

# **Supplementary Materials for the Third Quarter of the Fiscal Year Ending March 31, 2021**

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**February 9, 2021**

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



- I. 3Q FY3/21 Highlights**
- II. FY3/21 Earnings and Dividend Forecasts**
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\* In this material, the term “net sales” refers to either “net sales” under Japanese GAAP or “revenue” under IFRS, and “equity ratio” refers to either “equity ratio” under Japanese GAAP or “ratio of equity attributable to owners of parent to total assets” under IFRS.

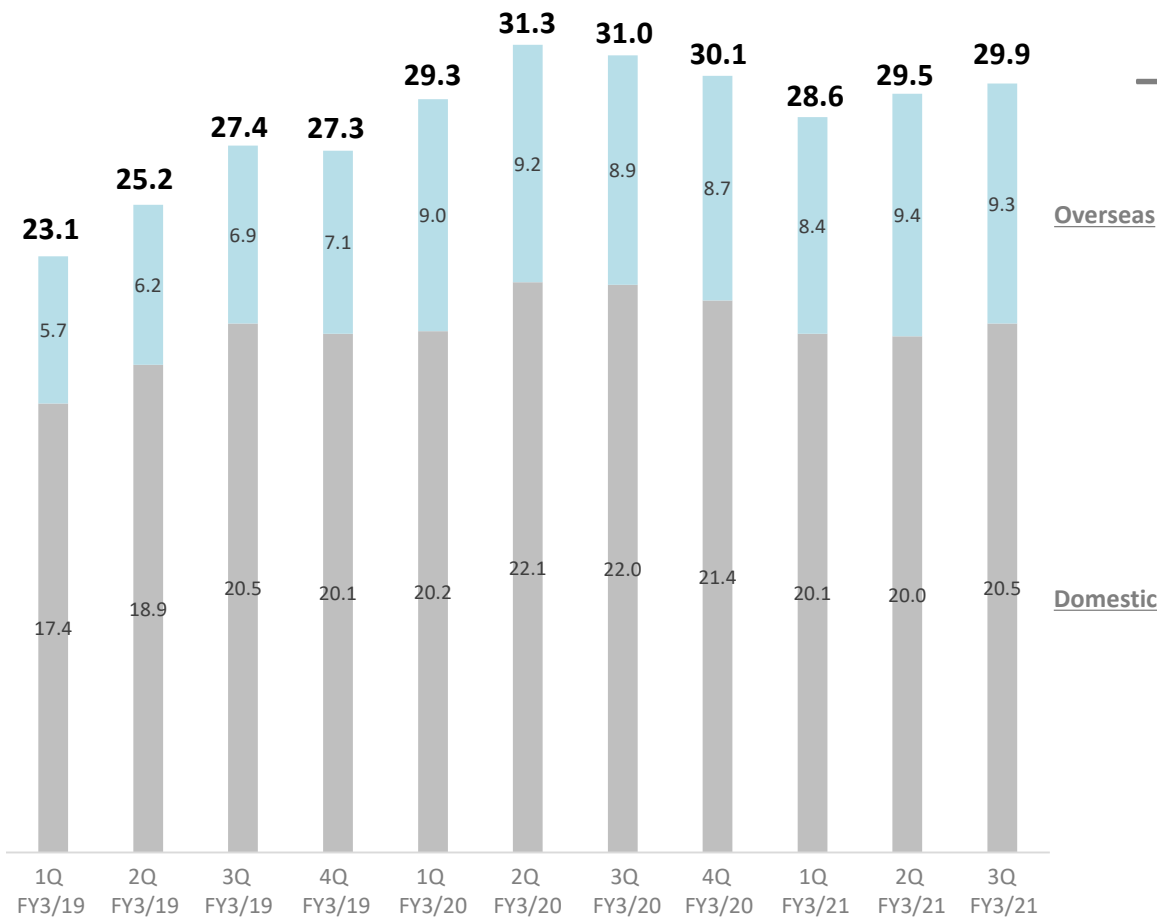
# I. 3Q FY3/21 Highlights

## The negative impact of COVID-19 on business operations is steadily declining in Japan and other countries

| (Billions of yen)                                  | 3Q<br>FY3/20 | 3Q<br>FY3/21   | Vs. 3Q FY3/20 |          |
|--|--------------|----------------|---------------|----------|
|  |              |                | Change        | % change |
| Revenue  | 91.77        | <b>88.13</b>   | -3.63         | -4.0%    |
| Gross profit                                       | 19.19        | <b>17.91</b>   | -1.28         | -6.7%    |
| (Gross margin)                                     | (20.9%)      | <b>(20.3%)</b> | (-0.6pt)      |          |
| Operating profit                                   | 3.33         | <b>3.24</b>    | -0.08         | -2.6%    |
| (Operating margin)                                 | (3.6%)       | <b>(3.7%)</b>  | (+0.1pt)      |          |
| Profit before tax                                  | 3.25         | <b>3.04</b>    | -0.21         | -6.5%    |
| Profit attributable to owners of parent            | 1.79         | <b>1.87</b>    | +0.07         | +4.4%    |
| EBITDA   |              |                |               |          |
| (Operating profit + Depreciation and amortization) | 4.74         | <b>4.80</b>    | +0.06         | +1.4%    |

Number of employees: 4,820  
(+332 from the end of FY3/20)

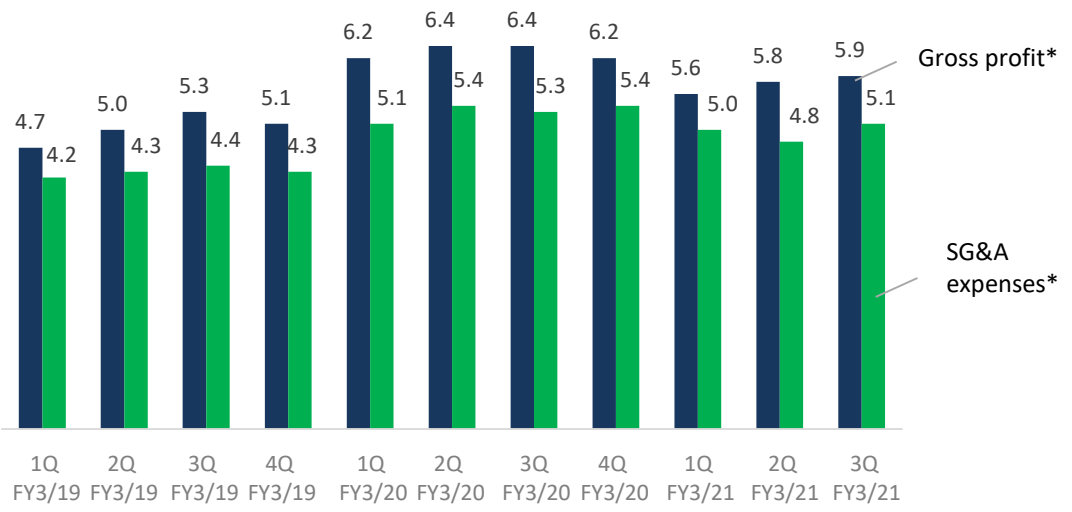
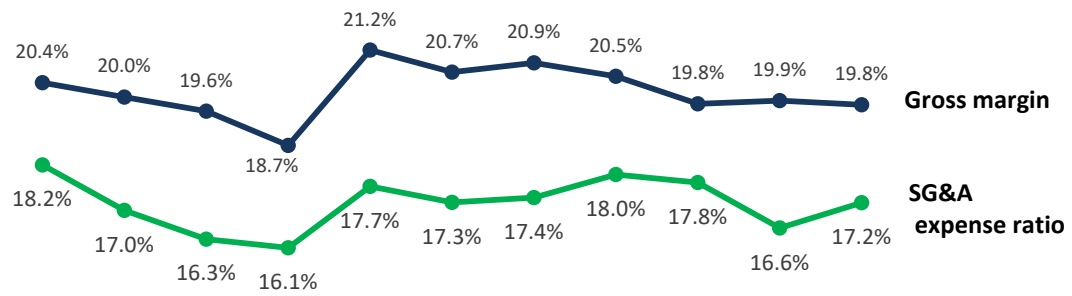
(Billions of yen)



3Q FY3/21 revenue was  
¥400 million above the 2Q

→ The negative impact of  
COVID-19 on business  
operations is decreasing

(Billions of yen)

