



Consolidated Financial Results for the First Quarter of 2022 (Three Months Ended March 31, 2022)

[Japanese GAAP]

May 12, 2022

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Scheduled date of payment of dividend: -

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 Three Months of 2022 (January 1 to March 31, 2022)

(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	%
Three months ended Mar. 31, 2022	40,711	23.2	1,214	(27.8)	1,302	(28.7)	496	(62.5)
Three months ended Mar. 31, 2021	33,032	(9.5)	1,682	23.8	1,825	31.0	1,324	(19.3)

Note: Comprehensive income (millions of yen) Three months ended Mar. 31, 2022: 542 (down 60.9%)

Three months ended Mar. 31, 2021: 1,389 (down 17.2%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Mar. 31, 2022	28.43	28.28
Three months ended Mar. 31, 2021	75.88	75.44

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2022	105,215	32,421	29.1	1,752.93
As of Dec. 31, 2021	97,269	33,226	32.4	1,803.96

Reference: Shareholders' equity (millions of yen) As of Mar. 31, 2022: 30,610 As of Dec. 31, 2021: 31,501

2. Dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2021	-	0.00	-	79.50	79.50
2022	-	-	-	-	-
2022 (forecast)	-	0.00	-	80.00	80.00

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 Revision to Dividend Forecast" dated May 12, 2022.

3. Consolidated Forecast for 2022 (January 1 to December 31, 2022)

(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
First half	77,264	18.8	1,133	(53.8)	1,046	(60.1)	628	(66.7)	36.02
Full year	168,828	9.1	6,244	(16.5)	6,053	(21.8)	3,862	(16.5)	221.22

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, (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: Yes

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

3) Changes in accounting-based estimates: None

4) Restatements: None

Note: Please refer to the section “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements, Changes in Accounting Policies” on page 9 for further information.

(4) Number of shares issued (common stock)

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

As of Mar. 31, 2022:	17,575,900 shares	As of Dec. 31, 2021:	17,575,900 shares
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2) Number of treasury shares at the end of the period

As of Mar. 31, 2022:	113,573 shares	As of Dec. 31, 2021:	113,573 shares
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3) Average number of shares during the period

Three months ended Mar. 31, 2022:	17,462,327 shares	Three months ended Mar. 31, 2021:	17,453,423 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 (May 12, 2022), using the Timely Disclosure network (TDnet), and available on the Company’s website.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first quarter of 2022, pandemic safety measures due to a new wave of infections and the rising cost of raw materials due to the Ukraine crisis held down the Japanese economy. Although the economy is currently recovering following the end of these safety measures, the outlook for the economy remains unclear because of increasing geopolitical uncertainties.

The Human Resources and Education Business, which is the core business of World Holdings, used carefully targeted marketing activities to capture large orders, increased the volume of subcontracting work, which is a key strength of this business, and raised productivity to improve profitability. As a result, there were big increases from one year earlier in sales and earnings as the performance of this business exceeded the plan. The performance of the Real Estate Business was generally as planned, although, earnings were down from one year earlier because the share of sales of major properties in the second half will be higher than in 2021.

Net sales increased 23.2% year on year to 40,711 million yen (up 5.0% vs. plan). Operating profit decreased 27.8% to 1,214 million yen (up 111.9% vs. plan), ordinary profit decreased 28.7% to 1,302 million yen (up 143.6% vs. plan), and profit attributable to owners of parent decreased 62.5% to 496 million yen (up 53.1% vs. plan).

World Holdings announced a new five-year plan called the Medium-term Management Plan 2026 on February 24, 2022. In addition, the purpose of the World Holdings Group was redefined as “contribute to happiness and a sustainable society through the creation of a variety of ways we live worldwide.” By increasing the value of human capital, which is the group’s most important resource, chiefly through the activities of the Human Resources and Education Business, we are determined to make even greater contributions to society while growing rapidly.

The first year of the new plan (2022) will be a period for making investments in order to build a base for steady growth for reaching the fifth-year goals of sales of 275 billion yen and operating profit of 15 billion yen.

As was explained in the announcement of the Medium-term Management Plan 2026, business segments have been reorganized beginning with 2022. Based on the goal of making services another major business category in addition to the current core manufacturing category, the Human Resources and Education Business is now divided into two sectors. Products Human Resources Business is staffing services mainly for manufacturing and Services Human Resources Business is staffing services mainly for the service sector. Other Businesses has been renamed the Agricultural Park Business. This business operates large nature parks for the purpose of making a significant contribution to society regarding the environment. Segment information for the first quarter of 2021 has been restated for consistency with the new segments to facilitate year-to-year comparisons.

