



FY2020 Third Quarter Financial Results

November 9, 2020 (Mon)
WORLD HOLDINGS CO., LTD.
First Section of Tokyo Stock Exchange (2429)

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I. Summary of FY2020 Third Quarter Financial Results



Summary of Financial Results

- Sales and profit dropped year on year, due to COVID-19.
- The impact of COVID-19 will be minimized with the diverse business portfolio, and annual sales and profit are expected to grow. (⇒ See slide 15 and following slides).

(Unit: Million yen)

	2019/3Q actual	2020/3Q estimate	2020/3Q actual	Against estimate		YoY	
				Change	Pct. Change	Change	Pct. Change
Net sales	101,964	108,736	98,682	-10,053	-9.2%	-3,281	-3.2%
Operating income	4,090	3,638	3,283	-355	-9.8%	-807	-19.7%
Ordinary income	4,105	4,191	3,608	-583	-13.9%	-497	-12.1%
Net income attributable to owners of parent	2,659	2,568	3,010	+442	+17.2%	+351	13.2%

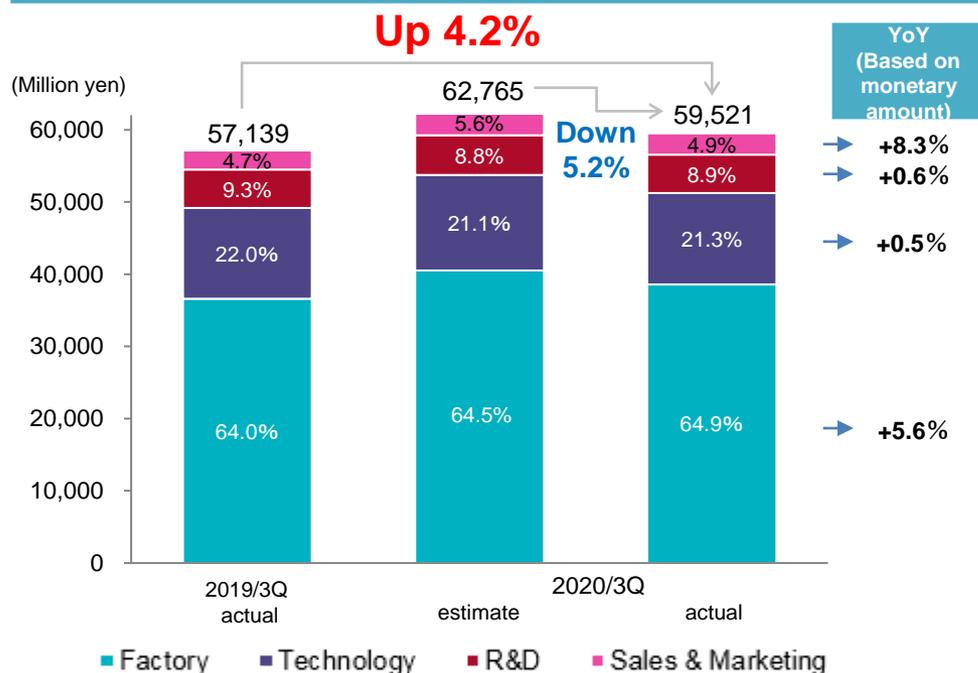
YoY Overview of Business Results by Segment

Unit: Million yen			2019/3Q actual	2020/3Q estimate	2020/3Q actual	Against estimate		YoY	
						Change	Pct. Change	Change	Pct. Change
Human Resources and Education Business	Factory Business	Net sales	36,594	40,505	38,651	-1,853	-4.6%	2,057	5.6%
		Segment income	1,838	2,040	1,676	-363	-17.8%	-161	-8.8%
		(Profit margin)	(5.0%)		(4.3%)				
	Technology Business	Net sales	12,581	13,222	12,650	-572	-4.3%	68	0.5%
		Segment income	1,210	1,148	1,387	238	20.8%	177	14.6%
		(Profit margin)	(9.6%)		(11.0%)				
	R&D Business	Net sales	5,287	5,501	5,320	-180	-3.3%	32	0.6%
		Segment income	453	511	604	92	18.0%	151	33.4%
		(Profit margin)	(8.6%)		(11.4%)				
	Sales & Marketing Business	Net sales	2,675	3,536	2,897	-638	-18.1%	222	8.3%
		Segment income (Profit margin)	-12	-86	21	108	—	34	—
	Total (reference)		Net sales	57,139	62,765	59,521	-3,244	-5.2%	2,381
		Segment income (Profit margin)	3,489	3,614	3,690	75	2.1%	200	5.8%
Real Estate Business	Real Estate Business	Net sales	32,030	34,561	29,908	-4,653	-13.5%	-2,121	-6.6%
		Segment income	1,987	1,464	1,418	-45	-3.1%	-569	-28.6%
		(Profit margin)	(6.2%)		(4.7%)				
Information and Telecommunications Business	Information and Telecommunications Business	Net sales	9,567	7,991	7,059	-932	-11.7%	-2,508	-26.2%
		Segment income	-17	129	284	154	119.5%	302	—
		(Profit margin)	—		(4.0%)				
Other	Others	Net sales	3,226	3,416	2,194	-1,222	-35.8%	-1,032	-32.0%
		Segment income	226	203	-279	-482	—	-506	—
		(Profit margin)	(7.0%)		—				
Total		Net sales	101,964	108,736	98,682	-1,053	-9.2%	-3,281	-3.2%
		Elimination or corporate	-1,595	-1,772	-1,829	-57	—	-234	—
		Operating income (Profit margin)	4,090	3,638	3,283	-355	-9.8%	-807	-19.7%
		(Profit margin)	(4.0%)		(3.3%)				

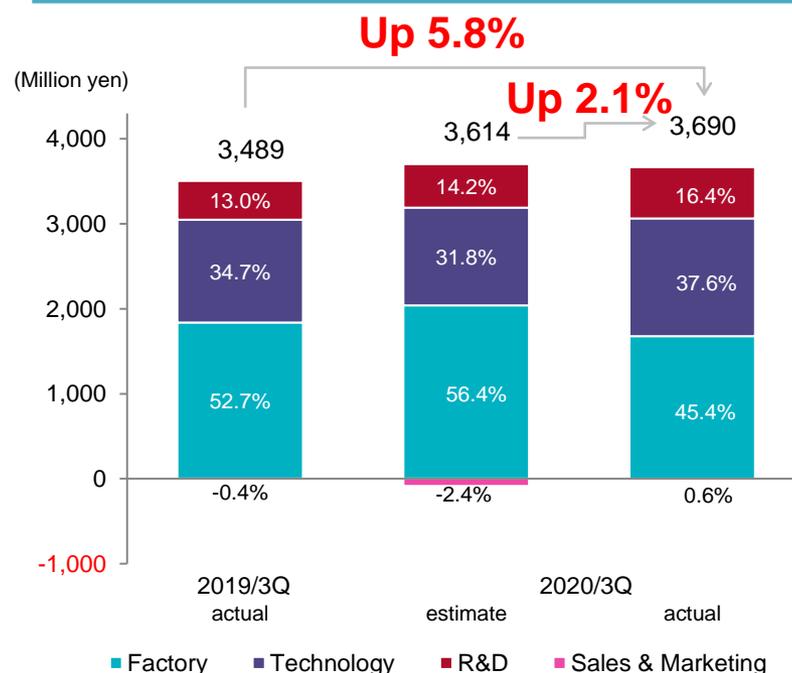
<Composition ratio of sales and segment income of overall human resources segment>

- Affected by COVID-19, but its impact was minimized with the diversity of our businesses, etc.
- As a result of human resource development, the skills of workers improved and they shifted up a gear, contributing to profit growth.
- We aim to differentiate our services by offering sectional “seamless” technologies.

