



FY2018 Financial Results

February 18, 2019 (Mon)
WORLD HOLDINGS CO., LTD.
First Section of Tokyo Stock Exchange(2429)

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I. Summary of FY2018 Financial Results

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Review of FY2018

Initial Plan for FY2018

Actual Results for the Year

Human Resources and Education Business

Implementation of mid- and long-term measures toward distinct differentiation, such as improvement of “capability of gathering workers”

- Strengthening of upfront investment that contributes to securing human resources in the future
= Improvement of “capability of gathering workers” (brand strength)
(Establishment/enhancement of the system of human resource development in each business segment)
(Establishment of a new evaluation system that facilitates job mobility of the human resources we have developed)
- Strengthening of “capability of attracting workers”

Realization of a certain extent of effects through the establishment/strengthening of a human resource development system (retention rate improvement, rising competitiveness in the distribution field, and increasing number of workers assigned for the technology business)

- : Enriched education/training programs in each business
- : Started reviewing the evaluation system for each business
- △ : Investment was not sufficient in some cases
- △ : Opportunity loss occurred due to ongoing difficulty in recruitment activity
- △ : Cost of structural reform through R&D and S&M increased

Real Estate Business

Acceleration of shift to a profit structure depending less on market conditions

- Balancing out and strengthening of the business portfolio
- Start business in new regions
- Establishment of a system for sharing and utilizing information collected through our nationwide business network

Closely related

Recurring-revenue businesses grew

- : Renovation-related business, in which weight was attached to expansion, grew
- : Increased the number of business bases for single-family housing and renovation
- : Delivered houses in a timely appropriate manner for real estate development-related segment => Maximized profit
- △ : Careful procurement through meticulous assessment of the market conditions => will have impact on business performance in the next and subsequent terms

Information and Telecommunications Business

Establishment of systems capable of dealing with changes in market needs

- Upfront investment in building up a network of blue-chip stores
- Strengthening of businesses targeting corporations

Benefit of the remaining players

While progress was made with system establishment, business environment continues to be severe

- : Solution targeting small- and medium-sized companies grew steadily
- △ : Implemented scrap and build, and will continue it for the next term

Summary of Financial Results

- Human Resources and Education Business, our mainstay segment, continued to show steady growth, leading our company's whole business performance.
- Sales hit a record high thanks to the growth of the existing businesses.
- We achieved the initial estimate for operating income while accelerating investment in Human Resources and Education Business as planned with the future kept in mind.

(Unit: Million yen)

	Results for the term ended Dec. 2017	*Initial estimate	Results for the term ended Dec. 2018	Result against estimate Achievement rate	YoY	
					Change	Pct. Change
Net sales	127,147	145,137	142,894	98.5%	+15,747	+12.4 %
Operating income	7,064	7,288	7,370	101.1%	+305	+4.3 %
Ordinary income	7,007	7,083	7,357	103.9%	+349	+5.0 %
Net income attributable to owners of parent	4,612	4,635	4,650	100.3%	+38	+0.8 %

*Announced on February 13, 2018

Overview of Business Results by Segment (Results Compared to the Previous Term)

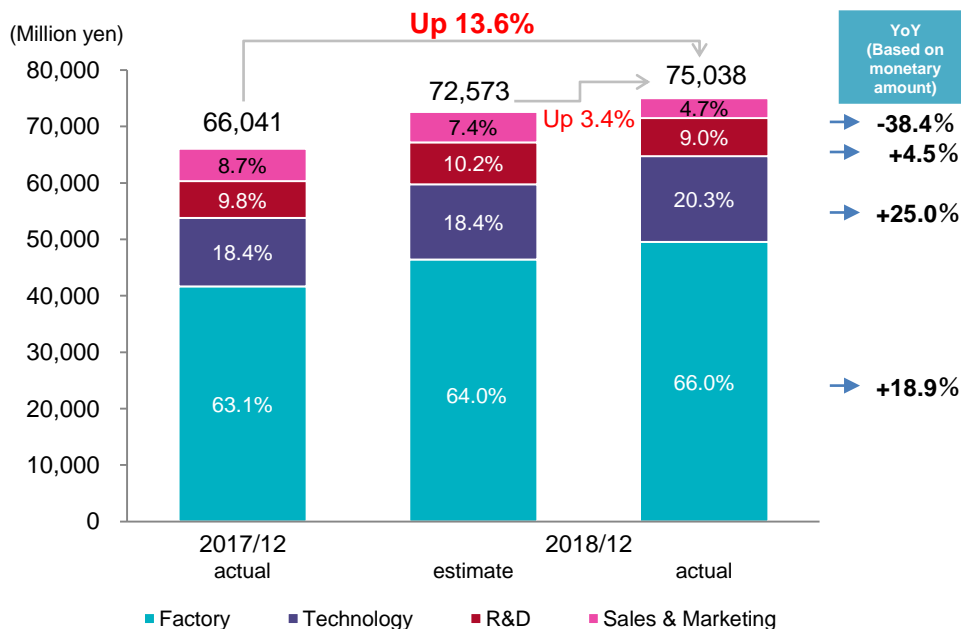
Unit: Million yen			Results for the term ended Dec. 2017		Results for the term ended Dec. 2018		YOY	
				(Profit margin)	(Profit margin)		Change	Pct. Change
Human Resources and Education Business	Factory Business	Net sales	41,654		49,524		7,869	18.9
		Segment income	2,587	(6.2%)	3,169	(6.4%)	581	22.5
	Technology Business	Net sales	12,155		15,200		3,044	25.0
		Segment income	1,263	(10.4%)	1,337	(8.8%)	74	5.9
	R&D Business	Net sales	6,489		6,779		289	4.5
		Segment income	634	(9.8%)	559	(8.3%)	-75	-11.9
	Sales & Marketing Business	Net sales	5,741		3,533		-2,207	-38.4
Segment income		219	(3.8%)	-100	—	-320	—	
Total (reference)		Net sales	66,041		75,038		8,996	13.6
		Segment income	4,704	(7.1%)	4,964	(6.6%)	259	5.5
Real Estate Business	Real Estate Business	Net sales	49,080		52,011		2,931	6.0
		Segment income	4,635	(9.4%)	4,589	(8.8%)	-45	-1.0
Information and Telecommunications Business	Information and Telecommunications Business	Net sales	9,167		12,376		3,209	35.0
		Segment income	25	(0.3%)	3	(0.0%)	-21	-85.1
Other	Others	Net sales	2,856		3,467		610	21.4
		Segment income	-272	—	-270	—	1	—
Total		Net sales	127,147		142,894		15,747	12.4
		Elimination or corporate	-2,029		-1,917		111	—
		Operating income	7,064	(5.6%)	7,370	(5.2%)	305	4.3
<Reference>								
Real Estate Business	Development/Single-family housing	Net sales	34,389		34,199		-190	-0.6
		Segment income	4,164	(12.1%)	3,651	(10.7%)	-513	-12.3
	Renovation/Prefabricated houses	Net sales	14,690		17,812		3,122	21.3
		Segment income	471	(3.2%)	938	(5.3%)	467	99.2

Overall Segment

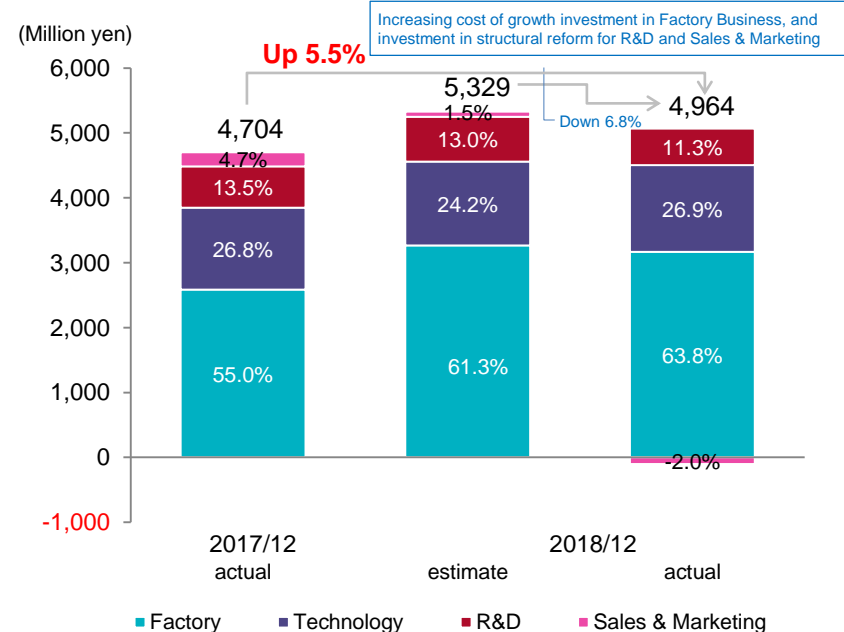
<Composition Ratio of Sales and Segment Income by Segment>

- Response to the changing external environment
⇒ Implemented measured upfront investment from the medium- and long-term perspective in order to raise the brand strength (capability of gathering workers)
- Endeavor to enhance the human resources development/assignment functions and saw results in some of the efforts
⇒ Steady growth in Factory Business (distribution field) and Technology Business

◆ Sales composition



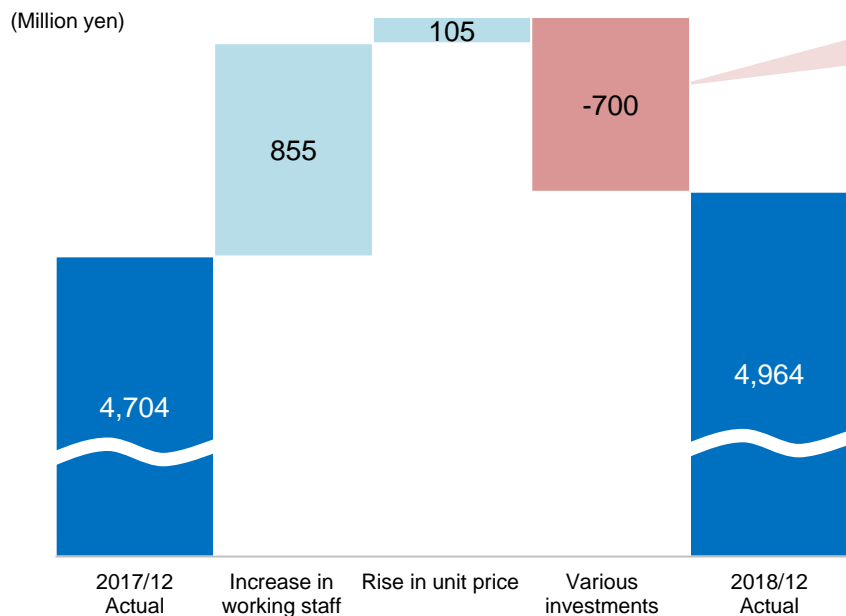
◆ Segment income



Overall Segment

<Factors in Changes of Segment Income>

- Immediate sales and profit continued to grow thanks to the net increase in the number of workers and the rising unit price.
- Meanwhile, we proactively made upfront investment in human resources development in an effort to gain a new position in the field as a group of highly advanced engineers.
 - ⇒ Aiming to broaden the client base, further grow our company, and lay the groundwork for new businesses for the future



- **Factory Business**
Development and assignment of human resources with job mobility through utilization of “Technical Center,” and “prior recruitment”
Upfront investment following the “establishment of a new logistics base”
- **Technology Business**
Turning out fully developed human resources through in-house education and training programs, such as ones at “Production Engineering Center” and “Design Center,” and “various training programs for system engineers”
- **R&D Business**
Enrichment of “education and training programs,” and development of “joint research with universities”
Securing loyalty of human resources and developing them by DOT
- Establishment and operation of programs/systems for helping employees curve out their respective careers
- Provision of a 10-year follow-up training program for newly employed workers

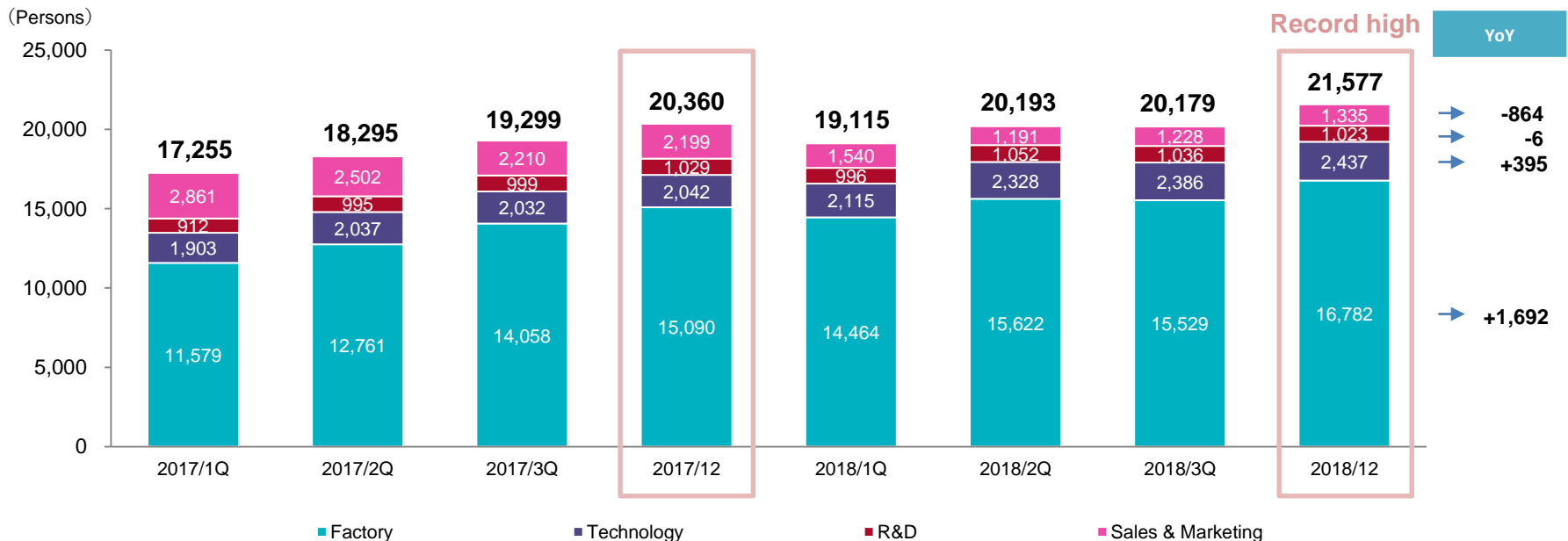
Formation of highly capable engineer team
(Development of more advanced business fields
+ promotion of our company)

Overall Segment

<The number of staff members>

- In the distribution field (Factory Business), we successfully dealt with large-scale projects during the busiest period at the end of the year thanks to the effective stratified education program focusing mainly on educating the management.
- In Technology Business, we increased the number of working staff by enriching the scheme that we had propelled forward with the aim of developing and assigning engineers.

