



Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2022

February 22, 2022

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



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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 previous corresponding quarter has been restated.

I . 3Q FY3/22 Highlights

1

The full-year consolidated forecasts have been revised upward again to better-than expected 3Q results as it did in 1Q and 2Q.

2

“WORK SHIFT Strategy,” the key approach of the Medium-Term Management Plan, exceeded the plan.

3

The ratio of equity attributable to owners of parent to total assets exceeded the Medium-term Management Plan target of 20%.

3Q FY3/22 Financial Highlights

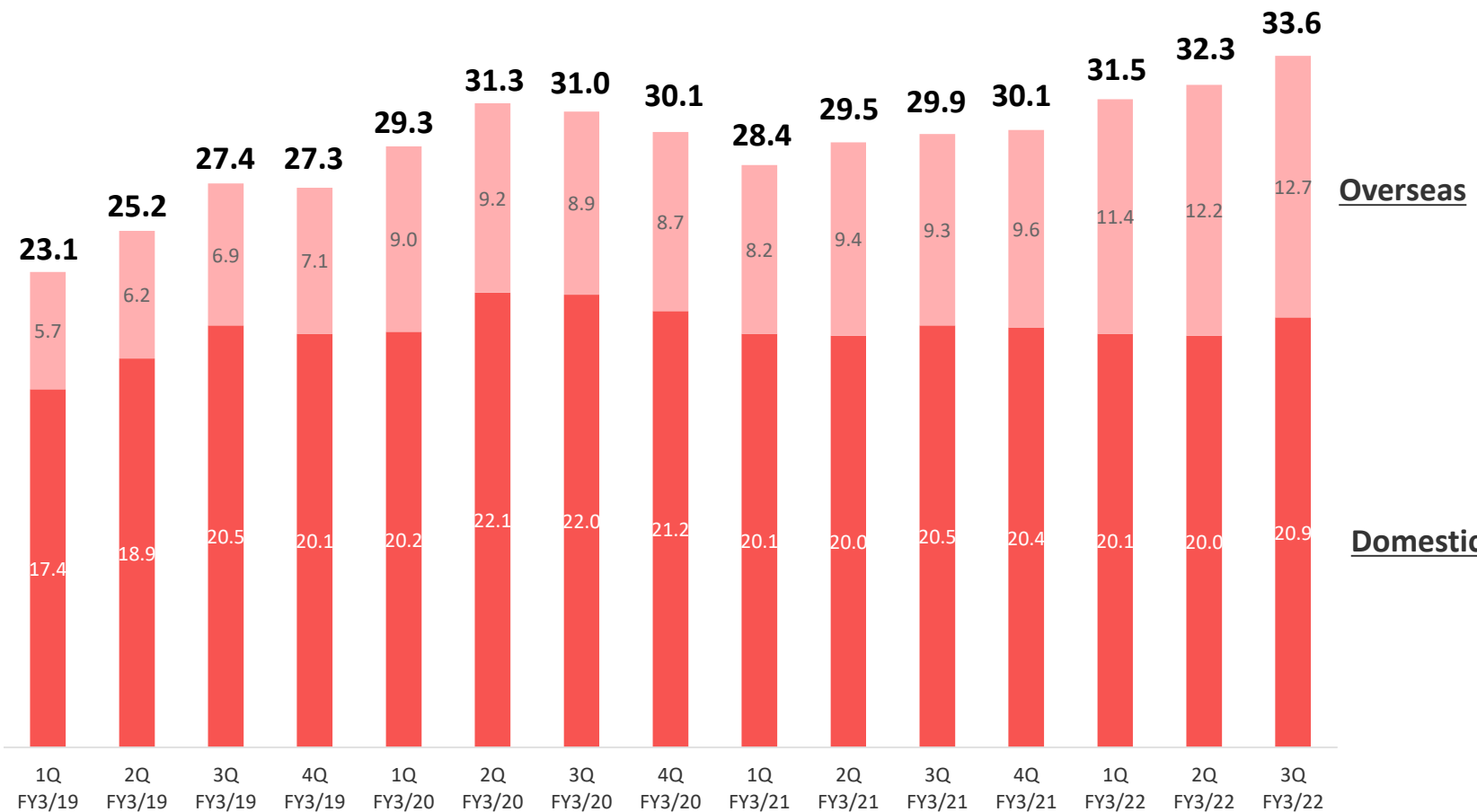
Double-digit revenue backed by the Overseas WORK Business as the demand for people to perform a variety of jobs remained strong. Operating profit increased due to the growth in gross profit caused by higher permanent placement sales despite the contribution to earnings one year earlier of a one-time profit of about ¥900 million. Up-front investments of about ¥800 million in strategic investment domains (construction management, care support, startup company HR support) for the Perm SHIFT held down earnings somewhat.

(Billions of yen)	3Q FY3/22	Vs. 3Q FY3/21
Revenue	97.60	+ 10.7% (+9.46)
Gross margin	21.8%	+ 1.5 _{pt}
Operating profit	4.16	+ 28.4% (+0.92)

→“WORK SHIFT Strategy,” the key approach of the Medium-Term Management Plan, progressed as planned.

Consolidated Revenue

(Billions of yen)



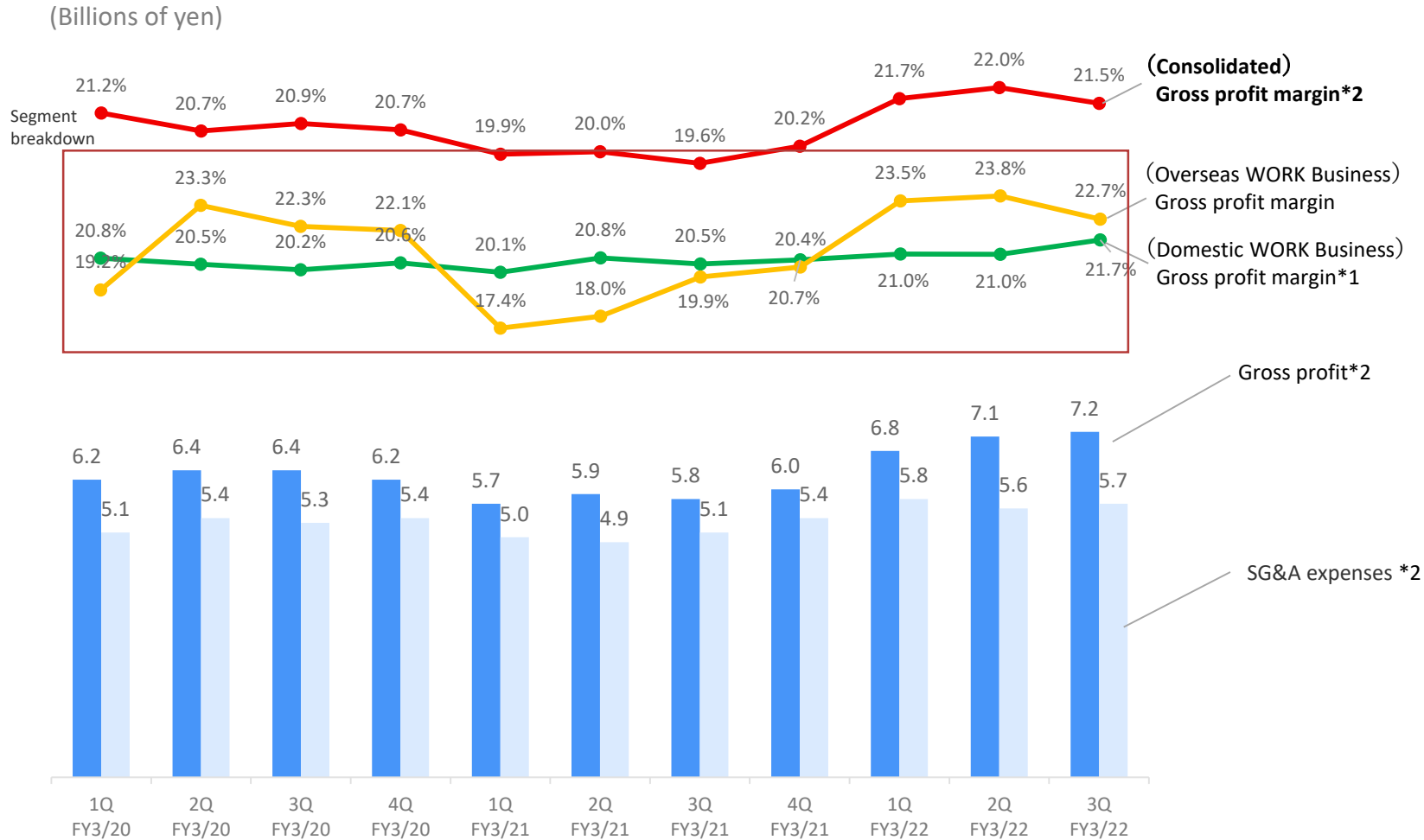
3Q FY3/22 revenue was ¥1.3 billion higher than in the 2Q of FY3/22

(Effects of foreign exchange rates: +¥0.0 billion)

Overseas revenue continues to increase steadily and revenue in Japan is recovering.

