

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



February 7, 2024

Consolidated Financial Results for the Nine Months Ended December 31, 2023 (Under IFRS)

Company name: WILL GROUP, INC.
 Listing: Tokyo Stock Exchange
 Securities code: 6089
 URL: <https://willgroup.co.jp/en/>
 Representative: Yuichi Sumi, President and Representative Director
 Inquiries: Satoshi Takayama, Executive Officer and General Manager of Management Department
 Telephone: +81-3-6859-8880
 Scheduled date to file quarterly securities report: February 7, 2024
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2023	103,917	(4.3)	2,795	(27.7)	2,719	(27.5)	1,671	(33.0)
December 31, 2022	108,613	11.3	3,867	(7.2)	3,749	(10.7)	2,493	(17.9)

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Nine months ended December 31, 2023	1,564	(31.4)	2,385	(16.4)	68.91	68.47
December 31, 2022	2,281	(13.2)	2,852	(4.5)	101.02	100.10

(2) Consolidated financial position

As of	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
	Millions of yen	Millions of yen	Millions of yen	%
December 31, 2023	52,148	17,197	15,998	30.7
March 31, 2023	54,939	15,877	14,638	26.6

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	–	0.00	–	44.00	44.00
Fiscal year ending March 31, 2024	–	0.00	–		
Fiscal year ending March 31, 2024 (Forecast)				44.00	44.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ending March 31, 2024	144,000	0.0	4,200	(21.0)	4,100	(20.3)	2,900	(16.2)

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
Fiscal year ending March 31, 2024	2,800	(13.5)	123.37

Note: Revisions to the earnings forecasts most recently announced: None

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies and changes in accounting estimates
- (i) Changes in accounting policies required by IFRS: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None

(3) Number of issued shares (ordinary shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2023	22,948,100 shares
As of March 31, 2023	22,944,100 shares

(ii) Number of treasury shares at the end of the period

As of December 31, 2023	218,675 shares
As of March 31, 2023	284,850 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2023	22,696,826 shares
Nine months ended December 31, 2022	22,585,375 shares

Note: The number of treasury shares at the end of the period includes the number of shares owned by executive stock compensation trust.

(213,266 shares as of December 31, 2023 and 279,441 shares as of March 31, 2023)

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

The forward-looking statements shown in these materials, including earnings forecasts, are based on information currently available to the Company and on certain assumptions deemed to be reasonable. As such, they do not constitute guarantees by the Company of future performance. Actual results may differ significantly from these forecasts for a number of reasons. Please refer to “(3) Explanation of consolidated earnings forecasts and other forward-looking statements” under “1. Qualitative information on quarterly consolidated financial results” on page 4 of the attached material for the assumptions on which earnings forecasts are based, and cautions concerning the use thereof.

Attached Material Index

1.	Qualitative information on quarterly consolidated financial results.....	2
	(1) Explanation of operating results.....	2
	(2) Explanation of financial position.....	3
	(3) Explanation of consolidated earnings forecasts and other forward-looking statements.....	4
2.	Condensed quarterly consolidated financial statements and significant notes thereto	5
	(1) Condensed quarterly consolidated statement of financial position	5
	(2) Condensed quarterly consolidated statement of profit or loss and condensed quarterly consolidated statement of comprehensive income	7
	Condensed quarterly consolidated statement of profit or loss.....	7
	Condensed quarterly consolidated statement of comprehensive income	8
	(3) Condensed quarterly consolidated statement of changes in equity	9
	(4) Condensed quarterly consolidated statement of cash flows	10
	(5) Notes to condensed quarterly consolidated financial statements	11
	Notes on premise of going concern.....	11
	Segment information, etc.	11

1. Qualitative information on quarterly consolidated financial results

(1) Explanation of operating results

During the nine months ended December 31, 2023, the global economy slowed down moderately due to the protracted global inflation and other factors. Economic normalization and the easing of supply restrictions following the COVID-19 pandemic in various countries, achieved through the integration of COVID-19 management strategies in everyday life, as well as slowing inflation have led to increasing expectations for economic recovery. However, the outlook remains uncertain mainly due to the prolonged situation in Russia and Ukraine and the slowdown in the Chinese economy. As for Japan's economy, business conditions are heading toward recovery with the normalization of economic activities and uptick in inbound demand driven by the reclassification of COVID-19 to a Class 5 infectious disease and the reduced risk of infection. However, the pace of recovery has remained gradual due to depressed private consumption caused by rising prices and struggling exports.

