

Respond, Exceed



**WDB Holdings Co., Ltd.
FY2021 Financial Report**

Company Overview (May 2022)

WDB

Company Name	: WDB Holdings Co., Ltd.
Incorporation	: July 6, 1985
Capital	: ¥1 billion
Stock Listing	: Prime Market of Tokyo Stock Exchange (Code 2475)
President and CEO	: Toshimitsu Nakano
Head Office	: 79 Toyozawa-cho, Himeji-shi, Hyogo
Number of Employees	: 1,025 (temporary staff and others / 10,361)
Sales	: ¥46.8 billion (FY2021)
Ordinary Income	: ¥ 6.3 billion (FY2021)

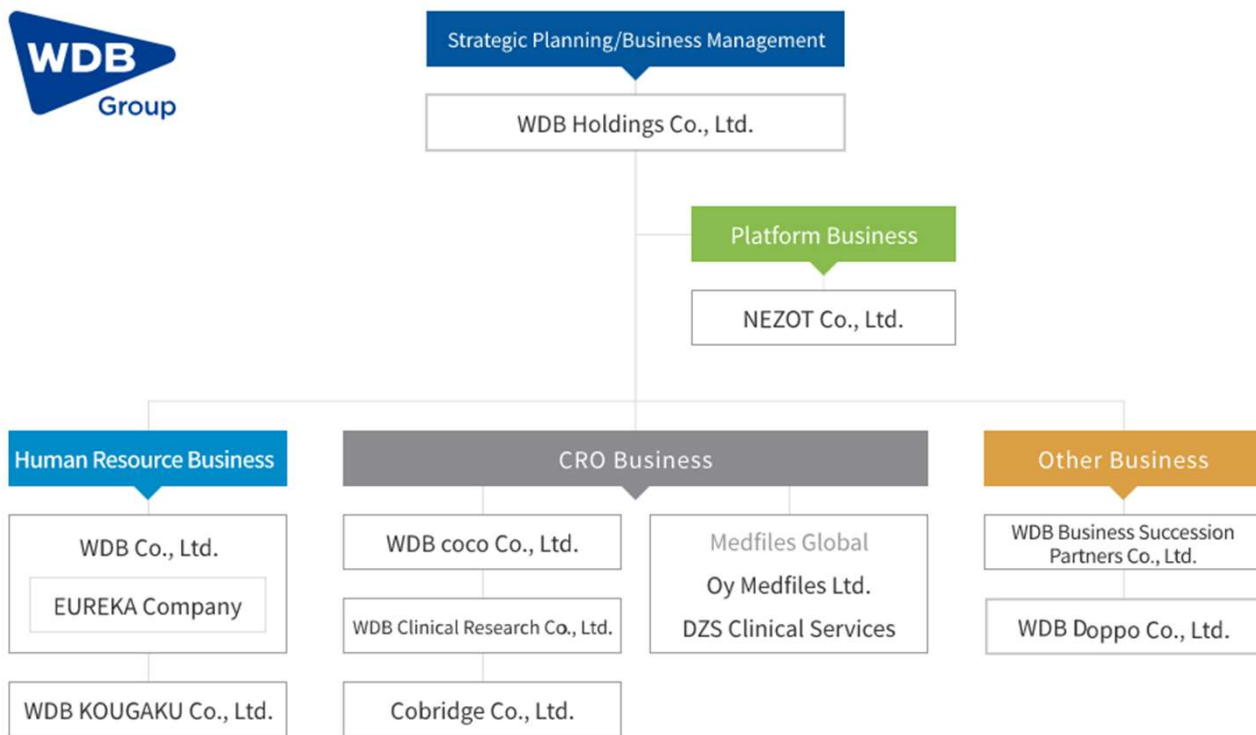
<Business Domain>

- Human Resource Business
- CRO business
- Platform and Other Business



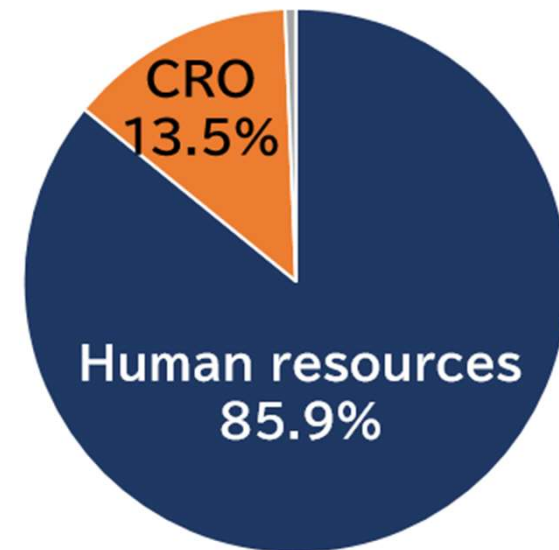
Head Office (Himeji, Hyogo)

Group Companies (May 2022)



WDB Group has three business domains: Human Resource Services, CRO, and Other businesses.

