

NICHIIGAKKAN CO., LTD.

Financial Results Briefing Document

for the First Nine Months of the Fiscal Year
Ending March 31, 2018

February 9, 2018

Financial Results Highlights

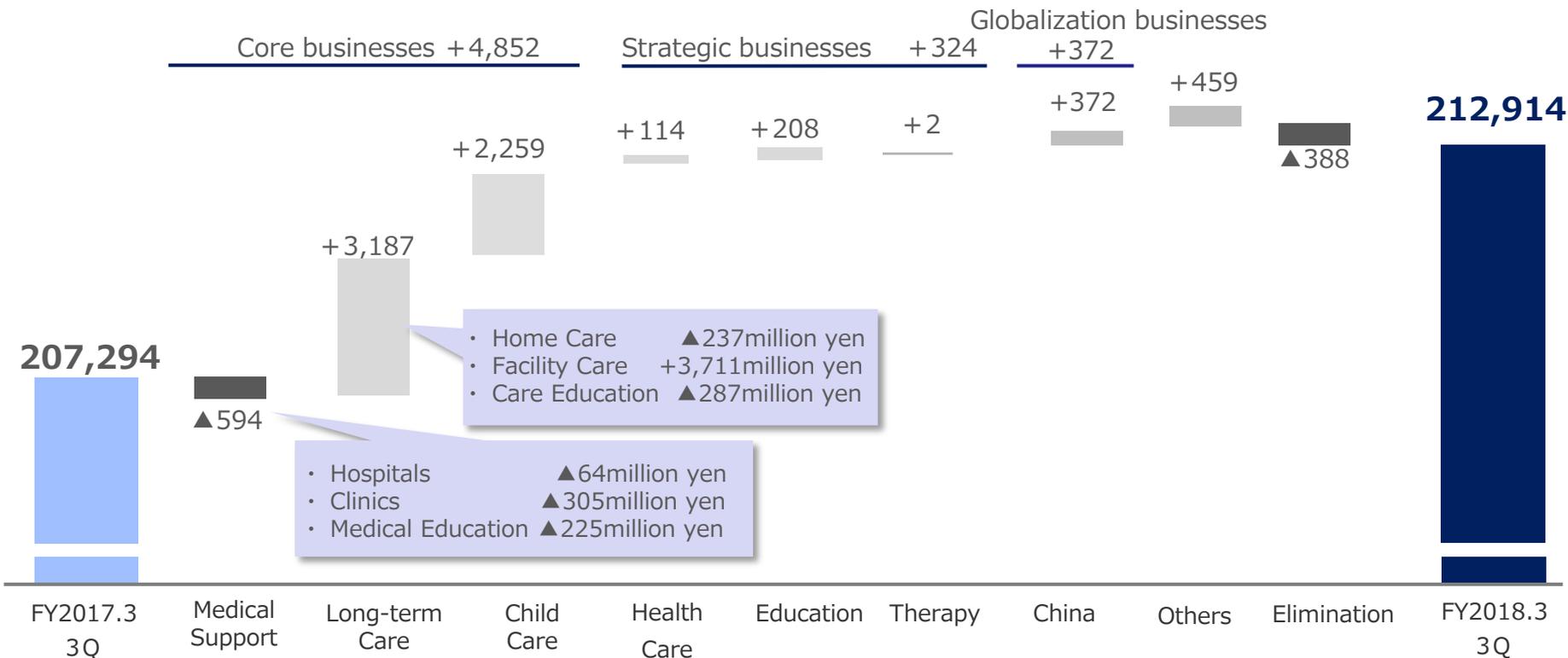
(Unit : million yen)

	FY2017.3	FY2018.3		
	3Q	3Q	Difference	Full-year (forecast)
Net Sales	207,294	212,914	+5,619	300,000
Operating Income	2,097	5,963	+3,866	9,300
%	1.0%	2.8%	+1.8pt	3.1%
Ordinary Income	108	3,014	+2,906	6,000
%	0.1%	1.4%	+1.3pt	2.0%
Profit attributable to owners of parent	▲ 122	1,704	+1,827	3,000
%	▲ 0.1%	0.8%	+0.9pt	1.0%

