

Consolidated Financial Results for 2021

[Japanese GAAP]

February 9, 2022

Company name: WORLD HOLDINGS CO., LTD.

Listing: Tokyo Stock Exchange, First Section

Stock code: 2429

URL: <http://www.world-hd.co.jp>

Representative: Eikichi Iida, Chairman and President

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Scheduled date of Annual General Meeting of Shareholders: March 18, 2022

Scheduled date of payment of dividend: March 22, 2022

Scheduled date of filing of Annual Securities Report: March 22, 2022

Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for 2021 (January 1 to December 31, 2021)

(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	%
2021	154,704	7.8	7,481	19.7	7,738	14.0	4,626	(21.8)
2020	143,571	5.3	6,251	32.1	6,786	41.2	5,913	100.0

Note: Comprehensive income (millions of yen) 2021: 4,838 (down 18.8%) 2020: 5,960 (up 97.2%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to net sales
	Yen	Yen	%	%	%
2021	265.02	263.19	15.4	8.8	4.8
2020	341.35	339.86	23.1	8.2	4.4

Reference: Equity in earnings of affiliates (millions of yen) 2021: - 2020: -

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2021	97,269	33,226	32.4	1,803.96
As of Dec. 31, 2020	79,157	30,061	36.1	1,638.03

Reference: Shareholders' equity (millions of yen) As of Dec. 31, 2021: 31,501 As of Dec. 31, 2020: 28,589

(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
2021	1,370	(1,782)	7,990	30,748
2020	13,770	(1,030)	(6,604)	22,817

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	%	%
2020	-	0.00	-	101.70	101.70	1,775	30.0	6.8
2021	-	0.00	-	79.50	79.50	1,388	30.0	4.6
2022 (forecast)	-	0.00	-	66.40	66.40		30.0	

3. Consolidated Forecast for 2022 (January 1 to December 31, 2022)

(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	77,264	18.8	1,133	(53.8)	1,046	(60.1)	628	(66.7)	36.02
Full year	168,828	9.1	6,244	(16.5)	6,053	(21.8)	3,862	(16.5)	221.22

*** Notes**

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

Newly added: - Excluded: -

(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, 2021: 17,575,900 shares As of Dec. 31, 2020: 17,566,900 shares

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

As of Dec. 31, 2021: 113,573 shares As of Dec. 31, 2020: 113,477 shares

3) Average number of shares during the period

2021: 17,456,325 shares 2020: 17,322,494 shares

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for 2021 (January 1 to December 31, 2021)

(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	%
2021	2,461	39.9	372	-	1,724	(12.6)	1,566	(36.4)
2020	1,759	6.5	(137)	-	1,973	(51.3)	2,463	(38.2)

	Net income per share	Diluted net income per share
	Yen	Yen
2021	89.75	89.13
2020	142.23	141.61

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2021	49,686	18,491	37.0	1,053.57
As of Dec. 31, 2020	42,185	18,615	44.0	1,063.73

Reference: Shareholders' equity (millions of yen)

As of Dec. 31, 2021: 18,397

As of Dec. 31, 2020: 18,565

* 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

Cautionary statement with respect to forecasts

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 Thursday, February 24, 2022. 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.

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1. Overview of Results of Operations

(1) Results of Operations

The Japanese economy was impacted by states of emergency and other measures involving the pandemic during 2021. As more people were vaccinated, the economy began to recover slowly in the second half of the year. In the manufacturing sector, which is the primary market of the World Holding Group for the core Human Resources and Education Business, activity exceeded the pre-pandemic level because of strength in the semiconductor industry. Despite these positive signs, the outlook for the economy is still uncertain because of another wave of infections caused by the Omicron variant.

In these challenging market conditions, all segments of the core Human Resources and Education Business worked closely together while implementing numerous measures for safety during the pandemic. In addition, the strong performance of the 5G and semiconductor categories, which are markets this business is focusing on, made a big contribution to the growth of consolidated sales and earnings in 2021. The result was record-high sales, operating profit and ordinary profit.

Net sales increased 7.8% year on year to 154,704 million yen. Operating profit increased 19.7% to 7,481 million yen, ordinary profit increased 14.0% to 7,738 million yen, and profit attributable to owners of parent decreased 21.8% to 4,626 million yen.

