

Respond, Exceed



**WDB Holdings Co., Ltd.
FY2023 1Q Financial Report**

Company Overview (Aug. 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	:1,073 (temporary staff and others / 10,297)
Sales	:¥47.6 billion(FY2022)
Ordinary Income	:¥ 5.6 billion(FY2022)

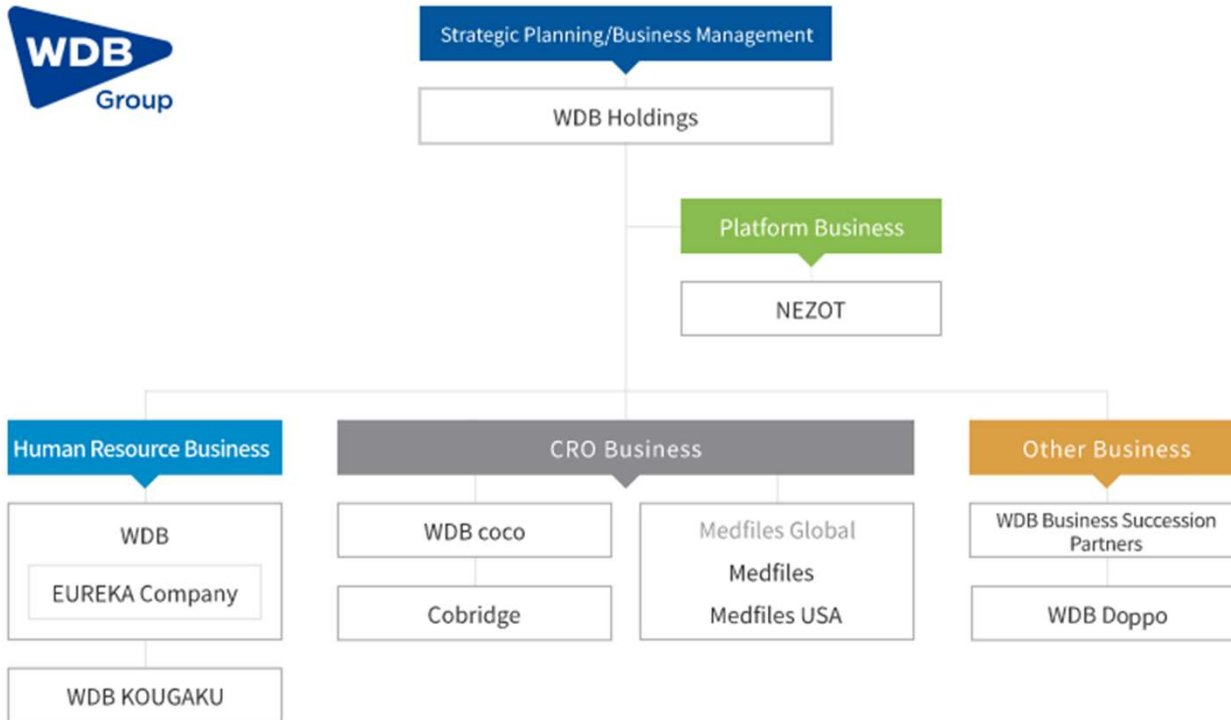
<Business Domain>

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

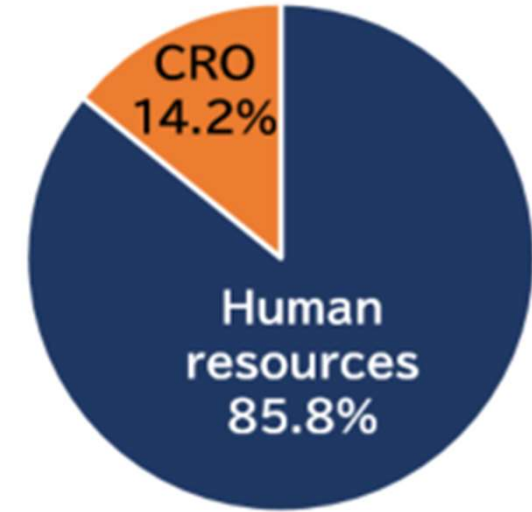


Head Office (Himeji, Hyogo)

Group Companies (Aug. 2023)



