BRIDGE REPORT

Bridge Salon

Ryosuke Ikeda, Representative director and Chairman

WILL GROUP, INC. (6089)

WILL GROUP

Company Information

Exchange	First Section, TSE
Industry	Services
Chairman	Ryosuke Ikeda
HQ	1-32-2 Honcho, Nakano-ku, Tokyo, Japan
Year-end	March
Website	https://willgroup.co.jp/en/index.html

Stock Information

Share Price	Number of shares issued (End of the term)		Total market cap	ROE (Act.)	Trading Unit
¥1,016	22,554,500shares		¥22,915 million	35.1%	100 shares
DPS (Est.)	Dividend Yield (Est.)	EPS (Est.)	PER（Est.)	BPS (Act.)	PBR (Act.)
¥25.00	2.5%	¥82.78	12.3x	¥370.13	2.7x

*Stock prices as of the close on June 14, 2021. Each number is taken from the summary of consolidated financial results for FY3/21.

Transition in Consolidated Performance (IFRS from the term ended March 2019)

Fiscal Year	Net Sales	Operating Income	Ordinary Income, Pretax Profit	Profit attributable to owners of parent	EPS (¥)	DPS (¥)
March 2018(Act.)	79,197	2,417	2,437	1,210	57.44	18.00
March 2019(Act.)	103,300	2,957	2,876	1,539	69.46	18.00
March 2020(Act.)	121,916	4,145	4,057	2,380	107.07	23.00
March 2021(Act.)	118,249	4,030	3,788	2,363	106.35	24.00
March 2022(Est.)	121,000	3,400	3,270	1,840	82.78	25.00

*Estimated by the Company. (Unit: Million yen or yen)

This Bridge Report reviews fiscal year ended March 2021 earnings results, fiscal year ending March 2022 earnings estimates and Medium-term Management Plan of WILL GROUP, INC, etc.

Contents

Key Points

- **In the term ended March 2021, sales and profits declined, but exceeded the forecast. Sales revenue decreased 3.0% year on year to 118,249 million yen. Overseas temporary staffing sales increased, but the sales of domestic sales support and factory fields decreased due to the spread of COVID-19. Operating profit fell 2.8% year on year to 4,030 million yen. Although profits in the sales support and factory fields decreased, the company recorded an employment support subsidy income overseas and an employment adjustment subsidy in Japan, and paid leave reserves shrank. These led profits to remain almost at the same level as the previous fiscal year, and it greatly exceeded the forecasted value. The dividend is to be 24 yen/share, up 1 yen/share from the previous year. The payout ratio is 22.6%.**

- **For the term ending March 2022, sales revenue is expected to increase 2.3% year on year to 121 billion yen, and operating profit is estimated to decrease 15.6% to 3.4 billion yen. The company has set the upfront investment framework for recruiting construction engineers as employees, strengthening the sales system (600 million yen), and improving the consultant personnel system for introducing human resources for nursing care, IT human resources, and start-ups (700 million yen). The base budget for operating profit, which does not take into account this upfront investment of 1.3 billion yen, is 4.7 billion yen, which exceeds the operating profit in the term ended March 2020 before the pandemic, which was 4.1 billion yen. The dividend is to increase by 1 yen/share to 25 yen/share. The expected payout ratio is 30.2%. The impact of the COVID-19 spreading again is assumed in some areas, but the pandemic's impact on the business is subsiding due to the establishment of a system. Thus, it is projected that it will not have a significant impact on consolidated business results.**

- **The basic policy of the medium-term management plan "WILL-being 2023" is "to increase profitability through the WORK SHIFT strategy." The company will expand the "permanent term employment: Perm (permanent)" area such as conducting personnel introduction and temporary staffing to highly specialized fields to maximize and optimize growth opportunities. It will also promote the digitalization of "fixed-term employment: Temp (temporary) area" such as personnel dispatching and business contracting to maximize and optimize employment opportunities centered on productivity improvement and business stability. The Perm domain will focus on construction engineer dispatching and nursing care personnel introduction. The company will make upfront investments this term to build a growth base.**

- **Following the decline in sales and profits in the term ended March 2021 due to the impact of the novel coronavirus crisis, profit is estimated to decline in the term ending March 2022 although sales are projected to increase. This is due to the company's upfront investments in dispatching construction engineers and introducing nursing care personnel, which are among the businesses that the company aims to make the pillar of Perm SHIFT and the group in the medium- to long-term to realize growth by intensive investment.**

- **In the construction industry, it is unlikely that new demand will increase significantly in the future, but maintaining and repairing aging infrastructure have become a significant issue. As for the nursing care industry, needless to say, it is becoming more and more important as society continues to age. Therefore, both industries need to respond to these issues as part of the national policies. In addition, although it seems that the introduction of robotics and ICT is progressing in some areas, there are also areas where the value of "human resources" will further increase due to labor shortage. Of course, competition is estimated to intensify. However, we would like to see from a medium-term perspective whether the**

company, which has a track record of improving industries with initially low retention, will be able to achieve growth by utilizing its know-how and strengths.

1. Company Overview

WILL GROUP, INC. is a holding company that provides HR services specialized at each category such as dispatching sales support staff, call center operators and manufacturing line staff primarily to food manufacturing, and supporting nursing facilities' personnel recruitment and temporary staffing. The main feature of the Company is the "hybrid placement service," by which permanent employees of Will Group called "field supporters" are stationed at the dispatched workplace. Will Group differentiates itself from its competitors by implementing its hands-on policy as it endeavors to develop new businesses.

There are group companies, including WILLOF WORK, Inc., which deals with the outsourcing of sales and call center operation, CreativeBank Inc., which carries out sales promotion, WILLOF FACTORY, Inc., which offers services specializing in manufacturing, and overseas subsidiaries that offer staffing services mainly in Asia and Oceania.

【1-1 WILL Vision and Management Philosophy】

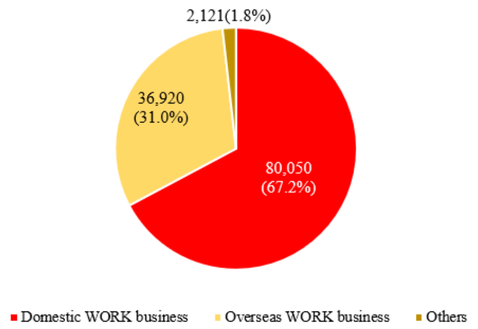
WILL Vision is advocated as creating a strong brand with high expected value and becoming No. 1 in the business fields of "working," "interesting," "learning" and "living."

