



Financial Results for the 3rd Quarter of FY2020 Ending on February 29, 2020 (Japanese standard, Non-Consolidated)

January 10, 2020

Name of Company: DIP Corporation Listed on: First Section of the Tokyo Stock Exchange
Code No.: 2379 URL <https://www.dip-net.co.jp/>
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Scheduled date of filing financial statements: January 14, 2020 Dividends to be paid from: -
Supplementary documents to the financial results: Yes
Financial results meeting: Yes (for institutional investors and analysts)

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

1. Operating Results for 3rd quarter of FY 2020 ending February 29, 2020 (from March 1, 2019 to November 30, 2019)

(1) Operating results (cumulative 9 months) (Percentage of change from previous year)

	Sales		Operating Income		Ordinary Income		Net Income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
FY2020 Q3	34,751	9.4	11,175	13.1	11,207	13.2	7,641	12.7
FY2019 Q3	31,766	10.5	9,878	21.3	9,904	21.3	6,781	19.1

	Net Income per Share	Fully Diluted Net Income per Share
	¥	¥
FY2020 Q3	140.05	140.04
FY2019 Q3	122.28	122.24

(Note) The Company announced consolidated financial results for the 3rd quarter of FY2019, but we are announcing financial results for 3rd quarter of FY2020 on a non-consolidated basis. Therefore, the financial results for 3rd quarter of the previous fiscal year are stated here on a non-consolidated basis for purposes of comparison.

(2) Financial condition

	Total Assets	Net Assets	Equity Ratio
	¥ million	¥ million	%
FY2020 Q3	36,464	28,907	76.6
FY2019	33,704	25,899	74.3

(Reference) Equity: FY2020 Q3 ¥27,926 million FY2019 ¥25,048 million

2. Dividends

	Dividends per year				
	End of Q1	End of Q2	End of Q3	End of fiscal year	In Total
	¥	¥	¥	¥	¥
FY2019	—	24.00	—	26.00	50.00
FY2020	—	27.00	—		
FY2020 (forecast)				26.00	53.00

(Note) Revision of dividends forecast from recently announced figures: No

3. Unconsolidated operating results forecast for FY2020 (March 1, 2019 to February 29, 2020)

	Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full year	45,500	7.9	13,500	5.2	13,500	5.0	9,200	1.0	168.61
	~46,600	~10.5	~14,000	~9.1	~14,000	~8.9	~9,500	~4.3	~174.11

(Note) Revision of results forecast from recently announced figures: Yes

* Others

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

(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 Q3 FY2020	62,000,000 shares	At the end of FY2019	62,000,000 shares
At the end of Q3 FY2020	7,801,485 shares	At the end of FY2019	6,786,876 shares
At the end of Q3 FY2020	54,563,208 shares	At the end of Q3 FY2019	55,455,101 shares

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 is (1,771,975 shares at the end of the previous fiscal year, 1,731,460 shares at the end of FY2020 Q3 and the number of shares of the Company owned by executive remuneration BIP trust is (83,700 shares at the end of the previous fiscal year, 74,206 shares at the end of FY2020 Q3).

* This 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.

Please refer to the disclaimers, provided under “(3) Information on the future outlook, including unconsolidated financial results forecasts” of “1. Qualitative information on financial results”, on page 4 of the attached document, regarding the assumptions upon which forecasts are based and the use of forecasts.

(To obtain complementary documents on accounting results)

Regarding the complementary documents on accounting results, see the corporate website on January 10, 2020.

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1. Qualitative information on financial results

(1) Details of operating results

The Company announced the consolidated financial results for FY2019 cumulative 3rd quarter, but we are announcing financial results for FY2020 cumulative 3rd quarter on a non-consolidated basis. Therefore, the financial results for the cumulative 3rd quarter of the previous fiscal year are stated here on a non-consolidated basis for purposes of comparison.

The Company operates a personnel-recruiting service business with a focus on job advertising media, including Baitoru, a job advertisement platform for part-time workers. In order to sustainably solve the problems facing our client companies, most critically the decline in the working-age population, during the fiscal year ending February 2020 the Company launched a business that develops and provides services utilizing AI/RPA (Robotic Process Automation). Through this expansion of its business model, the Company is evolving into a “Labor force solution company”, utilizing both job advertising media and advanced technologies to tackle various types of labor-related issues such as the structural labor shortage and low productivity.

