

May 13, 2024

To our shareholders:

Company name: WILL GROUP, INC.
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Notice Concerning Revisions to the Medium-Term Management Plan
(WILL-being 2026)

At the meeting of the Board of Directors held today, the Company resolved to revise the management targets for the Medium-Term Management Plan (WILL-being 2026, hereafter referred to as the “Medium-Term Plan”), which was announced on May 11, 2023 and for which the final fiscal year is the fiscal year ending March 31, 2026. Details are provided below.

1. Background to revising the management targets

With a year having passed since we announced the Medium-Term Plan, the hiring of people with no experience—including new graduates—is making steady progress in the construction management engineer domain of the Domestic Working Business, a domain which is the Group’s key focus area. It has now become certain that this domain will become profitable in the fiscal year ending March 31, 2025. In addition, although progress regarding foreign talent management service has been slower than planned, the situation has been gradually recovering since the third quarter of the previous fiscal year, and we are seeing results close to targets on a quarterly basis. On the other hand, there were difficulties in building up the number of workers on permanent employee staffing and existing fixed-term employee staffing in domains other than the construction management engineer domain, with revenue of the Domestic Working Business remaining flat. Uncertainty also persists in the Overseas Working Business, with reduced hiring by major clients becoming prolonged after the post-COVID-19 surge in placement demand has run its course.

In addition, the Company aggressively pushed forward with the review of its business portfolio, including the sale of shares, etc. of its listed subsidiaries, which was not included in the Medium-Term Plan. As a result, the profits of these subsidiaries are expected to be lost from the fiscal year ending March 31, 2025, onwards. For this reason, conditions have deviated from those assumed when formulating the Medium-Term Plan.

Under these circumstances, we need to avoid a situation where we place too much emphasis on achieving the management targets for the fiscal year ending March 31, 2026, and end up with scraping together profits in an unreasonable manner and cutting back on investments that would otherwise lead to future growth, among others. To ensure that management decisions regarding sustainable growth are not impaired, the Company has decided to withdraw some of the management targets laid out in the Medium-Term Plan, such as those for revenue, operating profit and operating margin. We will also revise the KPIs to a reasonable level so as to pursue the achievement of the KPIs as a priority. Nevertheless, the basic policies and three key strategy targets of this Medium-Term Plan will remain unchanged, and we will continue to work to achieve sustainable growth.

(1) Basic policies (unchanged)

Resumption of growth in the stagnant Domestic Working Business is important for the Group to achieve sustainable growth. Therefore, we have set the basic policy for resumption of growth in the Domestic Working Business and we will aggressively make upfront investments for resuming growth to alter our earnings structure during the period of the Medium-Term Plan and establish a foundation that will enable us to realize dramatic growth in the future.

(2) Management targets (revised)

		Results FY2023	Results FY2024	Targets FY2026 (before revision)	Targets FY2026 (after revision)
Targets	Revenue *1	143,900	138,200	170,000	—
	Operating profit *1	5,310	4,520	6,500	—
	Operating margin *1	3.7%	3.3%	3.8%	—

(Millions of yen)

		Results FY2023	Results FY2024	Targets FY2026 (before revision)	Targets FY2026 (after revision)
KPI	Number of permanent employee staffing hires/year (Construction management engineer domain)	1,022	1,424	2,000	1,500
	Permanent employee staffing retention rate (Construction management engineer domain)	71.3%	71.2%	73.0%	71.5%
	Number of workers on assignment for permanent employee staffing (Domestic Working Business [excluding the construction management engineer domain]) *2	2,791	3,254	4,700	3,500
	Number of foreigners supported through the Foreign Talent Management Services (Domestic Working Business)	1,750	2,341	6,800	3,500
	Permanent placement revenue composition (Overseas Working Business) *1	13.5%	11.6%	17.0%	—

(Persons)

*1: For the targets after the revision that are indicated with “—,” the actual results will be disclosed every quarter.

*2: Number of workers on assignment for permanent employee staffing (Domestic Working Business [excluding the construction management engineer domain]) includes the sales outsourcing domain, factory outsourcing domain, IT engineer domain, call center outsourcing domain and nursing care domain.

(3) Key strategies (unchanged)

The following three strategies (Strategies I and II are for the Domestic Working Business, and Strategy III is for the Overseas Working Business) are the key strategies for achieving the management targets of the Medium-Term Plan.

Strategy I Realizing further growth and monetization in the construction management engineer domain

Although we will revise the target numbers of hires in the construction management engineer domain so that the figures will be reasonable given the recent challenging recruiting environment, we aim to make this domain profitable in the fiscal year ending March 31, 2025 and set it as one of the pillars of our businesses in the fiscal year ending March 31, 2026 by improving productivity.

Strategy II Renewed growth in Domestic Working Business (excluding the construction management engineer domain)

We will work to expand foreign talent management service and assignment for permanent employee staffing. For the expansion of foreign talent management service, we will strengthen the acquisition of new orders by increasing the number of sales personnel, and for local hiring, we will strengthen alliances with local corporations, schools, etc. For expansion of assignment for permanent employee staffing, we will extend the recruiting know-how cultivated in the construction management engineer domain and sales outsourcing domain to the factory outsourcing domain. In addition, in anticipation of a tougher hiring environment in the future, we will implement brand promotions to strengthen our own brand.

Strategy III Stable growth in Overseas Working Business

The future of the permanent placement market is uncertain in both Singapore and Australia, with reduced hiring by major clients becoming prolonged after the post-COVID-19 surge in placement demand has run its course. In this situation, the Company will work to expand permanent placement sales once demand recovers while securing talented consultants. In order to reduce downside risk and improve business stability, the Company will also work to increase temporary staffing sales in stable areas such as government while also exercising cost control and strengthening governance.

2. Future outlook disclosure

To disclose information that enables all of its stakeholders to properly understand the Group's management policies, financial situation, etc., the Group suitably announces its earning forecasts for each fiscal year as well as medium-to-long term initiatives. For details on the Group's earnings forecast for the fiscal year ending March 31, 2025, please see our Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 as well as the supplementary material on financial results.