

February 9, 2021

**Summary of Consolidated Financial Results
for the Third Quarter of the Fiscal Year Ending March 31, 2021
(Nine Months Ended December 31, 2020)**

[IFRS]

Company name: WILL GROUP, INC.

Listing: Tokyo Stock Exchange, First Section

Stock code: 6089

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Scheduled date of filing of Quarterly Report:

February 9, 2021

Scheduled date of payment of dividend:

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Preparation of supplementary materials for quarterly financial results:

Yes

Holding of quarterly financial results meeting:

None

*(All amounts are rounded down to the nearest million yen)***1. Consolidated Financial Results for the Nine Months Ended December 31, 2020****(April 1, 2020 – December 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	%
Nine months ended Dec. 31, 2020	88,139	(4.0)	3,244	(2.6)	3,044	(6.5)	2,156	4.3	1,878	4.4	3,373	86.7
Nine months ended Dec. 31, 2019	91,776	20.8	3,330	51.9	3,258	52.6	2,067	56.6	1,798	51.1	1,806	58.9

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended Dec. 31, 2020	84.52	83.13
Nine months ended Dec. 31, 2019	80.91	79.11

(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 Dec. 31, 2020	44,180	9,187	7,510	17.0
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
Fiscal year ended Mar. 31, 2020	Yen -	Yen 0.00	Yen -	Yen 23.00	Yen 23.00
Fiscal year ending Mar. 31, 2021	Yen -	Yen 0.00	Yen -	Yen 24.00	Yen 24.00
Fiscal year ending Mar. 31, 2021 (forecasts)					

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

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)

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

*** Notes**

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

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

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

1) Changes in accounting policies required by IFRS: None

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

3) Changes in accounting-based estimates: None

(3) Number of outstanding shares (common stock)

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

As of Dec. 31, 2020:	22,515,100 shares	As of Mar. 31, 2020:	22,321,400 shares
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2) Number of treasury shares at the end of period

As of Dec. 31, 2020:	290,379 shares	As of Mar. 31, 2020:	95,303 shares
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3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2020:	22,222,074 shares	Nine months ended Dec. 31, 2019:	22,232,627 shares
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Note: Treasury shares at the end of period include shares owned by Employee Stock Ownership Plan. (285,000 shares as of Dec. 31, 2020)

* 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 nine months of the fiscal year ending March 31, 2021 (the “period under review”), although some signs of recovery were observed, the economy still remained grim, and the employment situation was weak due to the impact of the novel coronavirus disease (“COVID-19”). While we can expect the recovery thanks primarily to the effects of various governmental policies and the gradual raising of the level of social and economic activities with measures taken to prevent the spread of the infection, the impact of further spread of COVID-19 on domestic and overseas economies needs to be carefully monitored given the current situation represented by the redeclaration of a state of emergency in January 2021.

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 2020 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, Singapore and Australia, where we have our main presence, have currently managed to contain the spread of the COVID-19 infection and are gradually returning to the normal even though their economic resumption lagged behind that of Japan. Given such circumstance, temporary staffing services performed strong thanks to stable demand.

Additionally, we strived to secure profit primarily by reviewing new investment plans and headquarters cost, in addition to the recording of employment support subsidy income as a countermeasure against COVID-19 both inside and outside Japan.

As a result, for the period under review, the Company reported consolidated revenue of 88,139 million yen (down 4.0% year on year), operating profit of 3,244 million yen (down 2.6%), profit before tax of 3,044 million yen (down 6.5%), profit of 2,156 million yen (up 4.3%) and profit attributable to owners of parent of 1,878 million yen (up 4.4%). EBITDA (operating profit + depreciation and amortization) was 4,805 million yen (up 1.4%).

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 sales outsourcing sector except for the telecommunications subsector 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 revenue in the sales outsourcing and factory outsourcing sectors.

As a result, the segment recorded external revenue of 59,897 million yen (down 5.4% year on year) and segment profit of 3,218 million yen (down 15.5%).

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. While permanent placement business was suffering lower demand, impacted by the economic downturn and sluggish corporate activities in Australia and Singapore, the demand is showing a sign of recovery thanks to current successful result in containing the spread of infection.

