



Consolidated Financial Results for the First Quarter of 2025 (Three Months Ended March 31, 2025)

[Japanese GAAP]

May 13, 2025

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Stock code: 2429

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Listing: Tokyo Stock Exchange

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Scheduled date of payment of dividend: -

Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: None

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

1. Consolidated Financial Results for the First Three Months of 2025 (January 1 to March 31, 2025)

(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, 2025 | 63,493 | 15.8 | 2,499 | 292.8 | 2,408 | 298.0 | 1,207 | - |
| Three months ended Mar. 31, 2024 | 54,821 | 25.4 | 636 | (67.1) | 605 | (68.3) | (121) | (112.6) |

Note: Comprehensive income (millions of yen)

Three months ended Mar. 31, 2025: 1,698 (-%)

Three months ended Mar. 31, 2024: (66) (down 106.7%)

| | Net income per share | Diluted net income per share |
|----------------------------------|----------------------|------------------------------|
| | Yen | Yen |
| Three months ended Mar. 31, 2025 | 67.48 | 67.37 |
| Three months ended Mar. 31, 2024 | (6.93) | - |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|---------------------|--------------|-------------|--------------|----------------------|
| | Million yen | Million yen | % | Yen |
| As of Mar. 31, 2025 | 165,266 | 47,869 | 26.9 | 2,481.47 |
| As of Dec. 31, 2024 | 174,370 | 47,456 | 25.5 | 2,487.25 |

Reference: Shareholders' equity (millions of yen)

As of Mar. 31, 2025: 44,400

As of Dec. 31, 2024: 44,503

2. Dividends

| | Dividends per share | | | | |
|-----------------|---------------------|--------|--------|----------|--------|
| | 1Q-end | 2Q-end | 3Q-end | Year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| 2024 | - | 0.00 | - | 84.20 | 84.20 |
| 2025 | - | - | - | - | - |
| 2025 (forecast) | - | 0.00 | - | 106.20 | 106.20 |

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

3. Consolidated Forecast for 2025 (January 1 to December 31, 2025)

(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 | 130,628 | 17.9 | 3,543 | 50.3 | 3,183 | 33.7 | 1,555 | 110.9 | 87.57 |
| Full year | 281,439 | 16.2 | 10,179 | 18.5 | 9,356 | 9.4 | 5,389 | 8.2 | 303.35 |

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

*** Notes**

(1) Significant changes in the scope of consolidation during the period: Yes

Newly added: 1 (TOHO TECHNICAL SERVICE CO., LTD.) 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, 2025: | 18,006,800 shares | As of Dec. 31, 2024: | 18,006,300 shares |
|----------------------|-------------------|----------------------|-------------------|

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

| | | | |
|----------------------|----------------|----------------------|----------------|
| As of Mar. 31, 2025: | 113,769 shares | As of Dec. 31, 2024: | 113,769 shares |
|----------------------|----------------|----------------------|----------------|

3) Average number of shares during the period

| | | | |
|-----------------------------------|-------------------|-----------------------------------|-------------------|
| Three months ended Mar. 31, 2025: | 17,892,859 shares | Three months ended Mar. 31, 2024: | 17,583,130 shares |
|-----------------------------------|-------------------|-----------------------------------|-------------------|

* Review of the attached quarterly consolidated financial statements by a certified public accountant or auditing firm: None

* 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, Etc., (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 13, 2025), using the Timely Disclosure network (TDnet), and available on the Company’s website.

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1. Overview of Results of Operations, Etc.

(1) Results of Operations for the First Quarter of 2025

During the first quarter of 2025, prices increased in Japan as the yen weakened, the labor shortage is continuing, and there is increasing geopolitical risk and uncertainty about trade policies worldwide. Political and economic events are having an even greater influence than before on the operations of companies. Economic growth in Japan remained sluggish because of changes in trade policies, tightening trade restrictions and rising tension on a global scale. Earnings at companies in Japan were generally firm with the support of the weaker yen and very strong demand. However, sentiment in Japan remains mostly cautious because of growing uncertainty about the outlook for the economy.

In the primary business environment surrounding the World Holdings Group, there are currently large investments in manufacturing equipment and strong demand for people due to growing demand primarily in the semiconductor sector involving AI and data centers. Despite these positive signs, there is increasing uncertainty about demand in the second half of 2025 and afterward due to U.S.-China trade friction, export restrictions by many countries, rising supply chain risk and other reasons.

