



Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 2023 [Japanese GAAP]

November 11, 2022

Listed company name WDB Holdings Co., Ltd. Stock Exchange Listings: Tokyo
 Code number 2475 URL <https://www.wdbhd.co.jp/eng/>
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 Scheduled date to file Quarterly Securities Report November 14, 2022 Scheduled date of commencement of dividend payment December 2, 2022
 Preparation of supplementary material on quarterly financial results: Yes
 Quarterly results briefing: None

(Amounts are rounded down to the nearest million yen.)

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2023
(April 1, 2022 to September 30, 2022)

(1) Consolidated Operating Results (Cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent Net profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2022 2Q	23,712	2.1	2,848	-12.9	2,891	-12.5	1,697	-16.8
FY2021 2Q	23,235	7.6	3,270	29.3	3,304	29.5	2,038	23.7

(NOTE) Comprehensive income FY2022 2Q 1,903 Millions of yen (-12.6%) FY2021 2Q 2,179 Millions of yen (30.0%)

	Per share Net profit	Fully diluted Per share Net profit
	Yen	Yen
FY2022 2Q	85.97	-
FY2021 2Q	103.29	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity Ratio
	Millions of yen	Millions of yen	%
FY2022 2Q	34,781	27,077	75.6
FY2021	33,828	25,796	74.2

Reference: Shareholders' equity FY2022 2Q 26,310 Millions of yen FY2021 25,113 Millions of yen

2. Dividend Status

	Dividend per share				
	End of first quarter	End of second quarter	End of the third quarter	Term end	Total
	Yen	Yen	Yen	Yen	Yen
FY2021	-	19.50	-	30.00	49.50
FY2022	-	20.50	-	-	-
FY2022 (Forecast)	-	-	-	31.00	51.50

(NOTE) Revisions to the most recently announced dividend forecasts: None

Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Per share Net income
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	47,249	0.8	5,083	-19.5	5,083	-20.5	3,277	-21.4	166.02

(NOTE) Revisions to the most recently announced earnings forecasts: None

※ Notes

(1) Changes in significant subsidiaries during the quarter under review (changes in specified subsidiaries accompanied by changes in the scope of consolidation): None

New:-(Company name:-) Excluded:-(Company name:-)

(2) Adoption of special accounting methods for preparing quarterly consolidated financial statements: None

(3) Changes in accounting policies and changes or restatement of accounting estimates

- ① Changes in accounting policies due to revisions to accounting standards, etc.: None
- ② Changes in accounting policies other than: None
- ③ Changes in accounting estimates: None
- ④ Restatement of revisions: None

(4) Number of shares of common stock outstanding

- ① Number of shares issued at the end of the period (including treasury stock)
- ② Number of treasury stock at the end of the period
- ③ Average number of shares during the period (quarterly consolidated cumulative period)

FY2022 2Q	20,060,000 Shares	FY2021	20,060,000 Shares
FY2022 2Q	320,909 Shares	FY2021	320,866 Shares
FY2022 2Q	19,739,112 Shares	FY2021 2Q	19,739,155 Shares

※ Quarterly financial results are not subject to quarterly review by certified public accountants or auditing firms.

※ Explanations and other special notes concerning the appropriate use of business performance forecasts

- The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual results, etc. may differ materially from the forecasts due to various factors. Please refer to "Explanation of Operating Results" on page 2 of the attached materials for the assumptions underlying the earnings forecasts and notes on the use of the earnings forecasts.

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1. Qualitative Information on Quarterly Financial Results

(1) Management's discussion

Although the Japanese economy continued to be affected by the Corona Virus infectious diseases, the penetration of vaccines and anti-infectious measures limited the impact on the business conducted by our group in the second quarter of the current fiscal year.

