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Grounds:	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act
Submitted to:	Director-general of the Kanto Finance Bureau
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Fiscal year:	The 27th fiscal year (April 1, 2021 to March 31, 2022)
Company name:	Benefit One Inc.
Company name in English:	Benefit One Inc.
Name and title of the representative:	Norio Shiraishi, President & COO
Location of the head office:	6-2, 2-chome, Otemachi, Chiyoda-ku, Tokyo, Japan Note: The head office will be relocated to the address below on July 1, 2022. Location of the head office: 7-1, 3-chome, Nishi-Shinjuku, Shinjuku-ku, Tokyo, Japan Telephone No.: +81-3-6830-5000 (Main)
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Name of the contact person:	Kenji Ozaki, Managing Director
Places where a copy is to be made available for public inspection:	Osaka Branch, Benefit One Inc. (1-1, 4-chome, Doshonachi, Chuo-ku, Osaka-shi, Osaka, Japan) Nagoya Branch, Benefit One Inc. (1-4, 1-chome, Meieki, Nakamura-ku, Nagoya-shi, Aichi, Japan) Yokohama Branch, Benefit One Inc. (23-2, 2-chome, Tsuruya-cho, Kanagawa-ku, Yokohama-shi, Kanagawa, Japan) Tokyo Stock Exchange, Inc. (2-1, Kabuto-cho, Nihonbashi, Chuo-ku, Tokyo, Japan)

Part I: Company Information

I-1. Company overview

1. Transition of major management indicators, etc.

(1) Consolidated management indicators, etc.

Fiscal period		23rd	24th	25th	26th	27th
Closing month/year		Mar. 2018	Mar. 2019	Mar. 2020	Mar. 2021	Mar. 2022
Sales	(¥ Mil)	32,089	34,461	37,271	37,841	38,362
Ordinary income	(¥ Mil)	6,263	7,707	8,462	9,858	12,826
Net income attributable to owners of parent	(¥ Mil)	4,190	5,176	5,641	6,766	8,949
Comprehensive income	(¥ Mil)	4,250	5,089	5,620	7,285	9,817
Net assets	(¥ Mil)	17,107	19,882	16,567	19,865	24,912
Total assets	(¥ Mil)	30,235	34,774	29,926	36,171	58,047
Net assets per share	(¥)	105.69	123.03	104.10	124.84	156.54
Net income per share	(¥)	25.95	32.05	35.24	42.52	56.24
Diluted net income per share	(¥)	-	-	-	-	-
Equity ratio	(%)	56.5	57.1	55.4	54.9	42.9
Return on equity	(%)	26.4	28.0	31.0	37.1	40.0
Price earnings ratio	(times)	56.7	67.8	40.0	69.1	46.1
Cash flow from operating activities	(¥ Mil)	6,289	5,628	5,476	9,862	10,080
Cash flow from investing activities	(¥ Mil)	△1,079	△844	△748	△1,175	△14,247
Cash flow from financing activities	(¥ Mil)	△2,189	△2,387	△9,077	△4,110	4,544
Cash and cash equivalents, end of year	(¥ Mil)	14,924	17,328	12,962	17,554	17,983
Number of employees (Average number of temporary workers)	(persons)	692 (275)	676 (331)	704 (400)	860 (449)	1,108 (442)

Note 1: Diluted net income per share is not stated because there are no dilutive shares.

Note 2: The Company has introduced the Japanese version of the Employee Stock Ownership Plan (J-ESOP) and the Board Benefit Trust (BBT). Treasury shares remaining in the Japanese version of the Employee Stock Ownership Plan (J-ESOP) and the Board Benefit Trust (BBT) that are recorded as treasury shares in the shareholders' equity are included in treasury shares deducted from the total number of issued shares as of the end of the year for the calculation of net assets per share, and in treasury shares deducted in the calculation of the average number of shares during the year for the calculation of net income per share.

Note 3: One common share was split into two shares, effective on October 1, 2017. Net assets per share and net income per share were calculated assuming that the share split was conducted at the beginning of the 23rd fiscal year.

Note 4: One common share was split into two shares, effective on March 1, 2019. Net assets per share and net income per share were calculated assuming that the share split was conducted at the beginning of the 23rd fiscal year.

Note 5: The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. since the beginning of the 27th fiscal year. The new accounting standard, etc. are applied to the major management indicators, etc. for the 27th fiscal year.

(2) Management indicators, etc. of the reporting company

Fiscal period		23rd	24th	25th	26th	27th
Closing month/year		Mar. 2018	Mar. 2019	Mar. 2020	Mar. 2021	Mar. 2022
Sales	(¥ Mil)	24,366	24,512	34,597	36,456	34,862
Ordinary income	(¥ Mil)	6,215	7,337	8,578	9,964	12,677
Net income	(¥ Mil)	4,126	4,957	6,344	6,857	8,844
Share capital	(¥ Mil)	1,527	1,527	1,527	1,527	1,527
Total number of issued shares	(shares)	90,288,000	162,400,000	159,970,000	159,970,000	159,970,000
Net assets	(¥ Mil)	17,182	19,783	17,196	20,586	25,540
Total assets	(¥ Mil)	27,515	33,178	30,254	36,488	52,660
Net assets per share	(¥)	106.39	122.49	108.06	129.37	160.48
Dividend per share (Interim dividends per share)	(¥)	28.5 (-)	25 (-)	25 (-)	30 (-)	36 (-)
Net income per share	(¥)	25.55	30.69	39.63	43.09	55.58
Diluted net income per share	(¥)	-	-	-	-	-
Equity ratio	(%)	62.4	59.6	56.8	56.4	48.5
Return on equity	(%)	25.7	26.8	34.3	36.3	38.3
Price earnings ratio	(times)	57.6	70.8	35.6	68.2	46.6
Payout ratio	(%)	55.8	81.4	63.1	69.6	64.8
Number of employees (Average number of temporary workers)	(persons)	546 (185)	537 (229)	649 (375)	790 (449)	876 (434)
Total shareholder return (Comparative indicator: TOPIX including dividends)	(%) (%)	174.0 (115.9)	259.0 (110.0)	172.7 (99.6)	355.3 (141.5)	318.6 (144.3)
Highest share price	(¥)	3,095 (5,100)	2,244 (4,340)	2,441	3,445	6,000
Lowest share price	(¥)	1,981 (3,310)	1,930 (2,546)	1,104	1,296	2,298

Note 1: Dividend per share of ¥25 in the 24th fiscal year includes a commemorative dividend of ¥6.

Note 2: Diluted net income per share is not stated because there are no dilutive shares.

Note 3: The Company has introduced the Japanese version of the Employee Stock Ownership Plan (J-ESOP) and the Board Benefit Trust (BBT). Treasury shares remaining in the Japanese version of the Employee Stock Ownership Plan (J-ESOP) and the Board Benefit Trust (BBT) that are recorded as treasury shares in the shareholders' equity are included in treasury shares deducted from the total number of issued shares as of the end of the year for the calculation of net assets per share, and in treasury shares deducted in the calculation of the average number of shares during the year for the calculation of net income per share.

Note 4: One common share was split into two shares, effective on October 1, 2017. Net assets per share and net income per share were calculated assuming that the share split was conducted at the beginning of the 23rd fiscal year.

Note 5: One common share was split into two shares, effective on March 1, 2019. Net assets per share and net income per share were calculated assuming that the share split was conducted at the beginning of the 23rd fiscal year.

Note 6: The highest share price and the lowest share price after November 28, 2018 represent the stock prices at the First Section of the Tokyo Stock Exchange. The highest and lowest share prices before that date represent the share prices at the Second Section of the Tokyo Stock Exchange. The highest and lowest share prices in the 23rd and 24th fiscal years represent the prices after the share splits. The highest and lowest share prices before the share splits are shown in parentheses.

Note 7: The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. since the beginning of the 27th fiscal year. The new accounting standard, etc. are applied to the major management indicators, etc. for the 27th fiscal year.

2. Company history

Mar. 1996	Established Business Coop, Co., Ltd. in Shibuya, Tokyo, and started providing Employee Benefit Service and discount services (selling various office supply products at low prices).
Jan. 1998	Launched Cafeteria Plan business.
Sep. 1998	Opened Osaka Branch in Kita-ku, Osaka City.
Apr. 1999	Started accepting orders for Cafeteria Plan automatic payment system.
Aug. 1999	Opened Nagoya Branch in Naka-ku, Nagoya City.
Sep. 1999	Opened Sapporo Branch in Chuo-ku , Sapporo City, and Fukuoka Branch in Chuo-ku, Fukuoka City.
Apr. 2001	Changed the company name to Benefit One Inc.
Nov. 2001	Opened Hiroshima Branch in Naka-ku, Hiroshima City.
Jul. 2002	Opened Tohoku Branch (current Sendai Branch) in Aoba-ku, Sendai City, and Yokohama Branch in Yokohama City.
Apr. 2003	Obtained Privacy Mark certification.
Aug. 2003	Acquired business rights of Fukuri Koseika Co., Ltd.
Sep. 2004	Registered company shares as OTC stock with the Japan Securities Dealers Association.
Nov. 2004	Acquired business rights of Cendant Japan Co., Ltd. and began membership shopping business.
Dec. 2004	Withdrew OTC registration of shares with the Japan Securities Dealers Association and listed shares on the JASDAQ Securities Exchange, Inc.
Feb. 2006	Conducted a simple company split of the membership business (current CRM business) and the membership shopping business to establish subsidiary Benefit One Partners Inc.
Mar. 2006	Listed shares on the Second Section of the Tokyo Stock Exchange.
May 2006	Started Incentive Point business (current Incentive business).
Jul. 2006	Acquired Global Healthcare Co., Ltd. and made it a subsidiary.
Aug. 2006	Delisted from the JASDAQ Securities Exchange, Inc.
Feb. 2007	Opened the Matsuyama Customer Center in Minamiyoshida-cho, Matsuyama City, Ehime Prefecture, by renting an office.
	Acquired gourmet-related discount service business from Overseas Development Center Co., Ltd.
Jun. 2007	Opened Matsuyama Branch in Matsuyama City, Ehime Prefecture.
Feb. 2008	Started Healthcare business.
Jan. 2009	Built the Matsuyama Operation Center (current Matsuyama BPO Center) in Fujiwara, Matsuyama City, Ehime Prefecture, and relocated the Matsuyama Customer Center.
Jul. 2009	Absorbed Benefit One Partners Inc. and Global Healthcare Co., Ltd.
Dec. 2009	Started business travel support service (current Purchase and Settlement Service business).
Mar. 2010	Centralized customer center functions and paperwork functions, including member management and Cafeteria Point operations at Matsuyama Operation Center, and closed the Tokyo Customer Center.
Nov. 2010	Started Personal Package Service (current Individual Benefit Service business).
Mar. 2012	Acquired shares of Unimat Solutions Co., Ltd. and made it a wholly owned subsidiary, then changed its name to Benefit One Solutions Inc., and started settlement service for the payment for the payment for communication lines, etc. (current Purchase and Settlement Service business).
May 2012	Acquired shares of Hoken Kyoiku Center Co., Ltd. and made it a wholly owned subsidiary.
	Established subsidiary Benefit One Shanghai Inc. in China.
Jul. 2012	Established business rights and obligations of the Company’s Healthcare. Business was transferred to Hoken Kyoiku Center Co., Ltd. through an absorption-type company split and the company name was changed to Benefit One Healthcare Inc.
Oct. 2012	Established subsidiary BENEFIT ONE USA, INC. in the U.S.
Oct. 2013	Established subsidiary BENEFIT ONE ASIA PTD. LTD. (current BENEFIT ONE INTERNATIONAL PTE. LTD.) in Singapore.

Jan. 2014	Established subsidiary BENEFIT ONE (THAILAND) COMPANY LIMITED in Thailand.
May 2014	Established subsidiary PT. BENEFIT ONE INDONESIA in Indonesia.
Dec. 2014	Established subsidiary Benefit One Deutschland GmbH in Germany.
Sep. 2016	Participated in the capital of REWARDZ PRIVATE LIMITED and made it an affiliate.
Dec. 2016	Acquired additional shares of REWARDZ PRIVATE LIMITED and made it a subsidiary.
Oct. 2017	Relocated the head office to Chiyoda-ku, Tokyo. (Note 1)
Jan. 2018	Established satellite office “Ainan Base” in Ainan-cho, Minamiuwa-gun, Ehime Prefecture.
Feb. 2018	Certified as a “Health Management Stock 2018” and a “Health and Productivity Enterprise 2018” for the first time.
	Subsidiary Benefit One Healthcare Inc. was selected as a “Health and Productivity Enterprise 2018” for the first time.
Oct. 2018	Absorbed subsidiary Benefit One Solutions Inc.
	Established satellite office “Yawatahama Base” in Yawatahama City, Ehime Prefecture.
Nov. 2018	Listed shares on the First Section of the Tokyo Stock Exchange.
Dec. 2018	Established satellite office “Sukumo Base” in Sukumo City, Kochi Prefecture.
Feb. 2019	Certified as a “Health and Productivity Enterprise 2019.”
	Subsidiary Benefit One Healthcare Inc. was certified as a “Health and Productivity Enterprise 2019.”
Apr. 2019	Established satellite office “Kumakogen Base” in Kumakogen-cho, Kamiukena-gun, Ehime Prefecture.
Jul. 2019	Absorbed subsidiary Benefit One Healthcare Inc.
Aug. 2019	Selected for “JPX Nikkei Index 400” for the first time.
Oct. 2019	Established satellite office “Uchiko Base” in Uchiko-cho, Kita-gun, Ehime Prefecture.
Dec. 2019	Established satellite office “Kamijima Base” in Kamijima-cho, Ochi-gun, Ehime Prefecture.
Feb. 2020	Established satellite office “Awaji Base” (current Awaji BPO Center) in Awaji City, Hyogo Prefecture.
Mar. 2020	Certified as a “Health and Productivity Enterprise 2020.”
Mar. 2021	Selected as “Health Management Stock 2021.”
Jun. 2021	Released a payroll deduction settlement service “Kyu-toku Barai” and started Payment business.
Oct. 2021	Acquired the shares of JTB BENEFIT SERVICE, Inc. and made it a wholly owned subsidiary (Note 2).
Mar. 2022	Established the satellite office “Nagano Base” (currently the Nagano BPO Center) in Nagano City, Nagano Prefecture.
Mar. 2022	Selected as “Health Management Stock 2022.”

Note 1: The General Meeting of Shareholders held on June 28, 2022 resolved the change of the Articles of Incorporation associated with the relocation of the head office to Shinjuku-ku, Tokyo.
Note 2: The Company absorbed JTB BENEFIT SERVICE, Inc., effective as of April 1, 2022.
Note 3: The Company changed its listing market to the Tokyo Stock Exchange Prime Market on April 4, 2022.

3. Contents of business

The Group is composed of the Company, 11 consolidated subsidiaries, one affiliated company to which the equity method is applied, and one non-consolidated subsidiary (as of March 31, 2022).

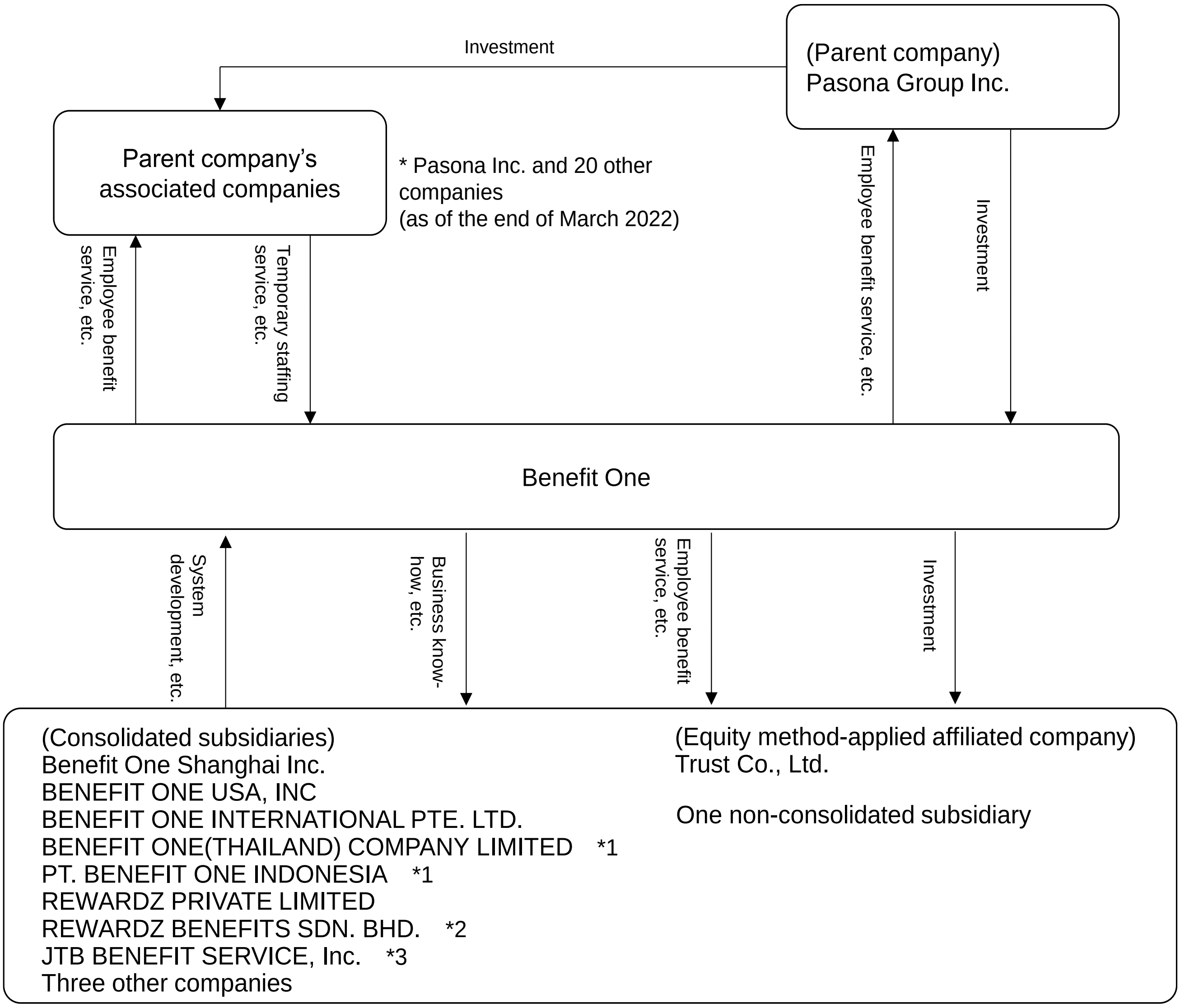
The Group is engaged in the membership service business, mainly the outsourced employee benefit service business in Japan. As a result of consolidating business segments, the segment to be reported is only the membership service business, and thus segment information is omitted.

The Company belongs to a corporate group centered around its parent company, Pasona Group Inc. (hereinafter, the "Pasona Group").

The Pasona Group is mainly engaged in a HR-related business and the Group is positioned as the core in the field of outsourcing business.

The Company is the outsource of employee benefit services for the parent company and its subsidiaries, including Pasona Inc., while accepting temporary staff from the Pasona Group's affiliated business companies.

The business and investment relationship among the companies is shown below.



*1: including indirect investment through BENEFIT ONE INTERNATIONAL PTE. LTD.
*2: Indirect investment through REWARDZ PRIVATE LIMITED
*3: Effective April 1, 2022, the Company merged with JTB BENEFIT SERVICE, Inc. by absorption.

The Group's main business is the Employee Benefit Service business designed to promote the improvement of management efficiency and the enhancement of employee satisfaction. The Group is also engaged in the Individual Benefit Service business, the Incentive business, the Healthcare business, the Purchase and Settlement Service business, the Payment business, etc.

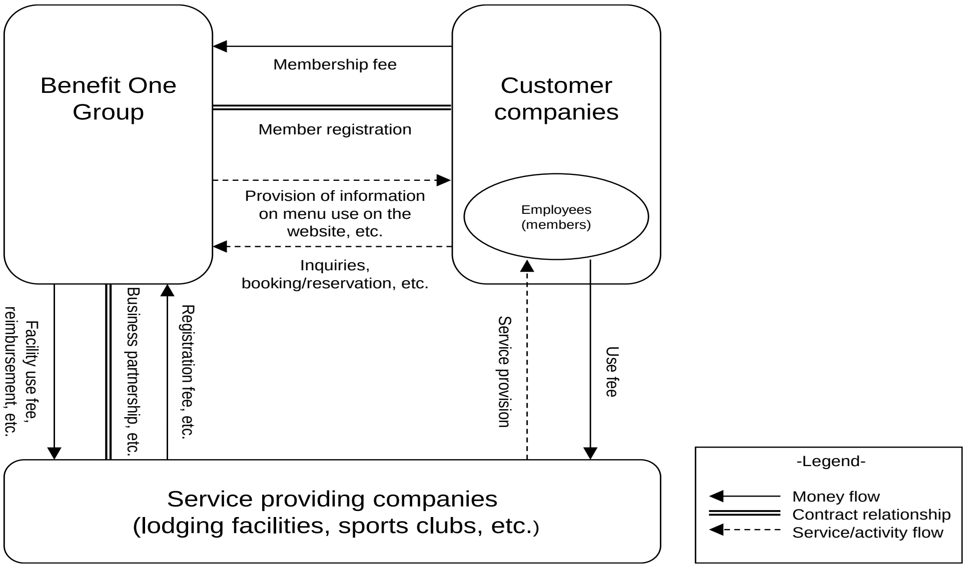
In the core Employee Benefit Service business, customer companies sign up to the "Benefit Station" service operated by the Company, and their employees (Members) can use our employee benefit service menu, such as lodging facilities, sports clubs, and schools offered by service providing companies having a partner relationship with the Company at discount prices. The Group receives monthly membership fees from customer companies according to the number of employees, and provides reimbursement according to customer companies' service courses when members use lodging facilities, etc.

The Company is also engaged in the Settlement Agency business using a selection-based employee benefit service system (Cafeteria Plan). In this service, the Company grants points to customer companies' employees (members) in advance, and members can choose employee benefit service menu options within their points depending on their needs.

By using the Company's services, customer companies can reduce their cost burden for employee benefits and have a good employee benefit service system regardless of the company size.

The Company's service system diagram is shown below.

(Employee Benefit Service business)



The Individual Benefit Service business offers the "Benefit Station" program primarily to customers of collaboration partners. The programs can be arranged, and the business offers new revenue opportunities to collaboration partners by combining the program with their original products. Membership fees are collected from individual members and revenue is shared with collaboration partners.

In the Incentive business, reward points are issued and managed and items are provided in exchange for points to support enterprises' loyalty and motivation enhancement measures. Customer companies introduce the program (Incentive Point) operated by the Company and grant points to their employees, agency staff, etc. Employees, agency staff, etc. exchange their points with items provided by the Company through the point management system. The Company receives money equivalent to granted points from enterprises. Point prices of items purchased by employees, agency staff, etc. are recorded as sales and the purchase prices of the items are recorded as the cost of the items.

The Healthcare business offers a one-stop health support service designed to prevent physical and mental diseases, such as health checkup service, specified health guidance, health point, stress check, and vaccination support by collecting outsourcing fees from health insurance associations and business owners. The business supports appropriate medical expenses and productivity enhancement by promoting the health of insured persons and employees.

The Purchase and Settlement Service business offers a settlement service related to short-distance travel expenses, business travel expenses, and social/ entertainment expenses. By switching to enterprises' bulk settlement from advance payment by employees, the business supports enterprises' governance improvement, cost reduction, and operational efficiency improvement, earning fee income and settlement fees as a revenue source according to the handling volume. The business also offers a small-amount adjustment service for branch offices, compiling utility charges and other expenses and serving as a payment agency by collecting fees according to the number of cases processed.

By reorganizing services on the "Bene One Platform," an infrastructure designed to manage and utilize HR data and health data, the Company is shifting its axis from single solution sales, including the Employee Benefit Service business and the Healthcare business, to a platform business and promoting enterprises' HRDX (digital transformation in HR).

In the Payment business, the Company is working to achieve low-cost service distribution with no intermediate margin or advertisement by collecting employees' purchase data of each member company and utilizing a payroll deduction scheme in relation to the discount services of the Company's business partners. In the Payment business, the Company receives settlement fees from partnering service providers according to the handling volume.

4. Status of associated companies

As of March 31, 2022

Company name	Location	Share capital or investments in capital (Millions of yen)	Contents of major business	Ratio of voting rights holding or held (%)	Relationship			
					Interlocking officer	Fund assistance	Lease of equipment	Sales and other transactions
(Parent company) Pasona Group Inc. (Note 1)	Chiyoda-ku, Tokyo	5,000	Development of group management strategies and support for business execution; business administration and the optimal allocation of management resources; the development of new businesses related to employment creation; etc.	[Held] [50.91]	Yes	-	-	Provision of employee benefit outsourcing services on a contract basis
(Consolidated subsidiary) JTB BENEFIT SERVICE, Inc. (Note 2,3 and 4)	Koto-ku, Tokyo	300	Employee Benefit Service business	100.00	Yes	-	-	-
Benefit One Shanghai Inc. (Note 2)	Shanghai, China	RMB 20.96 million	Provision of point-based incentive system “Incentive Point”	100.00	Yes	Yes	-	Performance guarantee to customers
BENEFIT ONE USA, INC. (Note 2)	California, U.S.	USD 3.05 million	Provision of point-based incentive system “Incentive Point”	100.00	Yes	-	-	-
BENEFIT ONE INTERNATIONAL PTE. LTD. (Note 2)	Singapore	SGD 5.5 million	Management and control of the group’s overseas business	100.00	Yes	-	-	Entrustment of the control of the overseas business
BENEFIT ONE(THAILAND) COMPANY LIMITED (Note 5)	Bangkok, Thailand	THB 4 million	Provision of point-based incentive system “Incentive Point”	49.00 (49.00) (Note 6)	Yes	Yes	-	Guarantee of debts
PT. BENEFIT ONE INDONESIA (Note 2)	Jakarta, Indonesia	IDR 26,000 million	Provision of point-based incentive system “Incentive Point”	96.15 (57.69) (Note 6)	Yes	Yes	-	-
REWARDZ PRIVATE LIMITED	Singapore	SGD 1.51 million	Employee Benefit Service business, Incentive Point business, Healthcare Point business, etc.	70.00	Yes	Yes	-	Entrustment of software development Payment of software use fee
REWARDZ BENEFITS SDN. BHD.	Kuala Lumpur, Malaysia	MYR 0.5 million	Employee Benefit Service business, Incentive Point business, Healthcare Point business, etc.	100.00 (100.00) (Note 6)	-	-	-	-
Three other companies								
(Equity method-applied affiliated company) Trust Co., Ltd.	Ojiya-shi, Niigata Prefecture	21	Development and sale of software	33.53	-	-	-	Entrustment of the development and maintenance of software

Note 1: The company submits annual securities reports.
Note 2: The company is a specified subsidiary company.
Note 3: The Company acquired all shares of JTB BENEFIT SERVICE, Inc. as of October 29, 2021 and made it a consolidated subsidiary.
Note 4: The Company absorbed JTB BENEFIT SERVICE, Inc. as of April 1, 2022.
Note 5: The company is positioned as a subsidiary because Benefit One substantially controls the company although Benefit One’s equity does not exceed 50/100.
Note 6: Figures in parentheses in the “Ratio of voting rights holding or held” column represent the indirect ownership ratio.

5. Status of employees

(1) Status of consolidated companies

As of March 31, 2022

Segment	Number of employees
Companywide	1,108 (442)
Total	1,108 (442)

Note 1: The number of employees represents the number of working employees excluding employees who are temporarily loaned from the Group to outside the Group but including employees who are temporarily loaned to the Group from outside the Group.

Note 2: The number in parentheses in the “Number of employees” column represents the average number of contract employees and part-timers during the year

Note 3: As for the status of employees, the number of employees by the type of business, segment, or business division is not presented and the number of employees across the company is presented.

Note 4: The number of employees increased by 248 from the end of the previous consolidated fiscal year. The main factor of this increase is making JTB BENEFIT SERVICE, Inc. a consolidated subsidiary.

(2) Status of the reporting company

As of March 31, 2022

Number of employees	Average age	Average years of service	Average annual salary (¥ thousand)
876(434)	36.5	7.3	6,277

Note 1: The number of employees represents the number of working employees excluding employees who are temporarily loaned from the Company to other companies but including employees who are temporarily loaned to the Company from other companies

Note 2: The number in parentheses in the “Number of employees” column represents the average number of contract employees and part-timers during the year.

Note 3: The average years of service represents the years of service of employees on the management track.

Note 4: The average annual salary represents the amount of salary paid to employees on the management track and includes bonuses and non-standard wages.

Note 5: The Company’s segment to be reported is only the membership service business, and thus statement by segment is omitted.

Note 6: The number of employees increased by 86 from the end of the previous fiscal year. This is mainly because of the employment of employees, the appointment of temporary employees as regular employees, and the acceptance of employees who are temporarily loaned from other companies in response to business expansion.

(3) Status of labor union

The Group has no labor union. The employer-employee relationship is in good shape, and there is no information to be noted.

I-2. Status of business

1. Management policies, management environment, challenges to address, etc.

Matters regarding the future described in this report are assessments of the Group as of the end of the current consolidated fiscal year.

(1) Basic policy for company management

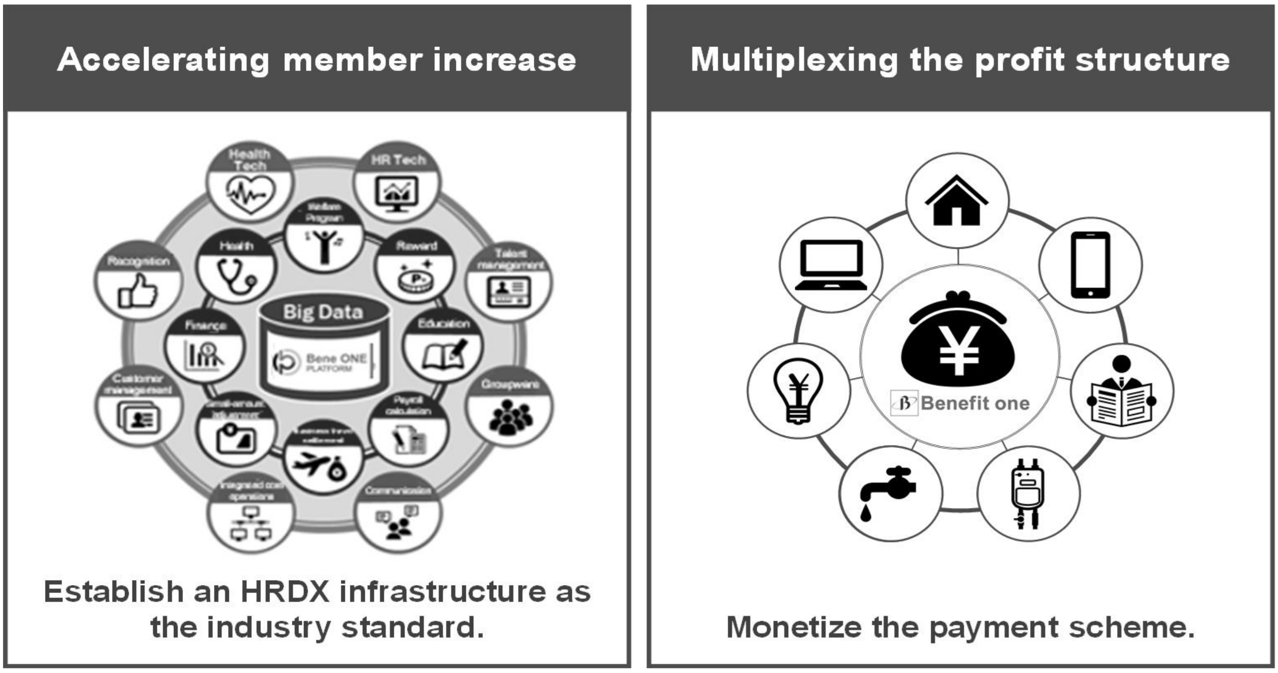
With the corporate philosophy of “Connect people and companies, aim to create new value, and contribute to fulfilling lifestyles and social development by creating the concept of service distribution,” the Group is engaged in businesses that contribute to the resolution of enterprises’ business challenges and the improvement of consumers’ satisfaction with service use.

(2) Medium- to long-term management strategy

In the current economy, many enterprises are beginning to take action, anticipating the post-COVID-19 world. The Group recognizes that support for HRDX (Note 1) is attracting further attention, including the improvement of employee benefits as a measure to recruit and retain human resources who support economic activities, increasing interest in the health of organizations and individuals, and the promotion of digitalization in personnel and health management.

Capturing these socioeconomic trends, the Group has developed a medium- to long-term management plan for three years from FY03/22 to FY03/24 and is making efforts as shown below.

