



Supplementary Materials for the First Half of the Fiscal Year Ending March 31, 2023

November 9, 2022

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



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I. 1H FY3/23 Results

1H FY3/23 Results

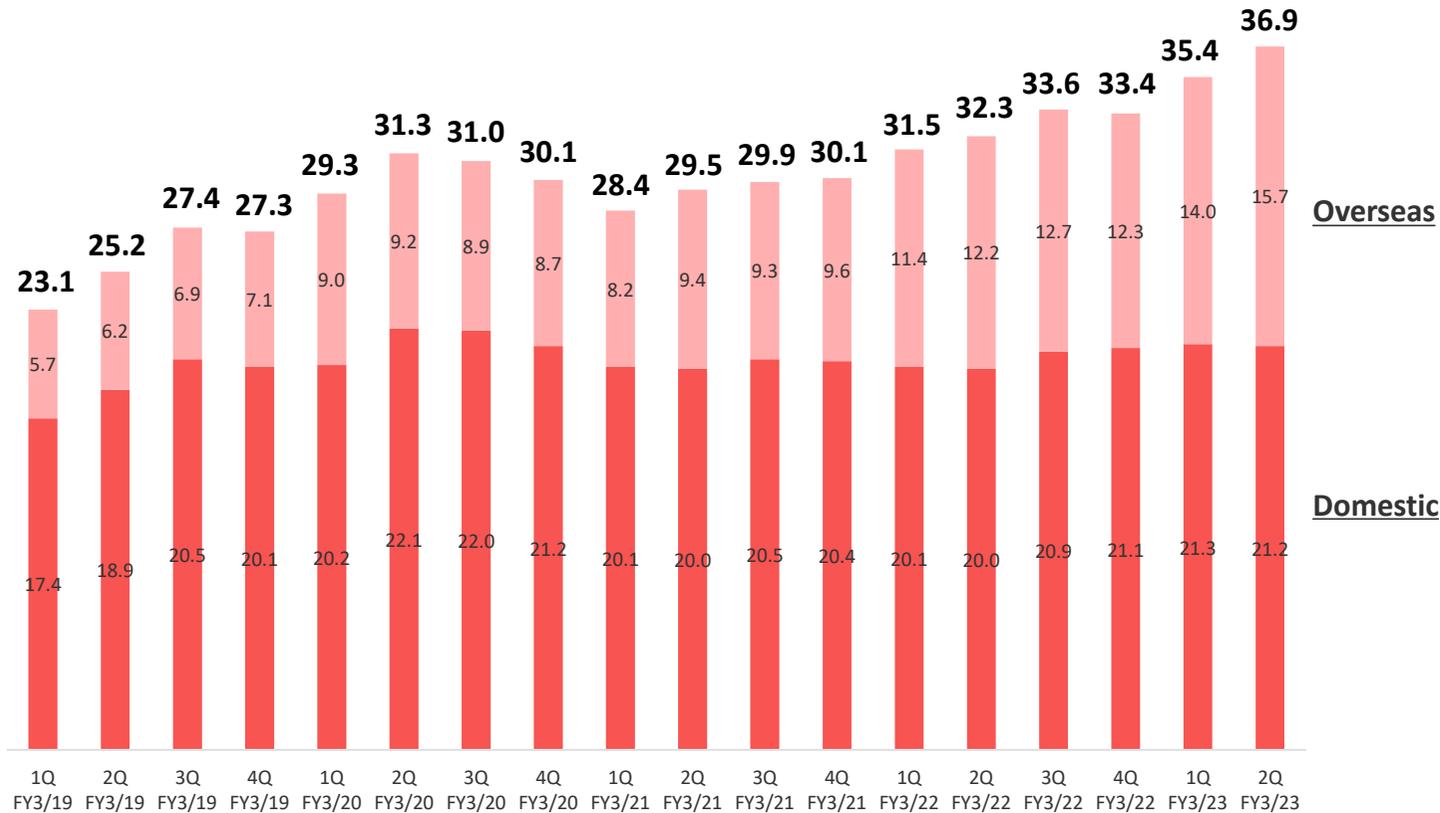
With the Domestic WORK Business stagnating due to the resurgence in COVID-19 infections in the second quarter, the Overseas WORK Business was strong, partly due to the impact of forex.

(Billions of yen)	1H FY3/22	FY3/23 (Forecast as of May. 11, 2022)	1H FY3/23	Vs. 1H FY3/22		Vs. FY3/23 Forecast	
				Change	% change	Change	% change
Revenue	63.91	67.00	72.35	+ 8.44	+ 13.2%	+ 5.35	+ 8.0%
Gross profit (Gross margin)	14.03 (22.0%)	14.93 (22.3%)	16.21 (22.4%)	+ 2.18 (+ 0.4pt)	+ 15.5%	+ 1.28 (+ 0.1pt)	+ 8.6%
SG&A expenses (SG&A expense ratio)	11.47 (18.0%)	12.68 (18.9%)	13.42 (18.6%)	+ 1.95 (+ 0.6pt)	+ 17.0%	+ 0.74 (- 0.3pt)	+ 5.9%
Operating profit (Operating margin)	2.68 (4.2%)	2.25 (3.4%)	2.93 (4.1%)	+ 0.24 (- 0.1pt)	+ 9.3%	+ 0.68 (+ 0.7pt)	+ 30.4%
Profit before tax	2.71	2.19	2.94	+ 0.23	+ 8.5%	+ 0.75	+ 34.6%
Profit attributable to owners of parent	1.69	1.25	1.74	+ 0.04	+ 2.7%	+ 0.49	+ 39.5%
EBITDA (Operating profit + Depreciation and amortization)	3.65	3.27	3.96	+ 0.31	+ 8.6%	+ 0.69	+ 21.1%

Number of employees: 6,119
(+ 756 from the end of FY3/22)

Consolidated Revenue

(Billions of yen)



