

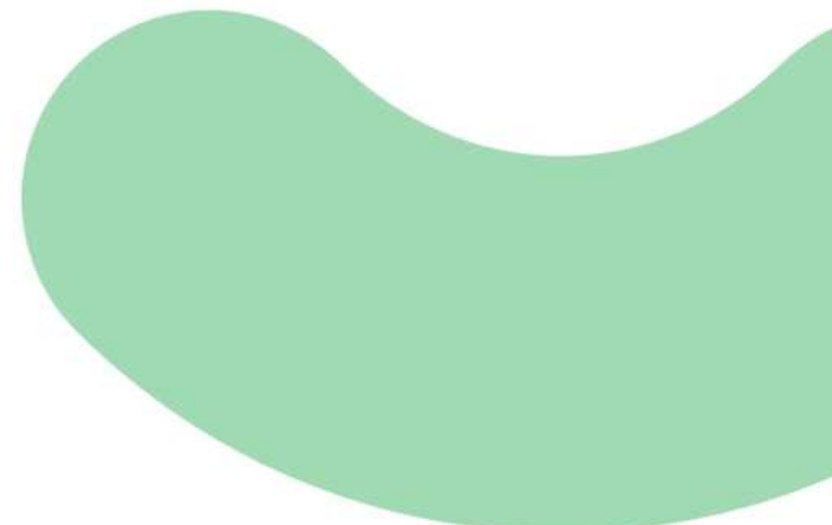


Results of Operations

for the First Quarter of the Fiscal Year Ending March 2021 (1Q FY3/21)

Welbe, Inc.

Securities Code: 6556



FY3/21 1Q Financial Results Highlights

* Consolidated accounting started from the FY3/20.
Figures before the 3Q FY3/20 are non-consolidated financial statements.

1. Quarterly Results

Performance forecast comparison and previous year comparison

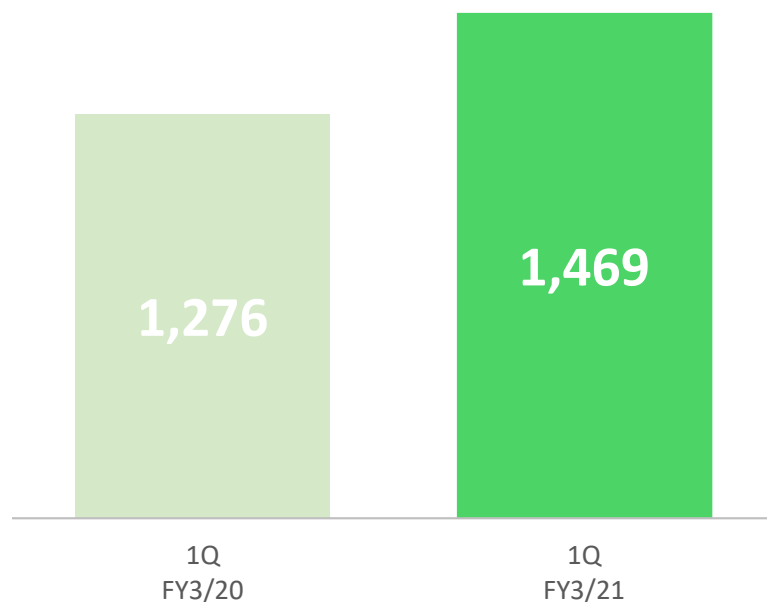
| | FY3/20 | FY3/21 | YoY change | | FY3/21 | | FY3/21 | |
|------------------|-----------------------------|-----------------------------|-----------------------------|---------------|-----------------------------|----------|-----------------------------|----------|
| | 1Q | 1Q | | | 1H Forecast | | Forecast | |
| | Amount (Millions of yen) | Amount (Millions of yen) | Change (Millions of yen) | Change (%) | Amount (Millions of yen) | Progress | Amount (Millions of yen) | Progress |
| Net sales | 1,593 | 1,957 | +364 | +22.9% | 3,854 | 50.8% | 7,838 | 25.0% |
| Gross profit | 649 | 800 | +151 | +23.2% | | | | |
| Operating profit | 439 | 538 | +99 | +22.7% | 969 | 55.6% | 1,952 | 27.6% |
| Ordinary profit | 440 | 541 | +101 | +23.1% | 968 | 56.0% | 1,950 | 27.8% |
| Profit | 277 | 345 | +67 | +24.4% | 627 | 55.0% | 1,328 | 26.0% |

Result of operation

- Net Sales increase steadily.
Increase the number of users. Increase basic compensation at Employment Transition Support offices. Consolidation of ILIS Inc.
- The number of users has exceeded the **initial expectations** due to **the successful introduction of online support** for the impact of new coronavirus infection.
- Each profits grow steadily.
- **No change in our full-year forecast**, as new coronavirus infection from 2Q FY3/21 onwards, needs attention.
However, we assume that **the negative impact on sales will be limited** by continuing thorough measures.

2. Employment Transition Support Business

Net sales (millions of yen)



Up **¥192 million**
Change **+ 15.1%**

[Main factors of change]

- (+) • Increase in the number of users at Employment Transition Support offices
- Increase in basic compensation at Employment Retention Support offices
- Orders received from government agencies (Job-Center-Kawaguchi)

Openings

Number of bases
(As of the June 30)

73 bases

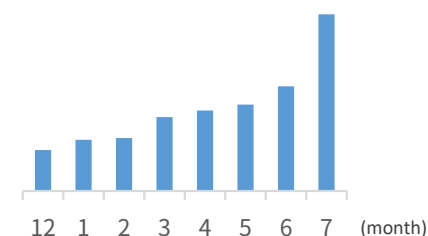
opening (plan 8 bases)

- Jun. Awaji
- Urayasu
- Sep. Utsunomiya (planned)

Welbe Link Inc.

- Due to the influence of the new Coronavirus infection, we temporary withheld the operating activities, but fully resumed after June.
- Promote registration of job placement mainly for users and graduates of our company service. (738 registrants/as of July 31)

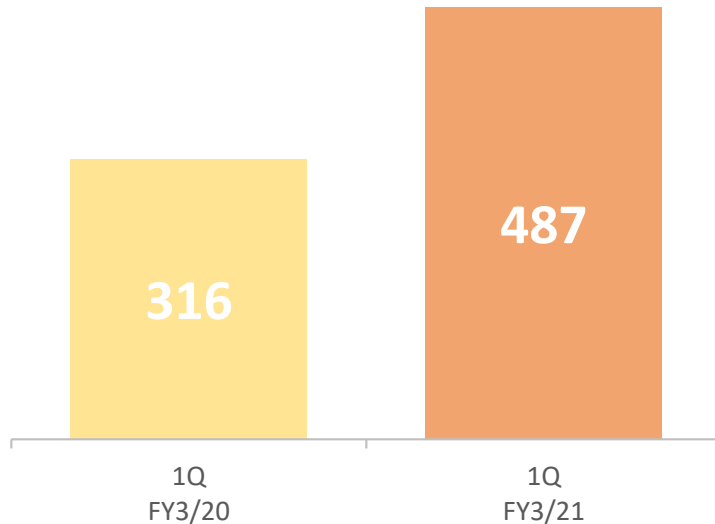
Number of registrations of job placement



Countermeasures of New Coronavirus Infection

- Ministry of Health, Labor and Welfare Office Liaison(March 6, 2020, etc.)
Various services provided by social welfare facilities, etc. are essential for the continuation of the lives of the users and their families, and it is essential to continuously provide the necessary services to the users on the premise of sufficient infection prevention measures.
- We will take thorough measures and continue our services.
 - ✓ Response to staff / Implementation of temperature measurement before work, wearing a mask, careful hygiene management. (Hand wash, gargle, disinfect)
Use of non-contact thermometers and installation of an acrylic partition
 - ✓ Supporting environment / Thorough ventilation, alcohol disinfection of teaching materials, etc.
Introduction of "V-Block Air," an ostrich antibody-containing spray. (After July)
- Ostrich antibodies characterized a very high ability to inactivate pathogens such as viruses. By spraying " V Block Air " on the air conditioner or air purifier filter, we expect an antibacterial effect on the space itself.

Net sales (millions of yen)



Up **¥171 million**
Change **+ 54.2%**

[Main factors of change]

- (+) • Increase in the number of users
- Consolidation of ILIS Inc.

Openings

Number of bases (As of June 30)

Child development support classrooms : **33** bases
After-school day care service classrooms : **17** bases

Opening (plan 5 bases)

Aug. Sendai (HabiiAcademy)
Sep. Yamato (Haii&HaiiAcademy)(planned)

Childhood/learning classroom "Habii Academy" started

- General early childhood/learning classrooms that are not publicly funded services.
- Need not to have a disability certificate or service recipient card to use this service.
- The classroom at Sendai, Miyagi, opens in August.
The classroom at Yamato, Kanagawa, opens in September.
- Plans to expand in the future while verifying the business model.

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

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.