Note 1: “HRDX” refers to digital transformation in HR.



1) Support for enterprises’ HRDX

Corporate HR departments will increasingly utilize HR- and labor-related outsourcing services in the future, and HRDX, in which HR and health data are organized and utilized for management, is expected to become an important business challenge.

The Group is developing the “Bene One Platform” (Note 2) that allows the management and utilization of HR and health data by linking such data with various HR- and labor-related outsourcing services including employee benefit services and healthcare services. The Group intends to contribute to the improvement of the performance of customer companies’ people and organizations by widely spreading this platform and accelerating member expansion. Note 1: “HRDX” refers to digital transformation in HR.

In FY03/22, the Group conducted the “promotion of the utilization of the Bene One Platform” and the “expansion of the membership base through M&A.”

First, in the “promotion of the utilization of the Bene One Platform,” the Group has migrated/registered the data of more than 4.8 million members to/in the “Bene One Platform” since June 2021 with a focus on the business partners of the Employee Benefit Service business. The Group has also worked actively to expand the linkage between multiple

HR technology services provided by third parties and data on the "Bene One Platform." Going forward, the Group intends to further promote the migration of member data and focus its efforts on spreading the use of the member ID "Bene Account" that can be commonly used for various HR services.

Next, in the "expansion of the membership base through M&A," the Group acquired the shares of JTB BENEFIT SERVICE, Inc. as of October 29, 2021, dramatically expanding the membership base. Since the merger by absorption on April 1, 2022, the Group has promoted the integration of services and organizational functions that were being duplicated within the Group and worked on the pursuit of economies of scale and qualitative and quantitative improvement of its service menu.

Note 2: The Bene One Platform is a platform that allows the management and utilization of enterprises' HR data, health data, etc. The platform is designed to improve employees' performance and to energize organizations through the central management, visualization, and analysis of all employee data by utilizing the member-only ID "Bene Account" that enables members to use various services with the same ID and while trying to improve HR departments' management efficiency.

2) Initiatives for the improvement of service distribution and the monetization of the Settlement business

The Group has established service distribution through the provision of an employee benefit outsourcing service by matching customer companies' employees and suppliers (Note 3). The Group expects that the size of the service distribution will dramatically expand with the spread of the "Bene One Platform" and the promotion of its use.

The Group will utilize the payroll deduction scheme as a new initiative, try to reduce distribution cost by collecting each customer company's purchase data and providing a settlement agency service, and aim to improve the satisfaction of both customer companies' employees and suppliers. At the same time, the Group plans to make settlement fees generated in this initiative a new pillar of revenue.

In FY03/22, the Group launched the "Kyu-toku Barai" service in June 2021, utilizing a payroll deduction scheme. To monetize the Settlement business through this service, the Group is actively encouraging customers, mainly customers in the Employee Benefit Service business, to use this service while working hard to develop member shops/stores/restaurants with a focus on life infrastructure and a flat-rate billing menu.

Moreover, the Group intends to reduce the membership fee for the employee benefit service on a medium- to long-term basis by using the settlement fee revenue as a fund resource. The Group will make further efforts to capture members and expand service distribution.

Note 3: "Suppliers" refer to the providers of employee benefit services.

Management indicators for the last fiscal year of the medium-term management plan (FY03/24) and the state of progress are as shown below.

(Targeted consolidated performance)

(Millions of yen)	FY03/21 (actual)	FY03/22 (actual)	FY03/23 (plan)	FY03/24 (plan)
Sales	37,841	38,362	46,100	60,640
Operating income	9,774	12,770	10,800	20,950
Operating income margin	25.8%	33.3%	23.4%	34.5%

(Management indicator related to the “acceleration of member increase”)

	April 2021 (actual)	April 2022 (actual)	April 2023 (plan)	April 2024 (plan)
Number of members in the Employee Benefit Service business	6.33 million persons	9.02 million persons	11.23 million persons	16 million persons

(Management indicators related to the “monetization of the settlement business)

(Millions of yen)	FY03/21 (actual)	FY03/22 (actual)	FY03/23 (plan)	FY03/24 (plan)
Annual usage amount	-	0	3,000	100,000

(3) Initiatives for ESG/SDGs

The Group has supported customer companies in their promotion of health management, improvement of employee engagement, etc. through its business. The Group is also working actively on employees’ health management and productivity improvement, utilizing its own services, and was selected as a “Health Management Stock” for two consecutive years.

Going forward, the Group intends to work on the creation of a service distribution network with high convenience and a low environmental burden, while contributing to supplier companies’ reduction of advertisement and media production and inventory reduction, by widely spreading its service distribution and settlement service in addition to promoting the digitalization of paper media and operations within the Group.

(4) Further promotion of the improvement of management efficiency

The Group has improved its management efficiency by horizontally applying its business while multiply and effectively using management resources accumulated in its main Employee Benefit Service business and by actively working on operational standardization, digitalization, and outsourcing.

The Group will make efforts to continuously maintain and increase the ordinary income margin and return on equity capital (ROE), while maintaining a high growth rate, by strongly promoting continuous BPR and workstyle reform across the group for further management innovation in the future.

2. Risk of business, etc.

(The Company's risk management system)

In the Company's risk management system, the department responsible for risk management is clarified and the Risk Management Committee chaired by the responsible Officer is set up based on the Basic Risk Management Regulations. The Risk Management Committee prevents risks that would have a significant impact on management and tries to minimize possible damage by assuming and classifying specific risks in advance and by developing and operating a system required for risk management. As for the subsidiaries' risk management, the Company concludes a business management contract with the subsidiaries in accordance with the Associated Company Management Regulations, which specifies important matters that require prior discussion. The subsidiaries promptly report to the Company when an important fact arises or is expected to arise. Thus, the Company centrally manages risk.

In addition, the Management Council meeting is held with the attendance of full-time Directors and titled Executive Officers for the early comprehension of the status of the execution of operations and for prompt response. The Management Council reports important matters to the Board of Directors. The Audit Department conducts audits on the effectiveness of internal control and reports the results to the Board of Directors. Through these activities, the Board of Directors is able to appropriately monitor the status of the Group and its measures.

(Risk that could affect the Group's operating results, etc.)

Among matters related to the status of business, the status of accounting, etc. stated in the annual securities report, listed below are major risks recognized by the management as possibly having a significant impact on consolidated companies' financial position, operating results, and cash flow status. Additionally, matters that are not necessarily a business risk but are assessed as being important for investors' investment decisions are stated for the purpose of active information disclosure for investors

Matters regarding the future described in this report are assessments as of the end of the current consolidated fiscal year unless otherwise stated, and all risks related to investment in the Company's shares are not covered.

(1) Operation of the Group's business

1) Securing human resources

Although many growth opportunities are expected in the Group's business, it is necessary to secure sufficient human resources, including sales personnel and professionals, to meet the operation volume that is expected to increase as a result of business expansion while improving the abilities of human resources in a timely manner. The Group is making efforts to improve the productivity with its own workstyle reform, including the promotion of online sales activities and operation processing and the promotion of the utilization of self-employed workers and other external workforce by standardizing operations.

In the Healthcare business with particularly high expectations for growth, it is important to secure certified personnel including registered dietitians who provide health guidance. The Group is making efforts to establish a system that does not miss growth opportunities by taking measures such as the improvement of the operational efficiency by promoting the ICT interview, in addition to measures such as active employment activities, in-company human resources development, and securing human resources through M&A.

The Group recognizes that securing competent IT engineers is important to secure competitive advantages, improve the business in response to environmental changes, and allow a continuous growth. The Group is making efforts to secure human resources through active employment activities and M&A.

In addition to these efforts to secure human resources, the Group believes that it is necessary to incorporate various viewpoints and values of human resources with different backgrounds into management and to promote business creation and service innovation in order to respond to the rapidly changing business environment promptly and flexibly and to achieve sustainable growth. The Group is working to secure the diversity of human resources, recognizing that the development of an environment and culture in which each employee can maximize his/her ability and play an active part regardless of gender, nationality, time of employment, etc. is an important business challenge. In particular, the Group has set a goal of 40% or more female core employees, with a major diversity theme of promoting women's active participation, and is promoting the development and utilization of schemes and environment such as the establishment of short-working-hour and work-from-home systems and the provision of a return-to-work program.

2) System risk

The Group recorded software assets (including "Software in progress") of ¥5,315 million as of the end of the current consolidated fiscal year as it is actively investing in software in line with the medium-term management plan announced in May 2021 and based on the HRDX promotion strategy centered around the Bene One Platform. The

Group will continue such investment. By investing in software, the Group aims to make the Bene One Platform an industry-standard platform that efficiently manages and utilizes the HR and health data of customer companies' employees and to achieve revenue earning by increasing members, improving operational efficiency, etc. When investing, the direction of development and the policies for investment are discussed by the Management Council, the Board of Directors, etc. and institutional decision-making procedures are followed according to the Regulations on Official Authority and the Division of Duties. The state of development is monitored, as appropriate, through reports to the Management Council and the Board of Directors to ensure careful investment. If, despite these efforts, it is judged that the expected effect will not be obtained, such that future cash flow expected from software assets will fall below the initial assumption, the Group's operating results and financial position could be affected through impairment loss on non-current assets, etc.

The Group is promoting the utilization of cloud infrastructure with sufficient safety measures and working on flexible expansion and improvement of operation management efficiency in order to handle data that have increased with business expansion and to stably operate and manage the system infrastructure. Regarding important information systems and network facilities/equipment, the Group is taking measures against problems such as duplicating these systems and equipment. The Group is also taking security measures such as the prevention of unauthorized access from outside by employing a firewall.

If the Group's system is damaged or disrupted despite these efforts due to various factors that are difficult to predict, such as rapid access increase, internet connection problem, cyberattack by an unknown computer virus, power outage, and natural disaster, that could affect the Group's operating results, financial position, etc. such as posing a problem for customers' service use.

3) Handling of personal information

The Group handles a large amount of personal information including HR and health data through service provision. Sufficiently recognizing the importance and risk of handling personal information, the Group is making efforts for information management, such as establishing a compliance manual and regulations on the protection of personal information, ensuring training and education on the protection and management of personal information for Officers and employees, and collecting a written confidentiality pledge from employees when they are employed and leave the Group. In addition to these, the Group is taking measures against information leakage, including the adoption of a firewall and encryption technology, to prevent unauthorized access to systems from outside.

If personal information is leaked to outside despite these efforts due to the intention or negligence of employees, unforeseen circumstances, etc., the Group's operating results, financial position, etc. could be affected by damage claims, deterioration of the brand image, etc.

4) "Advances paid"

The balance of "Advances paid" in our consolidated financial statements as of the end of the current consolidated fiscal year is ¥2,388 million. This is primarily because, in some of the transactions in the Purchase and Settlement Service business, the Healthcare business, etc., the Company temporarily pays service use fees to its business partners on behalf of customers and later charges the fees to customers, based on the agreement with customers, when customers use services provided by the partners. With the expansion of the Purchase and Settlement Service business and the Healthcare business, transactions that generate "Advances paid" could increase, and the Group is making efforts to strengthen its credit management system by means such as ensuring credit management on the system and establishing an operation check system.

Despite these efforts, unexpected system problems, mistakes made by an employee or someone else, the rapid deterioration of a customer's financial situation, etc. could affect the Group's operating results, financial position, etc. such as problems in the collection of "Advances paid."

5) Seasonal performance fluctuations

In Employee Benefit Service reimbursement, the cost rate tends to be higher in the first half than the second half due to concentrated service use during summer holidays and other seasonal factors. In the Healthcare business, the provision of the health checkup service, health guidance, etc. tends to be larger in the second half, resulting in a larger revenue in the second half. The Group's performance tends to change by season due to these seasonally variable factors.

(2) Business investment

1) M&A, capital tie-up, etc.

The Group intends to actively consider company acquisition (M&A), capital tie-up, etc. with the expectation of economic effects by expanding the business size and synergy effects by advancing into the peripheral business domain. As a result of M&A, the Group recorded intangible fixed assets (customer-related assets) of ¥8,345 million and goodwill of ¥5,824 million at the end of the current consolidated fiscal year.

When carrying out M&A, capital tie-up, etc., the Group will make efforts for preliminary risk comprehension, including due diligence of the financial data and business of target companies, and carefully examine the profitability and potential for return on investment. Despite these efforts, however, the effect of business integration after acquisition will not always go as initially planned due to changes in the socioeconomic environment, changes in market conditions, etc. There is the possibility that the Group will not be able to secure the assumed revenue size. In such a case, the Group's operating results, financial position, etc. could be affected as a result of revaluating goodwill and intangible fixed assets or by other factors.

2) New business

The Group has promoted the diversification of revenue by multiply utilizing service infrastructure built in the Employee Benefit Service business and launching new businesses. Specifically, the Group is engaged in the Incentive business, the Healthcare business, the Purchase and Settlement Service business, the Payment business, etc.

When launching a new business, the Group makes investments after sufficiently examining the adequacy of the business plan and risk peculiar to the new business, including recognition and assumption of the market environment and customer trends, business revenue structure, and risk management system. After launching a business, the Group tries to constantly grasp the progress of the business plan and review/revise the business scheme or modify the business plan as appropriate.

If the new business does not generate expected revenue despite these efforts due to changes in customer needs, competitive environment, etc., the Group's operating results, financial position, etc. could be affected.

3) Overseas business

The Group has consolidated subsidiaries in Singapore, China, Thailand, U.S., Indonesia, etc. The Group's main overseas business is the Incentive business as it recognizes that corporate needs related to the recruitment of human resources and the management of employees' performance are common although overseas markets vary in personnel systems and business practices. To expand its overseas business, the Group is actively promoting local employees to core human resources and transactions are generally increasing. However, it is still in the stage of up-front investment and additional funding, including investment and loans, may be required in the future. If the business does not develop as assumed, unexpected loss could be incurred due to the revaluation of investment, loans, etc.

Moreover, the Company's consolidated financial statements are affected by exchange rate fluctuations between JPY and foreign currencies because foreign currency-based financial statement amounts of overseas subsidiaries are converted into JPY in the Company's consolidated financial statements. If exchange rates abnormally fluctuate, the Group's operating results and financial position could be affected as a result of recording foreign exchange losses (gains) or for other reasons.

(3) Risk arising from natural disasters, infectious disease epidemic, etc.

If an unexpected situation that has a substantial impact on society and economy in general such as a natural disaster and infectious disease epidemic occurs, the Group's business could be affected with a decrease, postponement, etc. of transactions.

The Group is making efforts to collect information on environmental changes as early as possible and to disperse risk by promoting business diversification, operational decentralization, and digitalization.

With regard to the COVID-19 pandemic in the current consolidated fiscal year, the impact on performance was observed. In the Employee Benefit Service business, Members' service use decreased, resulting in a decrease in reimbursement payments. Health checkup and health guidance were delayed in the Healthcare business while the use of the business travel settlement service decreased in the Purchase and Settlement Service business. Overseas subsidiaries were also affected, such as business suspension of partners due to each country's regulations, lockdown, etc. The scope of impact was shrinking as of the date of submission, and we recognize that economic activities are being normalized. However, if COVID-19 spreads again or if new, unknown viruses spread, the Group's operating results and financial position could be affected, and it is difficult to reasonably predict the impact as of the date of submission.

(4) Response to climate change risks

The Group has established the Sustainability Committee to promote companywide efforts for sustainability-related issues including responses to climate-related risks. As of the date of submission, the Committee is chaired by the Executive Vice President based on the decision of the President. The Committee submits plans, proposals, and recommendations on sustainability-related basic policies, indicators and goals, measures, etc. to the Board of Directors, and performs activities such as the monitoring of measure implementation and goal achievement, as well as information provision and publicity activities inside and outside the Company. Regarding matters for consideration, activity details, etc., the Committee makes regular reports and proposals to the Board of Directors and carries out activities based on the instructions of the Board of Directors, as appropriate. The Board of Directors has developed a governance structure by regularly receiving reports on important matters related to climate change from the Sustainability Committee and giving instructions and advice, as appropriate.

Within the Group, the Sustainability Committee collects and analyzes necessary data, using a TCFD (Note) framework as a reference, in order to comprehend the impact of climate change on the Group's business activities, profits, etc. and to take appropriate measures. The Board of Directors assesses the degree of the impact of climate-related risks on business based on these data and analyses. As of the date of submission, the Board of Directors assesses that climate change-related risks and their impact on the Group's profit-earning opportunities are limited.

Specific measures and goals for identified risks and opportunities are reflected in business strategies in cooperation with the departments concerned. The Sustainability Committee carries out activities such as the management of progress and the reassessment of risks and opportunities. The Committee also makes efforts for continuous information collection and risk management by regularly reporting details to the Board of Directors.

(Note) TCFD: The Task Force on Climate-related Financial Disclosures (TCFD) was established by the Financial Stability Board (FSB), in response to a request from G20, to consider climate-related information disclosure and financial institutions' responses to climate change.

(5) Relationship with the parent company

The Company's parent company is Pasona Group Inc., which holds 50.91% of the Company's voting rights as of March 31, 2022. One of eight Officers of the Company also serves as a Director of the parent company as of the date of submission, but the Company secures independence as a listed company and engages in management and business activities.

In transactions with the parent company, the Company goes through the Board of Directors' approval procedure and appropriately performs transactions in accordance with the Related Party Transaction Management Regulations and company rules on official authority so as not to harm the interests of the Company. Regarding important transactions with the parent company, the necessity and appropriateness of such transactions are deliberated by the Nomination and Compensation Committee, which is the Board of Directors' advisory body comprised of only Independent Outside Directors, and the Board of Directors' approval procedure is performed after obtaining a report and advice from the committee.

(6) Management indicators

Management indicators targeted by the Group in its medium-term management plan are estimated based on many assumptions related to the business environment, including changes in socioeconomic trends, the trends of customer companies, the needs of individual users, and the trends and effects of laws and regulations

Many growth opportunities are expected in the Group's business. However, the management indicators may not be achieved at the expected time or degree because it is difficult to accurately forecast the degree, speed, etc. of changes in the business environment in the future. The Group makes it a rule to review preconditions as appropriate and to promptly disclose information if the Group determines that the targeted management indicators need to be modified.

3. Analysis of financial position, operating results, and cash flow status by the management

Described below is an outline of the status of operating results, financial position, and cash flows (hereinafter, "Operating results, etc.") of the Group in the current consolidated fiscal year; an analysis of the financial resources for capital and the liquidity of funds; and the recognition, analysis, and examination of the status of operating results, etc. of the Group from the management perspective.

Matters regarding the future described in this report are assessments of the Group as of the end of the current consolidated fiscal year.

(1) Important accounting policies and estimates

The consolidated financial statements of the Group are based on the accounting standards generally accepted as fair and appropriate in Japan. The preparation of these statements requires the selection and application of accounting policies by the management; the reported amounts of assets, liabilities, revenue, and expenses; and estimates that affect disclosure. The management reasonably assesses these estimates in consideration of historical performance, etc., but actual results may differ from these estimates because of uncertainty peculiar to estimates.

The accounting standards used in the preparation of these consolidated financial statements are stated in "I-5. Status of accounting, 1. Consolidated financial statements, etc. (Material matters that serve as the basis for preparing consolidated financial statements), and 4. Matters regarding accounting policies."

Of the accounting estimates and assumptions used in the preparation of the consolidated financial statements, important matters are stated in "I-5. Status of accounting, 1. Consolidated financial statements, etc. (Material accounting estimates)."

(2) Operating results, etc.

(Consolidated performance)

(Millions of yen)	FY03/21 (Previous consolidated FY)	FY03/22 (Current consolidated FY)	Amount of increase/decrease (%)	
Sales	37,841	38,362	+521	(+1.4%)
Operating income	9,774	12,770	+2,996	(+30.7%)
Ordinary income	9,858	12,826	+2,967	(+30.1%)
Net income attributable to owners of parent	6,766	8,949	+2,183	(+32.3%)

(Member count)

(10 thousand persons)	March 2021	March 2022	Change in member count
Employee Benefit Service business	621	893	+272
Individual Benefit Service business	111	96	△15
CRM business	130	141	+11
Total member count	862	1,130	+268

(Annual usage amount in the Settlement business)

(Millions of yen)	FY03/21 (Previous consolidated FY)	FY03/22 (Current consolidated FY)	Amount of increase/decrease
Annual usage amount	-	0	+0

The Japanese economy has continuously experienced difficult circumstances due to the impact of COVID-19 since 2020, but has gradually recovered towards the end of the current fiscal year. In this first fiscal year of the medium-term management plan published on May 12, 2021, the Group has worked on (1) expansion of the membership base centering on HRDX support and (2) growth strategy focused on a challenge to the Settlement business.

1) Expansion of the membership base with a focus on HRDX support

The Group conducted the "promotion of the utilization of the Bene One Platform" and the "expansion of the membership base thorough M&A."

First, in the "promotion of the utilization of the Bene One Platform," the Group has migrated/registered the data of more than 4.8 million members to/in the "Bene One Platform" since June 2021 with a focus on the business partners of the Employee Benefit Service business. The Group has also worked actively to expand the linkage between multiple HR technology services provided by third parties and data on the "Bene One Platform." Going forward, the Group intends to further promote the migration of member data and focus its efforts on spreading the use of the member ID "Bene Account" that can be commonly used for various HR services.

Next, in the "expansion of the membership base through M&A," the Group acquired the shares of JTB BENEFIT SERVICE, Inc. as of October 29, 2021, dramatically expanding the membership base. Since the merger by absorption on April 1, 2022, the Group has promoted the integration of services and organizational functions that were being duplicated within the Group and worked on the pursuit of economies of scale and qualitative and quantitative improvement of its service menu.

2) Challenge to the Settlement business

The Group launched the "Kyu-toku Barai" service in June 2021, utilizing a payroll deduction scheme. To monetize the Settlement business through this service, the Group is actively encouraging customers, mainly customers in the Employee Benefit Service business, to use this service while working hard to develop member shops/stores/restaurants with a focus on life infrastructure and a flat-rate billing menu.

Although the Group made such an effort based on the medium- to long-term growth strategy, there was a scene in which the growth of the business felt a certain impact of COVID-19 on a short-term basis during the current consolidated fiscal year. However, the Group's performance exceeded forecasts because a new profitable business capturing socioeconomic trends could offset the impact of COVID-19.

In the Employee Benefit Service business, the number of members remained at the same level during the year. However, members' service use has been recovering since October 2021 when the declaration of a state of emergency was lifted, and reimbursement payments increased. In addition, the business results of JTB BENEFIT SERVICE, Inc., which became the Group's subsidiary through share acquisition during the year, are reflected in the consolidated profit and loss statement from the 4th quarter, contributing to the expansion of the Group's consolidated performance. In the Healthcare business, business results exceeded the assumption made at the beginning of the year as a result of focusing on the development of new health support services that respond to socioeconomic needs, such as support for COVID-19 vaccination, contributing to an increase in overall consolidated profit.

As a result of the above, in the current consolidated fiscal year, the Group recorded sales of ¥38,362 million (up 1.4% YoY), operating income of ¥12,770 million (up 30.7% YoY), ordinary income of ¥12,826 million (up 30.1% YoY), and net income attributable to owners of the parent of ¥8,949 million (up 32.3% YoY). The Group has applied the "Accounting Standard for Revenue Recognition," etc. since the beginning of the current consolidated fiscal year. As a result of the application of the new standards, etc., sales decreased by ¥8,058 million, cost of sales decreased by ¥8,056 million, and operating income, ordinary income, and net income before income taxes decreased by ¥1 million, respectively, from the figures based on the previous recording criteria.

Major causes of increase or decrease in the operating income are as follows:

Increased income from the Employee Benefit Service, Individual Benefit Service, and CRM businesses:	¥+1,095 million
Decreased income from the Incentive business:	¥△194 million
Increased income from the Healthcare business:	¥+3,801 million
Increased income from the Purchase and Settlement Service business:	¥+23 million
Decreased income from the Payment business:	¥△78 million
Decreased income from the Overseas business:	¥△66 million
Other:	¥△1,585 million

Performance by business is as follows:

1) Employee Benefit Service, Individual Benefit Service, and CRM businesses

Sales were ¥22,176 million (up ¥1,717 million YoY) and operating income was ¥9,484 million (up ¥1,095 million YoY). Sales and operating income increased because the business results of JTB BENEFIT SERVICE, Inc., which became the Group's subsidiary through share acquisition during the year, are reflected in the consolidated profit and loss statement from the 4th quarter and because cost decreased as a result of the change to the method of allocating company-wide common expenses, etc.

2) Incentive business

Sales were ¥3,473 million (down ¥484 million YoY) and operating income was ¥781 million (down ¥194 million YoY). Sales and operating income decreased along with decreased service use by certain customers.

3) Healthcare business

Sales were ¥9,609 million (down ¥757 million YoY) and operating income was ¥4,557 million (up ¥3,801 million YoY). Sales decreased because sales and cost of sales decreased by ¥7,678 million from the figures based on the previous recording criteria as a result of the application of the "Accounting Standard for Revenue Recognition," etc. Operating income increased because of the growth of new health support services, such as support for COVID-19 vaccination, that respond to socioeconomic needs.

4) Purchase and Settlement Service business

Sales were ¥641 million (down ¥53 million YoY) and operating income was ¥96 million (up ¥23 million YoY). Sales decreased because of the termination of contracts with certain customers. Operating income increased because of a partial recovery of service use for business trips.

5) Payment business

Sales were ¥17 million (down ¥0 million YoY) and operating income was ¥61 million (down ¥78 million YoY). Operating income decreased because of the up-front cost for system development, shop/store/restaurant development, etc. associated with the release of our new "Kyu-toku Barai" service.

6) Overseas business

Sales were ¥1,474 million (up ¥50 million YoY) and operating income was ¥170 million (down ¥66 million YoY). Sales increased primarily because customers increased in China and Singapore. Operating income decreased because of the up-front cost for personnel increase, system development, etc. in the U.S. and Singapore.

7) Other

Operating income was ¥1,917 million (down ¥1,585 million YoY). Operating income decreased because cost increased as a result of the change to the method of allocating company-wide common expenses, etc.

As a result of the above, both the operating income margin (33.3%) (25.8% in the previous consolidated fiscal year) and the ordinary income margin (33.4%) (26.1% in the previous consolidated fiscal year) improved the current consolidated fiscal year.

(Status of production, orders, and sales)

The Group's main business is outsourced employee benefit services for enterprises, and thus production results and orders received are not applicable.

(Financial position)

1) Assets

Total assets at the end of the current consolidated fiscal year were ¥58,047 million, an increase of ¥21,875 million from the end of the previous consolidated fiscal year.

Current assets were ¥32,148 million, an increase of ¥3,452 million. This is mainly due to an increase in cash and deposits (¥4,922 million), inventories (¥622 million), and accounts receivable – other (¥1,987 million), a decrease in deposits paid (¥4,500 million), etc.

Property, plants, and equipment increased by ¥18,422 million to ¥25,898 million. This is mainly due to an increase in goodwill-/customer-related assets (¥14,169 million) resulting from the acquisition of a consolidated subsidiary, an increase in software (¥2,938 million) resulting from system capital investment, etc.

2) Liabilities

Total liabilities at the end of the current consolidated fiscal year were ¥33,134 million, an increase of ¥16,828 million from the end of the previous consolidated fiscal year.

Current liabilities were ¥21,357 million, an increase of ¥6,173 million. This is mainly due to an increase in “Long-term borrowings to be repaid within 1 year” (¥1,000 million) for financing purposes, “Accounts payable – trade” (¥2,420 million), “Accounts payable – other” (¥1,278 million), “Contract liability” (¥1,262 million) (advances received at the end of the previous consolidated fiscal year), etc.

Non-current liabilities increased by ¥10,655 million to ¥11,776 million. This is mainly due to an increase in “Long-term borrowings” (¥8,500 million) for financing reasons, “Deferred tax liabilities” (¥2,465 million) due to the acquisition of a consolidated subsidiary, etc.

3) Net assets

Net assets at the end of the current consolidated fiscal year were ¥24,912 million, an increase of ¥5,046 million from the end of the previous consolidated fiscal year. This is mainly due to net income attributable to owners of the parent (¥8,949 million), dividends paid (¥4,785 million), etc. in the current consolidated fiscal year.

As a result, the equity ratio at the end of the current consolidated fiscal year was 42.9% (54.9% at the end of the previous consolidated fiscal year) and the return-on-equity (ROE) capital for the current consolidated fiscal year was 40.0% (37.1% for the previous consolidated fiscal year).

(Cash flows)

The balance of cash and cash equivalents (hereinafter, “Funds”) at the end of the current consolidated fiscal year was ¥17,983 million, an increase of ¥429 million from the end of the previous consolidated fiscal year.

The status of each cash flow and factors in the current consolidated fiscal year are described below.

1) Cash flow from operating activities

Cash flow from operating activities increased by ¥10,080 million. (In the previous consolidated fiscal year (FY03/212), cash flow from operating activities increased by ¥9,862 million.)

The increase in Funds is attributed to net income before income taxes of ¥12,848 million (¥9,852 million in FY03/21), depreciation of ¥1,060 million (¥778 million in FY03/21), increased trade payables of ¥1,698 million (increase of ¥1,013 million in FY03/21), etc.

The decrease in Funds is attributed to increased accounts receivable – other of ¥1,772 million (decrease of ¥482 million in FY03/21), income taxes paid of ¥3,726 million (¥2,647 million in FY03/21), etc.

2) Cash flow from investing activities

Cash flow from investing activities decreased by ¥14,247 million. (In FY03/21, cash flow from investing activities decreased by ¥1,175 million.)

The decrease in Funds is attributed to the expenditure of ¥10,451 million made to acquire subsidiary company shares with a change of scope of consolidation, purchase of tangible/intangible assets of fixed assets of ¥3,671 million (1,119 million in FY03/21), etc.

3) Cash flow from financing activities

Cash flow from financing activities increased by ¥4,544 million. (In FY03/21, cash flow from financing activities decreased by ¥4,110 million.)

The increase in Funds is attributed to “Proceeds from long-term borrowings” of ¥10,000 million, etc.

The decrease in Funds is attributed to dividends paid of ¥4,784 million (¥3,986 million in FY03/21), etc.

(3) An analysis of the financial resources for capital and the liquidity of funds

1) Liquidity and the source of funds

Funds required by the Group are roughly divided into funds for capital investment including system development, funds for business investment in subsidiaries, affiliated companies, etc., and funds for ordinary working capital. Of these necessary funds, funds for capital investment and funds for business investment, including acquisition and investment, are procured from funds on hand and through bank loans and finance lease, as appropriate. Ordinary working capital is procured from funds on hand.

Capital investment totaled ¥3,382 million in the current consolidated fiscal year. The Group invested in system development for HRDX promotion, system hardware, etc. The Group also made an expenditure of ¥10,451 million to acquire subsidiary company shares with a change of scope of consolidation.

Currently, the Group recognizes that it has sufficiently secured necessary business funds and is prepared for sudden demands for funds and unforeseen circumstances by setting a commitment line with financial institutions.

2) Policy on fund allocation

The Company intends to make efforts for continuous and stable dividend growth targeting an annual dividend on equity ratio of 10% or more and a consolidated payout ratio of 70% or more in consideration of the status of income of each fiscal year, business development in the future, investment plan, etc.

Regarding the acquisition of treasury shares, the Company makes a comprehensive decision as one of the measures for return to shareholders in consideration of the impact on the financial status, the stock supply and demand balance, etc.

As for retained earnings, the Company intends to increase its profitability by using retained earnings for IT investment aimed at integrating business infrastructure, improving the service quality, saving operational labor, etc., as well as for investment in new businesses, M&A investment, etc., while improving business foundations.

(4) Recognition of issues by the management and policies for the future

As stated in “I-2. Status of business, 1. Management policies, management environment, challenges to address, (2) Medium- to long-term management strategy,” the Group believes that its medium- to long-term priority challenges are (a) initiatives to promote the use of 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 and (b) initiatives to monetize the settlement business utilizing a payroll deduction scheme.

In the initiative designed to promote the utilization of the “Bene One Platform,” the number of members has been increasing ahead of schedule as a result of the M&A of JTB BENEFIT SERVICE, Inc. Going forward, the Group intends to actively promote infrastructure development, such as large-scale sales promotion investment and system renewal anticipating the improvement of the business environment on a medium- to long-term basis, in order to further increase members’ service use and accelerate member increase.

In the initiative designed to monetize the Settlement business, the Group released the “Kyu-toku Barai” service that utilizes a payroll deduction scheme while promoting the development of member shops/stores/restaurants. However, it is taking time to increase members’ service use. Going forward, the Group plans to monetize the Settlement business as soon as possible by promoting the improvement of large-scale killer content in parallel with increasing the number of affiliated services.

Moreover, the Group intends to decrease the unit membership fee for the employee benefit service in the future, using the settlement fee revenue as a resource. The Group will make further efforts to increase its members and expand its service distribution.

