

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (FY03/23)[Based on Japanese GAAP]



May 11, 2023

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
 Annual General Meeting of Shareholders scheduled on: June 30, 2023
 Dividend payment to start on: June 16, 2023
 Securities Report to be submitted on: June 30, 2023
 Results supplementary material: : Yes
 Results briefing: : Yes (for institutional investors and analysts)

(Rounded down to the nearest million yen)

1. FY03/23 consolidated performance (April 1, 2022 to March 31, 2023)

(1) Consolidated operating results (% shows YoY increase/decrease rate)

	Sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY03/23	42,376	10.5	10,484	△17.9	10,565	△17.6	7,655	△14.5
FY03/22	38,362	1.4	12,770	30.7	12,826	30.1	8,949	32.3

Note: Comprehensive income FY03/23 7,134 million (△27.3%) FY03/22 9,817 million (34.7%)

	Net income per share		Diluted net income per share		Net income to equity	Return on asset	Operating income margin
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen
FY03/23	48.29	—	—	—	30.8	18.9	24.7
FY03/22	56.24	—	—	—	40.0	27.2	33.3

Reference: Equity in earnings (losses) of affiliates FY03/23 △2 million FY03/22 △14 million

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	Net assets per share	
	Millions of yen		Millions of yen		%	Yen Sen	
FY03/23	53,981		24,832		46.0	156.77	
FY03/22	58,047		24,912		42.9	156.54	

Reference: Equity capital FY03/23 ¥24,831 million FY03/22 ¥24,912 million

(3) Consolidated cash flow

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents, end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY03/23	3,168	△2,844	△8,338	10,008
FY03/22	10,080	△14,247	4,544	17,983

2. Dividends

	Annual dividend					Total dividend	Dividend payout ratio (Consolidated)	Dividend on equity (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of FY	Total			
	Yen Sen	Yen Sen	Yen Sen	Yen Sen	Yen Sen			
FY03/23	—	0.00	—	36.00	36.00	5,742	64.0	25.6
FY03/22	—	0.00	—	36.00	36.00	5,714	74.5	23.0
FY03/24 (forecast)	—	0.00	—	36.00	36.00		78.1	

3. Consolidated performance forecasts for FY03/24 (April 1, 2023 to March 31, 2024)

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

	Sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Sen
2Q (cumulative)	19,520	△3.5	3,160	△34.6	3,280	△33.2	2,170	△42.2		13.70
Full-year	45,450	7.3	10,830	3.3	10,970	3.8	7,300	△4.6		46.09

* Notes

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

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

Note: For details, please see "3. Consolidated financial statements and major notes, (5) Notes on consolidated financial statements (Changes in important subsidiaries during the period)" on page 18 of the appendix.

2. Changes of the accounting policy, changes to accounting estimates, and restatement

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

3. Number of issued shares (common shares)

- (1) Number of issued shares (including treasury shares) as of the end of the period
 (2) Number of treasury shares as of the end of the year
 (3) Average number of shares during the year

FY03/23	159,190,900 Shares	FY03/22	159,970,000 Shares
FY03/23	797,928 Shares	FY03/22	820,337 Shares
FY03/23	158,514,408 shares	FY03/22	159,135,090 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 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.

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.

Reference: Outline of non-consolidated performance

FY03/23 non-consolidated performance (April 1, 2022 to March 31, 2023)

(1) Non-consolidated operating results (% shows YoY increase/decrease rate.)

	Sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY03/23	40,564	16.4	10,760	△15.2	10,734	△15.3	7,882	△10.9
FY03/22	34,862	△4.4	12,688	27.0	12,677	27.2	8,844	29.0

	Net income per share		Diluted net income per share	
	Yen	Sen	Yen	Sen
FY03/23	49.73	—	—	—
FY03/22	55.58	—	—	—

Note: Treasury shares remaining in "the Japanese version of the Employee Stock Ownership Plan (J-ESOP)" and "Board Benefit Trust (BBT)" are included in treasury shares deducted in the calculation of the average number of shares during the year for the calculation of net income per share.

