

April 12, 2019

Listed on: First Section of the Tokyo Stock Exchange.

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Dividends to be paid from: May 30, 2019

Scheduled date of filing financial statements: May 30, 2019

Supplementary documents to the financial results: Yes

Financial results briefing: Yes (for investors and analysts)

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

1. Consolidated Operating Results for FY 2019 ended February 28, 2019 (from March 1, 2018 to February 28, 2019)

(Percentage of change from previous year)

(Note)	Inclusive profits:	FY2019	¥8,883 million (18.0%)	FY2018	¥7,526million (-%)
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(Note)	Equity in earnings of affiliates:	FY2019	¥-196 million	FY2018	¥-24 million
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(Note) Because the consolidated financial statements have been prepared from the consolidated fiscal period FY 2018, the percentage of increase and decrease compared with FY2018 is not stated. The return on equity capital and ordinary income ratio for FY2018 are calculated based on the year-end equity and total assets at the end of the consolidated fiscal year, respectively, for the first consolidated fiscal year.

(2) Consolidated financial condition

(Reference) Equity:	FY2019	¥24,781 million	FY2018	¥20,271 million
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(3) Consolidated cash flow

2. Dividends

(Note) The dividend rate of net assets of FY2018 is calculated based on consolidated net assets per share as of the consolidated first fiscal year.

3. Consolidated Operating Results forecast for FY2020 (March 1, 2019 to February 29, 2020)

(Percentage indicates change from previous year for full year)

	Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full Year	43,000	2.0	10,800	-15.3	10,400	17.3	7,000	-21.4	126.37

(Note) For FY2020, only full-year forecast is disclosed, as there may be changes in the timing of personnel changes and promotion investment in the newly launched AI/RPA services. As of the full-year forecast, taking the above factors into consideration, the figures are currently estimated by the Company. If the necessity of revising business forecast, such information shall be immediately disclosed.

* Others

(1) Changes in significant subsidiaries during the period: No

(Transfer of specified subsidiary accompanying changes in scope of consolidation)

New -company (company name) -, Exclusion - company (company name)-

(2) Significant changes and corrections in accounting during the period under review

- | | |
|---|----|
| 1. Changes in accounting policies resulting from revisions in accounting standards: | No |
| 2. Changes in accounting policies other than 1: | No |
| 3. Changes in accounting estimation: | No |
| 4. Restatement: | No |

(3) Number of outstanding shares (common stock)

1. Number of outstanding shares at the end of period (including treasury stocks):

At the end of FY2019	62,000,000shares	At the end of FY2018	62,000,000shares
At the end of FY2019	6,786,876shares	At the end of FY2018	6,227,269shares
At the end of FY2019	55,391,998shares	At the end of FY2018	55,625,897shares

2. Number of treasury stocks at the end of period:

3. Average number of shares during the fiscal year

With respect to treasury stock, the number of shares of the Company owned by the stock granting ESOP trust account (1,830,580 shares at the end of FY2018, 1,771,975shares at the end of FY2019) and the number of shares of the Company owned by executive remuneration BIP trust (83,700 shares at the end of FY2018, 83,700 shares at the end of FY2019).

(Reference) Outline of individual results

1. Operating Results for FY2019 ended February 2019 (from March 1, 2018 to February 28, 2019)

(1) Operating results

(Percentage of change from previous year)

	Sales		Operating Income		Ordinary Income		Net income attributable to owners of the parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
FY2019	42,167	10.8	12,828	18.5	12,859	18.5	9,112	20.2
FY2018	38,060	14.7	10,826	18.7	10,847	18.7	7,580	22.9

	Net income per share	Fully Diluted (Current) Net Income per share
	¥	¥
FY2019	164.50	164.46
FY2018	136.27	136.20

(2) Financial condition

	Total Assets	Net Assets	Equity Ratio	Net Assets per Stock
	¥ million	¥ million	%	¥
FY2019	33,704	25,899	74.3	453.62
FY2018	27,976	20,953	72.6	364.34

(Reference) Equity: FY2019 ¥25,048 million FY2018 ¥20,320 million

* Financial report is not subject to audits by certified public accountants or auditing corporations.

* Explanations on the appropriate use of forecasts and other special instructions:

(Notice of the description of the forecast)

The forecasts stated herein are based on information available as of the date of release.

Actual results may differ from the forecast depending on a variety of factors going forward.

For assumptions regarding the above forecast, see Section1, “Analysis of Operating Results and Financial Position (6)Outlook”.

(To obtain complementary documents on accounting results)

Regarding the complementary documents on accounting results, see corporate website on April 12, 2019.

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1. Analysis of Operating Results and Financial Position

(1) Analysis of the Operating Results

During the fiscal year under review, the Japanese economy generally remained on a moderate recovery trend thanks to continued improvement in employment, income conditions, and corporate earnings. Meanwhile, the outlook for the Japanese economy remained unclear given factors such as the impact of the trade friction between the US and China, uncertainty in the overseas economies, and volatility in financial and capital markets.

Reflecting the employment conditions in Japan, the unemployment rate (seasonally adjusted) in February 2019 remained low at 2.3% and the ratio of job openings to applicants (seasonally adjusted) was 1.63, remaining at a high level.

Under these circumstances, there was strong demand for the Company's job information services against a backdrop of labor shortages. To meet the diverse demand, the Company hired 296 new graduates in April 2018, established two new sales offices, and expanded or relocated four offices in an effort to strengthen the basis of its sales structure. The mainstay Personnel Recruiting Services Division focused continuously on increasing its sales capability and product appeal and sought to strengthen its brand and further increase the number of website users.

As a result, sales remained strong, increasing 10.8% year on year to ¥42,176 million in the fiscal year under review. Operating income rose 18.0% year on year to ¥12,745 million, ordinary income grew 16.5% year on year to ¥12,577 million, and net income attributable to owners of the parent increased 18.3% year on year to ¥8,910 million as a result of increased cost efficiency despite investments in human resources through the recruitment of new graduate employees and advertising.

The operating results by division are as follows:

Effective from the first quarter of the fiscal year under review, the classification of reported segments has been changed. For details, see the section “(3) Change of Reported Segments, etc.” under “1. Overview of reported segments,” “(5) Notes on Consolidated Financial Statements (Segment Information), 5. Consolidated Financial Statements.”

1. Personnel Recruiting Services Division

The Personnel Recruiting Services Division is engaged in the job information advertising business including Baitoru.com, a job information site for temp and part-time jobs, Baitoru NEXT, a job information site for regular employees and contract employees, Hatarako.net, a comprehensive job information site, and Nurse de Hatarako, job-change services for nurses.

In March 2018, Baitoru launched the service for job seekers to apply for job experience and workplace tours for the first time in the industry. In June 2018, the Company participated as an official partner in MORI Building DIGITAL ART MUSEUM: EPSON teamLab Borderless, which opened in Odaiba, Tokyo as a joint project of Team Lab Inc. and Mori Building Co., Ltd. to promote application downloads through efforts such as invitations to free admission given to 100,000 high school students who have downloaded the Baitoru application. In October 2018, the Company hired Kenzo Shirai (Nippon Sport Science University), a globally recognized gymnast, as the new face of Baitoru and launched a new TV ad delivering the message “we dream a dream to make it come true.” In January 2019, the Company released four episodes (“home delivery,” “karaoke box,” “security guard,” and “part-time job”) in the new series of TV ads starring Nogizaka 46 as part of its efforts to increase the brand recognition.

The Company continues to undertake the cross-selling of Baitoru NEXT, targeting the clients of Baitoru to expand the client base by increasing the number of clients. Since June 2018, the Company has been airing a nationwide TV ad starring Takanori Iwata, a performer in EXILE 3rd Generation J Soul Brothers from EXILE TRIBE, to increase the recognition of the Baitoru NEXT brand. In January 2019, the Company held the first Shigoto Hakken Fair, an event for employment and job changes, to further expand its services in the full-time employment segment.

In addition, in July 2018 the Company launched i-Scout, a scout e-mail service using job seekers' activity history data, as a function available both in Baitoru and Baitoru NEXT. The Company renewed i-Scout in February 2019 and released i-Scout/i-Approach. The i-Scout/i-Approach service enables the scouting of users who could not be approached through the previous function, creates opportunities for companies to discover potential job seekers, and provides matching that results in a high recruitment rate. In October 2018, the Company began posting Hello Work's recruitment information while working to enhance the appeal and customer-attraction capability of the website by posting a range of recruitment information.

While the demand and supply of human resources is increasingly tight and work styles are becoming more diversified, Hatarako.net continues to air the TV ad starring Aya Ueto, focusing on improving the brand recognition and acquiring new users. As a result of the expansion from temporary staffing information to comprehensive job information in April 2017, postings

increased for direct employment by companies, including regular employees, contract employees, and part-time employees in addition to temporary workers, and the number of clients per month and the number of job postings have increased substantially. The Company is working to enhance the website's value by offering a wide range of work style options, including full-time, contract, and part-time employment, in addition to temporary employment, and providing services to help job seekers with a range of needs to find optimal jobs that suit their life stages. Moreover, the Company renewed the posting and application management pages and changed the design to an even more user-friendly one in January 2019 and also made the service available on smartphones to further increase the convenience for clients and marketing personnel.

