



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

November 22, 2022

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



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(WILL-being 2023) Progress



I . 2Q FY3/23 Results

1

The Domestic WORK Business stagnated due to the resurgence in COVID-19 infections in the second quarter, but the Overseas WORK Business was strong, partly due to the impact of forex, resulting in higher revenue and profit.

2

Due to promoting Perm SHIFT, both the Domestic WORK Business and the Overseas WORK Business recorded year-on-year improvements in gross margin.

3

Solid improvement in financial position.

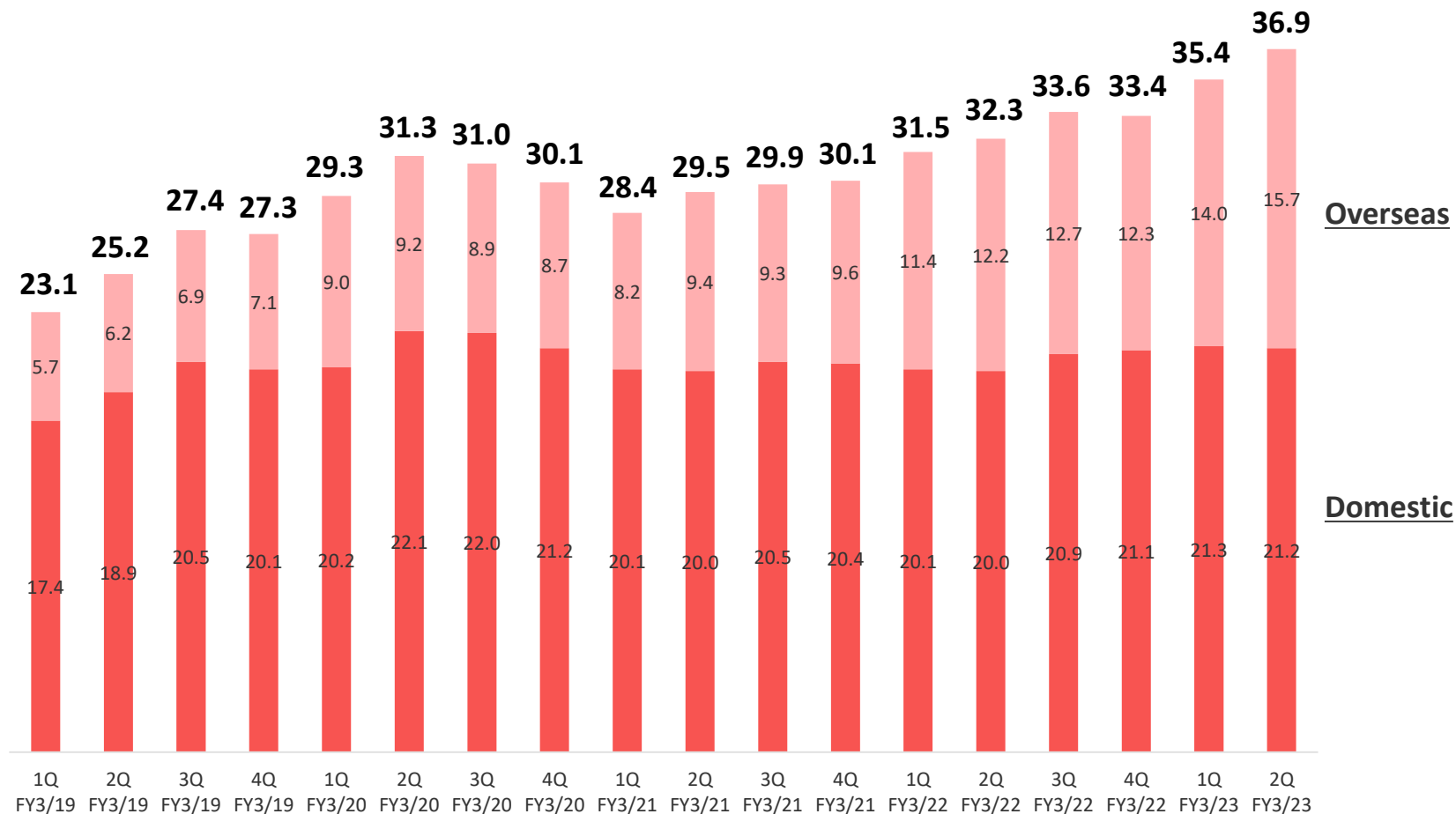
1H FY3/23 Financial Highlights

Although revenue stagnated in Japan due to the resurgence in infections, overseas saw strength in both permanent placement and temporary staffing, in addition to which there was a positive impact from forex. Despite implementing ¥0.47 billion in upfront investments in strategic growth businesses, the increase in revenue overseas led to a rise in gross profit and growth in operating profit.

(Billions of yen)	1H FY3/23	Vs. 1H FY3/22	Vs. Forecast*
Revenue	72.35	+13.2% (+8.44 billion) Forex impact:+3.40 billion	+8.0% (+5.35 billion) Forex impact:+5.00 billion
Gross margin	22.4%	+0.4 pt	+0.1 pt
Operating profit	2.93	+9.3% (+0.24 billion) Forex impact:+0.23 billion	+30.4% (+0.68 billion) Forex impact:+0.30 billion

Consolidated Revenue

(Billions of yen)



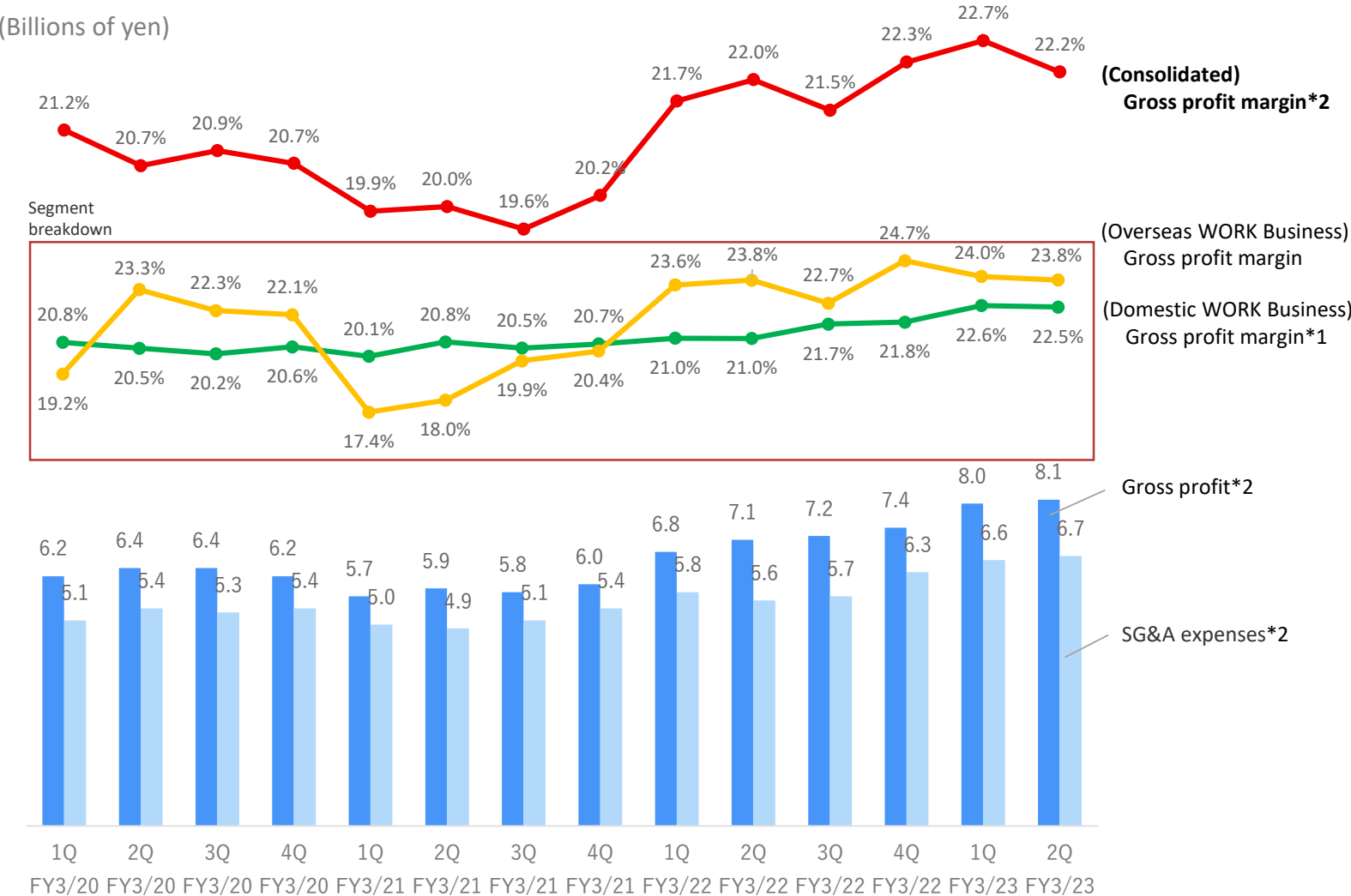
*The revenue is based on adjusted figure that excludes overseas subsidy income.

**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.**

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.

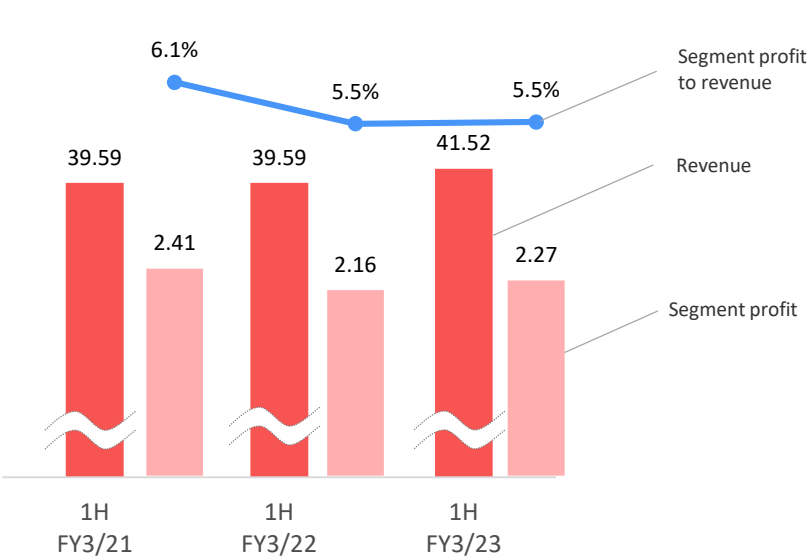
*1 Intersegment consolidation adjustments are not included. The amounts for FY3/20 are based on the previous accounting policy.
*2 Gross profit and SG&A expenses are based on adjusted figure that excludes overseas subsidy income.

