

WILL-being 2026 is a new roadmap for growth

New plan targets restarting organic growth and resuming M&A

SUMMARY

- ▼ The day after the Company announced 4Q FY23/3 results and FY24/3 initial guidance for consolidated revenue flat and OP -21.0%, the share price dropped -6.3% on heavy volume, maintaining a weak trend thereafter relative to a strong underlying market. SIR believes this is because the new MTP differed from investors' growth image. While the Company would be remiss not to highlight the high base from the post-COVID surge in special demand for permanent placement as a short-term risk for this term, investors may have been sensitive to the slowdown in growth over the coming two years. However, the market will likely take some time to discount it shortly.
- ▼ Priority initiative 1 for construction engineer business targets: 1) double the number of inexperienced staff hires (new grads + mid-career), 2) triple the number of inexperienced staff on assignment, and 3) raise the retention rate by 2pts to 73% through closer post-assignment follow-up, etc. Priority initiative 2 for organic growth other than construction engineer business targets: 1) increase permanent staff on assignment, 2) increase the number of foreign workers under administration and 3) invest in brand promotion for "WILLOF" to strengthen hiring capability.
- ▼ Since the new MTP "WILL-being 2026" factors in lower profits in the first two years due to deploying strategic SG&A of ¥3.5bn to restart organic growth in Domestic Working, as well as new M&A of ¥10.0bn, the new shareholder return policy incorporates a 'progressive' dividend (either maintaining or increasing, but not cutting) in addition to a total payout ratio over 30%. The DY of 4.18% is now trading 30% above its historical average, near the max value of 4.49% around the COVID-19 2nd market bottom in Jul-2020. The new MTP factors in leading investments in the first two years but does not include any impact from new M&A. **SIR believes the current 4.18% dividend yield essentially pays investors to wait for the next growth catalyst.**

WILL GROUP Medium-term Management Plan "WILL-being 2026" Key Targets

JPY mn, persons, %	FY23/3 act	FY26/3 MTP	FY23/3 → FY26/3
Numerical Targets			CAGR
Revenue (new M&A not included)	143,932	170,000	5.7
Operating profit	5,318	6,500	6.9
OPM	3.7%	3.8%	(+0.1pt)
Key Performance Indicators (KPI)			CHG AMT
Number of hires / year (construction engineers)	1,000	2,000	+1,000
Retention rate (construction engineers)	71%	73%	+2%
Permanent staff on assignment (excl construction engineers)	2,450	4,700	+2,250
Foreign workers under administration (excl construction engineers)	1,750	6,800	+5,050
Overseas permanent placement share of revenue	14%	17%	+3%

Source: compiled by SIR from IR MTP (FY24/3 - FY26/3) presentation materials.

4Q Follow-up



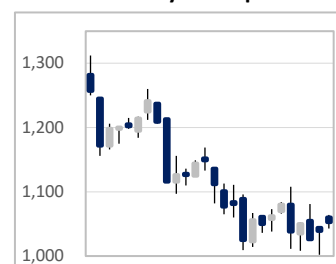
Focus Points:

High-growth HR services provider with strength in mobile phone shops, call centers, food factories, nursing care, construction engineers and start-up support. Overseas business in Aus. and Sing.

Key Indicators

Share price (6/26)	1,081
YH (23/1/24)	1,260
YL (23/5/31)	1,002
10YH (18/2/2)	2,139
10YL (14/5/21)	183.6
Shrs out. (mn shrs)	22.944
Mkt cap (¥ bn)	24.803
EV (¥ bn)	26.289
Equity ratio (3/31)	26.6%
24.3 P/E (CE)	8.5x
24.3 EV/EBITDA (CE)	4.1x
23.3 ROE (act)	24.9%
23.3 P/B (act)	1.67x
24.3 DY (CE)	4.1%

6M weekly share price



Source: SPEEDA price data

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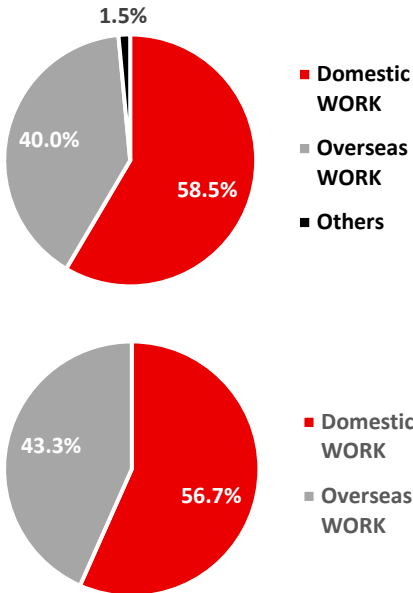
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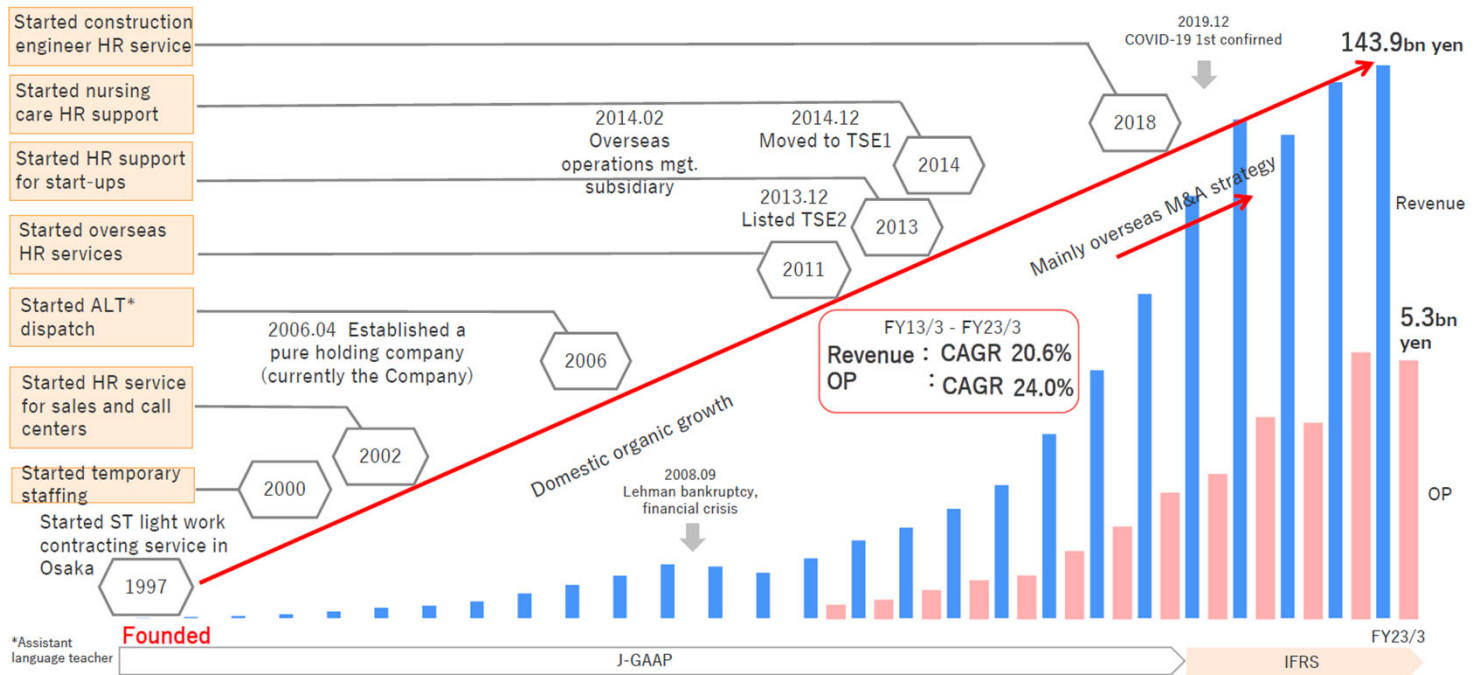
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FY23/3 Consolidated Revenue:
¥143,932mn (upper pie)

FY23/3 Consolidated OP:
¥5,318mn (lower pie)



WILL GROUP Corporate and Financial Results History

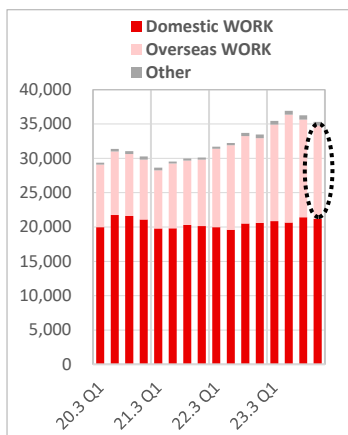


Source: Upper left-hand pie-graphs were compiled by SIR from TANSBIN financial statements. Upper right hand and lower exhibits are excerpted from IR company presentation materials.

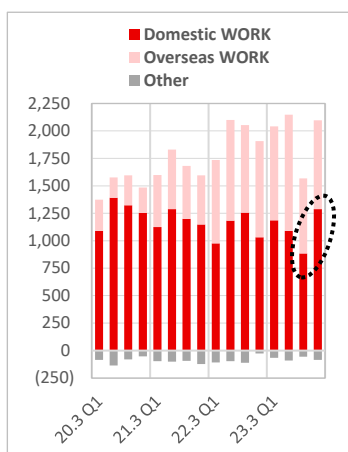
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New MTP “WILL-being 2026” launched

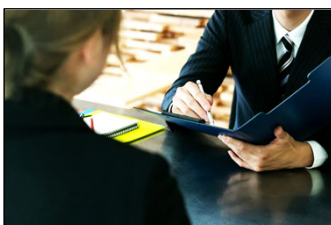
Revenue (JPY mn)



OP (JPY mn)



Source: compiled by SIR from TANSIN financial statements. Segment OP is shown before eliminations.



