



Supplementary Materials for the First Quarter of the Fiscal Year Ending March 31, 2023

August 5, 2022

WILL GROUP, INC. (Tokyo Stock Exchange, Prime Market / Stock code: 6089)



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I. 1Q FY3/23 Results

1Q FY3/23 Results

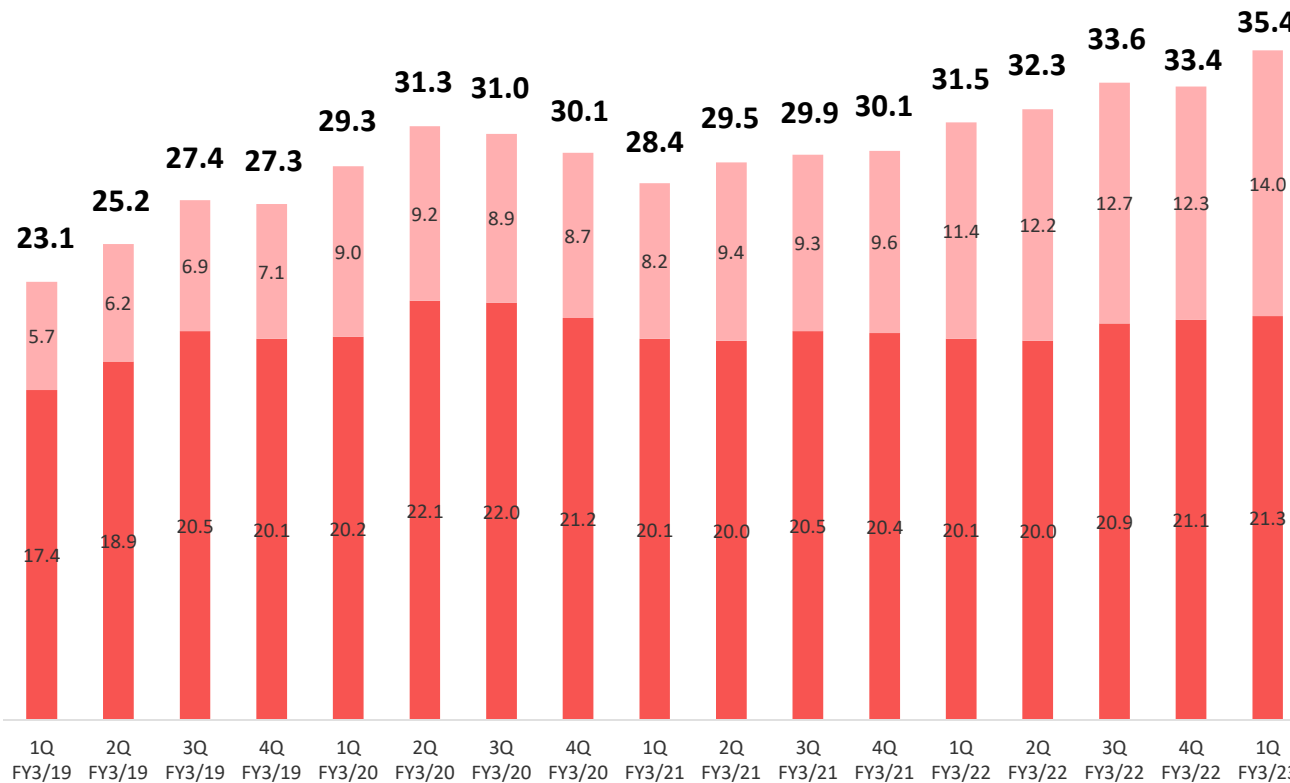
In addition to the recovery trend in the Domestic WORK Business, the Overseas WORK Business was also strong, leading to higher revenue and profit.

(Billions of yen)	1Q FY3/22	1Q FY3/23	Vs. 1Q FY3/22	
			Change	% change
Revenue	31.53	35.44	+ 3.90	+ 12.4%
Gross profit (Gross margin)	6.90 (21.9%)	8.03 (22.7%)	+ 1.13 (+ 0.8pt)	+ 16.4%
Operating profit (Operating margin)	1.13 (3.6%)	1.43 (4.0%)	+ 0.29 (+0.4pt)	+ 26.0%
Profit before tax	1.14	1.42	+ 0.27	+ 24.4%
Profit attributable to owners of parent	0.70	0.75	+ 0.05	+ 8.0%
EBITDA (Operating profit + Depreciation and amortization)	1.61	1.96	+ 0.34	+ 21.6%

Number of employees: 5,991
(+628 from the end of FY3/22)

Consolidated Revenue

(Billions of yen)



1Q FY3/23 revenue was +¥1.9 billion above 4Q FY3/22

(The effects of foreign exchange rate: +¥1.4 billion)

Overseas

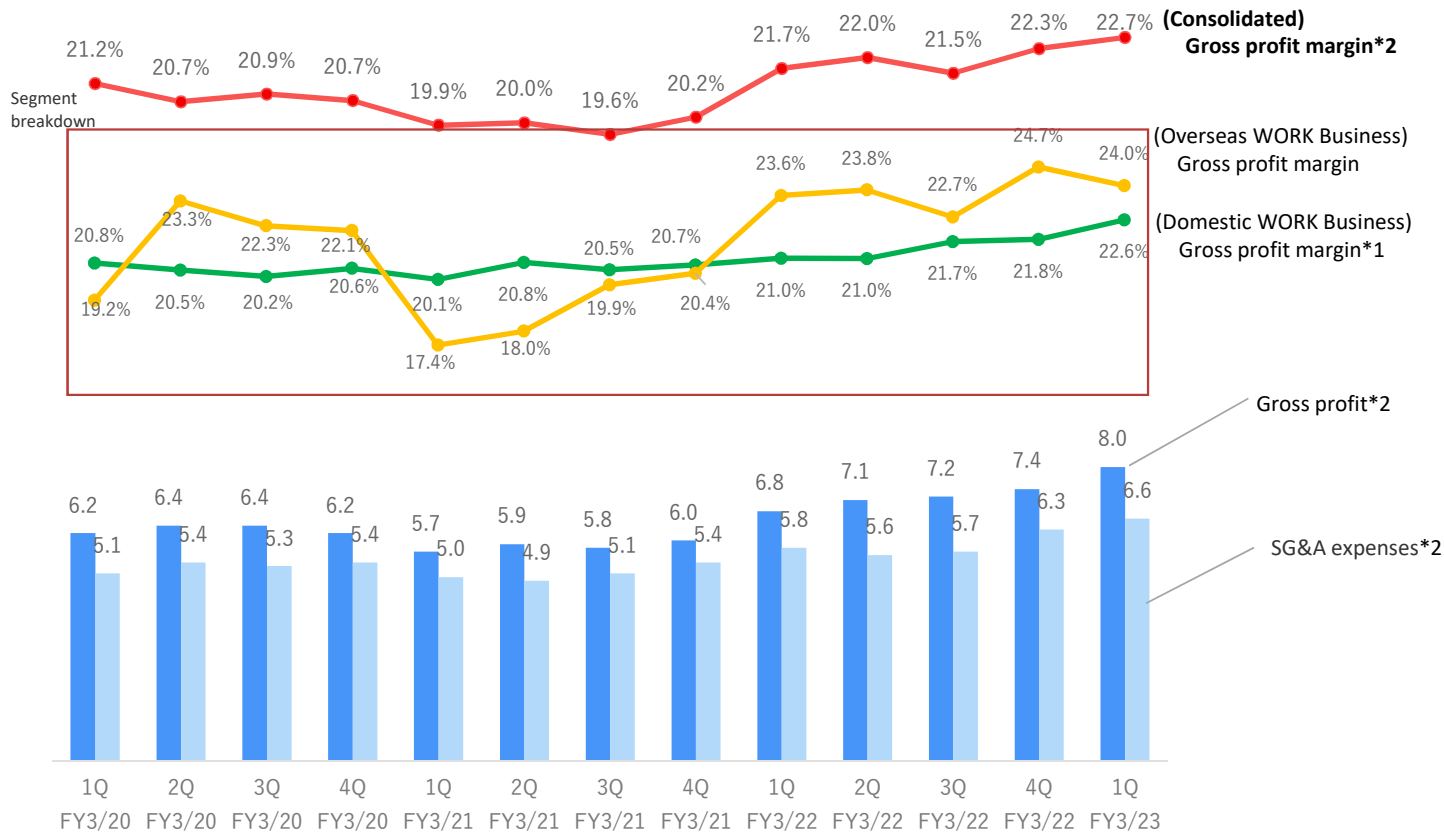
Domestic is trending toward recovery. Overseas remains strong.

