



Consolidated Financial Results for 2023

[Japanese GAAP]

February 9, 2024

Company name: WORLD HOLDINGS CO., LTD.

Listing: Tokyo Stock Exchange

Stock code: 2429

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Scheduled date of Annual General Meeting of Shareholders: March 22, 2024

Scheduled date of payment of dividend: March 25, 2024

Scheduled date of filing of Annual Securities Report: March 25, 2024

Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for 2023 (January 1 to December 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	%
2023	213,742	16.4	10,365	16.1	10,251	14.8	6,204	16.2
2022	183,640	18.7	8,929	19.3	8,933	15.4	5,341	15.5

Note: Comprehensive income (millions of yen) 2023: 6,529 (up 22.1%) 2022: 5,346 (up 10.5%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to net sales
	Yen	Yen	%	%	%
2023	353.61	352.15	16.4	7.3	4.8
2022	305.50	303.82	16.0	8.1	4.9

Reference: Equity in earnings of affiliates (millions of yen) 2023: - 2022: -

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2023	159,204	42,926	25.3	2,290.86
As of Dec. 31, 2022	123,591	37,195	28.6	2,019.89

Reference: Shareholders' equity (millions of yen) As of Dec. 31, 2023: 40,259 As of Dec. 31, 2022: 35,408

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
2023	(3,355)	(11,484)	20,579	40,848
2022	(4,765)	(5,990)	15,064	35,078

2. Dividends

	Dividends per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
2022	-	0.00	-	91.50	91.50	1,603	30.0	4.8
2023	-	0.00	-	106.00	106.00	1,862	30.0	4.9
2024 (forecast)	-	0.00	-	80.90	80.90		30.0	

3. Consolidated Forecast for 2024 (January 1 to December 31, 2024)

(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	109,547	21.1	1,189	(67.7)	1,010	(72.3)	254	(87.4)	14.48
Full year	252,085	17.9	9,003	(13.1)	8,622	(15.9)	4,738	(23.6)	270.05

*** Notes**

(1) Changes in significant subsidiaries during the period (change in scope of consolidation): Yes

Newly added: 1 (Yamato Staff Supply Co., Ltd.) Excluded: -

(2) 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 “3. Consolidated Financial Statements and Notes, (5) Notes to Consolidated Financial Statements” on page 15 for further information.

(3) Number of shares issued (common stock)

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

As of Dec. 31, 2023: 17,687,800 shares As of Dec. 31, 2022: 17,643,500 shares

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

As of Dec. 31, 2023: 113,661 shares As of Dec. 31, 2022: 113,573 shares

3) Average number of shares during the period

2023: 17,547,265 shares 2022: 17,484,077 shares

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for 2023 (January 1 to December 31, 2023)

(1) Non-consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
2023	3,308	2.7	794	17.3	3,205	15.1	2,839	27.8
2022	3,221	30.9	676	81.9	2,785	61.5	2,220	41.8

	Net income per share	Diluted net income per share
	Yen	Yen
2023	161.80	161.13
2022	127.03	126.33

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2023	84,416	20,749	24.5	1,177.37
As of Dec. 31, 2022	62,685	19,431	30.9	1,104.12

Reference: Shareholders' equity (millions of yen)

As of Dec. 31, 2023: 20,691

As of Dec. 31, 2022: 19,355

* The current financial report is not subject to audit 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. Overview of Results of Operations, (5) Outlook” on page 6 for forecast assumptions and notes of caution for usage.

How to view supplementary materials for financial results

The Company plans to hold a financial results meeting for institutional investors and analysts on Wednesday, February 14, 2024. 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.

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1. Overview of Results of Operations

(1) Results of Operations

During the fiscal year under review, the Japanese economy followed a gradual recovery trend, with economic and social activity moving more rapidly towards normalization as the turmoil caused by the COVID crisis subsided. However, the recovery in demand has largely run its course, and the outlook remains uncertain due to such downside factors as the slowdown in overseas economies, ongoing depreciation of the yen, turmoil caused by heightened war and geopolitical risks, and sluggish semiconductor market.

Under these circumstances, while each segment shows different results, the Group was able to achieve stable growth by using its portfolio of multiple businesses, which form the distinctive strengths of our group, to respond appropriately to changes. As a result, both sales and profits rose to outperform the initial plan.

Net sales increased 16.4% year on year to 213,742 million yen (up 6.2% vs. plan). Operating profit increased 16.1% to 10,365 million yen (up 4.5% vs. plan), ordinary profit increased 14.8% to 10,251 million yen (up 8.4% vs. plan), and profit attributable to owners of parent increased 16.2% to 6,204 million yen (up 2.6% 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 performance was as follows.

