



Results of Operations

for the First Quarter of the Fiscal Year
Ending March 2023
(1Q FY3/23)

Welbe, Inc.

Securities Code : 6556

- 01** — **Consolidated financial results for the first quarter of the fiscal year ending March 2023**
- 02** — **Revision of full-year consolidated earnings forecast for the fiscal year ending March 2023 and the mid-term management plan**
- 03** — **Sustainability of the Welbe Group**
- 04** — **Reference materials**

01

Consolidated financial results for the first quarter of the fiscal year ending March 2023



Summary of financial results

Sales increased due to steady performance of the disability welfare business, but profit decreased significantly due to posting of loss on valuation of inventories (cost of sales) in the healthcare business. As a result, the earnings forecast that was announced on May 13, 2022 was revised.

(Million yen)

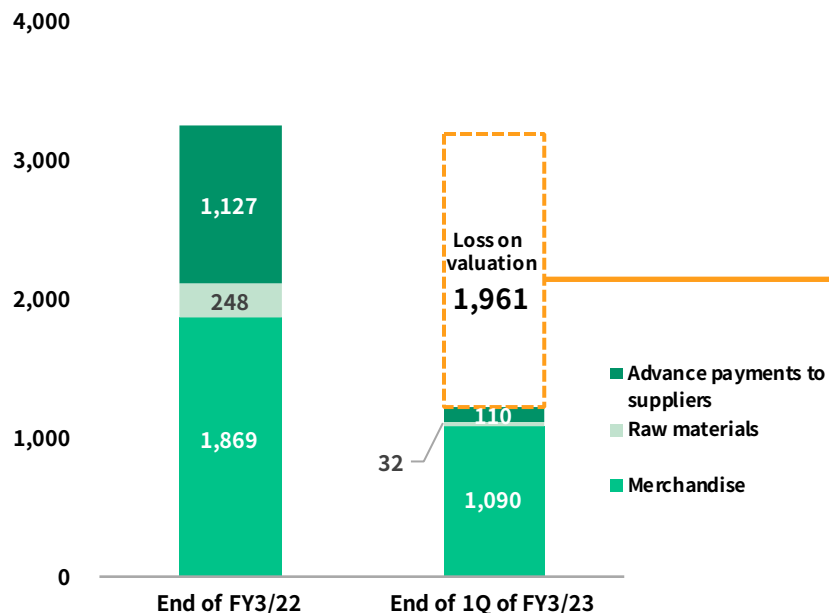
	1Q FY3/22		1Q FY3/23		YoY change	FY3/23	FY3/23	Progress
	Results	Ratio to net sales	Results	Ratio to net sales		Forecast (initial forecast)	Forecast (revised in Aug, 2022)	
Net sales	2,196	-	2,594	-	+398 (+18.1%)	11,486	11,167	23.2%
Operating profit	548	25.0%	-1,427	-55.0%	-1,976	2,529	495	-
Ordinary profit	581	26.5%	-1,410	-54.4%	-1,992	2,586	530	-
Profit attributable to owners of parent	395	18.0%	-1,584	-61.1%	-1,979	1,856	-171	-

Posting of loss on valuation of inventories (cost of sales)

Loss on valuation of inventories was posted as cost of sales in consideration of the balance between the inventory level and profitability of 5-ALA product, etc. in the healthcare business.

Balance sheet

(Million yen)



Merchandise	Ingredients and supplements
Raw materials	Raw materials of supplements which have yet to be delivered
Advance payments to suppliers	Cost of processing supplements which have yet to be delivered

Statement of income

1,961 million yen (loss on valuation of inventories) posted as cost of sales

	1Q FY3/22	1Q FY3/23		
	Results	Before the posting	Loss on valuation	After the posting
Healthcare business Operating profit	-	36	-1,961	-1,925

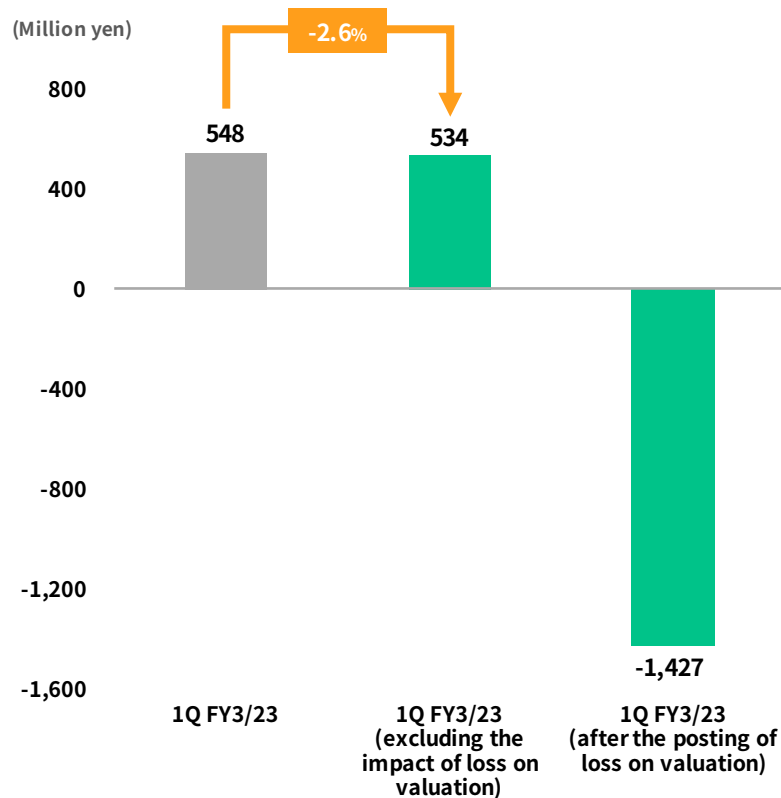
[Background]

Regarding 5-ALA products, etc. sold by our subsidiary, we had continued to increase the merchandise inventory, etc. because demand was expected to grow due to the spread of COVID-19. However, sales volume began to decline in April 2022, when the number of infections started to decrease. In response, we carefully reviewed the future sales plan based on actual sales since April 2022. As a result, we decided to do accounting by applying a method, with which the book values of merchandise, etc. that are not expected to be sold over the long term are reduced to the expected disposal price (0 yen).

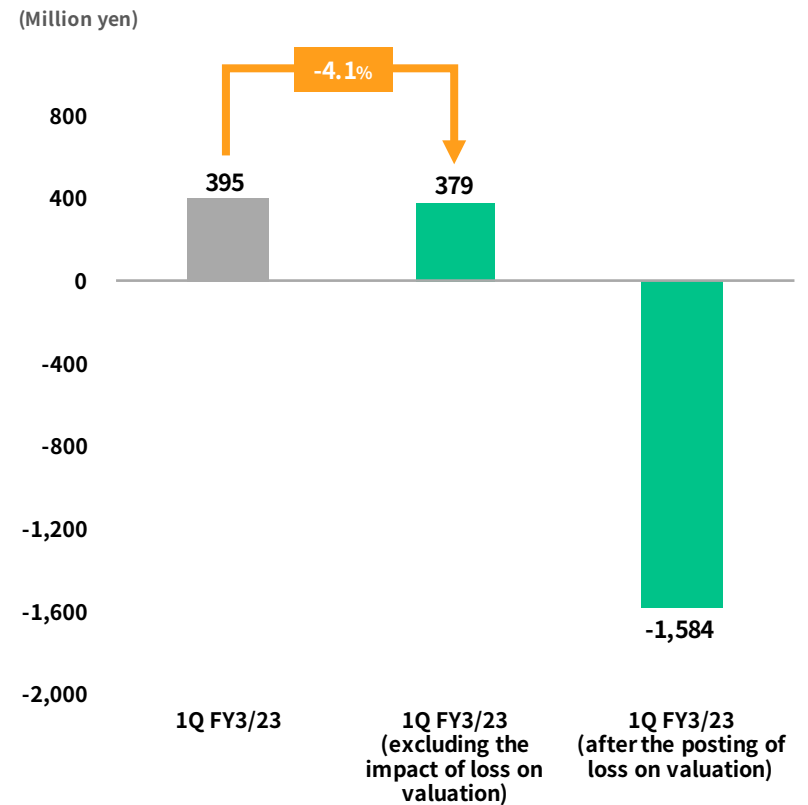
Impact of loss on valuation of inventories on profits

Each level of profit decreased only slightly if the impact of the loss on valuation of inventories is excluded. However, they decreased significantly due to posting of 1,961 million yen in loss on valuation of inventories.

Operating profit



Profit attributable to owners of parent



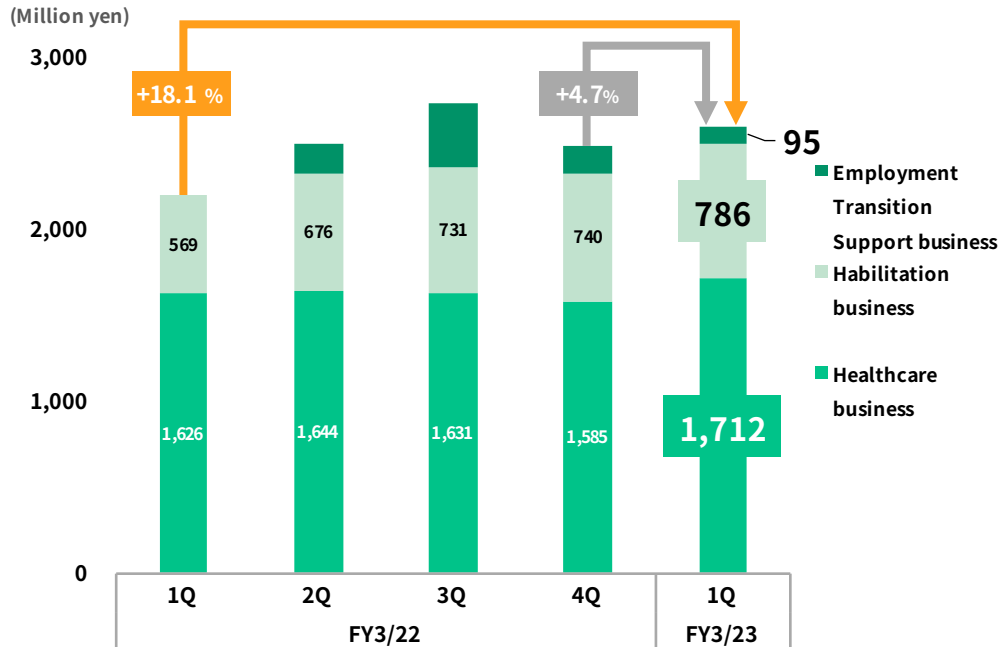
Quarterly comparisons

While net sales remained steady, operating profit decreased significantly because loss on valuation of inventories was posted as cost of sales in the healthcare business.

