



3. Consolidated Operating Results Forecast for FY'24/2 (the Period of March 1, 2023 to February 29, 2024)

(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	%	¥
Full year	56,300	14.1	14,500	25.7	14,100	21.6	9,400	18.5	168.26

First-half forecasts have not been made.

\* 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: Yes
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'23/2	60,140,000 shares	FY'22/2	60,140,000 shares
FY'23/2	4,313,065 shares	FY'22/2	4,371,937 shares
FY'23/2	55,866,330 shares	FY'22/2	55,554,875 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 (1,562,485 shares at the end of FY'22/2; 1,477,075 shares at the end of FY'23/2) and the number of Company shares owned by BIP trust account (100,706 shares at the end of FY'22/2; 91,462 shares at the end of FY'23/2).

(Reference) Overview of non-consolidated operating results

Non-consolidated Operating Results for FY'23/2 (from March 1, 2022 to February 28, 2023)

(1) Non-consolidated business performance

(Percentage figures indicate year-on-year change)

	Sales		Operating Income		Ordinary Income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
FY'23/2	49,355	24.9	11,606	104.7	10,552	93.8	7,272	101.4
FY'22/2	39,515	21.6	5,671	(23.0)	5,446	(24.7)	3,610	482.1

	Net Income per Share	Diluted Net Income per Share
	¥	¥
FY'23/2	130.18	129.82
FY'22/2	64.99	64.83

Note: Figures for FY'23/2 are figures that have been applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; March 31, 2020) and others, which were adopted at the beginning of FY'23/2. The percentage changes are calculated using the non-consolidated earnings for FY'22/2 before applying said accounting standards.

(2) Non-consolidated financial position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	¥ million	¥ million	%	¥
As of February 28, 2023	50,007	38,085	75.0	671.43
As of February 28, 2022	42,959	33,496	76.7	590.64

(Reference) Shareholders' equity: FY'23/2 ¥37,483 million FY'22/2 ¥32,939 million

Note: Figures as of February 28, 2023, are figures that have been applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; March 31, 2020) and others, which were adopted at the beginning of FY'23/2.

\* Financial result reports are not subject to audits 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 “1. Summary of Operating Results, etc., (5) Outlook” on page 5.

(Delivery of supplementary documents on the financial results)

Supplementary documents for the financial results are scheduled to be posted on the Company’s website on Friday, April 14, 2023.

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## 1. Summary of Operating Results, etc.

The Company has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; March 31, 2020) and others since the beginning of FY'23/2. The year-on-year comparisons and comparison with the end of FY'22/2 in “(1) Operating Results” and “(2) Financial Position” are based on the consolidated earnings for FY'22/2 before applying said Accounting Standard and others. For further details, see “4. Consolidated Financial Statements and Notes, (5) Notes to Consolidated Financial Statements, (Changes in Accounting Policies)”.

### (1) Operating Results

Since its establishment in 1997, dip Corporation (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 expansion of the personnel recruiting services business that outpaced the market recovery and the high year-on-year growth of the DX business, sales for FY'23/2 ended at ¥49,355 million (up 24.9% year on year).

The Company also made investments in human resources, such as hiring new graduates in 2022 to further strengthen the sales force, as well as aggressive advertising investments, among others. As a result, operating income, ordinary income, and net income attributable to owners of parent came to ¥11,538 million (up 106.0% year on year), ¥11,599 million (up 118.0% year on year), and ¥7,935 million (up 127.5% year on year), respectively.

The following is a summary 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 by leveraging its strengths in sales, service development, and promotion.

During FY'23/2, sales of the personnel recruiting services business grew beyond pre-pandemic levels in the part-time and temporary job information media market which had not recovered to pre-pandemic levels. As a result, segment sales and segment profit for FY'23/2 ended at ¥44,577 million (up 21.5% year on year) and ¥14,849 million (up 56.1% year on year), respectively.

#### (ii) DX Business

Since September 2019, the DX business has been supporting the digital transformation (DX) of SMEs through the offering of the KOBOT series, a SaaS DX product series that offers reasonable and extensive customer service and is easy to introduce due to its specific design for small and medium sized companies.

During FY'23/2, 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, which supports dispatch companies' sales activities with automated sales list creation services, 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 and segment profit ended at ¥4,778 million (up 68.9% year on year) and ¥2,132 million (up 187.3% year on year), respectively.

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

## (2) Financial Position

### (Current assets)

Total current assets recorded at the end of FY'23/2 were ¥28,816 million, an increase of ¥6,162 million from the end of the previous fiscal year. The major factors were increases of ¥5,404 million in cash and deposits, and ¥614 million in notes and accounts receivable - trade.

### (Non-current assets)

Total non-current assets stood at ¥21,351 million, an increase of ¥1,550 million from the end of the previous fiscal year. This mainly reflected increases of ¥791 million in intangible assets and ¥840 million in investments and other assets.

### (Current liabilities)

Total current liabilities recorded at the end of FY'23/2 were ¥10,476 million, an increase of ¥2,444 million from the end of the previous fiscal year. The major factors were increases of ¥497 million in accounts payable - other, ¥763 million in income taxes payable, ¥674 million in contract liabilities, and ¥369 million in other current liabilities.

### (Non-current liabilities)

Total non-current liabilities were ¥1,448 million, an increase of ¥15 million from the end of the previous fiscal year. This mainly reflected an increase of ¥112 million in other non-current liabilities and a decrease of ¥82 in allowance for losses on contracts.

