February 7, 2019

Summary of Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2019 (Nine Months Ended December 31, 2018)

[Japanese GAAP]

Company name: WILL GROUP, INC. Listing: Tokyo Stock Exchange, First Section
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Scheduled date of filing of Quarterly Report: February 7, 2019
Scheduled date of payment of dividend: -
Preparation of supplementary materials for quarterly financial results: Yes
Holding of quarterly financial results meeting: None

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

1. Consolidated Financial Results for the Nine Months Ended December 31, 2018 (April 1, 2018 – December 31, 2018)

(1) Consolidated operating results (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended Dec. 31, 2018	76,290	33.8	1,954	(6.0)	1,969	(5.1)	1,009	(3.5)
Nine months ended Dec. 31, 2017	57,009	31.7	2,079	83.5	2,075	82.9	1,045	143.1

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2018: 979 (down 29.0%)
Nine months ended Dec. 31, 2017: 1,379 (up 186.9%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended Dec. 31, 2018	45.59	44.35
Nine months ended Dec. 31, 2017	50.39	48.21

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Dec. 31, 2018	33,048	7,614	20.6
As of Mar. 31, 2018	27,496	9,517	30.0

Reference: Shareholders' equity (million yen) As of Dec. 31, 2018: 6,795 As of Mar. 31, 2018: 8,261

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2018	-	0.00	-	18.00	18.00
Fiscal year ending Mar. 31, 2019	-	0.00	-		
Fiscal year ending Mar. 31, 2019 (forecasts)				18.00	18.00

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2019 (April 1, 2018 – March 31, 2019)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	100,000	26.3	2,600	7.5	2,600	6.6	1,350	11.6	60.93

Note: Revisions to the most recently announced consolidated forecast: None

Earnings per share in the consolidated earnings forecasts are calculated after taking into consideration an increase in the number of shares outstanding during nine months ended December 31, 2018.

*** Notes**

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

Newly added: -

Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: Yes

2) Changes in accounting policies other than 1) above: Yes

3) Changes in accounting-based estimates: Yes

4) Restatements: None

Note: Subject to "changes in accounting policies that are difficult to distinguish from changes in accounting-based estimates" since the Company has revised its depreciation method starting in the first quarter of the current fiscal year. For more information, please refer to "2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements, Changes in Accounting Policies that are Difficult to Distinguish from Changes in Accounting-based Estimates" on page 10.

(4) Number of outstanding shares (common stock)

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

As of Dec. 31, 2018:	22,202,400 shares	As of Mar. 31, 2018:	22,124,000 shares

2) Number of treasury shares at the end of period

As of Dec. 31, 2018:	6,303 shares	As of Mar. 31, 2018:	6,168 shares

3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2018:	22,146,505 shares	Nine months ended Dec. 31, 2017:	20,752,852 shares

* This quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

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

Forecasts of future performance in this report are based on assumptions judged to be valid and information available to the Company's management at the time the materials were prepared, but are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons. Please refer to "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 5 for forecast assumptions and notes of caution for usage.

Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first nine months of the fiscal year ending March 31, 2019, the overall Japanese economy recovered slowly as the labor market and personal income continue to improve. However, the outlook remains unclear due to significant uncertainty about the global economy because of trends in the U.S.-China trade issues, trends in the process of the UK’s withdrawal from the European Union (EU) (Brexit), the effects of volatility in financial markets and other reasons. In Japan, there is strong demand in the human resources service market. The main reasons are a high job openings-to-applicants ratio (1.6), a persistent labor shortage, the enactment of working style reforms and an increase in foreign labor force.