Products Human Resources Business

The strong performance of the core manufacturing sector was the main source of growth in this business. Carefully planned and targeted marketing activities resulted in the receipt of new orders and continuation of current projects involving semiconductors, electronic components and other products. Activities to start receiving orders from companies in the automobile industry also contributed to first quarter performance.

The profitability of this business improved too. One reason was more growth of subcontracting and team assignment projects, which are major strengths of this business. In addition, training programs for managers and the use of the digital transformation raised productivity and there were activities for shifting emphasis to projects where receive higher fees.

Although recruiting people remains difficult as the Japanese economy recovers, the number of people on temporary staffing assignments in this business increased from 15,432 at the end of 2021, which is the busiest time of each year, to an all-time high of 15,780. We will continue to make expenditures for recruiting activities during the remainder of 2022 for more growth in the second half of the year.

As a result, sales were 19,938 million yen, up 26.0% year on year (up 9.8% vs. plan) and segment profit increased 23.2% to 887 million yen (up 160.2% vs. plan).

Services Human Resources Business

In the core logistics sector of this business, the start of operations at locations newly opened in 2021 went well and these business sites are performing as planned. This business has been strengthening training programs for managers with the goals of further improving productivity and adding more business sites and customers.

In HS category, which includes call centers and light-duty work, and the tourism category, there are activities for capturing orders for subcontracting projects, a major strength of this business. These activities resulted in the continuing receipt of large orders for public-sector projects and for staffing at COVID-19 vaccination centers. As a result, the performance of the HS and tourism categories exceeded the plan.

On February 28, 2022, World Holdings Acquired Dimples Co., Ltd. by purchasing 90% of the stock of this company from J. Front Retailing Co., Ltd. Dimples is highly skilled in the use of sales activities with direct customer contact utilizing outstanding hospitality. Acquiring this company is expected to strengthen sales capabilities involving direct customer contact and create synergies with current business operations.

Sales were 9,174 million yen, up 24.4% year on year (up 8.9% vs. plan) and segment profit increased 133.2% to 392 million yen (up 267.2% vs. plan).

Real Estate Business

This business is operating with caution because real estate prices in Japan continue to climb rapidly. The goal of this business is to acquire quality commercial real estate while extending operations beyond real estate information to include real estate M&A, rebuilding projects and other categories of real estate.

Sales of condominiums at buildings scheduled for completion in the second half of 2022 and 2023 are going well. In addition, construction is proceeding at the Mikuni Uomachi Building (tentative name) in the city of Kitakyushu. This is a “green smart building” with energy conservation and other environmental features as part of the Kokura Rebuild and Invite Project, a communication creation initiative of Kitakyushu. These activities demonstrate the steady progress of the multifaceted neighborhood creation operations of the Real Estate Business. In 2022, most sales of major buildings are planned for the second half. Although first quarter earnings decreased, the performance of this segment was generally as planned.

Sales were 8,735 million yen, up 28.8% year on year (down 2.8% vs. plan), and there was a segment loss of 57 million yen (plan was an 88 million yen loss), compared with a profit of 740 million yen in the first quarter of 2021.

Information and Telecommunications Business

The mobile phone shop business is undergoing another phase of significant changes because of lower rates at all mobile phone carriers, new service plans for only internet access and other events. Although the number of new phones sold in this business was higher than in 2021, sales and earnings were down due to lower sales per user and a decline in fee income caused mainly by revisions to the terms for fees. As the role of stores in the mobile phone agency sector changes, we will continue to build a network of outstanding stores rooted in the communities where they are located and strengthen the corporate solutions business and take other steps to create a powerful portfolio of businesses. The goal is to receive the benefits of being one of the survivors in the mobile phone shop sector.

Sales were 2,157 million yen, down 11.7% year on year (down 14.5% vs. plan), and there was a segment loss of 37 million yen (plan was a 49 million yen profit), compared with a profit of 4 million yen in the first quarter of 2021.

Agricultural Park Business

The number of visitors at agricultural parks was down from the first quarter of 2021 because of pandemic safety measures in January and February 2022 and unfavorable weather in February 2022 compared with the weather in

February 2021. The number of visitors at these parks has been recovering since March when pandemic restrictions ended. Agricultural parks are recognized as outdoor facilities that people can enjoy while avoiding close contact with others. We are using marketing activities to attract people in the second quarter, which is the busiest period of the year, and making preparations to receive contracts as the designated manager of more of these parks.

Sales were 704 million yen, up 16.3% year on year (up 4.6% vs. plan), and there was a segment loss of 89 million yen (plan was a 113 million yen loss), compared with a segment loss of 68 million yen in the first quarter of 2021.

