



Summary of Consolidated Financial Results for the Six Months Ended September 30, 2021 (Q2 FY03/22) [Based on Japanese GAAP]

November 4, 2021

Name of listed company: Benefit One Inc. Listed exchange: Tokyo Stock Exchange
 Stock exchange code: 2412 URL <https://corp.benefit-one.co.jp/en/>
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 Quarterly securities report to be submitted on: November 12, 2021 Dividend payment to start on: -
 Quarterly results supplementary material: Yes
 Quarterly results briefing: : Yes (video distribution)

(Rounded down to the nearest million yen)

1. Q2 FY03/22 consolidated operating performance (April 1, 2021 to September 30, 2021)

(1) Consolidated operating results (cumulative) (% shows increase/decrease rate from Q2 of FY03/21)

	Sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Q2 FY03/22	18,748	9.1	6,890	54.7	6,887	53.5	4,826	57.1
Q2 FY03/21	17,190	△4.3	4,454	18.4	4,487	18.2	3,071	18.0

Note: Comprehensive income Q2 FY03/22 5,538 million (61.1%) Q2 FY03/21 3,438 million (22.0%)

	Net income per share		Diluted net income per share	
	Yen	Sen	Yen	Sen
Q2 FY03/22	30.33		—	
Q2 FY03/21	19.30		—	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
Q2 FY03/22	38,941	20,618	52.9
FY03/21	36,171	19,865	54.9

Ref. Equity capital Q2 FY03/22 20,618 million FY03/21 ¥19,865 million

Note: Effective from the beginning of the Q1 FY03/22 consolidated accounting period, the Company has applied the Accounting Standard for Revenue Recognition, etc. and recognized its revenue based on the standard, etc. For details, see "(4) Notes on the quarterly consolidated financial statements (Changes of the accounting policy)" on page 10 of the appendix.

2. Dividends

	Annual dividend					
	End of Q2	End of Q2	End of Q2	End of Q2	End of Q2	
	Yen	Sen	Yen	Sen	Yen	Sen
FY03/21	—	0.00	—	30.00	30.00	
FY03/22	—	0.00				
FY03/22 (forecast)			—	36.00	36.00	

Note: Correction from the most recently announced dividend forecast: No

3. Consolidated operating performance forecasts for FY03/22 (April 1, 2021 to March 31, 2022)

(% shows QoQ and YoY increase/decrease rate, respectively.)

	Sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen Sen
Full-year	37,310	△ 1.4	11,750	20.2	11,830	20.0	8,120	20.0	51.03

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

Effective from the beginning of the Q1 FY03/22 consolidated accounting period, the Company 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 ¥45,490 million (up 20.2% 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. to the new accounting standard. Our publication released on May 12, 2021 differently estimated the impact of the application of the new accounting standard because we included new services that were released in this period in the preliminary calculation. However, this does not affect the full-year performance forecast.

* 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, (4) Notes on the quarterly consolidated financial statements (Changes of the accounting policy)" on page 10 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)

Q2 FY03/22	159,970,000 shares	FY03/21	159,970,000 shares
Q2 FY03/22	835,204 shares	FY03/21	835,160 shares
Q2 FY03/22	159,134,814 shares	Q2 FY03/21	159,134,861 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 4 of the appendix.
- The Company plans to post a results briefing video and results briefing materials on its website (<https://corp.benefit-one.co.jp/en/ir/library/>) on or after November 4, 2021.

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1. Qualitative information regarding the quarterly financial results

(1) Qualitative information regarding consolidated operating results

While the Japanese economy continued to experience difficult circumstances due to the impact of COVID-19 in the Q2 FY03/22 cumulative accounting period, the Company Group announced its medium-term management plan as of May 12, 2021, anticipating post-COVID-19 society, and launched the membership increase strategy focused on HRDX support and the growth strategy pillared on new initiatives for the settlement business.

