



Consolidated Financial Results for the First Quarter of 2023 (Three Months Ended March 31, 2023)

[Japanese GAAP]

May 11, 2023

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Scheduled date of filing of Quarterly Report: May 12, 2023

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 2023 (January 1 to March 31, 2023)

(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, 2023	43,724	7.4	1,934	59.4	1,906	46.4	963	94.0
Three months ended Mar. 31, 2022	40,711	23.2	1,214	(27.8)	1,302	(28.7)	496	(62.5)

Note: Comprehensive income (millions of yen) Three months ended Mar. 31, 2023: 992 (up 82.8%)
 Three months ended Mar. 31, 2022: 542 (down 60.9%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Mar. 31, 2023	54.93	54.68
Three months ended Mar. 31, 2022	28.43	28.28

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2023	127,024	36,574	27.4	1,984.57
As of Dec. 31, 2022	123,591	37,195	28.6	2,019.89

Reference: Shareholders' equity (millions of yen) As of Mar. 31, 2023: 34,808 As of Dec. 31, 2022: 35,408

2. Dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2022	-	0.00	-	91.50	91.50
2023	-	-	-	-	-
2023 (forecast)	-	0.00	-	103.50	103.50

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

3. Consolidated Forecast for 2023 (January 1 to December 31, 2023)

(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	88,736	2.9	2,507	(45.8)	2,433	(48.7)	1,543	(39.5)	88.03
Full year	201,354	9.6	9,916	11.1	9,453	5.8	6,045	13.2	344.84

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, 2023:	17,653,300 shares	As of Dec. 31, 2022:	17,643,500 shares
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2) Number of treasury shares at the end of the period

As of Mar. 31, 2023:	113,606 shares	As of Dec. 31, 2022:	113,573 shares
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3) Average number of shares during the period

Three months ended Mar. 31, 2023:	17,535,797 shares	Three months ended Mar. 31, 2022:	17,462,327 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 11, 2023), 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	3
(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 Three-month Period	7
Quarterly Consolidated Statement of Comprehensive Income	
For the Three-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
Changes in Accounting Policies	9
Segment Information	9
Subsequent Events	11

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first quarter of 2023, the prolonged COVID crisis finally began to settle and the movement towards the post-pandemic era accelerated. However, numerous factors put downward pressure on economic activity, including soaring resource and raw material prices as well as labor shortages and rising living costs due to inflation, and the outlook for the Japanese economy remained uncertain.

Under these circumstances, the World Holdings Group has made steady progress in preparing for both the Human Resources and Education business and the Real Estate business, which are expected to have a significant concentration of projects in the second half of the year. We have also responded appropriately to changes through a portfolio of multiple businesses, resulting in sales and profits outperforming the initial plan.

Net sales increased 7.4% year on year to 43,724 million yen (up 5.1% vs. plan). Operating profit increased 59.4% to 1,934 million yen (up 70.4% vs. plan), ordinary profit increased 46.4% to 1,906 million yen (up 75.8% vs. plan), and profit attributable to owners of parent increased 94.0% to 963 million yen (up 43.1% vs. plan).

All activities of the 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 promoting investment in human capital and increasing its value, which is the group's most important resource, we are determined to make even greater contributions to society while growing rapidly.

Business segment sales were as follows.

Products Human Resources Business

In the Products Human Resources Business, although orders for electronic components and related products centered around smartphones followed a downward trend compared to the previous year, the Group sought to stabilize the situation by leveraging its strength in covering multiple industries and increasing its support to various sectors while also investing in recruiting and training personnel to handle orders expected in the second half of 2023 and beyond. Furthermore, we made steady progress in preparing our training and assignment systems as we welcomed a record number of new graduates in April.

Moreover, as disclosed on April 20, 2023, we have also decided to welcome Nippon Gijutsu Center Co., Ltd. into our group. This company has a large staff of engineers specializing in advanced machinery design, and it is also developing a staffing service in the manufacturing and technology sectors and an outsourcing service in technical areas such as machinery, electricity, electronics, and software. This company plans to further enhance its strength in contracting in addition to strengthening the technical field of this Products Human Resources Business.