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 | (1Q vs 1Q) | (4Q vs 1Q) |
| Net sales | 1,593 | 1,693 | 1,753 | 1,837 | 6,878 | 1,957 | | | | 1,957 | +364 | +119 |
| Sales of Employment Transition Support Business | 1,276 | 1,345 | 1,388 | 1,352 | 5,363 | 1,469 | | | | 1,469 | +192 | +116 |
| (Transition support compensation) | (1,237) | (1,301) | (1,327) | (1,285) | (5,151) | (1,408) | | | | (1,408) | +171 | +123 |
| (Retention support compensation) | (39) | (44) | (61) | (66) | (211) | (60) | | | | (60) | +21 | -6 |
| Sales of Habilitation Business | 316 | 347 | 365 | 485 | 1,514 | 487 | | | | 487 | +171 | +2 |
| Cost of sales | 943 | 964 | 987 | 1,239 | 4,135 | 1,156 | | | | 1,156 | +213 | -82 |
| Gross profit | 649 | 728 | 766 | 598 | 2,742 | 800 | | | | 800 | +151 | +202 |
| SG&A expenses | 210 | 221 | 248 | 303 | 984 | 262 | | | | 262 | +51 | -41 |
| Operating profit | 439 | 507 | 517 | 295 | 1,758 | 538 | | | | 538 | +99 | +243 |
| Non-operating profit / loss | 0 | 0 | -3 | 0 | 1 | 3 | | | | 3 | +2 | +2 |
| Ordinary profit | 440 | 508 | 513 | 295 | 1,756 | 541 | | | | 541 | +101 | +246 |
| Extraordinary profit / loss | 0 | -2 | 0 | -15 | 18 | -4 | | | | -4 | -4 | +10 |
| Profit before taxes | 440 | 505 | 512 | 279 | 1,738 | 537 | | | | 537 | +97 | +257 |
| Profit | 277 | 337 | 322 | 236 | 1,174 | 345 | | | | 345 | +67 | +108 |

Sales of Transition support compensation

(4Q FY3/20)

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

Sales of Retention support compensation

(1Q FY3/21)

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

Sales of 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)



Costs associated with listing on TSE Mothers Market(October)

Temporary decrease due to bonus payment for COVID-19 response (about ¥140 million)

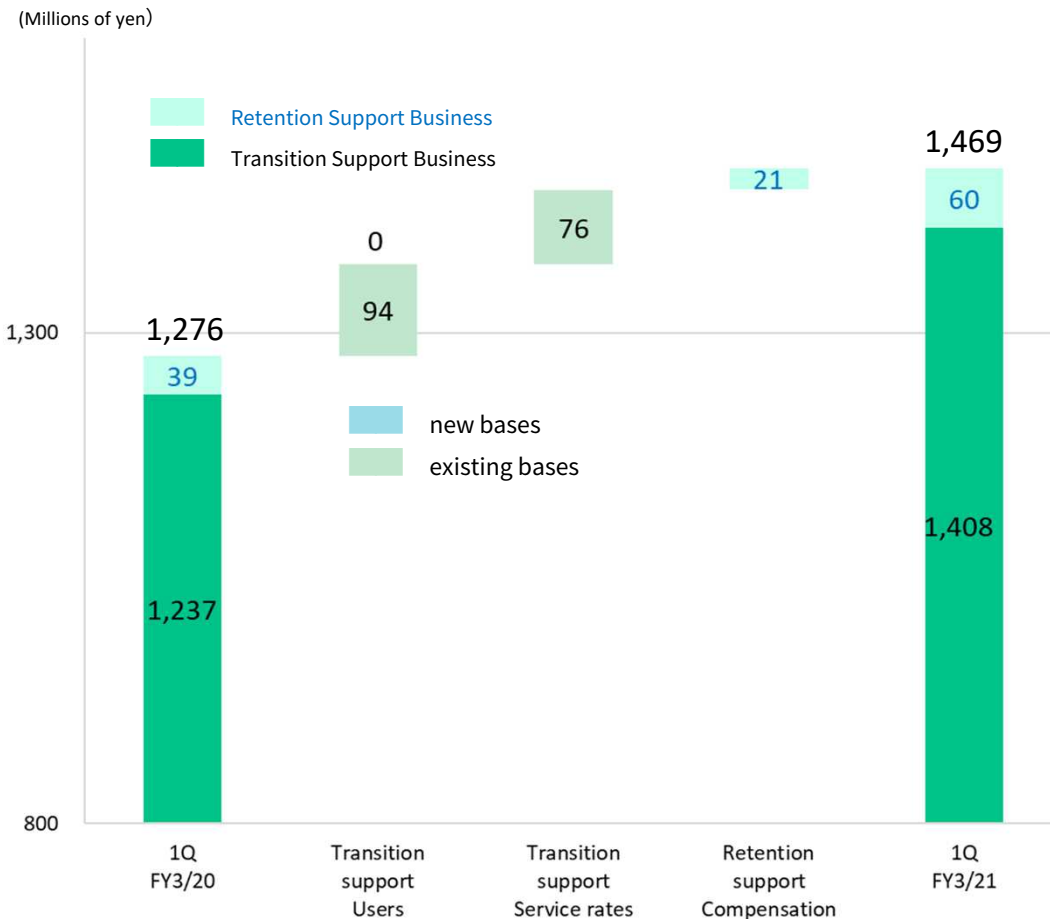
The new consolidation of ILIS Inc. and the start of consolidated financial statements

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.
- Besides, 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.

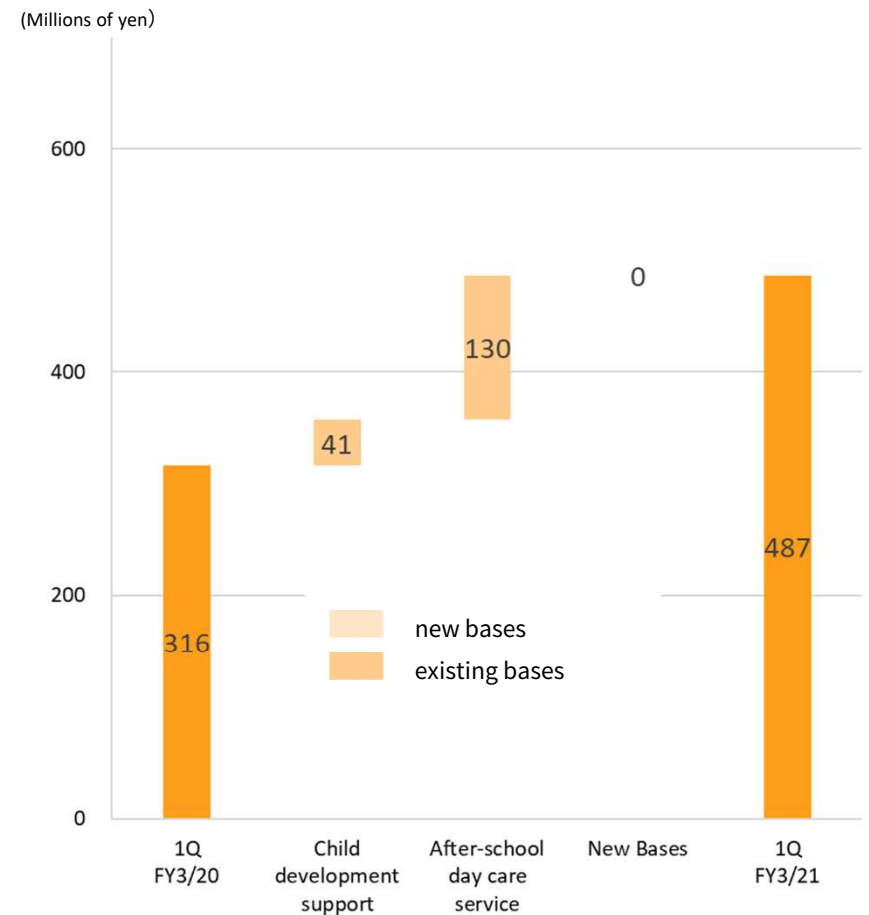
Sales of Employment Transition Support Business

UP ¥192 million



Sales of Habilitation Business

UP ¥171 million



* 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 | QoQ Change |
|-------------------------------------|--------|-------|-------|-------|------------------|--------|--------|-----|-----|-----|------------------|--------|------------|------------|
| | 1 Q | 2 Q | 3 Q | 4 Q | cumulative total | Comp. | 1 Q | 2 Q | 3 Q | 4 Q | cumulative total | Comp. | (1Q vs 1Q) | (4Q vs 1Q) |
| Net sales | 1,593 | 1,693 | 1,753 | 1,837 | 6,878 | | 1,957 | | | | 1,957 | | +364 | +119 |
| Personal | 681 | 685 | 698 | 908 | 2,973 | 71.9% | 828 | | | | 828 | 71.6% | +147 | -79 |
| Rent | 95 | 97 | 102 | 119 | 415 | 10.0% | 120 | | | | 120 | 10.5% | +25 | +1 |
| Supplies expense | 67 | 67 | 70 | 80 | 286 | 6.9% | 69 | | | | 69 | 6.0% | +2 | -10 |
| Travel, transportation and expenses | 36 | 37 | 37 | 37 | 148 | 3.6% | 35 | | | | 35 | 3.0% | -1 | -2 |
| Depreciation | 21 | 22 | 25 | 33 | 103 | 2.5% | 26 | | | | 26 | 2.3% | +4 | -7 |
| Others | 40 | 54 | 53 | 59 | 207 | 5.0% | 75 | | | | 75 | 6.6% | +35 | +16 |
| Cost of sales/Total | 943 | 964 | 987 | 1,239 | 4,135 | 100.0% | 1,156 | | | | 1,156 | 100.0% | +213 | -82 |
| Cost of sales ratio | 59.2% | 57.0% | 56.3% | 67.4% | 60.1% | | 59.1% | | | | 59.1% | | -0.1% | -8.3% |
| Gross profit | 649 | 728 | 766 | 598 | 2,742 | | 800 | | | | 800 | | 151 | +202 |

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

Quarterly comparisons (SG&A)

| (millions of yen) | FY3/20 | | | | | | FY3/21 | | | | | | YoY Change (1Q vs 1Q) | QoQ Change (4Q vs 1Q) |
|---------------------|--------|-------|-------|-------|------------------|--------|--------|-----|-----|-----|------------------|--------|--------------------------|--------------------------|
| | 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 | | | | 1,957 | | +364 | +119 |
| Gross profit | 649 | 728 | 766 | 598 | 2,742 | | 800 | | | | 800 | | +151 | +202 |
| Personal | 96 | 100 | 102 | 124 | 424 | 43.1% | 115 | | | | 115 | 44.0% | +19 | -9 |
| Tax and dues | 37 | 43 | 50 | 54 | 185 | 18.9% | 53 | | | | 53 | 20.2% | +15 | -1 |
| Advertising | 26 | 24 | 25 | 42 | 119 | 12.2% | 33 | | | | 33 | 12.7% | +6 | -9 |
| Commission fee | 18 | 18 | 18 | 35 | 90 | 9.2% | 21 | | | | 21 | 8.4% | +3 | -13 |
| Rent | 15 | 15 | 15 | 16 | 63 | 6.4% | 16 | | | | 16 | 6.5% | +1 | +0 |
| Others | 16 | 19 | 35 | 29 | 100 | 10.2% | 21 | | | | 21 | 8.3% | +5 | -8 |
| SG&A/Total | 210 | 221 | 248 | 303 | 984 | 100.0% | 262 | | | | 262 | 100.0% | +51 | -41 |
| SG&A to sales ratio | 13.2% | 13.1% | 14.2% | 16.5% | 14.3% | | 13.4% | | | | 13.4% | | +0.2% | -3.1% |
| Operating profit | 439 | 507 | 517 | 295 | 1,758 | | 538 | | | | 538 | | +99 | +243 |
| Operating margin | 27.6% | 30.0% | 29.5% | 16.1% | 25.6% | | 27.5% | | | | 27.5% | | -0.0% | +11.5% |

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)

- Increasing product listing ads costs

Commission fee (4Q)

- Acquisition-related costs of ILIS Inc.

