



Results of Operations

for the Third Quarter of the Fiscal Year
Ending March 2023
(3Q FY3/23)

Welbe, Inc.

Securities Code : 6556

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

Net sales of the disability welfare business rose and profits fell YoY due to an increase in the cost of facility openings despite a rise in unit price and an increase in the number of users.

Due to withdrawal from the healthcare business, extraordinary losses (loss on liquidation of business) were recorded for 2Q. But the transfer of shares and receivables was cancelled in 3Q and the loss on liquidation of business was eliminated. However, our decision to withdraw from the business remains unchanged.

Topics

Disability welfare business

- The inclusion of Happiness Comes (with six child development support classrooms) in our consolidated accounting begins in October 2022.
- Against the earnings forecast announced on November 11, sales have progressed as planned.
- Acquired shares of Naon and Kuroyama (nursing care business). (PL consolidation started in January 2023)

Healthcare business

- Cancelled the transfer of shares and receivables (loans) of Welbe Healthcare Inc.
- Carried out the transfer of 5-ALA ingredient and supplement products (recorded by the end of the fiscal year in accounting)

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

Our earnings forecast and mid-term management plan were reviewed again after the cancellation of the agreement on transfer of the healthcare business, entry into the nursing care business with the acquisition of shares of Naon and Kuroyama and other events.

- 01** — **Consolidated financial results for the third quarter of the fiscal year ending March 2023**
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01

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



Summary of financial results

Net sales increased due to the steady performance of the disability welfare business. Net sales of the healthcare business decreased due to withdrawal from the business.

Regarding profit, operating profit dropped mainly due to an increase in costs related to facility openings, advertising expenses for TV commercials and other advertising and the payment of commissions in connection with M&A and other activities. See the full-year earnings forecast on slide 19.

(Million yen)

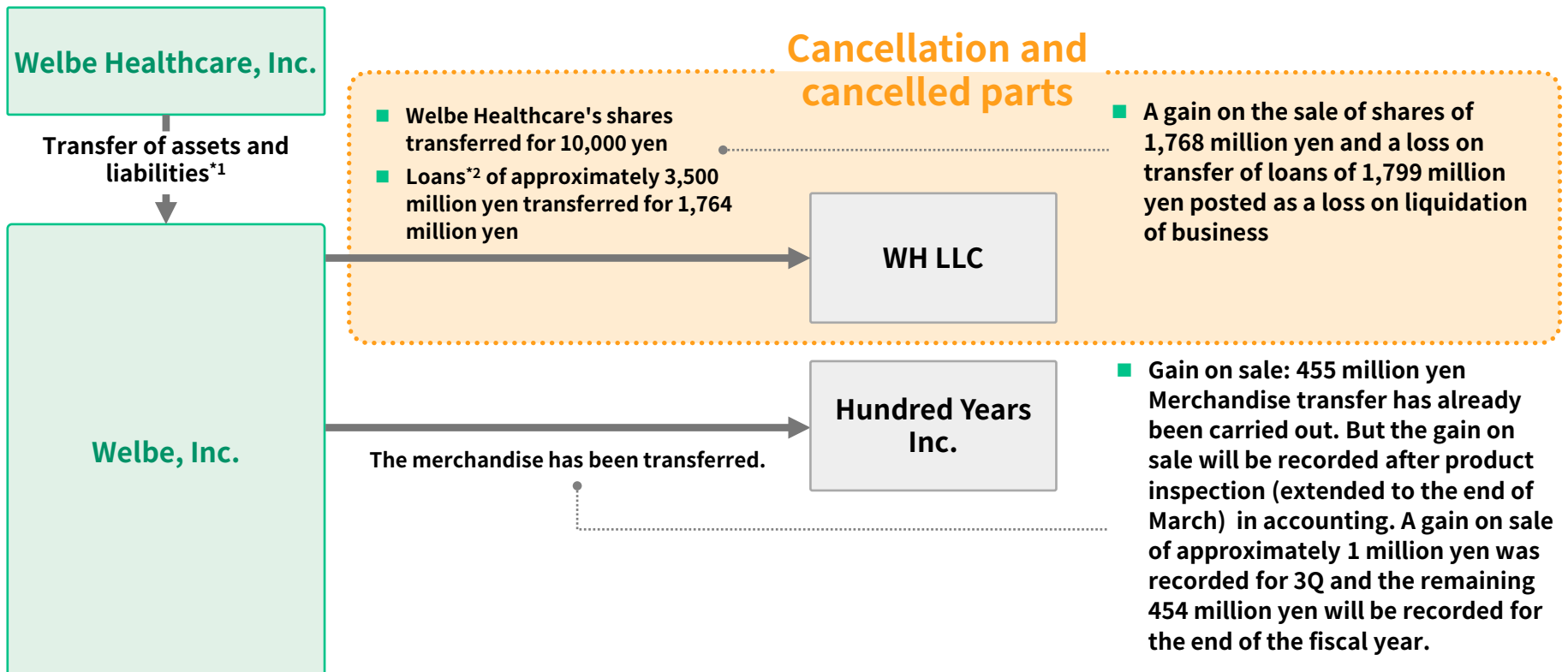
	3Q FY3/22		3Q FY3/23		YoY change	FY3/23 Forecast (Revised in Nov. 2022)	FY3/23 Forecast (Revised in Feb. 2023)	Progress
	Results	Ratio to net sales	Results	Ratio to net sales				
Net sales	7,415	-	7,938	-	+522 (+7.1%)	10,626	10,677	74.3%
Operating profit	1,955	26.4%	1,379	17.4%	-575	1,903	1,831	75.3%
Ordinary profit	2,033	27.4%	1,419	17.9%	-614	1,929	1,866	76.1%
Profit attributable to owners of parent	1,388	18.7%	-1,082	-13.6%	-2,471	261	-250	-

Status of withdrawal from the healthcare business

We had planned to transfer Welbe Healthcare's shares and receivables to WH LLC and then to the outside of the Group along with loans of 1.7 billion yen to NPJ. However, the transfer was cancelled because WH was unable to raise funds. But our plan to withdraw the healthcare business remains unchanged. Merchandise transfer has been carried out. A gain on sale worth 455 million yen is expected to accrue by the end of this fiscal year.

Overview of transfer

Impact on financial results



*1 Excluding loans to NPJ worth 1,700 million yen, accrued interest, raw materials, advance payments to suppliers and borrowings from Welbe

*2 Loans to Welbe Healthcare

Impact of the cancellation of the transfer of the healthcare business on BS and PL

After the cancellation of transfer of Welbe Healthcare's shares and receivables, loans of 1.7 billion yen, accrued interest of 37 million yen and 50-million-yen advance payments to suppliers were again recorded on the consolidated balance sheet. In 3Q, raw materials were subjected to loss on valuation and 14 million yen was recorded for loss on liquidation of business.

Other than raw materials, we seek early collection through direct reimbursement, auctions, the transfer of receivables and other methods.

Influence on BS

	(Million yen)			
	Results for FY3/23			
	1Q	2Q	(1) Transfer of merchandise (2) Cancellation of transfer of shares and receivables	3Q
Merchandise*	1,090	1,088	-3	1,085
Raw materials and supplies	32	5	(+14)	5
Advance payments to suppliers	110	-	+50	50
Short-term loans receivable	1,700	-	+1,700	1,700
Accounts receivable - other	36	1,888	-1,825	63
(WH)	(0)	(1,764)	(-1,764)	(0)
(Accrued interest)	(24)	-	(+37)	(37)

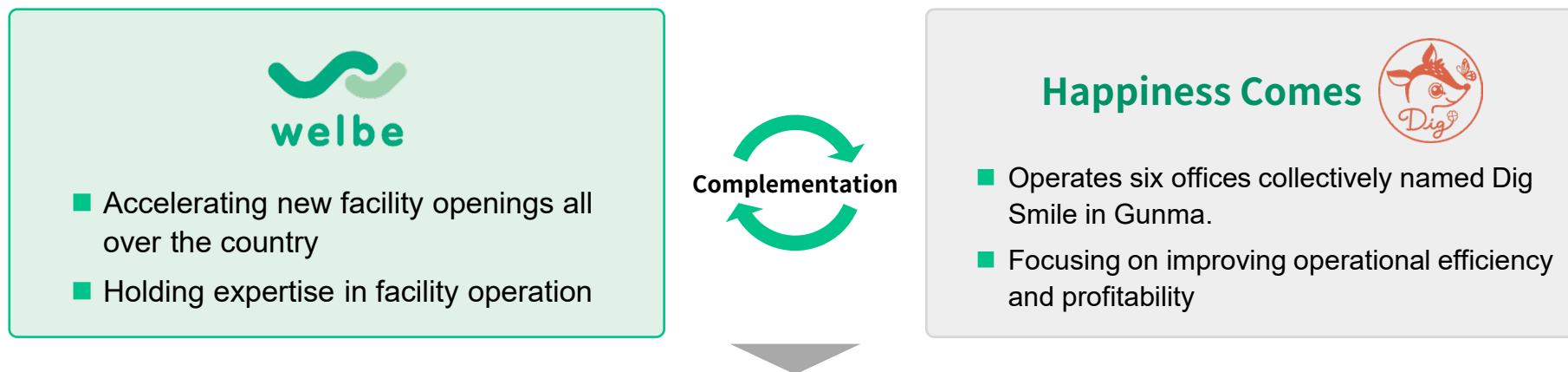
Influence on PL

	(Million yen)			
	Results for FY3/23			
	1Q	2Q	3Q	Cumulative
Cost of sales	3,645	-159	1,801	5,287
(Loss on valuation of inventories)	(1,961)	(-1,961)	(-)	(-)
⋮				
Loss on liquidation of business*	-	2,082	-28	2,054
(Loss on valuation of inventories)	-	(1,997)	(0)	(1,997)
(Loss due to transfer of receivables)	-	(1,799)	(-1,799)	(-)
(Gain on sale of shares)	-	(-1,768)	(1,768)	(-)
(Gain on sale of merchandise)	-	(0)	(-1)	(-1)
(Loss on valuation of raw materials)	-	(0)	(14)	(14)
(Other expenses for business withdrawal)	-	(53)	(-10)	(43)

* The products transferred in October 2022 is expected to produce a gain on transfer worth 455 million yen, in comparison with their book value after the loss on valuation in 1Q. One million yen of the gain on transfer was recorded for 3Q and the rest will be recorded for the end of the fiscal year.

Acquisition of Happiness Comes stock (making it our subsidiary)

On October 4, 2022, we reorganized Happiness Comes, Inc. an operator of habilitation services in Gunma Prefecture, into a subsidiary in order to accelerate facility openings and to expand service areas. The acquisition amount was 279 million yen. It was included in our consolidated accounting in 3Q.



Bolster support for children with disabilities, demand for which is growing, to heighten financial results

Profile of Happiness Comes, Inc.

