



Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 [Japanese GAAP]

May 12, 2023

Listed company name WDB HOLDINGS Co.,Ltd.

Listing: Tokyo Stock
Exchange

Code No. 2475 URL <https://www.wdbhd.co.jp/eng/>

Representative Title: President and CEO

Name: Toshimitsu Nakano

Contact Title: Senior Managing Director

Name: Miki Otsuka

TEL 079-287-0111

Scheduled date of ordinary general meeting of shareholders June 22, 2023

Scheduled date of

commencement of dividend payment June 23, 2023

Scheduled date of filing of annual securities report June 26, 2023

Preparation of supplementary material on financial results: Yes

Holding of financial results meeting: None

(Amounts are rounded down to the nearest million yen)

Consolidated Financial Results for the Year Ended March 31, 1.2023 (April 1, 2022-March 31, 2023)

(1) Consolidated Results of Operations

(Percentages represent year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2023	47,602	1.5	5,508	-12.8	5,614	-12.2	3,540	-15.1
Year ended March 31, 2022	46,875	6.2	6,314	23.6	6,393	21.9	4,171	22.5

(NOTE) Comprehensive income Year ended March 31, 2023 3,946 Millions of yen (-9.0%) Year ended March 31, 2022 4,336 Millions of yen (23.9%)

	Net income per share		Diluted net income per share		Return on equity		Return on assets		Operating margin	
	Yen	%	Yen	%	%	%	%	%		
Year ended March 31, 2023	179.75	-	-	-	13.4	16.0	11.6			
Year ended March 31, 2022	211.32	-	-	-	17.8	19.8	13.5			

(2) Consolidated Financial Position

	Total assets		Net assets		Equity Ratio		Net assets per share	
	Millions of yen	%	Millions of yen	%	%	Yen		
Year ended March 31, 2023	36,198	76.3	28,463	76.3	76.3	1,405.74		
Year ended March 31, 2022	33,828	74.2	25,796	74.2	74.2	1,272.25		

Reference: Shareholders' equity Year ended March 31, 2023 27,607 Millions of yen Year ended March 31, 2022 25,113 Millions of yen

(3) Consolidated Cash Flows

	Net cash provided by operating activities		Cash flow from investing activities		Cash flow from financing activities		Cash and cash equivalents at end of year	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	
Year ended March 31, 2023	3,553	-337	-1,307	-1,307	18,370			
Year ended March 31, 2022	4,025	-6,104	-870	16,426				

2. Dividends

	Dividend per share					Total dividends (Annual)	Dividend payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	End of first quarter	End of second quarter	End of the third quarter	Term end	Total			
Year ended March 31, 2022	Yen -	Yen 19.50	Yen -	Yen 30.00	Yen 49.50	Millions of yen 977	% 23.4	% 4.2
Year ended March 31, 2023	Yen -	Yen 20.50	Yen -	Yen 31.00	Yen 51.50	Millions of yen 1,013	% 28.7	% 3.8
Year ending March 31, 2024 (Forecast)	Yen -	Yen 29.00	Yen -	Yen 43.50	Yen 72.50		% 40.1	

Forecast of Consolidated Financial Results for the Fiscal Year Ending March 3, 2024 (April 1, 2023 to March 31, 2024)

(Percentages represent year-on-year changes for the full fiscal year and year-on-year changes for the quarter.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	
Second quarter (cumulative)	25,245	6.5	2,695	-5.4	2,695	-6.8	1,702	0.0	86.69	
Full year	51,000	7.1	5,510	0.0	5,620	0.1	3,550	0.3	180.76	

※The above forecasts are based on information available as of the date of publication of this document. Actual results may differ materially from the forecasts due to various factors going forward.

※ Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in the scope of consolidation): None

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

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

- ① Changes in accounting policies due to revision of accounting standards: None
- ② Changes in accounting policies other than the above: None
- ③ Changes in accounting estimates: None
- ④ Restatement of revisions: None

(3) Number of shares outstanding (common shares)

① Number of shares outstanding at the end of the period (including treasury stock)

Year ended March 31, 2023	20,060,000 Shares	Year ended March 31, 2022	20,060,000 Shares
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② Number of treasury stock at the end of the period

Year ended March 31, 2023	420,949 Shares	Year ended March 31, 2022	320,866 Shares
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③ Average number of shares during the period

Year ended March 31, 2023	19,697,715 Shares	Year ended March 31, 2022	19,739,144 Shares
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(Reference) Summary of Non-consolidated Financial Results

