

Financial Results for the First Half of the Fiscal Year Ending March 31, 2020

November 22, 2019

Ryosuke Ikeda

Chairman and Representative Director, CEO

WILL GROUP, INC. (Tokyo Stock Exchange, First Section / Stock code: 6089)



I. Medium-term Plan Progress

II. 1H FY3/20 Highlights

III. FY3/20 Forecast

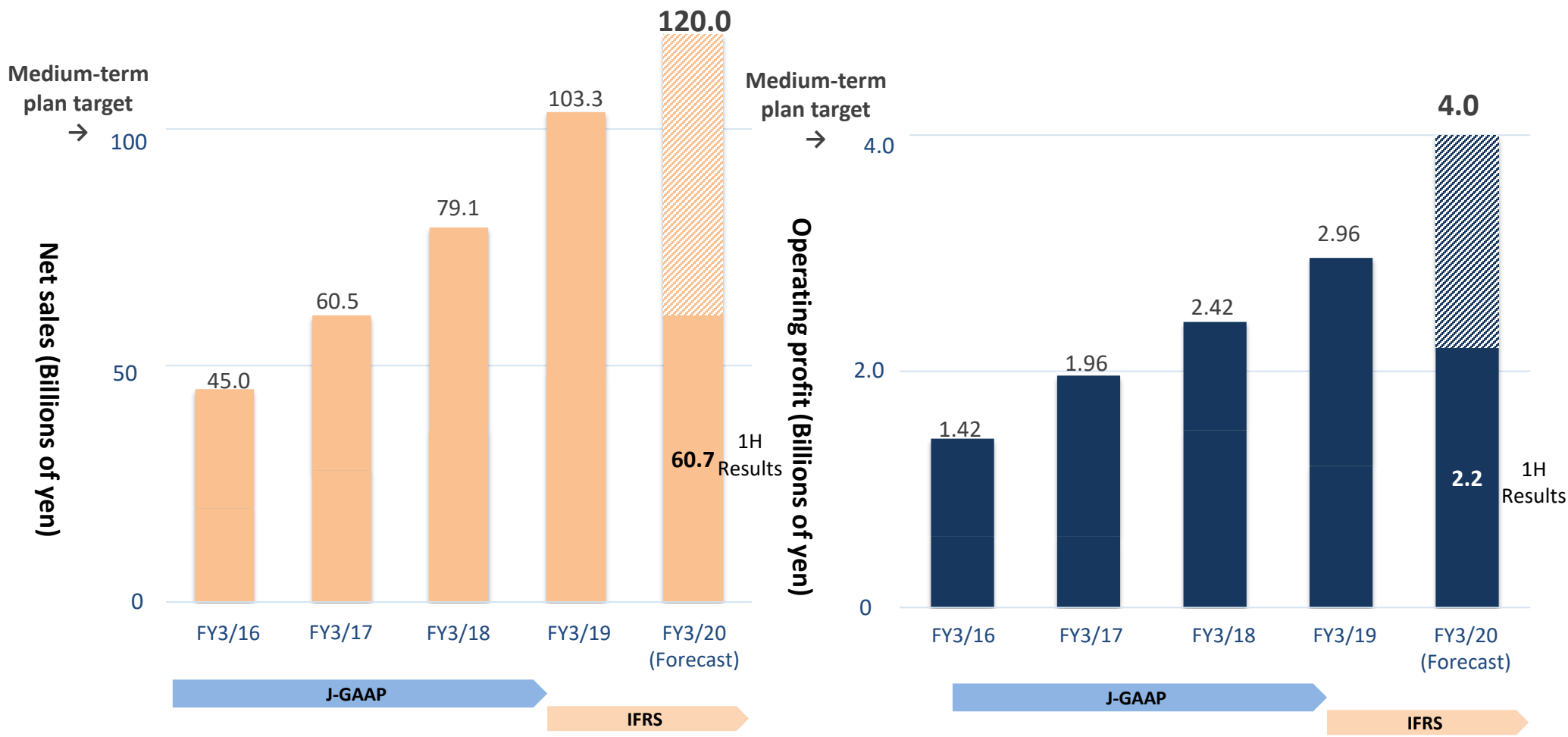
IV. Shareholder Returns

V. Topics

* The term “net sales” in this material refers to either “net sales” under Japanese GAAP or “revenue” under IFRS.

I. Medium-term Plan Progress

Achieved the medium-term plan sales target a year ahead of schedule
Steadily on pace to reach the medium-term plan operating profit target of 4.0 billion yen



II. 1H FY3/20 Highlights

1 Consistent Double-digit Growth (+25.3% YOY)

2 Record-high First Half Operating Profit

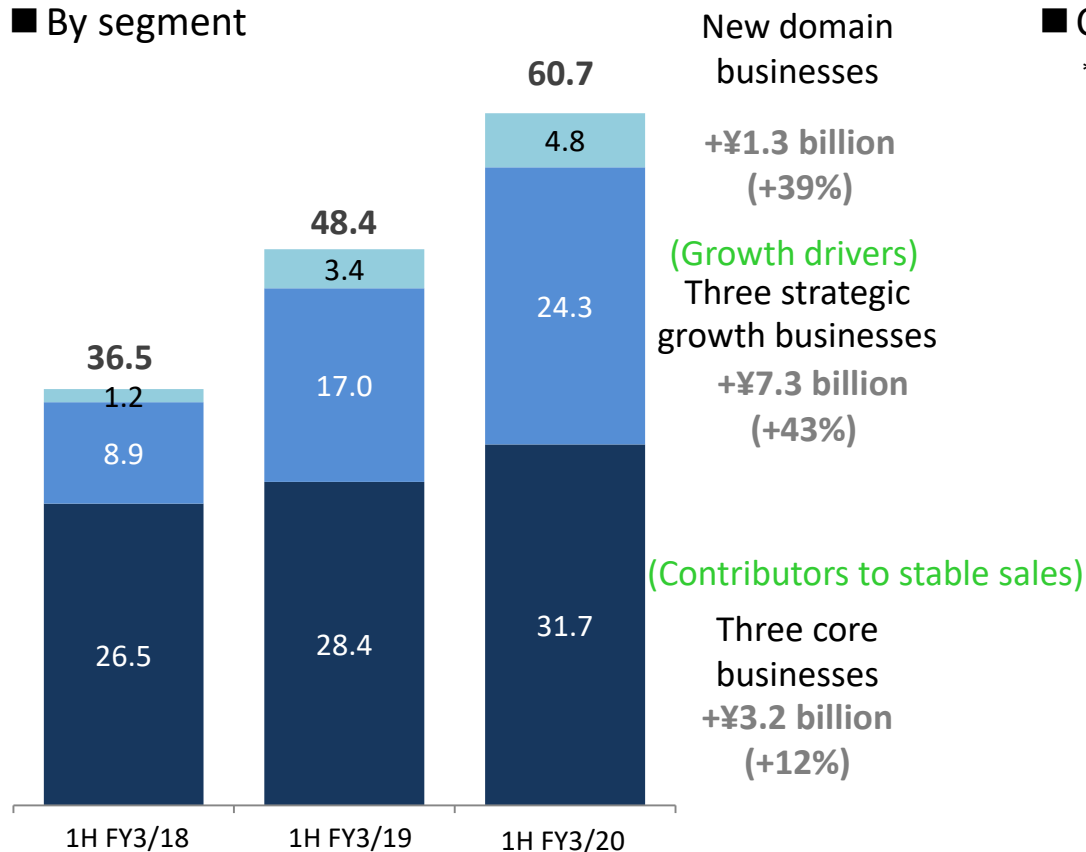
3 Financial Indicators on Improvement Trend

