



Consolidated Financial Results for the Third Quarter of 2021 (Nine Months Ended September 30, 2021)

[Japanese GAAP]

November 10, 2021

Company name: WORLD HOLDINGS CO., LTD.

Listing: Tokyo Stock Exchange, First Section

Stock code: 2429

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Scheduled date of filing of Quarterly Report:

November 12, 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:

None

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

1. Consolidated Financial Results for the First Nine Months of 2021 (January 1 to September 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	%
Nine months ended Sep. 30, 2021	101,533	2.9	4,115	25.3	4,362	20.9	3,150	4.6
Nine months ended Sep. 30, 2020	98,682	(3.2)	3,283	(19.7)	3,608	(12.1)	3,010	13.2

Note: Comprehensive income (millions of yen)

Nine months ended Sep. 30, 2021: 3,358 (up 7.8%)

Nine months ended Sep. 30, 2020: 3,114 (up 16.1%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Sep. 30, 2021	180.50	179.25
Nine months ended Sep. 30, 2020	174.23	173.53

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2021	91,242	31,672	32.9	1,716.99
As of Dec. 31, 2020	79,157	30,061	36.1	1,638.03

Reference: Shareholders' equity (millions of yen)

As of Sep. 30, 2021: 29,975

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)	-	-	-	84.80	84.80

Note: Revisions to the most recently announced dividend forecast: Yes

Regarding revisions to the dividend forecast, please refer to the press release titled "Notice of Revisions to Consolidated Forecast and Dividend Forecast" dated November 10, 2021.

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	151,354	5.4	7,316	17.0	7,547	11.2	4,931	(16.6)	282.44

Note: Revisions to the most recently announced consolidated forecast: Yes

Regarding revisions to the consolidated forecast, please refer to the press release titled "Notice of Revisions to Consolidated Forecast and Dividend Forecast" dated November 10, 2021.

*** 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, (3) Notes to Quarterly Consolidated Financial Statements, Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements” on page 9 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 Sep. 30, 2021:	17,571,900 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 Sep. 30, 2021:	113,538 shares	As of Dec. 31, 2020:	113,477 shares
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3) Average number of shares during the period

Nine months ended Sep. 30, 2021:	17,455,188 shares	Nine months ended Sep. 30, 2020:	17,279,556 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 4 for forecast assumptions and notes of caution for usage.

How to view supplementary materials for quarterly financial results

Supplementary materials for the quarterly financial results will be disclosed today (November 10, 2021), using the Timely Disclosure network (TDnet), and available on the Company’s website.

Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance	2
(1) Explanation of Results of Operations	2
(2) Explanation of Financial Position	4
(3) Explanation of Consolidated Forecast and Other Forward-looking Statements	4
2. Quarterly Consolidated Financial Statements and Notes	5
(1) Quarterly Consolidated Balance Sheet	5
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	7
Quarterly Consolidated Statement of Income	
For the Nine-month Period	7
Quarterly Consolidated Statement of Comprehensive Income	
For the Nine-month Period	8
(3) Notes to Quarterly Consolidated Financial Statements	9
Going Concern Assumption	9
Significant Changes in Shareholders' Equity	9
Changes in Significant Subsidiaries during the Period	9
Application of Special Accounting Methods for Presenting	
Quarterly Consolidated Financial Statements	9
Segment Information	9

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first nine months of 2021, the Japanese economy was briefly impacted by another wave of COVID-19 infections, but the economy continued to recover slowly as more people received vaccinations and the number of new cases declined. In the manufacturing sector, which is the primary market of the World Holdings Group, there were reductions in the output of automobiles and other products due to the semiconductor shortage, which also affected other industries. However, the performance of manufacturers improved because of increasing exports as overseas economies recovered, the growth of capital expenditures and other reasons.

Strong sales and earnings in the Human Resources and Education Business, which is the core business of the World Holdings Group, made a big contribution to the growth of consolidated sales and earnings. Earnings were far higher than planned and the group's businesses continue to perform very well. As a result, the sales and earnings forecasts for 2021 have been increased.