(2) Explanation of Financial Position

Assets

Total assets increased 7,946 million yen from the end of 2021 to 105,215 million yen at the end of the first quarter of 2022. This was mainly due to increases of 720 million yen in real estate for sale, 4,864 million yen in real estate for sale in process and 3,230 million yen in goodwill.

Liabilities

Total liabilities increased 8,752 million yen from the end of 2021 to 72,794 million yen. This was mainly due to decreases of 3,093 million yen in short-term borrowings, 1,087 million yen in income taxes payable and an increase of 11,218 million yen in long-term borrowings.

Net assets

Net assets decreased 805 million yen from the end of 2021 to 32,421 million yen, mainly due to a decrease of 891 million yen in retained earnings. Retained earnings decreased due to dividend from surplus of 1,388 million yen, while there was an increase due to profit attributable to owners of parent of 496 million yen.

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

World Holdings maintains its first-half and full-year consolidated forecasts that were announced in the “Consolidated Financial Results for 2021” on February 9, 2022.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	2021 (As of Dec. 31, 2021)	First quarter of 2022 (As of Mar. 31, 2022)
Assets		
Current assets		
Cash and deposits	30,749	27,987
Notes and accounts receivable-trade	15,706	16,351
Merchandise and finished goods	794	967
Real estate for sale	6,221	6,942
Work in process	126	88
Real estate for sale in process	28,828	33,693
Other	3,663	4,431
Allowance for doubtful accounts	(3)	(7)
Total current assets	86,088	90,453
Non-current assets		
Property, plant and equipment	5,466	5,473
Intangible assets		
Goodwill	592	3,822
Other	184	234
Total intangible assets	776	4,056
Investments and other assets		
Investment securities	1,425	1,452
Deferred tax assets	1,831	1,963
Leasehold and guarantee deposits	1,051	1,126
Other	868	930
Allowance for doubtful accounts	(239)	(240)
Total investments and other assets	4,938	5,231
Total non-current assets	11,180	14,761
Total assets	97,269	105,215
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,263	1,262
Accounts payable-real estate business	924	249
Short-term borrowings	25,450	22,356
Accrued expenses	7,010	7,981
Advances received	1,539	2,364
Income taxes payable	1,584	496
Accrued consumption taxes	2,796	2,504
Provision for bonuses	105	724
Other	6,510	4,689
Total current liabilities	47,185	42,630
Non-current liabilities		
Long-term borrowings	13,754	24,973
Provision for retirement benefits for directors (and other officers)	172	175
Retirement benefit liability	2,380	2,601
Other	547	2,412
Total non-current liabilities	16,856	30,163
Total liabilities	64,042	72,794

	(Millions of yen)	
	2021	First quarter of 2022
	(As of Dec. 31, 2021)	(As of Mar. 31, 2022)
Net assets		
Shareholders' equity		
Share capital	1,250	1,250
Capital surplus	1,449	1,449
Retained earnings	28,908	28,017
Treasury shares	(119)	(119)
Total shareholders' equity	31,489	30,598
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15	3
Foreign currency translation adjustment	27	42
Remeasurements of defined benefit plans	(31)	(33)
Total accumulated other comprehensive income	11	12
Share acquisition rights	93	105
Non-controlling interests	1,631	1,705
Total net assets	33,226	32,421
Total liabilities and net assets	97,269	105,215

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

(Millions of yen)

	First three months of 2021 (Jan. 1 – Mar. 31, 2021)	First three months of 2022 (Jan. 1 – Mar. 31, 2022)
Net sales	33,032	40,711
Cost of sales	27,063	34,598
Gross profit	5,969	6,113
Selling, general and administrative expenses	4,286	4,899
Operating profit	1,682	1,214
Non-operating income		
Subsidy income	131	64
Other	60	70
Total non-operating income	191	134
Non-operating expenses		
Interest expenses	37	41
Other	10	5
Total non-operating expenses	48	46
Ordinary profit	1,825	1,302
Profit before income taxes	1,825	1,302
Income taxes	492	769
Profit	1,332	533
Profit attributable to non-controlling interests	8	36
Profit attributable to owners of parent	1,324	496

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

(Millions of yen)

	First three months of 2021 (Jan. 1 – Mar. 31, 2021)	First three months of 2022 (Jan. 1 – Mar. 31, 2022)
Profit	1,332	533
Other comprehensive income		
Valuation difference on available-for-sale securities	37	(11)
Foreign currency translation adjustment	18	23
Remeasurements of defined benefit plans, net of tax	0	(1)
Total other comprehensive income	56	9
Comprehensive income	1,389	542
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,374	497
Comprehensive income attributable to non-controlling interests	14	45

(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

Dimples Co.,Ltd. is included in the scope of consolidated financial statements following the acquisition of its shares by World Holdings in the first quarter of 2022. This change is not deemed as a change in a significant subsidiary. In addition, World Holdings has included Wakabayashi Hozen Co.,Ltd. and its subsidiary Wakabayashi Real Estate Co.,Ltd. in the scope of consolidation following the acquisition of shares of Wakabayashi Hozen.

