



FY2020 First Quarter Financial Results

May 11, 2020 (Mon)
WORLD HOLDINGS CO., LTD.
First Section of Tokyo Stock Exchange (2429)

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I. Summary of FY2020 First Quarter Financial Results



Summary of Financial Results

- The impact of COVID-19 on the Human Resources and Education Business and the Real Estate Business, which are our core businesses, was limited in the first quarter, so both sales and profits were healthy.

⇒ **For details on the impact of COVID-19, please see page 15.**

(Unit: Million yen)

	2019/1Q actual	2020/1Q estimate*	2020/1Q actual	Result against estimate Surplus	YoY	
					Change	Pct. Change
Net sales	30,614	35,578	36,480	+902	+5,866	+19.2%
Operating income	162	539	1,358	+819	+1,196	+735.1%
Ordinary income	159	-	2,128	-	+1,969	+1238.4%
Net income attributable to owners of parent	11	-	1,640	-	+1,629	+14725.1%

*Announced on February 17, 2020

YoY Overview of Business Results by Segment

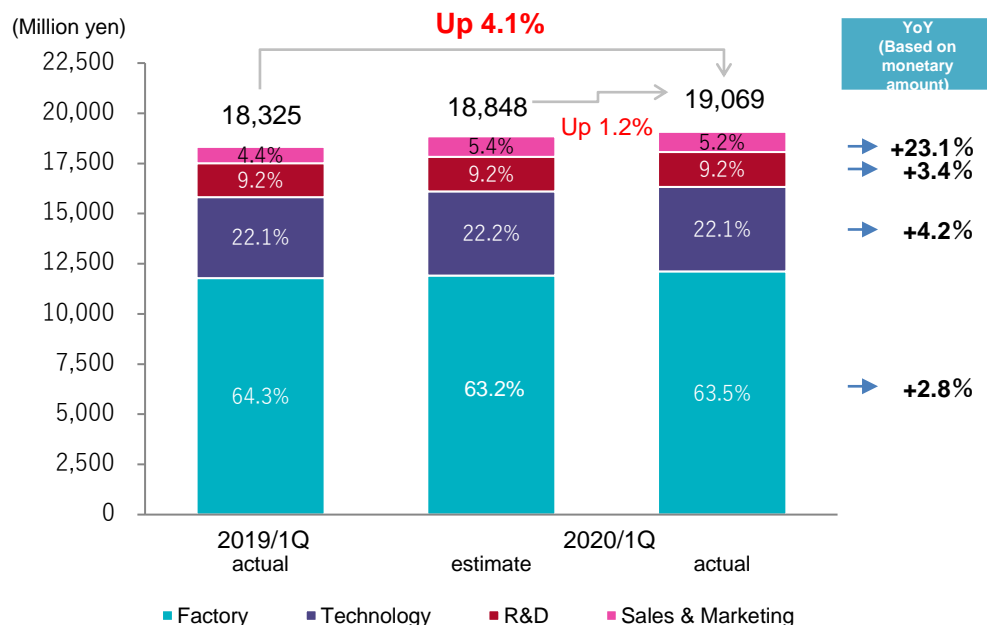
Unit: Million yen			2019/1Q actual	(Profit margin)	2020/1Q actual	(Profit margin)	YOY	
							Change	Pct. Change
Human Resources and Education Business	Total	Net sales	18,325		19,069		744	4.1
		Segment income	949	(5.2%)	1,108	(5.8%)	159	16.8
	Factory Business	Net sales	11,785		12,114		329	2.8
		Segment income	506	(4.3%)	466	(3.9%)	-39	-7.9
	Technology Business	Net sales	4,037		4,207		170	4.2
		Segment income	354	(8.8%)	462	(11.0%)	108	30.6
	R&D Business	Net sales	1,692		1,750		57	3.4
		Segment income	106	(6.3%)	170	(9.8%)	64	60.8
	Sales & Marketing Business	Net sales	810		997		186	23.1
		Segment income	-17	—	8	(0.9%)	26	—
Real Estate Business	Real Estate Business	Net sales	8,291		14,238		5,947	71.7
		Segment income	-23	—	861	(6.1%)	885	—
Information and Telecommunications Business	Information and Telecommunications Business	Net sales	3,369		2,492		-876	-26.0
		Segment income	-88	—	91	(3.7%)	180	—
Other	Others	Net sales	629		679		50	8.1
		Segment income	-126	—	-141	—	-15	—
	Total	Net sales	30,614		36,480		5,866	19.2
		Elimination or corporate	-547		-560		-13	—
		Operating income	162	(0.5%)	1,358	(3.7%)	1,196	735.1
<Reference>								
Real Estate Business	Development/Single-family housing	Net sales	3,011		9,822		6,811	226.2
		Segment income	-154	—	830	(8.5%)	984	—
	Renovation/Prefabricated houses	Net sales	5,280		4,416		-864	-16.4
		Segment income	130	(2.5%)	31	(0.7%)	-99	-76.2

Overall Segment

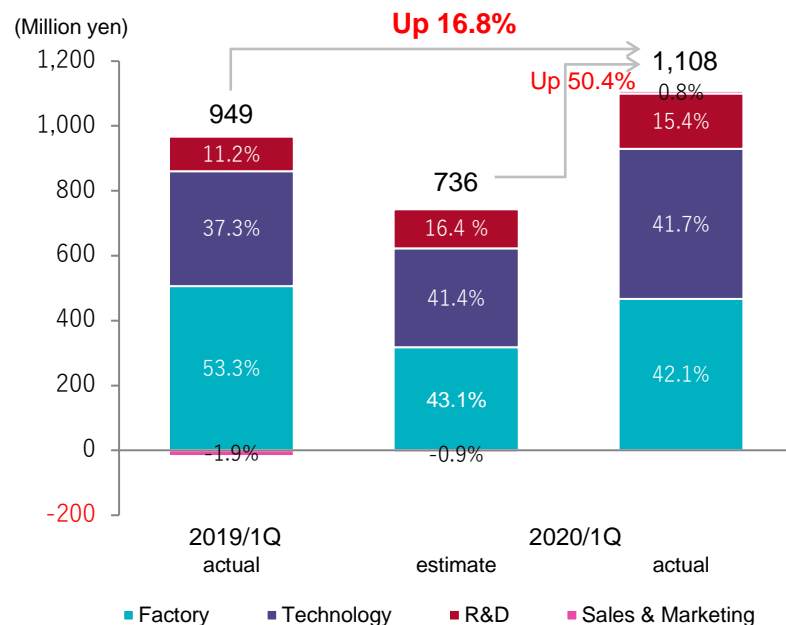
<Composition ratio of sales and segment income by segment>

- Response to the changing external environment, including the amendment of laws
⇒ Continued measures from the medium- and long-term perspective in order to raise the brand strength (capability of gathering workers)
- The impact of COVID-19 is limited as of now.
⇒ The Factory Business was partially affected, but it did not produce any significant effects on Technology or R&D Business.