Major Changes in Net Sales

Year on year Increase in Sales
of 5,619 million yen

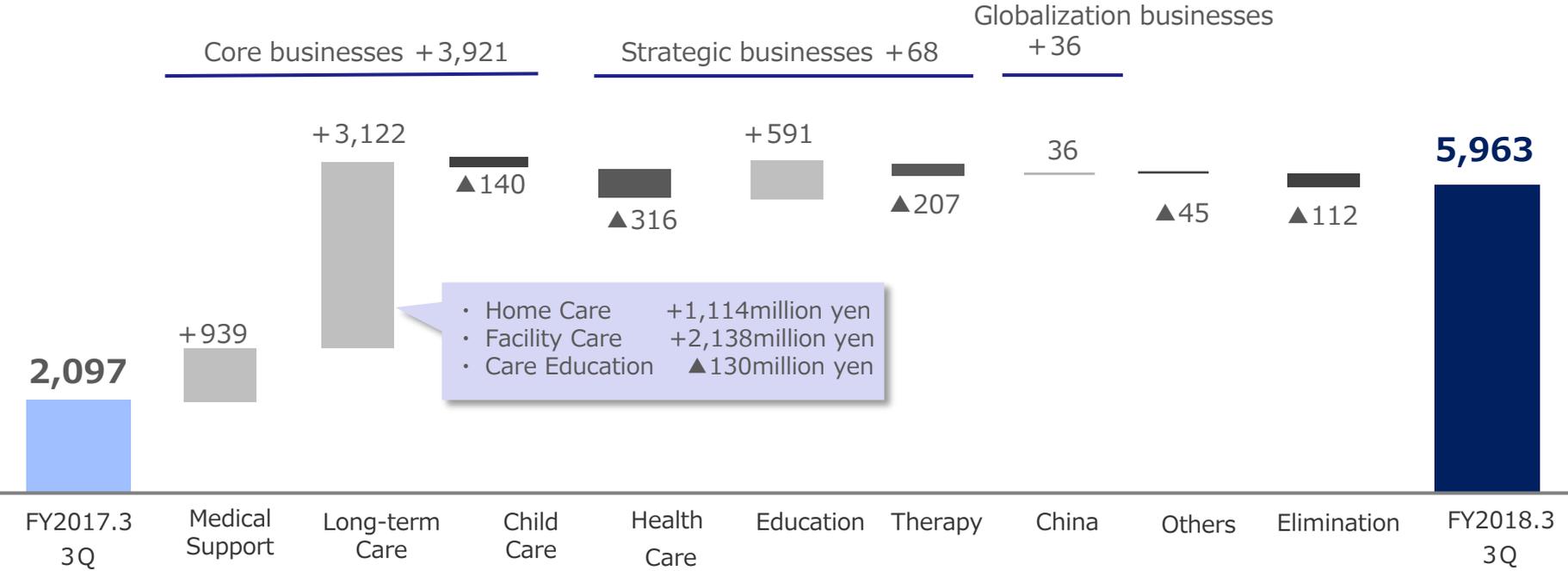
(Unit : million yen)



Major Changes in Operating Income

Year on year Increase in Operating Income of 3,866million yen

(Unit : million yen)



Consolidated Net Sales by Segment

(Unit: million yen)

Net Sales	FY2017.3 3Q	FY2018.3 3Q	Change (%)	FY2018.3 Fy11-year (forecast)
Medical Support	81,131	80,537	▲ 0.7%	112,300
Long-term Care	108,816	112,003	2.9%	154,100
Child Care	4,073	6,332	55.5%	9,300
Health Care	2,268	2,382	5.0%	4,600
Education	9,415	9,623	2.2%	15,000
Therapy※	326	328	0.5%	1,600
China	1,405	1,777	26.4%	3,100
Others	624	1,083	73.5%	1,600
Elimination	▲ 766	▲ 1,154	-	▲ 1,600
Total	207,294	212,914	2.7%	300,000

