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May 11, 2023

Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Under IFRS)

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 Listing: Tokyo Stock Exchange
 Securities code: 6089
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 Scheduled date of annual general meeting of shareholders: June 24, 2023
 Scheduled date to commence dividend payments: June 26, 2023
 Scheduled date to file annual securities report: June 26, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes

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

1. Consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results

(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 ended								
March 31, 2023	143,932	9.8	5,318	(2.8)	5,146	(2.8)	3,459	(10.2)
March 31, 2022	131,080	10.9	5,472	35.8	5,293	39.7	3,854	43.9

	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
Fiscal year ended						
March 31, 2023	3,236	(1.5)	3,826	(18.3)	143.20	141.95
March 31, 2022	3,286	39.0	4,683	5.8	147.03	144.76

	Return on equity attributable to owners of parent	Ratio of profit before tax to total assets	Ratio of operating profit to revenue
	%	%	%
Fiscal year ended			
March 31, 2023	24.9	9.6	3.7
March 31, 2022	33.5	10.7	4.2

Reference: Share of profit (loss) of investments accounted for using equity method

For the fiscal year ended March 31, 2023: ¥(21) million
 For the fiscal year ended March 31, 2022: ¥(18) million

(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	Equity attributable to owners of parent per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
March 31, 2023	54,939	15,877	14,638	26.6	646.04
March 31, 2022	52,350	13,121	11,398	21.8	505.08

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	4,816	(1,761)	(2,783)	9,590
March 31, 2022	4,350	(306)	(2,959)	8,973

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of parent (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2022	–	0.00	–	34.00	34.00	776	23.1	7.8
Fiscal year ended March 31, 2023	–	0.00	–	44.00	44.00	1,009	30.7	7.6
Fiscal year ending March 31, 2024 (Forecast)	–	0.00	–	44.00	44.00		35.5	

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	%
Six months ending September 30, 2023	69,000	(4.6)	1,900	(35.2)	1,850	(37.2)	1,230	(38.2)
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
Six months ending September 30, 2023	1,230	(29.5)	54.42
Fiscal year ending March 31, 2024	2,800	(13.5)	123.89

*** 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 March 31, 2023	22,944,100 shares
As of March 31, 2022	22,852,200 shares

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

As of March 31, 2023	284,850 shares
As of March 31, 2022	284,820 shares

- (iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2023	22,600,576 shares
Fiscal year ended March 31, 2022	22,351,306 shares

Note: The number of treasury shares at the end of the period includes the number of shares owned by executive stock compensation trust.
(279,441 shares as of March 31, 2023 and 279,441 shares as of March 31, 2022)

[Reference] Overview of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2023	4,337	(4.5)	1,668	(16.7)	1,609	(17.5)	1,673	(40.1)
March 31, 2022	4,541	(0.8)	2,002	28.5	1,950	(3.4)	2,795	53.7

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2023	74.06	73.41
March 31, 2022	125.05	123.12

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	25,490	13,362	52.4	589.48
March 31, 2022	21,555	12,420	57.6	550.04

Reference: Equity

As of March 31, 2023: ¥13,357 million
As of March 31, 2022: ¥12,413 million

< Reasons for the differences between the non-consolidated financial results for the previous fiscal year and those for the fiscal year under review >

Non-consolidated financial results for the fiscal year under review differ from those for the previous fiscal year as a result of decreases in dividends from consolidated subsidiaries and gain on sale of shares of associates.

* Financial results reports are exempt from audit 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 “(5) Future outlook” under “1. Overview of operating results and others” on page 5 of the attached material for the assumptions on which earnings forecasts are based, and cautions concerning the use thereof.

Attached Material Index

1.	Overview of operating results and others	2
	(1) Overview of operating results for the fiscal year	2
	(2) Overview of financial position for the fiscal year	4
	(3) Overview of cash flows for the fiscal year	4
	(4) Basic policy on profit distribution, and dividends for current and next fiscal years	5
	(5) Future outlook	5
2.	Basic views on the selection of accounting standards	7
3.	Consolidated financial statements and significant notes thereto	8
	(1) Consolidated statement of financial position	8
	(2) Consolidated statement of profit or loss and consolidated statement of comprehensive income..	10
	(3) Consolidated statement of changes in equity	12
	(4) Consolidated statement of cash flows	13
	(5) Notes to the consolidated financial statements	14
	Notes on premise of going concern	14
	Segment information, etc.	14
	Per share information	18
	Significant subsequent event	18

1. Overview of operating results and others

(1) Overview of operating results for the fiscal year

During the fiscal year ended March 31, 2023, while the global economy saw a gradual resumption of economic activities under “living with COVID-19” in all countries, the future outlook remains uncertain due to monetary tightening in response to global inflation, financial instability and concerns of recession mainly in the U.S. and Europe, and the prolonged situation in Russia and Ukraine.

