

Note: Correction from the most recently announced performance forecasts: No

Effective from the beginning of the Q1 FY03/22 consolidated accounting period, Benefit One has applied the Accounting Standard for Revenue Recognition, etc. and the sales forecasts provided above are based on the new accounting standard. The sales forecast for FY03/22 when not applying the new accounting standard would be ¥25,140 million (up 46.2% YoY) for the second quarter (cumulative) and ¥49,200 million (up 30.0% YoY) for the full year. We do not expect any changes in the forecasts for operating income, ordinary income, and net income attributable to owners of the parent as a result of the application of the Accounting Standard for Revenue Recognition, etc.

* Notes

(1) Important change to a subsidiary company during the cumulative : No
 quarterly consolidated accounting period
 (a change to a specified subsidiary with a change of the scope of consolidation)

(2) Application of the entry under accounting methods specific to the : No
 preparation of quarterly consolidated financial statements

(3) Changes of the accounting policy, changes to accounting estimates, and restatement

- 1) Changes of the accounting policy resulted from the revision of : Yes
 accounting standards, etc.
- 2) Changes of the accounting policy other than 1) : No
- 3) Changes to accounting estimates : No
- 4) Restatement : No

Note: For details, see “2. Quarterly consolidated financial statements and major notes, (3) Notes on the quarterly consolidated financial statements (Changes of the accounting policy)” on page 8 of the appendix.

(4) Number of issued shares (common shares)

- 1) Number of issued shares (including treasury shares) as of the end of the period
- 2) Number of treasury shares as of the end of the period
- 3) Average number of shares during the period (cumulative quarterly)

Q1 FY03/22	159,970,000 shares	FY03/21	159,970,000 shares
Q1 FY03/22	835,204 shares	FY03/21	835,160 shares
Q1 FY03/22	159,134,832 shares	Q1 FY03/21	159,134,877 shares

Note: The Company has introduced “the Japanese version of the Employee Stock Ownership Plan (J-ESOP)” and “Board Benefit Trust (BBT).” Treasury shares remaining in “the Japanese version of the Employee Stock Ownership Plan (J-ESOP)” and “Board Benefit Trust (BBT)” that are recorded as treasury shares in shareholders’ equity are included in treasury shares deducted in the calculation of the average number of shares during the period for the calculation of quarterly net income per share.

* The summary of quarterly financial results is not subject to the quarterly review by a certified public accountant or an auditing firm.

* Explanation on the appropriate use of performance forecasts and other notable matters

- Descriptions about the future, including performance forecasts, in this document are based on information that the Company has at present and certain assumptions judged as reasonable. The Company does not intend to promise to achieve them. Actual performance, etc. could significantly differ depending on various factors. For conditions on which performance forecasts are based and notes for the use of performance forecasts, etc. see “1. Qualitative information regarding the quarterly financial results, (3) Qualitative information regarding consolidated operating performance forecasts” on page 3 of the appendix.
- The Company plans to post its supplementary material on quarterly financial results on the company website (<https://corp.benefit-one.co.jp/ir/library/index.html>).

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1. Qualitative information regarding the quarterly financial results

(1) Qualitative information regarding consolidated operating results

In the Q1 FY03/22 cumulative accounting period, the Japanese economy continued to experience difficult circumstances due to the impact of COVID-19.

The impact of COVID-19 on the Company Group's performance was limited. The Company Group announced the medium-term management plan on May 12, 2021, and launched initiatives geared toward the post-pandemic society. Specifically, the Company Group began to offer the members-only ID "Bene Account" in June this year to support enterprises' HRDX. The "Bene Account" allows members to use services, including Employee Benefit Services, Healthcare, and Incentive offered by the Company Group, with a common ID. The Company Group began sequentially transferring data to Bene ONE PLATFORM for existing service users. The Company Group also launched *Kyutokubarai*, a new service utilizing the payroll deduction scheme, in June this year and began to offer Employee Benefit Services using the new settlement scheme.

The Company Group delivered robust performance in the Q1 FY03/22 cumulative accounting period, while implementing these medium- to long-term initiatives, by means such as launching new health support services.

