Respond,Exceed

WDB Holdings Co., Ltd.

FY2024 2Q Financial Report

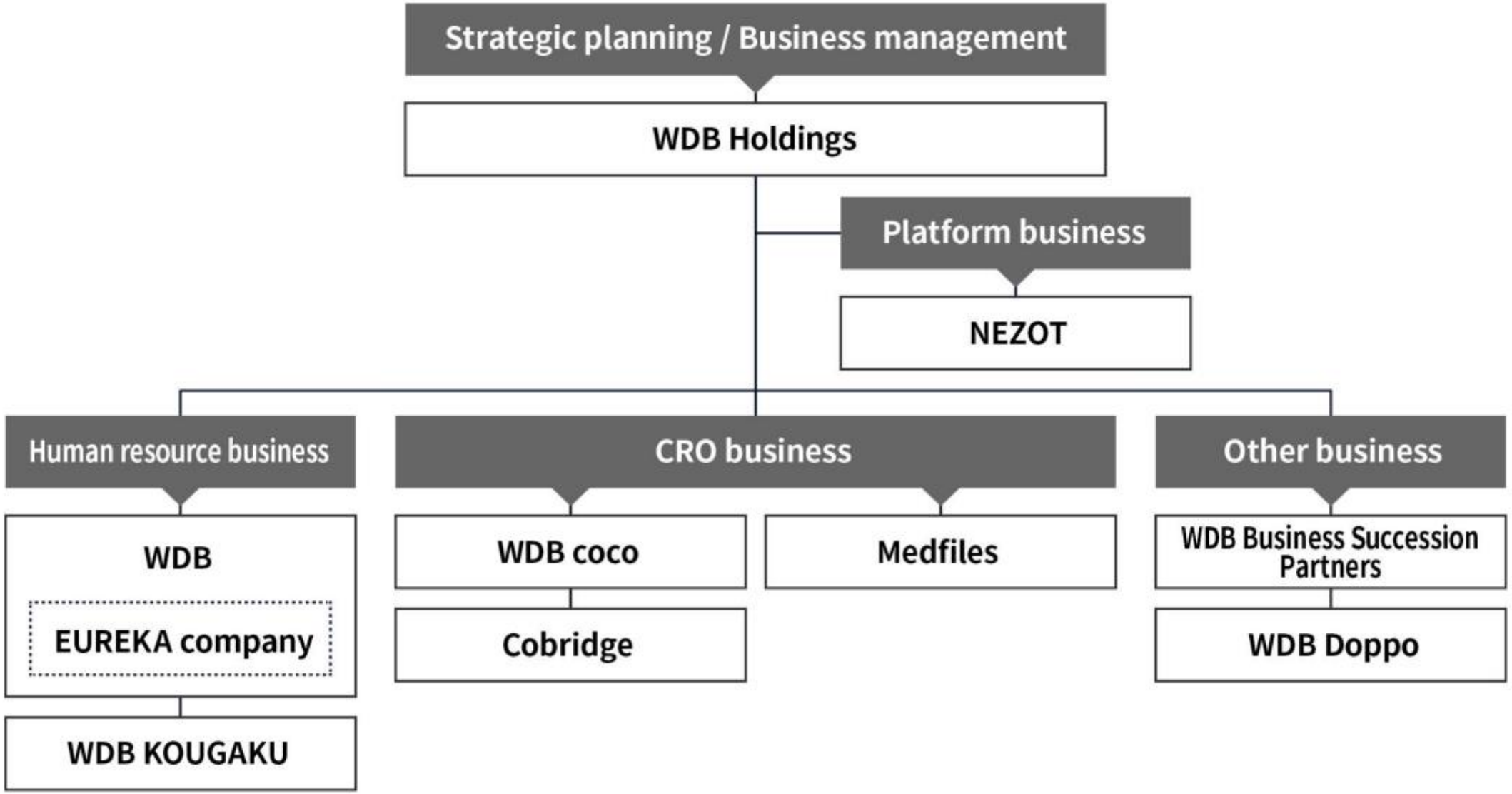
To be a staffing company with the highest wages and the ability to fulfill customer orders

Company Overview （Nov.2024）

Company Name	WDB Holdings Co., Ltd.
Incorporation	July 6,1985
Capital	¥1 billion
Stock Listing	Prime Market of Tokyo Stock Exchange (Code 2475)
President and CEO	Toshimitsu Nakano
Head Office	79 Toyozawa-cho,Himeji-shi,Hyogo
Number of Employees	964 (temporary staff and others / 10,433) ※The number of employees is calculated on a different base from that of 5,391 in the financial report.
Sales	¥49.2 billion（FY2023）
Ordinary Income	¥5.5 billion（FY2023）
Business Domain	・Human Resource Business ・CRO business ・Platform and Other Business

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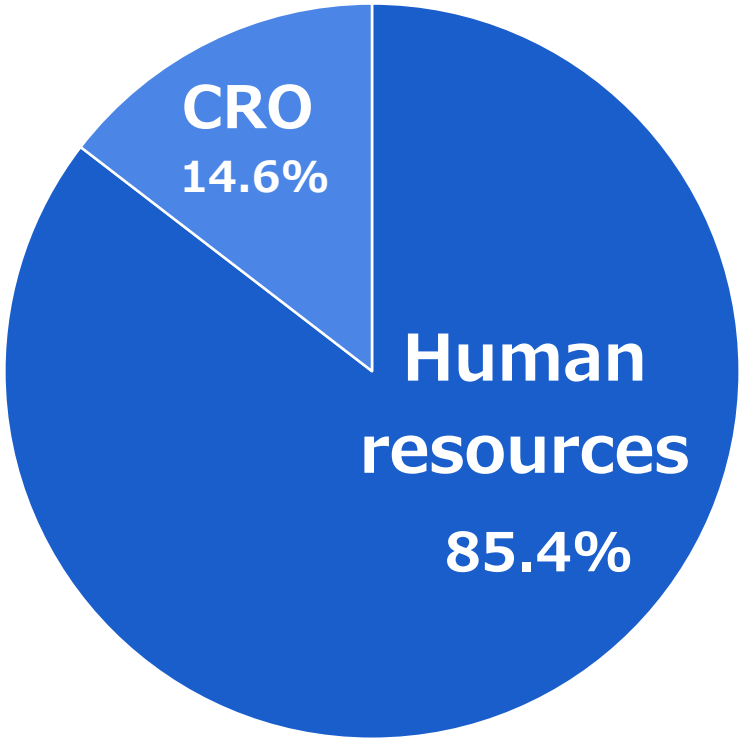
Group Companies（Nov.2024）



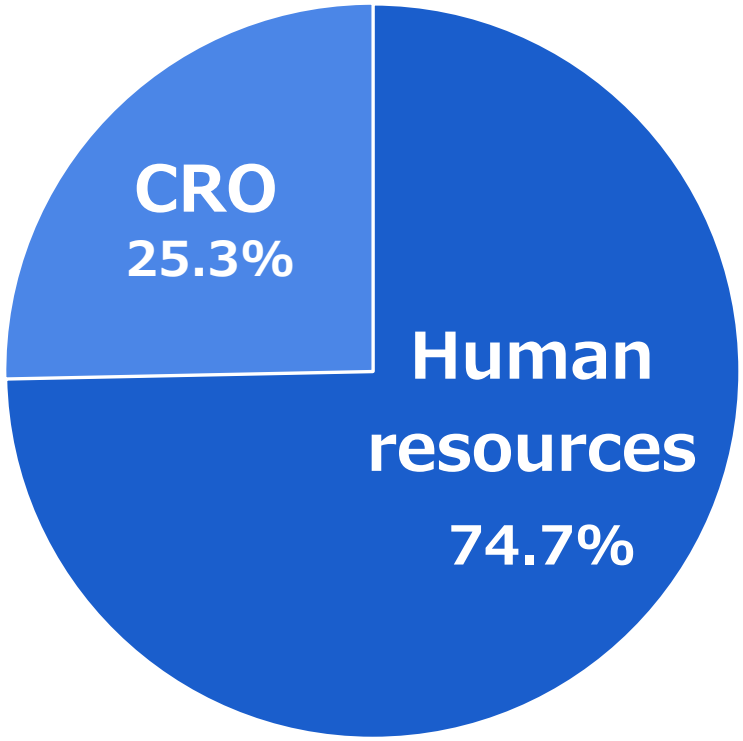
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Sales and profit composition

Sales composition (FY2023)

