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Annual Securities Report

The 28th Fiscal Year From April 1, 2022 to March 31, 2023

Benefit One Inc.

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Fiscal year: The 28th fiscal year (April 1, 2022 to March 31, 2023)

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: 7-1, 3-chome, Nishi-Shinjuku, Shinjuku-ku, Tokyo, Japan

Telephone No.: +81-3-6870-5000 (Main)

Name of the contact person: Kenji Ozaki, Managing Director

Nearest contact point: 7-1, 3-chome, Nishi-Shinjuku, Shinjuku-ku, Tokyo, Japan

Telephone No.: +81-3-6870-5000 (Main)

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		24th	25th	26th	27th	28th
Closing month/year		Mar. 2019	Mar. 2020	Mar. 2021	Mar. 2022	Mar. 2023
Sales	(¥ Mil)	34,461	37,271	37,841	38,362	42,376
Ordinary income	(¥ Mil)	7,707	8,462	9,858	12,826	10,565
Net income attributable to owners of parent	(¥ Mil)	5,176	5,641	6,766	8,949	7,655
Comprehensive income	(¥ Mil)	5,089	5,620	7,285	9,817	7,134
Net assets	(¥ Mil)	19,882	16,567	19,865	24,912	24,832
Total assets	(¥ Mil)	34,774	29,926	36,171	58,047	53,981
Net assets per share	(¥)	123.03	104.10	124.84	156.54	156.77
Net income per share	(¥)	32.05	35.24	42.52	56.24	48.29
Diluted net income per share	(¥)	-	-	-	-	-
Equity ratio	(%)	57.1	55.4	54.9	42.9	46.0
Return on equity	(%)	28.0	31.0	37.1	40.0	30.8
Price earnings ratio	(times)	67.8	40.0	69.1	46.1	38.8
Cash flow from operating activities	(¥ Mil)	5,628	5,476	9,862	10,080	3,168
Cash flow from investing activities	(¥ Mil)	△844	△748	△1,175	△14,247	△2,844
Cash flow from financing activities	(¥ Mil)	△2,387	△9,077	△4,110	4,544	△8,338
Cash and cash equivalents, end of year	(¥ Mil)	17,328	12,962	17,554	17,983	10,008
Number of employees (Average number of temporary workers)	(persons)	676 (331)	704 (400)	860 (449)	1,108 (442)	1,111 (416)

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, 2019. Net assets per share and net income per share were calculated assuming that the share split was conducted at the beginning of the 24th fiscal year.

Note 4: 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		24th	25th	26th	27th	28th
Closing month/year		Mar. 2019	Mar. 2020	Mar. 2021	Mar. 2022	Mar. 2023
Sales	(¥ Mil)	24,512	34,597	36,456	34,862	40,564
Ordinary income	(¥ Mil)	7,337	8,578	9,964	12,677	10,734
Net income	(¥ Mil)	4,957	6,344	6,857	8,844	7,882
Share capital	(¥ Mil)	1,527	1,527	1,527	1,527	1,527
Total number of issued shares	(shares)	162,400,000	159,970,000	159,970,000	159,970,000	159,190,900
Net assets	(¥ Mil)	19,783	17,196	20,586	25,540	25,684
Total assets	(¥ Mil)	33,178	30,254	36,488	52,660	53,619
Net assets per share	(¥)	122.49	108.06	129.37	160.48	162.16
Dividend per share (Interim dividends per share)	(¥)	25 (-)	25 (-)	30 (-)	36 (-)	36 (-)
Net income per share	(¥)	30.69	39.63	43.09	55.58	49.73
Diluted net income per share	(¥)	-	-	-	-	-
Equity ratio	(%)	59.6	56.8	56.4	48.5	47.9
Return on equity	(%)	26.8	34.3	36.3	38.3	30.8
Price earnings ratio	(times)	70.8	35.6	68.2	46.6	37.7
Payout ratio	(%)	81.4	63.1	69.6	64.8	72.4
Number of employees (Average number of temporary workers)	(persons)	537 (229)	649 (375)	790 (449)	876 (434)	1,044 (415)
Total shareholder return (Comparative indicator: TOPIX including dividends)	(%)	149.3 (95.0)	99.2 (85.9)	205.2 (122.1)	183.9 (124.6)	137.8 (131.8)
Highest share price	(¥)	2,244 (4,340)	2,441	3,445	6,000	2,739
Lowest share price	(¥)	1,930 (2,546)	1,104	1,296	2,298	1,603

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 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 24th fiscal year.

Note 5: The highest share price and the lowest share price after April 4, 2022 represent the stock prices at the Prime Market of the Tokyo Stock Exchange. The highest and lowest share prices before April 3, 2022 represent the share prices at the First Section of the Tokyo Stock Exchange. The highest and lowest share prices before November 27, 2018 represent the share prices at the Second Section of the Tokyo Stock Exchange. The highest and lowest share prices in the 24th fiscal year represent the prices after the share splits. The highest and lowest share prices before the share splits are shown in parentheses.

Note 6: 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 and following 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.
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.
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."
Apr. 2022	Absorbed subsidiary JTB BENEFIT SERVICE, Inc. Changed the listing market to the Tokyo Stock Exchange Prime Market.
Jul. 2022	Relocated the head office to Shinjuku-ku, Tokyo.
Feb. 2023	Established the satellite office "Kochi Base" in Kochi City, Kochi Prefecture.
Mar. 2023	Certified as "Health and Productivity Enterprise 2023."

3. Contents of business

The Group is composed of the Company, 10 consolidated subsidiaries, one affiliated company to which the equity method is applied, and one non-consolidated subsidiary (as of March 31, 2023).

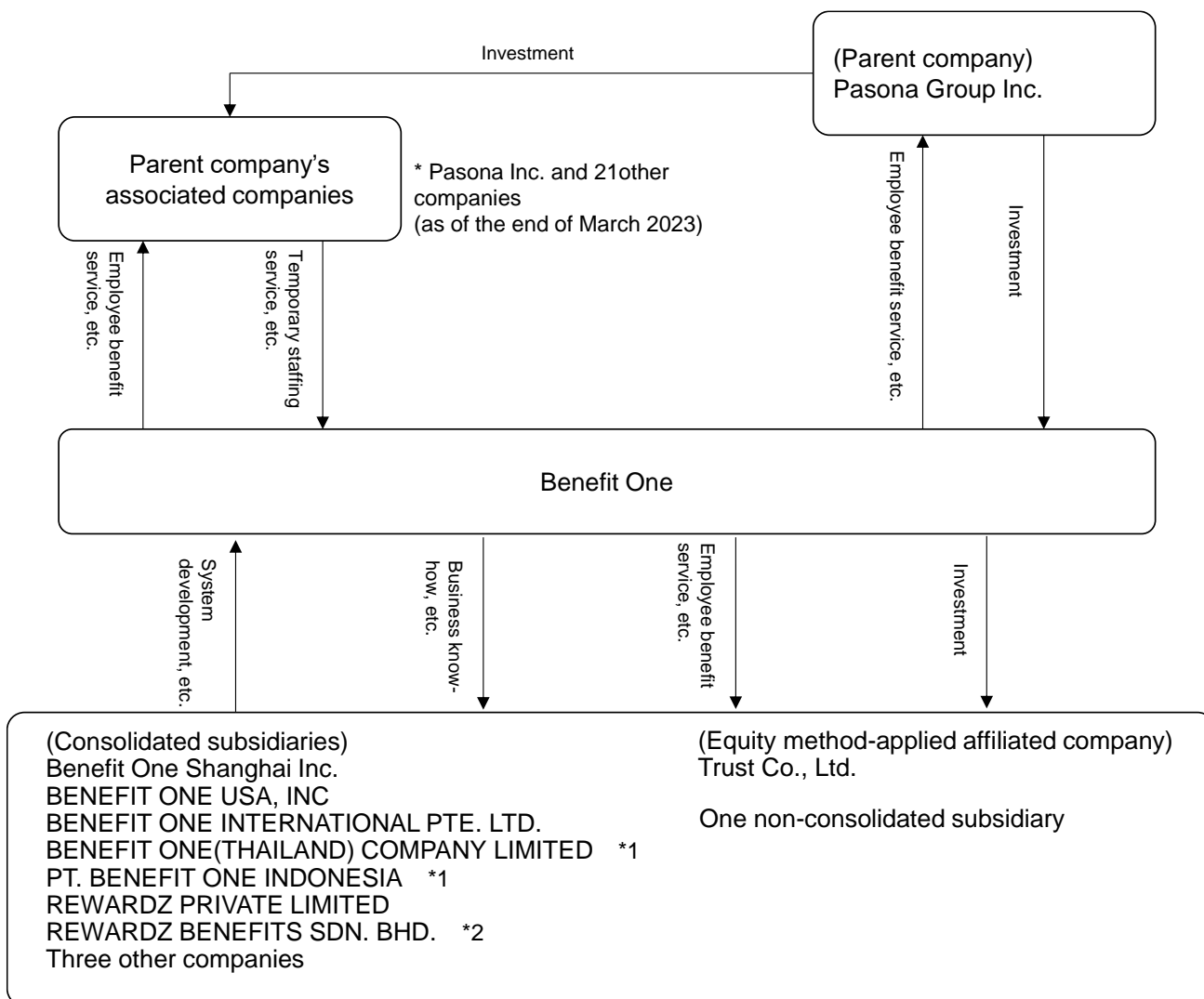
The Group is engaged in the membership service business, mainly the outsourced employee benefit service business in Japan. As a result of consolidating business segments, the segment to be reported is only the membership service business, and thus segment information is omitted.

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 HR-related business and the Group is positioned as the core in the field of outsourcing business.

The Company entrusts employee benefit services from 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

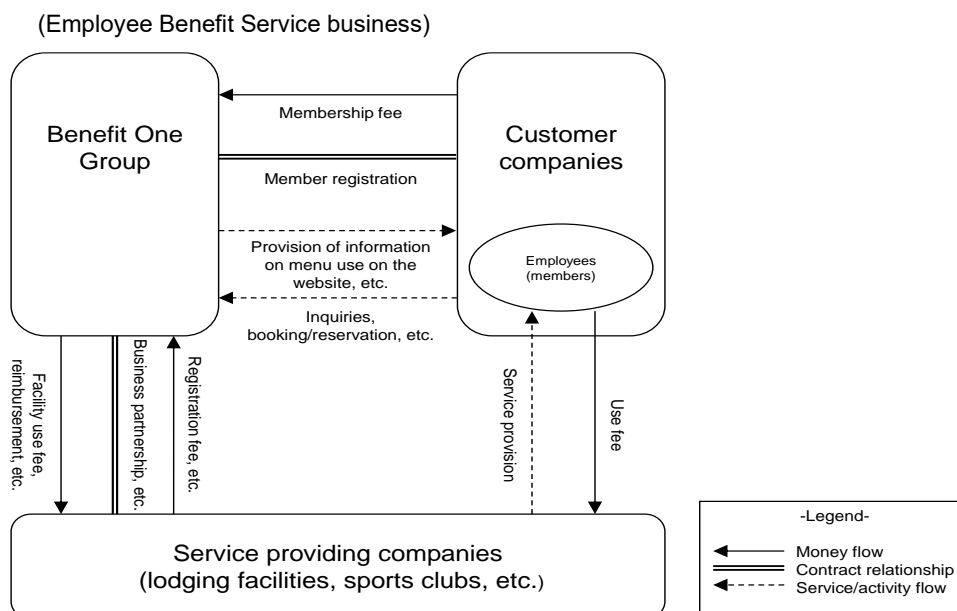
The Group's main business is the Employee Benefit Service business designed to promote the improvement of management efficiency and the enhancement of employee satisfaction. The Group is also engaged in the Individual Benefit Service business, the Incentive business, the Healthcare business, the Purchase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



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 a 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, 2023

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)	Minato-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] [51.16]	Yes	-	-	Provision of employee benefit outsourcing services on a contract basis
(Consolidated subsidiary) 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 3)	Bangkok, Thailand	THB 4 million	Provision of point-based incentive system "Incentive Point"	49.00 (49.00) (Note 4)	Yes	Yes	-	Guarantee of debts
PT. BENEFIT ONE INDONESIA (Note 2)	Jakarta, Indonesia	IDR 39,000 million	Provision of point-based incentive system "Incentive Point"	97.44 (38.46) (Note 4)	Yes	-	-	-
REWARDZ PRIVATE LIMITED	Singapore	SGD 1.51 million	Employee Benefit Service business, Incentive Point business, Healthcare Point business, etc.	70.00	Yes	Yes	-	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 4)	-	-	-	-
Three other companies								
(Equity method-applied affiliated company) Trust Co., Ltd.	Ojya-shi, Niigata Prefecture	21	Development and sale of software	33.53	-	-	-	Entrustment of the development of software

Note 1: The company submits annual securities reports.

Note 2: The company is a specified subsidiary company.

Note 3: 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 4: Figures in parentheses in the "Ratio of voting rights holding or held" column represent the indirect ownership ratio.

Note 5: JTB BENEFIT SERVICE, Inc., which was a consolidated subsidiary of the Company, is excluded from the scope of consolidation because it disappeared as of April 1, 2022 as a result of an absorption-type merger in which the Company is the surviving company.

5. Status of employees

(1) Status of consolidated companies

As of March 31, 2023

Segment	Number of employees
Companywide	1,111 (416)
Total	1,111 (416)

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.

(2) Status of the reporting company

As of March 31, 2023

Number of employees	Average age	Average years of service	Average annual salary (¥ thousand)
1,044 (415)	37.4	5.6	6,606

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 and the years of service of Executive Officers.

Note 4: The average annual salary represents the amount of salary paid to employees on the management track and Executive Officers, 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 168 from the end of the previous fiscal year. This is mainly because of the merger with JTB BENEFIT SERVICE, Inc.

(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.

(4) The proportion of female workers in managerial positions, the proportion of male workers who took childcare leave, and the gender pay gap

In the Group's personnel systems, evaluation, wage revision, promotion, and other treatments are fairly decided based on employees' abilities, attendance status, etc. without gender discrimination if working conditions, such as duties and job relocation, are the same.

Meanwhile, the Group has transferred call center operations and other business operations to local offices in Matsuyama, Awaji, Nagano, etc. in order to expand the opportunities for human resources recruitment, has introduced flexible work styles such as local work without job relocation (regular employees on the professional track), a short-working-hour system, and shift-work system, and has strategically promoted the active appointment of local human resources.

The actual situation of regular employees on the management track and regular employees on the professional track (local work without job relocation) in the Group is as follows:

Table 1: Actual situation of regular employees on the management track and regular employees on the professional track in Japan in the current consolidated fiscal year

Attribute	Number of employees		Average age		Difference in average age between men and women (years old)	Gender pay gap (%)
	Male	Female	Male	Female		
Regular employees on the management track	230	257	39.4	36.1	△3.3	81.1
Regular employees on the professional track	60	427	37.8	36.3	△1.5	86.2

Note: Executive Officers are not included in the calculation.

As shown in Table 1, in the case of regular employees on the management track, the ratio of women's average wage to men's average wage was 81.1%. The ratio was 86.2% among regular employees on the professional track. The major factor of the gender pay gap is that the years of service tend to be longer among men than women and male employees tend to be older than female employees, resulting in a higher proportion of men in managerial positions.

The Group intends to continue efforts for fair employee treatment and aims to further promote the active engagement of diverse human resources, including managers, in professional life. For details related to human capital management such as securing human resources and diversity promotion, please refer to "1-2. Status of business, 2. Sustainability policy and efforts (Individual themes and efforts for sustainability), (2) Efforts for human capital."

The "proportion of female workers in managerial positions" and the "gender pay gap" calculated based on the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015) and the "proportion of male workers who took childcare leave" in Article 71, paragraph (4), item (1) of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991) calculated based on the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991) in Japan in the current consolidated fiscal year are as follows:

Table 2: Proportion of female workers in managerial positions, proportion of male workers who took childcare leave, and the gender pay gap in Japan in the current consolidated fiscal year

Current consolidated fiscal year (in Japan)				
Proportion of female workers in managerial positions (%)	Proportion of male workers who took childcare leave (%)	Gender pay gap (%)		
		All employees	Regular employees	Non-regular employees
39.3	40.0	61.3	66.2	61.5

Note: Executive Officers are not included in the calculation.

The gender pay gap in Table 1 and Table 2 is mainly because more women choose the local work style at the Group's local operation offices and because working conditions, the type of job, duties, and imbalanced gender distribution between urban areas and local areas are not considered in the calculation process of Table 2.

I-2. Status of business

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

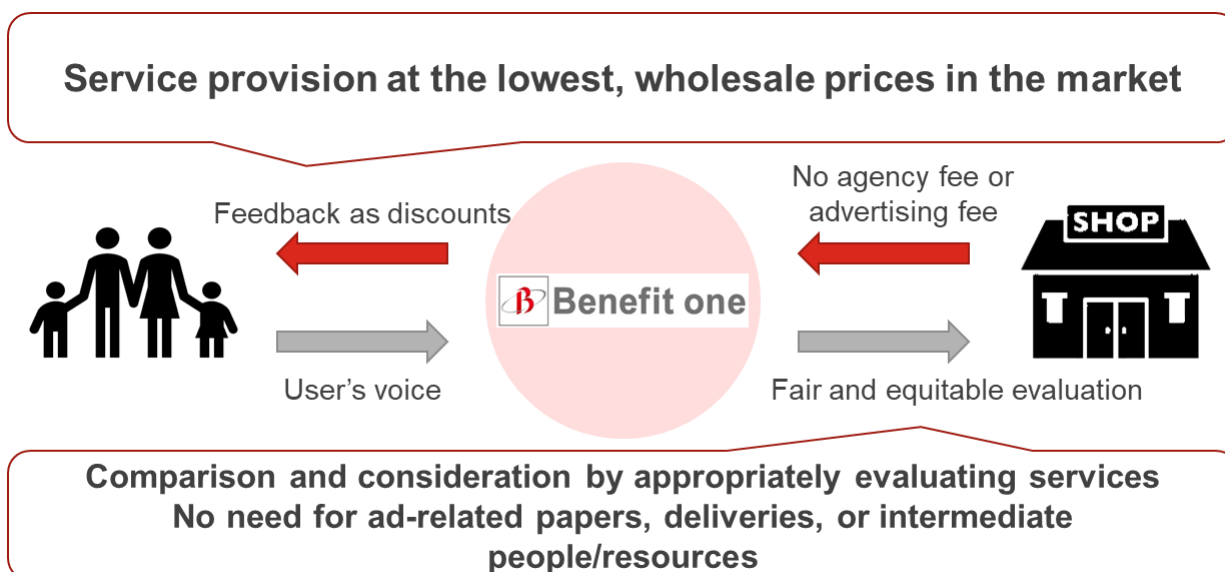
Matters regarding the future described in this report are assessments of the Group as of the end of the current consolidated fiscal year.