In Employee Benefit Services, results were largely as planned while the business decelerated due to the COVID-19 pandemic. Regarding cost, rebate-related expenditures increased from FY03/21 due to ongoing recovery in the use of accommodation and other menus involving outings. In Healthcare, the business environment for health checkup and health guidance services was back to normal in general with an increased need for BPO (business process outsourcing) services providing a tailwind. Moreover, the Company Group launched the COVID-19 vaccine rollout support business in response to socio-economic demands, which contributed to consolidated profit growth. Other businesses are largely progressing as planned.

As a result of the above, the Company Group reported consolidated sales of ¥8,483 million (up 2.8% YoY), consolidated operating income of ¥2,846 million (up 31.4% YoY), consolidated ordinary income of ¥2,877 million (up 32.1% YoY), and net income attributable to owners of the parent of ¥2,051 million (up 37.8% YoY) for the Q1 FY03/22 cumulative accounting period.

Effective from the beginning of the Q1 FY03/22 consolidated accounting period, the Company Group has adopted the Accounting Standard for Revenue Recognition, etc. As the impact of applying the standard, etc. on the above performance, sales and cost of sales decreased by ¥1,654 million and ¥1,635 million, respectively. Operating income, ordinary income, and quarterly net profit before taxes also decreased by ¥19 million, respectively.

The Company Group is engaged in the membership service business, mainly the outsourced employee benefit service business in Japan. As a result of consolidating business segments, the segment to be reported is only the membership service business, and thus segment information is omitted.

(2) Qualitative information regarding consolidated financial position

Status of assets, liabilities, and net assets

(Assets)

Total assets at the end of the Q1 FY03/22 consolidated accounting period were ¥32,830 million, a decrease of ¥3,340 million from the end of the previous consolidated fiscal year.

Current assets decreased by ¥4,014 million to ¥24,681 million. This is primarily because of a decrease in "Cash and deposits" (¥3,428 million), a decrease in "Notes, accounts receivable, and an increase in 'Contract assets – trade'" (¥1,960 million), an increase in "Accounts receivable - other" (¥1,453 million), etc.

Non-current assets increased by ¥673 million to ¥8,149 million primarily because of an increase in software (¥670 million) resulted from an investment in system equipment.

(Liabilities)

Total liabilities at the end of the Q1 FY03/22 consolidated accounting period were ¥15,638 million, a decrease of

¥667 million from the end of the previous consolidated fiscal year.

Current liabilities decreased by ¥102 million to ¥15,081 million. This is primarily because of a decrease in “Accounts payable - other” (¥503 million), a decrease in “Income taxes payable” (¥1,203 million) resulted from the payment of corporation tax, etc., and an increase in “Contract liabilities” (reported as “Advances received” as of the end of the previous consolidated fiscal year) (¥1,368 million) associated with the granting of the new Incentive Point and the start of the application of the Accounting Standard for Revenue Recognition, etc.

Non-current liabilities decreased by ¥565 million to ¥556 million primarily because the Company Group stopped recording the “Provision for point card certificates” with the application of the Accounting Standard for Revenue Recognition, etc.

(Net assets)

Net assets at the end of the Q1 FY03/22 consolidated accounting period were ¥17,192 million, a decrease of ¥2,672 million from the end of the previous consolidated fiscal year. This is primarily because of “Net income attributable to owners of the parent” (¥2,051 million), “Dividends paid” (¥4,785 million), etc. in the Q1 FY03/22 cumulative accounting period.

As a result, the equity ratio decreased to 52.4% from 54.9% at the end of the previous consolidated fiscal year.

(3) Qualitative information regarding consolidated operating performance forecasts

(Assumptions underlying the operating performance forecast at the time of its release)

We have formulated our operating performance forecasts for the fiscal year ending March 2022 (FY03/22) announced on May 12, 2021 based on the assumption that the impact of the COVID-19 pandemic on members' use of services in the Employee Benefit Services business and the use of the Purchase and Settlement Service on business trips would gradually dissipate over the second half of the fiscal year. We do not expect the pandemic to have a significant impact on other businesses, and the forecast assumes increased transactions and profit growth centered on the Healthcare business.

(Outlook)

As described in “1. Qualitative information regarding the quarterly financial results, (1) Qualitative information regarding consolidated operating results” on page 2 of the appendix, the impact of the COVID-19 pandemic on our operating performance to date has been limited. While the pandemic is expected to have a varying degree of impact on each of our businesses, based on our understanding that our performance is largely in line with the plan, we have maintained our operating performance forecasts for the first half of and full-year FY03/22 formulated based on the assumptions as of May 12, 2021.

