(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.

May 12, 2021

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 [IFRS]

Company name: WILL GROUP, INC.
Listing: Tokyo Stock Exchange, First Section
Stock code: 6089
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Scheduled date of Annual General Meeting of Shareholders: June 22, 2021
Scheduled date of payment of dividend: June 23, 2021
Scheduled date of filing of Annual Securities Report: June 22, 2021
Preparation of supplementary materials for financial results: Yes
Holding of financial results meeting: Yes

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(1) Consolidated operating results (Percentages represent year-on-year changes)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2021	118,249	(3.0)	4,030	(2.8)	3,788	(6.6)	2,678	(1.3)	2,363	(0.7)	4,425	204.8
Fiscal year ended Mar. 31, 2020	121,916	18.0	4,145	40.1	4,057	41.0	2,712	56.3	2,380	54.6	1,451	6.1

	Basic earnings per share	Diluted earnings per share	Ratio of profit to equity attributable to owners of parent	Ratio of profit before tax to total assets	Ratio of operating profit to revenue
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2021	106.35	104.59	35.1	8.3	3.4
Fiscal year ended Mar. 31, 2020	107.07	104.75	50.5	9.1	3.4

Reference: Share of profit (loss) of investments accounted for using equity method (million yen)
Fiscal year ended Mar. 31, 2021: (5) Fiscal year ended Mar. 31, 2020: -

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity per share attributable to owners of parent
	Million yen	Million yen	Million yen	%	Yen
As of Mar. 31, 2021	46,760	10,027	8,240	17.6	370.13
As of Mar. 31, 2020	44,600	7,123	5,233	11.7	235.46

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 31, 2021	4,316	(433)	(2,646)	7,455
Fiscal year ended Mar. 31, 2020	4,908	(3,035)	(2,631)	5,944

2. Dividends

	Dividend per share					Total dividends	Payout ratio (consolidated)	Ratio of dividends to equity attributable to owners of parent (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Mar. 31, 2020	-	0.00	-	23.00	23.00	511	21.5	10.8
Fiscal year ended Mar. 31, 2021	-	0.00	-	24.00	24.00	541	22.6	7.9
Fiscal year ending Mar. 31, 2022 (forecast)	-	0.00	-	25.00	25.00		30.2	

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2022 (April 1, 2021 – March 31, 2022)

(Percentages represent year-on-year changes)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	58,800	1.1	1,200	(46.0)	1,150	(44.9)	760	(50.1)	650	(50.2)	29.24
Full year	121,000	2.3	3,400	(15.6)	3,270	(13.7)	2,050	(23.5)	1,840	(22.2)	82.78

*** Notes**

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

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

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

1) Changes in accounting policies required by IFRS: None

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

3) Changes in accounting-based estimates: None

(3) Number of outstanding shares (common stock)

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

As of Mar. 31, 2021:	22,554,500 shares	As of Mar. 31, 2020:	22,321,400 shares

2) Number of treasury shares at the end of period

As of Mar. 31, 2021:	290,379 shares	As of Mar. 31, 2020:	95,303 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2021:	22,226,808 shares	Fiscal year ended Mar. 31, 2020:	22,230,812 shares

Note: Treasury shares at the end of period include shares owned by Employee Stock Ownership Plan. (285,000 shares as of Mar. 31, 2021)

Reference: Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(1) Non-consolidated operating results (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2021	4,576	30.7	1,558	27.7	2,019	128.8	1,819	5.6
Fiscal year ended Mar. 31, 2020	3,502	7.1	1,220	26.6	882	(5.8)	1,722	90.6

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2021	81.84	80.48
Fiscal year ended Mar. 31, 2020	77.50	75.82

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2021	20,728	10,023	48.3	449.52
As of Mar. 31, 2020	20,826	8,806	42.2	395.30

Reference: Shareholders' equity (million yen) As of Mar. 31, 2021: 10,008 As of Mar. 31, 2020: 8,786

Reasons for differences compared with non-consolidated financial results for the previous fiscal year:
Results of operations for the fiscal year under review differ compared with those for the previous fiscal year as a result of increases in dividends from subsidiaries and associates, management fee income, and foreign exchange gain.

