

2. Dividends

	Annual Dividends					Total Dividend Payment	Dividend Payout Ratio	Ratio of Dividends to Net Assets
	End of Q1	End of Q2	End of Q3	Year-end	Total			
	¥	¥	¥	¥	¥	¥ million	%	%
FY'21/2	-	27.00	-	29.00	56.00	3,195	505.0	10.2
FY'22/2	-	27.00	-	34.00	61.00	3,502	97.2	10.8
FY'23/2 (forecast)	-	27.00 ~44.00	-	29.00 ~57.00	56.00 ~101.00		50.6 ~52.7	

Note: The ratio of dividends to net assets for FY'21/2 is based on year-end consolidated net assets per share since consolidated accounting has been adopted from FY'21/2 and it is the first year of consolidation.

3. Consolidated Operating Results Forecast for FY'23/2 (from March 1, 2022 to February 28, 2023)

(Percentage figures indicate year-on-year change)

	Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent		Net Income per Share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
1st Half	23,800	35.1	4,400	44.7	4,300	48.3	2,800	30.1	50.40
	~27,500	~56.1	~7,300	~140.1	~7,200	~148.2	~4,800	~123.0	~86.40
Full-year	49,400	25.0	9,400	67.8	9,100	71.0	5,900	69.2	106.20
	~59,300	~50.1	~16,900	~201.7	~16,600	~212.0	~11,100	~218.3	~199.80

* Notes

(1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries causing changes in scope of consolidation): None

Newly included: None

Excluded: None

(2) Changes in accounting policies, changes in accounting estimates and restatements during the period under review

1. Changes in accounting policies resulting from revisions to accounting standards: None

2. Changes in accounting policies other than those in 1 above: None

3. Changes in accounting estimates: None

4. Restatements: None

(3) Number of outstanding shares (Common stock)

1. Number of shares issued at end of period (including treasury shares)

FY'22/2	60,140,000 shares	FY'21/2	60,140,000 shares
FY'22/2	4,371,937 shares	FY'21/2	4,815,802 shares
FY'22/2	55,554,875 shares	FY'21/2	54,809,478 shares

2. Number of treasury shares at end of period

3. Average number of shares outstanding during the period

Treasury shares include the number of Company shares owned by the ESOP trust account (1,644,240 shares at the end of FY'21/2; 1,562,485 shares at the end of FY'22/2) and the number of Company shares owned by BIP trust account (74,206 shares at the end of FY'21/2; 100,706 shares at the end of FY'22/2).

(Reference) Overview of non-consolidated operating results

Non-consolidated Operating Results for FY'22/2 (from March 1, 2021 to February 28, 2022)

(1) Non-consolidated business performance

(Percentage figures indicate year-on-year change)

	Sales		Operating Income		Ordinary Income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
FY'22/2	39,515	21.6	5,671	(23.0)	5,446	(24.7)	3,610	482.1
FY'21/2	32,494	(30.0)	7,363	(48.7)	7,231	(49.8)	620	(93.8)

	Net Income per Share	Diluted Net Income per Share
	¥	¥
FY'22/2	64.99	64.83
FY'21/2	11.32	-

Diluted net income per share for FY'21/2 is not disclosed due to the absence of dilution effects although dilutive shares existed.

(2) Non-consolidated financial position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	¥ million	¥ million	%	¥
FY'22/2	42,959	33,496	76.7	590.64
FY'21/2	36,471	31,749	84.6	557.76

(Reference) Shareholders' equity: FY'22/2 ¥ 32,939 million FY'21/2 ¥30,857 million

* The Financial Results are not subject to audit by a certified public accountant or an audit firm.

* Explanation on the appropriate use of operating results forecasts and other notes

(Notes on forward-looking statements)

The forward-looking statements contained herein are based on the information currently available to the Company's management and certain assumptions the Company deems reasonable at the time of preparing Financial Results. Actual results may differ significantly from the forecasts due to a variety of factors. For assumptions regarding operating results forecasts and notes on the use of the forecasts, see the section "(5) Outlook" under "1. Analysis of Operating Results and Financial Position" on page 5.

(Delivery of supplementary documents on the financial results)

Supplementary documents on the financial results are scheduled to be posted on the Company's website on April 14, 2022.

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1. Analysis of Operating Results and Financial Position

The AI/RPA business has been renamed DX business, starting FY'22/2.

To further promote the DX of the recruiting process of client companies, we have reviewed our business management categories and changed the reported segment category of Corporate Recruiting Page KOBOT (previously Baitoru RHP) from the personnel recruiting services business to the DX business, effective FY'22/2. For purposes of comparison, figures for FY'21/2, are based on the new categorization.

(1) Operating Results

Since its establishment in 1997, dip Corporation (hereinafter, the “Company”) has assisted its client companies with the recruiting and deployment of human resources by providing online job information sites, as well as creating an environment where each job seeker can work with enthusiasm and energy, based on its corporate philosophy of ‘Here at dip, we want to tap into dreams, ideas and passion to create a better society.’

Since FY'20/2, under the corporate vision of becoming a ‘Labor force solution company,’ the Company has been aiming to realize a society in which everyone can experience the joy and happiness of work, through the provision of personnel recruiting services and DX (digital transformation) services and by working to solve various problems in the labor market.

Thanks to the steady recovery of the personnel recruiting services business and the high growth of the DX business, sales for FY'22/2 amounted to ¥39,515 million (up 21.6% year on year).

With regards to costs, the Company made upfront, large-scale advertising investments to further increase market share in the part-time and personnel dispatch media as well as to increase recognition of Baitoru PRO. As a result, operating income and ordinary income ended at ¥5,602 million (down 23.4% year on year) and ¥5,320 million (down 18.2% year on year), respectively.

In the DX business, the Company decided to terminate the sale of RPA tool licenses in order to concentrate its management resources in the development and sale of SaaS products, and posted a provision for loss on contracts of ¥221 million for the license contracts as extraordinary losses. As a result, net income attributable to owners of parent stood at ¥3,487 million (up 473.9% year on year).

The following is an overview of results by segment.

(i) Personnel Recruiting Services Business

The personnel recruiting services business operates job advertising platforms, including Baitoru, a job information site for part-time workers, Baitoru NEXT, a job information site for regular employees and contract employees, Hatarako.net, a comprehensive job information site, and Baitoru PRO, a comprehensive job information site for specialized jobs. The Company aims to expand the user and customer bases for these platforms through the vigorous efforts of its sales force and the award-winning quality of its websites.

During the fourth quarter of FY'22/2, sales of Baitoru and Baitoru NEXT recovered to pre-pandemic levels in a market that had not recovered to pre-pandemic levels. As a result, segment sales and segment profit for FY'22/2 ended at ¥36,686 million (up 16.6% year on year) and ¥9,513 million (down 19.0% year on year). The Company will continue to make efforts to grow its market share further.

Baitoru PRO, which was launched in May 2021, saw steady progress as it gained the largest number of job postings in the nursing care, childcare and beauty care sectors, as well as, in March 2022, the healthcare sector. The number of job postings for all sectors exceeded 500,000 in April 2022. The Company will continue to make efforts to expand services in the specialized job sector, which is facing a serious labor shortage, by making the most of its sales force, customer base, and promotion know-how.

(ii) DX Business

Since September 2019, the DX business has been supporting the digital transformation (DX) of SMEs through the offering of KOBOT, a DX service packaged according to the workflows of client companies. The product is based on a subscription model, and is designed specifically for small and medium sized companies and is packaged with a limited number of functions.

During FY'22/2, a reinforcement of the sales promotion system led to an increase in sales of the Interview Scheduling KOBOT, which automatically schedules interviews with job applicants, and Temp Agency Kobot, as well as recurring products* including the Corporate Recruiting Page KOBOT, which creates client recruiting pages featuring Baitoru’s unique functions such as workplace introduction videos. As a result, segment sales were ¥2,828 million (up 172.3% year on year) and segment profit was ¥742 million.

The Company will continue to make efforts to reduce cancellation rates and boost upselling by enhancing the quality of its products and improving the efficiency of CS operations. It will also strive to improve its marketing efficiency by increasing sales of packages of multiple DX products.

*Recurring products: Products with automatic renewal or long-term contracts.

(2) Financial Position

(Current assets)

Total current assets recorded in the consolidated financial statements at the end of FY'22/2 were ¥22,653 million, an increase of ¥4,871 million from the end of the previous fiscal year. The main factors were increases of ¥4,106 million in cash and deposits and ¥1,320 million in notes and accounts receivable - trade.

(Non-current assets)

Total non-current assets recorded in the consolidated financial statements at the end of FY'22/2 were ¥19,800 million, an increase of ¥1,713 million from the end of the previous fiscal year. The main factors were increases of ¥266 million yen in property, plant and equipment, ¥906 million in intangible assets and ¥540 million in investments and other assets.