1 Consistent Double-digit Growth

1H Consolidated net sales

(Billions of yen)

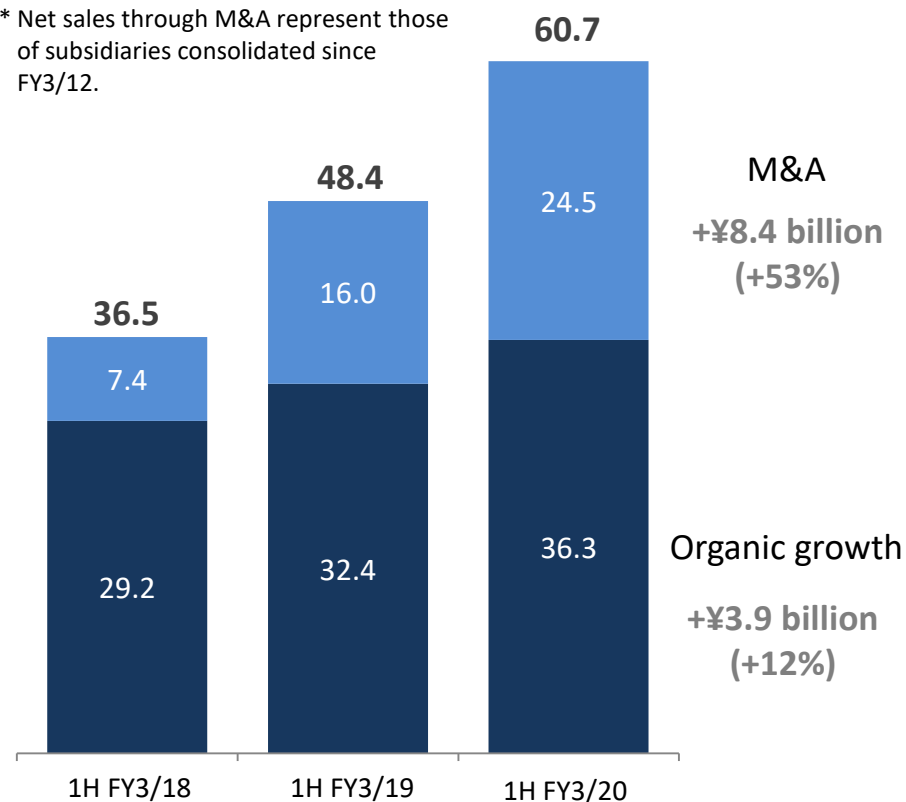
■ By segment



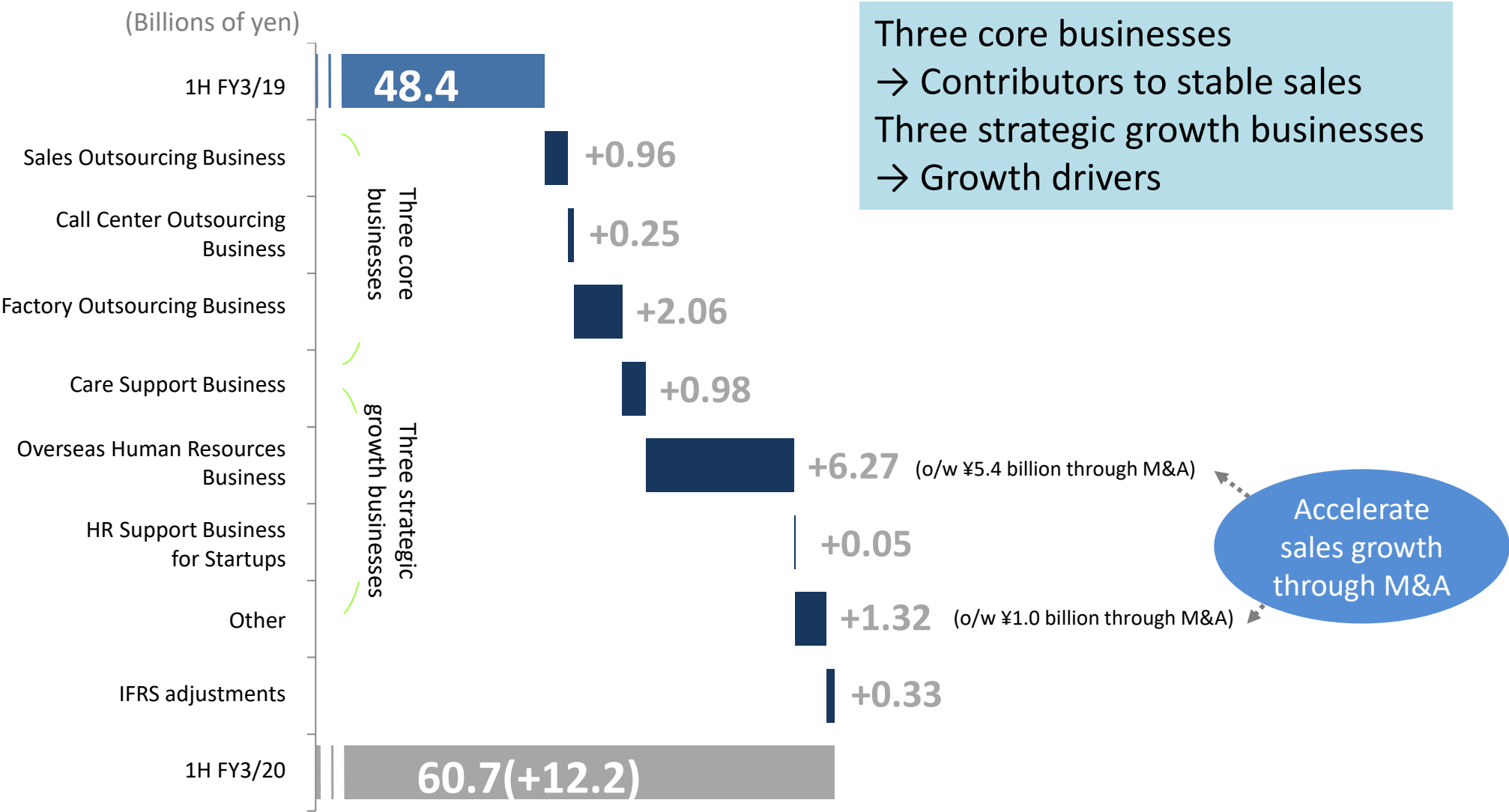
+25.3% YoY
(including organic growth: +12%)

■ Composition (Organic growth vs. M&A*)

* Net sales through M&A represent those of subsidiaries consolidated since FY3/12.