Products Human Resources Business

In the Products Human Resources Business, despite the impact of a decline in orders due to the sluggish semiconductor market and other factors, the Group's performance remained solid as it leveraged its strength across multiple industries to respond flexibly to changes in various industries, including the automotive industry. Moreover, in addition to investing in the recruitment and training of a record number of over 1,200 new graduates, there were also unexpected costs associated with shift of personnel to other industries, resulting in higher sales but lower profit.

In May, we welcomed Nippon Gijutsu Center Co., Ltd., which employs large numbers of highly skilled mechanical design engineers, into the group. With this move, we aim to strengthen our technology department and enhance our expertise in our core contract business.

In planning for the expected growth of the semiconductor industry in the Kyushu region and elsewhere, World Holdings is preparing for more growth in the next fiscal year and beyond by investing further in human resource development, including preparing for the launch of a technical center in Ozu-machi, Kumamoto Prefecture, and establishing a system capable of training 1,000 semiconductor personnel. We have also invested in digital transformation (DX) to reduce SG&A expenses and improve back-office productivity.

Sales were 101,246 million yen, up 14.3% year on year (up 6.9% vs. plan) and segment profit decreased 9.3% to 3,679 million yen (down 13.8% vs. plan).

Services Human Resources Business

The Service Human Resources Business declined at the start of the fiscal year following the completion of special demand projects in the first half of fiscal 2022 and a fall in volume in reaction to the demand surge in the e-commerce market from the stay-home trend during the COVID crisis. However, both sales and earnings rose to exceed the fiscal year plan, mainly due to the recovery of the logistics division in the second half of the fiscal year and the growth of the customer service sales division, which took advantage of the rise in the number of visiting foreign tourists.

Additionally, in July we entered into a strategic business alliance with Yamato Holdings Co., Ltd., and in September we welcomed Yamato Staff Supply Co., Ltd., a subsidiary of the same company, into the group. These initiatives aimed to strengthen our logistics division, which is the mainstay of this segment. Leveraging our accumulated expertise in labor management, we have sought to expand into new business areas such as dispatch

order management agency services and have proceeded to establish systems and measures to contribute to industry transformation, including improving productivity in the logistics sector.

Sales were 57,157 million yen, up 29.1% year on year (up 15.8% vs. plan) and segment profit increased 6.0% to 1,193 million yen (up 4.2% vs. plan).

Real Estate Business

In the Real Estate Business, we have been cautiously developing our business amid continuing high real estate prices, but by capturing the optimal timing for sales, including advance sales, and progressing with the sale and delivery of land for business use, we achieved particularly strong results on the profit side, leading to increased sales and earnings. Profitability was boosted by the sale of highly lucrative properties, together with the significant upside of proceeding without incurring the sales promotion and other costs that we had initially anticipated.

Condominium projects include Residential Ikebukuro Honcho in Toshima-ku, Tokyo; Atlas Tower Shirokane Residential in Shibuya-ku, Tokyo; Atlas Aoyama Residential in Minato-ku, Tokyo; Residential Hara Branchera in Fukuoka City, Fukuoka Prefecture; and Residential Aoba Hirosegawa in Sendai City, Miyagi Prefecture. The delivery of these properties has progressed smoothly.

With regard to procurement, while maintaining a cautious approach to business expansion, we have leveraged our expertise in commercial land development, which is one of our strengths, to minimize risk while steadily securing properties that will contribute into the next fiscal year and beyond.

Sales were 42,906 million yen, up 12.8% year on year (down 3.6% vs. plan), and segment profit was 4,590 million yen, up 44.3% year on year (up 23.3% vs. plan).

Information and Telecommunications Business

In the Information and Telecommunications Business, with the mobile phone sales agency industry undergoing a period of major change, both sales and profits fell short of the plan due to a decline in unit sales in the mainstay mobile store operations, a fall in the per-user unit price due to lower usage fees, and lower commission income from various telecommunications carriers. The result was lower sales and earnings.

Currently, while taking a scrap-and-build approach to the mobile stores to improve efficiency, we are leveraging the segment's existing strengths in the corporate solutions sector and integrating its expertise in corporate problem-solving with its mobile store network for individuals. In so doing, the Group aims to enhance its presence and grow once more as a regional problem-solving base for both individuals and corporate customers.

