(English Translation)
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August 7, 2018

Summary of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2019 (Three Months Ended June 30, 2018)

[Japanese GAAP]

Company name: WILL GROUP, INC. Listing: Tokyo Stock Exchange, First Section
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Scheduled date of filing of Quarterly Report: August 7, 2018
Scheduled date of payment of dividend: -
Preparation of supplementary materials for quarterly financial results: Yes
Holding of quarterly financial results meeting: None

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Three Months Ended June 30, 2018 (April 1, 2018 – June 30, 2018)

(1) Consolidated operating results (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended Jun. 30, 2018	23,524	32.5	463	(10.9)	474	(9.7)	200	(21.1)
Three months ended Jun. 30, 2017	17,750	32.3	520	344.2	525	355.1	254	-

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2018: 239 (down 28.0 %)
Three months ended Jun. 30, 2017: 332 (-%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended Jun. 30, 2018	9.08	8.81
Three months ended Jun. 30, 2017	12.98	12.40

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Jun. 30, 2018	27,303	7,890	26.7
As of Mar. 31, 2018	27,496	9,517	30.0

Reference: Shareholders' equity (million yen) As of Jun. 30, 2018: 7,284 As of Mar. 31, 2018: 8,261

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2018	-	0.00	-	18.00	18.00
Fiscal year ending Mar. 31, 2019	-				
Fiscal year ending Mar. 31, 2019 (forecasts)		0.00	-	18.00	18.00

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2019 (April 1, 2018 – March 31, 2019)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	48,000	31.4	850	(34.6)	850	(34.6)	420	(35.6)	18.99
Full year	100,000	26.3	2,600	7.5	2,600	6.6	1,350	11.6	61.04

Note: Revisions to the most recently announced consolidated forecast: None

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in scope of consolidation): None

Newly added: -

Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: Yes

2) Changes in accounting policies other than 1) above: Yes

3) Changes in accounting-based estimates: Yes

4) Restatements: None

Note: Subject to "changes in accounting policies that are difficult to distinguish from changes in accounting-based estimates" since the Company has revised its depreciation method starting in the first quarter of the current fiscal year. For more information, please refer to "2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements, Changes in Accounting Policies that are Difficult to Distinguish from Changes in Accounting Estimates" on page 10.

(4) Number of outstanding shares (common stock)

1) Number of shares outstanding at the end of period (including treasury shares)

As of Jun. 30, 2018:	22,129,600 shares	As of Mar. 31, 2018:	22,124,000 shares

2) Number of treasury shares at the end of period

As of Jun. 30, 2018:	6,168 shares	As of Mar. 31, 2018:	6,168 shares

3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2018:	22,121,532 shares	Three months ended Jun. 30, 2017:	19,588,865 shares

* This quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

* Explanation of appropriate use of earnings forecasts and other special items

Forecasts of future performance in this report are based on assumptions judged to be valid and information available to the Company's management at the time the materials were prepared, but are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons. Please refer to "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 5 for forecast assumptions and notes of caution for usage.

Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first quarter of the fiscal year ending March 31, 2019, there were expectations for a continuation of the slow recovery of the Japanese economy as the labor market and personal income continue to improve. However, the outlook remains uncertain mainly due to uncertainty about overseas economies and to the effects of volatility in financial markets. In Japan, the human resources service market continued to grow with the support of strong demand. The main reasons are a high job openings-to-applicants ratio (1.6), a persistent labor shortage and the enactment of working style reforms.

The Company and its group companies (the “Group”) are guided by the mission of serving as an agent of change to bring about positive changes for individuals and organizations. By upgrading specialized skills in all our businesses, we worked on improving customer satisfaction and further differentiating our services. One goal is raising our in-store share, which is our temporary staffing and consignment workers as a percentage of all these workers at a client company. Another goal is expanding our operations to more areas of Japan and other countries. We also focused on expanding temporary staffing and permanent placement services in medical and nursing care field, permanent placement services in the Internet and IoT field, and these services in other business fields. In June 2018, C4 inc. became a consolidated subsidiary. This company provides temporary staffing and permanent placement services for construction management engineers to aim for growth in the construction sector.