2. Quarterly consolidated financial statements and major notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	Consolidated FY03/21 (March 31, 2021)	Consolidated Q1 FY03/22 (June 30, 2021)
Assets		
Current assets		
Cash and deposits	13,064	9,636
Notes and accounts receivable - trade	6,837	-
Notes, accounts receivable, and contract assets - trade	-	4,877
Inventories	1,325	1,303
Deposits paid	4,500	4,500
Other	2,981	4,403
Allowance for doubtful accounts	△12	△38
Total current assets	28,696	24,681
Non-current assets		
Property, plant and equipment	1,310	1,273
Intangible assets		
Goodwill	4	2
Other	2,393	3,059
Total intangible assets	2,397	3,061
Investments and other assets		
Other	3,778	3,823
Allowance for doubtful accounts	△11	△10
Total investments and other assets	3,767	3,813
Total non-current assets	7,475	8,149
Total assets	36,171	32,830

(Millions of yen)

	Consolidated FY03/21 (March 31, 2021)	Consolidated Q1 FY03/22 (June 30, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,284	3,267
Short-term borrowings	174	103
Income taxes payable	2,030	826
Accounts payable - other	2,684	2,181
Advances received	4,578	-
Contract liabilities	-	5,946
Other	2,432	2,756
Total current liabilities	15,184	15,081
Non-current liabilities		
Provision for point card certificates	588	-
Reserve for employee stock ownership plan	212	226
Provision for share-based remuneration for directors (and other officers)	127	136
Other	193	192
Total non-current liabilities	1,121	556
Total liabilities	16,306	15,638
Net assets		
Shareholders' equity		
Share capital	1,527	1,527
Capital surplus	1,452	1,452
Retained earnings	17,095	14,362
Treasury shares	△1,322	△1,322
Total shareholders' equity	18,753	16,019
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,093	1,158
Foreign currency translation adjustment	18	14
Total accumulated other comprehensive income	1,112	1,173
Total net assets	19,865	17,192
Total liabilities and net assets	36,171	32,830

(2) Quarterly consolidated profit and loss statements and quarterly consolidated comprehensive income statements

Quarterly consolidated profit and loss statements

Consolidated cumulative Q1

(Millions of yen)

	Consolidated cumulative Q1 FY03/21 (April 1, 2020 to June 30, 2020)	Consolidated cumulative Q1 FY03/22 (April 1, 2021 to June 30, 2021)
Sales	8,248	8,483
Cost of sales	4,416	3,882
Gross profit	3,832	4,600
SG&A expenses	1,666	1,754
Operating income	2,165	2,846
Non-operating income		
Interest income	6	6
Foreign exchange gains	0	8
Subsidy income	10	10
Other	2	9
Total non-operating income	20	35
Non-operating expenses		
Interest expenses	1	1
Share of loss of entities accounted for using equity method	0	2
Distributions of loss on partnerships	5	-
Other	0	0
Total non-operating expenses	7	4
Ordinary income	2,179	2,877
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	-	24
Total extraordinary income	-	24
Extraordinary losses		
Loss on sales of investment securities	-	2
Total extraordinary losses	-	2
Quarterly net profit before taxes	2,179	2,899
Income taxes - current	641	933
Income taxes - deferred	48	△85
Total income taxes	689	847
Quarterly net profit	1,489	2,051
Quarterly net loss attributable to non-controlling interests (△)	△0	-
Net income attributable to owners of parent	1,489	2,051

Quarterly consolidated comprehensive income statements

Consolidated cumulative Q1

(Millions of yen)

	Consolidated cumulative Q1 FY03/21 (April 1, 2020 to June 30, 2020)	Consolidated cumulative Q1 FY03/22 (April 1, 2021 to June 30, 2021)
Quarterly net profit	1,489	2,051
Other comprehensive income		
Valuation difference on available-for-sale securities	180	64
Foreign currency translation adjustment	△4	△3
Total other comprehensive income	176	60
Quarterly comprehensive income	1,665	2,112
(Breakdown)		
Quarterly comprehensive income attributable to owners of parent	1,665	2,112
Quarterly comprehensive income attributable to non-controlling interests	△0	-

(3) Notes on the quarterly consolidated financial statements

(Notes on the going concern assumption)

Not applicable.

(Notes on substantial changes in the amount of shareholders' equity)

Not applicable.

(Application of the entry under accounting methods specific to the preparation of quarterly consolidated financial statements)

Not applicable.