Consolidated Segment Results

(Billions of yen)

Domestic WORK Business

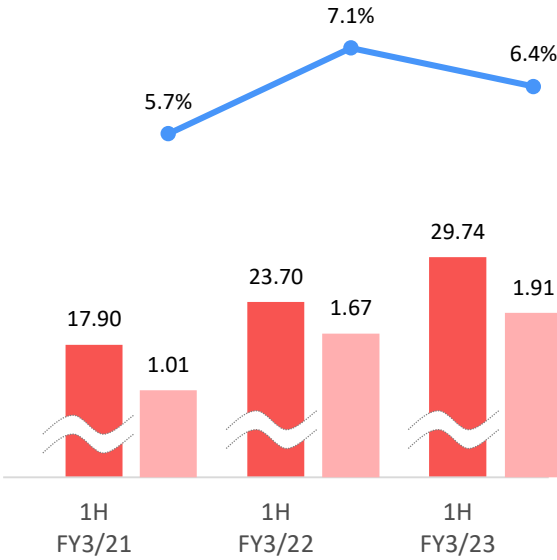
Stagnation due to resurgence in infections



- 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).

Overseas WORK Business

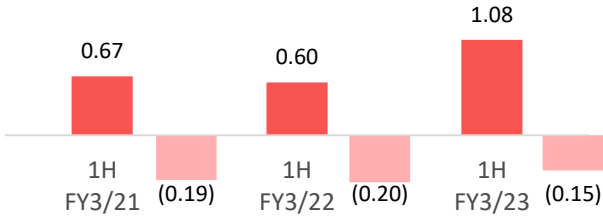
Strong performance



- 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.
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.

Others

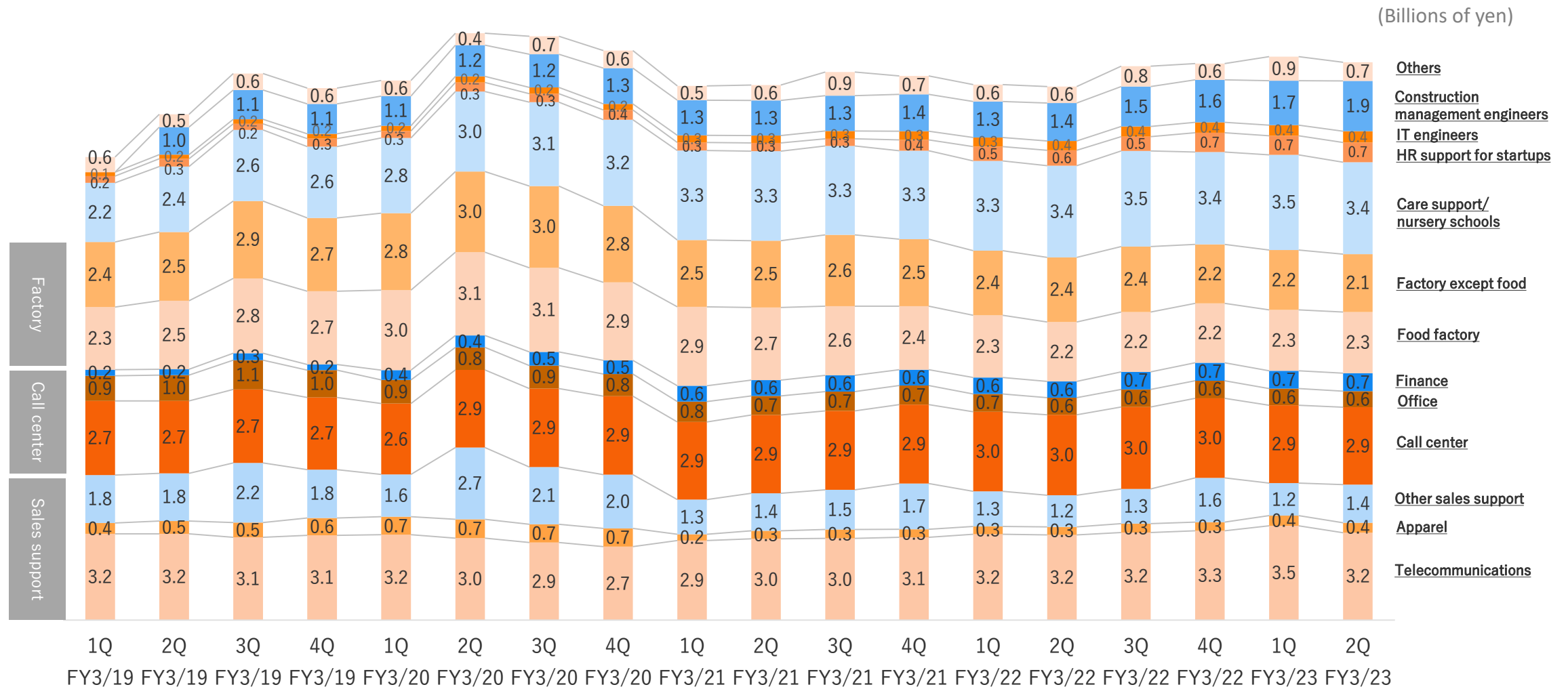
Continuation of upfront investments



- 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.

Domestic WORK Business (Business sector sales)

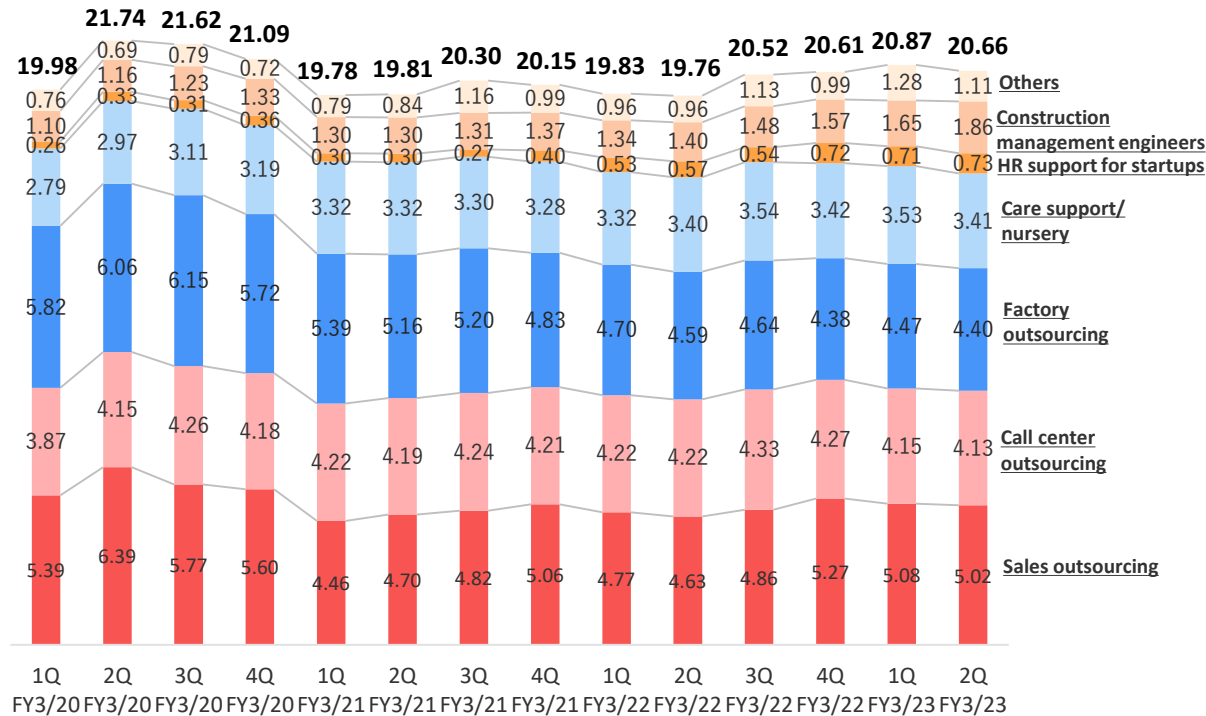
HR support for startups, and construction management engineers were both strong.