Factory Staffing Business

Sales and earnings increased significantly because of the strong demand for staffing services in the 5G and semiconductor categories, which this business is strategically targeting. An upturn in orders in the automobile industry and the addition of new bases in the logistics sector also contributed to the growth of sales and earnings in this business.

Since the pandemic started in 2020, the highest priority has been recruiting and retaining people for factory staffing positions. Activities include training programs and assistance for improving skills required for performing factory tasks. By consistently placing priority on all of these measures, this business was able to respond quickly to the increase in orders of all types as the economy began to recover in 2021. This was the primary reason for the big increases in sales and earnings.

Problems involving a labor shortage and the difficulty of hiring people became more severe as Japan's manufacturing sector recovered. To overcome these difficulties, we made investments, primarily for strengthening our Job Paper website, and used other measures to build a base for more growth in 2022 and afterward. In addition, we are making extensive use of subcontracting and team formats for projects in order to create even better environments for upgrading the skills of our temporary placement workforce. Activities are also aimed at improving productivity and quality and differentiating our factory staffing services from the services of competitors.

As a result, sales were 70,707 million yen, up 28.3% year on year and segment profit increased 37.9% to 3,631 million yen.

Technology Staffing Business

Market conditions recovered in all sectors of this business in 2021, particularly in the semiconductor, automobile, information and telecommunications, and construction engineering categories. Sales and earnings increased as operations were backed by the seamless utilization of the resources of the World Holdings Group. Cooperation with the Factory Staffing Business, where performance in the semiconductor industry is strong, made a big contribution to the growth of this business. In the information and telecommunications category, collaboration with all group companies is being used to strengthen the ability to perform projects outsourced by other companies.

As industries that are the main markets for this business recover, recruiting skilled engineers is becoming even more difficult. We are upgrading the skills of our engineers by providing training in control technologies to meet demand for skills involving the digital transformation and internet of things and in cloud-related system

engineering. We also place our engineers in strategic assignments to enable them to advance their careers. Providing our customers with an even higher level of engineering skills has increased the profitability of the Technology Staffing Business.

Sales were 18,474 million yen, up 8.7% year on year and segment profit increased 10.6% to 2,233 million yen.

R&D Staffing Business

In the core research personal staffing sector, all categories performed well, including biotechnology, chemicals and analytics in the medical field. The number of orders increased to an all-time high because of some categories of demand for R&D staffing involving PCR tests, vaccine development and other activities concerning the pandemic. The strategic expansion of operations to more market sectors also contributed to the growth of this business. As a result, sales and earnings have been increasing steadily.

While taking actions needed to provide people for the rising number of orders, this business is making large expenditures for recruiting activities to maintain a base for more growth in 2022. In addition, we are using our powerful training programs, which are a key strength of this business, to help employees upgrade and advance their careers. Our goal is to be more than simply a matching business by establishing a reputation as a provider of highly skilled research personnel.

Sales were 8,012 million yen, up 11.3% year on year, and segment profit increased 5.0% to 885 million yen.

Sales & Marketing Staffing Business

Growth continued in the contact center and light-duty categories. In addition, the performance of this business was supported by the demand for staffing COVID-19 vaccination facilities and by demand associated with the Tokyo Olympics and the year-end peak sales season. The result was big increases in sales and earnings.

We are considering numerous ways to enlarge the range of operations of this business to maintain a base for more growth in 2022, such as by establishing a new call center and using our expertise concerning moving people to different assignments in order to receive orders for business process outsourcing.

Sales were 7,293 million yen, up 90.2% year on year, and segment profit was 352 million yen, compared with a segment profit of 18 million yen in 2020.

Real Estate Business

We are operating this business cautiously because prices of the consistently high prices of real estate in Japan. During the fourth quarter, sales of a large number of properties were completed as planned. Carefully planned and targeted marketing activities contributed to an increase in the profitability of this business.

Although we remain cautious about purchasing real estate, activities continued for building a base for growth starting in 2022 as we establish a distinctive position within Japan's real estate industry. For example, we are using our commercial property development skills, a key strength of this business, to acquire quality properties by utilizing synergies with the Human Resources and Education Business for real estate M&A deals for small and midsize businesses unable to find someone to replace a retiring owner.

Sales were 36,977 million yen, down 23.1% year on year, and segment profit decreased 16.1% to 2,977 million yen.

