

Financial Results for the First Half of the Fiscal Year Ending March 31, 2021

November 24, 2020

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



I. 1H FY3/21 Highlights

II. FY3/21 Earnings and Dividend Forecasts

* 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

1 The negative impact of COVID-19 on business operations is decreasing

2 Restarting recruiting and other investments in the 3Q

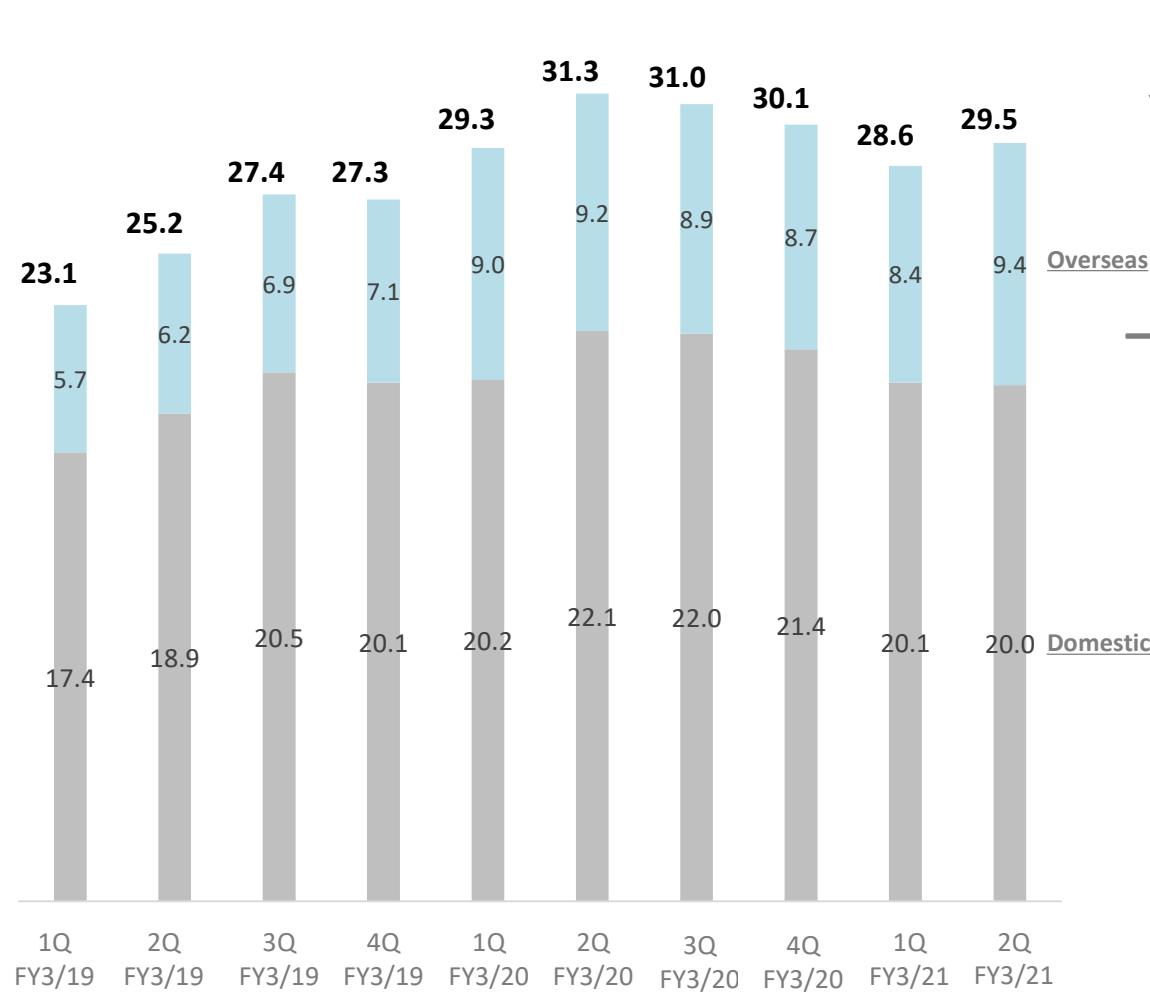
3 Financial indicators are beginning to improve

COVID-19 impacted the sales support and factory sectors in Japan and overseas permanent placements, but all other business sectors performed well.

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

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

(Billions of yen)

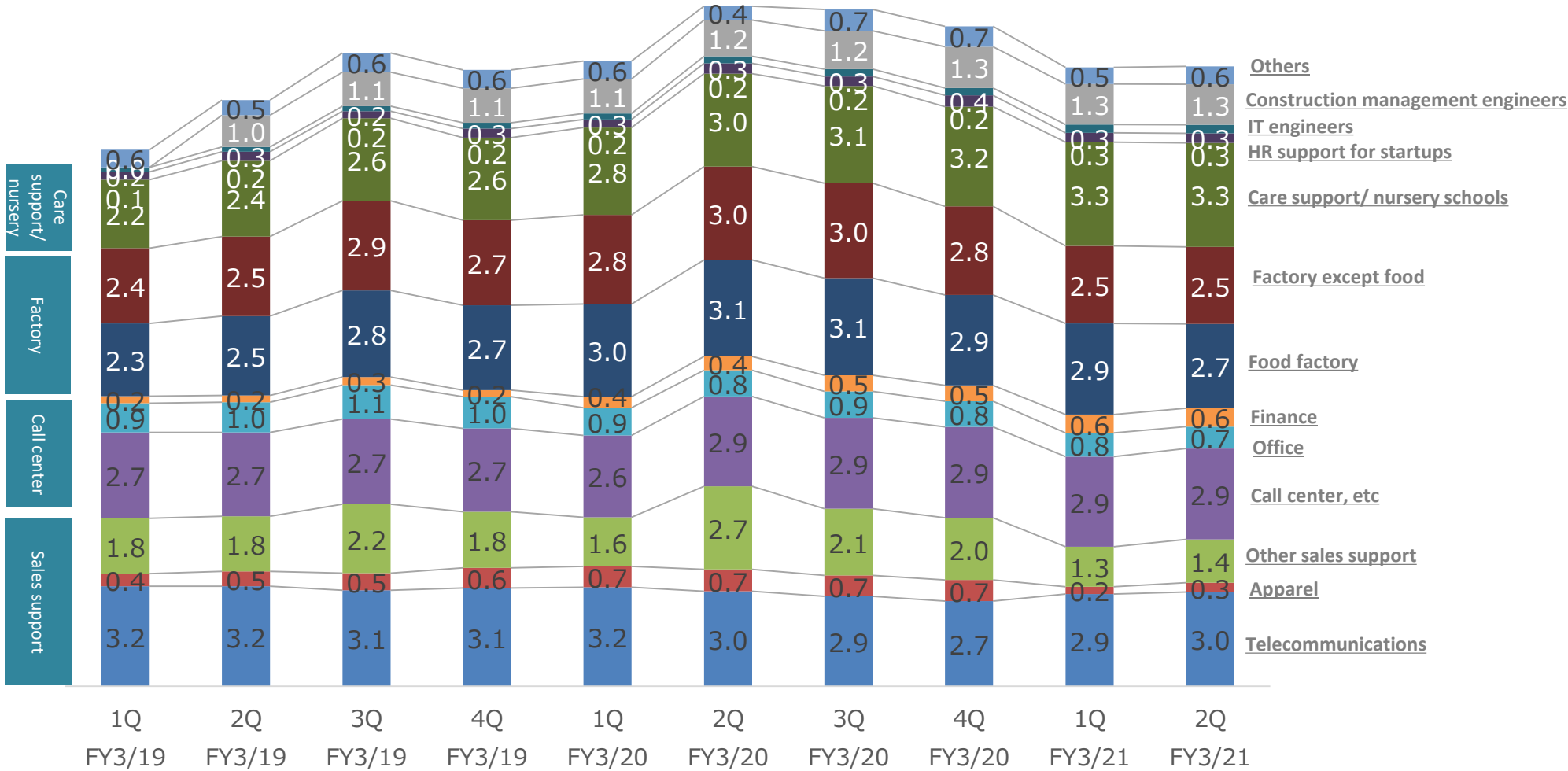


2Q FY3/21 revenue was
¥900 million above the 1Q

→ The negative impact of
COVID-19 on business
operations is decreasing

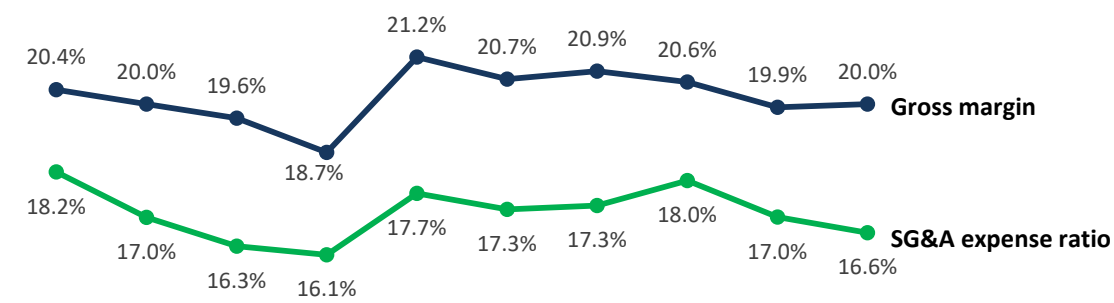
COVID-19 negatively affected the apparel, other sales support and factory (except food) sectors

