



FY2020 Second Quarter Financial Results

August 17, 2020 (Mon)
WORLD HOLDINGS CO., LTD.
First Section of Tokyo Stock Exchange (2429)

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I. Summary of FY2020 Second Quarter Financial Results



Summary of Financial Results

- The stable management system based on a portfolio composed of multiple kinds of businesses exerted its effects, complementing each other, and minimizing the impact of COVID-19. (⇒ For details of the impact of COVID-19, please see page 17 and following pages.)
- Profits exceeded the estimates, thanks to the human resource development strategy and structural reform in the Human Resources and Education Business and the delivery of a larger amount of real estate property than estimated in the Real Estate Business, in which we conducted meticulous risk control.

(Unit: Million yen)

	2019/2Q actual	2020/2Q estimate	2020/2Q actual	Against estimate		YoY	
				Change	Pct. Change	Change	Pct. Change
Net sales	66,827	73,566	70,844	-2,722	-3.7%	+4,016	+6.0%
Operating income	2,529	2,122	2,773	+651	+30.7%	+244	+9.6%
Ordinary income	2,529	2,733	2,872	+139	+5.1%	+342	+13.6%
Net income attributable to owners of parent	1,685	1,517	2,497	+979	+64.5%	+812	+48.2%

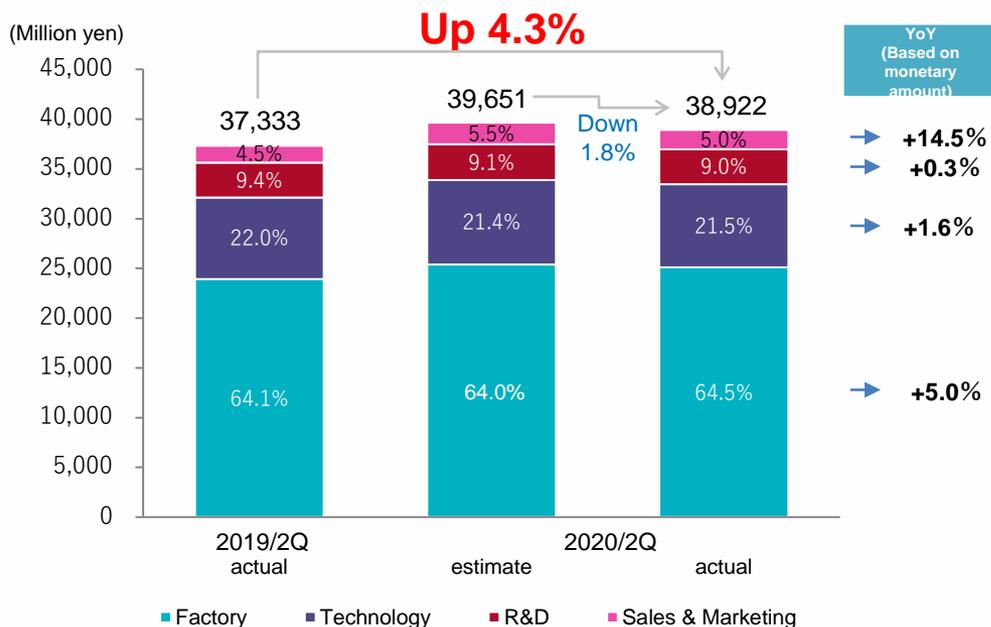
Overview of Business Results by Segment

Unit: Million yen			2019/2Q actual	2020/2Q estimate	2020/2Q actual	Against estimate		YoY	
						Change	Pct. Change	Change	Pct. Change
Human Resources and Education Business	Factory Business	Net sales	23,913	25,380	25,111	-269	-1.1	1,198	5.0
		Segment income	1,137	962	957	-5	-0.6	-180	-15.9
		(Prof it margin)	(4.8%)		(3.8%)				
	Technology Business	Net sales	8,220	8,496	8,353	-142	-1.7	133	1.6
		Segment income	774	563	886	323	57.3	112	14.5
		(Prof it margin)	(9.4%)		(10.6%)				
	R&D Business	Net sales	3,504	3,603	3,515	-87	-2.4	11	0.3
		Segment income	263	296	381	84	28.7	117	44.4
		(Prof it margin)	(7.5%)		(10.8%)				
	Sales & Marketing Business	Net sales	1,695	2,171	1,941	-229	-10.6	246	14.5
Segment income		-33	-54	3	57	—	36	—	
(Prof it margin)		—		(0.2%)					
Total (reference)		Net sales	37,333	39,651	38,922	-729	-1.8	1,589	4.3
		Segment income	2,142	1,768	2,228	460	26.0	85	4.0
		(Prof it margin)	(5.7%)		(5.7%)				
Real Estate Business	Real Estate Business	Net sales	20,377	26,101	25,541	-559	-2.1	5,164	25.3
		Segment income	1,227	1,317	1,835	518	39.4	608	49.5
		(Prof it margin)	(6.0%)		(7.2%)				
Information and Telecommunications Business	Information and Telecommunications Business	Net sales	6,999	5,619	5,252	-366	-6.5	-1,746	-24.9
		Segment income	48	115	275	159	138.0	226	462.9
		(Prof it margin)	(0.7%)		(5.2%)				
Other	Others	Net sales	2,117	2,193	1,126	-1,066	-48.6	-990	-46.8
		Segment income	196	112	-369	-482	—	-566	—
		(Prof it margin)	(9.3%)		—				
Total		Net sales	66,827	73,566	70,844	-2,722	-3.7	4,016	6.0
		Elimination or corporate	-1,086	-1,191	-1,196	-4	—	-110	—
		Operating income	2,529	2,122	2,773	651	30.7	244	9.6
		(Prof it margin)	(3.8%)		(3.9%)				

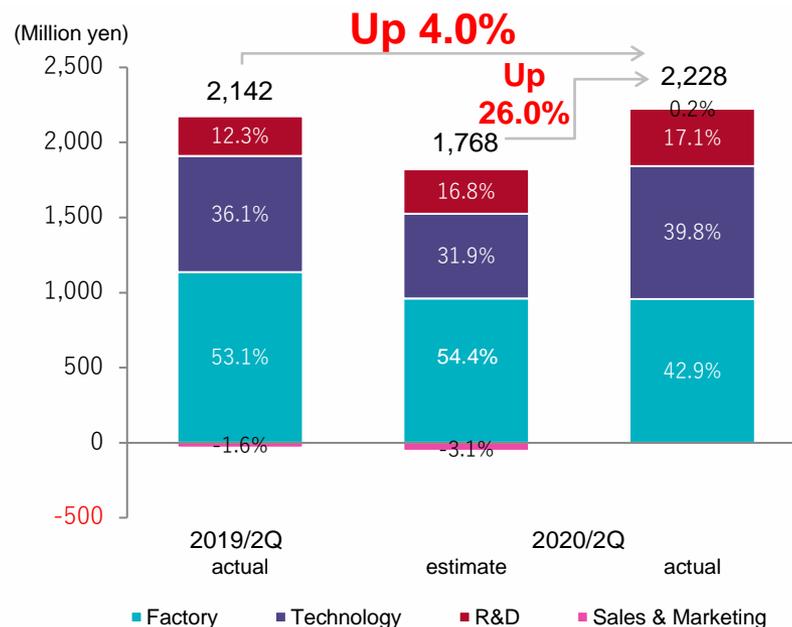
<Composition ratio of sales and segment income of overall human resources segment>

- We concentrated on human resource development and continued measures from the medium- and long-term perspective in order to raise the brand strength (capability of gathering workers).
- As a result of human resource development, the skills of workers improved and they shifted up a gear, contributing to profit growth.
- The impact of COVID-19 has been minimized.

◆ Sales composition



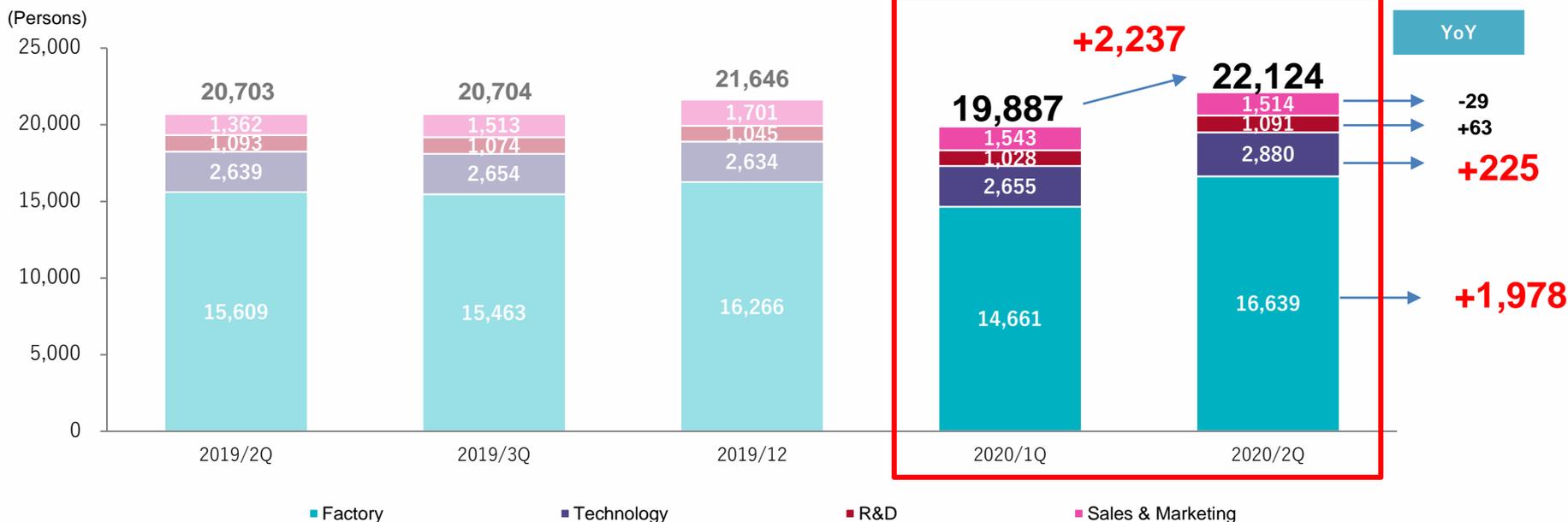
◆ Segment income



<The number of staff members of overall human resources segment>

- The workers in the Factory Business increased, because we secured human resources through local recruitment and the consortium model, while business performance in 5G-related and logistic fields was healthy.
- In the Technology Business, the concentrated efforts for human resource development paid off and trainees were assigned to respective sections as planned, so the number of workers increased.
- In the Sales & Marketing Business, the number of staff was unchanged, but got back on a recovery track due to structural reform.