	FY 2019 Q3 (cumulative)	FY 2020 Q3 (cumulative)	Amount of increase/decrease	Ratio of change (%)
Sales	¥31,766 million	34,751 million	+¥2,984 million	+9.4%
Operating Income	¥9,878 million	11,175 million	+¥1,296 million	+13.1%
Ordinary Income	¥9,904 million	11,207 million	+¥1,303 million	+13.2%
Net Income	¥6,781 million	7,641 million	+¥860 million	+12.7%

Sales for the cumulative 3rd quarter of the fiscal year increased 9.4% year on year to ¥34,751 million. This was primarily attributable to the favorable performance of job advertisement media in the Personnel Recruiting Services Division.

Profit also grew year on year, including ¥11,175 million in operating profit (up 13.1% year on year), ¥11,207 million in ordinary profit (up 13.2% year on year) and ¥7,641 million in net income attributable to parent company shareholders (up 12.7% year on year). This is due (in part) to improved efficiency in allocation of advertising resources while continuing to maintain a robust promotional presence, and investment in human resources such as the recruitment of new graduates to further strengthen sales force. (Note) To enhance its sales forces, the Company recruited 362 new graduates as employees in April 2019 and established new offices in Shizuoka and Hiroshima.

The following is an overview of results by segment.

	Nine months FY 2019 Q3	Nine months FY 2020 Q3	Amount of increase/decrease	Ratio of change (%)
1. Personnel Recruiting Services				
Sales	¥31,760 million	¥34,743 million	¥2,982 million	+9.4%
Segment Income	¥12,884 million	¥14,448 million	¥1,564 million	+12.1%
2. Other				
Sales	¥5 million	¥7 million	¥2 million	+50.6%
Segment Income (loss)	(¥263 million)	(¥319 million)	-	-

1. Personnel Recruiting Services Division

The Personnel Recruiting Services Division operates job advertising platforms, including Baitoru, a job information site for part-time workers, Baitoru NEXT, a job information site for regular employees and contract employees, Hatarako.net, a comprehensive job information site, and Nurse de Hatarako, providing career-change services for nurses. The Company continues to expand the user and customer base for these platforms through the vigorous efforts of its sales force and the award-winning quality of its websites.

Sales and segment profit for the cumulative 3rd quarter of the fiscal year increased 9.4% year on year to ¥34,743 million and 12.1% year on year to ¥14,448 million, respectively, thanks in part to high growth at Baitoru and favorable sales in regional and suburban areas.

Persol Career Co., Ltd., a consolidated subsidiary of Persol Holdings Co., Ltd. announced on August 1, 2019 the termination of business activities at “an”, a personnel-recruiting service competitive to our Baitoru service. In response to this announcement, we undertook marketing activities through job advertising agencies during the third quarter under review, aiming to get the existing customers of “an” service to switch over to our Baitoru service. Meanwhile, we stepped up our efforts to expand our customer base by making a list, by geographical region, of those customers* known to use “an” service and instructing our direct marketing sales personnel at the appropriate branch offices to contact them. We will stay focused on expanding our customer base with aggressive marketing in the fourth quarter, aiming to help more job seekers use our services.

* Corporate customers using “an” service only, or those using “an” and media other than Baitoru.

2. Others

AI/RPA has been recently attracting a great deal of attention as a technology with the potential to solve labor shortages and improve productivity. However, AI/RPA services which are currently available in the market, cannot easily be adopted by many firms due to issues such as lead time to launch and cost to develop, introduce and maintain.

In order to clear all of these hurdles to implementation at once, in September 2019 DIP Corporation launched a unique template robot called KOBOT that is easy to introduce. Our clients are able to implement KOBOT immediately at a low price. DIP's unique package KOBOT, that combines existing AI and RPA tools, is now offered on a monthly subscription basis. We plan to expand this business in earnest in the future. DIP's unique package KOBOT, which combines existing AI and RPA tools, is now being offered on a monthly subscription basis, with fees covering maintenance and support services.

As the first stage of the business we developed KOBOT to service clients in the dispatch staffing industry since we have a broad existing customer base and a good understanding of the industry. The number of dispatch companies contracted for KOBOT has been steadily increasing. We set our initial target as 100 companies by the end of November 2019, and we have far exceeded that goal by concluding service agreements with 150 companies as of November 2019.

