

# **Supplementary Materials for the First Half of the Fiscal Year Ending March 31, 2021**

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**November 9, 2020**

**WILL GROUP, INC. (Tokyo Stock Exchange, First Section / Stock code: 6089)**



## **I. 1H FY3/21 Highlights**

## **II. FY3/21 Earnings and Dividend Forecasts**

## **III. Topics**

## **iv . Reference**

\* In this material, the term “net sales” refers to either “net sales” under Japanese GAAP or “revenue” under IFRS, and “equity ratio” refers to either “equity ratio” under Japanese GAAP or “ratio of equity attributable to owners of parent to total assets” under IFRS.

# I. 1H FY3/21 Highlights

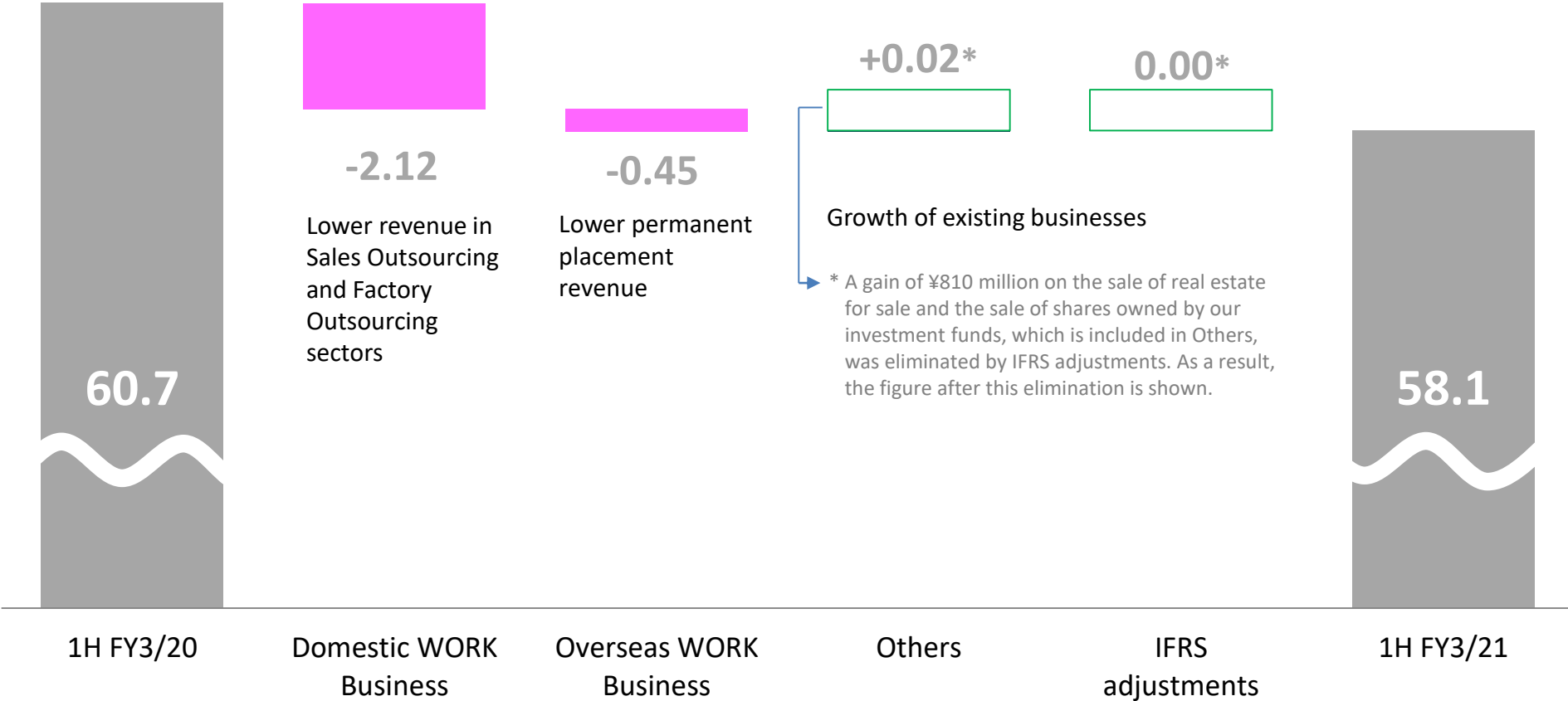
## COVID-19 negatively affected performance, but the call center outsourcing and care support/nursery school sectors performed well

(Billions of yen)	1H FY3/20	1H FY3/21 (Forecast)	1H FY3/21	Vs. 1H FY3/20		Vs. 1H Forecast	
				Change	% change	Change	% change
Revenue	60.73	57.00	<b>58.17</b>	-2.55	-4.2%	+1.17	+2.1%
Gross profit (Gross margin)	12.71 (20.9%)	-	<b>11.92</b> <b>(20.5%)</b>	-0.79 (-0.4pt)	-6.2%	-	-
Operating profit (Operating margin)	2.17 (3.6%)	1.70 (3.0%)	<b>2.22</b> <b>(3.8%)</b>	+0.04 (+0.2pt)	+2.3%	+0.52 (+0.8pt)	+30.7%
Profit before tax	2.14	1.70	<b>2.08</b>	-0.05	-2.8%	+0.38	+22.7%
Profit attributable to owners of parent	1.24	1.00	<b>1.30</b>	+0.06	+5.1%	+0.30	+30.5%
EBITDA (Operating profit + Depreciation and amortization)	3.08	-	<b>3.26</b>	+0.17	+5.8%	-	-

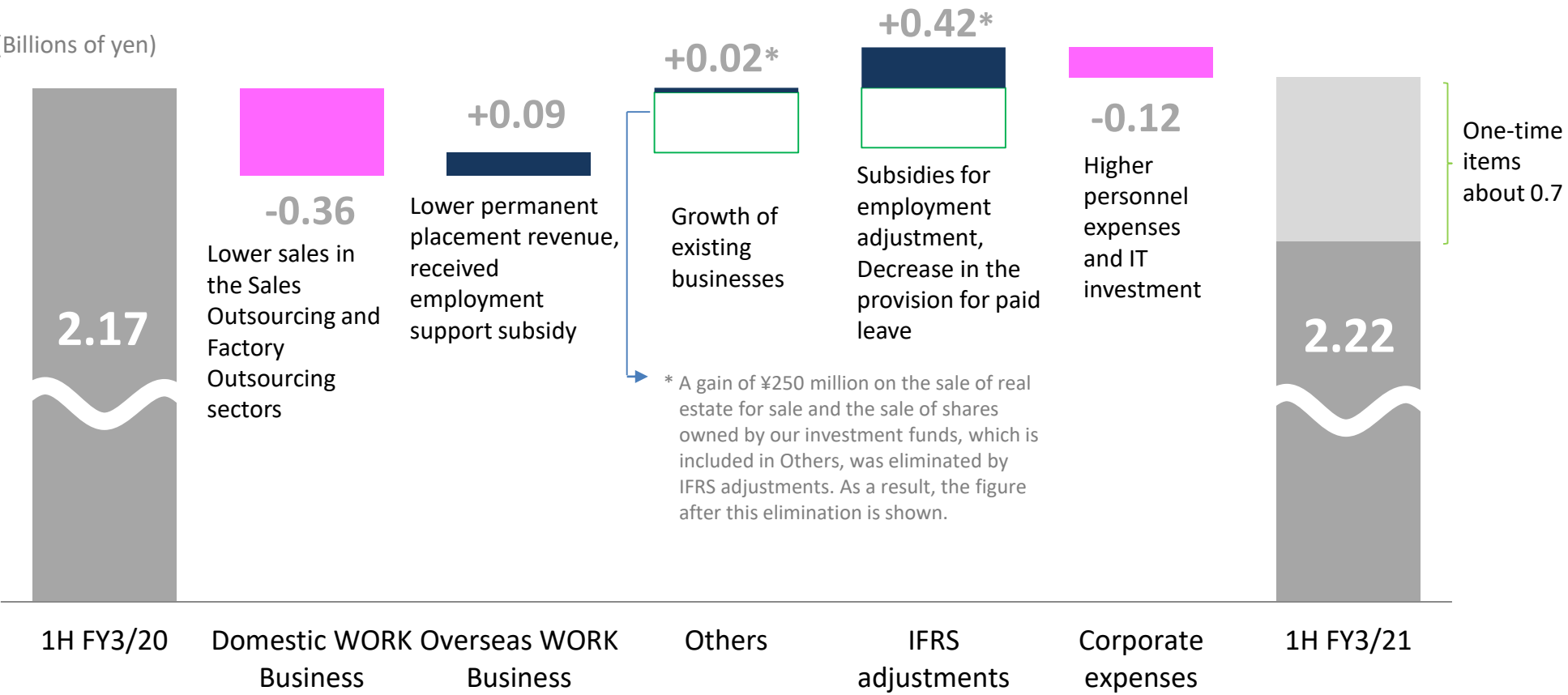
Number of employees: 4,762  
(+274 from the end of FY3/20)