Domestic

*The revenue is based on adjusted figure that excludes overseas subsidy income.

Consolidated Gross Margin

(Billions of yen)



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

*2 Gross profit and SG&A expenses are based on adjusted figure that excludes overseas subsidy income.

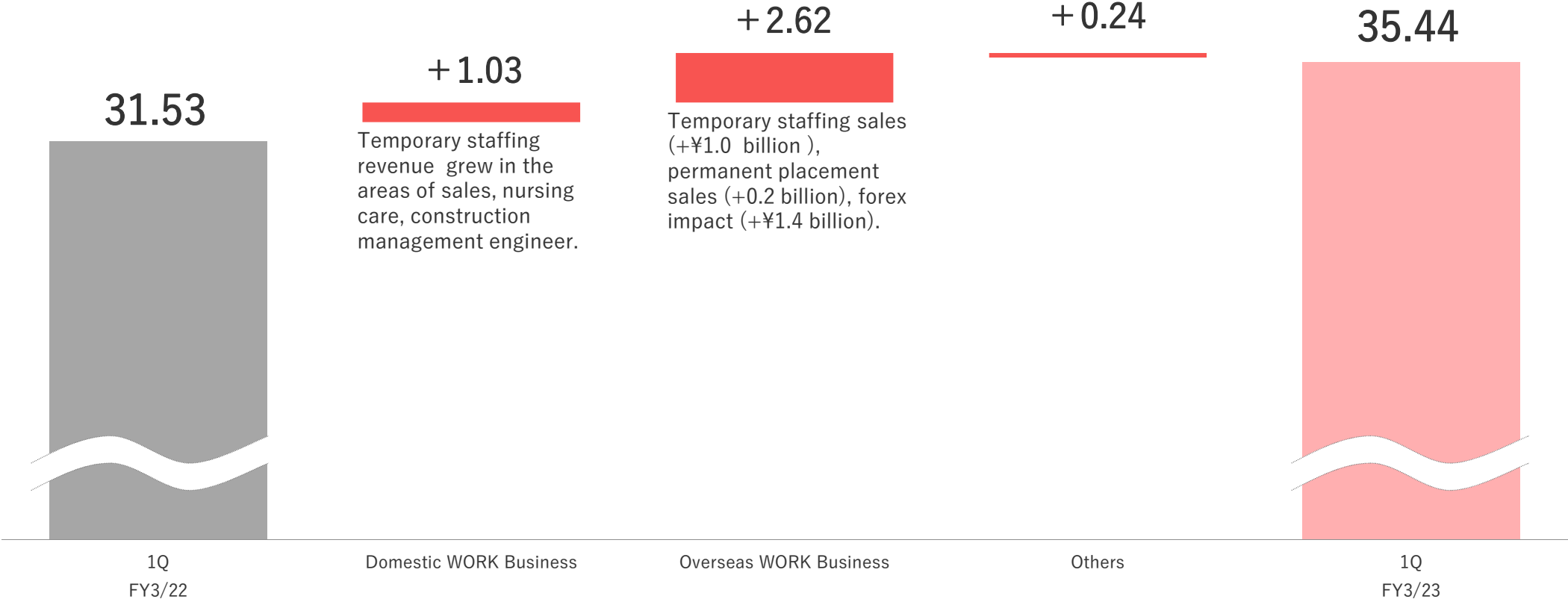
Thanks to Perm SHIFT, the consolidated gross margin hit a record high.

Upfront investments in strategic growth businesses (construction, startups, nursing care) are proceeding according to plan.

1Q plan ¥0.30 billion
1Q results ¥0.30 billion

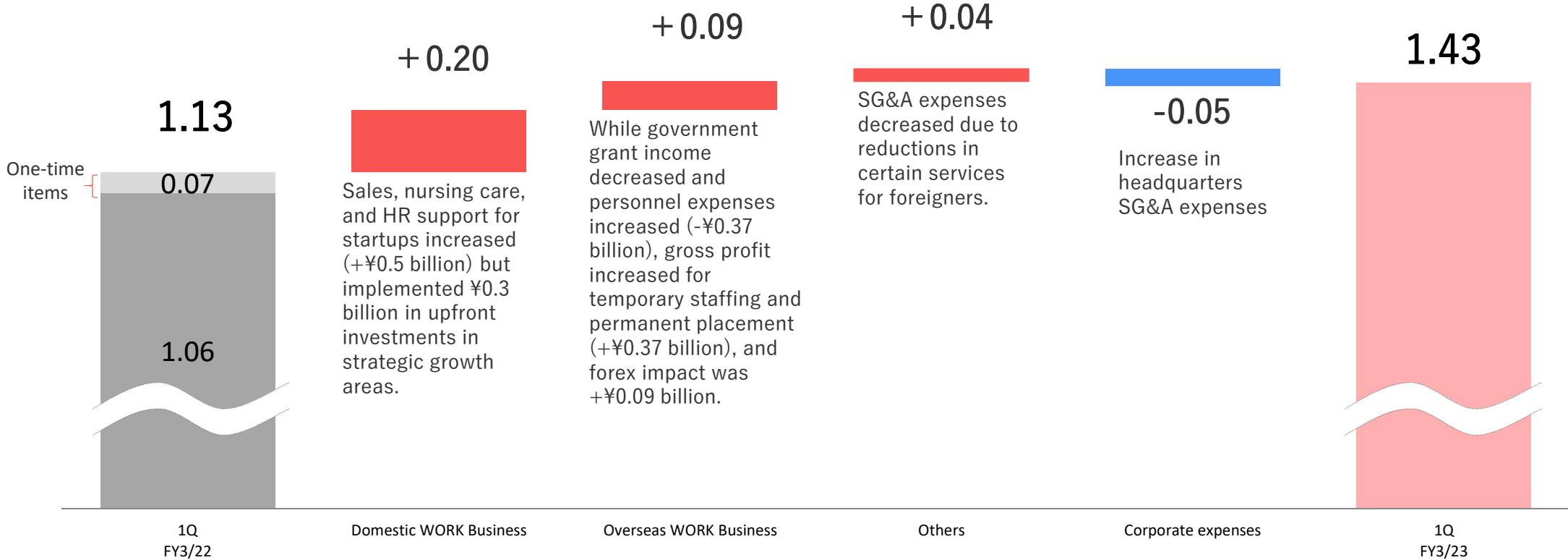
1Q FY3/23 Revenue: Breakdown of Year-on-Year Changes

(Billions of yen)



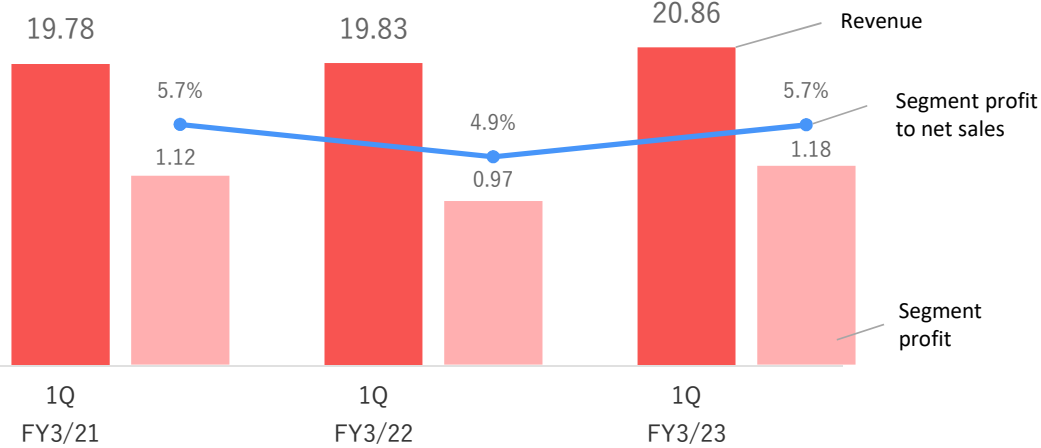
1Q FY3/23 Operating Profit: Breakdown of Year-on-Year Changes

(Billions of yen)