※New segment display from the fiscal year ended March 31, 2018

Consolidated Operating Income by Segment

(UNIT: million yen)

Operating income	FY2017.3 3Q	FY2018.3 3Q	Change (%)	FY2018.3 Fy11-year (forecast)
Medical Support	5,579	6,518	16.8%	9,200
Long-term Care	7,866	10,988	39.7%	12,800
Child Care	▲ 643	▲ 783	-	▲ 600
Health Care	449	133	▲ 70.2%	600
Education	▲ 3,571	▲ 2,980	-	▲ 2,900
Therapy ※	▲ 29	▲ 236	-	0
China	▲ 1,089	▲ 1,053	-	▲ 1,100
Others	195	150	▲ 23.1%	200
Elimination	▲ 6,660	▲ 6,772	-	▲ 8,900
Total	2,097	5,963	184.4%	9,300

※New segment display from the fiscal year ended March 31, 2018

Summary of the balance sheet

(Unit : million yen)

	End of March 2017	End of December 2017	Difference	End of December 2016
Current assets	64,723	66,117	1,394	61,471
Fixed assets	126,984	122,964	▲4,020	125,230
Total assets	191,708	189,082	▲2,626	186,702
Current liabilities	68,530	60,215	▲8,314	68,436
Non-current liabilities	85,252	90,784	5,531	82,311
Total liabilities	153,783	151,000	▲2,783	150,748
Total net assets	37,924	38,081	157	35,954
Total liabilities and net assets	191,708	189,082	▲2,626	186,702

Changes in Cash flow

(Unit : million yen)

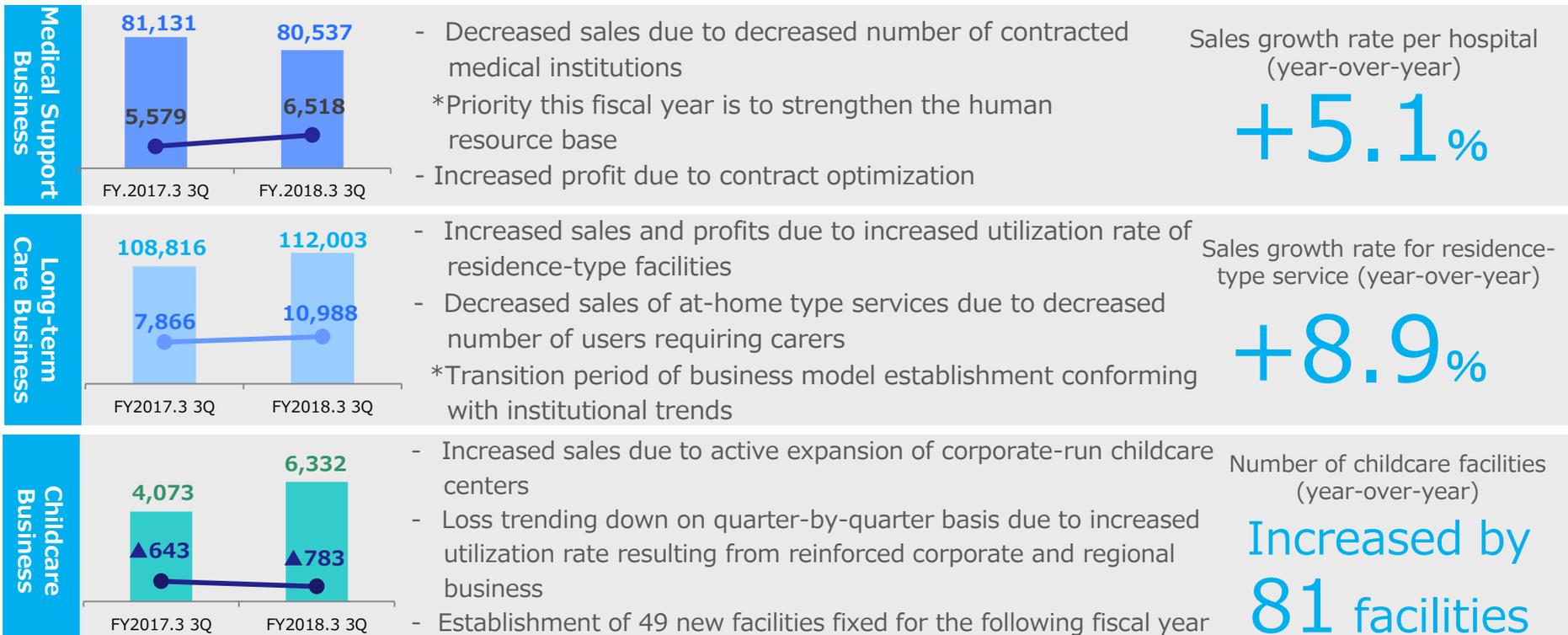
	F Y 2017.3 3Q	FY2018.3 3Q	Difference
Cash flows from Operating activities	7,448	11,441	+3,993
Cash flows from Investing activities	▲ 1,958	▲ 166	+1,792
Free cash flow	5,490	11,275	+5,785
Cash flows from Financial activities	▲ 6,928	▲ 10,586	▲ 3,657
Cash and cash equivalents at end of year	13,003	16,958	+3,954

