(English Translation)
This English translation is an abridged version of the original document in Japanese. In the event of any discrepancy, the Japanese version prevails.

February 7, 2020

Summary of Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2020 (Nine Months Ended December 31, 2019)

[IFRS]

Company name: WILL GROUP, INC. Listing: Tokyo Stock Exchange, First Section
Stock code: 6089 URL: https://willgroup.co.jp/
Representative: Ryosuke Ikeda, Chairman and Representative Director
Contact: Satoshi Takayama, Chief Administrative Officer
Tel: +81-3-6859-8880

Scheduled date of filing of Quarterly Report: February 7, 2020
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, 2019 (April 1, 2019 – December 31, 2019)

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

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended Dec. 31, 2019	91,776	20.8	3,330	51.9	3,258	52.6	2,067	56.6	1,798	51.1	1,806	58.9
Nine months ended Dec. 31, 2018	75,951	-	2,192	-	2,134	-	1,319	-	1,190	-	1,137	-

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended Dec. 31, 2019	80.91	79.11
Nine months ended Dec. 31, 2018	53.74	52.28

(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
	Million yen	Million yen	Million yen	%
As of Dec. 31, 2019	44,928	6,035	4,277	9.5
As of Mar. 31, 2019	43,398	5,224	4,196	9.7

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2019	-	0.00	-	18.00	18.00
Fiscal year ending Mar. 31, 2020	-	0.00	-		
Fiscal year ending Mar. 31, 2020 (forecasts)				23.00	23.00

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

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2020 (April 1, 2019 – March 31, 2020)

(Percentages represent year-on-year changes)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	120,000	16.2	4,000	35.2	3,800	32.1	2,300	32.6	1,970	28.0	88.70

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

*** Notes**

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

Newly added: -	Name: -	Excluded: -	Name: -

(2) Changes in accounting policies and accounting-based estimates

1) Changes in accounting policies required by IFRS: None
2) Changes in accounting policies other than 1) above: None
3) Changes in accounting-based estimates: None

(3) Number of outstanding shares (common stock)

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

As of Dec. 31, 2019:	22,304,600 shares	As of Mar. 31, 2019:	22,242,400 shares

2) Number of treasury shares at the end of period

As of Dec. 31, 2019:	95,303 shares	As of Mar. 31, 2019:	6,303 shares

3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2019:	22,232,627 shares	Nine months ended Dec. 31, 2018:	22,146,505 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, 2020 (the “period under review”), despite showing further weakness particularly in the manufacturing sector caused by the faltering export markets, the Japanese economy continued a moderate recovery track, backed mainly by continued improvement in the labor market and personal income. Nevertheless, its outlook is still unclear due to uncertainties in the international economy over issues such as worsening situation in the Middle East, development in U.S.-China trade issues, outlook of Chinese economy, and the Brexit from the European Union. The human resources service market in Japan, however, continued expanding trend, with a job openings-to-applicants ratio as high as 1.57, driven by strong demand on the back of persistent labor shortage, the enactment of working style reforms and other supportive factors.

The Company and its subsidiaries (the “Group”) are guided by the mission of serving as an agent of change to bring about positive changes to both individuals and organizations. By upgrading specialized skills in all our businesses, we have sought to improve customer satisfaction and further differentiate our services. One goal is to raise our in-store share, which is our temporary staffing and consignment workers as a percentage of all these workers at a client company. In addition, the Company converted u&u Holdings Pty Ltd, a company providing temporary staffing and permanent placement services mainly to government agencies and major corporations in Australia, and other two companies into consolidated subsidiaries in April 2019. Furthermore, to enhance brand recognition of the Group as a whole and its service delivery capability as well, we consolidated the service brands of major subsidiaries in Japan into “WILLOF” in October 2019.

As a result, for the period under review, the Company reported consolidated revenue of 91,776 million yen (up 20.8% year on year), operating profit of 3,330 million yen (up 51.9%), profit before tax of 3,258 million yen (up 52.6%), profit of 2,067 million yen (up 56.6%) and profit attributable to owners of parent of 1,798 million yen (up 51.1%). EBITDA (operating profit + depreciation and amortization) was 4,740 million yen (up 42.1%).

Results by operating segment were as follows.