Sales were 7,710 million yen, down 8.2% year on year (down 4.5% vs. plan), and there was segment profit of 4 million yen, down 96.6% year on year (down 98.0% vs. plan).

Agricultural Park Business

In the Agricultural Park Business, content enhancement led to an increase in average customer spending, resulting in a rise in sales. However, the number of visitors to the park slowed due to poor weather in May, which is the busiest period of the year, and a summer heat wave in addition to factors such as soaring electricity rates and rising procurement costs that pushed down profits. Accordingly, profits fell short of the plan. The result was higher sales and lower earnings.

Meanwhile, starting in April, we began the new designated management of Osaka Garden of Floral Culture in Kawachinagano City, Osaka, and we have also been actively preparing for new designated management projects that will extend into the next fiscal year and beyond.

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

Sales were 4,721 million yen, up 9.4% year on year (up 1.2% vs. plan), and segment profit was 101 million yen, down 35.9% year on year (down 51.4% vs. plan).

Overview of Business Results by Segment

(Millions of yen)			2022 Result	2023 Plan	2023 Result	Vs. Plan		Year-on-year change	
						Amount	%	Amount	%
Human Resources and Education Business	Products Human Resources Business	Net sales	88,598	94,732	101,246	6,513	6.9	12,647	14.3
		Segment profit	4,054	4,265	3,679	(586)	(13.8)	(375)	(9.3)
		(Profit margin)	(4.6%)	(4.5%)	(3.6%)				
	Services Human Resources Business	Net sales	44,282	49,371	57,157	7,785	15.8	12,875	29.1
		Segment profit	1,125	1,144	1,193	48	4.2	68	6.0
		(Profit margin)	(2.5%)	(2.3%)	(2.1%)				
Subtotal (Reference)	Net sales	132,880	144,104	158,403	14,299	9.9	25,522	19.2	
	Segment profit	5,179	5,409	4,872	(537)	(10.0)	(307)	(5.9)	
	(Profit margin)	(3.9%)	(3.8%)	(3.1%)					
Real Estate Business	Real Estate Business	Net sales	38,044	44,511	42,906	(1,604)	(3.6)	4,861	12.8
		Segment profit	3,181	3,728	4,590	861	23.3	1,409	44.3
		(Profit margin)	(8.4%)	(8.4%)	(10.7%)				
Information and Telecommu- nications Business	Information and Telecommu- nications Business	Net sales	8,399	8,074	7,710	(363)	(4.5)	(689)	(8.2)
		Segment profit	125	214	4	(210)	(98.0)	(121)	(96.6)
		(Profit margin)	(1.5%)	(2.7%)	(0.1%)				
Agricultural Park Business	Agricultural Park Business	Net sales	4,314	4,664	4,721	56	1.2	406	9.4
		Segment profit	158	208	101	(106)	(51.4)	(57)	(35.9)
		(Profit margin)	(3.7%)	(4.5%)	(2.2%)				
Total		Net sales	183,640	201,354	213,742	12,387	6.2	30,101	16.4
		Elimination or corporate	284	354	796	442	124.9	512	180.4
		Operating profit	8,929	9,916	10,365	449	4.5	1,436	16.1
		(Profit margin)	(4.9%)	(4.9%)	(4.8%)				

(2) Financial Position

Assets

Total assets increased 35,613 million yen from the end of 2022 to 159,204 million yen at the end of 2023. This was mainly due to increases of 5,757 million yen in cash and deposits, 6,338 million yen in notes and accounts receivable-trade, 9,236 million yen in real estate for sale in process and 5,151 million yen in goodwill.

Liabilities

Total liabilities increased 29,883 million yen from the end of 2022 to 116,278 million yen. This was mainly due to increases of 15,085 million yen in short-term borrowings, 2,468 million yen in accrued expenses and 7,743 million yen in long-term borrowings.

Net assets

Net assets increased 5,730 million yen from the end of 2022 to 42,926 million yen, mainly due to increases of 4,600 million yen in retained earnings and 897 million yen in non-controlling interests.

(3) Cash Flows

Cash and cash equivalents at the end of 2023 increased 5,770 million yen from the end of 2022 to 40,848 million yen.

The cash flow components during the fiscal year under review and the main reasons for changes are as described below.

Cash flows from operating activities

Net cash used in operating activities was 3,355 million yen. Main positive factors include profit before income taxes of 10,120 million yen and a 954 million yen increase in accrued expenses. Major negative factors include a 1,677 million yen increase in trade receivables, a 12,658 million yen increase in real estate for sale and income taxes paid of 4,862 million yen.

