

NICHII GAKKAN COMPANY

Financial Results Briefing Document

for the First Nine Months of the Fiscal Year
Ending March 31, 2016

February 12, 2016

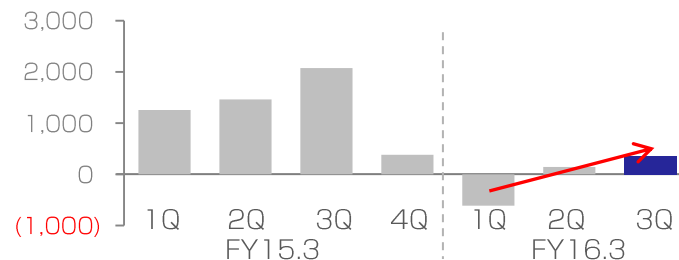
Highlights of Financial Results for the First Nine Months

- Sales hit record high for eighth consecutive period.
- Quarterly operating income shows upward trend.
- Profitability of language education and existing courses improved.
- Efforts were focused on acquiring trainees who finish training for new long-term care workers.

FY2016.3 3Q Net Sales

205,290 million yen (YOY+0.5%)

Operating Income (quarterly)



Language

Operating Loss ▲3,728 million yen (YOY▲4,011)

Exit

Operating Loss ▲1,254 million yen (YOY▲2,923)

Child care Business Net Sales **2,290** million yen
(YOY +55.2%)

(Operating profit ratio 5.3% improved)

Financial Results Highlights

(Unit:million yen)

	FY2015.3	FY2016.3	
	3Q	3Q	
	Amount	Amount	Change (%)
Net Sales	204,307	205,290	0.5%
Operating income	4,795	▲ 112	-
%	2.3%	▲0.1%	-
Ordinary Income	3,376	▲ 1,960	-
%	1.7%	▲1%	-
Net income attributable to owners of parent	1,336	▲ 2,844	-
%	0.7%	▲1.4%	-

Consolidated Sales and Operating Income by Segment

(Unit : million yen)

Net Sales	FY2015.3 3Q	FY2016.3 3Q	Change (%)
Medical Support	81,042	81,582	0.7%
Long-term Care	109,526	107,798	▲1.6%
Health Care	3,415	3,230	▲5.4%
Education	9,078	9,559	5.3%
Child Care	1,475	2,290	55.2%
Other	990	1,860	87.9%
Elimination	▲ 1,220	▲ 1,032	-
Total	204,307	205,290	0.5%

(Unit:million yen)

Operating Income	FY2015.3 3Q	FY2016.3 3Q	Change (%)
Medical Support	5,988	5,743	▲4.1%
Long-term Care	9,389	4,820	▲48.7%
Health Care	198	446	125.2%
Education	▲ 4,349	▲ 3,791	-
Child Care	▲ 521	▲ 687	-
Other	379	▲ 41	-
Elimination	▲ 6,290	▲ 6,603	-
Total	4,795	▲ 112	-

Consolidated Sales and Operating Income(Quarterly)

(Unit : million yen)