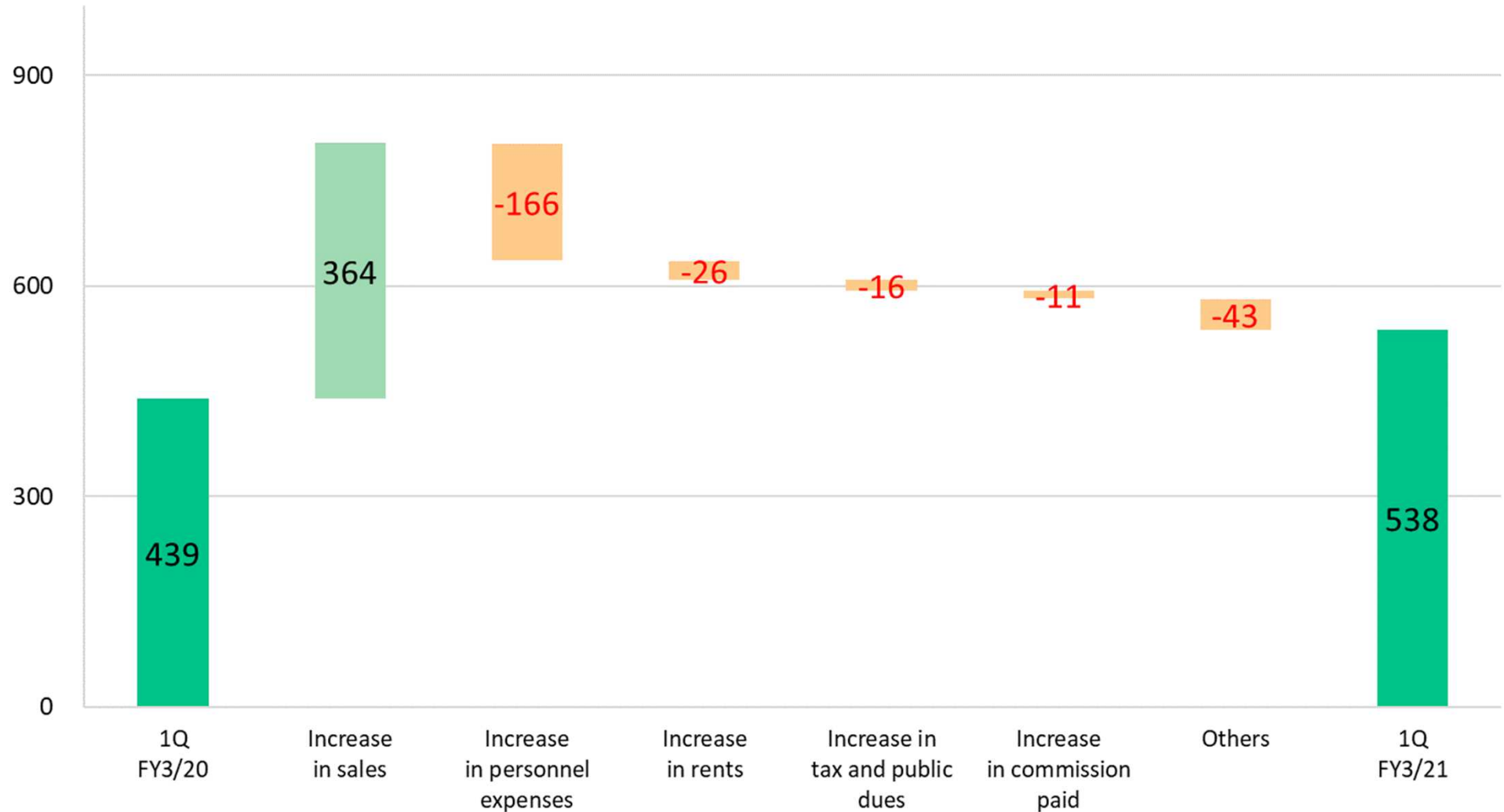
FY3/21

Tax and dues (1Q)

- Consumption tax hike

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 | | 1Q FY3/21 | | Change | Rate of Change |
|------------------------------------|--------|--------|--------------|--------|--------|-------------------|
| | Amount | Comp. | Amount | Comp. | | |
| Current assets | 3,352 | 74.3% | 3,208 | 74.2% | -143 | -4.3% |
| Non-current assets | 1,158 | 25.7% | 1,114 | 25.8% | -43 | -3.8% |
| Total assets | 4,511 | 100.0% | 4,323 | 100.0% | -187 | -4.2% |
| Liabilities | 1,033 | 22.9% | 618 | 14.3% | -414 | -40.1% |
| (Of the above, loans and bonds) | (181) | (4.0%) | (148) | (3.4%) | (-32) | (-18.1%) |
| Net assets | 3,477 | 77.1% | 3,705 | 85.7% | +227 | 6.5% |
| Equity ratio | 77.1% | | 85.7% | | | 8.6% |

Changes in current assets

- Decrease in cash and cash equivalents (- 248million)
- Increase in accounts receivable by higher sales (+ 107million)

Non-current assets

- Decrease in deferred tax assets (- 61million)

Liabilities

- Decrease in income taxes payable (- 265million)
- Decrease in provision for bonuses (- 143million)

Net assets

- Increase in retained earnings from profit (+ 345million)
- Decrease in retained earnings due to 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.

- 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.

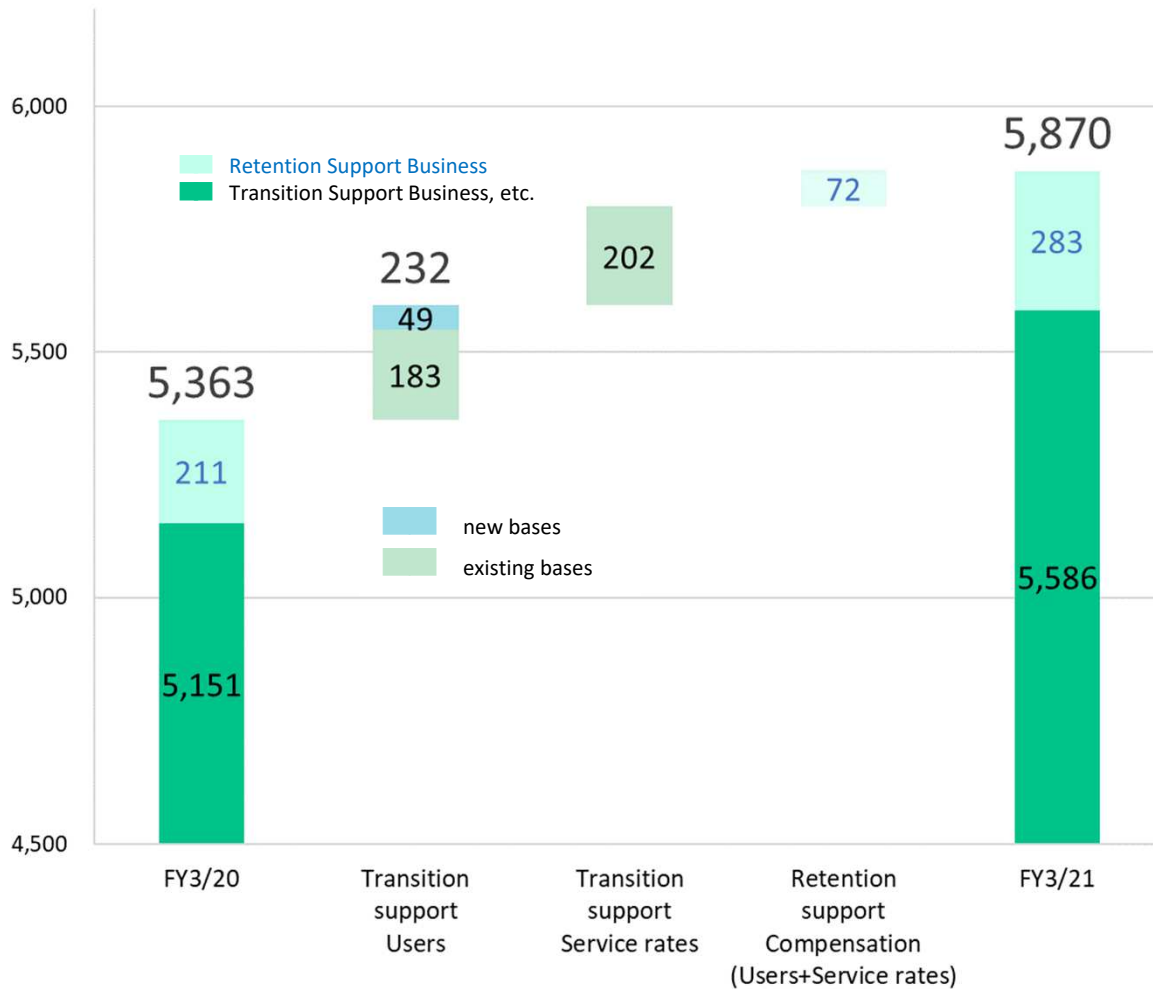
| (millions of yen) | FY3/20 | | FY3/21 | | Change | Change (%) |
|-------------------|---------|--------|----------|--------|--------|------------|
| | Results | Comp. | Forecast | Comp. | | |
| Net sales | 6,878 | 100.0% | 7,838 | 100.0% | +960 | +14.0% |
| Operating profit | 1,758 | 25.6% | 1,952 | 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% |



Sales Forecast – Employment Transition Support Business —

Increase **+ 508million**
YoY change **+ 9.5%**

(millions of yen)



