

(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.

November 9, 2020

Summary of Consolidated Financial Results
for the Second Quarter of the Fiscal Year Ending March 31, 2021
(Six Months Ended September 30, 2020)

[IFRS]

Company name: WILL GROUP, INC. Listing: Tokyo Stock Exchange, First Section
Stock code: 6089 URL: <https://willgroup.co.jp/>
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Scheduled date of filing of Quarterly Report: November 9, 2020
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, 2020

(April 1, 2020 – September 30, 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 | % |
| Six months ended Sep. 30, 2020 | 58,177 | (4.2) | 2,221 | 2.3 | 2,085 | (2.8) | 1,522 | 9.9 | 1,304 | 5.1 | 2,462 | 270.9 |
| Six months ended Sep. 30, 2019 | 60,736 | 25.3 | 2,171 | 69.7 | 2,145 | 70.8 | 1,385 | 72.0 | 1,240 | 77.6 | 663 | (22.4) |

| | Basic earnings per share | | Diluted earnings per share | |
|--------------------------------|--------------------------|--|----------------------------|--|
| | Yen | | Yen | |
| Six months ended Sep. 30, 2020 | 58.70 | | 57.86 | |
| Six months ended Sep. 30, 2019 | 55.79 | | 54.58 | |

(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 | % |
| As of Sep. 30, 2020 | 44,160 | 8,456 | 6,875 | 15.6 |
| As of Mar. 31, 2020 | 44,600 | 7,123 | 5,233 | 11.7 |

2. Dividends

| | Dividend per share | | | | |
|--|--------------------|--------|--------|----------|-------|
| | 1Q-end | 2Q-end | 3Q-end | Year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended Mar. 31, 2020 | - | 0.00 | - | 23.00 | 23.00 |
| Fiscal year ending Mar. 31, 2021 | - | 0.00 | | | |
| Fiscal year ending Mar. 31, 2021 (forecasts) | | | - | 24.00 | 24.00 |

Note: Revisions to the most recently announced dividend forecast: Yes

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 |
| Full year | 116,000 | (4.9) | 3,400 | (18.0) | 3,250 | (19.9) | 2,150 | (20.7) | 1,750 | (26.5) | 78.74 |

Note: Revisions to the most recently announced consolidated forecast: Yes

*** 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, 2020: | 22,321,400 shares | As of Mar. 31, 2020: | 22,321,400 shares |
|----------------------|-------------------|----------------------|-------------------|

2) Number of treasury shares at the end of period

| | | | |
|----------------------|---------------|----------------------|---------------|
| As of Sep. 30, 2020: | 95,303 shares | As of Mar. 31, 2020: | 95,303 shares |
|----------------------|---------------|----------------------|---------------|

3) Average number of shares outstanding during the period

| | | | |
|---------------------------------|-------------------|---------------------------------|-------------------|
| Six months ended Sep. 30, 2020: | 22,226,097 shares | Six months ended Sep. 30, 2019: | 22,243,439 shares |
|---------------------------------|-------------------|---------------------------------|-------------------|

* 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 4 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, 2021 (the “period under review”), corporate earnings continued to decline, the economy remained grim, and the employment situation was weak due to the impact of the novel coronavirus disease (“COVID-19”). The outlook is expected to show a sign of recovery partly due to various governmental policies as the level of social and economic activities is gradually being raised with infection prevention measures. However, the impact of COVID-19 on domestic and overseas economies needs to be carefully monitored.

The Company and its subsidiaries (the “Group”) limited the impact of the COVID-19 infection thanks to our business portfolio focusing on several specific categories in less fluctuating business domains.

In Japan, the state of emergency was lifted in late May and the economy has gradually restarted with infection prevention measures. The sales outsourcing and factory outsourcing sectors were impacted by the spread of COVID-19, but the other sectors remained solid. Outside Japan, temporary staffing services performed strong thanks to stable demand, even though economic resumption is slower in Singapore and Australia where we have our main presence than in Japan. Additionally, we strived to secure profit primarily by reviewing new investment plans and headquarters cost.

