

Respond, Exceed



**WDB Holdings Co., Ltd.
FY2022 Financial Report**

Company Overview (May. 2023)

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	:1,074 (temporary staff and others / 10,175)
Sales	:¥47.6 billion(FY2022)
Ordinary Income	:¥ 5.6 billion(FY2022)

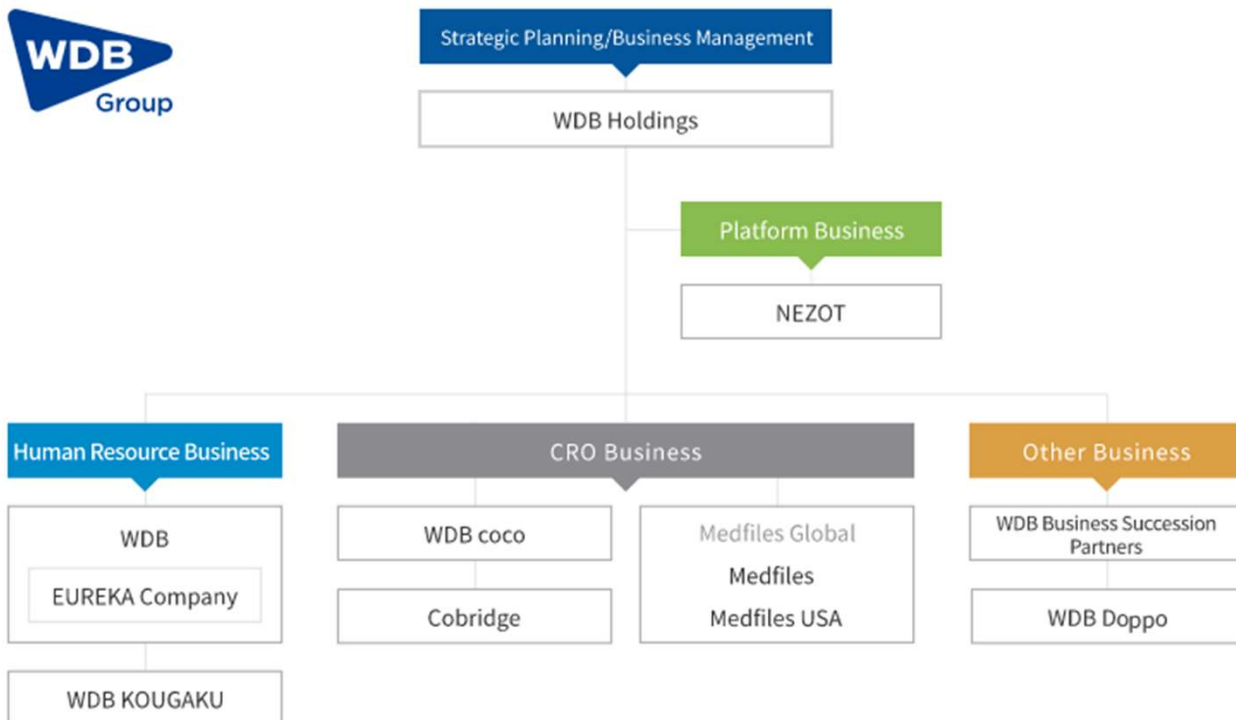
<Business Domain>

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

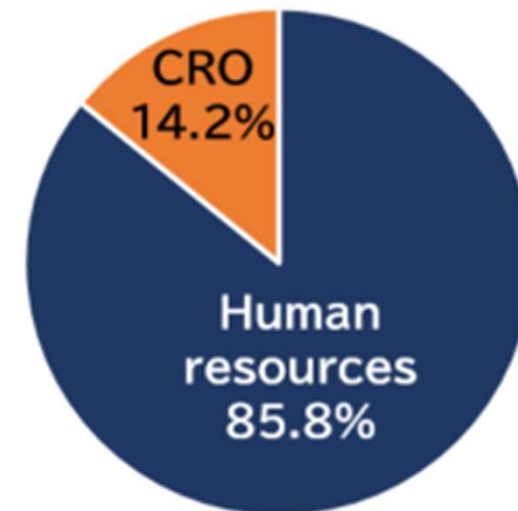


Head Office (Himeji, Hyogo)

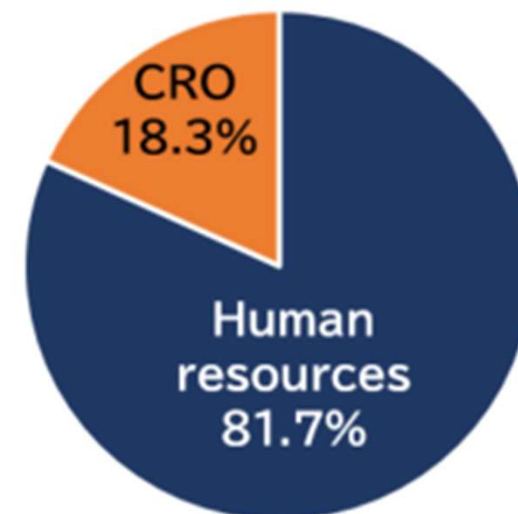
Group Companies (May. 2023)