Working	Business field to support **"Working"**
Interesting	Business field to support **"Interesting"**
Learning	Business field to support **"Learning"**
Living	Business field to support **"Living"**

【1-2 Business Content】

Since the management scope has expanded due to the increase of the business domain, the management system has been changed in the term ending March 2021 and the business segments have been reorganized into three segments: domestic WORK business, overseas WORK business, and others.

Sales composition by segment（FY3/21, unit:million yen）



＊Composition ratio to External Revenue and total before IFRS adjustments

Domestic WORK business

In Japan, the company provides personnel introduction, temporary staffing, and outsourcing contracts specializing in categories such as the sales support field, call center, factory, nursing care, and childcare. It also offers personnel support for start-ups.

Sales support field: WILLOF WORK, Inc., and CreativeBank Inc.

The telecommunications sector accounts for more than 50% of total sales, while the apparel sector makes up more than 10%, and others account for more than 30%. As for sales support for the telecommunications field, the company conducts sales of smartphones, etc. at home electronics mass retailers, manages sales staff, and temporary staffing for operations such as collecting and reporting sales information. The company also undertakes team-type temporary staffing (hybrid temporary staffing), sales operations, and personnel introduction.

Call center field: WILLOF WORK, Inc.
Customers are companies that operate call centers and companies that use telemarketing services. The number of customers is increasing, mainly for telecommunications companies and BPOs (continuously outsourcing part of business processes to external companies) and financial institutions. The company is responsible for dispatching staff engaged in after-sales service, consultation, and receiving complaints, and providing team-type temporary staffing (hybrid temporary staffing) and introducing personnel. It also undertakes customer telemarketing operations at its own call center.

Factory segment: WILLOF FACTORY, Inc.
The company is responsible for dispatching staff who would engage in light work such as manufacturing, inspection, quality control, sorting, and packing mainly in the food manufacturing industry, which is not easily affected by the economy, as well as providing team type temporary staffing (hybrid temporary staffing), outsourcing of production process operations and personnel introduction.

Nursing care and childcare field: WILLOF WORK, Inc.
The company undertakes temporary staffing and personnel introduction to companies that operate nursing care facilities and childcare facilities.

HR support for startups: for Startups, Inc.
It is a business that supports growing industries (ventures, start-up companies, etc.) centered on HR (Human Resources). It operates the information platform "START-UP DB (Startup Database)", which is the largest platform specializing in the growing industry fields in Japan.

Other fields: WILLOF CONSTRUCTION, Inc., BORDERLINK, INC., etc.
The company dispatches construction engineers, and introduces human resources. It also dispatches ALTs (foreign language teaching assistants) and engineers and introduces human resources.

Overseas WORK Business
In the ASEAN and Oceania regions, the company dispatches and introduces personnel for government-affiliated projects, engineers, finance, legal affairs, etc.
WILL GROUP Asia Pacific Pte. Ltd., Good Job Creations (Singapore) Pte. Ltd., Scientec Consulting Pte. Ltd.,
The Chapman Consulting Group Pte. Ltd., Oriental Aviation International Pte. Ltd., Ethos BeathChapman,
Quay Appointments Pty Ltd., u & u Holdings Pty Ltd., DFP Recruitment Holdings Pty Ltd,
Asia Recruit Holdings Sdn.Bhd.

Others
The company is working on expanding the domain of HRTech with the aim of strengthening the development of new platforms that provide a community for human resources such as system engineers through concept rental management and the expansion of forms of businesses other than the labor-intensive business. Examples of these platforms are "Hour Money," a working time management system for foreigners, and "Enport," a foreign worker support service.
WILL GROUP, INC., etc.

2. Fiscal Year March 2021 Earnings Results

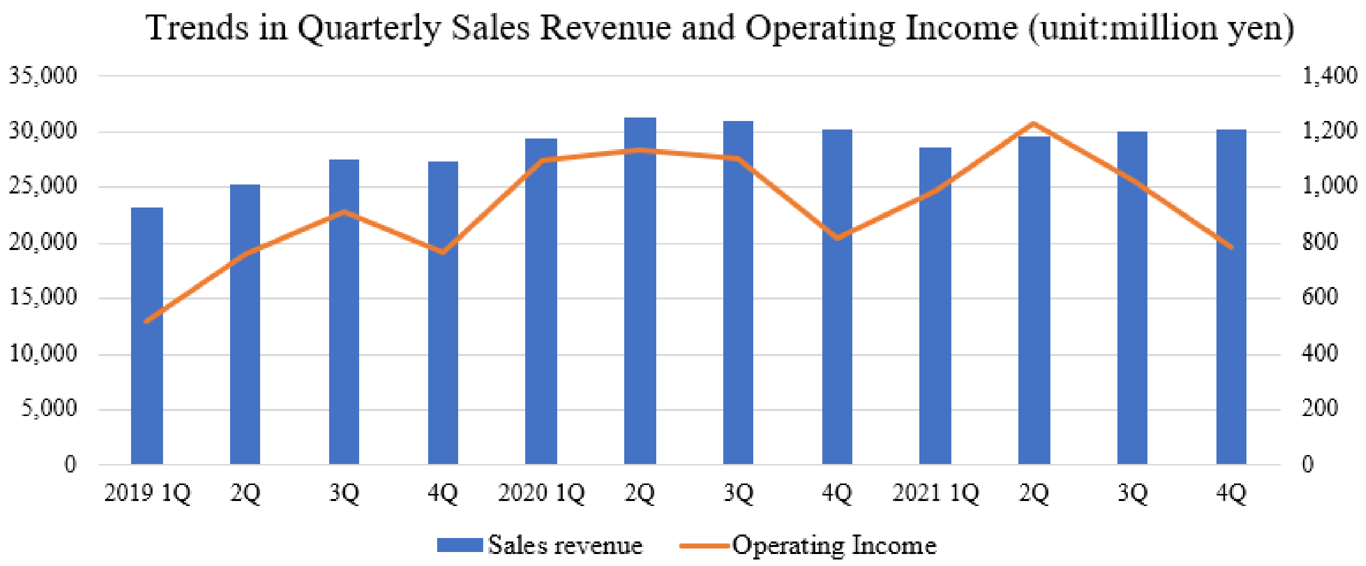
2-1 Consolidated earnings results (IFRS)

	FY 3/20	Share	FY 3/21	Share	YoY	Compared to the forecast
Sales	121,916	100.0%	118,249	100.0%	-3.0%	+1.9%
Gross Profit	25,402	20.8%	24,056	20.3%	-5.3%	-
SG & A	21,422	17.6%	20,463	17.3%	-4.5%	-
Operating Income	4,145	3.4%	4,030	3.4%	-2.8%	+18.5%
Pretax Profit	4,057	3.3%	3,788	3.2%	-6.6%	+16.6%
Profit attributable to owners of parent	2,380	2.0%	2,363	2.0%	-0.7%	+35.1%

*Unit: Million yen. The Compared to the forecast is the ratio compared to the revised forecasts announced in November 2020.

