



## Consolidated Financial Results for the 2Q of FY2023 [Japanese GAAP]

November 10, 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  
Contact: Senior Managing Director Miki Otsuka (TEL : 079-287-0111)

Scheduled date to file Quarterly Securities Report : November 14, 2023  
Commencement of dividend payment : December 4, 2022  
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 2Q of FY2023 (July 1, 2023 to September 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	%
2Q of FY2023	24,654	4.0	2,658	-6.7	2,680	-7.3	1,484	-12.6
2Q of FY2022	23,712	2.1	2,848	-12.9	2,891	-12.5	1,697	-16.8

(NOTE) Comprehensive income 2Q of FY2023 : 1,674 Millions of yen (-12.0%) 2Q of FY2022 : 1,903 Millions of yen (-12.6%)

	Per share Net profit		Fully diluted Per share Net profit	
	Yen		Yen	
2Q of FY2023	75.56		-	
2Q of FY2022	85.97		-	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity Ratio	
	Millions of yen		Millions of yen		%	
2Q of FY2023	37,922		29,499		75.3	
FY2022	36,198		28,463		76.3	

Reference: Shareholders' equity 2Q of FY2023 : 28,552 Millions of yen End of FY2022 : 27,607 Millions of yen

2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Term end	Total
	Yen	Yen	Yen	Yen	Yen
FY2022	-	20.50	-	31.00	51.50
FY2023	-	29.00	-	-	-
FY2023 (Forecast)	-	-	-	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
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)

2Q of FY2023	20,060,000 Shares	FY2022	20,060,000 Shares
2Q of FY2023	420,949 Shares	FY2022	420,949 Shares
2Q of FY2023	19,639,051 Shares	2Q of FY2022	19,739,112 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 second quarter of the current fiscal year (April 2023 to September 2023), the Japanese economy normalized following the shift to 5 new types of coronavirus infectious diseases. According to the government's announcement, the average effective job openings-to-applicants ratio was 1.30 times, an increase of 0.02 points compared to the average for the same period last year. Additionally, the average unemployment rate was 2.6%, the same level as the average for the same period last year. The number of job openings has increased compared to the same period last year. Moreover, an increasing number of companies, especially large companies, are implementing salary increases. Competition to acquire human resources is becoming more intense.

In the staffing services business, we are working to improve the efficiency of operations through the temporary staffing service platform doconico to this end, we are conducting online sales activities and interviewing job seekers at the support desks established in Tokyo and Kobe. We have also made further progress in bringing sales activities conducted at each branch office online. In addition, ChatGPT, which is a generative AI, has been incorporated into doconico. As a result, AI and the support desk were able to cooperate in responding to inquiries about temporary staffing services and to new temporary staffing requests, thereby further streamlining operations and improving convenience for customers.

In CRO business, we worked on developing a CRO service platform at WDB Coco.

As a result of the activities described above, net sales for the consolidated cumulative second quarter of this fiscal year were ¥24,654 million (up 4.0% year on year). Operating income was ¥2,658 million (down 6.7% year on year), ordinary income was ¥2,680 million (down 7.3% year on year), and quarterly profit attributable to owners of parent was ¥1,484 million (down 12.6% year on year). In addition, the ratio of ordinary profit to sales, which is an indicator we emphasize, was 10.9% (12.2% in the same period of the previous fiscal year). The main reason for the decrease in profit was an increase in cost of sales due to the improvement in the treatment of temporary employees.

Operating results by segment are as follows.

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

#### ① Human Resource Service Business

In this segment, net sales were ¥21,229 million (up 4.1% year on year). Segment profit was ¥2,295 million (down 9.3% year on year). The main reason for the decrease in profit was an increase in cost of sales due to the improvement in the treatment of temporary employees.

#### ② CRO business

In this segment, net sales were ¥3,425 million (up 3.1% year on year). Segment profit was ¥607 million (up 5.9% year on year). Both sales and profits increased due to the strong performance of WDB Coco Co., Ltd. and Cobridge Co., Ltd. in Japan.

## (2) Explanation of Financial Position

### ① Assets, liabilities and net assets

As of the end of the second quarter, total assets stood at ¥37,922 million (up ¥1,723 million from the end of the previous fiscal year). Liabilities were ¥8,422 million (up ¥688 million from the end of the previous fiscal year). Net assets were ¥29,499 million (up ¥1,035 million 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 increased by ¥2,535 million year on year to ¥19,788 million. The status of each cash flow and its factors are as follows.

#### Cash flows from operating activities

Net cash provided by operating activities was ¥2,204 million, an increase of ¥574 million year on year. This was mainly due to the recording of ¥2,673 million in profit before income taxes and minority interests and ¥1,011 million in income taxes paid.