The Group will make efforts to further increase the ordinary income margin and return on equity capital (ROE), while aiming at a high growth, by promoting these initiatives as the core strategy and by simultaneously promoting initiatives for the improvement of the operational efficiency such as the utilization of the external workforce in the development of customers and member shops/stores/restaurants and the reduction of in-company man-hours by automating operations.

4. Important business contracts, etc.

(Acquisition of the shares of JTB BENEFIT SERVICE, Inc., and business partnership with JTB Corp.)

At the Board of Directors meeting held on August 30, 2021, the Company resolved to acquire all shares of JTB BENEFIT SERVICE, Inc. and make it a subsidiary, and signed a share transfer agreement as of the same date.

For details, please refer to (Matters related to business combination, etc.) in "I-5. Status of accounting, 1. Consolidated financial statements, Matters to be set down in notes."

Taking this opportunity, the Company also signed a business partnership contract with JTB Corp. (hereinafter, "JTB") as of the same date and started collaboration on April 1, 2022, taking advantage of the two companies' services and customer networks.

In this collaboration, JTB's corporate sales departments across Japan will propose the Company's employee benefit service "Benefit Station" and "Incentive Point" while the Company will propose JTB's MICE (Note) and travel-based solutions, such as workcation, promotions, and digital solutions, to respective corporate customers.

By promoting each other's sales activities, the Company will develop and propose solutions that take advantage of the strengths of the two companies, such as health tourism programs combining the Company's healthcare services and JTB's travel services.

In addition, the Company will offer members-only benefit services that are available at JTB offices and its approx. 640 comprehensive affiliated offices (as of March 1, 2022).across Japan to more than 10 million members who use the membership employee benefit service "Benefit Station."

Note: MICE is a coined word that is an acronym for Meeting (meeting/training), Incentive (reward), Convention (international/academic convention), Exhibition or Event.

(Syndicated loan contract)

At the Board of Directors meeting held on September 30, 2021, the Company resolved to conclude a syndicated loan contract arranged by Sumitomo Mitsui Banking Corporation and signed the contact on October 18, 2021.

1. Reason for the conclusion of the syndicated loan contract

   The loan contract was concluded to acquire the shares of JTB BENEFIT SERVICE, Inc. and to pay for related expenses.

2. Outline of the syndicated loan contract

   (1) Arranger/Agent: Sumitomo Mitsui Banking Corporation
   (2) Execution date: October 29, 2021
   (3) Amount: ¥10 billion
   (4) Interest rate: Fixed interest rate
   (5) Due date: September 30, 2031
   (6) Repayment method: Equal principal repayment
   (7) Participating financial institutions: Total of five financial institutions including Sumitomo Mitsui Banking Corporation
   (8) Collateral: Yes (shares of JTB BENEFIT SERVICE, Inc.)

5. R&D activities

Not applicable.

I-3. Status of equipment

1. Outline of capital investment, etc.

In the current consolidated fiscal year, the Company invested in system development for HRDX promotion, system hardware, etc.

Capital investment, etc. totaled ¥3,382 million in the current consolidated fiscal year. (Long-term prepaid expenses are included. Consumption tax, etc. are not included in the amount.)

2. Status of major equipment

(1) Reporting company

Major equipment and employees of the Company as of March 31, 2022 are as follows:

Business site (Location)	Segment	Equipment	Book value (Millions of yen)							Number of employees (persons)
			Buildings and structures	Land (Area in m^2)	Leased assets	Software	Long-term prepaid expenses	Other	Total	
Head Office (Chiyoda-ku, Tokyo)	Membership service business Other	Business site equipment Business systems	4	-	58	2,094	24	33	2,216	369 (55)
Matsuyama Operation Center (Matsuyama City, Ehime Prefecture)	Membership service business Other	Business site equipment	224	370 (1,818.20)	39	-	-	7	641	270 (267)
Directly-managed facility (Hakone-machi, Ashigarashimo-gun, Kanagawa Prefecture)	Membership service business	Lodging facility	46	139 (10,347.04)	-	-	-	6	193	-
Directly-managed facility (Tateyama City, Chiba Prefecture)	Membership service business	Lodging facility	73	44 (1,044.34)	-	-	-	0	118	-

Note 1: The above amounts do not include consumption tax, etc.
Note 2: Currently, there is no idle equipment.
Note 3: “Other” under “Book value” represents “Machinery and equipment,” “Vessels,” and “Tools, furniture, and fixtures.”
Note 4: Book value does not include the amount reported as “Construction in progress” or “Software in progress.”
Note 5: The number in parentheses in the “Number of employees” column represents the average number of contract employees and part-timers during the year.

(2) Subsidiaries in Japan

Major equipment and employees of the Company’s subsidiaries in Japan as of March 31, 2022 are as follows:

Company name (Location)	Segment	Equipment	Book value (Millions of yen)							Number of employees (persons)
			Buildings and structures	Land (Area in ㎡)	Leased assets	Software	Long-term prepaid expenses	Other	Total	
JTB BENEFIT SERVICE, Inc. (Koto-ku, Tokyo)	Membership service business	Business site equipment Business systems	6	-	0	261	-	108	376	169 (8)

Note 1: The above amounts do not include consumption tax, etc.
Note 2: Currently, there is no idle equipment.
Note 3: “Other” under “Book value” represents “Tools, furniture, and fixtures.”
Note 4: Book value does not include the amount reported as “Construction in progress” or “Software in progress.”
Note 5: The number in parentheses in the “Number of employees” column represents the average number of contract employees and part-timers during the year.

(3) Overseas subsidiaries

Company name (Location)	Segment	Equipment	Book value (¥ Mil)							Number of employees (persons)
			Buildings and structures	Land (Area in m^2)	Leased assets	Software	Long-term prepaid expenses	Other	Total	
REWARDZ PRIVATE LIMITED (Singapore)	Membership service business	Business site equipment Business systems	-	-	3	136	-	0	140	9 (-)

Note 1: Currently, there is no idle equipment.
Note 2: “Other” under “Book value” represents “Tools, furniture, and fixtures.”
Note 3: Book value does not include the amount reported as “Construction in progress” or “Software in progress.”
Note 4: The number in parentheses in the “Number of employees” column represents the average number of contract employees and part-timers during the year.

3. Plans for new equipment, equipment retirement, etc.

(1) Important new equipment, etc.

Company name	Business site (Location)	Segment	Equipment	Investment plan amount		Financing method	Start month/year	Scheduled completion month/year
				Total amount (Millions of yen)	Paid amount (Millions of yen)			
Reporting company	Head Office (Chiyoda-ku, Tokyo)	Membership service business Other	Business systems (Note 1)	6,400	4,200	Funds on hand	April 2020	March 2023

Note 1: This includes hardware investment and long-term prepaid expenses related to business systems.
Note 2: The above amounts do not include consumption tax, etc.
Note 3: The above investment plan amount includes a part of the amount that is not included in assets and will possibly be processed as an expense.

(2) Retirement of important equipment, etc.

Not applicable.

I-4. Status of the reporting company

1. Status of shares, etc.

(1) Total number of shares, etc.

1) Total number of shares

Class	Total number of authorized shares
Common shares	560,000,000
Total	560,000,000

2) Issued shares

Class	Number of issued share es as of the end of the fiscal year (March 31, 2022)	Number of issued shares as of the date of submission (June 29, 2022)	The financial instruments exchange on which the shares are listed or the association of authorized financial instruments firms to which the shares are registered	Information on shares
Common shares	159,970,000	159,970,000	First Section, Tokyo Stock Exchange (as of the end of the current fiscal year) Prime Market (as of the date of submission)	The number of shares constituting one unit is 100 shares.
Total	159,970,000	159,970,000	-	-

(2) Status of share options, etc.

1) Stock option plan

Not applicable.

2) Rights plan

Not applicable.

3) Status of other share options, etc.

Not applicable.

(3) Status of exercise, etc. of corporate bond certificates, etc. with share option subject to exercise value change

Not applicable.

(4) Transition of the total number of issued shares, share capital, etc.

Date	Increase/ decrease in the total number of issued shares	Balance of the total number of issued shares	Increase/ decrease in share capital (Millions of yen)	Balance of share capital (Millions of yen)	Increase/ decrease in legal capital surplus (Millions of yen)	Balance of legal capital surplus (Millions of yen)
October 1, 2017 (Note 1)	45,144,000	90,288,000	-	1,527	-	1,467
May 18, 2018 (Note 2)	△9,088,000	81,200,000	-	1,527	-	1,467
March 1, 2019 (Note 3)	81,200,000	162,400,000	-	1,527	-	1,467
August 16, 2019 (Note 4)	△1,800,000	160,600,000	-	1,527	-	1,467
November 15, 2019 (Note 5)	△630,000	159,970,000	-	1,527	-	1,467

Note 1: One share was split into two shares for shareholders registered in the shareholder register as of September 30, 2017.

Note 2: The Board of Directors meeting held on May 7, 2018 resolved to cancel a part of treasury shares based on the provisions of Article 178 of the Companies Act, and 9,088,000 treasury shares were canceled on May 18, 2018. As a result, the total number of issued shares decreased by 9,088,000 shares to 81,200,000 shares.

Note 3: One share was split into two shares for shareholders registered in the shareholder register as of February 28, 2019.

Note 4: The Board of Directors meeting held on July 29, 2019 resolved matters regarding the acquisition of treasury shares based on the provisions of the Articles of Incorporation pursuant to the provisions of Article 459, Paragraph 1 of the Companies Act, and also resolved to cancel a part of treasury shares based on the provisions of Article 178 of the Companies Act. Based on the resolution of the Board of Directors, the Company acquired 1,800,000 treasury shares on July 30, 2019 and cancelled 1,800,000 treasury shares on August 16, 2019. As a result, the total number of issued shares decreased by 1,800,000 shares to 160,600,000 shares.

Note 5: The Board of Directors meeting held on October 31, 2019 resolved matters regarding the acquisition of treasury shares based on the provisions of the Articles of Incorporation pursuant to the provisions of Article 459, Paragraph 1 of the Companies Act, and also resolved to cancel a part of treasury shares based on the provisions of Article 178 of the Companies Act. Based on the resolution of the Board of Directors, the Company acquired 630,000 treasury shares on November 1, 2019 and cancelled 630,000 treasury shares on November 15, 2019. As a result, the total number of issued shares decreased by 630,000 shares to 159,970,000 shares.

(5) Status of shares by shareholder

As of March 31, 2022

Category	Status of shares (1 unit = 100 shares)								Status of shares less than one unit (shares)
	Government and local public body	Financial institution	Financial instruments business operator	Other corporations	Foreign corporation, etc.		Individual & other	Total	
					Non-individual	Individual			
Number of shareholders (persons)	-	29	40	63	422	17	13,724	14,295	-
Number of shares held (unit)	-	226,845	10,080	824,898	390,871	134	146,627	1,599,455	24,500
Percentage of shares held (%)	-	14.18	0.63	51.57	24.44	0.01	9.17	100	-

Note 1: Of 450,287 treasury shares, 4,502 units are included in “Individual & other” while 87 shares are included in “Status of shares of less than one unit.”

Note 2: 3,700 units of the Company’s shares held by Custody Bank of Japan, Ltd. (trust account E) for the purpose of the Japanese version of the Employee Stock Ownership Plan (J-ESOP) and the Board Benefit Trust (BBT) are included in “Financial institutions” while 50 shares are included in “Status of shares less than one unit.”

(6) Status of major shareholders

As of March 31, 2022

Name	Address	Number of shares held	Percentage of shares held to the total number of Issued shares (excluding treasury shares) (%)
Pasona Group Inc.	5-1, 1-chome, Marunouchi, Chiyoda-ku, Tokyo	81,210,400	50.91
The Master Trust Bank of Japan Ltd. (Trust account)	11-3, 2-chome, Hamamatsucho, Minato-ku, Tokyo	11,654,100	7.31
SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: Tokyo Branch, The Hongkong and Shanghai Banking Corporation Limited）	One Lincoln Street, Boston, MA, USA, 02111 (11-1, 3-chome, Nihonbashi, Chuo-ku, Tokyo)	7,911,526	4.96
Custody Bank of Japan, Ltd. (Trust account)	8-12, 1-chome, Harumi, Chuo-ku, Tokyo	4,729,500	2.96
THE BANK OF NEWE YORK MELLON SA/NV 10 (Standing proxy: MUFG Bank, Ltd.)	RUE MONTOYERSTRAAT 46, 1000 BRUSSELS, BELGIUM (7-1, 2-chome, Marunouchi, Chiyoda-ku, Tokyo)	2,200,000	1.38
Norio Shiraishi	Hachioji-shi, Tokyo	1,844,600	1.16
Tokio Marine & Nichido Fire Insurance Co., Ltd.	2-1, 1-chome, Marunouchi, Chiyoda-ku, Tokyo	1,600,000	1.00
STATE STREET BANK WEST CLIENT – TREATY 505234 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, USA (Shinagawa Intercity Tower A, 15-1, 2-chome, Konan, Minato-ku, Tokyo)	1,356,500	0.85
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd)	P.O.Box 351 Boston, Massachusetts, 02101, USA (Shinagawa Intercity Tower A, 15-1, 2-chome, Konan, Minato-ku, Tokyo)	1,351,160	0.85
Nippon Life Insurance Company (NLIC) (Standing proxy: The Master Trust Bank of Japan Ltd.)	6-6, 1-chome, Marunouchi, Chiyoda-ku, Tokyo Inside the NLIC Securities Management Dept. (11-3, 2-chome, Hamamatsucho, Minato-ku, Tokyo)	1,280,000	0.80
Total	-	115,137,786	72.18

Note 1: Other than the above, 450,287 treasury shares are held by the Company. (Percentage of the number of shares held to the total number of issued shares: 0.28%)

Note 2: The Company has introduced the Japanese version of the Employee Stock Ownership Plan (J-ESOP) and the Board Benefit Trust (BBT), and Custody Bank of Japan, Ltd. (trust account E) holds 370,050 shares of the Company. The Company's shares held in trust account E are not included in treasury shares.

Note 3: Of the number of shares held by the trust banks above, the number of shares held in connection with trust business are as follows:

Of the number of shares held by the Master Trust Bank of Japan Ltd. (Trust account), 11,588,700 shares are held in connection with trust business.

Of the number of shares held by Custody Bank of Japan, Ltd. (Trust account), 4,642,100 shares are held in connection with trust business.

Note 4: In the change report of the large shareholding report that was made available for public inspection as of October 21, 2021, there is a statement that Tokio Marine & Nichido Fire Insurance Co., Ltd. and its co-shareholder Tokio Marine Asset Management Co., Ltd. hold the following number/percentage of the Company's shares as of October 15, 2021. However, the Company could confirm only the actual number and percentage of shares held by Tokio Marine & Nichido Fire Insurance Co., Ltd. as of March 31, 2022. For this reason, the Company did not include Tokio Marine Asset Management Co., Ltd. in the "Status of major shareholders" above.

The statement in the large shareholding report is as follows:

Name	Address	Number of stock certificates, etc. held (shares)	Percentage of stock certificates, etc. held (%)
Tokio Marine & Nichido Fire Insurance Co., Ltd.	2-1, 1-chome, Marunouchi, Chiyoda-ku, Tokyo	1,600,000	1.00
Tokio Marine Asset Management Co., Ltd.	8-2, 1-chome, Marunouchi, Chiyoda-ku, Tokyo	4,674,000	2.92

(7) Status of voting rights

1) Issued shares

As of March 31, 2022

Category	Number of shares	Number of voting rights	Information
Non-voting shares	-	-	-
Shares with restricted voting right (treasury shares, etc.)	-	-	-
Shares with restricted voting right (Other)	-	-	-
Shares with voting rights (treasury shares, etc.)	(Shares owned by the Company) Common shares 450,200	-	-
Shares with voting rights (Other)	Common shares 159,495,300	1,594,953	—
Shares less than one unit	Common shares 24,500	-	-
Total number of issued shares	159,970,000	-	-
Voting rights of all shareholders	-	1,594,953	-

Note 1: Common shares in the “Shares with voting rights (Other)” column include 370,000 shares of the Company (the number of voting rights: 3,700) held by the Japanese version of the Employee Stock Ownership Plan (J-ESOP) and the Board Benefit Trust (BBT).

Note 2: Common shares in the “Shares less than one unit” column include 87 treasury shares held by the Company and 50 shares of the Company held by the Japanese version of the Employee Stock Ownership Plan (J-ESOP) and the Board Benefit Trust (BBT).

2) Treasury shares, etc.

As of March 31, 2022

Name of the shareholder	Address of the shareholder	Number of treasury shares held	Number of non-treasury shares held	Total number of shares held	Percentage of shares held to the total number of issued shares (%)
(Shares owned by the Company) Benefit One Inc.	6-2, 2-chome, Otemachi, Chiyoda-ku, Tokyo	450,200	-	450,200	0.28
Total	-	450,200	-	450,200	0.28

Note 1: 370,000 shares of the Company (0.23%) held by the Japanese version of the Employee Stock Ownership Plan (J-ESOP) and the Board Benefit Trust (BBT) are not included in the above treasury shares.

Note 2: Other than the above, the Company holds 87 shares as treasury shares less than one unit.

(8) Information on the Officer/employee stock ownership plan

1) Introduction of the Japanese version of the Employee Stock Ownership Plan (J-ESOP) for employees

Based on the resolution at the Board of Directors meeting held on July 28, 2016, the Company introduced an incentive plan, the Japanese version of the Employee Stock Ownership Plan (J-ESOP) (hereinafter, the “J-ESOP scheme”), on September 2, 2016 for the purpose of enhancing employees’ motivation and morale for higher stock price and performance. In this scheme, treasury shares are allocated to employees of the Company and Officers and employees of the Company’s subsidiaries (hereinafter, “Employees, etc.”).

i) Outline of the J-ESOP scheme

The Company established the Stock Benefit Regulations when it introduced the J-ESOP scheme. Based on the

Stock Benefit Regulations, the Company entrusted money to trust banks in order to acquire in advance shares to be allocated in the future, and trust banks acquired the Company’s shares using the entrusted money.

In the J-ESOP scheme, the Company grants points to Employees, etc. and allocates shares to Employees, etc. according to their points based on the Stock Benefit Regulations.

ii) Total number of shares to be allocated to Employees, etc.

212,130 shares

iii) Scope of persons who are entitled to beneficiary rights and other rights under the J-ESOP scheme

Persons who satisfy the beneficiary requirements specified in the Stock Benefit Regulations.

2) Introduction of the Board Benefit Trust (BBT) for Directors

Based on the resolution at the General Meeting of Shareholders held on June 29, 2016, the Company introduced the Board Benefit Trust (BBT) (hereinafter, the “BBT scheme”) on September 2, 2016 as a performance-linked stock-based remuneration system for Directors (limited to Executive Directors)

At the General Meeting of Shareholders held on June 25, 2019, the Company resolved to abolish the previous remuneration slot in the previous BBT scheme for Directors in a Company with a Board of Company Auditors, primarily for the transition to a Company with an Audit and Supervisory Committee, and also resolved to set a new remuneration slot for performance-linked stock-based remuneration for Directors (excluding Directors serving as Audit and Supervisory Committee Members and limited to Executive Directors; the same applies hereinafter).

At the General Meeting of Shareholders held on June 24, 2021, the Company resolved to set a new remuneration slot again for performance-linked stock-based remuneration for Directors in response to the enforcement of the Act Partially Amending the Companies Act (Act No. 70 of 2019) on March 1, 2021.

i) Outline of the BBT scheme

The Company established the Officer Stock Benefit Regulations when it introduced the BBT scheme. Based on the Officer Stock Benefit Regulations, the Company entrusted money to trust banks in order to acquire in advance shares to be allocated in the future, and trust banks acquired the Company’s shares using the entrusted money.

In the BBT scheme, the Company grants points to Directors and allocates shares to Directors according to their points based on the Officer Stock Benefit Regulations.

ii) Total number of shares to be allocated to Directors

157,920 shares

iii) Scope of persons who are entitled to beneficiary rights and other rights under the BBT scheme

Of those who have resigned from the Director position, persons who satisfy the beneficiary requirements specified in the Officer Stock Benefit Regulation.

2. Status of the acquisition of treasury shares, etc.

[Class of shares, etc.] Acquisition of common shares based on Article 155, Paragraphs 3 and 7 of the Companies Act

(1) Status of acquisition based on a resolution of the General Meeting of Shareholders

Not applicable.

(2) Status of acquisition based on a resolution of the Board of Directors

Category	Number of shares	Total value (Millions of yen)
Resolution at the Board of Directors meeting (May 10, 2022) (Acquisition period: May 12, 2022 to June 10, 2022)	800,000	1,500
Treasury shares acquired before the current fiscal year	-	-

Treasury shares acquired in the current fiscal year	-	-
Total number of remaining shares resolved and total value	800,000	1,500
Unexercised ratio as of the end of the current fiscal year (%)	100.0	100.0
Treasury shares acquired in the current period	779,100	1,499
Unexercised ratio as of the date of submission (%)	2.6	0.0

(3) Acquisition that are not based on a resolution of the General Meeting of Shareholders or the Board of Directors

Category	Number of shares	Total value (Millions of yen)
Treasury shares acquired in the current fiscal year	44	0
Treasury shares acquired in the current period	30	0

Note: Treasury shares acquired in the current period do not include the number of shares less than one unit sold based on a buy-out request or a request for additional purchase made between June 1, 2022 and the date of submission of the annual securities report.

(4) Status of disposal and holding of acquired treasury shares

Category	Current fiscal year		Current period	
	Number of shares	Total disposal value (Millions of yen)	Number of shares	Total disposal value (Millions of yen)
Acquired treasury shares for which subscribers were solicited	-	-	-	-
Acquired treasury shares that were cancelled	-	-	-	-
Acquired treasury shares that were transferred as a result of merger, share exchange, share issuance, or company split	-	-	-	-
Other (Additional contribution to the Japanese version of the Employee Stock Ownership Plan (J-ESOP)) (Note 3) (Additional contribution to the Board Benefit Trust (BBT)) (Note 4)	14,500 3,500	27 6	- -	- -
Number of treasury shares held	450,287	-	1,229,417	-

Note 1: 370,050 shares of the Company held by the Japanese version of the Employee Stock Ownership Plan (J-ESOP) and the Board Benefit Trust (BBT) are not included in the above number of treasury shares held.
Note 2: The number of treasury shares held in the current period do not include the number of shares less than one unit sold based on a buy-out request or a request for additional purchase made between June 1, 2022 and the date of submission of the annual securities report.
Note 3: At the Board of Directors meeting held on February 1, 2022, the Company resolved on the disposal of treasury shares through third-party allotment for an additional contribution to the Japanese version of the Employee Stock Ownership Plan (J-ESOP) and disposed of 14,500 treasury shares through third-party allotment on February 16, 2022.
Note 4: At the Board of Directors meeting held on February 1, 2022, the Company resolved on the disposal of treasury shares through third-party allotment for an additional contribution to the Board Benefit Trust (BBT) and disposed of 3,500 treasury shares through third-party allotment on February 16, 2022.

3. Dividend policy

The Company has a basic policy of paying annual dividends of surplus as the year-end dividend and specifies in the Articles of Incorporation that it may pay dividends of surplus, etc. by a resolution of the Board of Directors based on the provisions of Article 459, Paragraph 1 of the Companies Act.

With regard to profit allocation, the Company is willing to make efforts for a continuous and stable dividend growth in consideration of income status in each fiscal year, business development and investment plan in the future, etc. with the target of 10% or more dividend on equity ratio and 70% or more consolidated payout ratio.

The dividend for the current fiscal year is ¥36.0 per share as planned and announced. Regarding the acquisition of treasury shares, the Company makes a comprehensive decision as one of the measures for return to shareholders in consideration of the impact on the financial status, stock supply and demand balance, etc. and acquired 779,100 shares in the period from May 12, 2022 to June 8, 2022 (acquisition cost: ¥1,499 million).

As for retained earnings, the Company intends to increase its profitability by using retained earnings for IT investment aimed at integrating business infrastructure, improving the service quality, saving operational labor, etc., as well as for investment in new businesses, M&A investment, etc. while improving business foundations.

The Company specifies in the Articles of Incorporation that it may pay interim dividends by a resolution of the Board of Directors, setting September 30 every year as the reference date.

Note: Dividends of surplus for the current fiscal year to which the reference date belongs are as follows:

Resolution date	Total amount of dividend (Millions of yen)	Dividend per share (Yen)
May 10, 2022 Resolved by the Board of Directors	5,742	36.0

4. Status of corporate governance, etc.

(1) Outline of corporate governance

(Basic policy on corporate governance)

Recognizing the importance of corporate management based on the compliance with laws, regulations, etc., the Company positions making management decisions promptly in response to the changing socioeconomic environment, improving the soundness of management, and eventually increasing the shareholder value as its high-priority management challenges.

To achieve these, the Company intends to establish a good relationship with stakeholders, including communities and employees, in addition to shareholders and business partners, and to improve corporate governance while further strengthening, improving, and developing legal functions and systems including the General Meeting of Shareholders, the Board of Directors, the Audit and Supervisory Committee, and financial auditors.

The Company will also make efforts to promptly disclose accurate information to shareholders and investors to increase the management transparency.

(Outline of the corporate governance system and reasons for adopting the system)

The Company is a Company with an Audit and Supervisory Committee, aiming to strengthen the audit and supervisory functions of the Board of Directors, further increase the effectiveness of corporate governance, and improve the management efficiency by promoting prompt decision-making through authority delegation to Executive Directors.

Major internal control-related organizations of the Company are as follows:

1) Board of Directors

The Board of Directors discusses and decides important business matters as the decision-making body for the execution of operations and supervises Directors' execution of operations. As of the date of submission, the Board of Directors is composed of four Directors who are not serving as Audit and Supervisory Committee Members (Ms. Junko Fukasawa, Mr. Norio Shiraishi, Ms. Hideyo Tanaka, and Mr. Kenji Ozaki) and four Directors serving as Audit and Supervisory Committee Members (Mr. Takuo Umekita, Mr. Nobuyasu Kubo, Mr. Toshiaki Hamada, and Mr. Tomonori Fujiike).

Of the four Directors who are not serving as Audit and Supervisory Committee Members, two are males and the other two are females. All the four Directors serving as Audit and Supervisory Committee Members are males.

Of the four Directors serving as Audit and Supervisory Committee Members, Mr. Nobuyasu Kubo, Mr. Toshiaki Hamada, and Mr. Tomonori Fujiike are Outside Directors who satisfy the independence criteria set forth by the Company. The Board of Directors' monitoring function is strengthened as Independent Outside Directors account for over one-third of the board members.

The Board of Directors is chaired by the President.

2) Audit and Supervisory Committee

The Audit and Supervisory Committee audits the status of the execution of the duties by the Directors, etc. and, in cooperation with financial auditors and the internal audit department, makes efforts so that audits will be effectively conducted. As of the date of submission, the Audit and Supervisory Committee is composed of four members (Mr. Takuo Umekita, Mr. Nobuyasu Kubo, Mr. Toshiaki Hamada, and Mr. Tomonori Fujiike).

Of the four Directors serving as Audit and Supervisory Committee Members, Mr. Takuo Umekita is a full-time Audit and Supervisory Committee member. Mr. Nobuyasu Kubo, Mr. Toshiaki Hamada, and Mr. Tomonori Fujiike are Outside Directors. All three Outside Directors are designated as independent Directors.

The Audit and Supervisory Committee is chaired by the full-time Audit and Supervisory Committee member.

3) Nomination and Compensation Committee

The Nomination and Compensation Committee aims to improve corporate governance by increasing the fairness, transparency, and objectivity of the procedures related to the nomination, remuneration, etc. of Directors and by ensuring the independence of the Company from controlling shareholders. In response to a consultation by the Board of Directors, the committee deliberates matters regarding the nomination, remuneration, etc. of Directors and matters regarding the necessity and appropriateness of related party transactions. The Board of Directors makes decisions after receiving reports and advice from the committee.

The Nomination and Compensation Committee is comprised of only Independent Outside Directors who satisfy the independence criteria set forth by the Company. As of the date of submission, the Nomination and Compensation Committee is composed of three members (Mr. Tomonori Fujiike, Mr. Nobuyasu Kubo, and Mr. Toshiaki Hamada)

The Nomination and Compensation Committee is chaired by Mr. Tomonori Fujiike.

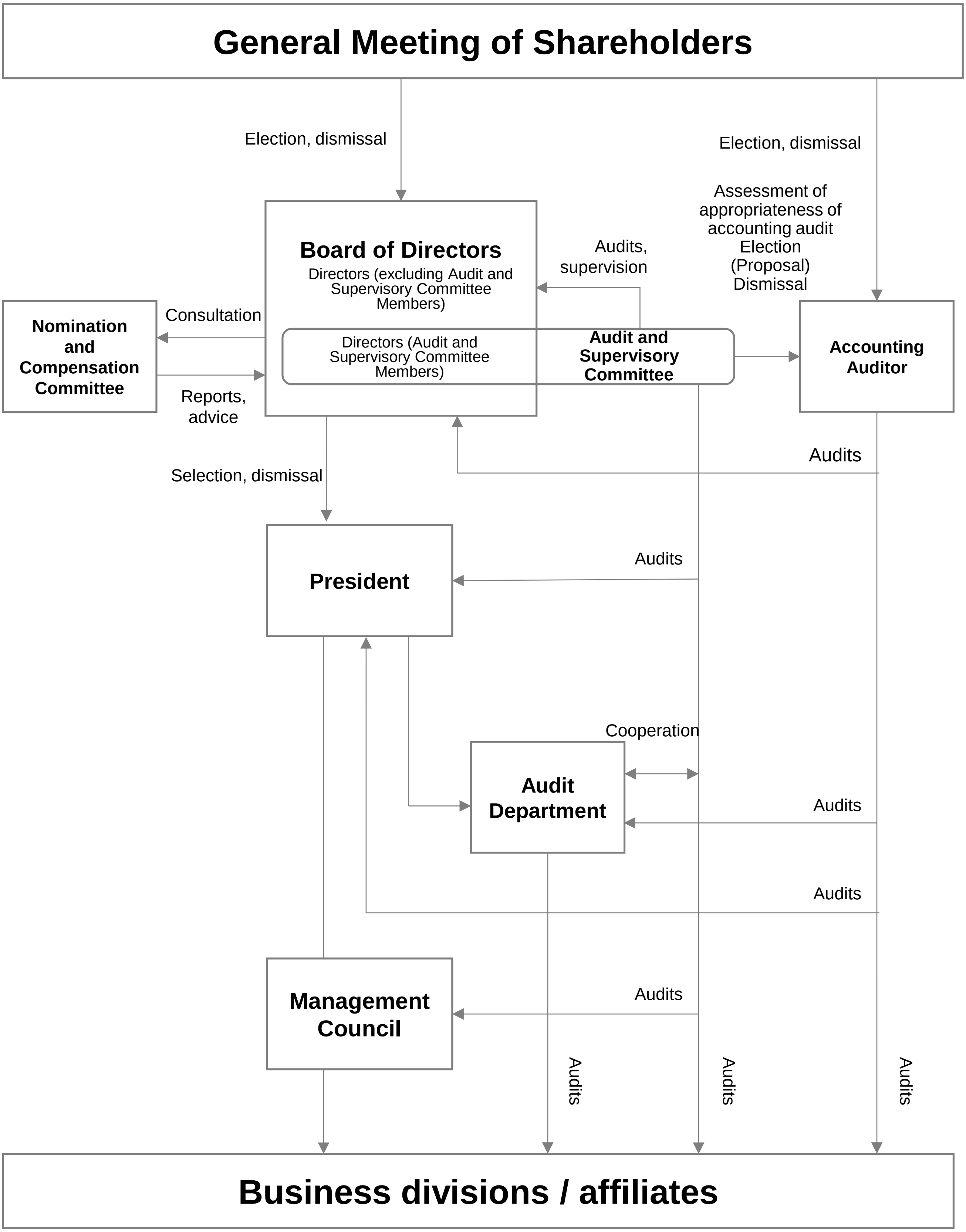
4) Management Council

The Management Council meeting is held every week, in principle, to make decisions promptly and efficiently on important matters having a companywide impact and to deliberate and report agenda items of the Board of Directors. As of the date of submission, the Management Council is composed of four full-time Directors (Mr. Norio Shiraishi, Ms. Hideyo Tanaka, Mr. Kenji Ozaki, and Mr. Takuo Umekita) and nine titled Executive Officers (Mr. Ichiro Nakamura, Mr. Yoshihisa Takita, Ms. Masako Kuse, Mr. Kiyoshi Koga, Mr. Takio Sudo, Mr. Tsuyoshi Saito, Mr. Akira Arimura, and Mr. Hidefumi Matsufuji, and Mr. Hirokazu Tanaka)

The Management Council is chaired by the President.

The Company's corporate governance chart is shown below.

