

## Financial Highlights for the First Quarter Ending March 31, 2018

### <Outline of consolidated results for 1st quarter>

- Both consolidated sales and operating income progressed as planned.
- Incentive and Welfare program business performed well. Profit exceeded the company plan.
- Gross margin ratio : 38.4% (+0.6 pt YoY), resulting from improvement of the economies of scale and operation streamlining.
- Improved gross margin ratio absorbed temporary cost up in SG&A due to the strategic system-related investment.
- As a result, operating income was 1,198 million yen (+3.8% YoY), operating income to sales was 15.7% (+0.1pt YoY), respectively.
- Consolidated results in the 1<sup>st</sup> quarter performed well. The previously announced performance forecast for the cumulative 2<sup>nd</sup> quarter plan and the full –term plan is currently unchanged.

### 1. Consolidated financial results for the first quarter (from April 1, 2017 to June 30, 2017)

(in million yen)	Previous term		Actual		Year-on-year		cumulative 2nd quarter plan	
	Amount	Ratio to sales	Amount	Ratio to sales	Change	(%)	Amount	Progress rate
Sales	7,380	—	7,647	—	267	+3.6%	16,500	46.3%
Cost of sales	4,587	62.2%	4,712	61.6%	125	+2.7%	—	—
Gross margin	2,793	37.8%	2,934	38.4%	142	+5.1%	—	—
SG&A	1,638	22.2%	1,736	22.7%	98	+6.0%	—	—
Operating income	1,154	15.6%	1,198	15.7%	44	+3.8%	2,800	42.8%
Ordinary income	1,153	15.6%	1,192	15.6%	39	+3.4%	2,770	43.1%
Income attributable to owners of parent	758	10.3%	767	10.0%	8	+1.1%	1,820	42.1%

### 2. Sales in major businesses (from April 1, 2017 to June 30, 2017)

(in million yen)	Sales	Year-on-year		Operating income	Year-on-year		Factors for changes
		Change	%		Change	%	
Welfare Program	3,680	190	+5.4%	1,020	29	+3.0%	Number of memberships increased. Cost of sales decreased.
Personal	976	▲74	▲7.0%				The contribution of the new collaboration will be in or after 2nd quarter.
CRM	126	▲4	▲3.1%				Flat YoY.
Incentive	1,301	188	+16.9%	278	93	+50.6%	Service use has increased especially in existing clients.
Healthcare	1,172	▲88	▲7.0%	▲10	▲49	-	Implementation period was shifted. No change in full-year plan.
Others	392	55	-	▲90	▲29	-	
Total	7,647	267	+3.6%	1,198	44	+3.8%	

### 3. Quarterly results in major businesses

(in million yen)	FY03/16				FY03/17				FY03/18
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Welfare Program	3,415	3,493	3,468	3,543	3,491	3,622	3,563	3,631	3,680
Personal	723	833	967	1,012	1,050	1,071	1,044	1,000	976
CRM	122	127	119	158	130	136	132	181	126
Incentive	677	452	555	757	1,114	709	796	1,118	1,301
Healthcare	757	701	1,069	1,731	1,260	956	1,257	1,506	1,172
Others	277	376	458	262	335	477	503	394	392
Sales	5,971	5,982	6,636	7,463	7,380	6,971	7,295	7,830	7,647
Gross margin	2,346	2,218	2,736	2,939	2,793	2,858	3,175	3,200	2,934
<i>Gross margin ratio (%)</i>	39.3%	37.1%	41.2%	39.4%	37.8%	41.0%	43.5%	40.9%	38.4%
SG&A	1,687	1,356	1,336	1,504	1,638	1,489	1,499	1,547	1,736
Welfare Program + Personal + CRM	632	904	1,412	1,332	991	1,312	1,535	1,453	1,020
Incentive	120	50	62	101	185	88	111	171	278
Healthcare	▲32	▲38	▲29	66	38	22	106	127	▲10
Others	▲61	▲54	▲46	▲65	▲60	▲54	▲77	▲98	▲90
Operating income	659	862	1,399	1,434	1,154	1,368	1,675	1,653	1,198
<i>Operating income ratio (%)</i>	11.0%	14.4%	21.1%	19.2%	15.6%	19.6%	23.0%	21.1%	15.7%
Ordinary income	638	831	1,415	1,428	1,153	1,350	1,646	1,576	1,192
<i>Ordinary income ratio (%)</i>	10.7%	13.9%	21.3%	19.1%	15.6%	19.4%	22.6%	20.1%	15.6%
Income attributable to owners of parent	414	530	920	871	758	926	1,119	1,051	767
<i>Net income ratio (%)</i>	6.9%	8.9%	13.9%	11.7%	10.3%	13.3%	15.3%	13.4%	10.0%

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In addition, this material is prepared based on data as of the end of June 2017. 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.