

May 12, 2020

**Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 [IFRS]**

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

Tel: +81-3-6859-8880

Scheduled date of Annual General Meeting of Shareholders: June 23, 2020

Scheduled date of payment of dividend: June 24, 2020

Scheduled date of filing of Annual Securities Report: June 23, 2020

Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: Yes

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

**1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (April 1, 2019 – March 31, 2020)****(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	%
Fiscal year ended Mar. 31, 2020	121,916	18.0	4,145	40.1	4,057	41.0	2,712	56.3	2,380	54.6	1,451	6.1
Fiscal year ended Mar. 31, 2019	103,300	30.3	2,957	13.9	2,876	14.6	1,734	0.8	1,539	6.0	1,367	(13.8)

	Basic earnings per share	Diluted earnings per share	Ratio of profit to equity attributable to owners of parent	Ratio of profit before tax to total assets	Ratio of operating profit to revenue
Fiscal year ended Mar. 31, 2020	Yen 107.07	Yen 104.69	% 50.5	% 9.1	% 3.4
Fiscal year ended Mar. 31, 2019	69.46	67.59	40.9	6.6	2.9

**(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	Equity per share attributable to owners of parent
As of Mar. 31, 2020	Million yen 44,600	Million yen 7,123	Million yen 5,233	% 11.7	Yen 235.46
As of Mar. 31, 2019	43,398	5,224	4,196	9.7	188.71

**(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
Fiscal year ended Mar. 31, 2020	Million yen 4,997	Million yen (3,035)	Million yen (2,720)	Million yen 5,944
Fiscal year ended Mar. 31, 2019	2,803	(5,634)	564	6,862

**2. Dividends**

	Dividend per share					Total dividends	Payout ratio (consolidated)	Ratio of dividends to equity attributable to owners of parent (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Fiscal year ended Mar. 31, 2019	Yen -	Yen 0.00	Yen -	Yen 18.00	Yen 18.00	Million yen 400	% 25.9	% 10.8
Fiscal year ended Mar. 31, 2020	-	0.00	-	23.00	23.00	511	21.5	9.7
Fiscal year ending Mar. 31, 2021 (forecast)	-	0.00	-	14.00	14.00		31.1	

**3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2021 (April 1, 2020 – March 31, 2021)**

(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
First half	55,000	(9.4)	200	(90.8)	200	(90.7)	130	(90.6)	100	(91.9)	4.50
Full year	120,000	(1.6)	2,000	(51.8)	2,000	(50.7)	1,300	(52.1)	1,000	(58.0)	44.98

**\* 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 Mar. 31, 2020:	22,321,400 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 Mar. 31, 2020:	95,303 shares	As of Mar. 31, 2019:	6,303 shares
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3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2020:	22,230,812 shares	Fiscal year ended Mar. 31, 2019:	22,161,764 shares
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\* 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.

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## 1. Overview of Results of Operations

### (1) Results of Operations

In the fiscal year ended March 31, 2020, despite showing further weakness particularly in the manufacturing sector caused by the faltering export markets, the Japanese economy as a whole recovered slowly as the labor market and personal income continued to improve.

The human resources service market in Japan, despite the downward trend in the job openings-to-applicants ratio, enjoyed strong demand backed primarily by a persistent labor shortage, the promotion of working style reforms and an increase in foreign labor force.

Nevertheless, the outlook remains unclear due mainly to concerns over the negative impact on the Japanese and overseas economies from the spread of the novel coronavirus disease (COVID-19). The spread has already affected the Company and its subsidiaries (the “Group”) and the sales and manufacturing personnel staffing service businesses are being hit by a declining demand for human resources following shrinking activities of corporate customers.

In the final year of the medium-term management plan “Will Vision 2020,” the Company strove to achieve sales of 100.0 billion yen and operating profit of 4.0 billion yen, the management targets set out in the plan, as well as strategic goals. By upgrading specialized skills in all our businesses to improve customer satisfaction and further differentiate our services, we have sought to raise our in-store share, which is our temporary staffing and consignment workers as a percentage of all these workers at a specific client company, and to expand our business operations to more areas of Japan and other countries.