(Billions of yen)

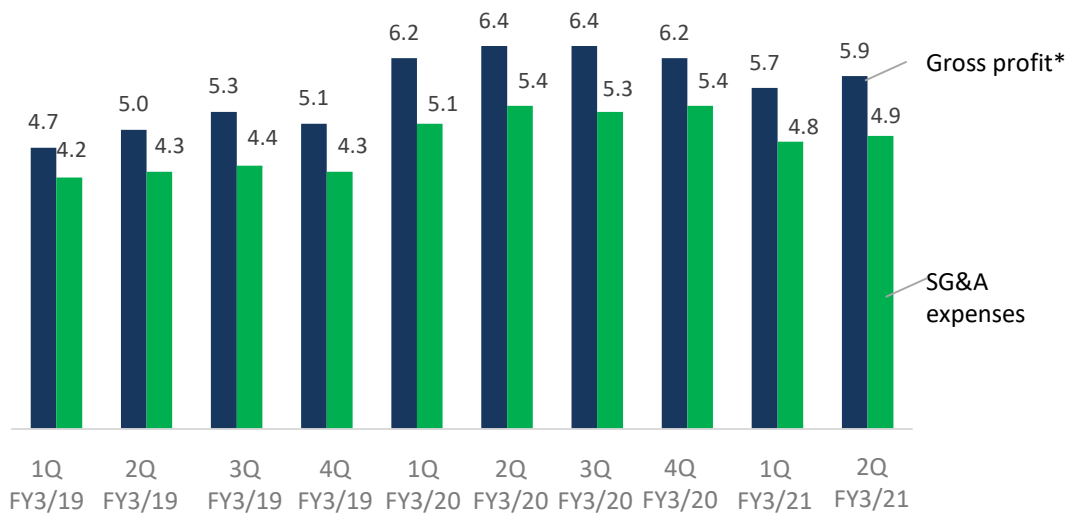


(Billions of yen)

The gross margin is improving



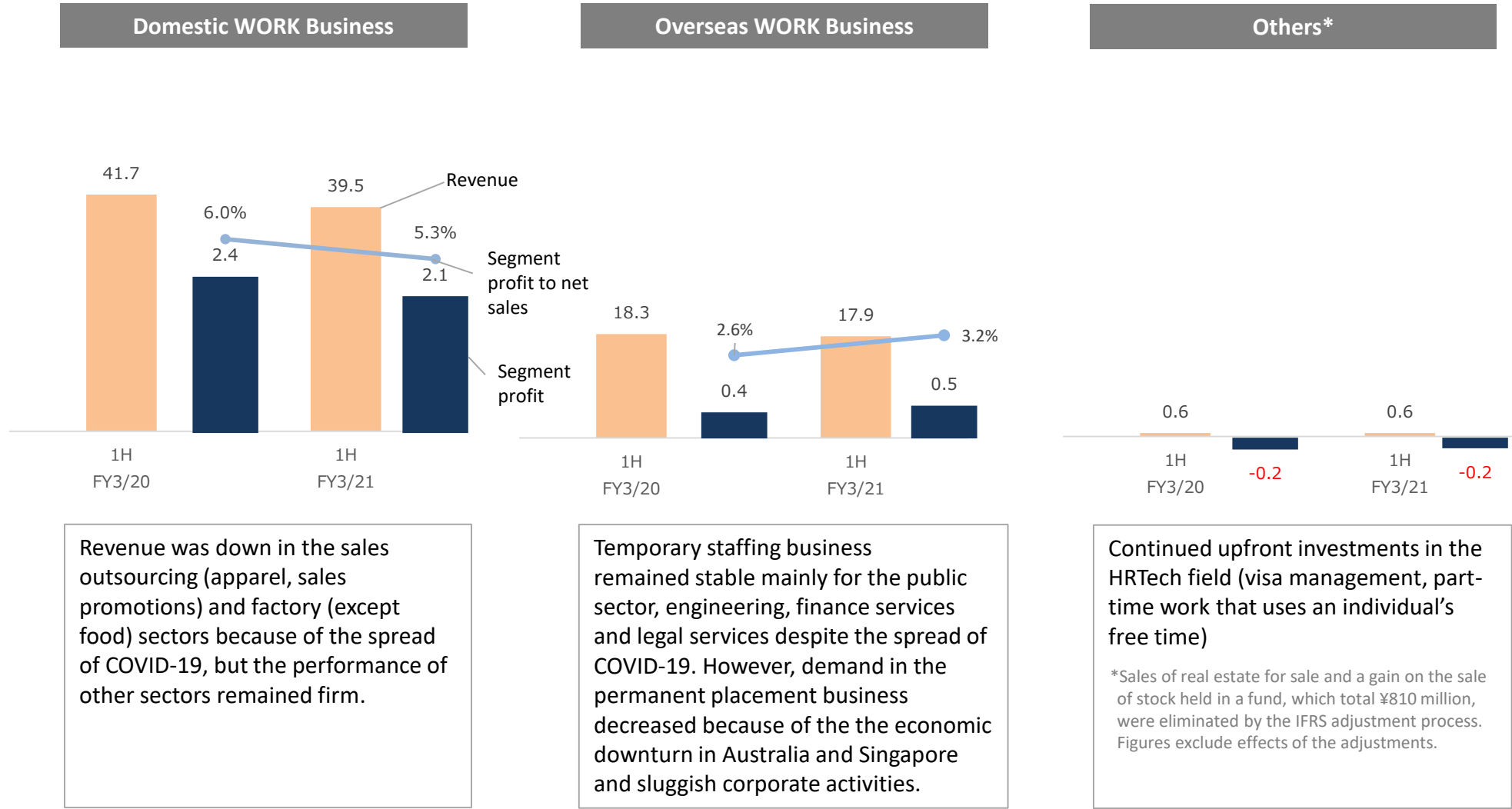
→ Earnings backed by measures to control expenses with speed and flexibility



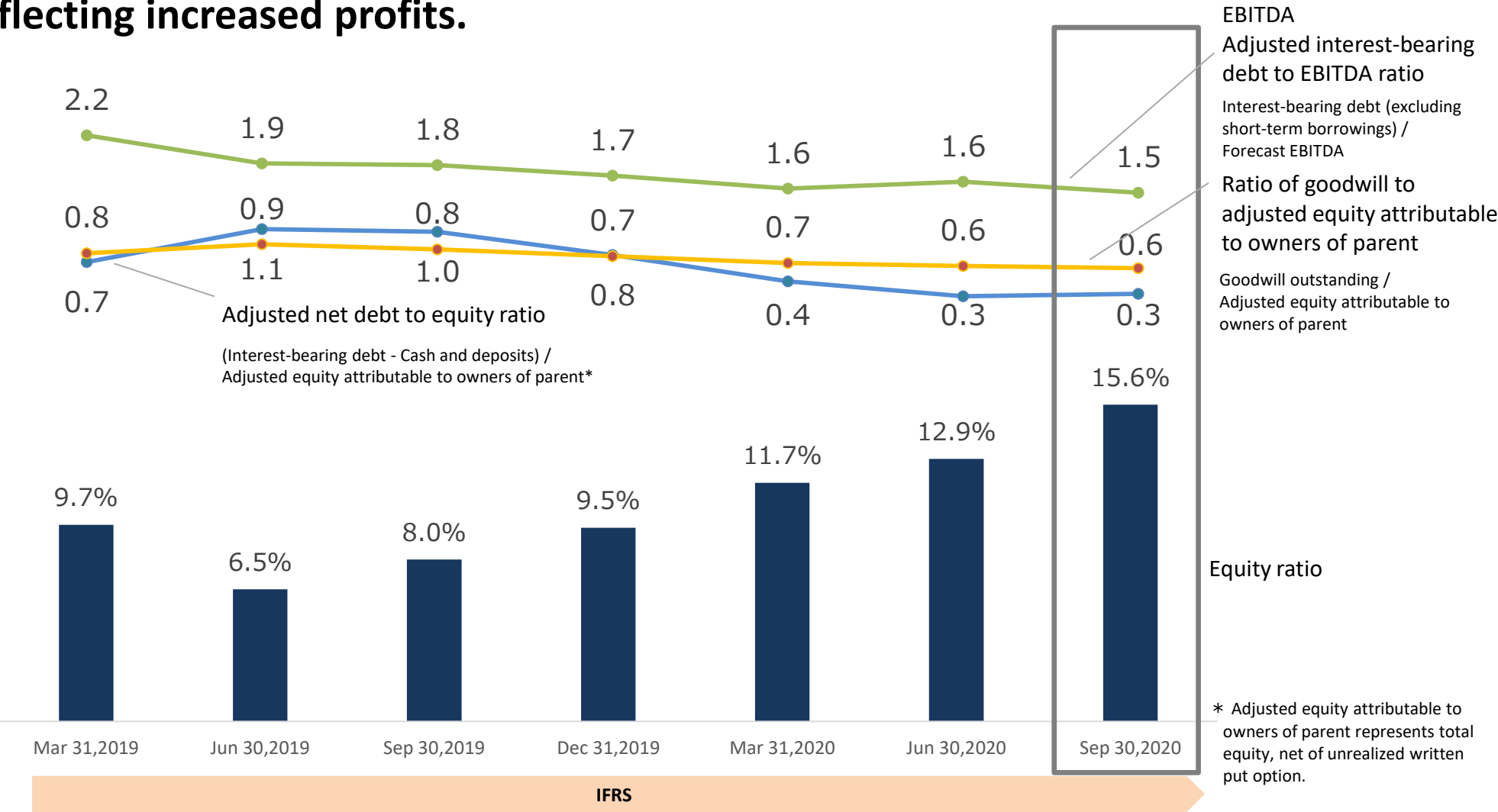
-Actions to hold down SG&A expenses-
• Lower recruiting expenses due to a decline in hiring, etc.: Down ¥540 million

