

Respond, Exceed



**WDB Holdings Co., Ltd.
FY2023 3Q Financial Report**

Company Overview (Feb. 2024)

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	:1,013 (temporary staff and others / 10,469)
Sales	:¥47.6 billion(FY2022)
Ordinary Income	:¥ 5.6 billion(FY2022)

<Business Domain>

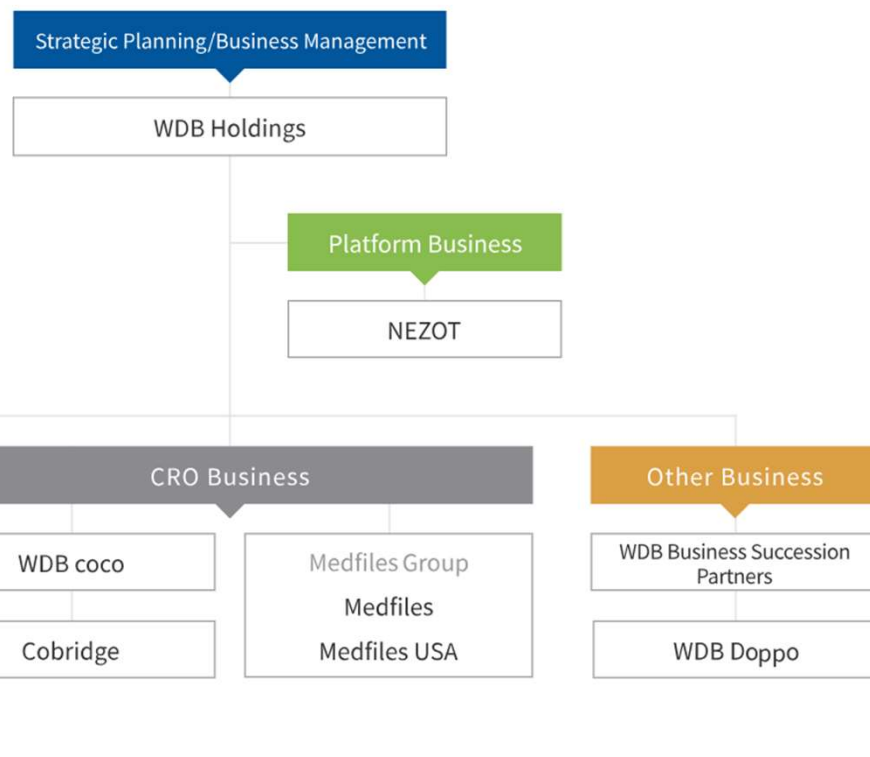
- Human Resource Business
- CRO business
- Platform and Other Business



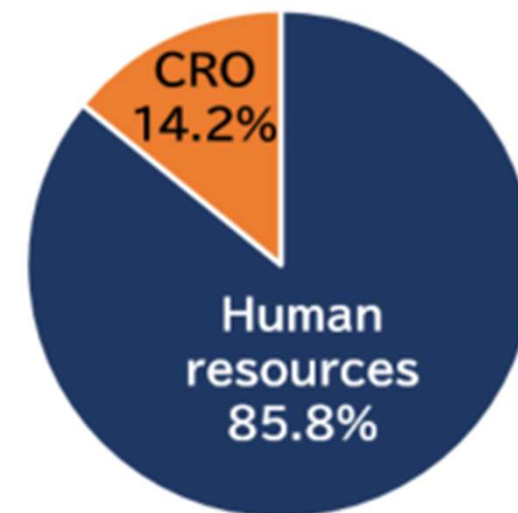
Head Office (Himeji, Hyogo)

Group Companies (Feb. 2024)

