

# Financial Results for FY2020 Ended February 29, 2020 (Japanese standard, Non-Consolidated)

April 7, 2020

Name of Company: DIP Corporation Listed on: First Section of the Tokyo Stock Exchange.  
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Scheduled date of general shareholders meeting: July 29, 2020 Dividends to be paid from: May 27, 2020  
Scheduled date of filing financial statements: May 27, 2020  
Supplementary documents to the financial results: Yes  
Financial results briefing: Yes (for investors and analysts)

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

## 1. Operating Results for FY 2020 ended February 29, 2020 (from March 1, 2019 to February 29, 2020)

### (1) Operating results (Percentage of change from previous year)

	Sales		Operating Income		Ordinary Income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
FY2020	46,415	10.1	14,356	11.9	14,393	11.9	10,012	9.9
FY2019	42,167	10.8	12,828	18.5	12,859	18.5	9,112	20.2

	Net Income per Share	Diluted Net Income per Share	ROE	ROA	Operating Income to Net Sales Ratio
	¥	¥	%	%	%
FY2020	183.80	183.76	36.0	38.5	30.9
FY2019	164.50	164.46	40.2	41.7	30.4

(Note) Equity in earnings of affiliates: FY2020 (¥489 million) FY2019 (¥196 million)

### (2) Financial position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	¥ million	¥ million	%	¥
FY2020	41,114	31,512	74.3	563.13
FY2019	33,704	25,899	74.3	453.62

(Reference) Shareholders' Equity: FY2020 ¥30,566 million FY2019 ¥25,048 million

### (3) Cash flows

	Cash Flow from Operating Activities	Cash Flow from Investment Activities	Cash Flow from Financing Activities	Balance of Cash and Cash Equivalent at End of Period
	¥ million	¥ million	¥ million	¥ million
FY2020	12,391	(3,375)	(4,515)	19,241
FY2019	11,008	(6,351)	(4,356)	14,741

The Company had announced consolidated financial results for FY2019 but is announcing its financial results for FY2020 on a non-consolidated basis. Therefore, the financial results for FY2019 are stated here on a non-consolidated basis for purposes of comparison.

## 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	%	%
FY2019	—	24.00	—	26.00	50.00	2,853	30.4	12.2
FY2020	—	27.00	—	29.00	56.00	3,138	30.5	11.0
FY2021 (forecast)	-	-	-	-	-	-	-	-

The Company had announced consolidated financial results for FY2019 but is announcing its financial results for FY2020 on a non-consolidated basis. Therefore, the dividend payout ratio and the ratio of dividends to net assets for FY2019 are stated here on a non-consolidated basis for purposes of comparison. Although the Company's Articles of Incorporation specify the last day of the second quarter and the last day of the fiscal year as the dividend record dates, the dividend forecasts for those record dates have not been determined at this moment.

### 3. Operating results forecast for FY2021 (from March 1, 2020 to February 28, 2021)

Since drastic changes in the environment surrounding the Company's business caused by the spread of the new coronavirus make it extremely difficult to forecast full-year operating results at this moment, we are disclosing forecast figures for FY2021 Q1 only within ranges at this time.

(Percentage indicates year-on-year change)

	Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
FY2021	9,900	(17.6)	2,900	(22.8)	2,900	(23.2)	2,000	(23.1)	36.71
Q1	~ 10,900	~ (9.3)	~ 3,800	~ 1.1	~ 3,800	~ 0.7	~ 2,650	~ 1.9	~ 48.65

\* Notes

(1) Significant changes and restatements in accounting during the period under review

- |                                                                                     |      |
|-------------------------------------------------------------------------------------|------|
| 1. Changes in accounting policies resulting from revisions in accounting standards: | None |
| 2. Changes in accounting policies other than 1:                                     | None |
| 3. Changes in accounting estimates:                                                 | None |
| 4. Restatements:                                                                    | None |

(2) Number of outstanding shares (Common stock)

1. Number of outstanding shares at the end of period (including treasury shares):	FY2020	62,000,000 shares	FY2019	62,000,000 shares
2. Number of treasury shares at the end of period:	FY2020	7,720,493 shares	FY2019	6,786,876 shares
3. Average number of shares during the period	FY2020	54,475,989 shares	FY2019	55,394,846 shares

Treasury shares include the number of Company shares owned by the ESOP trust account (1,771,975 shares at the end of FY2019; 1,718,935 shares at the end of FY2020) and the number of Company shares owned by BIP trust account (83,700 shares at the end of FY2019; 74,206 shares at the end of FY2020).

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

\* Explanations 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 currently-available information and certain assumptions the Company deems rational at the time of writing, and are not commitments made by the Company. Actual results may significantly differ from the forecasts depending on a variety of factors. For assumptions regarding operating results forecasts and notes on the use of the forecasts, see “1. Analysis of Operating Results and Financial Position (6) Outlook” on page 7.

(How to obtain 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, 2020.

## ○Table of Contents

1. Analysis of Operating Results and Financial Position . . . . .	2
(1) Analysis of Operating Results . . . . .	2
(2) Analysis of Financial Position . . . . .	3
(3) Analysis of Cash Flows . . . . .	4
(4) Basic Policy on Profit Distribution and Dividends for the Current and Upcoming Fiscal Years . . . . .	4
(5) Business Risks . . . . .	5
(6) Outlook . . . . .	7
2. Situation of the Corporate Group . . . . .	8
3. Management Policies . . . . .	10
(1) Basic Management Policies . . . . .	10
(2) Target Management Benchmarks . . . . .	10
(3) Medium- and Long-Term Management Strategy . . . . .	10
(4) Challenges Facing the Company . . . . .	11
(5) Other Significant Matters for Business Management of the Company . . . . .	11
4. Basic Approach toward Selection of Accounting Standards . . . . .	12
5. Financial Statements and Principal Notes . . . . .	13
(1) Balance Sheet . . . . .	13
(2) Statement of Income . . . . .	15
(3) Statement of Changes in Equity . . . . .	16
(4) Statement of Cash Flows . . . . .	18
(5) Notes to Financial Statements . . . . .	19
(Notes on Going Concern Assumption) . . . . .	19
(Significant Accounting Policies) . . . . .	19
(Changes in Presentation) . . . . .	20
(Additional Information) . . . . .	20
(Balance Sheet) . . . . .	22
(Statement of Income) . . . . .	22
(Statement of Changes in Equity) . . . . .	23
(Statement of Cash Flows) . . . . .	27
(Equity in Earnings of Affiliated Companies, etc.) . . . . .	27
(Segment Information etc.) . . . . .	28
(Per Share Information) . . . . .	30
(Significant Subsequent Events) . . . . .	32
(Reference Information) . . . . .	33

# 1. Analysis of Operating Results and Financial Position

## (1) Analysis of Operating Results

Since its establishment in 1997, DIP Corporation (hereinafter, the “Company”) has assisted its client companies’ recruiting and 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.”

In the fiscal year ended February 29, 2020 (FY2020) the Company began developing and providing a service utilizing AI/RPA<sup>\*1</sup> (Digital labor force) in addition to Human labor force under its new corporate vision of becoming a “Labor force solution company.” By employing AI/RPA to automate work that does not have to be done by man, the Company helps alleviate the shortage of labor and supports corporate customers’ initiatives to improve productivity.

\*1 RPA=Robotics Process Automation

	FY 2019	FY 2020	Change (yen)	Change (%)
Sales	¥42,167 million	46,415 million	+¥4,248 million	+10.1%
Operating Income	¥12,828 million	14,356 million	+¥1,528 million	+11.9%
Ordinary Income	¥12,859 million	14,393 million	+¥1,534 million	+11.9%
Net Income	¥9,112 million	10,012 million	+¥900 million	+9.9%

The Company had announced consolidated financial results in FY2019 but is announcing its financial results for FY2020 on a non-consolidated basis. Therefore, the financial results for FY2019 are stated here on a non-consolidated basis for purposes of comparison.

Sales for FY2020 increased 10.1% year on year to ¥46,415 million. This was attributable to the favorable performance of job advertisement media of the personnel recruiting services business.