◆ Sales composition



◆ Segment income

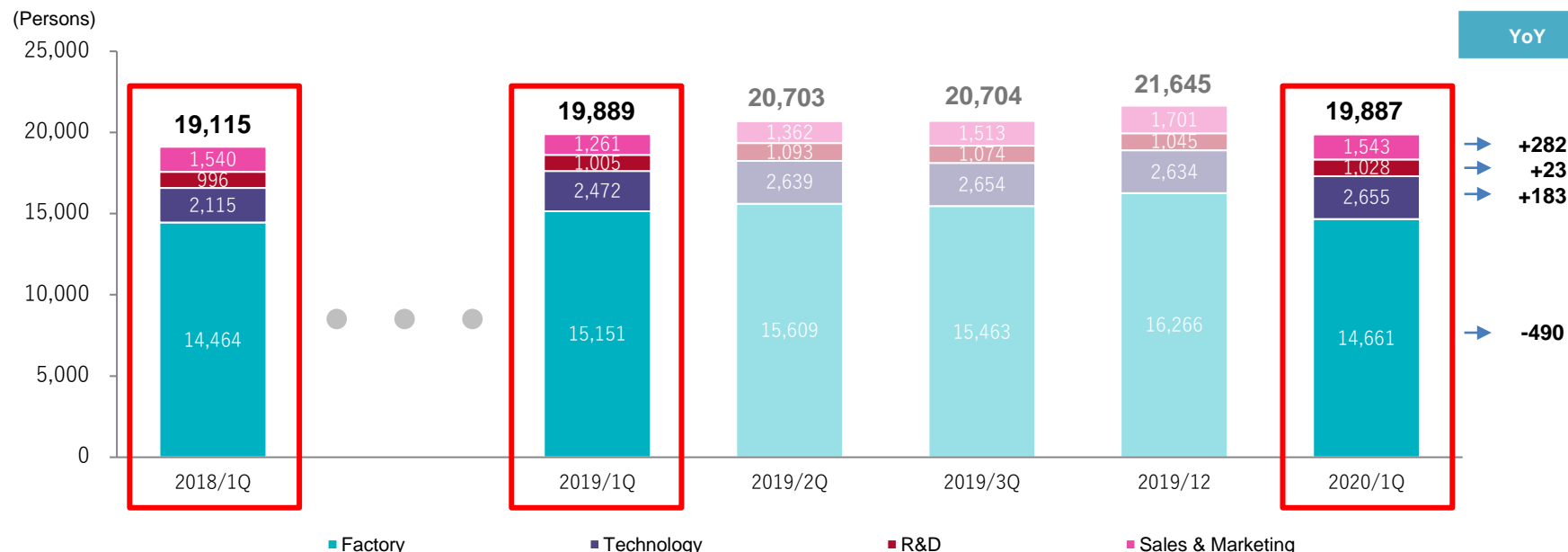


Overall Segment

<The number of staff members>

- The Factory Business was favorably affected by the increase in efficiency in the logistic field and was negatively affected by the temporary drop in utilization rate of some clients, but it was offset by the performance of 5G and semiconductor-related businesses.
- In the Technology Business, we gave top priority to the development of human resources, and assigned trainees to respective sections as planned.

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



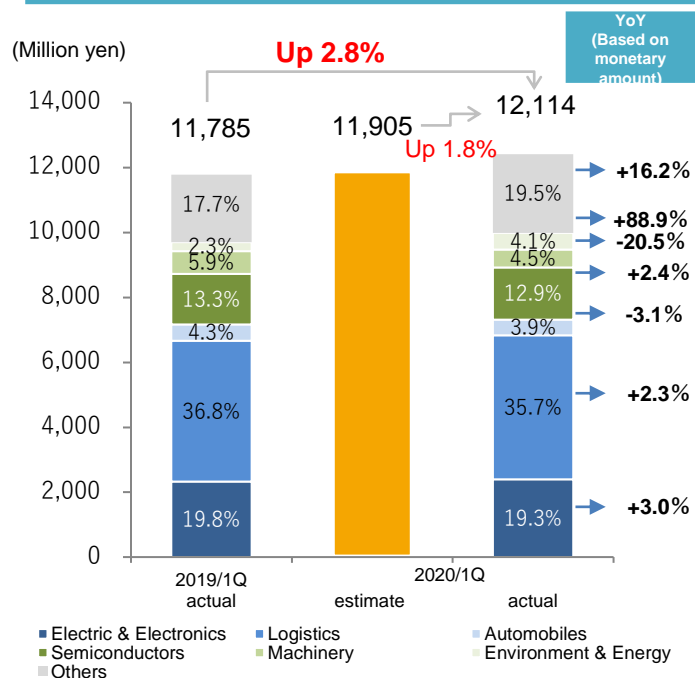
The number of staff in the Factory Business includes external staff members accepted from other companies.

