



Financial Results  
for the Third Quarter of the Fiscal Year Ending  
March 31, 2023

February 22, 2023

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



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# I. Adjustments to Prior Fiscal Year Financial Results of WILL GROUP Consolidated Subsidiary

# Adjustments to Prior Fiscal Year Financial Results of WILL GROUP Consolidated Subsidiary

It has come to our attention that for Startups, Inc. failed to make fee payments in prior fiscal years (failure to record cost of sales) due to misconceptions regarding use of candidate databases operated by third parties, as stated in the “Notice of WILL GROUP’s response regarding adjustments to prior fiscal year financial results of WILL GROUP consolidated subsidiary for Startups, Inc.” (in Japanese only) released on January 20, 2023.

We sincerely apologize for any inconvenience and concern this may have caused to our shareholders, investors, business partners and other stakeholders.

We have opted not to adjust prior fiscal year financial results upon having determined the effect of this on our consolidated financial results to be immaterial both monetarily and qualitatively. However, we have instead recorded fees and penalties for non-payment in prior fiscal years (approximately ¥0.4 billion) in selling, general and administrative expenses for the third quarter of the fiscal year ending March 31, 2023.

Given that we take this matter seriously, for Startups, Inc. has established measures to prevent recurrence and will accordingly persist with efforts undertaken to assess the sufficiency and effectiveness of these measures to prevent recurrence going forward. We will also regularly monitor implementation of the measures to prevent recurrence.

In steadfastly implementing these preventative measures, we remain committed to regaining the trust of our shareholders, investors, market participants and business partners, and accordingly seek their understanding and support in this regard.

[“Notice of WILL GROUP’s response regarding adjustments to prior fiscal year financial results of WILL GROUP consolidated subsidiary for Startups, Inc.” \(in Japanese only\) released on January 20, 2023.](#)

# Adjustments to Prior Fiscal Year Financial Results of WILL GROUP Consolidated Subsidiary

## ■ Measures to prevent recurrence

- (1) Regularly hold risk assessment meetings
- (2) Redevelop educational framework to ensure thorough understanding of usage rules enlisted by the respective operating companies
- (3) Form team dedicated to communicating with the respective operating companies
- (4) Establish an appropriate management framework encompassing adoption of additional management systems

## ■ Findings of internal surveys administered at other consolidated subsidiaries

Given that domestic and overseas consolidated subsidiaries other than for Startups, Inc. (the “Other Subsidiaries”) also engage in the business of permanent placement, we have conducted internal investigations to determine whether similar incidents have occurred at such subsidiaries. Findings of the investigations have confirmed that no similar incidents having occurred at the Other Subsidiaries, and that such subsidiaries have been implementing relevant measures with respect to their operating procedures.

## II. Q3 FY2023 Results

**1**

**Revenue and gross profit achieved double-digit growth but profit otherwise decreased overall due to the effect of adjustments to prior fiscal year financial results of the consolidated subsidiary.**

**2**

**Japan: Upward trend achieved in winning orders, albeit at a moderate pace.  
Overseas: The post-COVID-19 surge in permanent placement demand has moderated.**

**3**

**We revised our consolidated earnings forecasts for FY2023.**

# Q3 FY2023 Financial Highlights

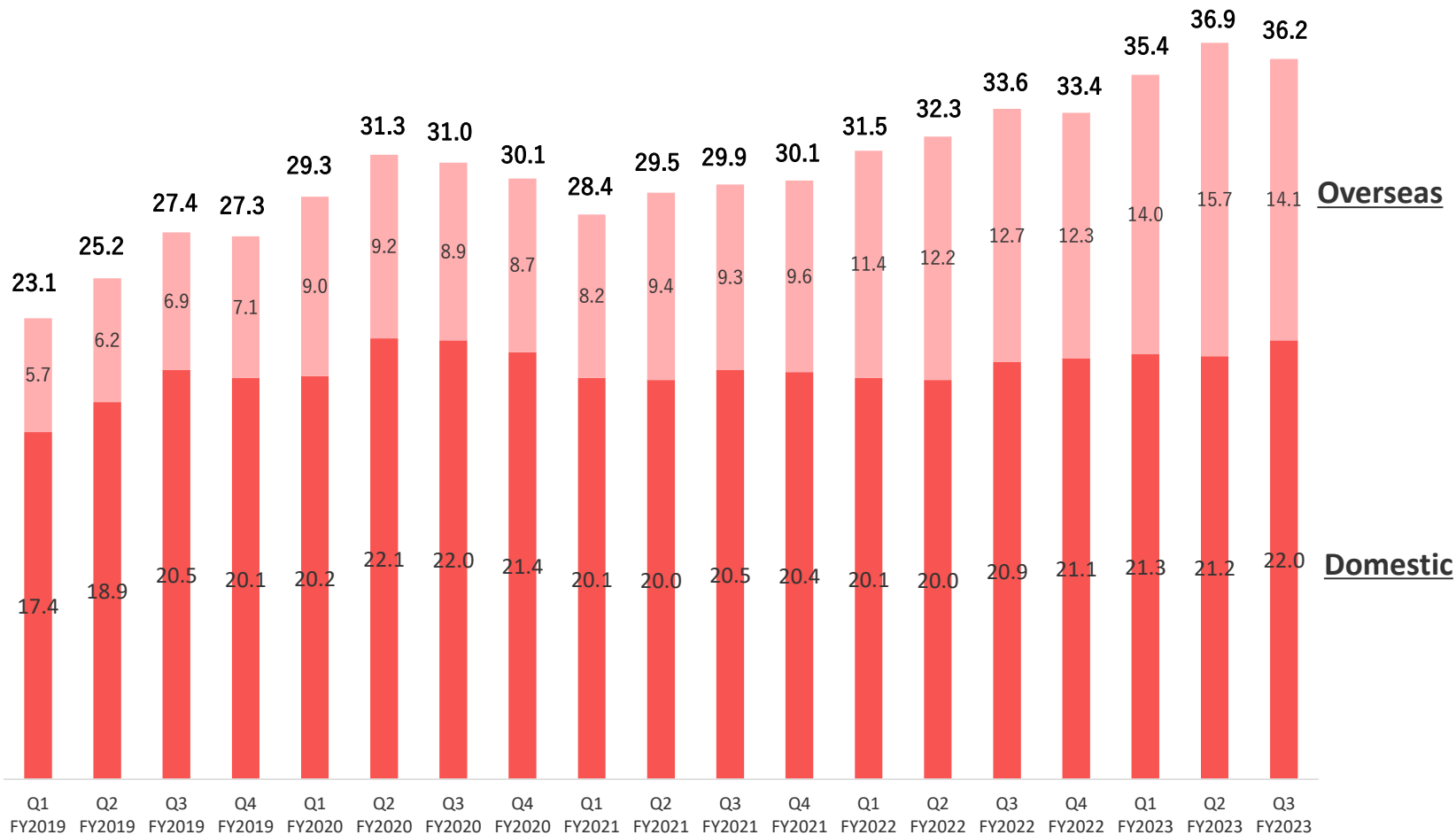
Revenue and gross profit achieved double-digit growth but profit otherwise decreased overall due to the effect of adjustments to prior fiscal year financial results of the consolidated subsidiary (SG&A expenses +¥0.4 billion).

	Q3 FY2023	Vs. Q3 FY2022
(Billions of yen)		
Revenue	<b>108.61</b>	<b>+11.3%</b> (+11.00 billion) Forex impact:+4.80 billion
Gross margin	<b>22.2%</b>	<b>+0.4pt</b>
Operating profit	<b>3.86</b>	<b>-7.3%</b> (-0.30 billion) Forex impact:+0.34 billion



# Consolidated Revenue

(Billions of yen)



**Q3 FY2023 revenue was  
¥0.7 billion  
below FY23 Q2**

**Overseas** (The effects of foreign exchange rate: + ¥0.0 billion)

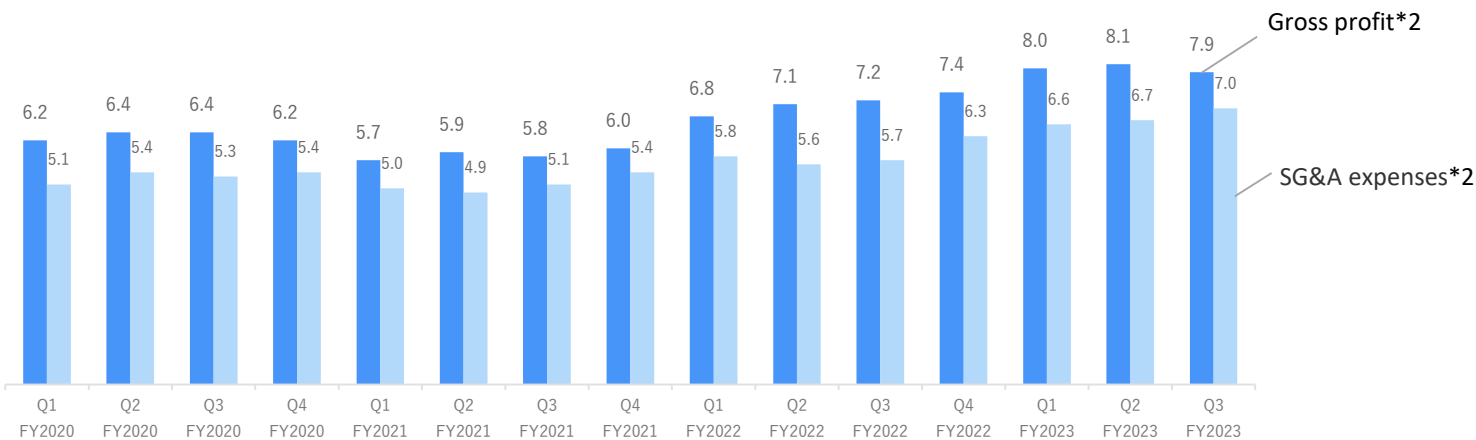
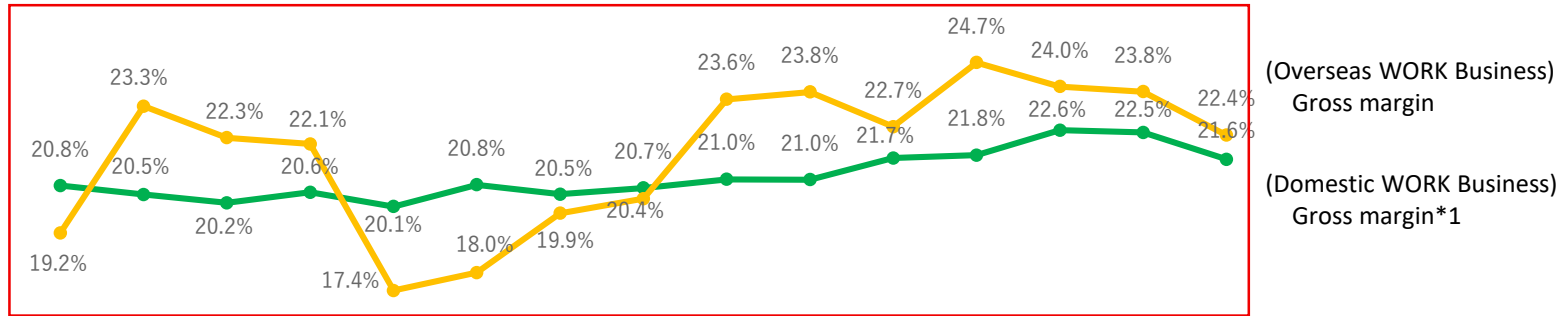
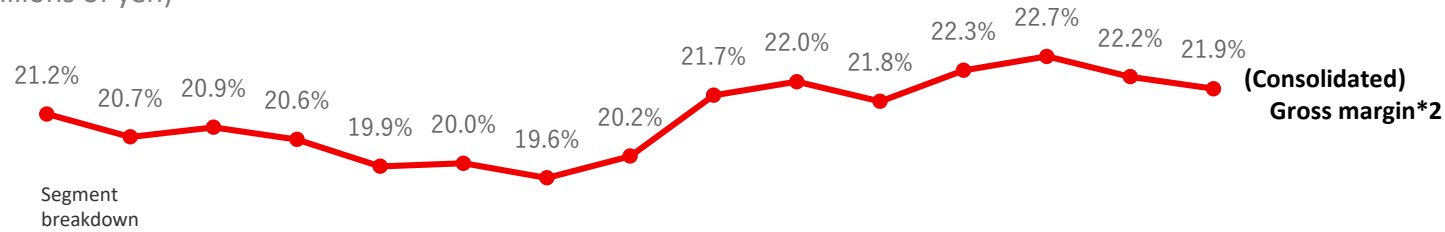
**In the domestic business, revenue increased compared to FY23 Q2. In the overseas business, the post-COVID-19 surge in permanent placement demand moderated in Q3.**