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Millions of yen		Millions of yen		%		Yen	Sen
FY03/23	53,619		25,684		47.9		162.16	
FY03/22	52,660		25,540		48.5		160.48	

Reference: Equity capital FY03/23 25,684 million FY03/22 25,540 million

Note: Treasury shares remaining in "the Japanese version of the Employee Stock Ownership Plan (J-ESOP)" and "Board Benefit Trust (BBT)" are included in treasury shares deducted in the calculation of the total number of issued shares as of the end of the year for the calculation of net assets per share.

- * Summary of Financial Results is not subject to the audit by a certified public accountant or 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. Overview of operating results, etc. (4) Outlook for the future” on page 8 of the attachment.
 - The Company will hold an online results briefing for institutional investors and analysts on May 12, 2023. The results explanation video, etc. will be posted on the company website (<https://corp.benefit-one.co.jp/en/ir/library/>) as soon as the briefing is over.

○ Table of Contents of Attachment

1. Overview of operating results, etc.	P.6
(1) Overview of FY03/23 operating results	P.6
(2) Overview of FY03/23 financial position	P.7
(3) Overview of FY03/23 cash flows	P.8
(4) Outlook for the future	P.8
2. Basic policy on the selection of accounting standards	P.9
3. Consolidated financial statements and major notes.....	P.10
(1) Consolidated balance sheet	P.10
(2) Consolidated profit and loss statements and consolidated statement of comprehensive income	P.12
(3) Consolidated statements of changes in net assets	P.14
(4) Consolidated cash flow statement	P.16
(5) Notes on consolidated financial statements.....	P.18
(Notes on the going concern assumption).....	P.18
(Changes in important subsidiaries during the period)	P.18
(Changes of the accounting policy)	P.18
(Change of the indication method)	P.18
(Changes to accounting estimates)	P.18
(Restatement).....	P.18
(Segment information, etc.)	P.19
(Per share information)	P.19
(Important subsequent events)	P.19

1. Overview of operating results, etc.

(1) Overview of FY03/23 operating results

During the fiscal year ended March 31, 2023 (FY03/23), the severe situation caused by the prolonged COVID-19 pandemic gradually eased, and the Japanese economy showed signs of a gradual recovery.

In the second year of our medium-term management plan announced on May 12, 2021, our Group implemented 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 FY03/23, we migrated data on approximately 2.94 million members (cumulative total of 6.60 million members) to the “Bene ONE PLATFORM” (Note 1), and the transfer of former JTB Benefit members was completed as planned. In April 2023, we completely updated “Benefit Station” (Note 2) to link its functions with Bene ONE PLATFORM, and we are continuing our efforts to ensure the stable operation of the new system and expand its functionality. We also intend to continue updating and expanding the functions of peripheral systems while working to increase membership through aggressive marketing efforts, including TV commercials, in anticipation of an improved post-pandemic business environment.

② Bold expansion into the payment business

Our Group is rolling out the Kyutokubarai service, which utilizes a payroll deduction system linked to member data on the Bene ONE PLATFORM, as we aim to develop the payment business into a new core earnings pillar over the medium to long term. With the expansion of our compelling content lineup as a key priority in the near term, we newly included 161 services (for a cumulative total of 348), primarily in the categories of lifestyle infrastructure and flat-rate services, under Kyutokubarai during FY03/23. In addition, with a view to supporting digital payroll operations, we launched au PAY gift cards in March 2023 and have decided to form an alliance with the Netflix video distribution platform from FY03/24. As such, we have continued working on expanding our lineup of popular content that will drive an increase in usage of the Kyutokubarai service.

Key points regarding our Group’s performance in FY03/23 are as follows.

Sales in the Employee Benefit Services business grew 27.3% YoY due to growth driven by M&A conducted in FY03/22 and the expansion in enrollment of non-regular employees of the public employee mutual aid associations during FY03/23. In addition, members’ use of services showed a recovery trend, albeit slower than expected, and accompanying rebate-related expenditures increased YoY.