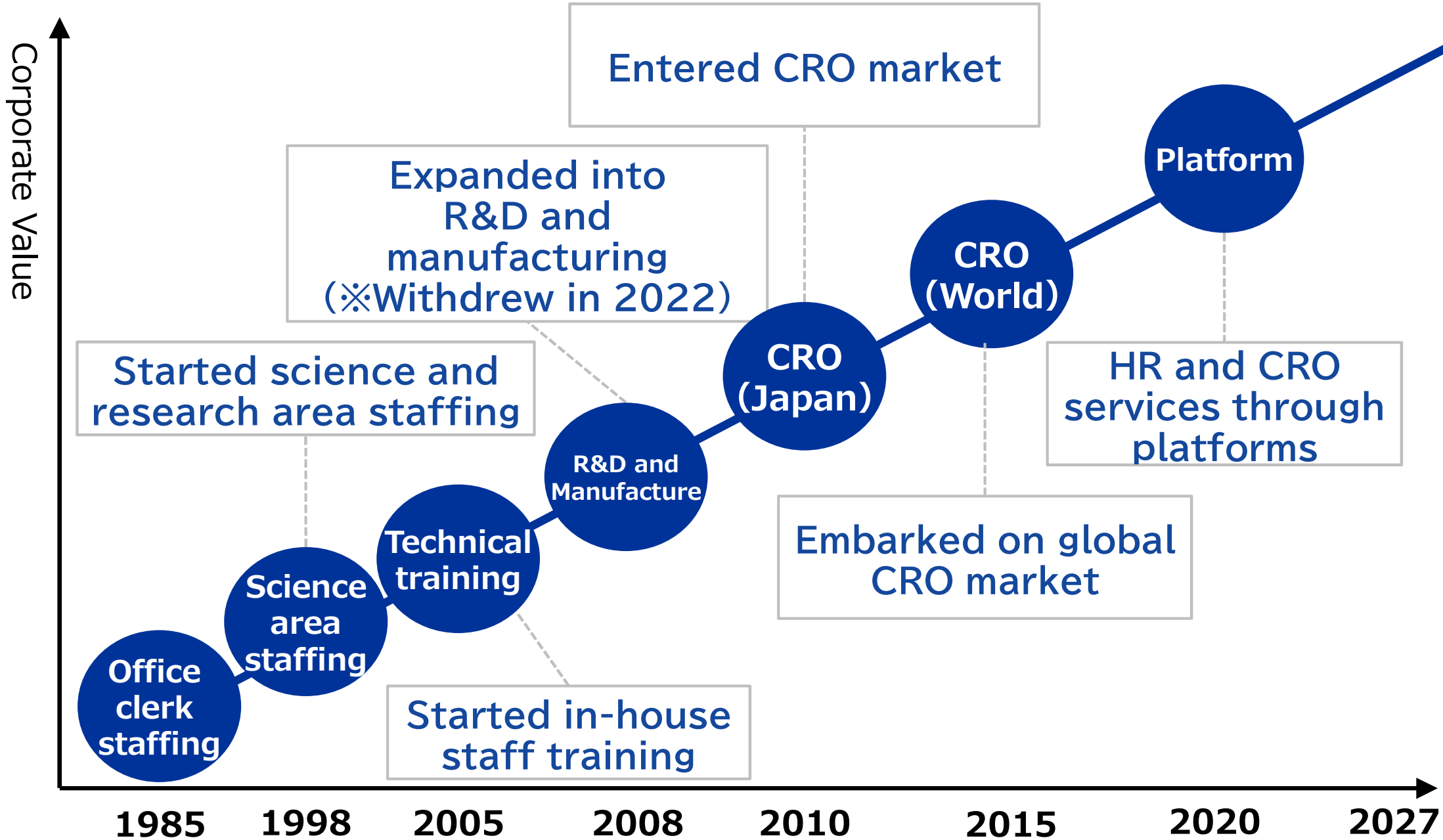
<Sales composition (FY2022)>



<Profit composition (FY2022)>

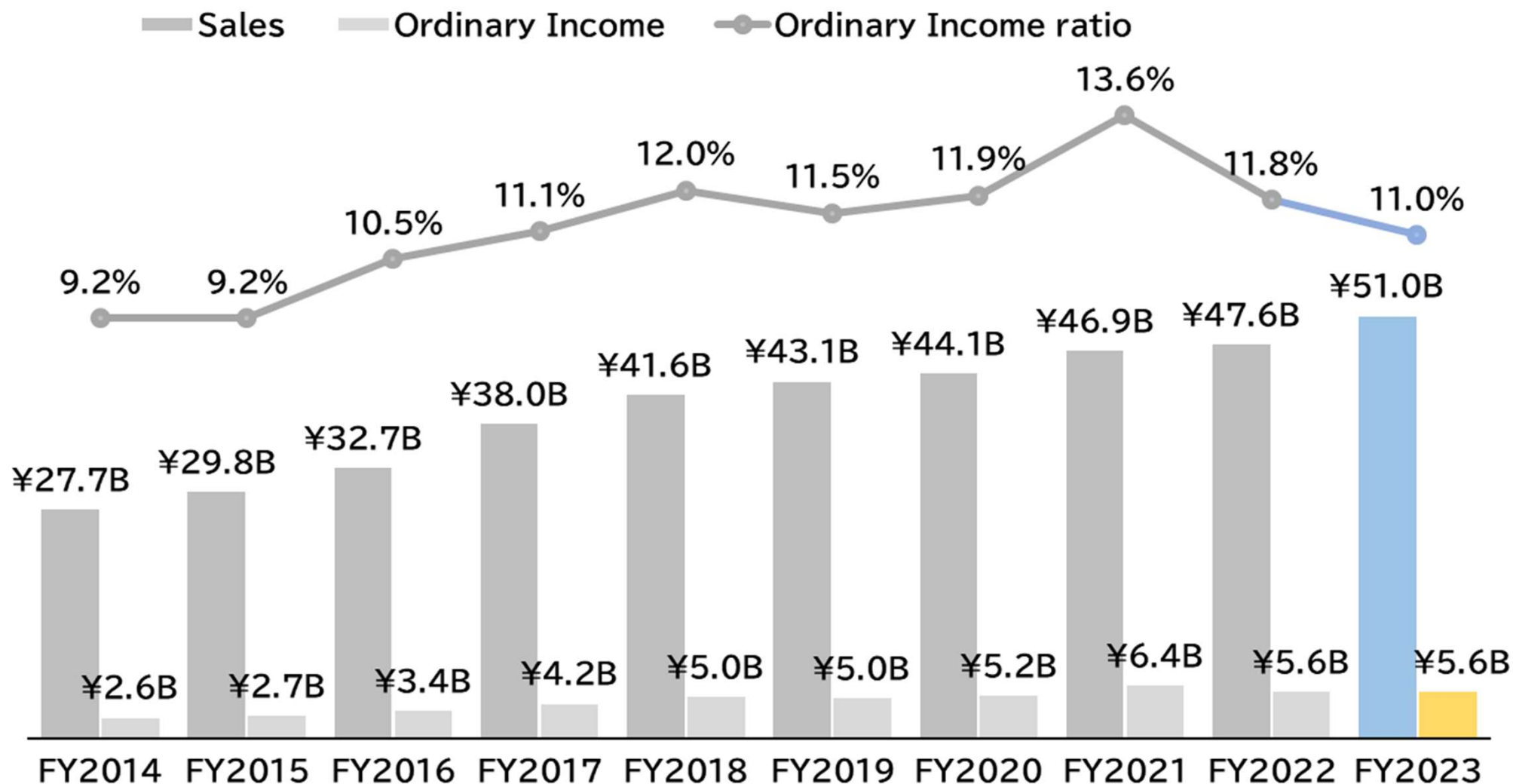


History and Business Expansion



Financial Results & Forecast

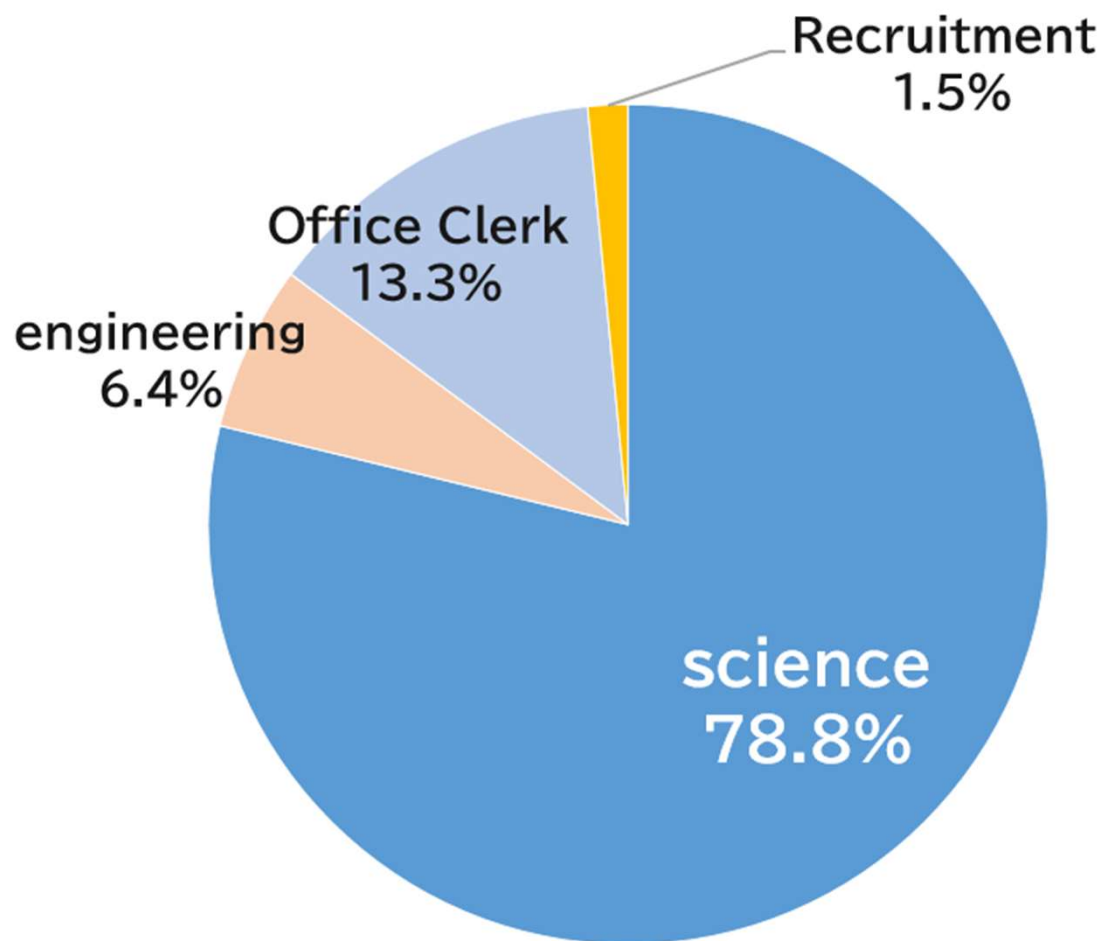
Sales and profits are steadily growing for the past 10 years. However, in FY2022 and FY2023, profits are declined temporarily as we work to improve the treatment of dispatched employees for future growth.



Human Resource (Staffing) Business

Sales Breakdown of Staffing Business

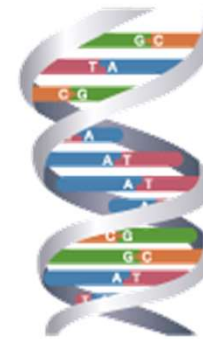
Our staffing business is mainly focusing on the science and research field. Our company accounts for approx. 1/3 of the science-related temporary staffing market (95 billion yen) ※ --- (※ market size by our estimate).