Net sales

(YoY) Increase in net sales attributed to an increase in the number of users and unit price in the disability welfare business and the launch of the healthcare business

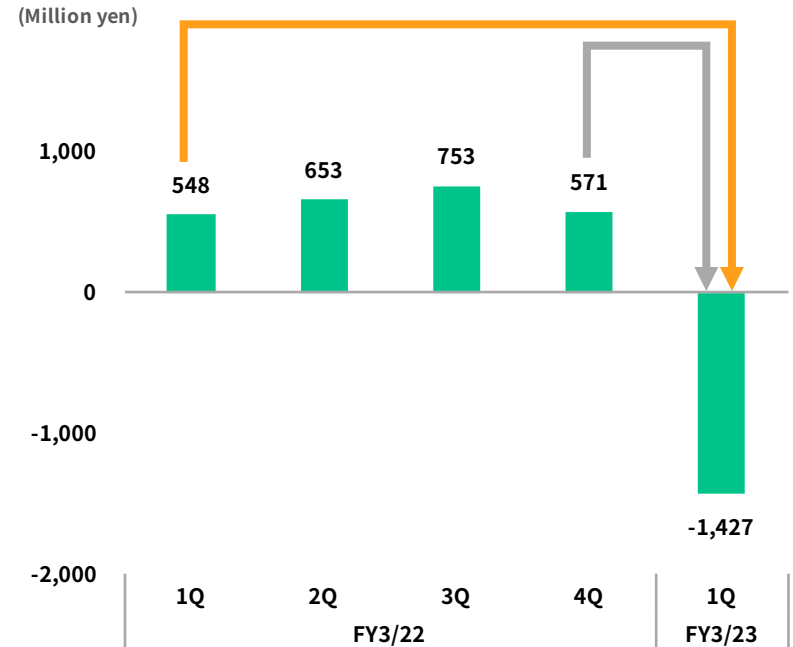
(QoQ) Net sales increased due to steady performance of the disability welfare business, offsetting a decline in BtoB sales in the healthcare business.



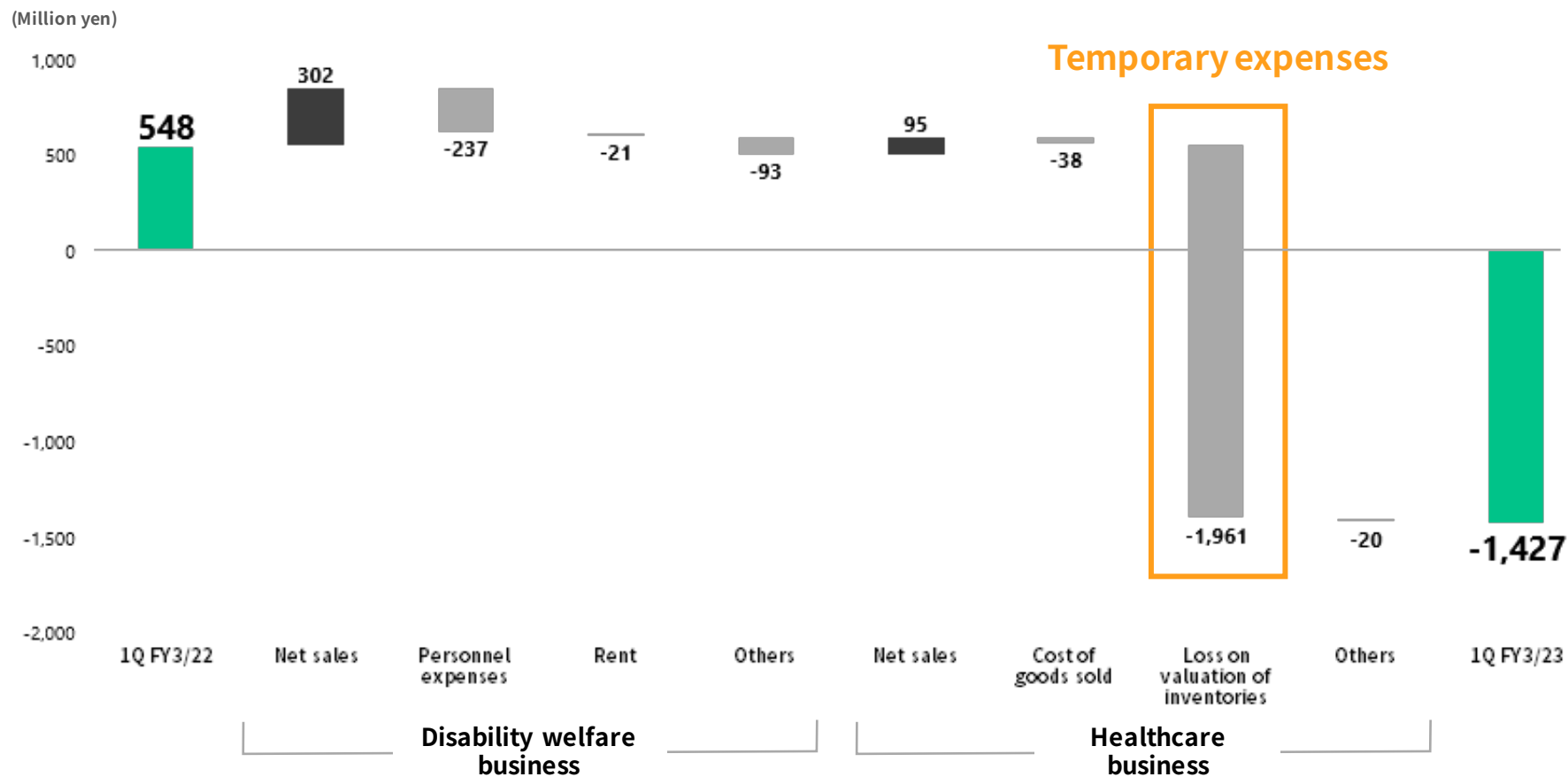
Operating profit

(YoY) Decreased significantly because loss on valuation of inventories was posted as cost of sales in the healthcare business

(QoQ)



Analysis of change in operating profit



*Each one of the above values in the analysis of change in operating profit is the sum of the cost of sales and selling, general and administrative expenses.

Summary of the disability welfare business

Net sales from both the employment transition support business and the habilitation business increased due to an increase in the number of users and the unit price.

Profit in the segment decreased slightly as forecast initially, due to an increase in personnel expenses and rent that resulted from the acceleration of facility openings.

(Million yen)

	1Q FY3/22	1Q FY3/23	YoY change	FY3/23	Progress
	Results	Results		Forecast*	
Net sales	2,196	2,498	+302 (+13.8%)	10,478	23.8%
Employment Transition Support Business	1,626	1,712	+85 (+5.3%)	7,337	23.3%
Habilitation Business	569	786	+217 (+38.2%)	3,140	25.0%
Segment profit	548	498	-50 (-9.1%)	2,114	23.6%
Segment profit ratio	25.0%	20.0%	-0.8%	20.2%	-

Number of bases

Employment transition support business: **97** bases
YTD: +8 / Initial opening plan: 11 bases

Habilitation business: **54** bases
YTD: +3 / Initial opening plan: 9 bases

Major factors for the changes

■ Employment Transition Support business

- Increase in the number of users at new bases
- Employee retention record exceeding that of the same period of the previous year
- Increase in unit price due to increase in basic remuneration from April 2022
- Increase in expenses attributed to the acceleration of facility openings (+11 facilities as of August 2022)

■ Habilitation business

- Increase in the number of users at new bases
- Unit price increased due to acquisition of new additions (additional pay of special support and additional pay of individual support).
- (Increase in the number of users of child development support services with high unit price increased at bases operated by ILIS Inc.)

*Earnings forecast for the disability welfare business remains unchanged from the forecast announced on May 13, 2022.

Summary of the healthcare business

Release of 5-ALA product in the 2Q of FY3/22.
 Profit decreased significantly due to posting of loss on valuation of inventories (cost of sales).
 See slide 21 for future outlook.

(Million yen)

	1Q FY3/23	FY3/23	
	Results	Forecast (Revised in Aug. 2022)	Progress
Net sales	95	689	13.9%
Segment profit	-1,925	-1,618	-

Major factors for the changes

- Sales of ingredients and supplements were slightly below the initial forecast that was announced on May 13, 2022.
- As a result of a careful review of the sales plan based on sales since April 2022, we posted 1,961 million yen as a loss on valuation of inventories (cost of sales), and profit decreased significantly.

What is 5-aminolevulinic acid (5-ALA)?

5-ALA is a natural amino acid as the source of energy production in animals and photosynthesis in plants. Fukuroi Factory of Neopharma Japan has its unique fermentation method. It is the only facility in the world that is capable of mass-producing 5-ALA. In addition, 5-ALA produced with this unique fermentation method is the only 5-ALA that is approved as a food material in Japan.



■ 5-ALA ingredient



■ Fukuroi Factory of Neopharma Japan Co., Ltd. (Shizuoka)

*For details, see "Effects and mechanisms of 5-ALA" on page 16.