Profits also grew year on year, with operating income rising 11.9% year on year to ¥14,356 million, ordinary income increasing 11.9% year on year to ¥14,393 million, and net income up 9.9% year on year to ¥10,012 million. This is due to improved efficiency in allocation of advertising resources while continuing to maintain a robust promotional presence, and investment in human resources such as the recruitment of new graduates<sup>\*2</sup> to further strengthen our sales force.

\*2. To enhance its sales forces, the Company recruited 362 new graduates in April 2019 and established new offices in Shizuoka and Hiroshima.

The following is an overview of results by segment.

	FY 2019	FY 2020	Change (yen)	Change (%)
1. Personnel Recruiting Services				
Sales	¥42,161 million	¥46,369 million	+¥4,207 million	+10.0%
Segment Income	¥16,688 million	¥18,809 million	+¥2,120 million	+12.7%
2. Other				
Sales	¥5 million	¥46 million	+¥40 million	+768.6%
Segment Income (loss)	(¥264 million)	(¥535 million)	-	-

### 1. 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 continues 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.

Sales and segment profit for the fiscal year increased 10.0% year on year to ¥46,369 million and 12.7% year on year to ¥18,809 million, respectively, thanks in part to high growth at Baitoru and favorable sales in regional and suburban areas.

Persol Career Co., Ltd., a consolidated subsidiary of Persol Holdings Co., Ltd. announced on August 1, 2019 the termination of business activities at “an”,<sup>\*3</sup> a personnel-recruiting service competitive to our Baitoru service. In response to this announcement,

we undertook marketing activities through job advertising agencies during the fiscal year under review, aiming to encourage existing customers of ‘an’ service<sup>\*4</sup> to switch over to our Baitoru service. Meanwhile, we stepped up our efforts to expand our customer base by creating a list, by geographical region, of those customers known to use ‘an’ services and instructing our direct marketing sales personnel at the appropriate branch offices to contact them. We also launched active and strategic advertising campaigns to encourage existing users of ‘an’ to use Baitoru, which resulted in a 19.1% year-on-year increase in applications through Baitoru (including Baitoru NEXT). We will stay focused on expanding our customer base as well as aiming to help more job seekers use our services with aggressive marketing.

<sup>\*3</sup> ‘an’ is a trademark of Persol Career Co., Ltd.

<sup>\*4</sup> Client companies using ‘an’ services only or those using ‘an’ and media other than Baitoru.

## 2. Other

AI/RPA has recently been attracting considerable attention as a technology with the potential to solve labor shortages and improve productivity. However, the current mainstream AI/RPA services accompany issues such as expensive development and introduction costs, a long introduction process, and expensive maintenance costs incurred after introduction.

In order to clear all of these hurdles, in September 2019 the Company launched KOBOT, a FAST RPA service that can be introduced easily and used at a low cost. The Company's uniquely packaged KOBOT that combines existing AI and RPA tools is mainly offered on a monthly subscription basis and includes maintenance and support.

Following the launch of KOBOT for dispatch staffing companies, the first offering of our FAST RPA service, we launched “Job Interview KOBOT Light” (November 2019) and “Job Interview KOBOT” (April 2020) for the restaurant and retail industries. We also plan to launch “Real Estate KOBOT” in June 2020. We will stay committed to developing and marketing products that accommodate customer needs, leveraging our contact points with the wide range of customers that we have cultivated in the personnel recruiting services business.

As this business is in a start-up phase, sales for the fiscal year under review ended at ¥46 million (up 768.6% year on year<sup>\*5</sup>) and segment loss amounted to ¥535 million.

<sup>\*5</sup> In FY2019, this segment included the LIMEX<sup>\*6</sup> business, which sells LIMEX as an alternative to paper. However, in October 2018 we transferred this business to TBM Co., Ltd. to promote product development even further and strengthen sales.

<sup>\*6</sup> LIMEX is a trademark of TBM Co., Ltd.

## (2) Analysis of Financial Position

### (Current assets)

Total current assets recorded in the financial statements at the end of FY2020 amounted to ¥25,446 million, an increase of ¥5,678 million from the end of the previous fiscal year. Major components of this growth were an increase of ¥4,500 million in cash and deposits and an increase of ¥1,023 million in accounts receivable (trade).

### (Fixed assets)

Total fixed assets recorded in the financial statements at the end of FY2020 amounted to ¥15,667 million, an increase of ¥1,731 million from the end of the previous fiscal year. This was attributable chiefly to an increase of ¥86 million in tangible fixed assets, an increase of ¥787 million in software, an increase of ¥652 million in investment securities and an increase of ¥116 million in deferred tax assets.

### (Current liabilities)

Total current liabilities recorded in the financial statements at the end of FY2020 amounted to ¥8,565 million, growth of ¥1,645 million from the end of the previous fiscal year. The key factor contributing to this was an increase of ¥516 million in accounts payable (other) and an increase of ¥482 million in income taxes payable.

### (Fixed liabilities)

Total fixed liabilities recorded in the financial statements at the end of FY2020 amounted to ¥1,035 million, growth of ¥152 million from the end of the previous fiscal year. This was primarily the result of a rise of ¥62 million in asset retirement obligations.

### (Net assets)

Total net assets recorded in the financial statements at the end of FY2020 amounted to ¥31,512 million, up ¥5,612 million from the end of the previous fiscal year. Major components included an increase of ¥7,016 million in retained earnings and growth of ¥1,723 million in treasury shares.

### (3) Analysis of Cash Flows

Cash and cash equivalents (hereinafter, “cash”) in the fiscal year under review increased by ¥4,500 million from the end of the previous fiscal year to total ¥19,241 million.

The cash flow breakdown is as follows:

#### (Cash flow from operating activities)

Net cash provided by operating activities amounted to ¥12,391 million (an increase of ¥1,382 million year on year). This was mainly because inflows such as net income before income taxes of ¥14,281 million, depreciation of ¥1,693 million, stock-based payment of ¥224 million, loss on sales of shares of subsidiaries and associates of ¥152 million and an increase of ¥1,041 million in other liabilities exceeded outflows such as income taxes paid of ¥3,971 million and an increase of ¥1,018 million in trade receivables.

#### (Cash flow from investment activities)

Net cash used in investment activities amounted to ¥3,375 million (a decrease of ¥2,975 million year on year). This mainly reflects expenditures for the acquisition of intangible fixed assets amounting to ¥2,245 million and expenditures for the acquisition of investment securities amounting to ¥671 million.

#### (Cash flow from financing activities)

Net cash used in financing activities amounted to ¥4,515 million (an increase of ¥158 million year on year). This was mainly attributable to the purchase of treasury shares amounting to ¥1,805 million and dividend payments of ¥2,992 million.

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

	FY2016	FY2017	FY2018	FY2019	FY2020
Shareholders' equity ratio (%)	66.4	69.6	72.4	74.0	74.3
Shareholders' equity ratio on a fair value basis (%)	767.3	617.0	662.9	323.4	345.0
Ratio of cash flow to interest-bearing debts (annual)	—	—	—	—	—
Interest coverage ratio (times)	3,013.2	—	36,689.5	—	—

Shareholders' equity ratio: Shareholders' equity/Total assets

Shareholders' equity ratio on a fair 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 from FY2016 to 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 FY2016.

(Note 4) The interest coverage ratio is not stated for FY2017, FY2019 nor FY2020 since there were no interest payments.

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

The Company considers profit distribution to shareholders to be one of its most important management tasks. We intend to continue making stable profit distribution by setting a dividend standard in consideration of the business circumstances surrounding the Company and maintaining the internal reserve necessary for strengthening the financial structure and business expansion.

In addition, in order to increase opportunities to return profits to shareholders, we pay ordinary dividends twice a year: interim dividend and year-end dividend.

Based on this policy, the Company paid an interim dividend of 27 yen per share and plans to pay a year-end dividend of 29 yen per share. As a result, the total annual dividend is expected to be 56 yen per share for the fiscal year under review.

