



# Financial Results for the 1<sup>st</sup> Quarter of the Fiscal Year Ending February 28, 2022 (Japanese GAAP, Consolidated)

July 7, 2021

Name of company: dip Corporation      Stock exchange listing: Tokyo Stock Exchange  
 Stock code: 2379      URL: <https://www.dip-net.co.jp/en/>  
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 Scheduled date of filing financial statements: July 8, 2021      Dividend payment date: -  
 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 the 1<sup>st</sup> Quarter of FY'22/2 (from March 1, 2021 to May 31, 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	%
FY'22/2 Q1	9,226	-	1,856	-	1,784	-	1,204	-
FY'21/2 Q1	-	-	-	-	-	-	-	-

(Reference) Comprehensive income: FY'22/2 Q1 ¥1,220 million (-%)      FY'21/2 Q1 - million (-%)

	Net Income per Share	Diluted Net Income per Share
	¥	¥
FY'22/2 Q1	21.77	21.74
FY'21/2 Q1	-	-

Note: Figures for FY'21/2 Q1 and year-on-year changes are not shown since consolidated accounting has been adopted from FY'21/2 Q3.

### (2) Consolidated financial position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	¥ million	¥ million	%
FY'22/2 Q1	37,266	30,841	80.3
FY'21/2	35,869	31,178	84.4

(Reference) Shareholders' equity: FY'22/2 Q1 ¥29,940 million      FY'21/2 30,269 million

## 2. Dividends

	Annual Dividends				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	¥	¥	¥	¥	¥
FY'21/2	-	27.00	-	29.00	56.00
FY'22/2	-				
FY'22/2 (forecast)		27.00	-	34.00 ~52.00	61.00 ~79.00

(Note) Revisions to the latest dividend forecast: None

3. Consolidated Operating Results Forecast for FY'22/2 (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

(Note) Revisions to the latest operating results forecast: None

Year-on-year changes for the forecast for the 1<sup>st</sup> half of FY'22/2 are not shown since consolidated accounting has been adopted from the third quarter of FY'21/2.

\* Notes

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

Newly included: None

Excluded: None

(2) Adoption of special accounting methods for the preparation of quarterly financial statements: None

(3) 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

(4) Number of outstanding shares (Common stock)

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

FY'22/2 Q1	60,140,000 shares	FY'21/2	60,140,000 shares
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2. Number of treasury shares at end of period

FY'22/2 Q1	4,786,617 shares	FY'21/2	4,815,802 shares
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3. Average number of shares outstanding  
during the period

FY'22/2 Q1 first three months	55,330,423 shares	FY'21/2 Q1 first three months	54,282,885 shares
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Treasury shares include the number of Company shares owned by the ESOP trust account (1,644,240 shares at the end of FY'21/2; 1,631,735 shares at the end of FY'22/2 Q1) and the number of Company shares owned by BIP trust account (74,206 shares at the end of FY'21/2; 74,206 shares at the end of FY'22/2 Q1).

\* 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 "(3) Operating Results Forecast" under "1. Qualitative Information" on page 3.

(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 July 7, 2021.

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## 1. Qualitative Information

A comparative analysis with FY'21/2 has not been made since the Group has adopted consolidated accounting from the third quarter of FY'21/2.

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

### (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 job seeker can work with enthusiasm and energy, based on its corporate philosophy of “Here at dip, we want to tap into dreams, ideas and passion to create a better society.”

Since FY'20/2, under a 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 the first quarter of FY'22/2, the spread of COVID-19 and measures to prevent a further spread of the virus continued to have a spillover effect on client companies' job advertisements. As a result, sales for the period under review ended at ¥9,226 million.

In terms of costs and expenses, the Company made investments in human resources such as in recruiting new graduates\*, as well as in advertising in anticipation of a rapid recovery of the job market due to the progress in vaccination rollout.

As a result, for the first quarter of FY'22/2, operating income, ordinary income, and net income attributable to owners of parent ended at ¥1,856 million, ¥1,784 million, and ¥1,204 million, respectively.

\* The Company hired 95 new graduates in April 2021.

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.

Although sales decreased on a year-on-year basis in March 2021 as COVID-19 had a limited impact on sales in March 2020, they showed a year-on-year increase in April and May 2021. As a result, sales and segment profit for the first quarter of FY'22/2 were ¥8,725 million and ¥3,021 million, respectively.

For reference, job advertising orders were on a recovering trend in June 2021 due to the lifting of the state of emergency and the start of vaccination of the general public. In anticipation of a rapid recovery in job advertising demand going forward, we will continue to make efforts to increase customer engagement and gain further market share.

