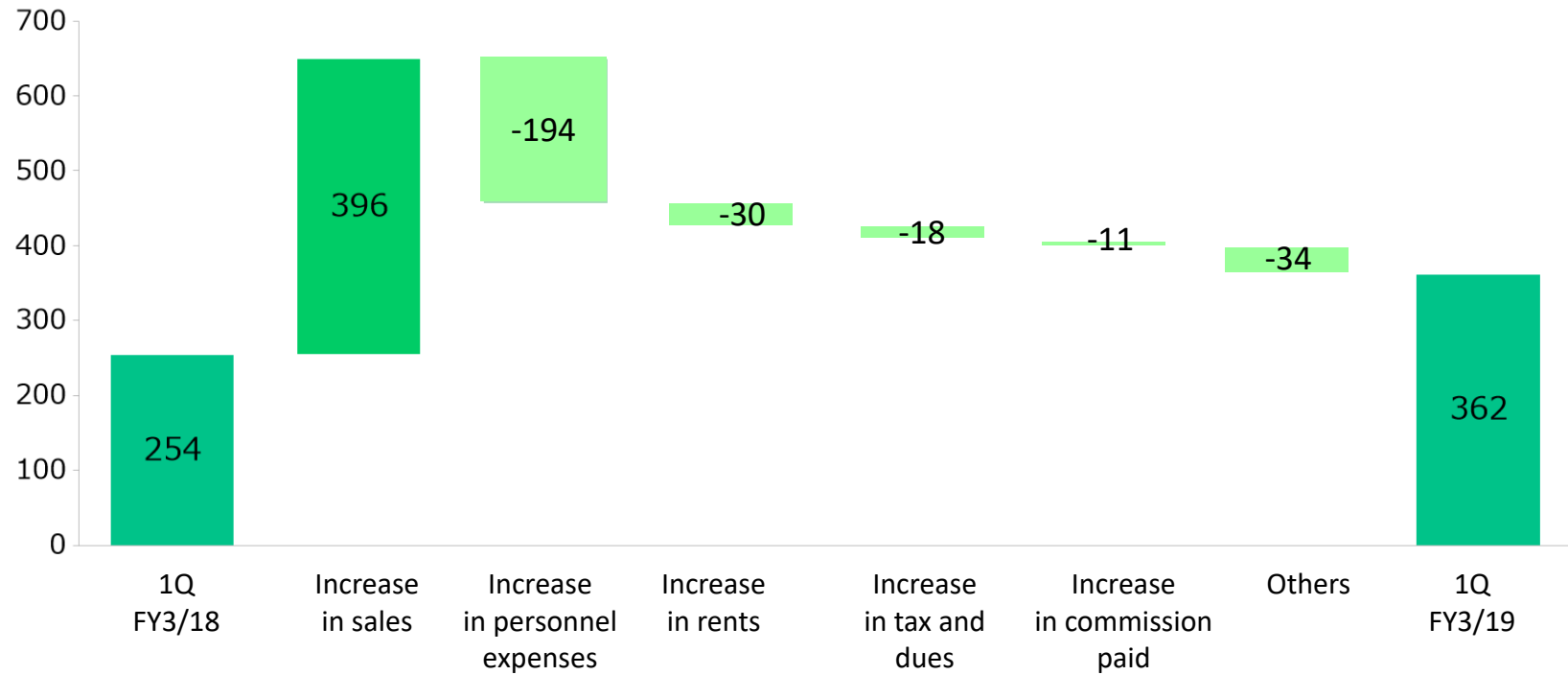
The ¥25 million increase in personnel expenses was mainly due to upgrading of head office functions associated with the stock listing. Tax and dues increased ¥15 million due to higher consumption taxes resulting from an increase in taxable procurement activities and to the start of payments required by Japan's size-based business tax system.