◆ Sales composition



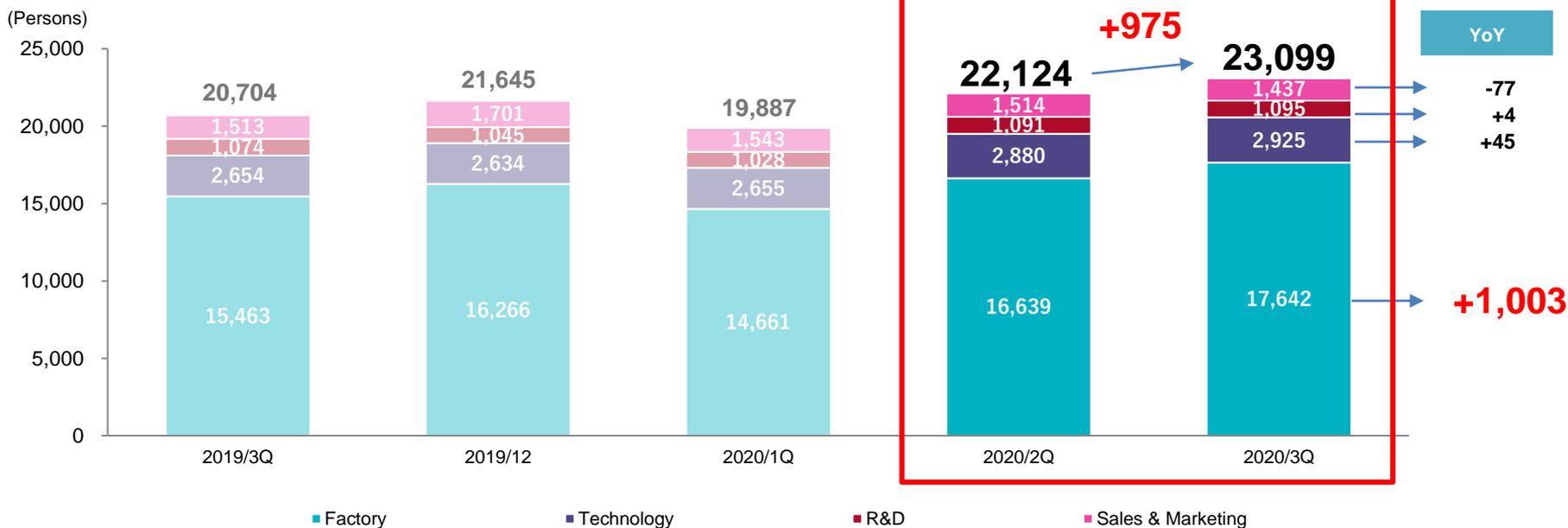
◆ Segment income



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

- In the Factory Business, the number of workers increased as orders for semiconductors and machinery increased backed by the favorable 5G-related businesses and we opened new distribution centers.
- 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)*

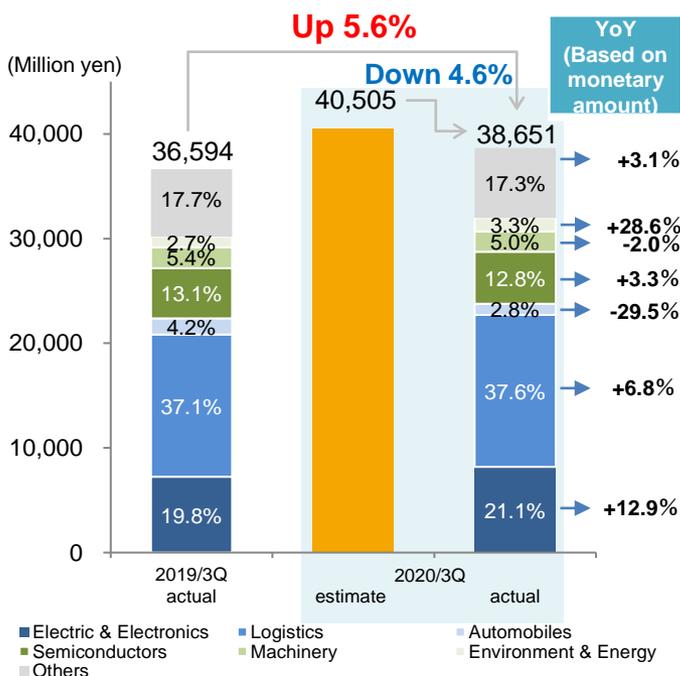


The number of staff in the Factory Business includes external staff members accepted from other companies.

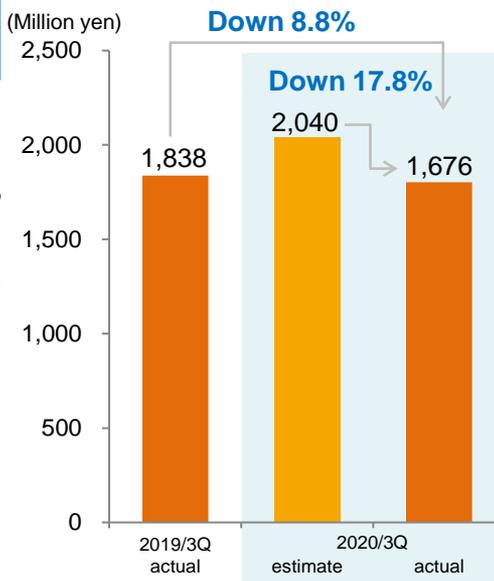
Factory Business

- Due to the U.S.-China trade friction and COVID-19, the number of transactions related to smartphones, auto parts, etc. decreased, and results fell below the estimates.
- As there is an upward trend of businesses related to semiconductors and machinery, including the 5G-related businesses, we conducted upfront investment in recruitment.
- We also conducted upfront investment in order to deal with orders from new distribution centers.

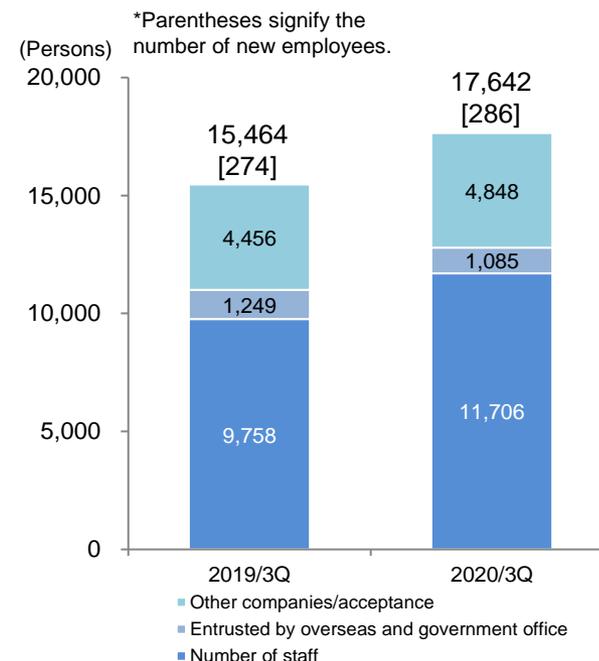
◆ Sales composition



◆ Segment income



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



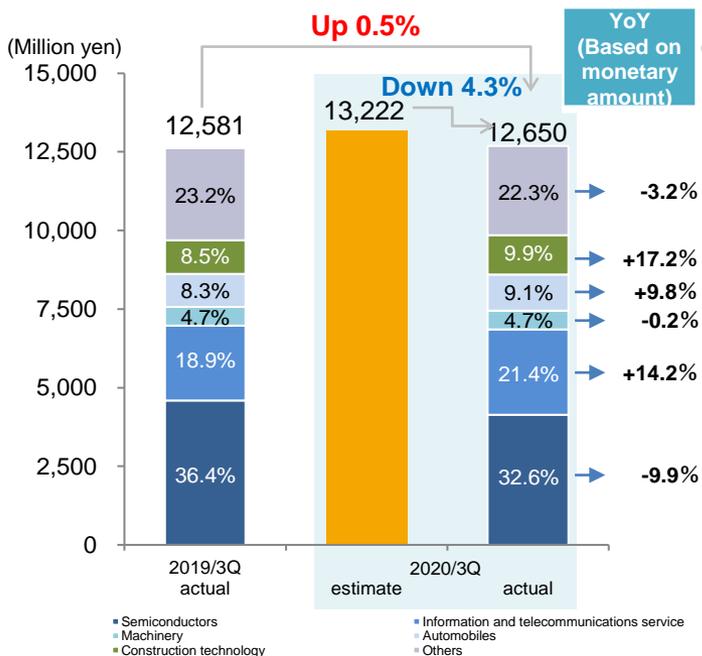
*We have not disclosed the sales estimate by segment.

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

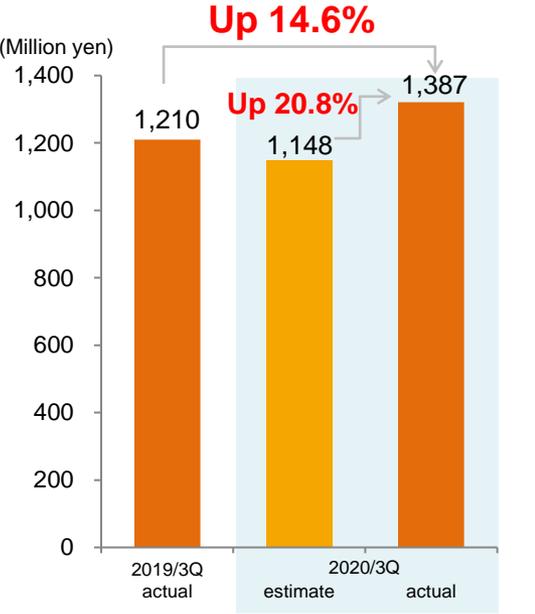
Technology Business

- Due to COVID-19, the number of transactions fell below the initial estimate, so utilization rate declined temporarily, and costs augmented.
- Human resource development led to the enhanced performance, and profit exceeded the estimate.
- 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.