As a result, sales were 23,450 million yen, up 17.6% year on year (up 9.4% vs. plan) and segment profit increased 3.5% to 918 million yen (up 46.6% vs. plan).

Services Human Resources Business

The Services Human Resources Business performed well, despite experiencing a decline due to the completion of special demand projects in the first half of 2022, with preparations to establish new bases in the core logistics sector. Meanwhile, demand in the hospitality sales sector increased as the COVID pandemic subsided, and projects in collaboration with the JTB Group in the tourism sector made steady progress.

In the logistics sector, the Group has invested aggressively to expand operations, including the development of new businesses such as dispatch order management services, by harnessing expertise in human resource management and dispatch order management at staffing agencies developed through its contracting and consortium systems.

Sales were 10,484 million yen, up 14.3% year on year (down 1.3% vs. plan) and segment profit decreased 96.3% to 14 million yen (down 39.6% vs. plan).

Real Estate Business

This business is operating with caution because real estate prices in Japan remain high. The sale and delivery of land for business use at the optimum time for sale exceeded the plan, especially in terms of profit.

In 2023, the delivery of numerous properties, including Residential Hara Branchera in Fukuoka City, Fukuoka Prefecture and Residential Aoba Hirosegawa in Sendai City, Miyagi Prefecture, was concentrated in the second half of the year, but both sales and deliveries are progressing approximately according to plan.

Sales were 7,027 million yen, down 19.6% year on year (up 3.1% vs. plan), and there was a segment profit of 906 million yen, compared with a segment loss of 57 million yen in the same period of 2022 (up 85.2% vs. plan).

Information and Telecommunications Business

In the Information and Telecommunications Business, commission income declined due to a fall in the unit price per user caused by the reduction of mobile phone usage fees and the revision of commission terms and conditions by telecommunications carriers. However, the sales agent industry surrounding the business is undergoing a period of major transformation, and we are building a network of outstanding stores rooted in the communities in order to receive the benefits of being a survivor. Additionally, we have promoted initiatives to stabilize the business for the future by strengthening our portfolio, including electricity and telecommunications cost reductions in the solutions business, through the sale of various products to corporate customers.

Sales were 1,948 million yen, down 9.7% year on year (up 0.2% vs. plan), and there was a segment loss of 69 million yen, compared with a segment loss of 37 million yen in the same period of 2022 (plan was a segment loss of 42 million yen).

Agricultural Park Business

The Agricultural Park Business was affected by high electricity prices and bad weather at the end of March, but visitor numbers successfully surpassed those in the same period of the previous fiscal year due to appropriate incentive measures leading to a reduction in planned losses. Furthermore, preparations for the busiest season from April onwards were steadily promoted through the maintenance of various facilities and investment in new playground equipment.

In addition, at the Comorebi Ibaraido Forest in Ibaraki Prefecture, environmentally friendly initiatives were promoted by exploiting the strengths of its extensive outdoor facilities, including the introduction of new solar power generation and battery storage facilities to reduce greenhouse gas emissions and electricity costs.

Sales were 813 million yen, up 15.4% year on year (up 5.3% vs. plan), and there was a segment loss of 117 million yen, compared with a segment loss of 89 million yen in the same period of 2022 (plan was a segment loss of 160 million yen).

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

Total assets increased 3,433 million yen from the end of 2022 to 127,024 million yen at the end of the first quarter of 2023. This was mainly due to a decrease of 2,733 million yen in cash and deposits, increases of 2,495 million yen in real estate for sale and 3,795 million yen in real estate for sale in process.

Liabilities

Total liabilities increased 4,054 million yen from the end of 2022 to 90,450 million yen. This was mainly due to increases of 4,150 million yen in short-term borrowings, 4,281 million yen in long-term borrowings, decreases of 2,042 million yen in accrued expenses and 1,738 million yen in income taxes payable.

