



# Consolidated Financial Results for 2020

[Japanese GAAP]

February 8, 2021

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Stock code: 2429

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Scheduled date of Annual General Meeting of Shareholders: March 19, 2021

Scheduled date of payment of dividend: March 22, 2021

Scheduled date of filing of Annual Securities Report: March 22, 2021

Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: Yes (for analysts)

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

## 1. Consolidated Financial Results for 2020 (January 1 to December 31, 2020)

(1) Consolidated results of operations (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	%
2020	143,571	5.3	6,251	32.1	6,786	41.2	5,913	100.0
2019	136,319	(4.6)	4,730	(35.8)	4,805	(34.7)	2,956	(36.4)

Note: Comprehensive income (millions of yen) 2020: 5,960 (up 97.2%) 2019: 3,022 (down 34.2%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to net sales
	Yen	Yen	%	%	%
2020	341.35	339.86	23.1	8.2	4.4
2019	175.59	174.25	13.5	5.7	3.5

Reference: Equity in earnings of affiliates (millions of yen) 2020: - 2019: -

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2020	79,157	30,061	36.1	1,638.03
As of Dec. 31, 2019	87,352	23,944	25.9	1,345.71

Reference: Shareholders' equity (millions of yen) As of Dec. 31, 2020: 28,589 As of Dec. 31, 2019: 22,662

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
2020	13,770	(1,030)	(6,604)	22,817
2019	2,708	(2,489)	(2,597)	16,513

## 2. Dividends

	Dividends per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
2019	-	0.00	-	52.70	52.70	887	30.0	4.1
2020	-	0.00	-	101.70	101.70	1,775	30.0	6.8
2021 (forecast)	-	0.00	-	78.70	78.70		30.0	

## 3. Consolidated Forecast for 2021 (January 1 to December 31, 2021)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	63,657	(10.1)	1,302	(53.0)	1,283	(55.3)	886	(64.5)	50.81
Full year	150,194	4.6	6,465	3.4	6,388	(5.9)	4,573	(22.7)	262.02

**\* Notes**

(1) Changes in significant subsidiaries during the period (change in scope of consolidation): Yes

Newly added: 1 (JW Solution Co., Ltd.) Excluded: 2 (HOEIKENSETSU Co., Ltd., Farm Co., Ltd.)

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

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(3) Number of shares issued (common stock)

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

As of Dec. 31, 2020: 17,566,900 shares As of Dec. 31, 2019: 16,961,600 shares

2) Number of treasury shares at the end of the period

As of Dec. 31, 2020: 113,477 shares As of Dec. 31, 2019: 121,000 shares

3) Average number of shares during the period

2020: 17,322,494 shares 2019: 16,837,383 shares

**(Reference) Summary of Non-consolidated Financial Results**

**Non-consolidated Financial Results for 2020 (January 1 to December 31, 2020)**

(1) Non-consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
2020	1,759	6.5	(137)	-	1,973	(51.3)	2,463	(38.2)
2019	1,652	0.3	37	(77.5)	4,049	1.5	3,986	2.7

	Net income per share	Diluted net income per share
	Yen	Yen
2020	142.23	141.61
2019	236.76	234.95

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2020	42,185	18,615	44.0	1,063.73
As of Dec. 31, 2019	41,429	16,211	38.8	955.42

Reference: Shareholders' equity (millions of yen)

As of Dec. 31, 2020: 18,565

As of Dec. 31, 2019: 16,089

\* The current financial report is not subject to audit by certified public accountants or auditing firms.

\* Cautionary statement with respect to forward-looking statements, and other special items

Forecasts of future performance in this document are based on assumption judged to be valid and information currently available to the Company's management, but are not promises by the Company regarding future performance. Actual results may differ materially from the forecasts for a number of reasons. Please refer to "1. Overview of Results of Operations, (5) Outlook" on page 6 for forecast assumptions and notes of caution for usage.

How to view supplementary materials for financial results

The Company plans to hold a financial results meeting for institutional investors and analysts on Tuesday, February 16, 2021. Supplementary materials to be distributed at this event will be disclosed on the same day, using the Timely Disclosure network (TDnet), and available on the Company's website.

**Contents of Attachments**

<b>1. Overview of Results of Operations</b>	<b>2</b>
(1) Results of Operations	2
(2) Financial Position	4
(3) Cash Flows	5
(4) Basic Policy for Profit Distribution, and Dividends in the Current and Next Fiscal Years	5
(5) Outlook	6
<b>2. Management Policy</b>	<b>6</b>
<b>3. Basic Approach for the Selection of Accounting Standards</b>	<b>8</b>
<b>4. Consolidated Financial Statements and Notes</b>	<b>9</b>
(1) Consolidated Balance Sheet	9
(2) Consolidated Statements of Income and Comprehensive Income	11
Consolidated Statement of Income	11
Consolidated Statement of Comprehensive Income	12
(3) Consolidated Statement of Changes in Equity	13
(4) Consolidated Statement of Cash Flows	15
(5) Notes to Consolidated Financial Statements	17
Going Concern Assumption	17
Segment and Other Information	17
Per-share Information	20
Subsequent Events	20

## 1. Overview of Results of Operations

### (1) Results of Operations

There was a sharp downturn of the Japanese economy beginning in the spring of 2020 because of the unprecedented threats posed by COVID-19. Although the economy subsequently began to recover slowly, the economic condition is still challenging due to a new wave of infections and the outlook remains uncertain.

