



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

Aug 22, 2022

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



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(WILL-being 2023) Progress

I . 1Q FY3/23 Results

1

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

2

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

3

In terms of financial targets, the ratio of equity attributable to owners of parent progressed at a level exceeding the Medium-Term Management Plan objective of 20%.

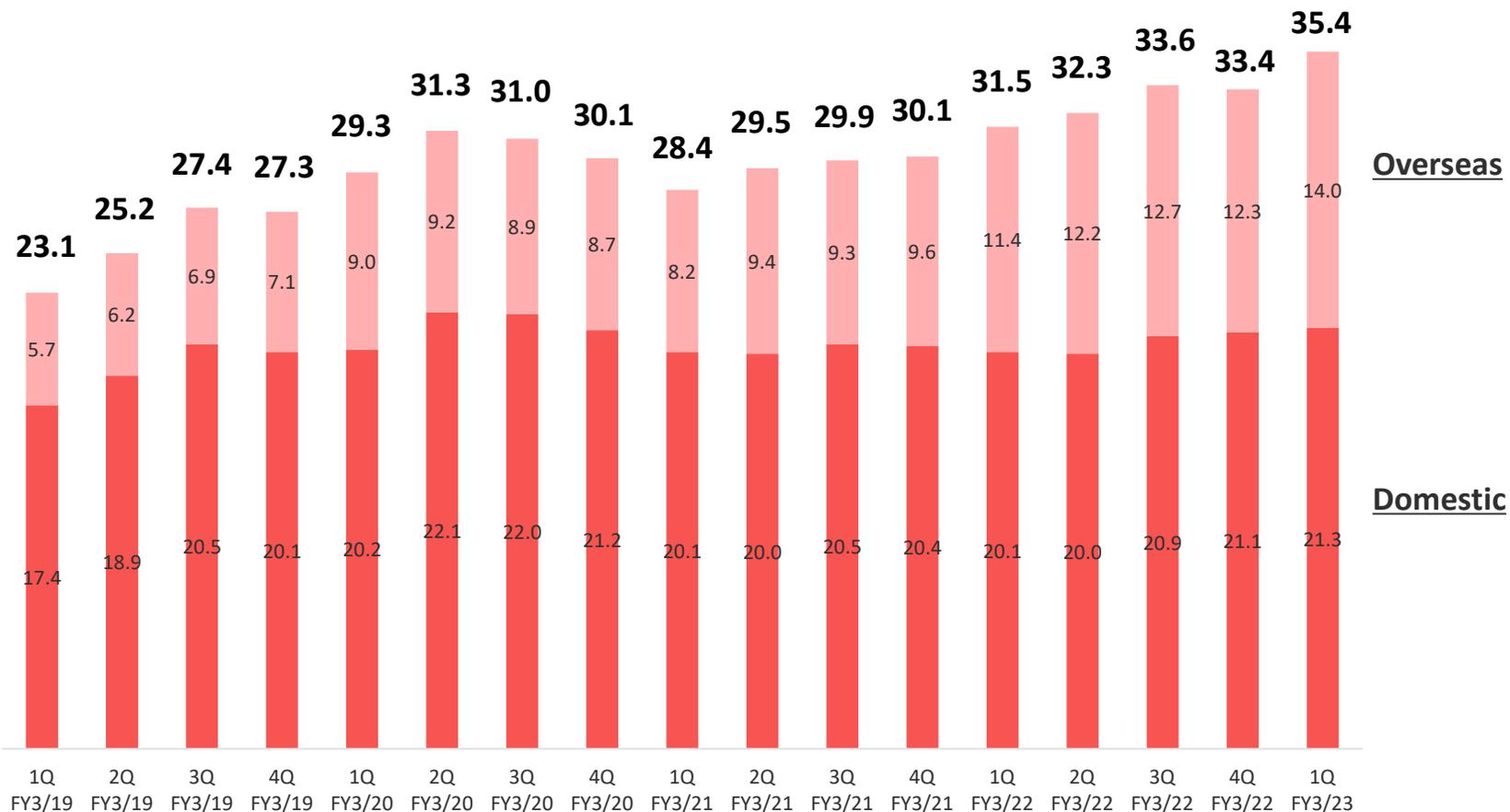
1Q FY3/23 Financial Highlights

Both the Domestic WORK Business and the Overseas WORK Business posted increases in revenue. Despite the absence of ¥0.07 billion in one-time profits recorded in the same period of the previous fiscal year, and despite implementing ¥0.3 billion in upfront investments in strategic investment domains, the increase in revenue both in Japan and overseas led to a rise in gross profit and to growth in operating profit.

(Billions of yen)	1Q FY3/23	Vs. 1Q FY3/22
Revenue	35.44	+ 12.4% (+ 3.90)
Gross margin	22.7%	+ 0.8 pt
Operating profit	1.43	+ 26.0% (+ 0.29)

Consolidated Revenue

(Billions of yen)



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

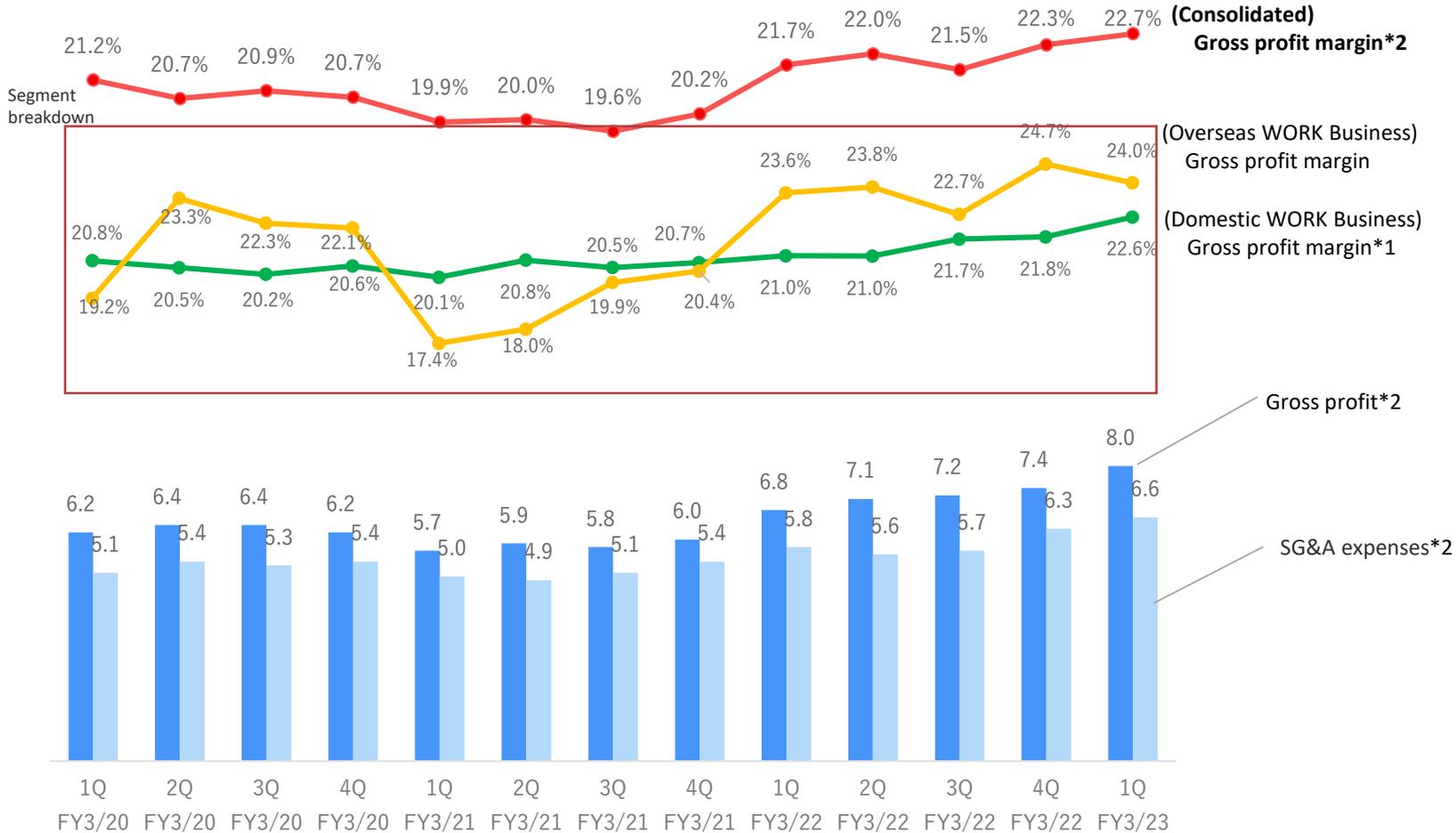
(The effects of foreign exchange rate: +¥1.4 billion)

Domestic is trending toward recovery. Overseas remains strong.