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

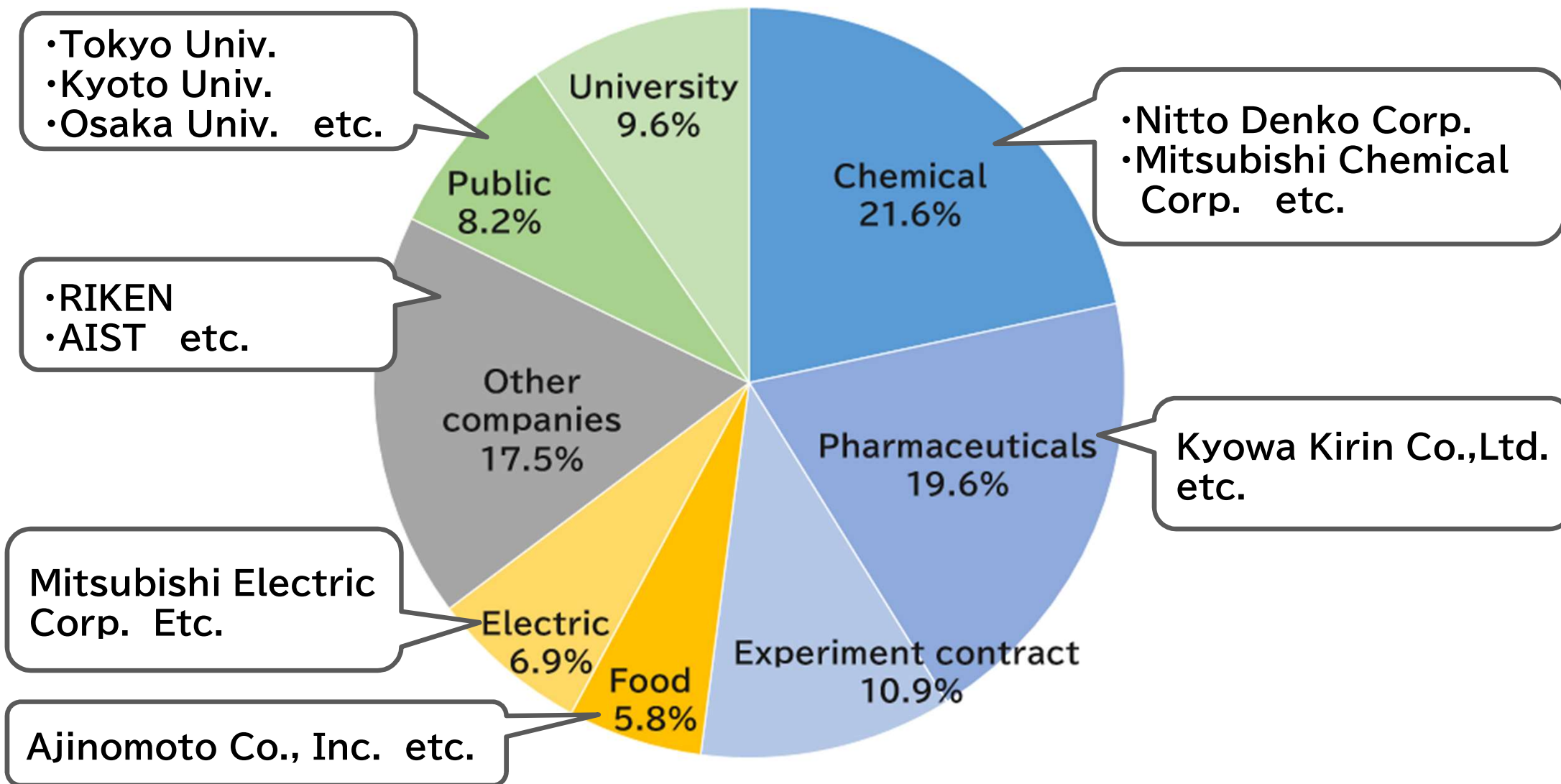


Two Staff Dispatch Types in Japan

	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 by hundreds-units.
Main staffing agencies	PERSOL, Recruit, Pasona	TechnoPro, MEITEC, UT Group
Dispatching price	Permanent employee type prices are 1.5 to 2 times of registration type.	
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 the mechanism which enhances the convenience and visualization of services that used to be done manually as a “platform”.

The basic development concept is that “the platform will streamline, automate, and visualize operations, and customers will be able to receive our services 24/7, and will be able to check the progress of services in real time.”

The human resources service platform “doconico” was already released in April 2021.

We also plan to release a platform for CRO services in FY2023.

Staffing platform "doconico"

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

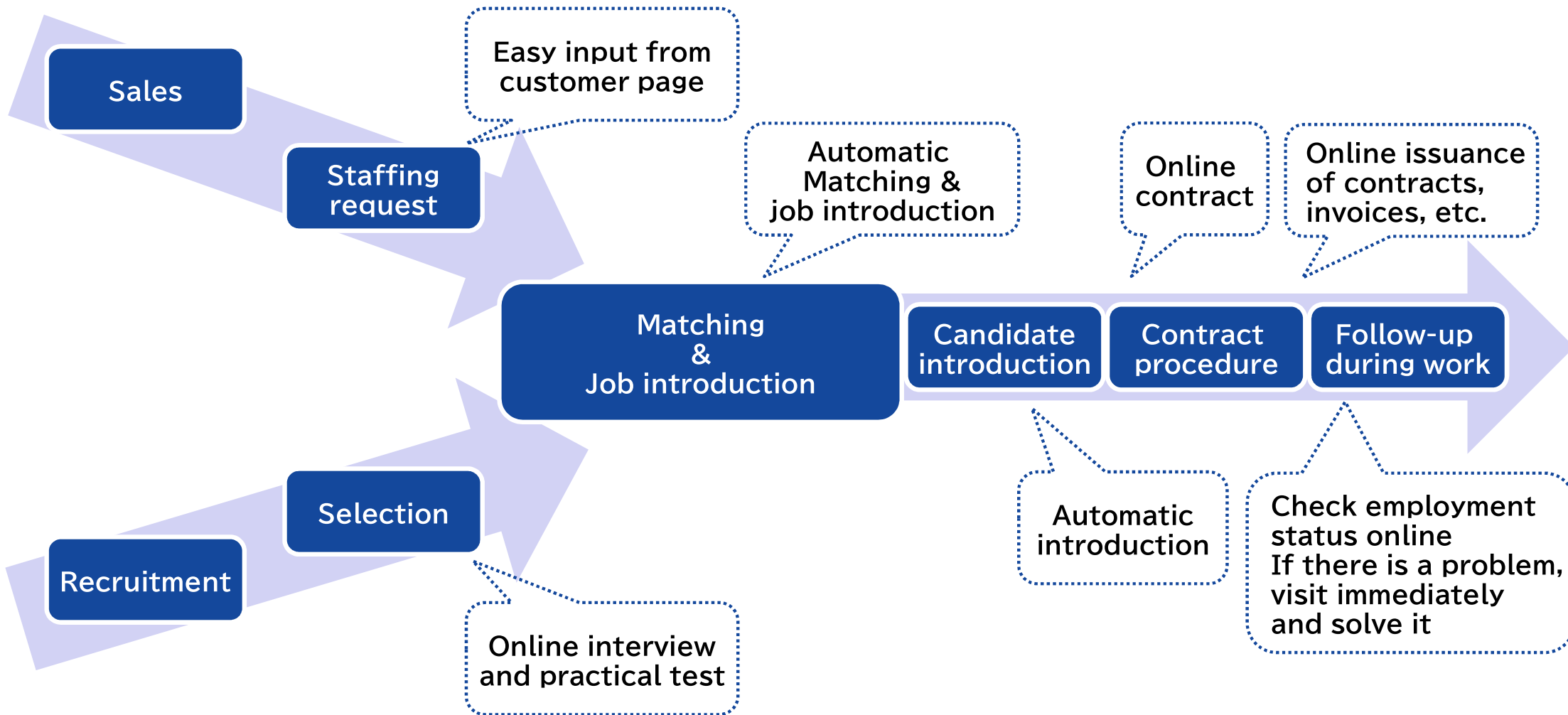
Various labor procedures and documents can be made paperless and efficient, as well as dispatched staff information can be centrally managed.

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.



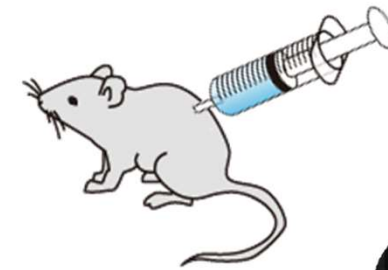
CRO Business

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
- Data management
- statistical analysis