Cash flows from investing activities

Net cash used in investing activities was 11,484 million yen. Main positive factors include collection of loans receivable of 275 million yen. Main negative factors include payments of 4,338 million yen for purchase of property, plant and equipment and 6,593 million yen for purchase of shares of subsidiaries resulting in change in scope of consolidation.

Cash flows from financing activities

Net cash provided by financing activities was 20,579 million yen. Main positive factors include a net increase in short-term borrowings of 9,328 million yen and proceeds of 22,208 million yen from long-term borrowings. Main negative factors include repayments of long-term borrowings of 9,325 million yen and dividends paid of 1,603 million yen.

Reference: Cash flow indicators

	2019	2020	2021	2022	2023
Equity ratio (%)	25.9	36.1	32.4	28.6	25.3
Market value-based equity ratio (%)	37.3	43.2	46.5	35.6	30.1
Interest-bearing debt to cash flow ratio (%)	1,340.5	212.6	2,861.6	(1,174.1)	(2,347.7)
Interest coverage ratio (times)	14.7	81.3	7.6	21.1	10.9

Equity ratio: Shareholders' equity / Total assets

Market value-based equity ratio: Market capitalization / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Cash flows

Interest coverage ratio: Cash flows / Interest payments

Notes: 1. All indices are calculated based on consolidated figures.

2. Market capitalization is calculated by the total number of shares outstanding after the deduction of treasury shares.

3. Cash flows are calculated using the figures for operating cash flows on the consolidated statement of cash flows.

4. Interest-bearing debt includes all debt on the consolidated balance sheet that incur interest.

(4) Basic Policy for Profit Distribution, and Dividends in the Current and Next Fiscal Years

The basic policy for profit distributions is to distribute profits in a manner that reflects results of operations while retaining sufficient earnings for future business operations and for making business operations stronger. For dividends, the goal is to stably and consistently increase the dividend while using a consolidated payout ratio of 30% as the guideline for dividends. We plan to pay a year-end dividend of 106.00 yen per share for 2023, as stated in "Notice of Dividends from Surplus" announced on February 9, 2024. We plan to pay a year-end dividend of 80.90 yen per share for 2024 in accordance with this policy.

(5) Outlook

Regarding the outlook for fiscal 2024, we will proceed with formulating a cautious business plan amid a situation of continuing uncertainty with the slowdown of the global economy. In the Human Resources and Education Business, we expect an increase in sales due to the recovery of the semiconductor industry from the second half of the fiscal year and the contribution of Yamato Staff Supply Co., Ltd. However, in the Real Estate Business, given the continued high prices in the real estate market, we are planning for an overall fall in profits as we exercise prudence in business expansion.

Our plan is weighted towards the second half of the fiscal year due to an expected recovery of the semiconductor industry in the Human Resources and Education Business in this period, coupled with the concentration of property handovers in the Real Estate Business during the same period.

By responding to all changes centered on both businesses and striving for stable growth, we will continue pushing forward to achieve the Medium-Term Management Plan 2026.

Further details will be provided in the supplementary financial statement published on February 14, 2024.

Based on the above, we forecast net sales of 252,085 million yen (up 17.9% year on year), operating profit of 9,003 million yen (down 13.1% year on year), ordinary profit of 8,622 million yen (down 15.9% year on year), and profit attributable to owners of parent of 4,738 million yen (down 23.6% year on year) in 2024.

2. Basic Approach for the Selection of Accounting Standards

The Group uses Japanese accounting standards.

Decisions about the use of International Financial Reporting Standards will be made by taking into consideration the use of accounting standards in Japan and other countries.

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

(Millions of yen)

	2022 (As of Dec. 31, 2022)	2023 (As of Dec. 31, 2023)
Assets		
Current assets		
Cash and deposits	35,091	40,848
Notes and accounts receivable-trade	18,809	25,148
Merchandise and finished goods	833	776
Real estate for sale	6,506	9,928
Work in process	113	241
Real estate for sale in process	43,099	52,335
Other	3,811	4,672
Allowance for doubtful accounts	(6)	(7)
Total current assets	108,257	133,944
Non-current assets		
Property, plant and equipment		
Buildings and structures	10,071	11,323
Accumulated depreciation	(7,621)	(7,991)
Buildings and structures, net	2,450	3,331
Land	1,783	4,796
Other	5,640	6,049
Accumulated depreciation	(3,841)	(4,462)
Other, net	1,798	1,586
Total property, plant and equipment	6,032	9,714
Intangible assets		
Goodwill	4,059	9,210
Other	192	273
Total intangible assets	4,252	9,484
Investments and other assets		
Investment securities	1,229	1,579
Deferred tax assets	2,047	2,213
Leasehold and guarantee deposits	1,191	1,532
Retirement benefit asset	-	15
Other	932	1,150
Allowance for doubtful accounts	(352)	(430)
Total investments and other assets	5,049	6,061
Total non-current assets	15,333	25,260
Total assets	123,591	159,204

