



## Consolidated Financial Results for the Second Quarter of 2021 (Six Months Ended June 30, 2021)

[Japanese GAAP]

August 6, 2021

Company name: WORLD HOLDINGS CO., LTD.

Listing: Tokyo Stock Exchange, First Section

Stock code: 2429

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

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Scheduled date of filing of Quarterly Report:

August 10, 2021

Scheduled date of payment of dividend:

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Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting:

Yes (for institutional investors and analysts)

(All amounts are rounded down to the nearest million yen)

### 1. Consolidated Financial Results for the First Six Months of 2021 (January 1 to June 30, 2021)

#### (1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Jun. 30, 2021	65,047	(8.2)	2,452	(11.6)	2,621	(8.7)	1,891	(24.3)
Six months ended Jun. 30, 2020	70,844	6.0	2,773	9.6	2,872	13.6	2,497	48.2

Note: Comprehensive income (millions of yen)

Six months ended Jun. 30, 2021: 2,007 (down 22.9%)

Six months ended Jun. 30, 2020: 2,603 (up 51.0%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Jun. 30, 2021	108.37	107.65
Six months ended Jun. 30, 2020	145.25	144.61

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 30, 2021	88,276	30,286	32.5	1,644.98
As of Dec. 31, 2020	79,157	30,061	36.1	1,638.03

Reference: Shareholders' equity (millions of yen)

As of Jun. 30, 2021: 28,715

As of Dec. 31, 2020: 28,589

### 2. Dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2020	-	0.00	-	101.70	101.70
2021	-	0.00	-	-	-
2021 (forecast)	-	-	-	78.70	78.70

Note: Revisions to the most recently announced dividend forecast: None

### 3. Consolidated Forecast for 2021 (January 1 to December 31, 2021)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	150,194	4.6	6,465	3.4	6,388	(5.9)	4,573	(22.7)	262.02

Note: Revisions to the most recently announced consolidated forecast: None

**\* Notes**

(1) Changes in significant subsidiaries during the period (change in scope of consolidation): None

Newly added: -

Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: Yes

Note: Please refer to the section “2. Quarterly Consolidated Financial Statements and Notes, (4) Notes to Quarterly Consolidated Financial Statements, Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements” on page 12 for further information.

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of shares issued (common stock)

1) Number of shares issued at the end of the period (including treasury shares)

As of Jun. 30, 2021:	17,569,900 shares	As of Dec. 31, 2020:	17,566,900 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2021:	113,498 shares	As of Dec. 31, 2020:	113,477 shares
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3) Average number of shares during the period

Six months ended Jun. 30, 2021:	17,453,917 shares	Six months ended Jun. 30, 2020:	17,194,280 shares
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\* The current financial report is not subject to quarterly review by certified public accountants or auditing firms.

\* Cautionary statement with respect to forward-looking statements, and other special items

Cautionary statement with respect to forecasts

Forecasts of future performance in this document are based on assumption judged to be valid and information currently available to the Company’s management, but are not promises by the Company regarding future performance. Actual results may differ materially from the forecasts for a number of reasons. Please refer to “1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements” on page 5 for forecast assumptions and notes of caution for usage.

How to view supplementary materials for quarterly financial results

The Company plans to hold a financial results meeting for institutional investors and analysts on Wednesday, August 18, 2021. Supplementary materials for the quarterly financial results will be disclosed on August 18, 2021, using the Timely Disclosure network (TDnet), and available on the Company’s website.

**Contents of Attachments**

<b>1. Qualitative Information on Quarterly Consolidated Financial Performance</b>	<b>2</b>
(1) Explanation of Results of Operations	2
(2) Explanation of Financial Position	5
(3) Explanation of Consolidated Forecast and Other Forward-looking Statements	5
<b>2. Quarterly Consolidated Financial Statements and Notes</b>	<b>6</b>
(1) Quarterly Consolidated Balance Sheet	6
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	8
Quarterly Consolidated Statement of Income	
For the Six-month Period	8
Quarterly Consolidated Statement of Comprehensive Income	
For the Six-month Period	9
(3) Quarterly Consolidated Statement of Cash Flows	10
(4) Notes to Quarterly Consolidated Financial Statements	12
Going Concern Assumption	12
Significant Changes in Shareholders' Equity	12
Changes in Significant Subsidiaries during the Period	12
Application of Special Accounting Methods for Presenting	
Quarterly Consolidated Financial Statements	12
Segment Information	12

