



Financial Results for the Fiscal Year Ended February 28, 2021 (Japanese GAAP, Consolidated)

April 7, 2021

Name of company:	DIP Corporation	Stock exchange listing:	Tokyo Stock Exchange
Stock code:	2379	URL:	https://www.dip-net.co.jp/
Representative:	Hideki Tomita, Representative Director, President and CEO		
Contact:	Haruhiko Arai, Corporate Officer, CFO, Head of Corporate Management Group		
	Phone: +81-3-5114-1177		
Scheduled date of general shareholders meeting:	May 26, 2021	Dividend payment date:	May 27, 2021
Scheduled date of filing financial statements:	May 27, 2021		
Supplementary documents to the financial results:	Available		
Financial results briefing:	Scheduled (for institutional investors and analysts)		

(All figures are rounded down to the nearest million yen)

1. Consolidated Operating Results for FY2021 (from March 1, 2020 to February 28, 2021)

(1) Consolidated business performance (Percentage figures indicate year-on-year change)

	Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
FY2021	32,494	-	7,312	-	6,501	-	607	-
FY2020	-	-	-	-	-	-	-	-

(Reference) Comprehensive income: FY2021 ¥594 million (-%) FY2020 - million (-%)

	Net Income per Share	Diluted Net Income per Share	Return on Equity	Return on Assets	Operating Income to Sales Ratio
FY2021	¥ 11.09	¥ -	% 2.0	% 18.1	% 22.5
FY2020	-	-	-	-	-

(Reference) Equity in earnings of affiliates: FY2021 ¥(741) million FY2020 - million

Note: Figures for FY2020 and year-on-year changes are not shown since consolidated accounting has been adopted from FY2021. The calculations of Return on Equity and Return on Assets for FY2021 are based on year-end shareholders' equity and year-end total assets, respectively. Diluted net income per share for FY2020 is not disclosed due to the absence of dilution effects although dilutive shares exist.

(2) Consolidated financial position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
FY2021	¥ million 35,869	¥ million 31,178	% 84.4	¥ 547.13
FY2020	-	-	-	-

(Reference) Shareholders' equity: FY2021 ¥30,269 million FY2020 - million

Note: Figures for FY2020 are not shown since consolidated accounting has been adopted from FY2021.

(3) Consolidated cash flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Balance of Cash and Cash Equivalent at End of Period
FY2021	¥ million 5,905	¥ million (9,643)	¥ million (3,041)	¥ million 12,462
FY2020	-	-	-	-

Note: Figures for FY2020 are not shown since consolidated accounting has been adopted from FY2021.

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	%	%
FY2020	-	27.00	-	29.00	56.00	3,138	-	-
FY2021	-	27.00	-	29.00	56.00	3,195	505.0	10.2
FY2022 (forecast)	-	27.00	-	34.00 ~52.00	61.00 ~79.00		56.0 ~68.2	

Note: The dividend payout ratio and ratio of dividends to net assets for FY2020 are not shown since consolidated accounting has been adopted from FY2021. The ratio of dividends to net assets for FY2021 is based on year-end consolidated net assets per share since it is the first year of consolidation.

3. Consolidated Operating Results Forecast for FY2022 (from March 1, 2021 to February 28, 2022)

(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	18,050 ~20,000	-	2,000 ~3,150	-	1,800 ~2,950	-	1,200 ~2,050	-	21.69 ~37.05
Full-year	42,800 ~49,000	31.7 ~50.8	7,700 ~11,800	5.3 ~61.4	7,300 ~11,400	12.3 ~75.4	4,950 ~7,800	714.6 ~-	89.47 ~140.99

Year-on-year changes for the first half forecast are not shown since consolidated accounting has been adopted from the third quarter of FY2021.

* Notes

(1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries causing changes in scope of consolidation): Yes

Newly included: 1 (Company name: DIP Labor Force Solution Investment Business Limited Partnership)

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)
2. Number of treasury shares at end of period
3. Average number of shares outstanding during the period

	FY2021	FY2020
1. Number of shares issued at end of period (including treasury shares)	60,140,000 shares	62,000,000 shares
2. Number of treasury shares at end of period	4,815,802 shares	7,720,493 shares
3. Average number of shares outstanding during the period	54,809,478 shares	54,475,989 shares

Treasury shares include the number of Company shares owned by the ESOP trust account (1,718,935 shares at the end of FY2020; 1,644,240 shares at the end of FY2021) and the number of Company shares owned by BIP trust account (74,206 shares at the end of FY2020; 74,206 shares at the end of FY2021).

(Reference) Overview of non-consolidated operating results

Non-consolidated Operating Results for FY 2021 (from March 1, 2020 to February 28, 2021)

(1) Non-consolidated business performance

(Percentage figures indicate year-on-year change)

	Sales		Operating Income		Ordinary Income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
FY2021	32,494	(30.0)	7,363	(48.7)	7,231	(49.8)	620	(93.8)
FY2020	46,415	10.1	14,356	11.9	14,393	11.9	10,012	9.9

	Net Income per Share	Diluted Net Income per Share
	¥	¥
FY2021	11.32	-
FY2020	183.80	183.76

Diluted net income per share for FY2021 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	%	¥
FY2021	36,471	31,749	84.6	557.76
FY2020	41,114	31,512	74.3	563.13

(Reference) Shareholders' equity: FY2021 ¥30,857 million FY2020 ¥30,566 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. Qualitative Information" 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 7, 2021.