RESULTS SUMMARY

- ▼ WILL GROUP announced 4Q FY23/3 consolidated financial results at 15:00 on Thursday 5/11, and it held a results briefing at 09:00 on Thursday 5/25. Headline numbers for cumulative 4Q were revenue +9.8% YoY, OP -2.8% and profit ATOP -1.5% (see table below), effectively coming in line with 3Q revised guidance. The slight shortfall in revenue was due to a 4.3% decline QoQ in Overseas Working business (renamed) due to the termination of temporary staffing contracts with some clients (see graph upper left). Regarding the slight overshoot in 4Q OP, in addition to the one-time expense of ¥400mn booked in the 3Q to correct prior period results for a subsidiary disappearing (see graph lower left), construction supervisory engineers returned to profitability, and GP increased for sales outsourcing and factory outsourcing. Overseas Working business also recorded unexpected subsidy income of ¥300mn.
- ▼ Along with full-term results, WILL GROUP also announced its new MTP “WILL-being 2026.” A brief review of “WILL-being 2023” concludes that the overshoot in revenue was largely due to the forex impact, while OP of ¥5.32bn missing the target of ¥5.35bn by a whisker was attributed to stagnation in Domestic Working business (renamed). Importantly, the company was able to rebuild the equity ratio from 11.7% at the end of FY20/3 to 26.6% at the end of FY23/3, topping the target for 20%. Key strategy initiatives include: 1) doubling the number of annual hires in construction engineers during the MTP, turning profitable in FY25/3, and becoming a profit pillar in FY26/3, 2) resuming growth in Domestic Working business by doubling the number of full-time employees for temporary staffing, and tripling the number of foreign workers under administration, 3) resuming M&A after improving the financial position, and 4) maintaining stable growth in Overseas Working business, including raising the ratio of permanent placement from 14% to 17%. In FY24/3, WILL GROUP will deploy ¥1.1bn in up-front investments for hiring construction engineers and sales staff, allocating ¥3.5bn over 3 years as well as ¥10.0bn for new M&A.

WILL GROUP FY23/3 Consolidated Financial Results and new MTP "WILL-being 2026"

JPY mn, %	FY20/3	FY21/3	FY22/3	FY23/3	FY23/3	FY23/3	FY24/3	FY25/3	FY26/3	3-yr
IFRS	act	act	act	init CE	3Q RCE	act	init CE	MTP CE	MTP CE	CAGR
Revenue	121,916	118,249	131,080	140,000	144,000	143,932	144,000	159,600	170,000	5.7
YoY	18.0	(3.0)	10.9	6.8	9.9	9.8	0.0	10.8	6.5	
• Domestic Working	84,438	80,050	80,726	88,980	83,870	84,135	85,800	98,900	107,400	8.5
• Overseas Working	36,074	36,920	48,746	49,030	57,770	57,537	57,850	60,200	61,800	2.4
ratio to sales	29.6%	31.2%	37.2%	35.0%	40.1%	40.0%	40.2%	37.7%	36.4%	
• Others	1,549	1,278	1,607	1,980	2,360	2,258	330			
Gross profit	25,402	24,056	28,765	31,580	31,970	31,737	33,450			
ratio to sales	20.8%	20.3%	21.9%	22.6%	22.2%	22.2%	23.2%			
SG&A expenses	21,258	20,463	23,585	25,900		27,169	29,250			
ratio to sales	17.4%	16.9%	18.0%	18.5%		18.9%	20.3%			
Operating profit	4,145	4,030	5,472	5,600	5,200	5,318	4,200	4,740	6,500	6.9
YoY	40.2	(2.8)	35.8	2.3	(5.0)	(2.8)	(21.0)	12.9	37.1	
ratio to sales	3.4%	3.4%	4.2%	4.0%	3.6%	3.7%	2.9%	3.0%	3.8%	
• Domestic Working	5,061	4,763	4,448	5,690	4,030	4,451	3,780			
• Overseas Working	971	1,942	3,348	2,580	3,210	3,406	3,330			
• Others	(352)	(413)	(342)	(190)	50	(296)	(310)			
• eliminations	(1,869)	(2,262)	(1,981)	(2,480)	(2,090)	(2,243)	(2,590)			
Profit before tax	4,057	3,788	5,293	5,490	5,050	5,146	4,100			
Profit attributable to owners of parent	2,380	2,363	3,286	3,330	3,200	3,236	2,800			
AUD	¥74	¥76	¥83	¥78	¥93	¥93	¥86			
SGD	¥79	¥78	¥83	¥79	¥98	¥98	¥94			

Source: compiled by SIR from TANSIN financial statements, IR supplementary materials and new MTP presentation.

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• *Special factors depressing the 3Q*

Domestic Working

In addition to the resurgence in COVID-19 infections between July and September leading not only to delays in winning new projects but also to an increase in absences from work by temporary staff, resulting in lower utilization rates and less temporary staff deployed to client worksites, Japan gross margins were also negatively impacted by expanded coverage of National Health Insurance and Employees' Pension Insurance coverage for part-time workers from October 2022.

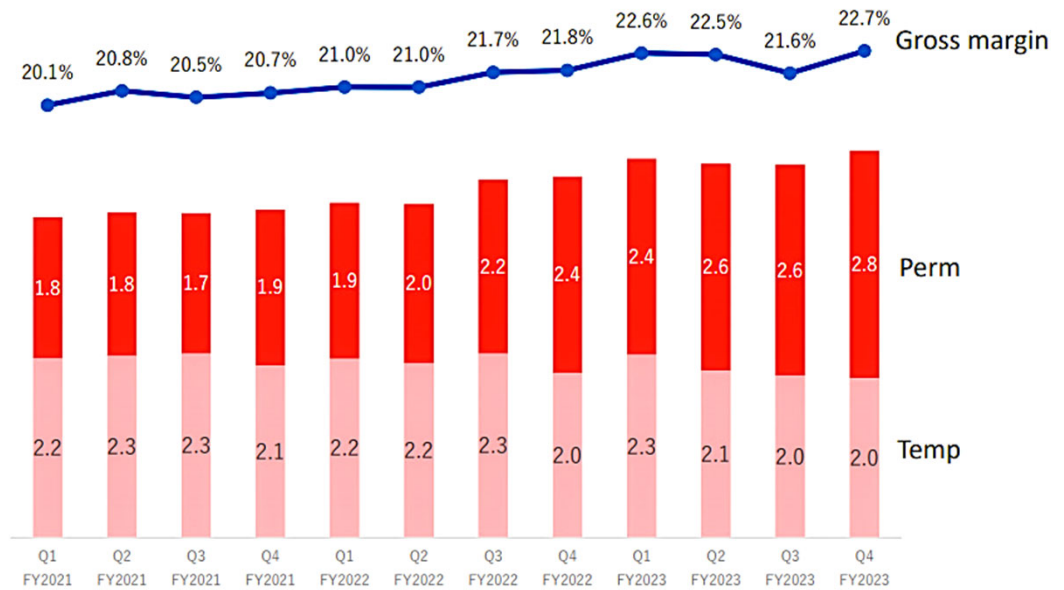
The Act for Partial Revision of the National Pension Act, etc. for Strengthening the Functions of the Pension System was enacted in May 2020, going into effect from October 2022. Specifically, mandatory coverage was extended for 1) specified applicable establishments where the number of eligible insured persons exceeds 500 → exceeds 100, and 2) part-time workers are expected to be used continuously for more than 1 year → **for more than 2 months**, the latter having the main impact on costs for temporary staff for call centers, factory and nursing care sectors.

Overseas Working

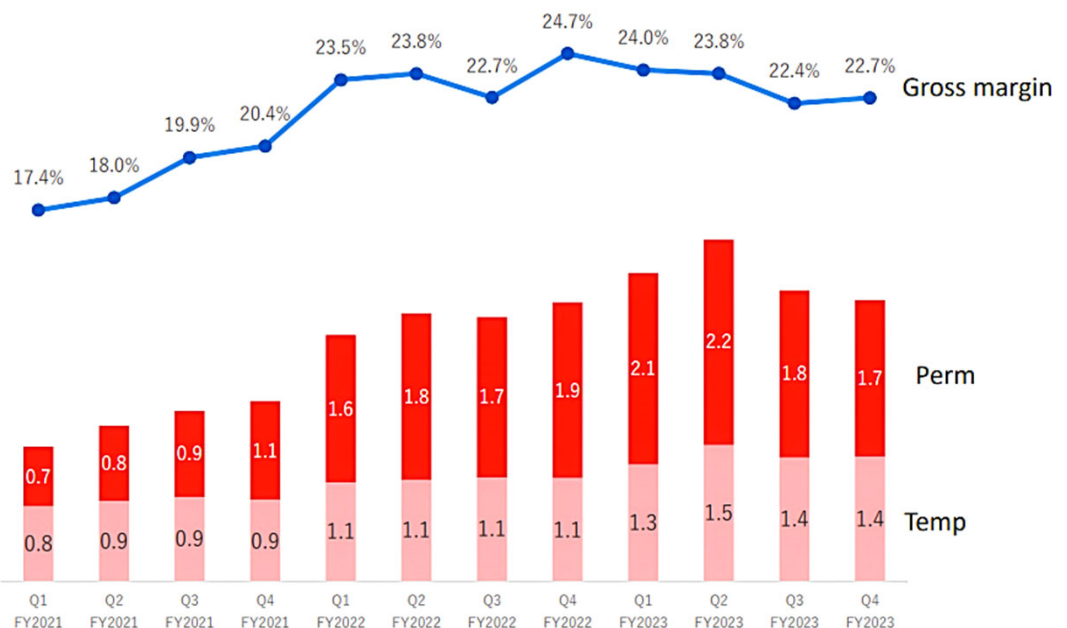
According to the Company, rapid growth in post-COVID-19 demand from FY22/3 1Q for permanent placement has run its course after 6 consecutive quarters, settling down from the 3Q. However, **demand for temporary placement remains strong.**

▼ During the 4Q, Domestic Working business GPM ticked up due to the increase in the Perm area. Overseas Working Business GPM was effectively flat QoQ, after 6 consecutive quarters of post-COVID booming demand for permanent placement finally cooling off from the 3Q. However, underlying demand for temporary staffing remains firm.

-Domestic Working Business Gross profit by Temp / Perm*(Billions of yen)-



-Overseas Working Business Gross profit by Temp / Perm (Billions of yen)-



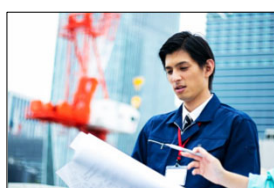
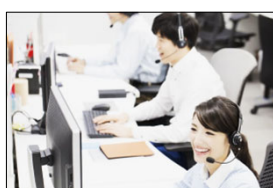
Source: excerpt from IR results briefing materials.

• 4Q-end staff on assignment declined by roughly 670 persons (-3.2% QoQ) mainly in factory OS, call center OS and nursing care.

