

Supplementary Materials for the First Quarter of Fiscal Year Ending March 31, 2024

August 7, 2023

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



Contents

1. Q1 FY2024 Results
2. FY2024 Earnings and Dividend Forecasts

Starting in FY2024 Q1, we have changed the names of the Domestic WORK Business and the Overseas WORK Business to the Domestic Working Business (abbreviated as: Domestic W) and the Overseas Working Business (Overseas W).



1

Q1 FY2024 Results

Q1 FY2024 Results

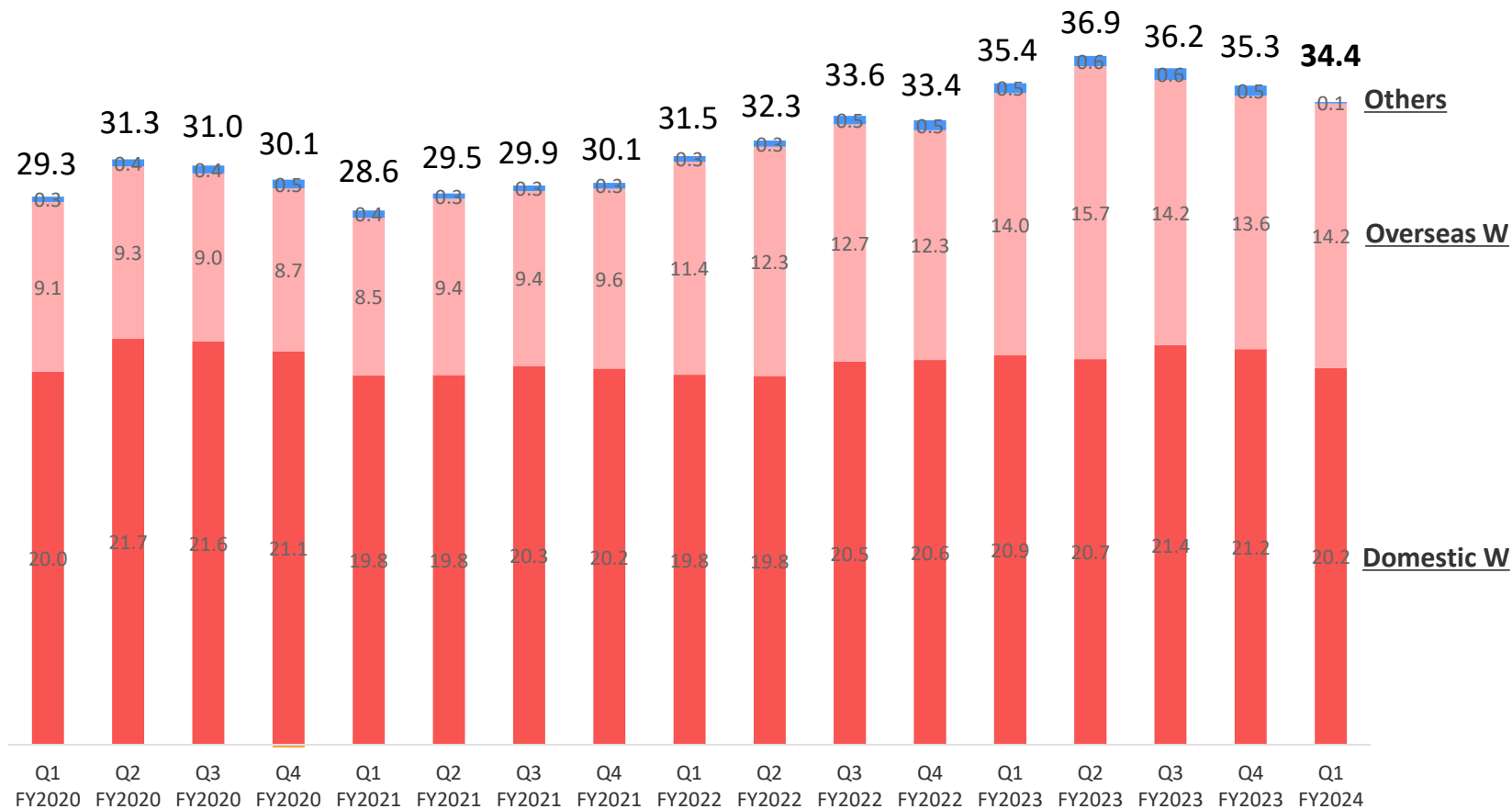
Although permanent placement for Overseas W stagnated, it was steady in the construction management engineer domain, which is being focused on the most.

(Billions of yen)	Q1 FY2023	Q1 FY2024	Vs. Q1 FY2023	
			Change	% change
Revenue	35.44	34.43	-1.00	-2.8%
Gross profit (Gross margin)	8.03 (22.7%)	7.55 (21.9%)	-0.48 (-0.8pt)	-6.0%
Operating profit (Operating margin)	1.43 (4.0%)	1.13 (3.3%)	-0.29 (-0.8pt)	-20.9%
Profit attributable to owners of parent	0.75	0.72	-0.03	-4.6%

■ KPI	FY2024 (Plan)	Q1 FY2024	Progress rate	FY2023
Number of hires/year (construction management engineer domain)	1,270	563	44%	1,022
Retention rate (construction management engineer domain)	71%	73%	-	71%
Increase in number of workers on assignment for permanent employee staffing (Domestic W [excluding the construction management engineer domain])	600 (Number of workers on assignment at the end of the fiscal year : 3,052)	148 (Number of workers on assignment at the end of Q1: 2,600)	25%	(Number of workers on assignment at the end of the previous fiscal year) 2,452
Increase in number of foreign workers under consigned management (Domestic W)	1,100 (Number of workers under consigned management at the end of the fiscal year: 2,850)	132 (Number of workers under consigned management at the end of Q1: 1,882)	12%	(Number of workers under consigned management at the end of the previous fiscal year) 1,750
Permanent placement revenue composition (Overseas W)	16%	14%	-	14%

Consolidated Revenue

(Billions of yen)



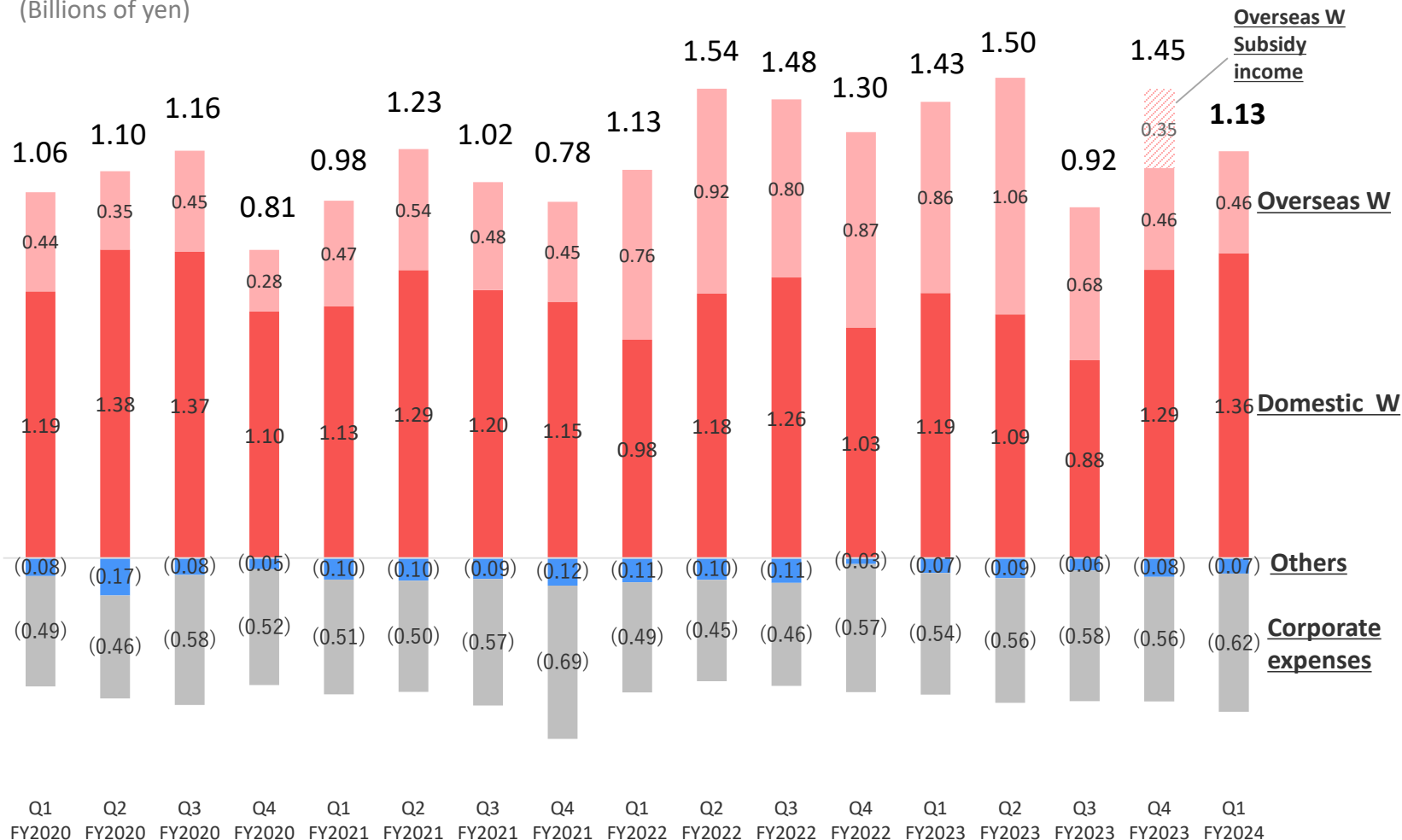
**Q1 FY2024 revenue was
-¥0.8 billion
below Q4 FY2023**

