

NICHIIGAKKAN CO., LTD.

Financial Results Briefing Document

For the Three Months Ended Jun. 30, 2017

August 10, 2017

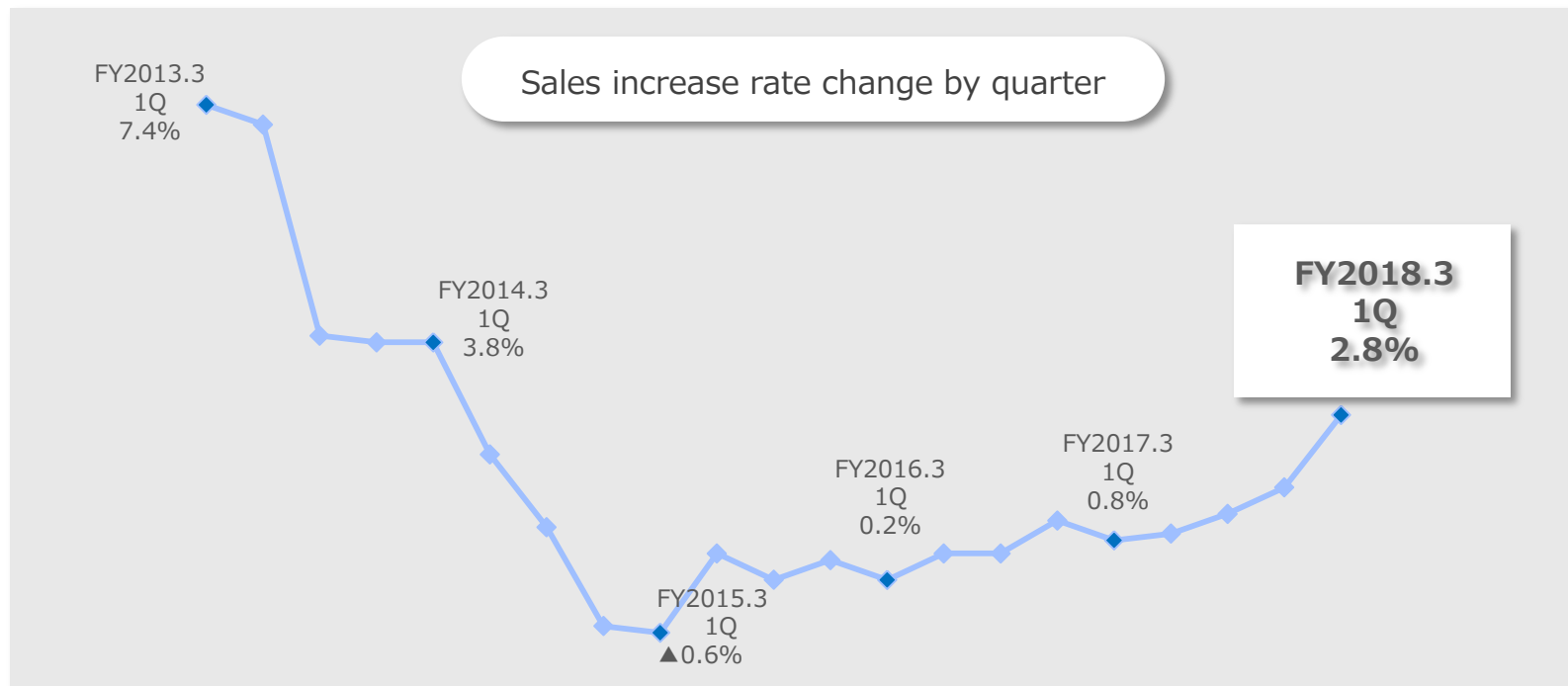
Financial Results Highlights

(Unit : million yen)

	FY2017	FY2018	
	1Q	1Q	increase and decrease
Net Sales	68,414	70,313	+1,898
Operating Income	▲ 215	1,519	+1,734
%	▲ 0.3%	2.2%	+ 2.5pt
Ordinary Income	▲ 1,250	560	+1,810
%	▲ 1.8%	0.8%	+ 2.6pt
Profit attributable to owners of parent	▲ 1,313	510	+1,824
%	▲ 1.9%	0.7%	+ 2.6pt

Financial Results Highlights ①

Record-high sales for the quarter revised. Growing force also recovered.