Domestic Working Sectors Supplementary Info

persons, JPYmn, %	FY20/3				FY21/3				FY22/3				FY23/3			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
QTR-end staff on assignment																
• Sales outsourcing	4,655	4,730	4,778	4,389	3,673	3,531	3,575	3,697	3,481	3,347	3,383	3,400	3,604	3,481	3,489	3,392
• Call centers	5,472	5,861	5,787	5,834	5,259	5,219	5,197	5,235	5,127	5,082	5,208	5,315	5,113	5,089	5,125	4,892
• Factory outsourcing	10,172	10,105	10,144	9,342	8,015	8,170	7,955	7,495	6,738	6,550	6,128	6,394	6,503	6,100	6,166	5,925
• Nursing care	4,491	4,815	4,880	5,429	5,226	5,188	5,169	5,226	5,112	5,152	5,319	5,341	5,241	5,195	5,008	4,875
• Construction engineers	445	476	508	547	550	546	576	613	690	729	775	854	1,088	1,211	1,277	1,309
YoY																
• Sales outsourcing	(0.3)	5.1	1.5	(16.5)	(21.1)	(25.3)	(25.2)	(15.8)	(5.2)	(5.2)	(5.4)	(8.0)	3.5	4.0	3.1	(0.2)
• Call centers	4.8	11.4	5.1	4.4	(3.9)	(11.0)	(10.2)	(10.3)	(2.5)	(2.6)	0.2	1.5	(0.3)	0.1	(1.6)	(8.0)
• Factory outsourcing	30.9	17.6	4.7	(3.5)	(21.2)	(19.1)	(21.6)	(19.8)	(15.9)	(19.8)	(23.0)	(14.7)	(3.5)	(6.9)	0.6	(7.3)
• Nursing care	23.9	20.4	14.9	23.6	16.4	7.7	5.9	(3.7)	(2.2)	(0.7)	2.9	2.2	2.5	0.8	(5.8)	(8.7)
• Construction engineers	—	14.7	15.5	22.1	23.6	14.7	13.4	12.1	25.5	33.5	34.5	39.3	57.7	66.1	64.8	53.3
Revenue by sector																
Domestic W Total	19,984	21,741	21,620	21,092	19,781	19,814	20,301	20,153	19,832	19,762	20,518	20,612	20,866	20,658	21,421	21,189
• Sales outsourcing	5,386	6,393	5,769	5,602	4,462	4,696	4,824	5,064	4,767	4,625	4,860	5,265	5,078	5,019	5,137	5,161
• Call centers	3,868	4,145	4,264	4,182	4,222	4,190	4,243	4,211	4,220	4,216	4,334	4,271	4,154	4,130	4,221	4,078
• Factory outsourcing	5,819	6,060	6,150	5,716	5,390	5,163	5,199	4,833	4,698	4,594	4,642	4,381	4,472	4,404	4,410	4,353
• Nursing care	2,788	2,968	3,108	3,191	3,317	3,323	3,297	3,281	3,325	3,396	3,537	3,420	3,526	3,407	3,402	3,285
• Start-up staff support	261	333	310	359	300	304	267	402	526	569	537	717	709	729	769	792
• Construction engineers	1,099	1,156	1,226	1,325	1,297	1,299	1,311	1,368	1,337	1,405	1,475	1,569	1,652	1,862	2,040	2,111
• Others	763	686	793	717	793	839	1,160	994	959	957	1,133	989	1,275	1,107	1,442	1,409
YoY																
Domestic W Total	16.5	16.0	6.8	7.0	(1.0)	(8.9)	(6.1)	(4.5)	0.3	(0.3)	1.1	2.3	5.2	4.5	4.4	2.8
• Sales outsourcing	0.3	17.6	(0.9)	0.4	(17.2)	(26.5)	(16.4)	(9.6)	6.8	(1.5)	0.7	4.0	6.5	8.5	5.7	(2.0)
• Call centers	(0.9)	7.5	4.9	7.3	9.2	1.1	(0.5)	0.7	(0.0)	0.6	2.1	1.4	(1.6)	(2.0)	(2.6)	(4.5)
• Factory outsourcing	23.0	19.3	9.1	5.2	(7.4)	(14.8)	(15.5)	(15.4)	(12.8)	(11.0)	(10.7)	(9.4)	(4.8)	(4.1)	(5.0)	(0.6)
• Nursing care	27.2	22.6	18.0	20.8	19.0	12.0	6.1	2.8	0.2	2.2	7.3	4.2	6.0	0.3	(3.8)	(3.9)
• Start-up staff support	6.1	14.4	39.0	23.8	14.9	(8.7)	(13.9)	12.0	75.3	87.2	101.1	78.4	34.8	28.1	43.2	10.5
• Construction engineers	—	13.7	12.7	19.9	18.0	12.4	6.9	3.2	3.1	8.2	12.5	14.7	23.6	32.5	38.3	34.5
• Others	8.4	8.9	2.5	(5.4)	3.9	22.3	46.3	38.6	20.9	14.1	(2.3)	(0.5)	33.0	15.7	27.3	42.5
OP by sector (*pre-elim.)																
Domestic W Total	1,213	1,451	1,404	1,370	1,152	1,386	1,086	1,087	1,144	1,148	1,326	1,207	1,234	1,299	820	1,382
• Sales outsourcing	393	545	456	470	263	456	384	365	404	327	421	462	464	441	371	442
• Call centers	228	276	265	230	322	280	259	270	286	278	307	305	234	254	230	218
• Factory outsourcing	350	339	391	328	254	281	218	248	373	284	348	253	287	255	180	226
• Nursing care	74	77	69	140	175	102	63	41	60	96	101	39	115	102	122	159
• Start-up staff support	62	98	87	63	45	54	(10)	70	142	176	131	155	190	197	(205)	86
• Construction engineers	35	47	62	96	57	35	(25)	(28)	(207)	(121)	(129)	(102)	(273)	(147)	(85)	7
• Others	71	69	74	43	36	178	197	121	86	108	147	95	217	197	207	244
OPM by sector (*pre-elim.)																
Domestic W Total	6.1%	6.7%	6.5%	6.5%	5.8%	7.0%	5.3%	5.4%	5.8%	5.8%	6.5%	5.9%	5.9%	6.3%	3.8%	6.5%
• Sales outsourcing	7.3%	8.5%	7.9%	8.4%	5.9%	9.7%	8.0%	7.2%	8.5%	7.1%	8.7%	8.8%	9.1%	8.8%	7.2%	8.6%
• Call centers	5.9%	6.7%	6.2%	5.5%	7.6%	6.7%	6.1%	6.4%	6.8%	6.6%	7.1%	7.1%	5.6%	6.2%	5.4%	5.3%
• Factory outsourcing	6.0%	5.6%	6.4%	5.7%	4.7%	5.4%	4.2%	5.1%	7.9%	6.2%	7.5%	5.8%	6.4%	5.8%	4.1%	5.2%
• Nursing care	2.7%	2.6%	2.2%	4.4%	5.3%	3.1%	1.9%	1.2%	1.8%	2.8%	2.9%	1.1%	3.3%	3.0%	3.6%	4.8%
• Start-up staff support	23.8%	29.4%	28.1%	17.5%	15.0%	17.8%	-3.7%	17.4%	27.0%	30.9%	24.4%	21.6%	26.8%	27.0%	-26.7%	10.9%
• Construction engineers	3.2%	4.1%	5.1%	7.2%	4.4%	2.7%	-1.9%	-2.0%	-15.5%	-8.6%	-8.7%	-6.5%	-16.5%	-7.9%	-4.2%	0.3%
• Others	9.3%	10.1%	9.3%	6.0%	4.5%	21.2%	17.0%	12.2%	9.0%	11.3%	13.0%	9.6%	17.0%	17.8%	14.4%	17.3%

Source: compiled by SIR from IR FactSheet, supplementary info.




WILL GROUP FY23/3 Results, FY24/3 Initial Guidance and "WILL-being 2026" Numerical Targets