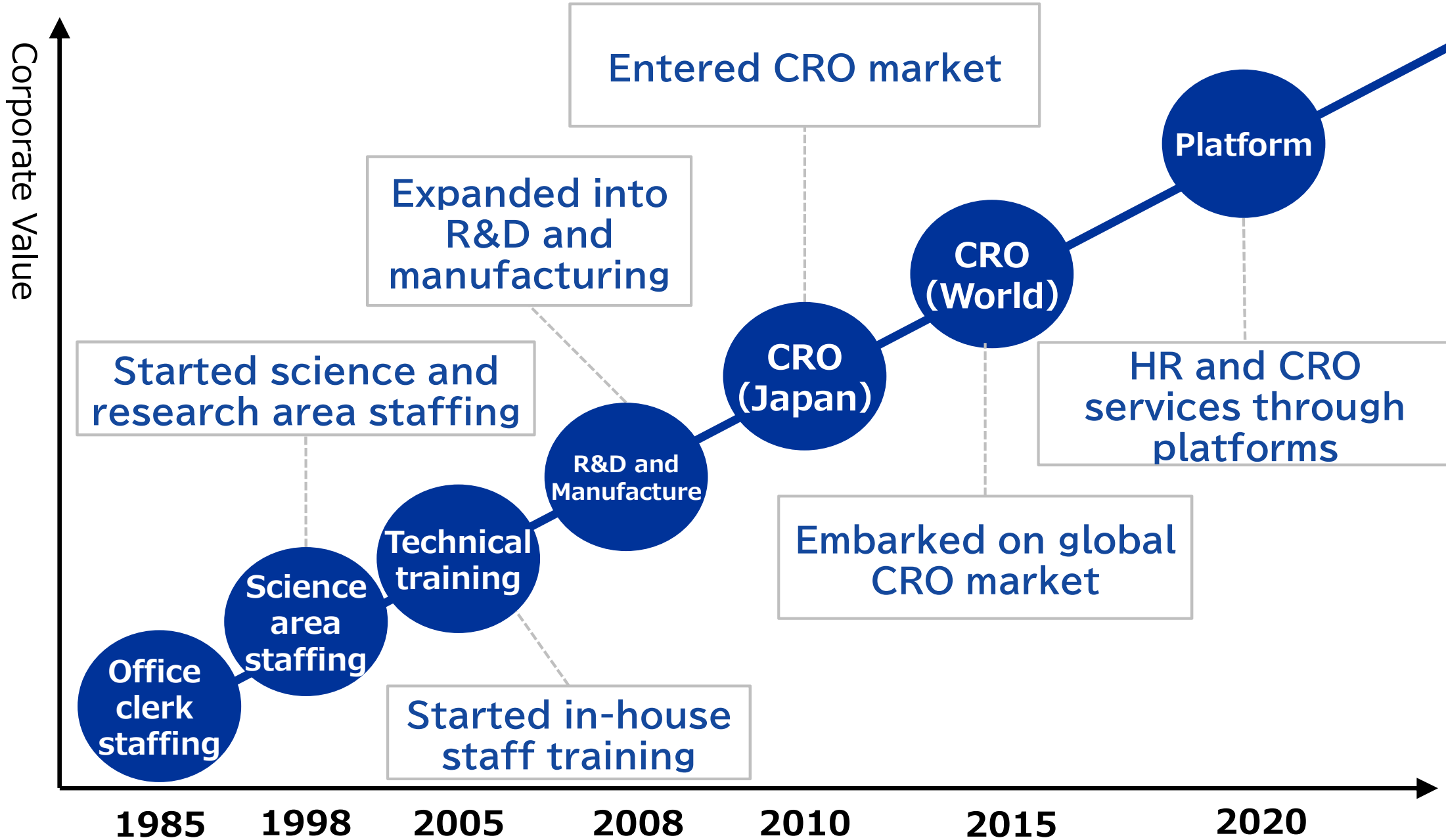
<Sales composition (FY2021)>



<Profit composition (FY2021)>

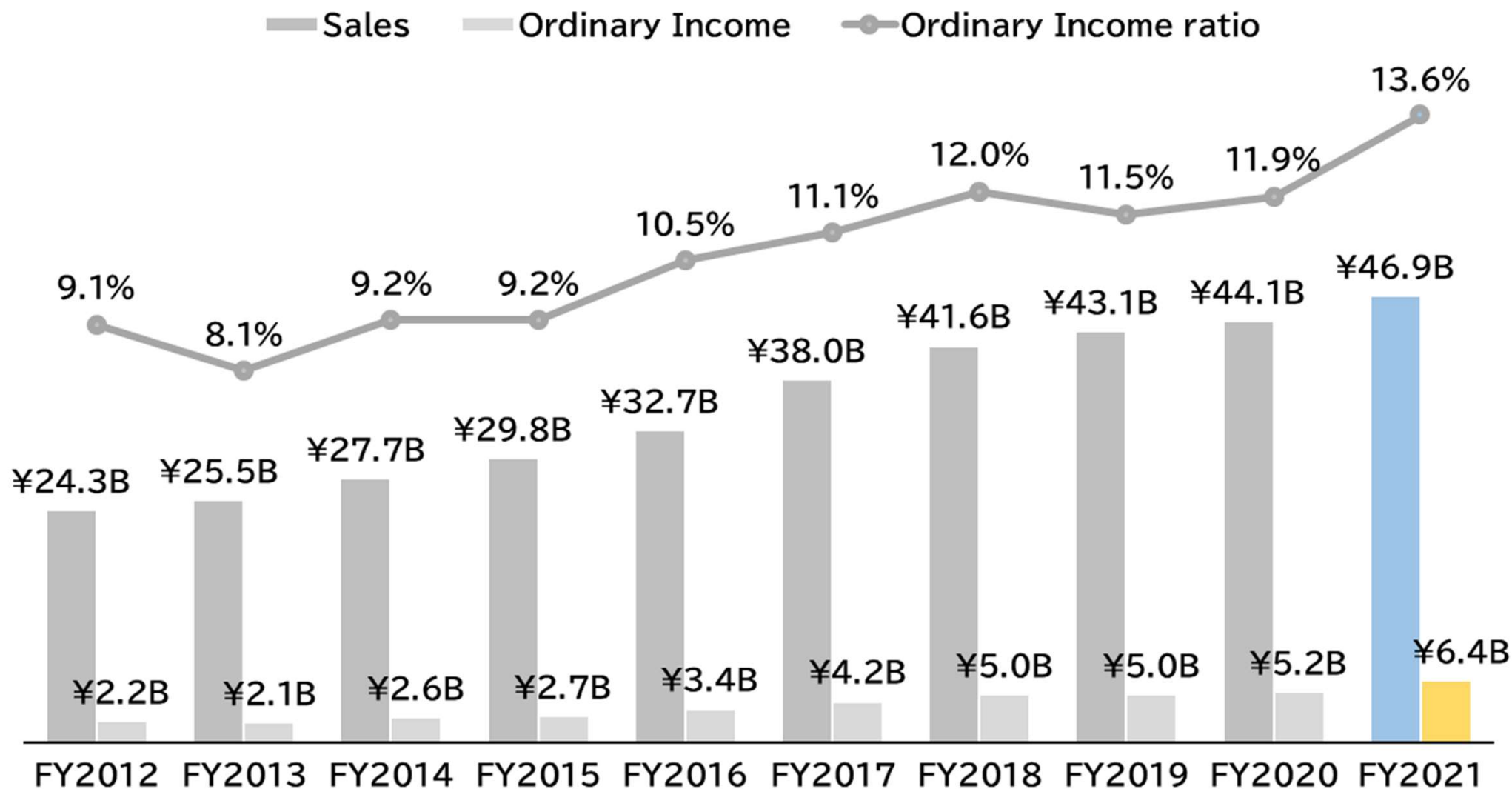


History and Business Expansion



Financial Results

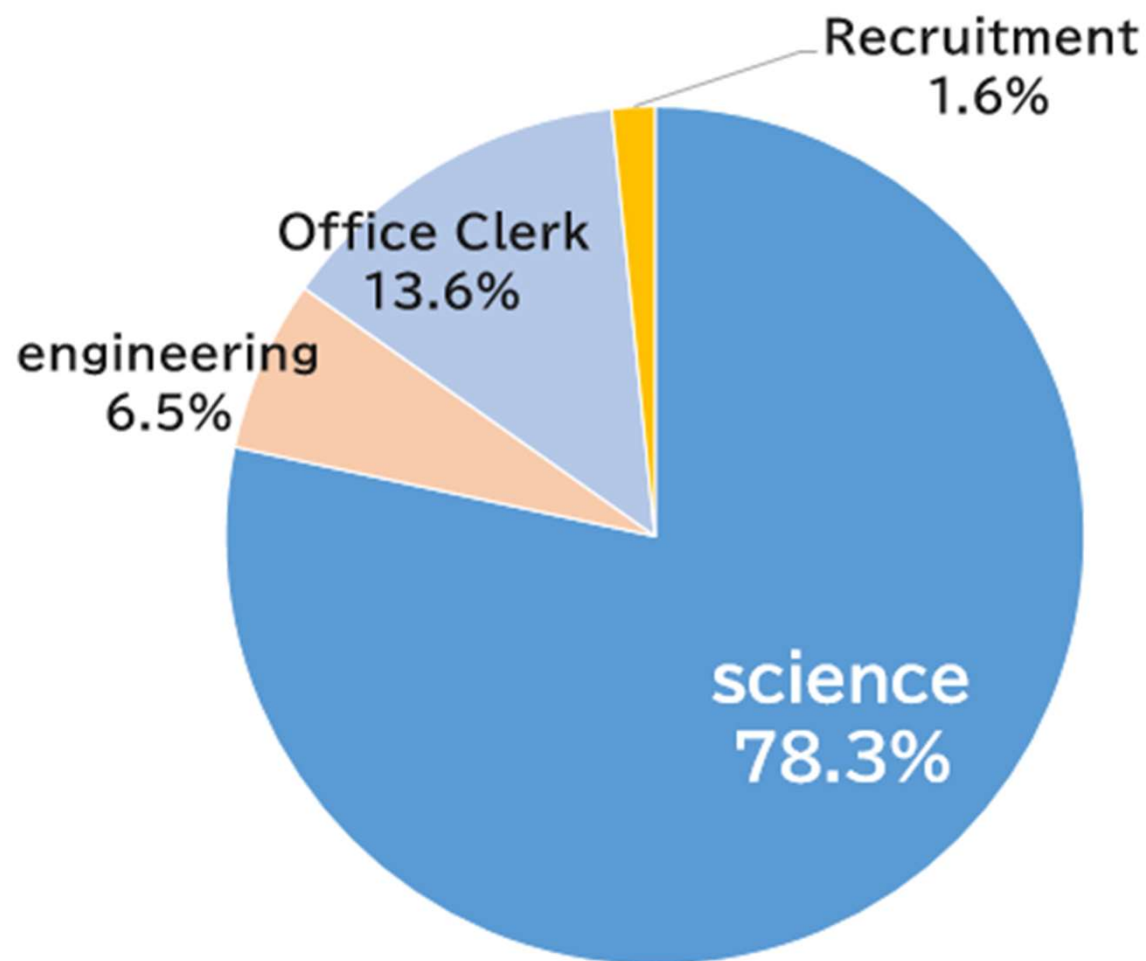
Sales and profits are steadily growing for the past 10 years.



Human Resource (Staffing) Business

Sales Breakdown of Staffing Business

Our staffing business is mainly focusing on the science and research field. Our company accounts for approx. 1/3 of the science-related temporary staffing market (90 billion yen) ※ --- (※ market size by our estimate).



We dispatch scientific researchers, research assistants, and technicians in the science and research related fields.

<Staff and talent>

- Knowledge/skills in genetics
- Knowledge/skills in animal anatomy
- PCR testing capabilities
- Experience in chemical analysis, etc.



<Staffing requests>

- Research assistance in laboratories
(Universities, research institution as well as private sector)
- Quality control work for factory