COBRIDGE

- Pharmaceutical affairs application for medical devices

EUROPE

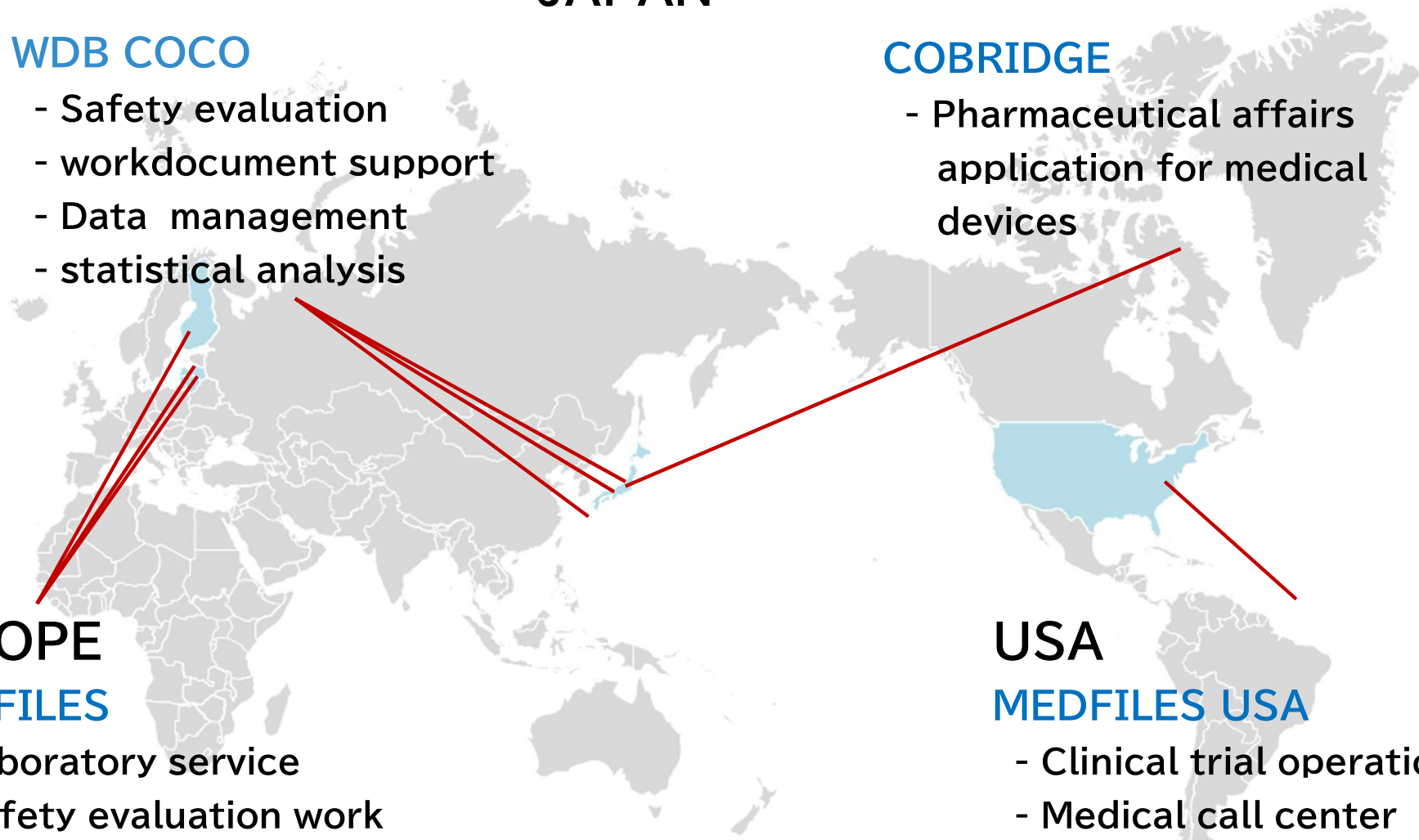
MEDFILES

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

USA

MEDFILES USA

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



FY 2022 Results

Business Performance (Consolidated)

4Q(accum.)	FY2020		FY2021		FY2022		21-22 Increase	21-22 Increase Rate
sales	¥44,126M	100.0%	¥46,876M	100.0%	¥47,602M	100.0%	¥726M	1.5%
cost	¥32,593M	73.9%	¥34,384M	73.4%	¥35,668M	74.9%	¥1,284M	3.7%
Gross Margin	¥11,533M	26.1%	¥12,492M	26.6%	¥11,935M	25.1%	-¥558M	-4.5%
SG(&)A	¥6,424M	14.6%	¥6,178M	13.2%	¥6,427M	13.5%	¥249M	4.0%
Operating Income	¥5,109M	11.6%	¥6,314M	13.5%	¥5,508M	11.6%	-¥806M	-12.8%
Ordinary Income	¥5,244M	11.9%	¥6,393M	13.6%	¥5,615M	11.8%	-¥779M	-12.2%
Net Income	¥3,405M	7.7%	¥4,171M	8.9%	¥3,541M	7.4%	-¥631M	-15.1%

- Sales increased and profit decreased for /FY2022.
The main factors behind the increase in sales were an increase in the number of dispatched staff and an increase in the dispatch unit price. The number of business days decreased by one day compared to the previous term.
- On the other hand, as a result of increased cost rate due to increased compensation for temporary workers raising the base of employee compensation, the SG & A expense ratio increased. Consequently, profits declined.

Business Performance (Consolidated, Quarterly)

1Q (Single Term)	FY2020		FY2021		FY2022		21-22 Increase	21-22 Increase Rate
sales	¥10,833M	100.0%	¥11,711M	100.0%	¥11,860M	100.0%	¥149M	1.3%
cost	¥7,909M	73.0%	¥8,466M	72.3%	¥8,797M	74.2%	¥331M	3.9%
Gross Margin	¥2,924M	27.0%	¥3,245M	27.7%	¥3,063M	25.8%	-¥182M	-5.6%
SG(&)A	¥1,561M	14.4%	¥1,543M	13.2%	¥1,635M	13.8%	¥91M	5.9%
Operating Income	¥1,363M	12.6%	¥1,702M	14.5%	¥1,429M	12.0%	-¥273M	-16.0%
Ordinary Income	¥1,366M	12.6%	¥1,727M	14.7%	¥1,434M	12.1%	-¥293M	-17.0%
Net Income	¥829M	7.7%	¥1,070M	9.1%	¥893M	7.5%	-¥177M	-16.5%

2Q (Single Term)	FY2020		FY2021		FY2022		21-22 Increase	21-22 Increase Rate
sales	¥10,760M	100.0%	¥11,524M	100.0%	¥11,852M	100.0%	¥328M	2.9%
cost	¥8,044M	74.8%	¥8,463M	73.4%	¥8,840M	74.6%	¥377M	4.5%
Gross Margin	¥2,716M	25.2%	¥3,061M	26.6%	¥3,013M	25.4%	-¥48M	-1.6%
SG(&)A	¥1,550M	14.4%	¥1,492M	12.9%	¥1,592M	13.4%	¥100M	6.7%
Operating Income	¥1,166M	10.8%	¥1,569M	13.6%	¥1,420M	12.0%	-¥148M	-9.5%
Ordinary Income	¥1,186M	11.0%	¥1,578M	13.7%	¥1,458M	12.3%	-¥120M	-7.6%
Net Income	¥820M	7.6%	¥969M	8.4%	¥804M	6.8%	-¥165M	-17.0%

3Q (Single Term)	FY2020		FY2021		FY2022		21-22 Increase	21-22 Increase Rate
sales	¥11,290M	100.0%	¥12,060M	100.0%	¥12,022M	100.0%	-¥38M	-0.3%
cost	¥8,336M	73.8%	¥8,814M	73.1%	¥8,977M	74.7%	¥162M	1.8%
Gross Margin	¥2,954M	26.2%	¥3,246M	26.9%	¥3,045M	25.3%	-¥201M	-6.2%
SG(&)A	¥1,551M	13.7%	¥1,592M	13.2%	¥1,622M	13.5%	¥30M	1.9%
Operating Income	¥1,402M	12.4%	¥1,653M	13.7%	¥1,423M	11.8%	-¥230M	-13.9%
Ordinary Income	¥1,409M	12.5%	¥1,670M	13.8%	¥1,434M	11.9%	-¥236M	-14.1%
Net Income	¥960M	8.5%	¥1,108M	9.2%	¥868M	7.2%	-¥241M	-21.7%

4Q (Single Term)	FY2020		FY2021		FY2022		21-22 Increase	21-22 Increase Rate
sales	¥11,243M	100.0%	¥11,580M	100.0%	¥11,868M	100.0%	¥288M	2.5%
cost	¥8,304M	73.9%	¥8,640M	74.6%	¥9,054M	76.3%	¥414M	4.8%
Gross Margin	¥2,939M	26.1%	¥2,940M	25.4%	¥2,814M	23.7%	-¥127M	-4.3%
SG(&)A	¥1,761M	15.7%	¥1,550M	13.4%	¥1,577M	13.3%	¥28M	1.8%
Operating Income	¥1,178M	10.5%	¥1,390M	12.0%	¥1,236M	10.4%	-¥154M	-11.1%
Ordinary Income	¥1,283M	11.4%	¥1,419M	12.3%	¥1,289M	10.9%	-¥130M	-9.1%
Net Income	¥796M	7.1%	¥1,024M	8.8%	¥976M	8.2%	-¥48M	-4.7%

Business Performance (By Segment)

4Q(accum.)		FY2020		FY2021		FY2022		21-22 Increase	21-22 Increase Rate
Human resources	sales	¥39,025M	-	¥40,247M	-	¥40,856M	-	¥608M	1.5%
	Segment profit	¥4,980M	12.8%	¥5,634M	14.0%	¥4,911M	12.0%	-¥723M	-12.8%
	business days	240	-	241	-	241	-	0	0.0%
	sales per day	¥163M	-	¥167M	-	¥170M	-	¥3M	1.5%
CRO	sales	¥4,839M	-	¥6,330M	-	¥6,747M	-	¥417M	6.6%
	Segment profit	¥500M	10.3%	¥1,044M	16.5%	¥1,097M	16.3%	¥53M	5.1%

