(English Translation)
This English translation is an abridged version of the original document in Japanese. In the event of any discrepancy, the Japanese version prevails.

May 13, 2019

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 [Japanese GAAP]

Company name: WILL GROUP, INC. Listing: Tokyo Stock Exchange, First Section
Stock code: 6089 URL: https://willgroup.co.jp/
Representative: Ryosuke Ikeda, Chairman and Representative Director
Contact: Satoshi Takayama, Chief Administrative Officer
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Scheduled date of Annual General Meeting of Shareholders: June 19, 2019
Scheduled date of payment of dividend: June 20, 2019
Scheduled date of filing of Annual Securities Report: June 19, 2019
Preparation of supplementary materials for financial results: Yes
Holding of financial results meeting: Yes (for institutional investors and securities analysts)

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (April 1, 2018 – March 31, 2019)

(1) Consolidated operating results (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2019	103,603	30.8	2,547	5.2	2,636	8.0	1,231	0.7
Fiscal year ended Mar. 31, 2018	79,197	30.7	2,422	23.3	2,441	23.3	1,222	20.9

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2019: 1,322 (down 5.1%)
Fiscal year ended Mar. 31, 2018: 1,393 (up 26.5%)

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit on total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2019	55.58	54.09	16.3	8.5	2.5
Fiscal year ended Mar. 31, 2018	58.04	55.62	19.9	10.8	3.1

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2019	34,214	7,964	20.1	309.28
As of Mar. 31, 2018	28,095	9,860	29.4	373.76

Reference: Shareholders' equity (million yen) As of Mar. 31, 2019: 6,877 As of Mar. 31, 2018: 8,266

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 31, 2019	2,079	(5,715)	1,372	6,862
Fiscal year ended Mar. 31, 2018	3,503	(2,095)	3,971	9,159

2. Dividends

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Mar. 31, 2018	-	0.00	-	18.00	18.00	398	31.0	6.1
Fiscal year ended Mar. 31, 2019	-	0.00	-	18.00	18.00	400	32.4	5.3
Fiscal year ending Mar. 31, 2020 (forecast)	-	0.00	-	18.00	18.00		20.3	

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2020 (April 1, 2019 – March 31, 2020)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	58,000	-	1,400	-	1,400	-	800	-	650	-	29.23
Full year	120,000	-	4,000	-	3,800	-	2,300	-	1,970	-	88.59

Note: The Company will prepare the consolidated financial statements by adopting International Financial Reporting Standards (IFRS) from the filing of Annual Securities Report for the fiscal year ended March 31, 2019. Year-on-year comparisons are not presented because actual figures for the fiscal year ended March 31, 2019 in this report are based on the generally accepted accounting principles in Japan.

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in scope of consolidation): No

Newly added: -	Name: -	Excluded: -	Name: -

(2) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: Yes
2) Changes in accounting policies other than 1) above: Yes
3) Changes in accounting-based estimates: Yes
4) Restatements: None

(3) Number of outstanding shares (common stock)

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

As of Mar. 31, 2019:	22,242,400 shares	As of Mar. 31, 2018:	22,124,000 shares

2) Number of treasury shares at the end of period

As of Mar. 31, 2019:	6,303 shares	As of Mar. 31, 2018:	6,168 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2019:	22,161,764 shares	Fiscal year ended Mar. 31, 2018:	21,066,893 shares

* This financial report is not subject to audit by certified public accountants or auditing firms.

* Explanation of appropriate use of earnings forecasts and other special items

Forecasts of future performance in this report are based on assumptions judged to be valid and information available to the Company's management at the time the materials were prepared, but are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons. Please refer to "1. Overview of Results of Operations, (5) Outlook" on page 6 for forecast assumptions and notes of caution for usage.

The provisional accounting treatment for business combinations has been finalized in the current fiscal year; values as of the end of the previous fiscal year after retrospective application of the finalization are used for comparison of figures between the current and previous fiscal year ends.

Contents of Attachments

1. Overview of Results of Operations

(1) Results of Operations

In the fiscal year ended March 31, 2019, the Japanese economy recovered slowly as the labor market and personal income continued to improve, though natural disasters temporarily put some downward pressure on the economy. Nevertheless, its outlook remains unclear due to significant uncertainty in the global economy over concerns including the U.S.-China trade issues and the UK's withdrawal from the European Union (EU) (Brexit). The human resources service market in Japan, however, enjoyed strong demand backed primarily by a high job openings-to-applicants ratio of 1.6, a persistent labor shortage, the enactment of working style reforms and an increase in foreign labor force.

The Company and its group companies (the "Group") are guided by the mission of serving as an agent of change to bring about positive changes to both individuals and organizations. By upgrading specialized skills in all our businesses, we have sought to improve customer satisfaction and further differentiate our services. One goal is to raise our in-store share, which is our temporary staffing and consignment workers as a percentage of all these workers at a client company. Another goal is to expand our business operations to more areas of Japan and other countries. In addition, we focused on diversifying offerings in the three strategic growth businesses, namely temporary staffing and permanent placement services in the nursing care field; human resources services overseas; and human resources services in the Internet and IoT field. Further, as part of business expansion through M&A, the Company converted a number of companies into consolidated subsidiaries, including C4 inc. in Japan in June 2018, Quay Appointments Pty Ltd. and other two companies abroad in September 2018, and The Chapman Consulting Group Pte. Ltd. and other 6 companies in January 2019. C4 inc. is a company providing temporary staffing and permanent placement of construction management engineers with the aim to grow business in the construction sector; Quay Appointments Pty Ltd. has core strengths in providing temporary staffing services to Australian government agencies; and The Chapman Consulting Group Pte. Ltd. is a company focused on HR primarily in Singapore, providing permanent placement and consulting services.

As a result, for the fiscal year ended March 31, 2019, the Company reported consolidated net sales of 103,603 million yen (up 30.8% year on year), operating profit of 2,547 million yen (up 5.2%), ordinary profit of 2,636 million yen (up 8.0%) and profit attributable to owners of parent of 1,231 million yen (up 0.7%). EBITDA (operating profit + depreciation + amortization of goodwill) was 3,667 million yen (up 20.5%).

The provisional accounting treatment for business combinations has been finalized in the current fiscal year; values as of the end of the previous fiscal year after retrospective application of the finalization are used for comparison of figures between the current and previous fiscal year ends.

Results by business segment were as follows.

In preceding fiscal years, the HR Support Business for Startups, providing permanent placement and other services in the Internet and IoT fields, was included in Others. However, due to its increasing importance, the HR Support Business for Startups has been treated as a separate reportable segment since the fiscal year ended March 31, 2019. In addition, due to an organizational change, the Office Worker Temporary Staffing and Permanent Placement Business, which was included in Others, has been combined with the Call Center Outsourcing Business since the beginning of the fiscal year ended March 31, 2019.

Prior-year segment information has been revised to reflect the new segment classification to permit year-on-year comparison.

Sales Outsourcing Business

Saint Media, Inc. provides store sales personnel and other categories of workers. As the demand for sales personnel continued to be solid, this company concentrated on raising its in-store share with existing client companies and expanding consignment business. The core telecommunications sector saw some stagnation in the business climate due mainly to decreased domestic shipment of smartphones and customers cutting down on their sales promotion expenses. However, we achieved stable growth outside the telecommunications sector by expanding sales areas and thus wining more orders for temporary staffing services in the apparel industry. Also, CreativeBank Inc. received strong demand for its sales promotion service, including orders for retail support and marketing campaigns from large IT companies, orders for private seminars and exhibitions from other companies, as well as joint activities with a large distributor (a trading company specializing in IT).