Sales and profits declined, but exceeded forecasts

Sales revenue decreased 3.0% year on year to 118,249 million yen. Overseas temporary staffing sales increased, but the sales of domestic sales support and factory fields decreased due to the spread of COVID-19. Operating profit fell 2.8% year on year to 4,030 million yen. Although profits in the sales support and factory fields decreased, the company recorded an employment support subsidy income overseas and an employment adjustment subsidy in Japan, and paid leave reserves shrank. These led profits to remain almost at the same level as the previous fiscal year, and it greatly exceeded the forecasted value. The dividend is to be 24 yen/share, up 1 yen/share from the previous year. The payout ratio is 22.6%.



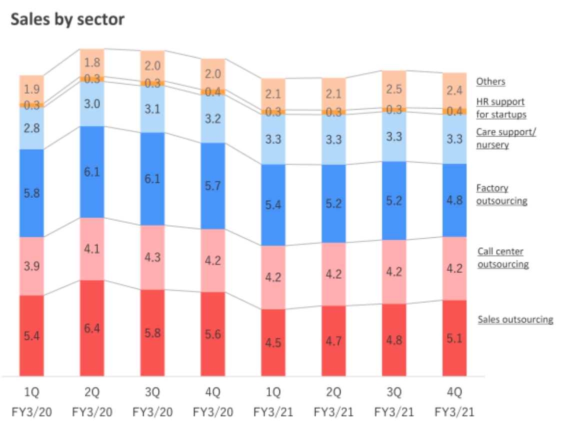
2-2 Trend by Segment

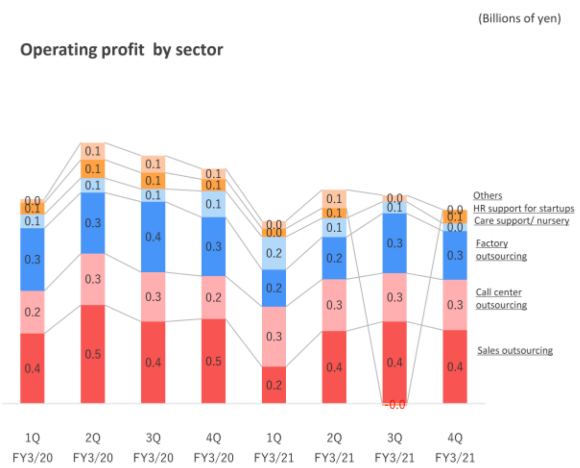
	FY 3/20	Share and Profit margin	FY 3/21	Share and Profit margin	YoY Change	Compared to the forecast
Domestic WORK business	84,438	69.3%	80,050	67.7%	-5.2%	-0.7%
Overseas WORK business	36,074	29.6%	36,920	31.2%	+2.3%	+8.4%
Other	1,549	1.3%	2,121	1.8%	+36.9%	-1.4%
IFRS adjustments	-146	-	-843	-	-	-
Revenue	121,916	100.0%	118,249	100.0%	-3.0%	+1.9%
Domestic WORK business	5,061	6.0%	4,253	5.3%	-16.0%	+0.1%
Overseas WORK business	971	2.7%	1,106	3.0%	+13.8%	+25.7%
Other	-352	-	-166	-	-	-
Adjustments ＋ IFRS adjustment	-1,535	-	-1,163	-	-	-
Operating Income	4,145	3.4%	4,030	3.4%	-2.8%	+18.5%

*Unit: Million yen

Domestic WORK business
Sales and profits decreased from the previous fiscal year. Both sales revenue and profit were almost as expected.

Due to the impact of the spread of COVID-19, sales support demand decreased in the apparel field, and the factory demand declined. As for the call center, nursing care and childcare field and so on, the recovery of job offers is slow. However, demand remained firm and steady. In addition, taking into account the conditions during the pandemic and after the pandemic subsides, the company focused on developing customers for new services such as sales agency services and home-based contact center services in all areas.
In terms of profits, the company controlled the hiring costs based on the status of receiving new orders. Nonetheless, profits declined due to a decrease in the sales of the sales support and factory fields.
In the factory area, the number of operating staff has decreased due to customer production cuts and revisions to production plans, but overall, it is improving.





(Reference material of the company)

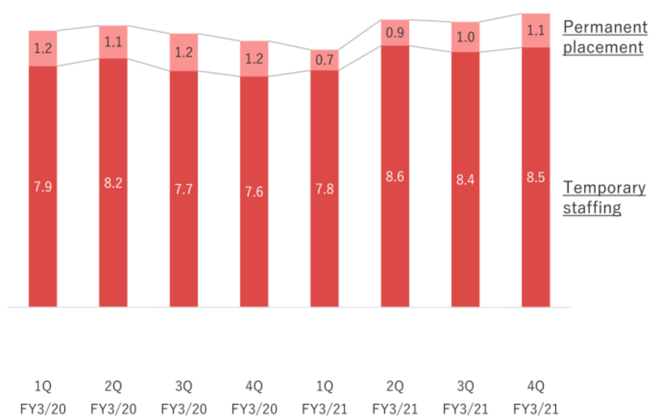
Overseas WORK business
Sales and profits increased from the previous fiscal year. Both sales revenue and profit exceeded the estimates.

The demand for dispatched labor for government-affiliated projects, engineers, finance, legal affairs, etc., remained stable despite the spread of COVID-19.