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

Consolidated Gross Margin

(Billions of yen)



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

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

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

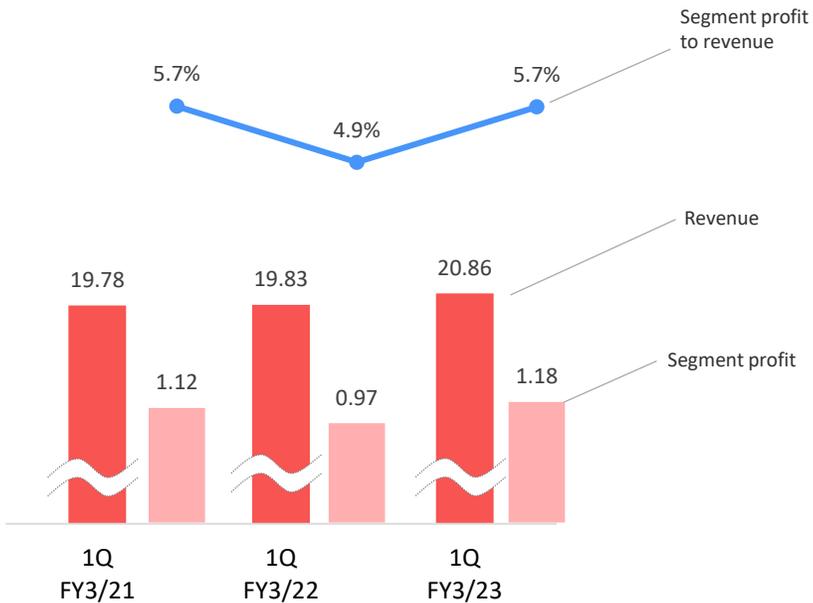
*1 Intersegment consolidation adjustments are not included. The amounts for FY3/20 are based on the previous accounting policy.
*2 Gross profit and SG&A expenses are based on adjusted figures that exclude overseas subsidy income.

Consolidated Segment Results

(Billions of yen)

Domestic WORK Business

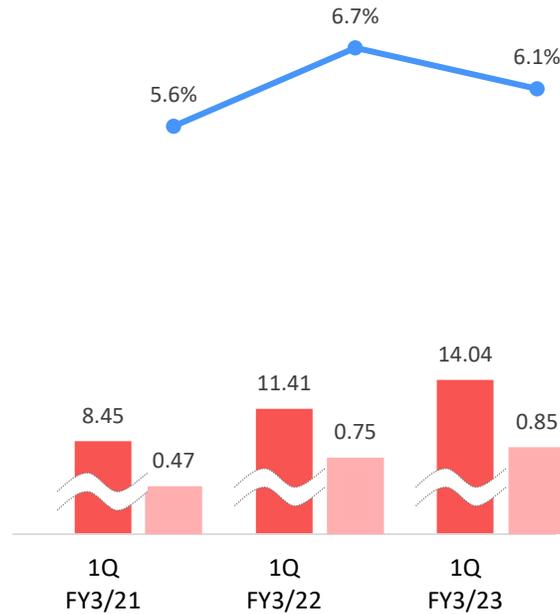
Recovery trend



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

Overseas WORK Business

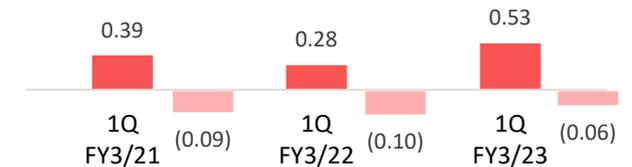
Strong performance



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

Others

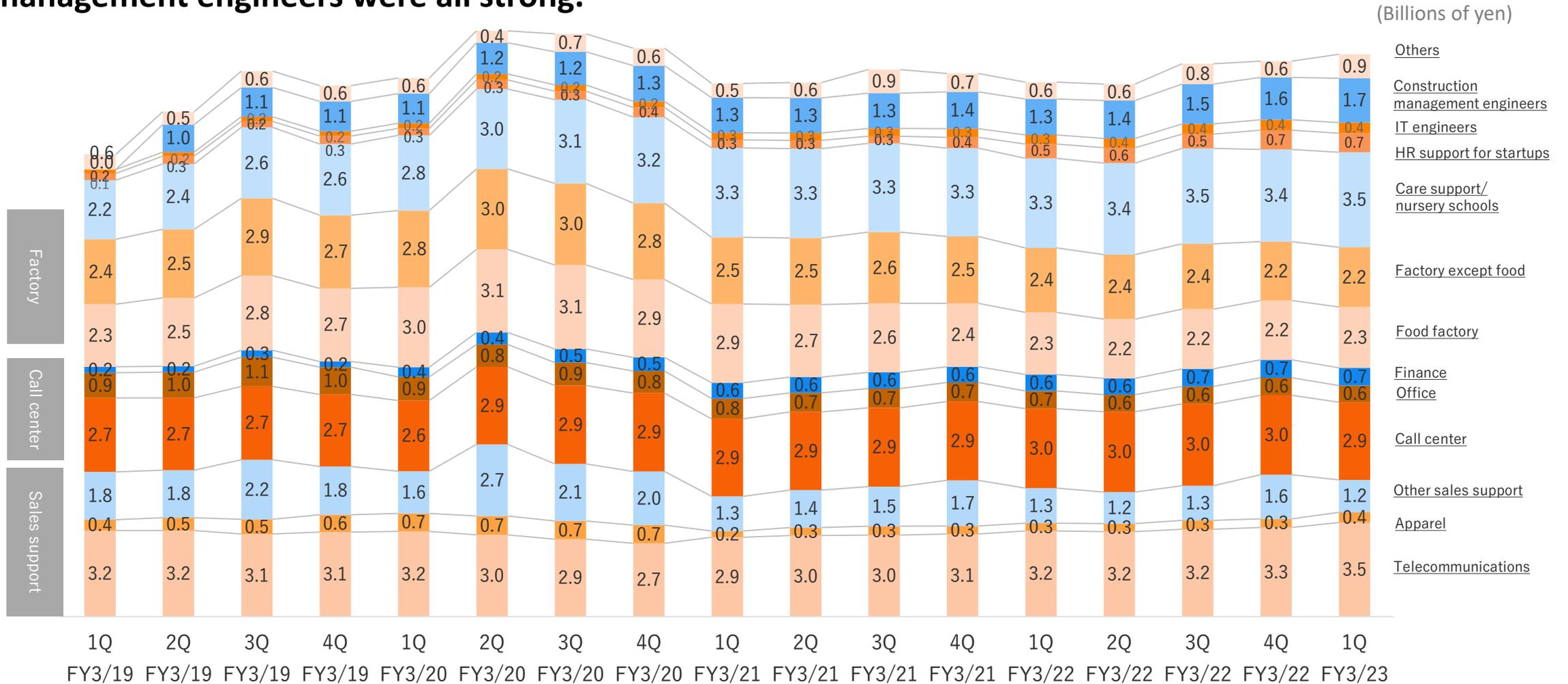
Controlling investment in some areas



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

Domestic WORK Business (Business sector sales)

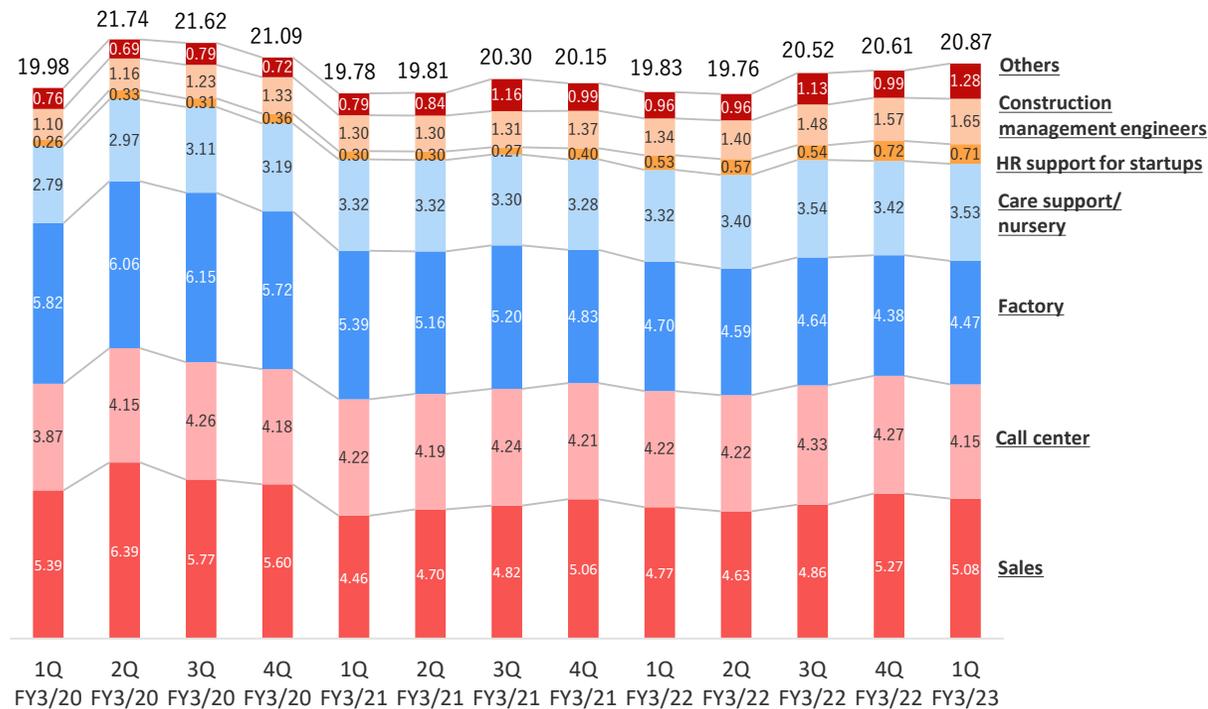
Telecommunications, care support/nursery schools, HR support for startups, and construction management engineers were all strong.