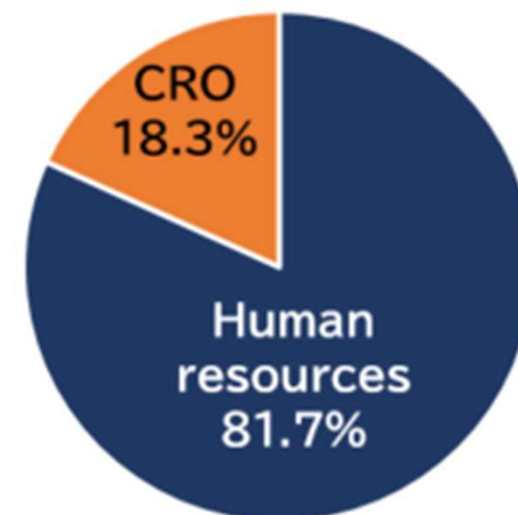
WDB



<Sales composition (FY2022)>

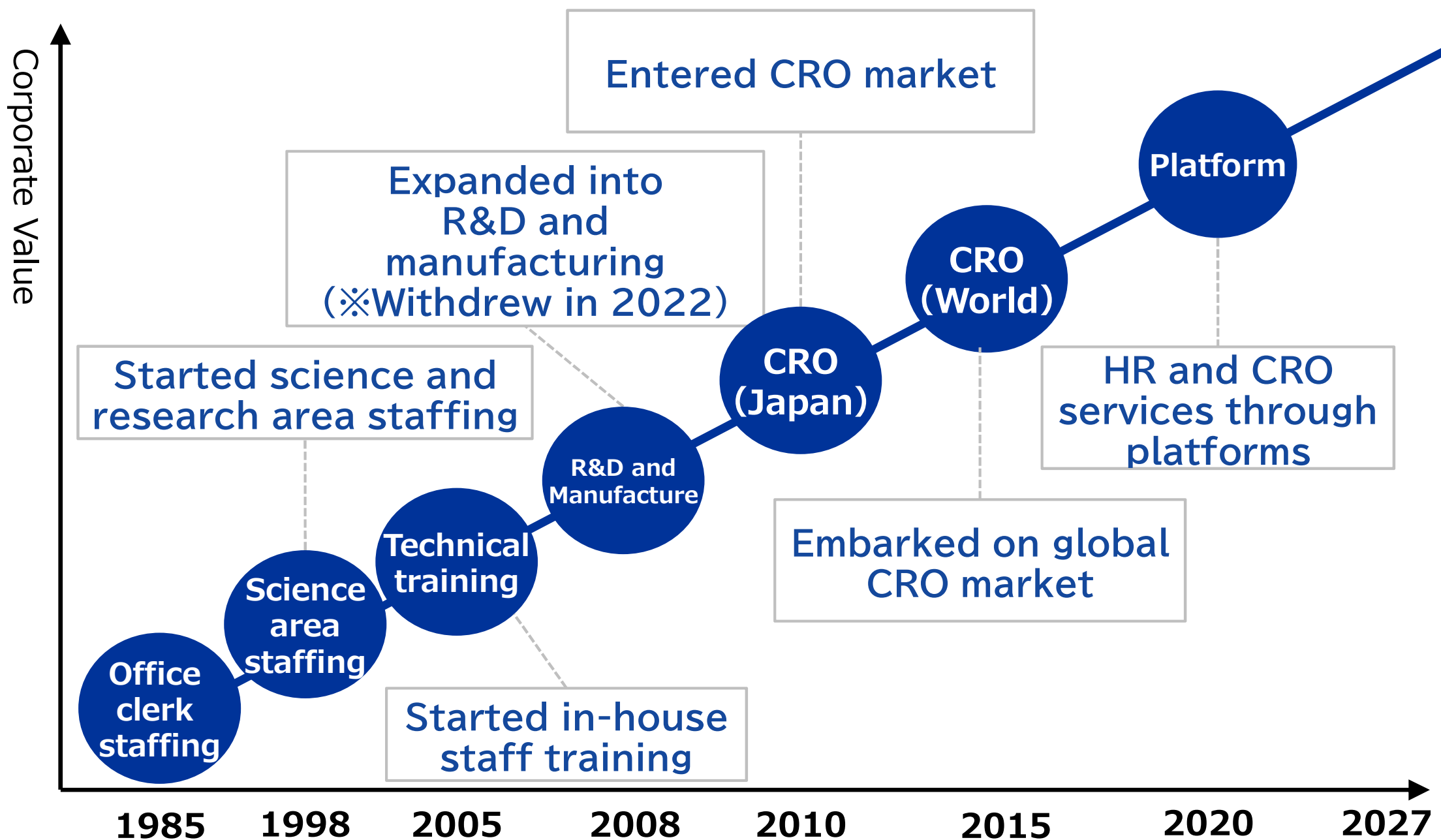


<Profit composition (FY2022)>



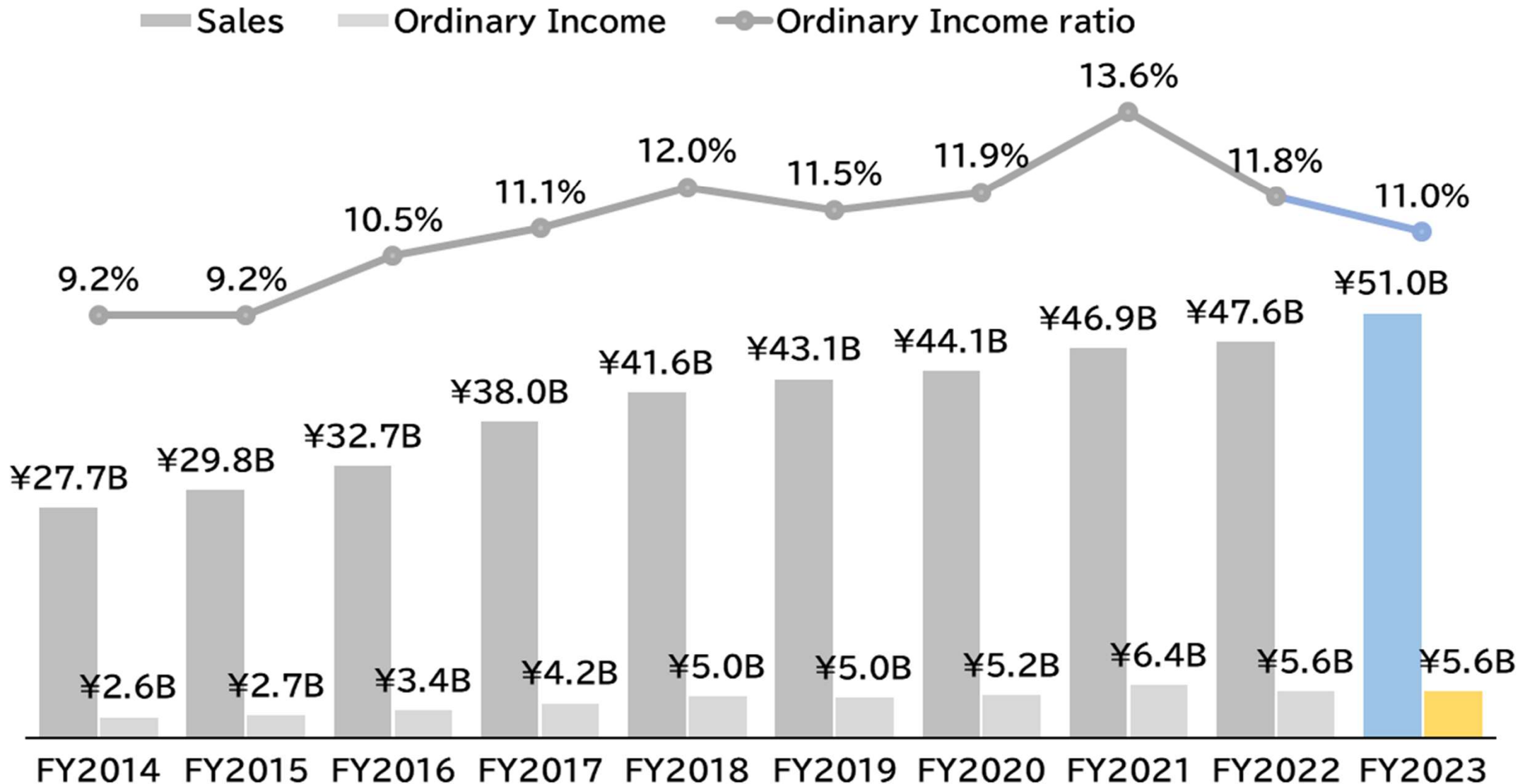
History and Business Expansion

WDB



Financial Results & Forecast

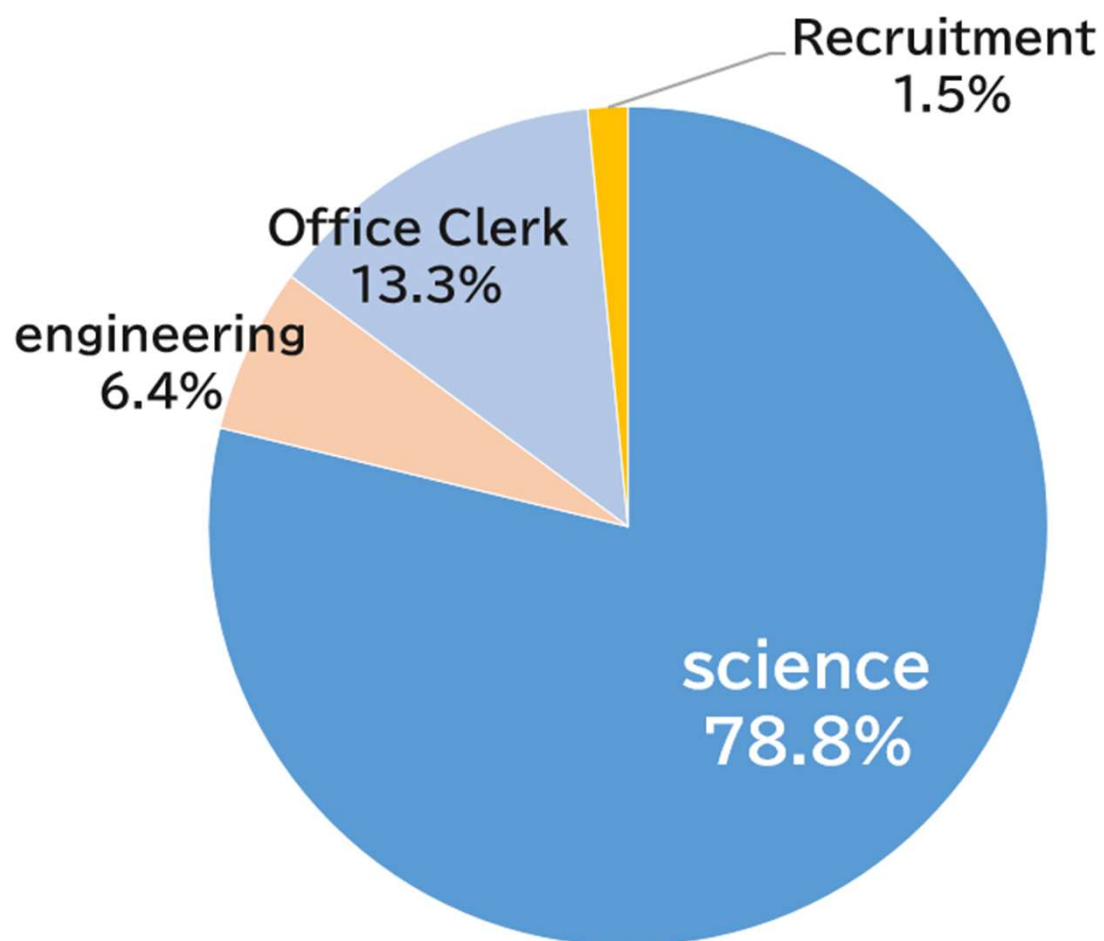
Sales and profits are steadily growing for the past 10 years.