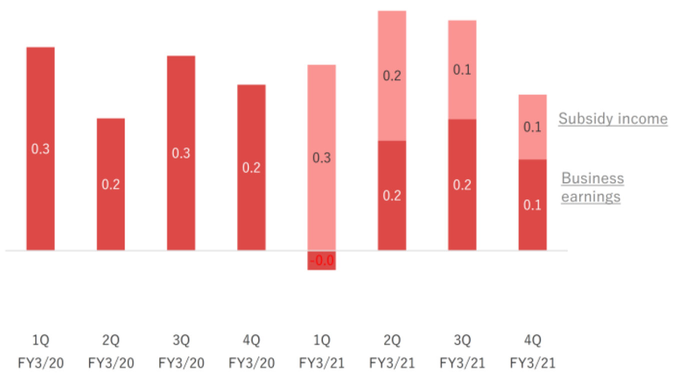
Demand for personnel introductions has been declining due to the economic slowdown and stagnant corporate activities in Australia and Singapore, but it is currently recovering.
The company recorded an employment support government subsidy of about 700 million yen as a countermeasure against the novel coronavirus in Singapore.

(Billions of yen)

Sales by contract type



Operating profit by sector



(Reference material of the company)

Assumptions for exchange rates and sensitivity

	Results in FY3/20	Results in FY3/21	Initial assumption	Operating amount/year due to the fluctuation of 1 yen (sales revenue and profit)	
Australia dollar	¥74	¥76	¥70	¥380 million	¥10 million
Singapore dollar	¥79	¥78	¥75	¥90 million	¥0 million

Other

Sales rose, and losses decreased from the previous fiscal year. Both sales revenue and profit were almost as forecasted.

With the aim of expanding businesses other than labor-intensive business, the company worked on enhancing the development of new platforms such as "Hour Money," which is a working time management system for foreign workers, and "Enport," which is a support service for foreigners.
The company sold one rental housing (TECHRESIDENCE) for IT engineers and creators in the first quarter.
In addition, regarding the newly launched "Day Work," an application for part-time work for spare time, the service was terminated in April 2021 because the existing customer base and staff base that were initially expected to be used could not be used.
In terms of profits, while continuing to make upfront investments in new fields, profits increased due to the expansion of existing businesses and the sale of some shares held by the fund.
Gains on rental housing sales and sales of some shares held by the fund were offset by IFRS adjustments and were included in other comprehensive income. Therefore, it is not included in consolidated operating profit.

2-3 Financial Position and Cash Flow

Balance Sheet

	Mar. 20	Mar. 21	Increase/decrease		Mar. 20	Mar. 21	Increase/decrease
Current Assets	22,041	23,570	+1,529	Current liabilities	21,566	24,790	+3,224
Cash	5,944	7,455	+1,511	Operating debts, other debts	12,521	13,760	+1,239
Trade receivables, other receivables	15,067	14,694	-373	Other current liabilities	2,391	2,048	-343
Non-Current Assets	22,558	23,190	+632	Non-current liabilities	15,909	11,943	-3,966
Tangible fixed assets	1,315	1,082	-233	Other financial debts	8,012	6,563	-1,449
Right-of-use assets	6,200	5,715	-485	Total liabilities	37,476	36,733	-743
Goodwill	5,654	6,155	+501	Total equity	7,123	10,027	+2,904
Other Intangible Assets	5,455	6,049	+594	Equity attributable to owners of the parent augmented	5,233	8,240	+3,007
Total assets	44,600	46,760	+2,160	Total liabilities and equity	44,600	46,760	+2,160
				Borrowings	9,710	8,788	-922

*Unit: Million yen

Total assets increased 2.1 billion yen from the end of the previous term to 46.7 billion yen due to a rise in cash and deposits. Total liabilities decreased 700 million yen from the end of the previous term to 36.7 billion yen due to a decline in borrowings.
Total equity rose 2.9 billion yen year on year to 10 billion yen due to an increase in retained earnings.
Financial indicators are improving, with an ownership equity ratio attributable to owners of the parent augmenting of 17.6% (up 5.9% year on year), an EBITDA-adjusted interest-bearing debt ratio of 1.1 (down 0.5 points year on year), a goodwill-adjusted parent company-owner-attributable equity ratio of 0.5 (down 0.2 points), and an adjusted net debt to equity ratio of 0.1 (down 0.3 points year on year).

Cash Flow

	FY3/20	FY3/21	Increase/decrease
Operating cash flow (A)	4,908	4,316	-592
Investing cash flow (B)	-3,035	-433	+2,602
Free cash flow（A+B）	1,873	3,883	+2,010
Financing cash flow	-2,631	-2,646	-15
Cash, equivalents at term-end	5,944	7,455	+1,511

*Unit: Million yen

Free CF improved significantly and the deficit of investing CF shrank as M&A-related spending disappeared.
The cash position has improved.

3.Fiscal Year March 2022 Earnings Estimates

3-1 Consolidated Earnings Estimate

	FY 3/21	Ratio to Sales	FY 3/22 (Est.)	Ratio to Sales	YoY
Sales	118,249	100.0%	121,000	100.0%	+2.3%
Gross Profit	24,056	20.3%	25,640	21.2%	+6.6%
SG & A	20,463	17.3%	-	-	-
Operating Income	4,030	3.4%	3,400	2.8%	-15.6%
Pretax Profit	3,788	3.2%	3,270	2.7%	-13.7%
Profit attributable to owners of parent	2,363	2.0%	1,840	1.5%	-22.2%

*Unit: 100 Million yen

It is forecasted that sales will increase but profit will decrease.

For the term ending March 2022, sales revenue is expected to increase 2.3% year on year to 121 billion yen, and operating profit is estimated to decrease 15.6% to 3.4 billion yen. The company has set the upfront investment framework for recruiting construction engineers as employees, strengthening the sales system (600 million yen), and improving the consultant personnel system for introducing human resources for nursing care, IT human resources, and start-ups (700 million yen). The base budget for operating profit, which does not take into account this upfront investment of 1.3 billion yen, is 4.7 billion yen, which exceeds the operating profit in the term ended March 2020 before the pandemic, which was 4.1 billion yen. The dividend is to increase by 1 yen/share to 25 yen/share. The expected payout ratio is 30.2%. The impact of the COVID-19 spreading again is assumed in some areas, but the pandemic's impact on the business is subsiding due to the establishment of a system. Thus, it is projected that it will not have a significant impact on consolidated business results.