○Table of Contents

1. Analysis of Operating Results and Financial Position	2
(1) Operating Results.....	2
(2) Financial Position	3
(3) Cash Flows	4
(4) Basic Policy on Profit Distribution and Dividends for the Current and Upcoming Fiscal Years	4
(5) Outlook.....	5
2. Situation of the Corporate Group	7
3. Basic Approach towards Selection of Accounting Standards	9
4. Consolidated Financial Statements and Primary Notes	10
(1) Consolidated Balance Sheet.....	10
(2) Consolidated Statements of Income and Comprehensive Income	12
Consolidated Statement of Income	12
Consolidated Statement of Comprehensive Income	13
(3) Consolidated Statement of Changes in Equity	14
(4) Consolidated Statement of Cash Flows.....	15
(5) Notes on Consolidated Financial Statements	16
(Notes on Going Concern Assumption).....	16
(Bases of Presenting Consolidated Financial Statements).....	16
(Notes on Accounting Standards, etc. not yet Applied)	18
(Additional Information)	20
(Consolidated Balance Sheet).....	21
(Consolidated Statement of Income)	21
(Consolidated Statement of Comprehensive Income).....	22
(Consolidated Statement of Changes in Equity).....	23
(Consolidated Statement of Cash Flows).....	26
(Segment Information etc.).....	26
(Per share Information).....	28
(Significant Subsequent Events).....	28
(Reference Information)	29

1. Analysis of Operating Results and Financial Position

A comparative analysis with FY2020 has not been made since the Group has adopted consolidated accounting from the third quarter of FY2021.

For year-on-year comparisons in the non-consolidated financial statements for FY2021, see “(Reference Information)” under “(5) Notes on Consolidated Financial Statements” of “4. Consolidated Financial Statements and Primary Notes.”

The AI/RPA business has been renamed DX business, starting FY2022.

(1) Operating Results

Since its establishment in 1997, DIP Corporation (hereinafter, the “Company”) has assisted its client companies with recruiting and the utilization of human resources by providing online job information sites, as well as creating an environment where each individual 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 FY2020, under a new corporate vision of becoming a “Labor force solution company,” the Company has been striving to solve diverse labor-related issues as a “General Trading Company Dealing in Labor Force” that provides clients with personnel recruiting services and DX (digital transformation) services.

In FY2021, client companies’ reduction in hiring activities and hiring budgets following the COVID-19 pandemic had a spillover effect on their job advertisements. As a result, sales for FY2021 ended at ¥32,494 million.

In terms of costs, the Company made investments in human resources such as in recruiting new graduates*1, while substantially cutting SG&A costs mainly by reducing advertising spending. As a result, for FY2021, operating income and ordinary income ended at ¥7,312 million and ¥6,501 million, respectively. In March 2020, the Company purchased investment securities as a financial hedge against an economic downturn to secure employees’ jobs. It sold said securities in the fourth quarter for various reasons including the mitigation of economic uncertainty compared to when the securities were purchased. As a result, net income attributable to owners of parent came at ¥607 million. For details, please refer to the press release “Notice of Reversal of Loss on Valuation of Investment Securities and Posting of Loss on Sale of Investment Securities” dated January 27, 2021.

*1 The Company hired 399 new graduates in April 2020.

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, and Hatarako.net, a comprehensive job information site. The Company aims to expand the user and customer base for these platforms through the vigorous efforts of its sales force and the award-winning quality of its websites.

During the fiscal year under review, the continued COVID-19 pandemic since April 2020 had an adverse impact on job advertisement placement by client companies as restaurants and retailers shortened their business hours or suspended business, forced by the government’s declarations of a state of emergency*2. As a result, sales and segment profit for FY2021 were ¥31,671 million and ¥11,844 million, respectively.

Although market conditions were again affected by the declaration of a state of emergency in January 2021, mainly in the restaurant and retail sectors, they have recovered in March after bottoming out in February 2021. Amid these circumstances, the Company has been making efforts to increase the number of subscriber companies by holding online business meetings and utilizing sales tools developed internally, which enables us to capture clients’ hiring needs on a timely basis. We will continue to strive to expand our customer base by strengthening the offering of proposals that differentiate us from competitors using a combination of personnel recruiting services and DX services, as well as aiming to increase job seekers’ use of our services by advertising aggressively.

*2: A state of emergency was declared in April 2020 and January 2021.

(ii) AI/RPA Business

DX service has recently been attracting considerable attention as a technology with the potential to solve labor shortages and improve productivity. Furthermore, coupled with the proliferation of working from home and changes in work styles due to the COVID-19 pandemic, the need for business automation has been increasing rapidly.

The Company launched its AI/RPA business in the fiscal year ended February 2020 and since September 2019 has been offering KOBOT, a DX service that can be introduced easily and used at a low cost. The Company’s uniquely packaged KOBOT, which combines existing DX tools, is offered in different formats such as a monthly payment model that includes maintenance and support.

During the fiscal year under review, sales of the KOBOT series increased (led by sales of Interview KOBOT, the services of which include the automatic setting of interview dates), due to a reinforced sales system featuring collaboration with sales staff from personnel recruiting services.

The enhancement of our product lineup saw steady progress with the launch of Sales Pack, a sales support tool for staffing agencies, the addition of services to Real Estate KOBOT, a work efficiency tool for real estate companies, and the commencement of sales of KOBOT Platform, a DX development and management tool. As a result, sales and loss of the segment for FY2021 ended at ¥823 million and ¥541 million, respectively.

The Company will strive to further expand its business by continuing to enhance its products, while at the same time ensuring stable stock revenue.

(2) Financial Position

(Current assets)

Total current assets recorded in the consolidated financial statements at the end of FY2021 were ¥17,782 million. Major components are cash and deposits of ¥12,462 million and accounts receivable - trade of ¥3,564 million.

(Non-current assets)

Total non-current assets recorded in the consolidated financial statements at the end of FY2021 were ¥18,087 million. Major components are property, plant and equipment of ¥1,698 million, intangible assets of ¥6,831 million, and investments and other assets of ¥9,557 million.

(Current liabilities)

Total current liabilities recorded in the consolidated financial statements at the end of FY2021 were ¥3,576 million. Major components are accounts payable - trade of ¥283 million and other current liabilities of ¥3,024 million.

(Non-current liabilities)

Total non-current liabilities recorded in the consolidated financial statements at the end of FY2021 were ¥1,114 million. Major components are asset retirement obligations of ¥480 million and other non-current liabilities of ¥438 million.

(Net assets)

Total net assets recorded in the consolidated financial statements at the end of FY2021 were ¥31,178 million. The major component is retained earnings of ¥28,270 million.