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

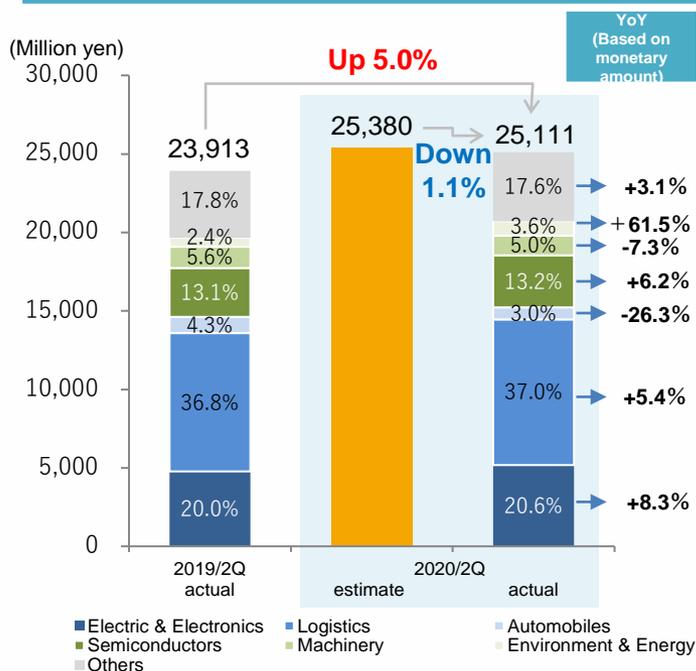


The number of staff in the Factory Business includes external staff members accepted from other companies.

Factory Business

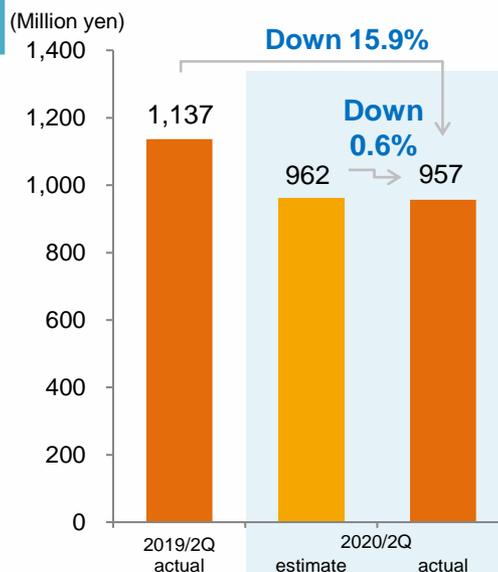
- Due to the pandemic, some clients in the fields of auto parts, etc. suspended operation, but the semiconductor-related business, including the 5G-related one, for which the company increased transactions strategically, performed well.
- In the logistic field, orders increased due to the consumption by people staying home, and the company trained human resources for developing new bases.
- We implement measures against the novel coronavirus, while prioritizing the maintenance of employment and the safety of clients.

◆ Sales composition

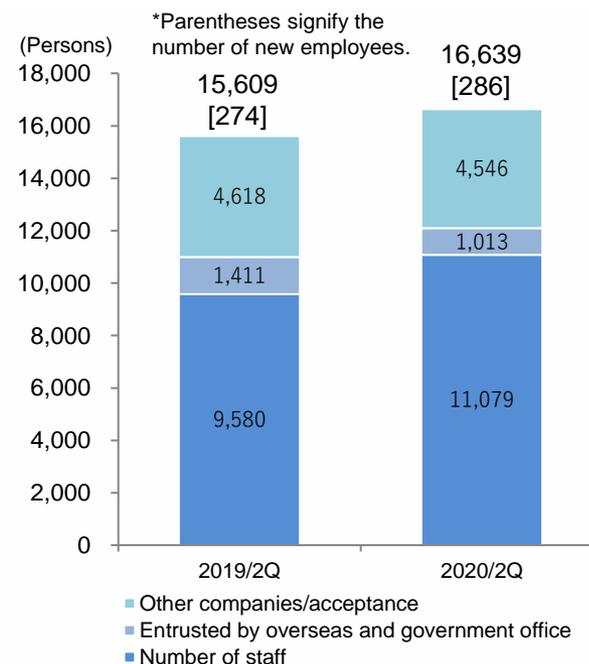


*We have not disclosed the sales estimate by segment.

◆ Segment income



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

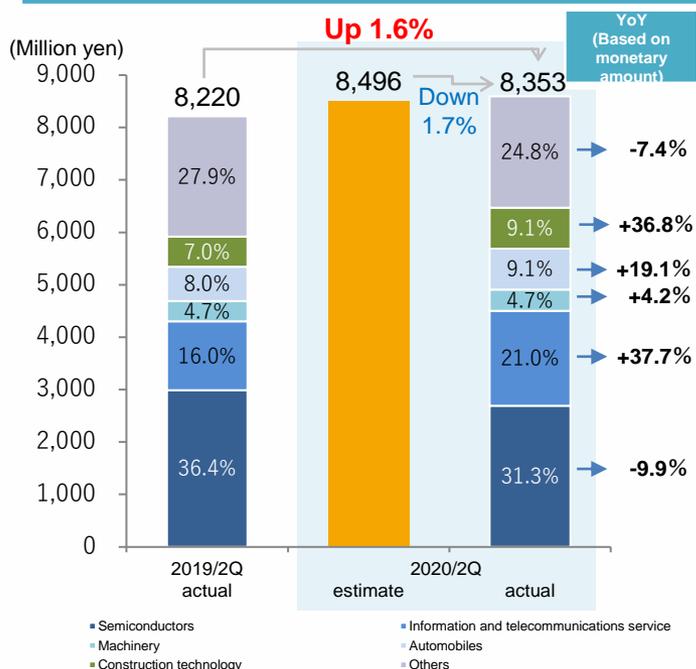


*The number of staff is a three-month average. External staff members accepted from other companies are included.
*Number of staff included only staff members who are engaged in on-site operation work.

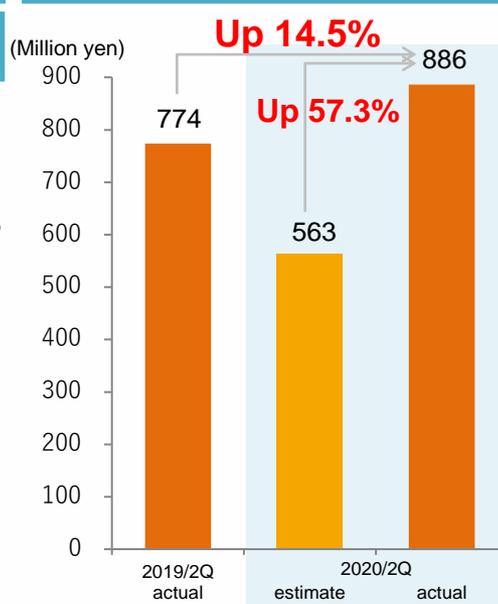
Technology Business

- Due to the pandemic, the market is becoming bearish, but the semiconductor-related business is expanding.
- The realization of brushing up skills of human resources and shifting up a gear through human resource development in which we have invested led to steady price up, increasing profits.
- We concentrated on the recruitment of experienced workers, and implemented new training programs for brushing up skills of human resources including existing employees and shifting up a gear.

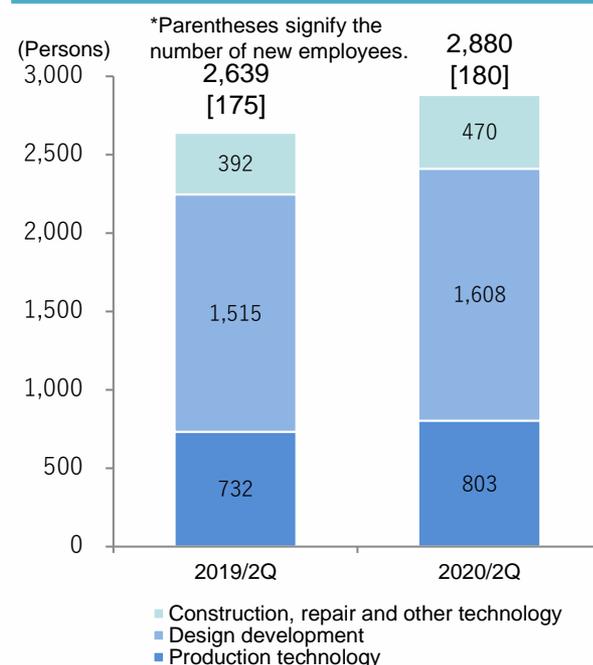
◆ Sales composition



◆ Segment income



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



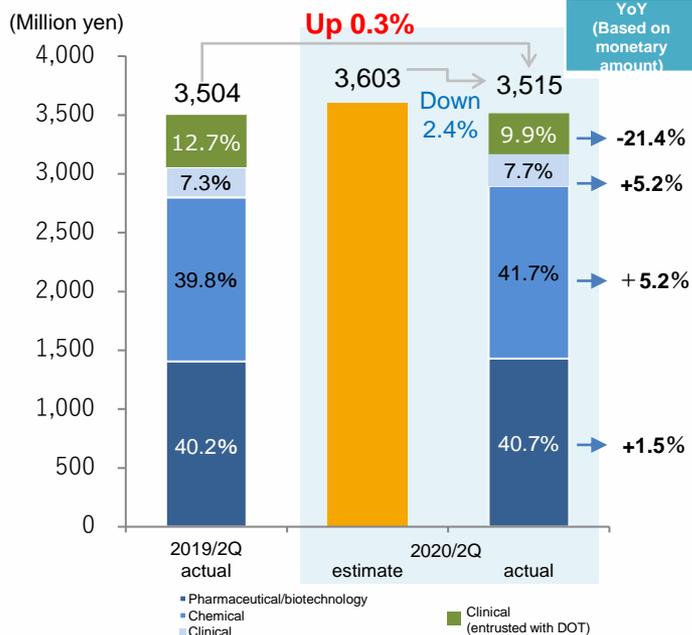
*We have not disclosed the sales estimate by segment.

