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November 8, 2023

Consolidated Financial Results for the Six Months Ended September 30, 2023 (Under IFRS)

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 Listing: Tokyo Stock Exchange
 Securities code: 6089
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 Scheduled date to file quarterly securities report: November 8, 2023
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2023	69,276	(4.3)	2,019	(31.2)	2,086	(29.2)	1,485	(25.3)
September 30, 2022	72,358	13.2	2,934	9.3	2,947	8.5	1,989	(0.4)

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Six months ended						
September 30, 2023	1,402	(19.6)	2,222	(19.6)	61.84	61.44
September 30, 2022	1,743	2.7	2,766	63.6	77.23	76.53

(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
	Millions of yen	Millions of yen	Millions of yen	%
As of				
September 30, 2023	52,272	16,984	15,843	30.3
March 31, 2023	54,939	15,877	14,638	26.6

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	–	0.00	–	44.00	44.00
Fiscal year ending March 31, 2024	–	0.00			
Fiscal year ending March 31, 2024 (Forecast)			–	44.00	44.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ending March 31, 2024	144,000	0.0	4,200	(21.0)	4,100	(20.3)	2,900	(16.2)

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
Fiscal year ending March 31, 2024	2,800	(13.5)	123.44

Note: Revisions to the earnings forecasts most recently announced: None

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies and changes in accounting estimates
- (i) Changes in accounting policies required by IFRS: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None

(3) Number of issued shares (ordinary shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2023	22,944,100 shares
As of March 31, 2023	22,944,100 shares

- (ii) Number of treasury shares at the end of the period

As of September 30, 2023	218,675 shares
As of March 31, 2023	284,850 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2023	22,683,427 shares
Six months ended September 30, 2022	22,580,342 shares

Note: The number of treasury shares at the end of the period includes the number of shares owned by executive stock compensation trust.

(213,266 shares as of September 30, 2023 and 279,441 shares as of March 31, 2023)

- * Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

*** Proper use of earnings forecasts, and other special matters**

The forward-looking statements shown in these materials, including earnings forecasts, are based on information currently available to the Company and on certain assumptions deemed to be reasonable. As such, they do not constitute guarantees by the Company of future performance. Actual results may differ significantly from these forecasts for a number of reasons. Please refer to “(3) Explanation of consolidated earnings forecasts and other forward-looking statements” under “1. Qualitative information on quarterly consolidated financial results” on page 4 of the attached material for the assumptions on which earnings forecasts are based, and cautions concerning the use thereof.

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1. Qualitative information on quarterly consolidated financial results

(1) Explanation of operating results

During the six months ended September 30, 2023, the outlook for the global economy remained uncertain due to the continued monetary tightening policy stemming from protracted global inflation, the prolonged situation in Russia and Ukraine, a slowdown in the Chinese economy and other factors. The Japanese economy showed signs of a gradual recovery due to a recovery in inbound demand, and an improvement of the employment/income environment, among others. However, the risk of a downturn in overseas economies, rising prices for energy and raw materials, volatility in foreign exchange rates, and the trend of the domestic financial policy, etc. continue to require careful attention.

Under these circumstances, the Group worked to expand the construction management engineer domain, temporary staffing of regular employees, and administration of foreign workers on consignment, and other initiatives for the renewed growth of the Domestic Working Business, which is the basic policy in the Medium-Term Management Plan “WILL-being 2026,” for which the final fiscal year is the fiscal year ending March 31, 2026.

In Japan, although new project development was stagnant in the sales outsourcing domain and the call center outsourcing domain, results were strong in other domains. In addition, first television commercials were run mainly in the West Japan area from July 2023 as promotion of “WILLOF” brand for the purpose of reinforcing hiring capabilities in Japan. The number of branded searches have been on a gradual rising trend since the implementation of the promotion, and going forward, the number of hires through owned media are expected to increase. Therefore, the Group will continue to implement the promotion in the third quarter and beyond.

In the overseas segment, although permanent placement sales decreased due to the post-COVID-19 surge in permanent placement demand in the previous fiscal year running its course, temporary staffing operated in stable domains showed strong results.