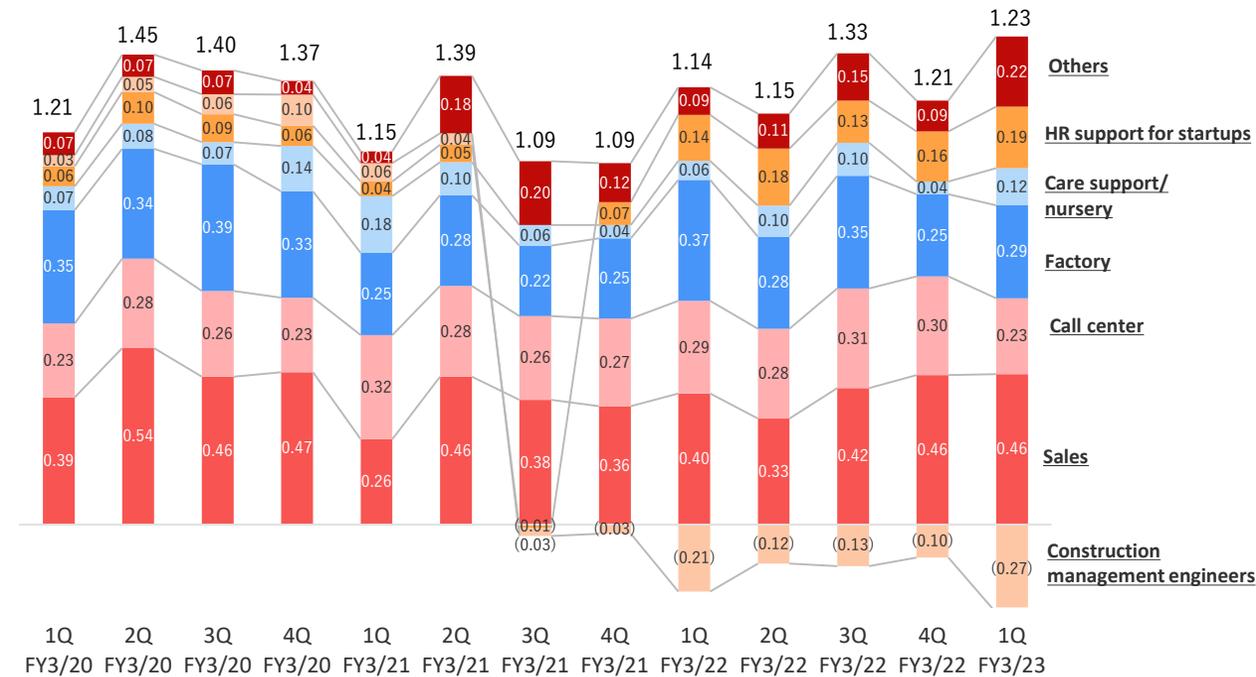
Domestic WORK Business (Sales and operating profit by sector)

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

-Sales by sector (Billions of yen)-



-Operating profit by sector (Billions of yen)-

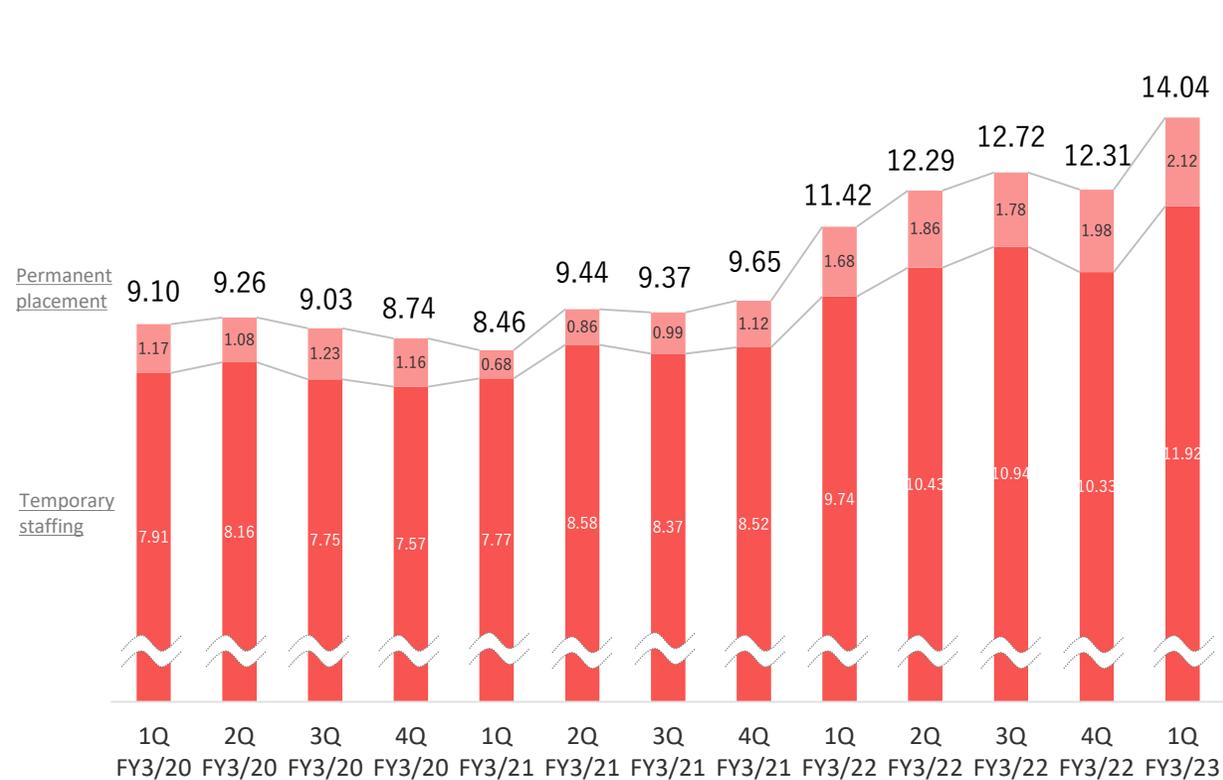


*Intra-segment consolidation adjustments are not included.

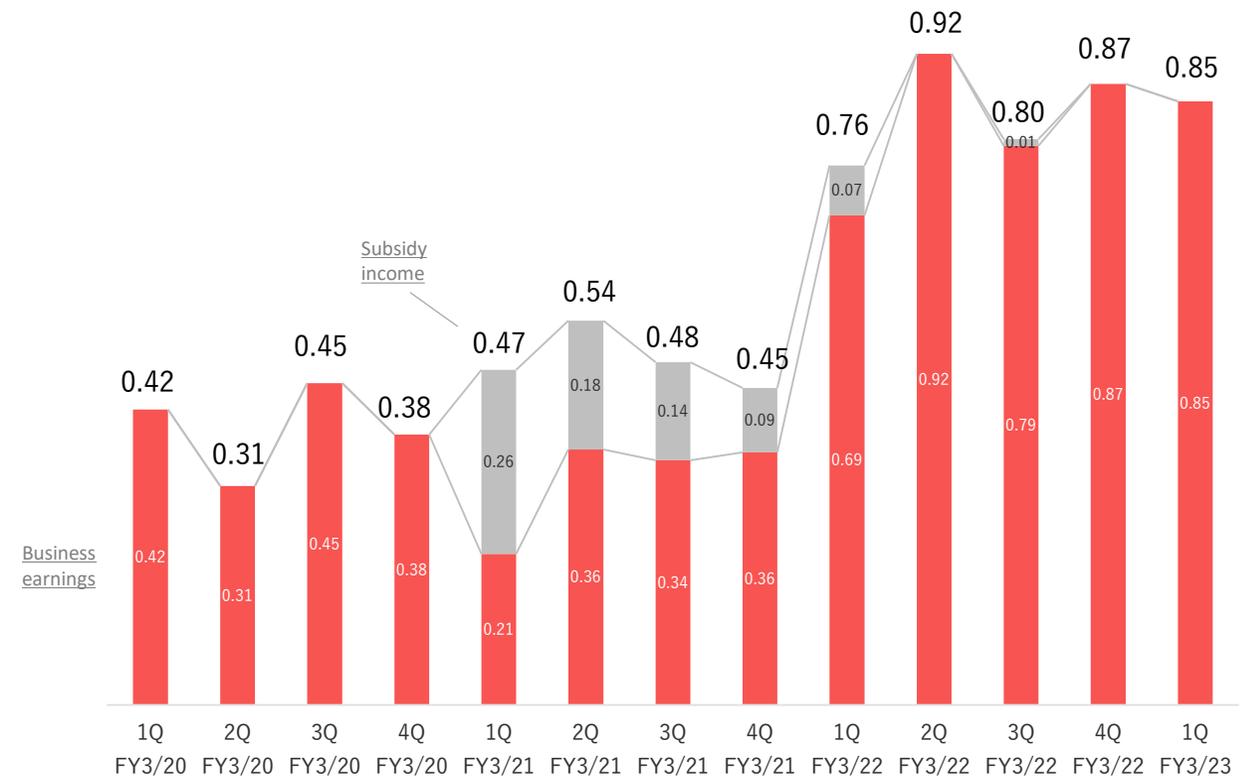
Overseas WORK Business (Sales by contract type and operating profit)