(Current liabilities)

Total current liabilities recorded in the consolidated financial statements at the end of FY'22/2 were ¥8,032 million, an increase of ¥4,455 million from the end of the previous fiscal year. The main factors were increases of ¥1,510 million in accounts payable - other, ¥2,127 million in income taxes payable, ¥347 million in provision for bonuses and ¥342 million in other current liabilities.

(Non-current liabilities)

Total non-current liabilities recorded in the consolidated financial statements at the end of FY'22/2 were ¥1,432 million, an increase of ¥318 million from the end of the previous fiscal year. The main factors were increases of ¥165 million in provision for loss on contracts and ¥115 million in other non-current liabilities.

(Net assets)

Total net assets recorded in the consolidated financial statements at the end of FY'22/2 were ¥32,989 million, an increase of ¥1,810 million from the end of the previous fiscal year. The main factors were increases of ¥1,415 million in capital surplus and ¥471 million in retained earnings.

(3) Cash Flows

Cash and cash equivalents (hereinafter, “cash”) amounted to ¥ 16,569million at the end of the fiscal year under review.

The breakdowns of cash flows are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities was ¥10,482 million (an increase of ¥4,576 million year on year). This was mainly attributable to net income before income taxes of ¥4,996 million, depreciation of ¥2,452 million, share-based remuneration expenses of ¥783 million, increase in accounts payable - other of ¥1,487 million and income taxes refund of ¥609 million, which offset a ¥1,320 million increase in trade receivables.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥3,850 million (a decrease of ¥5,792 million year on year). This was mainly attributable to the purchase of intangible assets totaling ¥3,307 million and the purchase of property, plant and equipment amounting to ¥496 million.

(Cash flows from financing activities)

Net cash used in financing activities was ¥2,524 million (a decrease of ¥516 million year on year). This was mainly attributable to a dividend payment of ¥3,199 million, which offset ¥501 million in proceeds from the exercise of employee share options.

(Reference) Trend of indicators for cash flows is as follows.

	FY'18/2	FY'19/2	FY'20/2	FY'21/2	FY'22/2
Shareholders' equity ratio (%)	72.4	74.0	74.3	84.4	76.4
Shareholders' equity ratio on a market value basis (%)	662.9	323.4	345.0	447.0	445.3
Ratio of cash flow to interest-bearing debts (annual)	-	-	-	-	-
Interest coverage ratio (times)	36,689.5	-	-	-	-

Shareholders' equity ratio: Shareholders' equity/Total assets

Shareholders' equity ratio on a market value basis: Market capitalization/Total assets

Ratio of cash flow to interest-bearing debts: Interest-bearing debts/Operating cash flow

Interest coverage ratio: Operating cash flow/Interest payments

(Note 1) The figures for FY'20/2 are based on the non-consolidated financial statements.

(Note 2) The ratio of cash flow to interest-bearing debt is not stated, as there has been no interest-bearing debt since FY'18/2.

(Note 3) The interest coverage ratio is not stated for FY'19/2 through FY'22/2 since there were no interest payments.

(4) Basic Policy on Profit Distribution and Dividends for the Current and Upcoming Fiscal Years

The Company reached its 25th anniversary on March 14, 2022. It owes this to the long-standing support of its shareholders and other stakeholders. To commemorate its 25th anniversary and to express its gratitude for shareholders, the Company has decided to pay a commemorative dividend of ¥5 per share.

Additionally, dip considers income distribution to shareholders to be one of its most important management responsibilities and has been using a dividend payout ratio of 50% as a guide as well as taking into consideration the dividend results of the prior fiscal year in determining dividend payments. Based on this policy, dip will pay an ordinary dividend of ¥29 per share, the same amount as the year-end dividend for the previous fiscal year.

As a result, the total year-end dividend per share for FY'22/2 will be ¥34.

For FY'23/2, the Company plans to pay an annual ordinary dividend of ¥56~101 per share, which is broken down into an interim dividend of ¥27~44 per share and a year-end dividend of ¥29~57 per share, after taking into consideration its full-year operating results, financial position and other matters.

(5) Outlook

With regard to the macro environment in FY'23/2, we expect the COVID-19 pandemic to begin to abate due to the progress in vaccination, despite the unstable international situation and the resulting uncertainties in the supply and price movements of resources.

Under such circumstances, we expect sales of the personnel recruiting services business to recover to pre-pandemic levels thanks to the upfront, large-scale advertising investments that we made in FY'22/2 to increase market share, combined with the recovery in demand.

In the DX business, we expect both sales and operating income to continue to grow significantly due to continued efforts to increase sales by the Company's sales representatives, as well as through product quality enhancement and streamlining of marketing and CS operations.

The full-year consolidated operating results forecast for FY'23/2 based on the above is as follows.

Consolidated operating results forecast for FY'23/2 (from March 2022 to February 2023)

	FY'22/2 (Actual)	FY'23/2 (Forecast)	Change (in amount)	Change (in percentage)
	¥ million	¥ million	¥ million	%
Sales	39,515	49,400 ~ 59,300	9,884 ~ 19,784	+25.0% ~ +50.1%
Operating Income	5,602	9,400 ~ 16,900	3,797 ~ 11,297	+67.8% ~ +201.7%
Ordinary Income	5,320	9,100 ~ 16,600	3,779 ~ 11,279	+71.0% ~ +212.0%
Net Income Attributable to Owners of Parent	3,487	5,900 ~ 11,100	2,412 ~ 7,612	+69.2% ~ +218.3%

2. Situation of the Corporate Group

The main businesses of the Company are the personnel recruiting services business, which provides human work force, and the DX business, which provides digital labor force.

(Personnel Recruiting Services Business)

In the personnel recruiting services business, the Company has assisted its client companies with the recruiting and deployment of human resources by providing online job information sites, as well as creating an environment where each job seeker can work with enthusiasm and energy.

The major services provided by the personnel recruiting services business are as follows:

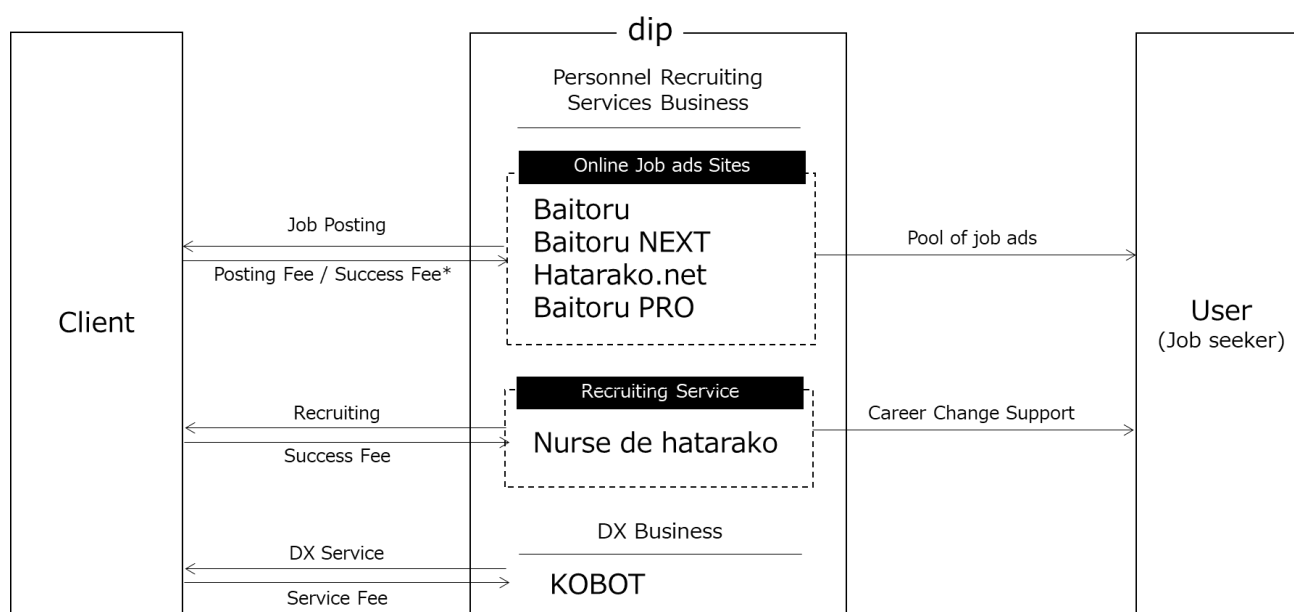
Name of service	Description
Baitoru	A website offering part-time employment information
Baitoru NEXT	A job information website for those seeking regular or contract employee posts
Hatarako.net	A comprehensive job information website
Baitoru PRO	A comprehensive job information website for specialized jobs
Nurse de Hatarako	A recruitment services for nurses

(DX Business)

In the DX business, since September 2019, the Company has been supporting the digital transformation (DX) of SMEs through the offering of KOBOT, a DX service packaged according to the workflows of client companies. The product is based on a subscription model and is designed specifically for small and medium sized companies and is packaged with a limited number of functions.

