

dip Corporation
<https://www.dip-net.co.jp/en/>



INTEGRATED REPORT 2024

The three essences embodied in our company name — “dream, idea, and passion,” are what drive us.

With dreams, ideas, and passion as our driving force, we have overcome numerous hardships and achieved tremendous growth.

As the labor market undergoes significant changes due to advances in AI and robotics, we do not want to await the arrival of a “new era,” but rather we want to be a presence that creates the era by drawing new dreams for ourselves.

Now is the time to bring about “innovation” in the world and create a new era, with the aim of realizing a society in which everyone can experience the joy and happiness of work.



The dip logo is an interactive design. When it is traced with a finger or mouse on smartphone or PC screen, sparkling lights dance around the screen before settling back into the original shape of the logo. The logo’s white color is created by the blending together of blue, green, and red, which are the three primary colors used to produce light in digital media. Blue represents our dreams, green our ideas, and red our passion, and the multitudes of light particles and colors symbolize our abundantly diverse employees and their dynamism. The ability to move those pinpoints of light around and change them into different shapes signifies the strength of dip’s adaptability to change. The logo was designed by world-famous ultra-technologist collective, teamLab.

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Publication of the Integrated Report 2024

The integrated report of dip is centered around the “philosophy” that is the foundation of value creation, and it summarizes the various values that have been provided to society through the strengths of the business model cultivated over the company’s history, as well as the initiatives being taken to realize the “society we aim for.”

In the Integrated Report 2024, we communicate the story of how dip is improving its corporate value and taking on new challenges to respond flexibly to changes in society in an era when the evolution of AI and technology is redefining the meaning of role, value and purpose of work done by humans.

The Value Creation Process section describes how human capital connected with our philosophy plays a role as a source of value creation and generates value.

The Materiality section outlines our initiatives in keeping with our philosophy to resolve issues and realize the society that we aim to achieve.

The Growth Strategy section explains the medium-term management plan, which serves as a roadmap for achieving high growth through innovation.

The Governance section discusses our corporate governance system and initiatives for sustained enhancement of corporate value.

We hope to further engage in dialogue with diverse stakeholders based on this integrated report.

Information Disclosure System

In addition to complying with disclosure requirements under laws and regulations, we actively disseminate information to ensure transparency and fairness in decision-making and to promote effective corporate governance.

Our website
<https://www.dip-net.co.jp/en/>



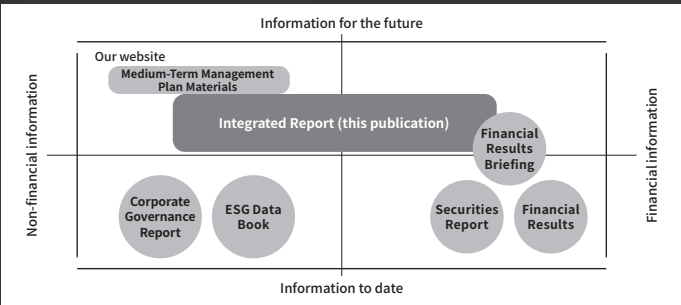
Investor Relations
<https://www.dip-net.co.jp/en/ir>



Medium-Term Management Plan
<https://www.dip-net.co.jp/en/ir/G006>



Sustainability
<https://www.dip-net.co.jp/en/esg>



● Disclaimer Regarding Forward-Looking Statements

The results forecasts and forward-looking statements in this report represent our assumptions based on information available at the time of disclosure. Actual business performance may differ significantly from forecasts due to future social and economic conditions and other factors.

Philosophy-Based Management

Nurtured by the history of dip’s various challenges and born in the course of overcoming various hardships, dip’s philosophy forms the foundation of our management strategy and the starting point to which our officers and employees will return at all times. The philosophy provides the driving force for dip’s rapid growth and has been the impetus for a range of innovations.

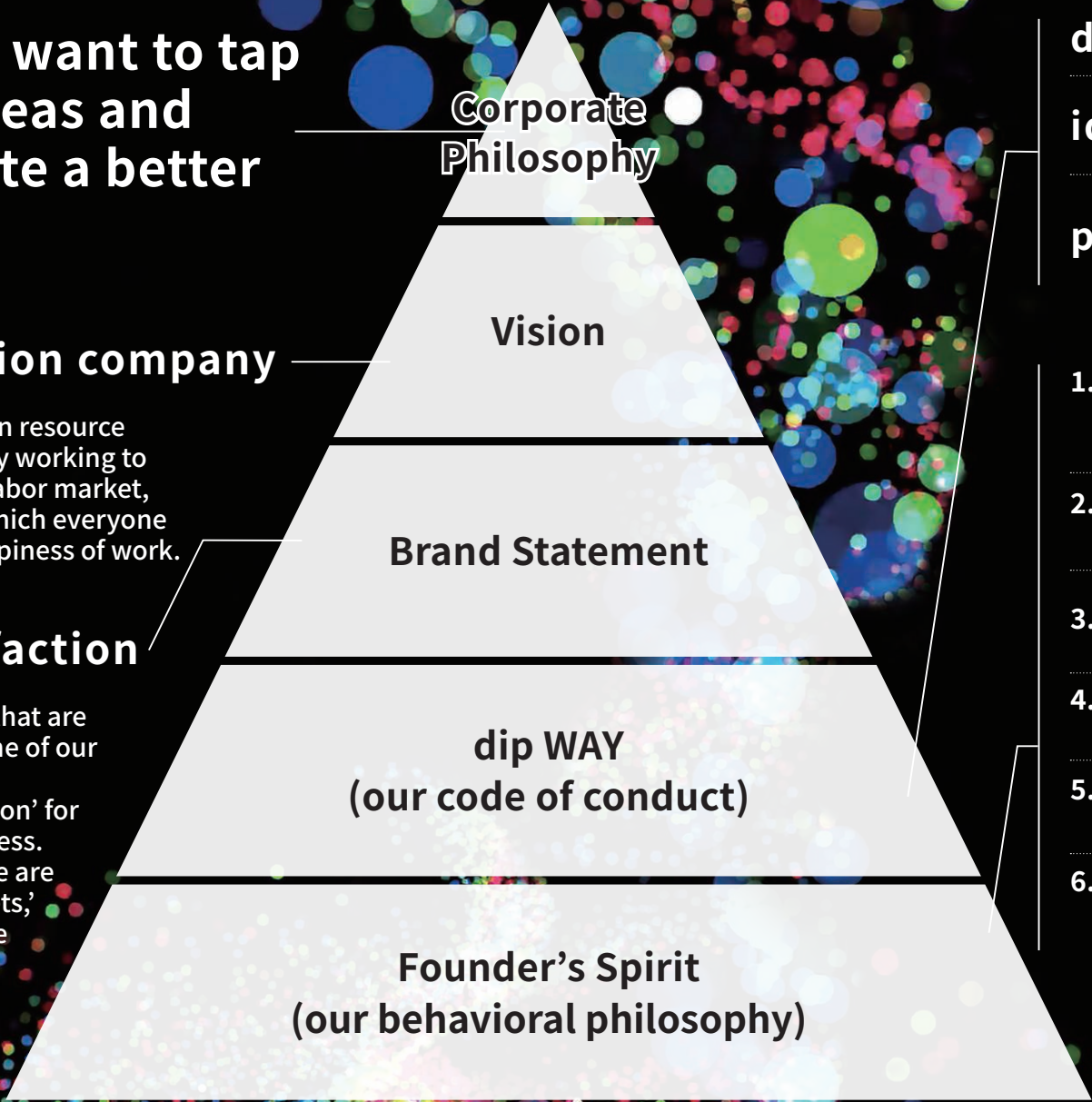
Here at dip, we want to tap into dreams, ideas and passion to create a better society.

Labor force solution company

Through the provision of human resource services and DX services, and by working to solve various problems in the labor market, we aim to realize a society in which everyone can experience the joy and happiness of work.

One to One Satisfaction

We pursue ‘user-first’ services that are accessible to each and every one of our customers. We will achieve ‘No. 1 satisfaction’ for everyone involved in our business. Based on the belief that ‘people are everything and people are assets,’ we aim to be ‘No. 1 in employee well-being.’



dream	We have our own dreams. We talk about our dreams. We strive to make our dreams come true. We never give up along the way.
idea	Ideas are the source of growth and development. We will create a free and vigorous corporate culture overflowing with diversity and as innovators in the field, we will pursue the creation of valuable services.
passion	Being passionate about our work encourages the people around us to be passionate. Praise one another generously, celebrate joy, recognize worry, encourage each other and discuss everything. Maintaining unity, we continue to win the victory through our teamwork and leadership.
1. See tough situations as opportunities.	Turn difficulties into opportunities through a change in mindset. Under every circumstance, be vigilant; don't let your guard down. Take a bird's-eye view of things from every angle and then pioneer your own way.
2. Continue to take on new challenges.	No matter the situation, do not be afraid of failure; persevere boldly. Solve social issues as an innovator with the spirit of a pioneer.
3. Never give up.	With a strong will and dedicated action, keep going. Never give up. If you fail, learn. Complete greater achievements.
4. Go beyond expectations.	Do not just accept, “think” and drive value from your own ideas. Exceed expectations. Propel your own growth.
5. Enjoy your work, enjoy your life.	It is our goal that every employee enjoys both work and private life, and leads a happy life, fulfilled both physically and mentally.
6. Each employee has a role to play in creating dip.	Cultivate your individuality in the philosophy we share. Make your mark in building our future.

Business Outline

Vision

“Labor force solution company”

Through the provision of human resource services and DX services,
and by working to solve various problems in the labor market,
we aim to realize a society in which everyone can experience the joy and happiness of work.

Personnel Recruiting Services Business

Human work
force solution

バイトル バイトルNEXT はたらこねっと
バイトルPRO ナースはたらこ 介護はたらこ

We support the recruitment and utilization of
human resources that underpin core
corporate activities through the provision of
job advertisements and recruiting services.

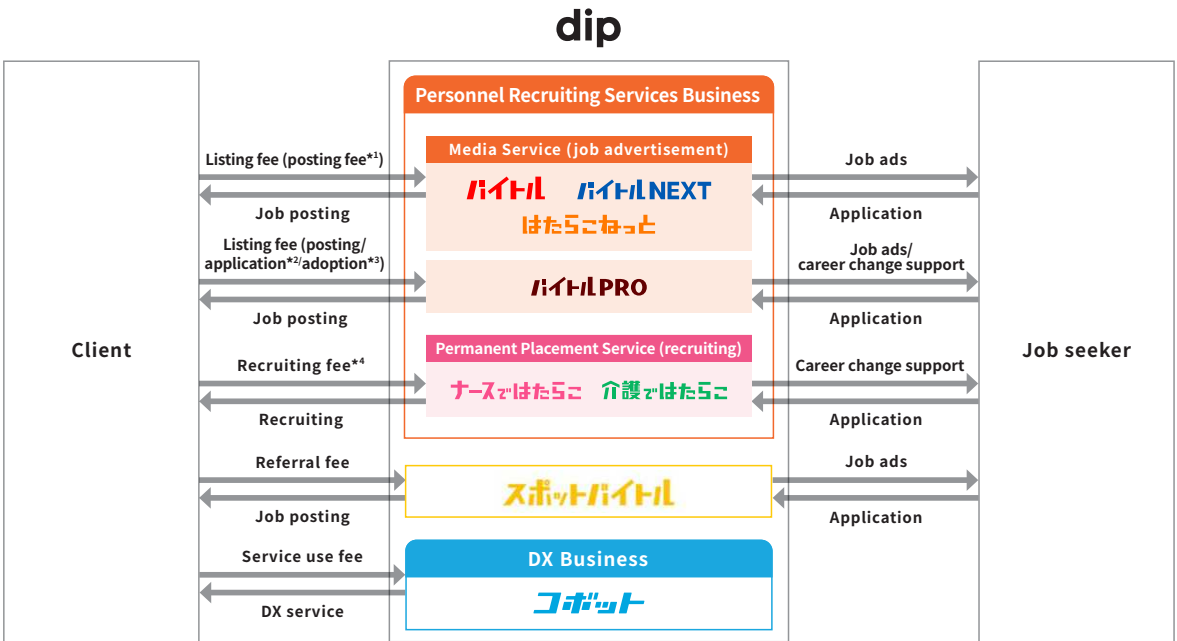
DX Business

Digital labor
force solution

コボット

To contribute to the greater adoption of DX
among mid-tier enterprises and SMEs, we
offer “KOBOT,” a DX product utilizing
software-as-a-service (SaaS), which is easy to
introduce with simple functions.

Business Flow

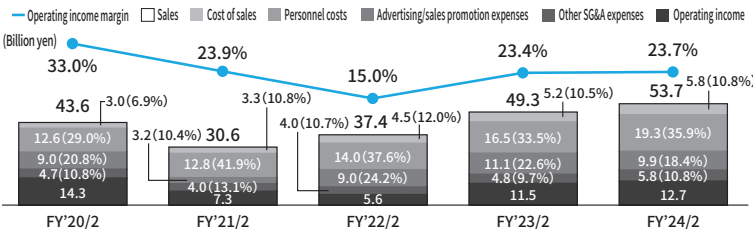


*1. Posting fee: A model in which a job posting fee is paid based on the length of time a position is posted on our website.
*2. Application fee: A model in which job postings to our website are free and fees are paid when applications for the position are received.
*3. Adoption fee: A model in which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

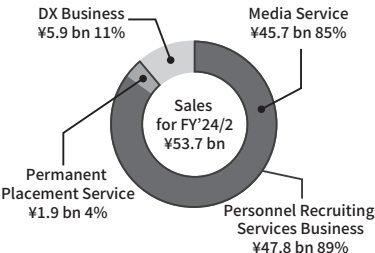
Profit Structure and Sales Composition

Profit Structure

Note: The figures for FY'22/2 and prior are estimates based on the revenue recognition standard.



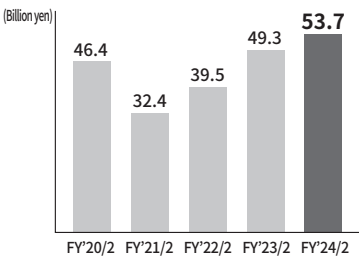
Sales Composition Ratio



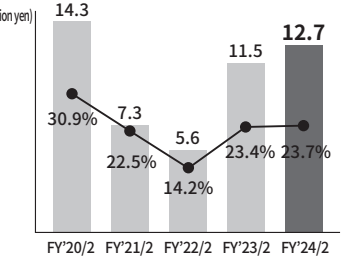
Financial & Non-Financial Highlights

*As consolidated accounting was not performed for the fiscal year ended February 2020, the figures for that fiscal year are from non-consolidated accounting.

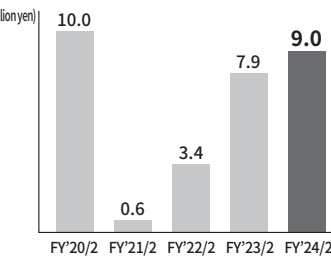
Sales



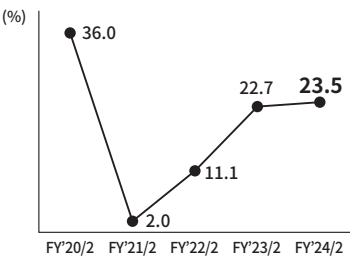
Operating Income/Operating Income Margin



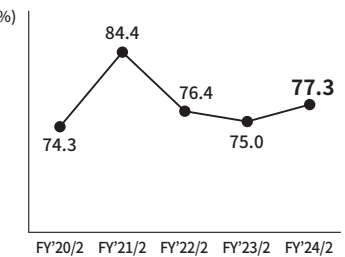
Net Income Attributable to Owners of Parent



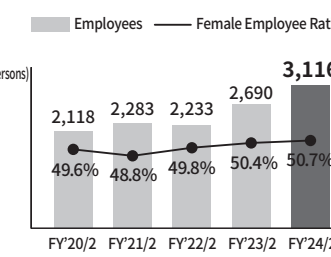
ROE



Equity Ratio



Employees (including temporary and part-time employees)



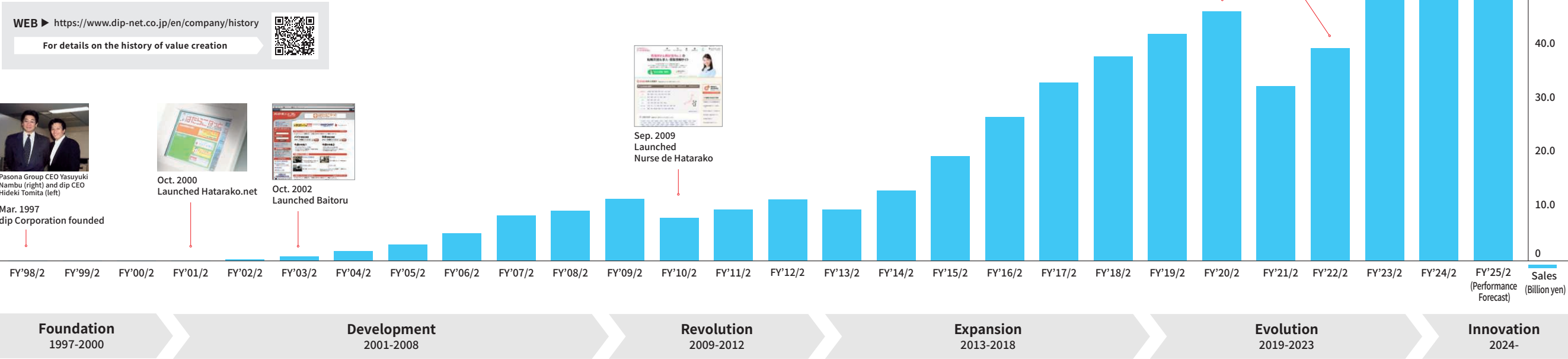
Assessment of ESG Management

Selected as a constituent of all indexes linked to ESG investment that are adopted by the Government Pension Investment Fund (GPIF)



History of Value Creation

Dreams, ideas and passion. dip began with the desire to work for the benefit of workers and to make society a better place by harnessing these three driving forces. Since then, through the provision of job listings via the internet, dip has supported the recruitment and use of human resources by client companies, and engaged in business with the aim of creating a society where every job seeker can work with vitality. Now dip's business also supports corporate DX to enrich people's work.



1997- Foundation

Historical background

- **Spread of the internet:** The internet began to spread rapidly, which boosted the importance of companies' online presence.
- **Dot-com bubble:** The boom in IT industry stimulated the job market

1999: Revision of Worker Dispatching Act (Deregulation, in principle, of job categories in which worker dispatching is permitted)

Responding to social needs, providing value
At a time when job information was provided mostly through print media, the Company launched internet-based job information services to deliver the quantity and type of postings required by job seekers ahead of others.

dip timeline

- Mar. 1997 dip Corporation founded
- Jan. 1998 Signed a content partner contract with IBM Japan
- Feb. 1999 Received award from IBM Japan for the best content of the year
- Aug. 1999 Approved for SME startup subsidies from the Japan Small and Medium Enterprise Corporation (currently Organization for Small & Medium Enterprises and Regional Innovation, JAPAN)
- Feb. 2000 Certified as the first member company of the Marunouchi Frontier
- Oct. 2000 Launched Hatarako.net
- Feb. 2001 Started to provide information on part-time and contracted jobs

2001- Development

Historical background

- **Growth in the number of fixed-term workers:** Fixed-term workers made up more than 30% of total workers. The gap in wages and working conditions between permanent workers and fixed-term workers became a serious problem.

- 2003: Revision of Labor Standards Act (Extension of maximum length of fixed-term contracts from one year to three years, etc.)
- 2007: Revision of Part-time Work Act (Introduction of provisions for equal and balanced treatment of workers)

Responding to social needs, providing values

On the back of growing number of mobile internet users, we requested all mobile carriers to post Baitoru and Hatarako.net on their official sites, which made job selection process more efficient.

dip timeline

- Nov. 2001 Established partnership with Yahoo Japan Corporation
- Oct. 2002 Launched Baitoru
- Dec. 2003 Received notification of cancellation of partnership with Yahoo Japan Corporation
- Apr. 2004 Appeared on the official websites of the three major mobile phone carriers
- May 2004 Listed on TSE Mothers
- Oct. 2004 Launched Job Engine
- Apr. 2006 Started large-scale recruiting of new graduates

2009- Revolution

Historical background

- **Subprime Crisis:** Japan was severely hit by the subprime crisis, with the unemployment rate soaring to 5.5%, the worst on record. Poor treatment of and instability among fixed-term employees became evident and developed into a social issue.

- Aug. 2012: Revision of the Act on Stabilization of Employment of Elderly Persons (Made it compulsory for employers to secure stable employment until the age of 65, etc.)

Responding to social needs, providing value

We launched a site specializing in job change information for nurses to address the labor shortage in medical and nursing fields, where social needs continued to grow.

dip timeline

- Jan. 2009 Launched Baitoru Employee (now, Baitoru NEXT)
- Sep. 2009 Launched Nurse de Hatarako
- Jun. 2010 Added Video Service to job postings
- Aug. 2010 Added Application Barometer to job postings
- May 2013 Launched Raise the Salary Campaign

2013- Expansion

Historical background

- **Abenomics:** As part of Abenomics, policies to support corporate hiring and labor market reforms was implemented. In particular, an increase in the labor participation rate among women and senior citizens was noted.

- 2014: Revision of Part-time Work Act (Widening the scope of prohibitions etc. on discriminatory treatment between full-time employees and part-timers).
- 2018: Ratification of the Act on the Arrangement of Related Acts to Promote Work Style Reform (cap on long working hours, correction of irrational gap in treatment between regular and non-regular employees, etc.)

Responding to social needs, providing value

Rebranded Baitoru Employee as Baitoru NEXT to encourage part-timers to try moving on to the next stage

dip timeline

- Dec. 2013 Listed on the TSE First Section
- Sep. 2014 Launched Hatarako index
- May 2016 Rebranded Baitoru Employee as Baitoru NEXT
- Jun. 2016 Launched AINOW
- Mar. 2017 Celebrated 20th anniversary and relocated headquarters to Roppongi Grand Tower
- Mar. 2018 Released Job Experience / Workplace Visit features

2019- Evolution

Historical background

- **Labor shortage:** Labor shortage due to the declining birthrate and aging population becomes more serious.
- COVID-19: Due to the suspension of economic activities following the declaration of a state of emergency, many companies resorted to employment adjustments, resulting in an unemployment rate of 3.1%.

Responding to social needs, providing value
Against the backdrop of a serious labor shortage, we launched DX services, in addition to recruiting support services, in our effort to contributed to solving various issues facing the labor market.

dip timeline

- Apr. 2019 Launched AI/RPA business
- Apr. 2019 Adopted a new vision of becoming a "Labor force solution company"
- Sep. 2019 Launched KOBOT
- Mar. 2020 Launched financial assistance for fixed-term workers during closures due to COVID-19
- May 2021 Launched Baitoru PRO
- Jul. 2021 Formed dip BATTLES
- Jul. 2021 Launched Vaccine Incentive Project
- Nov. 2021 Launched dip Incentive Project
- Feb. 2023 Started optional age input system when applying
- Apr. 2023 Began developing an AI-Agent business
- Apr. 2023 Established dip Technology Institute
- Dec. 2023 Shohei Ohtani became the brand ambassador
- Jan. 2024 Started introducing AI to screen for Illegal Part-time Job Postings

2024- Innovation

Historical background

- **Impact of COVID-19:** The pandemic has led to the spread of remote working and triggered a search for new ways of working
- **Rapid evolution and spread of generative AI:** There are growing expectations that generative AI will improve the productivity of many jobs. Meanwhile, the situation also gave rise to an urgent need to address security risks and ethical issues.

Responding to social needs, providing value

In view of the fact that only a few percent of job seekers who visit job search sites are successfully hired, we aim to drastically increase the hire rate with dip AI, a service that utilizes generative AI.

dip timeline

- May 2024 Launched dip AI
- Oct. 2024 Launched Spot Baitoru



Creating a New Era Through Innovation

To Realize a Society in Which Everyone Can Experience the Joy and Happiness of Work

Generating Innovation Based on the Philosophy and Achieving Sustainable and High Corporate Growth

In 1997, the year I founded the company, the Internet penetration rate was 18%, and the IT industry was still in its nascent stage. Paper-based job information media remained the mainstream. Underpinned by the desire to “create innovation through online job information services,” I launched the recruitment advertising industry’s first-ever portal site. Twenty-seven years later, dip’s service has become one of Japan’s largest job information sites specializing in the Internet, and the company I myself founded has grown into a company with more than 3,000 colleagues. It is our philosophy that has generated numerous innovations, supported rapid growth, and served as the foundation of management and the soul of the company.

This philosophy is comprised of our Corporate Philosophy, “Here at dip, we want to tap into dreams, ideas and passion to create a better society,” our Vision of becoming a “Labor force solution company,” our Brand Statement of “One to One Satisfaction,” the “dip WAY,” which is our code of conduct for all employees, and “the Founder’s Spirit,” which serves as our behavioral philosophy.

This philosophy is the starting point to which executives and employees always return. As a result of each individual facing the issues of users, companies, and society based on this philosophy, we have succeeded in fostering strong

relationships of trust, loyalty, and brand power. Moreover, by embodying the philosophy, each employee with diverse individuality can hone and fully demonstrate their skills, feel that they are contributing to users and client companies, and gain a sense of fulfillment and happiness.

The importance of this has only increased, as we have grown to a company with over 3,000 employees. Precisely because of the philosophy, the sense of unity within the organization increases, and the power of each individual is brought to bear. This combination in turn becomes a major driving force for growth. And that is exactly why I believe that disseminating this philosophy is my important responsibility as the founder of the company.

I am committed to speaking with each and every employee, and I listen to their thoughts directly. I meet with all employees in one place, on occasions including general employee meetings where I directly convey management policy, and closing meetings held at the end of each quarter. There are also internal presentations on new services and promotions, new graduate and manager training, sending messages via internal social



▲ President’s lecture at new graduate training

media, and dinner events with employees. Through such dialogue with employees, the philosophy will become more deeply rooted in each and every employee’s daily actions. I believe that this will generate incredible power to create and realize innovation, and enable sustainable, high-level corporate growth.

▶ Philosophy-Based Management P. 5

Social Issues dip Will Address

The full-scale population decline due to the falling birthrate and aging population has left Japan facing the issue of a structural labor shortage. Moreover, average wages*¹ remain lower than in other major developed countries and fall short of the OECD (Organisation for Economic Co-operation and Development) average, and the issues of inequality and poverty have become increasingly serious.

To resolve these labor market issues, we are working to create diverse employment opportunities and promote the resolution of employment mismatches. We are also supporting companies in enhancing their economic productivity by leveraging technology to boost the engagement and skills of the people they hire. It is also important to foster an environment where people of diverse ages, genders, nationalities, and backgrounds can work with vigor and enthusiasm. We have established these as materiality, and we are working hard to realize a society in which everyone can experience the joy and happiness of working.

▶ Materiality P. 35

To this point, dip has developed unique services and functions based on the “user-first” concept to resolve labor market issues. My own particular focus has been on improving the treatment of fixed-term workers. Thanks to the efforts of our sales staff, who share the company’s philosophy, and have lobbied for increased hourly wages at the companies that employed them, the number

of job postings with higher hourly wages*² has exceeded one million, and the average hourly wage for jobs posted on our site has overtaken other job information sites to become number one. For the hiring companies, securing human resources and raising retention rates leads to enhanced recruiting capabilities.

In addition, we have worked vigorously to eliminate age discrimination. From the viewpoint of promoting DEI (Diversity, Equity & Inclusion) that stresses respect for diversity and identity, we have decided to make it optional for job applicants to disclose their ages. This has served to eliminate attribute-based bias in hiring, while expanding opportunities for people of all ages including seniors to play active roles. It has also afforded companies the opportunity to consider utilizing personnel from a broad range of generations.

Moreover, with the goal of raising the productivity of mid-tier enterprises and SMEs, in 2019 we launched the DX Business. We have developed KOBOT, a packaged DX service for mid-tier enterprises and SMEs whose progress with DX has been slower than what is seen at larger companies. Adoption has already surpassed 13,000 companies. In recent years, the service has contributed to improving the productivity of client companies by supporting not only recruitment at mid-tier enterprises and SMEs but also their ability to attract customers.

▶ History of Value Creation P. 9

Greatest Innovations Since Our Founding

This fiscal year, we launched two new services that constitute major innovations. The new services are dip AI and Spot Baitoru. These services have the potential to significantly impact society and represent dip’s biggest challenge since its founding.

dip AI represents a major shift from traditional job selection, where people search and choose



from a large number of job postings. Leveraging AI, we will achieve a service which works alongside job seekers and, through dialogue, proposes jobs that match the potential needs, future dreams, special skills, and personality of each individual applicant.

Spot Baitoru is a spot part-time job service equipped with the Japan’s first*³ unique feature “Good Job Bonus.” The Good Job Bonus is a unique feature whereby workers who receive a “Good” rating from their employer (company) after being employed, will receive a bonus at our expense, in addition to their wages. This will allow us to respond to the needs of diverse users, while also boosting worker motivation and the treatment and status of fixed-term workers.

These endeavors will respond to the materiality that dip has established, realize a “world of continuous connection” between dip and its users/client companies, and expand the possibilities of the business. That is why we have positioned this fiscal year as a “second founding” and all employees are united to tackle the major changes since our founding.

First Challenge: dip AI

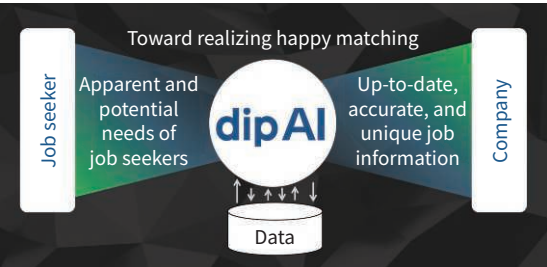
World View of dip AI
From the Era of Searching for a Job by Yourself to the Era of Finding the Most Suitable Job While Interacting with AI

The history of job information progressed from the newspaper’s “job section” to specialized job magazines and has now evolved to the Internet and smartphones. With the advent of the Internet, the volume of information has grown dramatically, and myriad jobs and conditions are now available, enhancing the convenience of job seeking. It is said that AI will more greatly impact our lives than any other technological advance.

Therefore, dip released the first innovation, dip AI. dip AI represents a major shift from traditional job selection, “search-and-select model involving a large volume of job information.” Leveraging AI, we will achieve a service which works alongside job seekers and, through dialogue, proposes jobs that match the potential needs, future dreams, special skills, and personality of each individual applicant.

We offer two models of human resource services: job advertisements (media), such as Baitoru and Hatarako. net, which match job seekers with employers on the website, and recruiting services (agents), such as Nurse de Hatarako and Nursing

Care de Hatarako, where career advisors are present to assist users in their job search. In general, recruitment services provide more detailed services when compared with job advertisements alone, and there is a shift from job advertisements to recruitment services in the area of permanent employee job change. Meanwhile, when it comes to fixed-term workers such as part-timers, the low unit cost per hire had made it challenging to realize a human resource recruiting service. However, using AI in place of a human career advisor to approach and interact with the user made it possible to create a recruiting service that will propose jobs which match the user's potential needs, dreams, special skills, personality, and other attributes. By increasing matching accuracy and improving the employment rate with dip AI, we can expect to create significant revenue opportunities.



▲ dip AI, Japan's first interactive part-time job-searching service

Differentiation of dip AI
Staying Close to Users Through Dialogue and Remaining Connected in Their Daily Lives
dip AI is collaborating with the Matsuo Institute, Inc., an entity that utilizes the results of research conducted at The University of Tokyo's Matsuo-Iwasawa Lab, in the development of state-of-the-art technology.

Crucial to the effective operation of AI are the quality and quantity of data used in training. dip has 1.2 million or more job offerings, the largest number in the industry. Its strength lies in the accurate, abundant company-side data accumulated by the company's 2,000 sales employees. We also possess high-quality data on users who search for employment through dip's recruiting media. By leveraging dip's proprietary information and data and heightening dip AI's matching accuracy, we believe that we can markedly raise the hiring rate and contribute significantly to solving hiring difficulties and labor shortages for companies.

Previously, users only came into contact with dip when selecting part-time work, but otherwise there was no connection in their daily lives. The greatest feature of dip AI, however, is that it enables continued dialogue with the user not only during job selection, but also after they have been hired. dip AI will serve as a presence that is there for job seekers on a daily basis, providing

encouragement when they are working hard at their part-time job, or showing concern when they struggle at work. It can also give advice on the best ways to work. dip AI, which stays close to users and remains connected with them, will become an irreplaceable presence for a host of people. I am confident that dip AI will bring about a revolution even greater than the one sparked by the change in job recruitment media from paper to the Internet.

Possibilities of dip AI
Further Business Development Through Technological Advances and Original Ideas
As dip AI accumulates user data going forward, it will also become possible to analyze aspects such as how users feel about their part-time job. dip sales staff can utilize this data to aid in problem solving for client companies, which in turn will allow them to further grow their roles as consultants. Moreover, we believe we can develop new services in support of employment and career advancement by leveraging dialogue with users to uncover potential thoughts and attributes.

On the other hand, the evolution of AI may bring unexpected risks. Therefore, in order to deepen the discussion on the use of AI in the human resources field, and to promote ethical AI development and operation, as well as the social

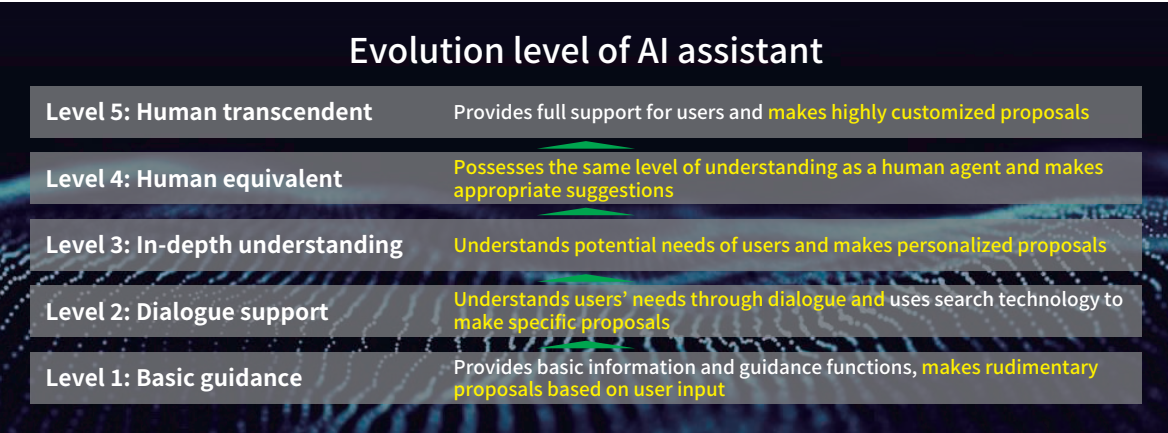
penetration of ethical norms, we established the "AI External Advisory Committee" in August 2024. The Committee will discuss ways to guide the desired evolution of all services operated by dip - as well as individual AI products - in the proper direction and utilize the results in the formulation of guidelines.

▶ Overview of dip AI Service P. 55

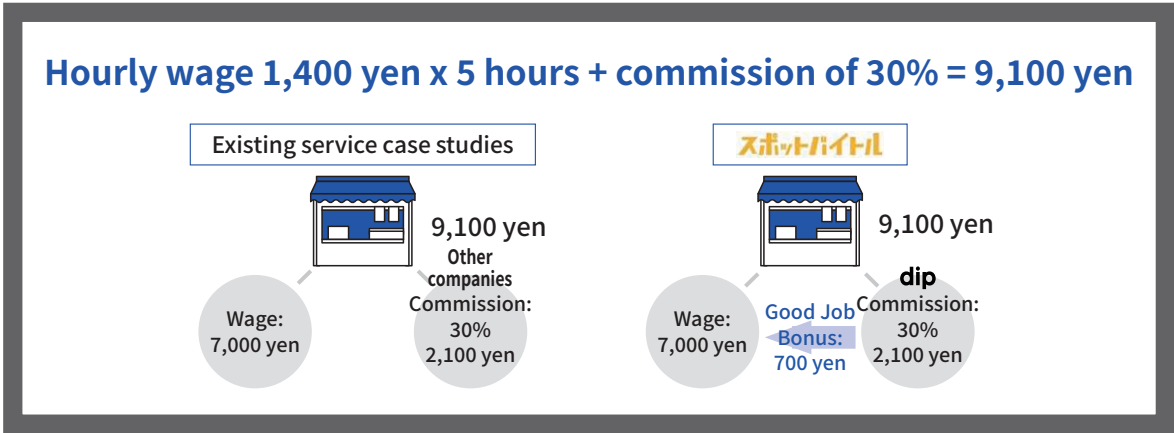
Second Challenge: New Spot Baitoru Service

World View of Spot Baitoru
Japan's First Unique Feature "Good Job Bonus" to Improve the Treatment and Status of Part-Time Workers
Our second innovation is Spot Baitoru. Spot Baitoru is a spot part-time job service equipped with the Japan's first*3 unique feature "Good Job Bonus."

