



Financial Results for the Fiscal Year Ended February 29, 2024 (Japanese GAAP, Consolidated)

April 12, 2024

Name of company: dip Corporation Stock exchange listing: Tokyo Stock Exchange
 Stock code: 2379 Company website: <https://www.dip-net.co.jp/en/>
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 Scheduled filing date of securities report: May 24, 2024
 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 FY'24/2 (the Period of March 1, 2023 to February 29, 2024)

(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'24/2	53,782	9.0	12,761	10.6	12,618	8.8	9,050	14.1
FY'23/2	49,355	24.9	11,538	106.0	11,599	118.0	7,935	127.5

(Note) Comprehensive income: FY'24/2 ¥8,987 million (6.7%) FY'23/2 ¥8,424 million (138.7%)

	Net Income per Share	Diluted Net Income per Share	Return on Equity	Return on Assets	Operating Income to Sales Ratio
	¥	¥	%	%	%
FY'24/2	163.44	163.15	23.5	25.0	23.7
FY'23/2	142.04	141.65	22.7	25.0	23.4

(Reference) Equity in earnings of affiliates: FY'24/2 ¥9 million FY'23/2 ¥380 million

(2) Consolidated financial position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	¥ million	¥ million	%	¥
FY'24/2	50,772	39,708	77.3	715.64
FY'23/2	50,167	38,242	75.0	673.93

(Reference) Shareholders' equity: February 29, 2024 ¥39,259 million February 28, 2023 ¥37,623 million

(3) Consolidated cash flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Balance of Cash and Cash Equivalent at End of Period
	¥ million	¥ million	¥ million	¥ million
FY'24/2	9,526	(7,364)	(8,021)	16,116
FY'23/2	13,203	(4,121)	(3,680)	21,974

2. Dividends

	Annual Dividends					Total Dividend Payment	Dividend Payout Ratio (Consolidated)	Ratio of Dividends to Net Assets (Consolidated)
	End of Q1	End of Q2	End of Q3	Year-end	Total			
	¥	¥	¥	¥	¥	¥ million	%	%
FY' 23/2	-	34.00	-	38.00	72.00	4,137	50.7	11.5
FY'24/2	-	40.00	-	48.00	88.00	5,034	53.8	12.7
FY'25/2 (forecast)	-	40.00	-	48.00	88.00		53.6	

3. Consolidated Operating Results Forecast for FY'25/2 (from March 1, 2024 to February 28, 2025)

Preface to the consolidated results forecast

(Percentage figures indicate year-on-year change)

	Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent		Net Income per Share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full year	57,600	7.1	13,400	5.0	13,200	4.6	8,900	(1.7)	160.71

Notes on the consolidated operating results forecast:

* Notes

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

Newly included: None

Excluded: None

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

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

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

3. Changes in accounting estimates: Yes

4. Restatements: None

(3) Number of shares outstanding (Common stock)

1. Number of shares outstanding at end of period (including treasury shares)	FY'24/2	60,140,000 shares	FY'23/2	60,140,000 shares
2. Number of treasury shares at end of period	FY'24/2	5,280,191 shares	FY'23/2	4,313,065 shares
3. Average number of shares outstanding during period	FY'24/2	55,377,903 shares	FY'23/2	55,866,330 shares

Treasury shares include the number of Company shares owned by the ESOP trust account (1,477,075 shares at the end of FY'23/2; 2,100,905 shares at the end of FY'24/2) and the number of Company shares owned by the BIP trust account (91,462 shares at the end of FY'23/2; 73,817 shares at the end of FY'24/2).

(Reference) Summary of Non-consolidated Operating Results

1. Non-consolidated Operating Results for FY'24/2 (the Period of March 1, 2023 to February 29, 2024)

(1) Non-consolidated business performance

(Percentage figures indicate year-on-year change)

	Sales		Operating Income		Ordinary Income		Net Income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
FY'24/2	53,782	9.0	12,828	10.5	12,796	21.3	9,317	28.1
FY'23/2	49,355	24.9	11,606	104.7	10,552	93.8	7,272	101.4

	Net Income per Share	Diluted Net Income per Share
	¥	¥
FY'24/2	168.25	167.96
FY'23/2	130.18	129.82

Notes on the non-consolidated business performance:

(2) Non-consolidated financial position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	¥ million	¥ million	%	¥
FY'24/2	50,880	39,819	77.4	717.96
FY'23/2	50,007	38,085	75.0	671.43

(Reference) Shareholders' equity: February 29, 2024 ¥39,386 million February 28, 2023 ¥37,483 million

* The financial results report is not subject to an 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 information currently available to the Company and certain assumptions the Company deems reasonable. The actual results may differ significantly from the forecasts due to various factors. For the assumptions underlying the operating results forecasts and cautionary statements regarding the use of the forecasts, see “1. Summary of Operating Results, etc., (5) Outlook” on page 5.

(Availability of supplementary materials for financial results)

Supplementary materials for the financial results will be posted on the Company’s website on Friday, April 12, 2024.

○Table of Contents

1. Summary of Operating Results, etc.	2
(1) Operating Results.....	2
(2) Financial Position.....	3
(3) Cash Flows.....	4
(4) Basic Policy on Profit Distribution and Dividends for the Fiscal Year under Review and the Upcoming Fiscal Year	4
(5) Outlook	5
2. Situation of the Corporate Group.....	6
3. Basic Approach towards Selection of Accounting Standards.....	7
4. Consolidated Financial Statements and Notes	8
(1) Consolidated Balance Sheet	8
(2) Consolidated Statements of Income and Comprehensive Income.....	10
Consolidated Statement of Income	10
Consolidated Statement of Comprehensive Income.....	11
(3) Consolidated Statement of Changes in Equity	12
(4) Consolidated Statement of Cash Flows	14
(5) Notes to Consolidated Financial Statements	15
(Notes on Going Concern Assumption)	15
(Bases of Presenting Consolidated Financial Statements)	15
(Changes in Accounting Policies)	18
(Changes in Accounting Estimates)	19
(Additional Information).....	19
(Consolidated Balance Sheet)	22
(Consolidated Statement of Income).....	23
(Consolidated Statement of Comprehensive Income).....	24
(Consolidated Statement of Changes in Equity)	25
(Consolidated Statement of Cash Flows)	28
(Segment Information, etc.)	29
(Revenue Recognition)	33
(Per share Information)	34
(Significant Subsequent Events)	34

1. Summary of Operating Results, etc.

(1) Operating Results

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

Since FY’20/2, under the corporate vision of becoming a ‘Labor force solution company’, the Company has been striving to solve diverse labor-related issues and realize a society in which everyone can experience the joy and happiness of work through the offering of personnel recruiting services and DX (digital transformation) services.