*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

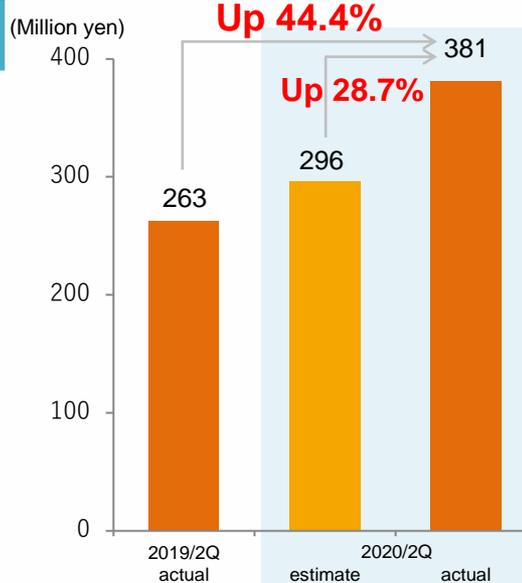
- We responded to the increase of orders for clinical trials, etc. related to COVID-19, although it was limited.
- In the researcher dispatch section, special demand emerged in the fields of analysis, pharmaceutical products, etc. due to the increase of distribution of general pharmaceutical products.
- Since we have a human resource development system based on the joint research laboratories with affiliated colleges, including the University of Tokyo, Kyoto University, Osaka University, and Tokyo Metropolitan University, the population for employment increased.

◆Sales composition

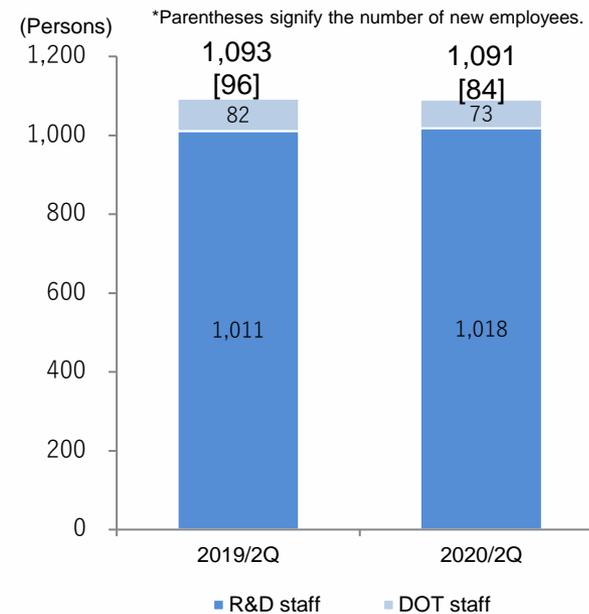


*We have not disclosed the sales estimate by segment.

◆Segment income



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

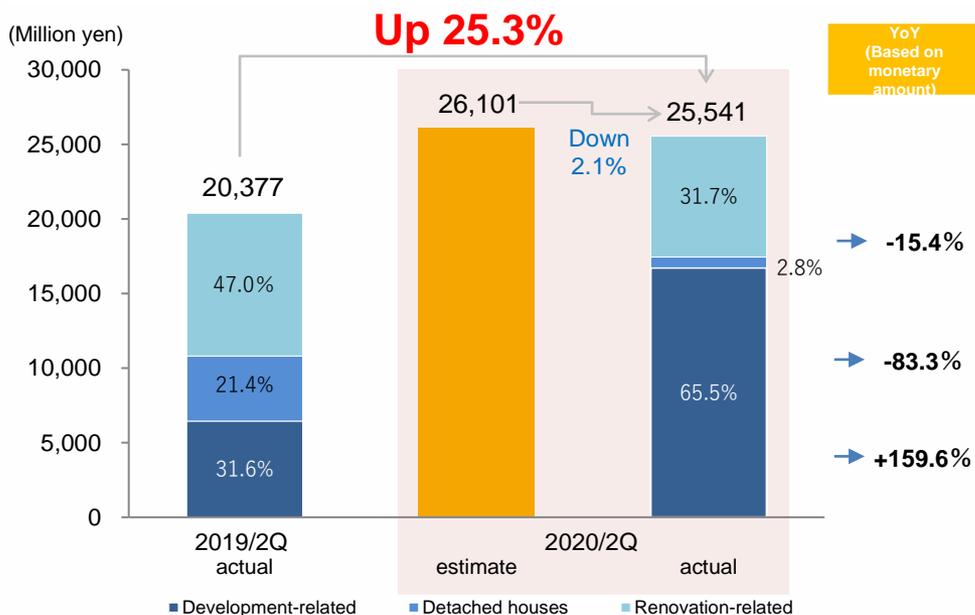


*The number of staff is a three-month average.
*Number of staff included only staff members who are engaged in on-site operation work.

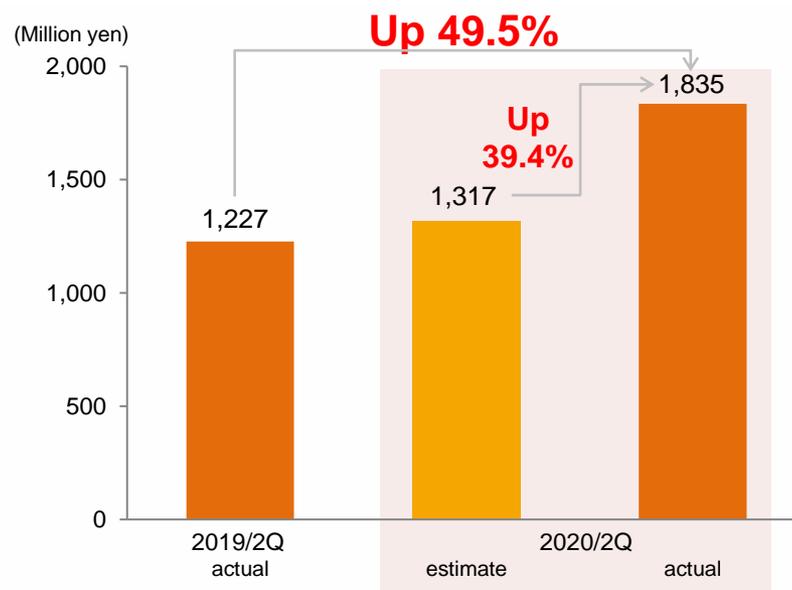
Real Estate Business

- As we have taken some measures in response to market fluctuations since several years ago, the delivery of commercial premises increased, exceeding the forecast.
- Comprehensively considering the external environment, we will continue meticulous risk control. We kept a cautious stance for procurement. In preparation for the reversal of the external environment, we promoted the establishment of bases for financial businesses, including asset management.

◆ Sales composition



◆ Segment income

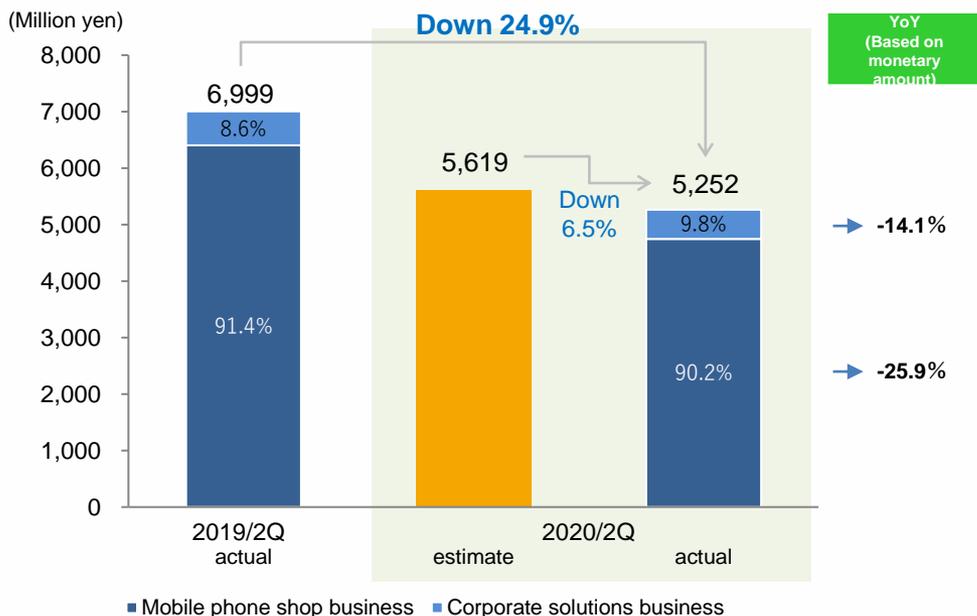


*We have not disclosed the sales and segment income estimate by business segment.