**Domestic**

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

# Consolidated Gross Margin

(Billions of yen)



The consolidated gross margin decreased amid lower permanent placement revenue in the Overseas WORK Business.

Upfront investments in strategic growth businesses (construction, startups, nursing care)

Q1-Q3 plan: ¥1.04 billion

Q1-Q3 results: ¥0.71 billion (-¥0.33 billion)

The unused portion will not be carried forward.

\*1 Intersegment consolidation adjustments are not included. The amounts for FY2020 are based on the previous accounting policy.

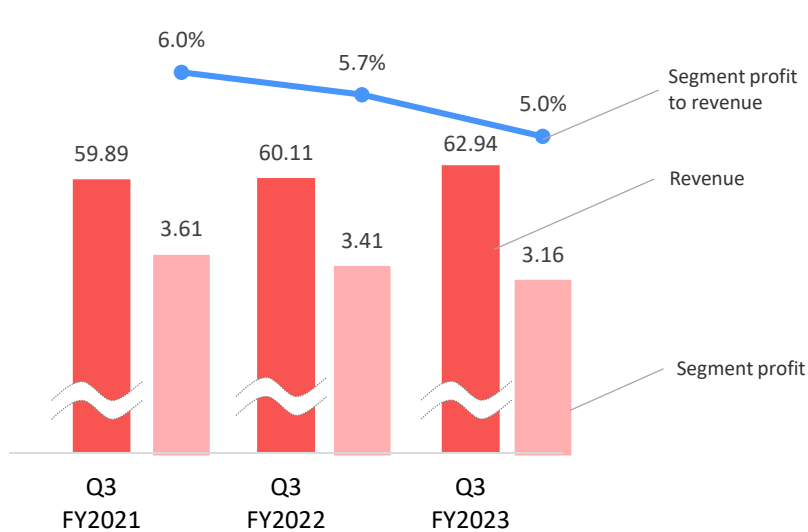
\*2 Gross profit and SG&A expenses are based on adjusted figure that excludes overseas subsidiary income.

# Consolidated Segment Results

(Billions of yen)

## Domestic WORK Business

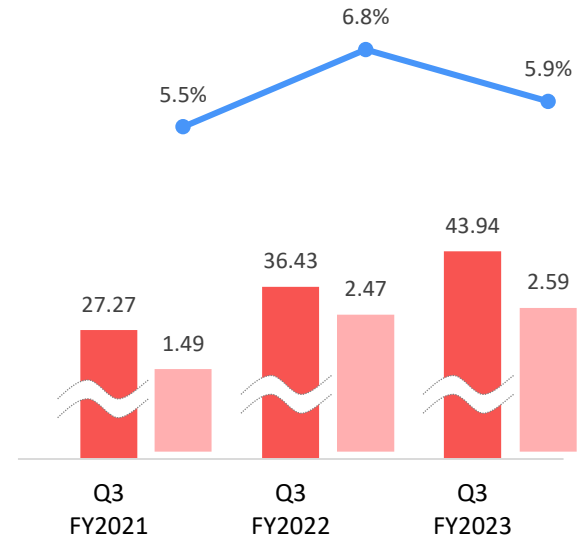
Progress achieved in breaking ground with new projects, yet slower than expected



- Effect of adjustments to prior fiscal year financial results of the consolidated subsidiary (Segment profit -¥0.4 billion)
- The number of workers on assignments in Q3 remained unchanged compared to Q2.
- Made upfront investment in construction management engineers (¥0.4 billion) and HR support for startups (¥0.2 billion).

## Overseas WORK Business

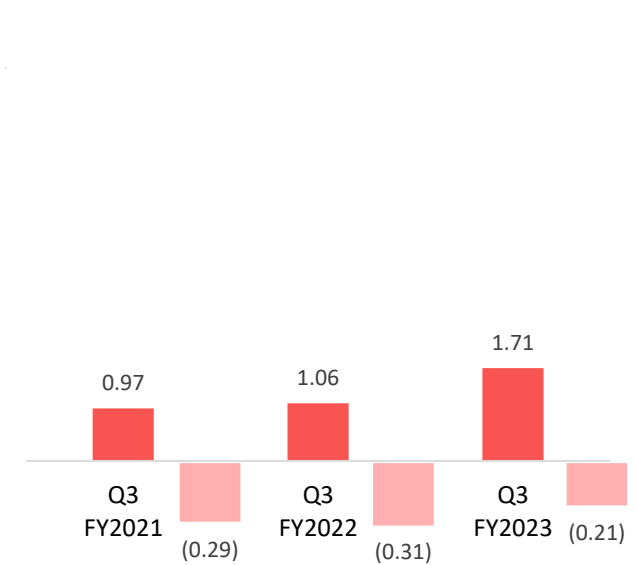
Post-COVID-19 permanent placement demand moderated



- The post-COVID-19 surge in demand for human resources moderated in Q3.
- The yen depreciated against both the Singapore dollar and the Australian dollar. The forex impact (vs the same period of the previous fiscal year) was +¥4.8 billion for revenue and +¥0.34 billion for operating profit.

## Others

Continuation of upfront investment

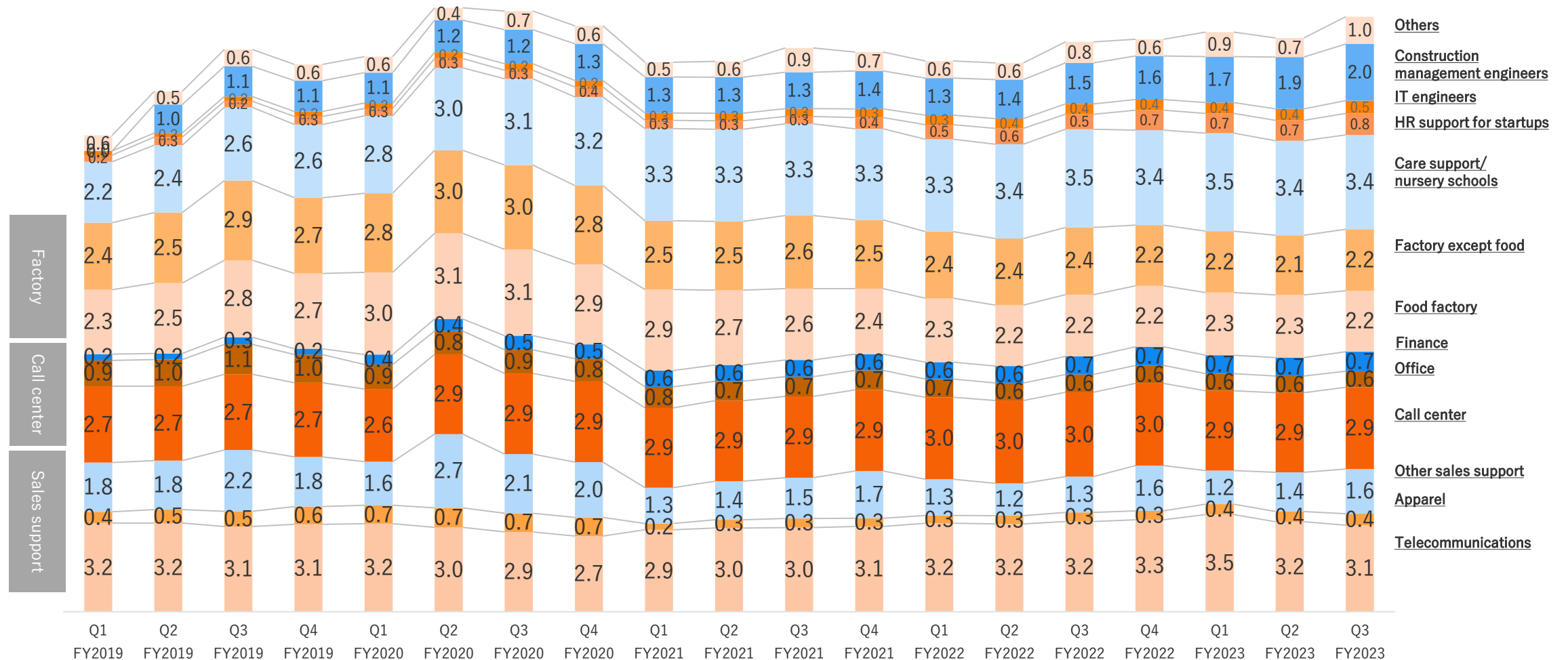


- We continued upfront investment in exploratory domain (inbound services). SG&A expenses decreased due to a scale-down of some services for foreign workers as the number of foreign workers entering Japan remained limited.

# Domestic WORK Business (Business sector revenue)

Other sales support, HR support for startups, and construction management engineer domains recorded steady growth.