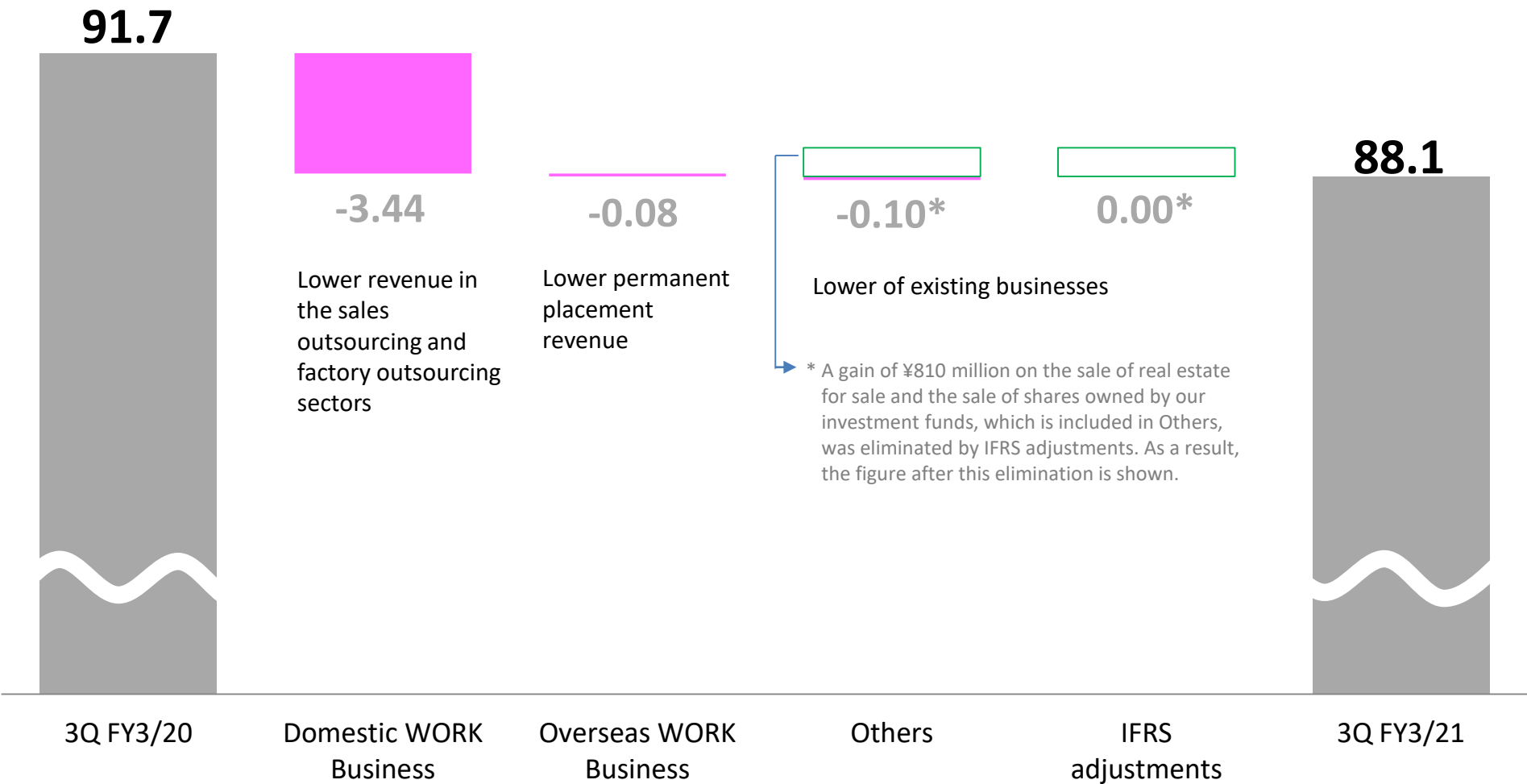


The decline in the gross margin has ended and most investments for recruiting and other activities have restarted

\*The gross profit and SG&A expenses in FY3/21 is based on adjusted figure that excludes overseas subsidy income.

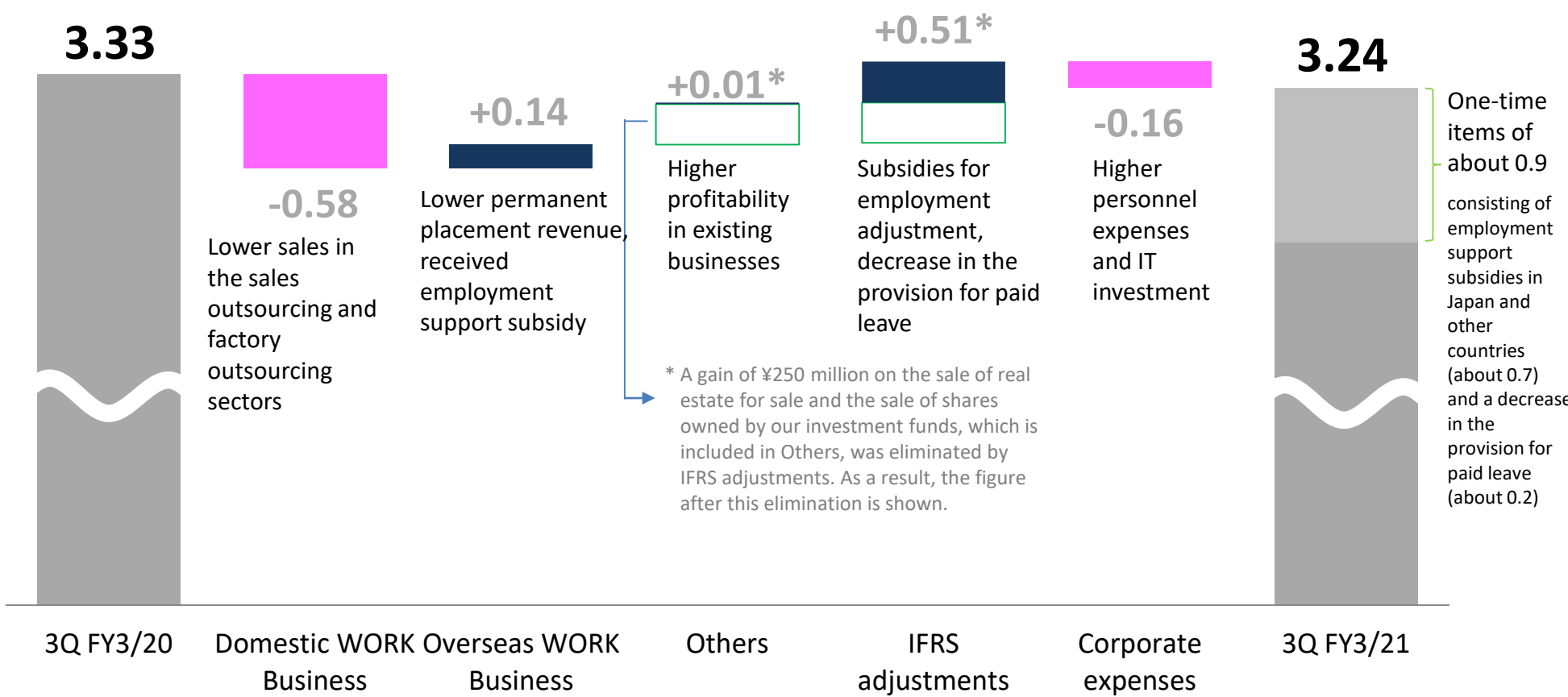
# 3Q FY3/21 Revenue: Breakdown of Year-on-Year Changes

(Billions of yen)



# 3Q FY3/21 Operating Profit: Breakdown of Year-on-Year Changes

(Billions of yen)

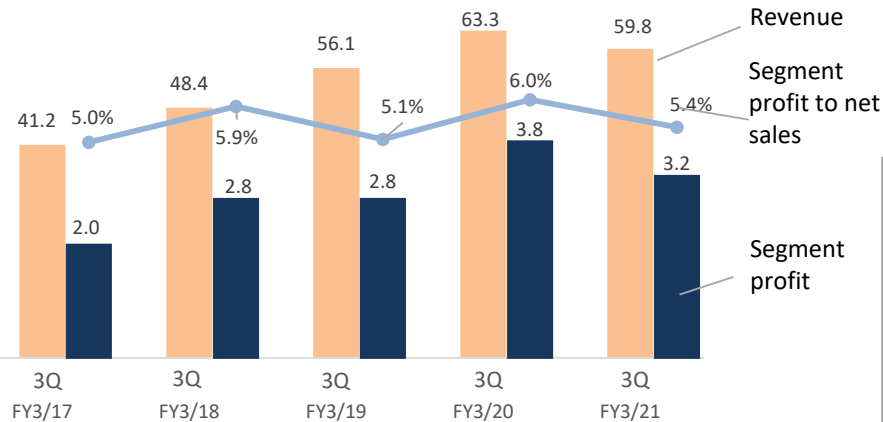




**The January 2021 declaration of another state of emergency and extension of the state of emergency may have a negative effect on results of operations, mainly in the apparel and sales support sectors**

| Segments               | Sectors                       | 3Q FY3/21 COVID-19 impact and responses  |
|------------------------|-------------------------------|--|
| Domestic WORK Business | Sales outsourcing             | Difficulties continue in the apparel and sales promotion sectors, strengthening services in the stable telecommunications, sales agency and other sectors.   |
|                        | Call center outsourcing       | Demand is firm; strengthening sales activities to capture new orders as the volume of new orders is still below the pre-COVID level.   |
|                        | Factory outsourcing           | The decline in orders caused by falling production (except food) has ended. Sales down as low-margin projects in food and other sectors were completed but profitability has improved. Increasing sales activities in the stable food sector. Also increasing sales activities for factory projects using foreign workers (technical interns, skilled workers, etc.) due to expected easing of restrictions on entering Japan. |
|                        | Care support/ nursery schools | Effect on recruiting of companies in other industries entering this field is slowly decreasing. Temporary staffing orders are still below the pre-COVID level because nursing care facilities often prefer to employ people directly. Increasing sales activities targeting new nursing care facilities and nursery schools.   |
|                        | HR support for startups       | Recruiting projects started recovering in the 2Q but this sector is still not growing. Strengthening support for senior executives, engineers and other job categories where demand is firm.   |
|                        | Others                        | No COVID impact in FY3/21 on assistant language teacher staffing because schools have reopened. But restrictions on entering Japan is affecting FY3/22 recruiting. Solid demand for construction management engineers due to strong construction demand, labor shortages and shortages of young people. Hiring more people with no experience and increasing sales activities to add new customers.                            |
| Overseas WORK Business | Singapore, etc.<br>Australia  | COVID-19 is under control in Singapore and Australia and appears to be slowly winding down. As a result, demand for permanent placement services is recovering, but has not returned to the pre-COVID level. Temporary staffing is performing well because operations are in stable business domains.  |