JPY mn, %	FY19/3	FY20/3	FY21/3	FY22/3	PCT	FY23/3	AMT	PCT	FY24/3	PCT	FY25/3	PCT	FY26/3	PCT	MTP	
	IFRS	IFRS	IFRS	IFRS	CHG	IFRS	CHG	CHG	IFRS	CHG	IFRS	CHG	IFRS	CHG	3-Year	
	act	act	act	act	YoY	act	YoY	YoY	init CE	YoY	MTP	YoY	MTP	YoY	CAGR	
Revenue	103,300	121,916	118,249	131,080	10.9	143,932	12,852	9.8	144,000	0.0	159,600	10.8	170,000	6.5	5.7	
YoY		18.0	(3.0)	10.9		9.8			0.0		10.8		6.5			
<i>by reporting segment</i>																
• Domestic Working	—	84,438	80,050	80,726	0.8	84,135	3,409	4.2	85,800	2.0	98,900	15.3	107,400	8.6	8.5	
• Overseas Working	—	36,074	36,920	48,746	32.0	57,537	8,791	18.0	57,850	0.6	60,200	4.1	61,800	2.7	2.4	
ratio to revenue		29.6%	31.2%	37.2%		40.0%			40.2%		37.7%		36.4%			
• Others	—	1,549	1,278	1,607	25.7	2,258	651	40.5	330	(85.4)	500		800			
<i>by Domestic W sectors</i>																
• Sales outsourcing	22,208	23,150	19,046	19,517	2.5	20,395	878	4.5	21,010	3.0	23,200		24,000		5.6	
• Call centers	15,724	16,459	16,866	17,041	1.0	16,583	(458)	(2.7)	16,730	0.9	17,700		17,800		2.4	
• Factory outsourcing	20,885	23,745	20,585	18,315	(11.0)	17,639	(676)	(3.7)	18,490	4.8	20,100		20,900		5.8	
• Nursing care	9,889	12,055	13,218	13,678	3.5	13,620	(58)	(0.4)	13,020	(4.4)	14,400		14,800		2.8	
• Start-up staff support	1,050	1,263	1,273	2,349	84.5	2,999	650	27.7	3,300	10.0	4,000		5,000		18.6	
• Construction engineers	3,210	4,806	5,275	5,786	9.7	7,665	1,879	32.5	10,570	37.9	15,200		18,800		34.9	
• Others	2,866	2,959	3,786	4,038	6.7	5,233	1,195	29.6	2,680	(48.8)						
Gross profit	20,305	25,402	24,056	28,765	19.6	31,737	2,972	10.3	33,450	5.4						
GPM	19.7%	20.8%	20.3%	21.9%		22.0%			23.2%							
• Domestic Working GP	—	—	16,430	17,231	4.9	18,784	1,553	9.0								
GPM			20.5%	21.3%		22.3%										
• Overseas Working GP	—	—	6,994	11,540	65.0	13,342	1,802	15.6								
GPM			18.9%	23.7%		23.2%										
SG&A expenses	17,406	21,422	20,463	23,585	15.3	27,169	3,584	15.2	29,250	7.7						
ratio to revenue	16.8%	17.6%	17.3%	18.0%		18.9%			20.3%							
Depreciation & amortization	1,580	1,990	2,229	2,084	(6.5)	2,137	53	2.5	2,090	(2.2)						
EBITDA	4,537	4,537	4,537	7,556	66.5	7,455	(101)	(1.3)	6,290	(15.6)						
ratio to revenue	4.4%	3.7%	3.8%	5.8%		5.2%			4.4%							
Operating profit	2,957	4,145	4,030	5,472	35.8	5,318	(154)	(2.8)	4,200	(21.0)	4,700	11.9	6,500	38.3	6.9	
YoY		40.2	(2.8)	35.8		(2.8)			(21.0)		11.9		38.3			
OPM	2.9%	3.4%	3.4%	4.2%		3.7%			2.9%		3.0%		3.8%			
<i>by reporting segment</i>																
• Domestic Working OP	—	5,061	4,763	4,448	(6.6)	4,451	3	0.1	3,780	(15.0)	3,900	3.2	6,100	56.4	11.1	
OPM		6.0%	6.0%	5.5%		5.3%			4.4%		3.9%		5.7%			
• Overseas Working OP	—	971	1,942	3,348	72.4	3,406	58	1.7	3,330	(2.1)	3,700	11.1	4,000	8.1	5.5	
OPM		2.7%	5.3%	6.9%		5.9%			5.8%		6.1%		6.5%			
• Others OP	—	(352)	(413)	(342)	RS	(296)	46	RS	(310)	RE	(200)		(200)			
• eliminations	—	(1,535)	(2,262)	(1,981)		(2,243)			(2,590)		(2,700)		(3,400)			
<i>by Domestic W sectors</i>																
• Sales outsourcing	1,538	1,864	1,468	1,614	9.9	1,718	104	6.4	1,480	(13.9)	1,600		1,800		1.6	
• Call centers	833	999	1,131	1,176	4.0	936	(240)	(20.4)	660	(29.5)	600		700		(9.2)	
• Factory outsourcing	1,039	1,408	1,001	1,258	25.7	948	(310)	(24.6)	780	(17.7)	600		900		(1.7)	
• Nursing care	187	360	381	296	(22.3)	498	202	68.2	130	(73.9)	200		400		(7.0)	
• Start-up staff support	269	310	159	604	279.9	268	(336)	(55.6)	330	23.1	600		700		37.7	
• Construction engineers	31	240	39	(559)	TR	(498)	61	RS	(490)	unch	100		1,200		TB	
• Others	168	257	532	436	(18.0)	865	429	98.4								
Profit before tax	2,876	4,057	3,788	5,293	39.7	5,146	(147)	(2.8)	4,100	(20.3)						
Profit	1,734	2,712	2,678	3,854	43.9	3,459	(395)	(10.2)	2,900	(16.2)						
Profit ATOP	1,539	2,380	2,363	3,286	39.1	3,236	(50)	(1.5)	2,800	(13.5)						
AUD-JPY	80	74	76	83		93	10		86							
SGD-JPY	81	79	78	84		98	14		94							

► It is important to note that MTP forecasts include the ¥3.5bn SG&A costs depressing profits in the first two years, but revenue forecasts include no potential impact from the ¥10.0bn allocated for new M&A.

Source: compiled by Sessa Partners from IR results briefing materials, TANSIN financial statements and IR FactSheet.

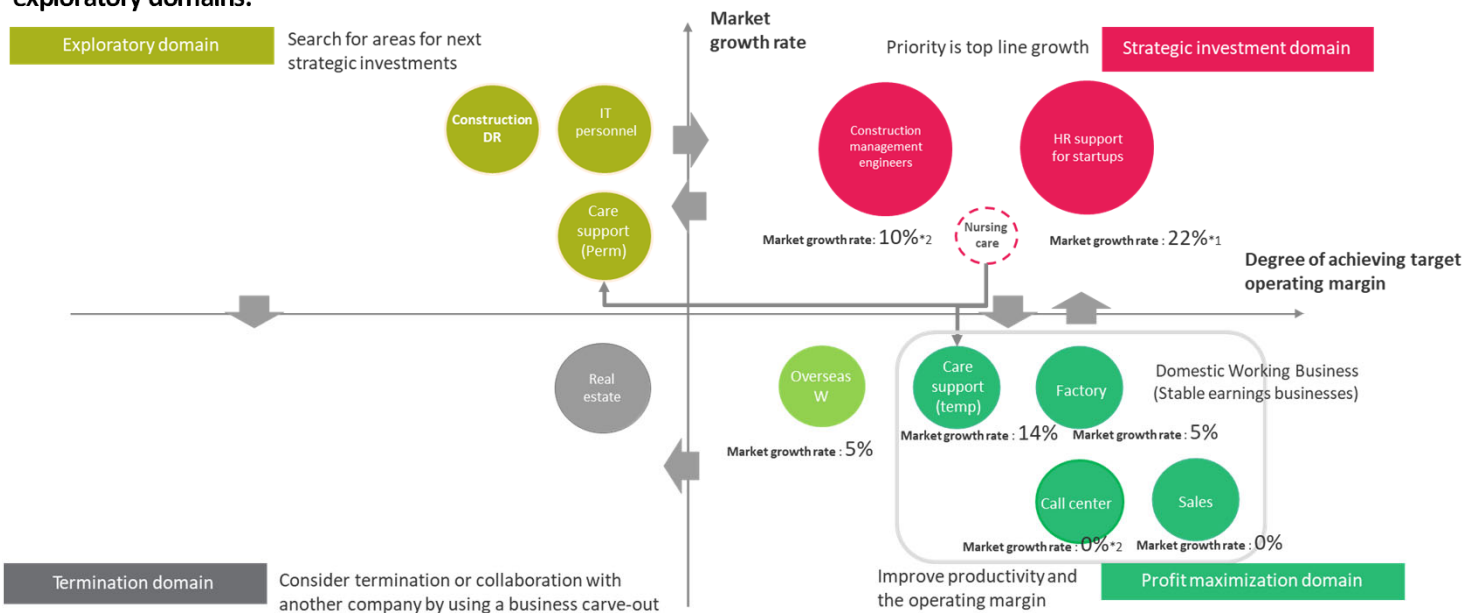
Note: sensitivity to ¥1 annual fluctuation ► AUD = revenue ¥460mn, OP ¥30mn, ► SGD = revenue ¥110mn, OP ¥10mn. TR = turned red, RS = red shrank. RE = red expanded, TB = turned black.



MTP strategic classification of individual businesses into focus domain quadrants

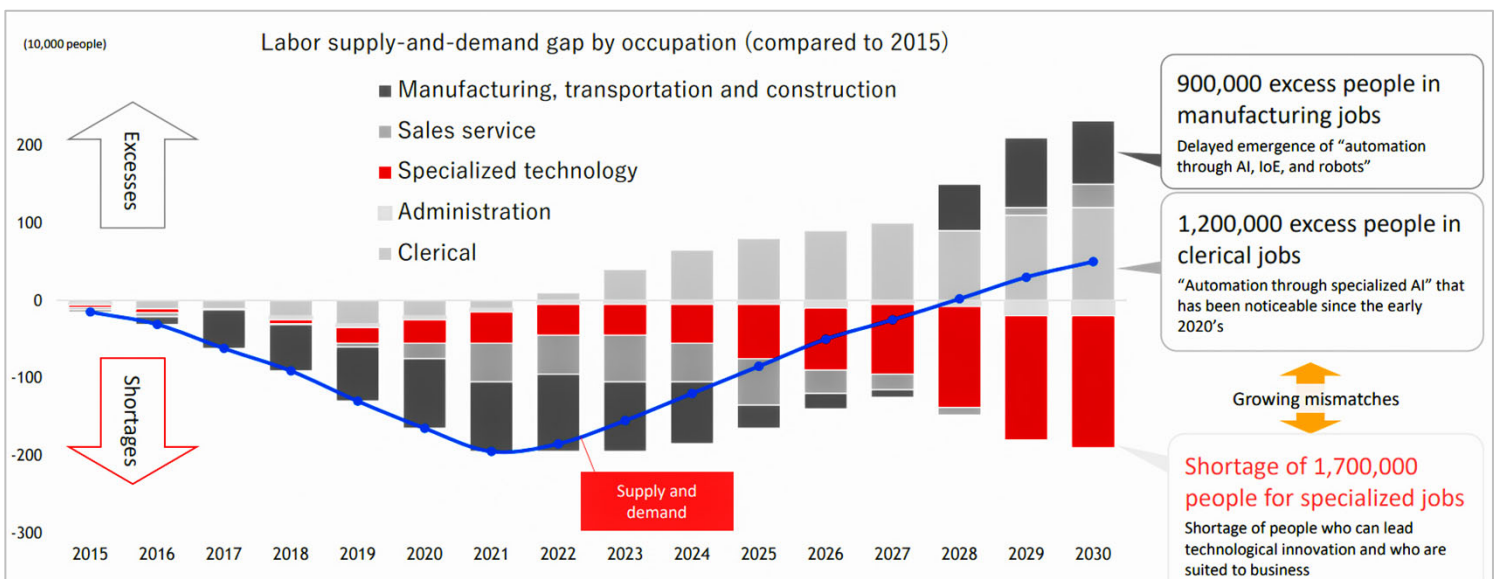
The first three original main businesses of Sales Outsourcing, Call Centers and Factory Outsourcing, shown in green circles in the lower right-hand quadrant titled "Profit maximization domain," have effectively gone ex-growth, and the focus going forward is on raising profit margins by raising efficiency. The second three areas of Construction Supervisory Engineers, Nursing Care, and HR Support for Start-ups, shown in red circles in the upper right-hand quadrant titled "Strategic investment domain," prioritize top line revenue growth in growing market segments. The situation of chronic shortages of IT engineers and foreign national workers, shown in chartreuse (yellow green) circles in the upper left-hand quadrant titled "Exploratory domain," are new business areas for strategic investment.