Item	1Q FY3/18		1Q FY3/19		YoY change
	Apr. - Jun.		Apr. - Jun.		
	Amount (Millions of yen)	Comp.	Amount (Millions of yen)	Comp.	Change (Millions of yen)
Personnel	70	50.1%	96	45.9%	25
Tax and dues	20	14.5%	36	17.4%	15
Advertising/promotion	17	12.2%	26	12.5%	8
Commission paid	10	7.5%	19	9.5%	9
Rent	3	2.7%	14	6.8%	10
Travelling	3	2.7%	4	2.1%	0
Others	14	10.3%	12	5.9%	-2
SG&A expenses	141	100.0%	209	100.0%	67
SG&A/sales ratio	14.4%		15.2%		

# Factors Impacted in an Increase in Operating Profit — YoY Comparison

Operating profit increased ¥107 million YoY.

(Millions of yen)



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

Cash and deposits decreased ¥343 million.

This is mainly due to the payment of income taxes and cash dividends paid.

	FY3/18	1Q FY3/19	YoY Change	Main factors
(Millions of yen)				
<b>Assets</b>				
Current assets				
Cash and deposits	1,592	1,248	-343	Payment of income taxes: -247; Cash dividends paid: -205
Accounts receivable-trade	784	947	162	Increase due to higher sales
Other	56	52	-3	
<b>Total current assets</b>	<b>2,433</b>	<b>2,249</b>	<b>-184</b>	
Non-current assets				
Property, plant and equipment	380	417	37	
Intangible assets	5	5	0	
Investment and other assets	240	237	-2	
<b>Total non-current assets</b>	<b>626</b>	<b>660</b>	<b>34</b>	
<b>Total assets</b>	<b>3,059</b>	<b>2,909</b>	<b>-149</b>	
<b>Liabilities</b>				
Current liabilities				
Income tax payable	247	140	-106	Income taxes payable for 1Q FY3/19: +140; Income taxes paid for FY3/18: -247
Other	476	483	6	
<b>Total current liabilities</b>	<b>724</b>	<b>623</b>	<b>-100</b>	
Non-current liabilities				
Long-term loans payable	254	209	-45	Decrease due to repayment of loans
Other	245	229	-16	Decrease due to installment payables and repayment of lease obligations
<b>Total non-current liabilities</b>	<b>500</b>	<b>438</b>	<b>-61</b>	
<b>Total liabilities</b>	<b>1,224</b>	<b>1,062</b>	<b>-161</b>	
<b>Net assets</b>				
Shareholders' equity				
Capital stock	328	328	0	
Capital surplus	325	325	0	
Retained earnings	1,181	1,193	11	Profit: +224; Cash dividends paid: -212
Treasury shares	0	0	0	
<b>Total shareholders' equity</b>	<b>1,834</b>	<b>1,846</b>	<b>11</b>	
<b>Total net assets</b>	<b>1,835</b>	<b>1,847</b>	<b>11</b>	
<b>Total liabilities and net assets</b>	<b>3,059</b>	<b>2,909</b>	<b>-149</b>	
<b>Equity ratio</b>	<b>60.0%</b>	<b>63.5%</b>		

During the first quarter, 4 welbe centers, 2 employment retention support offices and 4 habii classrooms were opened. welbe is continuing to open locations in all areas of Japan and plans to start full-scale expansion of the employment retention support office network in October.

## Employment Transition Support Business



employment **transition** support office : **welbe**  
(7 locations planned)

Apr. 2018 welbe Takasaki Ekimae center II

May 2018 welbe Tokorozawa prope-dori center

Jun. 2018 welbe Hon-Atsugi Ekimae center II

Jun. 2018 welbe Sendai Ekimae center (1st in Tohoku)

Aug. 2018 welbe Matsuyama center (1st in Shikoku)

Employment **retention** support office

Apr. 2018 welbe Shin-Osaka center

Apr. 2018 welbe Ogikubo Ekimae center

Jul. 2018 welbe Kamiooka center

Aug. 2018 welbe Kasukabe center

## Habilitation Business



Child development support center : **habii**  
(6 locations planned)