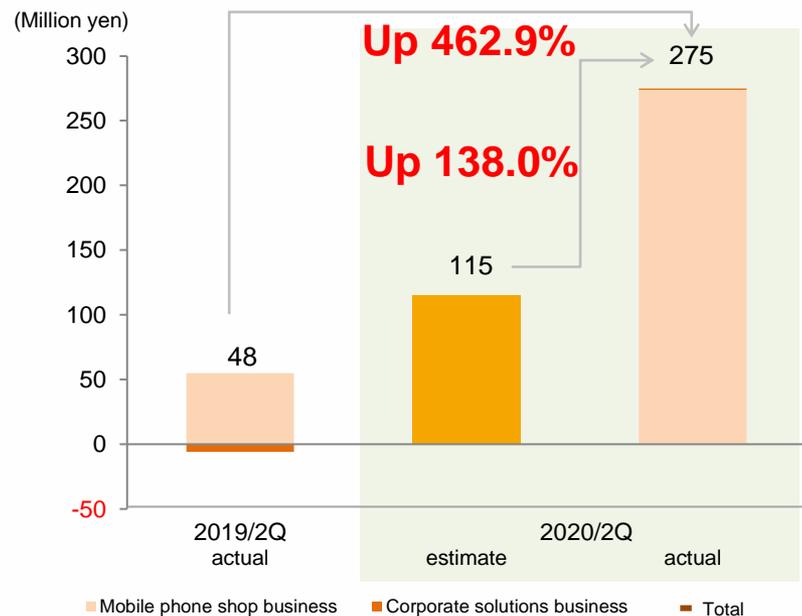
Information and Telecommunications Business

- Through the measures and investment focused on the strengthening of the store business conducted until the previous term (such as improvement of organizations and stores, and enhancement of the capability of attending to customers and knowledge through human resource development), revenue per store increased.
- The operation of stores was restricted due to COVID-19, but the impact is still limited.
(Note: The cumulative second quarter of this segment is from Oct. 2019 to Mar. 2020.)

◆ Sales composition



◆ Segment income

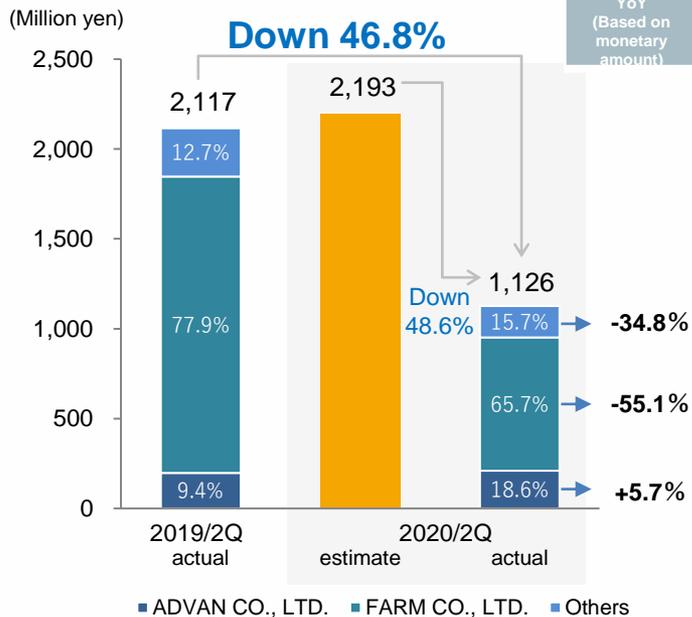


*We have not disclosed the sales and segment income estimate by destination.

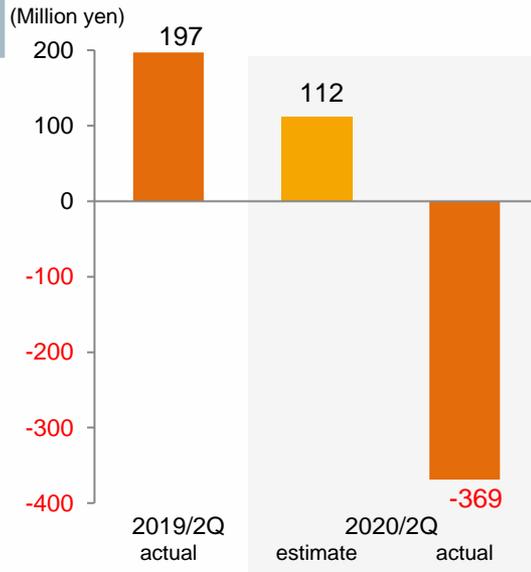
Others

- As for the agricultural park business, we had to temporarily close parks in response to requests from local governments in the busiest season from April to May, due to the pandemic, and we refrained from conducting some business activities around that period. As a result, we suffered significant damage.
- However, our parks are nature-rich outdoor facilities differing from ordinary theme parks, so the performance is recovering early.