In Japan, there are signs of a gradual recovery of the economy, partly due to the effects of various policies under “living with COVID-19.” However, the risk of a downturn in overseas economies, rising prices for energy and raw materials, and volatility in foreign exchange rates require careful attention.

Under these circumstances, the Group worked on the WORK SHIFT Strategy, which aims to raise the operating margin through a portfolio shift and digital shift in preparation for achieving the goals of the “WILL-being 2023” Medium-Term Management Plan, which has entered its final year in the fiscal year ended March 31, 2023.

In Japan, while the resurgence of new cases of COVID-19 delayed the development of new projects, the business remained steady from October 2022 onward.

In the overseas segment, in addition to positive foreign exchange effects and steady growth in temporary staffing, which is developing in a stable area, there was rapid post-COVID-19 demand for permanent placement services during the nine months ended December 31, 2022.

As a result of the above, revenue during the fiscal year under review was ¥143,932 million (up 9.8% year on year), operating profit was ¥5,318 million (down 2.8%), profit before tax was ¥5,146 million (down 2.8%), profit was ¥3,459 million (down 10.2%), profit attributable to owners of parent was ¥3,236 million (down 1.5%), and EBITDA (operating profit + depreciation and amortization + impairment losses) was ¥7,456 million (down 1.3%).

Results of operations by segment are as follows:

With the start of the new Medium-Term Management Plan “WILL-being 2026” from April 2023, the segment names of Domestic WORK Business and Overseas WORK Business will be changed to Domestic Working Business and Overseas Working Business, respectively, from the first quarter of the fiscal year ending March 31, 2024. Please note that the new segment names have been applied uniformly in the financial statements of Consolidated Financial Results.

(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. A progress was made in developing new projects in each domain. In addition, in response to the era of coexistence with COVID-19, each sector also focused on acquiring clients in the new service sectors, including sales outsourcing agencies and work-from-home contact center services.

As for profit, while there were an increase in revenue and a rise in gross profit, in preparation for the Perm SHIFT (“Perm” refers to permanent placement and temporary staffing for highly specialized fields), we made upfront investments by increasing the number of sales and consultant staff in the construction management engineer and HR support for startups domains. In addition, the Company recorded unrecorded fees and penalties (approximately ¥400 million) for prior and the current fiscal year as a result of the discovery that the consolidated subsidiary for Startups, Inc. had failed to record fees that need to be paid when candidates are successfully placed through candidate databases operated by other companies.

As a result of the above, the Domestic Working Business recorded external revenue of ¥84,135 million (up 4.2% year on year), and segment profit of ¥4,451 million (up 0.1%).

(ii) Overseas Working Business

With regard to the human resources services that the Company has rolled out in the ASEAN and Oceania regions, the number of job openings in Singapore and Australia remained at a high level

despite a decline in the recent number of job openings. Temporary staffing, which is developing in stable areas such as government projects, was affected by the termination of temporary staffing contracts with some clients in Australia, but overall the business remained strong due to the rapid post-COVID-19 demand for human resources. In addition, the yen depreciated against both the Singapore dollar (83 yen for the previous fiscal year; 99 yen for the current fiscal year under review) and the Australian dollar (83 yen for the previous fiscal year; 93 yen for the current fiscal year under review) compared with the same period of the previous fiscal year. The impact of forex on revenue during the fiscal year under review was approximately ¥6,400 million.

As for profit, while gross profit shrank due to higher personnel and other costs and a decline in permanent placement sales, government subsidies and a weaker yen in foreign exchange rates resulted in an increase in profit. The impact of forex on segment profit during the fiscal year under review was approximately ¥460 million.

As a result of the above, the Overseas Working Business recorded external revenue of ¥57,537 million (up 18.0% year on year), and segment profit of ¥3,406 million (up 1.7%).