Corporate Governance Structure



(Basic policy on the internal control system)

The Company recognizes that developing and improving the internal control system and ensuring the effective operation of the system are essential when it aims at sound corporate management. The Company has established the group's code of conduct in order to promote efficient and legitimate management activities while considering the characteristics of the Company's business and resulting risk. The Company is making efforts to cultivate sound corporate culture by establishing a structure, based on the code of conduct, for the development of human resources and the appropriate supervision of the execution of operations.

(Development and operation of the internal control system)

1) System to ensure that the execution of the duties by the Directors of the Company and its subsidiaries complies with laws, regulations, and the Articles of Incorporation.

[System]

A. The Company has established the compliance manual to set forth the code of conduct applicable to the Officers and employees of the group and provides compliance training to all Officers and employees every year to prevent the violation of laws, regulations, or the Articles of Incorporation.

B. The Board of Directors and the Management Council deliberate and make decisions on the execution of operations. Agenda items are appropriately submitted to these bodies based on regulations that specify such items.

C. The Company elects Outside Directors who do not have interest in the Company and strengthens the mutual monitoring and supervisory functions of the Directors.

[Status of development and operation]

A. The Company reviews/revises the compliance manual, as appropriate, considering the changes of laws, regulations, and the content of business, and posts it on the in-house website to enable all Officers and employees to view the manual at any time and to promote the manual to all. In addition, the Company conducts compliance training for all Officers and employees once every year.

B. The internal control system is appropriately operated in accordance with the provisions of the Board of Directors Regulations, the Organization Regulations, and the Detailed Regulations for Management Council Operation.

C. Three Outside Directors who do not have interest in the Company are elected, and the Audit and Supervisory Committee and the Board of Directors discuss matters from various perspectives, including ethicality and legality.

2) System for the retention and management of information on the execution of the duties by Directors

[System]

Each department in charge appropriately records, stores, and manages information on the execution of duties by Directors pursuant to laws, regulations, and relevant regulations.

[Status of development and operation]

The system is developed and operated as described in 2) [System] above.

3) Regulations and other systems related to the management of the Company and its subsidiaries' risk of loss

[System]

A. The Company's risk management system prevents risk that could have a significant impact on management and tries to minimize possible damage by clarifying the department responsible for risk management in accordance with the Basic Risk Management Regulations and by establishing the Risk Management Committee chaired by the responsible Officer. As for the subsidiaries' risk management, the Company concludes a business management contract with the subsidiaries in accordance with the Associated Company Management Regulations, which specifies important matters that require prior discussion. The subsidiaries promptly report to the Company when an important fact arises or is expected to arise. Thus, the Company centrally manages risk.

B. The Management Council meeting is held every week with the attendance of full-time Officers and titled Executive Officers for the early comprehension of the status of the execution of operations and for prompt response. The Management Council reports important matters to the Board of Directors.

C. The Audit Department audits the effectiveness of internal control.

[Status of development and operation]

A. As described in 3) [System] A. above, the Company manages risk in accordance with the Basic Risk Management Regulations and the Associated Company Management Regulations.

B. The Management Council meeting is held every week, in principle. Each person responsible for the execution of operations reports the status of the execution of operations while the Management Council takes prompt measures and reports important matters to the Board of Directors.

C. The Audit Department audits the effectiveness of internal control and reports the results to the Board of Directors.

4) System to ensure the efficient execution of the duties by the Directors of the Company and its subsidiaries
[System]
A. The Board of Directors Regulations specify the matters to be resolved by and reported to the Board of Directors while the Regulations on Official Authority and the Division of Duties clarify approval authority.
B. The Company concludes a business management contract with the subsidiaries in accordance with the Associated Company Management Regulations, which specify important matters that require prior discussion. The subsidiaries promptly report to the Company when an important fact arises or is expected to arise.
C. The Management Council meeting is held every week with the attendance of full-time Officers and titled Executive Officers for the early comprehension of the status of the execution of operations and for prompt response. The Management Council reports important matters to the Board of Directors.
[Status of development and operation]
A. The Company operates the system in accordance with the Board of Directors Regulations, the Regulations on Official Authority and the Division of Duties, and relevant regulations. Important matters are carefully discussed and matters with delegated authority are promptly decided to improve the efficiency.
B. The Company concludes a business management contract with the subsidiaries in accordance with the Associated Company Management Regulations. With the Corporate Planning Division responsible for the control of the subsidiaries, the Company discusses the subsidiaries' institutional decisions in advance and comprehends the management status of the subsidiaries.
C. The system is developed and operated as described in 4) [System] C. above.

5) System to ensure that the execution of the duties by the Company's employees and the subsidiaries' Directors, employees, etc. complies with laws, regulations, and the Articles of Incorporation
[System]
A. The Company has established the compliance manual to set forth the code of conduct applicable to the Officers and employees of the group and provides compliance training to all Officers and employees every year to prevent the violation of laws, regulations, or the Articles of Incorporation.
B. The Company has established the Compliance Committee as a permanent organization. The committee deliberates important compliance matters of the Company and its subsidiaries and decides matters related to measures including enlightenment, education, etc. within the Company.
C. Based on the Internal Audit Regulations, the Audit Department under the direct control of the President audits the legality of the operations performed by the Company and its subsidiaries.
D. Based on the Compliance Hotline Regulations, the Company prevents or stops the violation of laws, regulations, company rules, ethics, etc. within the group by utilizing the internal reporting system, and by doing so, the Company ensures the soundness and legality of the Group's organization management.
[Status of development and operation]
A. The Company reviews/revises the compliance manual, as appropriate, considering the changes of laws, regulations, and the content of business, and posts it on the in-house website to enable all Officers and employees to view the manual at any time and to promote the manual to all. In addition, the Company conducts compliance training for all Officers and employees once every year.
B. The Compliance Committee meeting is held basically every month. The committee deliberates important compliance matters of the Company and its subsidiaries and decides in-company enlightenment measures.
C. The system is developed and operated as described in 5) [System] C. above.
D. The Company has established a system, in which whistleblowers can report to the department in charge or an outside law firm. The Company announces the system on the in-company website that is viewable to all Officers and employees at any time and promotes the contact point through compliance training, etc. for the effective use of the internal reporting system.

6) System to ensure the suitability of business activities in the business group comprised of the Company and its subsidiaries
[System]
In addition to the statement in 1) to 5) above, the Company sends its Directors or company auditors to the subsidiaries and comprehends the subsidiaries' business conditions through the attendance at the Board of Directors meetings and audit by company auditors in order to ensure proper business operations.
[Status of development and operation]
The system is developed and operated as described in 6) [System] above.

7) Particulars related to Directors and employees to assist with the duties of the Audit and Supervisory Committee

[System]

A. Full-time Audit and Supervisory Committee Members effectively collect information and conduct audits in cooperation with the Audit Department.

B. The Company must assign full-time employees or employees who hold another position if requested by the Audit and Supervisory Committee and sufficiently considers the Audit and Supervisory Committee's opinions on specific details, such as the number of employees to be assigned, when assigning personnel.

[Status of development and operation]

The system is developed and operated as described in 7) [System] above.

8) Particulars related to ensuring the independence of the Directors and employees in the preceding paragraph from other Directors of the Company (excluding Directors serving as Audit and Supervisory Committee Members) and the effectiveness of instructions given by the Company's Audit and Supervisory Committee to the Directors and employees

[System]

The Company asks the Audit and Supervisory Committee for its preliminary opinion on personnel affairs related to the Directors and employees mentioned in the preceding paragraph and the employees of the Audit Department, and the Board of Directors respects it.

[Status of development and operation]

The system is developed and operated as described in 8) [System] above.

9) System designed for Directors (excluding Directors serving as Audit and Supervisory Committee Members) and employees of the Company and Directors, company auditors, employees, etc. of the subsidiaries to report to the Audit and Supervisory Committee of the Company, and the system designed to ensure that the person who made the report suffers no disadvantageous treatment for the reason of reporting

[System]

A. Full-time Audit and Supervisory Committee Members attend the Management Council meeting that is held basically every week. Directors and employees of the Company report to the Audit and Supervisory Committee matters related to the business conditions, financial status, compliance of the Company and its subsidiaries, and important business matters including matters related to internal control. The persons responsible for each business division regularly attend the Audit and Supervisory Committee and report the status of the execution of operations and important business matters. In addition, the Audit and Supervisory Committee, the President, and other Executive Directors discuss, as appropriate, and provide necessary management information and business information to the Audit and Supervisory Committee.

B. Based on the Compliance Hotline Regulations, the Company prevents or stops the violation of laws, regulations, company rules, ethics, etc. within the group by utilizing the internal reporting system, and by doing so, the Company ensures the soundness and legality of the Group's organization management. The Compliance Hotline Regulations also set forth that whistleblowers must not be treated disadvantageously for the reason of reporting.

[Status of development and operation]

The system is developed and operated as described in 9) [System] above.

10) Policies concerning the procedures for advance payment or reimbursement of expenses that arise with regard to the execution of the duties of the Audit and Supervisory Committee Members (limited to those related to the execution of the duties of the Audit and Supervisory Committee) or any other processing of expenses or obligations that arise with regard to the execution of those duties, and other systems to ensure that audits by the Audit and Supervisory Committee are performed effectively

[System]

A. The procedures for advance payment or reimbursement of expenses that arise with regard to the execution of the duties of the Audit and Supervisory Committee Members or any other processing of expenses (limited to those related to the execution of the duties of the Audit and Supervisory Committee) or obligations that arise with regard to the execution of those duties are appropriately performed based on an application made by Audit and Supervisory Committee Members.

B. Effective audit is conducted based on the Audit and Supervisory Committee Regulations and the Audit and Supervisory Committee Audit and Supervisory Standards. The head of the Audit Department establishes a close cooperation relationship with the Audit and Supervisory Committee by means such as regularly reporting to the committee, regularly discussing with financial auditors, and ensuring efficient and effective execution of the duties.

[Status of development and operation]

The system is developed and operated as described in 10) [System] above.

11) Basic policy for the elimination of antisocial forces and the status of system development

[System]

The Company and its subsidiaries adopt the basic policy of assuming a resolute attitude toward antisocial forces and blocking any relationship with antisocial forces, and have set forth specific guidelines in the Regulations on the Antisocial Forces Policy and the compliance manual.

[Status of development and operation]

The system is developed and operated as described in 11) [System] above. The Company announces the policy and guidelines on the in-company website that is viewable to all Officers and employees at any time and promotes them through compliance training, etc. The Company regularly cooperates with external specialized institutions, collects and manages information on antisocial forces, and tries to develop and maintain internal systems.

(Outline of a limited liability contract)

(Outline of a limited liability contract with Directors)

The Company sets forth provisions on limited liability contracts with Directors (excluding Executive Directors, etc.) in the Articles of Incorporation. As of the date of submission of the annual securities report, the Company has a contract with Directors Ms. Junko Fukasawa, Mr. Takuo Umekita, Mr. Nobuyasu Kubo, Mr. Toshiaki Hamada, and Mr. Tomonori Fujiike based on the provisions of Article 427, Paragraph 1 of the Companies Act, limiting the Directors' liability pursuant to Article 423, Paragraph 1 of the Act.

The upper limit of the liability amount based on the contract is ¥3.6 million or the amount specified by laws and regulations, whichever is higher. The limited liability applies only when the Directors have acted in good faith and without gross negligence regarding the performance of the duties that caused the liability.

(Outline of the indemnity agreement with Directors)

Not applicable.

(Outline of the Directors and Officers liability insurance contract)

The Company has concluded a directors' and officers' liability insurance contract with an insurance company pursuant to Article 430-3, Paragraph 1 of the Companies Act. The persons covered by the insurance contract are Directors (including Directors serving as Audit and Supervisory Committee Members) and Executive Officers of the Company, and the insured persons do not bear the insurance premium. The insurance contract covers legal expenses, compensation payment, etc. related to any claim for compensation for damages made against the insured persons during the insurance period.

However, in order not to damage the appropriateness of the execution of the duties of the insured persons, there are certain exemptions such that the contract does not cover any damage caused by an act committed by an insured person who recognizes the illegality of such an act.

(Requirements for the resolution of the election of Directors)

Directors serving as Audit and Supervisory Committee Members and other Directors must be elected separately at the General Meeting of Shareholders. Concerning the General Meeting of Shareholders' resolution of electing Directors, the Company specifies in the Articles of Incorporation that the resolution must be made with the attendance of the shareholders who hold one-third or more of the voting rights of the shareholders who can exercise their voting rights and by a majority of the votes. The Articles of Incorporation also provide that the resolution of the election of Directors shall not be affected by cumulative voting.

(Exemption from liability of Directors)

Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, the Company provides in the Articles of Incorporation that it may exempt, by a resolution of the Board of Directors, the liability of Directors (including persons who were a Director) for the negligence of the duties to the limit of laws and regulations. The aim of this is so that Directors can fully play their expected roles in the performance of the duties.

(Requirements for a special resolution by the General Meeting of Shareholders)

Pursuant to the provisions of Article 309, Paragraph 2 of the Companies Act, the Company specifies in the Articles of Incorporation that, concerning the requirements for a special resolution by the General Meeting of Shareholders, the resolution must be made with the attendance of the shareholders who hold one-third or more of the voting rights of the shareholders who can exercise their voting rights and by two-thirds or more of the votes. This is aimed at the smooth operation of the General Meeting of Shareholders by easing the quorum of the General Meeting of Shareholders.

(Decision-making body for dividends of surplus, etc.)

With regard to the matters specified in Article 459, Paragraph 1 of the Companies Act, including dividends of surplus, the Company specifies in the Articles of Incorporation that the Company may determine these matters by a resolution by the Board of Directors unless otherwise provided in laws or regulations.

Pursuant to the provisions of Article 454, Paragraph 5 of the Companies Act, the Company specifies in the Articles of Incorporation that the Company may pay interim dividends, setting September 30 every year as the reference date, by a resolution of the Board of Directors. This is aimed at allowing a flexible return of profit to shareholders.

(Fixed number of Directors)

The Company specifies in the Articles of Incorporation that the number of Directors not serving as Audit and Supervisory Committee Members must be up to 10 and the number of Directors serving as Audit and Supervisory Committee Members must be up to six.

(2) Officers

1) List of Officers

Six males and two females (Female Officers: 25.00%)

Title	Name	Birth date	Biography		Term of office	Number of shares of the Company held
Chairman & Director	Junko Fukasawa	May 28, 1953	Apr. 1974	Joined Mitsui Toatsu Chemicals Inc. (currently Mitsui Chemicals, Inc.)	(Note 3)	-
			Jul. 1978	Joined DENTSU INC.		
			Sep.1981	Joined Temporary Center Inc. (currently Nambu Enterprise Inc.)		
			Jan. 1990	Director, General Manager, Public Relations Department, Temporary Center Inc.		
			Jun. 2000	Senior Managing Executive Officer, General Manager, Human Resources & Planning Headquarters, Pasona Inc.		
			Apr. 2003	President & COO, Pasona Heartful Inc. (current position)		
			Dec. 2007	Senior Managing Director, responsible for Human Resources Division, Public Relations and Advertising Department, General Manager, Social Contribution Department, Pasona Group Inc.		
			Jun. 2015	Senior Managing Director, General Manager, Human Resources & Planning Headquarters, responsible for Social Contribution Department, Pasona Group Inc.		
			Jun. 2017	Chairman & Director, the Company (current position)		
			Aug. 2018	Executive Officer and Vice President/Director, General Manager, Pasona Way Headquarters, responsible for Social Contribution Department, Pasona Group Inc. (current position)		
President & COO, responsible for Audit Department, Marketing Department, and Payment Department, the Company	Norio Shiraishi	Jan. 23, 1967	Aug. 1990	Joined Pasona Japan Inc. (currently Randstad K.K.)	(Note 3)	1,844,600
			Mar. 1996	Established Business Coop Inc. (currently Benefit One Inc.) Director		
			Jun. 2000	President & COO, the Company		
			Jan. 2012	Outside Director, J.S.B. Co., Ltd. (current position)		
			Mar. 2012	Director, Benefit One Solutions Inc.		
			May 2012	Director, Benefit One Health care Inc		
			May 2012	Director, Benefit One Shanghai Inc. (current position)		
			Nov. 2012	Director/Chair of the Board, BENEFIT ONE USA, INC. (current position)		
			Aug. 2013	Director, Pasona Group Inc.		
			Oct. 2013	Director, BENEFIT ONE ASIA PTE. LTD. (currently BENEFIT ONE INTERNATIONAL PTE. LTD.) (current position)		
			Jan. 2014	Director, BENEFIT ONE (THAILAND) COMPANY LIMITED (current position)		
			Dec. 2016	Director, REWARDZ PRIVATE LIMITED (current position)		
			Dec. 2016	Outside Director, Japan Best Rescue System Co., Ltd. (current position)		
			Jun. 2017	Director, PT. BENEFIT ONE INDONESIA (current position)		
			Apr. 2022	President & COO, responsible for Audit Department, Marketing Department, and Payment Department, the Company (current position)		

Title	Name	Birth date	Biography		Term of office	Number of shares of the Company held
Executive Vice-President, responsible for Administration Sector and Information System Division	Hideyo Tanaka	Feb. 7, 1969	Aug. 1991 May 2000 Oct. 2003 Jan. 2005 Mar. 2014 Jun. 2017 Jun. 2019 Apr. 2020 Jun. 2020 Oct. 2021 Apr. 2022	Joined Temporary Center Inc. (currently Nambu Enterprise Inc.) President and Representative Director, Kobe Cruiser Executive Vice President and Representative Director, Medical Associa Inc. President & COO, Medical Associa Inc.長 Retired from Director, Medical Associa Inc. Director, the Company Executive Vice-President, responsible for Human Resources Division, General Affairs Department, Legal Affairs & Compliance Management Department, System Development Division Executive Vice-President, responsible for Human Resources Division, General Affairs Department, Legal Affairs & Compliance Management Department, System Development Division, and DX Platform Promotion Division, General Manager, Healthcare Division (current position) Executive Vice-President, responsible for Human Resources Division, General Affairs Administration Sector and DX Platform Promotion Division, General Manager, Healthcare Division Director, JTB BENEFIT SERVICE, Inc. Executive Vice-President, responsible for Administration Sector and Information System Division (current position)	(Note 3)	—
Managing Director, responsible for Finance and Accounting Department, General Manager, Corporate Planning Division	Kenji Ozaki	Aug. 31, 1972	Apr. 1995 Jul. 2007 Mar. 2008 Apr. 2012 Oct. 2012 Apr. 2013 Jun. 2015 Jan. 2016 Jun. 2016 Dec. 2016 Dec. 2016 Jun. 2019 Oct. 2021	Joined Pasona Inc. (currently Nambu Enterprise Inc.) Executive Officer, General Manager, Corporate Planning Division, Pasona Tech, Inc. Director, Pasona Tech Consulting (Dalian) Co., Ltd. Executive Officer, responsible for Corporate Planning, Administration, Business, IT and CS, General Manager, Corporate Planning Division, Pasona Tech, Inc Director, ARGO Co., Ltd. (currently Pasona Tech, Inc.) Executive Officer, Executive Officer, responsible for Administration and Business Strategy Headquarters, General Manager, Business Strategy Headquarters, Pasona Tech, Inc Director, responsible for Finance and Accounting Department, General Manager, Corporate Planning Division, the Company Audit & Supervisory Board Member, Benefit One Healthcare Inc Managing Director, responsible for Finance and Accounting Department, General Manager, Corporate Planning Division, the Company (current position) Commissioner, PT. BENEFIT ONE INDONESIA (current position) Director, REWARDZ PRIVATE LIMITED (current position) Audit & Supervisory Board Member, Benefit One Shanghai Inc. (current position) Director/Treasurer/CFO, BENEFIT ONE USA, INC. (current position) Director, BENEFIT ONE INTERNATIONAL PTE. LTD. (current position) Audit & Supervisory Board Member, JTB BENEFIT SERVICE, Inc.	(Note 3)	2,000

Title	Name	Birth date	Biography		Term of office	Number of shares of the Company held
Director (full-time Audit and Supervisory Committee Member)	Takuo Umekita	Mar. 18, 1957	Apr. 1981	Joined THE KAGOSHIMA BANK, LTD	(Note 4)	–
			Apr. 1984	Joined the Ministry of Justice Kagoshima District Legal Affairs Bureau		
			Apr. 1986	Ministry of Justice Fukuoka Legal Affairs Bureau		
			Jul. 1989	Joined International Digital Communications Inc. (currently IDC Frontier Inc.)		
			Jul. 2003	General Manager, Legal Affairs Department, Pasona Inc.		
			Dec. 2007	Executive Officer, General Manager, Legal Affairs Department, Pasona Group Inc.		
			Sep. 2008	Executive Officer, General Manager, Legal Affairs Department and General Manager, Internal Control Department, Pasona Group Inc.		
			Aug. 2018	Audit & Supervisory Board Member, Pasona Inc.		
			Jun. 2019	Director and full-time Audit and Supervisory Committee Member, the Company (current position		
Outside Director (Audit and Supervisory Committee Member)	Nobuyasu Kubo	May 21, 1952	Apr. 1975	Joined the Ministry of Home Affairs	(Note 4)	3,300
			Dec. 1993	Deputy Governor, Hiroshima Prefecture		
			Jul. 1999	Attached to the Minister's Secretariat, the Ministry of Home Affairs		
			Jan. 2001	Director, Administration Improvement Division, Local Administration Bureau, the Ministry of Internal Affairs and Communications		
			Jul. 2007	Director-General, Local Public Finance Bureau, the Ministry of Internal Affairs and Communication		
			Jul. 2010	Commissioner of the Fire and Disaster Management Agency, the Ministry of Internal Affairs and Communications		
			Apr. 2014	Director, Local Authorities Satellite Communications Organization (current position)		
			Jun. 2014	Outside Director, the Company		
			Jun. 2018	Outside Director, Yasuda Logistics Corporation		
			Jun. 2019	Outside Director and Audit and Supervisory Committee Member, the Company (current position)		

Title	Name	Birth date	Biography		Term of office	Number of shares of the Company held
Outside Director (Audit and Supervisory Committee Member)	Toshiaki Hamada	Apr. 23, 1955	Apr. 1979 Jul. 1996 Jul. 2000 Jul. 2002 Jul. 2007 Jul. 2010 Aug. 2012 Jul. 2014 Jul. 2015 Jun. 2017 Jun. 2019 May 2022	Joined the Ministry of Finance Director General, JETRO Copenhagen, Japan External Trade Organization Director for Fiscal Investment and Loan Appropriation, Financial Bureau, the Ministry of Finance Director, Paper Industry, Consumer and Recreational Goods, Manufacturing Industries Bureau, the Ministry of Economy, Trade and Industry Director General, Osaka Customs, the Ministry of Finance Assistant Commissioner of Fire and Disaster Management, the Ministry of Internal Affairs and Communications Deputy Director General for Policy Evaluation, Minister's Secretariat, the Ministry of Finance President of National Tax College, National Tax Agency, the Ministry of Finance Retired from the Ministry of Finance Outside Director, the Company Outside Director and Audit and Supervisory Committee Member, the Company (current position) Outside Director, AIT CORPORATION (current position)	(Note 4)	–
Outside Director (Audit and Supervisory Committee Member)	Tomonori Fujiike	Sep. 18, 1967	Oct. 1997 Apr. 2000 Oct. 2005 Feb. 2006 May 2012 Jun. 2012 May 2017 Jun. 2019	Passed the bar examination Registered as an Attorney-at-law (Dai-Ichi Tokyo Bar Association) Joined Yutaka Hori Law Office (currently Hori & Partners) Joined Ashurst London Returned to Yutaka Hori Law Office (currently Hori & Partners) (current position) Outside Audit & Supervisory Board Member, Edia Co., Ltd. Outside Audit & Supervisory Board Member, the Company Outside Director serving as an Audit and Supervisory Committee Member, Edia Co., Ltd. (current position) Outside Director and Audit and Supervisory Committee Member, the Company (current position) Outside Director and Audit and Supervisory Committee Member, Petgo Corporation (current position)	(Note 4)	-
Total						1,849,900

Note 1: Mr. Nobuyasu Kubo, Mr. Toshiaki Hamada, and Mr. Tomonori Fujiike are Outside Directors.
Note 2: The Company has submitted a Notice of Independent Director to Tokyo Stock Exchange, Inc., stating that Mr. Nobuyasu Kubo, Mr. Toshiaki Hamada, and Mr. Tomonori Fujiike are independent Directors.
Note 3: From June 28 2022 to the time of the conclusion of the Annual General Meeting of Shareholders related to the last fiscal year that ends within one year of the election.
Note 4: From June 24, 2021 to the time of the conclusion of the Annual General Meeting of Shareholders related to the last fiscal year that ends within two years of the election.
Note 5: The Company has introduced an Executive Officer system to respond to changes in the business environment promptly and appropriately and to accelerate and strengthen the function of the execution of operations.

(Number of Outside Directors)

The Company has three Outside Directors, who account for over one-third of the total number of Directors.

(Personnel relationship, capital relationship, transaction relationship, or other interest between Outside Directors and the Company)

There is no special interest between the Company and its Outside Directors.

(Policy on the functions and roles played by Outside Directors, standards and policies on independence, and the status of election)

The Company elects Outside Directors having knowledge of legal affairs, compliance, investment and fund allocation, risk management, corporation and organization management, etc. in addition to excellent personality and insight. The Company expects Outside Directors to strengthen the Board of Directors' decision-making function and audit and supervisory function from an independent, objective, and neutral standpoint based on their accumulated experience and insight.

The Company's Outside Officers and Outside Officer candidates satisfy the following independence criteria specified by the Company.

[Independence criteria for the Company's Outside Officers]

- No relative of the Outside Officer within the second degree of kinship is or was an Executive Director of the Group.
- If there is a transaction relationship between the Group and the company to which the Outside Officer currently belongs as an Executive or employee (excluding legal, accounting, or tax professional services), the transaction amount must be 1% or less of the Company's consolidated sales.
- If the Outside Officer, as a legal, accounting, or tax professional or a consultant, directly receives remuneration (excluding remuneration received as an Officer of the Company and remuneration paid to the institution or office to which the Outside Officer belongs) from the Group, the amount of annual remuneration in the past three fiscal years must be ¥5 million or less.
- If the institution or office to which the Outside Officer belongs provides legal, accounting, or tax professional services to the Group, the amount of annual remuneration in the past three fiscal years must be ¥10 million or less.
- The Outside Officer must not be an Executive of an organization that received a donation, etc. of over ¥10 million per year from the Group in the past three fiscal years.

(Mutual coordination among supervision or audit by Outside Directors, internal audit, audit by the Audit and Supervisory Committee, and accounting audit, and the relationship with the internal control department)

Audit and Supervisory Committee Members perform audit operations in close cooperation with financial auditors, such as receiving an explanation on the accounting audit plan from financial auditors, discussing the plan, regularly receiving an explanation on audits, and exchanging opinions.

The Company has established a system, in which the Audit Department, which is the Company's internal audit department, conducts audits from a standpoint that is completely independent from other administration and operation departments as an organization under the direct control of the President, and directly reports the status of audits and improvement measures to the President, Audit and Supervisory Committee Members, and the Audit and Supervisory Committee. The head of the Audit Department attends the Audit and Supervisory Committee meeting, which is held basically every month, and closely exchanges information by means such as reporting the status of internal audits and audit results.

The Company's internal control departments, namely, the Audit Department, the Finance and Accounting Department, the Corporate Planning Division, the Legal and Compliance Control Division, the General Affairs Department, etc. have established and operate the internal control system in cooperation with the concerned departments. These departments are responsible for the timely and appropriate disclosure of all information including financial reports, the effectiveness and efficiency of the execution of operations, risk management, matters related to compliance, internal audit, etc. The head of the Audit Department regularly reports the status of internal control to the Board of Directors, the Audit and Supervisory Committee, etc., and exchanges opinions.

(3) Status of audit

(Status of audit by the Audit and Supervisory Committee)

The Company's Audit and Supervisory Committee is composed of four members (one full-time member and three Outside Directors serving as Audit and Supervisory Committee Members).

The committee held 13 meetings in the current fiscal year. The attendance status of each member is shown below.

Title	Name	Held/Attended
Director (Full-time Audit and Supervisory Committee Member)	Takuo Umekita	13/13
Outside Director (Audit and Supervisory Committee Member)	Nobuyasu Kubo	13/13
Outside Director (Audit and Supervisory Committee Member)	Toshiaki Hamada	13/13
Outside Director (Audit and Supervisory Committee Member)	Tomonori Fujiike	13/13

Major agenda items of the Audit and Supervisory Committee include the development of audit policies and audit plans; the status of the execution of operations by Directors, Executive Officers, etc.; the status of the development and operation of the internal control system; and the evaluation of financial auditors. In addition, the committee and the President exchange opinions on the current status of business, future management strategies, etc., as appropriate.

The full-time Audit and Supervisory Committee member monitors the overall status of the execution of operations by attending important meetings such as the meetings of the Management Council, the Compliance Committee; listening to the opinions of Directors, employees, etc. about the execution of the duties; reading important documents, forms, etc.; and performing audit activities including regular meetings with the Audit Department.

Outside Directors serving as Audit and Supervisory Committee Members attend important meetings such as the meetings of the Audit and Supervisory Committee and the Board of Directors, and express opinions from an independent, objective standpoint based on their abundant experience and professional perspectives.

(Status of internal audit)

The Audit Department (comprised of six members) under the direct control of the President audits business activities of the departments of the Company and associated companies, as well as the status of the operation of systems, in light of the business purpose based on the Internal Audit Regulations. The department verifies and assesses compliance with the management policies, regulations, and other business systems and standards, as well as the adequacy and efficiency of business activities and their management and conducts internal audits for the purpose of improving business operations and the management efficiency through guidance, advice, and recommendation. The department also checks the status of the establishment and operation of the internal control system.

(Mutual coordination among the internal audit, audit by the Audit and Supervisory Committee, and accounting audit, and the relationship between audit and the internal control department)

Mutual coordination among the internal audit, audit by the Audit and Supervisory Committee, and accounting audit, and the relationship between these audits and the internal control department are described in "I-4. Status of the reporting company, 4. Status of corporate governance, etc., (2) Officers (Mutual coordination among supervision or audit by Outside Directors, internal audit, audit by the Audit and Supervisory Committee, and accounting audit, and the relationship with the internal control department)."

(Status of accounting audit)

1) Name of the auditing firm

Deloitte Touche Tohmatsu LLC

2) Continuous audit period

15 years

3) Name of the certified public accountants who performed the duties

Designated limited liability partner, Engagement partner: Takuya Nagashima

Koji Kusano

Note: The number of continuous audit years is omitted because the period is shorter than seven years for all

4) Assistants for audit operations, etc.

Certified public accountants: 8 persons

Other: 8 persons

Note: "Other" includes persons who have passed the certified public accountant examination and persons subject to system audit.

5) Policies and reasons for choosing the auditing firm

The Company's Audit and Supervisory Committee confirms, based on the Practical Guidelines for Company Auditors, etc. on the Evaluation of Financial Auditors and the Development of Selection Criteria published by the Japan Audit & Supervisory Board Members Association, the status of quality management by financial auditors, independence and expertise, properly developed audit systems, and the reasonableness and suitability of the specific audit plan and audit fees. The committee comprehensively assesses financial auditors based on their audit performance in the past, etc. and makes a judgment on the selection.

If financial auditors are recognized as falling under any item of Article 340, Paragraph 1 of the Companies Act, the Audit and Supervisory Committee will dismiss them with the consent of all members of the committee. If there is any problem in the execution of the duties of financial auditors or if it is judged as necessary, the Audit and Supervisory Committee will propose the dismissal or refusal of reelection of financial auditors to the General Meeting of Shareholders.

6) Assessment of the auditing firm by the Audit and Supervisory Committee

As a result of assessing financial auditors based on the Company's selection policy items, including the quality management system, independence, and communication with the management, Audit and Supervisory Committee Members, and the finance and accounting department, the Company's Audit and Supervisory Committee made a comprehensive judgment that the accounting audit was properly conducted.

(Audit fees, etc.)

1) Remuneration for certified public accountants, etc. involved in audit

Category	Previous consolidated fiscal year		Current consolidated fiscal year	
	Remuneration based on audit and attestation services (Millions of yen)	Remuneration based on non-audit operations (Millions of yen)	Remuneration based on audit and attestation services (Millions of yen)	Remuneration based on non-audit operations (Millions of yen)
Reporting company	32	-	48	-
Consolidated subsidiary	-	-	-	-
Total	32	-	48	-

2) Remuneration for organizations that belong to the same network as the certified public accountants, etc. involved in the audit (excluding 1))

Previous consolidated fiscal year

Not applicable.

Current consolidated fiscal year

Not applicable.

3) Remuneration based on other important audit and attestation services

Previous consolidated fiscal year
There are no notable matters.

Current consolidated fiscal year
There are no notable matters.

4) Policy for deciding audit fees

The Company appropriately decides the amount of audit fees in sufficient consideration of the audit plan and audit details of the certified public accountant, etc., time required for the audit, and so forth.