Sales Outsourcing Business

The store sales and other personnel staffing service business continued to enjoy solid demand for sales personnel, and thus, concentrated on raising its in-store share with existing client companies and expanding consignment service. While the business environment for the core telecommunications sector remained challenging due primarily to the effect of a reduction in monthly communication charges and decreased domestic shipment of smartphones, we strove to increase the proportion of full-time regular employees working on-site and to improve the margin of the consignment service. We also sought to expand business outside the telecommunications sector mainly through efforts to win more orders for temporary staffing service from the apparel industry, expand the consignment service, and undertake sales and marketing for cashless settlement services on behalf of customers. The sales promotion service also enjoyed increased orders for retail support and marketing campaigns from major IT companies and orders for private seminars and exhibitions from other companies backed by growing momentum among client companies for a full-fledged transition to Windows10 ahead of planned termination of support services for Windows7.

For the period under review, earnings for this business segment increased year on year mainly due to the improved gross margin, which was realized through reduction of outsourcing expenses in the telecommunications sector.

As a result, the segment recorded revenue of 17,547 million yen (up 5.5% year on year) and segment profit of 1,338 million yen (up 25.1%).

Call Center Outsourcing Business

The call center and office personnel staffing service business enjoyed increasing demand for outsourcing services from companies that are short of human resources and thus are in need of enhancing their operational efficiency. While the competition for recruiting employees has been increasingly fierce, we focused especially on increasing orders from financial institutions and orders for in-house projects that are more profitable, to expand the target markets for its service and ultimately improve its gross profit margin.

For the period under review, earnings for this business segment increased, driven by the improved gross margin, which was realized with a higher proportion of financial institutions and in-house projects in all orders; and a reduction in sales, general and administrative expenses, which was realized through improved productivity.

As a result, the segment recorded revenue of 12,277 million yen (up 3.8% year on year) and segment profit of 765 million yen (up 29.2%).

Factory Outsourcing Business

The manufacturing and other personnel staffing service business benefited from solid demand for prepared food items and for desserts and bento lunch boxes sold at convenience stores despite an adverse effect of production adjustments by some client companies in sectors other than the food-related sectors. In this business segment, on the back of such solid demand, we focused on increasing business with customers, especially food manufacturers; and expanding into new domains other than the food sector, such as the cosmetics sector. On the recruitment side, we continued to strengthen the recruitment of foreign workers and sought to improve their retention rate by increasing the number of foreign staff working as field supporters (full-time regular employees working on-site).

While there were up-front expenses for the expansion of operations to more areas of Japan in the previous fiscal year, the segment’s profit increased driven by improved margins coupled with successful expansion of customer base in new locations, revisions to contract terms with existing customers, and improved gross profit margin through expansion of orders for consignment services.

As a result, the segment recorded revenue of 18,028 million yen (up 16.7% year on year) and segment profit of 1,035 million yen (up 37.1%).

Care Support Business

In the nursing care personnel staffing service business, which had almost completed the expansion of its branch network in the previous fiscal year, we focused on turning the business profitable through efforts to enhance the temporary staffing and permanent placement of caregivers, leveraging our nationwide network. Furthermore, as a new business initiative, we worked on supporting the recruitment of interns for companies interested in hiring foreign nursing care staff. Such supporting services include educating technical interns at Japanese language schools operated by our overseas consolidated subsidiaries before they come to Japan.

For the period under review, earnings for this business segment increased, backed by improved gross profit margin, realized through increased sales from permanent placement services; and an increase in the number of locations that have continued to operate for more than three years, a benchmark to measure whether the business is able to earn meaningful profits in the years ahead.

As a result, the segment recorded revenue of 8,208 million yen (up 20.2% year on year) and segment profit of 214 million yen (up 123.4%).

Overseas Human Resources Business

In the Overseas Human Resources Business, which has an operating presence in the ASEAN and Oceania regions, the existing consolidated subsidiaries in Singapore and Australia had lower results in permanent placement services primarily due to economic downturn, but performed strongly in temporary staffing business thanks to stable demand. In addition, Quay Appointments Pty Ltd and two other companies, which became consolidated subsidiaries in September 2018; The Chapman Consulting Group Pte. Ltd. and six other companies, which became consolidated subsidiaries in January 2019; and u&u Holdings Pty Ltd and two other companies, which became consolidated subsidiaries in April 2019, contributed to the segment’s results.

For the period under review, earnings for this business segment increased year on year, driven by the contribution to earnings by newly consolidated subsidiaries, more than compensating negative factors such as higher management costs for the intermediary holding company due to an increase in the number of overseas subsidiaries and a decrease in sales from permanent placement services of existing consolidated subsidiaries.