(Billions of yen)

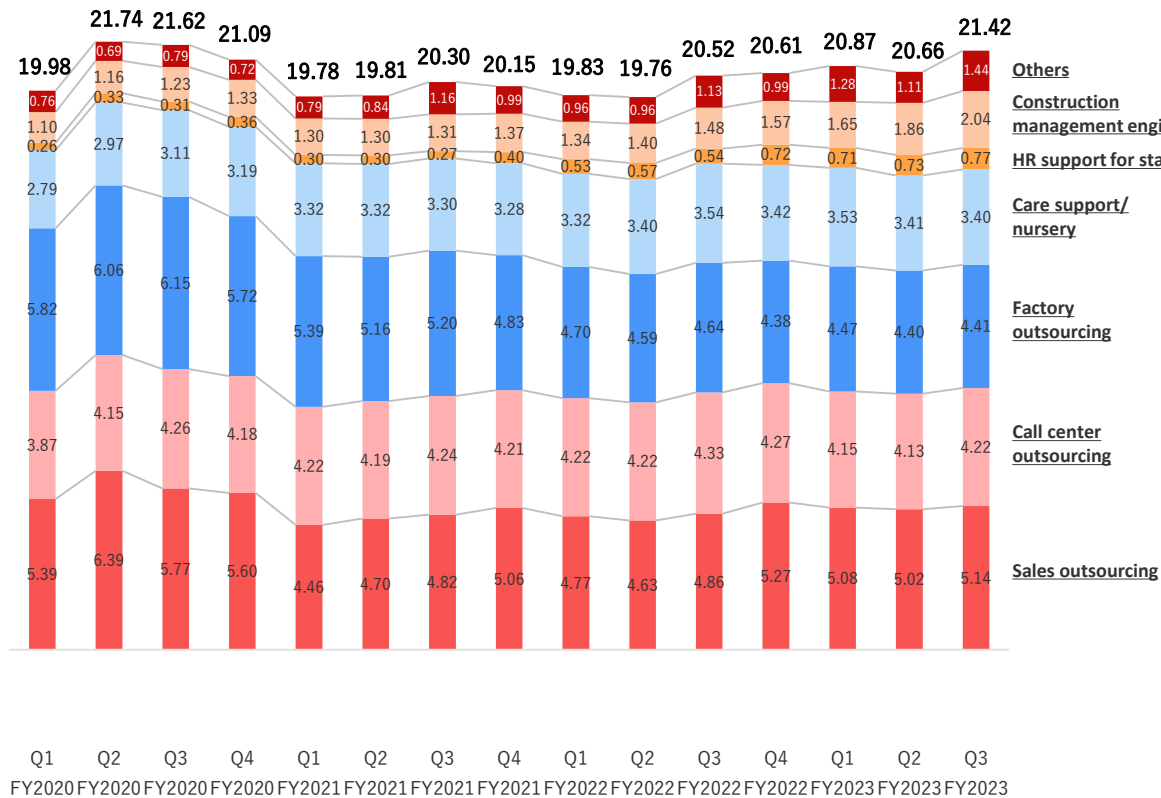


# Domestic WORK Business (Revenue and operating profit by sector)

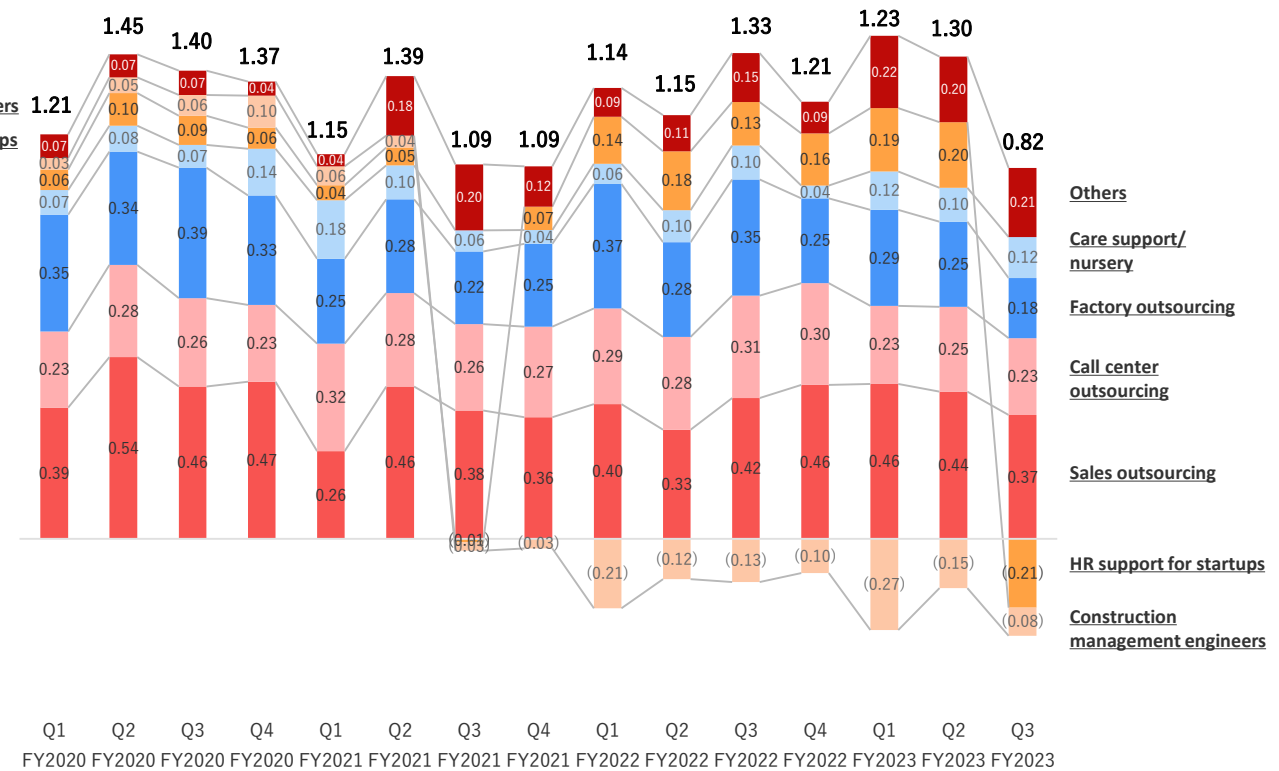
In the construction management engineer domain, this year is a phase of upfront investment (increase headcount, make investment in recruitment cost).

In Q3, the HR support for startups domain incurred an operating loss due to adjustments to prior fiscal year financial results.

-Revenue by sector (Billions of yen)-



-Operating profit by sector (Billions of yen)-

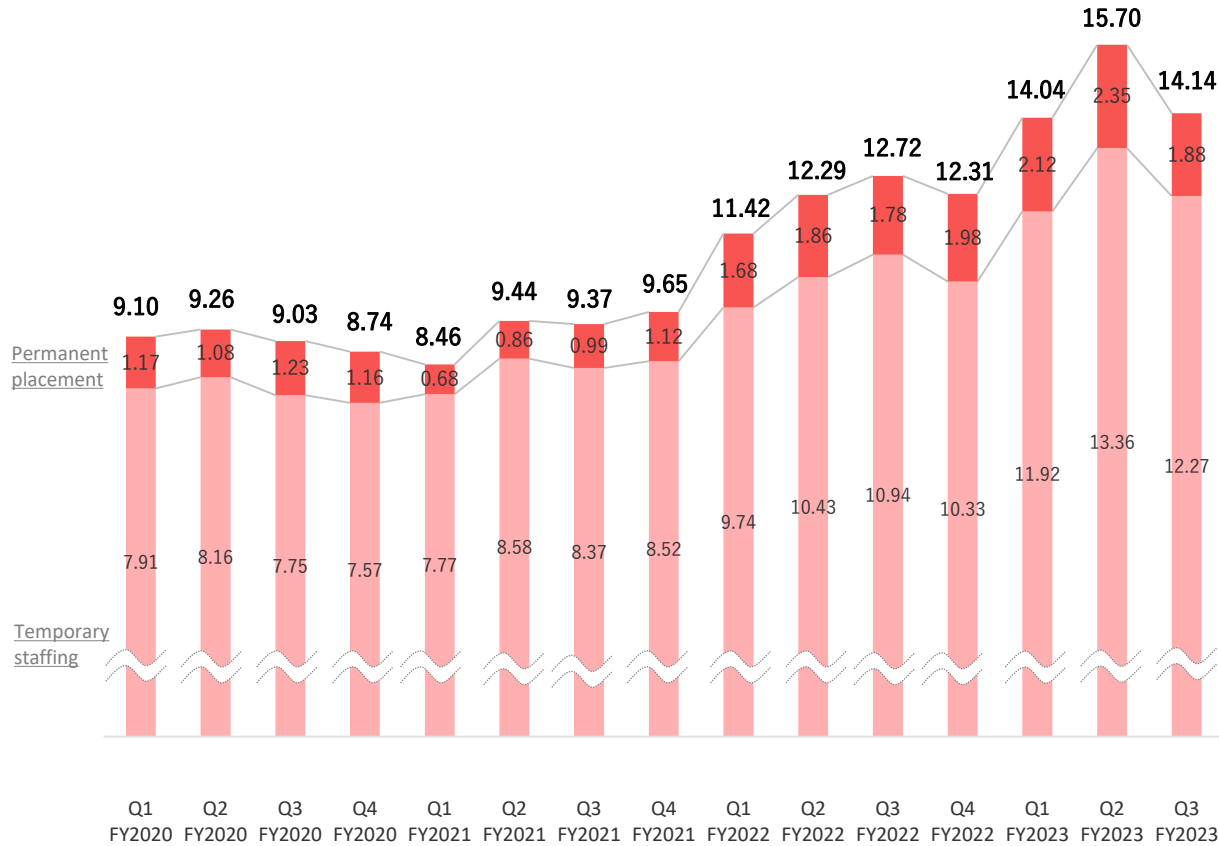


\*Intra-segment consolidation adjustments are not included.