(The effects of foreign exchange rate: +¥0.0 billion)
(Consolidation exclusion impact: -¥1.35 billion
of which, Domestic W: -¥0.89 billion
of which, Others: -¥0.46 billion)

**Domestic W virtually remained at
the same level.
For Overseas W, temporary staffing
was strong.**

Consolidated Gross Margin

(Billions of yen)



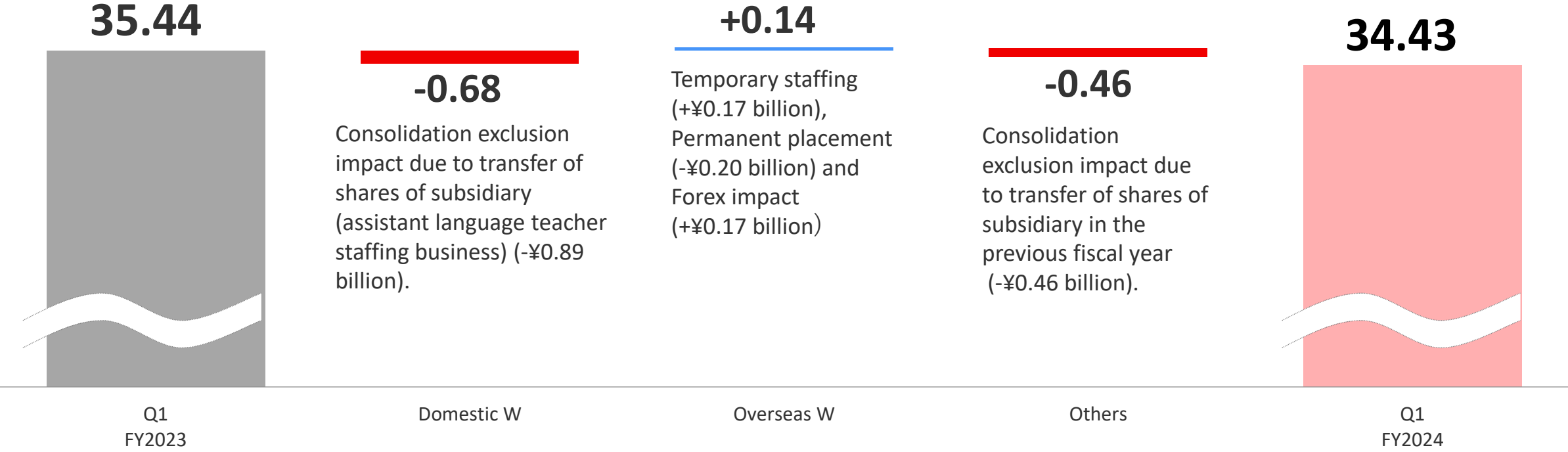
Q1 FY2024 revenue was -¥0.3 billion below Q4 FY2023

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

In Domestic W, gain on sale of subsidiaries of ¥0.78 billion was recorded despite upfront investments of ¥0.16 billion. Overseas W remained at the same level after excluding the impact of subsidies in the previous Q4.

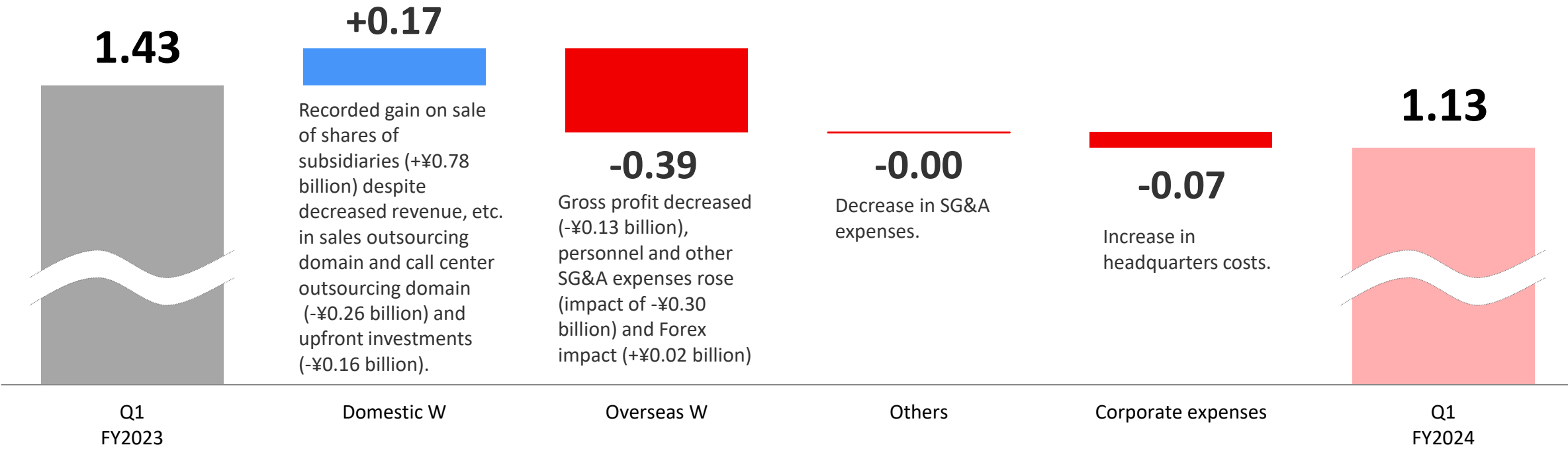
Q1 FY2024 Revenue: Breakdown of Year-on-Year Changes

(Billions of yen)



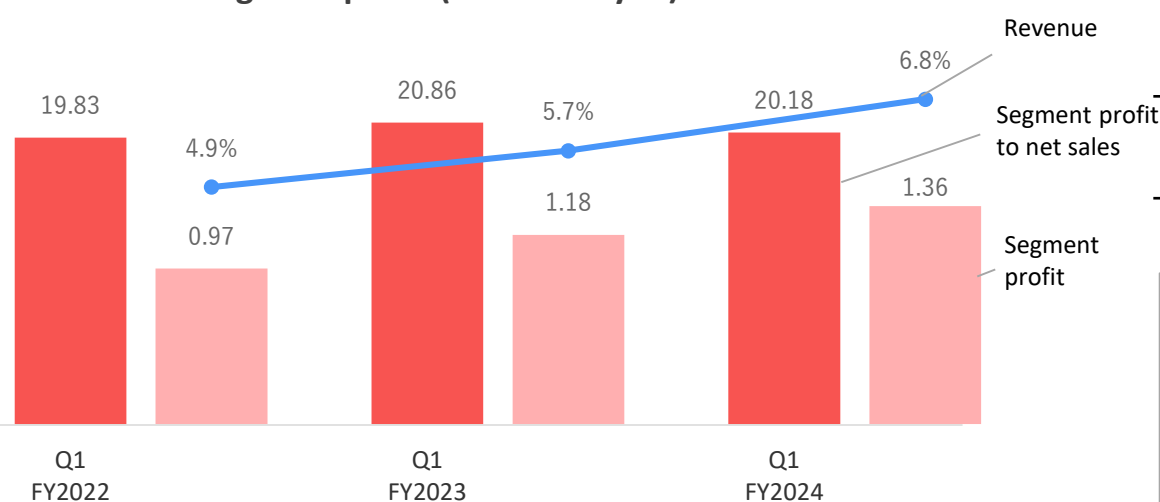
Q1 FY2024 Operating Profit: Breakdown of Year-on-Year Changes

(Billions of yen)



Domestic Working Business

-Revenue and segment profit (Billions of yen)-

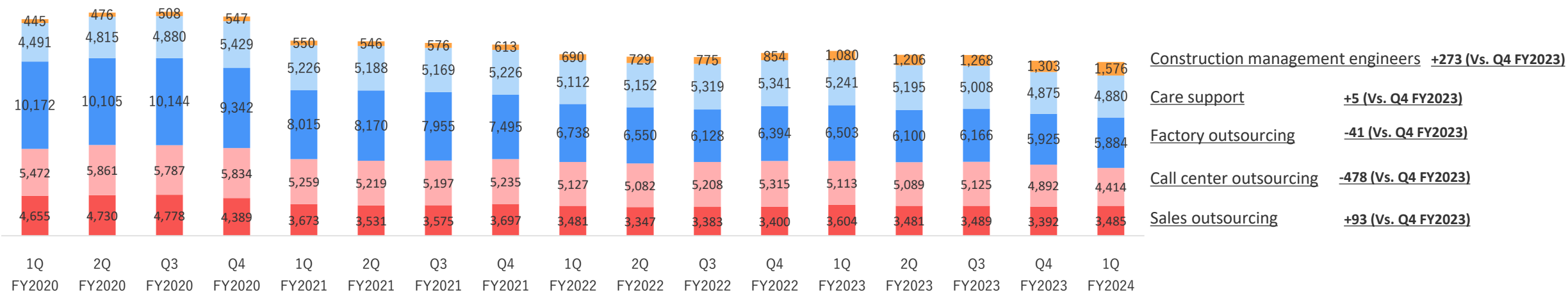


(Billions of yen)	Q1 FY2023	Q1 FY2024	Vs. Q1 FY2023 % change
Revenue	20.86	20.18	-3.3%
Segment profit	1.18	1.36	+15.0%

-Topics-

- Recorded gain on sale of shares of ¥0.7 billion due to transfer of shares of subsidiary (assistant language teacher staffing business).
- The number of people on assignment in Q1 decreased by 148 people compared to Q4 FY2023.
- Implemented upfront investment (¥0.16 billion).