	(Millions of yen)	
	2022	2023
	(As of Dec. 31, 2022)	(As of Dec. 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,225	1,186
Accounts payable-real estate business	269	1,749
Short-term borrowings	30,798	45,883
Accrued expenses	10,798	13,267
Advances received	1,167	1,002
Income taxes payable	2,580	2,239
Accrued consumption taxes	3,307	4,083
Provision for bonuses	225	426
Other	5,115	6,918
Total current liabilities	55,489	76,757
Non-current liabilities		
Long-term borrowings	25,149	32,893
Provision for retirement benefits for directors (and other officers)	198	201
Retirement benefit liability	3,297	3,967
Other	2,260	2,459
Total non-current liabilities	30,905	39,521
Total liabilities	86,395	116,278
Net assets		
Shareholders' equity		
Share capital	1,314	1,350
Capital surplus	1,504	1,540
Retained earnings	32,862	37,463
Treasury shares	(119)	(119)
Total shareholders' equity	35,561	40,234
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14	51
Foreign currency translation adjustment	40	57
Remeasurements of defined benefit plans	(207)	(83)
Total accumulated other comprehensive income	(153)	25
Share acquisition rights	76	58
Non-controlling interests	1,710	2,608
Total net assets	37,195	42,926
Total liabilities and net assets	123,591	159,204

(2) Consolidated Statements of Income and Comprehensive Income**Consolidated Statement of Income**

(Millions of yen)

	2022 (Jan. 1 – Dec. 31, 2022)	2023 (Jan. 1 – Dec. 31, 2023)
Net sales	183,640	213,742
Cost of sales	151,953	176,122
Gross profit	31,687	37,619
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	0	0
Remuneration for directors (and other officers)	547	658
Salaries and allowances	8,865	10,154
Provision for bonuses	199	136
Retirement benefits for directors (and other officers)	-	10
Retirement benefit expenses	156	297
Provision for retirement benefits for directors (and other officers)	21	27
Welfare expenses	1,776	2,086
Depreciation	458	473
Rent expenses	1,346	1,451
Amortization of goodwill	495	829
Other	8,889	11,125
Total selling, general and administrative expenses	22,758	27,254
Operating profit	8,929	10,365
Non-operating income		
Interest and dividend income	15	56
Subsidy income	140	23
Income of support to investment in property and equipment	3	-
Other	228	213
Total non-operating income	387	293
Non-operating expenses		
Interest expenses	225	307
Loss on retirement of non-current assets	53	25
Other	105	74
Total non-operating expenses	383	407
Ordinary profit	8,933	10,251
Extraordinary income		
Insurance claim income	6	0
Total extraordinary income	6	0
Extraordinary losses		
Provision of allowance for doubtful accounts	126	80
Impairment losses	28	35
Loss on valuation of shares of subsidiaries and associates	322	13
Loss on disaster	5	1
Total extraordinary losses	483	131
Profit before income taxes	8,455	10,120
Income taxes-current	3,511	3,840
Income taxes-deferred	(559)	(70)
Total income taxes	2,951	3,770
Profit	5,504	6,350
Profit attributable to non-controlling interests	162	145
Profit attributable to owners of parent	5,341	6,204

Consolidated Statement of Comprehensive Income

(Millions of yen)

	2022 (Jan. 1 – Dec. 31, 2022)	2023 (Jan. 1 – Dec. 31, 2023)
Profit	5,504	6,350
Other comprehensive income		
Valuation difference on available-for-sale securities	(1)	37
Foreign currency translation adjustment	19	17
Remeasurements of defined benefit plans, net of tax	(175)	124
Total other comprehensive income	(158)	179
Comprehensive income	5,346	6,529
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,176	6,376
Comprehensive income attributable to non-controlling interests	169	153

(3) Consolidated Statement of Changes in Equity

2022 (Jan. 1 – Dec. 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,250	1,449	28,908	(119)	31,489
Changes during period					
Issuance of new shares	63	63			127
Dividends of surplus			(1,388)		(1,388)
Profit attributable to owners of parent			5,341		5,341
Sales of shares of consolidated subsidiaries		(8)			(8)
Net changes in items other than shareholders' equity					
Total changes during period	63	55	3,953	-	4,071
Balance at end of period	1,314	1,504	32,862	(119)	35,561