◆ Variation in the number of staff (3-month average)*



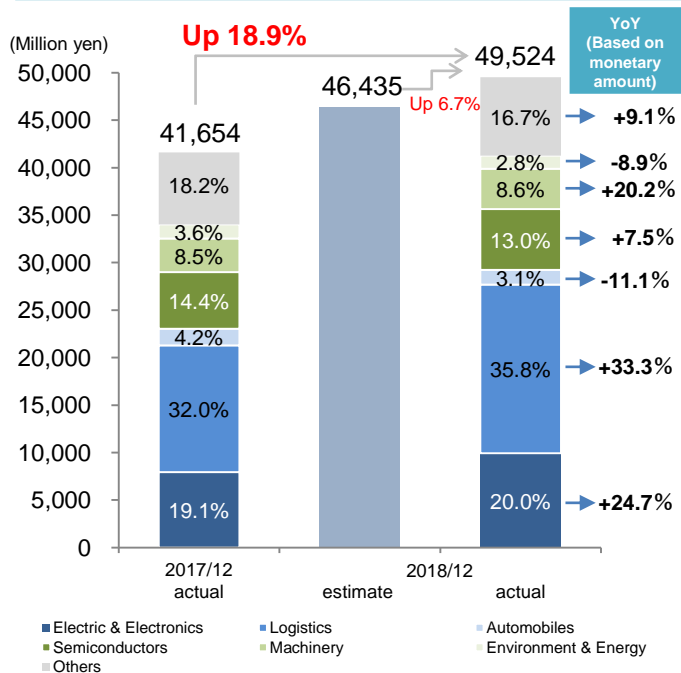
The number of staff in Factory Business includes external staff members accepted from other companies.

Factory Business

< Sales composition by business segment and the number of staff members >

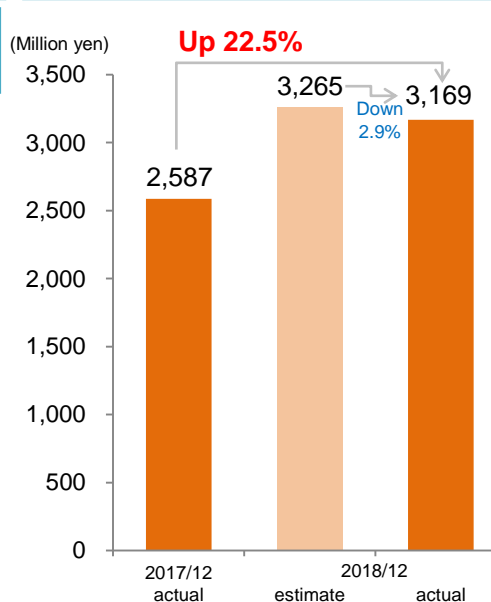
- We dealt with the strength and weakness at each of our business segments through job mobility of our human resources, and averted risks of sales decrease as much as possible.
- The newly established large-scale business base in the distribution field started operation successfully in April, contributing to increasing the number of working staff as well as nurturing the management.
- We expanded the office for tasks we undertook in Machinery, and Electric & Electronics Businesses, and prospected for growth industries such as 5G network.
- We moved ahead with investment in order to build a human resources platform (a group of experts with shared techniques and skills).

◆ Sales composition by business segment

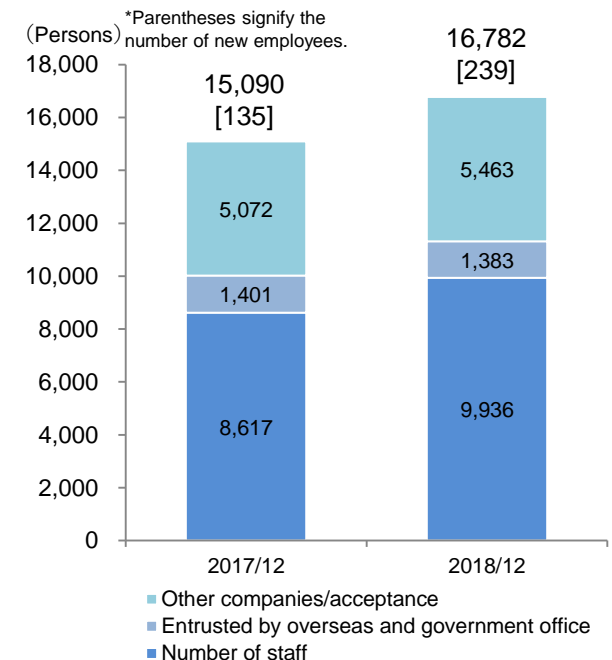


*We have not disclosed the sales estimate by segment

◆ Segment income



◆ Variation in the number of staff (3-month average)



*The number of staff is a three-month average. External staff members accepted from other companies are included.
*Number of staff included only staff members who are engaged in on-site operation work.

Technology Business

< Sales composition by business segment and the number of staff members >

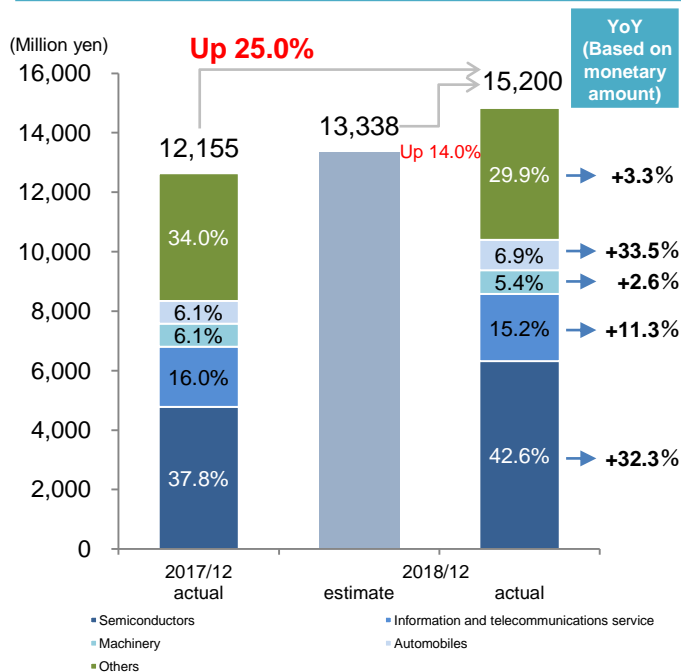
- We increased the number of staff, including machine designers for the car-related field and system engineers for the 5G network-related field, by enriching the human resources development scheme* that is aimed at development and assignment of engineers.

*A scheme for nurturing and turning out human resources with the following as its major content:

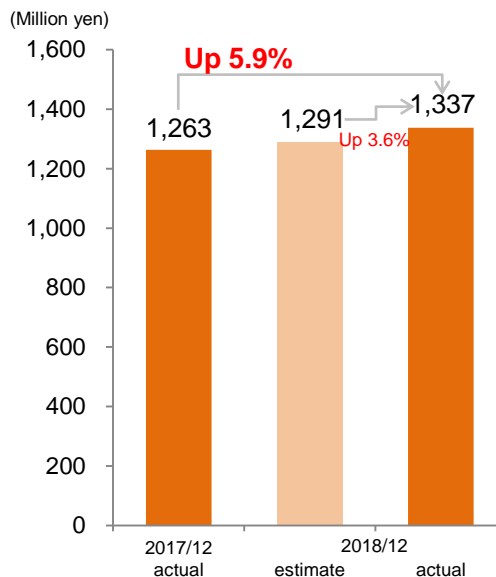
- Existing employees — Education for changing their career paths, and honing of their skills
- Inexperienced workers — Various training programs, such as training in 3D-CAD at "Design Center," training in production engineering at

"Production Engineering Center," and programming training in collaboration with Advan Inc., in JAVA, Python, and embedded C.

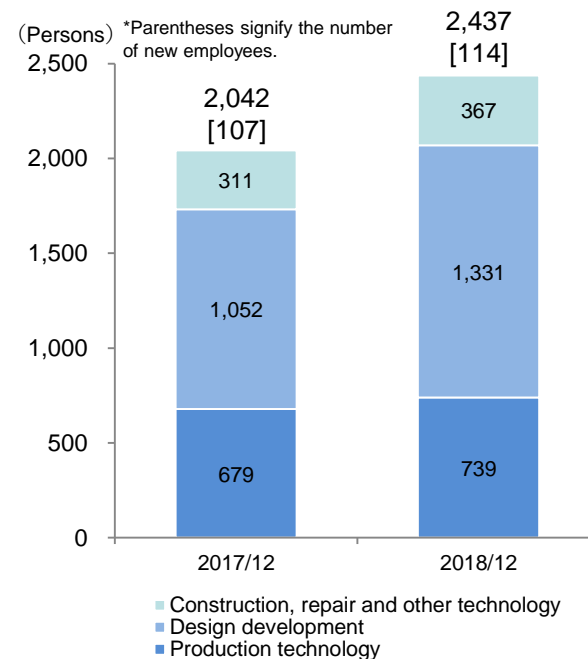
◆ Sales composition by business segment



◆ Segment income



◆ Variation in the number of staff (3-month average)



*We have not disclosed the sales estimate by segment

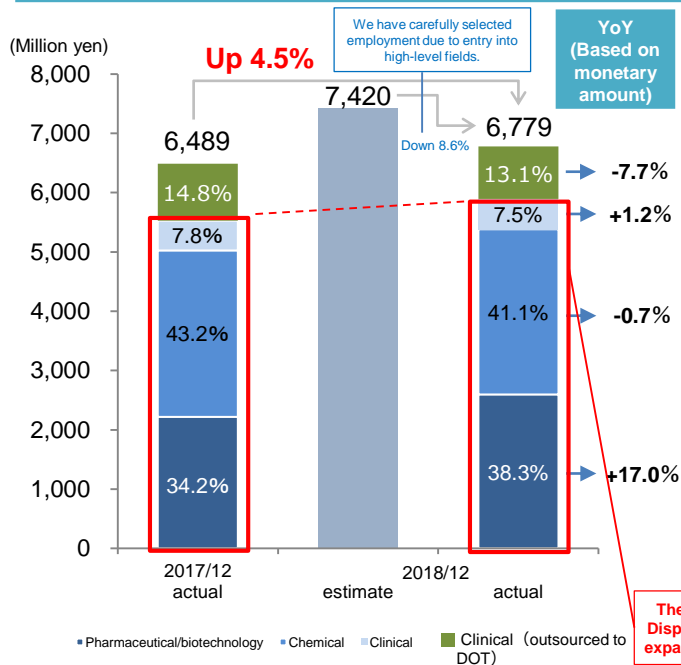
*The number of staff is a three-month average
*Number of staff included only staff members who are engaged in on-site operation work.