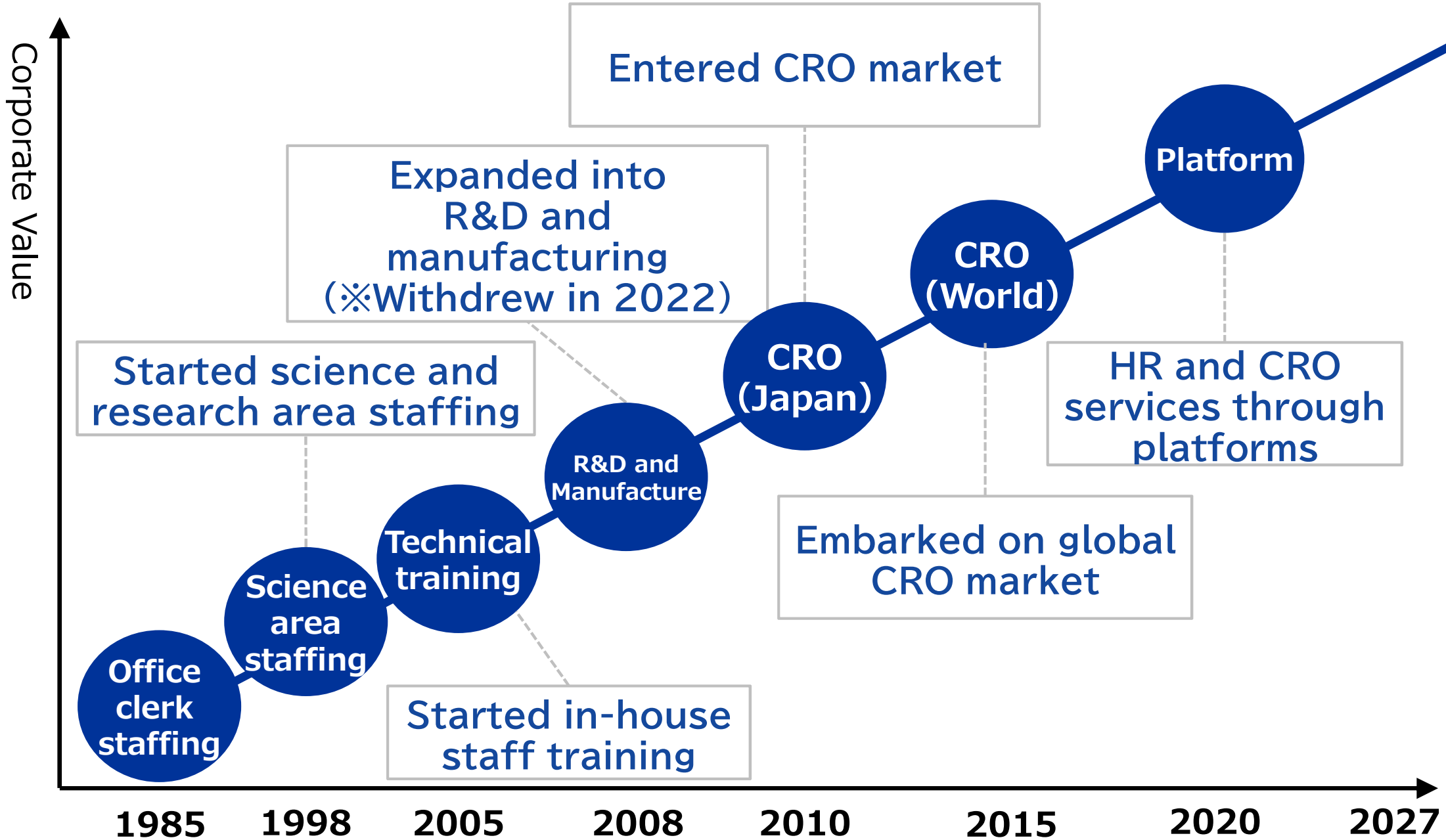
<Sales composition (FY2022)>



<Profit composition (FY2022)>

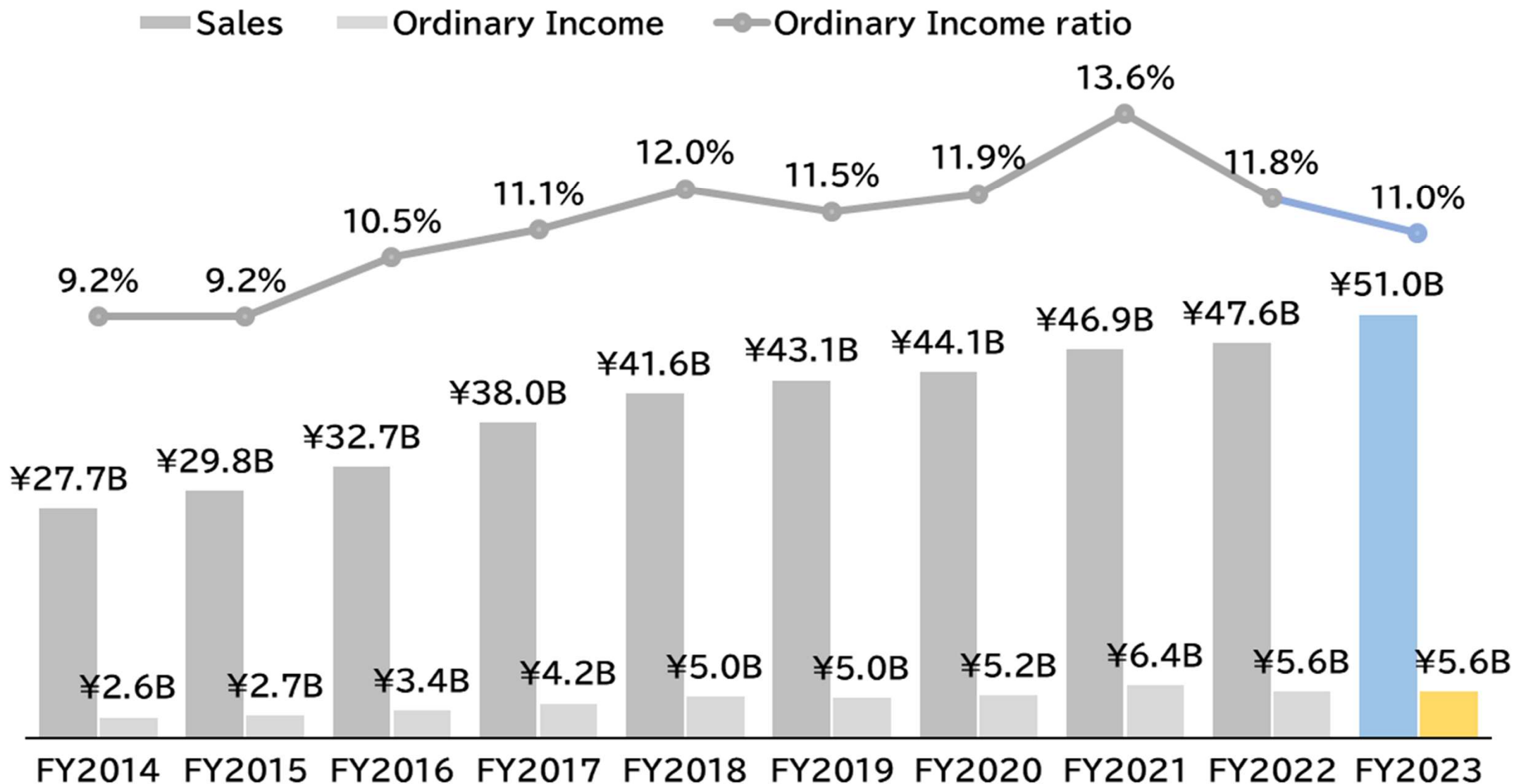


History and Business Expansion



Financial Results & Forecast

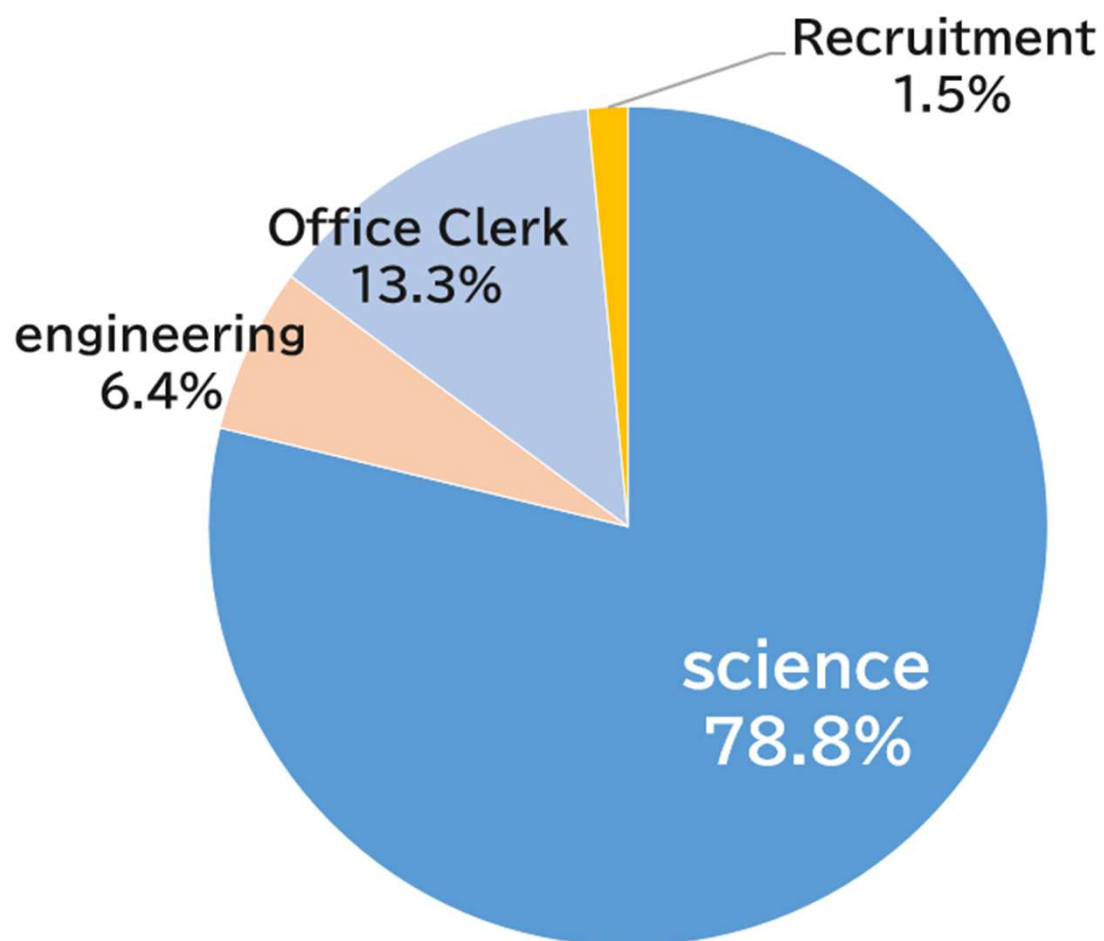
Sales and profits are steadily growing for the past 10 years.



