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November 8, 2024

Consolidated Financial Results for the Six Months Ended September 30, 2024 (Under IFRS)

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 Listing: Tokyo Stock Exchange
 Securities code: 6089
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 Scheduled date to file semi-annual securities report: November 8, 2024
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2024	70,323	1.5	1,009	(50.0)	867	(58.4)	503	(66.1)
September 30, 2023	69,276	(4.3)	2,019	(31.2)	2,086	(29.2)	1,485	(25.3)

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Six months ended						
September 30, 2024	506	(63.9)	492	(77.8)	22.22	22.13
September 30, 2023	1,402	(19.6)	2,222	(19.6)	61.84	61.44

(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
	Millions of yen	Millions of yen	Millions of yen	%
As of				
September 30, 2024	50,351	16,966	16,956	33.7
March 31, 2024	51,543	17,518	17,508	34.0

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	–	0.00	–	44.00	44.00
Fiscal year ending March 31, 2025	–	0.00			
Fiscal year ending March 31, 2025 (Forecast)			–	44.00	44.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ending March 31, 2025	140,400	1.6	2,290	(49.4)	2,190	(50.4)	1,640	(43.0)

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
Fiscal year ending March 31, 2025	1,640	(41.0)	71.92

Note: Revisions to the earnings forecasts most recently announced: None

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None

(2) Changes in accounting policies and changes in accounting estimates

(i) Changes in accounting policies required by IFRS: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(3) Number of issued shares (ordinary shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2024	23,019,700 shares
As of March 31, 2024	22,999,700 shares

(ii) Number of treasury shares at the end of the period

As of September 30, 2024	212,864 shares
As of March 31, 2024	212,864 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2024	22,801,693 shares
Six months ended September 30, 2023	22,683,427 shares

Note: The number of treasury shares at the end of the period includes the number of shares owned by executive stock compensation trust.
(207,455 shares as of September 30, 2024 and 207,455 shares as of March 31, 2024)

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

The forward-looking statements shown in these materials, including earnings forecasts, are based on information currently available to the Company and on certain assumptions deemed to be reasonable. As such, they do not constitute guarantees by the Company of future performance. Actual results may differ significantly from these forecasts for a number of reasons. Please refer to “(3) Explanation of consolidated earnings forecasts and other forward-looking statements” under “1. Overview of operating results and others” on page 4 of the attached material for the assumptions on which earnings forecasts are based, and cautions concerning the use thereof.

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1. Overview of operating results and others

(1) Overview of operating results for the period

During the six months ended September 30, 2024, the easing of supply restrictions in various countries and slowing inflation have led to increasing expectations for a moderate economic recovery in the global economy. On the other hand, the outlook remains uncertain mainly due to growing tension in the situation in Russia and Ukraine as well as in the Middle East, the worsening conditions in China's real estate sector and stagnant demand in the Chinese market, and concerns about an economic slowdown in the U.S. Accordingly, it is necessary to continue closely monitoring the impacts of these factors.

Although the Japanese economy is on an upward trend mainly due to a recovery in inbound demand, the pace of economic growth remains moderate due to the moderation of consumer spending caused by rising prices and sluggish growth in capital investment.

Under these circumstances, the Group worked to expand the construction management engineer domain, temporary staffing of permanent employees, foreign talent management service, and other initiatives for the renewed growth of the Domestic Working Business, which is the basic policy in the Medium-Term Management Plan "WILL-being 2026," for which the final fiscal year is the fiscal year ending March 31, 2026.

In Japan, while the call center outsourcing domain remained sluggish, the sales outsourcing domain and the construction management engineer domain were strong. In addition, in order to strengthen hiring capabilities in Japan, the Company ran TV commercials as promotion of "WILLOF" brand in 18 prefectures that include the Kanto area, which is the Company's largest market area.

In the overseas segment, the Company has been implementing phased cost reduction measures due to prolonged reduction in hiring by major clients since the post-COVID-19 surge in permanent placement demand has run its course, and continues to take measures to secure sustainable revenue even under market conditions where demand for manpower is weak.