Nurse de Hatarako has been making stable profit by changing its website design in May 2017, taking measures to improve usability such as improving smartphone compatibility and adding helpful tips, and increasing the productivity of career advisors.

Google for Jobs was launched also in Japan in January 2019, in which the Company's Baitoru, Baitoru NEXT, Hatarako.net, Hatarako Index, and Nurse de Hatarako have become available. When a user searches for job information on Google, the job information posted on the Company's websites is hit if it is related to the search keywords.

As a result, sales in the division grew 10.8% year on year to ¥42,161 million and operating income rose 16.3% year on year to ¥16,688 million.

2. Other business division

In addition to enhancing the value of its existing business, the Company proactively engages in initiatives to create new businesses that contribute to society and have a strong affinity with its existing businesses beyond the job information service industry, in line with its corporate philosophy, "Here at DIP, we want to tap into dreams, ideas and passion to create a better society." More specifically, the Company founded its US subsidiary, DIP America, Inc., in May 2018 and initiated information gathering and marketing activities for operating the LIMEX business in the US. The Company will continue to develop its business in the biodegradable plastic industry while building a strong relationship with TBM Co., Ltd. The Company transferred the sales function of LIMEX as an alternative to paper products to TBM Co., Ltd. in October 2018 for the purpose of promoting product development and increasing sales.

Banq Co., Ltd., which was made a consolidated subsidiary of the Company in November 2017, offers an on-demand salary service in which users are able to receive a salary for their work without waiting for payday. In this service, the Company launched a real-time bank transfer service through an alliance with Japan Net Bank in October 2018 and has been working to meet increasing demand for daily payments such as also making real-time transfers available to users with an account at a bank other than Japan Net Bank by responding to an increase in the operating hours of the Zengin System (More Time System) in November 2018.

This segment consists of new businesses that are primarily at the start-up stage. Sales amounted to ¥14 million (¥3 million in the same period of the previous year), and operating loss was ¥319 million (operating loss of ¥297 million in the same period of the previous year).

(Note) LIMEX is the trademark of TBM Co., Ltd.

(2) Analysis of the Financial Position

(Current assets)

Total current assets recorded in the consolidated financial statements at the end of FY2019 amounted to ¥20,522 million, an increase of ¥734 million from the end of the previous fiscal year. Major components of this growth were an increase of ¥210 million in cash and deposits and an increase of ¥393 million in notes receivable (trade) and accounts receivable (trade).

(Fixed assets)

Total fixed assets recorded in the consolidated financial statements at the end of FY2019 amounted to ¥12,987 million, an increase of ¥4,759 million from the end of the previous fiscal year. This was attributable chiefly to an increase of ¥104 million in tangible fixed assets, an increase of ¥797 million in software, and an increase of ¥3,571 million in investment securities.

(Current liabilities)

Total current liabilities recorded in the consolidated financial statements at the end of FY2019 amounted to ¥6,925 million, growth of ¥589 million from the end of the previous fiscal year. The key factor contributing to this was an increase of ¥387 million in accounts payable (other).

(Fixed liabilities)

Total fixed liabilities recorded in the consolidated financial statements at the end of FY2019 amounted to ¥883 million, growth of ¥193 million from the end of the previous fiscal year. This was primarily the result of a rise of ¥77 million in asset retirement obligations and an increase of ¥34 million in provision for share-based remuneration for directors (and other officers).

(Net assets)

Total net assets recorded in the consolidated financial statements at the end of FY2019 amounted to ¥25,701 million, up ¥4,710 million from the end of the previous fiscal year. Major components included an increase of ¥6,156 million in retained earnings and growth of ¥1,708 million in treasury stocks.

(3) Analysis of the Cash Flow

Cash and cash equivalents (“cash”) at the end of the fiscal year under review increased by ¥210 million from the end of the previous fiscal year to total ¥14,927 million.

The cash flow breakdown is as follows:

(Cash flow from operating activities)

In the fiscal year under review, net cash provided by operating activities amounted to ¥10,926 million (an increase of ¥1,197 million year on year). This was mainly because inflows such as net income before income taxes of ¥12,608 million, depreciation of ¥1,498 million, stock-based payment of ¥251 million, and an increase of ¥423 million in other liabilities exceeded outflows such as income taxes paid of ¥3,706 million and an increase of ¥400 million in trade receivables.

(Cash flow from investment activities)

Net cash used in investment activities amounted to ¥6,360 million (an increase of ¥1,996 million year on year). This mainly reflects expenditures for the acquisition of intangible fixed assets amounting to ¥1,968 million and expenditures for the acquisition of investment securities amounting to ¥3,762 million.

(Cash flow from financing activities)

Net cash used in financing activities amounted to ¥4,356 million (an increase of ¥2,391 million year on year). This was mainly attributable to the purchase of treasury stocks amounting to ¥1,708 million and dividend payments of ¥2,751 million.

Trend of indexes for cash flows is as follows.

	FY2015	FY2016	FY2017	FY2018	FY2019
Stockholders' equity ratio (%)	60.0	66.4	69.6	72.4	74.0
Stockholders' equity ratio on a fair value basis (%)	562.6	767.3	617.0	662.9	323.4
Ratio of cash flow to interest-bearing debts	—	—	—	—	—
Interest coverage ratio	905.8	3,013.2	—	36,689.5	—

Stockholders' equity ratio: Stockholders' equity/Total assets

Stockholders' equity ratio on a fair value basis: Market capitalization/Total assets

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

Interest coverage ratio: Operating cash flow/Interest payments

(Note 1) The figures from FY2015 to FY2017 are based on the non-consolidated financial statements.

(Note 2) Operating cash flow is based on cash flow from operating activities according to the Consolidated Cash Flow Statement.

Interest-bearing debts cover all the liabilities on which interest is paid that are recorded in the Consolidated Balance Sheet.

Interest payments are based on interest paid recorded in the Consolidated Cash Flow Statement.

(Note 3) The ratio of cash flow to interest-bearing debt is not stated from FY2015, as interest-bearing debts were paid in FY2015.

(Note 4) The interest coverage ratio is not stated for FY2017 and FY2019 because there were no interest payments.

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

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

In addition, in order to enrich the opportunity to share the dividends with the stockholders, we share the regular dividend twice each fiscal year: interim dividend and year-end dividend.

Based on this policy, the Company plans to pay an interim dividend of 24 yen per share and an ordinary dividend of 26 yen per share at the end of the year. As a result, the total annual dividend is expected to be 50 yen per share in the fiscal year under review. For the dividends for the fiscal year 2020, they are calculated to be 24yen for interim dividend and 26yen for regular dividend, in total 50yen for annual regular dividend per share, corresponding to the sales and financial forecast.

(5) Risks

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

1. System

Due to the nature of the business of operating information websites on the Internet, the Company is likely to be substantially affected by developments in communication networks that connect systems on websites.

If our computer systems fail due to large-scale and/or wide-reaching natural disasters, such as earthquakes, floods, fires, computer viruses, loss of electrical power, communication failures, or other causes that are unpredictable at this point, we may be forced to suspend business. We constantly take care to ensure data back-up systems against these situations are in place. In addition, there are other types of risks, such as the disabling of servers (by us or our ISP due to temporary overload), unauthorized access by third parties, or network failures due to an operational error by an employee.

If any of these occur, the credibility of the Company may be damaged and actions or claims for damages may arise. In the event of such a failure, the Company's operating results and financial position may be substantially affected.

2. Protection of personal information and information security

For the protection of our clients seeking staff and our users searching for jobs using our websites, we employ the Secure Sockets Layer (SSL) protocol as the security mode for utilization of our systems and to provide security when transmitting data.

SSL encodes the data between the company and the job seeker, ensuring that all information is protected from interception, alteration and spoofing.

If a serious problem occurs, such as the unauthorized disclosure of personal information, the Company may have to assume legal responsibility, regardless of the terms and conditions of any membership contract. Even if the Company is able to avoid legal responsibility, it will lose credibility with job seekers and companies seeking employees. In addition, the Company's business and operating results may be affected negatively by the damage to the brand image.

To prevent such a situation, the Company acquired the Privacy Mark to ensure strict control of all personal information. Furthermore, we also acquired ISMS Conformity Assessment System in October 2005. Thereafter, when we had the inspection for continuation of ISMS certification the Company applied for evaluation for transfer to ISO 27001 (JISQ 27001) and certification was granted on November 2006.

3. Intellectual property rights

In the business of providing information services on the Internet, the Company may face severe competition or be sued if a competitor acquires any relevant utility model rights or patent, which could have a negative impact on our operating results and financial position.

We do not recognize the potential for an actual case at this moment, but we cannot completely rule out the possibility that we might be obligated to compensate for violation of utility model rights or a patent related to the whole or a part of the business, which someone in Japan or abroad have already acquired.

Our intellectual properties also have the possibility to be infringed by a third party, which could have a negative impact on our operating results and financial position.

