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November 11, 2024

Consolidated Financial Results for the Fiscal Year Ended September 30, 2024 (Under Japanese GAAP)

Company name: Needs Well Inc.
 Listing: Tokyo Stock Exchange
 Securities code: 3992
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 Scheduled date of annual general meeting of shareholders: December 23, 2024
 Scheduled date of commencing dividend payments: December 24, 2024
 Scheduled date of filing annual securities report: December 23, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

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

1. Consolidated Financial results for the fiscal year ended September 30, 2024 (from October 1, 2023 to September 30, 2024)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	9,549	9.0	1,185	7.7	1,208	6.4	809	△3.3
September 30, 2023	8,761	—	1,100	—	1,135	—	837	—

Note: Comprehensive income For the fiscal year ended September 30, 2024: ¥855 million (△2.9%)
 For the fiscal year ended September 30, 2023: ¥880 million (—%)

Fiscal year ended	Profit per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales ratio
	Yen	Yen	%	%	%
September 30, 2024	21.15	—	20.4	20.8	12.4
September 30, 2023	21.32	21.31	23.2	20.1	12.6

Reference: Equity in earnings (losses) of affiliates For the fiscal year ended September 30, 2024: ¥— million
 For the fiscal year ended September 30, 2023: ¥— million

Notes: The Company conducted a stock split on June 1, 2023 and June 1, 2024 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 previous consolidated fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2024	5,653	4,230	74.6	111.34
September 30, 2023	5,947	3,713	62.3	97.29

Reference: Equity

As of September 30, 2024: ¥4,219 million

As of September 30, 2023: ¥3,705 million

Note: The Company conducted a stock split on June 1, 2023 and June 1, 2024 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 previous consolidated fiscal year.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Ending balance of cash and cash equivalents
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
September 30, 2024	447	△294	△477	2,097
September 30, 2023	978	△352	△720	2,423

2. Dividends

	Annual dividends per share					Total dividends (total)	Payout ratio (consolidated)	Dividends to net assets ratio (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
September 30, 2023	–	0.00	–	13.50	13.50	257	31.7	7.2
September 30, 2024	–	0.00	–	9.00	9.00	341	42.6	8.6
Fiscal year ending September 30, 2025 (Forecast)	–	0.00	–	9.00	9.00		36.2	

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

2. The Company conducted a stock split on June 1, 2024 at a ratio of 2 shares per share of ordinary shares.

For the fiscal year ended September 30, 2023, the actual amount of dividends before the stock split is stated. If the stock split is taken into account, the fiscal year-end dividend per share and total annual dividends per share for the fiscal year ended September 30, 2023 is 6.75 yen.

3. Consolidated financial results forecast for the fiscal year ending September 30, 2025 (October 1, 2024 to September 30, 2025)

(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)	5,100	5.7	712	2.1	712	0.1	490	△3.6	12.94
Full year	10,600	11.0	1,400	18.1	1,400	15.9	943	16.4	24.89

Note The number of issued shares (excluding treasury shares) as of September 30, 2024 has been used as the average number of shares during the period, which is the basis for calculating “profit per share.”

* **Notes**

(1) Significant changes in the scope of consolidation during the period: None

Newly included: – companies (Company name) –

Excluded: – companies (Company name) –

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

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

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

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (ordinary shares)

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

As of September 30, 2024	40,699,200 shares
As of September 30, 2023	40,699,200 shares

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

As of September 30, 2024	2,798,514 shares
As of September 30, 2023	2,523,716 shares

(iii) Average number of shares during the period

Fiscal year ended September 30, 2024	38,293,142 shares
Fiscal year ended September 30, 2023	39,280,629 shares

Note: The Company conducted a stock split on June 1, 2023 and June 1, 2024 at a ratio of 2 shares per share of ordinary shares. The “total number of issued shares at the end of the period,” “number of treasury 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, 2023.