Thanks to the steady expansion of the personnel recruiting services business and the high growth of the DX business, sales for FY’24/2 ended at 53,782 million yen (up 9.0% year on year).

Regarding costs, the Company invested in human resources, such as recruiting new graduate employees in 2023 to boost its sales capabilities. As a result, operating income, ordinary income, and net income attributable to owners of parent came to 12,761 million yen (up 10.6% year on year), 12,618 million yen (up 8.8% year on year), and 9,050 million yen (up 14.1% year on year), respectively.

An overview of the results by segment is detailed below.

Effective FY’24/2, the presentation of the breakdown information of revenue generated from contracts with customers has been changed from “Baitoru, Baitoru NEXT, Baitoru PRO, Hatarako.net, DX, Other” to “Media (job advertising) services, Permanent Placement services, DX services, Other services” due to a revision of the Company’s sales management categories according to service type.

There are no changes to reported segments due to the above change.

(i) Personnel Recruiting Services Business

The personnel recruiting services business operates the following platforms as media (job advertising) services: Baitoru, a job information site for part-time workers; Baitoru NEXT, a job information site for regular employees and contract employees; Hatarako.net, a comprehensive job information site; and Baitoru PRO, a comprehensive job information site for specialized jobs. The Company also operates the following platforms as Permanent Placement services: Nurse de Hatarako, a job agency service for medical professionals, and Nursing Care de Hatarako, a job agency service for nursing jobs. The Company aims to expand the user and customer bases for these services through the vigorous efforts of its sales force and its service development and promotional capabilities.

During FY’24/2, sales of the personnel recruiting services business saw steady progress. As a result, segment sales and segment profit came to 47,801 million yen (up 7.2% year on year) and 17,175 million yen (up 15.7% year on year).

(ii) DX Business

Since September 2019, the DX business has been supporting the digital transformation (DX) of small and medium-sized enterprises (SMEs) through the offering of the KOBOT series. This SaaS DX product series is priced for SMEs, features simple functions, and is easy to introduce as it is designed for SMEs.

During FY’24/2, the business saw an increase in sales of its products, including Interview Scheduling KOBOT, which automatically schedules interviews with job applicants, Temp Agency KOBOT, which supports dispatch companies’ sales activities with automated sales list creation services, and Corporate Recruiting Page KOBOT, which creates client recruiting pages featuring Baitoru’s unique functions, such as workplace introduction videos. As a result, segment sales and segment profit ended at 5,981 million yen (up 25.2% year on year) and 2,837 million yen (up 33.1% year on year).

(2) Financial Position

(Current assets)

Total current assets recorded at the end of FY'24/2 were 28,146million yen, a decrease of 669 million yen from the end of the previous fiscal year. The major factors were a decrease of 2,857 million yen in cash and deposits and an increase of 1,932 million yen in other current assets.

(Non-current assets)

Total non-current assets stood at 22,625 million yen, an increase of 1,274 million yen from the end of the previous fiscal year. This mainly reflected an increase of 1,097 million yen in intangible assets and a decrease of 14 million yen in investments and other assets.

(Current liabilities)

Total current liabilities recorded at the end of FY'24/2 were 9,239 million yen, a decrease of 1,236 million yen from the end of the previous fiscal year. The major factors were a decrease of 1,470 million yen in income taxes payable an increase of 263 million yen in contract liabilities, and a decrease of 302 million yen in other current liabilities.

(Non-current liabilities)

Total non-current liabilities were 1,824 million yen, an increase of 376 million yen from the end of the previous fiscal year. This mainly reflected increases of 208 million yen in provision for share awards and 151 million yen in asset retirement obligations.

(Net assets)

Total net assets recorded at the end of FY'24/2 were 39,708 million yen, an increase of 1,465 million yen from the end of the previous fiscal year. The major factors were increases of 2,297 million yen in capital surplus following the extension of the ESOP trust, the additional granting of restricted stock, etc., 4,573 million yen in retained earnings, and 5,175 million yen in treasury shares due to market purchases, the extension of the ESOP trust, etc.

(3) Cash Flows

Cash and cash equivalents (“cash”) stood at 16,116 million yen at the end of the fiscal year under review.

The breakdown of cash flows is as follows:

(Cash flows from operating activities)

Net cash provided by operating activities was 9,526 million yen (a decrease of 3,676 million yen year on year). This was mainly attributable to net income before income taxes of 11,984 million yen and depreciation of 3,066 million yen, which offset an increase in other assets of 2,562 million yen and the payment of income taxes amounting to 4,698 million yen.

(Cash flows from investing activities)

Net cash used in investing activities totaled 7,364 million yen (an increase of 3,242 million yen year on year). This was mainly attributable to payments into time deposits amounting to 5,000 million yen and the purchase of intangible assets totaling 3,849 million yen, offsetting proceeds from withdrawal of time deposits of 2,000 million yen.

(Cash flows from financing activities)

Net cash used in financing activities amounted to 8,021 million yen (an increase of 4,341 million yen year on year). This was mainly attributable to the purchase of treasury shares amounting to 6,459 million yen and a dividend payment totaling 4,471 million yen, which offset proceeds from the sale of treasury shares mainly to the ESOP trust amounting to 2,683 million yen.

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

	FY'20/2	FY'21/2	FY'22/2	FY'23/2	FY'24/2
Shareholders' equity ratio (%)	74.3	84.4	76.4	75.0	77.3
Shareholders' equity ratio on a market value basis (%)	345.0	447.0	445.3	391.7	283.0
Ratio of cash flow to interest-bearing debts (annual)	-	-	-	-	-
Interest coverage ratio (times)	-	-	-	-	-

Shareholders' equity ratio: Shareholders' equity/Total assets

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

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

Interest coverage ratio: Operating cash flow/Interest payments

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

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

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

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

The Company considers profit distribution to shareholders to be one of its most important management responsibilities and pays dividends twice a year, at the interim and the year end, while retaining the necessary earnings to invest for future growth of the Company and respond to changes in the business environment. It has been using a dividend payout ratio of 50% as a guide as well as taking into consideration the dividend results of the prior fiscal year in determining dividend payments.

Based on the above profit distribution policy, the Company will pay an ordinary year-end dividend of 48 yen per share for FY'24/2.

For FY'25/2, the Company also plans to pay an annual ordinary dividend of 88 yen per share, which is broken down into an interim dividend of 40 yen per share and a year-end dividend of 48 yen per share, after taking into consideration its full-year operating results, financial position and other matters.

(5) Outlook

Our consolidated earnings forecast for FY'25/2 is based on a conservative projection of growth in the part-time job advertising market and assumes a market growth rate of "±0%".

Advertising and sales promotion expenses will continue to be managed efficiently through independent promotions, and the ratio of personnel expenses to net sales is planned to be controlled.

The details are as follows.