Med-Term Management Plan "WILL-being 2026": Narrow down strategic investment domains and select new businesses for exploratory domains.



Source: excerpt from IR MTP briefing materials. Note: *1 Startups, Inc. estimate, *2 According to WILL GROUP's research, *Source: "Human Resources Business 2021," Yano Research Institute Ltd. "Economic Report," World Employment Confederation (converted to yen at rate of ¥130/EUR because source data is denominated in euro currency)

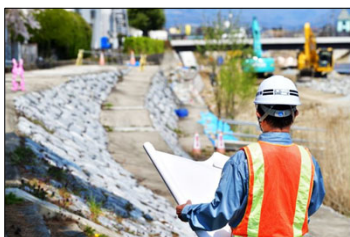
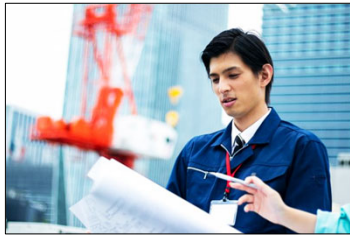
Labor Market Outlook: Future mismatches from AI/robots etc., shortage of IT personnel, foreign workers



Source: excerpt from IR MTP briefing materials - Mitsubishi Research Institute, Inc. "2018-2030 Medium- to Long-Term Outlook for the Japanese and Overseas Economy"



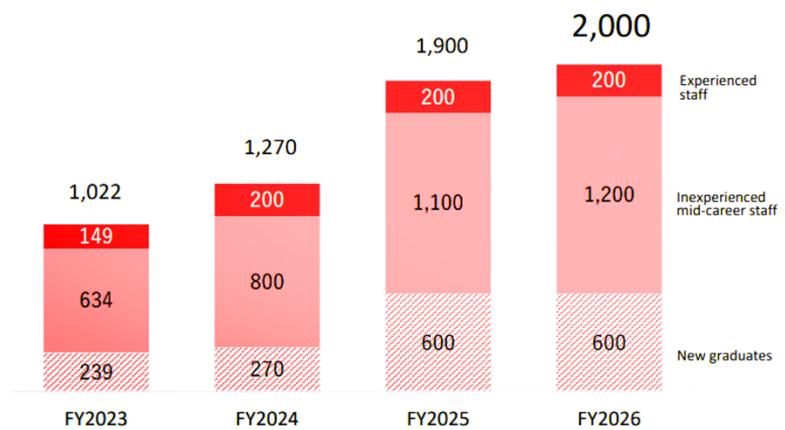
Priority Initiative 1
Construction Supervisory Engineers



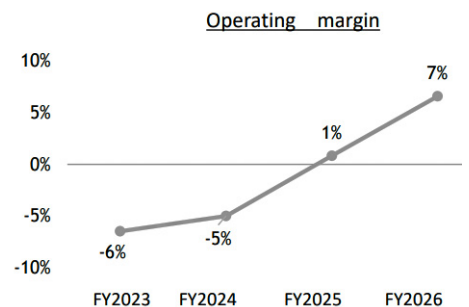
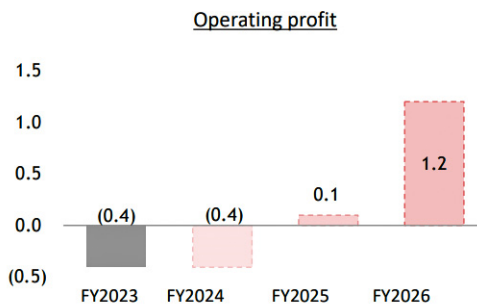
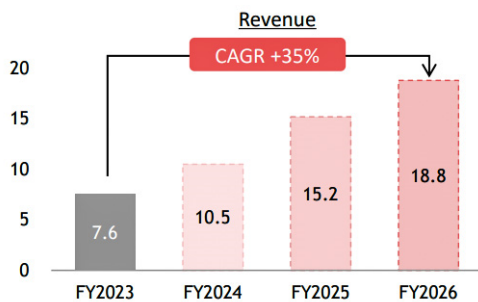
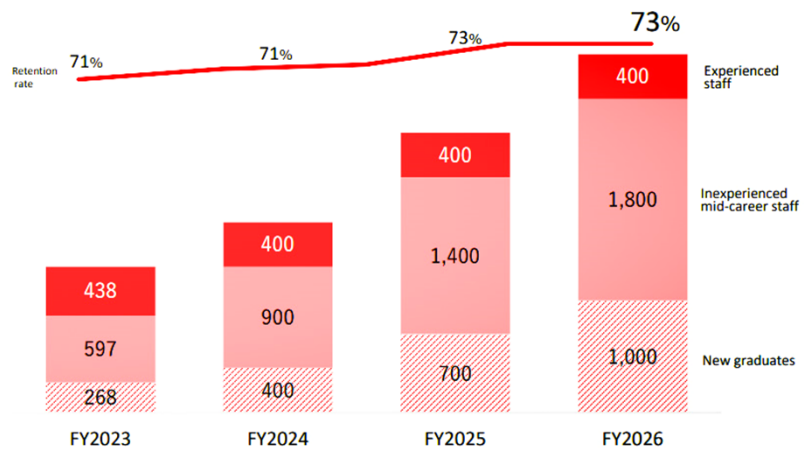
Double the number of hires and turn Construction Engineer business profitable

▼ It is worth noting that construction engineer business turned profitable in the 4Q of FY23/3. KPI include 1) double the number of inexperienced staff hires (new grads + mid-career), 2) triple the number of inexperienced staff on assignment and 3) raise the retention rate by 2pts to 73% through closer post-assignment follow-up, etc.

Number of hires



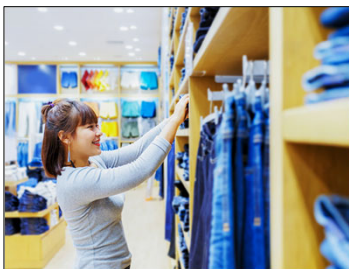
Number of people on assignment + retention rate



Source: excerpt from IR MTP briefing materials.



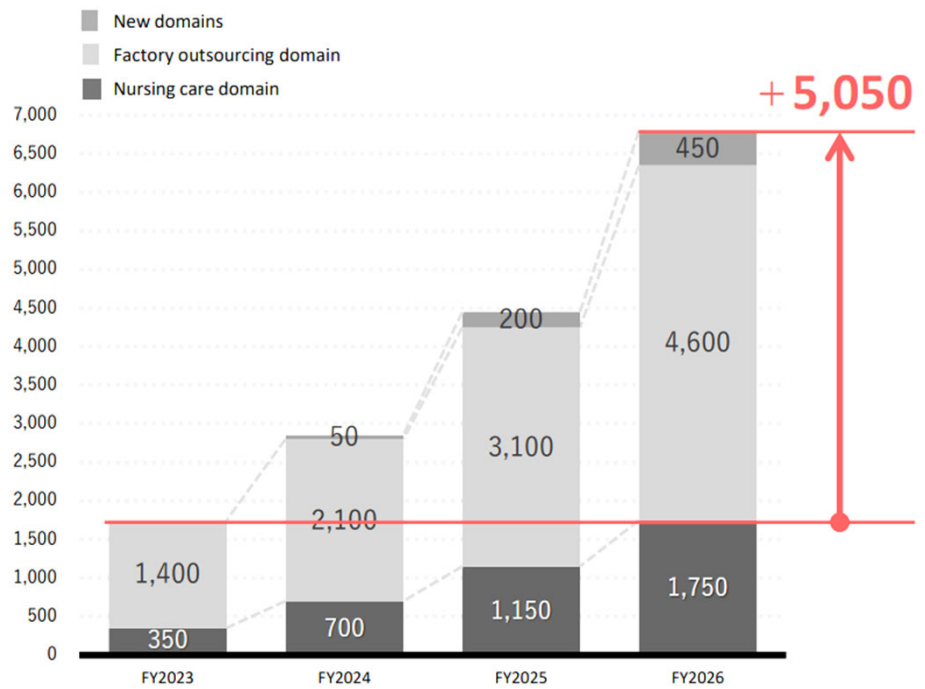
Priority Initiative 2
Foreign workers under admin. and permanent staff assigned



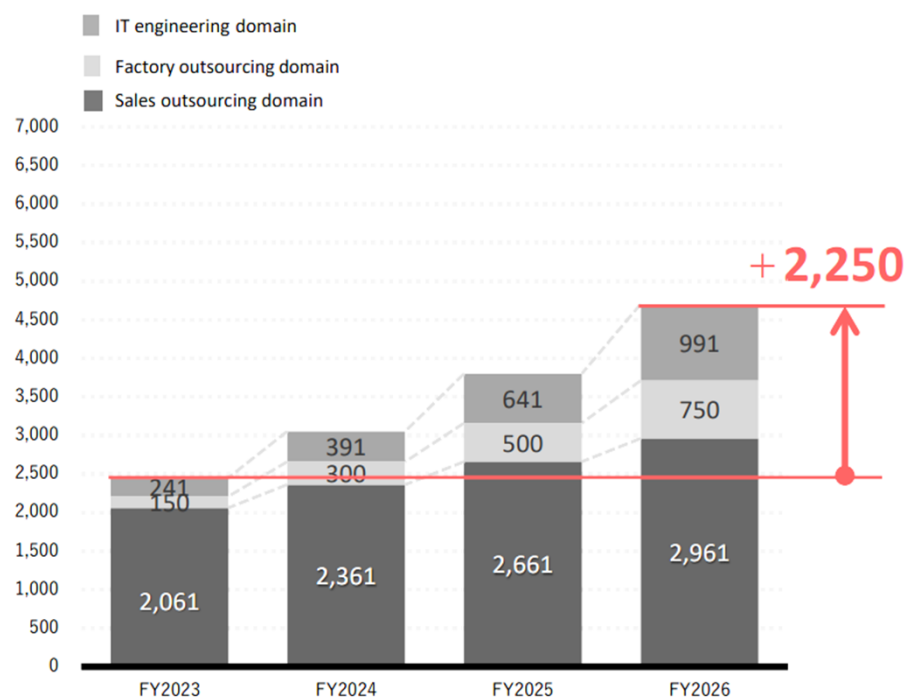
Increase foreign workers under administration and permanent staff on assignment

▼ Here the Company is targeting renewed growth in Domestic Working Business other than construction engineers. For permanent employee staffing, as in the construction supervisory engineers, WILL GROUP is actively recruiting new grads and inexperienced workers. For increasing the number of foreign workers under administration, The Company is winning new orders through boosting sales staff. Additionally, the Company will spend ¥0.3-0.5bn per year on promoting the “WILLOF” brand in order to strengthen recruiting efforts.

