

(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.

November 9, 2021

Summary of Consolidated Financial Results
for the Second Quarter of the Fiscal Year Ending March 31, 2022
(Six Months Ended September 30, 2021)

[IFRS]

Company name: WILL GROUP, INC. Listing: Tokyo Stock Exchange, First Section
Stock code: 6089 URL: <https://willgroup.co.jp/>
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Scheduled date of filing of Quarterly Report: November 9, 2021
Scheduled date of payment of dividend: -
Preparation of supplementary materials for quarterly financial results: Yes
Holding of quarterly financial results meeting: Yes (for institutional investors and securities analysts)

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2021

(April 1, 2021 – September 30, 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	%
Six months ended Sep. 30, 2021	63,913	9.9	2,685	20.9	2,716	30.2	1,996	31.2	1,698	30.2	1,691	(31.3)
Six months ended Sep. 30, 2020	58,177	(4.2)	2,221	2.3	2,085	(2.8)	1,522	9.9	1,304	5.1	2,462	270.9

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended Sep. 30, 2021	76.18		75.00	
Six months ended Sep. 30, 2020	58.70		57.86	

(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 Sep. 30, 2021	44,650	10,950	9,889	22.1
As of Mar. 31, 2021	46,760	10,027	8,240	17.6

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2021	-	0.00	-	24.00	24.00
Fiscal year ending Mar. 31, 2022	-	0.00	-	-	-
Fiscal year ending Mar. 31, 2022 (forecasts)	-	-	-	34.00	34.00

Note: Revisions to the most recently announced dividend forecast: Yes

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
Full year	130,000	9.9	4,500	11.7	4,410	16.4	2,970	10.9	2,510	6.2	112.55

Note: Revisions to the most recently announced consolidated forecast: Yes

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in scope of consolidation): Yes

Newly added: - Name: - Excluded: 1 Name: WILLOF FACTORY, Inc.

(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 Sep. 30, 2021:	22,637,000 shares	As of Mar. 31, 2021:	22,554,500 shares
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2) Number of treasury shares at the end of period

As of Sep. 30, 2021:	284,820 shares	As of Mar. 31, 2021:	290,379 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2021:	22,300,657 shares	Six months ended Sep. 30, 2020:	22,226,097 shares
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Note: Treasury shares at the end of period include shares owned by Employee Stock Ownership Plan.
(279,441 shares as of Sep. 30, 2021 285,000 shares as of Mar. 31, 2021)

* 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 half of the fiscal year ending March 31, 2022 (the “period under review”), the Japanese economy has been showing gradual signs of recovery thanks to a pickup in the global economy and a further progress in vaccination despite a prolonged uncertain outlook due to spreading COVID-19. Meanwhile, as for the employment environment, a pickup in business activities helped demand for human resources to remain resilient.

The Company and its subsidiaries (the “Group”) have worked on the “WORK SHIFT strategy” to improve operating profit margin through a portfolio shift and a digital shift to achieve the Medium-Term Plan, “WILL-being 2023,” concluding in the fiscal year ending March 31, 2023.

In Japan, intermittent states of emergency declared mainly for the Greater Tokyo Area and the spread of COVID-19 impacted the sales outsourcing sector except for the telecommunications subsector and the factory outsourcing sector, but the other sectors remained solid. The Group has made upfront investments such as increasing the number of sales personnel and consultants in the areas we are focusing on, including introduction of nursing caregivers, human resources services concerning construction engineers, and human resource support for startup firms to realize Perm (permanent placement in various fields, and temporary staffing for highly specialized fields) SHIFT.

Outside Japan, Singapore and Australia, where we have our main presence, enforced lockdown and other measures to curb the spread of COVID-19. However, the demand for human resources remained solid, which contributed to the stable performance of both temporary staffing and permanent placement businesses.

As a result, for the period under review, the Company reported consolidated revenue of 63,913 million yen (up 9.9% year on year), operating profit of 2,685 million yen (up 20.9%), profit before tax of 2,716 million yen (up 30.2%), profit of 1,996 million yen (up 31.2%) and profit attributable to owners of parent of 1,698 million yen (up 30.2%). EBITDA (operating profit + depreciation and amortization) was 3,650 million yen (up 11.7%).

Results by operating segment were as follows.

Regarding the accounting method for reportable business segments, we had previously adopted a method of reflecting certain adjustments under Japanese GAAP. After re-examining segment information to be reviewed regularly, the Group decided to align the accounting method with the accounting policies of the Group from the beginning of the first quarter of the fiscal year ending March 31, 2022. Accordingly, reportable segment information for the first half of the previous fiscal year has been restated.

