

Business Report 2018

January 1 ► December 31, 2018

| To Our Stakeholders |

Creating the “Ways We Live”

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Securities Code: 2429

 **WORLD HOLDINGS CO., LTD.**

FY12/2018: Overview of Business Activities

We achieved record-high consolidated net sales because of the strong performance of the core Human Resources and Education Business. Our profits were generally as expected despite expenses associated with up-front investments.

Another strong performance by the core Human Resources and Education Business made a big contribution to our growth in fiscal 2018. Consolidated net sales rose to an all-time high. There were small increases in profits because of investments we made as planned for our next stage of growth, while they were almost in line with our forecasts.

In Japan's HR services industry, on which our Human Resources and Education Business is based, competition in the past has been centered on the ability to gather people. But the industry is now undergoing a realignment due to changes in the business climate, including amendments to labor-related laws and regulations to deal with issues created by Japan's falling working-age population, and laws for working-style reforms, which are to be enacted in April 1, 2019, associated with the goal of creating a society where all

Eikichi Iida
Chairman and President

Continuing to pursue new “ways we live” by refocusing on the core manufacturing sector

WORLD HOLDINGS (WH) is returning its focus to human resource services in the manufacturing sector. Growth strategies and key initiatives are aimed at creating job opportunities for everyone and realizing the full potential of every job. Balance will also be vital to our sustained growth. In this interview, Chairman Iida explains how we plan to accomplish these goals.

citizens can actively participate. Measures to increase the number of foreign workers are also altering market conditions. To succeed in this environment, major HR services companies have started to use innovative business strategies in order to differentiate their services from their competitors.

Manufacturing sector is the nucleus of our Human Resources and Education Business. Here, our goal is to serve a broader range of categories by adding new and growing manufacturing sectors. Fifth-generation mobile communications (5G), self-driving vehicles and factory automation are prime examples. We are also shifting our services from the temporary staffing format to a subcontracting (contracted outsourcing) format. Making this change will give us more contracts with long-term stability.

Research and technology positions that require advanced skills are another priority. We aim to establish ourselves as a source of a highly skilled team of research scientists and other technicians. We are upgrading our training programs for these people while expanding our coverage of industries that require specialists in chemicals, synthetic chemicals, data analysis and other fields. Now we are taking actions to further differentiate ourselves from our competitors. This involves a transition to co-sourcing*¹ that utilizes the human resources platform*² that we established by using a variety of measures.

Our performance in the manufacturing sector was strong in fiscal 2017 and 2018. However, uncertainty about the outlook started increasing in the latter half of 2018 because of U.S.-China trade war, declining smartphone-related production and other events. Despite these challenges, our existing businesses continued growing on their own. I believe this was the result of the strategic expansion of subcontracting business sites and greater mobility of our people among different assignments by adding clients in growing industries. Furthermore, in the logistics sector*³, which is a market sector we dominate, our horizontal expansion is progressing as planned as we opened a new location. By meeting demand for workers during the peak year-end season, our logistics operations made a big contribution to fiscal 2018 financial results.

*1. An outsourcing format where a service provider serves as a trusted partner of clients by increasing involvement with business processes and sharing the benefits of this collaboration with the clients

*2. A team of specialists for business sectors requiring the common technologies and skills. For details, please refer to Strategy for the Human Resources and Education Business 1 on page 5.

*3. For details on business development in the logistics field, please refer to Strategy for the Human Resources and Education Business 2 on page 6.

Refocusing on the core manufacturing sector; moving faster to further upgrade the ability to gather people and improve the ability to attract people

The New Medium-Term Management Plan 2021 covers the five-year period that ends with fiscal 2021. At the heart of this plan is our new vision of “pursuing the ways we live at an even higher level.” Until now, recruiting, which is the ability to gather people, was the key driver of growth in the HR services industry. But now the manufacturing sector in Japan faces a chronic labor shortage due to the structural problem of a declining working-age population. Expenses to recruit people are climbing as a result. Furthermore, heated recruiting competition can make it impossible to hire new workers.

Under these circumstances, we divide our recruiting capabilities into two elements: the ability to gather people and the ability to attract people. We are making strategic investments for progress in both of these elements.

During the new medium-term plan's first two fiscal years we enhanced our ability to gather people by enlarging the breadth of our business sector coverage. We also improved our ability to attract people, which is linked to the power of our brand. However, more work for attracting people is needed, such as improvements to our training programs. The reason is that we placed priority during these two fiscal years on growth in the manufacturing sector, where the supply of workers was extremely tight.

Japan's human resource services industry started to weaken somewhat in the latter half of 2018. There is also an increasing medium-term risk of an economic downturn in Japan. I do not anticipate any change in this situation. I believe this challenging environment is actually an excellent opportunity for stepping up our pace of activities for improving our ability to attract people. Most of all, I want to accelerate the reinforcement of our programs for helping current employees to establish and achieve career goals.

[Strategic initiatives by going back to the basics]

In addition, we are growing in business domains where we can differentiate ourselves, such as by sending teams for

FY12/2018 Results and FY12/2019 Forecasts

		FY12/2018			FY12/2019	
		Actual Results (Millions of yen)	Profit margin (%)	YoY (%)	Forecasts (Millions of yen)	Profit margin (%)
Human Resources and Education Business	Net sales	75,038		+13.6	83,361	
	Segment profit	4,964	6.6	+5.5	5,617	6.7
Real Estate Business	Net sales	52,011		+6.0	56,063	
	Segment profit	4,589	8.8	-1.0	2,753	4.9
Information and Telecommunications Business	Net sales	12,376		+35.0	12,019	
	Segment profit	3	0.0	-85.1	157	1.3
Others	Net sales	3,467		+21.4	4,008	
	Segment profit	(270)	—	—	45	1.1
Total	Net sales	142,894		+12.4	155,452	
	Elimination or corporate	(1,917)		—	(2,525)	
	Operating profit	7,370	5.2	+4.3	6,049	3.9

projects requiring advanced skills, and business domains with large-volume subcontracting. We will add a diverse array of training schemes. Education to support a career change and training to upgrade existing technological expertise for current workers, and “relearning” programs for people with no experience are the examples of these schemes. Restructuring our employee evaluation system is another important step. To help accomplish these goals, we are building a database of the skills of each individual in our workforce. Achieving the visualization of our people will be instrumental to completing our human resources platform.