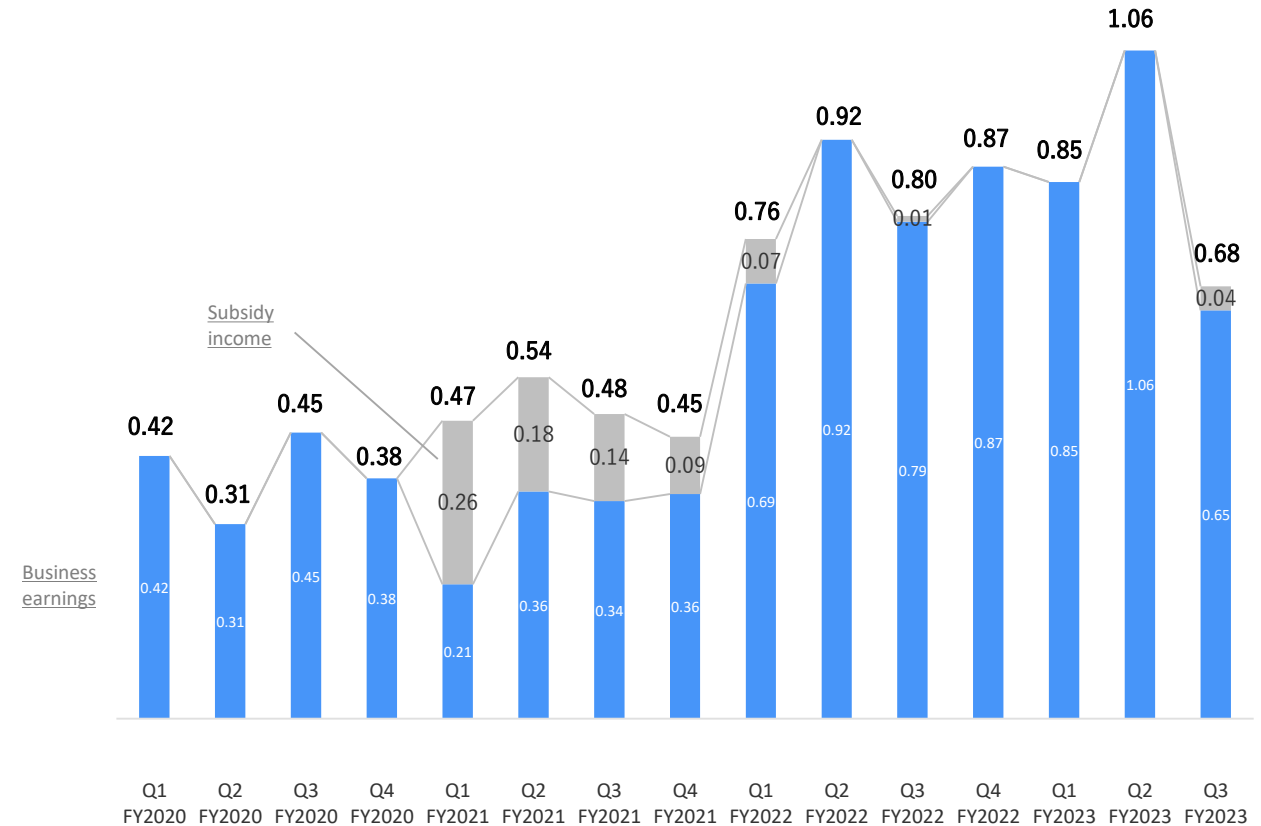
# Overseas WORK Business (Revenue by contract type and operating profit)

The post-COVID-19 surge in demand for manpower, which had persisted since Q1 FY22, moderated in Q3 FY23. Operating profit decreased due to lower permanent placement revenue.

-Revenue by contract type (Billions of yen)-



-Operating profit (Billions of yen)-

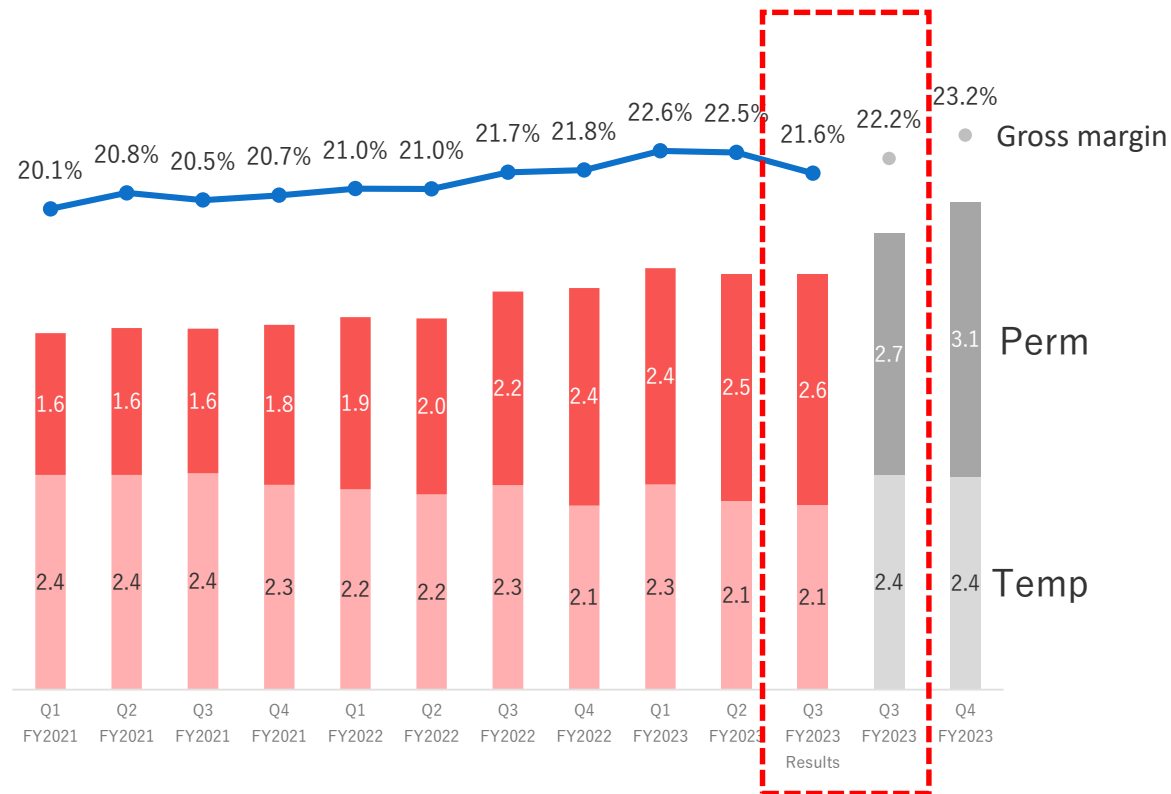


# Business Portfolio Changes in Japan and Overseas

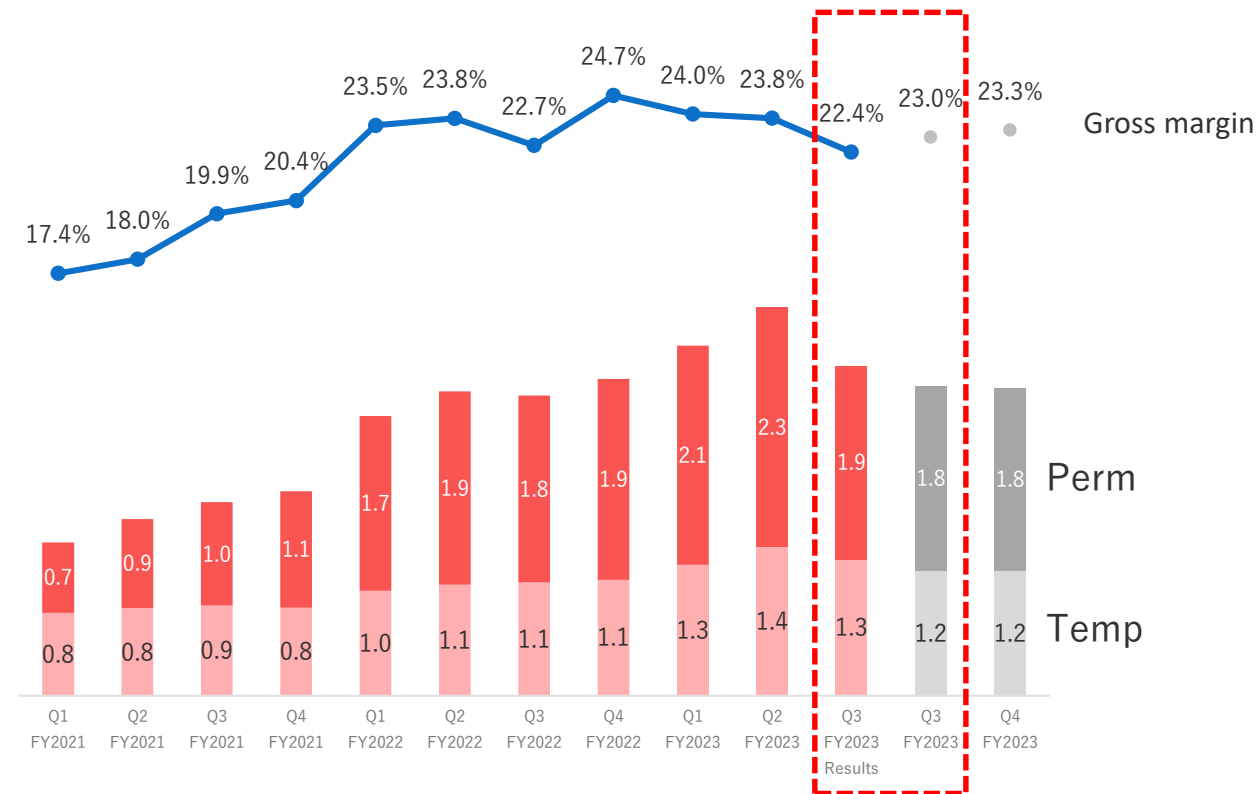
In the Domestic WORK Business, the gross margin of the Temp area decreased.

In the Overseas WORK Business, the gross margin decreased due to lower gross profit of the Perm area.

-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 are based on adjusted figure that excludes overseas subsidy income.

# Progress in the Construction Management Engineer Temporary Staffing Business

## ■ Quarterly Revenue

(Billions of yen)

Double-digit growth has persisted since Q1 due to the rise in new graduates and mid-career people with no experience on assignment.

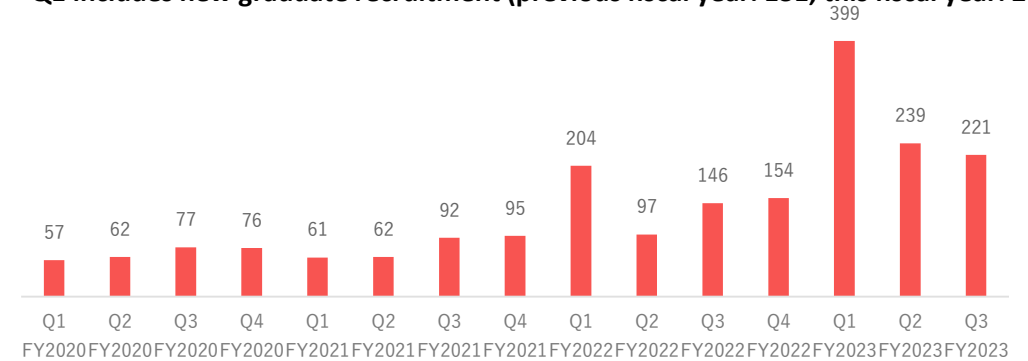


## ■ Number of People Hired

(No. of people)

Recruitment of mid-career people with no experience has been progressing at a pace exceeding 1,000 people per year.