Name of service	Description
Corporate Recruiting Page KOBOT	Creates websites for recruiting activities featuring Baitoru's unique functions such as workplace introduction videos
Interview Scheduling KOBOT	Automatically sets interview dates with applicants
Personnel Administration KOBOT	Part-time worker onboarding and labor management
Temp Agency KOBOT	Supports the sales activities of temp agencies
Patronage KOBOT	Supports marketing activities by restaurants and retailers

The business flow chart is as follows:



* Baitoru PRO also charges application fees and hiring fees in addition to posting fees

3. Basic Approach towards Selection of Accounting Standards

The company currently carries out business and fund procurement mainly in Japan and will adopt Japanese standards for the time being. Regarding the application of IFRS (International Financial Reporting Standards), we plan to deal with the matter as appropriate based on future business development and trends of domestic competitors.

4. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Thousands of yen)

	FY'21/2	FY'22/2
Assets		
Current assets		
Cash and deposits	12,462,677	16,569,547
Notes and accounts receivable - trade	3,564,913	4,885,098
Supplies	5,421	14,672
Other	1,862,167	1,299,280
Allowance for doubtful accounts	(113,149)	(114,967)
Total current assets	17,782,031	22,653,631
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,752,278	1,886,784
Accumulated depreciation	(575,256)	(609,275)
Buildings and structures, net	1,177,021	1,277,509
Tools, furniture and fixtures	977,204	945,448
Accumulated depreciation	(686,393)	(724,771)
Tools, furniture and fixtures, net	290,810	220,676
Land	227,782	465,499
Construction-in-progress	2,455	665
Total property, plant and equipment	1,698,070	1,964,350
Intangible assets		
Software	6,155,008	7,690,693
Other	676,615	47,415
Total intangible assets	6,831,623	7,738,109
Investments and other assets		
Investment securities	5,663,928	5,891,709
Long-term loans	300,000	300,000
Deferred tax assets	619,641	1,241,097
Other	2,985,550	2,677,565
Allowance for doubtful accounts	(11,455)	(12,092)
Total investments and other assets	9,557,664	10,098,279
Total non-current assets	18,087,358	19,800,739
Total assets	35,869,390	42,454,370
Liabilities		
Current liabilities		
Accounts payable – trade	283,333	398,655
Accounts payable – other	1,745,153	3,255,421
Income taxes payable	–	2,127,770
Provision for repayment	19,912	20,124
Provision for bonuses	203,690	551,605
Allowance for loss on contracts	–	56,250
Asset retirement obligations	44,715	–
Other	1,279,783	1,622,745
Total current liabilities	3,576,588	8,032,572
Non-current liabilities		
Provision for share-based remuneration	78,260	78,599
Provision for share-based remuneration for directors	116,840	152,520
Asset retirement obligations	480,554	482,239
Allowance for loss on contracts	–	165,000
Other	438,946	554,305
Total non-current liabilities	1,114,601	1,432,663
Total liabilities	4,691,190	9,465,236

(Thousands of yen)

	FY'21/2	FY'22/2
Net assets		
Shareholders' equity		
Share capital	1,085,000	1,085,000
Capital surplus	3,234,282	4,650,102
Retained earnings	28,270,725	28,742,311
Treasury shares	(2,287,095)	(2,072,330)
Total shareholders' equity	30,302,911	32,405,083
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(33,575)	10,532
Total accumulated other comprehensive income	(33,575)	10,532
Share acquisition rights	892,247	557,418
Non-controlling interests	16,615	16,100
Total net assets	31,178,199	32,989,134
Total liabilities and net assets	35,869,390	42,454,370

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statement of Income

(Thousands of yen)

	FY'21/2	FY'22/2
Sales	32,494,768	39,515,290
Cost of sales	3,303,654	4,545,391
Gross profit	29,191,113	34,969,898
Selling, general and administrative expenses	21,878,955	29,367,521
Operating income	7,312,158	5,602,376
Non-operating income		
Interest income	3,891	5,191
Insurance claim income	14,887	16,356
Dividend income of insurance	5,353	4,800
Subsidy income	4,265	13,702
Other	10,491	25,431
Total non-operating income	38,889	65,481
Non-operating expenses		
Share of loss of entities accounted for using equity method	741,572	124,503
Amortization of restricted stock remuneration	91,346	199,359
Other	17,085	23,093
Total non-operating expenses	850,005	346,957
Ordinary profit	6,501,042	5,320,901
Extraordinary income		
Gain on change in equity	159,368	—
Gain on reversal of share acquisition rights	203,006	203,843
Total extraordinary income	362,375	203,843
Extraordinary losses		
Loss on valuation of investment securities	5,723,762	—
Provision for loss on contracts	—	221,250
Loss on valuation of advances	—	137,250
Impairment loss	—	170,196
Total extraordinary losses	5,723,762	528,696
Profit before income taxes	1,139,655	4,996,047
Income taxes – current	361,927	2,151,567
Income taxes - deferred	169,826	(641,054)
Total income taxes	531,753	1,510,513
Net Income	607,901	3,485,534
Net (loss) income attributable to non-controlling interests	230	(1,868)
Net income attributable to owners of parent	607,671	3,487,402

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY'21/2	FY'22/2
Net income	607,901	3,485,534
Other comprehensive income		
Valuation difference on available-for-sale securities	(14,711)	44,449
Share of other comprehensive income of entities accounted for using equity method	1,758	(342)
Total other comprehensive income	(12,953)	44,107
Comprehensive income	594,948	3,529,641
(Breakdown)		
Comprehensive income attributable to owners of parent	594,717	3,531,509
Comprehensive income attributable to non-controlling interests	230	(1,868)

(3) Consolidated Statement of Changes in Equity

FY'21/2 (From March 1, 2020 to February 28, 2021)

(Thousand Yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,085,000	2,194,544	30,784,271	(4,140,840)	29,922,975
Changes during period					
Dividends of surplus			(3,167,083)		(3,167,083)
Net income attributable to owners of parent			607,671		607,671
Purchase of treasury shares				(145)	(145)
Disposal of treasury shares		2,209,854		663,677	2,873,531
Cancellation of treasury shares		(1,190,212)		1,190,212	—
Increase due to decrease in affiliates			45,865		45,865
Change in ownership interest of parent due to transactions with non-controlling interests		20,096			20,096
Changes in items other than shareholders' equity (net)					—
Total changes during period	—	1,039,737	(2,513,546)	1,853,744	379,936
Balance at end of period	1,085,000	3,234,282	28,270,725	(2,287,095)	30,302,911

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of period	(20,621)	(20,621)	946,142	—	30,848,497
Changes during period					
Dividends of surplus					(3,167,083)
Net income attributable to owners of parent					607,671
Purchase of treasury shares					(145)
Disposal of treasury shares					2,873,531
Cancellation of treasury shares					—
Increase due to decrease in affiliates					45,865
Change in ownership interest of parent due to transactions with non-controlling interests					20,096
Changes in items other than shareholders' equity (net)	(12,953)	(12,953)	(53,895)	16,615	(50,233)
Total changes during period	(12,953)	(12,953)	(53,895)	16,615	329,702
Balance at end of period	(33,575)	(33,575)	892,247	16,615	31,178,199

FY'22/2 (From March 1, 2021 to February 28, 2022)

(Thousand Yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,085,000	3,234,232	28,270,725	(2,287,095)	30,302,911
Changes during period					
Dividends of surplus			(3,204,394)		(3,204,394)
Net income attributable to owners of parent			3,437,402		3,487,402
Purchase of treasury shares				(90,255)	(90,255)
Disposal of treasury shares		1,415,320		305,020	1,720,841
Cancellation of treasury shares			188,578		188,578
Increase due to decrease in affiliates					
Change in ownership interest of parent due to transactions with non-controlling interests					
Changes in items other than shareholders' equity (net)					
Total changes during period		1,415,820	471,586	214,765	2,102,171
Balance at end of period	1,085,000	4,650,102	28,742,311	(2,072,330)	32,405,083

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of period	(33,575)	(33,575)	892,247	16,615	31,178,199
Changes during period					
Dividends of surplus					(3,204,394)
Net income attributable to owners of parent					3,487,402
Purchase of treasury shares					(90,255)
Disposal of treasury shares					1,720,841
Cancellation of treasury shares					
Increase due to decrease in affiliates					188,578
Change in ownership interest of parent due to transactions with non-controlling interests					
Changes in items other than shareholders' equity (net)	44,107	44,107	(334,829)	(514)	(291,237)
Total changes during period	44,107	44,107	(334,829)	(514)	1,810,934
Balance at end of period	10,532	10,532	557,418	16,100	32,989,134