Information and Telecommunications Business

The mobile phone shop business is undergoing another phase of significant changes because of the entry of new companies, new rate plans by all mobile phone carriers, such as service plans for only internet access, in response to the request of the Ministry of Internal Affairs and Communications to lower the cost of using a mobile phone. Earnings decreased because of expenditures for marketing activities, training store personnel and other measures to establish a network of highly competitive shops. Our goal is to build a network of outstanding stores rooted in the communities where they are located. The plan is to establish a dominant presence in targeted areas and receive benefits as one of the survivors in the mobile phone shop market. In another step to set the stage for

renewed growth, we are strengthening the corporate solutions business and taking other steps to create a powerful portfolio of businesses.

Sales were 9,367 million yen, up 2.6% year on year, and segment profit decreased 50.8% to 118 million yen.

Others

The performance of the agricultural parks business was severely impacted by the suspension of operations of the flagship Harvest Hill, Sakai Green Museum park in Osaka prefecture during the busy spring and summer season due to declarations of a state of emergency. In the fourth quarter, agricultural park attendance was far above the prior-year level and the recovery in attendance following the downturn caused by the pandemic is continuing. The result was higher sales and earnings in 2021. As parks are well recognized as outdoor facilities that people can enjoy while avoiding close contact with others, we implemented appropriate marketing activities to improve their presence as relaxing facilities necessary for the community.

Sales were 3,872 million yen, up 20.5% year on year, and there was a segment profit of 6 million yen, compared with a segment loss of 200 million yen in 2020.

(Millions of yen)			2020 Result	2021 Plan	2021 Result	Vs. plan	Year-on-year change		
							Amount	%	
Human Resources and Education Business	Factory Staffing Business	Net sales	55,102	68,645	70,707	2,062	15,604	28.3	
		Segment profit (Profit margin)	2,632 (4.8%)	3,270 (4.8%)	3,631 (5.1%)	361	998	37.9	
		Technology Staffing Business	Net sales	17,003	18,474	18,474	0	1,471	8.7
		Segment profit (Profit margin)	2,019 (11.9%)	2,200 (11.9%)	2,233 (12.1%)	33	214	10.6	
	R&D Staffing Business	Net sales	7,200	8,051	8,012	(39)	811	11.3	
		Segment profit (Profit margin)	843 (11.7%)	934 (11.6%)	885 (11.1%)	(48)	42	5.0	
	Sales & Marketing Staffing Business	Net sales	3,835	6,769	7,293	524	3,457	90.2	
		Segment profit (Profit margin)	18 (0.5%)	271 (4.0%)	352 (4.8%)	81	334	-	
	Subtotal (Reference)		Net sales	83,142	101,940	104,487	2,546	21,344	25.7
			Segment profit (Profit margin)	5,515 (6.6%)	6,675 (6.5%)	7,104 (6.8%)	429	1,589	28.8
Real Estate Business	Real Estate Business	Net sales	48,081	36,509	36,977	468	(11,103)	(23.1)	
		Segment profit (Profit margin)	3,550 (7.4%)	2,915 (8.0%)	2,977 (8.1%)	62	(572)	(16.1)	
Information and Telecommu- nications Business	Information and Telecommu- nications Business	Net sales	9,133	9,338	9,367	29	233	2.6	
		Segment profit (Profit margin)	240 (2.6%)	104 (1.1%)	118 (1.3%)	14	(122)	(50.8)	
Others	Other Business	Net sales	3,214	3,567	3,872	305	658	20.5	
		Segment profit (Profit margin)	(200) -	(112) -	6 (0.2%)	119	206	-	
Total		Net sales	143,571	151,354	154,704	3,350	11,133	7.8	
		Elimination or corporate	(2,854)	(2,265)	(2,724)	(459)	129	-	
		Operating profit (Profit margin)	6,251 (4.4%)	7,316 (4.8%)	7,481 (4.8%)	165	1,230	19.7	

(2) Financial Position

Assets

Total assets increased 18,111 million yen from the end of 2020 to 97,269 million yen at the end of 2021. This was mainly due to increases of 7,932 million yen in cash and deposits, 2,889 million yen in notes and accounts receivable-trade, 6,681 million yen in real estate for sale in process and 487 million yen in goodwill.