3-2 Earnings Estimate in Each Segment

	FY 3/21	Share and Profit margin	FY 3/22 (Est.)	Share and Profit margin	YoY
Domestic WORK Business	800.5	67.7%	840.5	69.5%	+5.0%
Overseas WORK Business	369.2	31.2%	353.7	29.2%	-4.2%
Other	21.2	1.8%	15.7	1.3%	-26.0%
IFRS adjustments	-8.4	-	0	-	-
Revenue	1182.4	100.0%	1210	100.0%	+2.3%
Domestic WORK Business	42.5	5.3%	45	5.4%	+5.9%
Overseas WORK Business	11	3.0%	8.6	2.4%	-22.3%
Other	-1.6	-	-2.8	-	-
Adjustments + IFRS adjustments	-11.7	-	-16.8	-	-
Operating Income	40.3	3.4%	34.0	2.8%	-15.6%

*unit 100 million yen

Domestic WORK business

	FY3/21	FY3/22 (Est.)	YoY
Sales			
Sales support	190.4	201.0	+5.5%
Call center	168.6	168.7	+0.0%
Factory	205.8	194.5	-5.5%
Care support	132.1	156.3	+18.2%
HR support for startups	12.7	17.8	+40.2%
Construction management engineers	52.7	61.8	+17.2%
Others	37.8	40.2	+6.4%
Operating Income			

Sales support	14.1	16.8	+18.8%
Call center	11.2	11.1	-1.2%
Factory	10.0	11.4	+14.5%
Care support	3.8	7.0	+85.3%
HR support for startups	1.5	1.8	+13.9%
Construction management engineers	-1.8	-6.5	-
Others	3.5	3.3	-6.6%

*unit 100 million yen

* Sales support field
The company will continuously expand the stable telecommunications field. In addition, it will improve the recruitment of full-time on-site employees to expand sales agency business with a high gross profit margin.

* Call center field
The company will continue to expand financial projects with a high gross profit margin. It will also increase the market share per site and promote the switch from dispatching personnel to outsourcing.

* Factory field
The company aims to increase its market share in the stable food field. In fields other than food, it will shift from logistics and consumer goods to expanding receiving orders in the electrical and electronic fields, which have high gross profit margins.
The merger between consolidated subsidiaries in July 2021 will improve profitability through management operations and the integration of bases.

* Nursing care field
Personnel dispatch sales are expected to increase due to opening new branches (1 base). Also, a rise in personnel introduction sales is anticipated due to an increase in the number of consultants and employment placement dispatching.

*HR support for startups field
The number of job openings has returned to the level before the spread of COVID-19. Although it is necessary to keep an eye on the situation, the number of job openings is expected to remain steady.
In addition, as digital transformation is accelerating during the novel coronavirus crisis, the demand for job openings from start-up companies that provide innovative services to respond to future changes in the environment will increase.
The company will continue to improve the recruitment of sales personnel in anticipation of the revitalization of the recruitment market after the novel coronavirus subsides.

* Construction management engineers fields
As the company aims to expand the dispatching of inexperienced personnel, an upfront investment of 600 million yen (200 million yen in the term ended March 2021) is estimated to be made to increase the number of personnel in order to expand the sales system and follow-up system

* Others
ALT dispatch continues to increase. The company will expand the dispatching and introduction of IT personnel.

◎ **Overseas WORK business**
Sales and profits will decline.
The impact of the government subsidy income of about 700 million yen the company received in the previous fiscal year will end. However, the recovery of personnel introduction sales will make up for it. Sales of temporary staffing are expected to remain steady. The exchange rate is conservatively estimated.

4. Medium-term Management Plan "WILL-being 2023"

The company is implementing the medium-term management plan "WILL-being 2023" targeting the term ending March 2023.

[4-1 Update of the medium-term management plan]

Although the basic policy announced last year has not changed, the plan has been updated in light of the various impacts and changes in society due to the spread of novel coronavirus.

(1) Updated points

① Changes in The Business Climate

The company believes that the changes that had been predicted in "society," "Business," and "job seekers" have been accelerated by the novel coronavirus crisis, and the future of working styles has been fast-tracked by several years.

"Society"

Global population growth and aging in developed countries, unstable political conditions, and progress in the movement toward the realization of a sustainable society (SDGs)

"Business"

Increasing demand for outsourcing, significant changes in individual work styles due to technological evolution, and a rise in investment in human resources for sustainable growth

"Job seekers"

With the spread of telework, the number of workers who want a work style free from constraints of time and place is increasing. Also, the number of senior workers is increasing since we are moving towards prolonging the lifetime employment as people live to 100 years old.

(2) Medium/long-term growth scenario

The company aspires to achieve dramatic growth in the future by increasing profitability and actively investing in growth fields.
The current operating profit margin is about 3%, but the company aims for a double-digit profit margin in the future.

(3) Clearly demarcate the business portfolio

The company will build a business portfolio in the following five domains to transform into a highly profitable company.

Domains	Positioning	Performance indicators
Profit maximization domain	Businesses that prioritize the improvement of gross profit margin and productivity rather than sales growth and market share expansion to increase operating margin	Operating margin
Strategic investment domain	Businesses in which the company invest intensively so that they will become the medium- to the long-term pillars of the group	Revenue growth rate
Exploration domain	Businesses that could be the pillars of the group in the future for which the company determines whether to invest or not (businesses that can be expected to have operating profit or operating margin of a specific size or larger)	Selected for each business
Identification domain	Businesses for which the company should determine whether to continue them, as they could not achieve target KPIs in the "exploration area"	Selected for each business
Withdrawal domain	Businesses that should promptly prepare for withdrawal because it will be challenging to create operating profit and operating CF above a particular scale in the future.	-

[4-2 Basic policy]