As a result of the above, revenue for the six months ended September 30, 2023 was ¥69,276 million (down 4.3% year on year), operating profit was ¥2,019 million (down 31.2%), profit before tax was ¥2,086 million (down 29.2%), profit was ¥1,485 million (down 25.3%), profit attributable to owners of parent was ¥1,402 million (down 19.6%), and EBITDA (operating profit + depreciation and amortization) was ¥3,066 million (down 22.7%).

Results of operations by segment are as follows:

(i) Domestic Working Business

The Domestic Working Business offers temporary staffing, permanent placement, and business process outsourcing services in Japan, specifically for categories such as the sales outsourcing domain, call center outsourcing domain, factory outsourcing domain, nursing care domain, and construction management engineer domain. Although new project development was stagnant in the sales outsourcing domain and the call center outsourcing domain, results were strong in other domains. Although progress for foreign workers under consigned management and the number of workers on permanent employee staffing, which are key strategies in the Medium-Term Management Plan, is slower than planned, the number of workers on assignment increased in the construction management engineer domain as a result of a record-breaking number of 800 or more people, including new graduates, joining the Company during the six months ended September 30, 2023. Furthermore, profitability improved as negotiations with customers on raising fees also progressed steadily.

As for profit, selling, general and administrative expenses increased due to upfront investment, such as for recruitment expenses in the construction management engineer domain, the sales outsourcing domain and the factory outsourcing domain, increasing sales staff for administration of foreign workers on consignment, and implementing the brand promotion. The Company recorded ¥786 million as gain on sale of shares due to the transfer of shares of BORDERLINK, INC for the three months ended June 30, 2023 and the said company was excluded from the scope of consolidation.

As a result of the above, the Domestic Working Business recorded external revenue of ¥40,701 million (down 2.0% year on year), and segment profit of ¥2,146 million (down 5.8%).

(ii) Overseas Working Business

With regard to the human resources services that the Company has been operating primarily in Singapore and Australia, the number of job openings in both Singapore and Australia remained at a high level compared to the period before the spread of COVID-19 despite a decline in the recent number of job openings. Temporary staffing showed strong performance due to operation in stable domains, such as government projects. Permanent placement showed year-on-year decreases due to the post-COVID-19 surge in permanent placement demand in the previous fiscal year running its course.

Profit decreased due to gross profit shrinking because of a decline in permanent placement sales, and higher personnel and other costs.

As a result of the above, the Overseas Working Business recorded external revenue of ¥28,440 million (down 4.4% year on year), and segment profit of ¥1,123 million (down 41.3%).

(iii) Others

In the Others segment, the Company transferred the shares of HiBlead Inc. at the end of the previous fiscal year, which resulted in decreased revenue as the said company was excluded from the scope of consolidation.

In terms of profit, selling, general and administrative expenses increased due to continued investment in the development of new platforms.

As a result of the above, the Others segment recorded external revenue of ¥134 million (down 87.7% year on year), and a segment loss of ¥138 million (a segment loss of ¥156 million was recorded in the same period of the previous fiscal year).

(2) Explanation of financial position

(i) Assets, liabilities and equity

Assets

Current assets as of September 30, 2023 were ¥25,767 million, a decrease of ¥2,899 million from the end of the previous fiscal year. This was mainly due to decreases in cash and cash equivalents of ¥2,587 million and in trade and other receivables of ¥843 million, despite an increase in other current assets of ¥448 million.

Non-current assets stood at ¥26,505 million, an increase of ¥232 million from the end of the previous fiscal year. This was mainly due to increases in goodwill of ¥455 million as a result of the impact of weaker yen on foreign currency translation and in other intangible assets of ¥155 million, despite decreases in other financial assets of ¥187 million and in right-of-use assets of ¥113 million.

As a result, total assets amounted to ¥52,272 million, a decrease of ¥2,667 million from the end of the previous fiscal year.