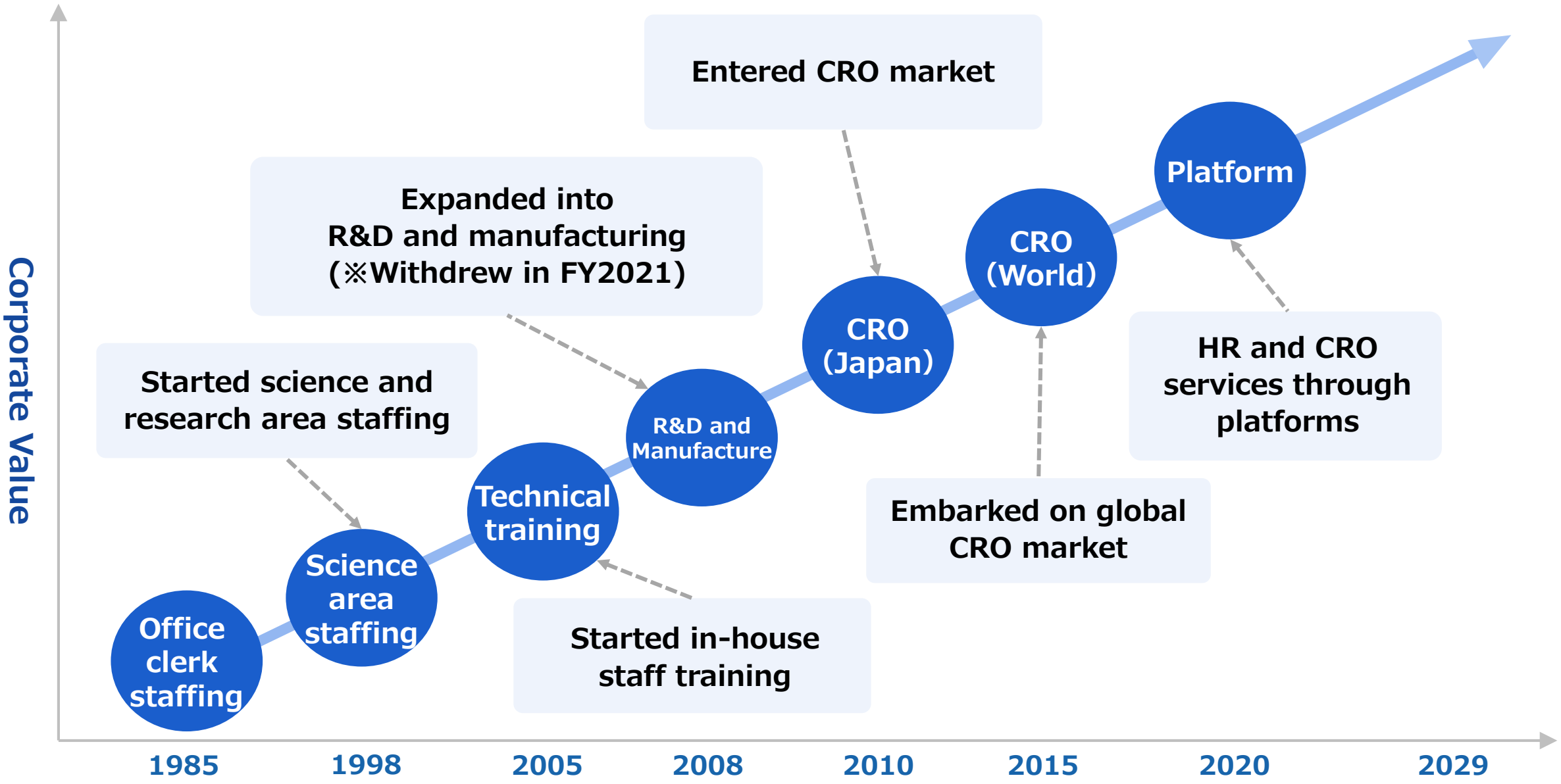


Profit composition (FY2023)



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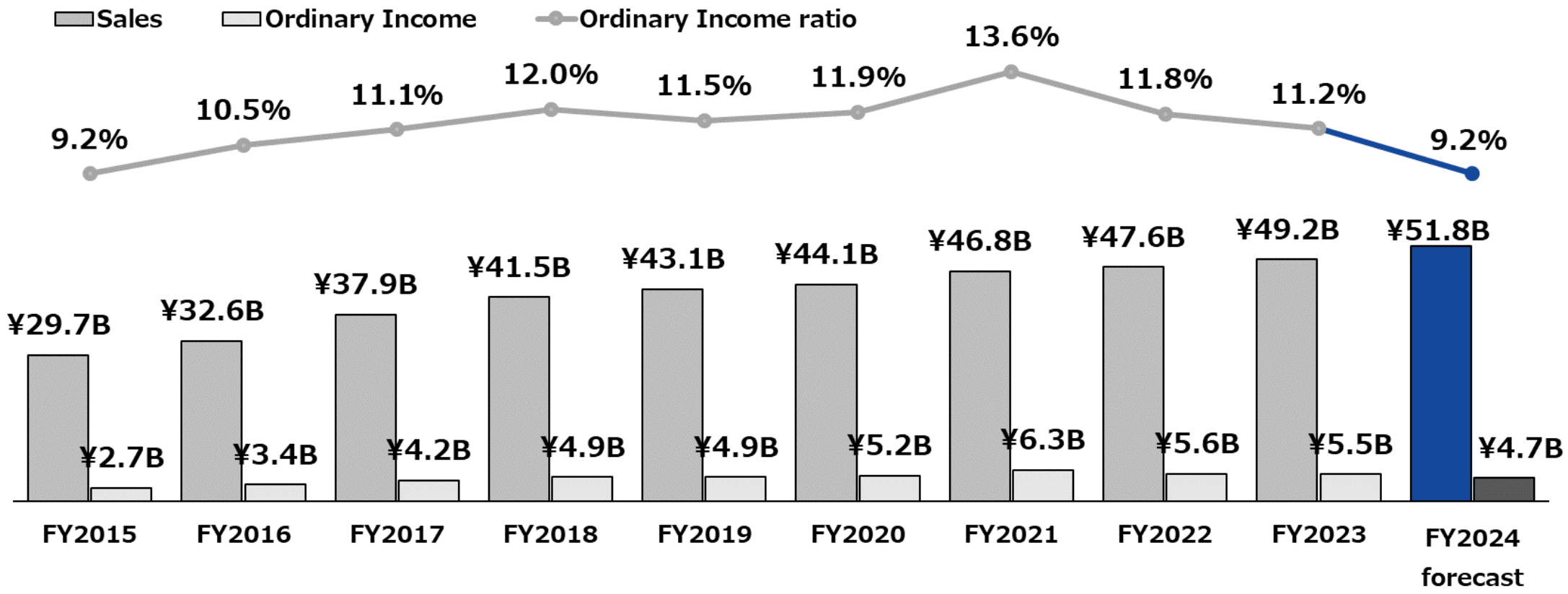
History and Business Expansion



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Financial Results & Forecast (Consolidated)

Sales and profits are steadily growing for the past 10 years.
In addition, while ordinary income have not increased since the FY 2022, but this is due to the efforts to improve dispatched staff compensation in order to ensure continued growth in the future.

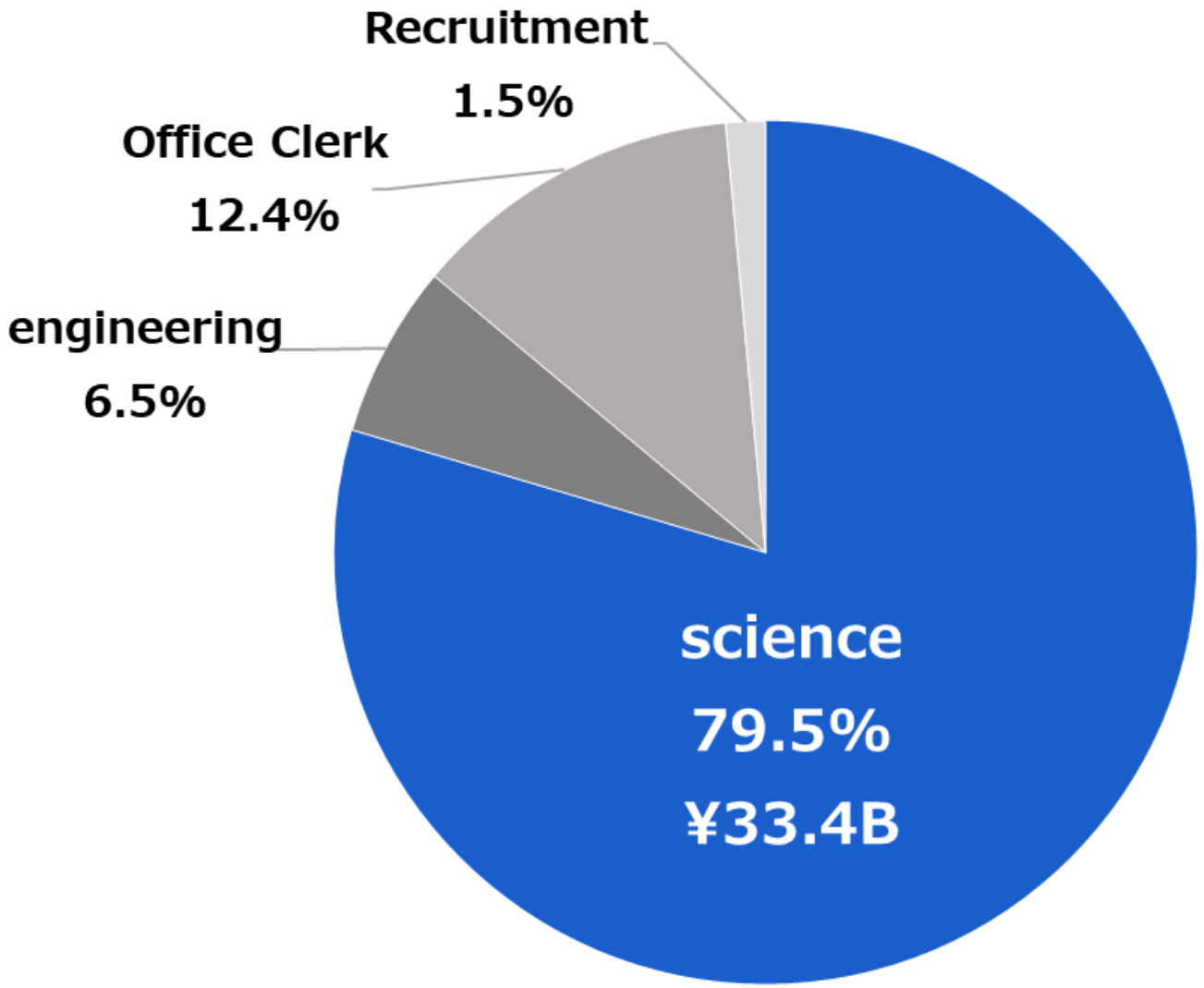


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Human Resource (Staffing) Business

Sales Breakdown of Staffing Business（FY2023）

Our staffing business is mainly focusing on the science and research field. This field accounts for approx. 80% of the revenue of our staffing business.