(4) Consolidated Statement of Cash Flows

(Thousand Yen)

	FY'21/2 From March 1, 2020 To February 28, 2021	FY'22/2 From March 1, 2021 To February 28, 2022
Cash flows from operating activities		
Net income before income taxes	1,139,655	4,996,047
Depreciation	1,999,686	2,452,905
Share-based remuneration expenses	497,597	783,374
Share of loss (profit) of entities accounted for using equity method	741,572	124,503
Interest and dividend income	(3,453)	(5,191)
Insurance claim income	(5,353)	(4,800)
Commission expenses	14,928	17,773
Loss (gain) on sales of investment securities	5,724,610	-
Loss (gain) on change in equity	(159,368)	-
Gain on reversal of share acquisition rights	(203,006)	(203,843)
Impairment loss		170,196
Valuation loss of advance payment		137,250
Decrease (increase) in trade receivables	2,241,001	(1,320,822)
Increase (decrease) in trade payables	28,729	115,322
Increase (decrease) in unearned revenue	(32,902)	194,837
Increase (decrease) in accounts payable - other	(1,703,879)	1,401,263
Increase (decrease) in allowance for doubtful accounts	(16,447)	2,455
Increase (decrease) in provision for bonuses	(52,005)	347,915
Increase (decrease) in provision for refund	(5,362)	212
Increase (decrease) in provision for loss on contracts		221,250
Decrease (increase) in other assets	(118,518)	296,914
Increase (decrease) in other liabilities	(794,427)	220,400
Other, net	37,624	26,254
Subtotal	9,330,682	10,060,170
Interest and dividends received	66	2,242
Proceeds from insurance income	5,353	4,800
Income taxes paid	(3,430,261)	(194,062)
Reimbursement of income taxes		609,242
Cash flows from operating activities	5,905,840	10,482,392
Cash flows from investing activities		
Purchase of property, plant and equipment	(155,438)	(496,987)
Purchase of intangible assets	(3,213,099)	(3,307,294)
Purchase of investment securities	(9,869,461)	(100,000)
Proceeds from sales of investment securities	3,593,469	-
Payments of leasehold and guarantee deposits	(4,246)	(889)
Proceeds from refund of leasehold and guarantee deposits	5,338	59,235
Payments associated with fulfillment of asset retirement obligations		(4,842)
Cash flows from investing activities	(9,643,438)	(3,850,778)
Cash flows from financing activities		
Purchase of treasury shares	(145)	(90,255)
Proceeds from sales of treasury shares	88,768	279,995
Proceeds from exercise of employee share options	12,275	501,407
Dividends paid	(3,163,372)	(3,199,800)
Proceeds from share issuance to non-controlling shareholders	36,152	1,682
Other payments	(14,928)	(17,773)
Cash flows from financing activities	(3,041,250)	(2,524,744)
Increase (decrease) in cash and cash equivalents	(6,778,848)	4,106,869
Cash and cash equivalents at beginning of period	19,241,526	12,462,677
Cash and cash equivalents at end of period	※ 12,462,677	※ 16,569,547

(5) Notes on Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable

(Bases of Presenting Consolidated Financial Statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 1

Name of consolidated subsidiary: DIP Labor Force Solution Investment Business Limited Partnership (“DIP Labor Force Solution Fund”)

(2) Non-consolidated subsidiaries

Name of non-consolidated subsidiary: DIP America, Inc.

Reason for exclusion from scope of consolidation:

The non-consolidated company has been excluded from the scope of consolidation since it is minor in size and its total assets, sales, net income/loss (amount proportional to the equity share) and retained earnings (amount proportional to the equity share), etc., do not have a significant impact on consolidated financial statements.

2. Application of equity method

(1) Number of affiliates accounted for using the equity method: 3

Names of affiliates: hachidori, inc.
 i:Sales Inc.
 TRUNK Co., Ltd.

GAUSS Co., Ltd. and JOLLY GOOD Inc. were removed from the scope of equity method application since they ceased to fall under affiliated companies pursuant to the effective control approach. In addition, Marketing-Robotics INC. changed its name to i:Sales Inc.

(2) Non-consolidated subsidiaries and affiliates not accounted for using the equity method

Names of non-consolidated subsidiaries and affiliates not accounted for using the equity method:

DIP America, Inc.
Bioworks Corporation

Reason for not applying the equity method:

These companies have been excluded from the scope of application of the equity method since they have a minor impact on consolidated financial statements in terms of net income (amount proportional to the equity share) and retained earnings (amount proportional to the equity share), etc., and have no significance as a whole if they are excluded from the target of the equity method.

(3) Matters deemed necessary to be stated regarding procedures for application of the equity method

The most recent financial statements have been used for companies accounted for using the equity method that have a different fiscal year-end date.

The consolidated statements have been adjusted to reflect significant transactions that took place between their fiscal year-end dates and the consolidated fiscal year-end date.

3. Fiscal periods of consolidated subsidiaries

The fiscal year-end date of consolidated subsidiary DIP Labor Force Solution Investment Business Limited Partnership is November 30. The financial statements as of its fiscal year-end date have been used in the preparation of consolidated financial statements. The consolidated statements have been adjusted to reflect significant transactions that took place between its fiscal year-end date and the consolidated fiscal year-end date.

4. Significant Accounting Policies

(1) Valuation standards and methods for significant assets

(i) Securities

Available-for-sale securities

Securities without market value.....The moving-average cost method

(ii) Valuation standards and methods for inventories

Supplies.....Last purchase cost method

(Balance sheet amounts are determined by writing down the book value according to the decrease in profitability.)

(2) Depreciation methods for major depreciation assets

(i) Tangible fixed assets

Depreciation of buildings is calculated by the straight-line method, and depreciation of tangible fixed assets except for buildings is based on the declining-balance method. However, depreciation of facilities attached to buildings and structures acquired on or after April 1, 2016 is based on the straight-line method.

Useful lives of major assets are as follows:

Buildings and structures: 3 to 47 years

Tools, furniture and fixtures: 2 to 20 years

(ii) Intangible fixed assets

Depreciation of intangible fixed assets is calculated by the straight-line method. However, depreciation of software for internal use is based on the usable period (5 years) in the Company.

(3) Reporting basis for significant allowances

(i) Allowance for doubtful accounts

To prepare for bad debt losses from accounts receivable, loans receivable, etc., the Company provides for the estimated uncollectible amount of normal receivables based on historical loss ratios. Specific claims including doubtful receivables, etc. are individually evaluated for the likelihood of recovery and the estimated uncollectible amount is provided.

(ii) Provision for refund

To prepare for future refunds of recruitment fees in the human resources introduction service for nurses, the estimated amount of future refunds is recorded.

(iii) Provision for bonuses

To provide for payment of bonuses to employees, an estimated amount of bonuses to be paid is recorded at the end of the fiscal year.

(iv) Provision for employee benefit trust

To provide for stock-based incentives for employees pursuant to the Stock Granting Regulations, an estimated amount according to points allotted to employees is recorded at the end of the fiscal year.

(v) Provision for management board benefit trust

To provide for stock-based compensation to directors pursuant to the Stock-based Compensation Regulations, an estimated amount according to points allotted to directors in office at the end of the fiscal year is recorded.

(vi) Allowance for losses on contracts

To provide for losses that may be incurred during the remaining terms of contracts with outside business partners, an estimated amount of losses expected to be incurred in the future is recorded.

(4) Scope of cash and cash equivalents in the statement of cash flows

Cash and cash equivalents in the statement of cash flows comprise cash in hand, demand deposits, and short-term investments with maturities of three months or less from the date of acquisition, that are liquid, readily convertible into cash and are subject to minimum risk of price fluctuation.

(5) Other important matters related to the preparation of the financial statements

(i) Accounting for consumption taxes

Consumption taxes are accounted for using a tax-exclusive system.

(ii) Accounting principles and procedures adopted in the absence of clear provisions of related accounting standards, etc.

Restricted Stock Compensation Plan

Compensation paid to the Company's directors (excluding outside directors) and employees under the Company's restricted stock compensation plan is expensed over the applicable service period.

(Notes on Accounting Standards, etc. not yet Applied)

1. Accounting Standard for Revenue Recognition, etc.

- Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; March 31, 2020)
- Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30; March 31, 2020)

(1) Overview

They are comprehensive accounting standards for revenue recognition. Revenue is recognized after applying the following five steps:

Step 1: Identify contract with the customer.

Step 2: Identify performance obligations within a contract.

Step 3: Calculate the transaction price.

Step 4: Allocate the transaction price to performance obligations within a contract.

Step 5: Revenue is recognized when performance obligations are fulfilled or as they are fulfilled.

