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February 10, 2023

Consolidated Financial Results for the Three Months Ended December 31, 2022 (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: February 10, 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, analysts, and the media)

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

1. Consolidated Financial results for the three months ended December 31, 2022 (from October 1, 2022 to December 31, 2022)

(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	%
Three months ended								
December 31, 2022	2,020	–	248	–	249	–	167	–
December 31, 2021	–	–	–	–	–	–	–	–

Note: Comprehensive income For the three months ended December 31, 2022: ¥161 million (–%)
 For the three months ended December 31, 2021: ¥– million (–%)

	Profit per share	Diluted earnings per share
Three months ended	Yen	Yen
December 31, 2022	16.98	16.97
December 31, 2021	–	–

Note: The Company has prepared quarterly consolidated financial statements since the three months ended December 31, 2022. Therefore, figures for the three months ended December 31, 2021 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 three months ended December 31, 2022 are as follows.

Percentage change for net sales: 29.3%; percentage change for operating profit: 45.6%; percentage change for ordinary profit: 37.9%; percentage change for profit attributable to owners of parent: 33.4% (compared to profit for the previous corresponding quarter)

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
December 31, 2022	4,841	3,480	71.8
September 30, 2022	–	–	–

Reference: Equity

As of December 31, 2022: ¥3,475 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	–	23.00	23.00
September 30, 2023	–	–	–	–	–
Fiscal year ending September 30, 2023 (Forecast)	–	0.00	–	23.00	23.00

Note: Revisions to the forecast of cash dividends most recently announced: None

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
Second quarter (cumulative)	4,138	–	364	–	394	–	266	–	27.06
Full year	9,000	–	801	–	845	–	567	–	57.59

Note: Revisions to the forecast of financial results most recently announced: None

Note: 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: 33.7%; percentage change for operating profit: 16.1%; percentage change for ordinary profit: 16.6%; percentage change for profit attributable to owners of parent: 13.8% (compared to profit 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 December 31, 2022	10,168,400 shares
As of September 30, 2022	10,168,400 shares

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

As of December 31, 2022	306,176 shares
As of September 30, 2022	306,176 shares

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

Three months ended December 31, 2022	9,862,224 shares
Three months ended December 31, 2021	10,156,325 shares

* 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 December 31, 2022

Assets	
Current assets	
Cash and deposits	2,295,763
Notes and accounts receivable - trade, and contract assets	1,389,450
Raw materials	1,742
Prepaid expenses	41,608
Other	4,274
Allowance for doubtful accounts	-7,798
Total current assets	3,725,042
Non-current assets	
Property, plant and equipment	
Buildings and structures	36,440
Accumulated depreciation	-7,916
Buildings and structures, net	28,523
Furniture and fixtures	21,859
Accumulated depreciation	-16,474
Furniture and fixtures, net	5,384
Land	10,347
Total property, plant and equipment	44,255
Intangible assets	
Software	76,012
Software in progress	8,902
Goodwill	390,330
Other	449
Total intangible assets	475,694
Investments and other assets	
Investment securities	228,231
Shares of subsidiaries and associates	54,403
Deferred tax assets	147,843
Leasehold and guarantee deposits	85,436
Insurance funds	76,546
Other	3,852
Total investments and other assets	596,314
Total non-current assets	1,116,264
Total assets	4,841,306

(Unit: thousands of yen)

As of December 31, 2022

Liabilities	
Current liabilities	
Accounts payable - trade	491,823
Short-term borrowings	17,002
Current portion of long-term borrowings	3,456
Accounts payable - other	216,306
Accrued expenses	5,067
Income taxes payable	99,269
Accrued consumption taxes	131,264
Contract liabilities	6,096
Deposits received	142,280
Provision for bonuses	185,486
Provision for bonuses for directors (and other officers)	4,870
Total current liabilities	1,302,924
Non-current liabilities	
Long-term borrowings	43,304
Retirement benefit liability	13,847
Deferred tax liabilities	467
Total non-current liabilities	57,618
Total liabilities	1,360,542
Net assets	
Shareholders' equity	
Share capital	908,171
Capital surplus	764,571
Retained earnings	1,983,471
Treasury shares	-200,175
Total shareholders' equity	3,456,039
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	19,096
Total accumulated other comprehensive income	19,096
Non-controlling interests	5,629
Total net assets	3,480,764
Total liabilities and net assets	4,841,306

(2) Quarterly consolidated statement of income and Quarterly consolidated statement of comprehensive income
(Quarterly consolidated statement of income)
(Three Months Ended December 31)

	(Unit: thousands of yen)
	Three Months Ended December 31, 2022 (from October 1, 2022 to December 31, 2022)
Net sales	2,020,097
Cost of sales	1,565,443
Gross profit	454,654
Selling, general and administrative expenses	205,715
Operating profit	248,938
Non-operating income	
Interest income	4
Dividend income	0
Reversal of allowance for doubtful accounts	308
Subsidy income	284
Surrender value of insurance policies	435
Miscellaneous income	537
Total non-operating income	1,571
Non-operating expenses	
Interest expenses	232
Share of loss of entities accounted for using equity method	377
Miscellaneous losses	218
Total non-operating expenses	828
Ordinary profit	249,681
Extraordinary income	
Gain on sale of investment securities	407
Total extraordinary income	407
Profit before income taxes	250,088
Income taxes	82,888
Profit	167,199
Loss attributable to non-controlling interests	-282
Profit attributable to owners of parent	167,482

(Quarterly consolidated statement of comprehensive income)
(Three Months Ended December 31)

	(Unit: thousands of yen)
	Three Months Ended December 31, 2022 (from October 1, 2022 to December 31, 2022)
Profit	167,199
Other comprehensive income	
Valuation difference on available-for-sale securities	-5,671
Total other comprehensive income	-5,671
Comprehensive income	161,528
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	161,810
Comprehensive income attributable to non-controlling interests	-282