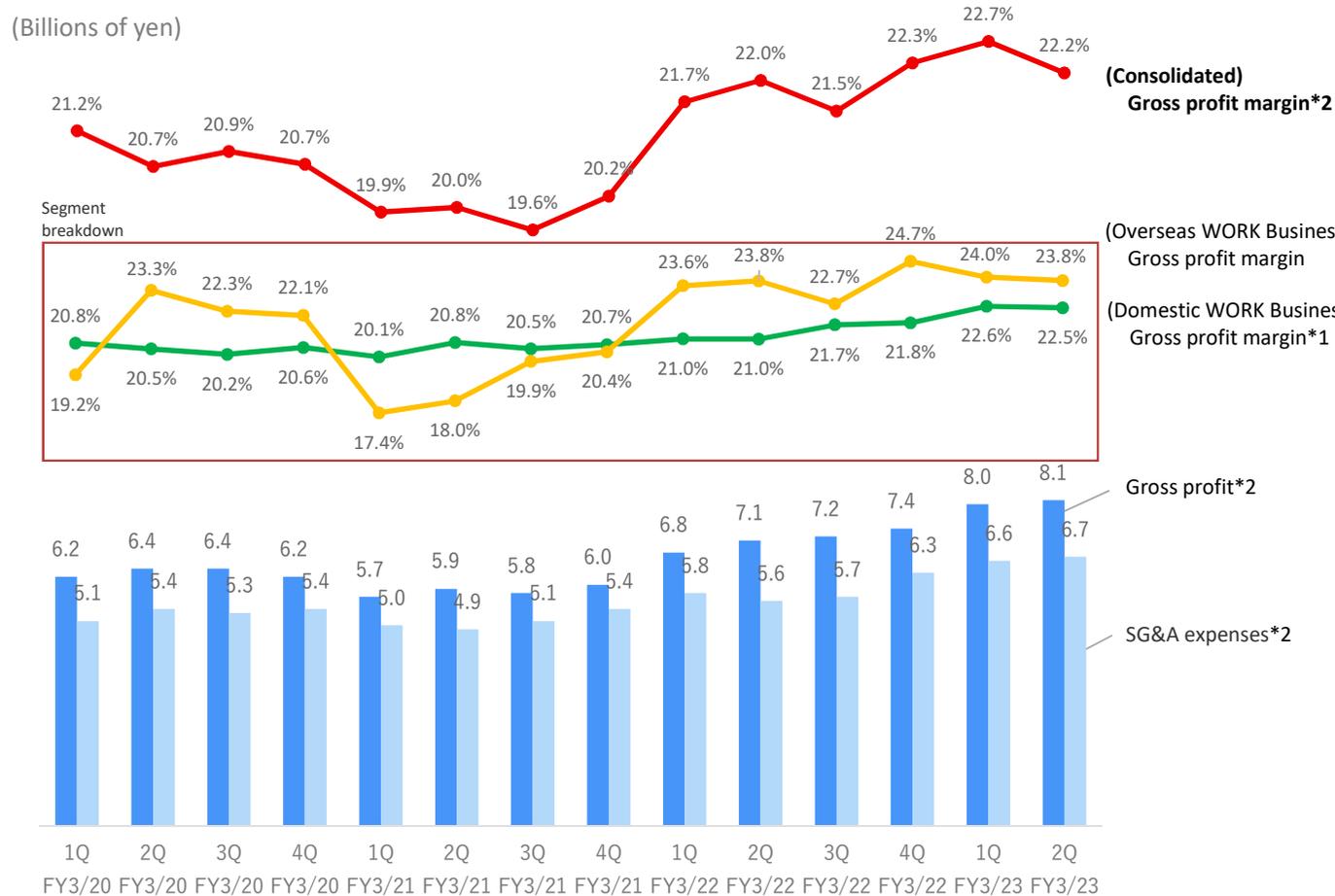
2Q FY3/23 revenue was + ¥1.5 billion above 1Q FY3/23

(The effects of foreign exchange rate: + ¥0.2 billion)

Overseas remains strong. Domestic stagnated due to the resurgence in infections.

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

Consolidated Gross Margin



Despite a slight quarter-on-quarter decrease in the consolidated gross margin, gross profit increased steadily. Upfront investments in strategic growth businesses (construction, startups, nursing care)

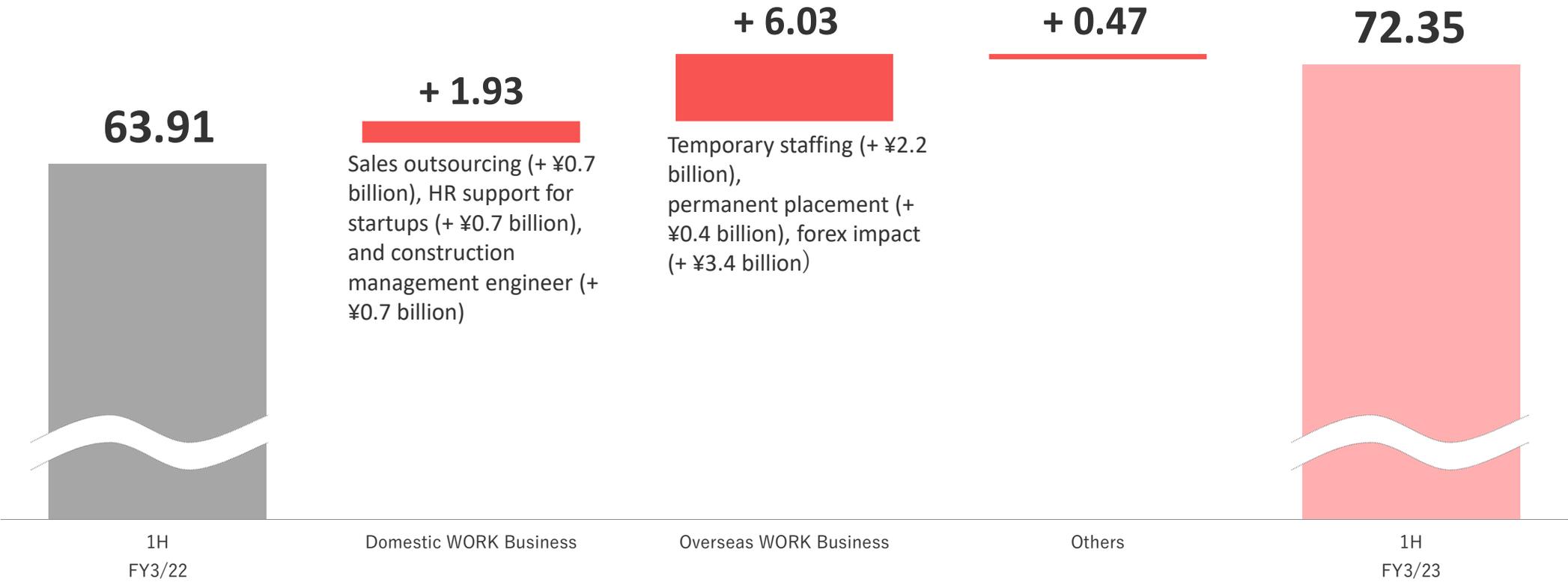
1H plan ¥0.67 billion
1H results ¥0.47 billion (¥-0.2 billion)

Part of the unused portion will be carried over to 3Q.

*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 figure that excludes overseas subsidy income.

1H FY3/23 Revenue: Breakdown of Year-on-Year Changes

(Billions of yen)



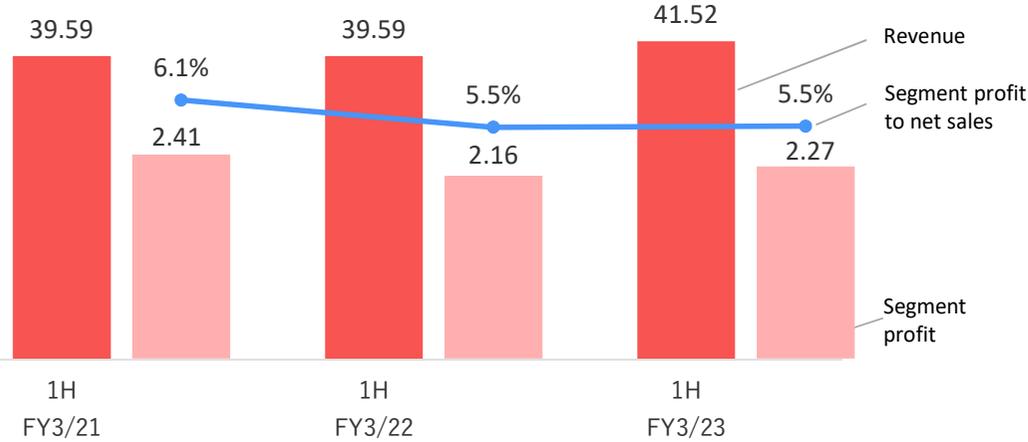
1H FY3/23 Operating Profit: Breakdown of Year-on-Year Changes