We have not estimated dividends for FY2021 at this moment since it is difficult to foresee full-year operating results amid expectations that the actual economy will experience stagnation due to the spread of new Coronavirus disease. We will announce our dividend forecast once we are able to disclose our full-year results forecast.

## (5) Business Risks

The main potential risks to our business are stated below. Some of the statements are not necessarily risks of our business; they are stated because they can be important when understanding our business or investment in this sector. The Company addresses these risks when they are recognized; however, any investment in The Company should be made after fair consideration on the part of the investor. It must be taken into account that this forecast represents the best judgment of management based on information available at the end of the period under review, and the statement below does not cover all the possible risk of investment.

### 1. System

Due to the nature of our business of operating information websites on the Internet, our business relies on the communication networks that connect the computer systems constituting the websites and the devices accessed by the users.

If our computer systems fail due to large-scale and/or wide-reaching natural disasters, such as earthquakes, floods, fires, computer viruses, loss of electrical power, communication failures, or other causes that are unpredictable at this point, we may be forced to suspend business.

Other potential risks we face include the disabling of the Company's system or ISP service due to temporary overload, criminal acts such as unauthorized access to our server by a third party, unintended failure due to an operational error by an employee, and failure in the communication network.

To prevent such situations from arising, we have established a back-up system for our computer systems and continuously implement security measures. By doing so, we strive to prevent disastrous situations from arising and to alleviate the impact of business operation if they arise. If any of these occur despite such efforts, the credibility of the Company may be damaged, which may lead to suspension of business, and actions or claims for damages may arise. In the event of such a failure, the Company's operating results and financial position may be substantially affected.

### 2. Protection of personal information and information security

The Company employs the Secure Sockets Layer (SSL) protocol in all communications with its websites. SSL encodes the data between the Company and the job seeker, ensuring that all information is protected from interception, alteration and spoofing. We also implement security measures such as preventing unauthorized access on a continuing basis. However, if a serious problem occurs in the personnel recruiting services business and the AI/RPA business, such as unauthorized disclosure of personal information, the Company may have to assume legal responsibility, regardless of the terms and conditions of any membership contract.

Even if the Company is able to avoid legal responsibility, it will lose credibility with companies and job seekers. In addition, the Company's operating results and financial position may be affected negatively by the damage to the brand image.

To ensure strict management of personal information, the Company acquired the Privacy Mark to ensure strict control of all personal information. Furthermore, we obtained certification of the ISMS Conformity Assessment System in October 2005. Subsequently, we applied for evaluation for transfer to ISO 27001 (JISQ 27001) upon the review for continuation and expansion of ISMS certification, and obtained certification in November 2006.

### 3. Intellectual property rights

In providing information on the Internet in the personnel recruiting services business and in the AI/RPA business, the Company may face severe competition or be sued if a competitor acquires any relevant utility model rights or patent, which could have a negative impact on our operating results and financial position. The Company cannot completely rule out the possibility that The Company might be obligated to compensate for violation of utility model rights or a patent related to the whole or a part of the business, which someone in Japan or abroad have already acquired. The Company's intellectual properties also have the possibility to be infringed by a third party. Although the Company does not recognize any specific cases at this moment, any occurrence of these events could have a negative impact on our business and operating results.

### 4. Competition

In the personnel recruiting services business there are many competitors that offer part time job information, dispatch employee job information, regular employee job information, and nurse placement business using the Internet. New operators enter the business each year, as the barrier to entry is low. The Company is committed to introducing pioneering services and continuously providing new functions in order to attract users, but if The Company fails to respond effectively and efficiently on



a timely basis in the intensifying competition with existing rivals and in the competition with new entrants, our business and operating results may be substantially affected.

In the AI/RPA business, The Company provides a FAST RPA service utilizing our unique strength of a wide-ranging customer base and direct marketing sales personnel acquired through the job information service. However, if a competitor with similar or different strengths emerges and The Company fails to respond effectively and efficiently on a timely basis in the competition with them, it could have a negative impact on our overall business and operating results.

#### 5. New businesses

In addition to conducting business as a “Labor force solution company” that solves various labor-related issues with Human Labor Force and Digital Labor Force, the Company is also considering aggressive development of new businesses to expand its business scale and diversify its business portfolio. When examining a new business, The Company must adapt to ever-evolving technologies to satisfy the needs of our clients. However, if difficulties arise in recruiting system experts, including IT engineers, or if system development falls behind schedule, the timely launch of a new business will be impaired, which may affect the Company’s operating results and financial position.

Furthermore, aggressive development of new services and new businesses may lead to lower profit margins due to additional expenditure, including investment on system development and advertising.

In addition, if the planned launch of a new service or business is prevented by an unforeseen situation, The Company will not be able to recover our investment and may experience a negative impact on our business and operating results.

#### 6. Dependence on the personnel recruiting services business

Our business relies heavily on the personnel recruiting services business, whose sales (¥46,369 million) account for 99.9% of the Company’s total sales for FY2020 (¥46,415 million). As a result, fluctuations in sales in said business could have a significant impact on the Company’s business and operating results due to competition with other job information companies in the market. Although the Company is making efforts in the AI/RPA business to establish a more stable earnings base by diversifying our business portfolio, the failure of such services and businesses to contribute to operating results as initially planned may result in a continued dependence on the personnel recruiting services business.

#### 7. Impairment accounting

The Company will carry out impairment accounting if cash flows from the fixed assets the Company invested in can no longer be expected due to reasons such as a drop in profitability of the websites the Company operates or a significant deterioration of the business environment. This may have an effect on our operating results and financial position.

#### 8. Developments in economic trends, employment, and the recruitment market

The personnel recruiting services business, which is our main business, is heavily affected by the recruitment plans of companies that place job advertisements. Therefore, the business is susceptible to economic trends, employment situations, and the recruitment market, as well as outbreaks of infectious diseases. Drastic changes to our business environment due to these influences may affect our business and operating results.

#### 9. Human resources

The Company has rapidly expanded the scale of our business centered around the personnel recruitment services business. Since reinforcing our sales system and developing services are crucial for further business expansion and launching new services, we believe it is necessary to secure quality human resources. Therefore, our business and operating results may be affected by failure to recruit a sufficient number of appropriate personnel or an outflow of many personnel due to resignation. Also in the AI/RPA business, if the Company fails to recruit a sufficient number of adequate personnel amid intensified global competition to secure competent AI engineers and business consultants, it may cause a delay in launching services and lead to a negative impact on our business and operating results as a whole.

#### 10. Legal restrictions

The Company offers job advertisement services using the Internet in the personnel recruitment services business and services utilizing AI and RPA in the AI/RPA business. At this moment the restrictions of laws and regulations targeting the Internet and AI/RPA are limited. However, our business and operating results may be affected if a future enactment or revision of laws and regulations affects these areas or additional expenses are incurred to comply with laws and regulations.

The Company is subject to a variety of different legal restrictions, such as the Law on Securing, Etc. of Equal Employment Opportunity and Treatment between Men and Women in Employment, Dispatching Undertakings and Improved Working

Conditions for Dispatched Workers, the Employment Security Law, and the Labor Standards Law.

The Company operates in compliance with these laws; however, violation of these laws or their revision and enhancement may lead to the possibility of limiting business and increasing expenses to comply with the new legal restrictions. This may result in negative effects on the Company's operating results and financial position. In addition, the laws that regulate the qualification of our registrants such as the Act on Public Health Nurses, Midwives and Nurses may affect our business and financial position as our services are targeted to those who are qualified by these laws.

The Company has obtained license from the Ministry of Health, Labor and Welfare as a fee-charging employment placement business provider. Our license number is 13-コ-303788 and the expiry date is January 31, 2022. Since a license as a fee-charging employment placement business provider is required to continue our main business activities, the disqualification of license for some reason may affect our business activities and operating results. As of February 29, 2020, the Company is unaware of any fact that falls under a reason for disqualification of license, which is stipulated in Article 32-9 of the Employment Security Law.

## (6) Outlook

The forecast for the Japanese and global economies requires careful evaluation because of the high uncertainty that remains, including the developments of the U.S.-China trade issue, uncertainties in overseas economies, the impact of financial and capital market volatility, and concerns toward the spread of new Coronavirus disease.

