WILL GROUP, INC. | 6089 (TSE Prime)

Company Report

December 10, 2024

Strategy Advisors Inc.
Executive Officer
Kenichi Ito

Profitability in the Construction Engineering Domain is Improving. We Expect the Company to Return to a Growth Trajectory from Next Fiscal Year

The results for Q2, FY3/2025 (July-September) (disclosed on November 8th) were sales revenue of ¥35.27 billion (1.2% increase YoY) and operating profit of ¥830 million (6.2% decrease YoY), resulting in a slight increase in sales and a slight decrease in profits. The company had already announced on 25th September a revision to its earnings forecast for 1H (April-September) (sales revenue down from ¥70.5 billion to ¥70.35 billion, operating profit down from ¥5.3 billion to ¥780 million); but the results for 1H (sales revenue of ¥70.32 billion, operating profit of ¥1 billion) shows clearly that operating profit exceeded the revised plan numbers. This was mainly due to some unused recruitment expenses in the domestic Working business, as well as the smooth operation of new graduate employees in the construction engineering domain.

The results for Q2 FY3/2025 in the construction engineering domain, which is attracting attention, were sales revenue of ¥3.58 billion (up 38.6% YoY) and operating profit of ¥270 million (a loss of ¥50 million in the same period last year), which not only maintained high growth of over 30% as in Q1, but also turned to the black. Q1 operating profit in the construction engineering domain was a loss of ¥360 million, this resulted in an increase in profit of ¥640 million compared to the previous quarter. This improvement in profitability is due to management efforts that do not involve additional costs such as operating rates and unit prices, and is expected to continue from Q3 onwards, so as the main earner of the domestic Working business, it is expected to contribute to profits in the 2H of the year and beyond.

Since the announcement of the financial results, the stock price has remained largely flat. Although the operating profit for the 1H of the year exceeded the revised plan, the company has left its full-year performance plan unchanged; and the capital market is likely to be looking at trends in the 2H before the firms enters a period of stock price growth. On the other hand, considering the company's dividend yield and valuation (PBR 1.2x), the downside of the stock price is limited. So, it is thought that the stock price will enter a phase where it will factor in the growth of the domestic Working business, mainly in the domain of construction engineers, from FY3/2026 onwards; and the contribution of profitable businesses such as full-time employee dispatch and foreign employment support, and so it can be said that firms investment attractiveness is increasing.

Stock Price and Trading Volumes

Source: Strategy Advisors

Key Indicators

Stock Price (12/6/24)	974
Year-to-Date High (2/5/24)	1,228
Year-to-Date Low (9/17/24)	898
10-Year High (2/2/18)	2,139
10-Year Low (5/21/14)	184
Shares on Issue (mn)	22.8
Market Capitalization (¥ bn)	22.2
EV (¥bn)	23.2
Equity Ratio (3/24 Actual, %)	34.0
PER (3/25 CoE, Times)	13.3
PBR (3/24 Actual, Times)	1.2
Yield (3/25 CoE, %)	4. 6

Source: Strategy Advisors

IFRS-Consolidated FY	Sales (¥ mn)	YoY Change (%)	OP (¥ mn)	YoY Change (%)	Pre-Tax Profit (¥ mn)	YoY Change (%)	NP (¥ mn)	YoY Change (%)	EPS (¥)	DPS (¥)
FY3/2024 1H	69,276	-4.3	2,019	-31.2	2,086	-29.2	1,402	-19.6	61.4	-
FY3/2025 1H	70,323	1.5	1,009	-50.0	867	-58.4	503	-64.1	22.1	-
FY3/2021	118,249	-3.0	4,030	-2.8	3,788	-6.6	2,363	-0.7	106.4	24.0
FY3/2022	131,080	10.9	5,472	35.8	5,293	39.7	3,286	39.0	147.0	34.0
FY3/2023	143,932	9.8	5,318	-2.8	5,146	-2.8	3,236	-1.5	143.2	44.0
FY3/2024	138,227	-4.0	4,525	-14.9	4,417	-14.2	2,778	-14.1	122.4	44.0
FY3/2025 CoE	140,400	1.6	2,290	-49.4	2,190	-50.4	1,640	-41.0	72.2	44.0

Source: Strategy Advisors. Based on Company Data.

Table of Contents

1. Summary of Q2, FY3/2025 Results

1) Profitability of the Domestic Working Business Improved Significantly Compared to the Previous Quarter

Operating Profit Exceeded the Revised Plan

The results for Q2 of FY3/2025 (July-September) (disclosed on November 8th) were as follows: sales revenue of ¥35.27 billion (1.2% increase YoY) and operating profit of ¥830 million (6.2% decrease YoY), resulting in a slight increase in sales and a slight decrease in profits. The company had already announced on September 25th a revision to its earnings forecast for 1H (April-September) (sales revenue down from ¥70.50 to ¥70.35 billion, operating profit down from ¥5.3 million to ¥780 million), but the results for the first half (sales revenue of ¥70.32 billion, operating profit of ¥1 billion) were higher than the revised plan, mainly due to some unspent recruitment expenses in the domestic Working business and the smooth operation of new graduate employees in the construction engineering domain.

The Main Factors Were the Construction Engineering Business Turning a Profit and Reducing Selling and Administrative Expenses in Other Businesses

In Q1, the construction engineering business returned to profitability and sales and administrative expenses were reduced in other areas. In particular, in the construction engineering business, the average contract price increased by approximately 6% compared to the same period last year, as new graduates who joined the company in April 2024 began working and charge-up negotiations with new graduates and inexperienced employees also progressed smoothly. As profitability continues to improve, it is expected that this will continue to drive the company's performance growth from Q3 (October-December) onwards.

Overseas Working Business Remains Weak

On the other hand, the overseas Working business continued to face difficult conditions, particularly in Australia and operating profit remained weak, down 18.4% compared to the same period last year.

Figure 1Quarterly Results by Segment

Segment Breakdown (¥ mn, %) (3 months)	FY3/2024 Q1	FY3/2024 Q2	FY3/2024 Q3	FY3/2024 Q4	FY3/2025 Q1	FY3/2025 Q2
Revenue	34,435	34,841	34,641	34,310	35,052	35,271
YoY	-2.8%	-5.6%	-4.5%	-2.9%	1.8%	1.2%
Domestic Working	20,186	20,515	20,940	20,887	20,468	20,794
YoY	-3.3%	-0.7%	-2.2%	-1.4%	1.4%	1.4%
Ratio to revenue	58.6%	58.9%	60.4%	60.9%	58.4%	59.0%
Overseas Working	14,182	14,258	13,631	13,361	14,534	14,435
YoY	1.0%	-9.2%	-4.0%	-1.7%	2.5%	1.2%
Ratio to revenue	41.2%	40.9%	39.3%	38.9%	41.5%	40.9%
Others	66	68	69	62	48	42
Ratio to revenue	0.2%	0.2%	0.2%	0.2%	0.1%	0.1%
Operating profit	1,132	887	776	1,730	177	832
YoY	-20.9%	-41.0%	-16.7%	19.2%	-84.4%	-6.2%
OP margin	3.3%	2.5%	2.2%	5.0%	0.5%	2.4%
Domestic Working	1,364	782	850	2,042	238	861
YoY	15.0%	-28.3%	-4.0%	58.4%	-82.6%	10.1%
OP margin	6.8%	3.8%	4.1%	9.8%	1.2%	4.1%
Overseas Working	456	667	526	297	573	544
YoY	-46.7%	-37.0%	-23.7%	-63.0%	25.7%	-18.4%
OP margin	3.2%	4.7%	3.9%	2.2%	3.9%	3.8%
Others	-69	-69	-54	62	-60	-77
Adjusment	-617	-493	-546	-576	-574	-496

Source: Financial Results Summary & Others.

