



Consolidated Financial Results for 2022

[Japanese GAAP]

February 14, 2023

Company name: WORLD HOLDINGS CO., LTD.

Listing: Tokyo Stock Exchange

Stock code: 2429

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

Representative: Eikichi Iida, Chairman and President

Contact: Shigeru Nakano, Director, Business Management Division Manager

Tel: +81-92-474-0555

Scheduled date of Annual General Meeting of Shareholders: March 24, 2023

Scheduled date of payment of dividend: March 27, 2023

Scheduled date of filing of Annual Securities Report: March 27, 2023

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 2022 (January 1 to December 31, 2022)

(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	%
2022	183,640	18.7	8,929	19.3	8,933	15.4	5,341	15.5
2021	154,704	7.8	7,481	19.7	7,738	14.0	4,626	(21.8)

Note: Comprehensive income (millions of yen) 2022: 5,346 (up 10.5%) 2021: 4,838 (down 18.8%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to net sales
	Yen	Yen	%	%	%
2022	305.50	303.82	16.0	8.1	4.9
2021	265.02	263.19	15.4	8.8	4.8

Reference: Equity in earnings of affiliates (millions of yen) 2022: - 2021: -

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2022	123,591	37,195	28.6	2,019.89
As of Dec. 31, 2021	97,269	33,226	32.4	1,803.96

Reference: Shareholders' equity (millions of yen) As of Dec. 31, 2022: 35,408 As of Dec. 31, 2021: 31,501

(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
2022	(4,765)	(5,990)	15,064	35,078
2021	1,370	(1,782)	7,990	30,748

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	%	%
2021	-	0.00	-	79.50	79.50	1,388	30.0	4.6
2022	-	0.00	-	91.50	91.50	1,603	30.0	4.8
2023 (forecast)	-	0.00	-	103.50	103.50		30.0	

3. Consolidated Forecast for 2023 (January 1 to December 31, 2023)

(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	88,736	2.9	2,507	(45.8)	2,433	(48.7)	1,543	(39.5)	88.03
Full year	201,354	9.6	9,916	11.1	9,453	5.8	6,045	13.2	344.84

*** 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: Yes
- 2) Changes in accounting policies other than 1) above: None
- 3) Changes in accounting-based estimates: None
- 4) Restatements: None

Note: Please refer to the section “3. Consolidated Financial Statements and Notes, (5) Notes to Consolidated Financial Statements, Changes in Accounting Policies” on page 15 for further information.

(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, 2022: 17,643,500 shares As of Dec. 31, 2021: 17,575,900 shares

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

As of Dec. 31, 2022: 113,573 shares As of Dec. 31, 2021: 113,573 shares

3) Average number of shares during the period

2022: 17,484,077 shares 2021: 17,456,325 shares

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for 2022 (January 1 to December 31, 2022)

(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	%
2022	3,221	30.9	676	81.9	2,785	61.5	2,220	41.8
2021	2,461	39.9	372	-	1,724	(12.6)	1,566	(36.4)

	Net income per share	Diluted net income per share
	Yen	Yen
2022	127.03	126.33
2021	89.75	89.13

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2022	62,685	19,431	30.9	1,104.12
As of Dec. 31, 2021	49,686	18,491	37.0	1,053.57

Reference: Shareholders' equity (millions of yen)

As of Dec. 31, 2022: 19,355

As of Dec. 31, 2021: 18,397

* 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 5 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 Wednesday, February 22, 2023. 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

1. Overview of Results of Operations	2
(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	5
2. Basic Approach for the Selection of Accounting Standards	6
3. Consolidated Financial Statements and Notes	7
(1) Consolidated Balance Sheet	7
(2) Consolidated Statements of Income and Comprehensive Income	9
Consolidated Statement of Income	9
Consolidated Statement of Comprehensive Income	10
(3) Consolidated Statement of Changes in Equity	11
(4) Consolidated Statement of Cash Flows	13
(5) Notes to Consolidated Financial Statements	15
Going Concern Assumption	15
Segment and Other Information	15
Change in Accounting Policies	15
Per-share Information	18
Subsequent Events	18

1. Overview of Results of Operations

(1) Results of Operations

During the fiscal year under review, the Japanese economy followed an overall recovery trend from the effects of the prolonged Covid crisis. However, another sharp rise in infections at the end of the fiscal year, geopolitical risks connected to the situation in Russia and Ukraine accompanied by soaring resource prices and distribution costs, the ongoing depreciation of the yen, historic inflation, and other factors led to a strong sense of economic stagnation and continued uncertainty about the future.