In recent years, spot working has spread as a workstyle, and the market is expected to continue growing. Demand is on the rise for a flexible way of working that enables people to effectively utilize their free time. This is believed to be attributable to factors including tight household budgets caused by the weakening of the yen and high prices. There is also the issue that the hourly rate



▲ Future vision of dip AI



▲ Good Job Bonus (patent pending) mechanism

for spot work is low. In response to such issues, and to improve the treatment of spot workers, on October 1, 2024, we launched Spot Baitoru, a spot part-time job service equipped with the Good Job Bonus. The Good Job Bonus is a unique feature that provides workers who receive a “Good” rating from their employer (company) with a bonus at our expense, in addition to their wages. The Good Job Bonus system evaluates workers’ performance, and by improving work quality, it broadens the scope of work available to spot workers. Improving work quality will also lead to improved evaluations and social status for part-time workers. Spot Baitoru is a service that truly embodies dip’s philosophy.

Differentiation of Spot Baitoru
Providing Companies with One-Stop Proposals on Shift or Spot Hiring and Supporting Diverse Work Styles

dip already has a customer base of 150,000 companies, connections with users with a diverse range of interests, and the knowledge and teamwork of dip employees, including over 2,000 direct sales members.

We can also provide both shift and spot services, respond to the needs of users with various preferences, and make one-stop proposals to companies. This is a unique strength of dip.

In addition to our unique feature Good Job Bonus, we will provide users and companies with a plethora of options, heighten satisfaction, secure our position in the spot work market, and achieve No. 1 in the industry.

Possibilities of Spot Baitoru
dip Will Continue Connecting with Users and Client Companies to Further Solve Issues

On the conventional Baitoru site, which mainly provides information on shift part-time work, many mid-tier enterprises and SMEs do not hire year-round, but instead have contracts for individual projects a few times a year. Therefore, it is

sometimes difficult to know when all the job demand will occur. Using Spot Baitoru will enable us to maintain our connection with client companies, and to respond to a variety of recruitment needs. Moreover, dip plans to launch Baitoru Talk, a part-time job communication app, by the end of year. Users can complete shift adjustments on the app, and companies can post jobs for shift and spot hires with a single click.

We are confident that corporate users of Baitoru will grow further as a result of Spot Baitoru and Baitoru Talk.

► Overview of Spot Baitoru Service P. 56

Evolution Toward Solution Sales

Underpinned by our conviction that “people are everything and people are assets,” we have been working on a range of initiatives to make each employee feel fulfilled in the present and feel hopeful and secure for the future, with the aim of becoming “No. 1 in employee satisfaction.” To aid our employees in acquiring even higher-level skills and building more fulfilling careers, we have decided to evolve our sales structure from one based on the customer’s size and region to one that categorizes customers by industry. This will enable employees to gain high levels of expertise in their respective industries. And, when this is combined with in-depth recruitment knowledge and experience, we believe that this will accelerate their growth as highly marketable human resources and facilitate their realization of more fulfilling careers.

As dip evolves from a product-out sales mindset to solution sales that resolve essential customer issues, the company will continue connecting with users and client companies through these two services - dip AI and Spot Baitoru - and utilizing the data they accumulate will allow dip to broaden the scope of its solutions and boost the value it provides to customers. This is how we will bring to

fruition our vision of becoming a “Labor force solution company” and generate high social and economic value.

Creating a New Era with Dreams, Ideas, and Passion
Transforming Changing Times into Evolution and Achieving Sustainable Growth

At present, the entire company is working on dip AI, Spot Baitoru, and the evolution to a solution sales concept. The value we provide has to evolve as the times move forward. As part of this evolution, however, a solid, unchanging axis is crucial to avoid instability. Our philosophy serves as this

axis. I am convinced that a sincere effort by all employees to embody this will enable the company to achieve innovation, sustainable business growth, and increased corporate value.

With my dreams, ideas and passion, I vow to take the initiative in opening a new era. I hope your expectations for the evolution of dip are as high as ours.

*1: Source: Organisation for Economic Co-operation and Development (OECD)
*2: Total of increased hourly wages, bonuses for continued service, incentive payments upon employment
*3: Based on our own research

畠田英揮



COO MESSAGE

Leading the Implementation of Management Strategies and Driving Corporate Growth

Realizing the Improvement of Social and Economic Value Through Innovation



Masatsugu Shidachi
Representative Director,
Chief Operating Officer

Hoping to Make Japan Happy by Increasing Happiness of Work

In 2019, I was appointed as an independent Outside Board Director of dip. My decision to join dip was motivated by my strong sense of empathy of dip's philosophy. I also found the outstanding business sense and leadership of CEO Tomita, very appealing. Two of my main aspirations coincided with dip's philosophy.

The first is empathy for the vision of becoming a "Labor force solution company" that resolves issues in the labor market, as established by dip in 2019. When I heard about this vision of dip using AI and state-of-the-art technology to tackle issues in the labor market from the perspective of recruiting media, I found it interesting. I was convinced that, by leveraging my experience in business development using internet technology and in building data structures, I could make my contribution to society.

The second is the desire to increase the number of people who are happy. Having been in the technology industry for quite some time and having launched numerous digital services, I began to feel that this alone was not sufficient to create a truly happy society. I want to play a part in making people happy by capitalizing to the maximum extent on the power of technology in a business that directly impacts the real world. At a time when this aspiration was growing stronger, I came across this vision of dip, and it resonated deep within me. Work is at the center of the lives of many people. If work brings happiness to people, it should be an all-encompassing happiness. I was very excited by the thought that we could increase the happiness of Japan's working population as well as that of society as a whole if we could bring this vision to life.

These two thoughts became even stronger once I became an independent Outside Board Director. Meanwhile, the president and other executives asked me to put my abilities to work by engaging in company management. So, without hesitation, I agreed. In 2020, I began a new challenge as Board Director and COO, and this marks my fifth fiscal year.

Sustainability Strategy Toward a Sustainable Society

Before I discuss our strategy for realizing this vision, allow me to talk about various problems in the labor market. As many are aware, issues are rife in the Japanese labor market. These include the increasingly severe labor shortage and low productivity compared with other developed countries. The rapid changes in generative AI, robotics, and other new technologies are set to bring about major changes in the way we work. The development of these technologies is also generating new opportunities, and tremendous potential exists for significant improvements in productivity and operational efficiency, the

creation of new jobs and types of work, and heightened job satisfaction with people having the chance to engage in work that adds value.

Meanwhile, we must also be cognizant of the risks that lurk behind this. There are concerns over issues including AI leading to the disappearance of traditional jobs and the widening of economic disparities resulting from changes in the employment structure. With an eye toward the impact that this technological evolution will have on Japan's labor market, last year we reviewed our materiality and reflected our thoughts in 'dip30th', our medium-term management plan. In this plan, after clarifying the social value we create, we established targets for related non-financial KPIs. We have defined the person responsible for the promotion of each KPI and are making steady progress towards realizing our goals.

We will also sustain our focus on "response to the climate crisis." A business like ours making the climate crisis a key theme, despite not consuming large volumes of energy or resources, may seem a bit odd to some people. This indicates our intention to work together to contribute to the trend of addressing the climate crisis as an urgent problem facing the world overall, whether or not we are in the manufacturing domain. We expect to achieve our target of achieving carbon neutrality*¹ for Scope 1 and Scope 2 GHG emissions generated through business activities by the end of the fiscal year ending February 2025. We are also discussing realizing our target for net zero*² emissions, including Scope 3.

At dip, we are working on our materiality through our business activities and taking on the challenge of solving labor market issues. This should result in the creation of higher social and economic value and the ushering in of a brighter future.



Looking Back on the Fiscal Year ended February 2024 (Previous Year)

In January 2024, we made a downward revision to our earnings forecast for the fiscal year ended February 2024. We wish to express our sincerest apologies to our shareholders, investors, and market participants for the considerable concern we have caused and for not meeting expectations.

The primary factors behind this downward revision were the impact of market environment changes and dip’s proactive investment to advertise the release of its new dip AI service in May 2024. After having reflected on this, the company is striving to improve sales and profitability across the board for the fiscal year ending February 2025. In concrete terms, we have clearly delineated our business strategies into those for existing and new

businesses. We are investing in existing businesses to streamline their profit structures, and making the necessary investments to ensure new businesses grow as quickly as possible into businesses that are drivers of sales companywide. There are no revisions to the medium-term management plan.

Steady Progress Toward Realizing the Medium-Term Management Plan, ‘dip30th’

Progress in the First Year of the Medium-Term Management Plan (FY’25/2)

With the accelerating shortage of labor, the needs and values of workers are also becoming increasingly diverse. As a result, during the job selection process, users have to choose from a significant

number of services and a considerable volume of job information to find a job that meets their needs. Moreover, startup companies are emerging in the spot work market. In the past, dip has a history of evolving and growing during such times of change. We will create a new era and achieve growth in our business through problem solving and the creation of innovation with our user-first services. The medium-term management plan ‘dip30th’ charts our course for this future. We are progressing steadily this year, the first year of our medium-term management plan. This is evidenced by the release of two services, Spot Baitoru and dip AI, which are among the pillars of our growth strategy, and which constitute the most significant new projects since the founding of the company. Now I will explain the three pillars of the growth strategy in the medium-term management plan, aimed at achieving our vision of becoming a “Labor force solution company.”

First Pillar of Growth Strategy: Transforming the Business Structure Through Spot Baitoru and dip AI

dip is endeavoring to transform its business structure based on the concept of remaining connected with users and companies. These services will help users and client companies to stay connected with dip, from job selection through the interview and up to and including shift management after being hired.

Enabling client companies to use dip’s various services efficiently on a single integrated management screen helps us to increase the opportunities to use the services, accelerate applicant acquisition, and boost operational efficiency to enhance economic productivity. Leveraging the data dip accumulates through its services allows the company to improve its ability to provide solutions to the issues its users and client companies face and, as a result, evolve as a “Labor force solution company.” The services that will be key in achieving this business structure transformation are dip AI and Spot Baitoru.

We are scheduled to expand Spot Baitoru, launched across the twenty-three wards of Tokyo on October 1, 2024, on a national scale by the end of the year. We have already received a lot of user and customer feedback, and are promptly incorporating it with the aim of further improving the quality of the service. Through these initiatives, we will prepare for nationwide expansion and strive to heighten user and client company satisfaction.

During the medium-term management plan period, we will concentrate our efforts on developing dip AI to raise quality. Our objective is to achieve interactive job selection that, through dialogue with AI, allows users to find the job for which they are best suited. We aim to broaden the scope of application to encompass our existing businesses in the fixed-term employment realm, as well as the medical, nursing, and welfare fields, and to pave the way for its application in additional domains.

Second Pillar of Growth Strategy: Evolution of Solution Sales

We also need to evolve our sales activities to become a “Labor force solution company.” We will evolve from a sales mindset in which we solve client companies’ recruitment and related issues centered on our existing services, to solution sales where the aim is to ascertain and deal with the issues of each client company by industry. There is no scarcity of labor-related issues, and with the working population on the decline, workers’ values diversifying, and AI and other technologies being developed, companies are under pressure to reform their human resource management - including personnel acquisition, placement and training - in accordance with their business strategies. Alternatively, before hiring, it may be necessary to understand business issues and review business processes. Furthermore, as business and competitive environments differ by industry, problems must be resolved in accordance with their respective characteristics. We are aiming for comprehensive human resources solution sales by

partnering with client companies to address their issues. For this purpose, dip is focused on the development and recruitment of highly marketable human resources with considerable expertise in their respective industries and deep recruitment-related knowledge and experience. We will work to boost productivity by reinforcing human capital in this manner.

With directors taking the lead, all personnel in management positions are currently identifying issues and considering necessary measures, and we are discussing how to bring this to fruition.

Third Pillar of Growth Strategy:
Fortification of Product Development
Integrating various services and data is vital in ensuring that dip remains connected with users and companies. Furthermore, it is also necessary to quickly deliver value to users and client companies, and to repeat the cycle of using feedback to implement improvements in our evolution toward solution sales. If the pursuit of perfection in developing a product delays its release for an excessive period, it is possible that the initial issues it was intended to resolve will have changed, or that the original hypothesis has become outdated, and by then it will be too late. We provide services swiftly and work with users and client companies in product development. It is our belief that this approach will lead not only to genuine problem solving, but also enable continued use and sustained connection.

We are currently working to evolve product development methods and systems as well as our testing of hypotheses. We conduct development in the smallest units to facilitate improvement based on user and client company feedback. We are promoting a scrum team structure that provides value as quickly as possible, and integrated manufacturing and sales that unify the processes from development through sales for each product. Moreover, in addition to product developers listening directly to input from users and client companies, the testing of hypotheses entails promoting

rapid repetition to generate reproducibility and allow for corrective action. We will construct a system that enables the prompt delivery of optimal value to users and client companies.

There is still more work to be done to bring these three growth strategies to fruition, but we will remain steadfast in our commitment to overcome the challenges and continue aiming for further growth and business evolution, as we move toward realizing our vision of becoming a “Labor force solution company.”

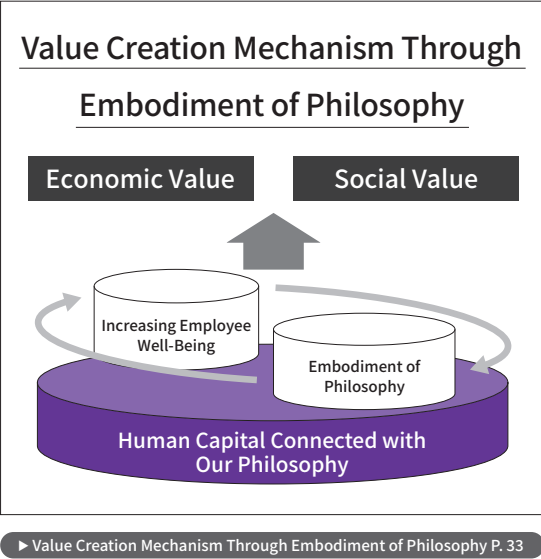
Aiming to Be No. 1 in Employee Well-Being

Finally, I would like to touch on the reason dip aims to be No. 1 in employee well-being and share our thoughts on this. Our concept of happiness is based on three pillars: the current sense of fulfillment, a hopeful, secure future, and the feeling that one’s existence matters. The wish of our management team is to make dip a company where employees are happier to work than they would be anywhere else.

When a group of people with a shared desire to change society with their dreams, ideas and passion gather, they grow by working together, enjoy fulfillment day after day, and feel a sense of meaning in their individual existence. At dip, the culture is to celebrate the efforts and successes of colleagues regardless of tenure, status within the company or gender. To this point, we have worked diligently together with our colleagues, overcome numerous challenges, and achieved a great deal. When we accomplish a major goal, the experience becomes even more moving when we can share that joy with friends. And I feel that communicating face to face further intensifies this feeling of happiness. At dip, we were among the first to change our workstyle in March 2024 to require employees to come to the office, and we have experienced the benefits of this. Recently, companies are being reminded of the importance of face-to-face

communication. Going forward, we would like to maintain an environment where employees with personal circumstances including childcare and nursing care can enjoy peace of mind while working. We also want to evolve our style of work - based on the principle of being present at the office - so that we can realize more creative learning and growth within the organization.

Aiming to be No. 1 in employee well-being extends beyond making employees happy - it is also directly linked to success in business. If employees are happy, their concentration, creativity and problem-solving abilities improve, which in turn leads to higher productivity. There is a strong correlation between this state of happiness and the embodiment of our philosophy. By having each employee embody the philosophy in their daily tasks, we aim to increase employee happiness by helping them derive joy from their contribution to our users and client companies.



As one of the initiatives in place to boost employee happiness and promote the spread of the company’s philosophy, the Workplace Creation Dialogue program sees me visiting offices around the country and having direct dialogue with people. Through activities that encourage each

employee to reflect on their own “work satisfaction switch” and “values they want to cherish”, we are creating a space where employees can deepen their understanding of each other and find ideas that will lead to the evolution of the workplace. After each dialogue, I can clearly see strong determination on the part of participants, which is very encouraging. Based on the belief that “Each employee has a role to play in creating dip,” I am confident that the work and workplace of dip will evolve according to the contributions of each individual.



▲ Workplace Creation Dialogue

Continue Leading dip’s Evolution

The rapid evolution of technologies such as AI has sparked the emergence of solutions to issues previously difficult to solve. While technology can provide us with convenience, I don’t feel it has reached the point where it can create happiness. My dream of using technology to make more people happy, however, is on the verge of coming true. As COO, I am prepared to further demonstrate my leadership and achieve the realization of a new era and the targets of medium-term management plan ‘dip30th.’ Once that happens, we will have come a long way toward realizing our vision of a society where everyone can experience the joy and happiness of work. Please look forward to dip’s innovations as well as its continuous evolution.

*1: Aiming for zero GHG emissions (Scope 1 and Scope 2) generated through our business activities
*2: Aiming for zero GHG emissions (Scope 1 to 3) across the breadth of the supply chain

CFO MESSAGE



Boldly Taking on the Challenge with Aim of the Sustained Enhancement of Corporate Value

Balancing Investment in Growth and Shareholder Returns to Achieve Innovation

Haruhiko Arai
Executive Officer, CFO (Chief Financial Officer)
Head of Corporate Management Group

Implementing Growth-Oriented Financial Strategy to Maximize Equity Spread In the Fiscal Year Ending February 2025, Focusing on Building a Foundation for Accelerating Medium-Term Growth

In November 2023, we believed that the need for balance sheet management had grown in importance due to the potential for increased cash flow in line with medium-term profit growth. This resulted in discussions with numerous investors and subsequently the formation of a new financial strategy in our medium-term management plan, ‘dip30th.’

To enhance corporate and shareholder value, it is extremely important to continue generating and expanding returns surpassing the cost of shareholders’ equity for the capital entrusted to us by our shareholders. For this reason, dip aims to maximize the equity spread by improving return on equity (ROE) and reducing the cost of equity capital.

With regard to improving ROE, I will work to achieve our ROE targets and improve economic value, in addition to those for sales and operating income. I also hope to contribute to resolving social issues based on materiality and to continuously create social value. As for reducing cost of equity, the cost of equity is assumed to be around 10–11%*. We will be further accelerating various initiatives to lower the beta (market sensitivity) over the medium term (see Financial Strategy on page 69).

This fiscal year, with InnoVation as our strategic theme, we will create more cash flow by streamlining the profit structure of our existing services. And, by reallocating these funds to investment in human resources, promotion, and development related to the new services Spot Baitoru and dip AI, we will work to construct a foundation for medium-term growth.

*Cost of equity assumptions
Risk-free rate (0.9%) + beta (1.4) x market risk premium (6–7%)
•Risk-free rate: October 2024 average of the 10-year new issue JGB rate
•Beta: Five-year monthly figures
•Market risk premium: Calculated based on the anticipated long-term market yield calculated by dip

Viewing Environmental Change as an Opportunity and Leveraging our Strengths to Create Unique Social Value

The market for ads for part-time jobs has weakened since the second half of last year due to flagging demand in areas such as food and beverage, manufacturing, and administration. In certain areas, however, there are indications of a recovery.

Given demographic trends in Japan, the decline in the working-age population is inevitable, and the labor shortage is expected to worsen. As a result, while there may be fluctuations, we forecast gradual medium- to long-term market growth, and a further increase in the social significance of our business.

With regard to the competitive environment, despite the currently evident emergence of new service providers, we view the change in the environment as an opportunity. Naturally, it is important to view these as threats, analyze them

thoroughly, and expose any risks, and we are working hard to do just that. In addition, by leveraging our strengths “human capital connected with our philosophy” and a “highly loyal user and customer base,” we believe we can provide services and functions that other companies do not offer, enhance our presence in the market, and create social value that only dip can offer.

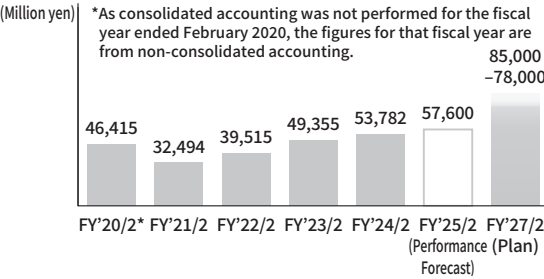
On recruitment media such as Baitoru, for instance, our strength is the proprietary, rich content gathered by our 2,000 direct sales employees which is not available on aggregation sites. Another distinguishing feature is the job offers with higher hourly rates that we have succeeded in securing thanks to the relationships of trust our sales staff have forged with client companies. Moreover, in services that utilize AI, the quality and quantity of the information input are crucial. The data collected by dip’s direct sales employees who actually visit the part-time job locations - such as information concerning the workplace, the nature of the job, and the appeal of potential colleagues - is something no company other than dip can provide. We believe that, because it is supported by this type of information, dip’s AI engine can provide singular value.

Furthermore, in addition to the experience we have accumulated over 20 years in the human resources business, we believe that the key to differentiating ourselves in developing Spot Baitoru is to fully capitalize on our 2,000-strong sales force, our extremely loyal user base, and our customer base. We also have the advantage of being able to provide recruitment services for both shift and spot work. We will fully leverage our business know-how and unique resources, cultivated over many years based on the user first principle. And in the spot work domain, we will also endeavor to realize improvement in the treatment and status of fixed-term workers and create social value.

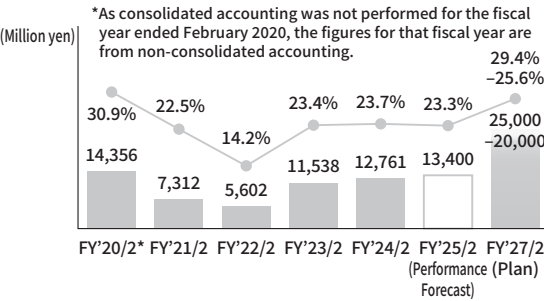
Increase Operating Income and ROE over the Medium Term Through Aggressive Investment in New Services

In the second half of the fiscal year ended February 2024, we revised our performance forecast downward in January 2024 owing to a decline in sales to office temp staffing and business process

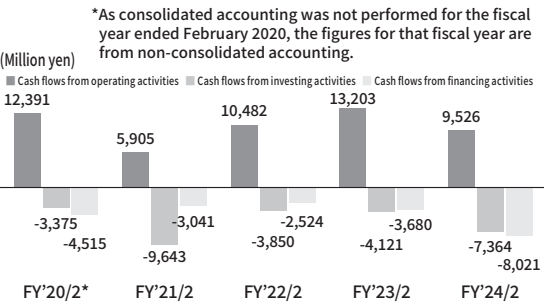
► Sales



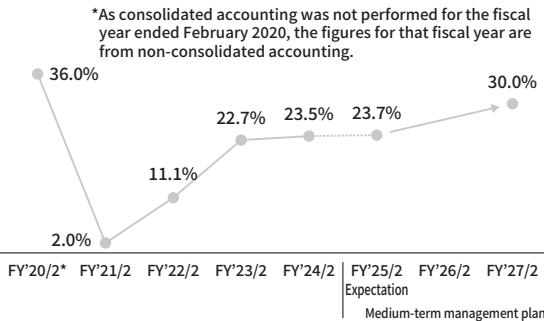
► Operating Income/Operating Income Margin



► Cash Flow



► ROE Outlook



outsourcing (BPO) companies resulting from the drop-off in COVID-19 special demand and the effect of deteriorating market conditions in the food and beverage and manufacturing sectors. Though this is attributable to market environment changes, we are also cognizant of the need to be able to rapidly identify and respond to these changes by adjusting our strategy. In line with this, we are presently working to augment our business management capabilities, including market environment analysis and KPI and performance management, and to promote more flexible execution of our strategy.

ROE for the fiscal year ended February 2024 was 23.5%, up from 22.7% in the previous year. The improvement was attributable to improved profit margins and higher capital efficiency through the repurchase of company shares. While this is already high compared with the average of 9.6% for companies listed on the Prime Market of the Tokyo Stock Exchange, we will further boost it to 30% by the fiscal year ending February 2027 by implementing the strategies laid out in our medium-term management plan.

To improve ROE, I believe it is important not only to increase profit margins but also to boost operating income over the medium term. Naturally, we will steadily implement our financial strategy based on the cash allocation policy described below. The key to this policy, however, is that we do not retain surplus cash, based on the premise of actively investing the cash in medium- to long-term business growth to expand future cash flow. Under a solid business management structure, we will execute growth investment while clearly defining and monitoring the anticipated effects.

◆ Cash Allocation Policy

Basic policy: Cash allocation with an emphasis on growth investment and shareholder returns	
Growth investments	<ul style="list-style-type: none">● Investments for the growth of existing businesses and the creation of new businesses (human resource investments, system investments, promotional investments, etc.)● Investments in research and development related to AI and other advanced technologies and their use in business● M&A and other investment aimed at accelerating business growth
Shareholder returns	<ul style="list-style-type: none">● In principle, the Company will maintain a payout ratio of 50%, with the dividend paid in the previous fiscal year as the lower limit. Dividends are paid twice a year. ● Aim for a total payout ratio of 65%● Consider additional shareholder return measures, taking into account cash position and other BS conditions, prospects for achieving financial targets, stock price levels, and other factors.<ul style="list-style-type: none">▶ The funds necessary for business operations are called Maximum Cash,* and in principle, excessive cash and deposits beyond that limit are not held.▶ However, we do not make decisions based on a single fiscal year, but carefully assess medium-term investment opportunities, and if there are any excess cash and deposits, we return them to shareholders.▶ In a situation where it may be difficult to achieve the medium-term profit target, we will consider additional shareholder returns to bring ROE closer to the target, taking into account the BS situation, stock price levels, and other factors. <p><small>*Maximum Cash concept: Sum of three months of payments. Total amount of tax and dividend payments during this three-month period (Reference) FY'25/2: ¥17.0 bn* (March 2024–May 2024 payments ¥11.0 bn + taxes ¥3.0 bn + dividend payment ¥2.7 bn)</small></p>

This will lead to expanded sales and operating income and improved ROE.

Despite Some Issues, Progress Is Generally Steady in the First Year of the Medium-Term Management Plan

This fiscal year, we launched the new services Spot Baitoru and dip AI, the pillars of our medium-term management plan, and we are making steady progress with the first year of the medium-term plan. We are also striving to streamline the profit structure of existing services and have further enhanced our advertising efficiency since Shohei Ohtani became our brand ambassador. Moreover, we have succeeded in carefully selecting projects for development investment related to existing services and in keeping the amount invested below our original estimates. Thanks to these initiatives, the segment profit margin for the personnel recruiting services business has improved from 34.3% (first half of the fiscal year ended February 2024) to 37.3% (first half of the fiscal year ending February 2025*).

While non-financial indicators are generally progressing smoothly toward our medium-term targets, the turnover rate remains an issue. Although the figure for the fiscal year ended February 2024 was up only slightly from 12.6% of the previous fiscal year to 13.7%, this fiscal year saw a temporary rise in the number of employees leaving the company after we transitioned back to in-office work in March 2024. We are currently implementing various measures, and as our

strength is human capital connected by our philosophy, we will continue to work earnestly toward improving employee happiness to reduce the turnover rate.

*Calculated based on figures for the Adjustment segment, which takes corporate advertising-related expenses into account.

Fundamental Earning Power Unchanged Since Prior to the COVID-19 Pandemic

There have been inquiries from some investors concerning the reason for sales exceeding pre-pandemic levels, while profits are less than pre-pandemic levels. This is an important question regarding dip’s fundamental profit-generating capability, so I will address it here.

Underpinned by our medium-term management plan, we are currently working to streamline the profit structure of our existing services, generate more abundant cash flow and allocate it to growth investments, with the goal of achieving high growth in sales and profit over the medium term.

We forecast full-year operating income for the fiscal year ending February 2025 of ¥13.4 billion, but if we exclude the impact of the growth investments noted below, it should exceed ¥17.0 billion (operating income margin of around 29.5%), surpassing the level of ¥14.3 billion achieved prior to the pandemic. In other words, our fundamental earning power has not changed since prior to the pandemic. We believe that we will succeed in achieving high growth in sales and profit by

generating returns on these growth investments in the fiscal year ending February 2027, the final year of the medium-term management plan.

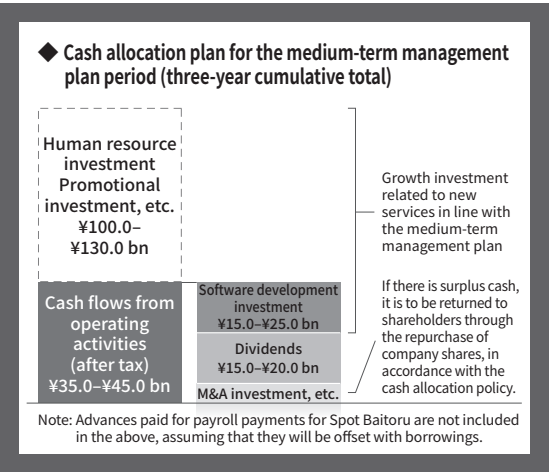
Growth investment details (impact on profit for the current fiscal year: Around -¥4.0 bn)

Human resource investment	We hired 600 new graduates in April 2023. In previous years, we have typically hired between 300 and 400, making this the largest number ever. While the increase in the proportion of new graduates will bring about a short-term drop in productivity across the company, high productivity is expected as they become third-year employees in the fiscal year ending February 2026 (annual sales of ¥4 million in their first year of employment ⇒ ¥59 million in their third/fourth year). Meanwhile, the issue regarding these new graduates is productivity that is lower than it had been in previous years. As we are currently on a recovery trend, in addition to continuing to provide careful management, we will also improve productivity by increasing sales efficiency through proposals that position Spot Baitoru as an appealing feature, while also raising operational efficiency through the use of AI tools.
Investment in new services	(1) Human resource investment (sales, customer service, and planning human resources recruitment), development investment, and promotion investment related to products including Spot Baitoru, dip AI, and DX sales promotion area product MEO KOBOT. (2) Development and operation of tools related to the AI utilization project (Aredoko dipper-kun (improving sales proposal efficiency), Aipen (automation of job advertisement creation))

Steadily Implement Financial Strategy. Enhancing Corporate Value to Meet Shareholder Expectations

In June 2024, we announced the repurchase of ¥5.0 billion worth of company shares. We executed the repurchase in accordance with our cash allocation policy, as even after accounting for growth investment, the company expects to have around ¥5.0 billion in surplus cash at the end of the current fiscal year. Additionally, the share price is regarded as being undervalued, given medium-term performance growth. We will continue adhering to our cash allocation policy and lead from a financial viewpoint to make sure that the growth investments we are currently implementing are ultimately fruitful.

We will improve our corporate value by increasing the value provided to users and client companies and creating social value, thereby satisfying the expectations of all of our stakeholders. We humbly ask for your continued support.




Value Creation Process

At the heart of dip's value creation is our philosophy. With our philosophy as our axis, we strategically invest in the six materialities that lead to sustainable improvement in corporate value while solving social issues to realize our vision. These are the issues that we focus on while conducting our business activities. Leveraging dip's strength in human capital connected with our philosophy, our business activities create value through our combined capabilities of service development, promotions, and sales. The power of data and technology accelerate our progress and help continue to create high social and economic value.


dip Philosophy, Which Lies at the Heart of Value Creation → P. 31

Materiality → P. 35


● Business Materiality




Creation of diverse employment opportunities
Elimination of employment mismatches



Improvement of human resources and economic productivity
Creation of rewarding workplaces




Promotion of DEI
Respect for human rights




Response to the climate crisis

● Management Foundation Materiality



Strengthening human capital connected with philosophy



Strengthening governance

Source of Value Creation

Financial capital

Robust financial base

Total assets ¥50.7 bn

Equity ratio 77.3%

Human capital

Human capital connected with philosophy

Employees 3,116

New graduate hires 612

Mid-career hires 178

Social and related capital

Diverse user base
Customer base supported by strong relationships
External partners that foster collaborative creation

Customer base 150,000 companies

Companies in which we have invested 22

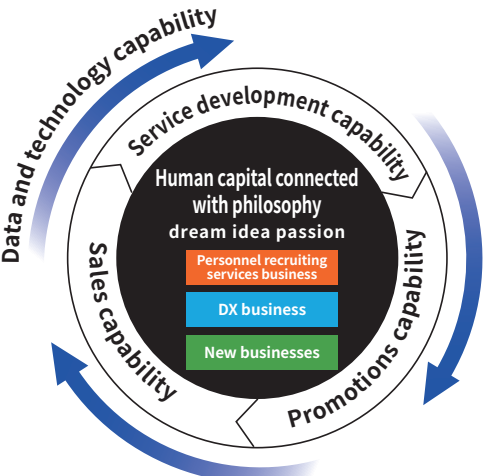
Intellectual capital

Sales know-how/expertise in developing original services and functions

Number of patents (including pending applications) 15

Business Activities → P. 51

Value creation system



Value to Be Created

Social value

- Increase the number of employment opportunities for diverse human resources by expanding the options for work styles and careers
- Increase the number of workers who can demonstrate their capabilities and work with a sense of reward and a high degree of well-being
- Strengthen human resources through worker engagement and skill building
- Improve working conditions of employees and create job satisfaction by improving corporate productivity
- Promote operational efficiency and facilitate innovation through the use of AI and DX
- Promote gender equality and increase employment rates for people with disabilities and senior citizens
- Reduce the number of workers whose human rights have been violated
- Contain the climate crisis and expand the share of renewable energy
- Reduce the loss of employment opportunities for people who have been affected by the climate crisis

Economic value

FY'27/2

Sales ¥78.0-85.0 bn

Operating Income ¥20.0-25.0 bn

ROE 30%

dip Integrated Report 2024

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Introduction | Message from Management | Value Creation Process | Materiality | Growth Strategy | Governance | Data Section

dip Philosophy, Which Lies at the Heart of Value Creation

At the foundation of the value creation process is “philosophy.” Since its founding, dip has adhered to a management approach that centers on its philosophy and is based on the belief that “people are everything and people are assets.” Our philosophy comprises multiple elements: the Corporate Philosophy, the Vision, the Brand Statement, the dip WAY, and the Founder’s Spirit. This philosophy serves as dip’s management philosophy, as well as the code of conduct for dip employees. By sharing the philosophy with all employees, workers with high aspirations become the source of innovation and the driving force behind sustainable corporate value improvement.

Corporate Philosophy

Here at dip, we want to tap into dreams, ideas and passion to create a better society.

Our Corporate Philosophy begins with “Here at dip, we” rather than simply with “dip.” The strength of dip lies in the fact that individual employees channel their dreams, ideas, and passion into making our Vision a reality and achieving the ultimate goal of creating a better society. The vision inspires a sense of enthusiasm among employees and is the foundation for the creation of various new business and service ideas. Likewise, our willingness to tackle social issues head-on has earned us trust and support from our users and clients, creating the basis for long-term loyalty. Furthermore, a corporate culture that places importance on its social mandate attracts talented people and improves employee retention. Here at dip, we will continue to provide businesses and services that are beneficial to society, remaining true to our Corporate Philosophy and Vision while adapting flexibly to changes in technology and society.

Brand Statement

One to One Satisfaction

We pursue ‘user-first’ services that are accessible to each and every one of our customers.
We will achieve ‘No. 1 satisfaction’ for everyone involved in our business.
Based on the belief that ‘people are everything and people are assets,’ we aim to be ‘No. 1 in employee well-being.’

