

Matters for Electronic Provision Measures regarding Convocation of the 41st Annual Shareholders' Meeting

- Business Report

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41st term

(April 1, 2025 to March 31, 2026)

WDB Holdings Co., Ltd.

With regard to the above matters, the description in the document (document stating the matters to be provided electronically) to be delivered to the shareholder who has received the request for delivery of the document has been omitted in accordance with the provisions of the law and the provisions of Article 19 of the Articles of Incorporation of the Company.

[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.

System to Ensure Appropriateness of Operations

Pursuant to Paragraph 5 of Article 362 of the Companies Act, the Board of Directors has established the following basic policy for the system to ensure the appropriateness of business operations.

- 1. Structure to ensure that the execution of duties by directors and hired experts is in keeping with Companies Act and the articles of incorporation**
 - I In order to clarify the basic policy for legal compliance and the code of conduct for the entire Group as a holding company, we have established the Rules for Compliance System (Compliance Manual) and WDBG Code of Conduct as the code of conduct for directors and employees of the Group, and will ensure that compliance with laws and regulations is the basis of all corporate activities.
 - II The Compliance and Risk Management Committee will be established to promote the establishment and operation of a compliance system through compliance training and committee activities.
 - III Employees shall, in accordance with the internal reporting system, report to the Compliance Consultation Office any suspected violation of laws and regulations or any fact that may damage the corporate group in the business activities of the corporate group.
 - IV We will maintain a resolute attitude toward anti-social forces that pose a threat to the order and safety of civil society, develop risk management rules and response manuals (Compliance Manual and Anti-Social Force Response Manual), collaborate with external specialized agencies, and strive to prevent business transactions.
- 2. System for the preservation and management of information pertaining to the execution of duties by directors**
 - I The handling of information and documents pertaining to the execution of duties by Directors shall be appropriately stored and managed in accordance with the Board of Directors Regulations and Internal Regulations of the Company, and where necessary, shall be subject to verification of the status of operations and reviews of various regulations.
 - II In the event that a request for inspection is made by the directors or Audit and Supervisory Committee Members, a system shall be established to allow access to such information.
- 3. Systems for managing risks of loss including the relevant internal regulations**
 - I The Board of Directors shall deliberate on important matters related to the policy and system for risk management and shall establish the Risk Management Regulations. The Compliance and Risk Management Committee shall establish and implement a risk management system in accordance with the resolutions of the Board of Directors and the Risk Management Regulations.
 - II In the event of an unexpected situation, promptly respond in accordance with the Risk Management Regulations, and establish a system to prevent damage from spreading and to minimize it.
- 4. System for ensuring efficient execution of directors' duties**
 - I In addition to the regular monthly meetings of the Board of Directors, the Board of Directors shall convene and hold extraordinary meetings as necessary to ensure the efficient execution of duties by Directors. The Board of Directors shall communicate with each other and supervise the execution of duties by Directors, thereby enabling prompt and appropriate decision-making.
 - II A system shall be developed in which appropriate and efficient decision-making can be carried out by clarifying the business execution and check functions of the directors in accordance with the organizational rules, administrative authority rules, and ringi rules.
- 5. System to ensure the appropriateness of operations in the corporate group consisting of us and our subsidiaries**
 - I System to report matters related to the execution of duties by directors, etc. of subsidiaries to us
Matters pertaining to the execution of duties by directors, etc. of subsidiaries shall be discussed, decided, and reported on important matters by holding monthly meetings of the Board of Directors or meetings of subsidiaries, or meetings attended by the executive directors of the Company, directors of all subsidiaries, executive officers, and persons responsible for branch offices.
 - II Regulations and other systems concerning the management of risks of loss of subsidiaries
The Compliance and Risk Management Committee, which is established by the Company, shall establish and implement a risk management system for the operations of subsidiaries in accordance with the resolution of the Board of Directors and the Risk Management Regulations.
 - III System to ensure that directors, etc. of subsidiaries perform their duties efficiently
As a holding company, we will manage and supervise the management of our subsidiaries so that they can operate their businesses efficiently in accordance with their business characteristics.
 - IV System to ensure that directors and employees of subsidiaries perform their duties in compliance with laws and regulations and the articles of incorporation
The appropriateness of the subsidiary's business execution shall be managed in accordance with the Affiliated Company Management Rules, and the Internal Audit Office shall conduct audits, etc. in accordance with the Internal Audit Rules, etc. In accordance with the internal reporting system, directors and employees of subsidiaries shall report to the Compliance Consultation Office upon discovery of any suspected violation of laws and regulations or any fact that may cause damage to the corporate group.
- 6. Matters concerning the employee in the case where the Audit and Supervisory Committee has requested to appoint an employee to assist in his/her duties.**

