



Consolidated Financial Results for 2023

[Japanese GAAP]

February 9, 2024

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

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Scheduled date of Annual General Meeting of Shareholders: March 22, 2024

Scheduled date of payment of dividend: March 25, 2024

Scheduled date of filing of Annual Securities Report: March 25, 2024

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 2023 (January 1 to December 31, 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 | % |
| 2023 | 213,742 | 16.4 | 10,365 | 16.1 | 10,251 | 14.8 | 6,204 | 16.2 |
| 2022 | 183,640 | 18.7 | 8,929 | 19.3 | 8,933 | 15.4 | 5,341 | 15.5 |

Note: Comprehensive income (millions of yen) 2023: 6,529 (up 22.1%) 2022: 5,346 (up 10.5%)

| | Net income per share | Diluted net income per share | Return on equity | Ordinary profit on total assets | Operating profit to net sales |
|------|----------------------|------------------------------|------------------|---------------------------------|-------------------------------|
| | Yen | Yen | % | % | % |
| 2023 | 353.61 | 352.15 | 16.4 | 7.3 | 4.8 |
| 2022 | 305.50 | 303.82 | 16.0 | 8.1 | 4.9 |

Reference: Equity in earnings of affiliates (millions of yen) 2023: - 2022: -

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|---------------------|--------------|-------------|--------------|----------------------|
| | Million yen | Million yen | % | Yen |
| As of Dec. 31, 2023 | 159,204 | 42,926 | 25.3 | 2,290.86 |
| As of Dec. 31, 2022 | 123,591 | 37,195 | 28.6 | 2,019.89 |

Reference: Shareholders' equity (millions of yen) As of Dec. 31, 2023: 40,259 As of Dec. 31, 2022: 35,408

(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 |
| 2023 | (3,355) | (11,484) | 20,579 | 40,848 |
| 2022 | (4,765) | (5,990) | 15,064 | 35,078 |

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 | % | % |
| 2022 | - | 0.00 | - | 91.50 | 91.50 | 1,603 | 30.0 | 4.8 |
| 2023 | - | 0.00 | - | 106.00 | 106.00 | 1,862 | 30.0 | 4.9 |
| 2024 (forecast) | - | 0.00 | - | 80.90 | 80.90 | | 30.0 | |

3. Consolidated Forecast for 2024 (January 1 to December 31, 2024)

(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 | 109,547 | 21.1 | 1,189 | (67.7) | 1,010 | (72.3) | 254 | (87.4) | 14.48 |
| Full year | 252,085 | 17.9 | 9,003 | (13.1) | 8,622 | (15.9) | 4,738 | (23.6) | 270.05 |

*** 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) 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” 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, 2023: 17,687,800 shares As of Dec. 31, 2022: 17,643,500 shares

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

As of Dec. 31, 2023: 113,661 shares As of Dec. 31, 2022: 113,573 shares

3) Average number of shares during the period

2023: 17,547,265 shares 2022: 17,484,077 shares

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for 2023 (January 1 to December 31, 2023)

(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 | % |
| 2023 | 3,308 | 2.7 | 794 | 17.3 | 3,205 | 15.1 | 2,839 | 27.8 |
| 2022 | 3,221 | 30.9 | 676 | 81.9 | 2,785 | 61.5 | 2,220 | 41.8 |

| | Net income per share | Diluted net income per share |
|------|----------------------|------------------------------|
| | Yen | Yen |
| 2023 | 161.80 | 161.13 |
| 2022 | 127.03 | 126.33 |

(2) Non-consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|---------------------|--------------|-------------|--------------|----------------------|
| | Million yen | Million yen | % | Yen |
| As of Dec. 31, 2023 | 84,416 | 20,749 | 24.5 | 1,177.37 |
| As of Dec. 31, 2022 | 62,685 | 19,431 | 30.9 | 1,104.12 |

Reference: Shareholders' equity (millions of yen)

As of Dec. 31, 2023: 20,691

As of Dec. 31, 2022: 19,355

* 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 Wednesday, February 14, 2024. 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

During the fiscal year under review, 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 recovery in demand has largely run its course, and the outlook remains uncertain due to such downside factors as the slowdown in overseas economies, ongoing depreciation of the yen, turmoil caused by heightened war and geopolitical risks, and sluggish semiconductor market.