Liabilities

Total liabilities increased 14,946 million yen from the end of 2020 to 64,042 million yen. This was mainly due to increases of 8,245 million yen in short-term borrowings, 987 million yen in advances received, 534 million yen in income taxes payable and 1,681 million yen in long-term borrowings.

Net assets

Net assets increased 3,165 million yen from the end of 2020 to 33,226 million yen mainly due to increases of 2,854 million yen in retained earnings and 209 million yen in non-controlling interests.

(3) Cash Flows

Cash and cash equivalents at the end of 2021 increased 7,931 million yen from the end of 2020 to 30,748 million yen.

Cash flows from operating activities

Net cash provided by operating activities was 1,370 million yen. Main positive factors include profit before income taxes of 7,511 million yen, a 488 million yen increase in trade payables, a 985 million yen increase in advances received and income taxes refund of 913 million yen. Major negative factors include a 2,448 million yen increase in trade receivables and a 7,163 million yen increase in real estate for sale.

Cash flows from investing activities

Net cash used in investing activities was 1,782 million yen. Main positive factors include collection of loans receivable of 156 million yen. Main negative factors include payments of 879 million yen for purchase of property, plant and equipment and 353 million yen for purchase of investments in new consolidated subsidiary.

Cash flows from financing activities

Net cash provided by financing activities was 7,990 million yen. Main positive factors include net increase of 9,167 million yen in short-term borrowings and proceeds of 10,595 million yen from long-term borrowings. Main negative factors include repayments of long-term borrowings of 9,981 million yen and dividends paid of 1,775 million yen.

Reference: Cash flow indicators

	2017	2018	2019	2020	2021
Equity ratio (%)	22.3	26.3	25.9	36.1	32.4
Market value-based equity ratio (%)	75.3	45.3	37.3	43.2	46.5
Interest-bearing debt to cash flow ratio (%)	522.8	403.5	1,340.2	212.6	2,861.6
Interest coverage ratio (times)	36.3	45.7	14.7	81.3	7.6

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 79.50 yen per share for 2021, as stated in “Notice of Dividends from Surplus” announced on February 9, 2022. We plan to pay a year-end dividend of 66.40 yen per share for 2022 in accordance with this policy.

(5) Outlook

The emergence of the Omicron variant has created concerns about the outlook. Amid growing uncertainty about the future, the World Holdings Group has established a new five-year medium-term management plan that has the goal of more growth for the group. Within this plan, 2022 is positioned as a year to make up-front investments for growth in the following years.

More information about the new medium-term business plan is in the announcement of this plan dated February 24, 2022.

Based on the above, we forecast net sales of 168,828 million yen (up 9.1% year on year), operating profit of 6,244 million yen (down 16.5% year on year), ordinary profit of 6,053 million yen (down 21.8% year on year), and profit attributable to owners of parent of 3,862 million yen (down 16.5% year on year) in 2022.

2. 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.

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

	(Millions of yen)	
	2020	2021
	(As of Dec. 31, 2020)	(As of Dec. 31, 2021)
Assets		
Current assets		
Cash and deposits	22,817	30,749
Notes and accounts receivable-trade	12,817	15,706
Merchandise and finished goods	639	794
Real estate for sale	5,748	6,221
Work in process	123	126
Real estate for sale in process	22,146	28,828
Other	3,842	3,663
Allowance for doubtful accounts	(2)	(3)
Total current assets	68,132	86,088
Non-current assets		
Property, plant and equipment		
Buildings and structures	9,116	9,343
Accumulated depreciation	(7,189)	(7,364)
Buildings and structures, net	1,926	1,978
Land	1,589	1,661
Other	4,617	5,136
Accumulated depreciation	(2,835)	(3,310)
Other, net	1,781	1,826
Total property, plant and equipment	5,297	5,466
Intangible assets		
Goodwill	104	592
Other	186	184
Total intangible assets	291	776
Investments and other assets		
Investment securities	1,550	1,425
Deferred tax assets	2,398	1,831
Leasehold and guarantee deposits	903	1,051
Other	808	868
Allowance for doubtful accounts	(224)	(239)
Total investments and other assets	5,436	4,938
Total non-current assets	11,024	11,180
Total assets	79,157	97,269