## Revenue and segment profit (Billions of yen)



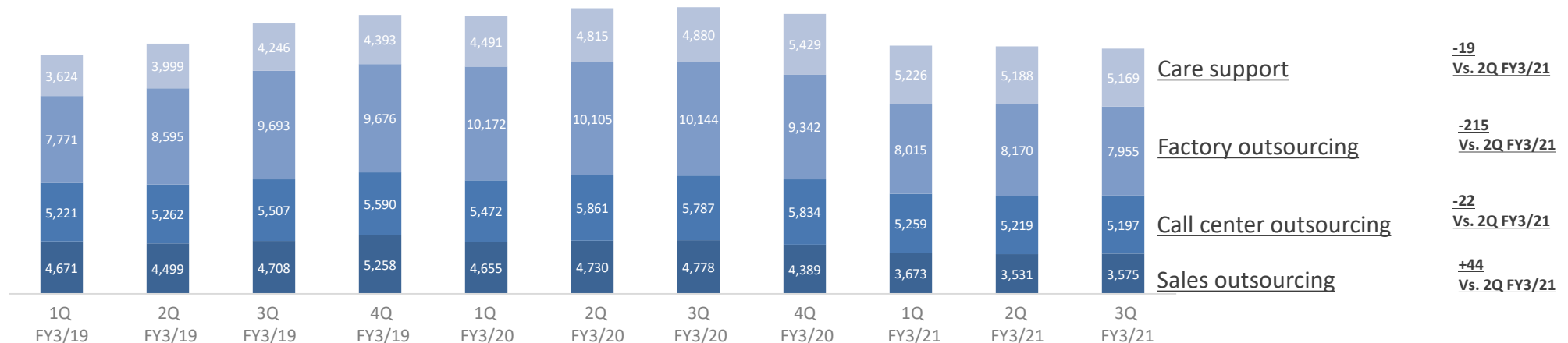
(Billions of yen)

|                | 3Q FY3/21 | 3Q FY3/20 | Vs. 3Q FY3/20<br>% change |
|----------------|-----------|-----------|---------------------------|
| Revenue        | 59.89     | 63.34     | -5.4%                     |
| Segment profit | 3.21      | 3.80      | -15.5%                    |

### Topics

- The number of workers on assignments in the factory sector decreased because of the completion of low-margin projects. But workers on assignments are expected to start increasing in Japan in the 4Q.
- Controlled recruiting expenses based on the level of new orders. (down ¥240 million from 3Q FY3/20)

## Number of workers on assignments (person)



-19  
Vs. 2Q FY3/21

-215  
Vs. 2Q FY3/21

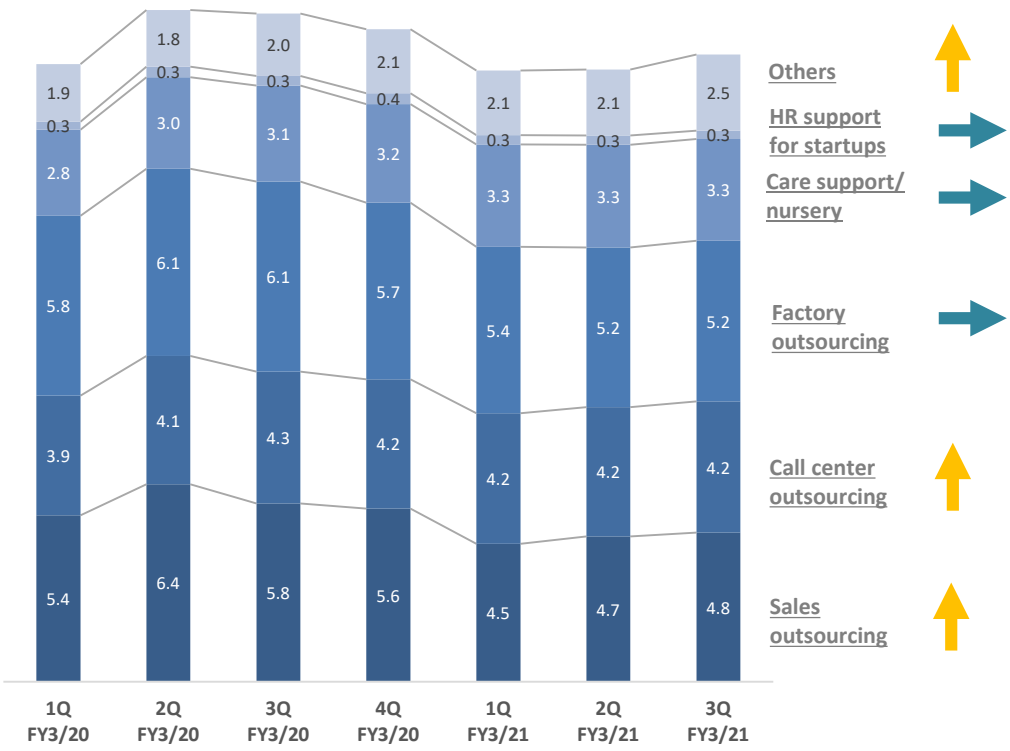
-22  
Vs. 2Q FY3/21

+44  
Vs. 2Q FY3/21

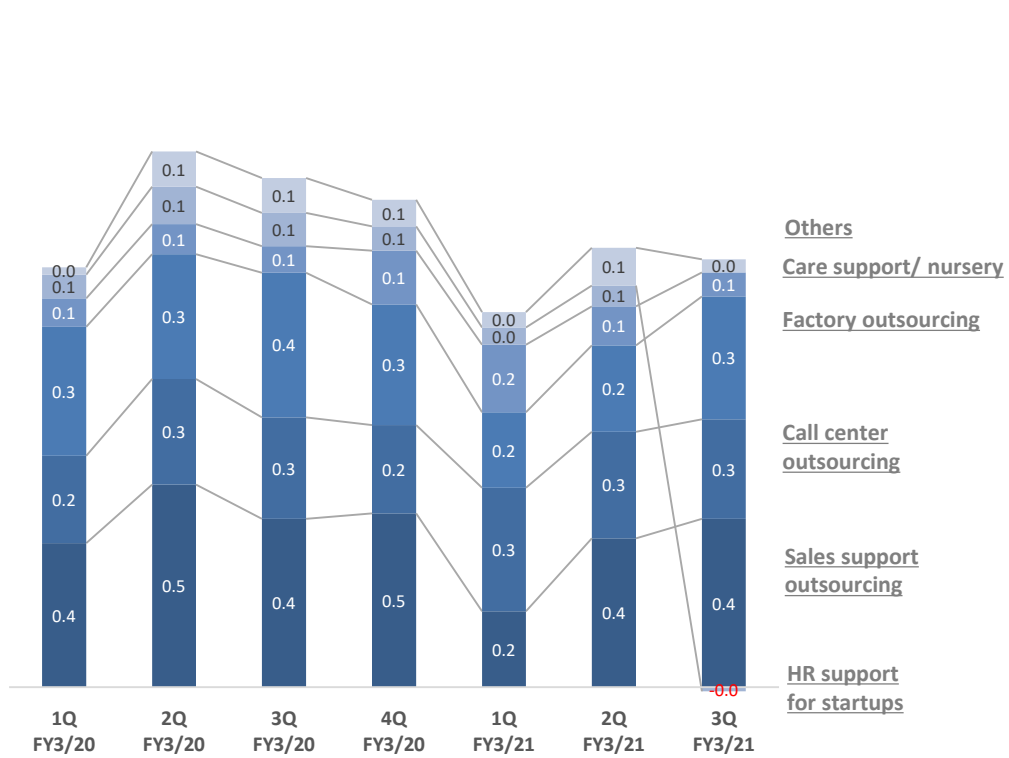
The call center outsourcing and care support/nursery school sectors performed well. Operating profit in the sales outsourcing and factory outsourcing sectors is improving steadily.

(Billions of yen)