Our position as a one-stop provider of services extending from upstream to downstream processes in the manufacturing sector is one of our most valuable strengths. Clients can rely on us to send teams of workers with production technology, design and development, R&D and other advanced skills demanded by each project. To supply these people, we must constantly upgrade their skills. Highly accurate matching of a team's skills with a client's requirements allows us to assemble teams that can perform at an even higher level. Furthermore, we identify client and worker needs that are not readily visible and give people effective training. The result is greater value of our people as individuals with distinctive characteristics. By continuing to improve our two-way matching capabilities, we plan to extend our operations to more market sectors.

In the manufacturing temporary staffing industry in Japan, there have generally been almost no improvements concerning

factory worker salaries and skills. Supplying more workers in order to improve our short-term performance is not our only goal. We are also dedicated to raising the salaries of factory workers by upgrading their quality in order to give these people opportunities to work for many more years.

This is why fiscal 2019 is a critical year for us. We are refocusing on the core manufacturing sector to reexamine this business. I want us to do whatever is needed for taking on initiatives that we could not adequately handle in prior fiscal years.

[Achieving well-balanced management by aiming for a suitable scale of operations]

Our goal is sustainable growth backed by a well-balanced business portfolio. That means we need to aim for the best possible profitability by reaching a suitable scale of operations, chiefly in our core businesses.

For example, in the manufacturing sector, the growth of our Human Resources and Education Business may be slower than at our competitors. Looking ahead, I expect annual net sales growth of around 20%. For more growth, we must place priority on building an organization for the next step after outsourcing. Furthermore, I want to build a solid foundation for next-generation business activities.

Well-balanced management will be particularly critical to the success of our Real Estate Business. We started this business in 2010, not long after the start of the global financial crisis. This business accurately targeted opportunities created as the

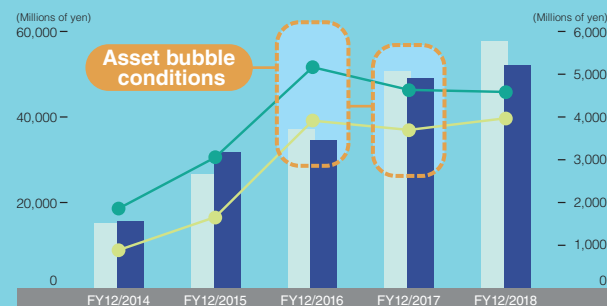
real estate market recovered. The business has grown to become a significant profit center. In fiscal 2018, this business posted net sales of about ¥52.0 billion and segment profit of about ¥4.6 billion.

Japan's real estate market has been showing signs of an asset bubble during the past few years. As the graph below shows, real estate profits have been consistently well above our initial plan. We were able to sell real estate developments at prices far higher than the cost of these properties. But the cost of acquiring properties has been rising and we adopted a cautious stance in response. Our plan is to limit property purchases for development projects until real estate prices return to normal. Instead, we are increasing renovations and other recurring-revenue activities with the goal is establishing the best overall balance. In the real estate development sector, our goal of reducing our risk exposure by strengthening projects that convert buildings to another use and taking other actions.

For these reasons, we established a conservative 2019 business plan for real estate. We will make accurate decisions about the outlook, which is currently unclear, and use well-timed actions for more growth of this business.

Real Estate Business Initial Plans and Actual Results

Left: ■ Net sales/Initial plan ■ Net sales/Actual result
Right: ● Segment profit/Initial plan ● Segment profit/Actual result



Initiatives for Creating New “Ways We Live”

A firm commitment to continue challenging for creating the “way we live” by giving everyone an opportunity to work, enhance skills and acquire knowledge through relearning

Japan has been actively making increasing use of foreign workers as the country's working-age population declines. More than 10 years ago we started creating a scheme for accepting foreign workers by using the foreign technical intern training program. Japan is continuing to consider the establishment of a framework for accepting more foreign workers based on a medium- to long-term perspective.

In addition to the foreign intern program, which is intended to use training programs for technology transfers that can assist developing countries and regions, programs for designated skills will be newly established. We will take these programs into consideration to aim for comprehensive activities, including development of workers who have advanced expertise and professional skills to immediately make a contribution and retention of ties with them after they return to their home countries.

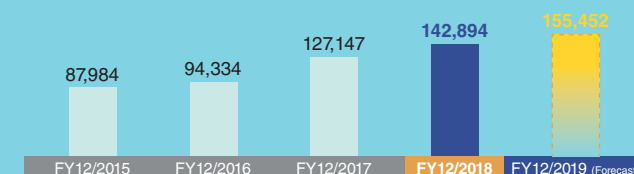
In Japan, there are large numbers of women and older people who are not participating in the labor market. I want to utilize this enormous source of unused labor by creating jobs for everyone and operating many types of training programs. I firmly believe that our mission is to be a HR services company that gives everyone the opportunity to work and is a source of jobs that are stimulating and rewarding.

To make our new vision of “pursuing the ways we live at an even higher level” a reality, we will continue to work on establishing a framework that will create happiness of workers. I would like to ask for your continued support from a medium- to long-term perspective.