(3) Cash Flows

Cash and cash equivalents (hereinafter, “cash”) amounted to ¥12,462 million 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 amounted to ¥5,905 million. This was mainly because inflows such as net income before income taxes of ¥1,139 million, depreciation of ¥1,999 million, loss on sales of investment securities of ¥5,724 million, and a decrease in trade receivables of ¥2,241 million exceeded outflows such as income taxes paid of ¥3,430 million and a decrease in accounts payable - other of ¥1,703 million.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥9,643 million. This was mainly because the purchase of intangible assets of ¥3,213 million and the purchase of investment securities of ¥9,869 million exceeded proceeds from sales of investment securities of ¥3,593 million.

(Cash flows from financing activities)

Net cash used in financing activities amounted to ¥3,041 million. This mainly reflected dividends paid of ¥3,163 million.

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

	FY2017	FY2018	FY2019	FY2020	FY2021
Shareholders' equity ratio (%)	69.6	72.4	74.0	74.3	84.4
Shareholders' equity ratio on a market value basis (%)	617.0	662.9	323.4	345.0	447.0
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 FY2017 and FY2020 are based on the non-consolidated financial statements.

(Note 2) Operating cash flow is based on cash flow from operating activities according to the Statement of Cash Flows. Interest-bearing debts include all liabilities on which interest is paid that are recorded in the Balance Sheet. Interest payments are based on interest paid recorded in the Statement of Cash Flows.

(Note 3) The ratio of cash flow to interest-bearing debt is not stated, as there has been no interest-bearing debt since FY2017.

(Note 4) The interest coverage ratio is not stated for FY2017 nor FY2019 through FY2021 since there were no interest payments.

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

The Company considers income distribution to shareholders to be one of its most important management responsibilities. We pay a regular dividend twice a fiscal year (an interim dividend and a year-end dividend), while maintaining the internal reserves necessary to invest in the future growth of the company and to address changes in the business environment.

The Company previously used the dividend payout ratio of 30% as a guide in determining its dividend payments, and from the fiscal year ended February 28, 2021 onwards, we will use the dividend payout ratio of 50% as a guide as well as take into consideration the dividend results in the prior fiscal year in determining dividend payments.

Guided by the above profit distribution policy, the Company paid an interim dividend of ¥27 per share in FY2021 after taking into account the dividend amount of the previous fiscal year. It plans to pay a year-end ordinary dividend of ¥29 per share, bringing the annual dividend to ¥56 per share.

For FY2022, the Company plans to pay an annual ordinary dividend of ¥61~79 per share, which is broken down into an interim dividend of ¥27 per share and a year-end dividend of ¥34~52 per share, after taking into consideration its outlook for full-year operating results, financial position, and other matters.

(5) Outlook

(i) Business risks related to COVID-19

In FY2021, client companies' reduction in hiring activities and hiring budgets following the COVID-19 pandemic had a spillover effect on their job advertisements. The Company has been making efforts to increase the number of subscriber companies by holding online business meetings and utilizing sales tools developed internally, which enables us to capture clients' hiring needs on a timely basis. It is also striving to establish a broad customer base to avoid being significantly affected by the operating performances of certain industries and clients. We will continue our efforts to further strengthen our direct marketing sales capabilities, as well as expanding our user and customer bases through new services and promotions.

In the AI/RPA business, the need for business automation has been increasing rapidly amid changes in work styles due to the pandemic, such as the spread of working from home. We will continue to strive to expand our customer base in the small and medium-sized company sectors, as well as increase the lineup of subscription-based products packaged for each workflow of the customer which can be introduced easily and continue to be used for an extended period. We will also make efforts to extend customers' subscription periods and boost upselling by strengthening our "customer success" system to offer continuous support after the introduction of products.

There is also a risk of employees contracting COVID-19 and causing hindrance to the Company's business and operations. However, since the end of January 2020 the Company has been managing its offices with a focus on preventing employees from being infected based on its "Guidelines for Preventing the Spread of COVID-19," as well as striving to ensure the safety of employees by recommending working from home, staggered commuting and work rotation. In addition, to prevent the spread of infection within and outside the company, we are striving to reduce the risks of infection such as by making it a rule to conduct business meetings with clients online. We will continue our efforts to prevent the spread of the virus and strive to achieve a quick recovery of earnings.

(ii) Outlook of FY2022

With regard to the macro environment in FY2022, we expect economic activities to normalize over late FY2022 and FY2023 due to the progress in vaccination combined with the easing of financial and monetary policies in Japan and other major economic zones, although the number of COVID-19 infections in Japan is expected to see modest rises and falls for the time being.

Amid such circumstances, we expect operating margins of the personnel recruiting services business to return to FY2020 levels in the second half of FY2022 as we continue our efforts to increase the number of subscriber companies through various sales measures.

In the DX business, we expect sales to significantly increase due to continued efforts to increase business activities by sales representatives of the personnel recruiting services business, as well as through the expansion of the product lineup.

The full-year consolidated operating results forecast for FY2022 based on the above is as follows.

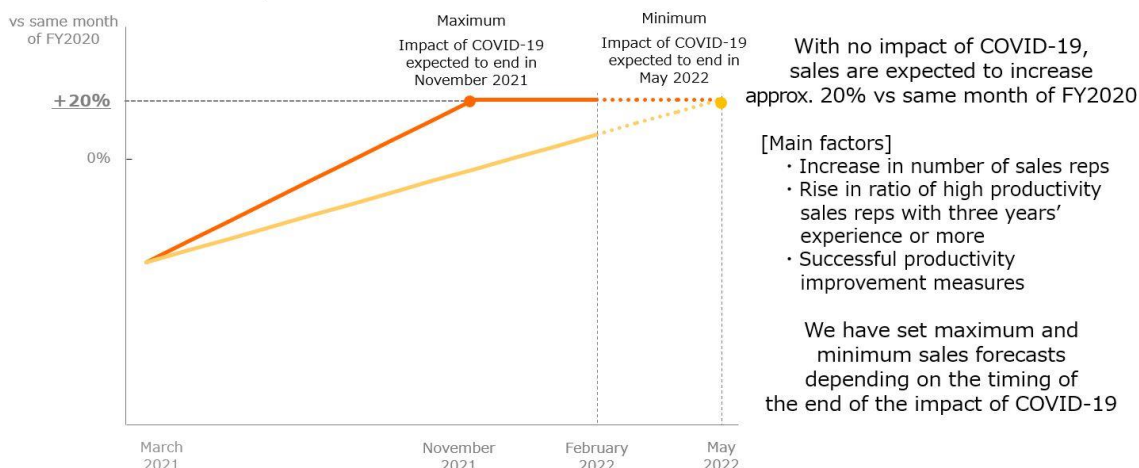
Consolidated operating results forecast for FY2022 (from March 2021 to February 2022)