- **Location:** Maebashi, Gunma Prefecture
- **President:** Hideyuki Nakazato
- **Business:** After-school day services pursuant to the Child Welfare Act

- **Capital:** 3,000,000 yen
- **Date of establishment:** April 5, 2016

Acquisition of Naon and Kuroyama stocks (making them our subsidiaries)

Naon and Kuroyama, companies operating paid elderly care and similar facilities, became our subsidiaries and we entered the nursing care business on December 1, 2022. We operate the business in Kyushu where we have a strong network of physicians and former owners' involvement continues. These advantages will be leveraged as we pursue stable growth after its inclusion in our consolidated accounting*1. As a corporate group, we will build a foundation for comprehensively providing services to all generations.



Profile of Naon, Inc.

- Location: Fukuoka City, Fukuoka
- President: Katsunori Urakawa
- Business: Paid elderly care facility: 1
Group homes: 1
Shared day service center: 1
Day service center: 1
Visiting nursing care station: 1
- Capital: 3,000,000 yen

Profile of Kuroyama, Inc.

- Location: Fukuoka City, Fukuoka
- President: Naoto Hikage
- Business: Paid elderly care facility: 1
Group homes: 1
Helper station: 1
- Capital: 3,000,000 yen

*1 Included in the [balance sheet](#) and in the [statement of income](#) from the end of December 2022 and January 2023, respectively.

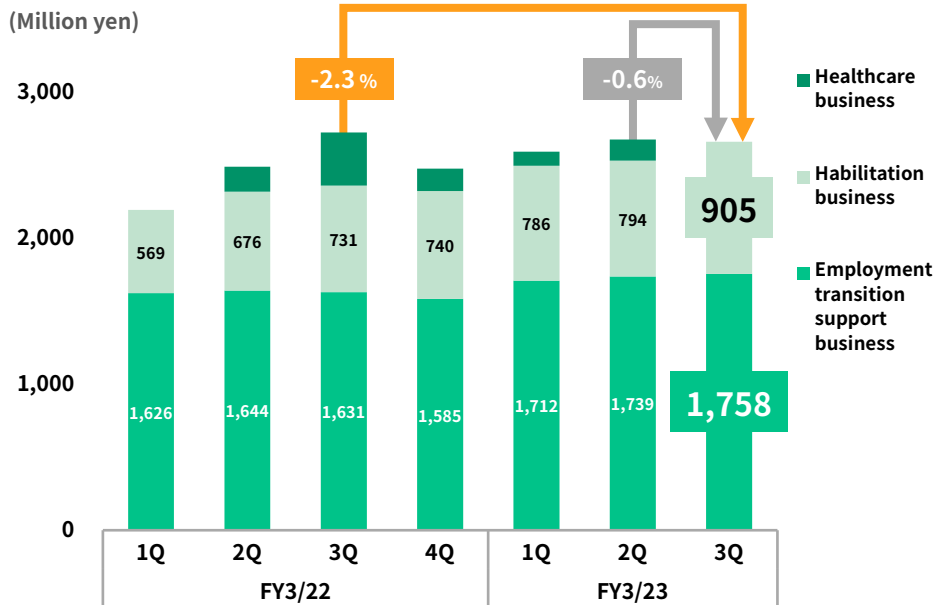
Quarterly comparisons

Net sales dropped YoY due to the withdrawal from the healthcare business. Net sales of the employment transition support business and the habilitation business rose 7.8% and 23.8%, respectively. The number of users is steadily increasing because of a hike in unit price.

Operating profit dropped YoY due to reasons such as an increase in the cost of facility openings and the accrument of M&A expenses.

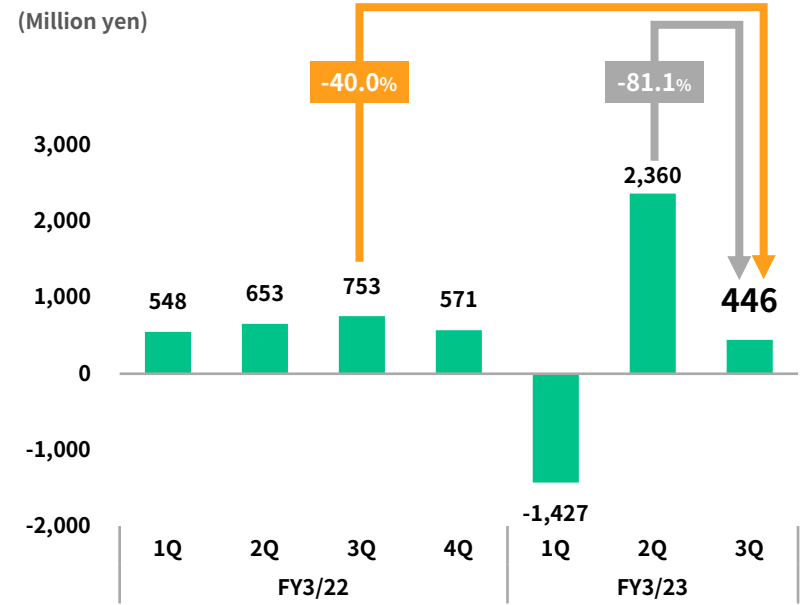
Net sales

(YoY) The disability welfare business attained a sales rise after an increase in users and a hike in unit price.
 (QoQ) Net sales of the healthcare business dropped due to the withdrawal from the business.



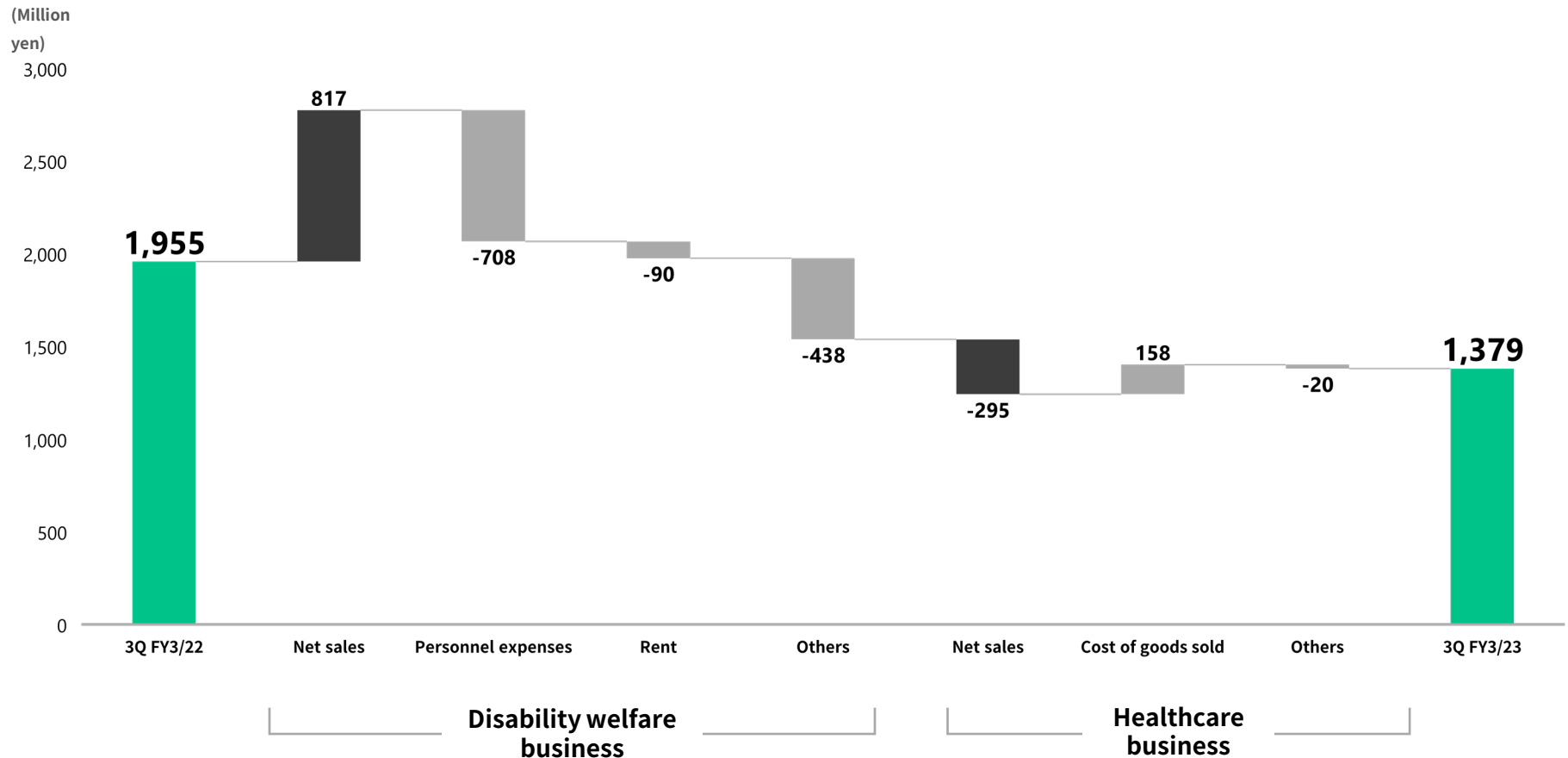
Operating profit

(YoY) M&A expenses accrued. Profits decreased because cost took precedence at new bases.
 (QoQ) The loss on valuation of inventories that had been recorded in the cost of sales for 1Q was transferred to extraordinary losses in 2Q.



Analysis of change in operating profit

Net sales of the disability welfare business rose but cost also increased due to facility openings. Worse, the withdrawal from the healthcare business resulted in a drop in net sales and 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 in the employment transition support business and in the habilitation business surged following a unit price increase and growth of users.

Segment profit dropped due to an increase in costs following an increase in facility openings, M&A expenses and the posting of consumption taxes levied on products that were temporarily acquired by Welbe from Welbe Healthcare as taxes and dues. In 4Q, the taxes and dues will not be involved. Excluding M&A expenses and the consumption taxes, business results were almost as planned.

	(Million yen)					
	3Q FY3/22	3Q FY3/23	YoY change	FY3/23	FY3/23	Progress
	Results	Results		Forecast (Revised in Nov. 2022)	Forecast (Revised in Feb. 2022)	
Net sales	6,878	7,696	+817 (+11.9%)	10,385	10,435	73.8%
Employment transition support business	4,901	5,209	+308 (+6.3%)	7,030	7,007	74.4%
Habilitation business	1,976	2,486	+509 (+25.8%)	3,354	3,358	74.1%
Nursing care business	-	-	-	-	70	0.0%
Segment profit ^{*3}	1,737	1,323	-413 (-23.8%)	1,848	1,775	74.6%
Segment profit ratio	25.3%	17.2%	-8.1pt	17.8%	17.0%	-

Number of bases

Employment transition support business: 99 bases^{*1}
YTD: +11/Initial opening plan: 11 bases

Habilitation business: 66 bases^{*2}
YTD: +9/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 November 2022)
- A temporary increase in expenses due to consumption tax levied on products temporarily acquired from Welbe Healthcare (expected to be no longer in place in 4Q)

■ 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.)
- Net sales increased due to the M&A activity involving Happiness Comes.

^{*1} The number decreased by one because of the merger of Kamiooka Center and Kamiooka Ekimae Center in 3Q.

^{*2} Six bases were added following the M&A activity involving Happiness Comes.