In the event that the Audit and Supervisory Committee requests that it appoint employees to assist in their duties, such employees shall be appointed, and for details, the Audit and Supervisory Committee shall consult with the Audit and Supervisory Committee and fully consider their opinions.
- 7. Matters relating to the independence of employees from our directors as set forth in paragraph 6**

Persons appointed as employees to assist the duties of the Audit and Supervisory Committee shall not be directed or ordered by the directors with respect to matters ordered by the Audit and Supervisory Committee in assisting the audit services.

8. Matters related to ensuring the effectiveness of instructions given to employees under Paragraph 6 of the Audit and Supervisory Committee

Appointment and transfer of employees to assist the duties of the Audit and Supervisory Committee shall require the consent of the Audit and Supervisory Committee, and due consideration shall be given to the assignment of such employees and their independence in terms of personnel affairs.

9. System for reporting to the Audit and Supervisory Committee

i) System for Directors and Employees to Report to the Audit and Supervisory Committee

Directors and employees shall promptly report to the Audit and Supervisory Committee any event that is deemed to be important in the performance of their duties. Directors and employees shall provide necessary reports and information if requested by the Audit and Supervisory Committee and, if necessary, respond to hearings from the Audit and Supervisory Committee. The Internal Audit Office reports on internal audits to the Audit and Supervisory Committee.

ii) System for directors and employees of subsidiaries or those who receive reports from these persons to report to our Audit and Supervisory Committee

Directors and employees of subsidiaries, or persons who have received reports from these persons, shall report to the Audit and Supervisory Committee promptly any event that is deemed to be important in the performance of their duties, provide necessary reports and information if requested by the Audit and Supervisory Committee, and, where necessary, respond to hearings from the Audit and Supervisory Committee.

10. A system to ensure that the person who has made the report set forth in paragraph 9 will not be treated disadvantageously by reason of such person having made the report

We and the Subsidiaries will not treat the reporter unfavorably by reason of the report in Paragraph 9.

11. Matters concerning the procedures for advance payment or reimbursement of expenses arising from the execution of the duties of Audit and Supervisory Committee Members and any other matters concerning the policy pertaining to the processing of expenses or reimbursement arising from the execution of said duties;

In the event the Audit and Supervisory Committee members request us to advance payment or reimbursement of expenses incurred in the performance of their duties, they shall promptly respond to such request, except in the event that we prove that the expenses or liabilities for which such request was made are not necessary for the performance of the duties of the Audit and Supervisory Committee members.

12. Other systems to ensure that audits by the Audit and Supervisory Committee are conducted effectively

Directors and employees of the Company and its subsidiaries shall cooperate with the Audit and Supervisory Committee in conducting audits and conducting other audits such as hearings. The effectiveness of audits shall be ensured by ensuring that Audit and Supervisory Committee members attend monthly meetings of the Board of Directors and the Meeting of Subsidiaries, etc., confirm the business reports of directors and executive officers, etc. and the process of deliberating management decisions, express their opinions as necessary, and secure a system that can maintain close cooperation with the Audit Corporation and the Internal Audit Office.

Overview of the Status of Operation of the System to Ensure Appropriateness of Operations

We have established a system to ensure the appropriateness of the operations listed above. An overview of the operation of the system during the current fiscal year (from April 1, 2025 to March 31, 2026) is as follows.

