

January 31, 2019

Financial Highlights for the Third Quarter of the Fiscal Year Ending March 2019
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<Outline of consolidated results for 3rd quarter>

With labor shortage and the penetration of national policy, the needs for measures to improve productivity and engagement has increased. The promotion of operational digitalization also contributed to the business results, and ordinary income increased by 26%.

- In the Welfare Program business, the number of memberships smoothly increased encouraged by labor shortage and the penetration of national policy.
- In the Healthcare business, transactions smoothly expanded thanks to the good business environment such as health management and work style reform.
- 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.
- Ordinary income increased to 5,437 million yen (an increase of 1,119 million yen year-on-year). Ordinary income ratio was 21.6% (improvement of 3.6 points year-on-year).
- Consolidated financial results for the cumulative third quarter performed well, especially in Welfare Program and Healthcare. There is no change in the business result forecasts announced on May 7, 2018.

1. Consolidated financial results for the cumulative third quarter

(from April 1, 2018 to December 31, 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	23,957	—	25,151	—	+1,193	+5.0%	36,900	68.2%
Cost of sales	14,765	61.6%	15,169	60.3%	+403	+2.7%	-	-
Gross margin	9,192	38.4%	9,981	39.7%	+789	+8.6%	-	-
SG&A	4,900	20.5%	4,588	18.2%	▲312	▲6.4%	-	-
Operating income	4,291	17.9%	5,392	21.4%	+1,101	+25.7%	7,500	71.9%
Ordinary income	4,318	18.0%	5,437	21.6%	+1,119	+25.9%	7,520	72.3%
Income attributable to owners of parent	2,874	12.0%	3,708	14.7%	+834	+29.0%	5,030	73.7%

2. Results in major businesses (from April 1, 2018 to December 31, 2018)

(in million yen)	Sales	Year-on-year		Operating income	Year-on-year		Factors for changes
		Change	(%)		Change	(%)	
Welfare Program	12,227	+1,089	+9.8%	4,857	+991	+25.6%	Number of corporate memberships increased, and the operational efficiency improved.
Personal	2,253	▲ 527	▲ 19.0%				Number of personal memberships continued to decrease.
CRM	334	▲ 71	▲ 17.6%				The acquisition of new clients was delayed.
Incentive	2,669	▲ 425	▲ 13.7%	473	▲ 74	▲ 13.6%	Point exchange decreased while the client base expanded.
Healthcare	6,473	+1,081	+20.0%	371	+99	+36.3%	The business environment was favorable, and the number of clients increased.
Overseas	254	+117	+84.7%	▲ 209	+36	-	The client base expanded.
Others	941	▲ 71	▲ 6.9%	▲ 100	+49	-	
Total	25,151	+1,193	+5.0%	5,392	+1,101	+25.7%	

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	3Q
Welfare Program	3,491	3,622	3,563	3,631	3,680	3,747	3,710	3,789	3,964	4,157	4,105
Personal	1,050	1,071	1,044	1,000	976	923	880	826	780	762	711
CRM	130	136	132	181	126	148	131	154	106	106	122
Incentive	1,114	709	796	1,118	1,301	885	909	1,133	1,162	718	790
Healthcare	1,260	956	1,257	1,506	1,172	2,302	1,919	1,746	1,364	2,559	2,550
Overseas	45	157	40	42	43	49	46	62	80	84	91
Others	290	320	463	352	349	291	369	421	307	257	374
Sales	7,380	6,971	7,295	7,830	7,647	8,345	7,964	8,131	7,763	8,643	8,743
Gross margin	2,793	2,858	3,175	3,200	2,934	2,952	3,305	3,391	3,219	3,163	3,598
<i>Gross margin ratio (%)</i>	37.8%	41.0%	43.5%	40.9%	38.4%	35.4%	41.5%	41.7%	41.5%	36.6%	41.2%
SG&A	1,638	1,489	1,499	1,547	1,736	1,619	1,544	1,469	1,543	1,494	1,550
Welfare Program + Personal + CRM	991	1,312	1,535	1,453	1,041	1,208	1,616	1,602	1,532	1,537	1,788
Incentive	185	88	111	171	278	127	143	197	226	113	134
Healthcare	38	22	106	127	▲ 10	120	163	181	8	130	232
Overseas	▲ 46	▲ 34	▲ 71	▲ 74	▲ 82	▲ 80	▲ 84	▲ 74	▲ 70	▲ 66	▲ 74
Others	▲ 14	▲ 20	▲ 6	▲ 24	▲ 29	▲ 43	▲ 78	15	▲ 21	▲ 45	▲ 33
(Of which investment in system infrastructure)	-	-	-	-	-	-	-	-	(▲ 9)	(▲ 12)	(▲ 36)
(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	2,047
<i>Operating income ratio (%)</i>	15.6%	19.6%	23.0%	21.1%	15.7%	16.0%	22.1%	23.6%	21.6%	19.3%	23.4%
Ordinary income	1,153	1,350	1,646	1,576	1,192	1,340	1,784	1,945	1,696	1,687	2,052
<i>Ordinary income ratio (%)</i>	15.6%	19.4%	22.6%	20.1%	15.6%	16.1%	22.4%	23.9%	21.9%	19.5%	23.5%
Income attributable to owners of parent	758	926	1,119	1,051	767	894	1,212	1,316	1,148	1,152	1,407
<i>Net income ratio (%)</i>	10.3%	13.3%	15.3%	13.4%	10.0%	10.7%	15.2%	16.2%	14.8%	13.3%	16.1%

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 December 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.

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