# 1H FY3/21 Revenue: Breakdown of Year-on-Year Changes

(Billions of yen)

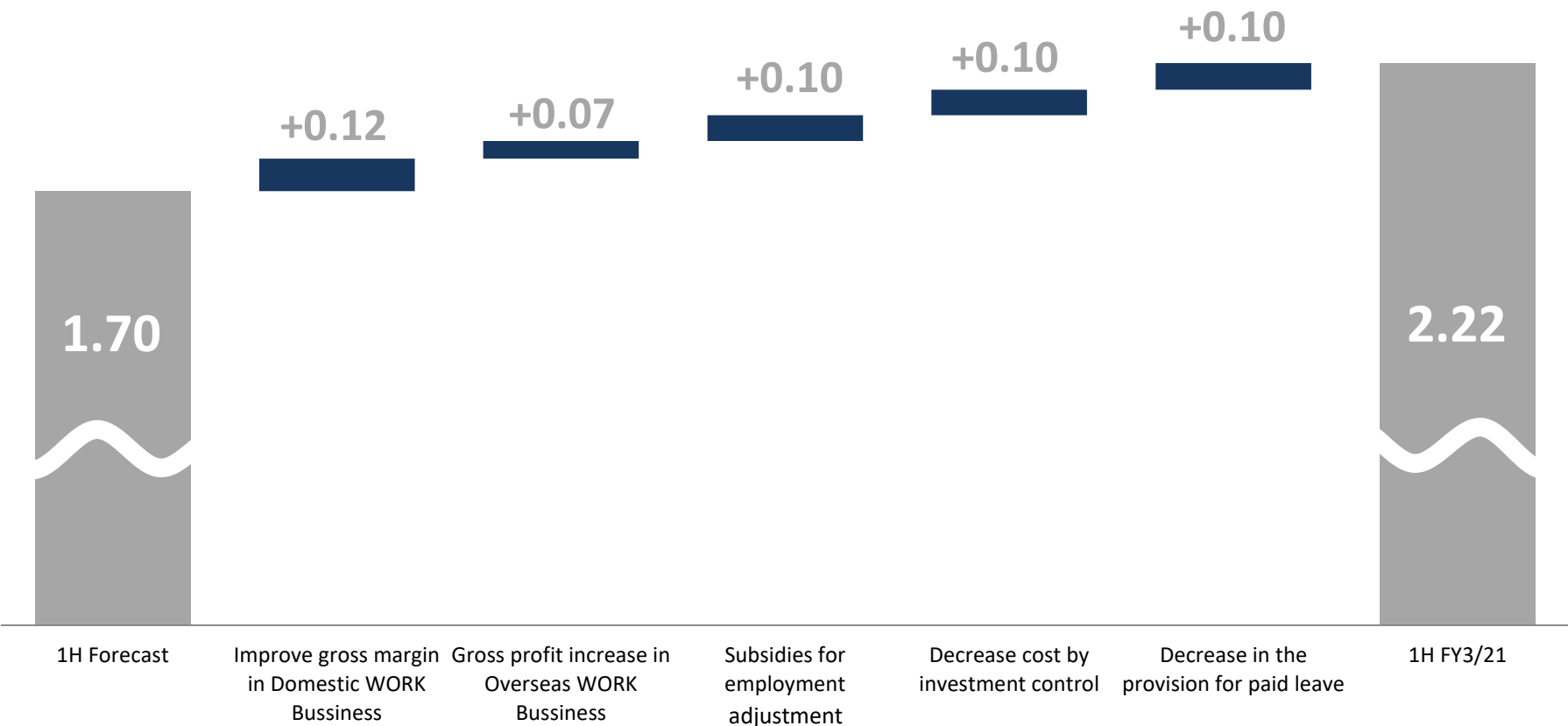


Operating profit is about ¥1,500 million after eliminating one-time items such as about ¥500 million of employment support subsidies received in Japan and other countries and a decrease of about ¥200 million in the provision for paid leave



(Billions of yen)

First half operating profit was about ¥500 million higher than the forecast\*  
The fiscal year forecast has been revised to incorporate the higher than planned profit

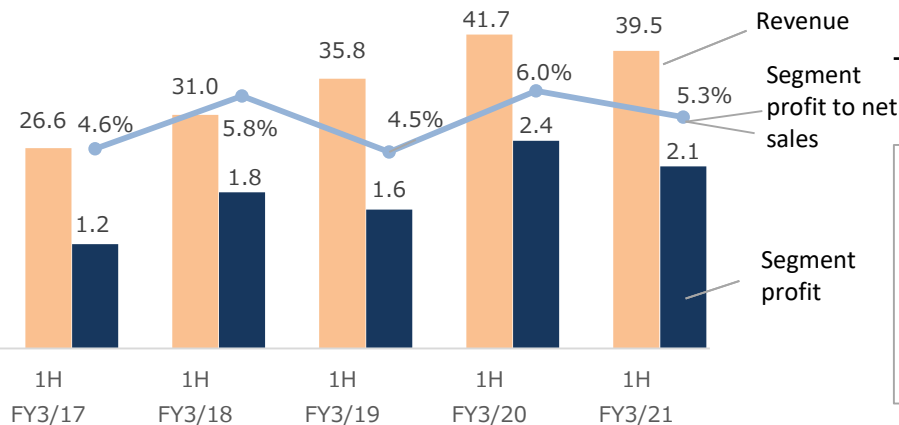


\*The first-half consolidated earnings forecast announced on September 18, 2020

Segments	Sectors	1H FY3/21 COVID-19 impact and responses
Domestic WORK Business	Sales support	After the end of the state of emergency in late May, telecommunications sector demand was firm but market conditions remained challenging in the apparel and sales promotion categories. Increased sales activities in the stable telecommunications sector. Furlough payments and other expenses impacted gross profit only in the 1Q. No impact is expected in the 2Q and afterward.
	Call center	The number of people assigned to call centers declined due to social distancing but this sector performed well because of higher staffing rates.
	Factory	The downturn in orders due to production cuts (except in the food sector) has ended. The food sector is performing well. The increase in paid leave impacted the gross profit only in the 1Q and 2Q. No impact is expected in the second half.
	Care support/ nursery schools	Applicants are shifting to this sector from other business categories. However, temporary staffing orders are declining due to more direct employment in these business sectors. More sales activities to add new customers.
	HR support for startups	Hiring by startup companies is decreasing as these companies revise recruiting plans and postpone the resumption of recruiting. Activity started recovering in the 1Q but has not yet returned to growth. Strengthening support in sectors where demand is strong (senior executives, engineers, etc.).
	Others	Schools reopened after the end of the state of emergency, so COVID-19 had no effect on assistant language teacher staffing. Demand for construction management engineers also remains firm. We are hiring more people with no experience and increasing sales activities to add new customers.
Overseas WORK Business	Singapore, etc. Australia	Permanent placement orders were down due to economic downturns, but orders are expected to recover slowly. Temporary staffing services are performing well and emphasis has shifted to measures for more growth of this business.