Amid these circumstances, in the personnel recruiting services business, the Company will enhance contents and services to recruit female workers and elderly workers, who are expected to be more sought after, and to meet demand for the recruitment of regular employees. The Company will also enhance applications to attract users and continue investing in advertising, including TV commercials and web advertising.

In the AI/RPA business, we intend to solidify the business foundation by increasing the number of subscriber companies for KOBOT, our FAST RPA service launched in September 2019, and expanding it into new areas.

Meanwhile in Japan, events are being cancelled following the government's Basic Policies for Novel Coronavirus Disease Control (February 25, 2020) and subsequent requests. As of April 7, 2020, concerns of the spread of the infections have not been completely eliminated.

Due to uncertainties in the business environment surrounding the Company amid the current social situation, it is extremely difficult to forecast full-year operating results for the fiscal year ending February 2021. Therefore, the Company will only disclose non-consolidated results forecasts for the first quarter of the fiscal year ending February 2021 (from March 1 to May 31, 2020).

### ■ Non-consolidated operating results forecast for FY2021 Q1

	FY 2020 Q1	FY 2021 Q1 (forecast)	Change (yen)	Change (%)
Sales	¥12,011 million	¥9,900 ~ ¥10,900 million	(¥2,111) ~ (¥1,111) million	(17.6) ~ (9.3)
Operating Income	¥3,757 million	¥2,900 ~ ¥3,800 million	(¥857) ~ +¥43 million	(22.8) ~ +1.1
Ordinary Income	¥3,774 million	¥2,900 ~ ¥3,800 million	(¥874) ~ +¥26 million	(23.2) ~ +0.7
Net Income	¥2,599 million	¥2,000 ~ ¥2,650 million	(¥599) ~ +¥51 million	(23.1) ~ +1.9

The Company announced consolidated financial results in FY2020 Q1 but has adopted non-consolidated accounting since FY2020 Q2. Therefore, the financial results for FY2020 Q1 are stated here on a non-consolidated basis for purposes of comparison.

## 2. Situation of the Corporate Group

The main business of the Company is the personnel recruiting services business, which provides online job information and offering recruiting services for nurses.

### (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.\*1 The Company charges a brokerage fee from the medical institution when a successful employment contract is realized.

\*1 A career advisor is a consultant who matches nurses looking to change jobs with workplaces that best suits their employment needs.

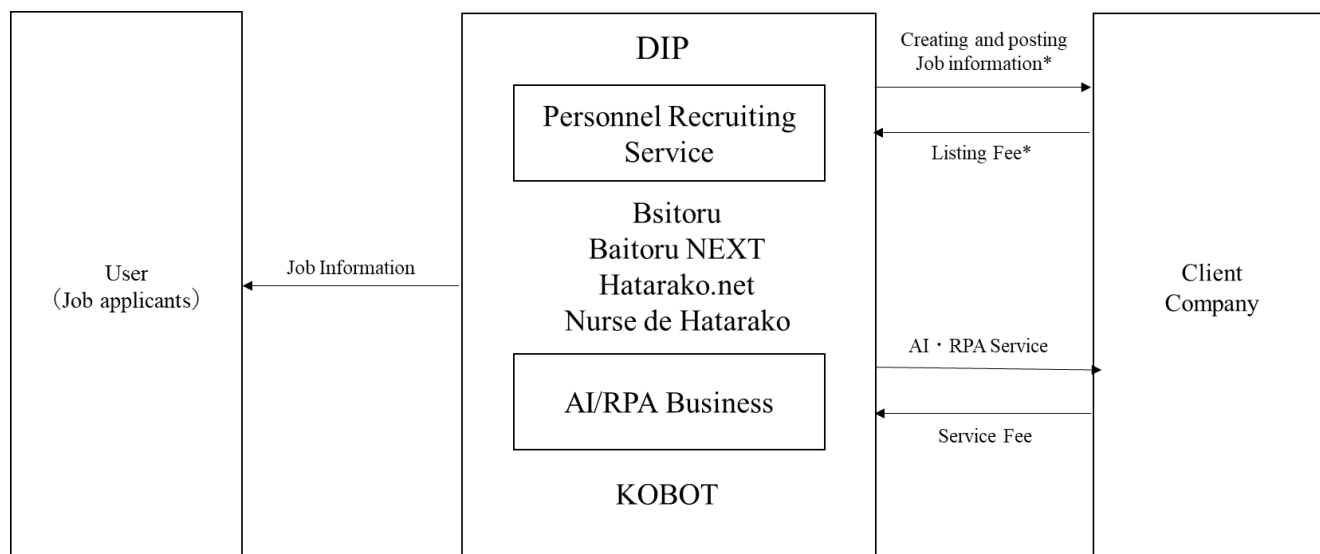
### (Other)

Other consists mainly of the AI/RPA business that was launched in the fiscal year ended February 2020. In this business, the Company started provision of KOBOT, a FAST RPA service that is easy to introduce and can be used at a low price, in September 2019. The Company's uniquely packaged KOBOT, which combines existing AI and RPA tools, is offered mainly on a monthly subscription basis and includes maintenance and support.

The Company previously operated a business of selling LIMEX,\*2 a new material made mainly from limestone, which can be used as a substitute for paper and plastic. In October 2018, the Company transferred the sales function of LIMEX as an alternative to paper products to TBM Co., Ltd. for the purpose of promoting product development and increasing sales.

\*2 LIMEX is the trademark of a new material made mainly from limestone, developed and manufactured by TBM Co., Ltd.

Business flow chart



\* Nurse de Hatarako is a success-fee business model

### 3. Management Policies

#### (1) Basic Management Policies

Our corporate philosophy is, “here at DIP we want to tap into dreams, ideas and passion to create a better society.” Under this philosophy, The Company has been providing pioneering online job advertisement services as well as developing and providing services with a “User-First” focus by continuously adopting features unique to the Internet.

Since the fiscal year ended February 2020, we have also been conducting business with the aim of solving various labor force-related issues and contributing to creating an environment where each individual can work with enthusiasm and energy as a “general trading company dealing in labor force” that provides conventional Human labor force and AI/RPA (Digital labor force) under a new corporate vision of becoming a “Labor force solution company.”

Furthermore, our aim is to contribute to society not only through its day-to-day business but also by solving social issues that arise in various situations. As part of such efforts, we launched the “Raise the Salary” campaign in 2013 to assist in the rise of hourly wages when companies recruit part-time workers. By urging companies to raise hourly wages, we seek to improve the work environment of those who are employed in a part-time or contracted capacity.

Similarly, under the crisis of the new Coronavirus disease that broke out in January 2020, we have been continuing to act by discussing and reflecting on what we can do to help our clients and users.

In March 2020, we offered free job postings on job information service Baitoru for clients in urgent need of short-term replacements for their current employees who are required to stay home with children due to the cancellation of all public-school classes and activities as measures to contain the spread of the new coronavirus. For users, we have started a temporary relief program that offers relief compensation for a period of up to one half month (up to a maximum of ¥100,000) to those part-time and contracted workers (part-time, dispatched, contracted, and outsourcing, excluding regular employees) who achieved employment through Baitoru, Baitoru NEXT or Hatarako.net between March 1, 2017 and now, if they are unable to work due to a coronavirus related illness. (One half month is said to be the necessary length of treatment.)

One of the SDGs (Sustainable Development Goals) that are applied universally to all people until 2030, “Decent Work and Economic Growth,” aims to “promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.” Our initiatives conform with the philosophy of SDGs.

We will continue to strive to contribute to society through our business and other various initiatives.

#### (2) Target Management Benchmarks

The Company views sales, operating income (operating margin), and net income per share (EPS) as important indicators in seeking medium- and long-term business growth and improvement of shareholder value through continuous profit growth.

To achieve business growth, we will strive to improve our competitive edge and expand our share of the recruitment service market by developing productive sales representatives and maximizing their activities as well as focusing on advertising activities and continuous improvement of products to increase awareness of the benefits of our services among job seekers and client companies. At the same time, we will make efforts to achieve sales growth by increasing sales of AI/RPA products. We will also strive to realize continuous profit growth and ensure shareholder return through well-balanced investments for business growth.