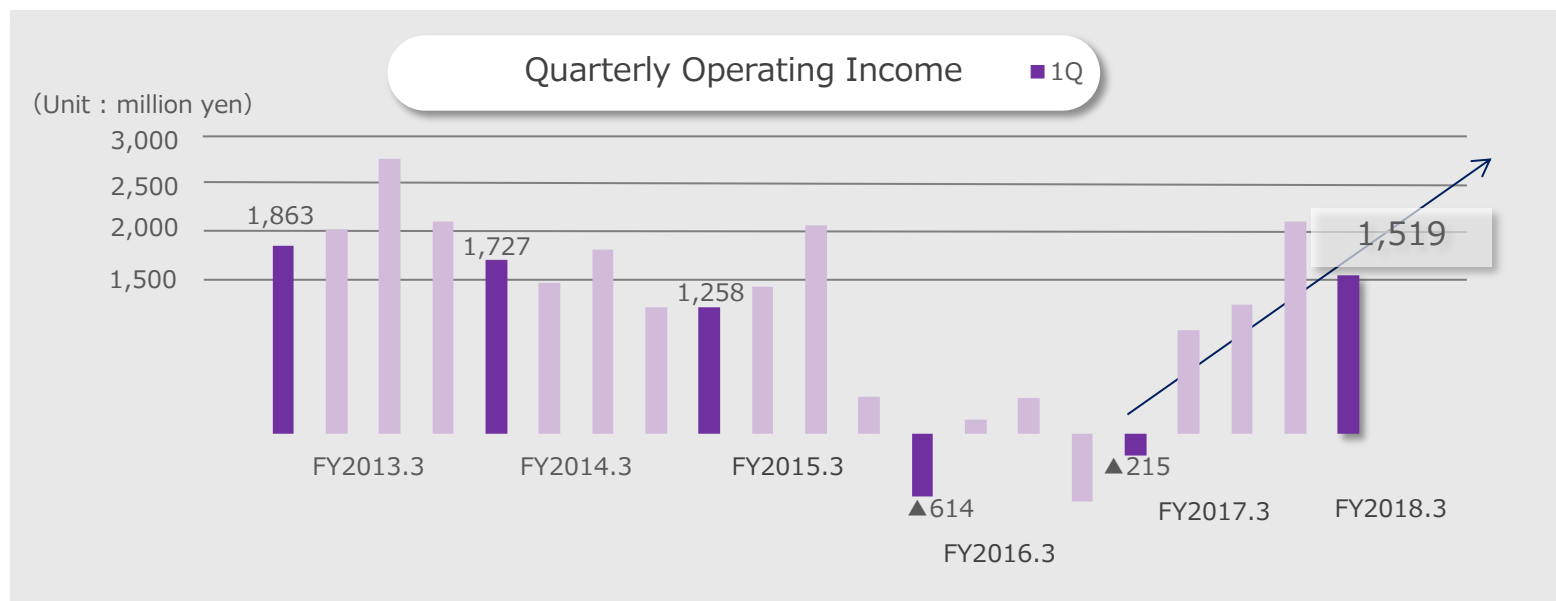


Financial Results Highlights ②

Operating Income, Maintaining an increasing trend (1,734 million yen increase compared to the previous year)