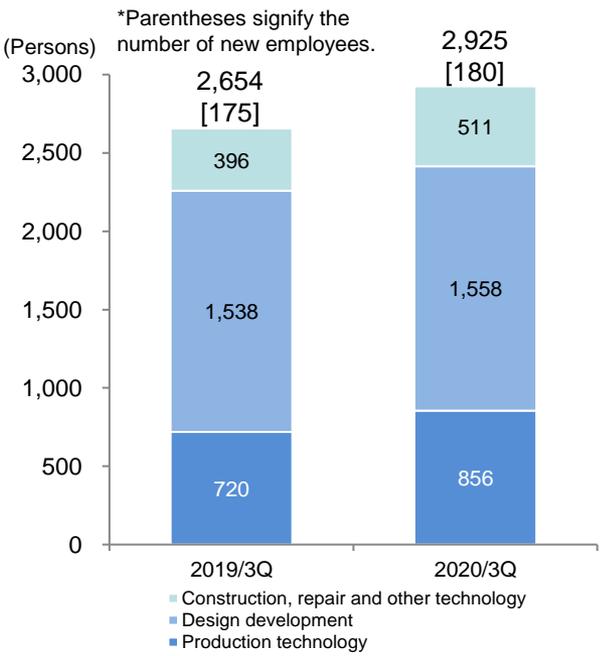
◆ Sales composition



◆ Segment income



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



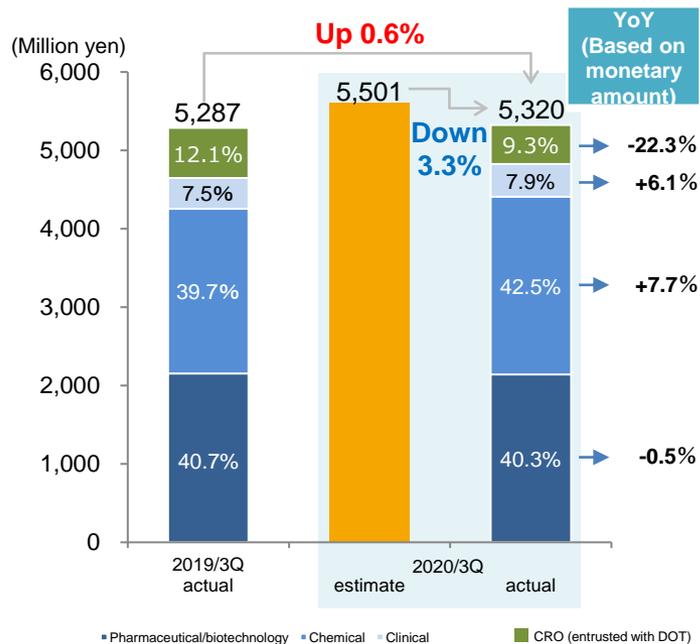
*We have not disclosed the sales estimate by segment.

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

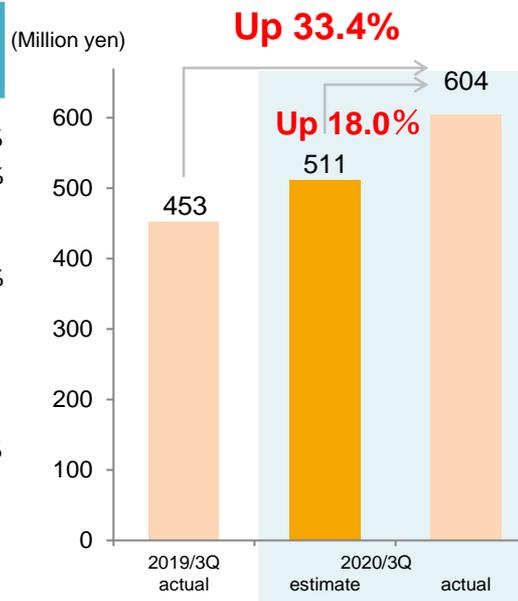
R&D Business

- Amid COVID-19, the CRO section saw a decrease of transactions, but the research dispatch section witnessed good performance in the fields of analysis, pharmaceutical products, etc.
- As transactions are increasing thanks to fine-tuned marketing, we conducted upfront investment in recruitment.
- 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.

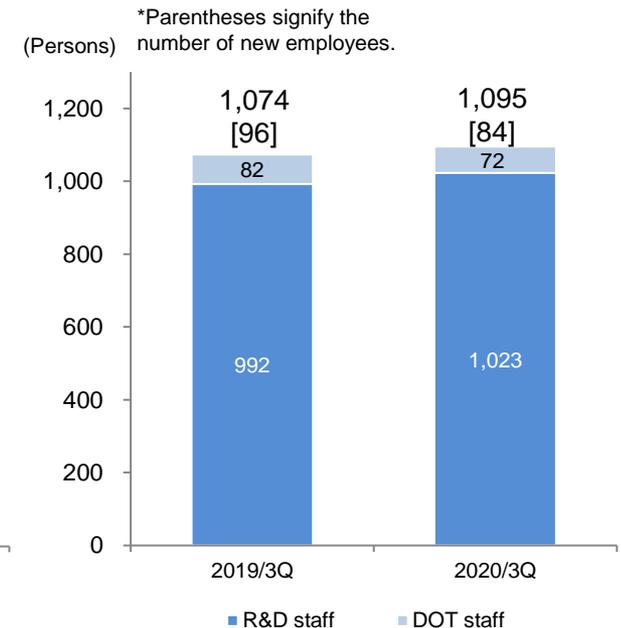
◆ Sales composition



◆ Segment income



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



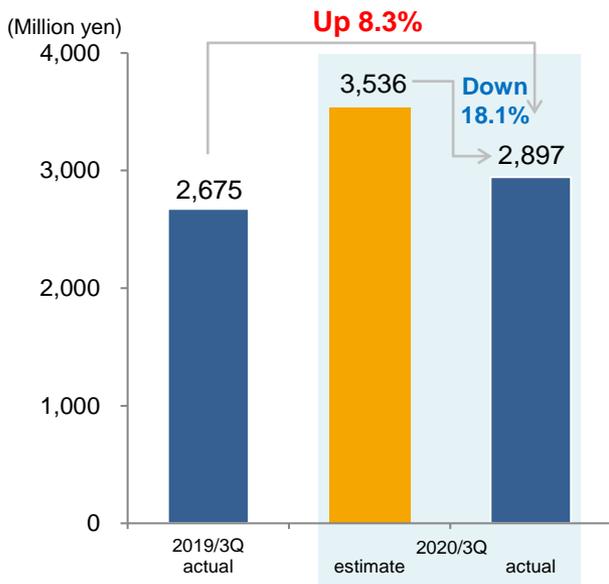
*We have not disclosed the sales estimate by segment.

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

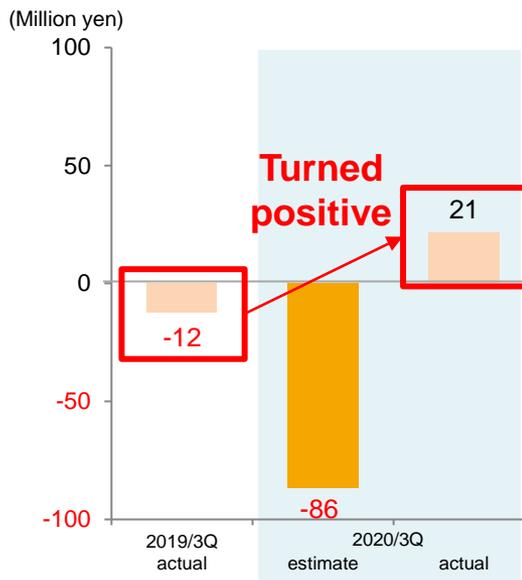
Sales & Marketing Business

- Due to COVID-19, apparel-related transactions decreased, but the business of light work, large supermarkets, call centers, etc. was favorable.
- The profit of this segment turned positive, as recent structural reform made the business profitable.
- The number of staff dropped, due to the decrease of apparel-related transactions.

