



Consolidated Financial Results for the Second Quarter of 2022 (Six Months Ended June 30, 2022)

[Japanese GAAP]

August 9, 2022

Company name: WORLD HOLDINGS CO., LTD.

Listing: Tokyo Stock Exchange

Stock code: 2429

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

Representative: Eikichi Iida, Chairman and President

Contact: Shigeru Nakano, Director, Business Management Division Manager

Tel: +81-92-474-0555

Scheduled date of filing of Quarterly Report:

August 10, 2022

Scheduled date of payment of dividend:

-

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 2022 (January 1 to June 30, 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	%
Six months ended Jun. 30, 2022	86,208	32.5	4,629	88.8	4,740	80.8	2,549	34.8
Six months ended Jun. 30, 2021	65,047	(8.2)	2,452	(11.6)	2,621	(8.7)	1,891	(24.3)

Note: Comprehensive income (millions of yen)

Six months ended Jun. 30, 2022: 2,717 (up 35.4%)

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

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Jun. 30, 2022	145.95	145.16
Six months ended Jun. 30, 2021	108.37	107.65

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 30, 2022	110,936	34,618	29.5	1,871.40
As of Dec. 31, 2021	97,269	33,226	32.4	1,803.96

Reference: Shareholders' equity (millions of yen)

As of Jun. 30, 2022: 32,709

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	-	0.00	-	-	-
2022 (forecast)	-	-	-	80.00	80.00

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

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
Full year	180,000	16.4	8,400	12.3	8,200	6.0	4,600	(0.6)	263.38

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 Differences between First-half Forecast and Results of Operations and Revisions to Consolidated Forecasts" dated August 9, 2022.

*** 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: 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, (4) Notes to Quarterly Consolidated Financial Statements, Changes in Accounting Policies” on page 12 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 Jun. 30, 2022:	17,592,400 shares	As of Dec. 31, 2021:	17,575,900 shares
----------------------	-------------------	----------------------	-------------------

2) Number of treasury shares at the end of the period

As of Jun. 30, 2022:	113,573 shares	As of Dec. 31, 2021:	113,573 shares
----------------------	----------------	----------------------	----------------

3) Average number of shares during the period

Six months ended Jun. 30, 2022:	17,478,827 shares	Six months ended Jun. 30, 2021:	17,453,917 shares
---------------------------------	-------------------	---------------------------------	-------------------

* 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 Thursday, August 18, 2022. Supplementary materials to be distributed at this event will be disclosed on the same day, 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	5
2. Quarterly Consolidated Financial Statements and Notes	6
(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
Changes in Accounting Policies	12
Segment Information	13

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

The Japanese economy recovered slowly during the first half of 2022 as the severity of the pandemic declined. Overall, there was a combination of positive and negative factors affecting the economy, including the negative effects of the Ukraine crisis, the yen's depreciation and rising prices of raw materials.

The Human Resources and Education Business, which is the core business of World Holdings, has been performing better than planned because of the receipt of large orders that reflect current market trends. This performance has been supported by accurate and effective marketing activities. In the Real Estate Business, the volume of sales and contract closings has exceeded the plan as this business continues to use a cautious stance. As a result, first half consolidated sales and earnings were higher than one year earlier and surpassed the plan for the first half.

Net sales increased 32.5% year on year to 86,208 million yen (up 11.6% vs. plan). Operating profit increased 88.8% to 4,629 million yen (up 308.4% vs. plan), ordinary profit increased 80.8% to 4,740 million yen (up 353.2% vs. plan), and profit attributable to owners of parent increased 34.8% to 2,549 million yen (up 305.3% vs. plan).

The sales and earnings forecasts for 2022 have been increased because of the strong performance of the Human Resources and Education Business. The sales forecast is 180,000 million yen, 6.6% higher than the previous forecast and 16.4% higher than 2021 sales. The operating profit forecast is up 34.5% to 8,400 million yen, 12.3% higher than in 2021, the ordinary profit forecast is up 35.5% to 8,200 million yen, 6.0% higher than in 2021, and the profit attributable to owners of parent forecast is up 19.1% to 4,600 million yen, 0.6% below the 2021 profit.

All activities of the World Holdings Group continue to be guided by the group's purpose of "contributing 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.

* 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 and has the purpose of making a significant contribution to society regarding the environment. Segment information for the first half of 2021 has been restated for consistency with the new segments to facilitate year-to-year comparisons.