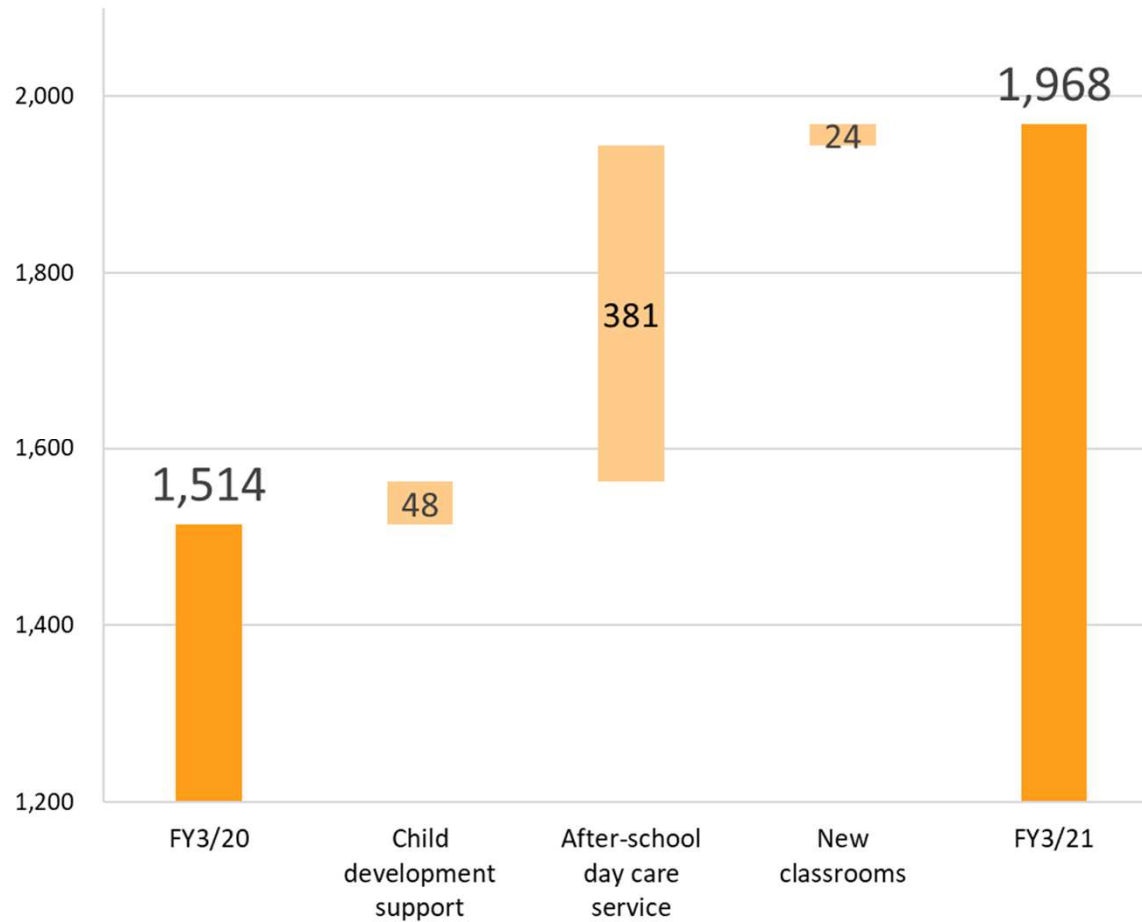
| | |
|----------------------------------|---|
| Transition support Users | Regarding new base openings, we expect to open 8 new bases. Outlook for a steady increase in the number of users at Transition support service. |
| Transition support Service rates | Service rates of Employment Transition Support office are based on the number of users who remain in their jobs for six months. Service rates of almost all the existing centers are increased 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**.

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

(millions of yen)



| | |
|-------------------------------|---|
| 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.

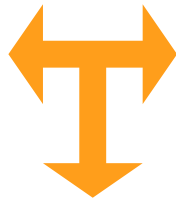
* New center/classroom sales figures for the number of users are for sales at bases that were opened **after April 1, 2020.**

Basic policy

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

Dividend policy

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%

Dividend

FY3/20

Annual dividend of 8.8 yen

based on the actual profit of 1,174 millions of yen

(Interim dividend of 4.4 yen, Year-end dividend 4.4 yen)

FY3/21 (forecast)

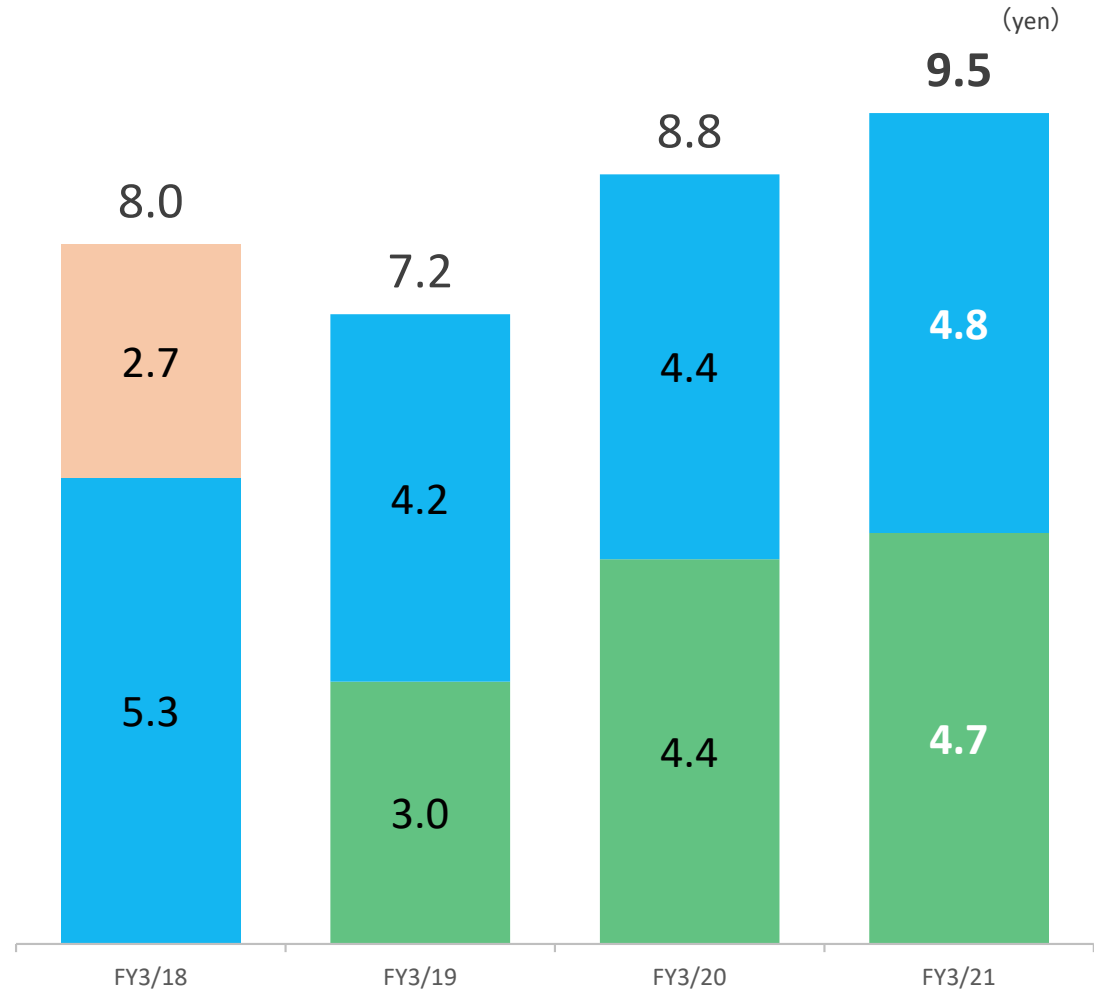
Annual dividend of 9.5 yen

based on the full-year forecast of 1,328 millions of yen

(Interim dividend of 4.7 yen, Year-end dividend 4.8 yen)

Dividend per share

■ commemorative dividend
 ■ interim dividend
 ■ year-end dividend



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

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

① Employment Transition Support Business

Welbe, Inc. :

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

73 employment transition support offices(**welbe**)

62 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

Welbe, Inc.

33 child development support classrooms

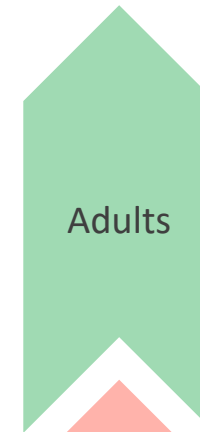
17 after-school day care service classrooms

1 support for visiting nursery schools

- early childhood/learning classroom

1 specific consultation support office

* Number of bases as of June 2020



(The scenery in the center of welbe)



(The Scenery in the classroom of habii)

Welbe, Inc.

Individual services



Welbe Link Inc.

Enterprise services



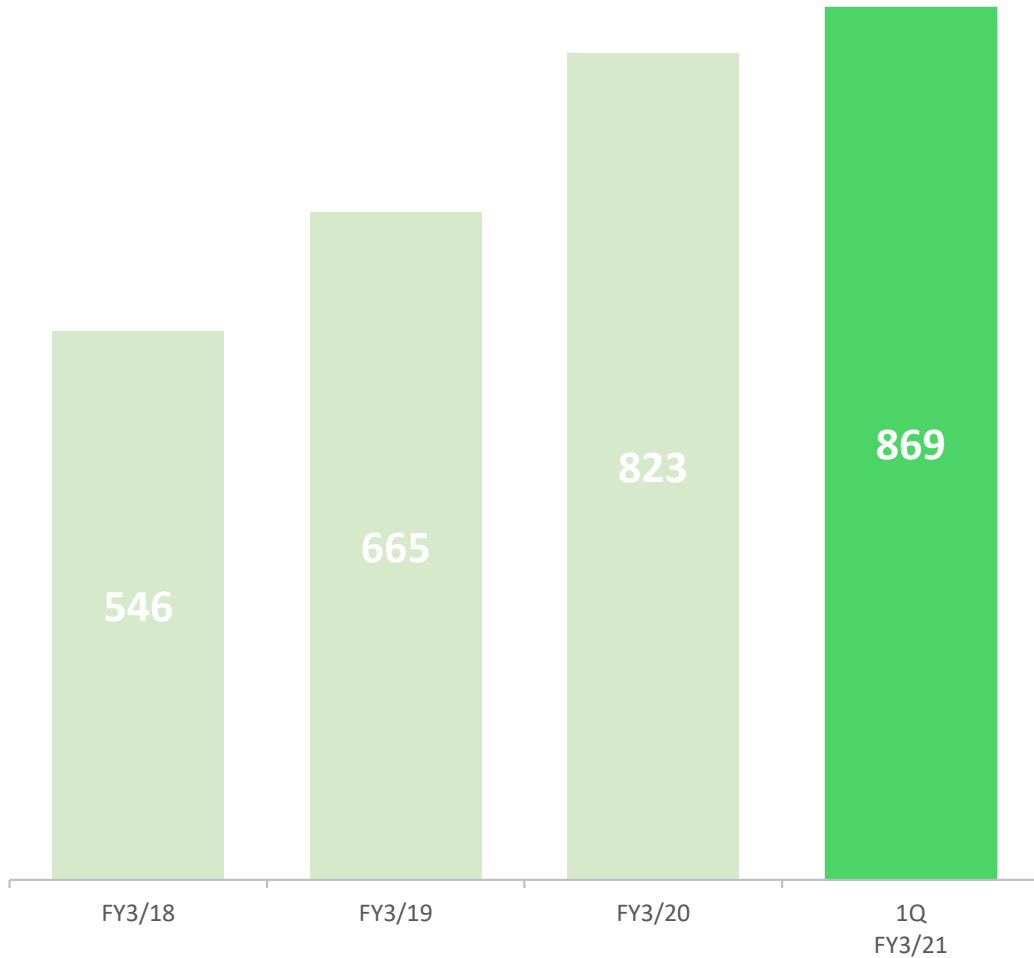

ILIS Inc.