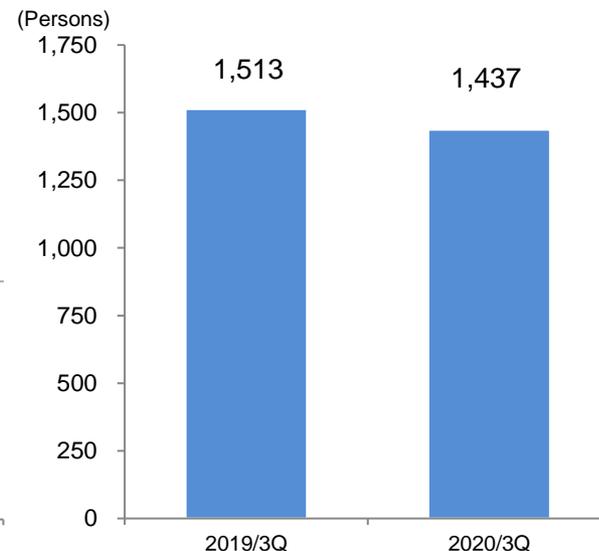
◆Sales composition



◆Segment income



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

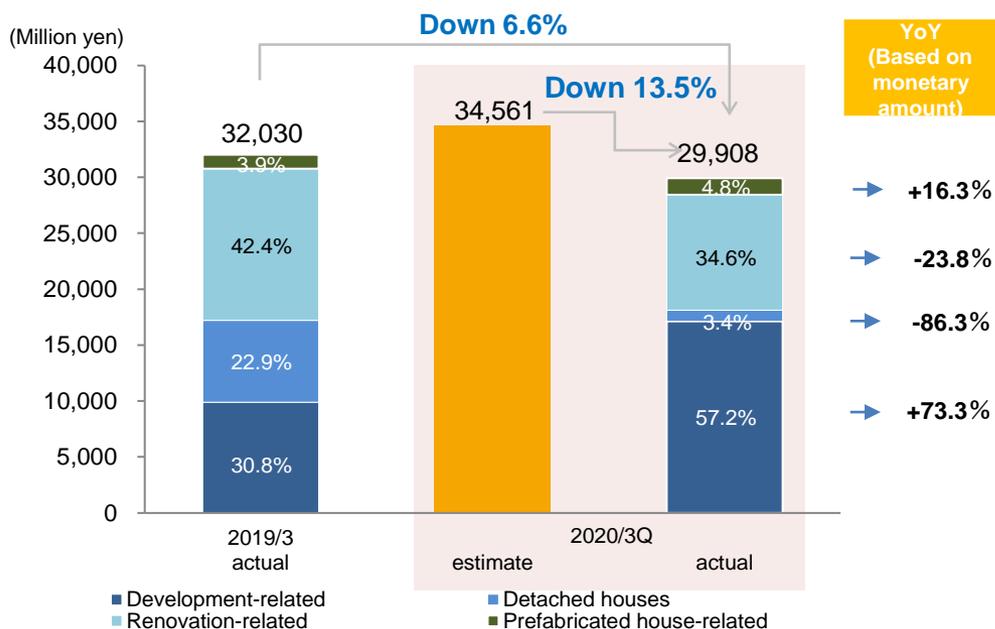


*The number of staff is a three-month average.
 *Number of staff included only staff members who are engaged in on-site operation work.

Real Estate Business

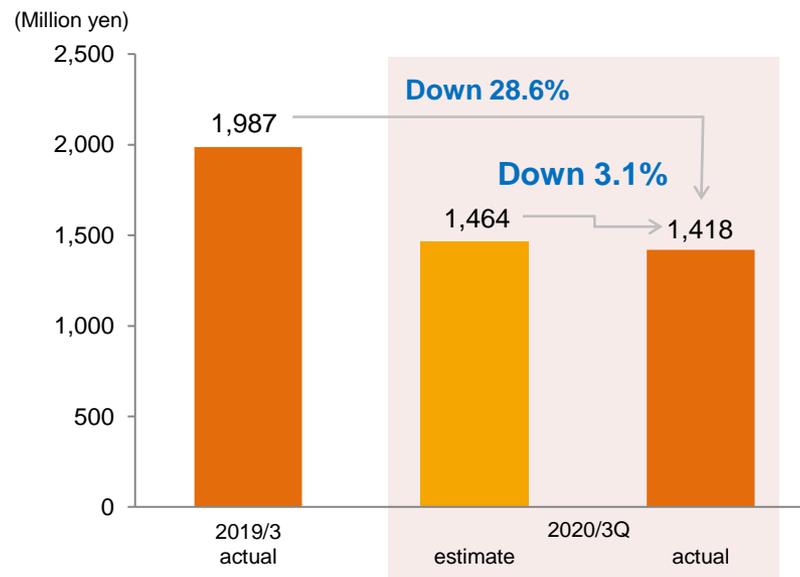
- Due to COVID-19, the number of units delivered in the renovation-related field decreased, and the transactions for commercial premises in the development-related field were postponed.
- For procurement, we remained cautious. On the other hand, in preparation for the rebound of the market in the next term or later, we set a commitment line for procuring funds flexibly.

◆ Sales composition



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

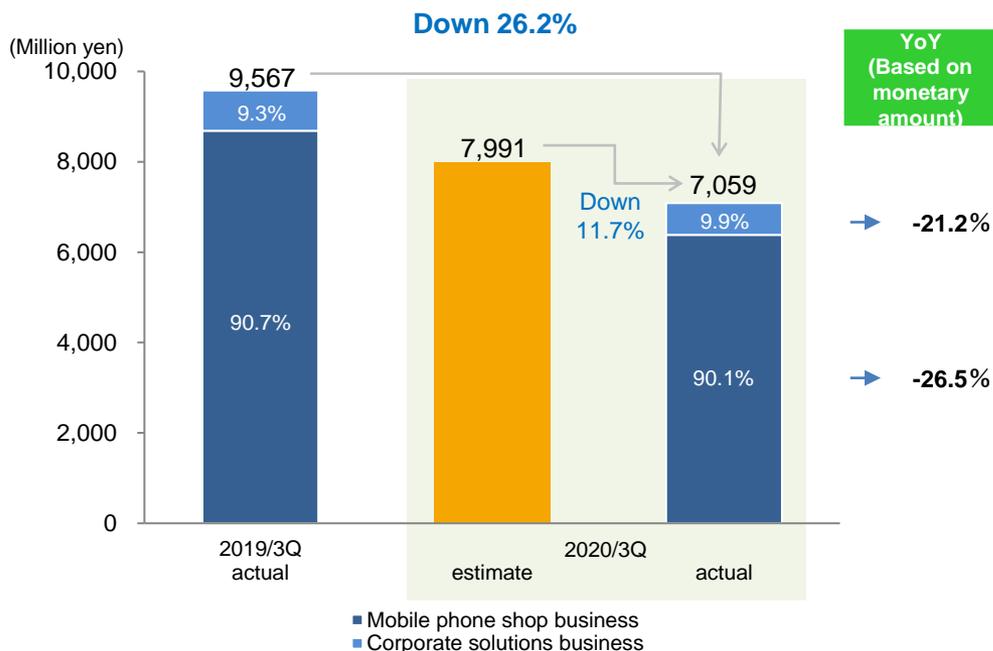
◆ Segment income



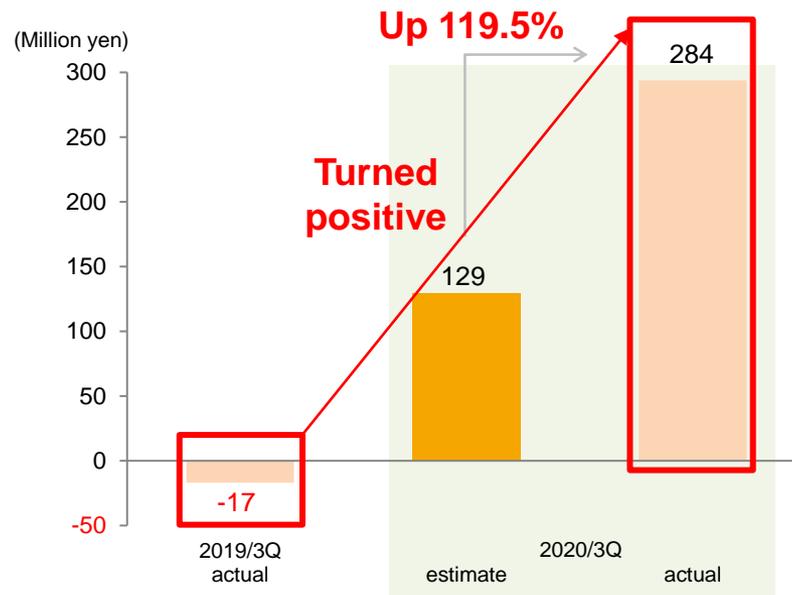
Information and Telecommunications Business

- Due to COVID-19, the operation of mobile phone shops and corporate solutions has been restricted.
- 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 improved and profit dramatically increased.

◆ Sales composition



◆ Segment income

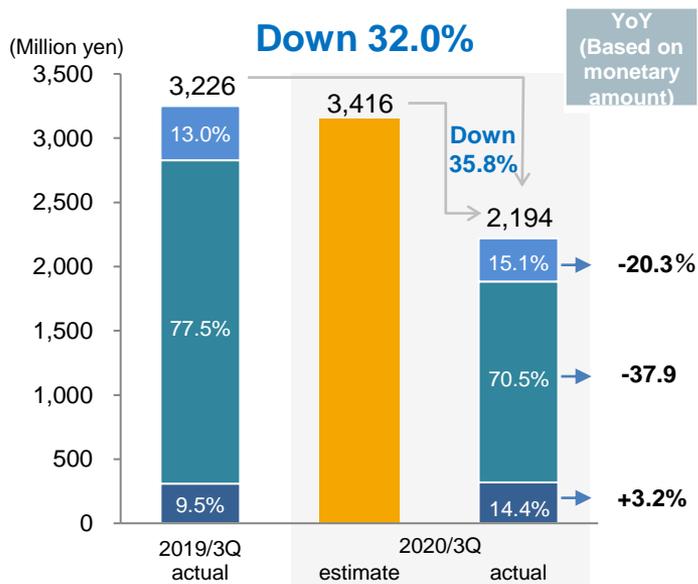


We have not disclosed the sales and segment income estimate by destination.