Changed nearly as planned against the result forecast

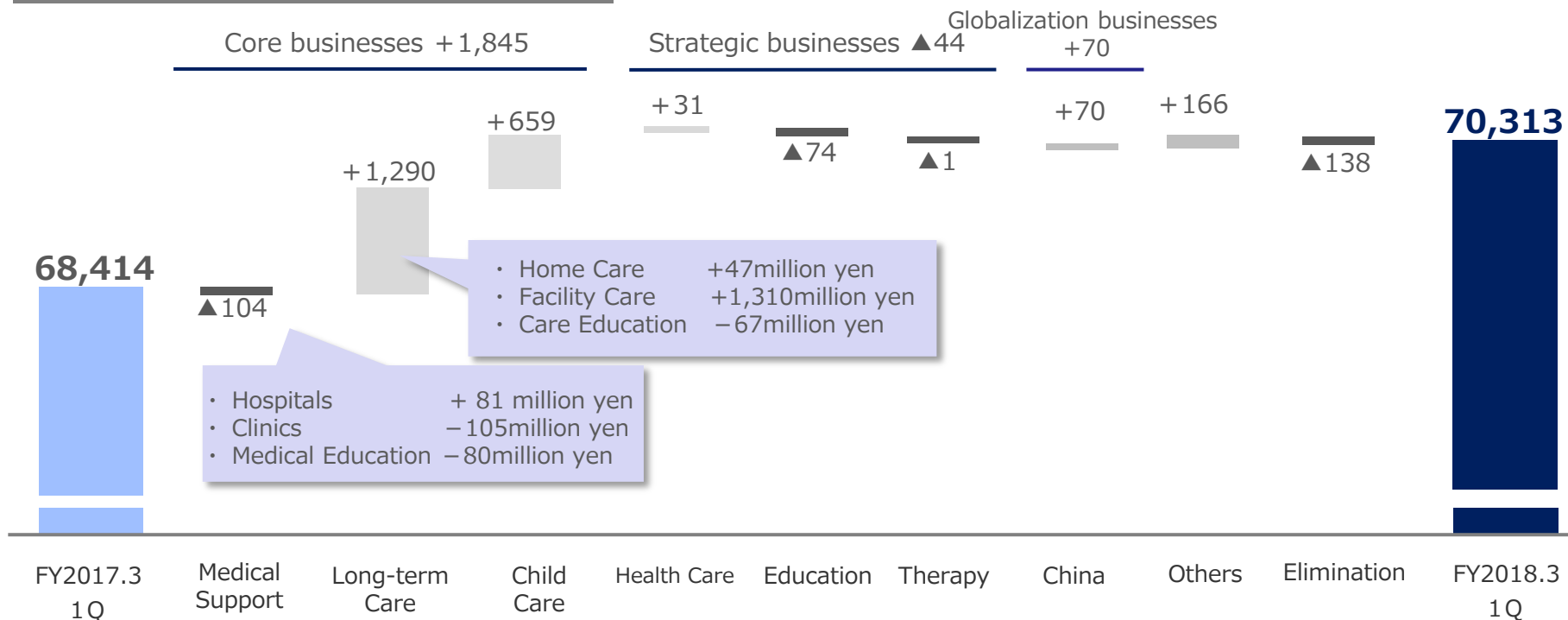
Interim forecast 3,000 million yen (progress rate 50.6%) Full-year forecast 9,300 million yen (progress rate 16.3%)



Major Changes in Net Sales

Year on year Increase in Sales of 1,898 million yen

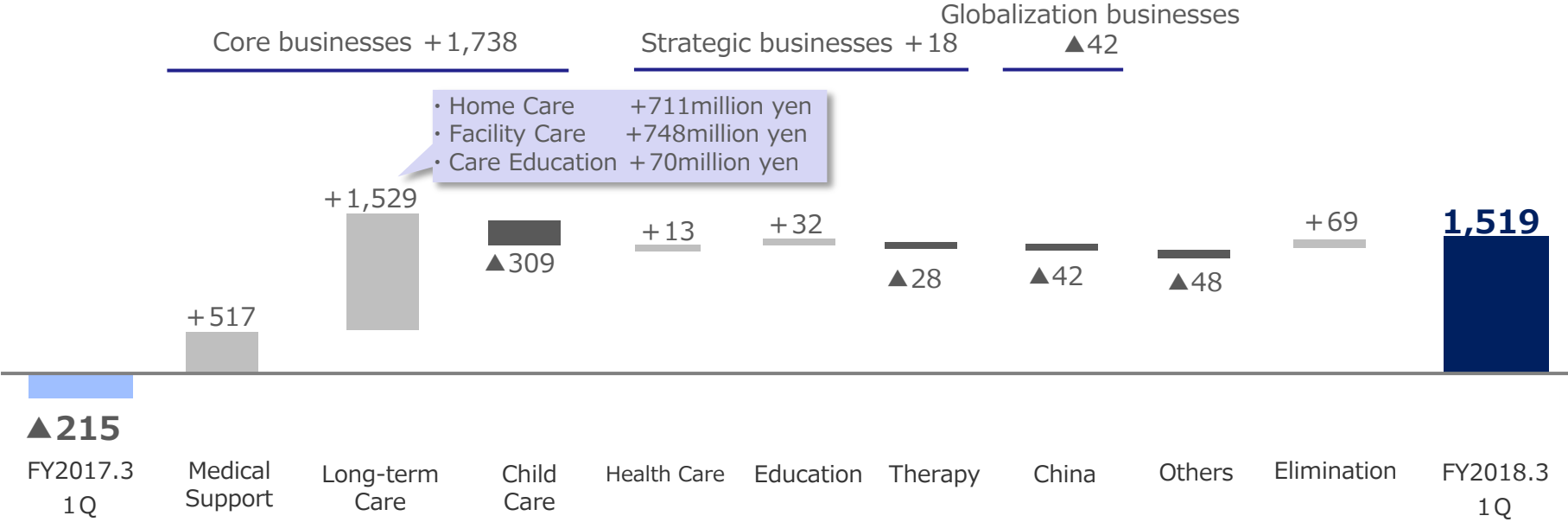
(Unit : million yen)