4. Competition

In the field of job advertisement service there are many other competitors using the Internet to post job information of "Part time jobs" "Temporary staff jobs" and "Full time jobs." There are more new competitors coming into our field every year, as the barrier to entry in this business is low. It is the same for the nursing job information business. We committed to developing new services and functions in order to attract nurses but the competition with other companies is getting severe. If the company fails to differentiate itself from competitors, we may be substantially affected.

5. New businesses

The Company's new business fields are closely related to the Internet, we must adapt to constantly advancing trends in IT technologies to satisfy the needs of our clients. However, if difficulties arise in recruiting system experts, including IT engineers, or if system development falls behind schedule, the timely launch of a new business will be impaired, and the Company's business and operating results as a whole may be substantially affected.

In addition, constantly develop new services and new businesses may lead to a lower profit rate due to the investment on system development and advertising.

Sometimes the consequences may be different from what was planned. In such case we might be substantially affected.

6. Dependence on Personnel Recruiting Services division

The share of Personnel Recruiting Services division sales (¥40,577 million from total sales of FY2019 ¥42,176 million) is 96.2%. We depend on the Personnel Recruiting Services division, which has the site "Baitoru", "Baitoru NEXT" and "Hatarako. Net". As a result, fluctuations in sales in the Personnel Recruiting Services division could have a significant impact on the Company's business and financial results due to competition with other job information companies in the market. The efforts to diversify our business have led us to tackle the nursing job information segment, and to other new businesses. There is a possibility that the dependence on sales in the Personnel Recruiting Services division will not decrease if the launch of a new business does not make progress as initially planned.

7. Impairment accounting

Accounting standards of impairment accounting are applied to DIP Corporation. When the profitability of the sites or significant changes in business circumstance occur, the investment from the cash flow of the fixed assets will be declared impairment and we may be substantially affected.

8. Trend in economic, employment and job information

The Personnel recruiting services division that is our main business is a job advertisement business. Our results are affected by the individual performance of all companies that advertise their job vacancies on our sites. Due to unforeseen and uncontrollable trends in the economy, employment market and job information, we may be substantially affected.

9. Seasonal trends

The Personnel recruiting services division is affected by the seasonal job information that companies release. Most of the companies become active in advertising activities before the end and the beginning of fiscal year and also year-end and new year when hiring and personnel transfers are common. These seasonal matters affect the sales and operating results related to the job advertising business.

On the other hand at human resources introduction service for nurses, Q1 tends to make the most of the sales. Since this division calculates the sales at the point when the registrants actually start working at the new workplace; it tends to be in April when most of the sales are made.

10. Human resources

We rapidly expanded the scale of our business mainly by concentrating on Internet job information. In order to avoid stagnation and continue to provide new services, it is crucial to retain our most distinguished staff as we must reinforce the sales staff and develop new services. We may be substantially affected by not being able to retain enough of our core staff or in case that many of our staff retire.

11. Legal matters

Recently there have been some security incidents wherein personal information on the Internet was illegally browsed, posted, leaked and/or sold. There is a movement to impose certain legal restrictions on the distribution of information or products on the Internet correspondingly. At this moment the restrictions on businesses that uses the Internet to provide services are very limited. In the future we may be substantially affected by expenses incurred in order to comply with any new law that may be enacted.

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

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

The Ministry of Health, Labor and Welfare licensed the Company as a recognized employment placement business provider. Our registration number is: 13-コ-303788 and expires on 2022 January 31st. We need this registration number to run our main business; it may substantially affect our business if our license number is invalidated for any reason. The Employment Security Law (Chapter 32, Section 9) defines the reasons why a license could be invalidated. At this moment (Feb.28/2019) our license is valid. As of this date, there are, to the best of our knowledge, no factors that may result in the cancellation our registration number.

(6) Outlook

The forecast for the Japanese and global economies requires careful evaluation because of the high uncertainty that remains, including the impact of financial and capital market volatility and the slowdown in the growth rate of Chinese and other emerging economies. However, the ratio of job openings to applicants in February 2019 was high, reaching 1.63, and it is expected to stay firm under the domestic employment environment for the following fiscal year.

Regarding the job advertisement business for part time workers, as the transition of the media for job information searches used by users continues from free paper and other paper media to smartphones and other Internet media, we will enhance applications

and content as well as focusing on improving services to secure part-time workers and elderly workers, among which the ratio of smartphone holdings and recruitment is expected to increase, and to meet demand for the employment of full-time workers.

In accordance with the increase in demand for workers, the market for part time jobs will expand. At the same time, it is assumed that competition in our business will be severe. DIP Corporation continues to invest in advertising, including TV commercials and web advertising, so that we can improve the recognition of our brand and grow the number of users.

In our human resources introduction service for nurses, we will continue to focus on profitability by increasing the productivity of career advisors and the more appropriate allocation of staff.

In addition, DIP has been operating an “Internet Based Job Advertisement Media” as our main business domain. In order to solve the labor shortage issue in the Japanese labor market, we have been working on matching the supply and the demand for human resources, and creating employment. As a “General Trading Company dealing in Labor Force”, by expanding our “Internet Based Job Advertisement Media” centered business domain, in addition to supporting recruitment through job advertisement in FY2020, we have started a business developing and providing services utilized by AI/RPA (Robotic Process Automation). We are evolving into a “Labor force solution company” which enables our clients to solve various types of labor-related issues such as labor shortages.

DIP has been working on building a business base in the AI/RPA field. Specifically, in 2016, we established "dip AI. Lab", which is an AI specialized organization. In addition, we have started an operation of Japan's first artificial intelligence specialized media called "AINOW". Currently, this website has grown into an influential media in the AI field. In 2017, we launched Japan's first artificial intelligence startup specialized accelerator program called "AI.Accelerator". We have had about 600 applications from AI/RPA related startups and have selected more than 60 startups. As a result of supporting the selected companies to achieve rapid growth, we have invested in 13 companies. We will fully utilize the services and technologies of these companies, and will strongly promote business development in the AI/RPA domain.

In this project, we provide easily introduced templates that will link with existing systems, which will automate/save labor, and even help customers with no specialized knowledge about AI/RPA. In addition, we will offer automation and labor-saving tools as a package to our clients, developed and provided by our affiliate companies and the companies we invested in. In terms of sales, we plan to leverage our sales force, approximately 1,500 sales people, including 364 new graduates who will be joining in April 2019. The new service is planned to be launched in summer this year. However, there's a possibility for date changes depending on future developments.

The forecast for FY2020 based on the above information is;

Net sales ¥43,000 million

Operating income ¥10,800 million

Ordinary income ¥10,400 million

Net income ¥7,000 million

2. Overview of DIP Corporation

The main business of the Company is the Personnel Recruiting Services Business, providing online job information and offering recruiting services for nurses.

(Personnel Recruiting Services Division)

In the Personnel Recruiting Services Division, the Company operates job information sites and a recruitment business specifically for the nursing field. In the operation of the job information sites, the Company provides job seekers with job information by posting recruitment ads of its clients.

- (1) Baitoru Operation of the portal site Baitoru, which focuses on offering part-time employment information from both employment agencies and companies seeking staff. Publishing fee for posting the job information is paid to us.
- (2) Baitoru NEXT..... Operation of the portal site Baitoru NEXT, which focuses on regular employee job information. Main customers of this business are employment agencies and companies seeking regular employees. Publishing fee for posting the job information is paid to us.
- (3) Hatarako.net..... Operation of the portal site Hatarako.net, which provides information about temporary positions, offered by employment agencies. Main customers of this business are temporary staffing agencies and companies seeking regular employees and part-time employees. Publishing fee for posting the job information is paid to us.

In addition, our human resources introduction service for nurses, the Company offers the service as follows.

Nurse de Hatarako..... Operation of agent/placement services for registered nurses and nurse assistants providing the opportunities for interviews and employment through consulting with our career advisors (Note 1), who specialize in making a good match between the medical institution and the job seeker. Service fees are collected from the medical institution when a successful employment contract is realized.