The Company and its group companies (the “Group”) are guided by the mission of serving as an agent of change to bring about positive changes for individuals and organizations. By upgrading specialized skills in all our businesses, we worked on improving customer satisfaction and further differentiating our services. One goal is raising our in-store share, which is our temporary staffing and consignment workers as a percentage of all these workers at a client company. Another goal is expanding our operations to more areas of Japan and other countries. In addition, there were many activities to expand operations in the three strategic growth businesses: temporary staffing and permanent placement services in the nursing care field; permanent placement and other services in the Internet and IoT field; and overseas human resources services. In June 2018, C4 inc. became a consolidated subsidiary. This company provides temporary staffing and permanent placement services for construction management engineers to aim for growth in the construction sector. Quay Appointments Pty Ltd., which has core strengths in providing temporary staffing services to Australian government agencies, and two other companies became consolidated subsidiaries in September 2018.

For the first nine months of the fiscal year ending on March 31, 2019, the Company reported consolidated net sales of 76,290 million yen (up 33.8% year on year), operating profit of 1,954 million yen (down 6.0%), ordinary profit of 1,969 million yen (down 5.1%) and profit attributable to owners of parent of 1,009 million yen (down 3.5%). EBITDA (Operating profit + depreciation + amortization of goodwill) was 2,723 million yen (up 9.3%).

Results by business segment were as follows.

Categories used internally for managing performance were reexamined due to the increasing materiality of overseas operations. As a result, starting in the fiscal year that ended on March 31, 2018, the overseas human resources service business that was previously included in Others is a separate reportable segment called the “Overseas Human Resources Business.”

In previous fiscal years, the HR Support Business for Startups, which includes the permanent placement of people in the Internet and IoT fields, was included in Others. Due to its increasing importance, the HR Support Business for Startups is a separate reportable segment beginning with the first quarter of the fiscal year ending on March 31, 2019. In addition, due to an organizational change, the Office Worker Temporary Staffing and Permanent Placement Business, which was included in Others, has been combined with the Call Center Outsourcing Business beginning with the first quarter of the fiscal year ending on March 31, 2019.

Prior-year segment information has been revised to reflect the new segment classification to permit comparisons.

Sales Outsourcing Business

Saint Media, Inc. provides store sales personnel and other categories of workers. As demand for sales personnel continued to be solid, this company concentrated on raising its in-store share at current client companies and capturing orders for consignment work. In the telecommunications field, there was stagnation in some areas due mainly to customers holding down sales promotion expenses. However, we achieved stable growth by working to steadily expand sales activities to a wider area for capturing orders for temporary staffing services in the apparel industry and temporary staffing and consignment work for sales promotion staff. CreativeBank Inc. operates a sales promotion service. Orders were strong from large companies in the IT field for retail support and marketing campaigns as well as for private seminars and exhibitions for companies and joint activities with a large distributor (a trading company specializing in IT).

First nine months earnings decreased mainly due to lower gross profit margin caused primarily by a decrease in telecommunications sector incentive payments and an increase in outsourcing expenses, and higher personnel expenses associated with the expansion of sale and service locations for growth in market sectors other than telecommunications.

As a result, the segment recorded sales of 16,630 million yen (up 2.9% year on year) and segment profit of 1,070 million yen (down 21.0%).

Call Center Outsourcing Business

In the call center staffing and office human resources services of Saint Media, demand for outsourcing is increasing to enhance efficiency of corporate operations and strengthen cost competitiveness. In response, Saint Media focused on increasing highly profitable orders for in-house projects and from financial institutions. The company also reinforced the recruitment of staff at the senior level.

Earnings decreased mainly because of lower sales caused by a decrease in the number of people on assignments and of a decline in the gross profit margin due to an increase in mandatory employer contributions for social security programs for employees.

As a result, the segment recorded sales of 11,827 million yen (down 7.1% year on year) and segment profit of 592 million yen (down 9.0%).

Factory Outsourcing Business

FAJ, Inc. provides human resources services primarily to manufacturers. Food companies were the main source of growth in the volume of business. This was mainly a reflection of the solid demand for the production of prepared food items and for desserts and bento lunch boxes sold at convenience stores. FAJ worked on expanding to more areas of Japan and opened seven facilities. Little Seeds Service, which became a consolidated subsidiary in September 2017, contributed to this segment’s performance beginning in the first quarter as it continued to grow. In addition, there are many initiatives for growth in the cosmetics sector and other market sectors other than the food industry. On the recruitment side, this business continued to strengthen foreign recruitment and worked on improving the retention rate of our foreign staff by increasing the number of foreign staff members working as field supporters.