^{*3} Matters regarding segment difference adjustment described in the Summary of Financial Results (segment information, etc.) are included in segment profit in the disability welfare business for the sake of simplicity.

Summary of the healthcare business

Although a loss on valuation of inventories (cost of sales) was posted to result in a major profit slide in 1Q of the fiscal year ending March 2023, it was transferred to extraordinary losses in light of the decision on business withdrawal in 2Q.

No significant change has been identified in either net sales or profits since October 2022. The earnings forecast for the second half and beyond have been eliminated.

(Million yen)

	3Q FY3/22	3Q FY3/23	YoY change	FY3/23	FY3/23	Progress
	Results	Results		Forecast (Revised in Nov. 2022)	Forecast (Revised in Feb. 2023)	
Net sales	536	241	-295 (-55.0%)	241	241	100%
Segment profit	218	55	-162 (-74.4%)	55	55	100%

Major factors
for the changes

- Net sales and profits decreased due to the withdrawal from the healthcare business.

Following the cancellation of the transfer of the Welbe Healthcare stock, advance payments to suppliers and loans were again recorded. We will try to **collect the funds quickly** through, for example, reimbursement from debtors, offering real-estate collateral at auction and the transfer of receivables. Merchandise has already been transferred and will be recorded in the gain on sale at every inspection until the end of the fiscal year, so that it will decrease to zero by the end of the fiscal year. Non-current assets increased with the acquisition of the shares of Naon's stock.

	End of FY3/22	End of 2Q of FY3/23	End of 3Q of FY3/23	YTD
(Million yen)				
Current assets	9,658	6,709	6,293	-3,364
Cash and deposits	2,845	1,890	1,438	-1,406
Merchandise	1,869	1,088	1,085	-784
Raw materials and supplies	248	5	5	-242
Advance payments to suppliers	1,127	-	50	-1,076
Short-term loans receivable	1,700	-	1,700	0
Accounts receivable - other	19	1,888	63	+43
Non-current assets	1,585	1,764	2,286	+701
Goodwill	69	65	377	+307
Total assets	11,244	8,473	8,580	-2,663
Current liabilities	1,493	1,018	1,264	-229
Non-current liabilities	3,751	3,435	3,640	-110
Total liabilities	5,245	4,453	4,905	-339
Loans and bonds	4,374	4,060	4,313	-61
Total net assets	5,998	4,019	3,674	-2,324
Equity ratio	53.3%	47.4%	42.8%	-10.5pt

Major factors for the changes

- **Merchandise (-784)**
 - Valued on the basis of the amount of decrease in valuation in 1Q
 - There will be nothing left to transfer in 3Q and beyond. Merchandise book value will decrease to zero by the end of the fiscal year.
- **Raw materials and supplies (-242)**
 - Devaluated to 0 yen and recorded as such for the loss on liquidation of business.
- **Advance payments (-1,076)**
 - Recorded again after the cancellation of the transfer of stock. Fall within the scope of the revolving mortgage and will be collected just like loans.
- **Loans receivable (±0)**
 - 1.7 billion yen was again recorded for NPJ after the cancellation of the transfer of stock.
- **Accounts receivable - other (+43)**
 - After the cancellation of the transfer of stock, the payment for the transfer of receivables was cancelled. Accrued interest from short-term loans receivable was recorded.
- **Non-current assets (+701)**
 - Non-current assets of Naon and Kuroyama increased 159 million yen.
- **Goodwill (+307)**
 - Acquisition of Happiness Comes, Naon and Kuroyama
- **Loans (-61)**
 - Naon's debts increased nearly 300 million yen (the net amount decreased because they were repaid during the fiscal year).
- **Equity ratio (-10.5 pt)**
 - Loss on liquidation of business was cancelled (-18).
 - Purchase of treasury shares (1,000)

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	(3Q vs 3Q)	(2Q vs 3Q)
											Change	Change
Net sales	2,196	2,492	2,726	2,479	9,894	2,594	2,680	2,663		7,938	-63	-17
Employment transition support business	1,626	1,644	1,631	1,585	6,486	1,711	1,739	1,758		5,209	+126	+18
Compensation for employment transition support included in the above	1,523	1,547	1,525	1,483	6,080	1,600	1,632	1,645		4,878	+119	+12
Compensation for retention support included in the above	87	84	91	87	351	95	95	99		290	+7	+4
Habilitation business	569	676	731	740	2,717	786	794	905		2,486	+174	+110
Healthcare business	-	172	364	154	690	95	146	0		242	-364	-146
Cost of sales	1,358	1,519	1,651	1,545	6,074	3,645	-159	1,801		5,287	+150	+1,960
Gross profit	838	973	1,075	933	3,820	-1,050	2,839	861		2,650	-213	-1,977
Selling, general and administrative expenses	289	319	322	362	1,293	376	478	415		1,270	+93	-63
Operating profit	548	653	753	571	2,527	-1,427	2,360	446		1,379	-307	-1,914
Ordinary profit	581	663	788	625	2,659	-1,410	2,378	451		1,419	-336	-1,927
Profit before income taxes	581	663	768	492	2,506	-1,401	296	477		-627	-290	+180
Profit	395	471	521	440	1,828	-1,584	421	79		-1,082	-441	-341

This is attributable to a decrease in total net sales and an increase in personnel expenses and rent (a prior investment-like aspect of the business) after an increase in new bases which is a major factor for the increase in cost.

Income taxes: Attributable to an increase in the tax burden on Welbe alone after the cancellation of the transfer of Healthcare's receivables in 3Q.

Quarterly comparisons: Cost of sales

(Million yen)

	FY3/22						FY3/23						Year-on-year change	Quarter-on-quarter change
	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	(3Q vs 3Q)	(2Q vs 3Q)
Net sales	2,196	2,492	2,726	2,479	9,894		2,594	2,680	2,663		7,938		-63	-17
Total cost of sales	1,358	1,519	1,651	1,545	6,074	100.0%	3,645	-159	1,801		5,287	100.0%	+150	+1,960
Personnel expenses	989	1,063	1,073	1,109	4,235	69.7%	1,203	1,244	1,332		3,780	71.5%	+259	+87
Rent	144	146	149	153	594	9.8%	166	174	186		527	10.0%	+36	+11
Supplies expenses	68	54	60	65	248	4.1%	72	76	71		220	4.2%	+10	-5
Transportation expenses	43	45	48	47	184	3.0%	56	57	60		174	3.3%	+11	+2
Depreciation	31	35	38	50	156	2.6%	36	40	43		120	2.2%	+4	+2
Cost of goods sold	-	97	207	22	327	5.4%	2,000	-1,853	0		146	2.8%	-207	+1,853
Others	81	75	72	97	327	5.4%	110	99	107		317	6.0%	+34	+7
Cost of sales margin	61.8%	60.9%	60.6%	62.4%	61.4%		140.5%	-5.9%	67.6%		66.6%		+7.1%	+73.6%
Gross profit	838	973	1,075	930	3,820		-1,050	2,839	861		2,650		-213	-1,977

Increase of personnel in new bases

3Qvs3Q Increases in recruitment costs, utilities expenses, etc. following facility openings.

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

(Million yen)

	FY3/22						FY3/23						Year-on-year change	Quarter-on-quarter change
	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	(3Q vs 3Q)	(2Q vs 3Q)
Net sales	2,196	2,492	2,726	2,479	9,894		2,594	2,680	2,663		7,938		-63	-17
Gross profit	838	973	1,075	930	3,817		-1,050	2,839	861		2,650		-213	-1,977
Total selling, general and administrative expenses	289	319	322	362	1,293	100.0%	376	478	415		1,270	100.0%	+93	-63
Personnel expenses	119	121	125	131	497	38.8%	143	146	134		426	33.6%	+8	-12
Taxes and dues	60	67	64	65	258	20.0%	75	151	102		328	25.8%	+37	-48
Advertising expenses	37	40	39	57	174	13.5%	58	67	50		176	13.9%	+11	-16
Commission expenses	29	41	33	39	143	11.1%	35	59	62		158	12.5%	+29	+3
Rent	16	17	17	17	68	5.3%	18	19	18		56	4.4%	+1	+0
Others	25	31	37	37	139	10.8%	42	34	46		124	9.8%	+9	+12
SG&A expense ratio	13.2%	12.8%	11.8%	14.6%	13.1%		14.5%	17.9%	15.6%		16.0%		+3.8%	-2.3%
Operating profit	548	653	753	571	2,527		-1,427	2,360	446		1,379		+307	-1,914
Operating profit margin	25.0%	26.2%	27.6%	23.0%	25.5%		-55.0%	88.1%	16.7%		17.4%		-10.9%	-71.3%

Consumption tax on products temporarily acquired from Welbe Healthcare was posted as taxes and dues. (It will no longer be involved in 4Q.)

Commissions for the acquisition of Happiness Comes and Naon were recorded for 2Q and 3Q, respectively.

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

After the cancellation of the transfer of Welbe Healthcare, the part of loss on liquidation of business included in the calculation of deductible expenses in tax procedures decreased and the tax burden on Welbe alone partly returned. As a result, the correction of the forecast became inevitable.

The latest correction of the forecast is considered to be the actual results up to 3Q. For 4Q, some expenses are added and Naon and Kuroyama, which are newly acquired subsidiaries, are included. For medium-term targets, only the full-year plans of Naon and Kuroyama are included and the rest are the figures published on November 11.

(Million yen)