(2) Scheduled date of application

The beginning of FY'23/2

(3) Impact of application of the accounting standards, etc.

The main impact of the adoption of the "Accounting Standard for Revenue Recognition" is to change the method of deducting sales promotion expenses related to agency agreements, which were previously recorded in selling, general and administrative expenses, from net sales, as they are now considered consideration paid to customers. This change is expected to result in a decrease in net sales and sales promotion expenses.

2. Accounting Standards for Fair Value Measurement, etc.

- Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30; July 4, 2019)
- Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31; July 4, 2019)
- Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9; July 4, 2019)
- Accounting Standard for Financial Instruments (ASBJ Statement No. 10; July 4, 2019)
- Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19; March 31, 2020)

(1) Overview

The Accounting Standard for Fair Value Measurement and the Implementation Guidance on Accounting Standard for Fair Value Measurement (hereinafter, "Accounting Standards for Fair Value Measurement, etc.") were developed to improve comparability with international accounting standards, and guidance, etc. on the method of fair value measurement were set forth. The Accounting Standards for Fair Value Measurement, etc. will be applied to the fair value of the following items:

- Financial instruments in the Accounting Standard for Financial Instruments
- Inventories held for trading purposes in the Accounting Standard for Measurement of Inventories

In addition, the Implementation Guidance on Disclosures about Fair Value of Financial Instruments was revised to set forth notes such as the breakdown for each fair value level of financial instruments.

(2) Scheduled date of application

The beginning of FY'23/2

(3) Impact of application of the accounting standards, etc.

The impact of the application of the Accounting Standard for Fair Value Measurement and others on consolidated financial statements has not yet been determined at present.

(Changes in Presentation)

(Consolidated Balance Sheet)

“Long-term prepaid expenses,” which was separately presented under “Investments and other assets” for FY’21/2, is included in “Other” under “Investments and other assets” from FY’22/2 because its amount has become immaterial. To reflect this change in presentation, the Company has reclassified the consolidated financial statements for FY’21/2.

As a result, ¥1,825,956 thousand of “Long-term prepaid expenses” presented in “Investments and other assets” in the consolidated balance sheet for FY’21/2 are reclassified to “Other.”

“Accounts payable - other,” which was included in “Other” of “Current liabilities” for FY’21/2, is separately presented from FY’22/2 because its amount has become material. To reflect this change in presentation, the Company has reclassified the consolidated financial statements for FY’21/2.

As a result, ¥3,024,936 thousand of “Other” presented in “Current liabilities” in the consolidated balance sheet for FY’21/2 are reclassified to ¥1,745,153 thousand of “Accounts payable - other” and ¥1,279,783 thousand of “Other.”

(Additional Information)

(Employee Stock Ownership Plan (ESOP) Trust)

In May 2012, the Company introduced an employee stock ownership plan trust (“ESOP trust”) to enhance corporate value in the medium and long term by motivating Company employees to work harder and creating a greater awareness of participation in management and by further promoting management aimed at increasing the value of Company shares.

(1) Summary of plan

By contributing funds for the acquisition of Company shares, the Company established a trust with employees who satisfy certain requirements as the beneficiaries. Over a predetermined acquisition period, the trust acquires from the stock market Company shares in the number expected to be delivered to Company employees in accordance with pre-established Stock Granting Regulations. Subsequently, the trust delivers or pays to employees without compensation, either whilst in employment or on retirement, Company shares or the proceeds from their sale according to the rank and years of service of employees during the trust period in accordance with the Stock Granting Regulations.

(2) Company shares remaining in the trust

Company shares held in the ESOP trust account are recorded as treasury shares under net assets at book value to the trust (excluding ancillary expenses). The book value and number of treasury shares are ¥105,409 thousand and 1,644,240 shares, respectively, at the end of FY’21/2, and ¥100,161 thousand and 1,562,485 shares, respectively, at the end of FY’22/2.

(Board Incentive Plan (BIP) Trust)

In August 2016, the Company introduced a Board Incentive Plan (BIP) trust for directors (excluding outside directors and overseas residents; the same applies hereinafter) to increase their motivation to contribute to improving corporate value in the medium to long term and to share a common sense of interest with the shareholders. The Board of Directors resolved to extend the duration of the Plan at its meeting held on June 22, 2021.

(1) Summary of plan

By contributing funds for the acquisition of Company shares, the Company established a trust with directors who satisfy certain requirements as the beneficiaries. The trust acquires, by way of third-party allotment from the Company, Company shares in the number expected to be delivered to Company directors in accordance with pre-established Stock-based Compensation Regulations. Subsequently, the trust delivers to directors who meet certain beneficiary requirements on the fixed date of the beneficiary right such as their retirement Company shares or the cash equivalent of the proceeds from their sale determined according to performance indicators, etc. each fiscal year in accordance with the Stock-Based Compensation Regulations.

(2) Company shares remaining in trust

Company shares held in the BIP trust account are recorded as treasury shares under net assets at book value to the trust (excluding ancillary expenses). The book value and number of treasury shares are ¥221,950 thousand and 74,206 shares at the end of the FY’21/2, and ¥311,652 thousand and 100,706 shares at the end of the FY’22/2.

(Restricted Stock-Based Compensation Plan for Employees)

In August 2020, the Company introduced a restricted stock-based compensation plan (the “Plan”) in order to motivate its employees to maximize the social and economic value of the Company by strengthening their alignment with shareholders and thereby contributing toward the realization of the Company’s corporate vision of becoming a ‘Labor force solution company’.

At the board of directors meeting held on June 22, 2021, the Company resolved to allot shares to employees who were hired on April 2, 2020 and onwards and who were promoted after May 2020.

(1) Summary of plan

The eligible employees will pay all monetary claims granted by the Company under the Plan as payment in kind, and, in return, be subject to issuance or disposition of common stock of Company shares. The amount to be paid per common stock that will be issued or disposed of to the eligible employees by the Company under the Plan will be determined by the Board of Directors based on the closing price of common stock of Company shares on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution by the Board of Directors (if there is no closing price on such date, the amount will be based on the closing price on the most recent trading day) to the extent that such amount will not be an amount particularly favorable to the eligible employees who subscribe for such common stock.

In addition, when issuing or disposing of the Company’s common stock under the Plan, a restricted share allotment

agreement will be executed between the Company and the eligible employees. The contents of such agreement will include, among other matters, (i) a provision preventing the eligible employees from transferring, creating security interest, or otherwise disposing of the Company's common stock that has been allotted to the eligible employees under the restricted share allotment agreement for a certain period, and (ii) a provision that, if certain events should arise, the Company will acquire such common stock for no consideration.

(2) Conditions to release transfer restriction

The transfer restriction will be released at the expiry of the period of restriction on transfer in question (or on the date the summary report on financial results for the year ending February 2025 is released, if such report is released prior to the expiry of the period of restriction on transfer) for all or part of the allotted shares, subject to the enrollment conditions, which require such employees to remain in a position of director, corporate officer (who does not hold a position as director), employee or equivalent throughout the period of restriction on transfer in question and based on the position conditions and the performance conditions, which are set forth below. The Company will automatically acquire the allotted shares for which the transfer restriction is unreleased, for no consideration.

However, if an employee from among the eligible allottees retires or resigns from the position of director, corporate officer (who does not hold a position as director), employee or equivalent prior to the expiry of the period of restriction on transfer in question for reasons deemed justifiable by the Board of Directors, the number of allotted shares for which the transfer restriction will be released and the timing of releasing the transfer restriction shall be adjusted reasonably as needed.

The details of the performance conditions are as follows:

a. Eligible employees belonging to the DX Business Group

The restriction on transfer will be released depending on the level to which the DX business achieves the sales and operating income targets disclosed in the summary report on financial results for the year ending February 2025. The targets will be ¥45 billion for sales and ¥10.8 billion for operating income.

b. Eligible employees belonging to any other department than the DX Business Group

The restriction on transfer will be released depending on the level to which the Company achieves consolidated sales and consolidated operating income (or non-consolidated sales and non-consolidated operating income if non-consolidated) targets disclosed in the summary report on financial results for the year ending February 2025. The targets will be ¥100 billion for sales and ¥30 billion for operating income.

(3) Total number of shares to be held by eligible employees

965,549 shares at the end of FY'21/2 and 983,499 shares at the end of FY'22/2.