Segment profit increased as the contribution to earnings from higher sales outweighed the negative effects of a lower gross profit margin caused by higher wages for staff and growth in personnel expenses to support the expansion of sales activities to more areas of Japan.

As a result, the segment recorded sales of 15,450 million yen (up 24.5% year on year) and segment profit of 755 million yen (up 9.6%).

Care Support Business

Saint Media continued to enlarge its service network for nursing care human resources services by opening six offices to expand the network to 47 locations in Japan. There were also measures to increase the number of people on assignments. Activities included more follow-up support for people on assignments and ideas about different ways client companies can use workers. In addition, efforts were made to reexamine contract terms with current customers and expand highly profitable permanent placement of caregivers in order to improve the gross profit margin. Furthermore, there were activities to start accepting orders for the management of foreign interns for whom there is a growing need in nursing care facilities.

Although there were up-front investments for opening offices and other activities and an increase in recruiting expenses, this business is making steady progress toward becoming profitable as the gross profit margin improved.

As a result, the segment recorded sales of 6,831 million yen (up 30.5% year on year) and segment profit of 95 million yen (compared with segment loss of 15 million yen one year earlier).

Overseas Human Resources Business

Operations outside Japan are in the ASEAN regions and Oceania. In this segment, consolidated subsidiaries in Singapore and Australia performed well. In addition, DFP Recruitment Holdings Pty Ltd, which is engaged in human resources services for office work and call center operations in Australia and became a consolidated subsidiary in January 2018, and Quay Appointments Pty Ltd and two other group companies, which became consolidated subsidiaries in September 2018, made a contribution to consolidated sales and earnings.

Earnings increased because of the growth of this business.

As a result, the segment recorded sales of 19,066 million yen (up 136.6% year on year) and segment profit of 563 million yen (up 96.4%).

HR Support Business for Startups

Due to growth in artificial intelligence and the IoT-related markets, demand for human resources support specifically for these fields is growing. This business hired more consultants to provide this support to start-up companies. In addition, this business launched STARTUP DB, an information platform devoted solely to constant advances taking place in growing industries.

Earnings increased because of the growth of this business.

As a result, the segment recorded sales of 759 million yen (up 48.9% year on year) and segment profit of 183 million yen (up 8.0%).

Others

In the others segment, temporary staffing for assistant foreign language teachers (ALT) and temporary and permanent placement services for nursery school personnel steadily increased. The Group also actively invested in the development of new businesses including our job introduction media (Joboty) for part-time foreign workers and our residence card management system (Visamane). During the first quarter, this business sold Tech Residence, an apartment building for IT engineers and creators. In addition, C4 inc., which became a consolidated subsidiary in June 2018, made a contribution to consolidated sales and earnings from the second quarter. This company provides temporary staffing and permanent placement services for construction management engineers.

Earnings were higher as a result of expansion of our ALT temporary staffing and nursery school personnel temporary staffing and permanent placement, and withdrawal from lossmaking business.

As a result, the segment recorded sales of 5,724 million yen (up 201.9% year on year) and segment profit of 57 million yen (compared with segment loss of 84 million yen one year earlier).

(2) Explanation of Financial Position

Starting with the beginning of the first quarter of the current fiscal year, WILL GROUP has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) and other related pronouncements. Prior-year figures have been adjusted retroactively to conform with this accounting standard in order to facilitate comparisons and analysis.

Assets

Current assets at the end of the third quarter were 24,977 million yen, up 2,631 million yen from the end of the previous fiscal year. This was mainly due to increases of 1,643 million yen in notes and accounts receivable-trade and 648 million yen in cash and deposits.