Liabilities

Current liabilities as of September 30, 2023 were ¥25,320 million, a decrease of ¥3,093 million from the end of the previous fiscal year. This was mainly due to decreases in borrowings of ¥3,376 million, and in other current liabilities of ¥716 million, despite an increase in other financial liabilities of ¥777 million.

Non-current liabilities stood at ¥9,968 million, a decrease of ¥680 million from the end of the previous fiscal year. This was mainly due to decreases in borrowings of ¥547 million and in deferred tax liabilities of ¥179 million.

As a result, total liabilities amounted to ¥35,288 million, a decrease of ¥3,773 million from the end of the previous fiscal year.

Equity

Total equity as of September 30, 2023 was ¥16,984 million, an increase of ¥1,106 million from the end of the previous fiscal year. This was mainly due to an increase in exchange differences on translation of foreign operations of ¥860 million among other components of equity, despite a decrease in non-controlling interests of ¥97 million.

As a result of the above, the ratio of equity attributable to owners of parent to total assets was 30.3% (26.6% at the end of the previous fiscal year).

(ii) Cash flows

Cash and cash equivalents as of September 30, 2023 decreased ¥2,587 million from the end of the previous fiscal year to ¥7,003 million. Status of cash flows for the six months ended September 30, 2023 and the main factors driving them are as follows:

Cash flows from operating activities

Net cash provided by operating activities was ¥2,875 million (¥2,657 million provided in the same period of the previous fiscal year). This was mainly due to a recording of profit before tax of ¥2,086 million, a recording of depreciation and amortization of ¥1,046 million, an increase in trade payables of ¥754 million, and a decrease in trade receivables of ¥579 million, despite factors such as payments included in other of ¥856 million and income taxes paid of ¥850 million.

Cash flows from investing activities

Net cash used in investing activities was ¥346 million (¥218 million used in the same period of the previous fiscal year). This was mainly due to purchase of property, plant and equipment, and intangible assets of ¥209 million and payments included in other of ¥137 million.

Cash flows from financing activities

Net cash used in financing activities was ¥5,457 million (¥4,701 million used in the same period of the previous fiscal year). This was mainly due to a net decrease in short-term borrowings of ¥2,647 million, repayments of long-term borrowings of ¥1,276 million and dividends paid of ¥1,008 million.

(3) Explanation of consolidated earnings forecasts and other forward-looking statements

Consolidated earnings forecasts are unchanged from those announced on May 11, 2023.

Note that earnings forecasts are based on information currently available to the Company, and actual results may differ from forecasts for a variety of reasons going forward.

2. Condensed quarterly consolidated financial statements and significant notes thereto**(1) Condensed quarterly consolidated statement of financial position**

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and cash equivalents	9,590	7,003
Trade and other receivables	17,928	17,084
Other financial assets	138	222
Other current assets	1,009	1,457
Total current assets	28,666	25,767
Non-current assets		
Property, plant and equipment	1,139	1,098
Right-of-use assets	6,349	6,236
Goodwill	8,120	8,576
Other intangible assets	5,996	6,152
Investments accounted for using equity method	456	439
Other financial assets	1,475	1,287
Deferred tax assets	1,953	1,953
Other non-current assets	782	761
Total non-current assets	26,272	26,505
Total assets	54,939	52,272

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Trade and other payables	16,151	16,795
Borrowings	6,761	3,384
Other financial liabilities	1,364	2,141
Income taxes payable	1,027	606
Other current liabilities	3,109	2,392
Total current liabilities	28,414	25,320
Non-current liabilities		
Borrowings	3,385	2,837
Other financial liabilities	5,950	5,990
Deferred tax liabilities	1,127	947
Other non-current liabilities	184	191
Total non-current liabilities	10,648	9,968
Total liabilities	39,062	35,288
Equity		
Share capital	2,187	2,187
Capital surplus	(1,923)	(1,920)
Treasury shares	(274)	(210)
Other components of equity	890	1,634
Retained earnings	13,758	14,152
Total equity attributable to owners of parent	14,638	15,843
Non-controlling interests	1,238	1,141
Total equity	15,877	16,984
Total liabilities and equity	54,939	52,272

