



Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Q2 FY03/23) [Based on Japanese GAAP]

November 9, 2022

Name of listed company: Benefit One Inc.

Listed exchange: Tokyo Stock Exchange

Stock exchange code: 2412

URL <https://corp.benefit-one.co.jp/en/>

Representative: (Title) President & COO

(Name) Norio Shiraishi

Contact: (Title) Managing Director

(Name) Kenji Ozaki

(TEL) (03)6830-5141

Quarterly securities report to be submitted on: November 14, 2022 Dividend payment to start on: -

Quarterly results supplementary material: Yes

Quarterly results briefing: Yes (for institutional investors and analysts)

(Rounded down to the nearest million yen)

1. Q2 FY03/23 consolidated operating performance (April 1, 2022 to September 30, 2022)

(1) Consolidated operating results (cumulative) (% shows increase/decrease rate from Q2 of FY03/22)

	Sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Q2 FY03/23	20,234	7.9	4,828	△29.9	4,907	△28.7	3,751	△22.3
Q2 FY03/22	18,748	9.1	6,890	54.7	6,887	53.5	4,826	57.1

Note Comprehensive income Q2 FY03/23 2,916 million (△47.3%) Q2 FY03/22 5,538 million (61.1%)

	Net income per share		Diluted net income per share	
	Yen	Sen	Yen	Sen
Q2 FY03/23	23.65	—	—	—
Q2 FY03/22	30.33	—	—	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
Q2 FY03/23	49,985	20,614	41.2
FY03/22	58,047	24,912	42.9

Note Comprehensive income Q2 FY03/23 20,614 million FY03/22 24,912 million

2. Dividends

	Annual dividend				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Total
	Yen	Sen	Yen	Sen	Yen
FY03/22	—	0.00	—	36.00	36.00
FY03/23	—	0.00	—	36.00	36.00
FY03/23 (forecast)	—	0.00	—	36.00	36.00

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

3. Consolidated operating performance forecasts for FY03/23 (April 1, 2022 to March 31, 2023)

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

	Sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full-year	46,100	20.2	10,800	△15.4	10,790	△15.9	7,170	△19.9	45.23

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

* Notes

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

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

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

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

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

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

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

(4) Number of issued shares (common shares)

1) Number of issued shares (including treasury shares) as of the end of the period	Q2 FY03/23	159,190,900 shares	FY03/22	159,970,000 shares
2) Number of treasury shares as of the end of the period	Q2 FY03/23	797,928 shares	FY03/22	820,337 shares
3) Average number of shares during the period (cumulative quarterly)	Q2 FY03/23	158,635,181 shares	Q2 FY03/22	159,134,814 shares

Note: 1. The Company has introduced “the Japanese version of the Employee Stock Ownership Plan (J-ESOP)” and “Board Benefit Trust (BBT).” Treasury shares remaining in “the Japanese version of the Employee Stock Ownership Plan (J-ESOP)” and “Board Benefit Trust (BBT)” that are recorded as treasury shares in shareholders’ equity are included in treasury shares deducted in the calculation of the average number of shares during the period for the calculation of quarterly net income per share.

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

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

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

- Descriptions about the future, including performance forecasts, in this document are based on information that the Company has at present and certain assumptions judged as reasonable. The Company does not intend to promise to achieve them. Actual performance, etc. could significantly differ depending on various factors. For conditions on which performance forecasts are based and notes for the use of performance forecasts, etc. see “1. Qualitative information regarding the quarterly financial results, (3) Qualitative information regarding consolidated operating performance forecasts” on page 6 of the appendix.
- The Company plans to hold an online results briefing for institutional investors and analysts on November 10, 2022. The Company also plans to post a results briefing video and results briefing materials on its website (<https://corp.benefit-one.co.jp/ir/library/index.html>) promptly after the briefing.