(Billions of yen)



Domestic WORK Business

-Revenue and segment profit (Billions of yen)-

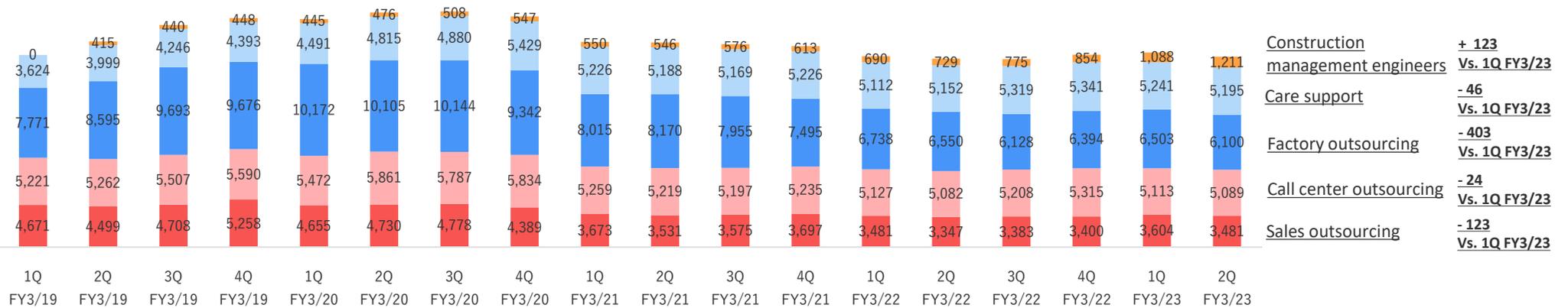


(Billions of yen)	Forecast	1H FY3/23	Vs. Forecast % change	1H FY3/22	Vs. FY3/22 % change
Revenue	42.66	41.52	- 2.7%	39.59	+ 4.9%
Segment profit	2.39	2.27	- 4.7%	2.16	+ 5.4%

-Topics-

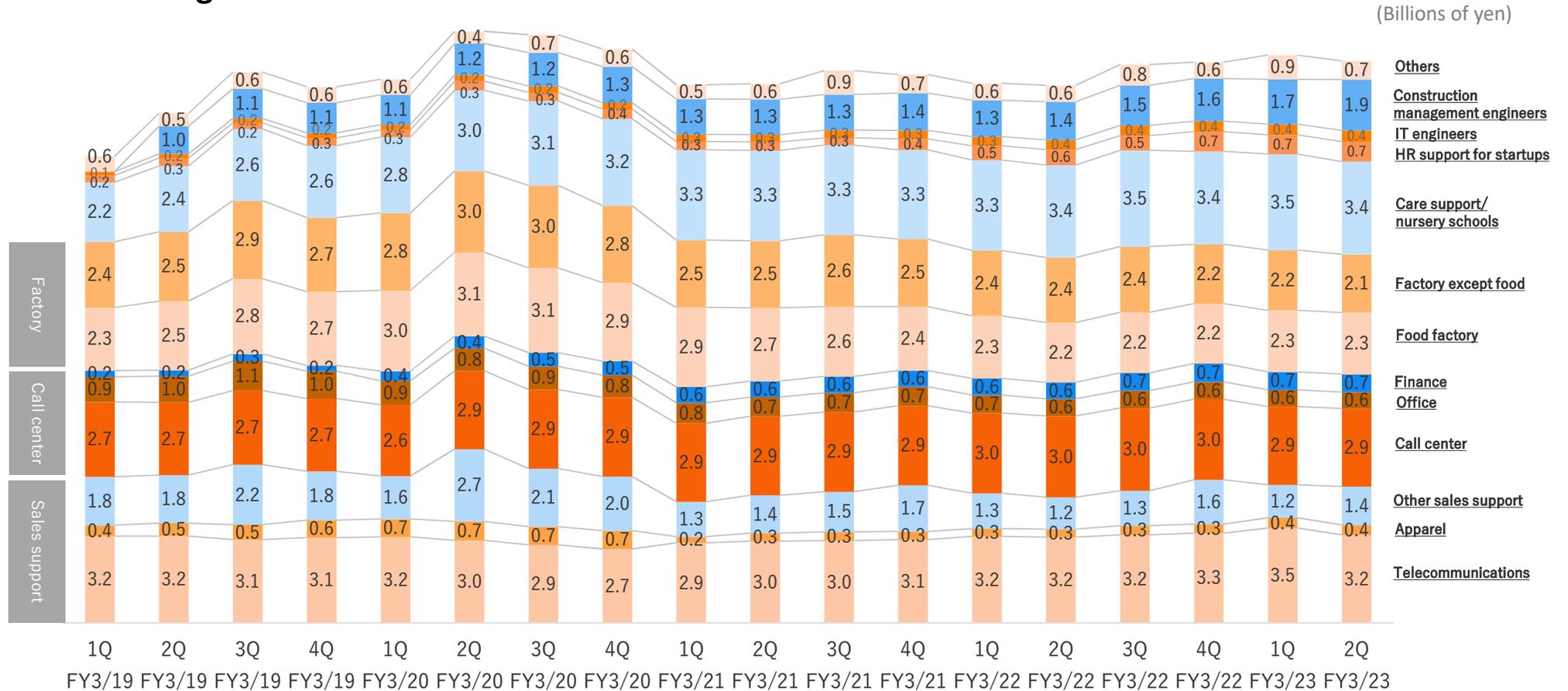
- The resurgence in infections between July and September led not only to delays in winning new projects but also to an increase in absences from work by temporary staff.
- Also due to the impact of this resurgence, in 2Q the number of staff on assignment declined in all domains except the construction management engineer domain.
- Implemented upfront investment in construction management engineers (¥0.3 billion) and HR support for startups (¥0.1 billion).

-Number of workers on assignments (persons)-



Domestic WORK Business (Business sector sales)

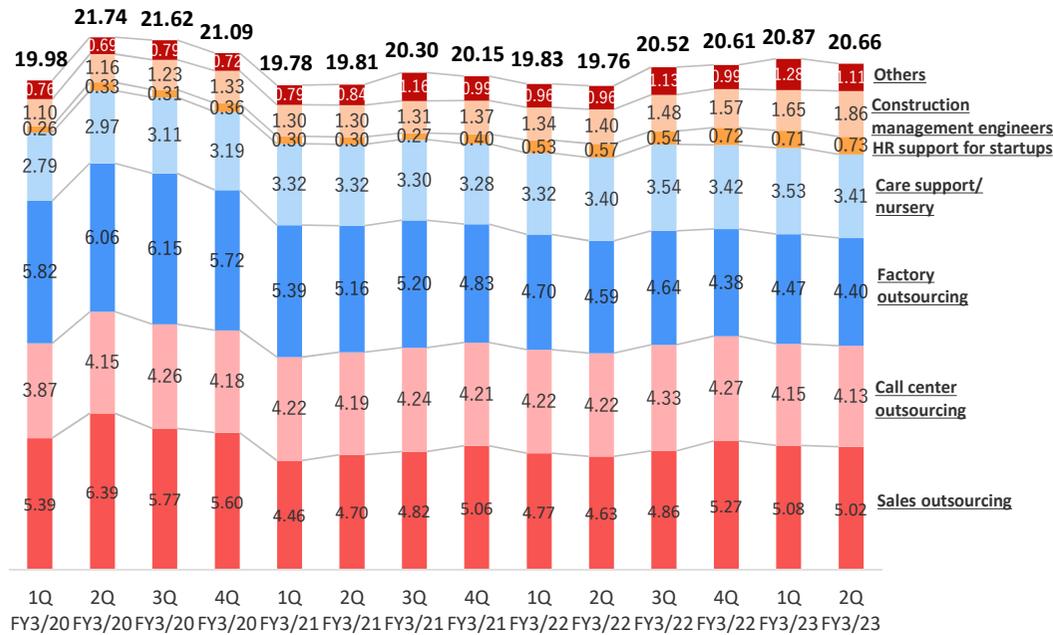
Care support/nursery schools, HR support for startups, and construction management engineers were all strong.



