



November 9, 2023

Consolidated Financial Results for the Fiscal Year Ended September 30, 2023 (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 22, 2023
 Scheduled date of commencing dividend payments: December 25, 2023
 Scheduled date of filing annual securities report: December 22, 2023
 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, 2023 (from October 1, 2022 to September 30, 2023)

(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, 2023	8,761	—	1,100	—	1,135	—	837	—
September 30, 2022	—	—	—	—	—	—	—	—

Note: Comprehensive income For the fiscal year ended September 30, 2023: ¥880 million (—%)
 For the fiscal year ended September 30, 2022: ¥— 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, 2023	42.63	42.61	23.2	20.1	12.6
September 30, 2022	—	—	—	—	—

Reference: Equity in earnings (losses) of affiliates For the fiscal year ended September 30, 2023: ¥— million
 For the fiscal year ended September 30, 2022: ¥— million

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

Percentage change for net sales: +30.2%; percentage change for operating profit: +59.3%; percentage change for ordinary profit: +56.6%; percentage change for profit attributable to owners of parent: +67.7% (compared to profit for the previous corresponding period)

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	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2023	5,947	3,713	62.3	194.57
September 30, 2022	–	–	–	–

Reference: Equity

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

As of September 30, 2022: ¥ – million

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

(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, 2023	978	-352	-720	2,423
September 30, 2022	–	–	–	–

Note: The Company has prepared 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					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, 2022	–	0.00	–	20.00	20.00	197	–	–
September 30, 2023	–	0.00	–	13.50	13.50	257	31.7	7.2
Fiscal year ending September 30, 2024 (Forecast)	–	0.00	–	15.00	15.00		31.8	

Notes 1. 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 taken into account, the fiscal year-end dividend per share and total annual dividends per share for the fiscal year ended September 30, 2022 is 10.00 yen.

2. The Company has transitioned to consolidated accounting since the three months ended December 31, 2022. Therefore, the payout ratio (consolidated) and dividends to net assets ratio (consolidated) for the fiscal year ended September 30, 2022 are omitted.

3. Consolidated financial results forecast for the fiscal year ending September 30, 2024 (October 1, 2023 to September 30, 2024)

(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)	4,600	10.0	650	9.6	660	8.9	430	6.0	22.53
Full year	10,500	19.8	1,400	27.2	1,400	23.3	900	7.5	47.15

Note The number of issued shares (excluding treasury shares) as of September 30, 2023 has been used as the average number of shares during the period, which is the basis for calculating “profit per share.”

* 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) 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

(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, 2023	20,349,600 shares
As of September 30, 2022	20,336,800 shares

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

As of September 30, 2023	1,261,858 shares
As of September 30, 2022	612,352 shares

(iii) Average number of shares during the period

Fiscal year ended September 30, 2023	19,640,314 shares
Fiscal year ended September 30, 2022	20,022,092 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,” “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, 2022.

(Reference) Outline of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended September 30, 2023 (from October 1, 2022 to September 30, 2023)

(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, 2023	8,165	21.3	1,053	52.5	1,094	51.0	810	62.5
September 30, 2022	6,730	17.0	690	19.0	724	24.5	499	18.5

Fiscal year ended	Profit per share	Diluted earnings per share
	Yen	Yen
September 30, 2023	41.29	41.27
September 30, 2022	24.93	24.91

Note: 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 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, 2023	5,648	3,732	66.1	195.53
September 30, 2022	4,608	3,570	77.5	181.00

Reference: Equity

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

As of September 30, 2022: ¥3,570 million

Note: The Company conducted a stock split on June 1, 2023 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

(Unit: thousands of yen)

As of September 30, 2023

Assets	
Current assets	
Cash and deposits	2,519,899
Notes and accounts receivable - trade, and contract assets	1,827,706
Merchandise	3,404
Prepaid expenses	33,991
Other	5,461
Allowance for doubtful accounts	-11,255
Total current assets	4,379,208
Non-current assets	
Property, plant and equipment	
Buildings and structures	41,604
Accumulated depreciation	-9,568
Buildings and structures, net	32,036
Furniture and fixtures	33,489
Accumulated depreciation	-23,556
Furniture and fixtures, net	9,932
Land	10,347
Total property, plant and equipment	52,316
Intangible assets	
Software	58,560
Software in progress	7,135
Goodwill	370,217
Customer-related assets	389,593
Other	440
Total intangible assets	825,947
Investments and other assets	
Investment securities	357,571
Deferred tax assets	151,622
Leasehold and guarantee deposits	100,993
Insurance funds	76,546
Other	3,775
Total investments and other assets	690,510
Total non-current assets	1,568,774
Total assets	5,947,982

(Unit: thousands of yen)

As of September 30, 2023

Liabilities	
Current liabilities	
Accounts payable - trade	648,157
Short-term borrowings	13,000
Current portion of long-term borrowings	6,481
Accounts payable - other	502,533
Accrued expenses	7,136
Income taxes payable	230,613
Accrued consumption taxes	157,783
Contract liabilities	6,596
Deposits received	76,894
Provision for bonuses	379,197
Provision for bonuses for directors (and other officers)	17,800
Other	531
Total current liabilities	2,046,727
Non-current liabilities	
Long-term borrowings	38,044
Retirement benefit liability	14,523
Deferred tax liabilities	134,760
Total non-current liabilities	187,327
Total liabilities	2,234,054
Net assets	
Shareholders' equity	
Share capital	908,446
Capital surplus	765,815
Retained earnings	2,659,896
Treasury shares	-694,264
Total shareholders' equity	3,639,893
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	65,817
Total accumulated other comprehensive income	65,817
Non-controlling interests	8,216
Total net assets	3,713,927
Total liabilities and net assets	5,947,982