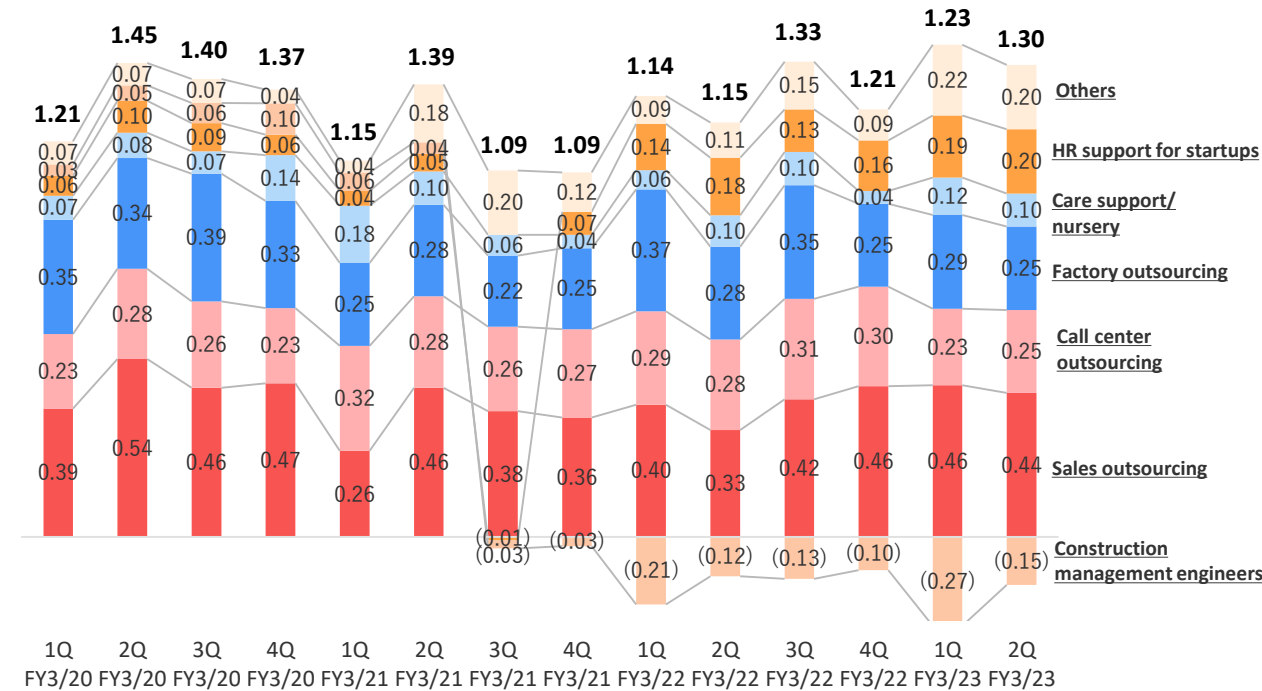
Domestic WORK Business (Sales and operating profit by sector)

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)-

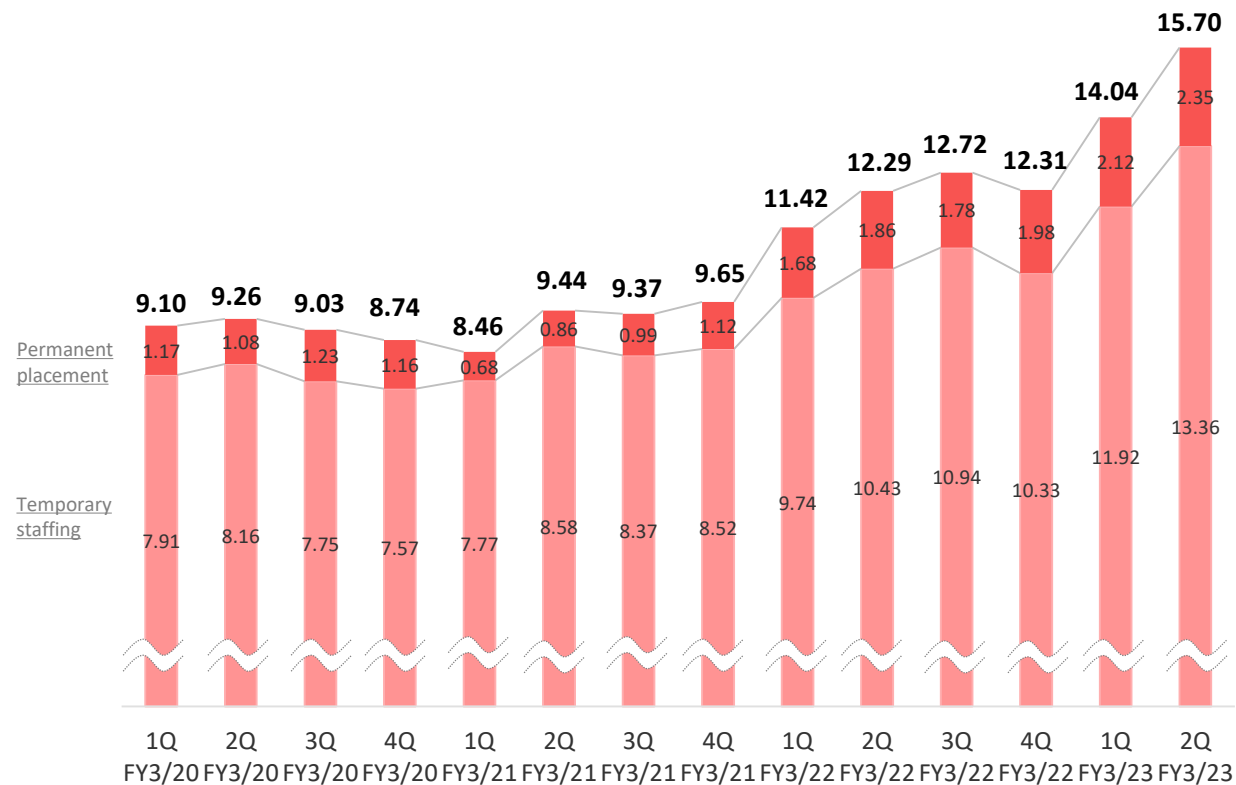


*Intra-segment consolidation adjustments are not included.

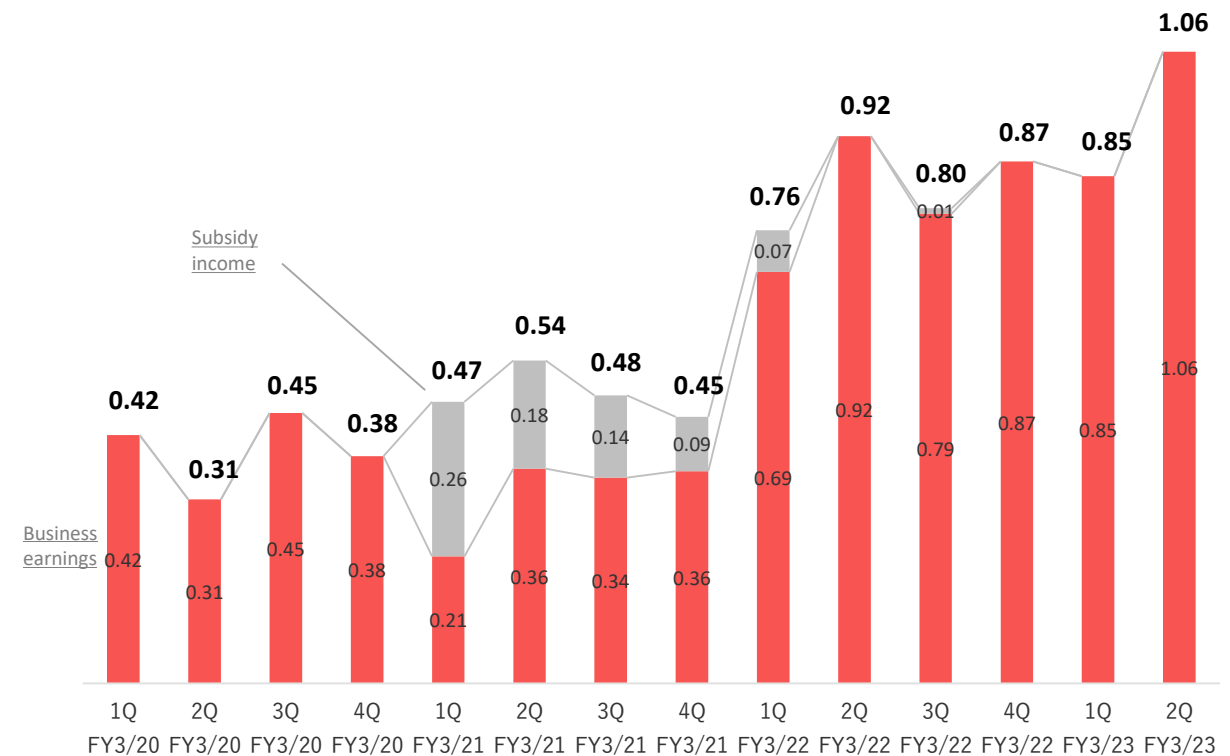
Overseas WORK Business (Sales by contract type and operating profit)

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)-

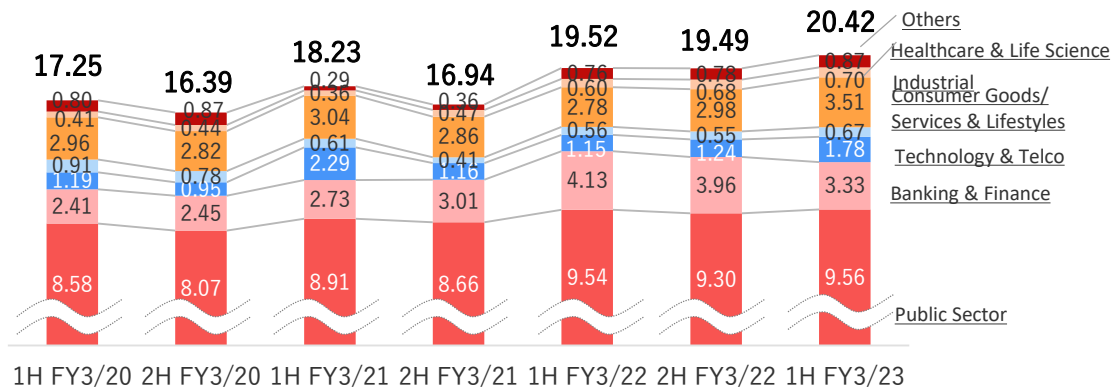


Overseas WORK Business (Breakdown of sales by sector, half-yearly basis)

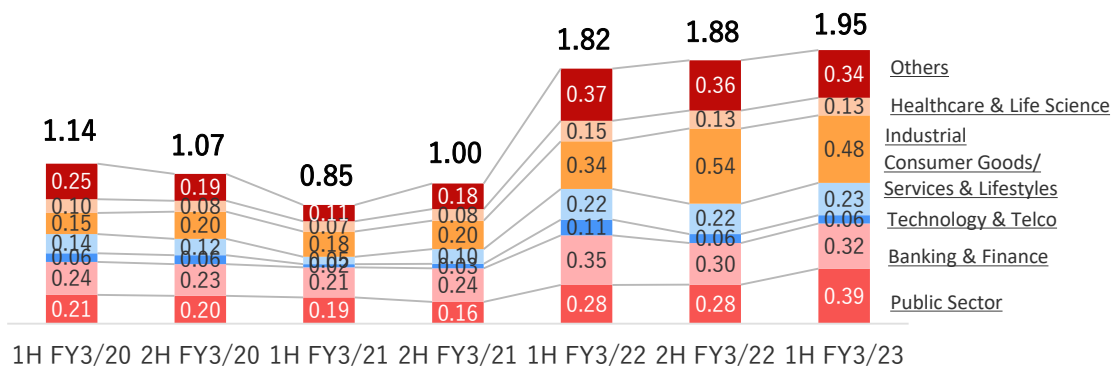
Temporary staffing was stable in both Australia and Singapore, mainly for government/public sector contracts. Permanent placement was also strong as number of job openings reached record levels in both countries.