In the real estate industry, prices are remaining high, mainly in urban areas. In the Tokyo area, demand is strong for both residential and commercial properties. However, real estate operations require a cautious stance because the outlook is unclear.

In this difficult business climate, the World Holdings Group has been diversifying exposure to risk by using its diverse business portfolio, one of the group's key strengths, to operate in a wide range of business sectors. In the first quarter, sales and profits increased year on year as the core Human Resources and Education Business made a big contribution to growth while some segments performed better than others.

Net sales increased 15.8% year on year to 63,493 million yen (down 7.3% vs. plan). Operating profit increased 292.8% to 2,499 million yen (up 31.0% vs. plan), ordinary profit increased 298.0% to 2,408 million yen (up 37.8% vs. plan), and profit attributable to owners of parent increased 1,329 million yen to 1,207 million yen (up 56.4% vs. plan).

Business segment performance was as follows.

Manufacturing Human Resources Business

In the Manufacturing HR Business, sales and profits were higher than one year earlier as this business exceeded the plan due mainly to the strong performance of the semiconductor sector. More people were hired to meet demand in the semiconductor industry as growth continued from the end of 2024. Although this increased expenses, profits were higher because of cost reduction measures that include raising the efficiency of recruiting activities. The outlook is uncertain because of changes taking place worldwide. We are operating this business cautiously while using our coverage of many market sectors, a key strength of this business, to diversify risk exposure.

Training programs are one of the highest priorities of this business. The April 2025 full-scale start of operations at the Kumamoto Technical Center, our eleventh training location in Japan, will further raise the pace of activities for giving people specialized skills. These activities include a recently established an academia-industry collaboration agreement with Kaishin Gakuen in Kumamoto prefecture. Working with Kaishin High School and Kumamoto Technical School will even better enable the Kumamoto Technical Center to give students semiconductor technology skills and invigorate the local economy.

TOHO TECHNICAL SERVICE CO., LTD. (TOHO TECH), a subsidiary of TOHO TITANIUM CO., LTD., a leading manufacturer of titanium metals, became a member of the World Holdings Group following the acquisition of 65% of its issued shares by World Holdings consolidated subsidiary World Intec Co., Ltd. TOHO TECH is a basic material manufacturer of processed metal parts made of titanium. Adding this company to the World Holdings Group is expected to yield new synergies involving our strategy to focus on subcontracting (outsourcing), our training programs and other activities. Contributing to the growth of Japan's basic materials industry is another goal of this acquisition.

As was announced on April 24, World Intec, Subaru Corporation and Nisso Corporation started preparations for establishing a jointly owned company called SUBARU nw Sight Co., Ltd. for the purpose of providing temporary staffing and other human resource services. The main activity will be human resource services for the operations of Subaru. The new company will create places where people of many backgrounds can work and provide people with opportunities to increase their value through education, reskilling and other programs. Building a human resources framework capable of supporting manufacturing as this sector continues to change is the primary objective of the new company.

Sales were 28,135 million yen, up 9.7% year on year (up 7.3% vs. plan) and segment profit increased 202.6% to 750 million yen (up 102.9% vs. plan).

Services Human Resources Business

Sales and profits were higher than planned mainly because of the strong performance of the core logistics sector. In this sector, the volume of cargo in the e-commerce category decreased but higher productivity at warehouses, the consistent performance of HR Support business and other factors supported profits. The subcontracting operations of Yamato Staff Supply Co., Ltd. also contributed to first quarter sales and profits.

Due to the strong performance of the warehouse owned and operated by World Holdings, which is located in the city of Ogori in Fukuoka prefecture and started operations in September 2024, we have decided to establish another owned and operated warehouse that is scheduled to start operating in September 2025. Although first quarter profits in this business were down from one year earlier because of this investment and other actions, this business is building a sound base for more growth.

In the face-to-face sales and tourism sectors, there were preparations during the first quarter for the April start of Expo 2025 in Osaka. These services are expected to contribute to sales and profits beginning in the second quarter.

Sales were 19,203 million yen, up 4.0% year on year (up 2.9% vs. plan) and segment profit decreased 13.1% to 103 million yen (up 187 million yen vs. plan).