The process begins with us having a deep understanding of, and empathy for, problems in the labor market through conversations with users and sales meetings with clients, as dictated by our Brand Statement: One to One Satisfaction. The next step is to clarify the situation and identify important problems for which society demands solutions. With that firsthand knowledge, we then refine the concept of a new business or service from a user-first perspective. Our strength lies in the fact that we work together with clients to develop businesses and services that are highly valuable to users. This results in attracting users and clients, creating a virtuous cycle. This increases sales from client fees, creating economic value, while at the same time addressing social issues and creating social value. Such user-first businesses and services represent the embodiment of dip’s Corporate Philosophy. Our business is aimed at providing value simultaneously to users, clients, and the wider society, thereby achieving “No. 1 satisfaction” for everyone involved. This applies to employees as well: our Brand Statement declares that we aim to be No. 1 in employee well-being, guided by the belief that people are everything and people are assets. That is exactly why dip has been achieving success.

Society undergoes constant change as technology advances at a rapid pace. In such a dynamic business environment, if companies simply repeat what went well in the past following the plan-do-check-act cycle, they will have difficulty seizing future opportunities. Swiftly responding to this change, dip has created businesses and services that transcend traditional boundaries. At dip, our approach is to pursue new possibilities by tapping into dreams, ideas, and passion. For example, we entered the digital transformation (DX) business in 2019 by expanding the scope of the existing personnel recruiting services business. Anticipating significant labor shortages in the future, we set a new vision of being a “Labor force solution company,” and launched our new DX business in addition to our traditional personnel business. We launched the new business to provide services that automate manual processes.

Labor force solution company

Through the provision of human resource services and DX services, and by working to solve various problems in the labor market, we aim to realize a society in which everyone can experience the joy and happiness of work.

Vision

The dip WAY and Founder’s Spirit serve as a code of conduct and a philosophy of action that have been cultivated by dip founder Hideki Tomita and his employees as they have overcome various difficulties since the company’s founding. To create and maintain valuable businesses and services, we must squarely face difficulties, small or large, and overcome them by repeatedly trying, failing, and reflecting. Over the years, dip has successfully overcome many difficulties. What has made it possible is that the dip WAY and the Founder’s Spirit have firmly taken root throughout the Company. The code of conduct and behavioral philosophy have been shared, helping not only individual employees but also the entire Company to evolve and grow. As such, they have played the essential role in dip’s continued development. The dip WAY and the Founder’s Spirit have guided, and will continue to guide, employees to the next level as they take on new challenges every day.

dream

We have our own dreams. We talk about our dreams. We strive to make our dreams come true. We never give up along the way.

idea

Ideas are the source of growth and development. We will create a free and vigorous corporate culture overflowing with diversity and as innovators in the field, we will pursue the imagination of valuable services.

passion

Being passionate about our work encourages the people around us to be passionate. Praise one another generously, celebrate joy, recognize worry, encourage each other and discuss everything. Maintaining unity, we continue to win the victory through our teamwork and leadership.

1 See tough situations as opportunities.

Turn difficulties into opportunities through a change in mindset. Under every circumstance, be vigilant; don’t let your guard down. Take a bird’s-eye view of things from every angle and then pioneer your own way.

2 Continue to take on new challenges.

No matter the situation, do not be afraid of failure; persevere boldly. Solve social issues as an innovator with the spirit of a pioneer.

3 Never give up.

With a strong will and dedicated action, keep going. Never give up. If you fail, learn. Complete greater achievements.

4 Go beyond expectations.

Do not just accept, “think” and drive value from your own ideas. Exceed expectations. Propel your own growth.

5 Enjoy your work, enjoy your life.

It is our goal that every employee enjoys both work and private life, and leads a happy life, fulfilled both physically and mentally.

6 Each employee has a role to play in creating dip.

Cultivate your individuality in the philosophy we share. Make your mark in building our future.

dip WAY (our code of conduct)

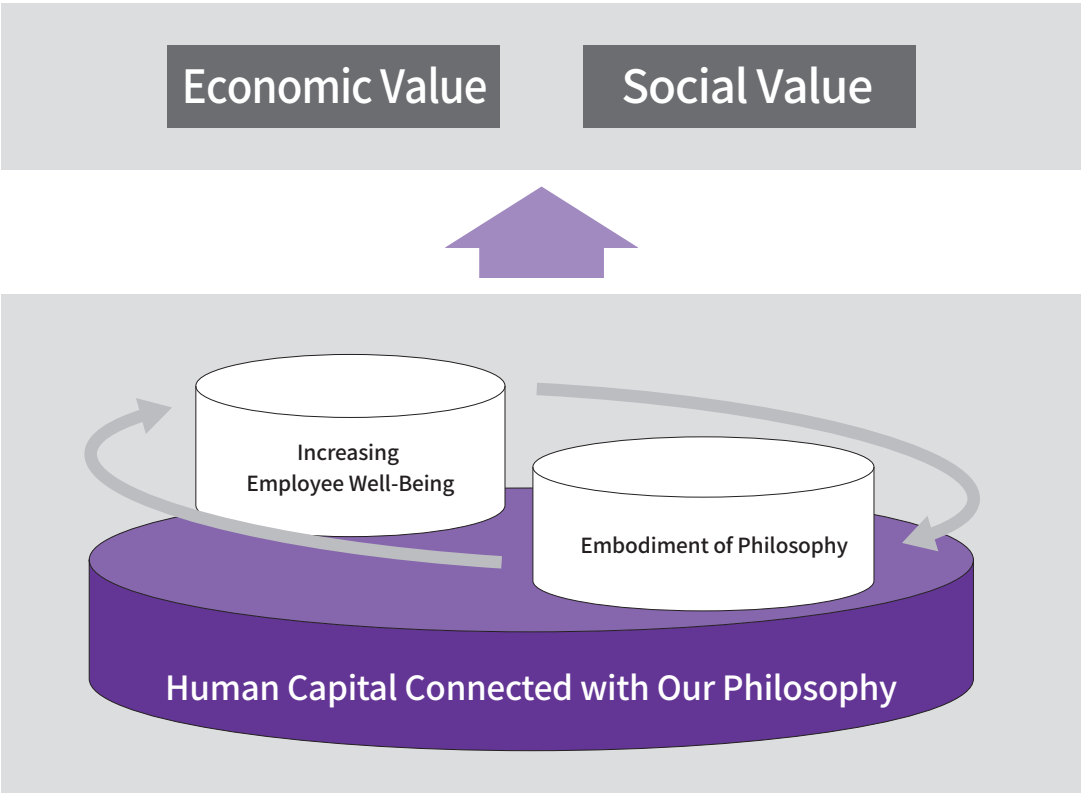
Founder’s Spirit (our behavioral philosophy)

Value Creation Through Embodiment of Philosophy

Based on the belief that “people are everything and people are assets,” dip continues to focus firmly on and invest in human resources as the core of our management. This belief is grounded in the philosophy that our founder Tomita has developed over many years of overcoming difficulties and challenges together with his employees. This is a philosophy of management and a guiding principle for dip’s employees. Each employee’s resonance with, action toward, and embodiment of the philosophy will help create social and economic value and, in turn, realize “No.1 in employee well-being.” This cycle is the backbone of dip’s human capital management.

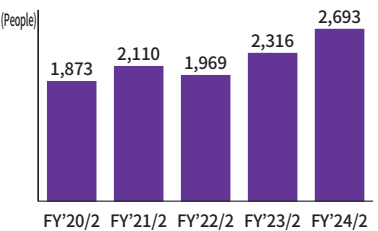
Value Creation Mechanism Through Embodiment of Philosophy

dip’s emphasis when recruiting is empathy for the philosophy that serves as the foundation of value creation. Each of our employees creates social and economic value through the embodiment of this philosophy in executing their daily duties. Moreover, experiencing the joy and happiness of working by embodying the philosophy, and gaining a real sense that this leads to creating social value, results in employee happiness increasing even further. This cycle accelerates the embodiment of the philosophy. As economic value expands, and investment in human capital progresses, the foundation of our organization is strengthened.



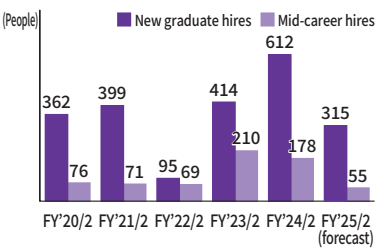
Trends in Number of Employees

The number of employees—the foundation of value creation—is gradually rising.



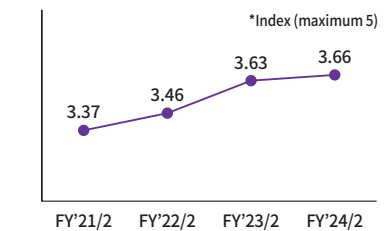
Trends in Number of Hires

We have succeeded in steadily recruiting people who share our philosophy.



Trends in Employee Well-Being

The happiness index, which measures the joy and happiness of working, is improving year by year.



Realizing “No.1 in Employee Well-Being” Through Embodiment of Philosophy

Aiming for No.1 in employee well-being not only fulfills our commitment to employee happiness, as expressed in dip’s Brand Statement, but is also closely linked to the success of its business. People perform best when they are happy. According to a study by Oxford University, happy employees are 13% more productive than unhappy employees. dip sees the same trend. Happy employees are more focused, more creative, and better at solving problems, which leads to increased productivity.

Relationship Between Embodiment of Philosophy and Employee Well-Being

Cross-referencing the employee well-being levels with the ES survey (employee satisfaction survey) items reveals factors that increase their well-being. Sense of reward, sense of self-efficacy, sense of aptitude for a job, and sense of growth are having the most significant impact on employee well-being. People who become employees of dip identify with our philosophy and have decided to join us with a strong desire to improve society with their dreams, ideas, and passion. And the embodiment of the philosophy through work is a rewarding experience where employees can sense their contribution to society and fulfillment, as well as their own personal growth. The results of the ES survey are clear evidence that the embodiment of our philosophy is linked to employee happiness.

Factors That Increase Employee Well-Being

The following four factors are the key drivers behind increased employee well-being.



Relationship Between Philosophy and Monthly Productivity

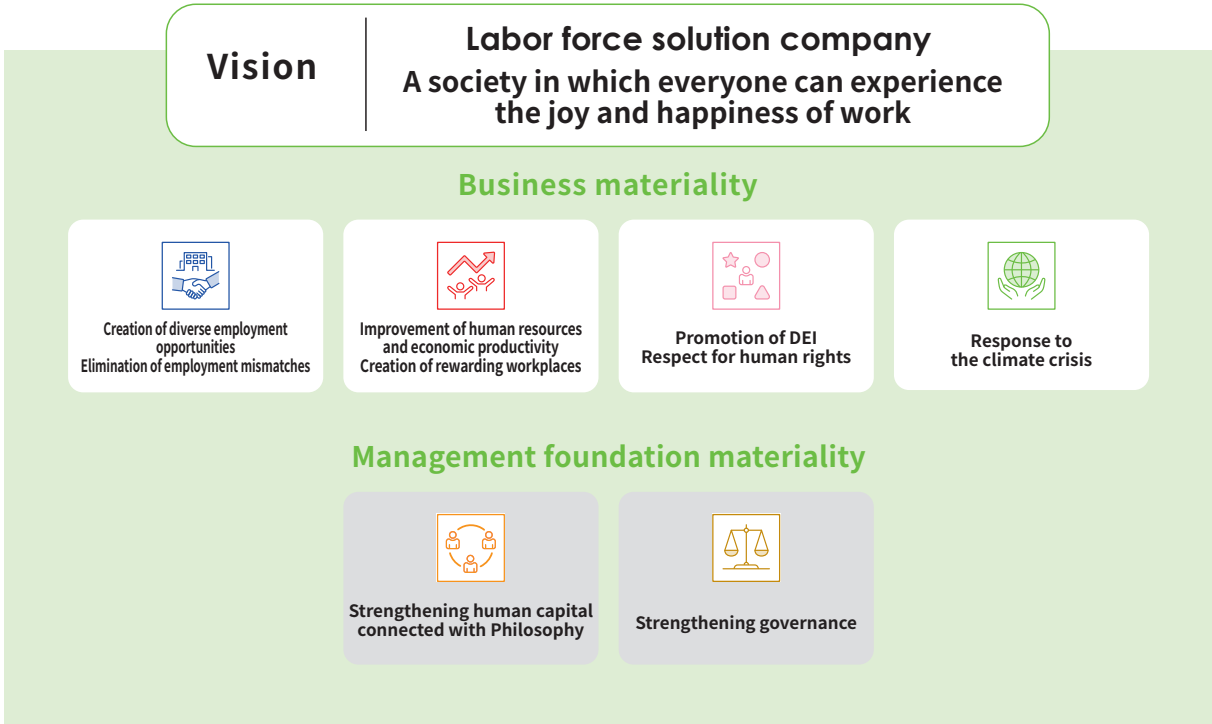
Employees with a high level of empathy for the company’s philosophy exhibit higher productivity.



Materiality

Materiality

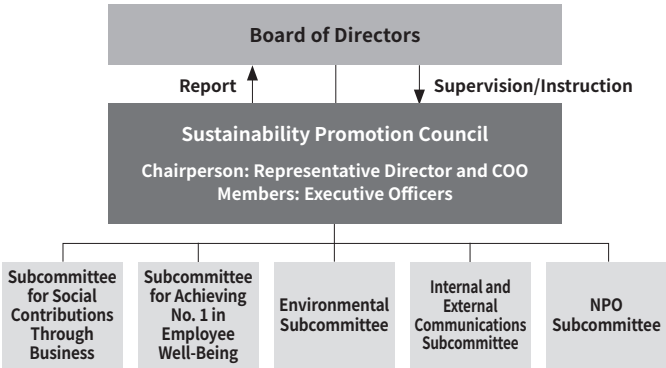
dip has identified its materiality as important matters that are linked to sustained enhancement of corporate value while solving social issues toward the realization of its vision in keeping with its philosophy. Based on our philosophy, all employees work together on the materiality, thereby creating high social and economic value, and aim to achieve sustained enhancement of corporate value.



Sustainability Promotion System

dip has established the Sustainability Promotion Council, chaired by the Representative Director and COO and consisting of all Executive Officers, to engage in efforts toward the realization of a sustainable society.

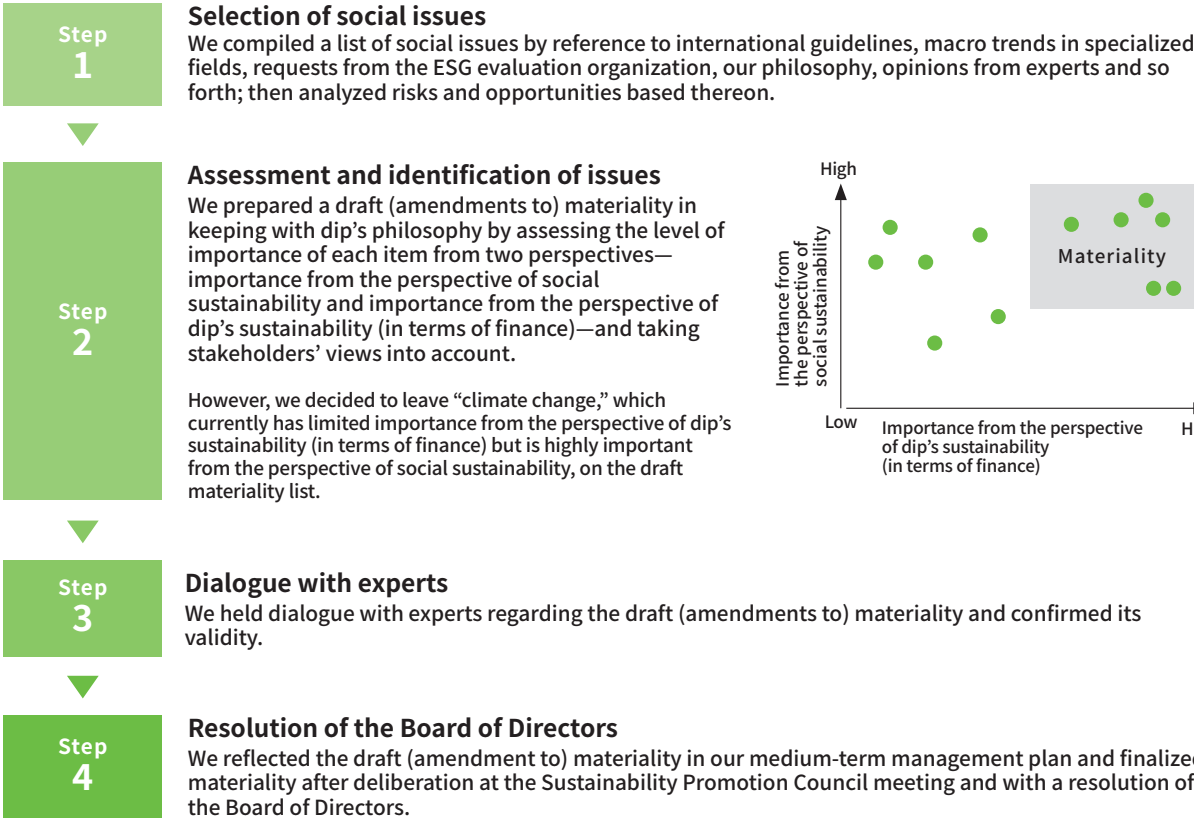
The Sustainability Promotion Council, which conducts quarterly reviews of its progress, formulates strategies and measures based on the sustainability policy and important matters decided by the Board of Directors. In addition, the Board of Directors regularly receives reports from the Sustainability Promotion Council on the content of its discussions and the progress of measures, supervises the progress towards the goals, and gives instructions as necessary.



Process for Identifying and Reviewing Materiality

dip identified its materiality in the fiscal year ended February 2023, and have been continuously reviewing it based on trends in the international community and feedback from stakeholders. During the fiscal year ended February 2024, we reviewed our materiality in light of the impact of advances in AI and other technologies on the labor market in Japan and incorporated them into, our medium-term management plan 'dip30th.'

In the previous review, we evaluated and thoroughly discussed the impact of advances in AI and other technologies on the labor market, users, customers, and the Company. The discussions did not lead to any changes in materiality items, but the results were reflected in the descriptions of materiality, and initiatives are already under way accordingly.



Comments from external experts


















A distinctive feature of dip's materiality is that it includes DEI, human rights, and climate crisis in business materiality, which it addresses through its main business. These themes are often addressed primarily as management foundation materiality, which represents defensive elements, but dip dared to place them under business materiality, with offensive elements, and aims to create economic value and increase corporate value over the medium to long term. I would say this is an extremely ambitious materiality selection concept.







Takeshi Kawai
CEO and Sustainability Management Designer, Jizokukano.LLC.

Description of Materiality

Aiming to achieve the vision of becoming a “Labor force solution company—to realize a society in which everyone can experience the joy and happiness of work,” dip will address the four items under business materiality and the two items under the management foundation materiality.

Materiality	Description of materiality	Opportunities associated with materiality	Risks associated with materiality	Social value to be created	Relevant Sustainable Development Goals (SDGs)
 Creation of diverse employment opportunities Elimination of employment mismatches	Creating a diverse workforce and a variety of work styles by means of AI and other technologies, we will increase the mobility of human resources while eliminating mismatches in hiring. In this way, we will allow each individual to demonstrate their strengths to the fullest and enjoy better working conditions, thus increasing the number of employees who experience the joy and happiness of work.	<ul style="list-style-type: none"> ● An increase in the labor force participation rate (by helping create new occupations and job types, diversify work styles, etc.) ● Improvement of matching ● Career development and skill building by workers ● Expansion of safety nets for workers ● Creation of new services 	<ul style="list-style-type: none"> ● Greater risks associated with data management owing to enormous amounts of personal information being gathered ● Disruption of the existing business models 	<ul style="list-style-type: none"> ● Increase options for jobs, work styles, and careers and expand employment opportunities for diverse people ● Increase the number of workers who can demonstrate their capabilities and work with a sense of reward and a high degree of well-being 	 
 Improvement of human resources and economic productivity Creation of rewarding workplaces	Utilizing technology to increase the engagement and skills of hired personnel and raise their productivity and capacity for innovation, we will help companies increase their profitability, improve the compensation of their workers, and create a workplace that is full of job satisfaction.	<ul style="list-style-type: none"> ● Acceleration of companies' efforts to raise economic productivity ● Increased need to improve compensation and working conditions for workers and ensure occupational health and safety ● Increased job satisfaction thanks to AI and robotics 	<ul style="list-style-type: none"> ● A deterioration in corporate competitiveness and profitability due to delayed efforts to improve human resources and productivity ● Increased difficulty in personnel and organizational management and engagement ● A widening gap in corporate competitiveness reflecting a varied degree of use of data and technology 	<ul style="list-style-type: none"> ● Strengthen human resources through worker engagement and skill building ● Improve working conditions of employees and create job satisfaction by improving corporate productivity ● Promote operational efficiency and facilitate innovation through the use of AI and DX 	  
 Promotion of DEI Respect for human rights	We will strive to create workplaces and environments where people with different personalities respect each other and work together, and conduct business activities where the human rights of all those involved, including users and client companies, are respected. We will prevent the misuse of data associated with the utilization of AI and promote matching that is fair and respects diversity.	<ul style="list-style-type: none"> ● Increase diverse employment opportunities ● Create working environments where human rights are respected 	<ul style="list-style-type: none"> ● A deterioration in corporate competitiveness and profitability due to delayed efforts ● Lower productivity and higher staff turnover in workplaces where human rights are not respected 	<ul style="list-style-type: none"> ● Promote gender equality and increase employment rates for people with disabilities and senior citizens ● Reduce the number of workers whose human rights have been violated 	 
 Response to the climate crisis	We will make efforts to reduce CO2 emissions throughout our supply chain in order to curb the climate crisis. We will provide employment support for people who have been affected by disasters and accidents resulting from the climate crisis.	<ul style="list-style-type: none"> ● Contribute to the creation of a decarbonized society ● Provide employment opportunities for people who have been affected by climate crisis 	<ul style="list-style-type: none"> ● Physical damage from disasters and extreme weather events caused by climate change ● Reputation harmed by not addressing climate crisis ● Increased costs due to the implementation or change of government policies, laws, and regulations including the introduction of carbon taxes ● Miss business opportunities owing to delay in addressing climate change 	<ul style="list-style-type: none"> ● Contain the climate crisis and expand the share of renewable energy ● Reduce the loss of employment opportunities for people who have been affected by the climate crisis 	 
 Strengthening human capital connected with philosophy	We will leverage technology to hire, train, and manage people who empathize with our philosophy, and strive for each person's strengths to be fully demonstrated by increasing their engagement, loyalty, and level of happiness.	<ul style="list-style-type: none"> ● Enhance human capital by hiring and developing talent ● Create new businesses and services ● Raise labor productivity and motivation ● Strengthen the ability to adapt to change and seize business opportunities 	<ul style="list-style-type: none"> ● A loss of talent, stagnant or lower employee engagement, and diminished workforce productivity as a result of not taking sufficient measures ● Lack of human resources capable of innovating 		
 Strengthening governance	We will secure management transparency and soundness, while working to speed up decision-making and business execution in order to create social and economic value and continue sustained high growth. In particular, we will endeavor to enhance compliance and risk management by accurately identifying risks involved in using AI and other cutting-edge technologies in business operations.	<ul style="list-style-type: none"> ● Gain trust from the capital market and the wider society ● Adapt appropriately to change and build a solid foundation for growth ● Ensure sound and transparent decision-making ● Speed up decision-making and business execution 	<ul style="list-style-type: none"> ● Face business continuity risk due to dysfunctional corporate governance ● Damage (lose) trust from the capital market and the wider society ● Damage trust (reputation) by misusing AI 		

Non-financial KPIs and progress related to the social value created by the medium-term management plan ‘dip30th’

Materiality	Non-financial KPIs		Actual			Target	
			FY'22/2	FY'23/2	FY'24/2	FY'25/2	FY'27/2
 Creation of diverse employment opportunities Elimination of employment mismatches	Number of high-quality job offerings that meet the needs of diverse occupations, job types, and work styles ^{*1}		1.16 million offerings ^{†1}	1.33 million offerings ^{†1}	1.39 million ^{†1}	Remain No. 1 in the industry	1.68 million ^{†1}
	Number of job offerings that welcome senior citizens		0.21 million ^{†1}	0.31 million ^{†1}	0.38 million ^{†1}	0.40 million ^{†1}	0.45 million ^{†1}
	Number of job offerings that allow flexibility for childcare/nursing care		–	0.51 million ^{†1}	0.61 million ^{†1}	–	0.80 million ^{†1}
	Number of job offerings available to foreign workers/foreign students		–	0.14 million ^{†1}	0.17 million ^{†1}	–	0.30 million ^{†1}
	Number of job offerings accepting high school students		–	0.09 million ^{†1}	0.13 million ^{†1}	–	0.15 million ^{†1}
	Number of workers in the healthcare and welfare industry ^{*2}		–	10,000	23,000	–	25,000
 Improvement of human resources and economic productivity Creation of rewarding workplaces	Number of companies where we introduce and charge for DX in the areas of recruitment, human resources, and sales promotion		–	12,000 ^{†1}	14,000 ^{†1}	–	30,000 ^{†1}
	Number of job offerings that have realized improved working conditions, including increased hourly wages ^{*3}		0.85 million ^{†1}	0.99 million ^{†1}	1.09 million ^{†1}	1.00 million ^{†1}	1.25 million ^{†1}
 Promotion of DEI Respect for human rights	Number of job offerings without age bias in hiring (number of job offerings with optional age input)		–	0.13 million ^{†1}	0.41 million ^{†1}	–	0.65 million ^{†1}
	Employment opportunities for people with disabilities		One-off campaign	One-off campaign	One-off campaign	Year-round campaign	Year-round campaign
	Certificate of Good Recruitment/Candidate Information Provider		Prior to the start of the system	Certificate received	Maintained	Certificate received/maintained	Certificate received/maintained
	Number of incidents violating labor laws and regulations		0	0	0	Maintain 0	Maintain 0
	Prohibition of the posting of offerings that are thought to be in violation of human rights		Implemented	Implemented	Implemented	Continue implementation	Continue implementation
 Response to the climate crisis	GHG emissions of all offices and data centers		567.7t-CO ₂ e/year	334.2t-CO ₂ e/year	175.3t-CO ₂ e/year	Scope 1+2 and data centers: Effectively 0 ^{†2}	Scope 1+2 and data centers: Effectively 0 ^{†2}
 Strengthening human capital connected with philosophy	Engagement indexes ^{*4}		3.82	3.84	3.96	4.0	4.2
	Percentage of women among employees hired as new graduates and later promoted to managerial positions		41.3%	43.5%	45.2%	50%	50%
	Percentage of female managers		33.2%	34.4%	36.2%	40%	40%
	Percentage of women who take childcare leave		100%	98.2%	100.0%	100%	100%
	Percentage of women who return to work after childcare leave		100%	100%	98.0%	100%	100%
	Percentage of men who take childcare leave ^{†3}		61.1%	92.5%	100%	100%	100%
	Percentage of people with disabilities employed		2.6% ^{†4}	3.0% ^{†4}	2.2% ^{†4}	Statutory employment rate ^{†4} or higher	Statutory employment rate ^{†4} or higher
	Percentage of paid holidays taken		56.6%	59.4%	72.5%	80%	80%
	Average extra hours worked		25.4 hours/month	23.0 hours/month	19.8 hours/month	Not more than 20 hours/month	Not more than 20 hours/month
	Turnover rate		15.2%	12.6%	13.7%	10%	10%
	Training time	New graduate training	326 hours	326 hours	326 hours	Continue to expand	Continue to expand
		New manager training	36 hours	52 hours	52 hours		
		Development Training for next generation leaders	143 hours	143 hours	150 hours		
 Strengthening governance	Percentage of independent officers		50% ^{†5}	2/3 ^{†6}	2/3 ^{†7}	Not less than 2/3	Not less than 2/3
	Percentage of female Board Directors		1/3 ^{†5}	55.6% ^{†6}	55.6% ^{†7}	50%	50%
	Number of serious violation of laws and regulations		0	0	0	Maintain 0	Maintain 0
	Percentage of employees who completed compliance training and testing		100%	100%	100%	Maintain 100%	Maintain 100%
	Number of investor interviews		245/year	367/year	393/year	500/year	550/year

*1: Videos, work experience functions, posting of “Message from dip-san,” etc. Measures will be taken to further increase quality

*2: Total number of workers who obtained a job by Permanent Placement Service and the number of workers by Media Service (in-house estimate)

*3: Increased hourly wages, bonus for continued service, incentive payments upon employment

*4: Indexes in our ES (Employee Satisfaction) surveys (Maximum 5)

†1: As of end of February

†2: Scope 1 and Scope 2 (city gas and electricity in all offices. Recreation facilities and data centers are included in the scope of calculation for Scope 1 and 2 from the FY'23/2.)

†3: The percentage of employees taking childcare leave, etc. and leave for childcare purposes is calculated as stipulated in Article 71-4, Item 2 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members.

†4: As of June 1 (time of the Ministry of Health, Labour and Welfare’s report on the status of employment of people with disabilities), the statutory employment rate for private companies is 2.5% (revised in April 2024)

†5: As of May 31, 2022

†6: As of May 31, 2023

†7: As of May 31, 2024

Major Initiatives for Business Materiality

dip supports people with diverse characteristics and abilities to find the best jobs that will allow them to create the kind of unique value that only humans can, to hold onto their dreams, and to work with passion while making full use of their creativity. Under our Corporate Philosophy of bringing about a society where everyone can experience the joy and happiness of work, we aim to achieve our vision of becoming a “Labor force solution company.”



Creation of diverse employment opportunities/Elimination of employment mismatches

■ Increase the number of high-quality job offerings that meet the needs of diverse human resources and work styles

At dip, we have increased the number of job offerings with an abundance of fresh information, to give diverse people more options for a variety of work styles. We also provide unique features and services such as workplace introduction videos and an application barometer to eliminate mismatches at the time of employment. Workstyle values are becoming increasingly diverse. The kind of society that dip aims to realize is one in which everyone can do the work that they want to do whenever they want to. It is a society in which everyone can pursue the challenge of their desired career and, by fully demonstrating their own abilities and receiving better conditions, feel rewarded and experience the joy and happiness of work. We will continue to work on increasing the number of job listings, developing user-first features, and improving matching accuracy.

■ dip AI Service

An interactive part-time job-searching service utilizing generative AI. Through natural conversations with AI, we will support users in finding a job that will help fulfill their dreams. AI-Agent is more than just someone who introduces jobs to you. It brings out your unconscious priorities in job selection, assists you with interviews once you have chosen a job, and even chats with you when you are tired of job searching, and will always be there for you just like a close friend.



■ Workplace Introduction Videos

These videos present, in an easy-to-understand way, the atmosphere of workplaces and the content of the work performed there, aspects that are difficult to convey with text or photos alone. Videos posted on job listings help to increase the accuracy of matching users with the right jobs.



■ “Message from dip-san”

We post messages from dip's sales staff, which convey the appealing points and factual information about the job and workplace from an objective perspective. The service aims to help job seekers make better job selections, eliminate mismatches, and prevent early turnover.



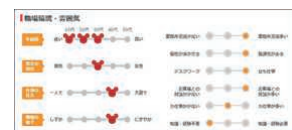
■ Job Experience/Workplace Visit Function

Gives users a real sense of the workplace through hands-on job experience prior to application. This is effective in the prevention of mismatching.



■ Workplace Ambience Barometer

The system reduces mismatches by providing specifications that allow users to see at a glance not only the age range and gender ratio, but also get a sense of more ambiguous factors such as the nature of the workplace environment and atmosphere.



Episode 1

“Look, listen and talk” at the workplace of client companies to create happy matches

Finalist of the 2nd Philosophy Contest
Kana Nishihara | Media Sales Group



One of my client companies in the tourism industry, a field that I am responsible for, had seen the number of its employees dip to half at one time due to COVID-19 but was now facing an urgent need to secure human resources to catch up with the recovery in demand. However, they had a problem of mismatch in recruitment resulting from their policy of hiring for the sake of headcount. Under such circumstances, the company gave us the target of hiring 100 new employees.

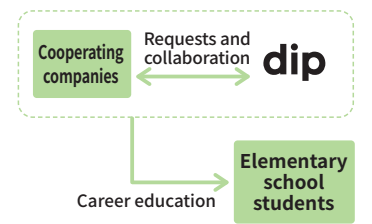
I visited their workplace and figured that the root cause of the mismatch in recruitment was the straining overload on the person in charge of hiring, so I suggested that, first and foremost, “a system must be put in place to receive new recruits.” Furthermore, in order to get the frontline employees to cooperate in recruitment activities instead of having the person in charge of hiring working alone, I proposed the segmentation of duties such as responding to applications, interviewing, and training, as well as the enhancement of communication using social media. At first, it was difficult to gain the understanding of people on the frontlines regarding recruitment activities. But as I repeatedly visited the office and persistently conveyed my ideas with passion, each employee began to recognize it as his or her own problem and became more cooperative, and as a consequence, even the workplace atmosphere turned cheery and brighter. As a result, we were able to meet our recruitment targets. To my delight, the person in charge of recruitment even told me, “Now, I have a dream of linking recruitment activities to branding.”

What I value at work is to make a “happy match between the user and the company.”

I face client companies with the hope that both job seekers and recruiters will work happily and with a sense of satisfaction instead of “working without knowing why” or “filling shifts.” To this end, I go around client sites every day and listen to the voices of the people who work there. Be the client's one and only partner that escorts them through the hiring journey - in this new era in which we live with AI, I am convinced that the value of human intervention lies here.

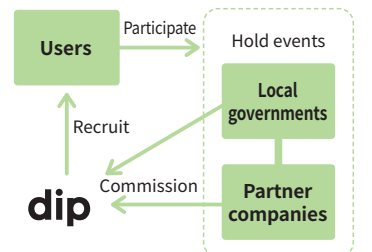
● Career education support for elementary school children “Baitoru Kids Program”

Utilizing the know-how on work gained through personnel recruiting services, dip provides opportunities for the next generations to think about their future work and to learn the meaning and value of working. This career education support program called the “Baitoru Kids Program” will help elementary school children create a hopeful future and pursue the challenge of their desired career. During the program, employees of dip and cooperating companies communicate the characteristics, social roles, and sense of fulfillment of their jobs. In doing so, we aim to give children opportunities to learn about different work styles and help them develop work-related attitudes and values.



● Promoting the matching of regional companies and local governments with job seekers who are willing to move or settle into the regions —Regional revitalization initiatives

In regional areas, mid-tier enterprises and SMEs are increasingly feeling the pinch of labor shortages, while in large metropolitan areas, many workers, especially young people, are unwillingly employed on fixed-term contracts. Through its services to promote the matching of regional companies and local governments with job seekers who are willing to move or settle into the regions, dip offers users a variety of work style and career options and works to resolve the labor shortage in rural areas.





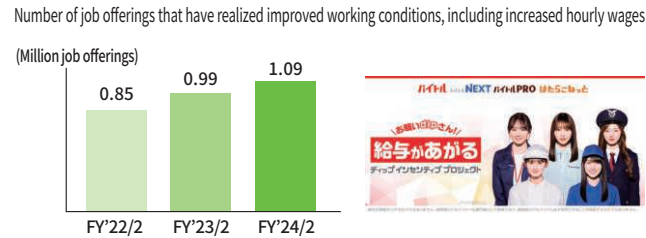
Improvement of human resources and economic productivity/Creation of rewarding workplaces

Improving working conditions for fixed-term workers

dip has implemented a number of measures, including offering financial assistance for users who were absent from work due to COVID-19 infection, and a project to encourage client companies to raise hourly wages and provide vaccine allowances for vaccinated users. We will continue to help companies increase their profitability through improved productivity, further improve the compensation of their workers, and create a workplace that is full of job satisfaction.

■ dip Incentive Project

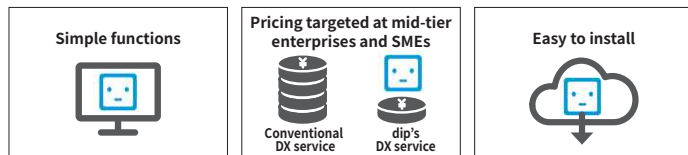
In November 2021, we launched the “dip Incentive Project,” in which proposals from our sales staff to client companies, such as increasing hourly wages and providing incentive payments upon employment, are posted on dip’s job site. The project has gained the support of many of our clients who felt that it would lead to strengthened recruitment capabilities and retention of personnel in the face of significant labor shortages due to the declining working population caused by the falling birthrate and aging population.