### (Net assets)

Total net assets recorded at the end of FY'23/2 were ¥38,242 million, an increase of ¥5,253 million from the end of the previous fiscal year. The major factors were increases of ¥492 million in capital surplus, ¥4,097 million in retained earnings, and ¥487 million in valuation difference on available-for-sale securities.

### (3) Cash Flows

Cash and cash equivalents (“cash”) stood at ¥21,974 million at the end of the fiscal year under review.

The breakdown of cash flows is as follows:

#### (Cash flows from operating activities)

Net cash provided by operating activities was ¥13,203 million (an increase of ¥2,721 million year on year). This was mainly attributable to net income before income taxes of ¥11,174 million, depreciation of ¥2,731 million, share-based remuneration expenses of ¥916 million, increase in accounts payable - other of ¥506 million, and other liabilities of ¥797 million, which offset an increase in trade receivables amounting to ¥503 million and the payment of income taxes amounting to ¥3,056 million.

#### (Cash flows from investing activities)

Net cash used in investing activities totaled ¥4,121 million (an increase of ¥271 million year on year). This was mainly attributable to the purchase of intangible assets and the purchase of investment securities amounting to ¥3,532 million and ¥462 million, respectively.

#### (Cash flows from financing activities)

Net cash used in financing activities amounted to ¥3,680 million (an increase of ¥1,155 million year on year). This was mainly attributable to a dividend payment of ¥3,903 million.

(Reference) The trend of cash flow-related indicators is as follows:

	FY'19/2	FY'20/2	FY'21/2	FY'22/2	FY'23/2
Shareholders' equity ratio (%)	74.0	74.3	84.4	76.4	75.0
Shareholders' equity ratio on a market value basis (%)	323.4	345.0	447.0	445.3	391.7
Ratio of cash flow to interest-bearing debts (annual)	-	-	-	-	-
Interest coverage ratio (times)	-	-	-	-	-

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

Notes: 1. The figures for FY'20/2 are based on the non-consolidated financial statements.

2. The ratio of cash flow to interest-bearing debt is not stated, as there has been no outstanding balances for interest-bearing debt.

3. The interest coverage ratio is not stated since there has been no interest payment.

### (4) Basic Policy on Profit Distribution and Dividends for the Fiscal Year under Review and the Upcoming Fiscal Year

The Company considers profit distribution to shareholders to be one of its most important management responsibilities and pays dividends twice a year, at the interim and the year end, while retaining the necessary earnings to invest for future growth of the Company and respond to changes in the business environment. It 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 the above profit distribution policy, the Company will pay an ordinary year-end dividend of ¥38 per share for FY'23/2.

For FY'24/2, the Company also plans to pay an annual ordinary dividend of ¥83 per share, which is broken down into an interim dividend of ¥35 per share and a year-end dividend of ¥48 per share, after taking into consideration its full-year operating results, financial position and other matters.

## (5) Outlook

Our consolidated operating results forecast for FY'24/2 is based on a gradual recovery of the labor market and the job ad market.

In our business, we expect to achieve record-high sales and operating income by promoting efficient operation while continuing to make aggressive advertising investments, and investing in human resources, such as hiring new graduates and mid-career employees in 2023, as well as in system development.

The forecast is as detailed below.

Consolidated operating results forecast for FY'24/2 (the Period of March 2023 to February 2024)

	FY'23/2 (Actual)	FY'24/2 (Forecast)	Change (in amount)	Change (in percentage)
	¥ million	¥ million	¥ million	%
Sales	49,355	56,300	6,945	14.1
Operating Income	11,538	14,500	2,962	25.7
Ordinary Income	11,599	14,100	2,501	21.6
Net Income Attributable to Owners of Parent	7,935	9,400	1,465	18.5



## 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 service for nurses

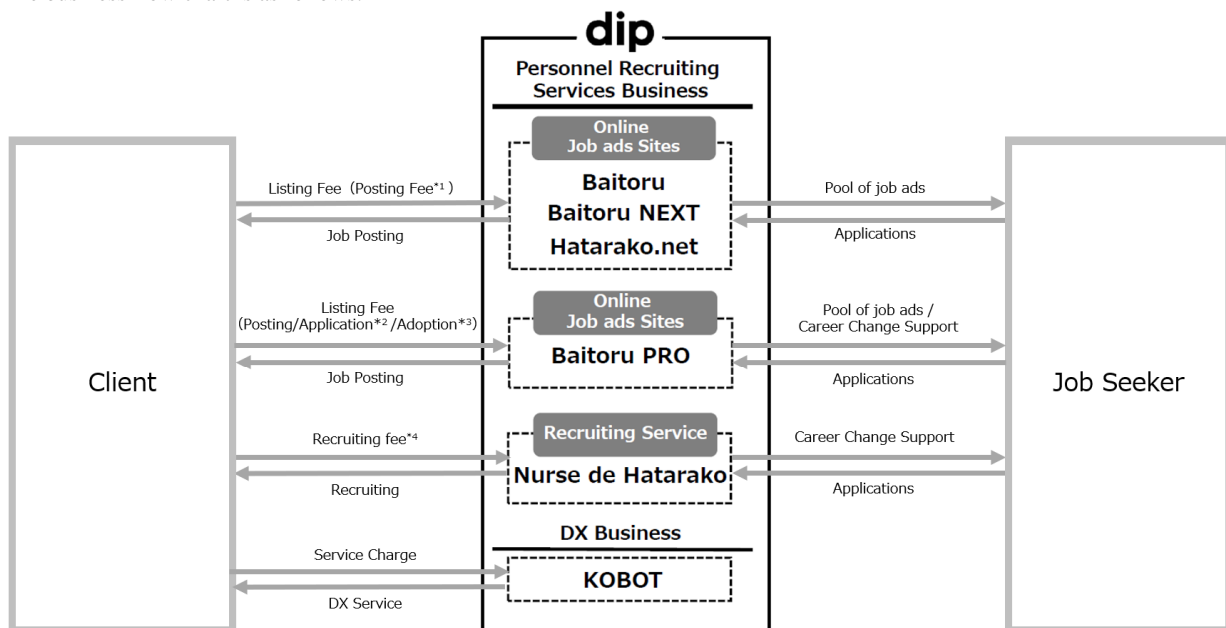
(DX Business)

