

November 7, 2019

**Summary of Consolidated Financial Results
for the Second Quarter of the Fiscal Year Ending March 31, 2020
(Six Months Ended September 30, 2019)**

[IFRS]

Company name: WILL GROUP, INC. Listing: Tokyo Stock Exchange, First Section
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Scheduled date of filing of Quarterly Report: November 7, 2019

Scheduled date of payment of dividend: -

Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly 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 Six Months Ended September 30, 2019 (April 1, 2019 – September 30, 2019)

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

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Sep. 30, 2019	60,736	25.3	2,230	74.4	2,200	75.3	1,425	76.8	1,280	83.2	757	(11.4)
Six months ended Sep. 30, 2018	48,470	-	1,279	-	1,255	-	805	-	698	-	855	-

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended Sep. 30, 2019	57.56		56.31	
Six months ended Sep. 30, 2018	31.57		30.68	

(2) Consolidated financial position

	Total assets		Total equity		Equity attributable to owners of parent		Ratio of equity attributable to owners of parent to total assets	
	Million yen		Million yen		Million yen		Million yen	%
As of Sep. 30, 2019	41,809		4,292		3,542			8.5
As of Mar. 31, 2019	42,736		4,822		4,197			9.8

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
Fiscal year ended Mar. 31, 2019	Yen	Yen	Yen	Yen	Yen
	-	0.00	-	18.00	18.00
Fiscal year ending Mar. 31, 2020	-	0.00			
Fiscal year ending Mar. 31, 2020 (forecasts)			-	18.00	18.00

Note: Revisions to the most recently announced dividend forecast: None

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

(Percentages represent year-on-year changes)

	Revenue		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	
Full year	120,000	16.2	4,000	34.9	3,800	31.7	2,300	32.1	1,970	27.5	88.57	

Note: Revisions to the most recently announced consolidated forecast: None

*** Notes**

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

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

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

1) Changes in accounting policies required by IFRS: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

(3) Number of outstanding shares (common stock)

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

As of Sep. 30, 2019:	22,256,000 shares	As of Mar. 31, 2019:	22,242,400 shares
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2) Number of treasury shares at the end of period

As of Sep. 30, 2019:	9,703 shares	As of Mar. 31, 2019:	6,303 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2019:	22,243,439 shares	Six months ended Sep. 30, 2018:	22,134,046 shares
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* This quarterly financial report is not subject to quarterly review 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. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 5 for forecast assumptions and notes of caution for usage.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first half of the fiscal year ending March 31, 2020 (the “period under review”), the Japanese economy remained on a moderate recovery track, backed mainly by continued improvement in the labor market and personal income. Nevertheless, its outlook is still unclear due to uncertainties in the international economy over issues such as the U.S.-China trade tensions and the UK’s withdrawal from the European Union (EU) (Brexit). The human resources service market in Japan, however, continued to grow, with a job openings-to-applicants ratio as high as 1.6, driven by strong demand on the back of persistent labor shortage, the enactment of working style reforms and other supportive factors.

The Company and its subsidiaries (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. In addition, the Company converted u&u Holdings Pty Ltd, a company providing temporary staffing and permanent placement services mainly to government agencies and major corporations in Australia, and other two companies into consolidated subsidiaries in April 2019. Furthermore, to enhance brand recognition of the Group as a whole and its service delivery capability as well, we consolidated the service brands of major subsidiaries in Japan into “WILLOF” in October 2019.

As a result, for the period under review, the Company reported consolidated revenue of 60,736 million yen (up 25.3% year on year), operating profit of 2,230 million yen (up 74.4%), profit before tax of 2,200 million yen (up 75.3%), profit of 1,425 million yen (up 76.8%) and profit attributable to owners of parent of 1,280 million yen (up 83.2%). EBITDA (operating profit + depreciation and amortization) was 3,088 million yen (up 54.4%).

Results by operating segment were as follows.