Contributing to DX adoption by mid-tier enterprises and SMEs

By helping mid-tier enterprises and SMEs to improve productivity through the adoption of DX and enabling people who work to engage in jobs where they can demonstrate their respective capabilities, we aim to realize a society in which everyone can experience the joy and happiness of work. The time savings generated through operational efficiency improvements can then be put into the reskilling and other activities of workers. This will serve to strengthen human resources through the advancement of workers’ skills, and, in turn, create greater job satisfaction.

■ DX service Features of the KOBOT Series



One stop service from installation to maintenance and operation

Episode
2

Promote DX to help client see the significance of their work and feel more motivated

Winner of the first prize in the 1st Philosophy Contest
Kenji Yamasaki | Media Sales Group



At a restaurant company that I was in charge of, there were issues with retention rates in addition to chronic labor shortages. The store manager was too busy attending to customers and holding interviews with no time to look after existing staff, and as a result, many employees were leaving. The person in charge of human resources and labor management at the company’s head office, who was also spending a lot of time on administrative work, was unable to come up with fundamental solutions to the problem.

What I proposed was to introduce Personnel Administration KOBOT^{*1}. Our situation survey revealed that approximately 90% of the work time could be reduced with the use of KOBOT. At first, the person in charge was not in favor of the idea, saying, “I can’t spend the company’s money to reduce my own workload.” I explained over and over that the time saved with KOBOT could be spent on improving employee retention and services as well as focusing on primary duties. After implementing KOBOT, as I had expected, work hours were reduced by 90%, and the store manager was able to secure time to train staff and improve store services, while the person in charge of human resources and labor management began working to improve the work environment by developing a new evaluation system. The comment I received, “I have come to feel the significance of my work, and I am excited every day as I think about the future of the company,” was carved deeply into my sales career.

Although it is not easy to solve clients’ issues, I would like to continue to work hand in hand with my clients in order to support their corporate development.

^{*1} Personnel Administration KOBOT: A service that provides paperless solutions for part-time worker onboarding and labor management.



Promotion of DEI/Respect for human rights

Realize a society in which people with diverse backgrounds can work and play an active role in their own way

To help create a society in which people with diverse backgrounds can work and play an active role in their own way, the Company carries out dip DEI (Diversity, Equity & Inclusion) Project and other various initiatives. We work with client companies to establish workplaces where women, senior citizens, and people with disabilities can participate more actively. In doing so, we are aiming to promote stability and security in employment.

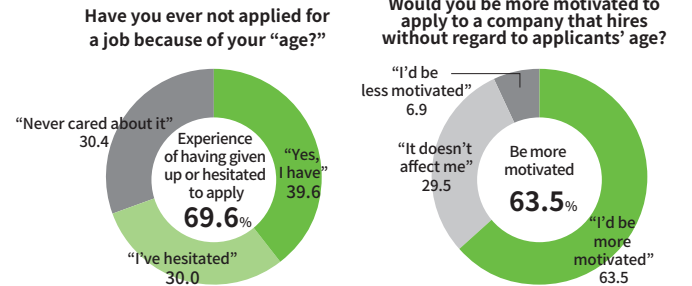
■ dip DEI Project —Supporting the creation of a diverse workplace where possibilities are not denied because of prejudice

dip aims to create a society where people with different personalities can work in a way that reflects their individuality by expanding their options for work styles. We believe that by eliminating the biases of age, gender, nationality, and other traits based on prejudice and increasing a wide variety of employment opportunities, we can realize a society in which both companies and workers can stay lively. dip will continue its activities with the idea of “working for the people who work.”

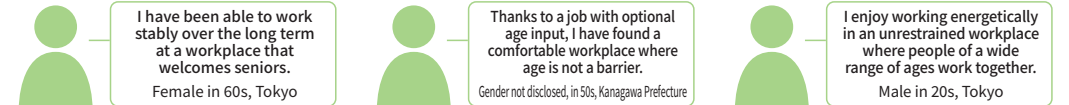


■ Elimination of age discrimination

To resolve labor shortages, in addition to reviewing compensation, it is also important to diversify employment and work styles by reviewing hiring conditions. In response, we are advancing efforts to eliminate age discrimination in recruiting and hiring and to promote hiring based on individual skills and aptitude. As part of such efforts, we allow client companies to choose whether to make the entry of “age” (date of birth) at the time of application mandatory or optional when posting job information on dip’s job site. This system has won the support of many of our clients, and as of September 2024, more than 410,000 job offerings can be applied for without entering an age.



► Voice of users



^{*}Comments are quoted from interviews with people who were hired through Baitoru, Baitoru NEXT, Baitoru PRO, and Hatarako.net (May to August 2023).

Episode
3

Take on the challenge of elimination of age discrimination without compromise and create a workplace environment that is comfortable for everyone to work in

Winner of the first prize in the 1st Philosophy Contest
Yuka Mori | Media Sales Group



“We want young recruits. The rest is at your discretion.” That was the initial stance of the person in charge at a company looking to hire nurses when we got the contract. As I make it a point to work with my customers as a team, I decided to start by sharing my approach to recruitment activities. After a series of persistent discussions, I was able to get them to open up about their recruitment activities and their true feelings about their employees.

When I proposed, in light of market trends in the recruitment of nurses, that the target be “immediately employable seniors who are taking on a new challenge in their second life,” my client was puzzled at first. But after a thorough discussion, the client was finally convinced and agreed to post the job offer. However, in the period soon after posting, when there were applications from seniors, my client seemed reluctant to proceed. Again, I frequently contacted the client to give encouragement to face up to the applications from seniors, which finally led to some of them being interviewed. As a result, we were able to hire well-experienced persons aged 52 and 63, who still work with the company on the front line. In preparation to receive the older recruits, the company reviewed the workplace environment, and as a consequence, the atmosphere of the workplace improved, and no one has quit since then. Today, the client proudly says, “Age is not an issue.”

The fact that I was able to remove the “age bias” of my client gave me great confidence. I will continue to make efforts to help expand new possibilities for both the users and the companies.

Human rights initiatives

Under its Corporate Philosophy of “Here at dip, we want to tap into dreams, ideas and passion to create a better society,” the Company remains committed to establishing working environments where people of diverse personalities and backgrounds respect each other and where there are no unreasonable differences in conditions or treatment based on age, gender, race, employment type, or other factors, nor any unconscious or implicit prejudice. We have also established a human rights policy as a guideline for respecting the human rights of all people involved in our business and for fulfilling our responsibilities, making company-wide efforts to respect human rights.

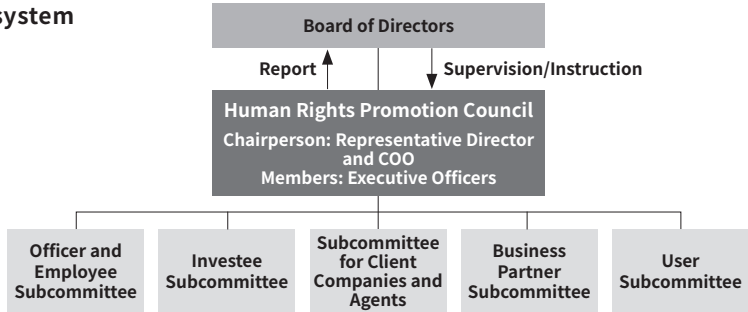
<https://www.dip-net.co.jp/en/esg/society/S006>

Human rights policy



Human rights awareness promotion system

The Company has established the Human Rights Promotion Council, chaired by the Representative Director and COO, to deliberate and decide on initiatives relating to human rights in line with its human rights policy. In addition, the Board of Directors regularly receives reports from this Council on the content of its discussions and the progress of initiatives, supervises its activities, and gives instructions as necessary.



Human rights due diligence

We have begun human rights due diligence in partnership with human rights specialists in accordance with the United Nations Guiding Principles on Business and Human Rights. After identifying risks concerning human rights throughout dip's value chain, and analyzing and evaluating their impact and severity, we will continuously plan, implement, monitor, and make disclosures on prevention and corrective measures. In addition, the Company has established a contact point for internal and external stakeholders to report any actions that violate or may violate the human rights policy.



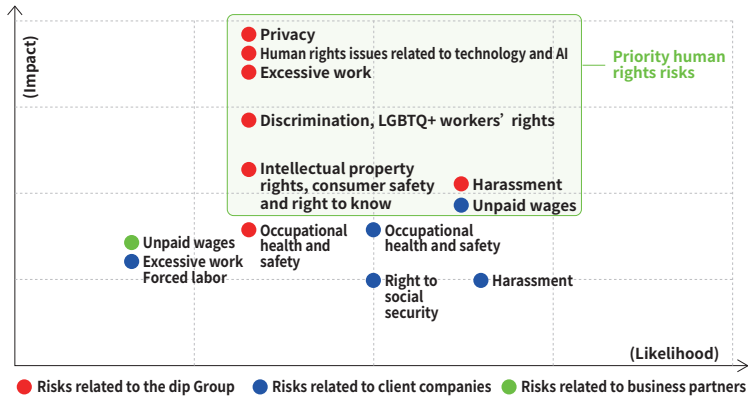
Conducted a human rights survey of major business partners and affiliated companies

As part of our efforts to fulfill our social responsibilities, we conducted a human rights survey in January 2024 with the aim of preventing the risk of human rights violation by finding out if our business partners and affiliated companies have respect for human rights and provide appropriate working environments. The survey consisted of four items: (1) basic stance and initiatives toward human rights, (2) working environment, (3) policies regarding harassment, and (4) discrimination. Based on the survey results, we will consider improvement measures and continue to strengthen cooperative relationships with our business partners and affiliated companies. In addition, the Company has established a contact point for internal and external stakeholders to report any actions that violate or may violate the human rights policy.

Human rights risk mapping

We identify human rights issues that may adversely affect our business activities and prioritize them based on their impact and likelihood of occurrence. For high-priority human rights risks, we plan, implement, and monitor mitigation and prevention measures. The Board of Directors regularly receives reports from the Human Rights Promotion Council on the progress of these initiatives and gives instructions as necessary. Mapping items will be reviewed on an ongoing basis.

* Developed based on our risk assessment criteria.



Response to the climate crisis

If climate change causes the frequency and intensity of natural disasters to continue to increase, it will not only threaten the safety and security of workers but also potentially take away their employment opportunities. dip considers addressing the climate crisis to be an important management issue and is committed to working to reduce the environmental impact of its business activities while also expanding business opportunities.

<https://www.dip-net.co.jp/en/esg/environment/E003>

Environmental policy



Initiatives concerning climate change risks and opportunities (Disclosure aligned with TCFD recommendations)



Governance

dip's Board of Directors deliberates and makes resolutions on environmental policies and important related matters, including climate change issues. The Sustainability Promotion Council, chaired by the Representative Director and COO and consisting of all Executive Officers, identifies risks and opportunities related to climate change, sets measures and targets, and evaluates the progress. In addition, the Sustainability Promotion Council is responsible for promoting measures related to climate change, and the Board of Directors oversees the implementation of these measures. The Board of Directors receives regular reports on the risks and opportunities related to climate change and the progress of response measures, supervises the progress toward targets, and directs actions as appropriate.

Strategy

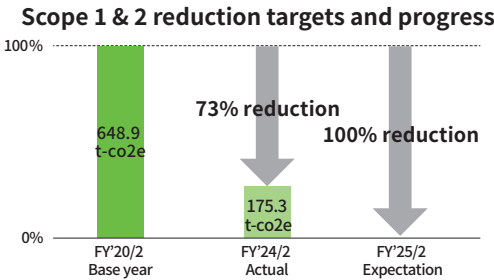
Assumptions in scenario analysis	Risks	Opportunities
Scenario in which temperature increases are unstoppable <p><Assumption> An increase of about 4°C compared to preindustrial levels</p> <p><Scenario used for analysis> • RCP8.5 • SSP5</p> <p>The rise in average temperatures will not be halted, and natural disasters will become more frequent and more severe. Global warming will also increase the risks associated with infectious diseases.</p>	<p><Physical risks> Occurrence of natural disasters Occurrence of system failures Spread of infectious diseases</p>	<p>Provision of employment opportunities for people who have been affected by climate crisis</p>
Scenario in which temperature increases are controlled <p><Assumption> An increase of less than 2°C compared to preindustrial levels</p> <p><Scenario used for analysis> • RCP2.6 • SSP1 • IPCC “Special Report on Global Warming of 1.5°C”</p> <p>Policies and regulations will be strengthened to control the increase in average temperature. This will keep the average temperature from rising, and the frequency of natural disasters will not increase significantly from the current level.</p>	<p><Policy and legal risks> Strengthen policies to curb GHG emissions</p> <p><Market risks> Transition to a low-carbon society</p> <p><Reputational risks> Occurrence of reputational risks</p>	<ul style="list-style-type: none"> Expanding opportunities to provide human resource services as a result of inter-industry labor migration related to the government's Green Growth Strategy Increase investment in venture companies related to the above growth strategies Expanding opportunities for the introduction of DX services in line with the promotion of a paperless society due to stricter GHG emission control policies In line with the strengthening of the above policies, the corporate value of venture companies in which dip has invested that solve environmental issues will be enhanced

Risk management

At dip, the Sustainability Promotion Council reviews, evaluates and analyzes climate change risks and opportunities. This information is reflected in the annual review of the risk map and is integrated into the company-wide risk management. In addition, the Sustainability Promotion Council examines countermeasures for identified risks and reports to the Board of Directors.

■ GHG reduction targets and efforts to reduce emissions

dip has set a goal of reducing GHG emissions from all offices (Scope 1+2) and data centers by 100% by the fiscal year ending February 2025, and has been working to achieve this in various ways such as by utilizing renewable energy sources. We expect to achieve carbon neutrality for Scope 1 and Scope 2 GHG emissions during the fiscal year ending February 2025. GHG emissions reduction targets for Scope 3 are also under discussion and will be disclosed as soon as they are ready.



■ Main efforts toward reducing our environmental impact

■ Conversion to renewable energy

We proactively use electricity from renewable energy sources while promoting power and energy conservation in all of our offices. As of the fiscal year ended February 2024, approximately 78.7% of the energy consumption (Scope 1+2) associated with dip's business activities had been converted to renewable energy.

■ Utilization of forest credit

With regard to GHG emissions in Scope1, dip is promoting the use of forest credits that offer co-benefits beyond just CO2 absorption. In this way, we promote the absorption of CO2, which accounts for the largest part of greenhouse gas emissions and contribute to the prevention of global warming.

■ Reduction of paper resource consumption – Going paperless

By operating an online job information service, we promote services that do not use paper resources. We are also promoting the use of electronic applications, invoices, and contract documents, as well as sales activities using tablet PCs, in an effort to reduce paper consumption by promoting paperless operations.

■ Conservation of water resources – Use of LIMEX

LIMEX, developed, manufactured, and marketed by TBM Co., Ltd., is a material that can substitute for plastic and paper products. dip made an investment in TBM and has used LIMEX for its business cards since 2019. Compared to paper business cards, one box (100 cards) of LIMEX business cards can save about 10 liters of water. In addition, LIMEX business cards that are no longer necessary are collected and recycled at TBM to help create a zero-waste society.

► LIMEX business cards, made primarily of limestone



■ Third party verification

To ensure the accuracy and reliability of the calculated emissions, we have received third-party verification from the Sustainability Accounting Co., Ltd.

web ► <https://www.dip-net.co.jp/files/2031> (in Japanese only)

Column

Supporting forest conservation activities
— Donation to Owase City, Mie Prefecture

dip contributed 10 million yen to Owase City, Mie Prefecture, which aims to achieve carbon neutrality by 2050. The donation is aimed at sustainable forest management and conservation of marine resources and supports the zoning of regions and development of guidelines in order to promote CO2 absorption, recovery and improvement of biodiversity, utilization of timber (carbon fixation), and utilization of renewable energy. Furthermore, we are evaluating the possibility of conducting field demonstration in Owase City using dip's platforms to address the issue of labor shortage in forest conservation activities.



■ Biodiversity initiatives

At dip, we have started discussing policies and initiatives for the conservation of the environment including ecosystems, as well as the maintenance and conservation of biodiversity. Through the donation to Owase City, Mie Prefecture in November 2024, we demonstrate our support for forest conservation activities and play our part in protecting the biodiversity of forests. In the fiscal year ending February 2026, we plan to disclose under the framework of the Task Force on Nature-related Financial Information Disclosure (TNFD).



● dip-NPO Collaborative Program

In September 2023, dip launched the dip NPO Collaborative Program to work with NPOs to solve new social issues in line with its materiality. Mr. Daigo Sato, President of the Japan Center for NPO Evaluation, was invited to serve as an advisor to the Program. Under the program, we selected, from among 43 candidates, one organization that we will collaborate with (as shown in the “List of collaborating NPOs” below), and four other organizations with which we seek ways for collaboration. We are determined to advance initiatives to solve new social issues together with these five organizations.



Mr. Daigo Sato,
Advisor to the dip-NPO
Collaborative Program

List of collaborating NPOs

Name of organization	Major activities
Peace Winds Japan (NPO, Nonprofit Organization)	Offers humanitarian and disaster relief aid with medical care at the core by rushing to inaccessible sites such as conflict areas and areas affected by large-scale disasters to carry out rescue and life-saving activities

We also began efforts toward collaboration together with four other organizations.

In response to the 2024 Noto Peninsula Earthquake, we made an advance donation of 10 million yen to Peace Winds Japan, which rushed to the disaster-stricken areas to provide support. We aim to collaborate not only with Peace Winds Japan but also with NPOs engaged in a broad range of initiatives. We have been working to solve various issues in the labor market through the provision of human resource services and DX services. Going forward, we aim to promote new initiatives through collaboration with NPOs to create diverse working styles and realize a society in which everyone can experience the joy and happiness of work.



● Operation of SDGs CONNECT to link society with SDGs

SDGs CONNECT is an information website that links society and SDGs by distributing information on how companies are using their strengths to address SDGs. The site features cases of more than 100 companies and over 10,000 news articles to help corporate officials, investors and students take actions to achieve the 2030 targets.

web ► <https://sdgs-connect.com/> (in Japanese only)



● Formed dip BATTLES, a professional dancing team

In 2021, we created dip BATTLES, a professional dance team, hoping that it would become a team that “gives dreams” to people through powerful and passionate dancing. The team competes in D.LEAGUE, Japan’s professional dance league, in its effort to touch the hearts of the audience and inspire vigor and courage in them through its dancing. In addition, dip BATTLES plays a role in creating a rewording workplace, including by performing at client companies’ employee meetings and events and offering team building trainings that utilize dancing, with the aim of achieving our corporate philosophy of creating a better society. The team also started visiting elementary schools in 2024 to introduce the work of professional dancers and give dancing lessons in order to provide an environment where children of the next generation can heartily enjoy dancing. Furthermore, with the aim of improving health awareness among dip employees, dip BATTLES members regularly hold dance lessons exclusively for dip employees.



web ► <https://www.dip-battles.com/> (in Japanese only)

What Are the Changes We Can Expect in the Working Environment for 2040?

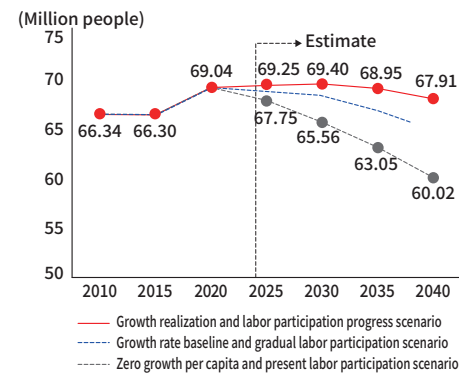
Future Supply and Demand Trends for Fixed-Term Workers in Japan and the Factors that Govern Them

Labor Supply and Demand Estimates

In an economic situation where growth in the labor force is close to zero per capita, if labor participation remains at the same level as in 2022 (zero growth per capita and present labor participation scenario), the labor force is forecast to fall from 69.02 million in 2022 to 65.56 million in 2030 and 60.02 million in 2040.

By contrast, if economic and employment policies are implemented, market expansion in growth fields progresses, and the labor market participation of women and seniors progresses (growth realization and labor participation progress scenario), the labor force is seen rising to 69.40 million in 2030, and then dropping to 67.91 million in 2040. The rate of decline is, however, expected to slow compared with the zero growth per capita and present labor participation scenario.

If economic growth and the labor market participation of women and seniors progress to a certain extent on the back of economic and employment policies (growth rate baseline and gradual labor participation scenario), the labor force is forecast to reach 68.86 million in 2030 and 65.36 million in 2040.



Source: "Labor Demand and Supply Estimates FY2023" by the Japan Institute for Labour Policy and Training

Corporate human resource strategy issues and how fixed-term employment should work

Motohiro Morishima, Professor, Faculty of Economics, Gakushuin University

As the working population declines, corporations are changing their management strategies, and the need for people with the skills and mindset to satisfy these new demands is growing. Meanwhile, the hurdles to changing jobs become lower as the values of working people regarding their careers continue to diversify, and the pace of mobility is accelerating. In this environment, it can be said that companies are required to have a clear human resources portfolio to bring their management strategies to fruition and to fully leverage the diverse human resources of all their employees.

When designing a human resources portfolio, it is important to break work down into tasks and clearly identify who will be responsible for which duties. If there are specialized tasks, for instance, that are not regularly necessary, outsourcing the tasks to fixed-term workers or contractors can heighten productivity. What is important is to eliminate the assumption that certain work can only be performed by full-time employees, and to think about the kind of value each person brings to the company, rather than simply viewing fixed-term workers as an inexpensive labor force.

The first step in uniting a group of people with diverse work styles and values is to clarify the purpose and recruit people who resonate with it. Second, adopt the mindset that there can be a variety of ways to achieve the set goals, and let each field handle its own hiring and management. It is important for personnel to support front-line managers in achieving this.

What effect will AI have on fixed-term work?

Isamu Yamamoto, Professor, Faculty of Business and Commerce, Keio University

Generative AI is versatile and capable of advanced and complex processing. At the same time, it is highly appealing to people thanks to its simple user interface (UI). PC skills are not necessary for voice input and touch panels, and AI backed by a wealth of data can sometimes even surpass experienced professionals. This could be a new opportunity for fixed-term workers whose working hours are restricted, or for senior workers with considerable experience but no particular skills. It is important to identify work that can be replaced by AI and shift to "task transformation" that focuses on high-level tasks and complex work that can only be done by humans. This new expertise will generate added value, and if it becomes "specialized fixed-term employment," we can also expect a correction in the disparity in treatment between fixed-term and permanent employment.

Achieving this kind of change requires a transformation in the way people regard fixed-term employment. I would like companies to actively demonstrate the hopeful future that awaits beyond this change in mindset. If companies are able to capitalize on the diversity of fixed-term workers - whose lives, in addition to work, are centered on interests such as art, family, and travel - it is possible that unprecedented ideas will be generated. It can be said that the business transformation brought about by generative AI represents an opportunity to create new possibilities for fixed-term employment.

WEB ▶ <https://dip-soken.com/tag/2040-employment-forecast> (in Japanese only)

Full text of the views of each professor



Employment awareness of "minority" 20s

Yuji Genda, Professor, Institute of Social Science, The University of Tokyo

In 1980, people in their 20s accounted for 21.5% of the workforce. Due to the declining birthrate, however, this figure fell to 13.5% in 2020. This trend is seen continuing, and we can say that people in their 20s are becoming a "minority" in a sense.

If the working population continues to decline, there will be a labor shortage, and it is thought that employment of young people, a rare minority, as permanent employees—or so-called "regular employees"—will progress. Due to events beyond our control, including economic fluctuations such as the global financial crisis, major earthquakes, and M&A, however, significant change is underway in the employment environment, and recognition that even permanent employment is no guarantee of security is widespread. Even among younger people, more and more people are giving priority to their private lives over their work. This is why they take a negative view about being forced to work long hours and are keenly aware that they can change jobs whenever they want. In other words, we could say that their commitment to permanent employment is tenuous compared with the preceding generation. There is an increasing number of young people who enjoy improving themselves day by day and who wish to contribute to society while learning independently. Many of these activities are short-term and project-based, and we believe that the idea of building a career through this way of working will catch on.

The noteworthy market for "fixed-term employment for people in their 70s"

Yuji Genda, Professor, Institute of Social Science, The University of Tokyo

In terms of the future of the labor market, I think that 2040 will be a watershed moment. People born in 1975 will reach the retirement age of 65 in 2040. This generation - a little after the second baby boom, with close to two million births annually - is the volume zone. Meanwhile, this generation has faced the "employment ice age" and, compared with the previous bubble generation, has been struggling with real wages that are down by about 15%. Naturally, they also don't have much in the way of savings. And if they cannot expect to receive a pension, many people who have reached retirement age will be left with no choice but to continue working.

The amendment to the Act on Stabilization of Employment of Elderly Persons in 2021 obliged employers to make efforts to ensure people have the opportunity to work until the age of 70. Therefore, first of all, I believe that this "effort" will become an "obligation" of all businesses by 2040, and it will be a social measure required for people to continue working with peace of mind.

In fact, working beyond the age of 70 is becoming increasingly common. As of 2020, 8.5% of the total number of employed people were aged 70 and older—almost four times the figure for 1980 ("Population Census," Statistics Bureau, Ministry of Internal Affairs and Communications). Amid a declining population, people in their 70s currently employed—in excess of five million—are becoming an indispensable presence in the labor market.

It is unlikely that, after the age of 70, people will be able to be hired as permanent employees. Going forward, it is believed that more and more people will want to be able to work when it is convenient for them. It can be said that the role of fixed-term employment in the labor market is becoming increasingly important.

Trends in the labor market for women and fixed-term employment

Kazunari Honda, Professor, School of Business Administration, Mukogawa Women's University

With an insufficient labor force, it is likely that companies will divide tasks into smaller parts to secure human resources, and to make it easier to incorporate external labor markets such as fixed-term employment and outsourcing. The Japan Federation of Employers' Associations (Nikkeiren) previously introduced the concept of the "employment portfolio." This could be interpreted as a move to connect the external labor market directly beneath the internal labor market of companies. As the shortage of human resources continues, we expect to see the combining of the two markets and a "total conversion to fixed-term workers." Within this trend, the disparity in treatment between fixed-term and permanent employees is expected to be improved, and a correction is also foreseen in the gap between men and women.

Given this situation, it can be said that companies will have an increasing need for fixed-term employment by women. Fixed-term employment is also appealing to women with various time constraints due to childcare and other factors. To stabilize fixed-term employment, it is necessary to consider measures to reinforce social security. Examples include ensuring that even if the workplace changes, the period of employment is still counted as part of the total, and that workers are provided with the appropriate degree of protection.

Meanwhile, in Japan, there is a strong sense of "path dependence" rooted in mechanisms and events determined by past circumstances and history, and improving gender bias has proven to be difficult. Awareness that this continues to be a factor precluding women from working in the same way as men is important.

Foreign worker trends

Yu Korekawa, Director, Department of International Research and Cooperation, National Institute of Population and Social Security Research

The number of foreigners entering Japan for extended periods is increasing at an unprecedented pace—reaching 320,000 in 2023—and this trend is suppressing issues such as the pension system.

Some people make the argument that the number of foreign workers will decline because the depreciated yen will prevent workers from coming to Japan to make money, but that is not happening. This model may serve as an explanation: "As developing countries advance economically, opportunities to learn increase, which broadens people's horizons, which in turn makes more people want to leave to go to developed countries, while also increasing the number of people with the economic wherewithal to do so."





As for Japanese companies that welcome foreign workers, while major firms no longer pay particular attention to foreign workers, SMEs in less populated regions are facing a labor shortage and hiring challenges, and it is becoming more common to employ foreign workers through methods such as the Specified Skilled Worker System.

In terms of trends for foreign workers in the fixed-term employment market in the future, the expansion of the derivative foreign talent market, which includes foreign workers with specific skills who are planning to take an exam as well as accompanying family members of foreign residents under the category of Specified Skilled Worker (ii), will draw attention.

Even if a Japanese company wishes to employ foreign workers on a long-term basis, there is a risk that the workers will change jobs due to ambiguity concerning evaluations and career paths. They are no different from Japanese employees in this regard, and I view this as a major issue in human resource management.

Overview of the Medium-Term Management Plan ‘dip30th’ FY’25/2–FY’27/2

To realize our vision of becoming a “Labor force solution company,” we have formulated our medium-term management plan ‘dip30th’, which will end in the fiscal year ending February 2027, the 30th anniversary of our founding. By backcasting from the vision we have for society, we have defined the materiality that dip will pursue and the social value that will create. Then, we have defined the social and economic value we wish to realize during the period of this medium-term management plan, and formulated business and functional strategies to achieve the value. By steadily putting these strategies into practice, we aim to drive our business growth forward and realize a society in which everyone can experience the joy and happiness of work.

Materiality to Achieve Our Vision		 Creation of diverse employment opportunities Elimination of employment mismatches	 Improvement of human resources and economic productivity Creation of rewarding workplaces	 Promotion of DEI Respect for human rights	 Response to the climate crisis			
Value to Be Created	Social Value	<ul style="list-style-type: none">1.68 million high-quality job offerings that meet the needs of diverse occupations, job types, and work styles. Create more hiring in the area of fixed-term employment than anyone in the industry through optimal matching. <Focus Areas> 450,000 job offerings that welcome senior citizens 800,000 job offerings that allow flexibility for childcare/nursing care 300,000 job offerings available to foreign workers/foreign students 150,000 job offerings accepting high school studentsEliminate mismatches in hiring and address the shortage of human resources in the healthcare and social welfare areas, at a time when these issues are becoming more serious due to the declining birthrate and aging population. <Jobs Created> Healthcare/nursing care/welfare workers: 25,000 per year	<ul style="list-style-type: none">Raise the number of companies where we introduce and charge for DX in the areas of recruitment, human resources, and sales promotion to 30,000, contributing to improved labor productivity in mid-tier enterprises and SMEs.Support workers to obtain qualifications by providing reskilling opportunities and promote regional revitalization and industrial stimulation through labor mobility.Promote the improvement of working conditions by posting 1.25 million job offerings with improved compensation, including higher hourly wages.Introduce dip Workplace Diagnostics* to improve the workplace environment. Support to ensure the retention and active participation of new employees after employment. * Service that identifies workplace attractions and challenges and provides proposals for improvement	<ul style="list-style-type: none">Increase the number of job openings without age bias at the time of hiring to 650,000. Expand employment opportunities for a diverse workforce, including middle-aged and senior workers.Support the employment of people with disabilities through a year-round campaign (sponsored by the Ministry of Health, Labour and Welfare) to help people with disabilities take on the challenge of employment.Promote a workplace environment that respects diversity by posting LGBTQ+ friendly job offerings.Prohibit the posting of job offerings that may violate laws and regulations or infringe human rights. Educate client companies on how to create a workplace environment free of human rights violations.	<ul style="list-style-type: none">Contribute to the realization of a carbon neutral society by reducing Scope 1 and Scope 2 GHG emissions to net zero by FY2025 through measures such as the introduction of renewable energy.Utilize our nationwide network of sales offices to collaborate with local governments immediately after any major disaster. Set up a special page for recruiting disaster relief volunteers on the Company's website to provide prompt and effective support for hard hit areas.Collect and post job information on each site to meet the diverse employment needs of those who have lost their jobs due to disasters caused by the climate crisis. Provide job opportunities to help workers overcome economic hardship. Contribute to the economic recovery of affected areas.			
	Economic Value	Company-wide sales: ¥78.0 billion–¥85.0 billion, operating income: ¥20.0 billion–¥25.0 billion, ROE: 30%						
Management Strategies	Growth Strategies	Transformation of business structure through Spot Baitoru and dip AI		Evolution of solution sales		Reinforcement of product development		
	Business Strategies	<div>Personnel Recruiting Services Business</div> <div>First choice・Best result</div>		High-quality, unique job information collected by direct marketing sales staff and cutting-edge technology to ensure optimal job matches		<div>DX Business</div> <div>“DX for everyone, all the time”</div>		Support for improved labor productivity with high-quality solutions utilizing data obtained from recruitment, human resources, and sales promotion services
	Functional Strategies	<div>Sales Capability</div> <div>Promote hybrid sales to accelerate improved productivity</div> <div>Leverage the latest technology and data Strengthen the customer base by efficiently implementing optimal proposals</div>		<div>Service Development Capability</div> <div>Establish an elite 400-person scrum team to maximize the value provided</div> <div>Realize high productivity and augment added value through a cross-sectoral, in-house-centered development system</div>	<div>Promotions Capability</div> <div>Establish a No. 1 user-first brand</div> <div>Develop unique, large-scale hybrid promotions to improve advertising effectiveness and investment efficiency</div>	<div>Data and Technology Capability</div> <div>Develop a data platform that supports all aspects of strategy implementation</div> <div>Establish a “Labor force solution platform,” a data platform shared by all businesses, to accelerate business speed</div>	<div>Business Development Capability</div> <div>Strengthen mechanisms for generating innovation</div> <div>Create new social and economic value with the “dip Innovation Engines” that generate new businesses and services</div>	
	Strengthening the Management Foundation	<div>Human Capital Connected with Our Philosophy</div> <div>Developing measures to maximize the potential of human resources</div>		Achieve No. 1 in employee well-being by utilizing people analytics to develop and leverage the diverse talents of employees		<div>Governance</div> <div>Improve management capability through dialogue with stakeholders</div>		Maximize corporate value by expanding communication with shareholders and other stakeholders—including dialogue with the stock market—and utilizing it in management

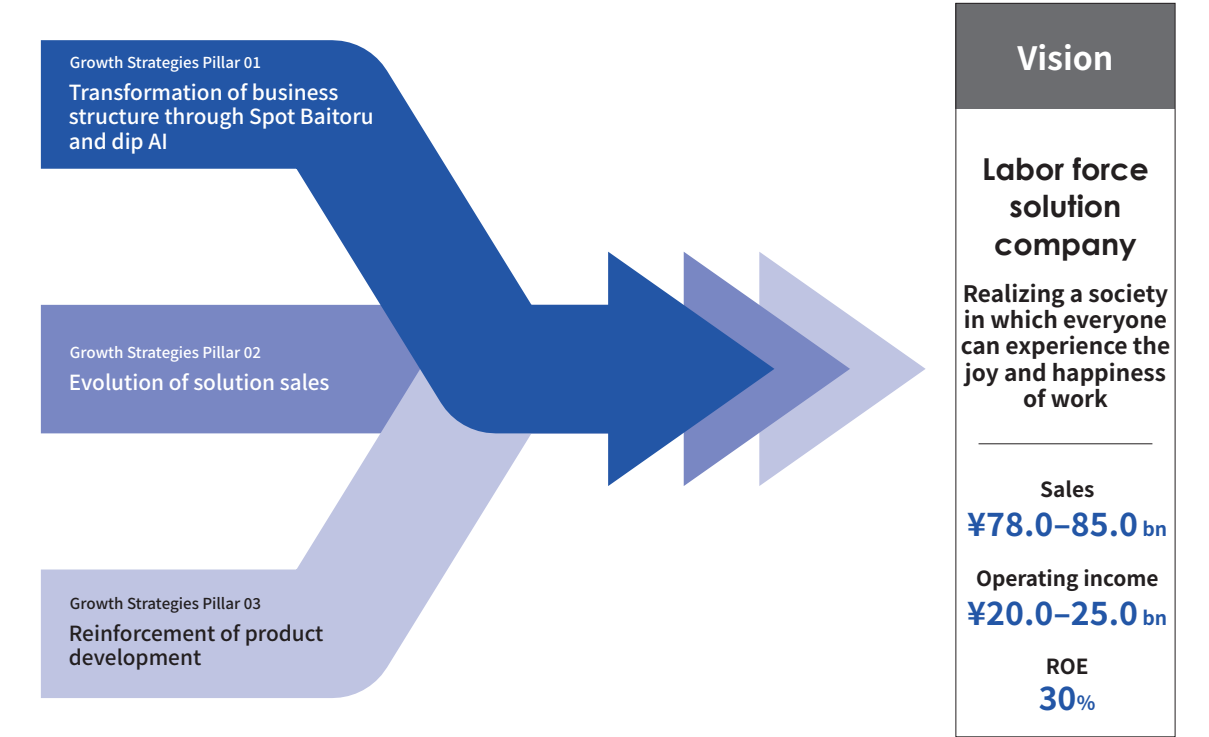
Medium-Term Management Plan ‘dip30th’ FY’25/2–FY’27/2

We set our economic value targets for the fiscal year ending February 2027 at sales of ¥78.0 billion–¥85.0 billion, operating income of ¥20.0 billion–¥25.0 billion, and return on equity (ROE) of 30%. By working to achieve these targets in tandem with non-financial KPIs related to social value (details are described on page 39), we aim to bring to life our vision of becoming a “Labor force solution company” and improving society.