R&D Business

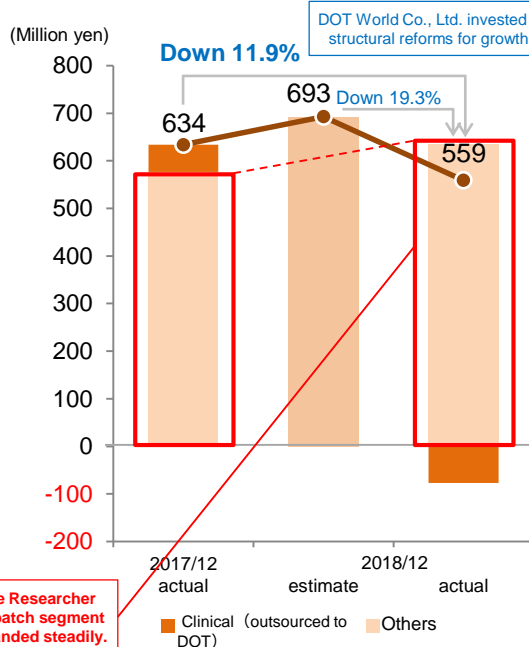
< Sales composition by business segment and the number of staff members >

- Sales grew steadily in the Researcher Dispatch segment. We successfully promoted our company by securing superior researchers and enriching education and training programs, and enriched the system of joint research with universities by researchers who possess highly professional knowledge and skills.
- In the clinical research outsourcing (CRO) segment, profit shrank due to the failure to receive an order for a large-scale project outsourced to DOT World Co., Ltd. We entered into an advisory contract with Prof. Akifumi Matsuyama of Fujita Health University, and embarked on structural reform with the next and subsequent fiscal years kept in mind.

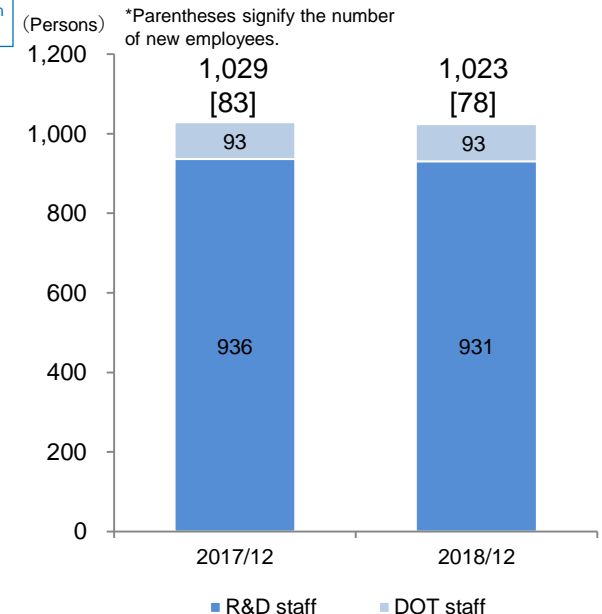
◆ Sales composition by business segment



◆ Segment income



◆ Variation in the number of staff (3-month average)



*We have not disclosed the sales estimate by segment.

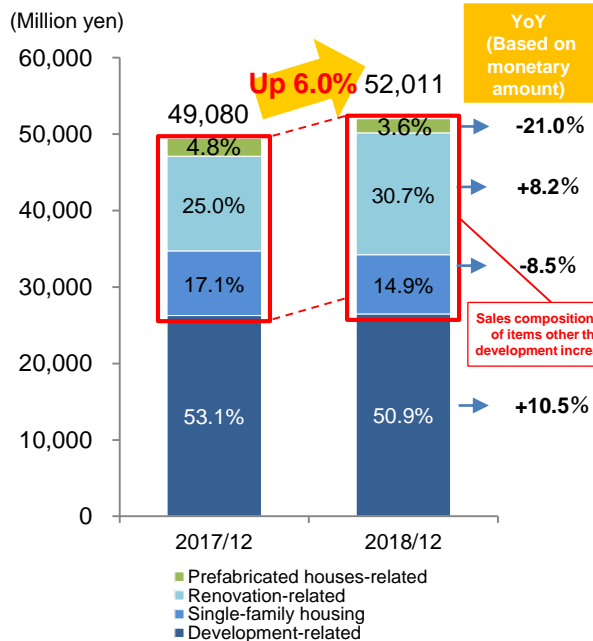
*The number of staff is a three-month average
*Number of staff included only staff members who are engaged in on-site operation work.

Real Estate Business

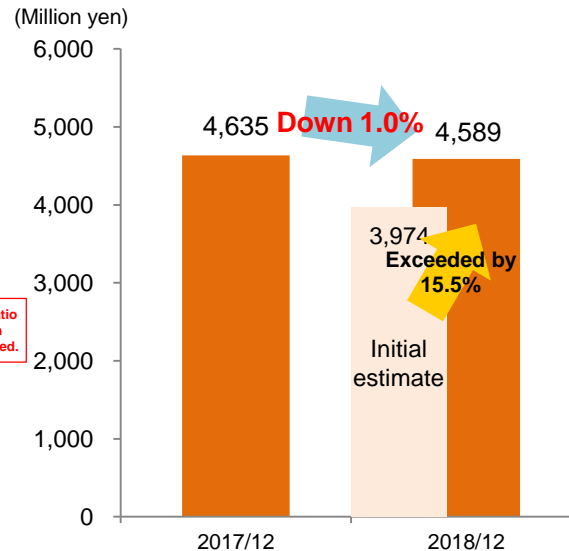
<Sales composition by business segment, and the number of pieces of real estate handed over >

- In the renovation-related segment, we accelerated business growth by improving our corporate brand value and prospecting for new business regions.
- In the development-related segment, with weight attached to securing profit, we procured and delivered houses in a timely and appropriate manner by making the most of our capability of collecting information and vast network that have been realized through a wide range of fields and regions we have covered.

◆ Sales composition by business segment



◆ Segment income



◆ Major condominium handed over



Residential Ikoma
«Nara Prefecture»



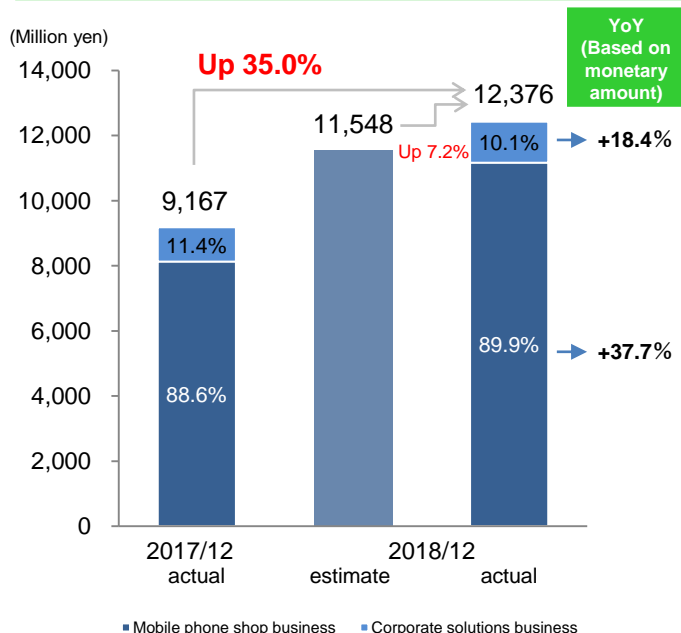
Residential Musashigaoka
«Kumamoto Prefecture»

Information and Telecommunications Business

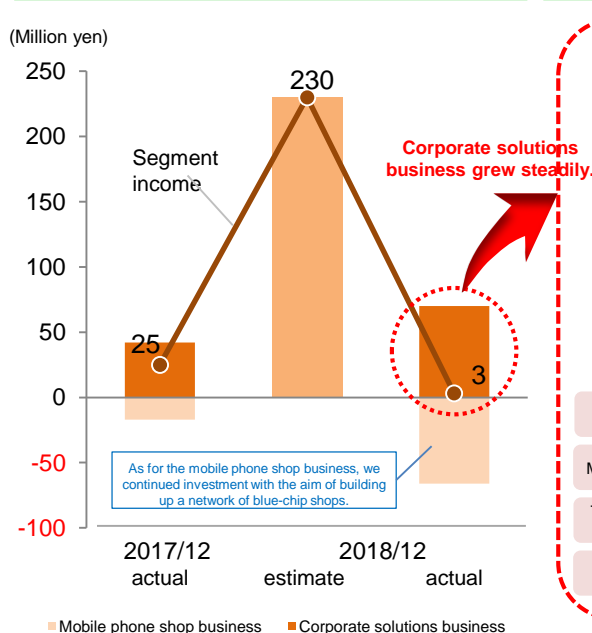
< Sales for each target and segment income >

- Although the sales increased as sales volume expanded mainly in 16 stores which were added in previous year, new stores are increasing recurring revenue, moving into a phase of upfront investment.
- We invested mainly in the shop business, which would become our mainstay, for having the merits of remaining players.
- Corporate solutions business grew steadily thanks to expansion into new areas and increase of handling products.

◆ Sales for each target



◆ Segment income



◆ Corporate solutions



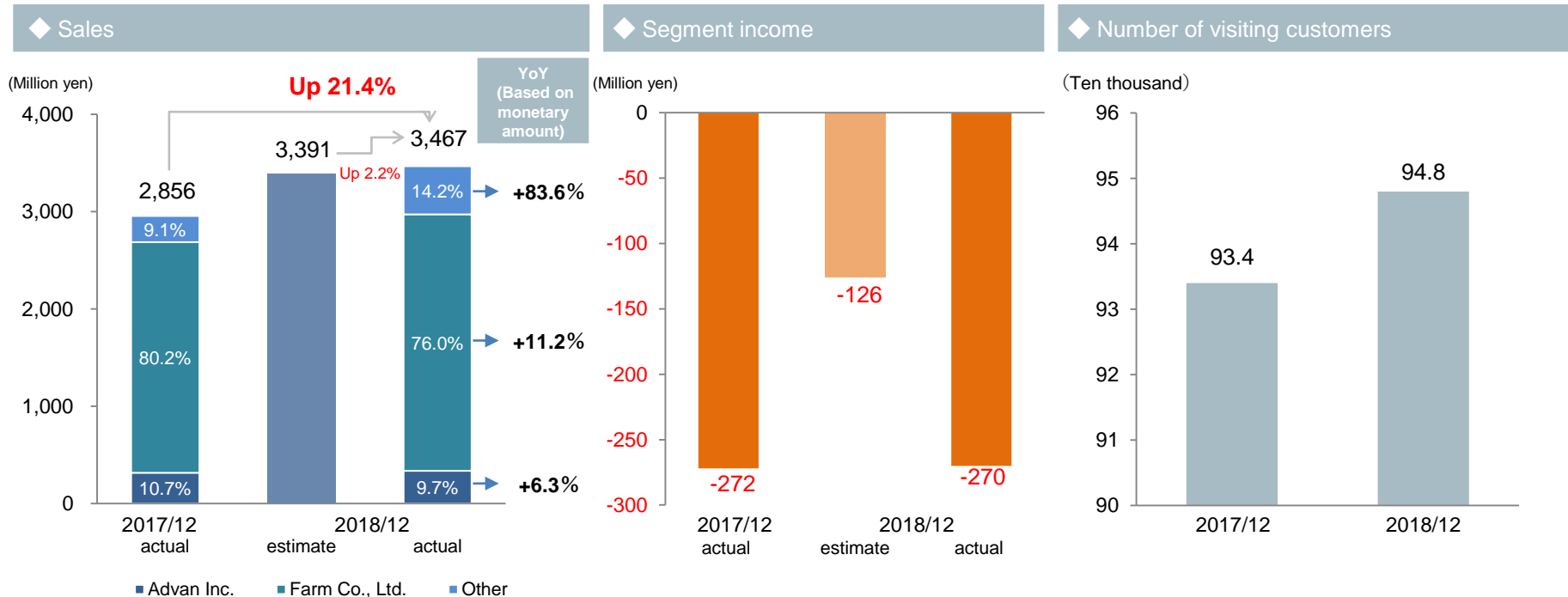
Comprehensive cost reduction solutions for corporation		
LED lighting	Air conditioners for business use	Smartphones
Multifunction machines	Computers	Internet lines
Telephone system for business use	Monitoring cameras	UTM/servers
Power Producer and Supplier	Water-saving packing	Water dispensers

*We have not disclosed the sales and segment income estimate by destination.

Others

<Sales and major activities>

- Advan Inc. achieved sales and operating income that were greater than expected through the education business targeting our group companies and other corporations.
- Despite unseasonable weather and disaster in the busiest period, Farm Co., Ltd., which engages in the agricultural park business, successfully increased the number of customers visiting its parks compared to the previous term thanks to the refurbishment of the facilities (such as “Sylvanian Park” in Comorebi Morino Ibaraido in Ibaraki Prefecture) and a myriad of other effective measures.

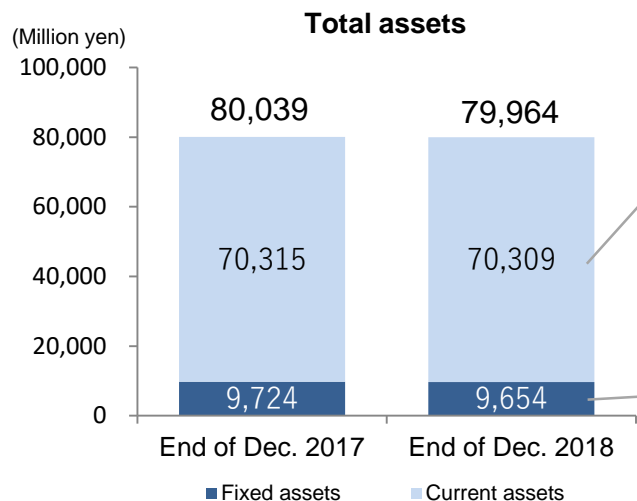


*We newly consolidated Farm Co., Ltd. from the second quarter of FY2017.