Australia

• Temporary staffing



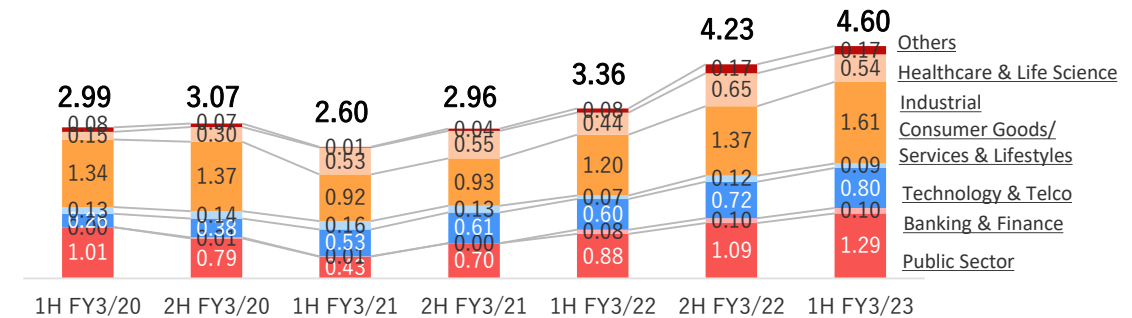
• Permanent placement



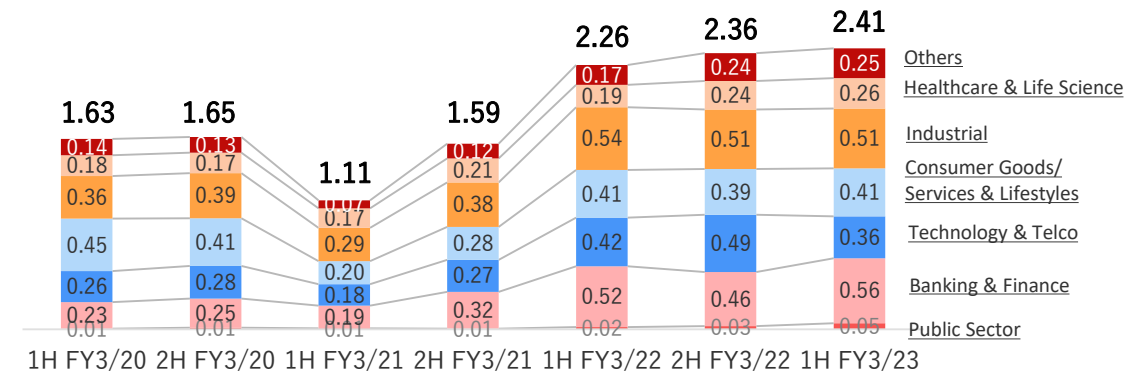
Singapore

• Temporary staffing

(Billions of yen)

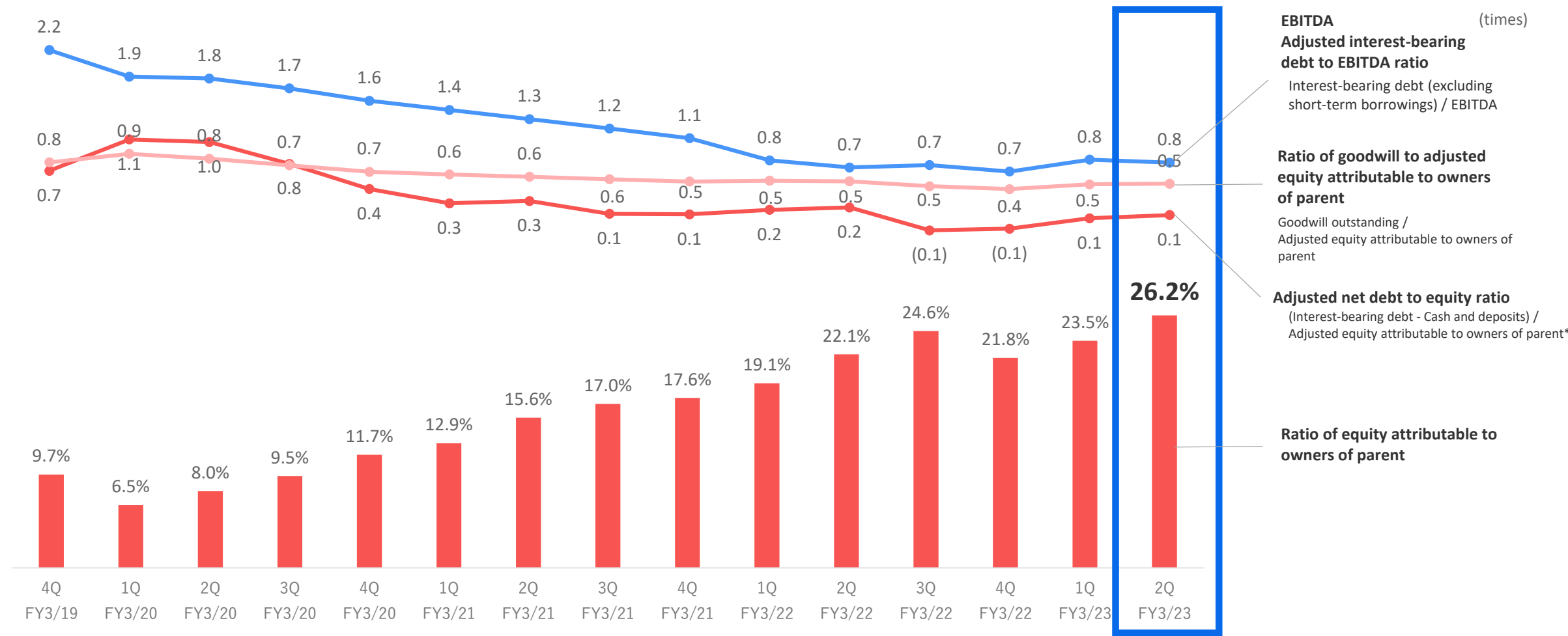


• Permanent placement



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%.





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	140.00	+ 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 Forecasts (Segments and Sectors)

(Billions of yen)

Segments	Sectors		1H FY3/23	FY3/23 (forecast)	FY3/23 (outlook)	Vs. forecast	Comments on disparity between FY3/23 forecast and outlook
Domestic WORK Business	Sales	Net sales	10.09	20.66	20.32	-1.6%	Despite some impact from the ending of contracts for certain major existing projects and other factors, sales progressed more or less in line with plan.
		Operating profit	0.90	1.87	1.78	-4.9%	
	Call center	Net sales	8.28	18.42	16.68	-9.5%	In addition to the resurgence in infections, revisions to recruitment plans by existing customers resulted in a decline in the number of staff on assignments. We will work on strengthening our ability to win orders.
		Operating profit	0.48	1.30	0.86	-34.0%	
	Factory	Net sales	8.87	19.11	18.26	-4.5%	Due to continued production adjustments at customers and lower-than-expected numbers of foreign workers entering Japan, permanent placement and contract management services and foreign workers recorded declines. We will work on reducing costs.
		Operating profit	0.54	1.45	1.10	-24.4%	
	Care support	Net sales	6.93	14.76	13.59	-7.9%	Permanent placement sales declined, not only as a result of the resurgence in infections but also due to a change in policy regarding placement of people hired in the temp-to-hire category. We will work on reducing costs.
		Operating profit	0.21	0.71	0.40	-43.7%	
	HR support for startups	Net sales	1.43	2.80	2.80	0.0%	Strong performance. Continue to strengthen recruitment, including that of consultants.
		Operating profit	0.38	0.57	0.57	0.0%	
	Construction management engineers	Net sales	3.51	8.30	7.68	-7.4%	Recruitment of people with no experience is lagging behind plan. We will work on expanding our recruitment channels.
		Operating profit	(0.42)	(0.43)	(0.58)	-	
Overseas WORK Business		Net sales	29.74	49.03	52.78	+7.7%	In addition to the forex impact, permanent placement demand is expected to remain strong in 3Q and beyond.
		Operating profit	1.91	2.58	3.63	+40.4%	