Under these circumstances, the Group responded appropriately to changes through the portfolio of multiple businesses and industries it has built up, with the core business of Human Resources and Education performing especially well and driving overall growth, resulting in an increase in sales and profits for the whole Group. We also made a good start to the first fiscal year of our new five-year Medium-Term Management Plan 2026. Both sales and operating profit were significantly higher than planned at the beginning of the year, reaching record levels.

Net sales increased 18.7% year on year to 183,640 million yen (up 8.8% vs. plan). Operating profit increased 19.3% to 8,929 million yen (up 43.0% vs. plan), ordinary profit increased 15.4% to 8,933 million yen (up 47.6% vs. plan), and profit attributable to owners of parent increased 15.5% to 5,341 million yen (up 38.3% vs. plan). (The plan ratio mentioned above and below is the ratio of change from the initial plan announced on February 9, 2022.)

All activities of the World Holdings Group continue to be guided by the group's purpose of "contributing to happiness and a sustainable society through the creation of a variety of ways we live worldwide." By promoting investment in human capital and increasing its value, which is the group's most important resource, we are determined to make even greater contributions to society while growing rapidly.

* As was explained in the announcement of the Medium-term Management Plan 2026, business segments have been reorganized beginning with 2022. Based on the goal of making services another major business category in addition to the current core manufacturing category, the Human Resources and Education Business is now divided into two sectors. Products Human Resources Business is staffing services mainly for manufacturing and Services Human Resources Business is staffing services mainly for the service sector. Other Businesses has been renamed the Agricultural Park Business and has the purpose of making a significant contribution to society regarding the environment. (The year-on-year comparisons mentioned below are comparative analyses based on the figures for the previous period reconfigured to reflect post-change segments).

Business segment sales were as follows.

Products Human Resources Business

Despite the impact of the situation in Russia and Ukraine and the lockdown in China resulting from the Covid pandemic, the Products Human Resources Business performed well due to the optimization of a business portfolio driven by precise marketing, resulting in a year-on-year increase in sales and profits. In terms of movements by industry, orders for electrical and electronic components as well as smartphones showed a downward trend in the second half of the fiscal year compared with the previous year, but strong sales of semiconductor-related and FA equipment-related products throughout the year in addition to new advances into the automotive sector led to an upturn in business performance. Furthermore, the Group contributed to enhancing profit by increasing production volume through its strengths of contracting and team dispatching, acquiring large-scale projects, shifting to high-unit price projects, and reducing selling, general, and administrative (SG&A) expenses through digital transformation (DX).

As regards recruitment, while difficulties continue due to a historic labor shortage, the Group positioned this fiscal year as one for investment in the first year of our Medium-term Management Plan 2026. Accordingly, we steadily increased employee numbers by promoting investment in hiring and improved retention through enhancing employee training and career development structures, resulting in record-high enrolment.

As a result, sales were 88,598 million yen, up 25.4% year on year (up 13.4% vs. plan) and segment profit increased 31.3% to 4,054 million yen (up 64.5% vs. plan).

Services Human Resources Business

As announced in the Medium-Term Management Plan 2026, we are establishing the Services Human Resources Business as a new pillar of the Human Resources and Education Business. In the service field, we focused on logistics, tourism, and customer service sales to achieve growth, resulting in a more successful start than initially planned.

In the mainstay logistics sector, orders and launches of new bases progressed smoothly, and in the tourism sector, projects in collaboration with the JTB Group made steady progress. The vertical launch of customer service sales-related projects also progressed with the inclusion of Dimples Co., Ltd. in the Group in February, and the Group was able to respond steadily to special government-related demand in the first half of the fiscal year. As a result, both sales and profits performed well overall and increased year on year.

Sales were 44,282 million yen, up 29.0% year on year (up 14.9% vs. plan) and segment profit increased 23.2% to 1,125 million yen (up 92.9% vs. plan).

