

May 11, 2023

Overview of Operating Performance at Benefit One for the Fiscal Year Ended March 31, 2023 (FY03/23)

Summary of Consolidated Operating Results for FY03/23

Progress varied by business; consolidated ordinary income fell ¥200 million short of plan at ¥10,500 million

- Sales in the Employee Benefit Services business grew 27.3% due to external M&A-driven growth and an increase in enrollment of non-regular employees
Member use of services continued recovering, albeit more slowly than expected
- In the Healthcare business, the COVID-19 vaccination support business was solid, but progress on new orders for and implementation of health guidance services were slower than expected
- Upfront investment in commercials and other marketing to accelerate growth in the medium to long term and relocation of the head office proceeded as planned

Summary of Consolidated Operating Performance Forecast for FY03/24

With improvement in the business environment, Employee Benefit Services and other main businesses are in a growth and expansion phase, and sales are projected to grow 7.3%. Consolidated ordinary income is set to grow 3.8% due to aggressive investment aimed at accelerating medium- and long-term growth.

- Expecting the business impact of the COVID-19 pandemic to largely subside, with the scale of COVID-19 vaccination support business shrinking
- In the Employee Benefit Services business, expecting to expand the adoption of services as a means of attracting and retaining personnel and improving employee benefits, regardless of company size or employment status
Effect of post-merger integration with the former JTB Benefit Service to be roughly ¥1,200 million
- Expecting expanded use of outsourcing in the Healthcare business due to growing interest in health management and personnel shortages
- Will continue to seize growth opportunities and actively invest in marketing, systems, and human resources to accelerate medium- to long-term growth
- Planning to pay a dividend per share of ¥36 (flat year-over-year)

1. Consolidated operating performance (April 1, 2022 to March 31, 2023)

(Millions of yen)	FY03/22		FY03/23		YoY change		Vs. forecast	
	Amount	% of sales	Amount	% of sales	Change	%	Vs. forecast	%
Sales	38,362	–	42,376	–	+4,013	+10.5%	▲3,723	▲8.1%
Cost of sales	17,633	46.0%	19,876	46.9%	+2,242	+12.7%	–	–
Gross profit	20,728	54.0%	22,499	53.1%	+1,770	+8.5%	–	–
SG&A expenses	7,958	20.7%	12,015	28.4%	+4,056	+51.0%	–	–
Operating income	12,770	33.3%	10,484	24.7%	▲2,285	▲17.9%	▲315	▲2.9%
Ordinary income	12,826	33.4%	10,565	24.9%	▲2,260	▲17.6%	▲224	▲2.1%
Net income attributable to owners of parent	8,949	23.3%	7,655	18.1%	▲1,294	▲14.5%	+485	+6.8%

2. Performance of Major Businesses (April 1, 2022 to March 31, 2023)

(Millions of yen)	Sales	YoY		Operating profit	YoY		Factors affecting profit
		Change	%		Change	%	
Employee Benefit Services	25,205	+5,409	+27.3%	9,203	▲281	▲3.0%	¥1,480 million in duplicate post-merger operating costs Increase of roughly ¥800 million in marketing costs, including for commercials
Individual Benefit Services+CRM	2,411	+31	+1.3%				
Healthcare	8,192	▲1,418	▲14.8%	3,229	▲1,327	▲29.1%	Reactionary decline of ¥480 million in infectious disease control-related business Slow progress on orders for and implementation of health guidance services Increase of ¥470 million in upfront investment in marketing and systems
Incentive	3,098	▲375	▲10.8%	544	▲236	▲30.3%	Sluggish exchange of incentive points by existing clients; increase of ¥120 million in system costs
Purchase and Settlement Service	677	+35	+5.6%	194	+98	+102.4%	Recovery in business trip reimbursement use
Payment	21	+3	+20.7%	▲57	+5	–	Focus phase on content expansion
Overseas	1,897	+423	+28.7%	▲342	▲171	–	Sales expansion in Singapore; advance spending on system expansion
Other (company-wide shared expenses, etc.)	875	▲95	▲9.9%	▲2,287	▲371	–	One-time expenses of roughly ¥200 million for head office relocation
Total	42,376	+4,013	+10.5%	10,484	▲2,285	▲17.9%	