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. Then, for Startups, Inc., a subsidiary, was listed on the Market of the High-Growth and Emerging Stocks of the Tokyo Stock Exchange on March 13, 2020.

As a result, for the fiscal year ended March 31, 2020, the Company reported consolidated revenue of 121,916 million yen (up 18.0 % year on year), operating profit of 4,145 million yen (up 40.1 %), profit before tax of 4,057 million yen (up 41.0 %), profit of 2,712 million yen (up 56.3 %) and profit attributable to owners of parent of 2,380 million yen (up 54.6 %). EBITDA (operating profit + depreciation and amortization + impairment losses) was 6,136 million yen (up 34.3 %).

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 cashless 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 Windows 10 ahead of planned termination of support services for Windows 7.

For the fiscal year ended March 31, 2020, earnings for this business segment increased year on year mainly due to the improved gross margin, which was realized through reduction of outsourcing expenses in the telecommunications sector.

As a result, the segment recorded revenue of 23,149 million yen (up 4.2% year on year) and segment profit of 1,790 million yen (up 16.4%).

#### 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 fiscal year ended March 31, 2020, 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 16,459 million yen (up 4.7% year on year) and segment profit of 994 million yen (up 19.3%).

#### 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 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 23,745 million yen (up 13.7% year on year) and segment profit of 1,349 million yen (up 29.9%).

#### 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. Furthermore, as a new business initiative, we worked on supporting the recruitment of interns for companies interested in hiring foreign nursing care staff. Such supporting services include educating technical interns at Japanese language schools operated by our overseas consolidated subsidiaries before they come to Japan.

For the fiscal year ended March 31, 2020, earnings for this business segment increased, backed by 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 11,142 million yen (up 19.7% year on year) and segment profit of 349 million yen (up 91.5%).

#### Overseas Human Resources Business

In the Overseas Human Resources Business, which has an operating presence in the ASEAN and Oceania regions, permanent placement business posted lower results primarily due to the economic downturn in Singapore and Australia, but temporary staffing business remained solid thanks to stable demand. In addition, the segment's results

were favorably impacted by the following three company groups: Quay Appointments Pty Ltd and two other companies, which became our consolidated subsidiaries in September 2018 (and have now been integrated into Ethos BeathChapman Australia Pty Ltd); The Chapman Consulting Group Pte. Ltd. and six other companies, which became our consolidated subsidiaries in January 2019; and u&u Holdings Pty Ltd and two other companies, which became our consolidated subsidiaries in April 2019.

Overall, earnings for this business segment increased year on year, driven by the contribution to earnings by the newly consolidated subsidiaries, more than compensating negative factors such as higher management costs of the intermediary holding company due to an increase in the number of overseas subsidiaries and a decrease in sales from permanent placement services of the existing consolidated subsidiaries.

As a result, the segment recorded revenue of 36,131 million yen (up 37.5% year on year) and segment profit of 964 million yen (up 126.9%).

#### HR Support Business for Startups

In the HR Support Service Business for venture firms and startups, we continued to enhance the recruitment of “human capitalist” who can help our customers make a breakthrough, and take measures to improve productivity for expansion and diversification of this business domains. Consequently, the number of contracted companies and transactions for permanent placement services grew steadily. We also started the data linkage between “STARTUP DB,” an information platform that integrates a database of startups, and “Crunchbase,” one of the world’s largest database of startups in the U.S., to improve the quality and quantity of these databases as an information platform spanning growth companies both in Japan and abroad.

Overall, earnings increased, on the back of improved productivity coupled with expansion and diversification of its business domains.

As a result, the segment recorded revenue of 1,262 million yen (up 20.4% year on year) and segment profit of 308 million yen (up 14.6%).

#### 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. Furthermore, we made efforts on expanding HRTech solutions including the development of “Hourmane,” a working time management system for foreign workers.

Overall, this business segment posted a loss on the back of recognition of loss on withdrawal from loss-making businesses during the second quarter and upfront investments in the HRTech field, despite expansion of the existing businesses.

As a result, the segment recorded revenue of 10,172 million yen (up 24.8% year on year) and segment loss of 87 million yen (compared with segment profit of 143 million yen a year earlier).