* This financial report is not subject to audit by certified public accountants or auditing firms.

* Explanation of appropriate use of earnings forecasts and other special items

Forecasts of future performance in this report are based on assumptions judged to be valid and information available to the Company's management at the time the materials were prepared, but are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons. Please refer to "1. Overview of Results of Operations, (5) Outlook" on page 5 for forecast assumptions and notes of caution for usage.

Contents of Attachments

1. Overview of Results of Operations

(1) Results of Operations

In the fiscal year ended March 31, 2021, 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"). Looking ahead, while we can expect a recovery thanks to various governmental policies and improvements in overseas economies as vaccines proliferate and measures are taken to halt the spread of the disease, with states of emergency once again being declared in major cities, the impact of further waves 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 2020 and the economy has gradually restarted with COVID-19 infection prevention measures. The sales outsourcing and factory outsourcing sectors were partly 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 in Singapore.

As a result, for the fiscal year ended March 31, 2021, the Company reported consolidated revenue of 118,249 million yen (down 3.0% year on year), operating profit of 4,030 million yen (down 2.8%), profit before tax of 3,788 million yen (down 6.6%), profit of 2,678 million yen (down 1.3%) and profit attributable to owners of parent of 2,363 million yen (down 0.7%). EBITDA (operating profit + depreciation and amortization + impairment losses) was 6,259 million yen (up 2.0%).

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 and sales promotions sectors 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 fiscal year ended March 31, 2021, earnings declined due to decreased revenue in the sales outsourcing and factory outsourcing sectors.

As a result, the segment recorded external revenue of 80,050 million yen (down 5.2% year on year) and segment profit of 4,253 million yen (down 16.0%).

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 fiscal year ended March 31, 2021, 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 36,920 million yen (up 2.3% year on year) and segment profit of 1,106 million yen (up 13.8%).

3) Others

In the other businesses, we made efforts to strengthen the development of new platforms, such as “Hourmane,” a working time management system for foreign workers, and “ENPORT,” a foreign worker support service, all with a view to expanding beyond labor intensive businesses. Additionally, we sold Tech Residence, an apartment building for IT engineers and creators in the first quarter. As for our newly-launched “Daywak” service, an app to find a part-time job using free time, our existing customer base and staff base, which we had initially expected to use it, were unable to gain much from it, so in April 2021 we ended provision of the service.

For the fiscal year ended March 31, 2021, 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 new field. However, we reversed the gain on the sale of the shares when making IFRS adjustments.

As a result, the segment recorded external revenue of 2,121 million yen (up 36.9% year on year) and segment loss of 166 million yen (compared with segment loss of 352 million yen a year earlier).

(2) Financial Position

Assets

Current assets at the end of the current fiscal year amounted to 22,570 million yen, up 1,528 million yen from the end of the previous fiscal year. This is primarily due to increases in cash and cash equivalents of 1,511 million yen and other financial assets of 438 million yen, which was partially offset by a decrease in trade and other receivables of 373 million yen.

Non-current assets amounted to 23,190 million yen at the end of the current fiscal year, up 631 million yen from the end of the previous fiscal year. This is primarily due to increases in other intangible assets of 593 million yen, goodwill of 500 million yen and investments accounted for using equity method of 495 million yen, which were partially offset by decreases in right-of-use assets of 485 million yen and property, plant and equipment of 232 million yen.

As a result, total assets increased 2,160 million yen from the end of the previous fiscal year to 46,760 million yen.

Liabilities

Current liabilities at the end of the current fiscal year amounted to 24,790 million yen, up 3,223 million yen from the end of the previous fiscal year. This is primarily due to increases in borrowings of 1,687 million yen, other financial liabilities of 1,240 million yen, and trade and other payables of 1,239 million yen, which were partially offset by a decrease in income taxes payable of 601 million yen.

Non-current liabilities amounted to 11,943 million yen at the end of the current fiscal year, down 3,966 million yen from the end of the previous fiscal year. This is primarily due to decreases in borrowings of 2,609 million yen and other financial liabilities of 1,449 million yen.