Under these circumstances, while each segment shows different results, the Group was able to achieve stable growth by using its portfolio of multiple businesses, which form the distinctive strengths of our group, to respond appropriately to changes. As a result, both sales and profits rose to outperform the initial plan.

Net sales increased 16.4% year on year to 213,742 million yen (up 6.2% vs. plan). Operating profit increased 16.1% to 10,365 million yen (up 4.5% vs. plan), ordinary profit increased 14.8% to 10,251 million yen (up 8.4% vs. plan), and profit attributable to owners of parent increased 16.2% to 6,204 million yen (up 2.6% 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, despite the impact of a decline in orders due to the sluggish semiconductor market and other factors, the Group's performance remained solid as it leveraged its strength across multiple industries to respond flexibly to changes in various industries, including the automotive industry. Moreover, in addition to investing in the recruitment and training of a record number of over 1,200 new graduates, there were also unexpected costs associated with shift of personnel to other industries, resulting in higher sales but lower profit.

In May, we welcomed Nippon Gijutsu Center Co., Ltd., which employs large numbers of highly skilled mechanical design engineers, into the group. With this move, we aim to strengthen our technology department and enhance our expertise in our core contract business.

In planning for the expected growth of the semiconductor industry in the Kyushu region and elsewhere, World Holdings 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.

Sales were 101,246 million yen, up 14.3% year on year (up 6.9% vs. plan) and segment profit decreased 9.3% to 3,679 million yen (down 13.8% vs. plan).

Services Human Resources Business

The Service Human Resources Business declined at the start of the fiscal year following the completion of special demand projects in the first half of fiscal 2022 and a fall in volume in reaction to the demand surge in the e-commerce market from the stay-home trend during the COVID crisis. However, both sales and earnings rose to exceed the fiscal year plan, mainly due to the recovery of the logistics division in the second half of the fiscal year and the growth of the customer service sales division, which took advantage of the rise in the number of visiting foreign tourists.

Additionally, in July we entered into a strategic business alliance with Yamato Holdings Co., Ltd., and in September we welcomed Yamato Staff Supply Co., Ltd., a subsidiary of the same company, into the group. These initiatives aimed to strengthen our logistics division, which is the mainstay of this segment. Leveraging our accumulated expertise in labor management, we have sought to expand into new business areas such as dispatch

order management agency services and have proceeded to establish systems and measures to contribute to industry transformation, including improving productivity in the logistics sector.

Sales were 57,157 million yen, up 29.1% year on year (up 15.8% vs. plan) and segment profit increased 6.0% to 1,193 million yen (up 4.2% vs. plan).

Real Estate Business

In the Real Estate Business, we have been cautiously developing our business amid continuing high real estate prices, but by capturing the optimal timing for sales, including advance sales, and progressing with the sale and delivery of land for business use, we achieved particularly strong results on the profit side, leading to increased sales and earnings. Profitability was boosted by the sale of highly lucrative properties, together with the significant upside of proceeding without incurring the sales promotion and other costs that we had initially anticipated.

Condominium projects include Residential Ikebukuro Honcho in Toshima-ku, Tokyo; Atlas Tower Shirokane Residential in Shibuya-ku, Tokyo; Atlas Aoyama Residential in Minato-ku, Tokyo; Residential Hara Branchera in Fukuoka City, Fukuoka Prefecture; and Residential Aoba Hirosegawa in Sendai City, Miyagi Prefecture. The delivery of these properties has progressed smoothly.

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 42,906 million yen, up 12.8% year on year (down 3.6% vs. plan), and segment profit was 4,590 million yen, up 44.3% year on year (up 23.3% 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. The result was lower sales and earnings.

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 store network 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 7,710 million yen, down 8.2% year on year (down 4.5% vs. plan), and there was segment profit of 4 million yen, down 96.6% year on year (down 98.0% vs. plan).

Agricultural Park Business

In the Agricultural Park Business, content enhancement led to an increase in average customer spending, resulting in a rise in sales. However, 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. The result was higher sales and lower earnings.

Meanwhile, starting in April, we began the new designated management of Osaka Garden of Floral Culture in Kawachinagano City, Osaka, and we have also been actively preparing for new designated management projects that will extend into the next fiscal year and beyond.