As a result, for the period under review, the Company reported consolidated revenue of 58,177 million yen (down 4.2% year on year), operating profit of 2,221 million yen (up 2.3%), profit before tax of 2,085 million yen (down 2.8%), profit of 1,522 million yen (up 9.9%) and profit attributable to owners of parent of 1,304 million yen (up 5.1%). EBITDA (operating profit + depreciation and amortization) was 3,267 million yen (up 5.8%).

Results by operating segment were as follows.

As a result of examining our business portfolio management to enhance corporate strategies, we have realigned the previous reportable segment classification consisting of six segments: Sales Outsourcing Business, Call Center Outsourcing Business, Factory Outsourcing Business, Care Support Business, Overseas Human Resources Business, and HR Support Business for Startups developed by for Startups, Inc. The new segment classification effective from the beginning of the first quarter of the fiscal year ending March 31, 2021 consists of two segments only: Domestic WORK Business and Overseas WORK Business. Accordingly, prior-year segment information has been revised to reflect the new segment classification to permit comparisons.

1) Domestic WORK Business

The Domestic WORK Business offers temporary staffing, permanent placement and consignment services in Japan specifically for sectors such as sales outsourcing, call center outsourcing, factory outsourcing and care support/nursery schools. The apparel sector in the sales outsourcing sector and the factory outsourcing sector saw decreased demand due to the impact of COVID-19. However, the sectors such as call center outsourcing and care support/nursery schools enjoyed solid demand and grew strongly despite the slow recovery of recruitment. Each sector focused on developing new clients for new services including a service to perform proxy marketing and a contact center service by the staff all working from home, anticipating a phase with and post COVID-19.

For the period under review, earnings declined due to decreased sales in the sales outsourcing and factory outsourcing sectors.

As a result, the segment recorded external revenue of 39,596 million yen (down 5.1% year on year) and segment profit of 2,116 million yen (down 14.8%).

2) Overseas WORK Business

In the human resources service, that operates in the ASEAN and Oceania regions, temporary staffing business remained stable mainly for the public sector, engineering, finance services and legal services despite the spread of COVID-19. However, permanent placement business suffered lower demand, impacted by the economic downturn in Australia and Singapore and sluggish corporate activities.

For the period under review, earnings for this business segment increased as decreased sales from permanent

placement services were overcome by the increased temporary staffing services, fixed cost review and the recording of employment support subsidy income as a countermeasure against COVID-19 in Singapore.

As a result, the segment recorded external revenue of 17,901 million yen (down 2.5% year on year) and segment profit of 566 million yen (up 21.0%).

3) Others

In the other businesses, we made efforts on expanding HRTech solutions to grow non-labor-intensive businesses and enhance the development of new platforms such as “Hourmane,” a working time management system for foreign workers; “Daywak,” an app to find a part-time job using free time; and “ENPORT,” a foreign worker support service. Additionally, we sold Tech Residence, an apartment building for IT engineers and creators in the first quarter.

For the period under review, this business segment posted a profit on the back of the expansion of the existing businesses and a partial sale of shares owned by our investment funds, despite continued upfront investments in the HRTech field. However, our accounting method reports a gain on sales of shares as an item of other comprehensive income, which is offset by IFRS adjustments.

As a result, the segment recorded revenue of 1,496 million yen (up 128.7% year on year) and segment profit of 54 million yen (compared with segment loss of 219 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 21,585 million yen, down 455 million yen from the end of the previous fiscal year. This is primarily due to a decrease in trade and other receivables of 836 million yen, which was partially offset by an increase in cash and cash equivalents of 368 million yen.

Non-current assets amounted to 22,575 million yen at the end of the period under review, up 16 million yen from the end of the previous fiscal year. This is primarily due to increases in investments accounted for using equity method of 661 million yen and other intangible assets of 388 million yen, which were partially offset by decreases in right-of-use assets of 739 million yen, other financial assets of 191 million yen and other non-current assets of 124 million yen.