Net assets

Net assets decreased 621 million yen from the end of 2022 to 36,574 million yen, mainly due to a decrease of 640 million yen in retained earnings. The decrease in retained earnings was due to a decrease of 1,603 million yen in dividends from surplus, which was partly offset by an increase of 963 million yen in profit attributable to owners of parent.

(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 2022” on February 14, 2023.

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

(Millions of yen)

	2022 (As of Dec. 31, 2022)	First quarter of 2023 (As of Mar. 31, 2023)
Assets		
Current assets		
Cash and deposits	35,091	32,358
Notes and accounts receivable-trade	18,809	17,522
Merchandise and finished goods	833	1,006
Real estate for sale	6,506	9,001
Work in process	113	111
Real estate for sale in process	43,099	46,894
Other	3,811	4,934
Allowance for doubtful accounts	(6)	(6)
Total current assets	108,257	111,823
Non-current assets		
Property, plant and equipment	6,032	5,996
Intangible assets		
Goodwill	4,059	3,935
Other	192	183
Total intangible assets	4,252	4,119
Investments and other assets		
Investment securities	1,229	1,252
Deferred tax assets	2,047	2,055
Leasehold and guarantee deposits	1,191	1,186
Other	932	942
Allowance for doubtful accounts	(352)	(350)
Total investments and other assets	5,049	5,085
Total non-current assets	15,333	15,201
Total assets	123,591	127,024
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,225	1,017
Accounts payable-real estate business	269	288
Short-term borrowings	30,798	34,949
Accrued expenses	10,798	8,756
Advances received	1,167	1,041
Income taxes payable	2,580	841
Accrued consumption taxes	3,307	2,819
Provision for bonuses	225	849
Other	5,115	4,572
Total current liabilities	55,489	55,137
Non-current liabilities		
Long-term borrowings	25,149	29,431
Provision for retirement benefits for directors (and other officers)	198	200
Retirement benefit liability	3,297	3,445
Other	2,260	2,234
Total non-current liabilities	30,905	35,312
Total liabilities	86,395	90,450

	(Millions of yen)	
	2022	First quarter of 2023
	(As of Dec. 31, 2022)	(As of Mar. 31, 2023)
Net assets		
Shareholders' equity		
Share capital	1,314	1,323
Capital surplus	1,504	1,513
Retained earnings	32,862	32,221
Treasury shares	(119)	(119)
Total shareholders' equity	35,561	34,938
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14	16
Foreign currency translation adjustment	40	48
Remeasurements of defined benefit plans	(207)	(195)
Total accumulated other comprehensive income	(153)	(129)
Share acquisition rights	76	72
Non-controlling interests	1,710	1,693
Total net assets	37,195	36,574
Total liabilities and net assets	123,591	127,024

(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 2022 (Jan. 1 – Mar. 31, 2022)	First three months of 2023 (Jan. 1 – Mar. 31, 2023)
Net sales	40,711	43,724
Cost of sales	34,598	35,947
Gross profit	6,113	7,776
Selling, general and administrative expenses	4,899	5,841
Operating profit	1,214	1,934
Non-operating income		
Subsidy income	64	16
Other	70	36
Total non-operating income	134	53
Non-operating expenses		
Interest expenses	41	66
Other	5	15
Total non-operating expenses	46	82
Ordinary profit	1,302	1,906
Profit before income taxes	1,302	1,906
Income taxes	769	940
Profit	533	965
Profit attributable to non-controlling interests	36	2
Profit attributable to owners of parent	496	963

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

(Millions of yen)

	First three months of 2022 (Jan. 1 – Mar. 31, 2022)	First three months of 2023 (Jan. 1 – Mar. 31, 2023)
Profit	533	965
Other comprehensive income		
Valuation difference on available-for-sale securities	(11)	2
Foreign currency translation adjustment	23	11
Remeasurements of defined benefit plans, net of tax	(1)	12
Total other comprehensive income	9	26
Comprehensive income	542	992
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	497	986
Comprehensive income attributable to non-controlling interests	45	5