Major Changes in Operating Income

Year on year Increase in Operating Income of 1,734 million yen

(Unit : million yen)



Consolidated Net Sales and Operating Income by Segment

(Unit: million yen)

Net Sales	FY2017.3 1Q	FY2018.3 1Q	change (%)
Medical Support	27,010	26,906	▲ 0.4%
Long-term Care	35,828	37,118	3.6%
Child Care	1,156	1,815	57.0%
Health Care	654	685	4.8%
Education	3,213	3,138	▲ 2.3%
Therapy ※	60	59	▲ 2.4%
China	482	552	14.7%
Others	232	398	71.6%
Elimination	▲ 223	▲ 362	-
Total	68,414	70,313	2.8%

(Unit: million yen)

Operating income	FY2017.3 1Q	FY2018.3 1Q	change (%)
Medical Support	1,672	2,190	30.9%
Long-term Care	2,073	3,602	73.8%
Child Care	▲ 262	▲ 571	-
Health Care	117	130	11.1%
Education	▲ 1,110	▲ 1,077	-
Therapy※	▲ 55	▲ 83	-
China	▲ 365	▲ 407	-
Others	96	47	▲ 50.3%
Elimination	▲ 2,381	▲ 2,311	-
Total	▲ 215	1,519	-

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

Changes in Cash flow

(Unit : million yen)

	FY2017.3 1Q	FY2018.3 1Q	Difference
Cash flows from Operating activities	▲724	171	+ 896
Cash flows from Investing activities	▲596	▲722	▲125
Free cash flow	▲1,321	▲550	+ 770
Cash flows from Financial activities	924	▲1,250	▲2,174
Cash and cash equivalents at end of year	14,015	14,461	+ 445

Summary of the balance sheet

(Unit : million yen)

	End of March 2017	End of June 2017	Difference	End of June 2016
Current assets	64,723	64,146	▲576	62,183
Fixed assets	126,984	127,727	743	124,131
Total assets	191,708	191,874	166	186,315
Current liabilities	68,530	67,764	▲766	69,393
Non-current liabilities	85,252	86,383	1,130	80,315
Total liabilities	153,783	154,147	364	149,708
Total net assets	37,924	37,726	▲197	36,606
Total liabilities and net assets	191,708	191,874	166	186,315

Segment Overview

Core businesses Overview (Medical Support business)

Profit increase trend is maintained by continuing execution of profit-focused strategy

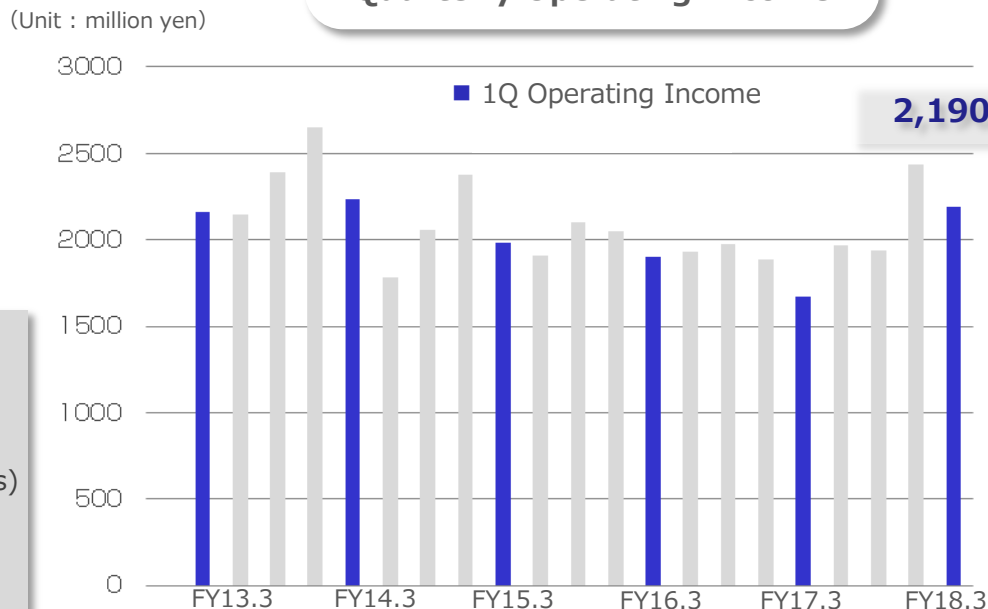
Results overview

- Sales 26,906 million yen (yoy ▲0.4%)
→Conclusion of the contract at a proper price by providing added value was a priority
Impacted by sales decrease of clinic and medical education
- Operating profit 2,190 million yen (yoy +30.9%)
→Operating profit ratio increased by 1.9pt to 8.1%

Future strategic policy

- Further advancement of contract optimization
- Work environment improvement (retaining of human resources) and recruit promotion
- Enhancing sales to clinics

Quarterly Operating Income



※Segment change and cost allocation rule change are retroactively processed.