Net sales increased 2.9% year on year to 101,533 million yen. Operating profit increased 25.3% to 4,115 million yen, ordinary profit increased 20.9% to 4,362 million yen, and profit attributable to owners of parent increased 4.6% to 3,150 million yen.

Factory Staffing Business

Sales and earnings increased significantly because of the recovery of manufacturing activity and the benefits of investments made during the past several years that targeted strategic business sectors.

As the global semiconductor shortage continues, the number of orders in this business increased to a record high. Increasing demand in the 5G and other sectors involving semiconductors was a major reason. There was significant growth in factory staffing orders in the semiconductor and semiconductor manufacturing equipment category. In the logistics sector, the establishment of new business sites and other up-front investments are continuing in order to prepare for growth starting in 2022. All other market categories also performed well as the Japanese economy recovers from the COVID-19 downturn.

Hiring people to fill positions required due to the big increase in the number of orders continues to be difficult. We are working on expanding recruiting activities by making investments primarily for strengthening our Job Paper website.

As a result, sales were 50,228 million yen, up 29.9% year on year and segment profit increased 40.4% to 2,354 million yen.

Technology Staffing Business

All categories of this business are recovering from the COVID-19 downturn. The semiconductor, information and telecommunications, construction engineering, and other categories are growing along with the seamless utilization of the resources of the World Holdings Group. Cooperation with the Factory Staffing Business, where performance in the semiconductor industry is strong, made a big contribution to the growth of this business. In the information and telecommunications category, collaboration with all group companies is being used to strengthen the ability to perform projects outsourced by other companies.

As industries that are the main markets for this business recover, recruiting skilled engineers is becoming even more difficult. We are reexamining recruiting methods and upgrading the skills of our engineers by providing training in control technologies to meet demand for skills involving the digital transformation and internet of things and in cloud-related system engineering. We also place our engineers in strategic assignments to enable them to advance their careers. Providing our customers with an even higher level of engineering skills has increased the profitability of the Technology Staffing Business.

Sales were 13,393 million yen, up 5.9% year on year and segment profit increased 16.4% to 1,615 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 number of orders increased to an all-time high mainly because of strategically expanding operations to more market sectors. As a result, sales and earnings have been increasing steadily.

While taking actions needed to provide people for the rising number of orders, this business is making large expenditures for recruiting activities to maintain a base for more growth in 2022. In addition, we are using our powerful training programs, which are a key strength of this business, to help employees upgrade skills and advance their careers. Our goal is to establish a reputation as a provider of highly skilled research personnel.

Sales were 5,918 million yen, up 11.2% year on year, and segment profit increased 10.1% to 665 million yen.

Sales & Marketing Staffing Business

Growth continued in the contact center and light-duty categories. In addition, the performance of this business was supported by the demand for staffing COVID-19 vaccination facilities and by demand associated with the Tokyo Olympics. The result was big increases in sales and earnings.

We are considering numerous ways to enlarge the range of operations of this business to maintain a base for more growth in 2022, such as by establishing a new call center and using our expertise concerning moving people to different assignments in order to receive orders for business process outsourcing.

Sales were 5,017 million yen, up 73.2% year on year, and segment profit was 243 million yen, compared with a segment profit of 21 million yen in the first nine months of 2020.

Real Estate Business

We are operating this business cautiously because prices of real estate in Japan are still high. The profitability of this business improved due to the use of sales activities backed by carefully planned and targeted marketing activities. In addition, the closings of some sales of properties that were planned for the fourth quarter were moved up to earlier in the third quarter. Due to these activities, the earnings of this business were much higher than planned.

Although we remain cautious about purchasing real estate, activities continued for building a base for growth starting in 2022. For example, we are using our commercial property development skills, a key strength of this business, to acquire quality properties.

This business is performing well in 2021 based on a plan that includes the sale of a large number of properties in the fourth quarter, and contracting procedures are progressing steadily.