In the DX business, since September 2019, the Company has been supporting the digital transformation (DX) of SMEs through the offering of DX services packaged to facilitate the introduction and continued use of the product. The product is designed specifically for small and medium sized companies and is packaged with a limited number of functions.

The major services provided by the DX business are as follows:

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:



\*1 Posting Fee : A model in which a job posting fee is paid based on the length of time a position is posted on our website.

\*2 Application Fee : A model in which job postings to our website are free and fees are paid when applications for the position are received.

\*3 Adoption fee : A model in which job postings to our website are free and fees are paid when a candidate is hired.

\*4 Recruiting fee : A model in which a commission is paid at the appropriate time when the employment decision is made through our staffing service.

### 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 Notes

##### (1) Consolidated Balance Sheet

(Thousands of yen)

	FY'22/2 As of February 28, 2022	FY'23/2 As of February 28, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	16,569,547	21,974,394
Notes and accounts receivable - trade	4,885,098	5,499,254
Supplies	14,672	8,262
Other	1,299,280	1,464,160
Allowance for doubtful accounts	(114,967)	(129,807)
Total current assets	22,653,631	28,816,265
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,886,784	1,951,308
Accumulated depreciation	(609,275)	(739,245)
Buildings and structures, net	1,277,509	1,212,063
Tools, furniture and fixtures	945,448	823,927
Accumulated depreciation	(724,771)	(625,014)
Tools, furniture and fixtures, net	220,676	198,912
Land	465,499	465,499
Construction in progress	665	6,069
Total property, plant and equipment	1,964,350	1,882,545
Intangible assets		
Software	7,690,693	8,456,371
Other	47,415	73,279
Total intangible assets	7,738,109	8,529,650
Investments and other assets		
Investment securities	*1 5,891,709	*1 7,099,833
Long-term loans receivable	300,000	225,000
Deferred tax assets	1,241,097	1,542,036
Other	2,677,565	2,086,615
Allowance for doubtful accounts	(12,092)	(14,274)
Total investments and other assets	10,098,279	10,939,211
Total non-current assets	19,800,739	21,351,407
Total assets	42,454,370	50,167,672
<b>Liabilities</b>		
Current liabilities		
Accounts payable – trade	398,655	438,312
Accounts payable – other	3,255,421	3,753,009
Income taxes payable	2,127,770	2,891,321
Contract liabilities	-	674,286
Provision for repayment	20,124	-
Provision for bonuses	551,605	633,291
Allowance for losses on contracts	56,250	82,500
Asset retirement obligations	-	12,235
Other	1,622,745	1,991,770
Total current liabilities	8,032,572	10,476,726
Non-current liabilities		
Provision for share-based remuneration	78,599	81,028
Provision for share-based remuneration for directors	152,520	154,697
Asset retirement obligations	482,239	463,443
Allowance for losses on contracts	165,000	82,500
Other	554,305	666,539
Total non-current liabilities	1,432,663	1,448,209
Total liabilities	9,465,236	11,924,935

(Thousands of yen)

	FY'22/2 As of February 28, 2022	FY'23/2 As of February 28, 2023
Net assets		
Shareholders' equity		
Share capital	1,085,000	1,085,000
Capital surplus	4,650,102	5,142,864
Retained earnings	28,742,311	32,840,235
Treasury shares	(2,072,330)	(1,942,745)
Total shareholders' equity	32,405,083	37,125,354
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,532	497,876
Total accumulated other comprehensive income	10,532	497,876
Share acquisition rights	557,418	601,507
Non-controlling interests	16,100	17,997
Total net assets	32,989,134	38,242,736
Total liabilities and net assets	42,454,370	50,167,672

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

(Thousands of yen)