#### Cash flows from investing activities

Net cash used in investing activities was ¥154 million, a decrease of ¥52 million year on year. This was mainly due to the purchase of property, plant and equipment of ¥123 million.

#### Cash flows from financing activities

Net cash used in financing activities was ¥654 million, an increase of ¥19 million year on year. This was mainly due to cash dividends paid of ¥608 million.

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

The consolidated earnings forecast and dividends for the year ended March 31, 2024 are unchanged from the earnings forecast announced on May 12, 2023. In the future, if conditions change significantly and it becomes necessary to revise the forecast of business results, we will disclose them promptly.

## 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 second quarter of the fiscal year under review (As of September 30, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	18,370,835	19,788,991
Accounts receivable and contract assets	6,442,248	6,410,653
Inventories	40,790	47,312
Others	684,493	988,722
Allowance for doubtful accounts	-79,903	-87,303
Total current assets	25,458,464	27,148,375
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	1,411,876	1,367,591
Land	6,787,415	6,787,415
Other, net	493,628	509,457
Total property, plant and equipment	8,692,920	8,664,465
Intangible assets		
Others	73,859	138,093
Total intangible assets	73,859	138,093
Investments and other assets		
Investment securities	109,039	117,548
Lease deposits	808,149	775,277
Deferred tax assets	755,777	772,682
Others	300,554	306,053
Total investments and other assets	1,973,521	1,971,562
Total noncurrent assets	10,740,301	10,774,121
<b>Total assets</b>	<b>36,198,765</b>	<b>37,922,497</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	2,318,746	2,224,053
Accounts payable-other	382,062	842,165
Income taxes payable	736,039	985,451
Consumption tax payable	881,052	823,594
Provision for bonuses	703,134	777,423
Others	1,266,825	1,276,648
Total current liabilities	6,287,860	6,929,337
Long-term liabilities		
Provision for directors' retirement benefits	511,133	519,568
Obligations for retirement pay	420,547	441,071
Asset retirement obligations	265,167	261,687
Others	250,093	271,313
Total noncurrent liabilities	1,446,941	1,493,640
<b>Total liabilities</b>	<b>7,734,802</b>	<b>8,422,977</b>

(Thousands of yen)

	End of previous fiscal year (As of March 31, 2023)	End of second quarter of the fiscal year under review (As of September 30, 2023)
Net assets		
Shareholders' equity		
Common stock	1,000,000	1,000,000
Capital surplus	710,799	710,328
Retained earnings	27,049,315	27,924,515
Treasury stock	-1,277,189	-1,277,189
Total shareholders' equity	27,482,924	28,357,654
Other accumulated comprehensive income		
Valuation difference on securities	27,977	33,884
Foreign currency translation adjustments	92,771	154,408
Remeasurements of defined benefit plans	3,722	6,085
Total other accumulated comprehensive income	124,472	194,378
Non-controlling shareholders' equity	856,566	947,486
Total net assets	28,463,963	29,499,519
Total liabilities and net assets	36,198,765	37,922,497

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

(Thousands of yen)

	First six-month period of previous fiscal year (April 1, 2022 To September 30, 2022)	First six-month period of fiscal year under review (April 1, 2023 To September 30, 2023)
Net sales	23,712,855	24,654,916
Cost of sales	17,636,798	18,723,112
Gross profit	6,076,056	5,931,804
Selling, general and administrative expenses	3,227,089	3,273,347
Operating income	2,848,967	2,658,457
Non-operating income		
Surrender value of insurance	-	39
Subsidy income	39,751	18,454
Gain on consumption and other tax exemption	900	910
Others	4,477	6,149
Total non-operating income	45,129	25,553
Non-operating expenses		
Foreign exchange losses	1,497	-
Others	887	3,056
Total non-operating expenses	2,385	3,056
Ordinary income	2,891,711	2,680,954
Extraordinary income		
Gain on sales of noncurrent assets	427	52
Total extraordinary income	427	52
Extraordinary losses		
Loss on sales of noncurrent assets	5,720	-
Loss on retirement of noncurrent assets	1,028	7,732
Impairment loss	59,785	-
Total extraordinary loss	66,534	7,732
Current net income for the quarter before income taxes and minority interests	2,825,603	2,673,274
Income taxes	1,042,287	1,089,029
Income taxes-deferred	-26,602	-20,676
Total income taxes	1,015,685	1,068,352
Net profit	1,809,918	1,604,921
Quarterly net income attributable to non-controlling interests	112,862	120,911
Net profit attributable to owners of parent	1,697,055	1,484,010

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

(Thousands of yen)