Core businesses Overview (Long-term Care business)

Record-high sales for the quarter revised mainly due to unit price increase.

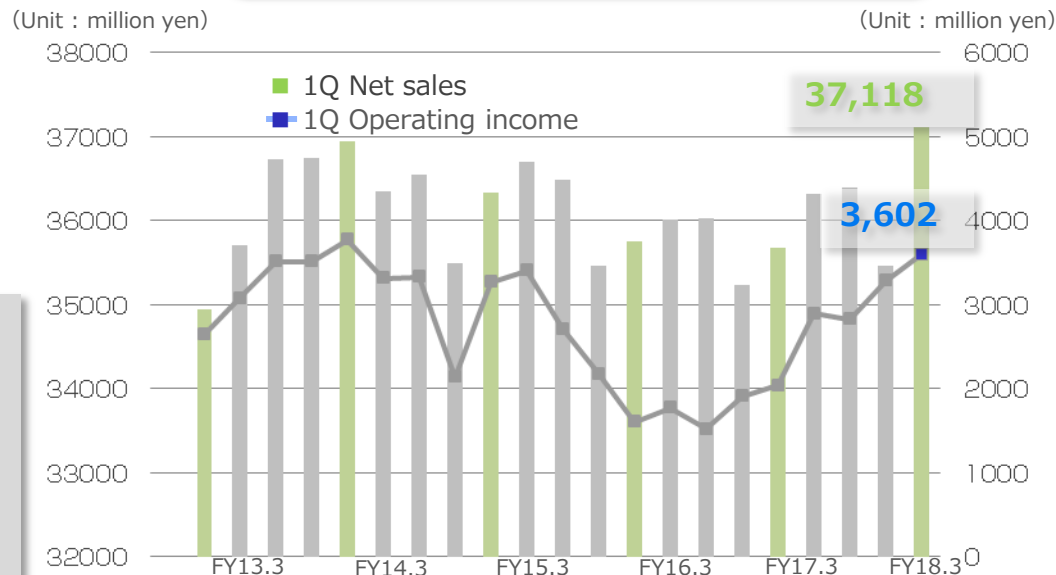
Results overview

- Sales 37,118 million yen (yoy +3.6%)
 - Home care changed to positive results, including treatment improvement addition effect
 - Facility-care services progress accelerated (yoy +9.6%)
- Operating profit 3,602 million yen (yoy +73.8%)
 - Home care service operation efficiency increased
 - Facility-care base operation rate increased
 - Operating rate as of the end of June 87.7% (yoy +1.5Pt)

Future strategic policy

- Further increase of operation rate
- Business model creation matched to system trends
 - Reinforcement of moderate-severe persons response, etc.
- Secure human resources by work environment improvement and recruit promotion, etc.

Quarterly Net sales and Operating Income



※Segment change and cost allocation rule change are retroactively processed.

Core businesses Overview (Child Care business)

High level sales progress continued due to aggressive new opening

Results overview

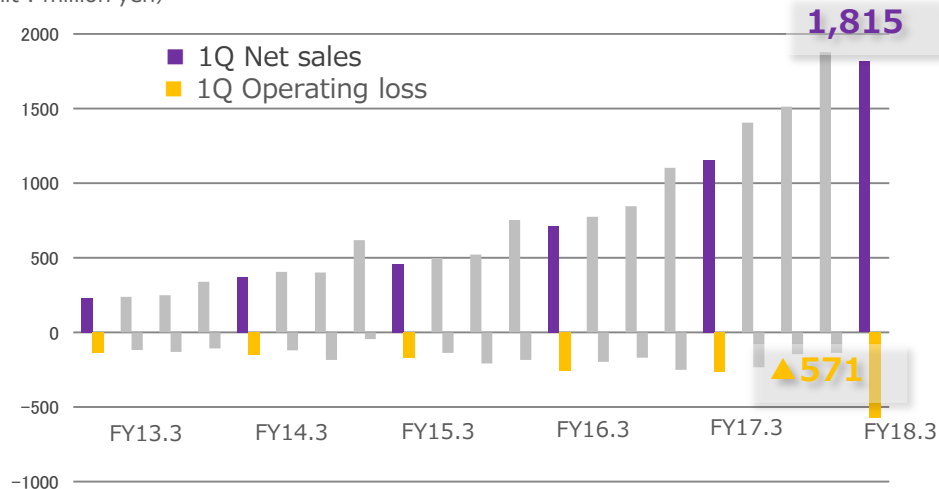
- Sales 1,815 million yen (yoy +57.0%)
 - Number of new opening: 68 sites
(Corporate-run type: 46 sites, Registered: 20 sites, Non-registered: 2 sites)
 - Registered child care centers progressed as planned
- Operating loss: 571 million yen
(Operating loss in the previous year: 262 million yen)
 - Advance investment accompanied by new opening