We also launched “Job Interview KOBOT Light” for the restaurant and retail industries in November 2019, and had concluded service agreements with 300 companies by the end of that month. Going forward, we will stay committed to developing and marketing products and services that will accommodate customer needs, leveraging our contact points with the wide range of customers that we have cultivated over many years in the personnel recruiting services business.

(Note 1) In FY2019, this segment included the LIMEX business, which sells LIMEX (Note 2) as an alternative to paper. However, in October 2018 we transferred responsibility for sales of this business to TBM Co., Ltd. so that TBM Co Ltd. can promote product development even further and increase sales.

(Note 2) LIMEX is a trademark of TBM Co., Ltd.

(2) Details of financial position

Total assets recorded at the end of the 3rd quarter of the fiscal year amounted to ¥36,464 million, an increase of ¥2,760 million from the end of the previous fiscal year. This was attributable primarily to an increase of ¥945 million in cash and cash deposits, an increase of ¥603 million in notes receivable (trade) and accounts receivable (trade), an increase of ¥252 million in other current assets, an increase of ¥629 million in intangible fixed assets, and an increase of ¥421 million in investment securities.

Total liabilities recorded at the end of the 3rd quarter of the fiscal year amounted to ¥7,557 million, a decrease of ¥246 million from the end of the previous fiscal year. Major factors contributing to this were a decline of ¥643 million in income taxes payable, and an increase of ¥432 million in other current liabilities.

Total net assets recorded at the end of the 3rd quarter of the fiscal year amounted to ¥28,907 million yen, an increase of ¥3,007 million from the end of the previous fiscal year. Major factors contributing to this were a rise of ¥4,645 million in retained earnings, and a rise of ¥1,767 million in treasury stocks.

(3) Information on the future outlook, including unconsolidated financial results forecasts

In the fiscal year ending February 2020, the Company's net sales grew significantly on the back of high demand for personnel. Additionally, we were able to improve efficiency in the allocation of resources, including expenditures pertaining to advertising. Consequently, we estimate our operating income, ordinary income and net income to be higher than previously forecast, and revise these figures accordingly.

	Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share
Previous forecast(A)	¥ million 45,500 ~46,600	¥ million 12,800 ~13,600	¥ million 12,800 ~13,600	¥ million 8,700 ~9,300	¥ 158.92 ~169.88
Revised forecast(B)	45,500 ~46,600	13,500 ~14,000	13,500 ~14,000	9,200 ~9,500	168.61 ~174.11
Difference(B - A)	0	700 ~400	700 ~400	500 ~200	
Difference(%)	0	5.5 ~2.9	5.5 ~2.9	5.7 ~2.2	
(Reference) Results for FY2019	42,167	12,828	12,859	9,112	164.50

2. Quarterly financial statements and main notes
(1) Quarterly balance sheets

(Thousand yen)

	As of February 28, 2019	As of November 30, 2019
Assets		
Current assets		
Cash and deposits	14,741,455	15,686,649
Notes and accounts receivable (trade)	4,778,351	5,381,573
Storage	6,018	4,766
Other	369,157	612,837
Allowance for doubtful accounts	(126,904)	(126,519)
Total current assets	19,768,077	21,568,307
Fixed assets		
Tangible fixed assets	1,791,987	1,796,899
Intangible fixed assets		
Software	4,454,117	4,193,024
Other	5,195	895,932
Total intangible assets	4,459,313	5,088,956
Investments and other assets		
Investment securities	3,541,799	3,962,926
Other	4,163,834	4,065,054
Allowance for doubtful accounts	(20,849)	(17,328)
Total investments and other assets	7,684,784	8,010,652
Total fixed assets	13,936,084	14,896,509
Total assets	33,704,162	36,464,816
Liabilities		
Accounts payable (trade)		
Accounts payable (trade)	227,178	204,735
Income taxes payable	2,166,727	1,523,026
Provision for refund	44,335	35,790
Provision for bonuses	227,879	128,480
Asset retirement obligations	9,175	5,107
Other	4,245,462	4,677,874
Total current liabilities	6,920,758	6,575,014
Fixed liabilities		
Provision for share-based payment	74,741	76,445
Provision for directors' share-based benefit	100,572	92,963
Asset retirement obligations	448,756	461,167
Other	259,479	352,216
Total non-current liabilities	883,549	982,792
Total liabilities	7,804,308	7,557,807
Net Assets		
Shareholders' equity		
Capital stock	1,085,000	1,085,000
Capital surplus	1,958,297	1,969,668
Retained earnings	24,414,705	29,060,377
Treasury shares	(2,401,662)	(4,169,581)
Total shareholders' equity	25,056,340	27,945,464
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(8,018)	(18,569)
Total valuation and translation adjustments	(8,018)	(18,569)
Share acquisition rights	851,532	980,114
Total net assets	25,899,854	28,907,009
Total liabilities and net assets	33,704,162	36,464,816

