

Consolidated Financial Results for the Six Months Ended March 31, 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: May 11, 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 six months ended March 31, 2023 (from October 1, 2022 to March 31, 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	%
Six months ended								
March 31, 2023	4,180	–	593	–	606	–	405	–
March 31, 2022	–	–	–	–	–	–	–	–

Note: Comprehensive income For the six months ended March 31, 2023: ¥413 million (–%)
 For the six months ended March 31, 2022: ¥– million (–%)

	Profit per share	Diluted earnings per share
Six months ended	Yen	Yen
March 31, 2023	41.13	41.10
March 31, 2022	–	–

Note: The Company has prepared quarterly consolidated financial statements since the three months ended December 31, 2022. Therefore, figures for the six months ended March 31, 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 six months ended March 31, 2023 are as follows.

Percentage change for net sales: 28.5%; percentage change for operating profit: 63.7%; percentage change for ordinary profit: 62.0%; percentage change for profit attributable to owners of parent: 56.4% (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	%
March 31, 2023	5,051	3,739	73.9
September 30, 2022	–	–	–

Reference: Equity

As of March 31, 2023: ¥3,732 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: Yes

2. The Company's Board of Directors resolved on May 11, 2023 to conduct a stock split on June 1, 2023 at a ratio of 2 shares per share of ordinary shares. The fiscal year-end dividend per share and total annual dividends per share for the fiscal year ending September 30, 2023 (forecast) are stated after taking into account such stock split. 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	–	34.44

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 68.89 yen.

*** 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 March 31, 2023	10,168,800 shares
As of September 30, 2022	10,168,400 shares

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

As of March 31, 2023	297,129 shares
As of September 30, 2022	306,176 shares

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

Six months ended March 31, 2023	9,864,510 shares
Six months ended March 31, 2022	10,140,247 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.

(How to obtain or view materials for the financial results briefing)

The Company will hold a financial results briefing for institutional investors on Tuesday, May 30, 2023. The materials for this briefing will be disclosed today on TDnet and will also be posted on the Company's website.

2. Quarterly consolidated financial statements and major notes

(1) Quarterly consolidated balance sheet

(Unit: thousands of yen)

As of March 31, 2023

Assets	
Current assets	
Cash and deposits	2,274,815
Notes and accounts receivable - trade, and contract assets	1,609,916
Merchandise	10,345
Raw materials	1,742
Prepaid expenses	49,596
Other	5,056
Allowance for doubtful accounts	-8,833
Total current assets	3,942,638
Non-current assets	
Property, plant and equipment	
Buildings and structures	36,900
Accumulated depreciation	-8,534
Buildings and structures, net	28,365
Furniture and fixtures	23,768
Accumulated depreciation	-18,302
Furniture and fixtures, net	5,465
Land	10,347
Total property, plant and equipment	44,178
Intangible assets	
Software	65,758
Software in progress	13,098
Goodwill	377,379
Other	446
Total intangible assets	456,682
Investments and other assets	
Investment securities	245,384
Shares of subsidiaries and associates	54,404
Deferred tax assets	142,591
Leasehold and guarantee deposits	84,903
Insurance funds	76,546
Other	3,799
Total investments and other assets	607,630
Total non-current assets	1,108,491
Total assets	5,051,130

(Unit: thousands of yen)

As of March 31, 2023

Liabilities	
Current liabilities	
Accounts payable - trade	309,470
Short-term borrowings	15,001
Current portion of long-term borrowings	4,170
Accounts payable - other	162,952
Accrued expenses	4,862
Income taxes payable	225,685
Accrued consumption taxes	118,418
Contract liabilities	6,697
Deposits received	44,899
Provision for bonuses	356,490
Provision for bonuses for directors (and other officers)	6,255
Total current liabilities	1,254,903
Non-current liabilities	
Long-term borrowings	41,914
Retirement benefit liability	13,847
Deferred tax liabilities	467
Total non-current liabilities	56,228
Total liabilities	1,311,131
Net assets	
Shareholders' equity	
Share capital	908,188
Capital surplus	765,557
Retained earnings	2,221,673
Treasury shares	-194,277
Total shareholders' equity	3,701,142
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	30,997
Total accumulated other comprehensive income	30,997
Non-controlling interests	7,858
Total net assets	3,739,998
Total liabilities and net assets	5,051,130