ILIS CLUB
Our Mission Is Delivering Relief & Smile



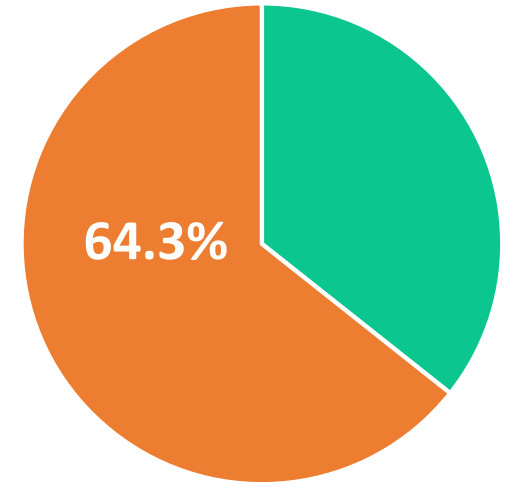
- The number of employees increases with the expansion of business



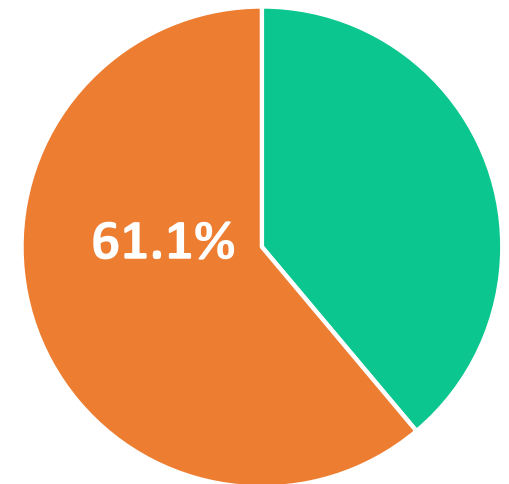
(number of people)

- workplace where women play an active role

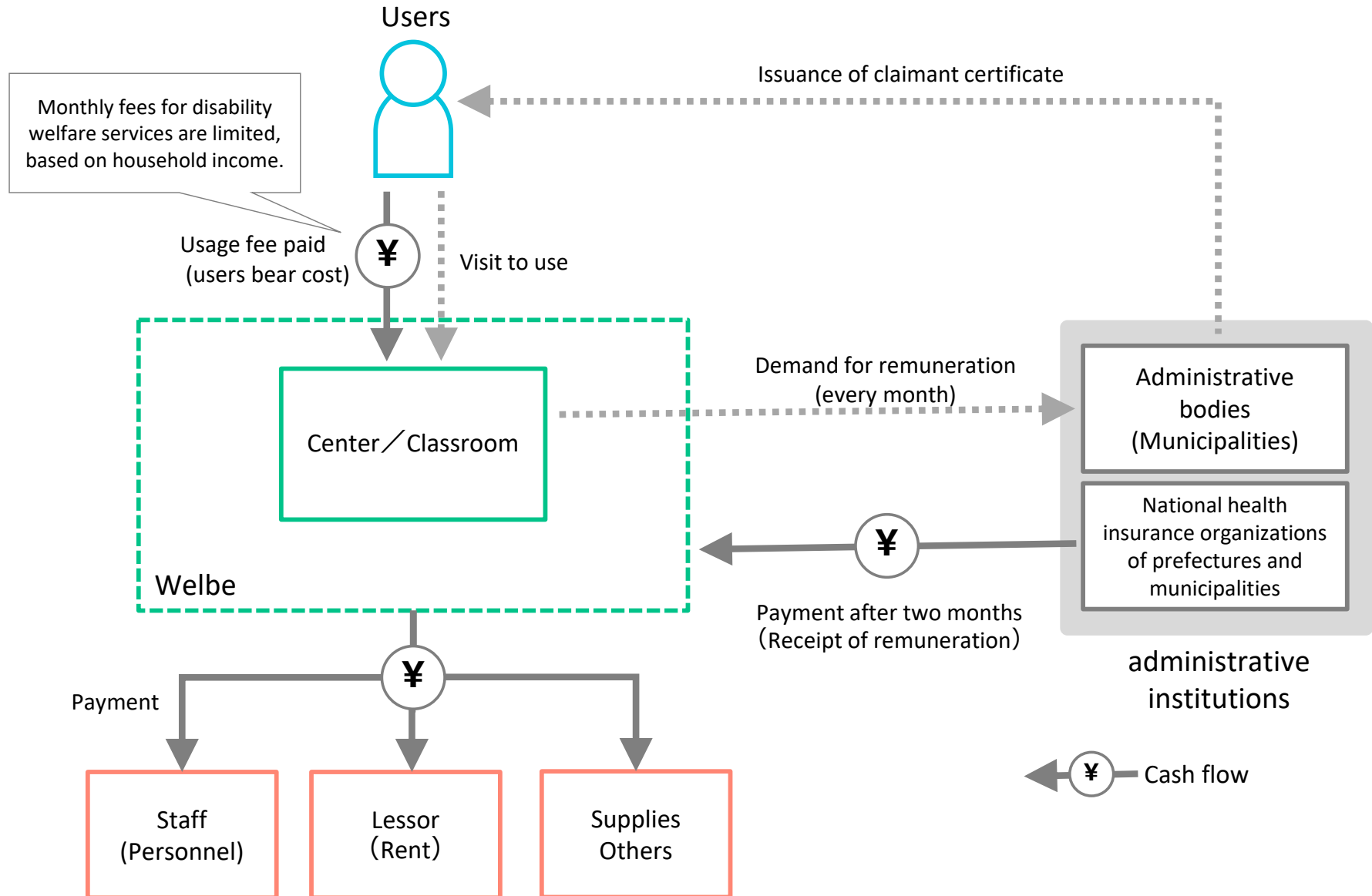
Female ratio of employees



Ratio of female 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.
- June 2020 ● Operation of **123** offices



Makoto Ohta President

1996 Joined Musashino Bank, Ltd.
 2002 Joined TAC Corporation
 2004 Director, Tella, Inc.
 2007 Director & Vice President, Tella, Inc.
 2010 President, Biomedica Solution Co., Ltd.
 2011 Founded Welbe, Inc. President (to present)



Takao Senga Director, Senior Executive Vice President

1998 Joined TAC Corporation
 2001 Joined KPMG AZSA LLC
 2005 Executive Vice President, Spiralll & Company Inc.
 2009 External Audit & Supervisory Board Member, JINS HOLDINGS Inc.
 2016 Director, Head of Management Division, Welbe, Inc.
 2018 Director, Senior Executive Vice President, the Company. (to present)



Yuki Hamachi Director, Executive Vice President

2006 Joined Tella, Inc.
 2012 Joined Welbe, Inc.
 2016 Director, Welbe, Inc.
 2018 Director, Executive Vice President, Welbe, Inc. (to present)

(Other positions)
 President, Welbe Link Inc.
 President, ILIS Inc.



Hideyuki Nakazato Director

1995 Joined Musashino Bank, Ltd.
 2013 Joined Welbe, Inc.
 2016 Director, the Company. (to present)



Koichi Ito Director

1997 Joined TOKYO BUSINESS SERVICE CO.,LTD.
 2001 Joined WDB Holdings Co., Ltd.
 2002 Joined Celestar Lexico-Sciences, Inc.
 2007 Joined Tella, Inc.
 2012 Joined Welbe, Inc.
 2019 Director, the Company. (to present)



Shigenobu Kanba 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 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 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)

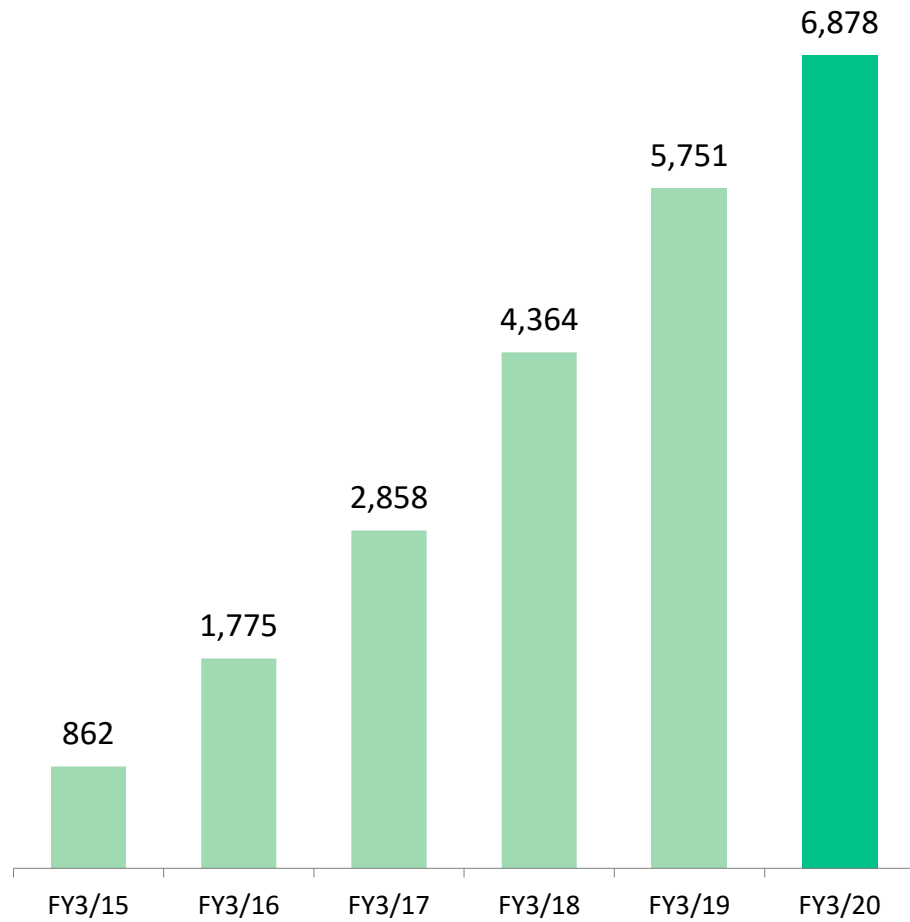
(Other positions)
 Partner Attorney, Legal Strategy Low Office

* The company name is written in the current name.