*The revenue in FY3/21 is based on adjusted figure that excludes overseas subsidy income.

Consolidated Gross Margin and SG&A Expense Ratio



The consolidated gross margin improved from one year earlier due to the Perm SHIFT.

Upfront investments
 3Q plan: ¥0.37 billion
 3Q results: ¥0.26 billion

1Q-3Q plan: ¥1.04 billion
 1Q-3Q results: ¥0.76 billion

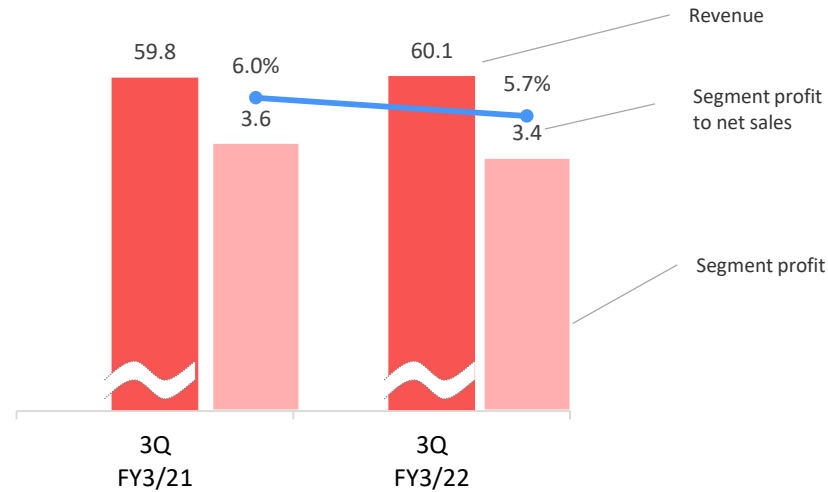
*1 Intersegment consolidation adjustments are not included. The amounts for FY3/20 are based on the previous accounting policy.

*2 The revenue in FY3/21 is based on adjusted figure that excludes overseas subsidy income.

Consolidated Segment Results

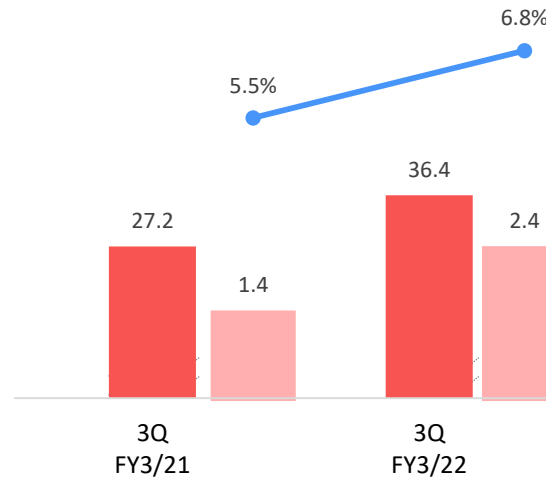
(Billions of yen)

Domestic WORK Business



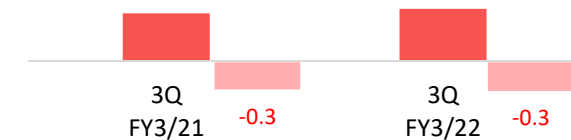
- The number of worker on assignments decreased in the factory sectors affected by the spread of COVID-19.
- Upfront investments (¥760 million) for nursing care personnel, construction engineers and HR support for startup firms.

Overseas WORK Business



- Both Australia and Singapore enforced tighter restrictions to curb the spread of COVID-19. However, the demand for human resources remained solid, which contributed to a significant increase in permanent placement sales.

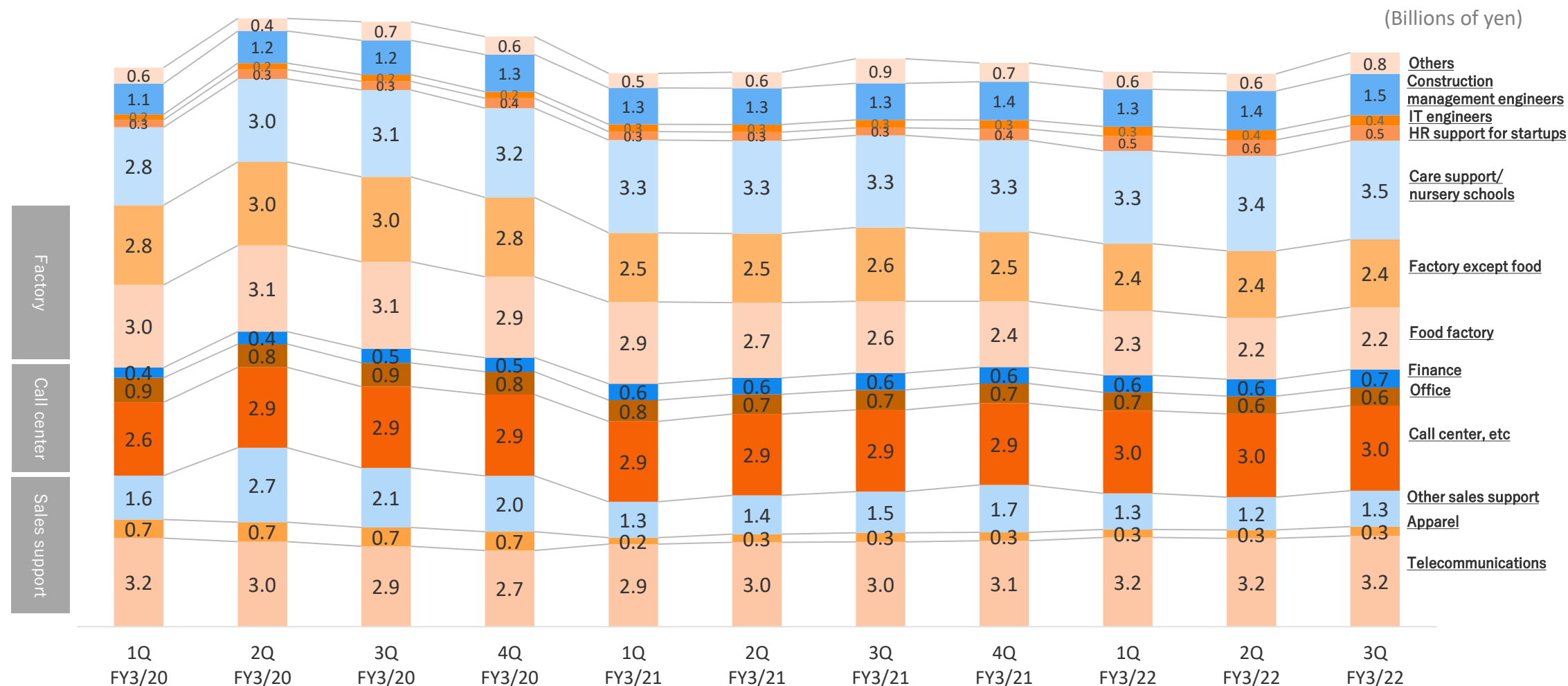
Others



- Continued upfront investment in the exploratory domain (inbound services)

Domestic WORK Business (Business sector sales)