Consolidated operating results forecast for FY'25/2 (from March 2024 to February 2025)

	FY'24/2 (Actual)	FY'25/2 (Forecast)	Change (in amount)	Change (in percentage)
	¥ million	¥ million	¥ million	%
Sales	53,782	57,600	3,818	7.1
Operating Income	12,761	13,400	639	5.0
Ordinary Income	12,618	13,200	582	4.6
Net Income Attributable to Owners of Parent	9,050	8,900	(150)	(1.7)

2. Situation of the Corporate Group

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

(Personnel Recruiting Services Business)

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

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

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

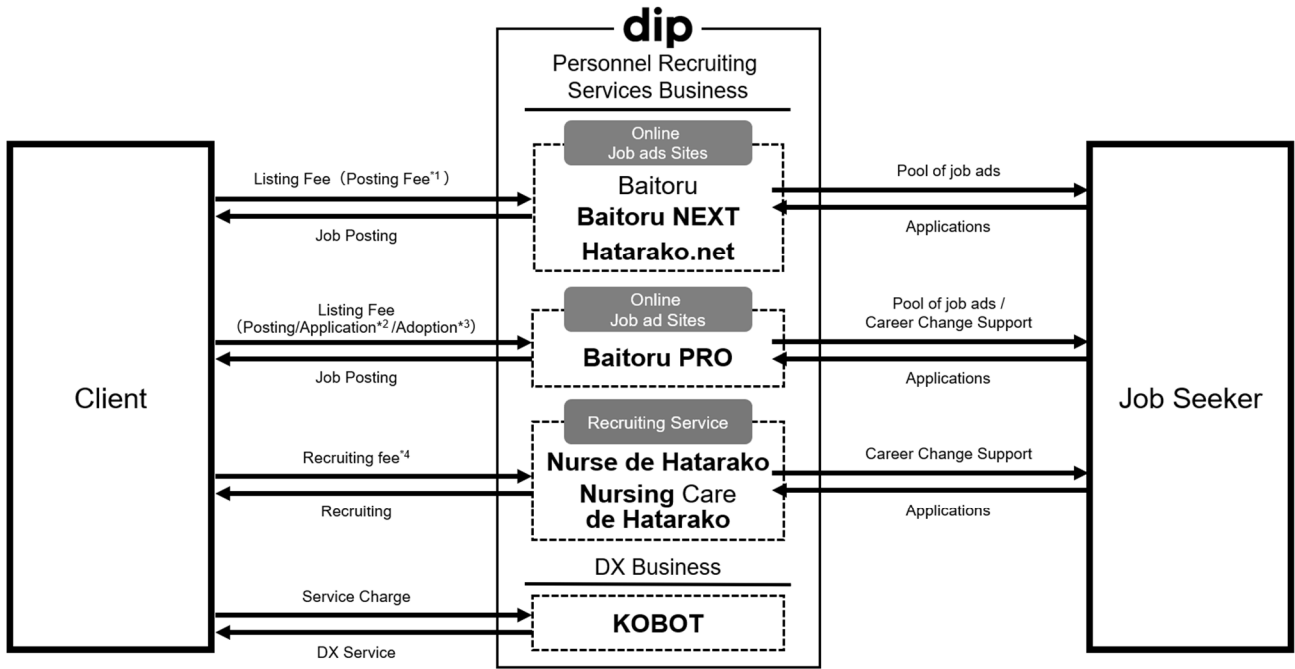
(DX Business)

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

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

Name of service	Description
Corporate Recruiting Page KOBOT	Creates websites for recruiting activities featuring Baitoru's unique functions such as workplace introduction videos
Interview Scheduling KOBOT	Automatically sets interview dates with applicants
Personnel Administration KOBOT	Part-time worker onboarding and labor management
Temp Agency KOBOT	Supports the sales activities of temp agencies
Patronage KOBOT	Supports marketing activities by restaurants and retailers
MEO KOBOT	MEO (Map Engine Optimization) services to support customer attraction by displaying higher rankings in map searches
Social Media Booster KOBOT	Reservations can be made from SNS accounts. Reservation ledger function to support customer management for restaurants.

The business flow chart is as follows:



*1 Posting Fee : A model in which a job posting fee is paid based on the length of time a position is posted on our website.
 *2 Application Fee : A model in which job postings to our website are free and fees are paid when applications for the position are received.
 *3 Adoption fee : A model in which job postings to our website are free and fees are paid when a candidate is hired.
 *4 Recruiting fee : A model in which a commission is paid at the appropriate time when the employment decision is made through our staffing service.

3. Basic Approach towards Selection of Accounting Standards

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

4. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Thousands of yen)

	FY'23/2 As of February 28, 2023	FY'24/2 As of February 29, 2024
Assets		
Current assets		
Cash and deposits	21,974,394	19,116,841
Notes and accounts receivable - trade	5,499,254	5,785,358
Supplies	8,262	19,952
Other	1,464,160	3,396,408
Allowance for doubtful accounts	(129,807)	(171,620)
Total current assets	28,816,265	28,146,940
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,951,308	2,105,623
Accumulated depreciation	(739,245)	(717,199)
Buildings and structures, net	1,212,063	1,388,423
Tools, furniture and fixtures	823,927	871,617
Accumulated depreciation	(625,014)	(682,738)
Tools, furniture and fixtures, net	198,912	188,879
Land	465,499	465,499
Construction in progress	6,069	1,530
Total property, plant and equipment	1,882,545	2,044,332
Intangible assets		
Software	8,456,371	8,920,895
Other	73,279	706,656
Total intangible assets	8,529,650	9,627,552
Investments and other assets		
Investment securities	※ 1 7,099,833	※ 1 5,754,663
Long-term loans receivable	225,000	75,000
Deferred tax assets	1,542,036	1,898,003
Other	2,086,615	3,274,663
Allowance for doubtful accounts	(14,274)	(48,690)
Total investments and other assets	10,939,211	10,953,640
Total non-current assets	21,351,407	22,625,525
Total assets	50,167,672	50,772,466
Liabilities		
Current liabilities		
Accounts payable – trade	438,312	454,833
Accounts payable – other	3,753,009	3,864,049
Income taxes payable	2,891,321	1,420,379
Contract liabilities	674,286	938,197
Provision for bonuses	633,291	733,008
Allowance for losses on contracts	82,500	82,500
Asset retirement obligations	12,235	57,809
Other	1,991,770	1,688,986
Total current liabilities	10,476,726	9,239,763
Non-current liabilities		
Provision for share-based remuneration	81,028	289,526
Provision for share-based remuneration for directors	154,697	128,523
Asset retirement obligations	463,443	615,135
Allowance for losses on contracts	82,500	-
Other	666,539	791,158
Total non-current liabilities	1,448,209	1,824,344
Total liabilities	11,924,935	11,064,108