Although the COVID-19 crisis had not a little impact on business activities, sales and earnings of the World Holdings Group were higher than in 2019 due to the strategies of every business segment of the group. Most significant was the ability of the core Human Resources and Education Business to accurately identify customers' needs as market conditions evolved. This made it possible to strategically channel investments to key business sectors. These activities supported the performance of the entire group, resulting in the growth of sales and earnings despite extremely challenging market conditions.

Net sales increased 5.3% year on year to 143,571 million yen. Operating profit increased 32.1% to 6,251 million yen, ordinary profit increased 41.2% to 6,786 million yen, and profit attributable to owners of parent increased 100.0% to 5,913 million yen.

A subsidy received concerning the COVID-19 pandemic totaling 417 million yen is included in the ordinary profit, not the operating profit.

#### Factory Staffing Business

Sales and earnings were negatively affected by a smaller than planned number of projects due to the COVID-19 crisis, the policy of placing priority on preserving the jobs of our workforce, and other factors. This was offset mainly by the benefits of the continuing strategic focus on the 5G mobile communications sector and the strong performance of the logistics category due to the growth of purchases by people who were staying home for safety. Overall, sales increased but earnings declined from one year earlier.

This business made up-front investments to recruit more people, open more business sites and take other actions for more growth in two strong market sectors: semiconductors, chiefly involving 5G, and machinery. There were also investments in the core logistics sector, including for training programs for people needed to open new business sites, to build a base for growth starting in 2021.

As a result, sales were 55,102 million yen, up 10.2% year on year and segment profit decreased 1.7% to 2,632 million yen. (The segment profit is 2,767 million yen after including a COVID-19 subsidy, which is 3.3% higher than in 2019.)

#### Technology Staffing Business

There was a temporary increase in expenses in this business as the workforce utilization rate declined briefly because the number of projects fell below the initially planned level due to COVID-19. The performance of this business was supported by growth in the semiconductor manufacturing equipment, information and telecommunications services, construction engineering, and other industries. In addition, we were able to charge higher fees because of new and more advanced skills of personnel due to training programs. The result was increases in sales and earnings.

This business added new training programs that match changes taking place in its markets, established new training structure for giving the current workforce new and more advanced skills for even higher quality, and took other actions to build a sound base for growth.

Sales were 17,003 million yen, up 0.6% year on year and segment profit increased 14.7% to 2,019 million yen. (The segment profit is 2,173 million yen after including a COVID-19 subsidy, which is 23.4% higher than in 2019.)

#### R&D Staffing Business

Sales and earnings increased as the strong performance of the core research personnel staffing sector more than offset a decline in clinical research outsourcing projects caused by COVID-19.

Highly effective marketing activities in the research personnel staffing sector resulted in an increase in the

number of orders despite the negative effects of the COVID-19 crisis. In addition, investments for recruiting more people and other activities have positioned this business sector for more growth in 2021.

Sales were 7,200 million yen, up 1.3% year on year, and segment profit increased 18.6% to 843 million yen. (The segment profit is 867 million yen after including a COVID-19 subsidy, which is 21.9% higher than in 2019.)

### **Sales & Marketing Staffing Business**

The performance of this business was good in the light duty, general merchandise store and call center categories. However, a decrease in the number of projects involving apparel and the big downturn in the tourism industry, both caused by COVID-19, negatively affected performance. The result was higher sales and lower earnings.

Sales were 3,835 million yen, up 2.0% year on year, and segment profit was 18 million yen, down 32.5% year on year. (The segment profit is 44 million yen after including a COVID-19 subsidy, which is 61.4% higher than in 2019.)

### **Real Estate Business**

The COVID-19 crisis reduced the number of residences sold in the renovation business but sales of land for business use and other properties in the core real estate development category were generally as planned. Sales and earnings increased as a result.

We are purchasing properties very carefully while closely watching movements in real estate prices. We are also establishing a base for asset management and other financial businesses involving real estate. To position this business for the expected rebound of the real estate market beginning in 2021, we made progress in building a base for switching to an offensive stance with measures that include a committed credit facility for access to funds as needed.

Sales were 48,081 million yen, up 14.3% year on year, and segment profit increased 143.1% to 3,550 million yen. (The segment profit is 3,577 million yen after including a COVID-19 subsidy, which is 145.0% higher than in 2019.)

### **Information and Telecommunications Business**

In the mobile phone shop business, the largest component of this segment, the number of phones sold decreased because of restrictions on shop operations due to COVID-19. Operations were severely limited by COVID-19 in the corporate solutions business too. Although sales in this segment decreased because of shop closings and consolidations, structural reforms in prior years improved the profitability of this business. The result was lower sales and higher earnings.

Sales were 9,133 million yen, down 26.0% year on year, and segment profit was 240 million yen, compared with a segment profit of 10 million yen in 2019. (The segment profit is 254 million yen after including a COVID-19 subsidy.)

### **Others**

Agricultural parks were forced to suspend operations following the declaration of a state of emergency in April 2020 and in response to requests from local governments due to COVID-19, resulting in closures during the busiest time of the year. Even after parks reopened, performance was held down for a while by requests for people to stay home and the downsizing or suspension of some park attractions. The result was a big decline in the performance of these parks. Agricultural parks have been using appropriate activities to attract people by promoting the ability of their outdoor facilities to host people while avoiding close contact among visitors. Due to these initiatives, the performance of parks has been recovering steadily, including a big increase in park attendance compared with one year earlier beginning in the fourth quarter of 2020.

Sales were 3,214 million yen, down 22.0% year on year, and there was a segment loss of 200 million yen, compared with a segment profit of 132 million yen in 2019. (The segment loss is 160 million yen after including a COVID-19 subsidy.)