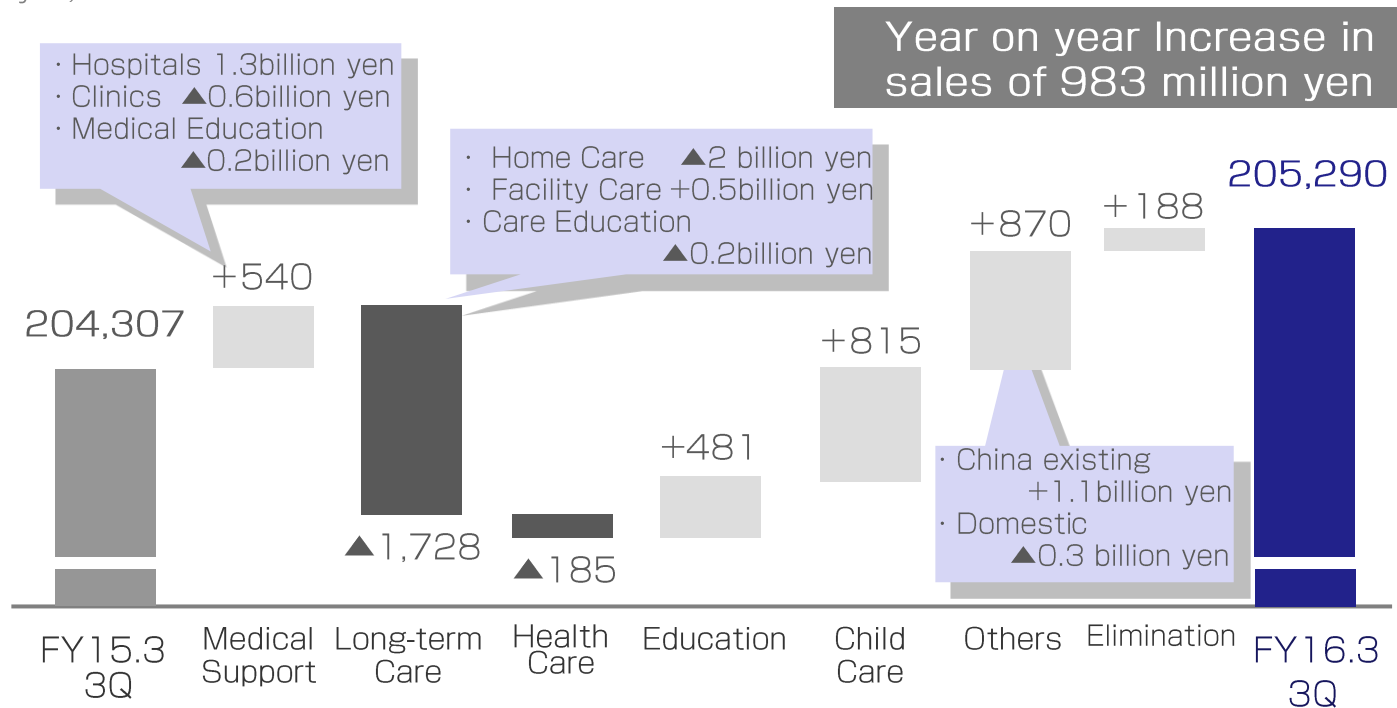
Net Sales	FY2015.3				FY2016.3							
	1Q	2Q	3Q	4Q	1Q	Change	2Q	Change	3Q	Change	4Q ()	Change
Medical Support	26,933	26,963	27,146	27,336	27,106	0.6%	27,292	1.2%	27,184	0.1%	27,818	1.8%
Long-term Care	36,335	36,697	36,494	35,482	35,748	▲1.6%	36,021	▲1.8%	36,029	▲1.3%	36,602	3.2%
Health Care	926	1,073	1,416	963	944	2.0%	998	▲7.0%	1,288	▲9.0%	970	0.7%
Education	3,023	3,044	3,011	3,187	3,126	3.4%	3,247	6.7%	3,186	5.8%	3,641	14.2%
Child Care	458	497	520	753	701	53.0%	759	52.7%	830	59.6%	910	20.8%
Others	405	304	281	323	614	51.7%	611	101.0%	635	126.0%	540	67.2%
Elimination	▲ 362	▲ 285	▲ 573	▲ 483	▲ 365	-	▲ 228	-	▲ 439	-	▲ 268	-
Total	67,720	68,295	68,292	67,561	67,878	0.2%	68,697	0.6%	68,715	0.6%	70,210	3.9%

(Unit : million yen)

Operating Income	2015年3月期				2016年3月期							
	1Q	2Q	3Q	4Q	1Q	Change	2Q	Change	3Q	Change	4Q (forecast)	Change
Medical Support	1,980	1,910	2,098	2,051	1,886	▲4.7%	1,908	▲0.1%	1,949	▲7.1%	1,957	▲4.6%
Long-term Care	3,266	3,408	2,715	2,177	1,590	▲51.3%	1,743	▲48.9%	1,487	▲45.2%	2,180	0.1%
Health Care	▲ 48	▲ 14	260	15	31	▲164.6%	97	▲792.9%	318	22.3%	▲ 46	▲406.7%
Education	▲ 1,523	▲ 1,714	▲ 1,085	▲ 1,820	▲ 1,605	-	▲ 1,251	-	▲ 935	-	▲ 1,709	-
Child Care	▲ 174	▲ 138	▲ 209	▲ 185	▲ 272	-	▲ 220	-	▲ 195	-	▲ 213	-
Others	185	112	82	78	55	▲70.3%	▲ 10	-	▲ 86	-	41	-
Elimination	▲ 2,426	▲ 2,076	▲ 1,788	▲ 1,938	▲ 2,300	-	▲ 2,128	-	▲ 2,175	-	▲ 1,897	-
Total	1,258	1,461	2,076	378	▲ 614	▲148.8%	141	▲90.3%	361	▲82.6%	312	▲17.5%