Non-consolidated results for the year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Non-Consolidated Results of Operations

(Percentages represent year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2023	2,905	15.7	1,838	12.5	1,902	2.5	1,669	-7.7
Year ended March 31, 2022	2,510	9.1	1,634	-3.2	1,856	55.6	1,807	62.4

	Net income per share		Diluted net income per share	
	Yen		Yen	
Year ended March 31, 2023	84.74		-	
Year ended March 31, 2022	91.58		-	

(2) Non-Consolidated Financial Position

	Total assets		Net assets		Equity Ratio		Net assets per share	
	Millions of yen		Millions of yen		%		Yen	
Year ended March 31, 2023	13,594		12,656		93.1		644.44	
Year ended March 31, 2022	13,680		12,230		89.4		619.58	

Reference: Shareholders' equity Year ended March 31, 2023 12,656 Millions of yen Year ended March 31, 2022 12,230 Millions of yen

Non-consolidated Financial Forecasts for the Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(Percentages represent year-on-year changes for the full fiscal year and year-on-year changes for the quarter.)

	Net sales		Ordinary income		Net income		Net income per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	
Second quarter (cumulative)	4,251	84.6	3,529	80.6	3,499	90.4	178.20	
Full year	4,673	60.9	3,187	67.6	3,163	89.6	161.11	

※ The financial results are outside the scope of audits by a certified public accountant or an 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 "Overview of Operating Results, etc." of the attached material for the assumptions upon which the forecasts are based and the cautionary statements regarding the use of the forecasts.

1. Overview of Operating Results

(1) Business results

In 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) increased by 0.15 points from the average of April 2022 to March 2023 to 1.31 times, compared with the average of April 2021 to March 2022. In addition, the unemployment rate (seasonally adjusted figure) announced by the Ministry of Internal Affairs and Communications fell by 0.2 percentage points from the average of April 2022 to March 2023 to 2.6% from the average of April 2021 to March 2022. Compared to the same period of the previous fiscal year, the number of job offers increased and the unemployment rate decreased, and the difficulty of acquiring human resources increased. In addition, the number of new dispatch requests and orders received from research laboratories and quality control departments, such as pharmaceutical, chemical and food manufacturers, and research laboratories at universities and public institutions, which are our Group's main customers, remained at the same level as the previous fiscal year.

In the Human Resources Services segment, we improved the treatment of temporary and group employees in accordance with the medium-to long-term management plan announced on May 13, 2022. In July 2022, we revised the remuneration for temporary employees on the job, and recruited new temporary employees based on the revised remuneration. As a result, the retirement rate of temporary staff during the period of employment declined and new temporary staff were acquired, resulting in an increase in the number of active staff. We also worked to secure excellent human resources by raising the base pay for our group employees other than temporary employees.

With regard to the temporary staffing service platform DOCONICO, we improved functions and promoted activities to penetrate customers, prospective customers, and temporary staff. At the same time, based on our online sales activities, we worked to optimize our organization so that we can maximize the effects of DOCONICO's improved operational efficiency.

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

With regard to CRO business, centered on the Japanese WDB coco and the Finnish company Medfiles, each company worked on its existing business while developing a platform-based service, similar to the human resources service business.

As a result of the above activities, net sales for the fiscal year under review were ¥47,602 million (up 1.5% year on year). Operating income was ¥5,508 million, down 12.8%, ordinary income was ¥5,614 million, down 12.2%, and profit attributable to owners of parent was ¥3,540 million, down 15.1%. The ratio of operating income to net sales, a management indicator we emphasize, declined 1.9 percentage points to 11.6%. The ratio of ordinary income to net sales fell 1.8 percentage points to 11.8%. ROE declined 4.3 percentage points to 13.4%.

Operating results by segment are as follows.

Segment income is before elimination of inter-segment transactions.

□ Human Resource Service Business

Segment sales increased 1.5% to ¥40,855 million and segment income decreased 12.8% to ¥4,911 million. The factors behind the decline in profits were an increase in cost of sales associated with the increase in the compensation of temporary employees and an increase in SG&A expenses associated with the increase in the compensation base of group employees.

□ CRO business

Segment sales increased 6.6% to ¥6,746 million and segment income increased 5.1% to ¥1,096 million. Despite poor performance in the United States, domestic performance, centered on WDB coco, remained firm, resulting in higher sales and profits. Although there are still concerns about the situation in Ukraine, there is no impact to the operations of Medfiles in Finland at present.