Factory Business

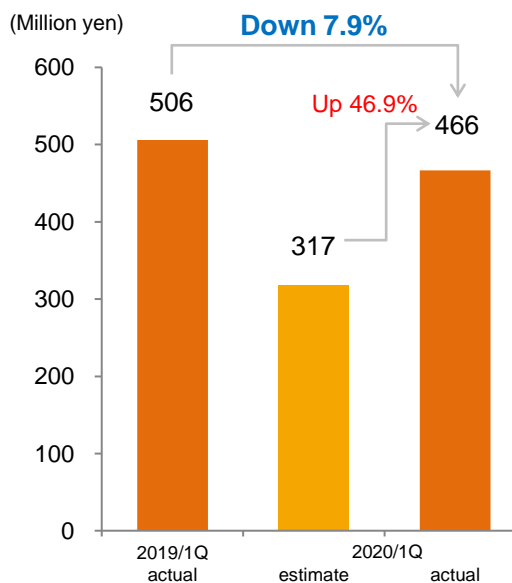
<Sales composition by business segment and the number of staff members>

- Some clients faced difficulty in procuring components and had to suspend operation for a short period of time, but 5G and semiconductor-related transactions we had been increasing strategically performed well.
- We fortified our recruitment system, for example, by securing personnel with the consortium model.

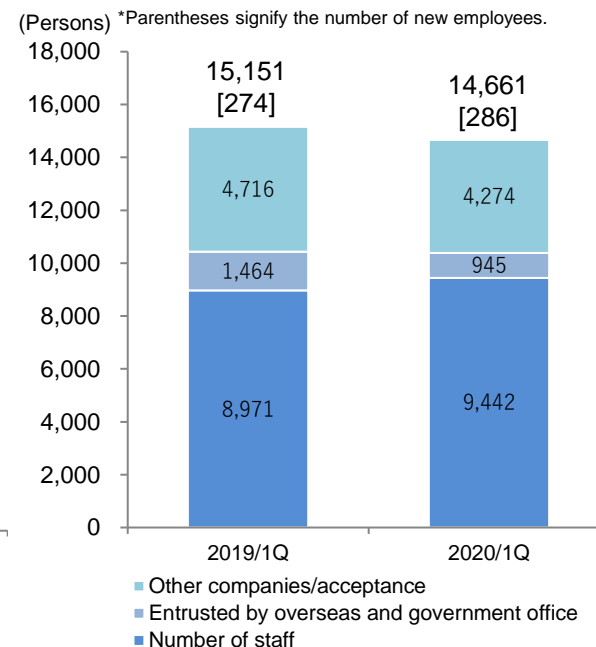
◆ Sales composition by business segment



◆ 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. External staff members accepted from other companies are included.
*Number of staff included only staff members who are engaged in on-site operation work.

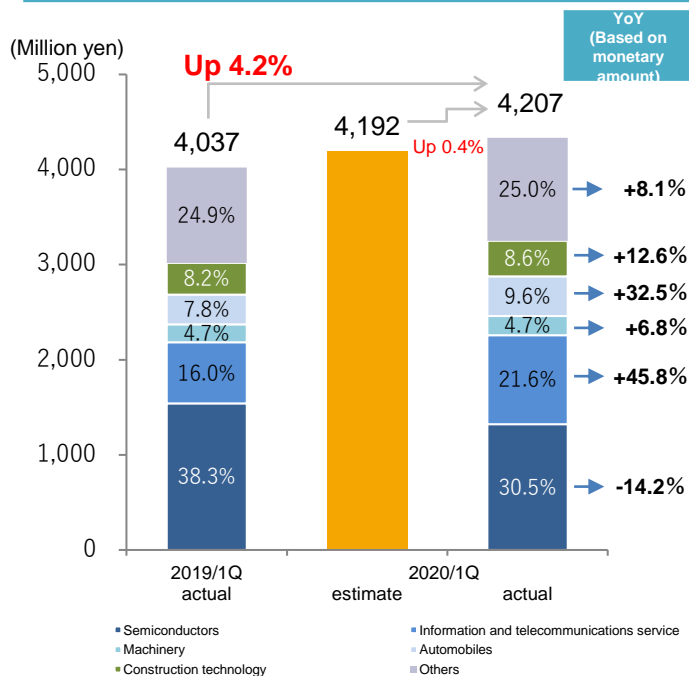
Technology Business

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

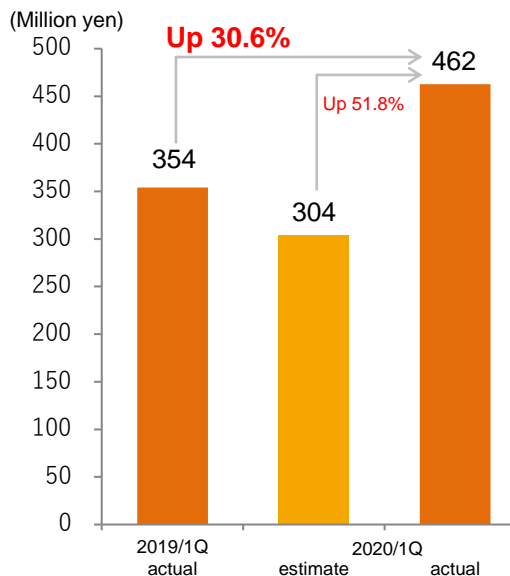
- Both sales and profits were healthy in the businesses related to semiconductors, automobiles, information and telecommunications service, construction technology, etc.
- We plan to fill higher posts, by enhancing the recruitment of highly skilled experienced workers and improving the training programs for brushing up skills and shifting up a gear to go with the times.

*For existing employees, the main courses include those for career change and brushing up their skills. For inexperienced ones, the major courses include 3D-CAD training at Design Center, training in production engineering at "Production Engineering Center," programming training in coordination with Advan Inc., and network infrastructure training.

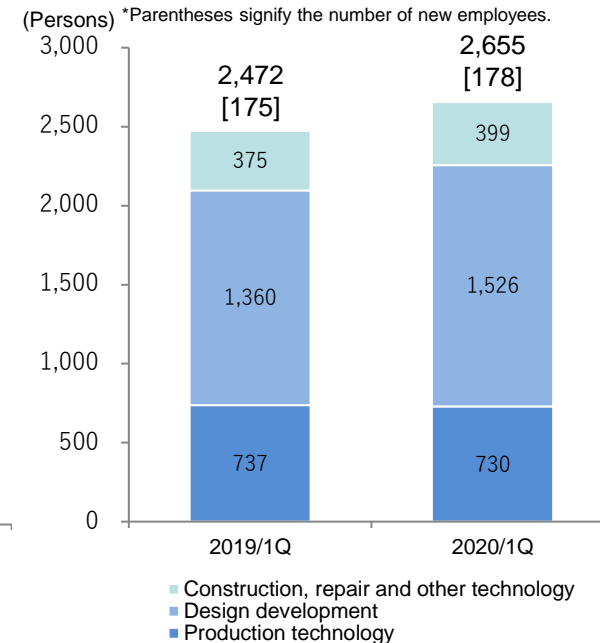
◆ Sales composition by business segment



◆ Segment income



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



*We have not disclosed the sales estimate by segment.