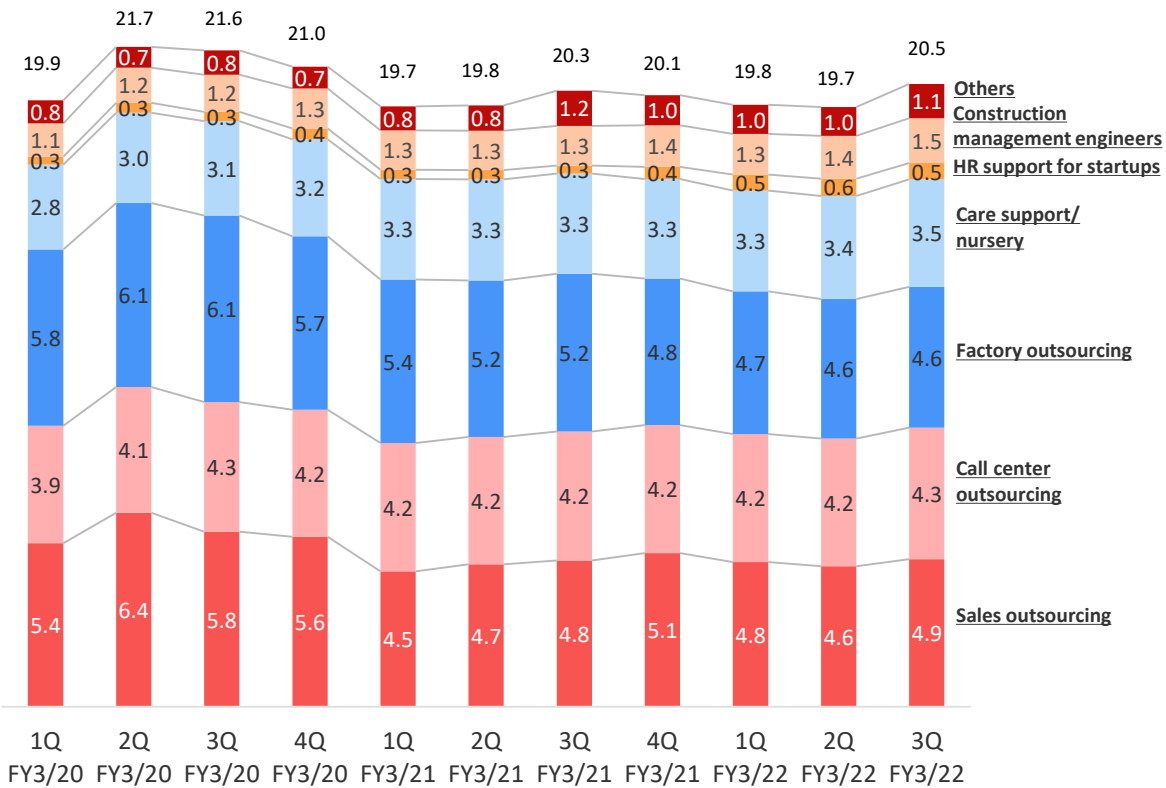
Telecommunications, call center, care support/nursery schools and HR support for startups sectors performed well.



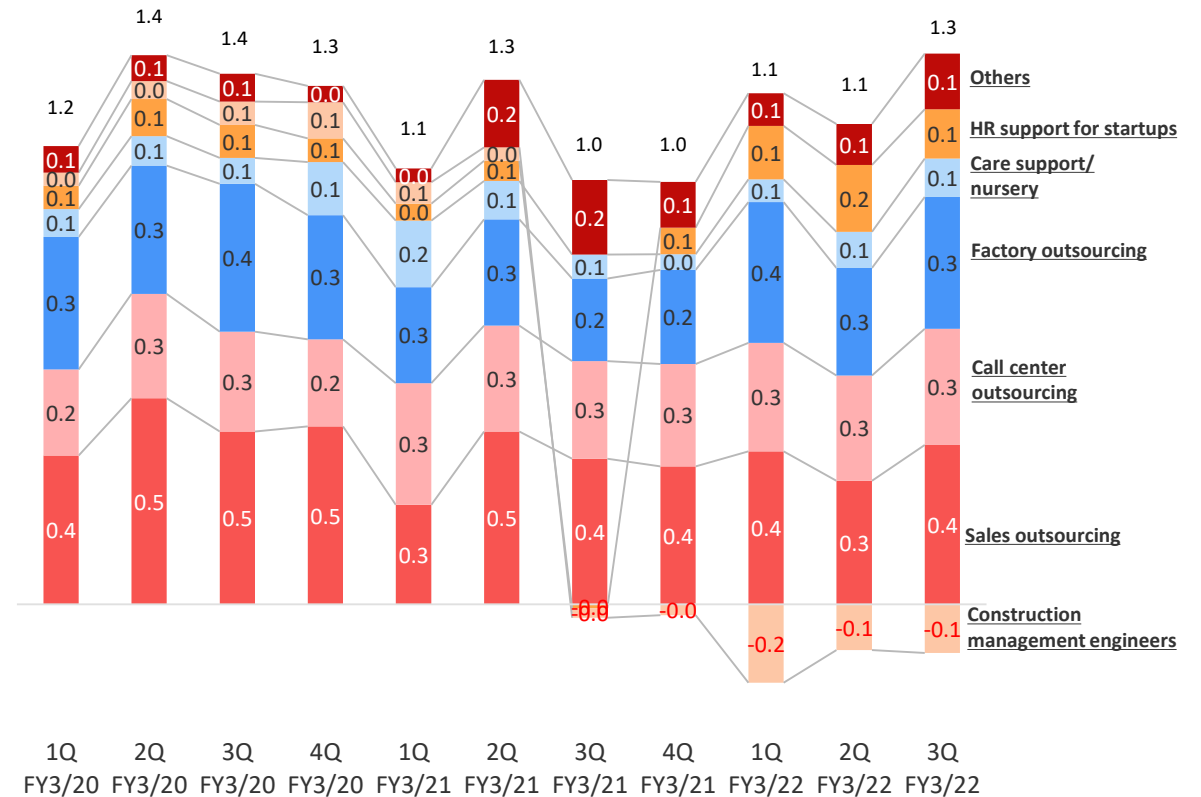
Domestic WORK Business (Sales and operating profit by sector)

3Q operating profit recovered to about the 3Q FY3/20 level (prior to the pandemic) despite expenses for up-front investments in strategic investment domains.