As a result, total assets decreased 439 million yen from the end of the previous fiscal year to 44,160 million yen.

Liabilities

Current liabilities at the end of the period under review amounted to 22,701 million yen, up 1,134 million yen from the end of the previous fiscal year. This is primarily due to increases in other financial liabilities of 1,084 million yen, borrowings of 605 million yen and trade and other payables of 582 million yen, which were partially offset by decreases in other current liabilities of 667 million yen and income taxes payable of 470 million yen.

Non-current liabilities amounted to 13,003 million yen at the end of the period under review, down 2,906 million yen from the end of the previous fiscal year. This is primarily due to decreases in other financial liabilities of 1,728 million yen and borrowings of 1,210 million yen.

As a result, total liabilities decreased 1,771 million yen from the end of the previous fiscal year to 35,704 million yen.

Equity

Total equity at the end of the period under review amounted to 8,456 million yen, up 1,332 million yen from the end of the previous fiscal year. This is primarily due to increases in retained earnings of 1,019 million yen and exchange differences on translation of foreign operations included in other components of equity of 657 million yen, which were partially offset by a decrease in non-controlling interests of 309 million yen.

As a result, the ratio of equity attributable to owners of parent to total assets increased from 11.7% at the end of the previous fiscal year to 15.6%. It is noted that the adjusted ratio of equity attributable to owners of parent to total assets increased from 19.3% at the end of the previous fiscal year to 22.1%. The ratio is adjusted by netting out the

one-time effect of unrealized written put options of 2,905 million yen (compared with 3,377 million yen at the end of the previous fiscal year).

2) Cash Flows

Cash and cash equivalents (“net cash”) at the end of the period under review amounted to 6,312 million yen, up 368 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 2,452 million yen, compared with 1,394 million yen provided in the same period a year earlier. This is primarily due to booking of profit before tax of 2,085 million yen, a decrease in trade receivables of 1,639 million yen and depreciation and amortization of 1,046 million yen, which were partially offset by income taxes paid of 1,045 million yen, a decrease in trade payables of 654 million yen and payments for operating activities and other transactions of 622 million yen.

Cash flows from investing activities

Net cash used in investing activities was 163 million yen, compared with 2,624 million yen used in the same period a year earlier. This is primarily due to purchase of investments accounted for using equity method of 350 million yen and purchases of property, plant and equipment and intangible assets of 334 million yen, which were partially offset by proceeds from investing activities and other transactions of 514 million yen.

Cash flows from financing activities

Net cash used in financing activities was 1,989 million yen, compared with 1,215 million yen used in the same period a year earlier. This is primarily due to repayments of long-term borrowings of 1,567 million yen, purchase of investments in subsidiaries not resulting in change in scope of consolidation of 798 million yen, repayments of lease obligations of 637 million yen, and dividends paid of 510 million yen, which were partially offset by proceeds from financing activities and other transactions of 845 million yen and net increase in short-term borrowings of 692 million yen.

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

We have revised the consolidated earnings forecast for the fiscal year ending March 31, 2021, as announced in “Notice of Difference between First Half Results and Forecast, and Revision to Consolidated Earnings Forecast and Dividend Forecast for the Fiscal Year Ending March 31, 2021” (Japanese version only), which has been released today on November 9, 2020.

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)

| | FY3/20 (As of Mar. 31, 2020) | Second quarter of FY3/21 (As of Sep. 30, 2020) |
|---|---------------------------------|---|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 5,944 | 6,312 |
| Trade and other receivables | 15,067 | 14,230 |
| Other financial assets | 251 | 255 |
| Other current assets | 777 | 786 |
| Total current assets | 22,041 | 21,585 |
| Non-current assets | | |
| Property, plant and equipment | 1,315 | 1,203 |
| Right-of-use assets | 6,200 | 5,461 |
| Goodwill | 5,654 | 5,816 |
| Other intangible assets | 5,455 | 5,843 |
| Investments accounted for using equity method | - | 661 |
| Other financial assets | 1,281 | 1,089 |
| Deferred tax assets | 1,640 | 1,611 |
| Other non-current assets | 1,011 | 887 |
| Total non-current assets | 22,558 | 22,575 |
| Total assets | 44,600 | 44,160 |