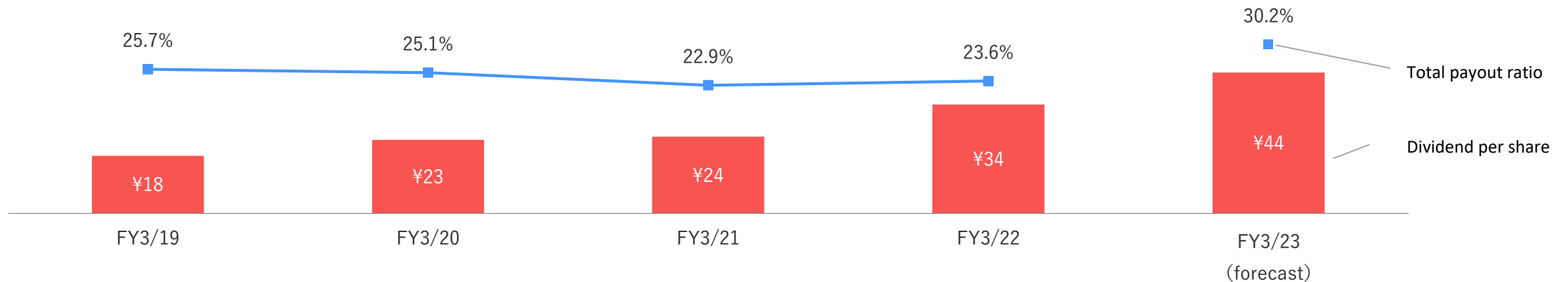
FY3/23 Dividend Forecast

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





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

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

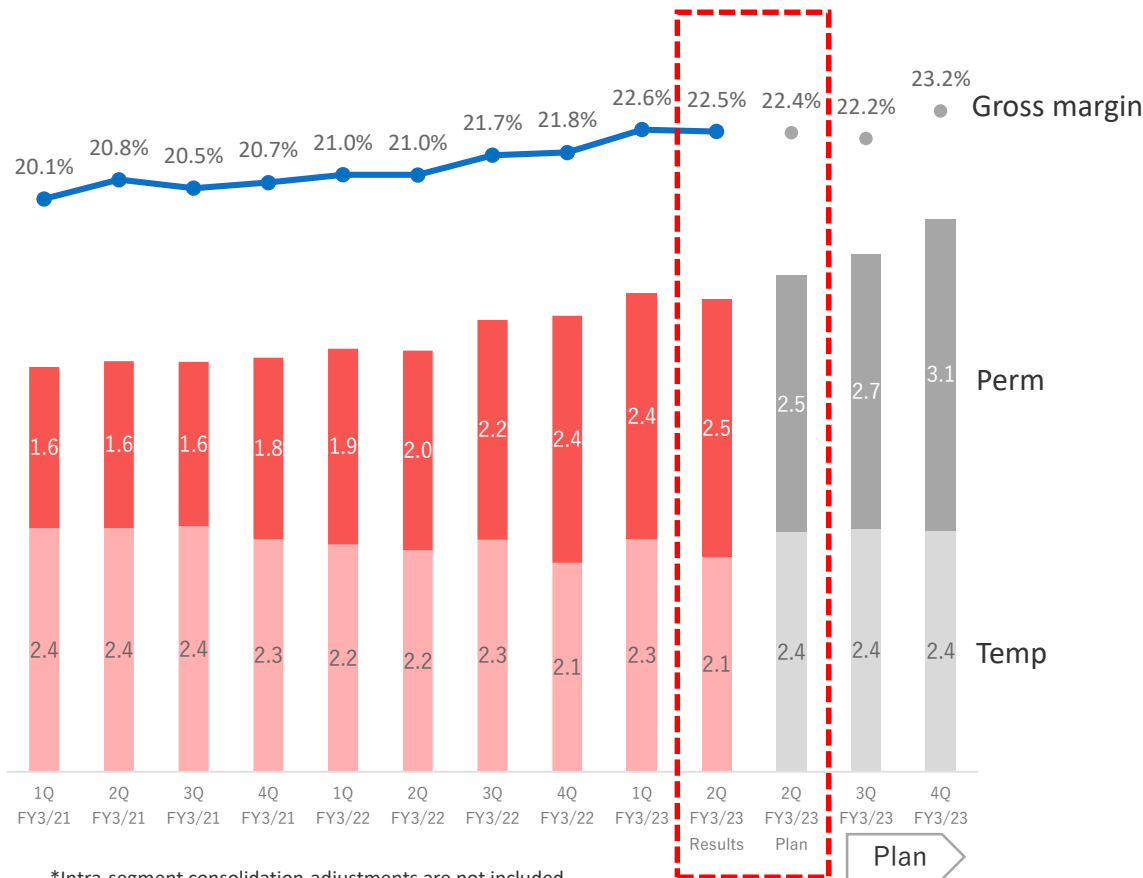
For areas behind schedule, we will work to catch up as quickly as possible, with the aim of achieving all objectives in our key strategies.

Key strategies		Details	Progress in 2Q 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 : △ (Number of orders stagnated due to resurgence in infections. In 1Q, changed strategy for placement of people hired in the temp-to-hire category.) HR support for startups : ○ (strong performance)
			△	[Profit maximization domain] <ul style="list-style-type: none"> Domestic WORK : △ (Stagnation in sales caused by resurgence in infections led to a slowdown in the rate of improvement in operating margin. We will review costs in 3Q and beyond.) 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. Integrated the core system for the construction management engineer domain (temporary staffing management) with existing systems.
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 26.2% at the end of 2Q FY3/23. Aiming to achieve ROIC by overshooting operating profit. Expected total payout ratio for FY3/23: 30.2%

Business Portfolio Changes in Japan and Overseas

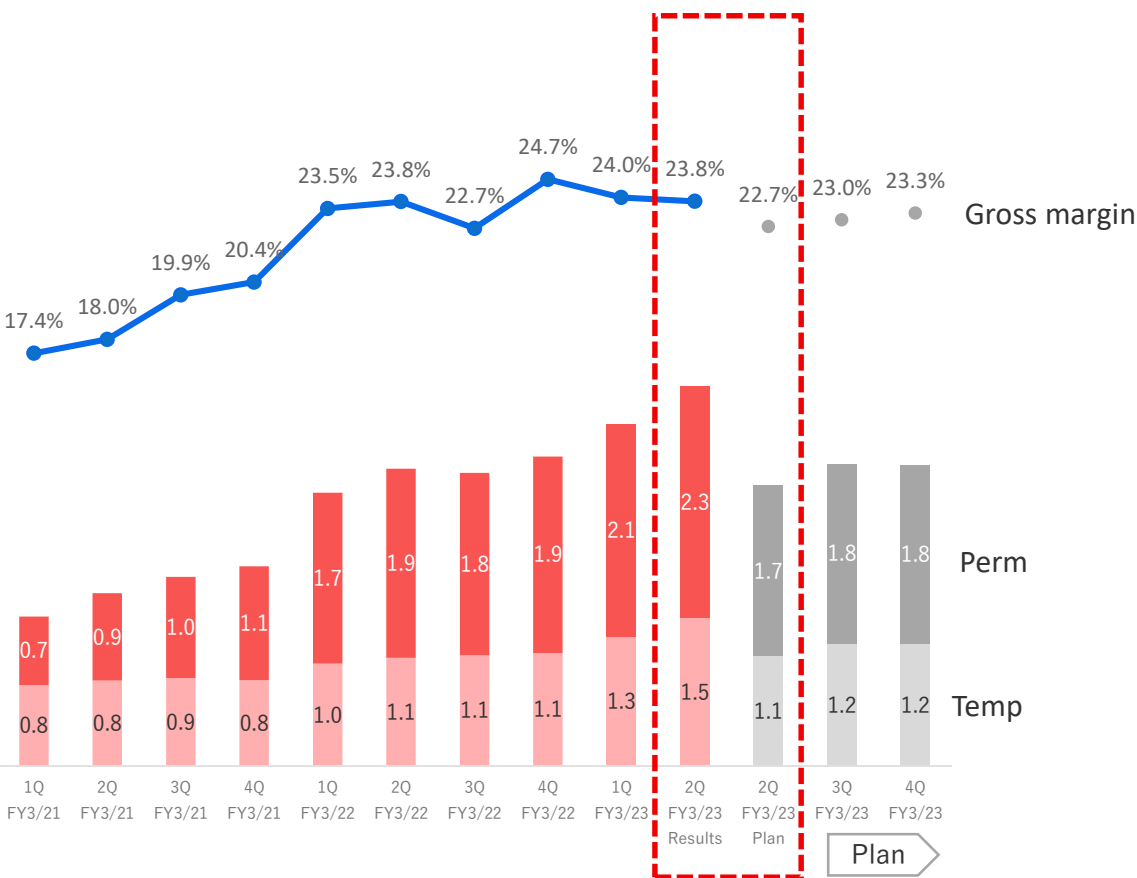
Domestic WORK Business made progress in line with forecasts. Overseas WORK Business recorded a decline in gross margin due to increase in temporary staffing, but gross profit significantly exceeded forecasts.

-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)-

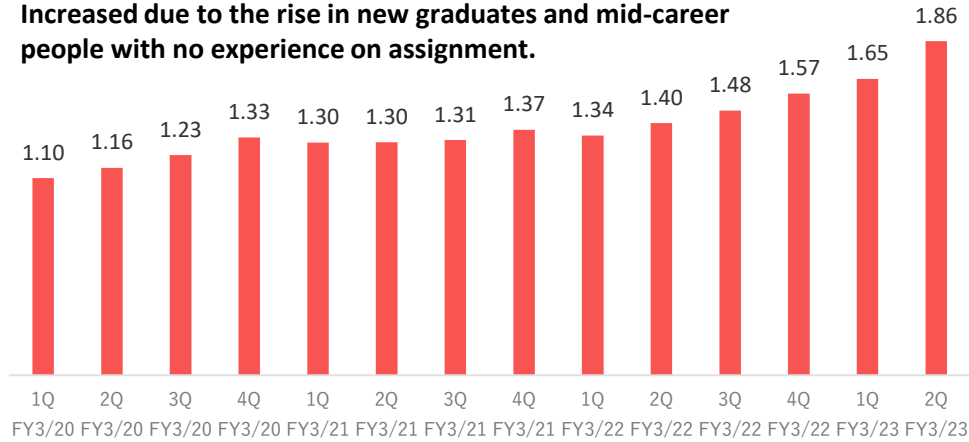


Progress in the Construction Management Engineer Temporary Staffing Business

■ Quarterly Revenue

(Billions of yen)

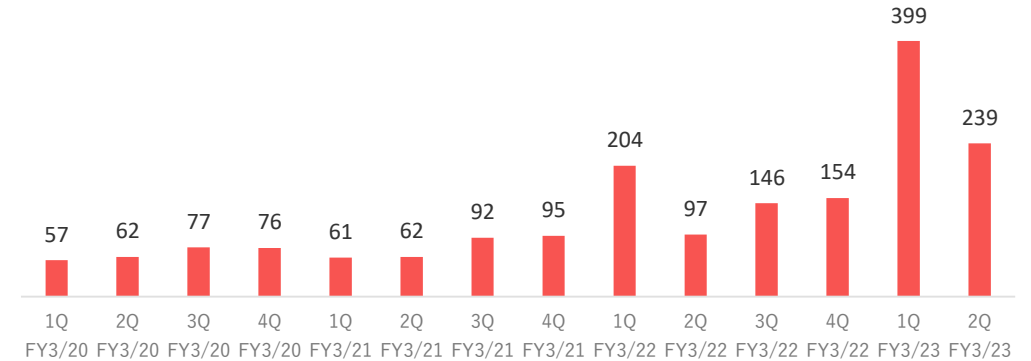
Increased due to the rise in new graduates and mid-career people with no experience on assignment.



