



Consolidated Financial Results for the 1Q of the FY2024 [Japanese GAAP]

August 9, 2024

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
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 Scheduled date of commencement of dividend payment None
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of financial results briefing: None

(Amounts are rounded down to the nearest million yen)

[Translation for Reference Purposes Only]

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Consolidated Financial Results for the 1Q of FY2024 (April 1, 2024 to June 30, 2024)

(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 FY2024	12,895	3.4	1,320	2.5	1,329	1.8	551	-11.9
1Q of FY2023	12,469	5.1	1,288	-9.8	1,306	-8.9	626	-29.9

(NOTE) Comprehensive income 1Q of FY2024 660 Millions of yen (-6.0%) 1Q of FY2023 703 Millions of yen (-28.0%)

	Net income per share	Diluted net income per share
	Yen	Yen
1Q of FY2024	28.11	-
1Q of FY2023	31.89	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity Ratio
	Millions of yen	Millions of yen	%
1Q of FY2024	39,828	30,899	74.8
FY2023	39,827	31,150	75.4

Reference: Shareholders' equity 1Q of FY2024 29,772 Millions of yen FY2023 30,044 Millions of yen

2. Dividends

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	Term end	Total
	Yen	Yen	Yen	Yen	Yen
FY2023	-	29.00	-	43.50	72.50
FY2024	-				
FY2024 (Forecast)		24.00	-	36.50	60.50

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

Forecast of Consolidated Financial Results for the FY2024 (April 1, 2024 to March 31, 2025)

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

	Net sales		Operating income		Ordinary income		Net income Attributable to Owners of the Parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	51,800	5.1	4,750	-13.1	4,770	-13.4	2,970	-16.3	151.23

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

※ Notes

(1)Significant changes in the scope of consolidation during the quarter: 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: Yes

2. 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 FY2024	20,060,000Shares	FY2023	20,060,000Shares
1Q of FY2024	420,949Shares	FY2023	420,949Shares
1Q of FY2024	19,639,051Shares	1Q of FY2023	19,639,051Shares

※ Review of the accompanying quarterly consolidated financial statements by a certified public accountant or auditing firm: None

※ 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 Business Results" 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 Business Results

(1) Overview of Business Results for the Current Quarter

The active job openings-to-applicants ratio during the 1Q of the current fiscal year (April 2024 to June 2024) was 1.24 times, a decrease of 0.07 points from the same period last year. In addition, the unemployment rate announced by the Ministry of Internal Affairs and Communications averaged 2.6%, similar to the average for the same period of the previous fiscal year. Compared with the same period of the previous fiscal year, the number of job offers has decreased slightly.

In the human resources services business, we continued to implement initiatives based on the medium-to-long term management plan announced. First, in April we raised compensation for temporary staff by an average of 5.6%. At the same time, we consolidated operations at the support desks in Tokyo and Kobe, and by focusing on online sales activities, we have established a system that aims to improve operational efficiency and improve results while reducing costs.

In CRO business, the performance of WDB coco Co., Ltd. and Oy Medfiles Ltd. was firm. In addition, WDB coco Co., Ltd. worked to strengthen recruitment in preparation for the future expansion of orders. Finnish Oy Medfiles Ltd. focused its resources on high-margin businesses.

As a result of the above, net sales for the 1Q of the current fiscal year were ¥12,895 million (up 3.4% year on year). Operating income was ¥1,320 million (up 2.5% year on year), ordinary income was ¥1,329 million (up 1.8% year on year), and quarterly net income attributable to owners of the parent was ¥551 million (down 11.9% year on year). In addition, the operating income margin, an indicator we emphasize, was 10.2% (down 0.1pt year on year) and the ordinary income margin was 10.3% (down 0.2pt 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 ¥10,905 million (up 1.2% year on year), and segment income was ¥1,029 million (down 8.9% year on year). The main reason for the decline in profits was an increase in cost of sales associated with the compensation increase for temporary staff in April.

2. CRO business

In this segment, net sales were ¥1,989 million (up 17.7% year on year), and segment income was ¥417 million (up 45.0% year on year).