(2) Financial Position

① Assets

The balance of current assets at the end of the fiscal year under review was ¥25,458 million yen, an increase of ¥2,363 million from the end of the previous fiscal year. This was mainly due to an increase of ¥1,944 million in cash and deposits.

The balance of non-current assets at the end of the fiscal year under review was ¥10,740 million, an increase of ¥6 million from the end of the previous fiscal year. As a result, total assets at the end of the fiscal year under review were ¥36,198 million, an increase of ¥2,370 million from the end of the previous fiscal year.

② Liabilities

The balance of current liabilities at the end of the fiscal year under review was ¥6,287 million, a decrease of ¥272 million from the end of the previous fiscal year. The main factors were a ¥501 million decrease in accrued income taxes and a ¥116 million increase in deposits received.

The balance of non-current liabilities at the end of the fiscal year under review was ¥1,446 million, a decrease of ¥24 million from the end of the previous fiscal year. As a result, total liabilities at the end of the fiscal year under review were ¥7,734 million, a decrease of ¥297 million from the end of the previous fiscal year.

③ Net assets

Total net assets at the end of the fiscal year under review were ¥28,463 million, an increase of ¥2,667 million from the end of the previous fiscal year. This was mainly due to an increase of ¥2,543 million in retained earnings.

Net assets per share were 1,405.74 yen, an increase of 133.49 yen from the end of the previous fiscal year.

(3) Cash Flow

Cash and cash equivalents (hereinafter referred to as "cash") at the end of the fiscal year under review increased by ¥1,944 million yen from the end of the previous fiscal year to ¥18,370 million. The status of each cash flow and main factors of change are as follows.

① Net cash provided by operating activities

Net cash provided by operating activities amounted to ¥3,553 million, compared with net cash provided by operating activities of ¥4,025 million in the previous fiscal year. This was mainly due to income taxes paid of ¥2,364 million, which outweighed income before income taxes and minority interests of ¥5,548 million.

② Cash flow from investing activities

Net cash used in investing activities totaled ¥337 million, compared with net cash used of ¥6,104 million in the previous fiscal year. This was mainly due to the purchase of property, plant and equipment of ¥275 million.

③ Cash flow from financing activities

Net cash used in financing activities totaled ¥1,312 million (compared with ¥870 million in the previous fiscal year). This was mainly due to cash dividends paid of ¥996 million and the purchase of treasury stock of ¥258 million.

(4)Future Outlook

The management plan for the fiscal year ending March 2024 is as follows.

Net sales: ¥51,000 million (up 7.1% year on year)

Operating income: ¥5,510 million (up 0.04% year on year)

Ordinary income: ¥5,620 million (up 0.1% year on year)

Net income attributable to owners of the parent: ¥3,550 million (up 0.3% year on year)

In accordance with our medium-term management plan (disclosed on May 13, 2022), we are working to reduce costs by investing in systems and to raise the remuneration of dispatched staff funded by these investments. In the field of dispatch of science, which is the core business, this initiative is proceeding steadily, and both sales and operating profit exceeded the medium-term management plan in the FY3/24 outlook. On the other hand, full-fledged entry into office staffing is scheduled to start operating in the year ending March 31, 23, and is scheduled to start in the year ending March 24. Therefore, in the fiscal year ending March 24, both sales and operating income were below the amount disclosed in the medium-term management plan. We will continue our efforts to reduce this difference as much as possible.

In addition, 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.

For details, please refer to the Medium-Term Management Plan disclosed on May 13, 2022, and the progress of the plan disclosed on May 12, 2023.

<https://www.wdbhd.co.jp/assets/pdf/eng/ir/about/management-policy230512.pdf>

https://www.wdbhd.co.jp/assets/pdf/eng/ir/finance/p_230512.pdf

(5)Significant Events Related to the Going Concern Assumption

Not applicable.

2. Basic Approach to Selection of Accounting Standards

Taking into consideration the comparability of consolidated financial statements between periods and between companies, our policy for the time being is to prepare consolidated financial statements in accordance with Japanese GAAP.