	FY2021 (Actual)	FY2022 (Forecast)	Change (in amount)	Change (in percentage)
	¥ million	¥ million	¥ million	%
Sales	32,494	42,800 ~ 49,000	10,305 ~ 16,505	+31.7% ~ +50.8%
Operating Income	7,312	7,700 ~ 11,800	387 ~ 4,487	+5.3% ~ +61.4%
Ordinary Income	6,501	7,300 ~ 11,400	798 ~ 4,898	+12.3% ~ +75.4%
Net Income Attributable to Owners of Parent	607	4,950 ~ 7,800	4,342 ~ 7,192	+714.6% ~ -%

Please also refer to the charts on the following page indicating the results and forecasts of monthly sales and operating margin, which are the basis of the above forecasts.

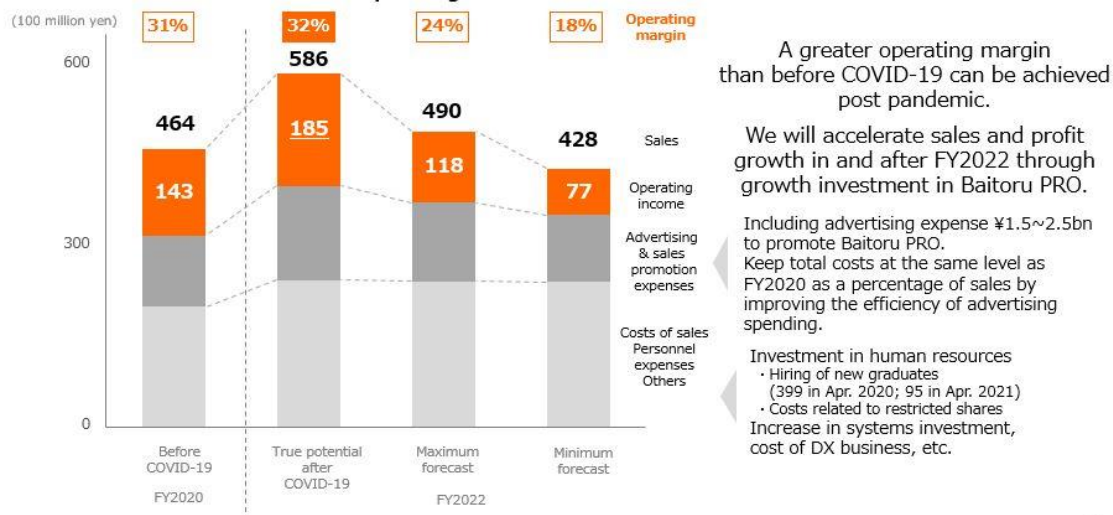
FY2022 Full-year Forecasts
Approach toward the sales forecast of the personnel recruiting services business

■ Forecasts of monthly sales in FY2022



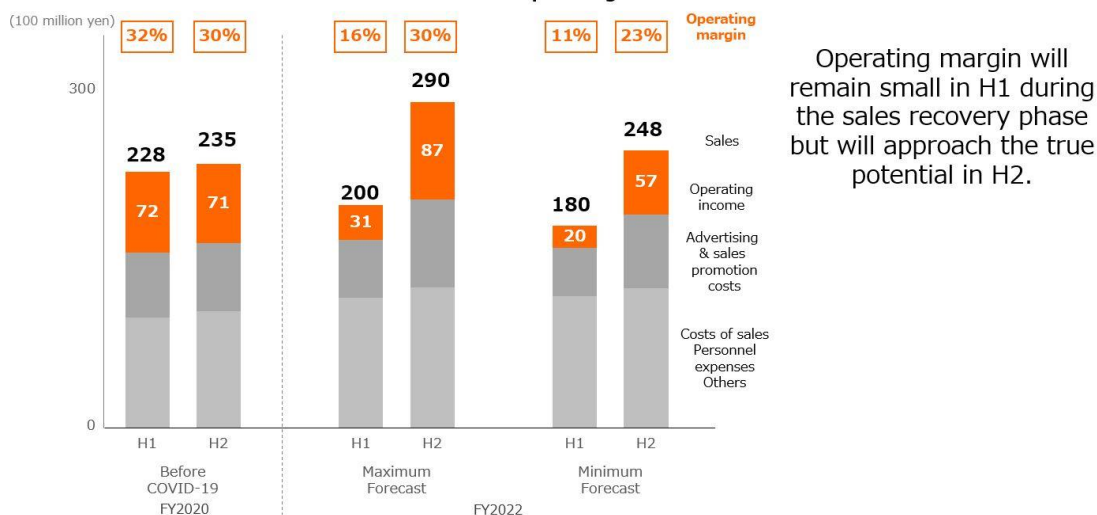
FY2022 Full-year Forecasts
Approach toward consolidated operating income forecasts

■ Forecasts of cost structure and operating income



FY2022 Full-year Forecasts
Approach toward H1 and H2 consolidated sales and operating income forecasts

■ Forecasts of H1 and H2 consolidated sales and operating income



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.

The AI/RPA business has been renamed DX business, starting FY2022.

(Personnel Recruiting Services Business)

In the personnel recruiting services business, the Company operates job information sites and a recruitment business specifically for the nursing field. In the operation of job information sites, the Company provides job seekers with job information by posting recruitment ads of its client companies.