Under these circumstances, the Group worked to expand the construction management engineer domain, temporary staffing of regular employees, and administration of foreign workers on consignment, and other initiatives for the renewed growth of the Domestic Working Business, which is the basic policy in the Medium-Term Management Plan "WILL-being 2026," for which the final fiscal year is the fiscal year ending March 31, 2026.

In Japan, although new project development was stagnant in the sales outsourcing domain and the call center outsourcing domain, results were strong in other domains. In addition, first television commercials were run mainly in the West Japan area from July 2023 as promotion of "WILLOF" brand for the purpose of reinforcing hiring capabilities in Japan. The number of branded searches for WILLOF has been on a gradual rising trend since the implementation of the promotion, and the number of hires through owned media is expected to increase. Therefore, the Group is continuing to implement the promotion.

In the overseas segment, temporary staffing sales declined as a result of a fall in the number of workers on assignment following hiring constraints for some customers in Australia. Permanent placement sales also decreased due to the post-COVID-19 surge in permanent placement demand in the previous fiscal year running its course.

As a result of the above, revenue for the nine months ended December 31, 2023 was ¥103,917 million (down 4.3% year on year), operating profit was ¥2,795 million (down 27.7%), profit before tax was ¥2,719 million (down 27.5%), profit was ¥1,671 million (down 33.0%), profit attributable to owners of parent was ¥1,564 million (down 31.4%), and EBITDA (operating profit + depreciation and amortization) was ¥4,415 million (down 18.6%).

Results of operations by segment are as follows:

(i) Domestic Working Business

The Domestic Working Business offers temporary staffing, permanent placement, and business process outsourcing services in Japan, specifically for categories such as the sales outsourcing domain, call center outsourcing domain, factory outsourcing domain, nursing care domain, and construction management engineer domain. Although new project development was stagnant in the sales outsourcing domain and the call center outsourcing domain, results were strong in other domains. Although progress for the numbers of workers on permanent employee staffing and foreign workers under consigned management, which are key strategies in the Medium-Term Management Plan, is slower than planned, the number of workers on assignment increased in the construction management engineer domain as a result of a record-breaking number of 1,000 or more people, including new graduates, joining the Company during the nine months ended December 31, 2023. Furthermore, profitability improved as negotiations with customers on raising fees also progressed steadily.

As for profit, the Company conducted upfront investment, such as for recruitment expenses in the construction management engineer domain, the sales outsourcing domain and the factory outsourcing domain, increasing sales staff for administration of foreign workers on consignment, and implementing the brand promotion. The Company recorded ¥786 million as gain on sale of shares due to the transfer of shares of BORDERLINK, INC. for the three months ended June 30, 2023 and the said company was excluded from the scope of consolidation.

As a result of the above, the Domestic Working Business recorded external revenue of ¥61,641 million (down 2.1% year on year), and segment profit of ¥2,996 million (down 5.2%).

(ii) Overseas Working Business

With regard to the human resources services that the Company has been operating primarily in Singapore and Australia, the number of job openings in both Singapore and Australia has been at a high level compared to the period before the spread of COVID-19 despite a decline in the recent number of job openings. Temporary staffing was impacted by a fall in the number of workers on assignment following hiring constraints for some customers in Australia, and the post-COVID-19 surge in permanent placement demand in the previous fiscal year also has run its course, resulting in a year-on-year decrease in revenue.

Profit decreased due to gross profit shrinking because of a decline in permanent placement sales, and higher personnel and other costs.

As a result of the above, the Overseas Working Business recorded external revenue of ¥42,071 million (down 4.3% year on year), and segment profit of ¥1,649 million (down 36.7%).

(iii) Others

In the Others segment, the Company transferred the shares of HiBlead Inc. at the end of the previous fiscal year, which resulted in decreased revenue as the said company was excluded from the scope of consolidation.

In terms of profit, selling, general and administrative expenses increased due to continued investment in the development of new platforms.

As a result of the above, the Others segment recorded external revenue of ¥203 million (down 88.1% year on year), and a segment loss of ¥192 million (a segment loss of ¥212 million was recorded in the same period of the previous fiscal year).

(2) Explanation of financial position

(i) Assets, liabilities and equity

Assets

Current assets as of December 31, 2023 were ¥25,132 million, a decrease of ¥3,534 million from the end of the previous fiscal year. This was mainly due to decreases in cash and cash equivalents of ¥2,836 million and in trade and other receivables of ¥1,129 million, despite an increase in other current assets of ¥422 million.