Products Human Resources Business

The performance of this business was affected by reductions in production by some companies as all client companies were having difficulty procuring parts because of the Ukraine crisis, the Shanghai lockdown due to the pandemic, and other reasons. However, sales and earnings were higher than one year earlier and above the plan as carefully targeted marketing activities supported the growth of operations in the manufacturing, technology and R&D categories.

Many activities are contributing to the improvement in the performance of this business. One significant factor is the receipt of large orders and ability to extend existing orders, particularly in the semiconductor and electronic components sectors. Performance is also supported by the 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 fees are higher.

A new initiative has started in this business for the establishment of a new Industry Standard Platform system and there has been steady progress. One step was an investment by World Intec Co., Ltd., a member of the World

Holdings Group, in Cloud Staffing Co., Ltd. and the start of joint activities with this company. The goal is to use the new platform to raise the productivity of the entire temporary staffing industry and improve the workplace environment for the temporary staffing workforce.

As a result, sales were 41,203 million yen, up 25.4% year on year (up 8.5% vs. plan) and segment profit increased 29.5% to 1,901 million yen (up 185.7% 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. The call center, light-duty work and customer service categories performed well due to the receipt of more large orders than planned from public-sector clients, for vaccination center staffing and other projects. As a result, sales and earnings were higher than one year earlier and exceeded the plan.

In the logistics sector, there were preparations for opening more offices and establishing relationships with new customers as well as training programs for managers. In addition, the hospitality skills of Dimples Co., Ltd., which was acquired in February 2022, was used to strengthen capabilities for sales activities involving direct customer contact. There are also activities to create synergies with current business operations for the growth of this business segment.

Sales were 20,651 million yen, up 34.3% year on year (up 18.3% vs. plan) and segment profit increased 72.7% to 695 million yen (up 299.7% vs. plan).

Real Estate Business

This business is operating with caution because real estate prices in Japan remain high. The number of properties where sales closed was as planned and some closings planned for the second half were moved up to the first half. As a result, sales and earnings were higher than one year earlier and exceeded the plan.

The majority of sales of large properties are planned for the second half of 2022. In the first half, sales of condominiums and commercial property were higher than planned.

We are purchasing real estate with caution while monitoring changes in the real estate market. We are making steady progress with the acquisition of properties that will generate sales in 2023 and afterward by using M&A activities, expertise for the creation of commercial properties and other core real estate strengths.

Sales were 17,551 million yen, up 67.4% year on year (up 19.4% vs. plan), and there was a segment profit of 1,587 million yen, up 296.5% (plan was a 480 million yen loss).

Information and Telecommunications Business

The mobile phone shop business is undergoing another phase of significant changes because of lower rates at all mobile phone communication carriers, new service plans for only internet access and other events. 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 4,594 million yen, down 7.1% year on year (down 10.8% vs. plan), and there was a segment profit of 76 million yen, down 18.1% (down 43.9% vs. plan).

Agricultural Park Business

Although pandemic safety measures in January and February held down the number of visitors at agricultural parks, the number of visitors returned to the 2019 level, which was the pre-pandemic peak, as the severity of the pandemic started declining in March. As a result, sales and earnings were higher than one year earlier and exceeded the plan.

In April, this business started operating the Ohashi Kogen International Exchange Village in the city of Mimasaka

in Okayama prefecture as the designated contracted manager of this park. Adding this contract demonstrates the ability of the Agricultural Park Business to use its park management expertise to increase the number of parks managed.

Sales were 2,207 million yen, up 60.0% year on year (up 10.9% vs. plan), and there was a segment profit of 184 million yen, compared with a segment loss of 95 million yen in the first half of 2021 (up 60.3% vs. plan).