■ Number of People Hired

(No. of people)

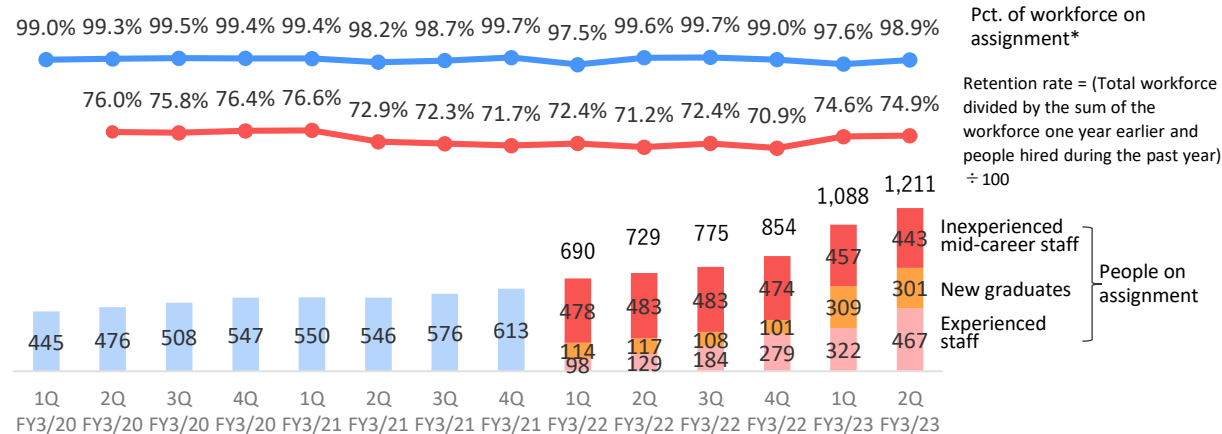
Number of mid-career people with no experience is rising steadily.
*1Q includes new graduate recruitment (last year: 131, this year: 236).



■ 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.

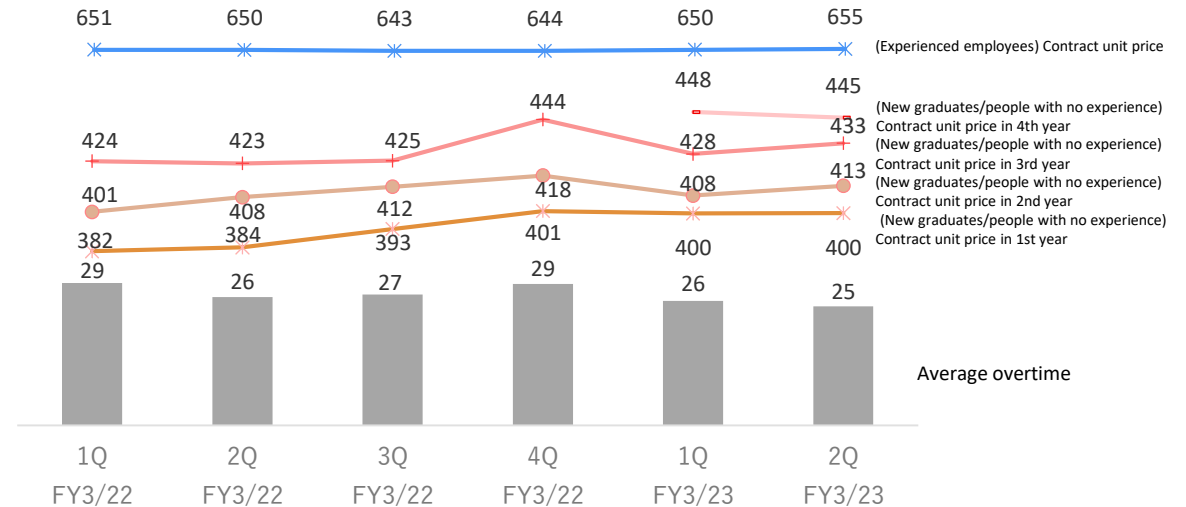
(No. of people)



■ Average contract unit price, average overtime (monthly)

(Hours, Thousands of yen)

Average contract unit price for new graduates and people with no experience rising 3%-5% yearly due to negotiations with customers on raising fees. Overtime is on a downward trend.



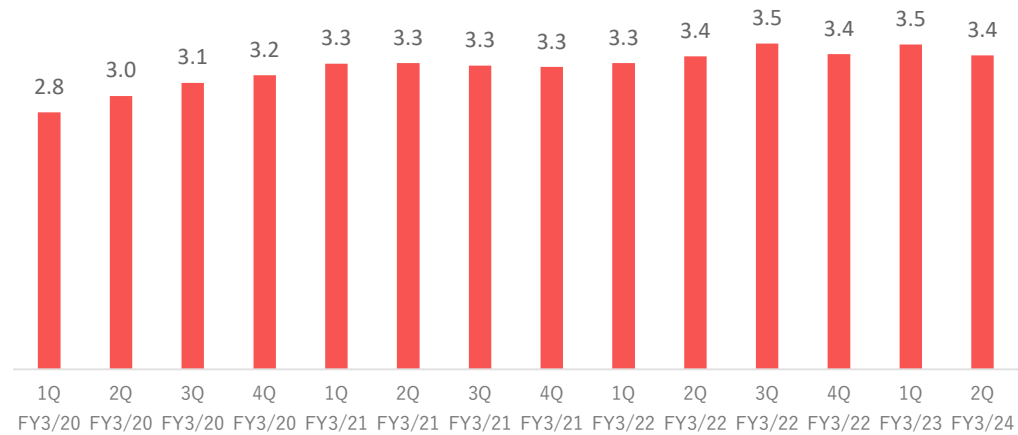
* Percentage of workforce on assignment in 1Q FY3/22 and 1Q FY3/23 is for the month of June only, after excluding impact of training for new graduates.
Cumulative percentage of workforce on assignment is 1Q FY3/22: 90.4%, 1Q FY3/23: 89.6%.

Progress in the Care Support Business

■ Quarterly Revenue

(Billions of yen)

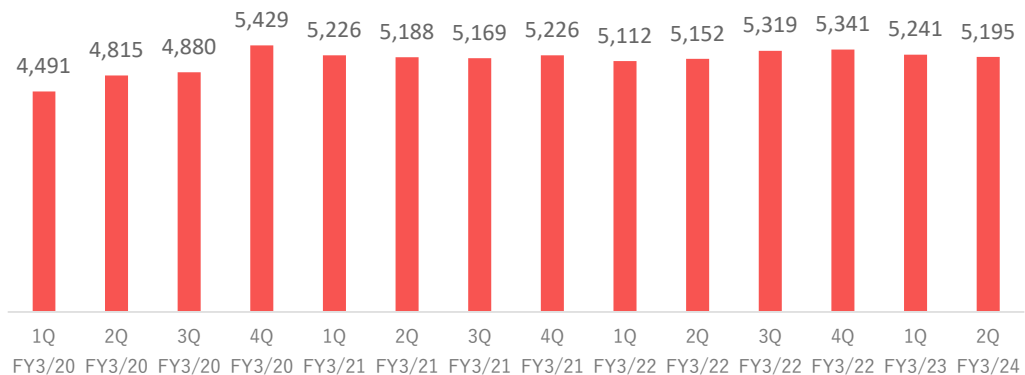
Temporary staffing affected by decline in number of people on assignments.
Strong performance by permanent placement.



■ Number of People on Assignment

(No. of people)

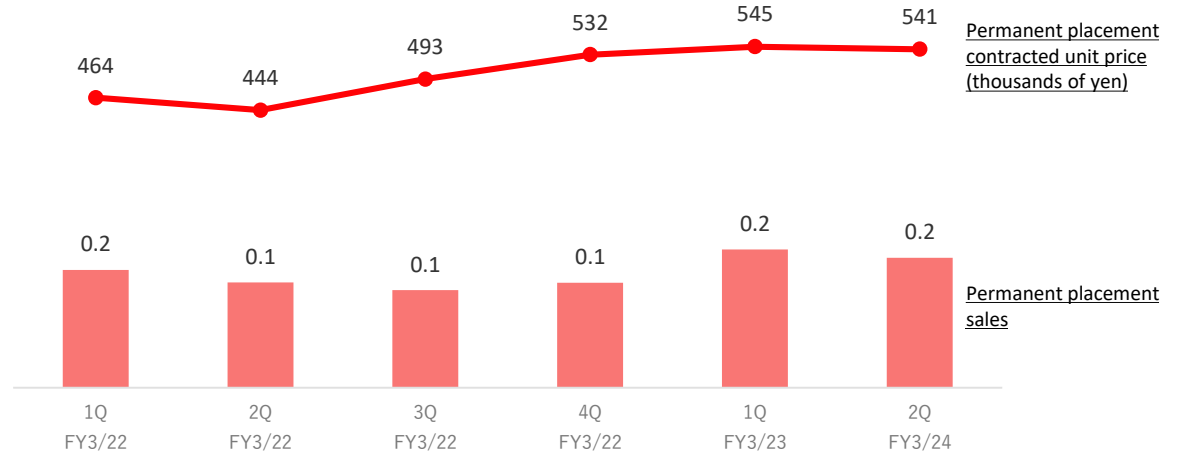
Quarter-on-quarter decline caused in part by slowdown in new orders resulting from the resurgence in infections between July and September.