*The gross profit in 1Q and 2Q of FY3/21 is based on adjusted gross profit that excludes subsidy income.

(Billions of yen)



The financial indicators are on the improvement trend, reflecting increased profits.



II. FY3/21 Earnings and Dividend Forecasts

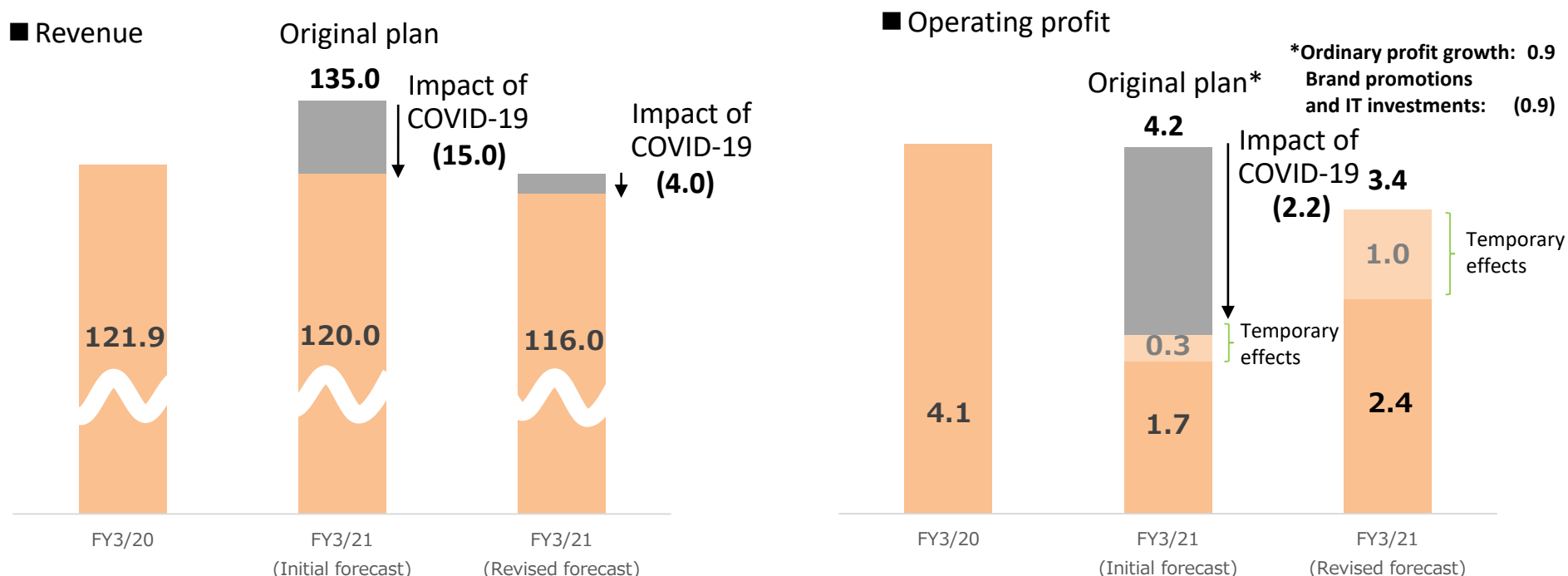
Plan to start in the 3Q making investments postponed from earlier in the fiscal year, but the forecast was revised to reflect the better than expected 1H performance.

(Billions of yen)

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

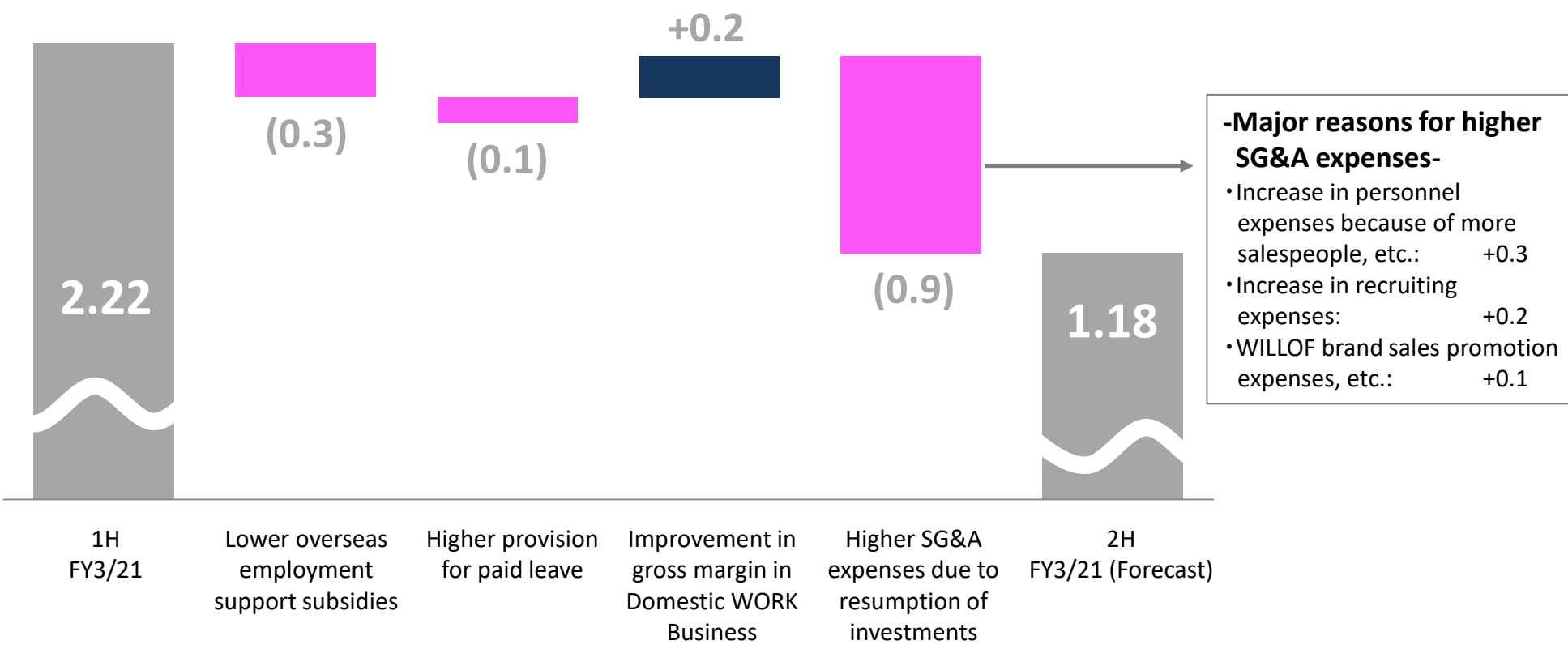
- The initial forecast incorporated the outlook for sales to return to normal in the 4Q. But now sales are not expected to return to normal until FY3/22 because the volume of new orders is currently low. Although the initial sales forecast has been reduced to reflect this outlook, the operating profit forecast is higher.
 - Investments were held down in the first half of FY3/21 but have resumed in the 3Q.
- ➔ **Will Group is responding to the COVID-19 pandemic with speed and flexibility while monitoring the status of this crisis, including the risk of another upturn in infections.**

■ Initial and revised forecasts for FY3/21 (Billions of yen)



2H SG&A expenses are expected to be ¥900 million higher than in the 1H because of investments for growth in FY3/22 and the following years.

(Billions of yen)



Increasing activities to capture orders in all sectors starting in the 3Q.