	(Millions of yen)	
	2020	2021
	(As of Dec. 31, 2020)	(As of Dec. 31, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,072	1,263
Accounts payable-real estate business	527	924
Short-term borrowings	17,204	25,450
Accrued expenses	6,746	7,010
Advances received	552	1,539
Income taxes payable	1,049	1,584
Accrued consumption taxes	3,110	2,796
Provision for bonuses	124	105
Other	4,248	6,510
Total current liabilities	34,637	47,185
Non-current liabilities		
Long-term borrowings	12,073	13,754
Provision for retirement benefits for directors (and other officers)	172	172
Retirement benefit liability	1,921	2,380
Other	291	547
Total non-current liabilities	14,458	16,856
Total liabilities	49,095	64,042
Net assets		
Shareholders' equity		
Share capital	1,244	1,250
Capital surplus	1,443	1,449
Retained earnings	26,054	28,908
Treasury shares	(119)	(119)
Total shareholders' equity	28,623	31,489
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(15)	15
Foreign currency translation adjustment	1	27
Remeasurements of defined benefit plans	(20)	(31)
Total accumulated other comprehensive income	(34)	11
Share acquisition rights	49	93
Non-controlling interests	1,422	1,631
Total net assets	30,061	33,226
Total liabilities and net assets	79,157	97,269

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

(Millions of yen)

	2020 (Jan. 1 – Dec. 31, 2020)	2021 (Jan. 1 – Dec. 31, 2021)
Net sales	143,571	154,704
Cost of sales	118,553	128,073
Gross profit	25,017	26,631
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	-	14
Remuneration for directors (and other officers)	469	472
Salaries and allowances	7,109	7,477
Provision for bonuses	53	41
Retirement benefit expenses	205	137
Provision for retirement benefits for directors (and other officers)	14	-
Welfare expenses	1,368	1,403
Depreciation	460	391
Rent expenses	1,195	1,188
Amortization of goodwill	144	112
Other	7,745	7,909
Total selling, general and administrative expenses	18,766	19,149
Operating profit	6,251	7,481
Non-operating income		
Interest and dividend income	16	14
Subsidy income	439	289
Income of support to investment in property and equipment	67	5
Other	257	203
Total non-operating income	781	513
Non-operating expenses		
Interest expenses	162	177
Loss on retirement of non-current assets	19	23
Other	64	56
Total non-operating expenses	246	257
Ordinary profit	6,786	7,738
Extraordinary income		
Insurance claim income	7	1
Gain on extinguishment of tie-in shares	-	42
Gain on sales of shares of subsidiaries and associates	175	-
Total extraordinary income	182	43
Extraordinary losses		
Impairment losses	197	15
Loss on valuation of shares of subsidiaries and associates	-	253
Loss on disaster	2	0
Total extraordinary losses	200	269
Profit before income taxes	6,768	7,511
Income taxes-current	1,713	1,935
Income taxes-deferred	(966)	797
Total income taxes	746	2,732
Profit	6,021	4,779
Profit attributable to non-controlling interests	108	153
Profit attributable to owners of parent	5,913	4,626

Consolidated Statement of Comprehensive Income

(Millions of yen)

	2020 (Jan. 1 – Dec. 31, 2020)	2021 (Jan. 1 – Dec. 31, 2021)
Profit	6,021	4,779
Other comprehensive income		
Valuation difference on available-for-sale securities	(15)	31
Foreign currency translation adjustment	2	40
Remeasurements of defined benefit plans, net of tax	(48)	(11)
Total other comprehensive income	(61)	59
Comprehensive income	5,960	4,838
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,849	4,671
Comprehensive income attributable to non-controlling interests	110	166

(3) Consolidated Statement of Changes in Equity

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
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
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

2021 (Jan. 1 – Dec. 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,244	1,443	26,054	(119)	28,623
Changes during period					
Issuance of new shares	5	5			11
Dividends of surplus			(1,775)		(1,775)
Profit attributable to owners of parent			4,626		4,626
Purchase of treasury shares				(0)	(0)
Increase by addition of newly consolidated subsidiary			3		3
Sales of shares of consolidated subsidiaries		0			0
Net changes in items other than shareholders' equity					
Total changes during period	5	6	2,854	(0)	2,866
Balance at end of period	1,250	1,449	28,908	(119)	31,489