Apr. 2018 habii Shiki II

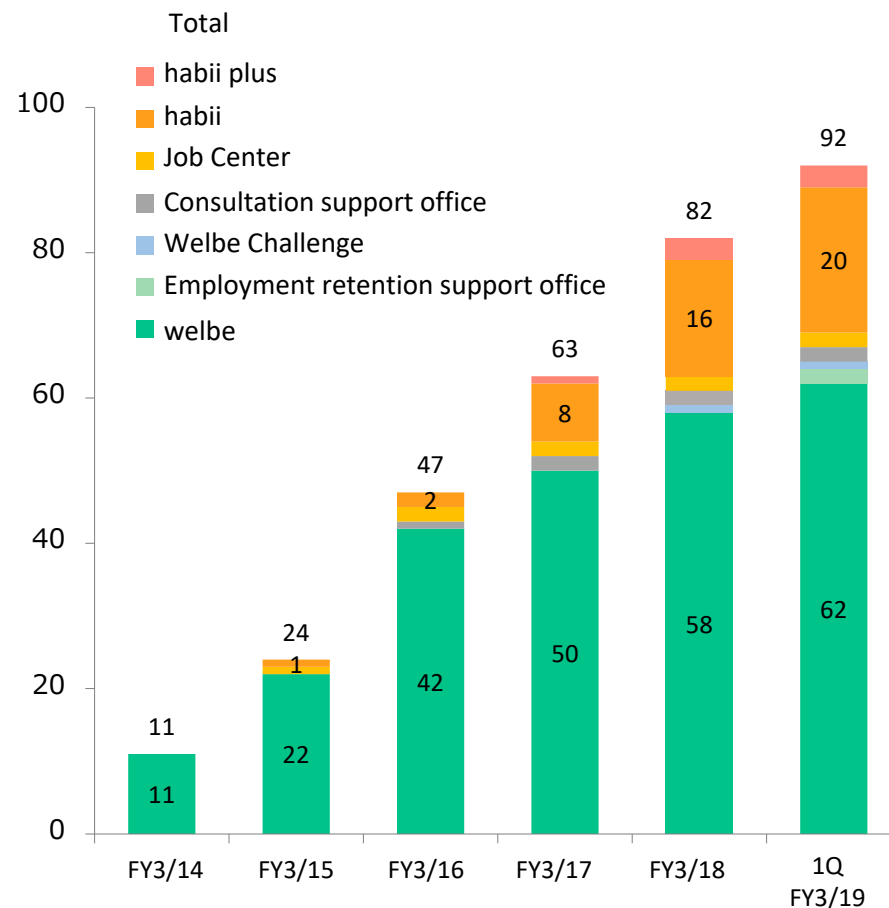
May 2018 habii Shonandai

May 2018 habii Kashiwa

Jun. 2018 habii Koshigaya

Sep. 2018 habii Kami-Itabashi (planned)

Number of Locations



\* The numbers in this graph are for only welbe and habii locations.

## Forecast

■ First quarter sales and earnings were in line with the FY3/19 forecast:

Net sales 24.7%; operating profit 28.0%; ordinary profit 28.1%; profit 26.9%

Plan to open **7 welbe centers (employment transition support offices)**, **6 habii classrooms** and **1 habii plus classroom**

Item	FY3/18		FY3/19				1Q FY3/19		FY3/19	
	Results		Forecast				Results		1H forecast	
	Amount (Millions of yen)	Comp.	Amount (Millions of yen)	Comp.	Change (Millions of yen)	Change (%)	Amount (Millions of yen)	Progress (%)	Amount (Millions of yen)	Progress (%)*
Net sales	4,364	100.0%	5,565	100.0%	1,201	27.5%	1,377	24.7%	2,753	50.0%
Operating profit	1,012	23.2%	1,295	23.3%	282	27.9%	362	28.0%	666	54.4%
Ordinary profit	1,042	23.9%	1,291	23.2%	248	23.8%	362	28.1%	663	54.6%
Profit	704	16.1%	834	15.0%	129	18.4%	224	26.9%	442	50.7%

\* Progress ratio against 1H forecast

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## **Inquiries**

### **Investor Relations, Welbe, Inc.**

Telephone: +81-3-6268-9542

Fax: +81-3-6268-9543

e-mail: [ir@welbe.co.jp](mailto:ir@welbe.co.jp)

Website: <http://www.welbe.co.jp/>