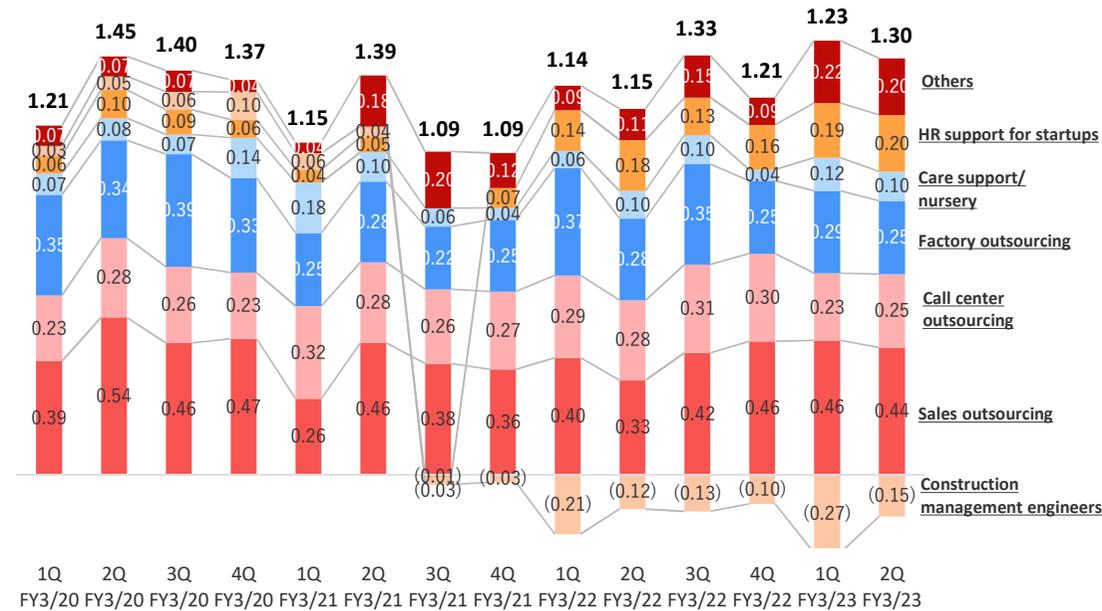
Domestic WORK Business (Sales and operating profit by sector)

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

-Sales by sector (Billions of yen)-



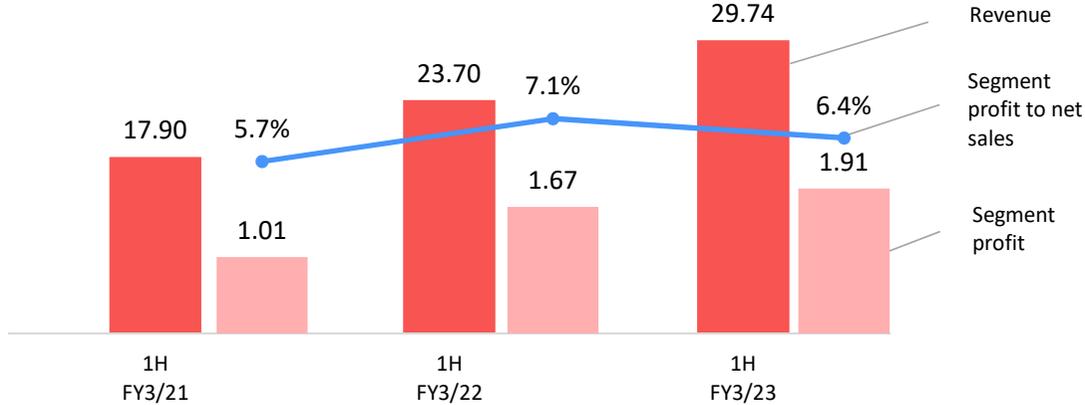
-Operating profit by sector (Billions of yen)-



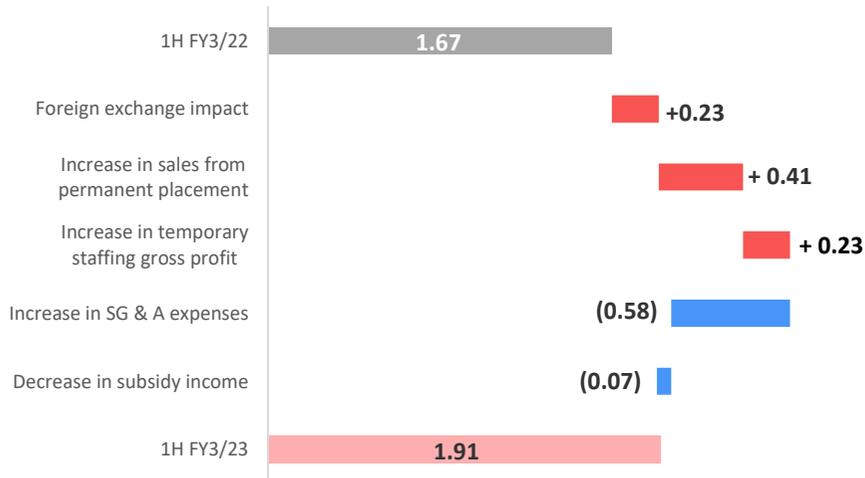
*Intra-segment consolidation adjustments are not included.

Overseas WORK Business

-Revenue and segment profit (Billions of yen)-



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



(Billions of yen)	Forecast	1H FY3/23	Vs. Forecast % change	1H FY3/22	Vs. FY3/22 % change
Revenue	23.42	29.74	+ 27.0%	23.70	+ 25.5%
Segment profit	1.18	1.91	+ 62.0%	1.67	+ 14.2%

-Topics-

- 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.
The forex impact vs. forecast was +¥5.0 billion for revenue and +0.30 billion for operating profit, and vs. the previous fiscal year it was +¥3.4 billion for revenue and +¥0.23 billion for operating profit.