	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	(15)	1	(20)	(34)	49	1,422	30,061
Changes during period							
Issuance of new shares							11
Dividends of surplus							(1,775)
Profit attributable to owners of parent							4,626
Purchase of treasury shares							(0)
Increase by addition of newly consolidated subsidiary							3
Sales of shares of consolidated subsidiaries							0
Net changes in items other than shareholders' equity	31	26	(11)	45	43	209	299
Total changes during period	31	26	(11)	45	43	209	3,165
Balance at end of period	15	27	(31)	11	93	1,631	33,226

(4) Consolidated Statement of Cash Flows

	(Millions of yen)	
	2020	2021
	(Jan. 1 – Dec. 31, 2020)	(Jan. 1 – Dec. 31, 2021)
Cash flows from operating activities		
Profit before income taxes	6,768	7,511
Depreciation	823	809
Impairment losses	197	15
Amortization of goodwill	144	112
Increase (decrease) in allowance for doubtful accounts	2	14
Increase (decrease) in provision for retirement benefits for directors (and other officers)	15	(9)
Increase (decrease) in retirement benefit liability	317	359
Interest and dividend income	(16)	(14)
Loss (gain) on sales of shares of subsidiaries and associates	(175)	-
Interest expenses	162	177
Loss on retirement of non-current assets	19	32
Loss on valuation of shares of subsidiaries and associates	-	253
Loss (gain) on extinguishment of tie-in shares	-	(42)
Decrease (increase) in trade receivables	(710)	(2,448)
Decrease (increase) in inventories	239	(138)
Decrease (increase) in real estate for sale	13,508	(7,163)
Increase (decrease) in trade payables	(395)	488
Increase (decrease) in accrued expenses	955	69
Increase (decrease) in advances received	(8,845)	985
Increase (decrease) in accrued consumption taxes	1,862	(836)
Increase (decrease) in other current liabilities	247	2,128
Other, net	874	302
Subtotal	15,997	2,608
Interest and dividends received	14	10
Interest paid	(169)	(179)
Income taxes paid	(2,799)	(1,983)
Income taxes refund	727	913
Net cash provided by (used in) operating activities	13,770	1,370
Cash flows from investing activities		
Payments into time deposits	-	(1)
Proceeds from withdrawal of time deposits	21	1
Purchase of property, plant and equipment	(1,164)	(879)
Purchase of intangible assets	(35)	(65)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	2,029	-
Purchase of investments in consolidated subsidiary	-	(353)
Purchase of investments in non-consolidated subsidiary	(1,912)	(169)
Sell of stocks non-consolidated subsidiary	6	-
Payments for acquisition of businesses	-	(65)
Net decrease(increase) in lease and guarantee deposits	24	(119)
Loan advances	(69)	(150)
Collection of loans receivable	5	156
Other, net	64	(134)
Net cash provided by (used in) investing activities	(1,030)	(1,782)

	(Millions of yen)	
	2020	2021
	(Jan. 1 – Dec. 31, 2020)	(Jan. 1 – Dec. 31, 2021)
Cash flows from financing activities		
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	-	30
Net increase (decrease) in short-term borrowings	(7,344)	9,167
Proceeds from long-term borrowings	12,189	10,595
Repayments of long-term borrowings	(11,412)	(9,981)
Repayments of lease obligations	(2)	(4)
Redemption of bonds	-	(15)
Proceeds from issuance of shares	706	8
Proceeds from share issuance to non-controlling shareholders	150	-
Purchase of treasury shares	(0)	(0)
Dividends paid	(887)	(1,775)
Dividends paid to non-controlling interests	(2)	(35)
Net cash provided by (used in) financing activities	(6,604)	7,990
Effect of exchange rate change on cash and cash equivalents	3	52
Net increase (decrease) in cash and cash equivalents	6,139	7,630
Cash and cash equivalents at beginning of period	16,513	22,817
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	157	208
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	7	92
Cash and cash equivalents at end of period	22,817	30,748

(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, materials-related human resources solutions
- (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

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 (loss)	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.