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



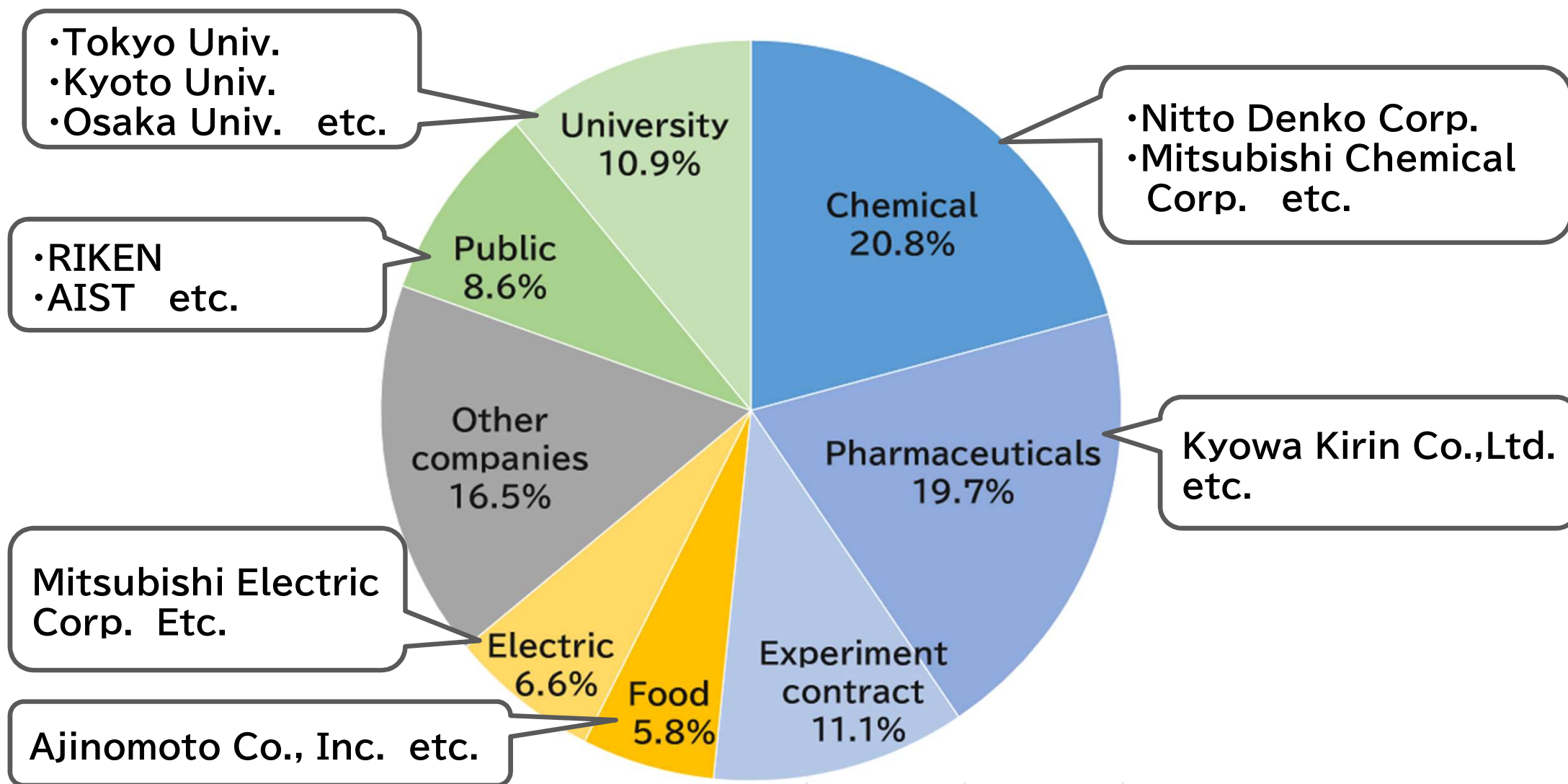
Reagent concentration by evaporator



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.

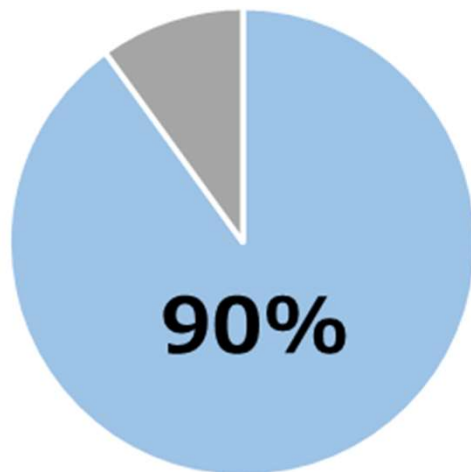


Business record in major industries

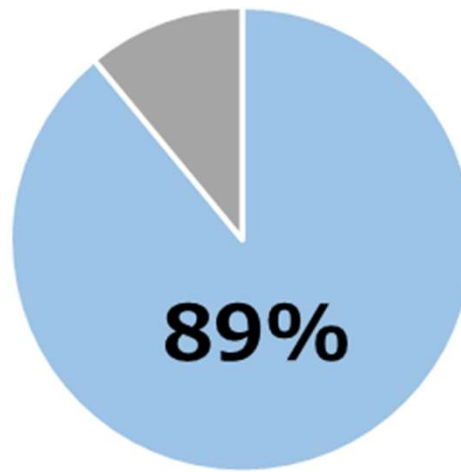
WDB

Our main customers are in the pharmaceutical, chemical, and food industries, as well as public research institutes and universities. We have a track record of transactions with most of these companies and corporations.

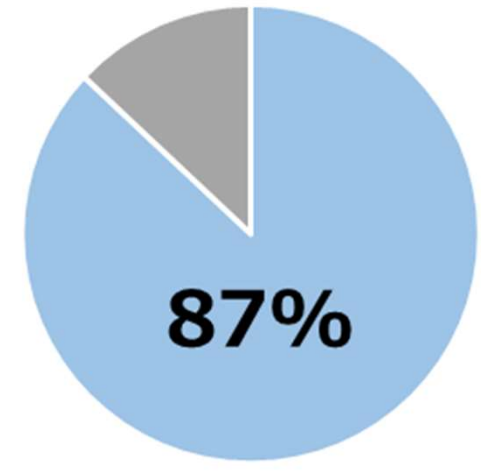
**Pharmaceutical, chemical,
and food manufacturers**
Transaction status with
each of the 50 major
companies



**National Research and
Development Agency**
Transaction status with 30
major corporations



**National and public
universities (with science
departments)** Transaction
status with 110 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 screening test for staff and dispatch only those who are qualified by passing the test.
We make it a rule to have a regularly 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.

What is “Platform”

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.