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



Observation with a microscope



Reagent injection by pipette



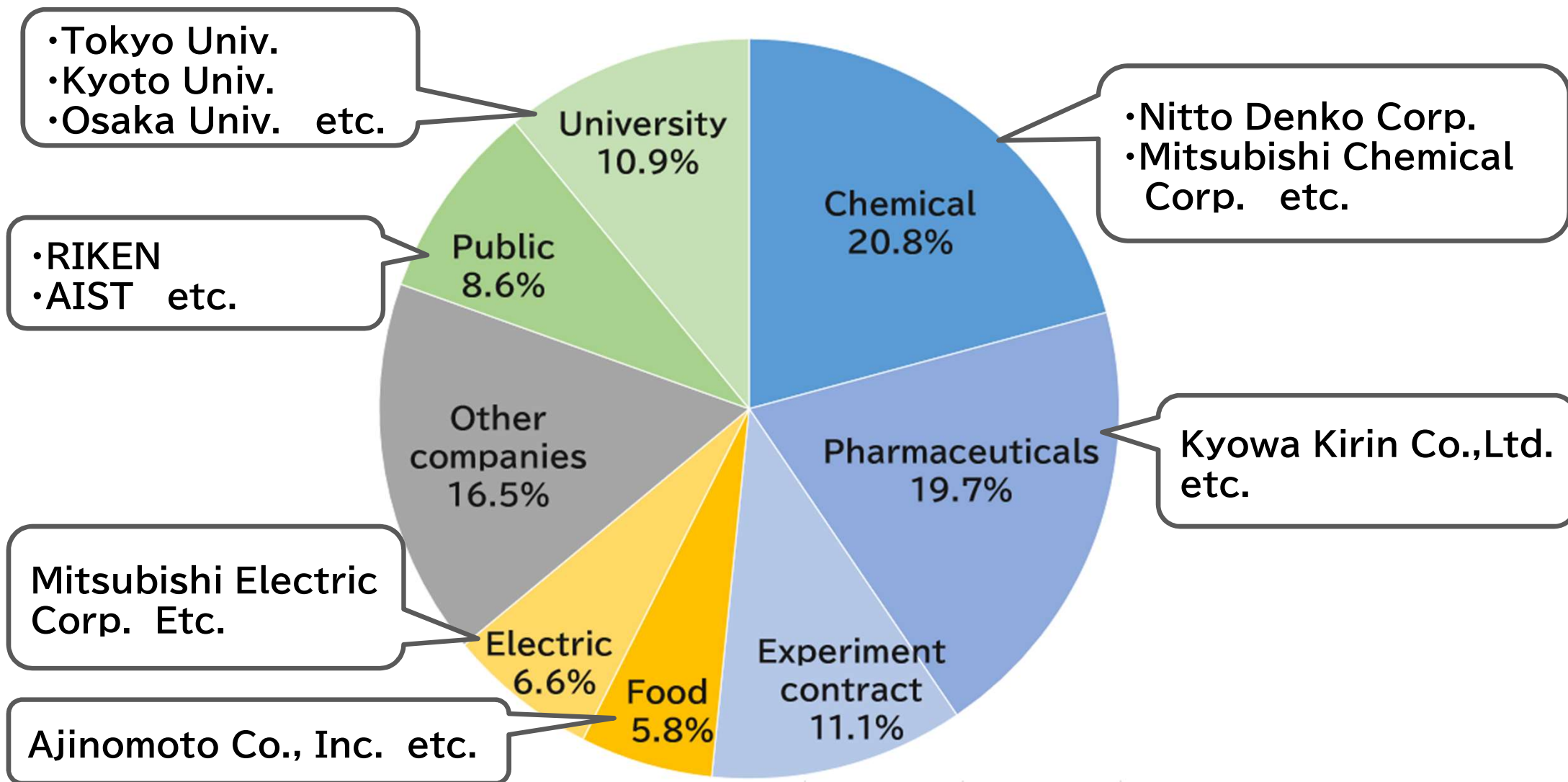
Reagent concentration by evaporator



Component analysis by HPLC

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.