(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 by promoting the establishment of the workplace-centered membership base and a network composed of service suppliers (Note 1).

Note: “Suppliers” refer to the providers of employee benefit services including leisure and entertainment services.

<New service distribution infrastructure, omitting intermediate processes, targeted by the Company>



(2) Medium- to long-term management strategy, management indicators, and goals

In the current economy, the impact of the prolonged COVID-19 pandemic has been mitigated, and business activities and personal consumption are recovering. In addition, moves such as high prices and wage increase against the backdrop of labor shortage are progressing at a level that has not been seen in recent years. The impact of the COVID-19 pandemic on the Group’s business has been basically settled, and the Group recognizes that the Employee Benefit Service business and other main businesses are in a tailwind environment.

Capturing these socioeconomic trends, the Group has developed a medium-term management plan for three years from FY03/24 to FY03/26 and intends to work on the following themes.

<Focus themes in the medium-term management plan>

1. Expansion of the membership base
2. Monetization of the Settlement business
3. Expansion of healthcare services
4. Improvement of the management efficiency
5. Sustainability & ESG management

<Targeted consolidated performance in the medium-term management plan>

(Millions of yen)	FY03/22 (actual)	FY03/24 (plan)	FY03/26 (plan)
Sales	42,376	45,450	70,900
Operating income	10,484	10,830	22,500
Operating income margin	24.7%	23.8%	31.7%

1) Efforts for the expansion of the membership base

We believe that corporate HR departments will have more and more opportunities to use employee benefit outsourcing services as measures to address the issues of recruitment and retainment of human resources or as measures for fair, equitable, and better treatment.

The Group intends to make efforts so that a wide range of people will use the Group's employee benefit services, regardless of company size and employment status, by raising the Group's awareness through continuous, active marketing investments and by starting the provision of a "discount for part-timers" targeting short-hour workers.

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, including employee benefit services and healthcare services. The Group also intends to improve the convenience of customer companies by promoting functional improvement and service linkage of the platform on a medium- to long-term basis while contributing to the improvement of the performance of people and organizations.

<Management indicators and goals related to the efforts for the expansion of the membership base>

	April 2023 (actual)	April 2024 (plan)	April 2026 (plan)
Number of members in the Employee Benefit Service business	9.48 million persons	10.73 million persons	18 million persons

	FY03/22 (actual)	FY03/24 (plan)	FY03/26 (plan)
Annual usage rate (Note 2)	24%	34%	50%

Note 2: The percentage calculated by dividing the number of members who used Benefit Station by the total number of members.

2) Efforts for the monetization of the Settlement business

The Group is working on the Settlement business resulting from service matching with the use of a payroll deduction scheme, taking advantage of the network of customer companies' employees and suppliers built in the Employee Benefit Service business. The Group aims to improve the satisfaction of both customer companies' employees and suppliers by collecting each customer company's purchase data, providing a settlement agency service, and reducing distribution costs. The Group plans to make settlement fees generated in this business a new pillar of revenue on a medium- to long-term basis.

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

<Management indicator and goal related to the efforts for the monetization of the Settlement business>

	FY03/22 (actual)	FY03/24 (plan)	FY03/26 (plan)
Annual usage amount	¥6 million	¥899 million	¥80,000 million

3) Efforts for the expansion of the Healthcare business

Corporate HR departments are increasingly interested in employees' physical and mental health, such as health management and human capital management. Meanwhile, the Group anticipates that companies will use outsourcing services, such as health checkups and health guidance, more due to labor shortage. The Group believes that infectious disease control will also become a theme of health management after the COVID-19 pandemic.

The Group will make efforts to improve the operational efficiency, including the horizontal application of healthcare services to the existing customer base of the Employee Benefit Services business, so that the Group will be able to flexibly respond to the growing customer demand that is expected in the future.

The Group will also work on the improvement of the profitability on a medium- to long-term basis by promoting the digitalization and standardization of health checkup and health guidance programs, the digitalization and standardization of which are lagging behind the Employee Benefit Service business.

<Management indicators and goals related to the efforts for the expansion of healthcare services>

	FY03/22 (actual)	FY03/24 (plan)	FY03/26 (plan)
Number of health checkups received	670,000	700,000	1,530,000
Number of initial interviews for specified health guidance	120,000	180,000	380,000

4) Efforts to improve the management efficiency

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

In the medium-term management plan, the Group aims to expand the business size by increasing members. At the same time, the Group aims to improve the business revenue structure through continuous BPR, workstyle reform, etc. and to increase the profitability by means such as making up-front investment in software assets, etc. contribute to revenue.

Through these efforts, the Group intends to strive to continuously maintain and increase the ordinary income margin and return on equity capital (ROE) while balancing growth and the improvement of management efficiency. In the current consolidated fiscal year, the ordinary income margin was 24.9%, and ROE was 30.8%.

5) Efforts for sustainability & ESG management

In the medium-term management plan, the Group sets a goal of fairly offering employee benefit services, healthcare services, and other services to all people, regardless of the size of customer companies, employment status, gender, etc. At the same time, the Group aims to establish a low-cost, environmentally-friendly service distribution with its new Settlement business.

The Group believes that it is important to incorporate the perspectives of ESG and other social needs in its business strategies and to constantly deepen efforts for corporate value creation in order to achieve continuous growth and increase corporate value.

For details about sustainability & ESG management, please refer to "I-2. Status of business, 2. Sustainability policy and efforts."

2. Sustainability policy and efforts

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

(Basic views on sustainability)

In the Medium-term Management Plan publicized as of May 11, 2023, the Group set a goal of equally offering services, including employee benefit services and healthcare services, to all people regardless of the size of customer companies, employment status, sex, etc. At the same time, the Group launched a new settlement service business, aiming to establish an environmentally-friendly service distribution at low cost.

(For details about the medium-term management plan, please refer to “I-2. Status of business, 1. Management policies, management environment, challenges to address, (2) Medium- to long-term management strategy, management indicators and goals.”

The Group believes that it is important to incorporate the perspectives of ESG and other social needs in its business strategies and to constantly deepen efforts for corporate value creation in order to achieve continuous growth and increase corporate value. The Board of Directors and the Sustainability Committee play a central role in the following efforts.

<Integration of sustainability challenges and business activities>

Our business activities	Contribution from ESG perspectives	
Building new service infrastructure    	E	Minimizing papers, deliveries, and resources by omitting intermediate processes Eliminating dead stock and opportunity losses through internet matching
	S	Offering services at the prices of products' added value Comparable based on proper evaluation
Employee Benefit Services    	S	Supporting the enhancement of employees' well-being as company measures
	G	Equally available to meet diverse needs, regardless of gender, age, work style, life stage, company size, or area
Healthcare services    	S	Supporting employees' health and safety and increasing their healthy life expectancy Maximizing added values that enhance and create well-being
	G	Ensuring business continuity through infectious disease control

(Management system related to sustainability)

(1) Governance

The Group has established the Sustainability Committee to promote companywide efforts to address sustainability-related challenges, including human capital and climate change. The committee is chaired by the Executive Vice-President.

The committee submits plans, proposals, and recommendations on basic policies, indicators, goals, measures, etc. related to sustainability, including human capital and climate change, to the Board of Directors, and performs activities such as the monitoring of measures implementation and goals achievement, as well as information provision and publicity activities within and outside the Company. Regarding matters for consideration, activity details, etc., the committee submits 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 regularly receives reports on important matters related to sustainability from the Sustainability Committee and develops a governance structure by giving instructions and advice as required.

In the fiscal year ended March 2023, the Board of Directors made sustainability-related deliberations and reports on four occasions, and the Sustainability Committee held three meetings.

(2) Risk management

Within the Group, the Sustainability Committee collects necessary data and analyzes them in order to comprehend the impact of sustainability-related risks and opportunities, including human capital and climate change, on the Group's business activities, profits, etc. and to respond to risks and opportunities appropriately. The Board of Directors assesses the degree of the impact on business based on these data and analyses.

Specific measures and goals for identified risks and opportunities are reflected in business strategies in cooperation with concerned divisions. 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.

(Individual themes and efforts for sustainability)

(1) Efforts for climate change

At the Group, in order to comprehend and appropriately address the impact of climate change on business activities, profits, etc., the Sustainability Committee collects and analyzes the necessary data, using the TCFD (Note1) framework as a reference, and the Board of Directors assesses the degree of impact of climate-related risks on business based on the analyses.

Specific measures and goals for identified risks and opportunities are reflected in business strategies in cooperation with concerned divisions. 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.

In the current fiscal year, at the meeting held on February 28, 2023, the Board of Directors reassessed the degree of impact of climate change on business based on the report submitted by the Sustainability Committee and judged that the impact on the Group's business activities, profits, etc. was limited as of the reassessment date.

Note 1: 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.

As a member of society, the Group has actively worked to reduce environmental load in business activities, regardless of the degree of impact of climate change on business activities, profits, etc. Specifically, the Group has promoted the reduction of paper resource consumption and delivery-related energy consumption by digitalizing the user guidebook for members, newsletters, membership card, etc. in the Employee Benefit Services business. The Group is also making groupwide paperless efforts by promoting the digitalization of service distribution and operational processes, such as digitizing tickets, making online service application available, and promoting specified health guidance ICT interviews in the Healthcare business. Furthermore, the Group believes that the scheme of the settlement service business promoted by the Company can contribute to the reduction of supplier companies' resource and energy consumption related to advertising/media production, excess inventory in the distribution process, etc. by eliminating intermediate processes that existed in the conventional service distribution process.

The Group intends to continue to create a highly convenient service distribution with low environmental load by spreading the Company's service distribution and settlement scheme.

(2) Efforts for human capital

In carrying out the Medium-term Management Plan, the Group believes that it is important to employ the necessary human resources at an appropriate timing and to develop an environment where the abilities of individual employees can be appropriately leveraged.

In the Group's Employee Benefit Services business and the Incentive business, the Group aims to improve the motivation and engagement of customer companies' employees through service provision. In the Healthcare business, the Group aims to contribute to the creation of opportunities, in which customer companies' employees can leverage their abilities to the maximum possible extent, through the provision of physical and mental health management services. As just described, the Group believes that it can contribute to the realization of a better society by supporting companies that make efforts for human capital management and spreading the Group's services.

For this reason, the Group integrally grasps human capital-related initiatives promoted within the Company and initiatives to promote the service value provided to customers in medium- to long-term business strategies, and has set the Human Capital Management Policy, along with the Human Resources Development Policy and the

Internal Environment Development Policy as basic strategies based on the Human Capital Management Policy as described below.

<Human capital management policy and basic strategies>

Human capital management policy

The Group intends to work on the creation of new value for customers by establishing a virtuous cycle that will lead to the enhancement of its business model while making the most of its services and embodying the growth of individuals and organizations so that each diverse employee can maximize his/her ability and play an active part.

HR development policy

The Group will fairly provide opportunities for necessary ability development and create opportunities for further growth for employees who act autonomously and proactively, regardless of nationality, sex, age, etc., aiming for each diverse employee to become a professional.

Company environment improvement policy

The Group will respect the diverse personality and intention of each employee and develop an environment and culture in which each employee can maximize his/her ability, play an active part with peace of mind, and balance his/her work and life.

<Complete picture of the efforts for human capital>

Corporate philosophy

Connect people and companies, aim to create new value, and contribute to fulfilling lifestyles and social development by creating the concept of service distribution

Medium-term management plan

Expansion of the membership base

Monetization of the Settlement business

Expansion of healthcare services

Improvement of management efficiency

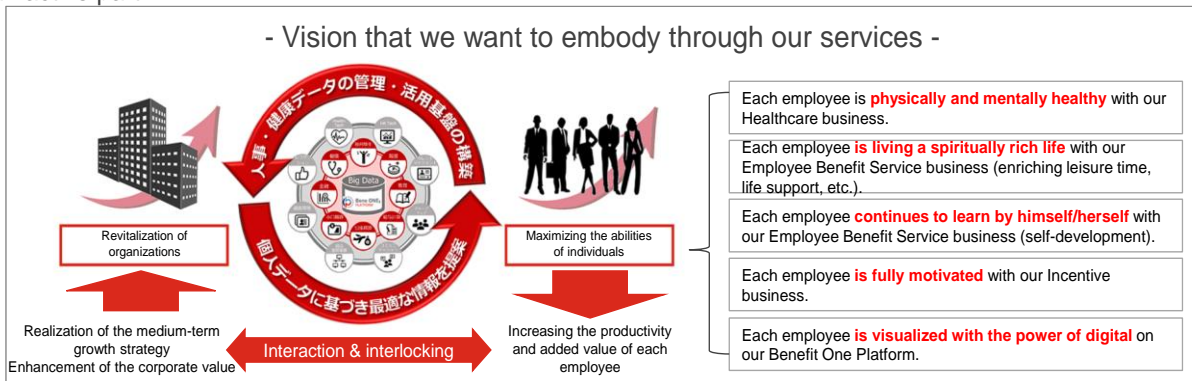
ESG management

Interlocking

Complete picture of the HR strategy

Human capital management policy

The Group intends to work on the creation of new value for customers by establishing a virtuous cycle that will lead to the enhancement of its business model while making the most of its services and embodying the growth of individuals and organizations so that each diverse employee can maximize his/her ability and play an active part.



Creation of new value for customers (Fulfilling lifestyles and social development)

Basic strategies

HR development policy

The Group will fairly provide opportunities for necessary ability development and create opportunities for further growth for employees who act autonomously and proactively, regardless of nationality, sex, age, etc., aiming for each diverse employee to become a professional.

Company environment improvement policy

The Group will respect the diverse personality and intention of each employee and develop an environment and culture in which each employee can maximize his/her ability, play an active part with peace of mind, and balance his/her work and life.

Individual strategies

Securing human resources

HR development

Diversity promotion

Engagement enhancement

Health management

Integrity

Based on the above basic strategies, medium-term challenges, individual efforts, indicators, and goals for human capital management are set for each of six themes as follows:

	Theme	Major medium-term challenges
1	Securing human resources	<ul style="list-style-type: none"> • Securing professional human resources to establish competitive advantage • Promoting diversity and flexibility of workers who support business expansion
2	Human resources development	<ul style="list-style-type: none"> • Increasing management human resources
3	Diversity promotion	<ul style="list-style-type: none"> • Increasing female executives • Balancing work and family
4	Engagement enhancement	<ul style="list-style-type: none"> • Fostering a sense of unity and empathy among employees • Increasing employee satisfaction and job satisfaction
5	Health management	<ul style="list-style-type: none"> • Supporting employees' mental and physical health promotion
6	Integrity	<ul style="list-style-type: none"> • Compliance with laws, regulation, rules, etc. • Creating an organizational culture that works on the improvement of the workplace environment with independence and empathy

① Efforts for securing human resources

Expecting many growth opportunities, the Group believes that securing a sufficient number of professional human resources to secure competitive advantage, as well as human resources responding to business expansion, such as sales personnel and office workers, is an important issue.

In particular, the Group is strengthening the employment of IT engineers and is working to improve the service quality and cost efficiency by promoting the internal development and operation of systems on a medium- to long-term basis.

<Focus indicator and goal for securing human resources>

Indicator	Goal	Result (End of the current fiscal year)
Proportion of internal development of IT engineers	At least 80.0% by the end of FY2025	26.7%

In addition, the Group is strategically promoting the multi-polarization of recruitment by standardizing and stylizing operations and by transferring operations to local offices. The Group has actively worked on the creation of local employment since it opened the Matsuyama BPO Center in 2007. In addition to these efforts, as part of work style reform, the Group is also promoting activities such as outsourced human resource utilization (Neo Works) that allows flexibility in employment status and time and place to work. Thus, the Group is making efforts to secure the necessary human resources in a timely manner to meet business growth.

For the specific details of the efforts for securing human resources, please refer to the Company's website.

- Workstyle reform (Neo Works): <https://corp.benefit-one.co.jp/sustainability/neo-works/>

② Efforts for human resources development

The Group is taking the following measures, believing that it is necessary to enhance human resources development for managerial personnel and middle-level/young executive candidates, who can act with the understanding of the Company's corporate philosophy and management strategies in the background, in order to promote the realization of the Medium-term Management Plan.

The Group is making efforts to let corporate philosophy and visions penetrate and develop human resources through a program in which young employees serve as instructors and mentors to support new employees after they start to work, a junior board system in which selected middle-level and young employees try to address important management and other issues, new business proposal contest involving all employees, etc.

The Group is also working to develop executive candidates by continuously providing training by the year of joining the company and by hierarchical levels, along with programs to develop foreseeable senior managers. It plans to improve management training for young managers and other training programs.

In addition to the above, the Group is providing various programs that promote employees' independent-minded career formation, including e-learning utilizing the Group's services, reskilling support programs such as helping employees with qualification, and an open position program in which employees offer themselves as candidates for job transfer selection, a system in which employees can directly submit a career application to the HR department without going through their bosses.

For the specific details of the efforts for human resources development, please refer to the Company's website.