## **1. Qualitative Information on Quarterly Consolidated Financial Performance**

### **(1) Explanation of Results of Operations**

The Japanese economy remained under pressure during the first half of 2021 because of a state of emergency and other actions to prevent the spread of COVID-19. Nevertheless, the economy is recovering slowly because of progress with vaccinations, economic recoveries in other countries and an upturn in consumer spending. In Japan's manufacturing sector, which is an important market of the World Holdings Group, a significant recovery is under way due mainly to the growth of exports of automobiles, semiconductors and other products. There are big variations in the strength of this recovery in different industries and regions of Japan. Furthermore, another wave of COVID-19 infections has started, chiefly in Tokyo. As a result, the outlook for the economy remains uncertain.

The Human Resources and Education Business, the core business of the World Holdings Group, was the primary source of growth during the first half with sales and operating profit that surpassed the plan for the first half. In addition, an increase in the seamless cooperation among all staffing business segments resulted steady growth of the performance of these segments. There are also activities for cooperation between the Human Resources and Education Business and the Real Estate Business with the goal of creating new synergies within the World Holdings Group.

Net sales decreased 8.2% year on year to 65,047 million yen. Operating profit decreased 11.6% to 2,452 million yen, ordinary profit decreased 8.7% to 2,621 million yen, and profit attributable to owners of parent decreased 24.3% to 1,891 million yen.

### **Factory Staffing Business**

This business posted growth in the major semiconductor and semiconductor manufacturing equipment categories because of the recovery in demand involving 5G and automobiles. The logistics sector, which is a key strength of this business, also contributed to the growth of sales and earnings. Progress is continuing with operations at a logistics base newly established at the end of 2020. All other market categories also performed well as the Japanese economy recovers from the COVID-19 downturn. In 2020, our highest priority was maintaining employment of our people in all factory staffing categories during the COVID-19 crisis. We also focused on training programs and other activities to upgrade the ability of our workforce to perform factory tasks. Due to these actions during 2020, this business was able to respond with speed and flexibility to many types of orders. In addition, an increase in production volume for all subcontracted work performed at client companies contributed to sales and earnings. Recruiting activities continues to be difficult because of the recoveries under way in industries that are the main markets for this business. To increase the efficiency of recruiting activities and attract people with strong skills, we are improving the recruiting methods used by our Job Paper website and other channels.

As a result, sales were 33,102 million yen, up 31.8% year on year and segment profit increased 73.7% to 1,662 million yen.

### **Technology Staffing Business**

All categories of this business are recovering from the COVID-19 downturn. There is steady growth in the key automobile, information and telecommunications, and construction engineering categories. In addition, seamless cooperation with the Factory Staffing Business contributed to growth in the semiconductor category. As industries that are the main markets for this business recover, recruiting skilled engineers is becoming even more difficult. We are reexamining methods used for recruiting and training our engineers to enable them to upgrade skills and advance their careers. For example, to meet the growing demand for skills involving the digital transformation and internet of things, there are training programs for control technologies and for Amazon Web Services system engineers. Our objective is to provide client companies with engineering services of an even higher quality.

Sales were 8,538 million yen, up 2.2% year on year and segment profit increased 7.6% to 954 million yen.

**R&D Staffing Business**

In the core research personal staffing sector, all categories performed well, including biotechnology, chemicals and analytics in the medical field. The performance of this business also benefited from demand involving PCR tests, vaccine development and other activities concerning the pandemic. In addition, pandemic-related demand associated with the Tokyo Olympics for the staffing services of this business contributed to the growth of sales and earnings. To establish a base for more growth in 2022, we are providing technologies for activities even more closely linked to the core businesses of clients. We are also extending this business to more market sectors. Recruiting activities have progressed generally as planned. As we fully utilize our training programs, which are a valuable strength of this business, we are aiming to establish a reputation in client industries as a source of highly skilled research personnel.