For the first quarter of the fiscal year ending on March 31, 2019, the Company reported consolidated net sales of 23,524 million yen (up 32.5% year on year), operating profit of 463 million yen (down 10.9%), ordinary profit of 474 million yen (down 9.7%) and profit attributable to owners of parent of 200 million yen (down 21.1%). EBITDA (Operating profit + depreciation + amortization of goodwill) was 653 million yen (up 1.0%).

Results by business segment were as follows.

Categories used internally for managing performance were reexamined due to the increasing materiality of overseas operations. As a result, starting in the fiscal year that ended on March 31, 2018, the overseas human resources service business that was previously included in Others is a separate reportable segment called the “Overseas Human Resources Business.”

In previous fiscal years, the HR Support Business for Startups, which includes the permanent placement of people in the Internet and IoT fields, was included in Others. Due to its increasing importance, the HR Support Business for Startups is a separate reportable segment beginning with the first quarter of the fiscal year ending on March 31, 2019. In addition, due to an organizational change, the Office Worker Temporary Staffing and Permanent Placement Business, which was included in Others, has been combined with the Call Center Outsourcing Business beginning with the first quarter of the fiscal year ending on March 31, 2019.

Prior-year segment information has been revised to reflect the new segment classification to permit comparisons.

Sales Outsourcing Business

Saint Media, Inc. provides store sales personnel and other categories of workers. In response to the consistently strong demand for sales personnel in the telecommunications field, this company concentrated on raising its in-store share at current client companies and capturing orders for consignment work. Saint Media opened nine new offices to expand business to fields other than telecommunications. The new office network will focus on expanding temporary staffing services for the apparel industry and capturing orders for temporary staffing and consignment work for sales promotion staff over a larger area. CreativeBank Inc. operates a sales promotion service. Orders were strong from large companies in the IT field for retail support and marketing campaigns as well as for private seminars and exhibitions for companies. In addition, orders increased for joint activities with a large distributor (a trading company specializing in IT).

First quarter earnings decreased mainly due to higher personnel expenses associated with the opening of branch offices for growth in market sectors other than telecommunications and to a decrease in telecommunications sector incentive payments.

As a result, the segment recorded sales of 5,371 million yen (up 2.7% year on year) and segment profit of 281 million yen (down 39.9%).

Call Center Outsourcing Business

In the call center staffing service of Saint Media, activities focused on receiving more orders to meet the enormous demand for operators resulting from rapid growth in smartphone after-sales services and sales of smartphone Internet services. In the office human resources services sector, the business network for the call center business was used to increase the size of orders and add more seniors to the temporary staffing workforce.

Earnings decreased mainly because of a decline in the gross profit margin caused primarily by a decrease in the number of people on assignments and an increase in mandatory employer contributions for social security programs for employees.

As a result, the segment recorded sales of 3,905 million yen (down 4.3% year on year) and segment profit of 130 million yen (down 30.2%).

Factory Outsourcing Business

FAJ, Inc. provides human resources services primarily to manufacturers. Food companies were the main source of growth in the volume of business. This was mainly a reflection of the solid demand for the production of prepared food items and for desserts and bento lunch boxes sold at convenience stores. FAJ worked on expanding to more areas of Japan and opened four facilities. Little Seeds Service, which became a consolidated subsidiary in September 2017, contributed to this segment’s performance throughout the first quarter as it continued to grow. In addition, there are many initiatives for growth in the cosmetics sector and other market sectors other than the food industry.

Segment profit was lower because of the intensive activities to expand operations to more areas of Japan.

As a result, the segment recorded sales of 4,732 million yen (up 25.5% year on year) and segment profit of 197 million yen (down 5.4%).

Care Support Business

Saint Media continued to enlarge its service network for nursing care human resources services by opening three offices to expand the network to 44 locations. To increase the number of people on assignments, there were also measures to increase the use of people with little or no experience and people who want to work but do not want a full time job. Activities included more follow-up support for people on assignments and ideas about different ways client companies can use workers. Another goal is reexamining contract terms with current customers in order to improve the gross profit margin. To strengthen training programs for people who work at nursing care facilities, including people who do belong to the Group company, the WILL Care Academy was expanded to three locations in the Tokyo area.

