

August 7, 2020

Summary of Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending March 31, 2021
(Three Months Ended June 30, 2020)

[IFRS]

Company name: WILL GROUP, INC.

Listing: Tokyo Stock Exchange, First Section

Stock code: 6089

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Scheduled date of filing of Quarterly Report:

August 7, 2020

Scheduled date of payment of dividend:

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Preparation of supplementary materials for quarterly financial results:

Yes

Holding of quarterly financial results meeting:

None

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Three Months Ended June 30, 2020 (April 1, 2020 – June 30, 2020)**(1) Consolidated operating results**

(Percentages represent year-on-year changes)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended Jun. 30, 2020	28,635	(2.5)	989	(7.0)	977	(5.6)	741	8.4	632	0.6	1,426	449.5
Three months ended Jun. 30, 2019	29,372	26.6	1,063	104.7	1,035	97.4	683	160.3	628	213.2	259	(12.9)

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended Jun. 30, 2020	28.45		28.07	
Three months ended Jun. 30, 2019	28.26		27.61	

(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
	Million yen	Million yen	Million yen	%
As of Jun. 30, 2020	44,964	7,732	5,805	12.9
As of Mar. 31, 2020	44,600	7,123	5,233	11.7

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2020	-	0.00	-	23.00	23.00
Fiscal year ending Mar. 31, 2021	-				
Fiscal year ending Mar. 31, 2021 (forecasts)		0.00	-	17.00	17.00

Note: Revisions to the most recently announced dividend forecast: Yes

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2021 (April 1, 2020 – March 31, 2021)

(Percentages represent year-on-year changes)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	57,000	(6.2)	1,200	(44.7)	1,200	(44.1)	880	(36.5)	700	(43.6)	31.49
Full year	120,000	(1.6)	2,500	(39.7)	2,500	(38.4)	1,600	(41.0)	1,250	(47.5)	56.24

Note: Revisions to the most recently announced consolidated forecast: Yes

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in scope of consolidation): None

Newly added: - Name: - Excluded: - Name: -

(2) Changes in accounting policies and accounting-based estimates

- 1) Changes in accounting policies required by IFRS: None
- 2) Changes in accounting policies other than 1) above: None
- 3) Changes in accounting-based estimates: None

(3) Number of outstanding shares (common stock)

1) Number of shares outstanding at the end of period (including treasury shares)

As of Jun. 30, 2020:	22,321,400 shares	As of Mar. 31, 2020:	22,321,400 shares
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2) Number of treasury shares at the end of period

As of Jun. 30, 2020:	95,303 shares	As of Mar. 31, 2020:	95,303 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2020:	22,226,097 shares	Three months ended Jun. 30, 2019:	22,239,597 shares
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* This quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

* Explanation of appropriate use of earnings forecasts and other special items

Forecasts of future performance in this report are based on assumptions judged to be valid and information available to the Company's management at the time the materials were prepared, but are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons. Please refer to "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 4 for forecast assumptions and notes of caution for usage.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first quarter of the fiscal year ending March 31, 2021 (the “period under review”), the Japanese economy, amid a sharp economic slowdown in each country caused by the worldwide spread of the novel coronavirus disease (“COVID-19”), remained grim after the state of emergency declared by the government severely stagnated economic activities. The outlook is expected to show a sign of recovery partly due to various governmental policies as the level of social and economic activities is gradually being raised with infection prevention measures. However, the impact of COVID-19 on domestic and overseas economies needs to be carefully monitored.

The Company and its subsidiaries (the “Group”) are guided by the mission of serving as an agent of change to bring about positive changes to both individuals and organizations. By upgrading specialized skills in all our businesses, we have sought to improve customer satisfaction and further differentiate our services. One goal is to raise our in-store share, which is our temporary staffing and consignment workers as a percentage of all these workers at a client company.

In Japan, the state of emergency was lifted in late May and the economy has gradually restarted with infection prevention measures. The factory outsourcing sector was impacted mainly by reduced production, but the other sectors remained solid. Outside Japan, temporary staffing services performed strong thanks to stable demand, even though economic resumption is slower in Singapore and Australia where we have our main presence than in Japan. Additionally, we strived to secure profit primarily by reviewing new investment plans and headquarters cost.

As a result, for the period under review, the Company reported consolidated revenue of 28,635 million yen (down 2.5% year on year), operating profit of 989 million yen (down 7.0%), profit before tax of 977 million yen (down 5.6%), profit of 741 million yen (up 8.4%) and profit attributable to owners of parent of 632 million yen (up 0.6%). EBITDA (operating profit + depreciation and amortization) was 1,513 million yen (up 0.6%).