	FY*22/2 (March 1, 2021– February 28, 2022)	FY*23/2 (March 1, 2022– February 28, 2023)
Sales	39,515,290	49,355,691
Cost of sales	4,545,391	5,273,493
Gross profit	34,969,898	44,082,198
Selling, general and administrative expenses	*1, *2 29,367,521	*1, *2 32,544,030
Operating income	5,602,376	11,538,167
Non-operating income		
Interest income	5,191	3,525
Share of profit of entities accounted for using equity method	-	380,362
Insurance claim income	4,800	4,800
Dividend income of insurance	16,356	17,701
Subsidy income	13,702	16,119
Other	25,431	26,391
Total non-operating income	65,481	448,900
Non-operating expenses		
Share of loss of entities accounted for using equity method	124,503	-
Amortization of restricted stock remuneration	199,359	295,040
Loss on investments in investment partnerships	-	71,706
Other	23,093	21,232
Total non-operating expenses	346,957	387,979
Ordinary profit	5,320,901	11,599,087
Extraordinary income		
Gain on sale of investment securities	-	24,273
Gain on reversal of share acquisition rights	203,843	3,480
Total extraordinary income	203,843	27,753
Extraordinary losses		
Provision of allowance for losses on contracts	*3 221,250	-
Valuation loss of advance payment	*4 137,250	-
Impairment loss	*5 170,196	*5 199,141
Loss on valuation of investment securities	-	253,090
Total extraordinary losses	528,696	452,231
Profit before income taxes	4,996,047	11,174,610
Income taxes – current	2,151,567	3,784,947
Income taxes – deferred	(641,054)	(547,215)
Total income taxes	1,510,513	3,237,732
Net income	3,485,534	7,936,878
Net (loss) income attributable to non-controlling interests	(1,868)	1,362
Net income attributable to owners of parent	3,487,402	7,935,516

## Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY'22/2 (March 1, 2021– February 28, 2022)	FY'23/2 (March 1, 2022– February 28, 2023)
Net income	3,485,534	7,936,878
Other comprehensive income		
Valuation difference on available-for-sale securities	44,449	487,344
Share of other comprehensive income of entities accounted for using equity method	(342)	-
Total other comprehensive income	* 44,107	* 487,344
Comprehensive income	3,529,641	8,424,223
(Breakdown)		
Comprehensive income attributable to owners of parent	3,531,509	8,422,860
Comprehensive income attributable to non-controlling interests	(1,868)	1,362

## (3) Consolidated Statement of Changes in Equity

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	3,234,282	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		1,415,820		305,020	1,720,841
Increase in retained earnings due to decrease in entities accounted for using equity method			188,578		188,578
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
Increase in retained earnings due to decrease in entities accounted for using equity method					188,578
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

FY'23/2 (From March 1, 2022 to February 28, 2023)

(Thousand Yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,085,000	4,650,102	28,742,311	(2,072,330)	32,405,083
Cumulative effects of changes in accounting policies			71,203		71,203
Restated balance	1,085,000	4,650,102	28,813,515	(2,072,330)	32,476,287
Changes during period					
Dividends of surplus			(3,908,796)		(3,908,796)
Net income attributable to owners of parent			7,935,516		7,935,516
Purchase of treasury shares				(265)	(265)
Disposal of treasury shares		492,761		129,850	622,612
Changes in items other than shareholders' equity (net)					
Total changes during period	-	492,761	4,026,719	129,585	4,649,066
Balance at end of period	1,085,000	5,142,864	32,840,235	(1,942,745)	37,125,354

	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	10,532	10,532	557,418	16,100	32,989,134
Cumulative effects of changes in accounting policies					71,203
Restated balance	10,532	10,532	557,418	16,100	33,060,338
Changes during period					
Dividends of surplus					(3,908,796)
Net income attributable to owners of parent					7,935,516
Purchase of treasury shares					(265)
Disposal of treasury shares					622,612
Changes in items other than shareholders' equity (net)	487,344	487,344	44,089	1,896	533,331
Total changes during period	487,344	487,344	44,089	1,896	5,182,398
Balance at end of period	497,876	497,876	601,507	17,997	38,242,736



## (4) Consolidated Statement of Cash Flows

(Thousand Yen)

	FY'22/2 (March 1, 2021– February 28, 2022)	FY'23/2 (March 1, 2022– February 28, 2023)
Cash flows from operating activities		
Net income before income taxes	4,996,047	11,174,610
Depreciation	2,452,905	2,731,401
Share-based remuneration expenses	783,374	916,493
Share of loss (profit) of entities accounted for using equity method	124,503	(380,362)
Interest and dividend income	(5,191)	(3,525)
Insurance claim income	(4,800)	(4,800)
Commission expenses	17,773	17,986
Loss (gain) on sales of investment securities	-	(24,273)
Loss (gain) on valuation of securities	-	253,090
Loss (gain) on investments in investment partnerships	-	71,706
Gain on reversal of share acquisition rights	(203,843)	(3,480)
Impairment loss	170,196	199,141
Valuation loss of advance payment	137,250	-
Decrease (increase) in trade receivables	(1,320,822)	(503,478)
Increase (decrease) in trade payables	115,322	39,656
Increase (decrease) in unearned revenue	194,837	-
Increase (decrease) in contract liabilities	-	195,346
Increase (decrease) in accounts payable - other	1,487,214	506,301
Increase (decrease) in allowance for doubtful accounts	2,455	17,021
Increase (decrease) in provision for bonuses	347,915	81,685
Increase (decrease) in provision for refund	212	-
Increase (decrease) in allowance for losses on contracts	221,250	(56,250)
Decrease (increase) in other assets	296,914	183,036
Increase (decrease) in other liabilities	220,400	797,197
Other, net	26,254	45,903
Subtotal	10,060,170	16,254,408
Interest and dividends received	2,242	124
Proceeds from insurance income	4,800	4,800
Income taxes paid	(194,062)	(3,056,196)
Reimbursement of income taxes	609,242	465
Cash flows from operating activities	10,482,392	13,203,602
Cash flows from investing activities		
Purchase of property, plant and equipment	(496,987)	(98,840)
Purchase of intangible assets	(3,307,294)	(3,532,902)
Purchase of investment securities	(100,000)	(462,082)
Proceeds from sales of investment securities	-	36,023
Payments of leasehold and guarantee deposits	(889)	(99,867)
Proceeds from refund of leasehold and guarantee deposits	59,235	76,515
Payments associated with fulfillment of asset retirement obligations	(4,842)	(31,485)
Other, net	-	(9,350)
Cash flows from investing activities	(3,850,778)	(4,121,990)
Cash flows from financing activities		
Purchase of treasury shares	(90,255)	(265)
Proceeds from sales of treasury shares	279,995	165,739
Proceeds from exercise of employee share options	501,407	74,914
Dividends paid	(3,199,800)	(3,903,305)
Proceeds from share issuance to non-controlling shareholders	1,682	534
Other, net	(17,773)	(17,986)
Cash flows from financing activities	(2,524,744)	(3,680,368)
Effect of exchange rate change on cash and cash equivalents	-	3,603
Increase (decrease) in cash and cash equivalents	4,106,869	5,404,847
Cash and cash equivalents at beginning of period	12,462,677	16,569,547
Cash and cash equivalents at end of period	* 16,569,547	* 21,974,394