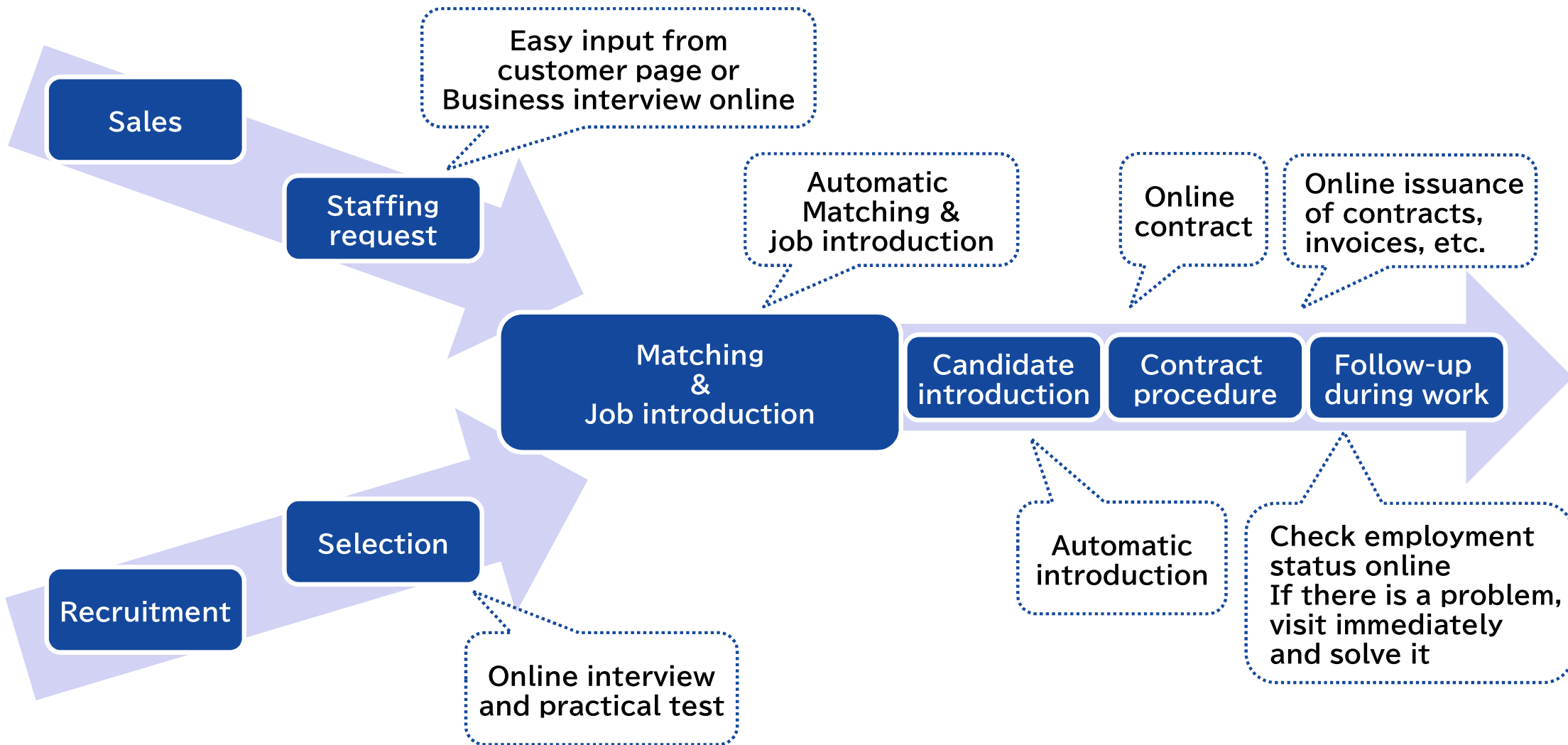
Various labor procedures and documents can be made paperless and efficient, as well as dispatched staff information can be centrally managed.

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

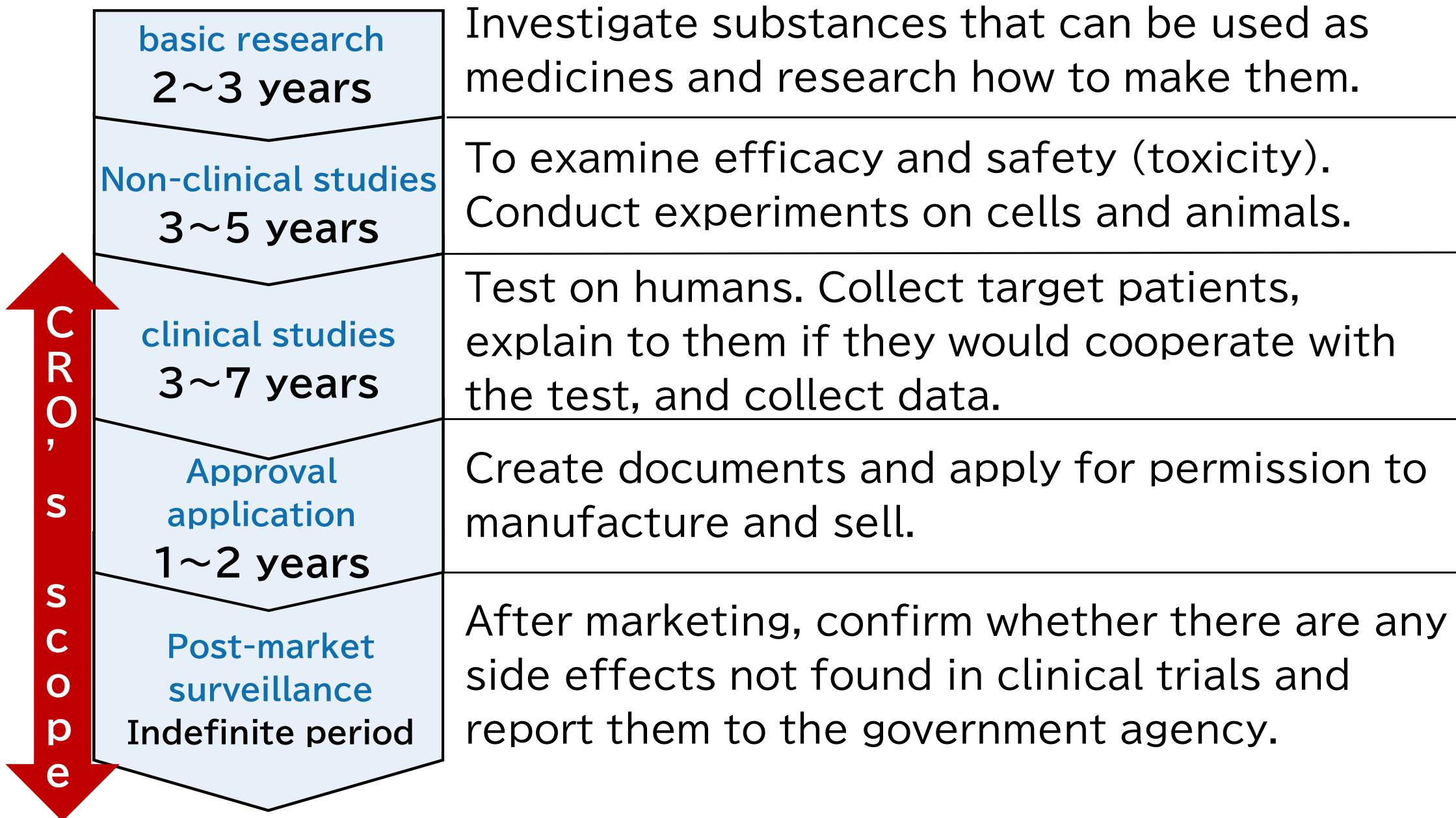
CRO (Contract Research Organization) is a company that supports the drug development of pharmaceutical manufacturers.

It takes 10 to 20 years and 20 billion to 30 billion yen for a pharmaceutical manufacturer to develop a new drug.