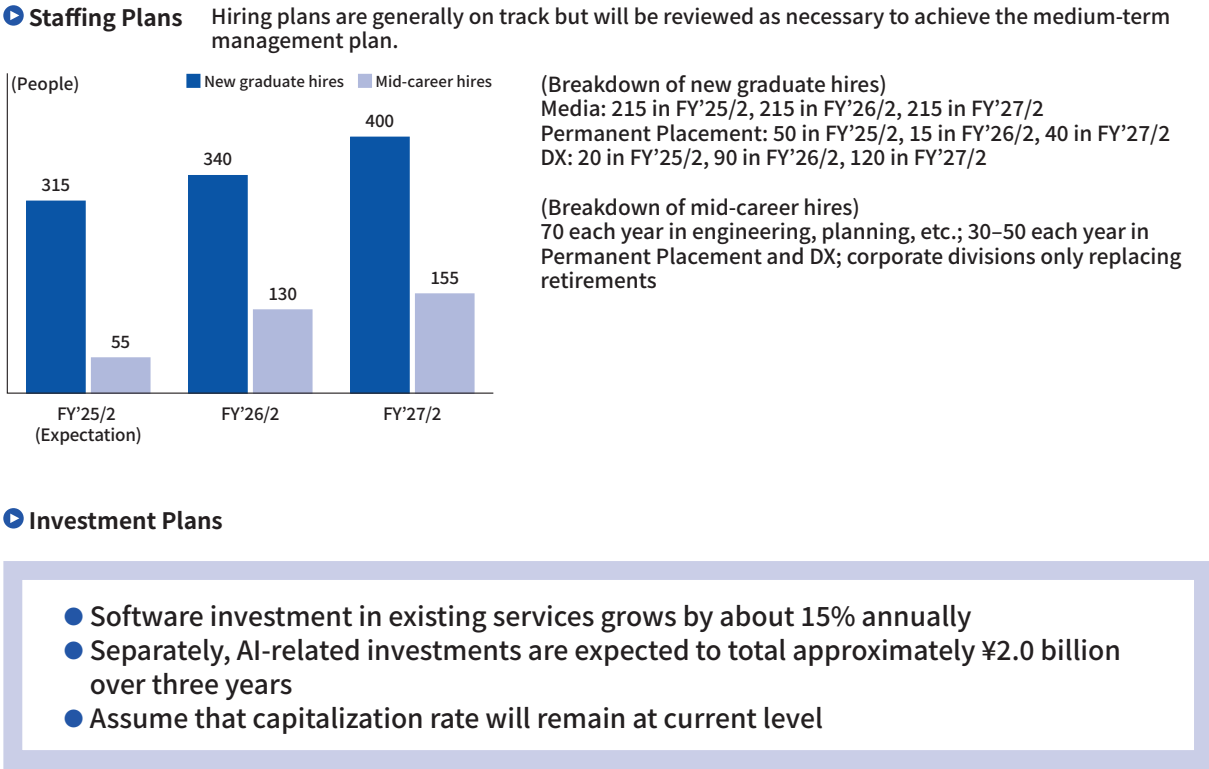
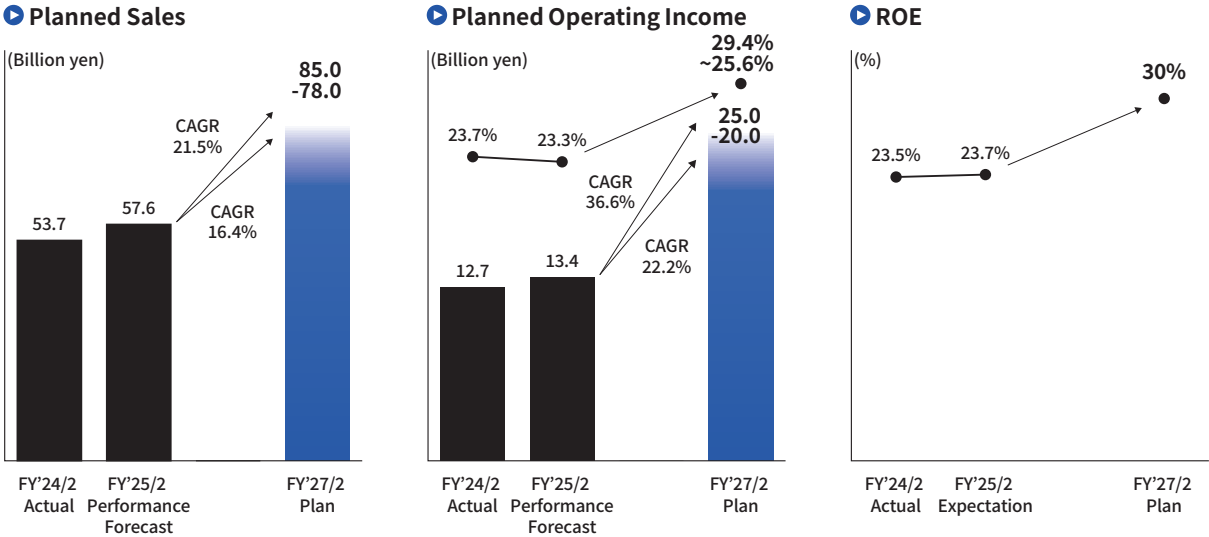
In light of changes in the market and competitive environment, in the fiscal year ended February 2024, we formulated a medium-term management plan ‘dip30th,’ which will end in the fiscal year ending February 2027, the 30th anniversary of our company’s founding. Advances in AI and other new technologies are beginning to reveal solutions to issues that we previously found hard to solve. We are committed to serving as innovators in the use of AI for workers’ happiness and in addressing the structural issue of the labor shortage head on. Just as dip seized on the popularity of the Internet to greatly expand its business, we will transform the dramatic evolution of AI into a business opportunity and create a new era on our own to achieve high growth.

Three Pillars of Growth Strategies based on ‘dip30th’ Theme “New Era”



Financial Targets and Progress in the First Year of the Medium-Term Management Plan (FY’25/2)

We have formulated the medium-term management plan on the assumption that the market will expand at a moderate pace. In the fiscal year ending February 2025, the first year of the plan, we are generally making good progress and will continue to work toward the realization of our medium-term management plan.



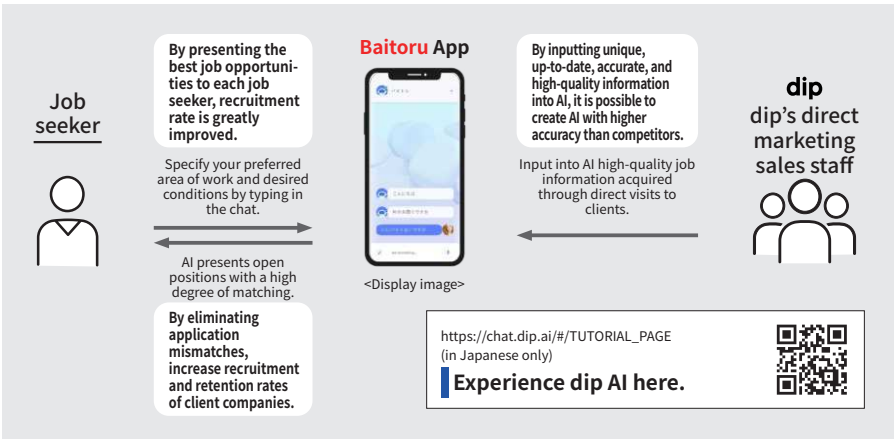
dipAI

(Service commenced in May 2024)

For permanent employees, recruitment agencies support job seekers in finding the most suitable job, but this trend has not spread to fixed-term workers. We believe that the use of AI can create a new personnel recruiting business in the fixed-term employment domain, and as such began the commercialization of AI-Agent (currently dip AI) in April 2023. We hope to create new employment opportunities by shifting from the conventional “search-based” to an “interactive” job selection process.

Business Model

With this new service using generative AI, we aim to evolve job selection from the traditional search-and-select model involving a large volume of job information to an interactive model using AI to find the most suitable job, and significantly improve recruitment rates. Not only does dip AI introduce jobs to job seekers, but it also gently supports them as if they were close friends. It helps them uncover job preferences they were unaware of, assists with interviews after finding a job, and even offers casual conversation when they feel tired of job seeking.



Competitive Advantages

- Intellectual capital**
 - Strong technological capability and AI development system through collaboration with Matsuo Institute, Inc.
 - Deep insight into the AI domain cultivated through the operation of AINOW, one of Japan's largest AI-specialized media
- Social and related capital**
 - Broad and diverse user base
 - Customer base of 150,000 companies and a unique repository of customer information
- Human capital**
 - Superior development capability of our scrum team

Future Development

- Phase 1**
 - Installed as one of the functions of the existing site to improve the recruitment/employment rate of job seekers. By increasing the number of applications, we will achieve an increase in sales and a reduction in the cost of acquiring applications.
 - * Service launched for a limited number of users of the Baitoru website in September 2024.
- Phase 2**
 - After further improving the matching accuracy, we will introduce a results-based payment model.
 - By introducing highly matched personnel, the recruitment and employment rates are increased, and the retention rate is also improved.
- Phase 3**
 - Expand the implementation area.

スポットバイトル

(Service commenced in October 2024)

To respond to diverse work styles, dip launched a spot part-time job service “Spot Baitoru” in October 2024. To address the challenge of low hourly rates for spot work job openings, the service introduced the “Good Job Bonus” feature, through which dip pays bonuses to spot workers with high performance ratings from employers, in addition to their hourly wages. With this feature, we aim to enhance motivation and improve the treatment and status of fixed-term workers.

Business Model

Spot Baitoru is a job-matching service that connects people seeking spot work with employers in need of spot workers. (1) dip and the employer enter into a recruitment contract, and dip introduces workers who meet the employer's requirements through Spot Baitoru. (2) The employer and the worker enter into a direct employment contract. (3) dip handles salary payments to workers via wire transfer on behalf of the employer. This is a model in which the employer is then billed for the advance payment and service fees in a lump sum.

Details of Japan's First* Unique Feature “Good Job Bonus (Patent Pending)”

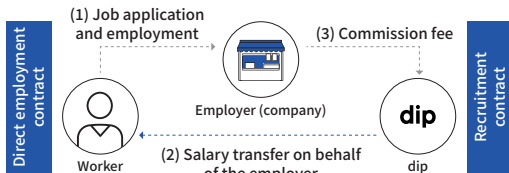
At the end of the shift, the employer (company) evaluates the worker's performance. If a worker receives a “Good” rating, dip will pay them a bonus in addition to their hourly wage. In addition to catering to diverse needs, we aim to enhance worker motivation and improve the treatment and status of fixed-term workers by offering bonuses for excellent work. Client companies are also expected to secure more high-quality workers and improve repeat rates without incurring additional costs. * Based on our research

Providing Both Shift and Spot Services to Job Seekers and Client Companies

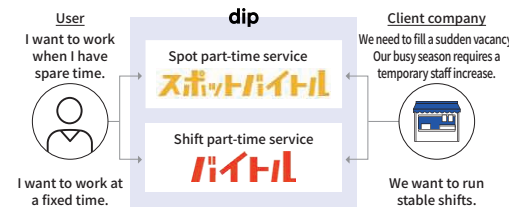
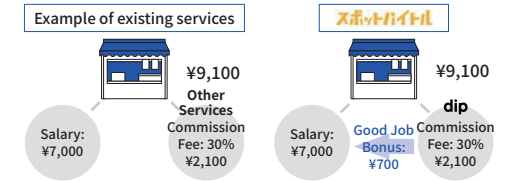
Job seekers can now choose from both shift and spot part-time jobs, allowing us to offer optimal work styles for users with different preferences. According to our survey, 55% (*) of respondents indicated that they would like to fill in their free time with spot job shifts while also working regular part-time shifts. This suggests a strong demand for workers to combine both shift and spot part-time jobs. Client companies can also use our recruitment service to fill both shift and spot part-time jobs in a one-stop solution, enabling them to respond to the diverse work styles of job seekers. * Source: dip Research Institute: <https://dip-soken.com/work/Cw8AqBBv> (in Japanese only)

Competitive Advantages

- Intellectual capital**
 - Customer base of 150,000 companies and a unique repository of customer information
- Social and related capital**
 - Broad and diverse user base of existing media
- Human capital**
 - Sales force of 2,000 employees connected with our philosophy



Hourly wage ¥1,400 x 5 hours + commission fee of 30% = ¥9,100



Future Development

The service was launched in October 2024 in Tokyo 23 wards. We plan to expand it nationwide by the end of 2024.

Established the AI External Advisory Committee Promote the ethical development and use of AI in human resources and the widespread adoption of ethical norms

In August 2024, we established the AI External Advisory Committee, composed of experts from outside the company. The Committee aims to foster deeper discussions on AI ethics in the human resources field and promote the ethical development and use of AI, as well as the widespread adoption of ethical norms.

[Roles of the Committee]
The Committee is an independent body and does not belong to any specific organization within the company. The Committee's recommendations will be reflected in the management processes of the Board of Directors and other bodies.

[Composition of the Committee]

- Kuniyoshi Mabuchi (Chairperson) Outside Board Director of the Company Co-Representative Director of Metaverse Japan
- Yukiko Imazu Outside Board Director (Audit and Supervisory Committee Member) of the Company Partner at Anderson Mori & Tomotsune
- Kyoko Yoshinaga Project Associate Professor, Graduate School of Media and Governance, Keio University
- Yoku Date Representative Director of Business Research Laboratory Co. Project Researcher, Interfaculty Initiative in Information Studies, The University of Tokyo
- Takashi Maeno Professor, Graduate School of System Design and Management, Keio University; Dean and Professor, Faculty of Well-being, Musashino University

Comments from Mr. Yutaka Matsuo (Professor, Graduate School of Engineering, The University of Tokyo; Chair, AI Strategy Council, Cabinet Office)



I believe that human resource services may be the area where generative AI affects the most significant change. Until now, quantification has been a challenge and there was a reliance on relatively subjective methods, so a very precise matching process was necessary. Given this, the impact of AI utilization is expected to be significant. As major changes unfold in the future, we must make steady progress from the ground up. Currently, it is important to create many better matches using generative AI technology. Looking back on this moment 10 or 20 years from now, we will likely realize that it marked the beginning of a new era. In this moment of new beginnings, I am very proud that we will be able to create new services together.

Video of a tripartite discussion with CEO Tomita, COO Shidachi, and Professor Yutaka Matsuo: <https://youtu.be/swyPcg3uPIY>





Business Strategies

Personnel Recruiting Services Business



In the personnel recruiting services business, we support the recruitment and utilization of human resources that underpin core corporate activities through the provision of job advertisements and recruiting services. Based on our “user-first” management policy, we have developed a variety of unique, industry-first functions to respond to the job selection needs of job seekers, and we help client companies to match with potential employees with an emphasis on ensuring the retention and active participation of those new employees after they are hired. In this way, we are pursuing solutions to the labor shortage issues that companies face and contributing to the creation of an environment in which each and every employee can work with vitality.

◆ Services

Media Service

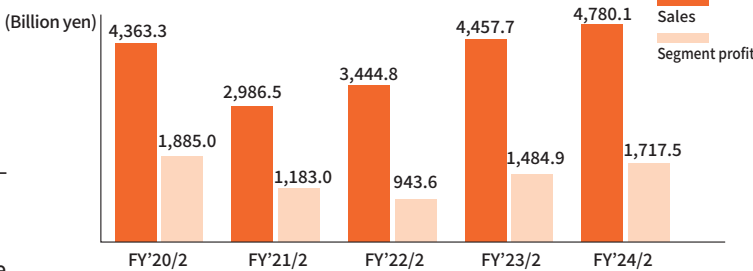
	Launched in October 2002	Quickly connects job seekers and client companies with the kind of freshness of information and rich variety of content that only the internet can offer. Japan's largest portal websites for part-time employees
	Launched in January 2009	Assists job seekers in advancing to the next stage in their careers by helping them maximize experience gained in part-time jobs. Job site for full-time and contract workers seeking a career change
	Launched in October 2000	Connects client companies with job seekers who are looking for full-time, temporary or part-time work. Japan's largest comprehensive job information platform
	Launched in May 2021	A site for qualified personnel and industry professionals in the fields of medicine, nursing, beauty, childcare, as well as those aiming to become professionals Comprehensive job information site for specialized jobs
	Launched on October 1, 2024	Supporting diverse work styles Spot work job site

Permanent Placement Service

	Launched in September 2009	Career advisors assist job seekers with career moves and changes by providing them with job information that matches their individual preferences. Dedicated recruiting services for nurses
	Launched in September 2022	Recruiting services specialized in nursing care workers

◆ Business Progress

In the fiscal year ended February 2024, sales rose by 7.2% YoY to ¥47,801 million as the personnel recruiting services business grew steadily, increasing the Company's market share. Segment profit totaled ¥17,175 million—up 15.7% YoY—as increased sales productivity and more efficient advertising operations led to improvement in profit margins, despite investment in human resources and aggressive investment in advertising.



*Baitoru, Baitoru NEXT, Baitoru PRO, Hatarako.net, Nurse de Hatarako, and Nursing Care de Hatarako, etc.

Note: The figures for periods prior to FY'22/2 are estimates based on the revenue recognition standard.

Media Service

Media Service offers a host of services, including a unique function that conveys the appeal of the workplace through video clips (details are described on page 41). dip's Media Service allows users to choose from a range of work styles—regardless of age or attributes—including not only temporary and part-time work, but full-time work and spot work.

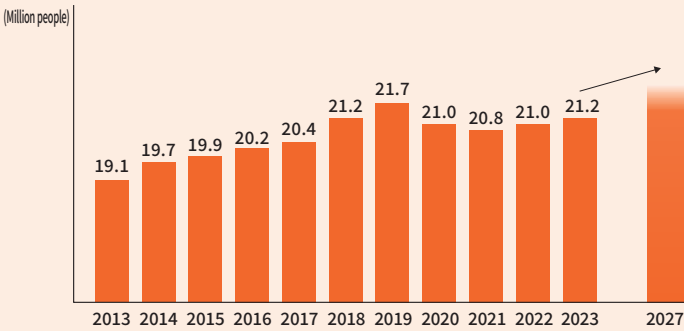


Takatsune Inoue
Executive Officer
Media Business Service Officer
and Head of Media Sales Group

◆ Market Environment

The number of part-time and temporary workers is once again trending upward after temporarily declining due to the COVID-19 pandemic. With the declining birthrate, aging population, and the decrease in the working population continuing to accelerate and, accordingly, a continued widening of the gap between supply-demand in human resources, it is assumed that the employment of fixed-term workers - particularly women, senior citizens, and foreign workers - will continue to accelerate. Moreover, the spread of side jobs and multiple jobs is also expected to serve as a tailwind supporting the steady growth of the market for fixed-term worker job advertisements.

◆ Yearly Changes in Number of Fixed-Term Employees

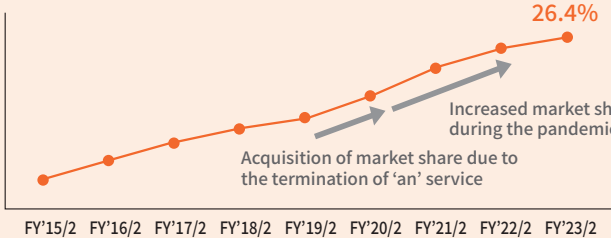


Source: “Labour Force Survey” by the Ministry of Internal Affairs and Communications (until FY2023)

◆ Market Share

As a result of efforts to improve society by providing services and conducting promotions tailored to users and client companies, the expansion of our market share has accelerated. Our market share in the fiscal year ended February 2023 was 26.4%. This represents a steady expansion from the figure of 23.7% for the fiscal year ended February 2022.

Trends in Our Share of the Part-Time and Temporary Worker Job Information Market*



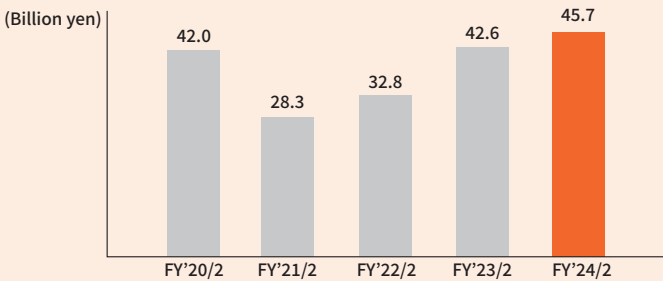
*Prepared by dip based on independent market size survey

◆ Competitive Advantages

- Intellectual capital**
 - Service development capability in tune with the voices of workers gathered through direct marketing sales
- Social and related capital**
 - Broad user base due to high brand recognition
 - Customer base of 150,000 companies and a unique repository of customer information
- Human capital**
 - Unique services and promotions based on “user first”
 - Consulting and sales capabilities of direct sales force connected by philosophy

◆ Trends in Segment Sales

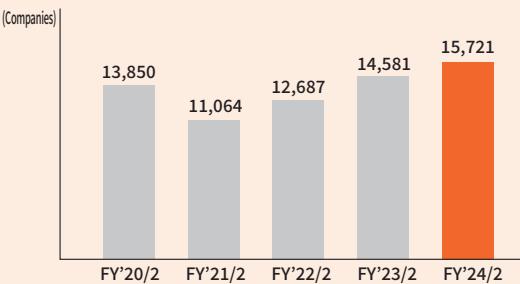
In the fiscal year ended February 2024, sales rose by 7.3% YoY to ¥45,748 million. Our growth rate surpassed that of the market, and we continued expanding our market share.



◆ Key KPI Progress

Trends in Number of Contracted Companies

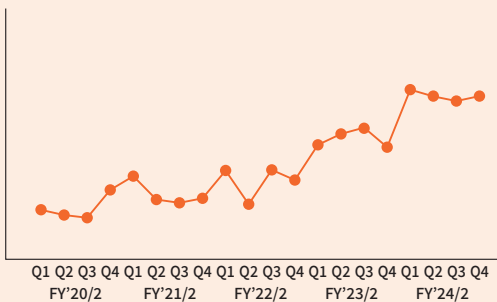
As a result of efforts to expand the customer base through unique services tailored to users and corporate clients, the number of contracted companies for the full fiscal year ended February 2024 totaled 15,721—a YoY gain of 7.8%—and exceeded pre-pandemic levels for the second consecutive year.



Trends in Number of Applications

Through the implementation of unique promotions, in the fiscal year ended February 2024, the number of applications reached a new record. We made steady progress in expanding our user base.

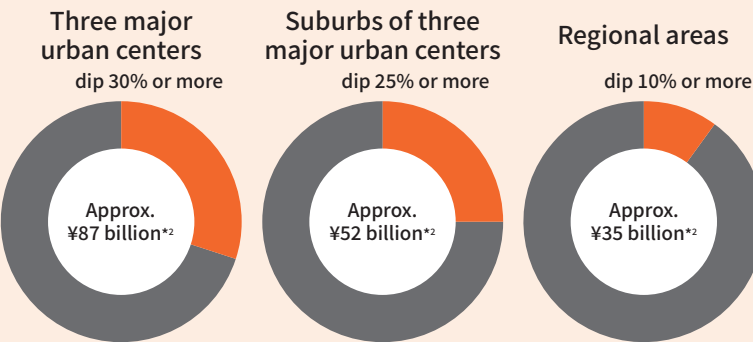
▶ Quarterly Trends in the Number of Applications in the Media (Job Information) Service*



*Baitoru, Baitoru NEXT, Baitoru PRO, and Hatarako.net

Reference Data related to Client Companies

▶ Share of the Part-Time and Temporary Worker Job Information Market by Region*1



*1: Media Business
• Three major urban centers: Tokyo 23 wards, Nagoya City, Osaka City
• Suburbs of the three major urban centers: Tokyo metropolitan area – 7 prefectures, Tokai area – 3 prefectures, Kinki area – 6 prefectures
Excluding the areas that fall under “major urban centers”
*Regional areas: Other areas outside of the major urban centers and suburbs
*2: Independent market size survey (FY2023)

Medium-Term Management Plan

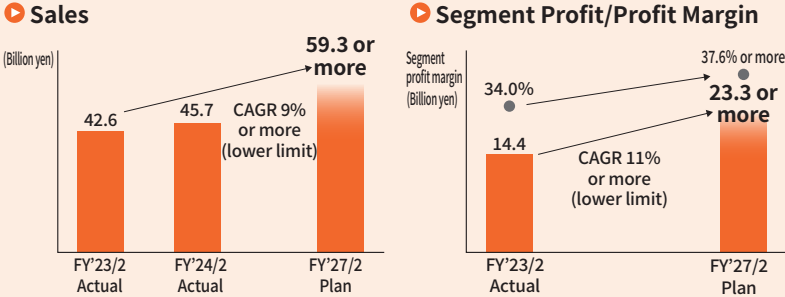
- 1. **Improve matching accuracy using AI**
Improve the accuracy of AI based on dip’s proprietary data on client companies and users (employees and job seekers) to significantly improve application and hiring rates and increase the capability to attract users.
- 2. **Strengthen consulting sales with a user-first focus**
In addition to improving the treatment of job seekers, eliminating employer biases related to age, gender, and nationality will increase job opportunities for users and enhance the recruiting capability of client companies.
- 3. **Increase sales staff (direct marketing sales and agents) and improve productivity through the use of AI**
Improve sales efficiency and closing rates by utilizing AI in sales activities such as creating job ads, listing sales targets, and making proposals to customers.
- 4. **Unique services based on “user first” x promotions**
Quickly incorporate user needs into services and promote them in a hybrid manner. Further deepen coordination with sales strategies to implement promotions tailored to each focused customer segment and achieve a high return on investment.

Strategies for the first year of the medium-term management plan (FY'25/2)

- Improve sales staff productivity through the use of AI, etc.
- Strengthen logistics, manufacturing, and the medical and nursing care fields
- Improve market share in suburban and rural areas
- Using AI to improve operational efficiency, creating time for business discussions
- Conduct sales activities that combine face-to-face and online sales to improve the rate of orders received
- Bolster promotion and sales in growth industries
- Expand sales by capitalizing on growing human resource needs due to stricter regulations on overtime for drivers, the recovery of production in the manufacturing industry, and heightened demand in the medical and nursing care industries.
- Augment direct sales force and expand agency network

◆ Progress Toward Sales and Segment Profit Targets

Sales for the fiscal year ended February 2024 were robust. In the fiscal year ending February 2025, we will work to grow our customer base by expanding sales of Spot Baitoru, released in October 2024. We will steadily implement our business strategies to realize our medium-term management plan.



◆ Staffing Plans and Progress

Planned number of staff is expected to be 1,200 for fiscal year ending February 2025, compared to approx. 1,400* for the fiscal year ending February 2027. *Planned number of media sales staff (excluding managers)

Permanent Placement Service

We provide specialized recruitment services for the medical, nursing care, and welfare industries. Career advisors (CAs) who are specialists in various industries introduce job information that matches the hopes and skills of each user aspiring to find work, and work closely with users, providing support from application through interview, and all the way to the job offer. For corporate clients, we introduce the right people to quickly, effectively meet hiring needs and streamline the recruitment process.

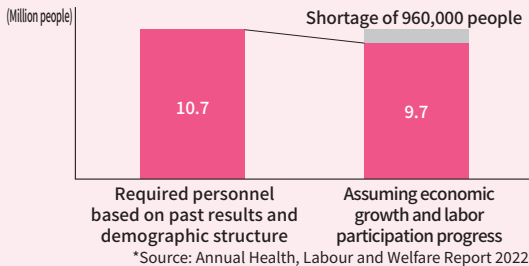


Tomohiro Kitazato
Executive Officer
Permanent Placement Business
Service Officer and Head of Permanent
Placement Business Group

Market Environment

Even if the assumption is that economic growth and labor participation will progress, by 2040, the medical and welfare fields are forecast to experience a shortage of 960,000 workers. As the working-age population declines rapidly going forward, further participation of women, seniors, and other groups in the workforce will be essential. It will be necessary to secure more diverse human resources in the medical and welfare fields, key elements of social security.

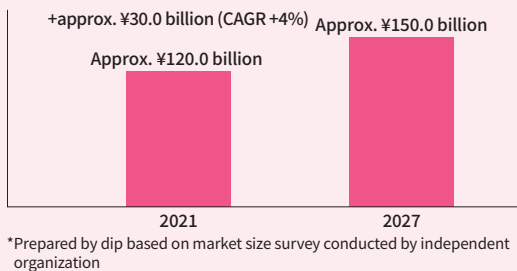
Projected number of medical and welfare workers in 2040*



Market Size

The job opening-to-application ratios in the healthcare and welfare areas are high relative to other industries, and the structural labor shortage is ongoing. Assuming that the human resources supply-demand gap will widen further, and that the need for recruiting services in these areas will grow, we estimate a market CAGR of 4%.

Recruiting Services Market Size for Healthcare and Welfare Fields*

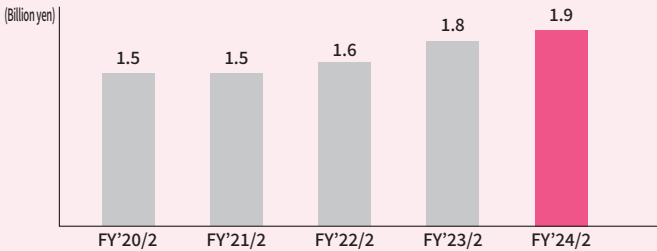


Competitive Advantages

- Intellectual capital**
 - Optimal matching using cutting-edge AI and other technologies
- Social and related capital**
 - User base (both actual and potential) for existing media in the healthcare and nursing care areas
 - Customer base of healthcare and nursing care facilities cultivated through Media Service
- Human capital**
 - Customer development capability through Media Service sales staff

Trends in Segment Sales

In the fiscal year ended February 2024, sales were up 5.8% YoY to ¥1,980 million. The growth rate of our Permanent Placement Services is increasing due to Nursing Care de Hatarako, launched in September 2022, starting strongly.



Medium-Term Management Plan

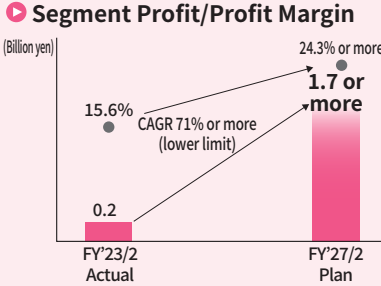
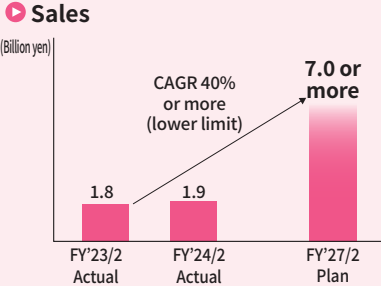
- Create diverse employment opportunities through optimal matching using “people (career advisors)” + “AI”**
In line with the needs of job seekers, we propose diverse work styles with people + AI. Utilize dip AI to improve matching accuracy, boost employment rates, and reduce short-term turnover rates.
- Increase the number of registered candidates for recruitment by referring customers from existing media**
Expand the number of full-time registrants by rebranding existing media
Promote employment for inexperienced workers through qualification support services.
- Expand customer base and strengthen relationships with healthcare and nursing care facilities**
Develop customers through sales that combine Media and Permanent Placement Services. Expand sales of DX products for healthcare and nursing care to increase the number of recruiting establishments and strengthen relationships. Promote the development of sales offices.
- Expand career advisor (CA) structure and increase productivity**
Improve productivity by strengthening CA hiring, controlling the turnover rate, and continuously improve the workflow through the use of AI/DX. (turnover rate steady at 12%).

Strategies for the first year of the medium-term management plan (FY'25/2)

- Increase career advisor (CA) productivity**
 - Establish system for training new graduates, conduct training without reducing the productivity of existing employees. Improve interview skills using business discussion analysis and role-playing tools.
 - Improve user interface (UI) for CA job search screen to facilitate searching for potential companies or facilities to be introduced.
- Reinforce referral of customers from existing media**
 - Increase the number of registered users by expanding users of existing media
 - Investments in advertising in the medical and nursing care fields of Media Service also contribute to an increase in registrations for recruitment
- Improve service quality**
 - Strengthen relationships with key clients and cultivate new small and medium-sized accounts to increase the number of contracted businesses.

Progress Toward Sales and Segment Profit Targets

Sales for the fiscal year ended February 2024 were robust. In the fiscal year ending February 2025, sales growth among existing employees remains strong, and we anticipate achieving high sales growth. We will steadily implement our business strategies to realize our medium-term management plan.



*Segment profit for the fiscal year ended February 2024 is not disclosed.

Staffing Plans and Progress

The number of employees is expected to be 200 in the fiscal year ending February 2025, compared to the planned figure of approximately 240 for the fiscal year ending February 2027.

DX Business

To contribute to the greater adoption of DX among mid-tier enterprises and SMEs, we launched KOBOT, a packaged DX service designed with selected functions that makes it easier to introduce and use on an ongoing basis. The automation of tasks that do not require human hands will help our clients to improve their productivity and enhance employees' sense of reward in their work by assigning tasks that will allow them to demonstrate their abilities. This is part of our aim to realize a society in which everyone can experience the joy and happiness of work.



Shoji Fujiwara
Executive Officer
DX Services Officer and
Head of AI/DX Business
Group

Services

Streamlines recruiting and personnel administration

採用ページロボット

Quickly creates original recruiting content featuring Baitoru's unique functions, such as workplace introduction videos, eliminating the need to create webpages in-house.

面接ロボット

Automatically schedules recruitment interviews with applicants (automatic response by chatbots).

人事労務ロボット

Provides paperless solutions for part-time worker onboarding and labor management.

Marketing support

HRロボット

Provides services such as the automated creation of lists of target companies for temp agencies and calling companies on the aforementioned lists on their behalf.

Sales promotion support

常連ロボット for LINE

Issues membership certificates on LINE app, offers store visit reward points and coupons. Supports sales activities by restaurants and retailers.

集客ロボット for MEO

Provides map engine optimization (MEO) services to boost ranking in map searches, supporting customer acquisition.

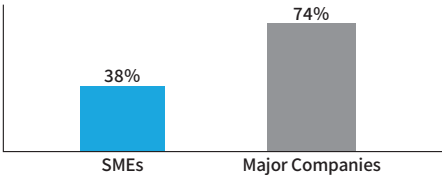
集客ロボット for SNS Booster

Reservations can be made from social media accounts. A reservation log function helps restaurants manage their bookings.

Market Environment

Mid-tier enterprises and SMEs have not made as much progress with DX-related initiatives as has been made at large companies due to the widespread perceptions that they are unable to identify the operations where efficiency can be enhanced, that implementation is costly and time-consuming, and that they cannot make full use of the improved functionality after implementation. As a result, economic productivity of mid-tier enterprises and SMEs has not improved much, which indicates there is significant room for them to implement DX.

Percentage of Companies Deploying DX by Company Size



Source: dip, based on "Annual Report on the Japanese Economy and Public Finance 2021" by the Ministry of Economy, Trade and Industry

Competitive Advantages

- Intellectual capital**
 - Simple, easy-to-implement product designed specifically for mid-tier enterprises and SMEs
 - Packaged products developed in-house and with partner companies (e.g., start-ups) are provided at low cost with excellent UI/UX.
- Social and related capital**
 - A customer base of 150,000 companies built up through more than 20 years of media operations
- Human capital**
 - Sales structure with 2,000* sales staff
 - *Total sales staff of personnel recruiting services and DX businesses

Medium-Term Management Plan

- Accelerate service development in the areas of recruiting, human resources, and sales promotion**
Improve quality of existing products and develop new products in each area
- Promote product development in new areas**
Expand product lineup to include business communication and other areas
- Strengthen collaboration with media sales and expand DX-dedicated sales force**
Increase the rate of orders received and reduce the churn rate by improving the ability of media sales team to make proposals. Also focus on developing new customers.
- Provide optimal solutions with acquired data and AI technology**
Provide the best solutions in a timely manner based on data collected by AI-embedded products. Contribute to expanding sales of personnel recruiting services by constantly connecting with customers.

