

November 4, 2021

## Operating Performance at Benefit One for the First Half of the Fiscal Year Ending March 2022 (1H FY03/22)

### Summary of Consolidated Operating Results for 1H FY03/22

#### Steady performance centered on the Healthcare business; operating profit up 54.7%

- In the Employee Benefit Services business, recovery in the use of services was delayed due to the COVID-19 crisis, resulting in a slower-than-expected increase in rebate-related expenditures.
- In the Healthcare business, the health support service for COVID-19 vaccine rollout programs, etc., a new service launched this fiscal year, grew more than expected, contributing to consolidated profit growth.
- Adoption of the Accounting Standard for Revenue Recognition from FY03/22 pushed down sales by ¥3,860 million (excluding the impact of the new accounting standard, sales increased 31.5%).
- No change has been made to the full-year operating performance forecast announced on May 12, 2021.

### 1. Consolidated operating performance in 1H FY03/22 (April 1, 2021–September 30, 2021)

(Millions of yen)	1H FY03/21		1H FY03/22		YoY		Full-year forecast	
	Amount	% of sales	Amount	% of sales	Change	%	Amount	Progress vs. forecast
Sales	17,190	–	18,748	–	+1,558	+9.1%	37,310	50.3%
Cost of sales	9,407	54.7%	8,357	44.6%	▲1,049	▲11.2%	–	–
Gross profit	7,783	45.3%	10,391	55.4%	+2,608	+33.5%	–	–
SG&A expenses	3,328	19.4%	3,500	18.7%	+172	+5.2%	–	–
Operating income	4,454	25.9%	6,890	36.8%	+2,435	+54.7%	11,750	58.6%
Ordinary income	4,487	26.1%	6,887	36.7%	+2,400	+53.5%	11,830	58.2%
Net income attributable to owners of parent	3,071	17.9%	4,826	25.7%	+1,754	+57.1%	8,120	59.4%

Note 1: Due to the adoption of the Accounting Standard for Revenue Recognition from the start of FY03/22, sales were down ¥3,860 million (of which, ¥3,628 million was in Healthcare and ¥232 million in Employee Benefit Services), cost of sales was down ¥3,846 million, and profit was down ¥13 million, versus what each would have been under the previous accounting standard.

## 2. Performance of Major Businesses (April 1, 2021–September 30, 2021)

(Millions of yen)	Sales	YoY		Operating income	YoY		Reasons for change
		Change	%		Change	%	
Employee Benefit Services	8,716	▲168	▲1.9%	4,736	+663	+16.3%	A ¥232 million decrease in sales due to the adoption of the new accounting standard; a ¥655 million increase in profit due to changes in the allocation method of companywide shared expenses; and a rise in rebate-related expenditures on recovery in the use of accommodation and other services.
Individual Benefit Services	982	▲93	▲8.7%				
CRM	220	▲0	▲0.2%				
Incentive	1,902	▲213	▲10.1%	485	▲40	▲7.5%	Decline in service usage by major existing clients
Healthcare	5,544	+1,805	+48.3%	2,674	+2,595	+3291.0%	Growth in new earnings-generating businesses such as COVID-19 vaccination support services
Purchase and Settlement Service	327	+5	+1.5%	32	+13	+64.0%	Prolonged voluntary restraints on business trips despite gradual recovery in the use of the service on such trips
Payment	5	+1	+37.2%	▲40	▲44	-	Launch of <i>Kyutokubarai</i> , and upfront spending associated with the launch
Overseas	642	+81	+14.4%	▲74	▲12	-	Higher sales in China and Singapore, among other regions
Other (company-wide shared expenses, etc.)	410	+140	-	▲923	▲740	-	Increased due to changes in expense allocation method
Total	18,748	+1,558	+9.1%	6,890	+2,435	+54.7%	