For the fiscal year ended March 31, 2019, earnings decreased mainly due to lower gross profit margin caused primarily by a decrease in telecommunications sector incentive payments and an increase in outsourcing expenses, and higher personnel expenses associated with the expansion of sale and service locations for growth in sectors other than telecommunications.

As a result, the segment recorded sales of 22,207 million yen (up 2.6% year on year) and segment profit of 1,537 million yen (down 12.1%).

Call Center Outsourcing Business

Saint Media, providing call center staffing and office human resources services, received increased demand for office outsourcing service from companies that are short of human resources and thus are in need of enhancing their operational efficiency. Saint Media focused especially on increasing orders from financial institutions and orders for in-house projects that are more profitable. The company also focused on the recruitment of senior-level staff.

Overall, earnings increased on the back of improved productivity and subsequent decreases in sales and general administrative expenses, despite sales decline caused primarily by a decrease in the number of employees on assignments.

As a result, the segment recorded sales of 15,724 million yen (down 6.4% year on year) and segment profit of 833 million yen (up 1.6%).

Factory Outsourcing Business

For FAJ, Inc., which provides human resources services primarily to manufacturers and other corporate customers, the food manufacturing sector was the primary source of its growth. This is primarily a reflection of the solid demand for prepared food items and for desserts and bento lunch boxes sold at convenience stores. FAJ worked on expanding business to more areas of Japan and newly opened seven facilities. Little Seeds Service, which became a consolidated subsidiary in September 2017, also contributed to this segment’s earnings from the beginning of the fiscal year ended March 31, 2019. In this segment, we also worked on a number of growth initiatives for sectors other than the food sector, including the cosmetics sector. On the recruitment side, the segment continued to strengthen the recruitment of foreign workers and sought to improve their retention rate by increasing the number of foreign staff working as field supporters (full-time regular employees working on-site).

Although the expansion of operations to more areas of Japan resulted in increased personnel and other expenses, the segment's profit increased as higher sales outweighed the negative effect of such increased expenses.

As a result, the segment recorded sales of 20,885 million yen (up 22.9% year on year) and segment profit of 1,038 million yen (up 16.5%).

Care Support Business

Saint Media, Inc. continued to expand its network for nursing care human resources services by newly opening six branch offices, and as a result, the number of branch offices increased to a total of 47 in Japan. The segment also focused on increasing the number of workers on assignments through a range of intensive efforts, such as providing support to job seekers and making proposals to client companies on a diverse forms of employment, so that all kinds of staff, ranging from those inexperienced or with limited experience in the assignments to those who hope to work non-full time, can use their abilities at workplace. In addition, the segment focused on efforts to improve its gross operating margin, including the revision of contract terms with existing customers and expansion of permanent placement of caregivers which is more profitable. Furthermore, the segment launched activities towards accepting orders for the management of foreign workers, including interns and those with particular skills, who are in ever greater demand from nursing care facilities.

Although the amount of up-front investments increased due to opening of new offices and other activities, the segment's profit increased backed by improved gross profit margin and an increase in the number of locations that have continued to operate for more than three years, a benchmark to measure whether the business is able to earn meaningful profits in the years ahead.

As a result, the segment recorded sales of 9,310 million yen (up 30.4% year on year) and segment profit of 182 million yen (compared with segment loss of 16 million yen a year earlier).

Overseas Human Resources Business

In the Overseas Human Resources Business, which has an operating presence in the ASEAN and Oceania regions, the consolidated subsidiaries in Singapore and Australia performed strongly. In addition, DFP Recruitment Holdings Pty Ltd, which became consolidated subsidiary in January 2018 and is engaged in human resources services for office work and call center operations in Australia, contributed to the segment's earnings from the beginning of the fiscal year ended March 31, 2019; and also Quay Appointments Pty Ltd and two other companies, which became consolidated subsidiaries in September 2018, and The Chapman Consulting Group and other six companies, which became consolidated subsidiaries in January 2019, contributed to the segment's earnings.

As a result, the segment recorded sales of 26,275 million yen (up 99.5% year on year) and segment profit of 428 million yen (up 20.2%).

HR Support Business for Startups

The environment surrounding startups has grown more attractive and vibrant on the back of government-backed support like “J-Startup” and higher equity investments by venture capitals. In fact, demand for human resources from startups is quite strong. Under such circumstances, the segment focused on hiring more consultants in order to increase the permanent placement of personnel from the beginning of the fiscal year ended March 31, 2019, and also implemented measures to increase matching accuracy and improve productivity. In addition, the business segment launched STARTUP DB, an information platform devoted solely to ever evolving growth industries.

Overall, earnings increased due to growth of the business.

As a result, the segment recorded sales of 1,049 million yen (up 43.5% year on year) and segment profit of 269 million yen (up 29.0%).

Others

Temporary staffing for assistant language teachers (ALT) and temporary and permanent placement services for nursery school personnel increased steadily. We also proactively invested in the development of new businesses, such as “Joboty,” job introduction media for part-time foreign workers, and “Visamane,” a residence card management system. In addition, C4 inc., providing temporary staffing and placement services for construction management engineers and converted into a consolidated subsidiary in June 2018, contributed to earnings.

Overall, earnings for this segment increased driven by expansion of the ALT temporary staffing and nursery school personnel temporary staffing and permanent services, and withdrawal from loss-making business.

As a result, the segment recorded sales of 8,151 million yen (up 200.5% year on year) and segment profit of 143 million yen (compared with segment loss of 77 million yen a year earlier).

(2) Financial Position

Assets

Current assets at the end of the current fiscal year amounted to 23,162 million yen, up 816 million yen from the end of the previous fiscal year. This is primarily because a decrease in cash and deposits of 2,278 million yen was offset by an increase in notes and accounts receivable-trade of 2,852 million yen and an increase in prepaid expenses included in Other of 134 million yen.

Non-current assets amounted to 11,052 million yen at the end of the current fiscal year, up 5,302 million yen from the end of the previous fiscal year. This is primarily because intangible assets increased 4,285 million yen due to recognition of goodwill and allocation of acquisition costs associated with business combinations; investment and other assets increased 656 million yen due to investments in venture businesses via a corporate venture capital; and property, plant and equipment increased 361 million yen due to capital investment in IT infrastructure.

As a result, total assets increased 6,119 million yen from the end of the previous fiscal year to 34,214 million yen.

Liabilities

Current liabilities at the end of the current fiscal year amounted to 18,028 million yen, up 2,487 million yen from the end of the previous fiscal year. This is primarily due to increases in current portion of long-term loans payable of 1,721 million yen, accounts payable-other of 1,303 million yen, accrued consumption taxes of 358 million yen, provision for bonuses of 299 million yen, accounts payable-trade of 179 million yen, accrued expenses of 166 million yen and income taxes payable of 162 million yen, despite a decrease in short-term loans payable of 1,726 million yen.

Non-current liabilities amounted to 8,221 million yen at the end of the current fiscal year, up 5,527 million yen from the end of the previous fiscal year. This is primarily due to an increase in long-term loans payable of 5,112 million yen.

As a result, total liabilities increased 8,015 million yen from the end of the previous fiscal year to 26,249 million yen.

Net assets

Total net assets at the end of the current fiscal year amounted to 7,964 million yen, down 1,895 million yen from the end of the previous fiscal year. This is primarily because retained earnings increased 833 million yen due to the booking of profit attributable to owners of parent and other factors, while capital surplus decreased 2,146 million yen and non-controlling interests decreased 556 million yen due to additional purchase of shares of affiliated companies and other factors.