In May 2021, we launched Baitoru PRO, a comprehensive job information site for specialized jobs with a focus on industries that face a serious shortage of labor. The service will encourage movement in the labor force by supporting qualified and experienced professionals as well as individuals aiming to become professionals. The number of job information posted on the site is growing steadily, with more than 180,000 postings being made to date. We will continue to make full use of our salesforce, customer base, and promotion know-how to expand our business in the specialized jobs segment.

#### (ii) DX Business

Since September 2019, the DX business has been supporting the digital transformation (DX) of SMEs through the offering of KOBOT, a DX service packaged according to the workflows of client companies and introduced and renewed easily based on a subscription model.

During the period under review, the 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 reps from personnel recruiting services. As a result, sales and segment profit were ¥501 million and ¥48 million, respectively.

We will also strive to increase subscription-based sales by rolling out a one-stop service that offers subscription-based products such as Recruiting Page KOBOT and Personnel Administration KOBOT, in addition to Interview KOBOT.

The Company will strive to further expand its business by continuing to enhance its customer base and product lineup and strengthening the customer success function, thereby ensuring stable stock revenue.

## (2) Financial Position

### (i) Analysis of Financial Position

Total assets recorded at the end of FY'22/2 Q1 were ¥37,266 million, an increase of ¥1,397 million from the end of the previous fiscal year. The major factors were an increase of ¥1,709 million in cash and deposits and a decrease of ¥341 million in notes and accounts receivable - trade.

Total liabilities recorded at the end of FY'22/2 Q1 were ¥6,424 million, an increase of ¥1,733 million from the end of the previous fiscal year. The major factors were an increase of ¥740 million in income taxes payable and an increase of ¥940 million in other current liabilities.

Total net assets recorded at the end of FY'22/2 Q1 were ¥30,841 million, a decrease of ¥336 million from the end of the previous fiscal year. The major factors were an increase of ¥87 million in capital surplus and a decrease of ¥449 million in retained earnings.

### (ii) Status of Cash Flows

Cash and cash equivalents (hereinafter referred to as "cash") stood at ¥14,172 million at the end of FY'22/2 Q1.

The breakdown of the cash flow is as follows:

#### (Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥4,190 million. This mainly reflected net income before income taxes of ¥1,787 million, depreciation of ¥589 million, a decrease in trade receivables by ¥341 million, an increase in accounts payable - other by ¥336 million, and an increase in other liabilities by ¥656 million.

#### (Cash flows from investing activities)

Net cash used in investing activities totaled ¥941 million. This mainly reflects the purchase of intangible assets amounting to ¥883 million.

#### (Cash flows from financing activities)

Net cash used in financing activities amounted to ¥1,539 million. This mainly reflected dividends paid of ¥1,627 million.

## (3) Operating Result Forecasts

There are no changes to the FY'22/2 consolidated operating result forecasts that were published in the summary report on financial results for the fiscal year ended February 28, 2021, dated April 7, 2021.

Consolidated operating results forecast for FY'22/2 (from March 2021 to February 2022)

	FY'21/2 (Actual)	FY'22/2 (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% ~ -%

## 2. Quarterly Consolidated Financial Statements and Primary Notes

### (1) Consolidated Balance Sheet

(Thousands of yen)

	FY'21/2 As of February 28, 2021	FY'22/2 Q1 As of May 31, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	12,462,677	14,172,449
Notes and accounts receivable - trade	3,564,913	3,223,116
Supplies	5,421	6,681
Other	1,862,167	1,727,768
Allowance for doubtful accounts	(113,149)	(103,780)
Total current assets	17,782,031	19,026,235
Non-current assets		
Property, plant and equipment	1,698,070	1,641,263
Intangible assets		
Software	6,155,008	6,460,224
Other	676,615	633,898
Total intangible assets	6,831,623	7,094,122
Investments and other assets		
Investment securities	5,663,928	5,688,871
Other	3,905,191	3,827,953
Allowance for doubtful accounts	(11,455)	(11,912)
Total investments and other assets	9,557,664	9,504,912
Total non-current assets	18,087,358	18,240,298
Total assets	35,869,390	37,266,533
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	283,333	307,353
Income taxes payable	—	740,990
Provision for refund	19,912	43,658
Provision for bonuses	203,690	146,792
Asset retirement obligations	44,715	44,845
Other	3,024,936	3,965,341
Total current liabilities	3,576,588	5,248,981
Non-current liabilities		
Provision for share-based remuneration	78,260	79,050
Provision for share-based remuneration for directors	116,840	127,282
Asset retirement obligations	480,554	480,975
Other	438,946	488,512
Total non-current liabilities	1,114,601	1,175,820
Total liabilities	4,691,190	6,424,802
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,085,000	1,085,000
Capital surplus	3,234,282	3,321,773
Retained earnings	28,270,725	27,821,004
Treasury shares	(2,287,095)	(2,270,006)
Total shareholders' equity	30,302,911	29,957,771
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(33,575)	(16,820)
Total accumulated other comprehensive income	(33,575)	(16,820)
Share acquisition rights	892,247	884,784
Non-controlling interests	16,615	15,996
Total net assets	31,178,199	30,841,731
Total liabilities and net assets	35,869,390	37,266,533