### 3. Performance of Major Businesses, by Quarter

(Millions of yen)	FY03/20				FY03/21				FY03/22	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Employee Benefit Services	4,359	4,471	4,396	4,484	4,441	4,443	4,470	4,577	4,372	4,344
Individual Benefit Services	647	650	628	589	539	536	503	478	498	484
CRM	130	114	103	142	109	111	101	151	109	110
Incentive	1,295	770	630	986	995	1,120	794	1,048	981	921
Healthcare	1,837	2,711	2,737	3,313	1,616	2,123	3,141	3,486	1,811	3,733
Purchase and Settlement Service	189	187	179	195	160	162	182	191	165	161
Payment	-	-	-	-	-	-	-	-	3	2
Overseas	107	253	227	268	230	331	422	441	348	293
Other	115	122	205	233	158	115	271	395	196	217
<b>Sales</b>	<b>8,679</b>	<b>9,278</b>	<b>9,105</b>	<b>10,210</b>	<b>8,248</b>	<b>8,941</b>	<b>9,884</b>	<b>10,767</b>	<b>8,483</b>	<b>10,265</b>
<b>Gross profit</b>	<b>3,553</b>	<b>3,406</b>	<b>3,754</b>	<b>4,089</b>	<b>3,832</b>	<b>3,951</b>	<b>4,076</b>	<b>4,564</b>	<b>4,600</b>	<b>5,790</b>
<i>Gross profit margin (%)</i>	<i>40.9%</i>	<i>36.7%</i>	<i>41.2%</i>	<i>40.0%</i>	<i>46.5%</i>	<i>44.2%</i>	<i>41.2%</i>	<i>42.4%</i>	<i>54.2%</i>	<i>56.4%</i>
<b>SG&amp;A expenses</b>	<b>1,636</b>	<b>1,560</b>	<b>1,562</b>	<b>1,649</b>	<b>1,666</b>	<b>1,662</b>	<b>1,614</b>	<b>1,707</b>	<b>1,754</b>	<b>1,746</b>
Employee Benefit Services + Individual Benefit Services + CRM	1,624	1,605	1,849	1,801	1,999	2,074	2,098	2,218	2,285	2,451
Incentive	289	127	122	252	233	291	161	290	269	216
Healthcare	85	233	325	489	29	50	264	413	792	1,882
Purchase and Settlement Service	34	21	22	32	16	4	22	31	17	15
Payment	-	-	-	-	-	-	-	-	▲23	▲17
Overseas	▲75	▲66	▲48	▲42	▲37	▲25	▲20	▲22	▲41	▲33
Other (company-wide shared expenses, etc.)	▲41	▲74	▲78	▲92	▲75	▲105	▲63	▲72	▲453	▲470
<b>Operating income</b>	<b>1,916</b>	<b>1,846</b>	<b>2,192</b>	<b>2,440</b>	<b>2,165</b>	<b>2,289</b>	<b>2,462</b>	<b>2,858</b>	<b>2,846</b>	<b>4,044</b>
<i>Operating income margin (%)</i>	<i>22.1%</i>	<i>19.9%</i>	<i>24.1%</i>	<i>23.9%</i>	<i>26.3%</i>	<i>25.6%</i>	<i>24.9%</i>	<i>26.5%</i>	<i>33.6%</i>	<i>39.4%</i>
<b>Ordinary income</b>	<b>1,925</b>	<b>1,870</b>	<b>2,208</b>	<b>2,459</b>	<b>2,179</b>	<b>2,307</b>	<b>2,474</b>	<b>2,898</b>	<b>2,877</b>	<b>4,010</b>
<i>Ordinary income margin (%)</i>	<i>22.2%</i>	<i>20.2%</i>	<i>24.3%</i>	<i>24.1%</i>	<i>26.4%</i>	<i>25.8%</i>	<i>25.0%</i>	<i>26.9%</i>	<i>33.9%</i>	<i>39.1%</i>
<b>Net income attributable to owners of parent</b>	<b>1,314</b>	<b>1,289</b>	<b>1,504</b>	<b>1,534</b>	<b>1,489</b>	<b>1,582</b>	<b>1,701</b>	<b>1,994</b>	<b>2,051</b>	<b>2,774</b>
<i>Net income margin (%)</i>	<i>15.1%</i>	<i>13.9%</i>	<i>16.5%</i>	<i>15.0%</i>	<i>18.1%</i>	<i>17.7%</i>	<i>17.2%</i>	<i>18.5%</i>	<i>24.2%</i>	<i>27.0%</i>