- I Meetings of the Board of Directors are held 15 times in the current fiscal year. Our Board of Directors is composed of nine members, including outside directors, who deliberate on matters that require decision-making by the Board of Directors in accordance with various laws and regulations, the Articles of Incorporation, and relevant regulations, and supervise the execution of the duties of directors. As for each agenda item, we have received lively opinions from outside directors who have no interest in us, and the effectiveness of the Board of Directors has been ensured.
- II Major meetings of the Group consisting of the Company and its subsidiaries are held monthly in principle for subsidiary meetings, which are attended by all directors of subsidiaries. In addition to deliberating, determining and reporting on important matters that affect business performance and financial position, the Group deliberates, decides and reports on measures to avoid risks, etc., in order to ensure the appropriateness and effectiveness of the execution of duties.
- III The Audit and Supervisory Committee meets 14 times in the current fiscal year. Our Audit and Supervisory Committee consists of four members, including outside directors. Through participation in the Board of Directors meetings, we strictly supervise the execution of duties by directors. In addition, Audit and Supervisory Committee members conduct audits based on the audit plan established by the Audit and Supervisory Committee, exchange opinions and information with the Internal Audit Office in principle every month, and hold regular meetings with the accounting auditor to exchange opinions and information.
- IV Based on the internal audit plan, the Internal Audit Office conducts internal audits of the business execution of the corporate group consisting of us and our subsidiaries, as well as internal control audits.

**Consolidated Statements of
Changes in Net Assets**

(From April 1, 2025
to March 31, 2026)

(Thousands of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2025	1,000,000	709,077	31,144,590	-1,277,349	31,576,318
Changes during the consolidated fiscal year					
Dividends of surplus			-1,247,074		-1,247,074
Net income attributable to owners of parent			2,755,069		2,755,069
Purchase of treasury stock				-725,952	-725,952
Net changes in items other than shareholders' equity during the consolidated fiscal year					
Total changes during the consolidated fiscal year	-	-	1,507,994	-725,952	782,042
Balance as of March 31, 2026	1,000,000	709,077	32,652,585	-2,003,301	32,358,361

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total other accumulated comprehensive income		
Balance as of April 1, 2025	40,428	206,733	70,448	317,611	1,347,118	33,241,048
Changes during the consolidated fiscal year						
Dividends of surplus						-1,247,074
Net income attributable to owners of parent						2,755,069
Purchase of treasury stock						-725,952
Net changes in items other than shareholders' equity during the consolidated fiscal year	9,459	91,258	17,410	118,129	164,819	282,948
Total changes during the consolidated fiscal year	9,459	91,258	17,410	118,129	164,819	1,064,991
Balance at March 31, 2026	49,888	297,992	87,859	435,740	1,511,937	34,306,039

(Amounts are rounded down to the nearest thousand yen.)

Notes to Consolidated Financial Statements

(Notes, etc. on Important Matters Forming the Basis for Preparation of Consolidated Financial Statements)

1. Scope of consolidation

I Number of consolidated subsidiaries: 14

All subsidiaries are included in the scope of consolidation.

II Principal Consolidated Subsidiaries

WDB Co., Ltd. / WDB KOUGAKU Co., Ltd. / WDB coco Co., Ltd. / Oy Medfiles Ltd. / Cobridge Co., Ltd. / NEZOT Co., Ltd. / DOCO1 Co., Ltd.

Furthermore, WDB Medical Data India Pvt. Ltd., which was a consolidated subsidiary in the previous consolidated fiscal year, has been excluded from the scope of consolidation due to its liquidation.

2. Application of the equity method

Not applicable.

3. Matters concerning accounting policies

I Valuation standards and methods for important assets

i) Marketable securities

Other securities

Those other than shares, etc. with no market price

Stated at fair value.

(Unrealized gains and losses are included directly in net assets and the cost of securities sold is determined by the moving-average method.)

Stocks, etc. without market price

As determined by the moving average method

ii) Valuation standards and methods for inventories

Products, work in process and raw materials

Stated principally at cost determined by the average method.

(The carrying value of the consolidated balance sheet is calculated by writing down the book value based on the decline in profitability.)

II Description methods for major depreciable assets

i) Property, plant and equipment (excluding leased assets)

The declining-balance method is used.

However, buildings (excluding attached facilities) acquired on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016 are depreciated using the straight-line method.