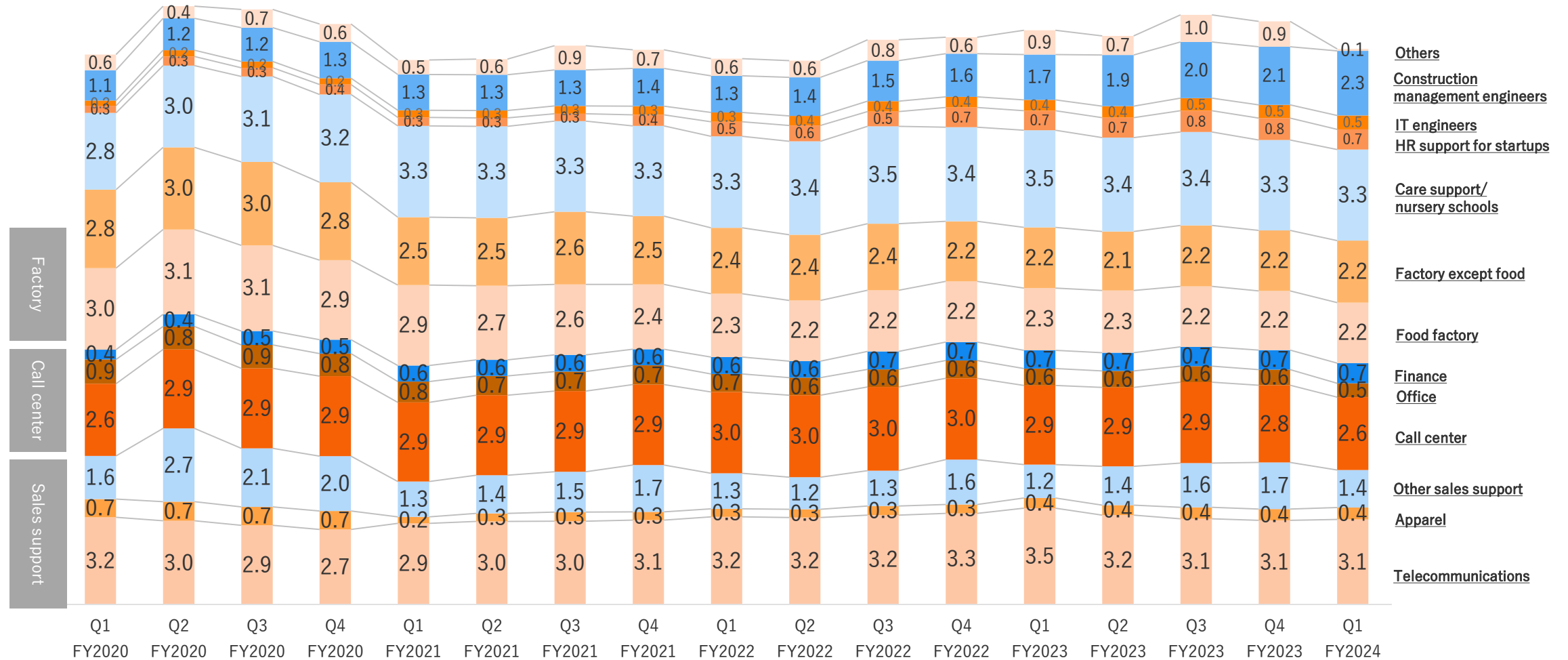
-Number of workers on assignments (persons)-



Domestic Working Business (Business sector revenue)

Although the domains of sales and call centers stagnated, the construction management engineer domain was steady.

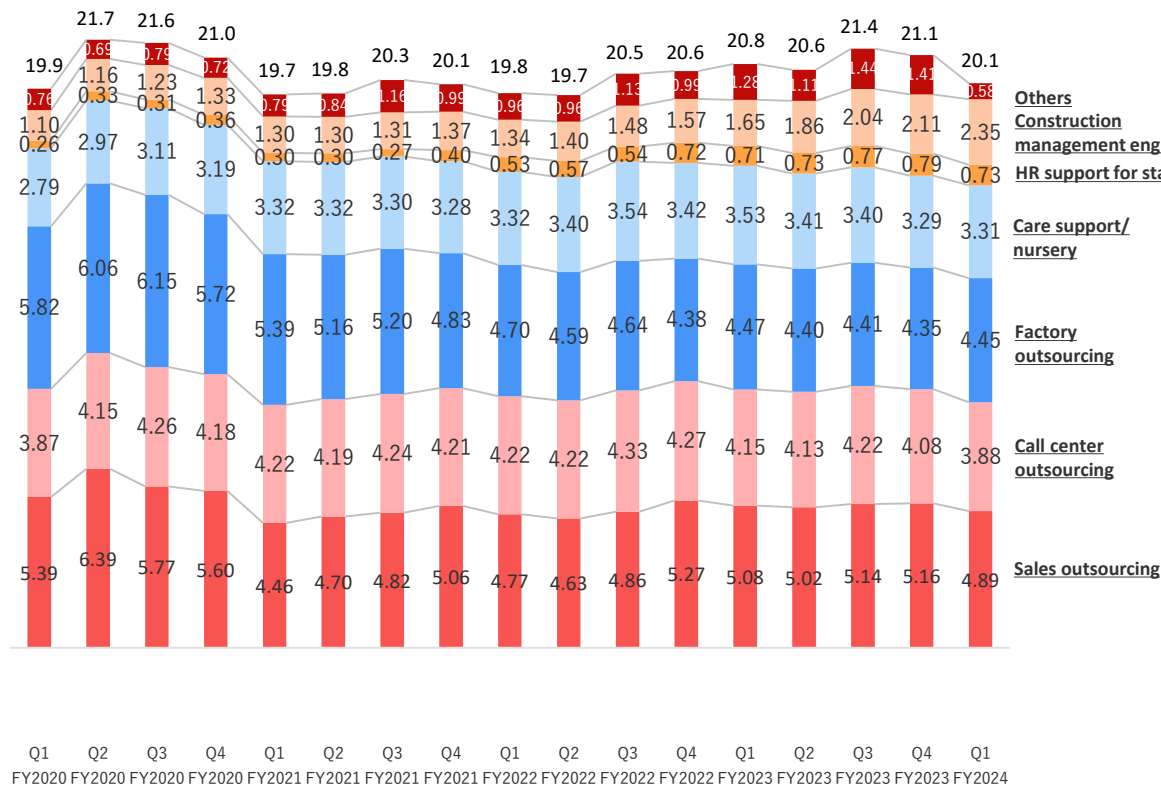
(Billions of yen)



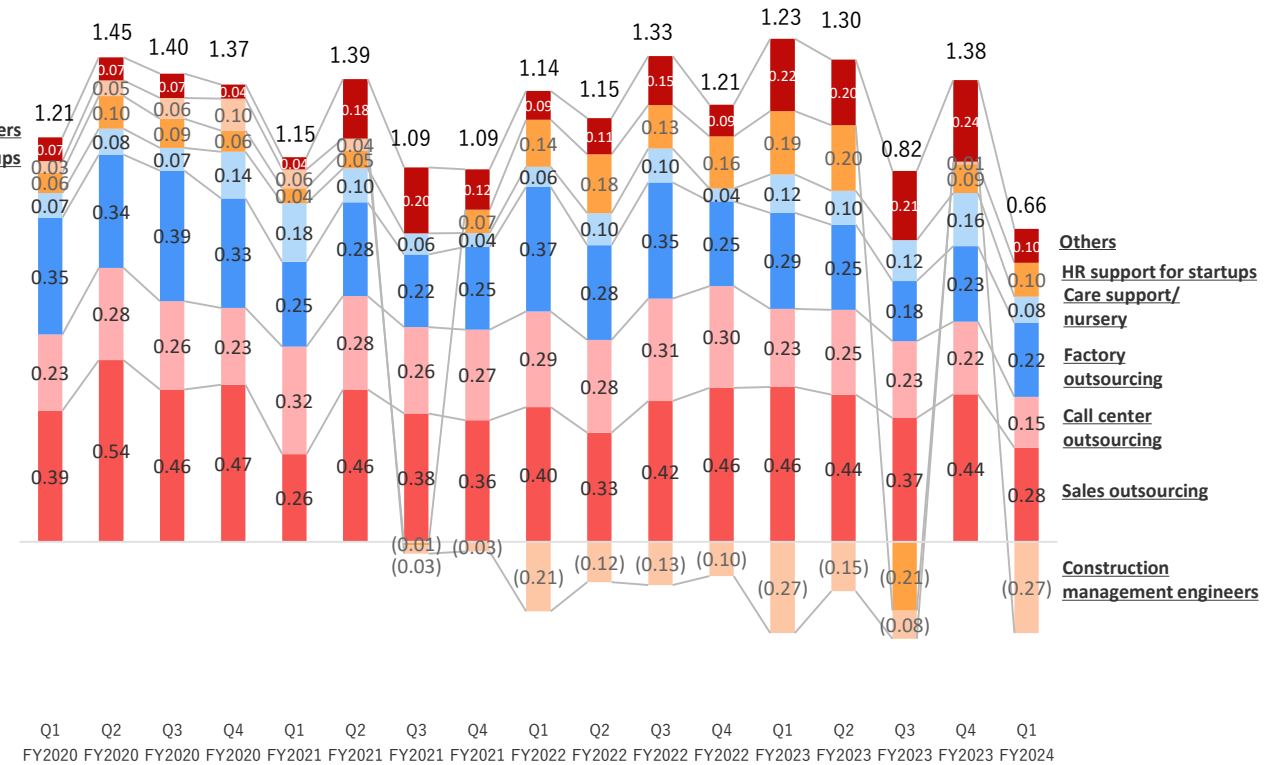
Domestic Working Business (Revenue and operating profit by sector)

The breakdown of ¥0.16 billion in Q1 upfront investments is as follows: ¥0.02 billion in sales outsourcing domain, ¥0.03 billion in factory outsourcing domain, ¥0.01 billion in nursing care domain, and ¥0.10 billion in construction management engineer domain.