For the period under review, earnings for this business segment increased as decreased revenue from permanent placement services were overcome by the increased revenue from 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 27,270 million yen (down 0.3% year on year) and segment profit of 888 million yen (up 20.0%).

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 external revenue of 1,789 million yen (up 66.0% year on year) and segment loss of 35 million yen (compared with segment loss of 300 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 21,878 million yen, down 162 million yen from the end of the previous fiscal year. This is primarily due to a decrease in trade and other receivables of 1,133 million yen, which was partially offset by increases in cash and cash equivalents of 528 million yen and other financial assets of 359 million yen.

Non-current assets amounted to 22,302 million yen at the end of the period under review, down 256 million yen from the end of the previous fiscal year. This is primarily due to decreases in right-of-use assets of 1,142 million yen, other financial assets of 222 million yen, property, plant and equipment of 147 million yen, and other non-current assets of 134 million yen, which were partially offset by increases in investments accounted for using equity method of 675 million yen, other intangible assets of 484 million yen and goodwill of 260 million yen.

As a result, total assets decreased 419 million yen from the end of the previous fiscal year to 44,180 million yen.

Liabilities

Current liabilities at the end of the period under review amounted to 23,111 million yen, up 1,544 million yen from the end of the previous fiscal year. This is primarily due to increases in other financial liabilities of 1,624 million yen and trade and other payables of 714 million yen, which were partially offset by a decrease in income taxes payable of 784 million yen.

Non-current liabilities amounted to 11,882 million yen at the end of the period under review, down 4,027 million yen from the end of the previous fiscal year. This is primarily due to decreases in other financial liabilities of 2,088 million yen and borrowings of 1,927 million yen.

As a result, total liabilities decreased 2,482 million yen from the end of the previous fiscal year to 34,993 million yen.

Equity

Total equity at the end of the period under review amounted to 9,187 million yen, up 2,063 million yen from the end of the previous fiscal year. This is primarily due to increases in retained earnings of 1,595 million yen and exchange differences on translation of foreign operations included in other components of equity of 904 million yen, which were partially offset by decreases in non-controlling interests of 213 million yen and purchase of treasury shares of 189 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 17.0%. 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 23.8%. The ratio is adjusted by netting out the one-time effect of unrealized written put options of 3,015 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 6,472 million yen, up 528 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 4,609 million yen, compared with 3,451 million yen provided in the same period a year earlier. This is primarily due to booking of profit before tax of 3,044 million yen, a decrease in trade receivables of 2,227 million yen, depreciation and amortization of 1,560 million yen, and an increase in trade payables of 630 million yen, which were partially offset by income taxes paid of 1,756 million yen, and payments for operating activities and other transactions of 1,102 million yen.

Cash flows from investing activities

Net cash used in investing activities was 639 million yen, compared with 2,915 million yen used in the same period a year earlier. This is primarily due to purchases of property, plant and equipment, intangible assets of 462 million yen and purchase of investments accounted for using equity method of 350 million yen, which were partially offset by proceeds from investing activities and other transactions of 167 million yen.

Cash flows from financing activities

Net cash used in financing activities was 3,568 million yen, compared with 2,592 million yen used in the same period a year earlier. This is primarily due to repayments of long-term borrowings of 2,310 million yen, repayments of lease obligations of 958 million yen, purchase of investments in subsidiaries not resulting in change in scope of consolidation of 798 million yen, and dividends paid of 510 million yen, which were partially offset by proceeds from government grants of 1,054 million yen.

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

There are no revisions to the consolidated forecast for the fiscal year ending March 31, 2021, which was announced 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)	Third quarter of FY3/21 (As of Dec. 31, 2020)
Assets		
Current assets		
Cash and cash equivalents	5,944	6,472
Trade and other receivables	15,067	13,934
Other financial assets	251	611
Other current assets	777	860
Total current assets	22,041	21,878
Non-current assets		
Property, plant and equipment	1,315	1,167
Right-of-use assets	6,200	5,058
Goodwill	5,654	5,914
Other intangible assets	5,455	5,939
Investments accounted for using equity method	-	675
Other financial assets	1,281	1,059
Deferred tax assets	1,640	1,610
Other non-current assets	1,011	876
Total non-current assets	22,558	22,302
Total assets	44,600	44,180