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

(Thousands of yen)

	FY'22/2 Q1 Three months ended May 31, 2021
Sales	9,226,878
Cost of sales	1,060,120
Gross profit	8,166,758
Selling, general and administrative expenses	6,310,640
Operating income	1,856,118
Non-operating income	
Interest income	860
Insurance claim income	4,800
Subsidy income	4,116
Other	5,635
Total non-operating income	15,412
Non-operating expenses	
Share of loss of entities accounted for using equity method	49,208
Amortization of restricted stock remuneration	32,918
Other	4,990
Total non-operating expenses	87,116
Ordinary income	1,784,413
Extraordinary income	
Gain on reversal of share acquisition rights	3,553
Total extraordinary income	3,553
Net income before income taxes	1,787,966
Income taxes - current	680,734
Income taxes - deferred	(96,640)
Total income taxes	584,093
Net income	1,203,873
Net (loss) income attributable to non-controlling interests	(641)
Net income attributable to owners of parent	1,204,515

# Consolidated Statement of Comprehensive Income

(Thousands yen)

FY'22/2 Q1  
Three months ended  
May 31, 2021

Net income	1,203,873
Other comprehensive income	
Valuation difference on available-for-sale securities	16,776
Share of other comprehensive income of entities accounted for using equity method	(21)
Total other comprehensive income	16,754
Comprehensive income	1,220,627
(Breakdown)	
Comprehensive income attributable to owners of parent	1,221,269
Comprehensive income attributable to non-controlling interests	(641)

## (3) Consolidated Statements of Cash Flows

(Thousands of yen)

FY'22/2 Q1  
Three months ended  
May 31, 2021

Cash flows from operating activities	
Net income before income taxes	1,787,966
Depreciation	589,806
Share-based remuneration expenses	170,807
Interest and dividend income	(860)
Insurance claim income	(4,800)
Commission expenses	4,965
Share of loss (profit) of entities accounted for using equity method	49,208
Gain on reversal of share acquisition rights	(3,553)
Decrease (increase) in trade receivables	341,339
Increase (decrease) in trade payables	24,019
Increase (decrease) in accounts payable - other	336,928
Increase (decrease) in unearned revenue	106,630
Increase (decrease) in allowance for doubtful accounts	(8,911)
Increase (decrease) in provision for bonuses	(56,897)
Increase (decrease) in provision for repayment	23,746
Decrease (increase) in other assets	177,030
Increase (decrease) in other liabilities	656,101
Other, net	9,927
Subtotal	4,203,455
Interest and dividends received	1
Proceeds from insurance income	4,800
Income taxes paid	(17,501)
Cash flows from operating activities	4,190,755
Cash flows from investing activities	
Purchase of property, plant and equipment	(7,694)
Purchase of intangible assets	(883,149)
Purchase of investment securities	(50,000)
Payments of leasehold and guarantee deposits	(698)
Cash flows from investing activities	(941,542)
Cash flows from financing activities	
Purchase of treasury shares	(64)
Proceeds from sales of treasury shares	20,942
Proceeds from exercise of employee share options	72,163
Dividends paid	(1,627,869)
Proceeds from share issuance to non-controlling shareholders	351
Other payments	(4,965)
Cash flows from financing activities	(1,539,441)
Increase (decrease) in cash and cash equivalents	1,709,771
Cash and cash equivalents at beginning of period	12,462,677
Cash and cash equivalents at end of period	14,172,449

(4) Notes on Consolidated Financial Statements  
(Notes on Going Concern Assumption)  
Not applicable

(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 the previous fiscal year, and ¥104,607 thousand and 1,631,735 shares, respectively, at the end of the first quarter of FY’22/2.

(Board Incentive Plan (BIP) Trust)

In August 2016, the Company introduced a Board Incentive Plan (BIP) trust for directors (excluding outside directors and overseas residents; the same applies hereinafter) to increase their motivation to contribute to improving corporate value in the medium to long term and to share a common sense of interest with the shareholders.