2. The Domestic Working Business is Performing Steadily, in Strategic Investment Areas

1) New Graduate Staff in the Domain of Construction Engineering are Transitioning into Work Smoothly

In the Construction Engineering Domain, Profitability Has Improved Significantly. High Utilization Rates are Maintained

The results for Q2 of FY 3/2025 in the construction engineering domain were sales revenue of ¥3.58 billion (up 38.6% YoY) and operating profit of ¥270 million (a loss of ¥500 million in the same quarter last year), which not only maintained high growth of over 30% as in Q1, but also returned to profitability. This was due to the steady utilization of new graduate staff who joined the company in April, with the utilization rate in Q2 reaching an extremely high level of 98.7% (95.9% in Q1) and the confirmation of an increase in unit price for both experienced staff and new graduates with no experience.

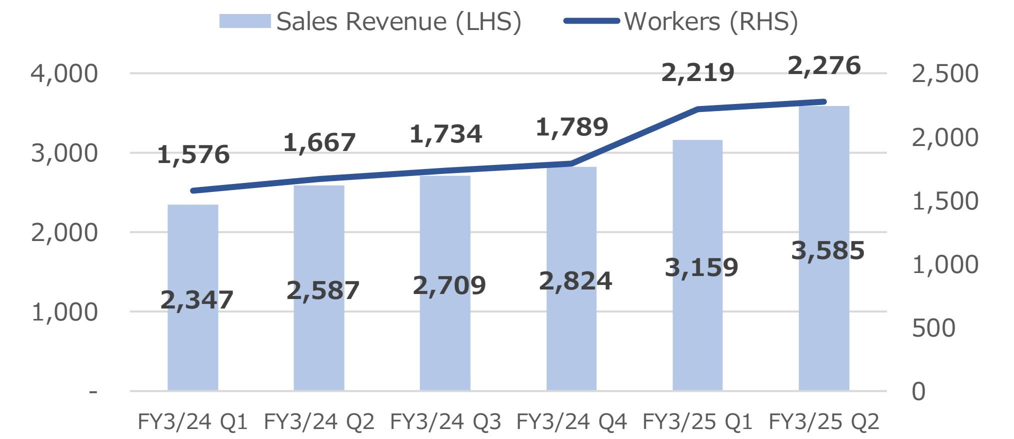
A ¥640m Increase in OP Versus the Previous Quarter

Furthermore, the construction engineering business posted a loss of ¥360 million in Q1 operating profit, resulting in an increase of ¥640 million compared to the previous quarter. As mentioned above, this improvement in profitability is the result of management efforts that do not involve additional costs such as operating rates or unit prices and is expected to continue beyond Q3, so it is likely to be a source of profit for the domestic Working business.

In Addition to Recruitment, the Retention Rate has Also Exceeded Expectations

The number of employees hired in Q2 was 276, bringing the total number of employees hired in the first half to 1,080. The company aims to hire 1,200 employees for the full year, so here, progress is ahead of the company's plan. The decision to assign the members who oversaw new graduate recruitment at Will Group to oversee new graduate recruitment in this domain has proved successful. The retention rate in Q2 was 72.9%, exceeding the initial plan of 71.3%, suggesting that the process from recruitment to training, operation, and retention is progressing smoothly. At the financial results briefing, President Kado explained that there is a possibility that the construction engineering domain will hire more employees than initially planned. Demand is strong and the company's recruitment and training knowledge that it has cultivated over many years in the human resources industry is being fully utilized, so it is likely that the company will continue to operate aggressively.

Figure 2. Number of Active Workers and Sales Revenue in the Construction Engineer Area (¥mn LHS/ Persons RHS)



Source: Company Data

Compared to the Open Up Group, the Increase in Unit Price is Remarkable

The construction segment performance of Open Up Group (2154, TSE Prime), a major competitor in this business, (Q1 of FY6/2025) was ¥12.53 billion in sales (+19.1% from the same period last year) and ¥1.9 billion in profit (+13.9% from the same period last year), which is as strong as Will Group. The difference compared to Will Group is the trend in unit price. The monthly billing amount of Open Up Group has remained flat or slightly decreased compared to Q1 (April-June), while the upward trend of Will Group continues due to the high ratio of new graduates and inexperienced employees.

2) Domestic Working Business (Excluding Construction Engineering) Has Bottomed Out and Is Showing a Steady Recovery

The Overall Recovery Trend is Clear

In the domestic Working business (excluding the construction engineering domain), although the call center outsourcing domain remains sluggish, other domains have recovered and are performing steadily.

In the Sales Outsourcing Domain, Sluggish Communications Will Be Covered by Other Domains

In the sales outsourcing domain, while communications were down about ¥200 million YoY, apparel and sales support secured an increase of ¥400 million, resulting in an overall increase in revenue. Although there is an impact from a reduction in projects from major communications companies due to clients' shift toward in-house employment policies, the company can be evaluated as returning to a growth trajectory thanks to efforts to expand outsourcing capacity and complementation in other domains. Furthermore, it is sales support for companies that is driving performance in sales support and other areas. There is still a lot of room for expansion and since there are many software companies that provide cloud services and the like that have issues with sales, we believe there is plenty of room for growth in the future.

The Call Center Outsourcing Domain Remains Tough

On the other hand, the call center outsourcing domain remains sluggish due to the impact of in-house production, etc. And the progress rate against the initial plan is weak at 46.2%. Although the company is continuing to actively approach major domestic companies, it is difficult to achieve the initial plan and we hope that it will result in some drastic countermeasures.

The Factory Outsourcing Domain Continues to Perform Well, in the Three Manufacturing Domains

In the factory outsourcing domain, progress was in line with the company's plan, as in Q1. Food factories continued to perform steadily as before, and outside of food factories, there was strong demand from the three manufacturing domains of automobiles, machinery and electronic parts & semiconductors, resulting in an increase in sales of ¥100 million compared to the previous quarter.

The Care Support Domain is Lagging Behind Slightly, But is Set to Catch Up from The Second Half Onwards

The care support domain is slightly behind the initial plan, with a progress rate of 48.2%. The company is moving to change part-time staff to long-term contracts to increase the ratio of full-time staff and it is expected that they will be able to catch up from the second half onwards. Although there are many clients in this domain, there are few large contracts, so the company plans to continue developing new clients.