Real Estate Business

In the Real Estate Business, amid persistently high real estate prices, we have been cautiously developing our business to ensure optimum timing for both purchasing and sales. First quarter sales and profits were below the plan because the sales of BIZIA KOKURA, which is in Kitakyushu in Fukuoka prefecture, and some other properties were pushed back. There are no revisions to the 2025 plan for this business.

Compared with one year earlier, sales and profits were up sharply. Especially, the use of suitable selling prices at properties based on highly accurate marketing activities and an improvement in profits as larger than anticipated cost reductions were achieved contributed to strong profit growth.

The goal for the Real Estate Business is consistent growth backed by sales of properties, the strategic receipt of rent at real estate developments, and recurring revenue from rental property and building management and other services.

Sales were 12,522 million yen, up 61.2% year on year (down 38.5% vs. plan) and segment profit increased 206.8% to 1,507 million yen (down 5.7% vs. plan).

Information and Telecommunications Business

In the Information and Telecommunications Business, sales and profits were higher and exceeded the plan. The performance of mobile phone shops, the largest component of this segment, has improved due to the benefits of using a scrap-and-build approach. In addition, measures to strengthen marketing activities raised the sales volume of these shops. There were also contributions to profits from the small and midsize company energy consulting service of the corporate solutions sector and the call center sector.

In this business, we are aiming for renewed growth by reinforcing our position as a regional problem solving base for individuals and companies while benefiting from synergies with mobile shop operations and the corporate solutions sector, which is a key strength of this business.

Sales were 2,528 million yen, up 25.3% year on year (up 14.1% vs. plan) and segment profit was 90 million yen, up 133 million yen from a loss one year earlier (up 422.4% vs. plan).

Agricultural Park Business

The first quarter was challenging as the number of visitors at all agricultural parks declined because of cold weather and heavy snow in February in contrast to the record-setting mild temperatures during the first quarter of 2024. Despite these challenges, sales were mostly the same as initially planned. Major renovations and upgrades of existing facilities, measures to improve the appearance of parks, upgrades of numerous activities and other initiatives raised sales per visitor.

Preparations started in April for the operation of Akaiwa City Yoshii Ryuten Auto Campground and Akaiwa City Ryuten Observatory Park, where World Holdings is the new designated manager. We also made preparations for the reopening of Shiojiri Tirolean Forest Park, which is directly operated by World Holdings and was closed in 2020 due to the pandemic. A vineyard, winery, large solar sharing facility (solar panels placed over farmland) and other amenities are planned at this park. Making these improvements is expected to enable the park to contribute to sales and profits as well as to the vitality of the surrounding area.

Sales were 1,103 million yen, up 20.0% year on year (up 3.5% vs. plan) and segment loss decreased 2 million yen to 117 million yen (up 0 million yen 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.

(2) Explanation of Financial Position

Assets

Total assets decreased 9,103 million yen from the end of 2024 to 165,266 million yen at the end of the first quarter of 2025. This was mainly due to decreases of 6,275 million yen in cash and deposits, 1,188 million yen in notes and accounts receivable-trade, and 4,612 million yen in real estate for sale in process, and increases of 1,590 million yen in real estate for sale and 1,906 million yen in investment securities.

Liabilities

Total liabilities decreased 9,517 million yen from the end of 2024 to 117,396 million yen. This was mainly due to decreases of 2,760 million in short-term borrowings, 2,317 million yen in accrued expenses, 1,225 million yen in income taxes payable and 1,591 million yen in long-term borrowings.

Net assets

Net assets increased 413 million yen from the end of 2024 to 47,869 million yen. This was mainly due to a decrease of 493 million yen in retained earnings, and increases of 378 million yen in valuation difference on available-for-sale securities and 492 million yen in non-controlling interests.

(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 2024" on February 12, 2025.