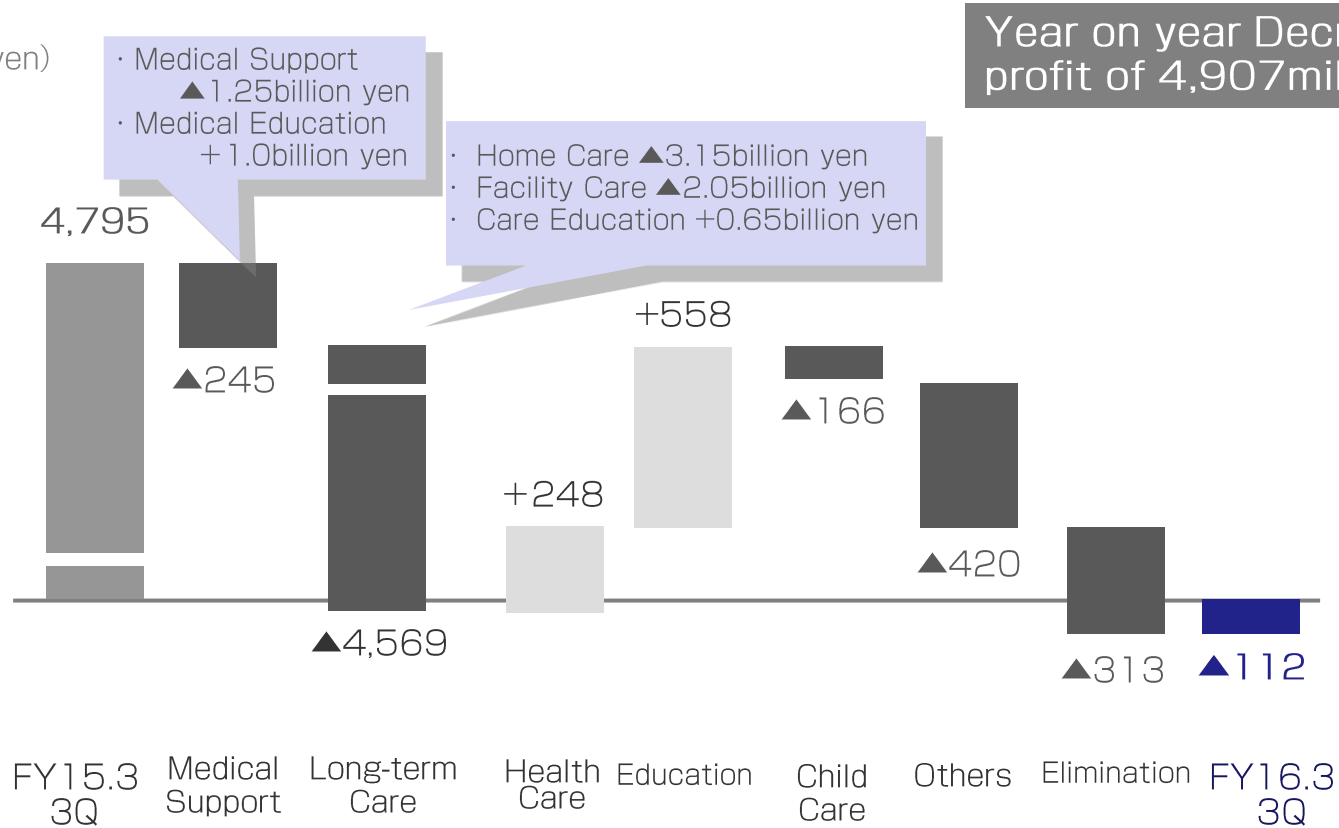
Major Change in Net Sales

(Unit : million yen)