(2) Quarterly income statement
(Cumulative Third Quarter)

(Thousand yen)

	Nine months ended November 30, 2019
Net sales	34,751,131
Cost of sales	2,243,144
Gross income	32,507,986
Selling, general and administrative expenses	21,332,664
Operating income	11,175,322
Non-operating income	
Interest income	2,590
Insurance income	17,766
Other	15,865
Total non-operating income	36,222
Non-operating expenses	
Amortization of Copyright	1,916
Commission fees	968
Other	746
Total non-operating expenses	3,631
Ordinary income	11,207,913
Extraordinary income	
Gain on reversal of share acquisition rights	34,270
Total extraordinary income	34,270
Extraordinary losses	
Loss on valuation of investment securities	2,758
Loss on sales of shares of subsidiaries and associates	152,600
Total extraordinary losses	155,358
Profit before income taxes	11,086,825
Corporate, inhabitant and enterprise taxes	3,319,814
Income taxes deferred	125,342
Total income taxes	3,445,157
Net income	7,641,668

(3) Notes on regarding quarterly financial statements

(Notes on going concern assumption)

None

(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. With this trust the Company aims to motivate employees to work harder, to create a greater awareness of participation in management, and to further promote management directed 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 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 113,610 thousand yen, 1,771,975 shares at the end of the previous fiscal year, and 111,009 thousand yen, 1,731,460 shares at the 3rd quarter 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 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 Share-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 221,950 thousand yen, 74,206 shares at the 3rd quarter under review.

(Application of “Partial Amendments to ‘Accounting Standard for Tax Effect Accounting,’”)

The Company adopted the Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018), at the beginning of the 1st quarter of the fiscal year under review, and is presenting deferred tax assets in the category of “investments and other assets,” and deferred tax liabilities in the category of “non-current liabilities.”

(Notes on material changes in shareholders’ equity)

The Company acquired 1,080,800 shares of treasury stock for ¥1,805,150 thousand pursuant to the resolution of the Board of Directors’ meeting held on April 19, 2019. Primarily as a result, treasury stock at the end of the 3rd quarter of the fiscal year stood at ¥4,169,581 thousand.

(Equity in earnings of affiliates)

	Cumulative Third Quarter of the Current Fiscal Year (November 30, 2019)
Investments in affiliated companies	1,981,044 thousand yen
Investments under the equity method	1,443,815 thousand yen
	Cumulative Third Quarter of the Current Fiscal Year (From March 1, 2019 to November 30, 2019)
Investment loss from the equity method (loss)	(362,753 thousand) yen

(Segment Information)

【Segment Information】

Cumulative 3rd quarter of the Fiscal Year (From March 1, 2019 to November 30, 2019)

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

(Thousand yen)

	Reported segment	Others (Notes 1)	Total	Adjustment (Notes 2)	Amount of consolidated statements of income (Notes 3)
	Personnel Recruiting Services				
Net sales					
Sales – outside customers	34,743,145	7,985	34,751,131	—	34,751,131
Sales and transfer – inter-segment	—	—	—	—	—
Total	34,743,145	7,985	34,751,131	—	34,751,131
Segment profit (loss)	14,448,475	(319,964)	14,128,510	(2,953,188)	11,175,322

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

2. Adjustment of segment of profit (loss) of (¥2,953,188 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 statements of income.