In the Healthcare business, we formulated a business plan anticipating the expansion of health management needs for the post-pandemic era and conducted marketing, including the airing of commercials. Although the impact of the pandemic lingered longer than anticipated, causing the COVID-19 vaccination support business to exceed expectations, new orders and progress providing guidance were less than expected in the health guidance business.

On the expenses front, we booked marketing investment, including in commercials, of approximately ¥1,230 million (breaking down to roughly ¥870 million in the Employee Benefit Services business and about ¥360 million in the Healthcare business). We also recorded some ¥200 million in one-time expenses associated with the relocation of our head office (in July 2022) and duplicate costs of approximately ¥1,480 million during the service integration process for the former JTB Benefit Service. IT expenses grew by ¥820 million YoY due to system replacement and

other factors. On the other hand, we recorded an extraordinary income of ¥724 million on the sale of some of our investment securities (in August 2022).

As a result of the above, consolidated sales in FY03/23 were ¥42,376 million (up 10.5% YoY), consolidated operating income was ¥10,484 million (down 17.9% YoY), consolidated ordinary income was ¥10,565 million (down 17.6% YoY), and net income attributable to owners of parent was ¥7,655 million (down 14.5% 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:

1. 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. Benefit Station is a comprehensive employee benefit service operated by the Company for the purposes of increasing employee satisfaction and promoting health management and skill improvement.

(2) Overview of FY03/23 financial position

Assets, liabilities, and net assets

(Assets)

Total assets at the end of the current consolidated fiscal year were ¥53,981 million, a decrease of ¥4,065 million from the end of the previous consolidated fiscal year.

Current assets were ¥27,407 million, a decrease of ¥4,741 million. This is primarily because of a decrease in cash and deposits (¥7,976 million), an increase in accounts receivable - trade (¥1,369 million), an increase in accounts receivable - other (¥1,222 million), etc.

Non-current assets increased by ¥676 million to ¥26,574 million. This is primarily because of an increase in software (¥2,043 million) resulting from an investment in system equipment, a decrease in investment securities (¥750 million) resulting from the sale of a part of the shares held, etc.

(Liabilities)

Total liabilities at the end of the current consolidated fiscal year were ¥29,148 million, a decrease of ¥3,985 million from the end of the previous consolidated fiscal year.

Current liabilities decreased by ¥2,765 million to ¥18,592 million. This is primarily because of a decrease in accounts payable – trade (¥1,427 million), a decrease in income taxes payable (¥964 million) resulting from the payment of income taxes, etc.

Non-current liabilities decreased by ¥1,219 million to ¥10,556 million primarily because of a decrease in long-term borrowings (¥1,000 million) as a result of repayment, etc.

(Net assets)

Net assets at the end of the current consolidated fiscal year were ¥24,832 million, a decrease of ¥79 million from the end of the previous consolidated fiscal year. This is primarily because of net income attributable to owners of the parent (¥7,655 million), dividends paid (¥5,742 million), the purchase of treasury shares (¥1,499 million) based on the resolution of the Board of Directors, etc. in the current consolidated fiscal year.

As a result, the equity ratio increased to 46.0% from 42.9% at the end of the previous consolidated fiscal year.

(3) Overview of FY03/23 cash flows

The balance of cash and cash equivalents (hereinafter, "Funds") at the end of the current consolidated fiscal year was ¥10,008 million, a decrease of ¥7,974 million from the end of the previous consolidated fiscal year.

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

(Cash flow from operating activities)

Cash flow from operating activities increased by ¥3,168 million. (In the previous consolidated fiscal year (FY03/22), cash flow from operating activities increased by ¥10,080 million.)

Increase in Funds is attributed to net income before income taxes of ¥11,290 million (¥12,848 million in FY03/22), depreciation of ¥1,291 million (¥964 million in FY03/22), depreciation of customer-related assets and amortization of goodwill of ¥678 million (¥173 million in FY03/22), etc.

Decrease in Funds is attributed to an increase in trade receivables and contract assets of ¥1,349 million (a decrease of ¥1,021 million in FY03/22), a decrease in trade payables of ¥1,428 million (an increase of ¥1,698 million in FY03/22), an increase in accounts receivable - other of ¥1,206 million (an increase of ¥1,772 million in FY03/22), income taxes paid of ¥4,661 million (¥3,726 million in FY03/22), etc.