(Thousands of yen)

	FY'23/2 As of February 28, 2023	FY'24/2 As of February 29, 2024
Net assets		
Shareholders' equity		
Share capital	1,085,000	1,085,000
Capital surplus	5,142,864	7,440,508
Retained earnings	32,840,235	37,413,468
Treasury shares	(1,942,745)	(7,117,774)
Total shareholders' equity	37,125,354	38,821,202
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	497,876	438,406
Total accumulated other comprehensive income	497,876	438,406
Share acquisition rights	601,507	432,252
Non-controlling interests	17,997	16,496
Total net assets	38,242,736	39,708,357
Total liabilities and net assets	50,167,672	50,772,466

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

(Thousands of yen)

	FY'23/2 (March 1, 2022– February 28, 2023)	FY'24/2 (March 1, 2023– February 29, 2024)
Sales	49,355,691	53,782,301
Cost of sales	5,273,493	5,824,996
Gross profit	44,082,198	47,957,304
Selling, general and administrative expenses	32,544,030	35,195,961
Operating income	11,538,167	12,761,342
Non-operating income		
Interest income	3,525	4,413
Share of profit of entities accounted for using equity method	380,362	9,439
Insurance claim income	4,800	-
Dividend income of insurance	17,701	17,181
Subsidy income	16,119	14,270
Other	26,391	33,245
Total non-operating income	448,900	78,550
Non-operating expenses		
Amortization of restricted stock remuneration	295,040	200,904
Loss on investments in investment partnerships	71,706	6,691
Other	21,232	13,335
Total non-operating expenses	387,979	220,931
Ordinary profit	11,599,087	12,618,962
Extraordinary income		
Gain on sale of investment securities	24,273	60,982
Gain on reversal of share acquisition rights	3,480	84,512
Other	-	6,593
Total extraordinary income	27,753	152,088
Extraordinary losses		
Impairment loss	199,141	43,080
Loss on valuation of investment securities	253,090	742,990
Total extraordinary losses	452,231	786,070
Profit before income taxes	11,174,610	11,984,980
Income taxes – current	3,784,947	3,268,029
Income taxes – deferred	(547,215)	(329,745)
Total income taxes	3,237,732	2,938,283
Net income	7,936,878	9,046,696
Net income attributable to non-controlling interests	1,362	(4,001)
Net income attributable to owners of parent	7,935,516	9,050,698

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY'23/2 (March 1, 2022– February 28, 2023)	FY'24/2 (March 1, 2023– February 29, 2024)
Net income	7,936,878	9,046,696
Other comprehensive income		
Valuation difference on available-for-sale securities	487,344	(59,470)
Total other comprehensive income	※ 487,344	※ (59,470)
Comprehensive income	8,424,223	8,987,226
(Breakdown)		
Comprehensive income attributable to owners of parent	8,422,860	8,991,228
Comprehensive income attributable to non-controlling interests	1,362	(4,001)

(3) Consolidated Statement of Changes in Equity
 FY'23/2 (From March 1, 2022 to February 28, 2023)

(Thousand Yen)

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

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

FY'24/2 (From March 1, 2023 to February 29, 2024)

(Thousand Yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,085,000	5,142,864	32,840,235	(1,942,745)	37,125,354
Changes during period					
Dividends of surplus			(4,477,465)		(4,477,465)
Net income attributable to owners of parent			9,050,698		9,050,698
Purchase of treasury shares				(6,459,894)	(6,459,894)
Disposal of treasury shares		2,297,644		1,284,865	3,582,509
Changes in items other than shareholders' equity (net)					
Total changes during period	-	2,297,644	4,573,232	(5,175,028)	1,695,847
Balance at end of period	1,085,000	7,440,508	37,413,468	(7,117,774)	38,821,202

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of period	497,876	497,876	601,507	17,997	38,242,736
Changes during period					
Dividends of surplus					(4,477,465)
Net income attributable to owners of parent					9,050,698
Purchase of treasury shares					(6,459,894)
Disposal of treasury shares					3,582,509
Changes in items other than shareholders' equity (net)	(59,470)	(59,470)	(169,255)	(1,501)	(230,227)
Total changes during period	(59,470)	(59,470)	(169,255)	(1,501)	1,465,620
Balance at end of period	438,406	438,406	432,252	16,496	39,708,357

(4) Consolidated Statement of Cash Flows

	FY'23/2 (March 1, 2022– February 28, 2023)	FY'24/2 (March 1, 2023– February 29, 2024)
Cash flows from operating activities		
Net income before income taxes	11,174,610	11,984,980
Depreciation	2,731,401	3,066,797
Share-based remuneration expenses	916,493	536,698
Share of loss (profit) of entities accounted for using equity method	(380,362)	(9,439)
Interest and dividend income	(3,525)	(4,413)
Insurance claim income	(4,800)	-
Commission expenses	17,986	10,695
Loss (gain) on sales of investment securities	(24,273)	(60,982)
Loss (gain) on valuation of securities	253,090	742,990
Loss (gain) on investments in investment partnerships	71,706	6,691
Gain on reversal of share acquisition rights	(3,480)	(84,512)
Impairment loss	199,141	43,080
Decrease (increase) in trade receivables	(503,478)	(320,519)
Increase (decrease) in trade payables	39,656	16,521
Increase (decrease) in contract liabilities	195,346	263,910
Increase (decrease) in accounts payable - other	506,301	119,539
Increase (decrease) in allowance for doubtful accounts	17,021	76,228
Increase (decrease) in provision for bonuses	81,685	99,716
Increase (decrease) in allowance for losses on contracts	(56,250)	(82,500)
Loss (gain) on change in equity	-	(6,108)
Decrease (increase) in other assets	183,036	(2,562,731)
Increase (decrease) in other liabilities	797,197	(393,991)
Other, net	45,903	273,560
Subtotal	16,254,408	13,716,211
Interest and dividends received	124	508,960
Proceeds from insurance income	4,800	-
Income taxes paid	(3,056,196)	(4,698,204)
Reimbursement of income taxes	465	-
Cash flows from operating activities	13,203,602	9,526,968
Cash flows from investing activities		
Purchase of property, plant and equipment	(98,840)	(273,408)
Purchase of intangible assets	(3,532,902)	(3,849,530)
Purchase of investment securities	(462,082)	(348,000)
Proceeds from sales of investment securities	36,023	399,020
Payments into time deposits	-	(5,000,000)
Proceeds from withdrawal of time deposits	-	2,000,000
Proceeds from collection of long-term loans receivable	-	75,000
Payments of leasehold and guarantee deposits	(99,867)	(356,522)
Proceeds from refund of leasehold and guarantee deposits	76,515	25,972
Payments associated with fulfillment of asset retirement obligations	(31,485)	(70,413)
Proceeds from distribution of residual assets	-	32,966
Other, net	(9,350)	-
Cash flows from investing activities	(4,121,990)	(7,364,914)
Cash flows from financing activities		
Purchase of treasury shares	(265)	(6,459,894)
Proceeds from sales of treasury shares	165,739	2,683,038
Proceeds from exercise of employee share options	74,914	234,831
Dividends paid	(3,903,305)	(4,471,562)
Proceeds from share issuance to non-controlling shareholders	534	2,500
Other, net	(17,986)	(10,695)
Cash flows from financing activities	(3,680,368)	(8,021,782)
Effect of exchange rate change on cash and cash equivalents	3,603	2,175
Increase (decrease) in cash and cash equivalents	5,404,847	(5,857,553)
Cash and cash equivalents at beginning of period	16,569,547	21,974,394
Cash and cash equivalents at end of period	* 21,974,394	* 16,116,841