As a result, the segment recorded revenue of 27,388 million yen (up 43.6% year on year) and segment profit of 727 million yen (up 27.1%).

HR Support Business for Startups

For the HR support services for venture firms that belong to growth industries, the market has gained momentum, helped by government-backed support initiatives like “J-Startup” and increasing equity investments by venture capitals. In the internet industry where many of our client companies belong, the demand for human resources is on the rise and the business continued to receive strong orders with the advent of diverse services related to AI and IoT. We also started the data linkage between “STARTUP DB,” an information platform that integrates a database of startups, and “Crunchbase,” the world’s largest database of startups in the U.S., to evolve these databases into an information platform spanning growth companies both in Japan and abroad.

For the period under review, earnings for this business segment increased, on the back of improved productivity coupled with expansion and diversification of its business domains.

As a result, the segment recorded revenue of 903 million yen (up 19.0% year on year) and segment profit of 246 million yen (up 34.5%).

Others

Temporary staffing for assistant language teachers (ALT) and temporary and permanent placement services for nursery school personnel grew steadily. In addition, WILLOF CONSTRUCTION, Inc., providing temporary and permanent placement services for construction management engineers and converted into a consolidated subsidiary in June 2018, has contributed to earnings since the beginning of the current fiscal year. Furthermore, we made efforts on expanding the business of introducing part-time jobs to foreign workers, powered by HRTech solutions including operation of “Joboty,” part-time job searching media for foreigners.

For the period under review, this business segment posted a loss on the back of recognition of loss on withdrawal from loss-making businesses during the second quarter and upfront investments in the HRTech field, despite expansion of the existing businesses.

As a result, the segment recorded revenue of 7,420 million yen (up 29.6% year on year) and segment loss of 88 million yen (compared with segment profit of 57 million yen a year earlier).

(2) Explanation of Financial Position

1) Assets, liabilities and equity

Assets

Current assets at the end of the period under review amounted to 21,693 million yen, down 843 million yen from the end of the previous fiscal year. This is primarily due to a decrease in cash and cash equivalents of 2,344 million yen, which was partially offset by increases in trade and other receivables of 1,116 million yen and other current assets of 239 million yen.

Non-current assets amounted to 23,235 million yen at the end of the period under review, up 2,373 million yen from the end of the previous fiscal year. This is primarily due to increases in other intangible assets of 1,532 million yen and goodwill of 692 million yen resulting from acquiring shares of u&u Holdings Pty Ltd and other two companies.

As a result, total assets increased 1,530 million yen from the end of the previous fiscal year to 44,928 million yen.

Liabilities

Current liabilities at the end of the period under review amounted to 21,196 million yen, up 114 million yen from the end of the previous fiscal year. This is primarily due to increases in other current liabilities of 862 million yen and other financial liabilities of 587 million yen, which were partially offset by decreases in borrowings of 723 million yen and trade and other payables of 624 million yen.

Non-current liabilities amounted to 17,696 million yen at the end of the period under review, up 604 million yen from the end of the previous fiscal year. This is primarily due to increases in other financial liabilities of 543 million yen and deferred tax liabilities of 301 million yen, which were partially offset by a decrease in other non-current liabilities of 180 million yen.

As a result, total liabilities increased 719 million yen from the end of the previous fiscal year to 38,893 million yen.

Equity

Total equity at the end of the period under review amounted to 6,035 million yen, up 811 million yen from the end of the previous fiscal year. This is primarily due to increases in retained earnings of 1,398 million yen and non-controlling interests of 729 million yen, which were partially offset by decreases in capital surplus of 992 million yen resulting primarily from granting written put options to non-controlling shareholders and exchange differences on translation of foreign operations of 299 million yen included in other components of equity.

As a result, the ratio of equity attributable to owners of parent to total assets declined from 9.7% at the end of the previous fiscal year to 9.5%.

It is noted that the adjusted ratio of equity attributable to owners of parent to total assets, net of effect of unrealized written put options increased from 15.8% at the end of the previous fiscal year to 18.1%.

2) Cash Flows

Cash and cash equivalents ("net cash") at the end of the period under review amounted to 4,517 million yen, down 2,344 million yen from the end of the previous fiscal year. The status of each component of cash flows for the period under review and factors of changes therein are as follows.