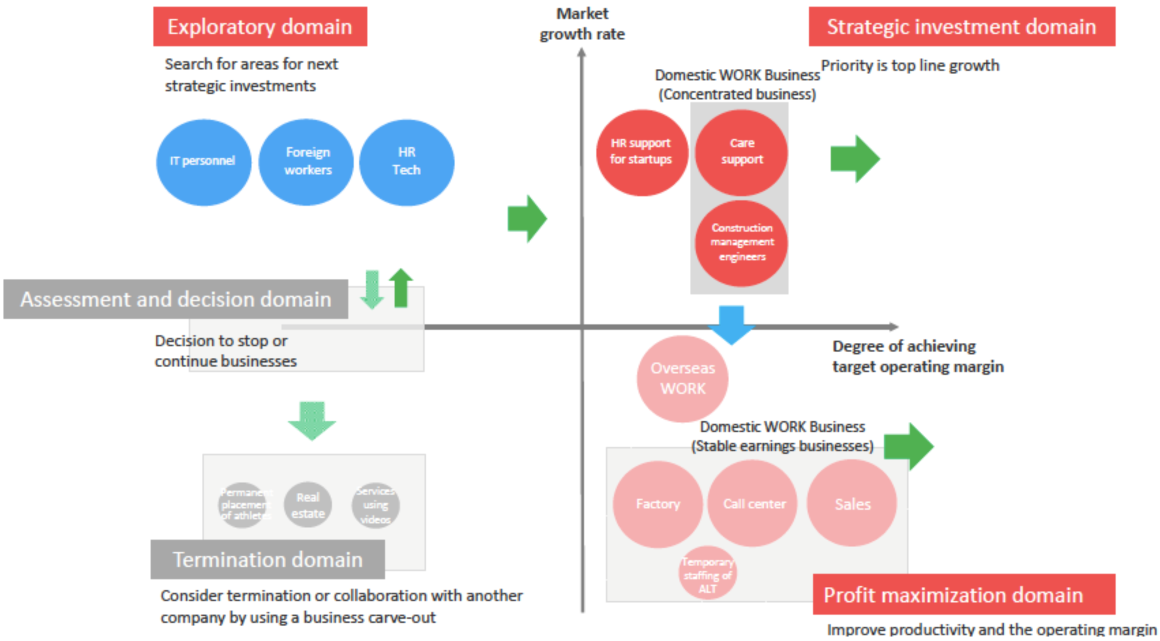
It advocates "high profitability through the WORK SHIFT strategy."
The WORK SHIFT strategy is a strategy to increase operating profit margin through portfolio shift and digital shift.

Portfolio shift	The company aims to maximize and optimize growth opportunities by expanding the "permanent employment: Perm domain (permanent)," such as introducing human resources and dispatching human resources to highly specialized areas. This is called the Perm SHIFT. The gross profit margin for the Perm domain in the term ended March 2021 was 35%.
Digital shift	The company aims to maximize and optimize employment opportunities centered on productivity improvement and business stability by promoting the digitalization of "fixed-term employment: Temp domain (temporary)" such as temporary staffing and business contracting. The gross profit margin for the Temp domain for the term ended March 2021 was 14%.

Until now, the company has operated businesses in multiple categories, focusing on inexperienced and unqualified casual temporary staffing. Moving forward, it will expand the Perm domain portfolio, which has a high-profit margin, and increase the productivity in the Temp domain, improve the profit margin to transform into a highly profitable structure.

[4-3 Business portfolio management]

Based on the "positioning" of the above five domains, the company will classify and operate individual businesses as follows, aiming for "high profitability through the WORK SHIFT strategy," which is the basic policy.



(Reference material of the company)

[4-4 Priority Strategy]

The company will promote the following four strategies.

Strategy	Applicable domains
Strategy 1: Improving profitability through shifting portfolios	Profit maximization domain
Strategy 2: Improving productivity through a digital shift	Strategic investment domain
Strategy 3: Search for the next strategic investment domain	Exploration domain
Strategy 4: Financial strategy	Group-wide

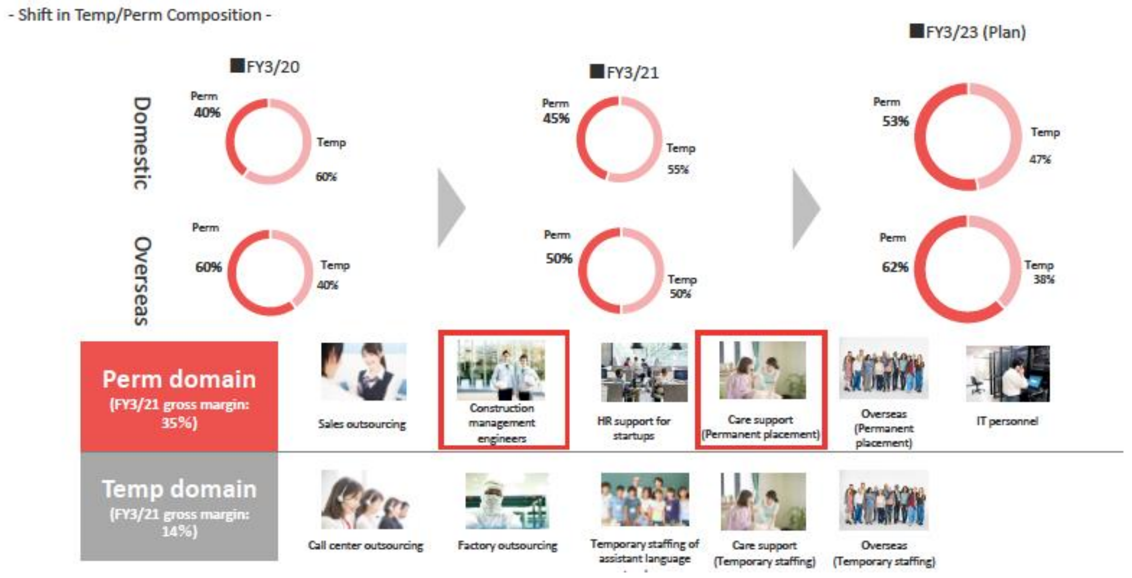
Strategy 1: Improving profitability through portfolio shift

◎ Improvement of gross profit margin by Perm SHIFT

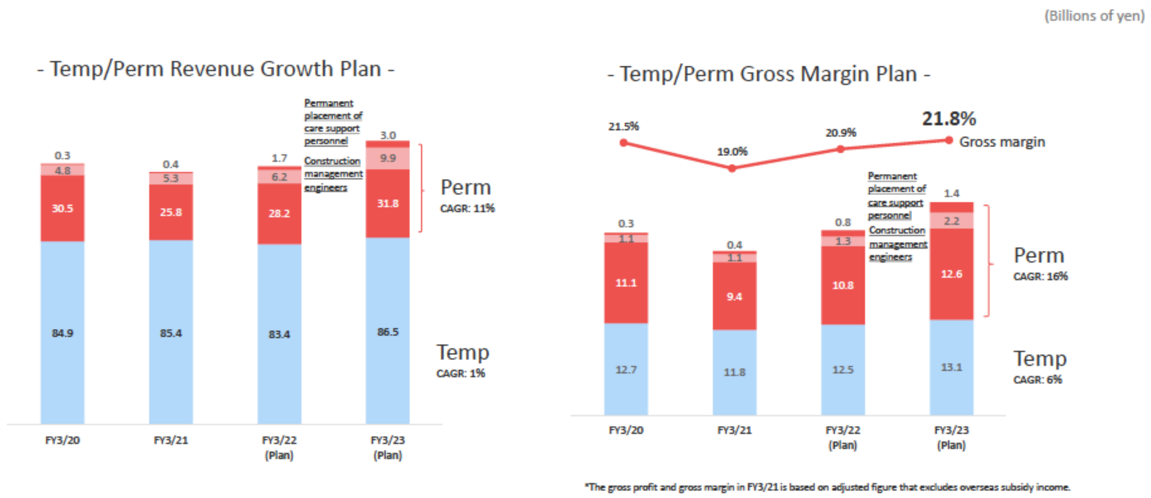
The company will expand the sales of personnel introduction and temporary staffing to highly specialized areas both in Japan and overseas (Perm SHIFT).