Financial Highlights (FY12/2018)

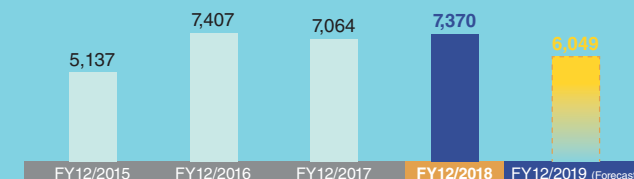
Net sales

142,894 millions of yen | YoY: **12.4%** ↑



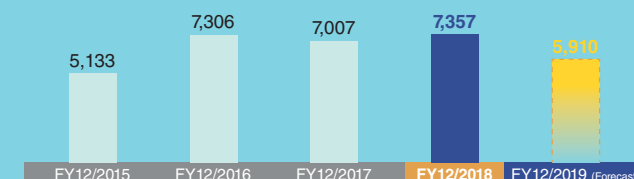
Operating profit

7,370 millions of yen | YoY: **4.3%** ↑



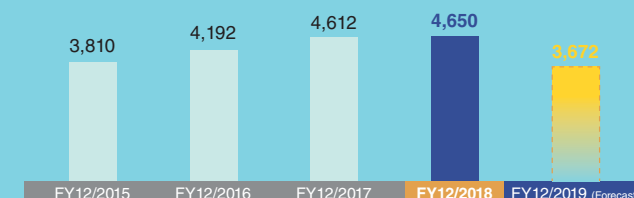
Ordinary profit

7,357 millions of yen | YoY: **5.0%** ↑



Profit attributable to owners of parent

4,650 millions of yen | YoY: **0.8%** ↑

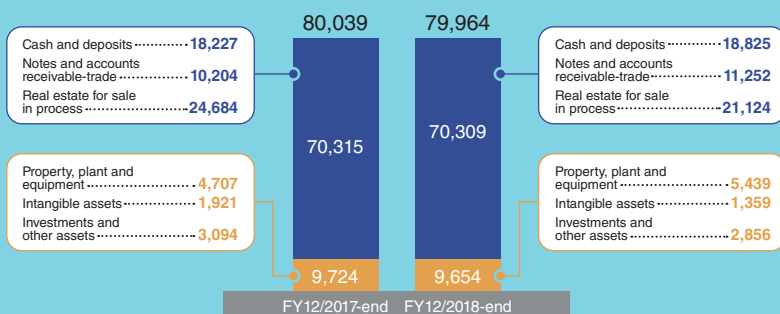


Consolidated Financial Results

Consolidated Balance Sheet (Millions of yen)

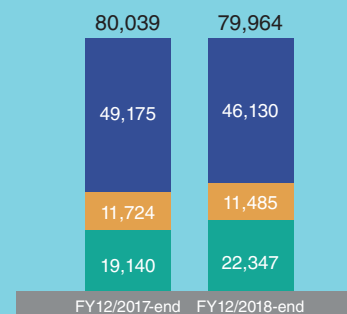
Assets

■ Current assets ■ Non-current assets



Liabilities and net assets

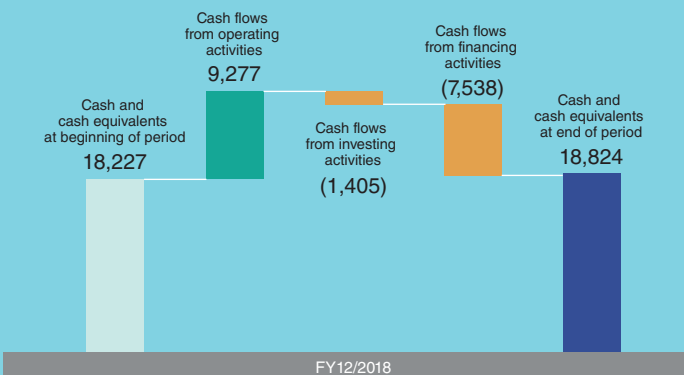
■ Current liabilities ■ Non-current liabilities ■ Net assets



Highlights

Total assets decreased ¥75 million from the end of fiscal 2017. Total liabilities decreased ¥3,283 million compared to the end of fiscal 2017.

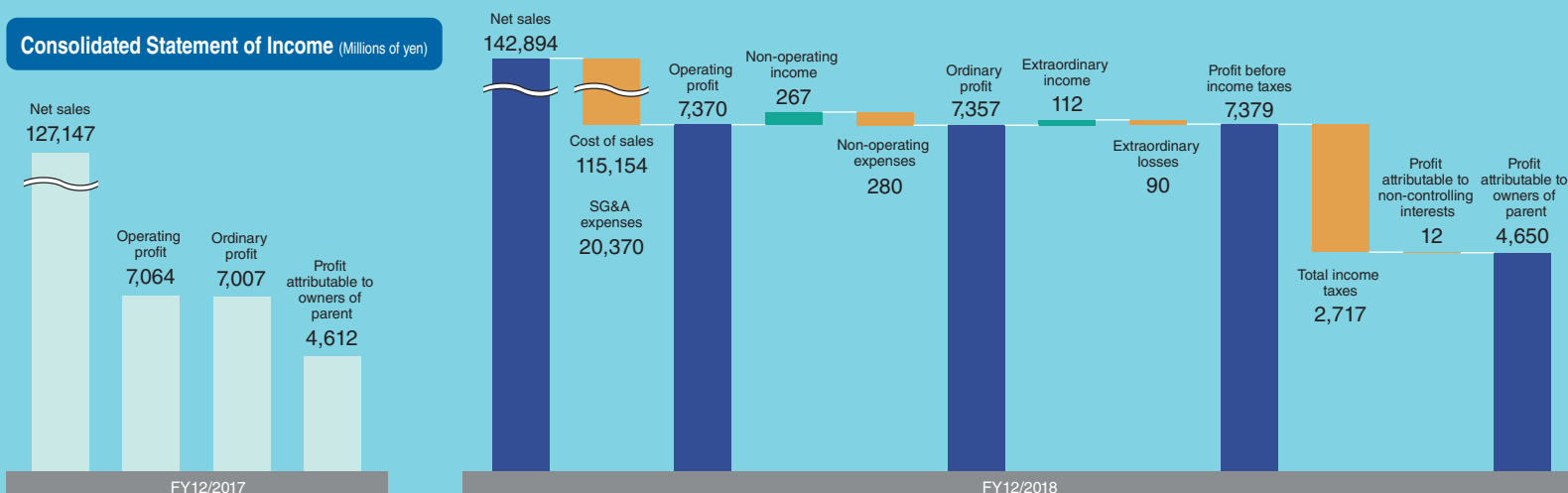
Consolidated Cash Flows (Millions of yen)



Highlights

Cash flows from operating activities were positive mainly due to profit before income taxes, a decrease in real estate for sale and income taxes refund. Cash flows from investing activities were negative mainly for the purchase of property, plant and equipment. Cash flows from financing activities were negative mainly for the repayment of short-term and long-term loans payable.