Although there was a loss caused by up-front investments for opening offices and other activities and by an increase in recruiting expenses, this business is making steady progress toward quickly becoming profitable.

As a result, the segment recorded sales of 2,067 million yen (up 30.1% year on year) and segment loss of 20 million yen (compared with segment loss of 46 million yen one year earlier).

Overseas Human Resources Business

Operations outside Japan are in the ASEAN regions and Oceania. In this segment, consolidated subsidiaries in Singapore and Australia performed well. DFP Recruitment Holdings Pty Ltd, which became a consolidated subsidiary in January 2018, also made a contribution to consolidated sales and earnings from the beginning of the first quarter. This company is engaged in human resources services for office work and call center operations in Australia.

Earnings increased because of the growth of this business.

As a result, the segment recorded sales of 5,806 million yen (up 145.2% year on year) and segment profit of 263 million yen (up 1,112.5%).

HR Support Business for Startups

Advances in the fields of artificial intelligence and the IoT are creating many types of new services. Demand for human resources support specifically for these fields is growing as a result. This business hired more consultants to provide this support to start-up companies. In addition, this business launched STARTUP DB, an information platform devoted solely to constant advances taking place in growing industries.

Earnings increased because of the growth of this business.

As a result, the segment recorded sales of 245 million yen (up 84.8% year on year) and segment profit of 51 million yen (up 93.3%).

Others

Current business operations, such as temporary staffing for assistant foreign language teachers and temporary and permanent placement services for nursery school personnel, continued to grow. There were also up-front investments for media for the placement of part-time foreign workers in Japan, a recruiting agency service for companies, and other new businesses. First quarter activities also include the sale of Tech Residence, an apartment building for IT engineers and creators.

As a result, the segment recorded sales of 1,394 million yen (up 142.0% year on year) and segment profit of 40 million yen (compared with segment loss of 23 million yen one year earlier).

(2) Explanation of Financial Position

Starting with the beginning of the first quarter of the current fiscal year, WILL GROUP is applying “Partial Amendments to Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018). Prior-year figures have been adjusted retroactively to conform with this accounting standard in order to facilitate comparisons and analysis.

Assets

Current assets at the end of the first quarter was 19,770 million yen, down 2,574 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 3,193 million yen in cash and deposits while there was an increase of 560 million yen in notes and accounts receivable-trade.

Non-current assets was 7,532 million yen at the end of the first quarter, up 2,381 million yen from the end of the previous fiscal year. This was mainly due to an increase of 2,283 million yen in goodwill due to acquisition of stock of C4 inc.

As a result, total assets decreased 193 million yen from the end of the previous fiscal year to 27,303 million yen.

Liabilities

Current liabilities at the end of the first quarter was 14,468 million yen, down 1,065 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 1,930 million yen in short-term loans payable, while there were increases of 722 million yen in current portion of long-term loans payable and 303 million yen in accrued expenses.

Non-current liabilities was 4,944 million yen at the end of the first quarter, up 2,498 million yen from the end of the previous fiscal year. This was mainly due to a 2,494 million yen increase in long-term loans payable due to acquisition of stock of C4 inc.

As a result, total liabilities increased 1,433 million yen from the end of the previous fiscal year to 19,413 million yen.

Net assets

Net assets at the end of the first quarter was 7,890 million yen, down 1,626 million yen from the end of the previous fiscal year. This was mainly because of decreases of 762 million yen in capital surplus due to change in equity associated with additional purchase of shares of consolidated subsidiaries, 662 million yen in non-controlling interests, and 197 million yen in retained earnings due to cash dividends paid.

Consequently, the equity ratio was 26.7% compared with 30.0% at the end of the previous fiscal year.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