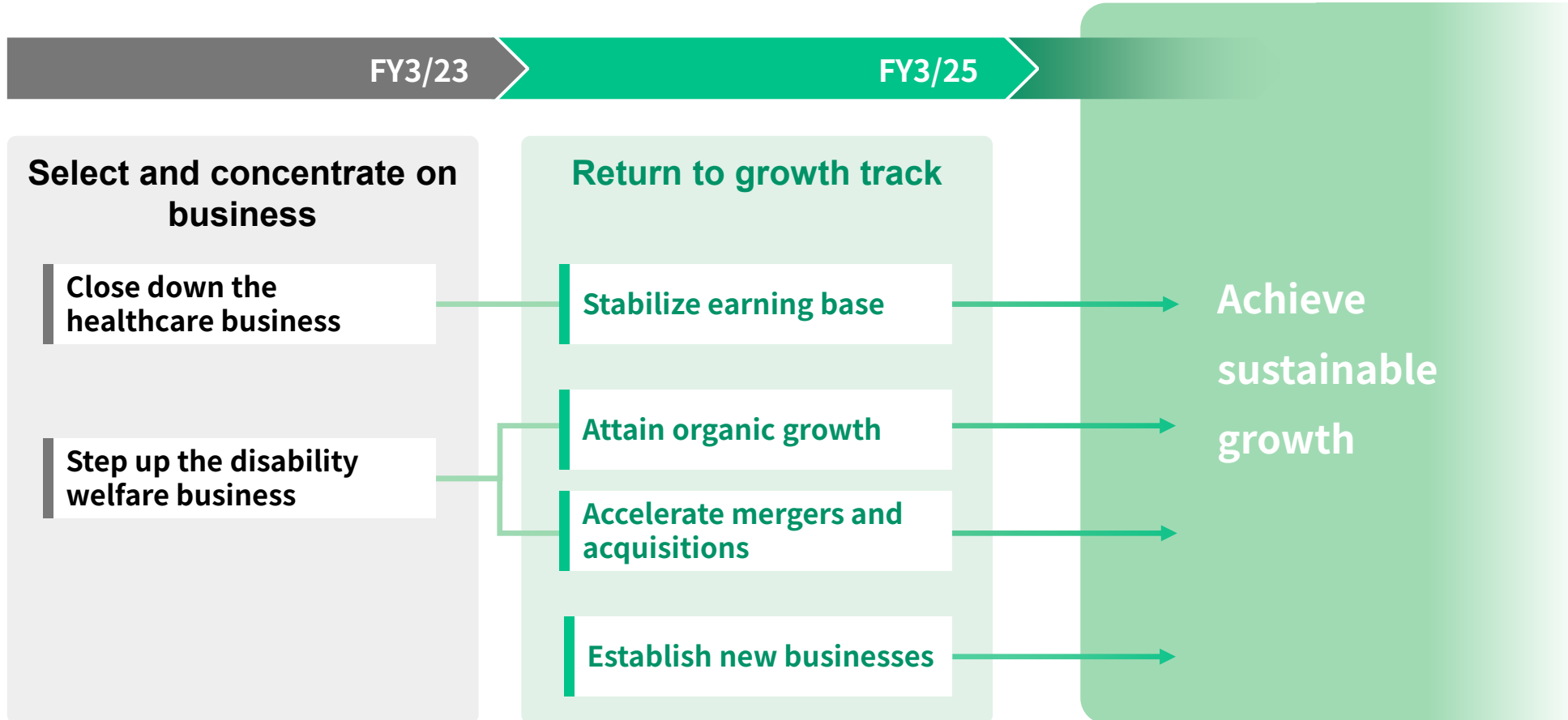
	FY3/22	FY3/23	FY3/24	FY3/25
	Results	Forecast*	Plan*	Plan*
Net sales (YoY)	9,894	10,677 (+782, +7.9%)	12,090 (+1,412, +13%)	13,498 (+1,408, +12%)
Operating profit (YoY)	2,527	1,831 (-695, -27.5%)	2,181 (+349, +19%)	2,627 (+445, +20%)
Ordinary profit (YoY)	2,659	1,866 (-793, -29.8%)	2,159 (+293, +16%)	2,605 (+445, +21%)
Profit attributable to owners of parent (YoY)	1,828	-250 (-2,078, -113.7%)	1,512 (+1,762, +705%)	1,842 (+329, +22%)

* The figures were corrected on February 13, 2022.

Future directions

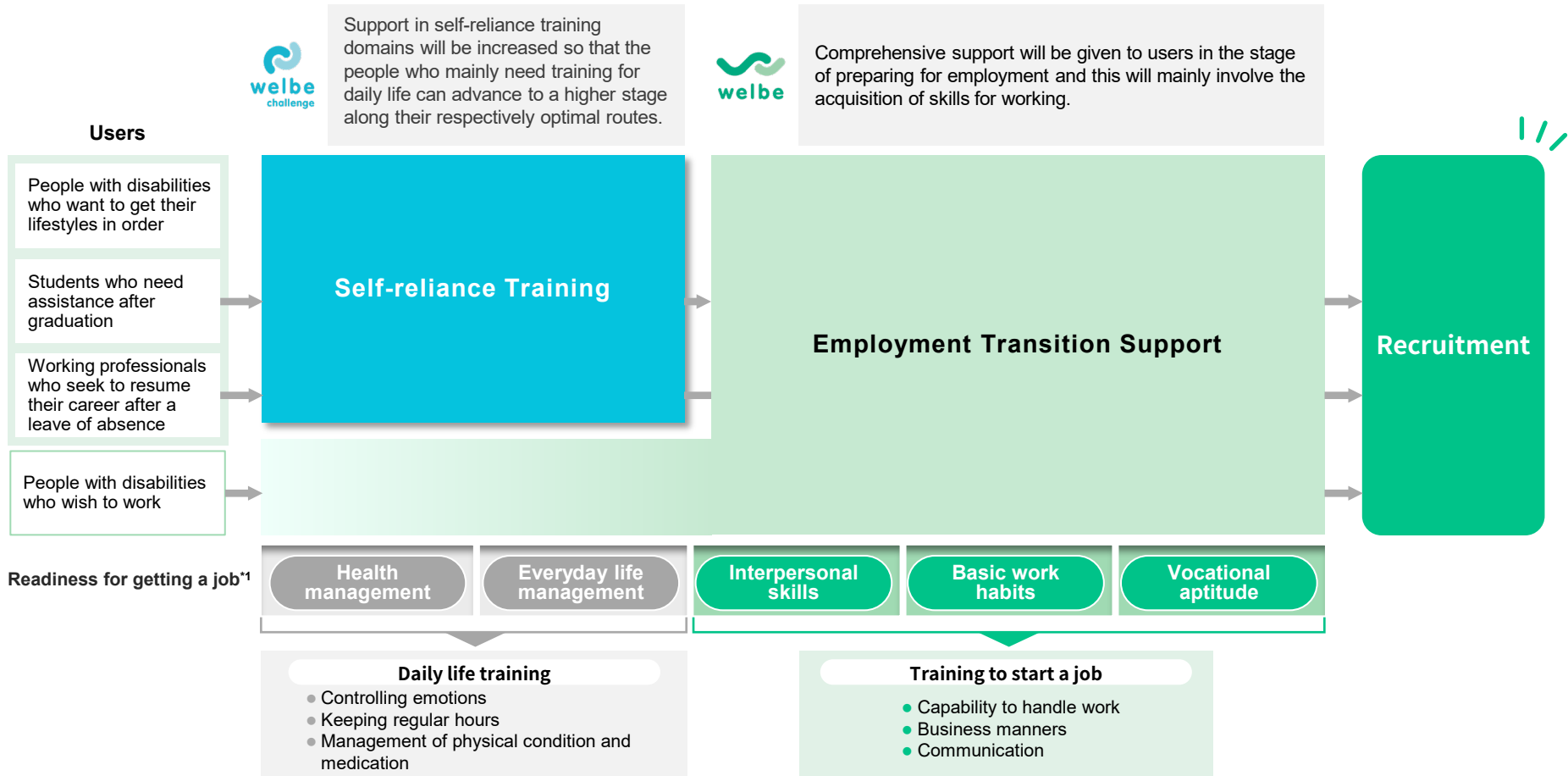
We will concentrate management resources on our mainstay Disability Welfare Business to stabilize the earnings base. We will step up support for children and adults with disabilities in a bid to return to growth track.

In pursuit of the continued expansion of business, we will seek to establish new welfare businesses, mainly in the profitable peripheral businesses surrounding nursing care.



Expanding into self-reliance training domains

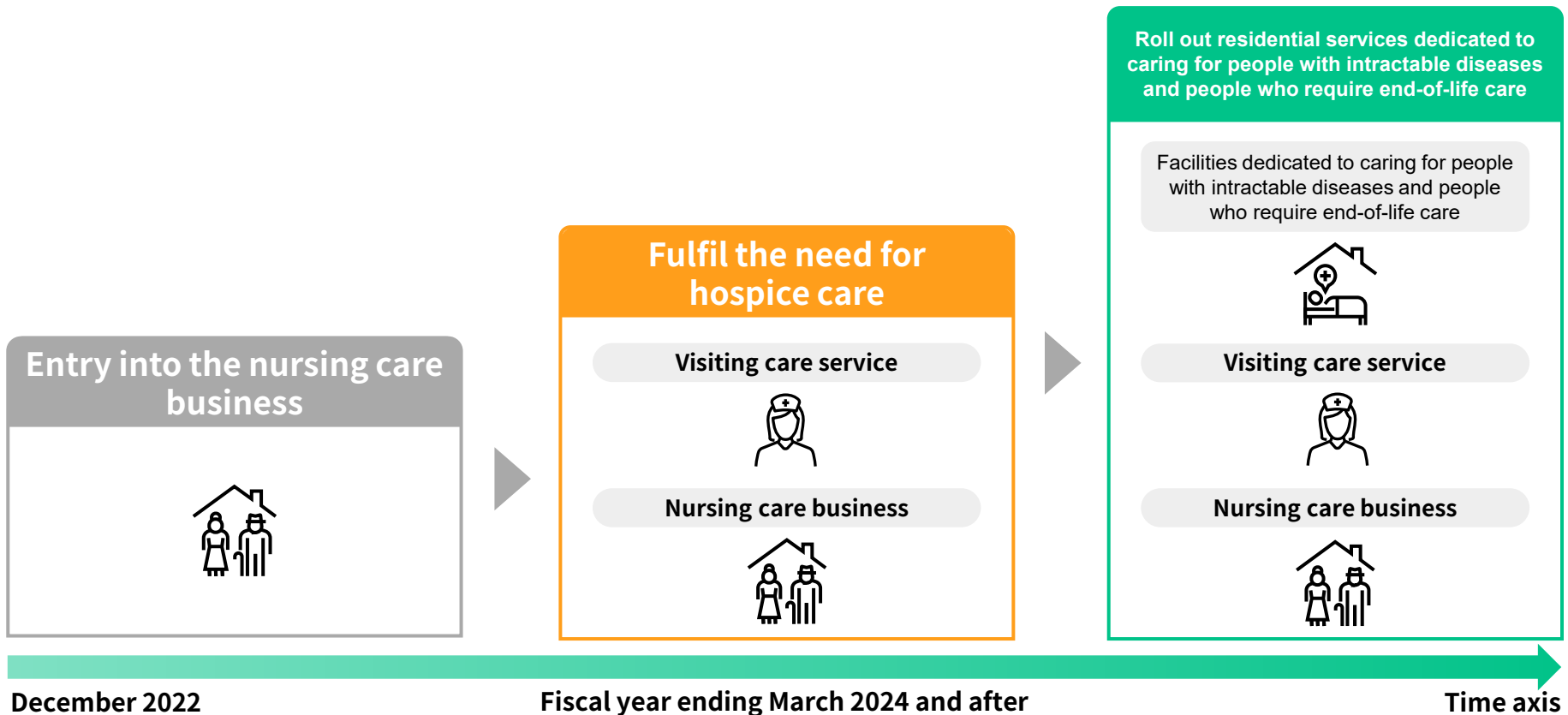
Starting April 2023, we will strengthen the self-reliance training service for users who are in the stage before employment transition support, as we seek to open more facilities. Making it available to the people to whom the existing businesses were not applicable expands the area where we are able to contribute and also facilitates the growth of the business.



*1 Created based on the pyramid diagram published by the Japan Organization for Employment of the Elderly, Persons with Disabilities and Job Seekers (JEED). This represents the aptitudes necessary for getting a job divided into five layers.

Expansion of business domains starting from the nursing care business

We added visiting care to the paid elderly care facilities and group homes we have acquired by making Naon and Kuroyama our subsidiaries, expanding into a new domain that combines nursing care and healthcare services. Meeting hospice care needs, we seek to expand the business to residential services for people with intractable diseases and people who require end-of-life care.