-Sales by sector (Billions of yen) -



-Operating profit by sector (Billions of yen) -

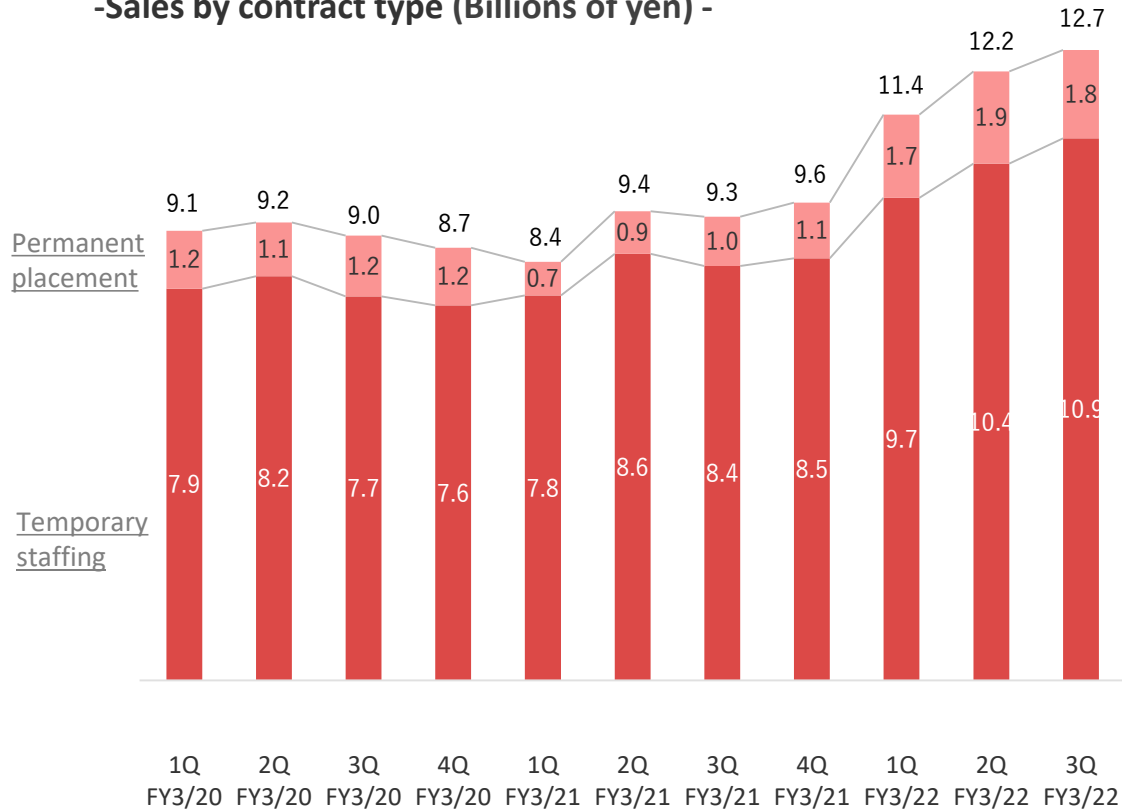


*Intra-segment consolidation adjustments are not included

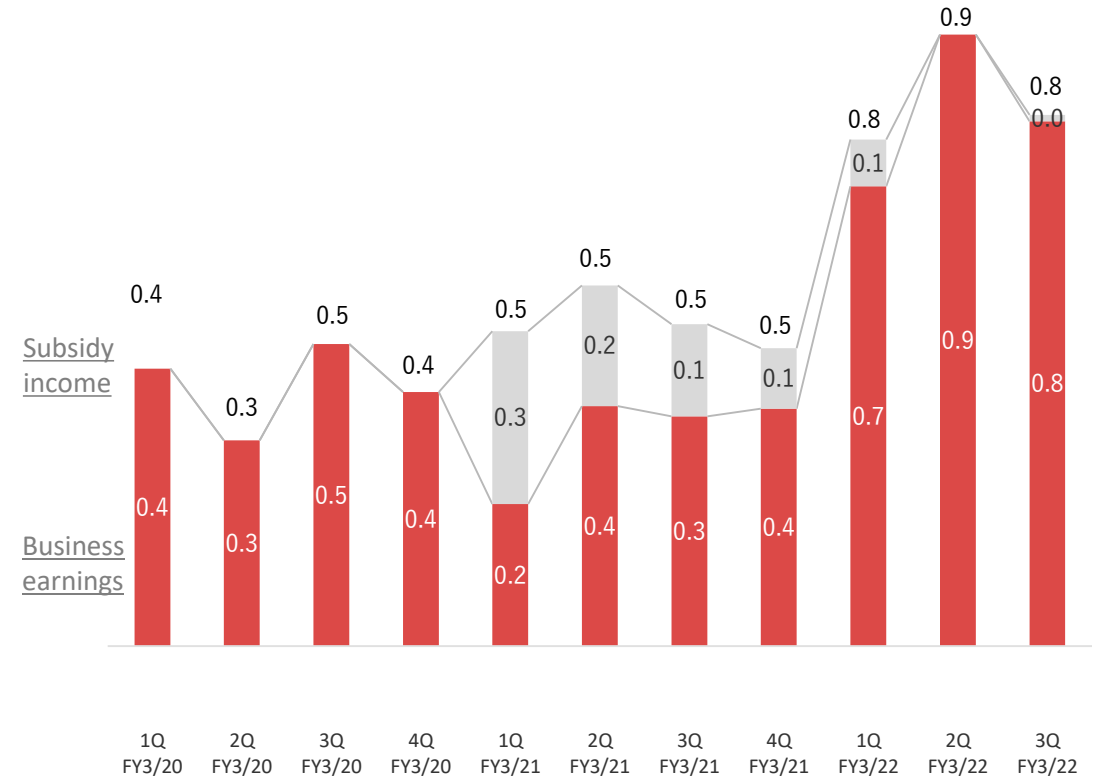
Overseas WORK Business (Sales by contract type, sector operating profit)

3Q permanent placement revenue was lower than in the 2Q, partly due to seasonal factors, but the growth rate remains high. Total revenue in this business is consistently higher than the pre-pandemic level (FY3/20).

-Sales by contract type (Billions of yen) -



-Operating profit by sector (Billions of yen) -



3Q FY3/22 Highlights

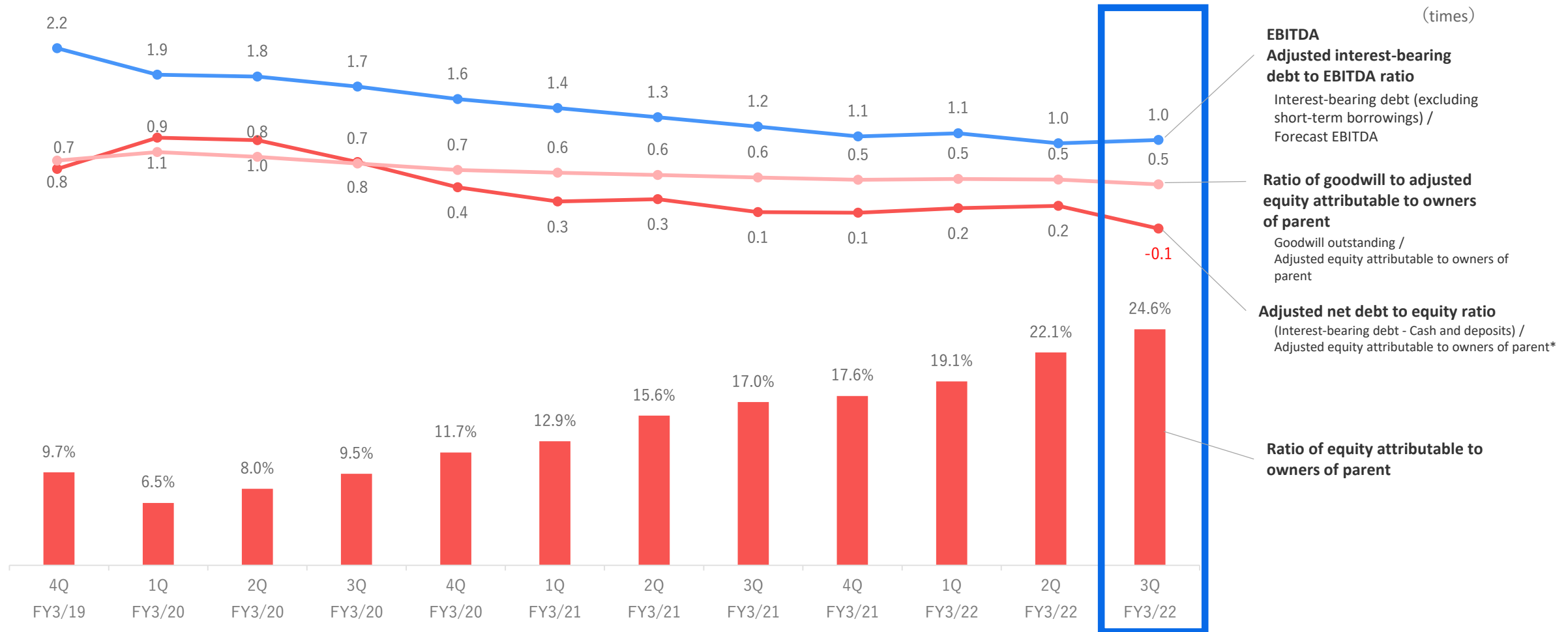
(Billions of yen)

	3Q FY3/21	3Q FY3/22	Vs. 3Q FY3/21	
			Change	% change
Revenue	88.13	97.60	+9.46	+10.7%
Gross profit (Gross margin)	17.91 (20.3%)	21.29 (21.8%)	+3.38 (+1.5pt)	+18.9%
Operating profit (Operating margin)	3.24 (3.7%)	4.16 (4.3%)	+0.92 (+0.6pt)	+28.4%
Profit before tax	3.04	4.19	+1.15	+37.8%
Profit attributable to owners of parent	1.87	2.62	+0.75	+39.9%
EBITDA (Operating profit + Depreciation and amortization)	4.80	5.64	+0.84	+17.5%

Number of employees:5,255
(+410 from the end of FY3/21)

Financial Indicators

The ratio of equity attributable to owners of parent to total assets at the end of 3Q was 24.6%, which exceeded the medium-term management plan target of 20%. Other financial indicators have also been on the improvement trend.