Domestic WORK Business

-Revenue and segment profit (Billions of yen)-



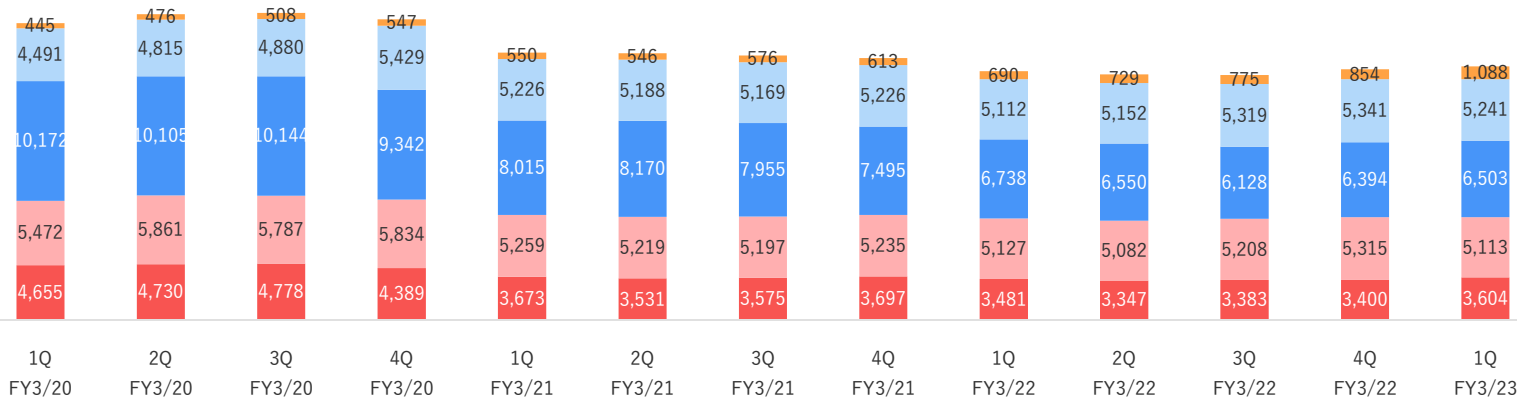
(Billions of yen)

	1Q FY3/23	1Q FY3/22	Vs. 1Q FY3/22 % change
Revenue	20.86	19.83	+ 5.2%
Segment profit	1.18	0.97	+ 21.4%

-Topics-

- Implemented upfront investment in construction management engineers (¥0.2 billion) and HR support for startups (¥0.1 billion).
- In 1Q the number of staff on assignment rose in nearly all sectors vs. 4Q FY3/22.

-Number of workers on assignments (persons)-

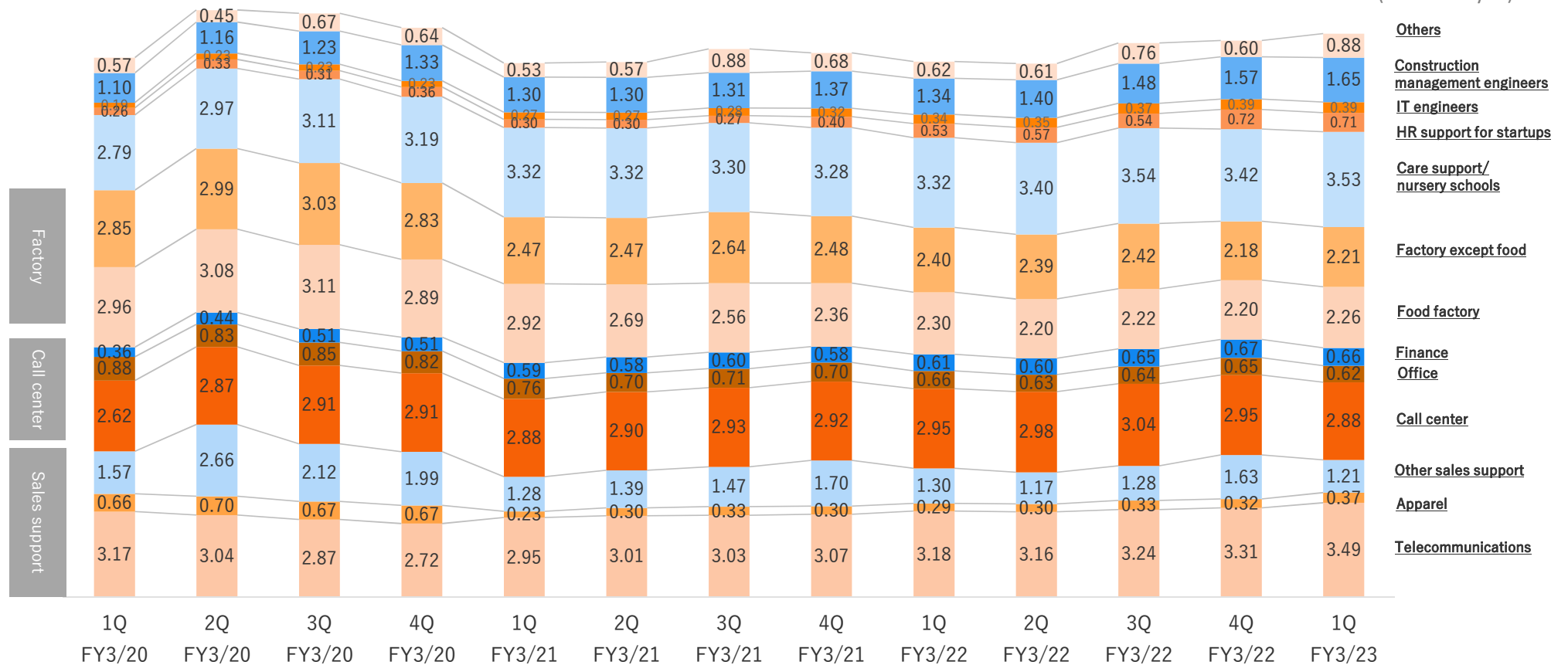


Construction management engineers	+234
	Vs. 4Q FY3/22
Care support	-100
	Vs. 4Q FY3/22
Factory outsourcing	+109
	Vs. 4Q FY3/22
Call center outsourcing	-202
	Vs. 4Q FY3/22
Sales outsourcing	+204
	Vs. 4Q FY3/22

Domestic WORK Business (Business sector sales)

Telecommunications, care support/nursery schools, HR support for startups, and construction management engineers were all strong.

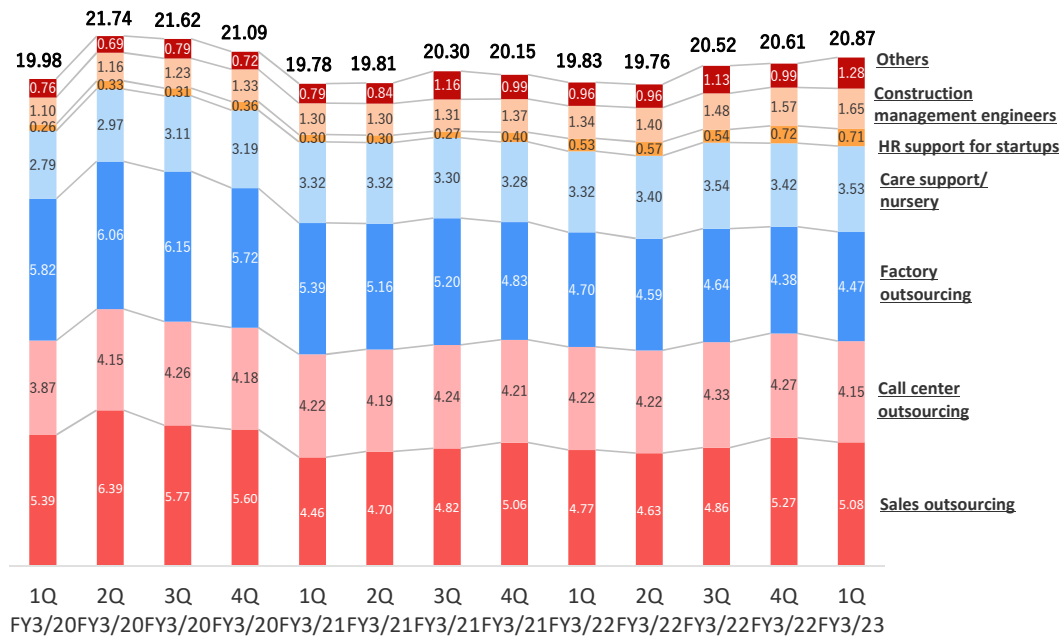
(Billions of yen)