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

- Forecast for the fiscal year ending March 2023 Results up to 3Q are included. Forecast for 4Q remains unchanged from the figures published on November 11.

Budgets for Naon and Kuroyama are also included up to January-March 2023.

*The plan to open 20 bases in the fiscal year ending March 2023 was completed by 3Q as planned.

- Mid-term Management Plan

Full-year plan for Naon and Kuroyama is reflected. Other than that, the figures published on November 11 remain unchanged.

(Million yen)

		FY3/22	FY3/23	FY3/24	FY3/25
		Results	Forecast	Plan	Plan
Net sales (YoY)		9,203	10,435 (+1,232, +13%)	12,090 (+1,654, +16%)	13,498 (+1,408, +12%)
Employment transition support business		6,486	7,007 (+520, +8%)	7,916 (+909, +13%)	8,680 (+764, +10%)
Habilitation business		2,717	3,358 (+641, +24%)	3,892 (+534, +16%)	4,536 (+644, +17%)
Nursing care business		-	70 (+70, -%)	281 (+210, +299%)	281 (+0, +0%)
Segment profit (YoY)		2,212	1,775 (-436, -20%)	2,181 (+405, +23%)	2,627 (+445, +20%)
Facility openings (plan)	Employment	9	11	13	15
	Habilitation	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.

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

The cancellation of the transfer of shares of Welbe Healthcare Inc. did not change the decision to withdraw from the business. Since 3Q, neither sales nor profits have accrued. We will be returning to a state in which we have a single segment, namely the disability welfare business.

(Million yen)

	FY3/22	FY3/23	FY3/24	FY3/25
	Results	Forecast	Plan	Plan
Net sales (YoY)	690	241 (-449, -65%)	-	-
Segment profit (YoY)	314	55 (-258, -82%)	-	-

Shareholder returns: Purchase of treasury shares

We will set a sub-budget for the purchase of treasury shares with an upper limit of 1 billion yen and implement it in an effort to raise the level of shareholder returns and to carry out flexible capital policies according to changes in business circumstances.

Details about the pool

Number of shares to purchase

Up to 1,550,000

Total value of purchase

Up to 1,000,000,000 yen

Purchase period

August 22, 2022 to October 31, 2022

Cumulative total of treasury shares purchased

Number of shares purchased

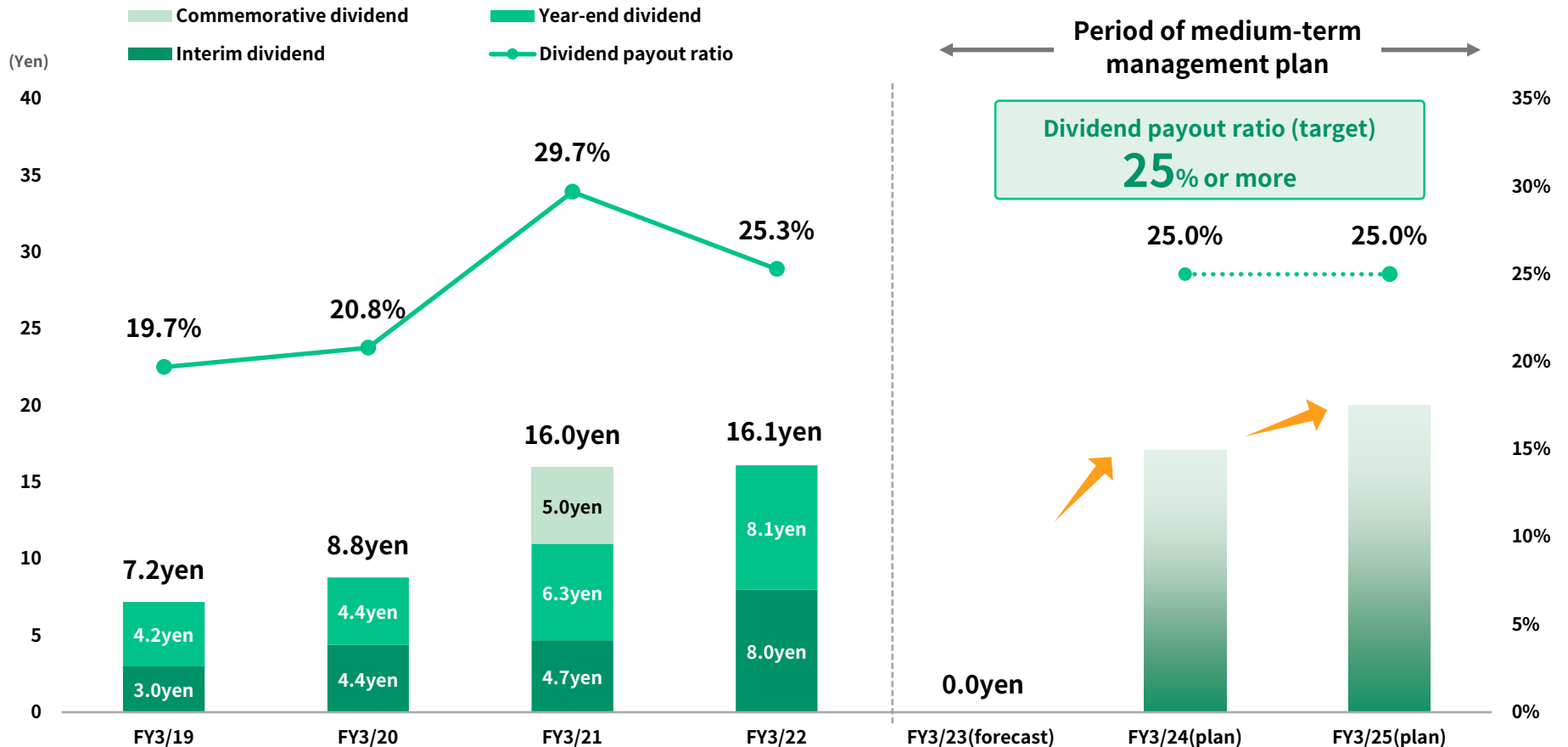
1,227,100

Total value of purchase

999,935,400 yen

Financial policy: Review of shareholder returns

- FY3/23 forecast: No dividends as a result of a revision to the dividend forecast on August 12, 2022
- Mid-term management plan: The plan is to pay dividends at a payout ratio of 25% or higher from FY4/24 onward because the Company expects to post a profit.

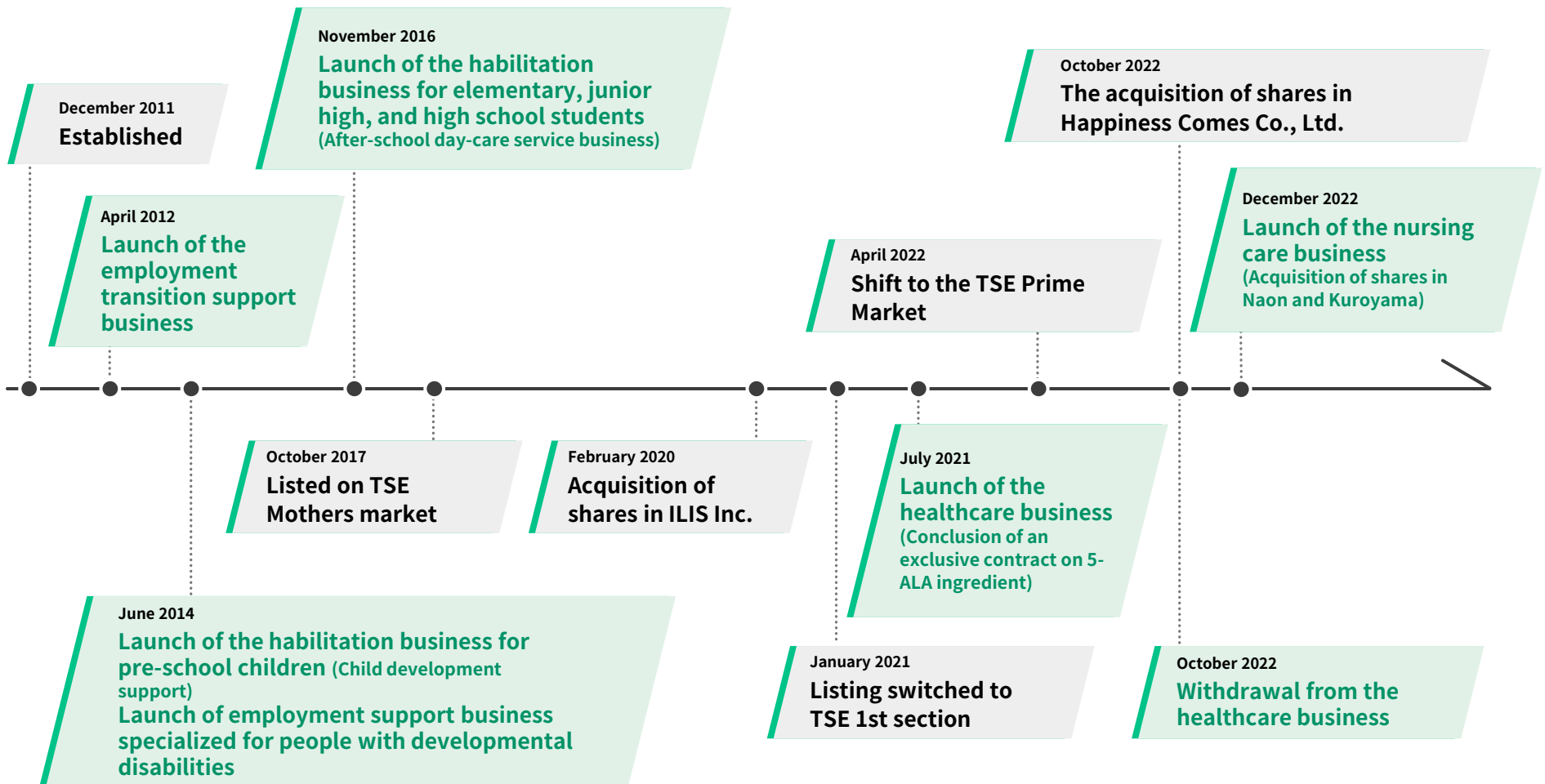


03

Sustainability of the Welbe Group



For ten years since our establishment, we have been operating the disability welfare 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)

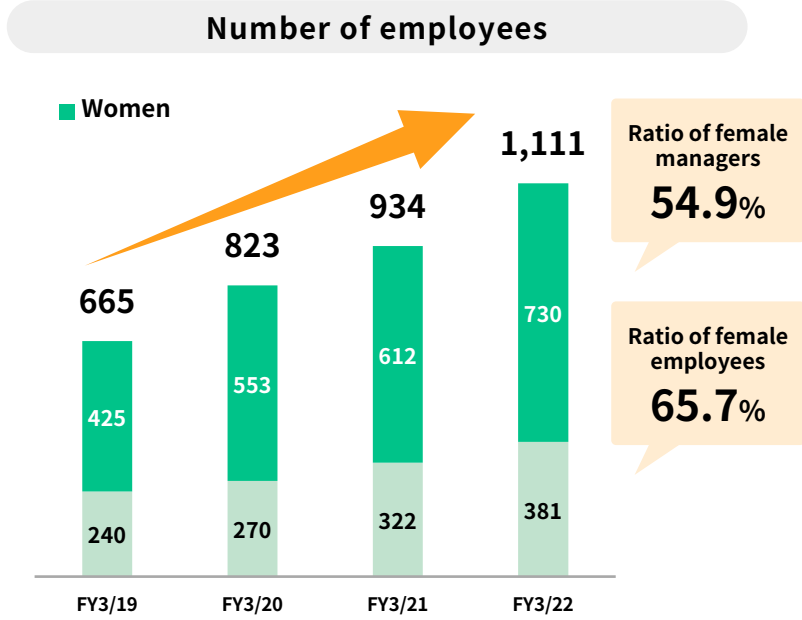
Developing human resources with a wealth of educational and training programs

- 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.