Images of operations

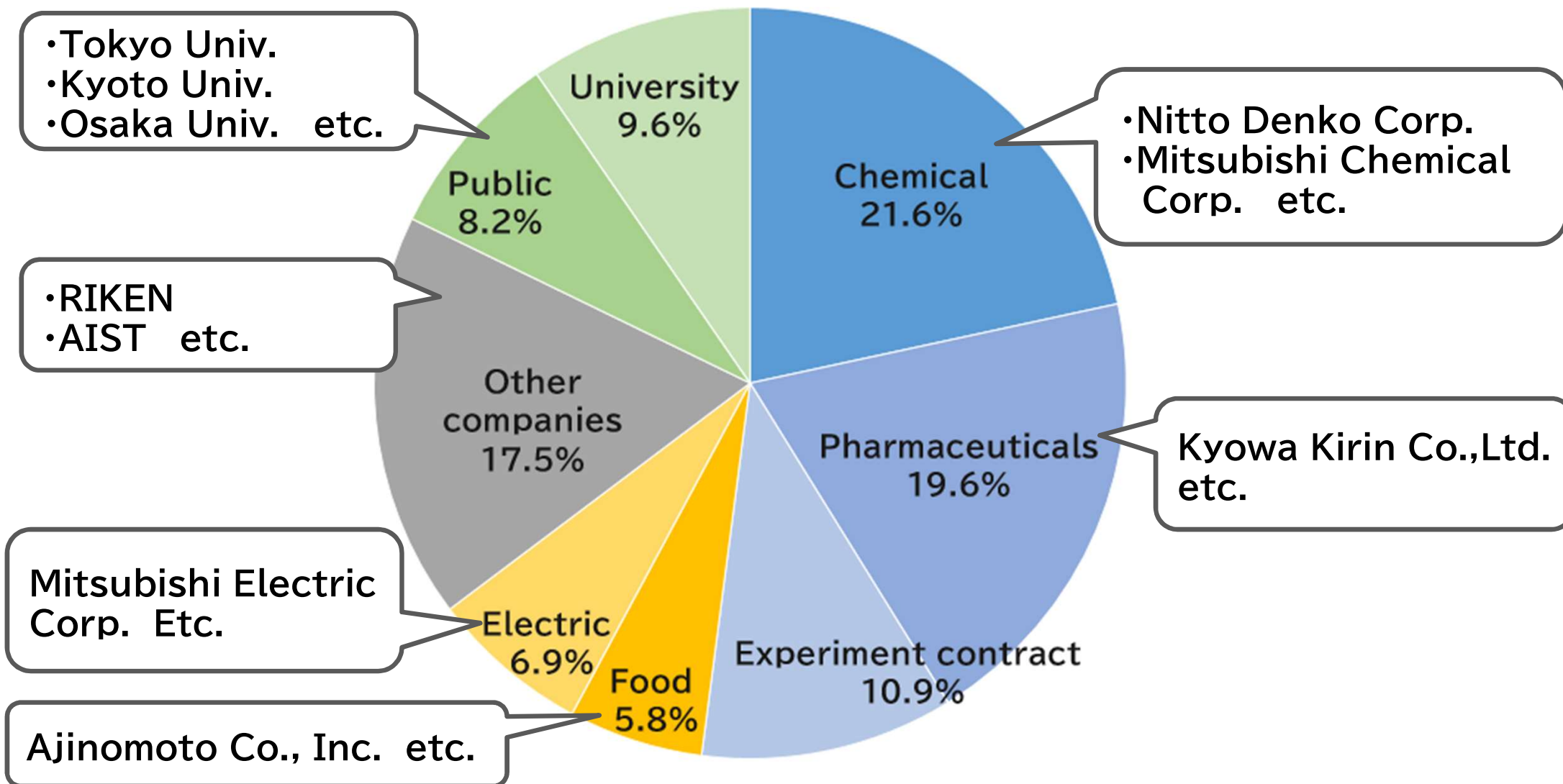


Two Staff Dispatch Types in Japan

	Registration type staffing	Permanent employee type staffing
Form of employment	Employ only for the period when there is a dispatch contract	Employ indefinitely as a full-time employee
Employment period	Months to years (may continue working for more than 10 years)	Long-term employment decades (may work until retirement age)
Selection of staffing destination	Job applicants to choose and apply	Employment agency to choose (Job applicants cannot choose destinations)
Salary when not staffed	None (registration remains and may work again)	Available (wait for the next assignment while receiving training)
Main handling fields	Office work, sales, factory work	Technical (Mainly engineer)
Main staff attributes	Female staff/home-makers	Male staff
New graduates employment	Mid-career recruitment only	Major companies employ hundreds
Main staffing agencies	Parsol, Recruit, Pasona	Technopro, Meitec, UT Group
Dispatching price	Permanent employee type prices are 1.5 to 2 times of registration	
Reasons for using permanent employee type dispatch	<ul style="list-style-type: none"> • Looking for highly skilled workers • There are laboratories and factories in the areas (where it is) difficult to hire people locally 	
WDBG staff share	60%	40%

Sales composition ratio by industry segment

We have business with most major chemicals manufacturers, pharmaceuticals, food manufacturers, public laboratories, and universities.



<Three elements to source high-quality staff>

1. We provide necessary skills and techniques for our staff at our in-house training centers nationwide.
2. We attract good staff because of our name value in the science field.
3. We deal with both registration type and full-time employee type. This is advantageous compared to one type only staffing companies.

<How we keep high level of satisfaction for customer and staff both >

1. We conduct a full-day screening test for staff and dispatch only those who are qualified by passing the test.
We make it a rule to have a monthly meeting with both the customer and the staff to check the status for any improvements.
2. We provide services through a highly convenient system detailing as follows.

We call on-line systematization and automatization of our services that provided manually in the past as a "platform".

The basic development concept is that "The platforms make daily operations efficient and automatized, so that customers can receive our services regardless of time and location, and check the progress of services instantaneously."

The human resources service platform "doconico" was already released in April 2021. The transformation of human resources services has been in progress.

We will continue to further improve doconico.

Staffing platform "doconico"

Enabling to complete requests, procedures, and management of staffing personnel on the Web.