*We have not disclosed the breakdown of the sales and segment income estimate.

Financial Condition B/S

- Assets and liabilities shrank owing mainly to the controlled procurement activities in Real Estate Business.

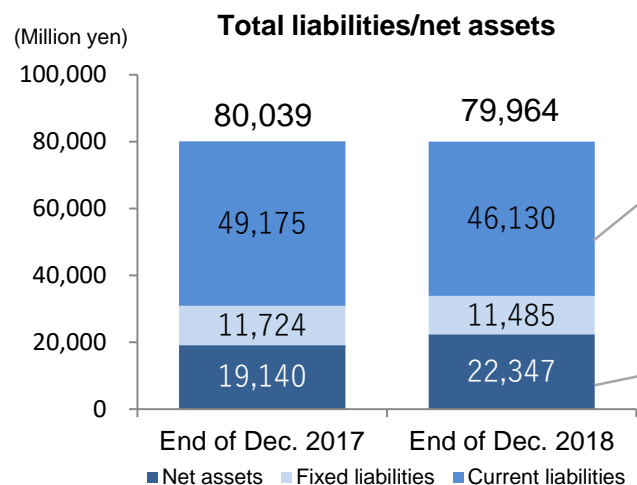


Current assets 70,309 (-6)

- Notes and accounts receivable-trade +1,048 million yen
- Real estate for sale +868 million yen
- Real estate for sale in process -3,560 million yen

Fixed assets 9,654 (-69)

- Total property, plant and equipment +732 million yen
- Goodwill -506 million yen
- Investment securities -378 million yen



Liabilities 57,616 (-3,283)

- Short-term debt -4,772 million yen
- Accounts payable-real estate +630 million yen
- Income taxes payable +368 million yen
- Long-term debt -453 million yen

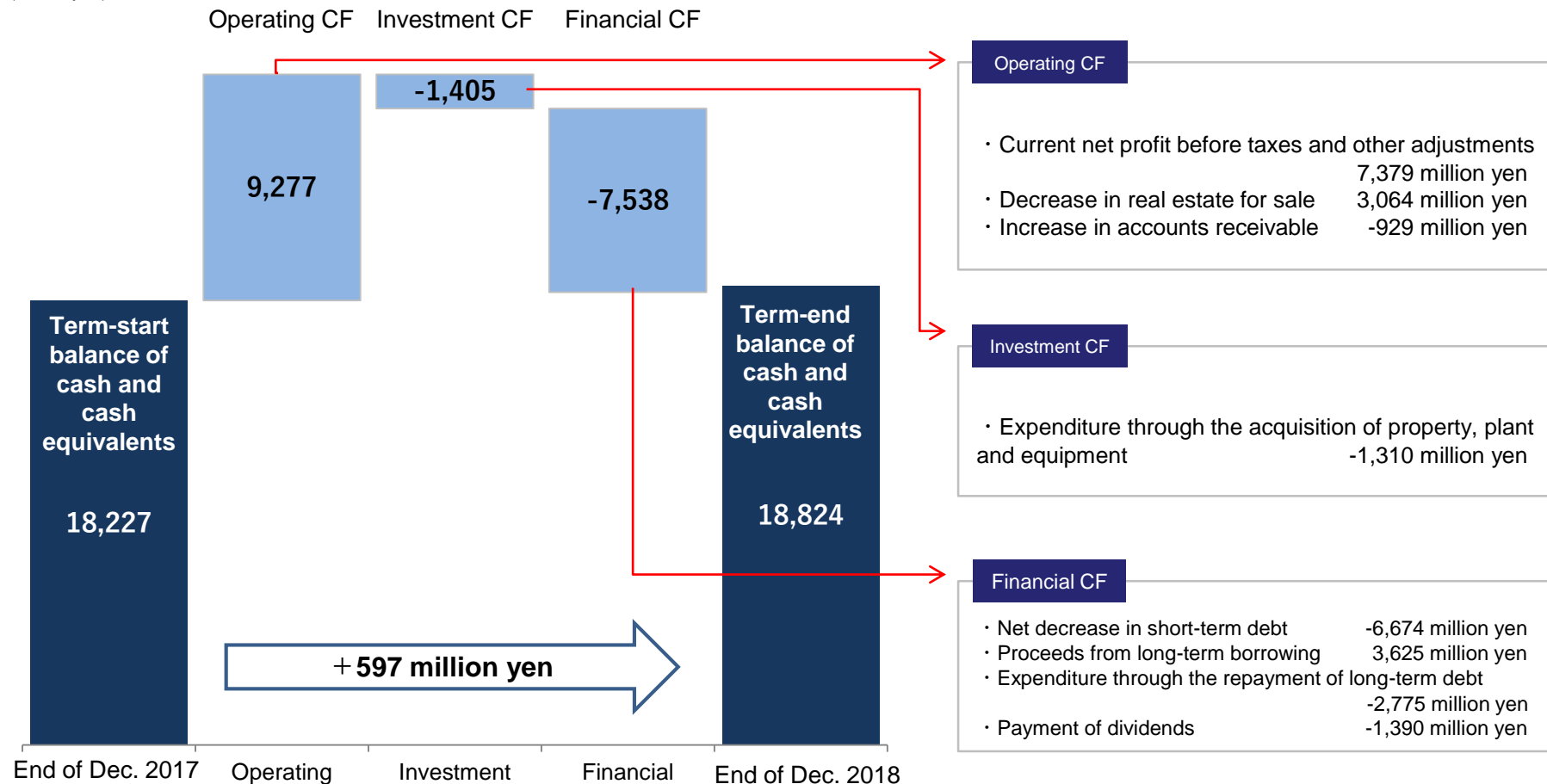
Net assets 22,347 (+3,207)

- Retained earnings +3,243 million yen

Cash Flows

- Operating CF was plus 9,277 million yen, investment CF was minus 1,405 million yen, and financial CF was minus 7,538 million yen.

(Million yen)



II . Progress of New Mid-term Managerial Plan and Business Forecasts



Overview of New Mid-term Managerial Plan 2021

Expansion based on well-balanced business administration

- To evolve well-balanced business management mainly in the core businesses, and pursue optimal profit performance
- To enter the business fields peripheral to each segment, and provide new services
- To use M&A as one of the effective methods during the aforementioned process

[First half of the mid-term managerial plan]

[Second half of the mid-term managerial plan]

Human Resources and
Education Business

Real Estate Business

Information and
Telecommunications
Business

Enhancement of brand strength, “capability of gathering workers”

We take the lead in changing the concept of connecting people and companies.
⇒ Evolution of the human resources platform

Shift to profit structure less susceptible to the economic environment

While holding fast to expansion of the development-related field at a proper scale, we focus on the recurring-revenue businesses, including renovation.

Creation of new value through pursuit of services

We develop corporate solutions as a new business pillar in addition to the shop business.

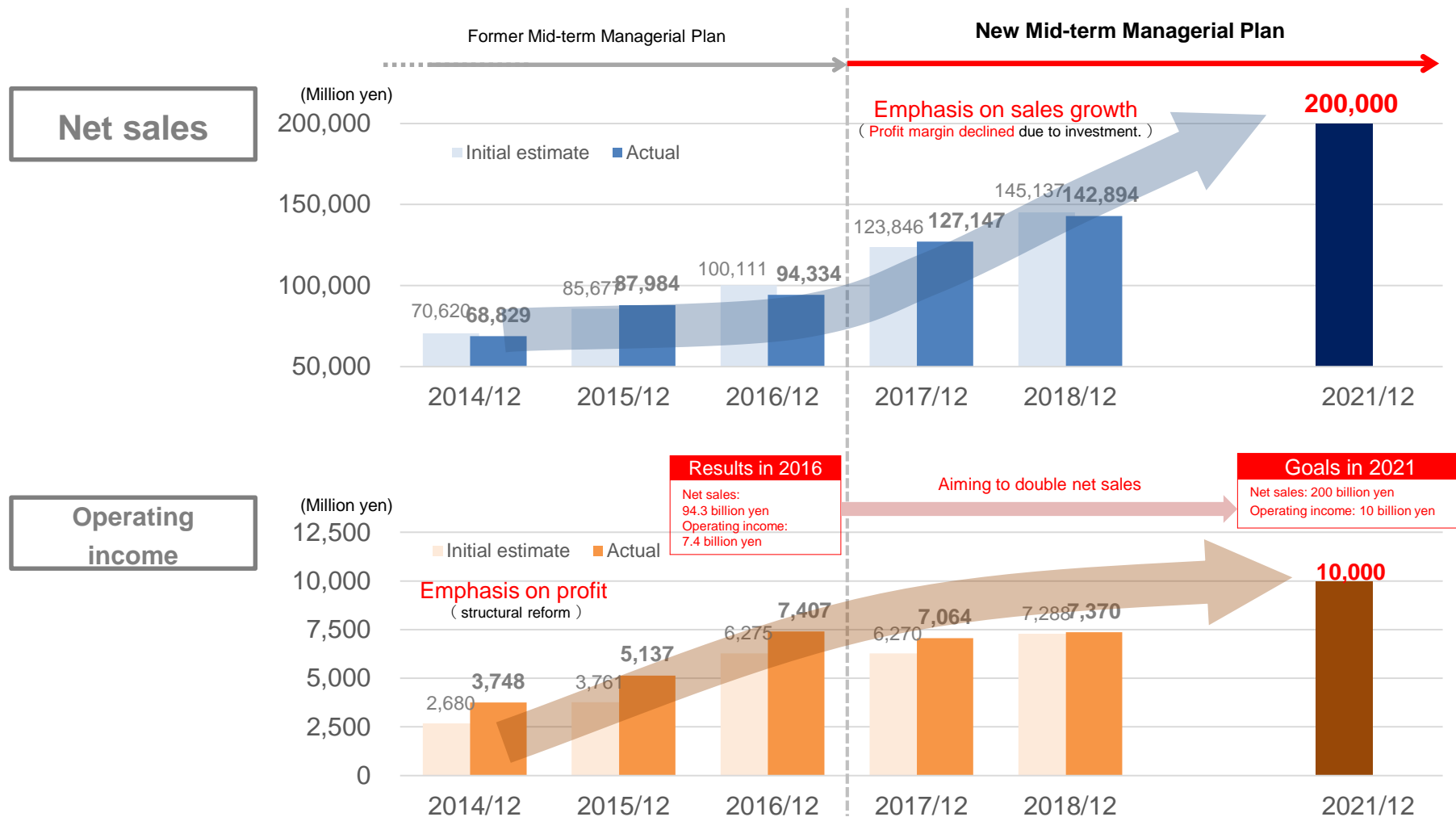
M&A

+

Self growth

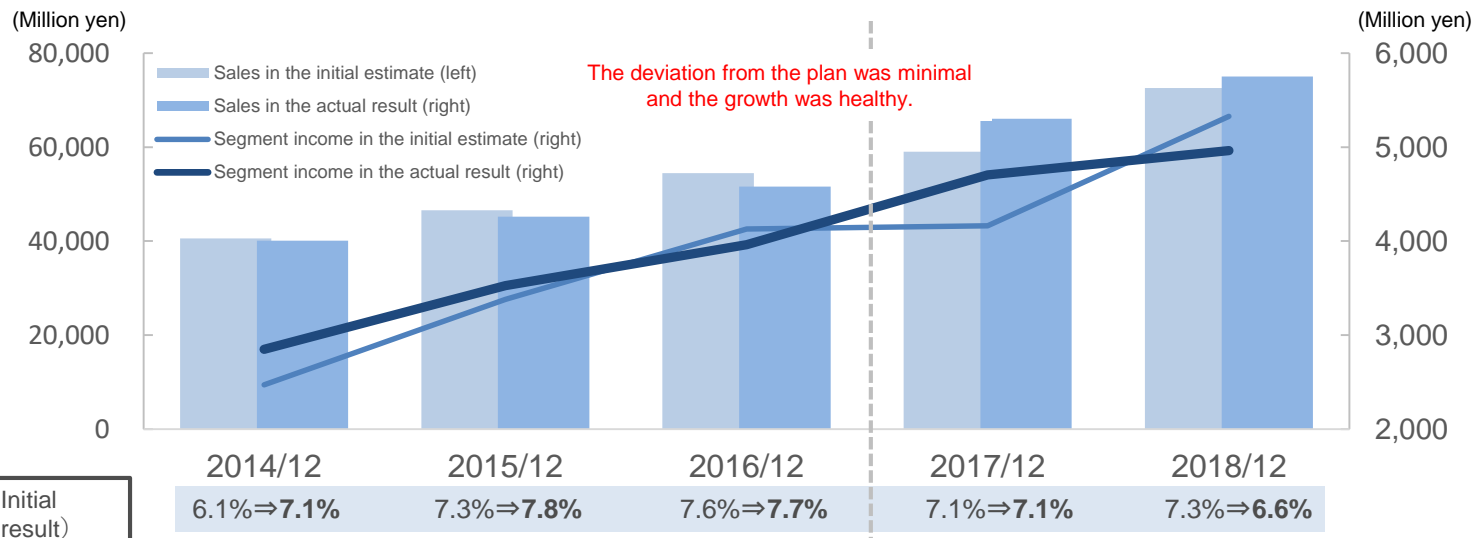
Initial Estimate vs. Changes in Actual Business Performance (for Last 5 Years)