(Reference) Outline of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended September 30, 2024 (from October 1, 2023 to September 30, 2024)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	8,918	9.2	1,105	4.9	1,158	5.9	806	△0.6
September 30, 2023	8,165	21.3	1,053	52.5	1,094	51.0	810	62.5

Fiscal year ended	Profit per share	Diluted earnings per share
	Yen	Yen
September 30, 2024	21.05	–
September 30, 2023	20.64	20.64

Note: The Company conducted a stock split on June 1, 2023 and June 1, 2024 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 the previous non-consolidated fiscal year.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2024	5,379	4,242	78.9	111.94
September 30, 2023	5,648	3,732	66.1	97.76

Reference: Equity

As of September 30, 2024: ¥4,242 million

As of September 30, 2023: ¥3,732 million

Note: The Company conducted a stock split on June 1, 2023 and June 1, 2024 at a ratio of 2 shares per share of ordinary shares. The net assets per share have been calculated based on the assumption that this stock split was conducted at the beginning of the previous non-consolidated fiscal year.

* Financial results reports are exempt from 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.

Please refer to “1. Overview of operating results, etc. (4) Future outlook” on page 4 of the attached materials of the Japanese version of this document for conditions forming the basis for financial results forecasts, notes regarding the use of financial results forecasts, and other information.

(Method of obtaining material on financial results)

Material on financial results is disclosed on TDnet on the same date.

2. Consolidated financial statements and major notes

(1) Consolidated balance sheet

(Thousands of yen)

	As of September 30, 2023	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	2,519,899	2,095,660
Notes and accounts receivable - trade, and contract assets	1,827,706	1,889,463
Merchandise	3,404	2,827
Prepaid expenses	33,991	59,146
Other	5,461	8,121
Allowance for doubtful accounts	△11,255	△2,341
Total current assets	4,379,208	4,052,879
Non-current assets		
Property, plant and equipment		
Buildings and structures	41,604	55,536
Accumulated depreciation	△9,568	△12,930
Buildings and structures, net	32,036	42,605
Furniture and Fixtures	33,489	50,136
Accumulated depreciation	△23,556	△31,049
Furniture and Fixtures, net	9,932	19,086
Land	10,347	10,347
Total property, plant and equipment	52,316	72,039
Intangible assets		
Software	58,560	43,247
Software in progress	7,135	3,800
Goodwill	370,217	316,068
Customer-related intangible assets	389,593	352,775
Other	440	429
Total intangible assets	825,947	716,321
Investments and other assets		
Investment securities	357,571	418,893
Long-term prepaid expenses	52	70,709
Deferred tax assets	151,622	98,962
Leasehold and guarantee deposits	100,993	143,408
Insurance funds	76,546	76,546
Other	3,723	3,673
Total investments and other assets	690,510	812,193
Total non-current assets	1,568,774	1,600,555
Total assets	5,947,982	5,653,434

(Thousands of yen)

	As of September 30, 2023	As of September 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	648,157	351,629
Short-term borrowings	13,000	—
Current portion of long-term borrowings	6,481	7,740
Accounts payable - other	502,533	160,583
Accrued expenses	7,136	8,774
Income taxes payable	230,613	232,086
Accrued consumption taxes	157,783	130,956
Contract liabilities	6,596	6,598
Deposits received	76,894	46,086
Provision for bonuses	379,197	298,967
Provision for bonuses for directors (and other officers)	17,800	11,740
Other	531	546
Total current liabilities	2,046,727	1,255,709
Non-current liabilities		
Long-term borrowings	38,044	30,304
Retirement benefit liability	14,523	14,958
Deferred tax liabilities	134,760	122,025
Total non-current liabilities	187,327	167,287
Total liabilities	2,234,054	1,422,997
Net assets		
Shareholders' equity		
Share capital	908,446	908,446
Capital surplus	765,815	794,386
Retained earnings	2,659,896	3,212,165
Treasury shares	△694,264	△803,404
Total shareholders' equity	3,639,893	4,111,594
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	65,817	108,362
Total accumulated other comprehensive income	65,817	108,362
Non-controlling interests	8,216	10,480
Total net assets	3,713,927	4,230,436
Total liabilities and net assets	5,947,982	5,653,434