1H FY3/20 Consolidated Net Sales: Breakdown of Year-on-Year Changes

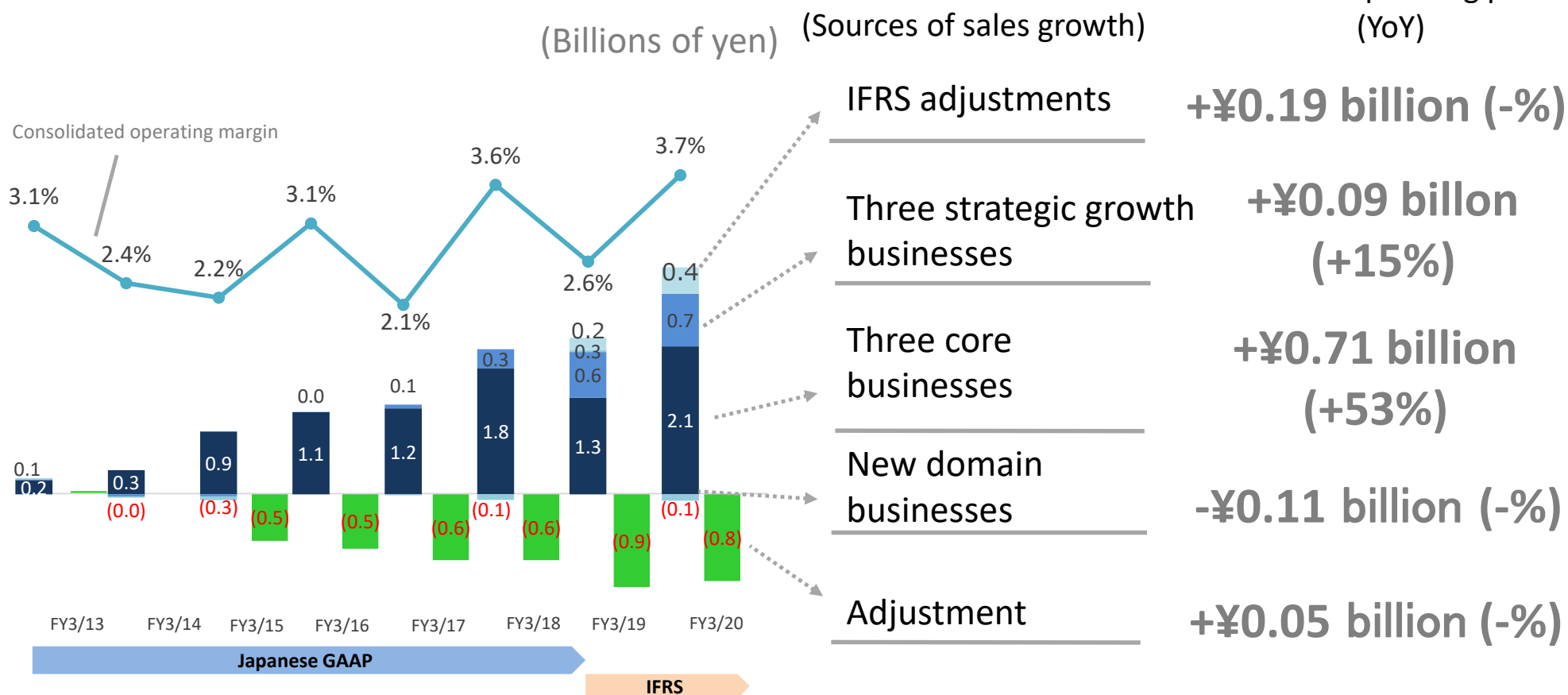


2 Record-high First Half Operating Profit

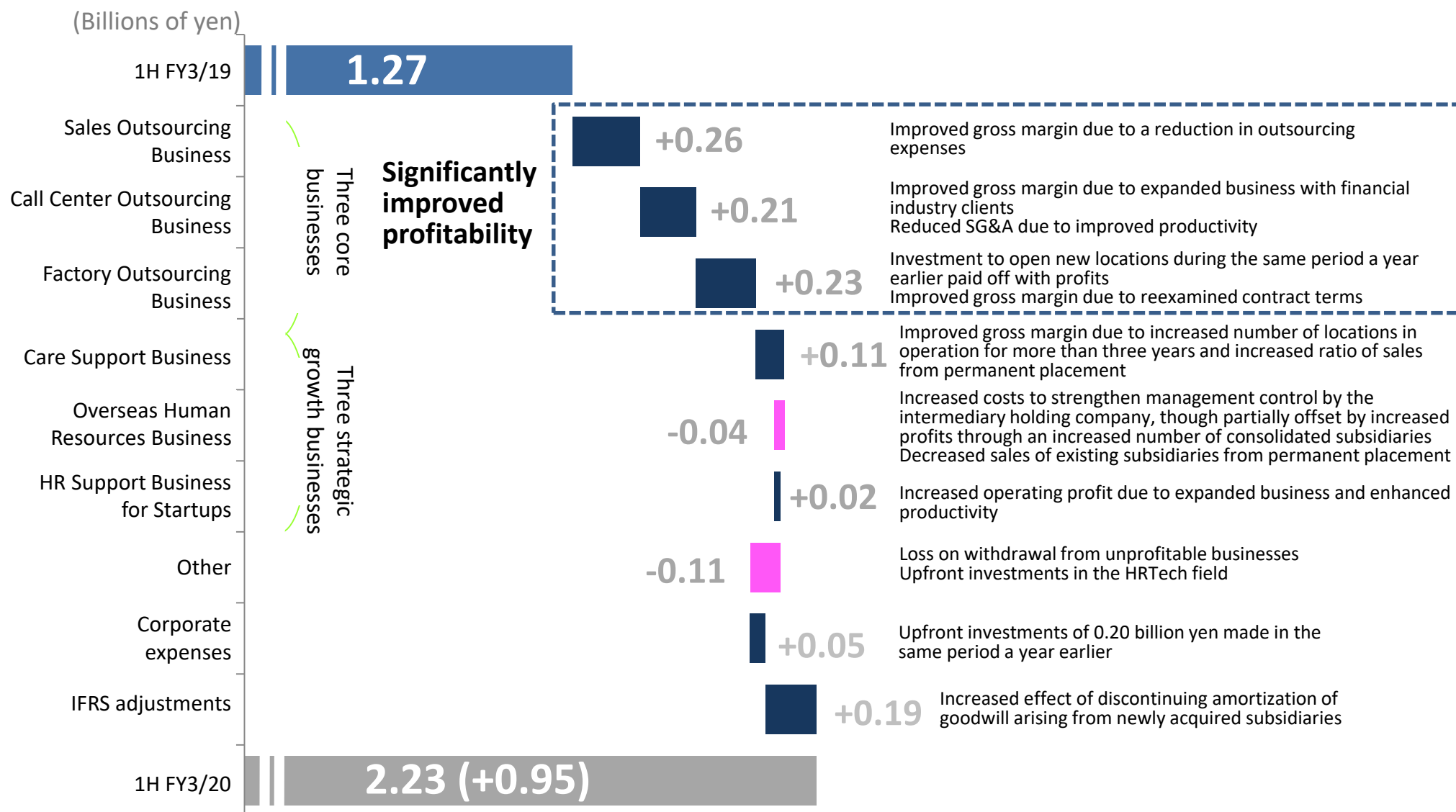
■ 1H Consolidated operating profit

+74.4% YoY
(including Organic growth: +49%)