Overview of Business Results by Segment

(Millions of yen)			First half of 2021 Result	First half of 2022 Plan	First half of 2022 Result	Vs. plan	Year-on-year change	
							Amount	%
Human Resources and Education Business	Products Human Resources Business	Net sales	32,864	37,980	41,203	3,223	8,338	25.4%
		Segment profit	1,468	665	1,901	1,236	433	29.5%
		(Profit margin)	(4.5%)	(1.8%)	(4.6%)			
	Services Human Resources Business	Net sales	15,377	17,450	20,651	3,201	5,274	34.3%
		Segment profit	402	174	695	521	292	72.7%
		(Profit margin)	(2.6%)	(1.0%)	(3.4%)			
Subtotal (Reference)	Net sales	48,241	55,430	61,855	6,424	13,613	28.2%	
	Segment profit (Profit margin)	1,871 (3.9%)	839 (1.5%)	2,597 (4.2%)	1,757	725	38.8%	
Real Estate Business	Real Estate Business	Net sales	10,481	14,693	17,551	2,857	7,069	67.4%
		Segment profit	400	(480)	1,587	2,068	1,186	296.5%
		(Profit margin)	(3.8%)	-	(9.0%)			
Information and Telecommu- nications Business	Information and Telecommu- nications Business	Net sales	4,944	5,148	4,594	(553)	(350)	(7.1%)
		Segment profit	93	137	76	(60)	(16)	(18.1%)
		(Profit margin)	(1.9%)	(2.7%)	(1.7%)			
Agricultural Park Business	Agricultural Park Business	Net sales	1,379	1,991	2,207	216	828	60.0%
		Segment profit	(95)	115	184	69	279	-
		(Profit margin)	-	(5.8%)	(8.4%)			
Total		Net sales	65,047	77,264	86,208	8,944	21,160	32.5%
		Elimination or corporate	181	522	183	(339)	1	1.0%
		Operating profit	2,452	1,133	4,629	3,495	2,177	88.8%
		(Profit margin)	(3.8%)	(1.5%)	(5.4%)			

(2) Explanation of Financial Position

Assets

Total assets increased 13,667 million yen from the end of 2021 to 110,936 million yen at the end of the second quarter of 2022. This was mainly due to increases of 1,140 million yen in cash and deposits, 1,157 million yen in notes and accounts receivable-trade, 985 million yen in real estate for sale, 4,958 million yen in real estate for sale in process and 3,801 million yen in goodwill.

Liabilities

Total liabilities increased 12,275 million yen from the end of 2021 to 76,317 million yen. This was mainly due to increases of 677 million yen in short-term borrowings, 2,262 million yen in accrued expenses and 9,183 million yen in long-term borrowings.

Net assets

Net assets increased 1,391 million yen from the end of 2021 to 34,618 million yen, mainly due to increases of

1,160 million yen in retained earnings and 176 million yen in non-controlling interests.

Cash Flows

Cash and cash equivalents at the end of the first half of 2022 increased 1,140 million yen from the end of 2021 to 31,889 million yen.

Cash flows from operating activities

Net cash used in operating activities was 1,763 million yen. Main positive factors include profit before income taxes of 4,740 million yen. Major negative factors include a 4,182 million yen increase in real estate for sale, a 438 million yen decrease in notes and accounts payable-trade and income taxes paid of 1,411 million yen.

Cash flows from investing activities

Net cash used in investing activities was 5,489 million yen. Main negative factors include payments of 1,145 million yen for purchase of property, plant and equipment and 4,165 million yen for purchase of investments in consolidated subsidiary.

Cash flows from financing activities

Net cash provided by financing activities was 8,344 million yen. Main positive factors include proceeds of 14,184 million yen from long-term borrowings. Main negative factors include a decrease of 3,762 million yen in short-term borrowings and dividends paid of 1,388 million yen.

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

Consolidated sales and earnings were higher than planned in the first half of 2022. One reason was the receipt of large orders and orders for one-time projects in the core Human Resources and Education Business due to carefully targeted and effective marketing activities. Higher productivity due to the use of subcontracting and temporary placements of teams of workers, training programs, and the digital transformation also contributed to the strong performance of this business. Furthermore, sales of some properties in the Real Estate Business were completed earlier than planned.

Consequently, the 2022 sales and earnings forecast has been increased to reflect first half performance that was above the forecast and the outlook for strong sales and earnings in the second half of 2022.

For more information, please refer to the press release titled “Notice of Differences between First-half Forecast and Results of Operations and Revisions to Consolidated Forecasts” dated August 9, 2022.