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.

Changes in Accounting Policies

Application of the Accounting Standard for Revenue Recognition

World Holdings has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) from the beginning of the first quarter of 2022. Based on this standard, revenue expected to be received in exchange for the provision of goods and services is recognized when the control of the promised goods and services is transferred to customers.

For the application of the revenue recognition accounting standard, in accordance with the transitional treatment in the proviso to paragraph 84 of this standard, the cumulative effect of the retrospective application of the new accounting standard, if it is applied prior to the first quarter of 2022, is added to or subtracted from retained earnings at the beginning of the first quarter of 2022. The new standard is then applied beginning with this amount of retained earnings. However, World Holdings has applied the method prescribed in paragraph 86 of this standard and has not retrospectively applied the new accounting policy to contracts in which almost all revenue were recognized in accordance with the previous treatment prior to the beginning of the first quarter of 2022. In addition, due to the application of the method prescribed in paragraph 86-1 of the new standard, for contract revisions made prior to the beginning of the first quarter of 2022, an accounting treatment based on all contract revisions is used. The cumulative effect is added to or subtracted from retained earnings at the beginning of the first quarter of 2022.

The effect of this change on profit in the first three months of 2022 is insignificant. There is no cumulative effect of the application of this standard on retained earnings at the beginning of the current fiscal year.

Furthermore, in accordance with the transitional treatment prescribed in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), World Holdings has not presented information on revenue from contracts with customers broken down for the first three months of 2021.

Application of the Accounting Standard for Fair Value Measurement

World Holdings has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) from the beginning of the first quarter of 2022, and has applied the new accounting policies set forth by the Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional treatment

in the paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019).

There is no effect of the application of these standards on the quarterly consolidated financial statements.

Segment Information

I. First three months of 2021 (Jan. 1 – Mar. 31, 2021)

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

(Millions of yen)

	Reportable segment						Adjustments (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
	Products Human Resources Business	Services Human Resources Business	Real Estate Business	Information and Telecommunications Business	Agricultural Park Business	Subtotal		
Net sales								
Sales to external customers	15,825	7,374	6,783	2,443	605	33,032	-	33,032
Inter-segment sales and transfers	119	40	2	4	1	167	(167)	-
Total	15,944	7,414	6,785	2,447	607	33,199	(167)	33,032
Segment profit (loss)	720	168	740	4	(68)	1,565	116	1,682

Notes: 1. The 116 million yen adjustment to segment profit (loss) includes elimination for inter-segment transactions of 6 million yen, and 110 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.

2. 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 three months of 2022 (Jan. 1 – Mar. 31, 2022)

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

(Millions of yen)

	Reportable segment						Adjustments (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
	Products Human Resources Business	Services Human Resources Business	Real Estate Business	Information and Telecommunications Business	Agricultural Park Business	Subtotal		
Net sales								
Sales to external customers	19,938	9,174	8,735	2,157	704	40,711	-	40,711
Inter-segment sales and transfers	130	46	3	14	1	196	(196)	-
Total	20,068	9,221	8,739	2,172	706	40,908	(196)	40,711
Segment profit (loss)	887	392	(57)	(37)	(89)	1,096	117	1,214

Notes: 1. The 117 million yen adjustment to segment profit (loss) includes elimination for inter-segment transactions of -26 million yen, and 144 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.

2. 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 “Services Human Resources Business” segment as World Holdings has acquired the shares of Dimples Co.,Ltd. and made it a consolidated subsidiary. The event caused the amount of goodwill to increase by 3,271 million yen during the first three months of 2022.

Significant gain on bargain purchase

Not applicable.

3. Information related to changes in reportable segments

Changes in reportable segments

In the first quarter of 2022, World Holdings revised reportable segments as follows. In previous years, the reportable segments were Factory Staffing, Technology Staffing, R&D Staffing, Sales & Marketing Staffing, Real Estate, and Information and Telecommunications. Based on the goal of making services another major business category in addition to the current core manufacturing category, the Human Resources and Education Business is now divided into two sectors. Products Human Resources Business is staffing services mainly for manufacturing and Services Human Resources Business is staffing services mainly for the service sector. Other Businesses has been renamed the Agricultural Park Business. This business operates large nature parks for the purpose of making a significant contribution to society regarding the environment.

Segment information for the first three months of 2021 is shown based on the segment classification after the change.

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.