	FY3/20 (As of Mar. 31, 2020)	Third quarter of FY3/21 (As of Dec. 31, 2020)	(Millions of yen)
Liabilities			
Current liabilities			
Trade and other payables	12,521	13,235	
Borrowings	3,177	3,156	
Other financial liabilities	2,359	3,984	
Income taxes payable	1,116	331	
Other current liabilities	2,391	2,402	
Total current liabilities	21,566	23,111	
Non-current liabilities			
Borrowings	6,533	4,605	
Other financial liabilities	8,012	5,923	
Deferred tax liabilities	1,170	1,156	
Other non-current liabilities	193	196	
Total non-current liabilities	15,909	11,882	
Total liabilities	37,476	34,993	
Equity			
Share capital	2,033	2,081	
Capital surplus	(1,399)	(1,525)	
Treasury shares	(89)	(279)	
Other components of equity	(1,789)	(839)	
Retained earnings	6,478	8,074	
Total equity attributable to owners of parent	5,233	7,510	
Non-controlling interests	1,890	1,677	
Total equity	7,123	9,187	
Total liabilities and equity	44,600	44,180	

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

(Millions of yen)

	First nine months of FY3/20 (Apr. 1, 2019 – Dec. 31, 2019)	First nine months of FY3/21 (Apr. 1, 2020 – Dec. 31, 2020)
Revenue	91,776	88,139
Cost of sales	72,578	70,229
Gross profit	19,197	17,910
Selling, general and administrative expenses	15,993	15,001
Other income	142	378
Other expenses	16	43
Operating profit	3,330	3,244
Share of profit of investments accounted for using equity method	-	24
Finance income	15	8
Finance costs	88	233
Profit before tax	3,258	3,044
Income tax expense	1,191	887
Profit	2,067	2,156
Profit attributable to		
Owners of parent	1,798	1,878
Non-controlling interests	268	278
Earnings per share		
Basic earnings per share (Yen)	80.91	84.52
Diluted earnings per share (Yen)	79.11	83.13

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

(Millions of yen)

	First nine months of FY3/20 (Apr. 1, 2019 – Dec. 31, 2019)	First nine months of FY3/21 (Apr. 1, 2020 – Dec. 31, 2020)
Profit	2,067	2,156
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	27	243
Total of items that will not be reclassified to profit or loss	27	243
Items that may be reclassified to profit or loss		
Cash flow hedges	22	28
Exchange differences on translation of foreign operations	(310)	944
Total of items that may be reclassified to profit or loss	(287)	973
Total other comprehensive income, net of tax	(260)	1,216
Comprehensive income	1,806	3,373
Comprehensive income attributable to		
Owners of parent	1,548	3,056
Non-controlling interests	258	317

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

First nine months of FY3/20 (Apr. 1, 2019 – Dec. 31, 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	-	-	-	-	1,798	1,798	268	2,067
Other comprehensive income	-	-	-	(250)	-	(250)	(10)	(260)
Total comprehensive income	-	-	-	(250)	1,798	1,548	258	1,806
Dividends of surplus	-	-	-	-	(400)	(400)	-	(400)
Purchase of treasury shares	-	-	(87)	-	-	(87)	-	(87)
Share-based remuneration transactions	12	221	-	-	-	234	-	234
Increase (decrease) by business combination	-	(1,214)	-	-	-	(1,214)	482	(731)
Transfer from other components of equity to retained earnings	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	(11)	(11)
Total transactions with owners	12	(992)	(87)	-	(400)	(1,467)	471	(995)
Balance as of December 31, 2019	2,030	(2,726)	(89)	(857)	5,921	4,277	1,758	6,035