Effect on operating profit
(YoY)



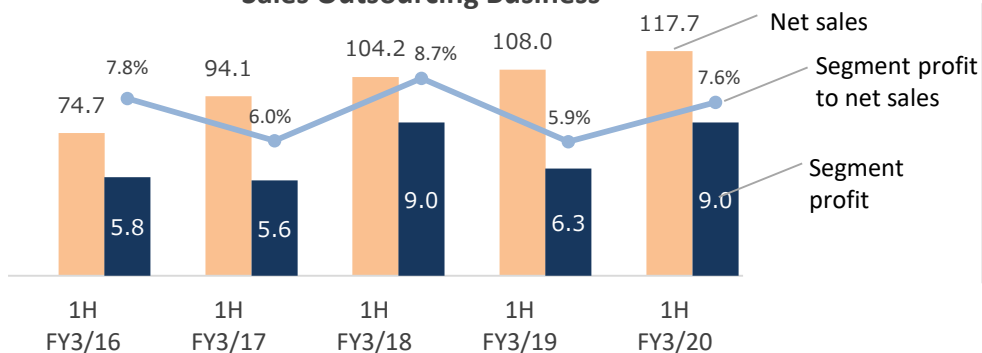
1H FY3/20 Consolidated Operating Profit: Breakdown of Year-on-Year Changes



* The segment profits are profits after amortization of goodwill

Improved Profitability of Three Core Businesses

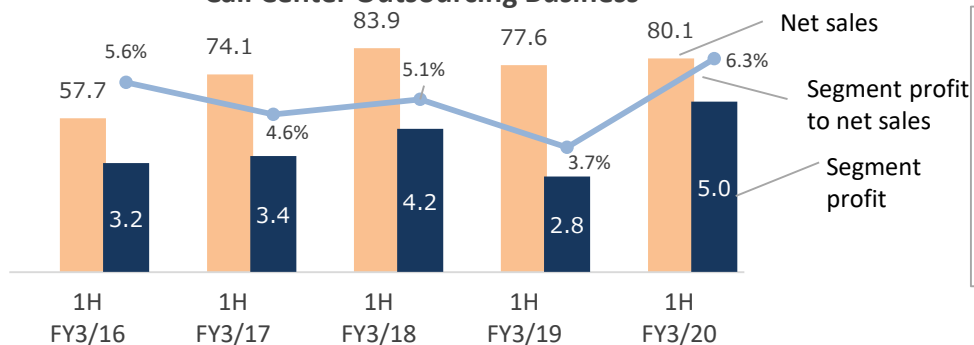
Sales Outsourcing Business



- Topics -

- With the telecommunications sector remaining to be a stable revenue base, efforts have been made to expand business with the apparel industry clients and with clients in other fields by taking advantage of the occasion of a full-fledged transition to Windows 10
- Improved gross margin due to a reduction in outsourcing expenses

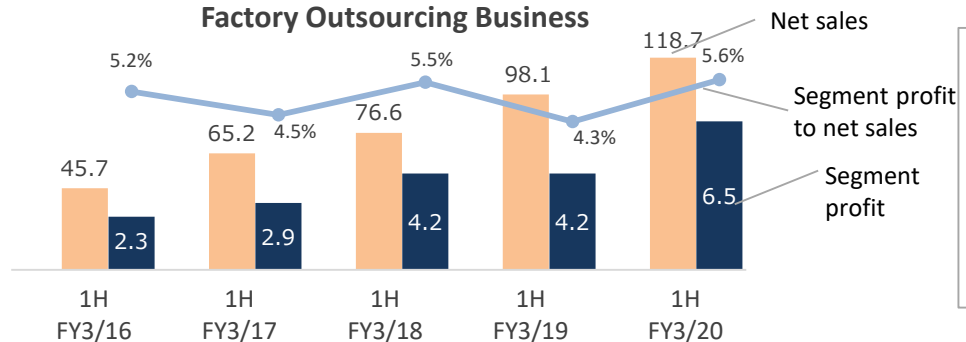
Call Center Outsourcing Business



- Topics -

- Profit margin has been improved as a result of efforts to enhance productivity and develop highly profitable deals such as those with financial industry clients.