- Career advancement: <https://corp.benefit-one.co.jp/sustainability/careerup/>

③ Efforts for diversity promotion

In order to promptly and flexibly respond to changes in the environment surrounding the Group's business, as well as changes in socioeconomic situations, and to continue to grow, the Company believes it is helpful that management incorporates a diverse range of viewpoints and values from human resources with differing backgrounds, while also promoting the creation of new businesses and transformations in services. Based on this belief, the Group is taking the following measures.

The Group is actively working on the promotion of women's active engagement in professional life by institutionalizing systems for shortened working hours and working from home so that female employees can choose diverse and flexible work styles, providing a return-to-work program and selective training, and taking other measures. Moreover, the Group regularly disseminates information on these systems and programs along with case examples on the company website, etc. and holds a children's visiting day (an event in which employees' children can experience the workplace for a half day) and other events in order to promote workplace understanding relating to childbirth and childcare at workplaces.

The Group sets goals for diversity promotion as follows:

<Focus indicators and goals for diversity promotion>

Indicator (Note 2)	Goal	Result (End of the current fiscal year)
Proportion of female workers in managerial positions	At least 40% by the end of FY2025	39.3%
Proportion of male workers who took childcare leave	At least 50% by the end of FY2025	40.0%

Note 2: For details, please refer to "I-1. Company overview, 5. Status of employees, (4) Proportion of female workers in managerial positions, Proportion of male workers who took childcare leave, and the gender pay gap."

In addition, the Group is strategically promoting initiatives that can expand opportunities to allow diverse human resources to participate and take an active role, regardless of sex, age, nationality, or area. In Japan, the Group is promoting the utilization of local human resources by transferring operations to local offices, contributing to the creation of local employment. Currently, approximately 60% of employees are engaged in operations at local

offices. At overseas offices, the Group is actively promoting the appointment of local human resources in the countries where the Group's offices are located, and local human resources are participating in management at all the nine (9) overseas consolidated subsidiaries.

The Group aims to promote the further participation of diverse human resources including managerial personnel.

For the specific details of the efforts for diversity promotion, please refer to the Company's website.

- Work-life balance: <https://corp.benefit-one.co.jp/sustainability/worklifebalance/>

④ Efforts for engagement enhancement

The Group is taking the following measures, believing that it is necessary to deepen the understanding of corporate philosophy, visions, business activities, etc. and to increase empathy so that each employee will proactively work and leverage his or her abilities to the maximum possible extent.

In the Group, many employees including middle-level and young employees are involved in the development of the Medium-term Management Plan. The Group is making efforts to let the understanding of management visions and strategies penetrate across the Group and to promote empathy through the development of the plan. In addition, the Group provides support for employees' asset formation through a performance-linked stock compensation system for executives and an employee shareholding association that encourages and supports all employees with shareholding. At the same time, the Group uses these to foster the awareness of participation in management.

The Group utilizes its employee benefit services, healthcare services, incentive services, and other services offered to customers for its own employees to improve working conditions and the internal environment including engagement enhancement and health management. At the same time, the Group uses them for continuous improvement of the service quality by letting each employee have a user perspective about the Group's services.

Moreover, the Group supports employees' flexible work styles through systems such as work from home, staggered working hours, and a flextime system, in addition to a special work system to balance work with childcare, nursing care, etc. The Group is actively working on the development and improvement of the workplace environment including support for employees' independent-minded activities of the junior board run by selected middle-level and young employees.

In addition to the above, believing that it is also beneficial to promote employees' mutual understanding and opportunities to interact with one another in order to smoothly carry out business operations, the Group is taking measures to accelerate internal communication by means such as supporting club activities, sponsoring sports and culture, and holding events.

⑤ Efforts for health management

The Group is taking the following measures to develop an environment in which employees can work with peace of mind so that each employee can maintain his or her physical and mental health and continue to challenge anything with passion.

The Group is making efforts to develop an environment where employees can maintain their physical and mental health and leverage their abilities to the maximum possible extent by means such as internally utilizing the Company's healthcare services offered to customers, such as health check-up, stress check, specified health guidance, and influenza vaccination support, conducting regular health awareness surveys, holding health management study sessions inviting knowledgeable persons, and offering free breakfast to employees who come to work early in the morning.

The Group is also working to correct long working hours and promote paid leave-taking with the aim of creating a work-life harmonized/balanced pleasant workplace.

<Focus indicators and goals for health management>

Indicator	Goal	Result (End of the current fiscal year)
Rate of receiving health checkup	Maintaining 100%	100.0%
Rate of providing specified health guidance	100% by the end of FY2025	94.6%
Rate of receiving stress check	Maintaining 100%	100.0%
Rate of paid leave-taking	Maintaining at least 80%	87.1%

For the specific details of the efforts for health management, please refer to the Company's website.

• Health management: <https://corp.benefit-one.co.jp/sustainability/kenkokeiei/>

⑥ Efforts for integrity

The Group believes that the important thing that allows employed and developed human resources to leverage their abilities to the maximum possible extent is an organizational culture in which continuous efforts are made to create a better workplace environment based on a relationship of trust.

The Group conveys a management message forbidding fraud, legal violation, etc. in its Compliance Manual and has established the Code of Conduct for its officers and employees. The Group is working to promote the understanding and penetration of a sound organizational culture by providing annual compliance training to all officers and employees. The Group has also established the Compliance Committee, which deliberates compliance-related important matters within the Group and decides matters related to internal enlightenment, education, and other measures. The state of the execution of business operations of officers and employees is audited by the Audit Department based on the Internal Audit Regulations to ensure lawful business operations. In addition, the Group is making active efforts to encourage employees to use the internal reporting system for the early detection and resolution of fraud, legal violation, etc. while developing and improving the workplace environment based on consultation cases brought to the internal reporting hotline.

The Group has compiled its value standards and code of conduct expected of each employee, such as independence and willingness, as "CHALLENGE VALUE 4 Ps" (Note3). Based on this, the Group has formulated the Human Capital Management Policy, the Human Resources Development Policy, and the Internal Environment Development Policy. Expecting to increase the effectiveness of specific measures based on these policies, the Group sets goals by incorporating the active use of its services as described in "(4) Efforts for engagement enhancement" and "(5) Efforts for health management" above.

The Group's services provided to customers have a high affinity with human capital management, and the Group believes that it can contribute to the realization of a better society by spreading the Company's services. For this reason, the Company is promoting internal human capital management by actively utilizing its services. Through these activities, the Group intends to promote the understanding of and empathy about the social significance of the Group's business and to foster a sound organizational culture in which each officer and employee voluntarily work to create a better workplace environment.

Note3: CHALLENGE VALUE "4 Ps": This sets forth the values that each employee should have to act in order to offer excitement and joy to people through "the creation of service distribution." "4 Ps" refers to "Pure," "Passion," "Power," and "Positive." The culmination of these four Ps is the basis of the Group's professionalism.

3. Risk of business, etc.

(The Group'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 established based on the Basic Risk Management Regulations. As of the date of submission of this report, the committee is chaired by the Executive Vice-President. 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 every week, in principle, with the attendance of full-time Directors and titled Executive Officers for early comprehension of the status of the execution of operations and risk information 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, in addition to audits on the effectiveness of operations and legal compliance, and reports the results to the Board of Directors. As for information on routine internal audits and internal control, the Audit Department reports to the Board of Directors and the Audit and Supervisory Committee, in addition to the management, through a dual reporting line system. Through these activities, the Company has developed a structure that enables the Board of Directors to appropriately monitor the situation and responses of the Group.

(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. In addition, 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

As of the end of the current consolidated fiscal year, the Group has 1,111 employees (excluding contract employees and part-timers). The Group will continue to promote the employment of sales personnel, professionals, etc. to meet the operation volume that is expected to increase as a result of business expansion. However, there is the possibility that the progress of the medium-term management plan may be affected if the Group cannot secure the necessary human resources in a timely manner.

In particular, the Group recognizes that securing competent IT engineers and promoting the internal system operations are 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 and retain human resources through active employment activities and by improving the workplace environment. As of the end of the current consolidated fiscal year, the rate of internal development of IT engineers in Japan was 26.7%.

In addition, the Group is working to secure the diversity of human resources in order to respond to drastic changes in the business environment promptly and flexibly and to achieve sustainable growth. The Group 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, as a major diversity theme of promoting women's active participation, in particular, 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 Japan, the proportion of women in managerial positions was 39.3% as of the end of the current consolidated fiscal year.

For details related to human capital management, including securing human resources and human resources development, please refer to “1-2. Status of business, 2. Sustainability policy and efforts (Individual themes and efforts for sustainability), (2) Efforts for human capital.”

2) System risk

The Group recorded software assets (including “Software in progress”) of ¥7,358 million as of the end of the current consolidated fiscal year as it is actively investing in software based on the HRDX promotion strategy centered around the Bene One Platform. The Group will make additional investments to add functions and for service linkage, etc. By investing in software, the Group aims to increase the convenience of its 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. However, the Group’s operating results, etc. could be affected through impairment loss on non-current assets, etc. if 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.

When the Group decides investment in software, 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 after starting development, as appropriate, through reports to the Management Council and the Board of Directors as efforts for risk management by ensuring careful investment.

Each business of the Group has a unique system for service provision, and many of the services are provided by utilizing the internet, etc. to earn revenue. 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, this could affect the Group’s operating results, financial position, etc. such as posing a problem for customers’ service use.

The Group is promoting the utilization of cloud infrastructure with sufficient safety measures and working on flexible expansion and improvement of the operation management efficiency. 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 making efforts to stably operate and manage the system infrastructure by taking security measures such as the prevention of unauthorized access from outside by employing a firewall.

3) Handling of personal information

The Group handles the personal information of over 10 million members including HR and health data through service provision. Should personal information be leaked to the outside due to the negligence of employees, unforeseen circumstances, etc., the Group’s operating results, etc. could be affected by damage claims, deterioration of the brand image, etc.

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 efforts, the Group has developed goals and action plans based on cybersecurity frameworks and is continuously taking measures against information leakage, including the establishment of an outside SOC (Note) and the adoption of an in-depth defense system and encryption technology, in order to deal with threats such as unauthorized access to systems from outside and information leakage due to internal fraud.

Note: SOC refers to the Security Operation Center. SOC is an organization that protects companies’ information assets by monitoring their networks and systems 24 hours a day, 365 days a year.

4) “Advances paid”

The balance of “Advances paid” as of the current consolidated fiscal year is ¥3,273 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. On the other hand, 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.”

The Group is making efforts for appropriate credit protection by checking the state of credit management and debt collection at fixed points on the system and by improving the credit management structure.

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) Company acquisition, capital tie-up, etc.

The Group intends to actively work on 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 conducted in the past, the Group recorded intangible assets (customer-related assets) of ¥7,961 million and goodwill of ¥5,529 million at the end of the current consolidated fiscal year. In the case of company acquisition, capital tie-up, etc., the effect of business integration, etc. will not always go as initially planned due to changes in the socioeconomic environment, changes in market conditions, etc. after the integration. In such a case, the Group’s operating results, etc. could be affected as a result of revaluating goodwill and intangible assets or by other factors.

When carrying out company acquisition, capital tie-up, etc., the Group will make efforts for preliminary risk comprehension, including due diligence of the financial data, the state of compliance with laws, regulations, rules, etc., the state of business operation, and other matters of target companies. The Group is striving to achieve the expected effect by carefully examining the profitability and potential for return on investment and by regularly managing the results of post-M&A business integration, etc.

2) New business

The Group has promoted the diversification of revenue by launching a new business while numerously utilizing service infrastructure built in the Employee Benefit Service business. Most recently, the Group launched the Settlement business in FY03/22 2022, utilizing a payroll deduction scheme. At the end of the current consolidated fiscal year, the Group recorded software assets of ¥186 million and an operating loss of ¥57 million in relation to the business. (In the previous consolidated fiscal year, the Group recorded an operating loss of ¥61 million.)

When developing a new business, the Group develops and implements a business plan for purposes such as achieving synergistic effects with the Company’s existing business infrastructure and improving the convenience of members, customers, and business partners. However, the Group’s operating results, etc. could be affected if the new business does not generate expected revenue due to changes in customer needs, competitive environment, etc.

The Group makes an investment after sufficiently examining the adequacy of business plans and risks peculiar to the new business, including the recognition and assumption of the market environment and customer trends, business revenue structure, and risk management system, in the stage of consideration of a new business. After starting a new business, the Group works to achieve expected effects by constantly grasping the progress of the business plan and reviewing/revising the business scheme or modifying the business plan as required.

3) Overseas business

The Group has consolidated subsidiaries in Singapore, China, Thailand, U.S., Indonesia, etc. The Group recorded ¥1,004 million as the balance of overseas investment in the non-consolidated financial statements as of the end of the current fiscal year. The Group believes that corporate needs for the recruitment of human resources and the management of employees' performance are common although overseas markets vary in personnel systems and business practices. The Group is developing sales and proposal activities with a focus on the Incentive business toward customer companies regardless of Japanese or non-Japanese customer companies. The Group recorded an operating loss of ¥342 million for the overseas business at the end of the current consolidated fiscal year. (The Group recorded an operating loss of ¥170 million in the previous consolidated fiscal year.) Thus, the overseas business is still in the stage of up-front investment, and the Group recognizes that it needs to continue to provide financial support including investment and loans. Transactions are generally increasing in each country, but unexpected loss could be incurred if the business does not develop as assumed.

The Group is making efforts for appropriate management and utilization of funds after investment or lending by promoting the executive promotion of local human resources who are familiar with the personnel systems, industry trends, etc. of each country, by promoting the sharing of successful case examples and the system infrastructure in each country, and thereby monetizing the overseas business earlier and centrally managing each country's funds.

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. In the current consolidated fiscal year, the Group recorded ¥31 million as foreign exchange gains (¥58 million in the previous consolidated fiscal year). If exchange rates abnormally fluctuate in the future, 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 the 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 COVID-19 that spread like wildfire after FY2020, the impact on performance was observed. In the Employee Benefit Service business, members' service use decreased, resulting in a decrease in reimbursement payments. In the Healthcare business, health guidance was delayed. In the Purchase and Settlement Service business, the use of the business travel settlement service decreased. Overseas subsidiaries were also affected, such as business suspension of partners due to each country's regulations, lockdown, etc. The impact of COVID-19 on our business is basically being controlled as of the date of submission, and we recognize that economic activities are being normalized. However, the Group's operating results and financial position could be affected if new, unknown viruses spread, 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. The committee is chaired by the Executive Vice-President.

The committee is submitting plans, proposals, recommendations related to sustainability-related basic policies, indicators, goals, measures, etc. to the Board of Directors, and is performing 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 by giving instructions and advice, as appropriate.

Within the Group, the Sustainability Committee collects and analyzes necessary data, using a TCFD 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. 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 is also making efforts for continuous information collection and risk management by regularly reporting details to the Board of Directors.

For the method of assessing the impact of climate change on the Group's business activities, revenue, etc. and assessment results as of the date of submission, please refer to "I-2. Status of business, 2. Sustainability policy and efforts (Individual themes and efforts for sustainability), (1) Efforts for climate change."

(5) Relationship with the parent company

The Company's parent company is Pasona Group Inc., which holds 51.16% of the Company's voting rights as of March 31, 2023. One of eight Officers of the Company also serves as 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 and its associated companies, 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. Moreover, 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.

For major transactions with the parent company and its associated companies in the current consolidated fiscal year, please refer to "I-5. Status of accounting, 1. Consolidated financial statements, etc., (Segment information, etc.) [Information on related parties], 1. Transactions with related parties."

(6) Management indicators

Management indicators targeted by the Group in its medium-term management plan and each annual plan are estimated based on many assumptions related to the business environment and measures, including changes in socioeconomic trends, the trends of customer companies, the needs of individual users, the time and expected effects of the systematization and standardization of operations, the trends and effects of laws and regulations, and marketing effects.

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.

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

Described below is an outline of the status of the operating results, financial position, and cash flows (hereinafter, “Operating results, etc.”) of the Group in the current consolidated fiscal year 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) Outline of the status of operating results, etc.

(Status of operating results)

In the current fiscal year, the Japanese economy gradually recovered from the difficult situation caused by the prolonged COVID-19 pandemic and there was a sign of moderate recovery.

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

In the current consolidated fiscal year, the Group transferred the data of 2.94 million members (6.6 million members in total) to the “Bene One Platform (Note 1),” including the data of the members of the former JTB BENEFIT SERVICE, as planned. In April 2023, the Group completely renewed “Benefit Station (Note 2)” to promote functional linkage with the Bene One Platform. Thus, the Group is continuously working for the stable operation and functional improvement of the new system. The Group intends to continue the renewal and functional improvement of peripheral systems, as well as CM and other active marketing anticipating the improvement of the post-COVID-19 business environment, in order to win more members.

2) Challenge to the Settlement business

The Group aims to make the Settlement business a new pillar of revenue on a medium- to long-term basis, and is offering the “Kyu-toku Barai” service that is a payment scheme through payroll deduction linking with member information on the Bene One Platform. In the current consolidated fiscal year, the Group prioritized increasing attractive content for the time being and applied “Kyu-toku Barai” to 161 new menu options (348 menu options in total) with a focus on life infrastructure and a flat-rate billing menu. Furthermore, the Group launched the “au PAY Gift Card” in March 2023 with an eye on digital salary payment. In addition, the Group’s partnership with the video streaming service “Netflix” will start in FY2023. Thus, the Group is continuously working to include influential content, which will lead to the increasing use of “Kyu-toku Barai,” in its menu options.

The main points of the Group’s business performance in the current consolidated fiscal year are as follows:

In the Employee Benefit Service business, sales increased by 27.3% year-on-year for reasons such as an increase in the number of part-time staff members of public service personnel mutual aid associations during the period, in addition to the effect of external growth resulting from the M&A in FY2021. In addition, service use by members recovered, although the recovery was slower than assumed, and related reimbursement payments increased year-on-year.

In the Healthcare business, the Group developed a business plan, anticipating the expansion of health management needs after the COVID-19 pandemic, and launched CM and other marketing activities. Actually, however, the impact of COVID-19 continued longer than assumed, and the Group received more orders for vaccination support than it assumed while new orders for and the progress of provision of health guidance fell below the Group’s assumption.