-Revenue by sector (Billions of yen)-



-Operating profit by sector (Billions of yen)-



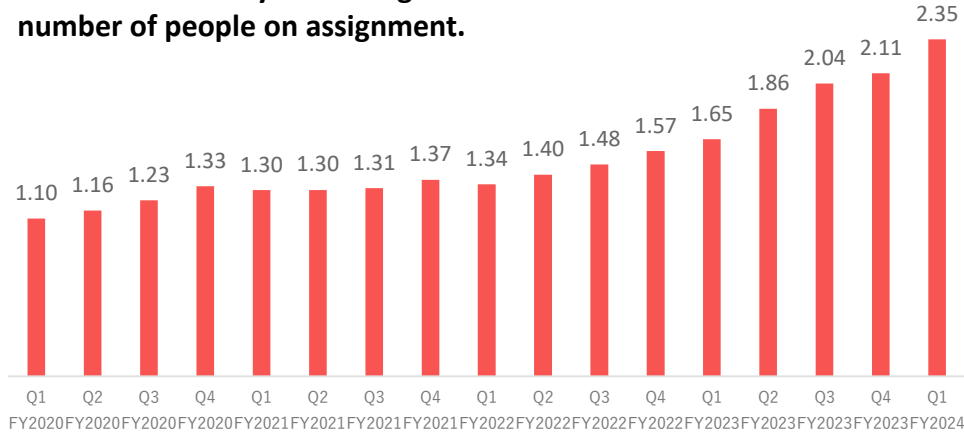
*Intra-segment consolidation adjustments are not included.

Progress in the Construction Management Engineer Temporary Staffing Business

■ Quarterly Revenue

(Billions of yen)

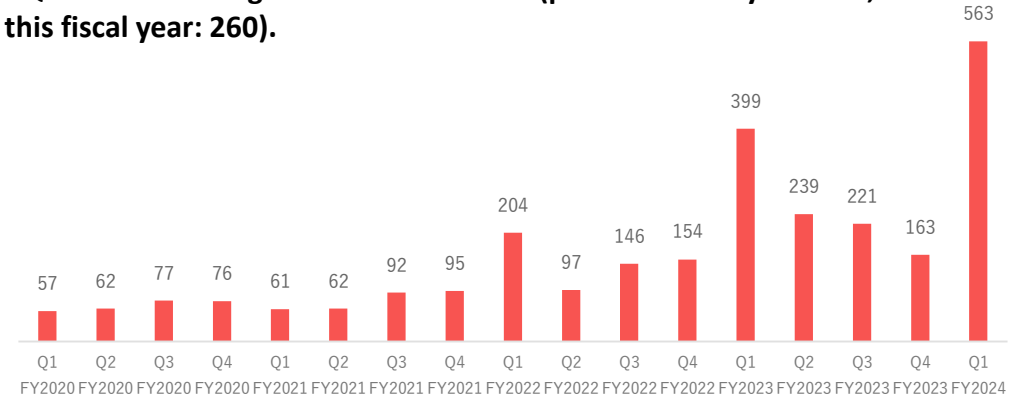
Revenue is steadily increasing with the increase in the number of people on assignment.



■ Number of People Hired

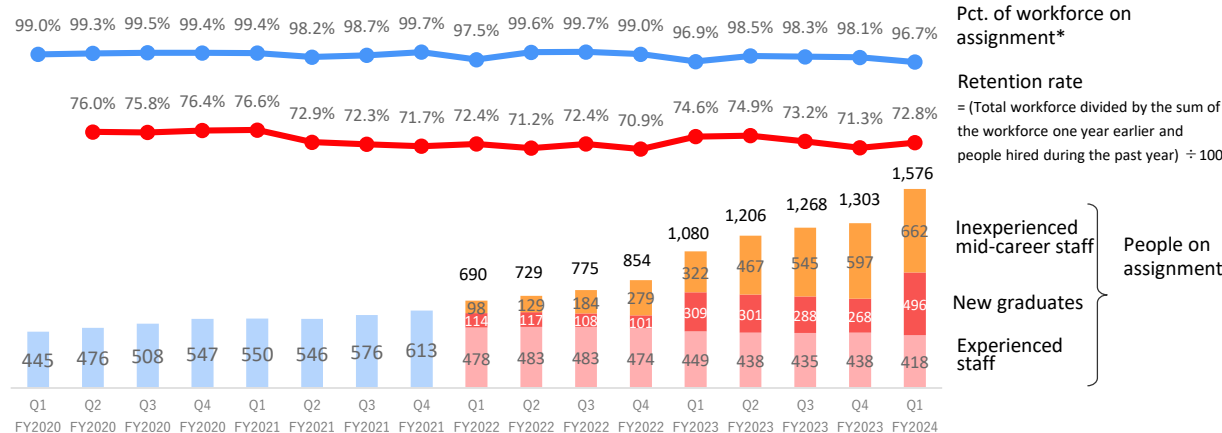
(No. of people)

Steady performance with regard to the target for the fiscal year of 1,270 people. *Q1 includes new graduate recruitment (previous fiscal year: 236, this fiscal year: 260).



■ 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.

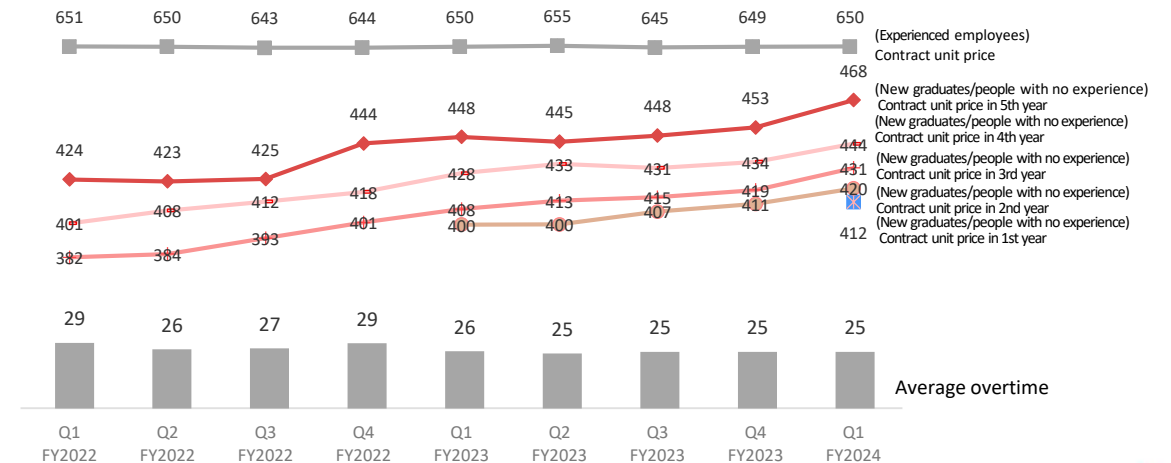


* Percentage of workforce on assignment in Q1 is for the month of June only, after excluding impact of training for new graduates.

■ Average contract unit price, average overtime (monthly)

(Hours, Thousands of yen)

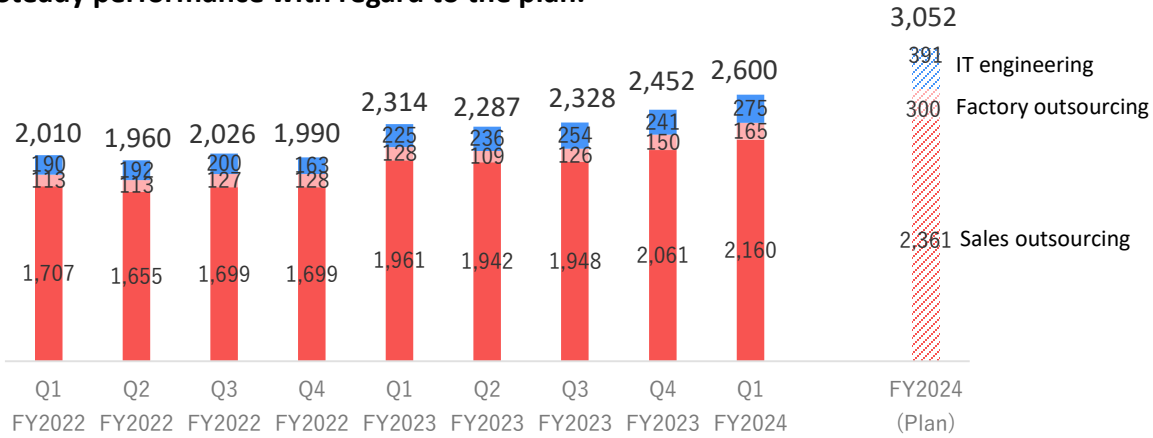
Average contract unit price for new graduates and people with no experience has been rising 3%-5% yearly due to negotiations with customers on raising fees. Overtime hours have remained flat.



Progress of Permanent Employee Staffing and Foreign Workers Under Consigned Management

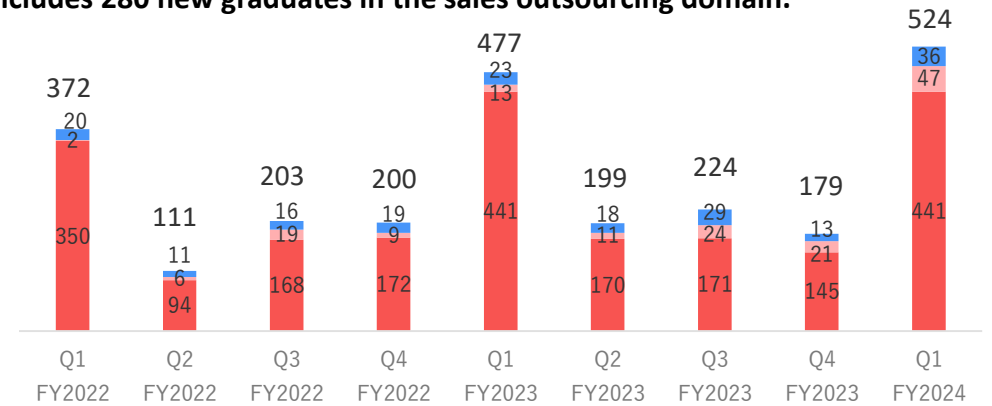
Number of workers on assignment for permanent employee staffing (No. of people)

Steady performance with regard to the plan.