(2) Consolidated statement of income and consolidated statement of comprehensive income
(Consolidated statement of income)

(Thousands of yen)

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Net sales		
Sales of information service	8,570,398	9,257,051
Net sales of goods and others	191,192	292,159
Total net sales	8,761,590	9,549,211
Cost of sales		
Cost of sales of information service	6,556,925	7,182,855
Cost of goods sold and others	120,676	201,610
Total cost of sales	6,677,602	7,384,465
Gross profit	2,083,988	2,164,745
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	145,145	147,380
Salaries and allowances	214,035	200,120
Employees' bonuses	29,729	23,771
Provision for bonuses	30,293	20,812
Provision for bonuses for directors (and other officers)	17,800	12,440
Welfare expenses	81,565	76,141
Rent expenses on land and buildings	19,535	28,107
Depreciation	41,195	39,647
Amortization of goodwill	54,148	54,148
Commission expenses	136,229	145,045
Hiring expenses	33,888	40,002
Provision of allowance for doubtful accounts	4,143	△8,913
Bad debt expenses	200	619
Other	175,389	200,188
Total selling, general and administrative expenses	983,298	979,512
Operating profit	1,100,689	1,185,233
Non-operating income		
Interest income	28	190
Dividend income	9,308	11,386
Reversal of allowance for doubtful accounts	308	—
Subsidy income	25,224	18,196
Surrender value of insurance policies	609	63
Miscellaneous income	2,194	826
Total non-operating income	37,673	30,662
Non-operating expenses		
Interest expenses	811	711
Commission for purchase of treasury shares	999	399
Loss on retirement of non-current assets	1,018	207
Loss on extinguishment of Share-based remuneration expenses	—	6,246
Miscellaneous losses	356	31
Total non-operating expenses	3,186	7,597
Ordinary profit	1,135,176	1,208,298
Extraordinary income		
Gain on sale of investment securities	407	—
Total extraordinary income	407	—
Profit before income taxes	1,135,583	1,208,298
Income taxes - current	343,063	374,356
Income taxes - deferred	△47,088	21,148
Total income taxes	295,975	395,505
Profit	839,608	812,793
Profit attributable to non-controlling interests	2,305	2,839
Profit attributable to owners of parent	837,302	809,953

(Consolidated statement of comprehensive income)

(Thousands of yen)

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Profit	839,608	812,793
Other comprehensive income		
Valuation difference on available-for-sale securities	41,049	42,545
Total other comprehensive income	41,049	42,545
Comprehensive income	880,657	855,338
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	878,351	852,498
Comprehensive income attributable to non-controlling interests	2,305	2,839

(3) Statement of changes in equity

Fiscal Year Ended September 30, 2023 (from October 1, 2022 to September 30, 2023)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	908,171	764,571	2,019,838	△200,175	3,492,405
Changes during period					
Issuance of new shares	275	275			550
Dividends of surplus			△197,244		△197,244
Profit attributable to owners of parent			837,302		837,302
Purchase of treasury shares				△500,067	△500,067
Disposal of treasury shares		968		5,978	6,947
Net changes in items other than shareholders' equity					
Total changes during period	275	1,244	640,057	△494,089	147,488
Balance at end of period	908,446	765,815	2,659,896	△694,264	3,639,893

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	24,767	24,767	6,550	3,523,723
Changes during period				
Issuance of new shares				550
Dividends of surplus				△197,244
Profit attributable to owners of parent				837,302
Purchase of treasury shares				△500,067
Disposal of treasury shares				6,947
Net changes in items other than shareholders' equity	41,049	41,049	1,666	42,716
Total changes during period	41,049	41,049	1,666	190,204
Balance at end of period	65,817	65,817	8,216	3,713,927