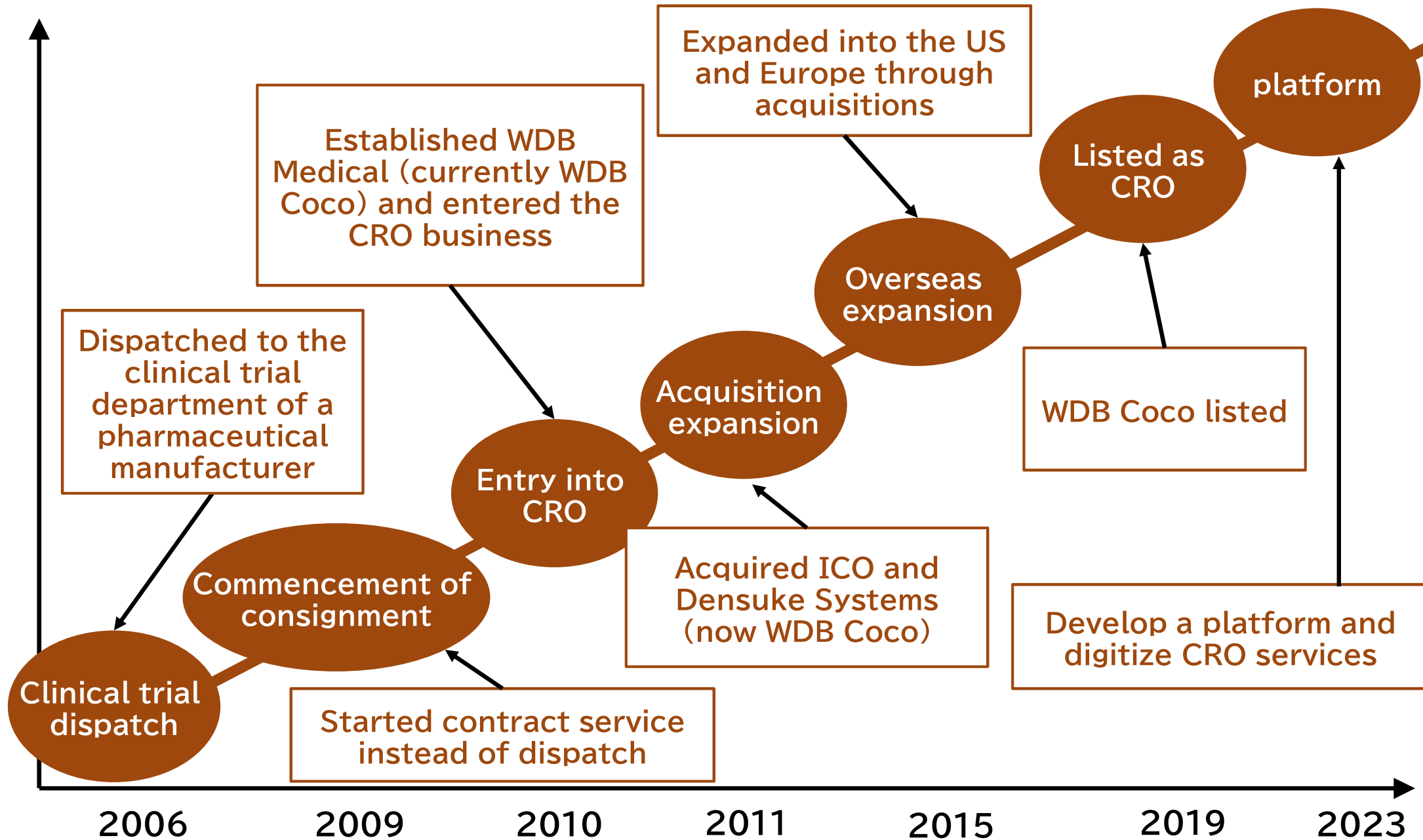
For this reason, pharmaceutical manufacturers place orders for various ancillary tasks related to drug development to CROs so that researchers can concentrate on their research.

We will explain specifically what kind of work the CRO will undertake on the next page.

Flow of new drug development



History of WDBG CRO business



Japan

WDB COCO

- Pharmacovigilance
- document support
- data management
- Statistical analysis

COBRIDGE

- Regulatory application for medical devices

Europe

MEDFILES

- Laboratory service
- Pharmacovigilance
- clinical trial
- data management
- Statistical analysis
- Pharmaceutical affairs application

USA

MEDFILES USA(DZS)

- clinical trial
- medical call center
- data management
- Statistical analysis

Progress of medium-term management plan & FY2023 1Q Result

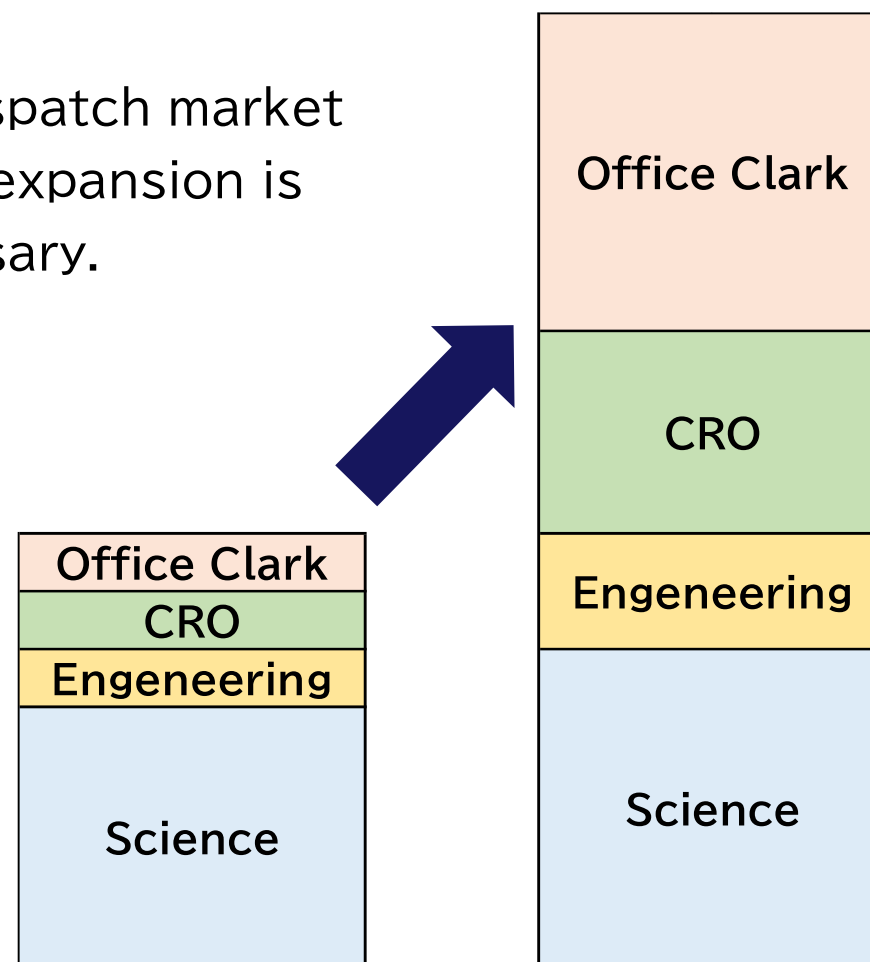
Purpose of medium-to-long term management plan

The scale of the science dispatch market, which is our main business, is approximately 95 billion yen. Our company currently holds a 34% share (32.2 billion yen). On the other hand, the market for science-related temporary staffing is mature, and we cannot expect significant growth.

We are aiming for a 50% share of the science dispatch market in the future. But, we suppose that any further expansion is difficult, so new business development is necessary.

For that reason, we have started nationwide expansion of clerical worker dispatch, which we currently do mostly around Himeji City.