Factory Outsourcing Business

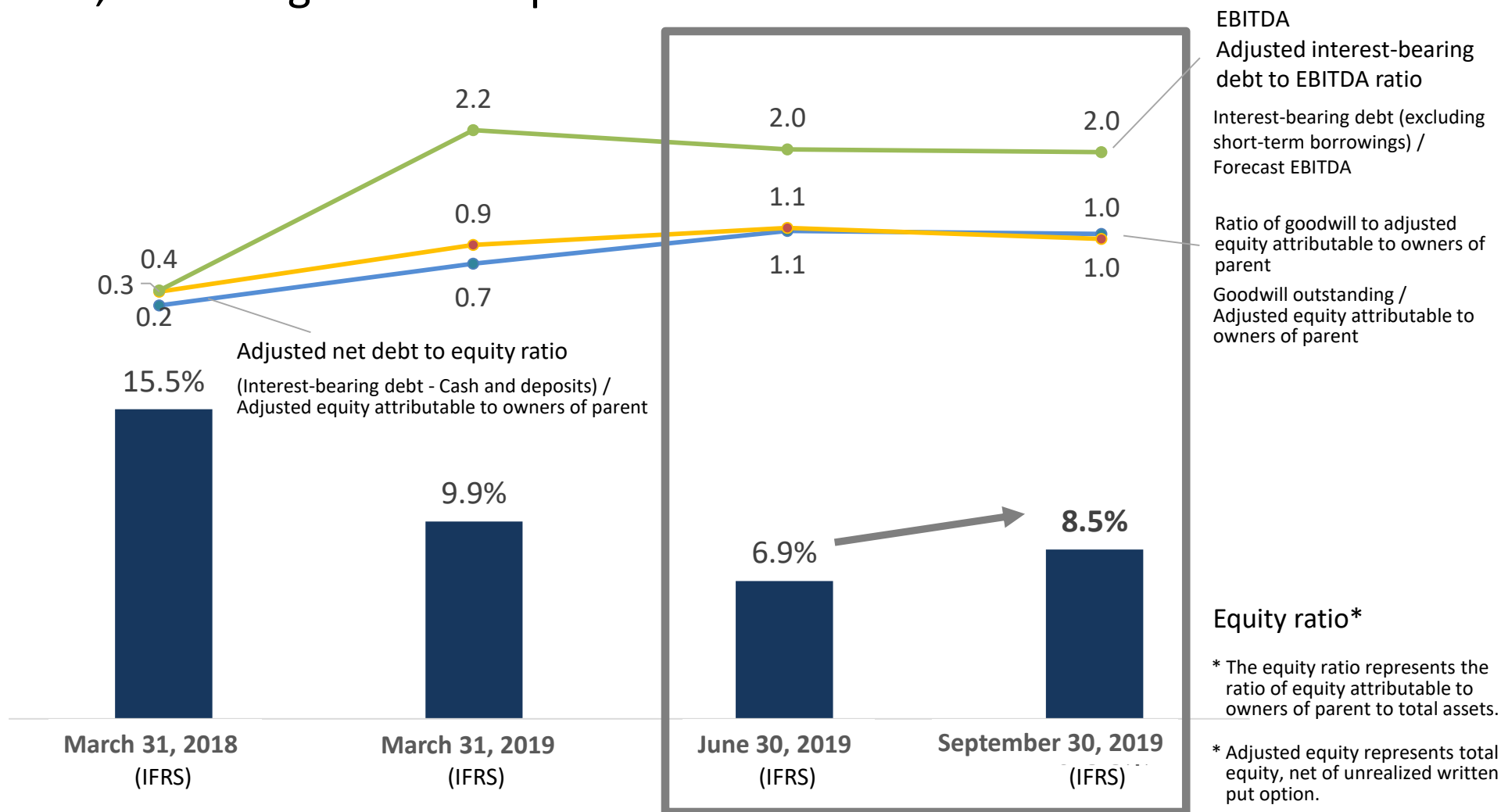


- Topics -

- The business with food industry clients has continued to increase backed by solid demand for prepared foods.
- The number of foreign workers has increased by approx. 300 compared with that at the end of the previous fiscal year. (Number of foreign staff members: Approx. 4,000 as of Sep. 30, 2019)

3 Financial Indicators on Improvement Trend

The financial indicators as of September 30, 2019 are on the improvement trend, reflecting increased profits



(Billions of yen)	1H FY3/19	1H FY3/20	Change	% change
Revenue	48.47	60.73	+12.26	+25.3%
Operating profit	1.27	2.23	+0.95	+74.4%
Profit attributable to owners of parent	0.69	1.28	+0.58	+83.2%

III. FY3/20 Forecast

The full-year earnings forecast remains unchanged as a result of **conservatively estimating** the outlook of businesses in Japan

(Billions of yen)	FY3/19	FY3/20 (forecasts)	Change	% change
Revenue	103.3	120.0	+16.6	+16.2%
Operating profit	2.96	4.0	+1.03	+34.9%
Profit attributable to owners of parent	1.54	1.97	+0.42	+27.5%
EBITDA	4.57	5.7	+1.12	+24.7%

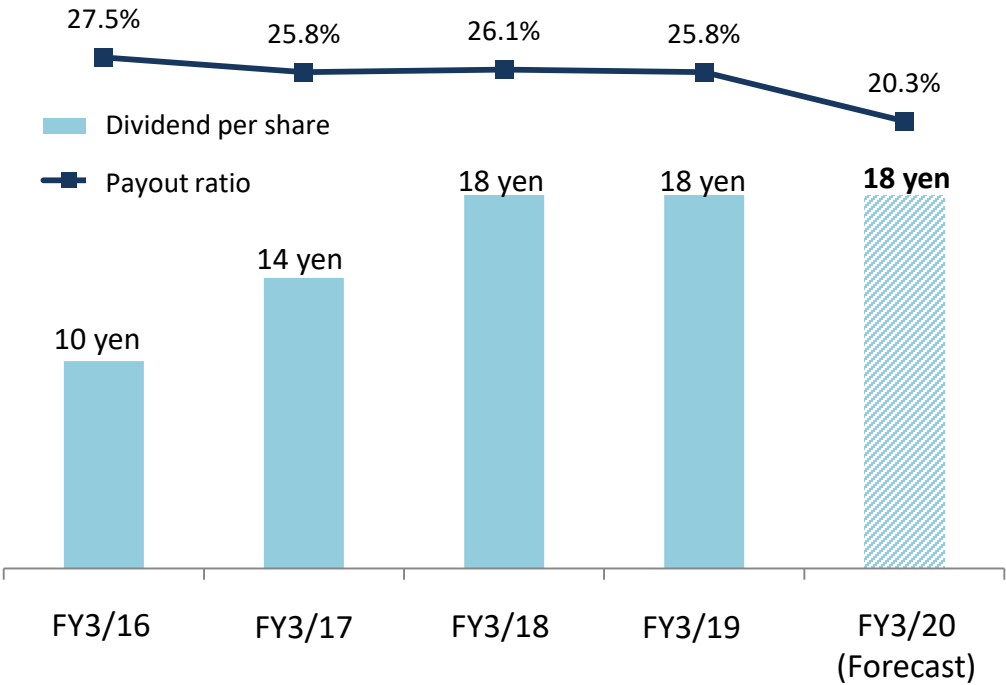
Factors that changed the initial forecast of the second half operating profit

- A decrease in orders from clients (other than those in the food industry) who decided production adjustment in the Factory Outsourcing Business
- Upfront investments in the Care Support Business and the HRTech field

IV. Shareholder Returns

Aiming to achieve a total return ratio* of 30% in FY3/20

Dividends



The amounts of dividend per share are calculated retrospectively reflecting 1-for-2 stock split on December 1, 2016.

Stock repurchase

Stock repurchase authorization

- Type of shares to be repurchased: Common shares of WILL GROUP
- Total number of shares to be repurchased: Up to 300,000 shares, which represent 1.35% of total shares outstanding (excluding treasury shares)
- Increased amount of acquisition cost of shares: Up to 300 million yen
- Repurchase schedule: From Sep. 20, 2019 to Dec. 30, 2019
- Progress of repurchase (as of October 31, 2019)
Total number of shares repurchased: 86,500 shares
(Progress ratio: 28.8%)

Total return ratio






The ratio of the sum of dividends and share repurchase cost to profit

V. Topics

In October 2019, we unified the naming of our group companies in Japan by putting “WILLOF” at the top of their names to further increase the brand recognition.

■ Brand Vision (what we aspire to become)

Chance-Making Company

Former name			
SAINT MEDIA, INC.	FAJ, INC.	C4 inc.	MARS SPORTS AGENT, INC.
			
New name			
WILLOF WORK, Inc.	WILLOF FACTORY, Inc.	WILLOF CONSTRUCTION, Inc.	WILLOF SPORTS, Inc.
 ウィルオブ・ワーク	 ウィルオブ・ファクトリー	 ウィルオブ・コンストラクション	 ウィルオブ・スポーツ



WILL GROUP

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:

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Appendix

Our Group is engaged in temporary staffing, consignment service and permanent placement businesses both at home and abroad, with the “dispatch of hybrid teams” as a distinguishing feature.

Business

We operate 15 domestic and 37 overseas companies, which are engaged primarily in human resources services (temporary staffing, consignment and permanent placement) dedicated to certain categories, including Sales, Call Center, Factory and Care Support.

Features

We are a major player growing rapidly in the temporary staffing / consignment service / permanent placement segment.