There have been no additional investments or loans related to the healthcare business since April 2022. The amounts for merchandise, raw materials, and advance payments to suppliers decreased significantly because loss on valuation of inventories was posted as cost of sales.

(Million yen)

	End of FY3/22	End of 1Q of FY3/23	YTD
Current assets	9,658	7,241	-2,416
Cash and deposits	2,845	2,244	-600
Merchandise	1,869	1,090	-779
Raw materials and supplies	248	32	-216
Advance payments to suppliers	1,127	110	-1,016
Loans receivable	1,700	1,700	-
Non-current assets	1,585	1,668	+82
Total assets	11,244	8,909	-2,334
Current liabilities	1,493	1,112	-381
Non-current liabilities	3,751	3,626	-125
Total liabilities	5,245	4,738	-507
Loans and bonds	4,374	4,249	-125
Total net assets	5,998	4,171	-1,827
Equity ratio	53.3%	46.8%	-6.5pt

Major factors for the changes

- **Merchandise (-779)**
 - Loss on valuation of 5-ALA product was posted.
- **Advance payments (-1,016)**
 - Loss on evaluation was posted regarding contract manufacturing costs of merchandises (supplements) for NPJ.
- **Loans receivable**
 - Loan to Neopharma Japan: Land and buildings at Fukuroi Plant mortgaged
- **Equity ratio (-6.5pt)**
 - A decrease attributed to posting of loss on valuation of inventories

-1,961 was reflected as cost of sales in profit/loss statement

Quarterly comparisons (overall profits and losses)

(Million yen)

	FY3/22					FY3/23					Year-on-year change	Quarter-on-quarter change
	1 Q	2 Q	3 Q	4 Q	Cumulative	1 Q	2 Q	3 Q	4 Q	Cumulative	(1Q vs 1Q)	(4Q vs 1Q)
											Change	Change
Netsales	2,196	2,492	2,726	2,479	9,894	2,594				2,594	+398	+115
Employment Transition Support business	1,626	1,644	1,631	1,585	6,486	1,711				1,711	+85	+126
Compensation for employment transition support included in the above	1,523	1,547	1,525	1,483	6,080	1,600				1,600	+77	+116
Compensation for retention support included in the above	87	84	91	87	351	95				95	+8	+8
Habilitation business	569	676	731	740	2,717	786				786	+216	+46
Healthcare business	-	172	364	154	690	95				95	+95	-59
Cost of sales	1,358	1,519	1,651	1,545	6,074	3,645				3,645	+2,287	+2,099
Gross profit	838	973	1,075	933	3,820	-1,050				-1,050	-1,889	-1,984
Selling, general and administrative expenses	289	319	322	362	1,293	376				376	+87	+14
Operating profit	548	653	753	571	2,527	-1,427				-1,427	-1,976	-1,998
Ordinary profit	581	663	788	625	2,659	-1,410				-1,410	-1,992	-2,036
Profit before income taxes	581	663	768	492	2,506	-1,401				-1,401	-1,982	-1,893
Profit	395	471	521	440	1,828	-1,584				-1,584	-1,979	-2,024

Quarterly comparisons: Cost of sales

(Million yen)

	FY3/22						FY3/23						Year-on-year change (1Q vs 1Q)	Quarter-on-quarter change (4Q vs 1Q)
	1 Q	2 Q	3 Q	4 Q	Cumulative	Ratio to total cost of sales	1 Q	2 Q	3 Q	4 Q	Cumulative	Ratio to total cost of sales		
Netsales	2,196	2,492	2,726	2,479	9,894		2,594				2,594		+398	+115
Total cost of sales	1,358	1,519	1,651	1,545	6,074	100.0%	3,645				3,645	100.0%	+2,287	+2,099
Personnel expenses	989	1,063	1,073	1,109	4,235	69.7%	1,203				1,203	33.0%	+214	+94
Rent	144	146	149	153	594	9.8%	166				166	4.6%	+21	+12
Supplies expenses	68	54	60	65	248	4.1%	72				72	2.0%	+3	+7
Transportation expenses	43	45	48	47	184	3.0%	56				56	1.5%	+13	+8
Depreciation	31	35	38	50	156	2.6%	36				36	1.0%	+4	-14
Cost of goods sold	-	97	207	22	327	5.4%	2,000				2,000	54.9%	+2,000	+1,977
Others	81	75	72	97	327	5.4%	110				110	3.0%	+29	+13
Cost of sales margin	61.8%	60.9%	60.6%	62.4%	61.4%		140.5%				140.5%		+78.7%	+78.2%
Gross profit	838	973	1,075	930	3,820		-1,050				-1,050		-1,889	-1,984

Quarterly comparisons: Selling, general and administrative expenses (SG&A expenses)

(Million yen)

	FY3/22						FY3/23						Year-on-year change (1Q vs 1Q)	Quarter-on-quarter change (4Q vs 1Q)
	1 Q	2 Q	3 Q	4 Q	Cumulative	Ratio to the total SG&A expenses	1 Q	2 Q	3 Q	4 Q	Cumulative	Ratio to the total SG&A expenses		
Net sales	2,196	2,492	2,726	2,479	9,894		2,594				2,594		+398	+115
Gross profit	838	973	1,075	930	3,817		-1,050				-1,050		-1,889	-1,984
Total selling, general and administrative expenses	289	319	322	362	1,293	100.0%	376				376	100.0%	+87	+14
Personnel expenses	119	121	125	131	497	38.8%	143				143	38.2%	+24	+12
Taxes and dues	60	67	64	65	258	20.0%	75				75	20.0%	+14	+9
Advertising expenses	37	40	39	57	174	13.5%	58				58	15.6%	+20	+1
Commission expenses	29	41	33	39	143	11.1%	35				35	9.6%	+6	-3
Rent	16	17	17	17	68	5.3%	18				18	4.8%	+1	+0
Others	25	31	37	37	139	10.8%	42				42	11.3%	+17	-3
SG&A expense ratio	13.2%	12.8%	11.8%	14.6%	13.1%		14.5%				14.5%		+1.3%	-0.1%
Operating profit	548	653	753	571	2,527		-1,427				-1,427		-1,976	-1,998
Operating profit margin	25.0%	26.2%	27.6%	23.0%	25.5%		-55.0%				-55.0%		-80.0%	-78.0%

02

Revision of full-year consolidated earnings forecast for the fiscal year ending March 2023 and the mid-term management plan



Revision of full-year consolidated earnings forecast and the mid-term management plan

Net sales from both the employment transition support business and the habilitation business increased due to an increase in the number of users and the unit price. Profit in the segment decreased slightly as forecast initially, due to an increase in personnel expenses and rent that resulted from the acceleration of facility openings.

(Million yen)

	FY3/22	FY3/23	FY3/24	FY3/25
	Results	Forecast*	Plan*	Plan*
Net sales (YoY)	9,894	11,167 (+1,272, +13%)	12,430 (+1,262, +11%)	13,852 (+1,422, +11%)
Operating profit (YoY)	2,527	495 (-2,031, -80%)	2,723 (+2,228, +450%)	3,183 (+459, +17%)
Ordinary profit (YoY)	2,659	530 (-2,128, -80%)	2,705 (+2,174, +410%)	3,165 (+459, +17%)
Profit attributable to owners of parent (YoY)	1,828	-171 (-1,999, -)	1,954 (+2,125, -)	2,293 (+338, +17%)

*The figures were corrected on August 12, 2022.

Disability welfare business: Full-year earnings forecast and medium-term management plan

The forecast figures announced on May 13, 2022 have remained unchanged.

- In the year ending March 2023, profit is expected to decrease, focusing on earlier facility opening, an increase in opening facilities, and structural enhancement, though net sales are expected to increase with a steady increase in the number of users. We will build an organization, aiming to accelerate our business.
- Medium-term management plan: We will accelerate increase in the number of facilities. Getting back onto a growth path while responding to the increased costs for enhancing a strong organizational foundation that supports active facility opening and multi-facility operation.

(Million yen)

		FY3/22	FY3/23	FY3/24	FY3/25
		Results	Forecast	Plan	Plan
Net sales (YoY change)		9,203	10,478 (+1,275,+14%)	11,836 (+1,358,+13%)	13,258 (+1,422,+12%)
Employment Transition Support Business		6,486	7,337 (+851,+13%)	8,224 (+887,+12%)	8,989 (+764,+9%)
Habilitation Business		2,717	3,140 (+423,+16%)	3,611 (+470,+15%)	4,269 (+657,+18%)
Segment profit (YoY change)		2,212	2,114 (-98, -4%)	2,312 (+198,+9%)	2,772 (+460,+20%)
Facility openings (plan)	Employment Transition Support Business	9	11	13	15
	Habilitation Business	5	9	10	10