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

	(Unit: thousands of yen)
	Fiscal Year Ended September 30, 2023 (from October 1, 2022 to September 30, 2023)
Net sales	
Sales of information service	8,570,398
Net sales of goods, etc.	191,192
Total net sales	8,761,590
Cost of sales	
Cost of sales of information service	6,556,925
Cost of sales of goods, etc.	120,676
Total cost of sales	6,677,602
Gross profit	2,083,988
Selling, general and administrative expenses	
Remuneration for directors (and other officers)	145,145
Salaries and allowances	214,035
Employees' bonuses	29,729
Provision for bonuses	30,293
Provision for bonuses for directors (and other officers)	17,800
Welfare expenses	81,565
Rent expenses on land and buildings	19,535
Depreciation	41,195
Amortization of goodwill	54,148
Commission expenses	136,229
Hiring expenses	33,888
Provision of allowance for doubtful accounts	4,143
Bad debt expenses	200
Other	175,389
Total selling, general and administrative expenses	983,298
Operating profit	1,100,689
Non-operating income	
Interest income	28
Dividend income	9,308
Reversal of allowance for doubtful accounts	308
Subsidy income	25,224
Surrender value of insurance policies	609
Miscellaneous income	2,194
Total non-operating income	37,673
Non-operating expenses	
Interest expenses	811
Commission for purchase of treasury shares	999
Loss on retirement of non-current assets	1,018
Miscellaneous losses	356
Total non-operating expenses	3,186
Ordinary profit	1,135,176
Extraordinary income	
Gain on sale of investment securities	407
Total extraordinary income	407
Profit before income taxes	1,135,583
Income taxes – current	343,063
Income taxes – deferred	-47,088

	(Unit: thousands of yen)
	Fiscal Year Ended September 30, 2023 (from October 1, 2022 to September 30, 2023)
Total income taxes	295,975
Profit	839,608
Profit attributable to non-controlling interests	2,305
Profit attributable to owners of parent	837,302

(Consolidated statement of comprehensive income)

	(Unit: thousands of yen)
	Fiscal Year Ended September 30, 2023 (from October 1, 2022 to September 30, 2023)
Profit	839,608
Other comprehensive income	
Valuation difference on available-for-sale securities	41,049
Total other comprehensive income	41,049
Comprehensive income	880,657
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	878,351
Comprehensive income attributable to non-controlling interests	2,305

(3) Statement of changes in equity

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

(Unit: thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Opening balance	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
Ending balance	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		
Opening balance	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
Ending balance	65,817	65,817	8,216	3,713,927

(4) Consolidated statement of cash flows

(Unit: thousands of yen)

	Fiscal Year Ended September 30, 2023 (from October 1, 2022 to September 30, 2023)
Cash flows from operating activities	
Profit before income taxes	1,135,583
Depreciation	87,316
Amortization of goodwill	54,148
Amortization of guarantee deposits	1,657
Increase (decrease) in allowance for doubtful accounts	3,966
Increase (decrease) in provision for bonuses	25,763
Increase (decrease) in provision for bonuses for directors (and other officers)	5,500
Increase (decrease) in retirement benefit liability	-1,554
Interest and dividend income	-9,337
Interest expenses	811
Subsidy income	-25,224
Surrender value of insurance policies	-609
Loss on retirement of non-current assets	1,018
Loss (gain) on sale of investment securities	-407
Decrease (increase) in trade receivables and contract assets	-527,327
Decrease (increase) in inventories	-179
Decrease (increase) in other current assets	10,907
Increase (decrease) in trade payables	419,186
Increase (decrease) in accrued consumption taxes	57,325
Increase (decrease) in other current liabilities	19,472
Subtotal	<u>1,258,019</u>
Interest and dividends received	9,337
Insurance claims received	14,214
Interest paid	-811
Subsidies received	25,224
Income taxes paid	-327,191
Net cash provided by (used in) operating activities	<u>978,792</u>
Cash flows from investing activities	
Proceed from sale of investment securities	49,027
Payments into time deposits	-252,191
Proceeds from withdrawal of time deposits	279,230
Purchase of property, plant and equipment	-14,772
Purchase of intangible assets	-17,442
Payments of leasehold and guarantee deposits	-23,457
Proceeds from refund of leasehold and guarantee deposits	6,729
Proceed from sale of investments in capital	20
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-380,043
Net cash provided by (used in) investing activities	<u>-352,900</u>
Cash flows from financing activities	
Repayment of short-term borrowings	-8,502
Repayment of long-term borrowings	-15,073
Proceeds from issuance of shares	550
Purchase of treasury shares	-500,067
Dividends paid	-197,268
Dividends paid to non-controlling interests	-639
Net cash provided by (used in) financing activities	<u>-720,999</u>
Net increase (decrease) in cash and cash equivalents	<u>-95,106</u>
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	<u>2,423,211</u>