- Has achieved sustainable growth in existing businesses
- Has built a high barrier to entry with the “dispatch of hybrid teams” and temporary staffing of foreign workers
- Has invested proactively in new business domains

Established

2006 (Founded in 1997)

Key consolidated financials

(FY3/19)

Revenue ¥103.3 billion

Operating profit ¥2.96 billion

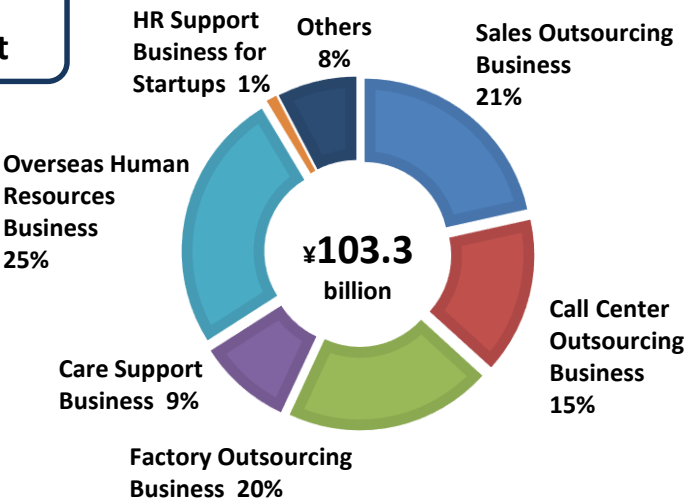
**Headquarters
Number of subsidiaries**

Headquarters: Tokyo
Number of subsidiaries: 52 (15 domestic, 37 overseas)
*Overseas locations: Australia, Singapore, Malaysia, Myanmar and others

**Number of employees
(As of September 30, 2019)**

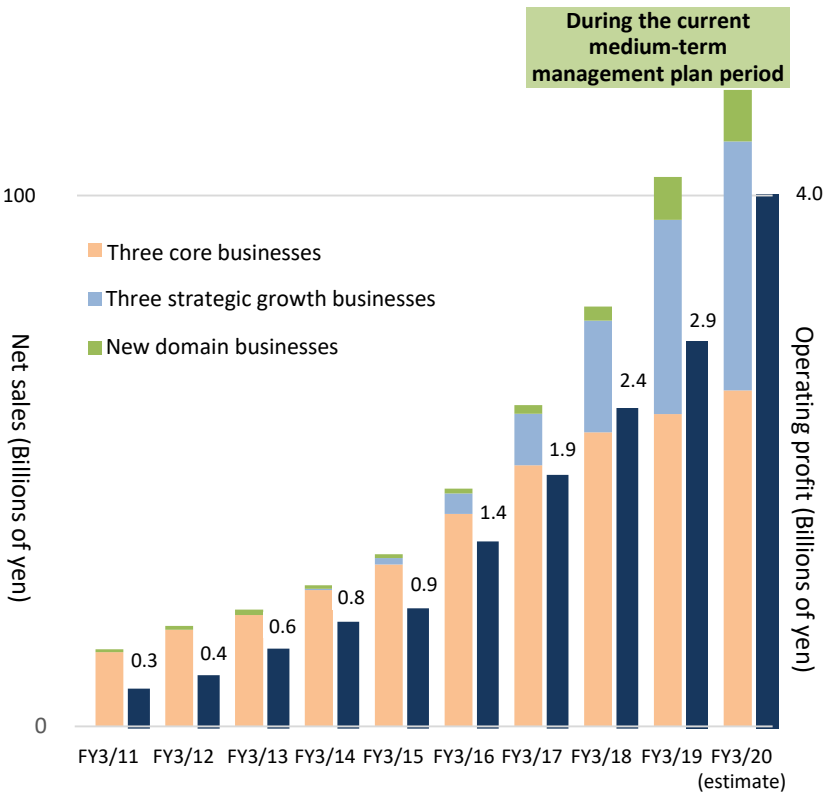
4,346

Share of sales by business segment



9th consecutive year of sales and earnings growth

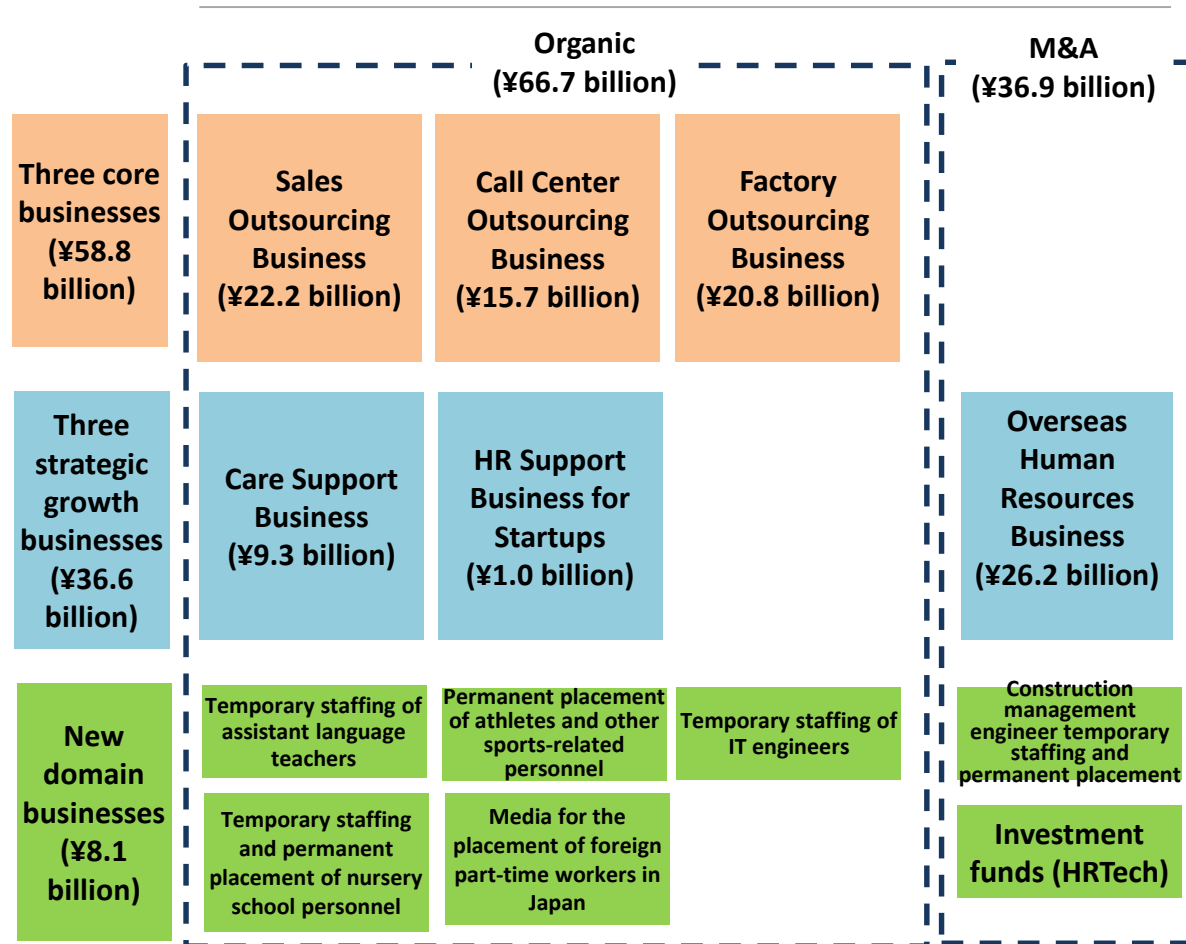
Already achieved the medium-term sales target of 100 billion yen a year ahead of schedule