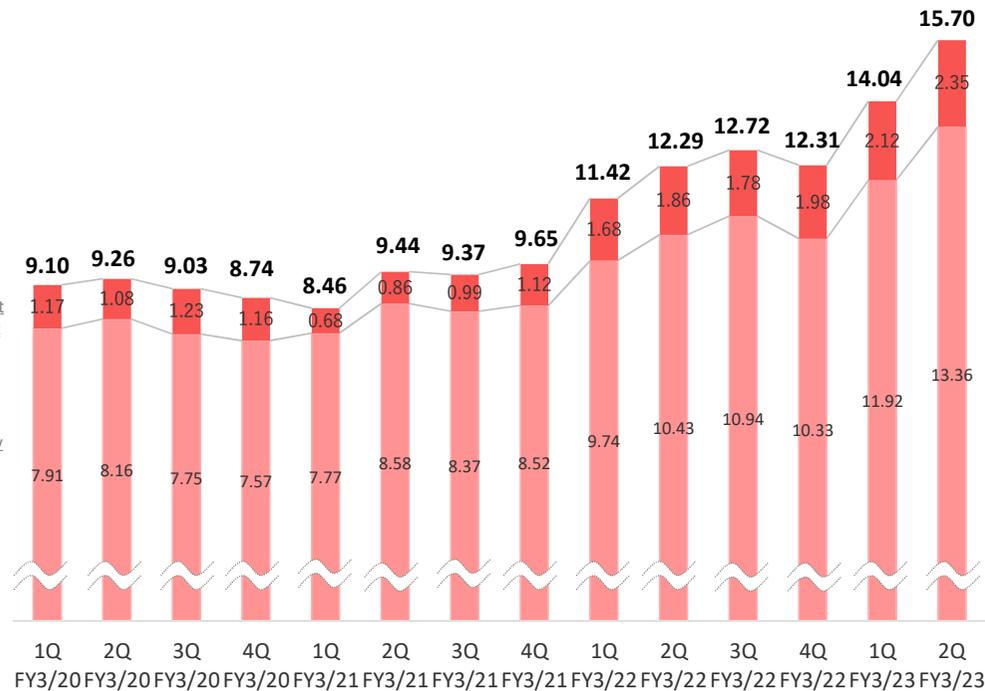
Forex sensitivity

	1H FY3/23 Plan	1H FY3/23 Results	1H FY3/22 Results	Change for ¥1 difference/y	
				Revenue	Profit
AUD	¥ 78	¥ 93	¥ 83	¥460 mln	¥30 mln
SGD	¥ 79	¥96	¥ 82	¥110 mln	¥10 mln

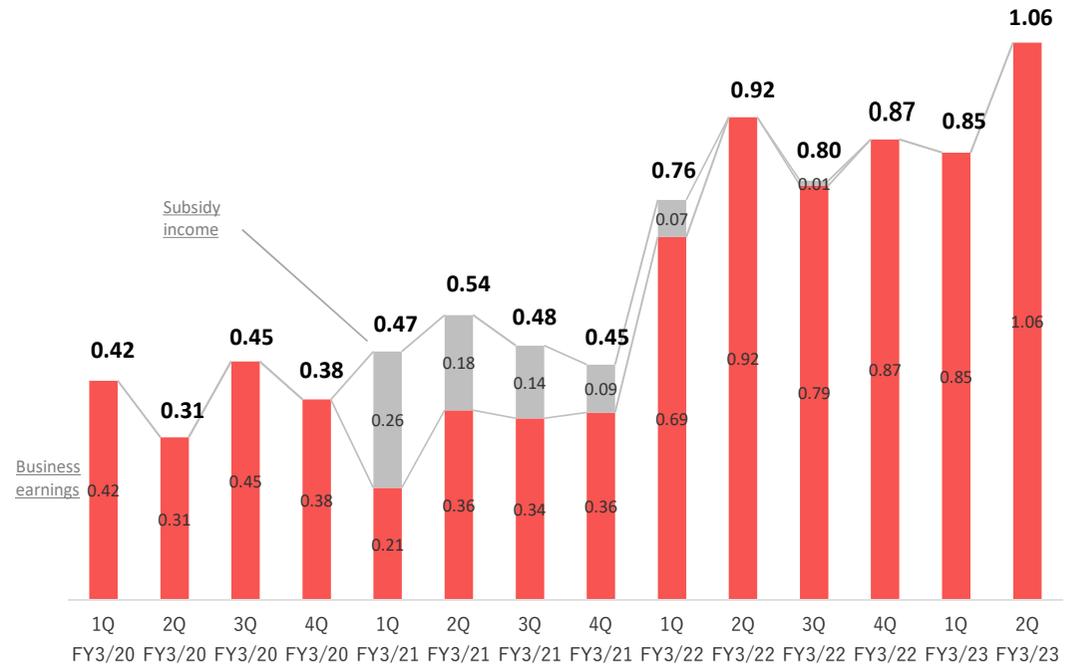
Overseas WORK Business (Sales by contract type and operating profit)

This fiscal year we had anticipated a decline in reaction to the strength of the previous fiscal year, but due in part to the forex impact, both temporary staffing and permanent placement grew steadily. 2Q recorded record quarterly highs for both revenue and profit.