(Cash flow from investing activities)

Cash flow from investing activities decreased by ¥2,844 million. (In FY03/22, cash flow from investing activities decreased by ¥14,247 million.)

Increase in Funds is attributed to the proceeds from the sale of investment securities of ¥997 million (¥95 million in FY03/22), etc.

Decrease in Funds is attributed to the purchase of tangible/intangible assets (¥3,667 million) (¥3,671 million in FY03/22), etc.

(Cash flow from financing activities)

Cash flow from financing activities decreased by ¥8,338 million. (In FY03/22, cash flow from financing activities increased by ¥4,544 million.)

Decrease in Funds is attributed to dividends paid of ¥5,741 million (¥4,784 million in FY03/22), the purchase of treasury shares of ¥1,506 million (¥69 million in FY03/22), repayments of long-term borrowings of ¥1,000 million (¥500 million in FY03/22), etc.

(4) Outlook for the future

In terms of the recent economic situation, the prolonged effects of the COVID-19 pandemic have begun to subside, and corporate activity and personal consumption are recovering. In addition, wages are rising in response to labor shortages and the cost of living is increasing to levels not seen in recent years.

At our Group as well, the business impact of the pandemic has largely subsided, and although we expect the COVID-19 vaccination support business to contract, we anticipate growth in our other main businesses.

In the Employee Benefit Services business, we expect increased use of benefits services among all sizes of companies and for all employment types as a measure to attract and retain human resources and improve the fair and equitable treatment of employees. As for the Healthcare business, we expect the use of outsourcing services for medical checkups and health guidance to increase due to growing interest in mental and physical health management among employees in response to the COVID-19 pandemic and to worker shortages in the corporate sector.

We intend to take advantage of these growth opportunities to expand our clientele. At the same time, we will continue to invest in marketing to increase awareness of our services, and in human resources and systems to build a foundation for accelerating medium- to long-term growth.

Based on these assumptions, for the fiscal year ending March 31, 2024 (FY03/24), we expect sales of ¥45,450 million (up 7.3% YoY), operating income of ¥10,830 million (up 3.3% YoY), ordinary income of ¥10,970 million (up 3.8% YoY), and net income attributable to owners of parent of ¥7,300 million (down 4.6% YoY).

2. Basic policy on the selection of accounting standards

The Company Group adopts the Japanese standard in consideration of the comparability between consolidated financial statement periods and the comparability among enterprises. Regarding the application of IFRS (International Financial Reporting Standards), we will examine the application in consideration of the domestic and international situation, etc.

3. Consolidated financial statements and major notes

(1) Consolidated balance sheet

(Millions of yen)

	Previous consolidated FY (March 31, 2022)	Current consolidated FY (March 31, 2023)
Assets		
Current assets		
Cash and deposits	17,986	10,010
Accounts receivable - trade	6,241	7,610
Contract assets	62	64
Inventories	1,947	1,520
Prepaid expenses	699	863
Accounts receivable - other	2,796	4,019
Advances paid	2,388	3,273
Other	74	117
Allowance for doubtful accounts	△47	△72
Total current assets	32,148	27,407
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,141	1,392
Accumulated depreciation	△724	△719
Buildings and structures (net)	416	673
Land	602	602
Leased assets	772	682
Accumulated depreciation	△661	△533
Leased assets (net)	111	149
Construction in progress	-	16
Other	738	715
Accumulated depreciation	△560	△573
Other (net)	178	141
Total property, plant and equipment	1,308	1,583
Intangible assets		
Goodwill	5,824	5,529
Software	5,315	7,358
Leased assets	5	2
Customer-related assets	8,345	7,961
Other	2	2
Total intangible assets	19,493	20,855
Investments and other assets		
Investment securities	3,891	3,141
Deferred tax assets	76	-
Other	1,134	1,001
Allowance for doubtful accounts	△6	△7
Total investments and other assets	5,096	4,135
Total non-current assets	25,898	26,574
Total assets	58,047	53,981