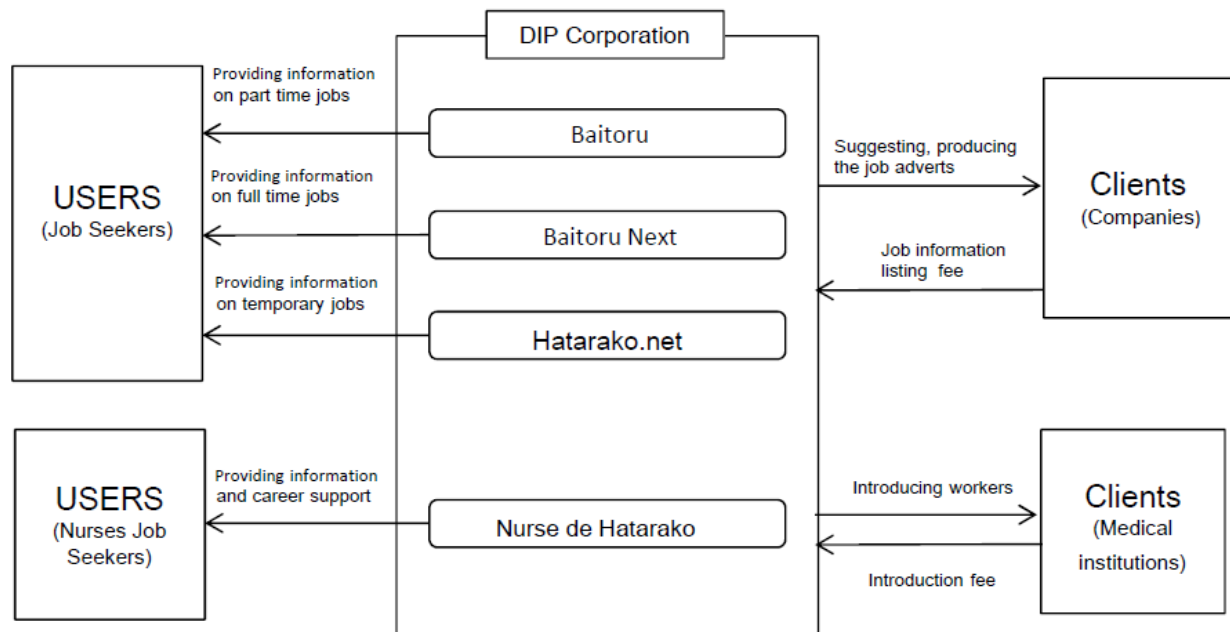
(Note 1) Career advisor is a consultant who matches nurses looking to change jobs with workplaces that best suits their employment needs.

(Other business division)

The other business division consists of new businesses that are primarily at the start-up stage. The Company previously operated the business of selling LIMEX (Note 2), a new material made mainly from limestone, which can be used as a substitute for paper and plastic. In October 2018, the Company transferred the sales function of LIMEX as an alternative to paper products to TBM Co., Ltd. for the purpose of promoting product development and increasing sales.

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

Business flow



In October 2018, the Company transferred the sales function of LIMEX as an alternative to paper products to TBM Co., Ltd. for the purpose of promoting product development and increasing sales.

3. Management Policies

(1) Basic Management Principles

DIP corporate policy is to strive to improve society with our Dreams, our Ideas and our Passion.

On a more focused level DIP basic management policy is to create better recruiting services capable of meeting the more demanding and complicated needs of workers and employers, and finding the best match between the two. We must also allow for changing patterns in employment. DIP also wants to assist in creating as many jobs as possible in the medical institutions where there is a chronic shortage of personnel by supporting better matching between nurses with medical facilities.

Most users of DIP services shifted from PC to smart phones and tablet terminal units that are rapidly spreading these days. DIP focuses on building and providing an advanced and more convenient infrastructure as well as promoting the distribution of as much information as possible on a real time basis via corresponding terminal units.

From FY2020, as a “General Trading Company dealing in Labor Force”, by expanding our “Internet Based Job Advertisement Media” centered business domain, in addition to supporting recruitment through job advertisement, we have started a business of developing and providing services utilized by AI/RPA (Robotic Process Automation). We are evolving into a “Labor force solution company” which enables our clients to solve various types of labor-related issues such as labor shortages. By leveraging advanced technology, we aim to create solutions for the labor shortage, and DIP will continue to offer solutions for various types of issues in the Japanese labor market.

(2) Target Management Benchmark

DIP views sales as important target management benchmarks. In a highly competitive environment, its policy is to improve the sales, operating income, and operating income to net sales ratio in the medium to long term by expanding its share of the market. It aims to do this by enhancing its competitive edge with a focus on advertising activities and the continuous improvement of products, essential factors in attracting more job seekers/clients, while increasing awareness of the benefits of its products and services through the active recruitment and training of a large number of sales personnel.

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

The Japanese employment environment is assumed to continue its steady recovery. At the same time, the employment advertising industry continues to shift from paper media to the Internet. We regard this movement as an opportunity to continue increasing our market share.

In order to take advantage of this opportunity, we strive to offer the best services and to create fresh, relevant content and functions on all our PC and mobile sites. It is our aim to see a better match between our clients’ requirements to expand their businesses by adding quality staff, and the individual hopes of our members to further their careers and improve their lives. Regarding the medical staff placement site that was established in September 2009; we will strengthen the support for this division in order to match even more registrants and meet the demands of this industry.

The company has been operating an “Internet Based Job Advertisement Media” as our main business domain. In order to solve the labor shortage issue in the Japanese labor market, we have been working on matching the supply and the demand for human resources, and creating employment. From FY2020, as a “General Trading Company dealing in Labor Force”, by expanding our “Internet Based Job Advertisement Media” centered business domain, in addition to supporting recruitment through job advertisement, we have started a business of developing and providing services utilized by AI/RPA (Robotic Process Automation). We are evolving into a “Labor force solution company” which enables our clients to solve various types of labor-related issues such as labor shortages.

We are taking considerable steps to raise the profile of our brand through strategic investments in advertising and promotional campaigns while bearing in mind the most effective way to disperse expenses and to improve the profit margin. We have also worked to develop and guide our own staff members to be better at their jobs while asking our clients for greater compliance. We are reaching for a high level of trust in the public mind and an evaluation in the market as a leader and a trendsetter.

(4) Challenges Facing the Company

Main challenges that DIP Corporation deals with are as follows

1. Strengthen the divisions

Making improvements in the sales force and enhancing productivity are significant factors that must continuously be addressed in order to maintain growth in our divisions. We will hire quality personnel and boost individual quality of our staff.

As for Baitoru, Baitoru NEXT, and Nurse de Hatarako, among Personnel Recruiting Services Division, we are enforcing advertising to collect users and promoting sales to insure the superiority of the site and job information volume. As for Nurse de Hatarako, we are enhancing our ability to attract more nurses through effective advertising activities and boosting the level of satisfaction of the nurses by strengthening the development of career advisors.

2. Enhancing the brand value and expanding the users

We recognize that to grow our business, it is essential that we increase the recognition of our services through effective advertising activities for our sites and proactively implement measures to acquire new users. We have improved both the quality and the quantity of job information.

We enforce the business relationship between DIP and our clients by expanding a large scale of users and the improvement of sales force.

3. Establishing a new business

We were able to notice recruitment difficulties at business sites, and felt labor shortage directly, by suggesting job advertisements to our customers through our “Internet Based Job Advertisement Media”. As a result, we have recognized the labor shortage issue, and have been looking for solutions for these problems. By expanding the conventional business domain, centered to “Internet Based Job Advertisement Media” we are evolving to a “Labor force solution company”. This now allows us to provide services utilizing AI/RPA, in addition to supporting recruitment through job advertisements. DIP is going to be a “General Trading Company dealing in Labor Force”. By leveraging advanced technology, we aim to create solutions for the labor shortage, and DIP will continue to offer solutions for various types of issues in the Japanese labor market.

Today, DIP has been working on building a business base in the AI/RPA field. Specifically, in 2016, we have established "dip AI Lab", which is an AI specialized organization. In addition, we have started an operation of Japan's first artificial intelligence specialized media called "AINOW". Currently, this media has grown into an influential media in the AI field. In 2017, we launched Japan's first artificial intelligence startup specialized accelerator program called "AI.Accelerator". We have had about 600 applications from AI/RPA related startups and have selected more than 60 startups. As a result of supporting the selected companies to achieve rapid growth, we have invested in 13 companies. We will fully utilize the services and technologies of these companies, and will strongly promote business development in the AI/RPA domain. RPA was introduced at our office in 2018, and with the help of about 55 robots, we have reduced roughly 60,000 hours of working time, and have been working on improving work efficiency. Through these efforts, DIP now has a wide and strong access to AI/RPA related companies and human resources in Japan, and has built a solid business base in the AI/RPA field. We will leverage these business bases and help them to grow, and we will develop and provide services utilizing AI/RPA.

4. Strengthen the systems

We provide services via the Internet. In order to run our business and maintain stability we recognize that the facilities of servers, the system for security, development and administration of the website are of critical importance. We invest in the system facilities depending on the necessity and continuously upgrading the system to ensure the secure system and adapt ourselves to changes in the market.

5. Privacy protection and Secured information

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

6. Strengthen the organization

In accordance with the expansion of our business, we are actively employing such as new graduates, system develop engineers. We are continuously strengthening the organization by educating existing staff and enforcing the management team. In due course it will enable us to improve the structure of our management and speed up decisions as well as to improve the business process and the decision making process. We also continue to maintain the internal controls in order to strengthen our organization.

(5) Other Significant Matters

None.

4. Basic Concept for Selection of the Accounting Standards

Our company currently conducts business development and fund procurement mainly in Japan, in the meantime we will adopt Japanese standards.

Regarding the application of IFRS (International Financial Reporting Standards), we are planning to respond appropriately based on future business development and trends of other domestic companies.