Figure 3 Sales Revenue and Progress by Area (Unit: ¥100 million)

	FY3/24 1H	FY3/25 1H	YoY	CoE	Progress rate
Sales outsourcing	9,771	10,269	5.1%	19,940	51.5%
Call center outsourcing	7,637	6,683	-12.5%	14,460	46.2%
Factory outsourcing	8,923	9,220	3.3%	18,470	49.9%
Care support	6,651	6,821	2.6%	14,150	48.2%

Source: Company Data

3) Full-Time Employee Dispatch Is Progressing Steadily in Line with The Initial Plan

Full-Time Temporary Staffing is Showing Steady Hiring and Growth

The company's focus is on full-time temporary staffing, which stands at 3,466 people, a slight increase from Q1. However, considering seasonal factors (the number of new hires is generally high in April-June) and the target number of people (3,274 people) set out in the initial plan, the number has generally been strong.

The Growth of the Factory Outsourcing Domain Is Remarkable

The number of full-time temporary employees hired in Q2 was 359, up 90 from the same period last year. By area, while the sales outsourcing area saw a slight decrease compared to the same period last year, the factory outsourcing area saw a significant increase with 132 employees hired (up 72 from the same period last year). The company says it is focusing its sales offensive on the three manufacturing domains where demand is strong. In fact, the number of full-time temporary employees working in the factory outsourcing area in Q2 was 559, 2.8 times higher than the same period last year.

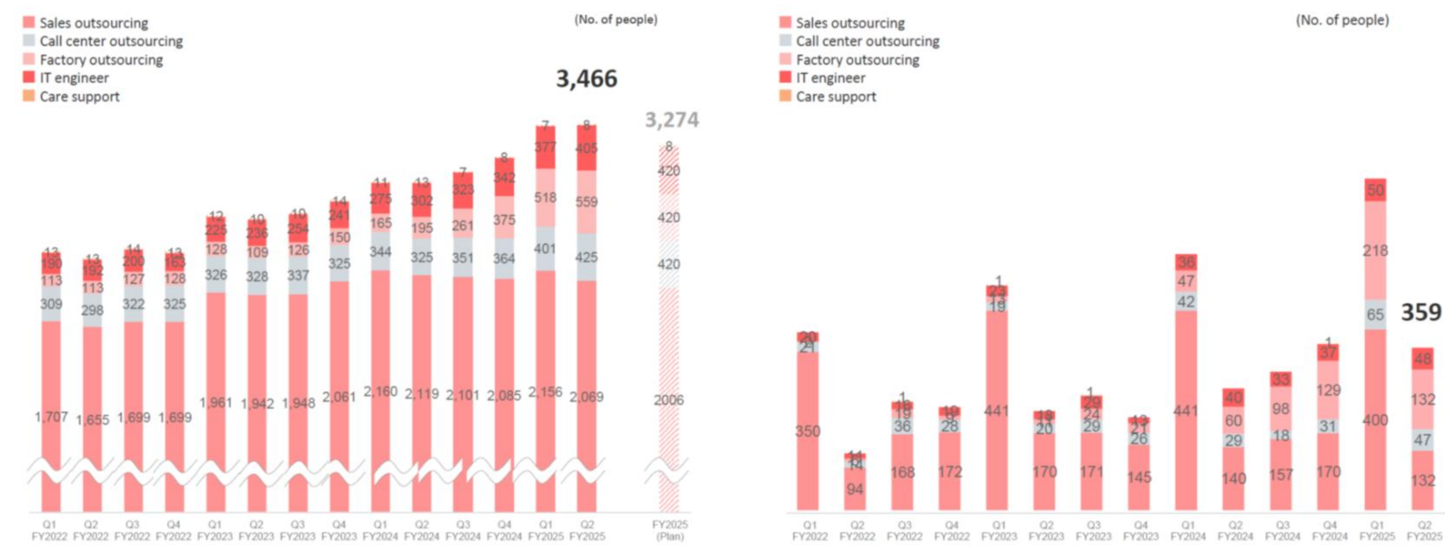
In the Sales Outsourcing Domain, Growth is Being Driven by Sales Agents' Needs for Digital Transformation Tools, etc.

In the sales outsourcing domain, there has been a shift in demand from traditional sales sites such as electronics retailers to B-to-B sales representatives and sales representatives for DX tools such as AI chatbots and cashless payments. Looking at the trend in the number of full-time dispatched workers, there has been a slight decrease this year-on-year; but there has been strong demand for sales representatives for DX tools and we hope that the business will return to a growth trajectory while changing their contents.

Although the Hiring Environment is Tough, IT Engineer Domain is Steadily Expanding

The number of people working in the IT engineering domain is steadily increasing. Although the hiring environment in this domain is presumed to be extremely tough due to the shortage of IT engineers, with just under 50 people hired in Q2, just like in Q1; and the number of people working in this domain increased by 28. As the market is large and this is an area where further expansion is expected, active hiring is likely to continue in the future.

Figure 4Number Of Permanent Employee Staffing (Left, Unit: People)
And Number of Permanent Employee Staffing Hires (Right, Unit: People)



Source: Company Data

4）Although The Number of New Foreigners Employed Is Not Sufficient, The Number of People Supported Remains Steady

Achieving the Initial Plan is Within Reach

Support for foreign employment has caught up from a somewhat weak start in Q1, giving a positive impression. Looking at the trend in the number of foreigners supported for employment, the initial plan aimed for 2,900 people, but this has expanded to 2,661 people in Q2. The net increase in Q2 compared to the previous quarter was 166 people, which suggests that progress is possible with a recovery in Q3 and onwards.

Factory Outsourcing Domain Struggles with Number of New Foreign Workers Hired

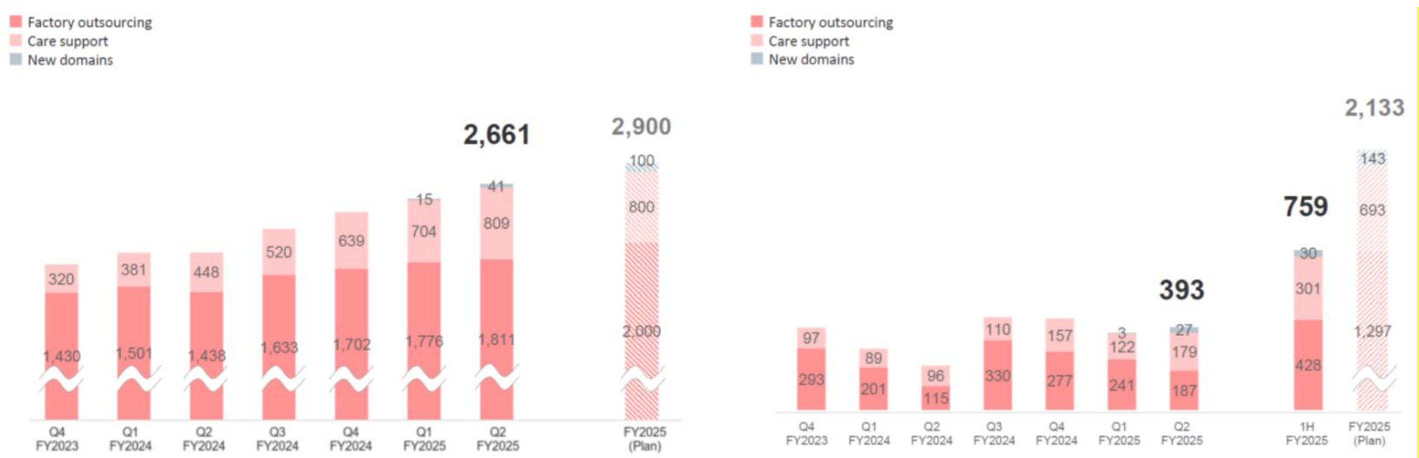
On the other hand, the number of new foreign employees supported in hiring was 759 in Q2, a slightly slower progress than the initial plan. By domain, the nursing care domain is relatively stable, whilst the factory outsourcing domain is struggling. The company's strength is that it has bases overseas and is able to recruit personnel locally (overseas). However, clients tend to seek personnel who are already residing in Japan, which makes it difficult to secure new hires. The company plans to hire 1,297 people in this domain this fiscal year but is slightly behind at 428 as of Q2.