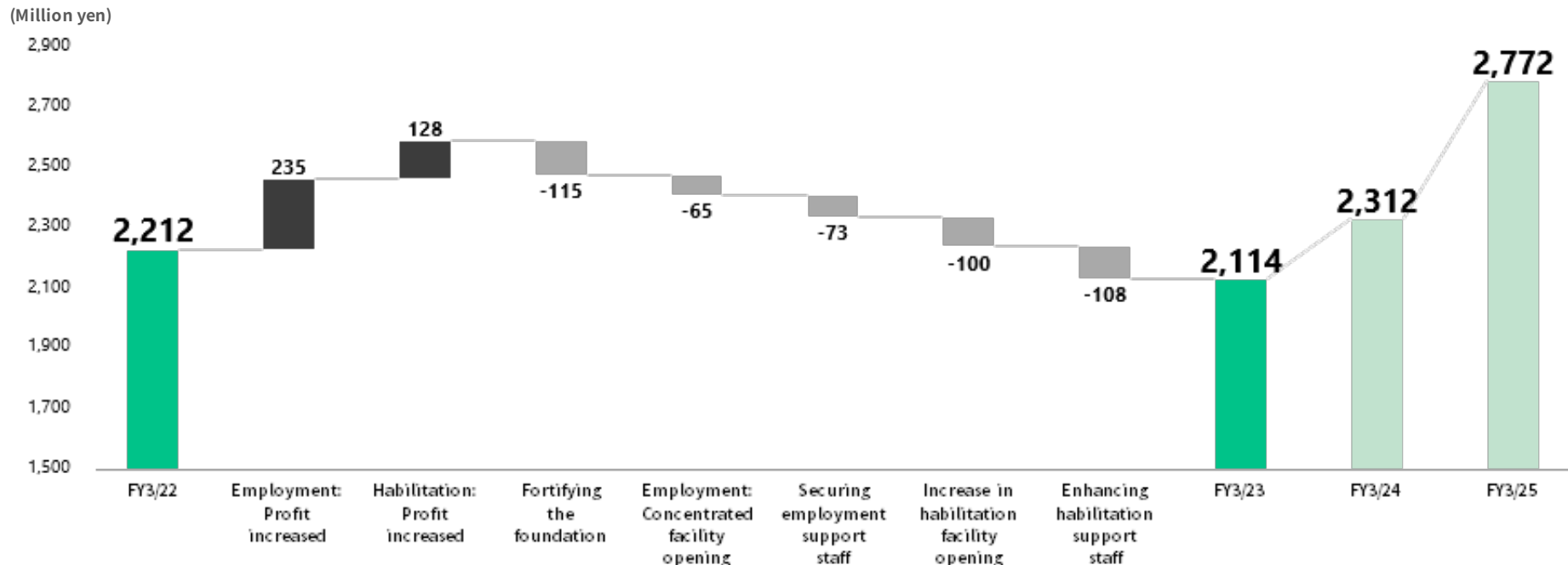
*The decrease of 8 million yen in "Matters regarding segment difference adjustment" described in the Summary of Financial Results (segment information, etc.) is included in Segment profit in the disability welfare business for the sake of simplicity.

Disability welfare business: Full-year earnings forecast and medium-term management plan - Analysis of change in profit -

The forecast figures announced on May 13, 2022 have remained unchanged.

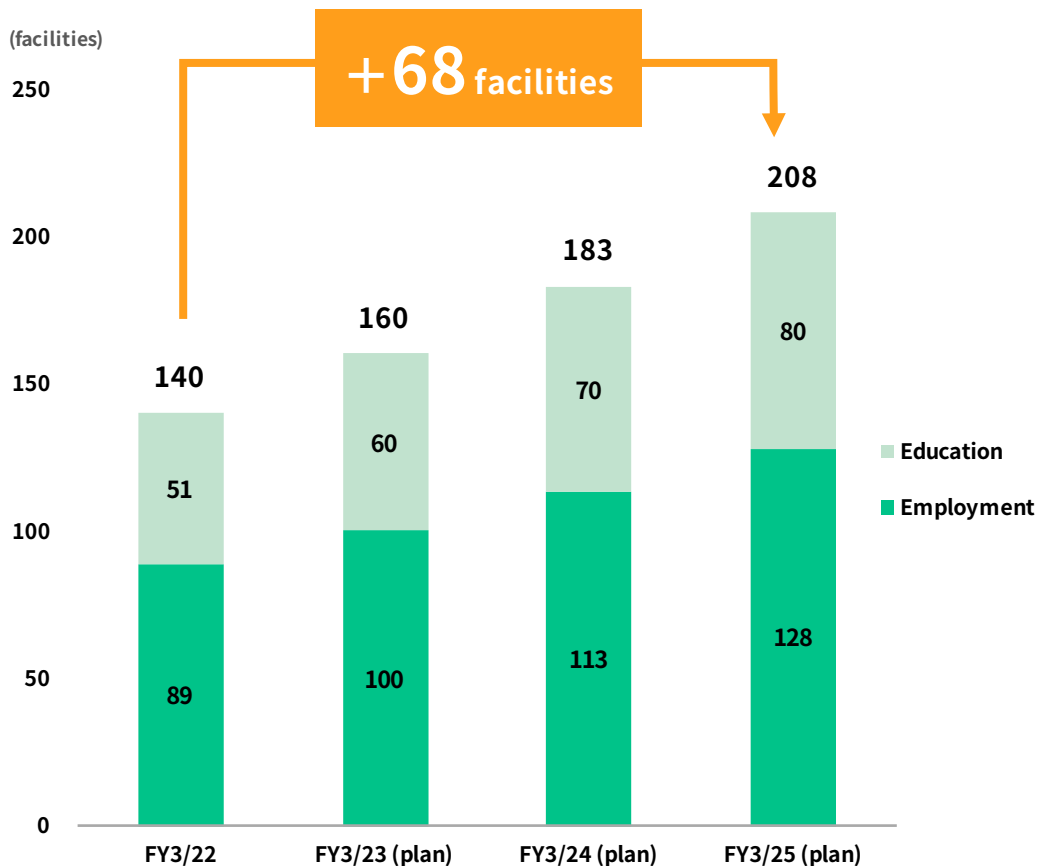
Aggressively invest to accelerate facility openings.

- Headquarters: Costs for enhancing the organizational foundation (personnel expenses at headquarters, increase in the number of management staff at business division, increase in space at headquarters, etc.)
-115 million yen
- Employment: Impact of concentrated facility opening in the first half -65 million yen, Securing support staff for opening facilities in the next fiscal year -73 million yen
- Habilitation: Impact of increase in the number of opened facilities -100 million yen, Enhancement of support staff along with increase in the number of users -108 million yen



Disability welfare business: Business strategy - facility development -

The forecast figures announced on May 13, 2022 have remained unchanged. Over 20 facilities are scheduled to be opened per fiscal year during the period of the medium-term management plan. Building a strong organizational foundation that supports active facility opening and multi-facility operation. While assuming organic facility opening, we will actively consider M&A with the companies running the same business.



Measures

Enhancement of headquarters features

To accelerate facility opening, increase the number of personnel, mainly recruiting staff and personnel in charge of facility development. Along with the expansion of the headquarters organization, rent a new office near the headquarters.

Various marketing

Judge to post TV CM while checking the cost efficiency. Also prepare to post short videos (such as Tiktok) as a new medium.

Introduction of office management system per region (employment transition support business unit)

Promote the management system for each region by separating Japan into five regions (East Japan, Kanto, Chubu, Keihanshin, and West Japan). Clarify responsibilities and privileges and accelerate decision making.

Securing support staff before opening a facility

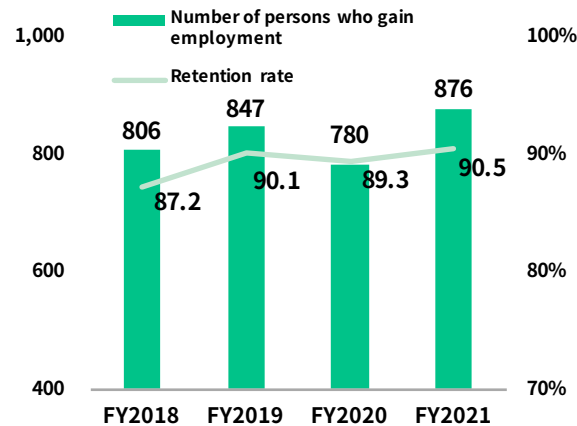
Secure support staff earlier than when a facility is opened. Start sales to related organizations before the facility is opened, aiming for early acquisition of users.

Disability welfare business: Business strategy - Service maintenance and improvement, program development that meets prevailing needs -

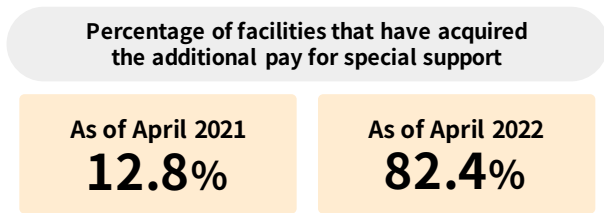
The forecast figures announced on May 13, 2022 have remained unchanged.
 Service maintenance and improvement lead to high unit prices. Work to achieve high-level KPIs.
 Develop programs that meet prevailing needs. Strive to be an attractive office, which is selected by users.

KPI, which support improvement of unit prices

■ Employment Transition Support Business



■ Habilitation Business



Medium-term management plan target

Number of persons who gain employment for a year:
Over 1,000 persons

Retention rate
90% or higher

Average during the period of the medium-term management plan
95% or higher

Measures

Employment Transition Support Business

- Improving the number of persons who gain employment and maintaining the retention rate
 The basic compensation changes depending on the employment retention rate. The KPIs for acquiring high compensations are the number of persons who gain employment and the retention rate after employment. Aim for more than 1,000 persons gaining employment for a year and a retention rate exceeding 90% in the medium-term management plan.
- Enhancing the IT learning program
 Introduce WIT (Welbe IT Training) to meet diversified work-styles such as remote work and the increasing needs of companies seeking workers who have IT skills.

Measures

Habilitation Business

- Striving to acquire specialists
 The requirements for specialist assignment became higher with each remuneration revision that takes place every three years. The assignment of specialists such as physical therapists is required to obtain the additional pay following the remuneration revision in April 2021. The medium-term management plan specifies the effort to secure specialists. Promote the nursery teacher qualification acquisition system and enhance the employment of new graduate specialists. Aim to acquire the qualification at almost all offices.
- Enhancing the habilitation programs
 Be unique with growth habilitation programs while many are day-care type offices. Also use Springin', the programming app, developed by a company that has a capital alliance with us, as educational material.

Healthcare business: Revision of full-year earnings forecast and mid-term management plan

Profits for the fiscal year ending March 2023 are forecast to decrease significantly due to the posting of loss on valuation of inventories. The full-year earnings forecast and the mid-term management plan were revised.