In terms of cost, the Group recorded approx. ¥1,230 million as CM and other marketing investment (of which, approx. ¥870 million was for the Employee Benefit Service business and approx. ¥360 million was for the Healthcare business), approx. ¥200 million as temporary expenses for the head office relocation (July 2022), approx. ¥1,480 million as a duplicate cost in the process of service integration with the former JTB BENEFIT SERVICE, and so forth. IT expenses increased by ¥820 million year-on-year due to system replacement, etc. The Group recorded an extraordinary income of ¥724 million as a result of selling a part of the investment securities (August 2022), etc.

As a result of the above, in the current consolidated fiscal year, the Group recorded sales of ¥42,376 million (up 10.5% YoY), operating income of ¥10,484 million (down 17.9% YoY), ordinary income of ¥10,565 million (down 17.6% YoY), and net income attributable to owners of the parent of ¥7,655 million (down 14.5% YoY).

Note 1: 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 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 while trying to improve HR departments' management efficiency.

Note 2: Benefit Station is a general employee benefit service operated by the Company. It supports the improvement of employee satisfaction, health management, skill improvement, etc.

<Progress of management indicators related to consolidated performance>

(Millions of yen, %)	FY03/22 (Previous consolidated FY)	FY03/23 (Current consolidated FY)	Amount of increase/decrease (%)
Sales	38,362	42,376	+4,013 (+10.5%)
Operating income	12,770	10,484	△2,285 (△17.9%)
Ordinary income	12,826	10,565	△2,260 (△17.6%)
Net income attributable to owners of parent	8,949	7,655	△1,294 (△14.5%)
Ordinary income margin	33.4%	24.9%	△8.5 points
Return on equity capital (ROE)	40.0%	30.8%	△9.2 points

<Progress of management indicator related to the expansion of the membership base>

	March 2022	March 2023	Change in member count
Number of members in the Employee Benefit Service business	8.93 million	9.32 million	+390,000

<Progress of management indicator related to the monetization of the Settlement business>

	FY03/22 (Previous consolidated FY)	FY03/23 (Current consolidated FY)	Amount of increase/decrease
Annual usage amount	¥0 million	¥6 million	¥+6 million

<Progress of management indicators related to the expansion of healthcare services>

	FY03/22 (Previous consolidated FY)	FY03/22 (Current consolidated FY)	Increase/decrease
Number of health checkups received	650,000	670,000	+20,000
Number of initial interviews for specified health guidance	130,000	120,000	△10,000

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

Decreased income from the Employee Benefit Service, Individual Benefit Service, and CRM businesses:	¥△281 million
Decreased income from the Healthcare business:	¥△1,327 million
Decreased income from the Incentive business:	¥△236 million
Increased income from the Purchase and Settlement Service business:	¥+98 million
Deficit shrink in the Payment business:	¥+5 million
Decreased income from the Overseas business:	¥△171 million
Other:	¥△371 million

Performance by business is as follows:

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

Sales were ¥27,616 million (up ¥5,440 million YoY) and operating income was ¥9,202 million (down ¥281 million YoY). Sales increased as a result of the contribution to full-year performance by the former JTB BENEFIT SERVICE, which was merged on April 1, 2022, (in the previous consolidated fiscal year, the contribution started in the 4th quarter) and an increase in members during the period. Operating income decreased for reasons such as cost increase due to marketing investment, an increase of reimbursement payments resulting from the recovery of service use, etc.

2) Healthcare business

Sales were ¥8,191 million (down ¥1,418 million YoY) and operating income was ¥3,229 million (down ¥1,327 million YoY). Sales and operating income decreased for reasons such as an increase of marketing investment and other costs, in addition to a decrease in programs for infectious disease control and delayed order reception and provision of health guidance.

3) Incentive business

Sales were ¥3,097 million (down ¥375 million YoY) and operating income was ¥544 million (down ¥236 million YoY). Sales and operating income decreased for reasons such as decrease of the sales promotion budget of existing business partners.

4) Purchase and Settlement Service business

Sales were ¥677 million (up ¥35 million YoY) and operating income was ¥194 million (up ¥98 million YoY). Sales and operating income increased for reasons such as a partial recovery of service use for business trips.

5) Payment business

Sales were ¥21 million (up ¥3 million YoY) and operating income was ¥△56 million (¥△61 million in the previous consolidated fiscal year).

6) Overseas business

Sales were ¥1,897 million (up ¥423 million YoY) and operating income was ¥△342 million (down ¥171 million YoY). Sales increased mainly because customers increased in Singapore. Operating income decreased because of the up-front cost for personnel increase, system development, etc. mainly in the U.S.

7) Other

Operating income was ¥△2,287 million (down ¥371 million YoY). Operating income decreased for reasons such as temporary expenses for head office relocation.

(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.

(Status of financial position)

1) 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 mainly due to 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 mainly due to an increase in software (¥2,043 million) resulting from system capital investment, etc., a decrease in investment securities resulting from the partial sale of shares held, etc. (¥750 million), etc.

2) 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 were ¥18,592 million, a decrease of ¥2,765 million. This is mainly due to a decrease in notes and 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. This is mainly due to a decrease in long-term borrowings (¥1,000 million) resulting from repayment, etc.

3) 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 mainly due to net income attributable to owners of the parent (¥7,655 million), dividends paid (¥5,742 million), the acquisition of treasury shares based on a resolution of the Board of Directors (¥1,499 million), etc. in the current consolidated fiscal year.

As a result, the equity ratio at the end of the current consolidated fiscal year was 46.0% (42.9% at the end of 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 ¥10,008 million, a decrease of ¥7,974 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 ¥3,168 million. (In the previous consolidated fiscal year (FY03/22), cash flow from operating activities increased by ¥10,080 million.)

The 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), amortization/depreciation of goodwill and customer-related assets of ¥678 million (¥173 million in FY03/22), etc.

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

2) 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.)

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

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

3) 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.)

The decrease in Funds is attributed to dividends paid of ¥5,741 million (¥4,784 million in FY03/22), the acquisition 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.

(2) Recognition, analysis, and examination of the status of Operating results, etc. from the management perspective

The Company published the three-year medium-term management plan (FY03/22 to FY03/24) (hereinafter, the “previous medium-term management plan”) as of May 12, 2021. The Company has worked on the growth strategy centered around “member increase strategy with a focus on HRDX support” and “challenge to the Settlement business,” setting target performance for the last fiscal year of the plan (FY03/24) as consolidated sales of ¥60,640 million and consolidated operating income of ¥20,950 million. For two years after the previous medium- to long-term management plan was published, the impact of COVID-19 on our business extended over a longer period than the Company’s assumption, but the Company has promoted business through flexible responses, such as business integration with JTB BENEFIT SERVICE and starting a vaccination program.

At the beginning of a new fiscal year when the impact of the prolonged COVID-19 pandemic is mitigating and business activities and personal consumption are recovering in overall society, the Group reviewed the preconditions and business environment assumed when it started the previous medium-term management plan, the progress of measures, etc., developed a three-year medium-term management plan starting in FY03/24, and published it on May 11, 2023. (In the following sentences, “the medium-term management plan” refers to the medium-term management plan starting in FY03/24 unless otherwise specified.)

Operating results in the current consolidated fiscal year and efforts in the medium-term management plan based on the operating results are described below.

1) The state of efforts in the Employee Benefit Service business

The impact of the COVID-19 pandemic on society and the economy in general extended for a longer period than the assumption as of May 2021 when the previous medium-term management plan was developed. The Employee Benefit Service business was affected, such as the postponement of the examination of new programs. In this way, there was a difference from the assumed time schedule, but the Group integrated member services obtained as a result of the M&A in FY2021 and could proceed with the integration of the membership base as planned in the current consolidated fiscal year. The impact of the COVID-19 pandemic gradually mitigated from the second half onward, and the Group’s services were applied to more part-time staff members of public service personnel mutual aid associations which are the Group’s customers. As such, the utilization of the Group’s employee benefit services increased, and the number of members reached 9.32 million at the end of the period (an increase of 390,000 members from the end of the previous consolidated fiscal year).

With the normalization of socioeconomic activities, moves such as high prices and wage increase against the backdrop of labor shortage are progressing at a level that has not been seen in recent years. The Group expects that more companies will introduce employee benefit services as measures to recruit and retain human resources or measures to fairly improve employee treatment and from the perspective of human capital management.

Against this background, in the medium-term management plan published in May 2023, the Group assumes that the employee benefit service market, the main customers of which were public service organizations and large companies, will further expand to a wider range of people, regardless of company size and employment status. The Company aims to increase the number of members in the Employee Benefit Service business to 18 million (an increase of 8.52 million from April 2023) in three years (April 2026) by making its employee benefit services available to a wider range of people working for small and medium-sized enterprises and non-regular workers by taking measures such as enhancing the utilization of its agency network, in addition to the Company’s conventional sales structure, and expanding brand and service recognition with active marketing investment.

2) The state of efforts in the Payment business

The Group aims to make the Settlement business a new revenue pillar on a medium- to long-term basis and offer the “Kyu-toku Barai” payment scheme through payroll deduction. This service uses a scheme that reduces intermediate cost in the service distribution process and gives back the reduction to the service use prices charged

to members and membership benefits by collecting each customer company's purchase data and providing a settlement agency service on condition that this service is used by the members who are registered with the Bene One Platform.

At the end of the current consolidated fiscal year, member registration on the Bene One Platform, which is the precondition of the use of "Kyu-toku Barai," was slower than initially assumed. This is mainly because the development and replacement of employee benefit service provision systems and other systems linked with the platform were very difficult, and the system development took a longer time than initially assumed. System development and replacement are progressing in series, and member registration on the Bene One Platform is expected to increase. So, the Company makes it an immediate priority in the Payment business to improve menu options that promote the use of "Kyu-toku Barai."

In the current consolidated fiscal year, "Kyu-toku Barai" was applied to 161 new menu options (a total of 348 menu options). The Group will encourage members to use the service and aim to monetize the business during the medium-term management plan period by continuing efforts to develop attractive menu options with a focus on everyday-life menu options with monthly payment and flat-rate billing menu options.

3) The state of efforts in the Healthcare business

In the current consolidated fiscal year, the vaccination support program generated a better result than initially expected as the COVID-19 pandemic continued for a longer period than assumed. On the other hand, the pandemic affected the Healthcare business such as a decrease in the order reception and provision of health checkups and health guidance.

The Group anticipates that the COVID-19 vaccination support program will be phased out. However, the Group intends to work on new services to prevent infectious disease at workplaces by utilizing the network with medical institutions, etc. built through the vaccination support program. On the other hand, the Group anticipates that the impact of the COVID-19 pandemic will generally be eliminated in health checkups, health guidance, etc. The Group expects that the utilization of health checkup and health guidance outsourcing services will further accelerate due to labor shortage in companies in addition to increasing interest in health management, human capital management, etc.

The Company intends to put a particular focus on the expansion of transactions with large companies' own health insurance associations and public service personnel mutual aid associations that can easily demonstrate synergy with the existing customer base of the Employee Benefit Service, etc. in order to utilize growth opportunities more efficiently in the expanding market. At the same time, the Company intends to improve the profitability on a medium- to long-term basis by promoting the standardization of transactions in health checkups and health guidance, the standardization of which lags behind the Employee Benefit Service business, along with the digitalization and systematization of service distribution.

4) The state of efforts in the improvement of the management efficiency

The Group acquired the shares of the former JTB BENEFIT SERVICE in October 2021 with borrowings from financial institutions and funds on hand, and recorded ¥13,491 million as goodwill and customer-related assets relating to the acquired business at the end of the current consolidated fiscal year. The Group expects that FY03/24 costs will decrease by approx. ¥1.2 billion from the previous consolidated fiscal year as a result of the reduction of duplicate costs because the integration of acquired services is progressing as planned.

The Group is working on the utilization of service provision systems centered around the Bene One Platform in a linked manner, and is promoting system development mainly with funds on hand. At the end of the current consolidated fiscal year, the Group recorded software assets (including software in progress) of ¥7,358 million (an increase of ¥2,043 million from the end of the previous consolidated fiscal year). The full operation of major software assets will start in FY03/24 as the revenue-earning base stated in the medium-term management plan. On the other hand, the Group plans to reduce new investment in software.

The Group intends to continue to maintain and enhance the management efficiency by promoting the monetization of these investments in combination with the expansion and efficiency improvement of business revenue.

In the current consolidated fiscal year, the ordinary income margin was 24.9%, and return on equity capital (ROE) was 30.8%.

5) The state of efforts for sustainability & ESG management

For details, please refer to “I-2. Status of business, 2. Sustainability policy and efforts.”

(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 ¥3,588 million in the current consolidated fiscal year. The Group invested in system development for HRDX promotion, system hardware, investment related to head office relocation, etc.

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 an 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 strengthen its revenue base by using retained earnings for IT investment aimed at improving the convenience and the service quality, saving operational labor, etc. and for investment in new businesses, M&A investment, etc., in addition to using the earnings as working capital when expanding business.

(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., (1) Consolidated financial statements (Material matters that serve as the basis for preparing consolidated financial statements), 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., (1) Consolidated financial statements, (1) Consolidated financial statements (Material accounting estimates).”

5. Important business contracts, etc.

Not applicable.

6. R&D activities

Not applicable.

I-3. Status of equipment

1. Outline of capital investment, etc.

In the current consolidated fiscal year, the Group invested in system development for HRDX promotion, system hardware, and head office relocation, etc.

Capital investment, etc. totaled ¥3,588 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, 2023 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	Softwar e	Long- term prepaid expenses	Other	Total	
Head Office (Shinjuku-ku, Tokyo)	Membershi p service business Other	Business site equipment Business systems	288	-	54	4,131	8	104	4,587	477 (55)
Matsuyama BPO Center (Matsuyama City, Ehime Prefecture)	Membershi p service business Other	Business site equipment	205	370 (1,818.20)	39	-	-	7	623	285 (235)
Directly-managed facility (Hakone-machi, Ashigarashimo-gun, Kanagawa Prefecture)	Membershi p service business	Lodging facility	42	139 (10,347.04)	-	-	-	5	187	-
Directly-managed facility (Tateyama City, Chiba Prefecture)	Membershi p service business	Lodging facility	72	44 (1,044.34)	-	-	-	0	117	-

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

The Company's subsidiaries in Japan have no major equipment.

(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	Softwar e	Long- term prepaid expenses	Other	Total	
REWARDZ PRIVATE LIMITED (Singapore)	Membershi p service business	Business site equipment Business systems	-	-	0	168	-	1	170	8 (-)

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 (Shinjuku- ku, Tokyo)	Membershi p service business Other	Business systems (Note 1)	8,600	7,000	Funds on hand	April 2020	March 2024

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.

Note 4: A part of the above paid amount was used for business, and the book value after deducting accumulated depreciation is included in the Company's major equipment in "2. Status of major equipment, (1) Reporting company."

(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 shares as of the end of the fiscal year (March 31, 2023)	Number of issued shares as of the date of submission (June 30, 2023)	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	159,190,900	159,190,900	Prime Market, Tokyo Stock Exchange	The number of shares constituting one unit is 100 shares.
Total	159,190,900	159,190,900	—	—

(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)
May 18, 2018 (Note 1)	△9,088,000	81,200,000	-	1,527	-	1,467
March 1, 2019 (Note 2)	81,200,000	162,400,000	-	1,527	-	1,467
August 16, 2019 (Note 3)	△1,800,000	160,600,000	-	1,527	-	1,467
November 15, 2019 (Note 4)	△630,000	159,970,000	-	1,527	-	1,467
June 30, 2022 (Note 5)	△779,100	159,190,900	-	1,527	-	1,467

Note 1: 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 2: One share was split into two shares for shareholders registered in the shareholder register as of February 28, 2019.

Note 3: 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 4: 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.

Note 5: The Board of Directors meeting held on May 10, 2022 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 779,100 treasury shares from May 12, 2022 to June 8, 2022 (trade date basis) and cancelled 779,100 treasury shares on June 30, 2022. As a result, the total number of issued shares decreased by 779,100 shares to 159,190,900 shares.

(5) Status of shares by shareholder

As of March 31, 2023

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	33	67	256	28	17,406	17,819	-
Number of shares held (unit)	-	281,551	20,168	824,949	307,166	162	157,623	1,591,619	29,000
Percentage of shares held (%)	-	17.69	1.27	51.83	19.30	0.01	9.90	100	-

Note 1: Of 450,357 treasury shares, 4,503 units are included in "Individual & other" while 57 shares are included in "Status of shares of less than one unit."

Note 2: "Financial institutions" includes 3,475 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) while 71 shares are included in the "Status of shares less than one unit."

(6) Status of major shareholders

As of March 31, 2023

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	51.16
The Master Trust Bank of Japan Ltd. (Trust account)	11-3, 2-chome, Hamamatsucho, Minato-ku, Tokyo	14,137,400	8.91
Custody Bank of Japan, Ltd. (Trust account)	8-12, 1-chome, Harumi, Chuo-ku, Tokyo	7,119,900	4.49
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)	6,837,034	4.31
TAIYO FUND, L.P. (Standing proxy: MUFG Bank, Ltd.)	5300 CARILLON POINT KIRKLAND, WA 98033, USA (7-1, 2-chome, Marunouchi, Chiyoda-ku, Tokyo)	2,362,700	1.49
Norio Shiraishi	Hachioji-shi, Tokyo	1,844,600	1.16
Tokio Marine & Nichido Fire Insurance Co., Ltd.	6-4, 2-chome, Otemachi, Chiyoda-ku, Tokyo	1,600,000	1.01
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)	1,404,759	0.88
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 Operations Dept.(11-3, 2-chome, Hamamatsucho, Minato-ku, Tokyo)	1,280,000	0.81
THE BANK OF NEW YORK MELLON SA/NV 10 (Standing proxy: MUFG Bank, Ltd.)	BOULEVARD ANSPACH 1, 1000 BRUXELLES, BELGIUM (7-1, 2-chome, Marunouchi, Chiyoda-ku, Tokyo)	1,215,300	0.77
Total	-	119,012,093	74.97

Note 1: Other than the above, 450,357 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 347,571 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), 13,997,700 shares are held in connection with trust business.