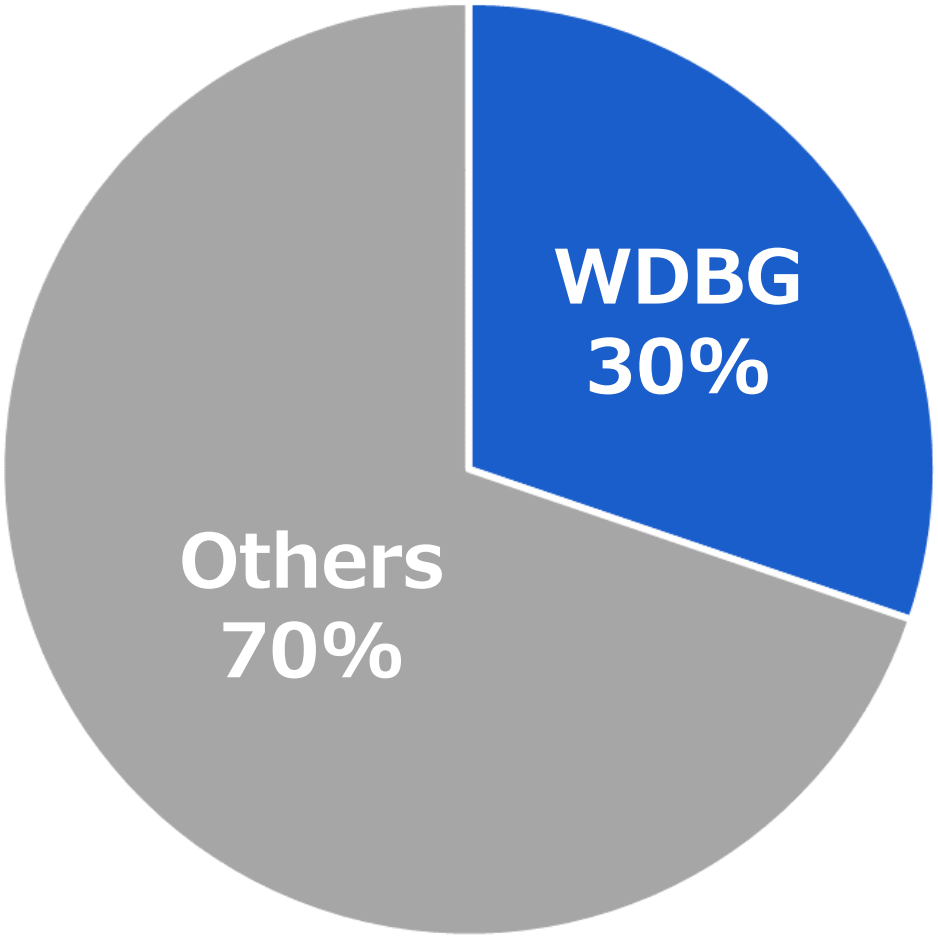


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Market share of science and research field Staffing（FY2023）

Our company accounts for approx. 1/3 of the science-related temporary staffing market (110 billion yen) . This makes us the Market leader.

※market size by our estimate



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Science and Research Field Staffing

We dispatch scientific researchers, research assistants, and technicians in the science and research related fields.

Staff and talent

- **Knowledge/skills in genetics**
- **Knowledge/skills in animal anatomy**
- **PCR testing capabilities**
- **Experience in chemical analysis, etc.**

Staffing requests

- **Research assistance in laboratories (Universities, research institution as well as private sector)**
- **Quality control work for factory**

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Images of operations



Observation with a microscope



Reagent injection by pipette



Reagent concentration
by evaporator

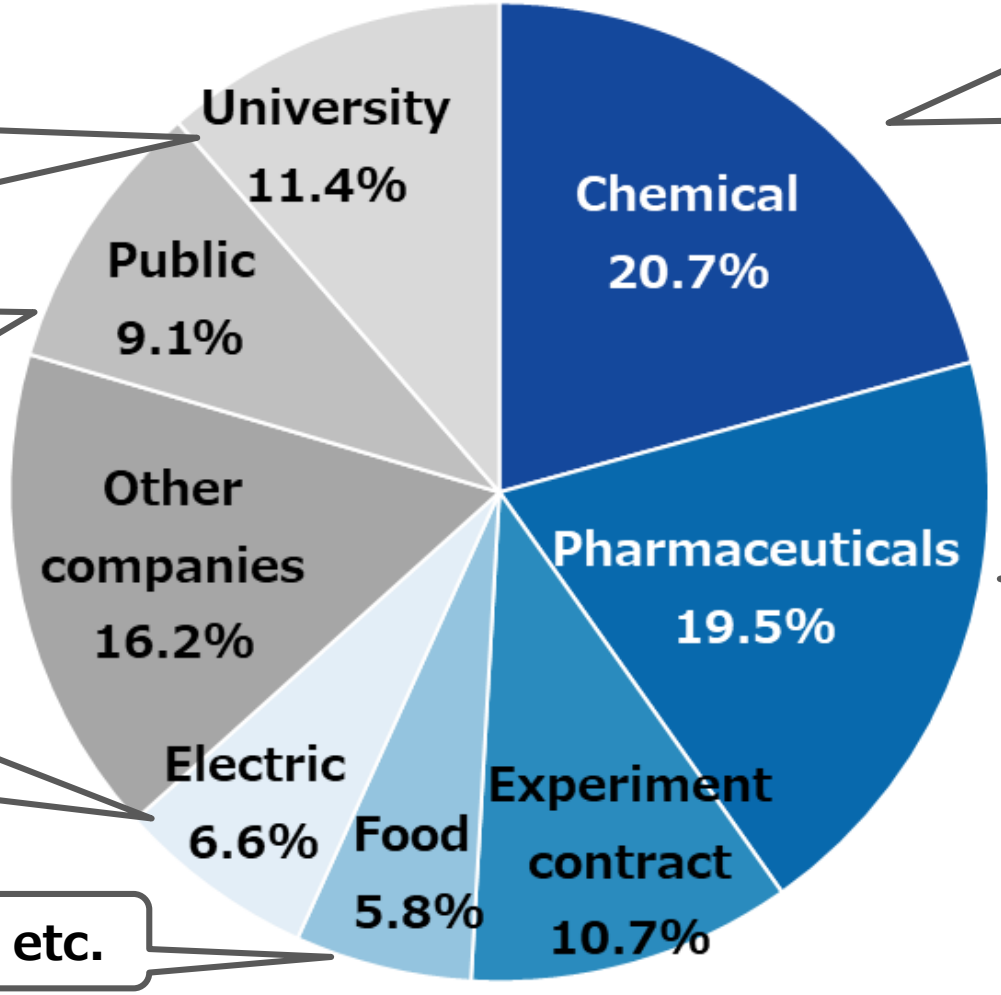


Component analysis by HPLC

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Sales composition ratio by industry segment

We have business with most major chemicals manufacturers, pharmaceuticals, food manufacturers, public laboratories, and universities.



・Tokyo Univ.
・Kyoto Univ.
・Osaka Univ. etc.

・Nitto Denko Corp.
・Mitsubishi Chemical Corp.
etc.

・RIKEN
・AIST etc.

Kyowa Kirin Co.,Ltd.
etc.

Mitsubishi Electric
Corp. Etc.

Ajinomoto Co., Inc. etc.

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Our strengths

Three elements to source high-quality staff

1. We provide necessary skills and techniques for our staff
   at our in-house training centers nationwide.

2. We attract good staff because of our name value in the science field.

3. We deal with both registration type and full-time employee type.
   This is advantageous compared to one type only staffing companies.

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Our Strengths

How we keep high level of satisfaction for customer and staff both

1. Best Matching

   With many years of experience in the sciences field, we understand our clients' work requirements well. For candidates, we conduct a one-day skills test to understand their abilities accurately. Using this information and our own methods, we match candidates with the best possible jobs.

2. Maintaining satisfaction during employment

   We have regular meetings with clients and temporary staff, and we have a system to discuss any issues anytime. This lets us solve problems quickly during employment. We also pay high-performing temporary staff well according to their work quality, keeping them satisfied.

3. Providing services through the platform

   We provide temporary staffing services through our proprietary system (details below).

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What is “Platform”

We call the mechanism which enhances the convenience and visualization of services that used to be done manually as a "platform“.

The basic development concept is that “the platform will streamline, automate, and visualize operations, and customers will be able to receive our services 24/7, and will be able to check the progress of services in real time.“

The human resources service platform "doconico" was released in April 2021 and now in operation with continuous improvements.

We also released a platform for CRO services and started operation during FY2023.

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Staffing platform "doconico"

Enabling to complete requests, procedures, and management of staffing personnel on the Web.

Various labor procedures and documents can be made paperless and efficient, as well as dispatched staff information can be centrally managed.