There are no revisions to the consolidated earnings forecast for the fiscal year ending March 31, 2019, which was announced on May 11, 2018. Forecasts are based on information currently available to the Company. Actual performance may differ from these forecasts for a number of reasons.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	FY3/18 (As of Mar. 31, 2018)	First quarter of FY3/19 (As of Jun. 30, 2018)
Assets		
Current assets		
Cash and deposits	9,236	6,042
Notes and accounts receivable-trade	11,661	12,222
Real estate for sale	305	490
Work in process	190	330
Real estate for sale in process	551	148
Other	410	553
Allowance for doubtful accounts	(10)	(16)
Total current assets	22,345	19,770
Non-current assets		
Property, plant and equipment	958	1,006
Intangible assets		
Goodwill	2,234	4,518
Other	419	506
Total intangible assets	2,654	5,024
Investments and other assets		
Investment securities	333	369
Deferred tax assets	641	537
Other	566	594
Allowance for doubtful accounts	(2)	(0)
Total investments and other assets	1,538	1,501
Total non-current assets	5,151	7,532
Total assets	27,496	27,303
Liabilities		
Current liabilities		
Accounts payable-trade	628	544
Short-term loans payable	3,102	1,171
Current portion of long-term loans payable	828	1,550
Accounts payable-other	6,341	6,488
Accrued expenses	1,130	1,434
Income taxes payable	451	178
Accrued consumption taxes	1,356	1,424
Provision for bonuses	564	399
Provision for refund of permanent placement income	30	39
Provision for office transfer loss	0	0
Other	1,099	1,236
Total current liabilities	15,534	14,468
Non-current liabilities		
Long-term loans payable	2,417	4,911
Net defined benefit liability	4	5
Deferred tax liabilities	7	7
Other	15	20
Total non-current liabilities	2,445	4,944
Total liabilities	17,979	19,413

(Millions of yen)

	FY3/18 (As of Mar. 31, 2018)	First quarter of FY3/19 (As of Jun. 30, 2018)
Net assets		
Shareholders’ equity		
Capital stock	1,993	1,994
Capital surplus	2,445	1,683
Retained earnings	3,960	3,762
Treasury shares	(2)	(2)
Total shareholders’ equity	8,396	7,437
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	(135)	(154)
Total accumulated other comprehensive income	(134)	(153)
Share acquisition rights	157	169
Non-controlling interests	1,098	435
Total net assets	9,517	7,890
Total liabilities and net assets	27,496	27,303

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income
(For the Three-month Period)

(Millions of yen)

	First three months of FY3/18 (Apr. 1, 2017 – Jun. 30, 2017)	First three months of FY3/19 (Apr. 1, 2018 – Jun. 30, 2018)
Net sales	17,750	23,524
Cost of sales	14,039	18,796
Gross profit	3,710	4,727
Selling, general and administrative expenses	3,190	4,264
Operating profit	520	463
Non-operating income		
Interest income	0	0
Subsidy income	9	19
Other	3	3
Total non-operating income	12	23
Non-operating expenses		
Interest expenses	5	10
Other	2	2
Total non-operating expenses	7	13
Ordinary profit	525	474
Extraordinary income		
Gain on sales of investment securities	10	-
Gain on sales of shares of subsidiaries and associates	-	24
Total extraordinary income	10	24
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Provision of allowance for office transfer loss	1	0
Total extraordinary losses	1	0
Profit before income taxes	534	499
Income taxes-current	138	105
Income taxes-deferred	88	128
Total income taxes	226	234
Profit	308	264
Profit attributable to non-controlling interests	53	64
Profit attributable to owners of parent	254	200

Quarterly Consolidated Statement of Comprehensive Income
(For the Three-month Period)

(Millions of yen)

	First three months of FY3/18 (Apr. 1, 2017 – Jun. 30, 2017)	First three months of FY3/19 (Apr. 1, 2018 – Jun. 30, 2018)
Profit	308	264
Other comprehensive income		
Foreign currency translation adjustment	24	(25)
Total other comprehensive income	24	(25)
Comprehensive income	332	239
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	273	182
Comprehensive income attributable to non-controlling interests	59	57

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders’ Equity

WILL GROUP has purchased additional shares of CreativeBank Inc., which is our consolidated subsidiary, and four other companies. As a result, capital surplus has decreased by 763 million yen during the first quarter of the current fiscal year.

Changes in Accounting Policies

On April 1, 2018, WILL GROUP started applying “Practical Solution on Transactions Granting Employees and Others Share Acquisition Rights, which Involve Considerations, with Vesting Conditions, etc.” (Practical Issues Task Force (PITF) No. 36, January 12, 2018) and other accounting policies. When employees and others are granted share acquisition rights requiring a payment, WILL GROUP uses an accounting method that complies with “Accounting Standard for Stock Options” (ASBJ Statement No. 8, December 27, 2005).