Future strategic policy

- Corporate sales reinforcement and regional sales reinforcement in corporate-run type
- Newly open preparation in the following fiscal year
- Sales, etc. of child care related goods

Quarterly Net sales and Operating Income

(Unit : million yen)



※Segment change and cost allocation rule change are retroactively processed.

Strategic businesses Overview (Education business)

In an attempt to achieve our plan, area development and corporate sales strengthened.

Results overview

- Sales 3,138 million yen (yoy ▲2.3%)
 - COCO Juku sales 455 million yen (yoy +7.1%)
 - Gaba sales 2,469 million yen (yoy ▲3.3%)
- Operating profits ▲1,077 million yen (Previous year▲1,110 million yen)
 - COCO Juku ▲1,118 million yen (Previous year ▲1,322 million yen)
 - Gaba 75 million yen (yoy ▲64.6%)

Future strategic policy

- Counseling reinforcement
- Corporate sales reinforcement
- COCO Juku Junior Satellite Classroom development reinforcement
- Further area promotion efficiency
- Management resources sharing between brands and businesses

About satellite classrooms

By operating classrooms in residential areas/high-traffic places, Satellite classrooms provide safe lesson environments where children are easy to commute to.

16 satellite classrooms (as of the end of June)



Strategic businesses Overview (Health Care)

Housekeeping services and sales of sanitary products continued favorably.

Results overview

- Sales 685 million yen (yoy +4.8%)
- Operating profit 130 million yen (yoy +11.1%)
 - Housekeeping service "Nichii Life," sanitary products sales continued favorably
 - Foreigner Housekeeping Support, "Sunny Maid Service," development preparation:
- Installed Strategic Business Promotion Dept. in all branches
 - Increased the number of sales representatives (relocation from administrative departments, etc.)

Future strategic policy

- Market development by Nichii Life and Sunny Maid Service
 - Foreign human resources plan overseas trip to Japan early September
 - Plans to start Sunny Maid Service at the end of September
- Expansion of product sales and sales promotion reinforcement

Sunny Maid Service Outline

- Staff with housekeeping support qualification and practical work experience of more than one year in the Philippines provides services
- Possible to communicate in English
- Carry out Japanese cooking training to staff
- Establish unique service provision system
- Launch from September, aims at full-fledged development from next year



SUNNY MAID SERVICE

サニーメイドサービス



Strategic businesses Overview (Therapy)

Aim at creating added values by collaborating with other businesses

Results overview

- Sales 59 million yen (yoy ▲2.4%)
- Operating profit ▲83 million yen (Previous year▲55 million yen)
 - Grooming Salon, "A-LOVE Gakugei University branch"
Opened on June 15
 - "A-LOVE Oyamadai" which was opened in February and "A-LOVE Gakugei University" which was opened in June operated favorably

Future strategic policy

- Strengthen area marketing
- Reinforcement of grooming salon development (target 40 sites)
- Collaboration reinforcement with long-term care service (dog therapy)



Strategic businesses Overview (China business)

Preparation started for dementia-response facility in Beijing and Shanghai

Results overview

- Sales 552 million yen (yoy 14.7%)
- Operating profit ▲407 million yen (Previous year▲365 million yen)
 - ZhongFu Nichii Healthservices Co.,LTD became consolidated company
 - Preparation is underway for opening (or being outsourced) dementia-response facility

Future strategic policy

- Open preparation for dementia-response facility (Shanghai and Beijing)
- Promote acquisition for outsourcing project by the Chinese government
 - Visiting nursing business (Jinan City)
 - Nursing personnel training business (Nanning City)
- Promote outsourcing project by the Ministry of Economy, Trade and Industry

TOPICS

The Ministry of Economy, Trade and Industry adopted the “Medical Technology and Service Base Promotion Project”

