



Consolidated Financial Results for the Third Quarter of 2023 (Nine Months Ended September 30, 2023)

[Japanese GAAP]

November 9, 2023

Company name: WORLD HOLDINGS CO., LTD.

Listing: Tokyo Stock Exchange

Stock code: 2429

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Scheduled date of filing of Quarterly Report:

November 13, 2023

Scheduled date of payment of dividend:

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Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting:

None

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

1. Consolidated Financial Results for the First Nine Months of 2023 (January 1 to September 30, 2023)

(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	%
Nine months ended Sep. 30, 2023	150,976	14.1	7,769	17.3	7,690	14.2	4,707	21.2
Nine months ended Sep. 30, 2022	132,346	30.3	6,621	60.9	6,736	54.4	3,883	23.3

Note: Comprehensive income (millions of yen)

Nine months ended Sep. 30, 2023: 4,904 (up 20.1%)

Nine months ended Sep. 30, 2022: 4,084 (up 21.6%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Sep. 30, 2023	268.35	267.19
Nine months ended Sep. 30, 2022	222.27	221.05

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2023	155,847	41,266	24.8	2,203.22
As of Dec. 31, 2022	123,591	37,195	28.6	2,019.89

Reference: Shareholders' equity (millions of yen)

As of Sep. 30, 2023: 38,666

As of Dec. 31, 2022: 35,408

2. Dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2022	-	0.00	-	91.50	91.50
2023	-	0.00	-	-	-
2023 (forecast)	-	-	-	103.50	103.50

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

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
Full year	201,354	9.6	9,916	11.1	9,453	5.8	6,045	13.2	344.84

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

*** Notes**

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

Newly added: 1 (Yamato Staff Supply Co., Ltd.) Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: Yes

Note: Please refer to the section “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements, Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements” on page 9 for further information.

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

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

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

3) Changes in accounting-based estimates: None

4) Restatements: None

Note: Please refer to the section “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements, Changes in Accounting Policies” on page 9 for further information.

(4) Number of shares issued (common stock)

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

As of Sep. 30, 2023:	17,663,800 shares	As of Dec. 31, 2022:	17,643,500 shares
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2) Number of treasury shares at the end of the period

As of Sep. 30, 2023:	113,631 shares	As of Dec. 31, 2022:	113,573 shares
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3) Average number of shares during the period

Nine months ended Sep. 30, 2023:	17,541,687 shares	Nine months ended Sep. 30, 2022:	17,473,203 shares
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* The current financial report is not subject to quarterly review 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. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements” on page 4 for forecast assumptions and notes of caution for usage.

How to view supplementary materials for quarterly financial results

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. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first nine months of 2023, the Japanese economy followed a gradual recovery trend, with economic and social activity moving more rapidly towards normalization as the turmoil caused by the COVID crisis subsided. However, the economic outlook remained uncertain due to such factors as the continuing high costs of raw materials and energy, the rising cost of living resulting from inflation, the ongoing depreciation of the yen, a slowdown in overseas economies including the Chinese economy, and chronic labor shortages.

Under these circumstances, while each segment shows different results, the Group was able to respond appropriately to changes through its portfolio of multiple businesses built up over time, resulting in both sales and profits rising and outperforming the plan.

Net sales increased 14.1% year on year to 150,976 million yen (up 8.8% vs. plan). Operating profit increased 17.3% to 7,769 million yen (up 55.0% vs. plan), ordinary profit increased 14.2% to 7,690 million yen (up 57.9% vs. plan), and profit attributable to owners of parent increased 21.2% to 4,707 million yen (up 52.9% vs. plan).

All activities of the 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.

Business segment performance was as follows.

Products Human Resources Business

In the Products Human Resources business, the slowdown in overseas economies led to stagnation in production activities for manufacturers of semiconductors, electrical and electronic components, machinery, and other products, especially in connection to smartphones, and orders followed a downward trend compared to the previous year. However, both sales and profits performed strongly and exceeded the plan as the Company leveraged its strength across multiple industries and increased its support to various sectors, including automotive-related industries.

In planning for the expected growth of the semiconductor industry in the Kyushu region and elsewhere, the Company is preparing for more growth in the next fiscal year and beyond by investing further in human resource development, including preparing for the launch of a technical center in Ozu-machi, Kumamoto Prefecture, and establishing a system capable of training 1,000 semiconductor personnel. We have also invested in digital transformation (DX) to reduce SG&A expenses and improve back-office productivity.