(2) Quarterly consolidated statement of income and Quarterly consolidated statement of comprehensive income
(Quarterly consolidated statement of income)
(Six Months Ended March 31)

	(Unit: thousands of yen)
	Six Months Ended March 31, 2023 (from October 1, 2022 to March 31, 2023)
Net sales	4,180,907
Cost of sales	3,164,793
Gross profit	1,016,113
Selling, general and administrative expenses	423,100
Operating profit	593,013
Non-operating income	
Interest income	14
Dividend income	2,025
Reversal of allowance for doubtful accounts	308
Subsidy income	10,485
Surrender value of insurance policies	609
Miscellaneous income	991
Total non-operating income	14,434
Non-operating expenses	
Interest expenses	440
Share of loss of entities accounted for using equity method	375
Miscellaneous losses	308
Total non-operating expenses	1,125
Ordinary profit	606,323
Extraordinary income	
Gain on sale of investment securities	407
Total extraordinary income	407
Profit before income taxes	606,730
Income taxes	199,098
Profit	407,631
Profit attributable to non-controlling interests	1,947
Profit attributable to owners of parent	405,684

(Quarterly consolidated statement of comprehensive income)
(Six Months Ended March 31)

	(Unit: thousands of yen)
	Six Months Ended March 31, 2023 (from October 1, 2022 to March 31, 2023)
Profit	407,631
Other comprehensive income	
Valuation difference on available-for-sale securities	6,229
Total other comprehensive income	6,229
Comprehensive income	413,861
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	411,914
Comprehensive income attributable to non-controlling interests	1,947

(3) Quarterly consolidated statement of cash flows

(Unit: thousands of yen)

	Six Months Ended March 31, 2023 (from October 1, 2022 to March 31, 2023)
Cash flows from operating activities	
Profit before income taxes	606,730
Depreciation	23,918
Amortization of goodwill	25,903
Loss (gain) on sale of investment securities	-407
Amortization of guarantee deposits	1,115
Increase (decrease) in allowance for doubtful accounts	1,545
Increase (decrease) in provision for bonuses	3,056
Increase (decrease) in provision for bonuses for directors (and other officers)	-6,045
Increase (decrease) in retirement benefit liability	-2,229
Interest and dividend income	-2,040
Interest expenses	440
Share of loss (gain) of entities accounted for using equity method	375
Subsidy income	-10,485
Surrender value of insurance policies	-609
Decrease (increase) in trade receivables and contract assets	-309,538
Decrease (increase) in inventories	-8,839
Decrease (increase) in other current assets	-4,220
Increase (decrease) in trade payables	80,500
Increase (decrease) in accrued consumption taxes	17,169
Increase (decrease) in other current liabilities	-40,489
Subtotal	375,851
Interest and dividends received	2,655
Insurance claims received	14,214
Interest paid	-440
Subsidies received	10,485
Income taxes paid	-213,281
Net cash provided by (used in) operating activities	189,484
Cash flows from investing activities	
Purchase of property, plant and equipment	-1,151
Proceed from sale of investment securities	49,027
Purchase of intangible assets	-6,378
Payments of leasehold and guarantee deposits	-220
Proceed from sale of investments in capital	20
Payments into time deposits	-142,188
Proceeds from withdrawal of time deposits	147,227
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-380,043
Net cash provided by (used in) investing activities	-333,707
Cash flows from financing activities	
Repayment of short-term borrowings	-6,501
Repayment of long-term borrowings	-13,514
Proceeds from issuance of shares	34
Purchase of treasury shares	-80
Dividends paid	-197,173
Dividends paid to non-controlling interests	-639
Net cash provided by (used in) financing activities	-217,873
Net increase (decrease) in cash and cash equivalents	-362,095
Opening balance of cash and cash equivalents	2,491,494
Net increase in cash and cash equivalents associated with new consolidation	26,823
Ending balance of cash and cash equivalents	2,156,222