As a result, total liabilities decreased 742 million yen from the end of the previous fiscal year to 36,733 million yen.

Equity

Total equity at the end of the current fiscal year amounted to 10,027 million yen, up 2,903 million yen from the end of the previous fiscal year. This is primarily due to increases in retained earnings of 2,081 million yen mainly as a result of the booking of profit attributable to owners of parent and exchange differences on translation of foreign operations of 1,460 million yen included in other components of equity, which were partially offset by a decrease in capital surplus of 386 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 17.6%. 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 24.7%. The ratio is adjusted by netting out the one-time effect of unrealized written put options of 3,300 million yen (compared with 3,377 million yen at the end of the previous fiscal year).

(3) Cash Flows

Cash and cash equivalents (“net cash”) at the end of the current fiscal year amounted to 7,455 million yen, up 1,511 million yen from the end of the previous fiscal year. The status of each component of cash flows for the current fiscal year and factors of changes therein are as follows.

Cash flows from operating activities

Net cash provided by operating activities was 4,316 million yen, compared with 4,908 million yen provided in the previous fiscal year. This is primarily due to booking of profit before tax of 3,788 million yen, depreciation and amortization of 2,229 million yen and a decrease in trade receivables of 1,488 million yen, which were partially offset by income taxes paid of 1,956 million yen, and payments for operating activities and other transactions of 1,312 million yen.

Cash flows from investing activities

Net cash used in investing activities was 433 million yen, compared with 3,035 million yen used in the previous fiscal year. This is primarily due to purchases of property, plant and equipment, intangible assets of 589 million yen and purchase of investments accounted for using equity method of 350 million yen, which were partially offset by proceeds from sale of marketable securities and other transactions of 374 million yen.

Cash flows from financing activities

Net cash used in financing activities was 2,646 million yen, compared with 2,631 million yen used in the previous fiscal year. This is primarily due to repayments of long-term borrowings of 3,080 million yen, repayments of lease obligations of 1,302 million yen, which were partially offset by net increase in short-term borrowings of 1,890 million yen and proceeds from government grants of 1,273 million yen.

(4) Basic Policy for Profit Distribution and Dividends in the Current and Next Fiscal Years

The basic policy for dividends is to distribute earnings to shareholders while increasing internal reserves as needed to maintain the stability of business activities. More specifically, in view of the results of operations in each fiscal year and other factors, we have aimed to achieve a total payout of 30%* of the earnings forecast announced at the start of the fiscal year so as to return plenty of value to shareholders while continuing to invest for growth.

While the Company embraces a fundamental policy to pay dividends once a year, its Articles of Incorporation include a provision for the payment of an interim dividend as provided for in Article 454, Paragraph 5 of the Companies Act. The interim dividend is determined by the Board of Directors and the year-end dividend is determined at the general meeting of shareholders.

The Company plans to pay a year-end dividend of 24 yen per share, having upwardly revised our divided forecast, as we announced on November 9, 2020. This will give total return ratio of 22.9%.

The Company plans to pay a year-end ordinary dividend of 25 yen per share for the fiscal year ending March 31, 2022 as the basic policy.

(5) Outlook

As for future prospects, although there will be no change in the rising demand for human resources in Japan due to structural labor shortages, the spread of COVID-19 has not been contained, and the economic outlook remains uncertain due to the stagnation of the domestic and global economies.

Amid this business environment, the Group has finally formulated its medium-term management plan, "WILL-being 2023" (below, "the Medium-Term Plan"), which had not yet been announced due to the impact of the spread of COVID-19.

■ Direction we are aiming for with Will-being 2023

For the Group to achieve sustainable growth, it will be necessary to change the Group's profit structure, and we have positioned the Medium-Term Plan as the foundation building phase. Our basic policy under the Medium-Term Plan is the "WORK SHIFT Strategy," which is to increase the operating margin through a portfolio shift and a digital shift, with the aim of establishing a highly profitable structure.

With the portfolio shift, we will work to maximize and optimize growth opportunities through what we call Perm (placement and recruiting, temporary staffing for highly specialized fields) SHIFT.