Trend in number of foreign workers under consigned management



Trend in number of workers on assignment for permanent employee staffing



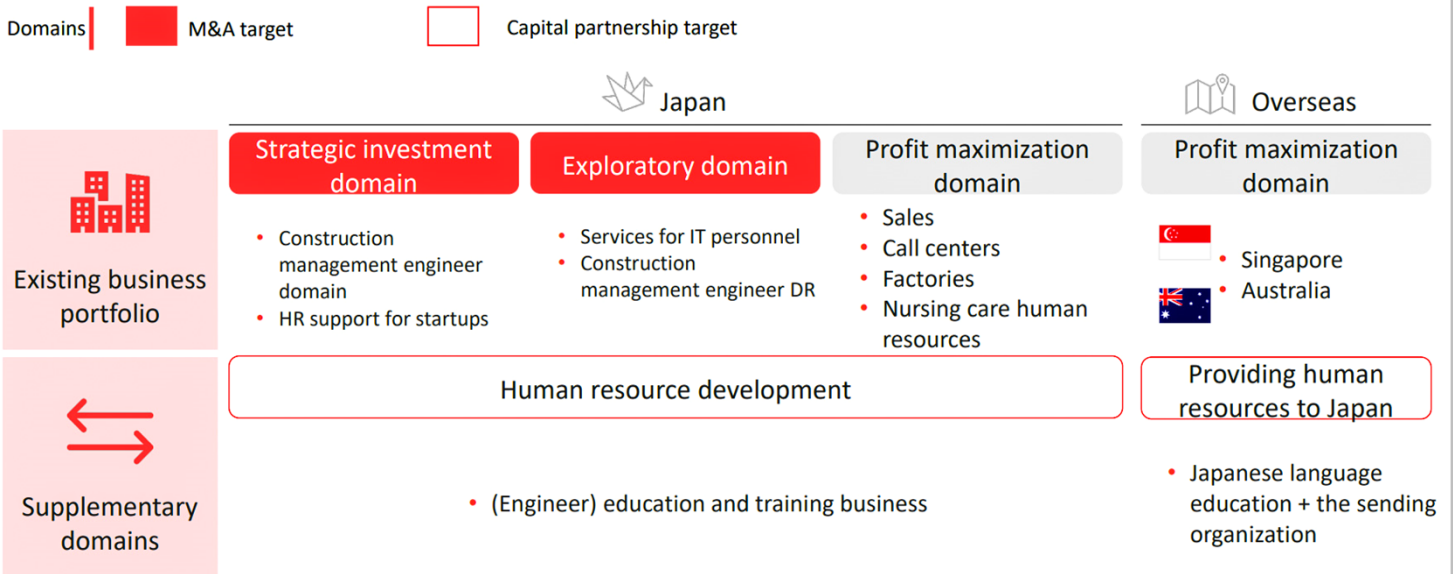
Source: excerpt from IR MTP briefing materials.



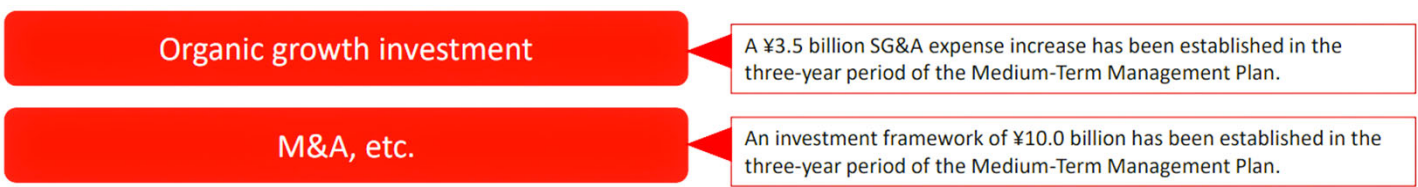
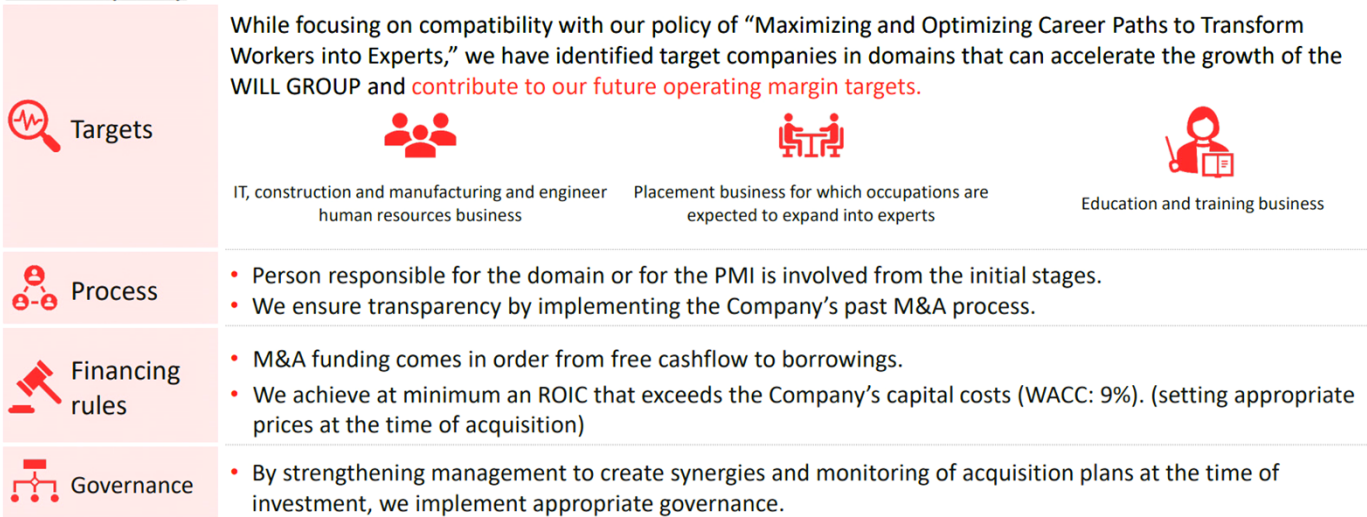
Capital allocation and strategic investment in organic growth and M&A

▼ The capital allocation policy outlined in the new MTP stresses the prioritization of 1) restarting organic growth in Domestic Working business, allocating ¥3.5bn in SG&A expense, and 2) resuming M&A investment, allocating ¥10.0bn for new M&A. The list of narrowed down target areas and financing rules are shown below. Where there is a surplus, the Company will consider treasury share acquisition as needed based on progress in financial results as subsequent investments that exceed WACC. The new shareholder return policy for ‘progressive’ dividends is summarized on P14.

WILL-being 2026 narrows down targets and establishes financing rules, allocating ¥10bn to resume M&A



M&A policy



Source: excerpt from IR MTP briefing materials.

WILL GROUP



**Performance and Valuations:
SESSA Smart Charts**

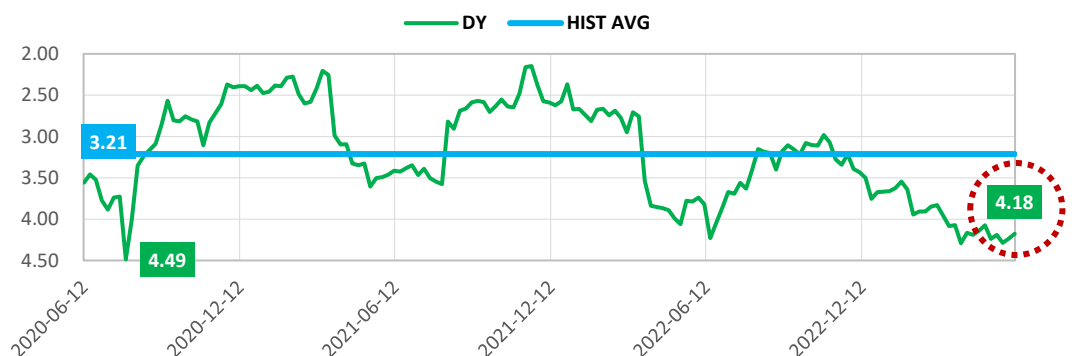
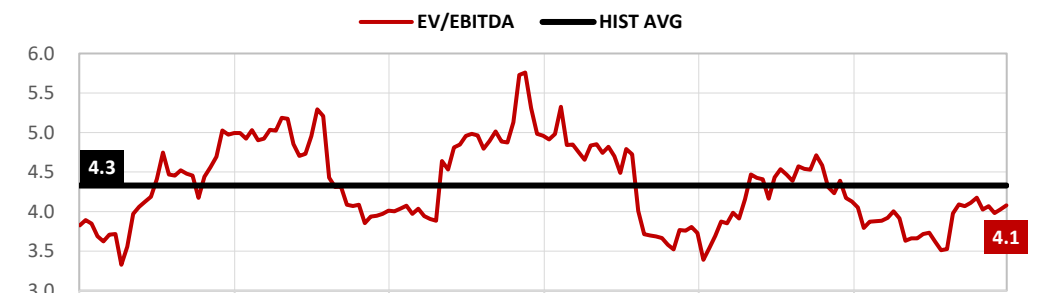
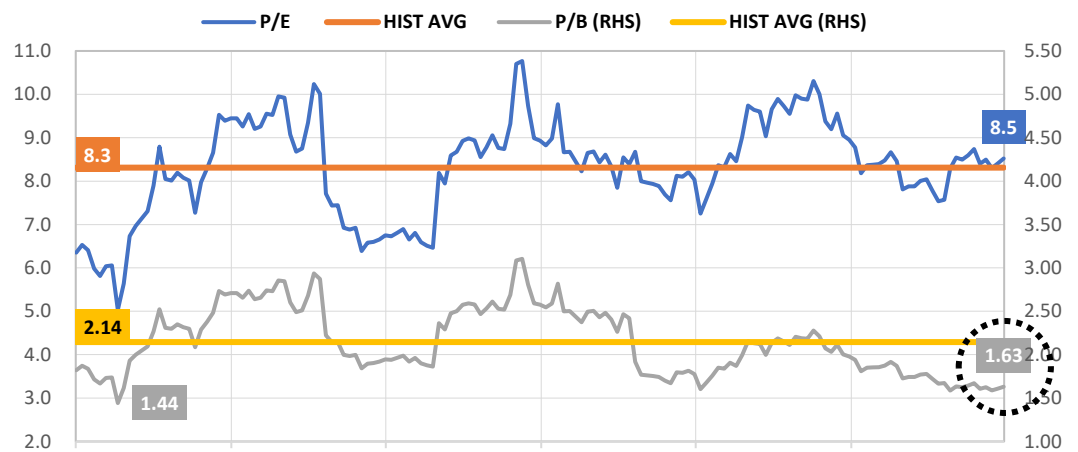
- ✓ The current P/E is trading near its historical average, while the P/B is 24% below its historical average. EV/EBITDA is 6% below its average.
- ✓ The DY of 4.18% is now trading 30% above its historical average, near the max value of 4.49 around the COVID-19 2nd market bottom in Jul-2020 (see graph bottom right).
- ✓ It is noteworthy that Chairman Ikeda's family wealth management office has increased its stake twice over the last 12 months, ahead of announcing the new MTP in May (see table below).