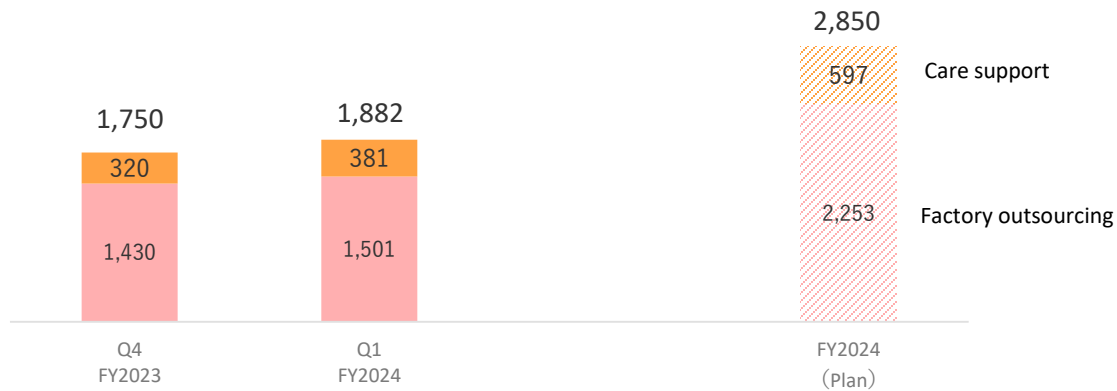
Number of permanent employee staffing hires (No. of people)

In Q1, hit a record for number of hires on a quarterly basis, which includes 280 new graduates in the sales outsourcing domain.



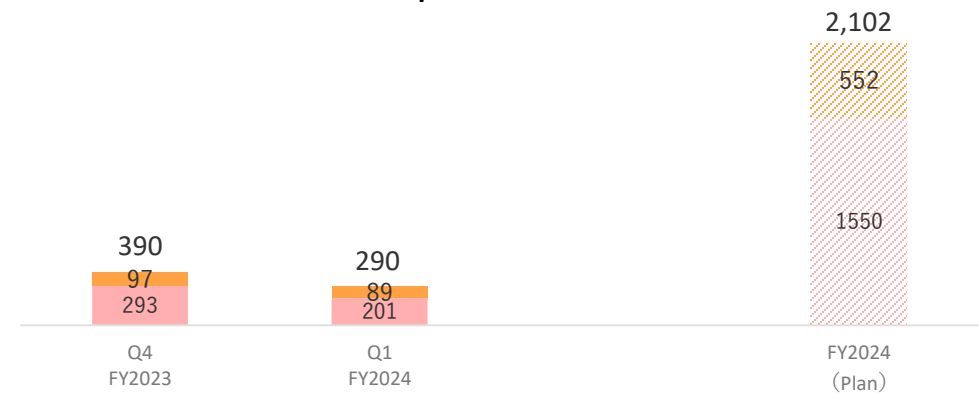
Number of foreign workers under consigned management (No. of people)

Although the nursing care domain was steady, there were delays in breaking ground with new projects in the factory domain.



Number of new foreign workers under consigned management (No. of people)

Although the number of orders from companies progressed steadily, we were unable to build up the expected number of orders due to a low number of orders for overseas personnel.



Brand promotions

As a method of brand promotion to strengthen our brand, we began airing TV commercials in some regions (West Japan area, Okinawa, etc.) from July 2023.

The number of searches and adoption of owned media increased gradually.



▶ Commercial introduction website: https://willof.jp/shigoto_update/

▼“WILLOF Job Update: Skills” (30 seconds)



<https://youtu.be/kc-2y4QhOa0>

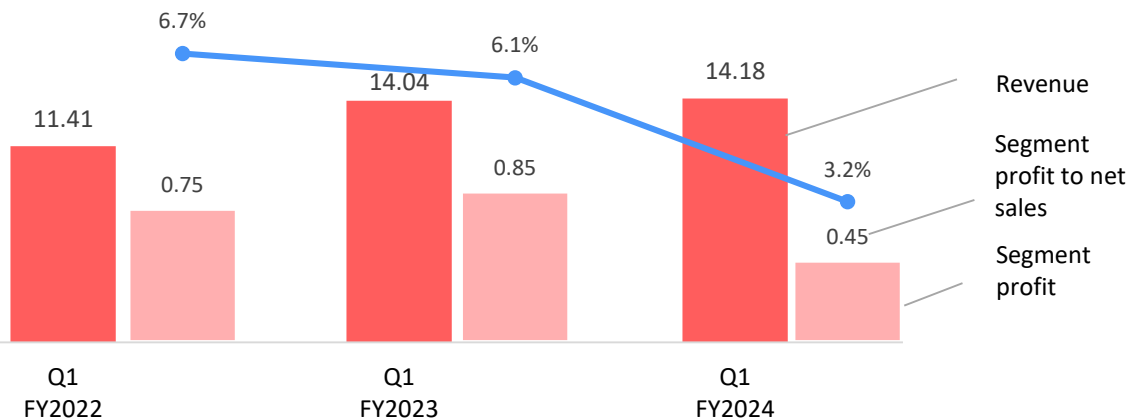
▼“WILLOF Job Update: Conditions” (30 seconds)



<https://youtu.be/eKhYOWqRGYI>

Overseas Working Business

-Revenue and segment profit (Billions of yen)-



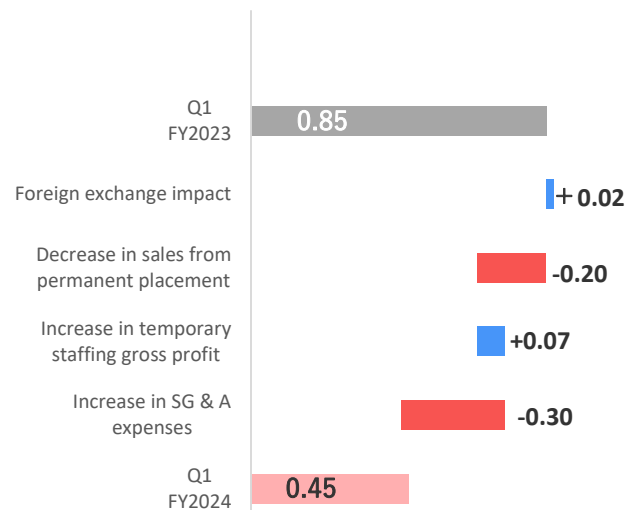
(Billions of yen)

	Q1 FY2023	Q1 FY2024	Vs. Q1 FY2023 % change
Revenue	14.04	14.18	+1.0%
Segment profit	0.85	0.45	-46.7%

-Topics-

- Strong performance by temporary staffing.
- The post-COVID-19 surge in permanent placement demand from the previous fiscal year has moderated.
- Increased SG&A expenses (+¥0.25 billion in personnel expenses out of +¥0.30 billion).

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



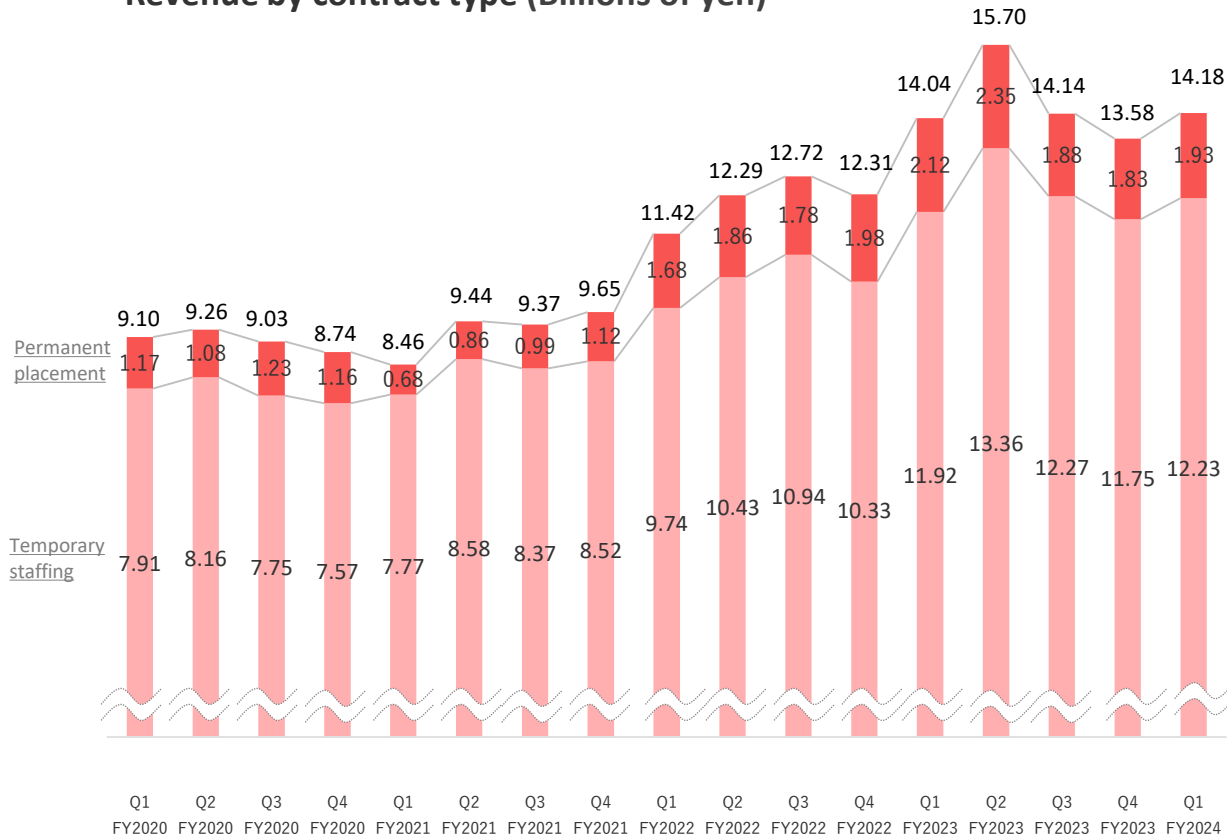
☐ Forex sensitivity

	FY2024 Plan	Q1 FY2024 Results	Q1 FY2023 Results	Change for ¥1 difference/y	
				Revenue	Profit
AUD	¥86	¥92	¥93	¥470 million	¥0 million
SGD	¥94	¥103	¥94	¥140 million	¥10 million