## Revenue and segment profit (Billions of yen)

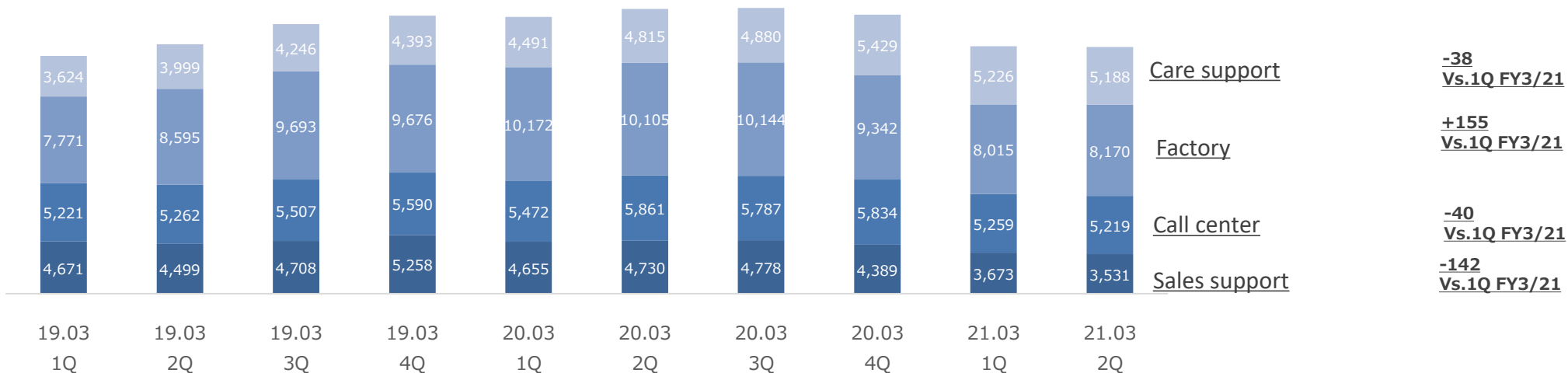


(Billions of yen)	Forecast	1H FY3/21	1H FY3/20	Vs. Forecat % change	Vs. 1H FY3/20 % change
Revenue	39.57	39.59	41.72	+0.1%	-5.1%
Segment profit	1.99	2.11	2.48	+6.4%	-14.8%

### Topics

- The decline in the number of workers on assignments has stopped and a recovery is expected to start in the 3Q
- Controlled recruiting expenses based on the level of new orders (down ¥230 million from 1H FY3/20)

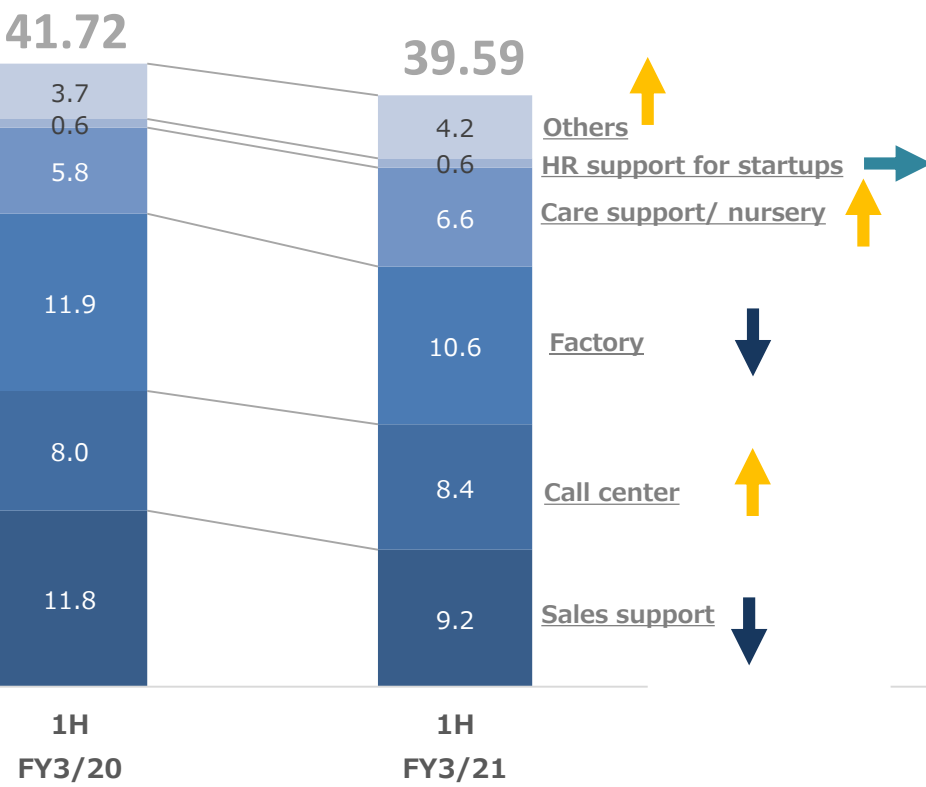
## Number of workers on assignments (person)



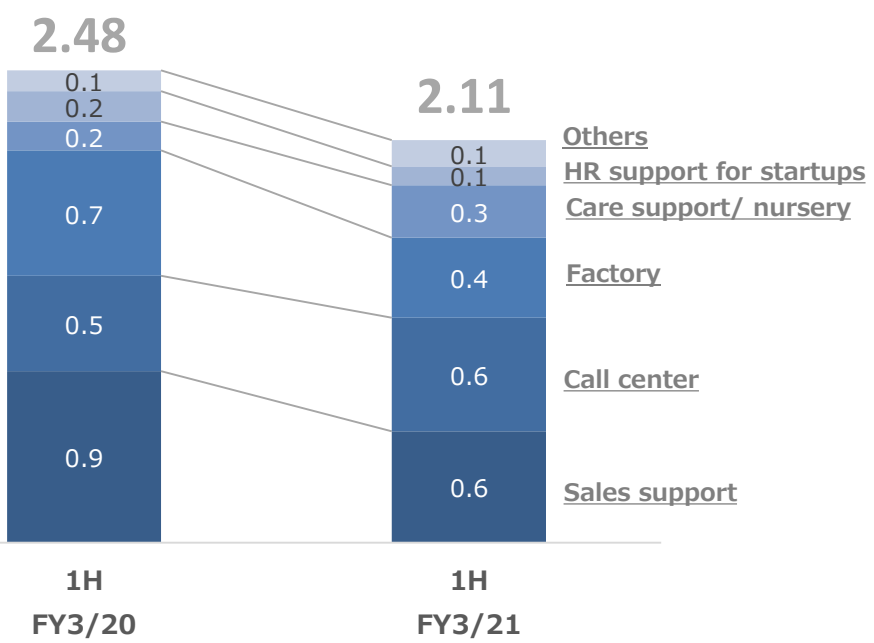
# The call center outsourcing and care support/nursery school sectors performed well

(Billions of yen)