5) Reasons why the Audit and Supervisory Committee agreed on the remuneration for financial auditors, etc.

The Company's Audit and Supervisory Committee confirmed the audit time by audit item, the transition of audit fees, and the audit plan and results in past years and examined the adequacy of the audit time and remuneration estimates for the current fiscal year based on the Practical Guidelines on the Collaboration with Financial Auditors published by the Japan Audit & Supervisory Board Members Association. As a result, the committee gave the consent specified in Article 399, Paragraphs 1 and 3 of the Companies Act regarding the remuneration, etc. for financial auditors.

(4) Remuneration for Officers, etc.

1) Matters regarding the policy on the decision of the amount of remuneration, etc. for Officers or the method to calculate the amount

The Company has a policy of deciding remuneration, etc. of individual Directors (hereinafter, the "Decision Policy") as follows:

[Renumeration for Directors (excluding Directors serving as Audit and Supervisory Committee Members)]

Remuneration for Directors (excluding Directors serving as Audit and Supervisory Committee Members) is composed of fixed remuneration and performance-linked stock-based remuneration designed to increase the willingness to contribute to the enhancement of medium- to long-term business performance and corporate value.

With regard to the amount of fixed remuneration for individual Directors (excluding Directors serving as Audit and Supervisory Committee Members), the Director in charge of the HR department prepares an original proposal within the total amount of remuneration approved at the General Meeting of Shareholders in consideration of the remuneration levels of listed companies in similar industries, the Company's performance, the status of return to shareholders, individual Directors' role and contribution to the Company, etc. The original proposal is submitted to the Nomination and Compensation Committee (Note), which is the Board of Directors' non-compulsory advisory body composed only of Independent Outside Directors, for consultation and the President will decide the remuneration amount after receiving a report and advice from the committee.

With regard to the performance-linked stock-based remuneration for Directors (excluding Directors serving as Audit and Supervisory Committee Members and limited to Executive Directors), the Company decides the total amount of the resource to be allotted (the total number of points granted for the fiscal year) according to the degree of goal achievement based on consolidated ordinary income as an indicator, using the Board Benefit Trust (BBT) scheme, within the total amount of performance-linked stock-based remuneration approved at the General Meeting of Shareholders. The Company will grant no points if consolidated ordinary income decreases year-on-year. With regard to the performance-linked stock-based remuneration for individual Directors (excluding Directors serving as Audit and Supervisory Committee Members and limited to Executive Directors), the Director in charge of the HR department prepares an original proposal of the resource allocation rate based on each Director's duties and scope of responsibility. The original proposal is submitted to the Nomination and Compensation Committee, which is the Board of Directors' non-compulsory advisory body composed only of Independent Outside Directors, for consultation and the Board of Directors decides the allocation rate after receiving a report and advice from the committee. The proportion of performance-linked stock-based remuneration in the total remuneration amount when requirements for the payment of performance-linked stock-based remuneration are satisfied is, in principle, around 0% to 40%. Fixed remuneration is determined as an annual amount and 1/12 of the amount is paid every month from July. On the other hand, Board Benefit Trust (BBT) shares, etc. constituting performance-linked stock-based remuneration are delivered when Directors retire, in principle.

Note: Nomination and Compensation Committee

The Company has the Nomination and Compensation Committee as the Board of Directors' non-compulsory advisory body.

The Nomination and Compensation Committee aims to improve corporate governance by increasing the fairness, transparency, and objectivity of procedures related to the nomination, compensation, etc. of Directors and by ensuring the independence of the Company from controlling shareholders. In response to a consultation by the Board of Directors, the committee deliberates on matters regarding the nomination, compensation, etc. of Directors and matters regarding the necessity and appropriateness of related party transactions. The Board of Directors, etc. make institutional decisions after receiving a report and advice from the committee.

The Nomination and Compensation Committee is composed of only Independent Outside Directors who satisfy the independence criteria set forth by the Company. As of the date of submission, the Nomination and Compensation Committee is composed of three members (Mr. Tomonori Fujiike, Mr. Nobuyasu Kubo, and Mr. Toshiaki Hamada).

The Nomination and Compensation Committee is chaired by Mr. Tomonori Fujiike.

[Remuneration for Directors serving as Audit and Supervisory Committee Members]

Remuneration for Directors serving as Audit and Supervisory Committee Members is composed only of fixed remuneration, considering their standpoint independent from Directors who execute operations. The amount of remuneration for individual Directors serving as Audit and Supervisory Committee Members is decided within the amount of remuneration approved at the General Meeting of Shareholders through discussion among Directors serving as Audit and Supervisory Committee Members.

2) Matters regarding the General Meeting of Shareholders' resolution on Directors' remuneration, etc.

The amount of fixed remuneration for Directors (excluding Directors serving as Audit and Supervisory Committee Members) was resolved as ¥200 million/year (including fixed remuneration for Outside Directors within ¥30 million/year) at the 24th Annual General Meeting of Shareholders held on June 25, 2019. The number of Directors (excluding Directors serving as Audit and Supervisory Committee Members) at the end of the Annual General Meeting of Shareholders was four (of whom there were no Outside Directors).

Besides the fixed remuneration, the 24th Annual General Meeting of Shareholders held on June 25, 2019 resolved to pay up to ¥200 million in three fiscal years as a performance-linked stock-based remuneration system for Directors (excluding Directors serving as Audit and Supervisory Committee Members and limited to Executive Directors). The number of Directors (excluding Directors serving as Audit and Supervisory Committee Members and limited to Executive Directors) at the end of the Annual General Meeting of Shareholders was three. In addition to the above upper limit (within ¥200 million in three fiscal years), the 26th Annual General Meeting of Shareholders held on June 24, 2021 resolved the upper limit of the number of points (number of shares) granted every three fiscal years as 126,555 points (126,555 shares). The number of Directors (excluding Directors serving as Audit and Supervisory Committee Members and limited to Executive Directors) at the end of the Annual General Meeting of Shareholders was three. Points granted to Directors are converted into the shares of the Company, regarding one point as one common share of the Company. If the Company's shares are split, allotted without contribution, or consolidated, the upper limit of the number of points, the number of points already granted, or the conversion ratio will be reasonably adjusted according to the ratio, etc.

The amount of fixed remuneration for Directors serving as Audit and Supervisory Committee Members was resolved as within ¥50 million/year at the 24th Annual General Meeting of Shareholders held on June 25, 2019. The number of Directors serving as Audit and Supervisory Committee Members at the end of the Annual General Meeting of Shareholders was four.

3) Reasons why the Board of Directors judged that the remuneration, etc. of individual Directors in the current fiscal year was in line with the Decision Policy

When deciding the amount of fixed remuneration for individual Directors, the Director in charge of the HR department prepares an original proposal of the amount of fixed remuneration in consideration of the elements described in the Decision Policy in 1) above. The original proposal is submitted to the Nomination and Compensation Committee, which is the Board of Directors' non-compulsory advisory body composed only of Independent Outside Directors, for consultation and the President decides the remuneration after receiving a report and advice from the committee. For this reason, the Board of Directors basically respected the judgment and determined that decision was in line with the Decision Policy. With regard to the performance-linked stock-based remuneration, the Director in charge of the HR department submit an original proposal prepared in consideration of the elements described in the Decision Policy in 1) above to the Nomination and Compensation Committee for consultation, and the Board of Directors decides the remuneration after receiving a report and advice from the committee. For this reason, it is judged that the decision is in line with the Decision Policy.

4) Matters regarding delegation related to the decision on the remuneration, etc. of individual Directors

As described in 1) above, the Company's Board of Directors has delegated the authority of deciding the amount of fixed remuneration for individual Directors (excluding Directors serving as Audit and Supervisory Committee Members) to Mr. Norio Shiraishi, the President of the Company.

The Company's Board of Directors has delegated the authority to the President because the Board of Directors considers the President to be the best person to evaluate each Director's operations and responsibilities while overseeing the overall performance of the Company.

To ensure the appropriate execution of the authority by the President, as described in 1) above, the Director in charge of the HR department prepares an original proposal of the amount of fixed remuneration and submit it to the Nomination and Compensation Committee, which is the Board of Directors' non-compulsory advisory body composed only of Independent Outside Directors, for consultation, report, and advice.

In the current fiscal year, the Director in charge of the HR department prepared an original proposal on the amount of fixed remuneration for Officers and submitted the proposal to the Nomination and Compensation Committee for consultation. The President exercised his decision-making authority on the amount of fixed remuneration for individual Directors (excluding Directors serving as Audit and Supervisory Committee Members) after receiving a report and advice from the committee.

5) Total amount of remuneration, etc. by Officer category, total amount of remuneration, etc. by type of remuneration, and the number of eligible Directors

Officer category	Number of eligible Officers (persons)	Total amount of remuneration, etc. (Millions of yen)	Fixed remuneration	Performance-linked stock-based remuneration
Directors not serving as Audit and Supervisory Committee Members (excluding Outside Directors)	3	153	101	51

Directors serving as Audit and Supervisory Committee Members (excluding Outside Directors)	1	15	15	-
Outside Officers	3	24	24	-

Note 1: The Company has introduced a performance-linked stock-based remuneration system for Directors (excluding Directors serving as Audit and Supervisory Committee Members and limited to Executive Directors). The amount of performance-linked stock-based remuneration above is the amount of "Provision for share-based remuneration for Directors (and other Officers)" relating to share-granting points that was recorded for the current fiscal year.

Note 2: As of March 31, 2022, the Company has four Directors not serving as Audit and Supervisory Committee Members and four Directors serving as Audit and Supervisory Committee Members (of whom, three are Outside Directors). One of the Directors is an unpaid Director not serving as an Audit and Supervisory Committee Member.

Note 3: No Outside Officers received Officer remuneration from the parent company of the Company or a subsidiary, etc. of the parent company.

6) Matters regarding performance-linked remuneration, etc. in the current fiscal year

As described in 1) above, the Company has introduced a performance-linked stock-based remuneration system. In this system, the Company uses consolidated ordinary income as a performance achievement indicator because the Company considers that the value of profit or loss is clear when considering contribution to the performance in a single fiscal year and that using ordinary income is reasonable. In the current consolidated fiscal year, consolidated ordinary income, which is the target indicator of performance-linked stock-based remuneration, was ¥12,826 million, exceeding consolidated ordinary income of ¥9,858 million in the previous year.

7) Total consolidated remuneration, etc. for individual Officers

This item is not stated because there is no one whose consolidated remuneration, etc. totals ¥100 million or more.

(5) Status of share holding

1) Standards and policy on the category of investment shares

The Company specifies the categories of investment shares held for the purpose of pure investment and investment shares held for purposes other than pure investment as follows:

Investment shares held for purposes of pure investment	Shares held solely for the purpose of gaining profit from fluctuations in the value of shares or dividends for shares.
Investment shares held for purposes other than pure investment	Shares held for the purpose of enhancing the medium- to long-term corporate value, such as complementing and improving services, maintaining and strengthening the customer base, and expanding the business through business alliance.

2) Investment shares held for purposes other than pure investment

i) Method to verify the share-holding policy and the rationality of holding, and the content of verification of the appropriateness of holding individual stock names by the Board of Directors, etc.

The Company holds investment shares for purposes other than pure investment (hereinafter, "Strategic Shares") to complement its services more efficiently than building a business on its own by collaborating with companies having business assets that the Company does not and to enhance the medium- to long-term corporate value such as maintaining and strengthening the relationship of trust with customers and business partners and expanding business through business alliance.

Of the Strategic Shares, listed shares are verified every year about matters such as whether the purpose of holding each stock name is appropriate and whether the benefits and risk of holding the shares are worth the cost of capital, and the Board of Directors judges the appropriateness of continuously holding the shares. In the current fiscal year, the Company's Board of Directors meeting held in March 2022 comprehensively verified the results of collaboration in sales activities, outlook for the future, etc. in addition to industry trends, performance trends, and financial position, and judged that the continuous holding is reasonable.

ii) Number of stock names and amount reported in the balance sheet

	Number of stock names	Total amount reported in the balance sheet (Millions of yen)
Unlisted shares	8	158
Shares other than unlisted shares	4	3,289

Note: One stock name among the unlisted shares held in the previous fiscal year was newly listed in the current fiscal year. As a result, the number of stock names and the amount reported in the balance sheet in "Shares other than unlisted shares” increased while the number of stock names and the amount reported in the balance sheet in “Unlisted shares” decreased.

(Stock names of which number of shares increased in the current fiscal year)

	Number of stock names	Total acquisition value resulted from the increase in the number of shares (Millions of yen)	Reason for the increase in the number of shares
Unlisted shares	—	—	—
Shares other than unlisted shares	2	—	Increase due to stock split

(Stock names of which the number of shares decreased in the current fiscal year)
Not applicable.

iii) Number of specified equity securities held and deemed holdings of equity securities by stock name, and information on the amount reported in the balance sheet, etc.

Specified equity securities held

Stock name	Current FY Number of shares Amount reported in the balance sheet (Millions of yen)	Previous FY Number of shares Amount reported in the balance sheet (Millions of yen)	Purpose of holding, quantitative effect of holding, and reason for the increased number of shares	Holding of Company’s shares
Data Horizon Corporation	750,000 1,489	250,000 1,056	(Purpose of holding shares) The Company intends to improve/expand its BPO service menu and expects the successful results of collaboration in sales activities through business alliance in the field close to the Company’s Healthcare business. (Quantitative effect of holding) The Company verifies annual results of collaboration in sales activities, such as the status of joint proposal, the status of customer introduction, and the effectiveness of alliance in the industry, as well as outlook for the future, and judges the rationality of holding. (Reason for the increase in the number of shares) Increase due to stock split	No
SUNNEXTA GROUP Inc.	778,000 869	778,000 793	(Purpose of holding shares) The Company intends to improve/expand its BPO service menu and expects the successful results of collaboration in sales activities through business alliance in the field close to the Company’s Employee Benefit Service business. (Quantitative effect of holding) The Company verifies annual results of collaboration in sales activities, such as the status of joint proposal, the status of customer introduction, and the effectiveness of alliance in the industry, as well as outlook for the future, and judges the rationality of holding.	Yes
Livero, Inc. (Note)	455,000 926	- -	(Purpose of holding shares) The Company intends to improve/expand its BPO service menu and expects the successful results of collaboration in sales activities through business alliance in the field close to the Company’s Employee Benefit Service business. (Quantitative effect of holding) Collaboration in sales activities, such as the status of joint proposal, the status of customer introduction, and the effectiveness of alliance in the industry, as well as outlook	No

			for the future and judging the rationality of holding (Reason for the increase in the number of shares) Increase due to stock split	
Relo Group, Inc.	2,000	2,000	(Purpose of holding shares) Collecting information on industry trends (Quantitative effect of holding) The Company holds the shares to collect industry information. The Company verifies that the risk and cost of holding is less important and judges the rationality of holding.	Yes
	3	4		

Note: Livero, Inc. is included in the table above from the current fiscal year because it was listed on the Tokyo Stock Exchange Mothers Market on September 28, 2021.

Deemed holdings of equity securities:
Not applicable.

3) Investment shares held for purposes of pure investment
Not applicable.

4) Investment shares of which the purpose of holding was changed from pure investment to purposes other than pure investment during the current fiscal year
Not applicable.

5) Investment shares of which the purpose of holding was changed from purposes other than pure investment to pure investment during the current fiscal year
Not applicable.

I-5. Status of accounting

I-5-1. Method to prepare consolidated financial statements and financial statements

(1) The Company's consolidated financial statements are prepared based on the Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Law number: Ministry of Finance Order No. 28 of 1976).

(2) The Company's financial statements are prepared based on the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements (Law number: Ministry of Finance Order No. 59 of 1963; hereinafter, the "Regulation on Financial Statements, etc.").
The Company is a special company submitting financial statements and prepares its financial statements based on the provisions of Article 127 of the Regulation on Financial Statements, etc.

I-5-2. Special efforts for ensuring the appropriateness of consolidated financial statements

The Company is making efforts to ensure the appropriateness of consolidated financial statements, etc. Specifically, the Company joined the Financial Accounting Standards Foundation and obtains various information to develop a system that enables the Company to appropriately comprehend the content of the accounting standards, etc. and participates in training sessions and seminars held by organizations, etc. having professional information to ensure the appropriateness of consolidated financial statements, etc.

1. Consolidated financial statements., etc.

(1) Consolidated financial statements

1) Consolidated balance sheet

(Millions of yen)

	Previous consolidated FY (March 31, 2021)	Current consolidated FY (March 31, 2022)
Assets		
Current assets		
Cash and deposits	13,064	17,986
Notes and accounts receivable - trade	6,837	-
Accounts receivable - trade	-	*1 6,241
Contract assets	-	62
Inventories	*2 1,325	*2 1,947
Deposits paid	4,500	-
Prepaid expenses	678	699
Accounts receivable - other	808	2,796
Other	1,494	2,462
Allowance for doubtful accounts	△12	△47
Total current assets	28,696	32,148
Non-current assets		
Property, plant, and equipment		
Buildings and structures	*4 1,102	*4 1,141
Accumulated depreciation	△672	△724
Buildings and structures (net)	429	416
Land	602	602
Leased assets	749	772
Accumulated depreciation	△567	△661
Leased assets (net)	181	111
Other	*4 621	*4 738
Accumulated depreciation	△525	△560
Other (net)	95	178
Total property, plant, and equipment	1,310	1,308
Intangible fixed assets		
Goodwill	4	5,824
Software	2,376	5,315
Leased assets	14	5
Customer-related assets	-	8,345
Other	2	2
Total intangible fixed assets	2,397	19,493
Investment and other assets		
Investment securities	*3 2,725	*3 3,891
Deferred tax assets	149	76
Other	903	1,134
Allowance for doubtful accounts	△11	△6
Total investment and other assets	3,767	5,096
Total non-current assets	7,475	25,898
Total assets	36,171	58,047

(Millions of yen)

	Previous consolidated FY (March 31, 2021)	Current consolidated FY (March 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,284	5,704
Short-term borrowings	174	110
Long-term borrowings to be repaid within 1 year	-	1,000
Lease obligations	105	60
Income taxes payable	2,030	2,665
Accounts payable - other	2,684	3,963
Advances received	4,578	-
Contract liabilities	-	5,840
Deposits received	1,495	1,163
Other	830	849
Total current liabilities	15,184	21,357
Non-current liabilities		
Long-term borrowings	-	8,500
Lease obligations	108	67
Provision for point card certificates	588	-
Provision for employee stock ownership plan	212	281
Provision for share-based remuneration for Directors (and other Officers)	127	179
Retirement benefit liability	3	67
Deferred tax liabilities	-	2,465
Other	81	214
Total non-current liabilities	1,121	11,776
Total liabilities	16,306	33,134
Net assets		
Shareholders' equity		
Share capital	1,527	1,527
Capital surplus	1,452	1,488
Retained earnings	17,095	21,260
Treasury shares	△1,322	△1,343
Total shareholders' equity	18,753	22,932
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,093	1,973
Foreign currency translation adjustment	18	6
Total accumulated other comprehensive income	1,112	1,980
Total net assets	19,865	24,912
Total liabilities and net assets	36,171	58,047

2) Consolidated profit and loss statement and consolidated statement of comprehensive income

[Consolidated profit and loss statement]

(Millions of yen)

	Previous consolidated FY (April 1, 2020 to March 31, 2021)	Current consolidated FY (April 1, 2021 to March 31, 2022)
Sales	37,841	※1 38,362
Cost of sales	21,418	17,633
Gross profit	16,422	20,728
Selling, general and administrative expenses	※2 6,648	※2 7,958
Operating income	9,774	12,770
Non-operating income		
Interest income	28	20
Dividend income	27	34
Foreign exchange gains	3	58
Subsidy income	42	35
Other	10	20
Total non-operating income	111	169
Non-operating expenses		
Interest expenses	5	27
Commitment fee	11	65
Share of loss of entities accounted for using equity	2	14
Distributions of loss on partnerships	7	0
Other	0	4
Total non-operating expenses	26	113
Ordinary income	9,858	12,826
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	0	24
Total extraordinary income	0	24
Extraordinary losses		
Loss on sales of investment securities	-	2
Loss on valuation of shares of subsidiaries and associates	7	-
Total extraordinary losses	7	2
Net income before income taxes	9,852	12,848
Income taxes - current	3,122	4,256
Income taxes - deferred	△36	△357
Total income taxes	3,086	3,898
Net income	6,765	8,949
Loss attributable to non-controlling interests (△)	△1	-
Net income attributable to owners of parent	6,766	8,949

[Consolidated statement of comprehensive income]

(Millions of yen)

	Previous consolidated FY (April 1, 2020 to March 31, 2021)	Current consolidated FY (April 1, 2021 to March 31, 2022)
Net income	6,765	8,949
Other comprehensive income		
Valuation difference on available-for-sale securities	520	879
Foreign currency translation adjustment	0	△11
Total other comprehensive income	※ 520	※ 867
Comprehensive income	7,285	9,817
(Breakdown)		
Comprehensive income attributable to owners of parent	7,286	9,817
Comprehensive income attributable to non-controlling interests	△1	-

3) Consolidated statements of changes in net assets

Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income			Non-controlling interest	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance, beginning of year	1,527	1,452	14,316	△1,322	15,974	573	18	592	1	16,567
Changes during the period										
Dividends of surplus			△3,987		△3,987					△3,987
Net income attributable to owners of parent			6,766		6,766					6,766
Acquisition of treasury shares				△0	△0					△0
Net changes in items other than shareholders' equity						520	0	520	△1	519
Total changes during the period	-	-	2,778	△0	2,778	520	0	520	△1	3,298
Balance, end of year	1,527	1,452	17,095	△1,322	18,753	1,093	18	1,112	-	19,865

Current consolidated fiscal year (April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income			Non-controlling interest	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance, beginning of year	1,527	1,452	17,095	△1,322	18,753	1,093	18	1,112	-	19,865
Cumulative effects of changes in accounting policies			△0		△0					△0
Restated balance	1,527	1,452	17,095	△1,322	18,753	1,093	18	1,112	-	19,865
Changes during the period										
Dividends of surplus			△4,785		△4,785					△4,785
Net income attributable to owners of parent			8,949		8,949					8,949
Acquisition of treasury shares				△0	△0					△0
Disposal of treasury shares		35		33	69					69
Acquisition of treasury shares by the Employee Stock Ownership Plan				△69	△69					△69
Disposal of treasury shares by the Employee Stock Ownership Plan				14	14					14
Net changes in items other than shareholders' equity						879	△11	867	-	867
Total changes during the period	-	35	4,164	△20	4,179	879	△11	867	-	5,047
Balance, end of year	1,527	1,488	21,260	△1,343	22,932	1,973	6	1,980	-	24,912

4) Consolidated cash flow statement

(Millions of yen)

	Previous consolidated FY (April 1, 2020 to March 31, 2021)	Current consolidated FY (April 1, 2021 to March 31, 2022)
Cash flow from operating activities		
Net income before income taxes	9,852	12,848
Depreciation	778	1,060
Amortization of goodwill	8	77
Increase (decrease) in provision for employee stock ownership plan (△ indicates a decrease.)	64	69
Increase (decrease) in provision for share-based remuneration for Directors (and other Officers) (△ indicates a decrease.)	39	51
Increase (decrease) in provision for point card certificates (△ indicates a decrease.)	5	-
Loss (gain) on sales of investment securities (△ indicates a gain.)	-	2
Loss on valuation of shares of subsidiaries and associates	7	-
Loss (gain) on sales of shares of subsidiaries and associates (△ indicates a gain.)	△0	△24
Share of loss (profit) of entities accounted for using equity method (△ indicates a gain.)	2	14
Subsidy income	△42	△35
Interest income and dividend income	△55	△55
Interest expenses	5	27
Distributions of profit (loss) on partnerships (△ indicates a gain.)	7	0
Decrease (increase) in trade receivables (△ indicates an increase.)	△637	-
Decrease (increase) in trade receivables and contact assets (△ indicates an increase.)	-	1,021
Decrease (increase) in inventories (△ indicates an increase.)	△212	△427
Decrease (increase) in prepaid expenses (△ indicates an increase.)	△175	135
Decrease (increase) in accounts receivable – other (△ indicates an increase.)	482	△1,772
Increase (decrease) in trade payables (△ indicates a decrease.)	1,013	1,698
Increase (decrease) in accounts payable – other (△ indicates a decrease.)	△594	1,127
Increase (decrease) in advances received (△ indicates a decrease.)	873	-
Increase (decrease) in contract liabilities (△ indicates a decrease.)	-	△935
Increase (decrease) in deposits received (△ indicates a decrease.)	439	△864
Other	554	△279
Subtotal	12,417	13,741
Interest and dividends received	55	56
Interest paid	△5	△27
Subsidies received	42	35
Income taxes paid	△2,647	△3,726
Cash flow from operating activities	9,862	10,080

(Millions of yen)

	Previous consolidated FY (April 1, 2020 to March 31, 2021)	Current consolidated FY (April 1, 2021 to March 31, 2022)
Cash flow from investing activities		
Purchase of property, plant, and equipment	△21	△8
Purchase of intangible fixed assets	△1,098	△3,662
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	*3 △10,451
Payments of leasehold and guarantee deposits	△24	△229
Proceeds from refund of leasehold and guarantee deposits	13	20
Other	△44	85
Cash flow from investing activities	△1,175	△14,247
Cash flow from financing activities		
Net increase (decrease) in short-term borrowings (△ indicates a decrease.)	5	△61
Proceeds from long-term borrowings	-	10,000
Repayments of long-term borrowings	-	△500
Repayments of finance lease obligations	△129	△109
Dividends paid	△3,986	△4,784
Purchase of treasury shares	△0	*2 △69
Proceeds from disposal of treasury shares	-	*2 69
Cash flow from financing activities	△4,110	4,544
Effect of exchange rate change on cash and cash equivalent	14	52
Net increase (decrease) in cash and cash equivalents (△ indicates a decrease.)	4,591	429
Beginning balance of cash and cash equivalents	12,962	17,554
Cash and cash equivalents, end of year	*1 17,554	*1 17,983

[Matters to be set down in notes]
(Matters regarding the going concern assumption)
Not applicable.

(Material matters that serve as the basis for preparing consolidated financial statements)
1. Matters regarding the scope of consolidation
(1) Number of consolidated subsidiaries
11 companies
Names of consolidated subsidiaries
JTB BENEFIT SERVICE, Inc.
Benefit One Shanghai Inc.
BENEFIT ONE USA, INC.
BENEFIT ONE INTERNATIONAL PTE. LTD.
BENEFIT ONE(THAILAND) COMPANY LIMITED
PT. BENEFIT ONE INDONESIA
REWARDZ PRIVATE LIMITED
REWARDZ BENEFITS SDN. BHD., and
three other companies
From the current consolidated fiscal year, JTB BENEFIT SERVICE, Inc., of which shares the Company has newly acquired, is included in the scope of consolidation.

(2) Name of non-consolidated subsidiary
Roumu Kenkyusho Co., Ltd.
Reason for excluding the subsidiary from the scope of consolidation
The non-consolidated subsidiary is excluded from the scope of consolidation because it is a small-sized company and its total assets, sales, net income/loss (the amount corresponding to equity), and retained earnings (the amount corresponding to equity), etc. do not have a significant impact on the Company's consolidated financial statements.

2. Matters regarding the application of the equity method
(1) Number of affiliated companies to which the equity method was applied
One company
Name of the company to which the equity method was applied
Trust Co., Ltd.

(2) Names, etc. of non-consolidated subsidiaries and affiliated companies to which the equity method is not applied
Roumu Kenkyusho Co., Ltd., and
one other company
Reason for not applying the equity method
The companies to which the equity method is not applied are excluded from the scope of the application of the equity method because they have only a minor impact on the Company's consolidated financial statements if they are excluded from the scope of the equity method in terms of net income/loss (the amount corresponding to equity), retained earnings (the amount corresponding to equity), etc. and because they are less important as a whole.

3. Matters regarding the consolidated subsidiaries' fiscal years, etc.
Of the consolidated subsidiaries, nine consolidated subsidiaries outside Japan close their accounts on December 31.
In the preparation of the consolidated financial statements, the Company uses financial statements based on the provisional settlement of accounts implemented as of the consolidated closing date. The last day of the fiscal year of other consolidated subsidiaries is the same as the consolidated closing date.

4. Matters regarding accounting policies
(1) Valuation criteria and valuation method for material assets
1) Securities
i) Other securities
Securities other than shares, etc. having no market prices
The Company uses the fair value method based on the market price, etc. on the last day of the accounting period. (Valuation differences are included in net assets and the cost of securities sold is calculated by the moving average method.)
Shares, etc. having no market prices
The Company uses the cost method by the moving average method.
2) Inventories
The valuation criteria are based on the cost method. (Balance sheet amounts are calculated by the book value

devaluation method due to a decline in profitability.)

i) Merchandise

Moving average method

ii) Supplies

Last purchase price method

(2) Depreciation/amortization method for material depreciable/amortizable assets

1) Property, plant, and equipment (excluding leased assets)

The Company mainly uses the declining balance method. However, the Company uses the straight-line method for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, and facilities attached to buildings and structures acquired on or after April 1, 2016.

2) Intangible fixed assets (excluding leased assets)

i) Software

The Company uses the straight-line method based on the usable period in the Company (within five years).

ii) Customer-related assets

The straight-line method is used based on the period during which the effect appears (22 years).

3) Leased assets

Leased assets related to non-ownership-transfer finance lease transactions

The Company uses the straight-line method regarding the lease period as the useful life and assuming the residual value as zero.

(3) Recording criteria for important allowances

1) Allowance for doubtful accounts

To prepare for losses due to bad debts, the Company reports the expected non-collectable amount using the loan loss ratio for general claims and individually examining the collectability of claims with a possibility of default and bankruptcy or reorganization claims.

2) Provision for employee stock ownership plan

To prepare for the provision of the Company’s shares to employees, etc. based on the Stock Benefit Regulations, the Company recorded the provision based on the estimated share benefit obligation as of the end of the current consolidated fiscal year.

3) Provision for share-based remuneration for Directors (and other Officers)

To prepare for the provision of the Company’s shares to Directors based on the Officer Stock Benefit Regulations, etc., the Company recorded the provision based on the estimated share benefit obligation as of the end of the current consolidated fiscal year.

(4) Amortization method and amortization period of goodwill

The Company amortizes goodwill by estimating its effective period (three to twenty years) and using the straight-line method.

(5) Recording criteria for important revenue and expenses

The content of the main performance obligations in the Group’s main business related to revenue generated from the Group’s contracts with customers and the normal point in time when the performance obligations are satisfied (the normal point in time to recognize revenue) are as follows:

1) Employee Benefit Service, Individual Benefit Service, and CRM businesses

In the Employee Benefit Service, Individual Benefit Service, and CRM businesses, the Company’s main performance obligation is providing its employee benefit service “Benefit Station” to members, such as employees of customer companies or customers of collaboration partners, in return for receiving monthly membership fees from customer companies, and the Company recognizes revenue over the service provision period.

Of the consideration received from members, with regard to “Benepo” that is given to members according to service provision, the estimated amount corresponding to the points that are expected to be used in the future is recorded as a separate performance obligation in “Contract liabilities.” Revenue is recognized at the point in time when “Benepo” is used and expires.

The Company refers customers to partner service providers through “Benefit Station” and, in some cases, receives a certain rate of commission from such service providers based on customer referral results. In such cases, the Company assumes such an activity to be a performance obligation and recognizes revenue at the point in time when the service providers have provided their services to the Company’s members.

2) Incentive business

The main performance obligations in the Incentive business are issuing and managing reward points provided to eligible users, such as the employees of customer companies that have introduced the Company’s program (Incentive Point), and providing point exchange items. The main revenue of this business is generated when Incentive Points are exchanged with point exchange items and the Company recognizes revenue when the provision of such items is completed.

3) Healthcare business

The main performance obligation in the Healthcare business is providing health support services such as health check-up service, health guidance, and vaccination support. As for the health check-up service, the Company recognizes revenue when the service provision is completed. As for health guidance and vaccination support, the Company recognizes revenue over a certain period.

4) Purchase and Settlement Service business

The main performance obligation in the Purchase and Settlement Service business is providing settlement agency services for communication lines, short-distance travel expenses, business travel expenses, etc., and the Company recognizes revenue over the service provision period.

5) Payment business

The main performance obligation in the Payment business is providing settlement services for transactions related to services sales, etc. to the Company's member shops/stores/restaurants that are the Company's customers. The Company recognizes revenue when member shops/stores/restaurants have provided their services to the Company's members.

6) Overseas business

The main performance obligation in the Overseas business is issuing and managing reward points provided to eligible users, such as employees of customer companies that have introduced the program (Incentive Point) operated by the Company's consolidated subsidiary, and providing point exchange items. The main revenue of this business is generated when Incentive Points are exchanged with point exchange items and the Company recognizes revenue when the provision of such items is completed.