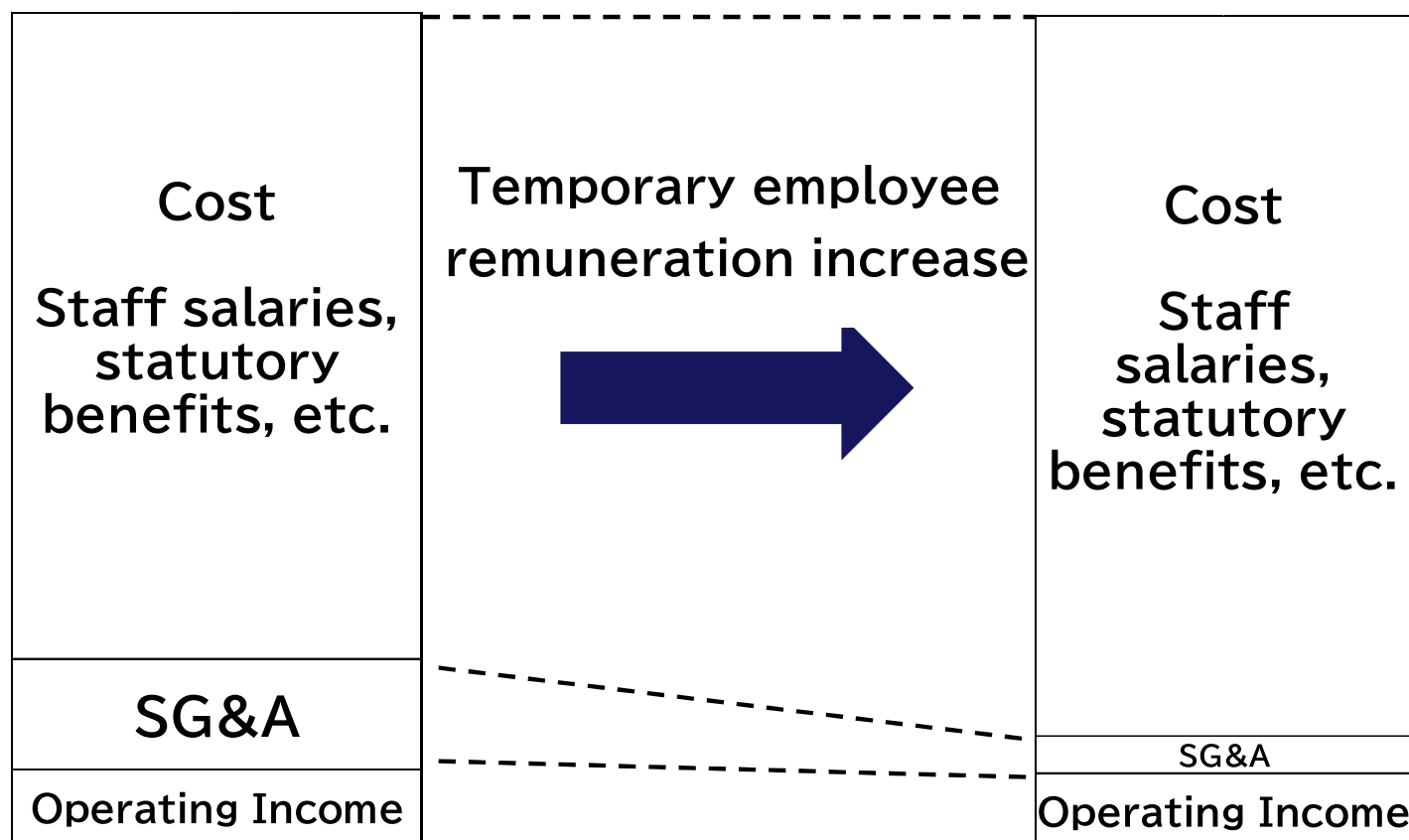
The market for clerical worker dispatching is nearly 20 times larger than that for science-related temporary staffing, so there is a possibility that it will expand significantly.



Basic strategy (human resources)

We will grow our business by advantageously sourcing excellent temporary staff. To that end, in addition to abundant work, extensive technical training, and post-employment follow-up, we will significantly increase remuneration (started in the FY2022).

The source of funds are secured by digitizing the dispatch service through the dispatch platform “doconico” and by lowering SG&A expenses.



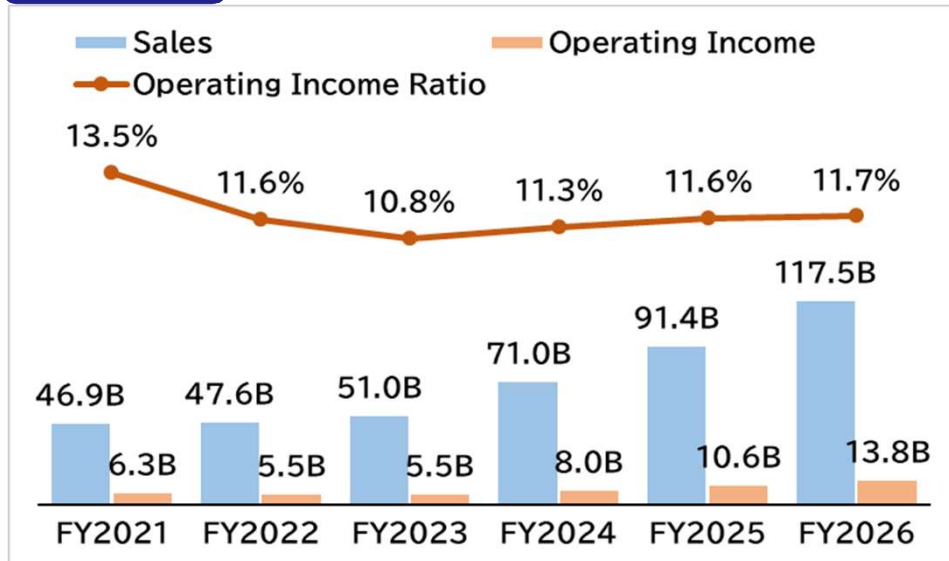
CRO will also increase market share by digitizing services through DX to lower costs and provide low-cost, high-quality services.

We are also planning new businesses using the platform.

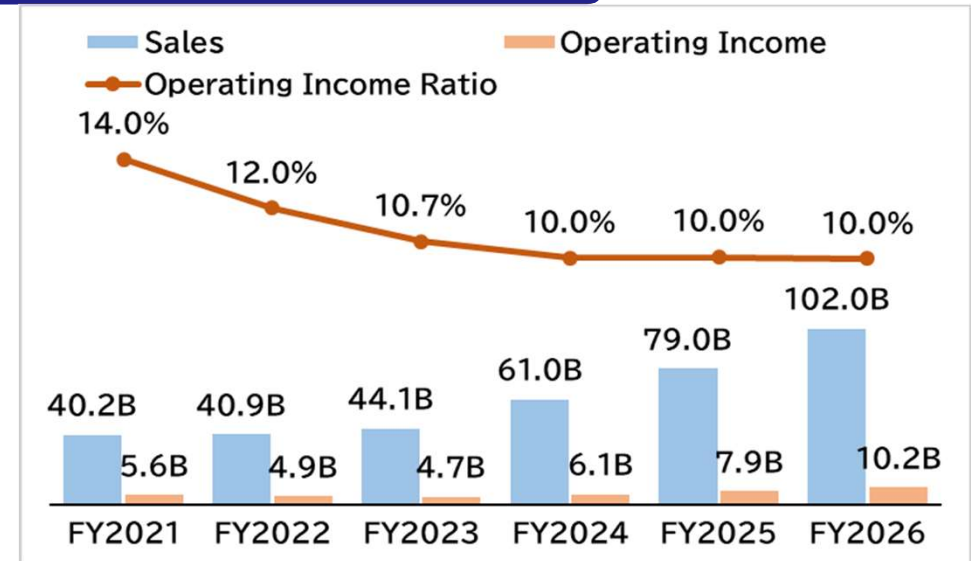
Although we cannot announce the specifics yet, we will conduct a matching business utilizing digital technology.