Business Performance (By Segment, Quartely)

1Q		FY2020		FY2021		FY2022		21-22 Increase	21-22 Increase Rate
Human resources	sales	¥9,631M	-	¥10,195M	-	¥10,274M	-	¥79M	0.8%
	Segment profit	¥1,346M	14.0%	¥1,563M	15.3%	¥1,399M	13.6%	-¥164M	-10.5%
	business days	60	-	61	-	60	-	-1	-1.6%
	sales per day	¥161M	-	¥167M	-	¥171M	-	¥4M	2.5%
CRO	sales	¥1,090M	-	¥1,456M	-	¥1,586M	-	¥130M	8.9%
	Segment profit	¥105M	9.6%	¥224M	15.4%	¥179M	11.3%	-¥45M	-19.9%

2Q(Single Term)		FY2020		FY2021		FY2022		21-22 Increase	21-22 Increase Rate
Human resources	sales	¥9,496M	-	¥9,814M	-	¥10,115M	-	¥301M	3.1%
	Segment profit	¥1,116M	11.8%	¥1,246M	12.7%	¥1,131M	11.2%	-¥116M	-9.3%
	business days	59	-	59	-	60	-	1	1.7%
	sales per day	¥161M	-	¥166M	-	¥169M	-	¥2M	1.4%
CRO	sales	¥1,212M	-	¥1,637M	-	¥1,738M	-	¥101M	6.2%
	Segment profit	¥152M	12.5%	¥369M	22.6%	¥395M	22.7%	¥26M	6.9%

3Q(Single Term)		FY2020		FY2021		FY2022		21-22 Increase	21-22 Increase Rate
Human resources	sales	¥10,070M	-	¥10,348M	-	¥10,341M	-	-¥7M	-0.1%
	Segment profit	¥1,366M	13.6%	¥1,517M	14.7%	¥1,233M	11.9%	-¥284M	-18.7%
	business days	62	-	62	-	61	-	-1	-1.6%
	sales per day	¥162M	-	¥167M	-	¥170M	-	¥3M	1.6%
CRO	sales	¥1,183M	-	¥1,572M	-	¥1,681M	-	¥110M	7.0%
	Segment profit	¥131M	11.1%	¥280M	17.8%	¥314M	18.7%	¥34M	12.2%

4Q(Single Term)		FY2020		FY2021		FY2022		21-22 Increase	21-22 Increase Rate
Human resources	sales	¥9,828M	-	¥9,891M	-	¥10,126M	-	¥235M	2.4%
	Segment profit	¥1,152M	11.7%	¥1,308M	13.2%	¥1,148M	11.3%	-¥160M	-12.2%
	business days	59	-	59	-	60	-	1	1.7%
	sales per day	¥167M	-	¥168M	-	¥169M	-	¥1M	0.7%
CRO	sales	¥1,354M	-	¥1,666M	-	¥1,742M	-	¥76M	4.6%
	Segment profit	¥113M	8.3%	¥171M	10.3%	¥209M	12.0%	¥38M	22.1%

<Human resources>

- The number of new dispatch requests and orders was the same as last year.
- There was an effect of improving the treatment of temporary employees. As a result, the number of staff increased.
- Regarding the dispatch service platform “doconico,” we are working to further improve and develop it and further increase the utilization of customers and temporary employees.
- In addition, as preparations for entering the clerical field, we are also proceeding with the development of the doconico office work version.
- In line with the provision of services through Doconico, sales activities were based on online sales activities. In addition, we started optimizing the organizational structure accordingly.

<CRO>

- Although the business in the United States was sluggish, the business in Japan was strong, leading to increases in sales and profits.
- We are continuing to develop the CRO platform with the aim of reducing costs and improving convenience through streamlining operations and launching new services.
- Currently, the situation in Ukraine has almost no impact on our business.

Progress of medium-term management plan & Forecast / dividends of FY2023

The outlook for FY2023 is as follows.

We will explain the outlook and initiatives for FY2023 and the progress of the medium-to long-term management plan (5 years from FY2022 to FY2026) announced in May 2022.

	FY2021			FY2022			FY2023(Forecast)		
	Amount	Composition ratio	Growth rate	Amount	Composition ratio	Growth rate	Amount	Composition ratio	Growth rate
Net Sales	¥46.9B	100.0%	6.2%	¥47.6B	100.0%	1.5%	¥51.0B	100.0%	7.1%
Gross Margin	¥12.5B	26.6%	8.3%	¥11.9B	25.1%	-4.5%	¥11.9B	23.4%	-0.2%
SG(&)A	¥6.2B	13.2%	-3.8%	¥6.4B	13.5%	4.0%	¥6.4B	12.6%	-0.4%
Operating Income	¥6.3B	13.5%	23.6%	¥5.5B	11.6%	-12.8%	¥5.5B	10.8%	0.04%
Ordinary Income	¥6.4B	13.6%	21.9%	¥5.6B	11.8%	-12.2%	¥5.6B	11.0%	0.1%
Net Income	¥4.2B	8.9%	22.5%	¥3.5B	7.4%	-15.1%	¥3.6B	7.0%	0.3%

※ Up to page 35 is a repost of what was announced in May 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, we occupy above a 30% of market share (about 31 billion yen) of the science researchers staffing market.

We will further increase and target the market share of 50% (about 50 billion yen) in this segment.

<Specific strategy>

- Providing overwhelming convenience to customers and staff by offering services based on the platform
- The platform contributes to maximize operational efficiency and to reduce cost, which leads to raise the salary of dispatched employees. In addition to our track record of "No. 1 in science staffing" and strong technical training, by becoming a highest paying staffing company, we secure abundant number of staff than competition and meet the customers requests.
- We will further refine our staff identification, matching, and follow-up system to earn more trust of our customers and staff.

We will expand the scale in engineering staffing also by adopting the same strategy.

Taking the same strategy as in science, we will make a full-scale entry into the field of dispatching office clerical workers.

The office dispatch market is estimated around 1.8 trillion yen. It is about 20 times larger than the science dispatch market, which seems so attractive.

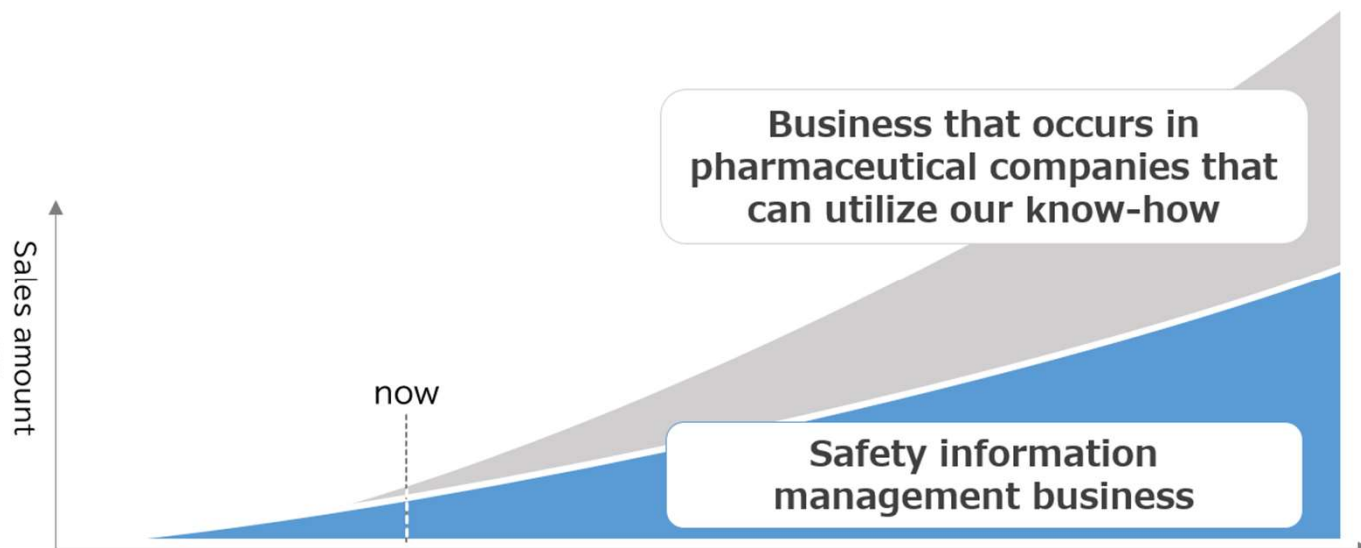
This field is the main battlefield of major staffing companies. Thus far, we have not entered the market because we think that we are weaker than them in procuring the right human resources in this field. However, once WDB becomes the industry's highest hourly dispatch pay rate company, we will be able to procure the right human resources.