Highly Profitable, Expected to Be a Driver of Future Growth

As previously pointed out, foreign employment support has a gross profit margin of over 90%, which is higher than the existing fixed-term employment dispatch (gross profit margin of 14-17%) and full-time employee dispatch (gross profit margin of 14-22%) and is therefore expected to be a growth driver in the future.

In addition, the company disclosed the percentage of gross profit accounted for by key strategic targets (full-time employee dispatch/contract, foreign employment support) in the Q2 financial results briefing materials. Already, 41.1% of gross profit has been secured from key strategic areas and it can be said that there is a shift from the previous business model centered on temporary staffing to a business model centered on full-time employee dispatch and foreign employment support, which has higher added value.

Figure 5Number Of Foreigners Supported for Employment (Left, Unit: People)
And Number of New Foreigners Supported for Employment (Right, Unit: People)



Source: Company Data

3. Steady Progress Has Been Made in Improving SG&A Management and Operations in the Overseas Working Business

Considering the Impact of Government Subsidy Income, Profitability Improved Compared to the Previous Quarter

The overseas Working business's Q2 results for FY3/2025 were sales revenue of ¥14.43 billion (up 1.2% YoY) and operating profit of ¥540 million (down 18.4% YoY), resulting in a slight increase in sales and a large decrease in profits. Considering that subsidy income from the Singaporean government increased profits by ¥260 million in Q1, profitability has improved compared to the previous quarter. The results of measures to leverage the overseas business, including controlling SG&A expenses and improving operations have been confirmed, which can be evaluated as a positive factor. In addition, compared to the exchange rate in the initial plan (Australian Dollar ¥91, Singapore Dollar ¥104), the yen weakened in Q2, with the Australian Dollar at ¥101 and the Singapore Dollar at ¥114, so the cumulative effect of the exchange rate on profits in Q2 was ¥100 million.

Australia to Win State Government Projects

By region, Australia continues to show weak performance, with a slight decrease compared to the previous quarter. Due to a change in policy by the federal government, there has been a shift from temporary employment to full-time employment, which has led to sluggish performance, but the company plans to increase the number of state government projects in the future. It also appears that the company will be proactively taking on recruitment bidding projects and it is expected that the company will shift from a low-profit temporary employment-centered business model to one centered on recruitment.

Singapore: Recruitment Services Are Weak

In Asia, particularly Singapore, staffing services are performing strongly and revenue from the government and public administration domain continues to expand. On the other hand, staffing services are performing weakly, with revenue decreasing compared to the first half of last year.

Are Expected to Continue to Progress Steadily from the Second Half Onwards

The company plans to control sales and administrative expenses and improve operations to shift to a business model with high ROI. As the domestic Working business, mainly in the construction engineering domain, is showing signs of recovery, it will be necessary to make some improvements this year to avoid it becoming a drag on results in the next fiscal year and beyond.

Figure 6Trends In Overseas Working Business Performance

Revenue by contract type (¥ mn)	FY3/2024				FY3/2025	
(3 months)	Q1	Q2	Q3	Q4	Q1	Q2
Overseas W	14,181	14,259	13,622	13,367	14,534	14,435
	1.0%	-9.2%	-4.1%	-1.6%	2.5%	1.2%
Temporary staffing	12,227	12,216	11,782	11,793	12,514	12,473
Permanent placement	1,933	2,031	1,839	1,550	1,993	1,943
Other	21	12	1	24	27	19
Geographic (Overseas) Revenue						
Australia	10,504	10,220	9,436	9,071	9,887	9,699
Asia	3,678	4,039	4,194	4,290	4,648	4,736
Overseas W	3,238	3,397	3,170	2,876	3,375	3,343
GP margin	22.8%	23.8%	23.3%	21.5%	23.2%	23.2%
Temporary	456	667	526	297	573	544
	-46.7%	-37.0%	-23.7%	-63.0%	25.7%	-18.4%
Composition ratio	3.2%	4.7%	3.9%	2.2%	3.9%	3.8%

Source: Company Data

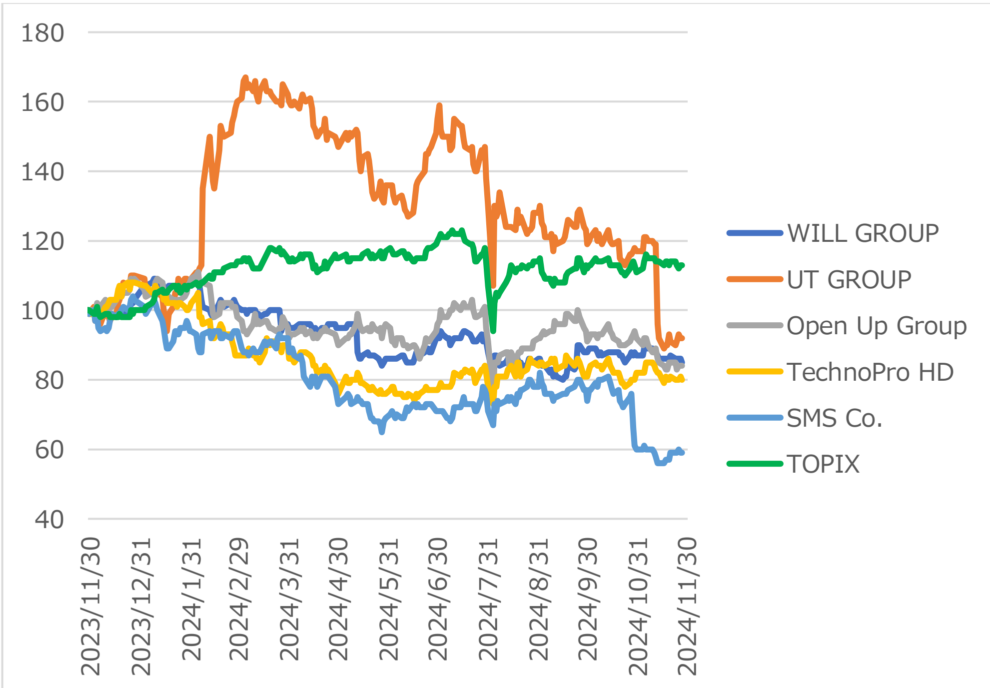
4. Stock Price Remains on Hold

Stock Prices Remain on Hold

Since the announcement of the financial results, the stock price has remained largely unchanged. Although the operating profit for the first half of the year exceeded the revised plan, the full-year earnings forecast were left unchanged, so the performance trend for the second half of the year is considered to be an important factor in determining whether the stock price will rise.