(Millions of yen)

	Previous consolidated FY (March 31, 2022)	Current consolidated FY (March 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,704	4,277
Short-term borrowings	110	97
Current portion of long-term borrowings	1,000	1,000
Lease obligations	60	63
Income taxes payable	2,665	1,700
Accounts payable - other	3,963	4,423
Contract liabilities	5,840	5,300
Deposits received	1,163	1,299
Other	849	429
Total current liabilities	21,357	18,592
Non-current liabilities		
Long-term borrowings	8,500	7,500
Lease obligations	67	103
Reserve for employee stock ownership plan	281	258
Provision for share-based remuneration for directors (and other officers)	179	181
Retirement benefit liability	67	40
Deferred tax liabilities	2,465	2,062
Other	214	411
Total non-current liabilities	11,776	10,556
Total liabilities	33,134	29,148
Net assets		
Shareholders' equity		
Share capital	1,527	1,527
Capital surplus	1,488	1,451
Retained earnings	21,260	21,722
Treasury shares	△1,343	△1,329
Total shareholders' equity	22,932	23,371
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,973	1,449
Foreign currency translation adjustment	6	9
Total accumulated other comprehensive income	1,980	1,459
Non-controlling interests	-	1
Total net assets	24,912	24,832
Total liabilities and net assets	58,047	53,981

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

Consolidated profit and loss statements

(Millions of yen)

	Previous consolidated FY (April 1, 2021 to March 31, 2022)	Current consolidated FY (April 1, 2022 to March 31, 2023)
Sales	38,362	42,376
Cost of sales	17,633	19,876
Gross profit	20,728	22,499
SG&A expenses	7,958	12,015
Operating income	12,770	10,484
Non-operating income		
Interest income	20	23
Dividend income	34	33
Foreign exchange gains	58	31
Subsidy income	35	49
Other	20	23
Total non-operating income	169	159
Non-operating expenses		
Interest expenses	27	56
Commitment fee	65	11
Share of loss of entities accounted for using equity method	14	2
Distributions of loss on partnerships	0	-
Commission for purchase of treasury shares	-	6
Other	4	1
Total non-operating expenses	113	78
Ordinary income	12,826	10,565
Extraordinary income		
Gain on sale of investment securities	-	724
Gain on sales of shares of subsidiaries and associates	24	-
Total extraordinary income	24	724
Extraordinary losses		
Loss on valuation of investment securities	2	-
Impairment loss	2	-
Net income before income taxes	12,848	11,290
Income taxes - current	4,256	3,729
Income taxes - deferred	△357	△94
Total income taxes	3,898	3,634
Net income	8,949	7,655
Loss attributable to non-controlling interests (△)	-	△0
Net income attributable to owners of parent	8,949	7,655

Consolidated statement of comprehensive income

(Millions of yen)

	Previous consolidated FY (April 1, 2021 to March 31, 2022)	Current consolidated FY (April 1, 2022 to March 31, 2023)
Net income	8,949	7,655
Other comprehensive income		
Valuation difference on available-for-sale securities	879	△524
Foreign currency translation adjustment	△11	3
Total other comprehensive income	867	△520
Comprehensive income	9,817	7,134
(Breakdown)		
Comprehensive income attributable to owners of parent	9,817	7,134
Comprehensive income attributable to non-controlling interests	-	0

(3) Consolidated statements of changes in net assets

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

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	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 effect from changes of the accounting policy			△0		△0					△0
Balance at the beginning of the period reflecting changes of the accounting policy	1,527	1,452	17,095	△1,322	18,753	1,093	18	1,112	-	19,865
Changes, during year										
Dividends of surplus			△4,785		△4,785					△4,785
Net income attributable to owners of parent			8,949		8,949					8,949
Purchase of treasury shares				△0	△0					△0
Disposal of treasury shares		35		33	69					69
Purchase of treasury shares by Board Benefit Trust				△69	△69					△69
Disposal of treasury shares by Board Benefit Trust				14	14					14
Net changes in items other than shareholders' equity						879	△11	867	-	867
Total changes, during year	-	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