Non-current assets stood at ¥27,016 million, an increase of ¥743 million from the end of the previous fiscal year. This was mainly due to increases in goodwill of ¥445 million as a result of the impact of weaker yen on foreign currency translation and in other financial assets of ¥202 million, despite decreases in other non-current assets of ¥30 million and in investments accounted for using the equity method of ¥23 million.

As a result, total assets amounted to ¥52,148 million, a decrease of ¥2,790 million from the end of the previous fiscal year.

Liabilities

Current liabilities as of December 31, 2023 were ¥23,801 million, a decrease of ¥4,613 million from the end of the previous fiscal year. This was mainly due to decreases in borrowings of ¥3,870 million, in income taxes payable of ¥764 million, and in other current liabilities of ¥749 million, despite an increase in other financial liabilities of ¥903 million.

Non-current liabilities stood at ¥11,150 million, an increase of ¥502 million from the end of the previous fiscal year. This was mainly due to increases in borrowings of ¥394 million and in other financial liabilities of ¥127 million.

As a result, total liabilities amounted to ¥34,951 million, a decrease of ¥4,110 million from the end of the previous fiscal year.

Equity

Total equity as of December 31, 2023 was ¥17,197 million, an increase of ¥1,319 million from the end of the previous fiscal year. This was mainly due to increases in exchange differences on translation of foreign operations of ¥830 million among other components of equity, and in retained earnings of ¥562 million, despite a decrease in non-controlling interests of ¥40 million.

As a result of the above, the ratio of equity attributable to owners of parent to total assets was 30.7% (26.6% at the end of the previous fiscal year).

(ii) Cash flows

Cash and cash equivalents as of December 31, 2023 decreased ¥2,836 million from the end of the previous fiscal year to ¥6,754 million. Status of cash flows for the nine months ended December 31, 2023 and the main factors driving them are as follows:

Cash flows from operating activities

Net cash provided by operating activities was ¥2,834 million (¥5,572 million provided in the same period of the previous fiscal year). This was mainly due to a recording of profit before tax of ¥2,719 million, a recording of depreciation and amortization of ¥1,620 million, a decrease in trade receivables of ¥897 million, and an increase in trade payables of ¥545 million, despite factors such as income taxes paid of ¥1,641 million and payments included in other of ¥1,429 million.

Cash flows from investing activities

Net cash used in investing activities was ¥780 million (¥2,190 million used in the same period of the previous fiscal year). This was mainly due to payments included in other of ¥453 million and purchase of property, plant and equipment, and intangible assets of ¥326 million.

Cash flows from financing activities

Net cash used in financing activities was ¥5,215 million (¥3,888 million used in the same period of the previous fiscal year). This was mainly due to a net decrease in short-term borrowings of ¥3,077 million, repayments of long-term borrowings of ¥1,898 million and dividends paid of ¥1,008 million, despite proceeds from long-term borrowings of ¥1,500 million.

(3) Explanation of consolidated earnings forecasts and other forward-looking statements

Consolidated earnings forecasts are unchanged from those announced on May 11, 2023.

Note that earnings forecasts are based on information currently available to the Company, and actual results may differ from forecasts for a variety of reasons going forward.

2. Condensed quarterly consolidated financial statements and significant notes thereto**(1) Condensed quarterly consolidated statement of financial position**

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	9,590	6,754
Trade and other receivables	17,928	16,798
Other financial assets	138	147
Other current assets	1,009	1,431
Total current assets	28,666	25,132
Non-current assets		
Property, plant and equipment	1,139	1,180
Right-of-use assets	6,349	6,356
Goodwill	8,120	8,566
Other intangible assets	5,996	6,064
Investments accounted for using equity method	456	432
Other financial assets	1,475	1,677
Deferred tax assets	1,953	1,986
Other non-current assets	782	751
Total non-current assets	26,272	27,016
Total assets	54,939	52,148