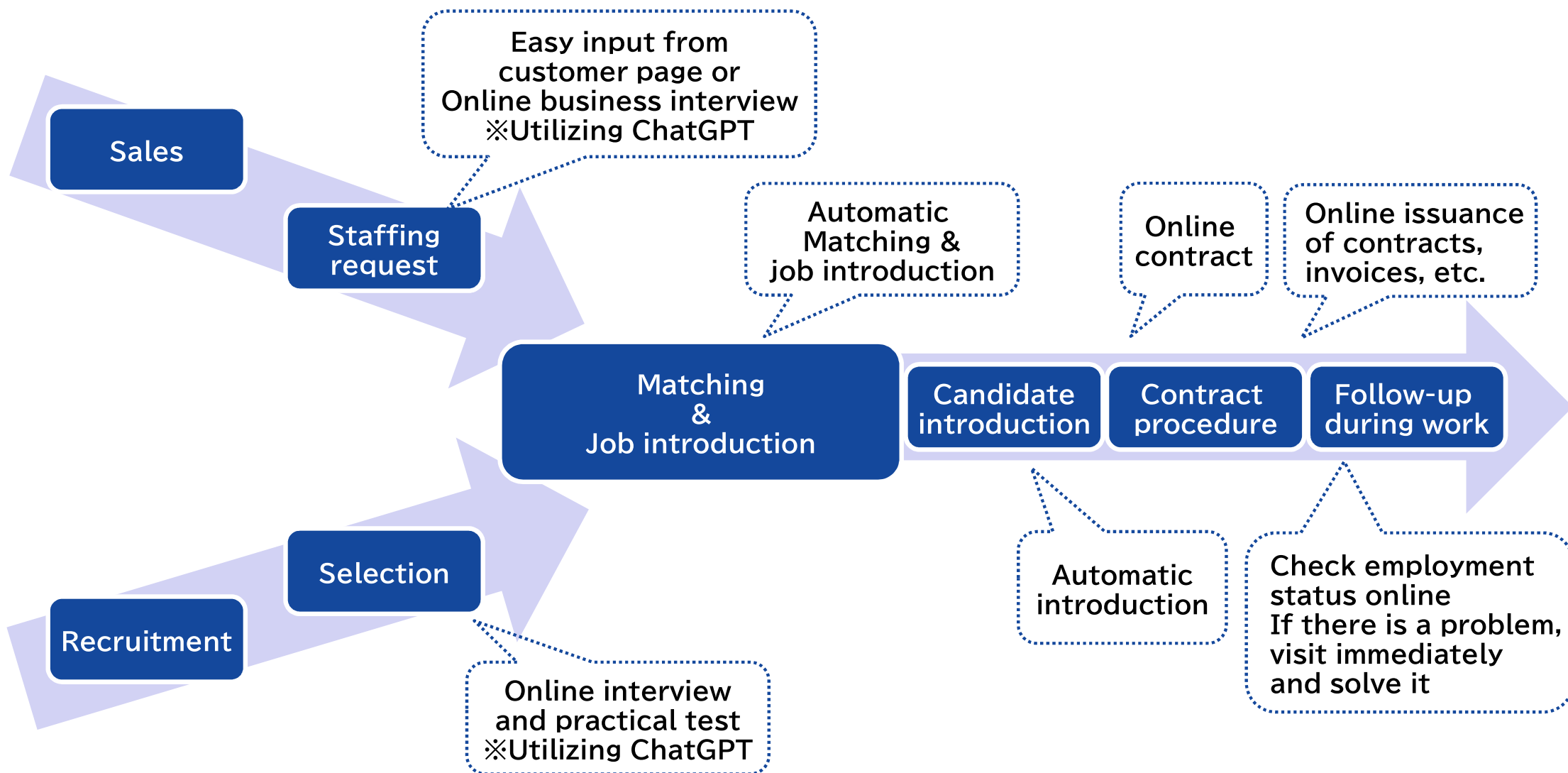
Various labor procedures and documents can be made paperless and efficient, as well as dispatched staff information can be centrally managed.

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

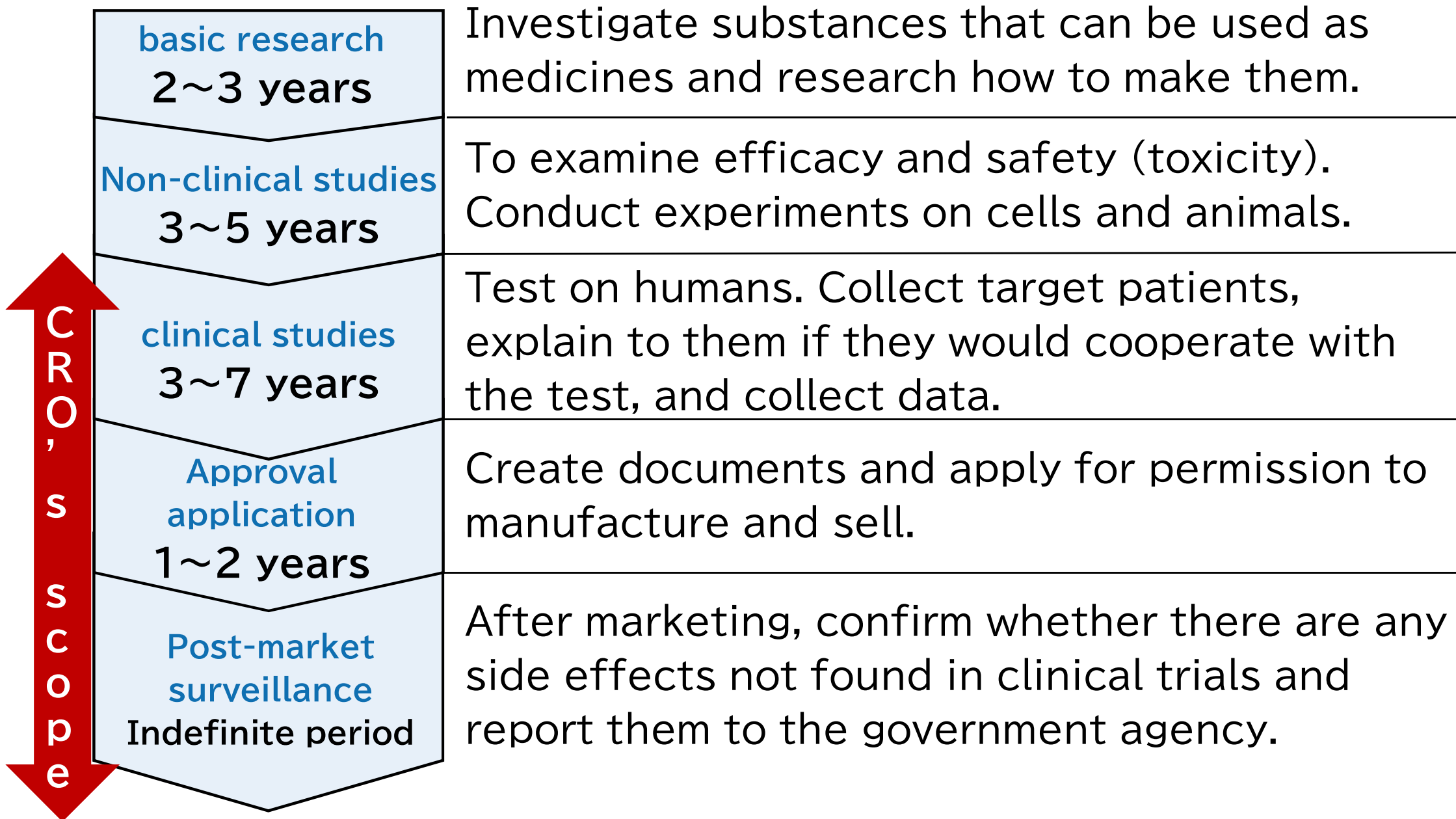
CRO (Contract Research Organization) is a company that supports the drug development of pharmaceutical manufacturers.

It takes 10 to 20 years and 50 billion yen for a pharmaceutical manufacturer to develop a new drug.