Some of its competitors have been performing weakly since announcing their financial results, while the stock price is relatively strong. As we have pointed out before, the dividend yield of the company is 4.6% (based on the closing price as of December 2nd), and we believe that the downside of the stock price is limited.

Figure 7End of November 2023 = 100)



Source: Strategy Advisors. Based on SPEEDA.

Valuations Remain Low, But A Turning Point Seems to Be Approaching

Valuation remains low, with a PER of 13.3 and a PBR of 1.2. So, if the company can show the market that it can return the overseas working and domestic working businesses, including the sluggish call center outsourcing business, to a growth trajectory within this fiscal year; and that it can show the market that it can grow its domestic working business, mainly in the construction engineer domain, and also that profitable businesses such as full-time employee dispatch and foreign employment support will begin to contribute to its performance in earnest from FY3/2026 onwards, then the valuation may be significantly revised.

Figure 8Valuation List

Company name	Stock code	FY	Stock price (12/2) (¥)	Mkt cap (12/2) (¥ mn)	PER CoE (Times)	PBR Latest Results (Times)	ROE CoE (%)	Dividend Yield (%)	1-Year Return (%)	3-Year Rate of Return (%)
WILL GROUP Inc.	6089	3/24	959	22,076	13.3	1.2	9.4%	4.6%	-13.6%	-26.7%
World HD Co., Ltd.	2429	12/23	2,087	37,579	7.9	0.9	11.8%	3.9%	-21.4%	-13.8%
Ut Group Co., Ltd.	2146	3/24	2,033	81,011	10.0	2.4	29.5%	5.0%	-7.3%	-48.0%
Nisso HD Co., Ltd.	9332	3/24	766	26,063	10.5	1.7	15.7%	2.9%	-0.4%	NA
Open Up Group Inc.	2154	6/24	1,811	166,234	14.0	2.1	15.4%	4.1%	-16.1%	11.4%
Copro HD Co., Ltd.	7059	3/24	1,781	35,620	19.3	4.2	21.7%	3.4%	23.9%	214.9%
TechnoPro HD Inc.	6028	6/24	2,789	296,696	15.8	3.6	23.0%	3.2%	-17.7%	-13.8%
Human HD Co., Ltd.	2415	3/24	1,500	15,567	7.1	1.0	13.6%	4.3%	40.7%	60.4%
Career Co., Ltd.	6198	9/24	354	3,053	10.8	1.5	14.1%	1.8%	-13.9%	-22.5%
SMS Co., Ltd.	2175	3/24	1,678	146,928	17.8	3.2	18.3%	0.0%	-39.9%	-59.9%
HITO-Communications HD, Inc.	4433	8/24	852	15,250	16.1	0.9	5.5%	4.2%	-36.1%	-64.8%
Like Co., Ltd.	2462	5/24	1,381	28,262	10.6	1.6	14.9%	4.2%	2.0%	-15.5%
S-pool, Inc.	2471	11/23	315	24,887	13.6	2.9	21.5%	3.2%	-19.0%	-73.7%
CRG HD Co., Ltd.	7041	9/24	475	2,625	10.5	1.0	9.1%	0.0%	-5.2%	2.8%
CareerLink Co., Ltd.	6070	3/24	2,461	31,010	12.2	2.0	16.7%	4.9%	14.5%	101.2%

Note: NISSO Holdings was listed on the stock exchange in October 2011, and 1 and 3-year rates of change cannot be calculated, so they are not listed.

Source: Strategy Advisors. Based on SPEEDA Data.

Figure 9. Consolidated Statements of Income (IFRS)

Profit and loss statement (IFRS) (¥ mn)	FY3/2020	FY3/2021	FY3/2022	FY3/2023	FY3/2024	FY3/2025 CoE
Revenue	**121,916**	**118,249**	**131,080**	**143,932**	**138,227**	**140,400**
YoY	18.0%	-3.0%	10.9%	9.8%	-4.0%	1.6%
Cost of sales	96,513	94,192	102,314	112,194	107,781	
Gross profit	**25,402**	**24,056**	**28,765**	**31,737**	**30,446**	
Gross profit margin	20.8%	20.3%	21.9%	22.0%	22.0%	
Selling, general and administrative expenses	21,422	20,463	23,585	27,169	28,314	
SG&A ratio to sales	17.6%	17.3%	18.0%	18.9%	20.5%	
Other income	220	519	387	842	2,412	
Other expenses	56	82	95	91	18	
Operating profit	**4,145**	**4,030**	**5,472**	**5,318**	**4,525**	**2,290**
YoY	40.2%	-2.8%	35.8%	-2.8%	-14.9%	-49.4%
Operating profit margin	3.4%	3.4%	4.2%	3.7%	3.3%	1.6%
Equity method investment gains and losses	-	-5	-18	-21	-24	
Financial income	42	11	52	161	128	
Finance expenses	131	247	212	311	211	
Profit before tax	**4,057**	**3,788**	**5,293**	**5,146**	**4,417**	**2,190**
YoY	41.1%	-6.6%	39.7%	-2.8%	-14.2%	-50.4%
Pretax profit margin	3.3%	3.2%	4.0%	3.6%	3.2%	1.6%
Income tax expense	1,344	1,110	1,439	1,686	1,539	
Tax rate	33.1%	29.3%	27.2%	32.8%	34.8%	
Profit	2,712	2,678	3,854	3,459	2,878	
Non-controlling interests	331	314	568	223	99	
Owners of parent profit (loss)	**2,380**	**2,363**	**3,286**	**3,236**	**2,778**	**1,640**
YoY	54.6%	-0.7%	39.1%	-1.5%	-14.2%	-41.0%
Owners of parent profit margin	2.0%	2.0%	2.5%	2.2%	2.0%	
EBITDA	**6,136**	**6,259**	**7,556**	**7,456**	**6,810**	
EBITDA margin	5.0%	5.3%	5.8%	5.2%	4.9%	

Source: Strategy Advisors. Based on Company Data.