Non-current assets were 8,070 million yen at the end of the third quarter, up 2,919 million yen from the end of the previous fiscal year. This was mainly due to an increase of 2,652 million yen in intangible assets because of an increase in goodwill resulting from acquisition of shares of C4 inc., Quay Appointments Pty Ltd. and two other companies, and increases of 218 million yen in property, plant and equipment and 48 million yen in investments and other assets.

As a result, total assets increased 5,551 million yen from the end of the previous fiscal year to 33,048 million yen.

Liabilities

Current liabilities at the end of the third quarter were 18,831 million yen, up 3,297 million yen from the end of the previous fiscal year. This was mainly due to increases of 1,600 million yen in short-term loans payable, 1,248 million yen in current portion of long-term loans payable, and 255 million yen in accrued consumption taxes.

Non-current liabilities were 6,601 million yen at the end of the third quarter, up 4,156 million yen from the end of the previous fiscal year. This was mainly due to increases of 3,745 million yen in long-term loans payable and 405 million yen in deferred tax liabilities.

As a result, total liabilities increased 7,453 million yen from the end of the previous fiscal year to 25,433 million yen.

Net assets

Net assets at the end of the third quarter were 7,614 million yen, down 1,902 million yen from the end of the previous fiscal year. This was mainly due to decreases of 1,949 million yen in capital surplus and 473 million yen in non-controlling interests due to changes in equity associated with additional purchase of shares of consolidated subsidiaries, while there was an increase of 611 million yen in retained earnings.

Consequently, the equity ratio was 20.6% compared with 30.0% at the end of the previous fiscal year.

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

There are no revisions to the consolidated earnings forecast for the fiscal year ending March 31, 2019, which was announced on May 11, 2018. Forecasts are based on information currently available to the Company. Actual performance may differ from these forecasts for a number of reasons.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	FY3/18 (As of Mar. 31, 2018)	Third quarter of FY3/19 (As of Dec. 31, 2018)
Assets		
Current assets		
Cash and deposits	9,236	9,884
Notes and accounts receivable-trade	11,661	13,305
Real estate for sale	305	488
Work in process	190	355
Real estate for sale in process	551	242
Other	410	712
Allowance for doubtful accounts	(10)	(12)
Total current assets	22,345	24,977
Non-current assets		
Property, plant and equipment	958	1,176
Intangible assets		
Goodwill	2,234	3,497
Other	419	1,810
Total intangible assets	2,654	5,307
Investments and other assets		
Investment securities	333	465
Deferred tax assets	641	516
Other	566	614
Allowance for doubtful accounts	(2)	(9)
Total investments and other assets	1,538	1,586
Total non-current assets	5,151	8,070
Total assets	27,496	33,048
Liabilities		
Current liabilities		
Accounts payable-trade	628	743
Short-term loans payable	3,102	4,703
Current portion of long-term loans payable	828	2,076
Accounts payable-other	6,341	6,151
Accrued expenses	1,130	1,358
Income taxes payable	451	335
Accrued consumption taxes	1,356	1,612
Provision for bonuses	564	396
Provision for refund of permanent placement income	30	33
Provision for office transfer loss	0	0
Other	1,099	1,417
Total current liabilities	15,534	18,831
Non-current liabilities		
Long-term loans payable	2,417	6,163
Net defined benefit liability	4	4
Deferred tax liabilities	7	412
Other	15	21
Total non-current liabilities	2,445	6,601
Total liabilities	17,979	25,433

(Millions of yen)

	FY3/18 (As of Mar. 31, 2018)	Third quarter of FY3/19 (As of Dec. 31, 2018)
Net assets		
Shareholders' equity		
Capital stock	1,993	2,009
Capital surplus	2,445	495
Retained earnings	3,960	4,571
Treasury shares	(2)	(2)
Total shareholders' equity	8,396	7,073
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	(1)
Deferred gains or losses on hedges	-	(20)
Foreign currency translation adjustment	(135)	(256)
Total accumulated other comprehensive income	(134)	(278)
Share acquisition rights	157	194
Non-controlling interests	1,098	624
Total net assets	9,517	7,614
Total liabilities and net assets	27,496	33,048