In addition, environmentally friendly initiatives were promoted at all agricultural parks following the Comorebi Ibaraido Forest in Ibaraki Prefecture, 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 4,721 million yen, up 9.4% year on year (up 1.2% vs. plan), and segment profit was 101 million yen, down 35.9% year on year (down 51.4% vs. plan).

Overview of Business Results by Segment

| (Millions of yen) | | | 2022 Result | 2023 Plan | 2023 Result | Vs. Plan | | Year-on-year change | |
|---|---|-----------------------------|----------------|--------------|----------------|----------|--------|---------------------|--------|
| | | | | | | Amount | % | Amount | % |
| Human Resources and Education Business | Products Human Resources Business | Net sales | 88,598 | 94,732 | 101,246 | 6,513 | 6.9 | 12,647 | 14.3 |
| | | Segment profit | 4,054 | 4,265 | 3,679 | (586) | (13.8) | (375) | (9.3) |
| | | (Profit margin) | (4.6%) | (4.5%) | (3.6%) | | | | |
| | Services Human Resources Business | Net sales | 44,282 | 49,371 | 57,157 | 7,785 | 15.8 | 12,875 | 29.1 |
| | | Segment profit | 1,125 | 1,144 | 1,193 | 48 | 4.2 | 68 | 6.0 |
| | | (Profit margin) | (2.5%) | (2.3%) | (2.1%) | | | | |
| Subtotal (Reference) | Net sales | 132,880 | 144,104 | 158,403 | 14,299 | 9.9 | 25,522 | 19.2 | |
| | Segment profit | 5,179 | 5,409 | 4,872 | (537) | (10.0) | (307) | (5.9) | |
| | (Profit margin) | (3.9%) | (3.8%) | (3.1%) | | | | | |
| Real Estate Business | Real Estate Business | Net sales | 38,044 | 44,511 | 42,906 | (1,604) | (3.6) | 4,861 | 12.8 |
| | | Segment profit | 3,181 | 3,728 | 4,590 | 861 | 23.3 | 1,409 | 44.3 |
| | | (Profit margin) | (8.4%) | (8.4%) | (10.7%) | | | | |
| Information and Telecommu- nications Business | Information and Telecommu- nications Business | Net sales | 8,399 | 8,074 | 7,710 | (363) | (4.5) | (689) | (8.2) |
| | | Segment profit | 125 | 214 | 4 | (210) | (98.0) | (121) | (96.6) |
| | | (Profit margin) | (1.5%) | (2.7%) | (0.1%) | | | | |
| Agricultural Park Business | Agricultural Park Business | Net sales | 4,314 | 4,664 | 4,721 | 56 | 1.2 | 406 | 9.4 |
| | | Segment profit | 158 | 208 | 101 | (106) | (51.4) | (57) | (35.9) |
| | | (Profit margin) | (3.7%) | (4.5%) | (2.2%) | | | | |
| Total | | Net sales | 183,640 | 201,354 | 213,742 | 12,387 | 6.2 | 30,101 | 16.4 |
| | | Elimination or corporate | 284 | 354 | 796 | 442 | 124.9 | 512 | 180.4 |
| | | Operating profit | 8,929 | 9,916 | 10,365 | 449 | 4.5 | 1,436 | 16.1 |
| | | (Profit margin) | (4.9%) | (4.9%) | (4.8%) | | | | |

(2) Financial Position

Assets

Total assets increased 35,613 million yen from the end of 2022 to 159,204 million yen at the end of 2023. This was mainly due to increases of 5,757 million yen in cash and deposits, 6,338 million yen in notes and accounts receivable-trade, 9,236 million yen in real estate for sale in process and 5,151 million yen in goodwill.

Liabilities

Total liabilities increased 29,883 million yen from the end of 2022 to 116,278 million yen. This was mainly due to increases of 15,085 million yen in short-term borrowings, 2,468 million yen in accrued expenses and 7,743 million yen in long-term borrowings.

Net assets

Net assets increased 5,730 million yen from the end of 2022 to 42,926 million yen, mainly due to increases of 4,600 million yen in retained earnings and 897 million yen in non-controlling interests.

(3) Cash Flows

Cash and cash equivalents at the end of 2023 increased 5,770 million yen from the end of 2022 to 40,848 million yen.

The cash flow components during the fiscal year under review and the main reasons for changes are as described below.