-Sales by contract type (Billions of yen)-



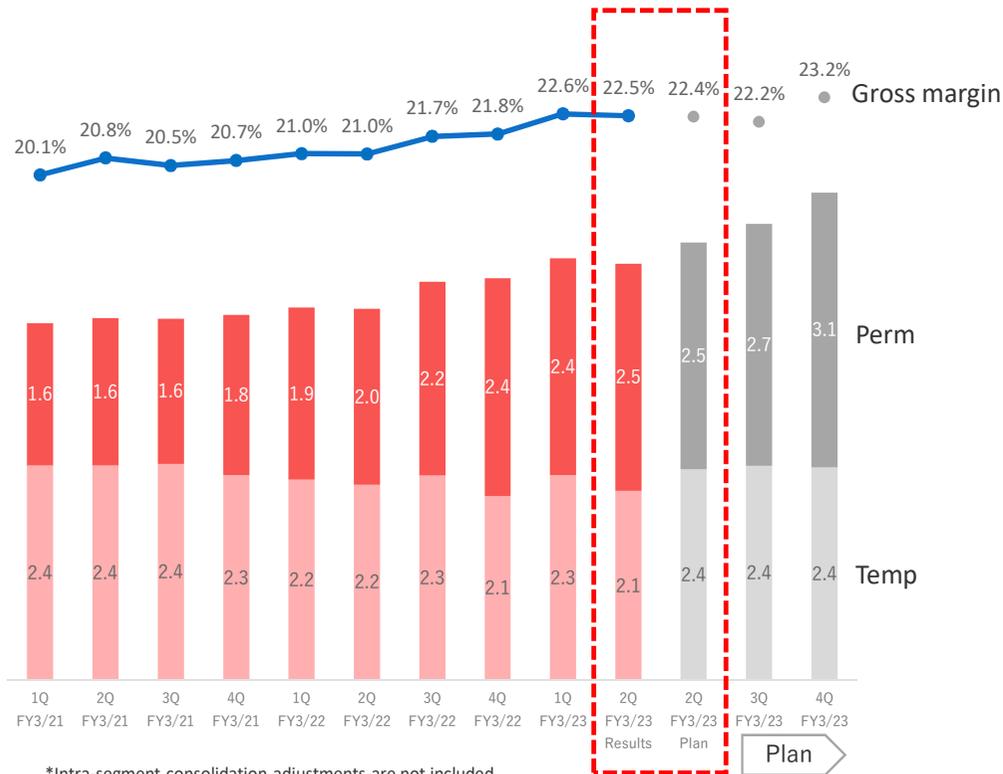
-Operating profit (Billions of yen)-



Business Portfolio Changes in Japan and Overseas

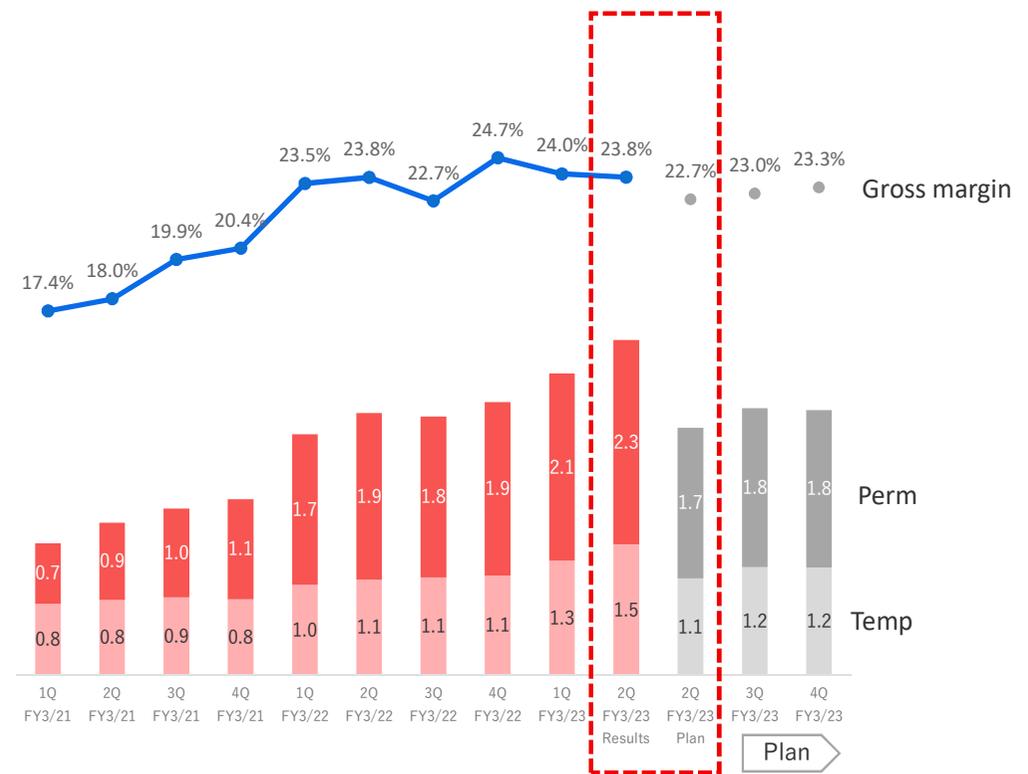
Domestic WORK Business made progress in line with forecasts. Overseas WORK Business recorded a decline in gross margin due to increase in temporary staffing, but gross profit significantly exceeded forecasts.

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



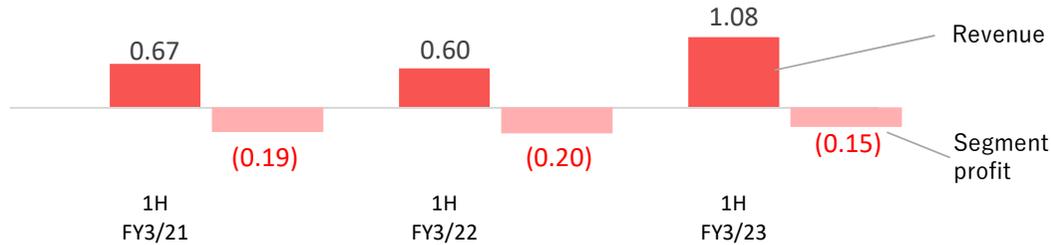
*Intra-segment consolidation adjustments are not included.
Gross profit and gross margin are based on adjusted figure that excludes overseas subsidy income.

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



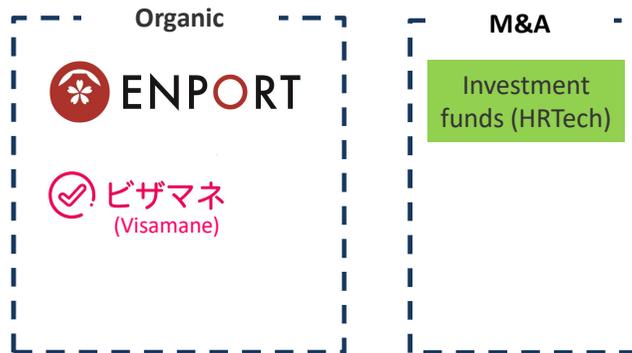
Others

-Revenue and segment profit (Billions of yen)-



(Billions of yen)	Forecast	1H FY3/23	Vs. Forecast % change	1H FY3/22	Vs. FY3/22 % change
Revenue	0.91	1.08	+ 19.5%	0.60	+ 78.7%
Segment profit	(0.10)	(0.15)	-	(0.20)	-

-Other business activities-

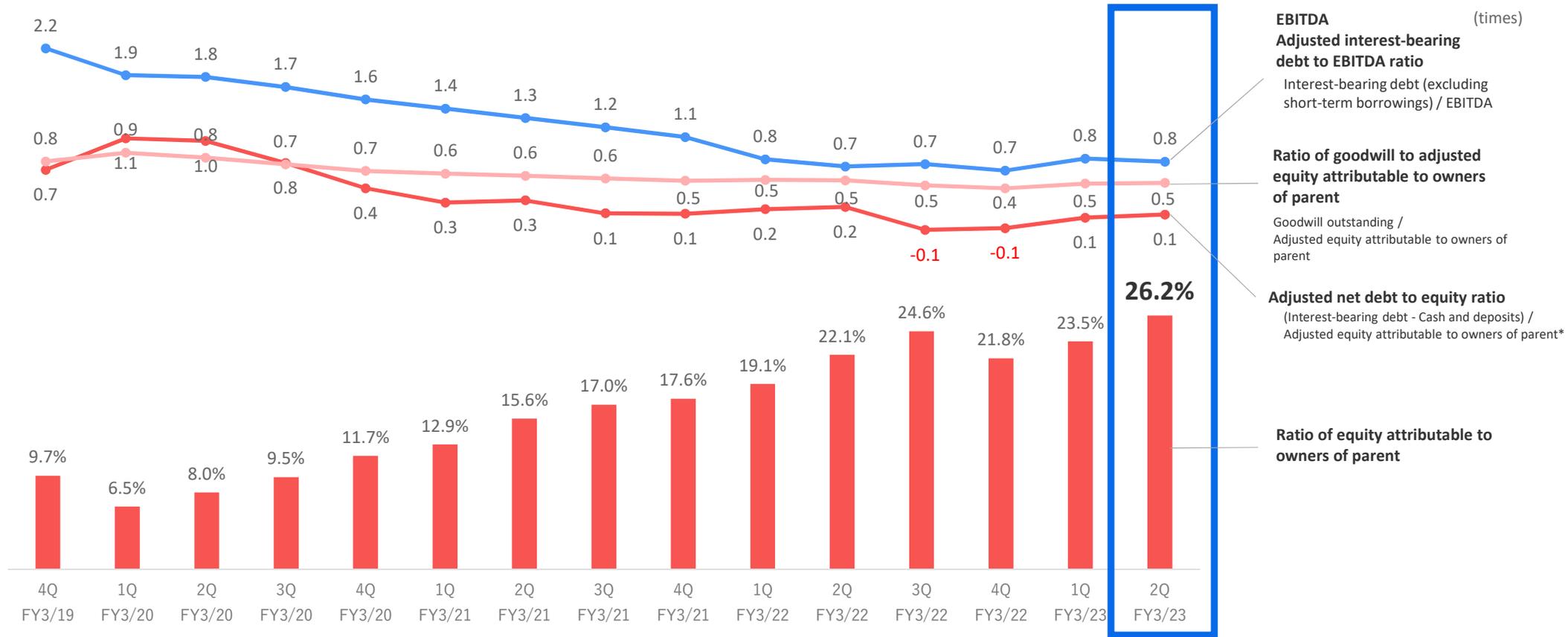


-Topics-

➤ We continued upfront investment in exploratory domain (inbound services). Following the easing of restrictions on entering the country, we expect entry to Japan by foreign workers to gradually return to normal levels.