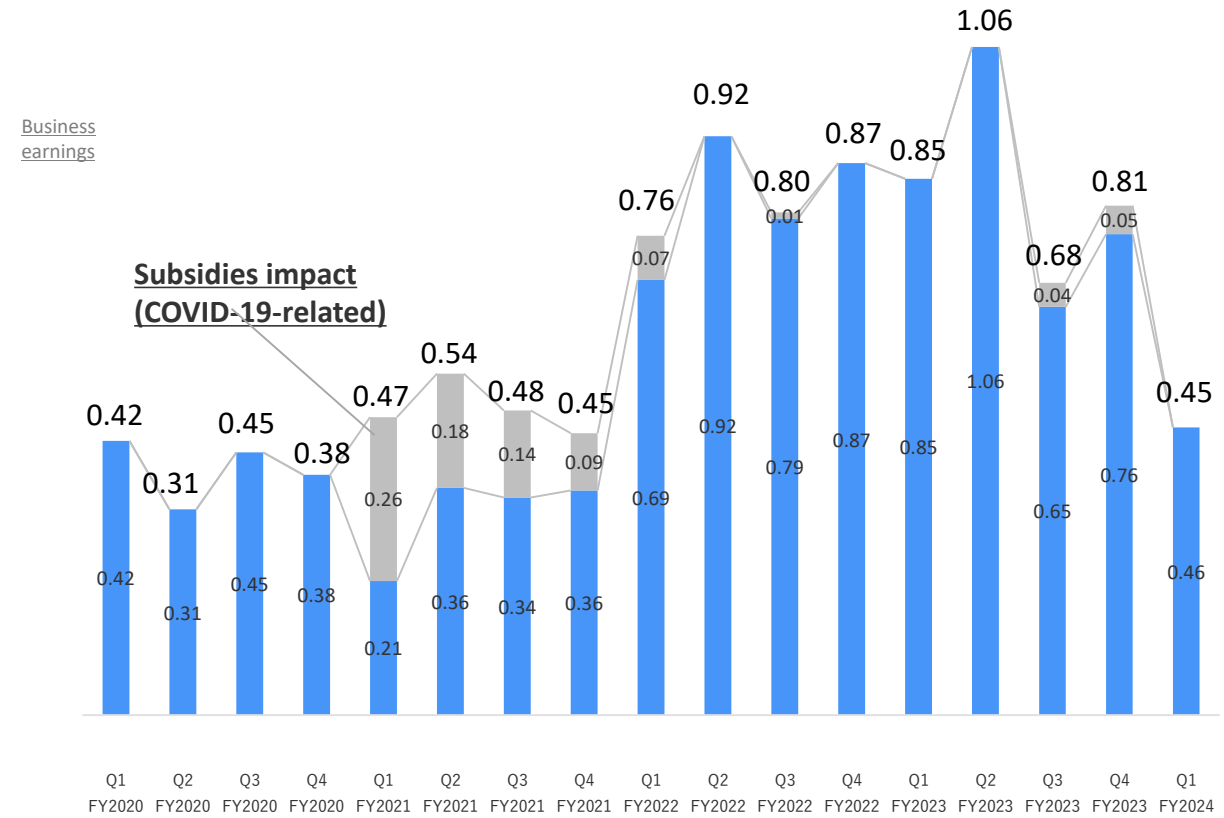
Overseas Working Business (Revenue by contract type and operating profit)

Although the post-COVID-19 surge in demand moderated in the previous fiscal year, permanent placement performed strongly on a quarterly basis. Operating profit decreased as SG&A expenses, such as personnel expenses, increased (+¥0.3 billion compared to the previous Q1). We will manage SG&A expenses by looking at how it progresses going forward.

-Revenue by contract type (Billions of yen)-

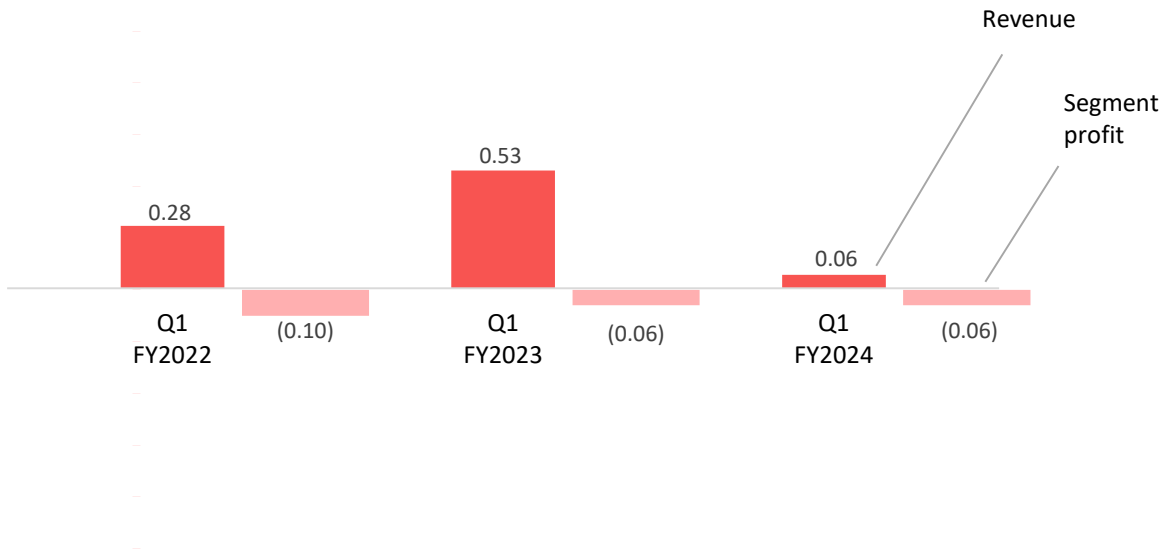


-Operating profit (Billions of yen)-



Others

-Revenue and segment profit (Billions of yen)-



(Billions of yen)	Q1 FY2023	Q1 FY2024	Vs. Q1 FY2023 % change
Revenue	0.53	0.06	-87.6%
Segment profit	(0.06)	(0.06)	—

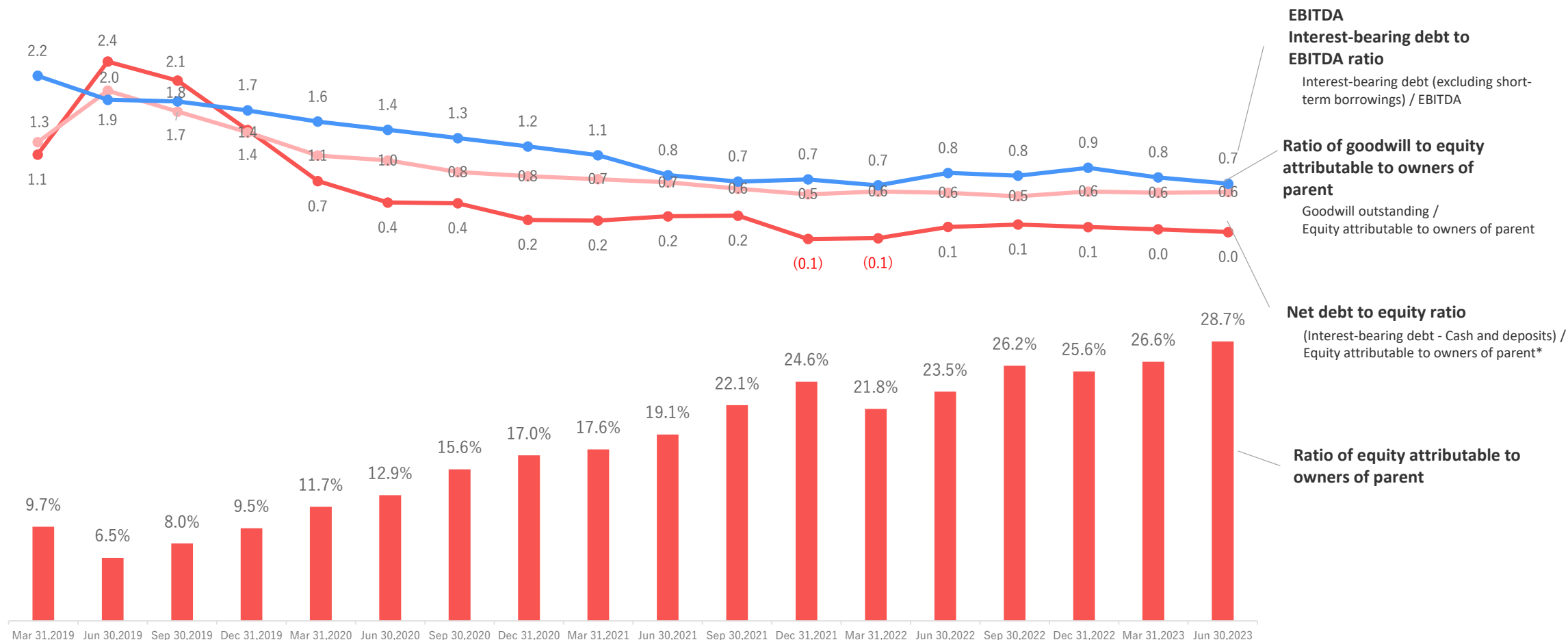
-Topics-

- Transferred shares of a subsidiary (IT consulting) in June (gain on sale not recorded).
- Continuously worked to develop a new platform.