Filings of Change in Major Shareholdings

Ikeda Planning Office Co.	
Report obligation	2022-07-07
Filed with MOF	2022-10-07
New shares owned	1,876,700
% ownership CHG	7.17% → 8.20%
Ikeda Planning Office Co.	
Report obligation	2023-02-21
Filed with MOF	2023-03-01
New shares owned	2,007,500
% ownership CHG	8.20% → 8.75%

Source: compiled by SIR from EDINET filings, Submission of Change Reports Pertaining to Large Shareholdings (pursuant to the 5% rule).

SESSA Smart Charts: 3-Year Weekly Share Price and Valuations Trend



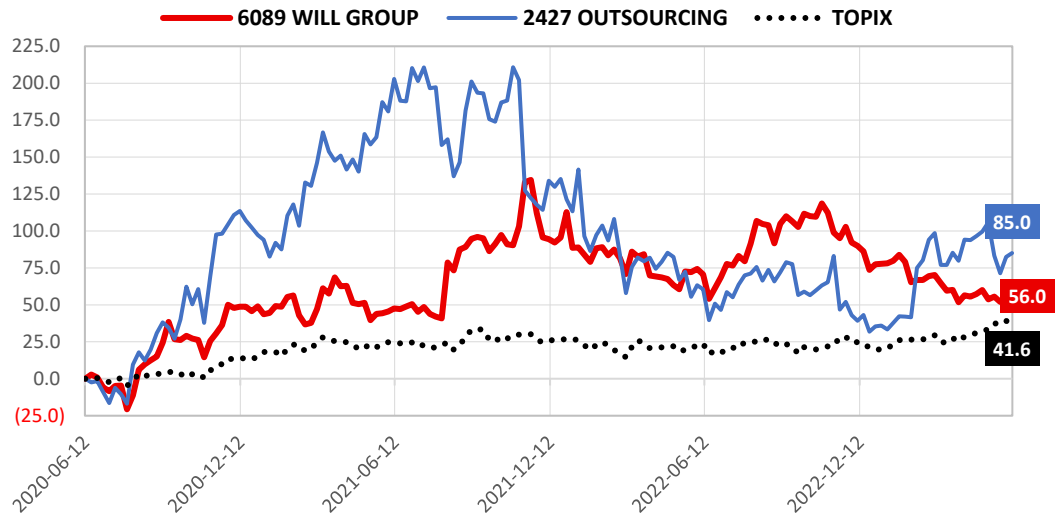
Source: compiled by SIR from SPEEDA historical earnings and price data. Valuations calculated based on CE.



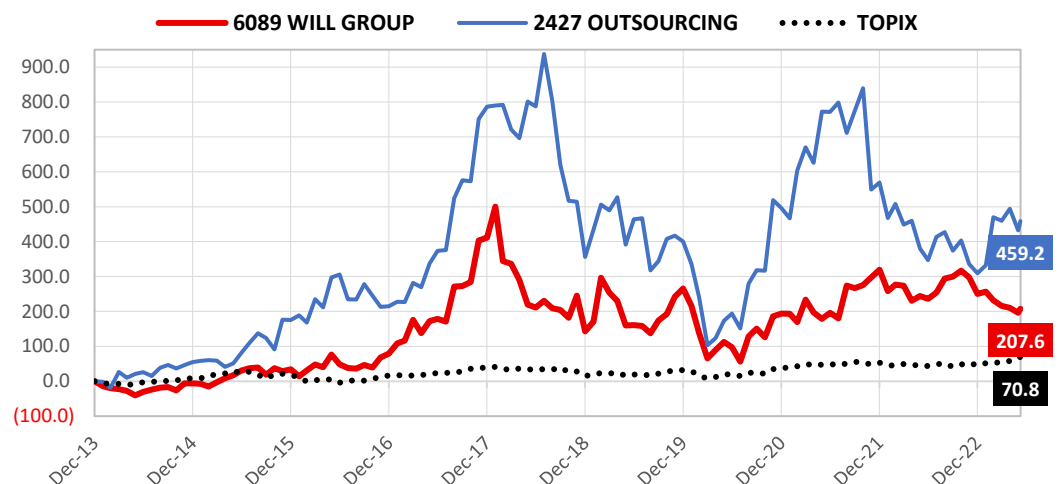
Analyst's view

- ✓ While WILL GROUP and 2427 OSI have different HR services portfolios, they are similar in one key respect: **each have proven success in expansion through active M&A.**
- ✓ The 10Y relative chart shows the share prices have been correlated over time. As can be seen in the table on the next page, while OSI has higher growth, **WILL GROUP has higher ROE and ROIC.**
- ✓ WILL GROUP's new MTP factors in leading investments in the first two years, but does not include any impact from new M&A. **The 4.18% DY pays investors to wait for the next growth catalyst.**

3-Year Weekly Relative Performance Trend



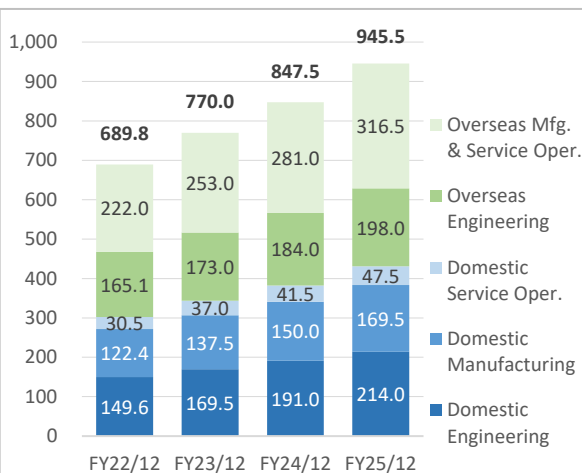
10-Year Monthly Relative Performance Trend



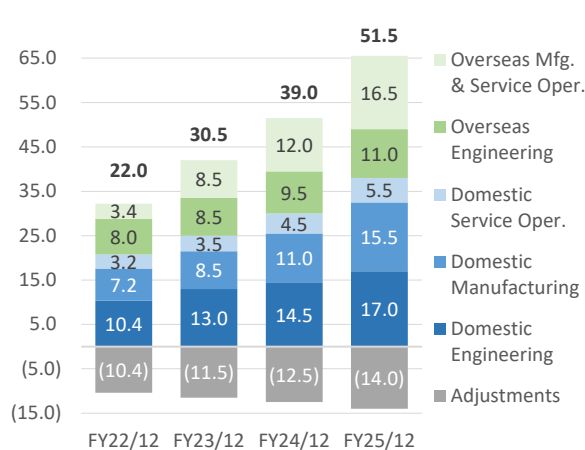
Source: weekly and monthly relative performance charts compiled by SIR from SPEEDA share price database.

OUTSOURCING Inc. Medium-Term Management Plan "VISION2025: Building a New Stage" (FY23/12 – FY25/12)

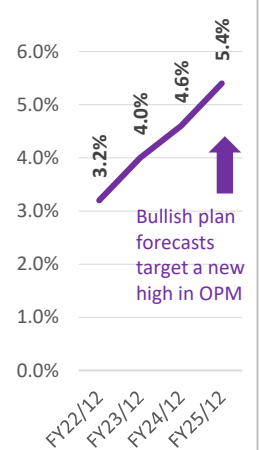
Consolidated Revenue (JPY bn)



Consolidated OP (JPY bn)



OPM



Source: compiled by SIR from OSI IR MTP briefing materials.

10-Year Comparison of Growth / Profitability Metrics for OUTSOURCING and WILL GROUP

