



Consolidated Financial Results for the Nine Months Ended December 31, 2024 [Japanese GAAP]

February 7, 2025

Company name: WDB Holdings Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 2475
 URL: <https://www.wdbhd.co.jp/eng/>
 Representative: Toshimitsu Nakano, President and CEO
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 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on 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.

1. Consolidated financial results for the nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

(1) Consolidated Operating Results (Cumulative)

(Percentages indicate year-on-year changes.)

	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	%
Nine months ended December 31, 2024	38,838	4.2	4,081	-3.9	4,104	-3.9	2,256	-13.3
December 31, 2023	37,286	4.3	4,246	-0.6	4,271	-1.2	2,603	1.5

(NOTE) Comprehensive income For the nine months ended December 31, 2024 2,492Millions of yen (-13.2%) For the nine months ended December 31, 2023 2,872Millions of yen (1.2%)

	Net Income per Share		Diluted net income per share	
	Yen		Yen	
Nine months ended December 31, 2024	114.91		-	
December 31, 2023	132.57		-	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity Ratio	
	Millions of yen		Millions of yen		%	
As of December 31, 2024	40,548		32,259		76.4	
March 31, 2024	39,827		31,150		75.4	

(Reference) Shareholders' equity As of December 31, 2024 30,994Millions of yen As of March 31, 2024 30,044Millions of yen

2. Dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended March 31, 2024	-	29.00	-	43.50	72.50
Fiscal year ending March 31, 2025	-	24.00	-		
Fiscal year ending March 31, 2025 (Forecast)				36.50	60.50

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

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	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 period: None

New: - (Company name :-), Excluded: - (Company name :-)

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies and changes or restatement of accounting estimates

(i) Changes in accounting policies due to revision of accounting standards: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement of revisions: None

(4) Number of shares outstanding (common shares)

(i) Number of shares outstanding at the end of the period
(including treasury stock)

As of December 31, 2024	20,060,000 Shares	As of March 31, 2024	20,060,000 Shares
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(ii) Number of treasury stock at the end of the period

As of December 31, 2024	420,949 Shares	As of March 31, 2024	420,949 Shares
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(iii) Average number of shares outstanding during the period
(cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2024	19,639,051 Shares	Nine months ended December 31, 2023	19,639,051 Shares
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※ Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

※ Proper use of earnings forecasts, and other special matters

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 Operating 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 Operating Results

(1) Overview of Operating Results for the Nine Months Ended December 31, 2024

Our group is a corporate group engaged in the human resources services business centered on the field of science (chemistry and biotechnology) and CRO business (contracted services for pharmaceutical development).

Regarding the business environment and the status of the human resources services business, the average active job openings-to-applicants ratio (seasonally adjusted figure) during the nine months ended December 31, 2024, was 1.24 times (down 0.05 points year on year) and the average unemployment rate (seasonally adjusted figure) was 2.5% (down 0.1 points year on year). Demand for our science and engineering staffing services continues to be firm, reflecting the severe labor shortage. At the same time, securing job seekers to meet demand has become an issue.

To address this issue, since FY2022, our group has been continuing measures to improve the treatment of temporary staff. During the nine months ended December 31, 2024, in order to secure the resources to improve compensation, we worked to reduce costs by transitioning sales activities online using "doconico", a temporary staffing service platform, consolidated operations at support desks located in Tokyo and Kobe, and improving productivity through the use of ChatGPT. In addition, we are in the process of negotiating an increase in temporary staffing charges in order to further improve treatment in the next fiscal year. By improving the treatment of temporary staff, we will attract more personnel and increase sales and profits.

In CRO business, we further promoted standardization and automation of operations in order to accurately and promptly process operations contracted by pharmaceutical and medical-device manufacturers, thereby contributing to the resolution of client issues. In addition, Finnish Oy Medfiles Ltd. continued to focus its resources on high-margin businesses.