#### (3) Medium- and Long-Term Management Strategy

Although cancellations of large-scale events and gatherings in Japan following the government’s Basic Policies for Novel Coronavirus Disease Control (February 25, 2020) and subsequent requests are impacting recruitment at some companies, the overall labor market remains tight.

In the personnel recruiting services business, we have been providing a matching service catering to the job selection needs of job seekers by adopting various features unique to the Internet, in accordance with our “User-First” philosophy. In addition, we support the best match between companies and job seekers by making proposals that benefit both parties after employment, such as creating a workplace that improves retention of the employed and enables them to perform to the best of their abilities. We will continue to pursue and offer services that are convenient for both job seekers and our client companies.

In the fiscal year ended February 2020, we began developing and providing a service utilizing AI/RPA as the first phase of our initiatives as a “Labor force solution company” that solves labor force-related issues. Amid a serious labor shortage caused by an aging and diminishing population, companies are urgently required to improve efficiency more than ever. By creating synergy through the integration of our personnel recruiting services business and AI/RPA business, we will provide technological support for companies’ efforts to improve productivity.

We are taking continuous steps to raise the profile of our brand through strategic investments in advertising and promotional campaigns while bearing in mind the most effective way to disperse expenses and to improve the profit margin. We are reaching for a high level of trust in the public mind and an evaluation in the market by embodying our corporate philosophy and working to strengthen internal control and compliance.

#### (4) Challenges Facing the Company

The main challenges that the Company faces in its efforts for medium- and long-term growth and maximization of shareholder and corporate value are as follows:

##### 1. Strengthening the businesses

We acknowledge that making reinforcing the sales capabilities of our sales representatives, enhancing productivity, and improving recruiting satisfaction of client companies are key factors that must continuously be addressed in order to strengthen our personnel recruiting services business.

Our sales representatives consist mainly of young employees who were hired as new graduates. Sales by our sales representatives (direct sales ratio) accounts for nearly 80% of total sales. To facilitate our employees to perform to the best of their abilities, we offer new employee training as well as level-specific and manager trainings, in addition to creating a corporate culture that motivates employees to work voluntarily with enthusiasm. We will continue to strengthen our human resources platform so that our employees who grew through such initiatives can embody our corporate philosophy and drive the growth of the Company.

To improve the recruiting satisfaction of our client companies, it is essential that we not only improve our proposals to clients but also increase the number of users of our websites and the number of applications as well as improve the precision of matching job seekers and client companies. We will also launch effective advertising activities to promote job seekers' use of our websites, enhance their functions and improve the quality and quantity of information posted so as to offer greater convenience to job seekers.

In the AI/RPA business that was established in the fiscal year ended February 2020, we launched its first product in September 2019, the FAST RPA service KOBOT. KOBOT is basically a monthly subscription service that is "quick, cheap, and simple," making a clear distinction from the current mainstream AI/RPA services that involve expensive development and introduction costs, a long introduction process, and expensive maintenance costs that are incurred after introduction. Going forward, we will aim to increase the adoption of the service by companies by expanding its customer base through synergies with the personnel recruiting services business, introducing the service to new industries and operations, and strengthening brand power, as well as strive to expand the business to achieve stable, recurring revenue.

##### 2. Establishing new businesses

Ever since the Internet started to become available for the wide public, we have led the industry and also developed and provided services with a "User-First" focus by providing online job advertising services ahead of competitors and continuously adopting features unique to the Internet. Furthermore, in the fiscal year ended February 2020 we have adopted a new corporate vision of becoming a "Labor force solution company."

For the Company to contribute to solving labor force-related issues as a "Labor force solution company," we acknowledge that we must consider and act in launching new businesses. We believe that this diversification of business portfolio will lead to a stronger business foundation. We will continue to make proactive efforts while sincerely addressing the voices of users and clients.

##### 3. Strengthening systems

We provide services via the Internet. In order to achieve stable operation of our business we recognize that reinforcing server equipment and establishing a system for security, development, and maintenance of systems related to our websites are of critical importance. We will continue to make appropriate investments in system equipment to achieve system stability and ensure an operation system that addresses changes in the market environment.

##### 4. Reinforcing privacy protection and information security

The Company views all information relating to personal information as one of our most important business assets and spares no effort in building and maintaining information security protocols that ensure the protection of all confidential information entrusted to us by strictly applying the company protocol, training our staff regularly and structuring the security management system in order to manage the private information.

##### 5. Strengthening the organization

Under the concept that "people are everything, people are assets," we are making continuous efforts to develop our employees and strengthen our management system so that each employee will contribute to improving society. We will continue to ensure an appropriate management system and speed up decisions as well as to improve the business process and the decision-making process. We will also continue to maintain and enhance our internal control protocols in order to strengthen our organization.

#### (5) Other Significant Matters for Business Management of the Company

Not applicable.

#### 4. Basic Approach toward Selection of Accounting Standards

Our 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 respond appropriately based on future business development and trends of domestic competitors.

## 5. Financial Statements and Principal Notes

### (1) Balance Sheet

(Thousand Yen)

	FY2019 February 28, 2019	FY2020 February 29, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	14,741,455	19,241,526
Notes receivable - trade	2,614	4,758
Accounts receivable - trade	4,775,737	5,799,156
Supplies	6,018	4,764
Prepaid expenses	359,823	493,253
Other	9,333	30,680
Allowance for doubtful accounts	(126,904)	(127,595)
Total current assets	19,768,077	25,446,542
Fixed assets		
Tangible fixed assets		
Buildings	1,410,042	1,540,041
Accumulated depreciation	(271,864)	(340,620)
Buildings, net	1,138,177	1,199,421
Structures	169,595	181,654
Accumulated depreciation	(111,421)	(120,234)
Structures, net	58,174	61,420
Vehicles	6,667	-
Accumulated depreciation	(6,667)	-
Vehicles, net	0	-
Tools, furniture and fixtures	887,758	941,090
Accumulated depreciation	(522,854)	(551,748)
Tools, furniture and fixtures, net	364,904	389,342
Land	227,782	227,782
Construction in progress	2,947	200
Total tangible fixed assets	1,791,987	1,878,166
Intangible fixed assets		
Patent right	2,016	1,561
Trademark right	282	222
Software	4,454,117	5,241,568
Other	2,896	995
Total intangible fixed assets	4,459,313	5,244,346
Investments and other assets		
Investment securities	3,541,799	4,194,419
Shares of subsidiaries and associates	2,089,329	2,117,219
Long-term loans receivable	300,000	300,000
Claims provable in bankruptcy, claims provable in rehabilitation and other	20,849	13,456
Long-term prepaid expenses	8,386	8,807
Deferred tax assets	666,904	782,981
Leasehold deposits	1,060,101	1,120,334
Others	18,263	21,651
Allowance for doubtful accounts	(20,849)	(13,456)
Total investments and other assets	7,684,784	8,545,414
Total fixed assets	13,936,084	15,667,928
Total assets	33,704,162	41,114,471



(Thousand Yen)

	FY2019 February 28, 2019	FY2020 February 29, 2020
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	227,178	254,604
Accounts payable - other	2,888,162	3,404,538
Accrued expenses	385,326	562,632
Income taxes payable	2,166,727	2,648,750
Deposits received	60,952	173,052
Unearned revenue	280,281	317,005
Allowance for refunds	44,335	25,274
Provision for bonuses	227,879	255,696
Asset retirement obligations	9,175	-
Other	630,740	924,361
Total current liabilities	6,920,758	8,565,916
Fixed liabilities		
Allowance for employee benefit trust	74,741	76,774
Allowance for management board benefit trust	100,572	100,105
Asset retirement obligations	448,756	511,391
Other	259,479	347,709
Total fixed liabilities	883,549	1,035,981
Total liabilities	7,804,308	9,601,898
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,085,000	1,085,000
Capital surplus		
Legal capital surplus	4,100	4,100
Other capital surplus	1,954,197	2,190,444
Total capital surplus	1,958,297	2,194,544
Retained earnings		
Legal retained earnings	267,150	267,150
Other retained earnings		
Retained earnings brought forward	24,147,555	31,164,005
Total retained earnings	24,414,705	31,431,155
Treasury shares	(2,401,662)	(4,125,064)
Total shareholders' equity	25,056,340	30,585,635
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(8,018)	(19,205)
Total valuation and translation adjustments	(8,018)	(19,205)
Share acquisition rights	851,532	946,142
Total net assets	25,899,854	31,512,572
Total liabilities and net assets	33,704,162	41,114,471