Consolidated Statement of Income (Millions of yen)



Highlights

In the core Human Resources and Education Business, there were numerous measures from a medium- to long-term perspective for making the brand more powerful (ability to attract people). Benefits of these activities resulted in a record-high number of people on assignments and sales in this business, which made a big contribution to the entire group performance. The results were higher net sales and profits YoY.

1

Building a “human resources platform” to create an environment where variety of people can fully use their skills

The future of manufacturing in Japan

The New Medium-Term Management Plan 2021 includes the concept of a human resources platform as the foundation for growth of the Human Resources and Education Business. The reason is that we believe the survival of manufacturing in Japan will require companies to specialize in market sectors where they are strongest, chiefly regarding technologies. In the fields with open innovation, we anticipate more cooperation between companies and powerful external partners.

Based on this outlook, we foresee a need to create a platform that unifies the recruiting, training and organization for specialists involving technologies and other skills needed by all manufacturers, providing these people will also supplement the existing strengths of manufacturers. In

addition, we want to have a workforce that can be used for assignments anywhere in Japan. We, thus, plan to expand to new business domains and reinforce our competitive superiority.

Outline of the human resources platform and goals for this platform

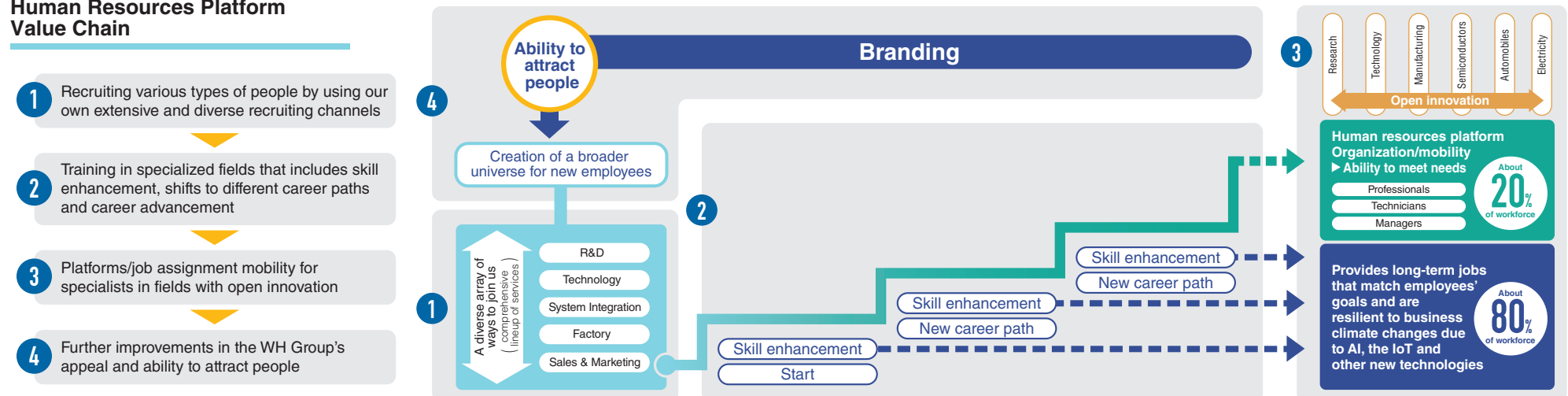
The basic idea behind the human resources platform concept is to use specialists in many categories of manufacturing rather than limiting these people to only a particular industry. Career advancement support and a diverse range of education programs are also part of this platform. To make this organization even stronger, the platform includes interaction among our business segments to share information

and exchange personnel.

The platform will first be used to target technologies and skills with the greatest potential. We will also upgrade activities for utilizing the knowledge of our workforce in a broad spectrum of applications. Most significantly, the creation of a platform of people with specialized skills will make it easy to pass on know-how to others. One example is maintenance and repairs, which are tasks that all manufacturers perform. Converting skills and experience of our workforce to explicit knowledge will allow us to use our own technological skills as a unified group. This is a strength no competitor can match.

Establishing this platform for growth will give our group an environment where many types of people can fully utilize their capabilities. This environment will reinforce our ability to attract people by making us an even more attractive place to work.

Human Resources Platform Value Chain



2

Initiatives for creating new “ways we live”

Our Logistics Business

We have been providing services to logistics companies since 2012. As a large e-commerce retailer enlarged its infrastructures to support growth, demand increased for third-party logistics (3PL) within a distribution center. This basically entails strategically outsourcing all or part of logistics operations to external companies. Sales activities for 3PL are how we first established a position in the logistics market.

Logistics was a new business field for us, so we started from the ground up. As we provided services in this sector, we soon realized that supplying the necessary number of people is not the central requirement. Subcontracting for shipping merchandise precisely as planned, rather than staffing services, is what logistics companies need most of all.

Assigning people to posts where they are most effective and productive is vital to achieving 100% reliability for shipments. To do this, we added time management, back office and other functions. Furthermore, the logistics business demanded frameworks for operations that complied with each client's standards. This includes safety management, risk management, business continuity planning and other aspects of operations. Subcontracting technologies and expertise acquired through our manufacturing services business was extremely useful and allowed us to set ourselves apart from the companies that were already offering 3PL services.

