

July 27, 2018

Financial Highlights for the First Quarter of the Fiscal Year Ending March 2019

<Outline of consolidated results for the first quarter>

Against a backdrop of labor shortage, socioeconomic trends, including work style reform and health management, contributed to the business results. Ordinary income increased by 42% by increasing the operational efficiency.

- The number of members steadily increased in the Welfare Program. Margin ratio of the first quarter improved by promoting digitization of operations at the beginning of the fiscal year. The number of Personal memberships continued to decline.
- Healthcare business posted robust results both in the health checkup and health guidance. Operation improvement also progressed.
- New customer development has progressed steadily in the Incentive business, while granting and exchange of points among existing customers did not reach the plan.
- Ordinary income was 1,696 million yen (+503 million yen YoY). Ordinary income ratio was 21.9% (+6.3pt. improvement YoY).
- Consolidated results in the first quarter performed well. The performance forecast for the cumulative second quarter plan and the full-term plan, previously announced on May 7, 2018, is currently unchanged.

1. Consolidated results for the first quarter (from April 1, 2018 to June 30, 2018)

(in million yen)	Previous term		Actual		Year-on-year		Cumulative 2 nd quarter plan	
	Amount	Ratio to sales	Amount	Ratio to sales	Change	(%)	Amount	Progress rate
Sales	7,647	—	7,763	—	+116	+1.5%	17,450	44.5%
Cost of sales	4,712	61.6%	4,544	58.5%	▲168	▲3.6%	—	—
Gross margin	2,934	38.4%	3,219	41.5%	+284	+9.7%	—	—
SG&A	1,736	22.7%	1,543	19.9%	▲192	▲11.1%	—	—
Operating income	1,198	15.7%	1,675	21.6%	+477	+39.8%	2,950	56.8%
Ordinary income	1,192	15.6%	1,696	21.9%	+503	+42.3%	2,950	57.5%
Income attributable to owners of parent	767	10.0%	1,148	14.8%	+381	+49.8%	1,940	59.2%

2. Results in major businesses (from April 1, 2018 to June 30, 2018)

(in million yen)	Sales	Year-on-year		Operating income	Year-on-year		Factors for changes
		Change	(%)		Change	(%)	
Welfare Program	3,964	284	+7.7%	1,532	+491	+47.1%	Number of corporate memberships increased steadily.
Personal	780	▲197	▲20.1%				Number of personal memberships declined.
CRM	106	▲20	▲15.9%				Delay in new customer development
Incentive	1,162	▲139	▲10.7%	226	▲52	▲18.6%	New transactions expanded, while usage of existing customers declined.
Healthcare	1,364	+193	+16.4%	8	+19	-	Performed well. Business improvement also progressed.
Overseas	80	+36	+84.3%	▲70	+12	-	Customer base expanded.
Others	307	▲41	-	▲21	+7	-	-
Total	7,763	+116	+1.5%	1,675	+477	+39.8%	

3. Quarterly results in major businesses

(in million yen)		FY03/17				FY03/18				FY03/19
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
	Welfare Program	3,491	3,622	3,563	3,631	3,680	3,747	3,710	3,789	3,964
	Personal	1,050	1,071	1,044	1,000	976	923	880	826	780
	CRM	130	136	132	181	126	148	131	154	106
	Incentive	1,114	709	796	1,118	1,301	885	909	1,133	1,162
	Healthcare	1,260	956	1,257	1,506	1,172	2,302	1,919	1,746	1,364
	Overseas	45	157	40	42	43	49	46	62	80
	Others	290	320	463	352	349	291	369	421	307
Sales		7,380	6,971	7,295	7,830	7,647	8,345	7,964	8,131	7,763
Gross margin		2,793	2,858	3,175	3,200	2,934	2,952	3,305	3,391	3,219
Gross margin ratio (%)		37.8%	41.0%	43.5%	40.9%	38.4%	35.4%	41.5%	41.7%	41.5%
SG&A		1,638	1,489	1,499	1,547	1,736	1,619	1,544	1,469	1,543
	Welfare Program + Personal + CRM	991	1,312	1,535	1,453	1,041	1,208	1,616	1,602	1,532
	Incentive	185	88	111	171	278	127	143	197	226
	Healthcare	38	22	106	127	▲ 10	120	163	181	8
	Overseas	▲ 46	▲ 34	▲ 71	▲ 74	▲ 82	▲ 80	▲ 84	▲ 74	▲ 70
	Others	▲ 14	▲ 20	▲ 6	▲ 24	▲ 29	▲ 43	▲ 78	15	▲ 21
	(Of which investment in system infrastructure)	-	-	-	-	-	-	-	-	(▲ 9)
	(Of which head office relocation)	-	-	-	-	(▲ 21)	(▲ 43)	(▲ 76)	-	-
Operating income		1,154	1,368	1,675	1,653	1,198	1,332	1,760	1,921	1,675
Operating income ratio (%)		15.6%	19.6%	23.0%	21.1%	15.7%	16.0%	22.1%	23.6%	21.6%
Ordinary income		1,153	1,350	1,646	1,576	1,192	1,340	1,784	1,945	1,696
Ordinary income ratio (%)		15.6%	19.4%	22.6%	20.1%	15.6%	16.1%	22.4%	23.9%	21.9%
Income attributable to owners of parent		758	926	1,119	1,051	767	894	1,212	1,316	1,148
Net income ratio (%)		10.3%	13.3%	15.3%	13.4%	10.0%	10.7%	15.2%	16.2%	14.8%

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In addition, this material is prepared based on data as of the end of June 2018. 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.