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

(Millions of yen)

	2021 (As of Dec. 31, 2021)	Second quarter of 2022 (As of Jun. 30, 2022)
Assets		
Current assets		
Cash and deposits	30,749	31,890
Notes and accounts receivable-trade	15,706	16,864
Merchandise and finished goods	794	1,053
Real estate for sale	6,221	7,206
Work in process	126	115
Real estate for sale in process	28,828	33,787
Other	3,663	3,746
Allowance for doubtful accounts	(3)	(13)
Total current assets	86,088	94,650
Non-current assets		
Property, plant and equipment	5,466	6,250
Intangible assets		
Goodwill	592	4,393
Other	184	212
Total intangible assets	776	4,606
Investments and other assets		
Investment securities	1,425	1,496
Deferred tax assets	1,831	2,043
Leasehold and guarantee deposits	1,051	1,173
Other	868	955
Allowance for doubtful accounts	(239)	(240)
Total investments and other assets	4,938	5,429
Total non-current assets	11,180	16,285
Total assets	97,269	110,936
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,263	1,328
Accounts payable-real estate business	924	421
Short-term borrowings	25,450	26,128
Accrued expenses	7,010	9,273
Advances received	1,539	2,141
Income taxes payable	1,584	2,281
Accrued consumption taxes	2,796	2,320
Provision for bonuses	105	315
Other	6,510	3,750
Total current liabilities	47,185	47,960
Non-current liabilities		
Long-term borrowings	13,754	22,938
Provision for retirement benefits for directors (and other officers)	172	182
Retirement benefit liability	2,380	2,863
Other	547	2,373
Total non-current liabilities	16,856	28,357
Total liabilities	64,042	76,317

	(Millions of yen)	
	2021	Second quarter of 2022
	(As of Dec. 31, 2021)	(As of Jun. 30, 2022)
Net assets		
Shareholders' equity		
Share capital	1,250	1,266
Capital surplus	1,449	1,456
Retained earnings	28,908	30,069
Treasury shares	(119)	(119)
Total shareholders' equity	31,489	32,673
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15	6
Foreign currency translation adjustment	27	64
Remeasurements of defined benefit plans	(31)	(35)
Total accumulated other comprehensive income	11	35
Share acquisition rights	93	100
Non-controlling interests	1,631	1,807
Total net assets	33,226	34,618
Total liabilities and net assets	97,269	110,936

(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 2021 (Jan. 1 – Jun. 30, 2021)	First six months of 2022 (Jan. 1 – Jun. 30, 2022)
Net sales	65,047	86,208
Cost of sales	53,947	71,105
Gross profit	11,100	15,103
Selling, general and administrative expenses	8,648	10,473
Operating profit	2,452	4,629
Non-operating income		
Subsidy income	168	75
Income of support to investment in property and equipment	2	3
Other	96	151
Total non-operating income	267	230
Non-operating expenses		
Interest expenses	80	97
Other	17	21
Total non-operating expenses	97	119
Ordinary profit	2,621	4,740
Extraordinary income		
Casualty insurance income	1	-
Gain on extinguishment of tie-in shares	42	-
Total extraordinary income	43	-
Profit before income taxes	2,664	4,740
Income taxes	718	2,065
Profit	1,946	2,675
Profit attributable to non-controlling interests	55	125
Profit attributable to owners of parent	1,891	2,549

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

(Millions of yen)

	First six months of 2021 (Jan. 1 – Jun. 30, 2021)	First six months of 2022 (Jan. 1 – Jun. 30, 2022)
Profit	1,946	2,675
Other comprehensive income		
Valuation difference on available-for-sale securities	35	(9)
Foreign currency translation adjustment	23	55
Remeasurements of defined benefit plans, net of tax	1	(3)
Total other comprehensive income	60	42
Comprehensive income	2,007	2,717
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,944	2,573
Comprehensive income attributable to non-controlling interests	63	144