Future sales policies were also revised, with the goal of steadily achieving targets that are set conservatively.

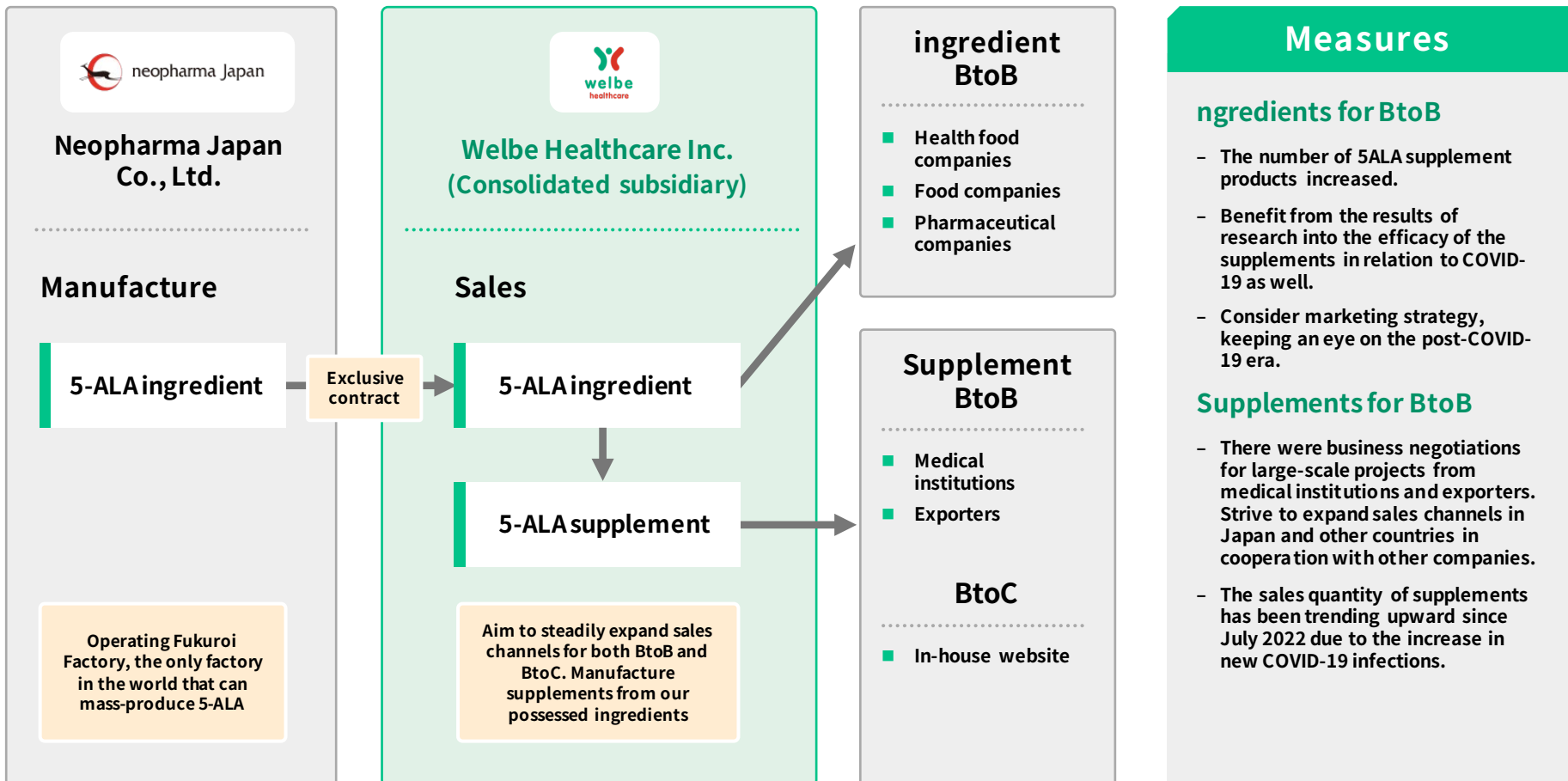
(Million yen)

	FY3/22	FY3/23	FY3/24	FY3/25
	Results	Forecast	Plan	Plan
Net sales (YoY change)	690	689 (-1,-0%)	594 (-95,-14%)	594 (+0,+0%)
Segment profit (YoY change)	314	-1,618 (-1,933,-)	411 (+2,030,-)	411 (+0,+0%)

Initiatives for future

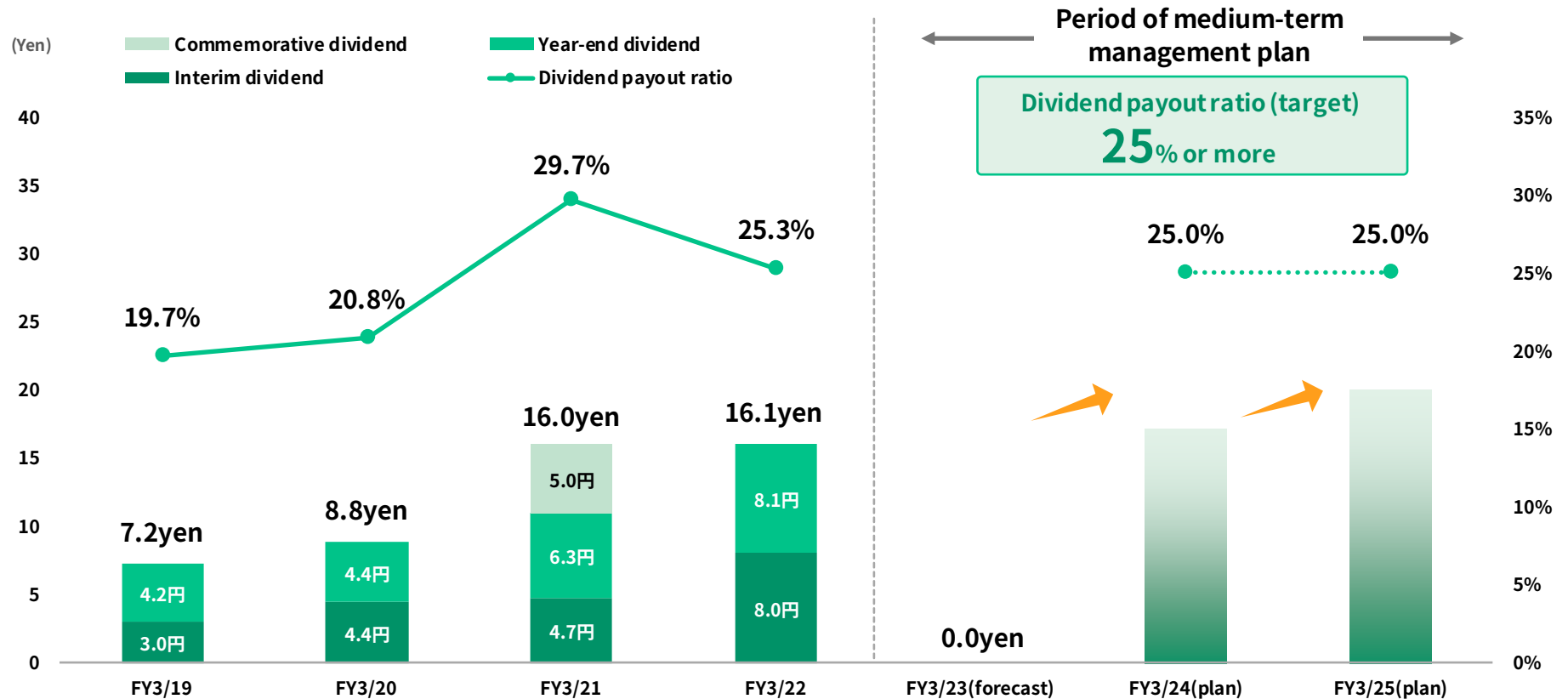
- Strengthen sales of ingredients and supplements, with a focus on BtoB.
- Be proactive in selling products, including products for which a loss on valuation was posted in accounting, to recover the loss.
- It will be easier to generate profits as a structure due to the posting of loss on valuation.
- Implement measures to steadily achieve conservative targets instead of spending a large amount of money on advertising, promotion, etc.
- Take measures to increase the visibility of 5-ALA as well.

Sell 5-ALA ingredient produced by Neopharma Japan Co., Ltd. (NPJ) as its exclusive agency in Japan. The market is expanding. Aim for the steady expansion of sales channels with a focus on BtoB.



Financial policy: Review of shareholder returns

- FY3/23 forecast: Dividends will not be paid because a loss is expected to be posted reflecting the revision to the full-year consolidated earnings forecast.
- Mid-term management plan: The plan is to pay dividends at a payout ratio of 25% or higher from FY3/24 onward because the Company expects to post a profit.



