

October 31, 2018

<b>Financial Highlights for the Second Quarter of the Fiscal Year Ending March 2019</b>
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**<Outline of consolidated results for the second quarter>**

Against a backdrop of labor shortage, socioeconomic trends, including work style reform and health management continued to contribute to the business results.

The improvement of the operational efficiency also contributed to the business results, and ordinary income increased by 34%.

- In the Welfare Program business, the number of memberships smoothly increased, and the promotion of operational digitalization contributed to the improvement of the income ratio.
- In the Personal business, the decrease in the number of existing personal memberships was smaller than assumed but the acquisition of new clients was delayed.
- In the Healthcare business, transactions smoothly expanded thanks to the good business environment.
- In the Incentive business, new client development smoothly expanded but point grand/exchange among existing clients did not reach the assumed level.
- Ordinary income increased to 3,384 million yen (an increase of 851 million yen year-on-year). Ordinary income ratio was 20.6% (improvement of 4.8 points year-on-year).
- Business results for the first half were strong, especially in Welfare Program and Healthcare. There is no change in the business result forecasts announced on May 7, 2018.

**1. H1 consolidated results** (from April 1, 2018 to September 30, 2018)

(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	15,993	—	16,407	—	+413	+2.6%	36,900	44.5%
Cost of sales	10,106	63.2%	10,024	61.1%	▲82	▲0.8%	—	—
Gross margin	5,886	36.8%	6,383	38.9%	+496	+8.4%	—	—
SG&A	3,355	21.0%	3,037	18.5%	▲318	▲9.5%	—	—
Operating income	2,530	15.8%	3,345	20.4%	+814	+32.2%	7,500	44.6%
Ordinary income	2,533	15.8%	3,384	20.6%	+851	+33.6%	7,520	45.0%
Income attributable to owners of parent	1,661	10.4%	2,301	14.0%	+639	+38.5%	5,030	45.7%

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

(in million yen)	Sales	Year-on-year		Operating income	Year-on-year		Factors for changes
		Change	(%)		Change	(%)	
Welfare Program	8,121	+694	+9.3%	3,069	+819	+36.4%	Number of corporate memberships increased, and the operational efficiency improved.
Personal	1,542	▲358	▲18.8%				Number of personal memberships continued to decrease but the decrease was smaller than the previous term.
CRM	211	▲63	▲22.8%				The acquisition of new clients was delayed.
Incentive	1,880	▲306	▲14.0%	339	▲65	▲16.1%	Point exchange decreased while the client base expanded.
Healthcare	3,923	+449	+12.9%	139	+29	+26.8%	The business environment was favorable, and the number of clients increased.
Overseas	163	+71	+77.7%	▲136	+26	-	The client base expanded.
Others	567	▲74	▲11.5%	▲66	+5	-	-
Total	16,407	+413	+2.6%	3,345	+814	+32.2%	

### 3. Quarterly results in major businesses

(in million yen)	FY03/17				FY03/18				FY03/19	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Welfare Program	3,491	3,622	3,563	3,631	3,680	3,747	3,710	3,789	3,964	4,157
Personal	1,050	1,071	1,044	1,000	976	923	880	826	780	762
CRM	130	136	132	181	126	148	131	154	106	106
Incentive	1,114	709	796	1,118	1,301	885	909	1,133	1,162	718
Healthcare	1,260	956	1,257	1,506	1,172	2,302	1,919	1,746	1,364	2,559
Overseas	45	157	40	42	43	49	46	62	80	84
Others	290	320	463	352	349	291	369	421	307	257
Sales	7,380	6,971	7,295	7,830	7,647	8,345	7,964	8,131	7,763	8,643
Gross margin	2,793	2,858	3,175	3,200	2,934	2,952	3,305	3,391	3,219	3,163
<i>Gross margin ratio (%)</i>	<i>37.8%</i>	<i>41.0%</i>	<i>43.5%</i>	<i>40.9%</i>	<i>38.4%</i>	<i>35.4%</i>	<i>41.5%</i>	<i>41.7%</i>	<i>41.5%</i>	<i>36.6%</i>
SG&A	1,638	1,489	1,499	1,547	1,736	1,619	1,544	1,469	1,543	1,494
Welfare Program + Personal + CRM	991	1,312	1,535	1,453	1,041	1,208	1,616	1,602	1,532	1,537
Incentive	185	88	111	171	278	127	143	197	226	113
Healthcare	38	22	106	127	▲ 10	120	163	181	8	130
Overseas	▲ 46	▲ 34	▲ 71	▲ 74	▲ 82	▲ 80	▲ 84	▲ 74	▲ 70	▲ 66
Others	▲ 14	▲ 20	▲ 6	▲ 24	▲ 29	▲ 43	▲ 78	15	▲ 21	▲ 45
(Of which investment in system infrastructure)	-	-	-	-	-	-	-	-	(▲ 9)	(▲ 12)
(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	1,669
<i>Operating income ratio (%)</i>	<i>15.6%</i>	<i>19.6%</i>	<i>23.0%</i>	<i>21.1%</i>	<i>15.7%</i>	<i>16.0%</i>	<i>22.1%</i>	<i>23.6%</i>	<i>21.6%</i>	<i>19.3%</i>
Ordinary income	1,153	1,350	1,646	1,576	1,192	1,340	1,784	1,945	1,696	1,687
<i>Ordinary income ratio (%)</i>	<i>15.6%</i>	<i>19.4%</i>	<i>22.6%</i>	<i>20.1%</i>	<i>15.6%</i>	<i>16.1%</i>	<i>22.4%</i>	<i>23.9%</i>	<i>21.9%</i>	<i>19.5%</i>
Income attributable to owners of parent	758	926	1,119	1,051	767	894	1,212	1,316	1,148	1,152
<i>Net income ratio (%)</i>	<i>10.3%</i>	<i>13.3%</i>	<i>15.3%</i>	<i>13.4%</i>	<i>10.0%</i>	<i>10.7%</i>	<i>15.2%</i>	<i>16.2%</i>	<i>14.8%</i>	<i>13.3%</i>

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