With the digital shift, we will work to maximize and optimize employment opportunities centered on productivity improvement and business stability by promoting digitalization in what we call the Temp (temporary staffing and outsourcing) domain.

And with respect to business portfolio management, the Group will classify its businesses into five domains and optimize the lineup of businesses in each domain to improve overall profitability, optimize the allocation of management resources and improve investment efficiency.

■ Numerical targets under WILL-being 2023

In the year ending March 31, 2023, the final year of the Medium-Term Plan, we will be aiming to meet numerical targets of 133,500 million yen in revenue, 5,350 million yen in operating profit, and 4.0% operating profit margin.

■ Priority strategies

As we close in on the Medium-Term Plan numerical targets, we will be executing the following four priority strategies:

Strategy I Improve profitability through portfolio shift

Expand in the Perm domain, which offers higher gross margins than the Temp domain, both domestically and overseas. As part of that, focus in particular on expansion in occupations with chronic personnel shortages, such as nursing caregivers and construction engineers.

Strategy II Increase profitability through digital shift

To boost productivity in the Temp domain, endeavor to enhance efficiency by promoting digitalization to take business processes online, automate them, etc. Also aim for greater efficiency through the merger of consolidated subsidiaries, the integration of systems, and the centralization of business processes.

Strategy III Search for areas for next strategic investments

For our next strategic investments, we will track down businesses with high operating profit margins that exist on the peripheries of our current businesses to improve our consolidated operating profit margin going forward.

Strategy IV Financial strategy

To invest in future growth and optimize financial leverage, we will aim for an equity ratio attributable to owners of parent of 20% or higher. And in addition to improving profitability, we will also strive to achieve ROIC of 20% or more in order to improve capital efficiency. Meanwhile, to secure investment for future growth while at the same time enhancing the distribution of profits to shareholders, our policy is to target a total return ratio of 30% based on the earnings forecast at the beginning of the fiscal year.
For more details of the Medium-Term Plan, please refer to the “Notice Concerning the Formulation of Medium-Term Management Plan (WILL-being 2023)” released on May 12, 2021 (Japanese version only).

Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2022

In the fiscal year ending March 31, 2022, there is no prospect of an end to the spread of COVID-19, but the impact of the pandemic on our business that we experienced in the fiscal year under review is gradually coming to a close. Therefore, for the next fiscal year, we expect that the impact of the pandemic will be felt in some areas but will not substantially affect our consolidated business performance.

During the next fiscal year, each business segment is expected to post results that exceed those for the fiscal year ended March 2020, which was before COVID-19. However, to realize the medium- to long-term scenario, the Group will make upfront investments such as increasing the number of sales personnel and consultants in the areas we are focusing on, namely introduction of nursing caregivers, human resource services concerning construction engineers, and human resource support for startup firms.

Based on this outlook, in the fiscal year ending on March 31, 2022, we expect to report revenue of 121,000 million yen, operating profit of 3,400 million yen, profit before tax of 3,270 million yen, profit of 2,050 million yen, profit attributable to owners of parent of 1,840 million yen, and EBITDA of 5,200 million yen. The assumed foreign exchange rates are JPY 72.00 per SGD and JPY 68.00 per AUD.

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

2. Basic Approach to the Selection of Accounting Standards

The Group has prepared consolidated financial statements by adopting International Financial Reporting Standards (IFRS) from the filing of Annual Securities Report for the fiscal year ended March 31, 2019, with a view to further expanding business overseas and improving comparability of our financial information with that of IFRS-based companies abroad.