Sales by Sector

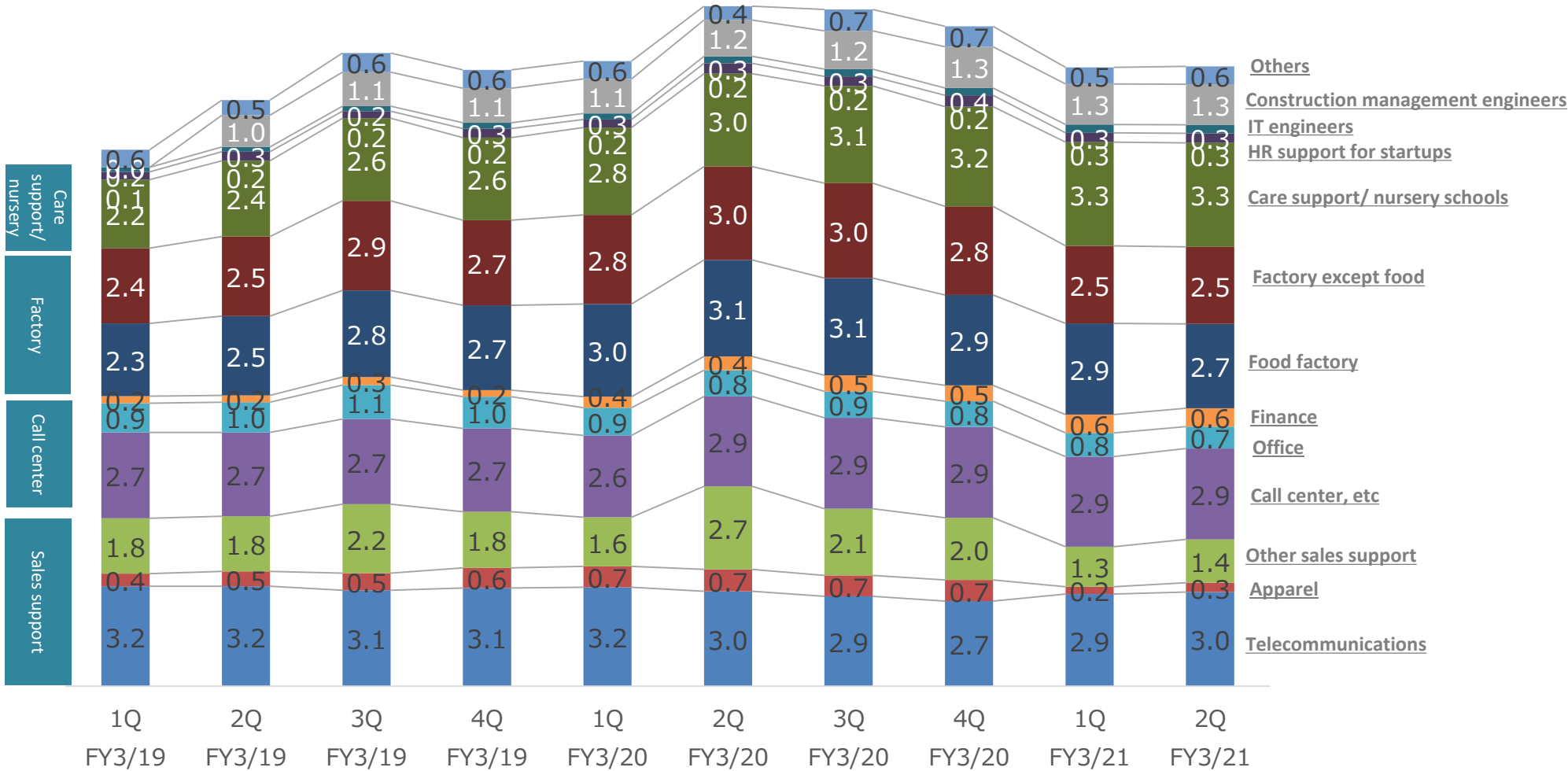


Operating profit by sector

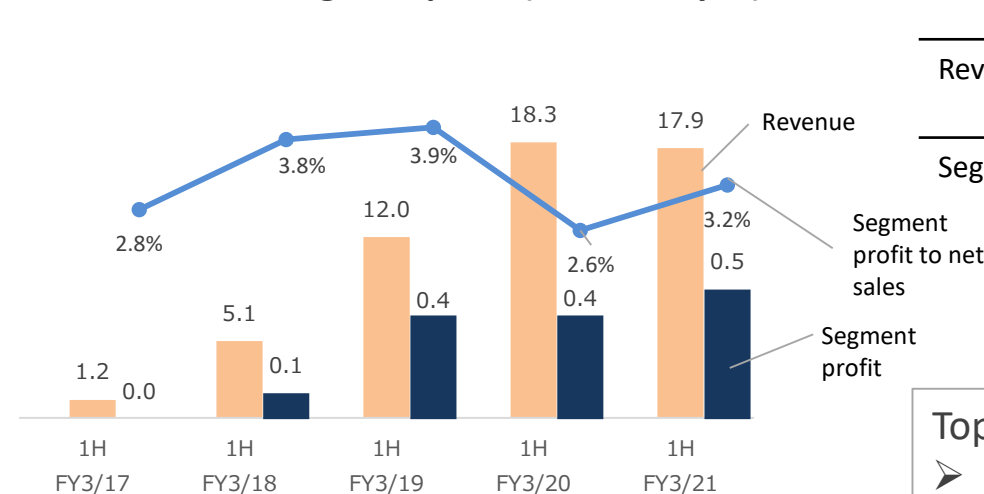


# COVID-19 negatively affected the apparel, other sales support and factory (except food) sectors

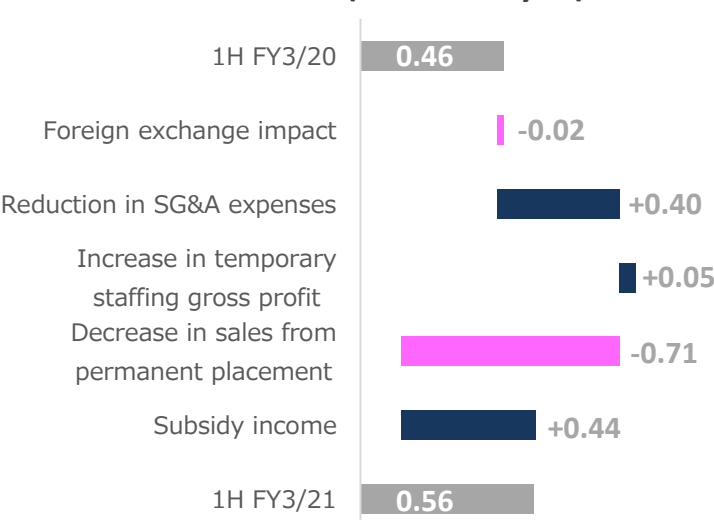
(Billions of yen)



## Revenue and segment profit (Billions of yen)



## Major components of changes in segment profit (Billions of yen)



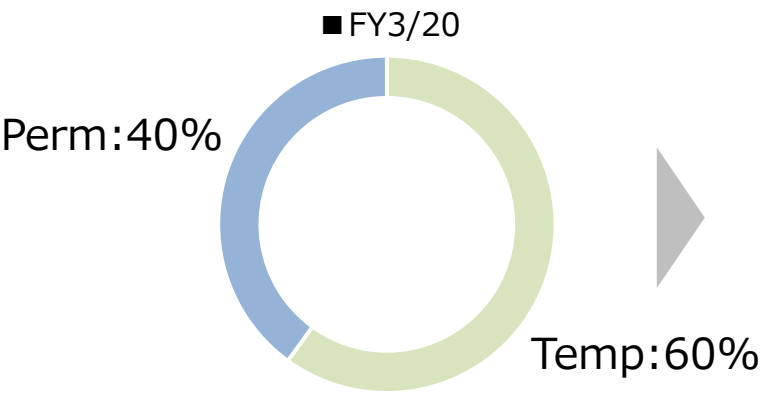
(Billions of yen)	Forecast	1H FY3/21	1H FY3/20	Vs. Forecast % change	Vs. 1H FY3/20 % change
Revenue	16.96	17.90	18.35	+5.6%	-2.5%
Segment profit	0.49	0.56	0.46	+15.7%	+21.0%

### Topics

- Permanent placement was lower but temporary staffing remained solid in Australia and Singapore
- Received an employment support subsidy (approx. ¥400 million) as a countermeasure against COVID-19 in Singapore

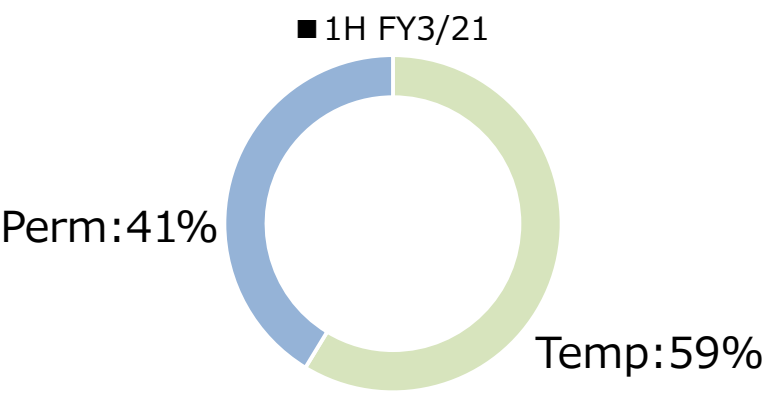
Forex sensitivity	Initially assumed	1H FY3/21 Results	1H FY3/20 Results	Change for ¥1 difference/y	
				Revenue	Profit
AUD	¥70	¥73	¥75	¥380 mln	¥10 mln
SGD	¥75	¥77	¥79	¥90 mln	¥0 mln