Current consolidated fiscal year (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance, beginning of year	1,527	1,488	21,260	△1,343	22,932	1,973	6	1,980	-	24,912
Changes, during year										
Dividends of surplus			△5,742		△5,742					△5,742
Net income attributable to owners of parent			7,655		7,655					7,655
Purchase of treasury shares				△1,500	△1,500					△1,500
Cancellation of treasury shares		△35	△1,450	1,485	-					-
Disposal of treasury shares by J-ESOP/BBT				28	28					28
Change in ownership interest of parent due to transactions with non-controlling interests		△1			△1					△1
Net changes in items other than shareholders' equity						△524	3	△520	1	△519
Total changes, during year	-	△36	462	14	439	△524	3	△520	1	△79
Balance, end of year	1,527	1,451	21,722	△1,329	23,371	1,449	9	1,459	1	24,832

(4) Consolidated cash flow statement

(Millions of yen)

	Previous consolidated FY (April 1, 2021 to March 31, 2022)	Previous consolidated FY (April 1, 2022 to March 31, 2023)
Cash flow from operating activities		
Net income before income taxes	12,848	11,290
Depreciation	964	1,291
Depreciation of customer-related assets	95	383
Amortization of goodwill	77	294
Increase (decrease) in Reserve for employee stock ownership plan (Δ indicates a decrease.)	69	Δ 23
Increase (decrease) in provision for share-based remuneration for directors (and other officers) (Δ indicates a decrease.)	51	2
Loss (gain) on valuation of investment securities (Δ indicates a gain.)	2	Δ 724
Loss (gain) on sales of shares of subsidiaries and associates (Δ indicates a gain.)	Δ 24	-
Share of loss (profit) of entities accounted for using equity method (Δ indicates a gain.)	14	2
Commission for purchase of treasury shares	-	6
Subsidy income	Δ 35	Δ 49
Interest and dividend income	Δ 55	Δ 56
Interest expenses	27	56
Distributions of profit (loss) on partnerships (Δ indicates a gain.)	0	Δ 3
Decrease (increase) in trade receivables and contract assets (Δ indicates an increase)	1,021	Δ 1,349
Decrease (increase) in inventories (Δ indicates an increase.)	Δ 427	431
Decrease (increase) in prepaid expenses (Δ indicates an increase.)	135	Δ 163
Decrease (increase) in accounts receivable - other (Δ indicates an increase.)	Δ 1,772	Δ 1,206
Increase (decrease) in trade payables (Δ indicates a decrease.)	1,698	Δ 1,428
Increase (decrease) in accounts payable – other (Δ indicates a decrease.)	1,127	338
Increase (decrease) in advances received (Δ indicates a decrease.)	Δ 935	Δ 566
Increase (decrease) in contract liabilities (Δ indicates a decrease)	Δ 864	145
Increase (decrease) in deposits received (Δ indicates a decrease.)	Δ 279	Δ 891
Other	13,741	7,779
Subtotal	56	57
Interest and dividends received	Δ 27	Δ 56
Interest paid	35	49
Subsidies received	Δ 3,726	Δ 4,661
Income taxes paid	10,080	3,168

(Millions of yen)

	Previous consolidated FY (April 1, 2021 to March 31, 2022)	Previous consolidated FY (April 1, 2022 to March 31, 2023)
Cash flow from investing activities		
Purchase of property, plant and equipment	△8	△214
Purchase of intangible assets	△3,662	△3,453
Proceeds from sale of investment securities	95	997
Purchase of shares of subsidiaries resulting in change in scope of consolidation	△10,451	-
Payments of leasehold and guarantee deposits	△229	△40
Proceeds from refund of leasehold and guarantee deposits	20	184
Other	△10	△317
Cash flow from investing activities	△14,247	△2,844
Cash flow from financing activities		
Net increase (decrease) in short-term borrowings (△ indicates a decrease.)	△61	△19
Proceeds from long-term borrowings	10,000	-
Repayments of long-term borrowings	△500	△1,000
Repayments of finance lease obligations	△109	△71
Dividends paid	△4,784	△5,741
Purchase of treasury shares	△69	△1,506
Proceeds from disposal of treasury shares	69	-
Cash flow from financing activities	4,544	△8,338
Effect of exchange rate change on cash and cash equivalents	52	39
Net increase (decrease) in cash and cash equivalents (△ indicates a decrease.)	429	△7,974
Beginning balance of cash and cash equivalents	17,554	17,983
Ending balance of cash and cash equivalents	17,983	10,008