3. Consolidated Financial Statements and Notes

(1) Consolidated Statement of Financial Position

(Millions of yen)

	FY3/20 (As of Mar. 31, 2020)	FY3/21 (As of Mar. 31, 2021)
Assets		
Current assets		
Cash and cash equivalents	5,944	7,455
Trade and other receivables	15,067	14,694
Other financial assets	251	690
Other current assets	777	729
Total current assets	22,041	23,570
Non-current assets		
Property, plant and equipment	1,315	1,082
Right-of-use assets	6,200	5,715
Goodwill	5,654	6,155
Other intangible assets	5,455	6,049
Investments accounted for using equity method	-	495
Other financial assets	1,281	1,151
Deferred tax assets	1,640	1,678
Other non-current assets	1,011	863
Total non-current assets	22,558	23,190
Total assets	44,600	46,760

(Millions of yen)

	FY3/20 (As of Mar. 31, 2020)	FY3/21 (As of Mar. 31, 2021)
Liabilities		
Current liabilities		
Trade and other payables	12,521	13,760
Borrowings	3,177	4,865
Other financial liabilities	2,359	3,600
Income taxes payable	1,116	514
Other current liabilities	2,391	2,048
Total current liabilities	21,566	24,790
Non-current liabilities		
Borrowings	6,533	3,923
Other financial liabilities	8,012	6,563
Deferred tax liabilities	1,170	1,289
Other non-current liabilities	193	166
Total non-current liabilities	15,909	11,943
Total liabilities	37,476	36,733
Equity		
Share capital	2,033	2,089
Capital surplus	(1,399)	(1,786)
Treasury shares	(89)	(279)
Other components of equity	(1,789)	(343)
Retained earnings	6,478	8,559
Total equity attributable to owners of parent	5,233	8,240
Non-controlling interests	1,890	1,786
Total equity	7,123	10,027
Total liabilities and equity	44,600	46,760

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

Consolidated Statement of Profit or Loss

(Millions of yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Revenue	121,916	118,249
Cost of sales	96,513	94,192
Gross profit	25,402	24,056
Selling, general and administrative expenses	21,422	20,463
Other income	220	519
Other expenses	56	82
Operating profit	4,145	4,030
Share of loss of investments accounted for using equity method	-	(5)
Finance income	42	11
Finance costs	131	247
Profit before tax	4,057	3,788
Income tax expense	1,344	1,110
Profit	2,712	2,678
Profit attributable to		
Owners of parent	2,380	2,363
Non-controlling interests	331	314
Earnings per share		
Basic earnings per share (Yen)	107.07	106.35
Diluted earnings per share (Yen)	104.75	105.59

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Profit	2,712	2,678
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(28)	202
Total of items that will not be reclassified to profit or loss	(28)	202
Items that may be reclassified to profit or loss		
Cash flow hedges	25	9
Exchange differences on translation of foreign operations	(1,257)	1,534
Total of items that may be reclassified to profit or loss	(1,231)	1,544
Total other comprehensive income, net of tax	(1,260)	1,747
Comprehensive income	1,451	4,425
Comprehensive income attributable to		
Owners of parent	1,174	4,038
Non-controlling interests	277	387

(3) Consolidated Statement of Changes in Equity

(Millions of yen)

	Share capital	Capital surplus	Treasury shares	Total other components of equity	Retained earnings	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance as of April 1, 2019	2,017	(1,733)	(2)	(607)	4,522	4,196	1,028	5,224
Profit	-	-	-	-	2,380	2,380	331	2,712
Other comprehensive income	-	-	-	(1,205)	-	(1,205)	(54)	(1,260)
Comprehensive income	-	-	-	(1,205)	2,380	1,174	277	1,451
Dividends of surplus	-	-	-	-	(400)	(400)	-	(400)
Purchase of treasury shares	-	-	(87)	-	-	(87)	-	(87)
Share-based remuneration transactions	16	261	-	-	-	277	-	277
Increase (decrease) by business combination	-	71	-	-	-	71	589	661
Transfer from other components of equity to retained earnings	-	-	-	24	(24)	-	-	-
Other	-	-	-	-	-	-	(5)	(5)
Total transactions with owners	16	333	(87)	24	(424)	(137)	584	447
Balance as of March 31, 2020	2,033	(1,399)	(89)	(1,789)	6,478	5,233	1,890	7,123
Profit	-	-	-	-	2,363	2,363	314	2,678
Other comprehensive income	-	-	-	1,674	-	1,674	72	1,747
Comprehensive income	-	-	-	1,674	2,363	4,038	387	4,425
Dividends of surplus	-	-	-	-	(511)	(511)	-	(511)
Purchase of treasury shares	-	-	(189)	-	-	(189)	-	(189)
Share-based remuneration transactions	56	120	-	-	-	176	-	176
Increase (decrease) by business combination	-	(506)	-	-	-	(506)	(500)	(1,006)
Transfer from other components of equity to retained earnings	-	-	-	(228)	228	-	-	-
Other	-	-	-	-	-	-	9	9
Total transactions with owners	56	(386)	(189)	(228)	(282)	(1,031)	(490)	(1,521)
Balance as of March 31, 2021	2,089	(1,786)	(279)	(343)	8,559	8,240	1,786	10,027