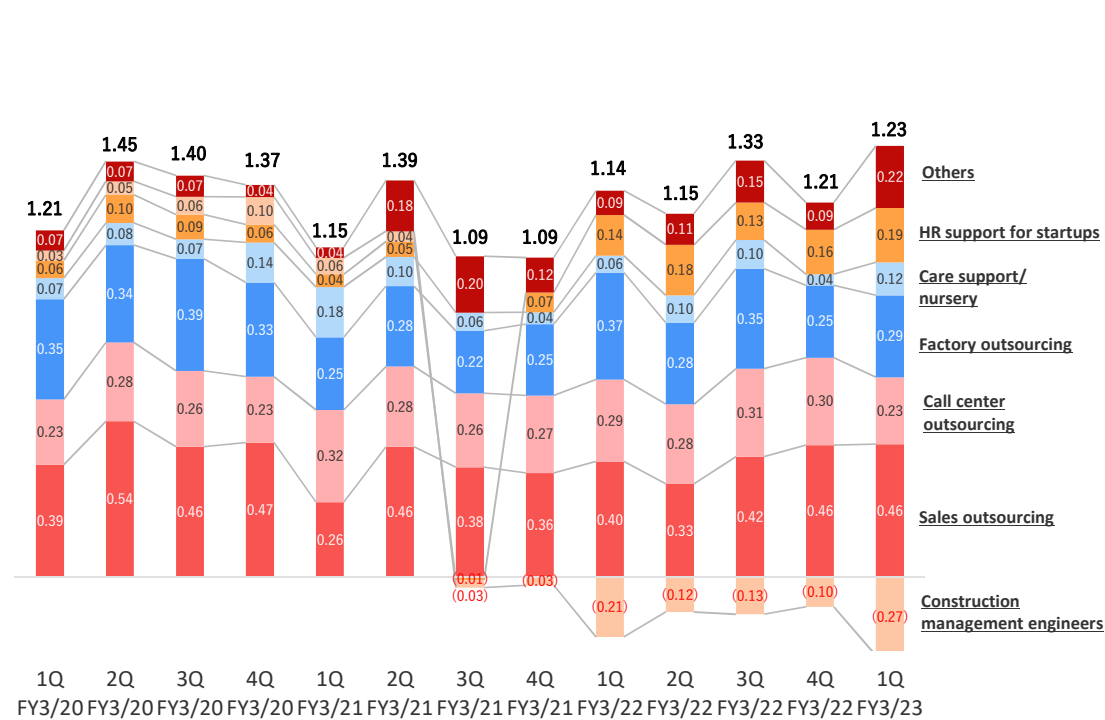
Domestic WORK Business (Sales and operating profit by sector)

In the construction management engineer domain, this year is one for upfront investment (increasing personnel, committing recruitment expenses).

-Sales by sector (Billions of yen)-



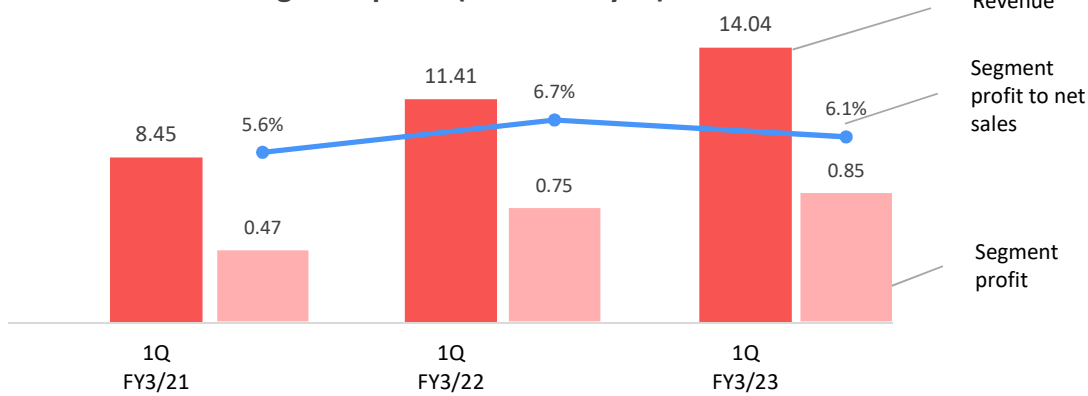
-Operating profit by sector (Billions of yen)-



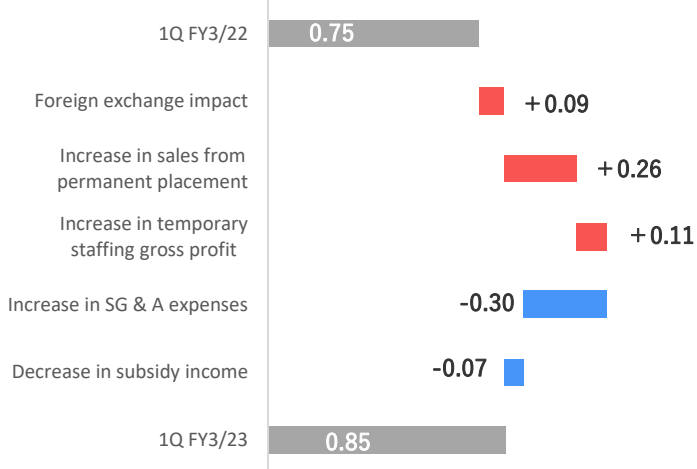
*Intra-segment consolidation adjustments are not included.

Overseas WORK Business

-Revenue and segment profit (Billions of yen)-



-Major components of changes in segment profit (Billions of yen)-



(Billions of yen)	1Q FY3/23	1Q FY3/22	Vs. 1Q FY3/22 % change
Revenue	14.04	11.41	+ 23.0%
Segment profit	0.85	0.75	+ 12.6%

-Topics-

- Job openings in Australia and Singapore have reached record levels, and both temporary staffing and permanent placement increased.
- The yen depreciated against both the Singapore dollar and the Australian dollar. Forex impact was +¥1.4 billion on revenue and +¥0.09 billion on operating profit

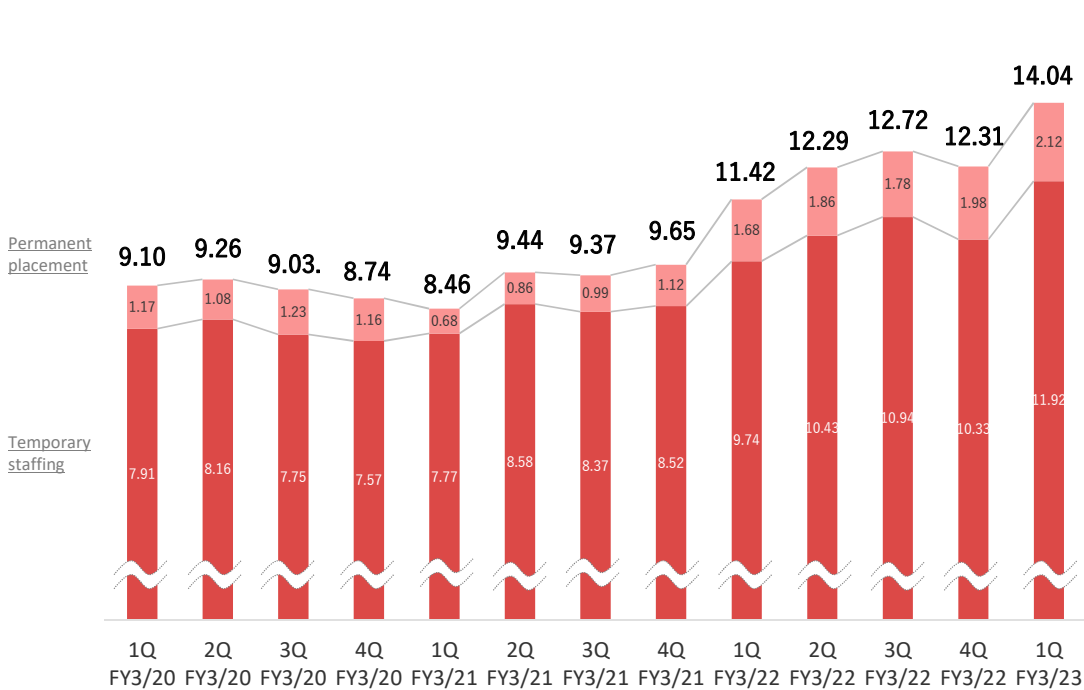
Forex sensitivity

	1Q FY3/23 Plan	1Q FY3/23 Results	1Q FY3/22 Results	Change for ¥1 difference/y	
				Revenue	Profit
AUD	¥78	¥93	¥84	¥460 mln	¥30 mln
SGD	¥79	¥94	¥82	¥110 mln	¥10 mln

