

* 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 11 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	Q3 FY03/23	159,190,900shares	FY03/22	159,970,000 shares
2) Number of treasury shares as of the end of the period	Q3 FY03/23	797,928 shares	FY03/22	820,337 shares
3) Average number of shares during the period (cumulative quarterly)	Q3 FY03/23	158,554,151 shares	Q3 FY03/22	159,134,808 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 post its supplementary material on quarterly financial results on the company website(<https://corp.benefit-one.co.jp/ir/library/index.html>).

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1. Qualitative information regarding the quarterly financial results

(1) Qualitative information regarding consolidated operating results

During the cumulative Q3 FY03/23 accounting period, the Japanese economy began to show signs of recovery amid progress in balancing the prevention of COVID-19 infections with socioeconomic activities.

FY03/23 is the second year of our medium-term management plan announced on May 12, 2021, and our Group continues to implement a membership expansion strategy centered on HRDX support and a growth strategy focused on bold expansion into the payment business.

① Membership expansion strategy centered on HRDX support

During Q3 FY03/23, we migrated data on approximately 170,000 members (cumulative total of 5.29 million) and registered them on the “Bene ONE PLATFORM” (Note). 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, aiming to make our services and data more convenient to use. 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.

Procedures to migrate members previously associated with JTB Benefit Service (absorbed on April 1, 2022) and integrate them into the Bene ONE PLATFORM are progressing essentially 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 Q3 FY03/23, we newly included 18 services under Kyutokubarai (for a cumulative total of 250). In addition, we have decided to offer a preferential service for the Netflix video distribution platform under Kyutokubarai starting in June 2023. We will continue working to swiftly establish a lineup of popular content that will drive an increase in our handling volume in the payment business.

Key points regarding our Group’s performance in cumulative Q3 are as follows.

Sales in the Employee Benefit Services business grew 40.6% YoY due to external M&A-driven growth and the expansion of the public employee mutual aid associations system to cover part-time employees during the period. We are currently seeing more inquiries and business negotiations in preparation for the spring, and the business environment is improving, so we plan to continue aggressive promotion and sales activities to increase membership. Service utilization among Employee Benefit Services members and rebate-related expenditures increased YoY, but more moderately than anticipated.

In the Healthcare business, the COVID-19 vaccination support business performed robustly, exceeding initial expectations, but the pandemic caused delayed progress in the health guidance business, so we are working to recommend applicable health checkups to those eligible.

In cumulative Q3, promotional spending, such as in commercials, totaled approximately ¥930 million (breaking down to roughly ¥570 million in the Employee Benefit Services business and roughly ¥360 million in the Healthcare business). We also recorded as SG&A expenses some ¥200 million in one-time expenses in connection with the relocation of our head

office on July 1, 2022, and extraordinary income of ¥731 million on the sale of some of our investment securities on August 4, 2022.

As a result of the above, consolidated sales in cumulative Q3 FY03/23 were ¥31,022million (up 14.6% YoY), consolidated operating income was ¥7,835 million (down 17.9% YoY), consolidated ordinary income was ¥7,881 million (down 17.5% YoY), and net income attributable to owners of parent was ¥5,833 million (down 12.5% 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

Assets, liabilities, and net assets

(Assets)

Total assets at the end of the Q3 FY03/23 consolidated accounting period were ¥51,208 million, a decrease of ¥6,839 million from the end of the previous consolidated fiscal year.

Current assets were ¥25,383 million, a decrease of ¥6,764 million. This is primarily because of a decrease in cash and deposits (¥8,183 million), an increase in accounts receivable – other (¥1,094 million), etc.

Non-current assets decreased by ¥74 million to ¥25,824 million. This is primarily because of a decrease in investment securities (¥1,180 million) resulting from the sale of a part of the shares held, an increase in software (¥1,625 million) resulting from an investment in system equipment, etc.

(Liabilities)

Total liabilities at the end of the Q3 FY03/23 consolidated accounting period were ¥28,495 million, a decrease of ¥4,639 million from the end of the previous consolidated fiscal year.

Current liabilities decreased by ¥3,910 million to ¥17,447 million. This is primarily because of a decrease in accounts payable - trade (¥1,778 million), a decrease in income taxes payable (¥2,031 million) resulting from the payment of income taxes, etc.

Non-current liabilities decreased by ¥728 million to ¥11,047 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 Q3 FY03/23 consolidated accounting period were ¥22,713 million, a decrease of ¥2,199 million from the end of the previous consolidated fiscal year. This is primarily because of net income attributable to owners of the parent (¥5,833 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 Q3 FY03/23 cumulative accounting period.

As a result, the equity ratio increased to 44.4% from 42.9% at the end of the previous consolidated fiscal year.