In particular, the company will focus on the areas of nursing care and dispatching construction engineers.

In the term ending March 2023, the ratio of sales of the Perm domain is estimated to exceed 50% in Japan and overseas. Moreover, the gross profit margin rate will increase from 19.0% in the term ended March 2021 to 21.8%.



(Reference material of the company)



(Reference material of the company)

◎ Construction management engineers field

The company will focus on hiring inexperienced personnel instead of its previous approach of focusing on hiring experienced personnel. The company will improve the high turnover rate and become the best in the construction engineer dispatching area.

The company will double the sales of 5.2 billion yen in the term ended March 2021 to 10 billion yen in the term ending March 2023. In addition, it will significantly increase the number of inexperienced employees from 90 to 1,000.

To this end, in "customer acquisition," the company will enhance sales in the civil engineering area, which is a strength of experienced engineers, as well as private housing, plants, and subcontractor areas, that are easy to accept inexperienced personnel. The company will also increase sales personnel to improve sales in these areas.
In terms of "recruitment," the company will build a system that allows recruiting 400 new graduates and inexperienced mid-career per year. The number of new graduates recruited in April 2021 was 131.
Regarding the "retention rate," the training period before joining the company will be extended to close the gap after joining the company. It will also enhance the follow-up system for operating staff. The company believes that the know-how for improving the retention rate that it has accumulated so far will be effective.

The company plans to make upfront investments of 600 million yen in both the term ending March 2022 and the term ending March 2022, for a total of 1.2 billion yen to increase personnel and recruitment.

◎ Care support field

The company will raise the sales ratio of personnel introduction from 3% in the term ended March 2021 to 16% in the term ending March 2023 to improve the profit margin.

It will also expand sales from 13.2 billion yen in the term ended March 2021 to 18.3 billion yen in the term ending March 2023.
Of this, the company will increase personnel introduction sales from 400 million yen to 3 billion yen. The number of personnel introduced will increase from 700 to 2,700.

In "personnel introduction," the company will increase the number of agents from 38 in the term ended March 2021 to 93 by the term ending March 2023 and acquire orders that utilize its customer base of temporary staffing. The company will also improve employment placement dispatching.
In "dispatching personnel," the company will open four new bases by the term ending March 2023 and actively hire foreign workers such as technical intern trainees and workers with specific skills.
In addition, the company will conduct follow-ups of staff and improve matching accuracy in order to "improve the retention rate."

The company plans to make upfront investments of 200 million yen for both the term ending March 2022 and the term ending March 2023, for a total of 400 million yen for increasing personnel and recruitment.

◎ Fields other than care support and construction

In the profit maximization area, although top-line growth is gradual, the company aims to raise the gross profit margin by shifting to more profitable projects.

Sales support field	Perm domain	* Seize the opportunity to popularize 5G terminals to expand the sales in the stable communication field continuously * Strengthen the hiring of full-time on-site employees to increase sales agency services with a high gross profit margin
Call center field	Temp domain	* Continue to expand financial projects with a high gross profit margin * Increase the market share per project and switch from dispatching staff to outsourcing to improve the gross profit margin * For novel coronavirus-related bidding projects, the company will actively work on profitability and, when it is possible, shift personnel after the end of the project.
Factory field	Temp domain	* In preparation for deregulation of immigration policies after the end of the pandemic, the company will continue to strengthen the recruitment of foreign workers and aim to improve profitability by increasing the market share of the stable food sector. * In fields other than food, the company will shift to expanding

		receiving orders for electrical, electronic, and automobile parts fields, which have a higher gross profit margin than logistics, and consumer goods, even if it is same in terms of light work.
Overseas WORK business	Perm domain Temp domain	* Expanding the group share within customers by sharing customers who are operating on a multinational level at all companies based in Australia and Singapore * Exploring new HR businesses that are different from dispatching and introducing personnel

Strategy 2: Improving productivity through a digital shift

The company aims at productivity improvement through a digital shift centered on "efficiency through online operations and automation," "efficiency through centralized data management," "efficiency through telework and online interviews," and "efficiency associated with the integration of consolidated subsidiaries."

Strategy 3: Searching for areas for next strategic investments

◎ HR Tech

The company will search for the next strategic investment businesses by repeating trials and errors.
By searching for businesses with high operating profit margins, the company aims to improve consolidated operating profit margins in the future.

Currently, the company is working on "LAPRAS," which handles the introduction of engineer personnel using AI, "Hour Money "and "Visa Money," foreigner employment management tools, and "ENPORT," a foreigner work support service. As the company solves the issues it faces, it will consider whether it should make upfront investments and develop into a growth business.

As for the services that target foreign workers, Visa Money and ENPORT, the company plans to increase the number of service users through Myanmar subsidiaries, Vietnamese subsidiaries and partners, and Indonesian partners from 15,000 in the term ended March 2021 to 80,000 in the term ending March 2023.

Strategy 4: Financial strategy

The company has set targets for three indicators as follows.

Financial items	Index	Goal	Overview
Financial soundness	Ownership equity ratio attributable to owners of parent	Over 20%	The company will improve future growth investment and financial position. The ownership equity ratio attributable to owners of parent was 18% in the term ended March 2021.
Capital efficiency	ROIC	Over 20%	The company will improve profitability and capital efficiency. ROIC was 14% in the term ended March 2021. WACC was at about 11%.
Shareholder return	Total payout ratio	Over 30%	While securing growth investment, the company will enhance the return of profits.

[4-5 Numerical target]

The company will continue to increase sales and improve the operating profit margin while making upfront investments (FY 3/22: approximately 1.3 billion yen, FY 3/23: approximately 1.3 billion yen).
Within the Perm domain, the company will strive to rapidly grow the sales of the introduction of construction engineers and nursing care personnel and improve the profit margin accordingly.

