



Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2023
[Japanese GAAP]

February 10, 2023

Listed company name WDB HOLDINGS INC. Listing: Tokyo Stock Exchange
 Code No. 2475 URL https://www.wdbhd.co.jp
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 Scheduled date to file Quarterly February 13, 2023 Scheduled date of commencement of dividend payment -
 Securities Report
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: None

(Amounts are rounded down to the nearest million yen)

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

(1) Consolidated Operating Results (Cumulative) (Percentages represent changes from the same quarter of the previous year.)

	Net sales		Operating income		Ordinary income		Net profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Q3/FY ending March 31, 2023	35,734	1.2	4,271	-13.2	4,325	-13.0	2,564	-18.5
Q3/FY ending March 31, 2022	35,295	7.3	4,923	25.2	4,974	25.6	3,147	20.6

(NOTE) Comprehensive income Q3/FY ending March 31, 2023 2,839 Millions of yen (-14.7%) Q3/FY ending March 31, 2023 3,330 Millions of yen (24.6%)

	Per share Net profit	Fully diluted Per share Net profit
	Yen	Yen
Q3/FY ending March 31, 2023	130.08	-
Q3/FY ending March 31, 2022	159.45	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity Ratio
	Millions of yen	Millions of yen	%
Q3/FY ending March 31, 2023	34,818	27,349	76.2
Year ended March 31, 2022	33,828	25,796	74.2

Reference: Shareholders' equity Q3/FY ending March 31, 2023 26,522 Millions of yen Year ended March 31, 2022 25,113 Millions of yen

2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of the third quarter	Term end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2022	-	19.50	-	30.00	49.50
Year ended March 31, 2023	-	20.50	-		
Year ending March 31, 2023 (Forecast)				31.00	51.50

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

Forecast of Consolidated Financial Results for the Third Quarter of 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 for the year 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) Significant changes in subsidiaries during the quarter under review (changes in specified subsidiaries resulting in changes in the scope of consolidation): None
 New:-(Company name:-), Excluded:-(Company name:-)

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

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

Changes in accounting policies due to revision of accounting standards: None

Changes in accounting policies other than the above : None

Changes in accounting estimates: None

Restatement of revisions: None

(4)Number of shares outstanding (common shares)

Number of shares outstanding at the end of the period
 (including treasury stock)

Number of treasury stock at the end of the period

Average number of shares outstanding (quarterly
 consolidated cumulative period)

3Q for the Year Ended March 31, 2023	20,060,000 Shares	Year ended March 31, 2022	20,060,000 Shares
3Q for the Year Ended March 31, 2023	420,949 Shares	Year ended March 31, 2022	320,866 Shares
3Q for the Year Ended March 31, 2023	19,716,915 Shares	3Q for the Year Ended March 31, 2022	19,739,148 Shares

※ Quarterly financial results are not subject to quarterly review by a certified public accountant or auditing firm.

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

Forecasts of future performance in these materials are based on assumptions judged to be valid and information available to the Company's management at the time the materials were prepared. Actual results may differ significantly from these forecasts for a number of reasons. Please refer to "Explanation of Operating Results" on page 4 of the attached material for the assumptions upon which the forecasts are based and the cautionary statements regarding the use of the forecasts.

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1. Qualitative Information on Quarterly Financial Results

(1) Management's discussion

In the first three quarters of the fiscal year under review, the Japanese economy continued to be affected by coronavirus infectious diseases, but the impact on the Group's business was minimal due to the penetration of vaccines and measures to prevent infectious diseases.

The effective ratio of job offers to applicants (seasonally adjusted figure) announced by the Ministry of Health, Labour and Welfare (MHLW) became 1.30 times for the April-December 2022 average, which was an increase by 0.16 points from the April-December 2021 average. In addition, the average unemployment rate (seasonally adjusted figure) announced by the Ministry of Internal Affairs and Communications was 2.6% from April to December 2022, down 0.2 percentage points from the average from April to December 2021. Compared with the same period of the previous fiscal year, the number of job offers has increased and the unemployment rate has declined, and the difficulty of acquiring human resources has increased. The number of new dispatch requests and orders received from research laboratories and quality control departments of pharmaceuticals, chemicals, food manufacturers, and other Group major customers, as well as from universities and public institutes remained at the same level as the previous fiscal year.

In the human resources services business, we implemented improvement in the treatment of employees based on the medium-to long-term management plan announced on May 13, 2022. In July 2022, we revised the remuneration for temporary employees who are in work. For temporary employees to be newly recruited, we conduct recruitment activities based on the revised remuneration. By implementing this initiative, we are increasing the number of new registered employees and working to reduce the retirement rate of existing temporary employees, and we are seeing a certain effect. We are also striving to secure excellent human resources by raising the base pay for our group employees other than temporary employees.