We aim to establish a presence in the office clerk staffing market as well, by securing ample dispatch staff by higher hourly rate, our accumulated know-hows and highly convenient service provided through our Platform.

< WDB coco >

We will utilize the know-how cultivated in the field of safety information that we are currently developing, such as disassembling and standardizing customer operations, optimal recruitment, education, staffing, and grasping processing time.

By doing so, we will expand the scope of services to the fields of safety assurance measures, solve customer issues, and open up new markets.



< CRO business other than WDB coco >

In the CRO business other than WDB Coco, we will work on niche fields in areas such as regulatory application, clinical trials, data management, and statistical analysis.

We do not actively engage in M & A.

However, if we judge that the company is attractive in the business area and has the potential to grow significantly by introducing our know-how, we may implement it.

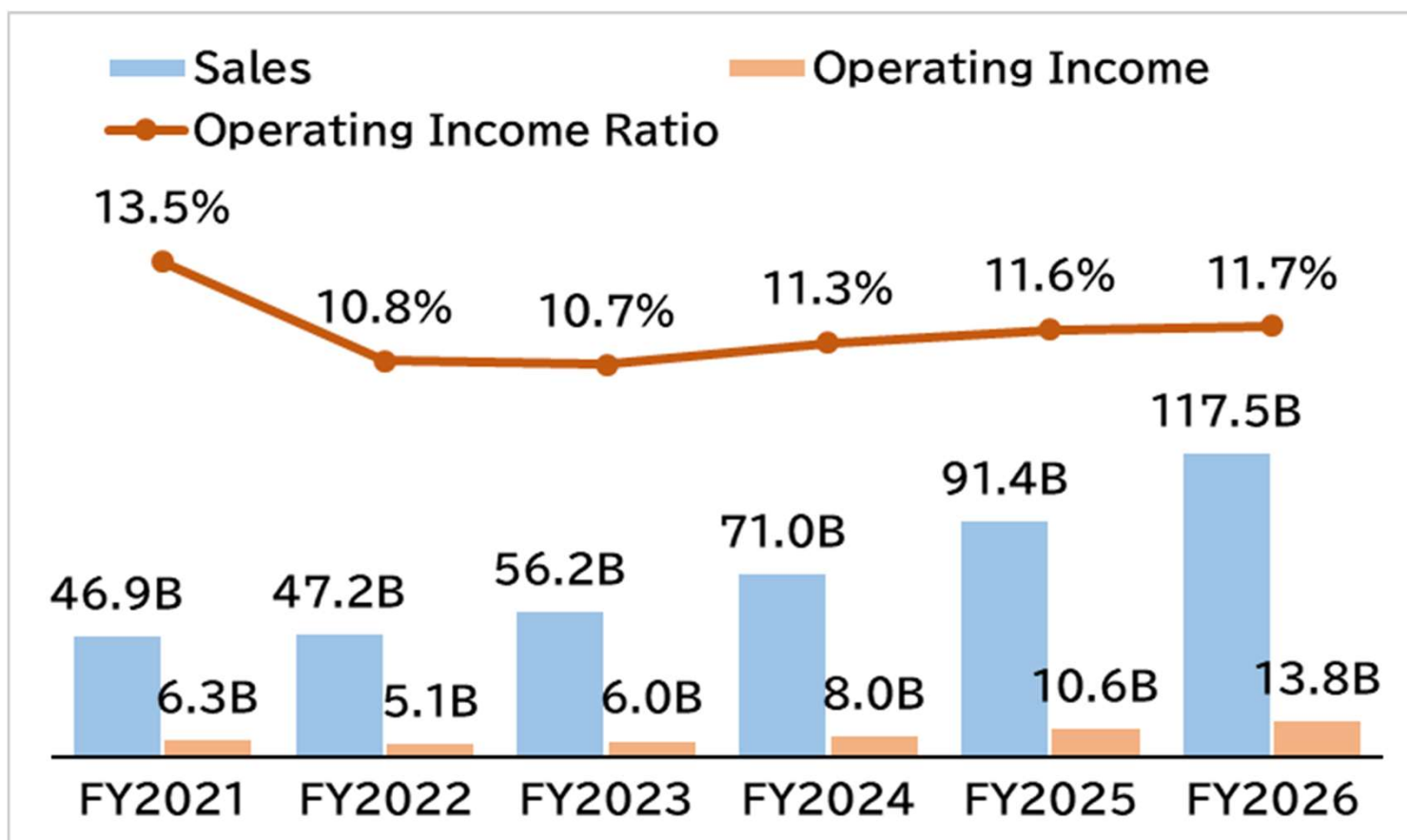
In fields other than staffing and CRO, there are many services that remain inconvenient and inefficient due to manual mediation.

We will develop a platform and enter as a new business in fields where we can solve these inconveniences and inefficiencies.

The service is scheduled to start in the FY2023 at the earliest.

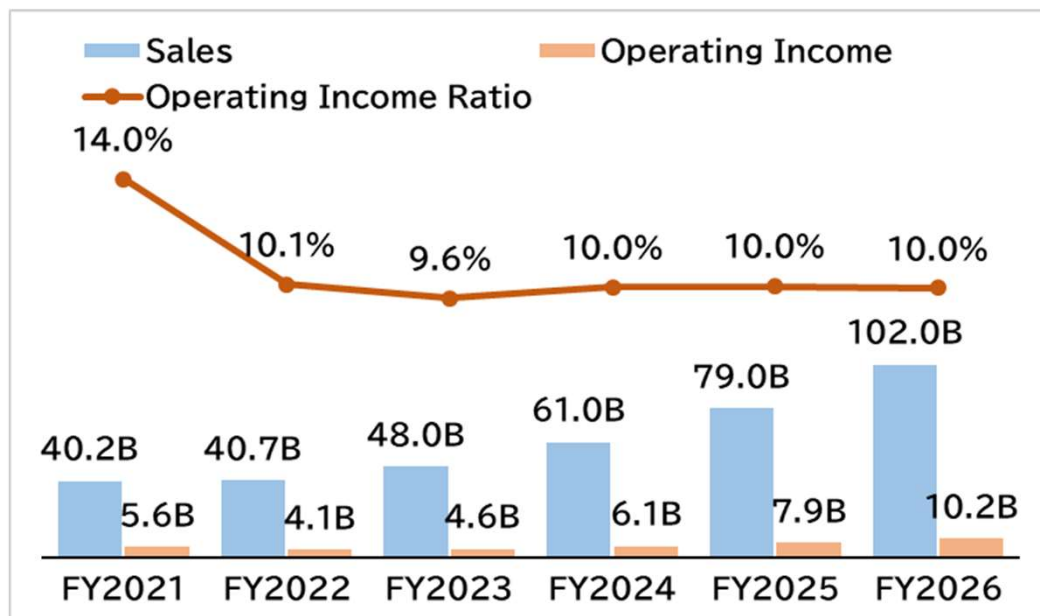
Plan through March 31, 2027 (Total)

We aim to achieve a business transformation in two years of FY2022 and FY2023, and to achieve a significant increase in sales and profit in FY2024 and onward.

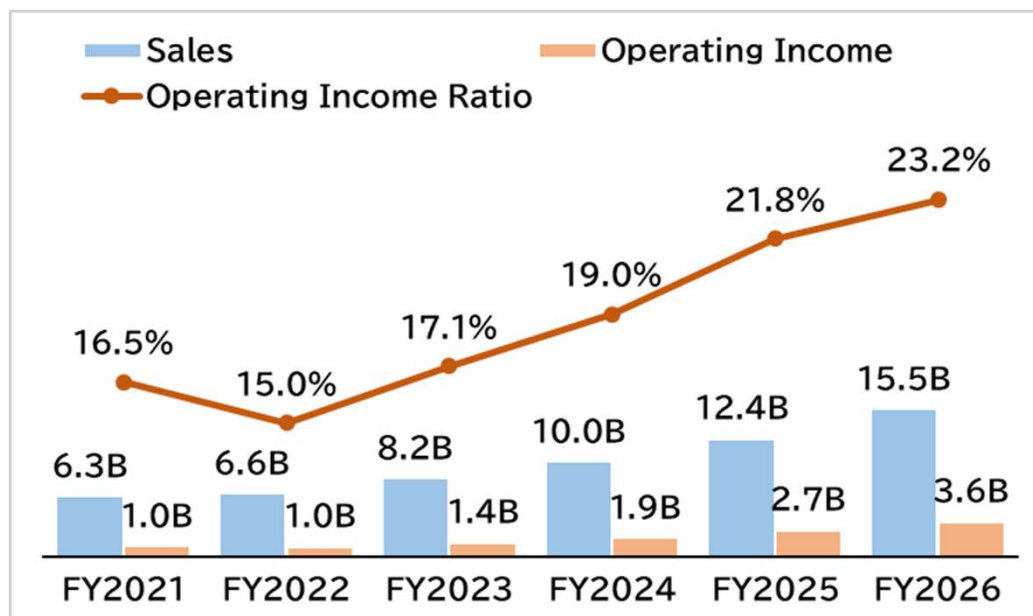


Plan through March 31, 2027 (By Segment)

Human Resources



CRO



Progress of medium-term management plan

This concludes the content of the medium-to-long-term management plan.
Below is an explanation of our progress.
This is an overview of the entire situation.