(Millions of yen)			2019 Result	2020 Plan	2020 Result	Vs. plan	Year-on-year change	
							Amount	%
Human Resources and Education Business	Factory Staffing Business	Net sales	50,001	54,394	<b>55,102</b>	708	5,101	10.2
		Segment profit	2,679	2,603	<b>2,632</b>	29	(46)	(1.7)
		(Profit margin)	(5.4%)	(4.8%)	<b>(4.8%)</b>			
	Technology Staffing Business	Net sales	16,902	16,998	<b>17,003</b>	5	100	0.6
		Segment profit	1,761	1,960	<b>2,019</b>	58	258	14.7
		(Profit margin)	(10.4%)	(11.5%)	<b>(11.9%)</b>			
	R&D Staffing Business	Net sales	7,108	7,222	<b>7,200</b>	(21)	92	1.3
		Segment profit	711	835	<b>843</b>	8	132	18.6
		(Profit margin)	(10.0%)	(11.6%)	<b>(11.7%)</b>			
	Sales & Marketing Staffing Business	Net sales	3,761	4,005	<b>3,835</b>	(170)	74	2.0
Segment profit		27	51	<b>18</b>	(33)	(8)	(32.5)	
(Profit margin)		(0.7%)	(1.3%)	<b>(0.5%)</b>				
Subtotal (Reference)		Net sales	77,774	82,620	<b>83,142</b>	521	5,368	6.9
		Segment profit	5,179	5,451	<b>5,515</b>	63	335	6.5
		(Profit margin)	(6.7%)	(6.6%)	<b>(6.6%)</b>			
Real Estate Business	Real Estate Business	Net sales	42,082	47,713	<b>48,081</b>	368	5,998	14.3
		Segment profit	1,460	3,369	<b>3,550</b>	180	2,089	143.1
		(Profit margin)	(3.5%)	(7.1%)	<b>(7.4%)</b>			
Information and Telecommu- nications Business	Information and Telecommu- nications Business	Net sales	12,344	9,222	<b>9,133</b>	(89)	(3,210)	(26.0)
		Segment profit	10	237	<b>240</b>	3	229	2,097.3
		(Profit margin)	(0.1%)	(2.6%)	<b>(2.6%)</b>			
Others	Other Business	Net sales	4,118	3,002	<b>3,214</b>	212	(904)	(22.0)
		Segment profit	132	(339)	<b>(200)</b>	139	(332)	-
		(Profit margin)	(3.2%)	-	<b>-</b>			
Total		Net sales	136,319	142,558	<b>143,571</b>	1,012	7,251	5.3
		Elimination or corporate	(2,052)	(2,711)	<b>(2,854)</b>	(142)	(801)	-
		Operating profit (Profit margin)	4,730 (3.5%)	6,006 (4.2%)	<b>6,251</b> <b>(4.4%)</b>	244	1,520	32.1

## (2) Financial Position

### Assets

Total assets decreased 8,195 million yen from the end of 2019 to 79,157 million yen at the end of 2020. This was mainly due to an increase of 6,303 million yen in cash and deposits, and decreases of 10,625 million yen in real estate for sale and 4,087 million yen in real estate for sale in process.

### Liabilities

Total liabilities decreased 14,312 million yen from the end of 2019 to 49,095 million yen. This was mainly due to decreases of 10,496 million yen in short-term borrowings and 8,843 million yen in advances received, and increases of 1,615 million yen in accrued consumption taxes and 3,481 million yen in long-term borrowings.

### Net assets

Net assets increased 6,116 million yen from the end of 2019 to 30,061 million yen mainly due to increases of 457 million yen in share capital, 458 million yen in capital surplus and 5,066 million yen in retained earnings.

**(3) Cash Flows**

Cash and cash equivalents at the end of 2020 increased 6,303 million yen from the end of 2019 to 22,817 million yen.

**Cash flows from operating activities**

Net cash provided by operating activities was 13,770 million yen. Main positive factors include profit before income taxes of 6,768 million yen, a 13,508 million yen decrease in real estate for sale, a 955 million yen increase in accrued expenses, a 1,862 million yen increase in accrued consumption taxes and income taxes refund of 727 million yen. Major negative factors include a 710 million yen increase in trade receivables, an 8,845 million yen decrease in advances received and income taxes paid of 2,799 million yen.

**Cash flows from investing activities**

Net cash used in investing activities was 1,030 million yen. Main positive factors include proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation of 2,029 million yen. Main negative factors include payments of 1,164 million yen for purchase of property, plant and equipment and 1,912 million yen for purchase of investments in non-consolidated subsidiary.

**Cash flows from financing activities**

Net cash used in financing activities was 6,604 million yen. Main positive factors include proceeds of 12,189 million yen from long-term borrowings. Main negative factors include a net decrease of 7,344 million yen in short-term borrowings, repayments of long-term borrowings of 11,412 million yen and dividends paid of 887 million yen.

**Reference: Cash flow indicators**

	2016	2017	2018	2019	2020
Equity ratio (%)	19.4	22.3	26.3	25.9	36.1
Market value-based equity ratio (%)	46.8	75.3	45.3	37.3	43.2
Interest-bearing debt to cash flow ratio (%)	(1,159.2)	522.8	403.5	1,340.2	212.6
Interest coverage ratio (times)	(21.7)	36.3	45.7	14.7	81.3

Equity ratio: Shareholders' equity / Total assets

Market value-based equity ratio: Market capitalization / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Cash flows

Interest coverage ratio: Cash flows / Interest payments

Notes: 1. All indices are calculated based on consolidated figures.