Of the number of shares held by Custody Bank of Japan, Ltd. (Trust account), 7,043,700 shares are held in connection with trust business.

(7) Status of voting rights

1) Issued shares

As of March 31, 2023

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 450,300	-	-
Shares with voting rights (Other)	Common shares 158,711,600	1,587,116	-
Shares less than one unit	Common shares 29,000	-	-
Total number of issued shares	159,190,900	-	-
Voting rights of all shareholders	-	1,587,116	-

Note 1: Common shares in the “Shares with voting rights (Other)” column include 347,500 shares of the Company (the number of voting rights: 3,475) 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 57 treasury shares held by the Company and 71 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, 2023

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.	7-1, 3-chome, Nishi-Shinjuku, Shinjuku-ku, Tokyo	450,300	-	450,300	0.28
Total	-	450,300	-	450,300	0.28

Note 1: 347,500 shares of the Company (0.22%) 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 57 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

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. 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.

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

189,651 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

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. 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.

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	779,100	1,499
Total number of remaining shares resolved and total value	20,900	0
Unexercised ratio as of the end of the current fiscal year (%)	2.6	0.0
Treasury shares acquired in the current period	-	-
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	70	0
Treasury shares acquired in the current period	-	-

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	779,100	1,485	-	-
Acquired treasury shares that were transferred as a result of merger, share exchange, share issuance, or company split	-	-	-	-
Other (-)	-	-	-	-
Number of treasury shares held	450,357	-	450,357	-

Note 1: The number of treasury shares held shown above does not include 347,571 shares of the Company held by the Japanese version of the Employee Stock Ownership Plan (J-ESOP) and the Board Benefit Trust (BBT).

Note 2: The number of treasury shares held in the current period does 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, 2023 and the date of submission of the annual securities report.

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 the equity ratio and 70% or more on the consolidated payout ratio.

The dividend for the current fiscal year is ¥36.0 per share based on the above policy. 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 strengthen its revenue base by using retained earnings for IT investment aimed at improving the convenience and the service quality, saving operational labor, etc. and for investment in new businesses, M&A investment, etc., in addition to using the earnings as working capital when expanding business.

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 11, 2023 Resolved by the Board of Directors	5,714	36.0

4. Status of corporate governance, etc.

(1) Overview of corporate governance

(Basic views on corporate governance)

The Company recognizes the importance of operations centered on compliance with laws, regulations, etc. At the same time, the Company also positions its efforts to enhance shareholder value through swift decision-making in response to changes in society and the economic environment, as well as the enhancement of the soundness of management, as a management issue of the utmost priority.

In order to achieve these objectives, the Company aims to create strong relationships with shareholders, customers and suppliers, local communities, employees, and other stakeholders, while also enhancing corporate governance through the further strengthening, improvement, and development of functions and systems set forth in laws and regulations, such as the General Meeting of Shareholders, Board of Directors, Audit and Supervisory Committee, and Accounting Auditor.

The Company will also endeavor to disclose information to shareholders and investors in a timely and accurate manner, thereby enhancing the transparency of management.

(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 the Board of Directors, the Audit and Supervisory Committee, the Nomination and Compensation Committee, and the Management Council. The outline and activities of these organizations are as follows:

1) Board of Directors

i) Purposes, authorities, and members

As an organ for making decisions related to the execution of business operations, the Board of Directors discusses and makes decisions concerning important management matters, in addition to supervising the execution of business operations by Directors. As of the date of submission of this report, the Company has four Directors who are not 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). The Board of Directors is comprised of these eight members.

The President serves as Chairperson of the Board of Directors.

Of the four Directors who are not Audit and Supervisory Committee Members, two are male and two are female, while all four of the Directors serving as Audit and Supervisory Committee Members are male. 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 Company is strengthening the monitoring function of the Board of Directors by ensuring that over one third of the members of the Board of Directors are Independent Outside Directors.

With regard to the composition of the Board of Directors, the skill matrix of the members of the Board of Directors is shown below. Two of the eight Directors (25.0%) are female Directors to ensure the diversity of the Board of Directors. Three of the eight Directors (37.5%) are Independent Outside Directors. Along with the Nomination and Compensation Committee whose members are all Independent Outside Directors, the Company is making efforts to secure a system in which the protection of minority shareholders functions appropriately.

<Skill matrix for the members of the Board of Directors>

Name		Knowledge, experience, and abilities								
		Corporate/group	Industry knowledge	Sustainability	Risk management	Internal control & governance	Finance & accounting	Investment & fund allocation	Legal affairs & compliance	Economic knowledge
Junko Fukasawa	Chairman & Director	•		•						
Norio Shiraishi	President	•	•							
Hideyo Tanaka	Executive Vice-President	•	•	•	•					
Kenji Ozaki	Managing Director	•				•	•	•		
Takuo Umekita	Director (Full-time Audit and Supervisory Committee Member)				•	•			•	
Nobuyasu Kubo	Outside Director (Audit and Supervisory Committee Member)	•			•					•
Toshiaki Hamada	Outside Director (Audit and Supervisory Committee Member)						•	•		•
Tomonori Fujiike	Outside Director (Audit and Supervisory Committee Member)					•			•	

The Company conducts a questionnaire survey for Directors every year about the evaluation of the effectiveness of the Board of Directors as a whole. In the current fiscal year, the Company conducted a questionnaire survey in February 2023 with the topics of “matters related to the execution of the Director’s own duties,” “matters related to the effectiveness of the Board of Directors as a whole,” “matters related to the composition of the Board of Directors,” etc. At the meeting held in March 2023, the Board of Directors evaluated the improvement of “fulfilling discussions on the Company’s major direction,” “the activation of discussions on the day of Board of Directors meetings,” etc. At the same time, analysis results were reported at the meeting, setting future improvement themes such as “examining the medium-term management plan and increasing the frequency to check the progress” and “increasing the number of deliberations on compliance and risk management.”

In the questionnaire, eight members of the current Board of Directors as a whole, of whom four Directors are also serving as Audit and Supervisory Committee Members, evaluated the Board of Directors as being “appropriate” or “basically appropriate.” Accordingly, the Company assessed that the current number and composition of the Board of Directors are effective and appropriate to ensure the environment for robust discussions.

In addition, with regard to important deliberation themes, persons responsible for each business hold proposal presentation meetings, study meetings, etc. for Directors, as appropriate, separately from the Board of Directors meetings in order to enhance the quality of discussions by the Board of Directors. These activities are also utilized as opportunities to deepen each Director’s (including Outside Directors) understanding of proposals and to introduce various viewpoints to business management. In the current

fiscal year, four such opportunities were created. Major agenda items included business plans, investment budget, and overseas business.

ii)Activities

The Board of Directors held 13 meetings in the current fiscal year. The attendance status of each Director is shown below.

Title	Name	Attendance status
Chairman & Director	Junko Fukasawa	100% (13/13)
President	Norio Shiraishi	100% (13/13)
Executive Vice-President	Hideyo Tanaka	100% (13/13)
Managing Director	Kenji Ozaki	100% (13/13)
Director (Full-time Audit and Supervisory Committee Member)	Takuo Umekita	100% (13/13)
Outside Director (Audit and Supervisory Committee Member)	Nobuyasu Kubo	100% (13/13)
Outside Director (Audit and Supervisory Committee Member)	Toshiaki Hamada	100% (13/13)
Outside Director (Audit and Supervisory Committee Member)	Tomonori Fujiike	100% (13/13)

Matters deliberated by and reported to the Board of Directors in the current fiscal year are as follows:

Matters deliberated and reported	Number of matters
1. Matters related to management strategies <ul style="list-style-type: none"> • Medium-term and annual business plans • Approval of annual reports, financial statements, etc. • Investment in systems, business, etc. • Matters related to sustainability • Matters related personnel, organizations, etc. 	48
2. Matters related to governance <ul style="list-style-type: none"> • Matters related to general meeting of shareholders • Nomination, remuneration, etc. of Directors • Related party transactions • Operation status of the internal control system, the internal reporting system, etc. 	23
3. Matters related to capital policies <ul style="list-style-type: none"> • Return to shareholders (treasury shares and surplus dividends) • Investment, loans, etc. 	13
Total	84

2) Audit and Supervisory Committee

i) Purposes, authorities, and members

The Audit and Supervisory Committee audits matters such as the execution of duties by Directors, cooperates with the Accounting Auditor and internal audit departments, and endeavors to ensure that effective audits are conducted. As of the date of submission, the Audit and Supervisory Committee consists of four members (Mr. Takuo Umekita, Mr. Nobuyasu Kubo, Mr. Toshiaki Hamada, and Mr. Tomonori Fujiike).

Of the four Directors who also serve 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. The Company has designated all three Outside Directors as Independent Officers.

The full-time Audit and Supervisory Committee Member serves as Chairperson of the Audit and Supervisory Committee.

ii) Activities

For the activities of the Audit and Supervisory Committee, please refer to "I-4. Status of the reporting company, 4. Status of corporate governance, etc., (3) Status of audit (Status of audit by the Audit and Supervisory Committee)."

3) Nomination and Compensation Committee

i) Purposes, authorities, and members

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, matters regarding the compensation of individual Directors excluding Audit and Supervisory Committee Members, and matters regarding the necessity and appropriateness of related party transactions. The Board of Directors, etc. make 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.

ii) Activities

The Nomination and Compensation Committee held three meetings in the current fiscal year. The attendance status of each member is shown below.

Title	Name	Attendance status
Outside Director (Audit and Supervisory Committee Member)	Tomonori Fujiike	100% (3/3)
Outside Director (Audit and Supervisory Committee Member)	Nobuyasu Kubo	100% (3/3)
Outside Director (Audit and Supervisory Committee Member)	Toshiaki Hamada	100% (3/3)

Specific matters discussed by the Nomination and Compensation Committee include matters regarding the nomination of Directors, matters regarding the compensation of individual Directors excluding Audit and Supervisory Committee Members, and matters regarding the necessity and appropriateness of related party transactions.

4) Management Council

i) Purposes, authorities, and members

The Management Council meets every week, in principle, in order to ensure prompt and efficient decision-making on important matters that affect the Company as a whole, and engage in deliberation, reporting, etc. of agenda items for meetings of the Board of Directors. As of the date of submission, the Management Council consisted of four full-time Directors (Mr. Norio Shiraishi, Ms. Hideyo Tanaka, Mr. Kenji Ozaki, and Mr. Takuo Umekita) and six titled Executive Officers (Mr. Ichiro Nakamura, Mr. Yoshihisa Takita, Ms. Masako Kuse, Mr. Kiyoshi Koga, Mr. Akira Arimura, and Mr. Ryuichi Yoshinaga).

The President serves as Chairperson of the Management Council.

ii) Activities

The Management Council met 38 times in the current fiscal year. Major discussion matters, etc. are as follows:

- Medium-term and annual business plans
- Matters relating to the business environment and industry trends
- Progress and outlook of business strategies and matters relating to the evaluation of business quality
 - Matters relating to the planning and implementation of investment in systems, marketing, office development, etc.
- Matters relating to personnel plans
- Matters relating to efforts for risk management, sustainability, etc.

In addition to the major internal control-related organizations described above, the Company has established cross-departmental major committees as described below for the collection and analysis of internal and external information, risk management, policy development, the evaluation of the effectiveness and efficiency of the execution of operations, etc.

Name	Risk Management Committee
Role	Preventing risks that would have a significant impact on management, assuming and classifying specific risks in advance to minimize possible damage, and developing a system required for risk management

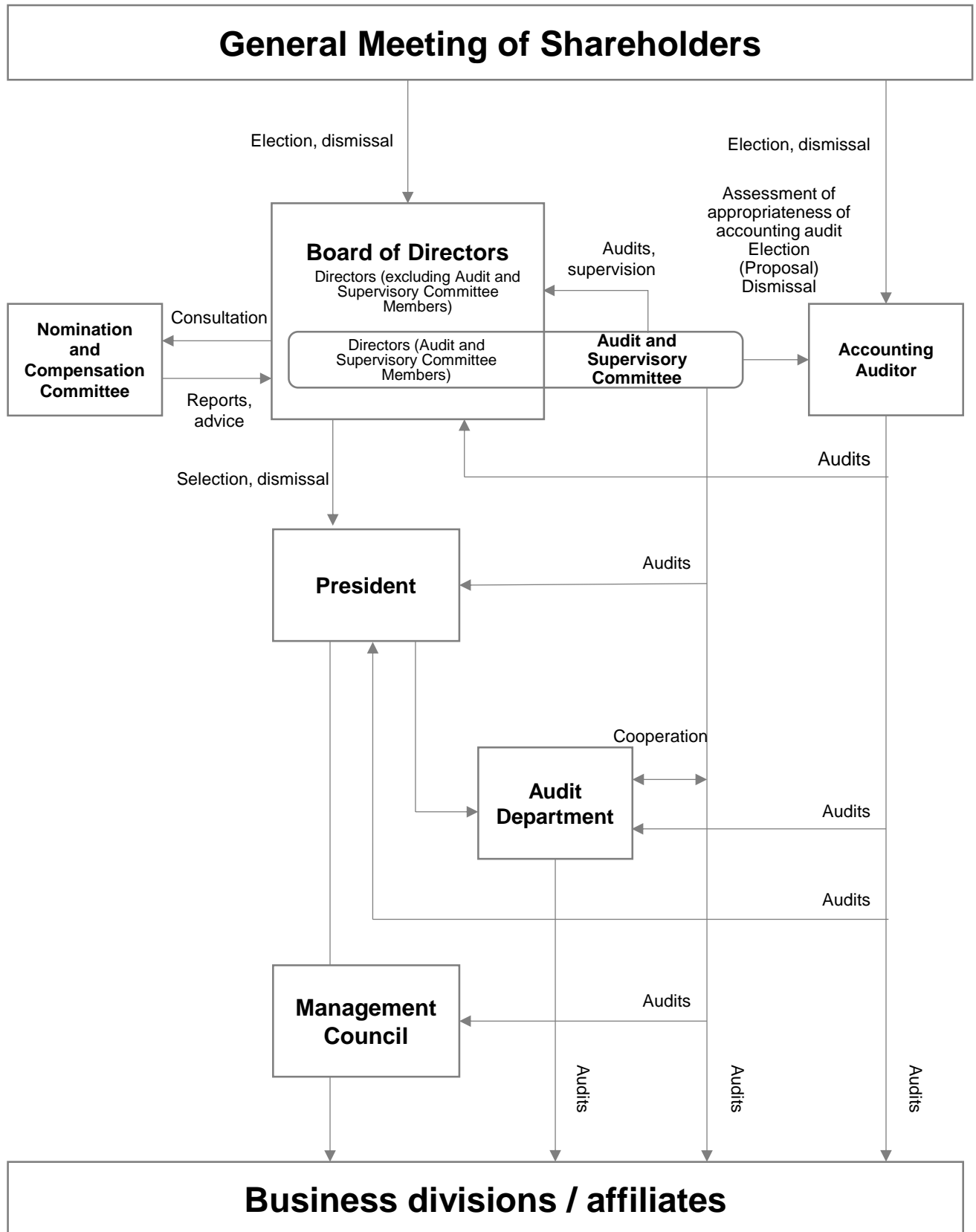
Name	Compliance Committee
Role	Grasping and analyzing risks to establish, penetrate, and instill the Company's compliance system, planning measures, instructing to conduct a cause investigation when any non-compliance has occurred, deliberating measures, managing progress, reviewing/revising regulations, and providing education/training, guidance, etc.

Name	Personal Information Protection Committee
Role	The committee checks the state of the operation of personal information protection and management systems, reviews/revises regulation documents, conducts examinations, and performs other functions in order to follow basic matters specified in the Basic Regulations of the Protection of Personal Information and to achieve proper protection and management of personal information.

Name	Sustainability Committee
Role	The committee plans, proposes, and recommends sustainability-related basic policies, indicators, goals, measures, etc., monitors the implementation status of measures and goals achievement, provides training and information, and performs other functions in order to promote company-wide efforts to address issues related to sustainability.