(Billions of yen)

| Segments | Sectors | FY3/20 | FY3/21 (Revised forecast) | Change(%) | Outlook and Actions |
|------------------------------|------------------------------|-------------------------|---------------------------|-------------------------|---|
| | | Upper: Net sales | Upper: Net sales | Upper: Net sales | |
| | | Lower: Operating profit | Lower: Operating profit | Lower: Operating profit | |
| Domestic WORK Business | Sales support | 23.14 | 19.00 | -18% | Negative outlook for 2H sales promotions but the apparel downturn ended in the 1Q. Strengthening activities in the stable telecommunications sector and sales agent and other services. |
| | | 1.79 | 1.37 | -23% | |
| | Call center | 16.45 | 16.69 | +1% | Increasing sales activities for capturing new orders to benefit from stable demand. |
| | | 0.99 | 1.12 | +13% | |
| | Factory | 23.74 | 21.00 | -12% | More sales activities in the stable food sector. Anticipating easing of restrictions on entering Japan, more sales activities for projects involving technical interns, people with specialized skills and other types of foreign workers. |
| | | 1.34 | 0.94 | -30% | |
| | Care support/ nursery | 12.05 | 13.66 | +13% | More sales activities for temporary staffing projects from new customers. Also more salespeople for permanent placement services, a category where demand is strong. |
| | | 0.36 | 0.58 | +63% | |
| | HR support for startups | 1.26 | 1.17 | -7% | Strengthen support for senior executives, engineers and other job categories where demand is firm despite COVID-19. More salespeople to prepare for growth after the COVID-19 crisis. |
| | | 0.30 | 0.07 | -77% | |
| | Others | 7.72 | 9.08 | +18% | To meet the strong demand for construction management engineers, hire more people and increase sales activities to capture orders for growth of temporary staffing of people with no experience. Temporary staffing services for assistant language teachers and engineers are performing well. |
| | | 0.25 | 0.16 | -35% | |
| Overseas WORK Business | Singapore, etc. Australia | 36.07 | 34.05 | -6% | 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. |
| | | 0.97 | 0.88 | -9% | |

COVID-19 is affecting the performance of subsidiaries, but this impact is only temporary. No risk of impairment losses at this time.

| (Billions of yen) | Primary location | Business activities | Consolidated since (WILL GROUP ownership) | Investment *1 | *2 | 1H FY3/20 | 1H FY3/21 | YoY change |
|--|-------------------------------|---|---|---------------|----------|-----------|-----------|------------|
|  <small>ウィルオブ・コンストラクション</small> WILLOF CONSTRUCTION | Metropolitan areas and Tohoku | Construction management engineer temporary staffing and permanent placements mainly in the Tohoku region of Japan. A large number of highly skilled people are registered for assignments. Strong position in the market for temporary staffing of engineers for large building and civil engineering projects. | Jun. 2018 (100%) | 2.72 | Sales | 2.25 | 2.59 | +15.1% |
| | | | | | Profit*3 | 0.12 | 0.12 | +1.2% |
|  | 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.

Due to the higher earnings forecast, the dividend forecast has been raised for consistency with the total return ratio target of 30%.

| | FY3/20 | FY3/21 (Revised forecast) |
|---------------------------|---------------|------------------------------|
| Year-end dividend | ¥23 per share | ¥24 per share |
| Total return ratio | 25.1% | 30.5% |

Appendix

(from previous presentation)

New Medium-term Management Plan

announced on May 12, 2020

No date has been determined at this time for announcing a new medium-term management plan because of the future impact of COVID-19 on business operations and other reasons. An announcement will be made promptly when details of this plan becomes available. Depending on the timing of the announcement, the next management plan may end in March 2023 or March 2024.

The following pages explain the strategies and goals that will form the basis of the new medium-term management plan.

| Issues |
|--|
| <u>Respond to changes in the business climate, including intense competition, new technologies, working style reforms, Japan’s declining working-age population and other challenges</u> |
| <u>Operating margin is steady at 3%</u> |
| <u>High financial leverage because of M&A strategy for growth</u> |
| Issues for attracting job seekers in Japan |
| The need to create a new business model using a long-term perspective |
| Weakening of the corporate strategy as growth results in more subsidiaries with differing business models |
| Activities involving sustainability (ESG/SDGs) |
| Response to COVID-19 pandemic |

| Policies for the new medium-term plan |
|---|
| <u>Shift strategy in Japan from the expansion of employment opportunities to the expansion of growth opportunities; Also focus on foreign workers; Outside Japan, continue the strategy of expanding employment opportunities</u> |
| <u>Increase the operating margin</u> |
| <u>Establish targets for financial soundness indicators</u> |
| For HR services in Japan, shift to a one-brand strategy (early enactment) based on the “Chance-Making Company” vision |
| Create a new business model based on a long-term perspective |
| Reexamine business portfolio management in order to reconfigure business segments and strengthen the corporate strategy |
| Establish a basic policy, action plan, goals and other items during the new medium-term plan |
| Respond with speed and agility as needed while monitoring upcoming developments involving this crisis |

Use the WORK SHIFT strategy* to be more profitable

*WORK SHIFT strategy: Shift businesses and working styles to increase the operating margin

(Business SHIFT)

Portfolio Shift

(Japan)

Use Perm SHIFT to maximize and optimize growth opportunities
Perm: Permanent placements, temporary staffing in fields requiring advanced skills

(Overseas)

Temp SHIFT to maximize and optimize job opportunities
Temp: Temporary staffing services, consignment services

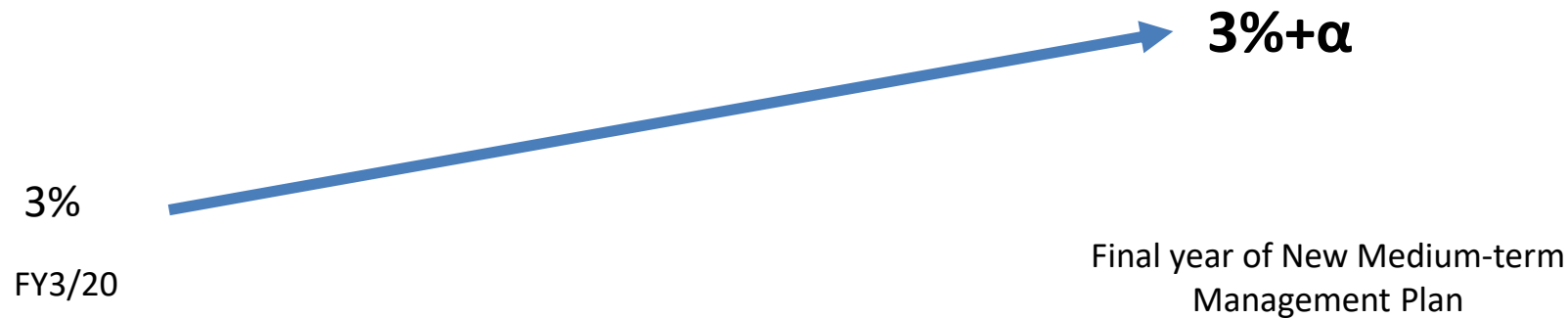
(Work Style SHIFT)

Digital Shift

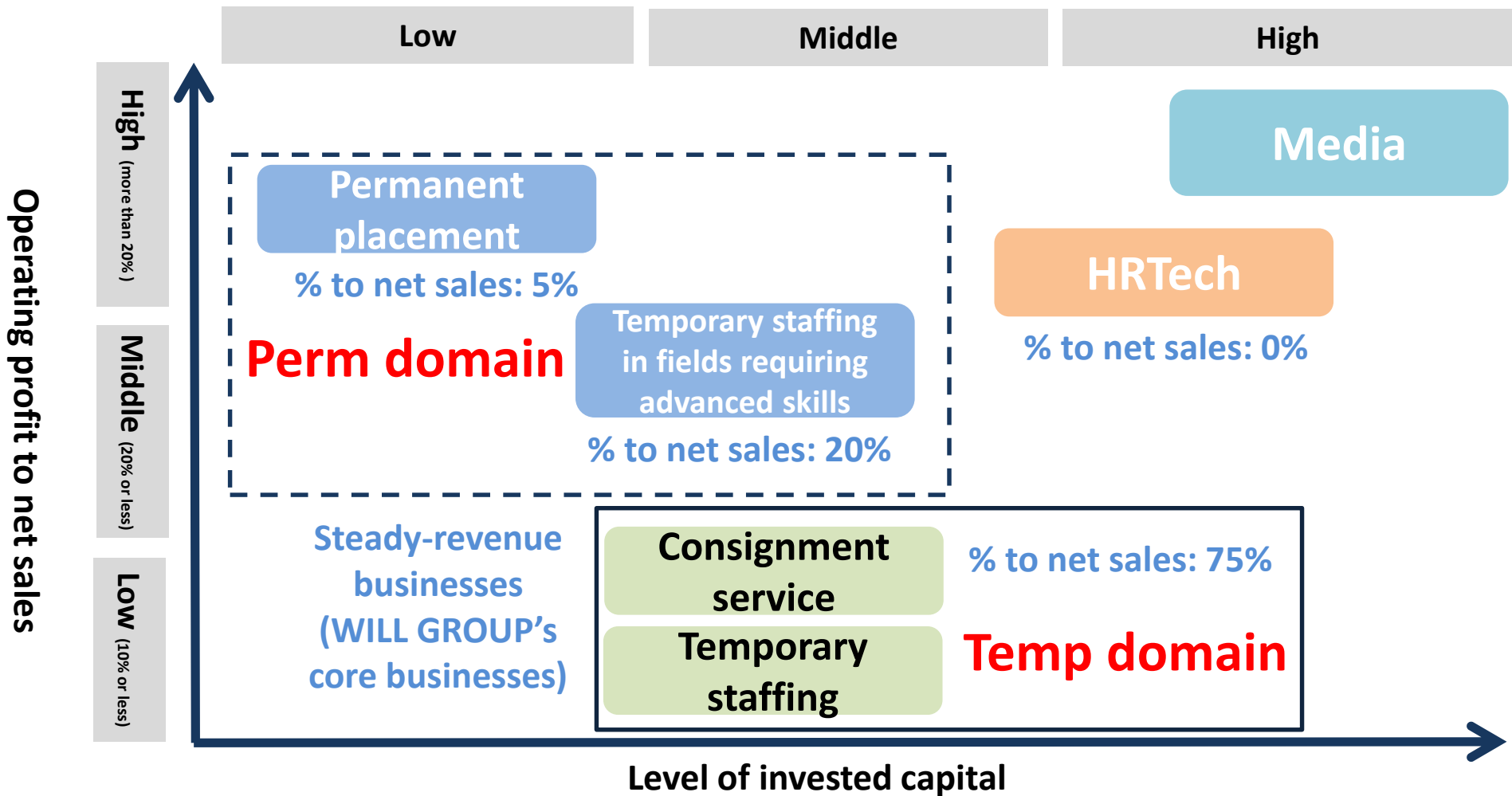
(Japan)