- (1) Baitoru Operation of website Baitoru, which focuses on offering part-time employment information. The main customers of the business are employment agencies and companies seeking part-time staff. We charge a posting fee for posting job information on the website.
- (2) Baitoru NEXT..... Operation of website Baitoru NEXT, which focuses on regular employee job information. The main customers of this business are employment agencies and companies seeking regular employees. We charge a posting fee for posting job information on the website.
- (3) Hatarako.net..... Operation of website Hatarako.net, which is a comprehensive job information website. The main customers of this business are dispatch staffing agencies and companies seeking regular employees and part-time workers. We charge a posting fee for posting job information on the website.

In our recruitment business for nurses, the Company offers the following services:

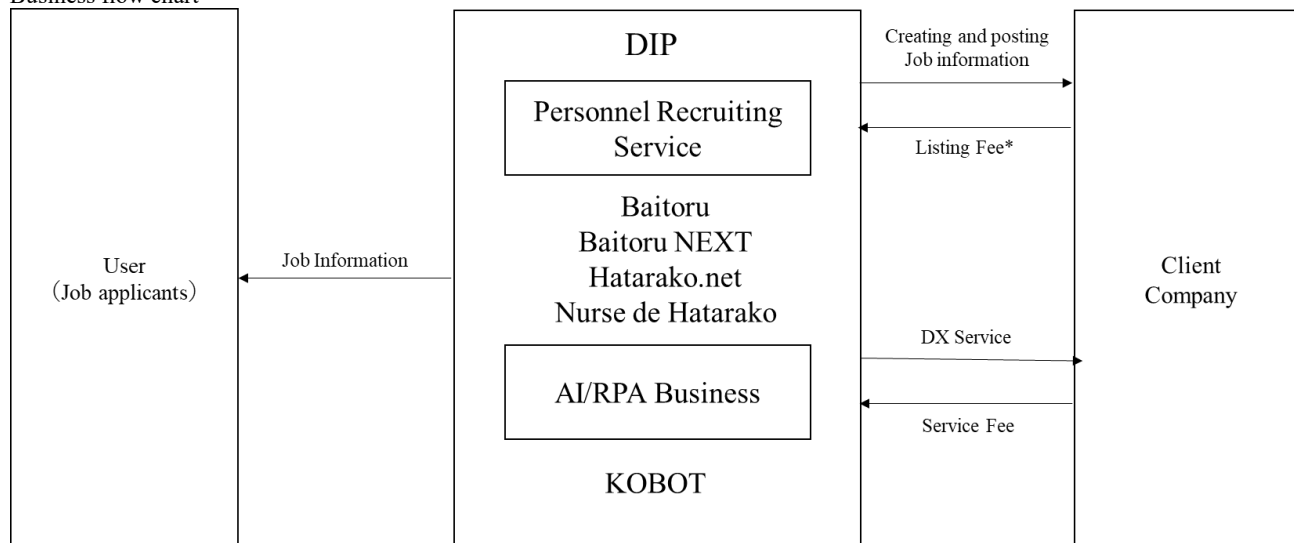
Nurse de Hatarako..... Introduces the medical institution that best suits the needs of nurses and nurse assistants who seek a new workplace and who have registered with our website, Nurse de Hatarako, through interviews and consultation with a career advisor.* The Company charges a brokerage fee from the medical institution when a successful employment contract is realized.

* A career advisor is a consultant specialized in matching nurses looking to change jobs with workplaces that best suits their employment needs.

(AI/RPA Business)

In the AI/RPA business, the Company has been supporting the DX of small and medium-sized companies since September 2019 through the provision of KOBOT, which can be conveniently introduced and used at an inexpensive price. KOBOT is a uniquely packaged service according to workflows and is mainly offered on a monthly subscription basis that includes maintenance and support.

Business flow chart



* Nurse de Hatarako is a success-fee business model

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

(Thousand Yen)

	FY2021
	As of February 28, 2021
Assets	
Current assets	
Cash and deposits	12,462,677
Notes and accounts receivable - trade	3,564,913
Supplies	5,421
Other	1,862,167
Allowance for doubtful accounts	(113,149)
Total current assets	17,782,031
Non-current assets	
Property, plant and equipment	
Buildings and structures	1,752,278
Accumulated depreciation	(575,256)
Buildings and structures, net	1,177,021
Tools, furniture and fixtures	977,204
Accumulated depreciation	(686,393)
Tools, furniture and fixtures, net	290,810
Land	227,782
Construction in progress	2,455
Total property, plant and equipment	1,698,070
Intangible assets	
Software	6,155,008
Other	676,615
Total intangible assets	6,831,623
Investments and other assets	
Investment securities	※ 5,663,928
Long-term prepaid expenses	1,825,956
Long-term loans receivable	300,000
Deferred tax assets	619,641
Other	1,159,593
Allowance for doubtful accounts	(11,455)
Total investments and other assets	9,557,664
Total non-current assets	18,087,358
Total assets	35,869,390
Liabilities	
Current liabilities	
Accounts payable - trade	283,333
Provision for refund	19,912
Provision for bonuses	203,690
Asset retirement obligations	44,715
Other	3,024,936
Total current liabilities	3,576,588
Non-current liabilities	
Provision for share-based remuneration	78,260
Provision for share-based remuneration for directors	116,840
Asset retirement obligations	480,554
Other	438,946
Total non-current liabilities	1,114,601
Total liabilities	4,691,190

(Thousand Yen)

FY2021
As of February 28, 2021

Net assets	
Shareholders' equity	
Share capital	1,085,000
Capital surplus	3,234,282
Retained earnings	28,270,725
Treasury shares	(2,287,095)
Total shareholders' equity	30,302,911
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	(33,575)
Total accumulated other comprehensive income	(33,575)
Share acquisition rights	892,247
Non-controlling interests	16,615
Total net assets	31,178,199
Total liabilities and net assets	35,869,390

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

(Thousand Yen)