<FY2022>

Both the Human Resources segment and the CRO segment have exceeded the plan.

<FY2023>

In the human resources service, sales are expected to fall short of the plan, but operating income is expected to exceed the plan. CRO's sales are below plan. Operating profit is almost in line with the plan, but slightly below the plan.

		FY2022 (Plan)	FY2022 (Result)	difference	difference rate	FY2023 (Plan)	FY2023 (Forrecaast)	difference	difference rate	Growth rate
Total	Sales	47.2B	47.6B	0.4B	0.7%	56.2B	51.0B	-5.2B	-9.3%	7.1%
	Operating Income	5.1B	5.5B	0.4B	8.4%	6.0B	5.5B	-0.5B	-8.2%	0.0%
	Operating Income Ratio	10.8%	11.6%	0.8pt	-	10.7%	10.8%	0.1pt	-	-0.8pt
Human resources	Sales	40.7B	40.9B	0.2B	0.5%	48.0B	44.1B	-3.9B	-8.1%	7.9%
	Operating Income	4.1B	4.9B	0.8B	19.8%	4.6B	4.7B	0.1B	2.2%	-4.3%
	Operating Income Ratio	10.1%	12.0%	1.9pt	-	9.6%	10.7%	1.1pt	-	-1.4pt
CRO	Sales	6.6B	6.7B	0.1B	2.2%	8.2B	6.9B	-1.3B	-15.8%	2.4%
	Operating Income	1.0B	1.1B	0.1B	9.6%	1.4B	1.3B	-0.1B	-7.5%	18.2%
	Operating Income Ratio	15.0%	16.2%	1.3pt	-	17.1%	18.8%	1.7pt	-	2.5pt

<Science Staffing>

As a result of raising the salaries of temporary workers, we were able to reduce the turnover rate of existing temporary workers and strengthen new recruitment. In FY2023, we will adopt a sales structure that can make the most use of doconico. Reduce costs and increase salaries.

We expect progress to exceed the medium-term management plan.

<Office Clerk Staffing>

We developed the clerical staffing version of Doconico, conducted market research, and built a sales system.

We were planning to start sales activities during FY2022, but we will start from FY2023. Due to the delay in starting activities, the gap with the medium-term management plan is widening, but we will work to fill the gap.

<Engineering Staffing>

We have increased salaries, but there is still no significant effect compared to science staffing. In FY2023, we will increase salaries and conduct sales activities to close the gap with the medium-term management plan.

<CRO>

- FY2022 exceeded the medium-term management plan.
This is the result of the strong performance of three domestic companies, including WDB Coco.
In addition, WDB Clinical Research has become a subsidiary of WDB Coco, making it possible to provide customers with a comprehensive service.
- In FY2023, the domestic business is expected to remain strong.
The WDB Coco platform is also expected to start operating.
On the other hand, we are working on rebuilding the overseas business.
Since it will take some time for the recovery to take effect, the total CRO is expected to fall short of the medium-term management plan.
While maintaining profits, we will work to catch up with the medium-term management plan from FY2024 onwards.

<Other (new business)>

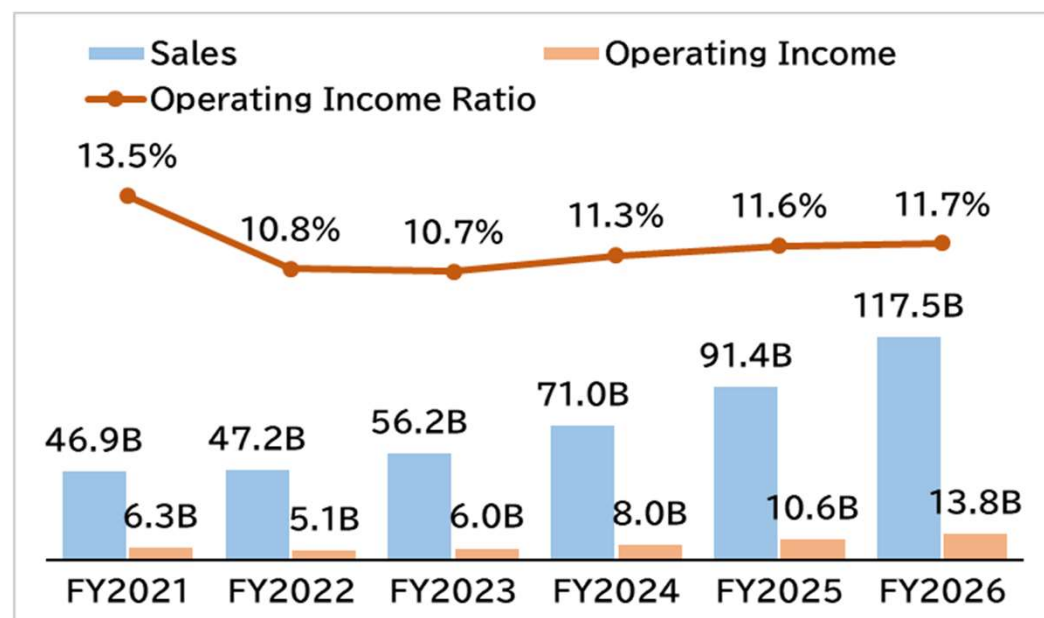
We are continuing to develop new businesses that utilize the platform.
The service is expected to start in FY2024.

Plans for FY2024 and beyond

There are no changes to our plans beyond FY2024.

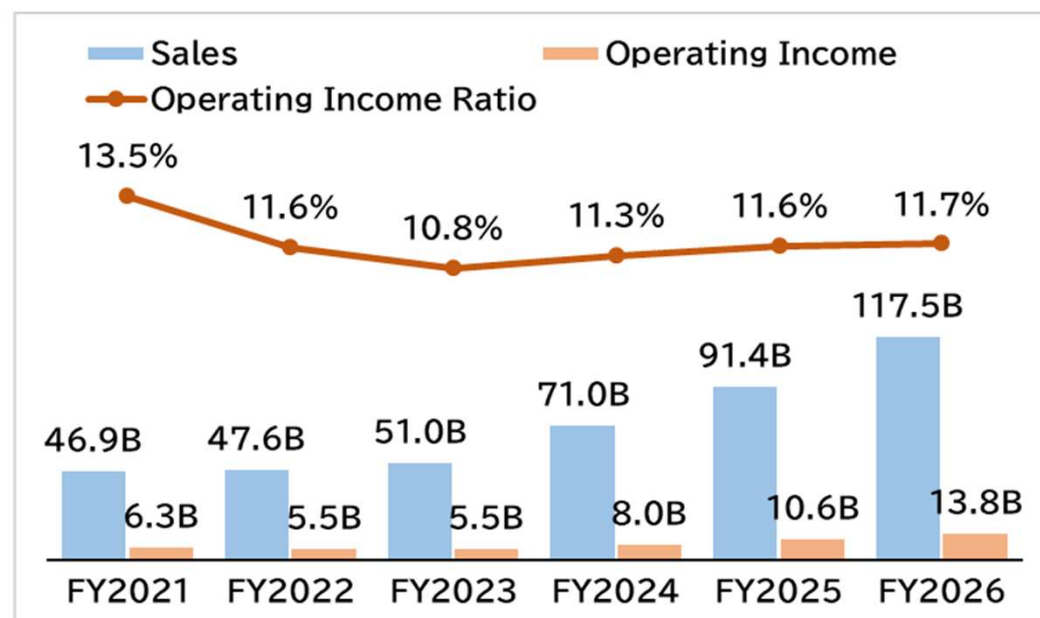
If there is any change in the outlook, we will promptly disclose it.

