On October 22, 2020, Benefit One Inc. announced a revision to its 1H FY03/21 earnings forecast.

	FY03/19			FY03/20			FY03/21		
(JPYmn)	1H Act.	2H Act.	FY Act.	1H Act.	2H Act.	FY Act.	1H Est.	2H Est.	FY Est.
Sales	**16,407**	**18,054**	**34,461**	**17,957**	**19,314**	**37,271**	**17,180**	**22,970**	**40,150**
Cost of sales	10,024	10,669	20,693	10,998	11,471	22,469			
Gross profit	**6,383**	**7,384**	**13,767**	**6,958**	**7,844**	**14,802**			
GPM	38.9%	40.9%	39.9%	38.7%	40.6%	39.7%			
SG&A expenses	3,037	3,088	6,125	3,195	3,212	6,407			
SG&A ratio	18.5%	17.1%	17.8%	17.8%	16.6%	17.2%			
Operating profit	**3,345**	**4,296**	**7,641**	**3,763**	**4,631**	**8,394**	**4,450**	**4,600**	**9,050**
OPM	20.4%	23.8%	22.2%	21.0%	24.0%	22.5%	25.9%	20.0%	22.5%
Recurring profit	**3,384**	**4,323**	**7,707**	**3,795**	**4,667**	**8,462**	**4,485**	**4,615**	**9,100**
RPM	20.6%	23.9%	22.4%	21.1%	24.2%	22.7%	26.1%	20.1%	22.7%
Net income	**2,301**	**2,875**	**5,176**	**2,603**	**3,038**	**5,641**	**3,070**	**3,130**	**6,200**
Net margin	14.0%	15.9%	15.0%	14.5%	15.7%	15.1%	17.9%	13.6%	15.4%

Source: Shared Research based on company data
Figures may differ from company materials due to differences in rounding methods.

Revised 1H FY03/21 earnings forecast (October 22, 2020)

On October 22, 2020, the company announced revisions to its earnings forecast for 1H FY03/21.

Revised 1H FY03/21 earnings forecast

- ▷ Sales: JPY17.2bn (previous forecast: JPY17.0bn)
- ▷ Operating profit: JPY4.5bn (JPY3.3bn)
- ▷ Recurring profit: JPY4.5bn (JPY3.4bn)
- ▷ Net income*: JPY3.1bn (JPY2.3bn)
- ▷ EPS: JPY19.29 (JPY14.45)

* Net income attributable to owners of the parent

Reason for revision

The earnings forecast announced on May 13, 2020 was based on the assumption that service use would decline and the start of transactions would be delayed mainly in Q1 due to the COVID-19 pandemic, and that restrictions on sales activities and service delivery would largely be lifted from Q2 onward.

In reality, the voluntary restraint on going out due to the pandemic extended into the summer holiday season, which led to a decrease in the use of accommodation and leisure services in the Benefit Services business, resulting in lower rebate-related expenditures. During the same period, the company expanded services available for home use, such as e-learning and e-commerce, and worked to promote use among members, but this was not enough to make up for the overall decline in service use. Further, the company made conservative estimates of the impact of the pandemic in its initial outlook, and as a result, revised upward its initial earnings forecast for 1H FY03/21.

The company anticipates business growth in each of its core businesses, but there are some factors that make it difficult to project earnings performance such as the possibility of the booking of some of the sales in the Healthcare business being pushed out to FY03/22 depending on the progress of health checkups and health guidance services. Hence, the company maintained its full-year FY03/21 earnings forecast announced on May 13, 2020. It will promptly disclose any information that require disclosure as soon as it becomes available.

This note is the most recent addition to the full report.

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