(6) Scope of funds reported in the consolidated cash flow statement

Cash on hand, deposits that can be withdrawn at any time and deposits paid, and highly liquid, easily cashable, short-term investment of which the maturity date will come within three months from the date of acquisition and which has only a slight risk of change in value.

(7) Method of accounting processing related to retirement benefits

In some consolidated subsidiaries, the estimated amount of retirement benefit obligations at the end of the current consolidated fiscal year is recorded for employee retirement benefits. For the calculation of retirement benefit liability and retirement benefit expenses, the Company applies the simplified accounting method taking retirement benefits to be required for retirement due to personal reasons at the end of the fiscal year as a retirement benefit obligation.

(Material accounting estimates)

1. Impairment loss on non-current assets

(1) Major account titles under non-current assets and the amount recorded in the consolidated financial statements for the current consolidated fiscal year

(Millions of yen)

Account title	Previous consolidated FY	Current consolidated FY
Buildings and structures	429	416
Land	602	602
Software	2,376	5,315

(2) Other information that contributes to the understanding of accounting estimates by the users of the consolidated financial statements

With regard to non-current assets or asset groups with a sign of impairment, the Group decreases the book value to the recoverable value and records the decrease as an impairment loss if the total future cash flow before discount obtained from these assets or asset groups falls below the book value. When grasping a sign of impairment and recognizing and measuring impairment losses, the Group makes reasonable judgments based on information, etc. available on the account closing date. However, if conditions and assumptions on which the judgments are based have changed due to changes in business plans and the market environment, impairment loss may arise in or after the following consolidated fiscal year.

Of software recorded in the consolidated balance sheet, ¥2,845 million belongs to "Software in progress." During the previous consolidated fiscal year, the Group decided to accelerate and reduce the period of system development for which multiple years were initially assumed. The Group is developing systems that are to be used for service provision mainly in the Employee Benefit Service business, the Healthcare business, etc. and the "Bene One Platform" (hereinafter, the "New System") that allows the management and utilization of member companies' HR and health data. Systems included in "Software in progress" are primarily systems used for service provision and they are included in assets as software used by the Company. Software used by the Company needs to be processed as an expense if revenue earning and cost reduction effects in the future are not recognized as certain or if the certainty is unclear. However, the Group expects that the number of member companies will increase in the future by increasing the added value of service provision using the New System, and judges that, as a result of quantitatively measuring the cost reduction effect of the New System and monitoring the most recent development status, the recorded "Software in progress" is recognized as having certain revenue earning and cost reduction effects in the future.

2. Measurement of intangible fixed assets and goodwill associated with the acquisition of JTB BENEFIT SERVICE, Inc.

The Company acquired all shares of JTB BENEFIT SERVICE, Inc. (hereinafter, "JTB BENEFIT SERVICE") on October 29, 2021 and made it a consolidated subsidiary. In the current consolidated fiscal year, as a result of recognizing and measuring the identifiable assets and assumed liabilities taken over from JTB BENEFIT SERVICE, the Company recorded intangible fixed assets (customer-related assets) of ¥8,441 million and goodwill of ¥5,898 million that is the acquisition cost in excess of the net amount of identifiable assets, including intangible fixed assets, and assumed liabilities. When deciding the cost to acquire the shares of JTB BENEFIT SERVICE, the Company employed outside professionals and the discounted cash flow method. The valuation model is based on JTB BENEFIT SERVICE's business plan and future cash flow forecasts determined by managers. The Company also employed outside professionals and the income approach (the excess earning method) when it identified and calculated intangible fixed assets. This valuation model is also based on the future cash flow forecasts mentioned above. Both valuation models take the discount rate and the attenuation rate of existing customers in future cash flow forecasts as important estimation elements.

(Changes in accounting policies)

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

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. since the beginning of the current consolidated fiscal year and recognizes revenue as the amount that is expected to be received in exchange for goods or services at the point in time when the control of promised goods or services is transferred to customers.

As a major modification resulting from the application of the Standard, the Company judges its role in the provision of services to customers in some transactions in the Healthcare business to be the role of an agent. Previously, the total amount of consideration received from customers was recognized as sales. After the application of the Standard, however, sales are recognized as the net amount obtained by deducting the amount paid to outsourcees from consideration received from customers.

The Accounting Standard for Revenue Recognition requests companies, if the company gives an option that enables customers to buy additional goods or services from the company at discount prices as part of contracts with customers, to identify the option as a separate performance obligation at the point in time when the option is given and a part of transaction consideration as a contract liability and to recognize revenue at the point in time when goods or services are transferred to the customer in the future or when the option is extinguished. Previously, in the Employee Benefit Service business, of “Benepo” that is given to members according to service provision, the amount that is expected to be used in the future was recorded as “Provision for point card certificates.” After the application of the Accounting Standard for Revenue Recognition, however, of the consideration received from members, the estimated amount corresponding to “Benepo” points that are expected to be used in the future has been recorded as a separate performance obligation in “Contract liabilities” and the Company recognizes revenue at the point in time when “Benepo” is used and when “Benepo” is extinguished.

With regard to the application of the Accounting Standard for Revenue Recognition, etc., the Company follows the transitional handling provided in Paragraph 84 of the Accounting Standard for Revenue Recognition. The Company adds or subtracts cumulative effects, which would have been made if the new accounting policy was retroactively applied to the period before the beginning of the current consolidated fiscal year, to or from retained earnings at the beginning of the current consolidated fiscal year and applies the new accounting policy from the beginning of the current fiscal year. However, the Company applies the method provided in Paragraph 86 of the Accounting Standard for Revenue Recognition and does not retroactively apply the new accounting policy to contracts for which most of revenue amount was recognized in accordance with the previous handling method before the beginning of the current consolidated fiscal year. The Company also applies the method provided in Paragraph 86 (1) of the Accounting Standard for Revenue Recognition. The Company performs accounting processing for contract changes made before the beginning of the current consolidated fiscal year based on contract terms and conditions after reflecting all contract changes and adds or subtracts cumulative effects to or from retained earnings at the beginning of the current consolidated fiscal year.

From the current consolidated fiscal year, as a result of applying the Accounting Standard for Revenue Recognition, etc., “Notes and accounts receivable – trade,” which was presented in “Current assets” in the consolidated balance sheet of the previous fiscal year, is classified into “Accounts receivable – trade” and “Contract assets” while “Advances received” including Incentive Point that was previously presented in “Current liabilities” is included in “Contract liabilities.” Also, “Decrease (increase) in trade receivables,” which was presented in “Cash flow from operating activities” in the consolidated cash flow statement of the previous consolidated fiscal year, is included in “Decrease (increase) in trade receivables and contact assets” while “Increase (decrease) in provision for point card certificates” and “Increase (decrease) in advances received” are included in “Increase (decrease) in contract liabilities” from the current consolidated fiscal year. In accordance with the transitional handling provided in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, however, the Company did not make any rearrangements for the previous consolidated fiscal year using the new presentation method.

As a result, in the consolidated balance sheet for the current consolidated fiscal year, non-current liabilities decreased by ¥647 million while current liabilities increased by ¥647 million from the figures before applying the Accounting Standard for Revenue Recognition, etc. In the consolidated profit and loss statement for the current consolidated fiscal year, sales decreased by ¥8,058 million, cost of sales decreased by ¥8,056 million, and operating income, ordinary income, and net income before income taxes decreased by ¥1 million, respectively.

In the consolidated cash flow statement for the current consolidated fiscal year, net income before income taxes decreased by ¥1 million while “Increase (decrease) in contract liabilities” increased by ¥1 million.

As a result of reflecting the cumulative effect in net assets at the beginning of the current consolidated fiscal year, the balance of retained earnings at the beginning of the fiscal year in consolidated statements of changes in net assets decreased by ¥0 million.

The impact on per-share information is minor.

Notes for “Matters related to revenue recognition” for the previous consolidated fiscal year are not stated in accordance with the transitional handling specified in Paragraph 89-3 of the Accounting Standard for Revenue Recognition.

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

The Company has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019), etc. since the beginning of the current consolidated fiscal year. It has made it a rule to apply new accounting policies specified in the Accounting Standard for Fair Value Measurement, etc. for years to come 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). The application has no effect on the consolidated financial statements.

The Company has also made it a rule to provide explanatory notes on matters related to a breakdown, etc. by the level of the fair value of financial instruments in "Explanatory Notes on Financial Instruments." In accordance with the transitional handling specified in Paragraph 7-4 of the Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19, July 4, 2019), however, the Company has provided no explanatory notes related to the previous consolidated fiscal year.

(Unapplied accounting standards, etc.)

- "Implementation Guidance on the Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021)

(1) Outline

The implementation guidance specifies the handling of explanatory notes on the calculation of the fair value of investment trusts and on the fair value of investment in associations, etc. that is recorded in the net amount equivalent to equity in the balance sheet.

(2) Planned date of application

The Company plans to apply the Standard from the beginning of FY03/23.

(3) Impact of the application of the Accounting Standard, etc.

The Company is currently assessing the impact of the application of the "Implementation Guidance on the Accounting Standard for Fair Value Calculation" on the Company's consolidated financial statements.

(Change of presentation method)

(Consolidated balance sheet)

As for "Retirement benefit liability" that was included in "Other" under "Non-current liabilities" in the previous consolidated fiscal year, the Company decided to independently present it from the current consolidated fiscal year because its monetary importance has increased. To reflect this change of presentation method, we have rearranged the consolidated financial statements for the previous consolidated fiscal year.

As a result, ¥84 million that was presented as "Other" under "Non-current liabilities" in the consolidated balance sheet for the previous consolidated fiscal year has been rearranged as "Retirement benefit liability" (¥3 million) and "Other" (¥81 million).

(Consolidated profit and loss statement)

As for "Foreign exchange gains" that was included in "Other" under "Non-operating income" in the previous consolidated fiscal year, the Company decided to independently present it from the current consolidated fiscal year because its monetary importance has increased. To reflect this change of presentation method, we have rearranged the consolidated financial statements for the previous consolidated fiscal year.

As a result, ¥13 million that was presented as "Other" under "Non-operating income" in the consolidated profit and loss statement for the previous consolidated fiscal year has been rearranged as "Foreign exchange gains" (¥3 million) and "Other" (¥10 million).

(Changes to accounting estimates)

Not applicable.

(Additional information)

1. Japanese version of Employee Stock Ownership Plan (J-ESOP)

Based on the resolution at the Board of Directors meeting held on July 28, 2016, the Company introduced an incentive plan, the Japanese version of the Employee Stock Ownership Plan (J-ESOP) (hereinafter, the "J-ESOP scheme"), on September 2, 2016 for the purpose of enhancing employees' motivation and morale for higher stock price and performance. In this scheme, treasury shares are allocated to employees of the Company and Officers and employees of the Company's subsidiaries (hereinafter, "Employees, etc.").

(1) Outline of transactions

The Company established the Stock Benefit Regulations when it introduced the J-ESOP scheme. Based on the Stock Benefit Regulations, the Company entrusted money to trust banks in order to acquire in advance shares to be allocated in the future, and trust banks acquired the Company's shares using the entrusted money.

In the J-ESOP scheme, the Company grants points to Employees, etc. and allocates shares to Employees, etc. according to their points based on the Stock Benefit Regulations.

Applying the Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc. through Trust (Practical Issue Task Force (PITF) No. 30, March 26, 2015) published by the Accounting Standards Board of Japan (ASBJ), the Company uses the gross price method in which trust assets and liabilities are recorded as the enterprise's assets and liabilities on the balance sheet as accounts processing related to the J-ESOP scheme.

To prepare for the provision of the Company's shares to employees, etc. based on the Stock Benefit Regulations, the Company recorded "Provision for employee stock ownership plan" based on the estimated share benefit obligation as of the end of the current consolidated fiscal year.

(2) Treasury shares remaining in trust

The Company recorded its treasury shares remaining in trust as treasury shares under net assets, using the book value in trust (excluding the amount of incidental costs). The book value and the number of these treasury shares were ¥263 million and 212,497 shares at the end of the previous consolidated fiscal year and ¥304 million and 212,130 shares at the end of the current consolidated fiscal year.

(3) Book value of the borrowings recorded by applying the gross price method

Not applicable.

2. Board Benefit Trust (BBT)

Based on the resolution at the General Meeting of Shareholders held on June 29, 2016, the Company introduced the Board Benefit Trust (BBT) (hereinafter, the “BBT scheme”) on September 2, 2016 as a performance-linked stock-based remuneration system for Directors (limited to Executive Directors; the same applies hereinafter).

At the General Meeting of Shareholders held on June 25, 2019, the Company resolved to abolish the previous remuneration slot in the previous BBT scheme for Directors in a Company with a Board of Company Auditors, primarily for the transition to a Company with an Audit and Supervisory Committee, and also resolved to set a new remuneration slot for performance-linked stock-based remuneration for Directors (excluding Directors serving as Audit and Supervisory Committee Members and limited to Executive Directors; the same applies hereinafter).

At the General Meeting of Shareholders held on June 24, 2021, the Company resolved to set a new remuneration slot again for performance-linked stock-based remuneration for Directors in response to the enforcement of the Act Partially Amending the Companies Act (Act No. 70 of 2019) on March 1, 2021.

(1) Outline of transactions

The Company established the Officer Stock Benefit Regulations when it introduced the BBT scheme. Based on the Officer Stock Benefit Regulations, the Company entrusted money to trust banks in order to acquire in advance shares to be allocated in the future, and trust banks acquired the Company’s shares using the entrusted money.

n the BBT scheme, the Company grants points to Directors and allocates shares to Directors according to their points based on the Officer Stock Benefit Regulations.

n reference to the Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees, etc. through Trust (PITF No. 30, March 26, 2015) published by the Accounting Standards Board of Japan, the Company applies the practical solution to Directors and uses the gross price method in which trust assets and liabilities are recorded as the enterprise’s assets and liabilities on the balance sheet as accounts processing related to the BBT scheme.

To prepare for the provision of the Company’s shares to Directors based on the Officer Stock Benefit Regulations, the Company recorded “Provision for share-based remuneration for Directors (and other Officers)” based on the estimated share benefit obligation as of the end of the current consolidated fiscal year.

(2) Treasury shares remaining in trust

The Company recorded its treasury shares remaining in trust as treasury shares under net assets, using the book value in trust (excluding the amount of incidental costs). The book value and the number of these treasury shares were ¥180 million and 154,420 shares at the end of the previous consolidated fiscal year and ¥193 million and 157,920 shares at the end of the current consolidated fiscal year.

(3) Book value of the borrowings recorded by applying the gross price method

Not applicable.

(Matters related to the consolidated balance sheet)

*1: Receivables generated from contracts with customers

"Accounts receivable – trade" represents the amount of receivables generated from all contracts with customers and does not include other receivables.

*2: Inventory breakdown is as follows:

	Previous consolidated FY (March 31, 2021)	Current consolidated FY (March 31, 2022)
Merchandise	¥1,211 million	¥1,914 million
Work in process	¥81 million	¥- million
Supplies	¥32 million	¥32 million
Total	¥1,325 million	¥1,947 million

*3: Investment in the non-consolidated subsidiary and affiliated companies is as follows:

	Previous consolidated FY (March 31, 2021)	Current consolidated FY (March 31, 2022)
Investment securities (shares)	¥22 million	¥19 million

*4: Amount of reduction entry

The amount and breakdown of reduction entry of non-current assets deducted as a result of accepting national subsidies, etc. are as follows:

	Previous consolidated FY (March 31, 2021)	Current consolidated FY (March 31, 2022)
Amount of reduction entry	¥56 million	¥45 million
(of which, buildings and structures)	¥0 million	¥0 million
(of which, tools, furniture and fixtures)	¥55 million	¥44 million

(Matters related to the consolidated profit and loss statement)

*1: Revenue generated from contracts with customers

Sales represents the amount of revenue generated from all contracts with customers and does not include other revenue.

*2: Major expense items and amounts of major selling, general, and administrative expenses are as follows:

	Previous consolidated FY (April 1, 2020 to March 31, 2021)	Current consolidated FY (April 1, 2021 to March 31, 2022)
Salaries and bonuses	¥2,377 million	¥2,700 million
Outsourcing expenses	¥447 million	¥596 million
System usage fee	¥406 million	¥421 million
Legal welfare expenses	¥351 million	¥392 million
Packing and transportation costs	¥452 million	¥340 million
Depreciation	¥188 million	¥327 million
Welfare expenses	¥213 million	¥255 million
Rent expenses on land and buildings	¥157 million	¥202 million
Provision for employee stock ownership plan	¥61 million	¥84 million
Provision for share-based remuneration for Directors (and other Officers)	¥39 million	¥51 million
Provision of allowance for doubtful accounts	¥△5 million	¥33 million
Retirement benefit expenses	¥10 million	¥23 million

(Change of presentation method)

"System usage fee" and "Retirement benefit expenses" are recorded from the current fiscal year because their monetary importance has increased although they were not recorded as a major expense item in the previous fiscal year. To reflect this change of presentation method, they are recorded as major items for the previous fiscal year.

(Matters related to the consolidated statement of comprehensive income)

* Amount of reclassification adjustment and tax effect amount relating to other comprehensive income

	Previous consolidated FY (April 1, 2020 to March 31, 2021)	Current consolidated FY (April 1, 2021 to March 31, 2022)
Valuation difference on available-for-sale securities		
Amount generated in the period	¥750 million	¥1,265 million
Amount of reclassification adjustment	-	¥ 2 million
Before tax effect adjustment	¥750 million	¥1,267 million
Tax effect amount	¥△229 million	¥△388 million
Valuation difference on available-for-sale securities	¥520 million	¥879 million
Foreign currency translation adjustment		
Amount generated in the period	¥0 million	¥△11 million
Amount of reclassification adjustment	-	-
Before tax effect adjustment	¥0 million	¥△11 million
Tax effect amount	-	-
Foreign currency translation adjustment	¥0 million	¥△11 million
Total other comprehensive income	¥520 million	¥867 million

(Matters related to the consolidated statements of changes in net assets)
Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)
1. Matters regarding issued shares

Class of shares	Beginning of current consolidated FY	Increase	Decrease	End of current consolidated FY
Common shares (shares)	159,970,000	-	-	159,970,000

2. Matters regarding treasury shares

Class of shares	Beginning of current consolidated FY	Increase	Decrease	End of current consolidated FY
Common shares (shares)	835,107	53	-	835,160

Note 1: Treasury shares (common shares) at the beginning of the current consolidated fiscal year include 212,497 shares of the Company held by trust banks based on the Japanese version of the Employee Stock Ownership Plan (J-ESOP) and 154,420 shares of the Company held by trust banks based on the Board Benefit Trust (BBT).
Note 2: Treasury shares (common shares) at the end of the current consolidated fiscal year include 212,497 shares of the Company held by trust banks based on the Japanese version of the Employee Stock Ownership Plan (J-ESOP) and 154,420 shares of the Company held by trust banks based on the Board Benefit Trust (BBT).
Note 3: The increase of 53 treasury shares (common shares) is attributable to the purchase of shares of less than one unit.

3. Matters regarding share options, etc.
Not applicable.

4. Matters regarding dividends
(1) Dividend payment amount

Resolution	Class of shares	Total amount of dividend (Millions of yen)	Dividend per share (Yen)	Reference date	Effective date
May 30, 2020 Board of Directors	Common shares	3,987	25.0	March 31, 2020	June 11, 2020

Note: The total amount of dividend includes a total dividend of ¥9 million to 366,917 shares of the Company held by trust banks as of the reference date based on the Japanese version of the Employee Stock Ownership Plan (J-ESOP) and the Board Benefit Trust (BBT).

(2) Dividend with a reference date belonging to the current consolidated fiscal year and with an effective date belonging to the following consolidated fiscal year

Resolution	Class of shares	Dividend's financial source	Total amount of dividend (Millions of yen)	Dividend per share (Yen)	Reference date	Effective date

May 12, 2021 Board of Directors	Common shares	Retained earnings	4,785	30.0	March 31, 2021	June 10, 2021

Note: The total amount of dividend includes a total dividend of ¥11 million to 366,917 shares of the Company held by trust banks as of the reference date based on the Japanese version of the Employee Stock Ownership Plan (J-ESOP) and the Board Benefit Trust (BBT)

Current consolidated fiscal year (April 1, 2021 to March 31, 2022)

1. Matters regarding issued shares

Class of shares	Beginning of current consolidated FY	Increase	Decrease	End of current consolidated FY
Common shares (shares)	159,970,000	-	-	159,970,000

2. Matters regarding treasury shares

Class of shares	Beginning of current consolidated FY	Increase	Decrease	End of current consolidated FY
Common shares(shares)	835,160	18,044	32,867	820,337

Note 1: Treasury shares (common shares) at the beginning of the current consolidated fiscal year include 212,497 shares of the Company held by trust banks based on the Japanese version of the Employee Stock Ownership Plan (J-ESOP) and 154,420 shares of the Company held by trust banks based on the Board Benefit Trust (BBT).

Note 2: Treasury shares (common shares) at the end of the current consolidated fiscal year include 212,130 shares of the Company held by trust banks based on the Japanese version of the Employee Stock Ownership Plan (J-ESOP) and 157,920 shares of the Company held by trust banks based on the Board Benefit Trust (BBT).

Note 3: Of the increase in the number of treasury shares (common shares), an increase of 18,000 shares is attributable to the acquisition of treasury shares based on the Japanese version of the Employee Stock Ownership Plan (J-ESOP) and the Board Benefit Trust (BBT) while an increase of 44 shares is attributable to the purchase of shares less than one unit.

Note 4: Of the decrease in the number of treasury shares (common shares), a decrease of 18,000 shares is attributable to the disposition of treasury shares through third-party allotment to the Japanese version of the Employee Stock Ownership Plan (J-ESOP) and the Board Benefit Trust (BBT) while a decrease of 14,867 shares is attributable to the provision of the Company's shares held by trust banks based on the Japanese version of the Employee Stock Ownership Plan (J-ESOP) and the Board Benefit Trust (BBT).

3. Matters regarding share options, etc.

Not applicable.

4. Matters regarding dividends

(1) Dividend payment amount

Resolution	Class of shares	Total amount of dividend (Millions of yen)	Dividend per share (Yen)	Reference date	Effective date
May 12, 2021 Board of Directors	Common shares	4,785	30.0	March 31, 2021	June 10, 2021

Note: The total amount of dividend includes a total dividend of ¥11 million to 366,917 shares of the Company held by trust banks as of the reference date based on the Japanese version of the Employee Stock Ownership Plan (J-ESOP) and the Board Benefit Trust (BBT).

(2) Dividend with a reference date belonging to the current consolidated fiscal year and with an effective date belonging to the following consolidated fiscal year

Resolution	Class of shares	Dividend's financial source	Total amount of dividend (Millions of yen)	Dividend per share (Yen)	Reference date	Effective date
May 10, 2022 Board of Directors	Common shares	Retained earnings	5,742	36.0	March 31, 2022	June 14, 2022

Note: The total amount of dividend includes a total dividend of ¥13 million to 370,050 shares of the Company held by trust banks as of the reference date based on the Japanese version of the Employee Stock Ownership Plan (J-ESOP) and the Board Benefit Trust (BBT).

(Matters related to the consolidated cash flow statement)

*1: The relationship between the balance of cash and cash equivalent at the end of the year and the amount set down in account titles in the consolidated balance sheet is as follows:

	Previous consolidated FY (April 1, 2020 to March 31, 2021)	Current consolidated FY (April 1, 2021 to March 31, 2022)
Cash and deposits	¥13,064 million	¥17,986 million
Cash equivalents included in deposits paid (Note)	¥4,500 million	-
Account dedicated to insurance agencies	¥△10 million	¥△3 million
Cash and cash equivalents	¥17,554 million	¥17,983 million

Note: Deposits paid for CMS (cash management system) provided by the parent company (Pasona Group Inc.) to its group companies

*2: Income of ¥69 million from the sale of treasury shares for additional contribution to the Japanese version of the Employee Stock Ownership Plan (J-ESOP) and the Board Benefit Trust (BBT), as well as expenditure of ¥69 million for the acquisition of the Company's shares in trust, are included.

*3 Major breakdown of assets and liabilities of the new consolidated subsidiary

The breakdown of assets and liabilities when the consolidation of JTB BENEFIT SERVICE, Inc. started as a result of share acquisition and the relationship between the cost to acquire the shares of JTB BENEFIT SERVICE, Inc. and net expenses for the acquisition are as follows:

Current assets	¥3,183 million
Non-current assets	¥9,054 million
Goodwill	¥5,898 million
Current liabilities	¥△3,253 million
Non-current liabilities	¥△2,706 million
Share acquisition cost	¥12,177 million
Cash and cash equivalents	¥△1,725 million
Balance: Expenses for acquisition	¥10,451 million

4. Content of material non-cash transactions

The amount of assets and liabilities related to finance lease transactions are as follows:

	Previous consolidated FY (April 1, 2020 to March 31, 2021)	Current consolidated FY (April 1, 2021 to March 31, 2022)
Amount of assets and liabilities related to finance lease transactions	¥42 million	¥20 million

(Matters related to lease transactions)

1. Finance lease transactions

(Lessee side)

(1) Ownership-transfer finance lease transactions

Not applicable.

(2) Non-ownership-transfer finance lease transactions

1) Content of leased assets

Property, plant, and equipment

Mainly, tools, furniture, and fixtures.

Intangible fixed assets

Mainly, software.

2) Method of depreciation of leased assets

The method is described in “Material matters that serve as the basis for preparing consolidated financial statements, 4. Matters regarding accounting policies, (2) Depreciation/amortization method for material depreciable/amortizable assets.”

2. Operating lease transactions

(Lessee side)

Future lease payments in non-cancelable operating lease transactions

(Millions of yen)

	Previous consolidated FY (March 31, 2021)	Current consolidated FY (March 31, 2022)
Within one year	173	339
Over one year	107	1,089
Total	281	1,429

(Matters related to financial instruments)

1. Matters regarding the status of financial instruments

(1) Policy on financial instruments

The Group has a policy of limiting its investment of funds to deposits or very low-risk bonds, etc. and procuring funds through bank loans. The Group does not conduct derivatives trading.

(2) Content and risk of financial instruments

”Notes and accounts receivable – trade,” which are trade receivables, are exposed to customers’ credit risk.

“Investment securities” are the shares, etc. of enterprises having a business relationship with the Group and are exposed to market price fluctuation risk.

Most of Notes and accounts payable – trade” and “Accounts payable – other,” which are trade payables, have a payment date within one month.

Borrowings and lease obligations related to finance lease transactions are aimed primarily at procuring funds required for working capital, capital investment, M&A investment, etc.

(3) Risk management system related to financial instruments

1) Management of credit risk (risk, etc. related to a default in the performance of contracts by business partners)

In the Group, each business division confirms the status of major customers’ trade receivables in accordance with the Credit Management Regulations, comprehends the date and amount by business partner, and tries to gauge as early as possible and reduce debt collection concern resulted from the deterioration of the financial status, etc.

2) Management of market risk (fluctuation risk of foreign currency, interest rates, etc.)

The Group regularly checks the fair value and the financial position of the issuers (business partners) of investment securities and continuously reviews the status of holding in consideration of market conditions and relationship with the business partners.

3) Management of liquidity risk related to fund procurement (risk of not being able to repay on the payment date)

In the Group, the department in charge develops a financing plan in a timely manner and manages liquidity risk by maintaining the liquidity on hand based on reports from each department and group companies.

(4) Supplementary explanation on matters regarding the fair value, etc. of financial instruments

In the calculation of the fair value of financial instruments, variable factors are incorporated, and the value may change by adopting different preconditions, etc.

2. Matters regarding the fair value, etc. of financial instruments

The amount recorded in the consolidated balance sheet, the fair value, and their differences are presented below.

Previous consolidated fiscal year (March 31, 2021)

	Amount reported in the consolidated balance sheet (Millions of yen)	Fair value (Millions of yen)	(Millions of yen)
(1) Investment securities	2,356	2,356	-
Total assets	2,356	2,356	-
(1) Lease obligations	214	213	△0
Total liabilities	214	213	△0

*1: "Cash and deposits," "Notes and accounts receivable – trade," "Deposits paid," "Accounts receivable – other," "Notes and accounts payable – trade," "Short-term borrowings," "Accounts payable – other," "Income taxes payable," and "Deposits received" are settled in a short term and their fair value approximates their book value. For this reason, a statement is omitted.

*2: The amount of financial instruments, of which fair value is recognized as being extremely difficult to gauge, is reported in the consolidated balance sheet.

Category	Previous consolidated FY (Millions of yen)
Unlisted shares	368

These are not included in "(1) Investment securities" because they have no market prices and gauging their fair value is extremely difficult.

The Company recognized an impairment loss of ¥7 million on unlisted shares in the previous consolidated fiscal year.

Current consolidated fiscal year (March 31, 2022)

	Amount reported in the consolidated balance sheet (Millions of yen)	Fair value (Millions of yen)	Difference (Millions of yen)
(1) Investment securities	3,714	3,714	-
Total assets	3,714	3,714	-
(1) Long-term borrowings	9,500	9,424	△75
(2) Lease obligations	128	127	△0
Total liabilities	9,628	9,552	△76

*1: "Cash and deposits," "Accounts receivable - trade," "Accounts receivable – other," "Notes and accounts payable – trade," "Short-term borrowings," "Accounts payable – other," "Income taxes payable," and "Deposits received" are settled in a short term and their fair value approximates their book value. For this reason, a statement is omitted.

*2: Shares, etc. having no market prices are not included in "(1) Investment securities." The amount of financial instruments reported in the consolidated balance sheet is as follows:

Category	Current consolidated FY (Millions of yen)
Unlisted shares	177

Note 1: Amount of monetary claims and securities with a maturity to be redeemed after the consolidated closing date

Previous consolidated fiscal year (March 31, 2021)

	Within 1 year (Millions of yen)	Over 1 year and within 5 years (Millions of yen)	Over 5 years and within 10 years (Millions of yen)	Over 10 years (Millions of yen))
Cash and deposits	13,064	-	-	-
Notes and accounts receivable - trade	6,826	-	-	-
Deposits paid	4,500	-	-	-
Accounts receivable - other	807	-	-	-
Investment securities				
Other securities having maturities (corporate bonds)	97	221	-	157
Total	25,296	221	-	157

Current consolidated fiscal year (March 31, 2022)

	Within 1 year (Millions of yen)	Over 1 year and within 5 years (Millions of yen)	Over 5 years and within 10 years (Millions of yen)	Over 10 years (Millions of yen)
Cash and deposits	17,986	-	-	-
Accounts receivable - trade	6,202	-	-	-
Accounts receivable - other	2,789	-	-	-
Investment securities				
Other securities having maturities (corporate bonds)	244	-	-	173
Total	27,223	-	-	173

Note 2: Amount of interest-bearing liabilities to be repaid after the consolidated closing date

Previous consolidated fiscal year (March 31, 2021)

	Within 1 year (Millions of yen)	Over 1 year and within 2 years (Millions of yen)	Over 2 years and within 3 years (Millions of yen)	Over 3 years and within 4 years (Millions of yen)	Over 4 years and within 5 years (Millions of yen)	Over 5 years (Millions of yen)
Short-term borrowings	174	-	-	-	-	-
Lease obligations	105	53	36	15	3	0
Total	280	53	36	15	3	0

Current consolidated fiscal year (March 31, 2022)

	Within 1 year (Millions of yen)	Over 1 year and within 2 years (Millions of yen)	Over 2 years and within 3 years (Millions of yen)	Over 3 years and within 4 years (Millions of yen)	Over 4 years and within 5 years (Millions of yen)	Over 5 years (Millions of yen)
Short-term borrowings	110	-	-	-	-	-
Long-term borrowings	1,000	1,000	1,000	1,000	1,000	4,500
Lease obligations	60	40	18	6	1	-
Total	1,171	1,040	1,018	1,006	1,001	4,500

3. Matters related to the breakdown of financial instruments by fair value level, etc.

The fair value of financial instruments is classified into the following three levels depending on the observability and importance of input used for the calculation of the fair value.

Level 1 fair value: Fair value calculated based on unadjusted, quoted prices of the same asset or liability in an active market

Level 2 fair value: Fair value calculated using directly or indirectly observable inputs other than Level 1 inputs

Level 3 fair value: Fair value calculated using important, unobservable inputs

If multiple inputs that have an important impact on fair value calculation are used, the fair value is classified into the level with the lowest priority in fair value calculation among the levels to which such inputs belong.

(1) Financial assets and financial liabilities of which fair value is reported in the consolidated balance sheet

Current consolidated fiscal year (March 31, 2022)

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Stock	3,289	-	-	3,289
Corporate bonds	-	424	-	424
Total assets	3,289	424	-	3,714

(2) Financial assets and financial liabilities of which fair value is not reported in the consolidated balance sheet

Current consolidated fiscal year (March 31, 2022)

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Long-term borrowings	-	9,424	-	9,424
Lease obligations	-	127	-	127
Total liabilities	-	9,552	-	9,552

Note: The valuation method used for fair value calculation and explanation on inputs

Investment securities

Listed shares and corporate bonds are valuated using their quoted prices. The fair value of listed shares is classified into Level 1 because such shares are traded in an active market. On the other hand, the fair value of corporate bonds held by the Company is classified into Level 2 because such bonds are less frequently traded in the market and their fair value is not recognized as a quoted price in an active market.