Japanese GAAP

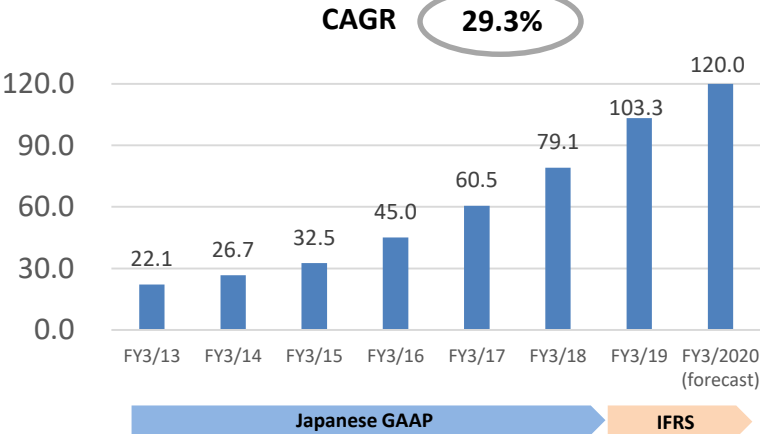
IFRS

In addition to growth of the three core businesses, three strategic growth businesses and M&A have contributed significantly to our growth

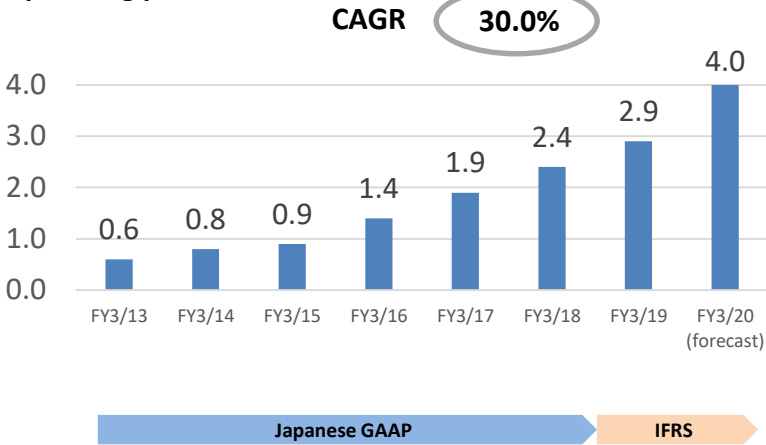


Financial Indicators (Billions of yen)

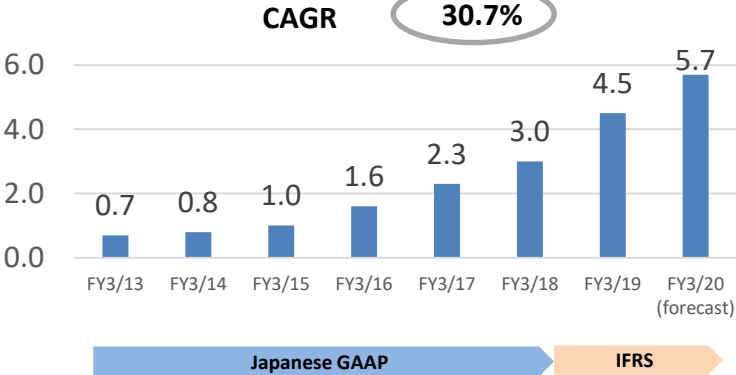
Net sales



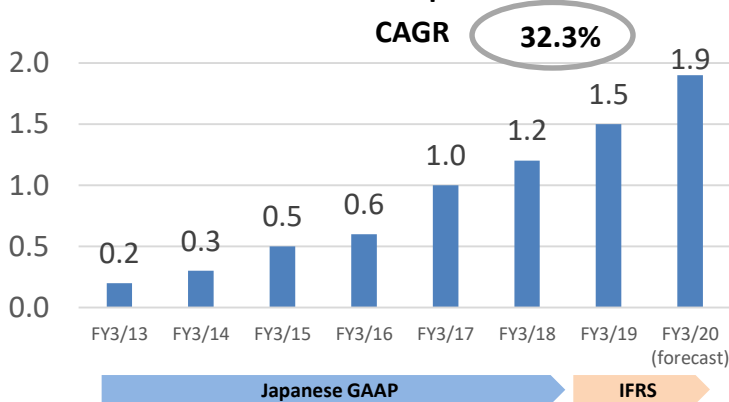
Operating profit



EBITDA



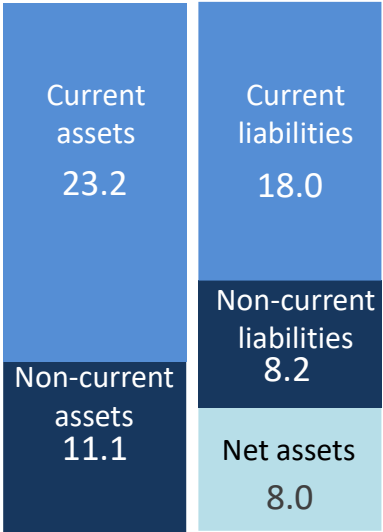
Profit attributable to owners of parent



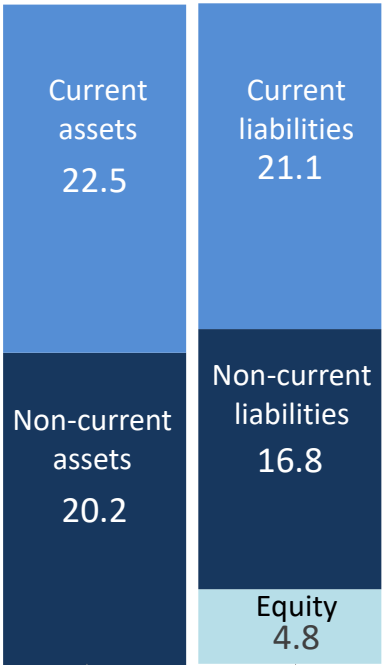
Consolidated Balance Sheet

(Billions of yen)

March 31, 2019
(Japanese GAAP)

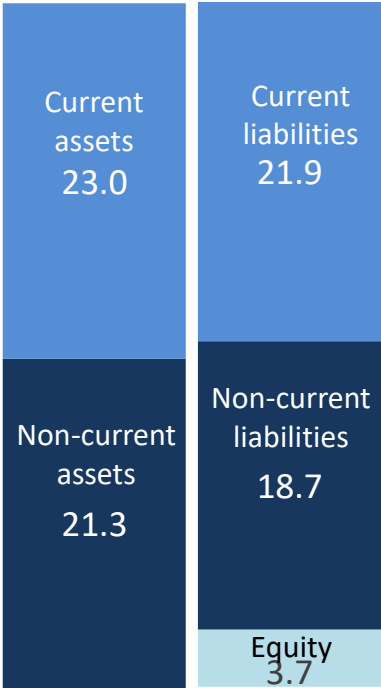


March 31, 2019
(IFRS)

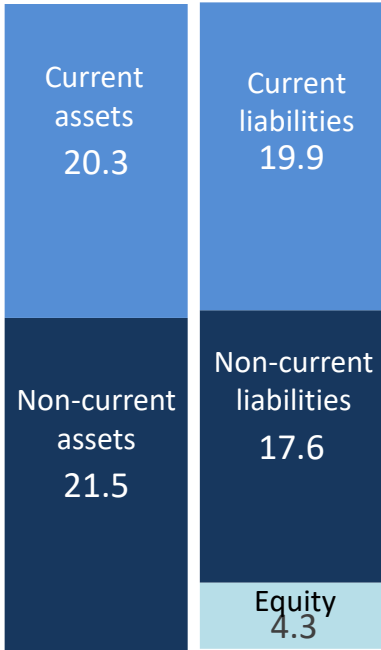


- Leased assets (Lease contracts) (+6.1)
- Discontinuation of goodwill amortization (+1.0)
- Liability for written put option (-2.6)

June 30, 2019
(IFRS)



September 30, 2019
(IFRS)



Equity ratio /
Ratio of adjusted
equity attributable to
owners of parent*

20.1%

→ **The transition to IFRS increased total assets and decreased equity.**

16.0%

15.4%

17.2%

* Adjusted equity represents total equity, net of unrealized written put option.