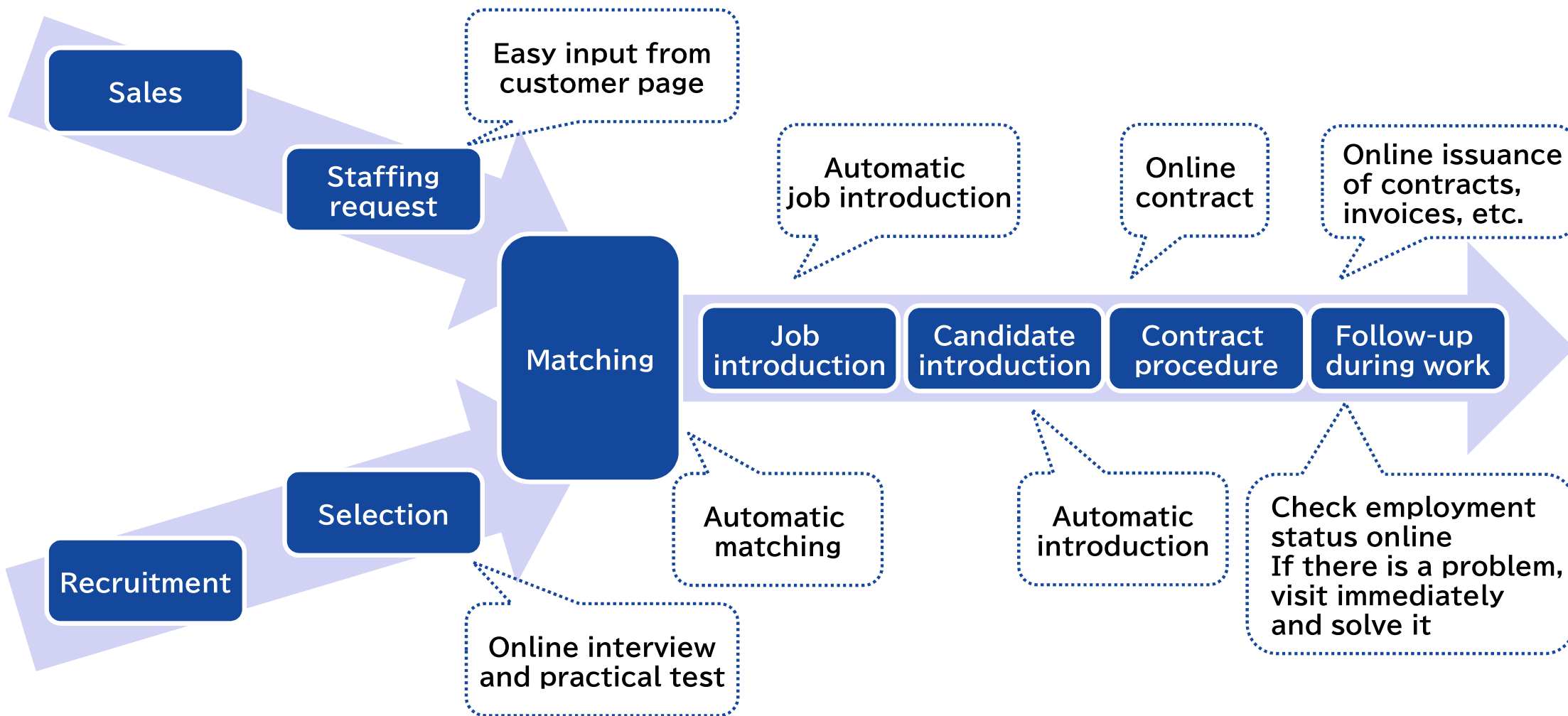
Various labor procedures and documents can be made paperless and efficient, as well as dispatched staff information can be centrally managed.

Information sharing between related parties will be smoother, and improve business efficiency.



Staffing service using doconico

Most of the staffing services procedures that were previously provided through our staff, can now be provided online.



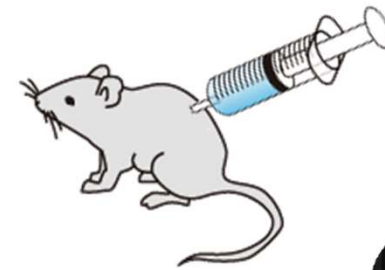
CRO Business

CRO is a company that provides support to the pharmaceutical manufacturers for developing new medicines.

There are four stages in drug development: We mainly support pharmacovigilance in Japan and do other stages overseas as well.

1. Basic research

Study safety and efficacy in cell experiments and animal experiments



2. Clinical trial

Investigate the effects and side effects on humans with the cooperation of patients



3. Regulatory Affairs

Submit experimental data to the government and get permission to sell the drug



4. Pharmacovigilance

Investigate side effect data by collecting daily data from hospitals



JAPAN

•WDB COCO

- Safety evaluation
- workdocument support

•WDB CLINICAL RESEARCH

- Data management
- statistical analysis

•COBRIDGE

- Pharmaceutical affairs application for medical devices

EUROPA

•MEDFILES

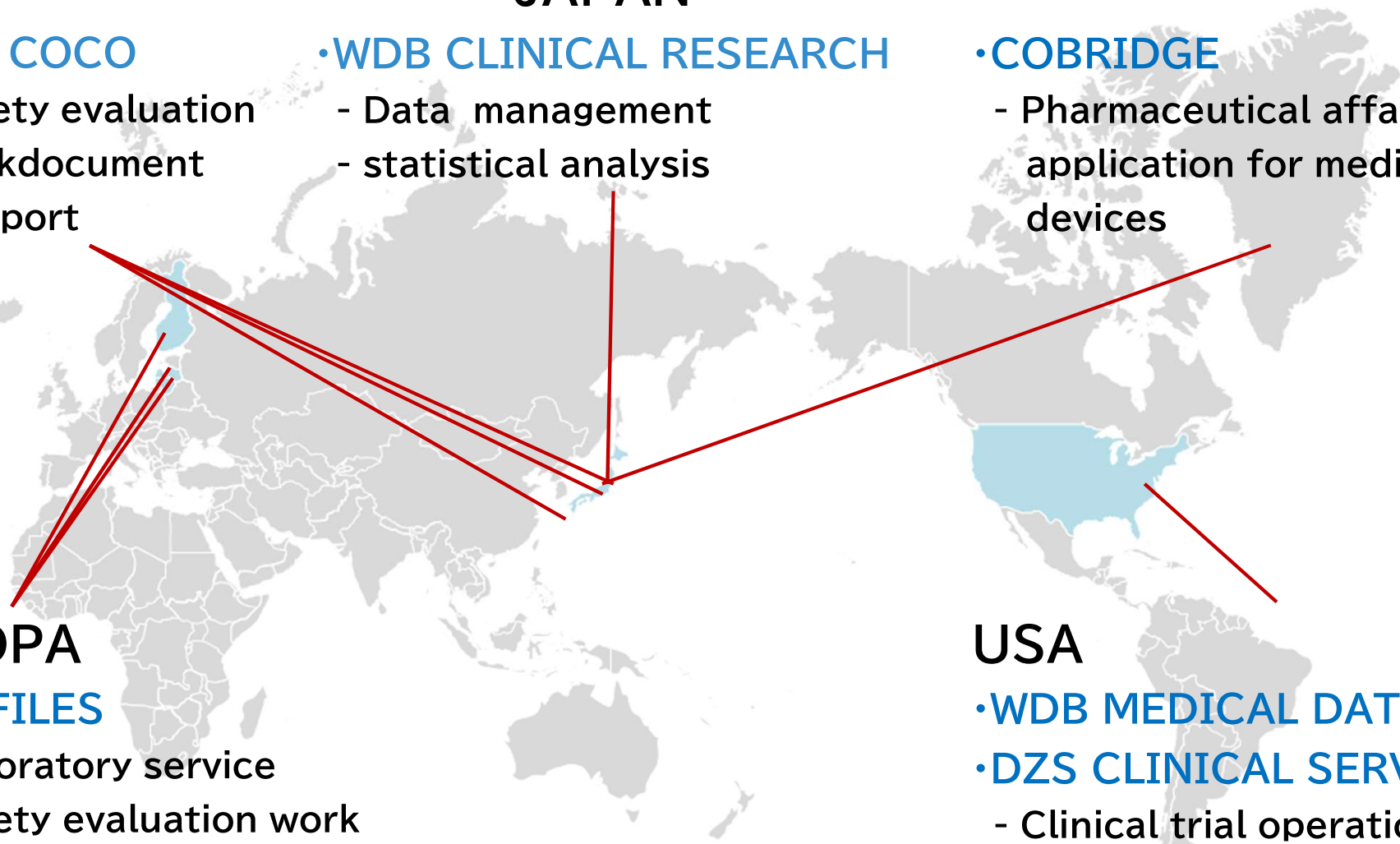
- Laboratory service
- Safety evaluation work
- Clinical trial
- Data management
- Statistical analysis
- Pharmaceutical affairs