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 this 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 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 Jul. 1978 Sep.1981 Jan. 1990 Jun. 2000 Apr. 2003 Dec. 2007 Jun. 2015 Jun. 2017 Aug. 2018	Joined Mitsui Toatsu Chemicals Inc. (currently Mitsui Chemicals, Inc.) Joined DENTSU INC. Joined Temporary Center Inc. (currently Nambu Enterprise Inc.) Director, General Manager, Public Relations Department, Temporary Center Inc. Senior Managing Executive Officer, General Manager, Human Resources & Planning Headquarters, Pasona Inc. President & COO, Pasona Heartful Inc. (current position) Senior Managing Director, responsible for Human Resources Division, Public Relations and Advertising Department, General Manager, Social Contribution Department, Pasona Group Inc. Senior Managing Director, General Manager, Human Resources & Planning Headquarters, responsible for Social Contribution Department, Pasona Group Inc. Chairman & Director, the Company (current position) Executive Officer and Vice President/Director, General Manager, Pasona Way Headquarters, responsible for Social Contribution Department, Pasona Group Inc. (current position)	(Note 3)	—

Title	Name	Birth date	Biography		Term of office	Number of shares of the Company held
President & COO, responsible for Audit Department, Payment Division, and Business Promotion Department, the Company	Norio Shiraishi	Jan. 23, 1967	<p>Aug. 1990 Mar. 1996</p> <p>Jun. 2000 Jan. 2012 Mar. 2012 May 2012 May 2012 Nov. 2012 Aug. 2013 Oct. 2013 Jan. 2014 Dec. 2016 Dec. 2016 Jun. 2017 Jul. 2022</p>	<p>Joined Pasona Japan Inc. (currently Randstad K.K.) Established Business Coop Inc. (currently Benefit One Inc.) Director</p> <p>President & COO, the Company</p> <p>Outside Director, J.S.B. Co., Ltd. (current position)</p> <p>Director, Benefit One Solutions Inc.</p> <p>Director, Benefit One Health care Inc</p> <p>Director, Benefit One Shanghai Inc. (current position)</p> <p>Director/Chair of the Board, BENEFIT ONE USA, INC. (current position)</p> <p>Director, Pasona Group Inc.</p> <p>Director, BENEFIT ONE ASIA PTE. LTD. (currently BENEFIT ONE INTERNATIONAL PTE. LTD.) (current position)</p> <p>Director, BENEFIT ONE (THAILAND) COMPANY LIMITED (current position)</p> <p>Director, REWARDZ PRIVATE LIMITED (current position)</p> <p>Outside Director, Japan Best Rescue System Co., Ltd. (current position)</p> <p>Director, PT. BENEFIT ONE INDONESIA (current position)</p> <p>President & COO, responsible for Audit Department, Payment Division and Business Promotion Department, the Company (current position)</p>	(Note 3)	1,844,600
Executive Vice-President, responsible for Administration Sector and Information System Division	Hideyo Tanaka	Feb. 7, 1969	<p>Aug. 1991 May 2000</p> <p>Oct. 2003 Jan. 2005 Mar. 2014 Jun. 2017 Jun. 2019 Apr. 2020 Jun. 2020 Oct. 2021 Jul. 2022 Mar. 2023</p>	<p>Joined Temporary Center Inc. (currently Nambu Enterprise Inc.)</p> <p>President and Representative Director, Kobe Cruiser</p> <p>Executive Vice President and Representative Director, Medical Associa Inc.</p> <p>President & COO, Medical Associa Inc. 長</p> <p>Retired from Director, Medical Associa Inc.</p> <p>Director, the Company</p> <p>Executive Vice-President, responsible for Human Resources Division, General Affairs Department, Legal Affairs & Compliance Management Department, System Development Division</p> <p>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)</p> <p>Executive Vice-President, responsible for Human Resources Division, General Affairs Administration Sector and DX Platform Promotion Division, General Manager, Healthcare Division</p> <p>Director, JTB BENEFIT SERVICE, Inc.</p> <p>Director, REWARDZ PRIVATE LIMITED (current position)</p> <p>Executive Vice-President, responsible for Administration Sector and Information System Division (current position)</p>	(Note 3)	300

Title	Name	Birth date	Biography		Term of office	Number of shares of the Company held
Managing Director, responsible for Finance and Accounting Department, General Manager, Corporate Planning Division	Kenji Ozaki	Aug. 31, 1972	<p>Apr. 1995</p> <p>Jul. 2007</p> <p>Apr. 2012</p> <p>Apr. 2013</p> <p>Jun. 2015</p> <p>Jan. 2016</p> <p>Jun. 2016</p> <p>Dec. 2016</p> <p>Dec. 2016</p> <p>Jun. 2019</p> <p>Oct. 2021</p>	<p>Joined Pasona Inc. (currently Nambu Enterprise Inc.)</p> <p>Executive Officer, General Manager, Corporate Planning Division, Pasona Tech, Inc.</p> <p>Executive Officer, responsible for Corporate Planning, Administration, Business, IT and CS, General Manager, Corporate Planning Division, Pasona Tech, Inc</p> <p>Executive Officer, Executive Officer, responsible for Administration and Business Strategy Headquarters, General Manager, Business Strategy Headquarters, Pasona Tech, Inc</p> <p>Director, responsible for Finance and Accounting Department, General Manager, Corporate Planning Division, the Company</p> <p>Company Auditor, Benefit One Healthcare Inc.</p> <p>Managing Director, responsible for Finance and Accounting Department, General Manager, Corporate Planning Division, the Company (current position)</p> <p>Commissioner, PT. BENEFIT ONE INDONESIA (current position)</p> <p>Director, REWARDZ PRIVATE LIMITED (current position)</p> <p>Audit & Supervisory Board Member, Benefit One Shanghai Inc. (current position)</p> <p>Director/Treasurer/CFO, BENEFIT ONE USA, INC. (current position) Director, BENEFIT ONE INTERNATIONAL PTE. LTD. (current position)</p> <p>Company Auditor, JTB BENEFIT SERVICE, Inc.</p>	(Note 3)	2,300

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 Apr. 1984 Apr. 1986 Jul. 1989 Jul. 2003 Dec. 2007 Sep. 2008 Aug. 2018 Jun. 2019	Joined THE KAGOSHIMA BANK, LTD Joined the Ministry of Justice Kagoshima District Legal Affairs Bureau Ministry of Justice Fukuoka Legal Affairs Bureau Joined International Digital Communications Inc. (currently IDC Frontier Inc.) General Manager, Legal Affairs Department, Pasona Inc. Executive Officer, General Manager, Legal Affairs Department, Pasona Group Inc. Executive Officer, General Manager, Legal Affairs Department and General Manager, Internal Control Department, Pasona Group Inc. Company Auditor, Pasona Inc. Director and full-time Audit and Supervisory Committee Member, the Company (current position)	(Note 4)	—
Outside Director (Audit and Supervisory Committee Member)	Nobuyasu Kubo	May 21, 1952	Apr. 1975 Dec. 1993 Jul. 1999 Jan. 2001 Jul. 2007 Jul. 2010 Apr. 2014 Jun. 2014 Jun. 2018 Jun. 2019	Joined the Ministry of Home Affairs Deputy Governor, Hiroshima Prefecture Attached to the Minister's Secretariat, the Ministry of Home Affairs Director, Administration Improvement Division, Local Administration Bureau, the Ministry of Internal Affairs and Communications Director-General, Local Public Finance Bureau, the Ministry of Internal Affairs and Communication Commissioner of the Fire and Disaster Management Agency, the Ministry of Internal Affairs and Communications Director, Local Authorities Satellite Communications Organization (current position) Outside Director, the Company Outside Director, Yasuda Logistics Corporation Outside Director and Audit and Supervisory Committee Member, the Company (current position)	(Note 4)	5,600

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 Company Auditor, Edia Co., Ltd. Outside Company Auditor, 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						1,852,800

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 30, 2023 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 30, 2023 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)

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.

Audit and Supervisory Committee Members including the three Outside Directors 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 the quality management by the auditing firm, and exchanging opinions. In the current fiscal year, the Audit and Supervisory Committee had four discussions with financial auditors. Specifically, the committee and financial auditors discussed the results of the FY2021 audit conducted by the auditing firm, audit and quarterly review plans, matters relating to the performance of the duties of financial auditors provided in Article 131 of the Regulations on Corporate Accounting, the Code of Ethics of the International Ethics Standards Board for Accountants (IESBA), key audit matters (KAM), etc.

The head of the Audit Department, which is the Company's internal audit department, attends the meetings of the Audit and Supervisory Committee and closely exchanges information by means such as reporting the status of internal audits and audit results as appropriate. The full-time Audit and Supervisory Committee Member joins internal audits conducted by the Audit Department, as appropriate, and closely cooperates with Outside Directors serving as Audit and Supervisory Committee Members.

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 12 meetings in the current fiscal. The attendance status of each member is shown below.

Title	Name	Attendance status
Director (Full-time Audit and Supervisory Committee Member)	Takuo Umekita	100% (12/12)
Outside Director (Audit and Supervisory Committee Member)	Nobuyasu Kubo	100% (12/12)
Outside Director (Audit and Supervisory Committee Member)	Toshiaki Hamada	100% (12/12)
Outside Director (Audit and Supervisory Committee Member)	Tomonori Fujiike	100% (12/12)

Specific 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 their 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 four members), which is the Company's internal audit department and an organization 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, from a standpoint that is completely independent from other administration and operation departments based on the Internal Audit Regulations in light of the business purpose. 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 Audit Department also checks the status of the creation and operation of the personal information protection and management system and the internal control system.

The Audit Department reports the audit policies and audit plans related to internal audits and internal control, as well as the status of audits and improvement, to the President. In addition, the department has established a structure to directly report to the Audit and Supervisory Committee and the Board of Directors (dual reporting).

In the current fiscal year, the Audit Department conducted internal audits of 11 departments/organizations, including the Matsuyama BPO Center, sales departments, branches, and subsidiaries, and verified the effectiveness and

efficiency of operational processes, the state of observance, and implementation of specific procedures related to laws and regulations.

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

Mutual coordination among internal audits, audits by the Audit and Supervisory Committee, and accounting audits, 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

16 years

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

Designated limited liability partner, Engagement partner: Takuya Nagashima

Takahisa Kudo

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: 7 persons

Other: 8 persons

Note: “Other” includes persons who have passed the certified public accountant examination and persons assigned 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	48	-	37	-
Consolidated subsidiary	-	--	-	-
Total	48	-	37	-

Note: Remuneration based on audit and attestation services in the previous consolidated fiscal year includes additional remuneration of ¥6 million related to the consolidated fiscal year before the previous consolidated fiscal year.

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 the remuneration, etc. of individual Directors (hereinafter, the "Decision Policy") as follows:

[Remuneration 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 decides 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 of this report, 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 Company will grant no points if consolidated ordinary income decreases year-on-year. In the current fiscal year, no new points were granted because the requirement was not satisfied.

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 submits 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)	Total amount of remuneration, etc. by type of remuneration	
			Fixed remuneration	Performance-linked stock-based remuneration
Directors not serving as Audit and Supervisory Committee Members (excluding Outside Directors)	3	107	105	2
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 equivalent to the difference between the recorded estimate and the fixed value of share-granting points for the previous fiscal year that was recorded as "Provision for share-based remuneration for Directors (and other officers)" in the current fiscal year. There are no share-granting points for the current fiscal year.

Note 2: As of March 31, 2023, 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, decreased year-on-year, not satisfying the Company's requirement for the payment of performance-linked stock-based remuneration. Therefore, no points were granted.

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 2023 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	6	157
Shares other than unlisted shares	4	2,529

Note: In the current fiscal year, the Company sold all shares of two stock names among the unlisted shares held in the previous fiscal year. As a result, the number of unlisted stock names and the amount recorded in the balance sheet has decreased.

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

Not applicable.

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

	Number of stock names	Total sale value resulted from the decrease in the number of shares (Millions of yen)
Unlisted shares	2	13
Shares other than unlisted shares	1	688

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	Previous FY	Purpose of holding, outline of business alliance, etc., quantitative effect of holding, and reason for the increased number of shares	Holding of Company's shares
	Number of shares	Number of shares		
	Amount reported in the balance sheet (Millions of yen)	Amount reported in the balance sheet (Millions of yen)		
Data Horizon Corporation	436,900	750,000	(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. (Outline of business alliance, etc.) Customer introduction to efficiently expand the customer base in the field of healthcare, etc. (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.	No
	1,222	1,489		
SUNNEXT A GROUP Inc.	778,000	778,000	(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. (Outline of business alliance, etc.) Joint proposal, customer introduction, etc. to efficiently spread/expand the two companies' services such as employee benefit services and company housing management (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
	798	869		
Livero, Inc.	455,000	455,000	(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. (Outline of business alliance, etc.) Joint proposal, customer introduction, etc. to efficiently spread/expand the two companies' services such as employee benefit services and company housing management (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.	No
	505	926		
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
	4	3		

Deemed holdings of equity securities:

Not applicable.

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

4) Investment shares for 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 for 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

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.

2. Special efforts for ensuring the appropriateness of consolidated financial statements, etc.

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, 2022)	Current consolidated FY (March 31, 2023)
Assets		
Current assets		
Cash and deposits	17,986	10,010
Accounts receivable - trade	*1 6,241	*1 7,610
Contract assets	62	64
Inventories	*2 1,947	*2 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	*4 1,141	*4 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	*4 738	*4 715
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
Investment and other assets		
Investment securities	*3 3,891	*3 3,141
Deferred tax assets	76	-
Other	1,134	1,001
Allowance for doubtful accounts	△6	△7
Total investment 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 statement and consolidated statement of comprehensive income

[Consolidated profit and loss statement]

(Millions of yen)

	Previous consolidated FY (April 1, 2021 to March 31, 2022)	Current consolidated FY (April 1, 2022 to March 31, 2023)
Sales	*1 38,362	*1 42,376
Cost of sales	17,633	19,876
Gross profit	20,728	22,499
SG&A expenses	*2 7,958	*2 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 sales of investment securities	2	-
Total extraordinary losses	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	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
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 the period										
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 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

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	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	1,488	21,260	△1,343	22,932	1,973	6	1,980	-	24,912
Changes during the period										
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 the Employee Stock Ownership Plan				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 the period	-	△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)	Current 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 sales 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 income 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 contact 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 contract liabilities (Δ indicates a decrease.)	Δ 935	Δ 566
Increase (decrease) in deposits received (Δ indicates a decrease.)	Δ 864	145
Other	Δ 279	Δ 891
Subtotal	13,741	7,779
Interest and dividends received	56	57
Interest paid	Δ 27	Δ 56
Subsidies received	35	49
Income taxes paid	Δ 3,726	Δ 4,661
Cash flow from operating activities	10,080	3,168

(Millions of yen)

	Previous consolidated FY (April 1, 2021 to March 31, 2022)	Current 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	*3 △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	*2 △69	△1,506
Proceeds from disposal of treasury shares	*2 69	-
Cash flow from financing activities	4,544	△8,338
Effect of exchange rate change on cash and cash equivalent	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	*1 17,983	*1 10,008

[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

10 companies

Names of consolidated subsidiaries

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

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

(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 market value method. (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 assets (excluding leased assets)

i) Software

The Company uses the straight-line method based on the usable period in the Company (within 10 years).

ii) Customer-related assets

The Company uses the straight-line method 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 doubtful accounts receivables and distressed receivables.

2) Reserve 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 (20 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

The main performance obligations in the Employee Benefit Service, Individual Benefit Service, and CRM businesses are (1) 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 (2) providing customer companies with business operations such as the management and reporting of the usage record of "Benefit Station" and the management, adjustment, etc. of usage fees and reimbursement payments. 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 (1) issuing Incentive Point to eligible users, such as the employees of customer companies that have introduced the Company's program (Incentive Point), in return

for receiving payment for the program from such customer companies, and providing such users with point exchange items and (2) providing customer companies with business operations such as the management and operation of the program. 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 obligations in the Healthcare business are (1) providing health support services such as health checkup service, health guidance, and vaccination support to the employees of customer companies in return for receiving fees from customer companies and (2) providing customer companies with business operations such as result reporting, settlement, and data management relating to health support services. 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 customer companies with settlement agency services for communication lines, short-distance travel expenses, business travel expenses, etc. in return for receiving fees from customer companies. 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 in return for receiving fees from these shops/stores/restaurants. 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 (1) issuing Incentive Point to eligible users, such as the employees of customer companies that have introduced the program (Incentive Point) operated by the Company's consolidated subsidiaries, in return for receiving payment for the program from customer companies and providing such users with point exchange items and (2) providing customer companies with business operations such as the management and operation of the program. 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, and deposits paid that can be withdrawn at any time, and highly liquid, easily cashable, short-term investment for which the maturity date will arrive 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

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	416	673
Land	602	602
Software	5,315	7,358

(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, ¥3,069 million belongs to “Software in progress.” During FY2020, 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. Impairment loss on intangible assets and goodwill related to the former JTB BENEFIT SERVICE, Inc.

The Company recorded customer-related assets of ¥8,441 million and goodwill of ¥5,898 million in the consolidated balance sheet at the end of the previous consolidated fiscal year, and customer-related assets of ¥7,961 million and goodwill of ¥5,529 million in the consolidated balance sheet at the end of the current consolidated fiscal year. These were generated when the Company acquired JTB BENEFIT SERVICE, Inc. (hereinafter, the “former JTB BENEFIT SERVICE”) on October 29, 2021. As stated in “(Material matters that serve as the basis for preparing consolidated financial statements), 4. Matters regarding accounting policies,” the Company depreciates/amortizes customer-related assets and goodwill based on the period during which the effect appears (22 years and 20 years, respectively), using the straight-line method. When there is a sign of impairment, the Company needs to judge the necessity/unnecessity of recognizing an impairment loss. If it is judged that an impairment loss needs to be recognized, the Company decreases the book value to the recoverable value and records the decrease as an impairment loss.

In the future cash flow forecasts of the business plan that were used to calculate customer-related assets and goodwill when the Company acquired the former JTB BENEFIT SERVICE, the discount rate and the attenuation rate of existing customers in the future cash flow forecasts are taken as important estimation elements. The Company evaluates a sign of impairment using the attenuation rate of existing customers because, if the attenuation rate of existing customers diverges downward from initial estimates, the Company will not be able to achieve the business plan developed when the Company acquired the former JTB BENEFIT SERVICE and the value of customer-related assets and goodwill will be damaged. The Company promoted the integration of the “Eraberu Club” into “Benefit Station” in the current consolidated fiscal year, but the Company regards the members who were transferred to “Benefit Station” after the integration as the former JTB BENEFIT SERVICE’s employee benefit service members.

(Changes in accounting policies)

Not applicable.

(Unapplied accounting standards, etc.)

Not applicable.

(Change of presentation method)

(Consolidated balance sheet)

As for “Advances paid” that was included in “Other” under “Current assets” in the previous consolidated fiscal year, the Company decided to independently present it from the current consolidated fiscal year because its importance has increased. To reflect this change of presentation method, the Company has rearranged the consolidated financial statements for the previous consolidated fiscal year.

As a result, ¥2,462 million that was presented as “Other” under “Current assets” in the consolidated balance sheet for the previous consolidated fiscal year has been rearranged as “Advances paid” (¥2,388 million) and “Other” (¥74 million).

(Consolidated cash flow statement)

As for “Depreciation of customer-related assets” that was included in “Depreciation” under “Cash flow from operating activities” in the previous consolidated fiscal year, the Company decided to independently present it from the current consolidated fiscal year because its importance has increased. To reflect this change of presentation method, the Company has rearranged the consolidated financial statements for the previous consolidated fiscal year.