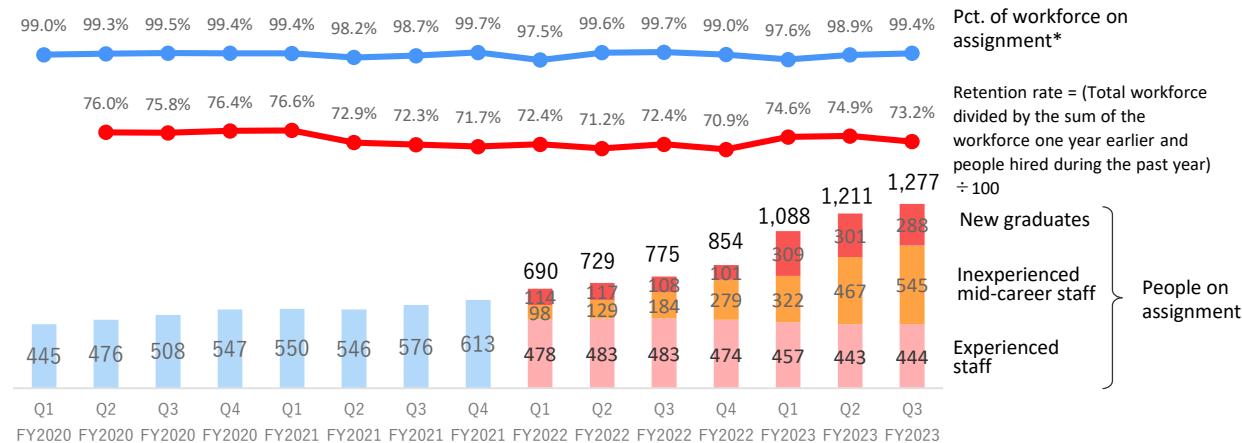
\* Q1 includes new graduate recruitment (previous fiscal year: 131, this fiscal year: 236).



## ■ People on Assignment, Pct. of Workforce on Assignment, and Retention Rate

Percentage of workforce on assignment remained at a high level. We will continue to work to improve retention rates.

(No. of people)

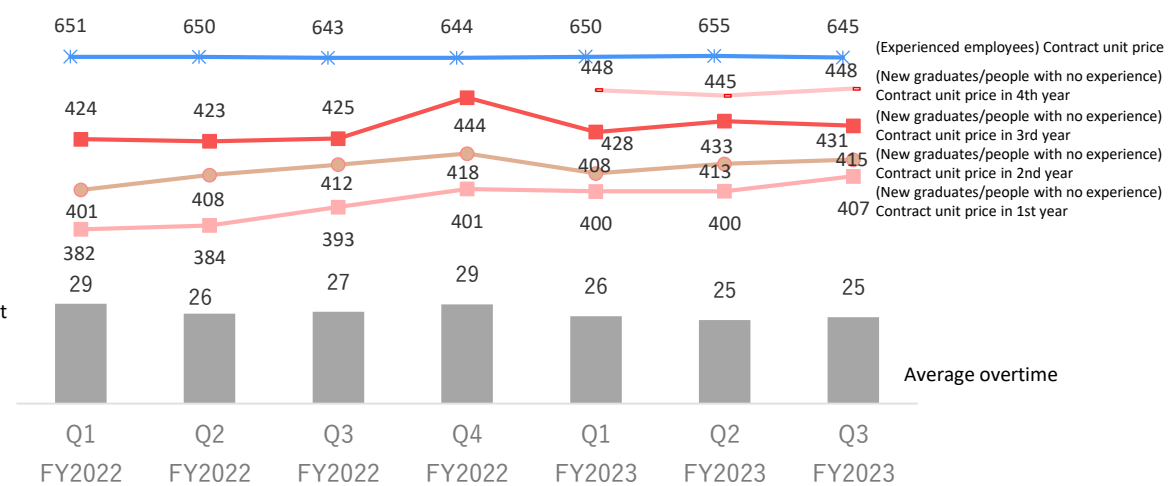


\* Percentage of workforce on assignment in Q1 FY2022 and Q1 FY2023 is for the month of June only, after excluding impact of training for new graduates. Cumulative percentage of workforce on assignment is Q1 FY2022: 90.4%, Q1 FY2023: 89.6%.

## ■ Average contract unit price, average overtime (monthly)

(Hours, Thousands of yen)

Average contract unit price for new graduates and people with no experience has been rising 3%-5% yearly due to negotiations with customers on raising fees. Overtime hours have maintained a horizontal trend.



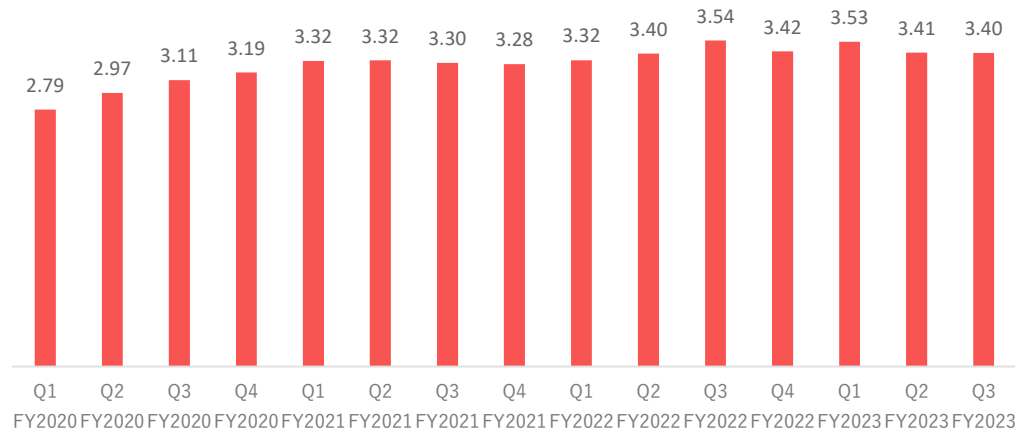


# Progress in the Care Support Business

## ■ Quarterly Revenue

(Billions of yen)

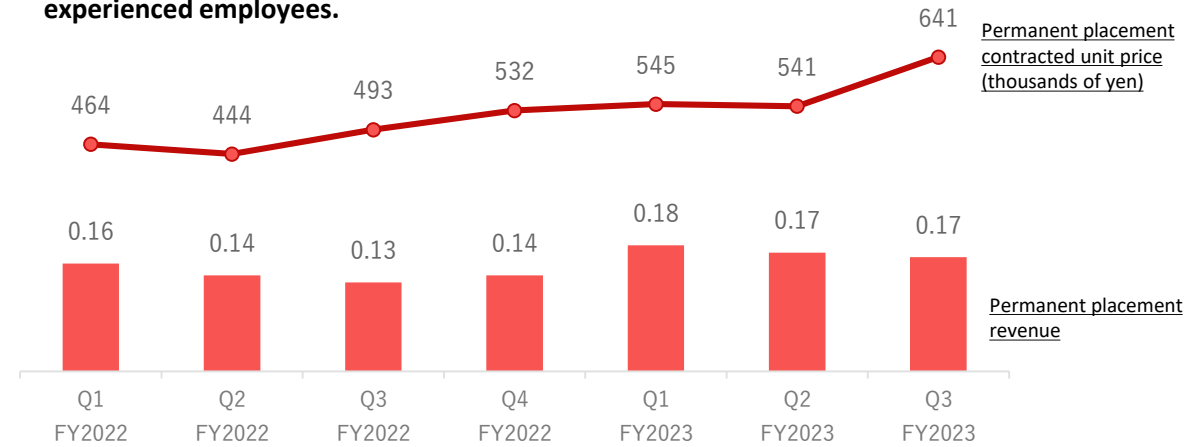
Strong results in both temporary staffing and permanent placement.



## ■ Permanent placement revenue and permanent placement contracted unit price

(Billions of yen)

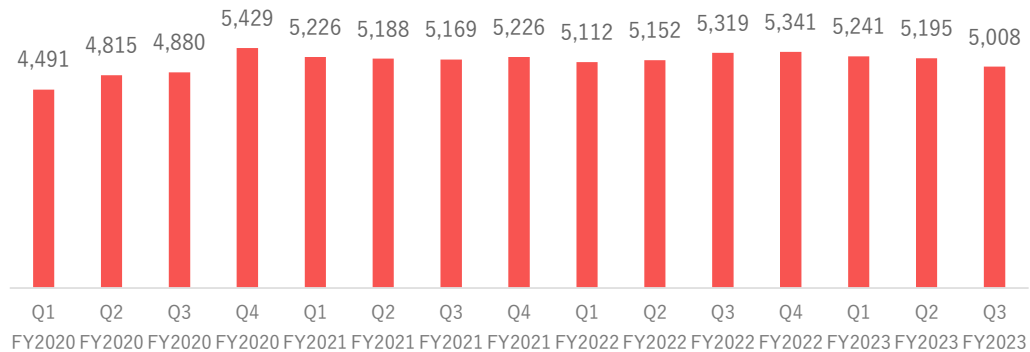
Permanent placement contracted unit price rose due to the targeting of experienced employees.



## ■ Number of People on Assignment

(No. of people)

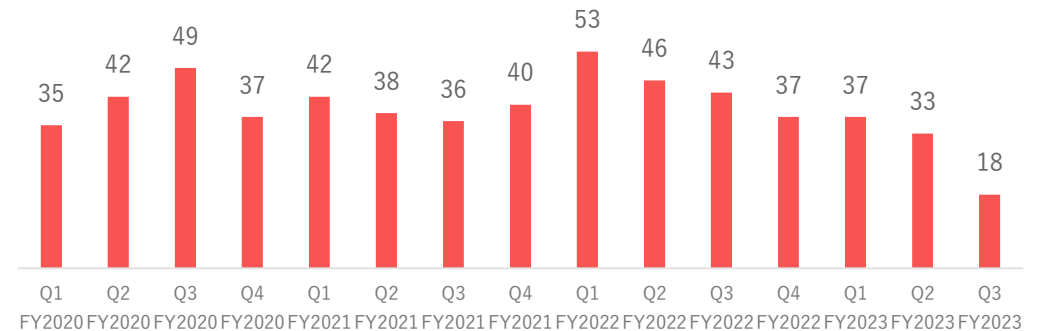
Quarter-on-quarter decline caused by persisting slowdown in new orders resulting from resurgence of infections.