USA

•WDB MEDICAL DATA

•DZS CLINICAL SERVICES

- Clinical trial operation
- Medical call center
- Data management
- Statistical analysis



Financials (summary)

FY2021 Financials (YTD)

4Q(accum.)	FY2019		FY2020		FY2021		20-21 Increase	20-21 Increase Rate
sales	¥43,108M	100.0%	¥44,126M	100.0%	¥46,876M	100.0%	¥2,750M	6.2%
cost	¥31,726M	73.6%	¥32,593M	73.9%	¥34,384M	73.4%	¥1,791M	5.5%
Gross Margin	¥11,382M	26.4%	¥11,533M	26.1%	¥12,492M	26.6%	¥959M	8.3%
SG(&)A	¥6,426M	14.9%	¥6,424M	14.6%	¥6,178M	13.2%	-¥246M	-3.8%
Operating Income	¥4,956M	11.5%	¥5,109M	11.6%	¥6,314M	13.5%	¥1,205M	23.6%
Ordinary Income	¥4,961M	11.5%	¥5,244M	11.9%	¥6,393M	13.6%	¥1,150M	21.9%
Net Income	¥3,114M	7.2%	¥3,405M	7.7%	¥4,171M	8.9%	¥766M	22.5%

- Sales and profits increased.
- The reason for the increase in sales is that we saw a recovery in new orders and the number of operating staff has increased.
- Gross profit margin improved because the impact of the coronavirus infection on the business weakened, and the utilization rate of dispatched staff recovered.
- Profit increased significantly due to streamlining operations and reducing SG&A expenses.

Quarterly results

1Q (Single Term)	FY2019 1Q		FY2020 1Q		FY2021 1Q		20-21 Increase	20-21 Increase Rate
sales	¥10,709M	100.0%	¥10,833M	100.0%	¥11,711M	100.0%	¥878M	8.1%
cost	¥7,837M	73.2%	¥7,909M	73.0%	¥8,466M	72.3%	¥557M	7.0%
Gross Margin	¥2,872M	26.8%	¥2,924M	27.0%	¥3,245M	27.7%	¥321M	11.0%
SG(&)A	¥1,665M	15.5%	¥1,561M	14.4%	¥1,543M	13.2%	-¥18M	-1.2%
Operating Income	¥1,207M	11.3%	¥1,363M	12.6%	¥1,702M	14.5%	¥339M	24.9%
Ordinary Income	¥1,207M	11.3%	¥1,366M	12.6%	¥1,727M	14.7%	¥361M	26.4%
Net Income	¥630M	5.9%	¥829M	7.7%	¥1,070M	9.1%	¥241M	29.1%

2Q (Single Term)	FY2019 2Q		FY2020 2Q		FY2021 2Q		20-21 Increase	20-21 Increase Rate
sales	¥10,725M	100.0%	¥10,760M	100.0%	¥11,524M	100.0%	¥764M	7.1%
cost	¥7,959M	74.2%	¥8,044M	74.8%	¥8,463M	73.4%	¥419M	5.2%
Gross Margin	¥2,766M	25.8%	¥2,716M	25.2%	¥3,061M	26.6%	¥345M	12.7%
SG(&)A	¥1,589M	14.8%	¥1,550M	14.4%	¥1,492M	12.9%	-¥57M	-3.7%
Operating Income	¥1,177M	11.0%	¥1,166M	10.8%	¥1,569M	13.6%	¥402M	34.5%
Ordinary Income	¥1,181M	11.0%	¥1,186M	11.0%	¥1,578M	13.7%	¥392M	33.1%
Net Income	¥793M	7.4%	¥820M	7.6%	¥969M	8.4%	¥149M	18.2%

Quarterly results

3Q (Single Term)	FY2019 3Q		FY2020 3Q		FY2021 3Q		20-21 Increase	20-21 Increase Rate
sales	¥10,987M	100.0%	¥11,290M	100.0%	¥12,060M	100.0%	¥770M	6.8%
cost	¥7,991M	72.7%	¥8,336M	73.8%	¥8,814M	73.1%	¥478M	5.7%
Gross Margin	¥2,996M	27.3%	¥2,954M	26.2%	¥3,246M	26.9%	¥292M	9.9%
SG(&)A	¥1,637M	14.9%	¥1,551M	13.7%	¥1,592M	13.2%	¥41M	2.7%
Operating Income	¥1,359M	12.4%	¥1,402M	12.4%	¥1,653M	13.7%	¥251M	17.9%
Ordinary Income	¥1,355M	12.3%	¥1,409M	12.5%	¥1,670M	13.8%	¥260M	18.5%
Net Income	¥785M	7.1%	¥960M	8.5%	¥1,108M	9.2%	¥148M	15.4%