Sales by Sector

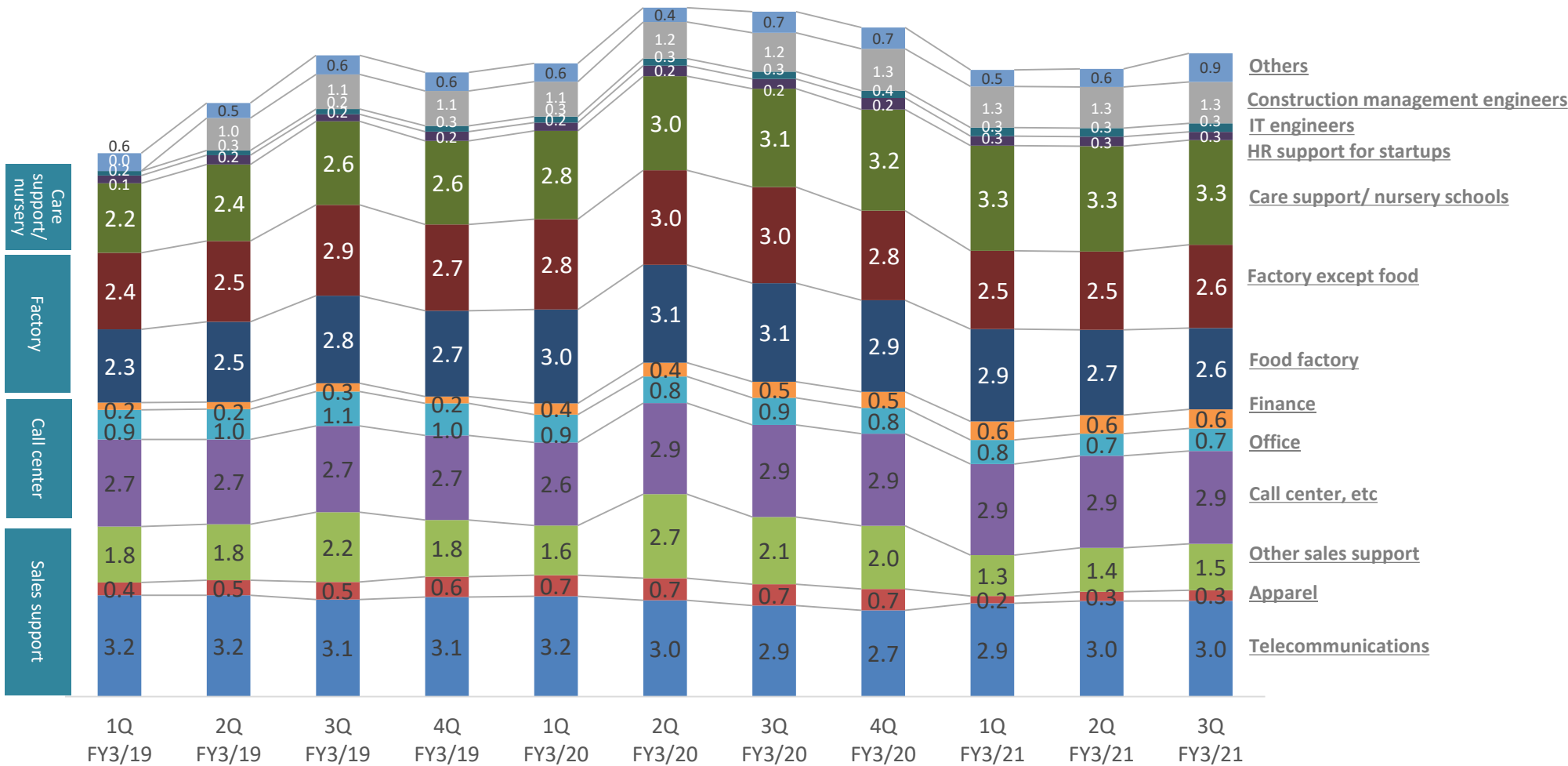


Operating profit by sector

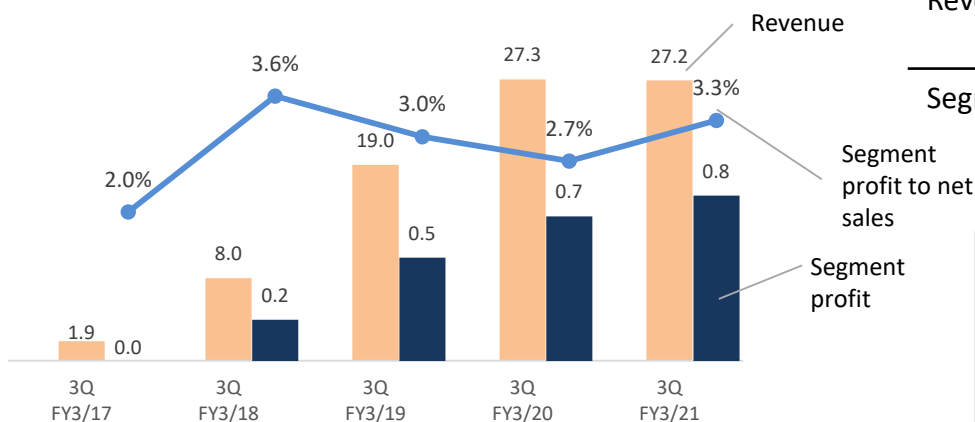


# COVID-19 negatively affected the apparel, other sales support and factory (except food) sectors

(Billions of yen)



## Revenue and segment profit (Billions of yen)



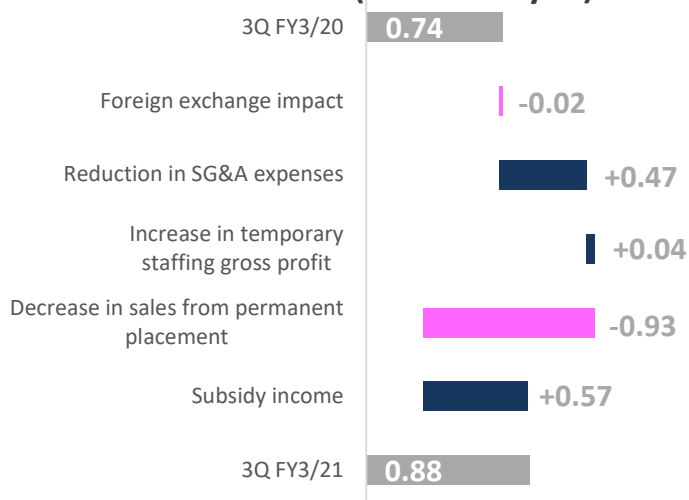
(Billions of yen)

|                | 3Q FY3/21    | 3Q FY3/20 | Vs. 3Q FY3/20<br>% change |
|----------------|--------------|-----------|---------------------------|
| Revenue        | <b>27.27</b> | 27.35     | -0.3%                     |
| Segment profit | <b>0.88</b>  | 0.74      | +20.0%                    |

### Topics

- With COVID-19 under control in Australia and Singapore, permanent placement service demand is slowly recovering. Temporary staffing continued to perform well.
- Received an employment support subsidy (approx. ¥600 million) as a countermeasure against COVID-19 in Singapore.

## Major components of changes in segment profit (Billions of yen)

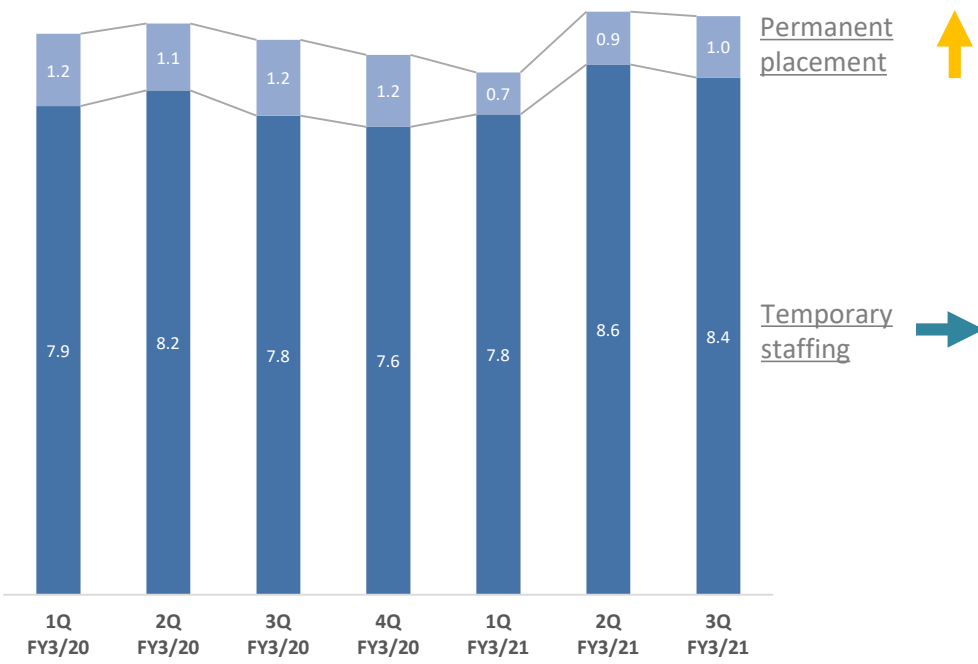


| Forex sensitivity | Initially assumed | 3Q FY3/21 Results | 3Q FY3/20 Results | Change for ¥1 difference/y |         |
|-------------------|-------------------|-------------------|-------------------|----------------------------|---------|
|                   |                   |                   |                   | Revenue                    | Profit  |
| AUD               | ¥70               | ¥74               | ¥75               | ¥380 mln                   | ¥10 mln |
| SGD               | ¥75               | ¥77               | ¥79               | ¥90 mln                    | ¥0 mln  |

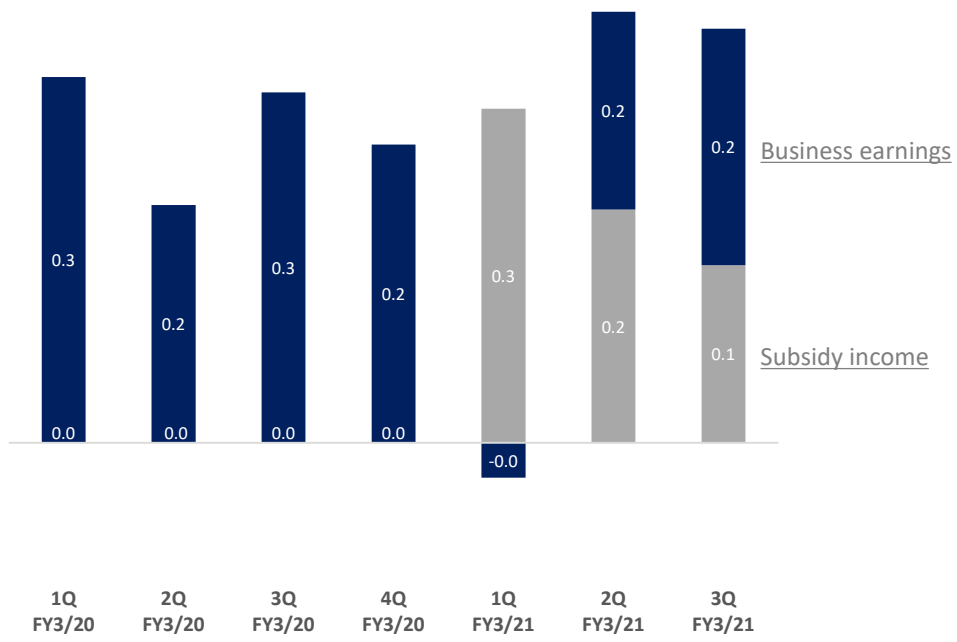
Permanent placement sales are slowly recovering and earnings from business activities (excluding subsidies) are recovering too

