

'PERM Shift' initiative delivers results

4Q consolidated GPM posts record high of 22.3%

RESULTS SUMMARY

- WILL GROUP announced FY3/22 4Q consolidated financial results at 15:00 on Wednesday 5/11, and it plans to hold a results briefing at 09:00 on Wednesday 5/25. Headline numbers for the full term ended March 31, 2022 were revenue +10.9% YoY, OP +35.8%, and profit attributable to owners of parent +39.0%, all nicely ahead of the upward revision on 3Q results (see table below).
- By reporting segments, Domestic WORK Business posted revenue +0.8% and OP -6.6%. Profits declined mainly due to leading investment in hiring increased sales staff and consultants for target growth fields of nursing care placement and recruiting and construction supervisory engineers staffing service. Overseas WORK Business posted revenue +32.0% and OP +72.4%. While part of the boost came from the yen's depreciation versus the AUD and SGD, there was firm underlying demand for both temporary staffing and placement and recruiting.
- Ultimately, the central story behind the strong earnings results for FY3/22 was steady progress in implementing the 'PERM Shift' initiative in the Company's Medium-Term Management Plan, which targets increasing sales in the PERM domain (placement and recruiting, and temporary staffing for highly specialized fields), which leads to higher unit contract prices, resulting in a higher gross profit margin. The graph on the top of P6 of the Supplementary Materials published along with summary of financials results shows the 4Q consolidated GPM posted a record high of 22.3%, with both Domestic WORK and Overseas WORK posting record highs of 21.8% and 24.7%, respectively.

WILL GROUP Consolidated Financial Results and Initial Forecasts

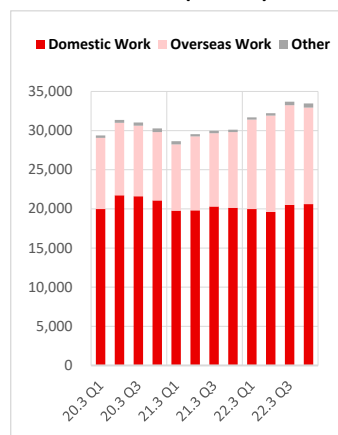
| JPY mn, % | FY3/18 | | FY3/19 | | FY3/20 | | FY3/21 | | FY3/22 | | FY3/22 | | FY3/23 | |
|---|--------|---------|---------|---------|---------|---------|----------|-----|---------|---------|---------|--|--------|--|
| | J-GAAP | | IFRS | | IFRS | | IFRS | | IFRS | | IFRS | | MTP | |
| | act | act | act | act | act | act | rev'd CE | act | init CE | (ref.) | (ref.) | | | |
| Revenue | 79,197 | 103,300 | 121,916 | 118,249 | 130,000 | 131,080 | 140,000 | | | 121,000 | 133,500 | | | |
| YoY | 30.7 | 30.3 | 18.0 | (3.0) | 9.9 | 10.9 | 6.8 | | | 2.3 | 10.3 | | | |
| • Domestic WORK | — | — | 84,438 | 80,050 | 81,020 | 80,726 | 88,980 | | | 84,050 | 94,970 | | | |
| • Overseas WORK | — | — | 36,074 | 36,920 | 47,390 | 48,746 | 49,030 | | | 35,370 | 36,110 | | | |
| ratio to sales | — | — | 29.6% | 31.2% | 36.5% | 37.2% | 35.0% | | | 29.2% | 27.0% | | | |
| • Others | — | — | 1,549 | 1,278 | 1,570 | 1,607 | 1,980 | | | 1,570 | 2,420 | | | |
| Gross profit | 16,058 | 20,305 | 25,402 | 24,056 | 28,390 | 28,765 | 31,580 | | | 25,640 | 30,170 | | | |
| ratio to sales | 20.3% | 19.7% | 20.8% | 20.3% | 21.8% | 21.9% | 22.6% | | | 21.2% | 22.6% | | | |
| SG&A expenses | 13,640 | 17,325 | 21,258 | 20,463 | 23,390 | 23,585 | 25,900 | | | 22,240 | 24,820 | | | |
| ratio to sales | 17.2% | 16.8% | 17.4% | 16.9% | 18.0% | 18.0% | 18.5% | | | 18.4% | 18.6% | | | |
| Operating profit | 2,417 | 2,957 | 4,145 | 4,030 | 5,000 | 5,472 | 5,600 | | | 3,400 | 5,350 | | | |
| YoY | 23.1 | 13.9 | 40.2 | (2.8) | 24.1 | 35.8 | 2.3 | | | (15.6) | 57.4 | | | |
| ratio to sales | 3.1% | 2.9% | 3.4% | 3.4% | 3.8% | 4.2% | 4.0% | | | 2.8% | 4.0% | | | |
| • Domestic WORK | — | — | 5,061 | 4,763 | 4,500 | 4,448 | 5,690 | | | 4,500 | 6,100 | | | |
| • Overseas WORK | — | — | 971 | 1,942 | 2,850 | 3,348 | 2,580 | | | 860 | 1,230 | | | |
| • Others | — | — | (352) | (413) | (340) | (342) | (190) | | | (280) | — | | | |
| • eliminations | — | — | (1,869) | (2,262) | — | (1,981) | (2,480) | | | — | — | | | |
| Profit before tax | 2,437 | 2,898 | 4,057 | 3,788 | 5,000 | 5,293 | 5,490 | | | 3,270 | — | | | |
| Profit attributable to owners of parent | 1,210 | 1,554 | 2,380 | 2,363 | 2,980 | 3,286 | 3,330 | | | 1,840 | — | | | |

Source: compiled by Sessa Partners from TANSHIN final statements.

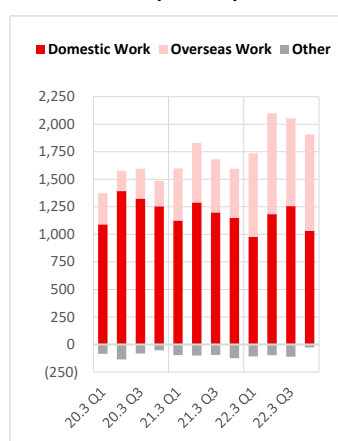
4Q Flash

WILL GROUP

Revenue (JPY mn)



OP (JPY mn)



Source: compiled by Sessa Partners from TANSHIN final statements. Segment OP is shown before eliminations.

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