(5) Notes to Consolidated Financial Statements

(Notes to Going Concern Assumption)

Not applicable

(Bases of Presenting Consolidated Financial Statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 1

Name of consolidated subsidiary: DIP Labor Force Solution Investment Business Limited Partnership

(2) Non-consolidated subsidiaries

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

Reason for exclusion from scope of consolidation:

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

2. Application of equity method

(1) Number of affiliates accounted for using the equity method: 2

Names of affiliates: xOperation Group, Inc.

TRUNK Co., Ltd.

CAST Inc., an affiliate accounted for using the equity method in the previous fiscal year, has been excluded from the application of the equity method due to its liquidation.

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

Names of non-consolidated subsidiaries and affiliates not accounted for using the equity method: DIP America, Inc.

Reason for not applying the equity method:

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

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

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

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

3. Fiscal periods of consolidated subsidiaries

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

4. Accounting policies

(1) Valuation standards and methods for major assets

(i) Securities

Available-for-sale securities

Other than securities without market value: Stated at fair value

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

Securities without market value:

Mainly stated at cost using the moving-average method

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

(ii) Inventories

Supplies:

Stated at cost using the last purchase price method

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

(2) Depreciation methods for major depreciation assets

(i) Property, plant and equipment

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

The useful lives of major assets are as follows:

Buildings and structures: 3 to 47 years

Tools, furniture and fixtures: 2 to 20 years

(ii) Intangible assets

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

(3) Reporting basis for major allowances

(i) Allowance for doubtful accounts

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

(ii) Provision for bonuses

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

(iii) Provision for share-based remuneration

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

(iv) Provision for share-based remuneration for directors

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

(v) Allowance for losses on contracts

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

(4) Reporting basis for major revenues and expenses

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

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

(i) Job ad service

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

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

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

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

(ii) Recruiting service

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

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

(iii) DX service

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

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

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

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

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

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

Restricted Stock Compensation Plan

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

(Changes in Accounting Policies)

Not applicable.

(Changes in Accounting Estimates)

During FY'24/2 Q2, changes were made to the estimate for asset retirement obligations recorded as restoration obligations in association with each office's real estate lease contract based on new information obtained on restoration costs. Asset retirement obligations have increased by 141,767 thousand yen as a result.

The impact of the above estimate change on the Company's income for FY'24/2 is minor.

(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 employees to realize the Company's corporate vision of becoming a 'Labor force solution company'. The Board of Directors passed a resolution to extend the plan at its meeting held on March 10, 2023, and to dispose of treasury shares on August 22, 2023, at its meeting held on August 1.

(1) Summary of the plan

By contributing funds to acquire 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 to employees at no cost on their retirement Company shares and the cash equivalent of the proceeds from the sale of such shares according to the rank and years of service of employees during the trust period in accordance with the Stock Granting Regulations.

(2) Company shares remaining in the trust

Company shares held in the ESOP trust account are recorded as treasury shares under net assets at book value to the trust (excluding ancillary expenses). The book value and number of said treasury shares were 94,677 thousand yen and 1,477,075 shares, respectively, in FY'23/2, and 2,573,098 thousand yen and 2,100,905 shares, respectively, in FY'24/2.

(Board Incentive Plan (BIP) Trust)

In August 2016, the Company introduced a Board Incentive Plan (BIP) trust for its directors (excluding outside directors and overseas residents. The same shall apply hereinafter.) to increase their motivation to contribute to improving corporate value in the medium-to-long term and to share a common sense of interest with the shareholders. The Board of Directors resolved to extend the duration of the Plan at its meeting held on June 22, 2021. Furthermore, at our 26th annual shareholders meeting held on May 24, 2023, along with the transition to a company with an audit committee, it was approved to continue this system after re-establishing the remuneration framework for our directors (excluding directors who are part of the audit committee, external directors, and non-residents in Japan. The same shall apply hereafter.).

(1) Summary of the plan

By contributing funds to acquire Company shares, the Company established a trust with its 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 the directors who meet certain beneficiary requirements Company shares in the number determined according to performance indicators, etc., of each fiscal year and the cash equivalent of the proceeds from the sale of such shares in accordance with the Stock-Based Compensation Regulations on the fixed date of the beneficiary right due to retirement, etc.

(2) Company shares remaining in trust

Company shares held in the BIP trust account are recorded as treasury shares under net assets at book value to the trust (excluding ancillary expenses). The book value and number of said treasury shares were 283,045 thousand yen and 91,462 shares, respectively, in FY'23/2, and 228,440 thousand yen and 73,817 shares, respectively, in FY'24/2.

(Restricted Stock-Based Compensation Plan for Employees)

In August 2020, the Company introduced an incentive plan using restricted shares (with performance conditions, etc.) (the “Plan”) to motivate its employees (the “Eligible Employees”) to maximize the social and economic value of the Company by strengthening their alignment with shareholders and thereby contributing toward the realization of the Company’s corporate vision of becoming a ‘Labor force solution company’. At the Board of Directors meeting held on June 22, 2021, the Company resolved to allot shares to employees who were hired between April 2, 2020, and May 31, 2021, and who were promoted between May 1, 2020, and May 31, 2021, and at the board of directors meeting held on July 13, 2022, to allot shares to employees who were hired or promoted between June 1, 2021, and June 1, 2022. At the Board of Directors meeting held on August 1, 2023, it also resolved to allot shares to employees hired or promoted between June 2, 2022, and June 1, 2023.

In the Plan, the Company had set performance targets five years in advance, the achievement of which was the condition for lifting transfer restrictions. However, due to revisions to its medium-term management plan, the Board of Directors resolved on April 14, 2023, to extend the transfer restriction period by two years and to revise the performance conditions for those allottees who are the Company’s employees belonging to the DX Business Group, which had been sales and operating income of the DX business, to the same conditions as those applied to the Company employees belonging to departments other than the DX Business Group, which are consolidated sales and consolidated operating income (or non-consolidated sales and non-consolidated operating income if non-consolidated).