## ■ Employees Permanent Placement Business

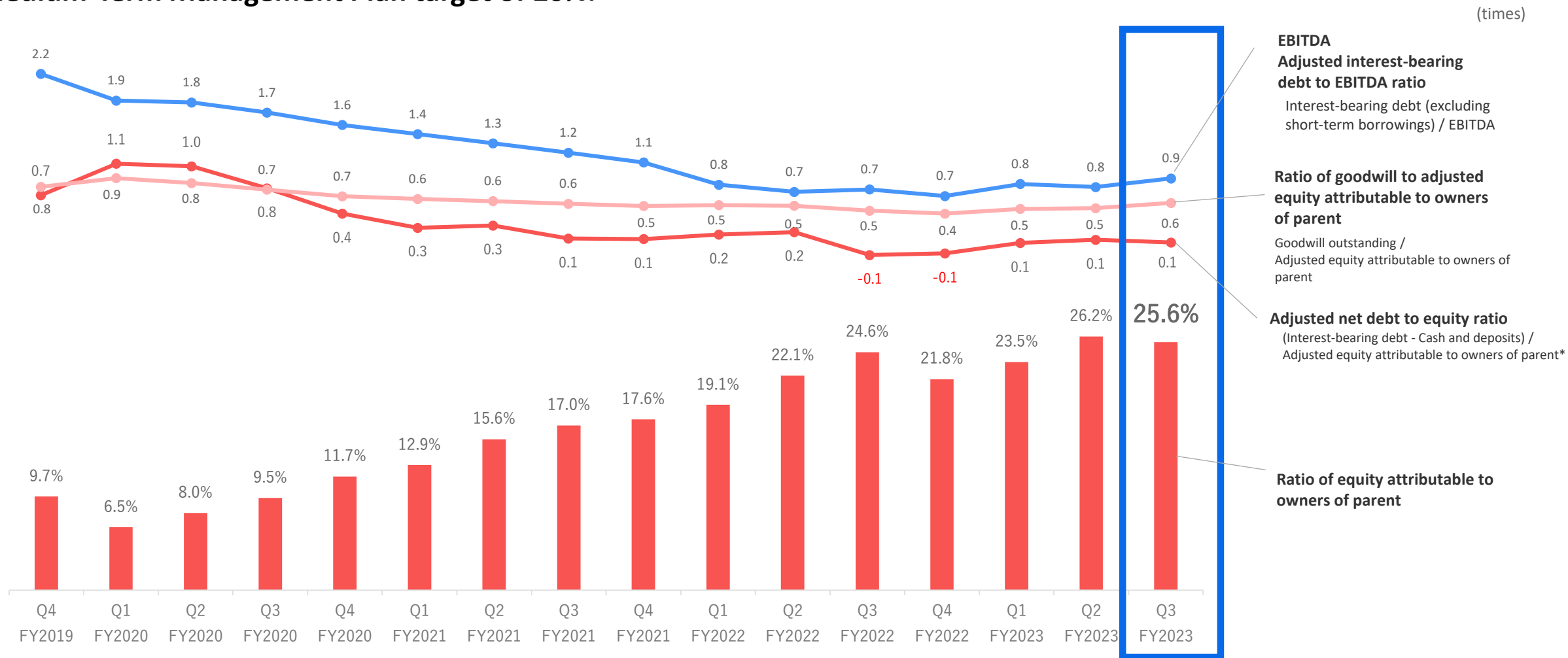
(No. of people)

We intend to increase the number of employees going forward while maintaining productivity.



# Financial Indicators

The ratio of equity attributable to owners of parent to total assets at the end of Q3 was 25.6%, which exceeded the Medium-Term Management Plan target of 20%.



## III. FY2023 Earnings and Dividend Forecasts

# Revisions to FY2023 Consolidated Earnings Forecasts

We have revised our consolidated earnings forecasts for the fiscal year ending March 31, 2023, to reflect prevailing business performance trends.

The revised forecast for Q4 enlists the following assumptions.

## ■ Revenue

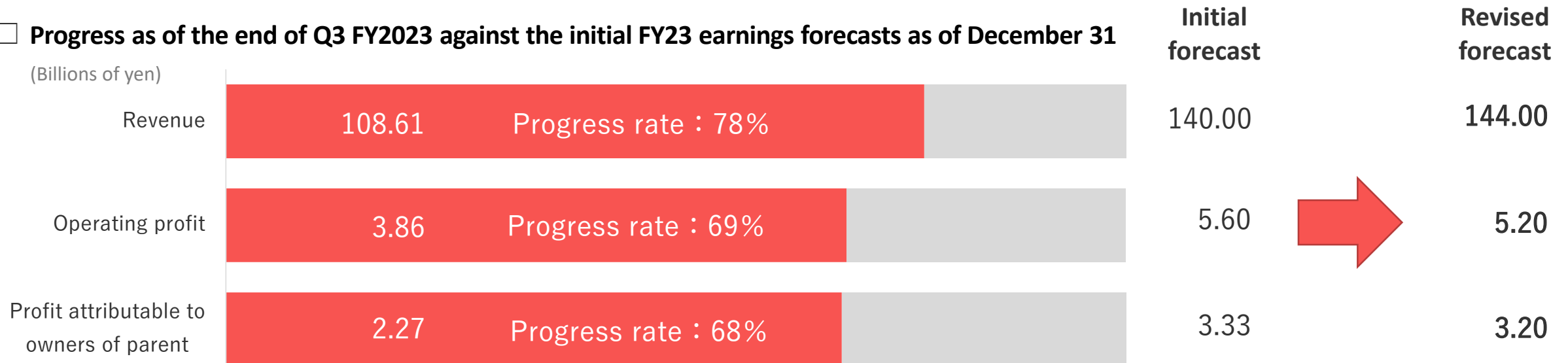
- The Domestic WORK Business has been making gradual progress in obtaining new projects since October 2022 onward. However, such progress will be slower than expected.
- In the Overseas WORK Business, whereas the post-COVID-19 surge in permanent placement demand will moderate, temporary staffing demand will remain strong.

## ■ Operating profit

- In the Domestic WORK Business, revenue will decrease due to delays in acquiring new projects.
- In the Overseas WORK Business, operating profit is expected to remain at Q3 levels.

## □ Progress as of the end of Q3 FY2023 against the initial FY23 earnings forecasts as of December 31

(Billions of yen)



# Revisions to FY2023 Consolidated Earnings Forecasts

(Billions of yen)	FY2022			Revised forecast	Vs. outlook at time of Q2 earnings announcement	
	Initial forecast	Outlook at time of Q2 earnings announcement	Change		% change	
Revenue	131.08	140.00	140.00	144.00	+4.00	+2.9%
Domestic WORK Business	80.72	88.98	84.85	83.87	-0.98	-1.2%
Overseas WORK Business	48.74	49.03	52.78	57.77	+4.99	+9.5%
Others	1.60	1.98	2.35	2.36	+0.01	+0.4%
Gross margin	21.9%	22.6%	22.7%	22.2%	-0.5pt	-
Operating profit	5.47	5.60	5.60	5.20	-0.40	-7.1%
Operating margin	4.2%	4.0%	4.0%	3.6%	-0.4pt	-
Domestic WORK Business	4.44	5.69	4.44	4.03	-0.40	-9.2%
Overseas WORK Business	3.34	2.58	3.63	3.21	-0.41	-11.4%
Others	(0.34)	(0.19)	(0.19)	0.05	+0.23	-
Adjustments	(1.98)	(2.48)	(2.27)	(2.09)	+0.17	-
Profit attributable to owners of parent	3.28	3.33	3.33	3.20	-0.13	-3.9%
EBITDA	7.55	7.67	7.67	7.24	-0.43	-5.6%
Exchange rate	FY2022	Initial forecast	Outlook at time of Q2 earnings announcement	Revised forecast	Change for ¥1 difference/y	
					Revenue	Profit
AUD	¥ 83	¥78	¥93	¥93	¥ 460 million	¥ 30 million
SGD	¥ 83	¥79	¥96	¥98	¥ 110 million	¥ 10 million

# Comparison between Medium-Term Management Plan Targets and FY2023 Forecasts

(Billions of yen)

	KPI	FY2020	FY2021	FY2022	FY2023	
					(Medium-Term Management Plan)	(Forecast)
Profitability indicators	Revenue (change)	121.9 (+18%)	118.2 (-3%)	131.0 (+11%)	<b>133.5</b> <b>(+2%)</b>	<b>144.0</b> <b>(+10%)</b>
	Gross margin	20.8%	20.3%	21.9%	<b>22.6%</b>	<b>22.2%</b>
	SG&A expenses (Upfront investments included)	21.4	20.4	23.5 (1.0)	<b>24.8</b> <b>(1.3)</b>	<b>26.7</b> <b>(1.0)</b>
	Operating profit (Operating margin)	4.14 (3.4%)	4.03 (3.4%)	5.47 (4.2%)	<b>5.35</b> <b>(4.0%)</b>	<b>5.20</b> <b>(3.6%)</b>
Financial indicators	ROIC	14%	14%	17.9%	<b>20%</b>	<b>16%</b>
	Ratio of equity attributable to owners of parent to total assets	11.7%	17.7%	21.8%	<b>22%</b>	<b>28%</b>
	Total payout ratio	25.1%	22.9%	23.6%	<b>30.0%</b>	<b>31.5%</b>

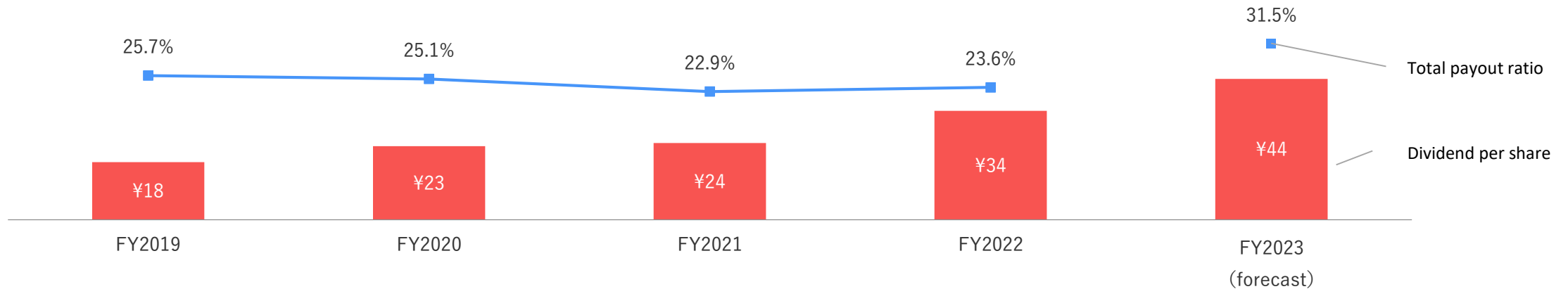
# FY2023 Dividend Forecast

The dividend forecast has not been revised given that the shareholder return policy stipulates a total payout ratio of 30% compared to the earnings forecasts at the start of the fiscal year.