Domestic WORK Business Portfolio (Gross profit basis)



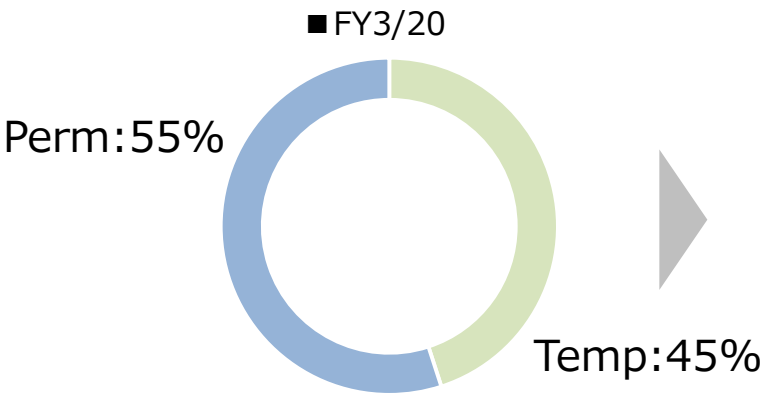
Final year of New Medium-term Management Plan

→:Temp:40% Perm:60%



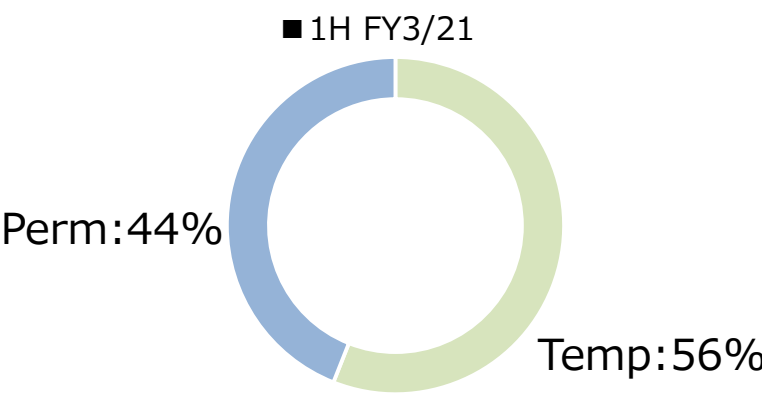
Difficulties in the permanent placement sector

Overseas WORK Business Portfolio (Gross profit basis)



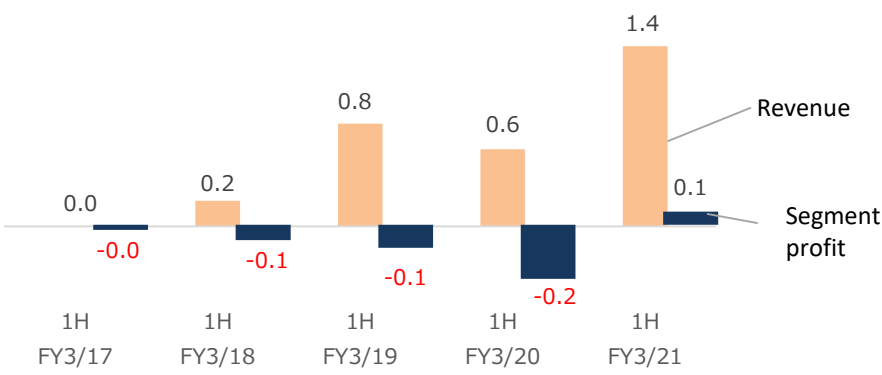
Final year of New Medium-term Management Plan

→:Temp:60% Perm:40%



Permanent placements down about 30% from 1H FY3/20 but the stable temporary staffing sector continues to perform well despite the COVID-19 pandemic

Revenue and segment profit (Billions of yen)





(Billions of yen)	Forecast	1H FY3/21	1H FY3/20	Vs. Forecat % change	Vs. 1H FY3/20 % change
Revenue	0.95	1.49	0.65	+57.6%	+128.7%
Segment profit	-0.17	0.05	-0.21	-	-


Topics  
➤ Upfront investments (¥220 million) in the HRTech field


Other business activities


**Organic**

**HRTech**

 **デイワク** (Daywak)  
by  **WILLOF**

 **ビザマネ** (Visamane)

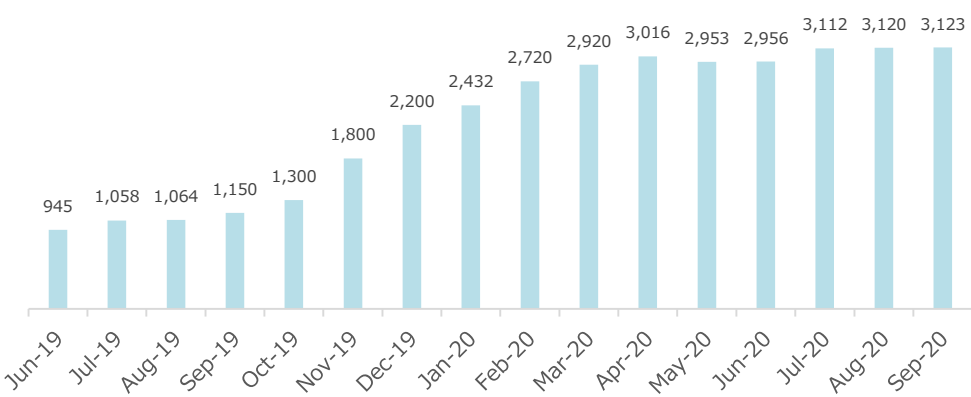
 **アワマネ** (Hourmane)