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. Sectors other than telecommunications in the sales outsourcing sector and the factory outsourcing sector saw decreased demand due to the continued impact of COVID-19. However, the sectors such as telecommunications in the sales outsourcing sector, call center outsourcing and care support/nursery schools and human resource support for startups enjoyed solid demand and grew strongly. 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.

Earnings declined as the Group made upfront investments such as increasing the number of sales personnel and consultants in the areas of introduction of nursing caregivers and human resource services concerning construction engineers.

As a result, the segment recorded external revenue of 39,594 million yen (down 0.0% year on year) and segment profit of 2,160 million yen (down 10.6%).

2) Overseas WORK Business

In the human resources service, which operates in the ASEAN and Oceania regions, we enjoyed a steady demand for human resources despite the lockdown and other measures to reduce the spread of COVID-19, which contributed to the stable performance of both temporary staffing and permanent placement businesses.

For the period under review, earnings for this business segment increased on the back of higher sales despite an increase in personnel and other expenses that had been curbed and a decrease in employment support subsidy income as a countermeasure against COVID-19 in Singapore, which was recorded in the previous fiscal year.

As a result, the segment recorded external revenue of 23,709 million yen (up 32.4% year on year) and segment profit of 1,676 million yen (up 65.5%).

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.

For the period under review, earnings declined due to the continued investment in new platform development.

As a result, the segment recorded external revenue of 609 million yen (down 10.2% year on year) and segment loss of 205 million yen (compared with segment loss of 196 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 22,127 million yen, down 1,442 million yen from the end of the previous fiscal year. This is primarily due to decreases in cash and cash equivalents of 1,460 million yen and other financial assets of 427 million yen, which were partially offset by an increase in other current assets of 317 million yen.

Non-current assets amounted to 22,523 million yen at the end of the period under review, down 667 million yen from the end of the previous fiscal year. This is primarily due to decreases in right-of-use assets of 344 million yen and other intangible assets of 292 million yen.

As a result, total assets decreased 2,110 million yen from the end of the previous fiscal year to 44,650 million yen.

Liabilities

Current liabilities at the end of the period under review amounted to 24,711 million yen, down 79 million yen from the end of the previous fiscal year. This is primarily due to decreases in other financial liabilities of 624 million yen and other current liabilities of 395 million yen, which were partially offset by increases in borrowings of 786 million yen and income taxes payable of 227 million yen.

Non-current liabilities amounted to 8,988 million yen at the end of the period under review, down 2,954 million yen from the end of the previous fiscal year. This is primarily due to decreases in other financial liabilities of 1,448 million yen and borrowings of 1,292 million yen.

As a result, total liabilities decreased 3,033 million yen from the end of the previous fiscal year to 33,699 million yen.

Equity

Total equity at the end of period under review amounted to 10,950 million yen, up 923 million yen from the end of the previous fiscal year. This is primarily due to increases in retained earnings of 1,160 million yen and capital surplus of 761 million yen, which were partially offset by decreases in non-controlling interests of 725 million yen and other components of equity of 300 million yen.

As a result, the ratio of equity attributable to owners of parent to total assets increased from 17.6% at the end of the previous fiscal year to 22.1%. Also, the adjusted ratio of equity attributable to owners of parent to total assets was 25.2% (compared with 24.7 % at the end of the previous fiscal year). The ratio is adjusted by netting out the one-time effect of unrealized written put options of 1,379 million yen (compared with 3,300 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 5,995 million yen, down 1,460 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 2,115 million yen, compared with 2,452 million yen provided in the same period a year earlier. This is primarily due to booking of profit before tax of 2,716 million yen and depreciation and amortization of 965 million yen, which were partially offset by income taxes paid of 757 million yen and a decrease in trade payables of 477 million yen.

Cash flows from investing activities

Net cash provided by investing activities was 147 million yen, compared with 163 million yen used in the same period a year earlier. This is primarily due to proceeds from investing activities and other transactions of 460 million yen, which were partially offset by purchase of property, plant and equipment, and intangible assets of 312 million yen.

Cash flows from financing activities

Net cash used in financing activities was 3,661 million yen, compared with 1,989 million yen used in the same period a year earlier. This is primarily due to purchase of shares of subsidiaries not resulting in change in scope of consolidation of 1,969 million yen, repayments of long-term borrowings of 1,466 million yen, repayments of lease liabilities of 602 million yen and dividends paid of 540 million yen, which were partially offset by a net increase in short-term borrowings of 900 million yen.