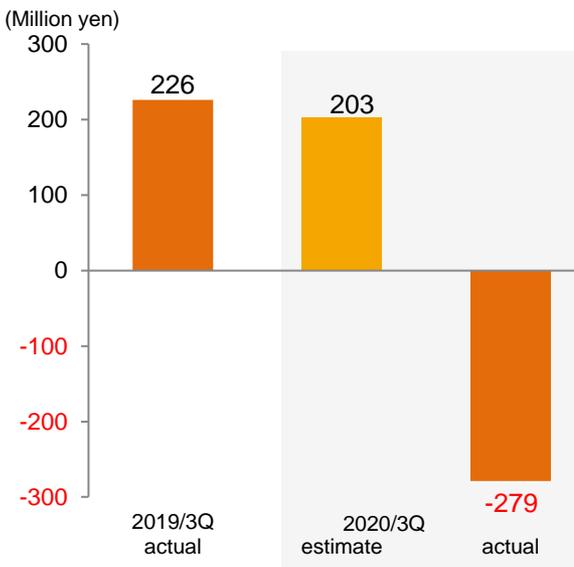
Others

- 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 COVID-19, and we refrained from conducting some business activities around that period. As a result, we suffered significant damage.
- However, the forte of outdoor facilities, which are rich with nature unlike normal theme parks, was exerted, and we implemented appropriate measures for attracting customers. As a result, the number of visiting customers to the parks in September exceeded that in the previous year considerably, indicating a steady recovery trend.

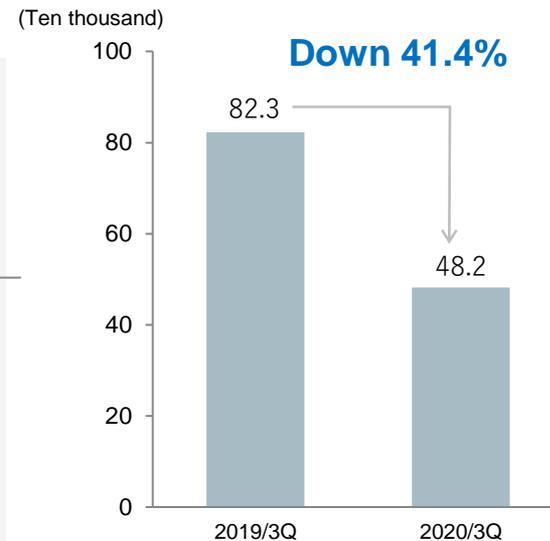
◆ Sales composition



◆ Segment income



◆ Number of visiting customers

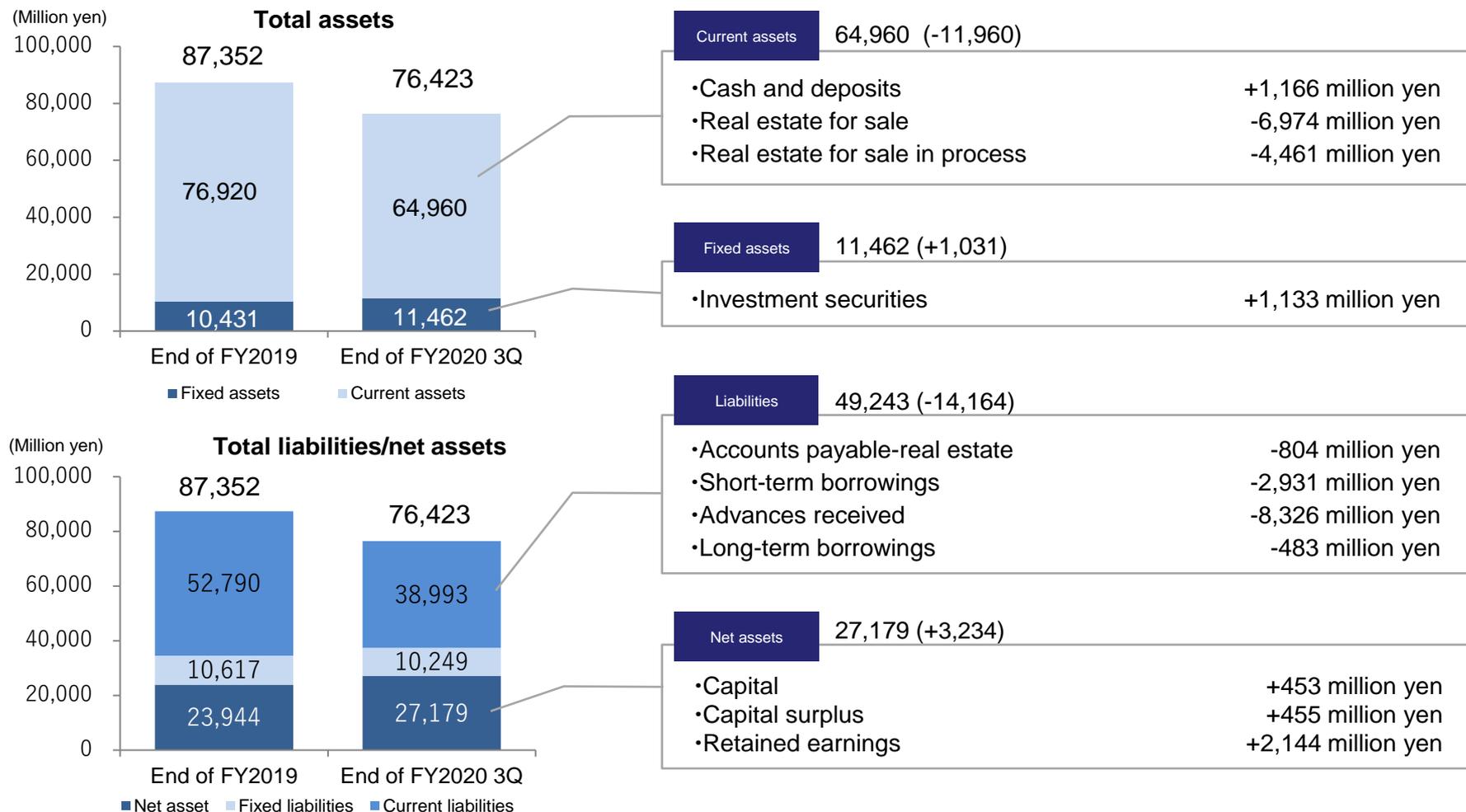


■ School/Web design ■ Agricultural park ■ Others

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

Financial Condition B/S

- Total assets decreased as a result of the delivery of real estate and careful procurement.



II. Outlook for the Term Ending Dec. 2020



Impact of COVID-19 and Outlook

	Impact	Outlook
 Human Resources and Education Business	<ul style="list-style-type: none"> ● The number of transactions fell below the initial estimate in every field, so sales did not reach the estimated sales. ● The number of orders declined in the smartphone-related field, due to COVID-19 and the lingering U.S.-China trade friction. ● Profit margin declined, as standby employees increased temporarily and the ratio of workers in service decreased. 	<ul style="list-style-type: none"> ● The ratio of workers in service, which declined temporarily, will return to normal. ● The businesses related to semiconductors and machinery, mainly 5G, on which we focused, are healthy, and orders will increase. ● The distribution-related business is healthy, and we will open new distribution centers. <p style="text-align: center;">Upfront investment will be conducted, and sales and profit are expected to grow.</p>
 Real Estate Business	<ul style="list-style-type: none"> ● Especially in the renovation-related field, growth became sluggish, due to the temporary stagnation of the distribution channel. ● The changes in prices of real estate are still moderate, so we will be careful when procuring real estate. 	<ul style="list-style-type: none"> ● The plans for delivering commercial premises were concentrated in 4Q from the beginning, so we will deliver the premises steadily to accomplish the plans. ● Since the trend of real estate prices is uncertain, we will remain cautious about procurement. <p style="text-align: center;">From the next term onward, we will actively procure real estate at the right timing.</p>
 Information and Telecommunications Business	<ul style="list-style-type: none"> ● The operation of mobile phone shops and corporate solutions was restricted temporarily. 	<ul style="list-style-type: none"> ● Through the integration and closure of shops so far, we reformed the business structure and established a firm structure for earning profit even if sales do not grow.
 Other (agricultural park)	<ul style="list-style-type: none"> ● This business was affected considerably, as we had to temporarily close the parks in response to the request from each local government in April and May, which are the busiest season. 	<ul style="list-style-type: none"> ● By implementing appropriate measures for reeling in customers by utilizing the merits of outdoor facilities, we are recovering our business steadily.

Topics: Setting a Strategic Commitment Line Agreement

For the purpose of procuring flexible and stable funds
for business expansion

Concluded a commitment line agreement of **10 billion yen** in September with the Bank
of Fukuoka
3 years from September 30, 2020 to September 30, 2023



Plan to conclude a commitment line agreement of **10 billion yen** in December with the
Nishi-Nippon City Bank
3 years from December, 2020 to December, 2023



Secure funds of 20 billion yen from the two banks

To secure funds for proactively conducting:
**M&A for expanding the foundation for the Human
Resources and Education Business,
timely procurement for the Real Estate Business, etc.**

FY2020 Business Forecast

- Due to COVID-19, the number of transactions dropped temporarily in the Human Resources and Education Business and the Real Estate Business compared with the initial estimate, so we revised the full-year forecast.
- **Sales and profit are estimated to grow** from the previous term.
- Net income attributable to owners of parent is estimated to reflect the revision of deferred tax assets after the sale and merger of subsidiaries.