As a result of the activities described above, net sales for the nine months ended December 31, 2024, amounted to ¥38,838 million (up 4.2% year on year). Operating income was ¥4,081 million (down 3.9% year on year), ordinary income was ¥4,104 million (down 3.9% year on year), and net income attributable to owners of parent was ¥2,256 million (down 13.3% year on year).

In addition, the ratio of operating income to net sales, an indicator that we emphasize, was 10.5% (11.4% in the same period of the previous fiscal year) and the ratio of ordinary income to net sales was 10.6% (11.5% in the same period of the previous fiscal year).

Operating results by segment are as follows.

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

(i) Human Resource Service Business

In this segment, net sales were ¥32,766 million (up 2.3% year on year), segment income was ¥3,206 million (down 9.1% year on year), and segment income margin was 9.8% (11.0% in the same period of the previous fiscal year). Although there has been an improvement in the retention rate as a result of improvements in the treatment of temporary staff, we have not yet made significant improvements in new recruitment. As a result, net sales have increased only slightly. In addition, segment income decreased due to an increase in cost of sales associated with the improvement in the treatment of temporary staff.

(ii) CRO Business

In this segment, net sales were ¥6,072 million (up 15.7% year on year), segment profit was ¥1,232 million (up 13.5% year on year), and segment profit margin was 20.3% (20.7% in the same period of the previous fiscal year). WDB coco Co., Ltd. posted higher sales and profits due to new contracts from existing and new client and solid performance in Oy Medfiles Ltd..

(2) Overview of Financial Position for the Nine Months Ended December 31, 2024

As of December 31, 2024, total assets stood at ¥40,548 million (up ¥720 million from March 31, 2024). Liabilities were ¥8,289 million (down ¥387 million from March 31, 2024). Net assets were ¥32,259 million (up ¥1,108 million from March 31, 2024).

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

The consolidated earnings forecasts and dividend forecasts for the year ending March 31, 2025 are unchanged from those announced on May 14, 2024.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	20,942,362	19,394,299
Accounts receivable and contract assets	6,469,017	6,551,366
Inventories	50,895	52,168
Others	1,184,281	354,746
Total current assets	28,646,557	26,352,580
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	1,306,878	1,238,478
Land	6,739,821	6,739,821
Other, net	1,046,055	4,079,427
Total property, plant and equipment	9,092,755	12,057,727
Intangible assets		
Others	149,960	146,636
Total intangible assets	149,960	146,636
Investments and other assets		
Investment securities	130,139	126,137
Lease deposits	703,096	818,686
Deferred tax assets	824,797	737,115
Others	280,294	309,470
Total investments and other assets	1,938,328	1,991,410
Total noncurrent assets	11,181,043	14,195,774
Total assets	39,827,601	40,548,355
Liabilities		
Current liabilities		
Accounts payable	2,231,964	2,212,456
Accounts payable-other	933,415	797,619
Income taxes payable	893,203	708,044
Consumption tax payable	921,211	937,062
Provision for bonuses	760,510	594,677
Others	1,402,929	1,460,437
Total current liabilities	7,143,233	6,710,296
Long-term liabilities		
Provision for directors' retirement benefits	530,159	549,238
Obligations for retirement pay	485,629	512,679
Asset retirement obligations	232,105	242,654
Others	285,493	274,481
Total noncurrent liabilities	1,533,388	1,579,054
Total liabilities	8,676,622	8,289,351

(Thousands of yen)

	As of March 31, 2024	As of December 31, 2024
Net assets		
Shareholders' equity		
Common stock	1,000,000	1,000,000
Capital surplus	710,328	709,077
Retained earnings	29,419,084	30,350,090
Treasury stock	-1,277,189	-1,277,189
Total shareholders' equity	29,852,222	30,781,977
Other accumulated comprehensive income		
Valuation difference on securities	42,625	39,847
Foreign currency translation adjustments	157,073	175,472
Remeasurements of defined benefit plans	-7,205	-2,593
Total other accumulated comprehensive income	192,493	212,726
Non-controlling shareholders' equity	1,106,262	1,264,300
Total net assets	31,150,978	32,259,004
Total liabilities and net assets	39,827,601	40,548,355