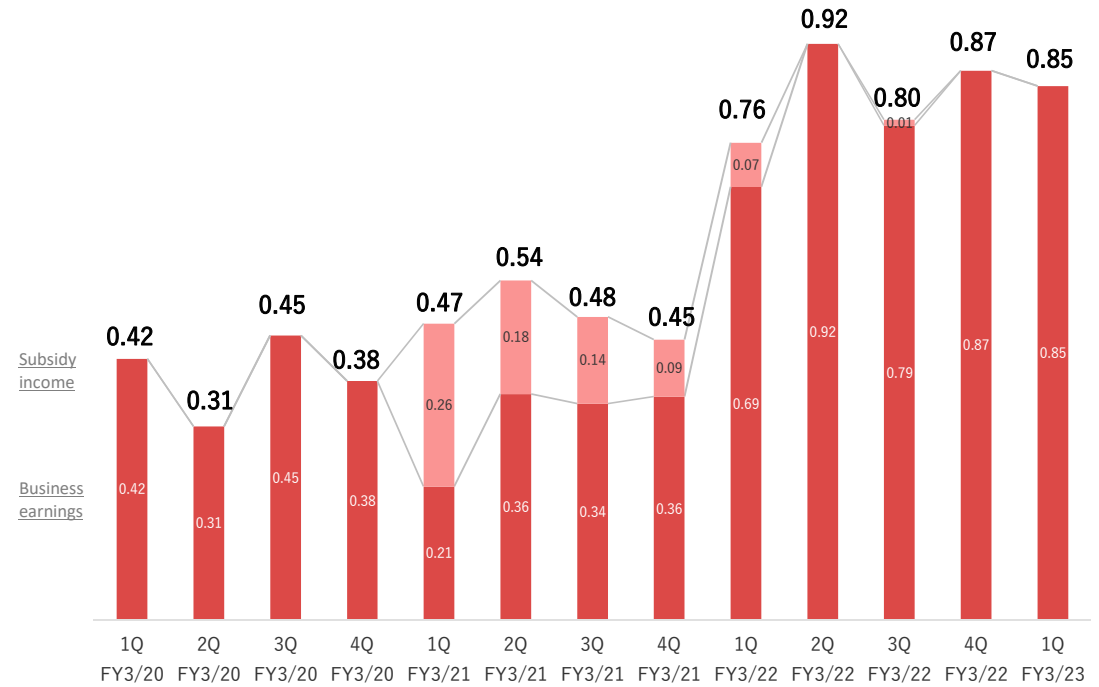
Overseas WORK Business (Sales by contract type and operating profit)

Permanent placement revenue continued to grow significantly. Even compared to pre-COVID-19 conditions in FY3/20, there has been a solid increase in the base.

-Sales by contract type (Billions of yen)-



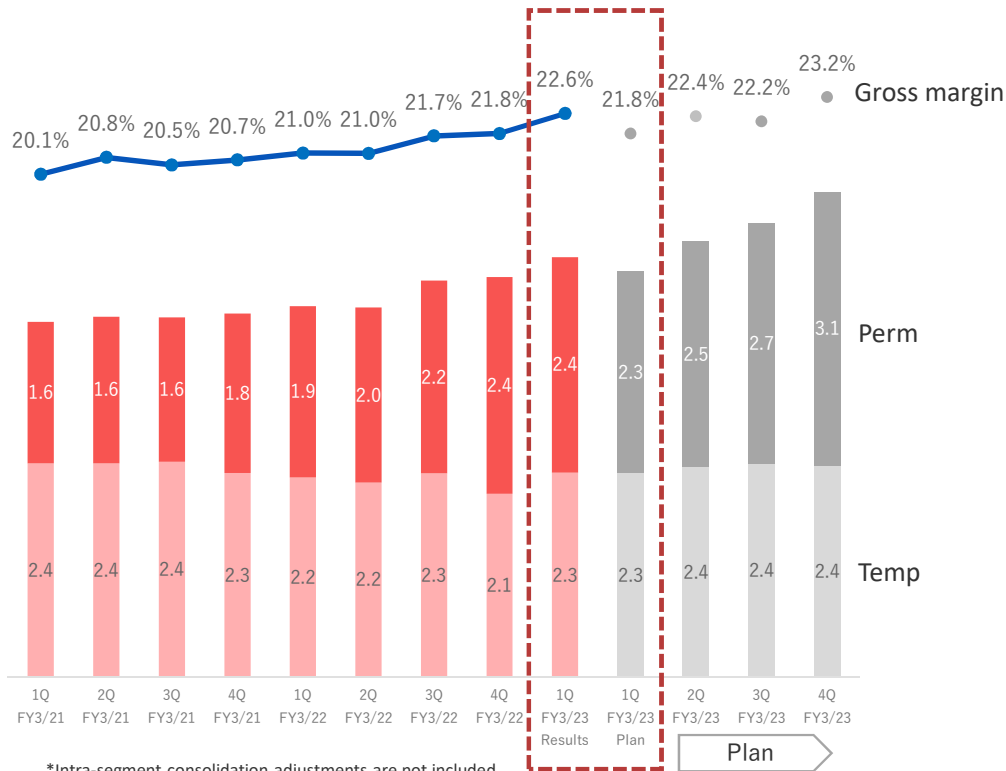
-Operating profit (Billions of yen)-



Business Portfolio Changes in Japan and Overseas

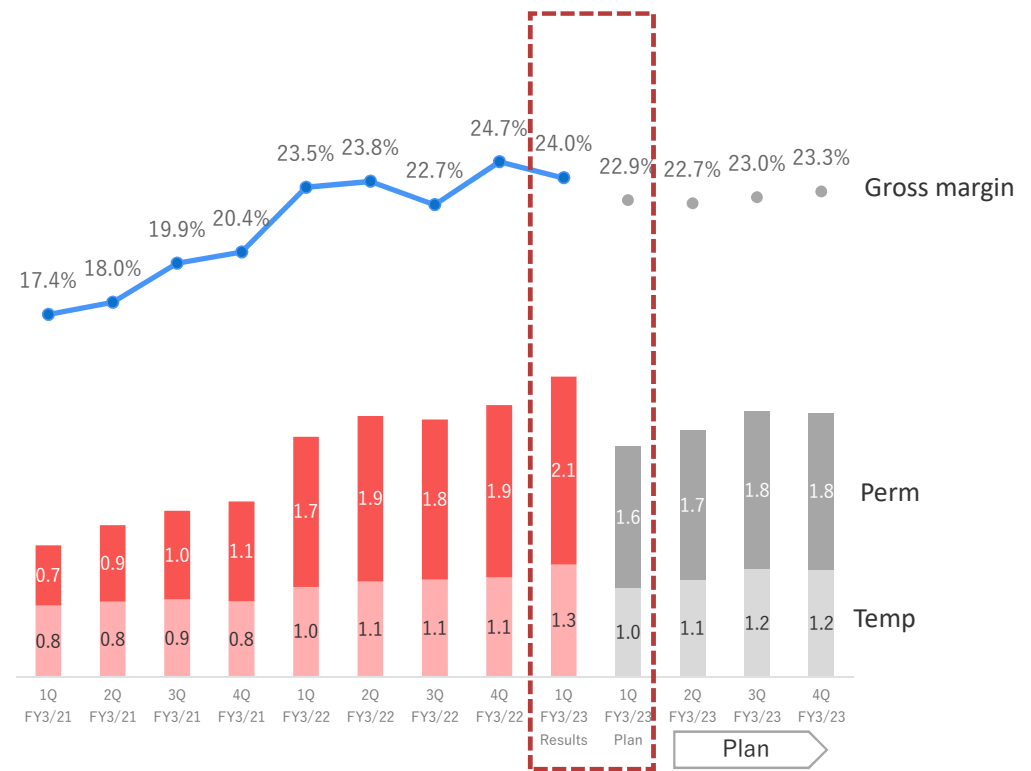
Domestic WORK Business recorded rise in gross margin due to promotion of Perm SHIFT. Overseas WORK Business recorded a decline in gross margin due to increase in temporary staffing, but the absolute level of gross profit increased.

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



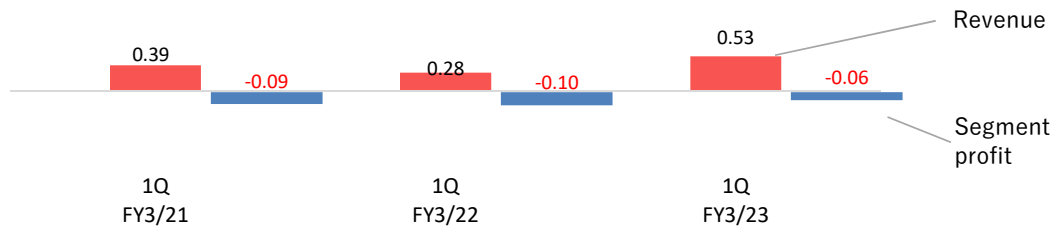
*Intra-segment consolidation adjustments are not included.
Gross profit and gross margin are based on adjusted figure that excludes overseas subsidy income.