Unit: Million yen, %	Results for the term ended Dec. 2019	Initial forecast for the term ending Dec. 2020	Revised forecast for the term ending Dec. 2020	YoY	
				Change	Pct. Change
Net sales	136,319	159,682	142,558	6,239	4.6
Operating income	4,730	7,851	6,006	1,276	27.0
Ordinary income	4,805	8,338	6,365	1,560	32.5
Net income attributable to owners of parent	2,956	5,601	5,157	2,200	74.5
EPS (yen)	175.59	332.60	295.57	119.98	68.3
Dividend per share (yen)	52.7	99.8	88.7	36.0	68.3

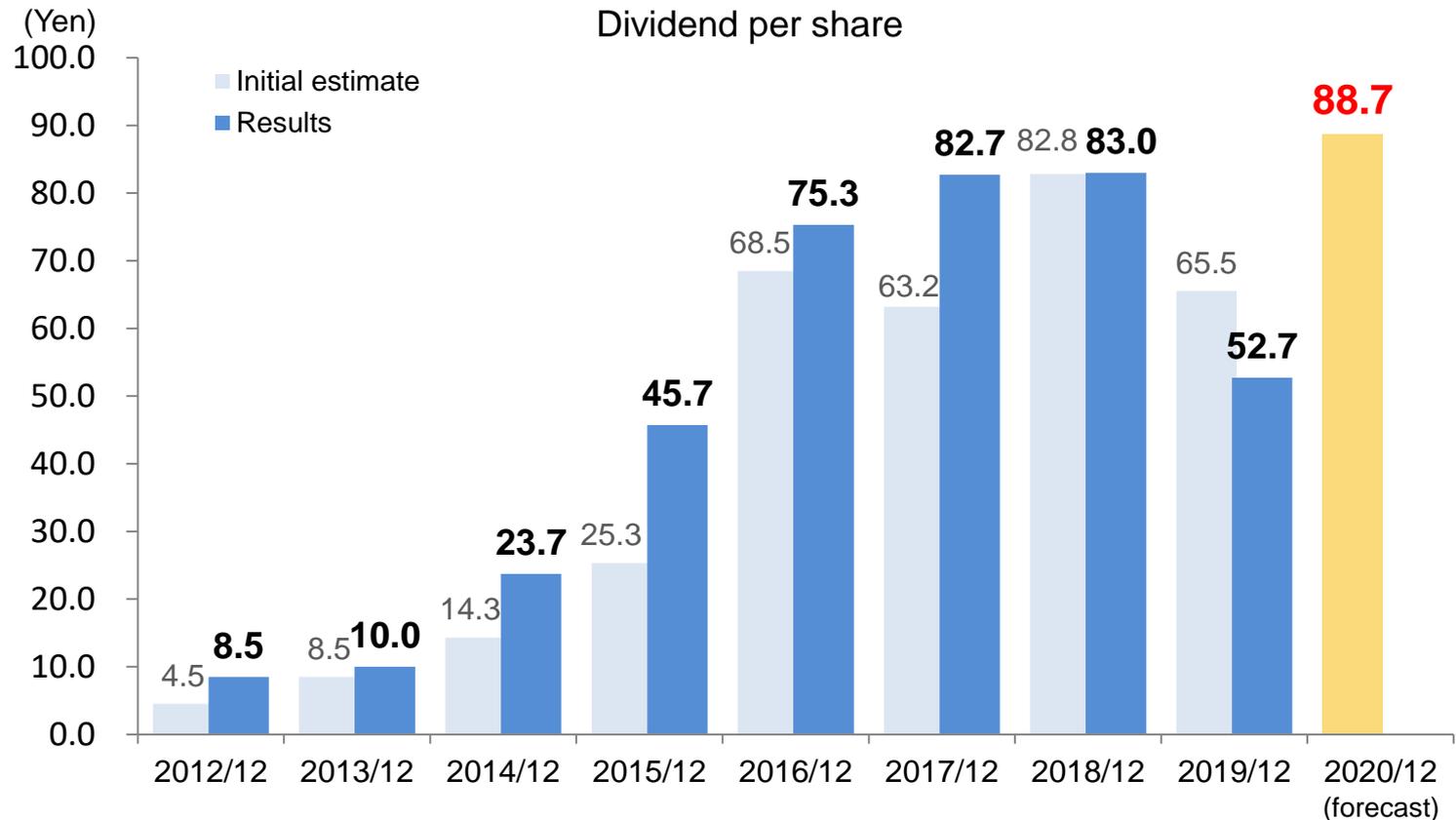
FY2020 Full-year Business Forecast by Segment

- The agricultural park-related business in the other segment received a significant negative impact from COVID-19, but we will steadily grow the Human Resources and Education Business, which is our mainstay, through the dispersion of risks achieved by multiple businesses and the concentration on growing domains, and steadily proceed with the delivery of commercial premises in the Real Estate Business. Then, sales and profit are projected to grow.

Unit: Million yen, %			Results for the term ended Dec. 2019		Initial forecast for the term ending Dec. 2020		Revised forecast for the term ending Dec. 2020		YOY	
				(Profit margin)		(Profit margin)		(Profit margin)	Change	Pct. Change
Human Resources and Education Business	Total	Net sales	77,774		88,339		82,620		4,846	6.2%
		Segment income	5,179	(6.7%)	6,006		5,451	(6.6%)	271	5.2%
	Factory Business	Net sales	50,001		57,389		54,394		4,392	8.8%
		Segment income	2,679	(5.4%)	3,399		2,603	(4.8%)	-75	-2.8%
	Technology Business	Net sales	16,902		18,327		16,998		95	0.6%
		Segment income	1,761	(10.4%)	1,913		1,960	(11.5%)	199	11.3%
	R&D Business	Net sales	7,108		7,446		7,222		114	1.6%
		Segment income	711	(10.0%)	753		835	(11.6%)	123	17.4%
	Sales & Marketing Business	Net sales	3,761		5,176		4,005		244	6.5%
		Segment income	27	(0.7%)	-59		51	(1.3%)	24	88.2%
Real Estate Business	Real Estate Business	Net sales	42,082		56,369		47,713		5,630	13.4%
		Segment income	1,460	(3.5%)	4,126		3,369	(7.1%)	1,909	130.8%
Information and Telecommunications Business	Information and Telecommunications Business	Net sales	12,344		10,644		9,222		-3,121	-25.3%
		Segment income	10	(0.1%)	220		237	(2.6%)	226	2067.9%
Other	Others	Net sales	4,118		4,330		3,002		-1,116	-27.1%
		Segment income	132	(3.2%)	153		△339	(—)	-471	(—)
		Net sales	136,319		159,682		142,558		6,239	4.6%
		Elimination or corporate	-2,052		-2,654		-2,711		(—)	(—)
		Operating income	4,730	(3.5%)	7,851		6,006	(4.2%)	1,276	27.0%

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.