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

-Sales by contract type (Billions of yen)-

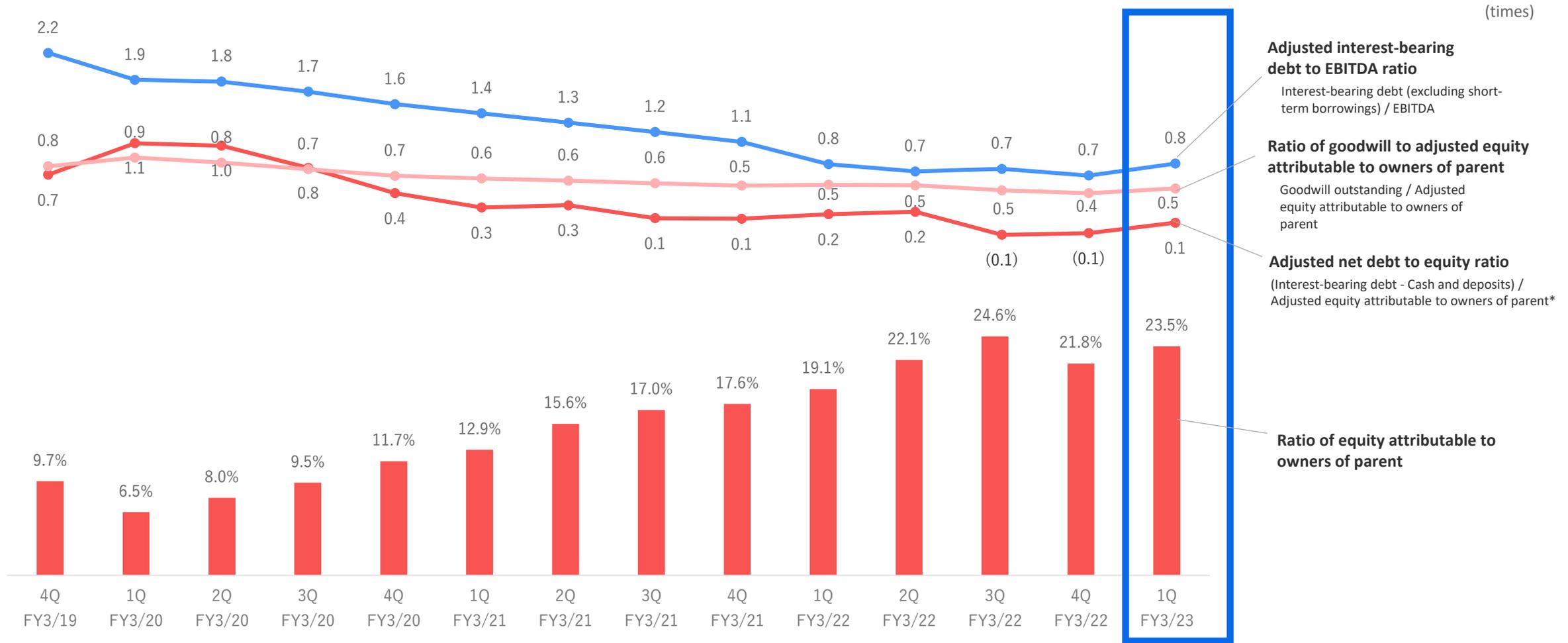


-Operating profit (Billions of yen)-



Financial Indicators

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



II . FY3/23 Earnings and Dividend Forecasts

FY3/23 Consolidated Earnings Forecasts

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

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

□ Progress toward FY3/23 earnings forecasts

FY3/23
(Forecast)
(Billions of yen)

Revenue

35.44

Progress rate : 25%

140.00

Operating profit

1.43

Progress rate : 26%

5.60

Profit attributable to
owners of parent

0.75

Progress rate : 23%

3.33

FY3/23 Forecasts (Segments and Sectors)

(Billions of yen)

Segments	Sectors		FY3/23 1Q	FY3/23 (Forecast as of May. 11, 2022)	Progress rate	Initiatives for achieving target	
Domestic WORK Business	Sales	Net sales	5.07	20.66	24.6%	Increase number of full-time employees on-site to reduce outsourcing expenses	
		Operating profit	0.46	1.87	24.7%		
	Call center	Net sales	4.15	18.42	22.5%	Improve gross margins by expanding temporary staffing and contracted operations for the financial industry.	
		Operating profit	0.23	1.30	17.9%		
	Factory	Net sales	4.47	19.11	23.4%	Strengthen efforts to open up new customers in permanent placement and in contracted management services for foreign workers.	
		Operating profit	0.28	1.45	19.7%		
	Care support	Net sales	3.52	14.76	23.9%	Increase number of consultants to boost permanent placement revenue	
		Operating profit	0.11	0.71	16.1%		
	HR support for startups	Net sales	0.70	2.80	25.3%	Continue to strengthen recruitment of consultants.	
		Operating profit	0.19	0.57	33.3%		
	Construction management engineers	Net sales	1.65	8.30	19.9%	Strengthen recruitment of mid-career people with no experience.	
		Operating profit	(0.27)	(0.43)	-		
	Overseas WORK Business		Net sales	14.04	49.03	28.6%	Permanent placement demand expected to remain strong.
			Operating profit	0.85	2.58	33.1%	

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

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

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

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

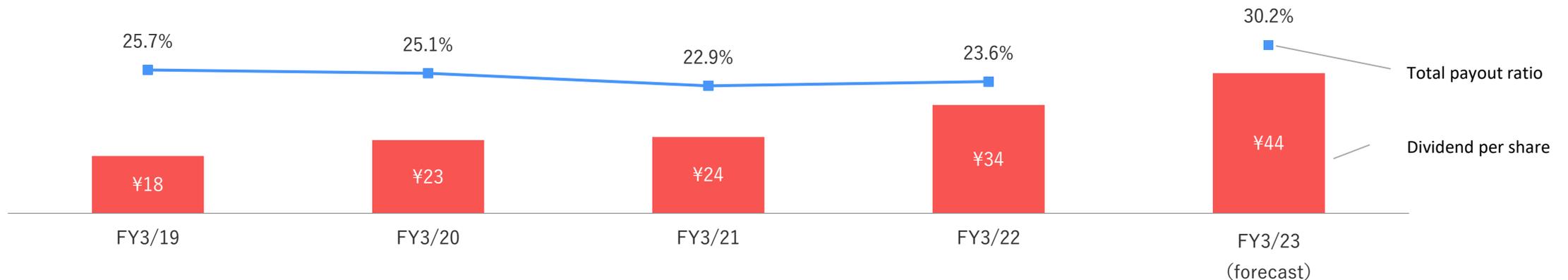
FY3/23 Dividend Forecast

Initial dividend forecast left unchanged.

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

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

■ Dividend per share and total payout ratio





Ⅲ. Medium-Term Management Plan (WILL-being 2023) Progress

Summary of Progress in the Medium-Term Management Plan (WILL-being 2023)

Changed part of the care support strategy.

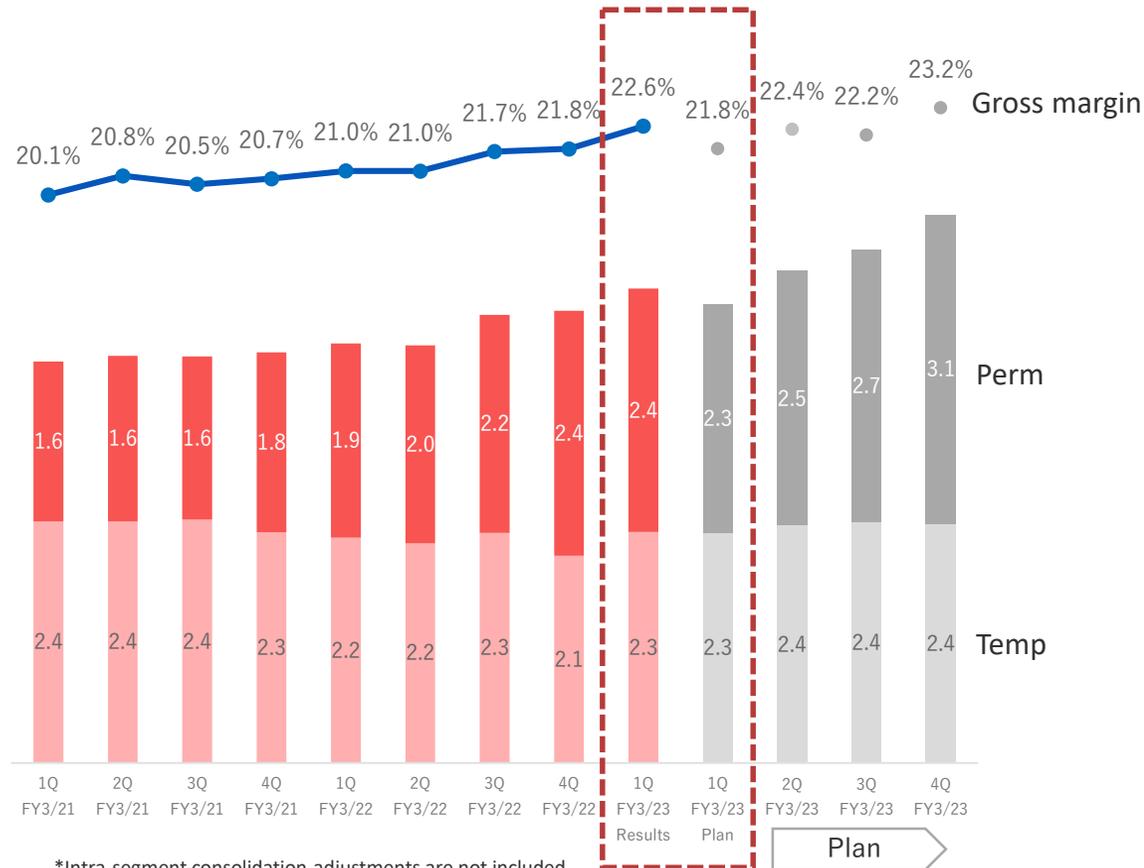
For areas behind schedule, we will work to catch up as quickly as possible, with the aim of achieving all objectives in our key strategies.