All companies

	FY 3/20	FY 3/21	FY 3/22 (Plan)	FY 3/23 (Plan)	CAGR/ Increase Rate
Revenue	1,219	1,182	1,210	1,335	+6.3%
YoY	+18%	-3%	+2%	+10%	-
Gross Profit Margin	20.8%	20.3%	21.2%	22.6%	+2.3pt
S&GA	214	204	222	248	+10.3%
Expense for upfront investment	-	-	13	13	-
Operating Income	41.4	40.3	34.0	53.5	+15.2%
Operating Income Margin	3.4%	3.4%	2.8%	4.0%	+0.6pt
ROIC	14%	14%	12%	20%	+6pt
Capital Adequacy Ratio	11.7%	17.7%	19.0%	22.0%	+4.3pt
Total Propensity to reduce	25.1%	22.9%	30.6%	30.0%	+7.1pt

*unit 100 million yen. CAGR/ Increase Rate is the rate of growth from the result of FY 3/21 to the plan of FY 3/22. Investment Bridge Inc, calculated based on the source from WILL Group Inc.

◎Temp domain、Perm domain

	FY 3/20	FY 3/21	FY 3/22（Plan）	FY 3/23（Plan）	CAGR／Increase rate
Temp domain					
Sales	849	854	834	865	+0.6%
Gros Profit	127	118	125	131	+5.4%
Perm domain					
Sales	356	315	361	447	+19.1%
Construction management engineers	48	53	62	99	+36.7%
Nursing care personnel agency	3	4	17	30	+173.9%
Dispatching of nursing care personnel	-	128	-	153	+9.3%
Gros Profit	125	109	129	162	+21.9%
Construction management engineers	11	11	13	22	+41.4%
Dispatching of nursing care personnel	3	4	8	14	+87.1%

*unit 100 million yen. CAGR/ Increase Rate is the rate of growth from the result of FY 3/21 to the plan of FY 3/22. Investment Bridge Inc, calculated based on the source from WILL Group Inc.

5. Conclusions

Following the decline in sales and profits in the term ended March 2021 due to the impact of the novel coronavirus crisis, profit is estimated to decline in the term ending March 2022 although sales are projected to increase. This is due to the company's upfront investments in dispatching construction engineers and introducing nursing care personnel, which are among the businesses that the company aims to make the pillar of Perm SHIFT and the group in the medium- to long-term to realize growth by intensive investment.

In the construction industry, it is unlikely that new demand will increase significantly in the future, but maintaining and repairing aging infrastructure have become a significant issue. As for the nursing care industry, needless to say, it is becoming more and more important as society continues to age. Therefore, both industries need to respond to these issues as part of the national policies. In addition, although it seems that the introduction of robotics and ICT is progressing in some areas, there are also areas where the value of "human resources" will further increase due to labor shortage. Of course, competition is estimated to intensify. However, we would like to see from a medium-term perspective whether the company, which has a track record of improving industries with initially low retention, will be able to achieve growth by utilizing its know-how and strengths.

<Reference: Regarding Corporate Governance>

◎ Organization type, and the composition of directors and auditors

Organization type	Company with board of company auditor(s)
Directors	5 directors, including 2 external ones
Auditors	3 auditors, including 3 external ones

◎ Corporate Governance Report Updated on June 22, 2021

Basic policy

In order to make our business administration transparent and compliant with law, our company will develop a structure for swiftly and flexibly responding to the changes in the business environment of the entire group of our company, while enriching corporate governance. We will implement a variety of company-wide measures for diffusing our corporate ethics, philosophy, etc. among all employees of our corporate group.

<Reasons for Non-compliance with the Principles of the Corporate Governance Code>

As of June 22, 2021, the company follows all the principles of the Corporate Governance Code.

<Disclosure Based on the Principles of the Corporate Governance Code (Excerpts)>

【Principle 1-4 Cross held shares】

(1) Policies Regarding Cross-holding

Our company does not own any cross-held shares. We shall not own any such stocks in the future except cases where, taking into consideration the creation of business opportunities and the development, maintenance and strengthening of transactions and cooperative relations, we conclude that possessing such stocks will contribute to an increase in middle and long-term value of our company. After our company owns such stocks, if we decide, as per the policies mentioned above, that the benefit from owning these stocks is insufficient, we shall swiftly cut down these stocks.

(2) Details of discussion regarding cross-held shares

In the case of our company possessing cross-held shares, the board of directors will periodically evaluate the economic rationality, such as return on investment, regarding merits, risks and capital costs of possessing such stocks as well as future prospects and make a decision on whether to keep holding such stocks.

(3) Criteria for the Exercise of Voting Rights regarding Cross-held Shares

Regarding the exercise of voting rights related to cross-held shares, instead of unilaterally making a decision, decisions will be made on each item of the agenda individually, from a point of view of increasing company value in the middle and long-term as well as increasing returns for shareholders, while respecting the management policies and strategies of the company being invested in.

【Principle 5-1 Policies related to Constructive Interaction with Shareholders**】**

Our company has formulated a disclosure policy composed of “Basic Policy regarding Information Disclosure,” “Standards for

Information Disclosure," "Methods of Information Disclosure," "Regarding Future Prospects" and "About the Quiet Period," which we have publicly announced on our website. Further, the following are our policies aimed at promoting constructive interaction with our shareholders.

(1) In our company's IR activities, the representative director and executive officers in charge of the management headquarters aggressively take part in dialogues and aim for communication that is favorable to both sides while focusing on fairness, accuracy and continuity with regard to management and business strategies, financial information etc.

(2) The management headquarters takes a central role, and the management planning, general affairs, financial affairs, accounting, legal affairs departments, and IT department and the people in charge of each business shall work in coordination with each other and carry out the disclosure of information in a timely, fair and suitable fashion.

(3) As a means for interaction, we shall engage in the enrichment of company information sessions for shareholders.

(4) The opinions and worries of shareholders understood in our interactions will be quarterly reviewed appropriately and effectively in all our company meetings through the representative director and executive officers in charge of the management headquarters.

(5) In addition to setting up a quiet period based on our disclosure policies, we shall also apply and enforce regulations regarding the management of insider information.

To view back numbers of Bridge Reports on WILL GROUP, INC. (6089) and other companies and to see IR related seminars of Bridge Salon, please go to our website at the following url: www.bridge-salon.jp/