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

| | (Millions of yen) | |
|-------------------------------------|-------------------------------|--|
| | 2024 (As of Dec. 31, 2024) | First quarter of 2025 (As of Mar. 31, 2025) |
| Assets | | |
| Current assets | | |
| Cash and deposits | 42,739 | 36,464 |
| Notes and accounts receivable-trade | 26,562 | 25,374 |
| Merchandise and finished goods | 1,062 | 1,329 |
| Real estate for sale | 18,900 | 20,491 |
| Work in process | 245 | 501 |
| Real estate for sale in process | 50,675 | 46,062 |
| Other | 8,450 | 5,895 |
| Allowance for doubtful accounts | (10) | (14) |
| Total current assets | 148,625 | 136,103 |
| Non-current assets | | |
| Property, plant and equipment | 10,911 | 12,458 |
| Intangible assets | | |
| Goodwill | 8,126 | 7,855 |
| Other | 256 | 305 |
| Total intangible assets | 8,382 | 8,161 |
| Investments and other assets | | |
| Investment securities | 1,437 | 3,343 |
| Deferred tax assets | 2,457 | 2,368 |
| Leasehold and guarantee deposits | 1,808 | 1,942 |
| Retirement benefit asset | 116 | 215 |
| Other | 1,061 | 1,024 |
| Allowance for doubtful accounts | (430) | (350) |
| Total investments and other assets | 6,451 | 8,542 |
| Total non-current assets | 25,745 | 29,163 |
| Total assets | 174,370 | 165,266 |

| | (Millions of yen) | |
|--|-----------------------|-----------------------|
| | 2024 | First quarter of 2025 |
| | (As of Dec. 31, 2024) | (As of Mar. 31, 2025) |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 1,468 | 1,424 |
| Accounts payable-real estate business | 1,599 | 1,019 |
| Short-term borrowings | 51,034 | 48,273 |
| Accrued expenses | 13,528 | 11,210 |
| Advances received | 2,147 | 1,742 |
| Income taxes payable | 2,658 | 1,433 |
| Accrued consumption taxes | 3,704 | 4,090 |
| Provision for bonuses | 542 | 1,504 |
| Other | 8,510 | 6,015 |
| Total current liabilities | 85,195 | 76,715 |
| Non-current liabilities | | |
| Long-term borrowings | 34,858 | 33,266 |
| Provision for retirement benefits for directors (and other officers) | 199 | 179 |
| Retirement benefit liability | 4,763 | 5,024 |
| Other | 1,898 | 2,210 |
| Total non-current liabilities | 41,718 | 40,681 |
| Total liabilities | 126,914 | 117,396 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 1,924 | 1,924 |
| Capital surplus | 2,114 | 2,124 |
| Retained earnings | 40,585 | 40,091 |
| Treasury shares | (119) | (119) |
| Total shareholders' equity | 44,503 | 44,020 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 59 | 437 |
| Foreign currency translation adjustment | 86 | 74 |
| Remeasurements of defined benefit plans | (145) | (132) |
| Total accumulated other comprehensive income | (0) | 379 |
| Share acquisition rights | 168 | 191 |
| Non-controlling interests | 2,784 | 3,276 |
| Total net assets | 47,456 | 47,869 |
| Total liabilities and net assets | 174,370 | 165,266 |

(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 2024 (Jan. 1 – Mar. 31, 2024) | First three months of 2025 (Jan. 1 – Mar. 31, 2025) |
|---|--|--|
| Net sales | 54,821 | 63,493 |
| Cost of sales | 47,148 | 53,176 |
| Gross profit | 7,672 | 10,317 |
| Selling, general and administrative expenses | 7,036 | 7,818 |
| Operating profit | 636 | 2,499 |
| Non-operating income | | |
| Interest and dividend income | 4 | 21 |
| Subsidy income | 16 | 11 |
| Other | 75 | 111 |
| Total non-operating income | 96 | 144 |
| Non-operating expenses | | |
| Interest expenses | 90 | 171 |
| Other | 37 | 63 |
| Total non-operating expenses | 128 | 235 |
| Ordinary profit | 605 | 2,408 |
| Extraordinary income | | |
| Gain on extinguishment of tie-in shares | - | 1 |
| Insurance claim income | 0 | - |
| Total extraordinary income | 0 | 1 |
| Extraordinary losses | | |
| Loss on disaster | 0 | - |
| Total extraordinary losses | 0 | - |
| Profit before income taxes | 605 | 2,409 |
| Total income taxes | 742 | 1,083 |
| Profit (loss) | (137) | 1,325 |
| Profit (loss) attributable to non-controlling interests | (15) | 118 |
| Profit (loss) attributable to owners of parent | (121) | 1,207 |

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

| | (Millions of yen) | |
|--|--|--|
| | First three months of 2024 (Jan. 1 – Mar. 31, 2024) | First three months of 2025 (Jan. 1 – Mar. 31, 2025) |
| Profit (loss) | (137) | 1,325 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 28 | 378 |
| Foreign currency translation adjustment | 35 | (19) |
| Remeasurements of defined benefit plans, net of tax | 6 | 13 |
| Total other comprehensive income | 70 | 372 |
| Comprehensive income | (66) | 1,698 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | (60) | 1,587 |
| Comprehensive income attributable to non-controlling interests | (5) | 111 |

(3) Notes to Quarterly Consolidated Financial Statements**Changes in Accounting Policies**

Application of Accounting Standard for Current Income Taxes, etc.