(2) Condensed quarterly consolidated statement of profit or loss and condensed quarterly consolidated statement of comprehensive income

Condensed quarterly consolidated statement of profit or loss

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Revenue	72,358	69,276
Cost of sales	56,143	53,867
Gross profit	16,215	15,408
Selling, general and administrative expenses	13,428	14,277
Other income	161	891
Other expenses	15	3
Operating profit	2,934	2,019
Share of profit (loss) of investments accounted for using equity method	(11)	(17)
Finance income	69	173
Finance costs	45	89
Profit before tax	2,947	2,086
Income tax expense	958	601
Profit	1,989	1,485
Profit attributable to		
Owners of parent	1,743	1,402
Non-controlling interests	245	82
Earnings per share		
Basic earnings per share	77.23	61.84
Diluted earnings per share	76.53	61.44

Condensed quarterly consolidated statement of comprehensive income

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	1,989	1,485
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	(42)	(21)
Total of items that will not be reclassified to profit or loss	(42)	(21)
Items that may be reclassified to profit or loss		
Cash flow hedges	40	(101)
Exchange differences on translation of foreign operations	778	860
Total of items that may be reclassified to profit or loss	819	759
Other comprehensive income, net of tax	777	737
Comprehensive income	2,766	2,222
Comprehensive income attributable to		
Owners of parent	2,523	2,147
Non-controlling interests	243	75

(3) Condensed quarterly consolidated statement of changes in equity

Six months ended September 30, 2022

(Millions of yen)

	Share capital	Capital surplus	Treasury shares	Total	Retained earnings	Total equity attributable to owners of parent	Non-controlling interests	Total
Balance at beginning of April 1, 2022	2,163	(2,266)	(274)	464	11,310	11,398	1,723	13,121
Profit	-	-	-	-	1,743	1,743	245	1,989
Other comprehensive income	-	-	-	779	-	779	(1)	777
Comprehensive income	-	-	-	779	1,743	2,523	243	2,766
Dividends of surplus	-	-	-	-	(776)	(776)	-	(776)
Purchase of treasury shares	-	-	(0)	-	-	(0)	-	(0)
Disposal of treasury shares	-	-	-	-	-	-	-	-
Share-based payment transactions	10	65	-	-	-	76	-	76
Increase (decrease) by business combination	-	210	-	-	-	210	(728)	(517)
Transfer from other components of equity to retained earnings	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	0	0
Total transactions with owners	10	276	(0)	-	(776)	(489)	(728)	(1,217)
Balance at end of September 30, 2022	2,174	(1,990)	(274)	1,244	12,277	13,431	1,238	14,669

Six months ended September 30, 2023

(Millions of yen)

	Share capital	Capital surplus	Treasury shares	Total	Retained earnings	Total equity attributable to owners of parent	Non-controlling interests	Total
Balance at beginning of April 1, 2023	2,187	(1,923)	(274)	890	13,758	14,638	1,238	15,877
Profit	-	-	-	-	1,402	1,402	82	1,485
Other comprehensive income	-	-	-	744	-	744	(7)	737
Comprehensive income	-	-	-	744	1,402	2,147	75	2,222
Dividends of surplus	-	-	-	-	(1,009)	(1,009)	-	(1,009)
Purchase of treasury shares	-	-	-	-	-	-	-	-
Disposal of treasury shares	-	(17)	63	-	-	46	-	46
Share-based payment transactions	-	21	-	-	-	21	-	21
Increase (decrease) by business combination	-	(1)	-	-	-	(1)	(173)	(174)
Transfer from other components of equity to retained earnings	-	-	-	(0)	0	-	-	-
Other	-	-	-	-	-	-	-	-
Total transactions with owners	-	2	63	(0)	(1,009)	(942)	(173)	(1,116)
Balance at end of September 30, 2023	2,187	(1,920)	(210)	1,634	14,152	15,843	1,141	16,984