Long-term borrowings and lease obligations

The fair value of long-term borrowings and lease obligations is calculated using the discounted present value method based on the total amount of principal and interest, the remaining period of the debts/obligations, and the interest rate taking credit risk into consideration. The fair value of long-term borrowings and lease obligations is classified into Level 2.

(Matters related to securities)

1. Other securities

Previous consolidated fiscal year (March 31, 2021)

Category	Type	Amount reported in the consolidated balance sheet (Millions of yen)	Acquisition cost (Millions of yen)	Difference (Millions of yen)
Securities of which the amount reported in the consolidated balance sheet exceeds the acquisition cost	Stock	1,854	292	1,562
	Bond	229	193	36
	Subtotal	2,084	485	1,599
Securities of which the amount reported in the consolidated balance sheet does not exceed the acquisition cost	Bond	272	294	△22
	Subtotal	272	294	△22
Total		2,356	780	1,576

Note: Unlisted shares (amount reported in the consolidated balance sheet: ¥368 million) are not included in “Oher securities” in the above table because they have no market prices and gauging their fair value is extremely difficult.

The Company recognized an impairment loss of ¥7 million on unlisted shares.

Current consolidated fiscal year (March 31, 2022)

Category	Type	Amount reported in the consolidated balance sheet (Millions of yen)	Acquisition cost (Millions of yen)	Difference (Millions of yen)
Securities of which the amount reported in the consolidated balance sheet exceeds the acquisition cost	Stock	3,289	479	2,809
	Bond	245	193	52
	Subtotal	3,534	672	2,862
Securities of which the amount reported in the consolidated balance sheet does not exceed the acquisition cost	Bond	179	197	△17
	Subtotal	179	197	△17
Total		3,714	869	2,844

Note: Unlisted shares (amount reported in the consolidated balance sheet: ¥177 million) are not included in “Other securities” in the above table because they are shares, etc. having no market price.

2. Other securities sold during the consolidated fiscal year

Previous consolidated fiscal year (March 31, 2021)

Not applicable.

Current consolidated fiscal year (March 31, 2022)

Category	Sale price (Millions of yen)	Total gain on sale (Millions of yen)	Total loss on sale (Millions of yen)
Bond	95	-	2
Total	95	-	2

(Matters related to derivative trading)

Previous consolidated fiscal year (March 31, 2021)

Not applicable because the Group does not conduct derivative trading at all.

Current consolidated fiscal year (March 31, 2022)

Not applicable because the Group does not conduct derivative trading at all.

(Matters related to retirement benefits)

Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)

A statement is omitted due to minor importance.

Current consolidated fiscal year (April 1, 2021 to March 31, 2022)

1. Outline of the retirement benefit plan adopted

Some of the Company's consolidated subsidiaries have a lump-sum retirement allowance plan as a defined benefit scheme. Retirement benefit liabilities and retirement benefit expenses are calculated using the simplified accounting method. Some of the Company's overseas consolidated subsidiaries have a defined contribution scheme based on local systems.

2. Defined benefit scheme applying the simplified accounting method

(1) Reconciliation statement of the balance of retirement benefit liabilities at the beginning and end of the year applying the simplified accounting method

	Current consolidated FY (April 1, 2021 to March 31, 2022)
Balance of retirement benefit liabilities, beginning of year	¥3 million
Increase associated with the acquisition of a consolidated subsidiary	¥65 million
Retirement benefit expenses	¥3 million
Retirement benefits paid	¥△5 million
Other	¥0 million
Balance of retirement benefit liabilities, end of year	¥67 million

(2) Reconciliation statement of the balance of retirement benefit obligations and pension assets at the end of the year and retirement benefit liabilities/assets reported in the consolidated balance sheet

	Current consolidated FY (March 31, 2022)
Savings-type retirement benefit obligations	-
Pension assets	-
	-
Non-savings-type retirement benefit obligations	¥67 million
Net liabilities and assets reported in the consolidated balance sheet	¥67 million
Retirement benefit liabilities	¥67 million
Retirement benefit assets	-
Net liabilities and assets reported in the consolidated balance sheet	¥67 million

(3) Retirement benefit expenses

Retirement benefit expenses calculated using the simplified accounting method

Current consolidated fiscal year: ¥3 million

3. Defined contribution plan

The consolidated subsidiaries needed to contribute ¥18 million to their defined contribution plan in the current consolidated fiscal year.

(Matters related to stock option, etc.)

Not applicable.

(Matters related to tax effect accounting)

1. Breakdown of deferred tax assets and deferred tax liabilities by major cause

(Deferred tax assets)

	Previous consolidated FY (March 31, 2021)	Current consolidated FY (March 31, 2022)
Accrued enterprise tax	¥115 million	¥134 million
Accrued business office tax	¥4 million	¥6 million
Allowance for doubtful accounts	¥7 million	¥17 million
Contract liabilities/Point	-	¥198 million
Provision for point card certificates	¥180 million	-
Provision for employee stock ownership plan	¥64 million	¥86 million
Provision for share-based remuneration for Directors (and other Officers)	¥39 million	¥54 million
Software development expenses	¥62 million	¥295 million
Loss on valuation of investment securities	¥101 million	¥101 million
Retirement benefit liability	¥0 million	¥20 million
Asset retirement obligations	¥6 million	¥21 million
Losses carried forward (Note 2)	¥350 million	¥309 million
Other	¥49 million	¥105 million
Subtotal of deferred tax assets	¥984 million	¥1,349 million
Valuation allowance for losses carried forward for tax purposes (Note 2)	¥△350 million	¥△309 million
Valuation allowance for the total of deductible temporary difference, etc.	¥△33 million	¥△31 million
Subtotal of valuation allowance (Note 1)	¥△384 million	¥△340 million
Total deferred tax assets	¥599 million	¥1,009 million
Offset with deferred tax liabilities	¥△449 million	¥△932 million
Balance: Net deferred tax assets	¥149 million	¥76 million

(Deferred tax liabilities)

	Previous consolidated FY (March 31, 2021)	Current consolidated FY (March 31, 2022)
Cost of removal corresponding to asset retirement obligations	¥△3 million	¥△8 million
Valuation difference on available-for-sale securities	¥△446 million	¥△834 million
Customer-related assets	-	¥△2,555 million
Total deferred tax liabilities	¥△449 million	¥△3,397 million
Offset with deferred tax assets	¥449 million	¥932 million
Balance: Net deferred tax liabilities	-	¥△2,465 million

(Change of the presentation method)

As for "Retirement benefit liability" that was included in "Other" under "Deferred tax assets" in the previous consolidated fiscal year, the Company decided to independently present it from the current consolidated fiscal year because its monetary importance has increased. To reflect this change of presentation method, we have rearranged the explanatory notes for the previous consolidated fiscal year.

As a result, the ¥50 million that was presented as "Other" under "Deferred tax assets" in the previous consolidated fiscal year has been rearranged as "Retirement benefit assets" (¥0 million) and "Other" (¥49 million).

Note 1: The valuation allowance decreased by ¥43 million mainly because the valuation allowance for losses carried forward for tax purposes decreased.

Note 2: Amount of losses carried forward for tax purposes and their deferred tax assets by time limit for carryover

(Previous consolidated fiscal year)

	Within 1 year	Over 1 year and within 2 years	Over 2 years and within 3 years	Over 3 years and within 4 years	Over 4 years and within 5 years	Over 5 years	Total
Losses carried forward for tax purposes(a)	22	20	19	22	10	255	¥350 million
Valuation allowance	△22	△20	△19	△22	△10	△255	￥△350 million
Deferred tax assets	-	-	-	-	-	-	-

(a) Losses carried forward for tax purposes represent the amount obtained by multiplying the normal effective statutory tax rate.

(Current consolidated fiscal year)

	Within 1 year	Over 1 year and within 2 years	Over 2 years and within 3 years	Over 3 years and within 4 years	Over 4 years and within 5 years	Over 5 years	Total
Losses carried forward for tax purposes(a)	20	21	24	12	11	219	¥309 million
Valuation allowance	△20	△21	△24	△12	△11	△219	￥△309 million
Deferred tax assets	-	-	-	-	-	-	-

(a) Losses carried forward for tax purposes represent the amount obtained by multiplying the normal effective statutory tax rate.

2. Breakdown by major cause when there is a significant difference between the normal effective statutory tax rate and the burden ratio of corporation tax, etc. after the application of tax effect accounting

Notes are omitted because the difference between the normal effective statutory tax rate and the burden ratio of corporation tax, etc. after application of tax effect accounting is 5/100 or less of the normal effective statutory tax rate.

(Matters related to business combination, etc.)

Business combination by acquisition

The Company acquired all shares of JTB BENEFIT SERVICE, Inc. on October 29, 2021 and made it a subsidiary.

1. Outline of the business combination

(1) Name and business content of the merged company

Name of the merged company	JTB BENEFIT SERVICE, Inc.
Business content	Outsourced employee benefit service business

(2) Reason for the business combination

While COVID-19 has had a significant impact on society and economy, it has given many companies an opportunity to accelerate their initiatives for workstyle reform, health management, digitalization, etc. It is expected that companies' HR departments will further promote the utilization of outsourcing services and that HR departments' response to HRDX (digital transformation in HR) will be an important business challenge.

Taking this socioeconomic trend as an opportunity, the Group has developed 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 in addition to employee benefits, healthcare, and other outsourcing services. The Group is promoting the platform strategy to support companies' HRDX and working to spread the use of the platform and to accelerate member increase as its medium- to long-term core strategy.

JTB BENEFIT SERVICE, Inc. had been a leading company in the field of employee benefit service since its foundation in 2000, aiming to contribute to "the work-life balance of working people" and "the creation of vibrant workplaces."

The Group decided to welcome JTB BENEFIT SERVICE, Inc., expecting a dramatic expansion of the membership base and service distribution in line with the Company's medium-term management plan.

(3) Date of the business combination
October 29, 2021

(4) Legal form of the business combination
Acquisition of shares with cash as consideration

(5) Company name after the business combination
The company name has not changed.

(6) Percentage of voting rights acquired
100.0%

(7) Primary basis for deciding the acquiring company
The Company is the acquiring company because it acquired shares with its cash as consideration.

2. Performance period of the acquired company included in the consolidated financial statements
January 1, 2022 to March 31, 2022

3. Acquisition cost and breakdown by type of consideration

Value for acquisition	Cash	¥12,177 million
Acquisition cost		¥12,177 million

4. Main content and amount of acquisition cost
Compensation for advisory services, etc.
¥139 million

5. Amount of goodwill generated, cause of goodwill generation, amortization method, and amortization period

(1) Amount of goodwill generated
¥5,898 million

(2) Cause of goodwill generation
The acquisition cost exceeded the acquired company's net assets, and the excess amount is recorded as goodwill.

(3) Amortization method and amortization period
Straight-line method over 20 years

6. Amount of assets and liabilities accepted and assumed on the date of business combination, and major breakdown thereof

Current assets	¥3,183 million
Non-current assets	¥9,054 million
Total assets	¥12,238 million
Current liabilities	¥3,253 million
Non-current liabilities	¥2,706 million
Total liabilities	¥5,959 million

7. Amount allocated to non-goodwill intangible fixed assets and amortization period

Customer-related assets	Amount	¥8,441 million
	Amortization period	22 years

8. Estimated impact of business combination on the consolidated profit and loss statement of the current consolidated fiscal year and the method of calculating the impact, assuming that the business combination was completed on the first day of the consolidated fiscal year

Sales	¥5,800 million
Operating income	¥328 million
Ordinary income	¥354 million
Net income before income taxes	¥354 million
Net income attributable to owners of parent	¥174 million
Net income per share	¥1.01

(Method to estimate the amount of impact)
The Company reports the difference between sales/profit/loss information calculated on the assumption that business combination was completed on the first day of the consolidated fiscal year and sales/profit/loss information in the Company's consolidated profit and loss statement as the estimated amount of impact. This explanatory note has not obtained audit certification.

(Matters related to asset retirement obligations)
A statement is omitted due to minor importance.

(Matters related to rental real estate properties)
Not applicable.

(Matters related to revenue recognition)
1. Breakdown of revenue generated from contracts with customers
A breakdown by business and by the time of revenue recognition is as follows:
Current consolidated fiscal year (April 1, 2021 to March 31, 2022)

By business

Employee Benefit Service business	¥19,796 million
Individual Benefit Service business	¥1,890 million
CRM business	¥488 million
the Incentive business	¥3,473 million
Healthcare business	¥9,609 million
Purchase and Settlement Service business	¥641 million
Payment business	¥17 million
Overseas business	¥1,474 million
Other	¥970 million
Total sales	¥38,362 million

Time of revenue recognition

Goods or services transferred at a point in time	¥9,623 million
Goods or services transferred over a certain period	¥28,739 million
Total sales	¥38,362 million

2. Information that serves as a basis for understanding revenues

(1) Information on contracts and performance obligations

Main performance obligations related to the provision of goods or services offered by the Group are described in "(Material matters that serve as the basis for preparing consolidated financial statements), 4. Matters regarding accounting policies, (5) Recording criteria for important revenue and expenses." Of these obligations, the following services involve other parties. The Group's performance obligation is the arrangement, etc. of the provision of services by the other parties. Therefore, the Group judges that it is serving as an agent in transactions and recognizes sales as the net amount.

Business	Service	Other parties
Healthcare business	Health checkup service	Outsourcees including healthcare providers
	Vaccination support	
Purchase and Settlement Service business	Settlement agency service	Telecommunications carriers, public transport, etc.

Revenue from each business of the Group is measured as the amount obtained by deducting discount, etc. from consideration promised in contracts with customers, and no variable consideration is included.

Important financial elements have not been adjusted for receivables based on the contracts with customers because the period from satisfying performance obligations to receiving consideration is usually within one year.

(2) Information on the calculation of transaction prices

In the Employee Benefit Service, Individual Benefit Service, and CRM businesses, in some cases, the Group pays reimbursement to service-providing companies, from which the Company receives customer referral fees, in order to promote members' use. The reimbursement payments are deducted from revenue as payments to customers, up to the upper limit of the reported amount of customer referral fees.

(3) Information related to the calculation of the amount allocated to performance obligations

In the Employee Benefit Service, Individual Benefit Service, and CRM businesses, regarding "Benepo" that is given to members (individuals) according to service provision, the Group estimates the amount corresponding to the points that are expected to be used in the future based on the past use rate, etc., and allocates membership fees as a separate performance obligation.

(4) Information related to the point in time when performance obligations are satisfied

The normal point in time when the performance obligations are satisfied regarding the provision of goods or services offered by the Group is described in "(Material matters that serve as the basis for preparing consolidated financial statements), 4. Matters regarding accounting policies, (5) Recording criteria for important revenue and expenses."

The method used to recognize revenue regarding performance obligations that are satisfied over a certain period of time and the grounds that demonstrate that the method faithfully depicts the transfer of goods or services are as follows:

Business	Service	Method	Grounds of faithful depiction
Employee Benefit Service, Individual Benefit Service, and CRM businesses	Provision of "Benefit Station"	Fixed amount for a period	Consistent service is provided over the contract period.
Healthcare business	Health guidance	Progress-based measurement	This service is provided in stages (initial support, continued support, and result evaluation).
	Vaccination support	Progress-based measurement	This service is provided in stages by the number of vaccination doses received.
Purchase and Settlement Service business	Settlement agency service	Flat-rate portion: Fixed amount for a period Pay-as-you-go portion: Measurement based on the number of services provided	Consistent service is provided over the contract period, and the number of services provided varies.

Below is shown the important judgment made to measure the point in time when the customer obtains control over promised goods or services regarding performance obligations that are satisfied at a point in time.

Business	Service	Important judgment
Employee Benefit Service, Individual Benefit Service, and	"Benepo"	The Group judges that it is released from performance obligations at the point in time when "Benepo" is used and expires.

CRM businesses	Referral of customers to service-providing companies	The Group judges that its performance obligations are satisfied at the point in time when service-providing companies provide services to the Company’s members because the Group acquires the right to receive customer referral fees that the Group currently has.
Incentive business	Incentive Point and item exchange	The Group judges that its performance obligations are satisfied upon the delivery of point exchange items because the legal ownership and physical occupation of such items, as well as significant risk and economic value accompanying ownership, are transferred to the eligible user upon delivery.
Healthcare business	Health checkup service	The Group judges that its performance obligations are satisfied at the point in time when the service is completed because the Group acquires the right to receive consideration for the service that the Group currently has.
Payment business	Settlement service	The Group judges that its performance obligations are satisfied at the point in time when member shops/stores/restaurants have provided services to the Company’s members because the Group acquires the right to receive fees at that point in time.
Overseas business	Incentive Point and item exchange	The Group judges that its performance obligations are satisfied upon the delivery of point exchange items because the legal ownership and physical occupation of such items, as well as significant risk and economic value accompanying ownership, are transferred to the eligible user upon delivery.

As for Incentive Point and item exchange in the Incentive business, alternative handling is applied, and revenue is recognized at the time of shipment.

3. Information to understand the amount of revenue in the current and following fiscal years

(1) Balance of contract assets and contract liabilities, etc.

(Millions of yen)

	Current consolidated FY (March 31, 2022)
Receivables generated from contracts with customers (Balance, beginning of year)	6,810
Receivables generated from contracts with customers (Balance, end of year)	6,241
Contract assets (Balance, beginning of year)	27
Contract assets (Balance, end of year)	62
Contract liabilities (Balance, beginning of year)	5,150
Contract liabilities (Balance, end of year)	5,840

Contract assets are related to the Group's right to consideration for continuous support that has been partially completed but has not been charged at the end of the fiscal year in specified health guidance service contracts with some customer companies, etc. in the Healthcare business. Contract assets are transferred to receivables generated from contracts with customers at the point in time when the Group's right to consideration has become unconditional. Consideration for the specified health guidance service contract is charged upon the completion of the continuous support and the Group receives the consideration basically within one month from the billing month.

Contract liabilities are primarily related to liabilities for advances received based on the reference date on which customer companies give Incentive Points to their employees, etc. in the Incentive business, as well as liabilities related to "Benepo" in the Employee Benefit Service, Individual Benefit Service, and CRM businesses. Contract liabilities are withdrawn when revenue is recognized.

Of the revenue recognized in the current consolidated fiscal year, ¥2,901 million was included in the balance of contract liabilities as of the beginning of the fiscal year. Contract liabilities increased by ¥689 million in the current consolidated fiscal year primarily because of the impact of making JTB BENEFIT SERVICE, Inc. a consolidated subsidiary (¥1,135 million).

There is no importance in the amount of revenue generated from performance obligations satisfied (or partially satisfied) in the past fiscal years and recognized in the current consolidated fiscal year (mainly, the fluctuation of transaction prices).

(2) Transaction prices allocated to remaining performance obligations

The total amount of transaction prices of ¥6,313 million was allocated to performance obligations that were unsatisfied (or partially unsatisfied) at the end of the current consolidated fiscal year. The amount is primarily related to Incentive Point in the Incentive business and "Benepo" in the Employee Benefit Service, Individual Benefit Service, and CRM businesses that are included in contract liabilities as performance obligations.

Of the balance of performance obligations related to Incentive Point (¥5,392 million) in the Incentive business, approx. 70% will be fulfilled within one year, approx. 20% will be fulfilled not sooner than one year but not later than two years, approx. 5% will be fulfilled not sooner than two years but not later than three years, and approx. 5% will be fulfilled not sooner than three years. Of the balance of performance obligations related to "Benepo" (¥647 million) in the Employee Benefit Service, Individual Benefit Service, and CRM businesses, approx. 60% will be fulfilled within one year, approx. 20% will be fulfilled not sooner than one year but not later than two years, and approx. 20% will be fulfilled not sooner than two years but not later than three years.

The Group applies a practical expedient for the explanatory notes for transaction prices allocated to remaining performance obligations, and does not include contracts of which the initially expected contract period is within one year in the explanatory notes. The amount of consideration received based on the contracts with customers has no amount of significant variable consideration, etc. that is not included in transaction prices.

(Segment information, etc.)
[Segment information]
Outline of the reported segment:
The 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.

[Related information]
1. Information by product and service
Statement is omitted because sales from the membership service business exceed 90% of the sales reported in the consolidated profit and loss statement.
2. Information by area
(1) Sales
Statement is omitted because sales to external customers in Japan exceed 90% of the sales reported in the consolidated profit and loss statement.
(2) Property, plant, and equipment
Statement is omitted because the amount of property, plant, and equipment located in Japan exceeds 90% of the amount of property, plant, and equipment in the consolidated balance sheet.
3. Information by major customer
There is no statement because no customer accounts for 10% or more in sales to customers reported in the consolidated profit and loss statement.

[Information on impairment loss on non-current assets by reported segment]
Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)
Not applicable.

Current consolidated fiscal year (April 1, 2021 to March 31, 2022)
Not applicable.

[Information on the amortization amount of goodwill and the unamortized balance by reported segment]]
This information is omitted because the segment to be reported is only the membership service business.

[Information on gain from negative goodwill by reported segment]]
Not applicable.

[Information on related parties]

1. Transactions with related parties

(1) Transactions between the company submitting the consolidated financial statements and related parties

1) Non-consolidated subsidiary, affiliated companies, etc. of the company submitting consolidated financial statements

Not applicable.

2) Parent company, major shareholders (limited to enterprises, etc.) of the company submitting the consolidated financial statements

Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)

Type	Name of the company, etc.	Location	Share capital or investments in capital (¥ Mil)	Contents of business or occupation	Ratio of holding (held) voting rights, etc. (%)	Relationship with the related party	Content of transaction	Transaction amount (¥ Mil)	Account title	Balance, end of year (¥ Mil)
Parent company	Pasona Group Inc.	Chiyoda-ku, Tokyo	5,000	Development of group management strategies and support for business execution; business administration and the optimal allocation of management resources; the development of new businesses related to employment creation; etc.	(Held) Direct 50.92	Depositing funds Interlocking Officers	Depositing funds	—	Deposits paid	4,500
							Collecting funds	9		
							Receiving interest	9		

Note 1: The balance at the end of the year includes consumption tax, etc.

Note 2: Conditions of transactions and the policy for deciding the conditions of transactions

All transaction conditions are almost the same as the conditions of other companies having no relationship with the Company or general transaction conditions considering market prices, or transaction conditions are decided through discussion. Conditions of transactions are appropriately decided, going through the approval procedure of the Board of Directors so as not to harm the interests of the Company, in accordance with the Related Party Transaction Management Regulations and company rules on official authority.

Note 3: "Depositing funds" is related to the CMS (cash management system) contract concluded between the Company and Pasona Group Inc., and the interest is reasonably decided in consideration of market interest rates.

Current consolidated fiscal year (April 1, 2021 to March 31, 2022)

Type	Name of the company, etc.	Location	Share capital or investments in capital (¥ Mil)	Contents of business or occupation	Ratio of holding (held) voting rights, etc. (%)	Relationship with the related party	Content of transaction	Transaction amount (¥ Mil)	Account title	Balance, end of year (¥ Mil)
Parent company	Pasona Group Inc	Chiyoda-ku, Tokyo	5,000	Development of group management strategies and support for business execution; business administration and the optimal allocation of management resources; the development of new businesses related to employment creation; etc.	(Held) Direct 50.91	Depositing funds Interlocking Officers	Depositing funds	—	Deposits paid	—
							Collecting funds	4,505		
							Receiving interest	4		

Note 1: The balance at the end of the year includes consumption tax, etc.。

Note 2: Conditions of transactions and the policy for deciding the conditions of transactions

All transaction conditions are almost the same as the conditions of other companies having no relationship with the Company or general transaction conditions considering market prices, or transaction conditions are decided through discussion. Conditions of transactions are appropriately decided, going through the approval procedure of the Board of Directors so as not to harm the interests of the Company, in accordance with the Related Party Transaction Management Regulations and company rules on official authority.

Note 3: "Depositing funds" and "Collecting funds" are related to the CMS (cash management system) contract concluded between the Company and Pasona Group Inc., and the interest is reasonably decided in consideration of market interest rates.

(2) Transactions between the consolidated subsidiaries of the company submitting the consolidated financial statements and related parties

Not applicable.

2. Notes on the parent company or any material affiliated companies

(1) Information on the parent company

Pasona Group Inc. (listed on the Tokyo Stock Exchange)

(2) Summary of financial information of any material affiliated company

There is no statement because there is no material affiliated company in the current consolidated fiscal year.

(Per share information)

	Previous consolidated FY (April 1, 2020 to March 31, 2021)	Current consolidated FY (April 1, 2021 to March 31, 2022)
Net assets per share	¥124.84	¥156.54
Net income per share	¥42.52	¥56.24

Note 1: Diluted net income per share is not stated because there are no dilutive shares.

Note 2: Treasury shares remaining in the Japanese version of the Employee Stock Ownership Plan (J-ESOP) and the Board Benefit Trust (BBT) that are recorded as treasury shares in the shareholders' equity are included in treasury shares deducted from the total number of issued shares as of the end of the year for the calculation of net assets per share, and in treasury shares deducted in the calculation of the average number of shares during the year for the calculation of net income per share.

The number of treasury shares deducted for the calculation of net assets per share as of the end of the year is 212,497 shares in the previous consolidated fiscal year and 212,130 shares in the current consolidated fiscal year regarding the Japanese version of the Employee Stock Ownership Plan (J-ESOP). As for the Board Benefit Trust (BBT), 154,420 shares were deducted in the previous consolidated fiscal year and 157,920 shares were deducted in the current consolidated fiscal year. The average number of treasury shares deducted during the year for the calculation of net income per share is 212,497 shares in the previous consolidated fiscal year and 213,960 shares in the current consolidated fiscal year regarding the Japanese version of the Employee Stock Ownership Plan (J-ESOP). As for the Board Benefit Trust (BBT), the average number is 154,420 shares in the previous consolidated fiscal year and 154,842 shares in the current consolidated fiscal year.

Note 3. The basis for the calculation of net income per share is as follows:

Item	Previous consolidated FY (April 1, 2020 to March 31, 2021)	Current consolidated FY (April 1, 2021 to March 31, 2022)
Net income per share		
Net income attributable to owners of the parent (Millions of yen)	6,766	8,949
Amount not attributable to common shareholders (Millions of yen)	-	-
Net income attributable to owners of the parent related to common shares (Millions of yen)	6,766	8,949
Average number of common shares during the period	159,134,851	159,135,090

(Material post-balance sheet events)

(Acquisition and cancellation of treasury shares)

At the Board of Directors meeting held on May 10, 2022, the Company resolved matters related to the acquisition of treasury shares based on the provisions of the Articles of Incorporation of the Company pursuant to the provisions of Article 459, Paragraph 1 of the Companies Act. The Company also resolved to cancel some treasury shares held by the Company based on the provisions of Article 178 of the Companies Act.

1. Reason for the acquisition and cancellation of treasury shares

   To improve capital efficiency and to return profits to shareholders

2. Details of the acquisition

   (1) Class of shares to be acquired: Common shares of the Company

   (2) Total number of acquirable shares: 800,000 shares (upper limit)

   (Ratio to the total number of issued shares (excluding treasury shares): 0.50% (as of March 31, 2022))

   ＊ The Company has introduced the Japanese version of the Employee Stock Ownership Plan (J-ESOP) and the Board Benefit Trust (BBT). The Custody Bank of Japan, Ltd. (trust account E) (hereinafter, “Trust Account E”) holds the shares of the Company, but the shares of the Company owned by Trust Account E are not included in the above treasury shares.

   (3) Total share acquisition cost: ¥1,500,000,000 (upper limit)

   (4) Period of share acquisition: May 12, 2022 to June 10, 2022

   (5) Method of share acquisition: Market purchase on the Tokyo Stock Exchange based on a discretionary transaction contract

3. Result of the acquisition

   (1) Class of acquired shares: Common shares of the Company

   (2) Total number of acquired shares: 779,100 shares

   (3) Total share acquisition cost: ¥1,499,989,399

   (4) Date of share acquisition: May 12, 2022 to June 8, 2022 (trade basis)

   (5) Method of share acquisition: Market purchase on the Tokyo Stock Exchange based on a discretionary transaction contract

4. Details of the cancellation

   (1) Class of shares to be cancelled: Common shares of the Company

   (2) Number of shares to be cancelled: The same number as the total number of treasury shares acquired pursuant to 3. above

   (3) Scheduled date of cancellation: June 30, 2022

5) Consolidated supplementary schedules

[Schedule of corporate bonds]

Not applicable.

[Schedule of borrowings, etc.]

Category	Balance, beginning of year (Millions of yen)	Balance, end of year (Millions of yen)	Average interest (%)	Due date
Short-term borrowings	174	110	1.40	-
Long-term borrowings to be repaid within 1 year	-	1,000	0.57	-
Lease obligations to be repaid within 1 year	105	60	1.39	-
Long-term borrowings (excluding borrowings to be repaid within 1 year)	-	8,500	0.57	2023 to 2031
Lease obligations (excluding lease obligations to be repaid within 1 year)	108	67	1.19	2023 to 2027
Other interest-bearing liabilities	-	-	-	-
Total	389	9,738	-	-

Note 1: “Average interest” represents the weighted average interest rate for the balance of borrowings, etc. at the end of the year.

Note 2: The amounts of long-term borrowings (excluding borrowings to be repaid within one year) and lease obligations (excluding lease obligations to be repaid within one year) to be repaid within five years of the consolidated closing date is as follows:

Category	Over 1 year and within 2 years (Millions of yen)	Over 2 years and within 3 years (Millions of yen)	Over 3 years and within 4 years (Millions of yen)	Over 4 years and within 5 years (Millions of yen)
Long-term borrowings	1,000	1,000	1,000	1,000
Lease obligations	40	18	6	1

[Schedule of asset retirement obligations]

A statement is omitted pursuant to the provisions of Article 92-2 of the Regulation on Consolidated Financial Statements because the amount of asset retirement obligations at the beginning and the end of the current consolidated fiscal year is 1/100 or less than the total amount of liabilities and net assets at the beginning and the end of the current consolidated fiscal year.

(2) Other

Quarter information, etc. in the current consolidated fiscal year

(Cumulative period)		Q1	Q2	Q3	Current consolidated FY
Sales	(¥ Mil)	8,483	18,748	27,068	38,362
Quarterly net profit before taxes (current quarter)	(¥ Mil)	2,899	6,909	9,574	12,848
Quarterly net profit attributable to owners of the parent (current quarter)	(¥ Mil)	2,051	4,826	6,663	8,949
Quarterly net profit per share (current quarter)	(¥)	12.89	30.33	41.87	56.24

(Accounting period)		Q1	Q2	Q3	Q4
Quarterly net profit per share	(¥)	12.89	17.43	11.55	14.37

Note: The Company performed temporary accounting processing for business combination resulting from the acquisition of the shares of JTB BENEFIT SERVICE, Inc. on October 29, 2021 for the Q3 consolidated accounting period. Figures were determined in the Q4 consolidated accounting period, and the figures determined are reflected for Q3.