 **ENPORT**

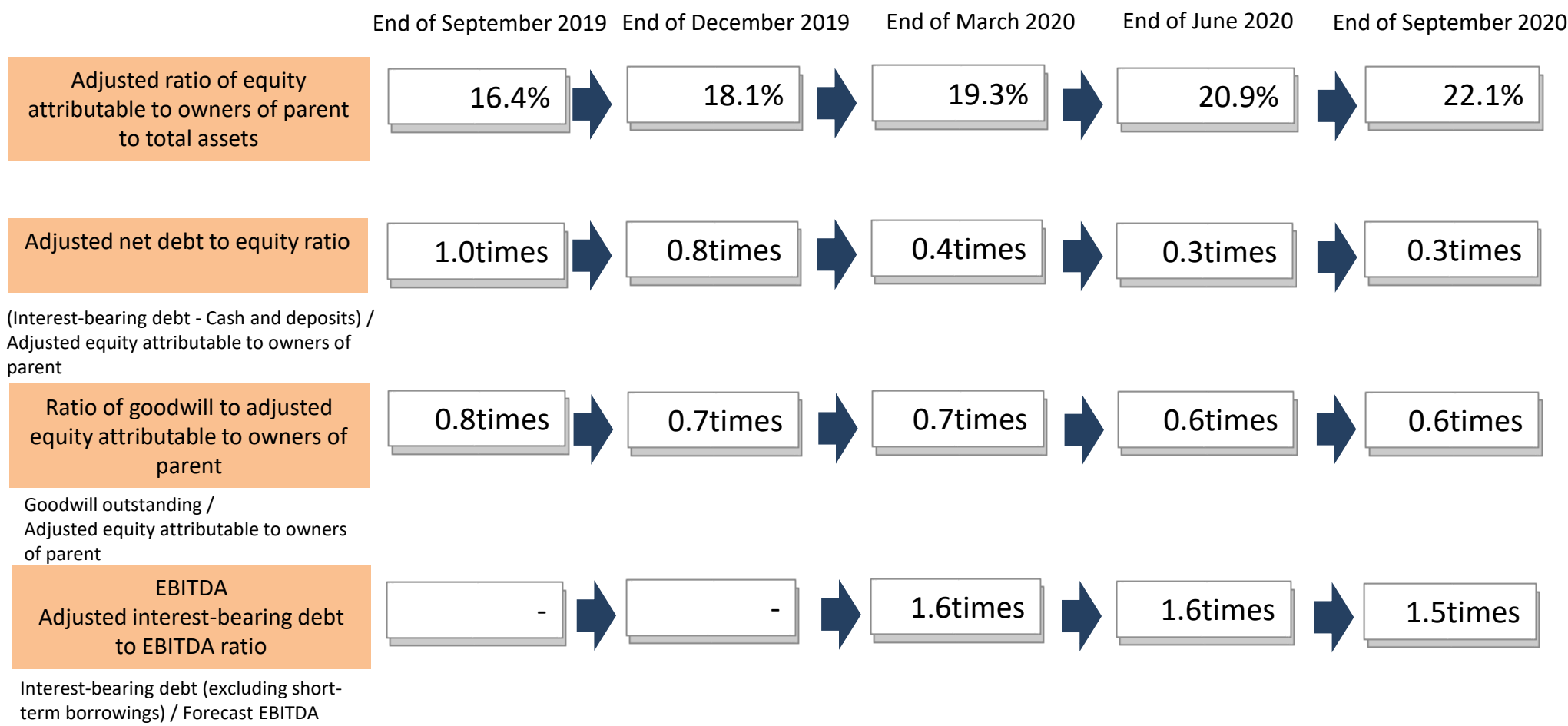
**M&A**

**Investment funds (HRTech)**

■ Number of stores using the Visamane foreign worker management system



## All financial indicators are improving on an adjusted equity basis\*



\*Adjusted equity represents total equity, net of written put option.

# Consolidated Balance Sheet

(Billions of yen)	March 31, 2020	September 30, 2020	Change	(Billions of yen)
				<b>Major components of changes</b>
Current assets	22.0	21.5	<b>-0.4</b>	<ul style="list-style-type: none"> <li>• <b>Total assets</b></li> <li>• Cash and cash equivalents +0.3</li> <li>• Trade and other receivables -0.8</li> <li>• Right-of-use assets -0.7</li> <li>• Other intangible assets +0.3</li> <li>• Investments accounted for using equity method +0.6</li> <li>• Other non-current financial assets -0.1</li> <li>• Other non-current assets -0.1</li> </ul>
Non-current assets	22.5	22.5	<b>+0.0</b>	
<b>Total assets</b>	<b>44.6</b>	<b>44.1</b>	<b>-0.4</b>	
Current liabilities	21.5	22.7	<b>+1.1</b>	<ul style="list-style-type: none"> <li>• <b>Total liabilities</b></li> <li>• Trade and other payables +0.5</li> <li>• Borrowings (non-current) +0.6</li> <li>• Other financial liabilities (current) +1.0</li> <li>• Income taxes payable -0.4</li> <li>• Other current liabilities -0.6</li> <li>• Borrowings (non-current) -1.2</li> <li>• Other financial liabilities (non-current) -1.7</li> </ul>
Non-current liabilities	15.9	13.0	<b>-2.9</b>	
<b>Total liabilities</b>	<b>37.4</b>	<b>35.7</b>	<b>-1.7</b>	
<b>Total equity</b>	<b>7.1</b>	<b>8.4</b>	<b>+1.3</b>	<ul style="list-style-type: none"> <li>• <b>Total equity</b></li> <li>• Retained earnings +1.0</li> <li>• Exchange differences on translation of foreign operations +0.6</li> <li>• Non-controlling interests -0.3</li> </ul>
<b>Total liabilities and equity</b>	<b>44.6</b>	<b>44.1</b>	<b>-0.4</b>	
Ratio of equity attributable to owners of parent to total assets	11.7%	15.6%	<b>+3.9pt</b>	



# Consolidated Statement of Cash Flows

(Billions of yen)	1H FY3/20	1H FY3/21	(Major Components)	Free Cash Flows	(Billions of yen)
Profit before tax	2.1	2.0			
Depreciation and amortization	0.9	1.0			
Income taxes paid	(0.9)	(1.0)			
Other	(0.6)	0.3			
Net cash provided by (used in) operating activities	1.3	2.4	Decrease in trade receivables	-1.2	2.2
Purchase and sales of property, plant and equipment, etc.	(0.3)	(0.3)			
Purchase and sales of shares of subsidiaries	(2.0)	0.0			
Other	(0.2)	0.1			
Net cash provided by (used in) investing activities	(2.6)	(0.1)	Decrease in M&A investments	1H FY3/20	1H FY3/21
Net increase (decrease) in interest-bearing debt	(0.5)	(1.2)			
Purchase and sales of shares of subsidiary not resulting in changes in the scope of consolidation	(0.2)	(0.7)			
Dividends paid	(0.4)	(0.5)			
Other	0.0	0.5			
Net cash provided by (used in) financing activities	(1.2)	(1.9)	Decrease in acquisition of additional shares of consolidated subsidiaries		
Effect of exchange rate changes	(0.2)	0.0			
Net increase (decrease) in cash and cash equivalents	(2.6)	0.3			
Cash and cash equivalents at end of period	4.1	6.3			
<b>Free cash flows (Operating activities + Investing activities)</b>	<b>(1.2)</b>	<b>2.2</b>			

## II. FY3/21 Earnings and Dividend Forecasts

**Plan to start in the 3Q making investments postponed from earlier in the fiscal year, but the forecast was revised to reflect the better than expected 1H performance**

(Billions of yen)	FY3/20	FY3/21 (Initial forecast)	FY3/21 (Revised forecast)	Difference
Revenue	121.91	<b>115.00</b>	<b>116.00</b>	<b>+1.00</b>
Domestic WORK Business	84.43	<b>80.04</b>	<b>80.61</b>	<b>+0.57</b>
Overseas WORK Business	36.07	<b>33.86</b>	<b>34.05</b>	<b>+0.19</b>
Others	1.54	<b>1.58</b>	<b>2.15</b>	<b>+0.57</b>
IFRS adjustments	(0.14)	<b>(0.49)</b>	<b>(0.81)</b>	<b>-0.32</b>
Operating profit (Operating margin)	4.14 (3.4%)	<b>3.00</b> <b>(2.6%)</b>	<b>3.40</b> <b>(2.9%)</b>	<b>+0.40</b> <b>(+0.3pt)</b>
Domestic WORK Business	5.06	<b>4.26</b>	<b>4.25</b>	<b>-0.00</b>
Overseas WORK Business*	0.97	<b>0.88</b>	<b>0.88</b>	<b>0.00</b>
Others	(0.35)	<b>(0.41)</b>	<b>(0.13)</b>	<b>+0.25</b>
Adjustments	(1.86)	<b>(2.35)</b>	<b>(2.36)</b>	<b>-0.01</b>
IFRS adjustments*	0.33	<b>0.59</b>	<b>0.76</b>	<b>+0.16</b>
Profit attributable to owners of parent	2.38	<b>1.55</b>	<b>1.75</b>	<b>+0.20</b>
EBITDA	6.13	<b>5.00</b>	<b>5.40</b>	<b>+0.40</b>

# Revised FY3/21 Forecast (Domestic WORK Business Sectors)

(Billions of yen)