First nine months of FY3/21 (Apr. 1, 2020 – Dec. 31, 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	-	-	-	-	1,878	1,878	278	2,156
Other comprehensive income	-	-	-	1,178	-	1,178	38	1,216
Total comprehensive income	-	-	-	1,178	1,878	3,056	317	3,373
Dividends of surplus	-	-	-	-	(511)	(511)	-	(511)
Purchase of treasury shares	-	-	(189)	-	-	(189)	-	(189)
Share-based remuneration transactions	48	95	-	-	-	143	-	143
Increase (decrease) by business combination	-	(221)	-	-	-	(221)	(535)	(757)
Transfer from other components of equity to retained earnings	-	-	-	(228)	228	-	-	-
Other	-	-	-	-	-	-	4	4
Total transactions with owners	48	(126)	(189)	(228)	(282)	(779)	(530)	(1,309)
Balance as of December 31, 2020	2,081	(1,525)	(279)	(839)	8,074	7,510	1,677	9,187

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	First nine months of FY3/20 (Apr. 1, 2019 – Dec. 31, 2019)	First nine months of FY3/21 (Apr. 1, 2020 – Dec. 31, 2020)
Cash flows from operating activities		
Profit before tax	3,258	3,044
Depreciation and amortization	1,409	1,560
Share-based remuneration expenses	175	65
Decrease (increase) in trade receivables	(447)	2,227
Increase (decrease) in trade payables	807	630
Other	(203)	(1,102)
Subtotal	4,999	6,426
Interest and dividends received	8	5
Interest paid	(87)	(65)
Income taxes paid	(1,469)	(1,756)
Net cash provided by (used in) operating activities	3,451	4,609
Cash flows from investing activities		
Purchase of property, plant and equipment, and intangible assets	(486)	(462)
Purchase of investment securities	(245)	(20)
Proceeds from sale of investment securities	-	26
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,064)	-
Purchase of investments accounted for using equity method	-	(350)
Other	(118)	167
Net cash provided by (used in) investing activities	(2,915)	(639)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,423)	90
Proceeds from long-term borrowings	3,252	270
Repayments of long-term borrowings	(2,759)	(2,310)
Repayments of lease liabilities	(765)	(958)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(246)	(798)
Dividends paid to non-controlling interests	(178)	(362)
Dividends paid	(400)	(510)
Proceeds from government grants	23	1,054
Other	(95)	(43)
Net cash provided by (used in) financing activities	(2,592)	(3,568)
Effect of exchange rate changes on cash and cash equivalents	(286)	127
Net increase (decrease) in cash and cash equivalents	(2,344)	528
Cash and cash equivalents at beginning of period	6,862	5,944
Cash and cash equivalents at end of period	4,517	6,472

(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 and apartment housing (TECH RESIDENCE) service for IT engineers and creators are included in the "Others" segment.

(2) Information on reportable segments

Segment profit of the reportable segments is measured based on operating profit under Japanese GAAP 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 nine months of FY3/20 (Apr. 1, 2019 – Dec. 31, 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	63,346	27,351	90,698	1,077	-	-	91,776
Inter-segment revenue (Note 1)	19	-	19	7	(27)	-	-
Total	63,366	27,351	90,718	1,085	(27)	-	91,776
Segment profit	3,807	740	4,547	(300)	(1,374)	458	3,330

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

2. The negative adjustment of 1,374 million yen to segment profit includes elimination of 3 million yen for inter-segment transactions and corporate expenses of minus 1,377 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 458 million yen to segment profit reflects reversal of amortization of goodwill and recognition of expenses associated with accrued paid leave, and others.

First nine months of FY3/21 (Apr. 1, 2020 – Dec. 31, 2020)

	Reportable segment			Others	Adjustment (Note 2)	IFRS adjustment (Note 3)	Amounts recorded in consolidated financial statements	(Millions of yen)
	Domestic WORK	Overseas WORK	Total					
Revenue								
External revenue	59,897	27,270	87,168	1,789	-	(818)	88,139	
Inter-segment revenue (Note 1)	34	-	34	5	(39)	-	-	
Total	59,932	27,270	87,202	1,794	(39)	(818)	88,139	
Segment profit	3,218	888	4,106	(35)	(1,541)	715	3,244	

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

2. The negative adjustment of 1,541 million yen to segment profit includes elimination of 21 million yen for inter-segment transactions and corporate expenses of minus 1,562 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 sale and leaseback transactions of TECH RESIDENCE included in “Others” as they are not deemed to be sales transactions under IFRS, as well as reversal of gain on sales of shares held by our investment funds as it is recognized as other comprehensive income under IFRS. The IFRS adjustment of 715 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.