2. Market capitalization is calculated by the total number of shares outstanding after the deduction of treasury shares.

3. Cash flows are calculated using the figures for operating cash flows on the consolidated statement of cash flows.

4. Interest-bearing debt includes all debt on the consolidated balance sheet that incur interest.

**(4) Basic Policy for Profit Distribution, and Dividends in the Current and Next Fiscal Years**

The basic policy for profit distributions is to distribute profits in a manner that reflects results of operations while retaining sufficient earnings for future business operations and for making business operations stronger. For dividends, the goal is to stably and consistently increase the dividend while using a consolidated payout ratio of 30% as the guideline for dividends. We plan to pay a year-end dividend of 101.70 yen per share for 2020, as stated in "Notice of Dividends from Surplus" announced on February 8, 2021. We plan to pay a year-end dividend of 78.70 yen per share for 2021 in accordance with this policy.

**(5) Outlook**

The outlook for the Japanese economy in 2021 and afterward has become increasingly unclear because of concerns about another wave of COVID-19 infections.

The World Holdings Group is aiming for more growth by accurately meeting market needs while closely monitoring changes in the business environment. For growth, the group is leveraging its powerful business portfolio that encompasses many business sectors in order to give the group a stable framework for business operations. In addition, we have established a committed credit facility of 20 billion yen in total that gives us the

ability to act with speed and agility to target opportunities that emerge due to changes in our markets.

The Human Resources and Education Business plans to grow by providing highly distinctive services in its markets. Activities of this business leverage the key strength of covering a broad range of industries and the ability to provide seamless and comprehensive support to clients backed by the resources of every segment of the World Holdings Group. Furthermore, this business plans to grow in the manufacturing sector, which has long been the primary strength of the World Holdings Group while expanding operations to cover the service sector too. By building a broader foundation for the career advancement of the workforce and further upgrading training programs, our objective is consistent growth underpinned by a distinctive position in the human resources industry.

As the COVID-19 crisis makes the real estate market increasingly difficult to predict, the Real Estate Business will continue to conduct business operations even more cautiously while making preparations for activities when market conditions start to recover. As was explained earlier, a committed credit facility gives this business access to funds in order to make timely purchases and take other actions. Furthermore, we will continue to make preparations for asset management, debt collection and other activities involving real estate finance in order to target more opportunities for growth.

In the Information and Telecommunications Business, structural reforms implemented during the past few years have been completed and returned this business to profitability. However, the outlook will probably remain unclear for the time being because all mobile phone carriers in Japan will start offering new service plans in the spring of 2021 in response to requests to lower the cost of these plans by the Ministry of Internal Affairs and Telecommunications. We will continue to build a network of competitive stores that customers will choose over other stores and add new products and new areas of Japan to the corporate solutions business. Our goal is to build a new profit structure that can support consistent growth.

Agricultural parks were unable to operate during the spring of 2020, the busiest time of the year, because of requests from local governments to suspend operations following the declaration of a state of emergency due to COVID-19. The suspension of operations has an enormous negative impact on the performance of these parks. The number of visitors has subsequently started to recover. Parks are using their advantage as outdoor facilities where visitors can avoid close contact with others in order to reinforce their position as destinations for outings that play a vital role in the areas where parks are located.

Our objective is more consistent growth while maintaining the proper scale of operations in every business and accurately identifying and responding to changes in our markets.

Based on the above, we forecast net sales of 150,194 million yen (up 4.6% year on year), operating profit of 6,465 million yen (up 3.4% year on year), ordinary profit of 6,388 million yen (down 5.9% year on year), and profit attributable to owners of parent of 4,573 million yen (down 22.7% year on year) in 2021.

## **2. Management Policy**

### **1) Management Policy**

Since its foundation, World Holdings has been dedicated to the corporate philosophy explained below in order to deepen the bonds between people throughout the world. We want to be a source of an environment and a variety of workplaces for even more people to live. All these activities are centered on our social mission of creating platforms for people to lead fulfilling lives.

#### Corporate philosophy

- Be a company where people have sincere and open relationships
- Be a company that uses business as a place to train and nurture employees in order to be a source of skilled people who have a strong commitment to ethics
- Be a company that constantly makes contributions to society by protecting the environment and using the world's resources in a responsible manner
- Be a company that creates jobs by utilizing the experience and knowledge of people in older age segments
- Be a company where employees have jobs that give them satisfaction, enjoyment and motivation



## 2) Medium- and Long-term Business Strategy

The strategic objective of World Holdings is consistent and stable growth that uses a business portfolio with three core elements – the Human Resources and Education Business, Real Estate Business and Information and Telecommunications Business – in order to hedge risks involving changes in the economic environment, individual industries and the business sectors where World Holdings operates. Business activities are based on a combination of recurring-revenue businesses that are a source of steady income and one-time-fee businesses that generate sales from individual projects.

## 3) Challenges

### Effects of COVID-19

The COVID-19 pandemic is continuing to have an unprecedented impact on countries worldwide and there is still no clear path to the end of this crisis. In the Human Resources and Education Business, which is the core business of the World Holdings Group, COVID-19 may have a significant negative effect on results of operations because client companies that reduce output require fewer people. In the Real Estate Business, there may be a negative effect on sales involving real estate development projects and other activities because of the downturn in demand for commercial buildings and hotels due to the COVID-19 crisis. In the Information and Telecommunications Business, a negative effect of the COVID-19 crisis is expected because of the decline in the number of people who visit stores as people stay home for safety and make other changes in their daily activities.