(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 the previous fiscal year, and ¥221,950 thousand and 74,206 shares, respectively, at the end of the first quarter of FY’22/2.

(Restricted Stock-Based Compensation Plan for Employees)

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

(1) Summary of plan

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

particularly favorable to the eligible employees who subscribe for such common stock.

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

## (2) Conditions to Release the Transfer Restriction

The Transfer Restriction will be released at the expiry of the Period of Restriction on Transfer in Question (or on the date (tentative) the summary report on financial results for the year ending February 2025 is released, if such report is released prior to the expiry of the Period of Restriction on Transfer) for all or part of the Allotted Shares, subject to the Enrollment Conditions, which require such employees to remain in a position of director, corporate officer (who does not hold a position as director), employee or equivalent throughout the Period of Restriction on Transfer in Question and based on the Position Conditions and the Performance Conditions, which are set forth below. Dip will automatically acquire the Allotted Shares for which the Transfer Restriction is unreleased, for no consideration.

However, if an employee of among the Eligible Allottees retires or resigns from the position of director, corporate officer (who does not hold a position as director), employee or equivalent prior to the expiry of the Period of Restriction on Transfer in Question for reasons deemed justifiable by the Board of Directors, the number of Allotted Shares for which the Transfer Restriction will be released and the timing of releasing the Transfer Restriction shall be adjusted reasonably as needed.

The details of the performance conditions are as follows:

### a. Eligible employees belonging to the DX Business Group

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

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

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

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

951,749 shares

## (Accounting estimates following the COVID-19 pandemic)

The spread of COVID-19 has a spillover effect on client companies' job advertisements, affecting the company's business activities as well.

Although the number of COVID-19 infections in Japan is expected to continue to fluctuate within a small range for the time being, we expect economic activities to return to normal in the latter half of FY'22/2 to FY'23/2 due to the lifting of the state of emergency in June 2021 as well as to the progress in vaccination and the effects of fiscal and monetary easing in Japan and overseas.

Accounting estimates for impairment loss on fixed assets, the collectability of deferred tax assets and valuation loss on investment securities 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.

## (Notes on Material Changes in Shareholders' Equity)

Not applicable

(Segment Information etc.)

[Segment information]

First quarter of FY'22/2 (March 1, 2021 to May 31, 2021)

1. 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	DX business	Total		
Sales					
Sales — outside customers	8,725,204	501,674	9,226,878	-	9,226,878
Sales and transfer — inter-segment	-	-	-	-	-
Total	8,725,204	501,674	9,226,878	-	9,226,878
Segment profit	3,021,994	48,810	3,070,804	(1,214,686)	1,856,118

(Notes) 1. Adjustment of segment profit (loss) of (¥1,214,686 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 reconciled with operating income on the statement of income.

2. Information on impairment loss or goodwill, etc. on non-current assets by reported segment

Not applicable.

3. Matters related to changes in reported segments

The reported segment that had previous been named the “AI/RPA business” has been renamed the “DX business” starting the first quarter of FY'22/2. Additionally, to further promote the DX of the recruiting process of client companies, we have reviewed our business management categories and changed the reported segment category of Recruiting Page KOBOT(formerly Baitoru RHP), etc.\*, which had previously been the “personnel recruiting services business”, to the “DX business”.

\* Recruiting Page KOBOT is a service for creating websites for recruiting activities, assisting companies in the recruiting.

(Significant Subsequent Events)

(Disposition of treasury stock as restricted stock compensation to directors)

The Company resolved at its Board of Directors meeting held on July 7, 2021, to dispose of its treasury stock as restricted stock (with performance-based conditions) to directors other than outside directors (“Eligible Directors”). The procedures are scheduled to be completed on August 27, 2021.

1. Purpose of and Reason for the Disposition

At its Board of Directors meeting held on April 7, 2021, the Company resolved to introduce a stock compensation plan that vests restricted stock (with performance-based conditions) in order to encourage Eligible Directors to maximize the social and economic value of the Company by strengthening their alignment with our shareholders and thereby contributing toward the realization of our corporate vision of becoming a ‘Labor force solution company’ (the “Director RS Compensation Plan”).

The Company also obtained approval for the following at its 24th Annual General Meeting of Shareholders held on May 26, 2021:

i) setting the upper limit of the total annual amount of monetary claims paid to Eligible Directors as compensation related to restricted stock based on the Director RS Compensation Plan at ¥900,000 thousand (however, this is based on the assumption that, as a rule, an amount equivalent to consideration for the execution of duties over four fiscal years will be paid in a lump sum; in reality, the payment will be within ¥225,000 thousand per fiscal year); ii) that the upper limit of the total number of restricted stock to be allotted each fiscal year to Eligible Directors will be 350,000 shares; and iii) that the period of restriction on transfer of the restricted stock will be a period within four years stipulated by the Board of Directors.