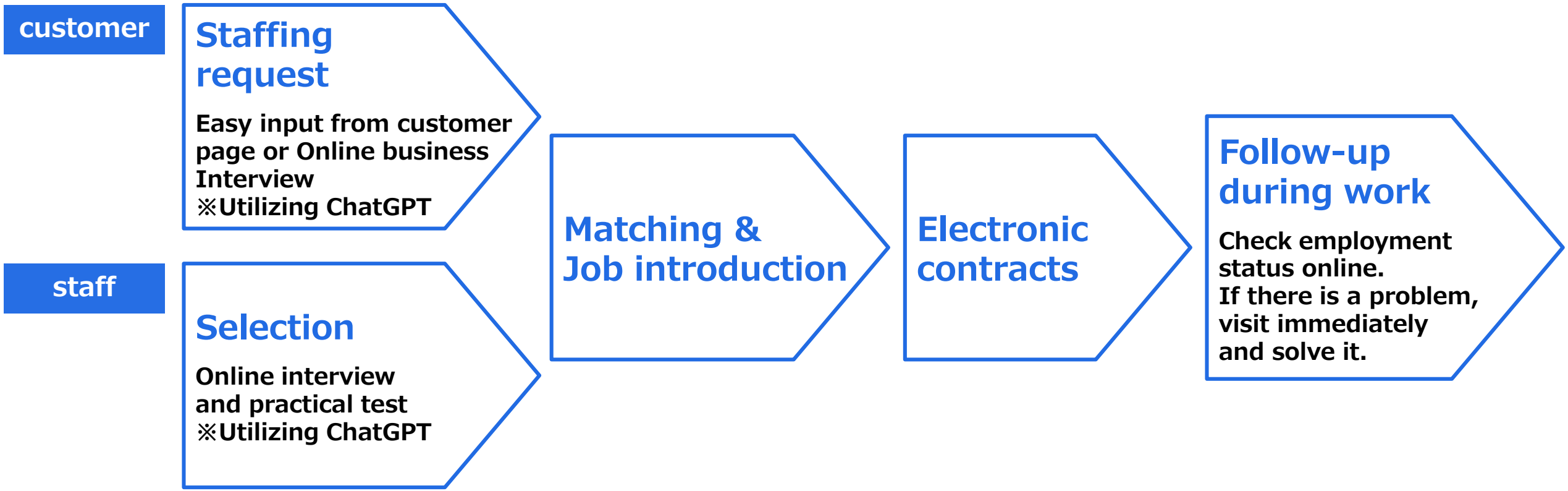
Information sharing between related parties will be smoother, and improve business efficiency.



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Staffing service using “doconico”

Most of the staffing services procedures that were previously provided through our staff, can now be provided online.



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CRO Business

What is CRO

CRO (Contract Research Organization) is a company that supports the drug development of pharmaceutical manufacturers.

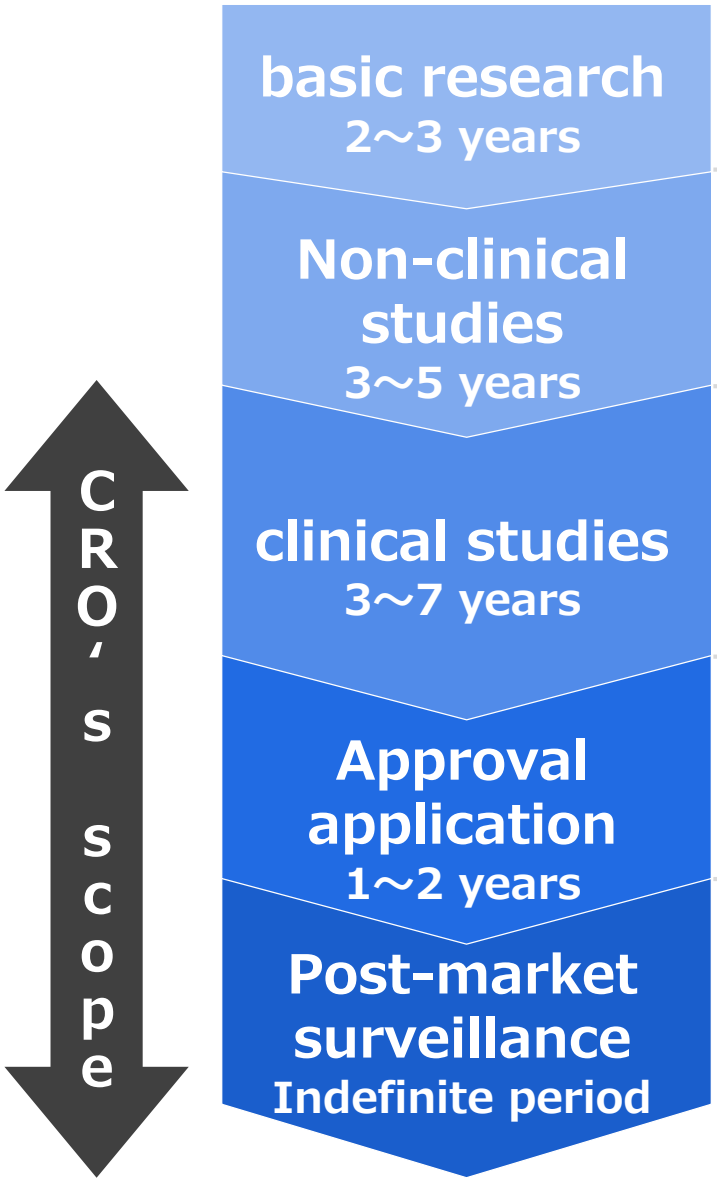
It takes 10 to 20 years and 50 billion yen for a pharmaceutical manufacturer to develop a new drug.

For this reason, pharmaceutical manufacturers place orders for various ancillary tasks related to drug development to CROs so that researchers can concentrate on their research.

We will explain specifically what kind of work the CRO will undertake on the next page.

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Flow of new drug development



Investigate substances that can be used as medicines and research how to make them.

To examine efficacy and safety (toxicity). Conduct experiments on cells and animals.

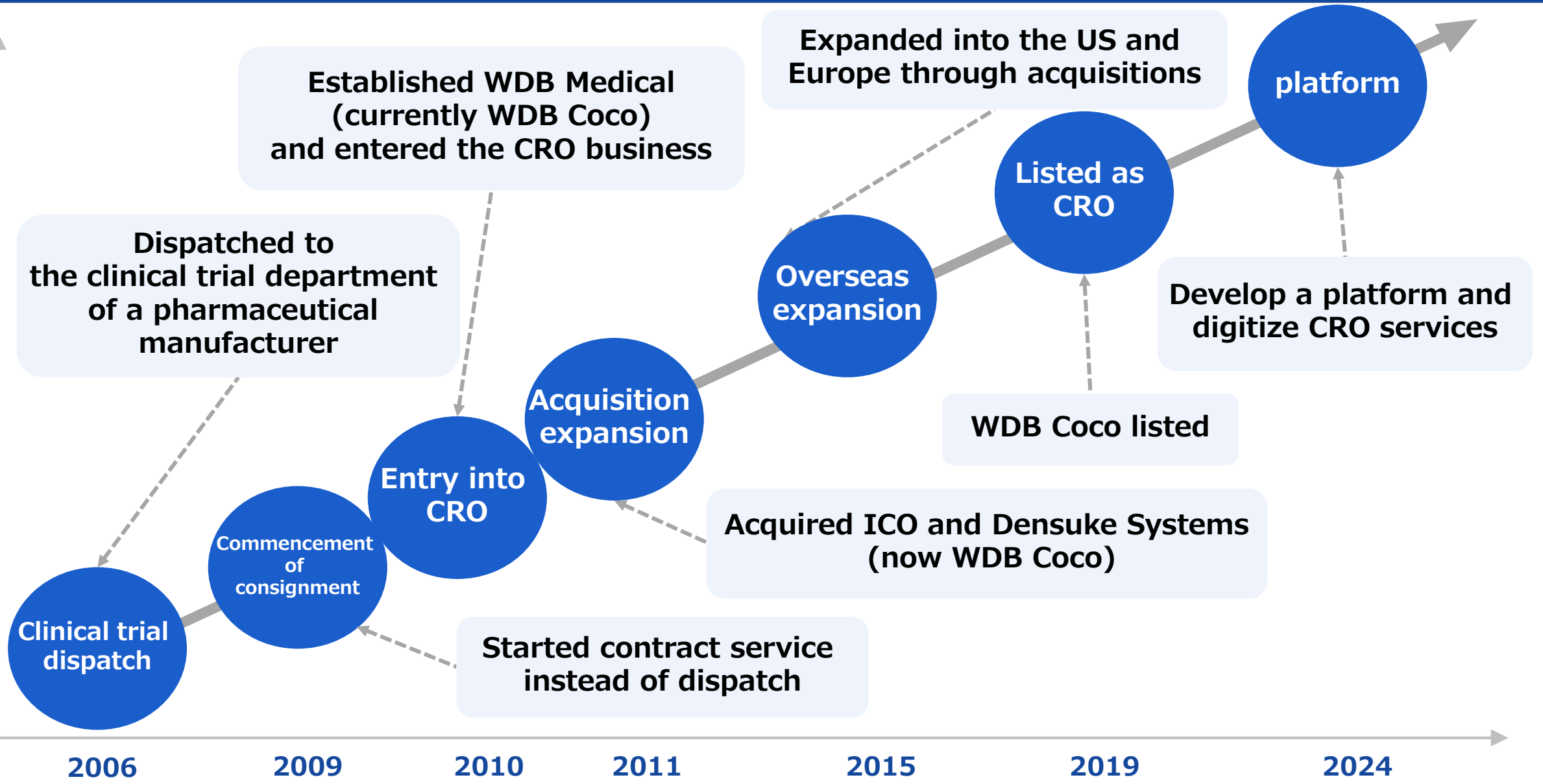
Test on humans. Collect target patients, explain to them if they would cooperate with the test, and collect data.