Sales were 17,068 million yen, down 42.9% year on year, and segment profit decreased 35.5% to 914 million yen.

Information and Telecommunications Business

The mobile phone shop business is undergoing another phase of significant changes because of the entry of new companies, new rate plans by all mobile phone carriers, such as service plans for only internet access, in response to the request of the Ministry of Internal Affairs and Communications 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 7,296 million yen, up 3.4% year on year, and segment profit decreased 53.2% to 133 million yen.

Others

Performance of agricultural parks recovered steadily from the COVID-19 shock. However, the performance of Harvest Hill, Sakai Green Museum in Osaka prefecture, our flagship agricultural park, was severely impacted by temporary closings during the busy spring and summer seasons due to declarations 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 2,611 million yen, up 19.0% year on year, and there was a segment loss of 105 million yen, compared with a segment loss of 279 million yen in the first nine months of 2020.

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

Total assets increased 12,085 million yen from the end of 2020 to 91,242 million yen at the end of the third quarter of 2021. This was mainly due to increases of 1,101 million yen in cash and deposits, 1,022 million yen in notes and accounts receivable-trade, 8,799 million yen in real estate for sale in process and 533 million yen in goodwill.

Liabilities

Total liabilities increased 10,474 million yen from the end of 2020 to 59,570 million yen. This was mainly due to an increase of 2,937 million yen in short-term borrowings, a decrease of 1,418 million yen in accrued expenses, a decrease of 903 million yen in accrued consumption taxes and an increase of 9,163 million yen in long-term borrowings.

Net assets

Net assets increased 1,611 million yen from the end of 2020 to 31,672 million yen mainly due to increases of 1,320 million yen in retained earnings and 191 million yen in non-controlling interests.

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

As the severity of the pandemic in Japan slowly declines, the manufacturing category of the core Human Resources and Education Business is performing well. Most significantly, 5G and other semiconductor-related demand is making a big contribution to consolidated sales and earnings. Sales and earnings are also backed by orders involving COVID-19 vaccination facilities and the Tokyo Olympics. In the Real Estate Business, sales of properties closed with good timing because of sales operations backed by accurate and effective marketing activities. Due to the outlook for 2021 sales and earnings to surpass the original forecast, the forecast that was announced on February 8, 2021 has been revised. For more information, please refer to the press release titled "Notice of Revisions to Consolidated Forecast and Dividend Forecast" dated November 10, 2021.

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

(Millions of yen)

	2020 (As of Dec. 31, 2020)	Third quarter of 2021 (As of Sep. 30, 2021)
Assets		
Current assets		
Cash and deposits	22,817	23,918
Notes and accounts receivable-trade	12,817	13,839
Merchandise and finished goods	639	804
Real estate for sale	5,748	5,743
Work in process	123	145
Real estate for sale in process	22,146	30,946
Other	3,842	3,748
Allowance for doubtful accounts	(2)	(4)
Total current assets	68,132	79,143
Non-current assets		
Property, plant and equipment	5,297	5,488
Intangible assets		
Goodwill	104	638
Other	186	201
Total intangible assets	291	839
Investments and other assets		
Investment securities	1,550	1,645
Deferred tax assets	2,398	2,470
Leasehold and guarantee deposits	903	1,044
Other	808	834
Allowance for doubtful accounts	(224)	(224)
Total investments and other assets	5,436	5,770
Total non-current assets	11,024	12,099
Total assets	79,157	91,242
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,072	1,155
Accounts payable-real estate business	527	186
Short-term borrowings	17,204	20,142
Accrued expenses	6,746	5,327
Advances received	552	344
Income taxes payable	1,049	847
Accrued consumption taxes	3,110	2,206
Provision for bonuses	124	588
Other	4,248	4,709
Total current liabilities	34,637	35,508
Non-current liabilities		
Long-term borrowings	12,073	21,237
Provision for retirement benefits for directors (and other officers)	172	180
Retirement benefit liability	1,921	2,265
Other	291	378
Total non-current liabilities	14,458	24,061
Total liabilities	49,095	59,570