As a result, the equity ratio declined to 20.1% compared with 29.4% at the end of the previous fiscal year.

(3) Cash Flows

Cash flows from operating activities

Net cash provided by operating activities was 2,079 million yen, compared with 3,503 million yen provided in the previous fiscal year. This is primarily due to profit before income taxes of 2,625 million yen, amortization of goodwill of 696 million yen, an increase in accounts payable-other of 425 million yen, depreciation of 424 million yen and an increase in provision for bonuses of 279 million yen, despite income taxes paid of 1,171 million yen and an increase in notes and accounts receivable-trade of 1,595 million yen.

Cash flows from investing activities

Net cash used in investing activities was 5,715 million yen, compared with 2,095 million yen used in the previous fiscal year. This is primarily due to purchase of shares of subsidiaries resulting in change in scope of consolidation of 4,267 million yen; purchase of investment securities of 644 million yen; purchase of property, plant and equipment of 436 million yen; and purchase of intangible assets of 334 million yen.

Cash flows from financing activities

Net cash provided by financing activities was 1,372 million yen, compared with 3,971 million yen provided in the previous fiscal year. This is primarily due to the combination of proceeds from long-term borrowings of 8,518 million yen, with purchase of shares of subsidiaries that does not result in change in the scope of consolidation of 3,206 million yen, a net decrease in short-term loans payable of 1,778 million yen, repayments of long-term loans payable of 1,701 million yen and cash dividends paid of 397 million yen.

(4) Basic Policy for Profit Distribution and Dividends in the Current and Next Fiscal Years

The basic policy for dividends is to distribute earnings to shareholders while increasing internal reserves as needed to maintain the stability of business activities. More specifically, in view of the results of operations in each fiscal year and other factors, we have aimed to achieve a total return ratio of 30% (the sum of dividends paid and stock repurchases as a proportion to net profit) in 2020.

While the Company embraces a fundamental policy to pay dividends once a year, its Articles of Incorporation include a provision for the payment of an interim dividend as provided for in Article 454, Paragraph 5 of the Companies Act. The interim dividend is determined by the Board of Directors and the year-end dividend is determined at the general meeting of shareholders.

The Company plans to pay a year-end ordinary dividend of 18 yen per share for the fiscal year ended on March 31, 2019 and plans to pay the same ordinary dividend for the fiscal year ending on March 31, 2020.

(5) Outlook

Our Group formulated the medium-term management plan “Will Vision 2020” running through the fiscal year ending March 31, 2020 and has sought to achieve targets set out in the plan. We have already achieved the sales target of 100.0 billion yen a year ahead of schedule, with contribution of M&A mostly overseas to our earnings; in the period ending March 31, 2020, we will strive to achieve an operating profit of 4.0 billion yen.

In the matured Sales Outsourcing and Call Center Outsourcing businesses, two of the three major business segments, recruiting employees has become more difficult due to changing business environment, as compared to when the medium-term management plan was formulated. In the years ahead, the Care Support Business, the Overseas Human Resources Business and the HR Support Business for Startups – positioned as three strategic growth businesses – are expected to grow strongly. We also expect that other existing businesses, including the ALT temporary staffing services, the temporary staffing and permanent placement of nursery school personnel, and the construction management engineer temporary staffing and permanent placement business, will keep on growing.

In addition, to drive recruitment of employees in Japan, one of our key management issues, we plan to bring together the services of major subsidiaries in Japan under the brand name of “WILLOF” in October 2019, so that we can increase our name recognition and improve the Group's ability to provide relevant services. More specifically, we focus on increasing the number of people recruited through our own website and referral of candidates by our existing workforce to make our recruiting channel even stronger and ultimately strengthen our recruiting capability.

We have also decided to prepare the consolidated financial statements by voluntarily adopting International Financial Reporting Standards (IFRS) from the filing of Annual Securities Report for the fiscal year ended March 31, 2019, with the aim to facilitate comparison with other IFRS-based companies in capital markets and with a view to further expanding business globally.

Strategies by business segment are as shown below.

Outlook on the Sales Outsourcing Business is unclear as the business will likely be affected by a reduction in monthly communication charges and the volume of smartphone shipment is unlikely to grow in Japan. We therefore are determined to expand business outside the telecommunications sector. More specifically, we continue to expand temporary staffing and consignment services for the apparel sector and develop new businesses, such as the service to perform sales and marketing on behalf of customers. In the telecommunications sector, we will raise the proportion of full-time regular employees working on-site, improve sales performance, and enhance operating capabilities to ultimately improve profit margin.

In the Call Center Outsourcing Business where we expect the demand for outsourcing to keep growing, we focus on shifting away from temporary staffing to consignment services, as well as winning new consignment deals through the dispatch of hybrid teams, one of our strengths. In addition, we seek to raise profit margin by increasing the number of profitable deals.

We are also committed to receiving more orders in new sectors other than the food sector. Further, we strengthen the recruitment of foreign workers and make efforts to provide more job opportunities to foreign interns and foreigners with the status of residence in Japan.

In the Care Support Business, as we have almost completed the deployment of business locations, we will focus on improving profit margin. By leveraging our nationwide network, we will increase sales from permanent placement, which are more profitable, and strengthen the competitiveness of the business as a new pillar of growth. We also launch the consigned management of foreign interns and foreigners with the status of residence in Japan.

In the Overseas Human Resources Business, we will remain committed to our M&A strategy primarily in the ASEAN and Oceania regions, and strengthen collaborations among consolidated subsidiaries so they can refer each other to their customers.

In the HR Support Business for Startups, we will focus on improving productivity through a range of measures and technologies to improve operational efficiency, including an automated matching system, while increasing the number of consultants. We will also upgrade our information platform dedicated to growth industries.

In the Others segment, we plan to expand existing businesses, including the temporary staffing and placement services for construction management engineers and nursery school personnel, and placement of foreign part-time workers, while proactively making efforts to develop new businesses by investing in and providing support to promising startups via a corporate venture capital, and also creating and establishing a new source of earnings.

Based on this outlook, in the fiscal year ending on March 31, 2020, we expect to record net sales of 120,000 million yen, operating profit of 4,000 million yen, profit before tax of 3,800 million yen, profit of 2,300 million yen, profit attributable to owners of parent of 1,970 million yen, and EBITDA of 4,700 million yen. All these figures are calculated with the assumed foreign exchange rates of JPY 77.00 per SGD and JPY 79.00 per AUD.

These forecasts are based on the Group's estimates made using the information currently available to the Group, and thus, carry potential risk and uncertainty. Actual performance, therefore, may differ from these forecasts for a number of reasons and changes in related factors.

2. Management Policies

(1) Basic Management Policy

The Group is dedicated to the mission of serving as an agent of change to bring about positive changes to both individuals and organizations. The unique feature of its operations lies in its ability to “dispatch a hybrid team” consisting of field supporters (full-time regular employees working on-site) and temporary workers. The Group sought to increase its in-store share and expand its geographic coverage in Japan and abroad, and as a result, achieved rapid growth even as the temporary staffing market remained generally flat in Japan since the global financial crisis. More recently, Japan’s human resources service market has been growing steady, supported by improving employment environment and strong demand for workers from Japanese companies on the back of gradual economic recovery.