Up until 2018, the progress has been generally in line with the new mid-term managerial plan (focused on **sales growth**)

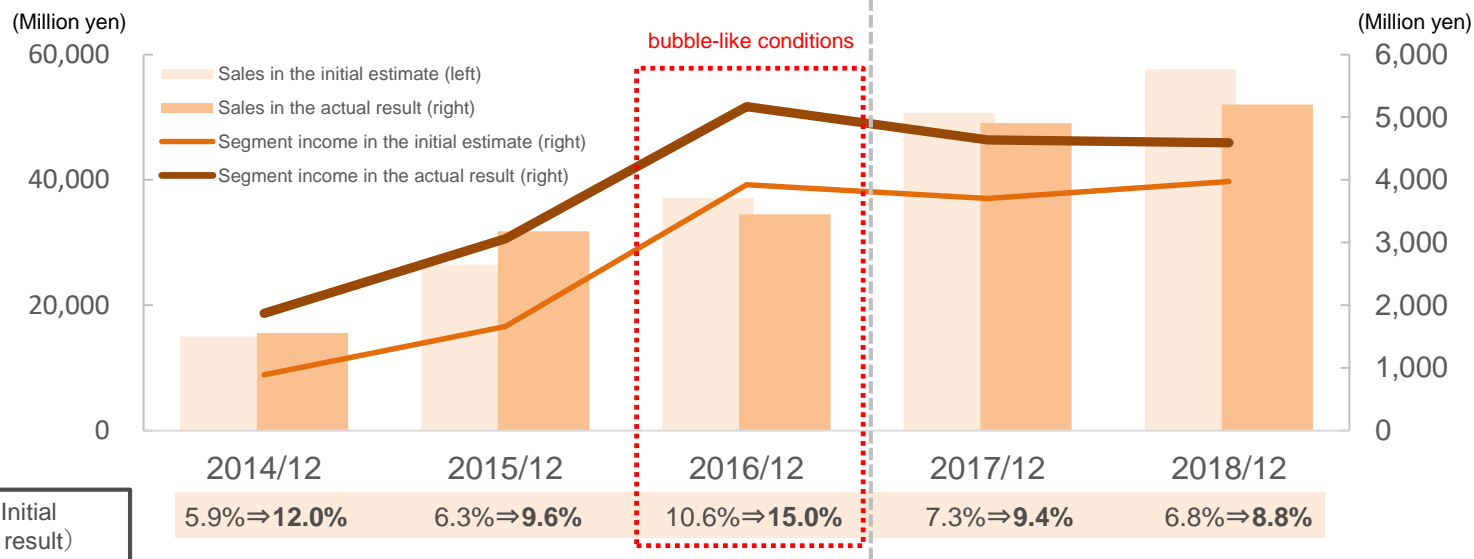


Changes in Actual Business Performance by Segment (for Last 5 Years)

Human Resources and Education Business



Real Estate Business



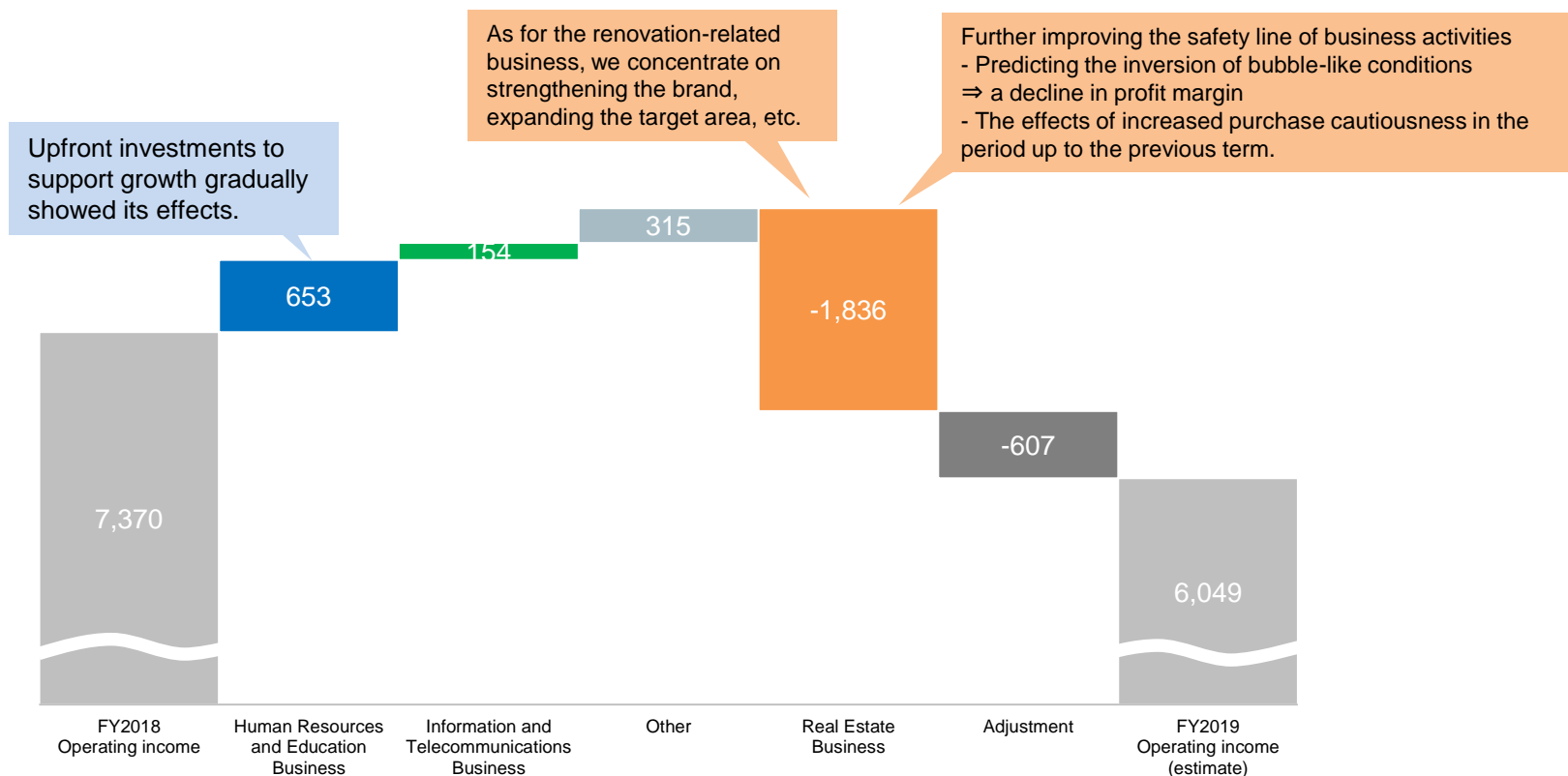
FY2019 Business Forecast

- The implementation of strategies, which adhered to the new mid-term managerial plan, sustained the growth of the Human Resources and Education Business. Along with the expansion in sales that exceeded the 5-year plan goals, the Real Estate Business shifted towards strategies that focus on safety even more, as the inversion of the bubble-like external environment was expected.

Unit: Million yen, %	Results for the term ended Dec. 2018	Forecast for the term ending Dec. 2019	YoY	
			Change	Pct. Change
Net sales	142,894	155,452	12,557	8.8
Operating income	7,370	6,049	-1,321	-17.9
Ordinary income	7,357	5,910	-1,446	-19.7
Net income attributable to owners of parent	4,650	3,672	-978	-21.0
EPS (yen)	276.38	218.11	-58.27	-21.1
Dividend per share (yen)	83.0	65.5	-17.5	-21.1

FY2019 Factors for increasing or decreasing operating income

- The Real Estate Business is amid the process of changing the revenue structure in order to strengthen its adaptability to the external environment, and the rising cautiousness of purchases in the development-related business, etc. are being reflected in the new estimate. On the other hand, the renovation-related business is expected to keep growing.



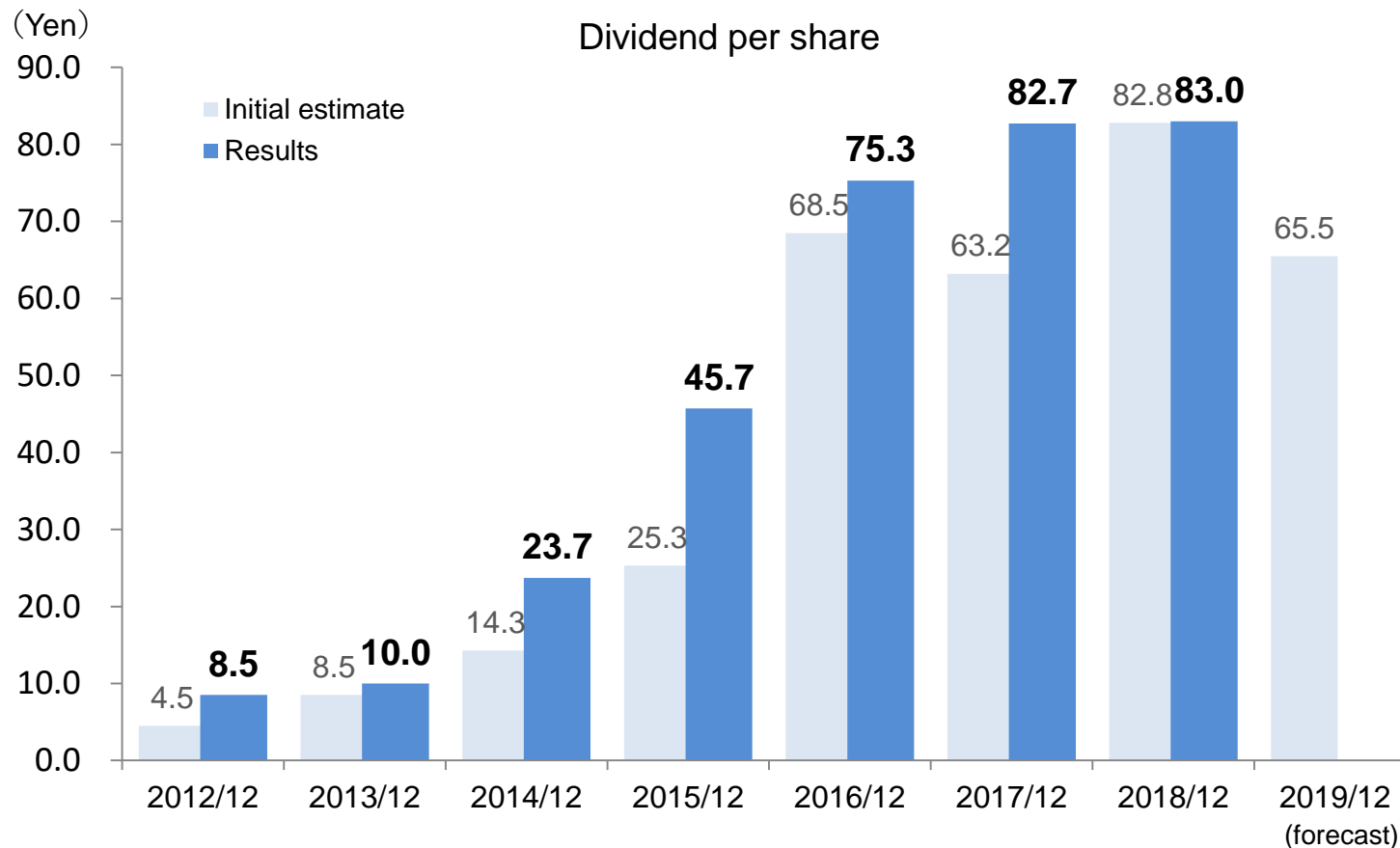
Business Forecast by Segment

- As for the company's mainstay business, the Human Resources and Education Business, all segments are estimated to increase sales and profit.

Unit: Million yen, %		Results for the term ended Dec. 2018		Forecast for the term ending Dec. 2019		YOY	
			(Profit margin)		(Profit margin)	Change	Pct. Change
Human Resources and Education Business	Factory Business	Net sales	49,524	53,427		3,903	7.9
		Segment income	3,169 (6.4%)	3,309 (6.2%)	140	4.4	
	Technology Business	Net sales	15,200	18,228		3,028	19.9
		Segment income	1,337 (8.8%)	1,548 (8.5%)	211	15.8	
	R&D Business	Net sales	6,779	7,638		859	12.7
		Segment income	559 (8.3%)	719 (9.4%)	160	28.6	
	Sales & Marketing Business	Net sales	3,533	4,066		533	15.1
Segment income		-100 —	40 (1.0%)	140	(—)		
Total (reference)		Net sales	75,038	83,361		8,323	11.1
		Segment income	4,964 (6.6%)	5,617 (6.7%)		653	13.2
Real Estate Business	Real Estate Business	Net sales	52,011	56,063		4,052	7.8
		Segment income	4,589 (8.8%)	2,753 (4.9%)	-1,836	-40.0	
Information and Telecommunications Business	Information and Telecommunications Business	Net sales	12,376	12,019		-357	-2.9
		Segment income	3 (0.0%)	157 (1.3%)	154	5,133.3	
Other	Others	Net sales	3,467	4,008		541	15.6
		Segment income	-270 —	45 (1.1%)	315	(—)	
Total		Net sales	142,894	155,452		12,558	8.8
		Elimination or corporate	-1,917	-2,525		(—)	(—)
		Operating income	7,370 (5.2%)	6,049 (3.9%)		-1,321	-17.9

Shareholder Returns

We aim to increase dividends stably and continuously, and achieve a payout ratio of 30%.