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income
(For the Nine-month Period)

(Millions of yen)

	First nine months of FY3/18 (Apr. 1, 2017 – Dec. 31, 2017)	First nine months of FY3/19 (Apr. 1, 2018 – Dec. 31, 2018)
Net sales	57,009	76,290
Cost of sales	45,381	61,096
Gross profit	11,628	15,193
Selling, general and administrative expenses	9,548	13,239
Operating profit	2,079	1,954
Non-operating income		
Interest income	1	2
Gain on investments in partnership	-	27
Subsidy income	35	29
Other	2	7
Total non-operating income	39	68
Non-operating expenses		
Interest expenses	14	38
Share issuance cost	13	-
Other	15	14
Total non-operating expenses	43	52
Ordinary profit	2,075	1,969
Extraordinary income		
Gain on sales of investment securities	10	5
Gain on sales of shares of subsidiaries and associates	-	26
Other	0	-
Total extraordinary income	10	31
Extraordinary losses		
Loss on retirement of non-current assets	0	5
Impairment loss	-	14
Loss on valuation of investment securities	21	-
Provision of allowance for office transfer loss	1	0
Other	2	0
Total extraordinary losses	25	20
Profit before income taxes	2,061	1,980
Income taxes-current	760	706
Income taxes-deferred	42	119
Total income taxes	803	826
Profit	1,257	1,154
Profit attributable to non-controlling interests	211	144
Profit attributable to owners of parent	1,045	1,009

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

(Millions of yen)

	First nine months of FY3/18 (Apr. 1, 2017 – Dec. 31, 2017)	First nine months of FY3/19 (Apr. 1, 2018 – Dec. 31, 2018)
Profit	1,257	1,154
Other comprehensive income		
Valuation difference on available-for-sale securities	0	(2)
Deferred gains or losses on hedges	-	(20)
Foreign currency translation adjustment	121	(152)
Total other comprehensive income	122	(175)
Comprehensive income	1,379	979
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,144	865
Comprehensive income attributable to non-controlling interests	234	113

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

WILL GROUP has purchased additional shares of CreativeBank Inc., The Ethos Unit Trust, which are our consolidated subsidiaries, and seven other companies. As a result, capital surplus has decreased by 1,964 million yen during the first nine months of the current fiscal year.

Changes in Accounting Policies

On April 1, 2018, WILL GROUP started applying the "Practical Solution on Transactions Granting Employees and Others Share Acquisition Rights, which Involve Considerations, with Vesting Conditions, etc." (Practical Issues Task Force (PITF) No. 36, January 12, 2018) and other accounting policies. When employees and others are granted share acquisition rights requiring a payment, WILL GROUP uses an accounting method that complies with the "Accounting Standard for Stock Options" (ASBJ Statement No. 8, December 27, 2005).

The application of PITF No. 36 is based on the transitional measures designated in Paragraph 10 (3) of PITF No. 36. For share acquisition rights requiring a payment that were granted to employees and others prior to the application of PITF No. 36, WILL GROUP is continuing to use the original accounting methods.

Changes in Accounting Policies that are Difficult to Distinguish from Changes in Accounting-based Estimates

Changes in depreciation method of property, plant and equipment

WILL GROUP and some of its consolidated subsidiaries have changed the property, plant and equipment depreciation method. In prior years, these assets were depreciated using the declining-balance method. However, WILL GROUP and consolidated subsidiaries in Japan used the straight-line method for buildings and structures acquired on or after April 1, 2016. Beginning with the first quarter of the current fiscal year, the straight-line method is used for all depreciation.

Due to the increasing number of overseas subsidiaries of the Group, the decision to make this change was made for the consistency of accounting policies used by group companies and in order to more accurately show the actual utilization of property, plant and equipment so that this utilization is properly reflected in each fiscal year's income statement.