The active job openings-to-applicants ratio (seasonally adjusted) announced by the Ministry of Health, Labour and Welfare was 1.28 times the average from April to September 2022, up 0.15 points from the average from April to September 2021. In addition, the unemployment rate (seasonally adjusted) announced by the Ministry of Internal Affairs and Communications was 2.6% on the average from April to September 2022, down 0.2 percentage points from the average from April to September 2021. Compared to the same period of the previous fiscal year, the number of job offers increased and the unemployment rate declined, and the difficulty of acquiring human resources increased. The number of new placement requests and orders received from research laboratories, quality control departments, such as pharmaceutical, chemical, and food product manufacturers, and research laboratories at universities and public institutions, which are the Group's main customers, remained slightly above the level of the previous fiscal year.

In the Human Resources Services Business, we began to improve employee treatment based on the medium-to long-term management plan announced on May 13, 2022. Compensation for temporary workers currently in service has been revised since July 2022, and recruitment activities for new temporary staffing requests are conducted based on the revised compensation. By implementing this initiative, we aim to increase the number of new registrants and reduce the turnover rate of temporary staff currently in employment. At the same time, we have been working to secure outstanding human resources by raising the base pay of our group employees other than temporary employees since April. With regard to the doconico temporary staffing service platform, we have been promoting development aimed at improving it and activities to disseminate it among customers, prospects, and temporary staff. We have also begun to reorganize our sales organization so that we can maximize the effects of doconico's efforts to improve operational efficiency.

(Medium-to Long-Term Management Plan <https://www.wdbhd.co.jp/assets/pdf/eng/ir/about/management-policy220513.pdf>)

As in the human resource services business, we are developing our CRO business so that we can provide services through platforms.

As a result of these activities, net sales for the second quarter of the current fiscal year were 23,712 million yen (up 2.1% year on year). Operating income was 2,848 million yen (down 12.9% year on year), ordinary income was 2,891 million yen (down 12.5% year on year), and quarterly net income attributable to owners of the parent was 1,697 million yen (down 16.8% year on year). In addition, the ratio of ordinary income to net sales, which is an indicator that we emphasize, was 12.2% (14.2% in the same period of the previous fiscal year). The main reason for the decline in profits was the improvement in the treatment of temporary employees from July.

Operating results by segment are as follows.

(NOTE) Segment profit is before elimination of intersegment transactions.

① Human Resource Service Business

Segment sales amounted to 20,389 million yen (up 1.9% year on year). Segment profit amounted to 2,529 million yen (down 11.3% year on year). The main reason for the decline in profits was the improvement in the treatment of temporary employees from July.

② CRO business

Segment sales amounted to 3,323 million yen (up 7.5% year on year). Segment profit was 574 million yen (down 3.2% year on year). The main reasons for the increase in sales and decrease in profit were that WDB CoCo. invested for the future and increased costs, and its performance in the U.S. was sluggish. Although there are concerns about the impact of the Ukrainian situation on the subsidiary in Finland, there is currently no impact on the business.

(2) Qualitative Information on Consolidated Financial Position

① Assets, liabilities and net assets

Total assets at the end of the second quarter under review were 34,781 million yen (up 952 million yen from the end of the previous fiscal year). Liabilities were 7,704 million yen (down 327 million yen from the end of the previous fiscal year). Net assets were 27,077 million yen (up 1,280 million yen from the end of the previous fiscal year).

② Cash Flow

Cash and cash equivalents at the end of the second quarter of the current fiscal year were 17,253 million yen (a decrease of 2,337 million yen from the same period of the previous fiscal year). The status of each cash flow and their factors are as follows.

Cash flows from operating activities

Net cash provided by operating activities amounted to 1,630 million yen (an increase of 281 million yen from the same period of the previous fiscal year). This was mainly due to income before income taxes and minority interests of 2,825 million yen and income taxes paid of 1,165 million yen.

Cash flows from investing activities

Net cash used in investing activities was 207 million yen (a decrease of 440 million yen from the same period of the previous fiscal year). This was mainly due to purchase of property, plant and equipment amounting to 144 million yen.

Cash flows from financing activities

Net cash used in financing activities was 634 million yen (an increase of 152 million yen from the same period of the previous fiscal year). This was mainly due to cash dividends paid of 591 million yen).

(3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Information

The consolidated earnings forecasts and dividends for the year ended March 31, 2023 are unchanged from the forecasts announced on May 13, 2022. Our group forecasts business results on the assumption that the situation at the end of the second quarter of the current fiscal year will continue for the foreseeable future.