Sales were 3,915 million yen, up 11.4% year on year, and segment profit increased 17.3% to 447 million yen.

**Sales & Marketing Staffing Business**

Although the pandemic is still having an impact on the tourism sector, the office and call center categories continue to grow. Performance was also supported by demand involving the pandemic, such as for people who work at locations where people receive vaccines. The Tokyo Olympics also created additional demand for the services of this business. As a result, sales and earnings were higher than planned. There were many activities for expanding the range of operations in this business, such as by establishing a new call center and shifting staffing service contracts to subcontracting agreements for light-duty tasks and salespeople at stores. These activities are aimed at setting the stage for more growth starting in 2022.

Sales were 2,445 million yen, up 25.9% year on year, and there was a segment loss of 27 million yen, compared with a segment profit of 3 million yen in the first half of 2020.

**Real Estate Business**

We are operating this business cautiously because prices of real estate in Japan are still high. In the core real estate development category, we are using our commercial property development skills to purchase quality properties and take other actions for growth starting in 2022. Sales and earnings in this business were far below one year earlier because of sales of large properties in the first half of 2020. Despite these declines, the performance of this business is as planned because a large percentage of the property sales in 2021 are planned for the fourth quarter.

World Residential Co., Ltd., the core real estate company of the World Holdings Group, World Staffing Co., Ltd., which operates the Human Resources and Education Business, and Tokyu Land Corporation have established a comprehensive business alliance concerning logistics facilities. This alliance is one step for taking the operations of the Real Estate Business in a new direction. In prior years, real estate and human resources activities of the World Holdings Group have grown while operating separately. By enabling these two sectors to start joint activities, we plan to create new synergies within the group.

Sales were 10,481 million yen, down 59.0% year on year, and segment profit decreased 78.2% to 400 million yen.

**Information and Telecommunications Business**

The mobile phone shop business, which is related to this segment, is facing challenges due to another phase of significant changes in Japan's mobile phone industry. All mobile phone carriers are offering new rate plans, such as service plans for only internet access, in response to the Ministry of Internal Affairs and Communications' request to lower the cost of using a mobile phone. To overcome these challenges, this business is making investments for implementing new marketing activities, training store personnel, and other measures to establish a network of highly competitive shops. These expenditures caused a temporary decline in earnings both compared to the plan and the same period a year earlier. Our goal remains to establish a network of stores rooted in the local community and receive benefits as one of the survivors in the mobile phone shop market in order to resume the growth of this business.

Sales were 4,944 million yen, down 5.9% year on year, and segment profit decreased 65.9% to 93 million yen.

## Others

Performance of agricultural parks recovered steadily from the COVID-19 shock. Harvest Hill, Sakai Green Museum, the flagship facility in Osaka Prefecture, was forced to close temporarily a second time during the busiest period in spring due to the declaration of a state of emergency. As parks are well recognized as outdoor facilities that people can enjoy while avoiding close contact with others, we implemented appropriate marketing activities that utilize this strength of agricultural parks to improve their presence as relaxing facilities necessary for the community.

Sales were 1,619 million yen, up 43.7% year on year, and there was a segment loss of 83 million yen, compared with a segment loss of 369 million yen in the first half of 2020.