(3) Qualitative information regarding consolidated operating performance forecasts

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

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

(Consolidated results in cumulative Q3 FY03/23)

As a society in general made progress in balancing the prevention of COVID-19 infections with socioeconomic activities, the impact of the pandemic on our businesses shrunk, but the improvement was more moderate than expected, resulting in a slow recovery in the use of member services in the Employee Benefit Services business, receipt of additional vaccination support orders, and delays in implementation of health guidance services in the Healthcare business.

(Assumptions underlying forecasts)

Although we expect the impact of the pandemic on each business to continue shrinking, the duration and extent of the lingering effect may vary depending on infection rates hereafter, with the effectiveness of promotions and other measures being another variable. For these reasons, we have left our full-year performance forecast figures unchanged from those announced on May 10, 2022.

2. Quarterly consolidated financial statements and major notes

(1) Quarterly consolidated balance sheet

(Millions of yen)

	Consolidated FY03/22 (March 31, 2022)	Consolidated Q3 FY03/23 (December 31, 2022)
Assets		
Current assets		
Cash and deposits	17,986	9,803
Notes and accounts receivable – trade and contract assets	6,304	6,628
Inventories	1,947	1,537
Other	5,958	7,474
Allowance for doubtful accounts	△47	△60
Total current assets	32,148	25,383
Non-current assets		
Property, plant and equipment	1,308	1,548
Intangible assets		
Goodwill	5,824	5,603
Software	5,315	6,941
Customer-related assets	8,345	8,057
Other	8	5
Total intangible assets	19,493	20,607
Investments and other assets		
Other	5,103	3,675
Allowance for doubtful accounts	△6	△7
Total investments and other assets	5,096	3,667
Total non-current assets	25,898	25,824
Total assets	58,047	51,208

(Millions of yen)

	Consolidated FY03/22 (March 31, 2022)	Consolidated Q3 FY03/23 (December 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	5,704	3,926
Short-term borrowings	110	95
Current portion of long-term borrowings	1,000	1,000
Income taxes payable	2,665	633
Accounts payable – other	3,963	3,677
Contract liabilities	5,840	5,994
Other	2,073	2,121
Total current liabilities	21,357	17,447
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	44
Other	2,747	2,563
Total non-current liabilities	11,776	11,047
Total liabilities	33,134	28,495
Net assets		
Shareholders' equity		
Share capital	1,527	1,527
Capital surplus	1,488	1,451
Retained earnings	21,260	19,900
Treasury shares	△1,343	△1,329
Total shareholders' equity	22,932	21,549
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,973	1,148
Foreign currency translation adjustment	6	12
Total accumulated other comprehensive income	1,980	1,161
Non-controlling interests	-	1
Total net assets	24,912	22,713
Total liabilities and net assets	58,047	51,208

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

Quarterly consolidated profit and loss statements

Consolidated cumulative Q3

(Millions of yen)

	Consolidated cumulative Q3 FY03/22 (April 1, 2021 to December 31, 2021)	Consolidated cumulative Q3 FY03/23 (April 1, 2022 to December 31, 2022)
Sales	27,068	31,022
Cost of sales	12,256	14,399
Gross profit	14,812	16,623
SG&A expenses	5,274	8,788
Operating income	9,538	7,835
Non-operating income		
Interest income	16	15
Dividend income	21	19
Foreign exchange gains	27	20
Subsidy income	17	38
Other	15	14
Total non-operating income	98	108
Non-operating expenses		
Interest expenses	12	42
Commitment fees	64	11
Share of loss of entities accounted for using equity method	6	2
Commission for purchase of treasury shares	-	6
Other	0	0
Total non-operating expenses	84	61
Ordinary income	9,552	7,881
Extraordinary income		
Gain on sales of investment securities	-	731
Gain on sales of shares of subsidiaries and associates	24	-
Total extraordinary income	24	731
Extraordinary losses		
Loss on sales of investment securities	2	-
Total extraordinary losses	2	-
Quarterly net income before income taxes	9,574	8,613
Income taxes – current	3,081	2,721
Income taxes – deferred	△170	58
Total income taxes	2,910	2,780
Quarterly net income	6,663	5,833
Net income attributable to owners of parent	6,663	5,833

Quarterly consolidated comprehensive income statements

Consolidated cumulative Q3

(Millions of yen)

	Consolidated cumulative Q3 FY03/22 (April 1, 2021 to December 31, 2021)	Consolidated cumulative Q3 FY03/23 (April 1, 2022 to December 31, 2022)
Quarterly net income	6,663	5,833
Other comprehensive income		
Valuation of difference on available-for-sale securities	1,020	△824
Foreign currency translation adjustment	△5	6
Total other comprehensive income	1,015	△818
Quarterly comprehensive income	7,678	5,014
(Breakdown)		
Quarterly comprehensive income attributable to owners of parent	7,678	5,014
Quarterly comprehensive income attributable to non-controlling interests	-	0

(3) Notes on the quarterly consolidated financial statements

(Notes on the going concern assumption)

Not applicable.

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

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 Q3 FY03/23 consolidated accounting period were ¥1,451 million, ¥19,900 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.

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.