As a result of the above, revenue for the six months ended September 30, 2024 was ¥70,323 million (up 1.5% year on year), operating profit was ¥1,009 million (down 50.0%), profit before tax was ¥867 million (down 58.4%), profit was ¥503 million (down 66.1%), profit attributable to owners of parent was ¥506 million (down 63.9%), and EBITDA (operating profit + depreciation and amortization) was ¥2,034 million (down 33.6%).

Results of operations by segment are as follows:

(i) Domestic Working Business

For the Domestic Working Business, which offers temporary staffing, permanent placement, and business process outsourcing services in Japan, specifically for categories such as the sales outsourcing domain, call center outsourcing domain, factory outsourcing domain, nursing care business support domain, and construction management engineer domain, while the call center outsourcing domain remained sluggish, the sales outsourcing domain and the construction management engineer domain were strong, resulting in an increase in revenue for the Domestic Working Business. In particular, in the construction management engineer domain, which is the Company's key focus area, staff who joined the Company as new graduates in April 2024 have started their assignments, contributing to an increase in revenue. In addition, negotiations on the unit price of contracts are progressing steadily, backed by the strong demand for manpower.

In terms of profit, profit decreased due to the absence of gain on sale of subsidiaries included in the three months ended June 30, 2023 and the impact of exclusion of subsidiaries from consolidation.

As a result of the above, the Domestic Working Business recorded external revenue of ¥41,262 million (up 1.4% year on year), and segment profit of ¥1,099 million (down 48.8%).

(ii) Overseas Working Business

For the Overseas Working Business, which the Company operates mainly in Singapore and Australia, while the trend of major clients reducing hiring has continued, revenue increased mainly due to the yen's depreciation compared to the same period of the previous fiscal year.

In terms of profit, profits decreased due to the decline in gross profit, which was partially offset by the impact of foreign exchange rate fluctuations, receipt of government grants from the Singapore government and phased cost reduction measures to prepare for prolonged market deterioration.

As a result of the above, the Overseas Working Business recorded external revenue of ¥28,969 million (up 1.9% year on year), and segment profit of ¥1,117 million (down 0.6%).

(iii) Others

For the Others segment, due to the business transfer of the "VisaMane" foreign talent management system in the previous fiscal year and the business transfer of the "ENPORT mobile" mobile telecommunications business for foreign nationals in the three months ended June 30, 2024, external revenue amounted to ¥90 million (down 32.6% year on year), with a segment loss of ¥137 million (compared with a segment loss of ¥138 million in the same period of the previous fiscal year).

(2) Overview of financial position for the period**(i) Assets, liabilities and equity**Assets

Current assets as of September 30, 2024 were ¥25,019 million, a decrease of ¥1,109 million from the end of the previous fiscal year. This was mainly due to decreases in cash and cash equivalents of ¥1,007 million and in trade and other receivables of ¥243 million, despite an increase in other current assets of ¥92 million.

Non-current assets stood at ¥25,332 million, a decrease of ¥81 million from the end of the previous fiscal year. This was mainly due to a decrease in right-of-use assets of ¥476 million, despite an increase in other financial assets of ¥976 million due to transfers involved in the exclusion of investments accounted for using the equity method, disbursement of loans, and the acquisition of investment securities.

As a result, total assets amounted to ¥50,351 million, a decrease of ¥1,191 million from the end of the previous fiscal year.

Liabilities

Current liabilities as of September 30, 2024 were ¥24,436 million, a decrease of ¥97 million from the end of the previous fiscal year. This was mainly due to decreases in other financial liabilities of ¥826 million, and in income taxes payable of ¥782 million, despite an increase in borrowings of ¥1,192 million.

Non-current liabilities stood at ¥8,949 million, a decrease of ¥541 million from the end of the previous fiscal year. This was mainly due to decreases in other financial liabilities of ¥388 million and deferred tax liabilities of ¥127 million.

As a result, total liabilities amounted to ¥33,385 million, a decrease of ¥639 million from the end of the previous fiscal year.

Equity

Total equity as of September 30, 2024 was ¥16,966 million, a decrease of ¥551 million from the end of the previous fiscal year. This was mainly due to a decrease in retained earnings of ¥593 million, despite an increase in other components of equity of ¥99 million.