2021 (Jan. 1 – Dec. 31, 2021)

(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	70,707	18,474	8,012	7,293	36,977	9,367	150,831	3,872	154,704	-	154,704
Inter-segment sales and transfers	24	630	0	229	10	18	914	128	1,042	(1,042)	-
Total	70,731	19,105	8,012	7,522	36,988	9,385	151,746	4,001	155,747	(1,042)	154,704
Segment profit	3,631	2,233	885	352	2,977	118	10,200	6	10,206	(2,724)	7,481
Segment assets	10,633	5,082	1,345	1,803	51,473	3,318	73,656	2,329	75,985	21,283	97,269
Other items											
Depreciation	11	17	11	8	451	40	539	150	690	118	809
Amortization of goodwill	1	53	-	7	-	34	97	-	97	15	112
Impairment loss	-	-	-	-	-	15	15	-	15	-	15
Increase in property, plant and equipment and intangible assets	10	8	2	0	508	17	547	132	679	322	1,001

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 -2,724 million yen adjustment to segment profit includes elimination for inter-segment transactions of 1 million yen, and -2,726 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 21,283 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 118 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 322 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)

	2020 (Jan. 1 – Dec. 31, 2020)	2021 (Jan. 1 – Dec. 31, 2021)
Net assets per share	1,638.03	1,803.96
Net income per share	341.35	265.02
Diluted net income per share	399.86	263.19

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

	2020 (Jan. 1 – Dec. 31, 2020)	2021 (Jan. 1 – Dec. 31, 2021)
Net income per share		
Profit attributable to owners of parent (Millions of yen)	5,913	4,626
Amount not attributable to common shareholders (Millions of yen)	-	-
Profit attributable to owners of parent applicable to common stock (Millions of yen)	5,913	4,626
Average number of common stock outstanding during the period (Shares)	17,322,494	17,456,325
Diluted net income per share		
Adjustment to profit attributable to owners of parent (Millions of yen)	-	-
Increase in number of common stock (Shares)	76,329	121,494
[of which share acquisition rights (Shares)]	[76,329]	[121,494]
Summary of potentially dilutive shares not included in the calculation of diluted net income per share due to their anti-dilutive effect	-	-

Subsequent Events**Business Combinations****Business combination through acquisition**

The Board of Directors of World Holdings Co., Ltd. approved a resolution on January 6, 2022 to purchase 90% of the stock of Dimples' Co., Ltd. A contract to purchase this stock was signed on the same day. In accordance with this contract, World Holdings plans to acquire these shares on February 28, 2022.

1. Summary of business combination**(1) Acquired company and its business activities**

Acquired company: Dimples Co.,Ltd.

Business activities: Temporary staffing services, recruiting and placing business, outsourcing, subcontracting, business, education and training business

(2) Reasons for acquisition

The core Human Resources and Education Business of World Holdings has grown steadily since the company's inception primarily in the manufacturing sector, including R&D, product design and development, production. In recent years, World Holdings has been taking many actions for the growth of human resources and education operations in the service sector, such as sales activities involving direct customer interaction, light-duty jobs, and contact centers. The goals are to continue growing and to create the "ways we live" for even more people. Within the service sector, providing people capable of providing high-quality hospitality in the tourism industry, including at high-end hotels, is a priority.

Dimples has the vision of being a source of an increasingly broad range of places where people can use smiles to make others happy. Expertise acquired in the department store sector involving selling merchandise to customers is a major strength of Dimples. The company uses this knowledge to be a source of people for temporary and permanent jobs that require outstanding hospitality skills, handle outsourced information services projects, and provide other services.

This acquisition will make Dimples a key element of the service sector operations of the World Holdings Group.

The skills and business network of World Holdings' service sector human resources activities will be combined with Dimples hospitality sector services that provide customers with substantial added value.

(3) Acquisition date (tentative)

February 28, 2022

(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

Percentage of voting rights owned immediately before acquisition: -

Percentage of voting rights acquired on the acquisition date: 90.0%

Percentage of voting rights after acquisition: 90.0%

(7) Basis for choosing the acquiring company

Purchasing shares of Dimples Co.,Ltd. with cash will give 90% of its voting rights to WORLD HOLDINGS.

2. Purchase of shares of consolidated subsidiaries

(1) Acquisition cost of the acquired company and breakdown (tentative)

Payment for the acquisition	Cash	3,780 million yen
Acquisition cost		3,780 million yen

(2) Details of major acquisition-related costs

Not yet determined.

(3) Goodwill resulting from the acquisition

Not yet determined.

(4) Breakdown of assets acquired and liabilities assumed on the acquisition date

Not yet determined.

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.