(Billions of yen)

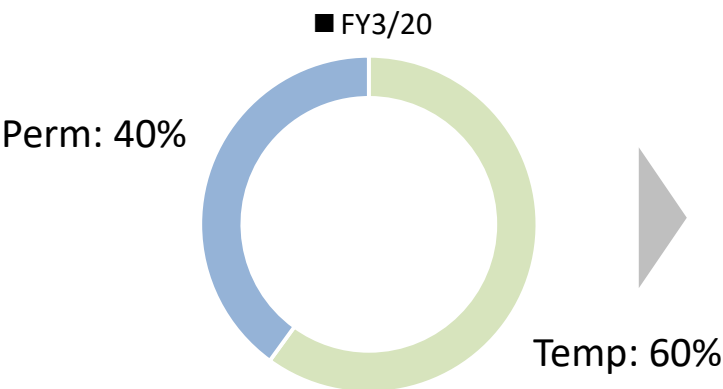
Sales by contract type



Operating profit by sector

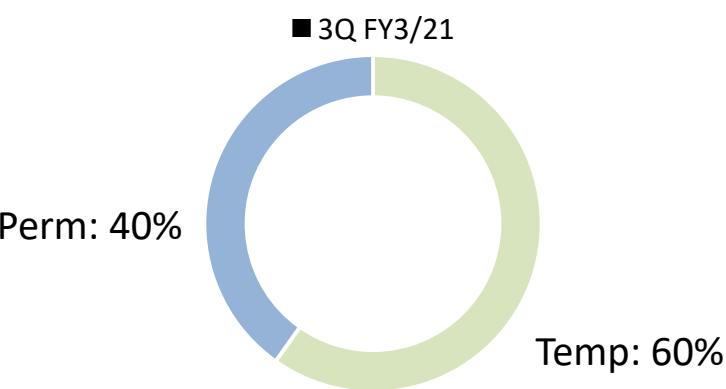


Domestic WORK Business Portfolio (Gross profit basis)



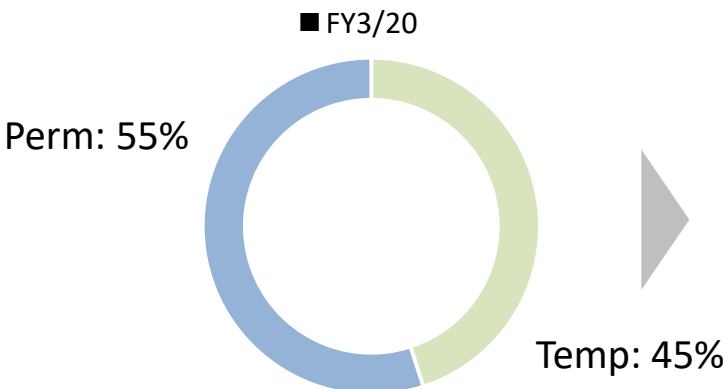
Final year of New Medium-term Management Plan

→:Temp: 40% Perm: 60%



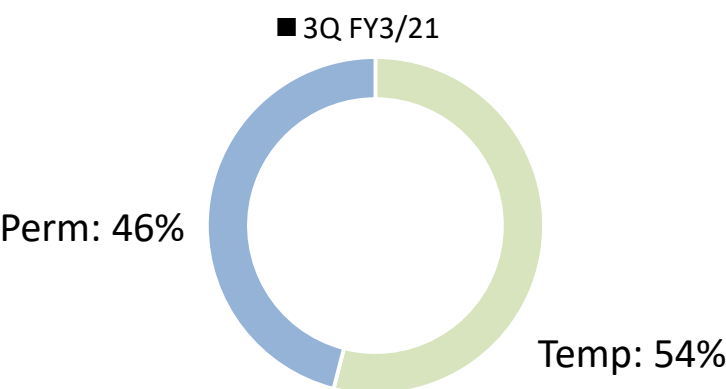
Difficulties in the permanent placement sector

Overseas WORK Business Portfolio (Gross profit basis)



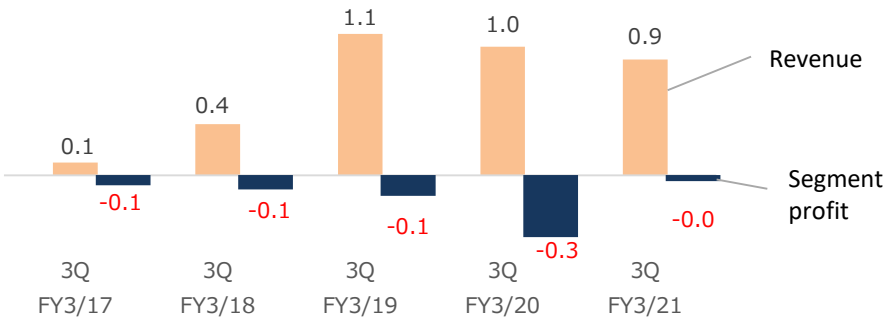
Final year of New Medium-term Management Plan

→:Temp: 60% Perm: 40%



Permanent placements started to recover but down about 20% from 3Q FY3/20. The stable temporary staffing sector continues to perform well despite the COVID-19 pandemic

Revenue and segment profit (Billions of yen)



| (Billions of yen) | 3Q FY3/21 | 3Q FY3/20 | Vs. 3Q FY3/20<br>% change |
|-------------------|-----------|-----------|---------------------------|
| Revenue           | 1.78      | 1.07      | +66.0%                    |
| Segment profit    | -0.03     | -0.30     | -                         |



Topics


➤ Upfront investments (¥320 million) in the HRTech field


Other business activities


Organic

HRTech

 **デイワク**  
by  **WILLOF**

 **ビザマネ**

 **アワマネ**

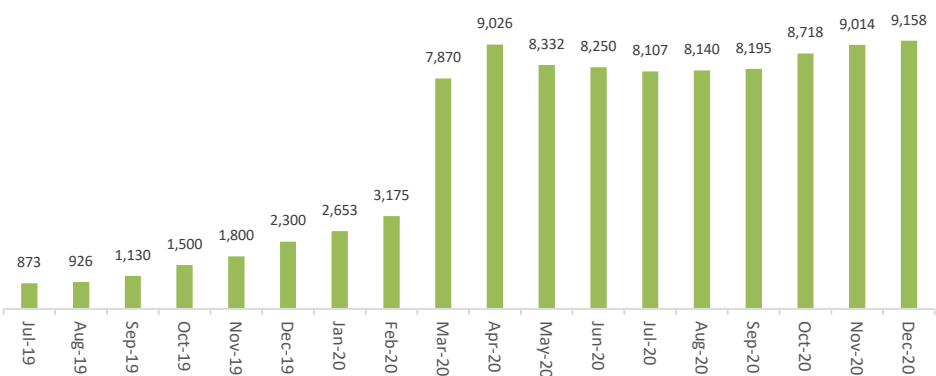
 **ENPORT**

(Daywak)  
(Visamane)  
(Hourmane)

M&A

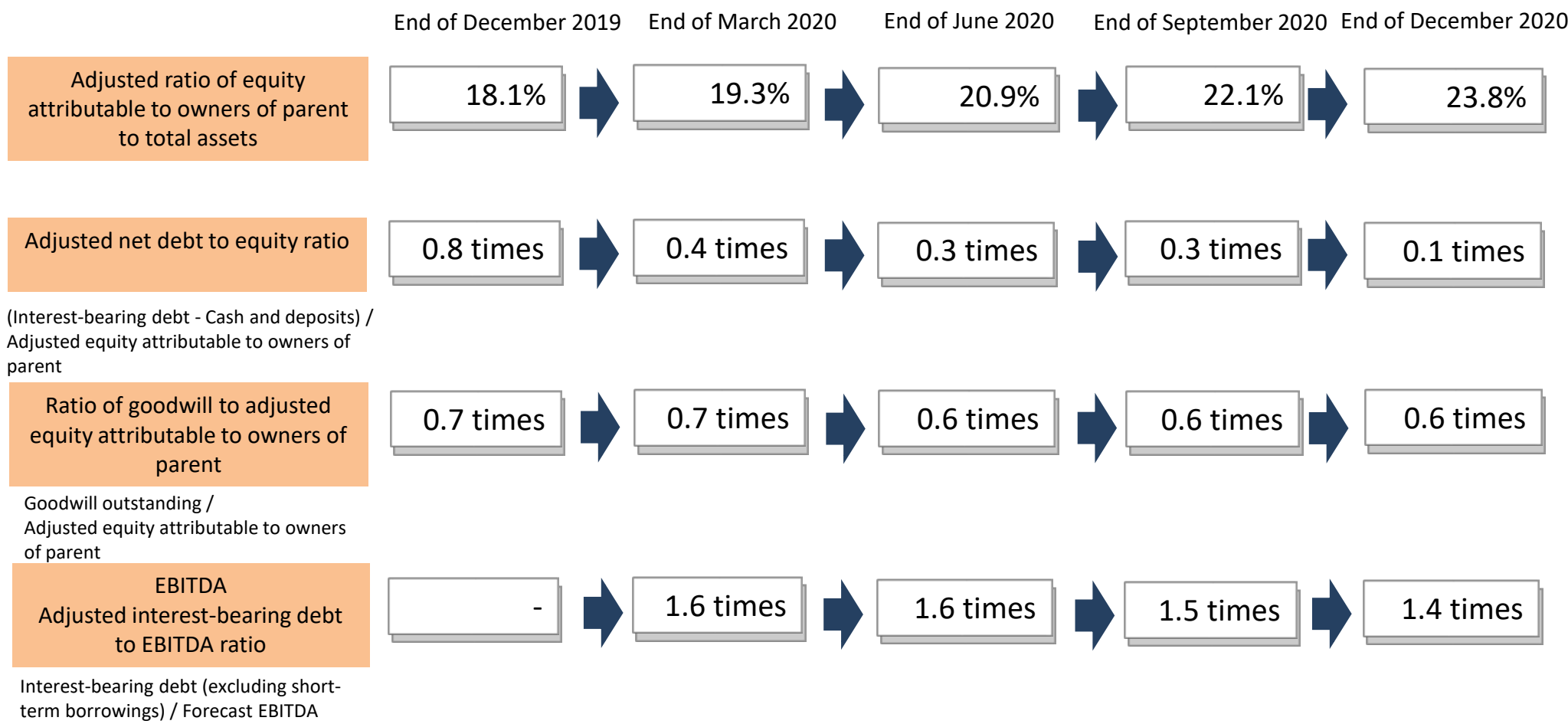
Investment funds (HRTech)