#### 4. Quarterly member count by business

Ten thousand members	FY03/20				FY03/21				FY03/22	
	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.
Employee Benefit Services	513	522	522	522	590	624	624	621	634	635
Individual Benefit Services	137	141	140	134	125	120	115	111	106	101
CRM	119	118	117	124	124	124	125	130	127	127
<b>Total members</b>	<b>769</b>	<b>781</b>	<b>779</b>	<b>780</b>	<b>839</b>	<b>868</b>	<b>864</b>	<b>862</b>	<b>867</b>	<b>863</b>

#### 5. Number of consultations in the Healthcare business

(10,000 cases)	FY03/20				FY03/21				FY03/22	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Health checkup: number of consultations* <sup>Note 2</sup>	15	23	13	10	1	28	16	13	16	25
Specific health guidance: number of initial consultations* <sup>Note 3</sup>	2	2	3	4	1	2	3	4	3	3

Note 2: "Health checkup: number of checkups" refers to the number of health checkups for which Benefit One made appointments on behalf of service members.

Note 3: "Specific health guidance: number of initial consultations" refers to the number of initial consultations members eligible for this service had with specialist staff.

#### 6. Qualitative information regarding consolidated operating performance forecast (April 1, 2021–March 31, 2022)

(Assumptions underlying the forecast as of the date of its release on May 12, 2021)

In the operating performance forecast for the fiscal year ending March 2022 (FY03/22) announced on May 12, 2021, we expected the impact of the COVID-19 pandemic on the service usage by members in the Employee Benefit Services business and the use of the service on business trips in the Purchase and Settlement Service business would gradually dissipate over the second half of the fiscal year. We did not anticipate the pandemic to have a significant impact on other businesses, and formulated the forecast based on the assumption that transactions and profit would increase primarily in the Healthcare business.

(Consolidated operating results for 1H)

In the first half of the fiscal year ending March 2022, sales and profits exceeded the operating performance forecast announced on May 12, 2021 due to 1) lower-than-expected rebate-related expenditures as the recovery in the use of member services (such as leisure activity menus) in the Employee Benefit Services business was delayed because of the prolonged fifth wave of the COVID-19 pandemic; and 2) growth in the health support business in tandem with the accelerated rollout of COVID-19 vaccination programs.

(Assumptions for operating performance outlook going forward)

We think the following two variable factors could continue to have an impact on our operating performance in the second half of the fiscal year ending March 2022: 1) degree of recovery in the use of member services in the Employee Benefit Services business; and 2) the rollout of COVID-19 vaccine booster shots (third dose). Further, earnings of JTB Benefit Service, Inc., which was made a subsidiary through share acquisition on October 29, 2021, are expected to be included in the consolidated income statement from the fourth quarter of the fiscal year under review. Since earnings of the subsidiary will only be included for one quarter, their impact on full-year consolidated operating performance is expected to be limited. In light of these factors, we have maintained the full-year operating performance forecast announced on May 12, 2021.

These materials are intended to provide information pertaining to financial results. They are not intended to solicit investments in securities issued by the Company. These materials were prepared on the basis of data as of September 30, 2021. Accordingly, opinions or forecasts contained in these materials are based on the judgment of the Company as of the date the materials were prepared. The Company makes no guarantees or pledges as to the accuracy or completeness of this information. Furthermore, this information may be changed without notice.

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