Segment Overview

Core Business Overview

Aiming to catch up to the plan through site-led business reform

Net Sales Operating Income (Unit: million yen)

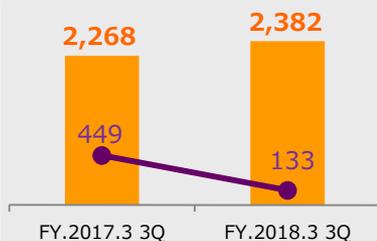


Strategic Business Overview

Putting effort into establishing a service structure with the aim of enhancing profitability in the following fiscal year

Net Sales Operating Income (Unit: million yen)

Health Care Business

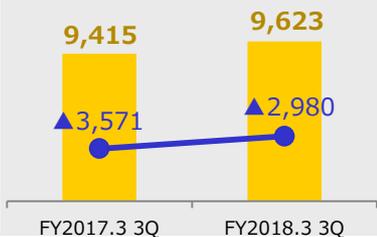


- Increased sales due to enhanced promotional activities of housekeeping services and private brand products
- Decreased profit due to up-front expenditure for launch of the Sunny Maid Service housekeeping service provided by foreign staff (scheduled to start on February 19)

Number of Nichii Life users (year-over-year)

+9.4%

Education Business



- Increased sales due to increased unit price per COCOJUKU student
- Increased profit due to more efficient advertising
- Refurbishment and re-opening of COCOJUKU (for adults) as Gaba, stronger expansion of COCOJUKU Jr. satellites

Number of satellites

23 facilities

Therapy Business



- Increased sales due to newly established A-LOVE dog grooming salon
 - Decreased profit due to up-front expenditure
 - Expansion of dog grooming salons
- Number of stores is planned to reach 22 by March 31

Number of A-LOVE stores (as of December 31)

13 facilities

Promoting Structural Reform of the Language Business (System Integration and Parallel Brands)

Promoting the establishment of a business structure suitable for full-scale operations from April



