

October 31, 2016

**Financial Highlights for the Second Quarter Ending March 31, 2017**

**<Outline of consolidated results for 2<sup>nd</sup> quarter>**

- Sales in major businesses such as Incentive, Personal and Healthcare substantially increased by 20.1% YoY.
- Cost to sales ratio dropped by 1.2 points to 60.6%, resulting from economy of scale and improved operation efficiency.
- SG&A to sales ratio dropped by 3.7 points to 21.8%, resulting from no head office relocation costs this quarter and improved sales organization's efficiency.
- As a result, both operating income and operating income to sales performed well, with 2,523 million yen (+65.9%) and 17.6% (+4.9 points), respectively.
- While consolidated results in the 2<sup>nd</sup> quarter exceeded the plan backed by a healthy business environment, the previously announced performance forecast for the full-term is currently unchanged, as the progresses differ by business and uncertainties remain.

**1. Consolidated financial results for the cumulative second quarter** (from April 1, 2016 to September 30, 2016)

(in million yen)	Previous term		Actual		Year-on-year		Full-term plan	
	Amount	Ratio to sales	Amount	Ratio to sales	Change	(%)	Amount	Progress rate
Sales	11,954	-	14,351	-	2,397	+20.1%	30,200	47.5%
Cost of sales	7,388	61.8%	8,700	60.6%	1,311	+17.8%	-	-
Gross margin	4,565	38.2%	5,651	39.4%	1,085	+23.8%	-	-
SG&A	3,043	25.5%	3,127	21.8%	83	+2.8%	-	-
Operating income	1,521	12.7%	2,523	17.6%	1,002	+65.9%	5,350	47.2%
Ordinary income	1,470	12.3%	2,504	17.5%	1,034	+70.4%	5,350	46.8%
Income attributable to owners of parent	945	7.9%	1,684	11.7%	739	+78.3%	3,500	48.1%

**2. Sales in major businesses** (from April 1, 2016 to September 30, 2016)

(in million yen)	Sales	Year-on-year		Factors for changes
		Change	%	
Welfare Program	7,112	205	+3.0%	Number of memberships increased steadily as planned
Personal	2,121	565	+36.3%	New membership acquisition since last year contributed
Incentive	1,822	693	+61.3%	Point grant and exchange by existing clients increased significantly
Healthcare	2,216	758	+52.0%	Both delivery of healthcare business and health guidance significantly increased
Others	1,080	176	-	
Total	14,351	2,397	+20.1%	

The purpose of this material is to provide information about the Company's financial results, and is in no way to be construed as a solicitation to purchase securities issued by the Company.

In addition, this material is prepared based on data as of the end of September 2016. All descriptions and forecasts contained herein stem from the Company's judgments made at the time of preparing this material, and no guarantees or promises are provided concerning the accuracy or completeness of such information. The descriptions and forecasts are subject to change without prior notice.