The diversified business portfolio that was strategically established over many years spreads out the exposure of the World Holdings Group to risk associated with the COVID-19 pandemic. In addition, we will continue to provide training programs and highly advanced and innovative services that match changes in our markets. We are determined to persevere during this crisis by leveraging these strengths to minimize the impact of the COVID-19 pandemic.

### Human Resources and Education Business

#### Recruiting activities

There is a nationwide labor shortage in Japan caused primarily by the decreasing number of working-age people as the population becomes older and declines. At the World Holdings Group, there is strong demand at client companies for workers, particularly younger people, which is a category where there is an inadequate supply. We believe that recruiting people will become even more difficult in the future.

We are using our strength of providing a diverse array of working environments in a broad range of industries so that we can recruit people across a broad spectrum of skills, backgrounds and other characteristics. We are also continuing to make progress with our “human resources platform” concept. Another theme is building an even stronger framework for enabling our people to enhance their skills and achieve career goals as they do the jobs they want while receiving career advancement support and training from us. Using these activities to increase our ability to attract people and clients by making the World Holdings Group more appealing and making our brand more powerful will help us recruit the outstanding people that we need. Furthermore, we will build on past activities using subcontracting and consortiums in order to recruit people across the largest range of population segments possible. We will work with client companies to provide workplaces for many categories of prospective employees.

#### Effects of events outside Japan

In Human Resources and Education Business, the World Holdings Group has considerable expertise concerning services for manufacturers. If U.S.-China trade friction or other events involving other countries reduces manufacturing output in Japan or has other negative effects on the manufacturing sector, the Group’s earnings may decline.

We are diversifying our exposure to risk by using our key strength of serving companies in a broad range of industries. Furthermore, our infrastructure that allows employees to upgrade their skills and advance their careers gives them greater mobility.

New and amended laws for the human resources industry

Compliance with new or amended laws involving the human resources industry, related expenses and changes to business operations and other actions due to these laws may affect earnings.

Recently, there have been a number of new and amended laws, such as the amended Worker Dispatching Act, laws associated with working-style reforms, and the amended Immigration Control Act. The World Holdings Group has been at the forefront of the human resources industry to respond in the full spirit and intent of these laws and take proper actions for solving problems. By using these actions to minimize expenses and build a powerful compliance framework, we intend to further reinforce our stature in our industry.

### **Real Estate Business**

Changing market conditions

The real estate business climate is vulnerable to changes in the economic environment and in different regions of Japan. As a result, a change in market conditions may cause a decline in the number of properties sold and earnings due to the difficulty of purchasing properties, a rapid increase in selling prices and other events over time.

This is why the Real Estate Business has been working on building a well-balanced business portfolio and maximizing profitability. Activities involve conducting one-time-fee businesses that generate sales from individual projects, such as real estate development, and achieving the consistent growth of recurring-revenue businesses that are a source of steady income. In addition, we are using information about current market conditions and trends obtained from our nationwide network of offices for the creation of strategies that match the characteristics of individual regions of Japan. Controlling the timing of purchases and sales as well as other activities will allow us to maintain the proper scale of operations along with stability. Furthermore, we will also increase our investments in new real estate business fields and new regions of Japan with excellent prospects for growth.

### **Information and Telecommunications Business**

Responding to policies of Ministry of Internal Affairs and Communications, amended laws and changing customer needs

As Japan's mobile phone sales market reaches maturity, policies of Ministry of Internal Affairs and Communications, amended laws and changes in the needs of customers may cause earnings to decrease because of a decline in the number of phones sold, reductions in fees paid to stores by carriers or other reasons.

This business is placing emphasis on establishing strong relationships with customers and mobile communication carriers. Activities include giving people the training needed to provide customers with excellent hospitality and services and building a network of highly competitive stores. To improve the stability of this business, we are also upgrading services for corporate customers and seeking opportunities to start new businesses. All these measures are aimed at establishing a structure for adapting to changes in the market needs and achieving steady growth.

### **3. Basic Approach for the Selection of Accounting Standards**

The Group uses Japanese accounting standards.

Decisions about the use of International Financial Reporting Standards will be made by taking into consideration the use of accounting standards in Japan and other countries.

**4. Consolidated Financial Statements and Notes****(1) Consolidated Balance Sheet**

(Millions of yen)

	2019 (As of Dec. 31, 2019)	2020 (As of Dec. 31, 2020)
<b>Assets</b>		
Current assets		
Cash and deposits	16,513	22,817
Notes and accounts receivable - trade	12,093	12,817
Merchandise and finished goods	813	639
Real estate for sale	16,373	5,748
Work in process	84	123
Real estate for sale in process	26,234	22,146
Other	4,814	3,842
Allowance for doubtful accounts	(6)	(2)
Total current assets	76,920	68,132
Non-current assets		
Property, plant and equipment		
Buildings and structures	9,315	9,116
Accumulated depreciation	(7,238)	(7,189)
Buildings and structures, net	2,076	1,926
Land	2,026	1,589
Other	4,316	4,617
Accumulated depreciation	(2,500)	(2,835)
Other, net	1,816	1,781
Total property, plant and equipment	5,919	5,297
Intangible assets		
Goodwill	436	104
Other	254	186
Total intangible assets	690	291
Investments and other assets		
Investment securities	856	1,550
Deferred tax assets	1,467	2,398
Leasehold and guarantee deposits	943	903
Other	777	808
Allowance for doubtful accounts	(224)	(224)
Total investments and other assets	3,820	5,436
Total non-current assets	10,431	11,024
Total assets	87,352	79,157