Towards further growth and business expansion, the Group is expanding operations to more business fields and geographic areas. New business fields include temporary staffing and permanent placement services for nursing care personnel in the medical and nursing care sector, which is expected to continue growing; and temporary staffing and permanent placement services for engineers. We will also seek new opportunities in other sectors in order to build next pillars of business growth. For growth outside Japan, we have focused on the ASEAN and Oceania regions, predominantly Singapore and Australia. We will remain committed to expansion overseas especially in these areas which have significant growth potential.

(2) Performance Targets

We have placed priority on sales and operating profit as key performance targets. In accordance with our medium-term management plan “Will Vision 2020,” we have aimed to achieve sales of 100.0 billion yen and operating profit of 4.0 billion yen in the fiscal year ending on March 31, 2020. As we have already achieved the sales target during the current fiscal year, we are determined to achieve operating profit of 4.0 billion yen in the next fiscal year.

(3) Medium- to Long-term Business Strategy

Based on our medium-term management plan "Will Vision 2020," we have worked to achieve the following strategic goals. In the medium-term management plan, the Group is committed to the slogan "Growing into No.1 player specialized in certain job categories of the human resources services market" with a view to transforming itself into a conglomerate centered on a comprehensive human resources service company. The Will Vision for the fiscal year ending on March 31, 2020 is a roadmap for accomplishing these goals. "Will," used in the vision as well as in the company name, stands for the four fields where we aim to be No.1 player by creating a strong brand and delivering on high expected values: "Working," "Interesting," "Learning" and "Living."

1) Grow into the No.1 player in the existing three major business segments
We aim to become the No.1 player in the following three major business segments, namely Sales Outsourcing Business, Call Center Outsourcing Business and Factory Outsourcing Business. We are accomplishing this by: i) dispatching "hybrid teams," a distinguishing feature and strength of the Group, to raise our in-store share, ii) expanding into geographic areas where we have no operational presence, and iii) "diversifying into peripheral business segments" through synergetic M&A.

2) Establish three more core businesses
We plan to develop three of our new businesses that are highly promising and have significant growth potential into new pillars of growth for the future, which are "Care Support Business," "Overseas Human Resources Business" and "HR Support Business for Startups." We will proactively make substantial investments and take a range of actions to accomplish this goal.

3) Create new businesses of a certain scales in other business fields
We will build a foundation for a virtuous business creation cycle and a model for business growth that will keep functioning after the period of the current medium-term management plan. To achieve this, we will expand our presence in business fields other than "Working," through investment in, alliance with and M&A of promising startups via Will Group Fund Limited Liability Partnership, a corporate venture capital fund. We are also committed to driving innovation in existing human resources service segments and achieving further growth in the "Working" business field via Will Group HR Tech Fund Limited Liability Partnership, a corporate venture capital fund providing support to startups both in Japan and abroad that have innovative technologies in connection with human resources services.

(4) Challenges

This section explains important issues for the Group.

1) Improve customer satisfaction

Customers' needs have become increasingly diverse and sophisticated in line with changing market environment. In order to meet such diverse customer needs, we will work closely with our customers and build a structure that helps us understand their needs more accurately. We will also meet their sophisticated needs by reinforcing our organizational and operational structures so that we can further improve our expertise and ultimately increase satisfaction of our corporate customers and grow into a company they choose over others.

2) Recruit people with advanced professional skills

In the human resources service business, recruiting talented employees is vital to achieving its growth. However, hiring people is difficult in Japan because of lingering labor shortage in the country. In this environment, people who can immediately make a contribution and those who have advanced professional skills are in even greater demand.

To recruit employees for our own operations, we need to make our recruiting channels even stronger. This includes recruiting activities using our website and referral of prospective workers by our current workforce. We also plan to make screening standards for new employees stricter.

We will enhance training programs given to our employees prior to their assignments, which will provide them with necessary skills and mindset. We will also provide follow-up training periodically to those working on projects. These training programs will help our workforce further improve their professional skills.

3) Expand business domains

Over the years, our objective has been to establish a stable foundation for business operations. To fulfill this objective, we have focused our business activities on temporary staffing of sales personnel, call center operators and manufacturing sector personnel and related consignment services. We now plan to conduct extensive sales activities to increase our market share in all of these business domains.

Meanwhile, the Group is also expanding its business domains and geographic coverage to achieve further growth and expansion. New business domains include temporary staffing and permanent placement services for nursing care personnel in the medical and nursing care sector, which is expected to continue growing; and temporary staffing and permanent placement services for engineers. We will also seek new opportunities in other business domains in order to build next pillars of our growth.

For growth outside Japan, we have focused on the ASEAN and Oceania regions, predominantly Singapore and Australia. We will remain committed to expansion overseas especially in these areas which have significant growth potential.

3. Basic Approach to the Selection of Accounting Standards

The Group had continued to prepare consolidated financial statements based on Japanese GAAP. However, since the beginning of the fiscal year ended March 31, 2019, we have prepared consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) with a view to further expanding business overseas and improving comparability of our financial information with that of IFRS-based companies abroad.

4. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	FY3/18 (As of Mar. 31, 2018)	FY3/19 (As of Mar. 31, 2019)
Assets		
Current assets		
Cash and deposits	9,236	6,958
Notes and accounts receivable-trade	11,661	14,513
Real estate for sale	305	777
Work in process	190	298
Real estate for sale in process	551	-
Other	410	627
Allowance for doubtful accounts	(10)	(13)
Total current assets	22,345	23,162
Non-current assets		
Property, plant and equipment		
Buildings and structures	694	765
Accumulated depreciation	(183)	(236)
Buildings and structures, net	510	528
Leased assets	45	37
Accumulated depreciation	(35)	(31)
Leased assets, net	10	6
Other	893	1,277
Accumulated depreciation	(456)	(493)
Other, net	437	783
Total property, plant and equipment	958	1,319
Intangible assets		
Goodwill	1,744	4,735
Other	1,620	2,914
Total intangible assets	3,365	7,650
Investments and other assets		
Investment securities	333	868
Deferred tax assets	529	602
Other	566	621
Allowance for doubtful accounts	(2)	(10)
Total investments and other assets	1,426	2,083
Total non-current assets	5,749	11,052
Total assets	28,095	34,214

(Millions of yen)

	FY3/18 (As of Mar. 31, 2018)	FY3/19 (As of Mar. 31, 2019)
Liabilities		
Current liabilities		
Accounts payable-trade	628	807
Short-term loans payable	3,102	1,375
Current portion of long-term loans payable	828	2,549
Accounts payable-other	6,348	7,652
Accrued expenses	1,130	1,297
Income taxes payable	451	613
Accrued consumption taxes	1,356	1,714
Provision for bonuses	564	863
Provision for refund of permanent placement income	30	45
Provision for office transfer loss	0	0
Other	1,099	1,110
Total current liabilities	15,541	18,028
Non-current liabilities		
Long-term loans payable	2,417	7,529
Lease obligations	7	3
Deferred tax liabilities	255	665
Retirement benefit liability	4	5
Other	8	17
Total non-current liabilities	2,693	8,221
Total liabilities	18,234	26,249
Net assets		
Shareholders' equity		
Capital stock	1,993	2,017
Capital surplus	2,445	299
Retained earnings	3,972	4,806
Treasury shares	(2)	(2)
Total shareholders' equity	8,409	7,120
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	(2)
Deferred gains or losses on hedges	-	(18)
Foreign currency translation adjustment	(143)	(221)
Total accumulated other comprehensive income	(142)	(242)
Share acquisition rights	157	207
Non-controlling interests	1,436	880
Total net assets	9,860	7,964
Total liabilities and net assets	28,095	34,214