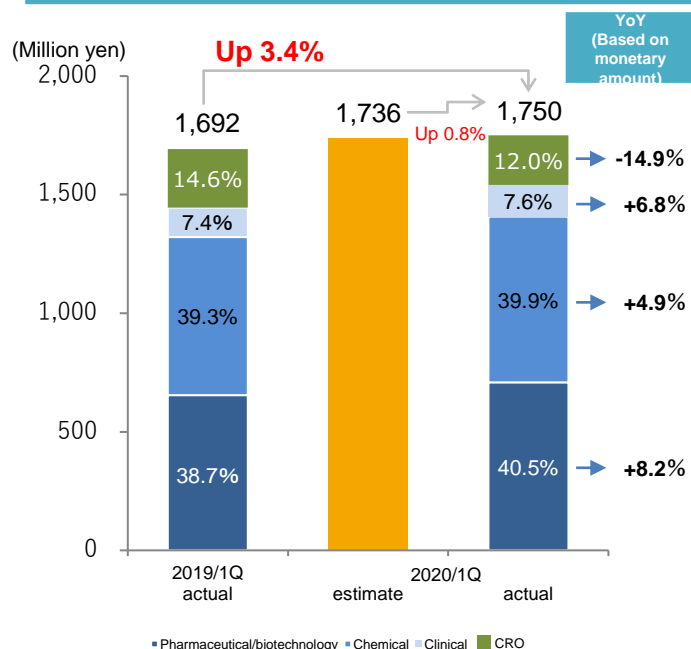
*The number of staff is a three-month average.
*Number of staff included only staff members who are engaged in on-site operation work.

R&D Business

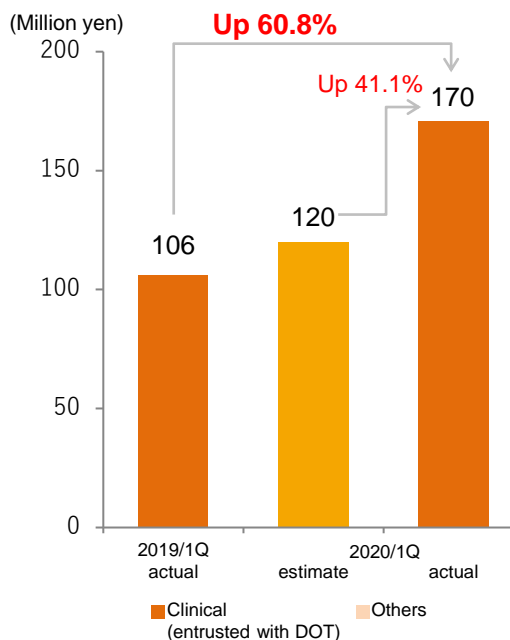
<Sales composition by business segment and the number of staff members>

- We dealt with an increase of orders for staffing in the pharmaceutical field, testing kits, clinical trials, etc. related to COVID-19, although it is limited.
- To evolve from a “staffing company” and win the trust as a “research supporting enterprise,” we recruited excellent researchers, and concentrated on the improvement of their research and human skills through collaborative research with affiliated universities.

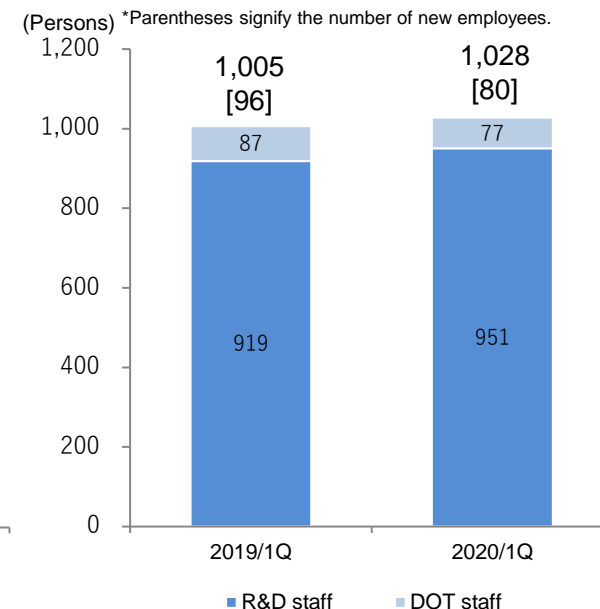
◆ Sales composition by business segment



◆ 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.