	(Millions of yen)	
	2020	Third quarter of 2021
	(As of Dec. 31, 2020)	(As of Sep. 30, 2021)
Net assets		
Shareholders' equity		
Share capital	1,244	1,248
Capital surplus	1,443	1,446
Retained earnings	26,054	27,374
Treasury shares	(119)	(119)
Total shareholders' equity	28,623	29,950
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(15)	25
Foreign currency translation adjustment	1	17
Remeasurements of defined benefit plans	(20)	(17)
Total accumulated other comprehensive income	(34)	25
Share acquisition rights	49	83
Non-controlling interests	1,422	1,613
Total net assets	30,061	31,672
Total liabilities and net assets	79,157	91,242

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

(Millions of yen)

	First nine months of 2020 (Jan. 1 – Sep. 30, 2020)	First nine months of 2021 (Jan. 1 – Sep. 30, 2021)
Net sales	98,682	101,533
Cost of sales	81,886	84,066
Gross profit	16,796	17,467
Selling, general and administrative expenses	13,512	13,351
Operating profit	3,283	4,115
Non-operating income		
Subsidy income	221	259
Income of support to investment in property and equipment	48	5
Other	215	161
Total non-operating income	486	425
Non-operating expenses		
Interest expenses	124	126
Loss on retirement of non-current assets	11	-
Other	25	52
Total non-operating expenses	161	179
Ordinary profit	3,608	4,362
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	175	-
Disaster insurance income	6	1
Gain on extinguishment of tie-in shares	-	42
Total extraordinary income	181	43
Extraordinary losses		
Loss on disaster	2	-
Total extraordinary losses	2	-
Profit before income taxes	3,787	4,405
Income taxes	658	1,114
Profit	3,129	3,290
Profit attributable to non-controlling interests	118	140
Profit attributable to owners of parent	3,010	3,150

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

(Millions of yen)

	First nine months of 2020 (Jan. 1 – Sep. 30, 2020)	First nine months of 2021 (Jan. 1 – Sep. 30, 2021)
Profit	3,129	3,290
Other comprehensive income		
Valuation difference on available-for-sale securities	(17)	40
Foreign currency translation adjustment	(1)	24
Remeasurements of defined benefit plans, net of tax	3	2
Total other comprehensive income	(14)	68
Comprehensive income	3,114	3,358
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,996	3,210
Comprehensive income attributable to non-controlling interests	118	148

(3) 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.

World Capital Solution Co., Ltd., which was a non-consolidated subsidiary in 2020, is included in the consolidated financial statements starting in the third 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 nine months of 2020 (Jan. 1 – Sep. 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	38,651	12,650	5,320	2,897	29,908	7,059	96,488	2,194	98,682	-	98,682
Inter-segment sales and transfers	0	357	-	151	45	24	579	97	676	(676)	-
Total	38,652	13,008	5,320	3,049	29,953	7,083	97,068	2,291	99,359	(676)	98,682
Segment profit (loss)	1,676	1,387	604	21	1,418	284	5,392	(279)	5,113	(1,829)	3,283

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 -1,829 million yen adjustment to segment profit (loss) includes elimination for inter-segment transactions of 42 million yen, and -1,872 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

There is no significant change.

Significant gain on bargain purchase

Not applicable.

II. First nine months of 2021 (Jan. 1 – Sep. 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	50,228	13,393	5,918	5,017	17,068	7,296	98,922	2,611	101,533	-	101,533
Inter-segment sales and transfers	24	454	0	178	8	15	681	94	775	(775)	-
Total	50,252	13,848	5,918	5,196	17,077	7,311	99,603	2,705	102,309	(775)	101,533
Segment profit (loss)	2,354	1,615	665	243	914	133	5,926	(105)	5,820	(1,704)	4,115

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 -1,704 million yen adjustment to segment profit (loss) includes elimination for inter-segment transactions of 3 million yen, and -1,708 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

There is no significant change.

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.