Sales Outsourcing Business

The store sales and other personnel staffing service business continued to enjoy solid demand for sales personnel, and thus, concentrated on raising its in-store share with existing client companies and expanding consignment service. While the business environment for the core telecommunications sector remained challenging due primarily to the effect of a reduction in monthly communication charges and decreased domestic shipment of smartphones, we strove to increase the proportion of full-time regular employees working on-site and to improve the margin of the consignment service. We also sought to expand business outside the telecommunications sector mainly through efforts to win more orders for temporary staffing service from the apparel industry, expand the consignment service, and undertake sales and marketing for settlement services on behalf of customers. The sales promotion service also enjoyed increased orders for retail support and marketing campaigns from major IT companies and orders for private seminars and exhibitions from other companies backed by growing momentum among client companies for a full-fledged transition to “Windows10” ahead of planned termination of support services for “Windows7.”

For the period under review, earnings for this business segment increased year on year mainly due to the improved gross margin, which was realized through reduction of outsourcing expenses, despite a decrease in incentive income from the telecommunications sector.

As a result, the segment recorded revenue of 11,778 million yen (up 9.0% year on year) and segment profit of 900 million yen (up 41.2%).

Call Center Outsourcing Business

The call center and office personnel staffing service business enjoyed increasing demand for outsourcing services from companies that are short of human resources and thus are in need of enhancing their operational efficiency. While the competition for recruiting employees has been increasingly fierce, we focused especially on increasing orders from financial institutions and orders for in-house projects that are more profitable, to expand the target markets for its service and ultimately improve its gross profit margin.

For the period under review, earnings for this business segment increased, driven by the improved gross margin,

which was realized with a higher proportion of financial institutions and in-house projects in all orders; and a reduction in sales, general and administrative expenses, which was realized through improved productivity.

As a result, the segment recorded revenue of 8,013 million yen (up 3.2% year on year) and segment profit of 501 million yen (up 76.8%).

Factory Outsourcing Business

The manufacturing and other personnel staffing service business benefited from solid demand for prepared food items and for desserts and bento lunch boxes sold at convenience stores despite an adverse effect of production adjustments by some client companies in sectors other than the food-related sectors. In this business segment, on the back of such solid demand, we focused on increasing business with customers, especially food manufacturers; and expanding into new domains other than the food sector, such as the cosmetics sector. On the recruitment side, we 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).

While there were up-front expenses for the expansion of operations to more areas of Japan in the same period of the previous fiscal year, the segment's profit increased driven by improved margins coupled with successful expansion of customer base in new locations, revisions to contract terms with existing customers, and improved gross profit margin through expansion of orders for consignment services.

As a result, the segment recorded revenue of 11,878 million yen (up 21.0% year on year) and segment profit of 659 million yen (up 55.3%).

Care Support Business

In the nursing care personnel staffing service business, which had almost completed the expansion of its branch network in the previous fiscal year, we focused on turning the business profitable through efforts to enhance the temporary staffing and permanent placement of caregivers, leveraging our nationwide network, and to support the recruitment of interns for companies interested in hiring foreign nursing care staff.

For the period under review, earnings for this business segment increased, backed by revisions to contract terms with existing customers; improved gross profit margin, realized through increased sales from permanent placement services; 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 revenue of 5,341 million yen (up 22.7% year on year) and segment profit of 139 million yen (up 386.1%).

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, Quay Appointments Pty Ltd and two other companies, which became consolidated subsidiaries in September 2018; The Chapman Consulting Group Pte. Ltd. and six other companies, which became consolidated subsidiaries in January 2019; and u&u Holdings Pty Ltd and two other companies, which became consolidated subsidiaries in April 2019, contributed to the segment's earnings.

For the period under review, earnings for this business segment decreased on the back of higher management costs for the intermediary holding company due to an increase in the number of overseas subsidiaries and a decrease in sales from permanent placement services of existing consolidated subsidiaries, despite contribution to earnings of newly consolidated subsidiaries.

As a result, the segment recorded revenue of 18,374 million yen (up 51.9% year on year) and segment profit of 433 million yen (down 8.5%).

HR Support Business for Startups

For the HR support services for venture firms that belong to growth industries, the market has gained momentum, helped by government-backed support initiatives like "J-Startup" and increasing equity investments by venture

capitals. In the internet industry where many of our client companies belong, with the advent of diverse services related to AI and IoT, the demand for human resources is on the rise. In fact, the business received strong orders for its human resource services during the period under review. We also started the data linkage between “STARTUP DB,” an information platform that integrates a database of startups, and “Crunchbase,” the world’s largest database of startups in the U.S., to evolve these databases into an information platform spanning growth companies both in Japan and abroad.