Financial Indicators

The ratio of equity attributable to owners of parent to total assets at the end of 2Q was 26.2%, which exceeded the Medium-Term Management Plan target of 20%.



Consolidated Balance Sheet

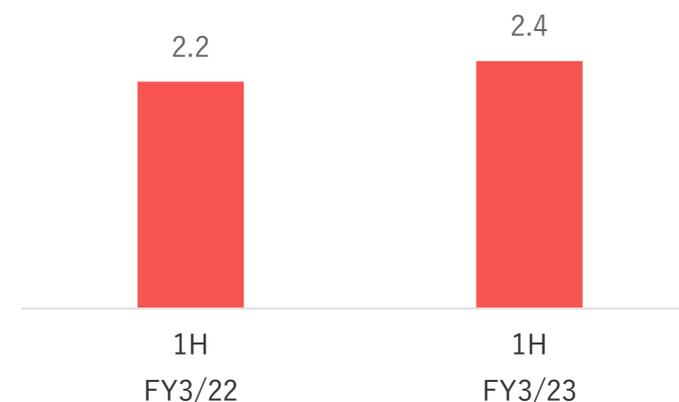
(Billions of yen)	March 31, 2022	Sep 30, 2022	Change	Major components of changes
Current assets	27.28	26.40	- 0.88	
Of which Cash and cash equivalents	8.97	7.10	- 1.87	Decreased due to additional acquisitions of shares in two consolidated overseas subsidiaries (- ¥3.7 billion)
Of which Trade and other receivables	17.45	18.01	+ 0.55	
Non-current assets	25.06	24.87	- 0.18	
Of which Goodwill	6.51	6.79	+ 0.28	
Of which Other intangible assets	6.15	6.18	+ 0.02	
Total assets	52.35	51.27	- 1.07	
Current liabilities	29.36	26.23	- 3.12	
Of which Trade and other payables	15.29	16.29	+ 0.99	
Of which Borrowings	5.78	5.26	- 0.51	
Of which Other financial liabilities	5.24	1.42	- 3.81	Decrease in put options as a result of acquiring additional shares (- ¥3.7 billion)
Non-current liabilities	9.86	10.36	+ 0.50	
Of which Borrowings	2.20	3.26	+ 1.06	Borrowings (+¥2.5 billion), repayments (- ¥1.5 billion)
Of which Other financial liabilities	6.28	5.92	- 0.36	
Total liabilities	39.22	36.60	- 2.62	
Total equity	13.12	14.66	+ 1.54	
Of which total of equity attributable to owners of parent	11.39	13.43	+ 2.03	Recording of profit attributable to owners of parent (+ ¥1.7 billion)
Total liabilities and equity	52.35	51.27	- 1.07	
Ratio of equity attributable to owners of parent to total assets	21.8%	26.2%	+ 4.4pt	

Consolidated Statement of Cash Flows

(Billions of yen)	1H FY3/22	1H FY3/23
Profit before tax	2.7	2.9
Depreciation and amortization	0.9	1.0
Income taxes paid	(0.7)	(1.0)
Other	(0.8)	(0.2)
Net cash provided by (used in) operating activities	2.1	2.6
Purchase and sales of property, plant and equipment, etc.	(0.3)	(0.1)
Purchase and sales of shares of subsidiaries	0.0	0.0
Other	0.4	(0.0)
Net cash provided by (used in) investing activities	0.1	(0.2)
Net increase (decrease) in interest-bearing debt	(1.1)	(0.0)
Purchase and sales of shares of subsidiaries not resulting in change in scope of consolidation	(1.9)	(3.7)
Dividends paid	(0.5)	(0.7)
Government subsidy income	0.0	0.0
Other	0.0	(0.0)
Net cash provided by (used in) financing activities	(3.6)	(4.7)
Effect of exchange rate changes	0.0	0.3
Net increase (decrease) in cash and cash equivalents	(1.4)	(1.8)
Cash and cash equivalents at end of period	5.9	7.1
Free cash flows (Operating activities + Investing activities)	2.2	2.4

Free Cash Flows

(Billions of yen)



II. FY3/23 Earnings and Dividend Forecasts

FY3/23 Consolidated Earnings Forecasts

Although results for the first six months were ahead of forecasts, due to the outlook described below for the third quarter and beyond, consolidated earnings forecasts for the year ending March 31, 2023 have been left unchanged from those already announced.

■ Revenue

- Under the scenario assumed in earnings forecasts, the Domestic WORK Business had been expected to expand from the third quarter and beyond, but due to the resurgence in infections between July and September there have been delays in winning new orders and we have been unable to build up the number of staff on assignment, so revenue is now likely to undershoot forecasts.
- In the Overseas WORK Business, revenue is expected to exceed forecasts due to demand for human resources remaining strong in the third quarter and beyond, and due to the positive forex impact.

■ Operating profit

- In the Domestic WORK Business, in addition to the decline in revenue, upfront investment of approximately ¥0.2 billion in strategic growth businesses will be carried forward to the third quarter and beyond, and profit is expected to undershoot forecasts.
- In the Overseas WORK Business, profit is expected to exceed forecasts, due in part to the impact of forex.

□ Progress toward FY3/23 earnings forecasts as of September 30, 2022

			FY3/23 (Forecast) (Billions of yen)
Revenue	72.35	Progress rate : 52%	140.00
Operating profit	2.93	Progress rate : 52%	5.60
Profit attributable to owners of parent	1.74	Progress rate : 52%	3.33

Consolidated earnings forecasts and outlook for the fiscal year ending March 31, 2023

(Billions of yen)	FY3/22	FY3/23 (forecast)	FY3/23 (outlook)	vs. forecast	
				Change	% change
Revenue	131.08	140.00	1,40.00	+ 0.00	+ 0.0%
Domestic WORK Business	80.72	88.98	84.85	- 4.13	- 4.6%
Overseas WORK Business	48.74	49.03	52.78	+ 3.75	+ 7.7%
Others	1.60	1.98	2.35	+ 0.37	+ 19.1%
Gross margin	21.9%	22.6%	22.7%	+ 0.1pt	-
Operating profit	5.47	5.60	5.60	0.00	0.0%
Operating margin	4.2%	4.0%	4.0%	0.0pt	-
Domestic WORK Business	4.44	5.69	4.44	- 1.25	- 22.0%
Overseas WORK Business	3.34	2.58	3.63	+ 1.04	+ 40.4%
Others	(0.34)	(0.19)	(0.19)	- 0.00	-
Adjustments	(1.98)	(2.48)	(2.27)	+0.21	-
Profit attributable to owners of parent	3.28	3.33	3.33	0.00	0.0%
EBITDA	7.55	7.67	7.67	0.00	0.0%
Exchange rate	FY3/22	FY3/23 (forecast)	FY3/23 (outlook)	Change for ¥1 difference/y	
				Revenue	Profit
AUD	¥ 83	¥ 78	¥ 93	¥ 460 mln	¥ 30 mln
SGD	¥ 83	¥ 79	¥ 96	¥ 110 mln	¥ 10 mln