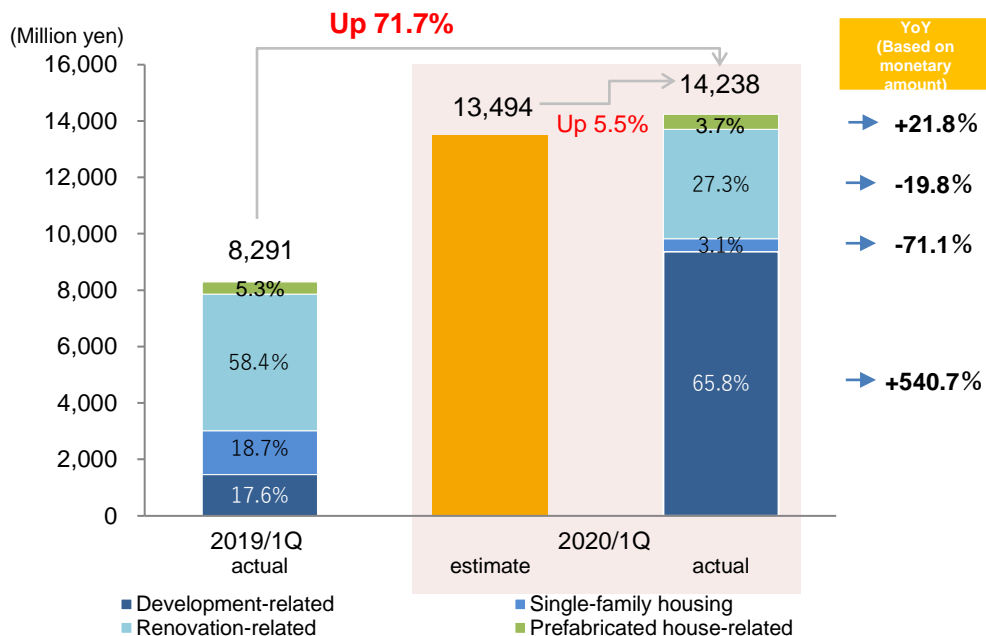
Real Estate Business

***As for the Real Estate Business, keeping in mind the characteristics of this business, we are conducting management practices while seeing the trends compared with annual estimates.**

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

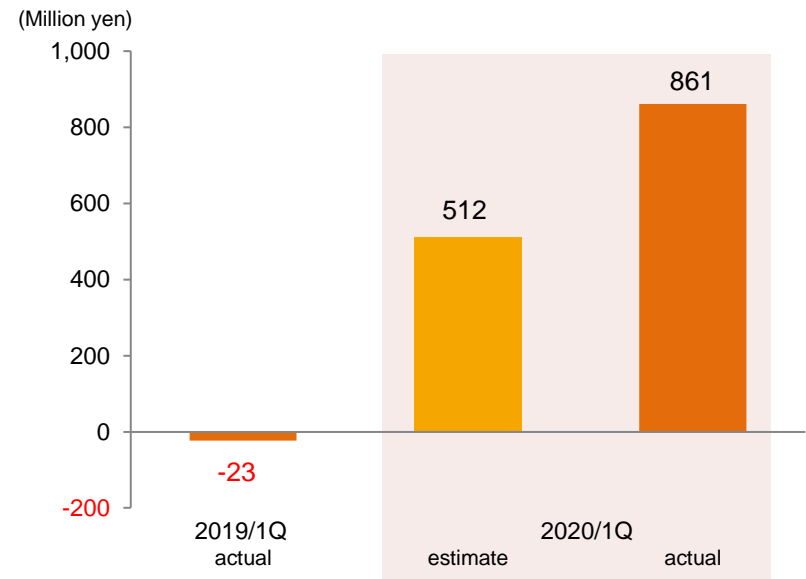
- As for development-related business, we handed over three pieces of commercial premises, whose sales posting had been postponed until this term, as planned.
- Comprehensively considering the external environment, we kept a cautious stance for procurement. In preparation for the reversal of the external environment, we prepared for the establishment of bases for financial businesses, including asset management.

◆ Sales composition by business segment



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

◆ Segment income

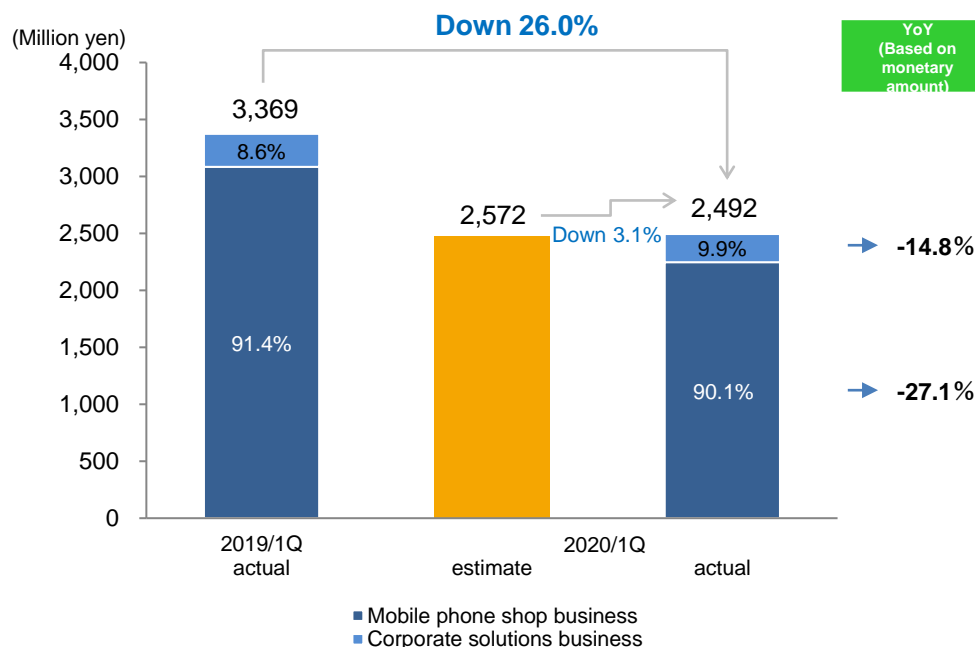


Information and Telecommunications Business

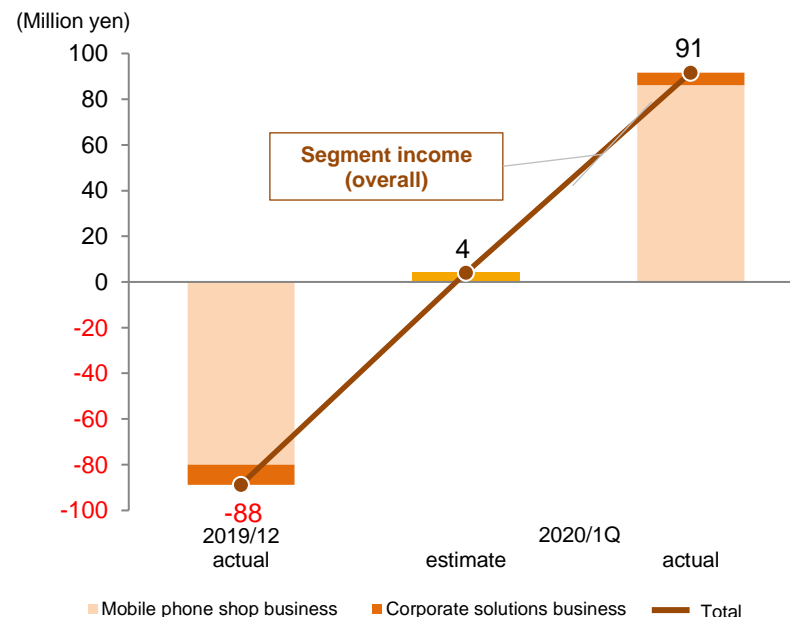
<Sales for each target and segment income>