(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

Toen Planning Co., Ltd., which is not a specified subsidiary, became a consolidated subsidiary in 2022. In the first quarter of 2023, **Toen Planning Co., Ltd.** was removed from the scope of consolidation because this company was absorbed by World Residential Co., Ltd. on March 1, 2023 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 Guidance on the Accounting Standard for Fair Value Measurement**

World Holdings has applied Guidance on the Accounting Standard for Fair Value Measurement (Accounting Standards Board of Japan (ASBJ) Statement No. 31, June 17, 2021) from the beginning of the first quarter of 2023, and has applied the new accounting policies set forth by Guidance on the Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional treatment in the paragraph 27-2 of this guidance.

There is no effect of the application of this guidance on the quarterly consolidated financial statements.

Segment Information**I. 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 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.

II. First three months of 2023 (Jan. 1 – Mar. 31, 2023)

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	23,450	10,484	7,027	1,948	813	43,724	-	43,724
Inter-segment sales and transfers	152	42	8	17	2	223	(223)	-
Total	23,602	10,527	7,035	1,966	816	43,947	(223)	43,724
Segment profit (loss)	918	14	906	(69)	(117)	1,651	283	1,934

Notes: 1. The 283 million yen adjustment to segment profit (loss) includes elimination for inter-segment transactions of 8 million yen, and 274 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 with operating profit shown on the quarterly consolidated statement of income.

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

Impairment losses related to non-current assets

Not applicable.

Significant change in goodwill

Not applicable.

Significant gain on bargain purchase

Not applicable.

Subsequent Events

At a meeting of the Board of Directors held on April 20, 2023, World Holdings Co., Ltd. resolved to acquire all of the shares of Nippon Gijutsu Center Co., Ltd. and make it a subsidiary, and entered into a share transfer agreement on the same day. The shares are scheduled to be acquired on May 22, 2023.

(1) Reason for the acquisition

The core Human Resources and Education Business of World Holdings has developed human resources services in the manufacturing sector that cover a wide range of areas from upstream to downstream and include R&D, technology, manufacturing and after service. The goals are to continue creating the “ways we live” and provide places in a variety of sectors for people to enable them to realize their full potential while supporting Japan’s manufacturing sector.

Nippon Gijutsu Center Co., Ltd., with a history going back 55 years, has a large staff of engineers specializing in advanced machinery design, and is also developing staffing service for major companies in the manufacturing and technology sectors. Nippon Gijutsu Center also provides outsourcing service in technical areas such as machinery, electricity, electronics, and software. The company has a particularly strong presence in the Kansai region.

The acquisition will create synergy in various areas. The knowhow and business network of World Holdings will help Nippon Gijutsu Center to expand its business while at the same time strengthen our core Human Resources and Education Business, particularly technical services in the products HR business. We are confident that the acquisition will also strengthen our presence in Western Japan and become a driver of further growth of both companies.

All activities of the World Holdings Group will 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.” We will ensure that people working at Nippon Gijutsu Center will be able to fully demonstrate their skills and experience, play an active role, and contribute to the further development of the manufacturing industry in Japan.

(2) Name of seller

Yukon No. 1 Investment Limited Partnership, and other

(3) Profile of the company to be acquired

Name: Nippon Gijutsu Center Co., Ltd.

Business: Technology support business (technology services outsourcing service, staffing for manufacturing and engineering companies)

Capital: 50 million yen

(4) Stock acquisition date

May 22, 2023 (tentative)

(5) Number of shares to be acquired, acquisition cost, number of shares to be held after acquisition

Number of shares to be acquired: 24,200 shares

Acquisition cost: 5,576 million yen

Number of shares to be held after acquisition: 100%

(6) Method for procuring funds for payments on the stock acquisition

Plan to raise funds through borrowing from financial institutions

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.