(2) Overview of Financial Position for the Current Quarter

At the end of the 1Q, total assets amounted to ¥39,828 million, an increase of ¥1 million from previous consolidated fiscal year. Liabilities were ¥8,929 million, an increase of ¥253 million from previous consolidated fiscal year. Net assets were ¥30,899 million, a decrease of ¥251 million from previous consolidated fiscal year.

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

Consolidated earnings forecasts and dividends for FY2024 are unchanged from the figures announced on May 14, 2024.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	Previous consolidated fiscal year (As of March 31, 2024)	End of 1Q of the fiscal year (As of June 30, 2024)
Assets		
Current assets		
Cash and deposits	20,942,362	20,235,540
Accounts receivable and contract assets	6,469,017	6,768,032
Inventories	50,895	55,309
Others	1,184,281	1,018,372
Allowance for doubtful accounts	-	-371
Total current assets	28,646,557	28,076,883
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	1,306,878	1,273,486
Land	6,739,821	6,739,821
Other, net	1,046,055	1,610,915
Total property, plant and equipment	9,092,755	9,624,223
Intangible assets		
Others	149,960	147,360
Total intangible assets	149,960	147,360
Investments and other assets		
Investment securities	130,139	128,606
Lease deposits	703,096	818,862
Deferred tax assets	824,797	753,572
Others	280,294	279,285
Total investments and other assets	1,938,328	1,980,327
Total noncurrent assets	11,181,043	11,751,911
Total assets	39,827,601	39,828,794
Liabilities		
Current liabilities		
Accounts payable	2,231,964	2,750,901
Accounts payable-other	933,415	807,257
Income taxes payable	893,203	411,539
Consumption tax payable	921,211	1,183,714
Provision for bonuses	760,510	699,446
Others	1,402,929	1,492,253
Total current liabilities	7,143,233	7,345,113
Long-term liabilities		
Provision for directors' retirement benefits	530,159	536,064
Obligations for retirement pay	485,629	484,319
Asset retirement obligations	232,105	237,563
Others	285,493	326,583
Total noncurrent liabilities	1,533,388	1,584,531
Total liabilities	8,676,622	8,929,645

(Thousands of yen)

	Previous consolidated fiscal year (As of March 31, 2024)	End of 1Q of the fiscal year (As of June 30, 2024)
Net assets		
Shareholders' equity		
Common stock	1,000,000	1,000,000
Capital surplus	710,328	710,328
Retained earnings	29,419,084	29,116,766
Treasury stock	-1,277,189	-1,277,189
Total shareholders' equity	29,852,222	29,549,905
Other accumulated comprehensive income		
Valuation difference on securities	42,625	41,560
Foreign currency translation adjustments	157,073	186,972
Remeasurements of defined benefit plans	-7,205	-5,695
Total other accumulated comprehensive income	192,493	222,837
Non-controlling shareholders' equity	1,106,262	1,126,405
Total net assets	31,150,978	30,899,149
Total liabilities and net assets	39,827,601	39,828,794

(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 (From April 1, 2023 to June 30, 2023)	1Q of fiscal year (From April 1, 2024 to June 30, 2024)
Net sales	12,469,705	12,895,309
Cost of sales	9,513,818	9,894,920
Gross profit	2,955,887	3,000,389
Selling, general and administrative expenses	1,667,310	1,680,155
Operating income	1,288,577	1,320,233
Non-operating income		
Subsidy income	17,230	-
Gain on consumption and other tax exemption	463	-
Surrender value of insurance	-	5,375
Others	2,627	4,913
Total non-operating income	20,321	10,289
Non-operating expenses		
Others	2,666	826
Total non-operating expenses	2,666	826
Ordinary income	1,306,232	1,329,696
Extraordinary income		
Gain on sales of noncurrent assets	47	7
Total extraordinary income	47	7
Extraordinary losses		
Loss on retirement of noncurrent assets	5,036	13,649
Total extraordinary loss	5,036	13,649
Current net income for the quarter before income taxes and minority interests	1,301,243	1,316,054
Income taxes	533,348	588,715
Income taxes-deferred	88,046	96,780
Total income taxes	621,394	685,495
Net profit	679,849	630,559
Quarterly net income attributable to non-controlling interests	53,501	78,577
Net income attributable to owners of parent	626,348	551,981