Consolidated Statement of Cash Flows

(Billions of yen)	1H FY3/19	1H FY3/20
Profit before tax	1.2	2.2
Depreciation and amortization	0.7	0.8
Income taxes paid	(0.5)	(0.9)
Other	(0.5)	(0.6)
Net cash provided by (used in) operating activities	0.8	1.3
Purchase and sales of property, plant and equipment, etc.	(0.5)	(0.3)
Purchase and sales of shares of subsidiaries	(2.6)	(2.0)
Other	0	(0.2)
Net cash provided by (used in) investing activities	(3.2)	(2.6)
Net increase (decrease) in interest-bearing debt	3.5	(0.5)
Purchase and sales of shares of subsidiary not resulting in changes in the scope of consolidation	(2.6)	(0.2)
Dividends paid	(0.3)	(0.4)
Net cash provided by (used in) financing activities	0.5	(1.2)
Effect of exchange rate changes	0	(0.2)
Net increase (decrease) in cash and cash equivalents	(1.9)	(2.6)
Cash and cash equivalents at end of period	7.2	4.1
Free cash flows (Operating activities + Investing activities)	(2.5)	(1.2)

(Major Components)

Increase in profit before tax

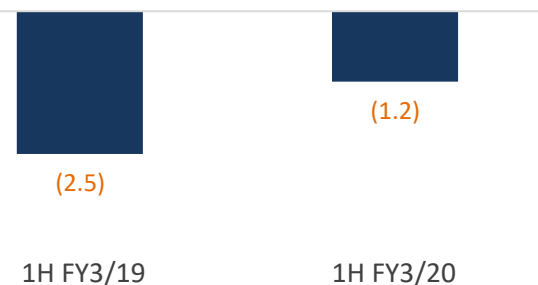
Decrease in M&A investments

Decrease in additional purchase

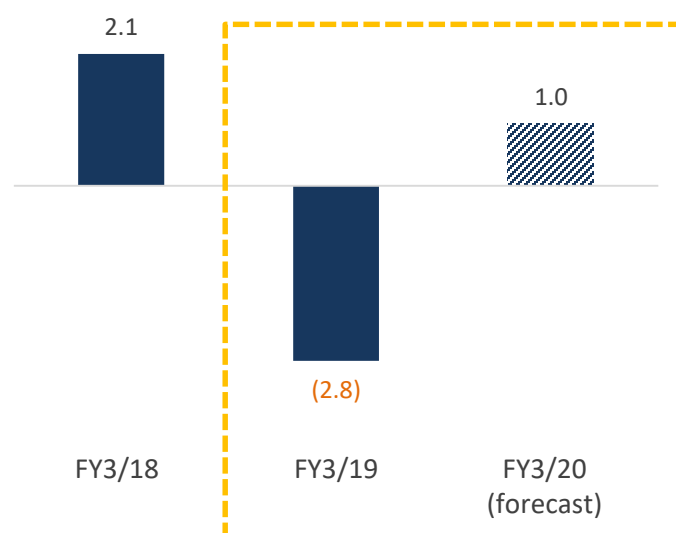
Free Cash Flows

(Billions of yen)

1H

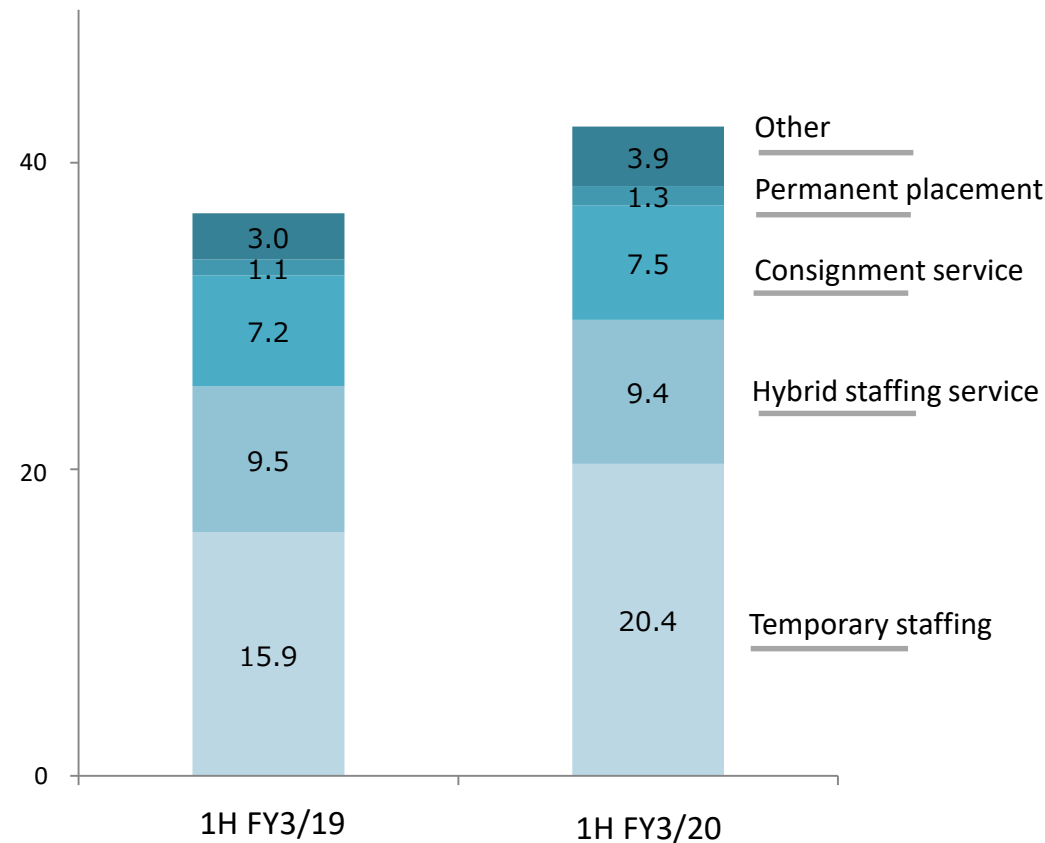


Full year



Human resources services in Japan

(Billions of yen)



Overseas human resources services

(Billions of yen)