Contents of Appendix

1. Qualitative information regarding the quarterly financial results.....	P.4
(1) Qualitative information regarding consolidated operating results	P.4
(2) Qualitative information regarding consolidated financial position	P.5
(3) Qualitative information regarding consolidated operating performance forecasts	P.6
2. Quarterly consolidated financial statements and major notes	P.7
(1) Quarterly Consolidated Balance Sheet	P.7
(2) Quarterly consolidated profit and loss statements and quarterly consolidated comprehensive income statements	P.9
Quarterly consolidated profit and loss statements	P.9
Quarterly consolidated comprehensive income statements	P.10
(3) Quarterly consolidated cash flow statements	P.11
(4) Notes on the quarterly consolidated financial statements	P.12
(Notes on the going concern assumption)	P.12
(Notes on substantial changes in the amount of shareholders' equity)	P.12
(Important change to a subsidiary company during the cumulative quarterly consolidated accounting period)	P.12
(Application of the entry under accounting methods specific to the preparation of quarterly consolidated financial statements)	P.12
(Changes of the accounting policy)	P.12
(Changes to accounting estimates)	P.12
(Restatement)	P.12
(Important subsequent events)	P.12

1. Qualitative information regarding the quarterly financial results

(1) Qualitative information regarding consolidated operating results

During the 1H FY03/23 accounting period, the Japanese economy began to show signs of recovery as the adverse circumstances caused by the COVID-19 pandemic eased.

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

① Membership expansion strategy centered on HRDX support

During Q2 FY03/23, we migrated data on approximately 20,000 members (cumulative total of 5.12 million) which we have registered on the Bene ONE PLATFORM. Going forward, we will continue working to ensure stable system operation and functional enhancement while gradually integrating more employee benefit and various other HR services with the Bene ONE PLATFORM. We aim to make our services and data more convenient to use through these efforts. As we enhance platform capabilities, we will work to accelerate member acquisition through aggressive promotional activities, such as TV commercials, looking ahead to an improved business environment in the post-pandemic era.

Data on most of the members previously associated with JTB Benefit Service (absorbed on April 1, 2022) have been migrated to the Bene ONE PLATFORM, and progress has been largely in line with plans. We will continue our integration work with the aim of completing migration by the end of this fiscal year.

② Bold expansion into the payment business

Our Group is rolling out the Kyutokubarai service, which utilizes a payroll deduction system, as we aim to develop the payment business into a new core earnings pillar over the medium to long term. In the near term, our key priority is expanding our lineup of compelling content while focusing on cultivating member stores and restaurants, primarily in the categories of lifestyle infrastructure and flat-rate services. During Q2 FY03/23, 15 services (for a cumulative total of 232) were newly selected to be included under Kyutokubarai. Moving forward, we will continue striving to cultivate member stores and restaurants as we aim to swiftly establish a lineup of killer content that will drive an increase in our handling volume in the payment business.

Our Group generated solid earnings in 1H FY03/23 as we progressed initiatives under these medium- to long-term strategies and benefited from M&A and the bringing forward of COVID-19 vaccination support services.

Sales in the Employee Benefit Services business grew 39.9% YoY as external M&A-driven growth added to internally generated growth. Service utilization among Employee Benefit Services members fell short of expectations due to the seventh wave of the pandemic, but has generally continued to recover on a YoY basis, with an accompanying increase in rebate-related expenditures. In the Healthcare business, the COVID-19 vaccination support business is shrinking, but results exceeded our initial forecasts as the fourth round of COVID-19 shots was brought forward.

We also booked upfront costs of roughly ¥640 million in major promotional spending (breaking down to about ¥430 million in Employee Benefit Services and approximately ¥210 million in Healthcare), one-time expenses of about ¥170 million accompanying the relocation of our head office on July 1, 2022, and an extraordinary income of ¥627 million on the sale of some of our investment securities.

As a result of the above, consolidated sales in 1H FY03/23 were ¥20,234million (up 7.9% YoY), consolidated operating income was ¥4,828 million (down 29.9% YoY), consolidated ordinary income was ¥4,907 million (down 28.7% YoY), and net income attributable to owners of parent was ¥3,751 million (down 22.3% YoY).

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

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

(2) Qualitative information on the consolidated financial position

1) Assets, liabilities, and net assets

(Assets)

Total assets at the end of the Q2 FY03/23 consolidated accounting period were ¥49,985 million, a decrease of ¥8,061 million from the end of the previous consolidated fiscal year.

Current assets were ¥24,450 million, a decrease of ¥7,698 million. This is primarily because of a decrease in cash and deposits (¥7,063 million), a decrease in notes, accounts receivable, and contract assets - trade (¥359 million), a decrease in inventories (¥513 million), etc.