As a result of the above, the ratio of equity attributable to owners of parent to total assets was 33.7% (34.0% at the end of the previous fiscal year).

(ii) Cash flows

Cash and cash equivalents as of September 30, 2024 decreased ¥1,007 million from the end of the previous fiscal year to ¥6,098 million. Status of cash flows for the six months ended September 30, 2024 and the main factors driving them are as follows:

Cash flows from operating activities

Net cash provided by operating activities was ¥141 million (¥2,875 million provided in the same period of the previous fiscal year). This was mainly due to a recording of depreciation and amortization of ¥1,025 million, and profit before tax of ¥867 million, despite factors such as income taxes paid of ¥943 million and a decrease in trade payables of ¥750 million.

Cash flows from investing activities

Net cash used in investing activities was ¥853 million (¥346 million used in the same period of the previous fiscal year). This was mainly due to payments for loans receivable of ¥300 million and purchase of investment securities of ¥299 million.

Cash flows from financing activities

Net cash used in financing activities was ¥292 million (¥5,457 million used in the same period of the previous fiscal year). This was mainly due to dividends paid of ¥1,010 million, repayments of long-term borrowings of ¥712 million, and repayments of lease liabilities of ¥625 million, despite factors such as a net increase in short-term borrowings of ¥1,021 million and proceeds from long-term borrowings of ¥800 million.

(3) Explanation of consolidated earnings forecasts and other forward-looking statements

Consolidated earnings forecasts are unchanged from those announced on May 13, 2024.

Note that earnings forecasts are based on information currently available to the Company, and actual results may differ from forecasts for a variety of reasons going forward.

2. Condensed semi-annual consolidated financial statements and significant notes thereto**(1) Condensed semi-annual consolidated statement of financial position**

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and cash equivalents	7,106	6,098
Trade and other receivables	17,512	17,269
Other financial assets	171	220
Other current assets	1,338	1,431
Total current assets	26,129	25,019
Non-current assets		
Property, plant and equipment	1,275	1,205
Right-of-use assets	5,071	4,595
Goodwill	8,737	8,842
Other intangible assets	6,109	5,938
Investments accounted for using equity method	431	–
Other financial assets	1,158	2,134
Deferred tax assets	1,888	1,893
Other non-current assets	741	722
Total non-current assets	25,413	25,332
Total assets	51,543	50,351

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Trade and other payables	16,485	17,152
Borrowings	2,490	3,682
Other financial liabilities	2,115	1,289
Income taxes payable	1,005	222
Other current liabilities	2,437	2,089
Total current liabilities	24,533	24,436
Non-current liabilities		
Borrowings	3,440	3,432
Other financial liabilities	4,837	4,448
Deferred tax liabilities	1,006	878
Other non-current liabilities	206	188
Total non-current liabilities	9,490	8,949
Total liabilities	34,024	33,385
Equity		
Share capital	2,198	2,202
Capital surplus	(2,045)	(2,107)
Treasury shares	(204)	(204)
Other components of equity	2,032	2,131
Retained earnings	15,528	14,935
Total equity attributable to owners of parent	17,508	16,956
Non-controlling interests	10	10
Total equity	17,518	16,966
Total liabilities and equity	51,543	50,351

(2) Condensed semi-annual consolidated statement of profit or loss and condensed semi-annual consolidated statement of comprehensive income

Condensed semi-annual consolidated statement of profit or loss

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Revenue	69,276	70,323
Cost of sales	53,867	55,534
Gross profit	15,408	14,788
Selling, general and administrative expenses	14,277	14,133
Other income	891	365
Other expenses	3	11
Operating profit	2,019	1,009
Share of profit (loss) of investments accounted for using equity method	(17)	24
Finance income	173	26
Finance costs	89	192
Profit before tax	2,086	867
Income tax expense	601	363
Profit	1,485	503
Profit attributable to		
Owners of parent	1,402	506
Non-controlling interests	82	(2)
Earnings per share		
Basic earnings per share	61.84	22.22
Diluted earnings per share	61.44	22.13