Cash flows from operating activities

Net cash provided by operating activities was 3,474 million yen, compared with 1,356 million yen provided in the same period a year earlier. This is primarily due to profit before tax of 3,258 million yen and depreciation and amortization of 1,409 million yen, which were partially offset by income taxes paid of 1,469 million yen and an increase in trade receivables of 447 million yen.

Cash flows from investing activities

Net cash used in investing activities was 2,915 million yen, compared with 3,427 million yen used in the same period a year earlier. This is primarily due to purchase of investments in subsidiaries resulting in change in scope of consolidation of 2,064 million yen; and purchase of property, plant and equipment and intangible assets of 486 million yen.

Cash flows from financing activities

Net cash used in financing activities was 2,616 million yen, compared with 2,717 million yen provided in the same period a year earlier. This is primarily due to repayments of long-term borrowings of 2,759 million yen, net decrease in short-term borrowings of 1,423 million yen, repayments of lease obligations of 765 million yen, and cash dividends paid of 400 million yen, which were partially offset by proceeds from long-term borrowings of 3,252 million yen.

(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, 2020, which was announced on May 13, 2019.

Forecasts are based on information currently available to the Company. Actual performance may differ from these forecasts for a number of reasons.

2. Condensed Quarterly Consolidated Financial Statements and Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Millions of yen)

	FY3/19 (As of Mar. 31, 2019)	Third quarter of FY3/20 (As of Dec. 31, 2019)
Assets		
Current assets		
Cash and cash equivalents	6,862	4,517
Trade and other receivables	14,852	15,969
Other financial assets	144	289
Other current assets	677	917
Total current assets	22,536	21,693
Non-current assets		
Property, plant and equipment	1,420	1,344
Right-of-use assets	6,160	6,055
Goodwill	5,322	6,014
Other intangible assets	4,515	6,048
Other financial assets	959	1,247
Deferred tax assets	1,431	1,493
Other non-current assets	1,051	1,031
Total non-current assets	20,861	23,235
Total assets	43,398	44,928

(Millions of yen)

	FY3/19 (As of Mar. 31, 2019)	Third quarter of FY3/20 (As of Dec. 31, 2019)
Liabilities		
Current liabilities		
Trade and other payables	12,872	12,247
Borrowings	3,924	3,201
Other financial liabilities	941	1,529
Income taxes payable	639	652
Other current liabilities	2,704	3,566
Total current liabilities	21,081	21,196
Non-current liabilities		
Borrowings	7,529	7,469
Other financial liabilities	8,169	8,712
Deferred tax liabilities	1,034	1,336
Other non-current liabilities	357	177
Total non-current liabilities	17,091	17,696
Total liabilities	38,173	38,893
Equity		
Share capital	2,017	2,030
Capital surplus	(1,733)	(2,726)
Treasury shares	(2)	(89)
Other components of equity	(607)	(857)
Retained earnings	4,522	5,921
Total equity attributable to owners of parent	4,196	4,277
Non-controlling interests	1,028	1,758
Total equity	5,224	6,035
Total liabilities and equity	43,398	44,928

(2) Condensed Quarterly Consolidated Statements of Profit or Loss and Comprehensive Income

Condensed Quarterly Consolidated Statement of Profit or Loss
(For the Nine-month Period)

(Millions of yen)

	First nine months of FY3/19 (Apr. 1, 2018 – Dec. 31, 2018)	First nine months of FY3/20 (Apr. 1, 2019 – Dec. 31, 2019)
Revenue	75,951	91,776
Cost of sales	60,773	72,578
Gross profit	15,178	19,197
Selling, general and administrative expenses	13,012	15,993
Other income	37	142
Other expenses	10	16
Operating profit	2,192	3,330
Finance income	27	15
Finance costs	85	88
Profit before tax	2,134	3,258
Income tax expense	815	1,191
Profit	1,319	2,067
Profit attributable to		
Owners of parent	1,190	1,798
Non-controlling interests	129	268
Earnings per share		
Basic earnings per share (Yen)	53.74	80.91
Diluted earnings per share (Yen)	52.28	79.11

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

(Millions of yen)