Non-current assets decreased by ¥363 million to ¥25,534 million. This is primarily because of a decrease in investment securities (¥1,285 million) resulted from the sale of a part of shares held, an increase in software (¥1,087 million) resulted from an investment in system equipment, etc.

(Liabilities)

Total liabilities at the end of the Q2 FY03/23 consolidated accounting period were ¥29,370 million, a decrease of ¥3,764 million from the end of the previous consolidated fiscal year.

Current liabilities decreased by ¥2,963 million to ¥18,394 million. This is primarily because of a decrease in accounts payable - trade (¥2,044 million), a decrease in income taxes payable (¥762 million) resulted from the payment of income taxes, etc.

Non-current liabilities decreased by ¥801 million to ¥10,975 million primarily because of a decrease in long-term borrowings (¥500 million) as a result of repayment, etc.

(Net assets)

Net assets at the end of the Q2 FY03/23 consolidated accounting period were ¥20,614 million, a decrease of ¥4,297 million from the end of the previous consolidated fiscal year. This is primarily because of net income attributable to owners of the parent (¥3,751 million), dividend paid (¥5,742 million), the purchase of treasury shares (¥1,499 million) based on the resolution of the Board of Directors, etc. in the Q2 FY03/23 cumulative accounting period.

As a result, the equity ratio slightly decreased to 41.2% from 42.9% at end of the previous consolidated fiscal year.

2) Status of cash flows

The balance of cash and cash equivalent (hereinafter, "Funds") at the end of the Q2 FY03/23 consolidated accounting period was ¥10,922 million, a decrease of ¥7,061 million from the end of the previous consolidated fiscal year.

The state of each cash flow and factors in the Q2 FY03/23 cumulative accounting period are described below.

(Cash flow from operating activities)

Cash flow from operating activities increased by ¥1,803 million. (In the previous Q2 cumulative consolidated accounting period (Q2 FY03/22), cash flow from operating activities increased by ¥4,043 million.)

The increase in Funds is attributed to quarterly net income before taxes of ¥5,535 million (¥6,909 million in Q2 FY03/22), depreciation of ¥795 million (¥411 million in Q2 FY03/22), decreased inventories of ¥519 million (a decrease of ¥306 million in Q2 FY03/22), etc.

The decrease in Funds is attributed to a decrease in trade payables of ¥2,046 million (an increase of ¥360 million in Q2 FY03/22), income taxes paid of ¥2,536 million (¥2,088 million in Q2 FY03/22), etc.

(Cash flow from investing activities)

Cash flow from investing activities decreased by ¥1,128 million. (In Q2 FY03/22, cash flow from investing activities decreased by ¥1,686 million.)

The increase in Funds is attributed to proceeds from the sale of investment securities of ¥702 million (¥95 million in Q2 FY03/22), etc.

The decrease in Funds is attributed to the purchase of property, plant and equipment, and intangible assets of ¥1,792 million (¥1,766 million in Q2 FY03/22), etc.

(Cash flow from financing activities)

Cash flow from financing activities decreased by ¥7,801 million. (In Q2 FY03/22, cash flow from financing activities decreased by ¥4,905 million.)

The decrease in Funds is attributed to dividends paid of ¥5,740 million. (¥4,783 million in Q2 FY03/22), the purchase of treasury shares of ¥1,506 million (¥0 million in Q2 FY03/22), etc.

(3) Qualitative information regarding consolidated operating performance forecasts

(Assumptions for earnings forecasts as of May 10, 2022)

Our earnings forecasts for FY03/23 announced on May 10, 2022 assumed that the COVID-19 pandemic would start to wind down.

(Consolidated results in 1H FY03/23)

In actuality, the seventh wave of the COVID-19 pandemic had the following impacts: (1) members' service usage in the Employee Benefit Services business recovered more slowly than we had expected; (2) in the Healthcare business, our local government clients brought forward COVID-19 vaccinations ahead of our expectations. In addition, (3) we booked an extraordinary income on the sale of some of our investment securities. As a result, consolidated 1H results were above the figures forecast in our May 10, 2022 announcement.

