



Consolidated Financial Results for the 3Q of FY2023 [Japanese GAAP]

February 9, 2024

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 : February 13, 2024

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 3Q of FY2023 (April 1, 2023 to December 31, 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	%
3Q of FY2023	37,286	4.3	4,246	-0.6	4,271	-1.2	2,603	1.5
3Q of FY2022	35,734	1.2	4,271	-13.2	4,325	-13.0	2,564	-18.5

(NOTE)Comprehensive income 3Q of FY2023 : 2,872 Millions of yen (1.2%) 3Q of FY2022 : 2,839 Millions of yen (-14.7%)

	Per share Net profit	Fully diluted Per share Net profit
	Yen	Yen
3Q of FY2023	132.57	-
3Q of FY2022	130.08	-

(2)Consolidated Financial Position

	Total assets	Net assets	Equity Ratio
	Millions of yen	Millions of yen	%
3Q of FY2023	37,983	30,127	76.6
FY2022	36,198	28,463	76.3

Reference: Shareholders' equity 3Q of FY2023 : 29,113 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 the 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)

3Q of FY2023	20,060,000 Shares	FY2022	20,060,000 Shares
3Q of FY2023	420,949 Shares	FY2022	420,949 Shares
3Q of FY2023	19,639,051 Shares	3Q of FY2022	19,716,915 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 third quarter of the fiscal year under review (April 2023 to December 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 (seasonally adjusted value) was 1.29 times, a decrease of 0.01 points compared to the average for the same period last year. In addition, the average unemployment rate (seasonally adjusted) was 2.6%, the same level as the average for the same period of the previous fiscal year. While the number of job openings remains unchanged from the same period in the previous fiscal year, an increasing number of companies, particularly major companies, are implementing salary increases, and the competition for human resources is expected to remain severe.

As in the previous fiscal year, we implemented measures to improve the treatment of temporary staff in the human resources services business. We increased the productivity of our business activities and reduced costs. For example, we promoted online sales activities using doconico temporary staffing service platform, consolidated operations at the support desks located in Tokyo and Kobe, and utilized ChatGPT, which is a generative AI. In addition, in order to further improve treatment in the next fiscal year, we proceeded with efforts to negotiate an increase in temporary staffing wage rates and to further consolidate operations into support desks.

In CRO business, WDB Coco and Cobridge, which operate domestically, recorded solid results. For overseas Medfile and DZS, we worked to improve profitability and launch new services. In addition, WDB Coco continued to develop a CRO service platform.

As a result of the above activities, net sales for the first third quarters of the fiscal year under review were ¥37,286 million (up increase of 4.3% year on year). Operating income was ¥4,246 million (down 0.6% year on year), ordinary income was ¥4,271 million (down 1.2% year on year), and quarterly profit attributable to owners of parent was ¥2,603 million (up 1.5% year on year). In addition, the ratio of operating income to net sales, an indicator that we emphasize, was 11.4% (12.0% in the same period of the previous fiscal year) and the ratio of ordinary income to net sales was 11.5% (12.1% in the same period of the previous fiscal year). Despite an increase in the cost of sales ratio due to an improvement in the treatment of temporary employees, operating income, ordinary income, and net income were about the same as in the previous fiscal year due to a decrease in the SG&A-to-sales ratio.

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 ¥32,037 million (up 4.3% year on year), Segment profit was ¥3,529 million (decreased 6.2% year on 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.

② CRO business

In this segment, net sales were ¥5,249 million (up 4.9% year on year), Segment profit was ¥1,085 million (up 22.3% year on year). Earnings increased substantially due to strong domestic performance and the recording of a reversal of allowance for doubtful accounts.

(2) Explanation of Financial Position

Total assets at the end of the third quarter of the current fiscal year stood at ¥37,983 million (up ¥1,784 million from the end of the previous fiscal year). Liabilities were ¥7,855 million (up ¥120 million from the end of the previous fiscal year). Net assets were ¥30,127 million (up ¥1,663 million 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, 2024 are unchanged from those 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 third quarter of the fiscal year under review (As of December 31, 2023)
Assets		
Current assets		
Cash and deposits	18,370,835	19,081,434
Accounts receivable and contract assets	6,442,248	6,543,595
Inventories	40,790	45,890
Others	684,493	1,113,986
Allowance for doubtful accounts	-79,903	-1,919
Total current assets	25,458,464	26,782,987
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	1,411,876	1,342,439
Land	6,787,415	6,787,415
Other, net	493,628	1,047,945
Total property, plant and equipment	8,692,920	9,177,800
Intangible assets		
Others	73,859	147,158
Total intangible assets	73,859	147,158
Investments and other assets		
Investment securities	109,039	120,998
Lease deposits	808,149	773,331
Deferred tax assets	755,777	674,654
Others	300,554	306,605
Total investments and other assets	1,973,521	1,875,589
Total noncurrent assets	10,740,301	11,200,548
Total assets	36,198,765	37,983,535
Liabilities		
Current liabilities		
Accounts payable	2,318,746	2,299,590
Accounts payable-other	382,062	771,256
Income taxes payable	736,039	560,390
Consumption tax payable	881,052	895,761
Provision for bonuses	703,134	530,479
Others	1,266,825	1,304,620
Total current liabilities	6,287,860	6,362,097
Long-term liabilities		
Provision for directors' retirement benefits	511,133	526,690
Obligations for retirement pay	420,547	450,932
Asset retirement obligations	265,167	265,647
Others	250,093	250,267
Total noncurrent liabilities	1,446,941	1,493,538
Total liabilities	7,734,802	7,855,636