Cash flows from operating activities

Net cash used in operating activities was 3,355 million yen. Main positive factors include profit before income taxes of 10,120 million yen and a 954 million yen increase in accrued expenses. Major negative factors include a 1,677 million yen increase in trade receivables, a 12,658 million yen increase in real estate for sale and income taxes paid of 4,862 million yen.

Cash flows from investing activities

Net cash used in investing activities was 11,484 million yen. Main positive factors include collection of loans receivable of 275 million yen. Main negative factors include payments of 4,338 million yen for purchase of property, plant and equipment and 6,593 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 20,579 million yen. Main positive factors include a net increase in short-term borrowings of 9,328 million yen and proceeds of 22,208 million yen from long-term borrowings. Main negative factors include repayments of long-term borrowings of 9,325 million yen and dividends paid of 1,603 million yen.

Reference: Cash flow indicators

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|---------|-------|---------|-----------|-----------|
| Equity ratio (%) | 25.9 | 36.1 | 32.4 | 28.6 | 25.3 |
| Market value-based equity ratio (%) | 37.3 | 43.2 | 46.5 | 35.6 | 30.1 |
| Interest-bearing debt to cash flow ratio (%) | 1,340.5 | 212.6 | 2,861.6 | (1,174.1) | (2,347.7) |
| Interest coverage ratio (times) | 14.7 | 81.3 | 7.6 | 21.1 | 10.9 |

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 106.00 yen per share for 2023, as stated in "Notice of Dividends from Surplus" announced on February 9, 2024. We plan to pay a year-end dividend of 80.90 yen per share for 2024 in accordance with this policy.

(5) Outlook

Regarding the outlook for fiscal 2024, we will proceed with formulating a cautious business plan amid a situation of continuing uncertainty with the slowdown of the global economy. In the Human Resources and Education Business, we expect an increase in sales due to the recovery of the semiconductor industry from the second half of the fiscal year and the contribution of Yamato Staff Supply Co., Ltd. However, in the Real Estate Business, given the continued high prices in the real estate market, we are planning for an overall fall in profits as we exercise prudence in business expansion.

Our plan is weighted towards the second half of the fiscal year due to an expected recovery of the semiconductor industry in the Human Resources and Education Business in this period, coupled with the concentration of property handovers in the Real Estate Business during the same period.

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 14, 2024.

Based on the above, we forecast net sales of 252,085 million yen (up 17.9% year on year), operating profit of 9,003 million yen (down 13.1% year on year), ordinary profit of 8,622 million yen (down 15.9% year on year), and profit attributable to owners of parent of 4,738 million yen (down 23.6% year on year) in 2024.

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)

| | 2022 (As of Dec. 31, 2022) | 2023 (As of Dec. 31, 2023) |
|-------------------------------------|-------------------------------|-------------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 35,091 | 40,848 |
| Notes and accounts receivable-trade | 18,809 | 25,148 |
| Merchandise and finished goods | 833 | 776 |
| Real estate for sale | 6,506 | 9,928 |
| Work in process | 113 | 241 |
| Real estate for sale in process | 43,099 | 52,335 |
| Other | 3,811 | 4,672 |
| Allowance for doubtful accounts | (6) | (7) |
| Total current assets | 108,257 | 133,944 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 10,071 | 11,323 |
| Accumulated depreciation | (7,621) | (7,991) |
| Buildings and structures, net | 2,450 | 3,331 |
| Land | 1,783 | 4,796 |
| Other | 5,640 | 6,049 |
| Accumulated depreciation | (3,841) | (4,462) |
| Other, net | 1,798 | 1,586 |
| Total property, plant and equipment | 6,032 | 9,714 |
| Intangible assets | | |
| Goodwill | 4,059 | 9,210 |
| Other | 192 | 273 |
| Total intangible assets | 4,252 | 9,484 |
| Investments and other assets | | |
| Investment securities | 1,229 | 1,579 |
| Deferred tax assets | 2,047 | 2,213 |
| Leasehold and guarantee deposits | 1,191 | 1,532 |
| Retirement benefit asset | - | 15 |
| Other | 932 | 1,150 |
| Allowance for doubtful accounts | (352) | (430) |
| Total investments and other assets | 5,049 | 6,061 |
| Total non-current assets | 15,333 | 25,260 |
| Total assets | 123,591 | 159,204 |