Condensed semi-annual consolidated statement of comprehensive income

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	1,485	503
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	(21)	(16)
Total of items that will not be reclassified to profit or loss	(21)	(16)
Items that may be reclassified to profit or loss		
Cash flow hedges	(101)	–
Exchange differences on translation of foreign operations	860	4
Total of items that may be reclassified to profit or loss	759	4
Other comprehensive income, net of tax	737	(11)
Comprehensive income	2,222	492
Comprehensive income attributable to		
Owners of parent	2,147	493
Non-controlling interests	75	(1)

(3) Condensed semi-annual consolidated statement of changes in equity

Six months ended September 30, 2023

(Millions of yen)

	Share capital	Capital surplus	Treasury shares	Total	Retained earnings	Total equity attributable to owners of parent	Non-controlling interests	Total
Balance at beginning of April 1, 2023	2,187	(1,923)	(274)	890	13,758	14,638	1,238	15,877
Profit	-	-	-	-	1,402	1,402	82	1,485
Other comprehensive income	-	-	-	744	-	744	(7)	737
Comprehensive income	-	-	-	744	1,402	2,147	75	2,222
Dividends of surplus	-	-	-	-	(1,009)	(1,009)	-	(1,009)
Disposal of treasury shares	-	(17)	63	-	-	46	-	46
Share-based payment transactions	-	21	-	-	-	21	-	21
Change in scope of consolidation	-	-	-	-	-	-	-	-
Changes in ownership interest in subsidiaries	-	(1)	-	-	-	(1)	3	2
Increase (decrease) by business combination	-	-	-	-	-	-	(177)	(177)
Transfer from other components of equity to retained earnings	-	-	-	(0)	0	-	-	-
Total transactions with owners	-	2	63	(0)	(1,009)	(942)	(173)	(1,116)
Balance at end of September 30, 2023	2,187	(1,920)	(210)	1,634	14,152	15,843	1,141	16,984

Six months ended September 30, 2024

(Millions of yen)

	Share capital	Capital surplus	Treasury shares	Total	Retained earnings	Total equity attributable to owners of parent	Non-controlling interests	Total
Balance at beginning of April 1, 2024	2,198	(2,045)	(204)	2,032	15,528	17,508	10	17,518
Profit	-	-	-	-	506	506	(2)	503
Other comprehensive income	-	-	-	(12)	-	(12)	1	(11)
Comprehensive income	-	-	-	(12)	506	493	(1)	492
Dividends of surplus	-	-	-	-	(1,011)	(1,011)	-	(1,011)
Disposal of treasury shares	-	-	-	-	-	-	-	-
Share-based payment transactions	3	32	-	-	-	36	-	36
Change in scope of consolidation	-	-	-	(20)	44	23	0	24
Changes in ownership interest in subsidiaries	-	(72)	-	-	-	(72)	0	(71)
Increase (decrease) by business combination	-	(22)	-	-	-	(22)	-	(22)
Transfer from other components of equity to retained earnings	-	-	-	132	(132)	-	-	-
Total transactions with owners	3	(61)	-	111	(1,099)	(1,045)	1	(1,044)
Balance at end of September 30, 2024	2,202	(2,107)	(204)	2,131	14,935	16,956	10	16,966

(4) Condensed semi-annual consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before tax	2,086	867
Depreciation and amortization	1,046	1,025
Share-based payment expenses	63	30
Decrease (increase) in trade receivables	579	0
Increase (decrease) in trade payables	754	(750)
Other	(856)	(33)
Subtotal	3,674	1,140
Interest and dividends received	109	20
Interest paid	(57)	(75)
Income taxes paid	(850)	(943)
Net cash provided by (used in) operating activities	2,875	141
Cash flows from investing activities		
Purchase of property, plant and equipment, and intangible assets	(209)	(210)
Purchase of investment securities	(0)	(299)
Payments for loans receivable	–	(300)
Other	(137)	(42)
Net cash provided by (used in) investing activities	(346)	(853)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,647)	1,021
Proceeds from long-term borrowings	–	800
Repayments of long-term borrowings	(1,276)	(712)
Repayments of lease liabilities	(586)	(625)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(71)
Dividends paid	(1,008)	(1,010)
Proceeds from government grants	56	299
Other	4	7
Net cash provided by (used in) financing activities	(5,457)	(292)
Effect of exchange rate changes on cash and cash equivalents	340	(3)
Net increase (decrease) in cash and cash equivalents	(2,587)	(1,007)
Cash and cash equivalents at beginning of period	9,590	7,106
Cash and cash equivalents at end of period	7,003	6,098