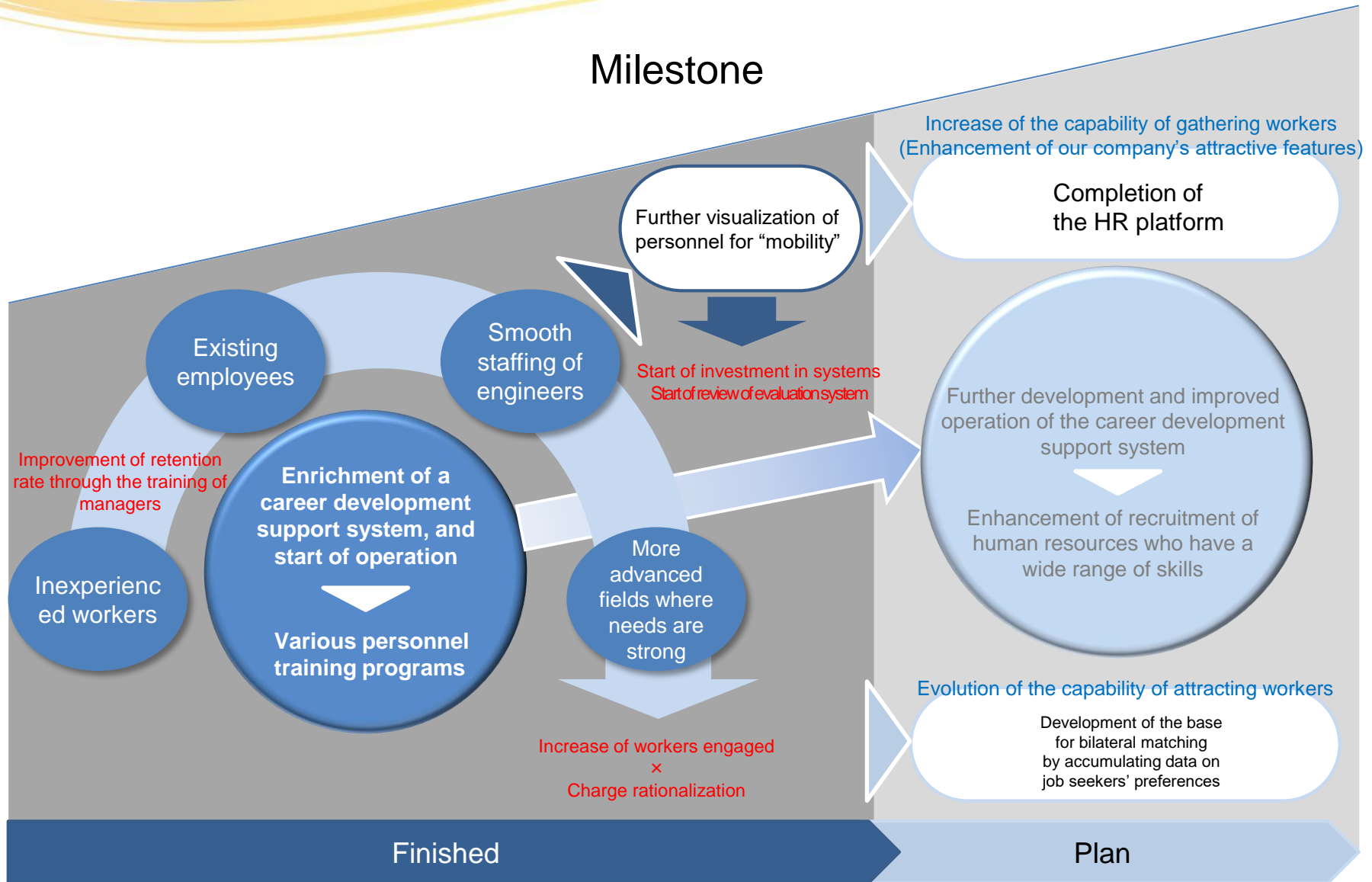


*The forecast and dividend estimated are based on the information that the Company has and a certain assumption that is considered reasonable. There is a possibility that the actual results may largely differ based on various factors.

III. 2019 Measures



Future strategy for Human Resources and Education Business (1)



Future strategy for Human Resources and Education Business (2)

2019 Measures

Changes
In the business
environment

Amendments to the Worker Dispatch Law, laws related to reforms of ways of working, amendments to the Immigration Act, etc.

Other companies are implementing strategies to differentiate themselves as their survival depends on it.

Our stance

Human resources

Improving the individual value and building teams

Create value by fortifying our organizations through education and a broad-based entry

Human resources development
(Improving the value of
“individuals”)

Team building
(Our corporate value)

An organization with thicker
layers

Clients

Expanding while selecting and concentrating on specific industries

Aim to expand industrial areas and occupational categories from a medium-to-long-term standpoint.

Selection of and concentration
on growing industries

Cultivating new fields and areas

A wide selection of positions to
apply for

Matching areas

Creating and expanding matching areas (Deep bidirectional matching)

Broaden matching areas in new fields horizontally and in existing fields vertically

Create new
Matching areas

Growth acceleration and stabilization

Future strategy for Human Resources and Education Business (3)

About the utilization of foreign workers

	Status of residence	Related examples	Restrictions on work permits
Current utilization areas	Residency status for professional or technical fields	Health care provider, educators, transferees working for a multinational corporation, lawyers, etc.	Work is only permitted within the scope prescribed in the residency status.
	Residency status based on social status	Permanent residents such as second generation Japanese descendants, Japanese spouses, permanent residents.	Work activities are unlimited.
	Technical Intern Training	Trainees who seek the transfer of technology in related fields such as the manufacturing, fishing, and agriculture industries.	Must return home after completing the intern training within a maximum of 5 years
	Designated Activities	EPA candidates for nurses and care workers, working holiday, amateur sports players, etc.	Must return home if he/she can't pass the state exam within 3 years
	Activity other than that permitted under the status of residence	Part-time jobs of transfer students, etc.	Work activities are capped at 28 hours per week, and 8 hours per day if he/she is on vacation
Newly established	Highly-skilled workers class 1	Considerable knowledge or experience in any of the designated 14 fields confirmed through an exam.	Limited to a maximum of 5 years.
	Highly-skilled workers class 2	Not accepting for the first few years after establishing the system.	Unlimited

Challenges

Does hiring foreign workers fits their nature?

- Recruitment suitable for the purpose of their status of residence
- Arrangements by the receiving party (Work environment and accepting companies)
- Supporting workers (culture, daily life, and blending in a local community)
- Compliance

Are measures being taken to cope with the sudden increase?

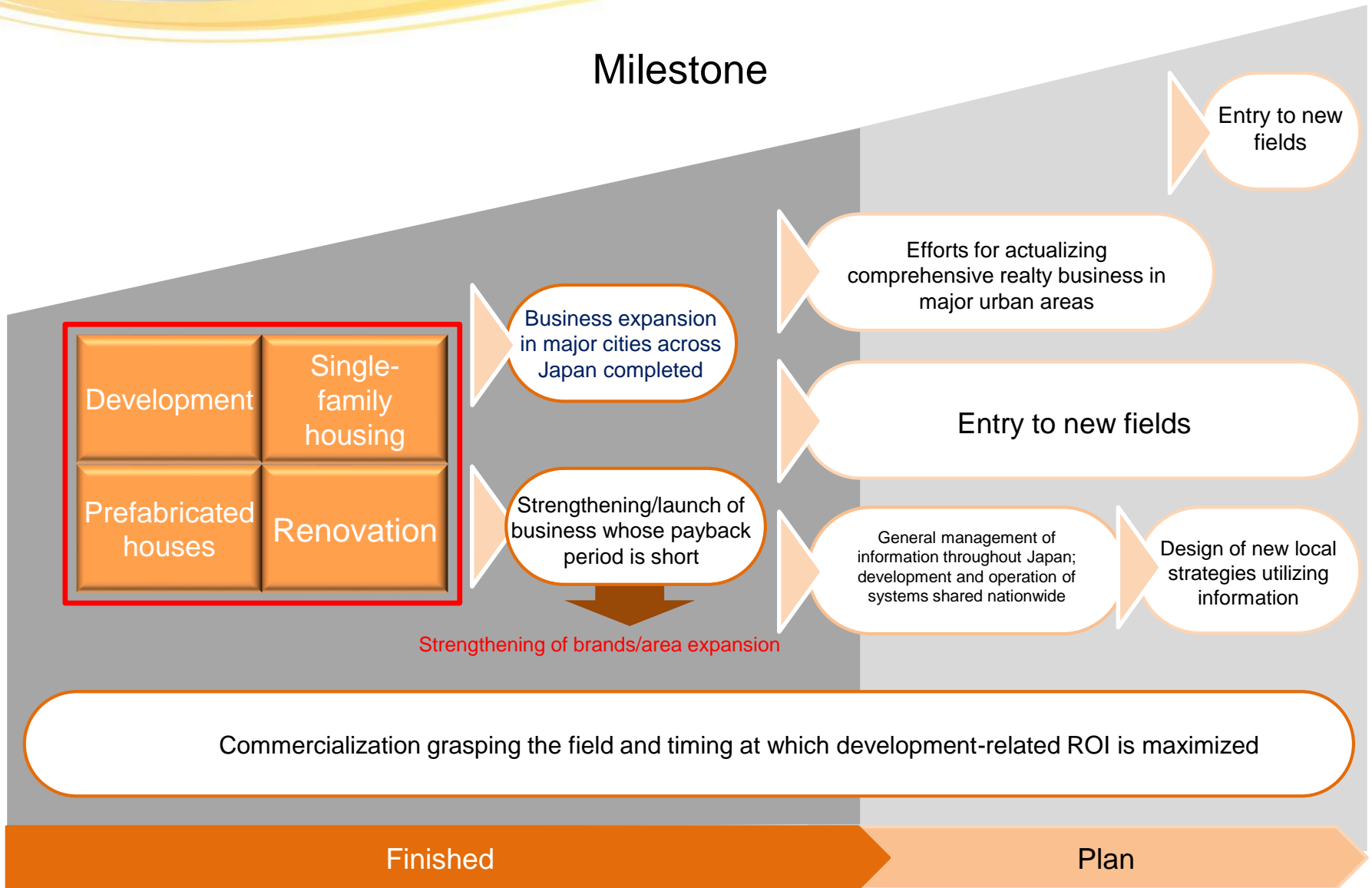
It is highly dependent on who and how to utilize foreign workers, but there are also uncertainties.

Our stance based on currently available information

Make extensive efforts to closely watch the system's course, prepare for the expected increase, and create a solid system to support companies and individuals.

Future strategy for Real Estate Business (1)

Milestone



Future strategy for Real Estate Business (2)

2019 Measures

Market conditions

Future uncertainties

Condominiums market → Decreased sales / Business land trading market → Profit margin shrinks

Utilizing information gathered from a wide range of areas and regions when selecting the market or area to focus on, and to properly control the degree of purchases and judge the timing of the sales.