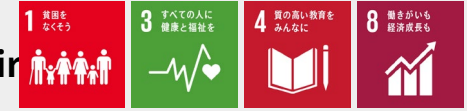
- The committee meets every week.
- Participants are responsible persons from sites and headquarters.
- The committee promotes improvement of on-site operations.

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 December 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:

4.1%*



■ 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
 - 99 bases for employment transition support business
 - 76 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 (job center)
 - In addition to the above, we provide services in response to orders received from government agencies.
- **Habilitation Business:**
Supporting the development of children with disabilities and making day service centers available after school and whenever else needed
 - 54 child development support classrooms (habii)
 - 38 after-school day care service classrooms (habii plus)
 - 5 multifunctional offices (ILIS CLUB)
 - 3 specific consultation support offices
 - Online classroom for general early childhood education and learning
 - One real classroom
- **Nursing Care Business:**
Providing nursing care and residential care services including paid elderly care facilities
 - Fee-charging nursing homes: 2
 - Group homes: 2
 - Shared day service center: 1
 - Day service center: 1
 - Visiting nursing care station: 1
 - Helper station: 1

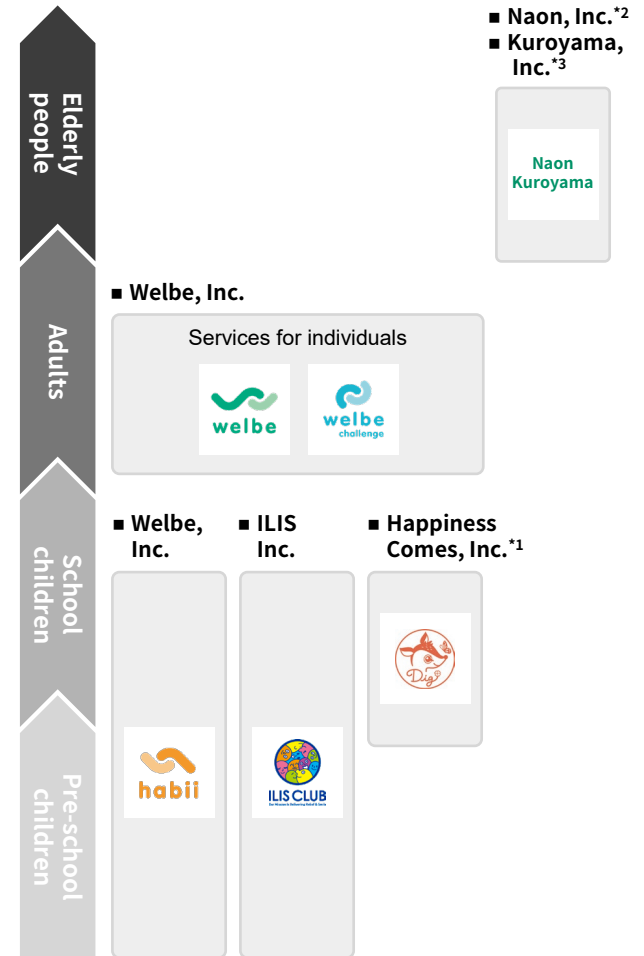


■ Interior view of a base for the employment transition support business



■ Interior view of the classroom of habii

Disability welfare business

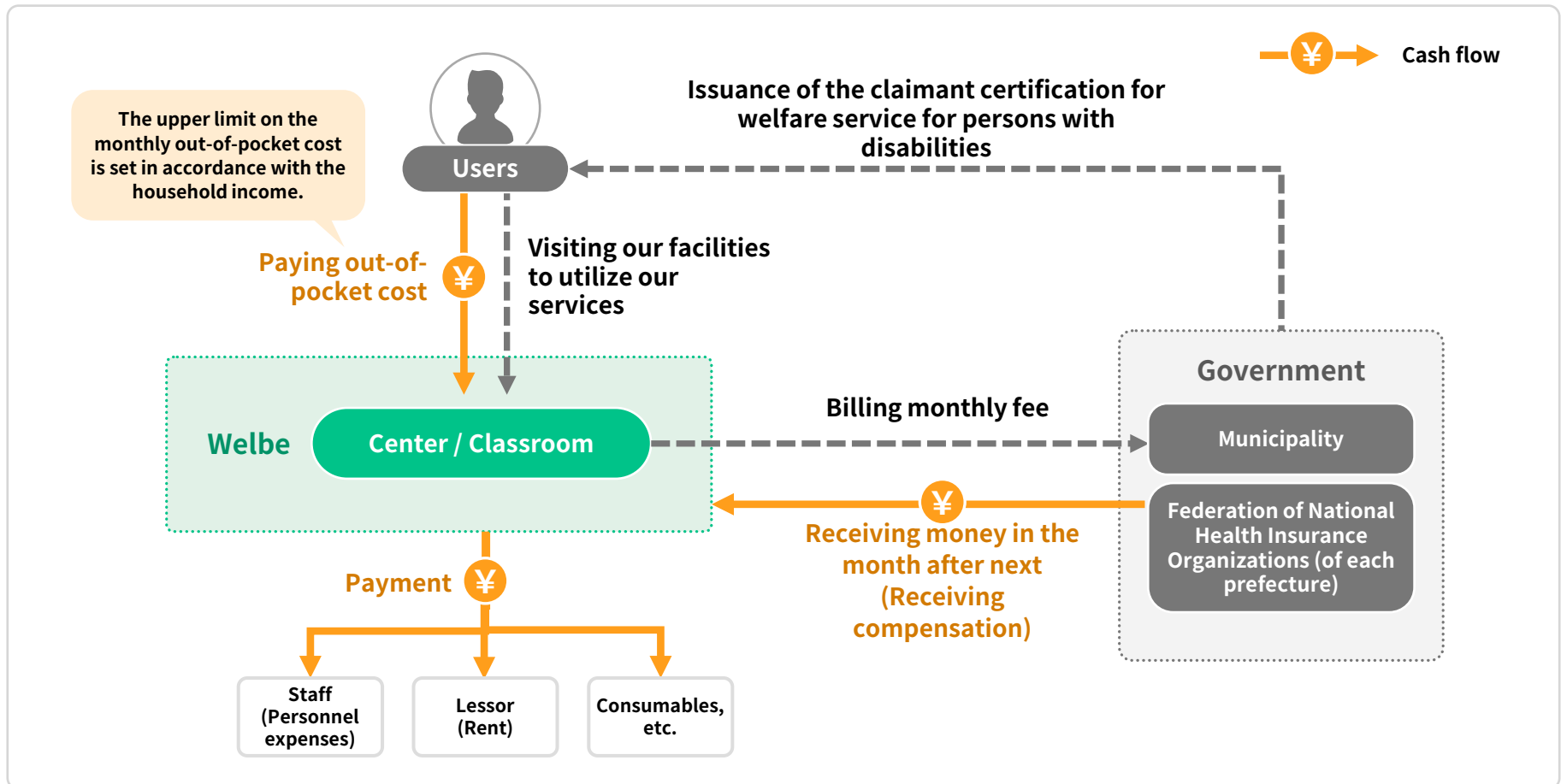


*1 Welbe, Inc. acquired shares in Happiness Comes Inc. and reorganized it into a subsidiary on October 4, 2022. It will be consolidated from 3Q of the fiscal year ending March 2023.

*2 Welbe, Inc. acquired shares in Naon, Inc. and reorganized it into a subsidiary on December 1, 2022. On the same day, the company was renamed Naon, Inc. It will be consolidated from 4Q of the fiscal year ending March 2023. (only BS has been included in December 2022)

*3 Welbe, Inc. acquired shares in Kuroyama, Inc. and reorganized it into a subsidiary on December 1, 2022. On the same day, the company was renamed Kuroyama, Inc. It will be consolidated from 4Q of the fiscal year ending March 2023. (only BS has been included in December 2022)

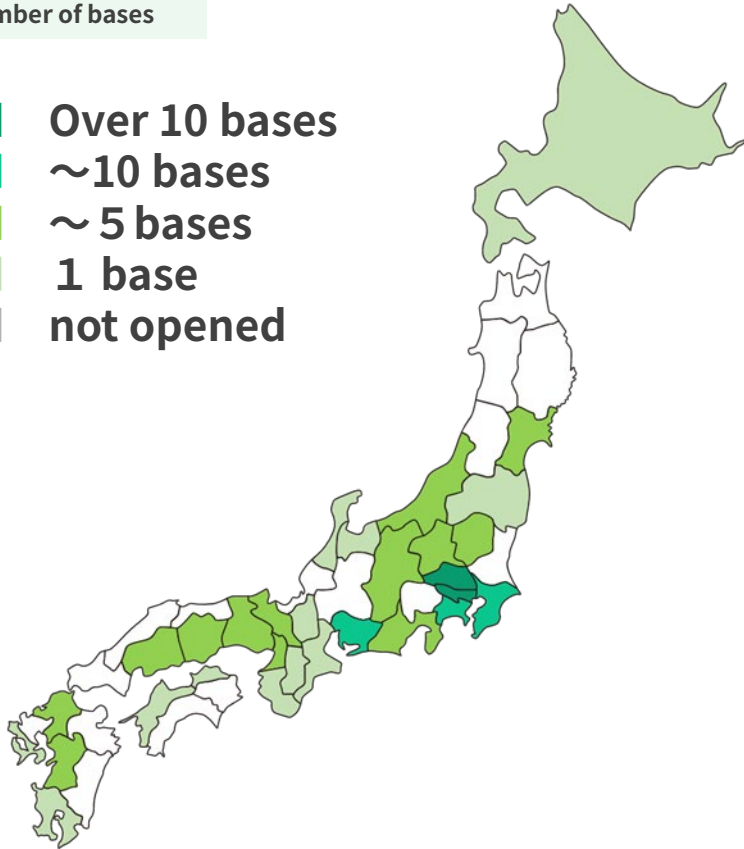
A business model in which we receive compensation from the government and users based on the number of days when they used our services