(1) Summary of the 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 the 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 a security interest, or otherwise disposing of the Company’s common stock that has been allotted to the Eligible Employees under the restricted share allotment agreement for a certain period, and (ii) a provision that, if certain events should arise, the Company will acquire such common stock for no consideration.

(2) Conditions to release transfer restriction

The transfer restriction will be released at the expiry of the transfer restriction period (or on the date the summary report on financial results for the year ending February 2027 is released, if such report is released prior to the expiry of the transfer restriction period) for all or part of the allotted shares, subject to the enrollment conditions, which require the Eligible Employees to remain in a position of director, corporate officer (who does not hold a position as director), employee or equivalent throughout the transfer restriction period in question, and based on the position conditions and the performance conditions. The Company will automatically acquire the allotted shares for which the transfer restriction is unreleased for no consideration.

However, if an Eligible Employee 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 transfer restriction period 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.

(3) Total number of shares held by Eligible Employees

FY’23/2: 919,686 shares; FY’24/2: 972,245 shares

(Restricted Stock-Based Compensation Plan for Directors)

The Company obtained approval for the following at its 24th Annual General Meeting of Shareholders held on May 26, 2021: i) introducing a compensation plan utilizing restricted stock (with performance-based conditions) for directors (the “Plan”) to encourage the Company’s directors (excluding outside directors) to maximize the social and economic value of the Company by strengthening their alignment with our shareholders and thereby contributing toward the realization of our corporate vision of becoming a ‘Labor force solution company’ and ii) setting the upper limit of the total annual amount of monetary claims paid to the Company’s directors (excluding outside directors) as compensation utilizing restricted stock based on the Director Compensation Plan at 900,000 thousand yen. Furthermore, the following was approved at the Company’s 26th Annual General Meeting of Shareholders held on May 24, 2023: i) to make procedural changes following the transition to a company with an Audit & Supervisory Committee; ii) to extend the transfer restriction period by two years; and iii) to decide and revise the remuneration for allotting restricted stock to the Company’s directors (excluding directors who are Audit & Supervisory Committee Members and outside directors; hereinafter, “Eligible Directors”).

The following was also approved: i) the upper limit of the total number of restricted stock to be allotted each fiscal year to the Eligible Directors will be 350,000 shares (the assumption is, as a rule, that shares equivalent to the consideration for the execution of duties over six fiscal years will be allotted in a lump sum; in reality, this is equivalent to allotments of up to 58,333 shares per fiscal year); and ii) the transfer restriction period of the restricted stock will be a period within six years stipulated by the Board of Directors (the “Transfer Restriction Period”).

Furthermore, of the directors who were granted restricted stock based on the proposal at the 24th Annual General Meeting of Shareholders, one who retired due to the expiry of his term of office will continue to hold the restricted stock as a person equivalent to a director (corporate officer).

(1) Summary of the plan

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

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

(2) Conditions to release transfer restriction

The transfer restriction will be released at the expiry of the Transfer Restriction Period (or on the date the summary report on financial results for the year ending February 2027 is released, if such report is released prior to the expiry of the Transfer Restriction Period) for all or part of the allotted shares, subject to the enrollment conditions, which require Eligible Directors to remain in a position of director of the Company, a director of a subsidiary of the Company or equivalent throughout the Transfer Restriction Period, and based on the position conditions and the performance conditions. The Company will automatically acquire the allotted shares for which the transfer restriction is unreleased for no consideration.

However, if an Eligible Director retires or resigns from the position of director of the Company, a director of a subsidiary of the Company or equivalent prior to the expiry of the Transfer Restriction Period 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.

(3) Total number of shares held by Eligible Directors

FY’23/2: 160,000 shares; FY’24/2: 160,000 shares

(Consolidated Balance Sheet)

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

	(Thousand yen)	
	FY'23/2 (As of February 28, 2023)	FY'24/2 (As of February 29, 2024)
Investment securities (shares)	558,751	38,993

*2 Overdraft agreements and commitment line agreements

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

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

	(Thousand yen)	
	FY'23/2 (As of February 28, 2023)	FY'24/2 (As of February 29, 2024)
Total of overdraft limits	15,000,000	15,000,000
Total of commitment line	30,000,000	15,000,000
Used loans	-	-
Available	45,000,000	30,000,000

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

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

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

FY'24/2 (As of February 29, 2024)

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

(Consolidated Statement of Income)

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

	(Thousand yen)	
	FY'23/2 (From March 1, 2022 To February 28, 2023)	FY'24/2 (From March 1, 2023 To February 29, 2024)
Salaries and allowances	10,061,738	12,413,603
Advertising expenses	10,666,464	9,318,922
Provision of allowance for doubtful accounts	34,900	177,578
Provision for bonuses	593,981	647,796
Provision for share-based remuneration	9,195	238,832
Provision for share-based remuneration for directors	30,784	28,431
Retirement benefit expenses	37,662	41,890

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

	(Thousand yen)	
	FY'23/2 (From March 1, 2022 To February 28, 2023)	FY'24/2 (From March 1, 2023 To February 29, 2024)
	-	44,780

*3 Impairment loss

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

1. Asset for which impairment loss was recognized

(Thousand yen)

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

2. Background to recognition of impairment loss

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

3. Asset grouping method

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

4. Recoverable amount calculation method

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

FY'24/2 (From March 1, 2023 to February 29, 2024)

1. Asset for which impairment loss was recognized

(Thousand yen)

Location	Usage	Type	Impairment loss
Koto-ku, Tokyo	Asset for personnel recruiting services business	Software	43,080

2. Background to recognition of impairment loss

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

3. Asset grouping method

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

4. Recoverable amount calculation method

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

(Consolidated Statement of Comprehensive Income)

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

(Thousand yen)

	FY'23/2 (From March 1, 2022 To February 28, 2023)	FY'24/2 (From March 1, 2023 To February 29, 2024)
Valuation difference on available-for-sale securities		
Valuation difference arising during the year	726,500	(142,977)
Reclassification adjustment	(24,273)	57,285
Before tax-effect adjustment	702,226	(85,691)
Tax effect	(214,881)	26,221
Valuation difference on available-for-sale securities	487,344	(59,470)
Amount equivalent to equity share in entities accounted for using equity method		
Amount arising during the year	-	-
Total other comprehensive income	487,344	(59,470)

(Consolidated Statement of Changes in Equity)

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

1. Type and total number of shares outstanding and 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 outstanding				
Common stock	60,140,000	-	-	60,140,000
Total	60,140,000	-	-	60,140,000
Treasury shares				
Common stock (Notes 1, 2)	4,371,937	193,885	252,757	4,313,065
Total	4,371,937	193,885	252,757	4,313,065

Notes: 1. Summary of reasons for change in treasury shares

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

Increase due to purchase of restricted shares without consideration: 193,816 shares

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

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

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

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

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

Decrease due to delivery of restricted shares: 130,003 shares

2. The number of shares of Company stock held in the ESOP trust account that are included in the number of treasury shares at the beginning and end of the consolidated fiscal year is 1,562,485 shares and 1,477,075 shares, respectively, and the number of shares of Company stock held in the BIP trust account is 100,706 shares and 91,462 shares, respectively.