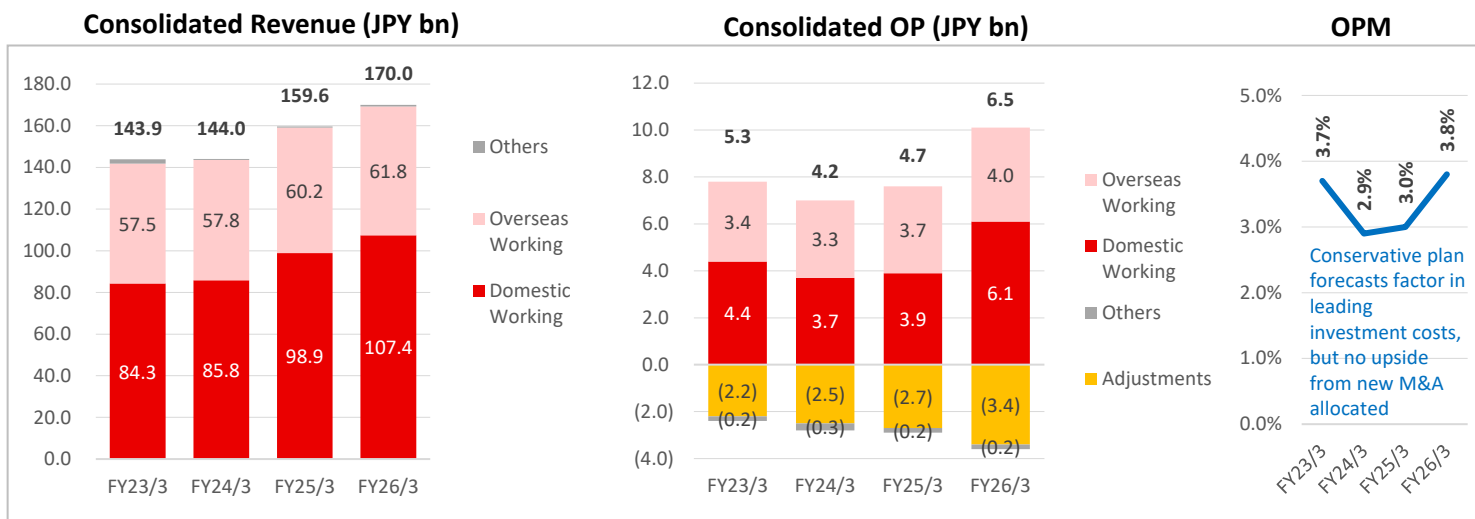
JPY mn, %	FY12/12	FY13/12	FY14/12	FY15/12	FY16/12	FY17/12	FY18/12	FY19/12	FY20/12	FY21/12	FY22/12	10-Year CAGR
	J-GAAP	J-GAAP	J-GAAP	J-GAAP	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	
OUTSOURCING, Inc.												
Revenue	42,090	47,384	59,421	80,861	134,283	230,172	311,311	360,874	365,135	569,325	689,777	32.3
Gross profit	8,472	9,282	11,964	16,534	27,764	45,816	62,400	70,257	70,374	107,088	124,508	
SG&A expenses	7,472	8,079	9,953	13,408	22,092	34,456	47,327	56,301	57,041	82,901	102,521	
EBITDA	1,652	1,924	2,874	4,494	7,187	13,841	18,263	24,715	25,548	39,344	39,226	
Operating profit	1,001	1,203	2,010	3,125	5,672	11,360	15,073	13,957	13,333	24,186	21,987	36.2
Ordinary profit	1,154	1,357	2,197	3,225	5,048	10,395	13,037	12,116	7,791	12,003	17,030	
Profit ATOP	642	1,122	1,317	1,810	3,121	6,180	7,696	7,439	1,938	832	10,207	31.9
GPM	20.1	19.6	20.1	20.4	20.7	19.9	20.0	19.5	19.3	18.8	18.1	
EBITDA mrg	3.9	4.1	4.8	5.6	5.4	6.0	5.9	6.8	7.0	6.9	5.7	
OPM	2.4	2.5	3.4	3.9	4.2	4.9	4.8	3.9	3.7	4.2	3.2	
ROE	16.6	23.3	21.3	19.4	—	37.7	19.2	12.9	3.2	1.3	14.0	
ROIC	8.6	7.5	9.4	9.0	—	11.7	11.1	7.1	4.3	6.6	6.0	
Dividend payout ratio	17.9	16.8	39.3	33.6	23.5	31.3	34.3	40.6	65.0	469.2	30.8	
Shareholders' equity ratio	30.2	26.7	28.7	31.7	8.7	20.0	30.5	25.0	20.1	18.8	19.9	
JPY mn, %	FY13/3	FY14/3	FY15/3	FY16/3	FY17/3	FY18/3	FY19/3	FY20/3	FY21/3	FY22/3	FY23/3	10-Year CAGR
	J-GAAP	J-GAAP	J-GAAP	J-GAAP	J-GAAP	J-GAAP	IFRS	IFRS	IFRS	IFRS	IFRS	
WILL GROUP, Inc.												
Revenue	22,174	26,798	32,586	45,029	60,599	79,197	103,300	121,916	118,249	131,080	143,932	20.6
Gross profit	4,148	5,051	6,340	8,744	11,774	16,058	20,305	25,402	24,056	28,765	31,737	
SG&A expenses	3,530	4,242	5,400	7,314	9,811	13,640	17,325	21,258	20,026	23,293	26,418	
EBITDA	703	890	1,090	1,689	2,374	3,042	4,537	6,135	6,259	7,556	7,455	
Operating profit	618	808	939	1,430	1,963	2,417	2,979	4,145	4,030	5,472	5,318	24.0
Ordinary profit	632	774	950	1,469	1,980	2,437	2,898	4,057	3,788	5,293	5,146	
Profit ATOP	290	384	548	692	1,011	1,210	1,554	2,380	2,363	3,286	3,236	27.3
GPM	18.7	18.8	19.5	19.4	19.4	20.3	19.7	20.8	20.3	21.9	22.0	
EBITDA mrg	3.2	3.3	3.3	3.8	3.9	3.8	4.4	5.0	5.3	5.8	5.2	
OPM	2.8	3.0	2.9	3.2	3.2	3.1	2.9	3.4	3.4	4.2	3.7	
ROE	26.1	20.2	19.6	20.7	26.0	19.3	—	50.5	35.1	33.5	24.9	
ROIC	26.4	20.6	19.1	19.8	17.1	11.8	—	12.1	12.0	15.0	13.3	
Dividend payout ratio	11.0	15.9	20.8	27.6	25.4	32.9	25.7	21.5	22.9	23.6	31.2	
Shareholders' equity ratio	27.9	41.6	38.1	29.5	23.9	30.6	9.9	11.7	17.6	21.8	26.6	

Source: compiled by SIR from SPEEDA earnings database and respective financial statements.



OSI and WILL GROUP have a high growth profile with 10-year earnings CAGR in the mid-thirties and in the mid-twenties respectively. Both have similar OPM in the mid-3% range. **HOWEVER, it is worth noting that WILL GROUP has much higher ROE and ROIC levels.**

WILL GROUP Inc. Medium-Term Management Plan "WILL-being 2026" (FY24/3 – FY26/3)



Source: compiled by SIR from company IR MTP briefing materials.



WILLOF CONSTRUCTION, Inc.
President and Representative Director Yuichi Sumi (42)

➔ **New MTP Progressive Shareholder Return Policy**

The company’s previous policy on distribution of profits adopted a total return approach including payment of dividends and share buybacks, aiming for total consolidated payout ratio of 30%.

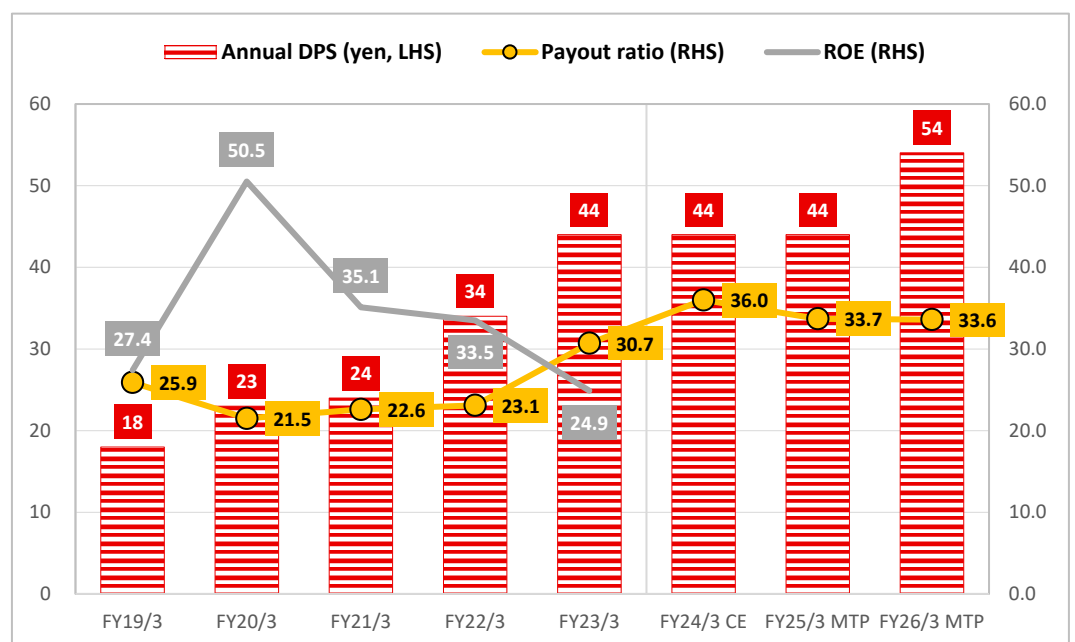
Since the new MTP “WILL-being 2026” factors in lower profits in the first two years due to deploying strategic SG&A of ¥3.5bn to restart organic growth in Domestic Working, as well as new M&A of ¥10.0bn, the new shareholder return policy incorporates a ‘progressive’ dividend (either maintaining or increasing, but not cutting). Where there is a surplus, consider treasury share acquisitions as needed based on progress in financial results as subsequent investments exceed WACC (approx. 9%).

New Group President nominated at the June 2023 AGM

SUMMARY

- ▼ Based on the report by the Nomination Committee, which is chaired by an Outside Director, WILL GROUP’s Board of Directors resolved at its meeting on February 21, 2023 to change its President and Representative Director. Former President and Representative Director Shigeru Ohara retired and Yuichi Sumi (42), Director of the Company and former President and Representative Director of WILLOF CONSTRUCTION, Inc., assumed office at the AGM in June.
- ▼ The stated reason for the change is to lead implementation of the next MTP (FY24/3 – FY26/3) to be announced in May along with full-term FY23/3 results. Since joining the Company in 2003 (20 years experience), contributions to the Group by Yuichi Sumi include strong leadership and contribution to the recovery of business performance in the factory outsourcing sector under severe conditions in the wake of the 2008 Financial Crisis, GM of the Sales Division from Apr-2014 and Executive Officer and GM of the HR Division from Jul-2018. He was appointed President and Representative Director of WILLOF CONSTRUCTION, Inc. from Apr-2021.
- ▼ Many of the priority initiatives in the previous MTP were largely achieved under the leadership of President Ohara since June 2016: 1) the ‘Perm SHIFT’ initiative for profit maximization domains achieved a steady rise in GPM through targeting permanent placement, 2) strong growth was achieved in the strategic investment domains for construction engineers and staffing support for startups, although nursing care required a course correction, and 3) financial targets of raising the equity ratio for owners of parent above 20% and total payout of 30% have both been achieved. **This appointment may signal a shift from stabilizing acquisitions to re-emphasizing growth, in SIR’s view.**

New Shareholder Return Policy: “Progressive Dividends and Total Payout over 30%”



Source: compiled by SIR from IR MTP briefing materials and TANSHIN financial statements.

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