

* Notes

(1) Important change to a subsidiary company during the cumulative : Yes
quarterly consolidated accounting period

(a change to a specified subsidiary with a change of the scope of consolidation)

New: - company (Name) Exclusion: 1 company (Name) JTB BENEFIT SERVICE, Inc

Note: For details, please see “2. Quarterly consolidated financial statements and major notes, (3) Notes on the quarterly consolidated financial statements (Important change to a subsidiary company during the cumulative quarterly consolidated accounting period)” on page 10 of the appendix.

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

(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 FY03/23	159,190,900 shares	FY03/22	159,970,000 shares
Q1 FY03/23	800,171 shares	FY03/22	820,337 shares
Q1 FY03/23	158,880,646 shares	Q1 FY03/22	159,134,832 shares

Note: 1. 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.

2. Based on the resolution of the Board of Directors meeting held on May 10, 2022, the Company acquired 779,100 treasury shares between May 12, 2022 and June 8, 2022 (trade date basis) and cancelled 779,100 treasury shares on June 30, 2022. The total number of issued shares of the Company after the cancellation is 159,190,900 shares.

* 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 5 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

During the Q1 FY03/23 accounting period, the Japanese economy began to show signs of recovery from the adverse circumstances caused by the COVID-19 pandemic.

In the second year of our medium-term management plan announced on May 12, 2021, our Group continues to implement a membership expansion strategy centered on HRDX support, as well as a growth strategy focused on bold expansion into the payment business.

① Membership expansion strategy centered on HRDX support

Since the beginning of FY03/23, we have migrated and registered data on approximately 210,000 members (cumulative total of 5.1 million members) to and on the Bene ONE PLATFORM. While continuing efforts aimed at ensuring stable system operation and functional enhancement, we will gradually expand our integration of various HR services (employee benefit services, etc.) with the Bene ONE PLATFORM and promote the use of “Bene Account,” an ID that can be used with various HR services.

Data on approximately two-thirds of the members previously associated with JTB Benefit Service (absorbed on April 1, 2022) have been migrated to the Bene ONE PLATFORM, and general progress related to this platform has been commensurate with projections.

With regard to promotional investments announced along with performance projections for FY03/23 in anticipation of medium- to long-term recovery in our surrounding business environment, we began placing ads in taxi cabs and airing TV commercials in Q1.

② Bold expansion into the payment business

Aiming to develop the payment business into a new core earnings pillar over the medium to long term, our Group is providing the Kyutokubarai service, which utilizes a payroll deduction system. For the foreseeable future, we will prioritize expansion of compelling content while also focusing on cultivating member stores and restaurants primarily in the categories of lifestyle infrastructure and flat-rate services. During Q1 FY03/23, 30 services (for a cumulative total of 217) were newly selected to be included under Kyutokubarai. Moving forward, we will continue striving to cultivate member stores and restaurants as we aim to swiftly establish a lineup of killer content that will generate an increase in our handling volume in the payment business.

As it implemented initiatives pursuant to these medium- to long-term strategies, our Group generated strong performance in Q1 FY03/23 thanks to M&A-related impact and recovery in its surrounding business environment.

Sales generated through the Employee Benefit Services business grew 39.5% YoY as we achieved both internal and external growth, with the latter stemming primarily from M&A. Although we observed a YoY increase in rebate-related expenditures caused by recovery in service utilization among Employee Benefit Services members and booked approximately ¥140 million in upfront expenses associated with major promotional investments, impact from these two factors was within the expected scope of our projections.

With regard to the Healthcare business, progress associated with health checkups and guidance services was generally commensurate with our projections while in the COVID-19 vaccination support business, we observed strong acquisition of orders associated with the third round of COVID-19 shots.

Additionally, we relocated our head office effective from July 1, 2022 and recorded a corresponding one-time expense of approximately ¥150 million in Q1.

As a result of the above, consolidated sales in Q1 FY03/23 were ¥10,583 million (up 24.8% YoY), consolidated operating income was ¥2,899 million (up 1.9% YoY), consolidated ordinary income was ¥2,943 million (up 2.3% YoY), and net income attributable to owners of parent was ¥1,999 million (down 2.6% YoY).