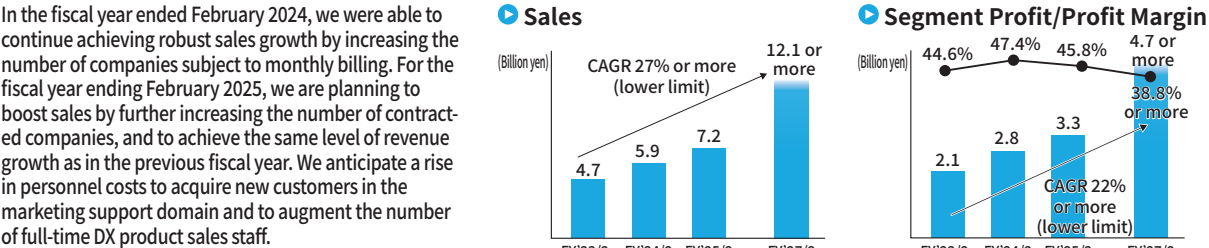
Strategies for the first year of the medium-term management plan (FY'25/2)

Expand the number of contracted companies in the recruitment and human resources domain and augment product development for key client companies

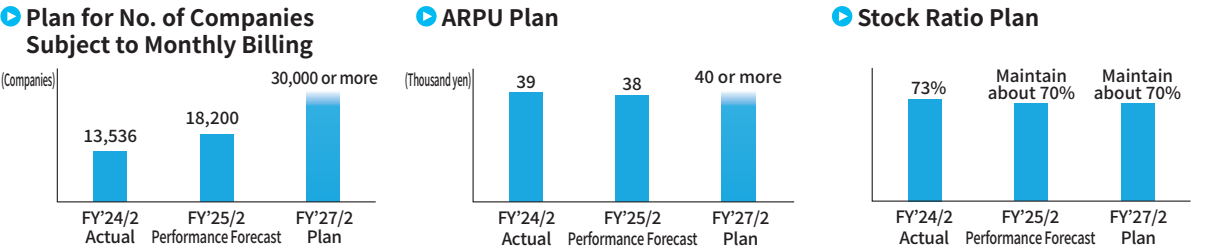
Increase the number of contracted companies by accelerating sales in the marketing support domain

- Launch a product package including job advertisements and DX products for SMEs in the second half of the year to accelerate expansion of the number of contracted companies. Enhance functionality (improve UI/UX, etc.) to reduce the churn rate.
- We are ramping up development of additional functions for Interview Scheduling KOBOT for major client companies. We plan to introduce the augmented product on a trial basis this fiscal year, with full-scale sales scheduled for next fiscal year.
- The ability of MEO KOBOT to attract customers became evident within three months of introduction. By increasing full-time sales staff, we will be able to capture new customers more rapidly. Furthermore, toss-up to media sales will enable us to upsell job advertisements.
- We are planning to launch new products. Bolster the product lineup to acquire new customers

Progress Toward Sales and Segment Profit Targets



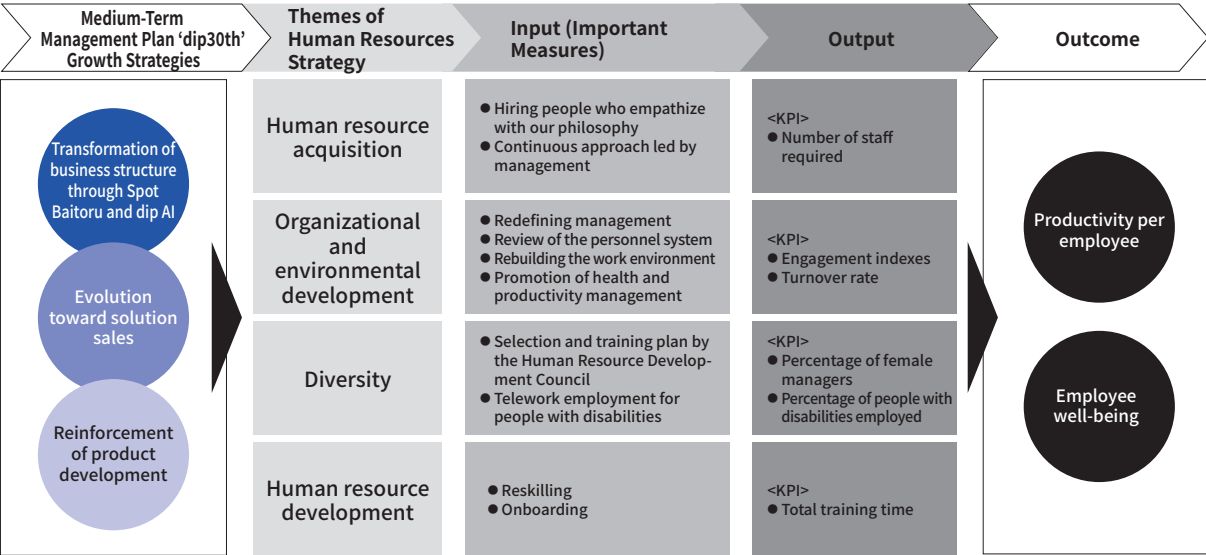
Key KPI Plan and Progress



Human Capital Strategy

To realize the medium-term management plan ‘dip30th,’ our human capital strategy focuses on continuing to build an optimal human resource portfolio for each business as the foundation of our business activities. As part of this strategy, we have identified four strategic themes to realize ‘dip30th’: “talent acquisition,” “organizational and environmental development,” “diversity,” and “human resource development.” We will continue to invest continuously and be proactive in the “embodiment of philosophy,” the foundation of our human capital strategy.

Overview of Human Capital Strategy



Embodiment of Philosophy

◆ Talent Acquisition

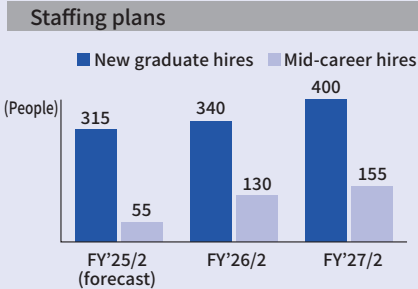
[Issues in the theme]
As the business structure evolves, so does the approach to sales and product development. To adapt, we need to hire people with the knowledge and expertise that dip currently lacks, while continuing to recruit new graduates.

[Action policy]
Building on the philosophy-based recruitment we have developed through our history, it is crucial to establish a system that can secure the talent needed by each business in a timely and appropriate manner. In so doing, we will create an organization that can adapt flexibly to changes in the business environment.

■ Philosophy-Based Recruitment Led by Management

Since its foundation, dip has been committed to hiring people who empathize with its philosophy, with many employees actively involved in the recruitment process. We will continue this approach of “sparing no time and effort” as we work to establish a system in which the management team that leads each business plays a central role in identifying and continuously reaching out to the personnel who are essential to dip. The key to further growth is for the management team to take the lead in acquiring colleagues who will shape the future together.

◆ FY’27/2 Targets and Progress



◆ Organizational and Environmental Development

[Issues in the theme]
To revitalize the entire organization, it is important to change the way the organization is structured and redefine management.

[Action policy]
To help employees develop their skills and work with vitality, it is necessary to review the personnel system and foster a working environment that stimulates creativity. By doing so, we aim to maximize the power of the organization and create an environment where employees feel more comfortable and motivated to work.

■ Redefining Management

To execute our growth strategies, we need to transform the organization and equip employees with different knowledge and skills. In this context, we will fundamentally review and update the role of management in leading the organization.

■ Review of the Personnel System

As management and work processes change, evaluation and compensation systems also need to evolve. We will redesign our personnel system to ensure that employees’ efforts are properly evaluated and rewarded.

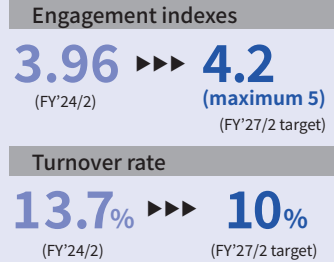
■ Rebuilding the Work Environment

The working environment is directly linked to the creativity and productivity of our employees. In addition to improving the work environment to support work-life balance and the diversity of circumstances among our employees, we will comprehensively review how the office functions to evolve it into a place where people want to come and work comfortably.

■ Promotion of Health and Productivity Management

Health management has a significant impact on productivity and employee well-being. Our goal is not only to prevent illness but also to create an environment where employees can work with vitality and happiness. We have established the Health and Productivity Promotion Committee (Operation Manager: CHO) to promote health and productivity management initiatives, directly under our Representative Director, President, and CEO as the Health and Productivity Manager and our Representative Director and COO as the Health and Productivity Promotion Manager.

◆ FY’27/2 Targets and Progress



<https://www.dip-net.co.jp/en/esg/society/S009>

Health and productivity management initiatives



◆ Diversity

[Issues in the theme]
The opinions and ideas of employees with different perspectives and experiences are a source of enhanced competitiveness and new value for the company. It is essential to create an environment that allows all employees to demonstrate their abilities to the fullest.

[Action policy]
To realize dip’s Brand Statement of aiming to be “No. 1 in employee well-being,” we will create an environment that embraces the diversity of each employee and work to improve the performance of the entire organization.

■ Selection and Training Plan by the Human Resource Development Council

To enable all employees to fully demonstrate their abilities, we promote the Human Resource Development Council, which assesses each employee’s characteristics and formulates development plans. Our goal is to create an environment where all employees can actively contribute to the creation of new value.

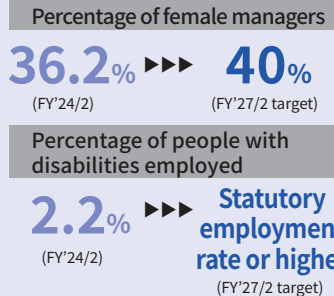
■ Creating an Environment Where Employees Can Fully Demonstrate Their Capabilities

For female employees, we provide various training opportunities including training in management skills to raise confidence. We are also actively addressing women’s health issues and supporting health in a sustainable way.

■ Telework Employment for People with Disabilities

We promote telework opportunities for people with disabilities who have difficulty commuting to work and have created an environment where they can work with peace of mind through daily calls and consultations from dedicated supporters.

◆ FY’27/2 Targets and Progress

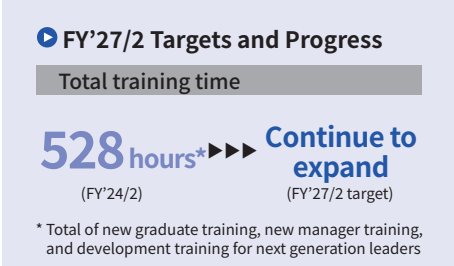


Human Capital Strategy

Human Resource Development

[Issues in the theme]
As business structures change and sales evolve, acquiring new knowledge and skills becomes essential. Equally important is enhancing creativity to adapt flexibly to uncertainties and find optimal solutions.

[Action policy]
In the times ahead, we need to constantly take on challenges in a world full of uncertainty and no clear answers. We will support our employees in updating the skills and abilities needed to adapt to change.



Reskilling

In a rapidly changing market and business environment, the knowledge and skills that employees should possess are constantly evolving. We identify the necessary skills and promote reskilling to help employees acquire them effectively. To adapt to an era of rapid change, we also emphasize the importance of employees learning on their own initiative. Currently, our learning support program assists with self-directed learning, and we will continue to enhance this support while encouraging employees to take initiative in their learning.

Training System

Position		Job type		Required/Elective			Self-education support						
		Sales and staff	Engineers and expert	Onboarding		Role and behavioral development					Knowledge and skills training		
Managerial position	Business division head Division head	M1-7	TE2-5	Introductory guidance for mid-career employees	New department manager training	Leadership Journey (development training for next generation leaders)	Learning support	GLOBIS	SCHOO	Passion forum	Manabiba!		
	Department manager											New manager training	PT training
	Section manager												
General position	S4/S5	TE1	Introductory training for new graduates			Critical reflection training (S4)						PT training	
	S3					Critical reflection training (S3)						Problem-solving training	
	S2												
	S1					Follow-up training for new graduates	Practical training for new graduates						

Onboarding Program

For new graduates, we provide introductory training and practical training for about two months to help them understand our philosophy. What is important is to understand the basics of work and develop the ability to boldly take on challenges in the face of difficulties. For their long-term growth, we will provide comprehensive support until they are able to work independently. For mid-career hires, we provide support to help them integrate into our culture and organization so that they can demonstrate their capabilities in a new environment at an early stage. At the time of transfer or promotion, we help them adapt to new environments and roles, flexibly update their existing skills and mindsets, and maximize their productivity and creativity.



Message from CHO



Aiming to create an environment where everyone can demonstrate their abilities and experience growth and happiness

Toshiki Kanadani | CHO and Head of Personnel & General Affairs Group

Based on the belief that “people are everything and people are assets,” we pay the utmost attention to strengthening our human capital as a top management priority and make proactive investments. Amid the rapid changes and business reforms driven by AI, my mission is to create an environment where the individuality and talents of each and every employee can shine. We support employee growth through reskilling and offer flexible work styles and systems, creating an environment where employees can fully demonstrate their abilities. Together, we will create a future where all employees are happy and continue to play an active role in the transformation by embodying our philosophy.

Embodiment of Philosophy

We emphasize the penetration and practice of our Corporate Philosophy and vision, in other words, the cultivation of philosophy. This is because all employees should share a common philosophy and vision and work together to realize them in order to solve social problems and create a society in which people can experience the joy and happiness of work. With the belief that “people are everything and people are assets,” dip encourages each employee to have their own dreams, create ideas, and take on challenges with passion. To achieve this, it is important that they deeply understand our Corporate Philosophy and vision and use them as guiding principles.

General Meeting of Employees

Employees from around the country gather for the General Meeting of Employees, where CEO Tomita goes over activities and results of the past year and announces goals and management policies for the new fiscal year based on the philosophy. At the meeting, which lasts approximately five hours, there are a variety of creative performances and passionate presentations. The philosophy contest holds its final presentations to determine the winner, which helps motivate employees to put the philosophy and vision into practice. In addition, the appearance of celebrities featured in our television commercials and surprise announcements greatly excite employees. The theme announced at the general employee meeting is immediately incorporated into the strategies of each Group and business division and shared with all employees via video.



Philosophy Contest

The philosophy contest was established as a stage for individual reflection, sharing, and mutual admiration of the work that embodies our philosophy. Each contestant will present how their dreams, ideas, and passion have been specifically reflected in their work and how they have benefited users, customers, and society as a whole. This contest is more than just a presentation event; it is an opportunity for each individual to speak proudly of their initiatives and to celebrate the achievements of their colleagues. Top performers are rewarded with an incentive trip to Hawaii.

Operation of internal social media “TUNAG”

As part of our efforts to instill the philosophy, we operate an internal social media “TUNAG.” Through this network, members of the management team, including Board Directors and Executive Officers, communicate the importance of our philosophy from various perspectives. In addition, various front-line initiatives and interactions are shared, fostering a sense of unity among employees at 35 sites across Japan. In October 2020, we introduced Slack as a new communication tool to promote open communication and enhance collaboration.



Message from CPO



Driving further value creation by strengthening individual and organizational power through our philosophy

Mayuko Ueno | CPO and General Manager of Philosophy Promotion Division, Personnel & General Affairs Group

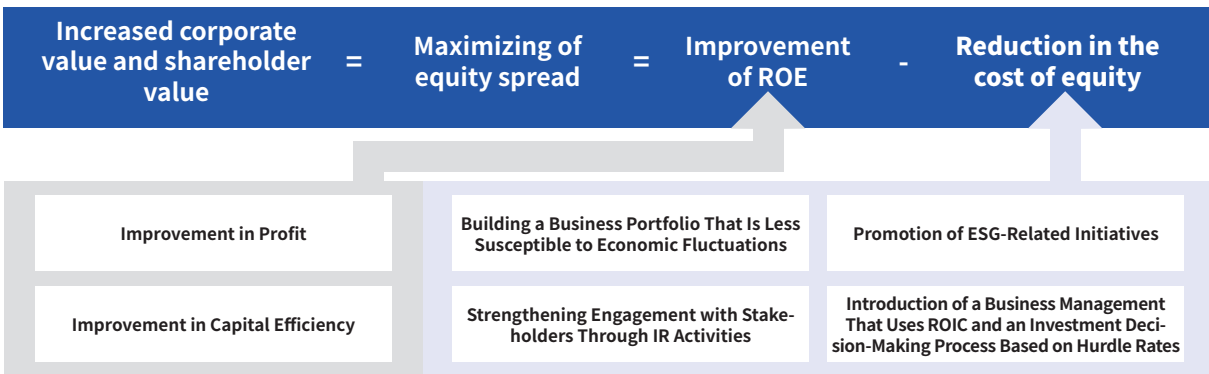
As AI technology continues to advance, organizations and individuals must have a deep understanding of philosophy and ethics. dip shares the question, “What do we want to achieve, and for whom?” and continues to refine its answers through ongoing dialogue. Philosophy-based management is about creating a sense of purpose in working within an organization and pursuing the fundamental values of dip. This increases each employee’s intrinsic motivation, refines the value we deliver to our customers, and brings a sense of joy and fulfillment to employees. This is what makes dip unique, and it is my mission to further enhance this strength. By combining the aspirations of the entire company, we will grow our corporate value even further.

Financial Strategy

◆ Financial Strategy Concept

To increase corporate and shareholder value, it is extremely important to continue generating returns on the capital entrusted to us by our shareholders in excess of the cost of equity (10–11%^{*}). Therefore, we aim to improve ROE and reduce the cost of shareholders' equity to maximize the equity spread.

- ^{*}Cost of Equity Assumptions
- Risk-free rate (0.9%) + beta (1.4) x market risk premium (6–7%)
 - Risk-free rate: October 2024 average of the 10-year new issue JGB rate
 - Beta: Five-year monthly figures
 - Market risk premium: Calculated based on the anticipated long-term market yield calculated by dip



◆ Aiming for ROE of 30% (FY'27/2) Through Profit Growth and Enhanced Capital Efficiency

Improving ROE requires increases in the profit margin and operating income through the implementation of growth investments and achievement of business growth in line with the medium-term management plan. At the same time, we will work to manage our balance sheet based on the cash allocation policy outlined below, with the aim of achieving our ROE target by increasing profits while improving capital efficiency.

Cash Allocation Policy

Basic policy: Cash allocation with an emphasis on growth investment and shareholder returns	
Growth investments	<ul style="list-style-type: none">Investments for the growth of existing businesses and the creation of new businesses (Human resource investments, system investments, promotional investments, etc.)Investments in research and development related to AI and other advanced technologies and their use in businessM&A and other investments to accelerate business growth <p>[*]Refer to p. 27 for details of growth investments.</p>
Shareholder returns	<ul style="list-style-type: none">In principle, the Company will maintain a payout ratio of 50%, with the dividend paid in the previous fiscal year as the lower limit. Dividends are paid twice a yearAim for a total payout ratio of 65%.Consider additional shareholder return measures, taking into account cash position and other BS conditions, prospects for achieving financial targets, stock price levels, and other factors. <p>▶ The funds necessary for business operations are called Maximum Cash[*], and in principle, excess cash and deposits beyond that limit are not held. However, we do not make decisions based on a single fiscal year, but carefully assess medium-term investment opportunities, and if there are any excess cash and deposits, we return them to shareholders.</p> <p>▶ In a situation where it may be difficult to achieve the medium-term profit target, we will consider additional shareholder returns to bring ROE closer to the target, taking into account the BS situation, stock price levels, and other factors.</p> <p>[*]Maximum Cash concept: Sum of three months of payments. Total amount of tax and dividend payments during this three-month period (Reference) ¥17.0 billion yen for the fiscal year ending February 2025 (March 2024–May 2024 payments ¥11.0 bn + taxes ¥3.0 bn + dividend payment ¥2.7 bn = ¥17.0 bn)</p>

◆ Conducted Acquisition of Treasury Shares in the First and Second Halves of the Fiscal Year. The Total Payout Ratio for This Fiscal Year Is Expected to Be 114%

In line with our cash allocation policy, we conducted acquisition of treasury shares in January and June 2024. In January 2024, we announced the acquisition of treasury shares in the amount of ¥3.0 billion, based on the share price being low and undervalued, and cash and deposits at the end of the fiscal year ended February 2024 being forecast to exceed the maximum cash of ¥18.0 billion by approximately ¥3.0 billion.

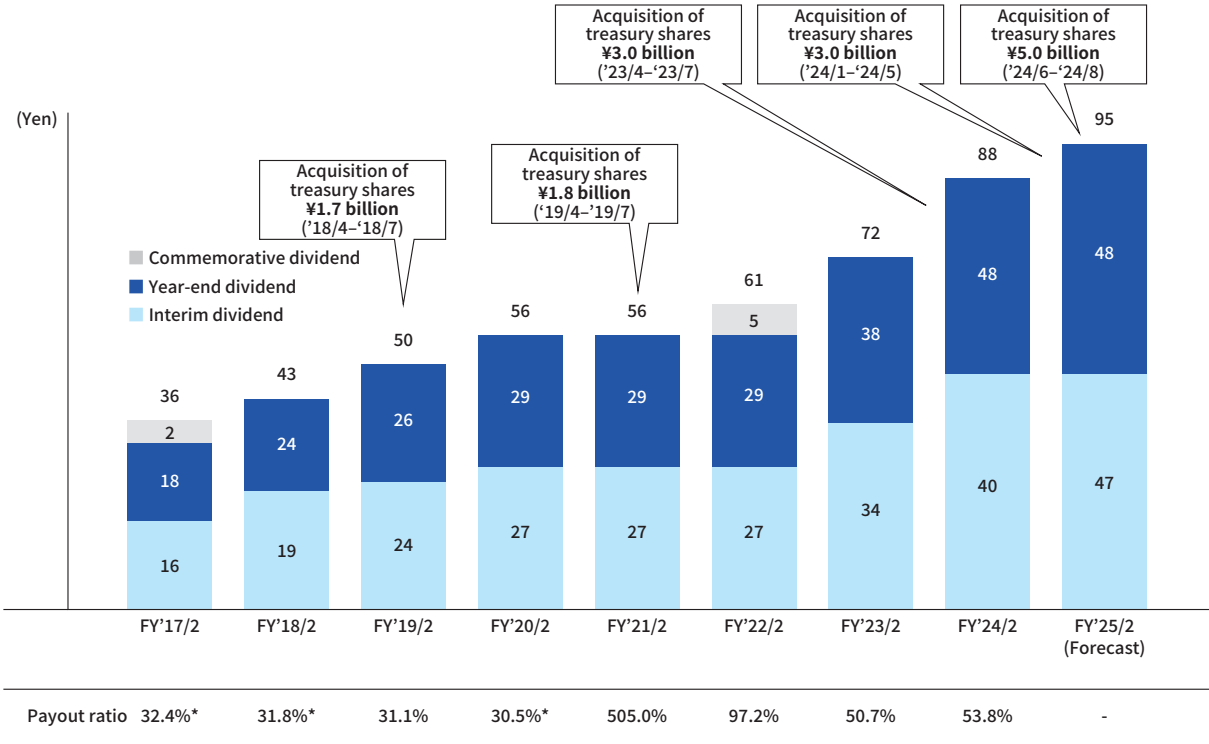
In June of the same year, we also announced the acquisition of treasury shares in the amount of ¥5.0 billion. The reason behind this is that it was expected that, even after factoring in growth investments, there would be approximately ¥5.0 billion yen in surplus cash at the end of the fiscal year ending February 2025. Furthermore, the share price was regarded as considerably undervalued given the medium-term expansion of our business performance. As we completed the repurchase for the scheduled amount on August 20, 2024, the total payout ratio for the fiscal year ending February 2025 is expected to be 114%.

As a result of these acquisitions of treasury shares, the number of treasury shares at the end of August 2024 totaled 5,686,904 (percentage of total shares issued: 9.5%^{*}). We are receiving an increasing number of inquiries from investors concerning our intent for the use and cancellation of treasury shares. We have already begun considering this, and while deepening our dialogue with investors, our plan is to finalize our policy by the first half of next year.

Moreover, we are still deliberating the possibility of introducing a DOE (dividend on equity ratio) target, which was discussed in the previous fiscal year's integrated report. We are aware that many other companies use DOE to manage dividends and ensure a minimum amount, but dip has already stipulated in its dividend policy that, in principle, the amount for the current fiscal year shall not fall below that of the previous fiscal year. We will continue carefully considering the impact of the acquisition of treasury shares as it relates to the cash allocation policy. Moreover, we must also consider the optimal capital structure due to the launch of a new business. The new service Spot Baitoru includes a temporary advance payment, as dip compensates the worker immediately upon completion of work, and then receives the funds from the hiring company the following month. It will be necessary to allocate sufficient funds as demand for advances increases in line with service expansion. We plan to cover this using debt, but after having considered the most appropriate method of funding, we would like to discuss the optimal capital structure in more depth.

^{*}Treasury shares exclude the number of company shares owned by the ESOP trust account (2,058,320 shares at the end of the current interim consolidated accounting period) and the number of company shares owned by the BIP trust account (73,817 shares at the end of the current interim consolidated accounting period).

◆ Trends in the Payout Ratio and Dividends per Share

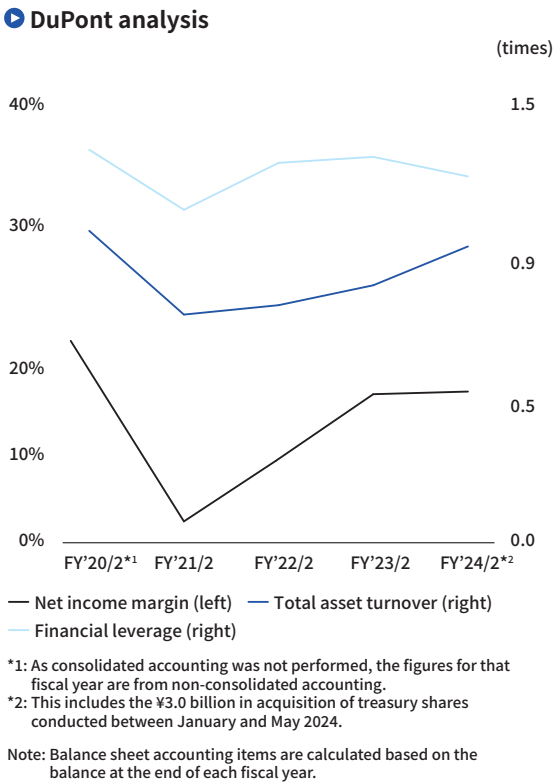


^{*}As consolidated accounting was not performed, the figures for that fiscal year are from non-consolidated accounting.

Note: Treasury shares exclude the number of company shares owned by the ESOP trust account (2,058,320 shares at the end of the current interim consolidated accounting period) and the number of company shares owned by the BIP trust account (73,817 shares at the end of the current interim consolidated accounting period).

◆ Financial Strategy Direction Based on DuPont Analysis

The ROE for the five most recent years is broken down into net profit margin, total asset turnover, and financial leverage. The total asset turnover ratio has roughly recovered to pre-pandemic levels, due to increased sales sparked by factors including media service market share expansion and DX business growth, as well as total asset reduction through measures such as an increase in the dividend payout ratio (from 30% to 50% in 2020) and the acquisition of treasury shares. Moreover, financial leverage is also higher than pre-pandemic levels, if the acquisition of treasury shares announced in January 2024 is taken into account. It is our view that promoting financial strategies based on the cash allocation policy is positively impacting the improvement of ROE. Meanwhile, the net profit margin, which has yet to return to pre-pandemic levels, is the issue. While continuing to streamline the profit structure of existing services, we will work to expand our business and boost productivity through new services—the pillars of our medium-term management plan ‘dip30th’—and we will achieve an improvement in our profit margin. However, the limitation of the DuPont analysis is that even if the “rate” can also be improved as a result of reducing costs and assets by curbing investment, it is a form of contractionary equilibrium. As I have said previously, we will not aim to improve the “rate” by achieving a contractionary equilibrium, but to improve it by steadily implementing growth investments and expanding sales and profits.



◆ Initiatives to Reduce Cost of Equity

dip’s assumption is that the current cost of equity is 10%–11%. Due to the structural labor shortage caused by the declining birthrate and aging population, the job market’s susceptibility to economic fluctuations has decreased, and we expect a medium- to long-term decline in beta (market sensitivity). Even if there is a decrease in hiring demand in industries that are highly sensitive to economic conditions, a rise in demand in industries experiencing structural labor shortages—such as healthcare and nursing care—is expected to mitigate the impact of economic fluctuations on the market as a whole. Moreover, we aim to reinforce the following initiatives to lower the beta in the medium term.

● Building a Business Portfolio That Is Less Susceptible to Economic Fluctuations

Over the past five years, we have successfully launched businesses and services that are less susceptible to economic fluctuations, which has steadily strengthened our profit structure. One of these is the DX business, in which sales staff bundle and sell recruitment and human resources business efficiency improvement products and job advertisements to the existing customer base. Furthermore, last year, we began marketing DX products that can be used for sales promotion, and the number of contracted companies has steadily expanded, surpassing 1,000. These products are less susceptible to the effects of economic fluctuations as they are sold on a monthly subscription.

Some of our other launches include Nurse de Hatarako and Nursing Care de Hatarako, which are recruiting services in the healthcare and nursing care sectors, as well as Baitoru PRO, which is a comprehensive job information site for specialized jobs. The effective job offer ratio for medical and nursing care is extremely high, and due to a structural labor shortage, these are areas not easily impacted by economic conditions. It is expected that demand for jobs in these areas will remain on a growth trajectory. We will continue to work aggressively to create more new businesses and services and press ahead with building a business portfolio that is less susceptible to economic fluctuations.

● Strengthening Non-Financial Capital Through ESG-Related Initiatives

In the “E=Environment” category in ESG, since announcing our endorsement of the TCFD recommendations in October 2021, we have been transitioning to renewable energy at our head office, each sales office, and data centers, and the change is going smoothly. We also continue to calculate and disclose Scope 3 GHG emissions and are currently deliberating the establishment of targets that include Scope 3 emissions. In the “S=Society” category, we were again certified as a “2024 Certified Health & Productivity Management Outstanding Organization in the large enterprise category (White 500)” under the Certified Health & Productivity Management Outstanding Organizations Recognition Program of the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi. We are bolstering our efforts to promote “strengthening human capital connected with Philosophy,” for which we have also set KPI targets as a materiality. In the “G=Governance” category, dip transitioned to a company with an audit and supervisory committee in May 2023, increasing the ratio of independent Outside Board Directors to two-thirds of the Board of Directors, creating a highly independent board composition, and ensuring gender diversity by having women account for over half of the Board of Directors. As a result of these efforts, dip has been selected for all six of the ESG indexes adopted by GPIF. We will further develop ESG management to achieve non-financial KPIs as part of continued efforts toward reducing the cost of equity.

● Strengthening Engagement with Stakeholders Through IR Activities

For the enhancement of corporate value, we believe that it is extremely important to ensure the stock market has a better understanding of the sustainable strengths and growth potential, which support high growth and profitability, as well as of the business risks. In the fiscal year ended February 2024, we conducted 393 interviews with investors, and opinions and requests from investors were reported in detail to the Board of Directors and the Meeting of Executive Officer on a quarterly basis. This feedback was put to use in management and business operations. Following New York and London in the previous fiscal year, this fiscal year we held non-deal roadshows in San Francisco, Edinburgh, Sydney and Melbourne. Additionally, we are currently planning an IR Day as an opportunity for investors to gain a deeper understanding of our various businesses, including our new services. Going forward, we will continue to strengthen engagement by further deepening our dialogues with stakeholders.

● Introduction of a Business Management System That Uses ROIC by Business and an Investment Decision-Making Process Based on Hurdle Rates

We conduct ROIC analysis by business and prepare to use it in our operations. We have completed our analysis of software investment and related expenses by business and service, and aim to introduce this next fiscal year. Prior to its introduction, as part of efforts to achieve the internal target of operating income per employee, we began sharing the status of budget achievement for sales and expenses by group with all employees and implemented measures to heighten employee awareness of company-wide and departmental performance. Moreover, regarding the hurdle rate for investment decision-making, we are aiming for 30%, in line with our medium-term ROE target.

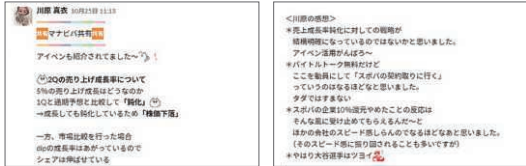
◆ Expanding Opportunities for Dialogue with Employees

To deepen internal understanding of strategies and performance as a listed company, dip holds quarterly results briefings for employees. At these briefings, in addition to outlining the dip’s business strategies and performance, we share expectations and requests from the stock market, which provides each employee with an opportunity to develop a management perspective.

In addition, as CFO, I hold roundtable discussions with employees at our sales offices which serve as forums for interactive dialogue with front-line employees. We also allow employees to attend investor meetings and communicate directly with investors. By sharing investor expectations, concerns and requests for dip with employees through these initiatives, we aim to further raise awareness of raising corporate and shareholder value.



“Manabiba,” is a forum where CFO Arai shares information on financial results and evaluations from investors with employees



Intradepartmental exchange of thoughts and impressions about “Manabiba” on Slack



Roundtable discussion to deepen understanding of the details of the dialogue with the stock market



Front-line sales staff participate in IR meeting with investors, exchange opinions

Corporate Governance

Basic Corporate Governance Policy

Through the provision of human resource services and DX services, and by working to solve various problems in the labor market, dip aims to realize a society in which everyone can experience the joy and happiness of work, based on our vision of becoming a “Labor force solution company” under the Corporate Philosophy of “tapping into dreams, ideas and passion to create a better society.” Ensuring and improving effective corporate governance is essential to realize this vision. Under an appropriate corporate governance system, we aim to increase corporate value over the medium to long term while fulfilling our responsibilities to all stakeholders by enhancing management transparency and conducting efficient business operations.

Overview and Characteristics of the Corporate Governance System

Upon resolution at the 26th Annual General Meeting of Shareholders held on May 24, 2023, dip transitioned from a company with a board of corporate auditors to a company with an audit and supervisory committee. The aim was to strengthen the audit and supervision of Executive Board Directors and make the corporate governance system even more effective by including, as members of the Board of Directors, Audit and Supervisory Committee Members who are primarily tasked with auditing the execution of duties by Board Directors. Also, dip has created and operates a support system for Outside Board Directors and for Outside Board Directors who are Audit and Supervisory Committee Members. The system is designed to enable them to fully play their role of auditing or supervising management, for example through extensive prior briefings on agenda items for Board of Directors’ meetings.

By promoting DX in operations, dip has built a framework that enables Board Directors to keep abreast of the information necessary for real time decision-making at meetings of the Board of Directors and promotes livelier discussions.

The Audit and Supervisory Committee seeks to conduct effective audits and enhance its function through cooperation with the Accounting Auditor, the Internal Audit and Control Office, and the department responsible for internal control.

dip has also established a voluntary Nomination and Compensation Committee comprised of independent Outside Board Directors in the majority to increase impartiality and transparency in the process of selecting Board Director candidates and determining individual compensation.

In addition, dip has introduced an executive officer system to expedite decision-making and ensure smooth execution. Executive Officer Meetings are held weekly to share and discuss important matters relating to the execution of operations delegated by the Board of Directors to Executive Officers. As a framework for supporting swift management decision-making, dip has also established the Strategy Promotion Council, a body that conducts preliminary reviews of Executive Officers Meeting agenda items. Full-time Board Directors who are Audit and Supervisory Committee Members attend Executive Officers Meetings and Strategy Promotion Council meetings as observers.

The Board of Directors obtains and reports opinions from lawyers and other outside professionals as appropriate when deliberating and making important business execution decisions in order to ensure lawful and sound management judgment.