In 2013, the receipt of a 3PL outsourcing contract at the largest distribution base of the client was a dramatic turning point in this business. A few thousand people were engaged in logistics tasks at this location, including our on-site employees, temporary staffing workers of our partner companies and the client's own employees. To oversee this workforce, a labor management function, positioned between recruiting and business operations, was established to determine daily assignments for individual workers. We also created systems and strengthened training programs in order

to improve efficiency. In addition, there were a few hundred of our full-time employees to serve as a platform that supports the distributing center workforce. These employees therefore became one part of our human resources platform concept.

In the 3PL business, we worked as a partner with the client to make its operations better and more efficient. Furthermore, this partnership enabled us to build strong medium- to long-term relationships with the client. Our success in the logistics sector was due to our awareness that we could not use the same business model as in the manufacturing sector. Consequently, logistics illustrates how we are capable of creating new “ways we live” by redefining ourselves.

3PL at a Client's Largest Distribution Center



Our Contract Research Organization Business

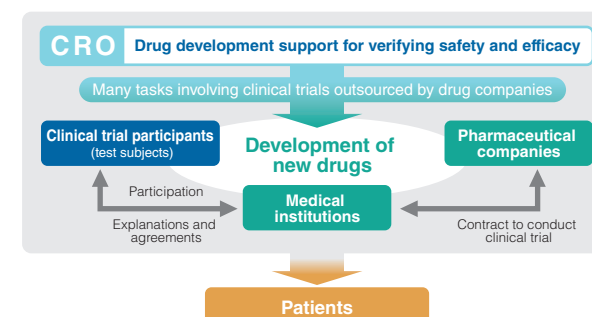
The 2012 acquisition of DOT WORLD CO., LTD. (DOTW), added a contract research organization (CRO) business to the WH Group. DOTW supports operations management of clinical trials that are part of the new drug development process. The mission of this company is to contribute to quickly commercialize new drugs and medical devices by using timely ideas, speed and a resolute commitment to completing projects.

Most Japanese CRO companies have grown over the years mainly by performing monitoring. DOTW handles monitoring as well as data management, the analysis of statistics, medical writing and many other tasks. Clients can therefore rely on DOTW as a one-stop provider of a full lineup of CRO services. Furthermore, DOTW has experience conducting trials in Japan on behalf of overseas pharmaceutical companies as well as trials on a global scale.

Clinical trials are increasingly conducted in many countries at once. Currently, about 40% of the clinical trials in Japan are joint operations with trials in Europe and North America. Also noteworthy is the growing number of drug development projects by European and U.S. middle-market and start-up companies and the start of activities in Japan by these companies.

DOTW has the speed and agility that only a small company can offer. The goal is to use these attributes to enter new healthcare categories and strengthen the ability to capture orders for global projects. DOTW is dedicated to creating new “ways we live” by giving people stimulating and rewarding jobs they can keep until retirement and by achieving sustained growth through contributions to society.

Position and Role of CROs



Human Resources and Education Business



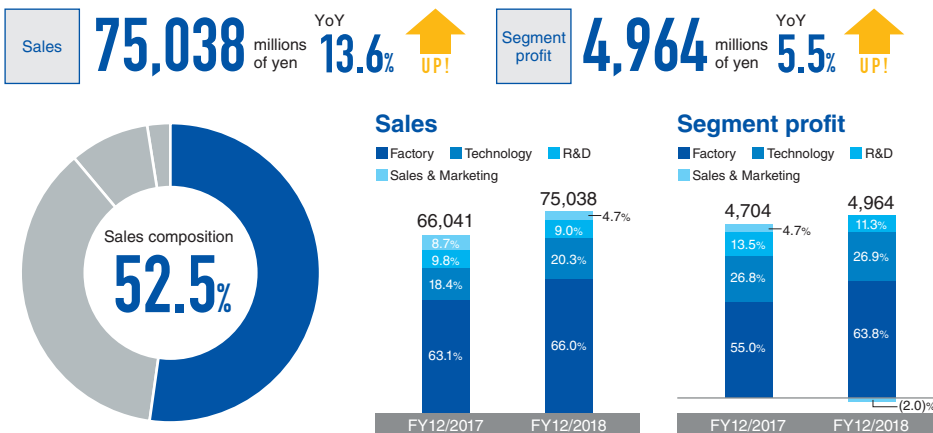
A new perception of value for work

With subcontracting and temporary staffing capabilities, we are a one-stop provider of services extending from upstream to downstream processes in the manufacturing sector.

Involvement with a diverse array of market sectors and products makes this business highly resilient to almost any type of change in the economic environment and realizes services that support manufacturing in Japan.

Group Companies

- WORLD INTEC CO., LTD.
- WORLD CONSTRUCTION CO., LTD.
- DOT WORLD CO., LTD.
- WORLD INTEC FUKUSHIMA CO., LTD.
- GEOGRAPHIC INFORMATION OF KYUSHU, INC.
- WORLD STAFFING CO., LTD.
- WORLD INTEC TAIWAN CO., LTD.
- NIKKEN TECHNO CO., LTD.
- ENGMAINTEC CO., LTD.
- SAIHI INFORMATION SERVICE CO., LTD.



FY12/2018 Overview

This business took actions based on the strategy of reinforcing its "ability to attract people" in order to become even more appealing as the reorganization of Japan's human resource services industry continues. Up-front investments for training programs and other measures are a major part of these activities. Benefits of these investments are slowly beginning to appear. As a result, sales and profits in this business continued to increase, making a big contribution to the entire group performance, even while making these investments for future growth. Upgrading training programs enhanced the skills of our employees while improving the retention rate and increasing the number of people on assignments. Training was also critical to our ability to add more locations for logistics services. Restructuring our employee evaluation system is another priority. All these measures maximize employees' job satisfaction and improve their motivation, which boosts their productivity and value. Progress in these areas made it possible to move even faster concerning the establishment of a human resources platform.