Our Group operates a membership services business, mainly providing outsourced employee benefit services in Japan. As a result of consolidating our business segments, we have omitted disclosure of segment information as our only reportable segment is the Membership Services business.

Note: Bene ONE PLATFORM is designed to manage and utilize corporate HR and health data, enhance employee performance, and revitalize organizations through centralized management, visualization, and analysis of all employee data. At the same time, its construction enables it to raise the efficiency of HR department management through the utilization of “Bene Account,” an ID that is issued exclusively to members and can be used with various HR services.

(2) Qualitative information regarding consolidated financial position

Status of assets, liabilities, and net assets

(Assets)

Total assets at the end of the Q1 FY03/23 consolidated accounting period were ¥49,783 million, a decrease of ¥8,263 million from the end of the previous consolidated fiscal year.

Current assets were ¥23,793 million, a decrease of ¥8,355 million. This is primarily because of a decrease in cash and deposits (¥6,750 million), a decrease in notes receivable – trade, accounts receivable – trade and contract assets (¥1,002 million), a decrease in inventories (¥408 million), etc.

Non-current assets increased by ¥91 million to ¥25,990 million.

(Liabilities)

Total liabilities at the end of the Q1 FY03/23 consolidated accounting period were ¥30,407 million, a decrease of ¥2,726 million from the end of the previous consolidated fiscal year.

Current liabilities decreased by ¥2,616 million to ¥18,741 million. This is primarily because of a decrease in accounts payable – trade (¥1,935 million), a decrease in income taxes payable (¥1,706 million) as a result of income taxes payment, an increase in deposits received (¥917 million), etc.

Non-current liabilities decreased by ¥109 million to ¥11,666 million.

(Net assets)

Net assets at the end of the Q1 FY03/23 consolidated accounting period were ¥19,375 million, a decrease of ¥5,537 million from the end of the previous consolidated fiscal year. This is primarily due to quarterly net income attributable to owners of the parent during the Q1 FY03/23 consolidated cumulative accounting period (¥1,999 million), dividends paid (¥5,742 million), acquisition of treasury shares based on a resolution of the Board of Directors (¥1,499 million), etc.

As a result, the equity ratio slightly decreased to 38.9% from 42.9% at the end of the previous consolidated fiscal year.

(3) Qualitative information regarding consolidated operating performance forecasts

As described in “1. Qualitative information regarding the quarterly financial results, (1) Qualitative information regarding consolidated operating results” on page 2 of the appendix, progress achieved during Q1 FY03/23 varied by business, but overall performance was generally strong. Depending on socioeconomic trends stemming from subsequent waves of COVID-19, the Company could, moving forward, observe fluid fluctuation in impact from factors such as recovery in service utilization among members in the Employee Benefit Services business and in the Healthcare business, circumstances surrounding administration of the fourth and following rounds of COVID-19 vaccines. However, forecasting the impact of fluctuations in these factors is prohibitively difficult at this point in time, so we have maintained our operating performance projections for 1H and full-year FY03/23 as previously announced on May 10, 2022.

2. Quarterly consolidated financial statements and major notes

(1) Quarterly consolidated balance sheet

(Millions of yen)

	Consolidated FY03/22 (March 31, 2022)	Consolidated Q1 FY03/23 (June 30, 2022)
Assets		
Current assets		
Cash and deposits	17,986	11,236
Notes and accounts receivable – trade and contract assets	6,304	5,301
Inventories	1,947	1,538
Other	5,958	5,775
Allowance for doubtful accounts	△47	△58
Total current assets	32,148	23,793
Non-current assets		
Property, plant and equipment	1,308	1,491
Intangible assets		
Goodwill	5,824	5,751
Software	5,315	5,948
Customer-related assets	8,345	8,249
Other	8	7
Total intangible assets	19,493	19,955
Investments and other assets		
Other	5,103	4,550
Allowance for doubtful accounts	△6	△7
Total investments and other assets	5,096	4,542
Total non-current assets	25,898	25,990
Total assets	58,047	49,783

(Millions of yen)