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



Others

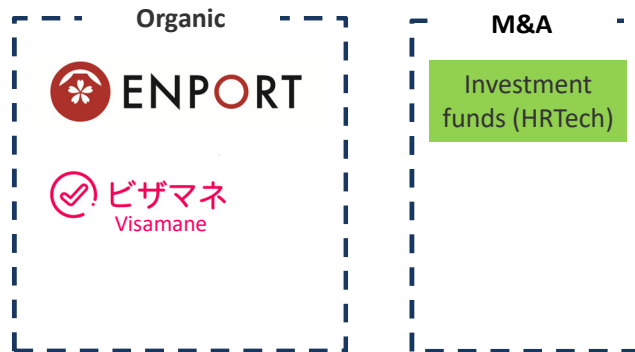
-Revenue and segment profit (Billions of yen)-



(Billions of yen)

	1Q FY3/23	1Q FY3/22	Vs. 1Q FY3/22 % change
Revenue	0.53	0.28	+ 83.7%
Segment profit	-0.06	-0.10	-

-Other business activities-

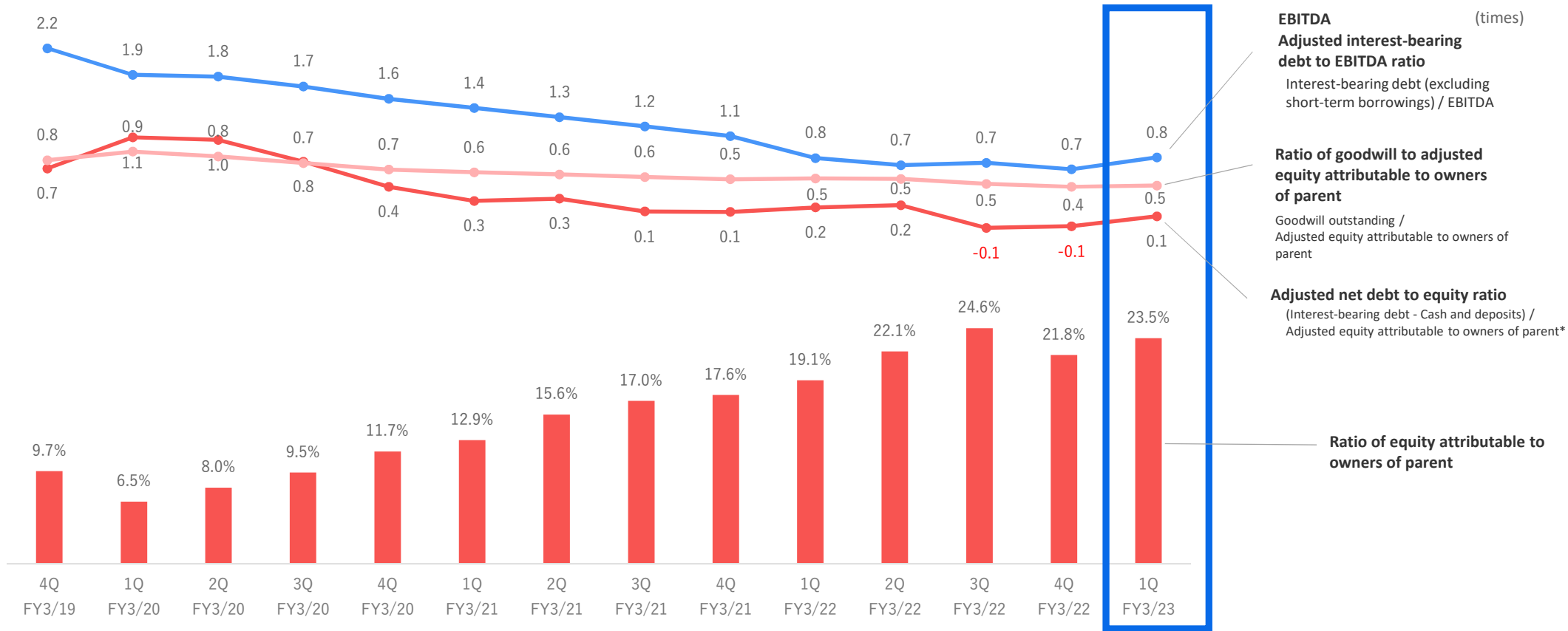


-Topics-

➤ We continued upfront investment in exploratory domain (inbound services). However, restrictions on entry to Japan remain in place, so we scaled back some services aimed at foreign workers until we see full-fledged resumption of foreign workers entering Japan, which has resulted in lower SG&A expenses.

Financial Indicators

The ratio of equity attributable to owners of parent to total assets at the end of 1Q was 23.5%, which exceeded the Medium-Term Management Plan target of 20%.



Consolidated Balance Sheet

(Billions of yen)	March 31, 2022	June 30, 2022	Change
Current assets	27.28	26.65	-0.63
Non-current assets	25.06	24.93	-0.12
Total assets	52.35	51.59	-0.75
Current liabilities	29.36	27.32	-2.03
Non-current liabilities	9.86	10.79	+0.92
Total liabilities	39.22	38.12	-1.10
Total equity	13.12	13.46	+0.34
Total liabilities and equity	52.35	51.59	-0.75
Ratio of equity attributable to owners of parent to total assets	21.8%	23.5%	+1.8pt

Major components of changes (Billions of yen)

● Total assets

• Cash and cash equivalent	-0.9
• Trade and other receivables	+0.1
• Other current assets	+0.1
• Right-of-use assets	-0.2
• Goodwill	+0.2
• Deferred tax assets	-0.1

● Total liabilities

• Trade and other payables	-0.3
• Other financial liabilities (current)	-1.8
• Other current liabilities	+0.6
• Borrowings (non-current)	+1.1
• Other financial liabilities (non-current)	-0.1

● Total equity

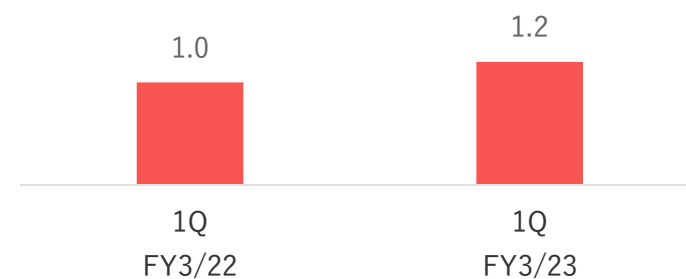
• Other components of equity	+0.6
• Non-controlling interests	-0.3

Consolidated Statement of Cash Flows

(Billions of yen)	1Q FY3/22	1Q FY3/23
Profit before tax	1.1	1.4
Depreciation and amortization	0.4	0.5
Income taxes paid	-0.4	-0.7
Other	-0.4	0.1
Net cash provided by (used in) operating activities	0.7	1.3
Purchase and sales of property, plant and equipment, etc.	-0.1	-0.1
Purchase and sales of shares of subsidiaries	0.0	0.0
Other	0.4	0.0
Net cash provided by (used in) investing activities	0.3	-0.0
Net increase (decrease) in interest-bearing debt	-0.6	0.5
Purchase and sales of shares of subsidiaries not resulting in change in scope of consolidation	-0.8	-2.3
Dividends paid	-0.5	-0.7
Government subsidy income	0.0	0.0
Other	0.0	0.0
Net cash provided by (used in) financing activities	-1.9	-2.5
Effect of exchange rate changes	-0.0	0.2
Net increase (decrease) in cash and cash equivalents	-0.9	-0.9
Cash and cash equivalents at end of period	6.5	8.0
Free cash flows (Operating activities + Investing activities)	1.0	1.2

Free Cash Flows

(Billions of yen)