■ Permanent placement sales and permanent placement contracted unit price

(Billions of yen)

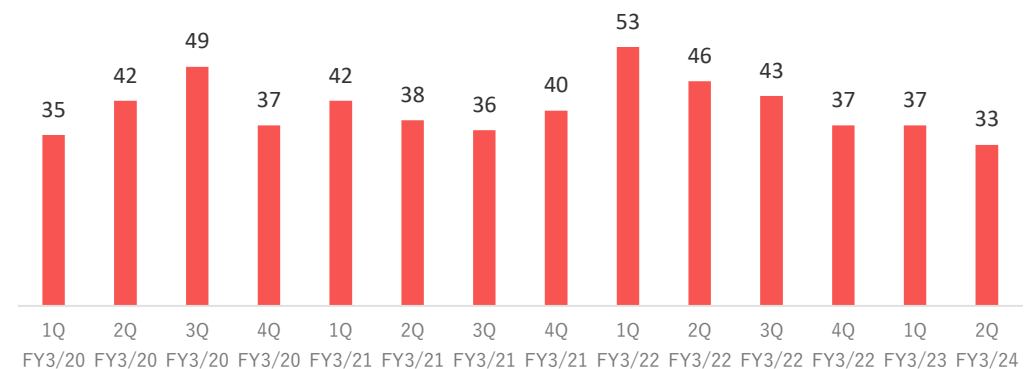
Permanent placement contracted unit price is on a rising trend due to the targeting of experienced employees.



■ Employees Permanent Placement Business

For this fiscal year, we intend to maintain current personnel levels.

(No. of people)





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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Appendix

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

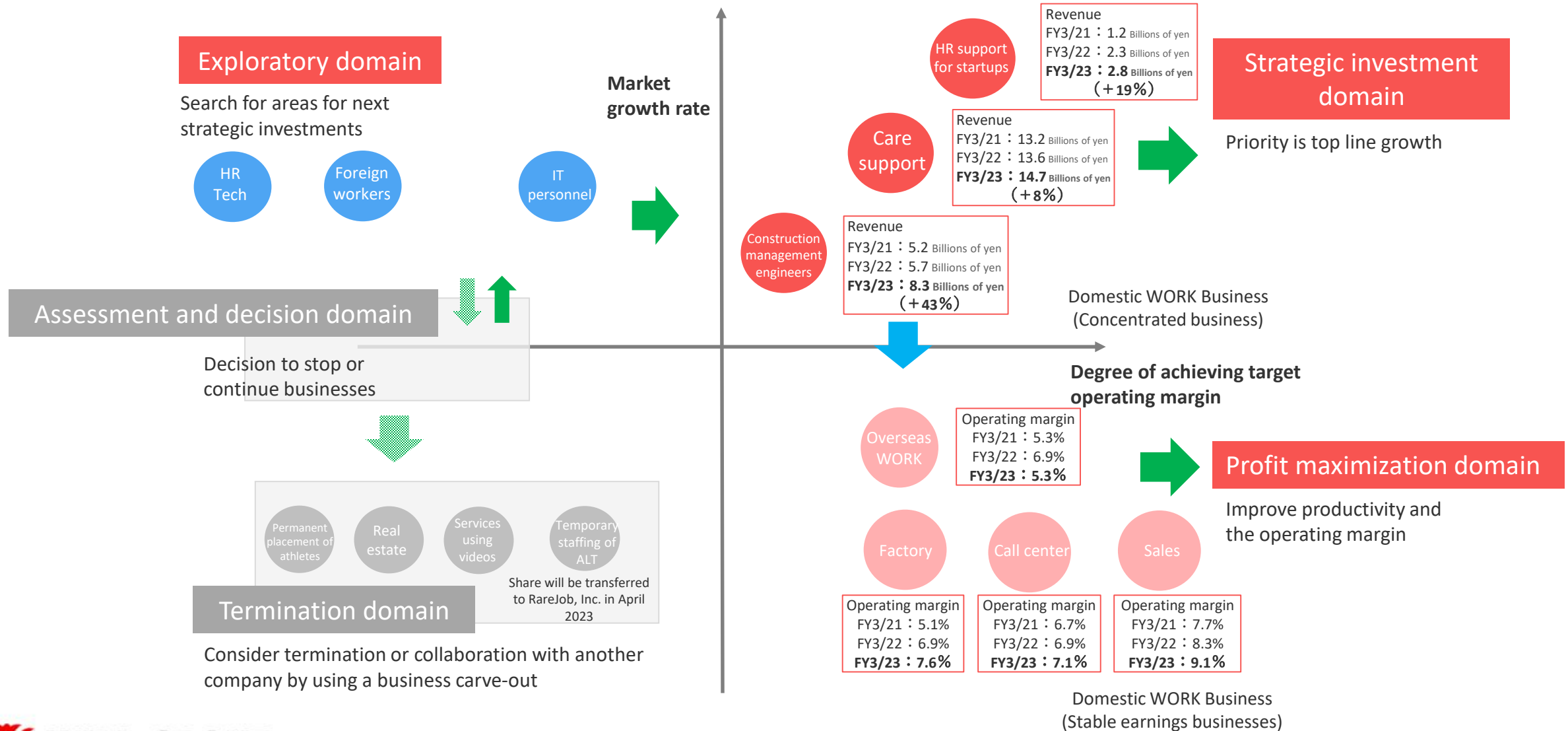
¥1.3 billion in upfront investment has been scheduled for FY3/23, in line with the Medium-Term Management Plan. With the exception (at this point in time) of ROIC, the Medium-Term Management Plan financial targets look likely to be achieved. We will aim to achieve ROIC by reviewing, etc. our invested 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%)	4.30 (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.



Overseas (Australia, Singapore) Macro Environment



Market conditions for WILL GROUP

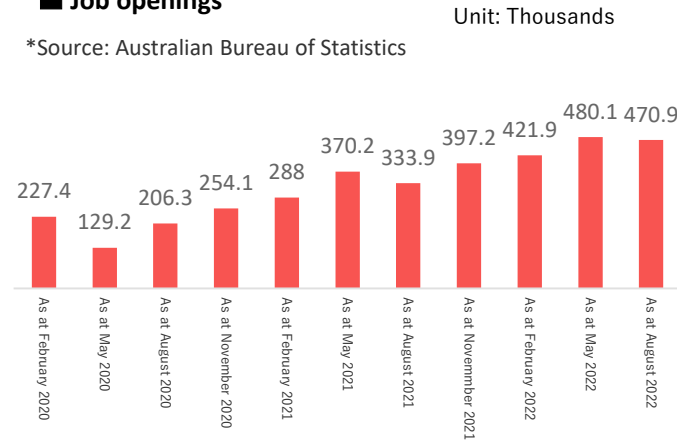
Since the beginning of 2022, both Australia and Singapore have fully reopened their borders and their economies have recovered to the levels recorded before COVID-19 infections began to spread. With regard to demand for human resources, the number of job openings is at record levels in both Australia 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

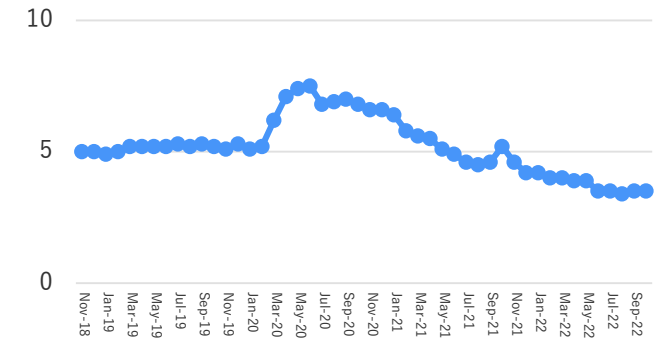
Job openings

*Source: Australian Bureau of Statistics



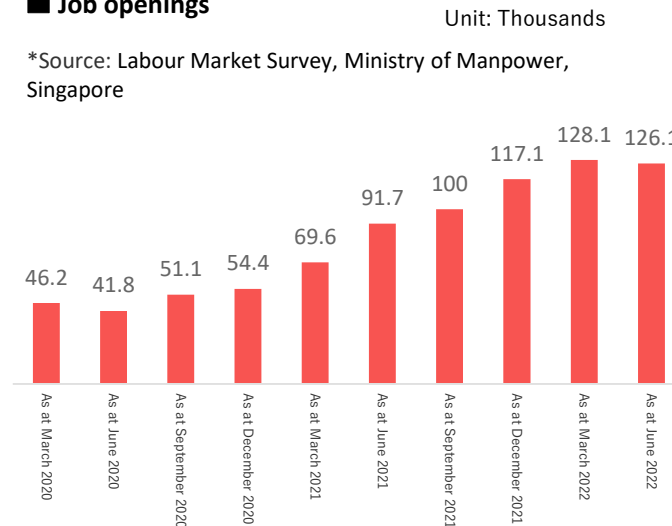
Unemployment rate

*Source: Australian Bureau of Statistics



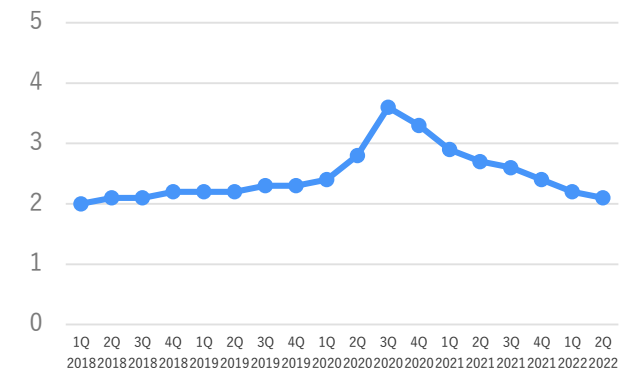
Job openings

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



Unemployment rate

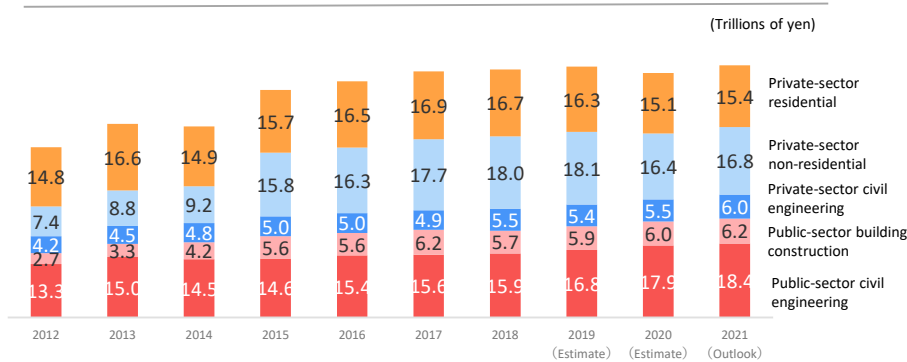
*Source: Singapore Department of Statistics