| | (Millions of yen) | |
|--|-----------------------|-----------------------|
| | 2022 | 2023 |
| | (As of Dec. 31, 2022) | (As of Dec. 31, 2023) |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 1,225 | 1,186 |
| Accounts payable-real estate business | 269 | 1,749 |
| Short-term borrowings | 30,798 | 45,883 |
| Accrued expenses | 10,798 | 13,267 |
| Advances received | 1,167 | 1,002 |
| Income taxes payable | 2,580 | 2,239 |
| Accrued consumption taxes | 3,307 | 4,083 |
| Provision for bonuses | 225 | 426 |
| Other | 5,115 | 6,918 |
| Total current liabilities | 55,489 | 76,757 |
| Non-current liabilities | | |
| Long-term borrowings | 25,149 | 32,893 |
| Provision for retirement benefits for directors (and other officers) | 198 | 201 |
| Retirement benefit liability | 3,297 | 3,967 |
| Other | 2,260 | 2,459 |
| Total non-current liabilities | 30,905 | 39,521 |
| Total liabilities | 86,395 | 116,278 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 1,314 | 1,350 |
| Capital surplus | 1,504 | 1,540 |
| Retained earnings | 32,862 | 37,463 |
| Treasury shares | (119) | (119) |
| Total shareholders' equity | 35,561 | 40,234 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 14 | 51 |
| Foreign currency translation adjustment | 40 | 57 |
| Remeasurements of defined benefit plans | (207) | (83) |
| Total accumulated other comprehensive income | (153) | 25 |
| Share acquisition rights | 76 | 58 |
| Non-controlling interests | 1,710 | 2,608 |
| Total net assets | 37,195 | 42,926 |
| Total liabilities and net assets | 123,591 | 159,204 |

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

(Millions of yen)

| | 2022 (Jan. 1 – Dec. 31, 2022) | 2023 (Jan. 1 – Dec. 31, 2023) |
|--|----------------------------------|----------------------------------|
| Net sales | 183,640 | 213,742 |
| Cost of sales | 151,953 | 176,122 |
| Gross profit | 31,687 | 37,619 |
| Selling, general and administrative expenses | | |
| Provision of allowance for doubtful accounts | 0 | 0 |
| Remuneration for directors (and other officers) | 547 | 658 |
| Salaries and allowances | 8,865 | 10,154 |
| Provision for bonuses | 199 | 136 |
| Retirement benefits for directors (and other officers) | - | 10 |
| Retirement benefit expenses | 156 | 297 |
| Provision for retirement benefits for directors (and other officers) | 21 | 27 |
| Welfare expenses | 1,776 | 2,086 |
| Depreciation | 458 | 473 |
| Rent expenses | 1,346 | 1,451 |
| Amortization of goodwill | 495 | 829 |
| Other | 8,889 | 11,125 |
| Total selling, general and administrative expenses | 22,758 | 27,254 |
| Operating profit | 8,929 | 10,365 |
| Non-operating income | | |
| Interest and dividend income | 15 | 56 |
| Subsidy income | 140 | 23 |
| Income of support to investment in property and equipment | 3 | - |
| Other | 228 | 213 |
| Total non-operating income | 387 | 293 |
| Non-operating expenses | | |
| Interest expenses | 225 | 307 |
| Loss on retirement of non-current assets | 53 | 25 |
| Other | 105 | 74 |
| Total non-operating expenses | 383 | 407 |
| Ordinary profit | 8,933 | 10,251 |
| Extraordinary income | | |
| Insurance claim income | 6 | 0 |
| Total extraordinary income | 6 | 0 |
| Extraordinary losses | | |
| Provision of allowance for doubtful accounts | 126 | 80 |
| Impairment losses | 28 | 35 |
| Loss on valuation of shares of subsidiaries and associates | 322 | 13 |
| Loss on disaster | 5 | 1 |
| Total extraordinary losses | 483 | 131 |
| Profit before income taxes | 8,455 | 10,120 |
| Income taxes-current | 3,511 | 3,840 |
| Income taxes-deferred | (559) | (70) |
| Total income taxes | 2,951 | 3,770 |
| Profit | 5,504 | 6,350 |
| Profit attributable to non-controlling interests | 162 | 145 |
| Profit attributable to owners of parent | 5,341 | 6,204 |