As a result, sales were 74,130 million yen, up 15.1% year on year (up 7.2% vs. plan) and segment profit decreased 14.9% to 2,728 million yen (up 7.7% vs. plan).

Services Human Resources Business

Profits in the Service Human Resources Business fell short of the plan following a decline due to the completion of special demand projects in the first half of 2022 and prior investment in new business development, such as dispatch order management agency services. Profits also underperformed the plan due to a temporary fall in logistics-related volume. On the other hand, in addition to steady progress in opening new bases in the logistics sector, demand related to customer service and tourism followed a rising trend as the COVID pandemic subsided, and we made steady progress in securing human resources and training them accordingly for the next fiscal year and beyond.

In addition, as disclosed on July 27, 2023, in addition to a business alliance made with Yamato Holdings Co., Ltd. on July 27, we successfully completed the acquisition of 51% of the outstanding shares of Yamato Staff Supply Co., Ltd on September 1. Going forward, we will leverage the strengths of both companies to achieve further logistics-related growth, expand new business development such as dispatch order management agency services, and create still greater opportunities for more people to play an active role.

Sales were 35,580 million yen, up 13.6% year on year (up 1.7% vs. plan) and segment profit decreased 51.7% to 425 million yen (down 20.4% vs. plan).

Real Estate Business

This business is operating with caution because real estate prices in Japan remain high. We successfully sold and delivered land for business use at the optimum time. In addition, some properties that were scheduled to be delivered in the fourth quarter were brought forward, and both sales and profit exceeded the plan by a wide margin. Contracts for the remaining properties scheduled for delivery during the current fiscal year are almost complete, and steady progress is being made towards achieving the full-year plan.

With regard to procurement, while maintaining a cautious approach to business expansion, we have leveraged our expertise in commercial land development, which is one of our strengths, to minimize risk while steadily securing properties that will contribute into the next fiscal year and beyond.

Sales were 31,859 million yen, up 18.5% year on year (up 26.4% vs. plan), and segment profit was 3,841 million yen, up 84.8% year on year (up 230.1% vs. plan).

Information and Telecommunications Business

In the Information and Telecommunications Business, with the mobile phone sales agency industry undergoing a period of major change, both sales and profits fell short of the plan due to a decline in unit sales in the mainstay mobile store operations, a fall in the per-user unit price due to lower usage fees, and lower commission income from various telecommunications carriers.

Currently, while taking a scrap-and-build approach to the mobile stores to improve efficiency, we are leveraging the segment's existing strengths in the corporate solutions sector and integrating its expertise in corporate problem-solving with its mobile phone shops for individuals. In so doing, the Group aims to enhance its presence and grow once more as a regional problem-solving base for both individuals and corporate customers.

Sales were 5,856 million yen, down 9.6% year on year (down 1.0% vs. plan), and there was a segment loss of 19 million yen, compared with a loss of 53 million yen in the same period of 2022 (plan was a segment loss of 84 million yen).

Agricultural Park Business

In the Agricultural Park Business, the number of visitors to the park slowed due to poor weather in May, which is the busiest period of the year, and a summer heat wave in addition to factors such as soaring electricity rates and rising procurement costs that pushed down profits. Accordingly, profits fell short of the plan. On the other hand, in light of the recent trend toward warmer winters, we have steadily been preparing measures to attract more visitors during the winter season.

In addition, at the Comorebi Ibaraido Forest in Ibaraki Prefecture, environmentally friendly initiatives were promoted by exploiting the strengths of its extensive outdoor facilities, including the examination of introducing new solar power generation and battery storage facilities to reduce greenhouse gas emissions and electricity costs.

Sales were 3,549 million yen, up 8.7% year on year (up 0.4% vs. plan), and segment profit was 100 million yen, down 30.8% year on year (down 43.8% vs. plan).

(2) Explanation of Financial Position

Assets

Total assets increased 32,256 million yen from the end of 2022 to 155,847 million yen at the end of the third quarter of 2023. This was mainly due to increases of 4,395 million yen in notes and accounts receivable-trade, 3,768 million yen in real estate for sale, 3,585 million yen in real estate for sale in process and 5,424 million yen in goodwill.