Doconico, a temporary staffing service platform, is being upgraded and penetrated by customers, prospective customers, and temporary employees. At the same time, we are working to optimize our organization so that we can maximize the effects of Doconico's improved operational efficiency. (Medium-to Long-Term Management Planning <https://www.wdbhd.co.jp/assets/pdf/eng/ir/about/management-policy220513.pdf>)

CRO business is being developed so that services can be provided through platforms, similar to the human resources services business, while working on existing businesses.

As a result of the above activities, net sales for the first three quarters of the fiscal year under review were 35,734 million yen (up 1.2% year on year). Operating income was 4,271 million yen (down 13.2% year on year), ordinary income was 4,325 million yen (down 13.0% year on year), and quarterly profit attributable to owners of parent was 2,564 million yen (down 18.5% year on year). In addition, the ratio of operating income to net sales, an indicator that we emphasize, was 12.0% (14.0% in the same period of the previous fiscal year) and the ratio of ordinary income to net sales was 12.1% (14.1% in the same period of the previous fiscal year). The factors behind the decrease in profits were an increase in costs associated with the improvement in the treatment of temporary employees and an increase in SG&A expenses associated with the improvement in the treatment of employees.

Operating results by segment are as follows.

(NOTE) Segment income is before elimination of inter-segment transactions.

Human Resource Service Business

In this segment, net sales were 30,729 million yen (an increase of 1.2% year on year). Segment profit decreased 13.0% year on year to 3,763 million yen. The factors behind the decrease in profits were an increase in costs associated with the improvement in the treatment of temporary employees and an increase in SG&A expenses associated with the improvement in the treatment of employees.

CRO business

In this segment, net sales were 5,004 million yen (an increase of 7.3% year on year). Segment profit was 888 million yen, an increase of 1.8% year on year. The rate of increase in operating income was lower than the rate of increase in sales due to higher costs for investing in the future at WDB COCO and poor performance at our U.S. affiliate. Although there are concerns about the impact of the situation in Ukraine on our subsidiaries in Finland, there is no impact on our business at present.

(2) Explanation of Financial Position

Total assets at the end of the third quarter of the current fiscal year stood at 34,818 million yen, an increase of 990 million yen from the end of the previous fiscal year. Liabilities decreased by 563 million yen from the end of the previous fiscal year to 7,469 million yen. Net assets were 27,349 million yen (an increase of 1,553 million yen from the end of the previous fiscal year).

(3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements

The consolidated earnings forecasts and dividend forecasts for the year ended March 31, 2023 are unchanged from those announced on May 13, 2022.

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 3rd quarter of the fiscal year under review As of December 31, 2022
Assets		
Current assets		
Cash and deposits	16,426,445	17,288,818
Accounts receivable and contract assets	6,045,337	6,166,179
Inventories	38,094	36,663
Others	585,117	683,051
Allowance for doubtful accounts	-	-43,597
Total current assets	23,094,995	24,131,115
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	1,489,203	1,437,162
Land	6,798,672	6,787,415
Other, net	310,682	446,587
Total property, plant and equipment	8,598,558	8,671,166
Intangible assets		
Goodwill	95,610	-
Others	63,015	77,336
Total intangible assets	158,626	77,336
Investments and other assets		
Investment securities	91,343	97,952
Lease deposits	779,735	818,192
Deferred tax assets	819,007	728,570
Others	286,204	294,474
Total investments and other assets	1,976,291	1,939,189
Total noncurrent assets	10,733,476	10,687,692
Total assets	33,828,472	34,818,807
Liabilities		
Current liabilities		
Accounts payable	2,239,785	2,220,114
Accounts payable-other	357,265	779,794
Income taxes payable	1,238,007	406,399
Consumption tax payable	857,341	849,613
Provision for bonuses	700,325	497,171
Others	1,167,653	1,196,340
Total current liabilities	6,560,379	5,949,434
Long-term liabilities		
Provision for directors' retirement benefits	486,950	505,070
Obligations for retirement pay	493,321	520,098
Asset retirement obligations	268,673	272,642
Others	222,720	221,754
Total long-term liabilities	1,471,665	1,519,565
Total liabilities	8,032,044	7,469,000

(Thousands of yen)

	End of previous fiscal year As of March 31, 2022	End of 3rd quarter of the fiscal year under review As of December 31, 2022
Net assets		
Shareholders' equity		
Common stock	1,000,000	1,000,000
Capital surplus	669,833	669,833
Retained earnings	24,505,499	26,073,458
Treasury stock	-1,018,690	-1,277,189
Total shareholders' equity	25,156,642	26,466,101
Other accumulated comprehensive income		
Valuation difference on securities	15,693	20,280
Foreign currency translation adjustments	24,654	100,272
Remeasurements of defined benefit plans	-83,870	-64,477
Total other accumulated comprehensive income	-43,522	56,075
Non-controlling shareholders' equity	683,307	827,630
Total net assets	25,796,427	27,349,807
Total liabilities and net assets	33,828,472	34,818,807

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income

(Quarterly Consolidated Statements of Income)

(Consolidated Cumulative Third Quarter)

(Thousands of yen)