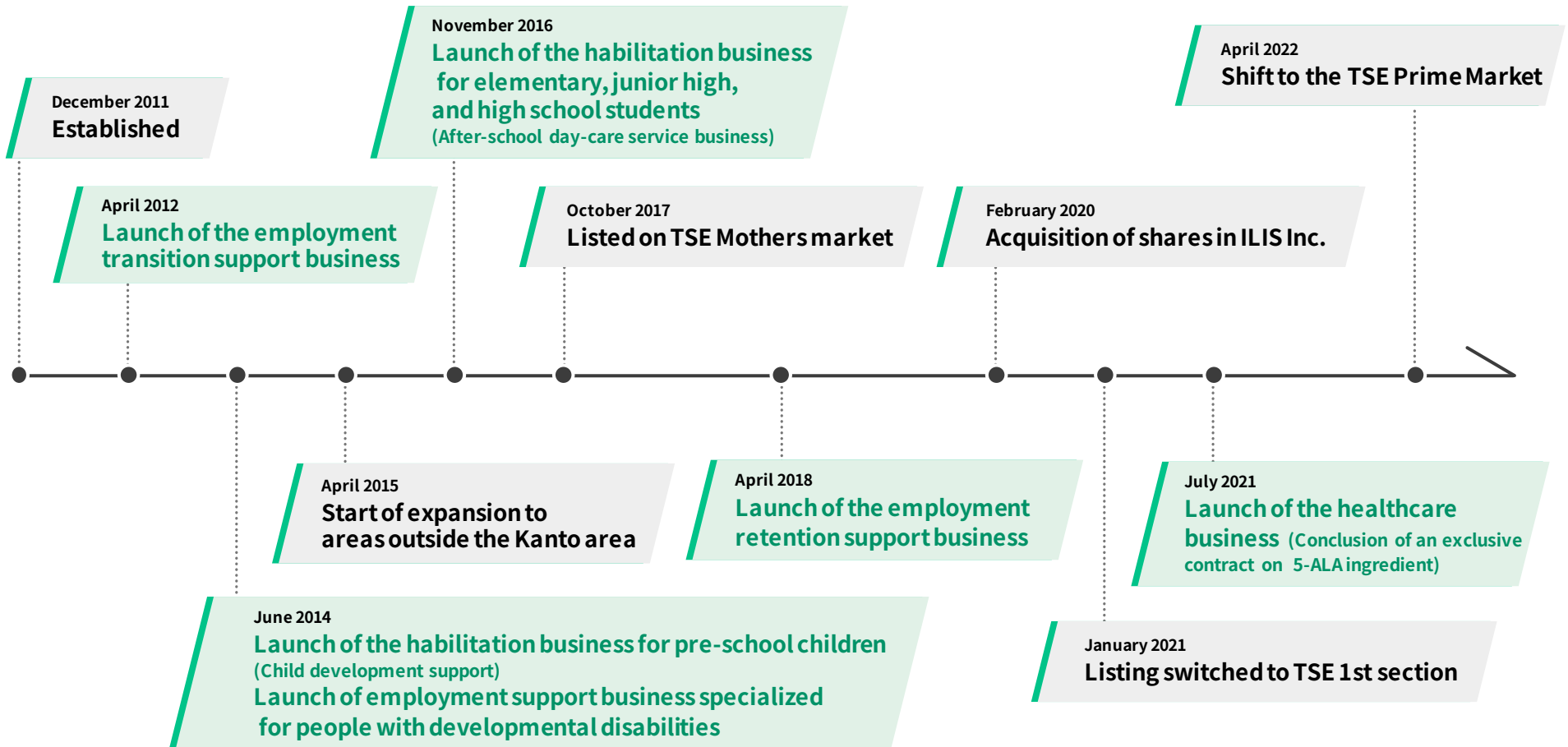
03

Sustainability of the Welbe Group



Our history

For ten years since our establishment, we have been operating the disability welfare business and the healthcare business under the Welbe Corporate Philosophy, which says, "Dedicated to the pursuit of self-fulfillment and happiness for all employees and the creation of a society where everyone can have big dreams."



At the Welbe Group, we believe that retention and development of human resources is directly connected to sustainable development of a business. We make recruited human resources industry-ready and realize their retention by creating detailed, practical business manuals and enhancing educational and training programs.



Initiatives to improve business manuals, which we have continued to take since our establishment

- Monthly updates
- Establishment of the Manual Review Committee
 - Responding to administrative directions and legislative amendments
- Giving a mini test to people working on site (once a year)

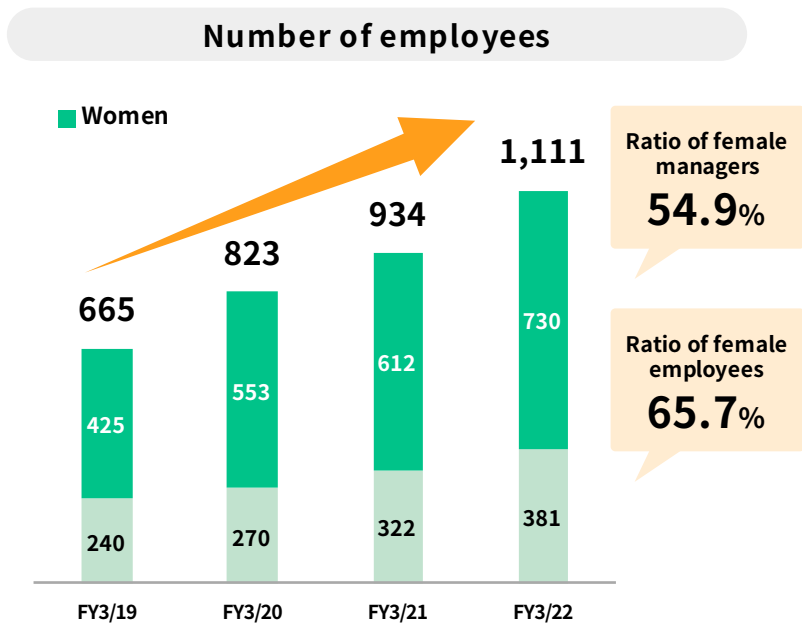
Developing human resources with a wealth of educational and training programs

- A large number of training programs that are specific to job classes (from new employees to managers)
- A wide range of content, including support, sales, and characteristics of disabilities
- The programs are updated as needed in the training project.

The ES Committee builds a comfortable workplace environment.

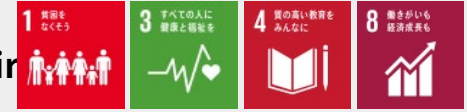
- The committee meets every week.
- Participants are responsible persons from sites and headquarters.
- The committee promotes improvement of on-site operations.

The number of employees has been increasing thanks to our strong capability in recruiting human resources and stable retention. We have built an environment that encourages women to play an active role.



Initiatives to help achieve SDGs: Contributing to society through business activities

With the disability welfare business, we promote creation of employment opportunities for people with disabilities, their employment retention, and their social independence, thus contributing to sustainable development of society including revitalization of local communities. Growth of the business itself is social contribution.



Track record of our contributions to employment and independence of people with disabilities * As of March 31, 2022

- **Employment Transition Support Business**
 - Number of contractors for our employment transition support service: 2,192
 - Employment record for the last one year: 876 people
 - Six-month retention rate for the last one year: 90.5%
 - Employment record since establishment: 5,032 people
- **Habilitation Business**
 - Number of contractors for our habilitation services: 2,963

Employment of people with disabilities at Welbe * As of March 31, 2022

We employ people with disabilities at our business support center. We delegate clerical jobs, which are generated internally, to this center, so as to secure stable workplace environment.

Percentage of employees with disabilities:
3.1%*



■ Kinshicho center

We understand that prompt decision-making, appropriate business execution, and improvement of soundness and transparency of management are important for sustainable growth of the Welbe Group. We therefore focus our efforts on enhancement of corporate governance.

Directors and executive officers



President
Makoto Ota



Director
Senior Executive
Vice President
Takao Senga



Director
**Hideyuki
Nakazato**



Director
Koichi Itou



Director
Takuo Touma



External Director
Independent officer
**Shigenobu
Kanba**



Director
Full-time Audit
and Supervisory
Committee member
Eri Watanabe



External Director
Audit and Supervisory
Committee member
/ Independent officer
Yasutoshi Kita



External Director
Audit and Supervisory
Committee member
/ Independent officer
Masafumi Sato



External Director
Audit and Supervisory
Committee member
/ Independent officer
Yumiko Noguchi

- Number of external directors: 4 / Ratio of external directors: 40%
- Number of female officers: 2

Other constituents of governance structure

- **Compensation Committee**
Outside independent officers make up the majority and make disciplined decisions on director compensation.
- **Risk Compliance Committee**
This committee meets every three months to ensure the appropriate management of various risks surrounding our businesses.
- **Abuse Prevention Committee**
This committee meets every month, in principle, to ensure the safety of users and protection of their human rights.
- **Disaster Countermeasures Committee**
This committee meets every three months, in principle, for the purpose of reducing damage from and taking prompt actions against natural disasters, the spread of COVID-19, and other events.
- **Whistleblowing and hotline systems**
We have set up an office for accepting reports on acts that violate or may violate work rules and laws. We also have a hotline system for receiving opinions and requests from employees.

04

Reference materials



Disability welfare business

■ Employment Transition Support Business:

Provision of job training, job hunting support, and employment retention support for people with disabilities who want to work

Welbe, Inc.

- 97 bases for employment transition support business
- 73 bases for employment retention support business
- 3 bases for specific consultation support
- 1 self-reliance training (lifestyle training) center
- 3 employment support centers for people with developmental disabilities operated on consignment from Saitama Prefecture
- In addition to the above, we provide services in response to orders received from government agencies.