As a result, ¥1,060 million that was presented as “Depreciation” under “Cash flow from operating activities” in the consolidated cash flow statement for the previous consolidated fiscal year has been rearranged as “Depreciation” (¥964 million) and “Depreciation of customer-related assets” (¥95 million).

As for “Proceeds from sale of investment securities” that was included in “Other” under “Cash flow from investing activities” in the previous consolidated fiscal year, the Company decided to independently present it from the current consolidated fiscal year because its importance has increased. To reflect this change of presentation method, the Company has rearranged the consolidated financial statements for the previous consolidated fiscal year.

As a result, ¥85 million that was presented as “Other” under “Cash flow from investing activities” in the consolidated cash flow statement for the previous consolidated fiscal year has been rearranged as “Proceeds from sale of investment securities” (¥95 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 the 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 “Reserve 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 ¥304 million and 212,130 shares at the end of the previous consolidated fiscal year and ¥276 million and 189,651 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 the 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.

In 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 ¥193 million and 157,920 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, 2022)	Current consolidated FY (March 31, 2023)
Merchandise	¥1,914 million	¥1,463 million
Supplies	¥32 million	¥56 million
Total	¥1,947 million	¥1,520 million

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

	Previous consolidated FY (March 31, 2022)	Current consolidated FY (March 31, 2023)
Investment securities (shares)	¥19 million	¥23 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, 2022)	Current consolidated FY (March 31, 2023)
Amount of reduction entry	¥45 million	¥30 million
(of which, buildings and structures)	¥0 million	¥0 million
(of which, tools, furniture and fixtures)	¥44 million	¥29 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 selling, general, and administrative expenses are as follows:

	Previous consolidated FY (April 1, 2021 to March 31, 2022)	Current consolidated FY (April 1, 2022 to March 31, 2023)
Salaries and bonuses	¥2,700 million	¥3,279 million
Advertising expenses	¥264 million	¥1,402 million
System usage fee	¥421 million	¥1,094 million
Outsourcing expenses	¥596 million	¥816 million
Depreciation	¥327 million	¥553 million
Legal welfare expenses	¥392 million	¥472 million
Depreciation of customer-related assets	¥95 million	¥383 million
Rent expenses on land and buildings	¥202 million	¥353 million
Welfare expenses	¥255 million	¥327 million
Packing and transportation costs	¥340 million	¥322 million
Amortization of goodwill	¥77 million	¥294 million
Provision of allowance for doubtful accounts	¥33 million	¥26 million
Retirement benefit expenses	¥23 million	¥17 million
Reserve for employee stock ownership plan	¥84 million	¥4 million
Provision for share-based remuneration for Directors (and other officers)	¥51 million	¥2 million

(Change of presentation method)

"Advertising expenses," "Depreciation of customer-related assets," and "Amortization of goodwill" are presented from the current consolidated fiscal year because their monetary importance has increased although they were not presented as major expense items in the previous consolidated fiscal year. To reflect this change of presentation method, they are recorded as major expense 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, 2021 to March 31, 2022)	Current consolidated FY (April 1, 2022 to March 31, 2023)
Valuation difference on available-for-sale securities		
Amount generated in the period	¥1,265 million	¥△44 million
Amount of reclassification adjustment	¥2 million	¥△710 million
Before tax effect adjustment	¥1,267 million	¥△755 million
Tax effect amount	¥△388 million	¥231 million
Valuation difference on available-for-sale securities	¥879 million	¥△524 million
Foreign currency translation adjustment		
Amount generated in the period	¥△11 million	¥3 million
Amount of reclassification adjustment	-	-
Before tax effect adjustment	¥△11 million	¥3 million
Tax effect amount	-	-
Foreign currency translation adjustment	¥△11 million	¥3 million
Total other comprehensive income	¥867 million	¥△520 million

(Matters related to the consolidated statements of changes in net assets)

Previous 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 of 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 disposal 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).

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

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	-	779,100	159,190,900

(Summary of reason for change)

Decrease due to the cancellation of treasury shares: 779,100 shares

2. Matters regarding treasury shares

Class of shares	Beginning of current consolidated FY	Increase	Decrease	End of current consolidated FY
Common shares (shares)	820,337	779,170	801,579	797,928

Note 1: Treasury shares (common shares) at the beginning 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 2: Treasury shares (common shares) at the end of the current consolidated fiscal year include 189,651 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 779,100 shares is attributable to the acquisition of treasury shares based on the resolution at the Board of Directors meeting held on May 10, 2022 while an increase of 70 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 779,100 shares is attributable to the cancellation of treasury shares based on the resolution at the Board of Directors meeting held on May 10, 2022 while a decrease of 22,479 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 10, 2022 Board of Directors	Common shares	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).

(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 11, 2023 Board of Directors	Common shares	Retained earnings	5,714	36.0	March 31, 2023	June 16, 2023

Note: The total amount of dividend includes a total dividend of ¥12 million to 347,571 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, 2021 to March 31, 2022)	Current consolidated FY (April 1, 2022 to March 31, 2023)
Cash and deposits	¥17,986 million	¥10,010 million
Account dedicated to insurance agencies	¥△3 million	¥△1 million
Cash and cash equivalents	¥17,983 million	¥10,008 million

*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, 2021 to March 31, 2022)	Current consolidated FY (April 1, 2022 to March 31, 2023)
Amount of assets and liabilities related to finance lease transactions	¥20 million	¥99 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 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, 2022)	Current consolidated FY (March 31, 2023)
Within one year	339	255
Over one year	1,089	842
Total	1,429	1,098

(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 is procuring funds through bank loans as appropriate. 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 the “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 balance by business partner, and tries to gauge as early as possible and reduce debt collection concern resulting from the deterioration of the financial status, etc.

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

The Group regularly checks the market value of investment securities, along with 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 market value, etc. of financial instruments

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

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

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

Previous consolidated fiscal year (March 31, 2022)

	Amount reported in the consolidated balance sheet (Millions of yen)	Market 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 market 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	Previous consolidated FY (Millions of yen)
Unlisted shares	177

Current consolidated fiscal year (March 31, 2023)

	Amount reported in the consolidated balance sheet (Millions of yen)	Market value (Millions of yen)	Difference (Millions of yen)
(1) Investment securities	2,960	2,960	-
Total assets	2,960	2,960	-
(1) Long-term borrowings	8,500	8,414	△85
(2) Lease obligations	167	165	△1
Total liabilities	8,667	8,579	△87

*1: "Cash and deposits," "Accounts receivable - trade," "Accounts receivable - other," "Advances paid," "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 market 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	181

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, 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

Current consolidated fiscal year (March 31, 2023)

	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	10,010	-	-	-
Accounts receivable - trade	7,556	-	-	-
Accounts receivable - other	4,006	-	-	-
Advances paid	3,267	-	-	-
Investment securities				
Other securities having maturities (corporate bonds)	-	-	-	456
Total	24,841	-	-	456

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

Previous 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

Current consolidated fiscal year (March 31, 2023)

	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	97	-	-	-	-	-
Long-term borrowings	1,000	1,000	1,000	1,000	1,000	3,500
Lease obligations	63	42	28	20	11	—
Total	1,161	1,042	1,028	1,020	1,011	3,500

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

The market value of financial instruments is classified into the following three levels according to the observability and importance of input used for the calculation of the market value.

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

Level 2 market value: Market value calculated using directly or indirectly observable inputs other than Level 1 inputs

Level 3 market value: Market value calculated using important, unobservable inputs

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

(1) Financial assets and financial liabilities for which the market value is reported in the consolidated balance sheet
Previous consolidated fiscal year (March 31, 2022)

(Millions of yen)

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

Current consolidated fiscal year (March 31, 2023)

(Millions of yen)

Category	Market value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Stocks	2,529	-	-	2,529
Corporate bonds	-	430	-	430
Total assets	2,529	430	-	2,960

(2) Financial assets and financial liabilities for which the market value is not reported in the consolidated balance sheet
Previous consolidated fiscal year (March 31, 2022)

(Millions of yen)

Category	Market 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

Current consolidated fiscal year (March 31, 2023)

(Millions of yen)

Category	Market value			
	Level 1	Level 2	Level 3	Total
Long-term borrowings	-	8,414	-	8,414
Lease obligations	-	165	-	165
Total liabilities	-	8,579	-	8,579

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

Investment securities

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

Long-term borrowings and lease obligations

The market 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 market value of long-term borrowings and lease obligations is classified as Level 2.

(Matters related to securities)

1. Other securities

Previous 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 for 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 for 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.

Current consolidated fiscal year (March 31, 2023)

Category	Type	Amount reported in the consolidated balance sheet (Millions of yen)	Acquisition cost (Millions of yen)	Difference (Millions of yen)
Securities for which the amount reported in the consolidated balance sheet exceeds the acquisition cost	Stock	2,529	404	2,124
	Bond	-	-	-
	Subtotal	2,529	404	2,124
Securities for which the amount reported in the consolidated balance sheet does not exceed the acquisition cost	Bond	430	466	△35
	Subtotal	430	466	△35
Total		2,960	871	2,089

Note: Unlisted shares (amount reported in the consolidated balance sheet: ¥181 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 (April 1, 2021 to 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

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

Category	Sale price (Millions of yen)	Total gain on sale (Millions of yen)	Total loss on sale (Millions of yen)
Stock	702	627	-
Bond	297	96	-
Total	999	724	-

(Matters related to derivative trading)

Previous consolidated fiscal year (March 31, 2022)

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

Current consolidated fiscal year (March 31, 2023)

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

(Matters related to retirement benefits)

1. Outline of the retirement benefit plan adopted

The Company has 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

	Previous consolidated FY (April 1, 2021 to March 31, 2022)		Current consolidated FY (April 1, 2022 to March 31, 2023)	
Balance of retirement benefit liabilities, beginning of year	¥3	million	¥67	million
Increase associated with the acquisition of a consolidated subsidiary	¥65	million	-	
Retirement benefit expenses	¥3	million	¥4	million
Retirement benefits paid	¥△5	million	¥△31	million
Other	¥0	million	¥0	million
Balance of retirement benefit liabilities, end of year	¥67	million	¥40	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

	Previous consolidated FY (March 31, 2022)		Current consolidated FY (March 31, 2023)	
Savings-type retirement benefit obligations	-		-	
Pension assets	-		-	
	-		-	
Non-savings-type retirement benefit obligations	¥67	million	¥40	million
Net liabilities and assets reported in the consolidated balance sheet	¥67	million	¥40	million
Retirement benefit liabilities	¥67	million	¥40	million
Retirement benefit assets	-		-	
Net liabilities and assets reported in the consolidated balance sheet	¥67	million	¥40	million

(3) Retirement benefit expenses

Retirement benefit expenses calculated using the simplified accounting method

Previous consolidated fiscal year: ¥3 million

Current consolidated fiscal year: ¥4 million

3. Defined contribution plan

The consolidated subsidiaries are required to contribute ¥18 million to their defined contribution plan in the previous consolidated fiscal year, and ¥12 million 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, 2022)	Current consolidated FY (March 31, 2023)
Accrued enterprise tax	¥134 million	¥86 million
Accrued business office tax	¥6 million	¥6 million
Allowance for doubtful accounts	¥17 million	¥24 million
Contract liabilities/Point	¥198 million	¥247 million
Reserve for employee stock ownership plan	¥86 million	¥79 million
Provision for share-based remuneration for Directors (and other officers)	¥54 million	¥55 million
Software development expenses	¥295 million	¥344 million
Loss on valuation of investment securities	¥101 million	¥84 million
Retirement benefit liability	¥20 million	¥11 million
Asset retirement obligations	¥21 million	¥63 million
Losses carried forward (Note 2)	¥309 million	¥360 million
Other	¥105 million	¥54 million
Subtotal of deferred tax assets		
Valuation allowance for losses carried forward for tax purposes (Note 2)	¥1,349 million	¥1,417 million
	¥△309 million	¥△360 million
Valuation allowance for the total of deductible temporary difference, etc.	¥△31 million	¥△19 million
Subtotal of valuation allowance (Note 1)	¥△340 million	¥△379 million
Total deferred tax assets	¥1,009 million	¥1,037 million
Offset with deferred tax liabilities	¥△932 million	¥△1,037 million
Balance: Net deferred tax assets	¥76 million	-

(Deferred tax liabilities)

	Previous consolidated FY (March 31, 2022)	Current consolidated FY (March 31, 2023)
Cost of removal corresponding to asset retirement obligation	¥△8 million	¥△59 million
Valuation difference on available-for-sale securities	¥△834 million	¥△603 million
Customer-related assets	¥△2,555 million	¥△2,437 million
Total deferred tax liabilities	¥△3,397 million	¥△3,100 million
Offset with deferred tax assets	¥932 million	¥1,037 million
Balance: Net deferred tax liabilities	¥△2,465 million	¥△2,062 million

Note 1: The valuation allowance increased by ¥39 million mainly because the valuation allowance for losses carried forward for tax purposes increased.

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)	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.

(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)	21	25	13	12	18	269	¥360 million
Valuation allowance	△21	△25	△13	△12	△18	△269	¥△360 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

	Previous consolidated FY (March 31, 2022)	Current consolidated FY (March 31, 2023)
Normal effective statutory tax rate	-	30.6%
(Adjustment)		
Items that will not be permanently included in deductible expenses such as entertainment expenses	-	0.2%
Items that will not be permanently included in taxable revenues such as dividend income	-	△0.0%
Inhabitant tax on per capita basis, etc.	-	0.2%
Amortization of goodwill	-	0.8%
Equity in earnings of affiliates	-	0.0%
Increase/decrease of valuation allowance	-	0.3%
Extinguishment of losses carried forward	-	0.2%
Use of tax credit	-	△0.1%
Other	-	△0.0%

Burden ratio of corporation tax, etc. after the application of tax effect accounting	-	32.2%
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Note: Regarding the previous consolidated fiscal year, 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 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:

Previous 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
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
<hr/>		
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
<hr/>		
Total sales	¥38,362	million

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

By business

Employee Benefit Service business	¥25,205	million
Individual Benefit Service business	¥1,757	million
CRM business	¥653	million
Incentive business	¥3,097	million
Healthcare business	¥8,191	million
Purchase and Settlement Service business	¥677	million
Payment business	¥21	million
Overseas business	¥1,897	million

Other	¥875	million
Total sales	¥42,376	million
Time of revenue recognition		
Goods or services transferred at a point in time	¥10,903	million
Goods or services transferred over a certain period	¥31,472	million
Total sales	¥42,376	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.

Shown below are important judgments 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 CRM businesses	“Benepo”	The Group judges that it is released from performance obligations at the point in time when “Benepo” is used and expires.
	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)

	Previous consolidated FY		Current consolidated FY	
	Balance, beginning of year	Balance, end of year	Balance, beginning of year	Balance, end of year
Receivables generated from contracts with customers	6,810	6,241	6,241	7,610
Contract assets	27	62	62	64
Contract liabilities	5,150	5,840	5,840	5,300

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 previous 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 previous 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 previous consolidated fiscal year (mainly, the fluctuation of transaction prices).

Of the revenue recognized in the current consolidated fiscal year, ¥3,658 million was included in the balance of contract liabilities as of the beginning of the fiscal year.

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 Group applies a practical expedient for the explanatory notes for transaction prices allocated to remaining performance obligations, and does not include contracts for 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.

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 previous 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 total amount of transaction prices of ¥5,848 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 (¥4,839 million) in the Incentive business, approx. 60% will be fulfilled within one year, approx. 20% will be fulfilled not sooner than one year but not later than two years, approx. 10% will be fulfilled not sooner than two years but not later than three years, and approx. 10% will be fulfilled not sooner than three years. Of the balance of performance obligations related to “Benepo” (¥806 million) in the Employee Benefit Service, Individual Benefit Service, and CRM businesses, approx. 55% will be fulfilled within one year, approx. 25% 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.

(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, 2021 to March 31, 2022)

Not applicable.

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

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, 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.

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

Not applicable.

(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, 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 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 212,130 shares in the previous consolidated fiscal year and 189,651 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), 157,920 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 213,960 shares in the previous consolidated fiscal year and 191,698 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 154,842 shares in the previous consolidated fiscal year and 157,920 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, 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 the parent related to common shares (Millions of yen)	8,949	7,655
Average number of common shares during the period	159,135,090	158,514,408

(Material post-balance sheet events)

Not applicable.