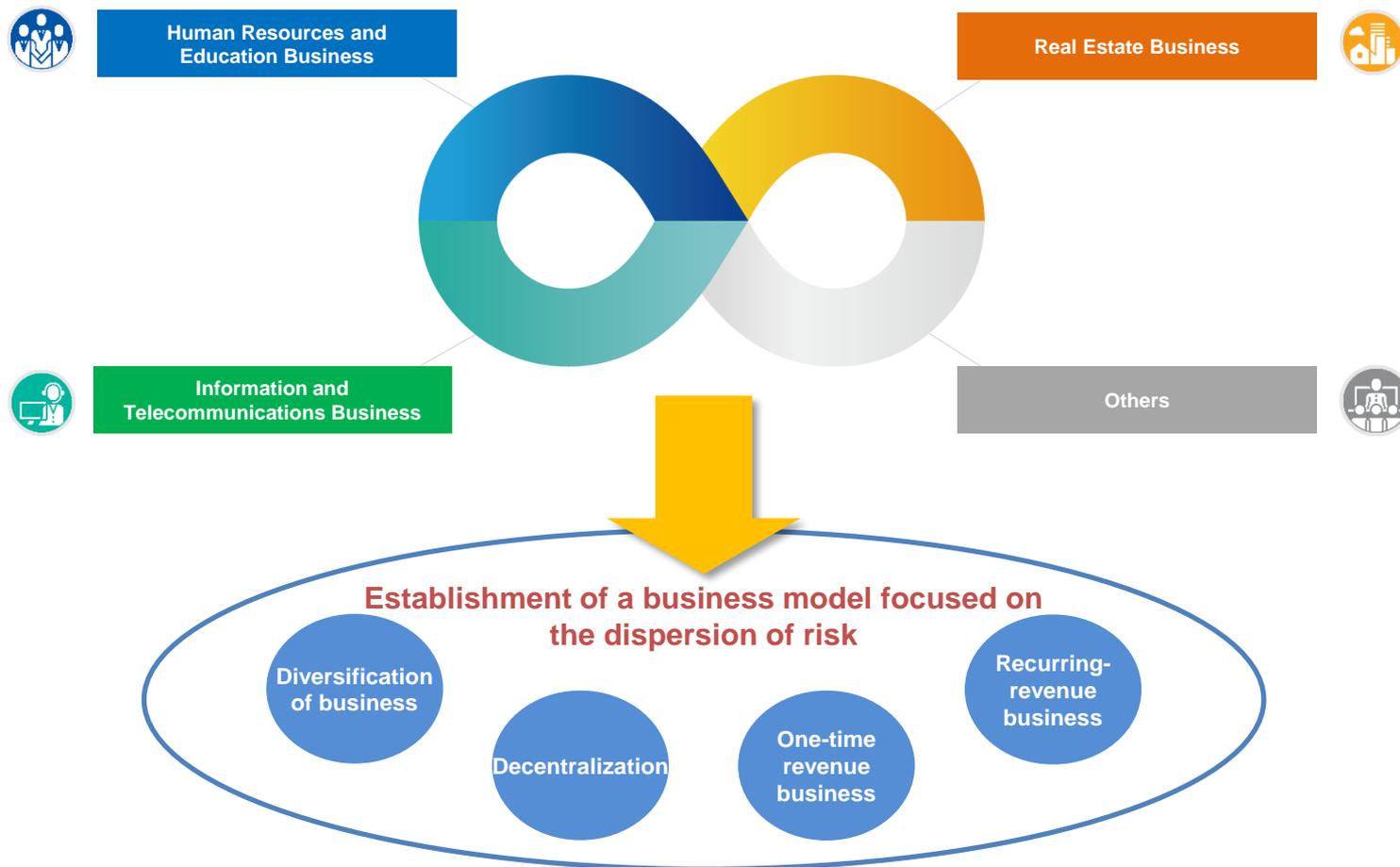
III. Appendix

Profile of World Holdings



Practice of Sustainable Environmental Management

Sound management structure achieved by multiple businesses



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

Main Subsidiaries and Associates



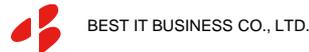
Human Resources and Education Business

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



New businesses

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

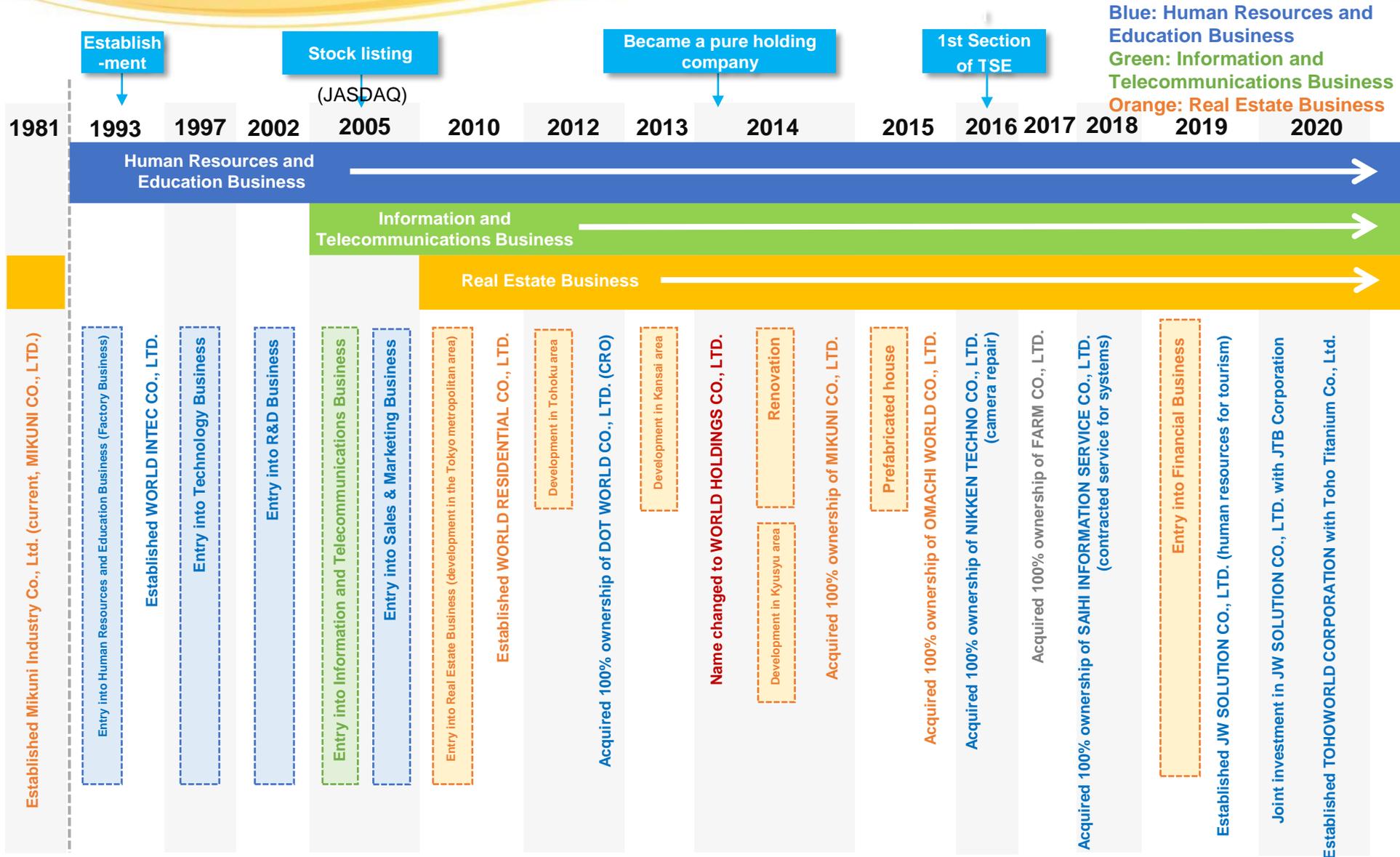
Real Estate Business

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

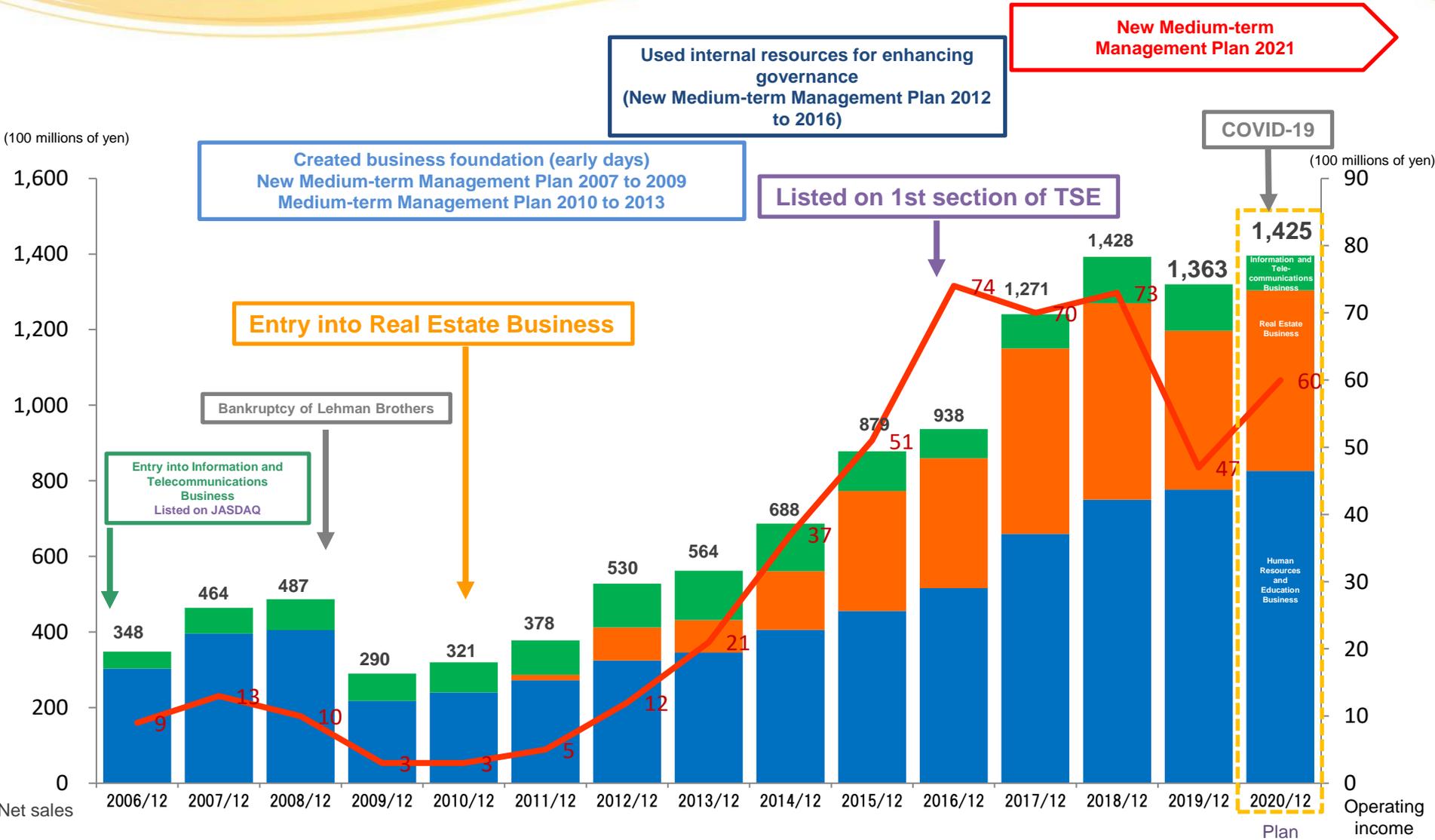
-  WORLD RESIDENTIAL CO., LTD.
-  WORLD ICITY CO., LTD.
-  WORLD WISTERIA HOMES CO., LTD.
-  NICHIMO REAL ESTATE CO., LTD.
-  COMPAX CO., LTD.
-  **WORLD DEVELOPMENT INDONESIA**
-  **MIKUNI**
-  WORLD MIKUNI CO., LTD.
-  M'S WORLD CO., LTD.
-  OMACHI WORLD CO., LTD.