II . FY3/22 Earnings and Dividend Forecasts

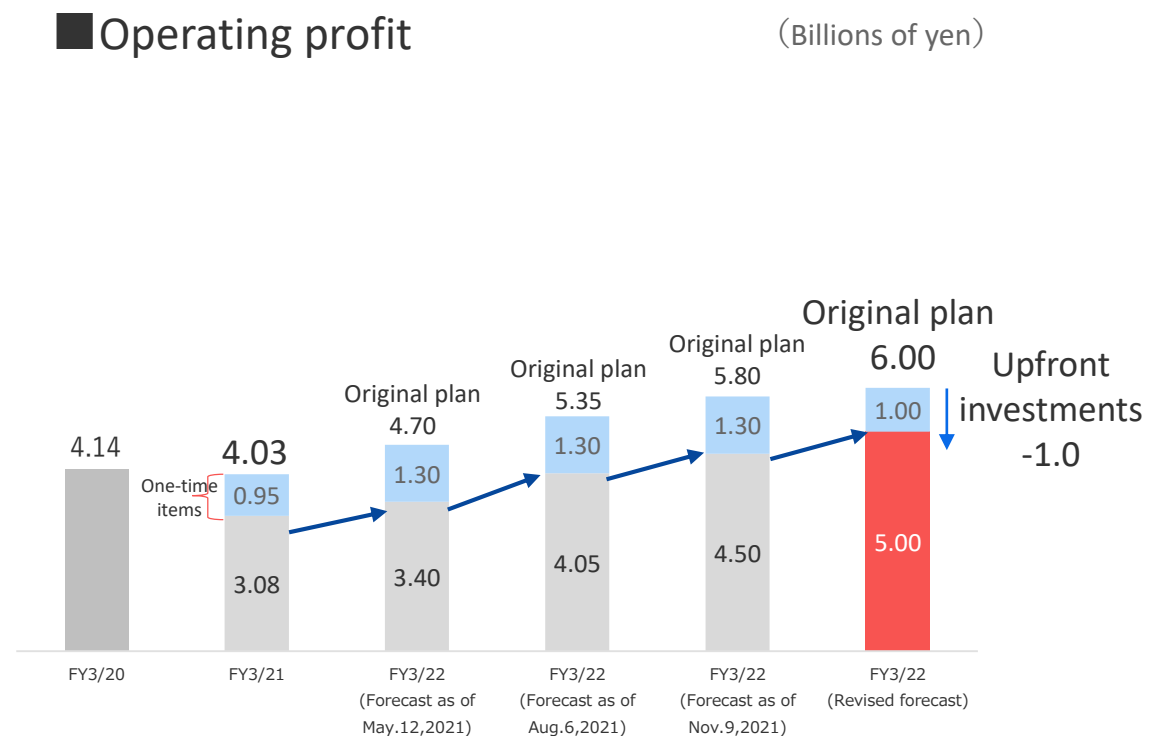
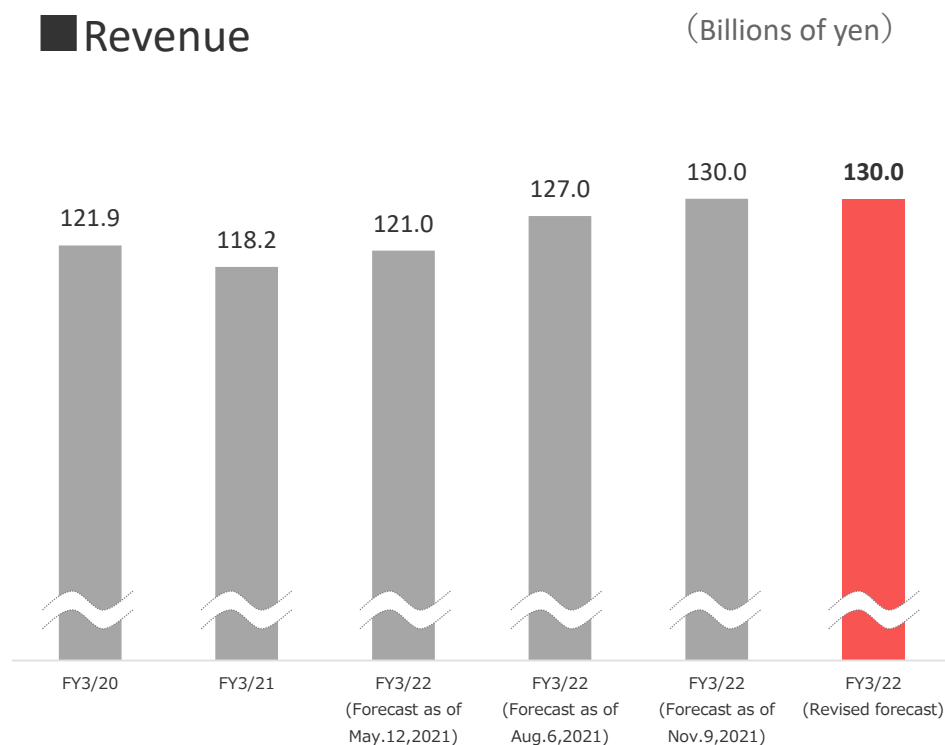
FY3/22 Forecast

The forecast for the fiscal year ending March 2022 has been revised upwards again to factor in the better-than-expected third quarter results.

(Billions of yen)	FY3/21	FY3/22 (Forecast as of Nov. 9, 2021)	FY3/22 (Revised forecast)	Vs. FY3/22(Forecast as of Nov. 9, 2021)	
				Change	% change
Revenue	118.24	130.00	130.00	0.00	0.0%
Domestic WORK Business	80.05	81.18	81.02	-0.16	-0.2%
Overseas WORK Business	36.92	47.20	47.39	+0.19	+0.4%
Others	1.28	1.61	1.57	-0.03	-2.1%
Gross profit(Gross margin)	24.05 (20.3%)	28.22 (21.7%)	28.39 (21.8%)	+0.17 (+0.1pt)	+0.6%
Operating profit (Operating margin)	4.03 (3.4%)	4.50 (3.5%)	5.00 (3.8%)	+0.50 (0.4pt)	+11.1%
Domestic WORK Business	4.72	4.50	4.50	-0.00	-0.0%
Overseas WORK Business	1.94	2.51	2.85	+0.33	+13.3%
Others	-0.39	-0.32	-0.34	-0.02	-
Adjustments	-2.24	-2.20	-2.01	+0.18	-
Profit attributable to owners of parent	2.36	2.51	2.98	+0.47	+18.7%
EBITDA	6.25	6.23	7.02	+0.79	+12.7%
	FY3/21	Forecast as of Nov. 9, 2021	Revised forecast	Change for ¥1 difference/y	
				Revenue	Profit
AUD	¥76	¥84	¥84	¥380mln	¥10mln
SGD	¥78	¥82	¥82	¥90mln	¥0mln

Assumptions Used for the FY3/22 Forecast

In the revised FY3/22 forecast, there is no significant change in the 4Q forecast. Upfront investments in focus areas are expected to be ¥1 billion compared with the original plan of ¥1.3 billion.