Consolidated Statement of Comprehensive Income

(Millions of yen)

| | 2022 (Jan. 1 – Dec. 31, 2022) | 2023 (Jan. 1 – Dec. 31, 2023) |
|--|----------------------------------|----------------------------------|
| Profit | 5,504 | 6,350 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (1) | 37 |
| Foreign currency translation adjustment | 19 | 17 |
| Remeasurements of defined benefit plans, net of tax | (175) | 124 |
| Total other comprehensive income | (158) | 179 |
| Comprehensive income | 5,346 | 6,529 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 5,176 | 6,376 |
| Comprehensive income attributable to non-controlling interests | 169 | 153 |

(3) Consolidated Statement of Changes in Equity

2022 (Jan. 1 – Dec. 31, 2022)

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 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 |
| 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 |

2023 (Jan. 1 – Dec. 31, 2023)

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 1,314 | 1,504 | 32,862 | (119) | 35,561 |
| Changes during period | | | | | |
| Issuance of new shares | 35 | 35 | | | 71 |
| Dividends of surplus | | | (1,603) | | (1,603) |
| Profit attributable to owners of parent | | | 6,204 | | 6,204 |
| Purchase of treasury shares | | | | (0) | (0) |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | 35 | 35 | 4,600 | (0) | 4,672 |
| Balance at end of period | 1,350 | 1,540 | 37,463 | (119) | 40,234 |

| | 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 | 14 | 40 | (207) | (153) | 76 | 1,710 | 37,195 |
| Changes during period | | | | | | | |
| Issuance of new shares | | | | | | | 71 |
| Dividends of surplus | | | | | | | (1,603) |
| Profit attributable to owners of parent | | | | | | | 6,204 |
| Purchase of treasury shares | | | | | | | (0) |
| Net changes in items other than shareholders' equity | 37 | 17 | 124 | 179 | (18) | 897 | 1,057 |
| Total changes during period | 37 | 17 | 124 | 179 | (18) | 897 | 5,730 |
| Balance at end of period | 51 | 57 | (83) | 25 | 58 | 2,608 | 42,926 |

(4) Consolidated Statement of Cash Flows

(Millions of yen)

| | 2022 (Jan. 1 – Dec. 31, 2022) | 2023 (Jan. 1 – Dec. 31, 2023) |
|--|----------------------------------|----------------------------------|
| Cash flows from operating activities | | |
| Profit before income taxes | 8,455 | 10,120 |
| Depreciation | 909 | 951 |
| Impairment losses | 28 | 35 |
| Amortization of goodwill | 495 | 829 |
| Increase (decrease) in allowance for doubtful accounts | 105 | 78 |
| Increase (decrease) in provision for retirement benefits for directors (and other officers) | 21 | 3 |
| Decrease (increase) in retirement benefit asset | - | (15) |
| Increase (decrease) in retirement benefit liability | 376 | 634 |
| Interest and dividend income | (15) | (56) |
| Interest expenses | 225 | 307 |
| Loss on retirement of non-current assets | 53 | 25 |
| Loss on valuation of shares of subsidiaries and associates | 322 | 13 |
| Decrease (increase) in trade receivables | (1,615) | (1,677) |
| Decrease (increase) in inventories | (82) | 5 |
| Decrease (increase) in real estate for sale | (12,075) | (12,658) |
| Increase (decrease) in trade payables | (692) | 1,411 |
| Increase (decrease) in accrued expenses | 1,596 | 954 |
| Increase (decrease) in advances received | (373) | (174) |
| Increase (decrease) in accrued consumption taxes | 713 | (11) |
| Increase (decrease) in other current liabilities | (153) | 987 |
| Other, net | (686) | (280) |
| Subtotal | (2,388) | 1,485 |
| Interest and dividends received | 11 | 33 |
| Interest paid | (221) | (313) |
| Income taxes paid | (2,638) | (4,862) |
| Income taxes refund | 472 | 301 |
| Net cash provided by (used in) operating activities | (4,765) | (3,355) |
| Cash flows from investing activities | | |
| Payments into time deposits | (1) | - |
| Proceeds from withdrawal of time deposits | 2 | 13 |
| Purchase of property, plant and equipment | (1,670) | (4,338) |
| Purchase of intangible assets | (34) | (112) |
| Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation | - | 14 |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | (4,165) | (6,593) |
| Payments for acquisition of businesses | - | (42) |
| Purchase of investments in non-consolidated subsidiary | (50) | (284) |
| Net decrease (increase) in lease and guarantee deposits | (51) | (13) |
| Loan advances | (122) | (430) |
| Proceeds from collection of loans receivable | 13 | 275 |
| Other, net | 90 | 26 |
| Net cash provided by (used in) investing activities | (5,990) | (11,484) |