	First nine months of FY3/19 (Apr. 1, 2018 – Dec. 31, 2018)	First nine months of FY3/20 (Apr. 1, 2019 – Dec. 31, 2019)
Profit	1,319	2,067
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	19	27
Total of items that will not be reclassified to profit or loss	19	27
Items that may be reclassified to profit or loss		
Cash flow hedges	(20)	22
Exchange differences on translation of foreign operations	(180)	(310)
Total of items that may be reclassified to profit or loss	(201)	(287)
Other comprehensive income, net of tax	(182)	(260)
Comprehensive income	1,137	1,806
Comprehensive income attributable to		
Owners of parent	1,040	1,548
Non-controlling interests	97	258

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

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

(Millions of yen)

	Share capital	Capital surplus	Treasury shares	Total other components of equity	Retained earnings	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance as of April 1, 2018	1,993	1,934	(2)	(264)	3,395	7,056	1,440	8,497
Profit	-	-	-	-	1,190	1,190	129	1,319
Other comprehensive income	-	-	-	(150)	-	(150)	(32)	(182)
Comprehensive income	-	-	-	(150)	1,190	1,040	97	1,137
Dividends of surplus	-	-	-	-	(398)	(398)	-	(398)
Purchase of treasury shares	-	-	(0)	-	-	(0)	-	(0)
Share-based remuneration transactions	15	245	-	-	-	260	-	260
Increase (decrease) by business combination	-	(1,966)	-	-	-	(1,966)	(826)	(2,793)
Transfer from other components of equity to retained earnings	-	-	-	13	(13)	-	-	-
Other	-	-	-	-	-	-	(12)	(12)
Total transactions with owners	15	(1,720)	(0)	13	(411)	(2,103)	(839)	(2,943)
Balance as of December 31, 2018	2,009	213	(2)	(400)	4,173	5,993	698	6,691

First nine months of FY3/20 (Apr. 1, 2019 – Dec. 31, 2019)

(Millions of yen)

	Share capital	Capital surplus	Treasury shares	Total other components of equity	Retained earnings	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance as of April 1, 2019	2,017	(1,733)	(2)	(607)	4,522	4,196	1,028	5,224
Profit	-	-	-	-	1,798	1,798	268	2,067
Other comprehensive income	-	-	-	(250)	-	(250)	(10)	(260)
Comprehensive income	-	-	-	(250)	1,798	1,548	258	1,806
Dividends of surplus	-	-	-	-	(400)	(400)	-	(400)
Purchase of treasury shares	-	-	(87)	-	-	(87)	-	(87)
Share-based remuneration transactions	12	221	-	-	-	234	-	234
Increase (decrease) by business combination	-	(1,214)	-	-	-	(1,214)	482	(731)
Transfer from other components of equity to retained earnings	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	(11)	(11)
Total transactions with owners	12	(992)	(87)	-	(400)	(1,467)	471	(995)
Balance as of December 31, 2019	2,030	(2,726)	(89)	(857)	5,921	4,277	1,758	6,035

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	First nine months of FY3/19 (Apr. 1, 2018 – Dec. 31, 2018)	First nine months of FY3/20 (Apr. 1, 2019 – Dec. 31, 2019)
Cash flows from operating activities		
Profit before tax	2,134	3,258
Depreciation and amortization	1,143	1,409
Share-based remuneration expenses	216	175
Decrease (increase) in trade receivables	(755)	(447)
Increase (decrease) in trade payables	(71)	807
Other	(258)	(179)
Subtotal	2,408	5,023
Interest and dividends received	2	8
Interest paid	(71)	(87)
Income taxes paid	(983)	(1,469)
Net cash provided by (used in) operating activities	1,356	3,474
Cash flows from investing activities		
Purchase of property, plant and equipment, and intangible assets	(649)	(486)
Purchase of investment securities	(233)	(245)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(2,650)	(2,064)
Other	106	(118)
Net cash provided by (used in) investing activities	(3,427)	(2,915)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,548	(1,423)
Proceeds from long-term borrowings	6,032	3,252
Repayments of long-term borrowings	(1,054)	(2,759)
Repayments of lease obligations	(801)	(765)
Purchase of investments in subsidiaries not resulting in change in scope of consolidation	(2,668)	(246)
Dividends paid to non-controlling interests	(239)	(178)
Dividends paid	(397)	(400)
Other	298	(95)
Net cash provided by (used in) financing activities	2,717	(2,616)
Effect of exchange rate changes on cash and cash equivalents	4	(286)
Net increase (decrease) in cash and cash equivalents	650	(2,344)
Cash and cash equivalents at beginning of period	9,159	6,862
Cash and cash equivalents at end of period	9,810	4,517

(5) Notes to Condensed Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Segment and Other Information

(1) Overview of reportable segments

The Group’s operating segments are components of the Group that are categorized by type of services provided. The Group determines reportable segments based on the operating segments for which discrete financial information is available and the Group’s chief operating decision maker regularly reviews to make decisions about allocation of management resources and assess their performance. As a result, the six reportable segments are identified with the details described as follows.