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

We have revised the consolidated earnings forecast for the fiscal year ending March 31, 2022, as announced in “Notice of Difference between First Half Results and Forecast, and Revisions to Consolidated Earnings Forecast and Dividend Forecast for the Fiscal Year Ending March 31, 2022” (Japanese version only), which has been released today on November 9, 2021.

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)

	FY3/21 (As of Mar. 31, 2021)	Second quarter of FY3/22 (As of Sep. 30, 2021)
Assets		
Current assets		
Cash and cash equivalents	7,455	5,995
Trade and other receivables	14,694	14,820
Other financial assets	690	262
Other current assets	729	1,047
Total current assets	23,570	22,127
Non-current assets		
Property, plant and equipment	1,082	1,101
Right-of-use assets	5,715	5,371
Goodwill	6,155	6,044
Other intangible assets	6,049	5,756
Investments accounted for using equity method	495	484
Other financial assets	1,151	1,215
Deferred tax assets	1,678	1,708
Other non-current assets	863	841
Total non-current assets	23,190	22,523
Total assets	46,760	44,650

(Millions of yen)

	FY3/21 (As of Mar. 31, 2021)	Second quarter of FY3/22 (As of Sep. 30, 2021)
Liabilities		
Current liabilities		
Trade and other payables	13,760	13,687
Borrowings	4,865	5,651
Other financial liabilities	3,600	2,976
Income taxes payable	514	742
Other current liabilities	2,048	1,653
Total current liabilities	24,790	24,711
Non-current liabilities		
Borrowings	3,923	2,631
Other financial liabilities	6,563	5,114
Deferred tax liabilities	1,289	1,054
Other non-current liabilities	166	187
Total non-current liabilities	11,943	8,988
Total liabilities	36,733	33,699
Equity		
Share capital	2,089	2,111
Capital surplus	(1,786)	(1,024)
Treasury shares	(279)	(274)
Other components of equity	(343)	(643)
Retained earnings	8,559	9,719
Total equity attributable to owners of parent	8,240	9,889
Non-controlling interests	1,786	1,061
Total equity	10,027	10,950
Total liabilities and equity	46,760	44,650

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

(Millions of yen)

	First six months of FY3/21 (Apr. 1, 2020 – Sep. 30, 2020)	First six months of FY3/22 (Apr. 1, 2021 – Sep. 30, 2021)
Revenue	58,177	63,913
Cost of sales	46,255	49,878
Gross profit	11,921	14,035
Selling, general and administrative expenses	9,916	11,473
Other income	251	160
Other expenses	35	37
Operating profit	2,221	2,685
Share of profit (loss) of investments accounted for using equity method	7	(11)
Finance income	28	79
Finance costs	171	37
Profit before tax	2,085	2,716
Income tax expense	563	719
Profit	1,522	1,996
Profit attributable to		
Owners of parent	1,304	1,698
Non-controlling interests	217	297
Earnings per share		
Basic earnings per share (Yen)	58.70	76.18
Diluted earnings per share (Yen)	57.86	75.00

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

(Millions of yen)

	First six months of FY3/21 (Apr. 1, 2020 – Sep. 30, 2020)	First six months of FY3/22 (Apr. 1, 2021 – Sep. 30, 2021)
Profit	1,522	1,996
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	241	22
Total of items that will not be reclassified to profit or loss	241	22
Items that may be reclassified to profit or loss		
Cash flow hedges	7	(20)
Exchange differences on translation of foreign operations	690	(307)
Total of items that may be reclassified to profit or loss	698	(327)
Other comprehensive income, net of tax	940	(305)
Comprehensive income	2,462	1,691
Comprehensive income attributable to		
Owners of parent	2,213	1,401
Non-controlling interests	248	289

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

First six months of FY3/21 (Apr. 1, 2020 – Sep. 30, 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	-	-	-	-	1,304	1,304	217	1,522
Other comprehensive income	-	-	-	909	-	909	30	940
Comprehensive income	-	-	-	909	1,304	2,213	248	2,462
Dividends of surplus	-	-	-	-	(511)	(511)	-	(511)
Purchase of treasury shares	-	-	-	-	-	-	-	-
Disposal of treasury shares	-	-	-	-	-	-	-	-
Share-based remuneration transactions	-	41	-	-	-	41	-	41
Increase (decrease) by business combination	-	(102)	-	-	-	(102)	(560)	(663)
Transfer from other components of equity to retained earnings	-	-	-	(226)	226	-	-	-
Other	-	-	-	-	-	-	2	2
Total transactions with owners	-	(60)	-	(226)	(285)	(572)	(558)	(1,130)
Balance as of September 30, 2020	2,033	(1,460)	(89)	(1,106)	7,498	6,875	1,580	8,456