Figure 10Key Indicators

Key indicators	FY3/2020	FY3/2021	FY3/2022	FY3/2023	FY3/2024
Stock indicators					
Number of shares outstanding at year-end ('000 shares)	22,321	22,555	22,852	22,944	23,000
Number of treasury shares at year-end ('000 shares)	95	290	285	285	213
EPS (¥)	107.1	106.4	147.0	143.2	122.4
EPS (Diluted, ¥)	104.8	104.6	144.8	142.0	121.6
DPS (¥)	23	24	34	44	44
Payout ratio (%)	21.5%	22.6%	23.1%	30.7%	36.0%
DOE (%)	10.8%	7.9%	7.8%	7.6%	6.2%
BPS (¥)	235.5	370.1	505.1	646.0	768.4
Profitability indicators					
Gross profit margin (%)	20.8%	20.3%	21.9%	22.0%	22.0%
EBITDA (¥ mn)	6,136	6,259	7,556	7,456	6,810
EBITDA margin (%)	5.0%	5.3%	5.8%	5.2%	4.9%
Operating profit margin (%)	3.4%	3.4%	4.2%	3.7%	3.3%
Owners of parent profit margin (%)	2.0%	2.0%	2.5%	2.2%	2.0%
Financial indicators					
Ratio of pretax profit to total asset (%)	9.2%	8.3%	10.7%	9.6%	8.3%
Ratio of profit to equity attributable to owners of parent (%)	50.5%	35.1%	33.5%	24.9%	17.3%
Ratio of equity attributable to owners of parent to total asset (%)	11.7%	17.6%	21.8%	26.6%	34.0%
Cash and cash equivalents (¥ mn)	5,944	7,455	8,973	9,590	7,106
Interest-bearing debt (¥ mn)	9,710	8,788	7,988	10,146	5,930
Net Debt (¥ mn)	3,766	1,333	-985	556	-1,176
Net DE ratio	0.7	0.2	-0.1	0.0	-0.1
Net Debt/EBITDA	0.6	0.2	-0.1	0.1	-0.2
Invested capital (¥ mn, gross IC)	14,943	17,028	19,386	24,784	23,438
NOPAT (NOPLAT, ¥ mn)	2,772	2,849	3,984	3,576	2,948
ROIC (%, gross IC)	18.1%	17.8%	21.9%	16.2%	12.2%
ROIC (%, company disclosed)	13.9%	13.8%	17.9%	16.6%	13.4%
Efficiency indicators					
Working capital (¥ mn)	2,546	934	2,161	1,777	1,027
Working capital turnover (Times)	47.9	126.6	60.7	81.0	134.6
Current ratio (%)	102.2%	95.1%	92.9%	100.9%	106.4%
Quick ratio (%)	98.6%	92.1%	90.5%	97.3%	101.0%

Source: Strategy Advisors. Based on Company Data.

Figure 11. Segment Performance by Business Segment

Segment Breakdown (¥ mn, %)	FY3/2020	FY3/2021	FY3/2022	FY3/2023	FY3/2024	FY3/2025CE
Revenue	121,916	118,249	131,080	143,932	138,227	140,400
YoY	18.0%	-3.0%	10.9%	9.8%	-4.0%	1.6%
Domestic Working	-	80,050	80,726	84,135	82,528	84,500
YoY	-	-	0.8%	4.2%	-1.9%	2.4%
Ratio to revenue	-	67.7%	61.6%	58.5%	59.7%	60.2%
Overseas Working	-	36,920	48,746	57,537	55,432	55,630
YoY	-	-	32.0%	18.0%	-3.7%	0.4%
Ratio to revenue	-	31.2%	37.2%	40.0%	40.1%	39.6%
Others	-	1,278	1,607	2,258	267	260
Ratio to revenue	-	1.1%	1.2%	1.6%	0.2%	0.2%
Operating profit	4,145	4,030	5,472	5,318	4,525	2,290
YoY	-	-2.8%	35.8%	-2.8%	-14.9%	-49.4%
OP margin	3.4%	3.4%	4.2%	3.7%	3.3%	1.6%
Domestic Working	-	4,763	4,448	4,451	5,038	2,800
YoY	-	-	-6.6%	0.1%	13.2%	-44.4%
OP margin	-	6.0%	5.5%	5.3%	6.1%	3.3%
Overseas Working	-	1,942	3,348	3,406	1,946	2,150
YoY	-	-	72.4%	1.7%	-42.9%	10.5%
OP margin	-	5.3%	6.9%	5.9%	3.5%	3.9%
Others	-	-413	-342	-296	-225	-260
Adjusment	-	-2,262	-1,982	-2,243	-2,234	-2,400

Source: Strategy Advisors. Based on Company Data.

Note: Gross profit does not include consolidated adjustments within the segment.

Figure 12. Details of Domestic Working Business (¥ mn)

Sector	FY3/2020	FY3/2021	FY3/2022	FY3/2023	FY3/2024
Domestic Working	84,437	80,049	80,724	84,134	82,560
Sales outsourcing	23,150	19,046	19,517	20,395	19,906
Call center outsourcing	16,459	16,866	17,041	16,583	14,840
Factory outsourcing	23,745	20,585	18,315	17,639	17,990
Food factory	12,040	10,532	8,920	8,870	8,669
Factory except food	11,700	10,053	9,395	8,769	9,321
Care support	12,055	13,218	13,678	13,620	13,389
HR support for startups	1,263	1,273	2,349	2,999	3,421
Construction management engineers	4,806	5,275	5,786	7,665	10,467
Others	2,959	3,786	4,038	5,233	2,547
IT engineers	883	1,134	1,449	1,749	2,228
Others	2,329	2,652	2,589	3,485	319
Domestic Working	5,438	4,711	4,825	4,735	3,032
Sales outsourcing	1,864	1,468	1,614	1,718	1,308
Call center outsourcing	999	1,131	1,176	936	508
Factory outsourcing	1,408	1,001	1,258	948	765
Care support	360	381	296	498	227
HR support for startups	310	159	604	268	401
Construction management engineers	240	39	-559	-498	-400
Others	257	532	436	865	223
Domestic Working	6.4%	5.9%	6.0%	5.6%	3.7%
Sales outsourcing	8.1%	7.7%	8.3%	8.4%	6.6%
Call center outsourcing	6.1%	6.7%	6.9%	5.6%	3.4%
Factory outsourcing	5.9%	4.9%	6.9%	5.4%	4.3%
Care support	3.0%	2.9%	2.2%	3.7%	1.7%
HR support for startups	24.5%	12.5%	25.7%	8.9%	11.7%
Construction management engineers	5.0%	0.7%	-9.7%	-6.5%	-3.8%
Others	8.7%	14.1%	10.8%	16.5%	8.8%

Source: Strategy Advisors. Based on Company Data.