The Group expects that property, plant and equipment at group companies will be operated in consistent manner throughout the useful lives of these assets. As a result, the recognition of expenses in equal installments during the useful lives of these assets is an appropriate reflection of how property, plant and equipment are used. In addition, the Group believes that the use of the straight-line method more appropriately reflects results of operations from the standpoint of having expenses correspond to income. For these reasons, depreciation of property, plant and equipment has been changed from the declining-balance method to the straight-line method beginning with the first quarter of the current fiscal year.

This change in the depreciation method increased operating profit, ordinary profit and profit before income taxes in the first nine months by 34 million yen each.

Additional Information

Starting with the beginning of the first quarter of the current fiscal year, WILL GROUP has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and other related pronouncements. Accordingly, deferred tax assets and deferred tax liabilities have been presented in the investments and other assets section and the non-current liabilities section of the balance sheet, respectively.

Segment and Other Information

Segment information

I. First nine months of FY3/18 (Apr. 1, 2017 – Dec. 31, 2017)

1. Information related to net sales and profit or loss for each reportable segment

(Millions of yen)

	Reportable segment							Others (Note 1)	Total	Adjust-ment (Note 2)	Amounts recorded in the quarterly consolidated statement of income (Note 3)
	Sales Outsourcing	Call Center Outsourcing	Factory Outsourcing	Care Support	Overseas Human Resources	HR Support for Startups	Total				
Net sales											
External sales	16,164	12,733	12,411	5,237	8,057	509	55,113	1,896	57,009	-	57,009
Inter-segment sales and transfers	1	-	0	-	-	-	1	3	4	(4)	-
Total	16,165	12,733	12,412	5,237	8,057	509	55,115	1,899	57,014	(4)	57,009
Segment profit (loss)	1,353	650	689	(15)	286	169	3,134	(84)	3	(970)	2,079

Notes: 1. Others is a business segment not included in any of the reportable segments and mainly includes ATL temporary staffing.

2. The negative adjustment of 970 million yen to segment profit includes elimination of minus 55 million yen for inter-segment transactions and corporate expenses of minus 914 million yen that are not allocated to any of the reportable segments. Corporate expenses mainly consist of general and administrative expenses that are not attributable to any of the reportable segments.

3. Segment profit is adjusted to be consistent with operating profit recorded in the quarterly consolidated statement of income.

II. First nine months of FY3/19 (Apr. 1, 2018 – Dec. 31, 2018)

1. Information related to net sales and profit or loss for each reportable segment

(Millions of yen)

	Reportable segment							Others (Note 1)	Total	Adjust-ment (Note 2)	Amounts recorded in the quarterly consolidated statement of income (Note 3)
	Sales Outsourcing	Call Center Outsourcing	Factory Outsourcing	Care Support	Overseas Human Resources	HR Support for Startups	Total				
Net sales											
External sales	16,630	11,827	15,450	6,831	19,066	759	70,566	5,724	76,290	-	76,290
Inter-segment sales and transfers	1	-	0	-	-	-	1	9	10	(10)	-
Total	16,631	11,827	15,450	6,831	19,066	759	70,567	5,733	76,301	(10)	76,290
Segment profit (loss)	1,070	592	755	95	563	183	3,260	57	3,317	(1,362)	1,954

Notes: 1. Others is a business segment not included in any of the reportable segments and mainly includes ATL temporary staffing and construction management engineer temporary staffing and permanent placement.

2. The negative adjustment of 1,362 million yen to segment profit includes elimination of 4 million yen for inter-segment transactions and corporate expenses of minus 1,367 million yen that are not allocated to any of the reportable segments. Corporate expenses mainly consist of general and administrative expenses that are not attributable to any of the reportable segments.

3. Segment profit is adjusted to be consistent with operating profit recorded in the quarterly consolidated statement of income.