(5) Notes to 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

(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: CAST Inc.

xOperation Group, Inc.

TRUNK Co., Ltd.

hachidori, inc. and i:Sales Inc. changed their names to CAST Inc. and xOperation Group, Inc., respectively.

(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.

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. Accounting policies

##### (1) Valuation standards and methods for major assets

###### (i) Securities

Available-for-sale securities

Other than securities without market value: Stated at fair value

(All valuation gains or losses are treated as a component of net assets, with the cost of securities sold calculated using the moving-average method.)

Securities without market value:

Mainly stated at cost using the moving-average method

Investments in limited liability partnerships and the like (those deemed to be securities pursuant to Article 2, Paragraph (2) of the Financial Instruments and Exchange Act) are stated at the net value of equities based on the most recent financial statements available prepared according to the financial reporting dates specified in the respective partnership agreements.

###### (ii) Inventories

Supplies:

Stated at cost using the last purchase price 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) Property, plant and equipment

Depreciation of property, plant and equipment is principally calculated by the declining-balance method, except for buildings, which is depreciated using the straight-line method. However, depreciation of facilities attached to buildings and structures acquired on or after April 1, 2016, is based on the straight-line method.

The 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 assets

Depreciation of intangible assets is calculated by the straight-line method. However, software for internal use is amortized over the estimated useful life (5 years).

##### (3) Reporting basis for major 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 bonuses

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

###### (iii) Provision for share-based remuneration

To prepare for share-based remuneration for employees pursuant to the Stock Granting Regulations, an estimated amount according to points allotted to employees at the end of the fiscal year is provided.

###### (iv) Provision for share-based remuneration for directors

To provide for share-based remuneration 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.

###### (v) Allowance for losses on contracts

To prepare 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 provided.

(4) Reporting basis for major revenues and expenses

The details of major performance obligations and the usual timing for recognizing revenues of the major businesses of the Group are as follows.

For major transactions, the period between the fulfillment of performance obligations and the receipt of consideration is generally two months or less. The amount of consideration does not include significant financial elements.

(i) Job ad service

The job ad service provides clients who have the need to hire part-time, regular, and temporary employees with ad posting services on job information websites operated by the Group.

The ad posting plans earn posting fees from clients by providing ad posting services on job information websites operated by the Group. Since the performance obligation will be satisfied over a certain period of time during which the job ad is posted, revenue is recognized proportionally over the contract term.

Application and hiring fee plans earn fees from clients based on results when a user applies or is hired through a job information website operated by the Group. Revenues are recognized based on the judgment that the performance obligation is satisfied when a user applies for a job with the client in the case of the application fee plan, and when the client hires a user in the case of the hiring fee plan.

Transaction prices are calculated based on the consideration promised in the contract with the client, less discounts and sales incentives. For transactions where multiple goods or services are included in one contract, performance obligation included in the contract is identified for each goods or service, with the transaction price allocated to each performance obligation based on the ratio of the independent selling price of the goods or service.

(ii) Recruiting service

The recruiting service earns fees from clients with the need to hire nurses and other professionals by introducing persons who seek new positions. Since this is a performance-based service aimed at placing new position seekers, revenue is recognized based on the judgment that the performance obligation is satisfied when a candidate joins a company.

Transaction prices are calculated based on the consideration promised in the contract with the client, less discounts. For transactions where it is stipulated in the contract that part of the consideration is to be refunded if the person introduced by the Group to the client company resigns within a certain period of time after joining the company, the refund amount is included in the estimated transaction price based on past performance, and refund liabilities are recorded and deducted from revenue.

(iii) DX service

The DX service earns service charges from clients faced with labor shortage and work efficiency issues by providing KOBOT, etc., which automates routine work. Since performance obligation will be satisfied over a certain period of time during which DX services are provided, revenue is recognized proportionally over the contract term.

Transaction prices are calculated based on the consideration promised in the contract with the client, less discounts and sales incentives. For transactions where multiple goods or services are included in one contract, performance obligation included in the contract is identified for each goods or service, with the transaction price allocated to each performance obligation based on the ratio of the independent selling price of the goods or service.

(5) Scope of cash in the consolidated statement of cash flows

Cash in the consolidated 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.

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

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.

## (Changes in Accounting Policies)

### (Adoption of accounting standards related to revenue recognition standards)

The Company adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; March 31, 2020) and others at the beginning of FY'23/2. As a result, the Company recognizes revenue at an amount expected to be received in exchange for a promised good or service when said good or service is transferred to the customer.