Create documents and apply for permission to manufacture and sell.

After marketing, confirm whether there are any side effects not found in clinical trials and report them to the government agency.

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History of WDBG CRO business



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Regions and contents of business development

Japan

WDB COCO

- Pharmacovigilance
- document support
- data management
- Statistical analysis
- Clinical research support

COBRIDGE

- Regulatory application for medical devices

Europe

MEDFILES

- Laboratory service
- Pharmacovigilance
- clinical trial
- data management
- Statistical analysis
- Pharmaceutical affairs application

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FY2024 2Q Result

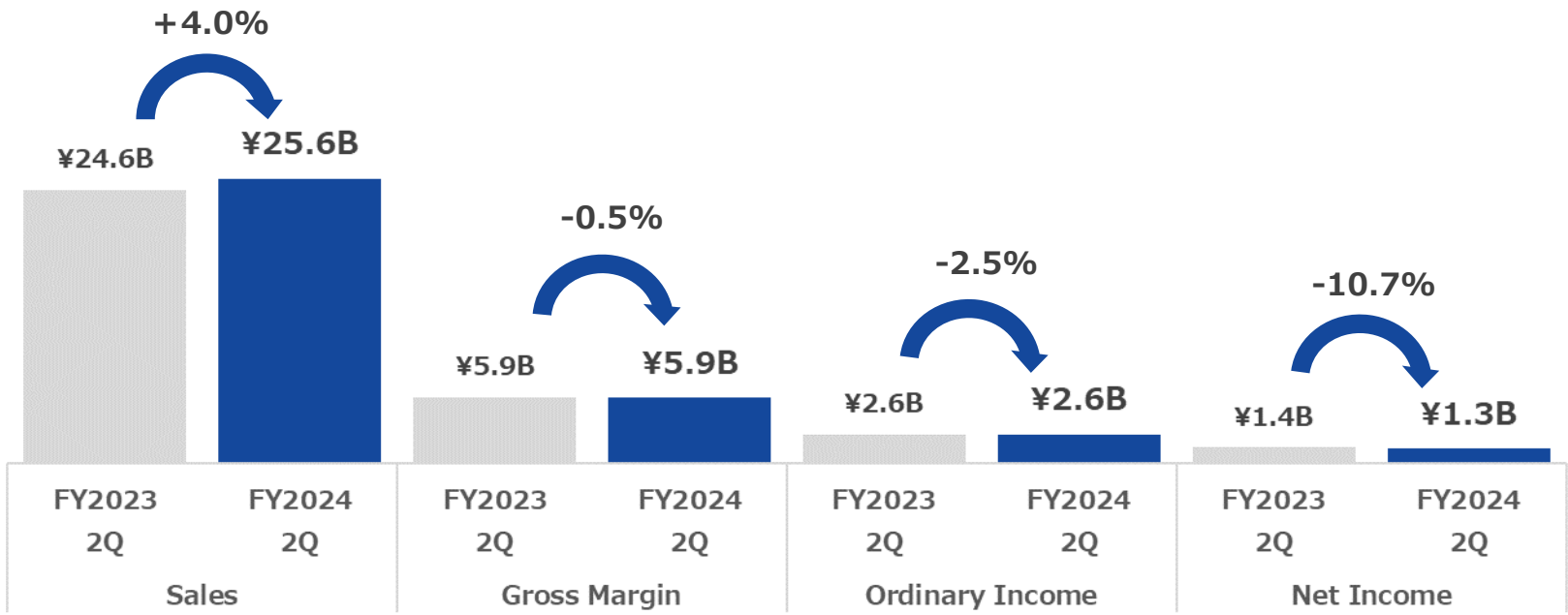
Summary (Consolidated)

Sales : Sales increased by 4.0% YoY due to steady growth in the CRO business.

Gross Margin : Gross margin decreased by 0.5% YoY due to an increase in cost of sales in the human resources business.

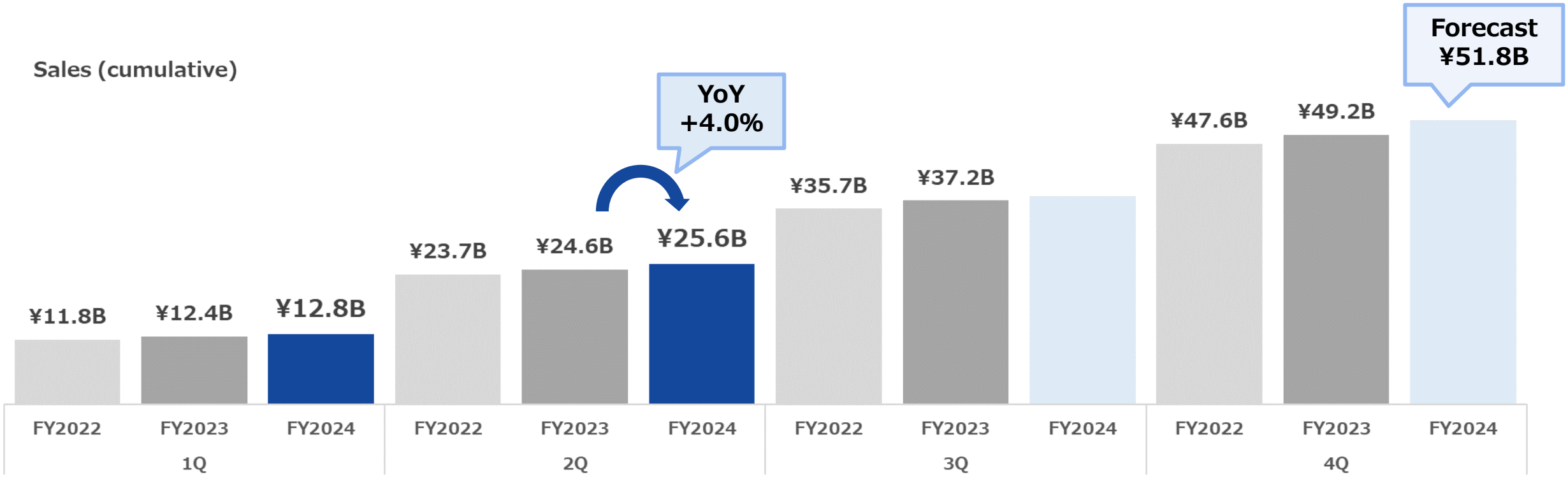
Ordinary Income : Ordinary income decreased by 2.5% YoY due to the above-mentioned increase in cost of sales and an increase in the amount of SG&A expenses, despite a decrease in the SG&A expense ratio.

Net Income : Net income decreased by 10.7% YoY, mainly due to a decrease in ordinary income.



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Consolidated Financial Statements (Sales)



✓ **Sales increased by 978 million yen YoY to 25.63 billion yen. (+4.0%)**

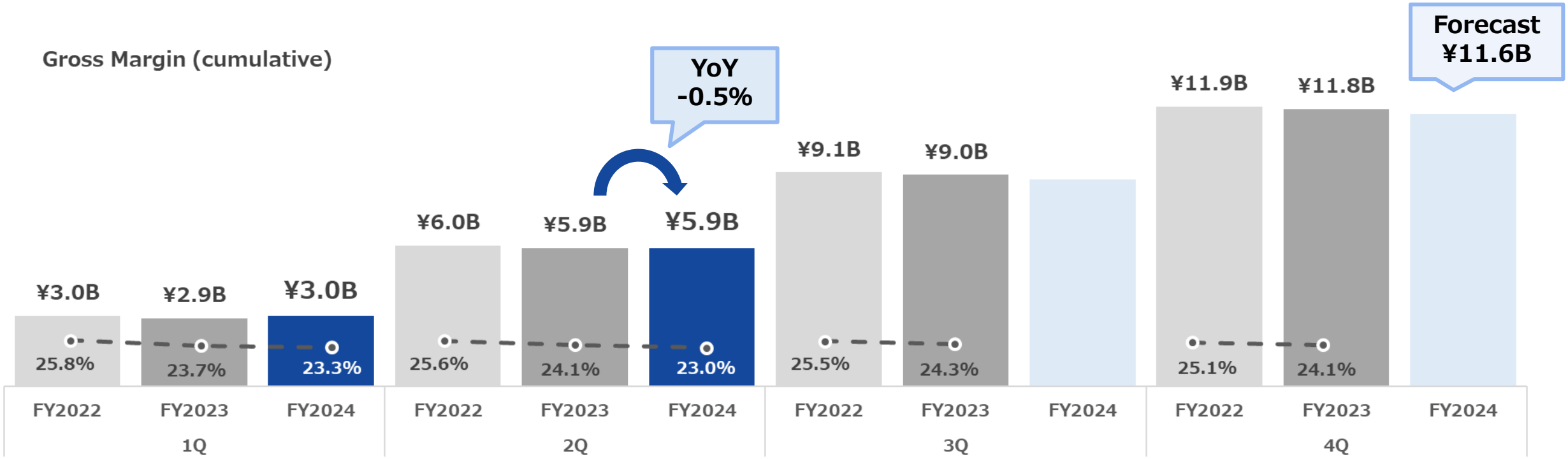
< Main reasons for increase >

・In the human resources business, temporary staffing unit prices increased.

・Sales in the CRO business remained steady.