Financial Indicators

The ratio of equity attributable to owners of parent to total assets at the end of Q1 was 28.7%. The ratio of equity attributable to owners of parent was 28.7% in Q1. Each financial indicator is on a trend of improvement.

(times)



Consolidated Balance Sheet

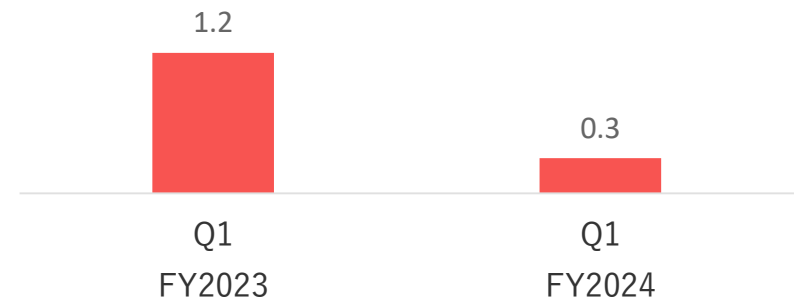
(Billions of yen)	March 31, 2023	June 30, 2023	Change	Major components of changes
Current assets	28.66	25.67	-2.99	
Of which Cash and cash equivalents	9.59	7.18	-2.40	Payment of dividends (-¥0.9 billion), Repayment of borrowings (-¥0.6 billion)
Of which Trade and other receivables	17.92	17.04	-0.88	
Non-current assets	26.27	26.88	+0.60	
Of which Goodwill	8.12	8.50	+0.38	
Of which Other intangible assets	5.99	6.20	+0.20	
Total assets	54.93	52.55	-2.38	
Current liabilities	28.41	25.70	-2.70	
Of which Trade and other payables	16.15	15.60	-0.54	Net change in short-term borrowings (-¥1.1 billion), repayments (-¥0.6 billion)
Of which Borrowings	6.76	5.29	-1.46	
Of which Other financial liabilities	1.36	1.97	+0.60	
Non-current liabilities	10.64	10.67	+0.02	
Of which Borrowings	3.38	3.09	-0.28	
Of which Other financial liabilities	5.95	6.31	+0.36	
Total liabilities	39.06	36.38	-2.67	
Total equity	15.87	16.16	+0.29	
Of which total of equity attributable to owners of parent	14.63	15.08	+0.44	Recording of profit attributable to owners of parent (+¥0.6 billion)
Total liabilities and equity	54.93	52.55	-2.38	
Ratio of equity attributable to owners of parent to total assets	26.6%	28.7%	+2.1pt	

Consolidated Statement of Cash Flows

(Billions of yen)	Q1 FY2023	Q1 FY2024
Profit before tax	1.4	1.1
Depreciation and amortization	0.5	0.5
Income taxes paid	(0.7)	(0.7)
Other	0.1	(0.3)
Net cash provided by (used in) operating activities	1.3	0.5
Purchase and sales of property, plant and equipment, etc.	(0.1)	(0.1)
Purchase and sales of shares of subsidiaries resulting in change in scope of consolidation	0.0	0.0
Other	0.0	(0.1)
Net cash provided by (used in) investing activities	(0.0)	(0.2)
Net increase (decrease) in interest-bearing debt	0.5	(2.0)
Purchase and sales of shares of subsidiaries not resulting in change in scope of consolidation	(2.3)	0.0
Dividends paid	(0.7)	(0.9)
Government subsidy income	0.0	0.0
Other	0.0	0.0
Net cash provided by (used in) financing activities	(2.5)	(2.9)
Effect of exchange rate changes	0.2	0.2
Net increase (decrease) in cash and cash equivalents	(0.9)	(2.4)
Cash and cash equivalents at end of period	8.0	7.1
Free cash flows (Operating activities + Investing activities)	1.2	0.3

Free Cash Flows

(Billions of yen)

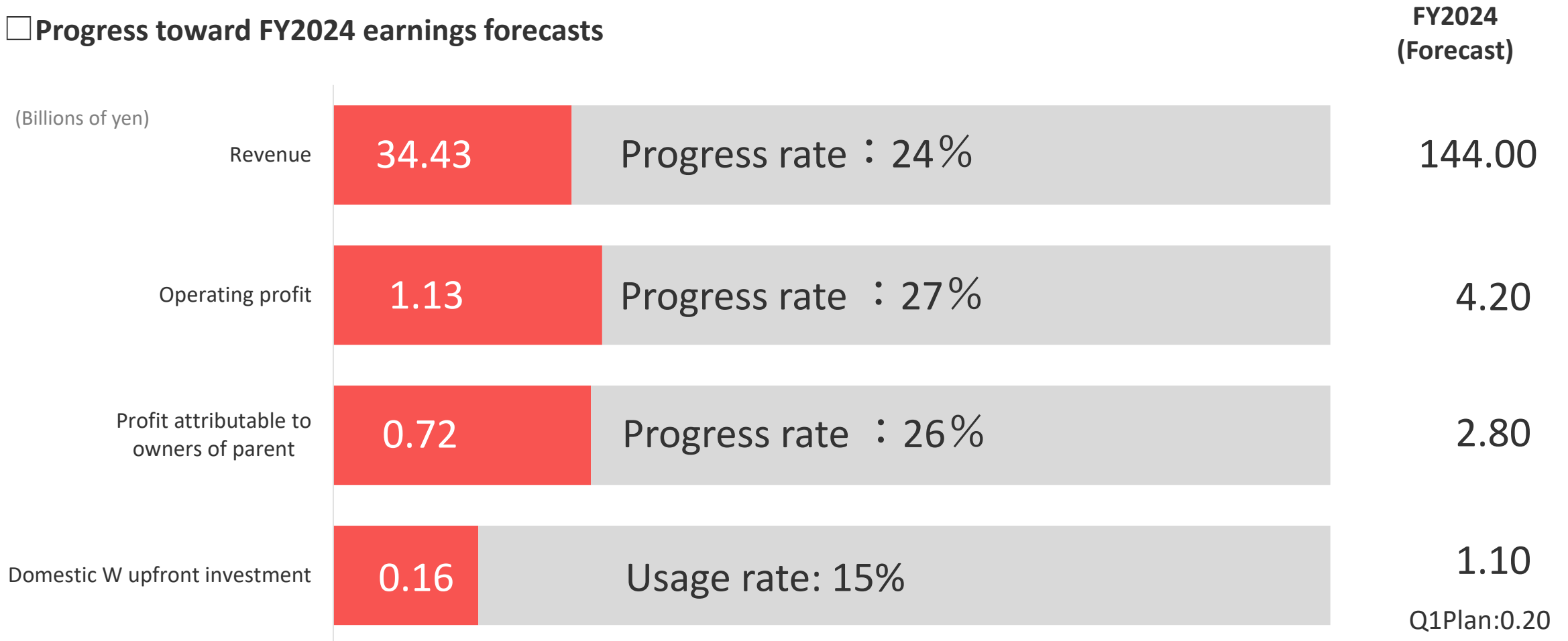


FY2024 Earnings and Dividend Forecasts

FY2024 Consolidated Earnings Forecasts

Steady start against forecasts in Q1. Domestic W upfront investments are generally progressing as planned.

□ Progress toward FY2024 earnings forecasts



(Reference) FY2024 Consolidated Earnings Forecasts

Republishing of section
published on May 11, 2023

The Domestic Working Business is planning ¥1.1 billion in upfront investment. Forecast for the Overseas Working Business factors in yen appreciation.

(Billions of yen)	FY2023	FY2024 (Forecasts)	Vs. FY2023	
			Change	% change
Revenue	143.93	144.00	+0.06	+0.0%
Domestic Working Business	84.13	85.80	+1.66	+2.0%
Overseas Working Business	57.53	57.85	+0.32	+0.6%
Others	2.25	0.33	-1.91	-85.0%
Gross profit	31.73	33.45	+1.71	+5.4%
Gross margin	22.1%	23.2%	+1.2pt	-
Operating profit	5.31	4.20	-1.11	-21.0%
Operating margin	3.7%	2.9%	-0.7pt	-
Domestic Working Business	4.45	3.78	-0.66	-15.0%
Overseas Working Business	3.40	3.33	-0.07	-2.1%
Others	(0.29)	(0.31)	-0.02	-
Adjustments	(2.24)	(2.59)	-0.35	-
Profit attributable to owners of parent	3.23	2.80	-0.43	-13.5%
EBITDA	7.45	6.29	-1.16	-15.6%
Exchange rate			Change for ¥1 difference/y	
			Revenue	Profit
AUD	¥93	¥86	¥460 million	¥30 million
SGD	¥98	¥94	¥110 million	¥10 million

(Reference) 1H FY2024 Consolidated Earnings Forecasts

Republishing of section
published on May 11, 2023

(Billions of yen)	1H FY2023	1H FY2024 (Forecasts)	Vs. 1H FY2023	
			Change	% change
Revenue	72.35	69.00	-3.35	-4.6%
Domestic Working Business	41.52	41.10	-0.42	-1.0%
Overseas Working Business	29.74	27.74	-2.00	-6.7%
Others	1.08	0.15	-0.93	-85.6%
Gross profit	16.21	15.93	-0.28	-1.8%
Gross margin	22.4%	23.1%	+0.7pt	-
Operating profit	2.93	1.90	-1.03	-35.2%
Operating margin	4.1%	2.8%	-1.3pt	-
Domestic Working Business	2.27	1.72	-0.55	-24.3%
Overseas Working Business	1.91	1.68	-0.23	-12.0%
Others	(0.15)	(0.15)	-0.00	-
Adjustments	(1.10)	(1.35)	-0.24	-
Profit attributable to owners of parent	1.74	1.23	-0.51	-29.5%
EBITDA	3.96	2.94	-1.02	-25.9%
Exchange rate			Change for ¥1 difference/y	
			Revenue	Profit
AUD	¥94	¥86	¥460 million	¥30 million
SGD	¥97	¥94	¥110 million	¥10 million

(Reference) FY2024 consolidated earnings forecasts (by Domestic W sectors)

Republishing of section
published on May 11, 2023

In the Domestic W, excluding brand promotions (¥0.3 billion) we are planning to implement the below upfront investments.

