



Consolidated Financial Results for the 1Q of FY2023 [Japanese GAAP]

August 4, 2023

Company name: WDB Holdings Co., Ltd. Listing: Tokyo Stock Exchange (Code No.2475) URL <https://www.wdbhd.co.jp>

Representative: President and CEO : Toshimitsu Nakano
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Scheduled date to file Quarterly Securities Report: August 10, 2023
Scheduled date of commencement of dividend payment: none
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results meeting: None

[Translation for Reference Purposes Only]

This document is a translation of the Japanese original for reference purpose only. In the event of any discrepancy between this translation and the Japanese original, the Japanese original shall prevail.

Consolidated Financial Results for the 1Q of FY2023 (April 1, 2023 to June 30, 2023)

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

	Net sales		Operating income		Ordinary income		Net income Attributable to Owners of the Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
1Q of FY2023	12,469	5.1	1,288	-9.8	1,306	-8.9	626	-29.9
1Q of FY2022	11,860	1.3	1,428	-16.0	1,433	-17.0	892	-16.5

(NOTE) Comprehensive income 1Q of FY2023 : 703 Millions of yen (-28.0%)
1Q of FY2022 : 976 Millions of yen (-13.9%)

	Per share Net profit	Fully diluted Per share Net profit
	Yen	Yen
1Q of FY2023	31.89	-
1Q of FY2022	45.24	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity Ratio
	Millions of yen	Millions of yen	%
1Q of FY2023	37,335	28,526	74.1
FY2022	36,198	28,463	76.3

Reference: Shareholders' equity 1Q of FY2023 : 27,648 Millions of yen
FY2022 : 27,607 Millions of yen

2. Dividends

	Dividend per share				
	End of 1Q	End of second quarter	End of the third quarter	Term end	Total
	Yen	Yen	Yen	Yen	Yen
FY2022	-	20.50	-	31.00	51.50
FY2023	-	-	-	-	-
FY2023 (Forecast)	-	29.00	-	43.50	72.50

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

Forecast of Consolidated Financial Results for the FY2023 (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		Net income Attributable to Owners of the Parent		Per share Net income
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
2Q (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

(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

① Changes in accounting policies due to revision of accounting standards: None

② ① Changes in accounting policies other than the above: None

③ Changes in accounting estimates: None

④ Restatement of revisions: None

(4) Number of shares outstanding (common shares)

① Number of shares outstanding 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 outstanding (quarterly consolidated cumulative period)

1Q of FY2023	20,060,000 Shares	FY2022	20,060,000 Shares
1Q of FY2023	420,949 Shares	FY2022	420,949 Shares
1Q of FY2023	19,639,051 Shares	1Q of FY2022	19,739,134 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 2 of the attached material for the assumptions upon which the forecasts are based and the cautionary statements regarding the use of the forecasts.

1. Qualitative Information on Quarterly Financial Results

(1) Management's discussion

During the 1Q of the fiscal year under review (April 2023 to June 2023), the Japanese economy normalized following the coronavirus infectious diseases' shift to Category 5. The ratio of job offers to applicants (seasonally adjusted figure) announced by the Ministry of Health, Labour and Welfare was 1.31 times, an increase of 0.06 points from the same period last year. In addition, the average unemployment rate (seasonally adjusted) announced by the Ministry of Internal Affairs and Communications was 2.6%, same as the average for the same period last year. Compared to the same period of the previous fiscal year, the number of job offers increased and the difficulty of acquiring human resources increased.

In the human resources services business, we continued to implement initiatives based on our medium-to-long term management plan. In order to maximize the efficiency of service provision through the temporary staffing service platform doconico, we have established a new organization, Support Desk in Tokyo and Kobe, and have begun efforts to consolidate online sales activities and interviews with job seekers. In addition, we raised the remuneration of temporary staff and revised temporary staffing fees in April. At the same time, in April we released doconico for clerical positions and launched sales and recruiting activities to promote nationwide expansion of clerical positions.