WEB ▶ <https://www.dip-net.co.jp/en/esg/governance/G001>

Corporate Governance Report

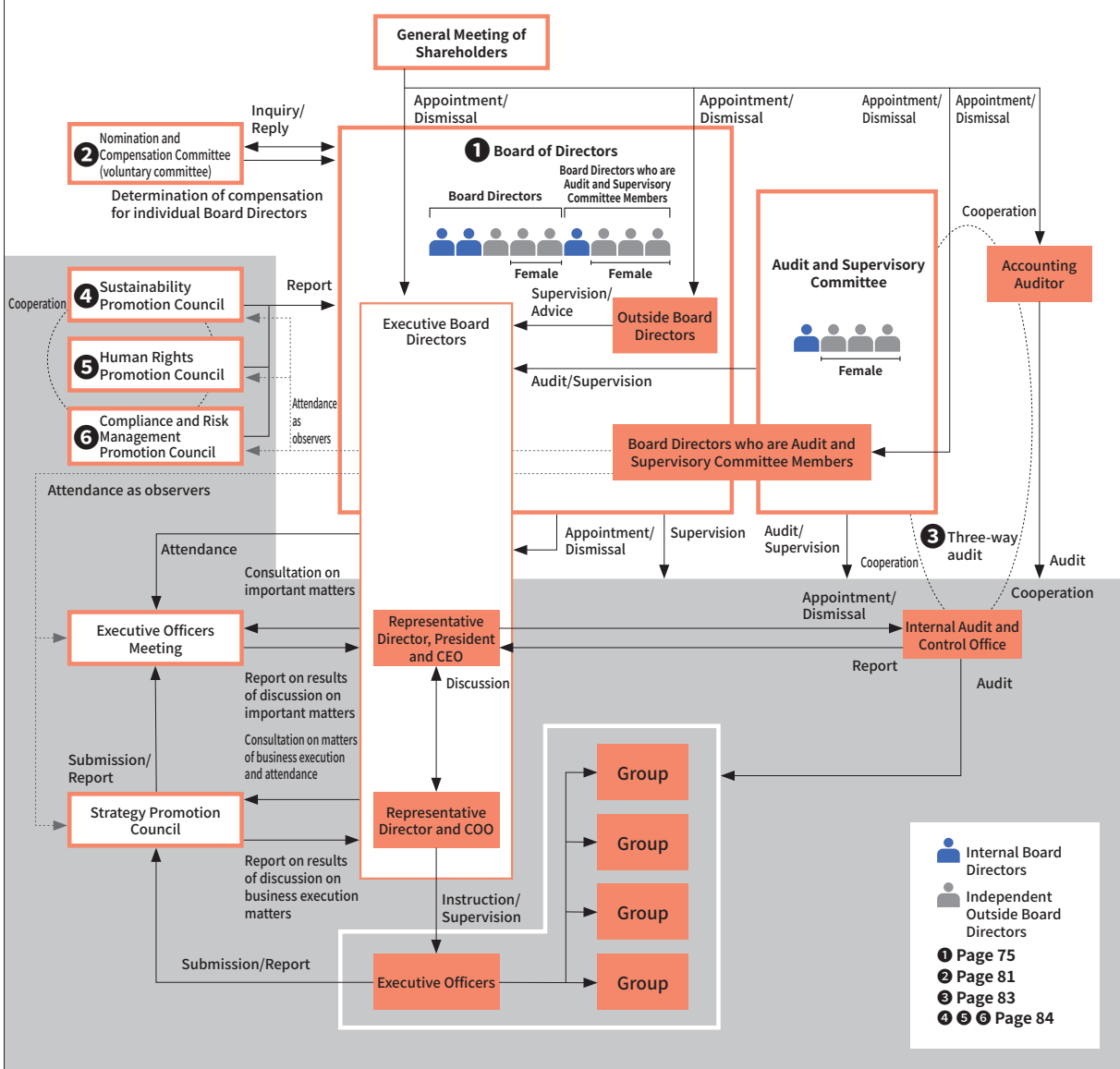


History of Governance Enhancements

2004	The executive officer system introduced Listing on TSE Mothers
2006	The CEO and COO system adopted
2013	Listing market changed to the TSE First Section
2016	Establishment of Standards on Independence of Outside Officers Adoption of and disclosure pursuant to Japan’s Corporate Governance Code
2018	The first female Board Director (Outside) appointed Independent Outside Board Directors accounting for more than one-third of the Board Directors

2020	Nomination and Compensation Committee created
2022	Appointment of another Representative Director Listing market changed to the TSE Prime Market
2023	Transition to a company with an audit and supervisory committee Female Board Directors accounting for the majority of the Board Directors Independent Outside Board Directors accounting for more than two-thirds of the Board Directors
2024	The first female Chief Philosophy Officer (CPO) appointed

dip’s Corporate Governance System Chart



● **Composition of Officers** ▶ Details are presented on page 79. Based on the basic policy that independent Outside Board Directors account for at least two-thirds, and female Board Directors account for one half of the Board of Directors, six of the nine Board Directors are Outside Board Directors. By having Outside Board Directors who are independent of the management team and controlling shareholders account for two-thirds of the Board of Directors, we seek to strengthen its supervisory function over management.

● **Nomination and Compensation Committee** ▶ Details are presented on page 81. The Nomination and Compensation Committee, a voluntary advisory body to the Board of Directors, deliberates and reports on matters related to the nomination and compensation of Board Directors in response to consultation from the Board of Directors.

● **Audit and Supervisory Committee** ▶ Details are presented on page 83. In 2023, dip transitioned to a company with an audit and supervisory committee. The aim was to strengthen the audit and supervision of Executive Board Directors and make the corporate governance system even more effective by including, as members of the Board of Directors, Audit and Supervisory Committee Members who are primarily tasked with auditing the execution of duties by Board Directors.

● **Three-way audit** ▶ Details are presented on page 83. The Audit and Supervisory Committee, the Accounting Auditor, and the Internal Audit and Control Office collaborate to efficiently conduct three-way audits to achieve their respective audit purposes following their respective protocols. The three parties meet regularly to exchange views, avoid overlap, share information, and gain more insights.

1 Board of Directors’ Initiatives

The Board of Directors meets monthly in principle, and convenes extraordinary meetings as necessary, to discuss and resolve important management issues. dip specifies in its Board of Directors Regulations which matters must be decided by a resolution of the Board of Directors, and these are decided by a resolution of the Board of Directors.

General direction of corporate strategy	Sustainability	Sustainability policy, environmental policy, human rights policy, review of materiality, sustainability strategies and measures
	Medium-term management plan	Progress and challenges in realizing the medium-term management plan ‘dip30th’
	Single fiscal year plan	Progress and issues with the sales, profit, investment and staffing plans for the current year, and deliberation of the plans for the next year
	Financial strategy	Policies for increasing corporate and shareholder value, cash allocation, initiatives to reduce cost of equity
	Human capital strategy	Human resources portfolio to realize the medium-term business plan, training and recruitment, organizational and environmental development, diversity, human resource development
Establishment of an environment that supports appropriate risk-taking	Internal control/Compliance and risk management	Risk management system, major risks and countermeasures, Business Continuity Plan (BCP), information security, compliance
Strengthening supervisory functions	Matters concerning Board Directors	Appointment of officers, determination of individual Board Director compensation
	Matters concerning audit and supervision	System of the Audit and Supervisory Committee, audit reports, appointment of the Accounting Auditor, audit fees, internal audit plan, internal audit status report
	Evaluation of Board of Directors’ effectiveness	Measures to improve the effectiveness of the Board of Directors

Evaluation of Board of Directors’ effectiveness

The Company conducts an annual evaluation of the Board of Directors with the objective of improving effectiveness. In FY’24/2, based on individual interviews conducted with all Board Directors and Board Directors who are Audit and Supervisory Committee Members, we analyzed the current issues regarding Board effectiveness and took actions (see “Actions for FY’24/2” below). In FY’25/2, we analyzed the current issues regarding Board effectiveness by combining the issues that were not addressed in the initiatives taken in the previous fiscal year, the opinions obtained from officers through individual interviews, and the issues to be incorporated from surveys on the status of other companies. Furthermore, in accordance with General Principle 4 of Japan’s Corporate Governance Code (Responsibilities of the Board), the initiatives were reorganized and grouped into three areas: “broad direction of corporate strategy,” “establishment of an environment that supports appropriate risk-taking,” and “strengthening supervisory functions.” By implementing the “Actions for FY’25/2” described below, we will make the Board of Directors even more effective.

● Actions for FY’24/2

Implemented	Not implemented
<ul style="list-style-type: none">Formulate and announce a policy on diversityReview how Outside Board Directors are briefed on agenda items prior to Board of Directors’ meetingsConsider and ensure the independence of the secretariat of the Audit and Supervisory CommitteeEnhance the disclosure of the whistleblowing systemChange the contact points for whistleblowers	<ul style="list-style-type: none">Focus more on sustainability-related discussion topicsReview the authority of the Board of Directors (excluding authority to execute budget)Strengthen cooperation through the Outside Officers CouncilEnhance the quality of discussionsArrange meetings between Outside Board Directors and investors

● Actions for FY’25/2

Broad direction of corporate strategy	Focus more on sustainability-related discussion topics	Analyze current issues and consider specific initiatives to contribute to the realization of a sustainable society
	Monitor the medium-term management plan/Deliberate on the budget for the next fiscal year	Determine the priorities for the next fiscal year and deliberate on the budget for the next fiscal year to realize the medium-term management plan
	Consider new businesses and associated operating resources	Consider the plans for the next fiscal year and beyond, as well as the allocation of sales personnel for both existing and new businesses
Establishment of an environment that supports appropriate risk-taking	Review the risk map	Identify potential and actual risks comprehensively, based on their frequency of occurrence and degree of impact, and review them in response to emerging risks and changes in existing risks
	Formulate an all-hazards BCP/Implement BCM	Review the Business Continuity Plan (BCP) and implement Business Continuity Management (BCM) to ensure we can respond to all hazards and continue operations in the event of a management crisis, such as an earthquake. Through BCM, conduct regular risk assessments and business impact analyses, ensure that emergency response procedures and recovery plans are in place, thereby strengthening the resilience of the entire organization.
	Consider new business risks	Consider the risks of new businesses such as dip AI and Spot Baitoru
Strengthening supervisory functions	Consider measures to stimulate further discussions at the Board of Directors’ meetings	Prioritize issues to be discussed at the Board of Directors’ meetings, deepen discussions, and make decisions to achieve maximum results without slowing down the business while exercising supervisory functions
	Establish the Outside Officers Council	To promote the exchange of views among outside officers and further strengthen the supervisory function, establish the Outside Officers Council composed of outside officers

Roles Played by Outside Board Directors

● Outside Board Directors’ Actions

Kuniyoshi Mabuchi Outside Board Director	Kuniyoshi Mabuchi possesses a wealth of management experience gleaned as a corporate executive of several businesses, including global companies, as well as extensive knowledge of the latest technologies such as AI and the metaverse. Drawing on these assets, he has performed his supervisory duties by, for example, providing advice and recommendations on agenda items related to new services such as dip AI, including risk management from pre-release to post-launch. In addition, he serves as a moderator at business conferences hosted by the Company, leveraging his knowledge to facilitate the sharing of industry trends and lively discussions, thereby contributing to enhancing the value of the conferences.
Kanae Takeuchi Outside Board Director	Kanae Takeuchi possesses a wealth of experience and knowledge that she has developed through serving as a newscaster and interviewing business executives. Drawing on these assets, she has performed her supervisory duties by, for example, providing advice and recommendations on agenda items related to corporate advertising promotion, including measures to improve cost-effectiveness, from a professional perspective. In addition, she serves as a moderator at the General Meeting of Employees held at the beginning of each year and at business conferences hosted by the Company, leading the proceedings in a professional manner that builds trust and confidence among the participants. As a result, a wide range of viewpoints and insights are shared, which contributes to enhancing employee engagement and facilitating internal and external communication.
Yuka Shimada Outside Board Director	Yuka Shimada possesses a wealth of experience and knowledge in establishing organizational culture and in the field of well-being that she has developed through her roles as the head of human resources and general affairs at a global company and as a senior executive of multiple corporations. Drawing on these assets, she has performed her supervisory duties by, for example, providing advice and recommendations on promoting active participation by women, preventing employment mismatches, and implementing initiatives aimed at becoming No.1 in employee satisfaction. In addition, she serves as a moderator at business conferences hosted by the Company, where she shares her insights on creating a rewarding and attractive workplace and facilitates lively discussions among participants, thereby contributing to enhancing the value of the conferences.
Eriko Tanabe Outside Board Director (Audit and Supervisory Committee Member)	Eriko Tanabe possesses a wealth of experience and knowledge in corporate and risk management that she has developed at a human resources service company through the construction of web-sites and online systems provided by said company. Drawing on these assets, she has performed her audit and supervisory duties by, for example, providing advice and recommendations on agenda items such as risk management at the time of system replacement, information security education, and formulation of company-wide BCP. In addition, she has demonstrated a deep understanding of the Company’s actual conditions, and has provided advice and recommendations at the Sustainability Promotion Council, the Human Rights Promotion Council, and the Compliance and Risk Management Promotion Council from the perspective of social standards.
Yukiko Imazu Outside Board Director (Audit and Supervisory Committee Member)	Yukiko Imazu possesses a wealth of experience and knowledge that she has developed through her career as a lawyer. Drawing on these assets, she has performed her audit and supervisory duties by, for example, providing advice and recommendations on agenda items related to labor and governance and the promotion of women’s active participation, including specific measures from a practical perspective that go beyond the intent of the law. She keeps up to date with the latest trends, including legal amendments, and has provided detailed advice at the Sustainability Promotion Council, the Human Rights Promotion Council, and the Compliance and Risk Management Promotion Council. In addition, she has helped raise awareness of human rights and compliance at the Company by serving as a lecturer at LGBTQ training sessions for our officers.
Misae Maruyama Outside Board Director (Audit and Supervisory Committee Member)	Misae Maruyama possesses a wealth of experience and knowledge that she has developed through her career as a certified public accountant. Drawing on these assets, she has demonstrated a solid understanding of the Company’s financial strategies and business models, and has performed her audit and supervisory duties by, for example, providing advice and recommendations from the perspectives of finance, accounting, and taxation. She has also provided detailed advice during financial results audit meetings, delving into specific processes to ensure the accuracy of accounting figures. In addition, at regular meetings concerning investees, she has provided advice and recommendations on the need to record investment losses, thereby contributing to the improvement of accounting soundness.

Outside Board Directors Messages

Toward Further Reinforcement of Corporate Governance

Kuniyoshi Mabuchi

Outside Board Director



► Characteristics of the Corporate Governance System

The adoption of a monitoring board and the reinforcement of the supervisory function through independent Outside Board Directors, who account for two-thirds of the Board of Directors

About eighteen months have passed since dip transitioned to a company with an audit and supervisory committee in May 2023, with the aim of strengthening the audit and supervisory functions of the Board of Directors. Under the new system, the basic policy for enhancing the monitoring function is that independent Outside Board Directors account for at least two-thirds, and female Board Directors account for one half, of the Board of Directors. Based on this policy, the Board of Directors currently consists of nine members, of which six are independent Outside Board Directors that include five women. The diverse knowledge and experience of each Board Director covers a broad range of specialized perspectives, and in terms of the skill matrix and diversity, we believe that our team is well balanced. The discussions at the Board of Directors' meetings are also very active, with high-quality opinions being exchanged.

► Regarding Evaluations to Date

Increased speed of strategy execution while maintaining a balance between offensive and defensive management governance

dip aims to realize a society in which everyone can experience the joy and happiness of work, and is trying to achieve this through the power of people, technology and data.

In last year's Integrated Report, I noted that my role was to provide objectivity and a fair perspective of the speed required in the age of AI. Looking back the past year from this perspective, I appreciate that the new service dip AI has been launched smoothly, and Spot Baitoru has also made progress in service development ahead of schedule. To move forward with full-fledged development, I believe it is important to proceed with a balance between offensive and defensive postures, utilizing outside experts and proactively incorporating feedback from customers and users.

The use of AI technology poses many issues in the global market. Amidst such circumstances, it is

incumbent on dip to continue considering how to mitigate risks associated with its use. To deepen such discussion, dip established the AI External Advisory Committee in August 2024. The Committee is not part of any specific internal organization, but rather exists as an independent body. Its recommendations are to be reflected in Board of Directors' meetings.

► Looking Forward

Further improve the quality of discussions at Board of Directors' meetings in order to achieve sustainable growth in corporate value

The role of Outside Board Directors is to fulfill a supervisory function in management, while also making appropriate proposals regarding issues such as management strategy with the objective of raising medium- to long-term corporate value.

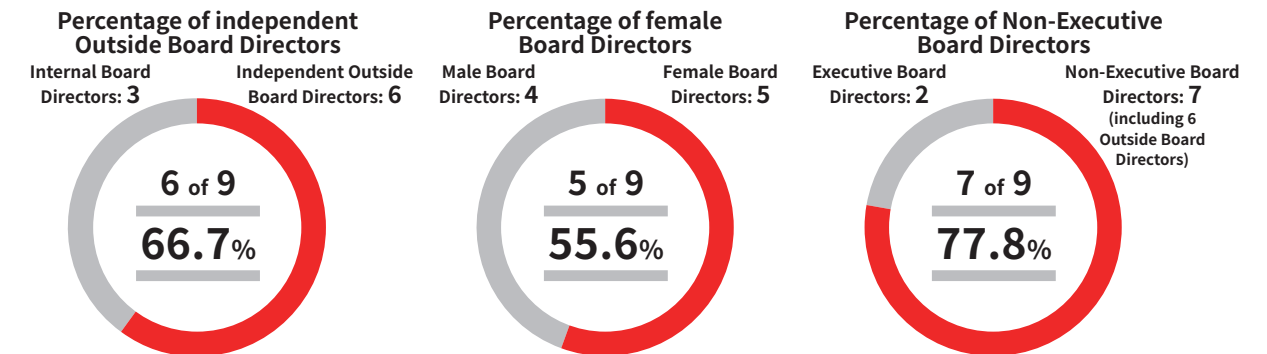
It is particularly important to further heighten the quality of discussions at Board of Directors meetings regarding medium- and long-term opportunity and risk, while accounting for labor market changes and data technology evolution.

We will continue working to improve quality. Outside Board Directors receive explanations of the agenda for Board of Directors' meetings in advance, for instance, which puts them in position to offer high-resolution supervision and management advice. As a new initiative, we will set topics to be discussed at Board of Directors' meetings during the year in advance and proceeding with discussions in a methodical manner, hoping to further enrich talks toward sustainable growth. Moreover, in support of future growth, I would like to monitor company management to ensure that the focus is on boosting skills and motivation to position each employee to cope effectively with new challenges.

For dip, which is constantly challenging new markets, realizing a balance between offensive and defensive governance is absolutely essential. Our strengths, which are rooted in our philosophy, lie in "creation" and "challenge." We, the Outside Board Directors, will do whatever we can to help dip maintain this mindset and continue its growth while sustaining its flexibility and sense of speed. We are grateful for the understanding and support of all of our stakeholders.

Composition of the Board of Directors

Giving consideration to the diversity and appropriate size of the Board of Directors, the Company is governed by the Board of Directors that consists of two types of members: Executive Board Directors, who promote speedy business execution based on their wealth of knowledge in the Company's businesses, operations, and other aspects; and independent Outside Board Directors, who can be expected to properly advise on and supervise management by drawing on their specialized expertise as well as extensive knowledge and experience. Our basic policy for appointing Executive Board Directors dictates that we select persons who possess, among other things, the broad knowledge and experience necessary for making corporate managerial decisions. In appointing Outside Board Directors, we select persons who are capable of overseeing and supervising management through important decision-making at Board of Directors' meetings; of overseeing whether there is any conflict of interest between the Company and its management, controlling shareholders, and other stakeholders; and of actively making recommendations on management policies and improvements in order to increase corporate value over the medium to long term. The candidates are then determined after considering the appropriate balance of individuals with diverse knowledge and experience, and in line with the basic policy, which aims for independent Outside Board Directors to account for at least two-thirds and female Board Directors to account for one half, of the Board of Directors. As of May 23, 2024, the Board of Directors consists of nine members, of which six are independent Outside Board Directors that include five women. As such, it maintains a highly independent and diverse composition.



Board Directors' Areas of Experience and Expertise (Skill Matrix)

● Areas of Experience and Expertise (Skills) and Definition

Skill Item	Selection Reasons
Corporate Management	In possession of a wealth of experience and knowledge related to all aspects of corporate management in order to achieve innovation towards the vision set forth in our philosophy and medium-term management plan, even as the business environment undergoes major changes such as structural changes in the labor market and rapid technological advances.
HR Development/Promotion of DEI	In possession of experience and knowledge in the fields of HR development/promotion of DEI because in order to achieve our medium- to long-term vision based on the belief that "people are everything and people are assets," it is important to have strategies that support the securing, training, and utilization of executive management, managers, and members based on our philosophy, as well as strategies that support the ability of female employees to autonomously develop their careers.
Sales	In possession of experience and knowledge in the sales field, including the ability to develop and execute strategic sales plans based on an understanding of market trends and competitive analysis, understand customer needs, negotiate, and build long-term customer relationships.
Service Development	In possession of the experience and knowledge to develop innovative services that stand out from competitors, based on creativity and a deep understanding of our customers, even as the business environment undergoes major changes such as rapid technological advances.
Marketing/Promotion	In possession of the experience and knowledge to utilize their extensive experience and expertise in marketing, understand the evolution of digital marketing and measures including promotions, and implement personalization strategies that make full use of data analysis, even as the business environment undergoes major changes such as structural changes in the labor market and rapid technological advances.
Technology	In possession of the ability to understand and utilize digital marketing and the latest technologies such as AI, the metaverse, and Web3, as well as promote innovation to improve operational efficiency and create new businesses. Moreover, in possession of experience and knowledge to formulate appropriate technology strategies while ensuring information security, based on experience in system development and IT infrastructure construction.
Accounting/Finance	In possession of the experience and knowledge necessary to formulate and execute financial strategies in order to build a solid financial foundation that supports sustainable increases in corporate value, promote aggressive growth investments such as CVC investments and M&As, and realize appropriate shareholder returns, etc.
Risk Management	In possession of the experience and knowledge in fields that can accurately address risk factors in a rapidly changing business environment, specifically law, compliance, and risk management, in order to continuously increase corporate value.
Sustainability/ESG	In possession of the experience and knowledge related to long-term business continuity and social contribution through management from a sustainability/ESG perspective in order to increase corporate value and achieve sustainable growth over the medium to long term, based on our sustainability policy and environmental policy.

List of Board Directors (as of May 23, 2024)

► The description of each officer indicates their position, responsibilities, career, area of experience, and expertise (skills) of each officer in the Company.

For the definitions of areas of experience and expertise (skills), please refer to page 78.



Hideki Tomita

Representative Director, President and Chief Executive Officer

Years served as a Board Director: 27 years

Attendance at the Board of Directors' meetings in FY'24/2: 100% (13/13)

April 1990

May 1992

March 1997

March 2006

May 2018

April 1991

November 1998

November 2004

June 2005

April 2012

April 2017

April 2019

May 2019

July 2020

April 1995

June 1998

March 2012

July 2018

September 2018

April 2001

November 2012

June 2020

May 2022

Joined Chisan Co., Ltd.

Joined Forum Corporation

Established the Company, Representative Director, President

Representative Director, President and Chief Executive Officer of the Company (present)

President of DIP America, Inc. (present)

Joined TOPPAN PRINTING CO., LTD.*1

Joined Yahoo Japan Corporation*2

Board Director of Yume no Machi Souzou Iinkai Co., Ltd.*3

Board Director of e-Seikatsu Co., Ltd.

Corporate Officer of Yahoo Japan Corporation*2

Head of BS Business Headquarters

President and Representative Director of IDC Frontier Inc.

President and Representative Director of FirstServer, Inc.*4

Corporate Group CIO of Yahoo Japan Corporation*2

Outside Board Director of the Company

Board Director, COO (Chief Operating Officer) of the Company

Joined Sapient Corporation

Representative Director and President of DOE Co., Ltd.

Representative Director and President of OgilvyOne Japan (currently VML & Ogilvy Japan GK)

Representative Director and President of neo@ Ogilvy (currently VML & Ogilvy Japan GK)

Director of Facebook Japan K.K. (currently Facebook Japan G.K.)

Outside Director of PORT INC.

December 2019

May 2021

March 2022

June 2022

January 2024

December 2019

May 2021

March 2022

June 2022

January 2024

Outside Director of Makuake, Inc. (present)

Outside Board Director of the Company (present)

Co-Representative Director of Metaverse Japan (present)

Outside Director (Audit and Supervisory Committee Member) of PORT INC. (present)

Director of Generative AI Japan (present)

Corporate management

HR development/ promotion of DEI

Sales

Service development

Marketing/ promotion

Technology

Accounting/ finance

Risk management

Sustainability/ ESG



Masatsugu Shidachi

Representative Director, Chief Operating Officer

Years served as a Board Director: 5 years

Attendance at the Board of Directors' meetings in FY'24/2: 100% (13/13)

April 1991

November 1998

November 2004

June 2005

April 2012

April 2017

April 2019

May 2019

July 2020

April 1991

November 1998

November 2004

June 2005

April 2012

April 2017

April 2019

May 2019

July 2020

April 1995

June 1998

March 2012

July 2018

September 2018

April 2001

November 2012

June 2020

May 2022

Joined TOPPAN PRINTING CO., LTD.*1

Joined Yahoo Japan Corporation*2

Board Director of Yume no Machi Souzou Iinkai Co., Ltd.*3

Board Director of e-Seikatsu Co., Ltd.

Corporate Officer of Yahoo Japan Corporation*2

Head of BS Business Headquarters

President and Representative Director of IDC Frontier Inc.

President and Representative Director of FirstServer, Inc.*4

Corporate Group CIO of Yahoo Japan Corporation*2

Outside Board Director of the Company

Board Director, COO (Chief Operating Officer) of the Company

Joined Sapient Corporation

Representative Director and President of DOE Co., Ltd.

Representative Director and President of OgilvyOne Japan (currently VML & Ogilvy Japan GK)

Representative Director and President of neo@ Ogilvy (currently VML & Ogilvy Japan GK)

Director of Facebook Japan K.K. (currently Facebook Japan G.K.)

Outside Director of PORT INC.

December 2019

May 2021

March 2022

June 2022

January 2024

December 2019

May 2021

March 2022

June 2022

January 2024

Outside Director of Makuake, Inc. (present)

Outside Board Director of the Company (present)

Co-Representative Director of Metaverse Japan (present)

Outside Director (Audit and Supervisory Committee Member) of PORT INC. (present)

Director of Generative AI Japan (present)

Corporate management

HR development/ promotion of DEI

Sales

Service development

Marketing/ promotion

Technology

Accounting/ finance

Risk management

Sustainability/ ESG



Kuniyoshi Mabuchi

Outside Board Director

Years served as a Board Director: 3 years

Attendance at the Board of Directors' meetings in FY'24/2: 100% (13/13)

April 1995

June 1998

March 2012

July 2018

September 2018

April 2001

November 2012

June 2020

May 2022

Joined Sapient Corporation

Representative Director and President of DOE Co., Ltd.

Representative Director and President of OgilvyOne Japan (currently VML & Ogilvy Japan GK)

Representative Director and President of neo@ Ogilvy (currently VML & Ogilvy Japan GK)

Director of Facebook Japan K.K. (currently Facebook Japan G.K.)

Outside Director of PORT INC.

December 2019

May 2021

March 2022

June 2022

January 2024

December 2019

May 2021

March 2022

June 2022

January 2024

Outside Director of Makuake, Inc. (present)

Outside Board Director of the Company (present)

Co-Representative Director of Metaverse Japan (present)

Outside Director (Audit and Supervisory Committee Member) of PORT INC. (present)

Director of Generative AI Japan (present)

Corporate management

HR development/ promotion of DEI

Sales

Service development

Marketing/ promotion

Technology

Accounting/ finance

Risk management

Sustainability/ ESG



Kanae Takeuchi

Outside Board Director

Years served as a Board Director: 2 years

Attendance at the Board of Directors' meetings in FY'24/2: 100% (13/13)

April 2001

November 2012

June 2020

May 2022

Joined Tokyo Broadcasting System, Inc. (currently Tokyo Broadcasting System Television, Inc.)

Became freelance announcer

Outside Director of SBI Holdings, Inc. (present)

Outside Board Director of the Company (present)

Corporate management

HR development/ promotion of DEI

Sales

Service development

Marketing/ promotion

Technology

Accounting/ finance

Risk management

Sustainability/ ESG



Yuka Shimada

Outside Board Director

Years served as a Board Director: 1 year

Attendance at the Board of Directors' meetings in FY'24/2: 90% (9/10)

April 1996

June 2002

August 2008

April 2014

February 2017

April 2001

November 2012

June 2020

May 2022

Joined Pasona Inc.

Joined GE Japan, Ltd. (currently General Electric Japan Holdings Limited)

Joined Unilever Japan Holdings K.K. (currently Unilever Japan Holdings G.K.)

Director and General Manager of HR & General Affairs Division of Unilever Japan Holdings K.K.

Jointly established YeeY Inc., Representative Director (present)

November 2020

October 2021

April 2022

July 2022

September 2022

May 2023

November 2020

October 2021

April 2022

July 2022

September 2022

May 2023

Established dialogue, Inc., Representative Director (present)

General Manager of HR & General Affairs Division of Unilever Japan Holdings G.K. Representative Partner of NOTONO G.K. (present)

CWO (Chief Well-being Officer) of Asteria Corporation (present)

Representative Director of Promotion Council for Well-being in Japan (present)

Outside Board Director of the Company (present)

Corporate management

HR development/ promotion of DEI

Sales

Service development

Marketing/ promotion

Technology

Accounting/ finance

Risk management

Sustainability/ ESG



Kazuhisa Iwata

Board Director and Full-Time Audit and Supervisory Committee Member

Years served as a Board Director: 21 years

Years served as an Audit and Supervisory Committee Member: —years

Attendance at the Board of Directors' meetings in FY'24/2: 100% (3/3)

April 1986

May 2000

June 2002

October 2004

May 2005

March 2006

February 2007

September 2007

June 2008

May 2009

September 2009

June 2010

March 2011

May 2011

March 2012

March 2013

March 2014

April 2018

September 2019

June 2020

July 2020

May 2023

May 2024

April 1986

May 2000

June 2002

October 2004

May 2005

March 2006

February 2007

September 2007

June 2008

May 2009

September 2009

June 2010

March 2011

May 2011

March 2012

March 2013

March 2014

April 2018

September 2019

June 2020

July 2020

May 2023

May 2024

Joined Sanpo Tsushin Co., Ltd.

Joined the Company

Board Director of the Company

Director of E-engine Co., Ltd.

Managing Director of the Company

Managing Director and Managing Executive Officer of the Company

Board Director and Managing Executive Officer in charge of Hatarako.net Business Division and Outsourcing Business Division of the Company

Board Director, Managing Executive Officer and General Manager of Outsourcing Business Division of the Company

Board Director, Managing Executive Officer, Manager of Agent Business and General Manager of Hatarako.net Business Division of the Company

Board Director, Senior Managing Executive Officer, Manager of Agent Business and General Manager of Hatarako.net Business Division of the Company

Board Director, COO (Chief Business Officer) of the Company

General Manager of Agent Business Division of the Company

Board Director, Senior Managing Executive Officer and General Manager of HR Solution Business Division of the Company

Board Director, Senior Managing Executive Officer and President of Hatarako Company of the Company

Board Director, Managing Executive Officer and President of Hatarako Company of the Company

Board Director, Managing Executive Officer and President of Agent Company of the Company

Board Director, Managing Executive Officer and General Manager of Media No. 1 Business Division of the Company

Board Director, COO (Chief Operating Officer) and General Manager of the Media Business Division of the Company

Board Director, COO and Executive Manager of Personnel Recruiting Services Headquarters of the Company

Board Director, COO, Executive Manager of Personnel Recruiting Services Headquarters, and Executive Manager of Business Management Headquarters of the Company

Board Director, COO, Personnel Recruiting Services Manager, and Executive Manager of Business Management Headquarters of the Company

Board Director, CBO (Chief Business Officer) of the Company

Senior Managing Executive Officer, CBO of the Company

Board Director (Full-Time Audit and Supervisory Committee Member) of the Company (present)

Corporate management

HR development/ promotion of DEI

Sales

Service development

Marketing/ promotion

Technology

Accounting/ finance

Risk management

Sustainability/ ESG



Eriko Tanabe

Outside Board Director (Audit and Supervisory Committee Member)

Years served as a Board Director: 5 years

Years served as an Audit and Supervisory Committee Member: 1 year

Attendance at the Board of Directors' meetings in FY'24/2: 100% (13/13)

Attendance at Audit and Supervisory Committee meetings in FY'24/2: 100% (10/10)

April 1988

November 1991

April 2011

May 2019

May 2023

April 1988

November 1991

April 2011

May 2019

May 2023

Joined Nihon Takuken Co., Ltd.

Joined TEMPSTAFF CO., LTD. (currently PERSOL TEMPSTAFF CO., LTD.)

General Manager of Internet Planning Office, IT Head Office of TEMPSTAFF CO., LTD.

Outside Board Director of the Company

Outside Board Director (Audit and Supervisory Committee Member) of the Company (present)

Corporate management

HR development/ promotion of DEI

Sales

Service development

Marketing/ promotion

Technology

Accounting/ finance

Risk management

Sustainability/ ESG



Yukiko Imazu

Outside Board Director (Audit and Supervisory Committee Member)

Years served as a Corporate Auditor: 1 year

Years served as an Audit and Supervisory Committee Member: 1 year

Attendance at the Board of Directors' meetings in FY'24/2: 100% (13/13)

Attendance at Audit and Supervisory Committee meetings in FY'24/2: 100% (13/13)

April 1996

January 2005

April 2007

March 2014

June 2018

May 2022

June 2022

May 2023

April 1996

January 2005

April 2007

March 2014

June 2018

May 2022

June 2022

May 2023

Joined Anderson Mori (currently Anderson Mori & Tomotsune)

Partner at Anderson Mori & Tomotsune (present)

Associate Professor of Keio University Graduate School of Law

Director of Ishibashi Foundation (present)

Outside Audit & Supervisory Board Member of DAIICHI SANKYO COMPANY, LIMITED (present)

Outside Corporate Auditor of the Company

Outside Director of ALCONIX CORPORATION (present)

Outside Board Director (Audit and Supervisory Committee Member) of the Company (present)

Corporate management

HR development/ promotion of DEI

Sales

Service development

Marketing/ promotion

Technology

Accounting/ finance

Risk management

Sustainability/ ESG



Misae Maruyama

Outside Board Director (Audit and Supervisory Committee Member)

Years served as an Audit and Supervisory Committee Member: 1 year

Attendance at the Board of Directors' meetings in FY'24/2: 100% (10/10)

Attendance at Audit and Supervisory Committee meetings in FY'24/2: 100% (10/10)

October 1993

December 2011

March 2022

May 2023

October 1993

December 2011

March 2022

May 2023

Joined Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)

Established Maruyama CPA Office (present)

External Full-Time Auditor of Yappli, Inc. (present)

Outside Board Director (Audit and Supervisory Committee Member) of the Company (present)

Corporate management

HR development/ promotion of DEI

Sales

Service development

Marketing/ promotion

Technology

Accounting/ finance

Risk management

Sustainability/ ESG

Executive Officers

Takatsune Inoue

Media Business Service Officer/ Head of Media Sales Group

Kei Shinto

Head of Service Development Group and Head of Product Development Division CorpDX

Tomohiro Kitazato

Permanent Placement Business Service Officer/ Head of Permanent Placement Business Group

Takatomo Suzuki

CIO (Chief Information Officer)

Shoji Fujiwara

DX Business Service Officer/Head of AI and DX Business Group

Haruhiko Arai

CFO (Chief Financial Officer)

Head of Corporate Management Group, Executive Manager of Business Promotion Management Division, Media Sales Group, and Head of Corporate Management Division, Corporate Management Group

Toshikazu Yamaguchi

Deputy Head of Corporate Management Group and Head of Corporate Administration Management Division, Corporate Headquarters

2 Nomination and Compensation Committee's Initiatives

In order to increase corporate value over the medium to long term, dip has established the Nomination and Compensation Committee as a voluntary advisory body to the Board of Directors, with the aim of ensuring appropriate opportunities for Outside Board Directors to participate in and advise on decision-making regarding the nomination and compensation of Board Directors, improve the fairness, transparency and objectivity of the Board of Directors' decision-making process, and further enhance the corporate governance system.

The Committee consists of the Representative Director, President and CEO, and independent Outside Board Directors. To ensure independence, the Committee comprises independent Outside Board Directors in the majority and is chaired by an independent Outside Board Director.

Matters concerning Nomination

Delegated by the Board of Directors, the Nomination and Compensation Committee deliberates and reports on matters related to the nomination of candidates for Board Director in response to consultation from the Board.