	(Millions of yen)	
	2019	2020
	(As of Dec. 31, 2019)	(As of Dec. 31, 2020)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	1,402	1,072
Accounts payable-real estate business	1,004	527
Short-term borrowings	27,701	17,204
Accrued expenses	5,786	6,746
Advances received	9,395	552
Income taxes payable	1,226	1,049
Accrued consumption taxes	1,495	3,110
Provision for bonuses	142	124
Other	4,634	4,248
<b>Total current liabilities</b>	<b>52,790</b>	<b>34,637</b>
<b>Non-current liabilities</b>		
Long-term borrowings	8,592	12,073
Provision for retirement benefits for directors (and other officers)	182	172
Retirement benefit liability	1,573	1,921
Other	268	291
<b>Total non-current liabilities</b>	<b>10,617</b>	<b>14,458</b>
<b>Total liabilities</b>	<b>63,408</b>	<b>49,095</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	787	1,244
Capital surplus	984	1,443
Retained earnings	20,988	26,054
Treasury shares	(127)	(119)
<b>Total shareholders' equity</b>	<b>22,633</b>	<b>28,623</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	0	(15)
Foreign currency translation adjustment	0	1
Remeasurements of defined benefit plans	28	(20)
<b>Total accumulated other comprehensive income</b>	<b>29</b>	<b>(34)</b>
Share acquisition rights	122	49
Non-controlling interests	1,159	1,422
<b>Total net assets</b>	<b>23,944</b>	<b>30,061</b>
<b>Total liabilities and net assets</b>	<b>87,352</b>	<b>79,157</b>

**(2) Consolidated Statements of Income and Comprehensive Income****Consolidated Statement of Income**

(Millions of yen)

	2019 (Jan. 1 – Dec. 31, 2019)	2020 (Jan. 1 – Dec. 31, 2020)
Net sales	136,319	143,571
Cost of sales	110,009	118,553
Gross profit	26,310	25,017
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	(5)	-
Remuneration for directors (and other officers)	493	469
Salaries and allowances	7,327	7,109
Provision for bonuses	56	53
Retirement benefit expenses	127	205
Provision for retirement benefits for directors (and other officers)	17	14
Welfare expenses	1,361	1,368
Depreciation	540	460
Rent expenses	1,244	1,195
Amortization of goodwill	614	144
Other	9,802	7,745
Total selling, general and administrative expenses	21,580	18,766
Operating profit	4,730	6,251
Non-operating income		
Interest and dividend income	13	16
Subsidy income	25	439
Income of support to investment in property and equipment	36	67
Other	272	257
Total non-operating income	347	781
Non-operating expenses		
Interest expenses	185	162
Loss on retirement of non-current assets	52	19
Other	34	64
Total non-operating expenses	272	246
Ordinary profit	4,805	6,786
Extraordinary income		
Insurance claim income	34	7
Gain on sales of shares of subsidiaries and associates	-	175
Consumption taxes differential	146	-
Total extraordinary income	180	182
Extraordinary losses		
Provision of allowance for doubtful accounts	155	-
Impairment loss	44	197
Loss on disaster	21	2
Total extraordinary losses	221	200
Profit before income taxes	4,764	6,768
Income taxes-current	2,091	1,713
Income taxes-deferred	(313)	(966)
Total income taxes	1,777	746
Profit	2,986	6,021
Profit attributable to non-controlling interests	30	108
Profit attributable to owners of parent	2,956	5,913

**Consolidated Statement of Comprehensive Income**

(Millions of yen)

	2019 (Jan. 1 – Dec. 31, 2019)	2020 (Jan. 1 – Dec. 31, 2020)
Profit	2,986	6,021
Other comprehensive income		
Valuation difference on available-for-sale securities	(12)	(15)
Foreign currency translation adjustment	(1)	2
Remeasurements of defined benefit plans, net of tax	49	(48)
Total other comprehensive income	35	(61)
Comprehensive income	3,022	5,960
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,993	5,849
Comprehensive income attributable to non-controlling interests	29	110

**(3) Consolidated Statement of Changes in Equity**

2019 (Jan. 1 – Dec. 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	784	965	19,412	(126)	21,036
Changes during period					
Issuance of new shares	3	3			6
Dividends of surplus			(1,397)		(1,397)
Profit attributable to owners of parent			2,956		2,956
Purchase of treasury shares				(0)	(0)
Increase by addition of newly consolidated subsidiary			16		16
Sales of shares of consolidated subsidiaries		15			15
Net changes in items other than shareholders' equity					
Total changes during period	3	18	1,575	(0)	1,597
Balance at end of period	787	984	20,988	(127)	22,633

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	12	1	(21)	(8)	124	1,195	22,347
Changes during period							
Issuance of new shares							6
Dividends of surplus							(1,397)
Profit attributable to owners of parent							2,956
Purchase of treasury shares							(0)
Increase by addition of newly consolidated subsidiary							16
Sales of shares of consolidated subsidiaries							15
Net changes in items other than shareholders' equity	(12)	(0)	49	37	(2)	(35)	(0)
Total changes during period	(12)	(0)	49	37	(2)	(35)	1,596
Balance at end of period	0	0	28	29	122	1,159	23,944

2020 (Jan. 1 – Dec. 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	787	984	20,988	(127)	22,633
Changes during period					
Issuance of new shares	457	457			914
Dividends of surplus			(887)		(887)
Profit attributable to owners of parent			5,913		5,913
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		1		8	9
Increase by addition of newly consolidated subsidiary			40		40
Sales of shares of consolidated subsidiaries					
Net changes in items other than shareholders' equity					
Total changes during period	457	458	5,066	7	5,990
Balance at end of period	1,244	1,443	26,054	(119)	28,623