- Through the measures and investment focused on the strengthening of the shop business conducted until the previous term (such as personnel development for establishing organizations and shops that comply with amended laws and improving the capability of attending to customers and knowledge), revenue per shop increased. (Note: Since the first quarter of this segment is from Oct. to Dec., there was no impact of COVID-19.)
- The operation of shops is now restricted, but the impact is still limited.

◆ Sales for each target



◆ Segment income



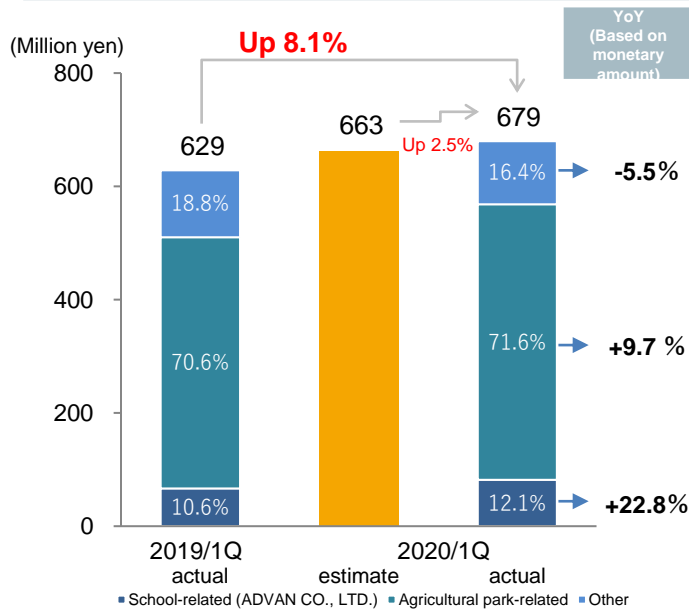
*We have not disclosed the sales and segment income estimate by destination.

Others

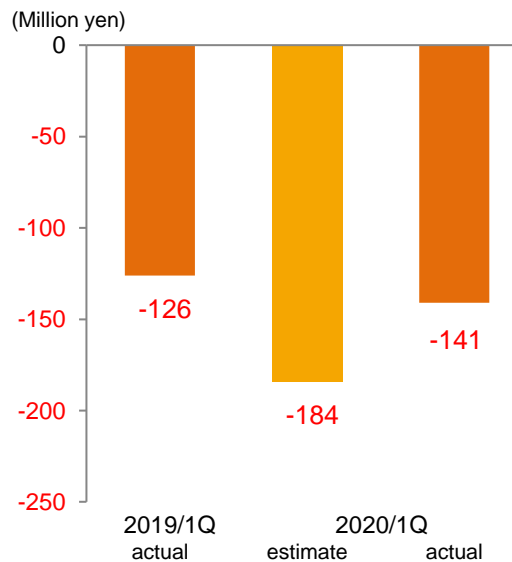
<Sales and major activities>

- FARM CO., LTD., which operates the agricultural park business, saw an increase of customers, thanks to the effects of capital investment until the previous term and the relatively warm winter from Jan. to Feb. However, the performance in March was sluggish, due to the voluntary restraint of going out.
- ADVAN CO., LTD. exerted synergy in educational business inside and outside the corporate group.

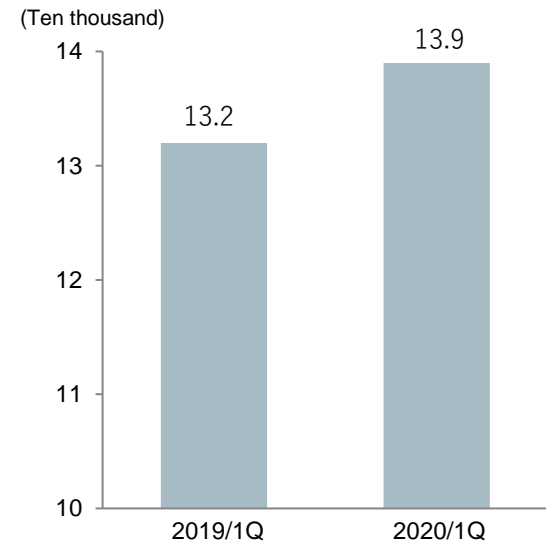
◆ Sales



◆ Segment income



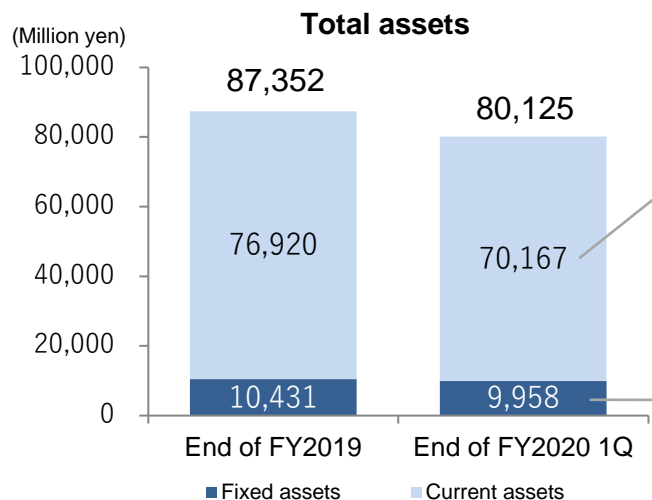
◆ Number of visiting customers



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

Financial Condition B/S

- Advances received, which increased temporarily in the previous term, decreased.