■ Number of workers registered in the Visamane foreign worker management system





All financial indicators are improving on an adjusted equity basis\*



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

| (Billions of yen)  | March 31,<br>2020 | December 31,<br>2020 | Change      |
|--|-------------------|----------------------|-------------|
| Current assets   | 22.0              | 21.8                 | -0.1        |
| Non-current assets   | 22.5              | 22.3                 | -0.2        |
| <b>Total assets</b>  | <b>44.6</b>       | <b>44.1</b>          | <b>-0.4</b> |
| Current liabilities  | 21.5              | 23.1                 | +1.5        |
| Non-current liabilities  | 15.9              | 11.8                 | -4.0        |
| <b>Total liabilities</b>   | <b>37.4</b>       | <b>34.9</b>          | <b>-2.4</b> |
| <b>Total equity</b>  | <b>7.1</b>        | <b>9.1</b>           | <b>+2.0</b> |
| <b>Total liabilities and equity</b>                              | <b>44.6</b>       | <b>44.1</b>          | <b>-0.4</b> |
| Ratio of equity attributable to owners of parent to total assets | 11.7%             | 17.0%                | +5.3pt      |

## Major components of changes (Billions of yen)

### ● Total assets

|   |      |
|---|------|
| • Cash and cash equivalents                     | +0.5 |
| • Trade and other receivables                   | -1.1 |
| • Other financial assets (current)              | +0.3 |
| • Property, plant and equipment                 | -0.1 |
| • Right-of-use assets                           | -1.1 |
| • Goodwill                                      | +0.2 |
| • Other intangible assets                       | +0.4 |
| • Investments accounted for using equity method | +0.6 |
| • Other non-current financial assets            | -0.2 |
| • Other non-current assets                      | -0.1 |

### ● Total liabilities

|   |      |
|---|------|
| • Trade and other payables                  | +0.7 |
| • Other financial liabilities (current)     | +1.6 |
| • Income taxes payable                      | -0.7 |
| • Borrowings (non-current)                  | -1.9 |
| • Other financial liabilities (non-current) | -2.0 |

### ● Total equity

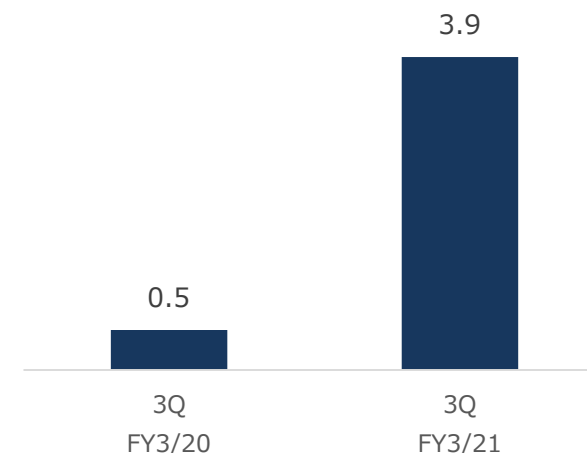
|   |      |
|---|------|
| • Treasury shares   | -0.1 |
| • Retained earnings   | +1.5 |
| • Exchange differences on translation of foreign operations | +0.9 |
| • Non-controlling interests                                 | -0.2 |

# Consolidated Statement of Cash Flows

| (Billions of yen)  | 3Q<br>FY3/20 | 3Q<br>FY3/21 | (Major<br>Components)                    |
|--|--------------|--------------|--|
| Profit before tax  | 3.2          | 3.0          |  |
| Depreciation and amortization  | 1.4          | 1.5          |  |
| Income taxes paid  | (1.4)        | (1.7)        |  |
| Other  | 0.2          | 1.7          |  |
| <b>Net cash provided by (used in) operating activities</b>                                     | <b>3.4</b>   | <b>4.6</b>   | <b>Decrease in trade receivables</b>     |
| Purchase and sales of property, plant and equipment, etc.                                      | (0.4)        | (0.4)        |  |
| Purchase and sales of shares of subsidiaries   | (0.2)        | -            |  |
| Other  | (0.3)        | (0.1)        |  |
| <b>Net cash provided by (used in) investing activities</b>                                     | <b>(2.9)</b> | <b>(0.6)</b> | <b>Decrease in M&amp;A investments</b>   |
| Net increase (decrease) in interest-bearing debt   | (1.6)        | (2.9)        |  |
| Purchase and sales of shares of subsidiaries not resulting in change in scope of consolidation | (2.0)        | (0.7)        |  |
| Dividends paid   | (0.4)        | (0.5)        |  |
| Government subsidy income  | 0.0          | 1.0          |  |
| Other  | (0.2)        | (0.4)        |  |
| <b>Net cash provided by (used in) financing activities</b>                                     | <b>(2.5)</b> | <b>(3.5)</b> | <b>Decrease in interest-bearing debt</b> |
| Effect of exchange rate changes  | (0.2)        | 0.1          |  |
| Net increase (decrease) in cash and cash equivalents   | (2.3)        | 0.5          |  |
| Cash and cash equivalents at end of period   | 4.5          | 6.4          |  |
| <b>Free cash flows (Operating activities + Investing activities)</b>                           | <b>0.5</b>   | <b>3.9</b>   |  |

## Free Cash Flows

(Billions of yen)



## II. FY3/21 Earnings and Dividend Forecasts

Sales and earnings in the first three quarters were high in relation to the FY3/21 forecasts. However, the FY3/21 forecasts are unchanged due to the 4Q outlook for (1) an increase in expenditures for growth in FY3/22 and afterward (personnel, recruiting, brand promotions, etc.) and (2) a continuation of the negative impact of COVID-19.

(Billions of yen)

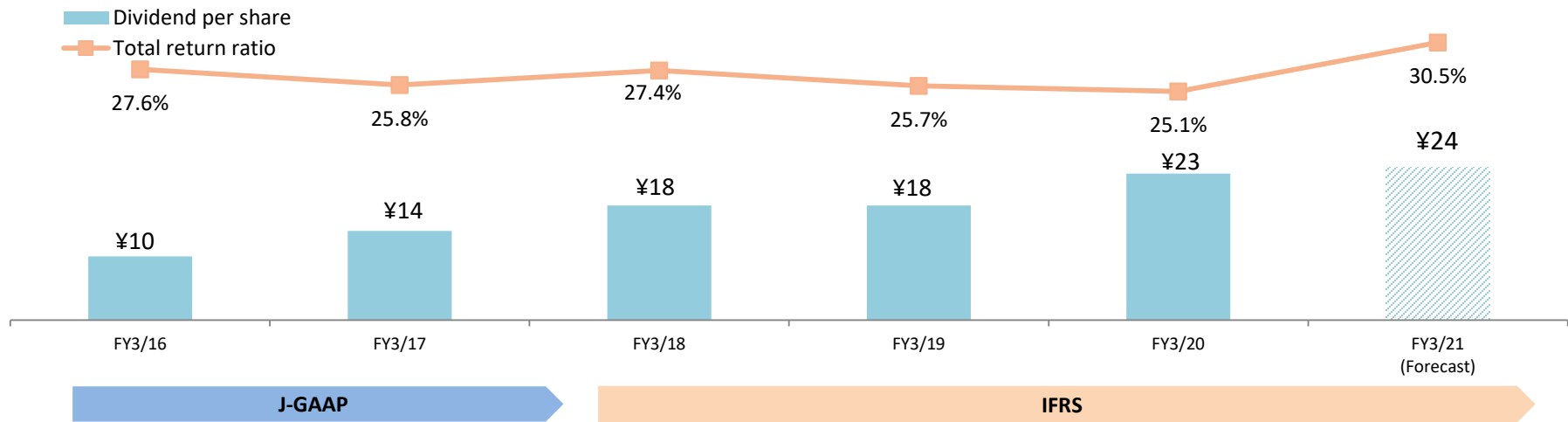
|   | FY3/20      | FY3/21<br>(Forecast) | YoY change            | % change       |
|---|-------------|----------------------|-----------------------|----------------|
| Revenue                                 | 121.91      | <b>116.00</b>        | <b>-5.91</b>          | <b>-4.9%</b>   |
| Domestic WORK Business                  | 84.43       | <b>80.61</b>         | <b>-3.82</b>          | <b>-4.5%</b>   |
| Overseas WORK Business                  | 36.07       | <b>34.05</b>         | <b>-2.02</b>          | <b>-5.6%</b>   |
| Others                                  | 1.54        | <b>2.15</b>          | <b>+0.60</b>          | <b>+38.9%</b>  |
| IFRS adjustments                        | (0.14)      | <b>(0.81)</b>        | <b>-0.67</b>          | -              |
| Operating profit (Operating margin)     | 4.14 (3.4%) | <b>3.40 (2.9%)</b>   | <b>-0.74 (-0.5pt)</b> | <b>-18.0%</b>  |
| Domestic WORK Business                  | 5.06        | <b>4.25</b>          | <b>-0.80</b>          | <b>-16.0%</b>  |
| Overseas WORK Business                  | 0.97        | <b>0.88</b>          | <b>-0.08</b>          | <b>-8.9%</b>   |
| Others                                  | (0.35)      | <b>(0.13)</b>        | <b>+0.21</b>          | -              |
| Adjustments                             | (1.86)      | <b>(2.36)</b>        | <b>-0.49</b>          | -              |
| IFRS adjustments                        | 0.33        | <b>0.76</b>          | <b>+0.42</b>          | <b>+127.6%</b> |
| Profit attributable to owners of parent | 2.38        | <b>1.75</b>          | <b>-0.63</b>          | <b>-26.5%</b>  |
| EBITDA                                  | 6.13        | <b>5.40</b>          | <b>-0.73</b>          | <b>-12.0%</b>  |