FY3/22 Forecasts (By Domestic WORK Business Sectors)

(Billions of yen)

Segments	Sectors	FY3/21	FY3/22	FY3/22	Vs. FY3/22
		Upper: Net sales	(Forecast as of Nov. 9, 2021)	(Revised forecast)	(Forecast as of Nov. 9, 2021)
		Lower: Operating profit	Upper: Net sales	Upper: Net sales	Upper: Net sales
		Lower: Operating profit	Lower: Operating profit	Lower: Operating profit	Lower: Operating profit
Domestic WORK Business	Sales support	19.22	19.39	19.43	+0.04
		1.64	1.65	1.54	-0.11
	Call center	16.86	16.97	17.05	+0.08
		1.13	1.10	1.12	+0.01
	Factory	20.58	18.40	18.44	+0.04
		1.25	1.28	1.29	+0.01
	Care support	13.21	14.10	13.80	-0.29
		0.38	0.45	0.35	-0.10
	HR support for startups	1.27	2.20	2.30	+0.10
		0.15	0.45	0.60	+0.15
	Construction management engineers	5.27	5.80	5.78	-0.02
		0.05	-0.56	-0.59	-0.03
	Others	3.61	4.30	4.19	-0.11
		0.52	0.39	0.41	+0.02

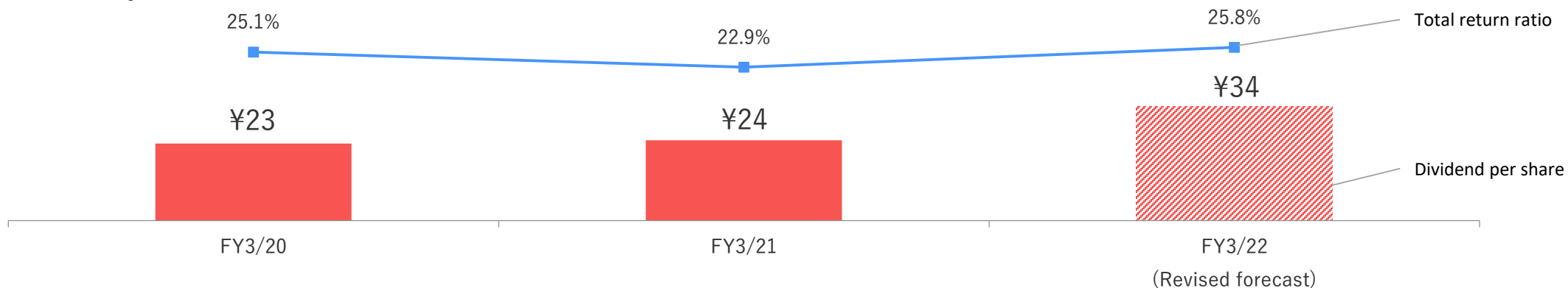
* Intra-segment consolidation adjustments are not included.

FY3/22 Dividend Forecast

The shareholder return is based on a total return ratio of 30%.
The dividend forecast has been unchanged.

	FY3/21	FY3/22 Revised forecast
Year-end dividend	¥24 per share	¥34 per share
Total return ratio	22.9%	25.8%




■ Dividend per share and total return ratio



No Risk of Impairment Losses

There is currently no expectation of impairment risk. Except for WILLOF CONSTRUCTION, in which the Will Group has made upfront investments, the Group's companies are recovering from the impact of the spread of the COVID-19 pandemic.

(Billions of yen)

	Primary location	Business activities	Start of consolidation since (WILL GROUP ownership)	Investment *1	*2	3Q FY3/21	3Q FY3/22	YoY change
 ウイルオブ・コンストラクション WILLOF CONSTRUCTION	Metropolitan areas and Tohoku	Construction management engineer temporary staffing and permanent placements mainly in the Tohoku region of Japan. A large number of highly skilled people are registered for assignments. Strong position in the market for temporary staffing of engineers for large building and civil engineering projects.	2018/6 (100%)	2.61	Sales	3.91	4.22	+8.0%
	Singapore	Providing permanent placement and consulting services focused on HR primarily in Singapore, through wholly-owned subsidiaries in Hong Kong, Japan, U.S., China, Australia and UK.	2019/1 (76%)	2.38	Profit *3	0.07	-0.46	-
	Brisbane	Providing temporary staffing and permanent placement services to government agencies and major corporations in Australia	2019/4 (90%)	2.37	Sales	0.86	1.45	+68.0%
	Melbourne	Providing temporary staffing and permanent placement services for office work and call center operations to agencies and companies in various sectors such as the government, telecommunications, resources and appliance manufacturing in Australia.	2018/1 (100%)	1.51	Profit *3	0.26	0.57	+119.3%
					Sales	5.15	7.31	+42.0%
					Profit *3	0.50	1.03	+108.3%
					Sales	10.65	10.35	-2.8%
					Profit *3	0.27	0.26	-3.0%

*1 The investment in each company includes goodwill and identifiable intangible assets.

*2 Sales and profit are for the April-December consolidated fiscal year regardless of the timing of consolidated disclosures.
Converted to yen at the rates of ¥80/SGD and ¥80/AUD in order to eliminate the effects of foreign exchange rate movements.

*3 Profit is profit before tax after the amortization of identifiable intangible assets, internal transactions and one-time expenses.

Investment balance (above 4 companies): ¥8.8 billion

Investment balance (consolidated): ¥10.6 billion



III. Key Strategies Progress of Medium-term Management Plan (WILL-being 2023)

Medium-term Management Plan (WILL-being 2023) Progress

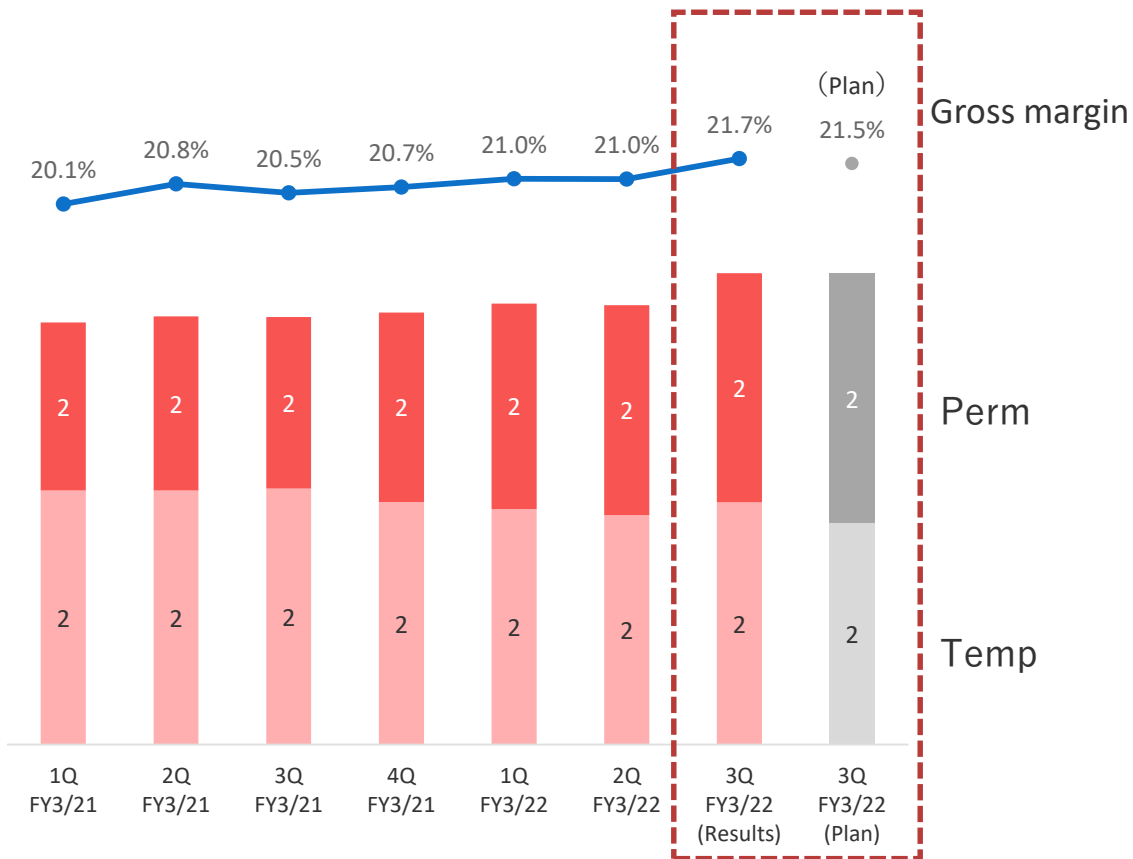
Despite some issues, the four key strategies are progressing as planned generally