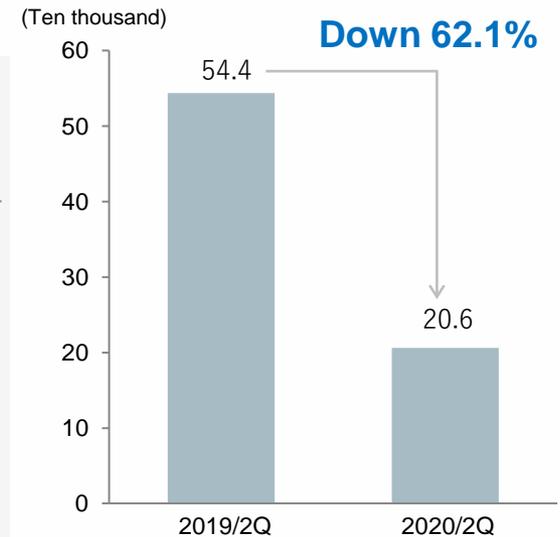
◆ Sales composition



◆ Segment income



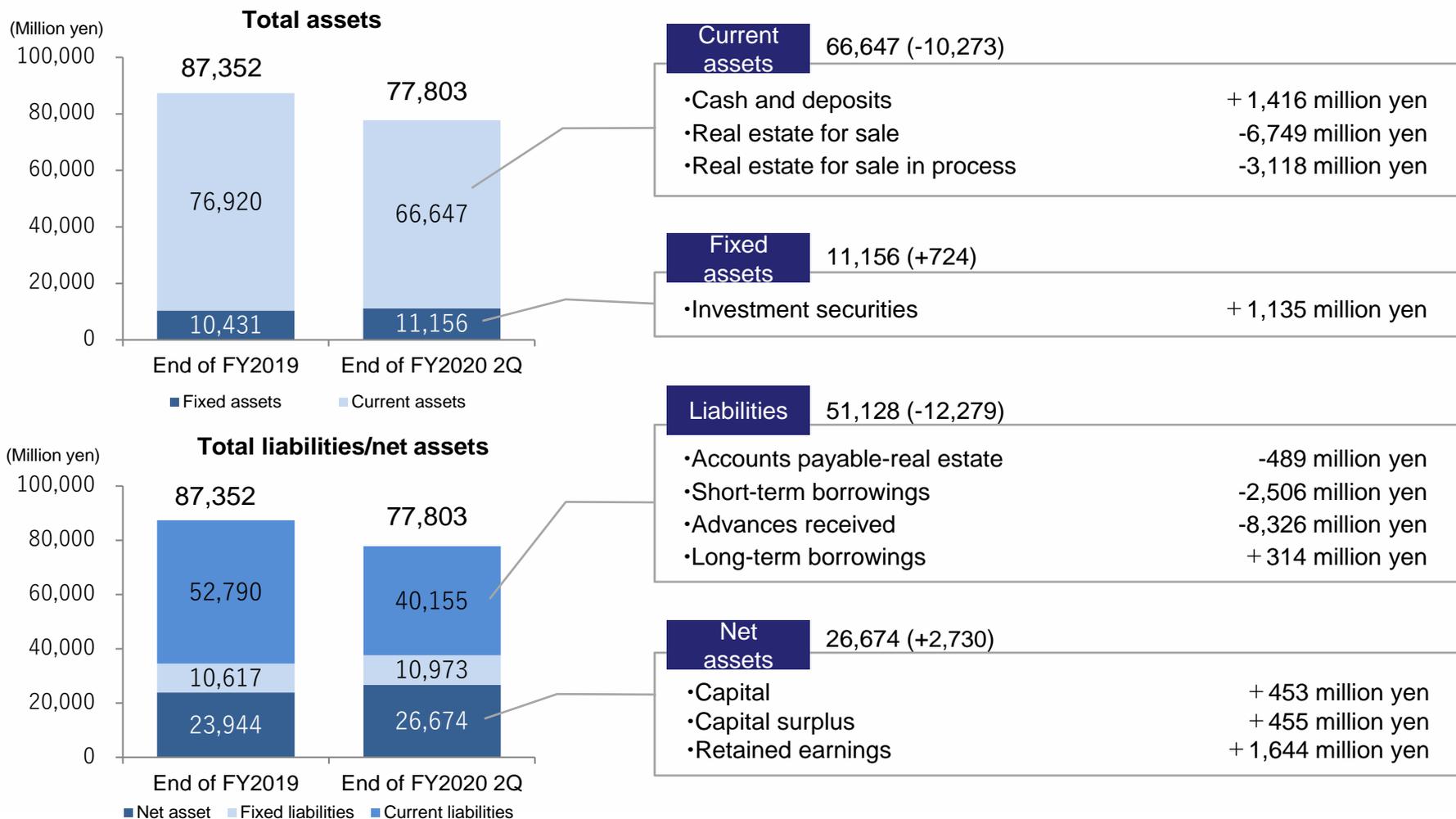
◆ Number of visiting customers



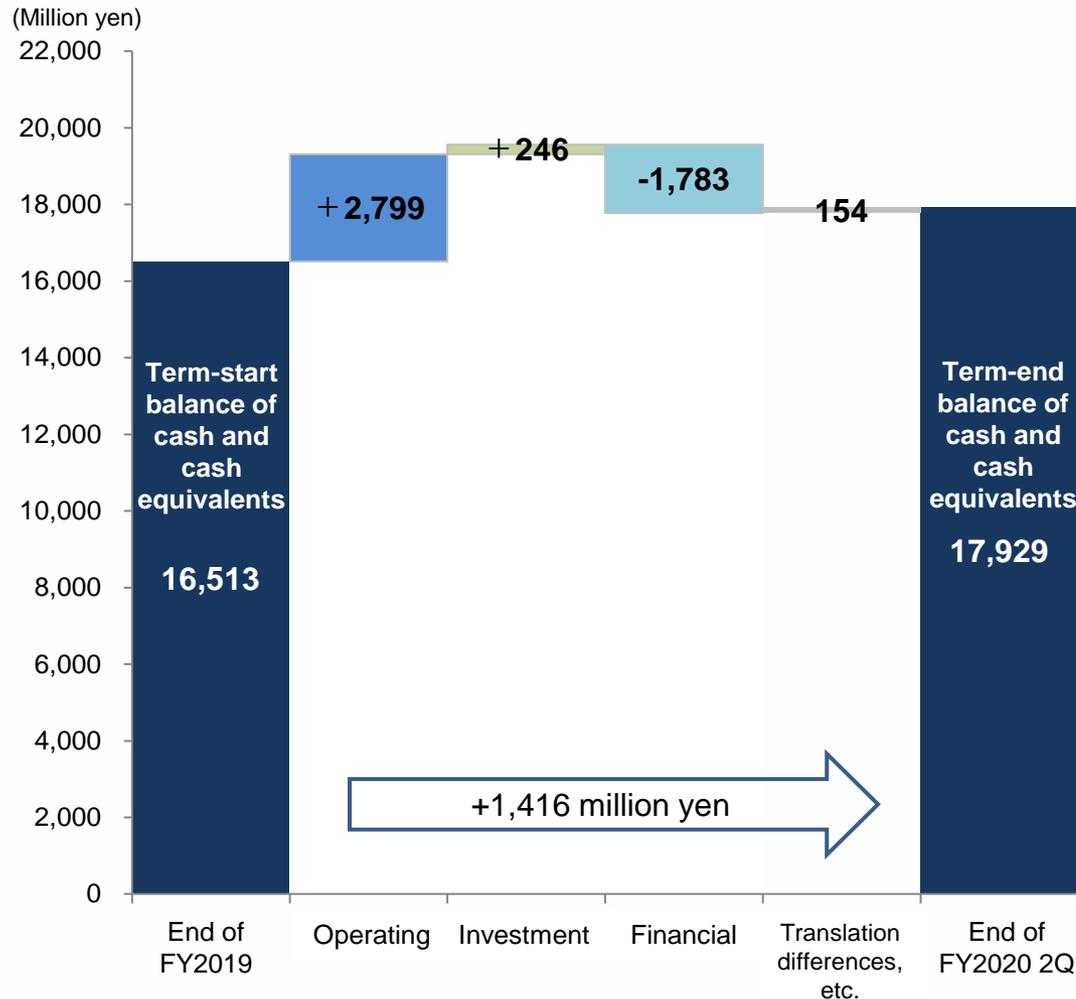
*We have not disclosed the breakdown of the sales and segment income estimate.

Financial Condition B/S

- Under meticulous risk control, we reduced real estate owned, so our financial standing is healthy.



Cash Flows



Operating CF

- Quarterly net profit before taxes and other adjustments 3,051 million yen
- Decrease (increase) in trade receivables 875 million yen
- Decrease (increase) in real estate for sale 7,579 million yen
- Increase (decrease) in advances received -8,327 million yen
- Paid income taxes, etc. -1,074 million yen
- Refunded income taxes, etc. 736 million yen

Investment CF

- Purchase of shares of non-consolidated subsidiaries -1,230 million yen
- Purchase of property, plant and equipment -535 million yen
- Purchase of intangible assets -17 million yen
- Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation 2,209 million yen

Financial CF

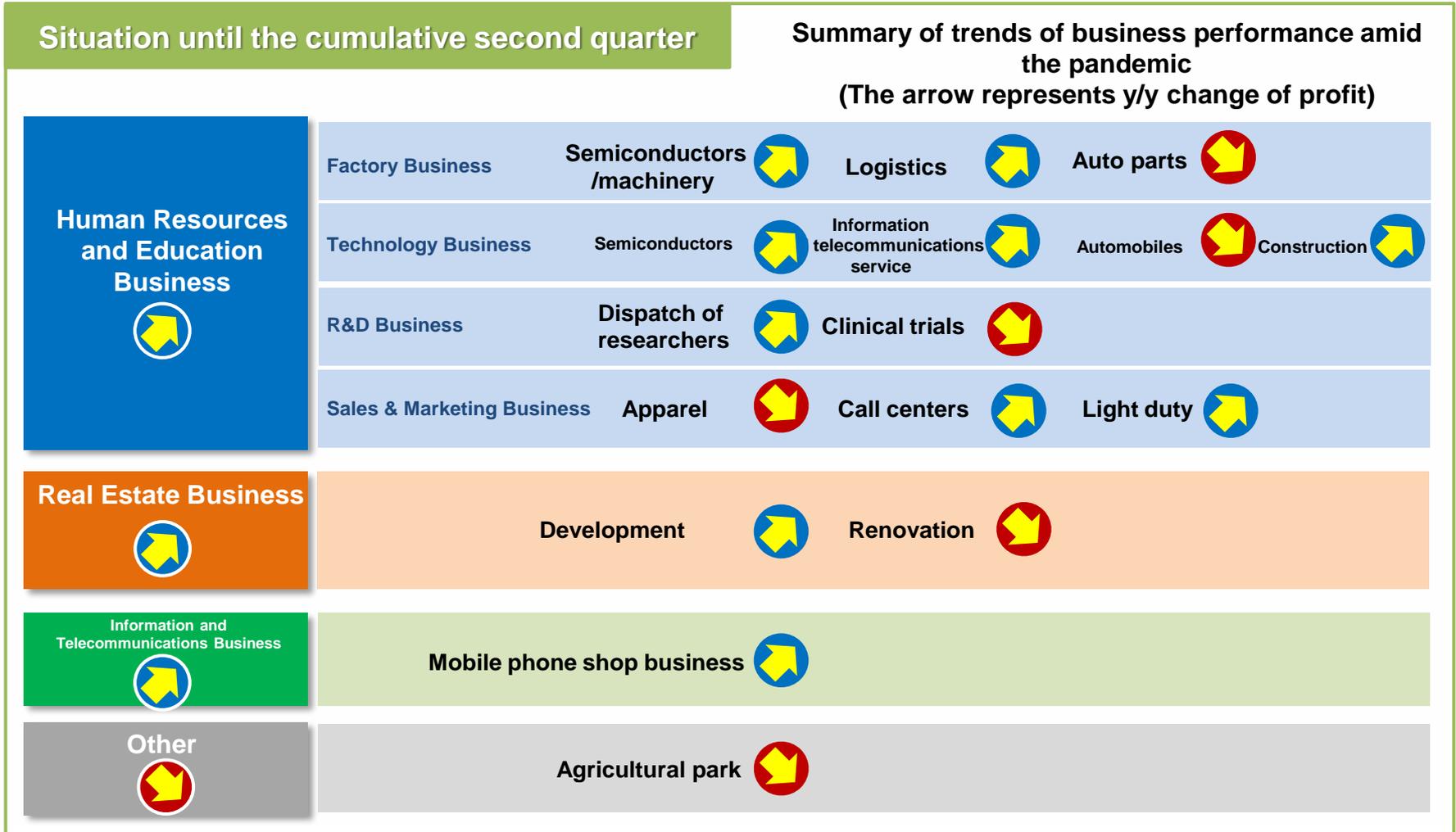
- Net increase (decrease) in short-term borrowings -1,224 million yen
- Proceeds from long-term borrowings 2,962 million yen
- Repayments of long-term borrowings -3,480 million yen
- Dividends paid -887 million yen

II. Outlook for the Term Ending Dec. 2020, Impact of COVID-19 and Future Strategies



Regarding the Impact of COVID-19 (Entire Picture)

Dispersion of risks by taking advantage of the diversity of our businesses



FY2020 Business Forecast

Thanks to the dispersion of risk with a portfolio composed of multiple businesses and meticulous risk control we have conducted so far, the impact of COVID-19 was minimized, and profit exceeded the estimate. However, the future outlook is still unclear, so we have **not revised the business forecast**. 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

Impact of COVID-19 and Future Strategies (1)

Human Resources and Education Business

There were some negative effects, but they were covered by the diversity of our businesses, which is our strength.

Negative effects

- Some companies suspended operation. (Auto parts-related field, etc.)
- The mobility of human resources is restricted. (Inter-prefectural staffing restricted)
- As it is now difficult to receive new orders, the cost for waiting staff augmented for some businesses.
- Production efficiency declined due to social distancing, and operating time dropped due to telecommuting.
- There remain uncertainties, including the possibility of revisions to makers' production plans in the second half.

Positive effects

- The logistic field performed well thanks to consumption by people staying home.
- Special demand in some fields related to pharmaceutical products and clinical trials
- Some industries, including light duty, GMS (general merchandise stores), and call centers, performed well.
- Production of automobiles decreased, but the impact on our business was minor, providing us with a good opportunity to expand our share.
- Recruitment became easier.

Current situation

Future

- We will take measures against the novel coronavirus while prioritizing the maintenance of employment and the safety of clients.
- As the survival of the fittest is expected to progress in the industry, we will conduct marketing activities based on enhanced cooperation among organizations, while utilizing our strengths (comprehensive lineup of services) covering a broad range of fields.
- We aim to expand our market share, by actualizing comprehensive contracts that are not easily affected by environmental changes.