Basic strategies

① Further expansion of recurring-revenue businesses + ② Volatility management of one-time revenue business

concrete strategies

① Continuously strengthening renovation-related businesses

- Deepening brand strategies
- Further area expansion
- strengthening marketing

② Development-related business expansion
(Example) Conversion

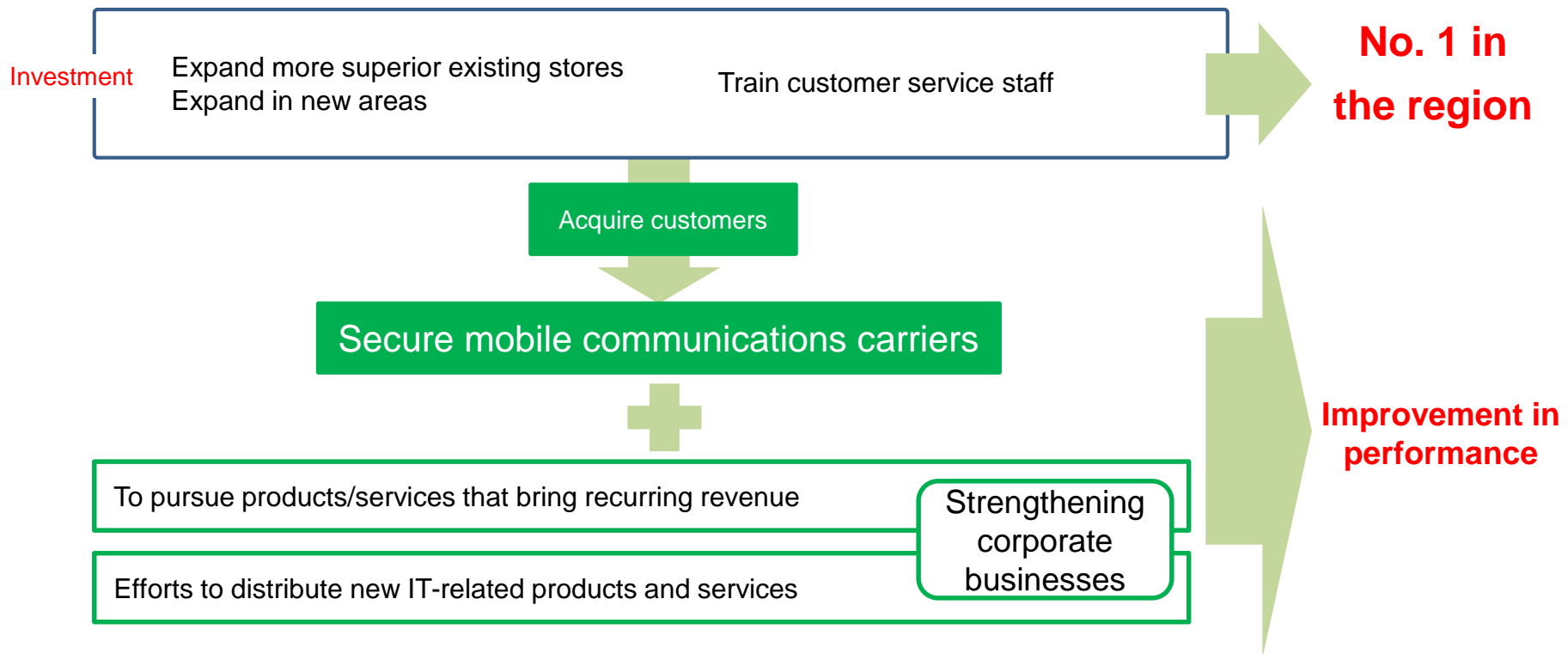


Conversion to a hotel
Kudanminami project (Tokyo)



Results in 2018 and future strategies

To continue the scrap-and-build strategy (including M&A) by carefully assessing the characteristics of each store and aim to acquire the benefits of remaining players as well as to attain community-based expansion.



Topics

March 2019 Opening of “Alps Gym,” the massive athletic facility that will be the largest in western Japan, inside Shiga Agricultural Park “Blumen Hugel Farm (Nishioji, Hino-cho, Gamogun, Shiga), which is run by Farm Co., Ltd.

Goal

Improve facilities to attract more customers

- It's designed in harmony with nature, has a height of 17 meters with 3 stories and has the largest scale in western Japan.
- The 72 installed stations and viewing platforms of attractions such as enjoying genuine bouldering and crossing log bridges on a bicycle, humorous relaxing spots, and more, to keep customers from children to adults entertained.
- Climbing attractions with an innovative stylish design that allows up to 92 people to simultaneously play.



For More Information

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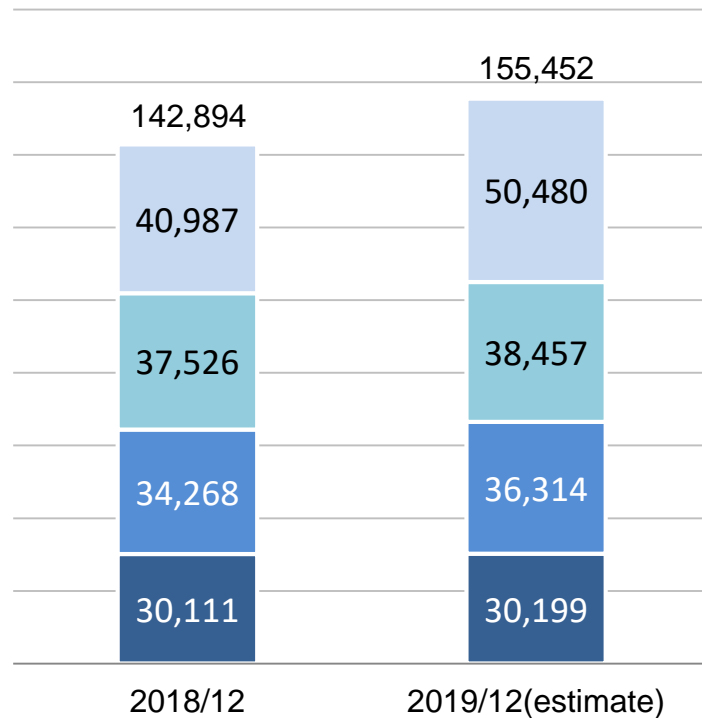
IV. Reference



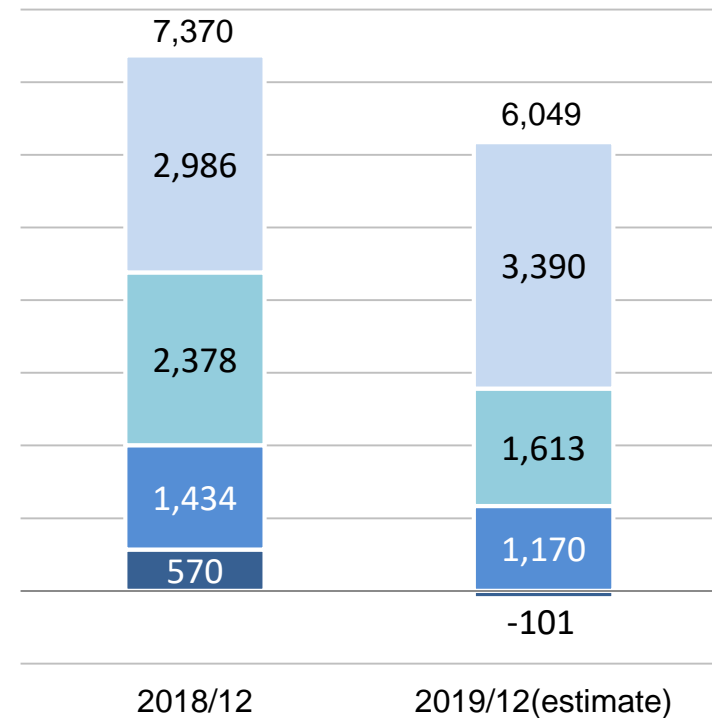
FY2019 Quarterly Business Forecast

- We will Improve the management transparency and continue to disclose our financial result forecast on a quarterly basis to help shareholders and investors make investment decisions.

Net sales

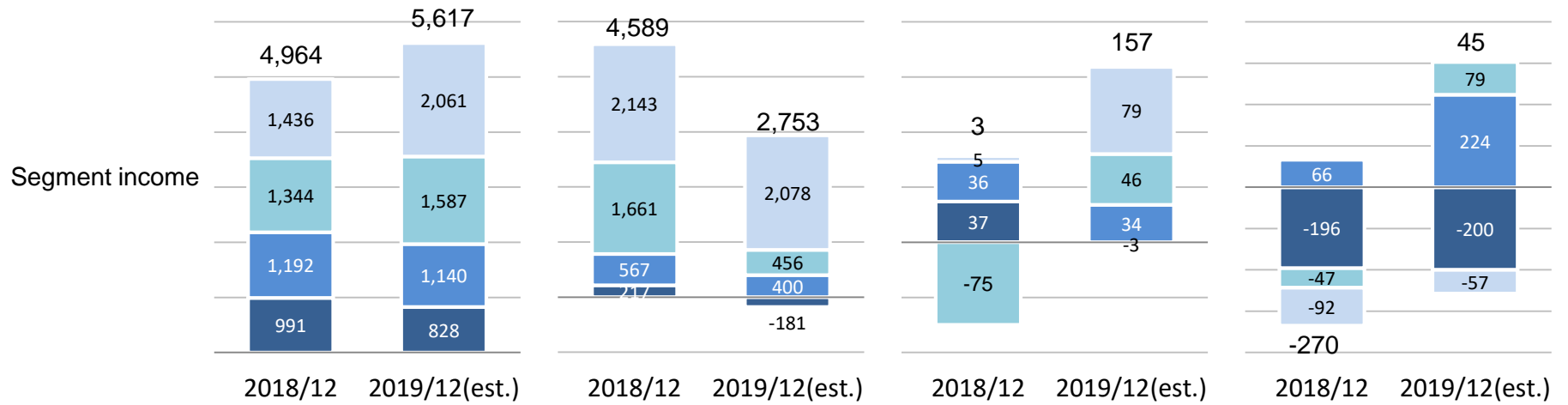
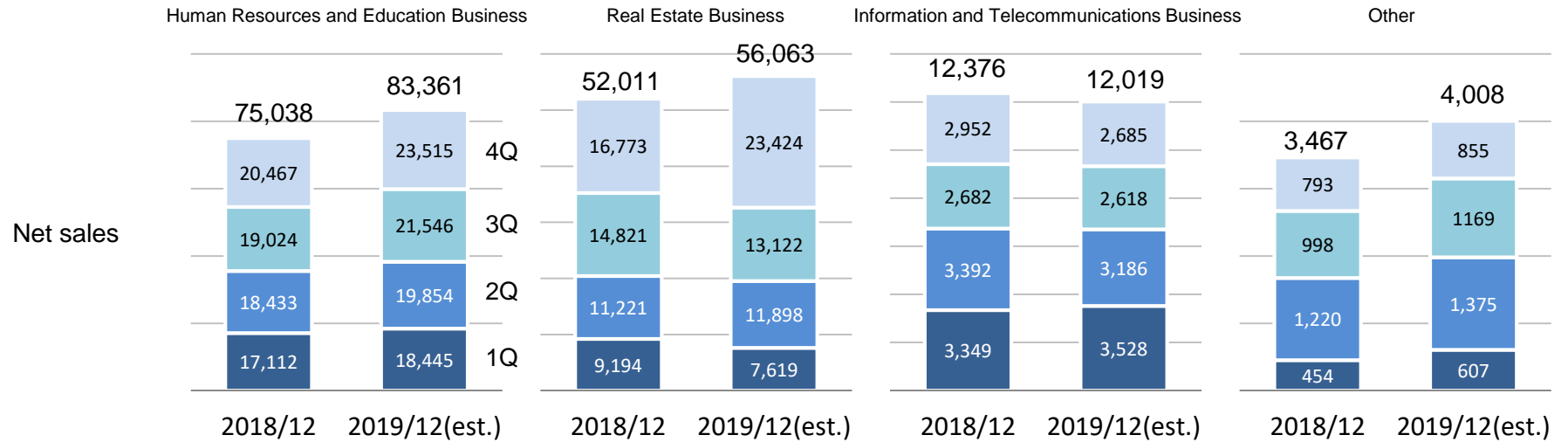