Results by operating segment were as follows.

As a result of examining our business portfolio management to enhance corporate strategies, we have realigned the previous reportable segment classification consisting of six segments: Sales Outsourcing Business, Call Center Outsourcing Business, Factory Outsourcing Business, Care Support Business, Overseas Human Resources Business, and HR Support Business for Startups developed by for Startups, Inc. The new segment classification effective from the beginning of the first quarter of the fiscal year ending March 31, 2021 consists of two segments only: Domestic WORK Business and Overseas WORK Business. Accordingly, prior-year segment information has been revised to reflect the new segment classification to permit comparisons.

1) Domestic WORK Business

The Domestic WORK Business offers temporary staffing, permanent placement and consignment services in Japan specifically for sectors such as sales outsourcing, call center outsourcing, factory outsourcing and care support/nursery schools. The apparel sector in the sales outsourcing sector and the factory outsourcing sector saw decreased demand due to the impact of COVID-19. However, the sectors such as call center outsourcing and care support/nursery schools enjoyed solid demand and grew steadily. The call center outsourcing sector has started new services including “ZaITact,” a contact center service by the staff all working from home, anticipating a phase of coexistence with the coronavirus.

For the period under review, earnings declined due to decreased sales and gross profit caused by increased paid leave of the staff and furlough payments.

As a result, the segment recorded external revenue of 19,782 million yen (down 1.0% year on year) and segment profit of 974 million yen (down 10.7%).

2) Overseas WORK Business

In the human resources service, that operates in the ASEAN and Oceania regions, temporary staffing business remained stable mainly for the public sector, engineering, finance services and legal services despite the spread of COVID-19. However, permanent placement business suffered lower demand, impacted by the economic downturn in Australia and Singapore and sluggish corporate activities.

For the period under review, earnings for this business segment decreased because the sales from permanent placement service declined, despite the recording of employment support subsidy income as a countermeasure against COVID-19 in Singapore.

As a result, the segment recorded external revenue of 8,457 million yen (down 7.0% year on year) and segment profit of 232 million yen (down 18.2%).

3) Others

In the other services, we made efforts on expanding HRTech solutions to break away from labor-intensive steady-revenue businesses and enhance the development of new platforms such as “Hourmane,” a working time management system for foreign workers; “Daywak,” an app to find a part-time job using free time; and “ENPORT,” a foreign worker support service. Additionally, we sold Tech Residence, an apartment building for IT engineers and creators.

For the period under review, this business segment posted a loss on the back of upfront investments in the HRTech field, despite expansion of the existing businesses.

As a result, the segment recorded external revenue of 885 million yen (up 205.3% year on year) and segment loss of 98 million yen (compared with segment loss of 84 million yen a year earlier).

(2) Explanation of Financial Position

1) Assets, liabilities and equity

Assets

Current assets at the end of the period under review amounted to 22,120 million yen, up 79 million yen from the end of the previous fiscal year. This is primarily due to an increase in cash and cash equivalents of 873 million yen, which was partially offset by a decrease in trade and other receivables of 814 million yen.

Non-current assets amounted to 22,844 million yen at the end of the period under review, up 285 million yen from the end of the previous fiscal year. This is primarily due to increases in other intangible assets of 316 million yen and goodwill of 211 million yen, which were partially offset by decreases in right-of-use assets of 124 million yen and other non-current assets of 113 million yen.

As a result, total assets increased 364 million yen from the end of the previous fiscal year to 44,964 million yen.

Liabilities

Current liabilities at the end of the period under review amounted to 22,787 million yen, up 1,220 million yen from the end of the previous fiscal year. This is primarily due to an increase in other financial liabilities of 2,034 million yen, which was partially offset by a decrease in income taxes payable of 670 million yen.

Non-current liabilities amounted to 14,444 million yen at the end of the period under review, down 1,464 million yen from the end of the previous fiscal year. This is primarily due to decreases in other financial liabilities of 980 million yen and borrowings of 537 million yen.

As a result, total liabilities decreased 243 million yen from the end of the previous fiscal year to 37,232 million yen.

Equity

Total equity at the end of the period under review amounted to 7,732 million yen, up 608 million yen from the end of the previous fiscal year. This is primarily due to increases in exchange differences on translation of foreign operations included in other components of equity of 569 million yen and retained earnings of 121 million yen, which were partially offset by a decrease in capital surplus of 207 million yen.