2. Share acquisition rights

Company name	Breakdown	Type of shares subject to share acquisition rights	Number of shares subject to share acquisition rights				Balance at the end of the fiscal year (thousand yen)
			At the beginning of the fiscal year	Increase	Decrease	At the end of the fiscal year	
	7th series of stock options based on resolution of the Board of Directors on September 15, 2017	-	-	-	-	146,740	
	8th series of stock options based on resolution of the Board of Directors on June 21, 2018 (Note 1)	-	-	-	-	375,866	
	9th series of stock options based on resolution of the Board of Directors on June 21, 2019 (Note 2)	-	-	-	-	78,900	
	Total		-	-	-	601,507	

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

3. Dividends

(1) Dividend payments

Resolution	Type	Total dividends (thousand yen)	Dividend per share (yen)	Record date	Effective date	Source of dividends
Meeting of Board of Directors on April 14, 2022 (Note 1)	Common stock	1,952,662	34	February 28, 2022	May 25, 2022	Retained earnings
Meeting of Board of Directors on October 13, 2022 (Note 2)	Common stock	1,956,133	34	August 31, 2022	November 17, 2022	Retained earnings

Notes: 1. Total dividends based on the resolution of the annual general meeting of shareholders on April 14, 2022, include dividends of 53,124 thousand yen in relation to 1,562,485 shares of Company stock held in the ESOP trust account and dividends of 3,424 thousand yen in relation to 100,706 shares of Company stock held in the BIP trust account.

2. Total dividends based on the resolution of the annual general meeting of shareholders on October 13, 2022, include dividends of 51,260 thousand yen in relation to 1,507,675 shares of Company stock held in the ESOP trust account and dividends of 3,109 thousand yen in relation to 91,462 shares of Company stock held in the BIP trust account.

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

Resolution	Type	Total dividends (thousand yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
Meeting of Board of Directors on April 14, 2023 (Note)	Common stock	2,181,027	Retained earnings	38	February 28, 2023	May 25, 2023

Note: Total dividends include dividends of 56,128 thousand yen in relation to 1,477,075 shares of Company stock held in the ESOP trust account and dividends of 3,475 thousand yen in relation to 91,462 shares of Company stock held in the BIP trust account.

FY'24/2 (From March 1, 2023 to February 29, 2024)

1. Type and total number of shares outstanding and 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 outstanding				
Common stock	60,140,000	-	-	60,140,000
Total	60,140,000	-	-	60,140,000
Treasury shares				
Common stock (Notes 1, 2)	4,313,065	2,027,916	1,060,790	5,280,191
Total	4,313,065	2,027,916	1,060,790	5,280,191

Notes: 1. Summary of reasons for change in treasury shares

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

Increase due to purchase of restricted shares without consideration:	107,316 shares
Increase due to purchase of treasury shares on the market:	1,220,600 shares
Increase due to purchase of treasury shares for trust account following continuation of the ESOP trust:	700,000 shares

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

Decrease due to exercise of stock options:	86,100 shares
Decrease due to sale or delivery of shares in the ESOP trust account:	76,170 shares
Decrease due to sale or delivery of shares in the BIP trust account:	17,645 shares
Decrease due to delivery of restricted shares:	180,875 shares
Decrease due to disposal of treasury shares following continuation of the ESOP trust:	700,000 shares

2. The number of shares of Company stock held in the ESOP trust account that are included in the number of treasury shares at the beginning and end of the consolidated fiscal year is 1,477,075 shares and 2,100,905 shares, respectively, and the number of shares of Company stock held in the BIP trust account is 91,462 shares and 73,817 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	
	8th series of stock options based on resolution of the Board of Directors on June 21, 2018	-	-	-	-	-	344,858
	9th series of stock options based on resolution of the Board of Directors on June 21, 2019 (Note)	-	-	-	-	-	87,394
	Total		-	-	-	-	432,252

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

3. Dividends

(1) Dividend payments

Resolution	Type	Total dividends (thousand yen)	Dividend per share (yen)	Record date	Effective date	Source of dividends
Meeting of Board of Directors on April 14, 2023 (Note 1)	Common stock	2,181,027	38	February 28, 2023	May 25, 2023	Retained earnings
Meeting of Board of Directors on October 11, 2023 (Note 2)	Common stock	2,296,437	40	August 31, 2023	November 17, 2023	Retained earnings

Notes: 1. Total dividends based on the resolution of the annual general meeting of shareholders on April 14, 2023, include dividends of 56,128 thousand yen in relation to 1,477,075 shares of Company stock held in the ESOP trust account and dividends of 3,475 thousand yen in relation to 91,462 shares of Company stock held in the BIP trust account.
2. Total dividends based on the resolution of the annual general meeting of shareholders on October 11, 2023, include dividends of 84,938 thousand yen in relation to 2,123,465 shares of Company stock held in the ESOP trust account and dividends of 2,952 thousand yen in relation to 73,817 shares of Company stock held in the BIP trust account.

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

Resolution	Type	Total dividends (thousand yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
Meeting of Board of Directors on April 12, 2024 (Note)	Common stock	2,737,657	Retained earnings	48	February 29, 2024	May 24, 2024

Note: Total dividends include dividends of 100,843 thousand yen in relation to 2,100,905 shares of Company stock held in the ESOP trust account and dividends of 3,543 thousand yen in relation to 73,817 shares of Company stock held in the BIP trust account.

(Consolidated Statement of Cash Flows)

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

(Thousand yen)

	FY'23/2 From March 1, 2022 To February 28, 2023	FY'24/2 From March 1, 2023 To February 29, 2024
Cash and deposits account	21,974,394	19,116,841
Time deposits with a maturity of more than three months	-	(3,000,000)
Cash and cash equivalents	21,974,394	16,116,841

(Segment Information etc.)