Operating income



1Q
 2Q
 3Q
 4Q

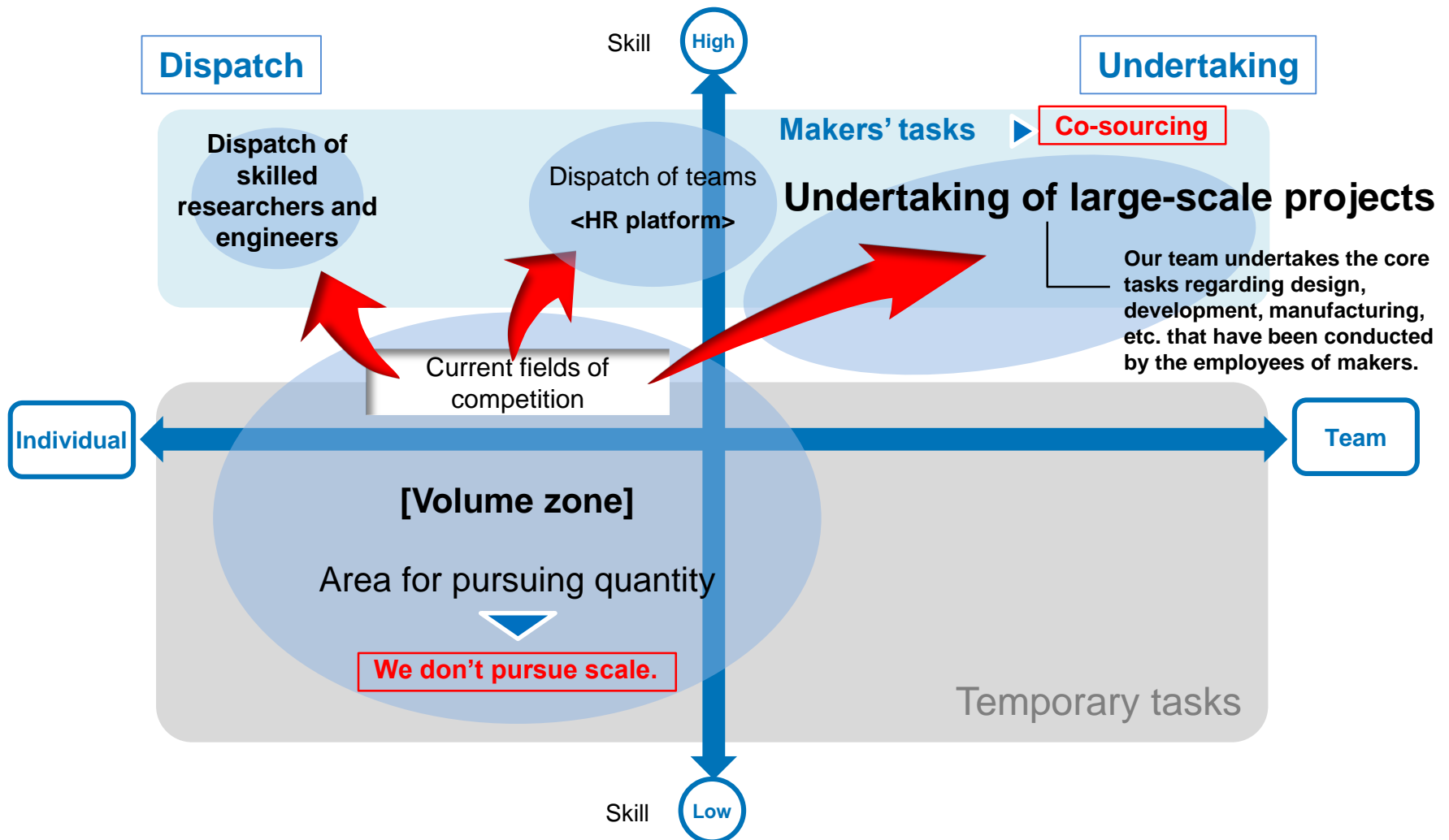
Quarterly Business Forecast by Segment



■ 1Q ■ 2Q ■ 3Q ■ 4Q

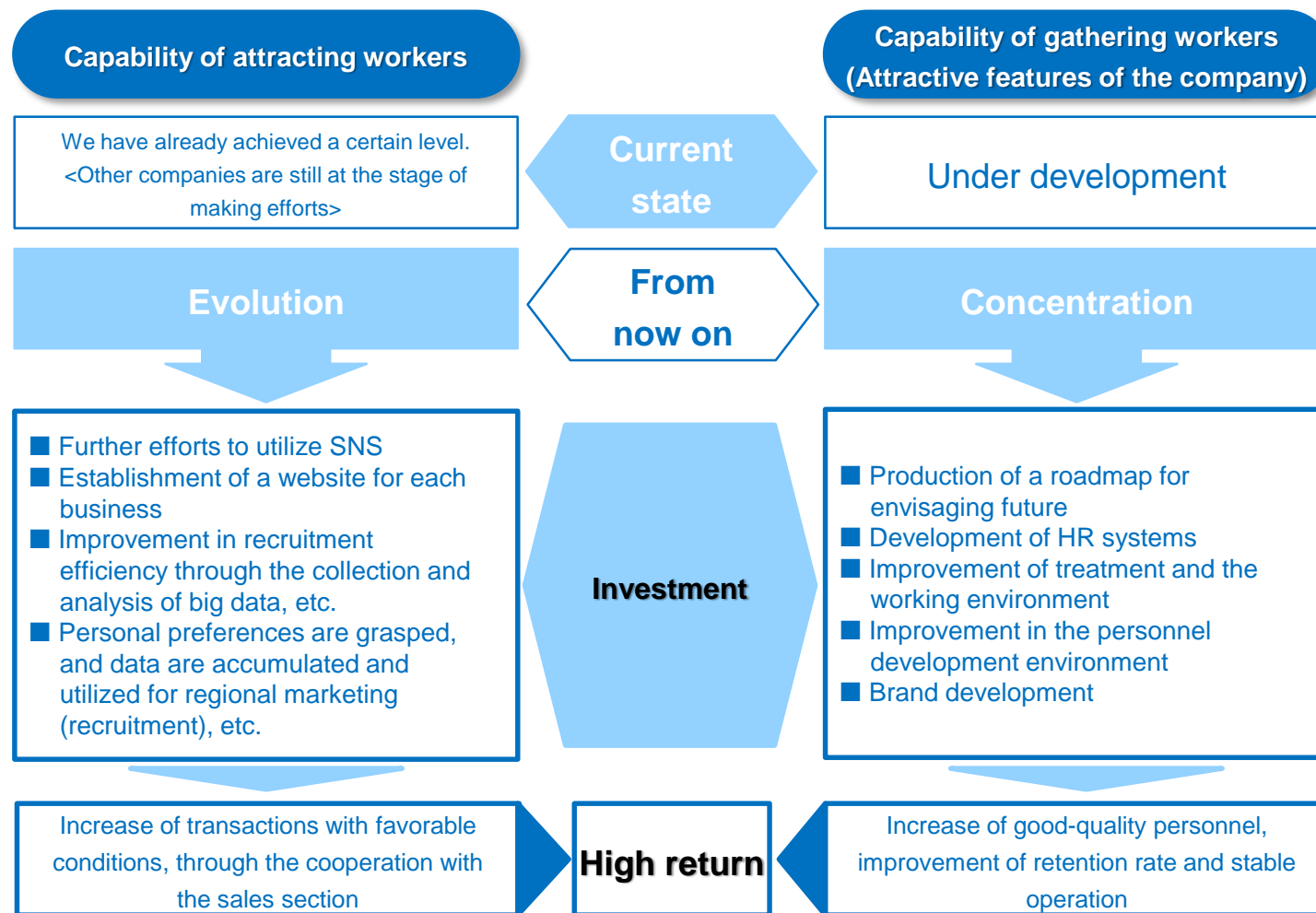
Ideal state of Human Resources and Education Business

Ideal state to achieve by fiscal 2021 ⇒ Our unique position & high profitability



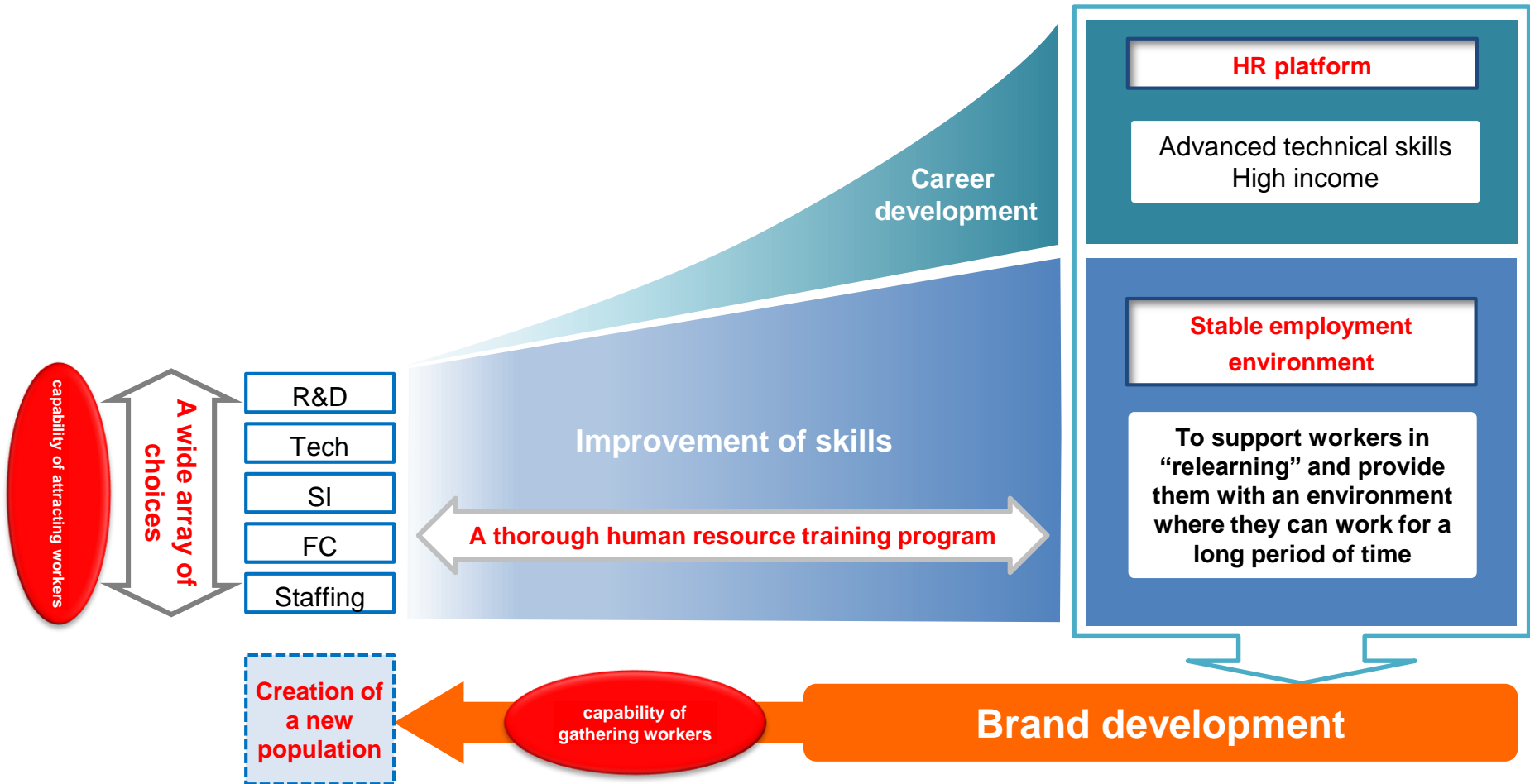
Strategy for Human Resources and Education Business

To focus on not only “the capability of attracting workers,” but also “the capability of gathering workers”



Maximizing the corporate value with our “capability of attracting workers” and “capability of gathering workers”

Provide “a place where anyone can work” and “a place for re-learning”



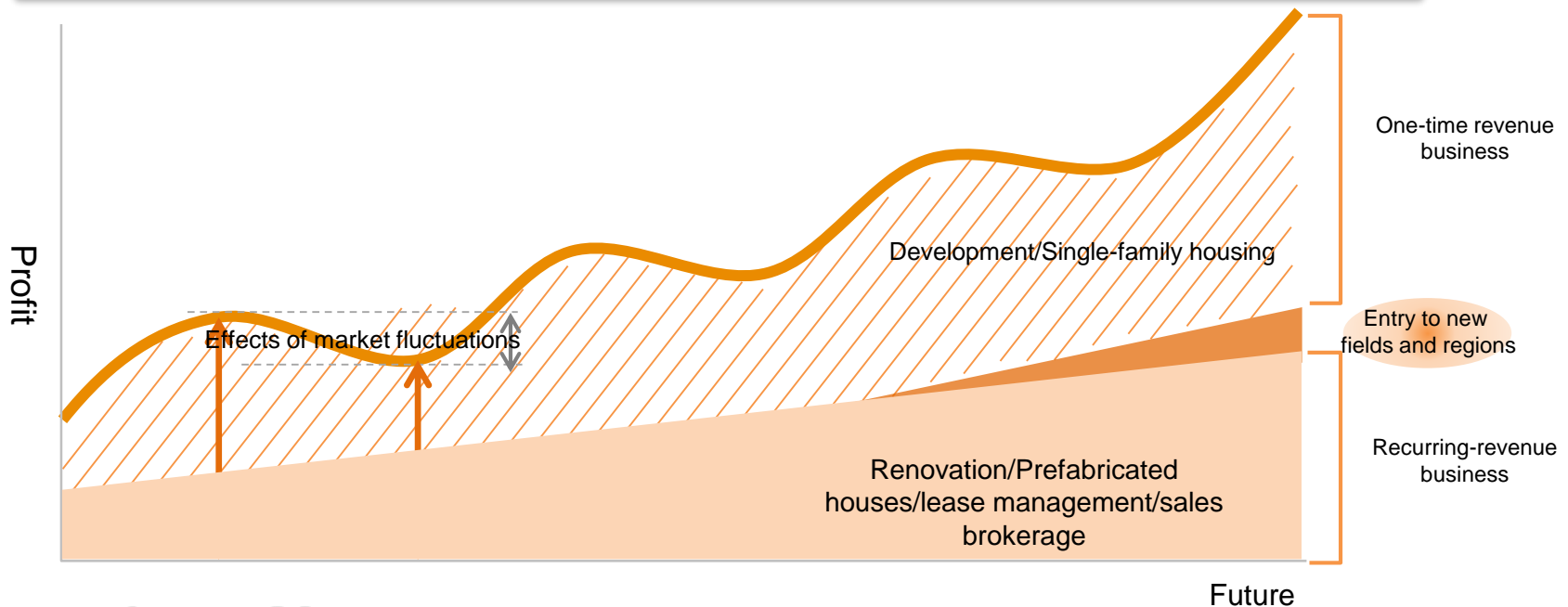
Ideal state of Real Estate Business

Ideal state to achieve by fiscal 2021

To strategically develop an operational system for enabling the flexible procurement and sale according to region and market situation, and actualize robust business (profit structure) that is not swayed by the economic environment

- We have recently developed systems for maximizing profit.
- From now on, we will disclose quarterly forecasts from the viewpoint of transparency.

Ideal profit structure



Timely Execution of Strategies by Integrating Information

Efforts for realizing comprehensive realty business in major urban areas, and design and implementation of new local strategies while putting together information taken nationwide