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Consolidated Financial Statements (Gross Margin / Gross Margin Ratio)



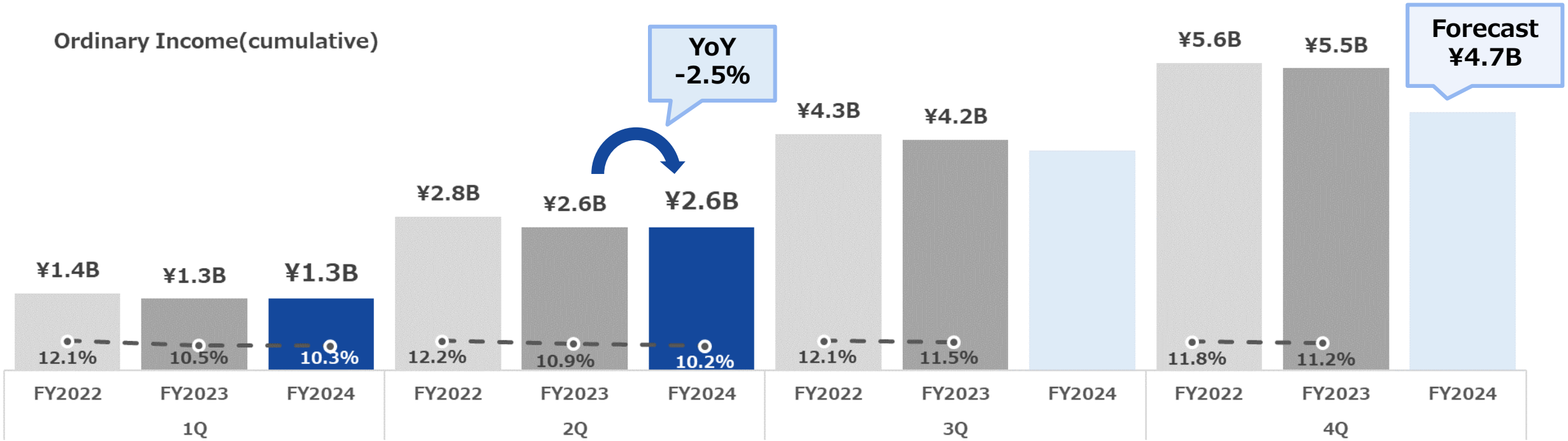
- ✓ **Gross margin decreased by 30 million yen YoY to 5.90 billion yen. (-0.5%)**
- ✓ **Gross margin ratio decreased by 1.1 point YoY to 23.0% due to an increase in cost of sales.**

< Main reasons for decrease >

・Cost of sales increased due to an increase in compensation for temporary staff in the human resources business.

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Consolidated Financial Statements (Ordinary Income / Ordinary Income Ratio)



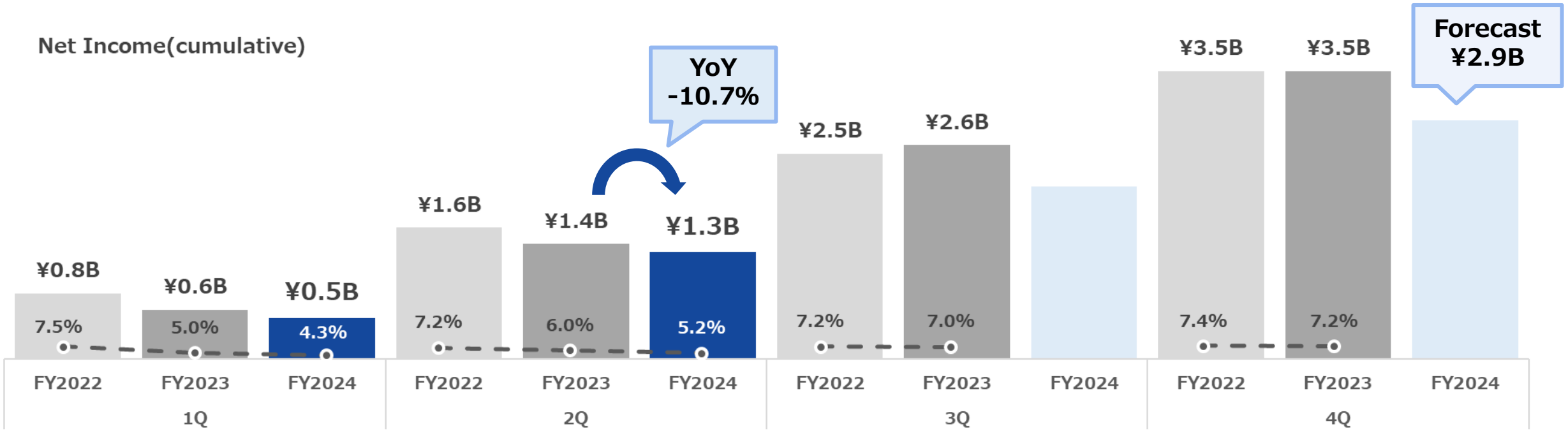
✓ **Ordinary income decreased 67 million yen YoY to 2.61 billion yen (-2.5%).**

< Main reasons for decrease >

- **Cost of sales increased in the human resources business.**
- **We worked to control SG&A expenses, and although the SG&A ratio decreased by 0.4 point YoY, the amount of SG&A expenses increased by 24 million yen.**

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Consolidated Financial Statements (Net Income / Net Income Ratio)



✓ **Net income decreased by 159 million yen YoY to 1.32 billion yen (-10.7%).**

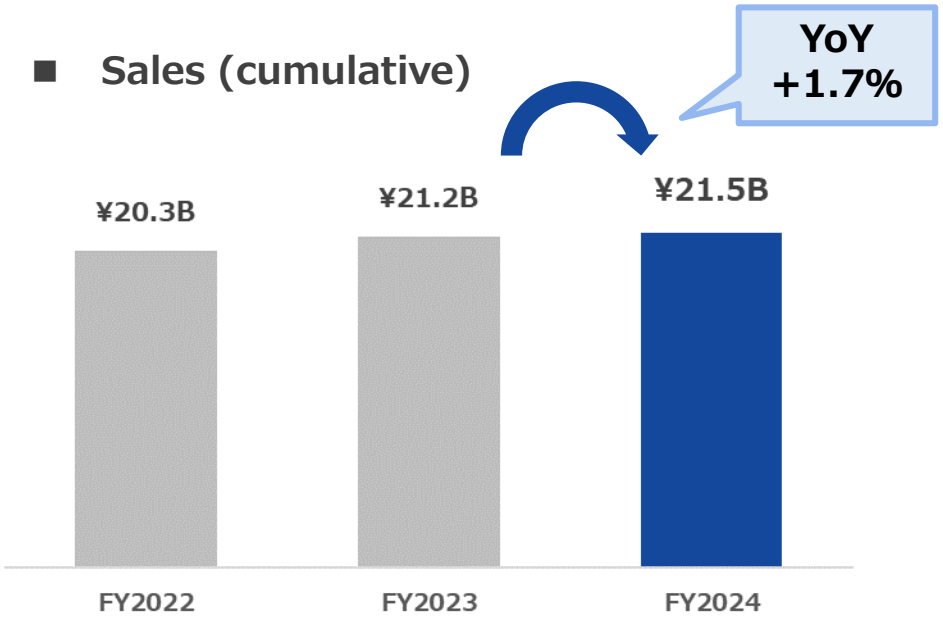
< Main reasons for decrease >

- **Ordinary income decreased.**
- **Non-controlling interest income increased due to the increase in WDB Coco's net income.**
- **Income taxes increased temporarily.**

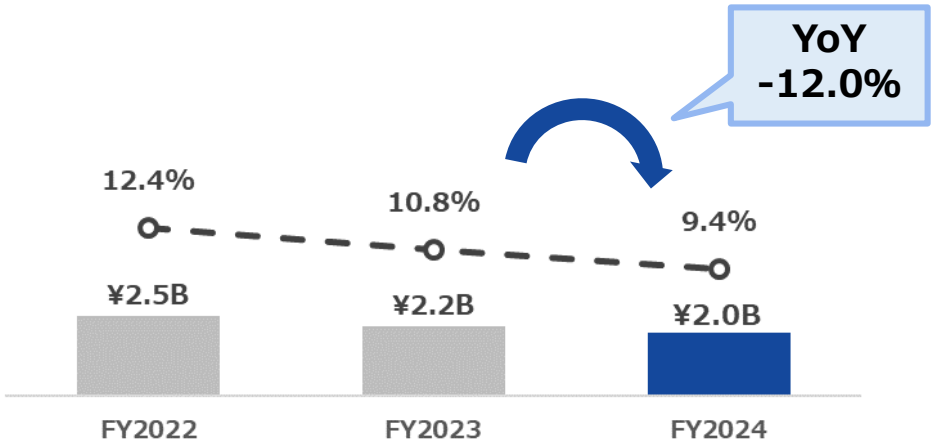
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Human Resources Business (Sales / Segment profit)

■ Sales (cumulative)



■ Segment profit / Segment profit ratio (cumulative)



✓ **Sales increased 359 million yen YoY to 21.58 billion yen (+1.7%).**

< Main reasons for increase >

- **Temporary staffing unit prices increased.**
- **The number of permanent-type temporary employees who could not be dispatched to clients decreased.**

✓ **Segment profit decreased by 276 million yen YoY to 2.01 billion yen (-12.0%).**