In the event that conditions change significantly in the future and it becomes necessary to revise the earnings forecast, the Company will promptly disclose the information.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	End of previous fiscal year (As of March 31, 2022)	End of second quarter of the fiscal year under review (As of September 30, 2022)
Assets		
Current assets		
Cash and deposits	16,426,445	17,253,694
Accounts receivable and contract assets	6,045,337	6,074,553
Inventories	38,094	59,951
Others	585,117	634,929
Total current assets	23,094,995	24,023,128
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	1,489,203	1,460,355
Land	6,798,672	6,787,415
Other, net	310,682	381,145
Total property, plant and equipment	8,598,558	8,628,916
Intangible assets		
Goodwill	95,610	-
Others	63,015	78,625
Total intangible assets	158,626	78,625
Investments and other assets		
Investment securities	91,343	94,168
Lease deposits	779,735	822,404
Deferred tax assets	819,007	839,996
Others	286,204	294,150
Total investments and other assets	1,976,291	2,050,720
Total noncurrent assets	10,733,476	10,758,262
Total assets	33,828,472	34,781,391
Liabilities		
Current liabilities		
Accounts payable	2,239,785	2,163,541
Accounts payable-other	357,265	217,989
Income taxes payable	1,238,007	1,146,779
Consumption tax payable	857,341	738,599
Provision for bonuses	700,325	801,400
Others	1,167,653	1,123,266
Total current liabilities	6,560,379	6,191,576
Long-term liabilities		
Provision for directors' retirement benefits	486,950	499,007
Obligations for retirement pay	493,321	509,943
Asset retirement obligations	268,673	272,501
Others	222,720	231,145
Total long-term liabilities	1,471,665	1,512,596
Total liabilities	8,032,044	7,704,173

(Thousands of yen)

	End of previous fiscal year (As of March 31, 2022)	End of second quarter of the fiscal year under review (As of September 30, 2022)
Net assets		
Shareholders' equity		
Paid-in Capital	1,000,000	1,000,000
Capital surplus	669,833	669,833
Retained earnings	24,505,499	25,610,381
Treasury stock	-1,018,690	-1,018,790
Total shareholders' equity	25,156,642	26,261,423
Other accumulated comprehensive income		
Valuation difference on securities	15,693	17,654
Foreign currency translation adjustments	24,654	101,929
Remeasurements of defined benefit plans	-83,870	-70,406
Total other accumulated comprehensive income	-43,522	49,177
Non-controlling shareholders' equity	683,307	766,617
Total net assets	25,796,427	27,077,218
Total liabilities and net assets	33,828,472	34,781,391

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income
Quarterly Consolidated Statements of Income
(Second Quarter Consolidated Cumulative Period)

(Thousands of yen)

	First six-month period of previous fiscal year (April 1, 2021 From September 30, 2021)	First six-month period of fiscal year under review (April 1, 2022 From September 30, 2022)
Net sales	23,235,419	23,712,855
Cost of sales	16,929,348	17,636,798
Gross profit	6,306,071	6,076,056
Selling, general and administrative expenses	3,035,544	3,227,089
Operating income	3,270,526	2,848,967
Non-operating income		
Surrender value of insurance	4,860	-
Subsidy income	5,589	39,751
Gain on consumption and other tax exemption	20,122	900
Others	8,703	4,477
Total non-operating income	39,275	45,129
Non-operating expenses		
Foreign exchange losses	-	1,497
Others	4,824	887
Total non-operating expenses	4,824	2,385
Ordinary income	3,304,977	2,891,711
Extraordinary gains		
Gain on sales of noncurrent assets	-	427
Total extraordinary income	-	427
Extraordinary loss		
Loss on sales of noncurrent assets	-	5,720
Loss on retirement of noncurrent assets	10,709	1,028
Impairment loss	-	59,785
Total extraordinary loss	10,709	66,534
Current net income for the quarter before income taxes and minority interests	3,294,267	2,825,603
Income taxes	1,154,572	1,042,287
Income taxes-deferred	-8,818	-26,602
Total income taxes	1,145,754	1,015,685
Net profit	2,148,513	1,809,918
Quarterly net income attributable to non-controlling interests	109,589	112,862
Net profit attributable to owners of parent	2,038,924	1,697,055