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income

(Quarterly Consolidated Statements of Income)

For the nine months ended December 31, 2023 and 2024

(Thousands of yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Net sales	37,286,637	38,838,673
Cost of sales	28,233,954	29,748,467
Gross profit	9,052,682	9,090,206
Selling, general and administrative expenses	4,805,690	5,008,432
Operating income	4,246,991	4,081,773
Non-operating income		
Surrender value of insurance	39	5,375
Subsidy income	19,390	7,424
Gain on consumption and other tax exemption	1,385	-
Others	9,103	17,540
Total non-operating income	29,919	30,340
Non-operating expenses		
Others	4,941	7,419
Total non-operating expenses	4,941	7,419
Ordinary income	4,271,970	4,104,694
Extraordinary income		
Gain on sales of noncurrent assets	53	46
Total extraordinary income	53	46
Extraordinary losses		
Loss on retirement of noncurrent assets	11,676	15,860
Loss on sales of noncurrent assets	-	170
Loss on reversal of foreign currency translation adjustment	-	12,722
Total extraordinary loss	11,676	28,752
Income before income taxes	4,260,347	4,075,988
Income taxes	1,391,966	1,492,663
Income taxes-deferred	76,728	111,173
Total income taxes	1,468,695	1,603,837
Net income	2,791,652	2,472,151
Net income attributable to non-controlling interests	188,027	215,508
Net income attributable to owners of parent	2,603,624	2,256,642

(Quarterly Consolidated Statements of Comprehensive Income)

For the nine months ended December 31, 2023 and 2024

(Thousands of yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Net income	2,791,652	2,472,151
Other comprehensive income		
Valuation difference on securities	8,301	-2,778
Foreign currency translation adjustments	68,993	18,398
Adjustments for retirement benefits	3,622	4,332
Total other comprehensive income	80,918	19,952
Comprehensive income	2,872,570	2,492,103
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	2,684,690	2,276,874
Comprehensive income attributable to non-controlling interests	187,879	215,228

(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 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.

The Company has applied the revised guidance for 2022 from the beginning of the current fiscal year to revise the treatment of deferral of gains and losses on sales of shares of subsidiaries arising from sales of subsidiaries among the Companies for tax purposes in the consolidated financial statements. This change in accounting policy is applied retroactively, and the quarterly consolidated financial statements and consolidated financial statements for the previous quarter consolidated accounting period and for the previous consolidated accounting year have been applied retroactively. This change in accounting policy had no impact on the quarterly consolidated financial statements for the previous quarter consolidated accounting period or on the consolidated financial statements for the previous fiscal year.

(Notes on Segment Information)

[Segment Information]

I. For the nine months ended December 31, 2023 (From April 1, 2023 to December 31, 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	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 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
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

II. For the nine months ended December 31, 2024 (From April 1, 2024 to December 31, 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	32,766,313	6,072,359	38,838,673	38,838,673
Intersegment sales	26,568	-	26,568	26,568
Total	32,792,882	6,072,359	38,865,241	38,865,241
Segment profit	3,206,819	1,232,193	4,439,013	4,439,013

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	4,439,013
Corporate expenses (Note)	-357,239
Operating income in the quarterly consolidated statements of income	4,081,773

(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
Reportable Segments	Human Resource Service Business	Temporary staffing	32,285,607	32,766,313
		Placement/Recruiting	480,706	
	CRO business	Domestic companies	4,242,019	6,072,359
		Overseas companies	1,830,340	
Reportable segments total				38,838,673
Total				38,838,673

(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)

The quarterly consolidated statements of cash flows for the nine months ended December 31, 2024, have not been prepared. Depreciation for the nine months ended December 31, 2024, (including amortization related to intangible assets) is as follows:

(Thousands of yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Depreciation and amortization	173,269	187,083