5. Consolidated Financial Statement

(1) Consolidated Balance Sheets

(Thousand Yen)

	FY2018 From March 01, 2017 To February 28, 2018	FY2019 From March 01, 2018 To February 28, 2019
Assets		
Current assets		
Cash and deposits	14,717,468	14,927,535
Accounts receivable (trade)	4,386,428	4,779,883
Storage	4,228	6,018
Deferred tax assets	488,095	532,123
Other	318,420	407,532
Allowance for doubtful accounts	-126,501	-130,625
Total current assets	19,788,140	20,522,468
Fixed assets		
Tangible fixed assets		
Buildings	1,511,530	1,579,637
Accumulated depreciation	-344,512	-383,285
Buildings (actual price)	1,167,017	1,196,352
Vehicles	6,667	6,667
Accumulated depreciation	-6,667	-6,667
Vehicles (actual price)	0	0
Tools, furniture and fixtures	707,297	887,758
Accumulated depreciation	-417,361	-522,854
Tools, furniture and fixtures (actual price)	289,936	364,904
Land	227,782	227,782
Unfinished buildings	3,121	2,947
Total tangible fixed assets	1,687,857	1,791,987
Intangible fixed assets		
Patent rights	127,223	99,465
Software	3,665,369	4,462,525
Other	28,037	7,065
Total intangible fixed assets	3,820,631	4,569,057
Investment and other assets		
Investment securities	※ 1,531,548	※ 5,103,315
long-term loan	—	300,000
Deferred tax asset	86,318	135,544
Others	1,116,432	1,108,860
Allowance for doubtful accounts	-14,420	-20,849
Total of investments and other assets	2,719,878	6,626,870
Total fixed assets	8,228,367	12,987,914
Total assets	28,016,508	33,510,383

(Thousand Yen)

	FY2018 From March 01, 2017 To February 28, 2018	FY2019 From March 01, 2018 To February 28, 2019
Liabilities		
Current liabilities		
Accounts payable (trade)	168,565	227,723
Accrued amount payable	2,503,399	2,890,745
Income taxes payable	2,152,256	2,166,907
Allowance for refund	42,402	44,335
Provision for bonuses	186,458	228,033
Asset retirement obligations	28,498	9,175
Others	1,254,001	1,358,504
Total current liabilities	6,335,581	6,925,425
Fixed liabilities		
Dividends reserve debt without assets	73,631	74,741
Allowance for directors' stock benefits	65,797	100,572
Asset retirement obligations	371,480	448,756
Other	179,184	259,479
Total fixed liabilities	690,093	883,549
Total liabilities	7,025,675	7,808,974
Net assets		
Stockholders' equity		
Capital	1,085,000	1,085,000
Capital surplus	1,888,259	1,958,297
Retained earnings	18,008,037	24,164,772
Treasury stocks	Δ709,093	Δ2,417,439
Total stockholders' equity	20,272,203	24,790,630
Accumulated other comprehensive income		
Unrealized gains on other securities	Δ257	Δ9,471
Total accumulated other comprehensive income	Δ257	Δ9,471
Share acquisition rights	632,853	851,532
Non-controlling shareholders' equity	86,033	68,717
Total net assets	20,990,832	25,701,408
Total liabilities and net assets	28,016,508	33,510,383

(2) Consolidated income statement and consolidated statement of comprehensive income

Consolidated income statement

(Thousand Yen)

	FY2018 From March 01, 2017 To February 28, 2018	FY2019 From March 01, 2018 To February 28, 2019
Sales	38,062,271	42,176,466
Cost of sales	2,178,546	2,708,148
Gross margin	35,883,724	39,468,318
Selling, general and administrative expenses	※ 25,084,373	※ 26,723,172
Operating income	10,799,350	12,745,145
Non-operating income		
Interest income	79	2,743
Commission earned	—	5,621
Dividend income of insurance	14,534	16,139
Other	8,561	12,260
Total non-operating expenses	23,175	36,765
Non-operating expenses		
Interest expenses	265	—
Equity method investment loss	24,038	196,088
Other	3,502	8,165
Total non-operating expenses	27,806	204,253
Ordinary income	10,794,719	12,577,657
Extra profit		
Gain on sales of investment securities	—	4,365
Gain on reversal of stock acquisition rights	34,584	23,353
Gain on changes in equity in subsidiaries	—	61,706
Total Extra profit	34,584	89,424
Extraordinary loss		
Loss on valuation of investment securities	—	58,349
Total extraordinary losses	—	58,349
Current net income before income taxes	10,829,303	12,608,731
Corporate, inhabitant and enterprise taxes	3,474,596	3,805,425
Income taxes deferred	-172,475	-89,832
Total income taxes	3,302,120	3,715,593
Current net income	7,527,183	8,893,138
Net loss attributable to non-controlling shareholders	-4,485	-17,316
Net income attributable to parent company shareholders	7,531,668	8,910,454

Statements of comprehensive income

(Thousand Yen)

	FY2018 From March 01, 2017 To February 28, 2018	FY2019 From March 01, 2018 To February 28, 2019
Current net income	7,527,183	8,893,138
Other comprehensive income		
Unrealized gains on other securities	Δ257	Δ7,760
Share of other comprehensive income of companies accounted for by the equity method	—	Δ1,453
Total other comprehensive income	※ Δ257	※ Δ9,214
Inclusive profit	7,526,925	8,883,924
(Breakdown)		
Comprehensive income on parent company shareholders	7,531,411	8,901,240
Comprehensive income on non-controlling shareholders	Δ4,485	Δ17,316

(3) Consolidated Statement of Changes in Net Assets

End of the previous consolidated fiscal year (FY2018) (from March 1, 2017 to February 28, 2018)

(Thousand yen)

	Stockholders' equity				
	Capital	Capital surplus	retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 1	1,085,000	1,634,098	12,722,893	△721,552	14,720,439
Change in the current FY					
Dividends from retained earnings			△2,246,524		△2,246,524
Net income attributable to parent company shareholders			7,531,668		7,531,668
Purchase of treasury stock					—
Disposal of treasury stock		254,161		12,458	266,620
Change due to merger of non-consolidated subsidiaries with consolidated subsidiaries					—
Current change in items other than shareholders' equity (net)					
Total change in current period	—	254,161	5,285,144	12,458	5,551,764
Balance at end of current period	1,085,000	1,888,259	18,008,037	△709,093	20,272,203

	Accumulated other comprehensive income		Stock acquisition right	Non-controlling shareholders' equity	Total net assets
	Unrealized gains on other securities	Total accumulated other comprehensive income			
Balance as of March 1	—	—	472,798	—	15,193,237
Change in the current FY					
Dividends from retained earnings					△2,246,524
Net income attributable to parent company shareholders					7,531,668
Purchase of treasury stock					—
Disposal of treasury stock					266,620
Change due to merger of non-consolidated subsidiaries with consolidated subsidiaries					—
Current change in items other than shareholders' equity (net)	△257	△257	160,055	86,033	245,830
Total change in current period	△257	△257	160,055	86,033	5,797,595
Balance at end of current period	△257	△257	632,853	86,033	20,990,832

End of the current consolidated fiscal year (FY2019) (from March 1, 2018 to February 28, 2019)

(Thousand yen)

	Stockholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 1	1,085,000	1,888,259	18,008,037	-709,093	20,272,203
Change in the current FY					
Dividends from retained earnings			-2,753,719		-2,753,719
Net income attributable to parent company shareholders			8,910,454		8,910,454
Purchase of treasury stock				-1,708,904	-1,708,904
Disposal of treasury stock		70,037		16,335	86,373
Change due to merger of non-consolidated subsidiaries with consolidated subsidiaries				-15,776	-15,776
Current change in items other than shareholders' equity (net)					
Total change in current period	—	70,037	6,156,734	-1,708,345	4,518,427
Balance at end of current period	1,085,000	1,958,297	24,164,772	-2,417,439	24,790,630

	Accumulated other comprehensive income		Stock acquisition right	Non-controlling shareholders' equity	Total net assets
	Unrealized gains on other securities	Total accumulated other comprehensive income			
Balance as of March 1	-257	-257	632,853	86,033	20,990,832
Change in the current FY					
Dividends from retained earnings					-2,753,719
Net income attributable to parent company shareholders					8,910,454
Purchase of treasury stock					-1,708,904
Disposal of treasury stock					86,373
Change due to merger of non-consolidated subsidiaries with consolidated subsidiaries					-15,776
Current change in items other than shareholders' equity (net)	-9,214	-9,214	218,678	-17,316	192,148
Total change in current period	-9,214	-9,214	218,678	-17,316	4,710,575
Balance at end of current period	-9,471	-9,471	851,532	68,717	25,701,408

(3) Consolidated Cash Flow Statement

(Thousand Yen)