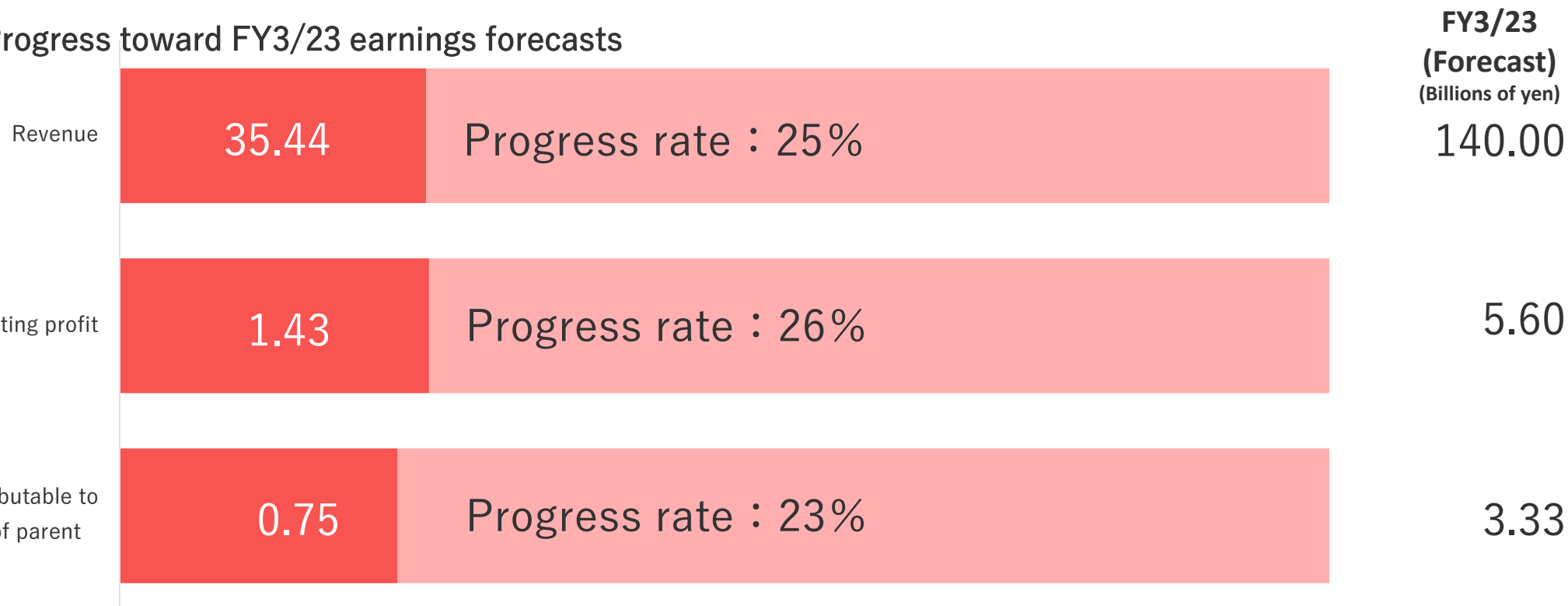
II. FY3/23 Earnings and Dividend Forecasts

FY3/23 Consolidated Earnings Forecasts

1Q constitutes a good start. The yen is depreciating against both the Singapore dollar and the Australian dollar, and we expect an overshoot versus earnings forecasts of ¥9.0 billion in revenue and ¥0.4 billion in operating profit as a result.

However, in view of the recent spread of infections in Japan, we have left initial earnings forecasts unchanged.

□ Progress toward FY3/23 earnings forecasts



(Reference: Published on May 11, 2022) FY3/23 Consolidated 1H Forecast

(Billions of yen)	1H FY3/22	1H FY3/23 (Forecast)	Vs. 1H FY3/22	
			Change	% change
Revenue	63.91	67.00	+ 3.08	+ 4.8%
Domestic WORK Business	39.59	42.66	+ 3.07	+ 7.8%
Overseas WORK Business	23.70	23.42	-0.28	-1.2%
Others	0.60	0.91	+ 0.30	+ 49.5%
Gross profit	14.03	14.93	+ 0.89	+ 6.4%
(Gross margin)	(22.0%)	(22.3%)	(+ 0.3pt)	-
Operating profit	2.68	2.25	-0.43	-16.2%
(Operating margin)	(4.2%)	(3.4%)	(-0.8pt)	-
Domestic WORK Business	2.16	2.39	+ 0.23	+ 10.6%
Overseas WORK Business	1.67	1.18	-0.49	-29.5%
Others	-0.20	-0.10	+ 0.10	-
Adjustments	-0.94	-1.22	-0.27	-
Profit attributable to owners of parent	1.69	1.25	-0.44	-26.4%
EBITDA	3.65	3.27	-0.37	-10.3%
Exchange rate			Change for ¥1 difference/y	
			Revenue	Profit
AUD	¥83	¥78	¥460 mln	¥30 mln
SGD	¥82	¥79	¥110 mln	¥10 mln

(Reference: Published on May 11, 2022) **FY3/23 Consolidated Forecast**

(Billions of yen)	FY3/22	FY3/23 (Forecast)	Vs. FY3/22	
			Change	% change
Revenue	131.08	140.00	+ 8.92	+ 6.8%
Domestic WORK Business	80.72	88.98	+ 8.26	+ 10.2%
Overseas WORK Business	48.74	49.03	+ 0.28	+ 0.6%
Others	1.60	1.98	+ 0.37	+ 23.2%
Gross profit	28.76	31.58	+ 2.81	+ 9.8%
(Gross margin)	(21.9%)	(22.6%)	(+ 0.6pt)	-
Operating profit	5.47	5.60	+ 0.12	+ 2.3%
(Operating margin)	(4.2%)	(4.0%)	(-0.2pt)	-
Domestic WORK Business	4.44	5.69	+ 1.24	+ 28.1%
Overseas WORK Business	3.34	2.58	-0.76	-22.8%
Others	-0.34	-0.19	+ 0.14	-
Adjustments	-1.98	-2.48	-0.50	-
Profit attributable to owners of parent	3.28	3.33	+ 0.04	+ 1.3%
EBITDA	7.55	7.67	+ 0.11	+ 1.5%
Exchange rate			Change for ¥1 difference/y	
			Revenue	Profit
AUD	¥83	¥78	¥460 mln	¥30 mln
SGD	¥83	¥79	¥110 mln	¥10 mln

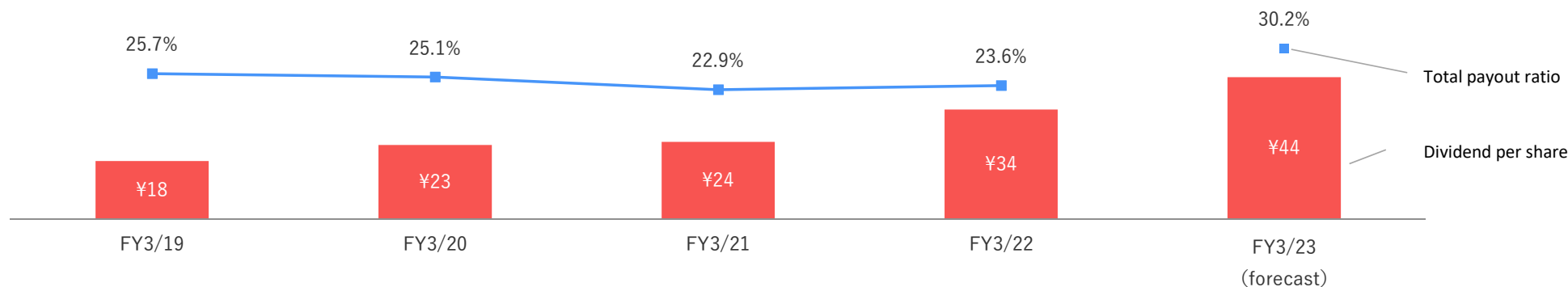
FY3/23 Dividend Forecast

Initial dividend forecast left unchanged.

Total payout ratio based on dividend forecast for FY3/23 relative to the earnings forecasts at the start of the fiscal year: 30%.

	FY3/22	FY3/23 Revised forecast
Year-end dividend	¥34 per share	¥44 per share
Total payout ratio	23.6%	30.2%