Number of **welbe** bases **99**

Number of bases

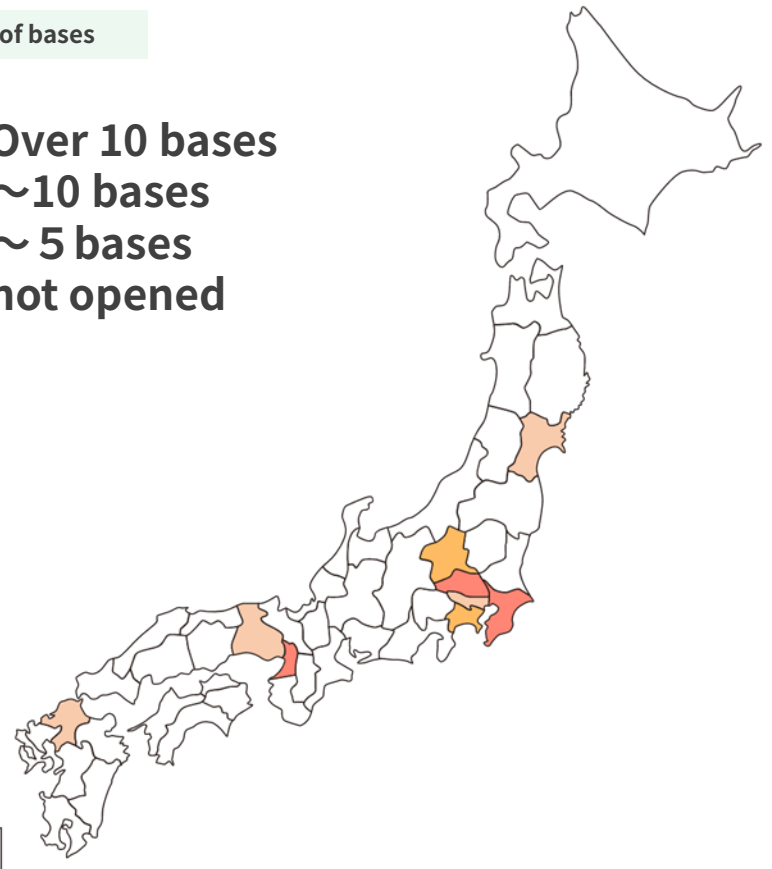
- Over 10 bases
- ~10 bases
- ~ 5 bases
- 1 base
- not opened



Number of **habii** bases **66**

Number of bases

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



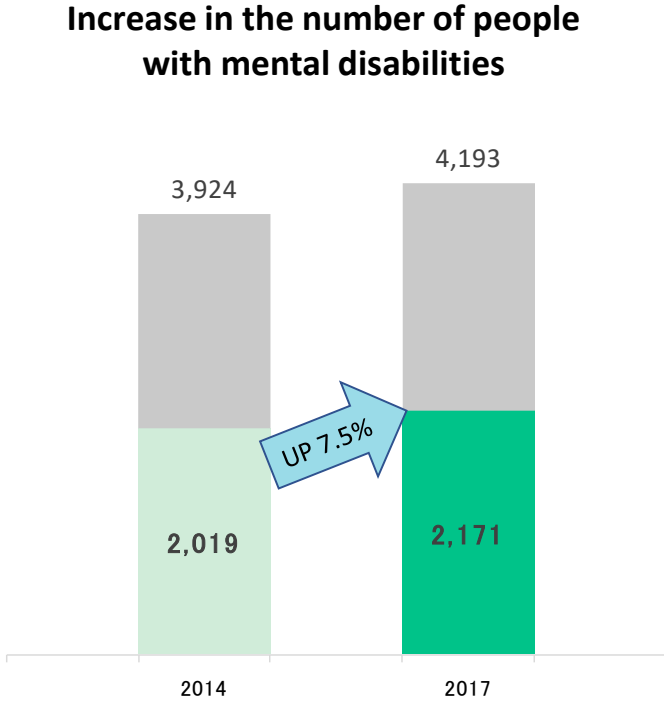
Population of People with Disabilities

- 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)

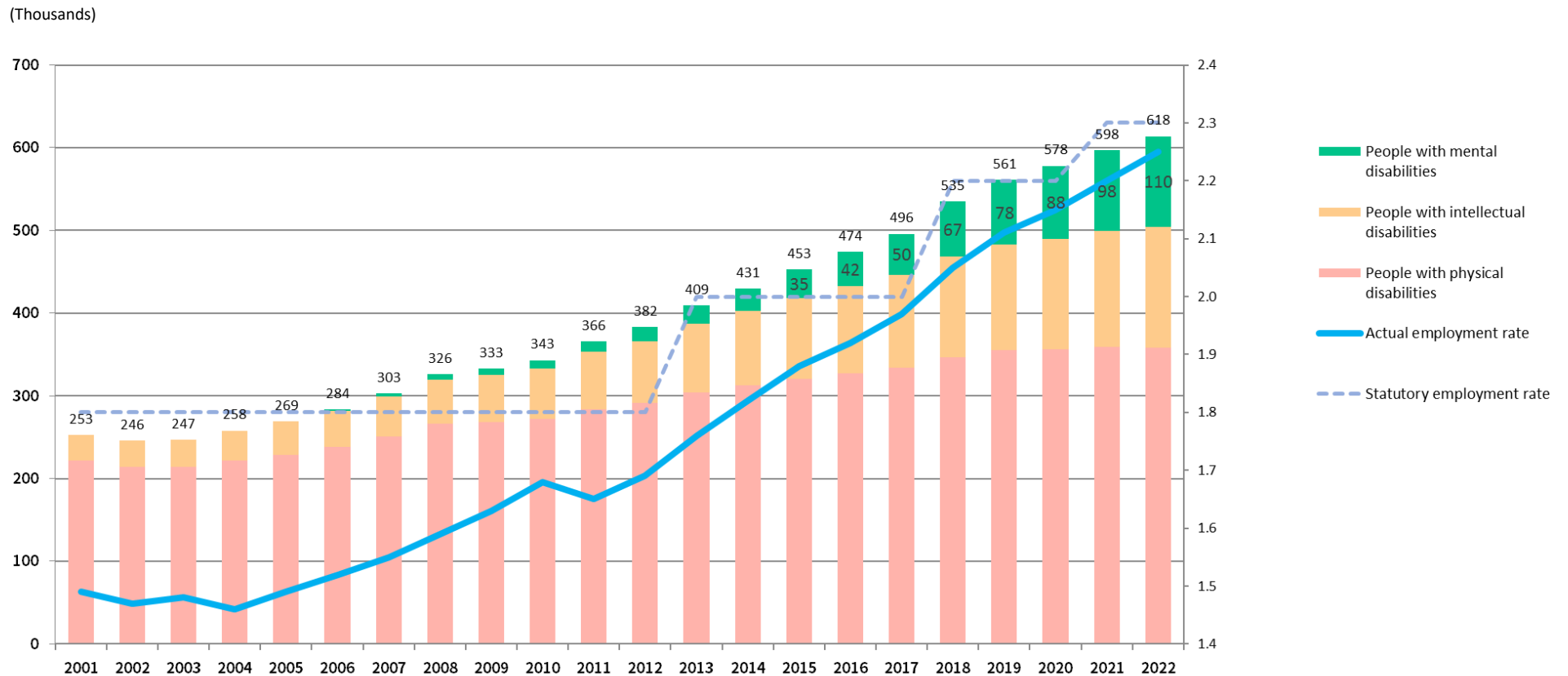


Source: Prepared by Welbe based on 2022 Disabled People White Paper (Cabinet Office) and Population Estimates (Statistics Bureau, Ministry of Internal Affairs and Communications)

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 2.3% from April 2021, 2.5% from April 2024, and 2.7% from July 2026.



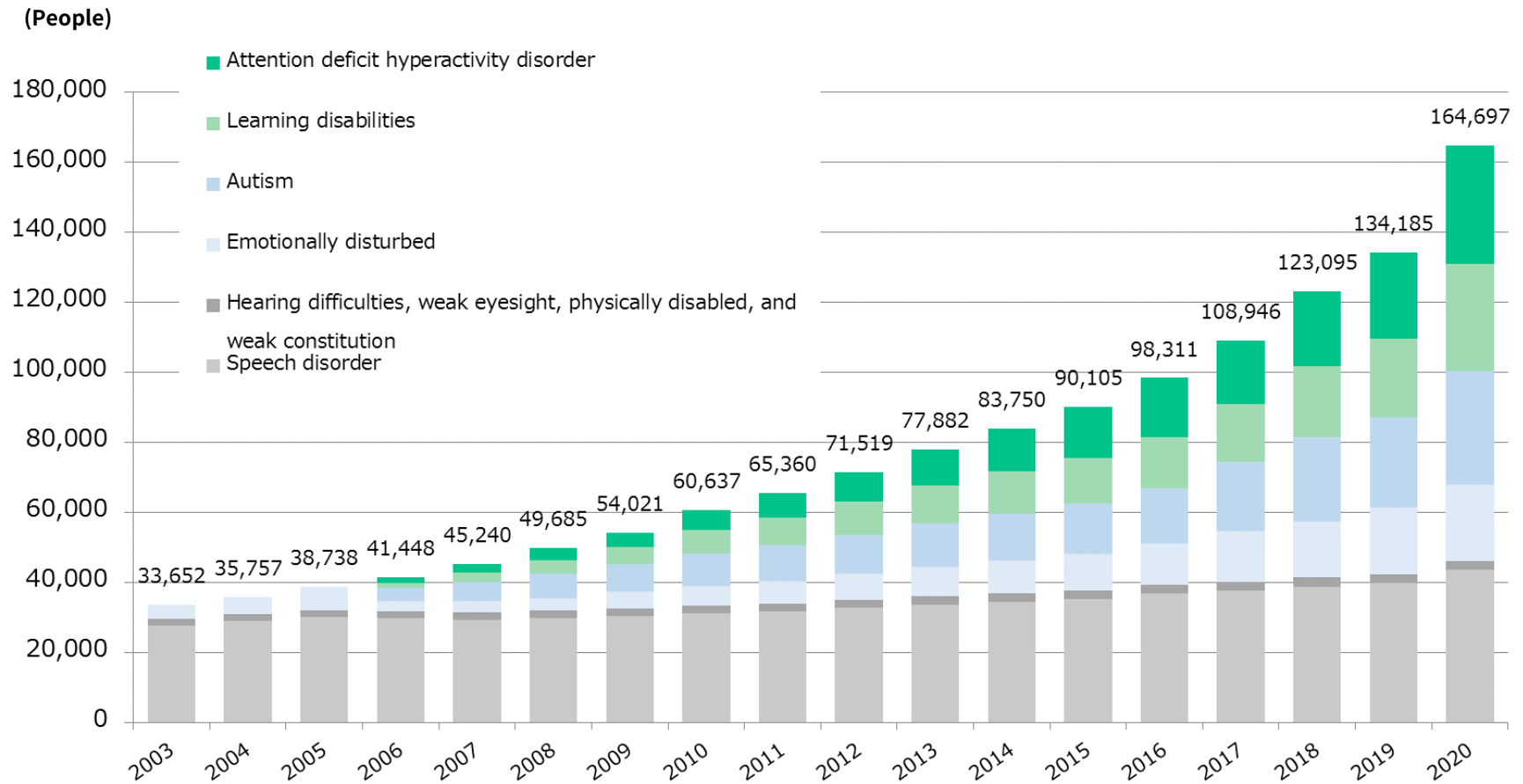
Source : Report on the “Status of Employment of Persons with disabilities” in 2022, Ministry of Health, Labour and Welfare