4Q (Single Term)	FY2019 4Q		FY2020 4Q		FY2021 4Q		20-21 Increase	20-21 Increase Rate
sales	¥10,687M	100.0%	¥11,243M	100.0%	¥11,580M	100.0%	¥337M	3.0%
cost	¥7,940M	74.3%	¥8,304M	73.9%	¥8,640M	74.6%	¥336M	4.0%
Gross Margin	¥2,748M	25.7%	¥2,939M	26.1%	¥2,940M	25.4%	¥1M	0.0%
SG(&)A	¥1,535M	14.4%	¥1,761M	15.7%	¥1,550M	13.4%	-¥211M	-12.0%
Operating Income	¥1,213M	11.3%	¥1,178M	10.5%	¥1,390M	12.0%	¥212M	18.0%
Ordinary Income	¥1,219M	11.4%	¥1,283M	11.4%	¥1,419M	12.3%	¥136M	10.6%
Net Income	¥906M	8.5%	¥796M	7.1%	¥1,024M	8.8%	¥228M	28.6%

<Human resources>

- There is no influence of corona for the existing staffing business.
The number of new orders has recovered to the level of Before-Corona.
- We are actively engaged in sales activities. The job advertisements that were reduced due to the corona have come back almost to the ordinary level.
- In April 2021, we released the system “doconico” that provides staffing services. Customer awareness is almost 100%.
We are working on activities aimed at making more effective use by our customers, and make additional developments to make the system even more convenient.

<CRO>

- There is no significant influence of corona both in Japan and overseas.
However, we withdrew from the synthetic experiment business in India.

<Others>

- We have sold Kaken Geneqs on February 25th and we have withdrawn from the manufacturing business.

FY2021 Financials (By segment)

4Q(accum.)		FY2019 4Q		FY2020 4Q		FY2021 4Q		20-21 Increase	20-21 Increase Rate
Human resources	sales	¥38,615M		¥39,025M		¥40,247M		¥1,222M	3.1%
	Segment profit	¥5,077M	13.1%	¥4,980M	12.8%	¥5,634M	14.0%	¥654M	13.1%
CRO	sales	¥4,145M		¥4,839M		¥6,330M		¥1,491M	30.8%
	Segment profit	¥314M	7.6%	¥500M	10.3%	¥1,044M	16.5%	¥544M	108.8%

Quarterly results (by segment)

1Q		FY2019 1Q		FY2020 1Q		FY2021 1Q		20-21 Increase	20-21 Increase Rate
Human resources	sales	¥9,574M		¥9,631M		¥10,195M		¥564M	5.9%
	Segment profit	¥1,199M	12.5%	¥1,346M	14.0%	¥1,563M	15.3%	¥217M	16.1%
CRO	sales	¥1,081M		¥1,090M		¥1,456M		¥366M	33.5%
	Segment profit	¥140M	12.9%	¥105M	9.6%	¥224M	15.4%	¥119M	114.0%

2Q		FY2019 2Q		FY2020 2Q		FY2021 2Q		20-21 Increase	20-21 Increase Rate
Human resources	sales	¥9,610M		¥9,496M		¥9,814M		¥318M	3.3%
	Segment profit	¥1,192M	12.4%	¥1,116M	11.8%	¥1,288M	13.1%	¥172M	15.4%
CRO	sales	¥985M		¥1,212M		¥1,637M		¥425M	35.1%
	Segment profit	¥63M	6.4%	¥152M	12.5%	¥369M	22.6%	¥218M	143.5%

3Q		FY2019 3Q		FY2020 3Q		FY2021 3Q		20-21 Increase	20-21 Increase Rate
Human resources	sales	¥9,914M		¥10,070M		¥10,348M		¥278M	2.8%
	Segment profit	¥1,399M	14.1%	¥1,366M	13.6%	¥1,475M	14.3%	¥109M	8.0%
CRO	sales	¥980M		¥1,183M		¥1,572M		¥388M	32.8%
	Segment profit	¥82M	8.4%	¥131M	11.1%	¥280M	17.8%	¥149M	113.7%

4Q		FY2019 4Q		FY2020 4Q		FY2021 4Q		20-21 Increase	20-21 Increase Rate
Human resources	sales	¥9,516M		¥9,828M		¥9,891M		¥63M	0.6%
	Segment profit	¥1,287M	13.5%	¥1,152M	11.7%	¥1,308M	13.2%	¥156M	13.5%
CRO	sales	¥1,098M		¥1,354M		¥1,666M		¥312M	23.0%
	Segment profit	¥30M	2.7%	¥113M	8.3%	¥171M	10.3%	¥58M	51.8%

Forecast / dividends of FY2022 and Mid-term Management Plan

For the fiscal year ending March 31, 2023, we foresee decreasing profits.

In the current and next fiscal year, we will transform the quality of our business. In the past, we have not paid very high compensation to our temporary staff. Even so, we have the top share in the market for temporary staffing of science-related research workers.

In the fiscal year ending March 31, 2022, we will be able to remain profitable enough as a company that mainly provides registered temporary staffing services.

In the current and next fiscal year, we will increase compensation for temporary staff and invest in IT systems. We will raise staff compensation, build even stronger relationships with clients and staff than before, and further pursue client and staff satisfaction.

We will also use our new platform to work on administrative clerk staffing business.

We will not differentiate ourselves solely on the basis of higher compensation or greater workload.

But, we will differentiate ourselves through our overall strengths as a temporary staffing company, that is, high quality of service based on three elements: highly accurate identification of job seekers, a well-developed training system, and extensive follow-up visits during employment, as well as our own platform pursuing more convenience and usefulness.

We will align the interests of our clients, our staff, and our company to become the one and only staffing company, with the goal of becoming a company with sales of 100 billion yen and ordinary income of 10 billion yen.

FY2022 Forecast

	FY2020			FY2021			FY2022(Forecast)		
	Amount	Composition ratio	Growth rate	Amount	Composition ratio	Growth rate	Amount	Composition ratio	Growth rate
Net Sales	¥44.1B	100.0%	2.4%	¥46.9B	100.0%	6.2%	¥47.2B	100.0%	0.8%
Gross Margin	¥11.5B	26.1%	1.3%	¥12.5B	26.6%	8.3%	¥12.0B	25.5%	-3.6%
SG(&)A	¥6.4B	14.6%	0.0%	¥6.2B	13.2%	-3.8%	¥7.0B	14.7%	12.6%
Operating Income	¥5.1B	11.6%	3.1%	¥6.3B	13.5%	23.6%	¥5.1B	10.8%	-19.5%
Ordinary Income	¥5.2B	11.9%	5.7%	¥6.4B	13.6%	21.9%	¥5.1B	10.8%	-20.5%
Net Income	¥3.4B	7.7%	9.3%	¥4.2B	8.9%	22.5%	¥3.3B	6.9%	-21.4%

This section provides an overview of our management policy.