The application of PITF No. 36 is based on the transitional measures designated in Paragraph 10 (3) of PITF No. 36. For share acquisition rights requiring a payment that were granted to employees and others prior to the application of PITF No. 36, WILL GROUP is continuing to use the original accounting methods.

Changes in Accounting Policies that are Difficult to Distinguish from Changes in Accounting-based Estimates

Changes in depreciation method of property, plant and equipment

WILL GROUP and some of its consolidated subsidiaries have changed the property, plant and equipment depreciation method. In prior years, these assets were depreciated using the declining-balance method. However, WILL GROUP and consolidated subsidiaries in Japan used the straight-line method for buildings and structures acquired on or after April 1, 2016. Beginning with the first quarter of the current fiscal year, the straight-line method is used for all depreciation.

Due to the increasing number of overseas subsidiaries of WILL GROUP, the decision to make this change was made for the consistency of accounting policies used by group companies and in order to more accurately show the actual utilization of property, plant and equipment so that this utilization is properly reflected in each fiscal year’ s income statement.

WILL GROUP expects that property, plant and equipment at group companies will be operated in consistent manner throughout the useful lives of these assets. As a result, the recognition of expenses in equal installments during the useful lives of these assets is an appropriate reflection of how property, plant and equipment are used. In addition, WILL GROUP believes that the use of the straight-line method more appropriately reflects results of operations from the standpoint of having expenses correspond to income. For these reasons, depreciation of property, plant and equipment has been changed from the declining-balance method to the straight-line method beginning with the first quarter of the current fiscal year.

This change in the depreciation method increased operating profit, ordinary profit and profit before income taxes in the first quarter by 7 million yen each.

Additional Information

Starting with the beginning of the first quarter of the current fiscal year, WILL GROUP is applying Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018) and other related pronouncements. Accordingly, deferred tax assets and deferred tax liabilities have been presented in the investments and other assets section and the non-current liabilities section of the balance sheet, respectively.

Segment and Other Information

Segment information

First three months of FY3/18 (Apr. 1, 2017 – Jun. 30, 2017)

1. Information related to net sales and profit or loss for each reportable segment

(Millions of yen)

	Reportable segment							Others (Note 1)	Total	Adjust-ment (Note 2)	Amounts recorded in the quarterly consolidated statement of income (Note 3)
	Sales Outsourcing	Call Center Outsourcing	Factory Outsourcing	Care Support	Overseas Human Resources	HR Support for Startups	Total				
Net sales											
External sales	5,231	4,082	3,770	1,588	2,368	132	17,174	576	17,750	-	17,750
Inter-segment sales and transfers	-	-	-	-	-	-	-	1	1	(1)	-
Total	5,231	4,082	3,770	1,588	2,368	132	17,174	577	17,751	(1)	17,750
Segment profit (loss)	468	187	208	(46)	21	26	866	(23)	842	(322)	520

Notes: 1. Others is a business segment not included in any of the reportable segments and mainly includes contract staffing of ALTs.

2. The negative adjustment of 322 million yen to segment profit (loss) includes elimination of 1 million yen for inter-segment transactions and corporate expenses of minus 324 million yen that are not allocated to any of the reportable segments. Corporate expenses mainly consist of general and administrative expenses that are not attributable to any of the reportable segments.

3. Segment profit is adjusted to be consistent with operating profit recorded in the quarterly consolidated statement of income.

First three months of FY3/19 (Apr. 1, 2018 – Jun. 30, 2018)

1. Information related to net sales and profit or loss for each reportable segment

(Millions of yen)

	Reportable segment							Others (Note 1)	Total	Adjust-ment (Note 2)	Amounts recorded in the quarterly consolidated statement of income (Note 3)
	Sales Outsourcing	Call Center Outsourcing	Factory Outsourcing	Care Support	Overseas Human Resources	HR Support for Startups	Total				
Net sales											
External sales	5,371	3,905	4,732	2,067	5,806	245	22,129	1,394	23,524	-	23,524
Inter-segment sales and transfers	-	-	-	-	-	-	-	2	2	(2)	-
Total	5,371	3,905	4,732	2,067	5,806	245	22,129	1,397	23,526	(2)	23,524
Segment profit (loss)	281	130	197	(20)	263	51	904	40	944	(480)	463

Notes: 1. Others is a business segment not included in any of the reportable segments and mainly includes contract staffing of ALTs.