	FY2018 From March 01, 2017 To February 28, 2018	FY2019 From March 01, 2018 To February 28, 2019
Cash flow from operating activities		
Current net income before income taxes	10,829,303	12,608,731
Depreciation	1,164,720	1,498,118
Amortization of goodwill	11,565	27,757
Stock-based Payment	273,517	251,781
Equity in loss of investment (Δ: gain)	24,038	196,088
Receivable interest and dividends	Δ79	Δ2,743
Interest expense	265	—
Loss on sales of investment securities (Δ: gain)	—	Δ4,365
Loss on valuation of investment securities (Δ: gain)	—	58,349
Loss on change in investment in subsidiary (Δ: gain)	—	Δ61,706
Increase or decrease in trade receivables (Δ: gain)	53,299	Δ400,187
Increase or decrease (-) in notes and accounts payable	Δ30,141	59,231
Increase or decrease (-) in deferred income	15,231	365
Increase or decrease (-) in the allowance of doubtful accounts	8,949	10,553
Increase or decrease (-) in provision for bonuses	15,900	41,575
Increase or decrease (-) in the reserve for refund	Δ8,031	1,933
Decrease or increase (-) in other assets	Δ10,086	Δ91,876
Increase or decrease (-) in other liabilities	469,713	423,716
Other	139,079	16,131
Subtotal	12,957,245	14,633,456
Interest and dividends received	79	86
Interest paid	Δ265	—
Income taxes paid	Δ3,227,969	Δ3,706,719
Cash flow from operating activities	9,729,090	10,926,823
Cash flow from investment activities		
Expenditures for acquisition of tangible fixed assets	Δ832,278	Δ341,667
Expenditures for acquisition of intangible fixed assets	Δ1,878,671	Δ1,968,940
Purchase of investment securities	Δ1,555,958	Δ3,762,141
Proceeds from sales of investment securities	—	24,300
Revenue from collection of deposit and security deposit	Δ89,698	Δ42,890
Payment for performance of asset retirement obligation	33,639	60,982
Payments for execution of assets retirement obligations	Δ17,992	Δ29,754
Payments for long-term loan	—	Δ300,000
Purchase of shares of subsidiaries accompanying changes in scope of consolidation	※2 Δ23,048	—
Cash flow from investment activities	Δ4,364,007	Δ6,360,112
Cash flow from financing activities		
Payments for purchases of treasury stock	—	Δ1,708,904
Proceeds from sale of treasury shares	129,746	80,791
Net increase or decrease in short-term loans (Δ: decrease)	Δ12,500	—
Repayment of long-term borrowings	Δ20,000	—
Proceeds from exercise of stock options	182,130	22,593
Payment amount of dividends	Δ2,243,303	Δ2,751,123
Other	Δ1,397	—
Cash flow from financing activities	Δ1,965,324	Δ4,356,644
Increase or decrease (-) in cash and cash equivalents	3,399,757	210,066
Balance of cash and cash equivalents at the beginning	11,317,710	14,717,468
Balance of cash and cash equivalents at the end	※1 14,717,468	※1 14,927,535

(5) Notes on Consolidated Financial Statements

(Notes on Going Concern Assumption)

None

(Basic Important Matters for the Preparation of Consolidated Financial Statements)

1. Scope of Consolidation

(1) Number of consolidated subsidiaries: 1 company

Names of consolidated subsidiaries:

BANQ Co., Ltd.

(2) State of non-consolidated subsidiaries

Names of major non-consolidated subsidiaries

DIP America, Inc.

Reason for exclusion from the scope of consolidation

This non-consolidated subsidiary is small, and its total assets, net sales, changes in net income (corresponding to the equity owned by the Company), retained earnings (corresponding to the equity owned by the Company), and other amounts do not have a significant impact on the consolidated financial statements of the Company.

2. Application of the Equity Method

(1) Number of affiliated companies that are accounted for by the equity method: 4 companies

Names of affiliated companies:

Jolly Good Inc.

GAUSS Inc.

Hachidori Inc.

Marketing-Robotics Inc.

Effective from the fiscal year under review, Hachidori Inc. and Marketing-Robotics Inc. were newly included in the scope of application of the equity method due to the acquisition of equity interests.

(2) State of non-consolidated subsidiaries and affiliates to which the equity method is not applied

Names of major non-consolidated subsidiaries and affiliates to which the equity method is not applied

DIP America, Inc.

Bioworks Corporation

Reason for exclusion from application of equity method accounting

A non-consolidated subsidiary or affiliate not accounted for by the equity method is excluded from the application of equity method accounting due to the minimal impact that the exclusion has on the consolidated financial statements, taking into account its relatively low net income/loss (corresponding to the equity owned by the Company), retained earnings (corresponding to the equity owned by the Company), etc., and its relative immateriality as a whole in the context of the consolidated financial statements.

3. Fiscal year, etc. of consolidated subsidiaries

The fiscal year end of consolidated subsidiaries is the same as the fiscal year end for consolidated financial statements.

4. Accounting policies

(1) Valuation standards and methods for major assets

(i) Securities

Available-for-sale securities

Securities without market valuePrimarily, the moving-average cost method

(ii) Inventories

Supplies.....Last purchase cost method

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

(2) Depreciation methods for major depreciation assets

(i) Tangible fixed assets

Depreciation of buildings is calculated by the straight-line method, and depreciation of tangible fixed assets except for buildings is based on the declining-balance method. However, depreciation of facilities attached to buildings and structures acquired on or after April 1, 2016 is based on the straight-line method.

Useful lives of major assets are as follows:

Buildings and structures: 3 to 47 years

Vehicles: 5 years

Tools, furniture and fixtures: 2 to 20 years

(ii) Intangible fixed assets

Depreciation of intangible fixed assets is calculated by the straight-line method. However, depreciation of software for internal use is based on the usable period (five years) in the Company.

(3) Reporting basis for significant allowances

(i) Allowance for doubtful accounts

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

(ii) Allowance for refund

To prepare for future refunds of recruitment fees in the human resources introduction service for nurses, the estimated amount of future refunds is recorded.

(iii) Allowance for bonuses

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

(iv) Allowance for employee benefit trust

To provide for stock-based incentives for employees pursuant to the Stock Granting Regulations, an estimated amount according to points allotted to employees is recorded at the end of the fiscal year.

(v) Allowance for management board benefit trust

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

(4) Scope of cash and cash equivalents in the consolidated statements of cash flows

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

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

(i) Method and period of goodwill amortization

Goodwill is amortized using the straight-line method over a period of five years.

(ii) Accounting for consumption taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

(Changes in presentation)

(Consolidated Statements of Income)

“Grant income” under “non-operating income” presented independently in the previous fiscal year has been included in “other” from the fiscal year under review due to a decrease in its financial materiality. The consolidated financial statements for the previous consolidated fiscal year have been reorganized in order to apply this change in the presentation.

As a result, “grant income” of ¥3,740 thousand and “other” of ¥4,821 thousand presented under “non-operating income” in the consolidated income statement for the previous fiscal year have been reorganized as ¥8,561 thousand of “other.”

(Additional Information)

(Employee Stock Ownership Plan (ESOP) Trust)

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

(1) Summary of plan

By contributing funds for the acquisition of Company stock, 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 stock 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 stock or the proceeds from its sale according to the rank and years of service of employees during the trust period in accordance with the Stock Granting Regulations.

(2) Company stock remaining in the trust

Company stock held in the ESOP trust account is recorded as treasury stock under net assets at book value to the trust (excluding ancillary expenses). The book value and the number of shares of the treasury stock are 117,372 thousand yen, 1,830,580 shares at the end of the previous fiscal year, and 113,610 thousand yen, 1,771,975 shares at the end of the fiscal year under review.

(Board Incentive Plan (BIP) trust)

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

(1) Summary of plan

By contributing funds for the acquisition of Company stock, 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 stock in the number expected to be delivered to Company directors in accordance with pre-established Stock-based Compensation Regulations. Subsequently, the trust delivers or pays to directors who meet certain beneficiary requirements on the fixed date of the beneficiary right such as their retirement Company stock or the cash equivalent of the proceeds from its sale determined according to performance indicators, etc. each fiscal year in accordance with the Stock-Based Compensation Regulations.

(2) Company stock remaining in trust

Company stock held in the BIP trust account is recorded as treasury stock under net assets at book value to the trust (excluding ancillary expenses). The book value and the number of shares of the treasury stock are 250,346 thousand yen, 83,700 shares at the end of the previous fiscal year, and 250,346 thousand yen, 83,700 shares at the end of the fiscal year under review.

(Consolidated Balance Sheets)

(Note 1) Assets or liabilities related to non-consolidated subsidiaries and affiliates are as follows.

	FY2018 (As of February 28, 2018)	FY2019 (As of February 28, 2019)
Investments in securities (equity)	444,676 Thousand	1,561,515 thousand

Overdraft agreements

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

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

	FY2018 (As of February 28, 2018)	FY2019 (As of February 28, 2019)
Total of overdraft limits	3,500,000 thousand	8,000,000 thousand
Used overdrafts	¥— thousand	¥— thousand
Available	3,500,000 thousand	8,000,000 thousand

(Consolidated Statements of Income)

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

	FY2018 From March 1, 2017 To February 28, 2018	FY2019 From March 1, 2018 To February 28, 2019
Salaries and allowances	6,711,661thousand	7,438,860thousand
Advertising and promotion expenses	8,788,943thousand	9,027,915thousand
Provision of allowance for doubtful accounts	39,630thousand	42,383thousand
Provision of allowance for bonuses	184,275thousand	225,052thousand
Provision of allowance for employee benefit trust	3,985thousand	4,872thousand
Provision of allowance for management board benefit trust	33,961thousand	34,774thousand
Retirement benefit expenses	12,388thousand	16,839thousand

(Consolidated Statement of Comprehensive Income)

(Note) Reclassification adjustments and tax effects relating to other comprehensive income are as follows.