(Millions of yen)

| | FY3/20 (As of Mar. 31, 2020) | Second quarter of FY3/21 (As of Sep. 30, 2020) |
|--|---------------------------------|---|
| Liabilities | | |
| Current liabilities | | |
| Trade and other payables | 12,521 | 13,103 |
| Borrowings | 3,177 | 3,783 |
| Other financial liabilities | 2,359 | 3,444 |
| Income taxes payable | 1,116 | 645 |
| Other current liabilities | 2,391 | 1,724 |
| Total current liabilities | 21,566 | 22,701 |
| Non-current liabilities | | |
| Borrowings | 6,533 | 5,322 |
| Other financial liabilities | 8,012 | 6,283 |
| Deferred tax liabilities | 1,170 | 1,200 |
| Other non-current liabilities | 193 | 196 |
| Total non-current liabilities | 15,909 | 13,003 |
| Total liabilities | 37,476 | 35,704 |
| Equity | | |
| Share capital | 2,033 | 2,033 |
| Capital surplus | (1,399) | (1,460) |
| Treasury shares | (89) | (89) |
| Other components of equity | (1,789) | (1,106) |
| Retained earnings | 6,478 | 7,498 |
| Total equity attributable to owners of parent | 5,233 | 6,875 |
| Non-controlling interests | 1,890 | 1,580 |
| Total equity | 7,123 | 8,456 |
| Total liabilities and equity | 44,600 | 44,160 |

(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 FY3/20 (Apr. 1, 2019 – Sep. 30, 2019) | First six months of FY3/21 (Apr. 1, 2020 – Sep. 30, 2020) |
|--|--|--|
| Revenue | 60,736 | 58,177 |
| Cost of sales | 48,023 | 46,255 |
| Gross profit | 12,712 | 11,921 |
| Selling, general and administrative expenses | 10,599 | 9,916 |
| Other income | 69 | 251 |
| Other expenses | 10 | 35 |
| Operating profit | 2,171 | 2,221 |
| Share of profit of investments accounted for using equity method | - | 7 |
| Finance income | 33 | 28 |
| Finance costs | 59 | 171 |
| Profit before tax | 2,145 | 2,085 |
| Income tax expense | 759 | 563 |
| Profit | 1,385 | 1,522 |
| Profit attributable to | | |
| Owners of parent | 1,240 | 1,304 |
| Non-controlling interests | 144 | 217 |
| Earnings per share | | |
| Basic earnings per share (Yen) | 55.79 | 58.70 |
| Diluted earnings per share (Yen) | 54.58 | 57.86 |

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

(Millions of yen)

| | First six months of FY3/20 (Apr. 1, 2019 – Sep. 30, 2019) | First six months of FY3/21 (Apr. 1, 2020 – Sep. 30, 2020) |
|--|--|--|
| Profit | 1,385 | 1,522 |
| Other comprehensive income | | |
| Items that will not be reclassified to profit or loss | | |
| Financial assets measured at fair value through other comprehensive income | 29 | 241 |
| Total of items that will not be reclassified to profit or loss | 29 | 241 |
| Items that may be reclassified to profit or loss | | |
| Cash flow hedges | 18 | 7 |
| Exchange differences on translation of foreign operations | (770) | 690 |
| Total of items that may be reclassified to profit or loss | (751) | 698 |
| Other comprehensive income, net of tax | (721) | 940 |
| Comprehensive income | 663 | 2,462 |
| Comprehensive income attributable to | | |
| Owners of parent | 539 | 2,213 |
| Non-controlling interests | 124 | 248 |