(Assumptions underlying forecasts)

Turning to the outlook, we have left our full-year earnings forecast figures unchanged from those announced on May 10, 2022. This is because of variables such as the recovery of service usage in the Employee Benefit Services business and orders in the COVID-19 vaccination support business. The effectiveness of promotions and other measures is another variable.

2. Quarterly consolidated financial statements and major notes

(1) Quarterly consolidated balance sheet

(Millions of yen)

	Consolidated FY03/22 (March 31, 2022)	Consolidated Q2 FY03/23 (September 30, 2022)
Assets		
Current assets		
Cash and deposits	17,986	10,922
Notes and accounts receivable – trade and contract assets	6,304	5,944
Inventories	1,947	1,433
Other	5,958	6,212
Allowance for doubtful accounts	△47	△62
Total current assets	32,148	24,450
Non-current assets		
Property, plant and equipment	1,308	1,578
Intangible assets		
Goodwill	5,824	5,677
Software	5,315	6,402
Customer-related assets	8,345	8,153
Other	8	6
Total intangible assets	19,493	20,239
Investments and other assets		
Other	5,103	3,724
Allowance for doubtful accounts	△6	△7
Total investments and other assets	5,096	3,716
Total non-current assets	25,898	25,534
Total assets	58,047	49,985

(Millions of yen)

	Consolidated FY03/22 (March 31, 2022)	Consolidated Q2 FY03/23 (September 30, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	5,704	3,660
Short-term borrowings	110	96
Current portion of long-term borrowings	1,000	1,000
Income taxes payable	2,665	1,903
Accounts payable – other	3,963	4,011
Contract liabilities	5,840	5,773
Other	2,073	1,949
Total current liabilities	21,357	18,394
Non-current liabilities		
Long-term borrowings	8,500	8,000
Reserve for employee stock ownership plan	281	258
Provision for share-based remuneration for directors (and other officers)	179	181
Retirement benefit liability	67	51
Other	2,747	2,484
Total non-current liabilities	11,776	10,975
Total liabilities	33,134	29,370
Net assets		
Shareholders' equity		
Share capital	1,527	1,527
Capital surplus	1,488	1,452
Retained earnings	21,260	17,818
Treasury shares	△1,343	△1,329
Total shareholders' equity	22,932	19,469
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,973	1,134
Foreign currency translation adjustment	6	11
Total accumulated other comprehensive income	1,980	1,145
Total net assets	24,912	20,614
Total liabilities and net assets	58,047	49,985

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

Quarterly consolidated profit and loss statements

Consolidated cumulative Q2

(Millions of yen)

	Consolidated cumulative Q2 FY03/22 (April 1, 2021 to September 30, 2021)	Consolidated cumulative Q2 FY03/23 (April 1, 2022 to September 30, 2022)
Sales	18,748	20,234
Cost of sales	8,357	9,490
Gross profit	10,391	10,743
SG&A expenses	3,500	5,914
Operating income	6,890	4,828
Non-operating income		
Interest income	12	10
Dividend income	17	19
Foreign exchange gains	5	57
Subsidy income	16	27
Other	12	13
Total non-operating income	64	128
Non-operating expenses		
Interest expenses	1	28
Commitment fees	63	10
Share of loss of entities accounted for using equity method	1	3
Commission for purchase of treasury shares	-	6
Other	0	0
Total non-operating expenses	67	49
Ordinary income	6,887	4,907
Extraordinary income		
Gain on sales of investment securities	-	627
Gain on sales of shares of subsidiaries and associates	24	-
Total extraordinary income	24	627
Extraordinary losses		
Loss on sales of investment securities	2	-
Total extraordinary losses	2	-
Quarterly net income before income taxes	6,909	5,535
Income taxes – current	2,296	1,796
Income taxes – deferred	△212	△12
Total income taxes	2,083	1,784
Quarterly net income	4,826	3,751
Net income attributable to owners of parent	4,826	3,751

Quarterly consolidated comprehensive income statements

Consolidated cumulative Q2

(Millions of yen)

	Consolidated cumulative Q2 FY03/22 (April 1, 2021 to September 30, 2021)	Consolidated cumulative Q2 FY03/23 (April 1, 2022 to September 30, 2022)
Quarterly net income	4,826	3,751
Other comprehensive income		
Valuation of difference on available-for-sale securities	708	△838
Foreign currency translation adjustment	3	4
Total other comprehensive income	712	△834
Quarterly comprehensive income	5,538	2,916
(Breakdown)		
Quarterly comprehensive income attributable to owners of parent	5,538	2,916
Quarterly comprehensive income attributable to non-controlling interests	-	-