With regard to the application of IFRS, we intend to respond appropriately, taking into account various domestic and overseas circumstances.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

(Thousands of yen)

	End of previous fiscal year As of March 31, 2022	Current Consolidated Fiscal Year (As of March 31, 2023)
Assets		
Current assets		
Cash and deposits	16,426,445	18,370,835
Accounts receivable and contract assets	6,045,337	6,442,248
Inventories	38,094	40,790
Others	585,117	684,493
Allowance for doubtful accounts	-	-79,903
Total current assets	23,094,995	25,458,464
Fixed assets		
Property, plant and equipment		
Buildings and structures	2,729,727	2,741,656
Accumulated depreciation	-1,240,524	-1,329,779
Buildings and structures, net	1,489,203	1,411,876
Machinery and equipment	284,121	360,959
Accumulated depreciation	-165,518	-207,949
Machinery, equipment and vehicles, net	118,603	153,010
Tools, furniture and fixtures	550,384	562,770
Accumulated depreciation	-427,686	-449,734
Tools, furniture, and fixtures, net	122,698	113,036
Land	6,798,672	6,787,415
Leased assets	208,722	193,774
Accumulated depreciation	-142,467	-140,215
Lease assets, net	66,255	53,559
Construction in progress	3,125	174,022
Total property, plant and equipment	8,598,558	8,692,920
Intangible assets		
Goodwill	95,610	-
Others	63,015	73,859
Total intangible assets	158,626	73,859
Investments and other assets		
Investment securities	91,343	109,039
Lease deposits	779,735	808,149
Deferred tax assets	819,007	755,777
Others	286,204	300,554
Total investments and other assets	1,976,291	1,973,521
Total noncurrent assets	10,733,476	10,740,301
Total assets	33,828,472	36,198,765

(Thousands of yen)

	End of previous fiscal year As of March 31, 2022	Current Consolidated Fiscal Year (As of March 31, 2023)
Liabilities		
Current liabilities		
Accounts payable	2,239,785	2,318,746
Accounts payable-other	357,265	382,062
Income taxes payable	1,238,007	736,039
Consumption tax payable	857,341	881,052
Provision for bonuses	700,325	703,134
Others	1,167,653	1,266,825
Total current liabilities	6,560,379	6,287,860
Long-term liabilities		
Provision for directors' retirement benefits	486,950	511,133
Obligations for retirement pay	493,321	420,547
Asset retirement obligations	268,673	265,167
Others	222,720	250,093
Total long-term liabilities	1,471,665	1,446,941
Total liabilities	8,032,044	7,734,802
Net assets		
Shareholders' equity		
Common stock	1,000,000	1,000,000
Capital surplus	669,833	710,799
Retained earnings	24,505,499	27,049,315
Treasury stock	-1,018,690	-1,277,189
Total shareholders' equity	25,156,642	27,482,924
Other accumulated comprehensive income		
Valuation difference on securities	15,693	27,977
Foreign currency translation adjustments	24,654	92,771
Remeasurements of defined benefit plans	-83,870	3,722
Total other accumulated comprehensive income	-43,522	124,472
Non-controlling shareholders' equity	683,307	856,566
Total net assets	25,796,427	28,463,963
Total liabilities and net assets	33,828,472	36,198,765

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

(Consolidated Profit and Loss Statement)

(Thousands of yen)

	End of previous fiscal year (From April 1, 2021 to March 31, 2022)	Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)
Net sales	46,875,964	47,602,446
Cost of sales	34,383,720	35,667,759
Gross profit	12,492,243	11,934,687
Selling, general and administrative expenses	6,178,005	6,426,638
Operating income	6,314,238	5,508,049
Non-operating income		
Subsidy income	13,559	92,872
Gain on consumption and other tax exemption	51,224	1,802
Income from insurance claim	441	1,461
Others	18,335	17,210
Total non-operating income	83,561	113,347
Non-operating expenses		
Foreign exchange losses	-	4,571
Others	4,340	1,982
Total non-operating expenses	4,340	6,554
Ordinary income	6,393,458	5,614,843
Extraordinary income		
Gain on sales of noncurrent assets	217	3,569
Gain on sale of investment in a subsidiary	35,411	-
Total extraordinary income	35,629	3,569
Extraordinary loss		
Impairment loss	-	59,785
Loss on retirement of noncurrent assets	12,061	4,556
Others	-	5,720
Total extraordinary loss	12,061	70,062
Income before income taxes	6,417,026	5,548,350
Income taxes	2,146,694	1,745,141
Income taxes-deferred	-102,537	25,663
Total income taxes	2,044,156	1,770,805
Net income	4,372,870	3,777,545
Net income attributable to non-controlling interests	201,597	236,904
Profit attributable to owners of parent	4,171,272	3,540,641