First six months of FY3/22 (Apr. 1, 2021 – Sep. 30, 2021)

(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, 2021	2,089	(1,786)	(279)	(343)	8,559	8,240	1,786	10,027
Profit	-	-	-	-	1,698	1,698	297	1,996
Other comprehensive income	-	-	-	(296)	-	(296)	(8)	(305)
Total comprehensive income	-	-	-	(296)	1,698	1,401	289	1,691
Dividends of surplus	-	-	-	-	(541)	(541)	-	(541)
Purchase of treasury shares	-	-	(0)	-	-	(0)	-	(0)
Disposal of treasury shares	-	(1)	5	-	-	3	-	3
Share-based remuneration transactions	22	42	-	-	-	64	-	64
Increase (decrease) by business combination	-	721	-	-	-	721	(1,024)	(303)
Transfer from other components of equity to retained earnings	-	-	-	(3)	3	-	-	-
Other	-	-	-	-	-	-	10	10
Total transactions with owners	22	761	5	(3)	(538)	247	(1,014)	(767)
Balance as of September 30, 2021	2,111	(1,024)	(274)	(643)	9,719	9,889	1,061	10,950

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	First six months of FY3/21 (Apr. 1, 2020 – Sep. 30, 2020)	First six months of FY3/22 (Apr. 1, 2021 – Sep. 30, 2021)
Cash flows from operating activities		
Profit before tax	2,085	2,716
Depreciation and amortization	1,046	965
Share-based payment expenses	44	31
Decrease (increase) in trade receivables	1,639	(139)
Increase (decrease) in trade payables	(654)	(477)
Other	(622)	(187)
Subtotal	3,539	2,907
Interest and dividends received	3	2
Interest paid	(45)	(37)
Income taxes paid	(1,045)	(757)
Net cash provided by (used in) operating activities	2,452	2,115
Cash flows from investing activities		
Purchase of property, plant and equipment, and intangible assets	(334)	(312)
Purchase of investments accounted for using equity method	(350)	-
Other	520	460
Net cash provided by (used in) investing activities	(163)	147
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	692	900
Proceeds from long-term borrowings	270	60
Repayments of long-term borrowings	(1,567)	(1,466)
Repayments of lease liabilities	(637)	(602)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(798)	(1,969)
Dividends paid to non-controlling interests	(283)	(269)
Dividends paid	(510)	(540)
Proceeds from government grants	788	126
Other	57	101
Net cash provided by (used in) financing activities	(1,989)	(3,661)
Effect of exchange rate changes on cash and cash equivalents	68	(61)
Net increase (decrease) in cash and cash equivalents	368	(1,460)
Cash and cash equivalents at beginning of period	5,944	7,455
Cash and cash equivalents at end of period	6,312	5,995

(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, nursing care facility, and construction engineers; 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.

Information on each reportable segment is as follows.

First six months of FY3/21 (Apr. 1, 2020 – Sep. 30, 2020)

(Millions of yen)

	Reportable segment			Others	Adjustment (Note 2)	Amounts recorded in consolidated financial statements
	Domestic WORK	Overseas WORK	Total			
Revenue						
External revenue	39,596	17,901	57,498	678	-	58,177
Inter-segment revenue (Note 1)	21	-	21	3	(24)	-
Total	39,618	17,901	57,520	681	(24)	58,177
Segment profit	2,415	1,013	3,428	(196)	(1,010)	2,221

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

2. The negative adjustment of 1,010 million yen to segment profit includes elimination of 8 million yen for inter-segment transactions and corporate expenses of minus 1,019 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.

First six months of FY3/22 (Apr. 1, 2021 – Sep. 30, 2021)

(Millions of yen)

	Reportable segment			Others	Adjustment (Note 2)	Amounts recorded in consolidated financial statements
	Domestic WORK	Overseas WORK	Total			
Revenue						
External revenue	39,594	23,709	63,303	609	-	63,913
Inter-segment revenue (Note 1)	27	-	27	2	(30)	-
Total	39,621	23,709	63,331	611	(30)	63,913
Segment profit	2,160	1,676	3,837	(205)	(946)	2,685

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

2. The negative adjustment of 946 million yen to segment profit includes elimination of 0 million yen for inter-segment transactions and corporate expenses of minus 946 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) Change in reportable segments

Regarding the accounting method for reportable business segments, we had previously adopted a method of reflecting certain adjustments under Japanese GAAP. After re-examining segment information to be reviewed regularly, the Group decided to align the accounting method with the accounting policies of the Group from the beginning of the first quarter of the fiscal year ending March 31, 2022. Accordingly, reportable segment information for the first half of the previous fiscal year

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.