In CRO business, we are developing a CRO service platform at WDB Coco., Ltd., with the aim of streamlining operations and launching new services. By integrating WDB Clinical Research Co., Ltd. into WDB coco Co., Ltd. in June, we have established a structure that enables us to provide more integrated services to pharmaceutical companies, which are our customers.

As a result of the above, net sales for the 1Q of the current fiscal year were ¥12,469 million (up 5.1% year on year). Operating income was ¥1,288 million (down 9.8% year on year), ordinary income was ¥1,306 million (down 8.9% year on year), and quarterly profit attributable to owners of parent was ¥626 million (down 29.9% year on year). In addition, the operating income margin, an indicator we emphasize, was 10.3% (down 1.7pt year on year) and the ordinary income margin was 10.5% (down 1.6pt year on year).

Operating results by segment are as follows.

※Segment income is before elimination of inter-segment transactions.

① Human Resource Service Business

In this segment, net sales were ¥10,779 million (year-on-year increase of 4.9%), and segment income was ¥1,129 million (year-on-year decrease of 19.2%). The main reason for the decrease in profits was an increase in cost of sales associated with the increase in remuneration for temporary staff, which has been conducted since the previous fiscal year. In the previous fiscal year, there was no increase in cost of sales in the 1Q due to the compensation increase for temporary staff in July. On the other hand, in the 1Q of the fiscal year under review, profits declined due to an increase in the cost of sales due to an increase in the compensation of temporary staff.

② CRO business

In this segment, net sales were ¥1,690 million (year-on-year increase of 6.6%), and segment income was ¥287 million (year-on-year increase of 60.7%). Due to steady performance of WDB Coco, both sales and profits increased in CRO business as a whole.

(2) Explanation of Financial Position

At the end of the 1Q, total assets amounted to ¥37,335 million, an increase of ¥1,136 million from the end of the previous fiscal year. Liabilities were ¥8,808 million, an increase of ¥1,074 million from the end of the previous fiscal year. Net assets were ¥28,526 million, an increase of ¥62 million from the end of the previous fiscal year.

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

Consolidated earnings forecasts and dividends for FY2023 are unchanged from the figures announced on May 12, 2023.

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, 2023)	End of 1Q of the fiscal year under review As of June 30, 2023
Assets		
Current assets		
Cash and deposits	18,370,835	18,653,195
Accounts receivable and contract assets	6,442,248	6,656,246
Inventories	40,790	43,286
Others	684,493	1,439,147
Allowance for doubtful accounts	-79,903	-80,403
Total current assets	25,458,464	26,711,472
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	1,411,876	1,385,134
Land	6,787,415	6,787,415
Other, net	493,628	480,039
Total property, plant and equipment	8,692,920	8,652,589
Intangible assets		
Others	73,859	70,534
Total intangible assets	73,859	70,534
Investments and other assets		
Investment securities	109,039	114,198
Lease deposits	808,149	815,194
Deferred tax assets	755,777	666,699
Others	300,554	304,866
Total investments and other assets	1,973,521	1,900,959
Total noncurrent assets	10,740,301	10,624,083
Total assets	36,198,765	37,335,556
Liabilities		
Current liabilities		
Accounts payable	2,318,746	2,735,935
Accounts payable-other	382,062	190,165
Income taxes payable	736,039	402,643
Consumption tax payable	881,052	1,139,232
Provision for bonuses	703,134	624,899
Others	1,266,825	2,243,417
Total current liabilities	6,287,860	7,336,293
Long-term liabilities		
Provision for directors' retirement benefits	511,133	512,445
Obligations for retirement pay	420,547	428,149
Asset retirement obligations	265,167	265,736
Others	250,093	266,319
Total long-term liabilities	1,446,941	1,472,651
Total liabilities	7,734,802	8,808,945

(Thousands of yen)

	End of previous fiscal year (As of March 31, 2023)	End of 1Q of the fiscal year under review As of June 30, 2023
Net assets		
Shareholders' equity		
Common stock	1,000,000	1,000,000
Capital surplus	710,799	710,799
Retained earnings	27,049,315	27,066,853
Treasury stock	-1,277,189	-1,277,189
Total shareholders' equity	27,482,924	27,500,462
Other accumulated comprehensive income		
Valuation difference on securities	27,977	31,559
Foreign currency translation adjustments	92,771	112,133
Remeasurements of defined benefit plans	3,722	4,343
Total other accumulated comprehensive income	124,472	148,035
Non-controlling shareholders' equity	856,566	878,113
Total net assets	28,463,963	28,526,611
Total liabilities and net assets	36,198,765	37,335,556