(3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	First six months of 2021 (Jan. 1 – Jun. 30, 2021)	First six months of 2022 (Jan. 1 – Jun. 30, 2022)
Cash flows from operating activities		
Profit before income taxes	2,664	4,740
Depreciation	393	418
Amortization of goodwill	26	161
Increase (decrease) in allowance for doubtful accounts	1	0
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(3)	5
Increase (decrease) in retirement benefit liability	170	188
Interest and dividend income	(9)	(6)
Loss (gain) on extinguishment of tie-in shares	(42)	-
Interest expenses	80	97
Loss on retirement of property, plant and equipment	7	14
Decrease (increase) in trade receivables	(369)	338
Decrease (increase) in inventories	(273)	(243)
Decrease (increase) in real estate for sale	(6,612)	(4,182)
Increase (decrease) in trade payables	(267)	(438)
Increase (decrease) in advances received	153	600
Increase (decrease) in accrued expenses	(682)	1,788
Increase (decrease) in accrued consumption taxes	(1,433)	(395)
Increase (decrease) in other current liabilities	227	(3,176)
Other, net	275	(650)
Subtotal	(5,695)	(739)
Interest and dividends received	9	7
Interest paid	(83)	(93)
Income taxes paid	(1,134)	(1,411)
Income taxes refund	910	472
Net cash provided by (used in) operating activities	(5,993)	(1,763)
Cash flows from investing activities		
Payments into time deposits	-	(1)
Proceeds from withdrawal of time deposits	-	1
Purchase of property, plant and equipment	(285)	(1,145)
Purchase of intangible assets	(57)	(14)
Purchase of investments in consolidated subsidiary	(353)	(4,165)
Purchase of investments in non-consolidated subsidiary	(104)	(30)
Payments for acquisition of businesses	(65)	-
Loan advances	(150)	(100)
Proceeds from collection of loans receivable	150	3
Net decrease(increase) in lease and guarantee deposits	(72)	(28)
Other, net	(101)	(8)
Net cash provided by (used in) investing activities	(1,040)	(5,489)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,457	(3,762)
Proceeds from long-term borrowings	10,102	14,184
Repayments of long-term borrowings	(1,962)	(675)
Repayments of lease obligations	(1)	(2)
Proceeds from issuance of shares	2	23
Purchase of treasury shares	(0)	-
Dividends paid	(1,775)	(1,388)
Dividends paid to non-controlling interests	(35)	(34)
Net cash provided by (used in) financing activities	7,788	8,344

	(Millions of yen)	
	First six months of 2021 (Jan. 1 – Jun. 30, 2021)	First six months of 2022 (Jan. 1 – Jun. 30, 2022)
Effect of exchange rate change on cash and cash equivalents	21	49
Net increase (decrease) in cash and cash equivalents	775	1,140
Cash and cash equivalents at beginning of period	22,817	30,748
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	111	-
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	92	-
Cash and cash equivalents at end of period	23,796	31,889

(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

e-support, Inc., which was classified as a significant subsidiary of World Holdings, is no longer included in the consolidated financial statements from the second quarter of 2022 because a reduction of capital took place on June 1, 2022.

Dimples Co., Ltd. is included in the consolidated financial statements following the purchase by World Holdings of its stock on February 28, 2022, which is the first quarter of 2022. This change is not classified as a change in a significant subsidiary.

World Style Co., Ltd., which was established on May 17, 2022 when a company was split into two companies, is included in the consolidated financial statements in the second quarter of 2022 even though this company is not a specified subsidiary. The fiscal year of World Style differs from the fiscal year used by World Holdings. As a result, the financial statements of World Style for the quarter that ended on March 31, 2022 are used as the financial statements for the second quarter of 2022. Adjustments required for consolidation have been made to reflect significant transactions occurring between March 31 and June 30, which is the end of the second quarter of the consolidated financial statements. These adjustments are expected to have a significant effect on the consolidated financial statements for the year that includes the following quarter.

Creative Co., Ltd. is included in the consolidated financial statements following the purchase by World Holdings of its stock on June 30, 2022, which is the second quarter of 2022. This change is not classified as a change in a significant subsidiary.

Wakabayashi Hozen Co., Ltd., which is not a specified subsidiary, became a consolidated subsidiary in the first quarter of 2022. In the second quarter of 2022, Wakabayashi Hozen and its subsidiary Wakabayashi Fudosan Co., Ltd. were removed from the scope of consolidation because these companies were absorbed by World Residential Co., Ltd. on May 2, 2022 and subsequently dissolved.

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 half 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 half 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 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						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	32,864	15,377	10,481	4,944	1,379	65,047	-	65,047
Inter-segment sales and transfers	243	86	4	9	3	348	(348)	-
Total	33,108	15,463	10,486	4,954	1,382	65,396	(348)	65,047
Segment profit (loss)	1,468	402	400	93	(95)	2,270	181	2,452

Notes: 1. The 181 million yen adjustment to segment profit (loss) includes elimination for inter-segment transactions of 13 million yen, and 168 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 “Products Human Resources 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.

II. First six months of 2022 (Jan. 1 – Jun. 30, 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	41,203	20,651	17,551	4,594	2,207	86,208	-	86,208
Inter-segment sales and transfers	274	90	67	27	7	468	(468)	-
Total	41,478	20,742	17,619	4,621	2,215	86,676	(468)	86,208
Segment profit	1,901	695	1,587	76	184	4,446	183	4,629

Notes: 1. The 183 million yen adjustment to segment profit includes elimination for inter-segment transactions of -166 million yen, and 349 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 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 “Products 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 691 million yen during the first six 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 six 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.