For the period under review, earnings for this business segment increased, on the back of improved productivity coupled with expansion and diversification of its business domains.

As a result, the segment recorded revenue of 594 million yen (up 10.7% year on year) and segment profit of 159 million yen (up 18.4%).

Others

Temporary staffing for assistant language teachers (ALT) and temporary and permanent placement services for nursery school personnel grew steadily. In addition, WILLOF CONSTRUCTION, Inc., providing temporary and permanent placement services for construction management engineers and converted into a consolidated subsidiary in June 2018, has contributed to earnings since the beginning of the current fiscal year. Also, to pre-empt a further increase in the number of foreign workers ongoing forward, we have launched an initiative to offer services to support their living, such as housing arrangements.

For the period under review, earnings for this business segment decreased on the back of recognition of loss on withdrawal from loss-making businesses and upfront investments in the HRTech field, despite expansion of the existing businesses.

As a result, the segment recorded revenue of 4,754 million yen (up 38.5% year on year) and segment loss of 88 million yen (compared with segment profit of 28 million yen a year earlier).

(2) Explanation of Financial Position

1) Assets, liabilities and equity

Assets

Current assets at the end of the period under review amounted to 20,316 million yen, down 2,219 million yen from the end of the previous fiscal year. This is primarily due to a decrease in cash and cash equivalents of 2,684 million yen, which was partially offset by an increase in trade and other receivables of 369 million yen.

Non-current assets amounted to 21,492 million yen at the end of the period under review, up 1,292 million yen from the end of the previous fiscal year. This is primarily due to increases in goodwill of 1,190 million yen resulting from acquiring shares of u&u Holdings Pty Ltd and other two companies, and other financial assets of 263 million yen, which were partially offset by a decrease in other intangible assets of 157 million yen.

As a result, total assets decreased 927 million yen from the end of the previous fiscal year to 41,809 million yen.

Liabilities

Current liabilities at the end of the period under review amounted to 19,915 million yen, down 1,166 million yen from the end of the previous fiscal year. This is primarily due to decreases in trade and other payables of 726 million yen, borrowings of 596 million yen, and deposits received of 381 million yen included in other current liabilities, which were partially offset by increases in other financial liabilities of 628 million yen and income taxes payable of 226 million yen.

Non-current liabilities amounted to 17,601 million yen at the end of the period under review, up 769 million yen from the end of the previous fiscal year. This is primarily due to increases in borrowings of 688 million yen and other financial liabilities of 420 million yen, which were partially offset by decreases in other non-current liabilities of 181 million yen and deferred tax liabilities of 157 million yen.

As a result, total liabilities decreased 396 million yen from the end of the previous fiscal year to 37,517 million yen.

Equity

Total equity at the end of the period under review amounted to 4,292 million yen, down 530 million yen from the end of the previous fiscal year. This is primarily due to decreases in capital surplus of 887 million yen resulting primarily from granting written put options to non-controlling shareholders and exchange differences on translation of foreign operations of 695 million yen included in other components of equity, which were partially offset by an increase in retained earnings of 880 million yen.

As a result, the ratio of equity attributable to owners of parent to total assets declined from 9.8% at the end of the previous fiscal year to 8.5%.

It is noted that the adjusted ratio of equity attributable to owners of parent to total assets, net of effect of unrealized written put options increased from 16.0% at the end of the previous fiscal year to 17.2%.

2) Cash Flows

Cash and cash equivalents (“net cash”) at the end of the period under review amounted to 4,177 million yen, down 2,684 million yen from the end of the previous fiscal year. The status of each component of cash flows for the period under review and factors of changes therein are as follows.

Cash flows from operating activities

Net cash provided by operating activities was 1,394 million yen, compared with 803 million yen provided in the same period a year earlier. This is primarily due to profit before tax of 2,200 million yen and depreciation and amortization of 857 million yen, which were partially offset by income taxes paid of 967 million yen and a decrease in trade payables of 783 million yen.

Cash flows from investing activities

Net cash used in investing activities was 2,625 million yen, compared with 3,293 million yen used in the same period a year earlier. This is primarily due to purchase of investments in subsidiaries resulting in change in scope of consolidation of 2,065 million yen; and purchase of property, plant and equipment and intangible assets of 315 million yen.