Real Estate Business

This business is operating with caution because real estate prices in Japan remain high. However, by seizing the right timing for sales, we sold and delivered more condominiums and business sites, mainly in the development sector, than planned at the beginning of the fiscal year. As a result, sales and earnings increased.

We are purchasing real estate with caution while monitoring changes in the real estate market. We made steady progress with the acquisition of properties that will generate sales and afterward by using M&A activities, expertise for the creation of commercial properties and other core real estate strengths.

Sales of new development projects also progressed steadily, including Residential Hara Branchera in Fukuoka City, Fukuoka Prefecture; Residential Aoba Hirosegawa in Sendai City, Miyagi Prefecture; and Residential Ikebukuro Honcho in Toshima Ward, Tokyo, which has been promoted as a disaster-prevention block development project to eliminate areas with dense wooden housing. In addition, the Group steadily advanced preparations for the next fiscal year and beyond, including the start of construction for the BIZIA Kokura office building, the first to be constructed in response to the Kokura-Kurosaki Rebirth initiative promoted by Kitakyushu City, Fukuoka Prefecture.

Sales were 38,044 million yen, up 2.9% year on year (down 1.0% vs. plan), and there was a segment profit of 3,181 million yen, up 6.8% (up 57.0% vs. plan).

Information and Telecommunications Business

The mobile phone shop business is undergoing another phase of significant changes because of lower rates at all mobile phone communication carriers, accompanied by new plans and other events. Sales were down due to lower sales per user and a decline in fee income caused mainly by revisions to the terms for fees.

As the role of stores in the mobile phone agency sector changes, we will continue to build a network of outstanding stores rooted in the communities where they are located and strengthen the corporate solutions business and take other steps to create a powerful portfolio of businesses. The goal is to receive the benefits of being one of the survivors in the mobile phone shop sector.

Sales were 8,399 million yen, down 10.3% year on year (down 13.8% vs. plan), and there was a segment profit of 125 million yen, up 6.3% (down 44.6% vs. plan).

Agricultural Park Business

In addition to the impact of the Covid crisis, the agricultural parks business was affected by bad weather, mainly during holidays, and the soaring price of resources. Nevertheless, visitor numbers returned to pre-Covid levels and sales and earnings both rose as the Group enhanced its presence by exploiting its great strength as a non-dense outdoor park facility and implemented appropriate measures to attract visitors, including the 'night-time illumination' launched at Harvest Hill, Sakai Green Museum.

Additionally, we exploited our accumulated facility management and operational expertise to launch the Ohashi Kogen International Exchange Village, which began operation as a designated management project in April.

Moreover, we have steadily advanced preparations for acquiring new managed facilities in the next fiscal year and beyond.

Sales were 4,314 million yen, up 28.1% year on year (up 9.2% vs. plan), and there was a segment profit of 158 million yen, compared with a segment loss of 20 million yen in 2021 (up 0.3% vs. plan).

Overview of Business Results by Segment

(Millions of yen)			2021 Result	2022 Plan (Initial)	2022 Plan (Revised)	2022 Result	Year-on-year change	
							Amount	%
Human Resources and Education Business	Products Human Resources Business	Net sales	70,667	78,154	84,801	88,598	17,931	25.4%
		Segment profit	3,088	2,465	4,155	4,054	966	31.3%
		(Profit margin)	(4.4%)	(3.2%)	(4.9%)	(4.6%)		
	Services Human Resources Business	Net sales	34,324	38,537	44,648	44,282	9,957	29.0%
		Segment profit	912	583	996	1,125	212	23.2%
		(Profit margin)	(2.7%)	(1.5%)	(2.2%)	(2.5%)		
Subtotal (Reference)	Net sales	104,992	116,691	129,449	132,880	27,888	26.6%	
	Segment profit	4,000	3,351	5,152	5,179	1,178	29.4%	
	(Profit margin)	(3.8%)	(2.9%)	(4.0%)	(3.9%)			
Real Estate Business	Real Estate Business	Net sales	36,977	38,437	37,868	38,044	1,067	2.9%
		Segment profit	2,977	2,026	2,840	3,181	203	6.8%
		(Profit margin)	(8.1%)	(5.3%)	(7.5%)	(8.4%)		
Information and Telecommu- nications Business	Information and Telecommu- nications Business	Net sales	9,367	9,746	8,517	8,399	(967)	(10.3)%
		Segment profit	118	227	182	125	7	6.3%
		(Profit margin)	(1.3%)	(2.3%)	(2.1%)	(1.5%)		
Agricultural Park Business	Agricultural Park Business	Net sales	3,367	3,952	4,165	4,314	947	28.1%
		Segment profit	(20)	158	226	158	179	-
		(Profit margin)	-	(4.0%)	(5.4%)	(3.7%)		
Total		Net sales	154,704	168,828	180,000	183,640	28,935	18.7%
		Elimination or corporate	405	481	0	284	(121)	(30.0)%
		Operating profit	7,481	6,244	8,400	8,929	1,447	19.3%
		(Profit margin)	(4.8%)	(3.7%)	(4.7%)	(4.9%)		