Refurbish and re-open COCOJUKU as Gaba

February 2018
25 learning studios in Tokyo, Nagoya and Osaka

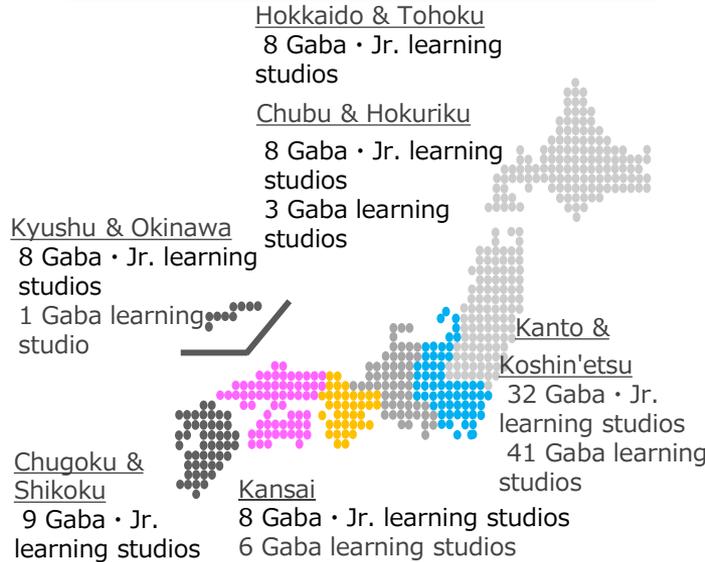
March 31, 2018
80 learning studios at completion of refurbishment of all studios

January to March 2018
Explain to and transition existing students and contracted corporations

From January 2018
Train teachers and counselors as needed

Promote the expansion of COCOJUKU Jr. satellites
Target for March 31, 2018
At least 100 facilities

Number of Gaba Learning Studios by area (April 1 onwards)



Effectiveness of Profit Improvement through Nationwide Gaba Expansion

Striving to increase sales and curb costs through efficient expansion making use of the COCOJUKU infrastructure

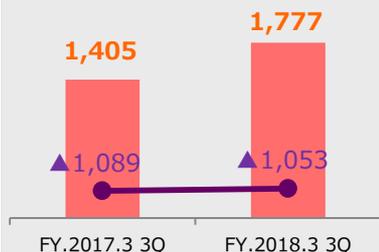
Store openings	<ul style="list-style-type: none">- Curb store opening costs Curb investigation costs (competition investigation, market research and property surveys) and initial advertising costs- Curb running costs through parallel brands (increase the learning studio utilization rate)
Teachers	<ul style="list-style-type: none">- Use Gaba and COCOJUKU teachers effectively
Sales promotion	<ul style="list-style-type: none">- Cultivate corporations through Gaba-Nichii collaboration- Encourage cross-promotional sales between Gaba and COCOJUKU- Accelerate growth of student numbers using the Gaba system for attracting customers- Increase advertising efficiency

Globalization Business Overview

Putting effort into opening new dementia-specialized facilities and into activities for raising awareness of and popularizing Japanese-type nursing

Net Sales Operating Income (Unit: million yen)

China



- Increased sales due to consolidation of 2 regional operating companies and 1 educational corporation in China
- Decreased loss due to commissioned projects from local governments etc.
- Start of expansion of dementia-specialized facilities (Beijing)
Proactively allow private viewings etc. to raise awareness

Number of consolidated Chinese regional operating companies

**21 companies,
8 educational corporations**

Future expansion of dementia-specialized facilities

- Nichii Hangji (Beijing) Health Management Technology Co., Ltd.
 - Implementing preparations for opening a second store
- Shenyang Nichii Zhuer Family Services Co., Ltd.
 - Implementing preparations to open in July 2018
- Trinity Human Resource Co., Ltd, Tianjin
 - Implementing preparations to open in July 2018

(Unit: million yen)

	September 30, 2017
Total Assets	7,251
Net Assets	6,237
Goodwill	1,167

All performance targets and other forecasts, including numbers of contracts and users, and goals, contained in this document are based on information currently available to the Nichii Gakkan Group and will be affected by uncertain factors, including economic circumstances, the relaxation of regulations, and employment conditions. Please note that actual results, numbers of contracts and users, and other data may be different from the forecasts.

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