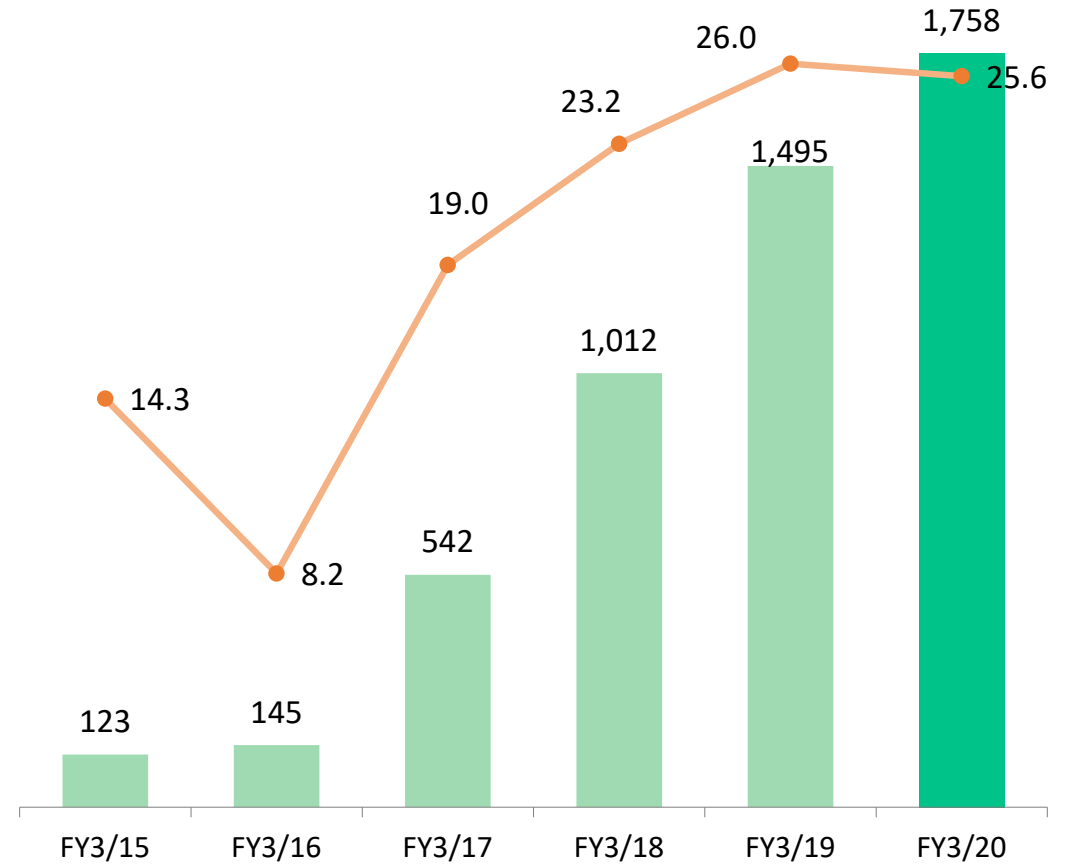
Net Sales and Operating Profit

■ million of yen
 - - - %

Net sales

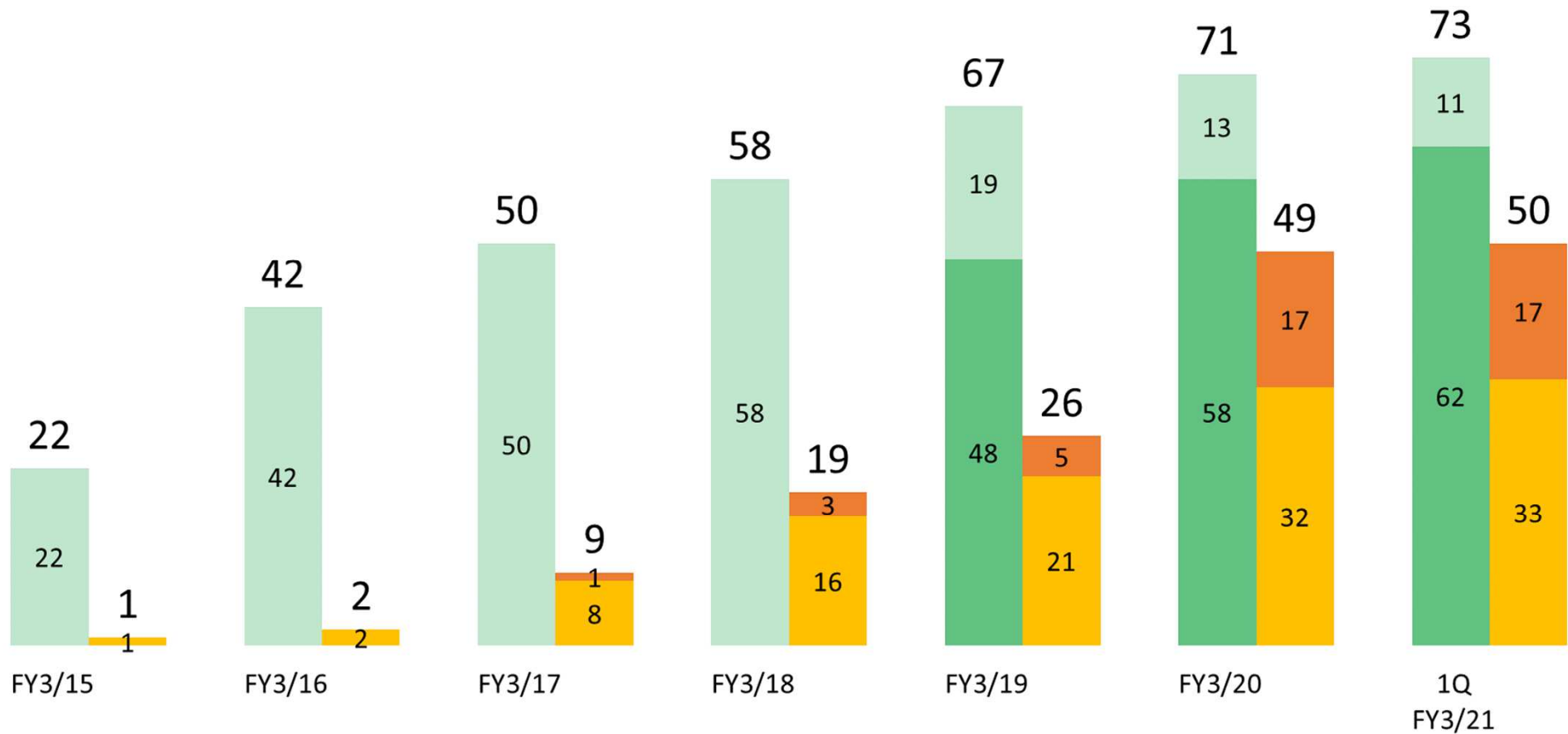
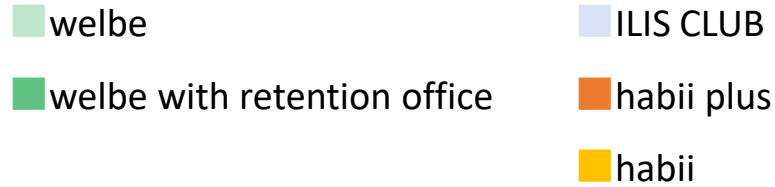