<Outline>

- (1) Carry out education activities aiming at enhancing nursing recognition for the city government by forming a consortium with NEC
 - Carry out introduction and training on Japan’s nursing and “Nursing degree determination system*” which NEC offers to the city government

- (2) Training nursing human resources

→Carry out for workers at elderly care centers as well as ordinary people

<Period>

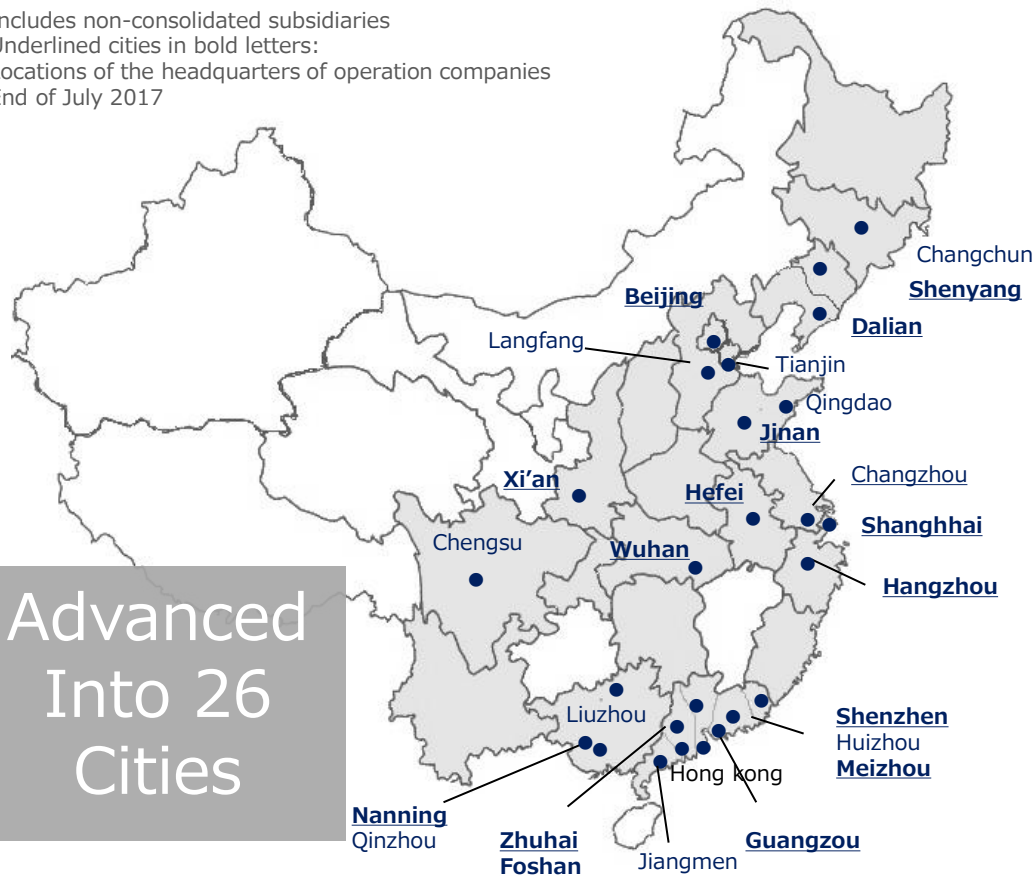
From July 6, 2017 to February 28, 2018

*“Nursing degree determination system”

System to determine degree of necessity based on 52 items related to physical conditions

List of Cities Where Nichii's China Business is established

- ※Includes non-consolidated subsidiaries
- ※Underlined cities in bold letters:
Locations of the headquarters of operation companies
- ※End of July 2017



Advanced
Into 26
Cities

【List of business subsidiaries】

Name of company	Name of city
北京三傑聖一人力資源有限公司	Beijing
瀋陽日医助尔家庭服務有限公司	Shenyang
深セン市中家家庭服務有限公司	Shenzhen
濟南仁德家庭服務有限公司	Jinan
廣州市正祥和家政服務有限公司	Guangzhou
常州金蓓蕾健康諮詢服務有限公司	Changzhou
深セン市中家星級家政服務有限公司	Shenzhen
深セン市中家華傭家政服務有限公司	Shenzhen
深セン市中家職業技能培訓學校	Shenzhen
杭州天使家政服務有限公司	Hangzhou
大連九鼎互聯科技發展有限公司	Dalian
武漢尔邦家政有限公司	Wuhan
廣西康之橋護理服務有限公司	Nanning
南寧康之橋職業培訓學校	Nanning
欽州康之橋職業訓練學校	Qinzhou
柳州康之橋職業訓練學校	Liuzhou
安徽賽菲家庭服務管理有限公司	Hefei
合肥賽菲職業訓練學校	Hefei
日医(珠海)健康服務有限公司	Zuhai
日医(佛山)健康服務有限公司	Foshan
梅州市客家大嫂家政服務有限公司	Meizhou
梅州市華傭職業培訓學校	Meizhou
西安海鑫家政清潔工程有限公司	Xi'an
西安海鑫職業技術培訓學校	Xi'an
中福日医(上海)健康服務有限公司	Shanghai

FY2018.3 Earnings Forecast

FY2018.3 Earnings Forecast

We'll continue to focus on achieving the annual performance plan!