Plan through FY2026

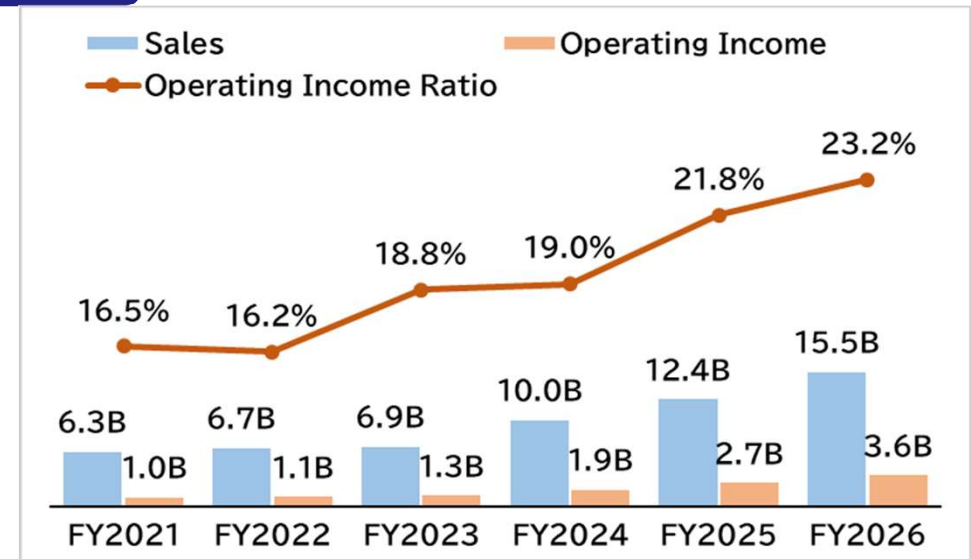
Total



Human Resources



CRO



Business Performance (Consolidated)

1Q(accum.)	FY2021		FY2022		FY2023		22-23 Increase	22-23 Increase Rate
sales	¥11,711M	100.0%	¥11,860M	100.0%	¥12,470M	100.0%	¥609M	5.1%
cost	¥8,466M	72.3%	¥8,797M	74.2%	¥9,514M	76.3%	¥717M	8.1%
Gross Margin	¥3,245M	27.7%	¥3,063M	25.8%	¥2,956M	23.7%	-¥108M	-3.5%
SG(&)A	¥1,543M	13.2%	¥1,635M	13.8%	¥1,667M	13.4%	¥33M	2.0%
Operating Income	¥1,702M	14.5%	¥1,429M	12.0%	¥1,289M	10.3%	-¥140M	-9.8%
Ordinary Income	¥1,727M	14.7%	¥1,434M	12.1%	¥1,306M	10.5%	-¥128M	-8.9%
Net Income	¥1,070M	9.1%	¥893M	7.5%	¥626M	5.0%	-¥267M	-29.9%

- Sales increased and profit decreased. The main factors behind the increase in sales were an increase in the number of dispatched staff and an increase in dispatch unit prices.
- There are two factors for the decrease in profits. First, we improved the working conditions of our dispatched staff in July last year, so there was no impact in the first quarter of last year, but this year we are seeing the impact. The second is an increase in SG&A expenses due to factors such as an increase in employee compensation.
- Compared to ordinary income, the reason for the large decrease in net income is the impact of corporate tax.

Business Performance (By Segment)

1Q		FY2021		FY2022		FY2023		22-23 Increase	22-23 Increase Rate
Human resources	sales	¥10,195M	-	¥10,274M	-	¥10,779M		¥505M	4.9%
	Segment profit	¥1,563M	15.3%	¥1,399M	13.6%	¥1,130M	10.5%	-¥269M	-19.2%
	business days	61	-	60	-	60		0	0.0%
	sales per day	¥167M	-	¥171M	-	¥180M		¥8M	4.9%
CRO	sales	¥1,456M	-	¥1,586M	-	¥1,690M		¥104M	6.6%
	Segment profit	¥224M	15.4%	¥179M	11.3%	¥288M	17.0%	¥109M	60.7%

<Human resources>

- In sync with the doconico services, we have started online sales and staff interviews with new organization called the Support Desk in Tokyo and Kobe. This is an effort to consolidate operations and increase efficiency.
- In April, we increased the remuneration of dispatched staff and revised the dispatch fee.
- Also, in April, we released the clerical version of Doconico, and started sales and recruitment activities for clerical workers.