Operating profit / margin





Growth in the Number of bases



Number of **welbe** bases

73

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

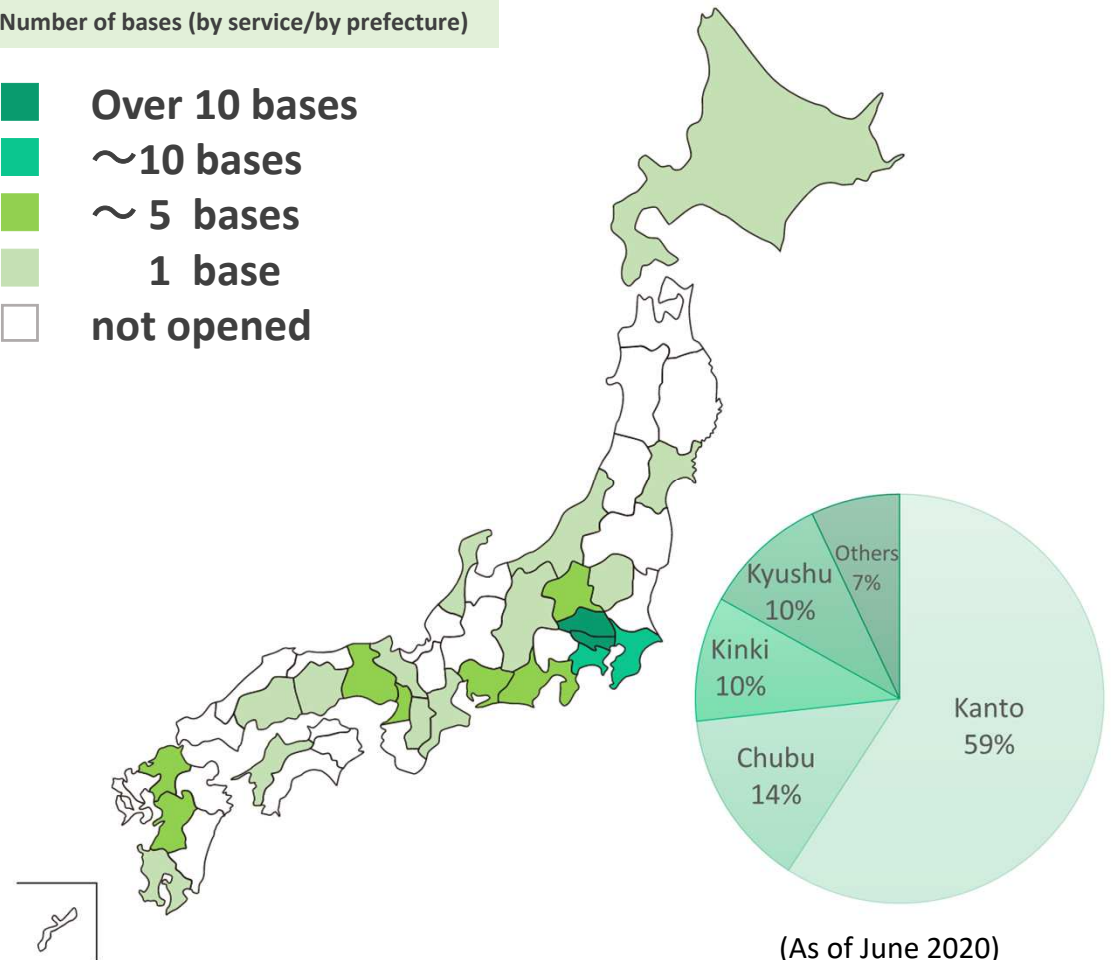
3,357

* As of March 2020

| Prefectures | Bases | Prefectures | Bases |
|-------------|-------|-------------|-------|
| Hokkaido | 1 | Aichi | 3 |
| Miyagi | 1 | Mie | 1 |
| Tochigi | 1 | 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 |

Number of bases (by service/by prefecture)

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



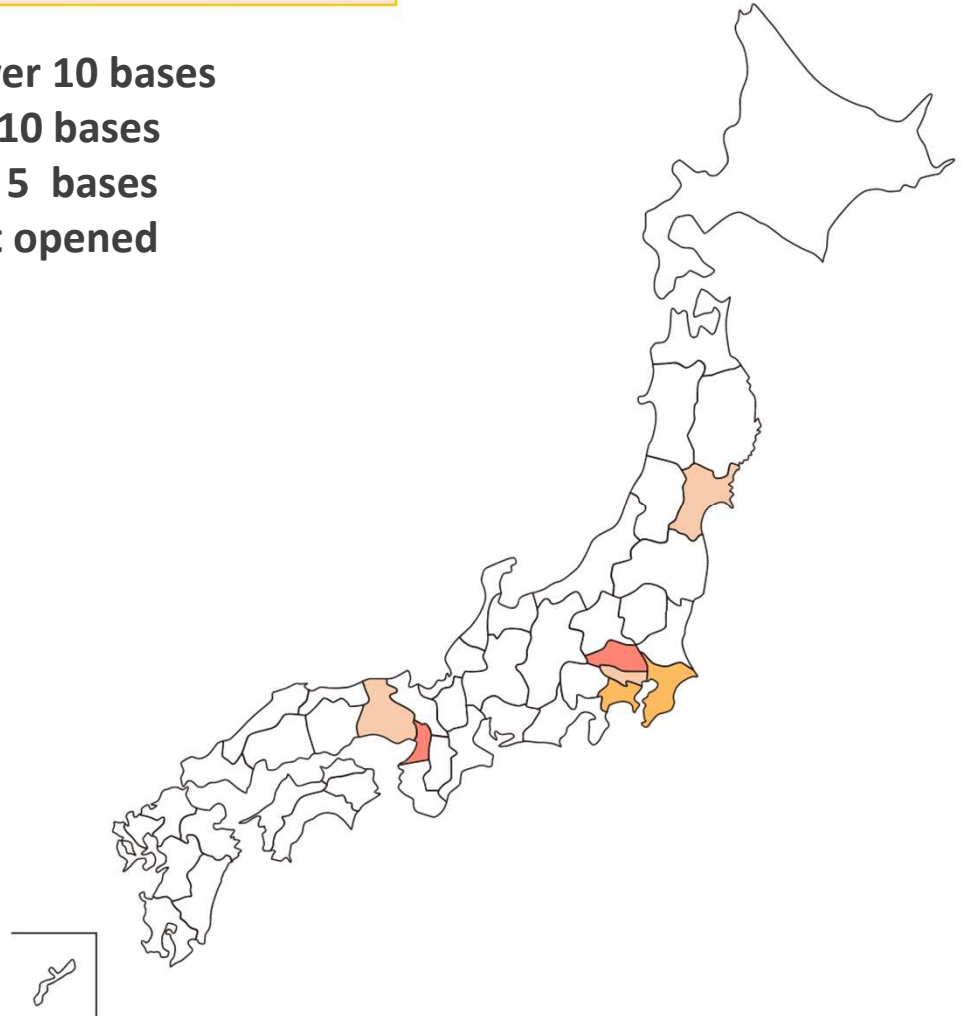
(As of June 2020)

Number of **habii** bases **33**

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 | 20 C20 | 3 C3 | 1 C1 | 24 C24 |
| Habii Plus | 9 CA1、A8 | — | — | 9 CA1、A8 |
| ILIS | — | 8 CA8 | — | 8 CA8 |
| Total | 29 | 11 | 1 | 41 |

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 | 21 | 11 | 1 | 33 |
| after-school day care service | 9 | 8 | — | 17 |
| Total | 30 | 19 | 1 | 50 |

(As of March 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.

(1) Announcements of Results of Research Projects

| Date | Event | Summary |
|-----------|---|--|
| Feb. 2019 | The 38th Japanese Society for Social Psychiatry | In-house mental health training using super-simple type cognitive-behavioral therapy – Aiming to improvement of the sense of coherence of employee – |
| Sep. 2019 | Journal of skills and technologies | For people with mental disabilities to continue working long – Efforts for employment support to develop confidence and deepen self understanding – |
| Nov. 2019 | Journal of skills and technologies | Employment transition support for people with mental disabilities by private companies – Focus on development of organizations and training– |
| Dec. 2019 | "ARNOVA" The 48th annual conference | Comparative analysis about organizational behavior of Labor-integrated social enterprise in Japan – Case of Employment transition support business– * Announcement by Professor Keiko Yokoyama at the Kansai University and Associate professor Yuichi Goto at the Onomichi City University |

(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) Holding forums and seminars

- Sep. 2019 The Employment Promotion Seminar in Fukuoka-ken
- Nov. The Labor Forum 2019 in Fukuoka-ken
- Nov. The 4th Welbe Labor Forum in Tokyo

(4) Orders received from government agencies

- Aug.2019 "Work Support Station for the disabled(WSS)" received from The Chief Cabinet
 - Dec. "Workplace retention support for persons with disabilities" received from The Ministry of Internal Affairs and Communications
 - Dec. "Support for collaboration with welfare specialists" in employment support services for the needy received from Fuchu City
- We have received several other orders from central and local government agencies for advisory services related to recruitment and retention of people with disabilities.



■ 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.



ILIS CLUB
Our Mission Is Delivering Relief & Smile



ILIS PLAN
Our Mission Is Delivering Relief & Smile

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

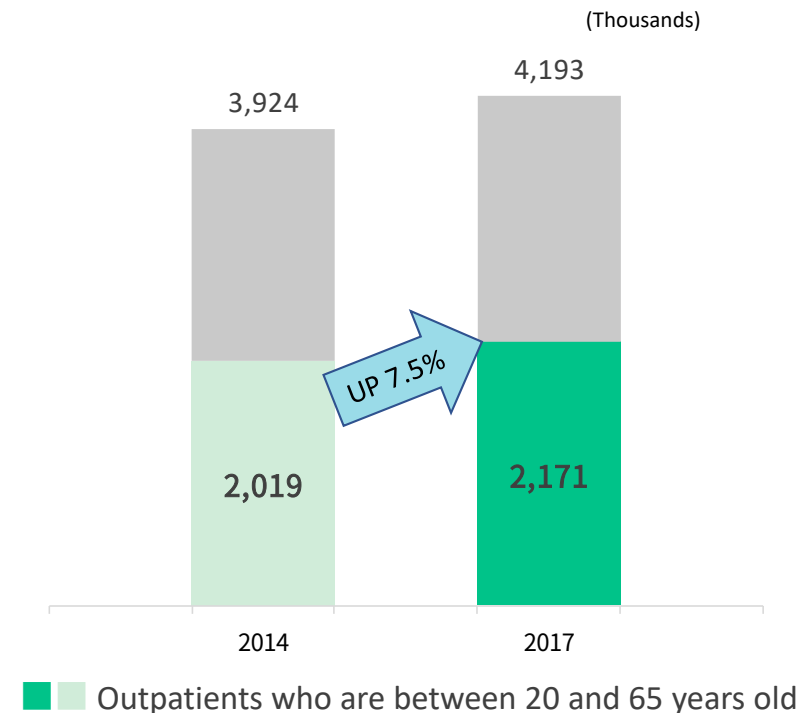
Population of People with Disabilities

■ 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.

| | Total | People living at home/ Outpatient | (Thousands) | |
|--|--------------|-----------------------------------|--------------------------------|---|
| | | | 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 | 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