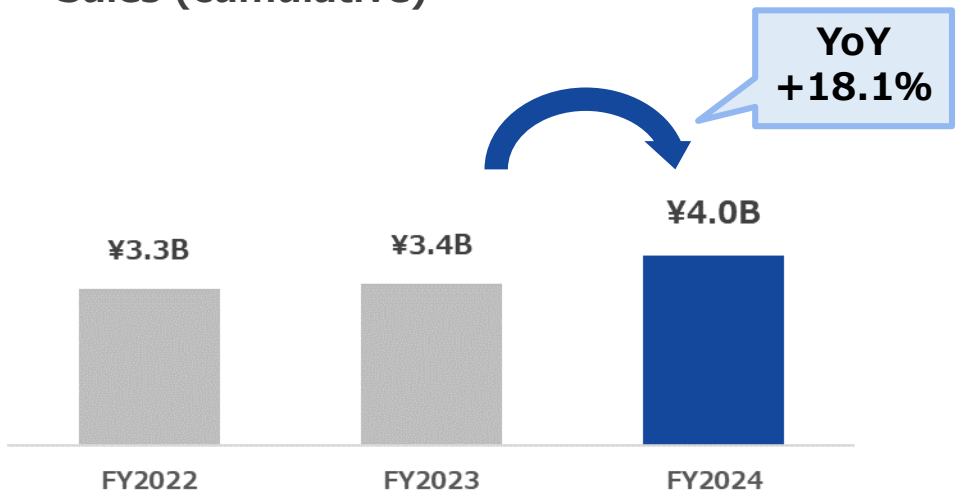
< Main reasons for decrease >

- **Labor costs increased due to higher compensation for temporary staff.**

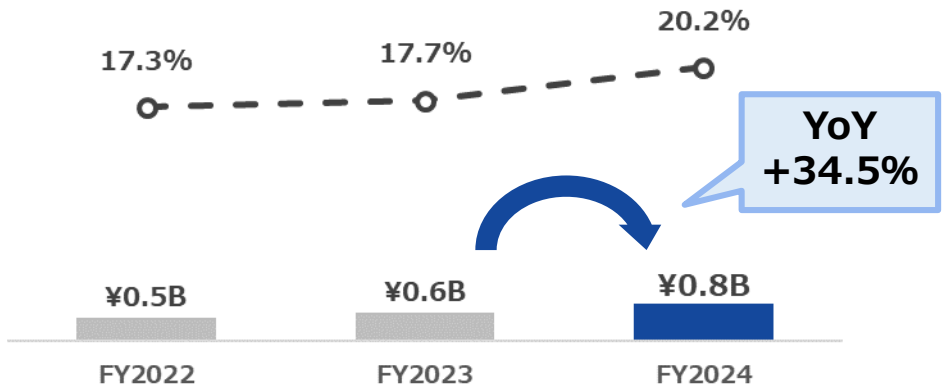
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CRO Business (Sales / Segment profit)

■ Sales (cumulative)



■ Segment profit / Segment profit ratio (cumulative)



✓ **Sales increased 619 million yen YoY to 4.04 billion yen (+18.1%).**

< Main reasons for increase >

- **Orders in Japan and overseas remained steady.**
- **Overseas sales increased due to yen depreciation.**

✓ **Segment profit increased 209 million yen YoY to 817 million yen (+34.5%).**

< Main reasons for increase/decrease >

- **Sales in Japan and overseas increased.**
- **On the other hand, labor costs increased due to a revision of compensation levels for employees in Japan.**

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Status by Segment

Human resources

- We have started offering higher-paying job listings to enhance the recruitment of new temporary employees.

- We have started sales and recruitment activities at the support desks in Tokyo and Kobe.

CRO

- Both domestic and overseas business performance have been strong, leading to increased sales and profit.

- WDB COCO has increased compensation to enhance recruitment. Additionally, Medfiles has focused its management resources on high-profitability businesses.

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FY2024 Forecast

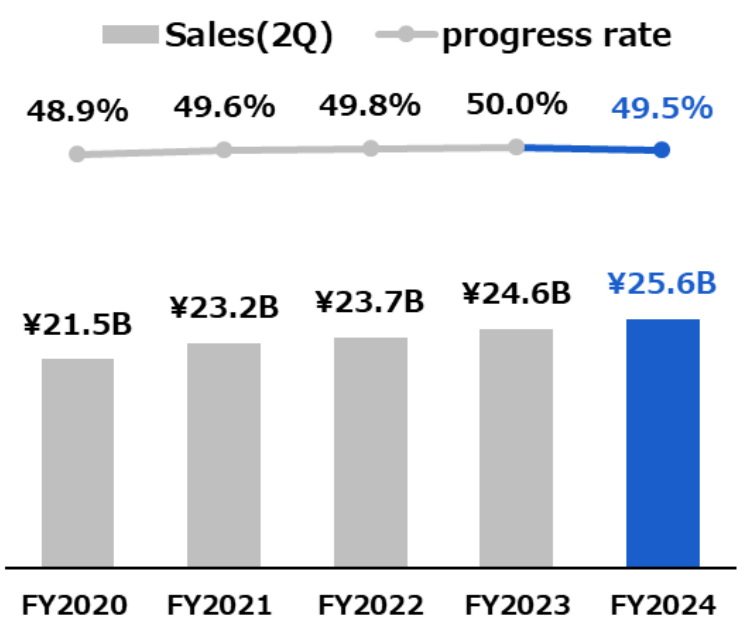
	FY2022			FY2023			FY2024(Forecast)		
	Amount	Sales ratio	Growth rate	Amount	Sales ratio	Growth rate	Amount	Sales ratio	Growth rate
Net Sales	¥47.6B	100.0%	1.5%	¥49.2B	100.0%	3.6%	¥51.8B	100.0%	5.1%
Gross Margin	¥11.9B	25.1%	-4.5%	¥11.8B	24.1%	-0.4%	¥11.6B	22.4%	-2.4%
SG(&)A	¥6.4B	13.5%	4.0%	¥6.4B	13.0%	-0.1%	¥6.8B	13.2%	6.7%
Operating Income	¥5.5B	11.6%	-12.8%	¥5.4B	11.1%	-0.7%	¥4.7B	9.2%	-13.1%
Ordinary Income	¥5.6B	11.8%	-12.2%	¥5.5B	11.2%	-1.9%	¥4.7B	9.2%	-13.4%
Net Income	¥3.5B	7.4%	-15.1%	¥3.5B	7.2%	0.2%	¥2.9B	5.7%	-16.3%

There is no change in the full-year forecast announced in May 2024.

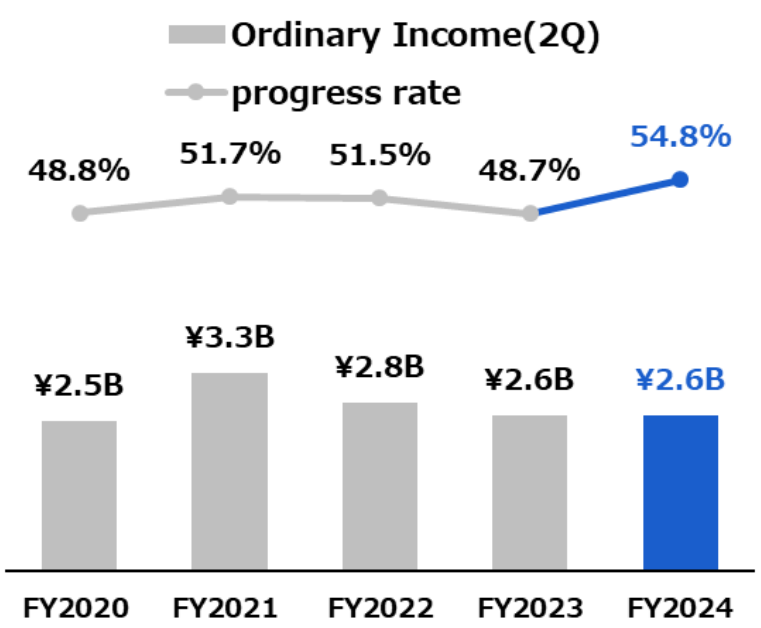
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Progress rate against Forecast 2024

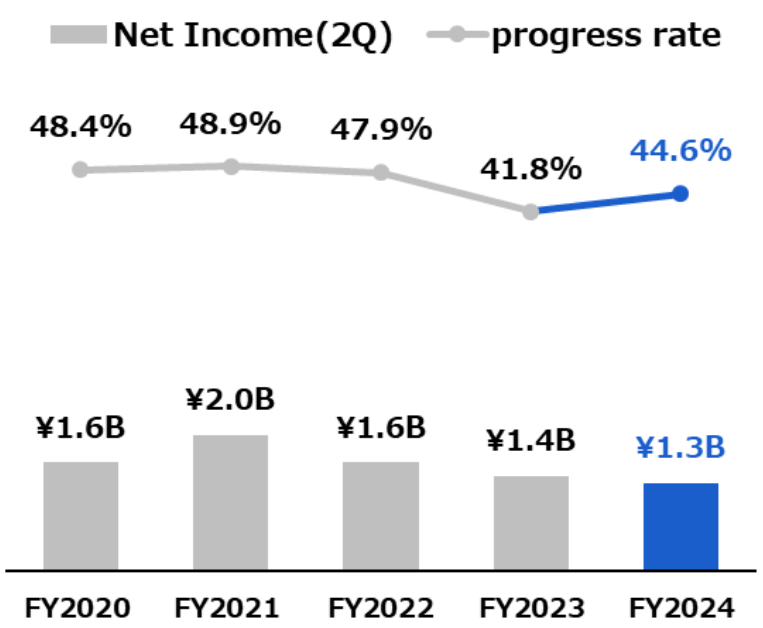
■ Sales Progress Rate



■ Ordinary Income Progress Rate



■ Net Income Progress Rate



- **The progress rate of sales is in line with previous years.**
- **Ordinary income is progressing at a higher rate than in previous years.**
- **The reason for the low rate of progress in net income is the one-time impact of income taxes.**