The main changes that have occurred due to the adoption of the Accounting Standard for Revenue Recognition, etc. are as follows:

#### (1) Consideration paid to customers

The sales incentives paid to sales agencies that were previously recorded under selling, general and administrative expenses (SG&A) are now deducted from sales, since they correspond to consideration paid to customers.

#### (2) Allocation of transaction price

Revenues pertaining to multiple performance obligations included in contracts were previously recognized at the transaction price agreed with the customer for each performance obligation. Deeming that the determination of the transaction price for each performance obligation is correlated, the revenue recognition method has been changed to a method in which revenue is recognized by allocating the transaction price for the entire contract to each performance obligation based on the ratio of independent selling prices.

#### (3) Revenue pertaining to proxy transactions

Where the total amount of consideration received from the customer was previously recognized as revenue, the recognition method has been changed to a method in which the net amount, which is the amount received from the customer minus the amount paid to parties such as the supplier of the product, is recognized as revenue for transactions deemed by the Group to correspond to a proxy transaction.

The adoption of the Accounting Standard for Revenue Recognition and others is conducted in accordance with the transitional treatment provided in the proviso of paragraph 84 of the Accounting Standard for Revenue Recognition, under which the retained earnings as of the start of FY'23/2 is adjusted for the cumulative impact of when the new accounting policy is applied retrospectively to before the beginning of FY'23/2, and the new accounting policy is applied from said beginning balance.

As a result, the sales, cost of sales, and SG&A for FY'23/2 have decreased by ¥3,045,126 thousand, ¥15,271 thousand, and ¥3,024,147 thousand, respectively. Operating income, ordinary income, and net income before income taxes have each decreased by ¥5,707 thousand. The balance of contract liabilities at the end of the current period is ¥5,958 thousand, the beginning balance of retained earnings has increased by ¥71,203 thousand.

Due to the adoption of the Accounting Standard for Revenue Recognition and others, the expected amount of future refunds set aside to prepare for future refunds of recruitment fees in Nurse de Hatarako, the human resources introduction services for nurses, which had been recorded as "provision for refund" under "current liabilities" on the consolidated balance sheet for FY'22/2, is presented in "other" under "current liabilities" as refund liabilities effective from FY'23/2. Of "other" under "current liabilities" on the consolidated balance sheet for FY'22/2, the amount corresponding to "contract liabilities" in the Accounting Standard for Revenue Recognition and others is presented as "contract liabilities" effective from FY'23/2.

Pursuant to the transitional treatment provided in paragraph 89-2 of the Accounting Standard for Revenue Recognition, the financial statements for FY'22/2 have not been reclassified in accordance with the new presentation method.

### (Adoption of Accounting Standard for Fair Value Measurement and Others)

The Company adopted the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30; July 4, 2019) and others and the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31; June 17, 2021) at the beginning of FY'23/2, and will adopt the new accounting policy set forth in the Accounting Standard for Fair Value Measurement and others into the future in accordance with the transitional treatment provided in paragraph 19 of the Accounting Standard for Fair Value Measurement, paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10; July 4, 2019), and paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement.

As a result, the consolidated balance sheet value of the mostly investment securities that had been deemed financial instruments of which fair value was recognized to be extremely difficult to measure, namely corporate bonds and other marketable securities other than bonds, has been changed from acquisition cost to fair value.

Due to this change, investment securities increased by ¥561,467 thousand, deferred tax assets decreased by ¥171,808 thousand, and valuation difference on available-for-sale securities increased by ¥389,658 thousand in FY'23/2 compared to those based on the previous method.

## (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 its employees to work harder and creating a greater awareness of participation in management and by further promoting business 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 and pays to employees without compensation, either whilst in employment or on retirement, Company shares and the cash equivalent of 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 said treasury shares are ¥100,161 thousand and 1,562,485 shares, respectively, in FY’22/2 and ¥94,677 thousand and 1,477,075 shares, respectively, in FY’23/2.

### (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 and pays to directors who meet certain beneficiary requirements on the date when the beneficiary right is fixed due to their retirement, etc. Company shares and 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 said treasury shares are ¥311,652 thousand and 100,706 shares, respectively, in FY’22/2 and ¥283,045 thousand and 91,462 shares, respectively, in FY’23/2.

(Restricted Stock-Based Compensation Plan for Employees)

In August 2020, the Company introduced an incentive plan using restricted shares (with performance conditions, etc.) (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 and at the board of directors meeting held on July 13, 2022, to allot shares to employees who were hired or promoted after June 2021.

(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

983,499 shares in FY’22/2 and 919,686 shares in FY’23/2.

#### (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 in FY’22/2 and 160,000 shares in FY’23/2.



(Consolidated Balance Sheet)

\*1 Amounts related to non-consolidated subsidiaries and affiliates are as follows:

	(Thousand yen)	
	FY'22/2 (As of February 28, 2022)	FY'23/2 (As of February 28, 2023)
Investment securities (shares)	281,253	558,751

\*2 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'22/2 (As of February 28, 2022)	FY'23/2 (As of February 28, 2023)
Total of overdraft limits	10,000,000	15,000,000
Total of commitment line	30,000,000	30,000,000
Used loans		
Available	40,000,000	45,000,000

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'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 the 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 the fiscal year must not be in the red for two consecutive years.