### Overview of Business Results by Segment

(Millions of yen)			First half of 2020 Result	First half of 2021 Plan	First half of 2021 Result	Vs. plan	Year-on-year change	
							Amount	%
Human Resources and Education Business	Factory Staffing Business	Net sales	25,111	30,914	33,102	2,187	7,991	31.8
		Segment profit	957	1,229	1,662	433	705	73.7
		(Profit margin)	(3.8%)	(4.0%)	(5.0%)			
	Technology Staffing Business	Net sales	8,353	8,481	8,538	57	184	2.2
		Segment profit	886	624	954	330	67	7.6
		(Profit margin)	(10.6%)	(7.4%)	(11.2%)			
	R&D Staffing Business	Net sales	3,515	3,759	3,915	155	399	11.4
		Segment profit	381	331	447	115	65	17.3
		(Profit margin)	(10.8%)	(8.8%)	(11.4%)			
	Sales & Marketing Staffing Business	Net sales	1,941	2,010	2,445	435	503	25.9
Segment profit		3	(78)	(27)	51	(30)	-	
Subtotal (Reference)	Net sales	38,922	45,166	48,002	2,835	9,079	23.3	
	Segment profit	2,228	2,106	3,036	930	807	36.3	
Real Estate Business	Real Estate Business	Net sales	25,541	11,669	10,481	(1,187)	(15,060)	(59.0)
		Segment profit	1,835	98	400	302	(1,435)	(78.2)
		(Profit margin)	(7.2%)	(0.8%)	(3.8%)			
Information and Telecommu- nications Business	Information and Telecommu- nications Business	Net sales	5,252	4,734	4,944	210	(308)	(5.9)
		Segment profit	275	200	93	(106)	(181)	(65.9)
		(Profit margin)	(5.2%)	(4.2%)	(1.9%)			
Others	Other Business	Net sales	1,126	2,087	1,619	(468)	492	43.7
		Segment profit	(369)	100	(83)	(183)	286	-
		(Profit margin)	-	(4.8%)	-			
Total		Net sales	70,844	63,657	65,047	1,390	(5,796)	(8.2)
		Elimination or corporate	(1,196)	(1,202)	(994)	207	201	-
		Operating profit	2,773	1,302	2,452	1,149	(321)	(11.6)
		(Profit margin)	(3.9%)	(2.0%)	(3.8%)			

## **(2) Explanation of Financial Position**

### Assets

Total assets increased 9,119 million yen from the end of 2020 to 88,276 million yen at the end of the second quarter of 2021. This was mainly due to increases of 980 million yen in cash and deposits, 807 million yen in notes and accounts receivable-trade, 1,927 million yen in real estate for sale, 4,677 million yen in real estate for sale in process and 576 million yen in goodwill.

### Liabilities

Total liabilities increased 8,894 million yen from the end of 2020 to 57,990 million yen. This was mainly due to an increase of 530 million yen in short-term borrowings, a decrease of 491 million yen in accrued expenses, a decrease of 1,232 million yen in accrued consumption taxes and an increase of 9,208 million yen in long-term borrowings.

### Net assets

Net assets increased 224 million yen from the end of 2020 to 30,286 million yen mainly due to increases of 69 million yen in retained earnings and 76 million yen in non-controlling interests.

## **Cash Flows**

Cash and cash equivalents at the end of the first half of 2021 increased 979 million yen from the end of 2020 to 23,796 million yen.

### Cash flows from operating activities

Net cash used in operating activities was 5,993 million yen. Main positive factors include profit before income taxes of 2,664 million yen and a 153 million yen increase in advances received. Major negative factors include a 369 million yen increase in trade receivables, a 6,612 million yen increase in real estate for sale and a 1,433 million yen decrease in accrued consumption taxes.

### Cash flows from investing activities

Net cash used in investing activities was 1,040 million yen. Main negative factors include payments of 285 million yen for purchase of property, plant and equipment, 353 million yen for purchase of investments in new consolidated subsidiary and 104 million yen for purchase of investments in non-consolidated subsidiary.

### Cash flows from financing activities

Net cash provided by financing activities was 7,788 million yen. Main positive factors include net increase of 1,457 million yen in short-term borrowings and proceeds of 10,102 million yen from long-term borrowings. Main negative factors include repayments of long-term borrowings of 1,962 million yen and dividends paid of 1,775 million yen.

## **(3) Explanation of Consolidated Forecast and Other Forward-looking Statements**

World Holdings maintains its full-year consolidated forecasts that were announced in the “Consolidated Financial Results for 2020” on February 8, 2021.