Key strategies		Progress in 3Q FY3/22
Strategy I	Improve profitability through portfolio shift	<ul style="list-style-type: none"> • In Japan, care support placements were below the plan. Orders and the number of people hired in the temp-to-hire category were lower than expected because awareness of the key temp-to-perm business is still low. Building a base in the 4Q to support growth in FY3/23. • Construction management engineers on assignment are increasing because of progress with recruiting people with work experience other fields. • Compared with the 1Q and 2Q, overseas operations in the 3Q have been recovering gradually from FY3/21 and permanent placements have been increasing rapidly.
Strategy II	Increase productivity through digital shift	<ul style="list-style-type: none"> • Continued enhancement of the WILLOF smartphone app (for online applications). • Two main subsidiaries, WILLOF WORK and WILLOF FACTORY, merged on July 1, 2021, to consolidate their sales office networks and administrative operations.
Strategy III	Search for areas for next strategic investments	<ul style="list-style-type: none"> • Performance of the inbound services of the foreign worker support services business (ENPORT, etc.) was below the plan because of the severe impact of pandemic restrictions on foreigners entering Japan. • In the Tech field, we are seeking opportunities in business sectors associated with our major businesses.
Strategy IV	Financial strategy	<ul style="list-style-type: none"> • The ratio of equity attributable to owners of the parent to total assets was 24.6%, exceeding the target of 20%. • The target for shareholder distributions is 30% of the earnings forecast at the beginning of the fiscal year. Based on this target, there is no change in the dividend forecast. Based on the revised forecast, shareholder distributions are expected to be 25.8% of earnings.

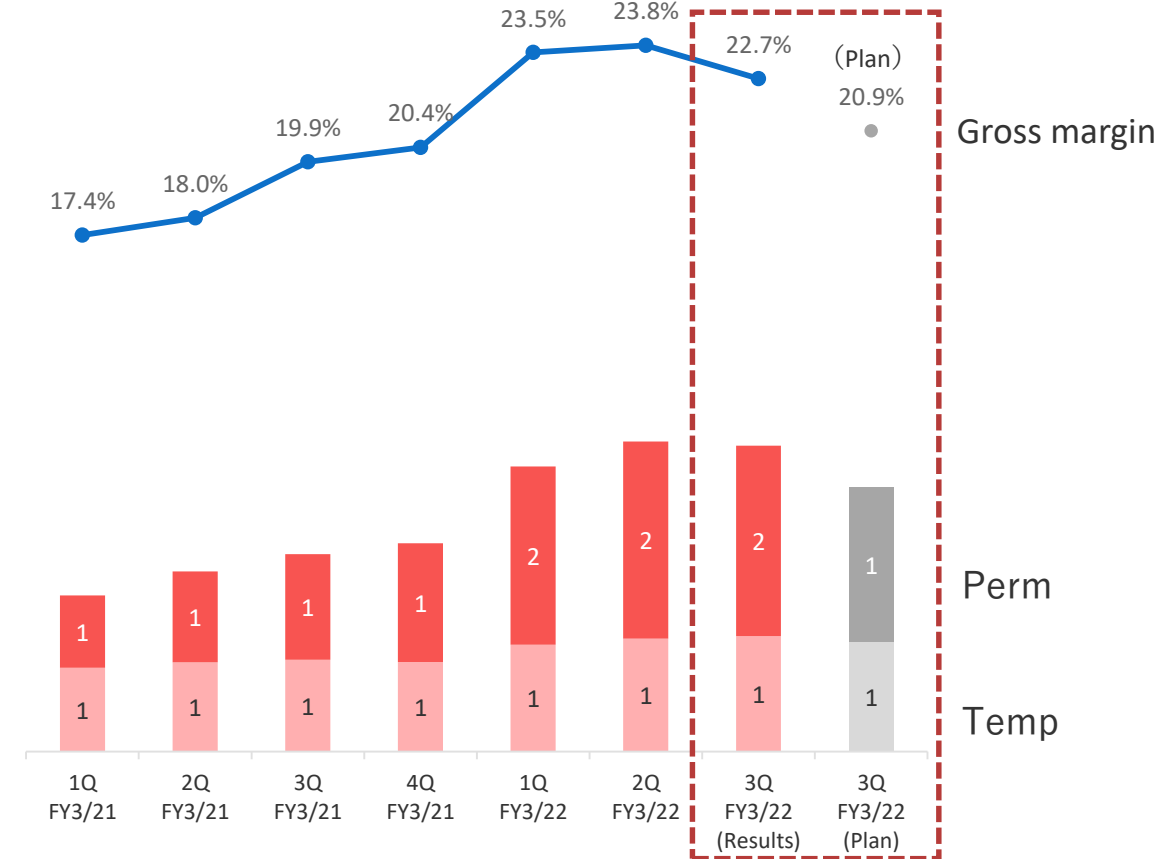
Business Portfolio Changes in Japan and Overseas

In the Domestic and Overseas WORK Businesses, gross margin was higher than the 3Q plan.
Gross margin increased due to promotion of Perm SHIFT.

-Domestic WORK Business Gross profit by Temp / Perm* (Billions of yen) -



-Overseas WORK Business Gross profit by Temp / Perm (Billions of yen) -

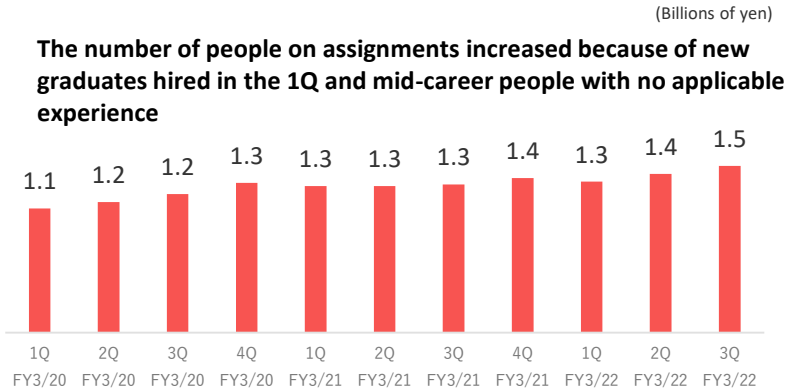


*Intra-segment consolidation adjustments are not included.
Gross profit and gross margin in 1Q FY3/22 are based on adjusted figure that excludes overseas subsidy income.

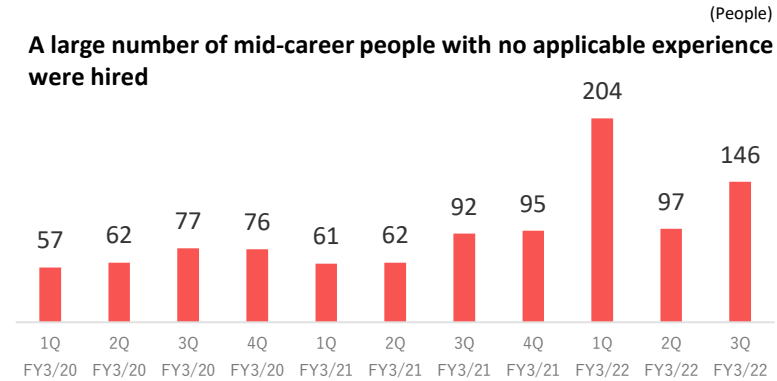
Progress in the Construction Management Engineer Temporary Staffing Business

Recruiting large numbers of people with work experience in other fields and the number of people on assignments is increasing steadily