(Billions of yen)

Segments	Sectors		FY2023	FY2024 (Forecast)	Change	Upfront investment frame-work	Upfront investment details
Domestic W	Sales outsourcing	Revenue	20.39	21.01	+0.61	-	
		Operating profit	1.71	1.48	-0.23	0.1	Recruitment cost for full-time employees and temporary employees.
	Call center	Revenue	16.58	16.73	+0.15	-	
		Operating profit	0.93	0.66	-0.27	-	
	Factory	Revenue	17.64	18.49	+0.85	-	
		Operating profit	0.94	0.78	-0.16	0.1	Recruitment cost for full-time employees and temporary employees, increased sales staff for foreign workers under consigned management.
	Care support	Revenue	13.62	13.02	-0.60	-	
		Operating profit	0.49	0.13	-0.36	0.1	Increased sales staff for foreign workers under consigned management
	HR support for startups	Revenue	2.99	3.30	+0.30	-	
		Operating profit	0.26	0.33	+0.06	-	
	Construction management engineers	Revenue	7.66	10.57	+2.90	-	
		Operating profit	(0.49)	(0.49)	+0.00	0.5	Recruitment cost for new graduates/people with no experience, increased sales staff and follow-up personnel.

FY2024 Dividend Forecast

Based on our shareholder return policy, for our FY2024 dividends, we plan to pay the same 44 yen per share as in the previous fiscal year.

Shareholder return policy in the previous Medium-term Management Plan (FY2021–FY2023).

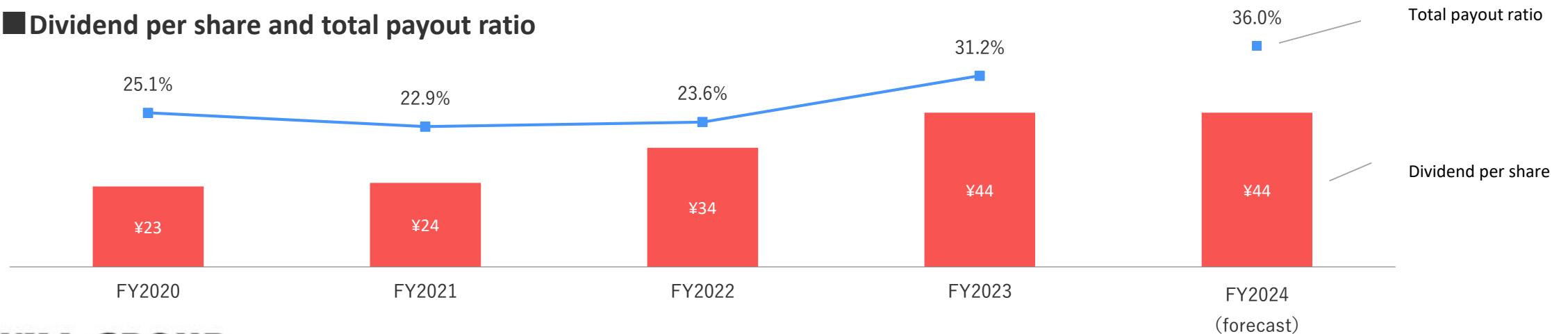
- Target total payout ratio of 30% (versus earnings forecasts at the start of the fiscal year)



Shareholder return policy in the Medium-term Management Plan (FY2024–FY2026)

- **Progressive dividends**
In principle, increase or maintain and do not reduce dividends
- **Total payout ratio of 30% or higher**
Evaluate flexible treasury share acquisitions as needed based on performance progress during the period

■ Dividend per share and total payout ratio





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. IR Group

Tel: + 81-3-6859-8880

Mail: ir@willgroup.co.jp

Appendix

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.

Whereas results have been strong in temporary staffing, a consistent domain undergoing expansion, in permanent placement the post-COVID-19 surge in human resources demand moderated in Q3 FY2023.

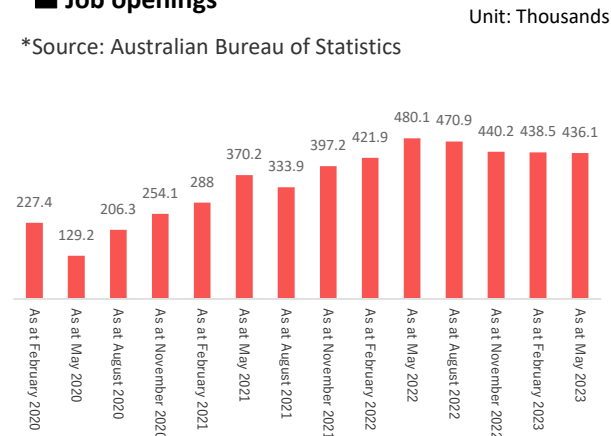
Although the number of orders for permanent placement has been recovering recently, we will manage SG&A expenses in the event that permanent placement sales fall under expectations from Q2 onward.



Economic indicators

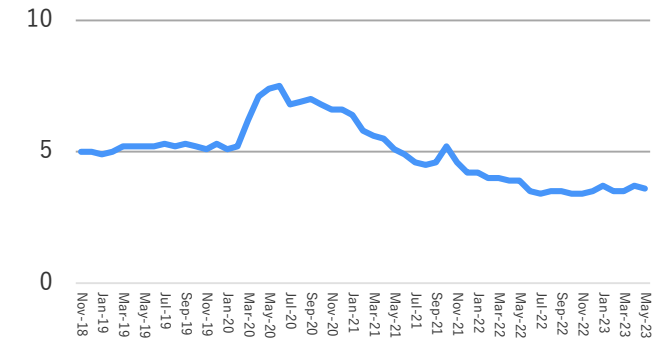
Job openings

*Source: Australian Bureau of Statistics



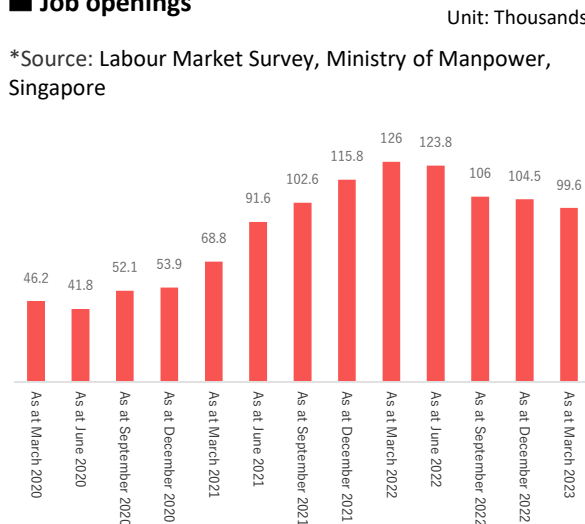
Unemployment rate

*Source: Australian Bureau of Statistics



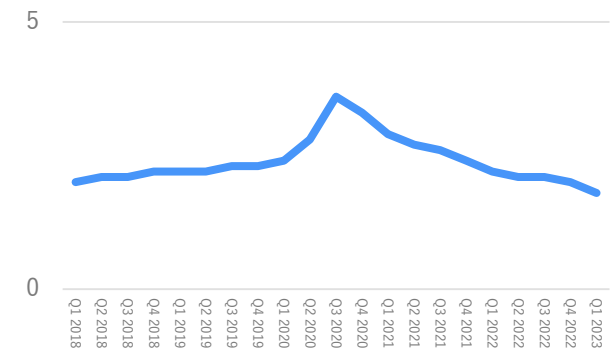
Job openings

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







Unemployment rate

*Source: Singapore Department of Statistics



No Risk of Impairment Losses

The period of upfront investment in preparation for the future expansion of WILLOF CONSTRUCTION. Overseas, the post-COVID-19 surge in permanent placement demand moderated and levels have generally returned to levels prior to COVID-19. At present there is no risk of impairment at any of the companies.

						(Billions of yen)				
	Primary location	Business activities	Start of consolidation since (WILL GROUP ownership)	Investment *1	*2	Q1 FY2020	Q1 FY2021	Q1 FY2022	Q1 FY2023	Q1 FY2024
 WILLOF CONSTRUCTION	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%)	2.47	Revenue	1.09	1.29	1.33	1.65	2.34
					Profit *3	0.03	0.05	(0.20)	(0.27)	(0.27)
 ChapmanCG	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%)	2.90	Revenue	0.45	0.33	0.52	0.59	0.45
					Profit *3	0.13	0.05	0.19	0.18	0.06
 u&u RECRUITMENT PARTNERS	Brisbane	Providing temporary staffing and permanent placement services to government agencies and major corporations in Australia.	2019/4 (100%)	4.41	Revenue	2.04	1.99	2.59	2.90	3.21
					Profit *3	0.12	0.14	0.34	0.32	0.25
 dfp Recruitment <small>THINKING PEOPLE</small>	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%)	1.64	Revenue	3.78	4.03	3.87	4.41	3.84
					Profit *3	0.14	0.10	0.08	0.13	0.14

*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 ¥103/SGD and ¥92/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): ¥11.4 billion

Investment balance (consolidated): ¥13.4 billion

Breakdown of Revenue by Region/Contract Type

(Billions of yen)

Japan

Overseas