Increase productivity in the temp domain

■ Operating margin Outlook



Increase the operating margin by enlarging the Perm domain



Strategy I

Use the Perm SHIFT to become more profitable

Domestic WORK Business

Strategy II

Use the Temp domain Digital SHIFT to become more profitable

Domestic WORK Business

Strategy III

Use the Temp SHIFT to improve stability

Overseas WORK Business

Strategy IV

Build a platform for moving away from labor-intensive business activities

Others

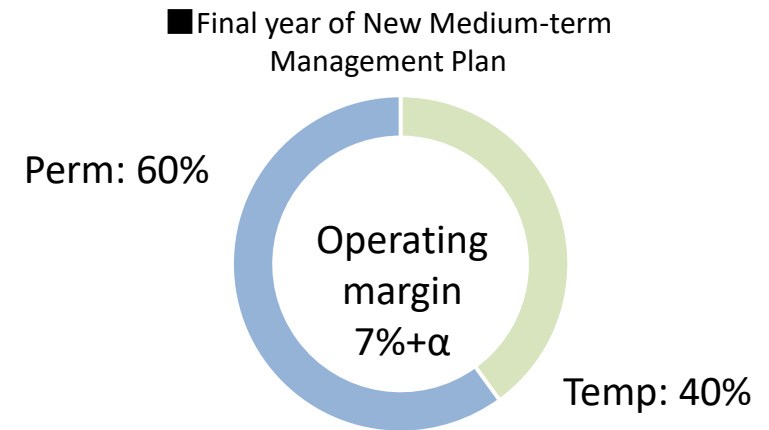
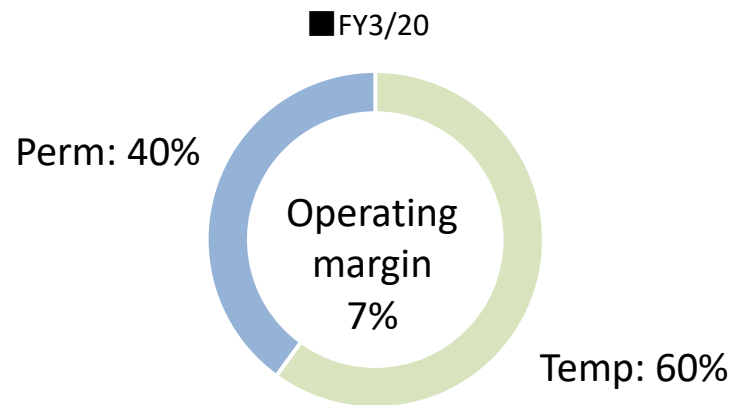
Strategy V

Financial strategy

For all WILL GROUP companies

Expand permanent placements for care support (senior care) and nursery schools, where there is a chronic labor shortage, and temporary staffing in fields requiring advanced skills

- Domestic WORK Business Portfolio (Gross profit basis) -



■ Permanent placement (Care support, nursery schools)

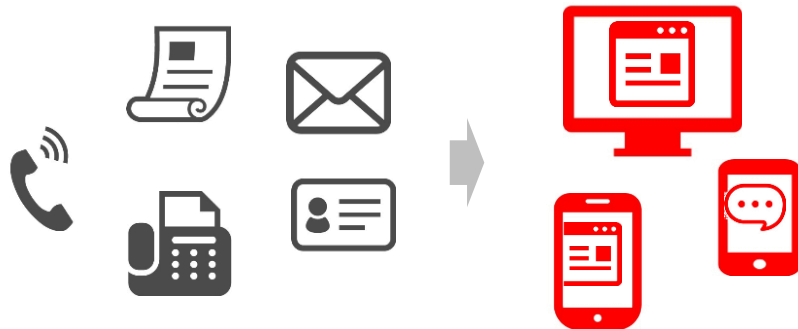
Aim for rapid growth for care support and nursery school fields requiring certifications

■ Temporary staffing in fields requiring advanced skills

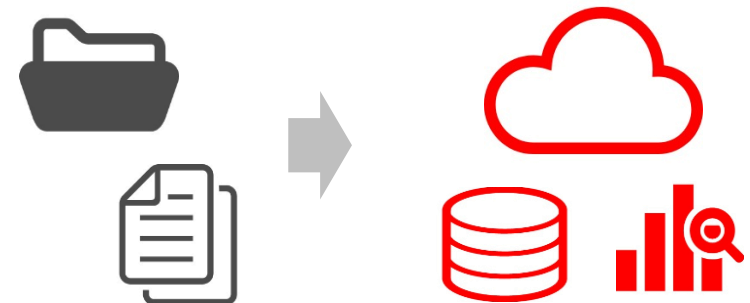
Aim for rapid growth due to the outlook for consistently strong demand for IT engineers, construction management engineers, B-to-B sales agents and other people with advanced skills

Use the Digital SHIFT to increase productivity per employee

Online and automated tasks for higher efficiency



Centralized data management/analysis for higher efficiency

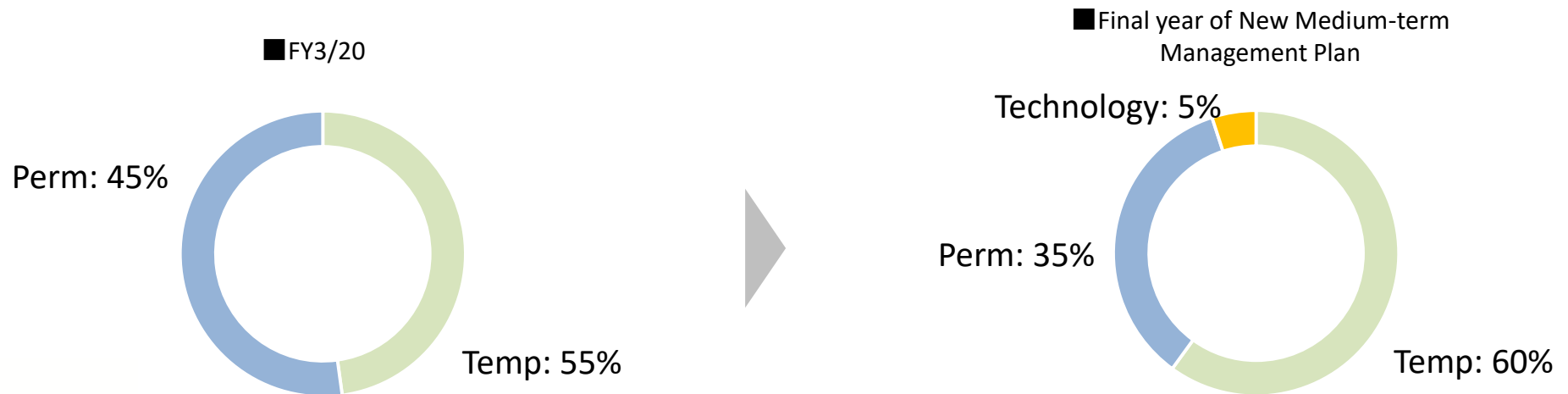


Telework and online interviews for higher efficiency



For a stable base for earnings, expand the Temp domain, where volatility is low, and newly establish an overseas group brand and increase synergies