Figure 13Consolidated Balance Sheet (￥mn)

Balance Sheet（IFRS、￥mn）	FY3/2020	FY3/2021	FY3/2022	FY3/2023	FY3/2024
Assets					
Cash and cash equivalents	5,944	7,455	8,973	9,590	7,106
Trade and other receivables	15,067	14,694	17,458	17,928	17,512
Other financial assets	251	690	129	138	171
Other current assets	777	729	728	1,009	1,338
Current assets	**22,041**	**23,570**	**27,289**	**28,666**	**26,129**
Property, plant and equipment	1,315	1,082	1,223	1,139	1,275
Right-to-use assets	6,200	5,715	6,809	6,349	5,071
Goodwill	5,654	6,155	6,514	8,120	8,737
Other intangible assets	5,455	6,049	6,154	5,996	6,109
Investment accounted for using equity method	-	495	477	456	431
Other financial assets	1,281	1,151	1,208	1,475	1,158
Deferred tax assets	1,640	1,678	1,850	1,953	1,888
Other non-current assets	1,011	863	822	782	741
Non-current assets	**22,558**	**23,190**	**25,061**	**26,272**	**25,413**
Total assets	**44,600**	**46,760**	**52,350**	**54,939**	**51,543**
Liabilities					
Trade and other payables	12,521	13,760	15,297	16,151	16,485
Short-term borrowings	3,177	4,865	5,786	6,761	2,490
Other financial liabilities	2,359	3,600	5,245	1,364	2,115
Income taxes payable	1,116	514	1,195	1,027	1,005
Other current liabilities	2,391	2,048	1,836	3,109	2,437
Current liabilities	**21,566**	**24,790**	**29,361**	**28,414**	**24,553**
Long-term borrowings	6,533	3,923	2,202	3,385	3,440
Others financial liabilities	8,012	6,563	6,285	5,950	4,837
Deferred tax liabilities	1,170	1,289	1,202	1,127	1,006
Other non-current liabilities	193	166	177	184	206
Non-current liabilities	**15,909**	**11,943**	**9,867**	**10,648**	**9,490**
Total liabilities	**37,476**	**36,733**	**39,228**	**39,062**	**34,024**
Net assets					
Share capital	2,033	2,089	2,163	2,187	2,198
Capital surplus	-1,399	-1,786	-2,266	-1,923	-2,045
Retained earnings	6,478	8,559	11,310	13,758	15,528
Treasury shares	-89	-279	-274	-274	-204
Other components of equity	-1,789	-343	464	890	2,032
wners of parent	5,233	8,240	11,398	14,638	17,508
Non-controlling interests	1,890	1,786	1,723	1,238	10
Total equity	**7,123**	**10,027**	**13,121**	**15,877**	**17,518**
Total liabilities and equity	**44,600**	**46,760**	**52,350**	**54,939**	**51,543**

Source: Strategy Advisors. Based on Company Data.

Figure 14. Consolidated Statements of Cash Flows (￥mn)

Statement of Cash Flows（IFRS）	FY3/2020	FY3/2021	FY3/2022	FY3/2023	FY3/2024
Cash flows from operating activities (1)	**4,908**	**4,316**	**4,350**	**4,816**	**3,828**
Profit before tax	4,057	3,788	5,293	5,146	4,417
Depreciation and amortization	1,990	2,229	2,084	2,137	2,285
Share-based payment expenses	204	85	65	107	104
Decrease (increase) in trade receivables	-292	1,488	-2,494	-223	42
Increase (decrease) in trade payables	1,011	72	580	969	1,031
Other	-482	-1,312	-4	-839	-2,489
Subtotal	6,489	6,351	5,525	7,297	5,390
Interests and dividends received	10	7	9	17	124
Interest paid	-114	-86	-79	-88	-120
Income taxes paid	-1,478	-1,956	-1,104	-2,409	-1,565
Cash flows from investing activities(2)	**-3,035**	**-433**	**-306**	**-1,761**	**-575**
Purchase of property, plant and equipment, and intangibl	-557	-589	-741	-396	-802
Purchase of investments accounted for using equity	-	-350	-	-	-
Purchase of investment securities	-312	-46	-63	-	-
Proceeds from sales of investment securities	7	374	22	-	-
Purchase of shares of subsidiaries resulting in change in scope of c	-2,064	-	-	-1,757	-
Proceeds from sale of shares of subsidiaries resulting in change in scope of conso	-	-	-	1,009	811
Other	-108	179	475	-617	-584
FCF（1＋2）	1,873	3,883	4,044	3,055	3,253
Cash flows from financing activities	**-2,631**	**-2,646**	**-2,959**	**-2,783**	**-6,232**
Net increase (decrease) in short-term borrowings	-1,413	1,890	1,000	1,590	-3,245
Proceeds from long-term borrowings	3,253	270	1,165	4,383	1,500
Repayments of long-term borrowings	-3,729	-3,080	-2,965	-3,367	-2,470
Repayments of lease liabilities	-1,223	-1,302	-1,310	-1,333	-1,335
Pur Proceeds from long-term debt	-246	-798	-1,969	-3,746	-
Prc Repayments of long-tem debt	977	-	1,360	-	-
Dividends paid to non-controlling interests	-181	-362	-281	-373	-
Dividends paid	-400	-511	-540	-776	-1,008
Proceeds from government grants	88	1,273	361	524	190
Other	244	-25	222	316	137
Cash and cash equivalents increase (decrease)	-917	1,511	1,517	617	-2,484

Source: Strategy Advisors. Based on Company Data.

Figure 15. Quarterly Financial Results

Quarterly Financial Results (¥ mn, %) (Cumulative)	FY3/2023 Q1	FY3/2023 Q1-2	FY3/2023 Q1-3	FY3/2023 Q1-4	FY3/2024 Q1	FY3/2024 Q1-2	FY3/2024 Q1-3	FY3/2024 Q1-4	FY3/2025 Q1	FY3/2025 Q1-2	CoE
Revenue	35,441	72,358	108,613	143,932	34,435	69,276	103,917	138,227	35,052	70,323	140,400
YoY	12.4%	13.2%	11.3%	9.8%	-2.8%	-4.3%	-4.3%	-4.0%	1.8%	1.5%	
Cost of sales	27,407	56,143	84,450	112,194	26,883	53,867	80,810	107,781	27,792	55,534	109,930
YoY	11.2%	12.6%	10.7%	9.7%	-1.9%	-4.1%	-4.3%	-3.9%	3.4%	3.1%	
Cost of sales ratio	77.3%	77.6%	77.8%	77.9%	78.1%	77.8%	77.8%	78.0%	79.3%	79.0%	
Gross profit	8,033	16,215	24,163	31,737	7,552	15,408	23,107	30,446	7,260	14,788	30,470
YoY	16.4%	15.5%	13.5%	10.3%	-6.0%	-5.0%	-4.4%	-4.1%	-3.9%	-4.0%	
Gross profit margin	22.7%	22.4%	22.2%	22.0%	21.9%	22.2%	22.2%	22.0%	20.7%	21.0%	
SG&A	6,662	13,428	20,518	27,169	7,256	14,277	21,294	28,314	7,387	14,133	28,180
YoY	15.0%	17.0%	18.8%	15.2%	8.9%	6.3%	3.8%	4.2%	1.8%	-1.0%	
SG&A ratio to revenue	18.8%	18.6%	18.9%	18.9%	21.1%	20.6%	20.5%	20.5%	21.1%	20.1%	
Operating profit	1,431	2,934	3,863	5,318	1,132	2,019	2,795	4,525	177	1,009	2,290
YoY	26.0%	9.3%	-7.3%	-2.8%	-20.9%	-31.2%	-27.6%	-14.9%	-84.4%	-50.0%	
OP margin	4.0%	4.1%	3.6%	3.7%	3.3%	2.9%	2.7%	3.3%	0.5%	1.4%	
Profit before tax	1,425	2,947	3,745	5,146	1,195	2,086	2,719	4,417	125	867	2,190
YoY	24.3%	8.5%	-10.8%	-2.8%	-16.1%	-29.2%	-27.4%	-14.2%	-89.5%	-58.4%	
Profit before tax margin	4.0%	4.1%	3.4%	3.6%	3.5%	3.0%	2.6%	3.2%	0.4%	1.2%	
Profit attributable to owners of parent	758	1,743	2,278	3,236	723	1,402	1,564	2,778	69	503	1,640
YoY	8.0%	2.7%	-13.3%	-1.5%	-4.6%	-19.6%	-31.3%	-14.2%	-90.5%	-64.1%	
NP margin	2.1%	2.4%	2.1%	2.2%	2.1%	2.0%	1.5%	2.0%	0.2%	0.7%	

Source: Strategy Advisors. Based on Company Data.