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 our seamless services.



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

Value

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 **1,100**

Technology Business
 Design/Development Engineer
 About **2,900**

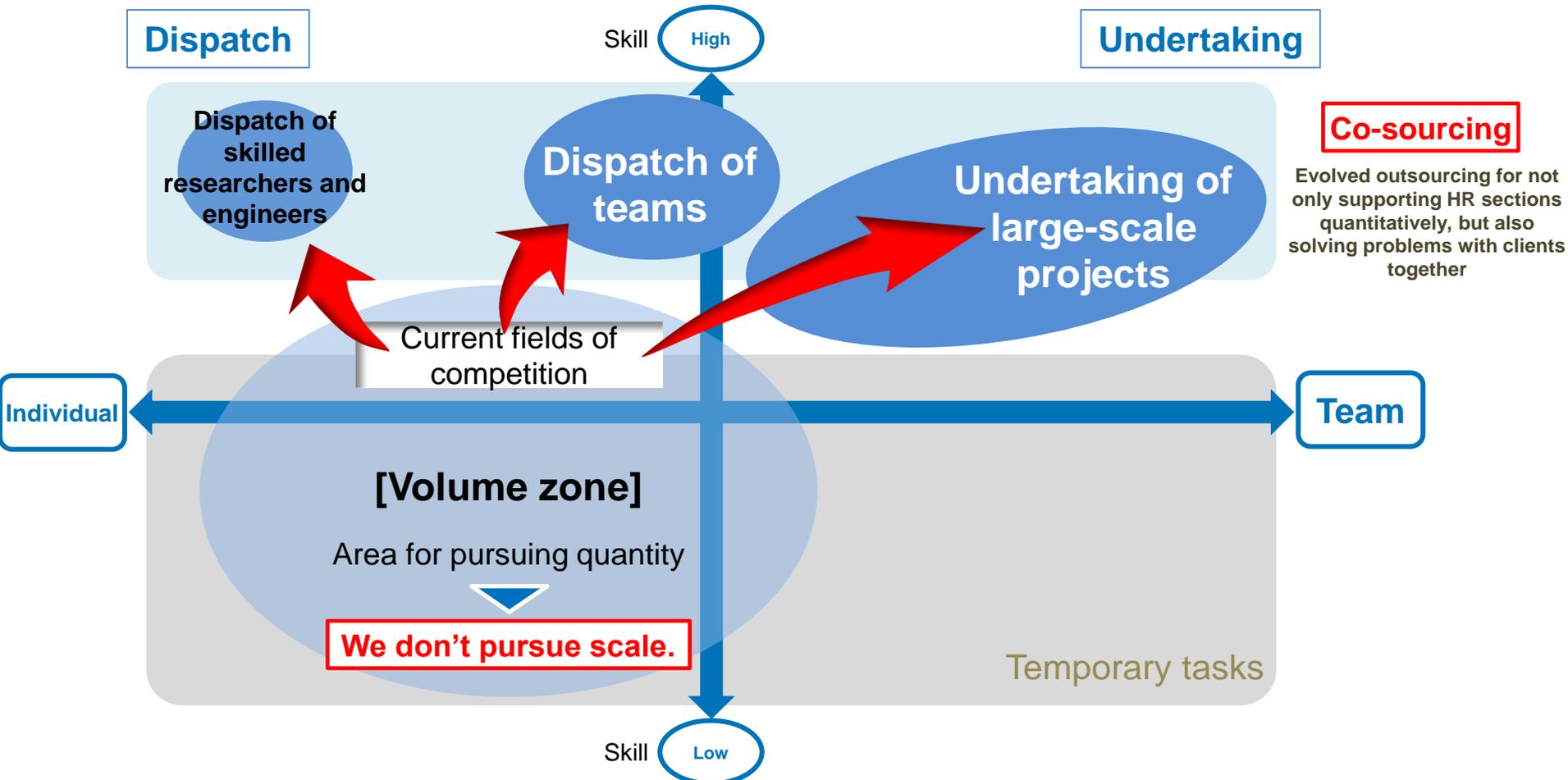
Factory Business
 Manufacturing/Logistics Operator
 About **17,600**

Sales & Marketing Business
 Sales and light work
 About **1,400**

About **23,000** workers in service *As of the end of September 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



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

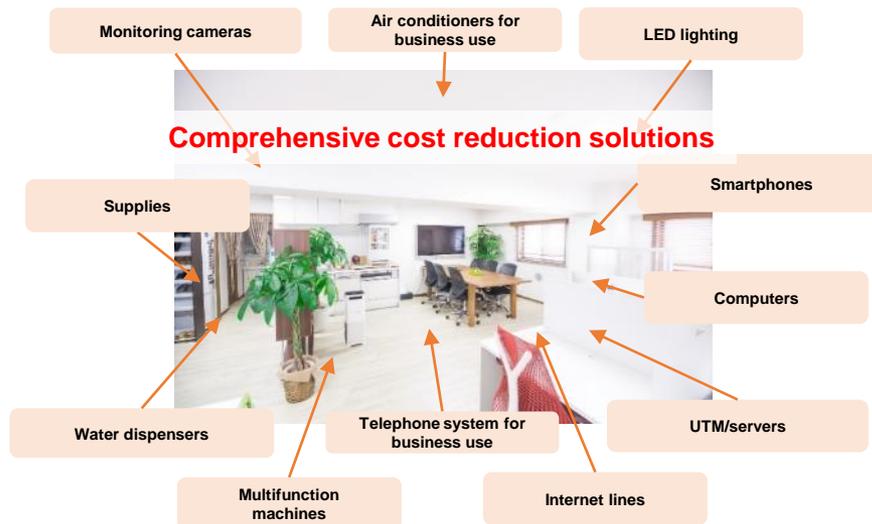
38 stores

As of September 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



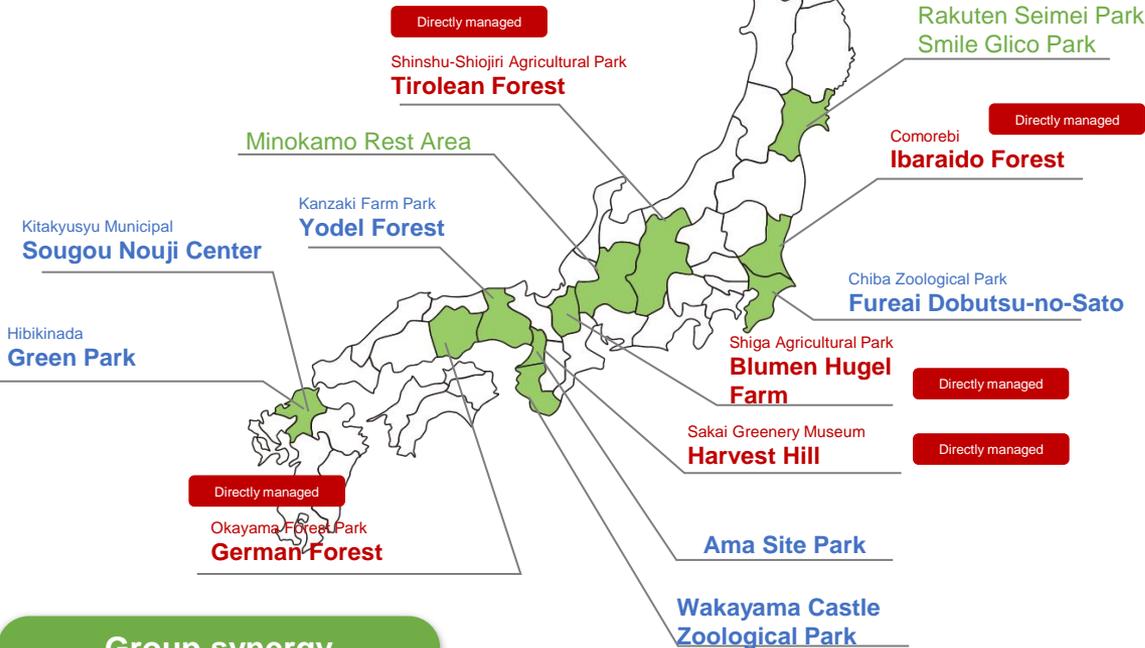
Operation and management of agricultural parks, etc.

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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Norio Nishihara

Public and Investors Relations Office

WORLD HOLDINGS CO., LTD.

TEL: 03-3433-6005

E-MAIL: irinfo@world-hd.co.jp

URL: <http://www.world-hd.co.jp/>