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

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

(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, 2019 | 2,017 | (1,733) | (2) | (607) | 4,522 | 4,196 | 1,028 | 5,224 |
| Profit | - | - | - | - | 1,240 | 1,240 | 144 | 1,385 |
| Other comprehensive income | - | - | - | (701) | - | (701) | (20) | (721) |
| Comprehensive income | - | - | - | (701) | 1,240 | 539 | 124 | 663 |
| 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) | 484 | (546) |
| Transfer from other components of equity to retained earnings | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | (1) | (1) |
| Total transactions with owners | 2 | (887) | (3) | - | (400) | (1,288) | 483 | (805) |
| Balance as of September 30, 2019 | 2,020 | (2,620) | (6) | (1,309) | 5,363 | 3,447 | 1,636 | 5,083 |

First six months of FY3/21 (Apr. 1, 2020 – Sep. 30, 2020)

(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, 2020 | 2,033 | (1,399) | (89) | (1,789) | 6,478 | 5,233 | 1,890 | 7,123 |
| Profit | - | - | - | - | 1,304 | 1,304 | 217 | 1,522 |
| Other comprehensive income | - | - | - | 909 | - | 909 | 30 | 940 |
| Comprehensive income | - | - | - | 909 | 1,304 | 2,213 | 248 | 2,462 |
| Dividends of surplus | - | - | - | - | (511) | (511) | - | (511) |
| Purchase of treasury shares | - | - | - | - | - | - | - | - |
| Share-based remuneration transactions | - | 41 | - | - | - | 41 | - | 41 |
| Increase (decrease) by business combination | - | (102) | - | - | - | (102) | (560) | (663) |
| Transfer from other components of equity to retained earnings | - | - | - | (226) | 226 | - | - | - |
| Other | - | - | - | - | - | - | 2 | 2 |
| Total transactions with owners | - | (60) | - | (226) | (285) | (572) | (558) | (1,130) |
| Balance as of September 30, 2020 | 2,033 | (1,460) | (89) | (1,106) | 7,498 | 6,875 | 1,580 | 8,456 |

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

| | First six months of FY3/20 (Apr. 1, 2019 – Sep. 30, 2019) | First six months of FY3/21 (Apr. 1, 2020 – Sep. 30, 2020) |
|---|--|--|
| Cash flows from operating activities | | |
| Profit before tax | 2,145 | 2,085 |
| Depreciation and amortization | 916 | 1,046 |
| Share-based remuneration expenses | 120 | 44 |
| Decrease (increase) in trade receivables | 133 | 1,639 |
| Increase (decrease) in trade payables | (783) | (654) |
| Other | (116) | (622) |
| Subtotal | 2,415 | 3,539 |
| Interest and dividends received | 5 | 3 |
| Interest paid | (58) | (45) |
| Income taxes paid | (967) | (1,045) |
| Net cash provided by (used in) operating activities | 1,394 | 2,452 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment, and intangible assets | (315) | (334) |
| Purchase of investment securities | (241) | (20) |
| Proceeds from sale of investment securities | - | 26 |
| Purchase of investments in subsidiaries resulting in change in scope of consolidation | (2,064) | - |
| Purchase of investments accounted for using equity method | - | (350) |
| Other | (2) | 514 |
| Net cash provided by (used in) investing activities | (2,624) | (163) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | (1,327) | 692 |
| Proceeds from long-term borrowings | 3,251 | 270 |
| Repayments of long-term borrowings | (1,979) | (1,567) |
| Repayments of lease obligations | (516) | (637) |
| Purchase of investments in subsidiaries not resulting in change in scope of consolidation | (246) | (798) |
| Dividends paid to non-controlling interests | (0) | (283) |
| Dividends paid | (400) | (510) |
| Other | 3 | 845 |
| Net cash provided by (used in) financing activities | (1,215) | (1,989) |
| Effect of exchange rate changes on cash and cash equivalents | (240) | 68 |
| Net increase (decrease) in cash and cash equivalents | (2,684) | 368 |
| Cash and cash equivalents at beginning of period | 6,862 | 5,944 |
| Cash and cash equivalents at end of period | 4,177 | 6,312 |