	Consolidated FY03/22 (March 31, 2022)	Consolidated Q1 FY03/23 (June 30, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	5,704	3,768
Short-term borrowings	110	96
Current portion of long-term borrowings	1,000	1,000
Income taxes payable	2,665	958
Accounts payable – other	3,963	3,392
Contract liabilities	5,840	6,312
Other	2,073	3,212
Total current liabilities	21,357	18,741
Non-current liabilities		
Long-term borrowings	8,500	8,500
Reserve for employee stock ownership plan	281	262
Provision for share-based remuneration for directors (and other officers)	179	181
Retirement benefit liability	67	65
Other	2,747	2,656
Total non-current liabilities	11,776	11,666
Total liabilities	33,134	30,407
Net assets		
Shareholders' equity		
Share capital	1,527	1,527
Capital surplus	1,488	1,452
Retained earnings	21,260	16,066
Treasury shares	△1,343	△1,334
Total shareholders' equity	22,932	17,712
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,973	1,657
Foreign currency translation adjustment	6	5
Total accumulated other comprehensive income	1,980	1,663
Total net assets	24,912	19,375
Total liabilities and net assets	58,047	49,783

(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 FY03/22 (April 1, 2021 to June 30, 2021)	Consolidated cumulative Q1 FY03/23 (April 1, 2022 to June 30, 2022)
Sales	8,483	10,583
Cost of sales	3,882	4,759
Gross profit	4,600	5,824
SG&A expenses	1,754	2,924
Operating income	2,846	2,899
Non-operating income		
Interest income	6	5
Foreign exchange gains	8	44
Subsidy income	10	10
Other	9	9
Total non-operating income	35	69
Non-operating expenses		
Interest expenses	1	14
Share of loss of entities accounted for using equity method	2	3
Commission for purchase of treasury shares	-	6
Other	0	1
Total non-operating expenses	4	25
Ordinary income	2,877	2,943
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 income before income taxes	2,899	2,943
Income taxes – current	933	901
Income taxes – deferred	△85	43
Total income taxes	847	944
Quarterly net income	2,051	1,999
Net income attributable to owners of parent	2,051	1,999

Quarterly consolidated comprehensive income statements

Consolidated cumulative Q1

(Millions of yen)

	Consolidated cumulative Q1 FY03/22 (April 1, 2021 to June 30, 2021)	Consolidated cumulative Q1 FY03/23 (April 1, 2022 to June 30, 2022)
Quarterly net income	2,051	1,999
Other comprehensive income		
Valuation of difference on available-for-sale securities	64	△315
Foreign currency translation adjustment	△3	△1
Total other comprehensive income	60	△316
Quarterly comprehensive income	2,112	1,682
(Breakdown)		
Quarterly comprehensive income attributable to owners of parent	2,112	1,682
Quarterly comprehensive income attributable to non-controlling interests	-	-

(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)

Based on the resolution of the Board of Directors meeting held on May 10, 2022, the Company acquired 779,100 treasury shares between May 12, 2022 and June 8, 2022 (trade date basis). As a result, treasury shares increased by ¥1,499 million.

In addition, based on the Board of Directors meeting held on the same date, the Company cancelled 779,100 treasury shares on June 30, 2022. As a result, capital surplus decreased by ¥35 million and retained earnings decreased by ¥1,450 million and treasury shares decreased by ¥1,485 million.

Moreover, treasury shares decreased by ¥23 million as the Company disposed of 20,196 treasury shares for the provision of shares to retired employees, etc. based on the "Employee Stock Ownership Plan (J-ESOP)."

Primarily as a result of the above, capital surplus and retained earnings and treasury shares were ¥1,452 million and ¥16,066 million and ¥1,334 million, respectively, at the end of the Q1 FY03/23 consolidated accounting period.

(Important change to a subsidiary company during the cumulative quarterly consolidated accounting period)

JTB BENEFIT SERVICE, Inc., which was the Company's consolidated subsidiary, is excluded from the scope of consolidation in the Q1 FY03/23 consolidated accounting period because it disappeared as a result of the absorption-type merger in which the Company is the surviving company.

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

Not applicable.

(Changes of the accounting policy)

Not applicable.

(Changes to accounting estimates)

Not applicable.

(Restatement)

Not applicable.

(Important subsequent events)

Not applicable.

<p>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.</p>
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