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

(Thousands of yen)

	1Q of previous fiscal year (From April 1, 2023 to June 30, 2023)	1Q of fiscal year (From April 1, 2024 to June 30, 2024)
Net profit	679,849	630,559
Other comprehensive income		
Valuation difference on securities	3,581	-1,064
Foreign currency translation adjustments	19,361	29,898
Adjustments for retirement benefits	428	1,401
Total other comprehensive income	23,370	30,236
Quarterly comprehensive income	703,220	660,795
(Comprehensive income attributable to)		
Quarterly comprehensive income attributable to owners of parent	649,911	582,326
Quarterly comprehensive income attributable to non-controlling interests	53,308	78,469

(3)Notes to Quarterly Consolidated Financial Statements

(Notes on Changes in Accounting Policies)

(Application of Accounting Standard for Income Taxes, Inhabitant Taxes and Enterprise Taxes, etc.)

"Accounting Standard for Income Taxes, Resident Taxes and Enterprise Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the "Revised Accounting Standard, 2022") has been applied from the beginning of the 1Q of the current fiscal year.

Revisions to the classification of income taxes (taxation of other comprehensive income) are made in accordance with the transitional treatment stipulated in the proviso of Article 20-3 of the Revised Accounting Standard for 2022 and the transitional treatment stipulated in Article 65-2 (2) of the "Implementation Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022, hereinafter referred to as the "2022 Revised Implementation Guidance"). This change in accounting policy had no impact on the quarterly consolidated financial statements.

In addition, the Company has applied the revised guidance for 2022 from the beginning of the 1Q of the current fiscal year with regard to the amendments related to the revision to the treatment in the consolidated financial statements for deferring gain or loss on sales of shares of subsidiaries, etc. arising from sales of subsidiaries, etc. among consolidated companies for tax purposes. This change in accounting policy is applied retroactively, and the quarterly consolidated financial statements and consolidated financial statements for the previous fiscal year and for the previous fiscal year have been retroactively applied. This change in accounting policy had no impact on the quarterly consolidated financial statements for the previous fiscal quarter or on the consolidated financial statements for the previous fiscal year.

(Notes on Segment Information)

I 1Q of previous fiscal year (From April 1, 2023 to June 30, 2023)

1.Information on net sales and profits or losses by reportable segment

(Thousands of yen)

	Reportable Segments			Total
	Human Resource Service 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)

		Revenue 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

II 1Q of fiscal year (From April 1, 2024 to June 30, 2024)

1.Information on net sales and profits or losses by reportable segment

(Thousands of yen)

	Reportable Segments			Total
	Human Resource Service Business	CRO business	Total	
Net sales				
Sales to customers	10,905,414	1,989,895	12,895,309	12,895,309
Intersegment sales	11,325	-	11,325	11,325
Total	10,916,739	1,989,895	12,906,634	12,906,634
Segment profit	1,029,077	417,481	1,446,559	1,446,559

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	1,446,559
Corporate expenses (Note)	-126,326
Operating income in the quarterly consolidated statements of income	1,320,233

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

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

Not applicable.

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

(Thousands of yen)

		Revenue from contracts with customers	Total
Human Resource Service Business	Temporary staffing	10,660,954	10,905,414
	Placement/Recruiting	244,459	
CRO business	Domestic companies	1,361,930	1,989,895
	Overseas companies	627,964	
Reportable segments total			12,895,309
Total			12,895,309

(Notes on Substantial Changes in the Amount of Shareholders' Equity)

Not applicable.

(Notes on the Going Concern Assumption)

Not applicable.

(Notes to Quarterly Consolidated Statements of Cash Flows)

Quarterly consolidated statements of cash flows for the 1Q of the current fiscal year have not been prepared. Depreciation related to the 1Q cumulative period (including amortization related to intangible assets) is as follows:

	1Q of previous fiscal year (From April 1, 2023 to June 30, 2023)	1Q of fiscal year (From April 1, 2024 to June 30, 2024)
Depreciation and amortization	¥54,539 thousand	¥70,823 thousand