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)	FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)
Net sales	79,197	103,603
Cost of sales	63,138	83,267
Gross profit	16,058	20,335
Selling, general and administrative expenses	13,636	17,787
Operating profit	2,422	2,547
Non-operating income		
Gain on investments in partnership	-	27
Interest income	2	4
Subsidy income	76	108
Other	16	17
Total non-operating income	95	158
Non-operating expenses		
Interest expenses	23	52
Financial commission fee	23	2
Foreign exchange losses	12	7
Other	16	7
Total non-operating expenses	75	69
Ordinary profit	2,441	2,636
Extraordinary income		
Gain on sales of non-current assets	-	0
Gain on sales of investment securities	37	5
Gain on sales of shares of subsidiaries and associates	-	26
Other	0	0
Total extraordinary income	37	31
Extraordinary losses		
Loss on sales of non-current assets	0	0
Loss on retirement of non-current assets	2	17
Impairment loss	-	14
Loss on valuation of investment securities	56	-
Loss on litigation	-	9
Other	3	1
Total extraordinary losses	62	43
Profit before income taxes	2,416	2,625
Income taxes-current	1,026	1,195
Income taxes-deferred	(105)	0
Total income taxes	920	1,196
Profit	1,496	1,428
Profit attributable to non-controlling interests	273	196
Profit attributable to owners of parent	1,222	1,231

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)	FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)
Profit	1,496	1,428
Other comprehensive income		
Valuation difference on available-for-sale securities	0	(3)
Deferred gains or losses on hedges	-	(18)
Foreign currency translation adjustment	(103)	(83)
Total other comprehensive income	(102)	(106)
Comprehensive income	1,393	1,322
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,120	1,131
Comprehensive income attributable to non-controlling interests	272	191

(3) Consolidated Statement of Changes in Equity

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	609	773	3,007	(317)	4,073
Changes of items during period					
Issuance of new shares - exercise of share acquisition rights	1,384	1,384			2,768
Dividends of surplus			(257)		(257)
Purchase of shares of consolidated subsidiaries		(28)			(28)
Sales of shares of consolidated subsidiaries		55			55
Profit attributable to owners of parent			1,222		1,222
Disposal of treasury shares		259		314	573
Net changes of items other than shareholders' equity					
Total changes of items during period	1,384	1,671	965	314	4,335
Balance at end of current period	1,993	2,445	3,972	(2)	8,409

(Millions of yen)

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	-	-	(39)	(39)	108	875	5,018
Changes of items during period							
Issuance of new shares - exercise of share acquisition rights							2,768
Dividends of surplus							(257)
Purchase of shares of consolidated subsidiaries							(28)
Sales of shares of consolidated subsidiaries							55
Profit attributable to owners of parent							1,222
Disposal of treasury shares							573
Net changes of items other than shareholders' equity	0	-	(103)	(102)	48	561	506
Total changes of items during period	0	-	(103)	(102)	48	561	4,842
Balance at end of current period	0	-	(143)	(142)	157	1,436	9,860

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,993	2,445	3,972	(2)	8,409
Changes of items during period					
Issuance of new shares - exercise of share acquisition rights	23	23			47
Dividends of surplus			(398)		(398)
Purchase of shares of consolidated subsidiaries		(2,197)			(2,197)
Sales of shares of consolidated subsidiaries		27			27
Profit attributable to owners of parent			1,231		1,231
Disposal of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	23	(2,146)	833	(0)	(1,288)
Balance at end of current period	2,017	299	4,806	(2)	7,120

(Millions of yen)

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	0	-	(143)	(142)	157	1,436	9,860
Changes of items during period							
Issuance of new shares - exercise of share acquisition rights							47
Dividends of surplus							(398)
Purchase of shares of consolidated subsidiaries							(2,197)
Sales of shares of consolidated subsidiaries							27
Profit attributable to owners of parent							1,231
Disposal of treasury shares							(0)
Net changes of items other than shareholders' equity	(3)	(18)	(77)	(100)	50	(556)	(606)
Total changes of items during period	(3)	(18)	(77)	(100)	50	(556)	(1,895)
Balance at end of current period	(2)	(18)	(221)	(242)	207	880	7,964

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)	FY3/19 (Apr. 1, 2018– Mar. 31, 2019)
Cash flows from operating activities		
Profit before income taxes	2,416	2,625
Depreciation	252	424
Amortization of goodwill	369	696
Impairment loss	-	14
Share-based compensation expenses	51	51
Increase (decrease) in provision for bonuses	100	279
Increase (decrease) in allowance for doubtful accounts	0	10
Increase (decrease) in provision for refund of permanent placement income	(22)	14
Increase (decrease) in provision for office transfer loss	0	(0)
Increase (decrease) in retirement benefit liability	4	0
Interest and dividend income	(2)	(4)
Interest expenses	23	52
Office transfer loss	3	1
Loss (gain) on sales of non-current assets	0	(0)
Loss (gain) on sales of investment securities	(37)	(5)
Loss on retirement of non-current assets	2	17
Loss (gain) on sales of shares of subsidiaries	-	(26)
Loss (gain) on valuation of investment securities	56	-
Decrease (increase) in notes and accounts receivable-trade	(640)	(1,595)
Decrease (increase) in inventories	(38)	(111)
Decrease (increase) in real estate for sale in process	(240)	551
Decrease (increase) in real estate for sale	5	(471)
Increase (decrease) in notes and accounts payable-trade	28	139
Increase (decrease) in accounts payable-other	907	425
Increase (decrease) in accrued expenses	479	62
Increase (decrease) in deposits received	562	6
Increase (decrease) in accrued consumption taxes	271	244
Other, net	(7)	(104)
Subtotal	4,549	3,299
Interest and dividend income received	2	4
Interest expenses paid	(23)	(53)
Income taxes paid	(1,024)	(1,171)
Net cash provided by (used in) operating activities	3,503	2,079
Cash flows from investing activities		
Purchase of property, plant and equipment	(298)	(436)
Proceeds from sales of property, plant and equipment	26	16
Purchase of intangible assets	(196)	(334)
Purchase of investment securities	(159)	(644)
Proceeds from sales of investment securities	40	77
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,403)	(4,267)
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	-	(57)
Other, net	(104)	(68)
Net cash provided by (used in) investing activities	(2,095)	(5,715)

(Millions of yen)

	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)	FY3/19 (Apr. 1, 2018– Mar. 31, 2019)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,157	(1,778)
Proceeds from long-term loans payable	1,870	8,518
Repayments of long-term loans payable	(2,014)	(1,701)
Proceeds from issuance of share acquisition rights	5	-
Proceeds from issuance of shares resulting from exercise of share acquisition rights	2,740	45
Proceeds from disposal of treasury shares	571	-
Purchase of treasury shares	-	(0)
Cash dividends paid	(257)	(397)
Dividends paid to non-controlling interests	(84)	(119)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(101)	(3,206)
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	86	-
Other, net	(3)	13
Net cash provided by (used in) financing activities	3,971	1,372
Effect of exchange rate change on cash and cash equivalents	153	(34)
Net increase (decrease) in cash and cash equivalents	5,532	(2,297)
Cash and cash equivalents at beginning of period	3,627	9,159
Cash and cash equivalents at end of period	9,159	6,862

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Changes in Accounting Policies

Application of the "Practical Solution on Transactions Granting Employees and Others Share Acquisition Rights, which Involve Considerations, with Vesting Conditions, etc."