Major Changes in Operating Income

(Unit : million yen)



Consolidated balance sheets · Cash flows

【Consolidated balance sheets】

(Unit : million yen)

	As of Dec.31,2014	As of Dec.31,2015	Difference
Total assets	184,554	191,640	+7,085
Total liabilities	127,869	139,709	+11,839
Total net assets	56,685	51,931	▲4,753
Total liabilities and net assets	184,554	191,640	+7,085

Changes in Cash flow

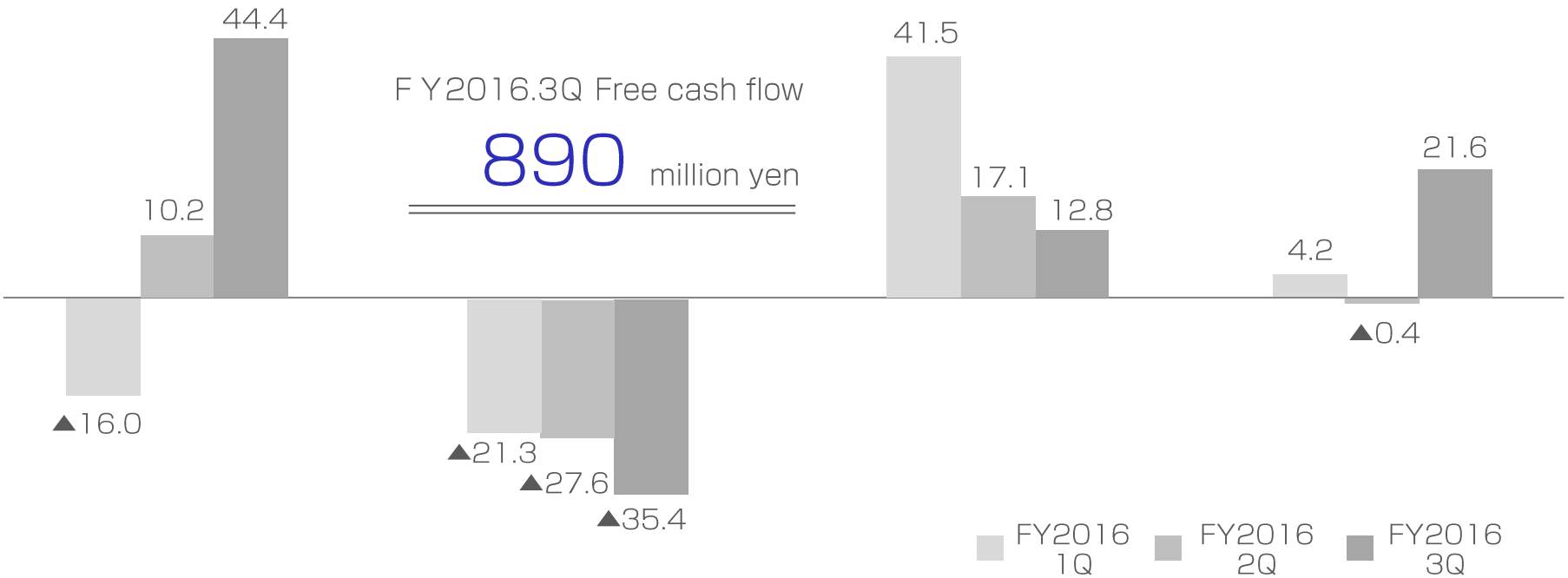
(Unit : Hundred millions of yen)