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Trade and other payables	16,151	16,019
Borrowings	6,761	2,890
Other financial liabilities	1,364	2,267
Income taxes payable	1,027	262
Other current liabilities	3,109	2,359
Total current liabilities	28,414	23,801
Non-current liabilities		
Borrowings	3,385	3,779
Other financial liabilities	5,950	6,078
Deferred tax liabilities	1,127	1,101
Other non-current liabilities	184	191
Total non-current liabilities	10,648	11,150
Total liabilities	39,062	34,951
Equity		
Share capital	2,187	2,187
Capital surplus	(1,923)	(1,903)
Treasury shares	(274)	(210)
Other components of equity	890	1,603
Retained earnings	13,758	14,320
Total equity attributable to owners of parent	14,638	15,998
Non-controlling interests	1,238	1,198
Total equity	15,877	17,197
Total liabilities and equity	54,939	52,148

(2) Condensed quarterly consolidated statement of profit or loss and condensed quarterly consolidated statement of comprehensive income

Condensed quarterly consolidated statement of profit or loss

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Revenue	108,613	103,917
Cost of sales	84,450	80,810
Gross profit	24,163	23,107
Selling, general and administrative expenses	20,515	21,294
Other income	237	990
Other expenses	18	7
Operating profit	3,867	2,795
Share of profit (loss) of investments accounted for using equity method	(14)	(23)
Finance income	8	120
Finance costs	111	172
Profit before tax	3,749	2,719
Income tax expense	1,255	1,048
Profit	2,493	1,671
Profit attributable to		
Owners of parent	2,281	1,564
Non-controlling interests	212	107
Earnings per share		
Basic earnings per share	101.02	68.91
Diluted earnings per share	100.10	68.47

Condensed quarterly consolidated statement of comprehensive income

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	2,493	1,671
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	(44)	(14)
Total of items that will not be reclassified to profit or loss	(44)	(14)
Items that may be reclassified to profit or loss		
Cash flow hedges	36	(101)
Exchange differences on translation of foreign operations	366	830
Total of items that may be reclassified to profit or loss	403	729
Other comprehensive income, net of tax	358	714
Comprehensive income	2,852	2,385
Comprehensive income attributable to		
Owners of parent	2,642	2,285
Non-controlling interests	210	100

(3) Condensed quarterly consolidated statement of changes in equity

Nine months ended December 31, 2022

(Millions of yen)

	Share capital	Capital surplus	Treasury shares	Total	Retained earnings	Total equity attributable to owners of parent	Non-controlling interests	Total
Balance at beginning of April 1, 2022	2,163	(2,266)	(274)	464	11,310	11,398	1,723	13,121
Profit	-	-	-	-	2,281	2,281	212	2,493
Other comprehensive income	-	-	-	360	-	360	(1)	358
Comprehensive income	-	-	-	360	2,281	2,642	210	2,852
Dividends of surplus	-	-	-	-	(776)	(776)	-	(776)
Purchase of treasury shares	-	-	(0)	-	-	(0)	-	(0)
Disposal of treasury shares	-	-	-	-	-	-	-	-
Share-based payment transactions	11	95	-	-	-	106	-	106
Changes in ownership interest in subsidiaries	-	-	-	-	-	-	-	-
Increase (decrease) by business combination	-	210	-	-	-	210	(780)	(569)
Transfer from other components of equity to retained earnings	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	0	0
Total transactions with owners	11	305	(0)	-	(776)	(459)	(779)	(1,239)
Balance at end of December 31, 2022	2,175	(1,960)	(274)	825	12,815	13,581	1,153	14,734

Nine months ended December 31, 2023

(Millions of yen)

	Share capital	Capital surplus	Treasury shares	Total	Retained earnings	Total equity attributable to owners of parent	Non-controlling interests	Total
Balance at beginning of April 1, 2023	2,187	(1,923)	(274)	890	13,758	14,638	1,238	15,877
Profit	-	-	-	-	1,564	1,564	107	1,671
Other comprehensive income	-	-	-	721	-	721	(6)	714
Comprehensive income	-	-	-	721	1,564	2,285	100	2,385
Dividends of surplus	-	-	-	-	(1,009)	(1,009)	-	(1,009)
Purchase of treasury shares	-	-	-	-	-	-	-	-
Disposal of treasury shares	-	(17)	63	-	-	46	-	46
Share-based payment transactions	0	51	-	-	-	52	-	52
Changes in ownership interest in subsidiaries	-	(14)	-	-	-	(14)	36	21
Increase (decrease) by business combination	-	-	-	-	-	-	(177)	(177)
Transfer from other components of equity to retained earnings	-	-	-	(7)	7	-	-	-
Other	-	-	-	-	-	-	-	-
Total transactions with owners	0	19	63	(7)	(1,002)	(925)	(140)	(1,066)
Balance at end of December 31, 2023	2,187	(1,903)	(210)	1,603	14,320	15,998	1,198	17,197