(5) Notes to condensed semi-annual consolidated financial statements**Notes on premise of going concern**

Not applicable.

Notes to condensed semi-annual consolidated financial statements**(1) Reporting entity**

WILL GROUP, INC. (the “Company”) is a stock company located in Japan. The addresses of the Company’s registered head office and key business offices are available on its website (<https://willgroup.co.jp/en/>). The Company’s condensed semi-annual consolidated financial statements, which were prepared for the fiscal year ended September 30, 2024, represent the Company and its subsidiaries (the “Group”).

(2) Standards for preparation of consolidated financial statements, etc.

The Company’s condensed semi-annual consolidated financial statements are prepared in accordance with International Accounting Standard No. 34 “Interim Financial Reporting” as provided in Article 312 of the “Regulations on Consolidated Financial Statements” since all of the requirements for a “Specified Company Complying with Designated International Accounting Standards” in Article 1-2 of the same Regulations are satisfied.

Segment information, etc.**(1) Overview of reportable segments**

The Group determines reportable segments based on the operating segments that are components of the Group for which discrete financial information is available and regularly reviewed by the chief operating decision maker to make decisions about the allocation of management resources and assess the results of operations. The Group’s reportable segments are comprised of the following two segments.

The details of each reportable segment are as follows:

Reportable segments	Business activities
Domestic Working Business	Engaged primarily in HR support services centered on temporary staffing, permanent placement and business process outsourcing services in Japan specifically for categories such as sales, call center, factory, care support facility and construction management engineer.
Overseas Working Business	Engaged primarily in temporary staffing and permanent placement mainly in Singapore and Australia.

In addition to the above, operations of apartment building for IT engineers and creative personnel (Tech Residence) are included in the “Others” segment.

(2) Information of the reportable segments

The figures for profit for reportable segments are given on an operating profit basis.

The information of each reportable segment is as follows:

Six months ended September 30, 2023

(Millions of yen)

	Reportable segments			Others	Adjustments (Note 2)	Amount recorded in the consolidated financial statements
	Domestic Working Business	Overseas Working Business	Total			
Revenue						
External revenue	40,701	28,440	69,141	134	–	69,276
Intersegment revenue (Note 1)	17	–	17	7	(25)	–
Total	40,718	28,440	69,159	142	(25)	69,276
Segment profit	2,146	1,123	3,269	(138)	(1,111)	2,019

(Note 1) Intersegment revenue is based on general market price.

(Note 2) Adjustments to segment profit of negative ¥1,111 million include intersegment eliminations of negative ¥0 million and corporate expenses not allocated to each business segment of negative ¥1,111 million. Corporate expenses mainly consist of general and administrative expenses that are not attributable to operating segments.

Six months ended September 30, 2024

(Millions of yen)

	Reportable segments			Others	Adjustments (Note 2)	Amount recorded in the consolidated financial statements
	Domestic Working Business	Overseas Working Business	Total			
Revenue						
External revenue	41,262	28,969	70,232	90	–	70,323
Intersegment revenue (Note 1)	8	–	8	4	(12)	–
Total	41,271	28,969	70,240	95	(12)	70,323
Segment profit	1,099	1,117	2,216	(137)	(1,069)	1,009

(Note 1) Intersegment revenue is based on general market price.

(Note 2) Adjustments to segment profit of negative ¥1,069 million include intersegment eliminations of negative ¥0 million and corporate expenses not allocated to each business segment of negative ¥1,069 million. Corporate expenses mainly consist of general and administrative expenses that are not attributable to operating segments.