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	End of previous fiscal year (From April 1, 2021 to March 31, 2022)	Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)
Net income	4,372,870	3,777,545
Other comprehensive income		
Valuation difference on securities	-1,725	12,284
Foreign currency translation adjustments	34,254	68,117
Adjustments for retirement benefits	-68,771	88,747
Total other comprehensive income	-36,242	169,149
Comprehensive income	4,336,627	3,946,694
(Comprehensive income attributable to)		
Comprehensive profit attributable to owners of the parent	4,136,243	3,708,636
Comprehensive income attributable to noncontrolling interests	200,384	238,058

(3) Consolidated Statements of Changes in Net Assets

Previous fiscal year (April 1, 2021, to March 31, 2022)

(Thousands of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Opening balance	1,000,000	677,179	21,163,271	-1,018,598	21,821,851
Change during the year					
Dividend of surplus			-829,044		-829,044
Profit attributable to owners of parent			4,171,272		4,171,272
Increase (decrease) in equity due to purchase of treasury stock of consolidated subsidiaries		-55			-55
Increase (decrease) in equity due to capital increase of consolidated subsidiaries		-7,290			-7,290
Purchase of treasury stock				-91	-91
Net change in items other than shareholders' equity					
Total changes in current term	-	-7,346	3,342,228	-91	3,334,791
Closing balance	1,000,000	669,833	24,505,499	-1,018,690	25,156,642

	Other accumulated comprehensive income				Non-controlling shareholders' equity	Total net assets
	Valuation difference on securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total other accumulated comprehensive income		
Opening balance	17,418	-9,599	-16,312	-8,493	489,211	22,302,570
Change during the year						
Dividend of surplus						-829,044
Profit attributable to owners of parent						4,171,272
Increase (decrease) in equity due to purchase of treasury stock of consolidated subsidiaries						-55
Increase (decrease) in equity due to capital increase of consolidated subsidiaries						-7,290
Purchase of treasury stock						-91
Net change in items other than shareholders' equity	-1,725	34,254	-67,558	-35,029	194,096	159,066
Total changes in current term	-1,725	34,254	-67,558	-35,029	194,096	3,493,857
Closing balance	15,693	24,654	-83,870	-43,522	683,307	25,796,427

Current fiscal year (From April 1, 2022 to March 31, 2023)

(Thousands of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Opening balance	1,000,000	669,833	24,505,499	-1,018,690	25,156,642
Change during the year					
Dividend of surplus			-996,825		-996,825
Profit attributable to owners of parent			3,540,641		3,540,641
Increase (decrease) in equity due to capital increase of consolidated subsidiaries		-6,142			-6,142
Changes due to organizational restructuring		47,108			47,108
Purchase of treasury stock				-258,499	-258,499
Net change in items other than shareholders' equity					
Total changes in current term	-	40,965	2,543,815	-258,499	2,326,281
Closing balance	1,000,000	710,799	27,049,315	-1,277,189	27,482,924

	Other accumulated comprehensive income				Non-controlling shareholders' equity	Total net assets
	Valuation difference on securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total other accumulated comprehensive income		
Opening balance	15,693	24,654	-83,870	-43,522	683,307	25,796,427
Change during the year						
Dividend of surplus						-996,825
Profit attributable to owners of parent						3,540,641
Increase (decrease) in equity due to capital increase of consolidated subsidiaries						-6,142
Changes due to organizational restructuring						47,108
Purchase of treasury stock						-258,499
Net change in items other than shareholders' equity	12,284	68,117	87,593	167,994	173,259	341,254
Total changes in current term	12,284	68,117	87,593	167,994	173,259	2,667,535
Closing balance	27,977	92,771	3,722	124,472	856,566	28,463,963