	FY2021 From March 1, 2020 To February 28, 2021
Sales	32,494,768
Cost of sales	3,303,654
Gross profit	29,191,113
Selling, general and administrative expenses	※ 21,878,955
Operating income	7,312,158
Non-operating income	
Interest income	3,891
Dividend income of insurance	14,887
Insurance claim income	5,353
Subsidy income	4,265
Other	10,491
Total non-operating income	38,889
Non-operating expenses	
Share of loss of entities accounted for using equity method	741,572
Loss on amortization of restricted share-based remuneration	91,346
Other	17,085
Total non-operating expenses	850,005
Ordinary income	6,501,042
Extraordinary income	
Gain on change in equity	159,368
Gain on reversal of share acquisition rights	203,006
Total extraordinary income	362,375
Extraordinary losses	
Loss on sales of investment securities	5,723,762
Total extraordinary losses	5,723,762
Net income before income taxes	1,139,655
Income taxes - current	361,927
Income taxes - deferred	169,826
Total income taxes	531,753
Net income	607,901
Income attributable to non-controlling interests	230
Net income attributable to owners of parent	607,671

Consolidated Statement of Comprehensive Income

(Thousand Yen)

	FY2021 From March 1, 2020 To February 28, 2021
Net income	607,901
Other comprehensive income	
Valuation difference on available-for-sale securities	(14,711)
Share of other comprehensive income of entities accounted for using equity method	1,758
Total other comprehensive income	※ (12,953)
Comprehensive income	594,948
(Breakdown)	
Comprehensive income attributable to owners of parent	594,717
Comprehensive income attributable to non-controlling interests	230

(3) Consolidated Statement of Changes in Equity
 FY2021 (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

(4) Consolidated Statement of Cash Flows

(Thousand Yen)

	FY2020 From March 1, 2020 To February 28, 2021
Cash flows from operating activities	
Net income before income taxes	1,139,655
Depreciation	1,999,686
Share-based remuneration expenses	497,597
Share of loss (profit) of entities accounted for using equity method	741,572
Interest and dividend income	(3,453)
Insurance claim income	(5,353)
Commission expenses	14,928
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)
Decrease (increase) in trade receivables	2,241,001
Increase (decrease) in trade payables	28,729
Increase (decrease) in unearned revenue	(32,902)
Increase (decrease) in accounts payable - other	(1,703,879)
Increase (decrease) in allowance for doubtful accounts	(16,447)
Increase (decrease) in provision for bonuses	(52,005)
Increase (decrease) in provision for refund	(5,362)
Decrease (increase) in other assets	(118,518)
Increase (decrease) in other liabilities	(794,427)
Other, net	37,624
Subtotal	9,330,682
Interest and dividends received	66
Proceeds from insurance income	5,353
Income taxes paid	(3,430,261)
Cash flows from operating activities	5,905,840
Cash flows from investing activities	
Purchase of property, plant and equipment	(155,438)
Purchase of intangible assets	(3,213,099)
Purchase of investment securities	(9,869,461)
Proceeds from sales of investment securities	3,593,469
Payments of leasehold and guarantee deposits	(4,246)
Proceeds from refund of leasehold and guarantee deposits	5,338
Cash flows from investing activities	(9,643,438)
Cash flows from financing activities	
Purchase of treasury shares	(145)
Proceeds from sales of treasury shares	88,768
Proceeds from exercise of employee share options	12,275
Dividends paid	(3,163,372)
Proceeds from share issuance to non-controlling shareholders	36,152
Other payments	(14,928)
Cash flows from financing activities	(3,041,250)
Increase (decrease) in cash and cash equivalents	(6,778,848)
Cash and cash equivalents at beginning of period	19,241,526
Cash and cash equivalents at end of period	※ 12,462,677

(5) Notes on Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable

(Bases of Presenting Consolidated Financial Statements)

The Company has adopted consolidated accounting from FY2021. The basis of presenting consolidated financial statements is as follows.

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”)

DIP Labor Force Solution Investment Business Limited Partnership has been newly established during the fiscal year under review and included in the scope of consolidation.

(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: 5

Names of affiliates: JOLLY GOOD Inc.
GAUSS, inc.
hachidori, inc.
Marketing-Robotics INC.
TRUNK Co., Ltd.

Due to a third-party allotment of shares, SpeakBUDDY Ltd., which was an affiliate accounted for using the equity method, has been excluded from the scope of application of the equity method due to a decrease in the Company’s ownership.

(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: 3 to 47 years

Structures: 15 to 40 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.

(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

Accounting for consumption taxes

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

(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 FY2023

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

The impact is being assessed as of the time of preparation of these financial statements.

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 FY2023

(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.

3. Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections

Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections (ASBJ Statement No. 24; March 31, 2020)

(1) Overview

It is aimed at indicating the outline of the accounting principles and procedures that were adopted when the provisions of related accounting standards, etc. are not clear.

(2) Scheduled date of application

The end of FY2022

4. Accounting Standard for Disclosure of Accounting Estimates

Accounting Standard for Disclosure of Accounting Estimates (ASBJ Statement No. 31; March 31, 2020)

(1) Overview

It is aimed at disclosing information that contributes to the understanding of users of financial statements on the details of accounting estimates that were the basis of amounts recorded in the financial statements of the current fiscal year and were in items that may have a significant impact on the financial statements of the following fiscal year.

(2) Scheduled date of application

The end of FY2022

(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 FY2021.

(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.

(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, respectively, at the end of FY2021.

(Accounting estimates following the COVID-19 pandemic)

The weakening of companies’ motivation to hire due to the COVID-19 pandemic has impacted the Company’s business activities as job advertisement from client companies has been affected.

Although we expect the situation to begin to recover as the second state of emergency declared in January 2021 was lifted in late March, it is extremely difficult to accurately forecast when the pandemic will abate.

Accounting estimates for impairment loss on fixed assets and the collectability of deferred tax assets are based on information available at the time of the preparation of financial statements under the assumption that the impact of the pandemic will continue for a certain period of time.