Liabilities

Total liabilities increased 28,185 million yen from the end of 2022 to 114,581 million yen. This was mainly due to increases of 12,057 million yen in short-term borrowings and 11,979 million yen in long-term borrowings.

Net assets

Net assets increased 4,070 million yen from the end of 2022 to 41,266 million yen, mainly due to increases of 3,103 million yen in retained earnings and 821 million yen in non-controlling interests.

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

World Holdings maintains its full-year consolidated forecasts that were announced in the “Consolidated Financial Results for 2022” on February 14, 2023.

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

(Millions of yen)

	2022 (As of Dec. 31, 2022)	Third quarter of 2023 (As of Sep. 30, 2023)
Assets		
Current assets		
Cash and deposits	35,091	38,628
Notes and accounts receivable-trade	18,809	23,205
Merchandise and finished goods	833	729
Real estate for sale	6,506	10,275
Work in process	113	268
Real estate for sale in process	43,099	46,684
Other	3,811	14,348
Allowance for doubtful accounts	(6)	(7)
Total current assets	108,257	134,132
Non-current assets		
Property, plant and equipment	6,032	6,085
Intangible assets		
Goodwill	4,059	9,484
Other	192	304
Total intangible assets	4,252	9,788
Investments and other assets		
Investment securities	1,229	1,408
Deferred tax assets	2,047	2,217
Leasehold and guarantee deposits	1,191	1,542
Other	932	1,023
Allowance for doubtful accounts	(352)	(350)
Total investments and other assets	5,049	5,841
Total non-current assets	15,333	21,715
Total assets	123,591	155,847
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,225	1,046
Accounts payable-real estate business	269	530
Short-term borrowings	30,798	42,856
Accrued expenses	10,798	11,886
Advances received	1,167	1,340
Income taxes payable	2,580	1,608
Accrued consumption taxes	3,307	3,338
Provision for bonuses	225	1,279
Other	5,115	7,026
Total current liabilities	55,489	70,912
Non-current liabilities		
Long-term borrowings	25,149	37,129
Provision for retirement benefits for directors (and other officers)	198	185
Retirement benefit liability	3,297	3,935
Other	2,260	2,417
Total non-current liabilities	30,905	43,668
Total liabilities	86,395	114,581

	(Millions of yen)	
	2022	Third quarter of 2023
	(As of Dec. 31, 2022)	(As of Sep. 30, 2023)
Net assets		
Shareholders' equity		
Share capital	1,314	1,332
Capital surplus	1,504	1,522
Retained earnings	32,862	35,965
Treasury shares	(119)	(119)
Total shareholders' equity	35,561	38,700
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14	60
Foreign currency translation adjustment	40	76
Remeasurements of defined benefit plans	(207)	(170)
Total accumulated other comprehensive income	(153)	(33)
Share acquisition rights	76	67
Non-controlling interests	1,710	2,532
Total net assets	37,195	41,266
Total liabilities and net assets	123,591	155,847

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**(Quarterly Consolidated Statement of Income)****(For the Nine-month Period)**

(Millions of yen)

	First nine months of 2022 (Jan. 1 – Sep. 30, 2022)	First nine months of 2023 (Jan. 1 – Sep. 30, 2023)
Net sales	132,346	150,976
Cost of sales	109,615	124,054
Gross profit	22,730	26,922
Selling, general and administrative expenses	16,109	19,152
Operating profit	6,621	7,769
Non-operating income		
Interest and dividend income	8	51
Subsidy income	120	22
Income of support to investment in property and equipment	3	-
Other	173	118
Total non-operating income	306	191
Non-operating expenses		
Interest expenses	158	222
Other	32	48
Total non-operating expenses	190	271
Ordinary profit	6,736	7,690
Extraordinary losses		
Loss on disaster	-	1
Total extraordinary losses	-	1
Profit before income taxes	6,736	7,689
Income taxes	2,700	2,918
Profit	4,035	4,771
Profit attributable to non-controlling interests	151	63
Profit attributable to owners of parent	3,883	4,707

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

	(Millions of yen)	
	First nine months of 2022 (Jan. 1 – Sep. 30, 2022)	First nine months of 2023 (Jan. 1 – Sep. 30, 2023)
Profit	4,035	4,771
Other comprehensive income		
Valuation difference on available-for-sale securities	(9)	46
Foreign currency translation adjustment	63	49
Remeasurements of defined benefit plans, net of tax	(5)	37
Total other comprehensive income	48	133
Comprehensive income	4,084	4,904
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,913	4,827
Comprehensive income attributable to non-controlling interests	171	77

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Changes in Significant Subsidiaries during the Period

While not applicable to the transfer of a specified subsidiary, Toen Planning Co., Ltd., which became a consolidated subsidiary in 2022, was removed from the scope of consolidation in the first quarter of 2023 because this company was absorbed by World Residential Co., Ltd. on March 1, 2023 and subsequently dissolved.