On April 1, 2018, WILL GROUP started applying the "Practical Solution on Transactions Granting Employees and Others Share Acquisition Rights, which Involve Considerations, with Vesting Conditions, etc." (Practical Issues Task Force (PITF) No. 36, January 12, 2018) and other accounting policies. When employees and others are granted share acquisition rights requiring a payment, WILL GROUP uses an accounting method that complies with the "Accounting Standard for Stock Options" (ASBJ Statement No. 8, December 27, 2005).

The application of PITF No. 36 is based on the transitional measures designated in Paragraph 10 (3) of PITF No. 36. For share acquisition rights requiring a payment that were granted to employees and others prior to the application of PITF No. 36, WILL GROUP is continuing to use the original accounting methods.

Changes in Accounting Policies that are Difficult to Distinguish from Changes in Accounting Estimates

Changes in depreciation method of property, plant and equipment

WILL GROUP and some of its consolidated subsidiaries have changed the property, plant and equipment depreciation method. In prior years, these assets were depreciated using the declining-balance method. However, WILL GROUP and consolidated subsidiaries in Japan used the straight-line method for buildings and structures acquired on or after April 1, 2016. Beginning with the current fiscal year, the straight-line method is used for all depreciation.

Due to the increasing number of overseas subsidiaries, the Group has made this change for the consistency of accounting policies used by group companies and in order to more accurately show the actual utilization of property, plant and equipment so that this utilization is properly reflected in each fiscal year's income statement.

The Group expects that property, plant and equipment at group companies will be operated in consistent manner throughout the useful lives of these assets. As a result, the recognition of expenses in equal installments during the useful lives of these assets is an appropriate reflection of how property, plant and equipment are used. In addition, the Group believes that the use of the straight-line method more appropriately reflects results of operations from the standpoint of having expenses correspond to income. For these reasons, depreciation of property, plant and equipment has been changed from the declining-balance method to the straight-line method beginning with the current fiscal year.

This change in the depreciation method increased operating profit, ordinary profit and profit before income taxes for the current fiscal year by 64 million yen each.

Reclassifications

Changes due to the application of the “Partial Amendments to Accounting Standard for Tax Effect Accounting” Starting with the current fiscal year, WILL GROUP has applied the “Ministerial Order Partially Amending the Regulation for Enforcement of the Companies Act and the Regulation on Corporate Accounting” (Ministry of Justice Order No. 5, March 26, 2018) in line with the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018). Accordingly, the Company has changed the presentation method whereby deferred tax assets and deferred tax liabilities are presented in the investments and other assets section and the non-current liabilities section of the balance sheet, respectively.

As a result, “Deferred tax assets” of 451 million yen that was classified under current assets of the balance sheet for the previous fiscal year is included and presented in “Deferred tax assets” of 602 million yen under investments and other assets of the balance sheet for the current fiscal year.

Consolidated Statements of Income

“Office transfer loss” and “Provision of allowance for office transfer loss” under extraordinary losses that were presented separately in the previous fiscal year are included in “Other” for the current fiscal year due to their immateriality. In order to reflect changes in this presentation method, the consolidated financial statements for the previous fiscal year have been restated.

As a result, 3 million yen in “Office transfer loss,” 0 million yen in “Provision of allowance for office transfer loss,” and 0 million yen in “Other” under extraordinary losses shown in the prior-period consolidated statement of income is reclassified as 3 million yen in “Other.”

Business Combinations

Business combination through acquisition

WILL GROUP purchased shares of C4 inc., making this company a consolidated subsidiary.

(1) Summary of business combination

1) Acquired company and its business activities
Acquired company: C4 inc.
Business activities: Construction management engineer temporary staffing and permanent placement business

2) Reasons for acquisition
Acquiring C4 allows WILL GROUP to enter a new business domain and obtain human resources service assets and knowledge involving the rapidly growing construction industry. Also, this acquisition will enable C4 to use the nationwide network in Japan of WILL GROUP subsidiaries for the expansion of its operations to more regions of the country.

3) Acquisition date
June 30, 2018 (deemed acquisition date)

4) Legal form of acquisition
Acquisition of shares with cash

5) Name of the acquired company after acquisition
There is no change in the company’s name.

6) Percentage of voting rights acquired
100%

7) Basis for choosing the acquiring company
Because the Company purchased shares of C4 inc. with cash, and acquired 100% of its voting rights.

(2) Period of the acquired company’s performance included in the consolidated financial statements

From July 1, 2018 to March 31, 2019

(3) Acquisition cost of the acquired company and breakdown by type of consideration

Payment for the acquisition (Cash)	3,399 million yen
Acquisition cost	3,399 million yen

(4) Details of major acquisition-related costs

Advisory fees, etc.: 10 million yen

(5) Goodwill resulting from the acquisition

1) Value of goodwill
1,573 million yen

2) Source of goodwill
The source is primarily the expectation for C4 inc. to generate even higher earnings from upcoming business activities.

3) Amortization method and amortization period
Goodwill is amortized over seven years by the straight-line method.

(6) Breakdown of assets acquired and liabilities assumed on the acquisition date

	(Millions of yen)
Current assets	1,499
Non-current assets	1,374
Total assets	2,873
Current liabilities	597
Non-current liabilities	449
Total liabilities	1,046

WILL GROUP purchased shares of Quay Appointments Pty Ltd, making this company a consolidated subsidiary.

(1) Summary of business combination

1) Acquired company and its business activities
Acquired company: Quay Appointments Pty Ltd and its two subsidiaries
Business activities: Permanent placement and temporary staffing

2) Reasons for acquisition
WILL GROUP believes that the acquisition of Quay Appointments Pty Ltd will make it possible to strengthen and expand the Group's position in the human resources service domain in Oceania.

3) Acquisition date
September 30, 2018 (deemed acquisition date)

4) Legal form of acquisition
Acquisition of shares with cash

5) Name of the acquired company after acquisition
There is no change in the company's name.

6) Percentage of voting rights acquired
51%

7) Basis for choosing the acquiring company
Because Ethos Beathchapman Australia Pty Ltd, a consolidated subsidiary of WILL GROUP, purchased shares of Quay Appointments Pty Ltd with cash, and acquired 51% of its voting rights.

(2) Period of the acquired company's performance included in the consolidated financial statements

From October 1, 2018 to March 31, 2019

(3) Acquisition cost of the acquired company and breakdown by type of consideration

Payment for the acquisition (Cash)	503 million yen
Acquisition cost	503 million yen

(4) Details of major acquisition-related costs

Advisory fees, etc.: 22 million yen

(5) Goodwill resulting from the acquisition

1) Value of goodwill
249 million yen
The value of goodwill is calculated provisionally.

2) Source of goodwill
The source is primarily the expectation for Quay Appointments Pty Ltd to generate even higher earnings from upcoming business activities.

3) Amortization method and amortization period
Goodwill is amortized over four years by the straight-line method.

(6) Breakdown of assets acquired and liabilities assumed on the acquisition date

	(Millions of yen)
Current assets	810
Non-current assets	13
Total assets	824
Current liabilities	326
Total liabilities	326

WILL GROUP purchased shares of The Chapman Consulting Group Pte. Ltd., making this company a consolidated subsidiary.

(1) Summary of business combination

1) Acquired company and its business activities
Acquired company: The Chapman Consulting Group Pte. Ltd. and its six subsidiaries
Business activities: Permanent placement

2) Reasons for acquisition
The acquisition of The Chapman Consulting Group Pte. Ltd. will make it possible to strengthen and expand the Group’s global network in the human resources service domain.

3) Acquisition date
January 31, 2019 (deemed acquisition date)

4) Legal form of acquisition
Acquisition of shares with cash

5) Name of the acquired company after acquisition
There is no change in the company’s name.