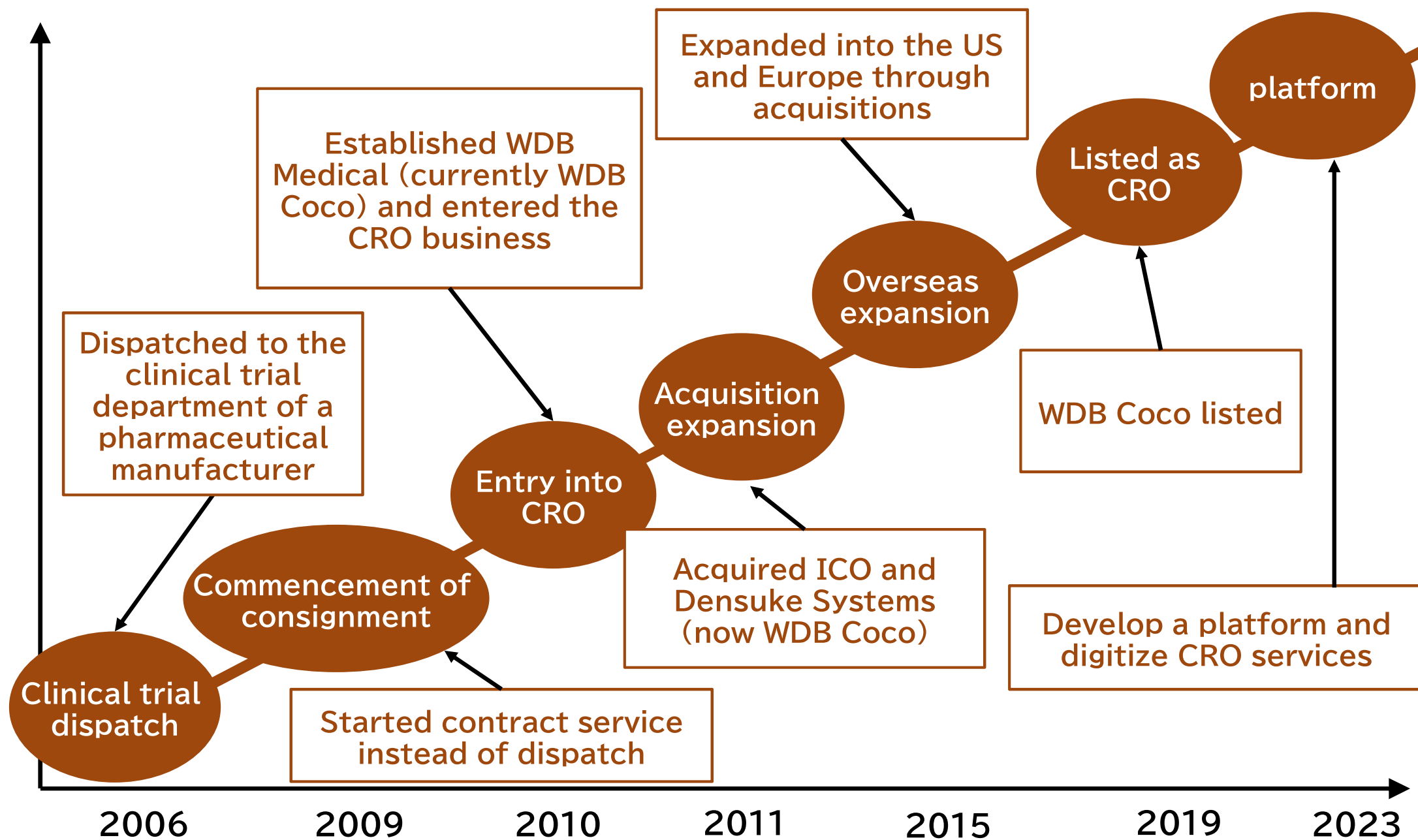
For this reason, pharmaceutical manufacturers place orders for various ancillary tasks related to drug development to CROs so that researchers can concentrate on their research.

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
- Clinical research support

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 3Q Result

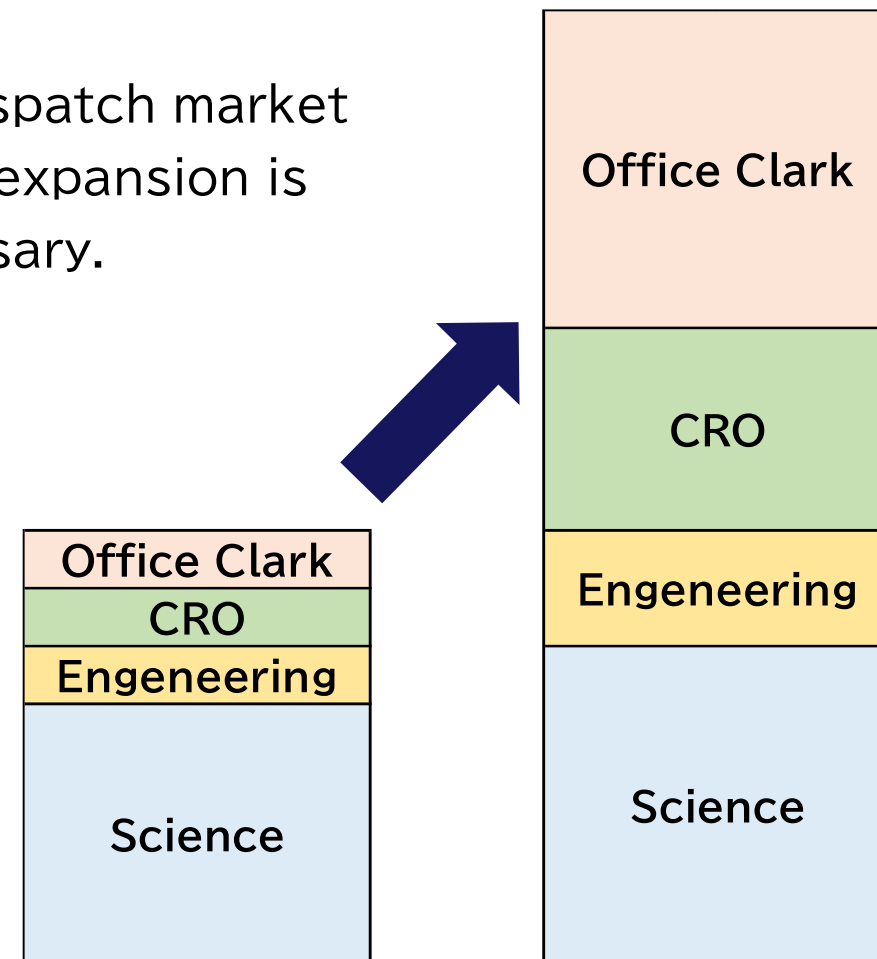
Purpose of medium-to-long term management plan

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.