Reportable segment	Business activities
Sales Outsourcing Business	Engaged primarily in the temporary staffing/permanent placement and consignment services for sales operations at major home appliance retailers, etc.
Call Center Outsourcing Business	Engaged primarily in the temporary staffing/permanent placement of skilled personnel for companies and offices that operate call centers in Japan.
Factory Outsourcing Business	Engaged primarily in the consignment services and temporary staffing/permanent placement of workers mainly for light work at factories and other sites.
Care Support Business	Engaged primarily in the temporary staffing/permanent placement of nursing care personnel at nursing care and other facilities.
Overseas Human Resources Business	Engaged primarily in the temporary staffing/permanent placement in the ASEAN and Oceania regions.
HR Support Business for Startups	Engaged primarily in the permanent placement and other HR support business for startups in the internet, IoT and other growth industries.

In addition to the above, temporary staffing for assistant foreign language teachers (ALT), temporary staffing/permanent placement for construction management engineers are included in the “Others” segment.

(2) Information on reportable segments

Segment profit of the reportable segments is measured based on operating profit under Japanese GAAP with adjustment to operating profit of the consolidated financial statements prepared under IFRS.

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

	Reportable segment						
	Sales Outsourcing	Call Center Outsourcing	Factory Outsourcing	Care Support	Overseas Human Resources	HR Support for Startups	Total
Revenue							
External revenue	16,630	11,827	15,450	6,831	19,066	759	70,566
Inter-segment revenue (Note 1)	1	-	0	-	-	-	1
Total	16,631	11,827	15,450	6,831	19,066	759	70,567
Segment profit	1,070	592	755	95	572	183	3,269

	Others	Adjustment (Note 2)	IFRS adjustment (Note 3)	Amounts recorded in consolidated financial statements
Revenue				
External revenue	5,724	-	(338)	75,951
Inter-segment revenue (Note 1)	9	(10)	-	-
Total	5,733	(10)	(338)	75,951
Segment profit	57	(1,362)	228	2,192

Notes: 1. Inter-segment revenue is measured based on normal market prices.

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 operating segments. Corporate expenses mainly consist of general and administrative expenses that are not attributable to any of the operating segments.

3. The 228 million yen IFRS adjustment to segment profit reflects reversal of amortization of goodwill and recognition of expenses associated with accrued paid leave, and others.

First nine months of FY3/20 (Apr. 1, 2019 – Dec. 31, 2019) (Millions of yen)

	Reportable segment						
	Sales Outsourcing	Call Center Outsourcing	Factory Outsourcing	Care Support	Overseas Human Resources	HR Support for Startups	Total
Revenue							
External revenue	17,547	12,277	18,028	8,208	27,388	903	84,355
Inter-segment revenue (Note 1)	-	7	0	-	-	-	7
Total	17,547	12,285	18,028	8,208	27,388	903	84,363
Segment profit (loss)	1,338	765	1,035	214	727	246	4,328

	Others	Adjustment (Note 2)	IFRS adjustment (Note 3)	Amounts recorded in consolidated financial statements
Revenue				
External revenue	7,420	-	-	91,776
Inter-segment revenue (Note 1)	16	(24)	-	-
Total	7,437	(24)	-	91,776
Segment profit (loss)	(88)	(1,366)	458	3,330

Notes: 1. Inter-segment revenue is measured based on normal market prices.

2. The negative adjustment of 1,366 million yen to segment profit includes elimination of 10 million yen for inter-segment transactions and corporate expenses of minus 1,377 million yen that are not allocated to any of the operating segments. Corporate expenses mainly consist of general and administrative expenses that are not attributable to any of the operating segments.

3. The 458 million yen IFRS adjustment to segment profit reflects reversal of amortization of goodwill and recognition of expenses associated with accrued paid leave, and others.

This financial report is solely a translation of the Company's Kessan Tanshin (including attachments) in Japanese, which has been prepared in accordance with International Financial Reporting Standards (IFRSs), for the convenience of readers who prefer an English translation.