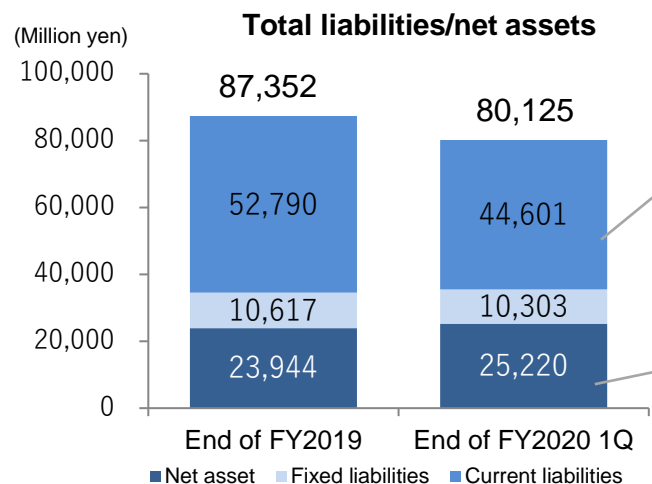


Current assets 70,167 (-6,753)

- Cash and deposits -293 million yen
- Notes and accounts receivable-trade -1,076 million yen
- Real estate for sale -3,827 million yen
- Real estate for sale in process -2,742 million yen

Fixed assets 9,958 (-473)

- Total property, plant and equipment -665 million yen
- Investment securities -607 million yen



Liabilities 54,905 (-8,502)

- Short-term debt + 1,162 million yen
- Accounts payable-real estate -737 million yen
- Advances received -6,211 million yen
- Long-term debt -335 million yen

Net assets 25,220 (+1,276)

- Retained earnings + 787 million yen

II. Outlook for the Term Ending Dec. 2020



Regarding the Impact of COVID-19

Human Resources and Education Business

- The impact of COVID-19 varies among clients. Some clients postponed staffing, while other clients increased staff. **The impact of the pandemic on our company is limited as of now**, as we negotiated with clients for leave compensations and utilized employment adjustment subsidies.
- As countermeasures, we shifted from recruitment to marketing, cemented alliances with other dispatch business operators, and strengthened the training of employees.

Real Estate Business

- There is no delay in the delivery of real estate whose contracts have been concluded and the construction of condominiums whose schedule was set to be not tight considering the Tokyo Olympics.
- While there is a possibility that customers' willingness to purchase will weaken, it is assumed that the environment for procuring real estate will improve.

Financial security

- Cash management is judged by applying appropriate stress onto sales for both the Human Resources and Education Business and the Real Estate Business, and the commitment line is set accordingly.

FY2020 Business Forecast

- The earnings forecast announced on February 10 does not take into account the impact of COVID-19, but it has not been revised, because the impact in the first quarter was minor. If it becomes necessary to revise the forecast, we will announce it swiftly.

Unit: Million yen, %	Results for the term ended Dec. 2019	Forecast for the term ending Dec. 2020	YoY	
			Change	Pct. Change
Net sales	136,319	159,682	23,363	17.1
Operating income	4,730	7,851	3,121	66.0
Ordinary income	4,805	8,338	3,533	73.5
Net income attributable to owners of parent	2,956	5,601	2,644	89.5
EPS (yen)	175.59	332.60	157.01	89.4
Dividend per share (yen)	52.7	99.8	47.1	89.4

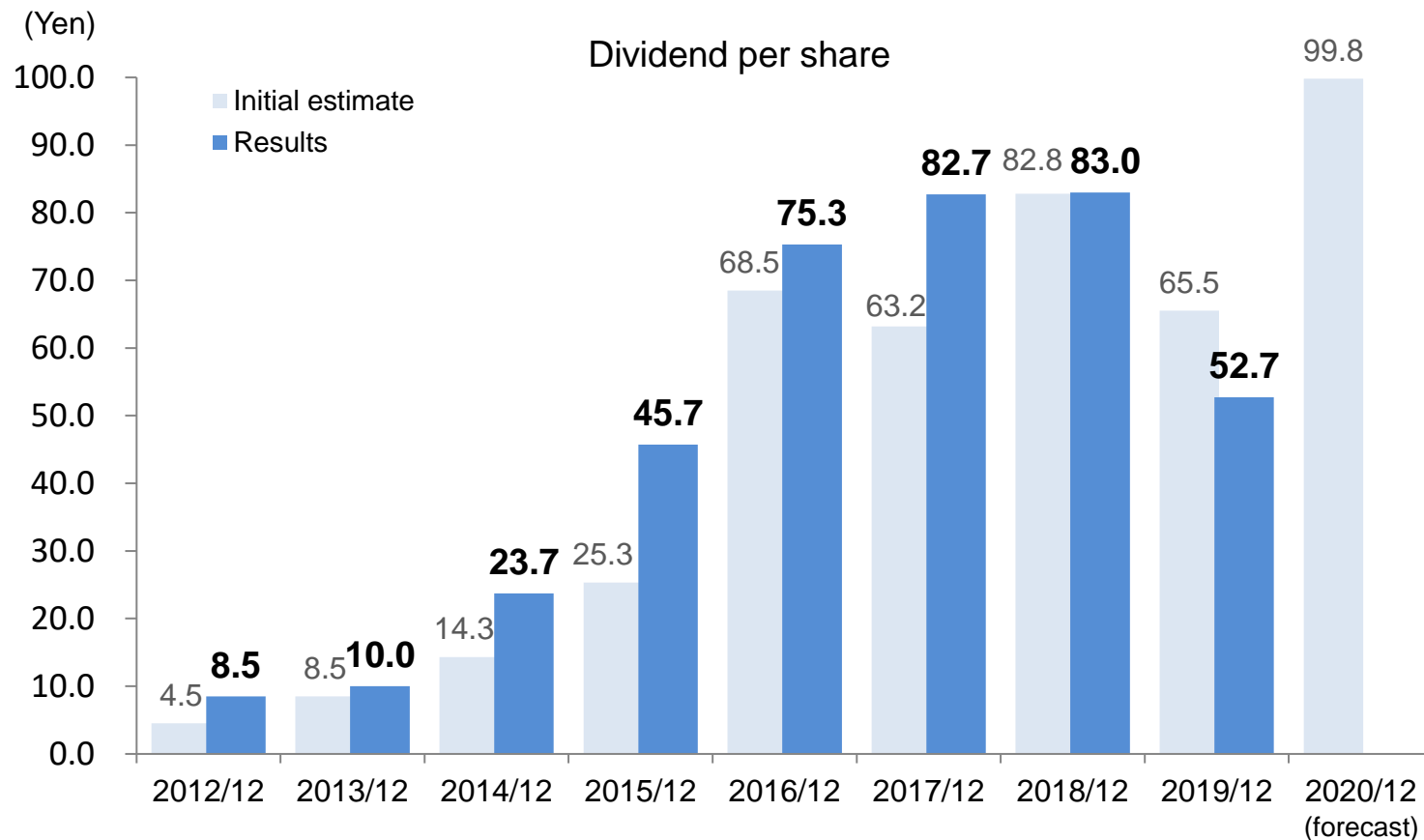
FY2020 Full-year Business Forecast by Segment