(Changes of the accounting policy)

(Application of the new Accounting Standard for Revenue Recognition, etc.)

Effective from the beginning of the Q1 FY03/22 consolidated accounting period, Benefit One has applied the Accounting Standard for Revenue Recognition (Business Accounting Standards No. 29, March 31, 2020; hereinafter, "Revenue Recognition Accounting Standard"), etc. and recognized revenue as the amount expected to be received in exchange for goods or services when the control over the promised goods or services is transferred to the customer.

As a resulting major change, the Company judged its role in the provision of services to customers in part of the transactions in the Healthcare business as the role of an agent. Previously, the total of the amount of consideration received from the customer was recognized as sales. After the application of the new standard, however, sales have been recognized as the net amount obtained by deducting the amount paid to an outsourcee from consideration received from the customer.

In addition, if the enterprise grants an option of allowing the customer to purchase additional goods or services from the enterprise at discount prices as part of the contract with the customer, the Revenue Recognition Accounting Standard requests the enterprise to identify the option as a separate performance obligation and recognize a part of the consideration for the transaction as a contract liability at the time of granting the option, and to recognize revenue when goods or services are transferred to the customer in the future or when the option expires. For this reason, the Company has changed its revenue recognition method. Previously, of "Benepo" that was granted to members according to service provision in the Employee Benefit Services, the amount that is expected to be used in the future was included in the "Provision for point card certificates." After the application of the Revenue Recognition Accounting Standard, however, of the consideration received from members, the amount of "Benepo" granted to members according to the service provision and expected to be used in the future has been included in "Contract liabilities" as a separate performance obligation and revenue is recognized when the "Benepo" is used or expires.

With regard to the application of the Revenue Recognition Accounting Standard, etc., the Company adds or subtracts cumulative effects, which would have been made if the new accounting policy were retroactively applied to the period before the beginning of the Q1 FY03/22 consolidated accounting period, to or from retained earnings at the beginning of the Q1 FY03/22 consolidated accounting period, and applies the new accounting policy from the beginning of the Q1 FY03/22 consolidated accounting period in accordance with the transitional handling specified in the note in paragraph 84 of the Revenue Recognition Accounting Standard. However, the Company applies the method specified in paragraph 86 of the Revenue Recognition Accounting Standard and does not retroactively apply the new accounting policy to contracts for which almost all revenues were recognized in accordance with the previous handling method until the beginning of the Q1 FY03/22 consolidated accounting period. The Company also applies the method specified in (1) of paragraph 86 of the Revenue Recognition Accounting Standard. With regard to contract changes made before the beginning of the Q1 FY03/22 consolidated accounting period, the Company performs account processing based on the contract terms and conditions after reflecting all contract changes and adds or subtracts the amounts of cumulative effects to or from retained earnings as of the beginning of the Q1 FY03/22 consolidated accounting period.

As a result, sales for the Q1 FY03/22 consolidated cumulative period decreased by ¥1,654 million, cost of sales decreased by ¥1,635 million, and operating income, ordinary income, and quarterly net profit before taxes decreased

by ¥19 million, respectively. The balance of retained earnings at the beginning of the period decreased by ¥0 million.

With the application of the Revenue Recognition Accounting Standard, etc., the Company decided to include “Notes and accounts receivable – trade,” which was presented under “Current assets” in the consolidated balance sheet for the previous consolidated fiscal year, in “Notes, accounts receivable, and contract assets - trade” from the Q1 FY03/22 consolidated accounting period and include “Advances received” including the Incentive Point that was previously indicated under “Current liabilities” in “Contract liabilities” from the Q1 FY03/22 consolidated accounting period. The Company has not undertaken reclassification for the previous consolidated fiscal year, using the new presentation method, in accordance with the transitional handling specified in paragraph 89-2 of the Revenue Recognition Accounting Standard.

(Application of the Accounting Standard for Fair Value Measurement, etc.)

Effective from the beginning of the Q1 FY03/22 consolidated accounting period, the Company has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019), etc., and decided to continue to apply the new accounting policy provided in the Accounting Standard for Fair Value Measurement, etc. in the future in accordance with the transitional handling specified in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). There is no impact on the quarterly consolidated financial statements.

(Changes to accounting estimates)

Not applicable.

(Restatement)

Not applicable.

(Important subsequent events)

Not applicable.

Note : This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.