2. Financial statements, etc.
(1) Financial statements
1) Balance sheet

(Millions of yen)

	Previous FY (March 31, 2021)	Current FY (March 31, 2022)
Assets		
Current assets		
Cash and deposits	12,837	15,674
Accounts receivable - trade	*2 6,623	*2 5,661
Contract assets	-	62
Merchandise and finished goods	1,175	1,731
Work in process	81	-
Raw materials and supplies	32	32
Advance payments - trade	*2 12	0
Prepaid expenses	670	*2 549
Deposits paid	*2 4,500	-
Accounts receivable - other	*2 884	*2 2,502
Short-term loans receivable	*2 434	*2 491
Other	*2 1,458	*2 2,019
Allowance for doubtful accounts	△204	△228
Total current assets	28,505	28,496
Non-current assets		
Property, plant, and equipment		
Buildings	*3 409	*3 388
Structures	18	16
Machinery and equipment	0	0
Vessels	38	19
Tools, furniture and fixtures	*3 53	*3 46
Land	602	602
Leased assets	177	105
Total property, plant, and equipment	1,300	1,179
Intangible fixed assets		
Goodwill	4	-
Software	1,113	2,094
Software in progress	1,149	2,821
Leased assets	14	5
Other	2	2
Total intangible fixed assets	2,283	4,923
Investment and other assets		
Investment securities	2,702	3,872
Shares of subsidiaries and associates	85	*1 12,517
Investment in capital	7	5
Distressed receivables	11	7
Long-term prepaid expenses	71	28
Deferred tax assets	725	614
Insurance funds	273	273
Guarantee deposits	499	718
Membership	34	30
Other	0	0
Allowance for doubtful accounts	△11	△6
Total investment and other assets	4,399	18,061
Total non-current assets	7,983	24,164
Total assets	36,488	52,660

(Millions of yen)

	Previous FY (March 31, 2021)	Current FY (March 31, 2022)
Liabilities		
Current liabilities		
Accounts payable - trade	3,132	*2 4,764
Long-term borrowings to be repaid within 1 year	-	*1 1,000
Lease obligations	102	55
Accounts payable - other	*2 2,669	*2 3,844
Accrued expenses	31	88
Income taxes payable	2,029	2,447
Advances received	4,382	-
Contract liabilities	-	4,382
Deposits received	1,495	750
Accrued consumption taxes	732	391
Provision for loss on guarantees	169	94
Asset retirement obligations	-	10
Other	44	64
Total current liabilities	14,790	17,893
Non-current liabilities		
Long-term borrowings	-	*1 8,500
Lease obligations	106	67
Provision for point card certificates	588	-
Provision for employee stock ownership plan	212	281
Provision for share-based remuneration for Directors (and other Officers)	127	179
Asset retirement obligations	22	25
Other	54	172
Total non-current liabilities	1,111	9,225
Total liabilities	15,901	27,119
Net assets		
Shareholders’ equity		
Share capital	1,527	1,527
Capital surplus		
Legal capital surplus	1,467	1,467
Other capital surplus	-	35
Total capital surplus	1,467	1,503
Retained earnings		
Other retained earnings		
General reserve	7,200	7,200
Retained earnings brought forward	10,620	14,679
Total retained earnings	17,820	21,879
Treasury shares	△1,322	△1,343
Total shareholders’ equity	19,492	23,567
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,093	1,973
Total valuation and translation adjustments	1,093	1,973
Total net assets	20,586	25,540
Total liabilities and net assets	36,488	52,660

2) Profit and Loss Statement

(Millions of yen)

	Previous FY (April 1, 2020 to March 31, 2021)	Current FY (April 1, 2021 to March 31, 2022)
Sales	*1 36,456	*1 34,862
Cost of sales	*1 20,201	*1 15,368
Gross profit	16,254	19,493
Selling, general and administrative expenses	*1,*2 6,267	*1,*2 6,805
Operating income	9,987	12,688
Non-operating income		
Interest income	*1 14	*1 13
Dividend income	27	34
Interest income on securities	18	15
Subsidy income	25	33
Reversal of provision for loss on guarantees	-	75
Other	*1 8	*1 34
Total non-operating income	94	206
Non-operating expenses		
Interest expenses	1	25
Commitment fee	11	65
Provision of allowance for doubtful accounts	85	117
Other	18	9
Total non-operating expenses	117	217
Ordinary income	9,964	12,677
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	-	0
Total extraordinary income	-	0
Extraordinary losses		
Loss on sales of investment securities	-	2
Loss on sales of shares of subsidiaries and associates	5	-
Loss on valuation of shares of subsidiaries and associates	60	-
Total extraordinary losses	66	2
Net income before taxes	9,898	12,674
Income taxes - current	3,117	4,106
Income taxes - deferred	△76	△276
Total income taxes	3,040	3,829
Net income	6,857	8,844

[Detailed statement of cost of sales]

		Previous FY (April 1, 2020 to March 31, 2021)		Current FY (April 1, 2021 to March 31, 2022)	
Category	Note No.	Amount (Millions of yen)	%	Amount (Millions of yen)	%
I. Cost of sales of membership services					
1. Labor cost		2,529	12.5	2,746	17.9
2. Expenses	*1	9,526	47.2	4,492	29.2
3. Cost of services purchased					
(1) Product inventory, beginning of year		652		473	
(2) Purchase of services, during year	*2	3,921		5,480	
Total		4,574		5,953	
(3) Product inventory, end of year		473		1,490	
Cost of services purchased		4,101	20.3	4,462	29.0
4. Cost of incentive goods purchased					
(1) Product inventory, beginning of year		268		701	
(2) Purchase of services, during year		4,049		2,780	
Total		4,318		3,482	
(3) Product inventory, end of year		701		240	
Cost of incentive goods purchased		3,616	17.9	3,241	21.1
Total cost of sales of membership services		19,773	97.9	14,943	97.2
II. Other cost of sales of services		428	2.1	425	2.8
Cost of sales		20,201	100.0	15,368	100.0

(Footnote)

Previous FY (April 1, 2020 to March 31, 2021)		Current FY (April 1, 2021 to March 31, 2022)	
*1 A major breakdown is as follows:		*1 A major breakdown is as follows:	
Outsourcing expenses	¥468 million	Outsourcing expenses	¥1,700 million
Fee expenses	¥469 million	Fee expenses	¥522 million
Depreciation	¥454 million	Depreciation	¥467 million
Commission expenses	¥341 million	Commission expenses	¥338 million
Supplies expenses	¥335 million	Supplies expenses	¥322 million
Operational support fees	¥356 million	Operational support fees	¥293 million
Communication expenses	¥245 million	Communication expenses	¥273 million
Health checkup outsourcing cost	¥6,260 million	Health checkup outsourcing cost	-
*2 A major breakdown is as follows:		*2 A major breakdown is as follows:	
Reimbursement for the use of accommodation/services	¥2,938 million	Reimbursement for the use of accommodation/services	¥4,414 million
Operation of directly managed facilities	¥288 million	Operation of directly managed facilities	¥291 million
Purchase of Individual Benefit Service membership benefits	¥182 million	Purchase of Individual Benefit Service membership benefits	¥149 million
Guidebook production	¥168 million	Guidebook production	¥137 million

3) Statement of changes in net assets

Previous fiscal year (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity								Valuation and translation adjustments		Total net assets
	Share capital	Capital surplus		Retained earnings			Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
		Legal capital surplus	Total capital surplus	Other retained earnings		Total retained earnings					
				General reserve	Retained earnings brought forward						
Balance, beginning of year	1,527	1,467	1,467	7,200	7,750	14,950	△1,322	16,623	573	573	17,196
Changes during the period											
Dividends of surplus					△3,987	△3,987		△3,987			△3,987
Net income					6,857	6,857		6,857			6,857
Acquisition of treasury shares							△0	△0			△0
Changes (net) during the year in items other than Shareholders' equity									520	520	520
Total changes during the period	-	-	-	-	2,869	2,869	△0	2,869	520	520	3,390
Balance, end of year	1,527	1,467	1,467	7,200	10,620	17,820	△1,322	19,492	1,093	1,093	20,586

Current fiscal year (April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity									Valuation and translation adjustments		Total net assets
	Share capital	Capital surplus			Retained earnings			Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings					
					General reserve	Retained earnings brought forward						
Balance, beginning of year	1,527	1,467	-	1,467	7,200	10,620	17,820	△1,322	19,492	1,093	1,093	20,586
Cumulative effects of changes in accounting policies						△0	△0		△0			△0
Restated balance	1,527	1,467	-	1,467	7,200	10,619	17,819	△1,322	19,492	1,093	1,093	20,586
Changes during the period												
Dividends of surplus						△4,785	△4,785		△4,785			△4,785
Net income						8,844	8,844		8,844			8,844
Acquisition of treasury shares								△0	△0			△0
Disposal of treasury shares			35	35				33	69			69
Acquisition of treasury shares by the Employee Stock Ownership Plan								△69	△69			△69
Disposal of treasury shares by the Employee Stock Ownership Plan								14	14			14
Changes (net) during the year in items other than Shareholders' equity										879	879	879
Total changes during the period	-	-	35	35	-	4,059	4,059	△20	4,074	879	879	4,953
Balance, end of year	1,527	1,467	35	1,503	7,200	14,679	21,879	△1,343	23,567	1,973	1,973	25,540

[Matters to be set down in notes]

(Important accounting policies)

1. Valuation criteria and valuation methods for assets

(1) Securities

Subsidiary company shares and affiliated company shares

The Company uses the cost method by the moving average method.

Other securities

Securities other than shares, etc. having no market prices

The Company uses the fair value method based on the market price, etc. on the last day of the accounting period. (Valuation differences are included in net assets and the cost of securities sold is calculated by the moving average method.)

Shares, etc. having no market prices

The Company uses the cost method by the moving average method.

(2) Inventories

The valuation criteria are based on the cost method. (Balance sheet amounts are calculated by the book value devaluation method due to a decline in profitability.

1) Merchandise

Moving average method

2) Supplies

Last purchase price method

2. Method of depreciation of non-current assets

(1) Property, plant, and equipment (excluding leased assets)

The declining balance method is used.

However, the Company uses the straight-line method for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, and facilities attached to buildings and structures acquired on or after April 1, 2016.

Major useful lives are as follows:

Buildings: 5 to 39 yeas

Structures: 10 to 50 years

Machinery and equipment: 10 years

Vessels: 7 years

Tools, furniture and fixtures: 2 to 20 years

(2) Intangible fixed assets (excluding leased assets)

The straight-line method is used.

Major useful lives are as follows:

Software used by the Company: 3 to 5 years

(3) Leased assets

Leased assets related to non-ownership-transfer finance lease transactions

The Company uses the straight-line method regarding the lease period as the useful life and assuming the residual value as zero.

(4) Long-term prepaid expenses

The straight-line method is used.

3. Recording criteria for allowances

(1) Allowance for doubtful accounts

To prepare for losses due to bad debts, the Company reports the expected non-collectable amount using the loan loss ratio for general claims and individually examining the collectability of claims with a possibility of default and bankruptcy or reorganization claims.

(2) Provision for loss on guarantees

To prepare for guarantee-related losses, the Company reports estimated loss burden by individually considering the financial position of the guarantee.

(3) Provision for employee stock ownership plan

To prepare for the provision of the Company’s shares to employees, etc. based on the Stock Benefit Regulations, the Company recorded the provision based on the estimated share benefit obligation as of the end of the current fiscal year.

(4) Provision for share-based remuneration for Directors (and other Officers)

To prepare for the provision of the Company’s shares to Directors based on the Officer Stock Benefit Regulations, the Company recorded the provision based on the estimated share benefit obligation as of the end of the current fiscal year.

4. Amortization method and amortization period of goodwill

The Company amortizes goodwill by estimating its effective period (three years) and using the straight-line method.

5. Recording criteria for revenue and expenses

The content of the main performance obligations in the Company’s main business related to revenue generated from the Company’s contracts with customers and the normal point in time when the performance obligations are satisfied (the normal point in time to recognize revenue) are as follows:

(1) Employee Benefit Service, Individual Benefit Service, and CRM businesses

In the Employee Benefit Service, Individual Benefit Service, and CRM businesses, the Company’s main performance obligation is providing its employee benefit service “Benefit Station” to members, such as employees of customer companies or customers of collaboration partners, in return for receiving monthly membership fees from customer companies, and the Company recognizes revenue over the service provision period.

Of the consideration received from members, with regard to “Benepo” that is given to members according to service provision, the estimated amount corresponding to the points that are expected to be used in the future is recorded as a separate performance obligation in “Contract liabilities.” Revenue is recognized at the point in time when “Benepo” is used and expires.

The Company refers customers to partner service providers through “Benefit Station” and, in some cases, receives a certain rate of commission from such service providers based on customer referral results. In such cases, the Company assumes such an activity to be a performance obligation and recognizes revenue at the point in time when the service providers have provided their services to the Company’s members.

(2) Incentive business

The main performance obligations in the Incentive business are issuing and managing reward points provided to eligible users, such as the employees of customer companies that have introduced the Company’s program (Incentive Point), and providing point exchange items. The main revenue of this business is generated when Incentive Points are exchanged with point exchange items, and the Company recognizes revenue when the provision of such items is completed.

(3) Healthcare business

The main performance obligation in the Healthcare business is providing health support services such as health check-up service, health guidance, and vaccination support. As for the health check-up service, the Company recognizes revenue when the service provision is completed. As for health guidance and vaccination support, the Company recognizes revenue over a certain period.

(4) Purchase and Settlement Service business

The main performance obligation in the Purchase and Settlement Service business is providing settlement agency services for communication lines, short-distance travel expenses, business travel expenses, etc., and the Company recognizes revenue over the service provision period.

(5) Payment business

The main performance obligation in the Payment business is providing settlement services for transactions related to services sales, etc. to the Company’s member shops/stores/restaurants that are the Company’s customers. The Company recognizes revenue when member shops/stores/restaurants have provided their services to the Company’s members.

(Material accounting estimates)

Impairment loss on non-current assets

1) Major account titles under non-current assets and the amount recorded in the financial statements for the current fiscal year

(Millions of yen)

Account title	Previous FY	Current FY
Buildings	409	388
Land	602	602
Software	1,113	2,094
Software in progress	1,149	2,821

2) Other information that contributes to the understanding of accounting estimates by the users of the financial statements

Notes are omitted because the same content is stated in “Matters to be set down in notes (Material accounting estimates)” in the consolidated financial statements.

(Changes in the accounting policies)

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

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. since the beginning of the current fiscal year and recognizes revenue as the amount that is expected to be received in exchange for goods or services at the point in time when the control of promised goods or services is transferred to customers.

As a major modification resulting from the application of the Standard, the Company judges its role in the provision of services to customers in some transactions in the Healthcare business to be the role of an agent. Previously, the total amount of consideration received from customers was recognized as sales. After the application of the Standard, however, sales are recognized as the net amount obtained by deducting the amount paid to outsourcees from consideration received from customers.

The Accounting Standard for Revenue Recognition requests companies, if the company gives an option that enables customers to buy additional goods or services from the company at discount prices as part of the contracts with customers, to identify the option as a separate performance obligation at the point in time when the option is given and a part of transaction consideration as a contract liability and to recognize revenue at the point in time when goods or services are transferred to the customer in the future or when the option is extinguished. Previously, in the Employee Benefit Service business, of “Benepo” that is given to members according to service provision, the amount that is expected to be used in the future was recorded as “Provision for point card certificates.” After the application of the Accounting Standard for Revenue Recognition, however, of the consideration received from members, the estimated amount corresponding to “Benepo” points that are expected to be used in the future has been recorded as a separate performance obligation in “Contract liabilities” and the Company recognizes revenue at the point in time when “Benepo” is used and when “Benepo” is extinguished.

With regard to the application of the Accounting Standard for Revenue Recognition, etc., the Company follows the transitional handling provided in Paragraph 84 of the Accounting Standard for Revenue Recognition. The Company adds or subtracts cumulative effects, which would have been made if the new accounting policy was retroactively applied to the period before the beginning of the current consolidated fiscal year, to or from retained earnings at the beginning of the current consolidated fiscal year and applies the new accounting policy from the beginning of the current fiscal year. However, the Company applies the method provided in Paragraph 86 of the Accounting Standard for Revenue Recognition and does not retroactively apply the new accounting policy to contracts for which most of the revenue amount was recognized in accordance with the previous handling method before the beginning of the current fiscal year. The Company also applies the method provided in Paragraph 86 (1) of the Accounting Standard for Revenue Recognition. The Company performs accounting processing for contract changes made before the beginning of the current fiscal year based on contract terms and conditions after reflecting all contract changes and adds or subtracts cumulative effects to or from retained earnings at the beginning of the current fiscal year.

From the current fiscal year, as a result of applying the Accounting Standard for Revenue Recognition, etc., “Accounts receivable – trade,” which was presented in “Current assets” in the balance sheet of the previous fiscal year, is classified into “Accounts receivable – trade” and “Contract assets” while “Advances received” including Incentive Point that was previously presented in “Current liabilities” is included in “Contract liabilities.” In accordance with the transitional handling provided in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, however, the Company did not make any rearrangements for the previous fiscal year using the new presentation method.

As a result, in the balance sheet for the current fiscal year, non-current liabilities decreased by ¥647 million while current liabilities increased by ¥647 million from the figures before applying the Accounting Standard for Revenue Recognition, etc. In the profit and loss statement for the current fiscal year, sales decreased by ¥8,058 million, cost of sales decreased by ¥8,056 million, and operating income, ordinary income, and net income before taxes decreased by ¥1 million, respectively.

As a result of reflecting the cumulative effect in net assets at the beginning of the current fiscal year, the balance of retained earnings at the beginning of the current fiscal year in the statement of changes in net assets decreased by ¥0 million.

The impact on per-share information is minor.

Notes for “Matters related to revenue recognition” for the previous fiscal year are not stated in accordance with the transitional handling specified in Paragraph 89-3 of the Accounting Standard for Revenue Recognition.

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

The Company has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019), etc. since the beginning of the current fiscal year. It has made it a rule to apply the new accounting policies specified in the Accounting Standard for Fair Value Measurement, etc. for years to come 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). The application has no effect on the financial statements.

(Change of presentation method)
Not applicable.

(Changes to accounting estimates)
Not applicable.

(Additional information)
1. Japanese version of the Employee Stock Ownership Plan (J-ESOP)
Notes on transactions of delivering the Company's shares to employees of the Company and officers and employees of the Company's subsidiaries through trust are omitted because the same content is stated in "Matters to be set down in notes (Additional Information)" in the consolidated financial statements.

2. Board Benefit Trust (BBT)
Notes on transactions of delivering the Company's shares to directors (limited to executive directors) through trust are omitted because the same content is stated in "Matters to be set down in notes (Additional Information)" in the consolidated financial statements.

(Matters related to the balance sheet)
*1: Collateral assets and collateralized debt obligations
Assets that are provided as collateral and collateralized debt obligations are as follows:

	Previous FY (March 31, 2021)	Current FY (March 31, 2022)
Shares of subsidiaries and associates	-	¥12,177 million

	Previous FY (March 31, 2021)	Current FY (March 31, 2022)
Long-term borrowings to be repaid within 1 year	-	¥1,000 million
Long-term borrowings	-	¥8,500 million
Total	-	¥9,500 million

*2: Assets receivable from and liabilities payable to associated companies
The amounts of monetary claims or monetary liabilities regarding associated companies other than separately presented claims and liabilities are as follows:

	Previous FY (March 31, 2021)	Current FY (March 31, 2022)
Short-term monetary claims	¥5,042 million	¥510 million
Short-term monetary liabilities	¥63 million	¥67 million

*3: Amount of reduction entry
The amount and breakdown of reduction entry of non-current assets deducted as a result of accepting national subsidies, etc. are as follows:

	Previous FY (March 31, 2021)	Current FY (March 31, 2022)
Amount of reduction entry	¥56 million	¥45 million
(of which, buildings)	¥0 million	¥0 million
(of which, tools, furniture, and fixtures)	¥55 million	¥44 million

4. Contingent liabilities are as follows:

	Previous FY (March 31, 2021)	Current FY (March 31, 2022)
Performance guarantee to customers for contract liabilities		
Benefit One Shanghai Inc.	¥4 million	¥2 million

Other than the above, the Company provides a guarantee for liability for damages or other monetary obligations that should be undertaken by REWARDZ PRIVATE LIMITED, an associated company of the Company, caused by negligence, etc. directly related to a contract of REWARDZ PRIVATE LIMITED with a certain customer company, up to the amount paid by the customer company in the most recent one year.

(Matters related to the Profit and Loss Statement)

*1: Total amount of business transactions and non-business transactions with associated companies

	Previous FY (April 1, 2020 to March 31, 2021)	Current FY (April 1, 2021 to March 31, 2022)
Business transactions	¥230 million	¥892 million
Non-business transactions	¥15 million	¥15 million

*2: Major expense items, amounts, and approximate percentages of “Selling, general, and administrative expenses” are as follows:

	Previous FY (April 1, 2020 to March 31, 2021)	Current FY (April 1, 2021 to March 31, 2022)
Salaries and allowances	¥1,795 million	¥1,863 million
Outsourcing expenses	¥455 million	¥481 million
System usage fee	¥394 million	¥377 million
Legal welfare expenses	¥343 million	¥347 million
Bonuses	¥325 million	¥338 million
Packing and transportation costs	¥452 million	¥327 million
Welfare expenses	¥206 million	¥245 million
Depreciation	¥179 million	¥241 million
Rent expenses on land and buildings	¥146 million	¥166 million
Provision for employee stock ownership plan	¥61 million	¥84 million
Provision for share-based remuneration for directors (and other officers)	¥39 million	¥51 million
Provision of allowance for doubtful accounts	¥△5 million	¥34 million
Approximate percentage		
Selling expenses	55.2%	56.9%
General and administrative expenses	44.8%	43.1%

(Change of presentation method)

“System usage fee” is recorded from the current fiscal year because its monetary importance has increased although it was not recorded as a major expense item in the previous fiscal year. To reflect this change of presentation method, “System usage fee” is recorded as a major item for the previous fiscal year.

(Matters related to securities)

Previous fiscal year (March 31, 2021)

The fair value of subsidiary company shares and affiliated company shares is not stated because they have no market prices and gauging their fair value is extremely difficult.

The amount of subsidiary company shares and affiliated company shares of which fair value is recognized as being extremely difficult to gauge are reported in the balance sheet as follows:

(Millions of yen)

Category	Previous FY (March 31, 2021)
Subsidiary company shares	62
Affiliated company shares	22
Total	85

Current fiscal year (March 31, 2022)

The fair value of subsidiary company shares and affiliated company shares is not stated because they have no market prices.

The amount of subsidiary company shares and affiliated company shares having no market prices are reported in the balance sheet as follows:

(Millions of yen)

Category	Current FY (March 31, 2022)
Subsidiary company shares	12,495
Affiliated company shares	22
Total	12,517

(Matters related to tax effect accounting)

1. Breakdown of deferred tax assets and deferred tax liabilities by major cause

(Deferred tax assets)

	Previous FY (March 31, 2021)	Current FY (March 31, 2022)
Accrued enterprise tax	¥115 million	¥122 million
Accrued business office tax	¥4 million	¥5 million
Allowance for doubtful accounts	¥66 million	¥72 million
Provision for loss on guarantees	¥52 million	¥28 million
Contract liabilities/Point	¥- million	¥198 million
Provision for point card certificates	¥180 million	¥－ million
Provision for employee stock ownership plan	¥64 million	¥86 million
Provision for share-based remuneration for Directors (and other Officers)	¥39 million	¥54 million
Software development expenses	¥62 million	¥295 million
Loss on valuation of investment securities	¥95 million	¥95 million
Loss on valuation of shares of subsidiaries and associates	¥472 million	¥461 million
Asset retirement obligations	¥6 million	¥11 million
Other	¥36 million	¥43 million
Subtotal of deferred tax assets	¥1,197 million	¥1,475 million
Valuation allowance	¥△22 million	¥△20 million
Total deferred tax assets	¥1,175 million	¥1,455 million

(Deferred tax liabilities)

	Previous FY (March 31, 2021)	Current FY (March 31, 2022)
Cost of removal corresponding to asset retirement obligations	¥△3 million	¥△6 million
Valuation difference on available-for-sale securities	¥△446 million	¥△834 million
Total deferred tax liabilities	¥△449 million	¥△841 million
Balance: Net deferred tax assets	¥725 million	¥614 million

2. Breakdown by major cause when there is a significant difference between the normal effective statutory tax rate and the burden ratio of corporation tax, etc. after application of tax effect accounting

Notes are omitted because the difference between the normal effective statutory tax rate and the burden ratio of corporation tax, etc. after the application of tax effect accounting is 5/100 or less of the normal effective statutory tax rate.

(Matters related to business combination, etc.)

Not applicable.

(Matters related to revenue recognition)

Information that serves as a basis for understanding revenues

Notes are omitted because they are provided in “Matters to be set down in notes (Matters related to revenue recognition)” in the consolidated financial statements.

(Material post-balance sheet events)
(Merger of a consolidated subsidiary by absorption)

At the Board of Directors meeting held on December 23, 2021, the Company resolved to merge JTB BENEFIT SERVICE, Inc, a wholly owned subsidiary of the Company, by absorption. The Company signed a merger contract as of the same date and merged the subsidiary by absorption on April 1, 2022.

1. Outline of the transaction
   (1) Name and business content of the merged company
   Name of the merged company: JTB BENEFIT SERVICE, Inc.
   Business content: Outsourced employee benefit service business
   (2) Effective date of the merger
   April 1, 2022
   (3) Legal form of business combination
   Absorption-type merger in which the Company is the surviving company. JTB BENEFIT SERVICE, Inc. has been dissolved.
   (4) Company name after the business combination
   Benefit One Inc.
   (5) Matters related to the outline of other transactions
   By this merger, the Company intends to pursue economy of scale to the extent possible by promoting and accelerating the integration of services and organizational functions that are duplicated within the Group. The Company aims at higher customer satisfaction while working on the improvement of operational efficiency through efficient allocation and utilization of management resources and on qualitative and quantitative improvement of its service menu.
   No agreement was made about the merger ratio because this is a merger with the Company's wholly owned subsidiary. The Company does not issue new shares or increase share capital in association with this merger.

2. Outline of the accounting processing to be performed
   Based on the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019), the Company plans to process the merger as a transaction under common control. The Company also plans to carry over the identifiable assets and liabilities and goodwill balance, which were recorded in the consolidated financial statements by allocating the acquisition cost at the time of the acquisition of JTB BENEFIT SERVICE, Inc., to the Company's financial statements.

(Acquisition and cancellation of treasury shares)

At the Board of Directors meeting held on May 10, 2022, the Company resolved matters related to the acquisition of treasury shares based on the provisions of the Articles of Incorporation of the Company pursuant to the provisions of Article 459, Paragraph 1 of the Companies Act. The Company also resolved to cancel some treasury shares held by the Company based on the provisions of Article 178 of the Companies Act.

1. Reason for the acquisition and cancellation of treasury shares
   To improve capital efficiency and to return profits to shareholders

2. Details of the acquisition
   (1) Class of shares to be acquired: Common shares of the Company
   (2) Total number of acquirable shares: 800,000 shares (upper limit)
   (Ratio to the total number of issued shares (excluding treasury shares): 0.5% (as of March 31, 2022))
   ∗ The Company has introduced the Japanese version of the Employee Stock Ownership Plan (J-ESOP) and the Board Benefit Trust (BBT). The Custody Bank of Japan, Ltd. (trust account E) (hereinafter, “Trust Account E”) holds the shares of the Company, but the shares of the Company owned by Trust Account E are not included in the above treasury shares.
   (3) Total share acquisition cost: ¥1,500,000,000 (upper limit)
   (4) Period of share acquisition: May 12, 2022 to June 10, 2022
   (5) Method of share acquisition: Market purchase on the Tokyo Stock Exchange based on a discretionary transaction contract

3. Result of the acquisition
   (1) Class of acquired shares: Common shares of the Company
   (2) Total number of acquired shares: 779,100 shares
   (3) Total share acquisition cost: ¥1,499,989,399
   (4) Date of share acquisition: May 12, 2022 to June 8, 2022 (trade basis)
   (5) Method of share acquisition: Market purchase on the Tokyo Stock Exchange based on a discretionary transaction contract

4. Details of the cancellation
   (1) Class of shares to be cancelled: Common shares of the Company
   (2) Number of shares to be cancelled: Total number of treasury shares acquired based on 3. above
   (3) Scheduled date of cancellation: June 30, 2022

4) Supplementary schedules

[Schedule of tangible fixed assets, etc.]

(Millions of yen)

Category	Type of asset	Book value, beginning of year	Increase in the current year	Decrease in the current year	Depreciation in the current year	Book value, end of year	Accumulated depreciation	Acquisition cost, end of year
Property, plants, and equipment	Buildings	409	23	-	44	388	670	1,058
	Structures	18	-	-	2	16	47	63
	Machinery and equipment	0	-	-	0	0	5	5
	Vessels	38	-	-	19	19	193	213
	Tools, furniture, and fixtures	53	14	-	20	46	327	373
	Land	602	-	-	-	602	-	602
	Leased assets	177	15	-	87	105	648	753
	Total	1,300	53	-	174	1,179	1,892	3,071
Intangible assets	Goodwill	4	-	-	4	-		
	Software	1,113	1,609	-	627	2,094		
	Software in progress	1,149	3,564	1,893	-	2,821		
	Leased assets	14	-	-	8	5		
	Other	2	-	-	0	2		
	Total	2,283	5,174	1,893	640	4,923		

Note: Major increases in the current fiscal year are as follows:

Software: Development of core system functions: ¥1,596 million

Software in progress: Development of core system functions: ¥3,236 million

[Schedule of allowances]

(Millions of yen)

Category	Balance, beginning of year	Increase in the current year	Decrease in the current year		Balance, end of year
			Reversal for certain purposes	Other	
Allowance for doubtful accounts	216	151	132	-	235
Provision for loss on guarantees	169	-	-	75	94
Provision for employee stock ownership plan	212	83	14	-	281
Provision for share-based remuneration for directors (and other officers)	127	51	-	-	179

Note: “Other” under “Decrease in the current year” for “Provision for loss on guarantees” represents the reversed amount.

(2) Major assets and liabilities

A statement is omitted because the Company prepared the consolidated financial statements.

(3) Other

Not applicable.

I-6. Outline of stock affairs of the reporting company

Fiscal year	April 1 every year to March 31 of the following year
General Meeting of Shareholders	Within three months from the last day of every fiscal year
Reference date	March 31 every year
Dividends of surplus reference date	September 30 and March 31 of every year
Number of shares constituting one unit of shares	100 shares
Purchas of shares less than one unit	
Place	4-5, 1-chome, Marunouchi, Chiyoda-ku, Tokyo Securities Agency Division, Mitsubishi UFJ Trust and Banking Corporation
Administrator of the shareholder register	4-5, 1-chome, Marunouchi, Chiyoda-ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation
Agency	-
Purchase fee	Free of charge
Method of publishing in public notice	The Company adopts the method of electronic public notice. However, if this method is unavailable due to an accident or other unavoidable reasons, the Company will publish in the Nihon Keizai Shimbun newspaper. Electronic public notice is posted on the Company's website below. https://corp.benefit-one.co.jp/
Benefit for shareholders	Shareholder benefit program (1) Eligible shareholders: Shareholders who are recorded in the shareholder register as of the end of March every year and who hold one or more units (2) Content of the benefit: One-year "Benefit Station" membership (for one ID) offering lodging facilities, leisure facilities, sports facilities, restaurants, etc. at discount prices * A part of services for corporate members is unavailable. (3) Courses offered: 1) Holders of 100 shares or more and fewer than 800 shares: Shareholder Course A 2) Holders of 800 or more shares: Shareholder Course B

Note: The Company's shareholders do not have rights other than the following rights for shares less than one unit held.
Rights set forth in the items of Article 189, Paragraph 2 of the Companies Act
Rights to make requests based on the provisions of Article 166, Paragraph 1 of the Companies Act
Rights for the allotment of shares for subscription and allotment of share options for subscription according to the number of shares held by the shareholder

I-7. Reference information on the reporting company

1. Information on the reporting company's parent company, etc.

The Company has no parent company, etc. defined by Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act.

2. Other reference information

The Company submitted the following documents between the first day of the current fiscal year and the date of submission of the annual securities report.

(1) Annual securities report, accompanying documents, and confirmation letter

These documents for the 26th fiscal year (April 1, 2020 to March 31, 2021) were submitted to the Director-general of the Kanto Finance Bureau on June 25, 2021.

(2) Internal control report and accompanying documents

These documents were submitted to the Director-general of the Kanto Finance Bureau on June 25, 2021.

(3) Quarterly securities report and confirmation letter

These documents for the first quarter of the 27th fiscal year (April 1, 2021 to June 30, 2021) were submitted to the Director-General of the Kanto Finance Bureau on August 13, 2021.

These documents for the second quarter of the 27th fiscal year (July 1, 2021 to September 30, 2021) were submitted to the Director-General of the Kanto Finance Bureau on November 12, 2021.

These documents for the third quarter of the 27th fiscal year (October 1, 2021 to December 31, 2021) were submitted to the Director-General of the Kanto Finance Bureau on February 14, 2022.

(4) Extraordinary report

An extraordinary report prepared based on the provisions of Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Order on Disclosure of Corporate Affairs (results of exercising the voting rights at the annual shareholders meeting) was submitted to the Director-general of the Kanto Finance Bureau on June 28, 2021.

An extraordinary report prepared based on the provisions of Article 19, Paragraph 2, Item 3 of the Cabinet Office Order on Disclosure of Corporate Affairs (change to a specified subsidiary company) and Article 19, Paragraph 2, Item 8-2 (acquisition of a subsidiary company) was submitted to the Director-General of the Kanto Finance Bureau on August 30, 2021.

An extraordinary report prepared based on the provisions of Article 19, Paragraph 2, Item 3 of the Cabinet Office Order on Disclosure of Corporate Affairs (change to a specified subsidiary company) and Article 19, Paragraph 2, Item 7-3 (absorption-type merger) was submitted to the Director-General of the Kanto Finance Bureau on December 24, 2021.

An extraordinary report prepared based on the provisions of Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Order on Disclosure of Corporate Affairs (results of exercising the voting rights at the annual shareholders meeting) was submitted to the Director-General of the Kanto Finance Bureau on March 30, 2022.

(5) Share buyback report

A share buyback report was submitted to the Director-General of the Kanto Finance Bureau on June 15, 2022.

Part II: Information on the Reporting Company's Guarantor Company, etc.

Not applicable.