Cash flows from Operating activities

Cash flows from Investing activities

Cash flows from Financial activities

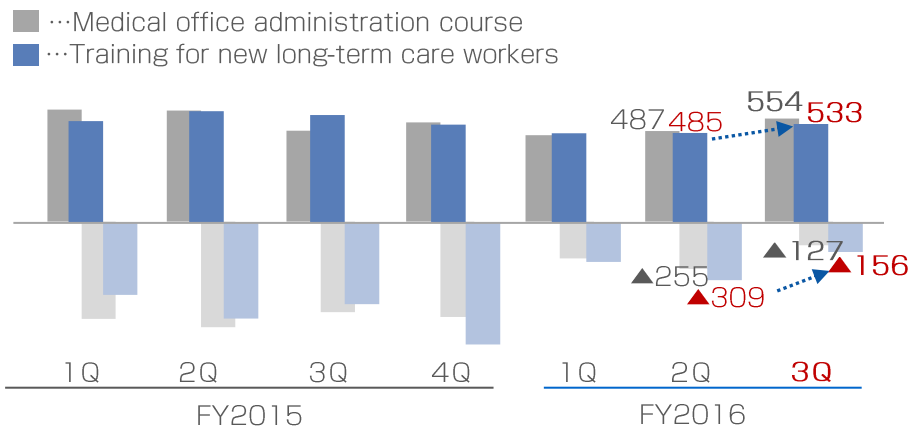
Net increase(decrease) In cash and cash equivalents



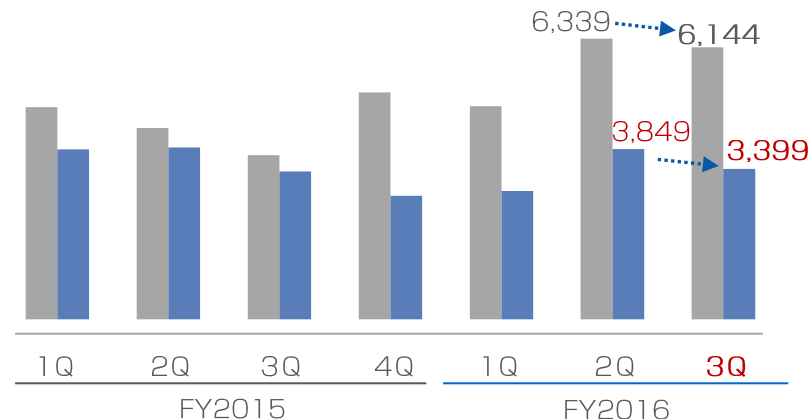
Initiatives to Hire Staff

Conducted campaigns to coincide with busy months

Quarterly Net sales [Top] and Operating Income [Bottom] (Million Yen)



Number of Attending Students



Half-price fee campaigns

Period: From August 1, 2015 to October 31, 2015
 Eligibility: Medical office administration course and training for new long-term care workers

*There are plans to run a cash-back campaign year-round.

Period: From January 5, 2016 to March 31, 2016
 Eligibility: Medical office administration course and training for new long-term care workers

Return to Growth in Long-term Care Operations

POINT 1

The number of home care services increased from the end of the previous quarter.

The number of users of all services was higher in December than in September.

*The number of users of home-visit bathing services was strategically reduced.

	2015	Sep.	Dec.	Increase /Decrease
Home care service users		110,481	110,620	+ 139
Home-visit care services		44,801	44,967	+ 166
Welfare services for persons with disabilities		16,249	16,417	+ 168
Home-visit bathing services		4,586	4,299	- 287
Day-care services		19,027	19,097	+ 70
Rental of welfare equipment		25,818	25,840	+ 22

POINT 2

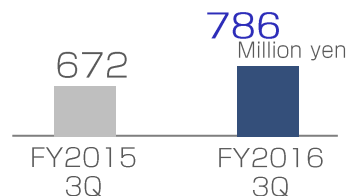
Sales of home-visit nursing and small-scale multi-function care services expanded.

Sales of services with high community needs expanded.

Premiums newly established for these services are also being acquired.

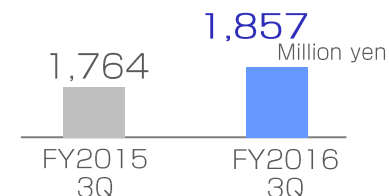
<Sales of home-visit nursing services>

+yoy +16.9%



<Sales of small-scale multi-function care services>

+yoy +5.2%



Initiatives to Improve Profitability of Language Education Business

COCO Juku

- Increased corporate sales
- Enhancement of courses: 3 courses designated under the general education and training benefits program
- Stronger school management: Appointment of 24 Assistant Managers

COCO Juku Junior

- Expansion of FC classrooms
- Increased synergy between businesses
- Stronger cooperation with JSS