2. The negative adjustment of 480 million yen to segment profit (loss) includes elimination of 0 million yen for inter-segment transactions and corporate expenses of minus 481 million yen that are not allocated to any of the reportable segments. Corporate expenses mainly consist of general and administrative expenses that are not attributable to any of the reportable segments.

3. Segment profit is adjusted to be consistent with operating profit recorded in the quarterly consolidated statement of income.

4. As stated in "Changes in Accounting Policies that are Difficult to Distinguish from Changes in Accounting-based Estimates" under the Notes section, WILL GROUP and some of its consolidated subsidiaries have changed the property, plant and equipment depreciation method. In prior years, these assets were depreciated using the declining-balance method. However, WILL GROUP and consolidated subsidiaries in Japan used the straight-line method for buildings and structures acquired on or after April 1, 2016. Beginning with the first quarter of the current fiscal year, the straight-line method is used for all depreciation. The effect of this change was to increase segment profits for the Sales Outsourcing Business, the Call Center Outsourcing Business, and the Factory Outsourcing Business by 1 million yen, 0 million yen, and 1 million yen, respectively, and to decrease a segment loss for the Care Support Business by 1 million yen in the first quarter of the current fiscal year, compared with the previous method.

2. Information related to revision to reportable segments

Categories used internally for managing performance were reexamined due to the increasing materiality of overseas operations. As a result, starting in the fiscal year that ended on March 31, 2018, the overseas human resources service business that was previously included in Others is a separate reportable segment called the "Overseas Human Resources Business."

In previous fiscal years, the HR Support Business for Startups, which includes the permanent placement of people in the Internet and IoT fields, was included in Others. Due to its increasing importance, the HR Support Business for Startups is a separate reportable segment beginning with the first quarter of the fiscal year ending on March 31, 2019. In addition, due to an organizational change, the Office Temporary Staffing and Permanent Placement Business, which was included in Others, has been combined with the Call Center Outsourcing Business beginning with the first quarter of the fiscal year ending on March 31, 2019.

Prior-year segment information has been revised to reflect the new segment classification to permit comparisons.

Business Combinations

Business combination through acquisition

WILL GROUP purchased shares of C4 inc., making this company a consolidated subsidiary.

(1) Summary of business combination

1) Acquired company and its business activities

Acquired company: C4 inc.

Business activities: Construction management engineer temporary staffing and permanent placement business

2) Reasons for acquisition

Acquiring C4 allows WILL GROUP to enter a new business domain and obtain human resources service assets and knowledge involving the rapidly growing construction industry. Also, this acquisition will enable C4 to use the nationwide network in Japan of WILL GROUP subsidiaries for the expansion of its operations to more regions of the country.

3) Acquisition date

June 30, 2018 (assumed acquisition date)

4) Legal form of acquisition

Acquisition of shares with cash

5) Name of the acquired company after acquisition

There is no change in the company's name.

6) Percentage of voting rights acquired

100%

7) Basis for choosing the acquiring company

Because the Company purchased shares of C4 inc. with cash, and acquired 100% of its voting rights.

(2) Period of the acquired company's performance included in the quarterly consolidated statement of income for the period under review

As the assumed acquisition date is June 30, 2018, C4 is included in only the consolidated balance sheet at the end of the first quarter and is not included in the first quarter consolidated statement of income.

(3) Acquisition cost of the acquired company and breakdown

Payment for the acquisition	Cash	3,399	million yen
Expenses directly related to the acquisition	Advisory fees	10	million yen
Acquisition cost		3,409	million yen

(4) Goodwill resulting from the acquisition

1) Value of goodwill
2,416 million yen
The value of goodwill is calculated provisionally.

2) Source of goodwill
The source is primarily the expectation for C4 inc. to generate even higher earnings from upcoming business activities.

3) Amortization method and amortization period
Goodwill is amortized over seven years by the straight-line method.

Subsequent Events

Not applicable.