■ Dividend per share and total payout ratio



Appendix

Overseas (Australia, Singapore) Macro Environment

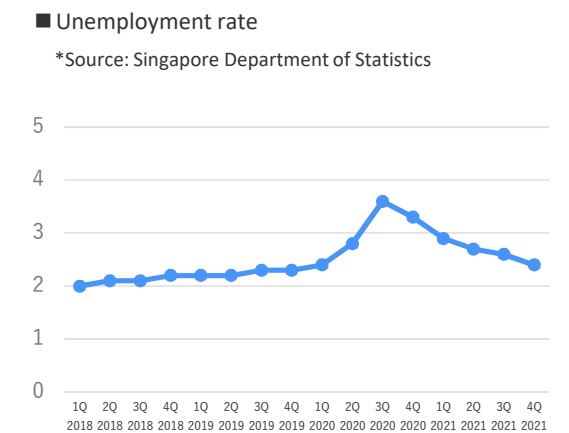
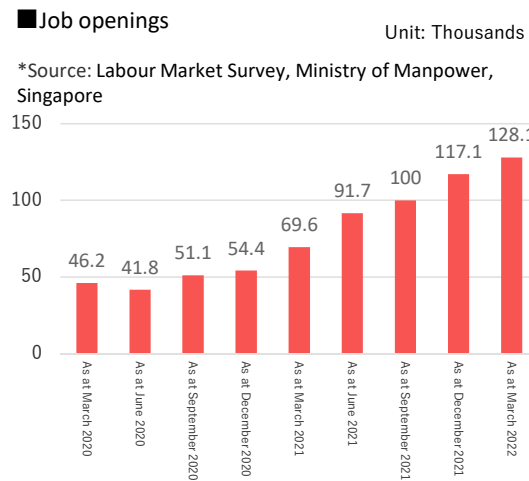
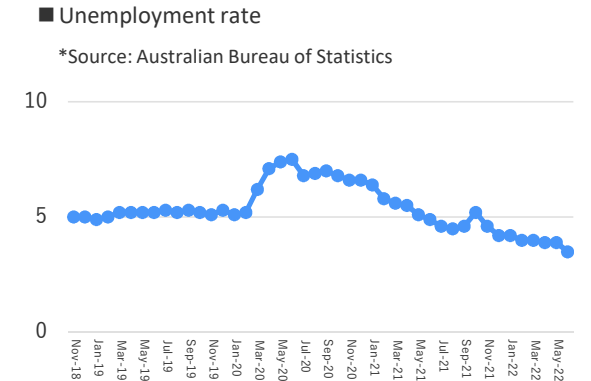
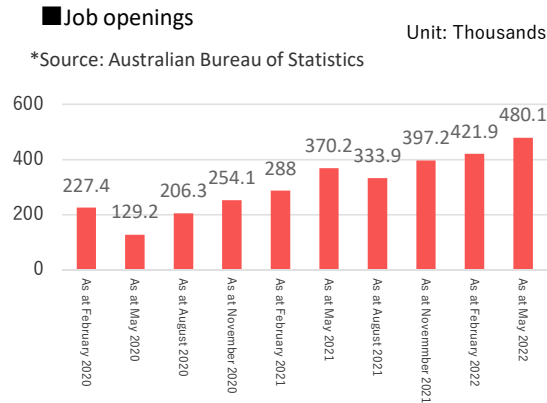


Market conditions for WILL GROUP

In 1Q both Australia and Singapore implemented a full-scale removal of restrictions on entering the country, and their economies are recovering. With regard to demand for human resources, number of job openings has reached record levels in both Australia and Singapore, and both temporary staffing and permanent placements were strong. Furthermore, although Australia and Singapore are both seeing increases in the number of COVID-19 cases, we do not expect restrictions on economic activity. Nevertheless, the global economic situations, including conditions in the U.S. and China, requires careful attention.



Economic indicators







No Risk of Impairment Losses

There is currently no expectation of impairment risk.

For WILLOF CONSTRUCTION, FY3/23 is a period of upfront investment in preparation for future profit growth.

(Billions of yen)

	Primary location	Business activities	Start of consolidation since (WILL GROUP ownership)	Investment *1	*2	1Q FY3/22	1Q FY3/23	YoY change
	Tokyo metropolitan area 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%)	2.56	Sales	1.33	1.65	+ 23.6%
	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 (100%)	2.72	Profit *3	-0.20	-0.27	-
	Brisbane	Providing temporary staffing and permanent placement services to government agencies and major corporations in Australia.	2019/4 (90%)	2.62	Sales	0.47	0.54	+ 13.3%
	Melbourne	Providing temporary staffing and permanent placement services for office work and call center operations to agencies and companies in various sectors such as government, telecommunications, resources and appliance manufacturing in Australia.	2018/1 (100%)	1.67	Profit *3	0.17	0.16	-4.1%
					Sales	2.62	2.93	+ 12.0%
					Profit *3	0.34	0.32	-6.4%
					Sales	3.91	4.46	+ 14.0%
					Profit *3	0.08	0.13	+ 64.3%

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

*2 Sales and profit are for the April-June consolidated fiscal period regardless of the timing of consolidated disclosures. Converted to yen at the rates of ¥94/SGD and ¥93/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): **¥9.5 billion**

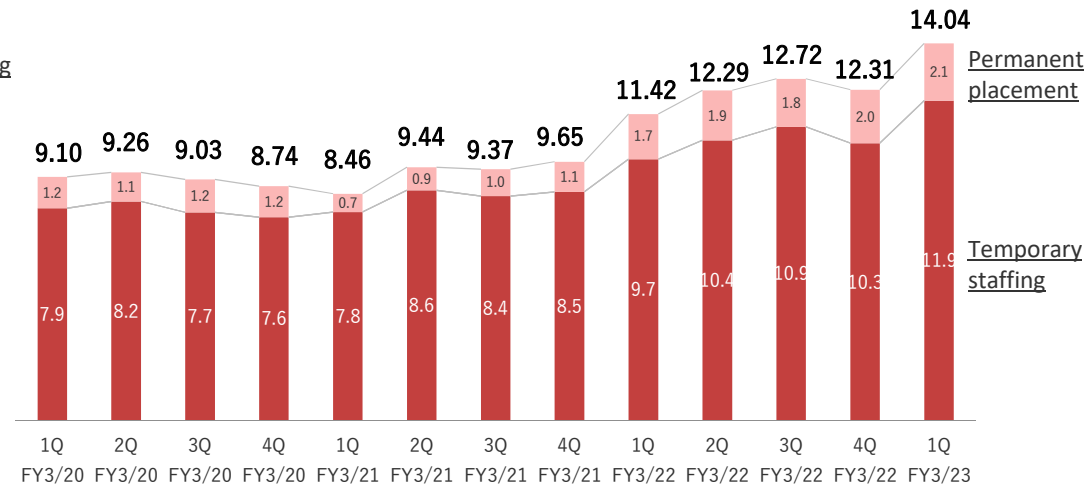
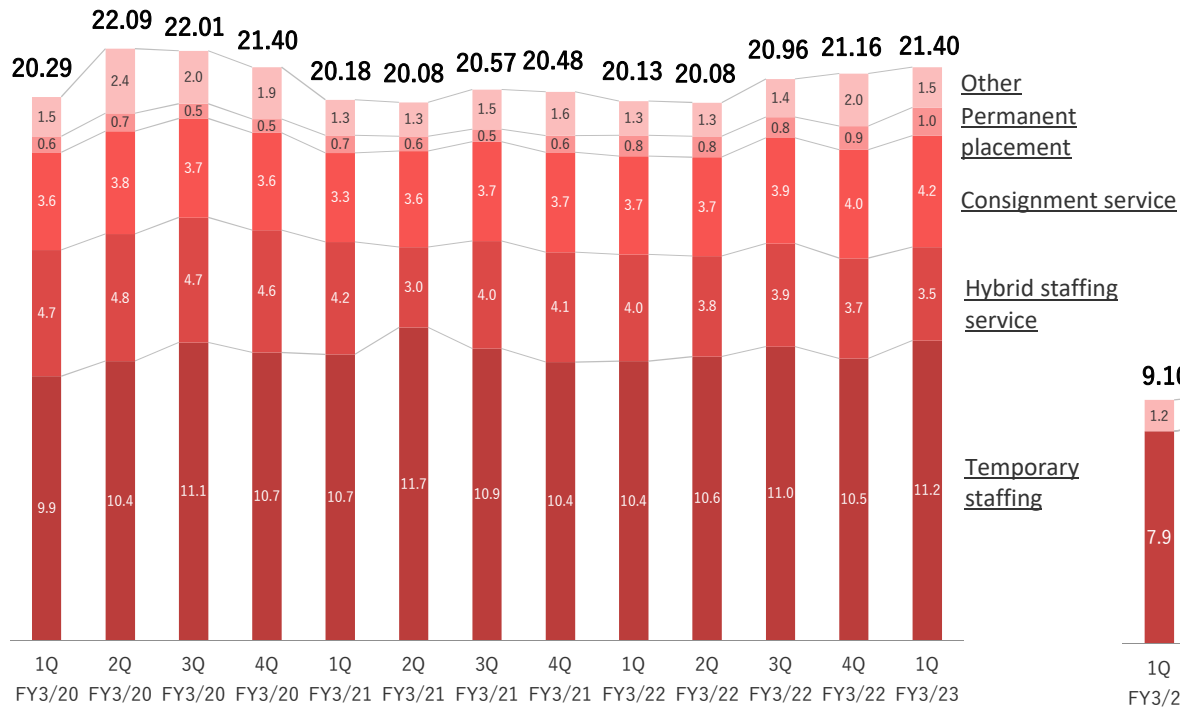
Investment balance (consolidated): **¥11.5 billion**

Breakdown of Revenue by Region/Contract Type

(Billions of yen)

Japan

Overseas





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.

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