Key strategies		Details	Progress in 1Q FY3/23	
Strategy I	Improve profitability through portfolio shift (Domestic WORK Business and Overseas WORK Business) Profit maximization domain, Strategic investment domain	<ul style="list-style-type: none"> Expansion of Perm SHIFT domain (“Perm” refers to permanent placement, and temporary staffing for highly specialized fields). In particular, we will focus on the areas of care support, construction management engineers, and HR support for startups. [Indicators] <ul style="list-style-type: none"> Strategic investment domain: Revenue growth rate Profit maximization domain: Operating margin 	△	[Strategic investment domain] <ul style="list-style-type: none"> Construction: ○ (Increased recruitment of new graduates and mid-career people with no experience) Care support: △ (The retention rate of people hired in the temp-to-hire category is high, as expected, but this has not led to an expansion of permanent placement for those without experience. Accordingly, we moved away from active promotion and positioned it as being just one of our lineup of products, while changing our strategy to one of focusing on permanent placement. Employees and other resources were shifted to the temporary staffing division.) Human resources support for startups: ○ (strong performance)
			○	[Profit maximization domain] <ul style="list-style-type: none"> Domestic WORK: ○ (Improvement in gross margin and operating margin resulting from the assessment of economic conditions, etc.) Overseas WORK: ○ (A steady rise in the base level, even after excluding forex impact)
Strategy II	Increase productivity through digital shift (Domestic WORK Business and overseas WORK Business) Profit maximization domain	<ul style="list-style-type: none"> Improve productivity per capita through digital shift. 	△	<ul style="list-style-type: none"> Continued to improve the functionality of the WILLOF smartphone app (shift to online applications, etc.). Launched “Manned chat support” in April 2022.
Strategy III	Search for areas for next strategic investments Exploratory domain	<ul style="list-style-type: none"> Expand services for foreigners in Japan. Expand services for IT personnel. In HR Tech, we are exploring opportunities in sectors adjacent to our main businesses. 	△	<ul style="list-style-type: none"> Foreign technical interns and specified skilled foreign workers arrived in Japan in May 2022, but services for foreigners in Japan undershot initial expectations. In services for IT personnel, both temporary staffing and permanent placement grew steadily. Product under development for services, etc. to be provided to construction management engineers.
Strategy IV	Financial strategy for the Group as a whole	<ul style="list-style-type: none"> Ratio of equity attributable to owners of parent: 20% or higher ROIC: 20% or higher (cost of capital at around 10%) Total payout ratio: 30% or higher 	○	<ul style="list-style-type: none"> Ratio of equity attributable to owners of parent was 23.5% at the end of 1Q FY3/23. Aiming to achieve ROIC by overshooting operating profit. Expected total payout ratio for FY3/23: 30.2%

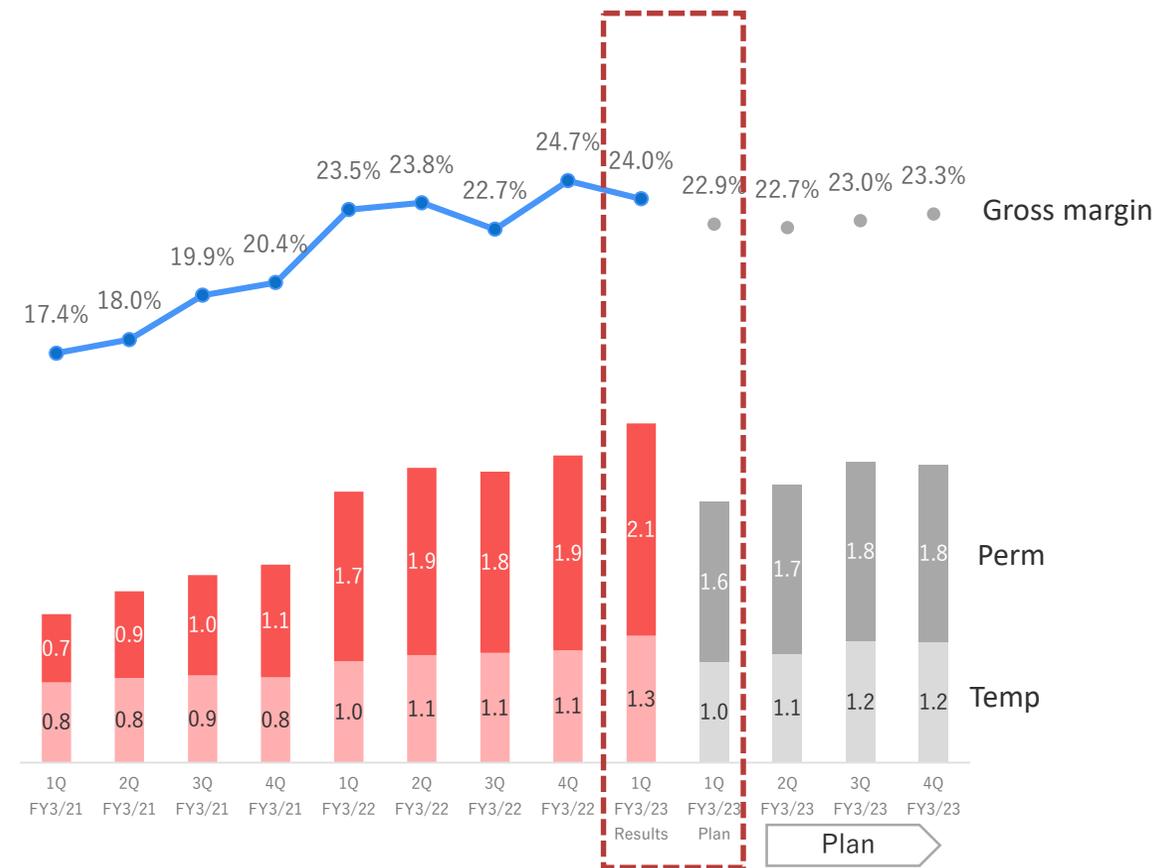
Portfolio Shift in Japan and Overseas

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

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



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



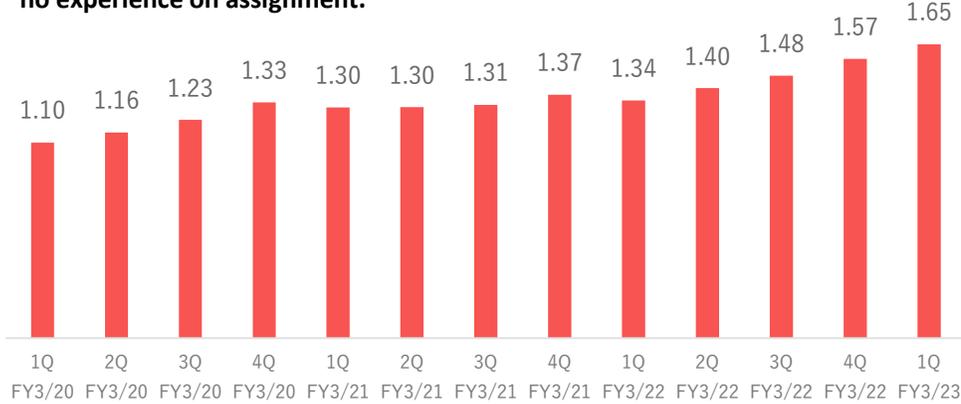
*Intra-segment consolidation adjustments are not included.

Gross profit and gross margin are based on adjusted figure that excludes overseas subsidy income.

Progress in the Construction Management Engineer Temporary Staffing Business

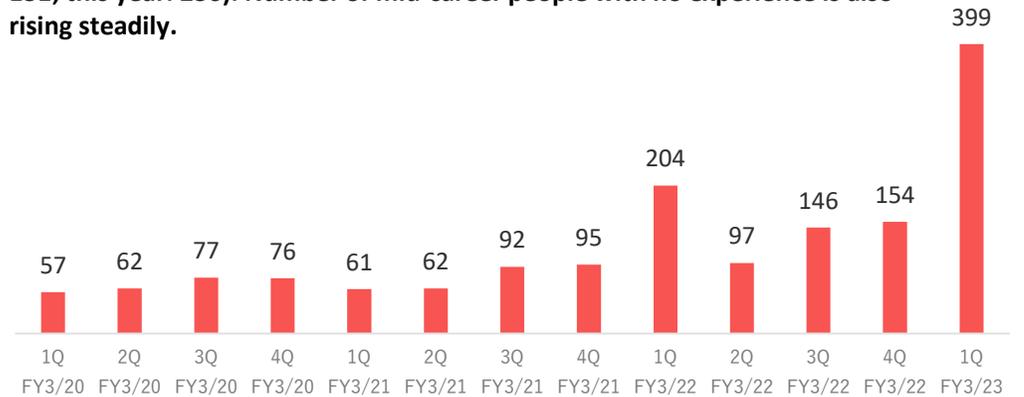
■ Quarterly Revenue

Increased due to the rise in new graduates and mid-career people with no experience on assignment. (Billions of yen)



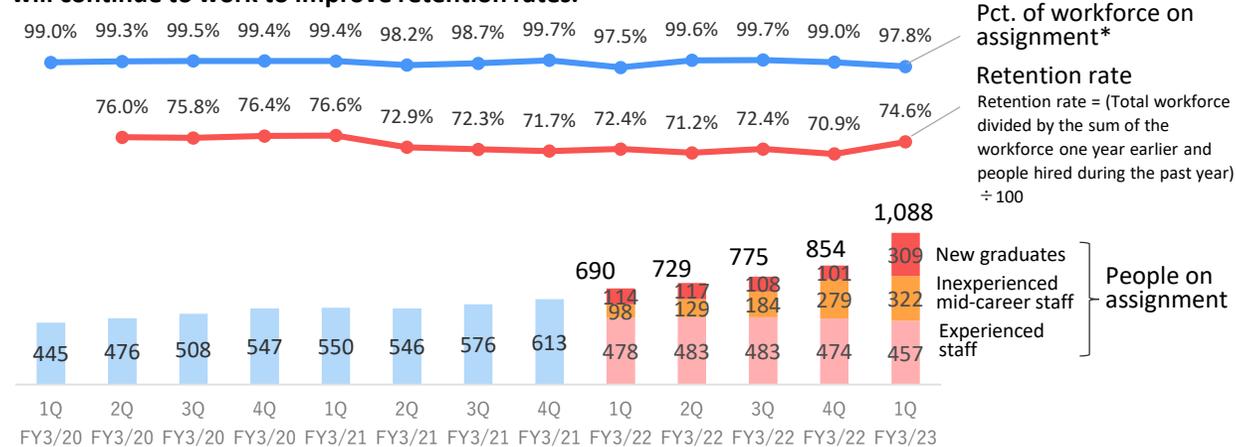
■ Number of People Hired

Recruited nearly 2x the number of new graduates year on year (last year: 131; this year: 236). Number of mid-career people with no experience is also rising steadily. (No. of people)