Forecast an increase of one yen to a year-end dividend of ¥24 for FY3/21

|                     | FY3/20        | FY3/21<br>(Forecast) |
|---------------------|---------------|----------------------|
| Year-end dividend   | ¥23 per share | ¥24 per share        |
| Total return ratio* | 25.1%         | 30.5%                |

\*Total return ratio: The sum of dividends and the cost of share repurchases divided by profit attributable to owners of parent

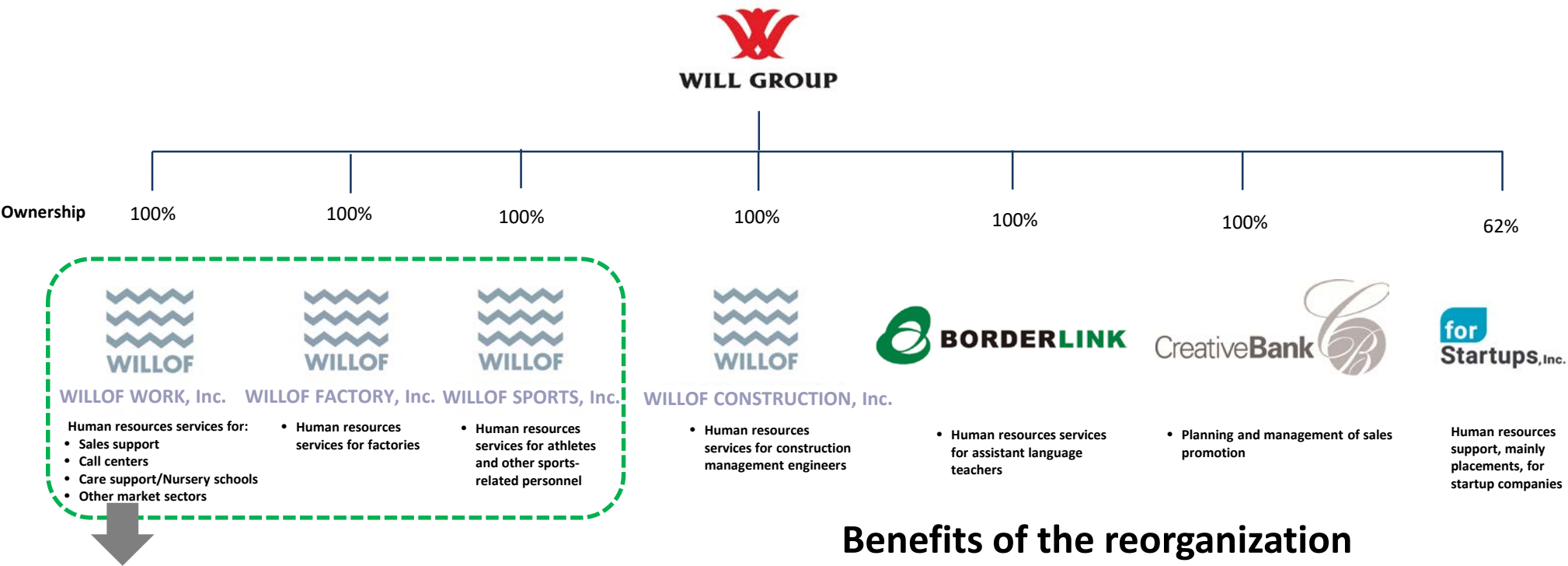
■ Dividend per share and total return ratio



The dividend per share has been adjusted to reflect a 2-for-1 stock split on December 1, 2016.

## III. Topics

## Merger of three subsidiaries to increase profitability by improving efficiency and strengthening the WILLOF brand



**3 company merger with WILLOF WORK remaining**  
WILLOF WORK will absorb WILLOF SPORTS on April 1, 2021 and WILLOF FACTORY on July 1, 2021

- Benefits of the reorganization**
- Sharing of sales offices**
- Integration of administrative activities**
- Ability to offer more opportunities to job applicants**



## iv . Reference

## Current Actions

### Employees

- Encouraging people to work at home, limiting face-to-face meetings, frequent use of online and conference call meetings

### Business

- Retain employees to be prepared for the return to normal business after the end of this crisis. Shift workers to operations less affected by the spread of COVID-19
- Partial reviewing new investment plans in order to remain profitable and maintain financial soundness

**→ Responding with speed and flexibility to this crisis while closely monitoring changes in the current “with-corona” business conditions and looking ahead to the post-corona world**

## Domestic WORK Business

(Millions of yen)

### ■ Revenue

|        | 1Q     | 2Q     | 3Q     | 4Q     |
|--------|--------|--------|--------|--------|
| FY3/19 | 17,149 | 18,734 | 20,242 | 19,702 |
| FY3/20 | 19,984 | 21,741 | 21,639 | 21,098 |
| FY3/21 | 19,782 | 19,814 | 20,301 |        |

### ■ Segment profit

|        | 1Q    | 2Q    | 3Q    | 4Q    |
|--------|-------|-------|-------|-------|
| FY3/19 | 715   | 913   | 1,226 | 1,210 |
| FY3/20 | 1,091 | 1,392 | 1,310 | 1,279 |
| FY3/21 | 974   | 1,141 | 1,102 |       |

## Overseas WORK Business

### ■ Revenue

|        | 1Q    | 2Q    | 3Q    | 4Q    |
|--------|-------|-------|-------|-------|
| FY3/19 | 5,798 | 6,286 | 6,959 | 7,197 |
| FY3/20 | 9,098 | 9,257 | 8,995 | 8,723 |
| FY3/21 | 8,457 | 9,444 | 9,369 |       |

### ■ Segment profit

|        | 1Q  | 2Q  | 3Q  | 4Q    |
|--------|-----|-----|-----|-------|
| FY3/19 | 268 | 208 | 101 | (149) |
| FY3/20 | 283 | 184 | 270 | 232   |
| FY3/21 | 232 | 334 | 321 |       |

## Others

### ■ Revenue

|        | 1Q  | 2Q  | 3Q  | 4Q  |
|--------|-----|-----|-----|-----|
| FY3/19 | 578 | 264 | 286 | 422 |
| FY3/20 | 290 | 364 | 452 | 483 |
| FY3/21 | 885 | 611 | 293 |     |

### ■ Segment profit

|        | 1Q   | 2Q    | 3Q   | 4Q   |
|--------|------|-------|------|------|
| FY3/19 | (37) | (55)  | (13) | 42   |
| FY3/20 | (84) | (134) | (72) | (80) |
| FY3/21 | (98) | 153   | (90) |      |

(Millions of yen)

■ Revenue (Asia)

|        | 1Q    | 2Q    | 3Q    | 4Q    |
|--------|-------|-------|-------|-------|
| FY3/19 | 1,338 | 1,412 | 1,442 | 1,700 |
| FY3/20 | 1,923 | 1,967 | 1,999 | 2,070 |
| FY3/21 | 1,285 | 1,482 | 1,768 |       |

■ Revenue (Australia)

|        | 1Q    | 2Q    | 3Q    | 4Q    |
|--------|-------|-------|-------|-------|
| FY3/19 | 4,468 | 4,881 | 5,523 | 5,508 |
| FY3/20 | 7,184 | 7,299 | 7,014 | 6,672 |
| FY3/21 | 7,181 | 7,972 | 7,627 |       |