The estimated useful lives of major items are as follows:

Buildings and structures	3-50 years
Machinery, equipment and vehicles	2-10 years
Tools, furniture and fixtures	2-20 years

ii) Intangible assets (excluding leased assets)

Depreciation is computed by the straight-line method.

Software for internal use is depreciated using the straight-line method over its estimated useful life (5 years).

iii) Lease assets

Leased assets under finance leases that do not transfer ownership

Depreciation is computed by the straight-line method, assuming lease terms to be the useful lives of the leased assets, with zero residual value.

III The standards for recognition of significant provisions

i) Allowance for doubtful accounts

In order to prepare for losses on doubtful receivables, the estimated amount of uncollectible receivables is recorded based on the historical bad debt ratio for general receivables and the estimated amount of uncollectible receivables for specific receivables such as doubtful receivables, taking into account the possibility of individual collection.

ii) Accrued bonuses

To prepare for the payment of bonuses to employees, the amount is recorded based on the estimated amount of bonuses to be paid.

iii) Provision for directors' retirement benefits

The amount of the reserve required at the end of the fiscal year for directors and statutory auditors' retirement benefits is based on company regulations.

IV The standards for recognition of significant revenues and expenses

In addition to staffing services such as temporary staffing and recruitment consulting, our group provides CRO services that provide agency services and support for drug and other development operations. Services are provided principally under temporary staffing contracts and outsourcing contracts. Revenue is recognized over a period of time or at a point in time based on the amount specified in the contract, depending on the content of the contract with the customer.

Specific conditions in each business segment are as follows.

- Human Resources Service Business

With regard to temporary staffing services, the Company determines that it is its obligation to fulfill its obligation to provide temporary staffing services to customers over the contract period. Temporary staffing services are provided on a daily and recurring basis during the contract period. As customers fulfill contracts with customers, they receive benefits. Accordingly, the Company determines that performance obligations will be met within a certain period of time and recognizes revenues based on the contract staffing unit price and the dispatch service time provided.

Regarding recruitment consulting services, the Company has determined that it is obligatory to recruit the personnel required by the customer and join the customer company by the recruited personnel. Recruitment consulting services are transferred to client companies when the recruitment consulting services are hired, and it is determined that the performance obligations will be satisfied. Accordingly, revenue is recognized at the contractual amount at this time.

- CRO Business

With respect to the services of CRO Business, the Company determines that it is obligatory to provide services that integrate the outsourced operations included in contracts into relevant units. Revenue is recognized based on the contractual amount at the time of delivery and acceptance inspection of the specified deliverables. With respect to the obligation to perform continuous service, the customer receives benefits according to the progress of the service. Therefore, the Company recognizes revenue based on the fixed unit price based on the contract or the actual number of service hours multiplied by the fixed unit price for the contract in which the performance of the service provided by the principal is calculated by multiplying the performance of the service provided by the contract by the fixed unit price, and the amount calculated by dividing the contractual amount by the contractual period for the contract in which the performance of the service is performed over the contractual period.

V Other significant accounting policies for consolidated financial statements

Accounting method for retirement benefits

- a. Method of attributing expected retirement benefits to periods

In calculating retirement benefit obligations, the benefit formula basis is used to attribute estimated retirement benefits to the period up to the end of the current fiscal year.

- b. Amortization of actuarial gains and losses and prior service costs

Prior service cost is amortized on a pro rata basis over a certain number of years (5 years) within the average remaining service period of employees at the time of occurrence.

Actuarial gains and losses are amortized on a pro rata basis over a certain period (5 years) within the average remaining service period of employees at the time of occurrence from the fiscal year in which they are incurred.

(Notes on Consolidated Balance Sheets)

Accumulated depreciation of property, plant and equipment 2,133,920 thousand yen

(Notes to Consolidated Statements of Changes in Net Assets)

- 1. Issued shares at the end of the current consolidated fiscal year

Common stock 20,060,000 shares

- 2. Matters concerning dividends

- 1. Dividends paid

Resolution	Type of stock	Total dividends (thousands of yen)	Dividends per share (yen)	Record date	Effective date
June 26, 2025 Annual General Meeting of Shareholders	Common stock	756,100	38.50	March 31, 2025	June 27, 2025
November 7, 2025 Board of Directors	Common stock	490,974	25.00	September 30, 2025	December 4, 2025

- 2. Dividends for which the record date falls in the current fiscal year and the effective date falls in the following fiscal year

The following proposal was made as a proposal for the 41st Annual General Meeting of Shareholders to be held on June 25, 2026.