| | (Millions of yen) | |
|---|--------------------------|--------------------------|
| | 2022 | 2023 |
| | (Jan. 1 – Dec. 31, 2022) | (Jan. 1 – Dec. 31, 2023) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 1,254 | 9,328 |
| Proceeds from long-term borrowings | 24,583 | 22,208 |
| Repayments of long-term borrowings | (9,316) | (9,325) |
| Repayments of lease obligations | (6) | (12) |
| Proceeds from issuance of shares | 95 | 53 |
| Purchase of treasury shares | - | (0) |
| Dividends paid | (1,388) | (1,603) |
| Dividends paid to non-controlling interests | (52) | (68) |
| Repayments to non-controlling shareholders | (104) | - |
| Net cash provided by (used in) financing activities | 15,064 | 20,579 |
| Effect of exchange rate change on cash and cash equivalents | 20 | 31 |
| Net increase (decrease) in cash and cash equivalents | 4,329 | 5,770 |
| Cash and cash equivalents at beginning of period | 30,748 | 35,078 |
| Cash and cash equivalents at end of period | 35,078 | 40,848 |

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

Not applicable.

Changes in Accounting Policies**Application of Implementation Guidance on Accounting Standard for Fair Value Measurement**

World Holdings has applied the Implementation Guidance on Accounting Standard for Fair Value Measurement (Accounting Standards Board of Japan (“ASBJ”) Guidance No. 31, June 17, 2021) from the beginning of 2023, and has applied the new accounting policies set forth by the Implementation Guidance on Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional treatment in the paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement.

There is no effect of the application of this guidance 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. Based on the characteristics of products and services, World Holdings has established the following reportable segments: Products Human Resources Business, Services Human Resources Business, Real Estate Business, Information and Telecommunications Business, and Agricultural Park Business.

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 parks

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

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 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 related to corporate assets 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.

2023 (Jan. 1 – Dec. 31, 2023)

(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 | 101,246 | 57,157 | 42,906 | 7,710 | 4,721 | 213,742 | - | 213,742 |
| Inter-segment sales and transfers | 641 | 180 | 15 | 81 | 22 | 941 | (941) | - |
| Total | 101,887 | 57,338 | 42,921 | 7,792 | 4,743 | 214,684 | (941) | 213,742 |
| Segment profit | 3,679 | 1,193 | 4,590 | 4 | 101 | 9,568 | 796 | 10,365 |
| Segment assets | 37,993 | 20,579 | 85,398 | 3,116 | 3,111 | 150,199 | 9,005 | 159,204 |
| Other items | | | | | | | | |
| Depreciation | 80 | 49 | 531 | 29 | 158 | 849 | 102 | 951 |
| Amortization of goodwill | 424 | 387 | - | 17 | - | 829 | - | 829 |
| Impairment loss | - | - | - | 27 | - | 27 | 8 | 35 |
| Increase in property, plant and equipment and intangible assets | 129 | 32 | 4,125 | 25 | 287 | 4,600 | 159 | 4,759 |

Notes: 1. Contents of adjustments are as follows.

- (1) The 796 million yen adjustment to segment profit includes elimination for inter-segment transactions of 5 million yen, and 790 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 9,005 million yen adjustment to segment assets is corporate assets that are not allocated to any of the reportable segments. Corporate assets mainly consist of surplus funds (cash and deposits).
 - (3) The 102 million yen adjustment to depreciation is related to corporate assets that are not allocated to any of the reportable segments.
 - (4) The 159 million yen adjustment to increase in property, plant and equipment and intangible assets is capital expenditures related to corporate assets 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)

| | 2022 (Jan. 1 – Dec. 31, 2022) | 2023 (Jan. 1 – Dec. 31, 2023) |
|------------------------------|----------------------------------|----------------------------------|
| Net assets per share | 2,019.89 | 2,290.86 |
| Net income per share | 305.50 | 353.61 |
| Diluted net income per share | 303.82 | 352.15 |