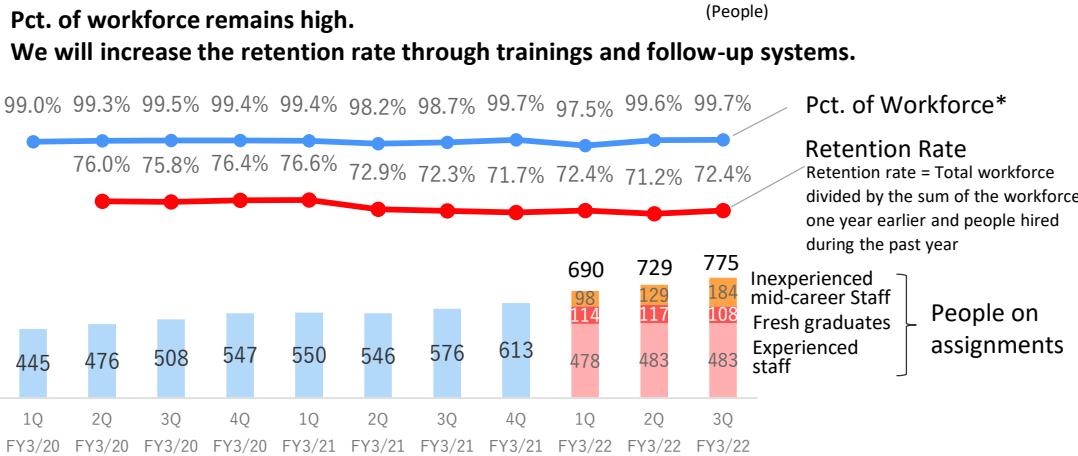
Quarterly Revenue



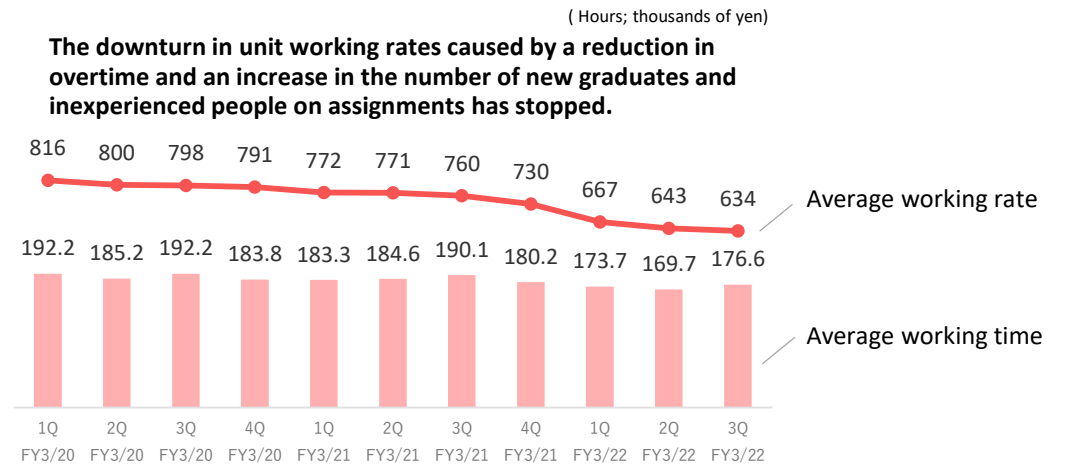
Number of People Hired



People on Assignments, Pct. of Workforce, Retention Rate



Temporary Placement Staff Working Time and Rates

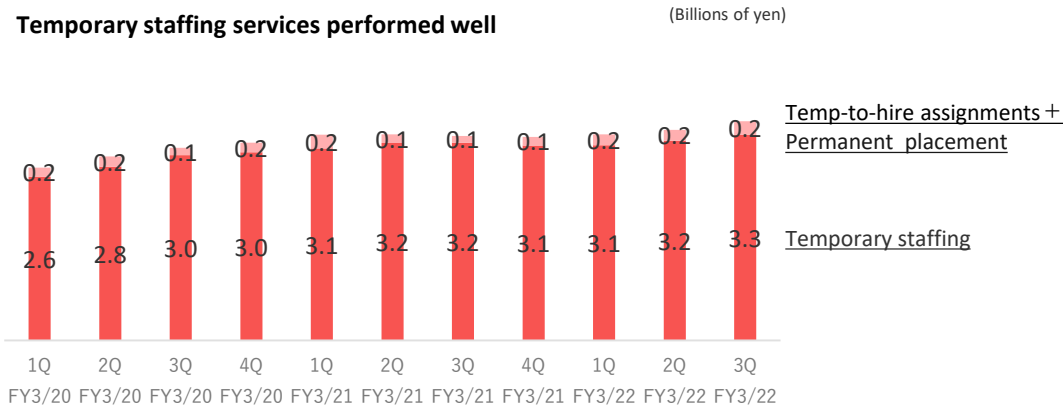


*The pct. of workforce in 1Q FY3/22 is the percentage for June 2021, excluding the impact of the new graduate training period. The percentage of workforce in 1Q FY3/22 would be 90.4% when the impact of the new graduate training period is factored in.

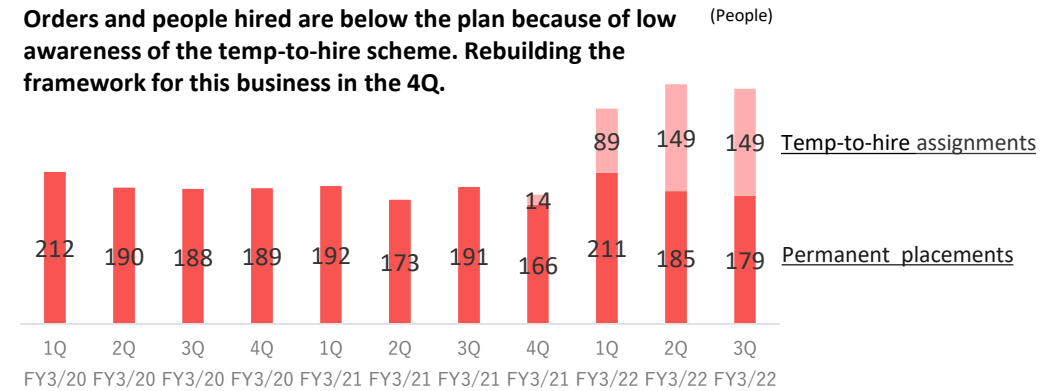
Progress in the Care Support Business

Performance of the key temp-to-hire category is below expectations and activities are under way in the 4Q to build a base for growth.

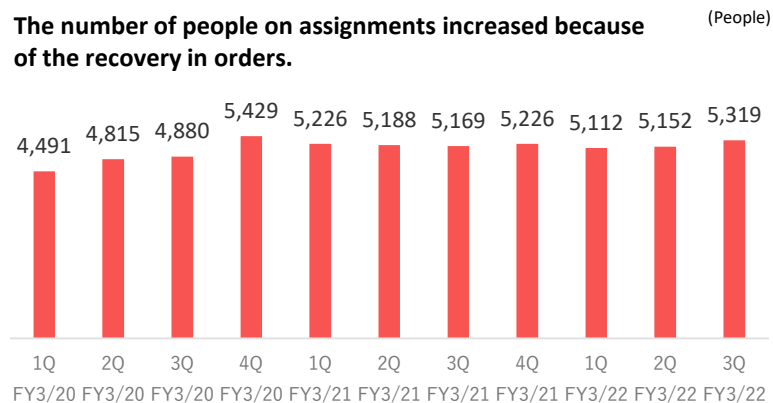
Quarterly Revenue



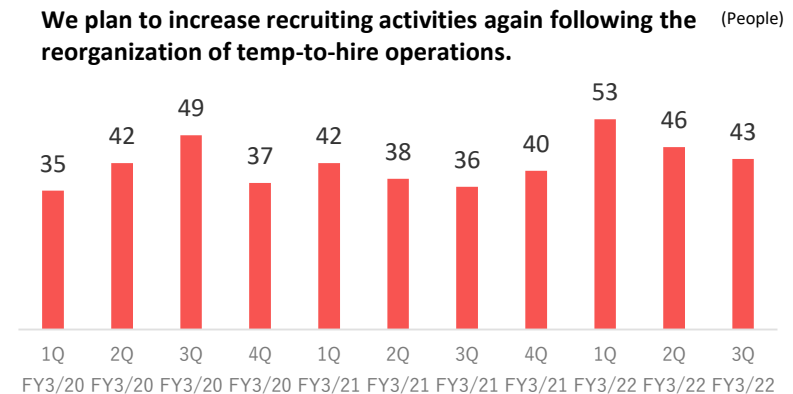
Temp-to-Hire Assignments and Permanent Placements



Number of People on Assignments



Employees in the Temp-to-Hire and Permanent Placement Business





Forecasts of future performance in this report are based on assumptions judged to be valid and information available to the Will Group's management at the time the materials were prepared, but are not promises by the Will Group regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons.

This report is an English translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between the original Japanese version and this translated version, the Japanese version shall prevail.

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