## **(2) Financial Position**

#### Assets

Current assets at the end of the current fiscal year amounted to 22,041 million yen, down 495 million yen from the end of the previous fiscal year. This is primarily due to a decrease in cash and deposits of 917 million yen, which was partially offset by increases in trade and other receivables of 214 million yen, other financial assets of 107 million yen, and other current assets of 100 million yen.

Non-current assets amounted to 22,558 million yen at the end of the current fiscal year, up 1,697 million yen from the end of the previous fiscal year. This is primarily due to increases in other intangible assets of 940 million yen, goodwill of 331 million yen, and other financial assets of 322 million yen mainly as a result of allocation of acquisition costs.

As a result, total assets increased 1,201 million yen from the end of the previous fiscal year to 44,600 million yen.

#### Liabilities

Current liabilities at the end of the current fiscal year amounted to 21,566 million yen, up 484 million yen from the end of the previous fiscal year. This is primarily due to increases in other current liabilities of 611 million yen and other financial liabilities of 494 million yen, which were partially offset by a decrease in borrowings of 747 million yen.

Non-current liabilities amounted to 15,909 million yen at the end of the current fiscal year, down 1,182 million yen from the end of the previous fiscal year. This is primarily due to decreases in borrowings of 996 million yen and other financial liabilities of 156 million yen.

As a result, total liabilities decreased 697 million yen from the end of the previous fiscal year to 37,476 million yen.

#### Equity

Total equity at the end of the current fiscal year amounted to 7,123 million yen, up 1,899 million yen from the end of the previous fiscal year. This is primarily due to increases in retained earnings of 1,955 million yen mainly as a result of the booking of profit attributable to owners of parent, non-controlling interests of 862 million yen, and capital surplus of 333 million yen as a result of a partial sale of shares of “for Startups, Inc.” upon the listing, which were partially offset by a decrease in exchange differences on translation of foreign operations of 1,208 million yen included in other components of equity.

As a result, the ratio of equity attributable to owners of parent to total assets increased from 9.7% at the end of the previous fiscal year to 11.7%.

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 15.8% at the end of the previous fiscal year to 19.3%.

### (3) Cash Flows

Cash and cash equivalents (“net cash”) at the end of the current fiscal year amounted to 5,944 million yen, down 917 million yen from the end of the previous fiscal year. The status of each component of cash flows for the current fiscal year and factors of changes therein are as follows.

#### Cash flows from operating activities

Net cash provided by operating activities was 4,997 million yen, compared with 2,803 million yen provided in the previous fiscal year. This is primarily due to the booking of profit before tax of 4,057 million yen and depreciation and amortization of 1,990 million yen, which were partially offset by income taxes paid of 1,478 million yen.

#### Cash flows from investing activities

Net cash used in investing activities was 3,035 million yen, compared with 5,634 million yen used in the previous fiscal year. This is primarily due to purchase of investments in subsidiaries resulting in change in scope of consolidation of 2,064 million yen; purchase of property, plant and equipment and intangible assets of 557 million yen; and purchase of investment securities of 312 million yen.

#### Cash flows from financing activities

Net cash used in financing activities was 2,720 million yen, compared with 564 million yen provided in the previous fiscal year. This is primarily due to repayments of long-term borrowings of 3,729 million yen, net decrease in short-term borrowings of 1,413 million yen, and repayments of lease obligations of 1,223 million yen, which were partially offset by proceeds from long-term borrowings of 3,253 million yen and proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation of 977 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 profit attributable to owners of parent).

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 23 yen per share for the fiscal year ended March 31, 2020, as we announced on January 6, 2020, and plans to pay a year-end ordinary dividend of 14 yen per share for the fiscal year ending March 31, 2021.

#### **(5) Outlook**

We expect the continued demand for human resources in the long term primarily due to a persistent labor shortage, the promotion of working style reforms and an increase in foreign labor force. However, the outlook has become increasingly uncertain mainly due to stagnant economic activities caused by the worldwide spread of COVID-19, remaining trade issues in other countries and geopolitical risk.