## (2) Statement of Income

(Thousand Yen)

	FY2019 From March 01, 2018 To February 28, 2019	FY2020 From March 01, 2019 To February 29, 2020
Sales	42,167,178	46,415,333
Cost of sales	2,699,480	3,036,482
Gross profit	39,467,697	43,378,851
Selling, general and administrative expenses	※ 26,639,507	※ 29,022,516
Operating income	12,828,189	14,356,334
Non-operating income		
Interest income	2,741	3,483
Insurance fee income	896	17,766
Other	34,282	19,975
Total non-operating expenses	37,921	41,225
Non-operating expenses		
Amortization of content copyright	2,504	2,149
Bad debts expenses	-	696
Commission expenses	3,069	968
Other	1,469	50
Total non-operating expenses	7,043	3,864
Ordinary income	12,859,067	14,393,695
Extraordinary income		
Gain on sales of investment securities	4,365	-
Gain on reversal of stock acquisition rights	23,353	43,284
Total extraordinary income	27,718	43,284
Extraordinary loss		
Loss on valuation of investment securities	58,349	2,758
Loss on sales of shares of subsidiaries and associates	-	152,600
Total extraordinary losses	58,349	155,358
Net income before income taxes	12,828,435	14,281,622
Income taxes - current	3,805,245	4,380,319
Income taxes - deferred	(89,066)	(111,144)
Total income taxes	3,716,179	4,269,175
Net income	9,112,256	10,012,446

### (3) Statement of Changes in Equity

FY2019 (From March 1, 2018 to February 28, 2019)

(Thousand yen)

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance as of March 1	1,085,000	4,100	1,884,159	1,888,259	267,150	17,789,456	18,056,606
Changes during the FY							
Distribution of surplus						(2,754,156)	(2,754,156)
Net income						9,112,256	9,112,256
Purchase of treasury shares							
Disposal of treasury shares			70,037	70,037			
Changes in items other than shareholders' equity (net)							
Total changes during the FY	—	—	70,037	70,037	—	6,358,099	6,358,099
Balance at end of period	1,085,000	4,100	1,954,197	1,958,297	267,150	24,147,555	24,414,705

	Shareholders' equity		Valuation and translation adjustments		Stock acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance as of March 1	(709,093)	20,320,772	(257)	(257)	632,853	20,953,368
Changes during the FY						
Distribution of surplus		(2,754,156)				(2,754,156)
Net income		9,112,256				9,112,256
Purchase of treasury shares	(1,708,904)	(1,708,904)				(1,708,904)
Disposal of treasury shares	16,335	86,373				86,373
Changes in items other than shareholders' equity (net)			(7,760)	(7,760)	218,678	210,917
Total changes during the FY	(1,692,568)	4,735,568	(7,760)	(7,760)	218,678	4,946,486
Balance at end of period	(2,401,662)	25,056,340	(8,018)	(8,018)	851,532	25,899,854

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

(Thousand yen)

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance as of March 1	1,085,000	4,100	1,954,197	1,958,297	267,150	24,147,555	24,414,705
Changes during the FY							
Distribution of surplus						(2,995,996)	(2,995,996)
Net income						10,012,446	10,012,446
Purchase of treasury shares							
Disposal of treasury shares			236,246	236,246			
Changes in items other than shareholders' equity (net)							
Total changes during the FY	—	—	236,246	236,246	—	7,016,449	7,016,449
Balance at end of period	1,085,000	4,100	2,190,444	2,194,544	267,150	31,164,005	31,431,155

	Shareholders' equity		Valuation and translation adjustments		Stock acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance as of March 1	(2,401,662)	25,056,340	(8,018)	△8,018	851,532	25,899,854
Changes during the FY						
Distribution of surplus		(2,995,996)				(2,995,996)
Net income		10,012,446				10,012,446
Purchase of treasury shares	(1,805,344)	(1,805,344)				(1,805,344)
Disposal of treasury shares	81,942	318,189				318,189
Changes in items other than shareholders' equity (net)			(11,187)	(11,187)	94,610	83,423
Total changes during the FY	(1,723,401)	5,529,294	(11,187)	(11,187)	94,610	5,612,717
Balance at end of period	(4,125,064)	30,585,635	(19,205)	(19,205)	946,142	31,512,572

## (4) Statement of Cash Flows

	(Thousand Yen)
	FY2020
	From March 01, 2019
	To February 29, 2020
Cash flow from operating activities	
Net income before income taxes	14,281,622
Depreciation	1,693,153
Share-based remuneration expenses	224,808
Interest and dividend income	(3,483)
Insurance claim income	(17,766)
Commission expenses	968
Gain on reversal of share acquisition rights	(43,284)
Loss (gain) on valuation of investment securities	2,758
Loss (gain) on sales of shares of subsidiaries and associates	152,600
Decrease (increase) in trade receivables	(1,018,169)
Increase (decrease) trade payables	27,426
Increase (decrease) in unearned revenue	36,723
Increase (decrease) in allowance for doubtful accounts	(6,702)
Increase (decrease) in provision for bonuses	27,817
Increase (decrease) in allowance for refunds	(19,060)
Decrease (increase) in other assets	(149,895)
Increase (decrease) in other liabilities	1,041,548
Other	113,833
Subtotal	16,344,895
Interest and dividends received	95
Proceeds from insurance income	17,766
Income taxes paid	(3,971,222)
Cash flow from operating activities	12,391,533
Cash flow from investment activities	
Purchase of tangible fixed assets	(200,147)
Purchase of intangible fixed assets	(2,245,474)
Purchase of investment securities	(671,498)
Purchase of shares of subsidiaries and associates	(380,490)
Proceeds from sales of shares of subsidiaries and associates	200,000
Payments of leasehold and guarantee deposits	(82,716)
Proceeds from refund of leasehold and guarantee deposits	18,625
Payments for asset retirement obligations	(14,240)
Cash flow from investment activities	(3,375,942)
Cash flow from financing activities	
Purchase of treasury shares	(1,805,344)
Proceeds from sales of treasury shares	83,970
Proceeds from exercise of employee stock options	199,474
Dividends paid	(2,992,653)
Other	(968)
Cash flow from financing activities	(4,515,520)
Increase (decrease) in cash and cash equivalents	4,500,071
Cash and cash equivalents at beginning of period	14,741,455
Cash and cash equivalents at end of period	※ 19,241,526

## (5) Notes on Financial Statements

(Notes on Going Concern Assumption)

Not applicable

(Significant Accounting Policies)

### 1. Valuation standards and methods for securities

Shares of subsidiaries and associates.....The moving-average cost method

Available-for-sale securities

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

### 2. 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.)

### 3. 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 20 years
Vehicles:	5 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.

### 4. 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) Allowance for refunds

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) Allowance 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) Allowance 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) Allowance 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.

### 5. 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.

6. 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.

(Changes in Presentation)

(Changes due to application of Partial Amendments to Accounting Standard for Tax Effect Accounting)

The Company has applied the Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018) from the fiscal year under review. Accordingly, deferred tax assets are included in investment and other assets, and deferred tax liabilities are included in fixed liabilities.

As a result, ¥532,125 thousand that was presented as “deferred tax assets” under “current assets” on the balance sheet for the previous fiscal year has been included in ¥666,904 thousand of “deferred tax assets” under “investments and other assets.”

(Statement of income)

Insurance claim income, which was included in “other” under “non-operating income” in the previous fiscal year (¥896 thousand) is presented separately from the fiscal year under review, given that it now represents more than 10/100 of non-operating income. The financial statements for the previous fiscal year have been restated to reflect this change in presentation.