Figure 16. Quarterly Results by Segment

Segment Breakdown (¥ mn, %)	FY3/2023				FY3/2024				FY3/2025		
(Cumulative)	Q1	Q1-2	Q1-3	Q1-4	Q1	Q1-2	Q1-3	Q1-4	Q1	Q1-2	CoE
Revenue	35,441	72,358	108,613	143,932	34,435	69,276	103,917	138,227	35,052	70,323	140,400
YoY	12.4%	13.2%	11.3%	9.8%	-2.8%	-4.3%	-4.3%	-4.0%	1.8%	1.5%	
Domestic Working	20,866	41,525	62,945	84,135	20,186	40,701	61,641	82,528	20,468	41,262	84,500
YoY	5.2%	4.9%	4.7%	4.2%	-3.3%	-2.0%	-2.1%	-1.9%	1.4%	1.4%	
Ratio to revenue	58.9%	57.4%	58.0%	58.5%	58.6%	58.8%	59.3%	59.7%	58.4%	58.7%	
Overseas Working	14,042	29,744	43,948	57,537	14,182	28,440	42,071	55,432	14,534	28,969	55,630
YoY	23.0%	25.5%	20.6%	18.0%	1.0%	-4.4%	-4.3%	-3.7%	2.5%	1.9%	
Ratio to revenue	39.6%	41.1%	40.5%	40.0%	41.2%	41.1%	40.5%	40.1%	41.5%	41.2%	
Others	532	1,088	1,719	2,258	66	134	203	267	48	90	260
Ratio to revenue	1.5%	1.5%	1.6%	1.6%	0.2%	0.2%	0.2%	0.2%	0.1%	0.1%	
Operating profit	1,431	2,934	3,863	5,318	1,132	2,019	2,795	4,525	177	1,009	2,290
YoY	26.0%	9.3%	-7.3%	-2.8%	-20.9%	-31.2%	-27.6%	-14.9%	-84.4%	-50.0%	
OP margin	4.0%	4.1%	3.6%	3.7%	3.3%	2.9%	2.7%	3.3%	0.5%	1.4%	
Domestic Working	1,186	2,277	3,162	4,451	1,364	2,146	2,996	5,038	238	1,099	2,800
YoY	21.4%	5.4%	-7.4%	0.1%	15.0%	-5.8%	-5.2%	13.2%	-82.6%	-48.8%	
OP margin	5.7%	5.5%	5.0%	5.3%	6.8%	5.3%	4.9%	6.1%	1.2%	2.7%	
Overseas Working	855	1,914	2,603	3,406	456	1,123	1,649	1,946	573	1,117	2,150
YoY	12.6%	14.2%	5.3%	1.7%	-46.7%	-41.3%	-36.7%	-42.9%	25.7%	-0.5%	
OP margin	6.1%	6.4%	5.9%	5.9%	3.2%	3.9%	3.9%	3.5%	3.9%	3.9%	
Others	-66	-156	-212	-296	-69	-138	-192	-225	-60	-137	-260
Adjusment	-544	-1,101	-1,690	-2,243	-619	-1,112	-1,658	-2,234	-574	-1,070	-2,400

Source: Strategy Advisors. Based on Company Data.

Figure 17. Domestic Working Business Quarterly Details (¥ mn)

Sector (3 months)	FY3/2023 Q1	FY3/2023 Q2	FY3/2023 Q3	FY3/2023 Q4	FY3/2024 Q1	FY3/2024 Q2	FY3/2024 Q3	FY3/2024 Q4	FY3/2025 Q1	FY3/2025 Q2
Revenue (¥ mn)										
Domestic Working	20,866	20,658	21,421	21,189	20,187	20,514	20,941	20,918	20,468	20,794
Sales outsourcing	5,078	5,019	5,137	5,161	4,886	4,885	4,986	5,149	5,221	5,048
Call center outsourcing	4,154	4,130	4,221	4,078	3,884	3,753	3,721	3,482	3,387	3,296
Factory outsourcing	4,472	4,404	4,410	4,353	4,449	4,474	4,631	4,436	4,586	4,634
Care support	3,526	3,407	3,402	3,285	3,312	3,339	3,398	3,340	3,379	3,442
HR support for startups	709	729	769	792	730	879	826	986	-	-
Construction management engineers	1,652	1,862	2,040	2,111	2,347	2,587	2,709	2,824	3,159	3,585
YoY					42.1%	38.9%	32.8%	33.8%	34.6%	38.6%
Others	1,275	1,107	1,442	1,409	579	597	670	701	734	785
Operating profit (¥ mn)										
Domestic Working	1,234	1,299	820	1,382	664	808	713	847	259	909
Sales outsourcing	464	441	371	442	282	284	337	405	375	293
Call center outsourcing	234	254	230	218	152	114	144	98	103	96
Factory outsourcing	287	255	180	226	222	180	229	134	139	195
Care support	115	102	122	159	78	48	54	47	59	82
HR support for startups	190	197	-205	86	102	204	-84	179	-	-
Construction management engineers	-273	-147	-85	7	-273	-59	-20	-48	-369	279
Others	217	197	207	244	101	37	53	32	-49	-39

Source: Company Data.

Figure 18. Overseas Working Business Quarterly Details

Revenue by contract type (¥ mn) (3 months)	FY3/2023 Q1	FY3/2023 Q2	FY3/2023 Q3	FY3/2023 Q4	FY3/2024 Q1	FY3/2024 Q2	FY3/2024 Q3	FY3/2024 Q4	FY3/2025 Q1	FY3/2025 Q2
Overseas W	14,042	15,702	14,205	13,589	14,181	14,259	13,622	13,367	14,534	14,435
Sales Revenue by Type										
Temporary staffing	11,918	13,356	12,267	11,746	12,227	12,216	11,782	11,793	12,514	12,473
Permanent placement	2,124	2,346	1,878	1,831	1,933	2,031	1,839	1,550	1,993	1,943
Other	0	0	60	12	21	12	1	24	27	19
Geographic (Overseas) Revenue										
Australia	10,668	12,098	10,770	9,893	10,504	10,220	9,436	9,071	9,887	9,699
YoY	16.6%	23.3%	7.5%	7.3%	-1.5%	-15.5%	-12.4%	-8.3%	-5.9%	-5.1%
Asia	3,374	3,605	3,435	3,696	3,678	4,039	4,194	4,290	4,648	4,736

Source: Strategy Advisors. Based on Company Data.

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