(iii) Others

In the Others segment, we worked to expand non-labor-intensive businesses by continuing to strengthen the development of new platforms such as “ENPORT,” which provides comprehensive support services for foreigners living in Japan. However, the number of foreign workers entering the country remains limited. In terms of profit, while continuing to invest in the development of new platforms, selling, general and administrative expenses decreased due to a scale-down of some services aimed at foreign workers.

As a result of the above, the Others segment recorded revenue of ¥2,258 million (up 40.5% year on year), and a segment loss of ¥296 million (a segment loss of ¥342 million was recorded in the previous fiscal year).

(2) Overview of financial position for the fiscal yearAssets

Current assets as of March 31, 2023 were ¥28,666 million, an increase of ¥1,377 million from the end of the previous fiscal year. This was mainly due to increases in cash and cash equivalents of ¥617 million, in trade and other receivables of ¥470 million, and in other current assets of ¥280 million.

Non-current assets stood at ¥26,272 million, an increase of ¥1,211 million from the end of the previous fiscal year. This was mainly due to increases in goodwill of ¥1,606 million as a result of purchase of shares of u&u GWS Pty Ltd and in other financial assets of ¥266 million, despite decreases in right-of-use assets of ¥459 million and in other intangible assets of ¥158 million.

As a result, total assets amounted to ¥54,939 million, an increase of ¥2,589 million from the end of the previous fiscal year.

Liabilities

Current liabilities as of March 31, 2023 were ¥28,414 million, a decrease of ¥947 million from the end of the previous fiscal year. This was mainly due to increases of ¥1,273 million in other current liabilities, ¥974 million in borrowings, and ¥853 million in trade and other payables, respectively, while other financial liabilities decreased by ¥3,881 million, mainly due to a decrease in written put options as a result of acquiring additional shares in a consolidated subsidiary.

Non-current liabilities stood at ¥10,648 million, an increase of ¥780 million from the end of the previous fiscal year. This was mainly due to an increase in borrowings of ¥1,182 million, despite a decrease in other financial liabilities of ¥335 million.

As a result, total liabilities amounted to ¥39,062 million, a decrease of ¥166 million from the end of the previous fiscal year.

Equity

Total equity as of March 31, 2023 was ¥15,877 million, an increase of ¥2,756 million from the end of the previous fiscal year. This was mainly due to increases in retained earnings of ¥2,448 million, in exchange differences on translation of foreign operations of ¥402 million among other components of equity and in capital surplus of ¥343 million, despite a decrease in non-controlling interests of ¥484 million.

As a result of the above, the ratio of equity attributable to owners of parent to total assets was 26.6% (21.8% at the end of the previous fiscal year).

(3) Overview of cash flows for the fiscal year

Cash and cash equivalents at the end of the current fiscal year increased ¥617 million from the end of the previous fiscal year to ¥9,590 million. Status of cash flows in the fiscal year under review and the main factors driving them are as follows:

Cash flows from operating activities

Net cash provided by operating activities was ¥4,816 million (¥4,350 million provided in the previous fiscal year). This was mainly due to a recording of profit before tax of ¥5,146 million and a recording of depreciation and amortization of ¥2,137 million, despite factors such as income taxes paid of ¥2,409 million.

Cash flows from investing activities

Net cash used in investing activities was ¥1,761 million (¥306 million used in the previous fiscal year). This was mainly due to purchase of shares of subsidiaries resulting in change in scope of consolidation of ¥1,757 million, and payments included in other of ¥617 million, despite factors such as proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation of ¥1,009 million.

Cash flows from financing activities

Net cash used in financing activities was ¥2,783 million (¥2,959 million used in the previous fiscal year). This was mainly due to purchase of shares of subsidiaries not resulting in change in scope of consolidation of ¥3,746 million, repayments of long-term borrowings of ¥3,367 million, and repayments of lease liabilities of ¥1,333 million, despite factors such as proceeds from long-term borrowings of ¥4,383 million, and net increase in short-term borrowings of ¥1,590 million.

(4) Basic policy on profit distribution, and dividends for current and next fiscal years

Returning profit to the Company's shareholders and maintaining sufficient retained earnings to achieve stable future business development are the fundamental principles adopted by the Company. Specifically, after taking into account the factors such as the status of operating performance in each fiscal year, we aim for a total payout ratio (*1) of 30% relative to earnings forecasts at the beginning of the fiscal year to enhance returns to shareholders while securing funds for growth investments.

