# 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 | |
| Contact | Title: | Senior Managing Director | Name: | Miki Otsuka | TEL 079-287-0111 |

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]

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 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 660Millions of yen (-6.0%) 1Q of FY2023 703Millions 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 29,772Millions of yen FY2023 30,044Millions 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) | 1Q of FY2024 | 20,060,000Shares | FY2023 | 20,060,000Shares |
| 2. Number of treasury stock at the end of the period | 1Q of FY2024 | 420,949Shares | FY2023 | 420,949Shares |
| 3. Average number of shares outstanding (quarterly consolidated cumulative period) | 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 ¥1million 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<br>(From April 1, 2023 to June 30, 2023) | 1Q of fiscal year<br>(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 |