(Unit: million yen)

	FY2017.3	FY2018.3	
	Amount	Amount	yoy (%)
Net Sales	276,659	300,000	8.4%
Operating income	4,206	9,300	121.1%
%	1.5%	3.1%	-
Ordinary Income	1,429	6,000	319.9%
%	0.5%	2.0%	-
Profit attributable to owners of parent	1,403	3,000	113.8%
%	0.5%	1.0%	-
EPS (yen)	21.86yen	46.73yen	-
Cash Dividends per Share(yen)	22yen	22yen	-

Consolidated Net Sales and Operating Income by Segment

There is no change in the forecast by segment

(Unit: million yen)

Net Sales	FY2017.3	FY2018.3	change (%)
Medical Support	108,325	112,300	3.7%
Long-term care	144,416	154,100	6.7%
Child Care	5,949	9,300	56.3%
Health Care	2,926	4,600	57.2%
Education	12,771	15,000	17.5%
Therapy ※	377	1,600	324.4%
China	2,007	3,100	54.5%
Other	1,303	1,600	22.8%
Elimination	▲ 1,417	▲ 1,600	-
Total	276,659	300,000	8.4%

(Unit: million yen)

Operating Income	FY2017.3	FY2018.3	change (%)
Medical Support	8,012	9,200	14.8%
Long-term care	11,183	12,800	14.5%
Child Care	615	600	▲ 2.4%
Health Care	▲ 4,647	▲ 2,900	-
Education	▲ 781	▲ 600	-
Therapy	▲ 107	0	-
China	▲ 1,416	▲ 1,100	-
Other	285	200	▲ 29.8%
Elimination	▲ 8,937	▲ 8,900	-
Total	4,206	9,300	121.1%

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

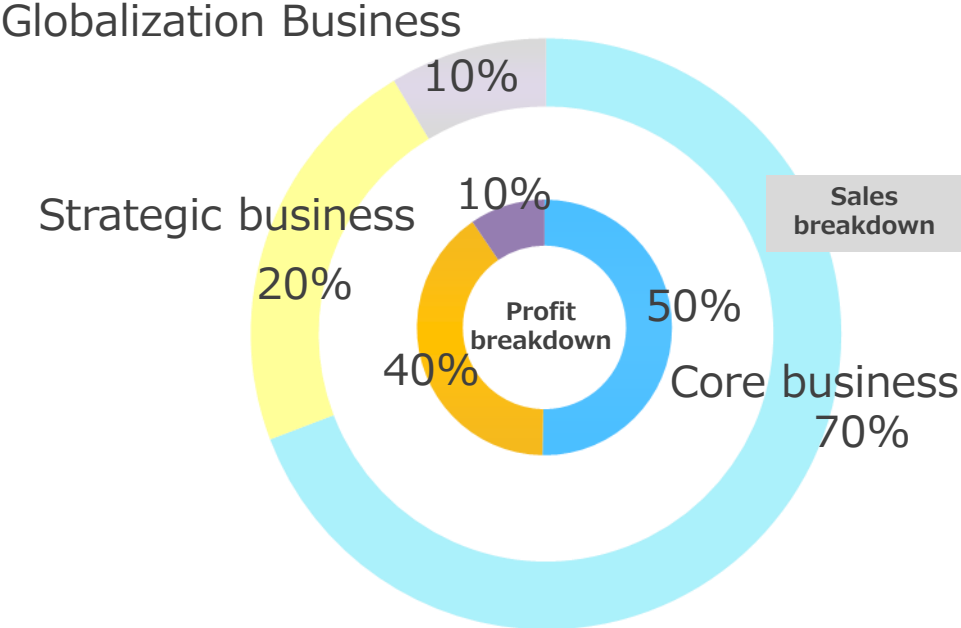
Strategy Execution Stance Toward Vision Achievement

Achieve Vision by Practice of Entire Site Participation!

Nichii Strategy Execution Stance



Mid-term Target of Business Structure Balance



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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