World Holdings has applied the “Accounting Standard for Current Income Taxes” (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; the “Revised Accounting Standard 2022”) effective from the beginning of the first quarter of 2025.

Revisions concerning the accounting classification of income taxes (taxation of other comprehensive income) are made in accordance with the transitional treatment stipulated in the proviso of Paragraph 20-3 of the Revised Accounting Standard 2022 and of Paragraph 65-2, Item 2 of Implementation Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022). The application of this standard has no effect on the quarterly consolidated financial statements.

Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements

Calculation of tax expense

The tax expenses are calculated by first reasonably estimating the effective tax rate after the application of tax effect accounting with respect to profit before income taxes for the fiscal year in which the quarter under review falls, and multiplying that rate by the profit before income taxes for the quarter under review. However, World Holdings uses legally stipulated effective tax rates to calculate tax expenses when the use of estimated tax rates produces a clearly irrational result.

Segment Information

I. First three months of 2024 (Jan. 1 – Mar. 31, 2024)

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) |
|---|---|--|-------------------------|--|----------------------------------|--------|-------------------------|---|
| | Manufactur- ing Human Resources Business | Services Human Resources Business | Real Estate Business | Information and Telecommunications Business | Agricultural Park Business | Total | | |
| Net sales | | | | | | | | |
| Sales to external customers | 25,658 | 18,456 | 7,768 | 2,018 | 919 | 54,821 | - | 54,821 |
| Inter-segment sales and transfers | 163 | 40 | 10 | 18 | 2 | 235 | (235) | - |
| Total | 25,822 | 18,496 | 7,779 | 2,037 | 921 | 55,056 | (235) | 54,821 |
| Segment profit (loss) | 248 | 118 | 491 | (42) | (114) | 701 | (64) | 636 |

Notes: 1. The -64 million yen adjustment to segment profit (loss) includes elimination for inter-segment transactions of 8 million yen, and -72 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

Not applicable.

Significant gain on bargain purchase

Not applicable.

II. First three months of 2025 (Jan. 1 – Mar. 31, 2025)

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) |
|---|---|--|-------------------------|--|----------------------------------|--------|-------------------------|---|
| | Manufactur- ing Human Resources Business | Services Human Resources Business | Real Estate Business | Information and Telecommunications Business | Agricultural Park Business | Total | | |
| Net sales | | | | | | | | |
| Sales to external customers | 28,135 | 19,203 | 12,522 | 2,528 | 1,103 | 63,493 | - | 63,493 |
| Inter-segment sales and transfers | 153 | 56 | 6 | 20 | 2 | 240 | (240) | - |
| Total | 28,289 | 19,260 | 12,529 | 2,548 | 1,106 | 63,734 | (240) | 63,493 |
| Segment profit (loss) | 750 | 103 | 1,507 | 90 | (117) | 2,335 | 164 | 2,499 |

Notes: 1. The 164 million yen adjustment to segment profit (loss) includes elimination for inter-segment transactions of 1 million yen, and 163 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

Not applicable.

Significant gain on bargain purchase

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Going Concern Assumption

Not applicable.

Quarterly Consolidated Statement of Cash Flows

A quarterly consolidated statement of cash flows has not been prepared for the first three months of the current fiscal year. Depreciation (including amortization of intangible assets excluding goodwill) and amortization of goodwill for the first three months of 2024 and 2025 are as follows.

(Millions of yen)

| | First three months of 2024 (Jan. 1 – Mar. 31, 2024) | First three months of 2025 (Jan. 1 – Mar. 31, 2025) |
|--------------------------|--|--|
| Depreciation | 250 | 241 |
| Amortization of goodwill | 270 | 270 |

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.