Amid such a business environment, although our Group planned to announce a new medium-term management plan starting from the fiscal year ending March 31, 2021, the reasons above made it difficult for us to establish reasonable numerical targets and therefore the new medium-term management plan remains undecided. The plan will be announced soon after the details of the plan become available through the careful assessment of the potential impact of COVID-19 on our business. The idea behind the new medium-term management plan is as follows.

##### Idea behind the New Medium-term Management Plan

In Japan, the human resources service market for our existing business domains is expected to shrink in the long term, along with declining workforce, working style reforms and evolving technology. Therefore, we think that, toward the sustained growth going forward, “expanding growth opportunities” coupled with “increasing job opportunities” are essential for the working service field. On the other hand, overseas service businesses should still prioritize “increasing job opportunities” to stabilize and broaden earnings base. Based on these ideas, we will aim for improving profitability through the “WORK SHIFT strategy” which will enable us to shift businesses and working styles and realize higher operating margin.

##### Reclassification of Operating Segments

We will reexamine the business portfolio management to enhance corporate strategies in response to business expansion mainly through M&A and ongoing diversification of all our businesses. To this end, starting from the first quarter of the fiscal year ending March 31, 2021, we will reclassify our reportable segments from “Sales Outsourcing Business,” “Call Center Outsourcing Business,” “Factory Outsourcing Business,” “Care Support Business,” “Overseas Human Resources Business,” “HR Support Business for Startups” and “Others” to “Domestic WORK Business,” “Overseas WORK Business” and “Others.”

##### Strategies by Operating Segment

Strategies by new operating segment are as follows.

In the Domestic WORK Business, our major companies in Japan switched their strategies from multi-branding to single-branding, consolidated their service brands into “WILLOF” and set a brand vision of “Chance-Making Company” in October 2019. This will allow us to shift the focus of our business from the provision of “job opportunities” to that of “growth opportunities” and work on profitability improvement toward further growth and improved earnings. More specifically, we will tackle the “profitability improvement through Perm (temporary staffing service targeting the domains which require advanced professional skills, and permanent placement service)

SHIFT” and the “profitability improvement through Digital SHIFT in the Temp (temporary staffing and consignment service) domains.” As for the “Perm SHIFT,” we will raise the profitability by expanding permanent placement services in the fields of care support and childcare facing a chronic labor shortage; and temporary staffing services in the highly professional domains, such as undertaking BtoB sales and marketing on behalf of professionals in the construction, IT and other sectors. As for the “Digital SHIFT,” we will make temporary staffing business more productive by enhancing operational efficiency mainly through the promotion of online procedures and automation and improving productivity through in-house training and HR technology.

In the Overseas WORK Business, aggressive M&A activities through the previous fiscal year contributed to the establishment of business foundation in the ASEAN and Oceania regions. From now on, we will prioritize the enhancement of business stability over the expansion of business and work on the “Temp SHIFT” strategy. Overseas subsidiaries will further raise the proportion of temporary staffing business to promote stability because demand for temporary staffing is strong in the highly professional and stable domains such as government projects, IT engineering, accounting, finance and legal sections. Additionally, we will also create a new group brand for overseas businesses to seek synergies among subsidiaries primarily in joint development of HR products and cross-selling.

#### Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2021

Amid such a business environment, the Group will flexibly operate the business to smoothly handle the post COVID-19 situation. More specifically, we will make efforts to secure profit primarily by shifting workers to operations less affected by the spread of COVID-19 and reviewing new investment plans, with an emphasis on maintaining the employment of existing staff and employees.

Based on this outlook, in the fiscal year ending on March 31, 2021, we expect to report revenue of 120,000 million yen, operating profit of 2,000 million yen, profit before tax of 2,000 million yen, profit of 1,300 million yen, profit attributable to owners of parent of 1,000 million yen, and EBITDA of 4,000 million yen. All these figures represent a conservative estimate of the impact on business results for the fiscal year ending March 31, 2021 and are calculated on the assumption that the impact of the spread of COVID-19 would start to wane in July 2020 and onwards. The assumed foreign exchange rates are JPY 75.00 per SGD and JPY 70.00 per AUD.

\* The forward-looking statements above including earnings forecast are based on information currently available to us and certain assumptions that we believe are reasonable. Accordingly, we do not in any way guarantee the achievement of forecast or target. Actual results may differ significantly from the results anticipated in these forward-looking statements due to a variety of factors. We will continue to carefully monitor the impact on the Group’s business and will promptly disclose any necessary revisions going forward.