Impact of COVID-19 and Future Strategies (2)

Real Estate Business

Our continuous meticulous risk control minimized negative effects, and the market change is expected to provide us with good opportunities.

Negative effects

- Procurement was conducted carefully. (Development and renovation fields)
- Orders for commercial premises from hotel enterprises decreased.
- The growth of our renovation business slowed down temporarily, due to the shrinkage of the sales network of leading brokers, etc.

Positive effects

- There is no significant change in orders for commercial premises from leading developers.
- There is a possibility that corporations and individuals will dispose of their assets, and the procurement environment is expected to improve.

Current situation

Future

- Due to the real estate bubble, the procurement environment has been severe, but the market condition is estimated to change, providing our company, which has been conducting suitable-scale business, with a good opportunity to go on an offensive.
- In addition, we establish bases for financial businesses for real estate, including asset management, to prepare for further changes in the business environment.

Impact of COVID-19 and Future Strategies (3)

Information and Telecommunications Business

Current situation

Negative effects

- Decrease of sales volume of terminals (Restriction on store operation, such as shortening of business hours, and increase of online sales)

Positive effects

- ARPU* is increasing. (Effects of consumption by people staying home)
 - Growth of needs for the Internet environment, including optical lines and Wi-Fi
- *ARPU: Average revenue per user

Future

- **To establish a store operation system for responding to the rapid change in the business environment and reform to the profit structure**
- **Phase for recouping investment**

Other (Agricultural park)

Current situation

Negative effects

- In the busiest season (Apr. to May), we had to temporarily close parks in response to requests from local governments, suffering significant damage.

Positive effects

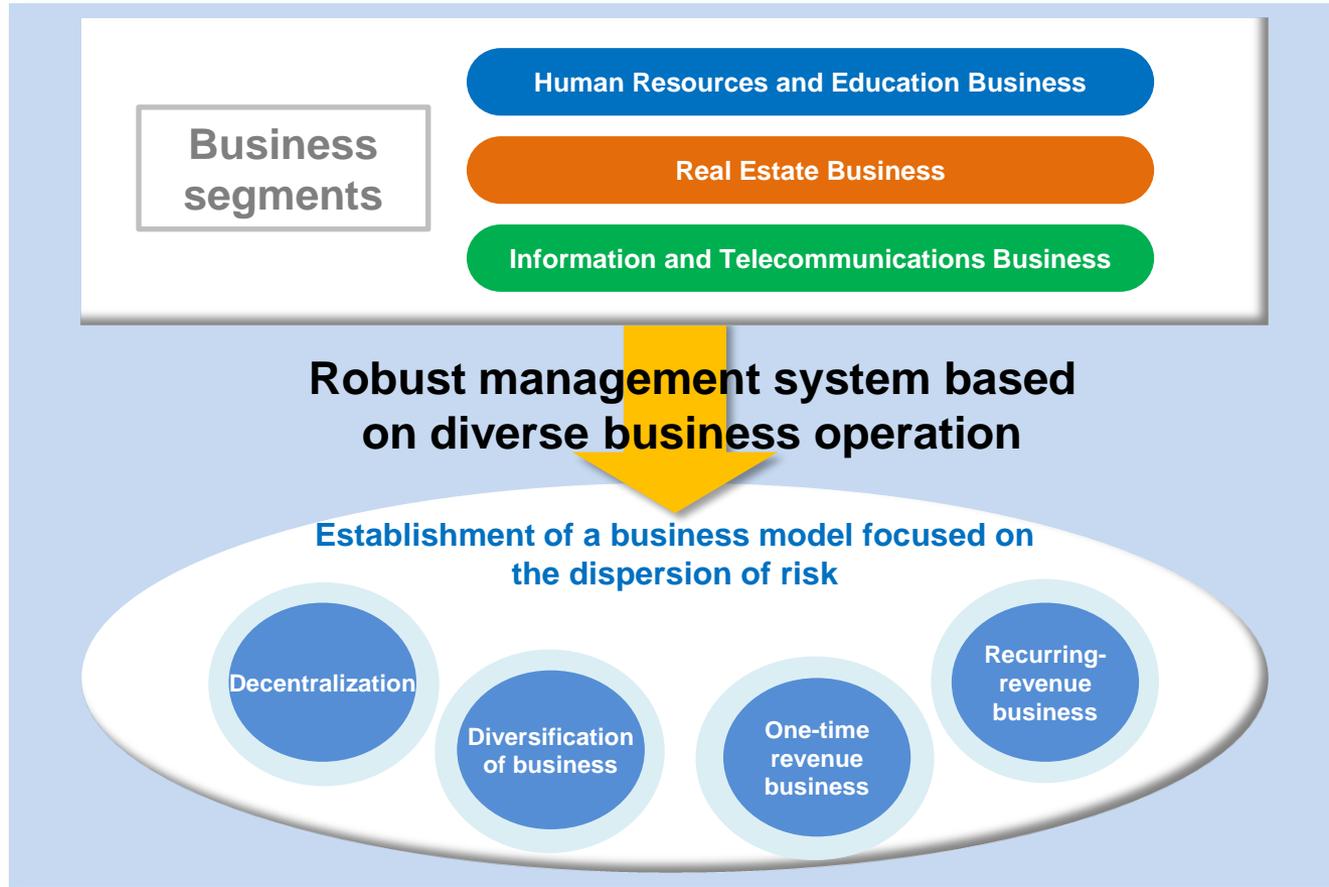
- The number of visiting customers is gradually recovering, as the parks are outdoor facilities.

Future

- **While taking advantage of the go-to-travel campaign, the fact that people got tired of refraining from going out and increased their awareness of health, etc., we will enhance our presence as the operator of outdoor parks, which are suited for the age where people will live while coping with the novel coronavirus.**

Continuance of Stable Management Strategy

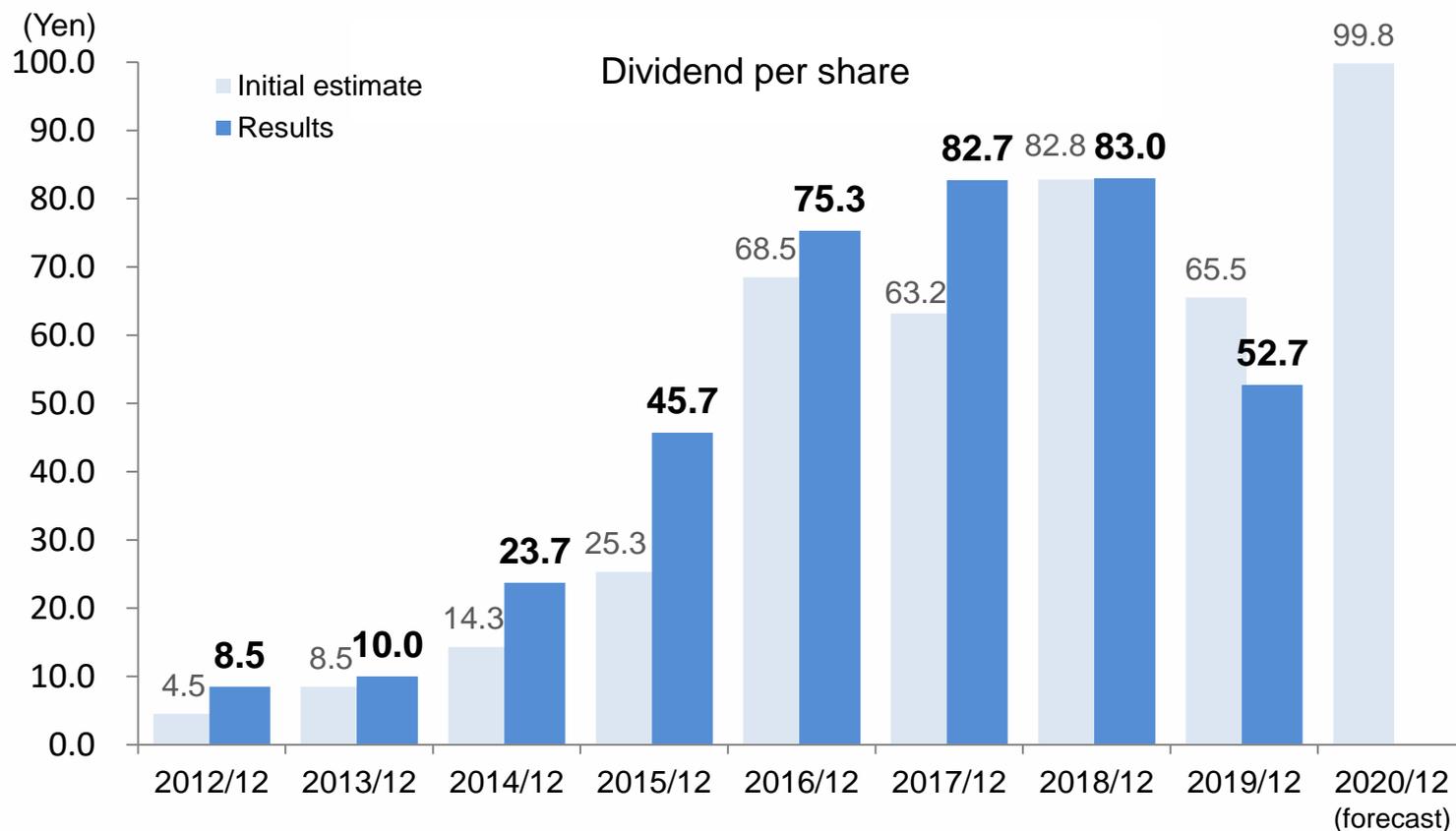
The diversity of businesses proved effective amid the pandemic.



We will maintain our stable management system and aim to actualize sustainable growth.

Shareholder Returns

We aim to increase dividends stably and continuously, and achieve a payout ratio of 30%.
(The initial forecast has not been revised.)



The forecast and dividend estimate 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.