	FY2022	FY2023
Year-end dividend	¥34 per share	¥44 per share
Total payout ratio	23.6%	31.5%

**Revised forecast**

■ Dividend per share and total payout ratio



## IV. New Management Structure from FY2024



# Change of Representative Director

There is to be a change of the Representative Director following the Annual General Meeting of Shareholders to be held in June 2023. WILL GROUP will transition to a new management structure under the new Medium-Term Management Plan to be released in May 2023.

## Career history, etc. of Representative Director to be newly appointed

Name (Date of birth)	Career summary, position and responsibility		Number of the Company's shares owned (As of March 31, 2022)
Yuichi Sumi October 6, 1980 (42 years old) 	Apr. 2003	Joined SAINT MEDIA, INC. (currently WILLOF WORK, Inc.)	27,900 shares
	Apr. 2006	Joined Will Holdings, Inc. (currently the Company)	
	Apr. 2009	Joined SAINT MEDIA FIELD AGENT, INC. (currently WILLOF WORK, Inc.)	
	Apr. 2014	General Manager of Sales Division of SAINT MEDIA FIELD AGENT, INC. (currently WILLOF WORK, Inc.)	
	Apr. 2016	Director of SAINT MEDIA FIELD AGENT, INC. (currently WILLOF WORK, Inc.)	
	July 2018	Executive Officer, General Manager of Human Resources Division of the Company	
	June 2019	Director of SAINT MEDIA, INC. (currently WILLOF WORK, Inc.)	
	Apr. 2021	Representative Director of WILLOF CONSTRUCTION, Inc. (current position)	
	June 2022	Director of the Company (current position)	

[“Notice Regarding Changes of Representative Director and Officers of WILL GROUP and Changes of Representative Directors of WILL GROUP Subsidiaries” \(in Japanese only\) released on February 21, 2023](#)



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.

■ IR Contact:

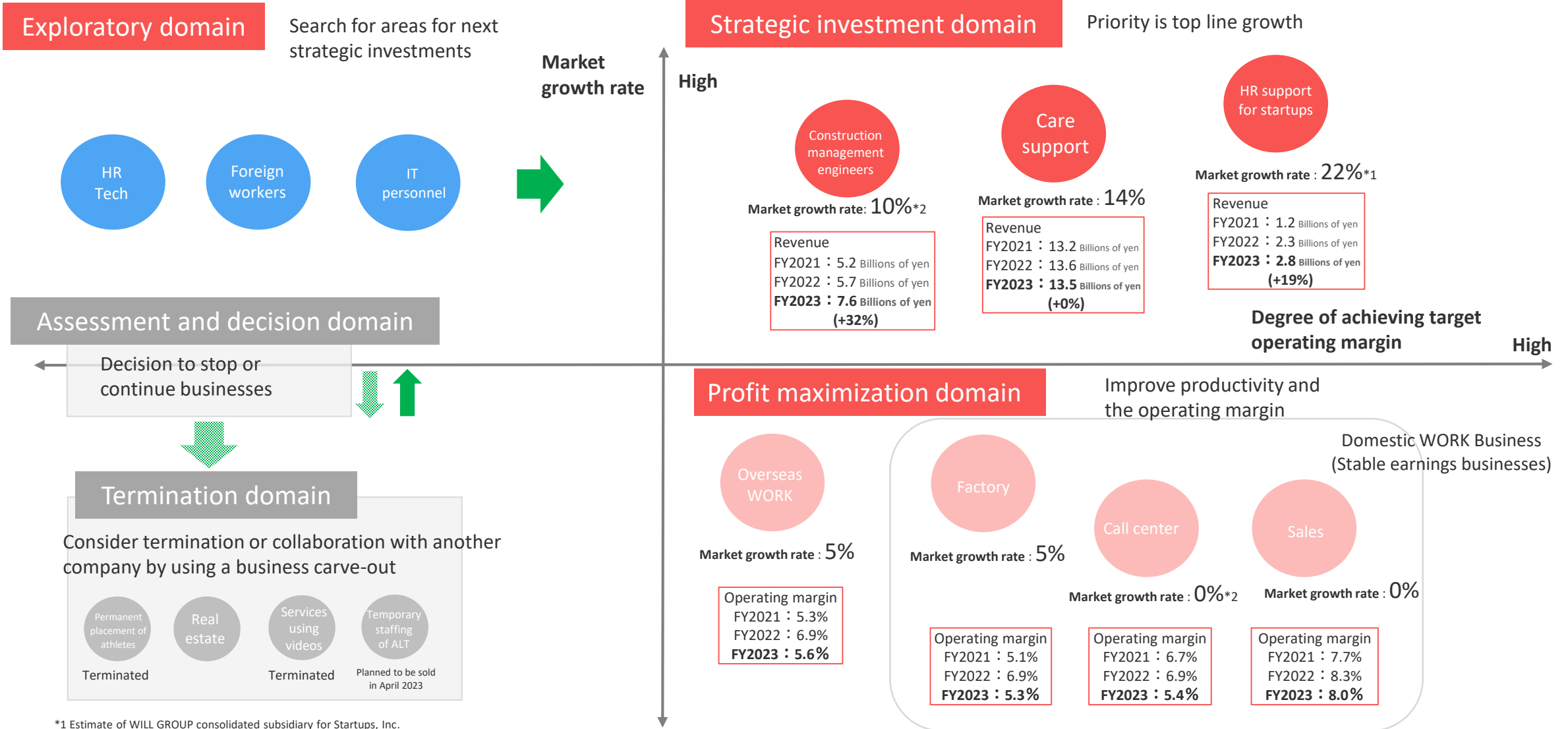
WILL GROUP, INC. Financial Department

Tel: + 81-3-6859-8880

Mail : [ir@willgroup.co.jp](mailto:ir@willgroup.co.jp)

# Appendix

# Business Portfolio Management



\*1 Estimate of WILL GROUP consolidated subsidiary for Startups, Inc.

\*2 According to WILL GROUP's research

\* Source: "Human Resources Business 2021," Yano Research Institute Ltd.

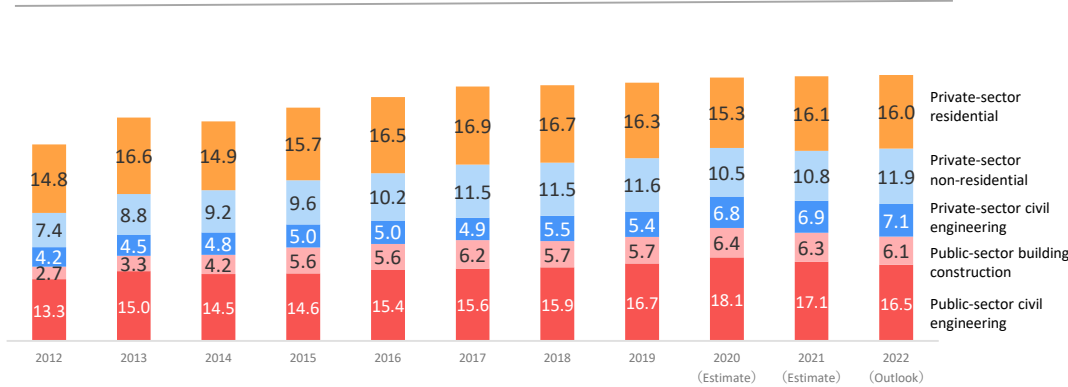
"Economic Report," World Employment Confederation (converted to yen at rate of ¥130/EUR because source data is denominated in euro currency)

# Construction Industry Business Climate

Construction demand is strong in Japan. Effective April 2024, the “Act on the Arrangement of Related Acts to Promote Work Style Reform” will apply to workers in the construction industry. The regulations on overtime are expected to boost demand for human resources, and this will be further compounded by the aging workforce in this industry.

Construction Investments in Japan

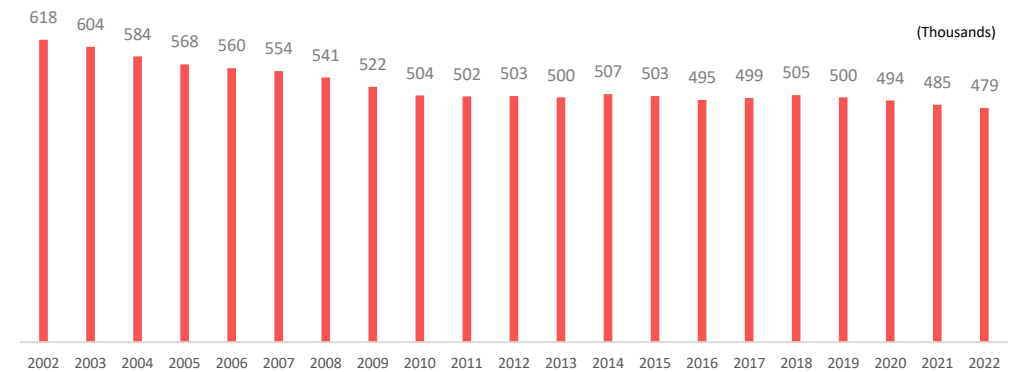
(Trillions of yen)



Source: Construction Investment Outlook (2022) by the Ministry of Land, Infrastructure, Transport and Tourism

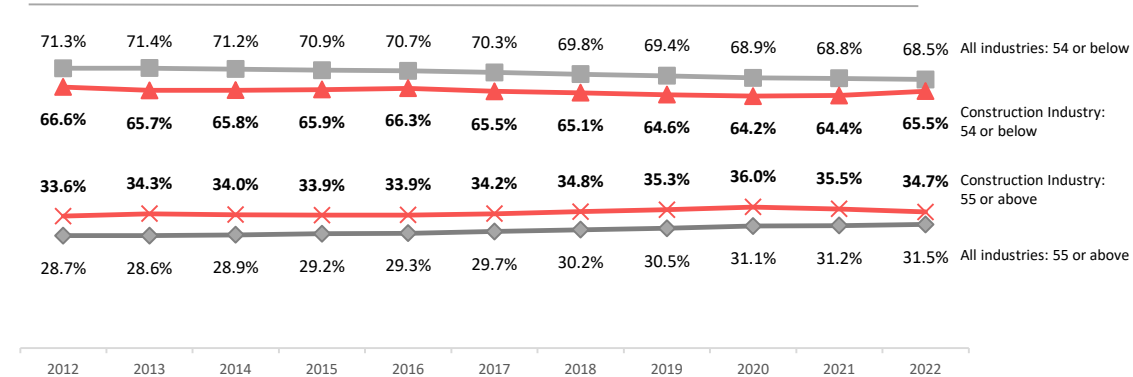
Employment in the Japanese Construction Industry

(Thousands)