#### 2. Basic Approach to the Selection of Accounting Standards

The Group has prepared 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, with a view to further expanding business overseas and improving comparability of our financial information with that of IFRS-based companies abroad.

### 3. Consolidated Financial Statements and Notes

#### (1) Consolidated Statement of Financial Position

	FY3/19 (As of Mar. 31, 2019)	FY3/20 (As of Mar. 31, 2020)	(Millions of yen)
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6,862	5,944	
Trade and other receivables	14,852	15,067	
Other financial assets	144	251	
Other current assets	677	777	
<b>Total current assets</b>	<b>22,536</b>	<b>22,041</b>	
<b>Non-current assets</b>			
Property, plant and equipment	1,420	1,315	
Right-of-use assets	6,160	6,200	
Goodwill	5,322	5,654	
Other intangible assets	4,515	5,455	
Other financial assets	959	1,281	
Deferred tax assets	1,431	1,640	
Other non-current assets	1,051	1,011	
<b>Total non-current assets</b>	<b>20,861</b>	<b>22,558</b>	
<b>Total assets</b>	<b>43,398</b>	<b>44,600</b>	

(Millions of yen)

	FY3/19 (As of Mar. 31, 2019)	FY3/20 (As of Mar. 31, 2020)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	12,872	12,521
Borrowings	3,924	3,177
Other financial liabilities	1,865	2,359
Income taxes payable	639	1,116
Other current liabilities	1,780	2,391
<b>Total current liabilities</b>	<b>21,081</b>	<b>21,566</b>
<b>Non-current liabilities</b>		
Borrowings	7,529	6,533
Other financial liabilities	8,169	8,012
Deferred tax liabilities	1,034	1,170
Other non-current liabilities	357	193
<b>Total non-current liabilities</b>	<b>17,091</b>	<b>15,909</b>
<b>Total liabilities</b>	<b>38,173</b>	<b>37,476</b>
<b>Equity</b>		
Share capital	2,017	2,033
Capital surplus	(1,733)	(1,399)
Treasury shares	(2)	(89)
Other components of equity	(607)	(1,789)
Retained earnings	4,522	6,478
<b>Total equity attributable to owners of parent</b>	<b>4,196</b>	<b>5,233</b>
<b>Non-controlling interests</b>	<b>1,028</b>	<b>1,890</b>
<b>Total equity</b>	<b>5,224</b>	<b>7,123</b>
<b>Total liabilities and equity</b>	<b>43,398</b>	<b>44,600</b>

**(2) Consolidated Statements of Profit or Loss and Comprehensive Income****Consolidated Statement of Profit or Loss**

(Millions of yen)

	FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)
Revenue	103,300	121,916
Cost of sales	82,995	96,513
Gross profit	20,305	25,402
Selling, general and administrative expenses	17,406	21,422
Other income	127	220
Other expenses	67	56
Operating profit	2,957	4,145
Finance income	29	42
Finance costs	110	131
Profit before tax	2,876	4,057
Income tax expense	1,142	1,344
Profit	1,734	2,712
Profit attributable to		
Owners of parent	1,539	2,380
Non-controlling interests	195	331
Earnings per share		
Basic earnings per share (Yen)	69.46	107.07
Diluted earnings per share (Yen)	67.59	104.69

## Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)
Profit	1,734	2,712
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(276)	(28)
Total of items that will not be reclassified to profit or loss	(276)	(28)
Items that may be reclassified to profit or loss		
Cash flow hedges	(18)	25
Exchange differences on translation of foreign operations	(71)	(1,257)
Total of items that may be reclassified to profit or loss	(90)	(1,231)
Other comprehensive income, net of tax	(366)	(1,260)
Comprehensive income	1,367	1,451
Comprehensive income attributable to		
Owners of parent	1,182	1,174
Non-controlling interests	185	277

## (3) Consolidated Statement of Changes in Equity

(Millions of yen)