	FY2018 From March 1, 2017 To February 28, 2018	FY2019 From March 1, 2018 To February 28, 2019
Valuation difference on available-for-sale securities:		
Difference arising during the current year	(371thousand)	(10,943thousand)
Reclassification adjustments	— thousand	(239thousand)
Before tax effect adjustment	(371thousand)	(11,182thousand)
Tax effects	113thousand	3,421thousand
Valuation difference on available-for-sale securities	(257thousand)	(7,760thousand)
Share of other comprehensive income of associates accounted for using the equity method		
Difference arising during the current year	— thousand	(1,453thousand)
Total other comprehensive income	(257thousand)	(9,214thousand)

(Consolidated Statements of Changes in Net Assets)

Previous Fiscal year (March 1, 2017 to February 28, 2018)

1. Type and total number of shares issued and of treasury stock

	Number of shares as of the beginning of the fiscal year under review	Number of shares increased during the fiscal year under review	Number of shares decreased during the fiscal year under review	Number of shares as of the end of the fiscal year under review
Shares issued				
Common stock	62,000,000 shares	—	—	62,000,000 shares
Total	62,000,000 shares	—	—	62,000,000 shares
Treasury stock				
Common stock (Notes) 1, 2	6,401,189 shares	—	173,920 shares	6,227,269 shares
Total	6,401,189 shares	—	173,920 shares	6,227,269 shares

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

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

Decrease associated with the exercise of stock options: 86,500 shares

Decrease associated with the sale or delivery of shares in the ESOP trust account: 87,420 shares

2. The number of shares of Company stock held in the ESOP trust account included in the number of treasury stock as of the beginning of the fiscal year under review and as of the end of the fiscal year under review is 1,918,000 shares as of the beginning and 1,830,580 shares as of the end, while the number of shares of Company stock held in the BIP trust account is 83,700 shares as of the beginning and 83,700 shares as of the end.

2. Subscription rights to shares

Company name	Breakdown	Type of shares subject to subscription rights to shares	Number of shares subject to subscription rights to shares (thousand shares)				Balance as of the end of the fiscal year under review (thousand yen)
			As of the beginning of the fiscal year under review	Increase	Decrease	As of the end of the fiscal year under review	
The Company	4th series of stock options based on resolution of Board of Directors on June 13, 2014	—	—	—	—	—	7,722
	5th series of stock options based on resolution of Board of Directors on June 15, 2015	—	—	—	—	—	277,020
	6th series of stock options based on resolution of the Board of Directors on June 28, 2016 (Notes) 1	—	—	—	—	—	296,756
	7th series of stock options based on resolution of the Board of Directors on September 15, 2017 (Notes) 2	—	—	—	—	—	51,354
Total			—	—	—	—	632,853

(Notes) 1. The exercise period for the 6th series of stock options based on the resolution of the Board of Directors on June 28, 2016 has not started yet.

2. The exercise period for the 7th series of stock options based on the resolution of the Board of Directors on September 15, 2017 has not started yet.

3. Dividends

(1) Dividend payments

Resolution	Type	Total dividends (thousand yen)	Dividend per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders on May 27, 2017 (Notes) 1, 2	Common stock	1,152,010	20	February 28, 2017	May 29, 2017
Meeting of Board of Directors on October 11, 2017 (Notes) 3	Common stock	1,094,514	19	August 31, 2017	November 13, 2017

- (Notes) 1. Total dividends based on the resolution of the annual general meeting of shareholders on May 27, 2017 include dividends of ¥38,360 thousand in relation to 1,918,000 shares of Company stock held in the ESOP trust account and dividends of ¥1,674 thousand in relation to 83,700 shares of Company stock held in the BIP trust account.
2. Dividend per share based on the resolution of the annual general meeting of shareholders on May 27, 2017 includes a 20th anniversary commemorative dividend of ¥2.
3. Total dividends based on the resolution of the meeting of the Board of Directors on October 11, 2017 include dividends of ¥36,090 thousand in relation to 1,899,500 shares of Company stock held in the ESOP trust account and dividends of ¥1,590 thousand in relation to 83,700 shares of Company stock held in the BIP trust account.

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

Resolution	Type	Total dividends (Thousand yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders on May 30, 2018	Common stock	1,384,476	Retained earnings	24	February 28, 2018	May 31, 2018

- (Notes) Total dividends includes dividends of ¥43,933 thousand in relation to 1,830,580 shares of Company stock held in the ESOP trust account and dividends of ¥2,008 thousand in relation to 83,700 shares of Company stock held in the BIP trust account.

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

1. Type and total number of shares issued and of treasury stock

	Number of shares as of the beginning of the fiscal year under review	Number of shares increased during the fiscal year under review	Number of shares decreased during the fiscal year under review	Number of shares as of the end of the fiscal year under review
Shares issued				
Common stock	62,000,000	—	—	62,000,000
Total	62,000,000	—	—	62,000,000
Treasury stock				
Common stock (Notes) 1, 2	6,227,269	651,412	91,805	6,786,876
Total	6,227,269	651,412	91,805	6,786,876

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

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

Increase due to purchase of treasury stock based on a resolution of the Board of Directors: 645,700 shares

The portion of treasury stock (Company stock) purchased by equity method companies, which belongs to the Company: 5,712 shares

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

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

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

Decrease associated with the disposal of treasury stock by third party allotment: 18,200 shares

2. The number of shares of Company stock held in the ESOP trust account included in the number of treasury stock as of the beginning of the fiscal year under review and as of the end of the fiscal year under review is 1,830,580 shares as of the beginning and 1,771,975 shares as of the end, while the number of shares of Company stock held in the BIP trust account is 83,700 shares as of the beginning and 83,700 shares as of the end.

2. Subscription rights to shares

Company name	Breakdown	Type of shares subject to subscription rights to shares	Number of shares subject to subscription rights to shares (thousand shares)				Balance as of the end of the fiscal year under review (thousand yen)
			As of the beginning of the fiscal year under review	Increase	Decrease	As of the end of the fiscal year under review	
The Company	4th series of stock options based on resolution of Board of Directors on June 13, 2014	—	—	—	—	—	4,212
	5th series of stock options based on resolution of Board of Directors on June 15, 2015	—	—	—	—	—	255,441
	6th series of stock options based on resolution of the Board of Directors on June 28, 2016 (Notes) 1	—	—	—	—	—	347,089
	7th series of stock options based on resolution of the Board of Directors on September 15, 2017 (Notes) 2	—	—	—	—	—	177,721
	8th series of stock options based on resolution of the Board of Directors on June 21, 2018 (Notes) 2	—	—	—	—	—	67,067
Total			—	—	—	—	851,532

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

2. The exercise period for the 8th series of stock options based on the resolution of the Board of Directors on June 21, 2018 has not started yet.

3. Dividends

(1) Dividend payments

Resolution	Type	Total dividends (thousand yen)	Dividend per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders on May 30, 2018 (Note) 1	Common stock	1,384,476	24	February 28, 2018	May 31, 2018
Meeting of Board of Directors on October 11, 2018 (Notes) 2, 3	Common stock	1,369,680	24	August 31, 2018	November 13, 2018

(Notes) 1. Total dividends based on the resolution of the annual general meeting of shareholders on May 30, 2018 include dividends of ¥43,933 thousand in relation to 1,830,580 shares of Company stock held in the ESOP trust account and dividends of ¥2,008 thousand in relation to 83,700 shares of Company stock held in the BIP trust account.

2. Total dividends based on the resolution of the meeting of the Board of Directors on October 11, 2018 include dividends of ¥43,028 thousand in relation to 1,792,840 shares of Company stock held in the ESOP trust account and dividends of ¥2,008 thousand in relation to 83,700 shares of Company stock held in the BIP trust account.

3. Total dividends based on the resolution of the meeting of the Board of Directors on October 11, 2018 include dividends of ¥436 thousand in relation to treasury stock (Company stock) held by equity method companies.

(2) The dividends whose record date falls in the current consolidated fiscal year and the effective date of dividends will be in the following consolidated fiscal year.

Resolution	Type	Total dividends (Thousand yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders on May 29, 2019 (Notes) 1,2	Common stock	1,483,937	Retained earnings	26	February 28, 2019	May 30, 2019

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

2. Total dividends based on the resolution of the annual general meeting of shareholders on May 29, 2019 include dividends of ¥473 thousand in relation to treasury stock (Company stock) held by equity method companies

(Consolidated Statement of Cash Flows)

(Note 1) Reconciliation of cash and cash equivalents as of the end of the fiscal year and the accounts reported in the consolidated balance sheet

	FY2018 From March 1, 2017 To February 28, 2018	FY2019 From March 1, 2018 To February 28, 2019
Cash and deposits account	14,717,468thousand	¥14,927,535thousand
Cash and cash equivalents	14,717,468thousand	¥14,927,535thousand

(Note 2) Breakdown of main assets and liabilities of companies that became consolidated subsidiaries as a result of stock acquisition in the previous fiscal year.