6) Percentage of voting rights acquired
51%

7) Basis for choosing the acquiring company
Because WILL GROUP Asia Pacific Pte. Ltd., a consolidated subsidiary of WILL GROUP, purchased shares of The Chapman Consulting Group Pte. Ltd. with cash, and acquired 51% of its voting rights.

(2) Period of the acquired company's performance included in the consolidated financial statements

From February 1, 2019 to March 31, 2019

(3) Acquisition cost of the acquired company and breakdown by type of consideration

Payment for the acquisition (Cash)	1,888 million yen
Acquisition cost	1,888 million yen

(4) Details of major acquisition-related costs

Advisory fees, etc.: 31 million yen

(5) Goodwill resulting from the acquisition

1) Value of goodwill
1,744 million yen
The value of goodwill is calculated provisionally.

2) Source of goodwill
The source is primarily the expectation for The Chapman Consulting Group Pte. Ltd. to generate even higher earnings from upcoming business activities.

3) Amortization method and amortization period
Goodwill is amortized over seven years by the straight-line method.

(6) Breakdown of assets acquired and liabilities assumed on the acquisition date

	(Millions of yen)
Current assets	684
Non-current assets	5
Total assets	689
Current liabilities	407
Total liabilities	407

Finalization of provisional accounting treatment for business combinations

A provisional accounting treatment was used in the previous fiscal year for the Group's acquisition of DFP Recruitment Holdings Pty. Ltd. January 2018, and it was finalized in the current fiscal year.

In line with the finalization of this provisional accounting treatment, a material review has been reflected in the initially allocated amount of the acquisition cost in the comparative information included in the consolidated financial statements for the current fiscal year.

As a result, the value of goodwill decreased by 548 million yen from the provisionally calculated value of 950 million yen to 402 million yen. In addition, other under intangible assets, deferred tax liabilities under non-current liabilities, and non-controlling interests at the end of the previous fiscal year increased by 1,200 million yen, 255 million yen, and 338 million yen, respectively. In the consolidated statement of income for the previous fiscal year, operating profit, ordinary profit and profit before income taxes increased by 4 million yen, and profit and profit attributable to owners of parent also increased by 8 million yen and 12 million yen, respectively.

Segment and Other Information

Segment information

1. Overview of reportable segments

Segments used for financial reporting are the Group’s constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The Group has six reportable segments: Sales Outsourcing Business, Call Center Outsourcing Business, Factory Outsourcing Business, Care Support Business, Overseas Human Resources Business, and HR Support Business for Startups.

The Sales Outsourcing Business is engaged primarily in the temporary staffing/permanent placement and consignment services for sales operations at consumer electronics and other stores in Japan.

The Call Center Outsourcing Business is engaged primarily in the temporary staffing/permanent placement of skilled personnel and consignment services for companies that operate call centers in Japan.

The Factory Outsourcing Business is engaged primarily in the consignment services and temporary staffing/ permanent placement of workers mainly for light work at factories and other sites in Japan.

The Care Support Business is engaged primarily in the temporary staffing/permanent placement of nursing care personnel at nursing care and other facilities in Japan.

The Overseas Human Resources Business is engaged primarily in the temporary staffing/permanent placement and other HR services business in the ASEAN and Oceania regions.

The HR Support Business for Startups is engaged primarily in the permanent placement and other HR support business for startups mainly in the internet and IoT industries.

2. Calculation methods for net sales, profit/loss, assets, liabilities and other items for each reportable segment

The accounting treatment methods for reportable segments are generally the same as those listed in “Significant Accounting Policies in the Preparation of Consolidated Financial Statements” presented in the Company’s annual securities report (Yuka Shoken Hokokusho), which was submitted on June 20, 2018.

3. Revisions for reportable segments

In the previous fiscal years, the HR Support Business for Startups, which includes the permanent placement of people in the Internet and IoT fields, was included in Others. Due to its increased materiality, the HR Support Business for Startups is a separate reportable segment beginning with the current fiscal year.

In addition, due to an organizational change, the office worker temporary staffing and permanent placement business, which was included in Others, has been combined with the Call Center Outsourcing business.

The segment information for the previous fiscal year has been revised to reflect the new segment classification.

4. Reconciliation of amounts shown in the consolidated financial statements with total for reportable segments

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018) (Millions of yen)

	Reportable segment							Others (Note 1)	Total	Adjust-ment (Note 2)	Amounts recorded in consolidated financial statements (Note 3)
	Sales Out-sourcing	Call Center Out-sourcing	Factory Out-sourcing	Care Support	Overseas Human Resources	HR Support Business for Startups	Total				
Net sales											
External sales	21,654	16,793	16,994	7,140	13,170	731	76,484	2,712	79,197	-	79,197
Inter-segment sales and transfers	1	-	1	-	-	-	2	5	7	(7)	-
Total	21,656	16,793	16,995	7,140	13,170	731	76,486	2,717	79,204	(7)	79,197
Segment profit (loss)	1,749	820	891	(16)	356	208	4,010	(77)	3,933	(1,511)	2,422
Segment assets	6,154	4,011	4,048	1,705	6,901	330	23,153	2,540	25,693	2,401	28,095
Other items											
Depreciation	30	17	14	17	48	2	131	25	156	96	252
Amortization of goodwill	77	-	29	-	243	-	349	19	369	-	369
Increase in property, plant and equipment and intangible assets	92	80	34	34	1,242	34	1,519	103	1,622	55	1,677

Notes: 1. “Others” is a business segment not included in any of the reportable segments and includes contract staffing services for assistant language teachers (ALTs).

2. Contents of adjustments are as follows.

(1) The negative adjustment of 1,511 million yen to segment profit (loss) includes elimination of 7 million yen for inter-segment transactions and corporate expenses of minus 1,518 million yen that are not allocated to any of the reportable segments. Corporate expenses mainly consist of general and administrative expenses that are not attributable to any of the reportable segments.

(2) The 2,401 million yen adjustment to segment assets includes corporate assets that are not allocated to any of the reportable segments, which mainly consist of assets owned by the Company.

(3) The 96 million yen adjustment to depreciation includes depreciation of corporate assets that are not allocated to any of the reportable segments.

(4) The 55 million yen adjustment to increase in property, plant and equipment and intangible assets includes expenses for acquisitions involving additional development work for a core IT system (50 million yen).

3. Segment profit is adjusted to be consistent with operating profit recorded in the consolidated statement of income.

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019) (Millions of yen)

	Reportable segment							Others (Note 1)	Total	Adjust-ment (Note 2)	Amounts recorded in consolidated financial statements (Note 3)
	Sales Out-sourcing	Call Center Out-sourcing	Factory Out-sourcing	Care Support	Overseas Human Resources	HR Support Business for Startups	Total				
Net sales											
External sales	22,207	15,724	20,885	9,310	26,275	1,049	95,451	8,151	103,603	-	103,603
Inter-segment sales and transfers	1	0	0	-	-	-	1	19	20	(20)	-
Total	22,208	15,724	20,885	9,310	26,275	1,049	95,453	8,170	103,624	(20)	103,603
Segment profit	1,537	833	1,038	182	428	269	4,290	143	4,434	(1,886)	2,547
Segment assets	5,480	2,911	4,147	1,723	10,667	578	25,509	7,241	32,751	1,463	34,214
Other items											
Depreciation	32	12	17	20	105	4	193	118	311	112	424
Amortization of goodwill	76	2	58	-	370	-	507	188	696	-	696
Increase in property, plant and equipment and intangible assets	107	38	55	22	95	9	329	1,341	1,671	472	2,143

Notes: 1. "Others" is a business segment not included in any of the reportable segments and includes contract staffing services for assistant language teachers (ALTs) and temporary staffing/permanent placement services for construction management engineers.