■ Interior view of a base for the employment transition support business

■ Habilitation Business

- 48 child development support classrooms (habii)
- 25 after-school day care service classrooms (habii plus)
- 4 multifunctional offices (ILIS CLUB)
- 3 specific consultation support offices
- Online classroom for general early childhood education and learning

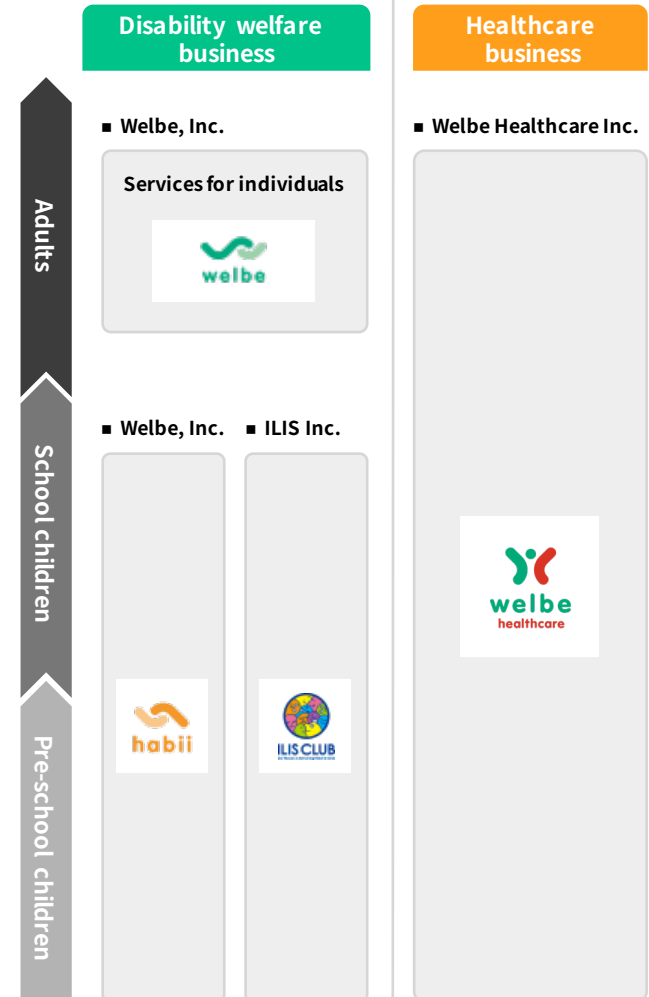


■ Interior view of the classroom of habii

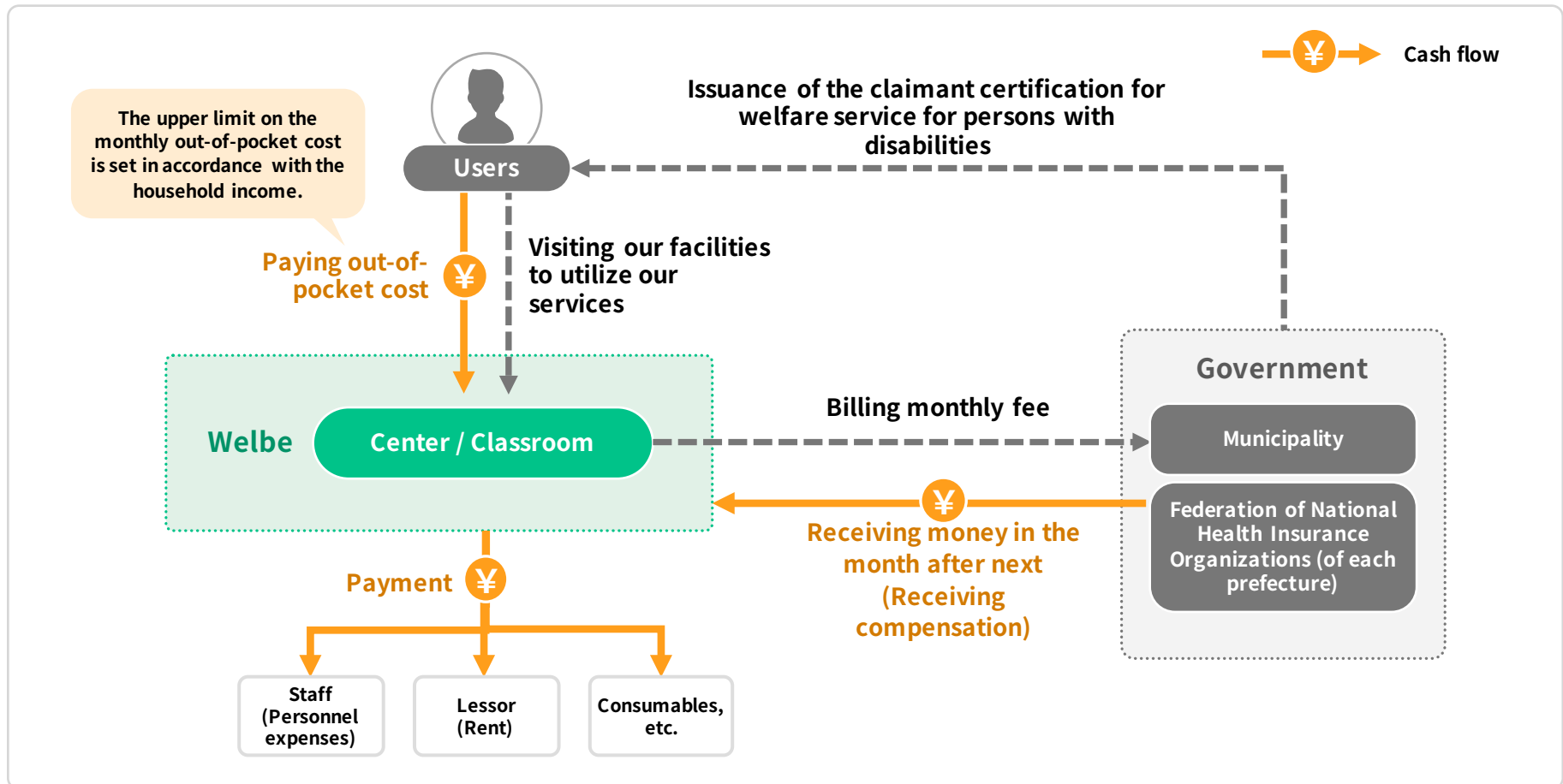
Healthcare business

Welbe Healthcare Inc.*

- 5-ALA product sales



A business model in which we receive compensation from the government and users based on the number of days when they used our services



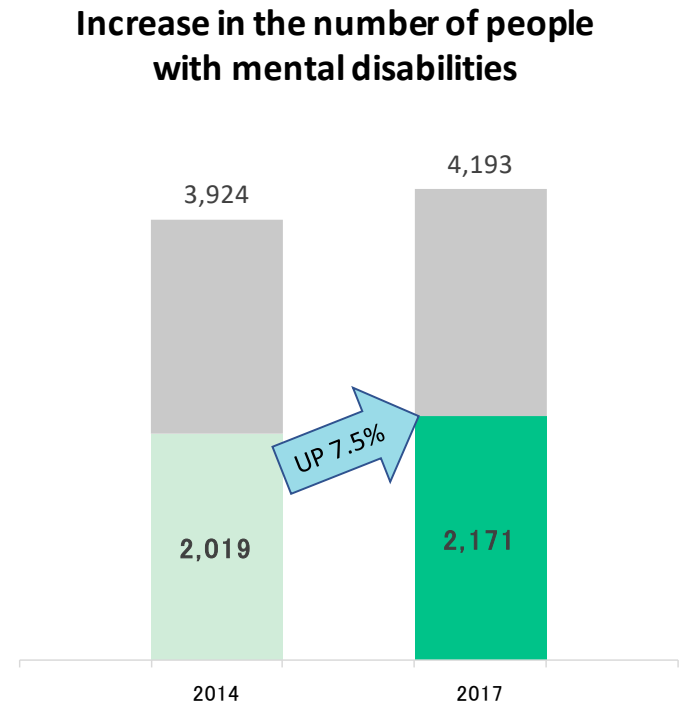
Population of People with Disabilities

- 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	People in institutions People with physical and mental disabilities at rehabilitation facilities and hospitals	
			Age 18 to 65*	
Children/adults with physical disabilities	4,360	4,287	1,013	73
Children/adults with intellectual disabilities	1,094	962	580	120
People with mental disabilities	4,193	3,891	2,171 (age 20 to 65)	302
Total	9,647	9,140	3,764	507

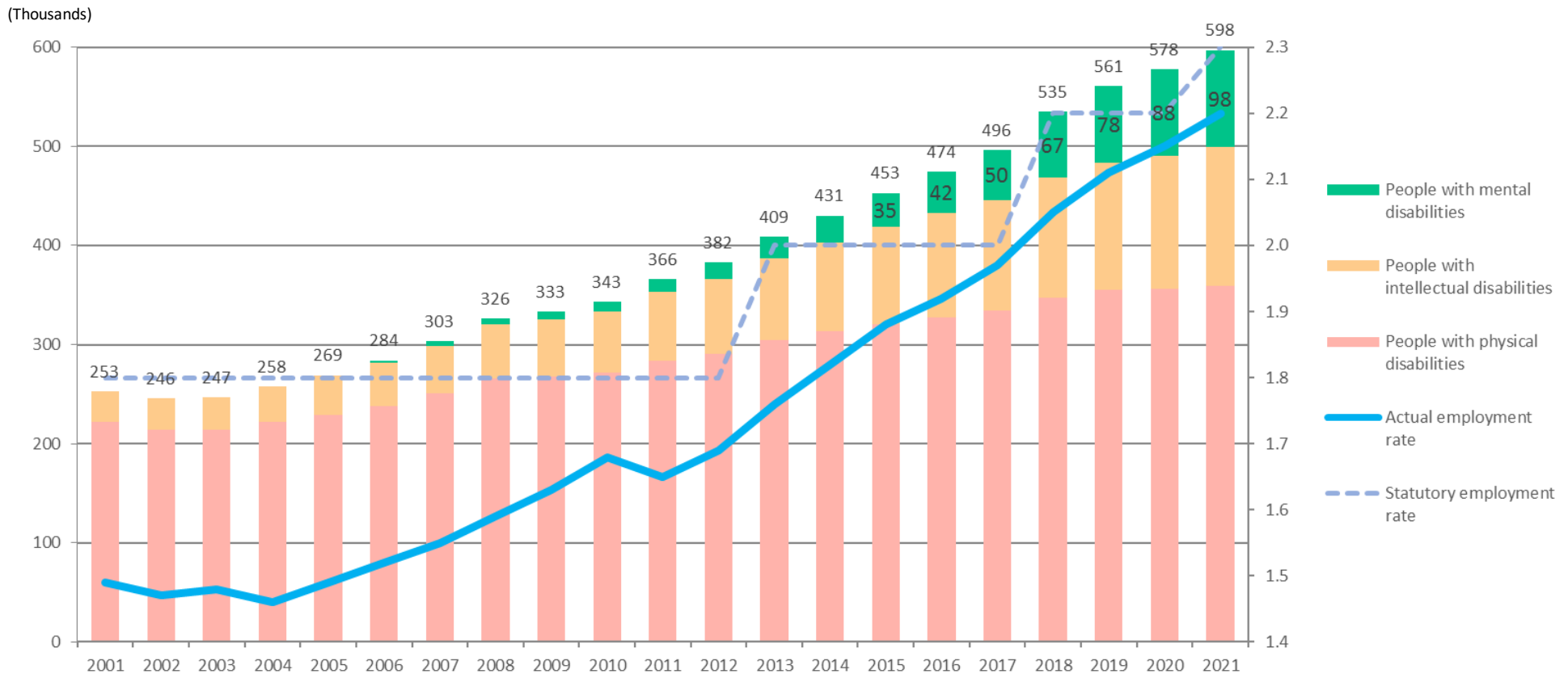
* Japan’s working age population: 74,458 thousand people (as of Nov. 2021)



Source: Prepared by Welbe based on 2021 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 March 2021.