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	15	27	(31)	11	93	1,631	33,226
Changes during period							
Issuance of new shares							127
Dividends of surplus							(1,388)
Profit attributable to owners of parent							5,341
Sales of shares of consolidated subsidiaries							(8)
Net changes in items other than shareholders' equity	(1)	12	(175)	(164)	(16)	78	(102)
Total changes during period	(1)	12	(175)	(164)	(16)	78	3,969
Balance at end of period	14	40	(207)	(153)	76	1,710	37,195

2023 (Jan. 1 – Dec. 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,314	1,504	32,862	(119)	35,561
Changes during period					
Issuance of new shares	35	35			71
Dividends of surplus			(1,603)		(1,603)
Profit attributable to owners of parent			6,204		6,204
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	35	35	4,600	(0)	4,672
Balance at end of period	1,350	1,540	37,463	(119)	40,234

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	14	40	(207)	(153)	76	1,710	37,195
Changes during period							
Issuance of new shares							71
Dividends of surplus							(1,603)
Profit attributable to owners of parent							6,204
Purchase of treasury shares							(0)
Net changes in items other than shareholders' equity	37	17	124	179	(18)	897	1,057
Total changes during period	37	17	124	179	(18)	897	5,730
Balance at end of period	51	57	(83)	25	58	2,608	42,926

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	2022 (Jan. 1 – Dec. 31, 2022)	2023 (Jan. 1 – Dec. 31, 2023)
Cash flows from operating activities		
Profit before income taxes	8,455	10,120
Depreciation	909	951
Impairment losses	28	35
Amortization of goodwill	495	829
Increase (decrease) in allowance for doubtful accounts	105	78
Increase (decrease) in provision for retirement benefits for directors (and other officers)	21	3
Decrease (increase) in retirement benefit asset	-	(15)
Increase (decrease) in retirement benefit liability	376	634
Interest and dividend income	(15)	(56)
Interest expenses	225	307
Loss on retirement of non-current assets	53	25
Loss on valuation of shares of subsidiaries and associates	322	13
Decrease (increase) in trade receivables	(1,615)	(1,677)
Decrease (increase) in inventories	(82)	5
Decrease (increase) in real estate for sale	(12,075)	(12,658)
Increase (decrease) in trade payables	(692)	1,411
Increase (decrease) in accrued expenses	1,596	954
Increase (decrease) in advances received	(373)	(174)
Increase (decrease) in accrued consumption taxes	713	(11)
Increase (decrease) in other current liabilities	(153)	987
Other, net	(686)	(280)
Subtotal	(2,388)	1,485
Interest and dividends received	11	33
Interest paid	(221)	(313)
Income taxes paid	(2,638)	(4,862)
Income taxes refund	472	301
Net cash provided by (used in) operating activities	(4,765)	(3,355)
Cash flows from investing activities		
Payments into time deposits	(1)	-
Proceeds from withdrawal of time deposits	2	13
Purchase of property, plant and equipment	(1,670)	(4,338)
Purchase of intangible assets	(34)	(112)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	14
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(4,165)	(6,593)
Payments for acquisition of businesses	-	(42)
Purchase of investments in non-consolidated subsidiary	(50)	(284)
Net decrease (increase) in lease and guarantee deposits	(51)	(13)
Loan advances	(122)	(430)
Proceeds from collection of loans receivable	13	275
Other, net	90	26
Net cash provided by (used in) investing activities	(5,990)	(11,484)

	(Millions of yen)	
	2022	2023
	(Jan. 1 – Dec. 31, 2022)	(Jan. 1 – Dec. 31, 2023)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,254	9,328
Proceeds from long-term borrowings	24,583	22,208
Repayments of long-term borrowings	(9,316)	(9,325)
Repayments of lease obligations	(6)	(12)
Proceeds from issuance of shares	95	53
Purchase of treasury shares	-	(0)
Dividends paid	(1,388)	(1,603)
Dividends paid to non-controlling interests	(52)	(68)
Repayments to non-controlling shareholders	(104)	-
Net cash provided by (used in) financing activities	15,064	20,579
Effect of exchange rate change on cash and cash equivalents	20	31
Net increase (decrease) in cash and cash equivalents	4,329	5,770
Cash and cash equivalents at beginning of period	30,748	35,078
Cash and cash equivalents at end of period	35,078	40,848

(5) Notes to Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Changes in Accounting Policies**Application of Implementation Guidance on Accounting Standard for Fair Value Measurement**

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

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

Segment and Other Information**Segment Information****1. Overview of reportable segments**

Segments used for financial reporting are the constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance. Based on the characteristics of products and services, World Holdings has established the following reportable segments: Products Human Resources Business, Services Human Resources Business, Real Estate Business, Information and Telecommunications Business, and Agricultural Park Business.