(Consolidated Balance Sheet)

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

	(Thousand yen)
	FY2021 (As of February 28, 2021)
Investment securities (shares)	686,235

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)
	FY2021 (As of February 28, 2021)
Total of overdraft limits	10,000,000
Total of commitment line	30,000,000
Used loans	-
Available	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.

FY2021 (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.

(Consolidated Statement of Income)

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

	(Thousand yen)
	FY2021 (From March 1, 2020 To February 28, 2021)
Salaries and allowances	8,990,002
Advertising expenses	2,919,166
Provision of allowance for doubtful accounts	11,788
Provision for bonuses	193,540
Provision for share-based remuneration	6,281
Provision for share-based remuneration for directors	16,734
Retirement benefit expenses	24,371
Research and development expenses	158,439

(Consolidated Statement of Comprehensive Income)

Amount of reclassification adjustment and tax effect relating to other comprehensive income
(Thousand yen)

	FY2021 (From March 1, 2020 To February 28, 2021)
Valuation difference on available-for-sale securities	
Valuation difference arising during the year	(5,744,960)
Reclassification adjustment	5,723,762
Before tax-effect adjustment	(21,198)
Tax effect	6,486
Valuation difference on available-for-sale securities	(14,711)
Amount equivalent to equity share in entities accounted for using equity method	
Amount arising during the year	1,758
Total other comprehensive income	(12,953)

(Consolidated Statement of Changes in Equity)

FY2021 (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.

(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)

	FY2021 From March 1, 2020 To February 28, 2021
Cash and deposits account	12,462,677
Cash and cash equivalents	12,462,677

(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 AI/RPA business, which develops and provides services that use AI or RPA.

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

Fiscal year 2021 (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	AI/RPA business	Total		
Sales					
Sales — outside customers	31,671,534	823,233	32,494,768	-	32,494,768
Sales and transfer – inter-segment	-	-	-	-	-
Total	31,671,534	823,233	32,494,768	-	32,494,768
Segment profit (loss)	11,844,100	(541,326)	11,302,774	(3,990,615)	7,312,158
Other items					
Depreciation	1,844,070	46,809	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.

[Related information]

FY2021(March 1, 2020 to February 28, 2021)

1. Information by product and service

(Thousand yen)

	Baitoru	Hatarako.net	Nurse de Hatarako	AI/RPA	Others	Total
Sales to outside customers	24,462,807	5,672,602	1,526,429	823,199	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.

[Impairment loss on fixed assets by reported segment]

Not applicable

[Goodwill amortization and unamortized balance by reported segment]

Not applicable

[Information on gain from negative goodwill by reported segment]

Not applicable

(Per Share Information)

	FY2021 From March 1, 2020 To February 28, 2021
Net assets per share	¥547.13
Net income per share	¥11.09

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.

	FY2021 From March 1, 2020 To February 28, 2021
Net income attributable to owners of parent (thousand yen)	607,671
Amount not attributable to common stock shareholders (thousand yen)	-
Net income attributable to owners of common stock of parent (thousand yen)	607,671
Average number of shares of common stock outstanding during the fiscal year (shares)	54,809,478

Note: The number of Company shares held in the ESOP trust account (1,687,691 shares) and the number of Company shares held in the BIP trust account (74,206 shares) 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 FY2021.

(Significant Subsequent Events)

None

(Reference Information)

(1) Statement of Income

(Thousand Yen)

	FY2020 From March 1, 2019 To February 29, 2020	FY2021 From March 1, 2020 To February 28, 2021	Change (in amount)	Change (in percentage)
Sales	46,415,333	32,494,768	(13,920,565)	(30.0)
Cost of sales	3,036,482	3,303,654	267,171	8.8
Gross profit	43,378,851	29,191,113	(14,187,737)	(32.7)
Selling, general and administrative expenses	29,022,516	21,827,205	(7,195,311)	(24.8)
Operating income	14,356,334	7,363,908	(6,992,426)	(48.7)
Non-operating income				
Interest income	3,483	3,453	(30)	(0.9)
Dividend income of insurance	2,145	14,887	12,742	593.9
Insurance claim income	17,766	5,353	(12,413)	(69.9)
Subsidy income	4,034	4,265	230	5.7
Other	13,795	10,491	(3,303)	(23.9)
Total non-operating income	41,225	38,450	(2,774)	(6.7)
Non-operating expenses				
Loss on investments in investment partnerships	-	62,628	62,628	-
Loss on amortization of restricted share-based payment	-	91,346	91,346	-
Other	3,864	17,085	13,221	342.2
Total non-operating expenses	3,864	171,061	167,197	4,326.8
Ordinary income	14,393,695	7,231,297	(7,162,397)	(49.8)
Extraordinary income				
Gain on reversal of share acquisition rights	43,284	203,006	159,722	369.0
Total extraordinary income	43,284	203,006	159,722	369.0
Extraordinary losses				
Loss on valuation of investment securities	2,758	-	(2,758)	-
Loss on sales of investment securities	-	5,723,762	5,723,762	-
Loss on sales of shares of subsidiaries and associates	152,600	-	(152,600)	-
Loss on valuation of shares of subsidiaries and associates	-	810,040	810,040	-
Total extraordinary losses	155,358	6,533,802	6,378,444	4,105.6
Net income before income taxes	14,281,622	900,502	(13,381,119)	(93.7)
Income-taxes - current	4,380,319	361,927	(4,018,392)	(91.7)
Income taxes - deferred	(111,144)	(81,667)	29,476	(26.5)
Total income taxes	4,269,175	280,259	(3,988,916)	(93.4)
Net income	10,012,446	620,242	(9,392,203)	(93.8)

(2) Statement of Cash Flows

(Thousand Yen)