Quarterly Consolidated Statements of Comprehensive Income
(Second Quarter Consolidated Cumulative Period)

(Thousands of yen)

	First six-month period of previous fiscal year (April 1, 2021 From September 30, 2021)	First six-month period of fiscal year under review (April 1, 2022 From September 30, 2022)
Net profit	2,148,513	1,809,918
Other comprehensive income		
Valuation difference on securities	-492	1,961
Foreign currency translation adjustments	28,982	77,274
Adjustments for retirement benefits	2,109	14,358
Total other comprehensive income	30,599	93,593
Quarterly comprehensive income	2,179,113	1,903,512
(Comprehensive income attributable to)		
Quarterly comprehensive income attributable to owners of the parent	2,069,508	1,789,755
Quarterly comprehensive income attributable to non- controlling interests	109,604	113,756

(3) Quarterly Consolidated Statements of Cash Flows

(Thousands of yen)

	First six-month period of previous fiscal year (April 1, 2021 From September 30, 2021)	First six-month period of fiscal year under review (April 1, 2022 From September 30, 2022)
Net cash provided by (used in) operating activities		
Current net income for the quarter before income taxes and minority interests	3,294,267	2,825,603
Depreciation and amortization	108,883	110,640
Amortization of goodwill	55,653	41,806
Impairment loss	-	59,785
Increase (decrease) in allowance for doubtful accounts (-)	-242	-
Increase (decrease) in accrued bonuses	125,118	101,074
Increase (-) in accrued retirement benefits for directors and corporate auditors	11,987	12,056
(Decrease) increase in liability for retirement benefits	26,353	37,317
Interest and dividend income	-1,003	-953
Interest expenses	104	114
Surrender value (-: profit)	-4,860	-
Loss (gain) on sales of property, plant and equipment (-: gain)	-	5,293
Loss on retirement of property, plant and equipment	10,709	1,028
Decrease (-) in notes and accounts receivable-trade	-61,113	11,359
Decrease (-) in inventories	-14,556	-18,862
Decrease (-) in other current assets	-38,381	-20,636
Increase (-) in notes and accounts payable-trade	-166,832	-89,728
Increase (decrease) in accounts payable-other (-)	-422,378	-123,986
Increase (decrease) in accrued consumption taxes (-)	-294,985	-110,623
Increase (decrease) in other current liabilities (-)	11,560	-52,643
Others	-16,731	6,517
Subtotal	2,623,553	2,795,164
Interest and dividend received	1,003	953
Interest expenses paid	-104	-114
Income taxes paid	-1,275,741	-1,165,983
Net cash provided by (used in) operating activities	1,348,711	1,630,020
Cash flow from investing activities		
Proceeds from withdrawal of time deposits	47,237	-
Purchase of property, plant and equipment	-670,838	-144,182
Proceeds from sales of property, plant and equipment	-	6,470
Purchase of intangible assets	-8,572	-20,371
Payments for asset retirement obligations	-6,630	-
Payments for lease deposits	-22,310	-44,533
Proceeds from collection of lease deposits	3,776	3,094
Proceeds from refund of insurance reserves	10,144	-
Others	-442	-7,847
Cash flow from investing activities	-647,637	-207,368

(Thousands of yen)

	First six-month period of previous fiscal year (April 1, 2021 From September 30, 2021)	First six-month period of fiscal year under review (April 1, 2022 From September 30, 2022)
Cash flow from financing activities		
Repayments of lease obligations	-13,001	-15,702
Cash dividends paid	-443,869	-591,624
Cash dividends paid to non-controlling interests	-25,692	-30,447
Purchase of treasury stock	-91	-100
Purchase of treasury stock of subsidiaries in consolidation	-140	-
Others	-	2,933
Cash flow from financing activities	-482,795	-634,941
Effect of exchange rate change on cash and cash equivalents	12,379	39,538
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	230,658	827,249
Cash and cash equivalents at beginning of term	19,360,521	16,426,445
Period-end balance of cash and cash equivalents	19,591,180	17,253,694

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on the Going Concern Assumption)

Not applicable.