Cash flows from financing activities

Net cash used in financing activities was 1,215 million yen, compared with 576 million yen provided in the same period a year earlier. This is primarily due to repayments of long-term borrowings of 1,979 million yen, net decrease in short-term borrowings of 1,327 million yen, repayments of lease obligations of 516 million yen, and cash dividends paid of 400 million yen, which were partially offset by proceeds from long-term borrowings of 3,251 million yen.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

There are no revisions to the consolidated earnings forecast for the fiscal year ending March 31, 2020, which was announced on May 13, 2019.

Forecasts are based on information currently available to the Company. Actual performance may differ from these forecasts for a number of reasons.

2. Condensed Quarterly Consolidated Financial Statements and Notes**(1) Condensed Quarterly Consolidated Statement of Financial Position**

(Millions of yen)

	FY3/19 (As of Mar. 31, 2019)	Second quarter of FY3/20 (As of Sep. 30, 2019)
Assets		
Current assets		
Cash and cash equivalents	6,862	4,177
Trade and other receivables	14,852	15,222
Other financial assets	144	161
Other current assets	677	755
Total current assets	22,536	20,316
Non-current assets		
Property, plant and equipment	1,420	1,371
Right-of-use assets	6,160	6,156
Goodwill	5,747	6,937
Other intangible assets	3,427	3,270
Other financial assets	959	1,222
Deferred tax assets	1,432	1,495
Other non-current assets	1,051	1,038
Total non-current assets	20,200	21,492
Total assets	42,736	41,809

	FY3/19 (As of Mar. 31, 2019)	Second quarter of FY3/20 (As of Sep. 30, 2019)	(Millions of yen)
Liabilities			
Current liabilities			
Trade and other payables	12,872	12,146	
Borrowings	3,924	3,328	
Other financial liabilities	941	1,569	
Income taxes payable	639	866	
Other current liabilities	2,704	2,006	
Total current liabilities	21,081	19,915	
Non-current liabilities			
Borrowings	7,529	8,217	
Other financial liabilities	8,169	8,589	
Deferred tax liabilities	775	618	
Other non-current liabilities	357	176	
Total non-current liabilities	16,831	17,601	
Total liabilities	37,913	37,517	
Equity			
Share capital	2,017	2,020	
Capital surplus	(1,733)	(2,620)	
Treasury shares	(2)	(6)	
Other components of equity	(612)	(1,259)	
Retained earnings	4,528	5,409	
Total equity attributable to owners of parent	4,197	3,542	
Non-controlling interests	625	749	
Total equity	4,822	4,292	
Total liabilities and equity	42,736	41,809	

(2) Condensed Quarterly Consolidated Statements of Profit or Loss and Comprehensive Income**Condensed Quarterly Consolidated Statement of Profit or Loss****(For the Six-month Period)**

(Millions of yen)

	First six months of FY3/19 (Apr. 1, 2018 – Sep. 30, 2018)	First six months of FY3/20 (Apr. 1, 2019 – Sep. 30, 2019)
Revenue	48,470	60,736
Cost of sales	38,688	48,023
Gross profit	9,782	12,712
Selling, general and administrative expenses	8,534	10,540
Other income	35	69
Other expenses	4	10
Operating profit	1,279	2,230
Finance income	26	29
Finance costs	50	59
Profit before tax	1,255	2,200
Income tax expense	449	775
Profit	805	1,425
Profit attributable to		
Owners of parent	698	1,280
Non-controlling interests	107	144
Earnings per share		
Basic earnings per share (Yen)	31.57	57.56
Diluted earnings per share (Yen)	30.68	56.31

**Condensed Quarterly Consolidated Statement of Comprehensive Income
(For the Six-month Period)**

(Millions of yen)

	First six months of FY3/19 (Apr. 1, 2018 – Sep. 30, 2018)	First six months of FY3/20 (Apr. 1, 2019 – Sep. 30, 2019)
Profit	805	1,425
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	14	29
Total of items that will not be reclassified to profit or loss	14	29
Items that may be reclassified to profit or loss		
Cash flow hedges	(3)	18
Exchange differences on translation of foreign operations	38	(715)
Total of items that may be reclassified to profit or loss	35	(697)
Other comprehensive income, net of tax	49	(667)
Comprehensive income	855	757
Comprehensive income attributable to		
Owners of parent	758	633
Non-controlling interests	96	124