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	110	97	2.65	-
Current portion of long-term borrowings	1,000	1,000	0.57	-
Lease obligations to be repaid within 1 year	60	63	1.36	-
Long-term borrowings (excluding borrowings to be repaid within 1 year)	8,500	7,500	0.57	2024 to 2031
Lease obligations (excluding lease obligations to be repaid within 1 year)	67	103	1.46	2024 to 2028
Other interest-bearing liabilities	-	-	-	-
Total	9,738	8,764	-	-

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 are 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	42	28	20	11

[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)	10,583	20,234	31,022	42,376
Quarterly net profit before taxes (current quarter)	(¥ Mil)	2,943	5,535	8,613	11,290
Quarterly net profit attributable to owners of parent (current quarter)	(¥ Mil)	1,999	3,751	5,833	7,655
Quarterly net profit per share (current quarter)	(¥)	12.58	23.65	36.79	48.29

(Accounting period)		Q1	Q2	Q3	Q4
Quarterly net profit per share	(¥)	12.58	11.06	13.15	11.50

2. Financial statements, etc.

(1) Financial statements

1) Balance sheet

(Millions of yen)

	Previous FY (March 31, 2022)	Current FY (March 31, 2023)
Assets		
Current assets		
Cash and deposits	15,674	9,452
Accounts receivable - trade	*2 5,661	*2 7,451
Contract assets	62	64
Merchandise and finished goods	1,731	1,404
Raw materials and supplies	32	56
Advance payments - trade	0	1
Prepaid expenses	*2 549	*2 837
Accounts receivable - other	*2 2,502	*2 4,019
Short-term loans receivable	*2 491	*2 565
Advances paid	2,003	3,273
Other	*2 16	*2 16
Allowance for doubtful accounts	△228	△334
Total current assets	28,496	26,810
Non-current assets		
Property, plant, and equipment		
Buildings	*3 388	*3 654
Structures	16	18
Machinery and equipment	0	0
Vessels	19	12
Tools, furniture and fixtures	*3 46	*3 122
Land	602	602
Leased assets	105	142
Construction in progress	-	16
Total property, plant, and equipment	1,179	1,569
Intangible assets		
Goodwill	-	5,529
Software	2,094	4,131
Software in progress	2,821	3,045
Leased assets	5	2
Customer-related assets	-	7,961
Other	2	2
Total intangible assets	4,923	20,672
Investment and other assets		
Investment securities	3,872	3,117
Shares of subsidiaries and associates	*1 12,517	461
Investment in capital	5	9
Distressed receivables	7	7
Long-term prepaid expenses	28	43
Deferred tax assets	614	-
Insurance funds	273	272
Guarantee deposits	718	630
Membership	30	31
Other	0	0
Allowance for doubtful accounts	△6	△7
Total investment and other assets	18,061	4,566
Total non-current assets	24,164	26,809
Total assets	52,660	53,619

(Millions of yen)

	Previous FY (March 31, 2022)	Current fiscal year (March 31, 2023)
Liabilities		
Current liabilities		
Accounts payable - trade	*2 4,764	*2 4,274
Current portion of long-term borrowings	*1 1,000	1,000
Lease obligations	55	60
Accounts payable - other	*2 3,844	*2 4,366
Accrued expenses	88	147
Income taxes payable	2,447	1,700
Contract liabilities	4,382	4,878
Deposits received	750	1,297
Accrued consumption taxes	391	124
Provision for loss on guarantees	94	57
Asset retirement obligations	10	-
Other	64	110
Total current liabilities	17,893	18,019
Non-current liabilities		
Long-term borrowings	*1 8,500	7,500
Lease obligations	67	99
Deferred tax liabilities	-	1,442
Reserve for employee stock ownership plan	281	258
Provision for share-based remuneration for Directors (and other officers)	179	181
Provision for retirement benefits	-	34
Asset retirement obligations	25	207
Other	172	191
Total non-current liabilities	9,225	9,915
Total liabilities	27,119	27,934
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	1,503	1,467
Retained earnings		
Other retained earnings		
General reserve	7,200	7,200
Retained earnings brought forward	14,679	15,369
Total retained earnings	21,879	22,569
Treasury shares	△1,343	△1,329
Total shareholders' equity	23,567	24,235
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,973	1,449
Total valuation and translation adjustments	1,973	1,449
Total net assets	25,540	25,684
Total liabilities and net assets	52,660	53,619

2) Profit and Loss Statement

(Millions of yen)

	Previous FY (April 1, 2021 to March 31, 2022)	Current FY (April 1, 2022 to March 31, 2023)
Sales	*1 34,862	*1 40,564
Cost of sales	*1 15,368	*1 18,271
Gross profit	19,493	22,293
SG&A expenses	*1,*2 6,805	*1,*2 11,532
Operating income	12,688	10,760
Non-operating income		
Interest income	*1 13	*1 9
Dividend income	34	33
Interest income on securities	15	22
Subsidy income	33	47
Reversal of provision for loss on guarantees	75	36
Other	*1 34	*1 26
Total non-operating income	206	175
Non-operating expenses		
Interest expenses	25	54
Commitment fee	65	11
Provision of allowance for doubtful accounts	117	128
Commission for purchase of treasury shares	-	6
Other	9	0
Total non-operating expenses	217	201
Ordinary income	12,677	10,734
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	0	-
Gain on sale of investment securities	-	724
Gain on extinguishment of tie-in shares	-	145
Total extraordinary income	0	869
Extraordinary losses		
Loss on sales of investment securities	2	-
Loss on valuation of shares of subsidiaries and associates	-	177
Total extraordinary losses	2	177
Net income before taxes	12,674	11,426
Income taxes - current	4,106	3,720
Income taxes - deferred	△276	△177
Total income taxes	3,829	3,543
Net income	8,844	7,882

[Detailed statement of cost of sales]

Category	Note No	Previous FY (April 1, 2021 to March 31, 2022)		Current FY (April 1, 2022 to March 31, 2023)	
		Amount (Millions of yen)	%	Amount (Millions of yen)	%
I. Cost of sales of membership services					
1. Labor cost		2,746	17.9	3,027	16.6
2. Expenses	*1	4,492	29.2	4,281	23.4
3. Cost of services purchased					
(1) Product inventory, beginning of year		473		1,490	
(2) Purchase of services, during year	*2	5,480		7,509	
Total		5,953		8,999	
(3) Product inventory, end of year		1,490		1,320	
Cost of services purchased		4,462	29.0	7,678	42.0
4. Cost of incentive goods purchased					
(1) Product inventory, beginning of year		701		240	
(2) Purchase of services, during year		2,780		2,758	
Total		3,482		2,998	
(3) Product inventory, end of year		240		83	
Cost of incentive goods purchased		3,241	21.1	2,915	16.0
Total cost of sales of membership services		14,943	97.2	17,903	98.0
II. Other cost of sales of services		425	2.8	368	2.0
Cost of sales		15,368	100.0	18,271	100.0

(Footnote)

Previous FY (April 1, 2021 to March 31, 2022)		Current FY (April 1, 2022 to March 31, 2023)	
*1: A major breakdown is as follows:		*1: A major breakdown is as follows:	
Outsourcing expenses	¥1,700 million	Outsourcing expenses	¥1,302 million
Depreciation	¥467 million	Depreciation	¥546 million
Supplies expenses	¥322 million	Supplies expenses	¥470 million
Fee expenses	¥522 million	Fee expenses	¥454 million
Commission expenses	¥338 million	Commission expenses	¥406 million
Communication expenses	¥273 million	Communication expenses	¥293 million
Operational support fees	¥293 million	Operational support fees	¥247 million
*2: A major breakdown is as follows:		*2: A major breakdown is as follows:	
Reimbursement for the use of accommodation/services	¥4,414 million	Reimbursement for the use of accommodation/services	¥5,467 million
Purchase of tickets for sale	189 million	Purchase of tickets for sale	¥1,039 million
Operation of directly managed facilities	¥291 million	Operation of directly managed facilities	¥290 million
Purchase of Individual Benefit Service membership benefits	¥149 million	Purchase of Individual Benefit Service membership benefits	¥113 million
Guidebook production	¥137 million	Guidebook production	¥104 million

3) Statement of changes in net assets

Previous 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

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

(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	35	1,503	7,200	14,679	21,879	△ 1,343	23,567	1,973	1,973	25,540
Changes during the period												
Dividends of surplus						△ 5,742	△ 5,742		△ 5,742			△ 5,742
Net income						7,882	7,882		7,882			7,882
Acquisition of treasury shares								△ 1,500	△ 1,500			△ 1,500
Cancellation of treasury shares			△ 35	△ 35		△ 1,450	△ 1,450	1,485	-			-
Disposal of treasury shares by the Employee Stock Ownership Plan								28	28			28
Changes (net) during the year in items other than Shareholders' equity										△ 524	△ 524	△ 524
Total changes during the period	-	-	△ 35	△ 35	-	689	689	14	668	△ 524	△ 524	144
Balance, end of year	1,527	1,467	-	1,467	7,200	15,369	22,569	△ 1,329	24,235	1,449	1,449	25,684

[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 market value method. (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: 8 to 39 years

Structures: 10 to 50 years

Machinery and equipment: 10 years

Vessels: 7 years

Tools, furniture and fixtures: 3 to 20 years

(2) Intangible assets (excluding leased assets)

The straight-line method is used.

Major useful lives are as follows:

Software used by the Company: 3 to 10 years

Customer-related assets: 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.

(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 doubtful accounts receivables and distressed receivables.

(2) Provision for loss on guarantees

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

(3) Reserve 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.

(5) Provision for retirement benefits

The Company recorded the estimated amount of retirement benefit obligations at the end of the current consolidated fiscal year for employee retirement benefits. For the calculation of the provision for retirement benefits 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.

4. Amortization method and amortization period of goodwill

The Company amortizes goodwill by estimating its effective period (20 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

The main performance obligations in the Employee Benefit Service, Individual Benefit Service, and CRM businesses are (1) 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 (2) providing customer companies with business operations such as the management and reporting of the usage record of "Benefit Station" and the management, adjustment, etc. of usage fees and reimbursement payments. 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 (1) issuing Incentive Point to eligible users, such as the employees of customer companies that have introduced the Company's program (Incentive Point), in return for receiving payment for the program from such customer companies, and providing such users with point exchange items and (2) providing customer companies with business operations such as the management and operation of the program. 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 obligations in the Healthcare business are (1) providing health support services such as health checkup service, health guidance, and vaccination support to the employees of customer companies in return for receiving fees from customer companies and (2) providing customer companies with business operations such as result reporting, settlement, and data management relating to health support services. 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 customer companies with settlement agency services for communication lines, short-distance travel expenses, business travel expenses, etc. in return for receiving fees from customer companies. 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 in return for receiving fees from these shops/stores/restaurants. The Company recognizes revenue when member shops/stores/restaurants have provided their services to the Company's members.

(Material accounting estimates)

(1) 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	388	654
Land	602	602
Software	2,094	4,131
Software in progress	2,821	3,045

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.

(2) Impairment loss on intangible assets and goodwill related to the former JTB BENEFIT SERVICE, Inc.

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)

Not applicable.

(Change of presentation method)

(Balance sheet)

As for "Advances paid" that was included in "Other under "Current assets" in the previous fiscal year, the Company decided to separately present it from the current fiscal year because its monetary importance has increased. To reflect this change of presentation method, the Company has rearranged the financial statements for the previous fiscal year.

As a result, ¥2,019 million that was presented as "Other" under "Current assets" in the balance sheet for the previous fiscal year has been rearranged as "Advances paid" (¥2,003 million) and "Other" (¥16 million).

(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, 2022)	Current FY (March 31, 2023)
Shares of subsidiaries and associates	¥12,177 million	-
	Previous FY (March 31, 2022)	Current FY (March 31, 2023)
Current portion of long-term borrowings	¥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, 2022)	Current FY (March 31, 2023)
Short-term monetary claims	¥510 million	¥588 million
Short-term monetary liabilities	¥67 million	¥58 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, 2022)	Current FY (March 31, 2023)
Amount of reduction entry	¥45 million	¥30 million
(of which, buildings)	¥0 million	¥0 million
(of which, tools, furniture, and fixtures)	¥44 million	¥29 million

4. Contingent liabilities are as follows:

	Previous FY (March 31, 2022)	Current FY (March 31, 2023)
Performance guarantee to customers for contract liabilities		
Benefit One Shanghai Inc.	¥2 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, 2021 to March 31, 2022)	Current FY (April 1, 2022 to March 31, 2023)
Business transactions	¥892 million	¥457 million
Non-business transactions	¥15 million	¥10 million

*2: Major expense items, amounts, and approximate percentages of "Selling, general, and administrative expenses" are as follows:

	Previous FY (April 1, 2021 to March 31, 2022)		Current FY (April 1, 2022 to March 31, 2023)	
Salaries and allowances	¥1,863	million	¥2,543	million
Advertising expenses	¥247	million	¥1,374	million
System usage fee	¥377	million	¥1,083	million
Outsourcing expenses	¥481	million	¥857	million
Depreciation	¥241	million	¥542	million
Legal welfare expenses	¥347	million	¥454	million
Depreciation of customer-related assets	-		¥383	million
Bonuses	¥338	million	¥374	million
Rent expenses on land and buildings	¥166	million	¥342	million
Packing and transportation costs	¥327	million	¥322	million
Welfare expenses	¥245	million	¥318	million
Amortization of goodwill	¥4	million	¥294	million
Provision of allowance for doubtful accounts	¥34	million	¥25	million
Reserve for employee stock ownership plan	¥84	million	¥4	million
Provision for share-based remuneration for Directors (and other officers)	¥51	million	¥2	million
Approximate percentage				
Selling expenses		56.9%		71.4%
General and administrative expenses		43.1%		28.6%

(Change of presentation method)

“Advertising expenses” and “Amortization of goodwill” are recorded from the current fiscal year because their monetary importance has increased although they were not recorded as major expense items in the previous fiscal year. To reflect this change of presentation method, “Advertising expenses” and “Amortization of goodwill” are recorded as major expense items for the previous fiscal year.

(Matters related to securities)

Previous fiscal year (March 31, 2022)

The market 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	Previous FY (March 31, 2022)
Subsidiary company shares	12,495
Affiliated company shares	22
Total	12,517

Current fiscal year (March 31, 2023)

The market 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 fiscal year (March 31, 2023)
Subsidiary company shares	439
Affiliated company shares	22
Total	461

(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, 2022)		Current FY (March 31, 2023)	
Accrued enterprise tax	¥122	million	¥86	million
Accrued business office tax	¥5	million	¥6	million
Allowance for doubtful accounts	¥72	million	¥104	million
Provision for loss on guarantees	¥28	million	¥17	million
Contract liabilities/Point	¥198	million	¥247	million
Reserve for employee stock ownership plan	¥86	million	¥79	million
Provision for share-based remuneration for Directors (and other officers)	¥54	million	¥55	million
Provision for retirement benefits	—	million	¥10	million
Software development expenses	¥295	million	¥344	million
Loss on valuation of investment securities	¥95	million	¥78	million
Loss on valuation of shares of subsidiaries and associates	¥461	million	¥529	million
Asset retirement obligations	¥11	million	¥63	million
Other	¥43	million	¥52	million
Subtotal of deferred tax assets	¥1,475	million	¥1,675	million
Valuation allowance	¥△20	million	¥△18	million
Total deferred tax assets	¥1,455	million	¥1,657	million

(Deferred tax liabilities)

	Previous FY (March 31, 2022)		Current FY (March 31, 2023)	
Cost of removal corresponding to asset retirement obligations	¥△6	million	¥△59	million
Customer-related assets	—	million	¥△2,437	million
Valuation difference on available-for-sale securities	¥△834	million	¥△603	million
Total deferred tax liabilities	¥△841	million	¥△3,100	million
Balance: Net deferred tax assets (△ indicates liabilities)	¥614	million	¥△1,442	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 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 the application of tax effect accounting is 5/100 or less of the normal effective statutory tax rate.

(Matters related to business combination, etc.)

(Common control transactions, etc.)

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 the 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 the efficient allocation and utilization of management resources and on the 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 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 processed the merger as a common control transaction.

(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)

Not applicable.

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	388	326	-	60	654	665	1,320
	Structures	16	3	-	2	18	49	67
	Machinery and equipment	0	-	-	0	0	5	5
	Vessels	19	-	-	6	12	200	213
	Tools, furniture and fixtures	46	169	-	92	122	350	473
	Land	602	-	-	-	602	-	602
	Leased assets	105	93	-	57	142	514	656
	Construction in progress	-	16	-	-	16	-	16
	Total	1,179	609	-	219	1,569	1,786	3,356
Intangible assets	Goodwill	-	5,824	-	294	5,529		
	Software	2,094	2,991	-	955	4,131		
	Software in progress	2,821	3,409	3,185	-	3,045		
	Leased assets	5	-	-	3	2		
	Customer-related assets	-	8,345	-	383	7,961		
	Other	2	-	-	0	2		
	Total	4,923	20,571	3,185	1,636	20,672		

Note 1: Major increases in the current fiscal year are as follows:

Software Development of core system functions: ¥2,509 million

Software in progress Development of core system functions: ¥2,734 million

Note 2: The decrease in "Software in progress" in the current fiscal year is mainly due to the transfer to "Software."

Note 3: The increase in the current fiscal year includes an increase resulting from the absorption-type merger with JTB BENEFIT SERVICE, Inc. as follows:

Buildings ¥6 million

Tools, furniture and fixtures ¥108 million

Leased assets ¥0 million

Goodwill ¥5,824 million

Software ¥261 million

Software in progress ¥2 million

Customer-related assets ¥8,345 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	235	153	1	46	341
Provision for loss on guarantees	94	-	-	36	57
Reserve for employee stock ownership plan	281	3	26	-	258
Provision for share-based remuneration for Directors (and other officers)	179	2	-	-	181

Note 1: "Other" under "Decrease in the current year" for "Allowance for doubtful accounts" represents the amount reversed as a result of executing a debt equity swap for a subsidiary.

Note 2: "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	Securities Agency Division, Mitsubishi UFJ Trust and Banking Corporation 4-5, 1-chome, Marunouchi, Chiyoda-ku, Tokyo
Administrator of the shareholder register	Mitsubishi UFJ Trust and Banking Corporation 4-5, 1-chome, Marunouchi, Chiyoda-ku, Tokyo
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	Shareholders who are recorded in the shareholder register as of the end of March every year and who hold one or more units 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. Holders of 100 or more shares: Benefit Station Shareholder Course

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 27th fiscal year (April 1, 2021 to March 31, 2022) were submitted to the Director-general of the Kanto Finance Bureau on June 29, 2022.

(2) Internal control report and accompanying documents

These documents were submitted to the Director-general of the Kanto Finance Bureau on June 29, 2022.

(3) Quarterly securities report and confirmation letter

These documents for the first quarter of the 28th fiscal year (April 1, 2022 to June 30, 2022) were submitted to the Director-General of the Kanto Finance Bureau on August 12, 2022.

These documents for the second quarter of the 28th fiscal year (July 1, 2022 to September 30, 2022) were submitted to the Director-General of the Kanto Finance Bureau on November 14, 2022.

These documents for the third quarter of the 28th fiscal year (October 1, 2022 to December 31, 2022) were submitted to the Director-General of the Kanto Finance Bureau on February 14, 2023.

(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 29, 2022.

(5) Share buyback report

A share buyback report was submitted to the Director-General of the Kanto Finance Bureau on July 15, 2022.

Part II: Information on the Reporting Company's Guarantor Company, etc.

Not applicable.