The “Ways We Live”



III. Appendix

Profile of World Holdings



Main Subsidiaries and Associates



Human Resources and Education Business

Connecting people to jobs a new ways of working

-  WORLD INTEC CO., LTD.
-  WORLD STAFFING CO., LTD
-  WORLD CONSTRUCTION CO., LTD.
-  WORLD NEXT CO., LTD.
-  DOT WORLD CO., LTD.
-  JW SOLUTION CO., LTD.
-  **TOHOWORLD**
-  WORLD INTEC TAIWAN CO., LTD.
-  **WORLD INTEC AMERICA**
-  **EngmaIntec**
-  GEOGRAPHIC INFORMATION OF KYUSHU, INC.
-  **NIKKEN TECHNO CO., LTD**
-  **SAINS**

Information and Telecommunications Business

Bring people together through new styles of communications with information technologies



Others

-  **F** FARM CO., LTD.
-  **C** CROWDWEIGHT CO., LTD.
-  **Advan** ADVAN CO., LTD.

New businesses

-  WORLD ASSET MANAGEMENT CO., LTD.
-  MIRAI SERVICING CO., LTD.

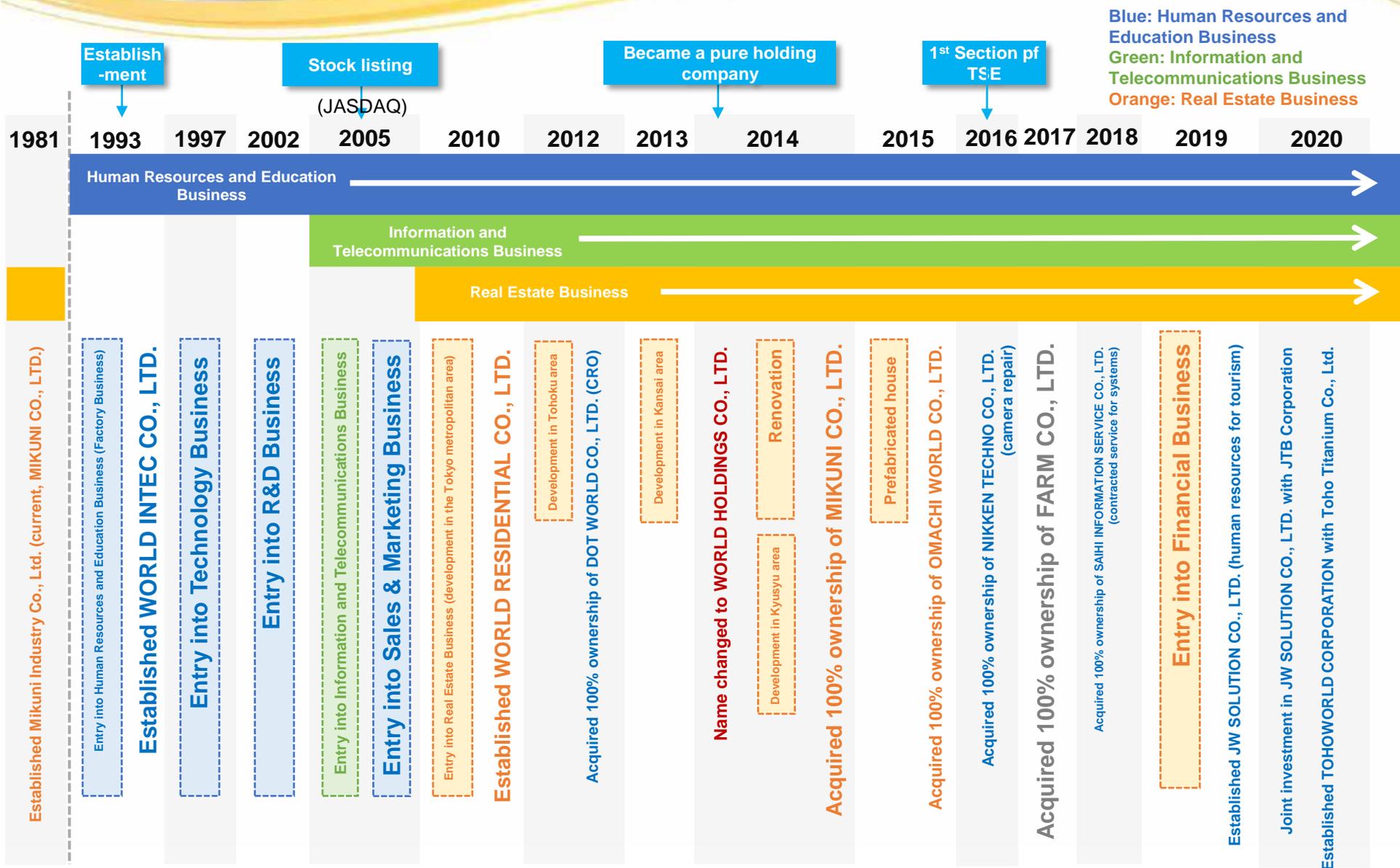
Real Estate Business

Connecting people with homes shaping the way we live through home creation

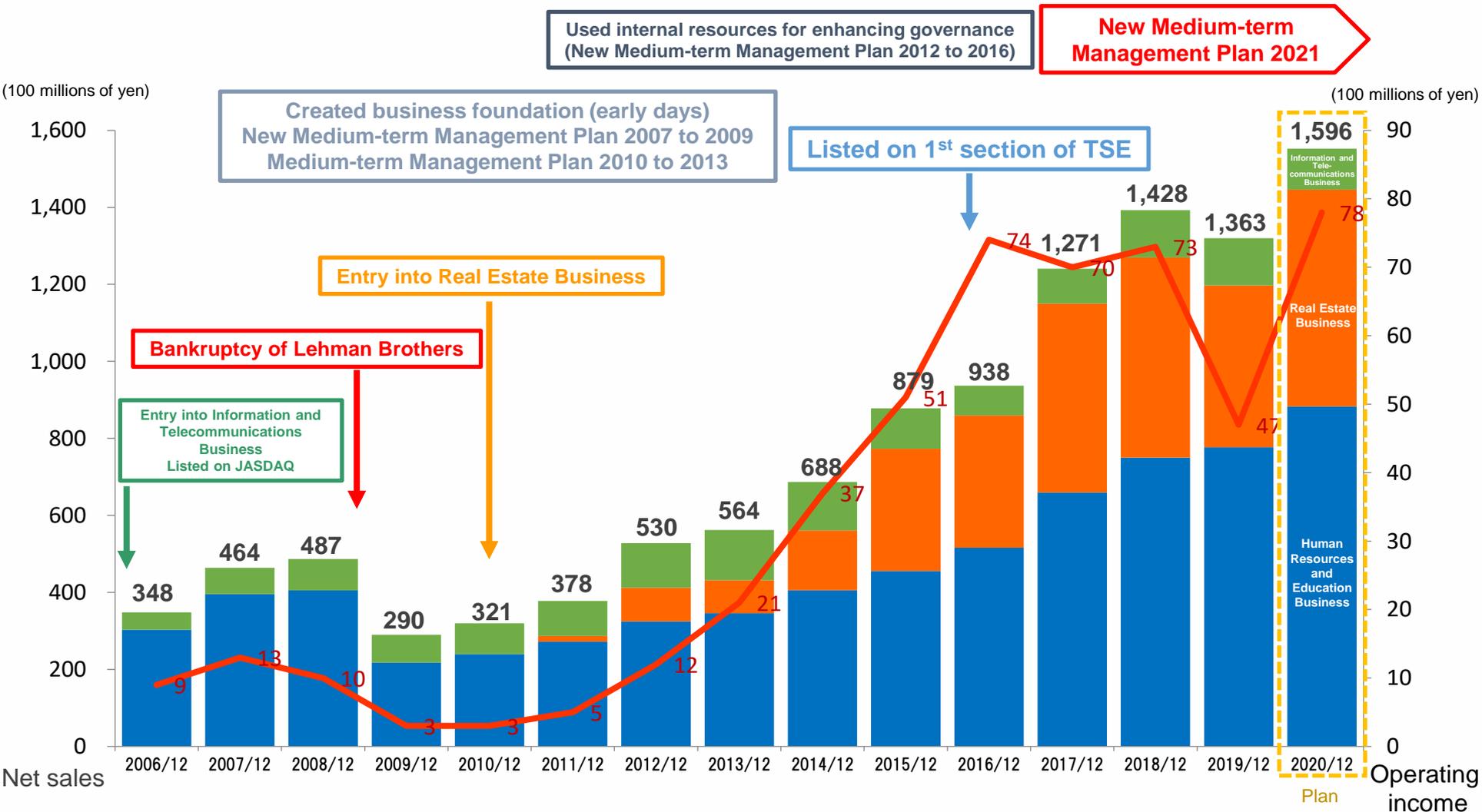
-  WORLD RESIDENTIAL CO., LTD.
-  WORLD ICITY CO., LTD.
-  WORLD WISTERIA HOMES CO., LTD.
-  NICHIMO REAL ESTATE CO., LTD.
-  COMPAX CO., LTD.
-  **WORLD DEVELOPMENT INDONESIA**
-  **MIKUNI**
-  WORLD MIKUNI CO., LTD.
-  M'S WORLD CO., LTD.
-  OMACHI WORLD CO., LTD.

Main Subsidiaries and associates: 37
<Consolidated: 33/Non-consolidated: 4>

History



Business Performance Trend



Domains of the human resources and education segment

We cover a broad range of domains centered around manufacturing with comprehensive lineup of services.