Specifically, as initiatives for HRDX support, we have migrated data of 3.2 million or more members, mainly members of customer companies of the Employee Benefit Services business, to the “Bene ONE PLATFORM (Note)” since June this year. We plan to further move ahead with member data migration and focus our efforts on spreading the use of the member ID “Bene Account” that can be used commonly for various HR services. Our open-type “Bene ONE PLATFORM” is oriented to enhance the convenience of HR departments of our customer companies by combining our services with the HR technology services of third parties. As part of this initiative, we started a service of linking data with the attendance and payroll management system “ProActive” offered by SCSK Corporation in June this year in collaboration with SCSK.

As an initiative in the settlement business, we rolled out the “*Kyutokubara*” service utilizing a salary deduction scheme in June this year. We are proposing that customers of the Employee Benefit Services to introduce this service in order to make profits from the settlement business through this service and are making efforts to develop stores/shops/restaurants with a focus on life infrastructure and flat-rate menu.

With these medium- to long-term initiatives, the Company Group recorded a strong performance driven by the Healthcare business in the Q2 FY03/22 consolidated cumulative period.

In the Employee Benefit Services business, new customer capturing decelerated due to the COVID-19 pandemic but there was no major change in the number of members. Recovery in the use of services was delayed due to the extension of the declaration of the state of emergency, resulting in a slower-than-expected increase in rebate-related expenditures. The Healthcare business achieved more successful results than we had expected at the beginning of the period as we focused on new health support services including the COVID-19 vaccination support project in response to social and economic needs, contributing to an increase of overall consolidated profit.

The prolonged declaration of the state of emergency had a certain impact on the Company Group. At the same time, however, thanks to factors such as increased new profit-earning opportunities, consolidated sales increased to ¥18,748 million (up 9.1% YoY), consolidated operating income increased to ¥6,890 million (up 54.7% YoY), consolidated ordinary income increased to ¥6,887 million (up 53.5% YoY), and net income attributable to owners of the parent increased to ¥4,826 million (57.1% YoY) in the Q2 FY03/22 consolidated cumulative period.

Effective from the beginning of the Q1 FY03/22 consolidated accounting period, the Company Group has applied the Accounting Standard for Revenue Recognition, etc. As the impact of applying the new standard, etc. on the above performance, sales and cost of sales decreased by ¥3,860 million and ¥3,846 million, respectively, from the figures to which the former accounting standard was applied. Operating income, ordinary income, and quarterly net profit before taxes also decreased by ¥13 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.

Note: Bene ONE PLATFORM is a platform designed to manage and utilize companies' HR and health data, etc. It is designed to improve employees' performance and revitalize organizations through the centralized management, visualization, and analysis of all employee data while improving the management efficiency of HR departments by utilizing the “Bene Account” that is issued only to members and that enables members to use various HR services with this ID.

(2) Qualitative information regarding consolidated financial position

1) Status of assets, liabilities, and net assets

(Assets)

Total assets at the end of the Q2 FY03/22 consolidated accounting period were ¥38,941 million, an increase of ¥2,769 million from the end of the previous consolidated fiscal year.

Current assets increased by ¥716 million to ¥29,412 million. This is primarily because of a decrease in cash and deposits (¥2,543 million), an increase in accounts receivable - other (¥2,599 million), an increase in advances paid (¥1,108 million), etc.

Non-current assets increased by ¥2,053 million to ¥9,528 million primarily because of an increase in software (¥1,323 million) resulted from an investment in system equipment, etc.

(Liabilities)

Total liabilities at the end of the Q2 FY03/22 consolidated accounting period were ¥18,322 million, an increase of ¥2,016 million from the end of the previous consolidated fiscal year.

Current liabilities increased by ¥2,542 million to ¥17,727 million. This is primarily because of an increase in accounts payable – trade (¥326 million), an increase in accounts payable - other (¥1,825 million), an increase in contract liabilities (reported as advances received as of the end of the previous consolidated fiscal year) (¥866 million) associated with the start of the application of the Accounting Standard for Revenue Recognition, etc.

Non-current liabilities decreased by ¥525 million to ¥595 million primarily because the Company Group stopped recording the provision for point card certificates with the start of the application of the Accounting Standard for Revenue Recognition, etc.