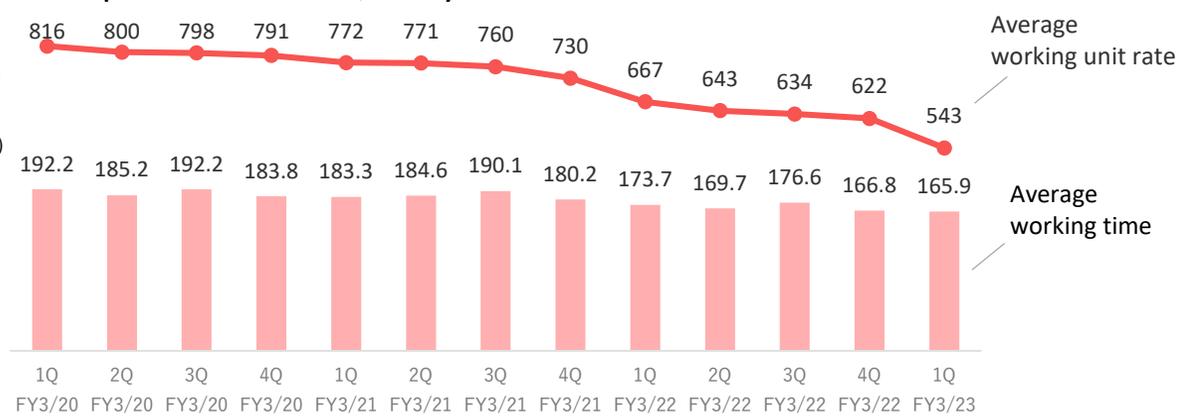
■ People on Assignment, Pct. of Workforce on Assignment, and Retention Rate

Percentage of workforce on assignment remained at a high level. We will continue to work to improve retention rates. (No. of people)



■ Temporary Placement Staff Working Time and Unit Rate

Decreases in overtime and increases in new graduates / mid-career people with no experience joining in April 2022 led to a reduction in unit rates, but this is expected to recover in 2Q and beyond. (Hours; thousands of yen)



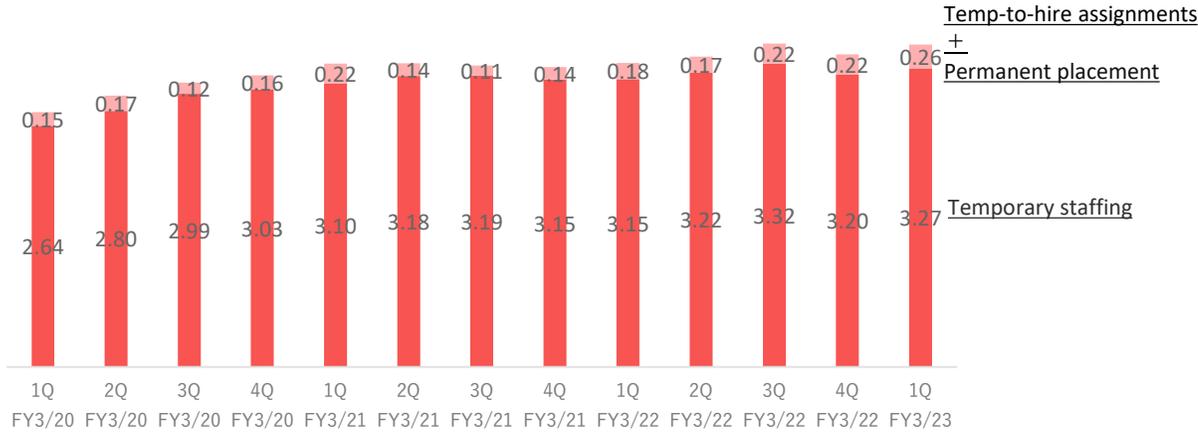
* Percentage of workforce on assignment in 1Q FY3/22 and 1Q FY3/23 is for the month of June only, after excluding impact of training for new graduates. Cumulative percentage of workforce on assignment is 1Q FY3/22: 90.4%, 1Q FY3/23: 89.6%.

Progress in the Care Support Business

■ Quarterly Revenue

Strong performance by temporary staffing.

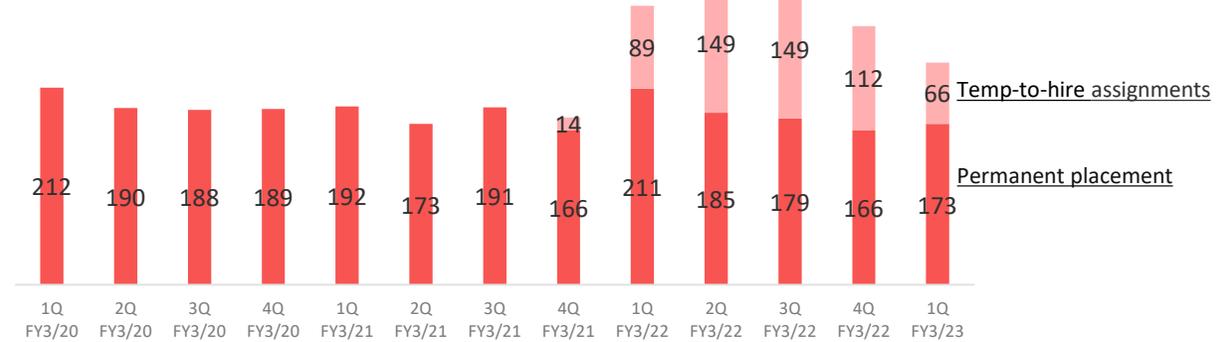
(Billions of yen)



■ Temp-to-Hire Assignments and Permanent Placement

The retention rate of people hired in the temp-to-hire category is high, as expected, but this has not led to an expansion of permanent placement for those without experience. Accordingly, we moved away from active promotion and positioned it as being just one of our lineup of products, while changing our strategy to one of focusing on permanent placement. Employees and other resources were shifted to the temporary staffing division.

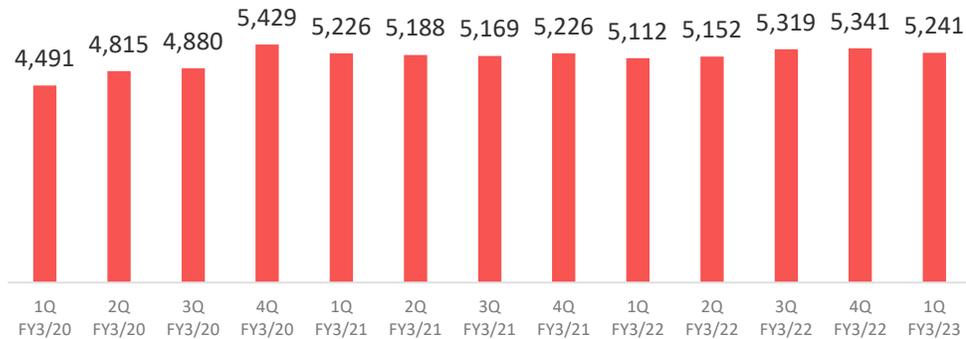
(No. of people)



■ Number of People on Assignment

Number of people assigned in temporary staffing was high.

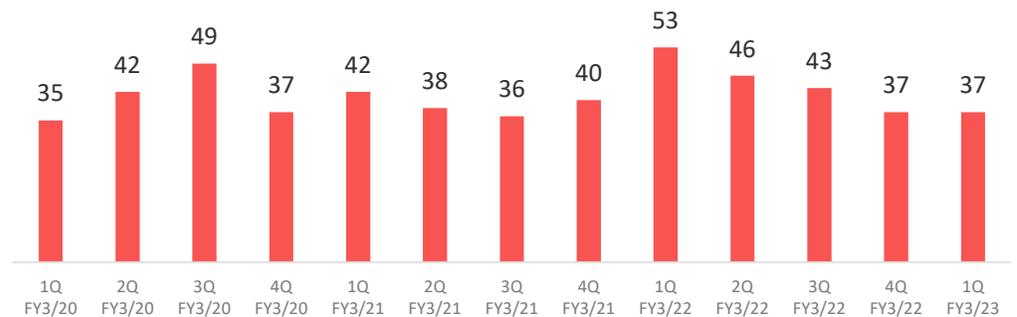
(No. of people)



■ Employees in the Temp-to-Hire and Permanent Placement Business

Employees involved in placements of people hired in the temp-to-hire category were shifted to the temporary staffing division.