	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	-	-	-	-	1,539	1,539	195	1,734
Other comprehensive income	-	-	-	(357)	-	(357)	(9)	(366)
Comprehensive income	-	-	-	(357)	1,539	1,182	185	1,367
Dividends of surplus	-	-	-	-	(398)	(398)	-	(398)
Purchase of treasury shares	-	-	(0)	-	-	(0)	-	(0)
Share-based remuneration transactions	23	320	-	-	-	343	-	343
Increase (decrease) by business combination	-	(3,987)	-	-	-	(3,987)	(583)	(4,571)
Transfer from other components of equity to retained earnings	-	-	-	13	(13)	-	-	-
Other	-	-	-	-	-	-	(14)	(14)
Total transactions with owners	23	(3,667)	(0)	13	(411)	(4,042)	(597)	(4,640)
Balance as of March 31, 2019	2,017	(1,733)	(2)	(607)	4,522	4,196	1,028	5,224
Profit				-	2,380	2,380	331	2,712
Other comprehensive income				(1,205)	-	(1,205)	(54)	(1,260)
Comprehensive income				(1,205)	2,380	1,174	277	1,451
Dividends of surplus	-	-	-	-	(400)	(400)	-	(400)
Purchase of treasury shares	-	-	(87)	-	-	(87)	-	(87)
Share-based remuneration transactions	16	261	-	-	-	277	-	277
Increase (decrease) by business combination	-	71	-	-	-	71	589	661
Transfer from other components of equity to retained earnings	-	-	-	24	(24)	-	-	-
Other	-	-	-	-	-	-	(5)	(5)
Total transactions with owners	16	333	(87)	24	(424)	(137)	584	447
Balance as of March 31, 2020	2,033	(1,399)	(89)	(1,789)	6,478	5,233	1,890	7,123

**(4) Consolidated Statement of Cash Flows**

(Millions of yen)

	FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)
Cash flows from operating activities		
Profit before tax	2,876	4,057
Depreciation and amortization	1,580	1,990
Share-based remuneration expenses	282	204
Decrease (increase) in trade receivables	(1,613)	(292)
Increase (decrease) in trade payables	973	1,011
Other	(62)	(393)
Subtotal	4,038	6,578
Interest and dividends received	4	10
Interest paid	(97)	(114)
Income taxes paid	(1,142)	(1,478)
Net cash provided by (used in) operating activities	2,803	4,997
Cash flows from investing activities		
Purchase of property, plant and equipment, and intangible assets	(770)	(557)
Purchase of investment securities	(644)	(312)
Proceeds from sale of investment securities	77	7
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(4,267)	(2,064)
Other	(29)	(108)
Net cash provided by (used in) investing activities	(5,634)	(3,035)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,778)	(1,413)
Proceeds from long-term borrowings	8,518	3,253
Repayments of long-term borrowings	(1,701)	(3,729)
Repayments of lease obligations	(1,084)	(1,223)
Purchase of investments in subsidiaries not resulting in change in scope of consolidation	(3,206)	(246)
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	-	977
Dividends paid to non-controlling interests	(119)	(181)
Dividends paid	(397)	(400)
Other	334	244
Net cash provided by (used in) financing activities	564	(2,720)
Effect of exchange rate changes on cash and cash equivalents	(30)	(159)
Net increase (decrease) in cash and cash equivalents	(2,297)	(917)
Cash and cash equivalents at beginning of period	9,159	6,862
Cash and cash equivalents at end of period	6,862	5,944

## (5) Notes to 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 and sales promotion service at major home appliance retailers, etc.
Call Center Outsourcing Business	Engaged primarily in the temporary staffing/permanent placement of skilled personnel and consignment services 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 HR (Human Resources) support business for startups and venture firms in 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 profits and assets of the reportable segments are measured based on operating profit and assets under Japanese GAAP with adjustment to operating profit and assets of the consolidated financial statements prepared under IFRS.