	Consolidated Cumulative Third Quarter of previous fiscal year (April 1, 2021 to December 31, 2021)	Consolidated Cumulative Third Quarter of current fiscal year under review (April 1, 2022 to December 31, 2022)
Net sales	35,295,729	35,734,706
Cost of sales	25,743,811	26,613,584
Gross profit	9,551,918	9,121,122
Selling, general and administrative expenses	4,628,039	4,849,154
Operating income	4,923,879	4,271,967
Non-operating income		
Surrender value of insurance	4,860	-
Subsidy income	7,771	43,203
Gain on consumption and other tax exemption	30,502	1,334
Others	13,161	10,689
Total non-operating income	56,294	55,227
Non-operating expenses		
Others	5,639	1,759
Total non-operating expenses	5,639	1,759
Ordinary income	4,974,534	4,325,436
Extraordinary income		
Gain on sales of noncurrent assets	51	572
Total extraordinary income	51	572
Extraordinary loss		
Loss on retirement of noncurrent assets	11,367	1,215
Loss on sales of noncurrent assets	-	5,720
Impairment loss	-	59,785
Total extraordinary loss	11,367	66,721
Current net income for the quarter before income taxes and minority interests	4,963,219	4,259,287
Income taxes	1,555,072	1,438,437
Income taxes-deferred	102,467	82,211
Total income taxes	1,657,539	1,520,649
Net profit	3,305,679	2,738,637
Quarterly net income attributable to non-controlling interests	158,286	173,853
Net profit attributable to owners of parent	3,147,392	2,564,783

Quarterly Consolidated Statements of Comprehensive Income
(Consolidated Cumulative Third Quarter)

(Thousands of yen)

	Consolidated Cumulative Third Quarter of previous fiscal year (April 1, 2021 to December 31, 2021)	Consolidated Cumulative Third Quarter of current fiscal year under review (April 1, 2022 to December 31, 2022)
Net profit	3,305,679	2,738,637
Other comprehensive income		
Valuation difference on securities	-2,071	4,587
Foreign currency translation adjustments	23,364	75,617
Adjustments for retirement benefits	3,164	20,309
Total other comprehensive income	24,457	100,514
Quarterly comprehensive income	3,330,137	2,839,151
(Comprehensive income attributable to)		
Quarterly comprehensive income attributable to owners of parent	3,171,838	2,664,382
Quarterly comprehensive income attributable to non-controlling interests	158,298	174,769

(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)

Based on the resolution of the Board of Directors meeting held on November 11, 2022, we acquired 100,000 shares of treasury stock. As a result, treasury stock increased by 258 million yen in the first three quarters under review, resulting in treasury stock of 1,277 million yen at the end of the third quarter under review.

(Segment Information)

[Segment Information]

I Cumulative Third Quarter of the Previous Fiscal Year (From April 1, 2021 to December 31, 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	30,356,447	4,664,129	35,020,576	275,152	35,295,729
Intersegment sales	60,137	-	60,137	-	60,137
Total	30,416,585	4,664,129	35,080,714	275,152	35,355,867
Segment profit	4,326,181	872,784	5,198,965	35,622	5,234,587

(NOTE) "Others" is a business segment that is not included in the reportable segments, and includes the development and manufacturing business of gas injection equipment and biotechnology-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, as well as the main details of said difference (matters related to difference adjustment)

(Thousands of yen)

Profit	Amount
Reportable segments total	5,198,965
Profit of "Others" category	35,622
Corporate expenses (Note)	-310,708
Operating income in the quarterly consolidated statements of income	4,923,879

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

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

Not applicable.

4. Information that breaks down the revenue generated by contracts with customers

(Thousands of yen)

	Revenue generated from contracts with customers		Total	
	Human Resource Service Business			
Reportable Segments	Temporary staffing	29,851,263	30,356,447	
		Placement/Recruiting		505,183
	CRO business	Domestic companies	2,981,235	4,664,129
		Overseas companies	1,682,893	
Reportable segments total			35,020,576	
Others (Note)			275,152	
Total			35,295,729	

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

II Third Quarter (From April 1, 2022 to December 31, 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	30,729,892	5,004,814	35,734,706	35,734,706
Intersegment sales	33,753	-	33,753	33,753
Total	30,763,646	5,004,814	35,768,460	35,768,460
Segment profit	3,763,106	888,086	4,651,193	4,651,193

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

(Thousands of yen)

Profit	Amount
Reportable segments total	4,651,193
Corporate expenses (Note)	-379,225
Operating income in the quarterly consolidated statements of income	4,271,967

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

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

Not applicable.

4. Information that breaks down the revenue generated by contracts with customers

(Thousands of yen)

		Revenue generated from contracts with customers	Total
Reportable Segments	Human Resource Service Business	Temporary staffing	30,227,157
		Placement/Recruiting	502,735
	CRO business	Domestic companies	3,381,401
		Overseas companies	1,623,413
Reportable segments total			35,734,706
Total			35,734,706