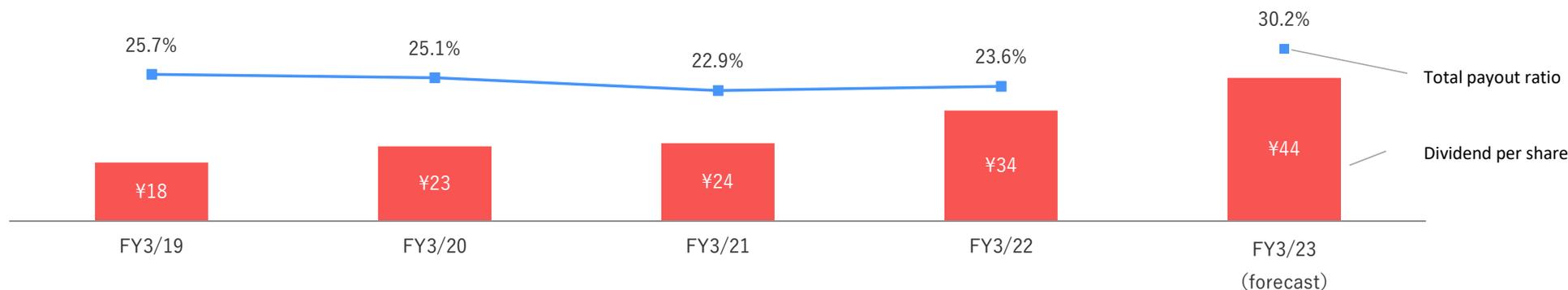
FY3/23 Dividend Forecast

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 Revised forecast
Year-end dividend	¥34 per share	¥44 per share
Total payout ratio	23.6%	30.2%

■ 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. Financial Department

Tel: + 81-3-6859-8880

Mail: ir@willgroup.co.jp



Appendix

Overseas (Australia, Singapore) Macro Environment



Market conditions for WILL GROUP

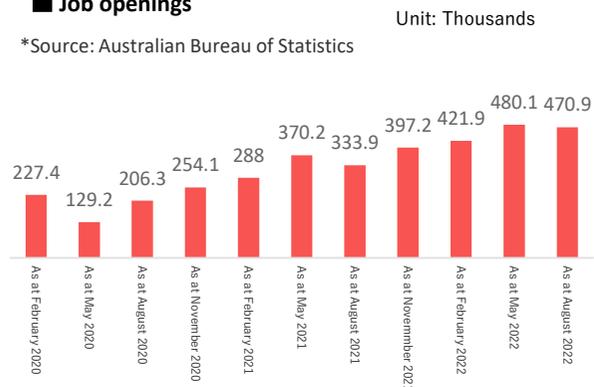
Since the beginning of 2022, both Australia and Singapore have fully reopened their borders and their economies have recovered to the levels recorded before COVID-19 infections began to spread. With regard to demand for human resources, the number of job openings is at record levels in both Australia and Singapore. Performance has been strong, primarily in the permanent placement business, and these conditions are expected to continue in 3Q and beyond. However, the future requires careful attention, including concerns about a declining global economy, the situation in Russia and Ukraine, etc.



Economic indicators

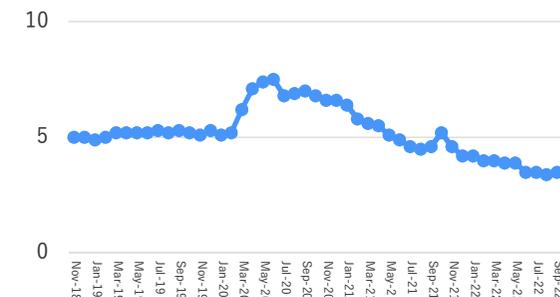
Job openings

*Source: Australian Bureau of Statistics



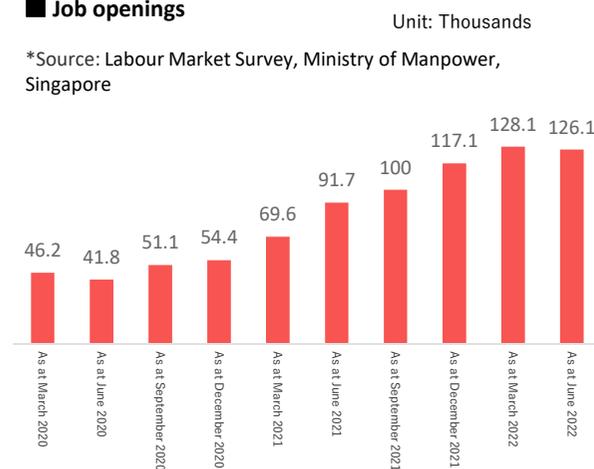
Unemployment rate

*Source: Australian Bureau of Statistics



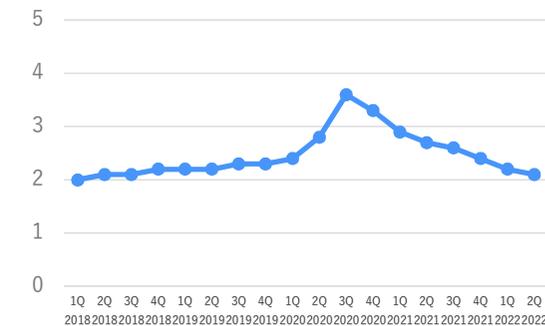
Job openings

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



Unemployment rate

*Source: Singapore Department of Statistics



No Risk of Impairment Losses

There is currently no expectation of impairment risk.

For WILLOF CONSTRUCTION, FY3/23 is a period of upfront investment in preparation for future profit growth.

(Billions of yen)

	Primary location	Business activities	Start of consolidation since (WILL GROUP ownership)	Investment *1	*2	1H FY3/22	1H FY3/23	YoY change
	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%)	2.54	Sales	2.74	3.51	+ 28.2%
					Profit *3	(0.32)	(0.42)	-
	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%)	2.79	Sales	1.18	1.16	- 1.9%
					Profit *3	0.49	0.39	- 20.3%
	Brisbane	Providing temporary staffing and permanent placement services to government agencies and major corporations in Australia.	2019/4 (100%)	2.60	Sales	5.58	5.93	+6.2%
					Profit *3	0.77	0.66	- 13.9%
	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%)	1.66	Sales	7.97	9.26	+16.1%
					Profit *3	0.21	0.40	+87.4%

*1 The investment in each company includes goodwill and identifiable intangible assets.

*2 Sales and profit are for the April-September consolidated fiscal period regardless of the timing of consolidated disclosures. Converted to yen at the rates of ¥96/SGD and ¥93/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): **¥9.5 billion**

Investment balance (consolidated): **¥11.5 billion**

Breakdown of Revenue by Region/Contract Type

(Billions of yen)

Japan

Overseas