<Disclosed in May 2022>



<Revised in May 2023>

- Changed FY2022 to the results
- Changed FY2023 to the latest outlook



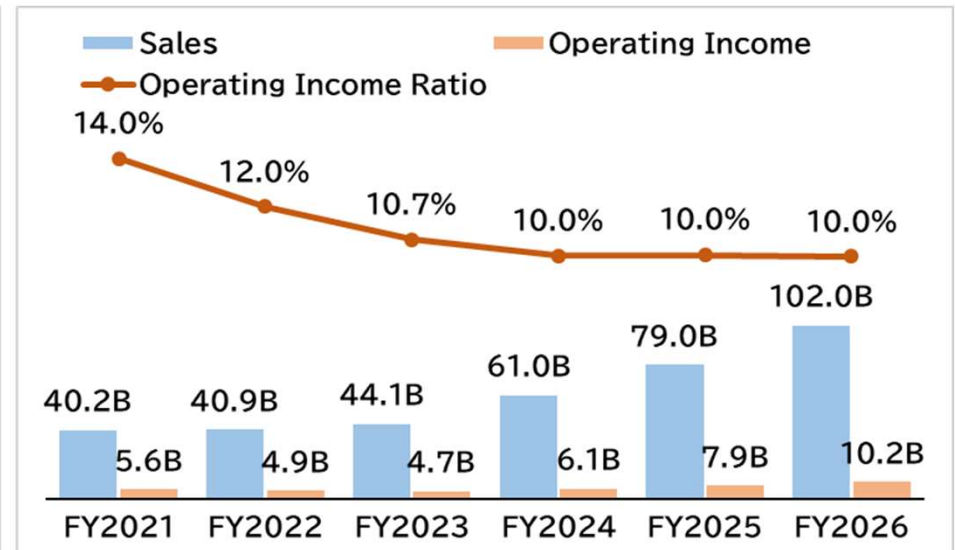
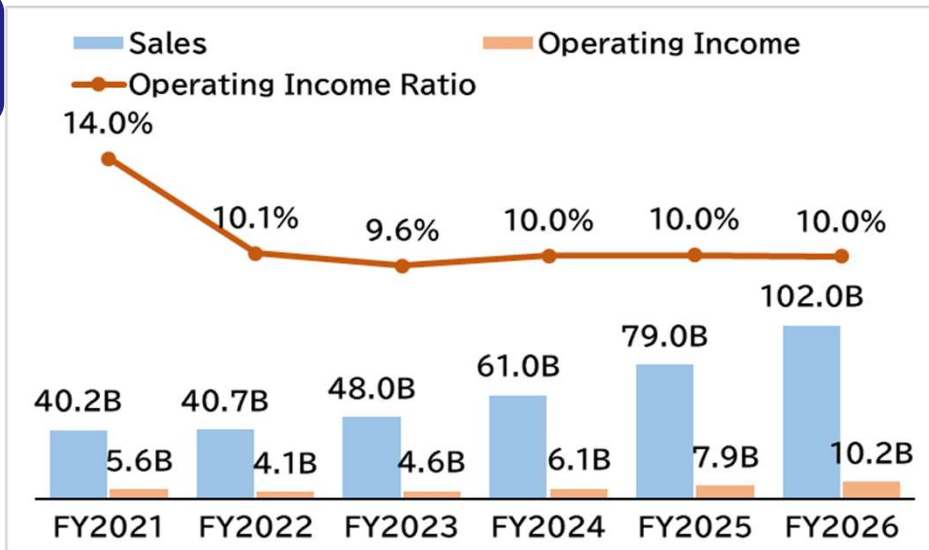
Plans for FY2024 and beyond (By segment)

<Disclosed in May 2022>

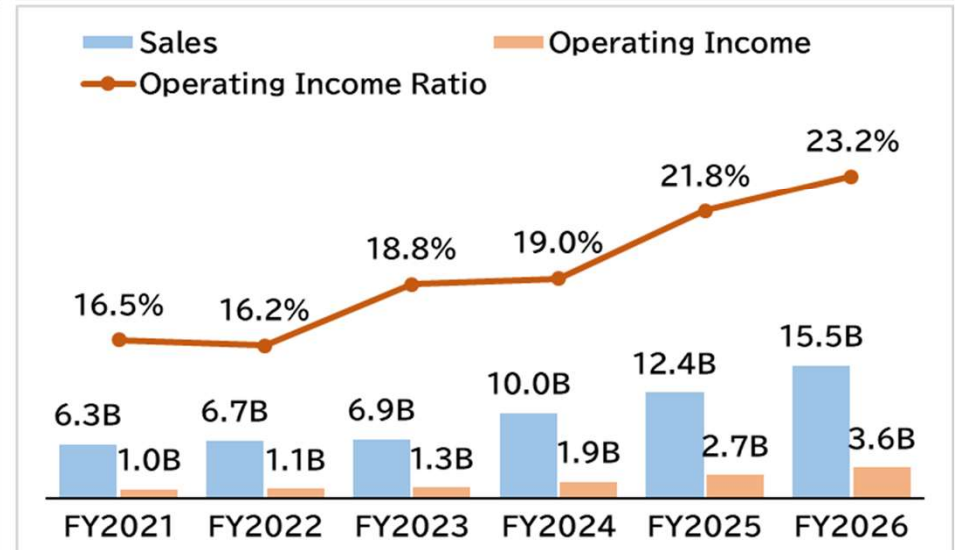
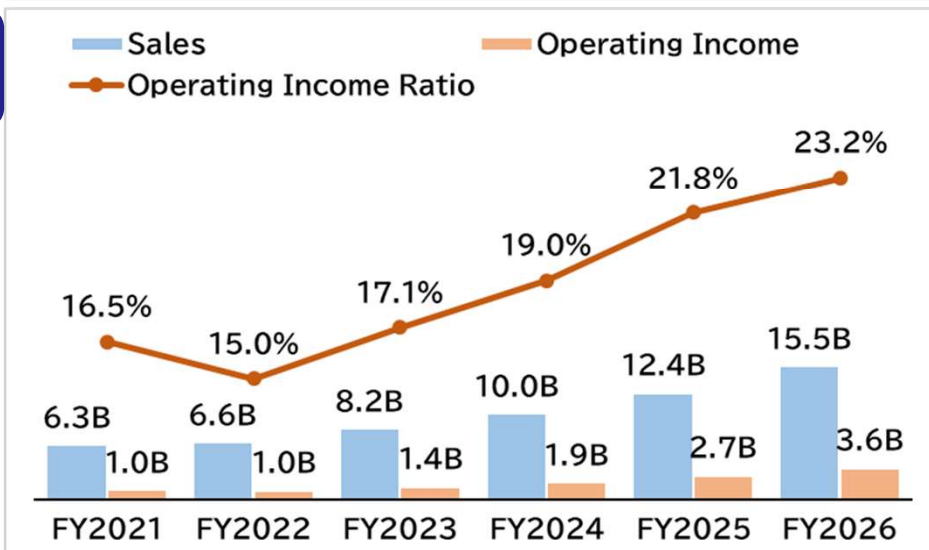
<Revised in May 2023>

- Changed FY2022 to the results
- Changed FY2023 to the latest outlook

Human Resources



CRO



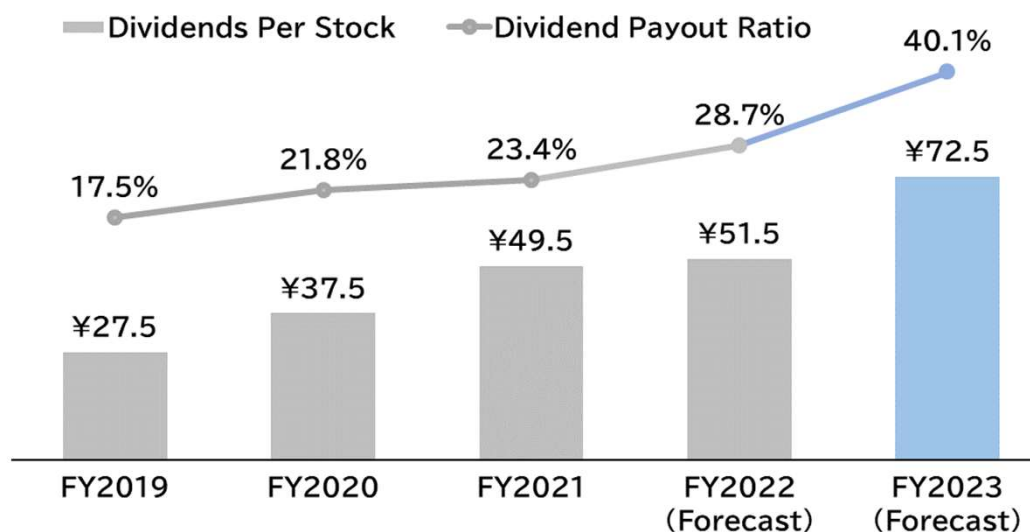
Revision of Dividend Policy

From FY2023 onwards, we will raise the dividend payout ratio standard from 30% to 40%. As a result, we plan to increase the dividend significantly in FY2023.

We place the highest priority on the dividends amount regarding dividend policy. We believe that by continuing to increase profits and dividends to improve our market capitalization is the greatest return to the shareholders.

Toward the realization of the medium-to-long term management plan, we will continue to make major investments in new development and improvement of the platform and in improving employee treatment.

On the other hand, we will maintain profit margins and continue to increase sales, profits, and dividends.



We apologize to our shareholders for the concern that the plan for FY2023 fell short of the medium-term management plan.

However, in the area of temporary staffing for the scientific field, which is our core business, we are exceeding our medium-term management plan.

We believe that our current strategy is consistent with what the market demands.

In the remaining four years, we will continue to take on challenges to achieve the medium-term management plan.

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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