Overview of each business segment is as follows.

- (1) Products Human Resources Business: Subcontracting and outsourcing, temporary staffing services, manufacturing, R&D, technology development, software and system designs and development, construction engineering, repair of digital equipment, clinical research outsourcing
- (2) Services Human Resources Business: Subcontracting and outsourcing, temporary staffing services, logistics, sales activities involving direct customer interaction, tourism, call centers
- (3) Real Estate Business: Sale of condominiums, condominium and building management, sale of residential building sites, renovations, real estate brokerage services, rental property management, manufacture/sale/rental of prefabricated houses
- (4) Information and Telecommunications Business: Operations of mobile phone stores, provision of solutions for corporate clients, operation of call centers
- (5) Agricultural Park Business: Management and operation of agricultural parks

2. Calculation methods for net sales, profit or loss, assets, and other items for each reportable segment

The accounting methods for reportable segments are the same as those used for preparing the consolidated financial statements.

Profits for reportable business segments are operating profit figures.

Inter-segment sales and transfers are based on market prices.

3. Information related to net sales, profit or loss, assets and other items for each reportable segment

2022 (Jan. 1 – Dec. 31, 2022)

(Millions of yen)

	Reportable segment						Adjustments (Note 1)	Amounts shown on consolidated financial statements (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	88,598	44,282	38,044	8,399	4,314	183,640	-	183,640
Inter-segment sales and transfers	565	178	74	64	19	903	(903)	-
Total	89,164	44,460	38,119	8,464	4,334	184,543	(903)	183,640
Segment profit	4,054	1,125	3,181	125	158	8,644	284	8,929
Segment assets	28,961	13,294	65,734	3,121	3,019	114,130	9,460	123,591
Other items								
Depreciation	64	36	509	35	149	795	114	909
Amortization of goodwill	178	286	-	30	-	495	-	495
Impairment loss	-	-	-	28	-	28	-	28
Increase in property, plant and equipment and intangible assets	100	22	1,277	14	142	1,557	260	1,817

Notes: 1. Contents of adjustments are as follows.

- (1) The 284 million yen adjustment to segment profit includes elimination for inter-segment transactions of -120 million yen, and 404 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) The 9,460 million yen adjustment to segment assets is corporate assets that are not allocated to any of the reportable segments. Corporate assets mainly consist of surplus funds (cash and deposits).
 - (3) The 114 million yen adjustment to depreciation is related to corporate assets that are not allocated to any of the reportable segments.
 - (4) The 260 million yen adjustment to increase in property, plant and equipment and intangible assets is capital expenditures related to corporate assets that are not allocated to any of the reportable segments.
2. Segment profit is adjusted to be consistent with operating profit shown on the consolidated statement of income.

2023 (Jan. 1 – Dec. 31, 2023)

(Millions of yen)

	Reportable segment						Adjustments (Note 1)	Amounts shown on consolidated financial statements (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	101,246	57,157	42,906	7,710	4,721	213,742	-	213,742
Inter-segment sales and transfers	641	180	15	81	22	941	(941)	-
Total	101,887	57,338	42,921	7,792	4,743	214,684	(941)	213,742
Segment profit	3,679	1,193	4,590	4	101	9,568	796	10,365
Segment assets	37,993	20,579	85,398	3,116	3,111	150,199	9,005	159,204
Other items								
Depreciation	80	49	531	29	158	849	102	951
Amortization of goodwill	424	387	-	17	-	829	-	829
Impairment loss	-	-	-	27	-	27	8	35
Increase in property, plant and equipment and intangible assets	129	32	4,125	25	287	4,600	159	4,759

Notes: 1. Contents of adjustments are as follows.

- (1) The 796 million yen adjustment to segment profit includes elimination for inter-segment transactions of 5 million yen, and 790 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) The 9,005 million yen adjustment to segment assets is corporate assets that are not allocated to any of the reportable segments. Corporate assets mainly consist of surplus funds (cash and deposits).
 - (3) The 102 million yen adjustment to depreciation is related to corporate assets that are not allocated to any of the reportable segments.
 - (4) The 159 million yen adjustment to increase in property, plant and equipment and intangible assets is capital expenditures related to corporate assets that are not allocated to any of the reportable segments.
2. Segment profit is adjusted to be consistent with operating profit shown on the consolidated statement of income.