- Overseas WORK Business Portfolio (Gross profit basis) -



u&u.

dfp Recruitment
THINKING PEOPLE

eoc
ETHOS BEATCHAPMAN

Quay
Appointments
An Ethos Beatchapman Company

AsiaRecruit

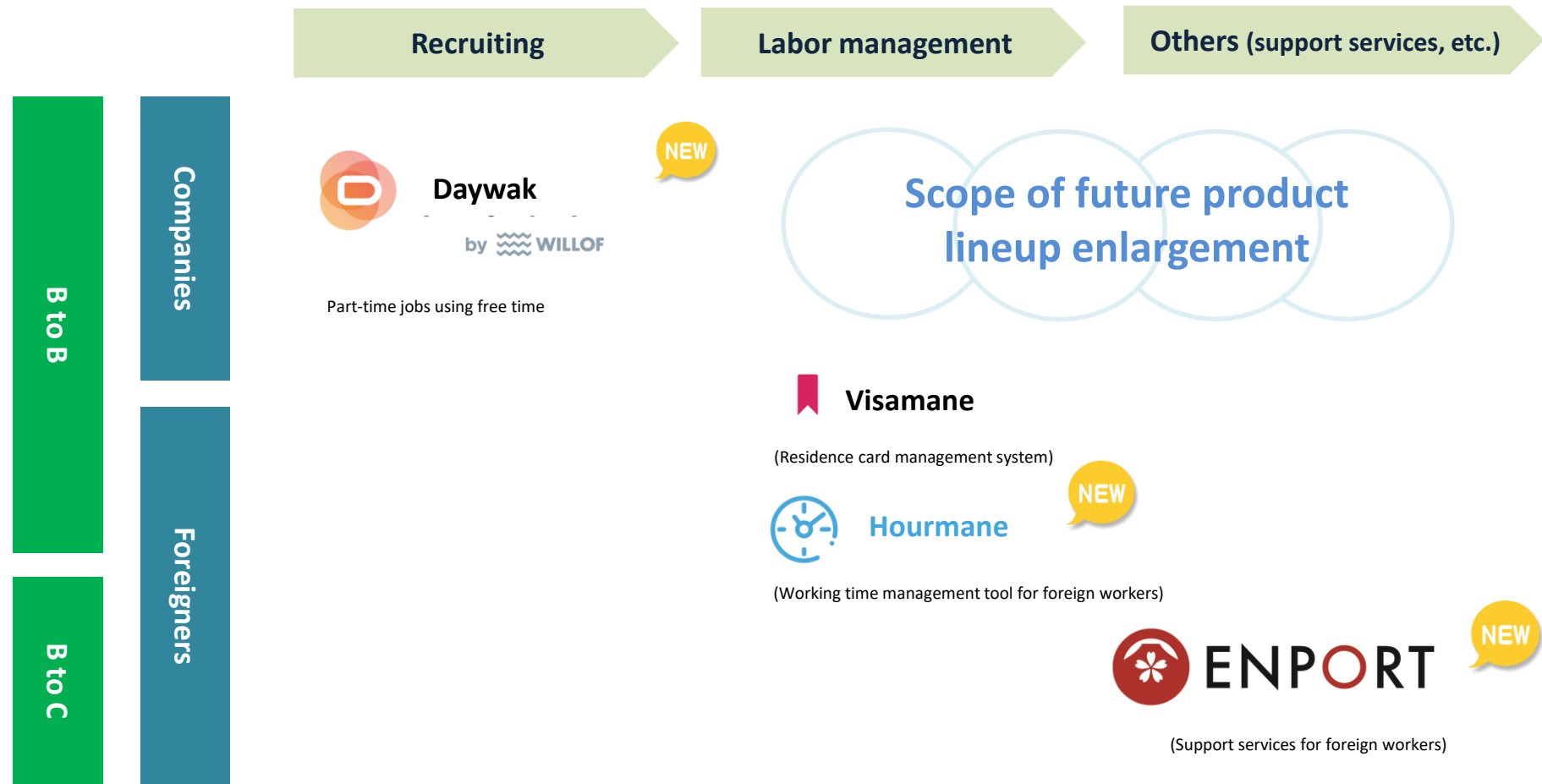
ChapmanCG

G
Good Job Creations

ScienTec
CONSULTING
PEOPLE FIRST, ALWAYS

ORIENTAL
AVIATION

Move away from labor-intensive steady-revenue businesses and use a trial-and-error process to strengthen activities for developing new platforms



*The Joboty recruiting service for part-time foreign workers was terminated in March 2020 because of poor prospects regarding profitability.

Capital efficiency**ROIC**
At least 20%

- Goal is a ROIC of at least 20% by improving profitability and using capital more efficiently
(FY3/20 ROIC: 14%)
Weighted average cost of capital is about 7% to 9%

Financial soundness**Equity ratio**
At least 20%

- Goal is an equity ratio of at least 20% in order to support future investments for growth and increase financial soundness
(FY3/20 equity ratio: 11.7%)

Shareholder returns**Total return ratio**
At least 30%

- Goal is a consistent total shareholder return ratio of 30% in order to increase distributions for shareholders while securing sufficient funds for investments for growth

Appendix

Our Group is engaged in temporary staffing, consignment service and permanent placement businesses both at home and abroad, with the “dispatch of hybrid teams” as a distinguishing feature.

Business

We operate 17 domestic and 30 overseas companies, which are engaged primarily in human resources services (temporary staffing, consignment and permanent placement) dedicated to certain categories, including Sales, Call Center, Factory and Care Support.

Features

We are a major player growing rapidly in the temporary staffing / consignment service / permanent placement segment.

- Has achieved sustainable growth in existing businesses
- Has built a high barrier to entry with the “dispatch of hybrid teams” and temporary staffing of foreign workers
- Has invested proactively in new business domains

Established

2006 (Founded in 1997)

Share of sales by business segment

Key consolidated financials

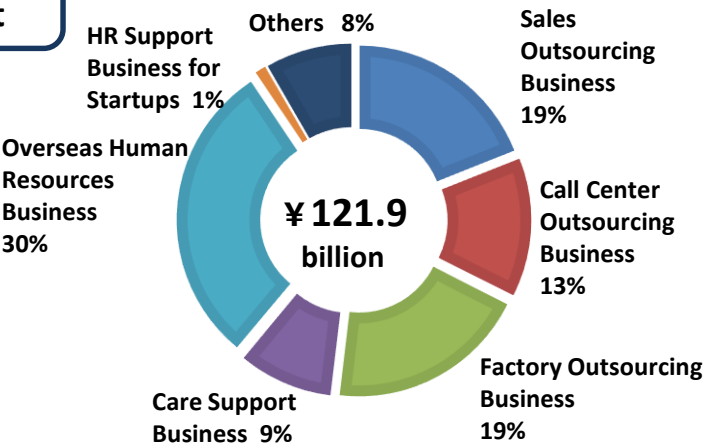
| | |
|------------------|-----------------|
| (FY3/20) | |
| Revenue | ¥ 121.9 billion |
| Operating profit | ¥ 4.14 billion |

Headquarters
Number of subsidiaries

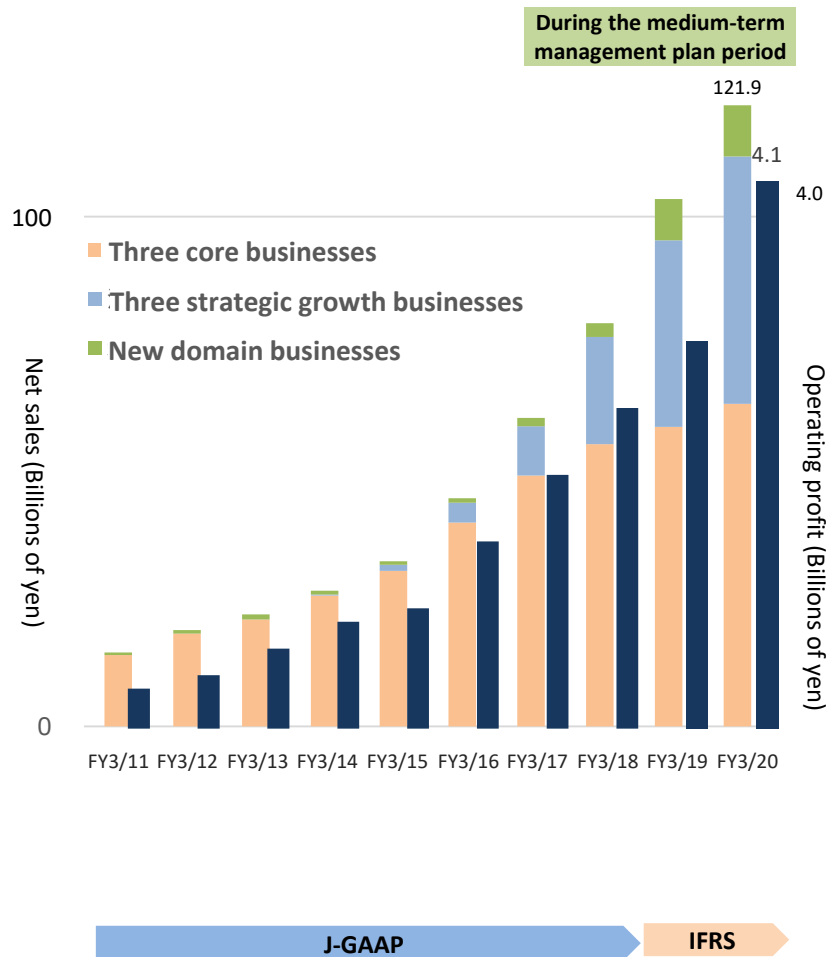
Headquarters: Tokyo
Number of subsidiaries: 51 (18 domestic, 33 overseas)
*Overseas locations: Australia, Singapore, Malaysia, Myanmar and others