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income
(Quarterly Consolidated Statements of Income)
(1Q Consolidated Cumulative Period)

(Thousands of yen)

	1Q of previous fiscal year (April 1, 2022 To June 30, 2022)	1Q of fiscal year under review (April 1, 2023 To June 30, 2023)
Net sales	11,860,434	12,469,705
Cost of sales	8,796,938	9,513,818
Gross profit	3,063,495	2,955,887
Selling, general and administrative expenses	1,634,699	1,667,310
Operating income	1,428,796	1,288,577
Non-operating income		
Subsidy income	3,052	17,230
Gain on consumption and other tax exemption	479	463
Others	2,299	2,627
Total non-operating income	5,831	20,321
Non-operating expenses		
Others	675	2,666
Total non-operating expenses	675	2,666
Ordinary income	1,433,952	1,306,232
Extraordinary income		
Gain on sales of noncurrent assets	-	47
Total extraordinary income	-	47
Extraordinary loss		
Loss on retirement of noncurrent assets	-	5,036
Total extraordinary loss	-	5,036
Current net income for the quarter before income taxes and minority interests	1,433,952	1,301,243
Income taxes	426,123	533,348
Income taxes-deferred	78,632	88,046
Total income taxes	504,755	621,394
Net profit	929,196	679,849
Quarterly net income attributable to non-controlling interests	36,227	53,501
Net profit attributable to owners of parent	892,968	626,348

Quarterly Consolidated Statements of Comprehensive Income
(1Q Consolidated Cumulative Period)

(Thousands of yen)

	1Q of previous fiscal year (April 1, 2022 To June 30, 2022)	1Q of fiscal year under review (April 1, 2023 To June 30, 2023)
Net profit	929,196	679,849
Other comprehensive income		
Valuation difference on securities	99	3,581
Foreign currency translation adjustments	39,129	19,361
Adjustments for retirement benefits	8,547	428
Total other comprehensive income	47,776	23,370
Quarterly comprehensive income	976,972	703,220
(Comprehensive income attributable to)		
Quarterly comprehensive income attributable to owners of parent	939,873	649,911
Quarterly comprehensive income attributable to non- controlling interests	37,099	53,308

(3) 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)

[Segment Information]

I Previous 1Q (From April 1, 2022 to June 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	10,274,295	1,586,138	11,860,434	11,860,434
Intersegment sales	9,493	-	9,493	9,493
Total	10,283,788	1,586,138	11,869,927	11,869,927
Segment profit	1,398,970	179,160	1,578,131	1,578,131

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	1,578,131
Corporate expenses (Note)	-149,335
Operating income in the quarterly consolidated statements of income	1,428,796

(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)

		Revenues generated From contracts with customers	Total
Human Resource Service Business	Temporary staffing	10,034,071	10,274,295
	Placement/Recruiting	240,224	
CRO business	Domestic companies	1,035,799	1,586,138
	Overseas companies	550,338	
Reportable segments total			11,860,434
Total			11,860,434

II 1Q (From April 1, 2023 to June 30, 2023)

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	10,779,307	1,690,398	12,469,705	12,469,705
Intersegment sales	10,368	-	10,368	10,368
Total	10,789,675	1,690,398	12,480,074	12,480,074
Segment profit	1,129,814	287,944	1,417,758	1,417,758

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	1,417,758
Corporate expenses (Note)	-129,181
Operating income in the quarterly consolidated statements of income	1,288,577

(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)

		Revenues generated From contracts with customers	Total
Human Resource Service Business	Temporary staffing	10,536,344	10,779,307
	Placement/Recruiting	242,963	
CRO business	Domestic companies	1,160,108	1,690,398
	Overseas companies	530,290	
Reportable segments total			12,469,705
Total			12,469,705