(2) Financial Position

Assets

Total assets increased 26,322 million yen from the end of 2021 to 123,591 million yen at the end of 2022. This was mainly due to increases of 4,341 million yen in cash and deposits, 3,102 million yen in notes and accounts receivable-trade, 14,270 million yen in real estate for sale in process and 3,467 million yen in goodwill.

Liabilities

Total liabilities increased 22,353 million yen from the end of 2021 to 86,395 million yen. This was mainly due to increases of 5,348 million yen in short-term borrowings, 3,788 million yen in accrued expenses, 996 million yen in income taxes payable and 11,394 million yen in long-term borrowings.

Net assets

Net assets increased 3,969 million yen from the end of 2021 to 37,195 million yen, mainly due to an increase of 3,953 million yen in retained earnings.

(3) Cash Flows

Cash and cash equivalents at the end of 2022 increased 4,329 million yen from the end of 2021 to 35,078 million yen.

Cash flows from operating activities

Net cash used in operating activities was 4,765 million yen. Main positive factors include profit before income taxes of 8,455 million yen, a 1,596 million yen increase in accrued expenses, a 713 million yen increase in accrued consumption taxes and income taxes refund of 472 million yen. Major negative factors include a 1,615 million yen increase in trade receivables, a 12,075 million yen increase in real estate for sale and income taxes paid of 2,638 million yen.

Cash flows from investing activities

Net cash used in investing activities was 5,990 million yen. Main positive factors include collection of loans receivable of 13 million yen. Main negative factors include payments of 1,670 million yen for purchase of property, plant and equipment and 4,165 million yen for purchase of shares of subsidiaries resulting in change in scope of consolidation.

Cash flows from financing activities

Net cash provided by financing activities was 15,064 million yen. Main positive factors include net increase in short-term borrowings of 1,254 million yen and proceeds of 24,583 million yen from long-term borrowings. Main negative factors include repayments of long-term borrowings of 9,316 million yen and dividends paid of 1,388 million yen.

Reference: Cash flow indicators

	2018	2019	2020	2021	2022
Equity ratio (%)	26.3	25.9	36.1	32.4	28.6
Market value-based equity ratio (%)	45.3	37.3	43.2	46.5	35.6
Interest-bearing debt to cash flow ratio (%)	403.5	1,340.2	212.6	2,861.6	(1,174.1)
Interest coverage ratio (times)	45.7	14.7	81.3	7.6	21.1

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 91.50 yen per share for 2022, as stated in "Notice of Dividends from Surplus" announced on February 14, 2023. We plan to pay a year-end dividend of 103.50 yen per share for 2023 in accordance with this policy.

(5) Outlook

Regarding the outlook for fiscal 2023, we expect the business environment to become more difficult due to the slowdown in the global economy, and will proceed with formulating a cautious business plan. However, we expect to increase revenues and profits by responding flexibly to economic fluctuations and achieving stable growth through the Group's strength in its portfolio of multiple businesses.

In the core Human Resources and Education Business, the Group will continue to invest aggressively in

recruitment with a view to handling large orders and expanding further while reducing selling, general, and administrative (SG&A) expenses through digital transformation (DX), thereby strengthening its business portfolio in multiple industries and achieving stable growth. In the real estate business, sales of development projects scheduled for delivery in fiscal 2023 are also progressing well, as mentioned above, as we proceed with cautious business development. By responding to all changes centered on both businesses and striving for stable growth, we will continue pushing forward to achieve the Medium-Term Management Plan 2026.