In addition, the policy of the Company is to pay dividends of surplus once a year, but the Company stipulates in its Articles of Incorporation that it may pay an interim dividend provided for in Article 454, paragraph (5) of the Companies Act. The bodies that decide dividends from surplus are the general meeting of shareholders for year-end dividends, and the Board of Directors for interim dividends.

For the fiscal year under review, the Company proposes to pay a year-end dividend per share of ¥44 (ordinary dividend of ¥44) in accordance with the dividend forecast announced on May 11, 2022. In that event, the total payout ratio would be 31.2%. In addition, as stated in the Medium-Term Management Plan "WILL-being 2026" (hereinafter the "Medium-Term Management Plan") announced today, the Company's shareholder return policy during the period of the Medium-Term Management Plan (fiscal year ending March 31, 2024 - fiscal year ending March 31, 2026) is to pay a progressive dividend (*2) with a total payout ratio of 30% or more. Based on this policy, the dividend forecast for the fiscal year ending March 31, 2024 is ¥44 per share (ordinary dividend of ¥44), with a total payout ratio of 36.0%.

*1 Total payout ratio: The ratio of the amount of dividends plus purchase of treasury shares to profit attributable to owners of parent

*2 Progressive dividends: Dividends are either maintained or increased, and not reduced.

(5) Future outlook

Resumption of growth in the stagnant Domestic Working Business is important for the Group to achieve sustainable growth. Therefore, in the Medium-Term Management Plan, we have set the basic policy for resumption of growth in the Domestic Working Business and we will aggressively make upfront investments for resuming growth to alter our earnings structure during the period of the Medium-Term Management Plan and establish a foundation that will enable us to realize dramatic growth in the future.

■ The Plan's numerical management targets

The numerical management targets for the fiscal year ending March 31, 2026, which is the final year of the Plan, are revenue of ¥170,000 million, and operating profit of ¥6,500 million.

■ Key strategies

The following four strategies (Strategies I through III are for Domestic Working Business, and Strategy IV is for Overseas Working Business) are the key strategies for achieving the management targets of the Medium-Term Management Plan.

Strategy I Further expansion and profit generation in the construction management engineer domain

In the construction management engineer domain, we intend to double the annual number of hires during the period of the Medium-Term Management Plan, to become profitable in the fiscal year ending March 31, 2025, and to make it one of the pillars of our business in the fiscal year ending March 31, 2026.

Strategy II Resumption of growth in Domestic Working Business (excluding the construction management engineer domain)

We will work to expand administration of foreign workers on consignment and temporary staffing of regular employees. For the expansion of administration of foreign workers on consignment, we will strengthen the acquisition of new orders by increasing the number of sales personnel, and for local hiring, we will strengthen alliances with local corporations, schools, etc. For expansion of temporary staffing by regular employees, we will extend the recruiting know-how cultivated in the construction management engineer and sales outsourcing domains to the factory outsourcing domain. In addition, in anticipation of an even tougher hiring environment in the future, we will implement brand promotions to strengthen our own brand.

Strategy III Discontinuous growth through M&A

Having achieved financial stabilization during the period of the previous Medium-Term Management Plan, in the Medium-Term Management Plan, we will resume M&A activities after narrowing down target candidates and establishing financial discipline.

Strategy IV Stable growth in Overseas Working Business

Although rapid post-COVID-19 demand for human resources has run its course in both Singapore and Australia, demand for human resources is expected to remain strong as the number of job openings remains high in both countries. While increasing the number of consultants, etc., the Company will work to expand permanent placement sales, and in order to reduce downside risk and improve business stability, the Company will work to increase temporary staffing sales in stable areas such as government, reduce costs, and strengthen governance.

For details, please refer to the “Notice Concerning the Formulation of the Medium-term Management Plan (WILL-being 2026)” (in Japanese only) released today. Please note that an English translation of the Medium-term Management Plan (WILL-being 2026) will be disclosed separately at a later date.

Full-year forecasts of consolidated financial results for the fiscal year ending March 31, 2024

With regard to the future outlook, although there is uncertainty about the future due to financial instability and concerns about economic recession mainly in the U.S. and Europe, and rising prices, economic activity has resumed to the level before the spread of COVID-19 under “living with COVID-19,” and we expect demand for human resources to remain strong in Japan and in Singapore and Australia, which are the main areas in which the Company has expanded its business overseas.

In Domestic Working Business, we will work to expand the construction management engineer domain, administration of foreign workers on consignment, and temporary staffing of regular employees, which are the key strategies in the Medium-Term Management Plan.