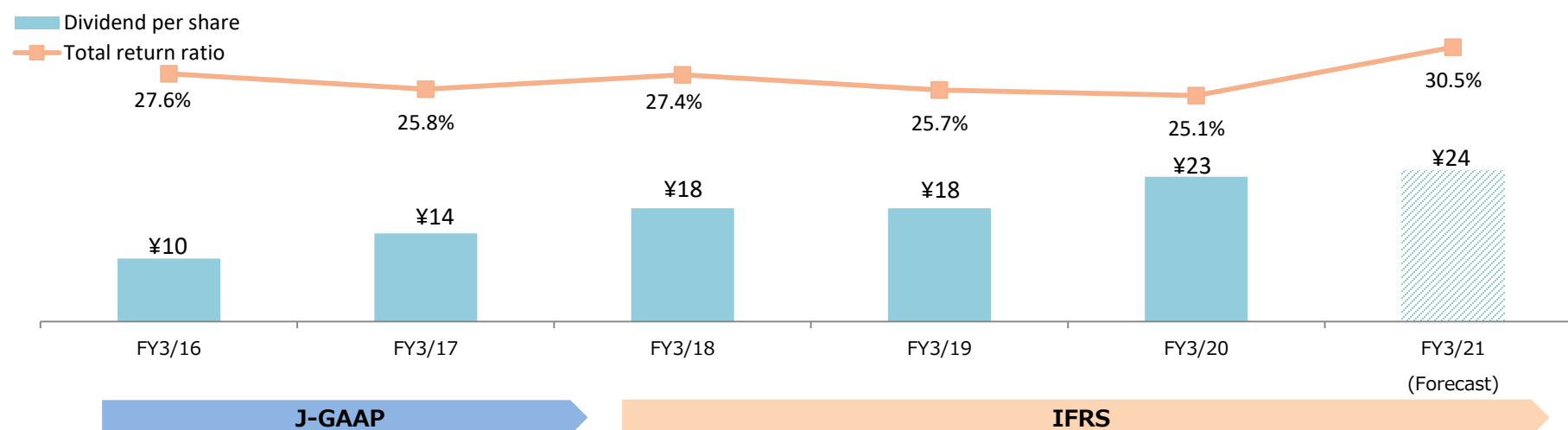
Segments	Sectors	FY3/20	FY3/21 (Initial forecast)	FY3/21 (Revised forecast)	Difference
		Upper: Net sales	Upper: Net sales	Upper: Net sales	Upper: Net sales
		Lower: Operating profit	Lower: Operating profit	Lower: Operating profit	Lower: Operating profit
Domestic WORK Business	Sales support	23.14	19.00	19.00	0.0
		1.79	1.37	1.37	0.0
	Call center	16.45	16.69	16.69	0.0
		0.99	1.12	1.12	0.0
	Factory	23.74	21.00	21.00	0.0
		1.34	0.94	0.94	0.0
	Care support/ nursery	12.05	13.66	13.66	0.0
		0.36	0.58	0.58	0.0
	HR support for startups	1.26	0.60 (Only 1H result)	1.17	+0.57
		0.30	0.07 (Only 1H result)	0.07	-0.0
	Others	7.72	9.08	9.08	0.0
		0.25	0.16	0.16	0.0

**Due to the higher earnings forecast, the dividend forecast has been raised by ¥3 per share for consistency with the total return ratio target of 30%**

	FY3/20	FY3/21 (Initial forecast)	FY3/21 (Revised forecast)
<b>Year-end dividend</b>	¥23 per share	¥21 per share	¥24 per share
<b>Total return ratio*</b>	25.1%	30.1%	30.5%

\*Total return ratio: The sum of dividends and the cost of share repurchases divided by profit attributable to owners of parent

## ■ Dividend per share and total return ratio



The dividend per share has been adjusted to reflect a 2-for-1 stock split on December 1, 2016.

## III. Topics

## The website contains information about WILL GROUP's ESG activities in response to the growing interest of the public in activities involving sustainability

### Reason for the new website

#### The increasing level of interest in sustainability

The importance of sustainability is growing because all companies need to have a strong commitment to business growth accompanied by the use of corporate activities to help solve environmental and social issues.

### Contents of the website

#### Policies for ESG activities and information about how business operations contribute to the advancement of ESG



URL: <https://willgroup.co.jp/sustainability/index.html>

## iv . Reference



## Current Actions

### Employees

- Encouraging people to work at home, limiting face-to-face meetings, frequent use of online and conference call meetings

### Business

- Retain employees to be prepared for the return to normal business after the end of this crisis. Shift workers to operations less affected by the spread of COVID-19
- Partial reviewing new investment plans in order to remain profitable and maintain financial soundness

**→ Responding with speed and flexibility to this crisis while closely monitoring changes in the current “with-corona” business conditions and looking ahead to the post-corona world**

## Domestic WORK Business

(Millions of yen)

### ■ Revenue

	1Q	2Q	3Q	4Q
FY3/19	17,149	18,734	20,242	19,702
FY3/20	19,984	21,741	21,639	21,098
FY3/21	19,782	19,814		

### ■ Segment profit

	1Q	2Q	3Q	4Q
FY3/19	715	913	1,226	1,210
FY3/20	1,091	1,392	1,310	1,279
FY3/21	974	1,141		

## Overseas WORK Business

### ■ Revenue

	1Q	2Q	3Q	4Q
FY3/19	5,798	6,286	6,959	7,197
FY3/20	9,098	9,257	8,995	8,723
FY3/21	8,457	9,444		

### ■ Segment profit

	1Q	2Q	3Q	4Q
FY3/19	268	208	101	-149
FY3/20	283	184	270	232
FY3/21	232	334		

## Others

### ■ Revenue

	1Q	2Q	3Q	4Q
FY3/19	578	264	286	422
FY3/20	290	364	452	483
FY3/21	885	611		

### ■ Segment profit

	1Q	2Q	3Q	4Q
FY3/19	-37	-55	-13	42
FY3/20	-84	-134	-72	-80
FY3/21	-98	153		

## Geographic (Overseas) Segments

(Millions of yen)

■ Revenue (Asia)

	1Q	2Q	3Q	4Q
FY3/19	1,338	1,412	1,442	1,700
FY3/20	1,923	1,967	1,999	2,070
FY3/21	1,285	1,482		

■ Revenue (Australia)

	1Q	2Q	3Q	4Q
FY3/19	4,468	4,881	5,523	5,508
FY3/20	7,184	7,299	7,014	6,672
FY3/21	7,181	7,972		



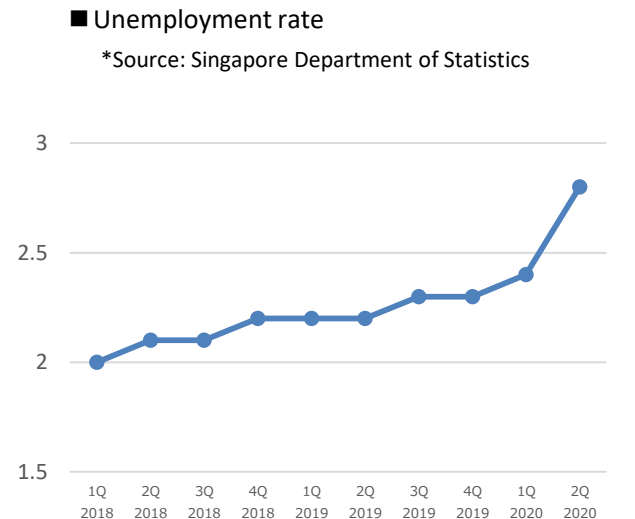
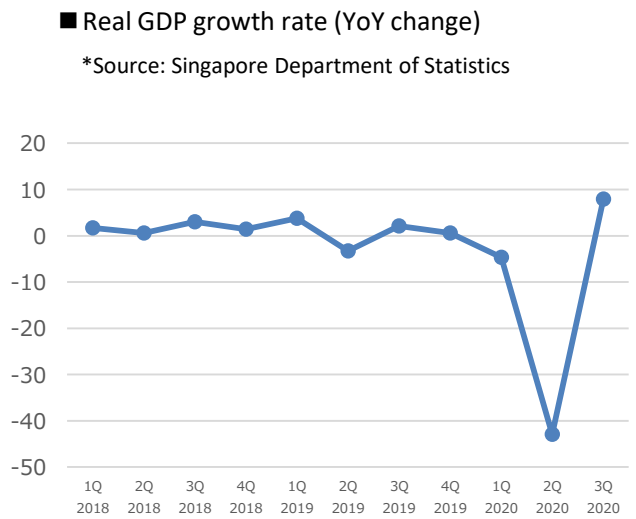
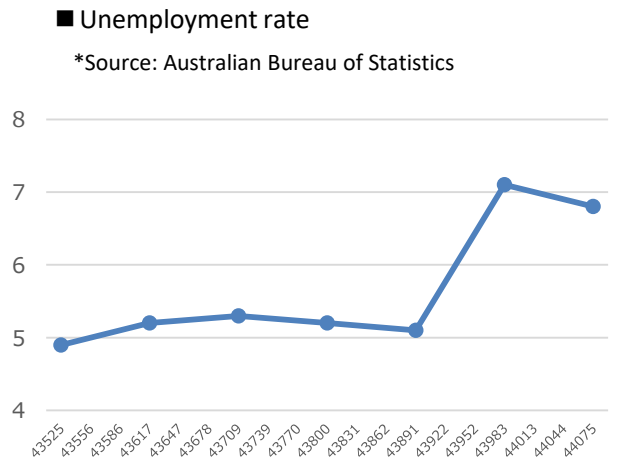
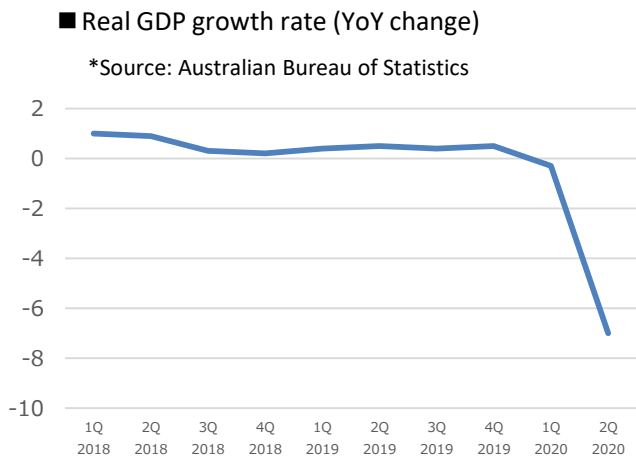
## Market conditions for WILL GROUP