Further details will be provided in the supplementary financial statement published on February 22, 2023.

Based on the above, we forecast net sales of 201,354 million yen (up 9.6% year on year), operating profit of 9,916 million yen (up 11.1% year on year), ordinary profit of 9,453 million yen (up 5.8% year on year), and profit attributable to owners of parent of 6,045 million yen (up 13.2% year on year) in 2023.

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)

	2021 (As of Dec. 31, 2021)	2022 (As of Dec. 31, 2022)
Assets		
Current assets		
Cash and deposits	30,749	35,091
Notes and accounts receivable-trade	15,706	18,809
Merchandise and finished goods	794	833
Real estate for sale	6,221	6,506
Work in process	126	113
Real estate for sale in process	28,828	43,099
Other	3,663	3,811
Allowance for doubtful accounts	(3)	(6)
Total current assets	86,088	108,257
Non-current assets		
Property, plant and equipment		
Buildings and structures	9,343	10,071
Accumulated depreciation	(7,364)	(7,621)
Buildings and structures, net	1,978	2,450
Land	1,661	1,783
Other	5,136	5,640
Accumulated depreciation	(3,310)	(3,841)
Other, net	1,826	1,798
Total property, plant and equipment	5,466	6,032
Intangible assets		
Goodwill	592	4,059
Other	184	192
Total intangible assets	776	4,252
Investments and other assets		
Investment securities	1,425	1,229
Deferred tax assets	1,831	2,047
Leasehold and guarantee deposits	1,051	1,191
Other	868	932
Allowance for doubtful accounts	(239)	(352)
Total investments and other assets	4,938	5,049
Total non-current assets	11,180	15,333
Total assets	97,269	123,591

	(Millions of yen)	
	2021	2022
	(As of Dec. 31, 2021)	(As of Dec. 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,263	1,225
Accounts payable-real estate business	924	269
Short-term borrowings	25,450	30,798
Accrued expenses	7,010	10,798
Advances received	1,539	1,167
Income taxes payable	1,584	2,580
Accrued consumption taxes	2,796	3,307
Provision for bonuses	105	225
Other	6,510	5,115
Total current liabilities	47,185	55,489
Non-current liabilities		
Long-term borrowings	13,754	25,149
Provision for retirement benefits for directors (and other officers)	172	198
Retirement benefit liability	2,380	3,297
Other	547	2,260
Total non-current liabilities	16,856	30,905
Total liabilities	64,042	86,395
Net assets		
Shareholders' equity		
Share capital	1,250	1,314
Capital surplus	1,449	1,504
Retained earnings	28,908	32,862
Treasury shares	(119)	(119)
Total shareholders' equity	31,489	35,561
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15	14
Foreign currency translation adjustment	27	40
Remeasurements of defined benefit plans	(31)	(207)
Total accumulated other comprehensive income	11	(153)
Share acquisition rights	93	76
Non-controlling interests	1,631	1,710
Total net assets	33,226	37,195
Total liabilities and net assets	97,269	123,591

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

(Millions of yen)

	2021 (Jan. 1 – Dec. 31, 2021)	2022 (Jan. 1 – Dec. 31, 2022)
Net sales	154,704	183,640
Cost of sales	128,073	151,953
Gross profit	26,631	31,687
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	14	0
Remuneration for directors (and other officers)	472	547
Salaries and allowances	7,477	8,865
Provision for bonuses	41	199
Retirement benefit expenses	137	156
Provision for retirement benefits for directors (and other officers)	-	21
Welfare expenses	1,403	1,776
Depreciation	391	458
Rent expenses	1,188	1,346
Amortization of goodwill	112	495
Other	7,909	8,889
Total selling, general and administrative expenses	19,149	22,758
Operating profit	7,481	8,929
Non-operating income		
Interest and dividend income	14	15
Subsidy income	289	140
Income of support to investment in property and equipment	5	3
Other	203	228
Total non-operating income	513	387
Non-operating expenses		
Interest expenses	177	225
Loss on retirement of non-current assets	23	53
Other	56	105
Total non-operating expenses	257	383
Ordinary profit	7,738	8,933
Extraordinary income		
Insurance claim income	1	6
Gain on extinguishment of tie-in shares	42	-
Total extraordinary income	43	6
Extraordinary losses		
Provision of allowance for doubtful accounts	-	126
Impairment losses	15	28
Loss on valuation of shares of subsidiaries and associates	253	322
Loss on disaster	0	5
Total extraordinary losses	269	483
Profit before income taxes	7,511	8,455
Income taxes-current	1,935	3,511
Income taxes-deferred	797	(559)
Total income taxes	2,732	2,951
Profit	4,779	5,504
Profit attributable to non-controlling interests	153	162
Profit attributable to owners of parent	4,626	5,341