<CRO>

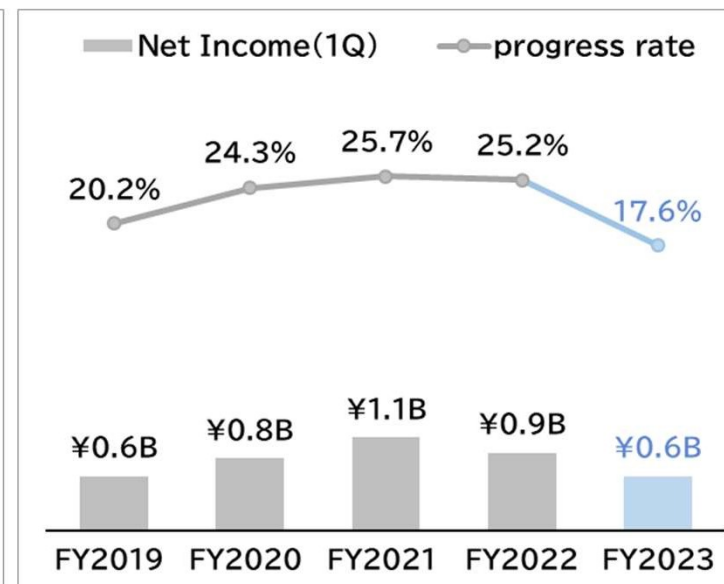
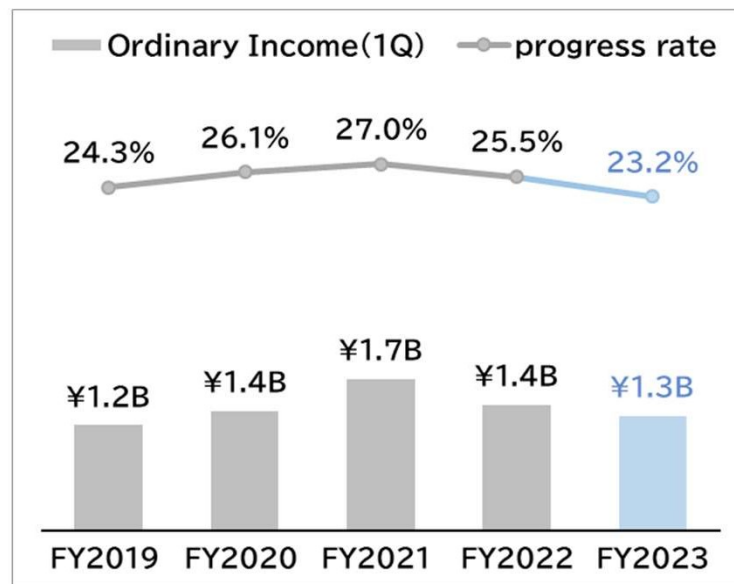
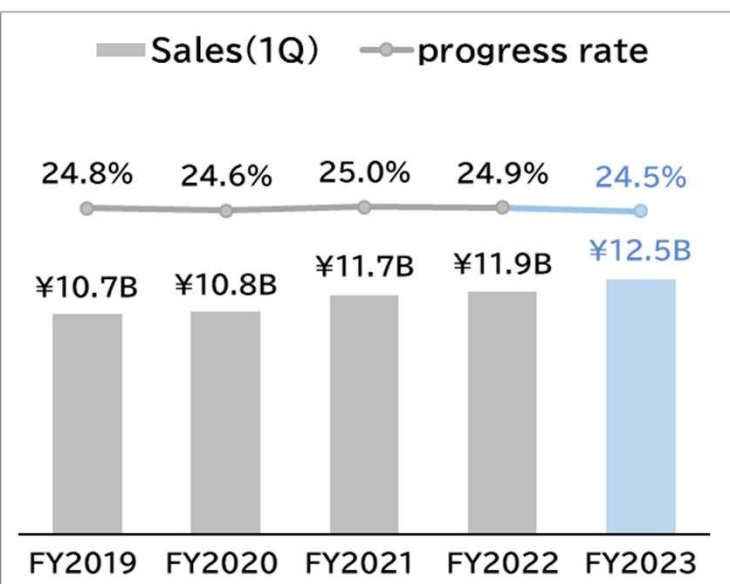
- WDB Coco continued to develop the CRO service platform.
- In June, WDB Clinical Research Co., Ltd. was integrated into WDB Coco Co., Ltd. As a result, we have established a system that can provide more comprehensive services to our customers, pharmaceutical companies.

FY2023 Forecast

There is no change in the full-year forecast announced in May 2023.

	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%

Progress rate against Forecast 2023



- Sales are progressing as in previous years against the full-year forecast.
- The progress rate of ordinary income and net income is lower than usual. The reason is that we improved the working conditions of temporary staff in July last year, so the impact was not apparent in the first quarter.
The reason why the net income progress rate is low is related to tax treatment.

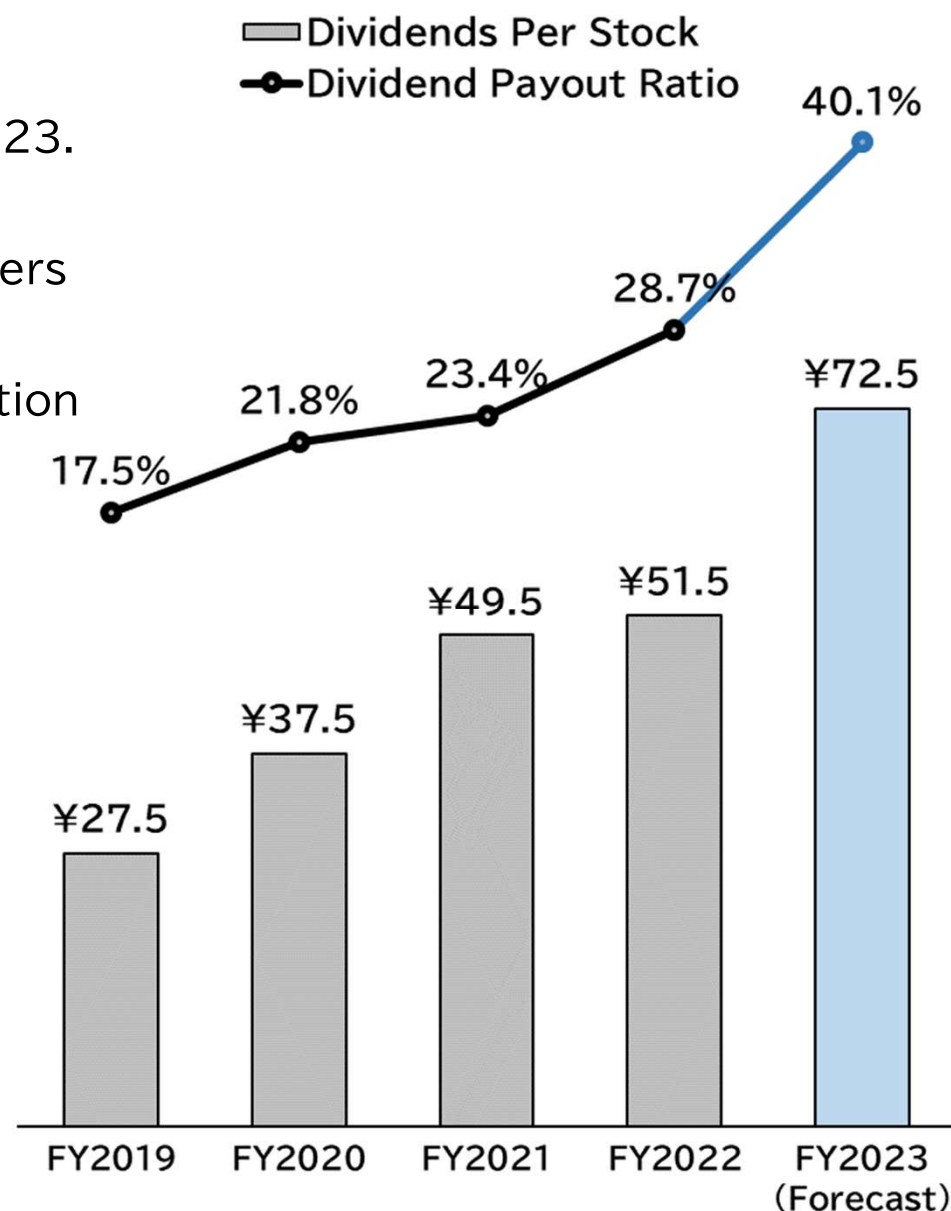
Revision of Dividend Policy

From FY2023 onwards, we will raise the dividend payout ratio standard from 30% to 40%.

As a result, we plan to increase the dividend in FY2023.

We believe that the greatest return to the shareholders is to continue increases in profits and dividends, which leads to improvement of our market capitalization by higher evaluation in the stock market.

Toward the realization of the medium-to-long term management plan, we will continue to make major investments, while making efforts to maintain profit margins and continue to increase sales, profits, and dividends.



This year marks the second year of our medium-to-long term management plan.

Through our efforts over the past year, we feel that the strategy we are currently working on is well in line with what the market is looking for.

With the remaining 3 years and 7 months, we will continue to take on challenges to realize our medium-to-long term management plan.

We ask for your continued support.

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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