A breakdown of the assets and liabilities of BANQ Co., Ltd, which has become a consolidated subsidiary as a result of stock acquisition, at its inclusion in the scope of consolidation and the relationship between the acquisition cost of the shares of BANQ Co., Ltd. and expenditure for the acquisition of BANQ Co., Ltd. is as follows.

Current assets	29,270thousand
Fixed assets	3,081thousand
Goodwill	138,789thousand
Current liabilities	(18,238thousand)
Fixed liabilities	(17,385thousand)
Non-controlling interests	(90,518thousand)
Acquisition costs	45,000Thousand※
Cash and cash equivalents	(21,951thousand)
Difference: Payment for acquisition	23,048thousand

(Note) Acquisition costs of subsidiary stock due to underwriting of third-party allotment (acquisition: cash and deposits) of ¥305,100 thousand is not included.

(Segment Information)

[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 Revision, which consists mainly in online job information advertising and the recruitment of nursing staff.

(3) Change of Reported Segments, etc.

The Company integrated the Media Division and the Agent Division to form the Personnel Recruiting Services Division as a reported segment in the fiscal year under review due to its corporate reorganization.

The segment information for the previous consolidated fiscal year is created and presented based on the segmentation method after the change.

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 "Basic Important Matters for the Preparation of 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 by Reported Segment

Previous Fiscal year (March 1, 2017 to February 28, 2018)

(Thousand yen)

	Reported segment	Others (Notes) 1	Total	Adjustment (Notes) 2	Amount of consolidated statements of income (Notes) 3
	Total				
Net sales					
Sales – outside customers	38,058,473	3,798	38,062,271	—	38,062,271
Sales and transfer – inter-segment	—	—	—	—	—
Total	38,058,473	3,798	38,062,271	—	38,062,271
Segment profit (loss)	14,348,531	(297,809)	14,050,722	(3,251,371)	10,799,350
Other items					
Depreciation	1,053,734	4,635	1,058,369	106,350	1,164,720

(Notes) 1.The “Others” segment includes businesses not included in the reported segments such as the LIMEX business.

2. Adjustment of segment of profit (loss) of (¥3,251,371 thousand) are corporate expenses not allocated to any reported business segment. Corporate expenses are mainly selling, general, and administrative expenses that are not attributable to reported segments.

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

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

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

(Thousand yen)

	Reported segment	Others (Notes) 1	Total	Adjustment (Notes) 2	Amount of consolidated statements of income (Notes) 3
	Total				
Net sales					
Sales – outside customers	42,161,479	14,986	42,176,466	—	42,176,466
Sales and transfer – inter-segment	260	—	260	(260)	—
Total	42,161,739	14,986	42,176,726	(260)	42,176,466
Segment profit (loss)	16,688,464	(319,871)	16,368,592	(3,623,447)	12,745,145
Other items					
Depreciation	1,370,568	4,743	1,375,312	122,805	1,498,118

(Notes) 1.The “Others” segment includes businesses not included in the reported segments such as the LIMEX business.

2. Adjustment of segment of profit (loss) of (¥3,623,447 thousand) are corporate expenses not allocated to any reported business segment. Corporate expenses are mainly selling, general, and administrative expenses that are not attributable to reported segments.

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

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

[Related Information]

Previous Fiscal year (March 1, 2017 to February 28, 2018)

1. Information by Product and Service

(Thousand yen)

	Baitoru.com	Hatarako.net	Nurse de Hatarako	Others	Total
Sales to outside customers	30,558,983	5,526,032	1,959,735	17,519	38,062,271

2. Regional information

(1) Net sales

Since there were no sales to overseas customers, the disclosure of regional information for net sales is omitted.

(2) Tangible fixed assets

Since the Company did not have tangible fixed assets located overseas, the disclosure of regional information for this category is omitted.

3. Information on main clients

Since no sales to a specific customer exceeded 10% of the net sales reported on the consolidated income statements, the disclosure of segment information on main clients is omitted.

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

1. Information by Product and Service

(Thousand yen)

	Baitoru.com	Hatarako.net	Nurse de Hatarako	Others	Total
Sales to outside customers	33,567,853	7,009,797	1,573,465	25,350	42,176,466

2. Regional information

(1) Net sales

Since there were no sales to overseas customers, the disclosure of regional information for net sales is omitted.

(2) Tangible fixed assets

Since the Company did not have tangible fixed assets located overseas, the disclosure of regional information for this category is omitted.

3. Information on main clients

Since no sales to a specific customer exceeded 10% of the net sales reported on the consolidated income statements, the disclosure of segment information on main clients is omitted.

[Impairment loss on fixed assets by reporting segment]

None

[Goodwill amortization and unamortized balance by reporting segment]

Previous Fiscal year (March 1, 2017 to February 28, 2018)

(Thousand yen)

	Reported segment	Others (Note)	Corporate or elimination	Total
	Personnel Recruiting Services Division			
Goodwill amortization during the fiscal year	—	11,565	—	11,565
Unamortized balance at the end of the fiscal year	—	127,223	—	127,223

(Note) The amount for “Others” relates to the business conducted by BANQ Co., Ltd., which was made into a subsidiary.

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

(Thousand yen)

	Reported segment	Others (Note)	Corporate or elimination	Total
	Personnel Recruiting Services Division			
Goodwill amortization during the fiscal year	—	27,757	—	27,757
Unamortized balance at the end of the fiscal year	—	99,465	—	99,465

(Note) The amount for “Others” relates to the business conducted by BANQ Co., Ltd., which was made into a subsidiary.

[Information on gain from negative goodwill by reporting segment]

None

(Per Share Information)

	FY2018 (March 1, 2017 to February 28, 2018)	FY2019 (March 1, 2018 to February 28, 2019)
Net assets per Information	¥363.47	¥448.83
Net income per share for the period	¥135.40	¥160.86
Net income per share, fully diluted	¥135.33	¥160.83

(Note) 1. The basis for calculation of net income per share for the period and net income per share, fully diluted, is as follows.

	FY2018 (March 1, 2017 to February 28, 2018)	FY2019 (March 1, 2018 to February 28, 2019)
Net income per share for the period		
Net income attributable to owners of the parent (thousand yen)	7,531,668	8,910,454
Net income not attributable to common stock shareholders (thousand yen)	—	—
Net income attributable to owners of the parent related to common shares (thousand yen)	7,531,668	8,910,454
Average number of shares of common stock outstanding during the fiscal year (shares)	55,625,897	55,391,998
Net income per share, fully diluted		
Adjustment to net income for the period attributable to owners of the parent (thousand yen)	—	—
Increase in number of common shares	29,017	11,911
(Subscription rights to shares)	(29,017)	(11,911)
Outline of potential common shares not included in the calculation of net income per share for the period, fully diluted, due to lack of dilution effects	<p>Number of 5th series subscription rights to shares: 496 rights</p> <p>Number of shares subject to 5th series of subscription rights to shares: 248,000 shares of common stock</p> <p>Number of 6th series subscription rights to shares: 2,955 rights</p> <p>Number of shares subject to 6th series of subscription rights to shares: 295,500 shares of common stock</p> <p>Number of 7th series subscription rights to shares: 3,460 rights</p> <p>Number of shares subject to 7th series of subscription rights to shares: 346,000 shares of common stock</p>	<p>Number of 5th series subscription rights to shares: 466 rights</p> <p>Number of shares subject to 5th series of subscription rights to shares: 233,000 shares of common stock</p> <p>Number of 6th series subscription rights to shares: 2,840 rights</p> <p>Number of shares subject to 6th series of subscription rights to shares: 284,000 shares of common stock</p> <p>Number of 7th series subscription rights to shares: 3,320 rights</p> <p>Number of shares subject to 7th series of subscription rights to shares: 332,000 shares of common stock</p> <p>Number of 8th series subscription rights to shares: 3,930 rights</p> <p>Number of shares subject to 8th series of subscription rights to shares: 393,000 shares of common stock</p>

2. The number of shares held in the ESOP trust account (1,830,580 shares as of the end of the fiscal year 2018, with average number of shares during the period of 1,902,343 shares) and the number of shares held in the BIP trust account (83,700 shares as of the end of the fiscal year under review, with average number of shares during the period of 83,700 shares) are excluded from the total number of issued shares of common stock and the average number of shares of common stock outstanding during the fiscal year used in the calculation of per share information for the fiscal year under review.
3. The number of shares held in the ESOP trust account (1,771,975 shares as of the end of the fiscal year under review, with Average number of shares during the period of 1,802,911 shares) and the number of shares held in the BIP trust account (83,700 shares as of the end of the fiscal year under review, with average number of shares during the period of 83,700 shares) are excluded from the total number of issued shares of common stock and the average number of shares of common stock outstanding during the fiscal year used in the calculation of per share information for the fiscal year under review.

(Significant Subsequent Events)

None

6. Others

(1) Redeployment of Executives

Please refer to Notice of Unofficial Decision of Executive Appointment released today for information about the redeployment of executives.