Consolidated Statement of Comprehensive Income

(Millions of yen)

	2021 (Jan. 1 – Dec. 31, 2021)	2022 (Jan. 1 – Dec. 31, 2022)
Profit	4,779	5,504
Other comprehensive income		
Valuation difference on available-for-sale securities	31	(1)
Foreign currency translation adjustment	40	19
Remeasurements of defined benefit plans, net of tax	(11)	(175)
Total other comprehensive income	59	(158)
Comprehensive income	4,838	5,346
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,671	5,172
Comprehensive income attributable to non-controlling interests	166	173

(3) Consolidated Statement of Changes in Equity

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
Cumulative effects of changes in accounting policies					-
Restated balance	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
Cumulative effects of changes in accounting policies							-
Restated balance	(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

2022 (Jan. 1 – Dec. 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,250	1,449	28,908	(119)	31,489
Cumulative effects of changes in accounting policies					-
Restated balance	1,250	1,449	28,908	(119)	31,489
Changes during period					
Issuance of new shares	63	63			127
Dividends of surplus			(1,388)		(1,388)
Profit attributable to owners of parent			5,341		5,341
Sales of shares of consolidated subsidiaries		(8)			(8)
Net changes in items other than shareholders' equity					
Total changes during period	63	55	3,953	-	4,071
Balance at end of period	1,314	1,504	32,862	(119)	35,561

	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	27	(31)	11	93	1,631	33,226
Cumulative effects of changes in accounting policies							-
Restated balance	15	27	(31)	11	93	1,631	33,226
Changes during period							
Issuance of new shares							127
Dividends of surplus							(1,388)
Profit attributable to owners of parent							5,341
Sales of shares of consolidated subsidiaries							(8)
Net changes in items other than shareholders' equity	(1)	12	(175)	(164)	(16)	78	(102)
Total changes during period	(1)	12	(175)	(164)	(16)	78	3,969
Balance at end of period	14	40	(207)	(153)	76	1,710	37,195

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	2021 (Jan. 1 – Dec. 31, 2021)	2022 (Jan. 1 – Dec. 31, 2022)
Cash flows from operating activities		
Profit before income taxes	7,511	8,455
Depreciation	809	903
Impairment losses	15	28
Amortization of goodwill	112	495
Increase (decrease) in allowance for doubtful accounts	14	105
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(9)	21
Increase (decrease) in retirement benefit liability	359	376
Interest and dividend income	(14)	(15)
Interest expenses	177	225
Loss on retirement of non-current assets	23	53
Loss on valuation of shares of subsidiaries and associates	253	322
Loss (gain) on extinguishment of tie-in shares	(42)	-
Decrease (increase) in trade receivables	(2,448)	(1,615)
Decrease (increase) in inventories	(138)	(82)
Decrease (increase) in real estate for sale	(7,163)	(12,075)
Increase (decrease) in trade payables	488	(692)
Increase (decrease) in accrued expenses	69	1,596
Increase (decrease) in advances received	985	(373)
Increase (decrease) in accrued consumption taxes	(836)	713
Increase (decrease) in other current liabilities	2,128	(153)
Other, net	311	(679)
Subtotal	2,608	(2,388)
Interest and dividends received	10	11
Interest paid	(179)	(221)
Income taxes paid	(1,983)	(2,638)
Income taxes refund	913	472
Net cash provided by (used in) operating activities	1,370	(4,765)
Cash flows from investing activities		
Payments into time deposits	(1)	(1)
Proceeds from withdrawal of time deposits	1	2
Purchase of property, plant and equipment	(879)	(1,670)
Purchase of intangible assets	(65)	(34)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(353)	(4,165)
Purchase of investments in non-consolidated subsidiary	(138)	(50)
Payments for acquisition of businesses	(65)	-
Net decrease(increase) in lease and guarantee deposits	(119)	(51)
Loan advances	(150)	(122)
Proceeds from collection of loans receivable	156	13
Other, net	(165)	90
Net cash provided by (used in) investing activities	(1,782)	(5,990)