As a result, the adjusted ratio of equity attributable to owners of parent to total assets increased from 19.3% at the end of the previous fiscal year to 20.9%. The ratio is adjusted by netting out the one-time effect of unrealized written put options of 3,612 million yen (compared with 3,377 million yen at the end of the previous fiscal year).

2) Cash Flows

Cash and cash equivalents (“net cash”) at the end of the period under review amounted to 6,818 million yen, up 873 million yen from the end of the previous fiscal year. The status of each component of cash flows for the period under review and factors of changes therein are as follows.

Cash flows from operating activities

Net cash provided by operating activities was 1,292 million yen, compared with 831 million yen provided in the same period a year earlier. This is primarily due to a decrease in trade receivables of 1,291 million yen, booking of profit before tax of 977 million yen, and depreciation and amortization of 524 million yen, which were partially offset by income taxes paid of 853 million yen.

Cash flows from investing activities

Net cash provided by investing activities was 323 million yen, compared with 1,794 million yen used in the same period a year earlier. This is primarily due to proceeds from investing activities and other transactions of 486 million yen, which were partially offset by purchases of property, plant and equipment and intangible assets of 176 million yen.

Cash flows from financing activities

Net cash used in financing activities was 854 million yen, compared with 479 million yen provided in the same period a year earlier. This is primarily due to repayments of long-term borrowings of 764 million yen, cash dividends paid of 490 million yen, and repayments of lease obligations of 316 million yen, which were partially offset by proceeds from financing activities and other transactions of 529 million yen and proceeds from long-term borrowings of 200 million yen.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

We have revised the consolidated earnings forecast for the fiscal year ending March 31, 2021, as announced in “Notice of Revision to Consolidated Earnings Forecast and Dividend Forecast for the Fiscal Year Ending March 31, 2021” (Japanese version only), which has been released today on August 7, 2020.

Forecasts are based on information currently available to the Company. Actual performance may differ from these forecasts for a number of reasons.

2. Condensed Quarterly Consolidated Financial Statements and Notes**(1) Condensed Quarterly Consolidated Statement of Financial Position**

(Millions of yen)

	FY3/20 (As of Mar. 31, 2020)	First quarter of FY3/21 (As of Jun. 30, 2020)
Assets		
Current assets		
Cash and cash equivalents	5,944	6,818
Trade and other receivables	15,067	14,253
Other financial assets	251	267
Other current assets	777	781
Total current assets	22,041	22,120
Non-current assets		
Property, plant and equipment	1,315	1,283
Right-of-use assets	6,200	6,076
Goodwill	5,654	5,865
Other intangible assets	5,455	5,771
Other financial assets	1,281	1,387
Deferred tax assets	1,640	1,562
Other non-current assets	1,011	898
Total non-current assets	22,558	22,844
Total assets	44,600	44,964

(Millions of yen)

	FY3/20 (As of Mar. 31, 2020)	First quarter of FY3/21 (As of Jun. 30, 2020)
Liabilities		
Current liabilities		
Trade and other payables	12,521	12,582
Borrowings	3,177	3,241
Other financial liabilities	2,359	4,394
Income taxes payable	1,116	445
Other current liabilities	2,391	2,124
Total current liabilities	21,566	22,787
Non-current liabilities		
Borrowings	6,533	5,995
Other financial liabilities	8,012	7,031
Deferred tax liabilities	1,170	1,219
Other non-current liabilities	193	197
Total non-current liabilities	15,909	14,444
Total liabilities	37,476	37,232
Equity		
Share capital	2,033	2,033
Capital surplus	(1,399)	(1,606)
Treasury shares	(89)	(89)
Other components of equity	(1,789)	(1,131)
Retained earnings	6,478	6,599
Total equity attributable to owners of parent	5,233	5,805
Non-controlling interests	1,890	1,926
Total equity	7,123	7,732
Total liabilities and equity	44,600	44,964

(2) Condensed Quarterly Consolidated Statements of Profit or Loss and Comprehensive Income**Condensed Quarterly Consolidated Statement of Profit or Loss
(For the Three-month Period)**

(Millions of yen)

	First three months of FY3/20 (Apr. 1, 2019 – Jun. 30, 2019)	First three months of FY3/21 (Apr. 1, 2020 – Jun. 30, 2020)
Revenue	29,372	28,635
Cost of sales	23,137	22,771
Gross profit	6,234	5,864
Selling, general and administrative expenses	5,189	4,971
Other income	21	115
Other expenses	3	19
Operating profit	1,063	989
Finance income	2	11
Finance costs	30	22
Profit before tax	1,035	977
Income tax expense	351	236
Profit	683	741
Profit attributable to		
Owners of parent	628	632
Non-controlling interests	55	108
Earnings per share		
Basic earnings per share (Yen)	28.26	28.45
Diluted earnings per share (Yen)	27.61	28.07