“Commission income” and “dividend income of insurance,” which were presented separately under “non-operating income” in the previous fiscal year (¥5,621 thousand and ¥16,139 thousand, respectively), are included in “other” under “non-operating income” from the fiscal year under review, given that they now represent 10/100 of non-operating income or less. The financial statements for the previous fiscal year have been restated to reflect this change in presentation.

As a result, ¥5,621 thousand that was presented in “commission income,” ¥16,139 thousand that was presented in “dividend income of insurance,” and ¥13,418 thousand that was presented in “other” under “non-operating income” in the income statement for the previous fiscal year have been restated as ¥896 thousand under “insurance claim income” and ¥34,282 thousand under “other.”

(Additional Information)

(Employee Stock Ownership Plan (ESOP) Trust)

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

(1) Summary of plan

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

(2) Company shares remaining in the trust

Company shares held in the ESOP trust account are recorded as treasury shares under net assets at book value to the trust (excluding ancillary expenses). The book value and the number of shares of the treasury share are 113,610 thousand yen, 1,771,975 shares at the end of the previous fiscal year, and 110,205 thousand yen, 1,718,935 shares at the end of the fiscal year under review.

(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 or pays 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 its 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 is recorded as treasury shares under net assets at book value to the trust (excluding ancillary expenses). The book value and the number of shares of the treasury shares are ¥250,346 thousand, 83,700 shares at the end of the previous fiscal year, and ¥221,950 thousand, 74,206 shares at the end of the fiscal year under review.



(Balance Sheet)

Overdraft agreements

To facilitate efficient procurement of operating capital, the Company has entered into overdraft agreements with three banks, four in the previous fiscal year.

The unused balance of overdraft under these agreements as of the end of the fiscal year under review is as follows.

	FY2019 (As of February 28, 2019)	FY2020 (As of February 29, 2020)
Total of overdraft limits	¥8,000,000 thousand	¥8,000,000 thousand
Used overdrafts	¥— thousand	¥— thousand
Available	¥8,000,000 thousand	¥8,000,000 thousand

(Statement of Income)

(Note) Major items and their amounts included in the “selling, general and administrative expenses” segment are as follows.

	FY2019 From March 1, 2018 To February 28, 2019	FY2020 From March 1, 2019 To February 29, 2020
Salaries and allowances	7,413,892 thousand	8,243,189 thousand
Promotion expenses	2,499,124 thousand	3,071,766 thousand
Advertising and promotion expenses	9,027,364 thousand	8,783,690 thousand
Provision of allowance for doubtful accounts	38,653 thousand	26,485 thousand
Provision of allowance for bonuses	224,898 thousand	250,907 thousand
Provision of allowance for employee benefit trust	4,872 thousand	5,437 thousand
Provision of allowance for management board benefit trust	34,774 thousand	27,929 thousand
Depreciation	266,090 thousand	266,579 thousand

## (Statement of Changes in Equity)

Fiscal year 2019 (March 1, 2018 to February 28, 2019)

## 1. Type and total number of shares issued 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	62,000,000	—	—	62,000,000
Total	62,000,000	—	—	62,000,000
Treasury shares				
Common stock (Notes 1, 2)	6,227,269	645,700	91,805	6,781,164
Total	6,227,269	645,700	91,805	6,781,164

(Notes) 1. Outline of reasons for fluctuation in treasury shares

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

Increase by purchase of treasury shares based on resolution of Board of Directors: 645,700 shares

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

Decrease associated with the exercise of stock options: 15,000 shares

Decrease associated with the sale or delivery of shares in the ESOP trust account: 58,605 shares

Disposal of treasury shares by third-party allotment: 18,200 shares

2. The number of shares of Company stock held in the ESOP trust account included in the number of treasury shares at the beginning of the fiscal year and at the end of the fiscal year is 1,830,580 shares and 1,771,975 shares, respectively, while the number of shares of Company stock held in the BIP trust account is 83,700 shares and 83,700 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	4th series of stock options based on resolution of Board of Directors on June 13, 2014	—	—	—	—	—	4,212
	5th series of stock options based on resolution of Board of Directors on June 15, 2015	—	—	—	—	—	255,441
	6th series of stock options based on resolution of the Board of Directors on June 28, 2016	—	—	—	—	—	347,089
	7th series of stock options based on resolution of the Board of Directors on September 15, 2017 (Note 1)	—	—	—	—	—	177,721
	8th series of stock options based on resolution of the Board of Directors on June 21, 2018 (Note 2)	—	—	—	—	—	67,067
Total			—	—	—	—	851,532

(Notes) 1. The exercise period for the 7th series of stock options based on the resolution of the Board of Directors on September 15, 2017 has not yet commenced.

2. 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.

### 3. Dividends

#### (1) Dividend payments

Resolution	Type	Total dividends (thousand yen)	Dividend per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders on May 30, 2018 (Note 1)	Common stock	1,384,476	24	February 28, 2018	May 31, 2018
Meeting of Board of Directors on October 11, 2018 (Note 2)	Common stock	1,369,680	24	August 31, 2018	November 13, 2018

- (Notes) 1. Total dividends based on the resolution of the annual general meeting of shareholders on May 30, 2018 include dividends of ¥43,933 thousand in relation to 1,830,580 shares of Company stock held in the ESOP trust account and dividends of ¥2,008 thousand in relation to 83,700 shares of Company stock held in the BIP trust account.
2. Total dividends based on the resolution of the meeting of the Board of Directors on October 11, 2018 include dividends of ¥43,028 thousand in relation to 1,792,840 shares of Company stock held in the ESOP trust account and dividends of ¥2,008 thousand in relation to 83,700 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
Annual General Meeting of Shareholders on May 29, 2019 (Note)	Common stock	1,483,937	Retained earnings	26	February 28, 2019	May 30, 2019

- (Note) Total dividends includes dividends of ¥46,071 thousand in relation to 1,771,975 shares of Company stock held in the ESOP trust account and dividends of ¥2,176 thousand in relation to 83,700 shares of Company stock held in the BIP trust account.

Fiscal year 2020 (March 1, 2019 to February 29, 2020)

1. Type and total number of shares issued and of treasury 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	62,000,000	—	—	62,000,000
Total	62,000,000	—	—	62,000,000
Treasury shares				
Common stock (Notes 1, 2)	6,781,164	1,080,863	141,534	7,720,493
Total	6,781,164	1,080,863	141,534	7,720,493

(Note) 1. Outline of reasons for fluctuation in treasury shares

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

Increase due to purchase of treasury shares based on a resolution of the Board of Directors: 1,080,800 shares

Increase due to request for purchase of odd-lot shares: 63 shares

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

Decrease associated with the exercise of stock options: 79,000 shares

Decrease associated with the sale or delivery of shares in the ESOP trust account: 53,040 shares

Decrease associated with the sale or delivery of shares in the BIP trust account: 9,494 shares

2. The number of shares of Company stock held in the ESOP trust account included in the number of treasury shares at the beginning of the fiscal year and at the end of the fiscal year is 1,771,975 shares and 1,718,935 shares, respectively, while the number of shares of Company stock held in the BIP trust account is 83,700 shares and 74,206 shares, respectively.

2. Share acquisition rights

	Breakdown	Type of shares subject to share acquisition rights	Number of shares subject to share acquisition rights (thousand shares)				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	
Company name	5th series of stock options based on resolution of Board of Directors on June 15, 2015	—	—	—	—	—	188,373
	6th series of stock options based on resolution of the Board of Directors on June 28, 2016	—	—	—	—	—	288,171
	7th series of stock options based on resolution of the Board of Directors on September 15, 2017 (Note1)	—	—	—	—	—	288,116
	8th series of stock options based on resolution of the Board of Directors on June 21, 2018 (Note 2)	—	—	—	—	—	163,991
	9th series of stock options based on resolution of the Board of Directors on June 21, 2019 (Note 3)	—	—	—	—	—	17,489
	Total		—	—	—	—	946,142

(Notes) 1. The exercise period for the 7th series of stock options based on the resolution of the Board of Directors on September 15, 2017 has not yet commenced.