3. Performance of Major Businesses, by Quarter

(Millions of yen)	FY03/21				FY03/22				FY03/23			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Employee Benefit Services	4,441	4,443	4,470	4,577	4,372	4,344	4,359	6,721	6,100	6,094	6,184	6,827
Individual Benefit Services	539	536	503	478	498	484	462	447	449	461	416	432
CRM	109	111	101	151	109	110	108	161	156	143	144	211
Healthcare	1,616	2,123	3,141	3,486	1,811	3,733	1,897	2,169	2,236	1,707	2,293	1,955
Incentive	995	1,120	794	1,048	981	921	683	888	992	563	652	890
Purchase and Settlement Service	160	162	182	191	165	161	150	164	146	156	173	202
Payment	–	–	–	–	3	2	3	10	3	2	4	12
Overseas	230	331	422	441	348	293	438	394	352	381	644	521
Other	158	115	271	395	196	217	219	339	149	143	278	303
Sales	8,248	8,941	9,884	10,767	8,483	10,265	8,319	11,293	10,583	9,650	10,788	11,353
Gross profit	3,832	3,951	4,076	4,564	4,600	5,790	4,421	5,916	5,824	4,919	5,850	5,876
<i>Gross profit margin (%)</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>	<i>53.1%</i>	<i>52.4%</i>	<i>55.0%</i>	<i>51.0%</i>	<i>54.2%</i>	<i>51.8%</i>
SG&A expenses	1,666	1,662	1,614	1,707	1,754	1,746	1,773	2,684	2,924	2,990	2,872	3,227
Employee Benefit Services + Individual Benefit Services + CRM	1,999	2,074	2,098	2,218	2,285	2,451	2,153	2,595	2,315	1,869	2,625	2,394
Healthcare	29	50	264	413	792	1,882	896	987	1,150	584	856	640
Incentive	233	291	161	290	269	216	127	169	214	73	106	151
Purchase and Settlement Service	16	4	22	31	17	15	28	36	20	42	56	76
Payment	–	–	–	–	▲23	▲17	▲14	▲8	▲16	▲15	▲16	▲9
Overseas	▲37	▲25	▲20	▲22	▲41	▲33	▲31	▲65	▲84	▲91	▲80	▲88
Other (company-wide shared expenses, etc.)	▲75	▲105	▲63	▲72	▲453	▲470	▲512	▲483	▲700	▲533	▲540	▲516
Operating income	2,165	2,289	2,462	2,858	2,846	4,044	2,647	3,231	2,899	1,929	3,007	2,648
<i>Operating income margin (%)</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>	<i>31.8%</i>	<i>28.6%</i>	<i>27.4%</i>	<i>20.0%</i>	<i>27.9%</i>	<i>23.3%</i>
Ordinary income	2,179	2,307	2,474	2,898	2,877	4,010	2,664	3,274	2,943	1,963	2,974	2,683
<i>Ordinary income margin (%)</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>	<i>32.0%</i>	<i>29.0%</i>	<i>27.8%</i>	<i>20.3%</i>	<i>27.6%</i>	<i>23.6%</i>
Net income attributable to owners of parent	1,489	1,582	1,701	1,994	2,051	2,774	1,837	2,286	1,999	1,751	2,082	1,822
<i>Net income margin (%)</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>	<i>22.1%</i>	<i>20.2%</i>	<i>18.9%</i>	<i>18.1%</i>	<i>19.3%</i>	<i>16.0%</i>

4. Quarterly member count by business

Ten thousand members	FY03/21				FY03/22				FY03/23			
	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.
Employee Benefit Services	590	624	624	621	634	635	893	893	908	906	930	932
Individual Benefit Services	125	120	115	111	106	101	105	96	84	83	81	80
CRM	124	124	125	130	127	127	139	141	137	139	142	148
Total members	839	868	864	862	867	863	1,137	1,130	1,129	1,128	1,153	1,160

5. Various service numbers in the Healthcare business

(10,000 cases)	FY03/21				FY03/22				FY03/23			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Health checkup: number of consultations ^{*Note 1}	1	28	16	13	16	25	14	9	17	25	15	10
Specific health guidance: number of initial consultations ^{*Note 2}	1	2	3	4	3	3	3	4	2	2	3	4
COVID-19 vaccinations ^{*Note 3}	-	-	-	-	34	72	25	26	19	22	45	9

Note 1: "Health checkup: number of checkups" refers to the number of health checkups for which Benefit One made appointments on behalf of service members.

Note 2: "Specific health guidance: number of initial consultations" refers to the number of initial consultations members eligible for this service had with specialist staff.

Note 3: "COVID-19 vaccinations" refers to the number of COVID-19 vaccinations that were arranged by the Company and administered by municipal governments or at workplaces.