Condensed Quarterly Consolidated Statement of Comprehensive Income
(For the Three-month Period)

(Millions of yen)

	First three months of FY3/20 (Apr. 1, 2019 – Jun. 30, 2019)	First three months of FY3/21 (Apr. 1, 2020 – Jun. 30, 2020)
Profit	683	741
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	8	87
Total of items that will not be reclassified to profit or loss	8	87
Items that may be reclassified to profit or loss		
Cash flow hedges	18	2
Exchange differences on translation of foreign operations	(451)	596
Total of items that may be reclassified to profit or loss	(433)	598
Other comprehensive income, net of tax	(424)	685
Comprehensive income	259	1,426
Comprehensive income attributable to		
Owners of parent	219	1,291
Non-controlling interests	40	135

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

First three months of FY3/20 (Apr. 1, 2019 – Jun. 30, 2019)

(Millions of yen)

	Share capital	Capital surplus	Treasury shares	Total other components of equity	Retained earnings	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance as of April 1, 2019	2,017	(1,733)	(2)	(607)	4,522	4,196	1,028	5,224
Profit	-	-	-	-	628	628	55	683
Other comprehensive income	-	-	-	(409)	-	(409)	(15)	(424)
Comprehensive income	-	-	-	(409)	628	219	40	259
Dividends of surplus	-	-	-	-	(400)	(400)	-	(400)
Share-based remuneration transactions	2	72	-	-	-	74	-	74
Increase (decrease) by business combination	-	(1,104)	-	-	-	(1,104)	486	(618)
Transfer from other components of equity to retained earnings	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	(1)	(1)
Total transactions with owners	2	(1,032)	-	-	(400)	(1,429)	484	(945)
Balance as of June 30, 2019	2,019	(2,765)	(2)	(1,016)	4,751	2,985	1,552	4,538

First three months of FY3/21 (Apr. 1, 2020 – Jun. 30, 2020)

(Millions of yen)

	Share capital	Capital surplus	Treasury shares	Total other components of equity	Retained earnings	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance as of April 1, 2020	2,033	(1,399)	(89)	(1,789)	6,478	5,233	1,890	7,123
Profit	-	-	-	-	632	632	108	741
Other comprehensive income	-	-	-	659	-	659	26	685
Comprehensive income	-	-	-	659	632	1,291	135	1,426
Dividends of surplus	-	-	-	-	(511)	(511)	-	(511)
Share-based remuneration transactions	-	31	-	-	-	31	-	31
Increase (decrease) by business combination	-	(238)	-	-	-	(238)	(99)	(338)
Transfer from other components of equity to retained earnings	-	-	-	(1)	1	-	-	-
Other	-	-	-	-	-	-	0	0
Total transactions with owners	-	(207)	-	(1)	(510)	(718)	(99)	(818)
Balance as of June 30, 2020	2,033	(1,606)	(89)	(1,131)	6,599	5,805	1,926	7,732

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	First three months of FY3/20 (Apr. 1, 2019 – Jun. 30, 2019)	First three months of FY3/21 (Apr. 1, 2020 – Jun. 30, 2020)
Cash flows from operating activities		
Profit before tax	1,035	977
Depreciation and amortization	439	524
Share-based remuneration expenses	66	27
Decrease (increase) in trade receivables	93	1,291
Increase (decrease) in trade payables	(26)	(185)
Other	73	(467)
Subtotal	1,681	2,167
Interest and dividends received	2	1
Interest paid	(29)	(22)
Income taxes paid	(822)	(853)
Net cash provided by (used in) operating activities	831	1,292
Cash flows from investing activities		
Purchase of property, plant and equipment, and intangible assets	(259)	(176)
Purchase of marketable securities	(30)	(0)
Proceeds from sale of marketable securities	-	14
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(1,502)	-
Other	(1)	486
Net cash provided by (used in) investing activities	(1,794)	323
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	554	90
Proceeds from long-term borrowings	2,151	200
Repayments of long-term borrowings	(735)	(764)
Repayments of lease obligations	(257)	(316)
Purchase of investments in subsidiaries not resulting in change in scope of consolidation	(847)	-
Dividends paid to non-controlling interests	(1)	(103)
Dividends paid	(389)	(490)
Other	4	529
Net cash provided by (used in) financing activities	479	(854)
Effect of exchange rate changes on cash and cash equivalents	7	112
Net increase (decrease) in cash and cash equivalents	(475)	873
Cash and cash equivalents at beginning of period	6,862	5,944
Cash and cash equivalents at end of period	6,386	6,818

(5) Notes to Condensed Quarterly Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Segment and Other Information**(1) Overview of reportable segments**

The Group's operating segments are components of the Group that are categorized by type of services provided. The Group determines reportable segments based on the operating segments for which discrete financial information is available and the Group's chief operating decision maker regularly reviews to make decisions about allocation of management resources and assess their performance. As a result, the two reportable segments are identified with the details described as follows.