(No. of people)



Appendix

Comparison between Medium-Term Management Plan Targets and FY3/23 Forecasts

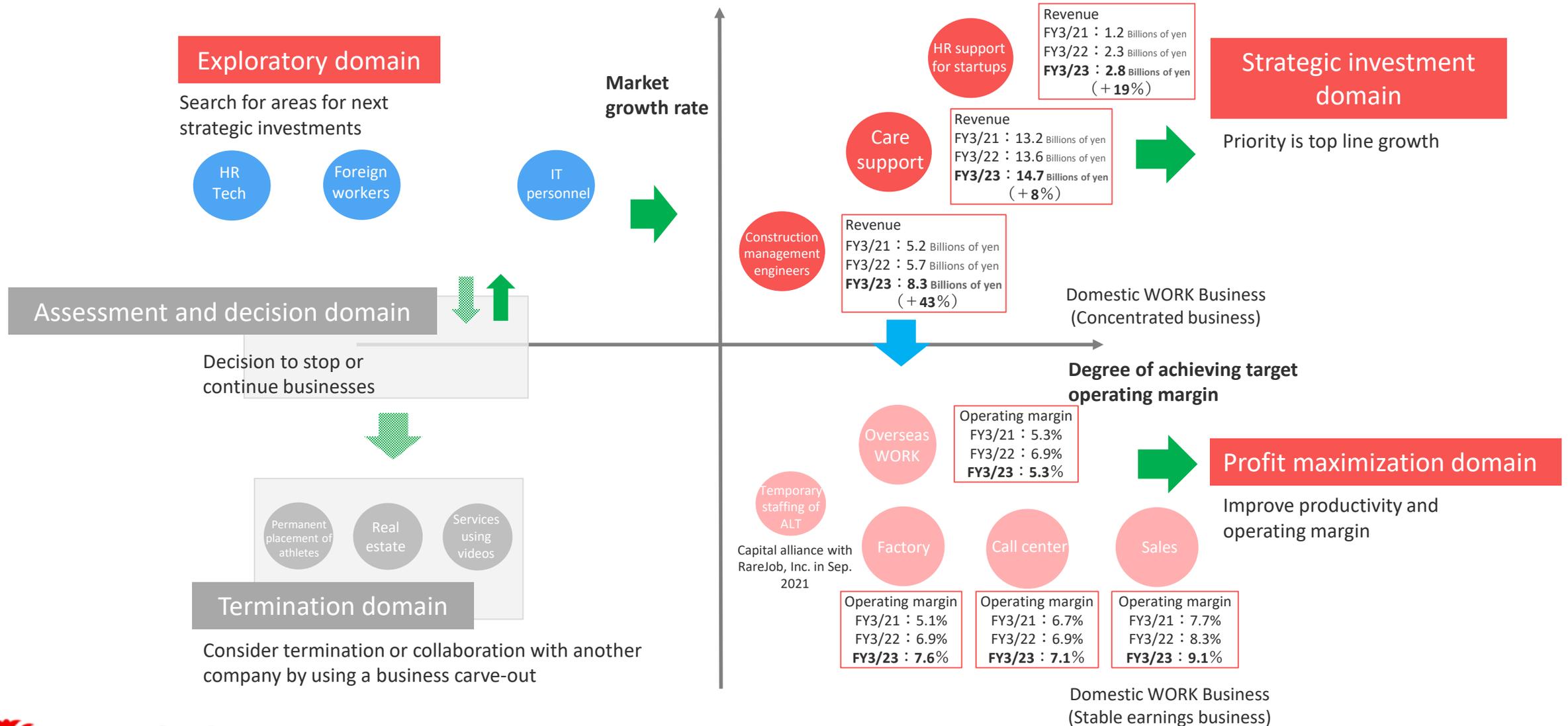
¥1.3 billion in upfront investment has been scheduled for FY3/23, in line with the Medium-Term Management Plan. With the exception (at this point in time) of ROIC, the Medium-Term Management Plan financial targets look likely to be achieved. We will aim to achieve ROIC by reviewing, etc. our invested capital.

(Billions of yen)

	KPI	FY3/20	FY3/21	FY3/22		FY3/23	
				(Medium-Term Management Plan)	(Results)	(Medium-Term Management Plan)	(Forecast)
Profitability indicators	Revenue (Change)	121.9 (+ 18%)	118.2 (-3%)	121.0 (+ 2%)	131.0 (+ 11%)	133.5 (+ 10%)	140.0 (+ 7%)
	Gross margin	20.8%	20.3%	21.2%	21.9%	22.6%	22.6%
	SG&A expenses (Upfront investments included)	21.4	20.4	22.2 (1.3)	23.5 (1.0)	24.8 (1.3)	25.9 (1.3)
	Operating profit (Operating margin)	4.14 (3.4%)	4.03 (3.4%)	3.40 (2.8%)	5.47 (4.2%)	5.35 (4.0%)	5.60 (4.0%)
Financial indicators	ROIC	14%	14%	12%	17.9%	20%	18.6%
	Ratio of equity attributable to owners of parent to total assets	11.7%	17.7%	19%	21.8%	22%	24.8%
	Total payout ratio	25.1%	22.9%	30.6%	23.6%	30.0%	30.2%

Business Portfolio in the Medium-Term Management Plan

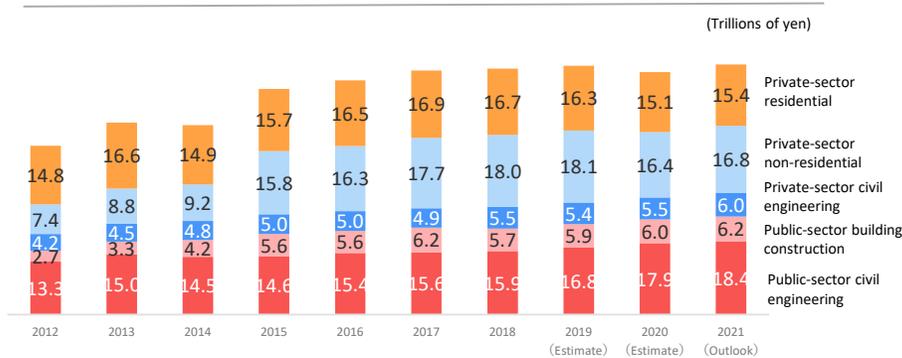
There have been some delays in the care support domain, but on the whole progress has been steady.



Construction Industry Business Climate

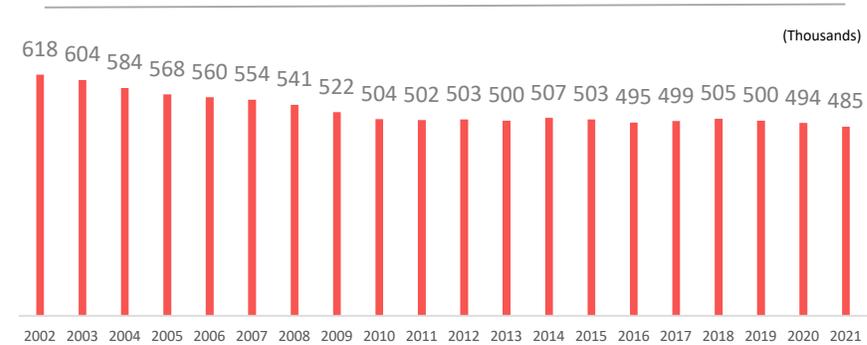
Construction demand is strong in Japan. Effective April 2024, the “Act on the Arrangement of Related Acts to Promote Work Style Reform” will apply to workers in the construction industry. The regulations on overtime are expected to boost demand for human resources, and this will be further compounded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

Construction Investments in Japan



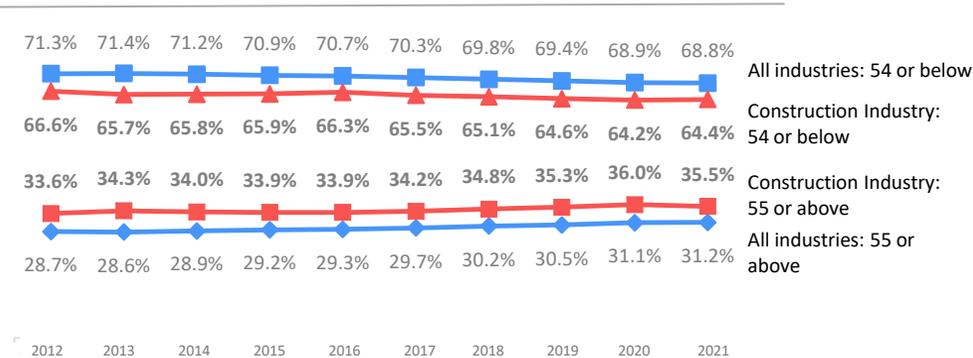
Source: Construction Investment Outlook (2021) by the Ministry of Land, Infrastructure, Transport and Tourism

Employment in the Japanese Construction Industry



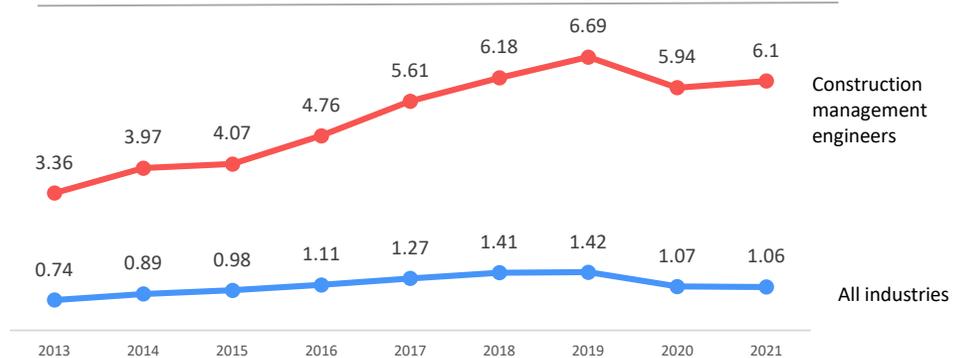
Source: Labor Force Survey, Statistics Bureau, Ministry of Internal Affairs and Communications