[Segment information]

1. Overview of reported segments

(1) Method of determining reported segments

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

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

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

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

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

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

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

(Thousand yen)

	Reported segment			Adjustment (Note 1)	Amount recorded in consolidated statement of income (Note 2)
	Personnel Recruiting Services Business	DX Business	Total		
Sales					
Media (job advertising) services	42,618,381	-	42,618,381	-	42,618,381
Permanent Placement services	1,871,623	-	1,871,623	-	1,871,623
DX	-	4,778,070	4,778,070	-	4,778,070
Other	87,615	-	87,615	-	87,615
Revenue generated from contracts with customers	44,577,620	4,778,070	49,355,691	-	49,355,691
Other revenue	-	-	-	-	-
Sales — outside customers	44,577,620	4,778,070	49,355,691	-	49,355,691
Sales and transfers — inter-segment	-	-	-	-	-
Total	44,577,620	4,778,070	49,355,691	-	49,355,691
Segment profit	14,849,089	2,132,517	16,981,606	(5,443,439)	11,538,167
Other items					
Depreciation	2,384,956	125,213	2,510,169	221,231	2,731,401

Notes: 1. Adjustment of segment profit of (5,443,439) thousand yen is corporate expenses not allocated to any reported segment.

Corporate expenses are mainly selling, general, and administrative expenses that are not attributable to any reported segment.

2. Segment profit was reconciled with operating income of the consolidated statement of income.

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

FY'24/2 (March 1, 2023 to February 29, 2024)

(Thousand yen)

	Reported segment			Adjustment (Note 1)	Amount recorded in consolidated statement of income (Note 2)
	Personnel Recruiting Services Business	DX Business	Total		
Sales					
Media (job advertising) services	45,748,797	-	45,748,797	-	45,748,797
Permanent Placement services	1,980,500	-	1,980,500	-	1,980,500
DX services	-	5,981,180	5,981,180	-	5,981,180
Other services	71,823	-	71,823	-	71,823
Revenue generated from contracts with customers	47,801,120	5,981,180	53,782,301	-	53,782,301
Other revenue	-	-	-	-	-
Sales — outside customers	47,801,120	5,981,180	53,782,301	-	53,782,301
Sales and transfers — inter-segment	-	-	-	-	-
Total	47,801,120	5,981,180	53,782,301	-	53,782,301
Segment profit	17,175,169	2,837,810	20,012,979	(7,251,636)	12,761,342
Other items					
Depreciation	2,576,352	211,381	2,787,733	279,063	3,066,797

Notes: 1. Adjustment of segment profit of (7,251,636) thousand yen is corporate expenses not allocated to any reported segment.

Corporate expenses are mainly selling, general, and administrative expenses that are not attributable to any reported segment.

2. Segment profit was reconciled with operating income of the consolidated statement of income.

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

4. Effective FY'24/2 Q1, the presentation of the breakdown information of revenue generated from contracts with customers has been changed from “Baitoru, Baitoru NEXT, Baitoru PRO, Hatarako.net, DX, Other” to “Media (job advertising) services, Permanent Placement services, DX services, Other services” due to a revision of the Company’s sales management categories according to service type.

The breakdown information of revenue generated from contracts with customers for FY'23/2 has been reclassified to reflect this change.

There are no changes to reported segments due to this change.

[Related information]

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

1. Information by product and service

(Thousand yen)

	Media (job advertising) service	Permanent Placement services	DX services	Other services	Total
Sales to outside customers	42,618,381	1,871,623	4,778,070	87,615	49,355,691

2. Regional information

(1) Sales

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

(2) Property, plant and equipment

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

3. Information on each major client

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

FY'24/2 (March 1, 2023 to February 29, 2024)

1. Information by product and service

(Thousand yen)

	Media (job advertising) service	Permanent Placement services	DX services	Other services	Total
Sales to outside customers	45,748,797	1,980,500	5,981,180	71,823	53,782,301

2. Regional information

(1) Sales

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

(2) Property, plant and equipment

(Thousand yen)

Japan	the United States of America	合計
1,641,916	402,415	2,044,332

3. Information on each major client

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

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

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

(Thousand yen)

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

Note: An impairment loss of 199,141 thousand yen was recorded for the DX business since the Company considered it unlikely to earn profits as initially projected.

FY'24/2 (March 1, 2023 to February 29, 2024)

(Thousand yen)

	Personnel recruiting services business	DX business	Total
Impairment loss	43,080	-	43,080

Note: An impairment loss of 43,080 thousand yen was recorded for the personnel recruiting services business since the Company considered it unlikely to earn profits as initially projected.

[Goodwill amortization and unamortized balance by reported segment]

Not applicable.

[Information on gain from negative goodwill by reported segment]

Not applicable.

(Revenue Recognition)

1. Breakdown of revenues from contracts with customers

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

2. Information fundamental to understanding revenues from contracts with customers

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

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

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

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

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

	FY'24/2 (Thousand yen)	
	Balance at beginning of period	Balance at end of period
Claims arising from contracts with customers	5,499,254	5,785,358
Contract liabilities	674,286	938,197

Note: Contract liabilities are related to unearned revenue received from customers before the provision of services and are reversed upon recognition of revenue. Of the revenue recognized in FY'24/2, the amount included in the balance of contract liabilities as of the beginning of the period was 673,930 thousand yen.

(2) Transaction price allocated to remaining performance obligations

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

(Per Share Information)

	FY'23/2 From March 1, 2022 To February 28, 2023	FY'24/2 From March 1, 2023 To February 29, 2024
Net assets per share	¥673.93	¥715.64
Net income per share	¥142.04	¥163.44
Diluted net income per share	¥141.65	¥163.15

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

	FY'23/2 From March 1, 2022 To February 28, 2023	FY'24/2 From March 1, 2023 To February 29, 2024
Net income per share		
Net income attributable to owners of parent (thousand yen)	7,935,516	9,050,698
Amount not attributable to common stock shareholders (thousand yen)	-	-
Net income attributable to owners of common stock of parent (thousand yen)	7,935,516	9,050,698
Average number of shares of common stock outstanding during the fiscal year (shares)	55,866,330	55,377,903
Diluted net income per share		
Adjustment for net income attributable to owners of parent (thousand yen)	-	-
Increase in number of shares of common stock (shares)	156,828	96,937
Of which, share acquisition rights (shares)	156,828	96,937
Description of potentially dilutive shares not included in the computation of diluted net income per share because of their anti-dilutive effect	-	-

2. The number of Company shares held in the ESOP trust account (1,477,075 shares at the end of FY'23/2 and 1,517,862 shares for the average of FY'23/2) and the number of Company shares held in the BIP trust account (91,462 shares at the end of FY'23/2 and 96,096 shares for the average of FY'23/2) are excluded from the average number of shares of common stock outstanding during the fiscal year that was used in the calculation of per share information for FY'23/2.

3. The number of Company shares held in the ESOP trust account (2,100,905 shares at the end of FY'24/2 and 1,788,772 shares for the average of FY'24/2) and the number of Company shares held in the BIP trust account (73,817 shares at the end of FY'24/2 and 82,639 shares for the average of FY'24/2) are excluded from the average number of shares of common stock outstanding during the fiscal year that was used in the calculation of per share information for FY'24/2.

(Significant Subsequent Events)

Not applicable.

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