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Medium-to-Long Term Management Plan

- **We revised the contents of the medium-to-long term management plan released in May 2022, based on the results of our efforts over the past two years and the world situation.**

- **For details, please refer to the “Medium-to-Long Term Management Plan 2024“ disclosed on May 14, 2024.**

https://www.wdbhd.co.jp/assets/pdf/eng/ir/about/management-policy240514.pdf

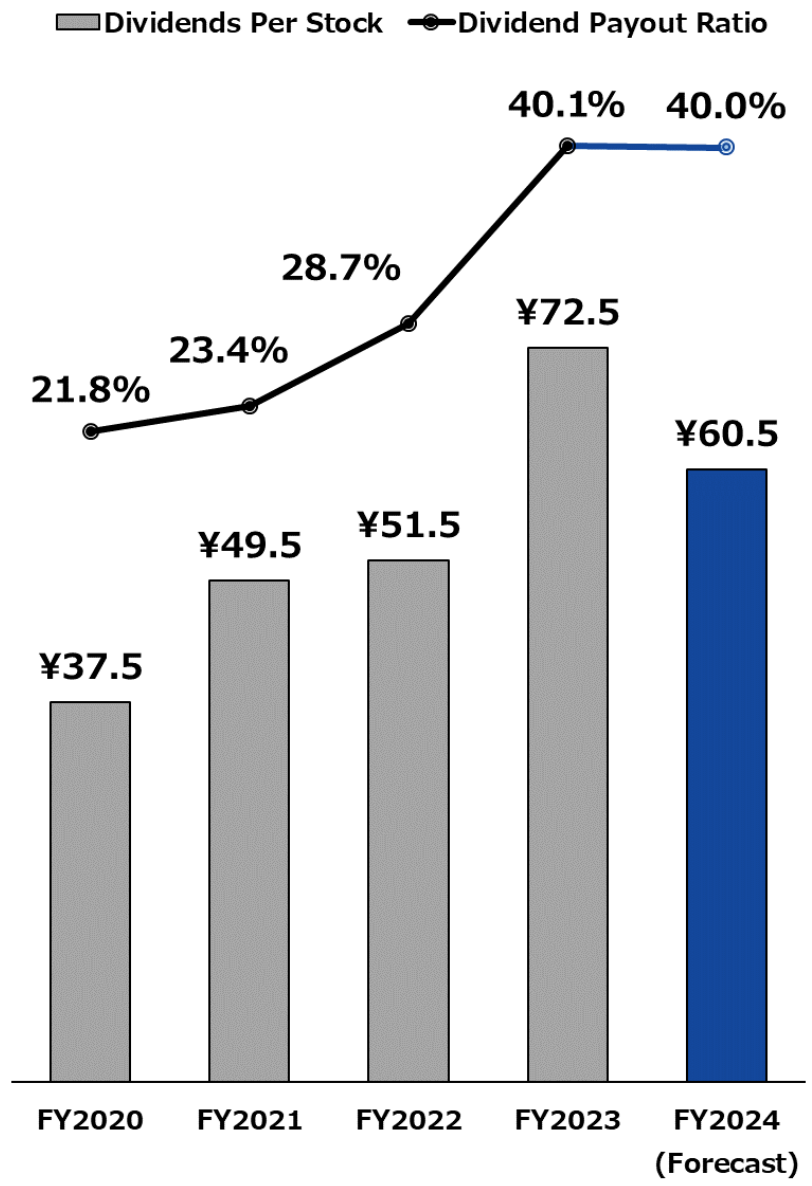
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Revision of Dividend Policy

Since our listing in 2006, we have aimed for a dividend payout ratio of 30% and have continued to increase dividends. In FY2023, we set the dividend payout ratio target at 40% and continued to increase dividends.

In FY2024, on the other hand, due to the significant increase in wages for our temporary staff based on our medium-to-long term management plan, we forecast a temporary decline in profits. While we will maintain the dividend payout ratio at 40%, we unfortunately expect a reduction in dividends.

We are committed to realizing our medium-to-long term management plan and will strive to continue increasing dividends again. We would appreciate your understanding for this.



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Appendix : Business Performance (Consolidated)

2Q (accum.)	FY2022		FY2023		FY2024		FY2023-FY2024	
	Amount	Sales ratio	Amount	Sales ratio	Amount	Sales ratio	Increase	Increase rate
sales	¥23,712M	100.0%	¥24,654M	100.0%	¥25,633M	100.0%	¥978M	4.0%
cost	¥17,636M	74.4%	¥18,723M	75.9%	¥19,732M	77.0%	¥1,009M	5.4%
Gross Margin	¥6,076M	25.6%	¥5,931M	24.1%	¥5,901M	23.0%	-¥30M	-0.5%
SG(&)A	¥3,227M	13.6%	¥3,273M	13.3%	¥3,298M	12.9%	¥24M	0.8%
Operating Income	¥2,848M	12.0%	¥2,658M	10.8%	¥2,603M	10.2%	-¥55M	-2.1%
Ordinary Income	¥2,891M	12.2%	¥2,680M	10.9%	¥2,613M	10.2%	-¥67M	-2.5%
Net Income	¥1,697M	7.2%	¥1,484M	6.0%	¥1,324M	5.2%	-¥159M	-10.7%

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Appendix : Business Performance (Consolidated, Quarterly)

1Q	FY2022		FY2023		FY2024		FY2023-FY2024	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Sales ratio	Increase	Increase rate
sales	¥11,860M	100.0%	¥12,469M	100.0%	¥12,895M	100.0%	¥425M	3.4%
cost	¥8,796M	74.2%	¥9,513M	76.3%	¥9,894M	76.7%	¥381M	4.0%
Gross Margin	¥3,063M	25.8%	¥2,955M	23.7%	¥3,000M	23.3%	¥44M	1.5%
SG(&)A	¥1,634M	13.8%	¥1,667M	13.4%	¥1,680M	13.0%	¥12M	0.8%
Operating Income	¥1,428M	12.0%	¥1,288M	10.3%	¥1,320M	10.2%	¥31M	2.5%
Ordinary Income	¥1,433M	12.1%	¥1,306M	10.5%	¥1,329M	10.3%	¥23M	1.8%
Net Income	¥892M	7.5%	¥626M	5.0%	¥551M	4.3%	-¥74M	-11.9%

2Q	FY2022		FY2023		FY2024		FY2023-FY2024	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Sales ratio	Increase	Increase rate
sales	¥11,852M	100.0%	¥12,185M	100.0%	¥12,738M	100.0%	¥553M	4.5%
cost	¥8,839M	74.6%	¥9,209M	75.6%	¥9,837M	77.2%	¥628M	6.8%
Gross Margin	¥3,012M	25.4%	¥2,975M	24.4%	¥2,901M	22.8%	-¥74M	-2.5%
SG(&)A	¥1,592M	13.4%	¥1,606M	13.2%	¥1,618M	12.7%	¥12M	0.8%
Operating Income	¥1,420M	12.0%	¥1,369M	11.2%	¥1,282M	10.1%	-¥86M	-6.3%
Ordinary Income	¥1,457M	12.3%	¥1,374M	11.3%	¥1,284M	10.1%	-¥90M	-6.6%
Net Income	¥804M	6.8%	¥857M	7.0%	¥772M	6.1%	-¥85M	-9.9%

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Appendix： Business Performance （By Segment）

2Q（accum.）		FY2022		FY2023		FY2024		FY2023-FY2024	
		Amount	Sales ratio	Amount	Sales ratio	Amount	Sales ratio	Increase	Increase rate
Human resources	sales	¥20,389M	-	¥21,229M	-	¥21,588M	-	¥359M	1.7%
	Segment profit	¥2,529M	12.4%	¥2,295M	10.8%	¥2,019M	9.4%	-¥276M	-12.0%
CRO	sales	¥3,323M	-	¥3,425M	-	¥4,045M	-	¥619M	18.1%
	Segment profit	¥574M	17.3%	¥607M	17.7%	¥817M	20.2%	¥209M	34.5%

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Appendix： Business Performance （By Segment , Quarterly)

1Q		FY2022		FY2023		FY2024		FY2023-FY2024	
		Amount	Sales ratio	Amount	Sales ratio	Amount	Sales ratio	Increase	Increase rate
Human resources	sales	¥10,274M	-	¥10,779M	-	¥10,905M	-	¥126M	1.2%
	Segment profit	¥1,398M	13.6%	¥1,129M	10.5%	¥1,029M	9.4%	-¥100M	-8.9%
CRO	sales	¥1,586M	-	¥1,690M	-	¥1,989M	-	¥299M	17.7%
	Segment profit	¥179M	11.3%	¥287M	17.0%	¥417M	21.0%	¥129M	45.0%

2Q		FY2022		FY2023		FY2024		FY2023-FY2024	
		Amount	Sales ratio	Amount	Sales ratio	Amount	Sales ratio	Increase	Increase rate
Human resources	sales	¥10,114M	-	¥10,449M	-	¥10,683M	-	¥233M	2.2%
	Segment profit	¥1,130M	11.2%	¥1,165M	11.2%	¥990M	9.3%	-¥175M	-15.1%
CRO	sales	¥1,737M	-	¥1,735M	-	¥2,055M	-	¥319M	18.4%
	Segment profit	¥394M	22.7%	¥320M	18.4%	¥399M	19.5%	¥79M	25.0%

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