Per-share Information

(Yen)

	2022 (Jan. 1 – Dec. 31, 2022)	2023 (Jan. 1 – Dec. 31, 2023)
Net assets per share	2,019.89	2,290.86
Net income per share	305.50	353.61
Diluted net income per share	303.82	352.15

Note: Basis for the calculation of net income per share and diluted net income per share is as follows:

	2022 (Jan. 1 – Dec. 31, 2022)	2023 (Jan. 1 – Dec. 31, 2023)
Net income per share		
Profit attributable to owners of parent (Millions of yen)	5,341	6,204
Amount not attributable to common shareholders (Millions of yen)	-	-
Profit attributable to owners of parent applicable to common stock (Millions of yen)	5,341	6,204
Average number of common stock outstanding during the period (Shares)	17,484,077	17,547,265
Diluted net income per share		
Adjustment to profit attributable to owners of parent (Millions of yen)	-	-
Increase in number of common stock (Shares)	96,935	73,054
[of which share acquisition rights (Shares)]	[96,935]	[73,054]
Summary of potentially dilutive shares not included in the calculation of diluted net income per share due to their anti-dilutive effect	-	-

Subsequent Events

Issuance of stock options

1. Stock acquisition rights as stock options to be distributed to employees, etc.

At a meeting held on January 17, 2024, the Board of Directors of World Holdings has decided the terms of stock acquisition rights, issued as tax-qualified stock options to be distributed to directors (excluding outside directors) of World Holdings and its subsidiaries and employees of World Holdings and its subsidiaries, and approved a resolution to solicit persons to subscribe these rights, in accordance with the provisions of Articles 236, 238 and 239 of the Companies Act and the resolution of the 30th Ordinary General Meeting of Shareholders held on March 24, 2023. The stock options are to be granted for the purposes of motivating directors (excluding outside directors) of World Holdings and its subsidiaries and employees of World Holdings and its subsidiaries to increase consolidated sales and earnings of the Group as a whole, improving the ability to recruit skilled people, and contributing to the growth of corporate value. On February 5, 2024, the value of assets to be contributed upon the exercise of the stock acquisition rights was determined as follows.

(1) Qualification and number of allottees of stock options and number of stock options to be allotted

Allotment of 165 units to six directors of the Company

Allotment of 17 units to three employees of the Company

Allotment of 631 units to 61 directors of the Company's subsidiaries

Allotment of 2,187 units to 753 employees of the Company's subsidiaries

(2) Total number of stock options

3,000 (100 shares are received upon the exercise of each stock option.)

(3) Class and number of shares to be issued upon exercise of the stock options

Common stock of the Company: 300,000 shares

(4) Payment in exchange for the stock options

No payment is required to receive the stock options.

(5) Value of assets to be contributed upon the exercise of the stock options

305,000 yen per stock option (3,050 yen per share)

(6) Exercise period

From March 1, 2026 to March 24, 2033

(7) Allotment date of stock options

February 5, 2024

2. Stock acquisition rights as stock options to be distributed to directors

At a meeting held on January 17, 2024, the Board of Directors of World Holdings has decided the terms of stock acquisition rights, issued as non-tax-qualified stock options to be distributed to directors of World Holdings, and approved a resolution to solicit persons to subscribe these rights, in accordance with the provisions of Articles 236, 238 and 239 of the Companies Act and the resolution of the 30th Ordinary General Meeting of Shareholders held on March 24, 2023. The stock options are to be granted for the purposes of motivating directors of World Holdings to increase consolidated sales and earnings and contributing to the growth of corporate value. On January 23, 2024, the value of assets to be contributed upon the exercise of the stock acquisition rights was determined as follows.

(1) Qualification and number of allottees of stock options and number of stock options to be allotted

Allotment of 3,000 units to one director of the Company

(2) Total number of stock options

3,000 (100 shares are received upon the exercise of each stock option.)

(3) Class and number of shares to be issued upon exercise of the stock options

Common stock of the Company: 300,000 shares

(4) Payment in exchange for the stock options

No payment is required to receive the stock options.

(5) Value of assets to be contributed upon the exercise of the stock options

292,400 yen per stock option (2,924 yen per share)

(6) Exercise period

From January 23, 2024 to January 22, 2034

(7) Allotment date of stock options

January 23, 2024

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.