	First six-month period of previous fiscal year (April 1, 2022 To September 30, 2022)	First six-month period of fiscal year under review (April 1, 2023 To September 30, 2023)
Net profit	1,809,918	1,604,921
Other comprehensive income		
Valuation difference on securities	1,961	5,907
Foreign currency translation adjustments	77,274	61,636
Adjustments for retirement benefits	14,358	2,192
Total other comprehensive income	93,593	69,736
Quarterly comprehensive income	1,903,512	1,674,657
(Comprehensive income attributable to)		
Quarterly comprehensive income attributable to owners of parent	1,789,755	1,553,917
Quarterly comprehensive income attributable to non- controlling interests	113,756	120,740



## (3) Quarterly Consolidated Statements of Cash Flows

(Thousands of yen)

	First six-month period of previous fiscal year (April 1, 2022 To September 30, 2022)	First six-month period of fiscal year under review (April 1, 2023 To September 30, 2023)
<b>Net cash provided by operating activities</b>		
Current net income for the quarter before income taxes and minority interests	2,825,603	2,673,274
Depreciation and amortization	110,640	115,882
Amortization of goodwill	41,806	-
Impairment loss	59,785	-
Increase (decrease) in accrued bonuses	101,074	74,289
Increase (decrease) in provision for directors' and corporate auditors' retirement benefits (decrease in -)	12,056	8,435
(Decrease) increase in liability for retirement benefits	37,317	23,685
Interest and dividend income	-953	-1,136
Interest expenses	114	104
Loss (gain) on sales of property, plant and equipment (gain on -)	5,293	-52
Loss on retirement of property, plant and equipment	1,028	7,732
Decrease (increase) in notes and accounts receivable-trade (increase in -)	11,359	46,432
Decrease (increase) in inventories (increase in -)	-18,862	-2,163
Decrease (- increased) in other current assets	-20,636	-54,483
Increase (decrease) in notes and accounts payable-trade (decrease in -)	-89,728	-104,564
Increase (decrease) in accounts payable-other (decrease in -)	-123,986	448,124
Increase (decrease) in accrued consumption taxes (-: decrease)	-110,623	-49,973
Decrease (-) in other current liabilities	-52,643	11,400
Others	6,517	17,580
<b>Subtotal</b>	<b>2,795,164</b>	<b>3,214,567</b>
Interest and dividends income received	953	1,136
Interest expenses paid	-114	-104
Income taxes paid	-1,165,983	-1,011,113
<b>Net cash provided by operating activities</b>	<b>1,630,020</b>	<b>2,204,485</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	-144,182	-123,614
Proceeds from sales of property, plant and equipment	6,470	52
Purchase of intangible assets	-20,371	-3,515
Payments for asset retirement obligations	-	-8,551
Payments for lease deposits	-44,533	-18,643
Proceeds from collection of lease deposits	3,094	9,320
Others	-7,847	-9,479
<b>Cash flow from investing activities</b>	<b>-207,368</b>	<b>-154,432</b>

(Thousands of yen)

	First six-month period of previous fiscal year (April 1, 2022 To September 30, 2022)	First six-month period of fiscal year under review (April 1, 2023 To September 30, 2023)
Cash flow from financing activities		
Repayments of lease obligations	-15,702	-15,208
Cash dividends paid	-591,624	-608,791
Dividends paid to non-controlling interests	-30,447	-31,847
Proceeds from share issuance to non-controlling shareholders	-	1,470
Purchase of treasury stock	-100	-
Others	2,933	-249
Cash flow from financing activities	-634,941	-654,627
Effect of exchange rate change on cash and cash equivalents	39,538	22,730
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	827,249	1,418,156
Cash and cash equivalents at beginning of term	16,426,445	18,370,835
Period-end balance of cash and cash equivalents	17,253,694	19,788,991

(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)

[Segment Information]

I Cumulative Second Quarter of the Previous Fiscal Year (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, as well as the main details of said difference (matters related to difference adjustment)

(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 holding companies 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 ¥59,785 thousand for the goodwill, as DZS Clinical Services, Inc.'s results have been below the business plan that was expected at the time of the acquisition.

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

(Thousands of yen)

		Revenues 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

II Second Quarter Under Review (From April 1, 2023 to September 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	21,229,163	3,425,753	24,654,916	24,654,916
Intersegment sales	19,559	-	19,559	19,559
Total	21,248,723	3,425,753	24,674,476	24,674,476
Segment profit	2,295,587	607,953	2,903,540	2,903,540

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	2,903,540
Corporate expenses (Note)	-245,083
Operating income in the quarterly consolidated statements of income	2,658,457

(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
Reportable Segments	Human Resource Service Business	Temporary staffing	20,846,767	21,229,163
		Placement/Recruiting	382,395	
	CRO business	Domestic companies	2,362,169	3,425,753
		Overseas companies	1,063,583	
Reportable segments total				24,654,916
Total				24,654,916