Growth in the Number of Developmentally Disabled Children in Japan

■ 8.8% 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: FY2020 Survey of Special Classes for Disabilities, Ministry of Education, Culture, Sports, Science and Technology

就労移行支援・就労定着支援における支援の質向上に資する報酬等の見直し

【就労移行支援】

- 一般就労の高い移行実績を実現する事業所について、基本報酬において更に評価。
- 「前年度において就職後6か月以上定着した者の割合（就労定着率）」としている基本報酬の区分の決定に係る実績について、標準利用期間が2年間であることを踏まえ、直近2か年度の実績により算定。

就労定着率	基本報酬	
	【現行】	【見直し後】
5割以上	1,094単位/日	1,128単位/日
4割以上5割未満	939単位/日	959単位/日
3割以上4割未満	811単位/日	820単位/日
2割以上3割未満	689単位/日	690単位/日
1割以上2割未満	567単位/日	557単位/日
0割以上1割未満	527単位/日	507単位/日
0割	502単位/日	468単位/日

※定員20人以下の場合の単位

【現行】

前年度において
就職後6か月以上定着した者
前年度の利用定員数

【見直し後】

前年度及び前々年度において
就職後6か月以上定着した者
前年度の利用定員数 + 前々年度の利用定員数

- 障害者本人の希望や適性・能力を的確に把握・評価を行うアセスメントについて、地域のノウハウを活用し、その精度を上げ、支援効果を高めていくための取組として、本人や他の支援機関等を交えたケース会議等を実施した事業所を評価するための加算を創設。

【支援計画会議実施加算】583単位/回（新設）
（1月につき1回かつ1年につき4回を限度）



【就労定着支援】

- 経営の実態等を踏まえ、基本報酬の見直しを実施。
- 基本報酬の区分について、実績上位2区分に8割以上の事業所が分布している一方で、下位2区分には事業所がほとんどないことを踏まえ、よりきめ細かく実績を反映するため、各区分に係る実績の範囲を見直す。

【現行】

就労定着率	基本報酬
9割以上	3,215単位/月
8割以上9割未満	2,652単位/月
7割以上8割未満	2,130単位/月
5割以上7割未満	1,607単位/月
3割以上5割未満	1,366単位/月
1割以上3割未満	1,206単位/月
1割未満	1,045単位/月

【見直し後】

就労定着率	基本報酬
9割5分以上	3,449単位/月
9割以上9割5分未満	3,285単位/月
8割以上9割未満	2,710単位/月
7割以上8割未満	2,176単位/月
5割以上7割未満	1,642単位/月
3割以上5割未満	1,395単位/月
3割未満	1,046単位/月

※利用者20人以下の場合の単位

- 支給要件について、特定の支援内容を要件とはせず、どのような支援をしたか等をまとめた「支援レポート」を本人その他必要な関係者で月1回共有することを要件とする。

【現行】

「利用者との対面により1月に1回以上の支援」を行った場合に算定

【見直し後】

どのような支援をしたか等をまとめた「支援レポート」を本人その他必要な関係者で月1回共有した場合に算定

- 関係機関との連携を強化し、個別の支援における協力関係を常時構築するため、関係機関とのケース会議等を実施した事業所を評価する新たな加算を創設。

【定着支援連携促進加算】579単位/回（新設）
（1月につき1回かつ1年につき4回を限度）

※ 令和3年度における基本報酬においては、新型コロナウイルス感染症の影響を踏まえ、前年度（令和2年度）実績を用いなくてもよいなどの柔軟な取扱いを実施。

児童発達支援事業所（センター以外）の報酬等の見直し

- 児童発達支援事業所（センター以外）について、従業者の配置に対して一律に加算する「児童指導員等加配加算Ⅱ」を改め、**より手厚い支援を必要とする子どもに応じて、きめ細かい支援が可能となるよう、以下の加算に組み替える。**
 - ① 個別サポート加算Ⅰ：ケアニーズの高い児童（著しく重度および行動上の課題のある児童）への支援を評価
 - ② 個別サポート加算Ⅱ：虐待等の要保護児童等への支援について評価
 - ③ 専門的支援加算：専門的支援を必要とする児童のため専門職の配置を評価（※）

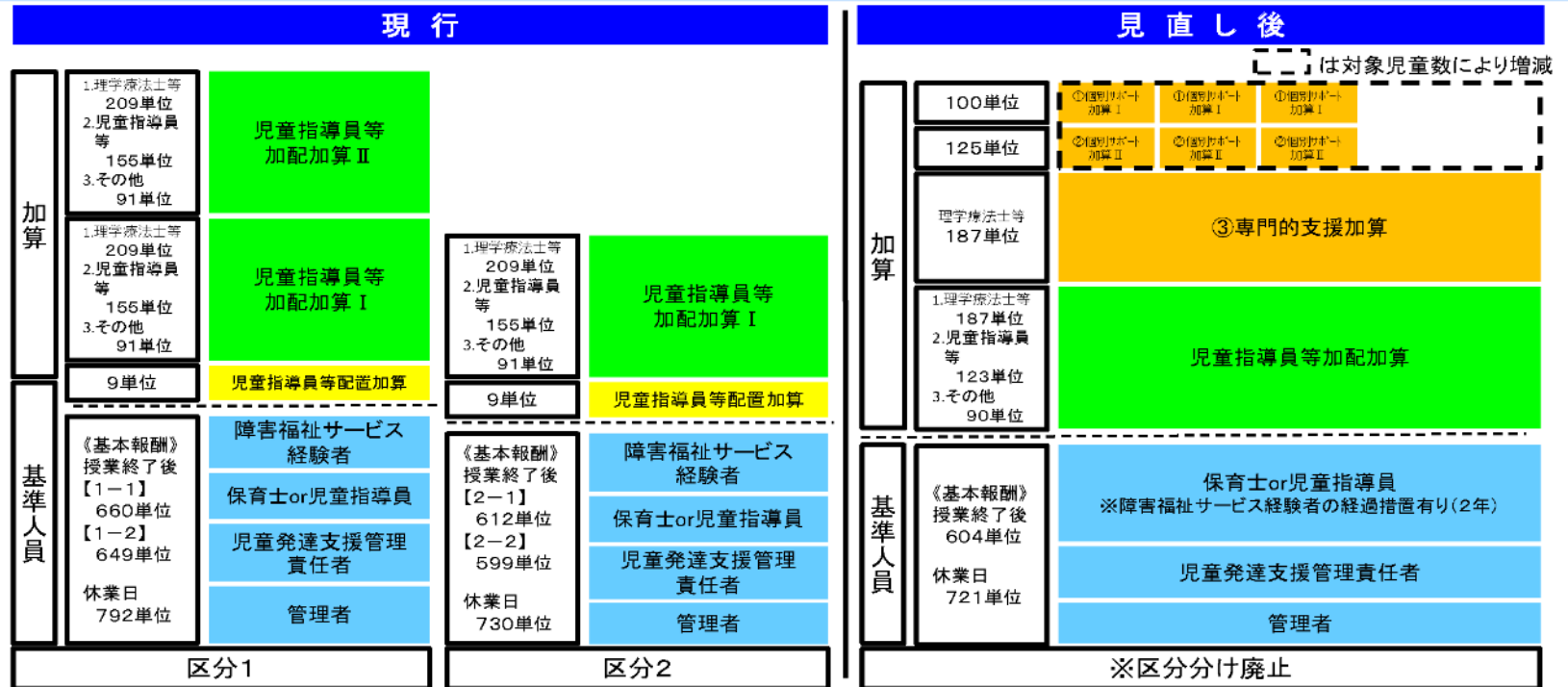
（※）理学療法士、作業療法士、言語聴覚士、心理指導担当職員、国リハ視覚障害学科履修者、5年以上児童福祉事業に従事した保育士・児童指導員を常勤換算で1以上配置した場合に評価
- また、支援の質を向上させるための従業者要件の見直し（障害福祉サービス経験者を廃止）を行う。（経過措置有り）
- さらに、難聴児の早期支援に向けて、児童指導員等加配加算の対象資格に手話通訳士及び手話通訳者を追加。
- 基本報酬及び児童指導員等加配加算の単位数については、経営状況を踏まえ見直し。

現 行		見 直 し 後	
加算	1.理学療法士等 209単位 2.児童指導員等 155単位 3.その他 91単位	児童指導員等加配加算Ⅱ	<div style="border: 1px dashed black; padding: 5px;"> □ は対象児童数により増減 ①個別サポート加算Ⅰ ②個別サポート加算Ⅱ ③個別サポート加算Ⅲ ④個別サポート加算Ⅳ ⑤個別サポート加算Ⅴ ⑥個別サポート加算Ⅵ </div>
	1.理学療法士等 209単位 2.児童指導員等 155単位 3.その他 91単位	児童指導員等加配加算Ⅰ	
	12単位	児童指導員等配置加算	③専門的支援加算
基準人員	《基本報酬》 830 単位	障害福祉サービス経験者	加算 100単位 125単位 1.理学療法士等 187単位 2.児童指導員等 123単位 ③専門的支援加算 1.理学療法士等 187単位 2.児童指導員等 123単位 3.その他 90単位 児童指導員等加配加算 基準人員 《基本報酬》 885 単位 保育士or児童指導員 ※障害福祉サービス経験者の経過措置有り(2年) 児童発達支援管理責任者 管理者
		保育士or児童指導員	
		児童発達支援管理責任者	
		管理者	

※単位数は主に小学校就学前の障害児に対して支援を行う利用定員10名以下の場合を記載
 ※上記図の高さは単位数とは一致しない

放課後等デイサービスの報酬体系等の見直し

- 放課後等デイサービスについて、現行の事業所を2区分に分けて報酬設定する方法（※1）を改め、より手厚い支援を必要とする子どもに応じて、きめ細かく以下の加算を算定。
 - ① 個別サポート加算Ⅰ：ケアニーズの高い児童（著しく重度および行動上の課題のある児童）への支援を評価
 - ② 個別サポート加算Ⅱ：虐待等の要保護児童等への支援について評価
 - ③ 専門的支援加算：専門的支援を必要とする児童のため専門職の配置を評価（※2）
- 〔（※1）現行は、一定の指標に該当する障害児の数が5割以上である場合を「区分1」、5割未満を「区分2」として、基本報酬を2段階に設定
（※2）理学療法士、作業療法士、言語聴覚士、心理指導担当職員、国リハ視覚障害学科履修者を常勤換算で1以上配置した場合に評価〕
- また、支援の質を向上させるための従業者要件の見直し（障害福祉サービス経験者を廃止）を行う。（経過措置有り）
- さらに、難聴児の早期支援に向けて、児童指導員等加配加算の対象資格に手話通訳士及び手話通訳者を追加する。
- 基本報酬及び児童指導員等加配加算の単位数については、経営状況を踏まえ見直し。



※ 単位数は障害児（重症心身障害児を除く）に対し授業終了後に指定放課後等デイサービスを行う定員10名以下の場合を記載
 ※ 上記図の高さは単位数とは一致しない

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