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Cash flows from operating activities		
Profit before tax	4,057	3,788
Depreciation and amortization	1,990	2,229
Share-based remuneration expenses	204	85
Decrease (increase) in trade receivables	(292)	1,488
Increase (decrease) in trade payables	1,011	72
Other	(482)	(1,312)
Subtotal	6,489	6,351
Interest and dividends received	10	7
Interest paid	(114)	(86)
Income taxes paid	(1,478)	(1,956)
Net cash provided by (used in) operating activities	4,908	4,316
Cash flows from investing activities		
Purchase of property, plant and equipment, and intangible assets	(557)	(589)
Purchase of marketable securities	(312)	(46)
Proceeds from sale of marketable securities	7	374
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,064)	-
Purchase of investments accounted for using equity method	-	(350)
Other	(108)	179
Net cash provided by (used in) investing activities	(3,035)	(433)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,413)	1,890
Proceeds from long-term borrowings	3,253	270
Repayments of long-term borrowings	(3,729)	(3,080)
Repayments of lease liabilities	(1,223)	(1,302)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(246)	(798)
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	977	-
Dividends paid to non-controlling interests	(181)	(362)
Dividends paid	(400)	(511)
Proceeds from government grants	88	1,273
Other	244	(25)
Net cash provided by (used in) financing activities	(2,631)	(2,646)
Effect of exchange rate changes on cash and cash equivalents	(159)	274
Net increase (decrease) in cash and cash equivalents	(917)	1,511
Cash and cash equivalents at beginning of period	6,862	5,944
Cash and cash equivalents at end of period	5,944	7,455

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Segment and Other Information

(1) Overview of reportable segments

The Group's operating segments are components of the Group that are categorized by type of services provided. The Group determines reportable segments based on the operating segments for which discrete financial information is available and the Group's chief operating decision maker regularly reviews to make decisions about allocation of management resources and assess their performance. As a result, the 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, livelihood support services for foreign workers, 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.

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020) (Millions of yen)

	Reportable segment			Others	Adjustment (Notes 2 to 4)	IFRS adjustment (Note 5)	Amounts recorded in consolidated financial statements
	Domestic WORK	Overseas WORK	Total				
Revenue							
External revenue	84,438	36,074	120,513	1,549	-	(146)	121,916
Inter-segment revenue (Note 1)	24	-	24	10	(35)	-	-
Total	84,463	36,074	120,538	1,559	(35)	(146)	121,916
Segment profit	5,061	971	6,032	(352)	(1,869)	334	4,145
Other items							
Depreciation and amortization	229	524	753	59	175	1,001	1,990
Capital expenditures	120	2,583	2,703	11	268	7	2,991
Segment assets	18,348	13,941	32,290	2,764	1,255	8,290	44,600

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

2. The negative adjustment of 1,869 million yen to operating profit includes elimination of 4 million yen for inter-segment transactions and corporate expenses of minus 1,874 million yen that are not allocated to any of the operating segments. Corporate expenses mainly consist of general and administrative expenses that are not attributable to any of the operating segments.

3. The 1,255 million yen adjustment to segment assets mainly includes corporate assets that are not allocated to any of the operating segments, which consist of assets owned by the Company.

4. The 175 million yen adjustment to depreciation and amortization includes depreciation of corporate assets that are not allocated to any of the operating segments.