(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 two reportable segments are identified with the details described as follows.

| Reportable segment | Business activities |
|------------------------|---|
| Domestic WORK Business | Engaged primarily in temporary staffing/permanent placement and consignment services in Japan specifically for sectors such as sales, call center, factory and nursing care facility; HR support business for venture firms and startups in growth industries developed by for Startups, Inc. |
| Overseas WORK Business | Engaged primarily in the temporary staffing/permanent placement services in the ASEAN and Oceania regions. |

In addition to the above, human resources service in the HRTech field is 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 plus employment support subsidy income as a countermeasure against COVID-19 (Jobs Support Scheme) in Singapore with adjustment to operating profit of the consolidated financial statements prepared under IFRS.

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

(Millions of yen)

| | Reportable segment | | | Others | Adjustment (Note 2) | IFRS adjustment (Note 3) | Amounts recorded in consolidated financial statements |
|--------------------------------|--------------------|------------------|--------|--------|------------------------|--------------------------------|---|
| | Domestic WORK | Overseas WORK | Total | | | | |
| Revenue | | | | | | | |
| External revenue | 41,725 | 18,356 | 60,081 | 654 | - | - | 60,736 |
| Inter-segment revenue (Note 1) | 11 | - | 11 | 4 | (16) | - | - |
| Total | 41,737 | 18,356 | 60,093 | 658 | (16) | - | 60,736 |
| Segment profit | 2,483 | 468 | 2,951 | (219) | (847) | 286 | 2,171 |

- Notes: 1. Inter-segment revenue is measured based on normal market prices.
2. The negative adjustment of 847 million yen to segment profit includes elimination of 2 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 IFRS adjustment of 286 million yen to segment profit reflects reversal of amortization of goodwill and recognition of expenses associated with accrued paid leave, and others.

First six months of FY3/21 (Apr. 1, 2020 – Sep. 30, 2020)

(Millions of yen)

| | Reportable segment | | | Others | Adjustment (Note 2) | IFRS adjustment (Note 3) | Amounts recorded in consolidated financial statements |
|--------------------------------|--------------------|------------------|--------|--------|------------------------|--------------------------------|---|
| | Domestic WORK | Overseas WORK | Total | | | | |
| Revenue | | | | | | | |
| External revenue | 39,596 | 17,901 | 57,498 | 1,496 | - | (818) | 58,177 |
| Inter-segment revenue (Note 1) | 21 | - | 21 | 3 | (24) | - | - |
| Total | 39,618 | 17,901 | 57,520 | 1,499 | (24) | (818) | 58,177 |
| Segment profit | 2,116 | 566 | 2,683 | 54 | (974) | 457 | 2,221 |

- Notes: 1. Inter-segment revenue is measured based on normal market prices.
2. The negative adjustment of 974 million yen to segment profit includes elimination of 12 million yen for inter-segment transactions and corporate expenses of minus 987 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 negative IFRS adjustment of 818 million yen to external revenue reflects reversal of revenue from Tech Residence business and transfer of gain on sales of shares owned by our investment funds included in "Others." The IFRS adjustment of 457 million yen to segment profit reflects reversal of amortization of goodwill and recognition of expenses associated with accrued paid leave, and others.

(3) Change in reportable segments

As a result of examining our business portfolio management to enhance corporate strategies, we have realigned the previous reportable segment classification consisting of six segments: Sales Outsourcing Business, Call Center Outsourcing Business, Factory Outsourcing Business, Care Support Business, Overseas Human Resources Business, and HR Support Business for Startups developed by for Startups, Inc. The new segment classification effective from the beginning of the first quarter of the fiscal year ending March 31, 2021 consists of two segments only: Domestic WORK Business and Overseas WORK Business.

Accordingly, prior-year segment information has been revised to reflect the new segment classification to permit comparisons.

This financial report is solely a translation of the Company's Kessan 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.