6. Consolidated operating performance Forecast for FY03/24 (April 1, 2023 to March 31, 2024)

(Millions of yen)	FY03/23	Forecast for FY03/24						
	Full year	Full year	Change	YoY	1H	YoY	2H	YoY
Sales	42,376	45,450	+3,073	+7.3%	19,520	▲3.5%	25,930	+17.1%
Operating income	10,484	10,830	+345	+3.3%	3,160	▲34.6%	7,670	+35.6%
Ordinary income	10,566	10,970	+404	+3.8%	3,280	▲33.2%	7,690	+35.9%
Net income attributable to owners of parent	7,655	7,300	▲355	▲4.6%	2,170	▲42.2%	5,130	+31.4%

7. Operating Performance Forecast by Major Business (April 1, 2023 to March 31, 2024)

(Millions of yen)	Sales	YoY		Operating profit	YoY		Factors affecting profit
		Change	%		Change	%	
Employee Benefit Services	26,531	+1,326	+5.3%	10,387	+1,184	+12.9%	Membership growth expected due to favorable environment Continued investment in systems, marketing, and human resources Roughly ¥1,200 million impact of post-merger service integration
Individual Benefit Services + CRM	2,469	+58	+2.4%				
Healthcare	8,035	▲156	▲1.9%	2,657	▲572	▲17.7%	Improved efficiency of new sales through coordination with Employee Benefit Services business Contraction in scale of COVID-19 vaccination support business, especially in the first half of the fiscal year
Incentive	3,755	+657	+21.2%	624	+80	+14.7%	Expansion of customer base through growth in new clientele
Purchase and Settlement Service	752	+74	+11.1%	230	+36	+18.6%	Business travel use expected to recover and expand
Payment	33	+11	+56.0%	▲257	▲200	–	Membership expansion and usage promotion through investment in commercials and other marketing
Overseas	2,889	+991	+52.2%	▲156	+186	–	Loss halved overseas as a whole; ongoing investment in the US
Other	986	+112	+12.7%	▲2,655	▲369	–	Building a foundation for recruiting and training, improved employee benefits, security, etc.
Total	45,450	+3,073	+7.3%	10,830	+345	+3.3%	

(Millions of yen)	Sales		YoY (%)		Operating profit		YoY (%)	
	1H	2H	1H	2H	1H	2H	1H	2H
Employee Benefit Services	12,935	13,596	+6.1%	+4.5%	4,590	5,798	+9.7%	+15.5%
Individual Benefit Services + CRM	1,144	1,326	▲5.3%	+10.2%				
Healthcare	2,349	5,685	▲40.4%	+33.8%	16	2,641	▲99.1%	+76.6%
Incentive	1,375	2,380	▲11.6%	+54.3%	223	401	▲22.4%	+56.3%
Purchase and Settlement Service	315	437	+4.4%	+16.4%	58	172	▲5.5%	+29.9%
Payment	6	27	+16.7%	+68.2%	▲236	▲21	–	–
Overseas	1,043	1,846	+42.3%	+58.5%	▲112	▲45	–	–
Other	353	633	+20.1%	+8.9%	▲1,379	▲1,276	–	–
Total	19,520	25,930	▲3.5%	+17.1%	3,160	7,670	▲34.6%	+35.6%

8. Plans for member counts by business

Ten thousand members		2020/4	2021/4	2022/4	2023/4	2024/4
		Results	Results	Results	Results	Plan
	Employee Benefit Services	585	633	902	948	1,073
	Individual Benefit Services	123	127	86	78	99
	CRM	126	109	138	136	135
Total members ^{*Note 4}		834	869	1,126	1,162	1,307

Note 4: Total membership target for FY03/24 is 12.41 million, broken down into 10.09 million Employee Benefit Services members, 980,000 Individual Benefit Service members, and 1.34 million CRM members.

9. Plans for various service numbers in the Healthcare business

(10,000 cases)	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24
	Results	Results	Results	Results	Plan
Health checkup: number of consultations	61	58	65	67	70
Specific health guidance: number of initial consultations	11	10	13	12	18
Vaccinations ^{*Note 5}	–	–	158	95	148

Note 5: The FY03/24 target of 1.48 million vaccinations includes 390,000 influenza vaccinations.

10. Qualitative information regarding consolidated operating performance forecast

(April 1, 2023–March 31, 2024)

In terms of the recent economic situation, the prolonged effects of the COVID-19 pandemic have begun to subside, and corporate activity and personal consumption are recovering. In addition, wages are rising in response to labor shortages and the cost of living is increasing to levels not seen in recent years.

At our Group as well, the business impact of the pandemic has largely subsided, and although we expect the COVID-19 vaccination support business to contract, we anticipate growth in our other main businesses.

In the Employee Benefit Services business, we expect increased use of benefits services among all sizes of companies and for all employment types as a measure to attract and retain human resources and improve the fair and equitable treatment of employees. As for the Healthcare business, we expect the use of outsourcing services for medical checkups and health guidance to increase due to growing interest in mental and physical health management among employees in response to the COVID-19 pandemic and to worker shortages in the corporate sector.

We intend to take advantage of these growth opportunities to expand our clientele. At the same time, we will continue to invest in marketing to increase awareness of our services, and in human resources and systems to build a foundation for accelerating medium- to long-term growth.

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 March 31, 2023. 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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