While not applicable to the transfer of a specified subsidiary, Koresato Winery Co., Ltd. has been included in the scope of its consolidation from the second quarter of 2023 because the Company subscribed to a third-party allotment of new shares in this company on April 1, 2023.

While not applicable to the transfer of a specified subsidiary, Nippon Gijutsu Center Co., Ltd. and its subsidiary Techno Link Co., Ltd. have been included in the scope of consolidation from the second quarter of 2023 because the Company acquired shares in Nippon Gijutsu Center Co., Ltd. on May 22, 2023.

Yamato Staff Supply Co., Ltd. has been included in the scope of consolidation from the third quarter of 2023 because the Company acquired shares in this company on September 1, 2023.

Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements

Calculation of tax expense

The tax expenses are calculated by first reasonably estimating the effective tax rate after the application of tax effect accounting with respect to profit before income taxes for the fiscal year in which the quarter under review falls, and multiplying that rate by the profit before income taxes for the quarter under review. However, World Holdings uses legally stipulated effective tax rates to calculate tax expenses when the use of estimated tax rates produces a clearly irrational result.

Changes in Accounting Policies

Application of Accounting Standard for Fair Value Measurement

World Holdings has applied the Accounting Standard for Fair Value Measurement (Accounting Standards Board of Japan ("ASBJ") Statement No. 30, July 4, 2019) and others from the beginning of the first quarter of 2023, 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 this standard on the quarterly consolidated financial statements.

Segment Information

I. First nine months of 2022 (Jan. 1 – Sep. 30, 2022)

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

(Millions of yen)

	Reportable segment						Adjustments (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
	Products Human Resources Business	Services Human Resources Business	Real Estate Business	Information and Telecommunications Business	Agricultural Park Business	Total		
Net sales								
Sales to external customers	64,386	31,330	26,889	6,476	3,264	132,346	-	132,346
Inter-segment sales and transfers	424	133	72	34	14	679	(679)	-
Total	64,810	31,463	26,961	6,511	3,278	133,025	(679)	132,346
Segment profit	3,206	880	2,078	53	145	6,365	256	6,621

Notes: 1. The 256 million yen adjustment to segment profit includes elimination for inter-segment transactions of -265 million yen, and 522 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. Segment profit is adjusted to be consistent with operating profit shown on the quarterly consolidated statement of income.

2. Information related to impairment losses on non-current assets or goodwill, etc. for each reportable segment

Impairment losses related to non-current assets

Not applicable.

Significant change in goodwill

There is no significant change.

Significant gain on bargain purchase

Not applicable.

II. First nine months of 2023 (Jan. 1 – Sep. 30, 2023)

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

(Millions of yen)

	Reportable segment						Adjustments (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
	Products Human Resources Business	Services Human Resources Business	Real Estate Business	Information and Telecommunications Business	Agricultural Park Business	Total		
Net sales								
Sales to external customers	74,130	35,580	31,859	5,856	3,549	150,976	-	150,976
Inter-segment sales and transfers	477	135	12	49	17	692	(692)	-
Total	74,607	35,716	31,872	5,906	3,566	151,668	(692)	150,976
Segment profit (loss)	2,728	425	3,841	(19)	100	7,075	694	7,769

Notes: 1. The 694 million yen adjustment to segment profit includes elimination for inter-segment transactions of -3 million yen, and 697 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. Segment profit is adjusted to be consistent with operating profit shown on the quarterly consolidated statement of income.

2. Information related to impairment losses on non-current assets or goodwill, etc. for each reportable segment

Impairment losses related to non-current assets

Not applicable.

Significant change in goodwill

Goodwill was booked in the “Services Human Resources Business” segment as Yamato Staff Supply Co., Ltd. became a consolidated subsidiary through the acquisition of 51% of its shares. The event caused the amount of goodwill to increase by 1,407 million yen during the first nine months of 2023.

Significant gain on bargain purchase

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.