Number of employees
(As of September 30, 2020)

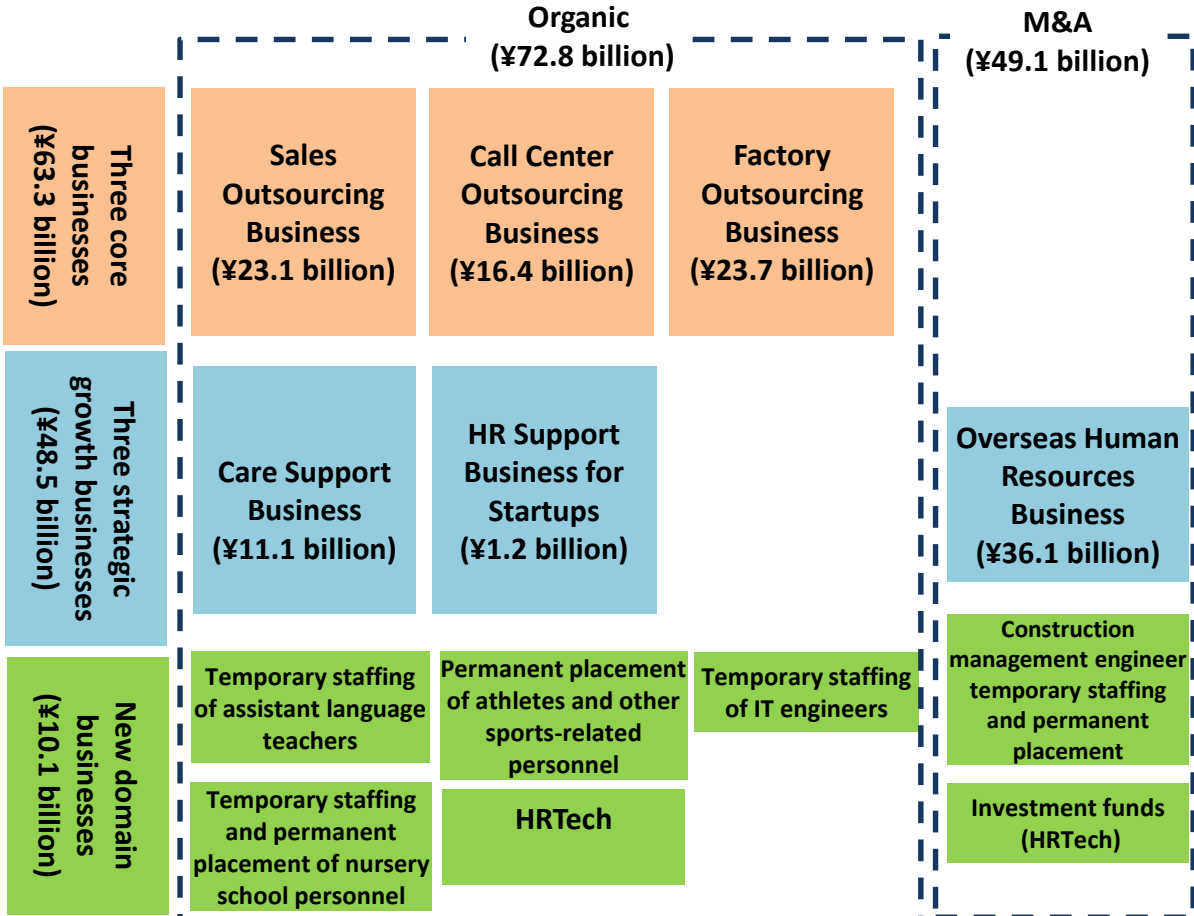
4,762



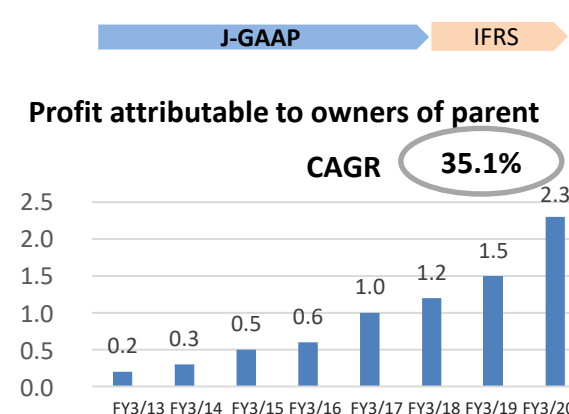
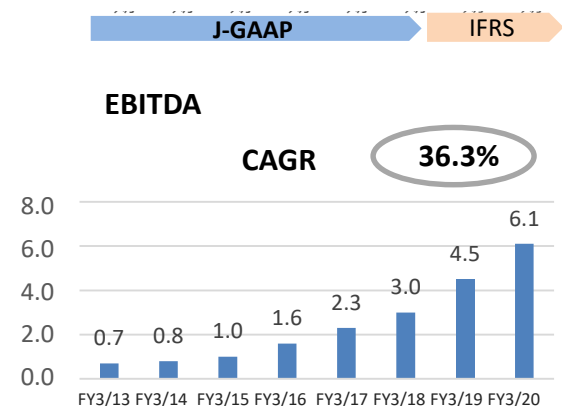
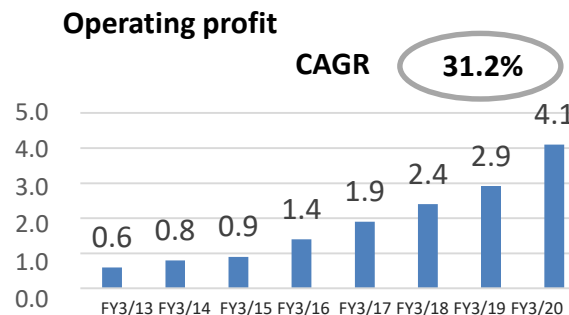
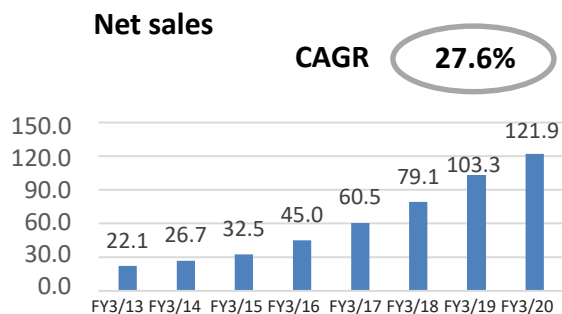
10th consecutive year of sales and earnings growth



In addition to growth of the three core businesses, three strategic growth businesses and M&A have contributed significantly to our growth



Financial Indicators (Billions of yen)



Consolidated Balance Sheet

| | J-GAAP | J-GAAP | J-GAAP | J-GAAP | IFRS | IFRS |
|---|------------|-----------|------------|-----------|-----------|-----------|
| (Billions of yen) | FY3/16 | FY3/17 | FY3/18 | FY3/19 | FY3/19 | FY3/20 |
| Consolidated Balance Sheet | | | | | | |
| Total assets | 12.34 | 17.30 | 28.09 | 34.21 | 43.39 | 44.60 |
| Current assets | 10.44 | 14.36 | 22.34 | 23.16 | 22.53 | 22.04 |
| Non-current assets | 1.89 | 2.93 | 5.74 | 11.05 | 20.86 | 22.55 |
| Goodwill | 0.89 | 1.41 | 1.74 | 4.73 | 5.32 | 5.65 |
| Liabilities | 8.09 | 12.28 | 18.23 | 26.24 | 38.17 | 37.47 |
| Current liabilities | 7.13 | 9.95 | 15.54 | 18.02 | 21.08 | 21.56 |
| Non-current liabilities | 0.96 | 2.33 | 2.69 | 8.22 | 17.09 | 15.90 |
| Equity | 4.25 | 5.01 | 9.86 | 7.96 | 5.22 | 7.12 |
| Total equity attributable to owners of parent | 3.59 | 4.07 | 8.40 | 7.12 | 4.19 | 5.23 |
| Valuation/exchange differences | 0.04 | 0.06 | 0.01 | (0.03) | - | - |
| Non-controlling interests | 0.60 | 0.87 | 1.43 | 0.88 | 1.02 | 1.89 |
| Equity ratio | 29.2% | 23.3% | 29.4% | 20.1% | 9.7% | 11.7% |
| Net debt equity (DE) ratio | -0.4 times | 0.1 times | -0.3 times | 0.6 times | 1.1 times | 0.7 times |