(Net Assets)

Net assets at the end of the Q2 FY03/22 consolidated accounting period were ¥20,618 million, an increase of ¥752 million from the end of the previous consolidated fiscal year. This is primarily because of net income attributable to owners of the parent (¥4,826 million), dividend paid (¥4,785 million), etc. in the Q2 FY03/22 cumulative accounting period.

As a result, the equity ratio decreased to 52.9% from 54.9% at the end of the previous consolidated fiscal year.

2) Status of cash flows

The balance of cash and cash equivalents (hereinafter, “Funds”) at the end of the Q2 FY03/22 consolidated accounting period was ¥15,005 million, a decrease of ¥2,548 million from the end of the previous consolidated fiscal year.

The state of each cash flow and factors in the Q2 FY03/22 cumulative accounting period are described below.

(Cash flow from operating activities)

Cash flow from operating activities increased by ¥4,043 million. (In the previous Q2 cumulative consolidated accounting period (Q2 FY03/21), cash flow from operating activities increased by ¥5,317 million.)

The increase in Funds is attributed to quarterly net profit before taxes of ¥6,909 million (¥4,487 million in Q2 FY03/21), depreciation of ¥411 million (¥387 million in Q2 FY03/21), increased trade payables of ¥360 million (decrease of ¥148 million in Q2 FY03/21), increased accounts payable - other of ¥1,801 million (decrease of ¥15 million in Q2 FY03/21), etc.

Decrease in Funds is attributed to increased accounts receivable - other of ¥2,599 million (decrease of ¥320 million in Q2 FY03/21), income taxes paid of ¥2,088 million (¥1,465 million in Q2 FY03/21), etc.

(Cash flow from investing activities)

Cash flow from investing activities decreased by ¥1,686 million. (In Q2 FY03/21, cash flow from investing activities decreased by ¥462 million.)

The decrease in Funds is attributed to the purchase of tangible/intangible assets of ¥1,766 million. (¥459 million in

Q2 FY03/21), etc.

(Cash flow from financing activities)

Cash flow from financing activities decreased by ¥4,905 million. (In Q2 FY03/21, cash flow from financing activities decreased by ¥4,049 million.)

The decrease in Funds is attributed to dividends paid of ¥4,783 million (¥3,985 million in Q2 FY03/21), etc.

(3) Qualitative information regarding consolidated operating performance forecasts

(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.

2. Quarterly consolidated financial statements and major notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	Consolidated FY03/21 (March 31, 2021)	Consolidated Q2 FY03/22 (September 30, 2021)
Assets		
Current assets		
Cash and deposits	13,064	10,520
Notes and accounts receivable - trade	6,837	-
Notes, accounts receivable, and contract assets - trade	-	6,747
Inventories	1,325	1,018
Deposits paid	4,500	4,500
Other	2,981	6,665
Allowance for doubtful accounts	△12	△39
Total current assets	28,696	29,412
Non-current assets		
Property, plant and equipment	1,310	1,234
Intangible assets		
Goodwill	4	-
Other	2,393	3,710
Total intangible assets	2,397	3,710
Investments and other assets		
Other	3,778	4,591
Allowance for doubtful accounts	△11	△7
Total investments and other assets	3,767	4,583
Total non-current assets	7,475	9,528
Total assets	36,171	38,941

(Millions of yen)

	Consolidated FY03/21 (March 31, 2021)	Consolidated Q2 FY03/22 (September 30, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,284	3,610
Short-term borrowings	174	99
Income taxes payable	2,030	2,253
Accounts payable - other	2,684	4,510
Advances received	4,578	-
Contract liabilities	-	5,444
Other	2,432	1,808
Total current liabilities	15,184	17,727
Non-current liabilities		
Provision for point card certificates	588	-
Reserve for employee stock ownership plan	212	256
Provision for share-based remuneration for directors (and other officers)	127	154
Other	193	184
Total non-current liabilities	1,121	595
Total liabilities	16,306	18,322
Net assets		
Shareholders' equity		
Share capital	1,527	1,527
Capital surplus	1,452	1,452
Retained earnings	17,095	17,136
Treasury shares	△1,322	△1,322
Total shareholders' equity	18,753	18,793
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,093	1,802
Foreign currency translation adjustment	18	22
Total accumulated other comprehensive income	1,112	1,824
Total net assets	19,865	20,618
Total liabilities and net assets	36,171	38,941