(Notes on Substantial Changes in the Amount of Shareholders' Equity)

Not applicable.

(Adoption of Special Accounting Methods for Preparation of Quarterly Consolidated Financial Statements)

Not applicable.

(Changes in Accounting Policies)

Not applicable.

(Segment information, etc.)

[Segment Information]

I Previous Second Quarter Cumulative (From April 1, 2021 to September 30, 2021)

1. Information on net sales and profits or losses by reported segment

(Thousands of yen)

	Reportable segments			Others (NOTE)	Total
	Human resources services Business	CRO business	Total		
Net sales					
Sales to customers	20,008,600	3,092,620	23,101,221	134,198	23,235,419
Intersegment sales	41,657	-	41,657	-	41,657
Total	20,050,258	3,092,620	23,142,878	134,198	23,277,077
Segment profit	2,850,500	592,927	3,443,428	5,178	3,448,606

(NOTE) "Others" is a business segment that is not included in reportable segments, and includes the development and manufacturing business for gas injection systems, etc. and bio-related equipment.

2. Difference between the total amount of income (loss) of reportable segments and the amount recorded in the quarterly consolidated statements of income, and major details of said difference (matters related to difference reconciliation)

(Thousands of yen)

Profit	Amount
Reportable segments total	3,443,428
Income categorized in "Other"	5,178
Corporate expenses (Note)	-178,079
Operating income in the quarterly consolidated statements of income	3,270,526

(NOTE) Corporate expenses are mainly expenses related to the holding company that are not attributable to reportable segments.

3. Information on impairment loss on noncurrent assets and goodwill by reportable segment

Not applicable.

4. Information disaggregating revenue from contracts with customers

(Thousands of yen)

		Revenue generated from contracts with customers	Total
Reportable segments	Human Resource Service Business	Temporary staffing	19,655,995
		Placement/Recruiting	352,605
	CRO business	Domestic companies	1,947,052
		Overseas companies	1,145,567
Reportable segments total			23,101,221
Others (Note)			134,198
Total			23,235,419

(NOTE) "Others" is a business segment that is not included in reportable segments, and includes the development and manufacturing business for gas injection systems, etc. and bio-related equipment.

II Current Second Quarter Cumulative (From April 1, 2022 to September 30, 2022)

1. Information on net sales and profits or losses by reported segment

(Thousands of yen)

	Reportable segments			Total
	Human resources services Business	CRO business	Total	
Net sales				
Sales to customers	20,389,139	3,323,715	23,712,855	23,712,855
Intersegment sales	21,552	-	21,552	21,552
Total	20,410,692	3,323,715	23,734,407	23,734,407
Segment profit	2,529,676	574,057	3,103,734	3,103,734

2. Difference between the total amount of income (loss) of reportable segments and the amount recorded in the quarterly consolidated statements of income, and major details of said difference (matters related to difference reconciliation)

(Thousands of yen)

Profit	Amount
Reportable segments total	3,103,734
Corporate expenses (Note)	-254,767
Operating income in the quarterly consolidated statements of income	2,848,967

(NOTE) Corporate expenses are mainly expenses related to the holding company that are not attributable to reportable segments.

3. Information on impairment loss on noncurrent assets and goodwill by reportable segment

In CRO Business segment, the Company recorded an impairment loss of 59 million yen on this goodwill because the results of DZS Clinical Services, Inc. are expected to be lower than the business plan originally expected from the acquisition.

4. Information disaggregating revenue from contracts with customers

(Thousands of yen)

		Revenue generated from contracts with customers	Total
Reportable segments	Human Resource Service Business	Temporary staffing	20,013,668
		Placement/Recruiting	375,471
	CRO business	Domestic companies	2,194,314
		Overseas companies	1,129,401
Reportable segments total			23,712,855
Total			23,712,855