	(Millions of yen)	
	2021	2022
	(Jan. 1 – Dec. 31, 2021)	(Jan. 1 – Dec. 31, 2022)
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	9,167	1,254
Proceeds from long-term borrowings	10,595	24,583
Repayments of long-term borrowings	(9,981)	(9,316)
Repayments of lease obligations	(4)	(6)
Redemption of bonds	(15)	-
Proceeds from issuance of shares	8	95
Purchase of treasury shares	(0)	-
Dividends paid	(1,775)	(1,388)
Dividends paid to non-controlling interests	(35)	(52)
Repayments to non-controlling shareholders	-	(104)
Net cash provided by (used in) financing activities	7,990	15,064
Effect of exchange rate change on cash and cash equivalents	52	20
Net increase (decrease) in cash and cash equivalents	7,630	4,329
Cash and cash equivalents at beginning of period	22,817	30,748
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	208	-
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	92	-
Cash and cash equivalents at end of period	30,748	35,078

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

Not applicable.

Changes in Accounting Policies**Application of the Accounting Standard for Revenue Recognition**

World Holdings has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) from the beginning of 2022. Based on this standard, revenue expected to be received in exchange for the provision of goods and services is recognized when the control of the promised goods and services is transferred to customers.

For the application of the revenue recognition accounting standard, in accordance with the transitional treatment in the proviso to paragraph 84 of this standard, the cumulative effect of the retrospective application of the new accounting standard, if it is applied prior to 2022, is added to or subtracted from retained earnings at the beginning of 2022. The new standard is then applied beginning with this amount of retained earnings. However, World Holdings has applied the method prescribed in paragraph 86 of this standard and has not retrospectively applied the new accounting policy to contracts in which almost all revenue were recognized in accordance with the previous treatment prior to the beginning of 2022. In addition, due to the application of the method prescribed in paragraph 86-1 of the new standard, for contract revisions made prior to the beginning of 2022, an accounting treatment based on all contract revisions is used. The cumulative effect is added to or subtracted from retained earnings at the beginning of 2022.

The effect of this change on profit in 2022 is insignificant. There is no cumulative effect of the application of this standard on retained earnings at the beginning of 2022.

Furthermore, in accordance with the transitional treatment prescribed in paragraph 89-3 of this standard, World Holdings has not presented information on revenue from contracts with customers broken down for 2021.

Application of the Accounting Standard for Fair Value Measurement

World Holdings has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) from the beginning of 2022, and has applied the new accounting policies set forth by the Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional treatment in the paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019).

There is no effect of the application of these standards on the consolidated financial statements.

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.

In 2022, World Holdings revised reportable segments as follows. In previous years, the reportable segments were Factory Staffing, Technology Staffing, R&D Staffing, Sales & Marketing Staffing, Real Estate, and Information and Telecommunications. Based on the goal of making services another major business category in addition to the current core manufacturing category, the Human Resources and Education Business is now divided into two sectors. Products Human Resources Business is staffing services mainly for manufacturing and Services Human Resources Business is staffing services mainly for the service sector. Other Businesses has been renamed the Agricultural Park Business. This business operates large nature parks for the purpose of making a significant contribution to society regarding the environment.

Segment information for 2021 is shown based on the segment classification after the change.

Overview of each business segment is as follows.