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

First six months of FY3/19 (Apr. 1, 2018 – Sep. 30, 2018)

	Share capital	Capital surplus	Treasury shares	Total other components of equity	Retained earnings	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance as of April 1, 2018	1,993	1,934	(2)	(264)	3,395	7,056	1,440	8,497
Profit	-	-	-	-	698	698	107	805
Other comprehensive income	-	-	-	59	-	59	(10)	49
Comprehensive income	-	-	-	59	698	758	96	855
Dividends of surplus	-	-	-	-	(398)	(398)	-	(398)
Purchase of treasury shares	-	-	(0)	-	-	(0)	-	(0)
Share-based remuneration transactions	6	169	-	-	-	176	-	176
Increase (decrease) by business combination	-	(1,994)	-	-	-	(1,994)	(789)	(2,783)
Transfer from other components of equity to retained earnings	-	-	-	2	(2)	-	-	-
Other	-	-	-	-	-	-	(7)	(7)
Total transactions with owners	6	(1,824)	(0)	2	(400)	(2,216)	(797)	(3,013)
Balance as of September 30, 2018	2,000	109	(2)	(202)	3,693	5,598	739	6,338

First six months of FY3/20 (Apr. 1, 2019 – Sep. 30, 2019)

	Share capital	Capital surplus	Treasury shares	Total other components of equity	Retained earnings	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance as of April 1, 2019	2,017	(1,733)	(2)	(612)	4,528	4,197	625	4,822
Profit	-	-	-	-	1,280	1,280	144	1,425
Other comprehensive income	-	-	-	(647)	-	(647)	(20)	(667)
Comprehensive income	-	-	-	(647)	1,280	633	124	757
Dividends of surplus	-	-	-	-	(400)	(400)	-	(400)
Purchase of treasury shares	-	-	(3)	-	-	(3)	-	(3)
Share-based remuneration transactions	2	143	-	-	-	146	-	146
Increase (decrease) by business combination	-	(1,031)	-	-	-	(1,031)	1	(1,029)
Transfer from other components of equity to retained earnings	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	(1)	(1)
Total transactions with owners	2	(887)	(3)	-	(400)	(1,288)	0	(1,288)
Balance as of September 30, 2019	2,020	(2,620)	(6)	(1,259)	5,409	3,542	749	4,292

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	First six months of FY3/19 (Apr. 1, 2018 – Sep. 30, 2018)	First six months of FY3/20 (Apr. 1, 2019 – Sep. 30, 2019)
Cash flows from operating activities		
Profit before tax	1,255	2,200
Depreciation and amortization	720	857
Share-based remuneration expenses	150	120
Decrease (increase) in trade receivables	(456)	133
Increase (decrease) in trade payables	(229)	(783)
Other	(0)	(112)
Subtotal	1,439	2,415
Interest and dividends received	1	5
Interest paid	(47)	(58)
Income taxes paid	(590)	(967)
Net cash provided by (used in) operating activities	803	1,394
Cash flows from investing activities		
Purchase of property, plant and equipment, and intangible assets	(555)	(315)
Purchase of investment securities	(222)	(241)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(2,650)	(2,065)
Other	134	(2)
Net cash provided by (used in) investing activities	(3,293)	(2,625)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(366)	(1,327)
Proceeds from long-term borrowings	5,024	3,251
Repayments of long-term borrowings	(594)	(1,979)
Repayments of lease obligations	(525)	(516)
Purchase of investments in subsidiaries not resulting in change in scope of consolidation	(2,621)	(246)
Dividends paid	(397)	(400)
Other	57	3
Net cash provided by (used in) financing activities	576	(1,215)
Effect of exchange rate changes on cash and cash equivalents	3	(239)
Net increase (decrease) in cash and cash equivalents	(1,910)	(2,684)
Cash and cash equivalents at beginning of period	9,159	6,862
Cash and cash equivalents at end of period	7,249	4,177

(5) Notes to Condensed Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Segment and Other Information

(1) Overview of reportable segments

The Group's operating segments are components of the Group that are categorized by type of services provided. The Group determines reportable segments based on the operating segments for which discrete financial information is available and the Group's chief operating decision maker regularly reviews to make decisions about allocation of management resources and assess their performance. As a result, the six reportable segments are identified with the details described as follows.