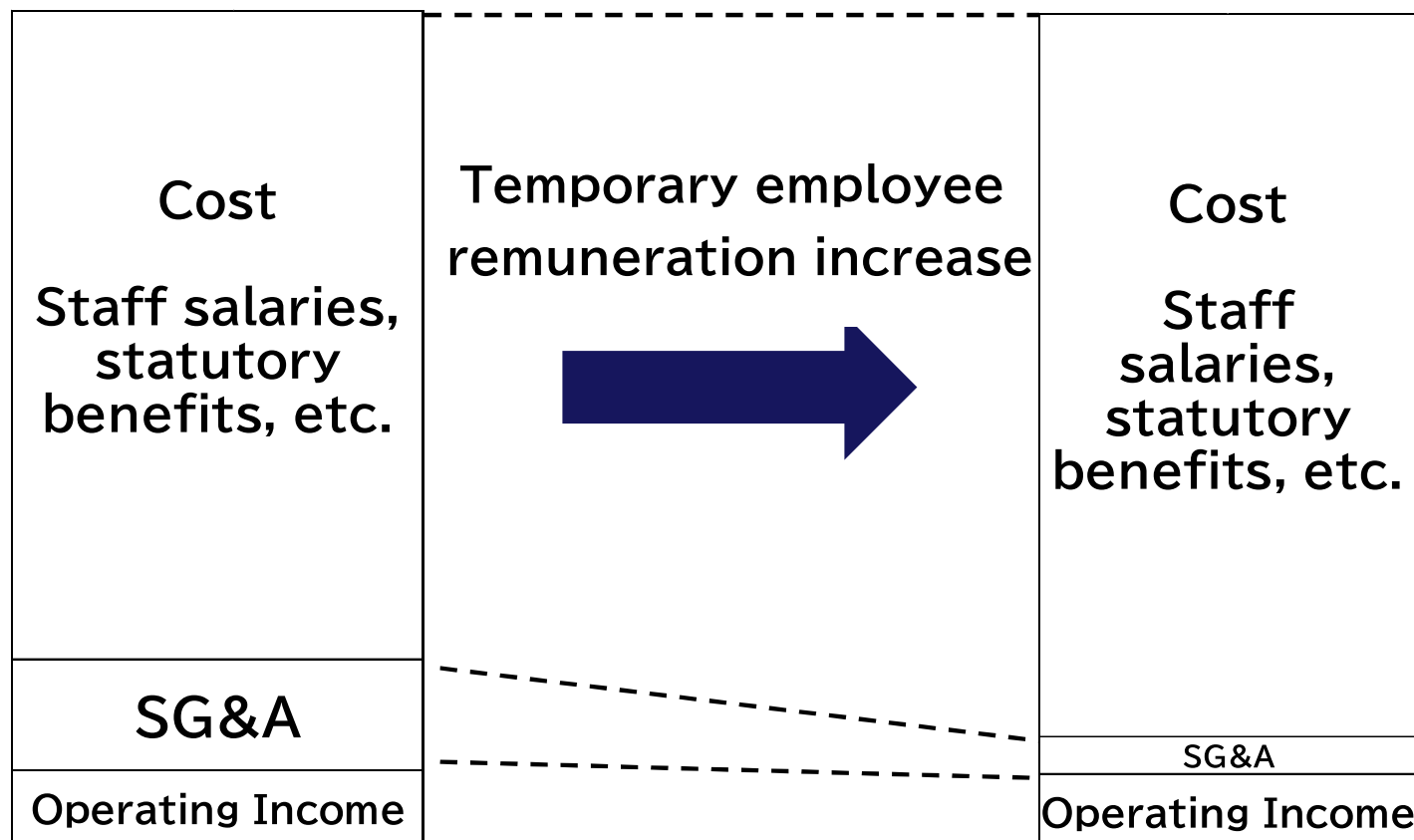
The market for clerical worker dispatching is nearly 20 times larger than that for science-related temporary staffing, so there is a possibility that it will expand significantly.



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.

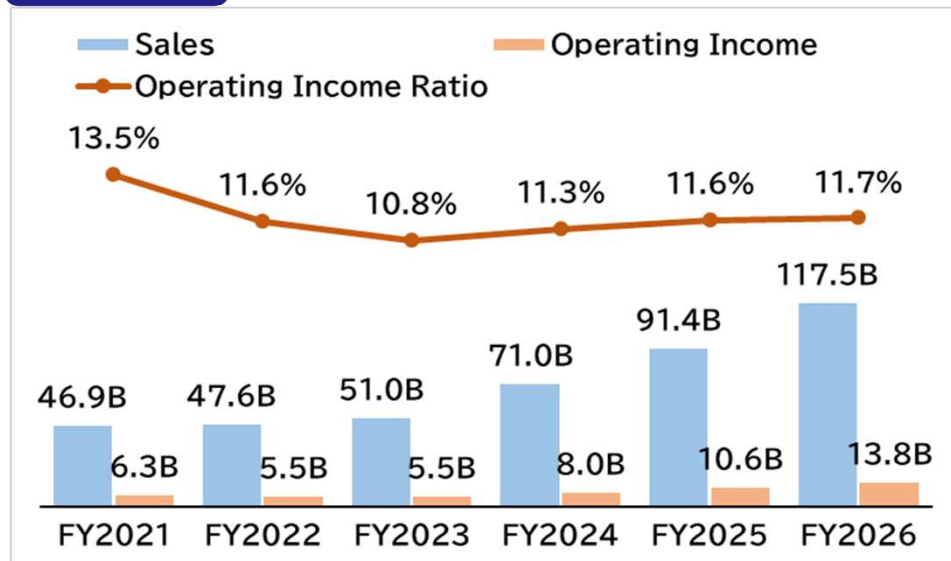
We are also planning new businesses using the platform.

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

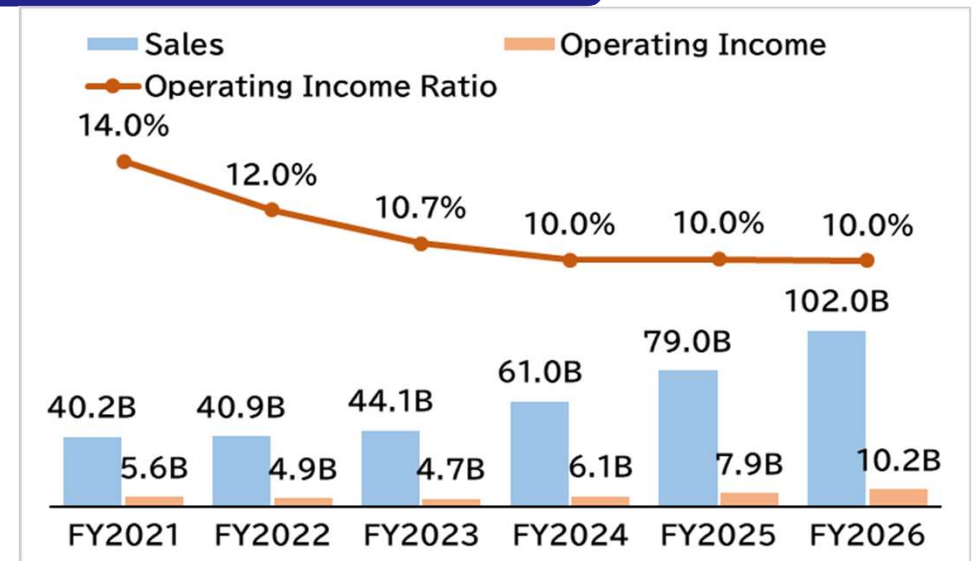
Plan through FY2026

WDB

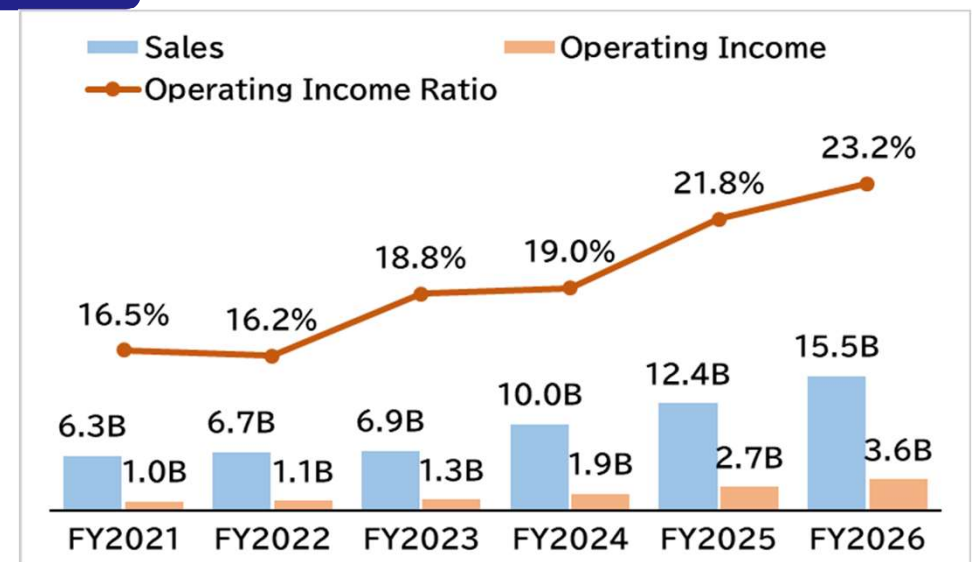
Total



Human Resources



CRO



Business Performance (Consolidated)