(Restricted Stock-Based Compensation Plan for Directors)

The Company obtained approval for the following at its 24th Annual General Meeting of Shareholders (the "General Meeting of Shareholders") held on May 26, 2021: i) introducing a compensation plan utilizing restricted stock (with performance-based conditions) for directors (the "Plan") in order to encourage the Company's directors (excluding outside directors; hereinafter the "Eligible Directors") to maximize the social and economic value of the Company by strengthening their alignment with our shareholders and thereby contributing toward the realization of our corporate vision of becoming a 'Labor force solution company' and ii) setting the upper limit of the total annual amount of monetary claims paid to Eligible Directors as compensation utilizing restricted stock based on the Director Compensation Plan at 900,000 thousand yen. However, said total amount of monetary claims is based on the assumption that, as a rule, an amount equivalent to consideration for the execution of duties over four fiscal years will be paid in a lump sum. In reality, this is equivalent to payments of up to 225,000 thousand yen per fiscal year.

The Company has also obtained approval for the following: i) that the upper limit of the total number of restricted stock to be allotted each fiscal year to Eligible Directors will be 350,000 shares (the assumption is, as a rule, that shares equivalent to the consideration for the execution of duties over four fiscal years will be allotted in a lump sum; in reality, this is equivalent to allotments of up to 87,500 shares (0.15% of issued shares) per fiscal year); and ii) that the period of restriction on transfer of the restricted stock will be a period within four years stipulated by the Board of Directors (the "Period of Restriction on Transfer").

(1) Summary of plan

The Eligible Directors will pay all monetary claims granted by the Company as payment in kind in accordance with the resolution of the Company's Board of Directors, and, in return, be subject to issuance or disposition of common stock of

Company shares. The amount to be paid per restricted stock will be determined by the Board of Directors based on the closing price of common stock of Company shares on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution by the Board of Directors on the issuance or disposal of such restricted stock (if there is no closing price on such date, the amount will be based on the closing price on the most recent trading day) to the extent that such amount will not be an amount particularly favorable to the Eligible Directors who subscribe for such restricted stock.

In addition, when issuing or disposing of the Company's common stock under the Plan, a restricted share allotment agreement will be executed between the Company and the Eligible Directors. The contents of such agreement will include, among other matters, (i) a provision preventing the Eligible Directors from transferring, creating security interest, or otherwise disposing of the Company's common stock that has been allotted to the Eligible Directors under the restricted share allotment agreement for a certain period, and (ii) a provision that, if certain events should arise, the Company will acquire such common stock for no consideration.

(2) Conditions to release transfer restriction

The transfer restriction will be released at the expiry of the period of restriction on transfer in question (or on the date the summary report on financial results for the year ending February 2025 is released, if such report is released prior to the expiry of the period of restriction on transfer) for all or part of the allotted shares, subject to the enrollment conditions, which require Eligible Directors to remain in a position of director of the Company, a director of a subsidiary of the Company or equivalent throughout the period of restriction on transfer and based on the position conditions and the performance conditions, which are set forth below. The Company will automatically acquire the allotted shares for which the transfer restriction is unreleased, for no consideration.

However, if an Eligible Director retires or resigns from the position of director of the Company, a director of a subsidiary of the Company or equivalent prior to the expiry of the period of restriction on transfer for reasons deemed justifiable by the Board of Directors, the number of allotted shares for which the transfer restriction will be released and the timing of releasing the transfer restriction shall be adjusted reasonably as needed.

With regard to the performance conditions, the restriction on transfer will be released depending on the level of achievement of consolidated sales and consolidated operating income targets (non-consolidated sales and non-consolidated operating income targets if non-consolidated) disclosed in the summary report on financial results for the year ending February 2025. The targets will be ¥100 billion for sales and ¥30 billion for operating income.

(3) Total number of shares to be held by Eligible Directors

160,000 shares at the end of FY'22/2.

(Accounting estimates following the COVID-19 pandemic)

The spread of COVID-19 has had a spillover effect on client companies' job advertisements, affecting the dip Group's business activities as well. However, sales have been recovering on the back of the lifting of the state of emergency on September 30, 2021, and the priority preventive measures on March 21, 2022, as well as the progress in vaccination and other developments.

Although the number of COVID-19 infections in Japan is expected to continue to fluctuate within a small range for the time being due to the emergence of new strains and other factors, we assume the impact of the resurgence of COVID-19 infection to begin to diminish in FY'23/2.

However, since it is extremely difficult to accurately predict when the COVID-19 pandemic will abate, the accounting estimates for impairment loss on non-current assets, the collectability of deferred tax assets, and the valuation of investment securities are based on information available at the time of the preparation of consolidated financial statements under the assumption that the impact of the pandemic will continue for a certain period of time in and after FY'23/2.

(Accounting Principles and Procedures Adopted in Cases Where Provisions of Related Accounting Standards Are Not Clear)

The Company has applied the "Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections" (ASBJ Statement No.24, March 31, 2020) to the consolidated financial statements for the end of FY'22/2 and disclosed the accounting principles and procedures adopted in cases where the provisions of related accounting standards are not clear.

(Consolidated Balance Sheet)

Amounts related to non-consolidated subsidiaries and affiliates are as follows.

	(Thousand yen)	
	FY'21/2 (As of February 28, 2021)	FY'22/2 (As of February 28, 2022)
Investment securities (shares)	686,235	281,253

Overdraft agreements and commitment line agreements

To facilitate efficient procurement of operating capital, the Company has entered into overdraft agreements with three banks.

In addition, to ensure flexibility and stability in financing, the Company has entered into commitment line agreements with three financial institutions. The unused balance of loans under these agreements as of the end of the fiscal year under review is as follows.

	(Thousand yen)	
	FY'21/2 (As of February 28, 2021)	FY'22/2 (As of February 28, 2022)
Total of overdraft limits	10,000,000	10,000,000
Total of commitment line	30,000,000	30,000,000
Used loans	-	
Available	40,000,000	40,000,000

The above commitment line agreements are subject to the following financial covenants. If the Company violates all of the following covenants, a lump sum repayment of the loan will be required at the lender's request.

FY'21/2 (As of February 28, 2021)

- (i) The total amount of net assets on the consolidated balance sheet as of the last day of each fiscal year must be maintained at ¥0 or more.
- (ii) The amount of operating income or loss (or net income or loss after income taxes) on the consolidated statement of income as of the last day of each fiscal year must not be in the red for two consecutive years.

FY'22/2 (As of February 28, 2022)

- (i) The total amount of net assets on the consolidated balance sheet as of the last day of each fiscal year must be maintained at ¥0 or more.
- (ii) The amount of operating income or loss (or net income or loss after income taxes) on the consolidated statement of income as of the last day of each fiscal year must not be in the red for two consecutive years.

(Consolidated Statement of Income)

Major items and their amounts included in “selling, general and administrative expenses” are as follows.

	(Thousand yen)	
	FY'21/2 (From March 1, 2020 To February 28, 2021)	FY'22/2 (From March 1, 2021 To February 28, 2022)
Salaries and allowances	8,990,002	9,365,104
Advertising expenses	2,919,166	8,630,449
Provision of allowance for doubtful accounts	11,788	25,305
Provision for bonuses	193,540	534,553
Provision for share-based remuneration	6,281	4,304
Provision for share-based remuneration for directors	16,734	35,679
Retirement benefit expenses	24,371	31,837

Total research and development expenses included in general and administrative expenses

	(Thousand yen)	
	FY'21/2 (From March 1, 2020 To February 28, 2021)	FY'22/2 (From March 1, 2021 To February 28, 2022)
	158,439	12,024

Gain on change in equity

FY'21/2 (From March 1, 2020 to February 28, 2021)

Mainly due to a third-party allotment from JOLLY GOOD Inc., an affiliate accounted for using equity method

FY'22/2 (From March 1, 2021 to February 28, 2022)

Not applicable

Provision for loss on contracts

FY'21/2 (From March 1, 2020 to February 28, 2021)

Not applicable

FY'22/2 (From March 1, 2021 to February 28, 2022)

In order to prepare for losses that may occur during the remaining period of the license purchase contracts implemented in the DX business, an estimated amount of losses expected to be incurred in the future has been recorded.

Loss on valuation of advances

FY'21/2 (From March 1, 2020 to February 28, 2021)

Not applicable

FY'22/2 (From March 1, 2021 to February 28, 2022)

This is due to the fact that the Company no longer expects to generate revenue from license purchase and sales transactions conducted by the DX business.

Impairment loss

FY'21/2 (From March 1, 2020 to February 28, 2021)

Not applicable

FY'22/2 (From March 1, 2021 to February 28, 2022)

1. Asset for which impairment loss was recognized

(Thousand yen)			
Location	Usage	Type	Impairment loss
Koto-ku, Tokyo	Asset for DX business	Software	170,196

2. Background to recognition of impairment loss

Impairment loss was recognized since the Company considered it unlikely to earn profits as initially projected.

3. Asset grouping method

In applying fixed asset impairment accounting, the Company groups assets at the lowest level for which there are cash flows that are largely independent of those from other assets.

4. Recoverable amount calculation method

The recoverable amount of the asset in question is measured on the basis of value in use. Since the value in use based on future cash flows is negative, the recoverable amount is estimated at zero.