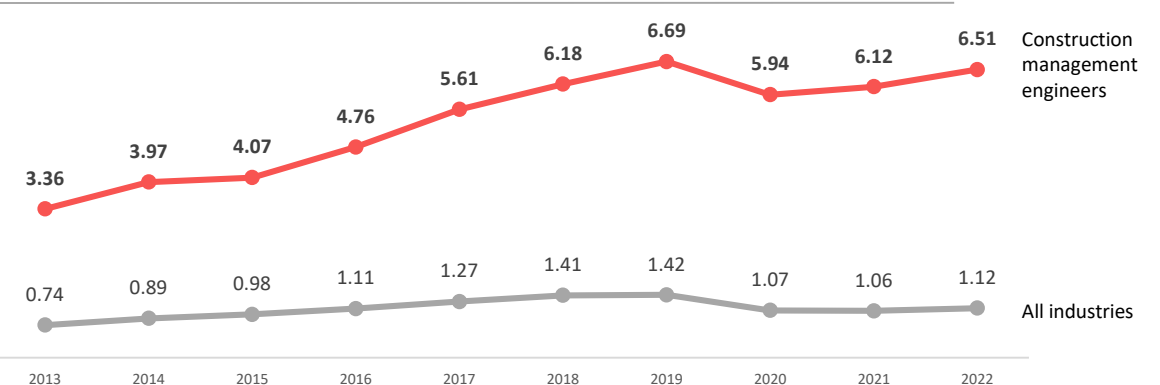
Source: Labor Force Survey, Statistics Bureau, Ministry of Internal Affairs and Communications

Employment by Age in the Japanese Construction Industry



Source: Labor Force Survey, Statistics Bureau, Ministry of Internal Affairs and Communications

Job Openings-to-Applicants Ratio in the Japanese Construction Industry

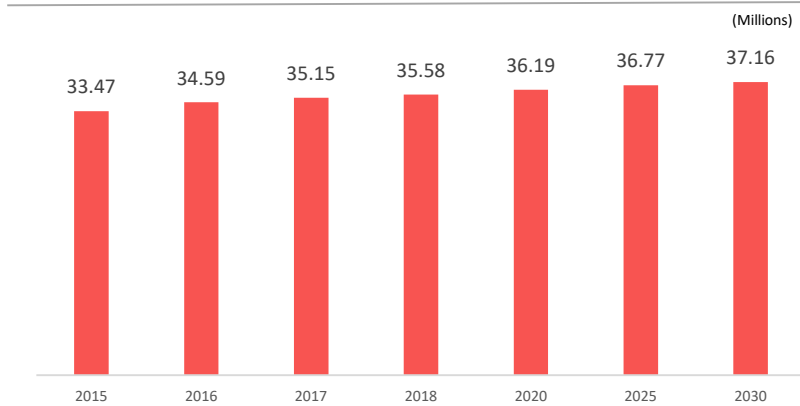


Source: General Employment Placement Services Report, Statistic Bureau, Ministry of Internal Affairs and Communications

# Strategic Investment Domain Climate (Care Support Business)

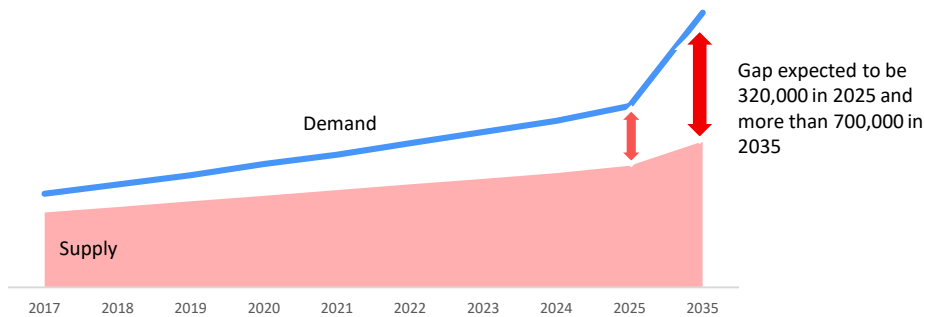
There is a chronic shortage of care support people in Japan as the demand for these people continues to climb. This market will continue to grow, including the use of foreign workers to meet demand.

### Population of Seniors in Japan



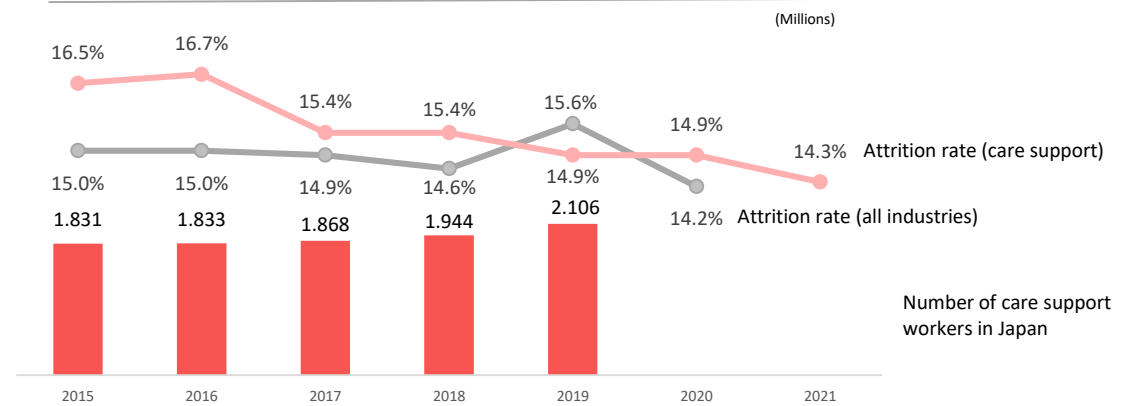
Source: Recruiting Senior Care Workers and Innovations at Senior Care Facilities (July 2019), Ministry of Health, Labour and Welfare (Reference)  
Population Estimate, Statistics Bureau, Ministry of Internal Affairs and Communications

### Supply/Demand Forecast for Care Support Workers



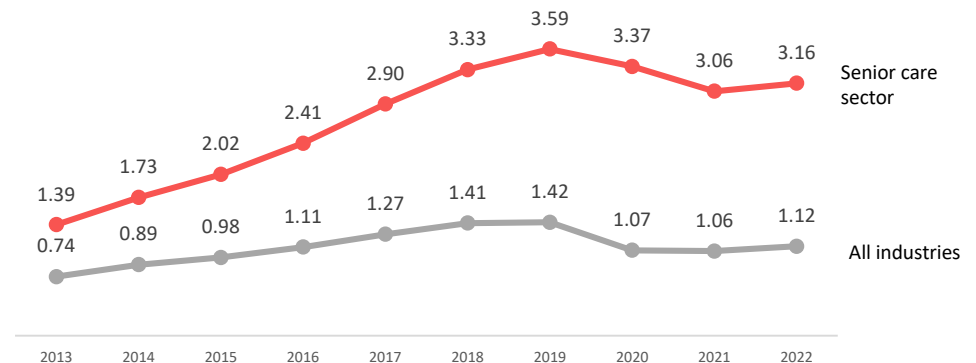
Source: Study Report concerning the Senior Care System in relation to Future Senior Care Supply and Demand (April 2018), Ministry of Economy, Trade and Industry

### Care Support Workers and Attrition Rate



Source: "Summarized Results of the 2021 Care Working-condition Survey," Care Work Foundation  
"Summarized Results of the 2021 Survey on Employment Trends," "Survey of Institutions and Establishments for Long-term Care," Ministry of Health, Labour and Welfare of Japan

### Senior Care Support Personnel Job-to-Applicants Ratio



Source: General Employment Placement Services Report, Statistic Bureau, Ministry of Internal Affairs and Communications

# Overseas (Australia, Singapore) Macro Environment



## Market conditions for WILL GROUP

We are encountering decreasing numbers of job openings in both Australia and Singapore, in sectors that include IT and finance.

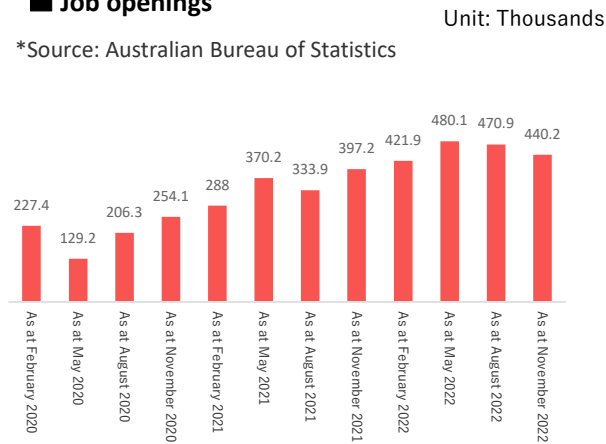
The result of the temporary staffing business, which is being developed in stable domains, have been strong. On the other hand, in permanent placement, the post-COVID-19 surge in manpower demand has moderated in Q3 FY23. Despite a lack of prevailing signs of diminishing customer demand, we will need to carefully monitor developments going forward amid concerns of economic contraction.



## Economic indicators

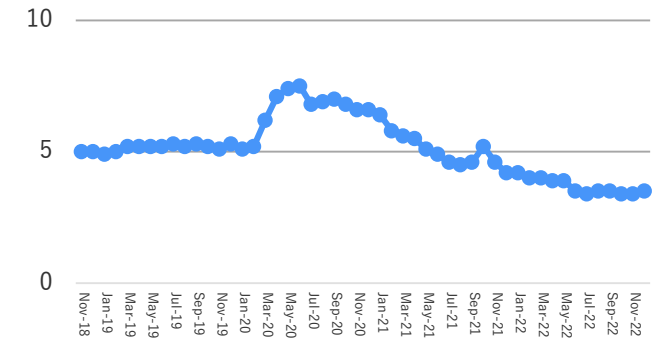
### Job openings

\*Source: Australian Bureau of Statistics



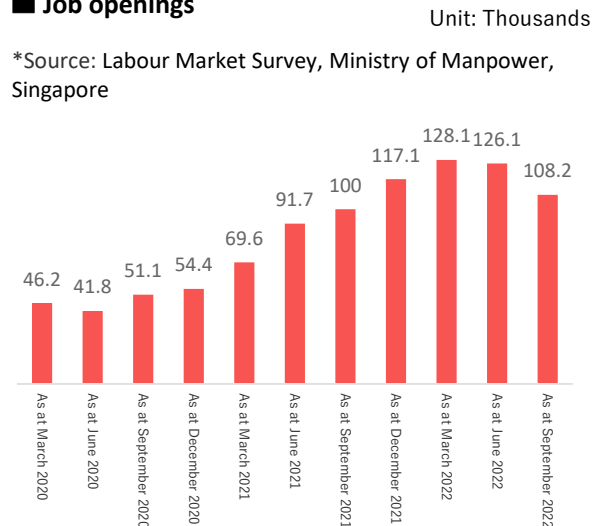
### Unemployment rate

\*Source: Australian Bureau of Statistics



### Job openings

\*Source: Labour Market Survey, Ministry of Manpower, Singapore



### Unemployment rate

\*Source: Singapore Department of Statistics