(4) Condensed quarterly consolidated statement of cash flows

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Cash flows from operating activities		
Profit before tax	3,749	2,719
Depreciation and amortization	1,556	1,620
Share-based payment expenses	80	93
Decrease (increase) in trade receivables	749	897
Increase (decrease) in trade payables	2,337	545
Other	(649)	(1,429)
Subtotal	7,823	4,446
Interest and dividends received	8	118
Interest paid	(64)	(89)
Income taxes paid	(2,195)	(1,641)
Net cash provided by (used in) operating activities	5,572	2,834
Cash flows from investing activities		
Purchase of property, plant and equipment, and intangible assets	(264)	(326)
Payments for acquisition of subsidiaries	(1,757)	–
Other	(169)	(453)
Net cash provided by (used in) investing activities	(2,190)	(780)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(100)	(3,077)
Proceeds from long-term borrowings	4,244	1,500
Repayments of long-term borrowings	(2,469)	(1,898)
Repayments of lease liabilities	(961)	(921)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(3,746)	–
Dividends paid to non-controlling interests	(373)	–
Dividends paid	(776)	(1,008)
Other	295	190
Net cash provided by (used in) financing activities	(3,888)	(5,215)
Effect of exchange rate changes on cash and cash equivalents	233	325
Net increase (decrease) in cash and cash equivalents	(273)	(2,836)
Cash and cash equivalents at beginning of period	8,973	9,590
Cash and cash equivalents	8,699	6,754

(5) Notes to condensed quarterly consolidated financial statements**Notes on premise of going concern**

Not applicable.

Segment information, etc.**(1) Overview of reportable segments**

The Group determines reportable segments based on the operating segments that are components of the Group for which discrete financial information is available and regularly reviewed by the chief operating decision maker to make decisions about the allocation of management resources and assess the results of operations. The Group's reportable segments are comprised of the following two segments.

The details of each reportable segment are as follows:

Reportable segments	Business activities
Domestic Working Business	Engaged primarily in temporary staffing, permanent placement and business process outsourcing services in Japan specifically for categories such as sales, call center, factory, care support facility and construction management engineer, and HR support services centered on permanent employee placements for startups developed by for Startups, Inc.
Overseas Working Business	Engaged primarily in temporary staffing and permanent placement mainly in Singapore and Australia.

In addition to the above, operations of apartment building for IT engineers and creative personnel (Tech Residence) are included in the "Others" segment.

(2) Information of the reportable segments

The figures for profit for reportable segments are given on an operating profit basis.

The information of each reportable segment is as follows:

Nine months ended December 31, 2022

(Millions of yen)

	Reportable segments			Others	Adjustments (Note 2)	Amount recorded in the consolidated financial statements
	Domestic Working Business	Overseas Working Business	Total			
Revenue						
External revenue	62,945	43,948	106,894	1,719	–	108,613
Intersegment revenue (Note 1)	48	–	48	6	(55)	–
Total	62,994	43,948	106,943	1,725	(55)	108,613
Segment profit	3,162	2,603	5,765	(212)	(1,686)	3,867

(Note 1) Intersegment revenue is based on general market price.

(Note 2) Adjustments to segment profit of negative ¥1,686 million include intersegment eliminations of negative ¥0 million and corporate expenses not allocated to each business segment of negative ¥1,685 million. Corporate expenses mainly consist of general and administrative expenses that are not attributable to operating segments.

Nine months ended December 31, 2023

(Millions of yen)

	Reportable segments			Others	Adjustments (Note 2)	Amount recorded in the consolidated financial statements
	Domestic Working Business	Overseas Working Business	Total			
Revenue						
External revenue	61,641	42,071	103,713	203	–	103,917
Intersegment revenue (Note 1)	22	–	22	9	(32)	–
Total	61,664	42,071	103,736	213	(32)	103,917
Segment profit	2,996	1,649	4,645	(192)	(1,658)	2,795

(Note 1) Intersegment revenue is based on general market price.

(Note 2) Adjustments to segment profit of negative ¥1,658 million include intersegment eliminations of negative ¥0 million and corporate expenses not allocated to each business segment of negative ¥1,658 million. Corporate expenses mainly consist of general and administrative expenses that are not attributable to operating segments.