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	End of previous fiscal year (From April 1, 2021 to March 31, 2022)	Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)
Net cash provided by operating activities		
Income before income taxes	6,417,026	5,548,350
Depreciation and amortization	219,027	230,052
Amortization of goodwill	112,123	42,253
Impairment loss	-	59,785
Increase (decrease) in allowance for doubtful accounts (decrease in -)	-242	79,903
Increase (decrease) in accrued bonuses	-22,497	2,809
Increase (decrease) in provision for directors' and corporate auditors' retirement benefits (decrease in -)	23,975	24,182
(Decrease) increase in liability for retirement benefits	73,993	55,139
Interest and dividend income	-2,232	-3,109
Interest expenses	378	314
Surrender value of insurance	-4,975	-
Loss (gain) on sales of shares of subsidiaries	-35,411	-
Loss (gain) on sales of property, plant and equipment	-217	2,150
Loss on retirement of property, plant and equipment	12,061	4,556
Decrease (increase) in notes and accounts receivable-trade	160,537	-311,010
Decrease (increase) in inventories	19,521	82
Decrease (- increased) in other current assets	-297,118	-21,177
Increase (decrease) in notes and accounts payable-trade (decrease in -)	-8,886	68,315
Increase (decrease) in accounts payable-other (decrease in -)	-244,935	11,143
Increase (decrease) in accrued consumption taxes (decrease in -)	-228,983	17,557
Decrease (-) in other current liabilities	42,254	81,484
Others	9,045	22,354
Subtotal	6,244,444	5,915,137
Interest and dividend received	2,232	3,109
Interest expenses paid	-378	-314
Income taxes paid	-2,220,489	-2,364,535
Net cash provided by operating activities	4,025,808	3,553,397
Cash flow from investing activities		
Proceeds from withdrawal of time deposits	47,244	-
Purchase of property, plant and equipment	-6,240,303	-275,989
Proceeds from sales of property, plant and equipment	1,739	11,533
Purchase of intangible assets	-26,810	-29,754
Payments for asset retirement obligations	-15,629	-2,048
Payments for lease deposits	-74,548	-50,035
Proceeds from collection of lease deposits	13,392	22,557
Proceeds from sale of investments in subsidiaries resulting in change of scope of consolidation	178,364	-
Proceeds from refund of insurance funds	10,470	-
Others	2,069	-14,252
Cash flow from investing activities	-6,104,010	-337,989

(Thousands of yen)

	End of previous fiscal year (From April 1, 2021 to March 31, 2022)	Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)
Cash flow from financing activities		
Repayments of lease obligations	-28,378	-31,873
Cash dividends paid	-828,894	-996,409
Dividends paid to non-controlling interests	-25,709	-30,447
Proceeds from share issuance to non-controlling interests due to capital increase of consolidated subsidiaries	12,495	6,615
Purchase of treasury stock	-91	-258,499
Purchase of treasury stock of subsidiaries in consolidation	-348	-
Others	-	2,847
Cash flow from financing activities	-870,926	-1,307,767
Effect of exchange rate change on cash and cash equivalents	15,052	36,748
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	-2,934,076	1,944,389
Cash and cash equivalents at beginning of term	19,360,521	16,426,445
Cash and cash equivalents at end of term	16,426,445	18,370,835

(5)Notes fo consolidated financial statements

(Notes on the Going Concern Assumption)

Not applicable.

(Changes in accounting policies)

Not applicable.

(Segment Information)

[Segment Information]

1.The outline of any Reporting Segment

(1)Method of determining reportable segments

The reportable segments of the Group are the constituent units of the Group for which separate financial information is available and which are subject to periodic review by the Board of Directors for the purpose of deciding the allocation of management resources and evaluating business performance.

As a corporate group specializing in the field of researchers, our group mainly operates in the human resources services business and CRO business. In view of the similarities in the nature of services and the way services are provided, our reportable segments are the human resources services business and CRO business.

(2)Types of products and services belonging to each reportable segment

① Human resources services business (temporary staffing, placement and recruiting, etc.)

Temporary staffing is a service in which we dispatch our hired employees to customers to support their operations. Temporary employees perform their duties in accordance with the direction of the customer. This project is subject to the Law for Securing the Proper Operation of Worker Dispatching Undertakings and the Protection of Dispatched Workers (hereinafter referred to as the "Worker Dispatching Law").

Temporary staffing includes "registered temporary staffing" and "permanent temporary staffing." "Registered Temporary Staffing" dispatches job seekers registered with us after fixed-term employment, and "Full-time Temporary Staffing" dispatches employees employed by us as permanent employees.

Placement/Recruiting is a service that supports customer recruiting activities by introducing job seekers registered with us to customers. This project is subject to the Employment Security Law.

Our Group's human resources services business handles the following three major fields.

(scientific researcher)

The Company provides temporary staffing and recruitment services with specialized skills and experience in the fields of biotechnology (including genetic, micro-organism, enzymes, immunology, cells, pharmaceuticals, and animal experiments) and chemical (including organic synthesis, materials and materials, analysis and analysis). Our main customers are the research and development and quality control departments in the pharmaceutical, food, chemical, and other manufacturing industries, as well as the laboratories of public institutions and universities.

(Engineering Engineers)

Temporary staffing and staffing services are provided with specialized capabilities and experience in the fields of die design, component design, two-and three-dimensional CAD, hydrodynamics, thermodynamics, power generation, software design and development, and civil engineering and construction. The main customers are the Machinery Design Division, Electrical and Electronic Equipment Design Division, Software Development Division, and Inspection Division in the manufacturing industry, including electrical, electronics, and precision machinery.