4. As stated in “Changes in Accounting Policies that are Difficult to Distinguish from Changes in Accounting-based Estimates” under the Notes section, WILL GROUP and some of its consolidated subsidiaries have changed the property, plant and equipment depreciation method. In prior years, these assets were depreciated using the declining-balance method. However, WILL GROUP and consolidated subsidiaries in Japan used the straight-line method for buildings and structures acquired on or after April 1, 2016. Beginning with the first quarter of the current fiscal year, the straight-line method has been used for all depreciation. The effect of this change was to increase segment profits for the Sales Outsourcing Business, the Call Center Outsourcing Business, the Factory Outsourcing Business, the Care Support Business, the Overseas Human Resources Business, and Others by 2 million yen, 1 million yen, 3 million yen, 3 million yen, 2 million yen, and 2 million yen, respectively, in the first nine months of the current fiscal year, compared with the previous method.

2. Information related to revision to reportable segments

Categories used internally for managing performance were reexamined due to the increasing materiality of overseas operations. As a result, starting in the fiscal year that ended on March 31, 2018, the overseas human resources service business that was previously included in Others is a separate reportable segment called the "Overseas Human Resources Business."

In previous fiscal years, the HR Support Business for Startups, which includes the permanent placement of people in the Internet and IoT fields, was included in Others. Due to its increasing importance, the HR Support Business for Startups is a separate reportable segment beginning with the first quarter of the fiscal year ending on March 31, 2019. In addition, due to an organizational change, the Office Temporary Staffing and Permanent Placement Business, which was included in Others, has been combined with the Call Center Outsourcing Business beginning with the first quarter of the fiscal year ending on March 31, 2019.

Prior-year segment information has been revised to reflect the new segment classification to permit comparisons.

Business Combinations

Finalization of provisional accounting treatment for business combinations

A provisional accounting treatment was used in the first quarter of the current fiscal year for the June 30, 2018 acquisition of C4 inc. The allocation of the acquisition cost was completed in the third quarter. Adjustments to goodwill due to the completion of this allocation are as follows.

Account	Amount
Goodwill (before adjustment)	2,416 million yen
Intangible assets – Other	(1,275) million yen
Deferred tax liabilities	431 million yen
Total adjustments	(843) million yen
Goodwill (after adjustment)	1,573 million yen

Subsequent Events

At the Board of Directors meeting held on January 21, 2019, WILL GROUP and its consolidated subsidiary WILL GROUP Asia Pacific Pte. Ltd. resolved to purchase shares of The Chapman Consulting Group Pte. Ltd. and make this company a subsidiary. This company's shares were purchased on January 29, 2019.

1. Summary of business combination

(1) Summary of subsidiary which purchases the shares

Acquiring company: WILL GROUP Asia Pacific Pte. Ltd.

Business activities: Supervision of overseas businesses, investments in overseas operating companies, etc.

(2) Acquired company and its business activities

Acquired company: The Chapman Consulting Group Pte. Ltd.

Business activities: Permanent placement

(3) Reasons for acquisition

The acquisition of The Chapman Consulting Group Pte. Ltd. will make it possible to strengthen and expand the Group's global network in the human resources service domain.

(4) Acquisition date

January 31, 2019 (assumed acquisition date)

(5) Legal form of acquisition

Acquisition of shares with cash

(6) Name of the acquired company after acquisition

There is no change in the company’s name.

(7) Percentage of voting rights acquired

51%

(8) Basis for choosing the acquiring company

Purchasing shares of The Chapman Consulting Group Pte. Ltd. with cash will give 51% of its voting rights to WILL GROUP.

2. Acquisition cost and type of payment

Payment for the acquisition	Cash	1,888	million yen
Acquisition cost		1,888	million yen

3. Details of major acquisition-related costs

Advisory fees, etc. (estimate) 32 million yen

4. Goodwill resulting from the acquisition

The value, source, and amortization method and period of goodwill have not been determined as they are currently under review.

This financial report is solely a translation of the Company’s Kessan Tanshin (including attachments) in Japanese, which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.