Fiscal Year Ended September 30, 2024 (from October 1, 2023 to September 30, 2024)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	908,446	765,815	2,659,896	△694,264	3,639,893
Changes during period					
Dividends of surplus			△257,684		△257,684
Profit attributable to owners of parent			809,953		809,953
Purchase of treasury shares				△199,973	△199,973
Disposal of treasury shares		28,571		90,833	119,404
Net changes in items other than shareholders' equity					
Total changes during period	—	28,571	552,269	△109,140	471,700
Balance at end of period	908,446	794,386	3,212,165	△803,404	4,111,594

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	65,817	65,817	8,216	3,713,927
Changes during period				
Dividends of surplus				△257,684
Profit attributable to owners of parent				809,953
Purchase of treasury shares				△199,973
Disposal of treasury shares				119,404
Net changes in items other than shareholders' equity	42,545	42,545	2,263	44,808
Total changes during period	42,545	42,545	2,263	516,508
Balance at end of period	108,362	108,362	10,480	4,230,436

(4) Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	1,135,583	1,208,298
Depreciation	87,316	81,966
Amortization of goodwill	54,148	54,148
Amortization of guarantee deposits	1,657	3,887
Increase (decrease) in allowance for doubtful accounts	3,966	△8,913
Increase (decrease) in provision for bonuses	25,763	△80,230
Increase (decrease) in provision for bonuses for directors (and other officers)	5,500	△6,060
Increase (decrease) in retirement benefit liability	△1,554	435
Interest and dividend income	△9,337	△11,577
Interest expenses	811	711
Subsidy income	△25,224	△18,196
Surrender value of insurance policies	△609	△63
Loss on retirement of non-current assets	1,018	207
Loss (gain) on sale of investment securities	△407	—
Decrease (increase) in accounts receivable - trade, and contract assets	△527,327	△61,756
Decrease (increase) in inventories	△179	268
Decrease (increase) in long-term prepaid expenses	—	△70,657
Decrease (increase) in other current assets	10,907	93,976
Increase (decrease) in trade payables	419,186	△296,527
Increase (decrease) in accrued consumption taxes	57,325	△26,827
Increase (decrease) in other current liabilities	19,472	△70,441
Subtotal	1,258,019	792,650
Interest and dividends received	9,337	11,577
Proceeds from insurance income	14,214	63
Interest paid	△811	△711
Subsidies received	25,224	18,196
Income taxes paid	△327,191	△374,311
Net cash provided by (used in) operating activities	978,792	447,464
Cash flows from investing activities		
Proceeds from sale of investment securities	49,027	—
Payments into time deposits	△252,191	△44,000
Proceeds from withdrawal of time deposits	279,230	143,443
Purchase of property, plant and equipment	△14,772	△31,897
Purchase of intangible assets	△17,442	△13,670
Payments of leasehold and guarantee deposits	△23,457	△48,754
Proceeds from refund of leasehold and guarantee deposits	6,729	—
Proceeds from sale of investments in capital	20	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	△380,043	△300,000
Net cash provided by (used in) investing activities	△352,900	△294,878
Cash flows from financing activities		
Repayments of short-term borrowings	△8,502	△13,000
Repayments of long-term borrowings	△15,073	△6,481
Proceeds from issuance of shares	550	—
Purchase of treasury shares	△500,067	△199,973
Dividends paid	△197,268	△257,772
Dividends paid to non-controlling interests	△639	△576
Net cash provided by (used in) financing activities	△720,999	△477,802
Net increase (decrease) in cash and cash equivalents	△95,106	△325,216
Cash and cash equivalents at beginning of period	2,491,494	2,423,211
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	26,823	—
Cash and cash equivalents at end of period	2,423,211	2,097,994