Reportable segment	Business activities
Sales Outsourcing Business	Engaged primarily in the temporary staffing/permanent placement and consignment services for sales operations at major home appliance retailers, etc.
Call Center Outsourcing Business	Engaged primarily in the temporary staffing/permanent placement of skilled personnel for companies and offices that operate call centers in Japan.
Factory Outsourcing Business	Engaged primarily in the consignment services and temporary staffing/permanent placement of workers mainly for light work at factories and other sites.
Care Support Business	Engaged primarily in the temporary staffing/permanent placement of nursing care personnel at nursing care and other facilities.
Overseas Human Resources Business	Engaged primarily in the temporary staffing/permanent placement in the ASEAN and Oceania regions.
HR Support Business for Startups	Engaged primarily in the permanent placement and other HR support business for startups in the internet, IoT and other growth industries.

In addition to the above, temporary staffing for assistant foreign language teachers (ALT), temporary staffing/permanent placement for construction management engineers are included in the "Others" segment.

(2) Information on reportable segments

Segment profit of the reportable segments is measured based on operating profit under Japanese GAAP with adjustment to operating profit of the consolidated financial statements prepared under IFRS.

First six months of FY3/19 (Apr. 1, 2018 – Sep. 30, 2018) (Millions of yen)

	Reportable segment						
	Sales Outsourcing	Call Center Outsourcing	Factory Outsourcing	Care Support	Overseas Human Resources	HR Support for Startups	Total
Revenue							
External revenue	10,809	7,762	9,813	4,353	12,100	536	45,376
Inter-segment revenue (Note 1)	1	-	0	-	-	-	1
Total	10,811	7,762	9,813	4,353	12,100	536	45,377
Segment profit	638	284	424	28	474	134	1,984

	Others	Adjustment (Note 2)	IFRS adjustment (Note 3)	Amounts recorded in consolidated financial statements
Revenue				
External revenue	3,431	-	(336)	48,470
Inter-segment revenue (Note 1)	4	(5)	-	-
Total	3,436	(5)	(336)	48,470
Segment profit	28	(904)	170	1,279

Notes: 1. Inter-segment revenue is measured based on normal market prices.

2. The negative adjustment of 904 million yen to segment profit includes elimination of 5 million yen for inter-segment transactions and corporate expenses of minus 909 million yen that are not allocated to any of the operating segments. Corporate expenses mainly consist of general and administrative expenses that are not attributable to any of the operating segments.
3. The 170 million yen IFRS adjustment to segment profit reflects reversal of amortization of goodwill and recognition of expenses associated with accrued paid leave, and others.

First six months of FY3/20 (Apr. 1, 2019 – Sep. 30, 2019) (Millions of yen)

	Reportable segment						
	Sales Outsourcing	Call Center Outsourcing	Factory Outsourcing	Care Support	Overseas Human Resources	HR Support for Startups	Total
Revenue							
External revenue	11,778	8,013	11,878	5,341	18,374	594	55,981
Inter-segment revenue (Note 1)	-	4	0	-	-	-	5
Total	11,778	8,018	11,879	5,341	18,374	594	55,987
Segment profit	900	501	659	139	433	159	2,795

	Others	Adjustment (Note 2)	IFRS adjustment (Note 3)	Amounts recorded in consolidated financial statements
Revenue				
External revenue	4,754	-	-	60,736
Inter-segment revenue (Note 1)	10	(16)	-	-
Total	4,765	(16)	-	60,736
Segment profit	(88)	(845)	369	2,230

Notes: 1. Inter-segment revenue is measured based on normal market prices.

2. The negative adjustment of 845 million yen to segment profit includes elimination of 4 million yen for inter-segment transactions and corporate expenses of minus 850 million yen that are not allocated to any of the operating segments. Corporate expenses mainly consist of general and administrative expenses that are not attributable to any of the operating segments.
3. The 369 million yen IFRS adjustment to segment profit reflects reversal of amortization of goodwill and recognition of expenses associated with accrued paid leave, and others.

This financial report is solely a translation of the Company's Kesson Tanshin (including attachments) in Japanese, which has been prepared in accordance with International Financial Reporting Standards (IFRSs), for the convenience of readers who prefer an English translation.