Real Estate Business



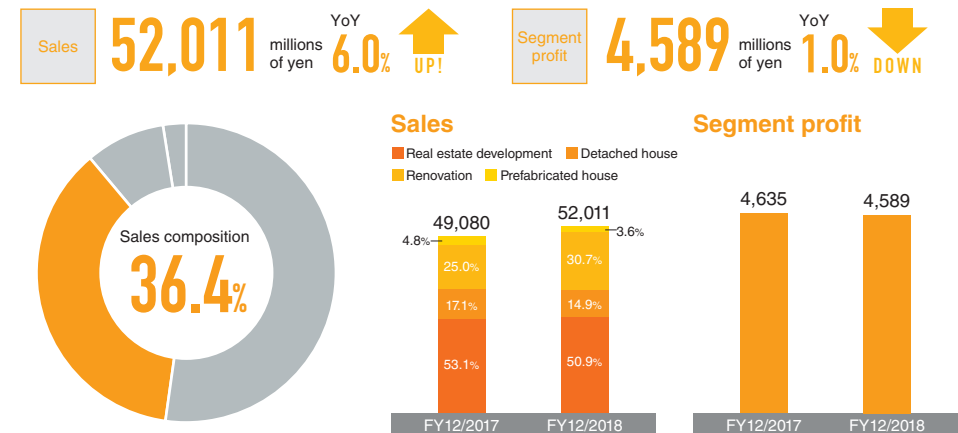
Communities where people can live with confidence at all time

This business serves many types of clients' needs by operating real estate development, detached house, renovation, prefabricated house and many other real estate businesses.

Diversification across many geographic areas and business sectors greatly reduces the vulnerability of this business to changes in the economic environment. With this solid foundation, we can create residences and communities where people can live with confidence.

Group Companies

- WORLD RESIDENTIAL CO., LTD.
- NICHIMO REAL ESTATE CO., LTD.
- OMACHI WORLD CO., LTD.
- WORLD ICITY CO., LTD.
- HOEIKENSETSU CO., LTD.
- PT. WORLD DEVELOPMENT INDONESIA
- WORLD WISTERIA HOMES CO., LTD.
- MIKUNI CO., LTD.
- COMPAX CO., LTD.
- WORLD MIKUNI CO., LTD.
- M'S WORLD CO., LTD.



FY12/2018 Overview

Persistently high prices are making the outlook for the real estate market increasingly unclear. To succeed in this challenging environment, this business used its information resources and network of business relationships, which are backed by operations spanning a broad range of market sectors and regions of Japan. By purchasing and selling properties in a proper manner that reflected market conditions, this business posted record-high sales and made a contribution to growth of the entire group. Activities for improving the portfolio's balance and strength continued. We expanded operations to more areas of Japan and used business initiatives that leveraged our sound positions in several real estate business domains. One significant accomplishment was an increase of about 30% in properties sold in the renovation business, a sector we focus on. The development business also improved the balance of the real estate portfolio, particularly through the well-timed sales of properties.

Information and Telecommunications Business



Creating new types of value involving communications

The operation of mobile phone stores is the primary activity in this business. Other activities include solutions for corporate clients and a telemarketing business.

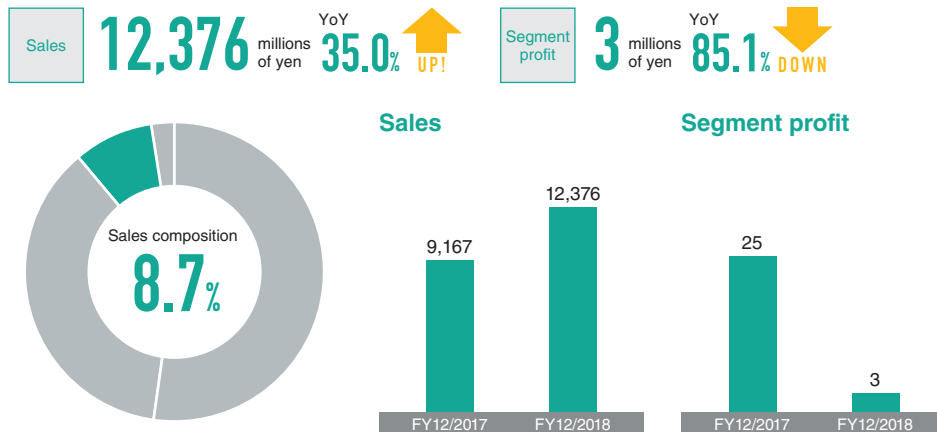
All of our mobile stores closely reflect the characteristics of their respective locations. Our corporate solutions business and telemarketing business focus mostly on assisting with cost-cutting at small and midsize companies.

Group Companies

● E-SUPPORT, INC.

● NETWORK SOLUTION CO., LTD.

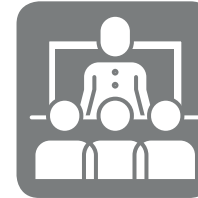
● BEST IT BUSINESS CO., LTD.



FY12/2018 Overview

There were up-front investments to establish a network of highly competitive stores in order to benefit from our position as one of the few remaining companies in this business in association with the ongoing realignment of the IT sector. The result was higher sales but a decline in profits. Sales increased because of the higher number of phones sold, which was mainly the result of stores added in fiscal 2017. But profits were lower due to up-front investments and a strategic increase in marketing expenses. Based on our strategy of establishing a dominant presence for our stores, we will continue to build a network of highly competitive stores. Activities will include closing and combining stores with a process that may use mergers and acquisitions, and training programs to upgrade the client service, consultation and other skills of store personnel. The cost-cutting solutions business, which serves small- and medium-size companies, continued to achieve growth in sales and earnings. We added new products and conducted activities for starting new businesses in order to establish a foundation for growth in fiscal 2019 and afterward.