For clients
Our capability of meeting needs in any field all by ourselves

Merits

For workers
A wide range of job vacancies and plenty of opportunities to improve skills and develop careers
Growth potential

R&D Business
Biotechnology/Chemical
Researcher at CRO
About 1,000

Technology Business
Design/Development
Engineer
About 2,900

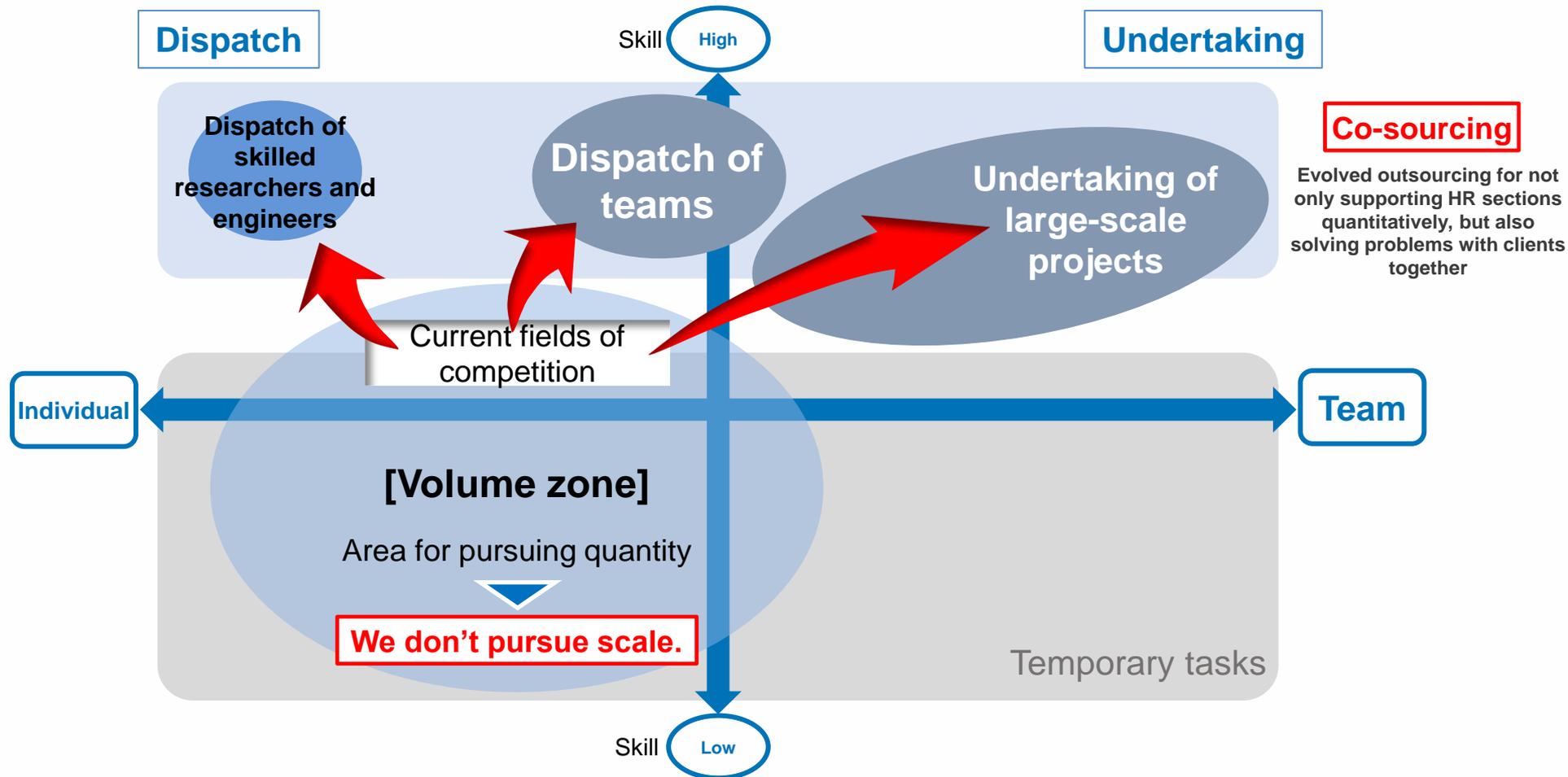
Factory Business
Manufacturing/Logistics
Operator
About 16,000

Human resources for manufacturing

About **20,000** workers in service *As of the end of June 2020

Position Human Resources and Education Business Seeks

To become No.1 in the manufacturing field, by strategically investing in human resource development



[Entry to advanced fields that are not swayed by economic fluctuations, and formation of a competent team]

Domains of the real estate segment

We aim to expand this business with an suitable scale and stabilize business administration in multiple domains.

Development of condominiums mainly in major cities of the Tohoku, Tokyo Metropolitan, Kinki and Kyushu areas



(Received Good Design Award in 2015)
Branz Yokohama Bashamichi Residential Hotel/Condominium
<Kanagawa Pref.>

Real estate for investment

Development

(Newly built condominiums
Detached houses)

Real estate revitalization

(Renovation
Conversion)

Distribution, brokerage, and property management

We conduct renovation, rentals, and brokerage businesses around Japan.

Before



After



Real estate finance

(Collection of receivables, asset management (REIT, funds))

Domains of the information and telecommunications segment

Mobile phone shop

The largest network of stores in Kyushu

Cell phone shops in Fukuoka, Saga, Oita, Kumamoto, Nagasaki, and Okinawa Prefectures

- Softbank Shop
- au Shop
- Y! Mobile Shop

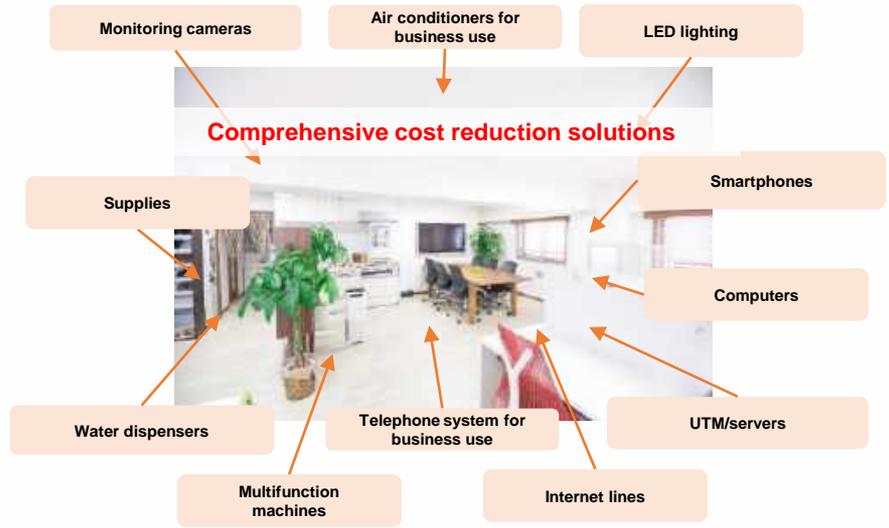
38 stores

As of June 2020



Corporate solutions

We propose the reduction of costs for electric power, communications, etc. by selling our products to corporations.



Call center

Sale of various products for individuals and corporations



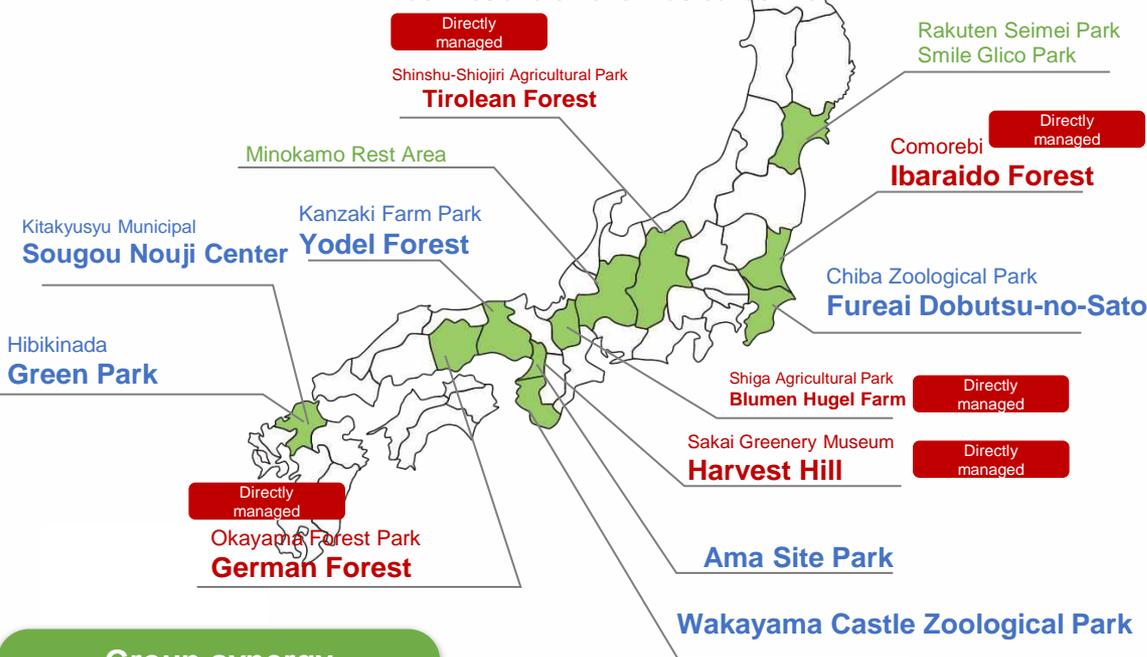
Operation and management of agricultural parks, etc.

Operation of nature-rich agricultural parks, etc. at 13 locations around Japan

Thanks to the community-based management of each facility, the number of visitors per year reached about 1 million.

(*Only 5 directly managed facilities counted)

Operation of a total of 13 facilities, including 5 directly managed facilities and other entrusted facilities



We also produce and sell homemade sausages, confectionery, beers, etc.

Group synergy

Job creation and regional development

To create a broad range of jobs for local communities and vitalize and develop each region

New recurring-revenue business

Recurring-revenue business that generates stable profits according to the number of visitors

The "Ways We Live"



For More Information

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