- The Human Resources and Education Business, which is the mainstay, will keep growing year on year.
(The initial forecast has not been revised.)

Unit: Million yen, %		Results for the term ended Dec. 2019	(Profit margin)	Forecast for the term ending Dec. 2020		YOY	
						Change	Pct. Change
Human Resources and Education Business	Total	Net sales	77,774	88,339	10,566	13.6	
		Segment income	5,179 (6.7%)	6,006 (6.8%)	827	16.0	
	Factory Business	Net sales	50,001	57,389	7,388	14.8	
		Segment income	2,679 (5.4%)	3,399 (5.9%)	720	26.9	
	Technology Business	Net sales	16,902	18,327	1,425	8.4	
		Segment income	1,761 (10.4%)	1,913 (10.4%)	152	8.6	
	R&D Business	Net sales	7,108	7,446	338	4.8	
		Segment income	711 (10.0%)	753 (10.1%)	41	5.8	
	Sales & Marketing Business	Net sales	3,761	5,176	1,415	37.6	
		Segment income	27 (0.7%)	-59 (—)	-87	(—)	
Real Estate Business	Real Estate Business	Net sales	42,082	56,369	14,287	33.9	
		Segment income	1,460 (3.5%)	4,126 (7.3%)	2,666	182.6	
Information and Telecommunications Business	Information and Telecommunications Business	Net sales	12,344	10,644	-1,700	-13.8	
		Segment income	10 (0.1%)	220 (2.1%)	209	1,910.6	
Other	Others	Net sales	4,118	4,330	211	5.1	
		Segment income	132 (3.2%)	153 (3.5%)	21	16.3	
	Total	Net sales	136,319	159,682	23,363	17.1	
		Elimination or corporate	-2,052	-2,654	(—)	(—)	
		Operating income	4,730 (3.5%)	7,851 (4.9%)	3,121	66.0	

Shareholder Returns

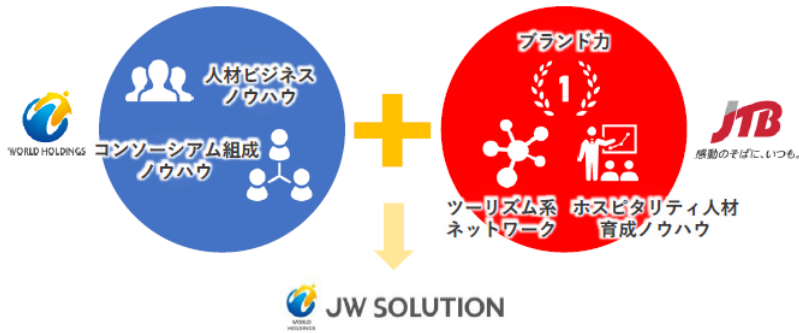
We aim to increase dividends stably and continuously, and achieve a payout ratio of 30%.



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.

Foray into New Fields in Collaboration with Leading Companies

[Tourism field]



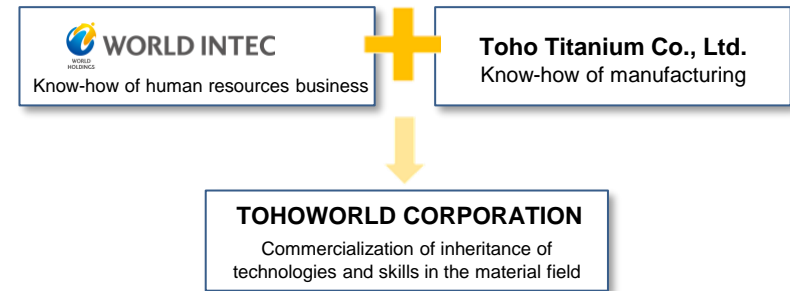
Scene of "Press conference regarding the collaborative business of World Holdings and JTB Group"
(Jan. 28, at Imperial Hotel)



From left

Eikichi Iida
Chairman and
President
WORLD HOLDINGS
CO., LTD.
 Shinji Honda
President and
Representative
Director
JW SOLUTION CO.,
LTD.
 Hiroyuki Takahashi
Representative
Director, President,
and Executive Officer
JTB Corporation
 Akihiko Hosono
Representative Director,
President, and Executive
Officer
JTB Communication
Design, Inc.

[Material field]



Scene of "Press conference on the establishment of TOHOWORLD CORPORATION"
(Feb. 20; Kitakyushu City Hall, Civic Club)



From left

Hiroki Nagai
President and
Representative
Director
TOHOWORLD
CORPORATION
 Hiroshi
Matsubara
Director and
Managing
Executive
Officer
Toho
Titanium
Co., Ltd.
 Eikichi Iida
Chairman and
President
WORLD HOLDINGS
CO., LTD.
 Katsuhiko Kuriyama
Director, Managing
Executive Officer
WORLD INTEC CO.,
LTD.
 Kenji Kitahashi
Mayor of Kitakyushu
City

**We aim to create a new human resources business market
by establishing joint ventures and applying the consortium model.**

For More Information

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