- (1) Products Human Resources Business: Subcontracting and outsourcing, temporary staffing services, manufacturing, R&D, technology development, software and system designs and development, construction engineering, repair of digital equipment, clinical research outsourcing
- (2) Services Human Resources Business: Subcontracting and outsourcing, temporary staffing services, logistics, sales activities involving direct customer interaction, tourism, call centers
- (3) Real Estate Business: Sale of condominiums, condominium and building management, sale of residential building sites, renovations, real estate brokerage services, rental property management, manufacture/sale/rental of prefabricated houses
- (4) Information and Telecommunications Business: Operations of mobile phone stores, provision of solutions for corporate clients, operation of call centers
- (5) Agricultural Park Business: Management and operation of Agricultural Park

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

2021 (Jan. 1 – Dec. 31, 2021)

(Millions of yen)

	Reportable segment						Adjustments (Note 1)	Amounts shown on consolidated financial statements (Note 2)
	Products Human Resources Business	Services Human Resources Business	Real Estate Business	Information and Telecommunications Business	Agricultural Park Business	Subtotal		
Net sales								
Sales to external customers	70,667	34,324	36,977	9,367	3,367	154,704	-	154,704
Inter-segment sales and transfers	543	186	10	18	11	770	(770)	-
Total	71,210	34,511	36,988	9,385	3,378	155,475	(770)	154,704
Segment profit (loss)	3,088	912	2,977	118	(20)	7,076	405	7,481
Segment assets	18,642	12,562	51,473	3,318	2,908	88,905	8,363	97,269
Other items								
Depreciation	68	9	451	40	148	718	90	809
Amortization of goodwill	70	7	-	34	-	112	-	112
Impairment loss	-	-	-	15	-	15	-	15
Increase in property, plant and equipment and intangible assets	83	6	508	17	131	746	255	1,001

Notes: 1. Contents of adjustments are as follows.

- (1) The 405 million yen adjustment to segment profit includes elimination for inter-segment transactions of 30 million yen, and 374 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 8,363 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 90 million yen adjustment to depreciation is related to corporate assets that are not allocated to any of the reportable segments.
- (4) The 255 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.

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

2022 (Jan. 1 – Dec. 31, 2022)

(Millions of yen)

	Reportable segment						Adjustments (Note 1)	Amounts shown on consolidated financial statements (Note 2)
	Products Human Resources Business	Services Human Resources Business	Real Estate Business	Information and Telecommunications Business	Agricultural Park Business	Subtotal		
Net sales								
Sales to external customers	88,598	44,282	38,044	8,399	4,314	183,640	-	183,640
Inter-segment sales and transfers	565	178	74	64	19	903	(903)	-
Total	89,164	44,460	38,119	8,464	4,334	184,543	(903)	183,640
Segment profit	4,054	1,125	3,181	125	158	8,644	284	8,929
Segment assets	28,961	13,294	65,734	3,121	3,019	114,130	9,460	123,591
Other items								
Depreciation	64	36	509	35	149	795	114	909
Amortization of goodwill	178	286	-	30	-	495	-	495
Impairment loss	-	-	-	28	-	28	-	28
Increase in property, plant and equipment and intangible assets	100	22	1,277	14	142	1,557	260	1,817

Notes: 1. Contents of adjustments are as follows.

- (1) The 284 million yen adjustment to segment profit includes elimination for inter-segment transactions of -120 million yen, and 404 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 9,460 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 114 million yen adjustment to depreciation is related to corporate assets that are not allocated to any of the reportable segments.
 - (4) The 260 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.
2. Segment profit is adjusted to be consistent with operating profit shown on the consolidated statement of income.

Per-share Information

(Yen)

	2021 (Jan. 1 – Dec. 31, 2021)	2022 (Jan. 1 – Dec. 31, 2022)
Net assets per share	1,803.96	2,019.89
Net income per share	265.02	305.50
Diluted net income per share	263.19	303.82

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

	2021 (Jan. 1 – Dec. 31, 2021)	2022 (Jan. 1 – Dec. 31, 2022)
Net income per share		
Profit attributable to owners of parent (Millions of yen)	4,626	5,341
Amount not attributable to common shareholders (Millions of yen)	-	-
Profit attributable to owners of parent applicable to common stock (Millions of yen)	4,626	5,341
Average number of common stock outstanding during the period (Shares)	17,456,325	17,484,077
Diluted net income per share		
Adjustment to profit attributable to owners of parent (Millions of yen)	-	-
Increase in number of common stock (Shares)	121,494	96,935
[of which share acquisition rights (Shares)]	[121,494]	[96,935]
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.