## 2. Outline of the Disposition of Treasury Stock

(1) Date of disposition	August 27, 2021
(2) Type and number of shares to be disposed of	160,000 shares of common stock
(3) Disposition price	3,385 yen per share
(4) Total value of disposition	541,600,000 yen
(5) Allottee, number thereof, and number of shares to be disposed of	Directors*: 3 directors    *Excluding outside directors 160,000 shares

(Disposition of treasury stock as restricted stock compensation to employees)

At its Board of Directors meeting held on June 22, 2021, the Company resolved to implement an incentive plan utilizing restricted stock (with performance-based conditions) for new graduates joining the Company in 2021 and employees who were hired mid-career or were promoted (“Eligible Employees”) (the “Employee RS Compensation Plan”). The Company also resolved at its Board of Directors meeting held on July 7, 2021, to dispose of its treasury stock as restricted stock (with performance-based conditions) to Eligible Employees. The procedures are scheduled to be completed on August 27, 2021.

### 1. Purpose of and Reason for the Disposition

At its Board of Directors meeting held on May 27, 2020, the Company decided to introduce an incentive plan utilizing restricted stock (with performance-based conditions) in order to encourage all employees to maximize the social and economic value of the Company by strengthening their alignment with our shareholders and thereby contributing toward the realization of our corporate vision of becoming a ‘Labor force solution company’. The allotment of shares was completed on August 27, 2020.

On this occasion, the Company implements the Employee RS Compensation Plan to allot shares to employees who joined the Company on April 2, 2020 onward and to employees who were promoted in May 2020 onward. The Employee RS Compensation Plan stipulates, as a condition to release the restriction on transfer of the restricted stock, the achievement of a four-year performance target. This performance target has been set as a goal toward which the entire company will aspire together.

The Company will continue to further evolve its businesses by positioning the Employee RS Compensation Plan as an important measure toward future growth. Going forward, it plans to continue allotting shares to new graduate employees and employees who will have been hired mid-career or promoted in each fiscal year.

## 2. Outline of the Disposition of Treasury Stock

(1) Date of disposition	August 27, 2021
(2) Type and number of shares to be disposed of	111,912 shares of common stock
(3) Disposition price	3,385 yen per share
(4) Total value of disposition	378,822,120 yen
(5) Allottee, number thereof, and number of shares to be disposed of	Employees: 659 employees 111,912 shares

(Disposition of treasury stock due to continuation of board incentive plan trust)

At its Board of Directors meeting held on June 22, 2021, the Company resolved to continue the performance-based stock compensation plan (the “Plan”) for its directors as detailed below. This Board Incentive Plan (BIP) Trust is an incentive plan targeted for directors other than outside directors (“Eligible Directors”). The Company also resolved at its Board of Directors meeting held on July 7, 2021, to dispose of its treasury stock through a third-party allotment following the continuation of the Plan. The procedures are scheduled to be completed on July 29, 2021.

### 1. Purpose of the Continuation of the BIP Trust

The Company will continue to the Plan in order to encourage Eligible Directors to maximize the social and economic value of the Company by strengthening their alignment with our shareholders and thereby contributing toward the realization of our corporate vision of becoming a ‘Labor force solution company’.

### 2. Details of the Continuation of the BIP Trust

(1) Type of trust	Money trust other than a specified money trust for separate investment (Third-party benefit trust)
(2) Purpose of trust	To grant incentives to directors
(3) Trustor	dip Corporation
(4) Trustee	Mitsubishi UFJ Trust and Banking Corporation (Joint trustee: The Master Trust Bank of Japan, Ltd.)
(5) Beneficiary	Directors who meet beneficiary requirements
(6) Method of disposition	Disposition through third-party allotment
(7) Date of trust extension contract	June 22, 2021
(8) Trust period	From August 4, 2016 to August 20, 2026 (Extended to August 20, 2026 by amending the trust agreement on June 22, 2021)

### 3. Outline of the Disposition of Treasury Stock

(1) Date of disposition	July 29, 2021
(2) Type and number of shares to be disposed of	26,500 shares of common stock
(3) Disposition price	3,385 yen per share
(4) Total value of disposition	89,702,500 yen
(5) Allottee and number of shares to be disposed of	The Master Trust Bank of Japan, Ltd. 26,500 shares

(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.