GABA

(Million yen)

	FY2015 3Q	FY2016 3Q	YOY
Net sales	7,548	7,942	5.2%
Operating income	998	1,100	10.2%

NYU-SCPS ALI Tokyo Center

- Number of attending students: 300 (end of Dec. 2015)
- Cost review: Operation management, marketing, royalties

	2015	End of Sep.	End of Dec.	Increase
Number of corporate contracts		1,121	1,249	+128
Number of FC classrooms		356	384	+28
Number of child care facilities providing English lessons		39	40	+1



Language Education Business:

Improvement of Customer Satisfaction

COCO Juku won 1st place in the English conversation school category of the Oricon Customer Satisfaction Award, in recognition of its constant commitment to putting customer satisfaction first.

Concept

- Conversation skills are improved through listening, communicating and recapping.
- Plans to improve English skills are proposed according to the level of students.
- Teachers and counsellors provide support.

Customer Feedback

You can pick times that suit you.

The teacher's explanations are easy to understand. (female student in her 20s)

The instructors are polite and attentive. (male student in his 30s)



Oricon Customer Satisfaction Award 2015
1st in the English conversation school category

Child Care Business

Thanks to our more powerful sales activities, 29 facilities will be newly established for the next fiscal year.

Number of segment Child care center (Unit : Location)		End of Apr. 2015	End of Dec. 2015	End of Apr. 2016 (Fore cast)
Registered child care centers	Education and childcare centers	20	20	27 (+7)
	Regional type childcare centers	14	17	39 (+22)
Non-registered outside child care centers	In-hospital child care centers	18	19	19
	In office and in university child care centers	7	7	7
	Other child care	16	16	16
Total		75	79	108 (+29)



※ () = Comparison with the end of December 2015

China business consolidated Financial Results High Lights

FY2016.3 3Q

北京三傑聖一
人力資源
有限公司

瀋陽助爾
家政服務
有限公司

濟南仁德
家庭服務
有限公司

廣州市正祥和
家政服務
有限公司

常州金蓓蕾
健康諮詢服務
有限公司

深圳市
中家家庭服務
有限公司

+

深圳市中家
星級家政服務
有限公司

深圳市中家
華僑家政服務
有限公司

深圳市中家
職業技能
培訓學校

杭州天使
家政服務
有限公司

Add to FY2016.3 3Q
PL : 2company 1 school corporation
BS : 3company 1 school corporation

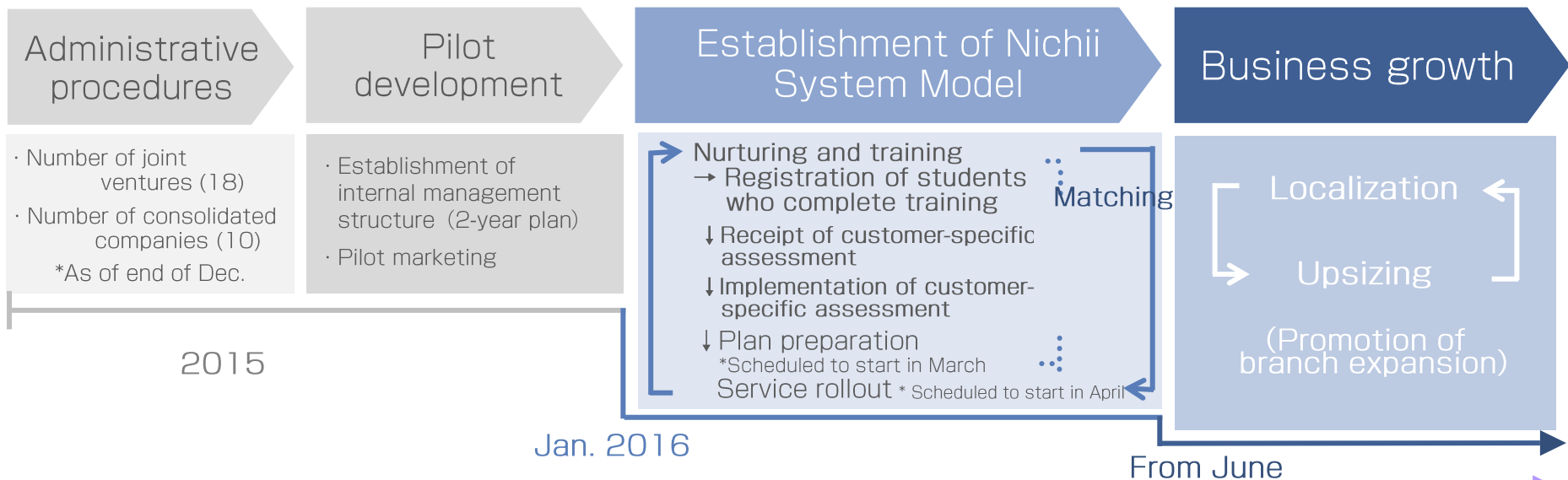
(Unit : Million of Yen)