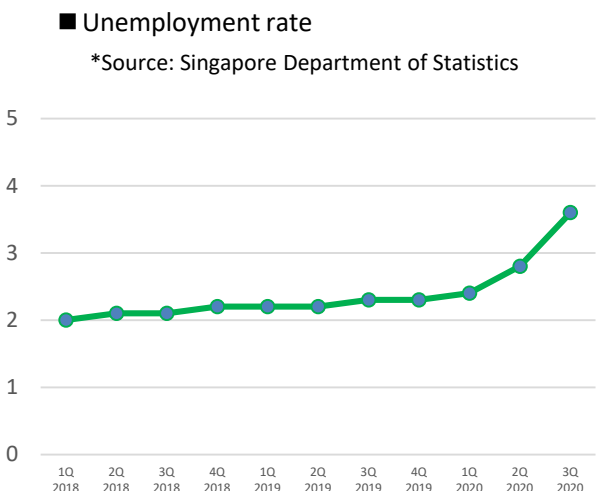
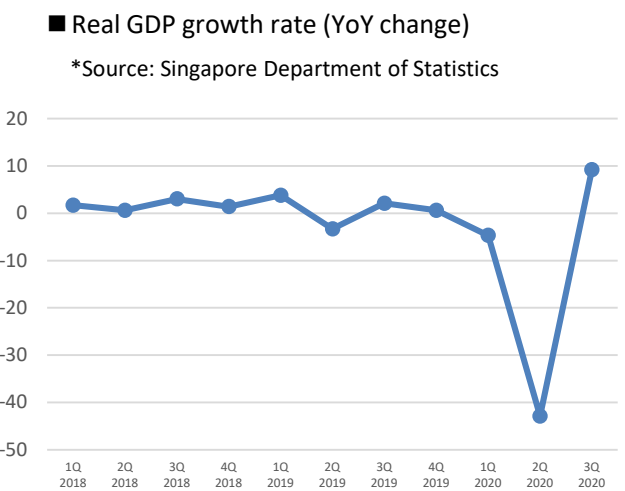
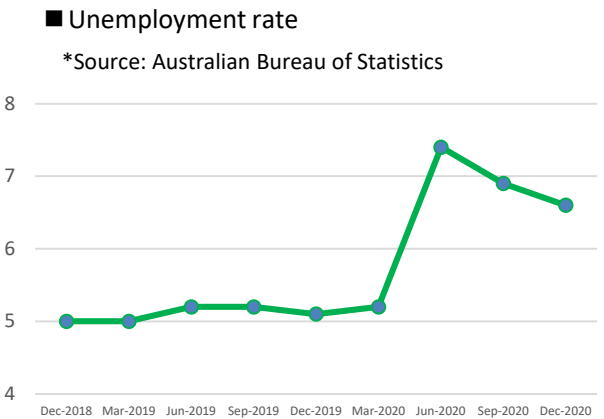
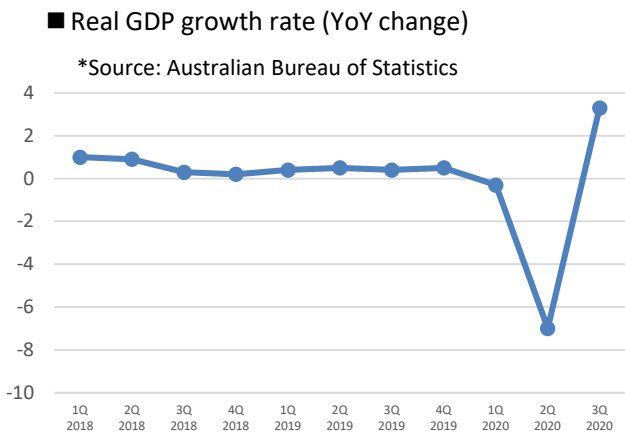
## Market conditions for WILL GROUP

The impact of COVID-19 on business operations is declining because the crisis is currently mostly under control. Permanent placement demand is recovering, but still below the pre-COVID level. Temporary staffing orders are firm due to steady demand in the public sector, IT, financial services and legal services sectors.






As in Australia, demand for permanent placement services is recovering. Operations are shifting to temporary staffing services because there is still certain demand for hiring people even during this economic downturn.

## Economic indicators



# Performance of Major Overseas Subsidiaries

(Billions of yen)

|  | Primary location | Business activities   | Start of consolidation since (WILL GROUP ownership) | Investment<br>*1 | *2           | 3Q<br>FY3/20 | 3Q<br>FY3/21 | YoY<br>change |
|--|------------------|---|---|------------------|--------------|--------------|--------------|---------------|
|  | Singapore        | Providing permanent placement and consulting services focused on HR primarily in Singapore, through wholly-owned subsidiaries in Hong Kong, Japan, U.S., China, Australia and UK.   | Jan. 2019<br>(51%)                                  | 1.47             | Sales        | 1.11         | 0.81         | -27.2%        |
|  |                  |   |   |                  | Profit<br>*3 | 0.35         | 0.24         | -30.1%        |
|  | Brisbane         | Providing temporary staffing and permanent placement services to government agencies and major corporations in Australia  | Apr. 2019<br>(80%)                                  | 1.51             | Sales        | 4.65         | 4.51         | -3.0%         |
|  |                  |   |   |                  | Profit       | 0.43         | 0.42         | -4.4%         |
|  | Melbourne        | Providing temporary staffing and permanent placement services for office work and call center operations to agencies and companies in various sectors such as the government, telecommunications, resources and appliance manufacturing in Australia. | Jan. 2018<br>(80%)                                  | 0.86             | Sales        | 8.53         | 9.32         | +9.2%         |
|  |                  |   |   |                  | Profit       | 0.26         | 0.23         | -9.7%         |

\*1 The investment in each company includes goodwill and identifiable intangible assets.

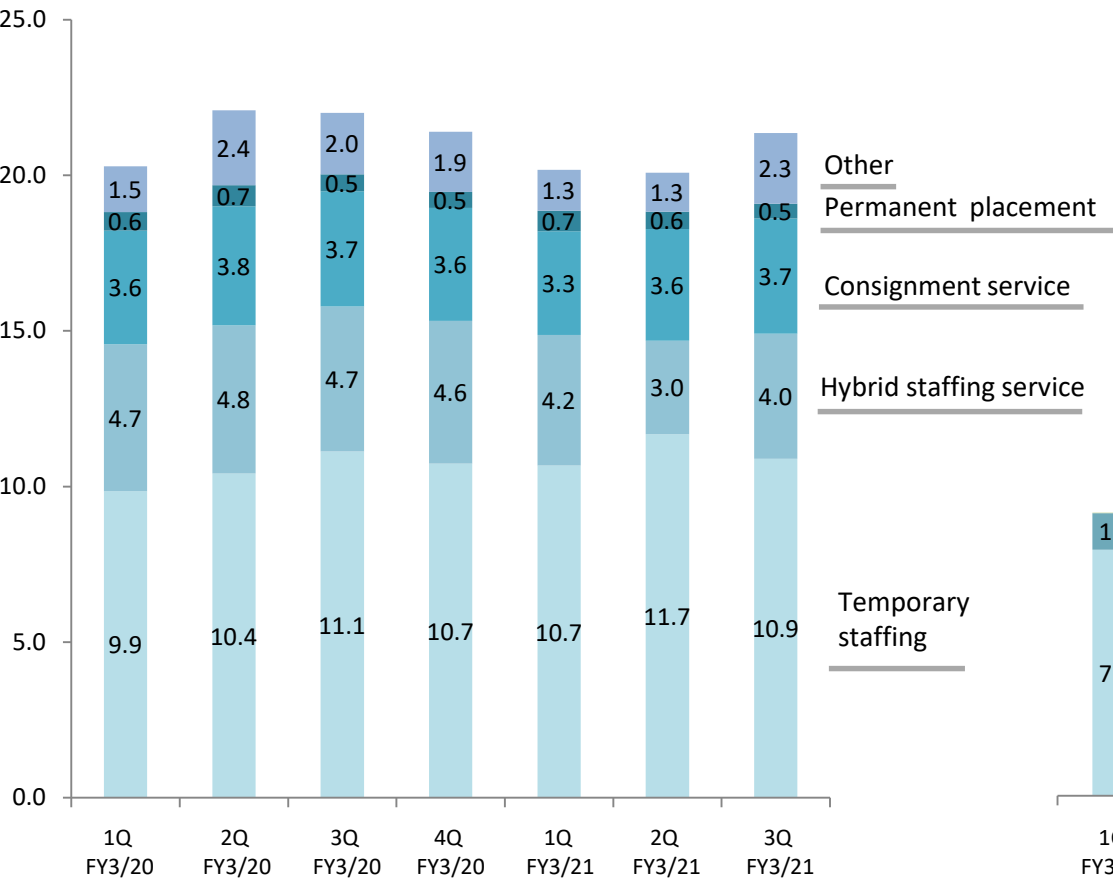
\*2 Sales and profit are for the April-December consolidated fiscal year regardless of the timing of consolidated disclosures.

Converted to yen at the rates of ¥75/SGD and ¥70/AUD in order to eliminate the effects of foreign exchange rate movements.

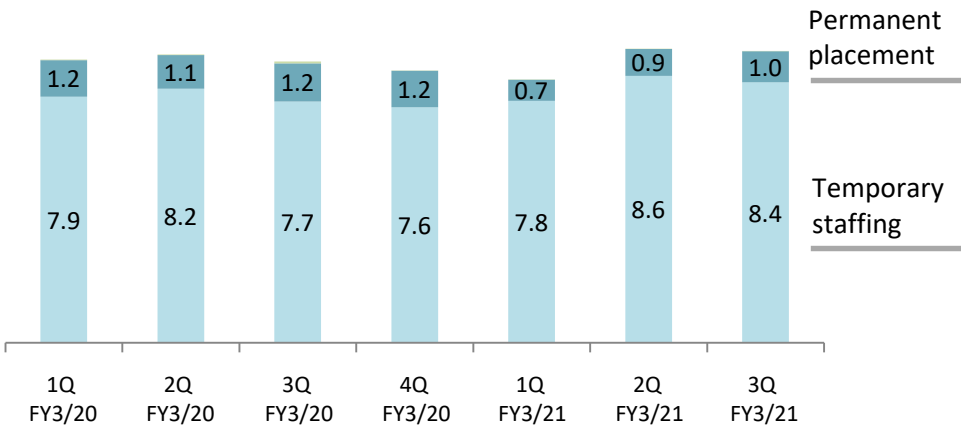
\*3 Profit is profit before tax after the amortization of identifiable intangible assets, internal transactions and one-time expenses.

Human resources services in Japan

(Billions of yen)



Overseas human resources services





# **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.

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