(For details, please refer to the Medium- and Long-term Management Policies published on May 13, 2022.)

1. Deliver services through our platform to increase convenience and productivity in order to reduce costs.
2. Although decreasing a short-term profit, utilizing the reduced costs and our profits as a source of funds, we will improve the compensation of temporary staff to achieve long-term sustainable growth and full-scale entry into the administrative clerk staffing business.
3. We target the ordinary profit margin of the human resources business at 10%. We also target the ordinary profit margin of the CRO and other businesses at 20% and keep it. We aim for long-term sustainable profit growth, not short-term high profits.
4. We target ROE should be 15% or higher, and dividend payout ratio to be 30% or higher and maintain it.

We continue to pay stable dividends while continuing to invest in the platform as well.

Currently, the staffing of science researchers, who occupy more than 30% of the market share (about 30 billion yen), will transform the business with the platform and aim for a 50% share (about 50 billion yen).

<Specific strategy>

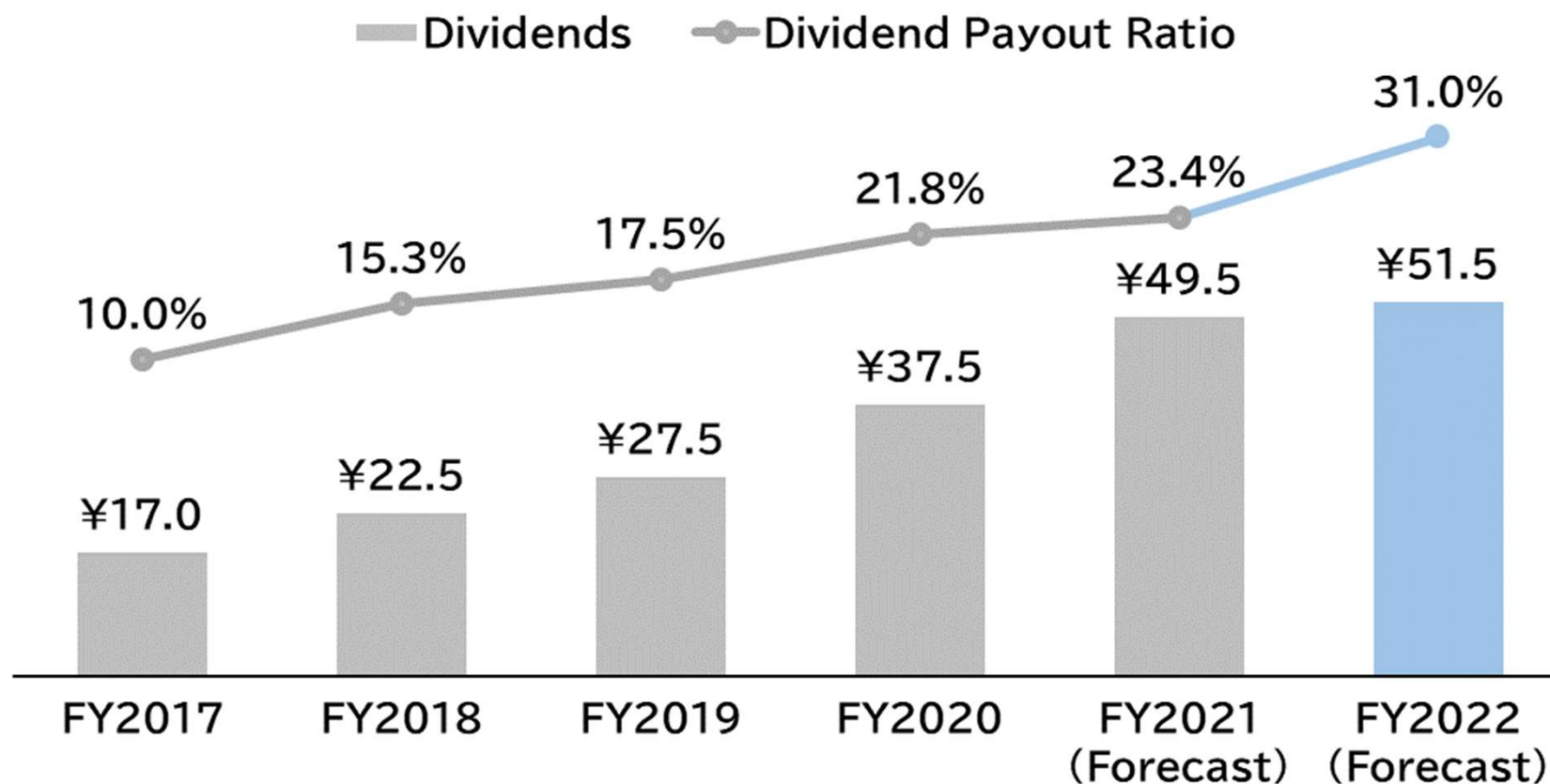
- Abundant number of staff secured by technical training and our track record of being "No. 1 in science staffing"
- Careful staff identification and matching, trust in an established follow-up system
- Our sales organization that is closely linked to customers through a nationwide branch network
- Providing overwhelming convenience to customers and staff by providing services based on the platform
- The platform contributes to maximize operational efficiency and to reduce cost. Utilize the reduced costs to raise the salary of dispatched employees, secure abundant number of staff that no other companies can imitate, and increase market share

We will expand the scale of engineering staffing with the same strategy.

We will make a full-scale entry into the field of dispatching clerical workers. In the same way as the science staffing, we will provide services by platform and raise the salary of staff by using cost reduction as a resource to secure abundant number of staff.

Utilizing the know-how of the staffing business that we have cultivated so far, we will aim to establish a presence in the staffing market for clerical workers.

We plan to pay a dividend of 51.5 yen for this fiscal year. Dividends for the fiscal year ending March 31, 2024 and beyond have not yet been determined. Our policy is to aim for a dividend payout ratio of 30% and to maintain or increase the dividend amount.



The purpose of this material is to provide information about business performance. It is not intended to solicit investment in our stock.

The predictions given in this material are judgments at the time the material was created. Forecasts are subject to change without notice.

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