	FY2016.3 3Q (Jan~Sep)
Net sales	1,170
Operating Income	▲619
Amortization of goodwill (5-year amortization)	332

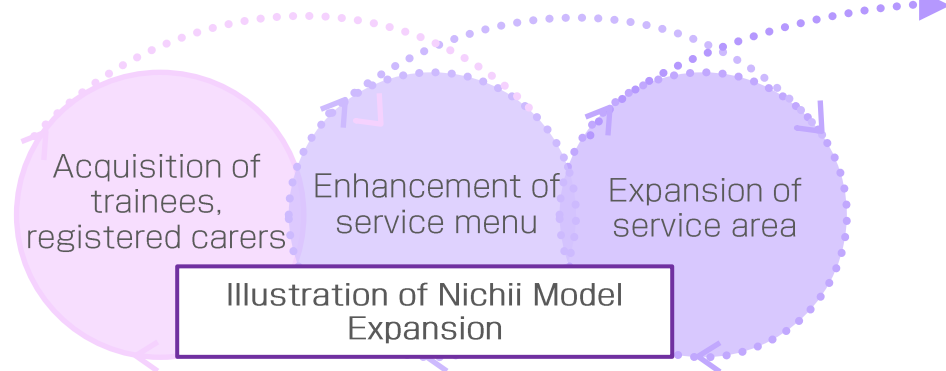
(Unit : Million of Yen)

	FY2016 End of Sep
Total Assets	5,093
Net Assets	2,895
Goodwill	1,663

Progress and Future Outlook of China Business



Transition to Nichii System Model establishment phase from 2016



Earnings forecast

(Unit: million yen)

	FY2015	FY2016	
	Full-year	Full-year(Revised forecast)	Change
Net Sales	271,868	275,500	1.3%
Operating Income	5,173	200	▲96.1%
%	1.9%	0.1%	
Ordinary Income	3,144	▲ 2,400	-
%	1.2%	▲0.9%	
Net Income	416	▲ 3,500	-
%	0.2%	▲1.3%	

Earning forecast (by Segment)

(Unit : Million of Yen)

Net Sales	FY2015 Result	FY2016 Revised forecast	Change
Medical Support	108,378	109,400	0.9%
Long-term Care	145,008	144,400	▲0.4%
Health Care	4,378	4,200	▲4.1%
Education	12,265	13,200	7.6%
Child Care	2,228	3,200	43.6%
Others	1,313	2,400	82.8%
Elimination	▲ 1,703	▲ 1,300	-
Amount	271,868	275,500	1.3%

(Unit : Million of Yen)

Oporeting Income	FY2015 Result	FY2016 Revised forecast	Change
Medical Support	8,039	7,700	▲4.2%
Long-term Care	11,566	7,000	▲39.5%
Health Care	213	400	87.5%
Education	▲ 6,169	▲ 5,500	-
Child Care	▲ 706	▲ 900	-
Others	457	0	-
Elimination	▲ 8,228	▲ 8,500	-
Amount	5,173	200	▲96.1%

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.

Contact information

Nichii Gakkan Company
IR Division, Public Relations Department
Corporate Planning Headquarters
Address: 2-9 Kanda Surugadai, Chiyoda-ku, Tokyo
Tel: 03-3291-3954 (Public Relations Department)
E-mail: nichii-ir@nichiigakkan.co.jp