Others



To create new “ways we live”

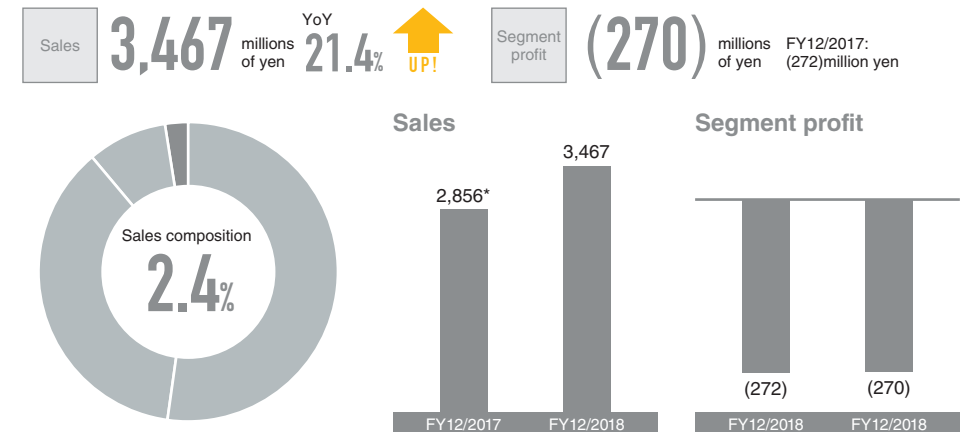
Companies in this category taken on challenges by operating businesses that seek to use activities outside the three core businesses for creating new “ways we live.” For example, ADVAN CO., LTD. operates PC and online schools, produces websites and creates a variety of designs. FARM CO., LTD. operates nine agricultural parks in Japan with a theme of harmony between nature, man and society.

Group Companies

● ADVAN CO., LTD.

● FARM CO., LTD.

● CROWDEIGHT CO., LTD.



* FARM CO., LTD. newly consolidated in Q2 FY12/2017

FY12/2018 Overview

At ADVAN CO., LTD., mainly operating PC schools, growth continued in the creative unit, which includes website production and others. In addition, through collaboration with the Human Resources and Education Business, ADVAN made a big contribution to improving the skills of people at all group companies. Expansion of system engineer training in the Technology Staffing Business is the biggest beneficiary of this collaboration. Overall, ADVAN produced substantial synergies with other group companies. FARM CO., LTD. and its affiliate operate agricultural parks. In fiscal 2018, sales increased as the number of visitors to these parks was higher YoY. Park attendance increased as the benefits of park improvements and many actions to attract more people outweighed the negative impact of unfavorable weather and natural disasters during the peak season for these parks. To increase attendance, FARM has made up-front investments that are expected to produce growth in the future. One major project is the construction of a very large athletic facility called *Alps Gym* at Blumen Hugel Farm, an agricultural park in Shiga Prefecture. *Alps Gym* is scheduled to start operating in March 2019.

ESG

"Social"

Jobs for Everyone

The WH Group has a workforce of about 20,000.

Working in a diverse range of industries, including human resources and education businesses, our Group creates many jobs across generations, genders, and types of occupations, and through unique efforts by the WH Group companies, we offer many people a new "potential to work." As a corporate group whose social mission is to create the "Ways We Live," we will pursue further challenges so that we can provide more opportunities where people can thrive and shine.

Job Creation at the WH Group

Support for Women in Workplace

We are constantly seeking more ways to allow women to retain jobs while caring for their children. One way is by operating *Job Department Store*, a private public employment security office.



WORLD INTEC FUKUSHIMA CO., LTD.

Jobs for Victims of Disasters

Following the March 2011 earthquake and tsunami, we started a number of initiatives with the Fukushima prefectural government. In all, these activities created jobs for more than 19,000 people affected by this disaster.



WORLD INTEC FUKUSHIMA CO., LTD.

Jobs for People with Disabilities

By creating better workplace environments where people with disabilities can work with others, we have created a large number of jobs for individuals living with a variety of challenges.



GEOGRAPHIC INFORMATION OF KYUSHU, INC. *a special subsidiary

Jobs for People of All Ages

The nine agricultural parks that we operate have jobs that are suitable for every age group from teenagers to seniors.



FARM CO., LTD.

TOPIC 1

The WH Group's Stance about Using More Foreign Workers in Japan

The WH Group already uses foreign workers for the types of jobs listed in the table below. We have performed studies to determine even more ways to use these workers. One requirement is using foreigners in ways that match their visa status. We also consider if companies where foreigners work are prepared to accommodate these workers. Also, foreign workers need support involving cultural differences, feeling at home in the locations where they live and other issues. Naturally, compliance with laws and regulations is essential. Providing support for the workers and the companies that hire them is therefore vital to the success of the foreign worker system.

Japan newly introduced a system for foreign workers with specified skills in April 2019. This is expected to enable hiring foreigners with expertise and skills at a certain level that allow them to become productive employees immediately. Big changes are anticipated in the industries that hire foreigners and how these workers are used. By thoroughly examining the legal framework and thoroughly studying other issues, we plan to establish a framework for creating workplaces where foreigners can remain for many years.

Visa Categories Allowing Working at the WH Group

Categories already used by the WH Group New categories

Status of residence	Examples of applicable jobs	Job restrictions
Professional/technical fields	Medical service/education professionals/multinational company personnel/attorneys/others	Only jobs designated by the status of residence
Foreign nationals reside based on status	Long-term residents (Japanese descents)/spouses of Japanese nationals/permanent residents	No restriction
Technical intern training	Interns for transfer of manufacturing/fishing/agriculture/other technologies	Maximum of 5 years; must leave Japan at the end of the visa period
Designated activities	Economic partnership agreement nurse/care worker candidate/working holiday program/amateur athlete/others	Must earn national qualification within 3 years in Japan; otherwise mandatory return to home country
Permission for extra-status activities	Part-time work by foreign students	Up to 28 hours of work per week, up to 8 hours per day during extended holidays
Specified skills 1	Individuals with considerable knowledge/experience in one of 14 designated fields and who have passed a test to confirm this qualification	Maximum of 5 years
Specified skills 2	No visas granted for several years after the start of this program	No restriction

TOPIC 2

Establishment of JW SOLUTION for Comprehensive Human Resource Services for the Hotel Industry

WORLD STAFFING CO., LTD., a consolidated subsidiary of WORLD HOLDINGS CO., LTD., and JTB Communication Design, Inc., a subsidiary of JTB corporation, have jointly established JW SOLUTION CO., LTD. The new company will provide comprehensive human resource services exclusively for the hotel industry.