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

Quarterly consolidated profit and loss statements

Consolidated cumulative Q2

(Millions of yen)

	Consolidated cumulative Q2 FY03/21 (April 1, 2020 to September 30, 2020)	Consolidated cumulative Q2 FY03/22 (April 1, 2021 to September 30, 2021)
Sales	17,190	18,748
Cost of sales	9,407	8,357
Gross profit	7,783	10,391
SG&A expenses	3,328	3,500
Operating income	4,454	6,890
Non-operating income		
Interest income	13	12
Dividend income	14	17
Subsidy income	20	16
Other	3	18
Total non-operating income	52	64
Non-operating expenses		
Commitment fee	10	63
Share of loss of entities accounted for using equity method	1	1
Other	8	2
Total non-operating expenses	20	67
Ordinary income	4,487	6,887
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	4,487	6,909
Income taxes - current	1,437	2,296
Income taxes - deferred	△21	△212
Total income taxes	1,416	2,083
Quarterly net profit	3,070	4,826
Quarterly net loss attributable to non-controlling interests (△)	△0	-
Net income attributable to owners of parent	3,071	4,826

Quarterly consolidated comprehensive income statements

Consolidated cumulative Q2

(Millions of yen)

	Consolidated cumulative Q2 FY03/21 (April 1, 2020 to September 30, 2020)	Consolidated cumulative Q2 FY03/22 (April 1, 2021 to September 30, 2021)
Quarterly net profit	3,070	4,826
Other comprehensive income		
Valuation difference on available-for-sale securities	362	708
Foreign currency translation adjustment	4	3
Total other comprehensive income	367	712
Quarterly comprehensive income	3,438	5,538
(Breakdown)		
Quarterly comprehensive income attributable to owners of parent	3,438	5,538
Quarterly comprehensive income attributable to non-controlling interests	△0	-

(3) Quarterly consolidated cash flow statements

(Millions of yen)

	Consolidated cumulative Q2 FY03/21 (April 1, 2020 to September 30, 2020)	Consolidated cumulative Q2 FY03/22 (April 1, 2021 to September 30, 2021)
Cash flow from operating activities		
Net income before income taxes	4,487	6,909
Depreciation	387	411
Amortization of goodwill	4	4
Increase (decrease) in provision of point card certificates (Δ indicates a decrease.)	28	-
Share of loss (profit) of entities accounted for using the equity method (Δ indicates a gain.)	1	1
Subsidy income	Δ 20	Δ 16
interest and dividend income	Δ 28	Δ 29
Interest expenses	2	1
Loss (gain) on sales of shares of subsidiaries and associates (Δ indicates a gain.)	-	Δ 24
Loss (gain) on sales of investment securities (Δ indicates a gain.)	-	2
Decrease (increase) in trade receivables (Δ indicates an increase.)	1,693	-
Decrease (increase) in trade receivables and contract assets (Δ indicates an increase.)	-	88
Decrease (increase) in inventories (Δ indicates an increase.)	Δ 580	306
Decrease (increase) in accounts receivable - other (Δ indicates an increase.)	320	Δ 2,599
Increase (decrease) in trade payables (Δ indicates a decrease.)	Δ 148	360
Increase (decrease) in accounts payable - other (Δ indicates a decrease.)	Δ 15	1,801
Increase (decrease) in advances received (Δ indicates a decrease.)	483	-
Increase (decrease) in contract liabilities (Δ indicates a decrease.)	-	294
Other	122	Δ 1,428
Subtotal	6,735	6,085
Interest and dividends received	28	32
Interest paid	Δ 2	Δ 2
Subsidies received	20	16
Income taxes paid	Δ 1,465	Δ 2,088
Cash flow from operating activities	5,317	4,043
Cash flow from investing activities		
Purchase of property, plant, and equipment	Δ 10	Δ 6
Purchase of intangible assets	Δ 448	Δ 1,760
Other	Δ 2	80
Cash flow from investing activities	Δ462	Δ1,686
Cash flow from investing activities		
Dividends paid	Δ 3,985	Δ 4,783
Purchase of treasury shares	Δ 0	Δ 0
Other	Δ 63	Δ 122
Cash flow from investing activities	Δ4,049	Δ4,905
Effect of exchange rate change on cash and cash equivalents	2	0
Net increase (decrease) in cash and cash equivalents (Δ indicates a decrease.)	809	Δ2,548
Beginning balance of cash and cash equivalents	12,962	17,554
Ending balance of cash and cash equivalents	13,771	15,005

