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August 9, 2023

Consolidated Financial Results for the Nine Months Ended June 30, 2023 (Under Japanese GAAP)

Company name: Needs Well Inc.
 Listing: Tokyo Stock Exchange
 Securities code: 3992
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 Scheduled date of filing quarterly securities report: August 9, 2023
 Scheduled date of commencing dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes (for institutional investors)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial results for the nine months ended June 30, 2023 (from October 1, 2022 to June 30, 2023)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
June 30, 2023	6,359	–	804	–	831	–	557	–
June 30, 2022	–	–	–	–	–	–	–	–

Note: Comprehensive income For the nine months ended June 30, 2023: ¥592 million (–%)
 For the nine months ended June 30, 2022: ¥– million (–%)

	Profit per share	Diluted earnings per share
Nine months ended	Yen	Yen
June 30, 2023	28.23	28.22
June 30, 2022	–	–

Notes 1. The Company has prepared quarterly consolidated financial statements since the three months ended December 31, 2022. Therefore, figures for the nine months ended June 30, 2022 and year-on-year changes are omitted. Additionally, when compared to figures for the previous corresponding cumulative quarterly period, year-on-year percentage changes for the nine months ended June 30, 2023 are as follows.

Percentage change for net sales: +27.9%; percentage change for operating profit: +52.1%; percentage change for ordinary profit: +48.4%; percentage change for profit attributable to owners of parent: +43.4% (compared to profit for the previous corresponding quarter)

2. The Company conducted a stock split on June 1, 2023 at a ratio of 2 shares per share of ordinary shares. The profit per share and diluted earnings per share have been calculated based on the assumption that this stock split was conducted at the beginning of this consolidated fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
June 30, 2023	5,330	3,869	72.5
September 30, 2022	–	–	–

Reference: Equity

As of June 30, 2023: ¥3,863 million

As of September 30, 2022: ¥ – million

Note: The Company has prepared quarterly consolidated financial statements since the three months ended December 31, 2022. Therefore, figures for the fiscal year ended September 30, 2022 are omitted.

2. Dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended/ending	Yen	Yen	Yen	Yen	Yen
September 30, 2022	–	0.00	–	20.00	20.00
September 30, 2023	–	0.00	–	–	–
Fiscal year ending September 30, 2023 (Forecast)	–	–	–	11.50	11.50

Notes 1. Revisions to the forecast of cash dividends most recently announced: None

2. The Company conducted a stock split on June 1, 2023 at a ratio of 2 shares per share of ordinary shares. For the fiscal year ended September 30, 2022, the actual amount of dividends before the stock split is stated. If the stock split is not taken into account, the fiscal year-end dividend per share and total annual dividends per share for the fiscal year ending September 30, 2023 (forecast) will be 23.00 yen.

3. Consolidated financial results forecast for the fiscal year ending September 30, 2023 (October 1, 2022 to September 30, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	9,059	–	1,004	–	1,019	–	679	–	34.47

Notes 1. Revisions to the forecast of financial results most recently announced: None

2. The Company has prepared quarterly consolidated financial statements since the three months ended December 31, 2022. Therefore, year-on-year changes are omitted. Additionally, when compared to figures for the previous fiscal year, year-on-year percentage changes for the fiscal year ending September 30, 2023 are as follows.

<Full year> Percentage change for net sales: +34.6%; percentage change for operating profit: +45.5%; percentage change for ordinary profit: +40.7%; percentage change for profit attributable to owners of parent: +36.2% (compared to profit for the previous fiscal year)

3. Profit per share for the fiscal year ending September 30, 2023 (forecast) is calculated taking into account the stock split as noted in “2. Dividends.” Profit per share without taking into account such stock split will be 68.94 yen(+38.3% compared to figures for the previous fiscal year).

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

Newly included: – companies (Company name) –

Excluded: – companies (Company name) –

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

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

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (ordinary shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2023	20,342,400 shares
As of September 30, 2022	20,336,800 shares

(ii) Number of treasury shares at the end of the period

As of June 30, 2023	651,558 shares
As of September 30, 2022	612,352 shares

(iii) Average number of shares during the period (cumulative)

Nine months ended June 30, 2023	19,731,888 shares
Nice months ended June 30, 2022	20,122,398 shares

Note: The Company conducted a stock split on June 1, 2023 at a ratio of 2 shares per share of ordinary shares. The “total number of issued shares at the end of the period,” “total number of issued shares at the end of the period,” and “average number of shares during the period” have been calculated based on the assumption that this stock split was conducted at the beginning of the fiscal year ended September 30, 2022.