2. 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.

3. 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
Annual General Meeting of Shareholders on May 29, 2019 (Note 1)	Common stock	1,483,937	26	February 28, 2019	May 30, 2019
Meeting of Board of Directors on October 11, 2019 (Note 2)	Common stock	1,512,059	27	August 31, 2019	November 12, 2019

- (Notes) 1. Total dividends based on the resolution of the annual general meeting of shareholders on May 29, 2019 include dividends of ¥46,071 thousand in relation to 1,771,975 shares of Company stock held in the ESOP trust account and dividends of ¥2,176 thousand in relation to 83,700 shares of Company stock held in the BIP trust account.
2. Total dividends based on the resolution of the meeting of the Board of Directors on October 11, 2019 include dividends of ¥46,754 thousand in relation to 1,731,660 shares of Company stock held in the ESOP trust account and dividends of ¥2,086 thousand in relation to 77,290 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 April 7, 2020 (Note)	Common stock	1,626,106	Retained earnings	29	February 29, 2020	May 27, 2020

- (Note) Total dividends 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.

(Statement of Cash Flows)

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

	FY2020 From March 1, 2019 To February 29, 2020
Cash and deposits account	¥19,241,526 thousand
Cash and cash equivalents	¥19,241,526 thousand

(Equity in Earnings of Affiliated Companies, etc.)

	FY2020 (February 29, 2020)
Amount of investment in affiliates	¥1,981,044 thousand
Amount of investment when applying the equity method	¥1,316,969 thousand

	FY2020 From March 1, 2019 To February 29, 2020
Amount of investment loss when applying the equity method (loss)	(¥489,863 thousand)

(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 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

Fiscal year 2020 (March 1, 2019 to February 29, 2020)

(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]

Fiscal year 2020 (March 1, 2019 to February 29, 2020)

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 reporting segment]

Not applicable

[Goodwill amortization and unamortized balance by reporting segment]

Not applicable

[Information on gain from negative goodwill by reporting segment]

Not applicable



## (Per Share Information)

	FY2019 (March 1, 2018 to February 28, 2019)	FY2020 (March 1, 2019 to February 29, 2020)
Net assets per share	¥453.62	¥563.13
Net income per share	¥164.50	¥183.80
Diluted net income per share	¥164.46	¥183.76

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

	FY2019 (March 1, 2018 to February 28, 2019)	FY2020 (March 1, 2019 to February 29, 2020)
Net income per share		
Net income (thousand yen)	9,112,256	10,012,446
Net income not attributable to common stock shareholders (thousand yen)	—	—
Net income related to common stock (thousand yen)	9,112,256	10,012,446
Average number of shares of common stock outstanding during the fiscal year (shares)	55,394,846	54,475,989
Diluted net income per share		
Adjustment to net income (thousand yen)	—	—
Increase in number of common stock	11,911	11,629
(Portion of share acquisition rights)	(11,911)	(11,629)
Outline of dilutive shares not included in the calculation of diluted net income per share due to lack of dilution effects	Number of 5th series share acquisition rights: 466 rights Number of shares subject to 5th series of share acquisition rights: 233,000 shares of common stock Number of 6th series share acquisition rights: 2,840 rights Number of shares subject to 6th series of share acquisition rights: 284,000 shares of common stock Number of 7th series share acquisition rights: 3,320 rights Number of shares subject to 7th series of share acquisition rights: 332,000 shares of common stock Number of 8th series share acquisition rights: 3,930 rights Number of shares subject to 8th series of share acquisition rights: 393,000 shares of common stock	Number of 5th series share acquisition rights: 343 rights Number of shares subject to 5th series of share acquisition rights: 171,500 shares of common stock Number of 6th series share acquisition rights: 2,400 rights Number of shares subject to 6th series of share acquisition rights: 240,000 shares of common stock Number of 7th series share acquisition rights: 3,125 rights Number of shares subject to 7th series of share acquisition rights: 312,500 shares of common stock Number of 8th series share acquisition rights: 3,730 rights Number of shares subject to 8th series of share acquisition rights: 373,000 shares of common stock

2. The number of shares held in the ESOP trust account (1,771,975 shares at the end of the fiscal year 2019, with average number of shares during the period of 1,802,911 shares) and the number of shares held in the BIP trust account (83,700 shares at the end of the fiscal year under review, with average number of shares during the period of 83,700 shares) are excluded from the total number of issued shares of common stock and the average number of shares of common stock outstanding during the fiscal year used in the calculation of per share information for the fiscal year 2019.
3. The number of shares held in the ESOP trust account (1,718,935 shares at the end of the fiscal year 2020, with average number of shares during the period of 1,747,609 shares) and the number of shares held in the BIP trust account (74,206 shares at the end of the fiscal year under review, with average number of shares during the period of 79,318 shares) are excluded from the total number of issued shares of common stock and the average number of shares of common stock outstanding during the fiscal year used in the calculation of per share information for the fiscal year 2020.

(Significant Subsequent Events)

Not applicable

(Reference Information)

(1) Statement of Cash Flows

(Thousand Yen)

	FY2019 From March 01, 2018 To February 28, 2019	FY2020 From March 01, 2019 To February 29, 2020
Cash flow from operating activities		
Net income before income taxes	12,828,435	14,281,622
Depreciation	1,496,715	1,693,153
Share-based remuneration expenses	251,781	224,808
Interest and dividend income	(2,741)	(3,483)
Insurance claim income	-	(17,766)
Commission expenses	-	968
Gain on reversal of share acquisition rights	(23,353)	(43,284)
Loss (gain) on valuation of investment securities	58,349	2,758
Loss (gain) on sales of investment securities	(4,365)	-
Loss (gain) on sales of shares of subsidiaries and associates	-	152,600
Decrease (increase) in trade receivables	(398,807)	(1,018,169)
Increase (decrease) trade payables	58,613	27,426
Increase (decrease) in unearned revenue	365	36,723
Increase (decrease) in allowance for doubtful accounts	6,823	(6,702)
Increase (decrease) in provision for bonuses	41,420	27,817
Increase (decrease) in allowance for refunds	1,933	(19,060)
Decrease (increase) in other assets	(61,289)	(149,895)
Increase (decrease) in other liabilities	422,054	1,041,548
Other	39,485	113,833
Subtotal	14,715,422	16,344,895
Interest and dividends received	84	95
Proceeds from insurance income	-	17,766
Income taxes paid	(3,706,599)	(3,971,222)
Cash flow from operating activities	11,008,907	12,391,533
Cash flow from investment activities		
Purchase of tangible fixed assets	(341,667)	(200,147)
Purchase of intangible fixed assets	(1,959,976)	(2,245,474)
Purchase of investment securities	(2,544,395)	(671,498)
Proceeds from sales of investment securities	24,300	-
Purchase of shares of subsidiaries and associates	(1,217,746)	(380,490)
Proceeds from sales of shares of subsidiaries and associates	-	200,000
Payments of leasehold and guarantee deposits	(42,890)	(82,716)
Proceeds from refund of leasehold and guarantee deposits	60,982	18,625
Payments for assets retirement obligations	(29,754)	(14,240)
Long-term loan advances	(300,000)	-
Cash flow from investment activities	(6,351,148)	(3,375,942)
Cash flow from financing activities		
Purchase of treasury shares	(1,708,904)	(1,805,344)
Proceeds from sales of treasury shares	80,791	83,970
Proceeds from exercise of employee stock options	22,593	199,474
Dividends paid	(2,751,123)	(2,992,653)
Other	-	(968)
Cash flow from financing activities	(4,356,644)	(4,515,520)
Increase (decrease) in cash and cash equivalents	301,114	4,500,071
Cash and cash equivalents at beginning of period	14,440,340	14,741,455
Cash and cash equivalents at end of period	14,741,455	19,241,526

\* The Company had announced consolidated financial results for FY2019 but is announcing its financial results for FY2020 on a non-consolidated basis. Therefore, the financial results for FY2019 are stated here on a non-consolidated basis for purposes of comparison.