(4) 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 (ASBJ Statement 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 the 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 Q2 consolidated cumulative period decreased by ¥3,860 million, cost of sales decreased by ¥3,846 million, and operating income, ordinary income, and quarterly net profit before taxes decreased by ¥13 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 also decided to include “Decrease (increase) in trade receivables,” which was presented under consolidated “cash flow from operating activities” in the cash flow statements for the previous consolidated cumulative Q2, in “Decrease (increase) in trade receivables and contract assets,” and include “Increase (decrease) in the provision of point card certificates” and “Increase (decrease) in advances received” in “Increase (decrease) in contract liabilities” from the current consolidated accounting period. The Company has not undertaken reclassification for the previous consolidated fiscal year and the previous consolidated cumulative Q2 period, 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)

Business combination through share acquisition

The Company resolved to acquire all shares of JTB BENEFIT SERVICE and make it a subsidiary at the meeting of the Board of Directors held on August 30, 2021, and executed the acquisition of shares on October 29, 2021.

1. Outline of the business combination

(1) Name and business of the acquired enterprise

Name	JTB BENEFIT SERVICE, Inc.
Description of business	Outsourced employee benefit service, health support service, and organizational activation service

(2) Reason for the business combination

While COVID-19 has had a significant impact on society and the economy, the crisis has triggered the acceleration of initiatives including workstyle reform, health management, and digitalization in many companies. Corporate HR departments will increasingly utilize outsourcing services in the future and HRDX (digital transformation in HR) is expected to become an important challenge.

Taking this socioeconomic trend as an opportunity, the Group has developed not only the employee benefit service, healthcare service, and other outsourcing services, but also the “Bene ONE PLATFORM” that allows the management and utilization of HR and health data by linking such data with various HR- and labor-related outsourcing services. The Group is promoting its platform strategy to support enterprises’ HRDX and working to widely spread the platform and increase members as its medium- to long-term core strategy.

JTB BENEFIT has been a key player in the employee benefit service industry since its foundation in 2000, aiming to contribute to the “work-life balance of working people” and “the creation of a dynamic workplace.”

Today, the Company decided to welcome JTB BENEFIT into the Group, based on its medium-term management plan, expecting a dramatic expansion of the membership base and service distribution.

(3) Date of business combination

October 29, 2021

(4) Legal form of the business combination

Share acquisition for which consideration consists of cash

(5) Percentage of acquired voting rights

100%

(6) Main basis for deciding the company to be acquired

The Company acquired 100% of the voting rights of JTB BENEFIT SERVICE, Inc. through share acquisition for which consideration consists of cash.

Borrowing of funds

The Company resolved to enter into the syndicated loan contract below at the meeting of the Board of Directors held on September 30, 2021, which was executed on October 29, 2021.

1. Outline of the syndicated loan contract

(1) Arranger/Agent	Sumitomo Mitsui Banking Corporation
(2) Execution date	October 29, 2021
(3) Amount	10 billion yen
(4) Interest rate	fixed interest rate
(5) Repayment date	September 30, 2031
(6) Repayment method	Equal principal repayment
(7) Purpose of use of funds	Acquisition of shares of JTB BENEFIT SERVICE, Inc. stated above (business combination through acquisition) and payment of a part of related expenses

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.