(3) Quarterly consolidated cash flow statements

(Millions of yen)

	Consolidated cumulative Q2 FY03/22 (April 1, 2021 to September 30, 2021)	Consolidated cumulative Q2 FY03/23 (April 1, 2022 to September 30, 2022)
Cash flow from operating activities		
Net income before income taxes	6,909	5,535
Depreciation	411	795
Amortization of goodwill	4	147
Share of loss (profit) of entities accounted for using the equity method (Δ indicates a gain.)	1	3
Acquisition of treasury stock	-	6
Subsidy income	Δ 16	Δ 27
interest and dividend income	Δ 29	Δ 29
Interest expenses	1	28
Loss (gain) on sales of shares of subsidiaries and associates (Δ indicates a gain.)	Δ 24	-
Loss (gain) on sales of investment securities (Δ indicates a gain.)	2	Δ 627
Decrease (increase) in trade receivables and contract assets (Δ indicates an increase.)	88	385
Decrease (increase) in inventories (Δ indicates an increase.)	306	519
Decrease (increase) in accounts receivable - other (Δ indicates an increase.)	Δ 2,599	212
Increase (decrease) in trade payables (Δ indicates a decrease.)	360	Δ 2,046
Increase (decrease) in accounts payable - other (Δ indicates a decrease.)	1,801	43
Increase (decrease) in contract liabilities (Δ indicates a decrease.)	294	Δ 96
Other	Δ 1,428	Δ 537
Subtotal	6,085	4,313
Interest and dividends received	32	27
Interest paid	Δ 2	Δ 29
Subsidies received	16	27
Income taxes paid	Δ 2,088	Δ 2,536
Cash flow from operating activities	4,043	1,803
Cash flow from investing activities		
Purchase of property, plant, and equipment	Δ 6	Δ 183
Purchase of intangible assets	Δ 1,760	Δ 1,609
Proceeds from sales of investment securities	95	702
Other	Δ 15	Δ 38
Cash flow from investing activities	Δ1,686	Δ1,128
Cash flow from financing activities		
Dividends paid	Δ 4,783	Δ 5,740
Purchase of treasury shares	Δ 0	Δ 1,506
Expenditure for repayment of long-term borrowings	-	Δ 500
Other	Δ 122	Δ 54
Cash flow from financing activities	Δ4,905	Δ7,801
Effect of exchange rate change on cash and cash equivalents	0	64
Net increase (decrease) in cash and cash equivalents (Δ indicates a decrease.)	Δ 2,548	Δ 7,061
Beginning balance of cash and cash equivalents	17,554	17,983
Ending balance of cash and cash equivalents	15,005	10,922

(4) Notes on the quarterly consolidated financial statements

(Notes on the going concern assumption)

Not applicable.

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

The Company purchased 779,100 treasury shares from May 12, 2022 to June 8, 2022 (trade date basis) based on the resolution made at the Board of Directors meeting held on May 10, 2022. As a result, the Company's treasury shares increased by ¥1,499 million.

In addition, the Company cancelled 779,100 treasury shares on June 30, 2022 based on the resolution made at the Board of Directors meeting held on May 10, 2022. As a result, capital surplus decreased by ¥35 million, retained earnings decreased by ¥1,450 million, and treasury shares decreased by ¥1,485 million.

Moreover, the Company's treasury shares decreased by ¥28 million because the Company disposed of 22,479 treasury shares for the provision of shares to employees, etc. who leave the Company based on "the Japanese version of the Employee Stock Ownership Plan (J-ESOP)."

Mainly as a result of these, capital surplus, retained earnings, and treasury shares at the end of the Q2 FY03/23 consolidated accounting period were ¥1,452 million, ¥17,818 million, and ¥1,329 million, respectively.

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

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

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

Not applicable.

(Changes of the accounting policy)

Not applicable.

(Changes to accounting estimates)

Not applicable.

(Restatement)

Not applicable.

(Important subsequent events)

Not applicable.

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