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	0	0	28	29	122	1,159	23,944
Changes during period							
Issuance of new shares							914
Dividends of surplus							(887)
Profit attributable to owners of parent							5,913
Purchase of treasury shares							(0)
Disposal of treasury shares							9
Increase by addition of newly consolidated subsidiary							40
Sales of shares of consolidated subsidiaries							
Net changes in items other than shareholders' equity	(15)	1	(48)	(63)	(72)	262	126
Total changes during period	(15)	1	(48)	(63)	(72)	262	6,116
Balance at end of period	(15)	1	(20)	(34)	49	1,422	30,061



**(4) Consolidated Statement of Cash Flows**

	(Millions of yen)	
	2019	2020
	(Jan. 1 – Dec. 31, 2019)	(Jan. 1 – Dec. 31, 2020)
Cash flows from operating activities		
Profit before income taxes	4,764	6,768
Depreciation	834	823
Impairment loss	44	197
Amortization of goodwill	614	144
Increase (decrease) in allowance for doubtful accounts	149	2
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(485)	15
Increase (decrease) in retirement benefit liability	234	317
Interest and dividend income	(13)	(16)
Loss (gain) on sales of shares of subsidiaries and associates	-	(175)
Interest expenses	185	162
Loss on retirement of non-current assets	52	19
Decrease (increase) in trade receivables	(841)	(710)
Decrease (increase) in inventories	271	239
Decrease (increase) in real estate for sale	(8,262)	13,508
Increase (decrease) in trade payables	(942)	(395)
Increase (decrease) in accrued expenses	(176)	955
Increase (decrease) in advances received	8,877	(8,845)
Increase (decrease) in accrued consumption taxes	128	1,862
Increase (decrease) in other current liabilities	73	247
Other, net	143	874
Subtotal	5,654	15,997
Interest and dividends received	17	14
Interest paid	(183)	(169)
Income taxes paid	(3,627)	(2,799)
Income taxes refund	847	727
Net cash provided by (used in) operating activities	2,708	13,770
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	0	21
Purchase of property, plant and equipment	(1,475)	(1,164)
Purchase of intangible assets	(127)	(35)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	-	2,029
Purchase of investments in non-consolidated subsidiary	(441)	(1,912)
Sell of stocks non-consolidated subsidiary	-	6
Payments for acquisition of businesses	(4)	-
Net decrease (increase) in lease and guarantee deposits	(28)	24
Loan advances	(705)	(69)
Collection of loans receivable	193	5
Other, net	98	64
Net cash provided by (used in) investing activities	(2,489)	(1,030)

	(Millions of yen)	
	2019	2020
	(Jan. 1 – Dec. 31, 2019)	(Jan. 1 – Dec. 31, 2020)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(3,445)	(7,344)
Proceeds from long-term borrowings	8,377	12,189
Repayments of long-term borrowings	(6,071)	(11,412)
Repayments of lease obligations	(16)	(2)
Proceeds from issuance of shares	4	706
Proceeds from share issuance to non-controlling shareholders	-	150
Purchase of treasury shares	(0)	(0)
Dividends paid	(1,397)	(887)
Dividends paid to non-controlling interests	(48)	(2)
Net cash provided by (used in) financing activities	(2,597)	(6,604)
Effect of exchange rate change on cash and cash equivalents	(2)	3
Net increase (decrease) in cash and cash equivalents	(2,380)	6,139
Cash and cash equivalents at beginning of period	18,824	16,513
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	69	157
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	-	7
Cash and cash equivalents at end of period	16,513	22,817

**(5) Notes to Consolidated Financial Statements****Going Concern Assumption**

Not applicable.

**Segment and Other Information**

## Segment Information

## 1. Overview of reportable segments

Segments used for financial reporting are the constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance. Based on the characteristics of products and services, World Holdings has established the following reportable segments: the factory staffing business, technology staffing business, R&D staffing business, sales & marketing staffing business, real estate business, and information and telecommunications business.

Overview of each business segment is as follows.

- (1) Factory Staffing Business: Temporary staffing for manufacturing and logistics, subcontracting, outsourced government agency tasks, temporary staffing and employment agency services
- (2) Technology Staffing Business: Temporary staffing for engineers, outsourced software development, outsourced repair and maintenance work, outsourced IT system development, repair of digital equipment, temporary staffing for construction engineers
- (3) R&D Staffing Business: Temporary staffing for research personnel and clinical research outsourcing
- (4) Sales & Marketing Staffing Business: Temporary staffing in the service sector and tourism human resource solutions
- (5) Real Estate Business: Sale of condominiums, detached houses and residential building sites, brokerage sales, condominium and building management, real estate consulting, renovations, real estate brokerage services, rental property management, manufacture/sale/rental of prefabricated houses
- (6) Information and Telecommunications Business: Operation of call centers, sale of telecommunications products, sale of office automation products

## 2. Calculation methods for net sales, profit or loss, assets, and other items for each reportable segment

The accounting methods for reportable segments are the same as those used for preparing the consolidated financial statements.

Profits for reportable business segments are operating profit figures.

Inter-segment sales and transfers are based on market prices.