I Total dividends 719,361 thousand yen

II Dividends per share 37.50 yen

III Record date March 31, 2026

IV Effective date June 26, 2026

The Company plans to use retained earnings as the source of dividends.

(Notes on Financial Instruments)

1. Matters relating to financial instruments

I Policy for Financial Instruments

Our group manages temporary surplus funds with safe financial assets and does not use derivative transactions.

II Nature and Extent of Risks Arising from Financial Instruments

Accounts receivable, which are trade receivables, are exposed to the credit risk of customers. Investment securities, which are mainly held for long-term purposes, are exposed to market price fluctuation risk. In addition, leasehold and security deposits are exposed to the credit risk of the lessee.

Accounts payable, which are trade payables, are exposed to liquidity risk.

III Risk management for financial instruments

i) Monitoring of credit risk (the risk that customers or counterparties may default)

In accordance with the Credit Management Manual, our Group manages trade receivables at the time of new transactions and at the same time confirms payment terms and other matters on an individual transaction basis.

ii) Management of market risk (interest rate risk, etc.)

We regularly assess the fair value of investment securities and the financial condition of the issuer.

iii) Managing liquidity risk relating to fundraising

Our Group's Corporate Planning Department checks the status of us and our subsidiaries and conducts cash flow on a daily basis, and based on these, prepares and revises our cash flow plans.

IV Supplementary explanation of the fair value of financial instruments

Since variable factors are incorporated in the calculation of the fair value of financial instruments, the fair value may change if different assumptions are adopted.

V Concentration of Credit Risk

There were no applicable items as of the consolidated closing date for the fiscal year under review.

2. Fair Value of Financial Instruments

The carrying amount, fair value and the difference between these amounts as of March 31, 2026 (the consolidated closing date for the fiscal year under review) are as follows:

	Consolidated Balance Sheets Amount recorded (thousands of yen)	Market Value (thousands of yen)	Difference (thousands of yen)
I Investment securities	292,819	292,819	-
II Lease deposits	866,736	845,627	-21,109
Total assets	1,159,555	1,138,446	-21,109

(NOTE) 1. Cash and deposits, accounts receivable and contract assets, accounts payable, accrued income taxes and accrued consumption taxes have been omitted because their fair values approximate their carrying amounts due to their short maturities.

2. Equities without quoted market prices are not included in "(1) Investment securities." The carrying amounts of these financial instruments are as follows:

Classification	Consolidated Balance Sheets Amount Recorded (thousands of yen)
Unlisted equity securities	1,737

3. Items regarding the breakdown of the fair value of financial instruments by appropriate category

The fair values of financial instruments are classified into the following three levels depending on the observability and significance of the inputs for determining fair value:

Level 1 fair value: Fair value determined by quoted prices for assets or liabilities that are subject to valuation in active markets out of inputs related to the calculation of observable fair values

Level 2 fair value: Fair value calculated using inputs other than Level 1 inputs related to the calculation of fair value that are observable

Level 3 fair values: Fair values determined using inputs related to the calculation of unobservable fair values

If multiple inputs are used that have a significant impact on the calculation of fair value, then the fair value is categorized as the lowest priority level in determining fair value among the levels to which each of those inputs belongs.

I Financial instruments recorded on the consolidated balance sheets at fair value

Classification	Market value (thousands of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Equity securities	292,819	-	-	292,819
Total assets	292,819	-	-	292,819

II Financial instruments other than financial instruments recorded on the consolidated balance sheets at fair value

Classification	Market value (thousands of yen)			
	Level 1	Level 2	Level 3	Total
Lease deposits	-	845,627	-	845,627
Total assets	-	845,627	-	845,627

(NOTE) Explanation of valuation techniques used to calculate market prices and inputs related to the calculation of market prices

Investment securities

All investment securities are listed stocks and are valued using quoted prices. As listed shares are traded in active markets, their fair values are classified as Level 1 fair values.