(Thousands of yen)

	End of previous fiscal year (As of March 31, 2023)	End of third quarter of the fiscal year under review (As of December 31, 2023)
Net assets		
Shareholders' equity		
Common stock	1,000,000	1,000,000
Capital surplus	710,799	710,328
Retained earnings	27,049,315	28,474,596
Treasury stock	-1,277,189	-1,277,189
Total shareholders' equity	27,482,924	28,907,735
Other accumulated comprehensive income		
Valuation difference on securities	27,977	36,279
Foreign currency translation adjustments	92,771	161,765
Remeasurements of defined benefit plans	3,722	7,493
Total other accumulated comprehensive income	124,472	205,538
Non-controlling shareholders' equity	856,566	1,014,625
Total net assets	28,463,963	30,127,899
Total liabilities and net assets	36,198,765	37,983,535

(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)

	First 3rd quarter of previous fiscal year (April 1, 2022 To December 31, 2022)	First 3rd quarter of fiscal year under review (April 1, 2023 To December 31, 2023)
Net sales	35,734,706	37,286,637
Cost of sales	26,613,584	28,233,954
Gross profit	9,121,122	9,052,682
Selling, general and administrative expenses	4,849,154	4,805,690
Operating income	4,271,967	4,246,991
Non-operating income		
Surrender value of insurance	-	39
Subsidy income	43,203	19,390
Gain on consumption and other tax exemption	1,334	1,385
Others	10,689	9,103
Total non-operating income	55,227	29,919
Non-operating expenses		
Others	1,759	4,941
Total non-operating expenses	1,759	4,941
Ordinary income	4,325,436	4,271,970
Extraordinary income		
Gain on sales of noncurrent assets	572	53
Total extraordinary income	572	53
Extraordinary losses		
Loss on retirement of noncurrent assets	1,215	11,676
Loss on sales of noncurrent assets	5,720	-
Impairment loss	59,785	-
Total extraordinary loss	66,721	11,676
Current net income for the quarter before income taxes and minority interests	4,259,287	4,260,347
Income taxes	1,438,437	1,391,966
Income taxes-deferred	82,211	76,728
Total income taxes	1,520,649	1,468,695
Net profit	2,738,637	2,791,652
Quarterly net income attributable to non-controlling interests	173,853	188,027
Net profit attributable to owners of parent	2,564,783	2,603,624

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

(Thousands of yen)

	First 3rd quarter of previous fiscal year (April 1, 2022 To December 31, 2022)	First 3rd quarter of fiscal year under review (April 1, 2023 To December 31, 2023)
Net profit	2,738,637	2,791,652
Other comprehensive income		
Valuation difference on securities	4,587	8,301
Foreign currency translation adjustments	75,617	68,993
Adjustments for retirement benefits	20,309	3,622
Total other comprehensive income	100,514	80,918
Quarterly comprehensive income	2,839,151	2,872,570
(Comprehensive income attributable to)		
Quarterly comprehensive income attributable to owners of parent	2,664,382	2,684,690
Quarterly comprehensive income attributable to non- controlling interests	174,769	187,879

(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.

(Segment Information)

[Segment Information]

I Cumulative Third Quarter of the Previous Fiscal Year (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 the holding company that are not attributable to reportable segments.

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

Not applicable.

4.Information 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	30,227,157	30,729,892
		Placement/Recruiting	502,735	
	CRO business	Domestic companies	3,381,401	5,004,814
		Overseas companies	1,623,413	
Reportable segments total				35,734,706
Total				35,734,706

II Third Quarter Under Review (From April 1, 2023 to December 31, 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	32,037,297	5,249,339	37,286,637	37,286,637
Intersegment sales	29,850	-	29,850	29,850
Total	32,067,147	5,249,339	37,316,487	37,316,487
Segment profit	3,529,482	1,085,803	4,615,286	4,615,286

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	4,615,286
Corporate expenses (Note)	-368,294
Operating income in the quarterly consolidated statements of income	4,246,991

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

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

Not applicable.

4.Information 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	31,520,714	32,037,297
		Placement/Recruiting	516,582	
	CRO business	Domestic companies	3,656,488	5,249,339
		Overseas companies	1,592,851	
Reportable segments total				37,286,637
Total				37,286,637