**2. Quarterly Consolidated Financial Statements and Notes****(1) Quarterly Consolidated Balance Sheet**

(Millions of yen)

	2020 (As of Dec. 31, 2020)	Second quarter of 2021 (As of Jun. 30, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	22,817	23,797
Notes and accounts receivable-trade	12,817	13,624
Merchandise and finished goods	639	918
Real estate for sale	5,748	7,675
Work in process	123	114
Real estate for sale in process	22,146	26,824
Other	3,842	3,290
Allowance for doubtful accounts	(2)	(4)
Total current assets	68,132	76,239
Non-current assets		
Property, plant and equipment	5,297	5,268
Intangible assets		
Goodwill	104	681
Other	186	219
Total intangible assets	291	900
Investments and other assets		
Investment securities	1,550	1,683
Deferred tax assets	2,398	2,543
Leasehold and guarantee deposits	903	1,005
Other	808	860
Allowance for doubtful accounts	(224)	(224)
Total investments and other assets	5,436	5,868
Total non-current assets	11,024	12,036
Total assets	79,157	88,276
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	1,072	1,310
Accounts payable-real estate business	527	120
Short-term borrowings	17,204	17,735
Accrued expenses	6,746	6,255
Advances received	552	706
Income taxes payable	1,049	1,128
Accrued consumption taxes	3,110	1,877
Provision for bonuses	124	174
Other	4,248	4,682
Total current liabilities	34,637	33,991
Non-current liabilities		
Long-term borrowings	12,073	21,282
Provision for retirement benefits for directors (and other officers)	172	178
Retirement benefit liability	1,921	2,171
Other	291	365
Total non-current liabilities	14,458	23,998
Total liabilities	49,095	57,990



	(Millions of yen)	
	2020	Second quarter of 2021
	(As of Dec. 31, 2020)	(As of Jun. 30, 2021)
Net assets		
Shareholders' equity		
Share capital	1,244	1,246
Capital surplus	1,443	1,445
Retained earnings	26,054	26,124
Treasury shares	(119)	(119)
Total shareholders' equity	28,623	28,697
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(15)	20
Foreign currency translation adjustment	1	16
Remeasurements of defined benefit plans	(20)	(18)
Total accumulated other comprehensive income	(34)	18
Share acquisition rights	49	71
Non-controlling interests	1,422	1,498
Total net assets	30,061	30,286
Total liabilities and net assets	79,157	88,276

**(2) Quarterly Consolidated Statements of Income and Comprehensive Income****(Quarterly Consolidated Statement of Income)****(For the Six-month Period)**

(Millions of yen)

	First six months of 2020 (Jan. 1 – Jun. 30, 2020)	First six months of 2021 (Jan. 1 – Jun. 30, 2021)
Net sales	70,844	65,047
Cost of sales	58,880	53,947
Gross profit	11,963	11,100
Selling, general and administrative expenses	9,189	8,648
Operating profit	2,773	2,452
Non-operating income		
Subsidy income	30	168
Income of support to investment in property and equipment	48	2
Other	122	96
Total non-operating income	201	267
Non-operating expenses		
Interest expenses	85	80
Other	17	17
Total non-operating expenses	103	97
Ordinary profit	2,872	2,621
Extraordinary income		
Disaster insurance income	4	1
Gain on sales of shares of subsidiaries and associates	175	-
Gain on extinguishment of tie-in shares	-	42
Total extraordinary income	180	43
Extraordinary losses		
Loss on disaster	1	-
Total extraordinary losses	1	-
Profit before income taxes	3,051	2,664
Income taxes	433	718
Profit	2,618	1,946
Profit attributable to non-controlling interests	121	55
Profit attributable to owners of parent	2,497	1,891

**(Quarterly Consolidated Statement of Comprehensive Income)**  
**(For the Six-month Period)**

(Millions of yen)

	First six months of 2020 (Jan. 1 – Jun. 30, 2020)	First six months of 2021 (Jan. 1 – Jun. 30, 2021)
Profit	2,618	1,946
Other comprehensive income		
Valuation difference on available-for-sale securities	(14)	35
Foreign currency translation adjustment	(2)	23
Remeasurements of defined benefit plans, net of tax	2	1
Total other comprehensive income	(15)	60
Comprehensive income	2,603	2,007
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,483	1,944
Comprehensive income attributable to non-controlling interests	119	63