Employment by Age in the Japanese Construction Industry



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

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

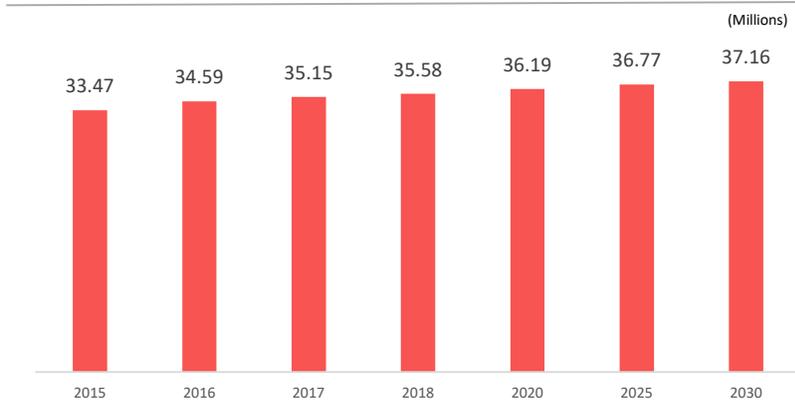


Source: General Employment Placement Services Report, Statistic Bureau, Ministry of Internal Affairs and Communications

Care Support Business Climate

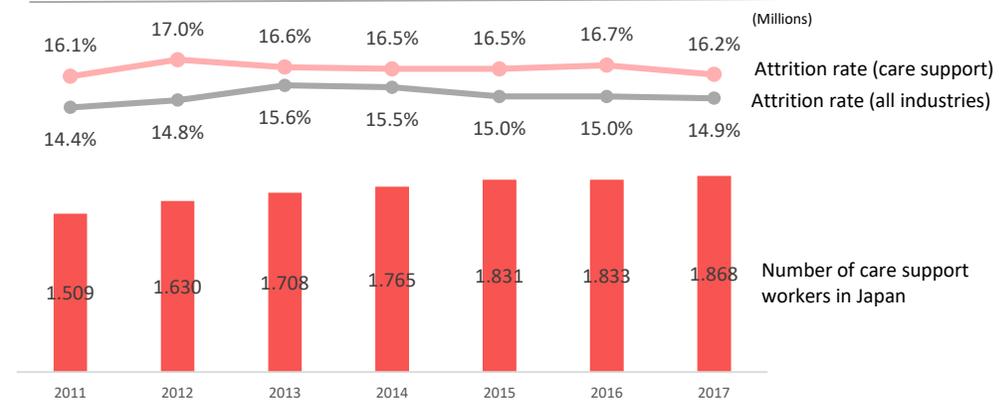
There is a chronic shortage of care support people in Japan as the demand for these people continues to climb. This market will continue to grow, including the use of foreign workers to meet demand.

Population of Seniors in Japan



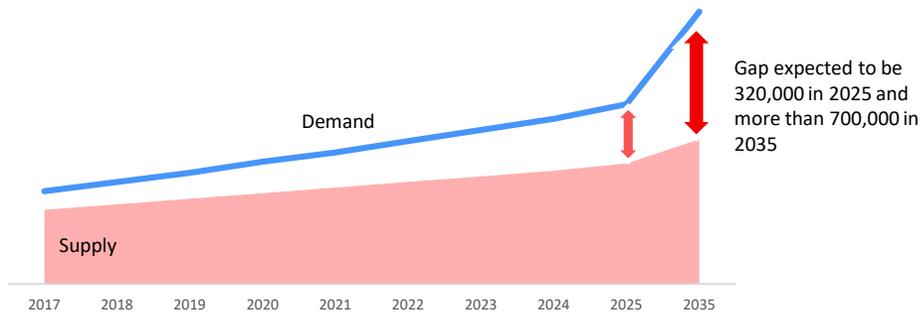
Source: Recruiting Senior Care Workers and Innovations at Senior Care Facilities (July 2019), Ministry of Health, Labour and Welfare (Reference)
Population Estimate, Statistics Bureau, Ministry of Internal Affairs and Communications

Care Support Workers and Attrition Rate



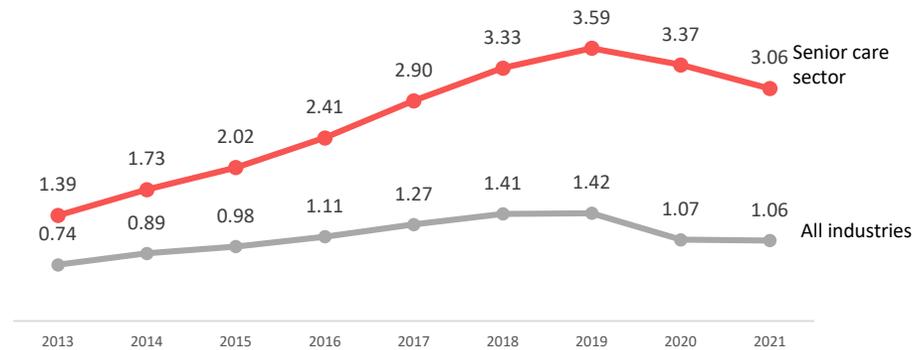
Source: Recruiting Senior Care Workers and Innovations at Senior Care Facilities (July 2019), Ministry of Health, Labour and Welfare (Reference)

Supply/Demand Forecast for Care Support Workers



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

Senior Care Support Personnel Job-to-Applicants Ratio



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

Overseas (Australia, Singapore) Macro Environment

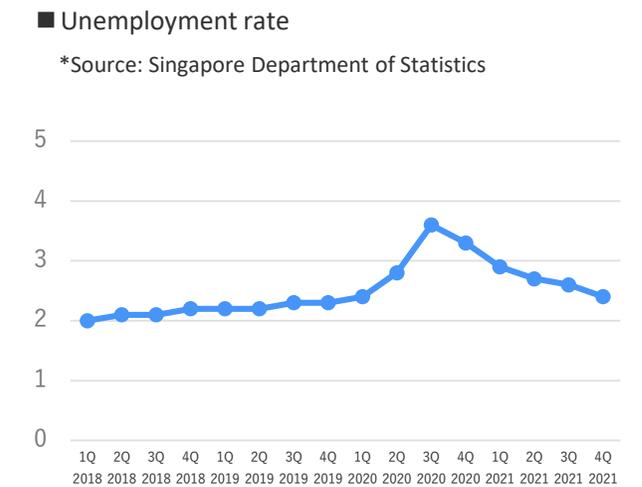
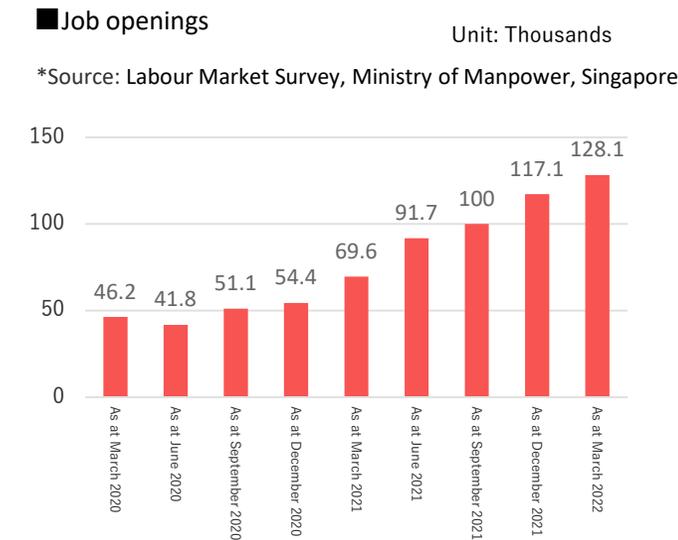
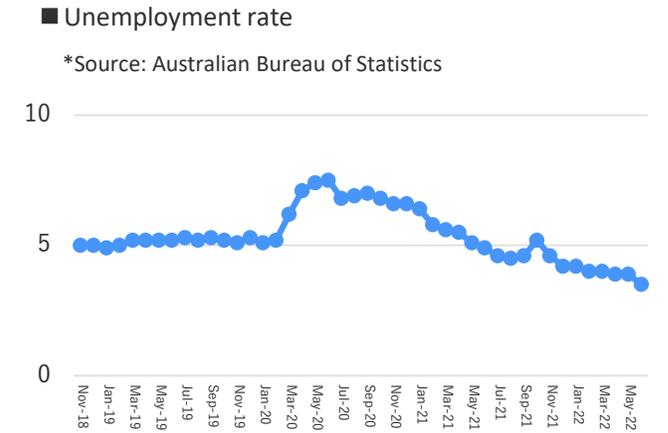
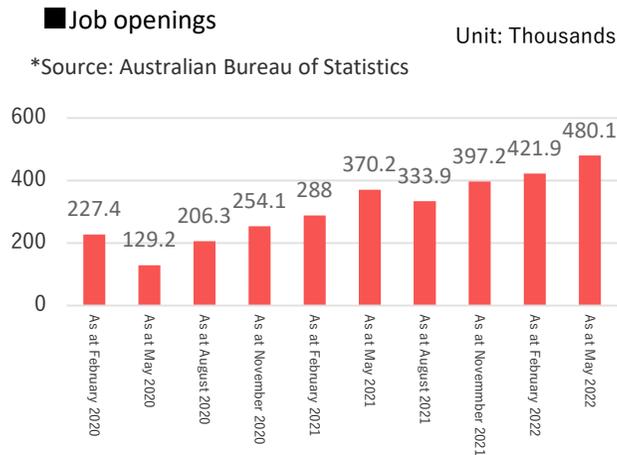


Market conditions for WILL GROUP

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



Economic indicators





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.

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