- ① Determination of appointment and dismissal policy for Board Directors
- ② Determination of appointment and dismissal procedures for Board Directors
- ③ Determination of draft proposals to the General Meeting of Shareholders for appointment and dismissal of Board Directors
- ④ Determination of draft proposals for appointment and dismissal of Representative Directors
- ⑤ Matters concerning succession plans
- ⑥ Other inquiries from the Board of Directors concerning nomination of Board Directors

Actions and discussions made in FY'24/2

With regard to the system of the Board of Directors, the Committee conducted a comprehensive evaluation of the candidates' eligibility, independence, diversity, and other factors. It deliberated on and considered proposals for the election of Board Directors who can contribute to the sustainable increase in corporate value and the strengthening of the governance system to meet shareholders' trust, and submitted a draft proposal to the Board of Directors. In addition, to ensure sound management and sustainable growth, the Committee deliberated on and considered candidates for Representative Director for FY'25/2 through fair and transparent procedures, and submitted a draft proposal to the Board of Directors. Based on the Committee's report, the Board of Directors resolved to approve the proposals for the appointment of Board Directors and Representative Directors.

With regard to the system of the Nomination and Compensation Committee, to ensure transparency and fairness in management and to create a structure that contributes to the sustainable increase in corporate value, the Committee deliberated on and considered a proposal that the majority of its members should be independent Outside Board Directors and that the chairperson should be an independent Outside Board Director, and submitted a report to the Board of Directors. Subsequently, the Nomination and Compensation Committee resolved to appoint Mabuchi, an independent Outside Board Director, as its chairperson.

Appointment

Candidates for Board Director or for Board Director who is an Audit and Supervisory Committee Member are decided by a resolution of the Board of Directors, after the Representative Director, President and CEO or another Board Director refers the candidates for the Board of Directors following confirmation that the candidates meet the basic policy for appointment outlined in "Composition of the Board of Directors" on page 78. The candidates are then appointed by a resolution at the General Meeting of Shareholders. The selection of candidates for Board Director takes into account recommendations from the Nomination and Compensation Committee.

Proposals for the appointment of Audit and Supervisory Committee Members are submitted to the General Meeting of Shareholders after consultation and consent of the Audit and Supervisory Committee.

Succession Plan

When selecting a successor to the Representative Director, President and CEO, the incumbent recommends candidates, after which the Board of Directors selects from the candidates a suitable person as a potential successor based on the deliberations and recommendations of the Nomination and Compensation Committee. Based on the succession plan established by the Company in advance, the incumbent recommends individuals who meet certain objective criteria for recommendation, such as management ability, aptitude, and character, and who can realize the Corporate Philosophy of "Here at dip, we want to tap into dreams, ideas and passion to create a better society."

Matters concerning Compensation

Delegated by the Board of Directors, the Nomination and Compensation Committee determines compensation (base amount and coefficient for each position) for individual Board Directors and deliberates and reports on matters related to Board Director compensation in response to consultation from the Board of Directors.

- ① Determination of Board Director compensation policy
- ② Determination of procedures for deciding Board Director compensation
- ③ Determination of draft proposals to the General Meeting of Shareholders for Board Director compensation
- ④ Determination of individual Board Director compensation amounts (including calculation method)
- ⑤ Other inquiries from the Board of Directors concerning Board Director compensation

Actions and discussions made in FY'24/2

With the aim of ensuring fairness and transparency and contributing to the increase in corporate value, the Nomination and Compensation Committee deliberated on and examined the (proposed) amount of individual Board Director compensation, taking into account factors such as their position, responsibilities and peer comparisons, and submitted a draft proposal to the Board of Directors. Subsequently, delegated by the Board of Directors, the Committee resolved the amount of compensation for individual Board Directors (excluding Board Directors who are Audit and Supervisory Committee Members) for FY'25/2.

Officer Compensation System

In regard to the compensation system for management and Board Directors (excluding Outside Board Directors and Outside Board Directors who are Audit and Supervisory Committee Members, as they are expected to fulfill their audit and supervisory duties from an independent perspective), the Company's basic policy is to create a mechanism that helps share value with shareholders, allows for objectivity and transparency ensuring full accountability, considers a sufficient level for employing and retaining talent, encourages sound entrepreneurship, and thereby enables the Company to grow sustainably and increase corporate value over the medium to long term. This determination policy has been decided by a resolution of the Board of Directors based on recommendations from the Nomination and Compensation Committee, an advisory body to the Board of Directors which comprises independent Outside Board Directors in the majority and is chaired by an independent Outside Board Director.

The policy for determining individual Board Director compensation, etc. has been set based on the above basic policy. An overview of the policy is available on our corporate website.

Officer Compensation Structure

Officer category	Total amount by compensation type		
	Fixed compensation	Performance-linked compensation	
	Cash compensation	Stock based compensation	
	Base compensation	Short-term incentives (BIP trust)	Medium- to long-term incentives (Restricted share compensation)
Executive Board Directors	○	○	○
Non-Executive Board Directors	○	—	—

[BIP trust]

In regard to the BIP trust, eligible persons who have met the prescribed requirements receive the Company's shares equivalent to 50% of the share delivery points as the performance-linked share compensation. The remaining 50% of the share delivery points are converted within the trust and paid in cash in an amount equivalent to the conversion value.

The trust agreement includes a malus provision, which stipulates that an eligible person who commits a serious breach of duties, internal rules, and other regulations while in office forfeits their right to receive performance-linked share compensation, etc. It also contains a claw back provision that allows the Company to demand the return of the performance-linked share compensation granted if it turns out after the granting thereof that the eligible person committed such a serious breach.

[Restricted share compensation]

Restricted share compensation is subject to tenure and performance-linked conditions until the lifting of the restrictions.

The agreement contains a claw back provision that allows the Company to demand the return of the restricted share compensation granted if the eligible person committed a serious breach of duties, internal rules, or other regulations while in office.

Procedure for Determining Officer Compensation and Its Content

The dates and details of resolutions by General Meetings of Shareholders regarding officer compensation, as well as officer compensation for dip's Board Directors and Corporate Auditors in FY'24/2 are available on our website.

WEB ▶ <https://www.dip-net.co.jp/en/esg/governance/G001>

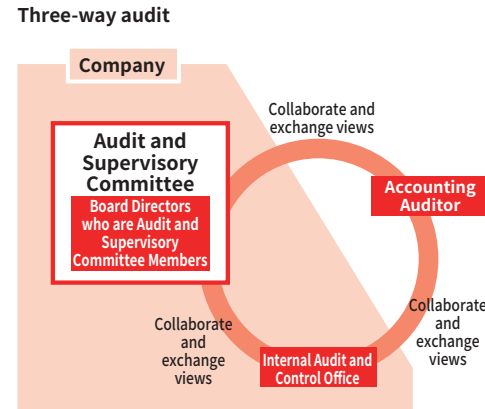
Procedure for Determining Officer Compensation and Its Content



3 Three-Way Audit Initiatives

The Company has adopted a three-way audit system in which the Audit and Supervisory Committee, the Accounting Auditor, and the Internal Audit and Control Office collaborate to achieve their respective audit purposes following their respective protocols. The three-way audit system is designed to allow for more efficient auditing through deeper collaboration between Board Directors who are Audit and Supervisory Committee Members, the Accounting Auditor, and internal auditors.

The three parties meet regularly to exchange views on audit plans and results. This helps them proceed with their respective tasks effectively. In addition, Audit and Supervisory Committee Members attend other party's audits as observers to see how they are conducted firsthand. This initiative has enabled each party to avoid overlap among, and share information outside, their respective audit scopes, thereby gaining even more insights.



Status of Audits by the Audit and Supervisory Committee

The Audit and Supervisory Committee consists of four members who possess specialized expertise and extensive knowledge backed by a wealth of experience, three of whom are Outside Corporate Directors. The Committee meets monthly in principle and convenes extraordinary meetings as necessary. In accordance with the audit policy it has adopted, the Committee deliberates on matters prescribed by laws, regulations, and the Articles of Incorporation and on important audit work while endeavoring to enhance the audit and supervisory system. Audit and Supervisory Committee Members attend Board of Directors' meetings and other important councils, audit the legality of business execution by Board Directors, and supervise its validity.

Audit and Supervisory Committee Members hold meetings with the Accounting Auditor or the Internal Audit and Control Office on a timely basis to exchange views and share information, as well as request a report from the Accounting Auditor or the Internal Audit and Control Office where necessary. During and after an audit by the Accounting Auditor, Board Directors who are Audit and Supervisory Committee Members receive reports on the audit results. They also monitor and verify the validity of the Accounting Auditor's audit.

The priority audit items of the Audit and Supervisory Committee are as follows:

- ① Status of dissemination and implementation of management policies for the fiscal year
- ② Progress of the business plan for the fiscal year
- ③ Status of business and organizational management based on philosophy
- ④ Formulation and progress of the medium-term management plan 'dip30th'
- ⑤ Status of initiatives for ESG management
- ⑥ Status of establishment, maintenance, and operation of internal controls
- ⑦ Appropriate investment execution and post-investment progress
- ⑧ Status of legal compliance
- ⑨ Status of business execution and management
- ⑩ Status of initiatives for the development of human resources, strengthening of the organizational system, and improvement of employee well-being

Status of Internal Audits

Internal audits are the responsibility of the Internal Audit and Control Office, which directly reports to the Representative Director, President and CEO. Staffed by three employees, the Office conducts internal audits on a regular basis in accordance with the Internal Audit Regulations and the annual internal audit plan, with the aim of ascertaining whether business is properly conducted and providing necessary advice. The Office actively exchanges views regarding these audit results, and otherwise cooperates, with Audit and Supervisory Committee Members and the Accounting Auditor.

Its internal audit reports are submitted from the Head of the Internal Audit and Control Office to the Representative Director, President and CEO. Moreover, the Office reports its summarized internal audit results to the Audit and Supervisory Committee every month and to the Board of Directors on a quarterly basis.

Status of Accounting Audits

The Company is subject to accounting audits by KPMG AZSA LLC in compliance with the Companies Act and the Financial Instruments and Exchange Act. KPMG AZSA LLC has expressed that, in its opinion, the Company's financial disclosure documents, including balance sheets and statements of income, were prepared in accordance with corporate accounting principles generally accepted in Japan and present fairly the business performance and financial position of the Company.

4 Sustainability Promotion System

The Company has established the Sustainability Promotion Council, chaired by the Representative Director and COO and consisting of all Executive Officers, to engage in efforts toward the realization of a sustainable society. The details and system are presented on page 35.

Holding a sustainability workshop

In July 2024, dip invited an outside expert to conduct a sustainability workshop for Board Directors, Executive Officers, and those responsible for implementation. We learned valuable lessons from the latest trends and case studies of other companies, which will help us evolve our sustainability efforts.



Sustainability workshop

5 Human Rights Promotion System

The Company has established the Human Rights Promotion Council, chaired by the Representative Director and COO, to deliberate and decide on initiatives relating to human rights in line with its human rights policy. The details and system are presented on page 45.

Holding an LGBTQ workshop

In September 2023, an LGBTQ workshop was held for Directors and Executive Officers, with Ms. Imazu, an Outside Board Director (Audit and Supervisory Committee Member) and lawyer, as the lecturer. Participants gained a deeper understanding of sexual diversity through the topic "Considerations and Points to Note for Sexual Diversity in the Workplace."



LGBTQ workshop

6 Compliance and Risk Management Initiatives

Compliance and Risk Management System

To enhance compliance and risk management, the Company has newly created a Compliance and Risk Management Promotion Council, which is chaired by the Representative Director and COO and consists of all Executive Officers. The Council meets four times a year to present and discuss matters related to compliance and risk management, and reports the results to the Board of Directors.

Based on reports from the Council, the Board of Directors obtains and examines an overview of compliance violations and company-wide risks, and decides what actions to take to prevent recurrence.

Furthermore, we created a Compliance Section, a unit specializing in compliance and risk management, within the Governance Promotion Department of the Corporate Management Group to reinforce our compliance and risk management system. The Section has built and operates a system whereby, if a compliance or risk management problem arises, Executive Board Directors and Executive Officers are swiftly informed. It also serves as the secretariat of the Compliance and Risk Management Promotion Council.



Promoting Compliance

The Company has established the Basic Policy on Compliance to ensure that Board Directors and employees adhere to laws, regulations, and the Articles of Incorporation, fulfill their social responsibility, and respect corporate ethics in performing their duties. In an effort to instill the Basic Policy, we post it on the internal bulletin board and explain it during training sessions. With regard to compliance education, we work to raise compliance awareness according to the attributes and grades of individual employees. To that end, we provide internal workshops for Board Directors and Board Directors who are Audit and Supervisory Committee Members, compliance training for new employees and new managers, and thematic training for all employees. We conduct a quarterly compliance test for all employees. The test covers issues such as compliance risks and challenges identified from major departments, general compliance, knowledge of information security, and our regulations and policies. The test also incorporates topics such as social norms, including common sense and manners, as well as important human rights issues, as appropriate, to provide comprehensive compliance education.

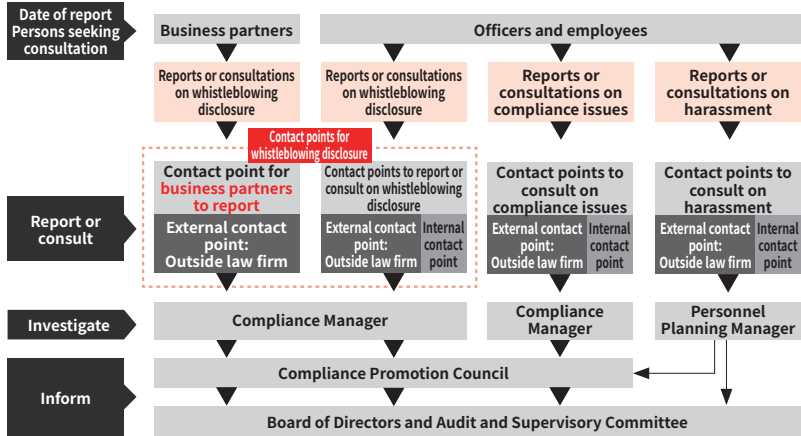
To solve issues such as the occurrence of compliance violations within the company and employees' lack of understanding, we have developed compliance guidelines that clearly outline compliance violations, and we are strengthening awareness-raising activities so that each employee can make fair and impartial judgments based on our philosophy.

Whistleblowing System

The Company has established contact points for whistleblowers for the purpose of early detection and correction of misconduct and improvement of compliance. Information about the contact points established in collaboration with an outside law firm is available on our corporate website. To familiarize employees with the system, we have provided every employee with a card containing information about the contact points and created an information page on the internal portal site for reporting and consulting on various issues such as compliance and harassment.

We encourage a broad range of stakeholders to consult with respective contact points, whether officers, employees, temporary staff, or business partners. Information that can identify an individual is strictly managed in consideration of the privacy of the whistleblower/consulter. We take due care to protect whistleblowers/consulters from disadvantageous treatment while conducting thorough fact-checking and implementing remedial and other measures. In FY'24/2, we received seven consultation requests.

Whistleblowing system



Contact Points to Consult on Customer Harassment

“Customer harassment,” in which customers make unreasonable demands on company employees, behave in a coercive manner, or treat them unfairly, is on the rise and has become a social issue. There are concerns that such harassment could lead to increased stress, decreased motivation, and poor mental health among employees. To protect employees who have been subjected to customer harassment, the Company has established a contact point to consult on customer harassment. This contact point receives consultations and reports from employees regarding customer harassment and has a system in place to respond quickly and appropriately. Based on the belief that “people are everything and people are assets,” we create an environment where each and every employee can work with peace of mind.

Strengthening Risk Management

With regard to business and other risks, the Company has established a system for managing such risks in accordance with its regulations. To keep track of the status of risks, each year we update the risk map that visualizes business and other risks, and report the results to the Board of Directors. Of our business and other risks, the primary ones are as listed below. Recognizing the possibility that these risks may materialize, the Company makes every effort to prevent them from materializing and will take appropriate measures if they do. The details are posted on our corporate website. (https://www.dip-net.co.jp/en/ir/management-policy/business_risks)

Primary risks

(1) Commercial systems failure, computer virus infection, and cyberattacks	• The Company's business relies on computer systems and communications networks. Any suspension of these systems may affect our business. To prevent this from happening, we have been making consistent efforts to strengthen our backup systems and information security practices.
(2) Information leakage	• The Company's website is protected by the Secure Sockets Layer (SSL) and security measures are taken. Nevertheless, in the event of a problem such as the leakage of personal information, we may be subject to legal liability and loss of trust, which may affect our business performance. We have acquired and retain the right to display the PrivacyMark and ISO 27001 certification to ensure strict management of personal information.
(3) Violations of applicable laws and regulations	• If laws are amended and regulations are tightened—particularly related to the internet, digital technology, or labor—or if our license as a provider of paid employment placement services is rescinded, our business operations and performance may be affected. If an entity in the same business as the Company obtains a patent or other intellectual property right, we may suffer from diminishing competitive advantage or be sued. In that event, our business performance may be affected. There is also the risk of infringing third-party patents and the possibility of our intellectual property rights being infringed.
(4) Market shrinkage	• The Company's personnel recruiting services business is susceptible to the hiring plans of companies that place job advertisements. Therefore, if the business environment changes owing, for example, to economic trends and employment conditions, our business operations and performance may be affected. The DX business may also be affected by changes in the business environment.
(5) Changes in the industry landscape	• The Company's personnel recruiting services business has numerous competitors. Delays in responding to intensifying competition or new entrants may affect our business performance. Our DX business has been built on our unique strengths, but if we are unable to respond to competition from other companies, similar effects may occur.
(6) Natural and other disasters	• The impact of climate change may affect our business operations and performance. We have taken a number of measures, such as establishing guidelines on what employees should do in the event of a disaster, implementing seismic retrofitting, creating data backup systems, introducing a system to confirm the safety of employees, conducting disaster drills, and stockpiling emergency supplies.
(7) Reliance on the personnel recruiting services business	• We rely heavily on our personnel recruiting services business, and intensifying competition may affect our business performance. To build a stable earnings base, we are engaged in recruiting services for the healthcare and nursing care sectors, as well as the DX business that features a software-as-a-service (SaaS) model. However, if these businesses do not develop as planned, we may continue to rely on the personnel recruiting services business.
(8) Infectious disease outbreaks	• We do our utmost to ensure employee safety by allowing for telework and thoroughly communicating what employees should do if they feel sick or think they may have been exposed to a virus. In terms of communication with clients, we engage in sales activities with due care to prevent infectious diseases in the interest of business continuity.

Strengthening the Business Continuity Plan (BCP)

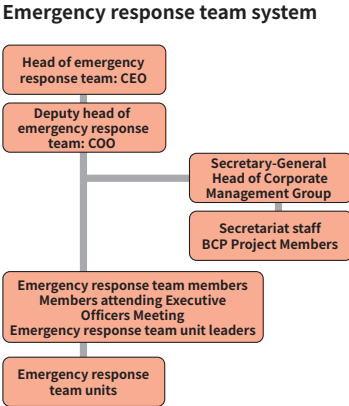
In recent years, risks threatening business continuity have increased, including natural disasters such as earthquakes, typhoons, and heavy rains, as well as major infectious disease outbreaks. In response to this heightened uncertainty caused by the external environment, the Company's system for ensuring business continuity (internal environment) had not been sufficiently developed. Therefore, in FY'24/2, we worked to strengthen our Business Continuity Plan (BCP).

Historically, the Company's BCP was built on an “outcome-based approach,” which addressed specific events such as major earthquakes, natural disasters, infectious disease outbreaks, terrorism, severe accidents, and supply chain disruptions. Another issue was that while our BCP served as a company-wide policy, individual (divisional) BCP documents were not created.

In August 2024, the Company developed a BCP based on an all-hazards approach—a framework for comprehensive and integrated emergency preparedness—and revised the Business Crisis Management Regulations, in order to plan countermeasures and mitigation strategies for all potential disasters.

The objective is to minimize surprises by formulating plans that focus on the impact of specific events on management resources.

In addition, the Company plans to develop divisional BCPs and implement education and training to improve the effectiveness of the BCP. In this way, we will enhance our ability to respond to various risks by strengthening the BCP.



WEB ▶ <https://www.dip-net.co.jp/en/esg/governance/G005>

Information Security Initiatives



WEB ▶ <https://www.dip-net.co.jp/en/esg/governance/G006>

Personal Information Protection Initiatives



Financial and Non-Financial Data

Financial Data

		Non-consolidated 18th fiscal year ^{†1}	Non-consolidated 19th fiscal year ^{†1}	Non-consolidated 20th fiscal year ^{†1}	Consolidated 21st fiscal year	Consolidated 22nd fiscal year	Non-consolidated 23rd fiscal year ^{†1}	Consolidated 24th fiscal year	Consolidated 25th fiscal year	Consolidated 26th fiscal year	Consolidated 27th fiscal year
		FY'15/2	FY'16/2	FY'17/2	FY'18/2	FY'19/2	FY'20/2	FY'21/2	FY'22/2	FY'23/2	FY'24/2
Sales	Million Yen	19,530	26,798	33,178	38,062	42,176	46,415	32,494	39,515	49,355	53,782
Gross profit	Million Yen	17,677	24,669	30,886	35,883	39,468	43,378	29,191	34,969	44,082	47,957
Gross profit margin	%	90.5	92.1	93.1	94.3	93.6	93.5	89.8	88.5	89.3	89.2
Operating income	Million Yen	4,806	7,162	9,119	10,799	12,745	14,356	7,312	5,602	11,538	12,761
Operating income margin	%	24.6	26.7	27.5	28.4	30.2	30.9	22.5	14.2	23.4	23.7
Ordinary income	Million Yen	4,817	7,170	9,141	10,794	12,577	14,393	6,501	5,320	11,599	12,618
Ordinary income margin	%	24.7	26.8	27.6	28.4	29.8	31.0	20.0	13.5	23.5	23.5
Net income/Net income attributable to owners of parent	Million Yen	2,856	4,675	6,167	7,531	8,910	10,012	607	3,487	7,935	9,050
Net income margin/Margin of net income attributable to owners of parent	%	14.6	17.4	18.6	19.8	21.1	21.6	1.9	8.8	16.1	16.8
Net assets	Million Yen	6,643	10,384	15,193	20,990	25,701	31,512	31,178	32,989	38,242	39,708
Total assets	Million Yen	11,021	15,326	21,139	28,016	33,510	41,114	35,869	42,454	50,167	50,772
Return on assets (ROA)	%	51.4	54.4	50.1	38.5	40.9	38.5	18.1	13.6	25.0	25.0
Return on equity (ROE)	%	52.3	55.7	49.6	37.2	39.6	36.0	2.0	11.1	22.7	23.5
Equity Ratio	%	60.0	66.4	69.6	72.4	74.0	74.3	84.4	76.4	75.0	77.3
Cash flows from operating activities	Million Yen	3,877	4,991	8,105	9,729	10,926	12,391	5,905	10,482	13,203	9,526
Cash flows from investing activities	Million Yen	(1,347)	(802)	(2,307)	(4,364)	(6,360)	(3,375)	(9,643)	(3,850)	(4,121)	(7,364)
Cash flows from financing activities	Million Yen	(1,358)	(1,109)	(1,700)	(1,965)	(4,356)	(4,515)	(3,041)	(2,524)	(3,680)	(8,021)
Cash and cash equivalents at end of period	Million Yen	4,141	7,219	11,317	14,717	14,927	19,241	12,462	16,569	21,974	16,116
Net assets per share	Yen	119.41 ^{†2}	183.76 ^{†2}	264.76	363.47	448.83	563.13	547.13	581.26	673.93	715.64
Net income per share	Yen	51.59	84.44	111.16	135.40	160.86	183.80	11.09	62.77	142.04	163.44
Payout ratio	%	30.2	30.8	32.4	31.8	31.1	30.5	505.0	97.2	50.7	53.8

^{†1} As consolidated accounting was not performed for the 18th, 19th, 20th and 23rd fiscal years, figures for these fiscal years are from non-consolidated accounting.
^{†2} Effective September 1, 2015, the Company conducted a 5-for-1 stock split.
Therefore, the amounts of net assets per share and net income per share were calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.
^{†3} Regarding the percentage of men who take childcare leave, based on the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members, the percentage of employees taking childcare leave, etc. and leave for childcare purposes as stipulated in Article 71-4, Item 2 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members is calculated.
^{†4} As of June 1, 2024 at the time of reporting the status of employment of people with disabilities to the Ministry of Health, Labour and Welfare.
^{†5} No emissions under categories 8 through 15.

Non-Financial Data

			22nd fiscal year	23rd fiscal year	24th fiscal year	25th fiscal year	26th fiscal year	27th fiscal year
			FY'19/2	FY'20/2	FY'21/2	FY'22/2	FY'23/2	FY'24/2
Total energy consumption	Scope 1	MWh	51.4	57.0	45.6	48.0	49.5	20.6
	Scope 2	MWh	1,641.6	1,467.3	1,393.9	1,474.3	1,668.6	2,024.0
	Ratio of renewable energy	%	-	-	-	12.9	54.8	78.7
	Emission intensity (Scope 1+2/Sales) *Scope 2: Market based	MWh/ Million Yen	0.0401	0.0328	0.0443	0.0385	0.0348	0.0380
Total GHG emissions	Scope 1	t-CO ₂ e	9.2	10.2	8.2	8.6	8.9	3.7
	Scope 2 *Market based	t-CO ₂ e	704.8	638.7	590.4	559.1	325.3	171.6
	Scope 2 *Location based	t-CO ₂ e	758.4	876.1	620.3	638.4	724.2	886.5
	Scope 3 Total ^{†5}	t-CO ₂ e	-	-	-	-	29,369	28,255
	Category 1: Purchased goods and services	t-CO ₂ e	-	-	-	-	26,589	24,982
	Category 2: Capital goods	t-CO ₂ e	-	-	-	-	1,126	1,294
	Category 3: Fuel- and energy-related activities not included in Scope 1 or Scope 2	t-CO ₂ e	-	-	-	-	112	138
	Category 4: Upstream transportation and distribution	t-CO ₂ e	-	-	-	-	29	30
	Category 5: Waste generated in operations	t-CO ₂ e	-	-	-	-	1	4
	Category 6: Business travel	t-CO ₂ e	-	-	-	-	969	1,097
	Category 7: Employee commuting	t-CO ₂ e	-	-	-	-	544	709
	Emission intensity (Scope 1+2/Sales) *Scope 2: Market based	t-CO ₂ e/ Million Yen	0.0169	0.0100	0.0184	0.0144	0.0068	0.0033
Full-time employees		Persons	1,635	1,873	2,110	1,969	2,316	2,699
Number of hires	New graduates	Persons	296	362	399	95	414	612
	Mid-career	Persons	47	76	71	69	210	178
Percentage of female employees	Including temporary and part time employees	%	50.0	49.6	48.8	49.8	50.4	50.7
Percentage of female managers	Total full-time employees	%	29.6	31.1	32.4	33.2	34.4	36.2
Percentage of women among new graduate employees promoted to managerial positions		%	36.8	38.4	40.6	41.3	43.5	45.2
Voluntary turnover rate of full-time employees		%	12.1	11.0	10.9	15.2	12.6	13.7
Average extra hours worked		hour/ month	25.0	23.1	24.1	25.4	23.0	19.8
Percentage of paid holidays taken		%	56.9	51.8	44.9	56.6	59.4	72.5
Percentage of employees who take childcare leave ^{†3}	Total	%	62.3	83.5	81.7	80.4	95.4	100.0
	Men	%	38.1	69.0	64.3	61.1	92.5	100.0
	Women	%	100.0	100.0	100.0	100.0	98.2	100.0
Percentage of people with disabilities employed ^{†4}		%	1.9	1.9	1.7	2.6	3.0	2.2
Gender wage gap	Total employees	%	-	-	-	-	80.4	82.5
	Total full-time employees	%	-	-	-	-	85.4	88.0
	Managers	%	-	-	-	-	83.4	83.6
	Employees in general positions	%	-	-	-	-	97.9	98.7
	Fixed-term employees	%	-	-	-	-	116.9	125.4
Donations		Million Yen	1.5	1.5	-	1.3	-	10
Board Directors		Persons	8	6	6	6	6	8
Percentage of independent Outside Board Directors		%	37.5	50.0	33.3	33.3	50.0	75.0
Female Board Directors		Persons	1	2	2	1	2	5
Percentage of female Board Directors		%	12.5	33.3	33.3	16.7	33.3	62.5

Evaluations from outside the Company/External Certificates Received and Participation in Initiatives



FTSE Blossom
Japan Index

FTSE Blossom Japan Index
Selected for the index for the fourth year in a row. The index is formulated by FTSE Russell, a global index provider, and designed to select Japanese companies that demonstrate strong ESG practices.



FTSE Blossom
Japan Sector
Relative Index

FTSE Blossom Japan Sector Relative Index
Selected for the index for the third year in a row. The index is designed to measure the performance of Japanese companies demonstrating relatively strong ESG practices in each sector.



S&P/JPX Carbon Efficient Index
Selected for the ESG index, which measures the performance of companies in TOPIX*, while overweighting or underweighting the companies by looking at their disclosure status of environmental information and level of carbon efficiency**.
*1 Tokyo Stock Price Index
**2 Carbon emissions per unit of revenue



MSCI ESG Leaders Indexes
Selected for the indexes for the second year in a row. The indexes are comprehensive ESG indexes formulated by MSCI in US and composed of companies that have high ESG ratings relative to their peers in each sector.

日経500種
平均株価

The Nikkei 500 Stock Average
Selected for the index for the sixth year in a row. This price-weighted equity index, comprised of 500 stocks from the Prime Market of the Tokyo Stock Exchange, is calculated with the method under the Dow Jones Industrial Average, the same method used for the Nikkei Stock Average.



Kurumin Certification
Under the certification system based on the Act on Advancement of Measures to Support Raising Next-Generation Children, given the certification as a child-rearing support company introducing various measures for child rearing, by the Minister of Health, Labour and Welfare.



Declaration on 100% Childcare Leave Acquisition by Male Employees
Support expressed by dip in July 2022 for the “Declaration on 100% Childcare Leave Acquisition by Male Employees” announced by Work-Life Balance Co., Ltd., in order to promote diverse working styles for men and the creation of an environment in which it is easy to take childcare leave.



CDP
CDP is an international project, asking companies to disclose information such as their strategy for climate change and greenhouse gas emissions, through coordination among institutional investors around the world. Response to the CDP questionnaire on climate change commenced from fiscal 2021.



MSCI Japan ESG Select Leaders Index
Selected for the index for the third year in a row. The index is composed by selecting stocks of companies that have high ESG ratings relative to their peers in each sector among the top 700 Japanese stocks by market capitalization.



MSCI Japan Empowering Women Index (WIN)
Selected for the index for the third year in a row. The index is composed of stocks of Japanese companies that are leaders within sectors in terms of initiatives on gender diversity among the top 700 Japanese stocks by market capitalization.



Morningstar Japan ex-REIT Gender Diversity Tilt Index
Selected for the Group 1, the highest rating in the index for the second year in a row. The index is designed to emphasize companies in the Japanese market that have strong gender diversity policies embedded as their corporate culture and that ensure equal opportunities to employees, irrespective of their gender.



JPX-NIKKEI 400
Selected for the index for the ninth year in a row. This stock index is composed of companies with high appeal for investments, which meet the requirements of global investment standards, such as efficient use of capital and investor-focused management perspectives.



2024 Certified KENKO Investment for Health Outstanding Organizations Recognition Program “White 500” under the Large Enterprise Category
For the second year in a row, recognized as an organization particularly outstanding in conducting health and productivity management, under the large enterprise category of the Certified KENKO Investment for Health Outstanding Organizations Recognition Program organized by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi.



Eruboshi Certification
Given the three star rating, the highest ranking under the certification system based on the Act on the Promotion of Women’s Active Engagement in Professional Life.



DX Certified Operator
Certified by the Ministry of Economy, Trade and Industry for its efforts to promote the adoption of DX among client companies, in addition to the promotion of DX within dip itself.



Task Force on Climate-related Financial Disclosures (TCFD)
Support expressed by dip in October 2021 for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which was created by the Financial Stability Board. Joined the “TCFD Consortium,” which is established for discussions among companies and financial institutions.

Corporate Information/Stock Information

Company Profile

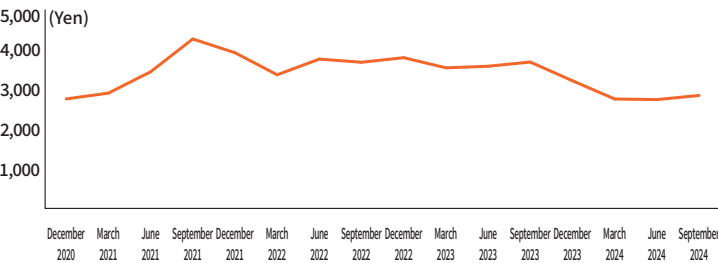
Company name	dip Corporation	Listed market	Prime Market of the Tokyo Stock Exchange
Founded	March 1997	URL:	https://www.dip-net.co.jp/en/
Representative	Hideki Tomita, Representative Director, President & CEO	Number of offices	35
Location	3-2-1 Roppongi, Minato-ku, Tokyo	Consolidated subsidiaries	DIP Labor Force Solution Limited Partnership
Capital	¥1,085 million (As of end of February 2024)	Equity-method affiliates	xOperation Group TRUNK inc.
Sales	¥53,782 million (For the fiscal year ended February 2024)		
Employees	2,964 (Full-time employees as of April 1, 2024)		
Main business	Online job information provision services Provision of DX services and other services		

Stock Information

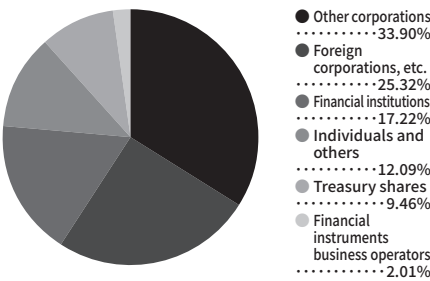
Securities code	2379	Total number of authorized shares	213,400,000 shares
Total number of issued shares	60,140,000 shares	Number of shareholders	27,377

(As of August 31, 2024)

Stock Price Data



Distribution of Shares by Type of Shareholders



Major Shareholders

Name	Number of shares held (shares)	Percentage of the number of shares held to the total number of issued shares (excluding treasury stock) (%)
Authenticity Co. Ltd.	20,340,000	37.35
The Master Trust Bank of Japan, Ltd. (Trust account)	5,075,800	9.32
STATE STREET BANK AND TRUST COMPANY 505301	2,908,458	5.34
The Master Trust Bank of Japan, Ltd. (Stock Grant ESOP Trust Account 75525)	2,058,320	3.78
The Custody Bank of Japan, Ltd. (Trust account)	1,849,100	3.40
STATE STREET BANK AND TRUST COMPANY 505025	1,403,159	2.58
THE BANK OF NEW YORK MELLON 140044	1,003,863	1.84
THE NOMURA TRUST AND BANKING CO., LTD. AS THE TRUSTEE OF REPURCHASE AGREEMENT MOTHER FUND	665,100	1.22
STATE STREET BANK AND TRUST COMPANY 505103	538,235	0.99
GOLDMAN, SACHS & CO. REG	466,790	0.86

(Note 1) Treasury stock of 5,686,904 shares is deducted from the calculation of the voting rights ratio.
(Note 2) Authenticity Co. Ltd. is an asset management company of Hideki Tomita, Representative Director, President and CEO.

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SPECIAL PAGE

Shohei Ohtani
Special Page

BRAND AMBASSADOR

Shohei Ohtani, who shares our philosophy and corporate stance, became a brand ambassador in December 2023.

The three essences embodied in our company name — “dream, idea, and passion,” are what drive us.

Ohtani’s dream of becoming the world’s greatest professional baseball player, his idea to become a two-way player that surprised the world, and his passion for reaching great heights and inspiring people all over the world.

We will continue to support Shohei Ohtani—who embodies our philosophy—as well as the dreams of those who give their all.

Let’s find a job that makes dreams come true.



| Shohei Ohtani and CEO Tomita discuss the theme of philosophy

Click here to view the video of the conversation:
web: <https://www.youtube.com/watch?v=YrTD5yW9PrA>
(in Japanese only)

Click here for more details about promotions featuring Shohei Ohtani:

web: https://dip.ai/ohtani_dip/ (in Japanese only)

Video of
conversation



Promotion