3Q(accum.)	FY2021		FY2022		FY2023		22-23 Increase	22-23 Increase Rate
sales	¥35,296M	100.0%	¥35,735M	100.0%	¥37,287M	100.0%	¥1,552M	4.3%
cost	¥25,744M	72.9%	¥26,614M	74.5%	¥28,234M	75.7%	¥1,620M	6.1%
Gross Margin	¥9,552M	27.1%	¥9,121M	25.5%	¥9,053M	24.3%	-¥68M	-0.8%
SG(&)A	¥4,628M	13.1%	¥4,849M	13.6%	¥4,806M	12.9%	-¥43M	-0.9%
Operating Income	¥4,924M	14.0%	¥4,272M	12.0%	¥4,247M	11.4%	-¥25M	-0.6%
Ordinary Income	¥4,975M	14.1%	¥4,325M	12.1%	¥4,272M	11.5%	-¥53M	-1.2%
Net Income	¥3,147M	8.9%	¥2,565M	7.2%	¥2,604M	7.0%	¥39M	1.5%

- 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, as well as one more operating day (0.6%) than in the previous period.
- Gross profit decreased due to increased compensation for dispatched staff. Despite efforts to reduce SG&A expenses, the decline in gross profit could not be fully absorbed, and operating income and the below also declined.

Business Performance (Consolidated, Quarterly)

1Q (Single Term)	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%

2Q (Single Term)	FY2021		FY2022		FY2023		22-23 Increase	22-23 Increase Rate
sales	¥11,524M	100.0%	¥11,852M	100.0%	¥12,184M	100.0%	¥332M	2.8%
cost	¥8,463M	73.4%	¥8,840M	74.6%	¥9,209M	75.6%	¥369M	4.2%
Gross Margin	¥3,061M	26.6%	¥3,013M	25.4%	¥2,975M	24.4%	-¥37M	-1.2%
SG(&)A	¥1,492M	12.9%	¥1,592M	13.4%	¥1,606M	13.2%	¥13M	0.8%
Operating Income	¥1,569M	13.6%	¥1,420M	12.0%	¥1,369M	11.2%	-¥51M	-3.6%
Ordinary Income	¥1,578M	13.7%	¥1,458M	12.3%	¥1,374M	11.3%	-¥84M	-5.8%
Net Income	¥969M	8.4%	¥804M	6.8%	¥858M	7.0%	¥54M	6.7%

3Q (Single Term)	FY2021		FY2022		FY2023		22-23 Increase	22-23 Increase Rate
sales	¥12,060M	100.0%	¥12,022M	100.0%	¥12,633M	100.0%	¥611M	5.1%
cost	¥8,814M	73.1%	¥8,977M	74.7%	¥9,511M	75.3%	¥534M	6.0%
Gross Margin	¥3,246M	26.9%	¥3,045M	25.3%	¥3,122M	24.7%	¥77M	2.5%
SG(&)A	¥1,592M	13.2%	¥1,622M	13.5%	¥1,533M	12.1%	-¥89M	-5.5%
Operating Income	¥1,653M	13.7%	¥1,423M	11.8%	¥1,589M	12.6%	¥166M	11.7%
Ordinary Income	¥1,670M	13.8%	¥1,434M	11.9%	¥1,592M	12.6%	¥158M	11.0%
Net Income	¥1,108M	9.2%	¥868M	7.2%	¥1,120M	8.9%	¥252M	29.0%

Business Performance (By Segment)

<Cumulative>

3Q(accum.)		FY2021		FY2022		FY2023		22-23 Increase	22-23 Increase Rate
Human resources	sales	¥30,356M	-	¥30,730M	-	¥32,037M		¥1,307M	4.3%
	Segment profit	¥4,326M	14.3%	¥3,763M	12.2%	¥3,529M	11.0%	-¥234M	-6.2%
	business days	182	-	181	-	182		1	0.6%
	sales per day	¥167M	-	¥170M	-	¥176M		¥6M	3.7%
CRO	sales	¥4,664M	-	¥5,005M	-	¥5,249M		¥245M	4.9%
	Segment profit	¥873M	18.7%	¥888M	17.7%	¥1,086M	20.7%	¥198M	22.3%

Business Performance (By Segment)

< Quartely (Single Term) >

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%

2Q(Single Term)		FY2021		FY2022		FY2023		22-23 Increase	22-23 Increase Rate
Human resources	sales	¥9,814M	-	¥10,115M	-	¥10,444M		¥329M	3.3%
	Segment profit	¥1,246M	12.7%	¥1,131M	11.2%	¥1,165M	11.2%	¥34M	3.0%
	business days	59	-	60	-	60		0	0.0%
	sales per day	¥166M	-	¥169M	-	¥174M		¥5M	3.3%
CRO	sales	¥1,637M	-	¥1,738M	-	¥1,735M		-¥3M	-0.2%
	Segment profit	¥369M	22.6%	¥395M	22.7%	¥319M	18.4%	-¥76M	-19.2%

3Q(Single Term)		FY2021		FY2022		FY2023		22-23 Increase	22-23 Increase Rate
Human resources	sales	¥10,348M	-	¥10,341M	-	¥10,814M		¥474M	4.6%
	Segment profit	¥1,517M	14.7%	¥1,233M	11.9%	¥1,234M	11.4%	¥1M	0.1%
	business days	62	-	61	-	62		1	1.6%
	sales per day	¥167M	-	¥170M	-	¥174M		¥5M	2.9%
CRO	sales	¥1,572M	-	¥1,681M	-	¥1,824M		¥143M	8.5%
	Segment profit	¥280M	17.8%	¥314M	18.7%	¥479M	26.2%	¥165M	52.4%

<Human resources>

- Following the first half of the year, we have worked online sales and staff interviews with an organization called the Support Desk in Tokyo and Kobe, and incorporated ChatGPT into Doconico.
This is an effort to consolidate operations and increase efficiency.
In addition, we have further promoted online sales at each of our branches.
- To further improve dispatched staff compensation, we negotiated an increase in dispatch unit prices and took steps to consolidate operations to the Support Desk.
- Also, in April, we released the clerical version of Doconico, and started sales and recruitment activities for clerical workers.