5. The negative IFRS adjustment of 146 million yen to external revenue reflects reversal of sales from permanent placement included in "Overseas WORK Business." The 334 million yen IFRS adjustment to segment profit reflects reversal of amortization of goodwill and recognition of expenses associated with accrued paid leave, and others. The 8,290 million yen IFRS adjustment to segment assets reflects recognition of right-of-use assets and reversal of amortization of goodwill and others.

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021) (Millions of yen)

	Reportable segment			Others	Adjustment (Notes 2 to 4)	IFRS adjustment (Note 5)	Amounts recorded in consolidated financial statements
	Domestic WORK	Overseas WORK	Total				
Revenue							
External revenue	80,050	36,920	116,970	2,121	-	(843)	118,249
Inter-segment revenue (Note 1)	53	-	53	7	(60)	-	-
Total	80,103	36,920	117,023	2,128	(60)	(843)	118,249
Segment profit	4,253	1,106	5,359	(166)	(2,071)	908	4,030
Other items							
Depreciation and amortization	265	607	873	49	213	1,093	2,229
Capital expenditures	140	72	212	93	362	724	1,393
Segment assets	17,633	16,208	33,841	2,331	1,169	9,418	46,760

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

2. The negative adjustment of 2,071 million yen to operating profit includes elimination of 25 million yen for inter-segment transactions and corporate expenses of minus 2,097 million yen that are not allocated to any of the operating segments. Corporate expenses mainly consist of general and administrative expenses that are not attributable to any of the operating segments.

3. The 1,169 million yen adjustment to segment assets mainly includes corporate assets that are not allocated to any of the operating segments, which consist of assets owned by the Company.

4. The 213 million yen adjustment to depreciation and amortization includes depreciation of corporate assets that are not allocated to any of the operating segments.

5. The negative IFRS adjustment of 843 million yen to external revenue reflects reversal of sale and leaseback transactions and gain on sales of shares included in “Overseas WORK Business.” The 908 million yen IFRS adjustment to segment profit reflects reversal of amortization of goodwill and recognition of expenses associated with accrued paid leave, and others. The 9,418 million yen IFRS adjustment to segment assets reflects recognition of right-of-use assets and others.

(3) Information by region

1) Revenue from external customers

(Millions of yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Japan	85,931	81,294
Australia	28,110	30,405
Asia	7,874	6,549
Total	121,916	118,249

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

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

(Millions of yen)

	FY3/20 (As of Mar. 31, 2020)	FY3/21 (As of Mar. 31, 2021)
Japan	11,750	10,976
Australia	4,764	5,378
Asia	3,122	3,510
Total	19,636	19,865

(4) Information on major customer

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

Per Share Information

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

(Millions of yen, unless otherwise stated)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Basis of calculating basic earnings per share		
Profit attributable to owners of parent	2,380	2,363
Profit not attributable to common shareholders of parent	-	-
Profit used in calculating basic earnings per share	2,380	2,363
Weighted average number of shares of common stock (Thousands of shares)	22,230	22,226
Basic earnings per share	107.07	106.35
Basis of calculating diluted earnings per share		
Profit used in calculating basic earnings per share	2,380	2,363
Profit adjustments	-	-
Profit used in calculation of diluted earnings per share	2,380	2,363
Weighted average number of shares of common stock (Thousands of shares)	22,230	22,226
Increase in number of shares of common stock from share acquisition rights (Thousands of shares)	493	375
Weighted average number of shares of common stock after dilution (Thousands of shares)	22,723	22,602
Diluted earnings per share	104.75	104.59
Summary of potential stock not included in the calculation of diluted earnings per share since there was no dilutive effect	-	Share acquisition rights issued pursuant to the Board of Directors' resolution in June 2017 Share acquisition rights: 494 units Common stock: 49,400 shares

Note: The company's share left in the executive stock compensation trust that is reported as treasury shares in shareholders' equity is included in treasury shares that is excluded in a calculation of average number of shares outstanding during the period in calculating earnings per share. In calculating earnings per share, average number of shares outstanding of the shares excluded is 0 in the previous fiscal year and 98,953 in the current fiscal year.

Subsequent Events

Not applicable.

This financial report is solely a translation of the Company's Kessan Tanshin (including attachments) in Japanese, which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.