Lease deposits

Lease and guarantee deposits are principally those pledged to the lessee of the business office. These fair values are based on estimated future lease terms discounted at the corresponding government bond yields for the periods and are classified as Level 2 fair values.

(Notes on Revenue Recognition)

1. Information that breaks down the revenues generated by contracts with customers

(Thousands of yen)

			Revenue generated from contracts with customers	Total
Reportable Segments	Human Resources Service Business	Temporary staffing	42,938,553	43,547,867
		Placement/Recruiting	609,313	
	CRO Business	Domestic companies	5,080,028	6,757,118
		Overseas companies	1,677,090	
Reportable segments total				50,304,985
Total				50,304,985

2. Information on which to base an understanding of revenue arising from contracts with customers

I Human Resources Service Business

Consideration for transactions involving temporary staffing services has been received generally within three months after closing monthly and does not include any significant financial factors.

Considerations for transactions relating to recruitment consultancy services have been received in accordance with the terms and conditions of the contract and prior to fulfillment of the performance obligations and do not include material financial elements.

II CRO Business

Consideration for transactions related to CRO servicing is received generally within four months after closing monthly and does not include any significant financial factors.

3. Information concerning the relationship between the satisfaction of performance obligations under contracts with customers and cash flows arising from such contracts, and the amount and timing of revenue expected to be recognized from contracts with customers existing at the end of the current consolidated fiscal year in and after the following consolidated fiscal year

I Balance of Contract Assets and Contract Liabilities

(Thousands of yen)

	Current consolidated fiscal year	
	Beginning balance	Ending balance
Claims arising from contracts with customers	6,144,102	6,048,678
Contract assets	301,974	301,215
Contractual liabilities	207,147	206,939

Contractual assets do not have legal claims out of consideration for fulfillment of obligations as of the end of the current consolidated fiscal year. Contract assets are transferred to receivables when legal claims are acquired. This is usually the time the service is completed and the invoice is issued to the customer.

Contractual liabilities relate to advances received for the provision of services and are reversed based on revenue recognition.

Of the revenue recognized in the current consolidated fiscal year, the amount included in contract liabilities as of the beginning of the fiscal year was 184,394 thousand yen.

II Transaction price allocated to the remaining obligation

Transaction prices allocated to the remaining performance obligations are omitted because the Company expects to recognize revenue generally within one year.

(Notes on Per Share Information)

- | | |
|-------------------------|--------------|
| 1. Net assets per share | 1,709.54 yen |
| 2. Net income per share | 141.65 yen |

Non-consolidated Statement of Changes in Net Assets

(From April 1, 2025
to March 31, 2026)

(Thousands of yen)

	Shareholders' equity			
	Common stock	Capital surplus		
		Additional paid-in capital	Other capital surplus	Total capital surplus
Balance as of April 1, 2025	1,000,000	52,525	165,498	218,024
Changes during the fiscal year				
Dividends of surplus				
Net income				
Purchase of treasury stock				
Net changes in items other than shareholders' equity				
Total changes during the fiscal year	-	-	-	-
Balance at March 31, 2026	1,000,000	52,525	165,498	218,024

	Shareholders' equity					
	Retained earnings				Treasury stock	Total shareholders' equity
	Legal reserve	Other retained earnings		Total retained earnings		
		General reserve	Retained earnings brought forward			
Balance as of April 1, 2025	197,474	2,350,000	14,316,214	16,863,688	-1,277,349	16,804,363
Changes during the fiscal year						
Dividends of surplus			-1,247,074	-1,247,074		-1,247,074
Net income			1,480,051	1,480,051		1,480,051
Purchase of treasury stock					-725,952	-725,952
Net changes in items other than shareholders' equity						
Total changes during the fiscal year	-	-	232,976	232,976	-725,952	-492,975
Balance at March 31, 2026	197,474	2,350,000	14,549,191	17,096,665	-2,003,301	16,311,388

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance as of April 1, 2025	40,428	40,428	16,844,792
Changes during the fiscal year			
Dividends of surplus			-1,247,074
Net income			1,480,051
Purchase of treasury stock			-725,952
Net changes in items other than shareholders' equity	10,373	10,373	10,373
Total changes during the fiscal year	10,373	10,373	-482,602
Balance at March 31, 2026	50,801	50,801	16,362,190

(Amounts are rounded down to the nearest thousand yen.)