Expansion in the construction management engineer domain will be achieved by further strengthening recruitment of inexperienced workers and new graduates, as well as by implementing initiatives to improve the retention rate and to increase the unit price of contracts.

With respect to expansion of the administration of foreign workers on consignment, we expect an increase in the number of foreign workers entering the country and will expand orders from clients and local hiring in the factory outsourcing and nursing care domains. For expansion of temporary staffing of regular employees, we will apply the recruiting know-how we have cultivated in the sales outsourcing and construction management engineer domains to the factory outsourcing domain and work to increase the number of people on assignment. In the fiscal year ending March 31, 2024, we plan to make upfront investments (¥1,100 million) in hiring construction management engineers and sales personnel in order to realize the Medium-Term Management Plan scenario.

In Overseas Working Business, both permanent placement and temporary staffing will be expanded by increasing the number of consultants. For the fiscal year ending March 31, 2024, we forecast revenue of ¥144,000 million, operating profit of ¥4,200 million, profit before tax of ¥4,100 million, profit of ¥2,900 million, profit attributable to owners of parent of ¥2,800 million, and EBITDA of ¥6,290 million. The exchange rate assumptions underlying these forecasts are ¥94/SGD (¥99/SGD in the previous fiscal year) and ¥86/AUD (¥93/AUD in the previous fiscal year).

- * The forward-looking statements above, 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. We will continue to carefully monitor the impact on the businesses of the Group, and make prompt disclosure in the event that revisions become necessary going forward.

2. Basic views on the selection of accounting standards

Based on its intention to further promote the global expansion of its business, and with the objective of helping to improve the international comparability of financial information in the capital markets, the Will Group has voluntarily adopted International Financial Reporting Standards (IFRS), beginning with the consolidated financial statements included in the annual securities report for the fiscal year ended March 31, 2019.

3. Consolidated financial statements and significant notes thereto**(1) Consolidated statement of financial position**

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and cash equivalents	8,973	9,590
Trade and other receivables	17,458	17,928
Other financial assets	129	138
Other current assets	728	1,009
Total current assets	27,289	28,666
Non-current assets		
Property, plant and equipment	1,223	1,139
Right-of-use assets	6,809	6,349
Goodwill	6,514	8,120
Other intangible assets	6,154	5,996
Investments accounted for using equity method	477	456
Other financial assets	1,208	1,475
Deferred tax assets	1,850	1,953
Other non-current assets	822	782
Total non-current assets	25,061	26,272
Total assets	52,350	54,939

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Trade and other payables	15,297	16,151
Borrowings	5,786	6,761
Other financial liabilities	5,245	1,364
Income taxes payable	1,195	1,027
Other current liabilities	1,836	3,109
Total current liabilities	29,361	28,414
Non-current liabilities		
Borrowings	2,202	3,385
Other financial liabilities	6,285	5,950
Deferred tax liabilities	1,202	1,127
Other non-current liabilities	177	184
Total non-current liabilities	9,867	10,648
Total liabilities	39,228	39,062
Equity		
Share capital	2,163	2,187
Capital surplus	(2,266)	(1,923)
Treasury shares	(274)	(274)
Other components of equity	464	890
Retained earnings	11,310	13,758
Total equity attributable to owners of parent	11,398	14,638
Non-controlling interests	1,723	1,238
Total equity	13,121	15,877
Total liabilities and equity	52,350	54,939

(2) Consolidated statement of profit or loss and consolidated statement of comprehensive income
Consolidated statement of profit or loss

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Revenue	131,080	143,932
Cost of sales	102,314	112,194
Gross profit	28,765	31,737
Selling, general and administrative expenses	23,585	27,169
Other income	387	842
Other expenses	95	91
Operating profit	5,472	5,318
Share of loss of investments accounted for using equity method	(18)	(21)
Finance income	52	161
Finance costs	212	311
Profit before tax	5,293	5,146
Income tax expense	1,439	1,686
Profit	3,854	3,459
Profit attributable to		
Owners of parent	3,286	3,236
Non-controlling interests	568	223
Earnings per share		
Basic earnings per share (Yen)	147.03	143.20
Diluted earnings per share (Yen)	144.76	141.95

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	3,854	3,459
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	(92)	(189)
Total of items that will not be reclassified to profit or loss	(92)	(189)
Items that may be reclassified to profit or loss		
Cash flow hedges	(40)	125
Exchange differences on translation of foreign operations	963	430
Total of items that may be reclassified to profit or loss	922	556
Other comprehensive income, net of tax	829	366
Comprehensive income	4,683	3,826
Comprehensive income attributable to		
Owners of parent	4,100	3,661
Non-controlling interests	583	164