(Consolidated Statement of Comprehensive Income)

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

(Thousand yen)

	FY'21/2 (From March 1, 2020 To February 28, 2021)	FY'22/2 (From March 1, 2021 To February 28, 2022)
Valuation difference on available-for-sale securities		
Valuation difference arising during the year	(5,744,960)	64,048
Reclassification adjustment	5,723,762	-
Before tax-effect adjustment	(21,198)	64,098
Tax effect	6,486	19,598
Valuation difference on available-for-sale securities	(14,711)	44,449
Amount equivalent to equity share in entities accounted for using equity method		
Amount arising during the year	1,758	(342)
Total other comprehensive income	(12,953)	44,107

(Consolidated Statement of Changes in Equity)

FY'21/2 (March 1, 2020 to February 28, 2021)

1. Type and total number of outstanding shares and of treasury shares

Type of shares	Number of shares at the beginning of the fiscal year	Number of shares increased during the fiscal year	Number of shares decreased during the fiscal year	Number of shares at the end of the fiscal year
Shares issued				
Common stock (Notes 1)	62,000,000	-	1,860,000	60,140,000
Total	62,000,000	-	1,860,000	60,140,000
Treasury shares				
Common stock (Notes 2, 3)	7,726,205	35,053	2,945,456	4,815,802
Total	7,726,205	35,053	2,945,456	4,815,802

Notes: 1. Outline of reason for changes in shares issued

The number of shares decreased can be broken down as follows.

Decrease due to retirement of treasury shares: 1,860,000 shares

2. Outline of reason for change in treasury shares

The number of shares increased can be broken down as follows.

Increase due to purchase of restricted shares without consideration: 35,000 shares

Increase due to request for purchase of odd-lot shares: 53 shares

The number of shares decreased can be broken down as follows.

Decrease due to disposal by an affiliate accounted for using equity method 5,712 shares

Decrease due to exercise of stock options: 4,500 shares

Decrease due to sale or delivery of shares in the ESOP trust account: 74,695 shares

Decrease due to retirement of treasury shares: 1,860,000 shares

Decrease due to delivery of restricted shares: 1,000,549 shares

3. The number of shares of Company stock held in the ESOP trust account that are included in the number of treasury shares at the beginning and end of the consolidated fiscal year is 1,718,935 shares and 1,644,240 shares, respectively, and the number of shares of Company stock held in the BIP trust account is 74,206 shares and 74,206 shares, respectively.

2. Share acquisition rights

Company name	Breakdown	Type of shares subject to share acquisition rights	Number of shares subject to share acquisition rights				Balance at the end of the fiscal year (thousand yen)
			At the beginning of the fiscal year	Increase	Decrease	At the end of the fiscal year	
The Company	6th series of stock options based on resolution of the Board of Directors on June 28, 2016	-	-	-	-	-	273,972
	7th series of stock options based on resolution of the Board of Directors on September 15, 2017	-	-	-	-	-	331,760
	8th series of stock options based on resolution of the Board of Directors on June 21, 2018 (Note 1)	-	-	-	-	-	244,840
	9th series of stock options based on resolution of the Board of Directors on June 21, 2019 (Note 2)	-	-	-	-	-	41,674
Total			-	-	-	-	892,247

(Notes) 1. The exercise period for the 8th series of stock options based on the resolution of the Board of Directors on June 21, 2018 has not yet commenced.

2. The exercise period for the 9th series of stock options based on the resolution of the Board of Directors on June 21, 2019 has not yet commenced.

3. Dividends

(1) Dividend payments

Resolution	Type	Total dividends (thousand yen)	Dividend per share (yen)	Record date	Effective date	Source of dividends
Meeting of Board of Directors on April 7, 2020 (Note 1)	Common stock	1,626,106	29	February 29, 2020	May 27, 2020	Retained earnings
Meeting of Board of Directors on October 8, 2020 (Note 2)	Common stock	1,540,976	27	August 31, 2020	November 12, 2020	Retained earnings

(Notes) 1. Total dividends based on the resolution of the annual general meeting of shareholders on April 7, 2020 include dividends of ¥49,849 thousand in relation to 1,718,935 shares of Company stock held in the ESOP trust account and dividends of ¥2,151 thousand in relation to 74,206 shares of Company stock held in the BIP trust account.

2. Total dividends based on the resolution of the annual general meeting of shareholders on October 8, 2020 include dividends of ¥45,428 thousand in relation to 1,682,525 shares of Company stock held in the ESOP trust account and dividends of ¥2,003 thousand in relation to 74,206 shares of Company stock held in the BIP trust account.

(2) Dividends with a record date in the fiscal year but an effective date in the following fiscal year

Resolution	Type	Total dividends (thousand yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
Meeting of Board of Directors on April 7, 2021 (Note)	Common stock	1,654,236	Retained earnings	29	February 28, 2021	May 27, 2021

(Note) Total dividends include dividends of ¥47,682 thousand in relation to 1,644,240 shares of Company stock held in the ESOP trust account and dividends of ¥2,151 thousand in relation to 74,206 shares of Company stock held in the BIP trust account.

FY'22/2 (March 1, 2021 to February 28, 2022)

1. Type and total number of outstanding shares and of treasury shares

Type of shares	Number of shares at the beginning of the fiscal year	Number of shares increased during the fiscal year	Number of shares decreased during the fiscal year	Number of shares at the end of the fiscal year
Shares issued				
Common stock (Notes 1)	60,140,000	-		60,140,000
Total	60,140,000	-		60,140,000
Treasury shares				
Common stock (Notes 2, 3)	4,815,802	116,167	560,032	4,371,937
Total	4,815,802	116,167	560,032	4,371,937

Notes: 1. Outline of reason for change in treasury shares

The number of shares increased can be broken down as follows.

Increase due to purchase of restricted shares without consideration:	89,527 shares
Increase due to request for purchase of odd-lot shares:	140 shares
Increase due to purchase of treasury shares by the BIP Trust:	26,500 shares

The number of shares decreased can be broken down as follows.

Decrease due to exercise of stock options:	184,300 shares
Decrease due to sale or delivery of shares in the ESOP trust account:	81,755 shares
Decrease due to disposition of treasury shares following the continuation of the BIP Trust:	26,500 shares
Decrease due to delivery of restricted shares:	267,477 shares

2. The number of shares of Company stock held in the ESOP trust account that are included in the number of treasury shares at the beginning and end of the consolidated fiscal year is 1,644,240 shares and 1,562,485 shares, respectively, and the number of shares of Company stock held in the BIP trust account is 74,206 shares and 100,706 shares, respectively.

2. Share acquisition rights

Company name	Breakdown	Type of shares subject to share acquisition rights	Number of shares subject to share acquisition rights				Balance at the end of the fiscal year (thousand yen)
			At the beginning of the fiscal year	Increase	Decrease	At the end of the fiscal year	
	7th series of stock options based on resolution of the Board of Directors on September 15, 2017	-	-	-	-	-	182,816
	8th series of stock options based on resolution of the Board of Directors on June 21, 2018 (Note 1)	-	-	-	-	-	311,872
	9th series of stock options based on resolution of the Board of Directors on June 21, 2019 (Note 2)	-	-	-	-	-	62,729
Total			-	-	-	-	557,418

- (Notes) 1. The exercise period for the 8th series of stock options based on the resolution of the Board of Directors on June 21, 2018 has not yet commenced.
2. The exercise period for the 9th series of stock options based on the resolution of the Board of Directors on June 21, 2019 has not yet commenced.

3. Dividends

(1) Dividend payments

Resolution	Type	Total dividends (thousand yen)	Dividend per share (yen)	Record date	Effective date	Source of dividends
Meeting of Board of Directors on April 7, 2021 (Note 1)	Common stock	1,654,236	29	February 28, 2021	May 27, 2021	Retained earnings
Meeting of Board of Directors on October 14, 2021 (Note 2)	Common stock	1,550,158	27	August 31, 2021	November 18, 2021	Retained earnings

- (Notes) 1. Total dividends based on the resolution of the annual general meeting of shareholders on April 7, 2021 include dividends of ¥47,682 thousand in relation to 1,644,240 shares of Company stock held in the ESOP trust account and dividends of ¥2,151 thousand in relation to 74,206 shares of Company stock held in the BIP trust account.
2. Total dividends based on the resolution of the annual general meeting of shareholders on October 14, 2021 include dividends of ¥43,288 thousand in relation to 1,603,265 shares of Company stock held in the ESOP trust account and dividends of ¥2,719 thousand in relation to 100,706 shares of Company stock held in the BIP trust account.