Permanent placement orders declined because of slowing economic growth and COVID-19 but started to recover in July. Temporary staffing orders are firm due to steady demand in the public sector, IT, financial services and legal services sectors.



Permanent placement services are down from FY3/20 even though COVID-19 is under control. Operations are shifting to temporary staffing services because there is still certain demand for hiring people even during this economic downturn.

## Economic indicators



# Performance of Major Overseas Subsidiaries

(Billions of yen)

	Primary location	Business activities	Consolidated since (WILL GROUP ownership)	Investment *1	*2	1H FY3/20	1H FY3/21	YoY change
	Singapore	Providing permanent placement and consulting services focused on HR primarily in Singapore, through wholly-owned subsidiaries in Hong Kong, Japan, U.S., China, Australia and UK.	Jan. 2019 (51%)	1.46	Sales	0.68	0.49	-28.1%
					Profit *3	0.20	0.13	-36.9%
	Brisbane	Providing temporary staffing and permanent placement services to government agencies and major corporations in Australia	Apr. 2019 (80%)	1.47	Sales	3.09	2.99	-3.4%
					Profit	0.28	0.30	+7.0%
	Melbourne	Providing temporary staffing and permanent placement services for office work and call center operations to agencies and companies in various sectors such as the government, telecommunications, resources and appliance manufacturing in Australia.	Jan. 2018 (80%)	0.84	Sales	5.81	6.38	+9.8%
					Profit	0.17	0.19	+9.5%

\*1 The investment in each company includes goodwill and identifiable intangible assets.

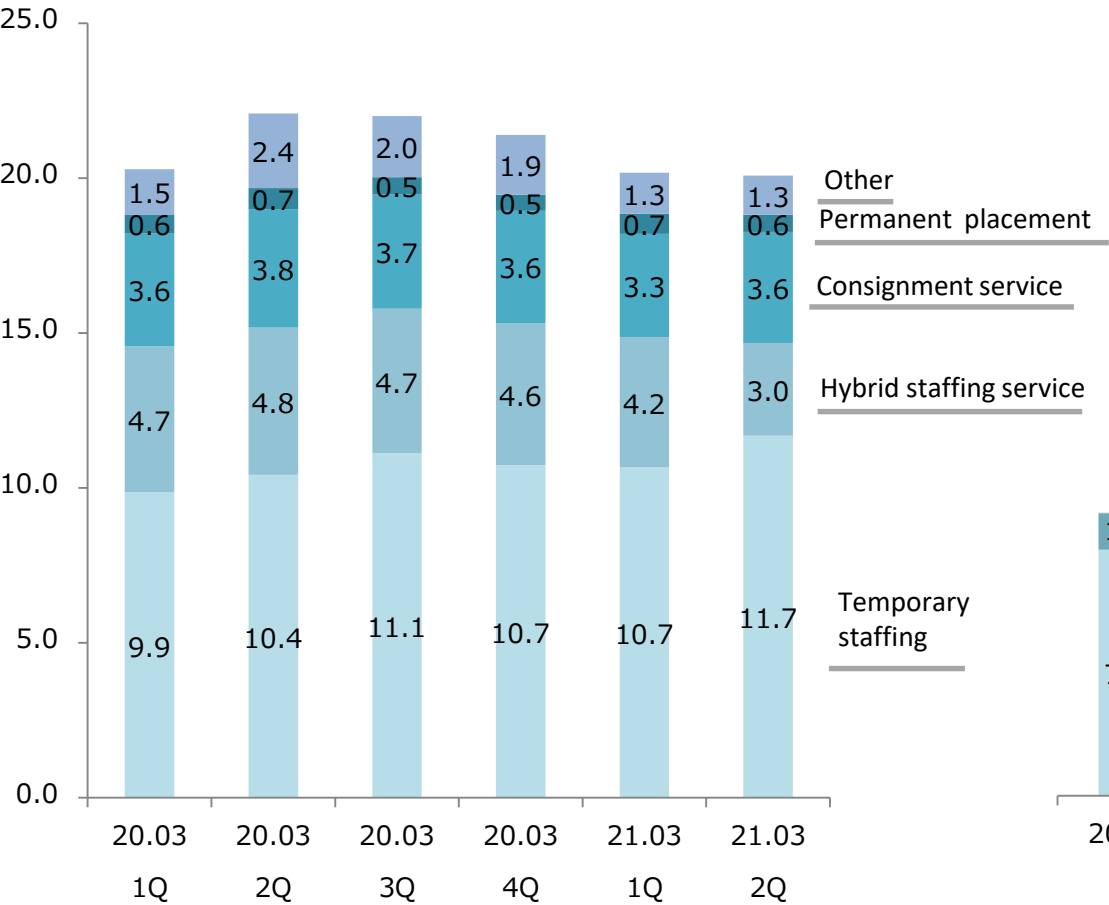
\*2 Sales and profit are for the April-September consolidated fiscal year regardless of the timing of consolidated disclosures.

Converted to yen at the rates of ¥75/SGD and ¥70/AUD in order to eliminate the effects of foreign exchange rate movements.

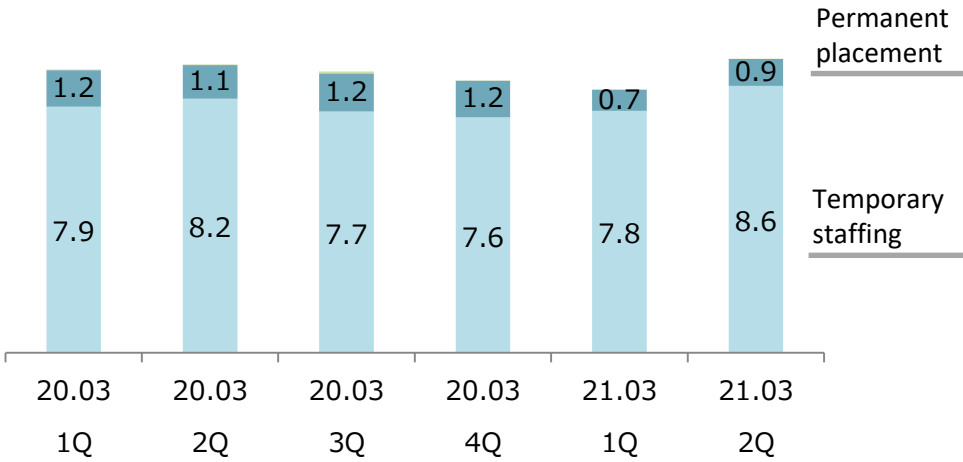
\*3 Profit is profit before tax after the amortization of identifiable intangible assets, internal transactions and one-time expenses.

## Human resources services in Japan

(Billions of yen)



## Overseas human resources services





# **WILL GROUP**

Forecasts of future performance in this report are based on assumptions judged to be valid and information available to the Will Group's management at the time the materials were prepared, but are not promises by the Will Group regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons.

This report is an English translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between the original Japanese version and this translated version, the Japanese version shall prevail.

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