(3) Consolidated statement of changes in equity

(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 f April 1, 2021	2,089	(1,786)	(279)	(343)	8,559	8,240	1,786	10,027
Profit	-	-	-	-	3,286	3,286	568	3,854
Other comprehensive income	-	-	-	813	-	813	15	829
Comprehensive income	-	-	-	813	3,286	4,100	583	4,683
Dividends of surplus	-	-	-	-	(541)	(541)	-	(541)
Purchase of treasury shares	-	-	-	-	-	-	-	-
Disposal of treasury shares	-	(1)	5	-	-	3	-	3
Share-based payment transactions	73	108	-	-	-	182	-	182
Increase (decrease) by business combination	-	(587)	-	-	-	(587)	(641)	(1,228)
Transfer from other components of equity to retained earnings	-	-	-	(5)	5	-	-	-
Other	-	-	-	-	-	-	(6)	(6)
Total transactions with owners	73	(480)	5	(5)	(535)	(942)	(647)	(1,590)
Balance at end of March 31,2022	2,163	(2,266)	(274)	464	11,310	11,398	1,723	13,121
Profit	-	-	-	-	3,236	3,236	223	3,459
Other comprehensive income	-	-	-	425	-	425	(58)	366
Comprehensive income	-	-	-	425	3,236	3,661	164	3,826
Dividends of surplus	-	-	-	-	(776)	(776)	-	(776)
Purchase of treasury shares	-	-	(0)	-	-	(0)	-	(0)
Disposal of treasury shares	-	-	-	-	-	-	-	-
Share-based payment transactions	23	132	-	-	-	156	-	156
Increase (decrease) by business combination	-	210	-	-	(11)	199	(649)	(449)
Transfer from other components of equity to retained earnings	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	0	0
Total transactions with owners	23	343	(0)	-	(788)	(421)	(648)	(1,070)
Balance at end of March 31, 2023	2,187	(1,923)	(274)	890	13,758	14,638	1,238	15,877

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before tax	5,293	5,146
Depreciation and amortization	2,084	2,137
Share-based payment expenses	65	107
Decrease (increase) in trade receivables	(2,494)	(223)
Increase (decrease) in trade payables	580	969
Other	(4)	(839)
Subtotal	5,525	7,297
Interest and dividends received	9	17
Interest paid	(79)	(88)
Income taxes paid	(1,104)	(2,409)
Net cash provided by (used in) operating activities	4,350	4,816
Cash flows from investing activities		
Purchase of property, plant and equipment, and intangible assets	(741)	(396)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(1,757)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	–	1,009
Other	434	(617)
Net cash provided by (used in) investing activities	(306)	(1,761)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,000	1,590
Proceeds from long-term borrowings	1,165	4,383
Repayments of long-term borrowings	(2,965)	(3,367)
Repayments of lease liabilities	(1,310)	(1,333)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(1,969)	(3,746)
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	1,360	–
Dividends paid to non-controlling interests	(281)	(373)
Dividends paid	(540)	(776)
Proceeds from government grants	361	524
Other	222	316
Net cash provided by (used in) financing activities	(2,959)	(2,783)
Effect of exchange rate changes on cash and cash equivalents	432	345
Net increase (decrease) in cash and cash equivalents	1,517	617
Cash and cash equivalents at beginning of period	7,455	8,973
Cash and cash equivalents at end of period	8,973	9,590

(5) Notes to the 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 in the ASEAN and Oceania regions.

In addition to the above, human resources service in the HR Tech field, support services for foreigners living in Japan, and 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:

Fiscal year ended March 31, 2022

(Millions of yen)

	Reportable segments			Others	Adjustments (Notes 2 to 3)	Amount recorded in the consolidated financial statements
	Domestic Working Business	Overseas Working Business	Total			
Revenue						
External revenue	80,726	48,746	129,473	1,607	–	131,080
Intersegment revenue (Note 1)	58	–	58	8	(67)	–
Total	80,784	48,746	129,531	1,615	(67)	131,080
Segment profit	4,448	3,348	7,796	(342)	(1,981)	5,472
Other items						
Depreciation and amortization	1,089	667	1,756	87	240	2,084

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

(Note 2) Adjustments to segment profit of negative ¥1,981 million include intersegment eliminations of negative ¥1 million and corporate expenses not allocated to each business segment of negative ¥1,980 million. Corporate expenses mainly consist of general and administrative expenses that are not attributable to operating segments.