2. Information concerning impairment losses of non-current assets or amortization of goodwill etc. in each reporting segment

None

(Significant subsequent events)

None

(Reference information)

(1) Quarterly income statement

(Thousand yen)

	Cumulative Third Quarter of the Previous Fiscal Year (From March 1, 2018 to November 30, 2018)	Cumulative Third Quarter of the Current Fiscal Year (From March 1, 2019 to November 30, 2019)	Amount of increase/decrease	Ratio of change (%)
Net sales	31,766,138	34,751,131	2,984,992	9.4
Cost of sales	1,977,740	2,243,144	265,403	13.4
Gross income	29,788,397	32,507,986	2,719,588	9.1
Selling, general and administrative expenses	19,909,453	21,332,664	1,423,210	7.1
Operating income	9,878,944	11,175,322	1,296,378	13.1
Non-operating income				
Interest income	1,868	2,590	721	38.6
Insurance income	896	17,766	16,869	1,881.2
Other	29,413	15,865	(13,548)	(46.1)
Total non-operating income	32,179	36,222	4,043	12.6
Non-operating expenses				
Amortization of Copyright	1,875	1,916	41	2.2
Commission fees	3,069	968	(2,101)	(68.5)
Other	1,469	746	(722)	(49.2)
Total non-operating expenses	6,413	3,631	(2,782)	(43.4)
Ordinary income	9,904,709	11,207,913	1,303,204	13.2
Extraordinary income				
Gain on sales of investment securities	4,365	-	(4,365)	-
Gain on reversal of share acquisition rights	20,920	34,270	13,349	63.8
Total extraordinary income	25,285	34,270	8,984	35.5
Extraordinary losses				
Loss on valuation of investment securities	58,349	2,758	(55,591)	(95.3)
Loss on sales of shares of subsidiaries and associates	-	152,600	152,600	-
Total extraordinary losses	58,349	155,358	97,008	166.3
Profit before income taxes	9,871,645	11,086,825	1,215,180	12.3
Corporate, inhabitant and enterprise taxes	2,979,341	3,319,814	340,473	11.4
Income taxes deferred	111,063	125,342	14,278	12.9
Total income taxes	3,090,405	3,445,157	354,752	11.5
Net income	6,781,239	7,641,668	860,428	12.7

(Note) The Company announced the consolidated financial results for FY2019 3rd quarter, but we are announcing financial results for FY2020 3rd quarter on a non-consolidated basis. Therefore, the financial results for the 3rd quarter of the previous fiscal year are stated here on a non-consolidated basis for purposes of comparison.

(2) Cash Flow Statement

(Thousand yen)

	Cumulative Third Quarter of the Previous Fiscal Year (From March 1, 2018 to November 30, 2018)	Cumulative Third Quarter of the Current Fiscal Year (From March 1, 2019 to November 30, 2019)
Cash flow from operating activities		
Profit before income taxes	9,871,645	11,086,825
Depreciation	1,102,303	1,243,119
Share-based compensation expenses	195,118	168,169
Receivable interest and dividends	(1,868)	(2,590)
Insurance income	-	(17,766)
Commission fees	-	968
Gain on reversal of share acquisition rights	(20,920)	(34,270)
Loss (gain) on valuation of investment securities	58,349	2,758
Loss (gain) on sales of investment securities	(4,365)	-
Loss (gain) on sales of shares of subsidiaries and associates	-	152,600
Decrease (increase) in trade receivables	(383,118)	(599,700)
Increase (decrease) in notes and accounts payable (trade)	28,138	(22,443)
Increase (decrease) in unearned revenue	(38,139)	17,647
Increase (decrease) in allowance for doubtful accounts	6,742	(3,905)
Increase (decrease) in provision for bonuses	(71,550)	(99,398)
Increase (decrease) in provision for refund	1,945	(8,545)
Decrease (increase) in other assets	(180,811)	(156,709)
Increase (decrease) in other liabilities	425,049	367,673
Other	30,109	26,899
Subtotal	11,018,627	12,121,330
Interest and dividends received	44	44
Proceeds from insurance income	-	17,766
Income taxes paid	(3,705,323)	(3,971,214)
Net cash provided by (used in) operating activities	7,313,348	8,167,926
Cash flows from investing activities		
Expenditures for acquisition of tangible fixed assets	(333,170)	(182,213)
Expenditures for acquisition of intangible fixed assets	(1,483,348)	(1,602,032)
Purchase of investment securities	(2,139,576)	(439,088)
Proceeds from sales of investment securities	24,300	-
Purchase of shares of subsidiaries and associates	(907,897)	(380,490)
Proceeds from sales of shares of subsidiaries and associates	-	100,000
Expenditures from payment of lease and guaranteed deposits	(5,560)	(9,321)
Proceeds from collection of lease and guaranteed deposits	60,982	18,355
Payments for asset retirement obligations	(29,754)	(11,200)
Payments of long-term loans receivable	(300,000)	-
Net cash provided by (used in) investing activities	(5,114,024)	(2,505,991)
Cash flows from financing activities		
Purchase of treasury shares	(1,708,904)	(1,805,225)
Proceeds from sales of treasury shares	73,985	60,102
Proceeds from exercise of share options	20,127	12,363
Cash dividends paid	(2,739,769)	(2,983,012)
Other payments	-	(968)
Net cash provided by (used in) financing activities	(4,354,561)	(4,716,740)
Net increase (decrease) in cash and cash equivalents	(2,155,237)	945,194
Cash and cash equivalents at beginning of period	14,440,340	14,741,455
Cash and cash equivalents at end of period	12,285,103	15,686,649