(2) Dividends with a record date in the fiscal year but an effective date in the following fiscal year

Resolution	Type	Total dividends (thousand yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
Meeting of Board of Directors on April 14, 2022 (Note)	Common stock	1,952,662	Retained earnings	34	February 28, 2022	May 25, 2022

- (Note) Total dividends include dividends of ¥53,124 thousand in relation to 1,562,485 shares of Company stock held in the ESOP trust account and dividends of ¥3,424 thousand in relation to 100,706 shares of Company stock held in the BIP trust account.

(Consolidated Statement of Cash Flows)

Reconciliation of cash and cash equivalents as of the end of the fiscal year and the accounts reported in the balance sheet

(Thousand yen)

	FY'21/2 From March 1, 2020 To February 28, 2021	FY'22/2 From March 1, 2021 To February 28, 2022
Cash and deposits account	12,462,677	16,569,547
Cash and cash equivalents	12,462,477	16,569,547

(Segment Information etc.)

[Segment information]

1. Overview of reported segments

(1) Method of determining reported segments

The reported segments of the Company are those units for which separate financial statements can be obtained among the constituent units of the Company and which are regularly examined by the Board of Directors for decisions on the allocation of management resources and for assessing business performance.

(2) Types of products and services included in each reported segment

The Company's reported segments are the personnel recruiting services business, which consists of online job information advertising and the recruitment of nursing staff, and the DX business, which develops and provides services that use DX.

(3) Matters related to changes in reportable segments, etc.

The reported segment that had previously been named the "AI/RPA business" has been renamed the "DX business" starting with the first quarter of FY'22/2.

Additionally, to further promote the DX of the recruiting process of client companies, we have reviewed our business management categories and changed the reported segment category of Corporate Recruiting Page KOBOT (formerly Baitoru RHP), etc.*, which had previously been under the "personnel recruiting services business", to the "DX business".

Segment information for FY'21/2 shown below is based on the new categorization.

* Corporate Recruiting Page KOBOT is a service for creating websites for recruiting activities and assisting companies in the recruiting process.

2. Methods for calculating sales, profit or loss, assets, liabilities, and other items by reported segment

The accounting methods used for reported segments are generally the same as those described in "Bases of Presenting Consolidated Financial Statements."

The income figures stated in the reported segments are based on operating income.

3. Information on amounts of sales and profit or loss by reported segment

FY'21/2 (March 1, 2020 to February 28, 2021)

(Thousand Yen)

	Reported segment			Adjustment (Note 1)	Amount recorded in statement of income (Note 2)
	Personnel recruiting services business	DX business	Total		
Sales					
Sales — outside customers	31,456,123	1,038,644	32,494,768	-	32,494,768
Sales and transfer – inter-segment	-	-	-	-	-
Total	31,456,123	1,038,644	32,494,768	-	32,494,768
Segment profit (loss)	11,745,517	(442,743)	11,302,774	(3,990,615)	7,312,158
Other items					
Depreciation	1,757,970	132,908	1,890,879	108,806	1,999,686

(Notes) 1. Adjustment of segment profit (loss) of (¥3,990,615 thousand) is corporate expenses not allocated to any reported segment. Corporate expenses are mainly selling, general, and administrative expenses that are not attributable to reported segments.

2. Segment profit (loss) was adjusted with operating income on the statement of income.

3. Assets, liabilities and other items of the reported segments are not disclosed because, based upon a management decision by the highest decision-making body, such information was not allocated to each segment.

FY'22/2 (March 1, 2021 to February 28, 2022)

(Thousand Yen)

	Reported segment			Adjustment (Note 1)	Amount recorded in statement of income (Note 2)
	Personnel recruiting services business	DX business	Total		
Sales	-	-	-	-	-
Sales — outside customers	36,686,654	2,828,635	39,515,290	-	39,515,290
Sales and transfer – inter-segment	-	-	-	-	-
Total	36,686,654	2,828,635	39,515,290	-	39,515,290
Segment profit (loss)	9,513,057	742,255	10,255,312	(4,652,935)	5,602,376
Other items					
Depreciation	2,096,086	192,690	2,288,777	164,127	2,452,905

(Notes) 1. Adjustment of segment profit (loss) of (¥4,652,935 thousand) is corporate expenses not allocated to any reported segment. Corporate expenses are mainly selling, general, and administrative expenses that are not attributable to reported segments.

2. Segment profit (loss) was adjusted with operating income on the statement of income.

3. Assets, liabilities and other items of the reported segments are not disclosed because, based upon a management decision by the highest decision-making body, such information was not allocated to each segment.

[Related information]

FY'21/2 (March 1, 2020 to February 28, 2021)

1. Information by product and service

(Thousand yen)

	Baitoru	Hatarako.net	Nurse de Hatarako	DX	Others	Total
Sales to outside customers	24,248,115	5,671,882	1,526,429	1,038,610	9,730	32,494,768

2. Regional information

(1) Sales

Not applicable, since there are no sales to overseas customers.

(2) Tangible fixed assets

Not applicable, since the Company has no tangible fixed assets located overseas.

3. Information on main clients

Since no sales to a specific customer exceeded 10% of the sales reported on the income statement, the disclosure of information on main clients is omitted.

FY'22/2 (March 1, 2021 to February 28, 2022)

1. Information by product and service

(Thousand yen)

	Baitoru	Hatarako.net	Nurse de Hatarako	DX	Others	Total
Sales to outside customers	28,378,444	6,680,743	1,608,531	2,827,766	19,804	39,515,290

2. Regional information

(1) Sales

Not applicable, since there are no sales to overseas customers.

(2) Tangible fixed assets

Not applicable, since the Company has no tangible fixed assets located overseas.

3. Information on main clients

Since no sales to a specific customer exceeded 10% of the sales reported on the income statement, the disclosure of information on main clients is omitted.

[Impairment loss on fixed assets by reported segment]

FY'21/2 (March 1, 2020 to February 28, 2021)

Not applicable

FY'22/2 (March 1, 2021 to February 28, 2022)

	Baitoru	Hatarako.net	Nurse de Hatarako	DX	Others	Total
Impairment loss	—	—	—	170,196	—	170,196

Note: An impairment loss of ¥170,196 thousand was recorded for the DX business since the Company considered it unlikely to earn

profits as initially projected.

[Goodwill amortization and unamortized balance by reported segment]

Not applicable

[Information on gain from negative goodwill by reported segment]

Not applicable

(Per Share Information)

	FY'21/2 From March 1, 2020 To February 28, 2021	FY'22/2 From March 1, 2021 To February 28, 2022
Net assets per share	¥547.13	¥581.26
Net income per share	¥11.09	62.77
Diluted net income per share	-	62.61

Notes: 1. Diluted net income per share is not shown due to the absence of dilutive shares with dilution effects.

2. The basis for calculation of net income per share is as follows.

	FY'21/2 From March 1, 2020 To February 28, 2021	FY'22/2 From March 1, 2021 To February 28, 2022
Net income per share		
Net income attributable to owners of parent (thousand yen)	607,671	3,487,402
Amount not attributable to common stock shareholders (thousand yen)	-	-
Net income attributable to owners of common stock of parent (thousand yen)	607,671	3,487,402
Average number of shares of common stock outstanding during the fiscal year (shares)	54,809,478	55,554,875
Diluted net income per share		
Adjustment for net income attributable to owners of parent (thousand yen)	-	-
Increase in number of shares of common stock (shares)	-	143,210
Of which, share acquisition rights (shares)	-	143,210
Description of potentially dilutive shares not included in the computation of diluted net income per share because of their anti-dilutive effect	No. 6 share acquisition rights 2,247 Shares of No.6 share acquisition rights 224,700 shares No. 7 share acquisition rights 2,860 Shares of No. 7 share acquisition rights 286,000 shares No. 8 share acquisition rights 3,455 Shares of No. 8 share acquisition rights 345,500 shares No. 9 share acquisition rights 1,556 Shares of No. 9 share acquisition rights 155,600 shares	-

Notes: 3. The number of Company shares held in the ESOP trust account (1,644,240 shares at the end of FY'21/2 and 1,687,691 shares for the period average of FY'21/2) and the number of Company shares held in the BIP trust account (74,206 shares at the end of FY'21/2 and 74,206 shares for the average of FY'21/2) are excluded from the average number of shares of common stock outstanding during the fiscal year that was used in the calculation of per share information for FY'21/2.

4. The number of Company shares held in the ESOP trust account (1,562,485 shares at the end of FY'22/2 and 1,612,025

shares for the average of FY'22/2) and the number of Company shares held in the BIP trust account (100,706 shares at the end of FY'22/2 and 87,419 shares for the period average of FY'22/2) are excluded from the average number of shares of common stock outstanding during the fiscal year that was used in the calculation of per share information for FY'22/2.

(Significant Subsequent Events)

None

(Note) English documents are prepared as a courtesy to our stakeholders. In the event of any inconsistency between English language documents and the Japanese-language documents, the Japanese-language documents will prevail.