## 3. Information related to net sales, profit or loss, assets and other items for each reportable segment

2019 (Jan. 1 – Dec. 31, 2019)

(Millions of yen)

	Reportable segment							Others (Note 1)	Total	Adjust- ments (Note 2)	Amounts shown on consolidated financial statements (Note 3)
	Factory Staffing Business	Technology Staffing Business	R&D Staffing Business	Sales & Marketing Staffing Business	Real Estate Business	Information and Telecommuni- cations Business	Subtotal				
Net sales											
Sales to external customers	50,001	16,902	7,108	3,761	42,082	12,344	132,200	4,118	136,319	-	136,319
Inter-segment sales and transfers	-	486	-	112	17	11	627	131	758	(758)	-
Total	50,001	17,389	7,108	3,873	42,099	12,355	132,828	4,249	137,078	(758)	136,319
Segment profit	2,679	1,761	711	27	1,460	10	6,650	132	6,782	(2,052)	4,730
Segment assets	7,306	3,447	1,188	1,149	56,830	3,493	73,415	2,813	76,229	11,123	87,352
Other items											
Depreciation	10	26	14	0	374	62	489	178	668	166	834
Amortization of goodwill	1	-	-	-	563	33	598	-	598	15	614
Impairment loss	-	-	-	-	-	44	44	-	44	-	44
Increase in property, plant and equipment and intangible assets	22	24	14	-	896	93	1,052	299	1,351	109	1,461

- Notes:
1. "Others" represent businesses not included in reportable segments and include the operation and management of agricultural parks, the operation of personal computer schools, the production of websites and other services.
  2. Contents of adjustments are as follows.
    - (1) The -2,052 million yen adjustment to segment profit includes elimination for inter-segment transactions of 265 million yen, and -2,317 million yen in corporate expenses that cannot be 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.
    - (2) The 11,123 million yen adjustment to segment assets is corporate assets that are not allocated to any of the reportable segments. Corporate assets mainly consist of the Company's surplus funds (cash and deposits).
    - (3) The 166 million yen adjustment to depreciation is related to corporate assets that are not allocated to any of the reportable segments.
    - (4) The 15 million yen adjustment to amortization of goodwill is not allocated to any of the reportable segments.
    - (5) The 109 million yen adjustment to increase in property, plant and equipment and intangible assets is capital expenditures that are not allocated to any of the reportable segments.
  3. Segment profit is adjusted to be consistent with operating profit shown on the consolidated statement of income.

2020 (Jan. 1 – Dec. 31, 2020)

(Millions of yen)

	Reportable segment							Others (Note 1)	Total	Adjust- ments (Note 2)	Amounts shown on consolidated financial statements (Note 3)
	Factory Staffing Business	Technology Staffing Business	R&D Staffing Business	Sales & Marketing Staffing Business	Real Estate Business	Information and Telecommuni- cations Business	Subtotal				
Net sales											
Sales to external customers	55,102	17,003	7,200	3,835	48,081	9,133	140,357	3,214	143,571	-	143,571
Inter-segment sales and transfers	0	489	-	268	47	28	834	131	965	(965)	-
Total	55,103	17,492	7,200	4,103	48,128	9,161	141,191	3,345	144,537	(965)	143,571
Segment profit	2,632	2,019	843	18	3,550	240	9,305	(200)	9,105	(2,854)	6,251
Segment assets	8,571	3,514	1,218	1,601	40,448	3,346	58,701	4,555	63,256	15,900	79,157
Other items											
Depreciation	10	21	13	0	396	46	489	183	673	150	823
Amortization of goodwill	1	-	-	-	93	34	128	-	128	15	144
Impairment loss	-	-	-	-	-	29	29	168	197	-	197
Increase in property, plant and equipment and intangible assets	5	5	4	0	793	118	928	162	1,091	54	1,145

Notes: 1. "Others" represent businesses not included in reportable segments and include the operation and management of agricultural parks, the operation of personal computer schools, the production of websites and other services.

2. Contents of adjustments are as follows.

- (1) The -2,854 million yen adjustment to segment profit includes elimination for inter-segment transactions of 55 million yen, and -2,909 million yen in corporate expenses that cannot be 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.
- (2) The 15,900 million yen adjustment to segment assets is corporate assets that are not allocated to any of the reportable segments. Corporate assets mainly consist of the Company's surplus funds (cash and deposits).
- (3) The 150 million yen adjustment to depreciation is related to corporate assets that are not allocated to any of the reportable segments.
- (4) The 15 million yen adjustment to amortization of goodwill is not allocated to any of the reportable segments.
- (5) The 54 million yen adjustment to increase in property, plant and equipment and intangible assets is capital expenditures that are not allocated to any of the reportable segments.

3. Segment profit is adjusted to be consistent with operating profit shown on the consolidated statement of income.

**Per-share Information**

(Yen)

	2019 (Jan. 1 – Dec. 31, 2019)	2020 (Jan. 1 – Dec. 31, 2020)
Net assets per share	1,345.71	1,638.03
Net income per share	175.59	341.35
Diluted net income per share	174.25	399.86

Note: Basis for the calculation of net income per share and diluted net income per share is as follows:

	2019 (Jan. 1 – Dec. 31, 2019)	2020 (Jan. 1 – Dec. 31, 2020)
Net income per share		
Profit attributable to owners of parent (Millions of yen)	2,956	5,913
Amount not attributable to common shareholders (Millions of yen)	-	-
Profit attributable to owners of parent applicable to common stock (Millions of yen)	2,956	5,913
Average number of common stock outstanding during the period (Shares)	16,837,383	17,322,494
Diluted net income per share		
Adjustment to profit attributable to owners of parent (Millions of yen)	-	-
Increase in number of common stock (Shares)	129,522	76,329
[of which share acquisition rights (Shares)]	[129,522]	[76,329]
Summary of potentially dilutive shares not included in the calculation of diluted net income per share due to their anti-dilutive effect	-	-

**Subsequent Events**

Not applicable.

*This financial report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*