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)							(Millions of yen)				
	Reportable segment							Others	Adjust- ment (Notes 2 to 4)	IFRS adjust- ment (Note 5)	Amounts recorded in consolidated financial statements
	Sales Out- sourcing	Call Center Out- sourcing	Factory Out- sourcing	Care Support	Overseas Human Resources	HR Support for Startups	Total				
Net sales											
External sales	22,207	15,724	20,885	9,310	26,275	1,049	95,451	8,151	-	(302)	103,300
Inter-segment sales (Note 1)	1	0	0	-	-	-	1	19	(20)	-	-
Total	22,208	15,724	20,885	9,310	26,275	1,049	95,453	8,170	(20)	(302)	103,300
Operating profit	1,537	833	1,038	182	425	269	4,287	143	(1,886)	413	2,957
Other items											
Depreciation and amortization	32	12	17	20	127	4	214	118	112	1,134	1,580
Impairment loss	-	-	-	-	-	-	-	14	-	18	32
Capital expenditures	107	38	55	22	95	9	329	1,341	472	-	2,143
Segment assets	5,480	2,911	4,147	1,723	11,796	578	26,638	7,241	1,463	8,054	43,398

Notes: 1. Inter-segment sales are measured based on normal market prices.

2. The negative adjustment of 1,886 million yen to operating profit includes elimination of 7 million yen for inter-segment transactions and corporate expenses of minus 1,893 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 1,463 million yen adjustment to segment assets mainly includes corporate assets that are not allocated to any of the operating segments, which consist of assets owned by the Company.

4. The 112 million yen adjustment to depreciation and amortization includes depreciation of corporate assets that are not allocated to any of the operating segments.
5. The 413 million yen IFRS adjustment to operating profit reflects reversal of amortization of goodwill and recognition of expenses associated with accrued paid leave, and others. The 8,054 million yen IFRS adjustment to segment assets reflects recognition of right-of-use assets and reversal of amortization of goodwill and others.

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

(Millions of yen)

	Reportable segment							Others	Adjust- ment (Notes 2 to 4)	IFRS adjust- ment (Note 5)	Amounts recorded in consolidated financial statements
	Sales Out- sourcing	Call Center Out- sourcing	Factory Out- sourcing	Care Support	Overseas Human Resources	HR Support for Startups	Total				
Net sales											
External sales	23,149	16,459	23,745	11,142	36,131	1,262	111,890	10,172	-	(146)	121,916
Inter-segment sales (Note 1)	-	9	1	-	-	-	10	24	(35)	-	-
Total	23,149	16,468	23,746	11,142	36,131	1,262	111,901	10,196	(35)	(146)	121,916
Operating profit	1,790	994	1,349	349	964	308	5,757	(87)	(1,859)	334	4,145
Other items											
Depreciation and amortization	41	12	23	21	524	6	629	183	175	1,001	1,990
Impairment loss	-	-	-	-	-	-	-	-	-	-	-
Capital expenditures	31	26	11	18	120	7	216	30	268	-	515
Segment assets	4,813	2,820	3,788	1,907	13,968	1,132	28,430	7,019	859	8,290	44,600

Notes: 1. Inter-segment sales are measured based on normal market prices.

2. The negative adjustment of 1,859 million yen to operating profit includes elimination of 14 million yen for inter-segment transactions and corporate expenses of minus 1,874 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 859 million yen adjustment to segment assets mainly includes corporate assets that are not allocated to any of the operating segments, which consist of assets owned by the Company.
4. The 175 million yen adjustment to depreciation and amortization includes depreciation of corporate assets that are not allocated to any of the operating segments.
5. The 334 million yen IFRS adjustment to operating profit reflects reversal of amortization of goodwill and recognition of expenses associated with accrued paid leave, and others. The 8,290 million yen IFRS adjustment to segment assets reflects recognition of right-of-use assets and reversal of amortization of goodwill and others.

### (3) Information by region

#### 1) Revenue from external customers

(Millions of yen)

	FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)
Japan	77,007	85,931
Australia	22,380	28,110
Asia	3,912	7,874
Total	103,300	121,916

Note: Classification of revenue is based on countries where customers are located; however, countries that are not individually material are classified into a region.

#### 2) Non-current assets (excluding financial assets and deferred tax assets)

(Millions of yen)

	FY3/19 (As of Mar. 31, 2019)	FY3/20 (As of Mar. 31, 2020)
Japan	12,054	11,750
Australia	3,304	4,764
Asia	3,111	3,122
Total	18,470	19,636

### (4) Information on major customer

This information is omitted because no single external customer accounted for 10% or more of the Group's consolidated revenue.