(Note 3) Adjustments to depreciation and amortization of ¥240 million mainly represent depreciation of corporate assets not attributable to each operating segment.

(Note 4) Segment assets and liabilities have not been shown, as they are not used as the basis for deciding the allocation of management resources or assessing the results of operations.

Fiscal year ended March 31, 2023

(Millions of yen)

	Reportable segments			Others	Adjustments (Notes 2 to 3)	Amount recorded in the consolidated financial statements
	Domestic Working Business	Overseas Working Business	Total			
Revenue						
External revenue	84,135	57,537	141,673	2,258	–	143,932
Intersegment revenue (Note 1)	62	–	62	7	(70)	–
Total	84,197	57,537	141,735	2,266	(70)	143,932
Segment profit	4,451	3,406	7,858	(296)	(2,243)	5,318
Other items						
Depreciation and amortization	1,032	775	1,807	101	229	2,137

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

(Note 2) Adjustments to segment profit of negative ¥2,243 million include intersegment eliminations of negative ¥0 million and corporate expenses not allocated to each business segment of negative ¥2,243 million. Corporate expenses mainly consist of general and administrative expenses that are not attributable to operating segments.

(Note 3) Adjustments to depreciation and amortization of ¥229 million mainly represent depreciation of corporate assets not attributable to each operating segment.

(Note 4) Segment assets and liabilities have not been shown, as they are not used as the basis for deciding the allocation of management resources or assessing the results of operations.

(3) Matters pertaining to changes in reportable segments

With the start of the new Medium-Term Management Plan “WILL-being 2026” from April 2023, the segment names of Domestic WORK Business and Overseas WORK Business will be changed to Domestic Working Business and Overseas Working Business, respectively, from the first quarter of the fiscal year ending March 31, 2024. Please note that the new segment names have been applied uniformly in the financial statements of Consolidated Financial Results.

(3) Information by region

(i) External revenue

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Japan	82,333	86,394
Australia	38,186	43,392
Asia	10,560	14,145
Total	131,080	143,932

Note: Classifications of revenue are based on countries where customers are located. However, countries that are not individually material are grouped into a geographical region.

(ii) Non-current assets (excluding financial assets and deferred tax assets)

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Japan	12,211	11,245
Australia	6,394	8,019
Asia	3,395	3,579
Total	22,001	22,844

(4) Information about major customers

This information is omitted because no customer accounted for 10% or more of the Group's consolidated revenue for a single classification of external revenue.

Per share information

The basis of calculation of basic earnings per share and diluted earnings per share attributable to ordinary shareholders is as follows:

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Basis of calculation of basic earnings per share		
Profit attributable to owners of parent	3,286	3,236
Profit not attributable to ordinary shareholders of parent	–	–
Profit used for calculation of the basic earnings per share	3,286	3,236
Weighted average number of ordinary shares (Thousands of shares)	22,351	22,600
Basic earnings per share (Yen)	147.03	143.20
Basis of calculation of diluted earnings per share		
Profit used for calculation of the basic earnings per share	3,286	3,236
Adjustments of profit	–	–
Profit used for calculation of the diluted earnings per share	3,286	3,236
Weighted average number of ordinary shares (Thousands of shares)	22,351	22,600
Increase in number of ordinary shares by share acquisition rights (Thousands of shares)	349	198
Weighted average number of ordinary shares after dilution (Thousands of shares)	22,701	22,798
Diluted earnings per share (Yen)	144.76	141.95
Summary of potential shares not included in the calculation of diluted earnings per share as they have no dilutive effect	Share acquisition rights issued by resolution of the Board of Directors in February 2018: 4,850 units (Ordinary shares: 485,000 shares)	Share acquisition rights issued by resolution of the Board of Directors in February 2018: 4,550 units (Ordinary shares: 455,000 shares)

Note: The Company's own shares that remain in the executive stock compensation trust recorded as treasury shares in shareholders' equity are included in the treasury shares that are deducted from the average number of shares outstanding during the period when calculating earnings per share. The average number of treasury shares during period deducted in calculating the basic earnings per share for the previous fiscal year was 281,368, and for the current fiscal year was 279,441.

Significant subsequent event

Not applicable.