<CRO>

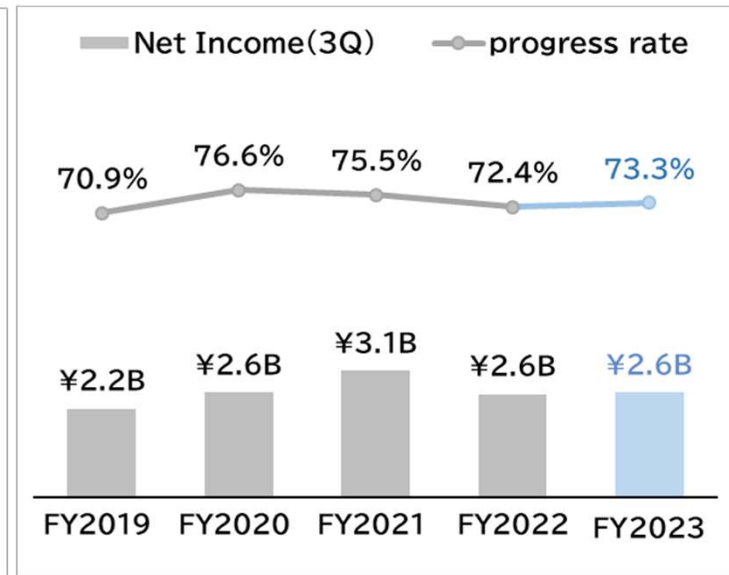
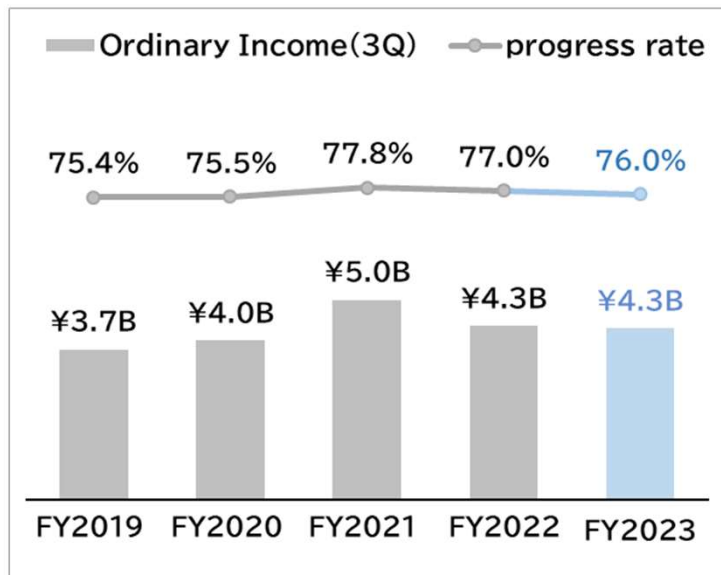
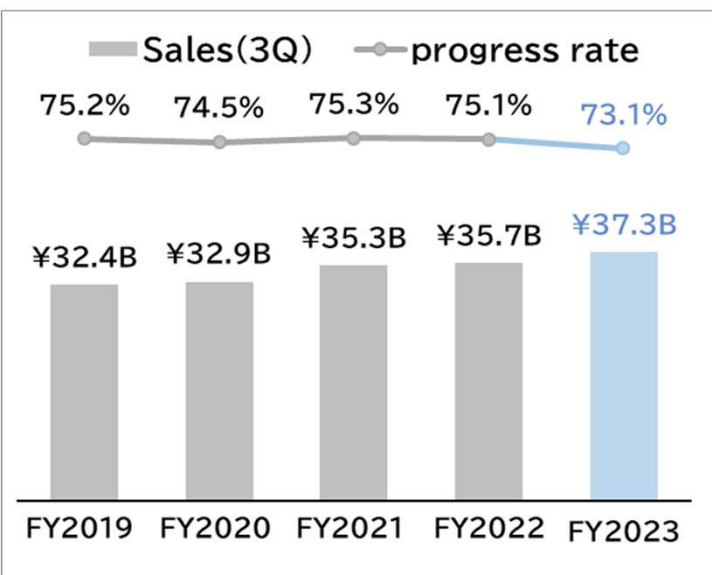
- WDB Coco continued to develop the CRO service platform.
- Overseas, we worked to improve profitability and to launch new services.

FY2024 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 2024



- Sales are slightly below the full-year forecast.
- The progress rate of ordinary income and net income is in line with that of previous years.

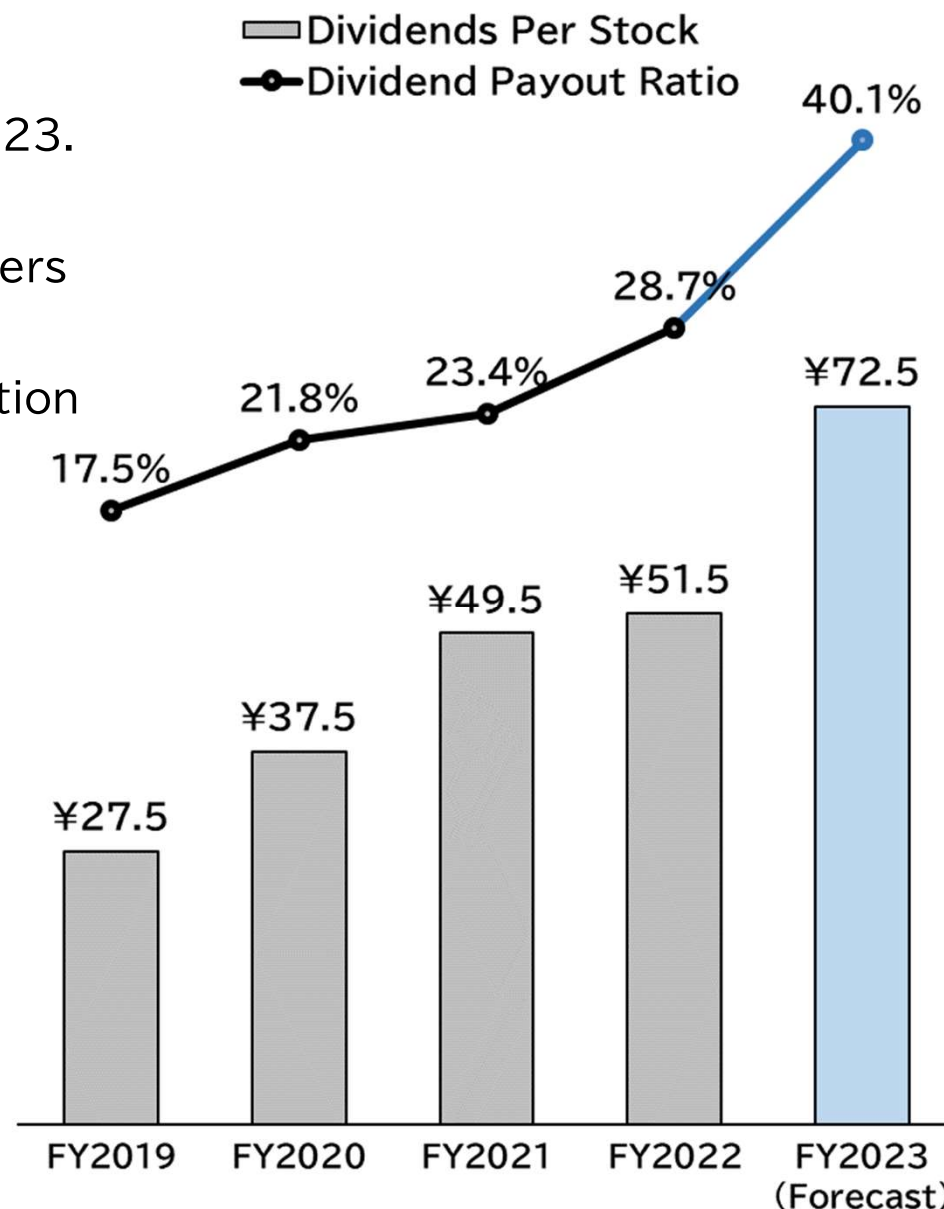
Revision of Dividend Policy

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.



We are in the second year of the medium-to-long term plan, with a little time left ahead of us.

We feel that the strategy we are currently working on is well in line with what the market is looking for. However, more wage increases are needed to secure dispatched staff.

We will continue to take the necessary steps to achieve this goal.

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.

<Contact information>

Corporate Planning Department

WDB Holdings Co., Ltd.

<https://www.wdb-g.com/system/wdbhd/eng/contact/index.html>