(General clerical staff)

We dispatch and recruit personnel to companies in a variety of industries with experienced personnel such as office equipment manipulation, interpretation, secretary, filing, accounting, preparation of transaction documents, reception of guidance, OA instructors, and telemarketing.

② CRO business

This segment mainly targets pharmaceutical manufacturers and medical device manufacturers, and provides agency services and support for the development of pharmaceuticals, quasi-drugs, cosmetics, and medical devices. Domestically, our business is centered on the field of safety information management, and overseas, we handle overall development operations.

2. Calculation method for net sales, income or loss, assets and other items by reportable segment

The accounting methods for reportable business segments are generally the same as those described in "Basis of Presenting Consolidated Financial Statements." Segment income is based on operating income. Intersegment income and transfers are based on prevailing market prices.

3. Information on net sales, income (loss), assets and other items by reportable segment

Previous fiscal year (April 1, 2021, to March 31, 2022)

(Thousands of yen)

	Reportable Segments			Others (Note)	Total
	Human Resource Service Business	CRO business	Total		
Net sales					
Sales to customers	40,247,155	6,330,145	46,577,301	298,662	46,875,964
Intersegment sales	70,951	-	70,951	-	70,951
Total	40,318,107	6,330,145	46,648,252	298,662	46,946,915
Segment profit	5,634,287	1,043,677	6,677,964	31,047	6,709,012
Segment assets	19,197,198	4,754,514	23,951,712	-	23,951,712
Other items					
Depreciation and amortization	116,586	59,022	175,608	3,799	179,407
Increase in property, plant and equipment, and intangible assets	23,724	209,926	233,650	1,565	235,215

(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.

Current fiscal year (From April 1, 2022 to March 31, 2023)

(Thousands of yen)

	Reportable Segments			Total
	Human Resource Service Business	CRO business	Total	
Net sales				
Sales to customers	40,855,532	6,746,914	47,602,446	47,602,446
Intersegment sales	42,154	-	42,154	42,154
Total	40,897,686	6,746,914	47,644,600	47,644,600
Segment profit	4,911,008	1,096,806	6,007,815	6,007,815
Segment assets	21,044,542	4,808,713	25,853,255	25,853,255
Other items				
Depreciation and amortization	109,333	80,701	190,035	190,035
Increase in property, plant and equipment, and intangible assets	64,773	89,268	154,041	154,041

4. Difference between the total amount of reportable segments and the amount recorded in the consolidated financial statements, and main details of said difference (matters related to difference reconciliation)

(Thousands of yen)

Profit	End of previous fiscal year	Current Consolidated Fiscal Year
Reportable segments total	6,677,964	6,007,815
Profit of "Others" category	31,047	-
Corporate expenses (Note)	-394,773	-499,765
Operating income in the consolidated financial statements	6,314,238	5,508,049

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

(Thousands of yen)

Assets	End of previous fiscal year	Current Consolidated Fiscal Year
Reportable segments total	23,951,712	25,853,255
Elimination of inter-segment transactions	-15,233	-13,923
Corporate assets (Note)	9,891,993	10,359,426
Total assets in the consolidated financial statements	33,828,472	36,198,765

(NOTE) Corporate assets mainly consist of surplus operating funds related to the holding company that are not attributable to reportable segments, headquarters buildings, etc.

(Thousands of yen)

Other items	Reportable segments total		Others		Adjustments (Note)		Carrying value	
	End of previous fiscal year	Current Consolidated Fiscal Year	End of previous fiscal year	Current Consolidated Fiscal Year	End of previous fiscal year	Current Consolidated Fiscal Year	End of previous fiscal year	Current Consolidated Fiscal Year
Depreciation and amortization	175,608	190,035	3,799	-	39,619	40,017	219,027	230,052
Increase in property, plant and equipment, and intangible assets	233,650	154,041	1,565	-	6,119,435	180,648	6,354,650	334,689

(NOTE) Adjustments to depreciation and amortization are depreciation and amortization related to corporate assets.

Adjustments to increase in property, plant and equipment and intangible assets represent the purchase of property, plant and equipment and intangible assets at the holding company that are not attributable to reportable segments.