Construction Industry Business Climate

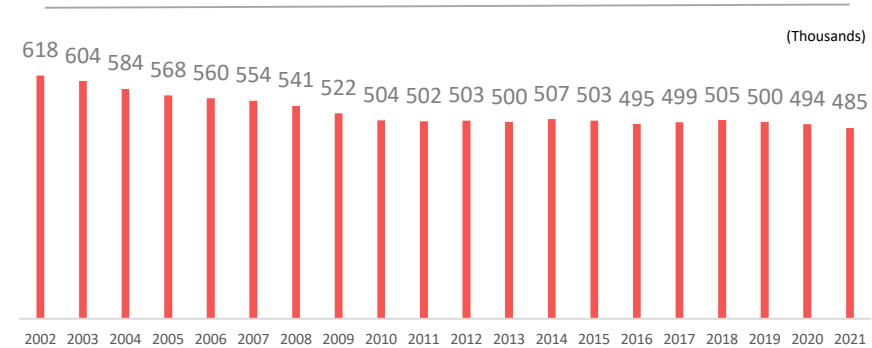
Construction demand is strong in Japan. Effective April 2024, the “Act on the Arrangement of Related Acts to Promote Work Style Reform” will apply to workers in the construction industry. The regulations on overtime are expected to boost demand for human resources, and this will be further compounded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

Construction Investments in Japan



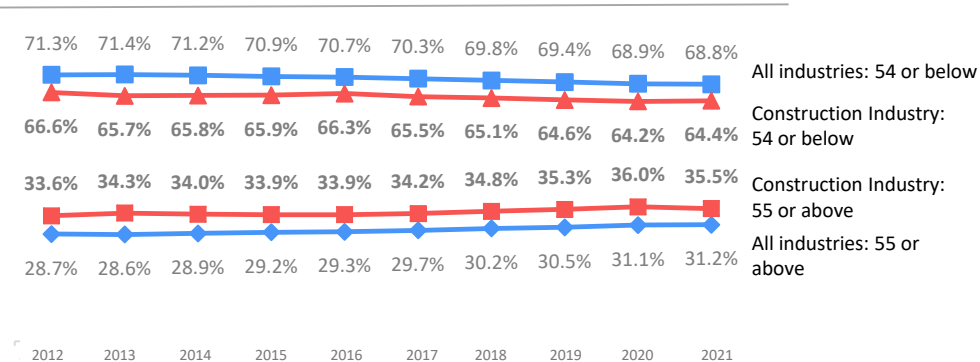
Source: Construction Investment Outlook (2021) by the Ministry of Land, Infrastructure, Transport and Tourism

Employment in the Japanese Construction Industry



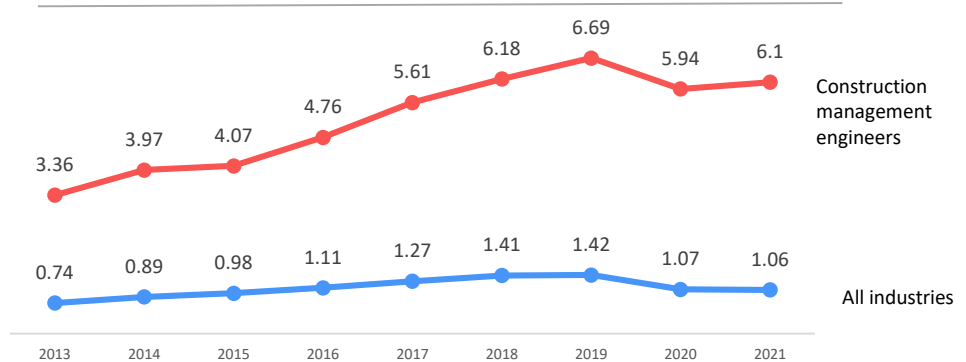
Source: Labor Force Survey, Statistics Bureau, Ministry of Internal Affairs and Communications

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

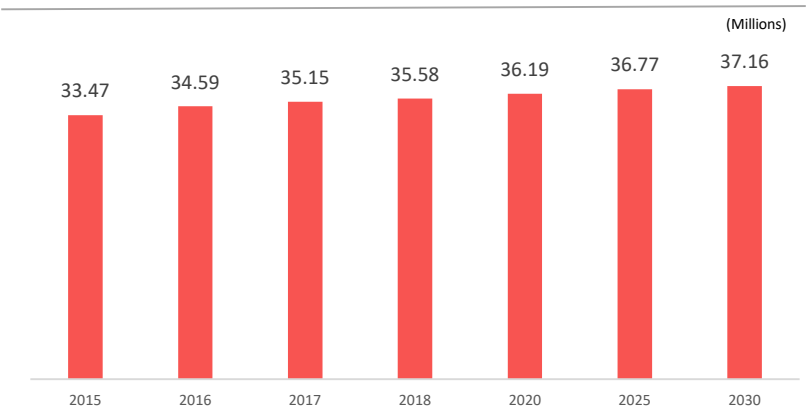


Source: General Employment Placement Services Report, Statistic Bureau, Ministry of Internal Affairs and Communications

Care Support Business Climate

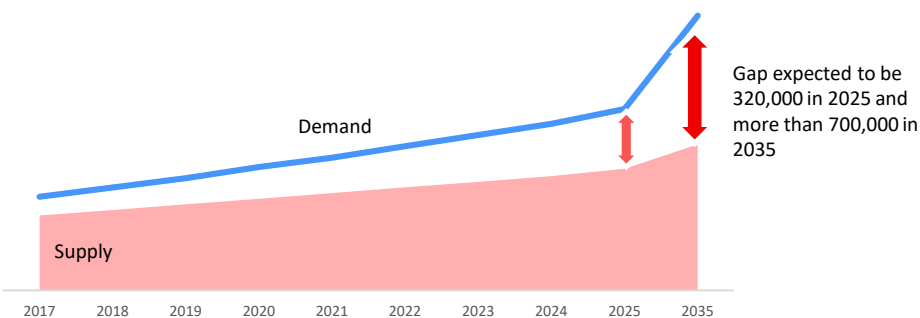
There is a chronic shortage of care support people in Japan as the demand for these people continues to climb. This market will continue to grow, including the use of foreign workers to meet demand.

Population of Seniors in Japan



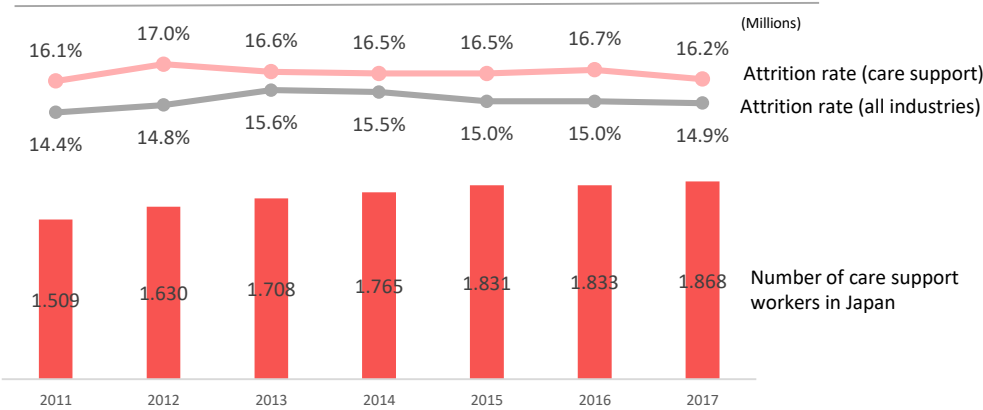
Source: Recruiting Senior Care Workers and Innovations at Senior Care Facilities (July 2019), Ministry of Health, Labour and Welfare (Reference)
Population Estimate, Statistics Bureau, Ministry of Internal Affairs and Communications

Supply/Demand Forecast for Care Support Workers



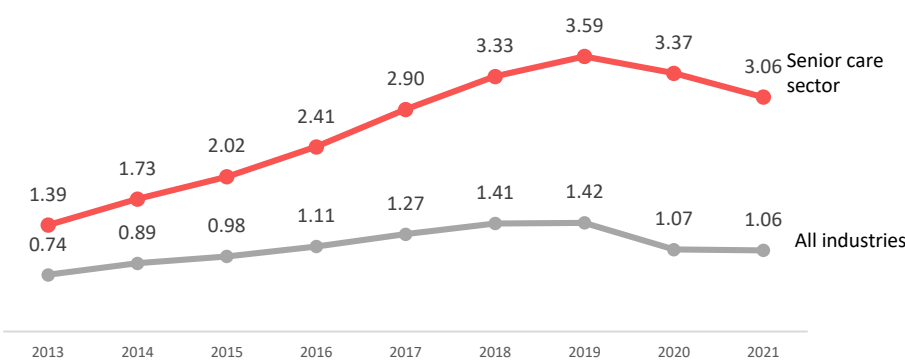
Source: Study Report concerning the Senior Care System in relation to Future Senior Care Supply and Demand (April 2018), Ministry of Economy, Trade and Industry

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)

Senior Care Support Personnel Job-to-Aplicants Ratio



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