FY'23/2 (As of February 28, 2023)

- (i) The total amount of net assets on the consolidated balance sheet as of the last day of the 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 the fiscal year must not be in the red for two consecutive years.

(Consolidated Statement of Income)

\*1 Major items and their amounts included in “selling, general and administrative expenses” are as follows:

	(Thousand yen)	
	FY'22/2 (From March 1, 2021 To February 28, 2022)	FY'23/2 (From March 1, 2022 To February 28, 2023)
Salaries and allowances	9,365,104	10,061,738
Advertising expenses	8,630,449	10,666,464
Provision of allowance for doubtful accounts	25,305	34,900
Provision for bonuses	534,553	593,981
Provision for share-based remuneration	4,304	9,195
Provision for share-based remuneration for directors	35,679	30,784
Retirement benefit expenses	31,837	37,662

\*2 Total research and development expenses included in general and administrative expenses

	(Thousand yen)	
	FY'22/2 (From March 1, 2021 To February 28, 2022)	FY'23/2 (From March 1, 2022 To February 28, 2023)
	12,024	-

\*3 Provision of allowance for losses on contracts

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.

FY'23/2 (From March 1, 2022 to February 28, 2023)

Not applicable

\*4 Loss on valuation of advances

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.

FY'23/2 (From March 1, 2022 to February 28, 2023)

Not applicable

\*5 Impairment loss

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 non-current 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.

FY'23/2 (From March 1, 2022 to February 28, 2023)

1. Asset for which impairment loss was recognized

(Thousand yen)

Location	Usage	Type	Impairment loss
Koto-ku, Tokyo	Asset for DX business	Software	199,141

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 non-current 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'22/2 (From March 1, 2021 To February 28, 2022)	FY'23/2 (From March 1, 2022 To February 28, 2023)
Valuation difference on available-for-sale securities		
Valuation difference arising during the year	64,048	726,500
Reclassification adjustment	-	(24,273)
Before tax-effect adjustment	64,098	702,226
Tax effect	(19,598)	(214,881)
Valuation difference on available-for-sale securities	44,449	487,344
Amount equivalent to equity share in entities accounted for using equity method		
Amount arising during the year	(342)	-
Total other comprehensive income	44,107	487,344

(Consolidated Statement of Changes in Equity)

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	60,140,000	-		60,140,000
Total	60,140,000	-		60,140,000
Treasury shares				
Common stock (Notes 1, 2)	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	
The Company	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.

FY'23/2 (March 1, 2022 to February 28, 2023)

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	60,140,000	-	-	60,140,000
Total	60,140,000	-	-	60,140,000
Treasury shares				
Common stock (Notes 1, 2)	4,371,937	193,885	252,757	4,313,065
Total	4,371,937	193,885	252,757	4,313,065

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: 193,816 shares

Increase due to request for purchase of odd-lot shares: 69 shares

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

Decrease due to exercise of stock options: 28,100 shares

Decrease due to sale or delivery of shares in the ESOP trust account: 85,410 shares

Decrease due to sale or delivery of shares in the BIP trust account: 9,244 shares

Decrease due to delivery of restricted shares: 130,003 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 1,562,485 shares and 1,477,075 shares, respectively, and the number of shares of Company stock held in the BIP trust account is 100,706 shares and 91,462 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	-	-	-	-	-	146,740
	8th series of stock options based on resolution of the Board of Directors on June 21, 2018 (Note 1)	-	-	-	-	-	375,866
	9th series of stock options based on resolution of the Board of Directors on June 21, 2019 (Note 2)	-	-	-	-	-	78,900
	Total		-	-	-	-	601,507

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 14, 2022 (Note 1)	Common stock	1,952,662	34	February 28, 2022	May 25, 2022	Retained earnings
Meeting of Board of Directors on October 13, 2022 (Note 2)	Common stock	1,956,133	34	August 31, 2022	November 17, 2022	Retained earnings

- Notes: 1. Total dividends based on the resolution of the annual general meeting of shareholders on April 14, 2022 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.
2. Total dividends based on the resolution of the annual general meeting of shareholders on October 13, 2022 include dividends of ¥51,260 thousand in relation to 1,507,675 shares of Company stock held in the ESOP trust account and dividends of ¥3,109 thousand in relation to 91,462 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, 2023 (Note)	Common stock	2,181,027	Retained earnings	38	February 28, 2023	May 25, 2023

Note: Total dividends include dividends of ¥56,128 thousand in relation to 1,477,075 shares of Company stock held in the ESOP trust account and dividends of ¥3,475 thousand in relation to 91,462 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'22/2 From March 1, 2021 To February 28, 2023	FY'23/2 From March 1, 2022 To February 28, 2023
Cash and deposits account	16,569,547	21,974,394
Cash and cash equivalents	16,569,547	21,974,394

(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.

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.

Since the Company adopted the Accounting Standard for Revenue Recognition and others at the beginning of FY'23/2, as described under changes in accounting policies, it has also changed the calculation method of sales and profit for each reported segment accordingly.

Due to the changes, sales and segment profit of the personnel recruiting services business for FY'23/2 decreased by ¥2,906,095 thousand and increased by ¥34,881 thousand, respectively, while sales and segment profit of the DX business decreased by ¥139,030 thousand and ¥40,588 thousand, respectively.