Notes to Non-consolidated Financial Statements

(Explanatory Notes Concerning Matters Pertaining to Significant Accounting Policies)

1. Valuation basis and method for assets

Marketable securities

Investments in subsidiaries

As determined by the moving average method

Other securities

Those other than shares, etc. with no market price

Stated at fair value.

(Unrealized gains and losses are included in net assets and the cost of securities sold is determined by the moving-average method.)

Stocks, etc. without market price

As determined by the moving average method

2. Depreciation method of fixed assets

Tangible fixed assets

The declining-balance method is used.

However, buildings (excluding attached facilities) acquired on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016 are depreciated using the straight-line method.

Useful life for primary assets is as follows:

Building	3-50 years
Vehicles and cars	5-6 years
Tools, furniture and fixtures	2-20 years

3. Basis of accruing allowances

Provision for loss on business of subsidiaries and associates

The estimated amount of loss to be borne at the end of the current fiscal year is recorded to provide for losses on the business of subsidiaries and associates, taking into account the financial position of subsidiaries and associates.

Allowance for investment loss

The necessary amount is recorded to provide for losses on investments in subsidiaries and associates, taking into account the financial position and operating results of the investees.

Provision for retirement benefits for directors (and other officers)

The amount required to be paid at the end of the period is recorded based on internal regulations to provide for retirement benefits for directors.

4. Revenue recognition

Details of the principal performance obligations of the Company's principal business and the normal time at which revenue is recognized are discussed in the "Notes to Revenue Recognition."

(Notes on Accounting Estimates)

Items for which the amount is recorded in the financial statements for the current fiscal year based on accounting estimates that may have a material impact on the financial statements for the following fiscal year are as follows.

Shares of subsidiaries and associates 2,333,505 thousand yen

Allowance for investment loss 128,654 thousand yen

Shares of subsidiaries and associates without market value are recorded at acquisition cost on the balance sheet; however, when the real value significantly declines due to deterioration in the financial position of the issuing company, the value is reduced accordingly, except when recoverability is recognized based on business plans, and the valuation difference is treated as a loss for the current fiscal year.

Furthermore, when the real value of shares of subsidiaries and associates has significantly declined but no reduction is made because recoverability is expected, yet it is determined that a provision should be recorded considering uncertainty in future plans, or when the real value has declined by 30% or more at the end of the period although it has not significantly declined, the policy is to record an allowance for investment loss.

The valuation of shares of subsidiaries and associates may be affected by changes in uncertain future economic conditions, and if the business environment of subsidiaries and associates deteriorates due to unforeseen circumstances, it may have a significant impact on the amount of shares of subsidiaries and associates or allowance for investment loss in the financial statements for the following fiscal year.

(Notes on Balance Sheet)

1. Accumulated depreciation of tangible fixed assets 1,443,541 thousand yen

2. Monetary claims and liabilities to affiliated companies

Short-term monetary claims 252,351 thousand yen

Short-term monetary liabilities 2,452,371 thousand yen

Long-term monetary claims 94,099 thousand yen

(Notes on the Income Statement)

Transactions with Affiliates	
Transactions from operating activities	
Operating revenue	3,359,392 thousand yen
Operating expenses	585,119 thousand yen
Transactions other than operating activities	14,952 thousand yen

(Notes on Statement of Changes in Net Assets)

Type and number of shares of treasury stock at the end of the current fiscal year	
Common stock	877,034 shares

(Notes on Tax Effect Accounting)