There is a severe labor shortage in Japan's hotel industry. Establishing JW SOLUTION creates a platform for combining the expertise for the recruitment and personnel management of WORLD STAFFING with the personnel training expertise of JTB Communication Design, which uses this company's distinctive hospitality system. The aim of the new company, which is jointly established by WORLD STAFFING and JTB Communication Design, is to be a source of a new type of hotel human resource solutions for supplying highly trained workers able to provide outstanding hospitality to hotel guests.

The Japanese government has established the goal of raising annual visits by foreign tourists to 60 million people in 2030 as part of the Tourism Vision to Support the Future of Japan. JW SOLUTION will focus on giving people skills required by hotels and creating a framework for supplying these people. The anticipated growth of foreign tourism in Japan will create significant demand for more people at hotels. This includes Japanese employees as well as people from other countries who have advanced or designated skills. Supplying people able to provide hotel guests with outstanding hospitality will enable WORLD HOLDINGS to increase the pace of activities associated with the Company's mission of creating new "ways we live."



Profile of the New Company

Name	JW SOLUTION CO., LTD.	Capital Stock	¥50 million
Location	2-14-1 Higashi-Shinbashi, Minato-ku, Tokyo	Shareholders	WORLD STAFFING CO., LTD. 80.2% JTB Communication Design, Inc. 19.8%
Representative	Shinji Honda, Representative Director	Established	April 1, 2019
Main Business	Comprehensive human resources services for the hotel industry		

Corporate Data

(as of December 31, 2018)

Name: WORLD HOLDINGS CO., LTD.**Established:** February 12, 1993**Capital stock:** ¥784 million**Representative:** Eikichi Iida, Chairman and President**Number of employees:** 18,852 (consolidated)**Fukuoka Head Office:**

6F Fukuoka Asahi Building, 2-1-1 Hakata Ekimae, Hakata-ku,
Fukuoka-shi, Fukuoka Prefecture 812-0011 Japan
Phone: +81-92-474-0555 Fax: +81-92-474-0777

Kitakyushu Head Office:

2F, 11-2 Otemachi, Kokurakita-ku, Kitakyushu-shi, Fukuoka
Prefecture 803-0814 Japan
Phone: +81-93-581-0540 Fax: +81-93-581-0542

Tokyo Head Office:

4F NBF COMODIO Shiodome, 2-14-1 Higashi-Shinbashi, Minato-
ku, Tokyo 105-0021 Japan
Phone: +81-3-3433-6005 Fax: +81-3-3433-6003

Businesses:

Businesses related to the entire group including formulation of management policies for the holding company and the group companies and management of the group's business operations (Human Resources and Education Business, Real Estate Business, Information and Telecommunications Business)

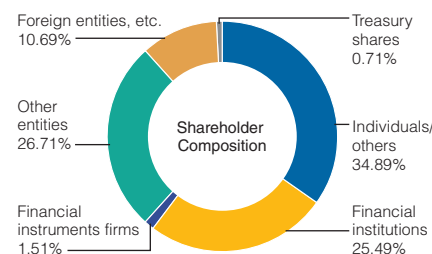
Executives:

(as of March 20, 2019)

Eikichi Iida, Chairman and President**Toru Iwasaki**, Executive Director**Yuji Takai**, Executive Director**Shinji Honda**, Executive Director**Shigeru Nakano**, Executive Director**Yoshihiko Mimasu**, Executive Director**Toshihiko Kanno**, Executive Director**Syuzou Ito**, Executive Director**Akira Soejima**, Executive Director**Koichi Hashida**, Executive Director
(Outside Independent)**Shingo Igarashi**, Executive Director
(Outside Independent)**Hideki Yamazaki**, Executive Director
(Outside Independent)**Kazuyuki Yamamura**, Audit and
Supervisory Board Member (Full-time)**Mitsuo Koga**, Audit and Supervisory
Board Member (Outside)**Tetsuo Kato**, Audit and Supervisory
Board Member (Outside)

Stock Information

(As of December 31, 2018)

Number of authorized shares: 54,000,000**Number of shares outstanding:** 16,956,600**Number of shareholders:** 2,773**Major Shareholders:**

Shareholders	Number of shares held	Shareholding ratio
IIDA Research Institute, Limited	4,500,000	26.53%
Eikichi Iida	3,361,500	19.82%
Japan Trustee Services Bank, Ltd. (Trust Account)	1,811,700	10.68%
BNP PARIBAS SECURITIES SERVICES LUXEMBOURG/JASDEC/FIM/LUXEMBOURG FUNDS/UCITS ASSETS Standing Proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch	770,000	4.54%
THE Kitakyushu Bank, Ltd. Standing Proxy The Master Trust Bank of Japan, Ltd.	709,200	4.18%
Nanko Abe	500,000	2.94%
Sumitomo Mitsui Trust Bank, Limited (Trust Account Ko No. 8)	424,600	2.50%
THE NISHI-NIPPON CITY BANK, LTD.	300,000	1.76%
The Master Trust Bank of Japan, Ltd. (Trust Account)	242,900	1.43%
Japan Trustee Services Bank, Ltd. (Trust Account 9)	204,400	1.20%

* Shareholding ratio is calculated after deducting treasury shares (120,929 shares).

Dividends

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 increase the dividend consistently while using a consolidated payout ratio of 30% as the guideline. We plan to pay a dividend of ¥83.0 per share with a record date of December 31, 2018 in accordance with this policy.

Dividend per share (Yen)