3. Information on amounts of sales, profit or loss, assets, liabilities, and other items and revenue breakdown by reported 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	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 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 was adjusted against 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'23/2 (March 1, 2022 to February 28, 2023)

(Thousand Yen)

	Reported segment			Adjustment (Note 1)	Amount recorded in statement of income (Note 2)
	Personnel recruiting services business	DX business	Total		
Sales	-	-	-	-	-
Baitoru	28,335,744	-	28,335,744	-	28,335,744
Baitoru NEXT	4,708,483	-	4,708,483	-	4,708,483
Baitoru PRO	4,370,994	-	4,370,994	-	4,370,994
Hatarako.net	7,074,783	-	7,074,783	-	7,074,783
DX	-	4,778,070	4,778,070	-	4,778,070
Other	87,615	-	87,615	-	87,615
Revenue from contracts with customers	44,577,620	4,778,070	49,355,691	-	49,355,691
Other revenue	-	-	-	-	-
Sales — outside customers	44,577,620	4,778,070	49,355,691	-	49,355,691
Sales and transfer – inter-segment	-	-	-	-	-
Total	44,577,620	4,778,070	49,355,691	-	49,355,691
Segment profit	14,849,089	2,132,517	16,981,606	(5,443,439)	11,538,167
Other items					
Depreciation	2,384,956	125,213	2,510,169	221,231	2,731,401

Notes: 1. Adjustment of segment profit of (¥5,443,439 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 was adjusted against 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'22/2 (March 1, 2021 to February 28, 2022)

1. Information by product and service

(Thousand yen)

	Baitoru	Baitoru NEXT	Baitoru PRO	Hatarako. net	DX	Others	Total
Sales to outside customers	23,555,939	4,524,368	1,906,668	6,680,743	2,827,766	19,804	39,515,290

2. Regional information

(1) Sales

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

(2) Property, plant and equipment

Not applicable, since the Company has no property, plant and equipment located overseas.

3. Information on major clients

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

FY'23/2 (March 1, 2022 to February 28, 2023)

1. Information by product and service

(Thousand yen)

	Baitoru	Baitoru NEXT	Baitoru PRO	Hatarako. net	DX	Others	Total
Sales to outside customers	28,335,744	4,708,483	4,370,994	7,074,783	4,778,070	87,615	49,355,691

2. Regional information

(1) Sales

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

(2) Property, plant and equipment

Not applicable, since the Company has no Property, plant and equipment located overseas.

3. Information on major clients

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

[Impairment loss on non-current assets by reported segment]

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

(Thousand yen)

	Personnel recruiting services business	DX business	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.

FY'23/2 (March 1, 2022 to February 28, 2023)

(Thousand yen)

	Personnel recruiting services business	DX business	Total
Impairment loss	-	199,141	199,141

Note: An impairment loss of ¥199,141 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

## (Revenue Recognition)

### 1. Breakdown of revenues from contracts with customers

The breakdown of revenue from contracts with customers is as described in “Notes, (Segment Information, etc.)”.

### 2. Information fundamental to understanding revenues from contracts with customers

Information fundamental to understanding revenues from contracts with customers is as described in “Notes, (“Bases of Presenting Consolidated Financial Statements), 4. Accounting policies, (4) Reporting basis for major revenues and expenses”.

### 3. Information for understanding the amount of revenues of the fiscal year under review and upcoming fiscal years

#### (1) Balance of claims arising from contracts with customers and contract liabilities

	FY'23/2 (Thousand yen)	
	Balance at beginning of period	Balance at end of period
Claims arising from contracts with customers	4,885,098	5,499,254
Contract liabilities	478,940	674,286

Note: Contract liabilities are related to unearned revenue received from customers before the provision of services and are reversed upon recognition of revenue. Of the revenue recognized in FY'23/2, the amount included in the balance of contract liabilities as of the beginning of the period was ¥478,438 thousand.

#### (2) Transaction price allocated to remaining performance obligations

The Group applies practical convenience for the note on the transaction price allocated to remaining performance obligations and does not include the following contracts in the targets of the note: a) contracts with an initial anticipated term of one year or less; and b) contracts that recognize revenue at the amount that the Company has the right to charge according to the service performed. The Group has no significant transaction where the initial anticipated term is more than one year.

(Per Share Information)

	FY'22/2 From March 1, 2021 To February 28, 2022	FY'23/2 From March 1, 2022 To February 28, 2023
Net assets per share	¥581.26	¥673.93
Net income per share	62.77	142.04
Diluted net income per share	62.61	141.65

Notes: 1. The basis for calculation of net income per share and diluted net income per share is as follows.

	FY'22/2 From March 1, 2021 To February 28, 2022	FY'23/2 From March 1, 2022 To February 28, 2023
Net income per share		
Net income attributable to owners of parent (thousand yen)	3,487,402	7,935,516
Amount not attributable to common stock shareholders (thousand yen)	-	-
Net income attributable to owners of common stock of parent (thousand yen)	3,487,402	7,935,516
Average number of shares of common stock outstanding during the fiscal year (shares)	55,554,875	55,866,330
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	156,828
Of which, share acquisition rights (shares)	143,210	156,828
Description of potentially dilutive shares not included in the computation of diluted net income per share because of their anti-dilutive effect	-	-

Notes: 2. 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 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.

3. The number of Company shares held in the ESOP trust account (1,477,075 shares at the end of FY'23/2 and 1,517,862 shares for the average of FY'23/2) and the number of Company shares held in the BIP trust account (91,462 shares at the end of FY'23/2 and 96,096 shares for the average of FY'23/2) 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'23/2.

(Significant Subsequent Events)

Not applicable

(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.