2. Contents of adjustments are as follows.
   (1) The negative adjustment of 1,886 million yen to segment profit includes elimination of 5 million yen for inter-segment transactions and corporate expenses of minus 1,892 million yen that are not allocated to any of the reportable segments. Corporate expenses mainly consist of general and administrative expenses that are not attributable to any of the reportable segments.
   (2) The 1,463 million yen adjustment to segment assets includes corporate assets that are not allocated to any of the reportable segments, which mainly consist of assets owned by the Company.
   (3) The 112 million yen adjustment to depreciation includes depreciation of corporate assets that are not allocated to any of the reportable segments.
   (4) The 472 million yen adjustment to increase in property, plant and equipment and intangible assets includes expenses for acquisitions involving establishment of renewed IT infrastructure (462 million yen).
3. Segment profit is adjusted to be consistent with operating profit recorded in the consolidated statement of income.
4. As stated in Changes in Accounting Policies that are Difficult to Distinguish from Changes in Accounting Estimates under the Notes section, WILL GROUP and some of its consolidated subsidiaries have changed the property, plant and equipment depreciation method. In prior years, these assets were depreciated using the declining balance method. However, WILL GROUP and consolidated subsidiaries in Japan used the straight line method for buildings and structures acquired on or after April 1, 2016. Beginning with the current fiscal year, the straight line method has been used for all depreciation. The effect of this change was to increase segment profits for the Sales Outsourcing Business, the Call Center Outsourcing Business, the Factory Outsourcing Business, the Care Support Business, the Overseas Human Resources Business, and Others by 3 million yen, 1 million yen, 4 million yen, 2 million yen, 2 million yen, and 4 million yen, respectively, in the current fiscal year, compared with the previous method.

Related information

1. Information by product and service
This information is omitted since the same information is presented in segment information for the fiscal years ended March 31, 2018 and 2019.

2. Information by region
(1) Net sales
FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

(Millions of yen)

Japan	Asia	Australia	Total
66,026	4,534	8,635	79,197

Note: Classification of net sales is based on the location of customers and categorized by country or region.

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)

(Millions of yen)

Japan	Asia	Australia	Total
77,327	5,894	20,381	103,603

Note: Classification of net sales is based on the location of customers and categorized by country or region.

(2) Property, plant and equipment
FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

(Millions of yen)

Japan	Asia	Australia	Total
816	75	65	958

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)

(Millions of yen)

Japan	Asia	Australia	Total
1,185	66	67	1,319

3. Information by major customer
Not applicable.

Information related to impairment of non-current assets for each reportable segment

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

Not applicable.

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019) (Millions of yen)

	Sales Outsourcing	Call Center Outsourcing	Factory Outsourcing	Care Support	Overseas Human Resources	HR Support Business for Startups	Other (Note)	Elimination or corporate	Total
Impairment loss	-	-	-	-	-	-	14	-	14

Note: “Other” includes an impairment loss on software intended for internal use.

Information related to goodwill amortization and the unamortized balance for each reportable segment

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018) (Millions of yen)

	Sales Outsourcing	Call Center Outsourcing	Factory Outsourcing	Care Support	Overseas Human Resources	HR Support Business for Startups	Other (Note)	Elimination or corporate	Total
Amortization for the period	77	-	29	-	243	-	19	-	369
Balance at the end of period	192	-	261	-	1,218	-	73	-	1,744

Note: “Other” includes goodwill related to the video creation business.

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019) (Millions of yen)

	Sales Outsourcing	Call Center Outsourcing	Factory Outsourcing	Care Support	Overseas Human Resources	HR Support Business for Startups	Other (Note)	Elimination or corporate	Total
Amortization for the period	76	2	58	-	370	-	188	-	696
Balance at the end of period	106	13	203	-	2,954	-	1,457	-	4,735

Note: “Other” includes goodwill related to the temporary staffing/permanent placement services for construction management engineers.

Information related to gain on bargain purchase for each reportable segment

Not applicable.

Per Share Information

(Yen)

	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)	FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)
Net assets per share	373.76	309.28
Basic earnings per share	58.04	55.58
Diluted earnings per share	55.62	54.09

Note: The basis of calculating basic earnings per share and diluted earnings per share is as follows:

(Millions of yen)

	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)	FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)
Basic earnings per share		
Profit attributable to owners of parent	1,222	1,231
Amounts not available to common shareholders	-	-
Profit attributable to owners of parent available to common stock	1,222	1,231
Average number of common stock outstanding during the period (Shares)	21,066,893	22,161,764
Diluted earnings per share		
Adjusted profit attributable to owners of parent	-	-
Increase in the number of common stock (Shares)	918,373	612,183
[of which share acquisition rights (Shares)]	[918,373]	[612,183]
Summary of potential stock not included in the calculation of diluted earnings per shared since there was no dilutive effect	Share acquisition rights issued pursuant to the Board of Directors' resolution on February 2018 Share acquisition rights: 5,420 units Common stock: 542,000 shares	Share acquisition rights issued pursuant to the Board of Directors' resolution on February 2018 Share acquisition rights: 5,320 units Common stock: 532,000 shares

Subsequent Events

At the Board of Directors meeting held on March 18, 2019, WILL GROUP and its consolidated subsidiary WILL GROUP Asia Pacific Pte. Ltd. resolved to purchase shares of u&u Holdings Pty Ltd ("u&u") and its consolidated subsidiary u&u NSW Pty Ltd ("NSW") and make these companies be subsidiaries. These companies' shares were purchased on April 30, 2019.

1. Summary of business combination

(1) Summary of subsidiary which purchases the shares

Acquiring company: WILL GROUP Asia Pacific Pte. Ltd.

Business activities: Supervision of overseas businesses, investments in overseas operating companies, etc.

(2) Acquired companies and their business activities

1) Acquired company: u&u Holdings Pty Ltd

Business activities: Temporary staffing and permanent placement

2) Acquired company: u&u NSW Pty Ltd

Business activities: Temporary staffing and permanent placement

(3) Reasons for acquisition

The acquisition of u&u and NSW will make it possible to strengthen and expand the Group's global network in the human resources service domain.

(4) Acquisition date

April 30, 2019

(5) Legal form of acquisition

Acquisition of shares with cash

(6) Names of the acquired companies after acquisition

There is no change in the companies' names.

(7) Percentages of voting rights acquired

1) u&u

Percentage of voting rights owned immediately before acquisition:	- %
Percentage of voting rights acquired on the acquisition date:	60%
Percentage of voting rights after acquisition:	60%

2) NSW

Percentage of voting rights owned immediately before acquisition:	- %
Percentage of voting rights acquired on the acquisition date:	59%
Percentage of voting rights after acquisition:	59% (including indirect ownership of 40%)

(8) Basis for choosing the acquiring companies

Purchasing shares of u&u with cash will give 60% of its voting rights to WILL GROUP.

2. Acquisition cost and type of payment

Payment for the acquisition	Cash	1,615 million yen
Acquisition cost		1,615 million yen

3. Details of major acquisition-related costs

Advisory fees, etc. (estimate): 31 million yen

4. Goodwill resulting from the acquisition

The value, source, and amortization method and period of goodwill have not been determined as they are currently under review.

This financial report is solely a translation of the Company's Kessan Tanshin (including attachments) in Japanese, which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.