* The Company announced the consolidated financial results for FY2019 3rd quarter, but it is announcing financial results for FY2020 3rd quarter on a non-consolidated basis. Therefore, the financial results for the 3rd quarter of the previous fiscal year are stated here on a non-consolidated basis for purposes of comparison.

(3) Selling, general and administrative expenses

(Thousand yen)

	Cumulative Third Quarter of the Previous Fiscal Year (From March 1, 2018 to November 30, 2018)	Cumulative Third Quarter of the Current Fiscal Year (From March 1, 2019 to November 30, 2019)	Amount of increase/decrease	Ratio of change (%)
Personnel (Note 1)	8,370,540	9,168,907	798,366	9.5
Advertising Cost (Note 2)	8,730,010	8,936,964	206,954	2.4
Land & Office Rental	796,900	795,160	(1,740)	(0.2)
Other	2,012,002	2,431,632	419,629	20.9
Total	19,909,453	21,332,664	1,423,210	7.1

(Note 1) Personnel cost include salaries, welfare benefits, etc., as well as recruitment related expenses and educational expenses.

(Note 2) Advertising cost includes sales promotion expenses.

* The Company announced the consolidated financial results for the 3rd quarter of FY2019, but we are announcing financial results for FY2020 3rd quarter on a non-consolidated basis. Therefore, the financial results for the 3rd quarter of the previous fiscal year are stated here on a non-consolidated basis for purposes of comparison.

(4) Segment information

【Segment Information】

1. Cumulative 3rd quarter of the Previous Fiscal Year (From March 1, 2018 to November 30, 2018)

The Company announced the consolidated financial results for the 3rd quarter of FY2019, but we are announcing financial results for the 3rd quarter of FY2020 on a non-consolidated basis. Therefore, the financial results for the 3rd quarter the previous fiscal year are stated here on a non-consolidated basis for purposes of comparison.

(Thousand yen)

	Reported segment	Others (Notes 1)	Total	Adjustment (Notes 2)	Amount of statements of income (Notes 3)
	Personnel Recruiting Services				
Net sales					
Sales – outside customers	31,760,837	5,301	31,766,138	—	31,766,138
Sales and transfer – inter-segment	—	—	—	—	—
Total	31,760,837	5,301	31,766,138	—	31,766,138
Segment profit (loss)	12,884,210	(263,456)	12,620,753	(2,741,809)	9,878,944

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

2. Adjustment of segment of loss of (¥2,741,809 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.

2. Cumulative 3rd quarter of the Fiscal Year (From March 1, 2019 to November 30, 2019)

(Thousand yen)

	Reported segment	Others (Note 1)	Total	Adjustment (Notes 2)	Amount of statements of income (Notes 3)
	Personnel Recruiting Services				
Net sales					
Sales – outside customers	34,743,145	7,985	34,751,131	—	34,751,131
Sales and transfer – inter-segment	—	—	—	—	—
Total	34,743,145	7,985	34,751,131	—	34,751,131
Segment profit (loss)	14,448,475	(319,964)	14,128,510	(2,953,188)	11,175,322

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

2. Adjustment of segment of profit (loss) of (¥2,953,188 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.

In the event of any inconsistency between the English-language documents and the Japanese-language documents, the Japanese-language documents will prevail.