* Quarterly Financial results reports are exempt from quarterly review by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

(Notes on forward-looking statements)

Financial results forecasts and other forward-looking statements provided in these materials are based on information available to the Company and certain other assumptions deemed reasonable as of the date of publication of this document, and do not represent any guarantee that the Company will achieve these results. Actual financial results and other aspects of business performance may differ significantly from these forecasts owing to various factors.

2. Quarterly consolidated financial statements and major notes

(1) Quarterly consolidated balance sheet

(Unit: thousands of yen)

As of June 30, 2023

Assets	
Current assets	
Cash and deposits	2,136,947
Notes and accounts receivable - trade, and contract assets	1,541,093
Merchandise	2,994
Raw materials	1,742
Prepaid expenses	43,387
Other	466,256
Allowance for doubtful accounts	-8,906
Total current assets	4,183,514
Non-current assets	
Property, plant and equipment	
Buildings and structures	39,414
Accumulated depreciation	-8,832
Buildings and structures, net	30,581
Furniture and fixtures	31,437
Accumulated depreciation	-22,271
Furniture and fixtures, net	9,166
Land	10,347
Total property, plant and equipment	50,095
Intangible assets	
Software	55,532
Software in progress	19,687
Goodwill	364,427
Other	443
Total intangible assets	440,091
Investments and other assets	
Investment securities	286,987
Shares of subsidiaries and associates	50,684
Deferred tax assets	129,852
Leasehold and guarantee deposits	108,404
Insurance funds	76,546
Other	3,912
Total investments and other assets	656,388
Total non-current assets	1,146,575
Total assets	5,330,089

(Unit: thousands of yen)

As of June 30, 2023

Liabilities	
Current liabilities	
Accounts payable - trade	302,440
Short-term borrowings	13,000
Current portion of long-term borrowings	5,598
Accounts payable - other	203,305
Accrued expenses	344,829
Income taxes payable	150,348
Accrued consumption taxes	129,689
Contract liabilities	5,663
Deposits received	50,460
Provision for bonuses	190,716
Provision for bonuses for directors (and other officers)	9,377
Total current liabilities	1,405,428
Non-current liabilities	
Long-term borrowings	39,979
Retirement benefit liability	14,523
Deferred tax liabilities	467
Total non-current liabilities	54,969
Total liabilities	1,460,397
Net assets	
Shareholders' equity	
Share capital	908,291
Capital surplus	765,660
Retained earnings	2,373,098
Treasury shares	-243,256
Total shareholders' equity	3,803,795
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	59,861
Total accumulated other comprehensive income	59,861
Non-controlling interests	6,036
Total net assets	3,869,692
Total liabilities and net assets	5,330,089

(2) Quarterly consolidated statement of income and Quarterly consolidated statement of comprehensive income
(Quarterly consolidated statement of income)
(Nine Months Ended June 30)

	(Unit: thousands of yen)
	Nine Months Ended June 30, 2023 (from October 1, 2022 to June 30, 2023)
Net sales	6,359,920
Cost of sales	4,832,258
Gross profit	1,527,662
Selling, general and administrative expenses	723,478
Operating profit	804,184
Non-operating income	
Interest income	18
Dividend income	5,281
Reversal of allowance for doubtful accounts	308
Subsidy income	25,224
Surrender value of insurance policies	609
Miscellaneous income	2,191
Total non-operating income	33,634
Non-operating expenses	
Interest expenses	631
Share of loss of entities accounted for using equity method	4,096
Miscellaneous losses	1,472
Total non-operating expenses	6,200
Ordinary profit	831,618
Extraordinary income	
Gain on sale of investment securities	407
Total extraordinary income	407
Profit before income taxes	832,025
Income taxes	274,791
Profit	557,233
Profit attributable to non-controlling interests	124
Profit attributable to owners of parent	557,108

(Quarterly consolidated statement of comprehensive income)
(Nine Months Ended June 30)

	(Unit: thousands of yen)
	Nine Months Ended June 30, 2023 (from October 1, 2022 to June 30, 2023)
Profit	557,233
Other comprehensive income	
Valuation difference on available-for-sale securities	35,093
Total other comprehensive income	35,093
Comprehensive income	592,327
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	592,202
Comprehensive income attributable to non-controlling interests	124