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

| | 2022 (Jan. 1 – Dec. 31, 2022) | 2023 (Jan. 1 – Dec. 31, 2023) |
|--|----------------------------------|----------------------------------|
| Net income per share | | |
| Profit attributable to owners of parent (Millions of yen) | 5,341 | 6,204 |
| Amount not attributable to common shareholders (Millions of yen) | - | - |
| Profit attributable to owners of parent applicable to common stock (Millions of yen) | 5,341 | 6,204 |
| Average number of common stock outstanding during the period (Shares) | 17,484,077 | 17,547,265 |
| Diluted net income per share | | |
| Adjustment to profit attributable to owners of parent (Millions of yen) | - | - |
| Increase in number of common stock (Shares) | 96,935 | 73,054 |
| [of which share acquisition rights (Shares)] | [96,935] | [73,054] |
| Summary of potentially dilutive shares not included in the calculation of diluted net income per share due to their anti-dilutive effect | - | - |

Subsequent Events

Issuance of stock options

1. Stock acquisition rights as stock options to be distributed to employees, etc.

At a meeting held on January 17, 2024, the Board of Directors of World Holdings has decided the terms of stock acquisition rights, issued as tax-qualified stock options to be distributed to directors (excluding outside directors) of World Holdings and its subsidiaries and employees of World Holdings and its subsidiaries, and approved a resolution to solicit persons to subscribe these rights, in accordance with the provisions of Articles 236, 238 and 239 of the Companies Act and the resolution of the 30th Ordinary General Meeting of Shareholders held on March 24, 2023. The stock options are to be granted for the purposes of motivating directors (excluding outside directors) of World Holdings and its subsidiaries and employees of World Holdings and its subsidiaries to increase consolidated sales and earnings of the Group as a whole, improving the ability to recruit skilled people, and contributing to the growth of corporate value. On February 5, 2024, the value of assets to be contributed upon the exercise of the stock acquisition rights was determined as follows.

(1) Qualification and number of allottees of stock options and number of stock options to be allotted

Allotment of 165 units to six directors of the Company

Allotment of 17 units to three employees of the Company

Allotment of 631 units to 61 directors of the Company's subsidiaries

Allotment of 2,187 units to 753 employees of the Company's subsidiaries

(2) Total number of stock options

3,000 (100 shares are received upon the exercise of each stock option.)

(3) Class and number of shares to be issued upon exercise of the stock options

Common stock of the Company: 300,000 shares

(4) Payment in exchange for the stock options

No payment is required to receive the stock options.

(5) Value of assets to be contributed upon the exercise of the stock options

305,000 yen per stock option (3,050 yen per share)

(6) Exercise period

From March 1, 2026 to March 24, 2033

(7) Allotment date of stock options

February 5, 2024

2. Stock acquisition rights as stock options to be distributed to directors

At a meeting held on January 17, 2024, the Board of Directors of World Holdings has decided the terms of stock acquisition rights, issued as non-tax-qualified stock options to be distributed to directors of World Holdings, and approved a resolution to solicit persons to subscribe these rights, in accordance with the provisions of Articles 236, 238 and 239 of the Companies Act and the resolution of the 30th Ordinary General Meeting of Shareholders held on March 24, 2023. The stock options are to be granted for the purposes of motivating directors of World Holdings to increase consolidated sales and earnings and contributing to the growth of corporate value. On January 23, 2024, the value of assets to be contributed upon the exercise of the stock acquisition rights was determined as follows.

(1) Qualification and number of allottees of stock options and number of stock options to be allotted

Allotment of 3,000 units to one director of the Company

(2) Total number of stock options

3,000 (100 shares are received upon the exercise of each stock option.)

(3) Class and number of shares to be issued upon exercise of the stock options

Common stock of the Company: 300,000 shares

(4) Payment in exchange for the stock options

No payment is required to receive the stock options.

(5) Value of assets to be contributed upon the exercise of the stock options

292,400 yen per stock option (2,924 yen per share)

(6) Exercise period

From January 23, 2024 to January 22, 2034

(7) Allotment date of stock options

January 23, 2024

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.