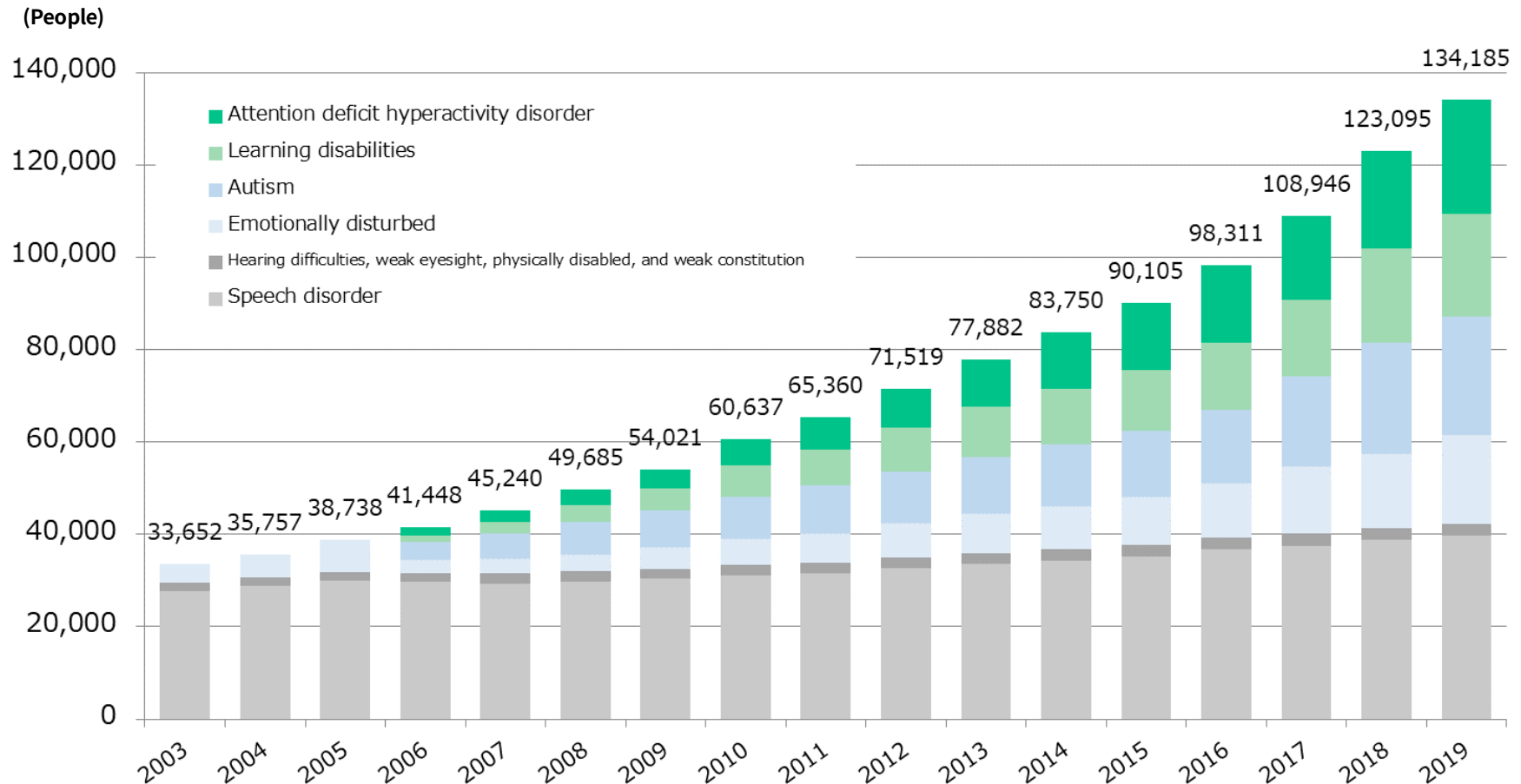
Source : Report on the “Status of Employment of Persons with disabilities” in 2021, Ministry of Health, Labour and Welfare

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

We will promote research and development related to mental disorders and developmental disorders, which uses 5-ALA. In the medium to long term, we will plan original products containing 5-ALA based on research achievements.

Property of 5-ALA and the field where it is promising

- 5-ALA has a property of acting on mitochondria and supporting the production of ATP, an energy source. It is therefore expected to produce effects on diseases related to mitochondria.
- It is likely that some mental disorders and developmental disorders are related to mitochondria (ATP insufficiency).

Growth strategies

- Planning original products which could contribute to the health of all people, regardless of the presence or absence of disabilities, by combining the Welbe Group's knowledge on disability welfare with research achievements on 5-ALA
- Accelerating commercialization of research achievements by strengthening cooperation with the research adviser



Research advisor
Professor Naohide Yamashita

Honorary professor of the University of Tokyo
Former director of IMSUT Hospital -- The Institute of
Medical Science, The University of Tokyo

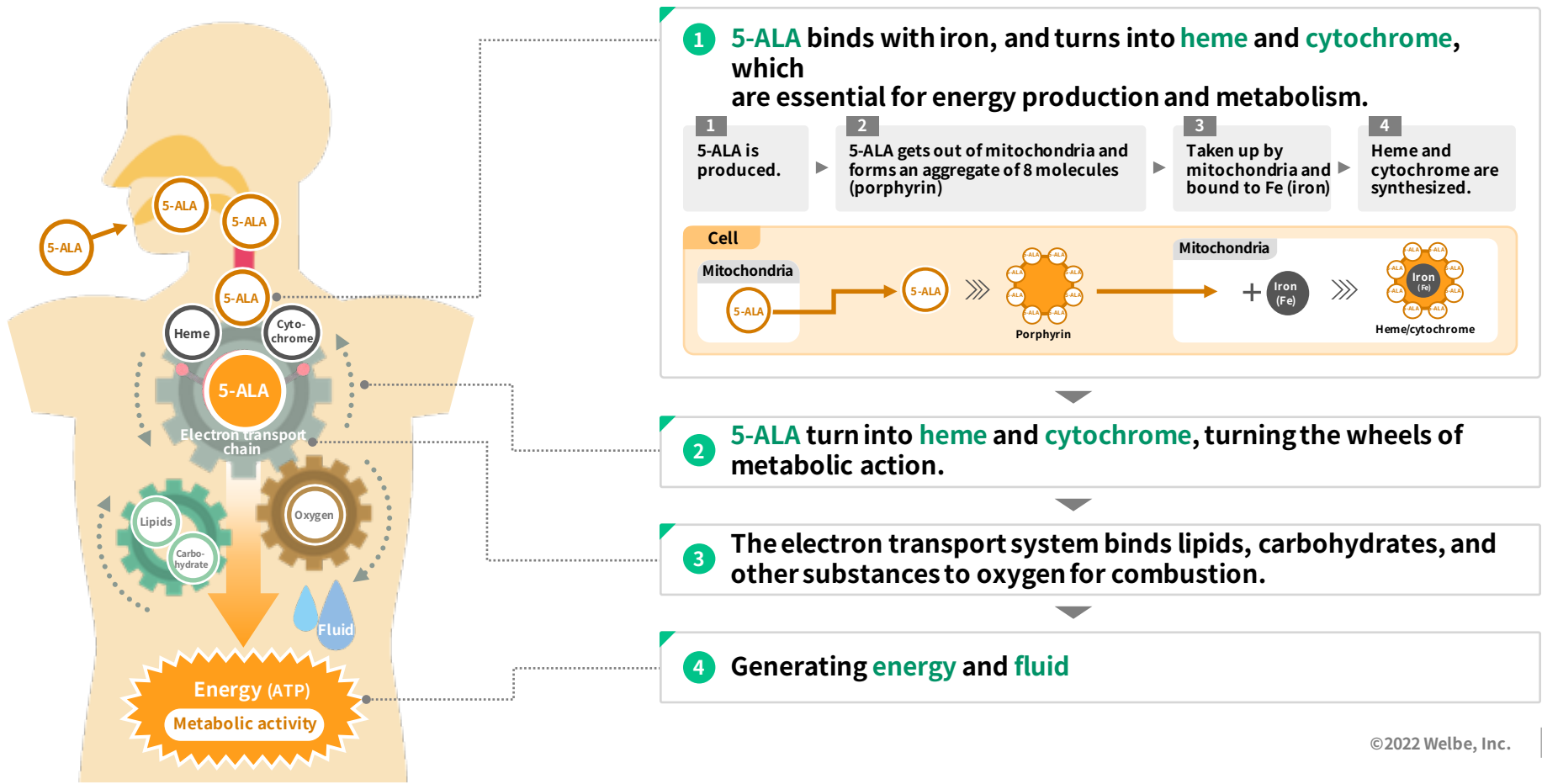
Medium- to long-term prospect

Aim to create new demand in the mental health market

5-ALA increases the efficiency of energy production by mitochondria in cells and activates metabolism*.

※ A general term for all material changes in a living body.

Mechanisms through which 5-ALA contributes to efficient energy production



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/>