**(3) Quarterly Consolidated Statement of Cash Flows**

(Millions of yen)

	First six months of 2020 (Jan. 1 – Jun. 30, 2020)	First six months of 2021 (Jan. 1 – Jun. 30, 2021)
Cash flows from operating activities		
Profit before income taxes	3,051	2,664
Depreciation	403	393
Amortization of goodwill	87	26
Increase (decrease) in allowance for doubtful accounts	(2)	1
Increase (decrease) in provision for retirement benefits for directors (and other officers)	2	(3)
Increase (decrease) in retirement benefit liability	111	170
Interest and dividend income	(8)	(9)
Loss (gain) on sales of shares of subsidiaries and associates	(175)	-
Loss (gain) on extinguishment of tie-in shares	-	(42)
Interest expenses	85	80
Loss on retirement of property, plant and equipment	4	7
Decrease (increase) in trade receivables	875	(369)
Decrease (increase) in inventories	(221)	(273)
Decrease (increase) in real estate for sale	7,579	(6,612)
Increase (decrease) in trade payables	(259)	(267)
Increase (decrease) in advances received	(8,327)	153
Increase (decrease) in accrued expenses	335	(682)
Increase (decrease) in accrued consumption taxes	548	(1,433)
Increase (decrease) in other current liabilities	(1,166)	227
Other, net	291	275
Subtotal	3,217	(5,695)
Interest and dividends received	7	9
Interest paid	(86)	(83)
Income taxes paid	(1,074)	(1,134)
Income taxes refund	736	910
Net cash provided by (used in) operating activities	2,799	(5,993)
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	21	-
Purchase of property, plant and equipment	(535)	(285)
Purchase of intangible assets	(17)	(57)
Purchase of investments in consolidated subsidiary	-	(353)
Purchase of investments in non-consolidated subsidiary	(1,230)	(104)
Payments for acquisition of businesses	-	(65)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	2,029	-
Loan advances	(69)	(150)
Collection of loans receivable	-	150
Net decrease (increase) in lease and guarantee deposits	(5)	(72)
Other, net	52	(101)
Net cash provided by (used in) investing activities	246	(1,040)

	(Millions of yen)	
	First six months of 2020 (Jan. 1 – Jun. 30, 2020)	First six months of 2021 (Jan. 1 – Jun. 30, 2021)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,224)	1,457
Proceeds from long-term borrowings	2,962	10,102
Repayments of long-term borrowings	(3,480)	(1,962)
Repayments of lease obligations	(1)	(1)
Proceeds from issuance of shares	701	2
Proceeds from share issuance to non-controlling shareholders	150	-
Purchase of treasury shares	-	(0)
Dividends paid	(887)	(1,775)
Dividends paid to non-controlling interests	(2)	(35)
Net cash provided by (used in) financing activities	(1,783)	7,788
Effect of exchange rate change on cash and cash equivalents	(3)	21
Net increase (decrease) in cash and cash equivalents	1,258	775
Cash and cash equivalents at beginning of period	16,513	22,817
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	157	111
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	-	92
Cash and cash equivalents at end of period	17,929	23,796

**(4) Notes to Quarterly Consolidated Financial Statements****Going Concern Assumption**

Not applicable.

**Significant Changes in Shareholders' Equity**

Not applicable.

**Changes in Significant Subsidiaries during the Period**

TOHOWORLD Corporation, which was a non-consolidated subsidiary in 2020, is included in the consolidated financial statements starting in the first quarter of 2021 because of the increasing significance of this company. This change is not deemed as a change in a significant subsidiary.

Creation View Co., Ltd. became a consolidated subsidiary in the second quarter of 2021 following the acquisition of its shares by World Holdings on May 28, 2021. This change is not deemed as a change in a significant subsidiary.

IMAGINEPLUS Co., Ltd., which was a non-consolidated subsidiary in the first quarter of 2021, was dissolved because of its absorption and merger with consolidated subsidiary World Staffing Co., Ltd. on June 1, 2021. This change is not deemed as a change in a significant subsidiary.

**Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements****Calculation of tax expense**

The tax expenses are calculated by first reasonably estimating the effective tax rate after the application of tax effect accounting with respect to profit before income taxes for the fiscal year in which the quarter under review falls, and multiplying that rate by the profit before income taxes for the quarter under review. However, World Holdings uses legally stipulated effective tax rates to calculate tax expenses when the use of estimated tax rates produces a clearly irrational result.

**Segment Information****I. First six months of 2020 (Jan. 1 – Jun. 30, 2020)****1. Information related to net sales and profit or loss for each reportable segment**

(Millions of yen)

	Reportable segment							Others (Note 1)	Total	Adjust- ments (Note 2)	Amounts shown on quarterly consolidated statement of income (Note 3)
	Factory Staffing Business	Technology Staffing Business	R&D Staffing Business	Sales & Marketing Staffing Business	Real Estate Business	Information and Telecommuni- cations Business	Subtotal				
Net sales											
Sales to external customers	25,111	8,353	3,515	1,941	25,541	5,252	69,717	1,126	70,844	-	70,844
Inter-segment sales and transfers	-	237	-	92	30	12	373	58	431	(431)	-
Total	25,111	8,591	3,515	2,034	25,571	5,265	70,090	1,184	71,275	(431)	70,844
Segment profit (loss)	957	886	381	3	1,835	275	4,339	(369)	3,970	(1,196)	2,773

Notes: 1. "Others" represent businesses not included in reportable segments and include the operation and management of agricultural parks, the operation of personal computer schools, the production of websites and other services.

2. The -1,196 million yen adjustment to segment profit (loss) includes elimination for inter-segment transactions of 27 million yen, and -1,224 million yen in corporate expenses that cannot be allocated to any of the reportable segments. Corporate expenses mainly consist of general and administrative expenses that are not attributable to any of the reportable segments.

3. Segment profit (loss) is adjusted to be consistent with operating profit shown on the quarterly consolidated statement of income.

## 2. Information related to impairment losses on non-current assets or goodwill, etc. for each reportable segment

Impairment losses related to non-current assets

Not applicable.

Significant change in goodwill

Not applicable.

Significant gain on bargain purchase

Not applicable.

## II. First six months of 2021 (Jan. 1 – Jun. 30, 2021)

## 1. Information related to net sales and profit or loss for each reportable segment

(Millions of yen)

	Reportable segment							Others (Note 1)	Total	Adjust- ments (Note 2)	Amounts shown on quarterly consolidated statement of income (Note 3)
	Factory Staffing Business	Technology Staffing Business	R&D Staffing Business	Sales & Marketing Staffing Business	Real Estate Business	Information and Telecommuni- cations Business	Subtotal				
Net sales											
Sales to external customers	33,102	8,538	3,915	2,445	10,481	4,944	63,428	1,619	65,047	-	65,047
Inter-segment sales and transfers	17	282	0	130	4	9	445	59	504	(504)	-
Total	33,120	8,820	3,916	2,576	10,486	4,954	63,873	1,678	65,552	(504)	65,047
Segment profit (loss)	1,662	954	447	(27)	400	93	3,530	(83)	3,447	(994)	2,452

Notes: 1. “Others” represent businesses not included in reportable segments and include the operation and management of agricultural parks, the operation of personal computer schools, the production of websites and other services.

2. The -994 million yen adjustment to segment profit (loss) includes elimination for inter-segment transactions of 16 million yen, and -1,011 million yen in corporate expenses that cannot be allocated to any of the reportable segments. Corporate expenses mainly consist of general and administrative expenses that are not attributable to any of the reportable segments.

3. Segment profit (loss) is adjusted to be consistent with operating profit shown on the quarterly consolidated statement of income.

## 2. Information related to impairment losses on non-current assets or goodwill, etc. for each reportable segment

Impairment losses related to non-current assets

Not applicable.

Significant change in goodwill

Goodwill was booked in the “Technology Staffing Business” segment as World Holdings has acquired the shares of Creation View Co., Ltd. and made it a consolidated subsidiary. The event caused the amount of goodwill to increase by 535 million yen during the first six months of 2021.

Significant gain on bargain purchase

Not applicable.

*This financial report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*