(4) Condensed quarterly consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before tax	2,947	2,086
Depreciation and amortization	1,031	1,046
Share-based payment expenses	53	63
Decrease (increase) in trade receivables	(261)	579
Increase (decrease) in trade payables	753	754
Other	(728)	(856)
Subtotal	3,796	3,674
Interest and dividends received	2	109
Interest paid	(43)	(57)
Income taxes paid	(1,098)	(850)
Net cash provided by (used in) operating activities	2,657	2,875
Cash flows from investing activities		
Purchase of property, plant and equipment, and intangible assets	(187)	(209)
Other	(30)	(137)
Net cash provided by (used in) investing activities	(218)	(346)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(400)	(2,647)
Proceeds from long-term borrowings	2,520	–
Repayments of long-term borrowings	(1,578)	(1,276)
Repayments of lease liabilities	(637)	(586)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(3,746)	–
Dividends paid to non-controlling interests	(311)	–
Dividends paid	(775)	(1,008)
Other	228	60
Net cash provided by (used in) financing activities	(4,701)	(5,457)
Effect of exchange rate changes on cash and cash equivalents	391	340
Net increase (decrease) in cash and cash equivalents	(1,871)	(2,587)
Cash and cash equivalents at beginning of period	8,973	9,590
Cash and cash equivalents	7,102	7,003

(5) Notes to condensed quarterly consolidated financial statements**Notes on premise of going concern**

Not applicable.

Segment information, etc.**(1) Overview of reportable segments**

The Group determines reportable segments based on the operating segments that are components of the Group for which discrete financial information is available and regularly reviewed by the chief operating decision maker to make decisions about the allocation of management resources and assess the results of operations. The Group's reportable segments are comprised of the following two segments.

The details of each reportable segment are as follows:

Reportable segments	Business activities
Domestic Working Business	Engaged primarily in temporary staffing, permanent placement and business process outsourcing services in Japan specifically for categories such as sales, call center, factory, care support facility and construction management engineer, and HR support services centered on permanent employee placements for startups developed by for Startups, Inc.
Overseas Working Business	Engaged primarily in temporary staffing and permanent placement mainly in Singapore and Australia.

In addition to the above, operations of apartment building for IT engineers and creative personnel (Tech Residence) are included in the "Others" segment.

(2) Information of the reportable segments

The figures for profit for reportable segments are given on an operating profit basis.

The information of each reportable segment is as follows:

Six months ended September 30, 2022

(Millions of yen)

	Reportable segments			Others	Adjustments (Note 2)	Amount recorded in the consolidated financial statements
	Domestic Working Business	Overseas Working Business	Total			
Revenue						
External revenue	41,525	29,744	71,270	1,088	–	72,358
Intersegment revenue (Note 1)	33	–	33	3	(37)	–
Total	41,559	29,744	71,304	1,091	(37)	72,358
Segment profit	2,277	1,914	4,191	(156)	(1,101)	2,934

(Note 1) Intersegment revenue is based on general market price.

(Note 2) Adjustments to segment profit of negative ¥1,101 million include intersegment eliminations of negative ¥0 million and corporate expenses not allocated to each business segment of negative ¥1,100 million. Corporate expenses mainly consist of general and administrative expenses that are not attributable to operating segments.

Six months ended September 30, 2023

(Millions of yen)

	Reportable segments			Others	Adjustments (Note 2)	Amount recorded in the consolidated financial statements
	Domestic Working Business	Overseas Working Business	Total			
Revenue						
External revenue	40,701	28,440	69,141	134	–	69,276
Intersegment revenue (Note 1)	17	–	17	7	(25)	–
Total	40,718	28,440	69,159	142	(25)	69,276
Segment profit	2,146	1,123	3,269	(138)	(1,111)	2,019

(Note 1) Intersegment revenue is based on general market price.

(Note 2) Adjustments to segment profit of negative ¥1,111 million include intersegment eliminations of negative ¥0 million and corporate expenses not allocated to each business segment of negative ¥1,111 million. Corporate expenses mainly consist of general and administrative expenses that are not attributable to operating segments.