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

Previous fiscal year (April 1, 2021, to March 31, 2022)

(Thousands of yen)

			Revenue from contracts with customers	Total
Reportable Segments	Human Resource Service Business	Temporary staffing	39,599,934	40,247,155
		Placement/Recruiting	647,221	
	CRO business	Domestic companies	4,064,844	6,330,145
		Overseas companies	2,265,301	
Reportable segments total				46,577,301
Others (Note)				298,662
Total				46,875,964

(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.

Current fiscal year (From April 1, 2022 to March 31, 2023)

(Thousands of yen)

			Revenue from contracts with customers	Total
Reportable Segments	Human Resource Service Business	Temporary staffing	40,227,925	40,855,532
		Placement/Recruiting	627,606	
	CRO business	Domestic companies	4,562,675	6,746,914
		Overseas companies	2,184,239	
Reportable segments total				47,602,446
Total				47,602,446

[Related Information]

Previous fiscal year (April 1, 2021, to March 31, 2022)

1.Information for each product and service

This information is omitted because the same information is disclosed in Segment Information.

2.Information for each region

(1)Net sales

This information is omitted because sales to external customers in Japan account for more than 90% of net sales in the consolidated statements of income.

(2)Property, plant and equipment

This information is omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheets.

3.Information for each major customer

This information is omitted because there are no external customers that account for 10% or more of net sales in the consolidated statements of income.

Current fiscal year (From April 1, 2022 to March 31, 2023)

1.Information for each product and service

This information is omitted because the same information is disclosed in Segment Information.

2.Information for each region

(1)Net sales

This information is omitted because sales to external customers in Japan account for more than 90% of net sales in the consolidated statements of income.

(2)Property, plant and equipment

This information is omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheets.

3.Information for each major customer

This information is omitted because there are no external customers that account for 10% or more of net sales in the consolidated statements of income.

[Information on impairment loss on non-current assets by reportable segment]

Previous fiscal year (April 1, 2021, to March 31, 2022)

Not applicable.

Current fiscal year (From April 1, 2022 to March 31, 2023)

(Thousands of yen)

	Reportable Segments			Total
	Human Resource Service Business	CRO business	Total	
Impairment loss	-	59,785	59,785	59,785

[Information on Amortization of Goodwill and Unamortized Balance by Reportable Segment]

Previous fiscal year (April 1, 2021, to March 31, 2022)

(Thousands of yen)

	Reportable Segments			Others	Total
	Human Resource Service Business	CRO business	Total		
Amortization for the year	-	112,123	112,123	-	112,123
Closing balance	-	95,610	95,610	-	95,610

Current fiscal year (From April 1, 2022 to March 31, 2023)

(Thousands of yen)

	Reportable Segments			Others	Total
	Human Resource Service Business	CRO business	Total		
Amortization for the year	-	42,253	42,253	-	42,253
Closing balance	-	-	-	-	-

(NOTE) In the "CRO Business" segment, the Company recorded a ¥59,785,000 impairment loss on goodwill.

[Information on gain on negative goodwill by reportable segment]

Previous fiscal year (April 1, 2021, to March 31, 2022)

Not applicable.

Current fiscal year (From April 1, 2022 to March 31, 2023)

Not applicable.

(Per Share Information)

	End of previous fiscal year (From April 1, 2021 to March 31, 2022)	Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)
Net assets per share	1,272.25 yen	1,405.74 yen
Net income per share	211.32 yen	179.75 yen

(NOTE)1. Diluted net income per share is not presented because there are no dilutive shares.

2. The basis for calculating net income per share is as follows.

	End of previous fiscal year (From April 1, 2021 to March 31, 2022)	Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)
Net income per share		
Profit attributable to owners of parent (thousand yen)	4,171,272	3,540,641
Amount not attributable to common shareholders	-	-
Profit attributable to owners of parent related to common stock (thousand yen)	4,171,272	3,540,641
Average number of shares of common stock outstanding during the period (shares)	19,739,144	19,697,715

3. The basis for calculating net assets per share is as follows.

	As of the end of the previous fiscal year (March 31, 2022)	As of the end of the current fiscal year (March 31, 2023)
Total net assets (thousand yen)	25,796,427	28,463,963
Amount deducted from total net assets (thousand yen)	683,307	856,566
(Of which, non-controlling interests (thousand yen))	(683,307)	(856,566)
Net assets related to common stock at the end of the fiscal year (thousand yen)	25,113,120	27,607,396
Number of shares of common stock at the end of the fiscal year used for the calculation of net assets per share (shares)	19,739,134	19,639,051

(Significant subsequent events)

Not applicable.