Reportable segment	Business activities
Domestic WORK Business	Engaged primarily in temporary staffing/permanent placement and consignment services in Japan specifically for sectors such as sales, call center, factory and nursing care facility; HR support business for venture firms and startups in growth industries developed by for Startups, Inc.
Overseas WORK Business	Engaged primarily in the temporary staffing/permanent placement services in the ASEAN and Oceania regions.

In addition to the above, human resources service in the HRTech field is included in the "Others" segment.

(2) Information on reportable segments

Segment profit of the reportable segments is measured based on operating profit under Japanese GAAP plus employment support subsidy income as a countermeasure against COVID-19 (Jobs Support Scheme) in Singapore with adjustment to operating profit of the consolidated financial statements prepared under IFRS.

First three months of FY3/20 (Apr. 1, 2019 – Jun. 30, 2019)

(Millions of yen)

	Reportable segment			Others	Adjustment (Note 2)	IFRS adjustment (Note 3)	Amounts recorded in consolidated financial statements
	Domestic WORK	Overseas WORK	Total				
Revenue							
External revenue	19,984	9,098	29,082	290	-	-	29,372
Inter-segment revenue (Note 1)	4	-	4	2	(6)	-	-
Total	19,988	9,098	29,087	292	(6)	-	29,372
Segment profit	1,091	283	1,375	(84)	(440)	213	1,063

Notes: 1. Inter-segment revenue is measured based on normal market prices.

2. The negative adjustment of 440 million yen to segment profit includes elimination of 1 million yen for inter-segment transactions and corporate expenses of minus 441 million yen that are not allocated to any of the operating segments. Corporate expenses mainly consist of general and administrative expenses that are not attributable to any of the operating segments.
3. The IFRS adjustment of 213 million yen to segment profit reflects reversal of amortization of goodwill and recognition of expenses associated with accrued paid leave, and others.

First three months of FY3/21 (Apr. 1, 2020 – Jun. 30, 2020)

(Millions of yen)

	Reportable segment			Others	Adjustment (Note 2)	IFRS adjustment (Note 3)	Amounts recorded in consolidated financial statements
	Domestic WORK	Overseas WORK	Total				
Revenue							
External revenue	19,782	8,457	28,239	885	-	(489)	28,635
Inter-segment revenue (Note 1)	9	-	9	2	(11)	-	-
Total	19,791	8,457	28,249	887	(11)	(489)	28,635
Segment profit	974	232	1,207	(98)	(483)	363	989

- Notes: 1. Inter-segment revenue is measured based on normal market prices.
2. The negative adjustment of 483 million yen to segment profit includes elimination of 4 million yen for inter-segment transactions and corporate expenses of minus 487 million yen that are not allocated to any of the operating segments. Corporate expenses mainly consist of general and administrative expenses that are not attributable to any of the operating segments.
3. The negative IFRS adjustment of 489 million yen to inter-segment revenue reflects reversal of revenue from Tech Residence business included in "Others." The IFRS adjustment of 363 million yen to segment profit reflects reversal of amortization of goodwill and recognition of expenses associated with accrued paid leave, and others.

(3) Change in reportable segments

As a result of examining our business portfolio management to enhance corporate strategies, we have realigned the previous reportable segment classification consisting of six segments: Sales Outsourcing Business, Call Center Outsourcing Business, Factory Outsourcing Business, Care Support Business, Overseas Human Resources Business, and HR Support Business for Startups developed by for Startups, Inc. The new segment classification effective from the beginning of the first quarter of the fiscal year ending March 31, 2021 consists of two segments only: Domestic WORK Business and Overseas WORK Business.

Accordingly, prior-year segment information has been revised to reflect the new segment classification to permit comparisons.

This financial report is solely a translation of the Company's Kessan Tanshin (including attachments) in Japanese, which has been prepared in accordance with International Financial Reporting Standards (IFRSs), for the convenience of readers who prefer an English translation.