1. Breakdown of principal origins of deferred tax assets and liabilities

Deferred tax assets

Provision for retirement benefits for directors (and other officers)	183,300 thousand yen
Golf club membership	10,338 thousand yen
Allowance for investment loss	40,487 thousand yen
Provision for loss on business of subsidiaries and associates	25,017 thousand yen
Asset retirement obligations	66,871 thousand yen
Depreciation	360,609 thousand yen
Shares of subsidiaries (shares of succeeding company due to company split)	13,094 thousand yen
Loss on valuation of shares of subsidiaries	206,943 thousand yen
Tax loss carryforwards	152,280 thousand yen
Other	55,691 thousand yen
Gross deferred tax assets	1,114,634 thousand yen
Valuation allowance	-1,114,634 thousand yen
Total of deferred tax assets	-

Deferred tax liabilities

Asset retirement obligations	60,306 thousand yen
Valuation difference on available-for-sale securities	23,328 thousand yen
Total of deferred tax liabilities	83,635 thousand yen

2. Reconciliation of the statutory tax rate to the effective income tax rate

Statutory tax rate	31.47%
(Adjustments)	
Entertainment expenses and other items permanently not deductible	0.38%
Per capita inhabitant tax	0.29%
Dividends received and other items permanently not included in taxable income	-41.26%
Taxation on retained earnings	0.16%
Tax loss carryforwards	-1.54%
Changes in valuation allowance	11.23%
Other	0.90%
Effective tax rate after application of tax effect accounting	1.63%

(Notes on Transactions with Related Parties)

Subsidiaries, etc.

Name of Company, etc.	Ownership percentage of voting rights, etc. (Subject) %	Concurrent Positions of Directors, etc.	Business relationship	Details of the transaction	Transaction value (thousands of yen)	Subjects	Balance at end of year (thousands of yen)
WDB Co., Ltd.	Ownership Direct 100	Concurrent: 3	Management support	Operating revenue (Note 1)	1,211,705	Long-term accounts receivable - other	88,974
				Operating expenses (Note 2)	144,315		
				Interest paid	13,083	Accrued expenses	6,333
				Borrowing of funds (Note 3)	2,800,000	Short-term borrowings	2,400,000
NEZOT Co., Ltd.	Ownership Direct 100	Concurrent: 3	Management support	Operating revenue (Note 1)	104,953	-	-
				Operating expenses (Note 4)	410,025	Accounts payable - other	40,408
				Interest received	1,334	Accounts receivable - other	339
				Lending of funds (Note 3)	94,769	Loans receivable	129,636

(NOTE) Transaction terms and policy for deciding transaction terms

1. Operating revenues are determined based on certain reasonable standards in order to provide management guidance, etc.
2. Loan transfer fees, which are operating expenses, are determined by mutual agreement between the parties concerned based on the amount equivalent to the personnel expenses of the loaned employee in consideration of the contents of the business.
3. Interest rates on loans and borrowings of funds are reasonably determined in consideration of market interest rates.
4. Outsourcing expenses, which are operating expenses, are determined by mutual agreement between the parties concerned in light of the nature of the business.

(Notes on Revenue Recognition)

Our primary sources of revenues for the pure holding company are fees for managerial services from subsidiaries, royalties on WDB Co., Ltd. brands and dividends received.

As for remuneration for business management services, the Company determines that it is its obligation to fulfill its obligation to provide outsourced operations to subsidiaries in accordance with the terms and conditions of the contract. Business management services are provided on a daily and recurring basis during the contract period. Subsidiaries receive benefits as they perform the contract. Therefore, the Company determines that performance obligations will be met within a certain period of time and recognizes revenue by dividing the contracted amount on a pro rata basis over the contract period.

With respect to royalties on WDB Co., Ltd. brands, the Company has determined that it is obligated to provide creditworthiness of listed companies to its subsidiaries. The use of WDB Co., Ltd. brands is carried out on a daily and recurring basis during the contract term. Subsidiaries benefit as they perform the contract. Therefore, the Company determines that the obligation to perform is satisfied within a certain period of time, and recognizes revenue by dividing the contract amount proportionally over the contract term.

Considerations for these transactions have been received within one month after the close of the month and do not include material financial elements.

Dividend income is recognized as of the effective date of the dividend.

(Notes on Per Share Information)

- | | |
|-------------------------|------------|
| 1. Net assets per share | 852.95 yen |
| 2. Net income per share | 76.09 yen |