	FY2020 From March 1, 2019 To February 29, 2020	FY2021 From March 1, 2020 To February 28, 2021
Cash flow from operating activities		
Net income before income taxes	14,281,622	900,502
Depreciation	1,693,153	1,999,686
Share-based remuneration expenses	224,808	497,597
Interest and dividend income	(3,483)	(3,453)
Insurance claim income	(17,766)	(5,353)
Commission expenses	968	14,928
Gain on reversal of share acquisition rights	(43,284)	(203,006)
Loss (gain) on valuation of investment securities	2,758	-
Loss (gain) on sales of investment securities	-	5,724,610
Loss on valuation of shares of subsidiaries and associates	-	810,040
Loss on sales of shares of subsidiaries and associates	152,600	-
Loss on investments in investment partnerships	-	62,628
Decrease (increase) in trade receivables	(1,018,169)	2,241,001
Increase (decrease) in trade payables	27,426	28,729
Increase (decrease) in unearned revenue	36,723	(32,902)
Increase (decrease) in accounts payable - other	381,585	(1,703,879)
Increase (decrease) in allowance for doubtful accounts	(6,702)	(16,447)
Increase (decrease) in provision for bonuses	27,817	(52,005)
Increase (decrease) in provision for refund	(19,060)	(5,362)
Decrease (increase) in other assets	(149,895)	(118,079)
Increase (decrease) in other liabilities	659,962	(796,627)
Other, net	113,833	37,844
Subtotal	16,344,895	9,380,451
Interest and dividends received	95	66
Proceeds from insurance income	17,766	5,353
Income taxes paid	(3,971,222)	(3,430,261)
Cash flow from operating activities	12,391,533	5,955,610
Cash flows from investing activities		
Purchase of property, plant and equipment	(200,147)	(155,438)
Purchase of intangible assets	(2,245,474)	(3,213,099)
Purchase of investment securities	(671,498)	(9,519,461)
Proceeds from sales of investment securities	-	3,593,469
Purchase of shares of subsidiaries and associates	(380,490)	-
Proceeds from sales of shares of subsidiaries and associates	200,000	-
Payments for investments in capital of subsidiaries and associates	-	(414,084)
Payments of leasehold and guarantee deposits	(82,716)	(4,246)
Proceeds from refund of leasehold and guarantee deposits	18,625	5,338
Payments for asset retirement obligations	(14,240)	-
Cash flows from investing activities	(3,375,942)	(9,707,523)
Cash flow from financing activities		
Purchase of treasury shares	(1,805,344)	(145)
Proceeds from sales of treasury shares	83,970	88,768
Proceeds from exercise of employee share options	199,474	12,275
Dividends paid	(2,992,653)	(3,163,372)
Other	(968)	(14,928)
Cash flow from financing activities	(4,515,520)	(3,077,402)
Increase (decrease) in cash and cash equivalents	4,500,071	(6,829,315)
Cash and cash equivalents at beginning of period	14,741,455	19,241,526
Cash and cash equivalents at end of period	19,241,526	12,412,211

(3) Selling, general and administrative expenses

The breakdown of SG&A in accordance with the categories stated in the presentation materials is disclosed below.

(Thousand Yen)

	FY2020 From March 1, 2019 To February 29, 2020	FY2021 From March 1, 2020 To February 28, 2021	Change (in amount)	Change (in percentage)
Personnel expenses (Note)	12,667,492	12,856,167	188,674	1.5
Advertising and sales promotion expenses	11,855,457	4,981,074	(6,874,383)	(58.0)
Rent expenses on land and buildings	1,075,328	1,159,718	84,390	7.8
Other	3,424,238	2,830,245	(593,992)	(17.3)
Total	29,022,516	21,827,205	(7,195,311)	(24.8)

(Note) Personnel expenses include salaries, welfare benefits, etc., as well as recruitment-related expenses and educational expenses.

(4) Segment Information

I FY2020 (March 1, 2019 to February 29, 2020)

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 segment is the personnel recruiting services business, which consists of online job information advertising and the recruitment of nursing staff.

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 "Significant Accounting Policies."

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

3. Information on amounts of sales, profit or loss, assets, liabilities, and other items by reported segment

(Thousand yen)

	Reported segment	Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in statement of income (Note 3)
	Personnel recruiting services business				
Sales					
Sales – outside customers	46,369,290	46,043	46,415,333	-	46,415,333
Sales and transfer – inter-segment	-	-	-	-	-
Total	46,369,290	46,043	46,415,333	-	46,415,333
Segment profit (loss)	18,809,768	(535,595)	18,274,173	(3,917,838)	14,356,334
Other items					
Depreciation	1,576,377	2,227	1,578,605	114,547	1,693,153

(Notes) 1. The "Others" segment includes businesses not included in the reported segment, the AI/RPA Business.

2. Adjustment of segment of profit (loss) of (¥3,917,838 thousand) are corporate expenses not allocated to any reported business segment. Corporate expenses are mainly selling, general, and administrative expenses that are not attributable to reported segments.

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

4. 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]

1. Information by product and service

(Thousand yen)

	Baitoru	Hatarako.net	Nurse de Hatarako	Others	Total
Sales to outside customers	37,008,556	7,790,636	1,561,762	54,379	46,415,333

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]

Not applicable

[Goodwill amortization and unamortized balance by reported segment]

Not applicable

[Information on gain from negative goodwill by reported segment]

Not applicable

II FY 2021 (March 1, 2020 to February 28, 2021)

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 AI/RPA business, which develops and provides services that use AI or RPA.

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

(Thousand Yen)

	Reported segment			Adjustment (Note 1)	Amount recorded in statement of income (Note 2)
	Personnel recruiting services business	AI/RPA business	Total		
Sales					
Sales — outside customers	31,671,534	823,233	32,494,768	-	32,494,768
Sales and transfer – inter-segment	-	-	-	-	-
Total	31,671,534	823,233	32,494,768	-	32,494,768
Segment profit (loss)	11,844,100	(541,326)	11,302,774	(3,938,865)	7,363,908
Other items					
Depreciation	1,844,070	46,809	1,890,879	108,806	1,999,686

(Notes) 1. Adjustment of segment profit (loss) of (¥3,938,865 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]

1. Information by product and service

(Thousand yen)

	Baitoru	Hatarako.net	Nurse de Hatarako	AI/RPA	Others	Total
Sales to outside customers	24,462,807	5,672,602	1,526,429	823,199	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.

[Impairment loss on fixed assets by reported segment]

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.