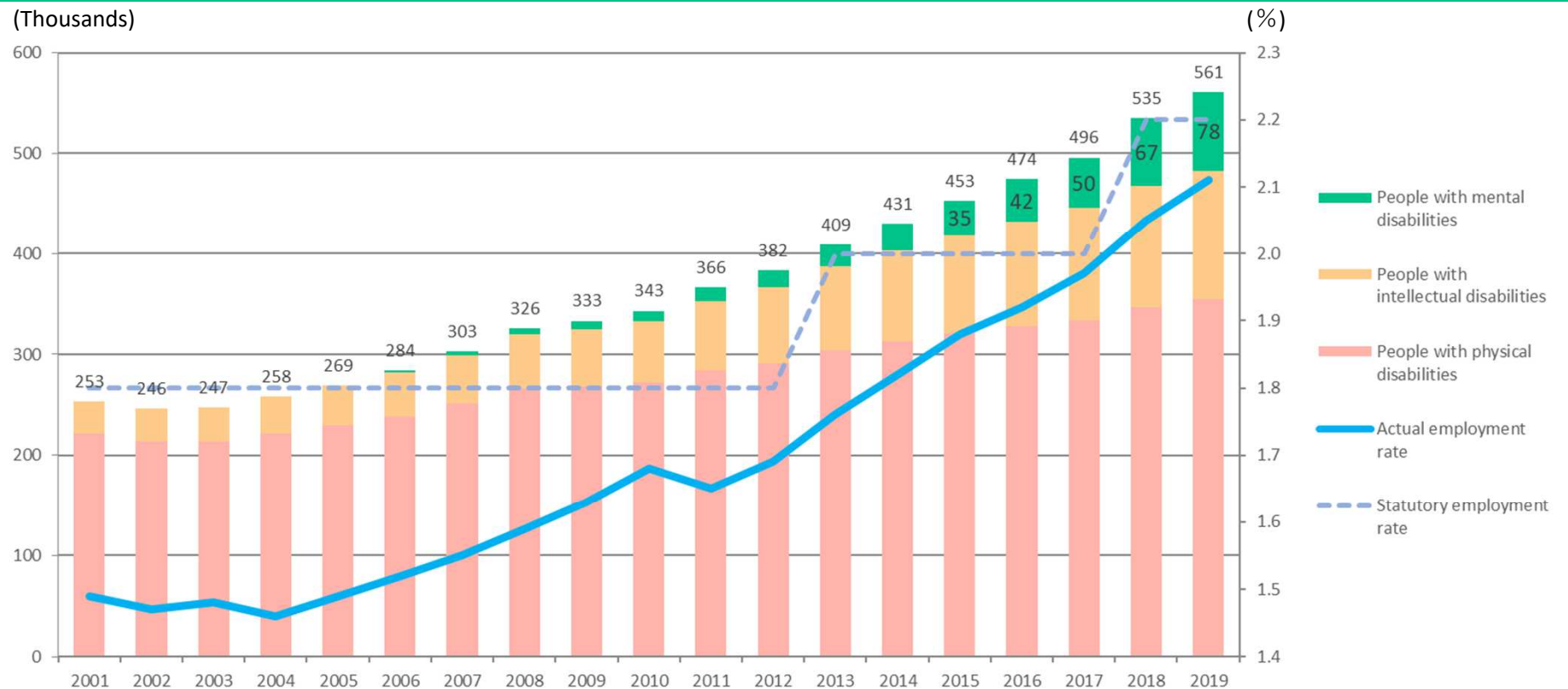


Source: Prepared by Welbe based on 2019 Disabled People White Paper (Cabinet Office) and Population Estimates (Statistics Bureau, Ministry of Internal Affairs and Communications)

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)



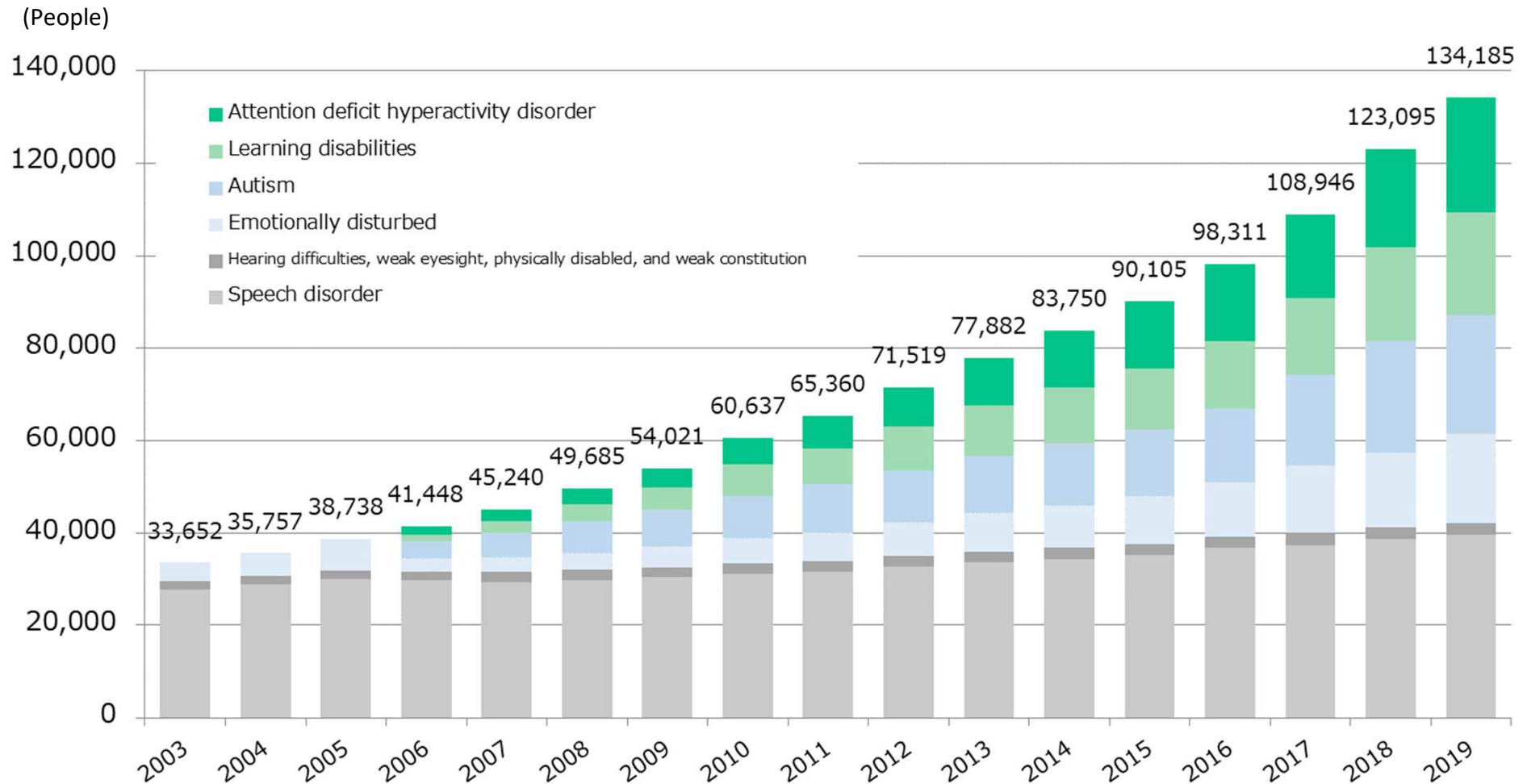
Source: Report on the "Status of Employment of Persons with disabilities" in 2019, Ministry of Health, Labour and Welfare

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)

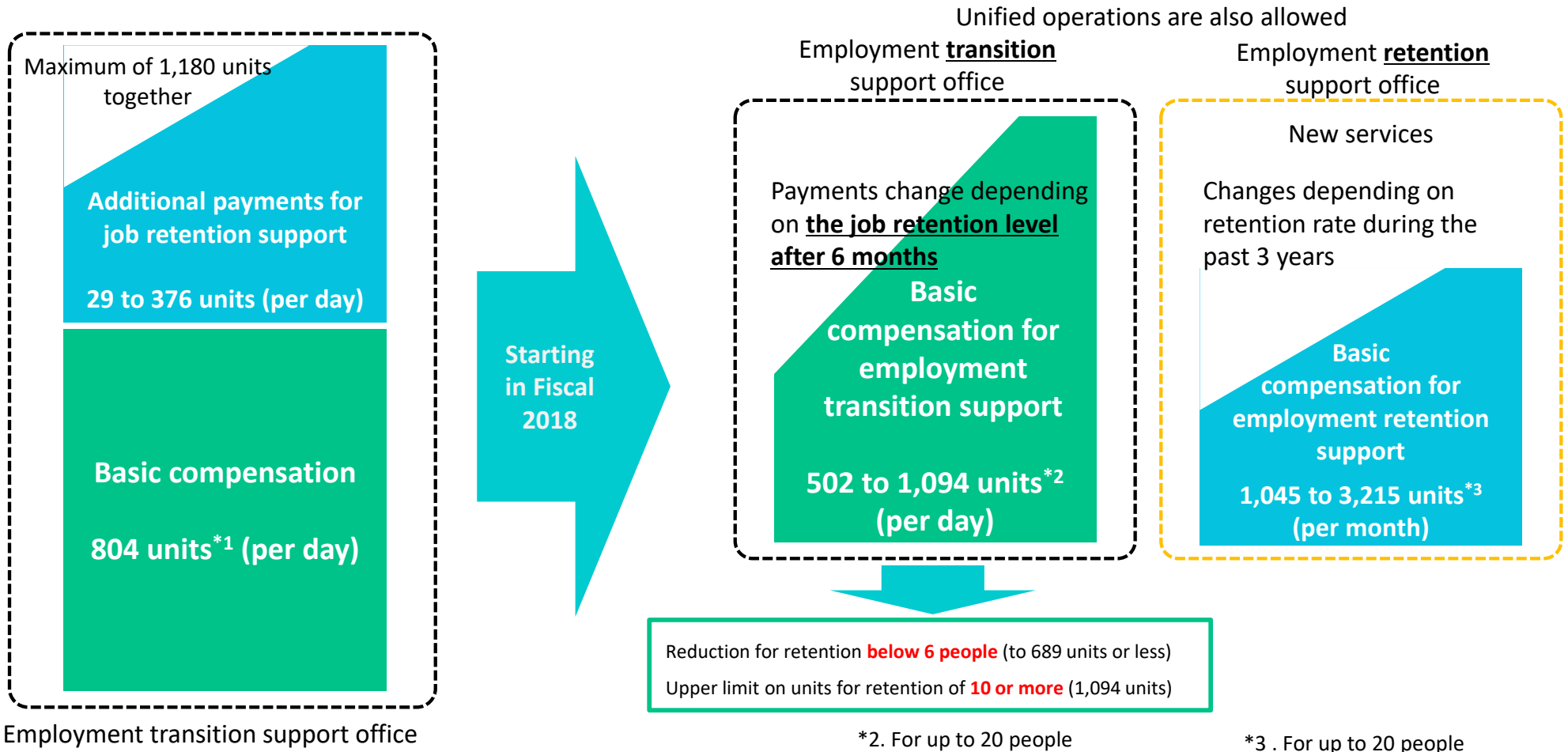
■ The steady increase in the number of children attending special classes to accommodate their disabilities.



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.



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

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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