Consolidated Statement of Profit or Loss and Consolidated Statement of Cash Flows

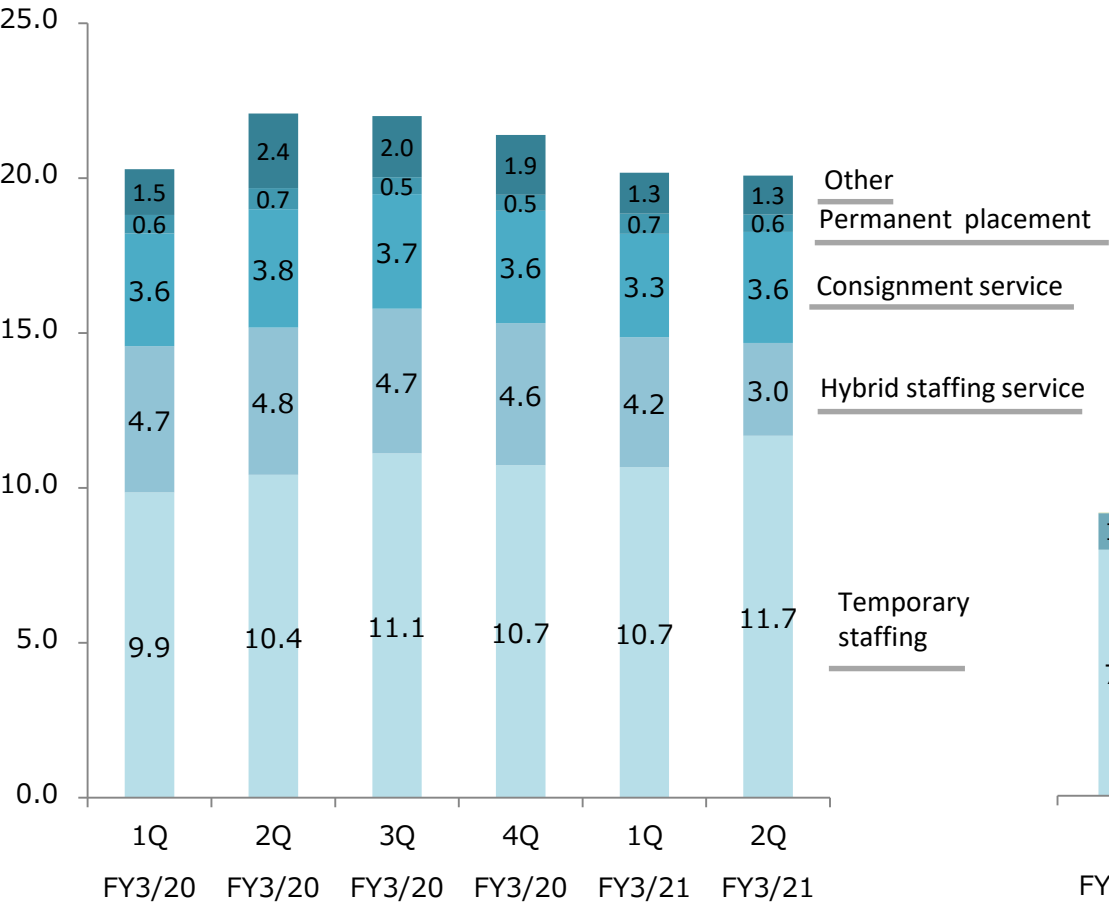
| | J-GAAP | J-GAAP | J-GAAP | J-GAAP | IFRS | IFRS |
|---|--------|--------|--------|--------|--------|--------|
| (Billions of yen, Yen) | FY3/16 | FY3/17 | FY3/18 | FY3/19 | FY3/19 | FY3/20 |
| Consolidated P/L | | | | | | |
| Net sales | 45.02 | 60.59 | 79.19 | 103.60 | 103.30 | 121.91 |
| YoY sales growth | 38.2% | 34.6% | 30.7% | 30.8% | 30.3% | 18.0% |
| Gross profit | 8.74 | 11.77 | 16.05 | 20.33 | 20.30 | 25.40 |
| Gross margin | 19.4% | 19.4% | 20.3% | 19.6% | 19.7% | 20.8% |
| EBITDA | 1.68 | 2.37 | 3.04 | 3.66 | 4.57 | 6.13 |
| EBITDA margin | 3.8% | 3.9% | 3.8% | 3.5% | 4.4% | 5.0% |
| Operating profit | 1.42 | 1.96 | 2.42 | 2.54 | 2.95 | 4.14 |
| Operating margin | 3.2% | 3.2% | 3.1% | 2.5% | 2.9% | 3.4% |
| Profit attributable to owners of parent | 0.69 | 1.01 | 1.22 | 1.23 | 1.53 | 2.38 |
| Earnings per share | 36.38 | 54.23 | 58.04 | 55.58 | 69.46 | 107.0 |
| ROIC | 18.9% | 18.1% | 13.0% | 8.2% | 8.2% | 13.9% |
| Consolidated C/F | | | | | | |
| Operating cash flow | 0.45 | 0.03 | 3.50 | 2.07 | 2.80 | 4.99 |
| Investing cash flow | (1.20) | (1.57) | (2.09) | (5.71) | (5.63) | (3.03) |
| Financing cash flow | 1.08 | 2.44 | 3.97 | 1.37 | 0.56 | (2.72) |
| Free cash flows | (0.74) | (1.53) | 1.40 | (3.63) | (2.83) | 1.96 |

Major Group Companies

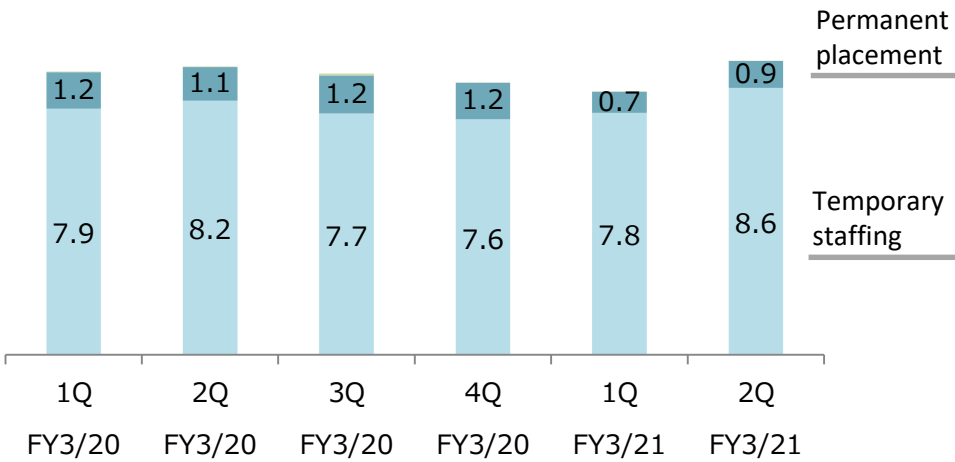
| | | Segments | | Industry |
|-----|--|--|-----------------------|--|
| | WILLOF WORK, Inc. | Sales Outsourcing Business | Care Support Business | Telecommunications, apparel, call center, nursing care facilities and nursery school, etc. |
| | | Call Center Outsourcing Business | Others (Nursery, IT) | |
| | | | Temporary staffing | |
| | | | Consignment service | |
| | | | Permanent placement | |
| | | | Others | |
| | WILLOF FACTORY, Inc. | Factory Outsourcing Business | | Food manufacturing and other manufacturing sector and logistics, etc. |
| | | | Temporary staffing | |
| | | | Consignment service | |
| | | | Permanent placement | |
| | for Startups, Inc. | HR Support Business for Startups | | IoT and Internet, etc. |
| | | | Permanent placement | |
| M&A | WILLOF CONSTRUCTION, Inc. | Others (construction management engineers) | Temporary staffing | Construction industry (construction management) |
| M&A | DFP Recruitment Holdings Pty Ltd (Australia) | Overseas Human Resources | Temporary staffing | Government agencies and telecommunications sectors, etc. |
| M&A | Ethos BeathChapman Australia Pty Ltd (Australia) | Overseas Human Resources | Temporary staffing | Government agencies and health care, etc. |
| M&A | BeathChapman Pte. Ltd. (Singapore) | Overseas Human Resources | Permanent placement | Financial industry, etc. |
| M&A | The Chapman Consulting Pte. Ltd. (Singapore) | Overseas Human Resources | Permanent placement | HR related personnel, etc. |
| M&A | u&u Holdings Pty Ltd (Australia) | Overseas Human Resources | Temporary staffing | Government agencies and major firms, etc. |

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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