(5) Notes on consolidated financial statements

(Notes on the going concern assumption)

Not applicable

(Changes in important subsidiaries during the period)

JTB BENEFIT SERVICE, Inc., which was a consolidated subsidiary of the Company in the previous consolidated fiscal year, is excluded from the scope of consolidation in the current consolidated fiscal year because the subsidiary was terminated as a result of an absorption-type merger in which the Company is the surviving company.

(Changes of the accounting policy)

Not applicable.

(Change of the indication method)

(Changes related to the consolidated balance sheet)

“Advances paid,” which was included in “Other” under “Current assets” in the previous consolidated fiscal year, is independently recorded from the current consolidated fiscal year because its importance has increased. To reflect this change of the indication method, we have rearranged the consolidated financial statements for the previous consolidated fiscal year.

As a result, “Other” (¥2,462 million), which was indicated under “Current assets” in the consolidated balance sheet for the previous consolidated fiscal year, is included in “Advances paid” (¥2,388 million) and “Other” (¥74 million).

(Changes related to the consolidated cash flow statement)

“Depreciation of customer-related assets,” which was included in “Depreciation” under “Cash flow from operating activities” in the previous consolidated fiscal year, is independently recorded from the current consolidated fiscal year because its importance has increased. To reflect this change of the indication method, we have rearranged the consolidated financial statements for the previous consolidated fiscal year.

As a result, “Depreciation” (¥1,060 million), which was indicated under “Cash flow from operating activities” in the consolidated cash flow statement for the previous consolidated fiscal year, is included in “Depreciation” (¥964 million) and “Depreciation of customer-related assets” (¥95 million).

“Proceeds from sale of investment securities,” which was included in “Other” under “Cash flow from investing activities” in the previous consolidated fiscal year, is independently recorded from the current consolidated fiscal year because its importance has increased. To reflect this change of the indication method, we have rearranged the consolidated financial statements for the previous consolidated fiscal year.

As a result, “Other” (¥85 million), which was indicated under “Cash flow from investing activities” in the consolidated cash flow statement for the previous consolidated fiscal year, is included in “Proceeds from sale of investment securities” (¥95 million) and “Other” (-¥10 million).

(Changes to accounting estimates)

Not applicable.

(Restatement)

Not applicable.

(Segment information, etc.)

(Segment information)

Outline of the segment reported

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

(Per share information)

	Previous consolidated FY (April 1, 2021 to March 31, 2022)	Current consolidated FY (April 1, 2022 to March 31, 2023)
Net assets per share	¥156.54	¥156.77
Net income per share	¥56.24	¥48.29

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 “Board Benefit Trust (BBT)” that are recorded as treasury shares in 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 period year for the calculation of net income per share.

The number of treasury shares at the end of the period deducted for the calculation of net assets per share was 212,130 shares for the previous consolidated fiscal year and 189,651 shares for 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 number of such treasury shares was 157,920 shares for the previous consolidated fiscal year and 157,920 shares for the current consolidated fiscal year. The average number of treasury shares during the period deducted for the calculation of net income per share was 213,960 shares for the previous consolidated fiscal year and 191,698 shares for 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 number of such treasury shares was 154,842 shares for the previous consolidated fiscal year and 157,920 shares for 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, 2021 to March 31, 2022)	Current consolidated FY (April 1, 2022 to March 31, 2023)
Net income per share		
Net income attributable to owners of parent (Millions of yen)	8,949	7,655
Amount not attributable to common shareholders (Millions of yen)	—	—
Net income attributable to owners of parent related to common shares (Millions of yen)	8,949	7,655
Average number of common shares during the year	159,135,090	158,514,408

(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.