## Per Share Information

The basis of calculating basic earnings per share and diluted earnings per share attributable to common shareholders is as follows:

	FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)
Basis of calculating basic earnings per share		
Profit attributable to owners of parent	1,539	2,380
Profit not attributable to common shareholders of parent	-	-
Profit used in calculating basic earnings per share	1,539	2,380
Weighted average number of shares of common stock (Thousands of shares)	22,161	22,232
Basic earnings per share	69.46	107.07
Basis of calculating diluted earnings per share		
Profit used in calculating basic earnings per share	1,539	2,380
Profit adjustments	-	-
Profit used in calculation of diluted earnings per share	1,539	2,380
Weighted average number of shares of common stock (Thousands of shares)	22,161	22,232
Increase in number of shares of common stock from share acquisition rights (Thousands of shares)	612	504
Weighted average number of shares of common stock after dilution (Thousands of shares)	22,773	22,737
Diluted earnings per share	67.59	104.69
Summary of potential stock not included in the calculation of diluted earnings per share since there was no dilutive effect	Share acquisition rights issued pursuant to the Board of Directors' resolution in February 2018 Share acquisition rights: 5,320 units Common stock: 532,000 shares	Share acquisition rights issued pursuant to the Board of Directors' resolution in February 2018 Share acquisition rights: 5,040 units Common stock: 504,000 shares

## Subsequent Events

### Reclassification of operating segments

The Group's classification of reportable segments was "Sales Outsourcing Business," "Call Center Outsourcing Business," "Factory Outsourcing Business," "Care Support Business," "Overseas Human Resources Business," "HR Support Business for Startups" and "Others" in the current fiscal year. The classification will be changed to "Domestic WORK Business," "Overseas WORK Business" and "Others" starting in the fiscal year ending on March 31, 2021.

Given the situation where we have expanded and diversified our business mainly through M&A, we have made the above change due to a change in the Group's internal management monitoring unit to strengthen the Group's strategy formulation by reclassifying our existing operating segments based on a review of our business portfolio management.

Information related to revenue and profit for each reportable segment in the current fiscal year based on the above reclassification is as follows.

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

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)				(Millions of yen)			
	Reportable segment			Others	Adjustment (Notes 3 to 5)	IFRS adjustment (Note 6)	Amounts recorded in consolidated financial statements
	Domestic WORK Business	Overseas WORK Business	Total				
Revenue							
External sales	84,438	36,074	120,513	1,549	-	(146)	121,916
Inter-segment sales (Note 2)	24	-	24	10	(35)	-	-
Total	84,463	36,074	120,538	1,559	(35)	(146)	121,916
Operating profit	5,061	971	6,032	(352)	(1,869)	334	4,145
Other items							
Depreciation and amortization	229	524	753	59	175	1,001	1,990
Impairment loss	-	-	-	-	-	-	-
Capital expenditures	120	114	235	11	268	-	515
Segment assets	18,348	13,941	32,290	3,160	859	8,290	44,600

Notes:

1. The Domestic WORK Business segment is engaged in the temporary staffing/permanent placement and consignment services dedicated to certain categories, including sales, call center, factory, and nursing care and other facilities in Japan. The Overseas WORK Business segment is engaged in the temporary staffing/permanent placement primarily in the ASEAN and Oceania regions.
2. Inter-segment sales are measured based on normal market prices.
3. The negative adjustment of 1,869 million yen to operating profit includes elimination of 4 million yen for inter-segment transactions and corporate expenses of minus 1,874 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.
4. The 859 million yen adjustment to segment assets mainly includes corporate assets that are not allocated to any of the operating segments, which consist of assets owned by the Company.
5. The 175 million yen adjustment to depreciation and amortization includes depreciation of corporate assets that are not allocated to any of the operating segments.
6. The 334 million yen IFRS adjustment to operating profit reflects reversal of amortization of goodwill and recognition of expenses associated with accrued paid leave, and others. The 8,290 million yen IFRS adjustment to segment assets reflects recognition of right-of-use assets and reversal of amortization of goodwill and others.

*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.*