

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect, or any other forms of damages arising from this translation.



August 8, 2024

Consolidated Financial Results for the Nine Months Ended June 30, 2024 (Under Japanese GAAP)

Company name: Needs Well Inc.
 Listing: Tokyo Stock Exchange
 Securities code: 3992
 URL: <https://www.needswell.com/>
 Representative: Kozo Funatsu, President and CEO
 Inquiries: Chinami Arai, Director and Executive Officer
 Telephone: +81-3-6265-6763
 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, 2024 (from October 1, 2023 to June 30, 2024)

(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, 2024	7,168	12.7	895	15.6	919	14.6	662	23.4
June 30, 2023	6,359	–	774	–	802	–	537	–

Note: Comprehensive income For the nine months ended June 30, 2024: ¥704 million (23.0%)
 For the nine months ended June 30, 2023: ¥572 million (–%)

	Profit per share	Diluted earnings per share
Nine months ended	Yen	Yen
June 30, 2024	17.44	–
June 30, 2023	13.61	13.61

Note: 1. As of the end of the fiscal year ended September 30, 2023, the Company finalized the provisional accounting treatment for business combinations. The figures for the six months ended June 30, 2023 thus reflect the finalized content of the provisional accounting treatment.
 2. 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 fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
June 30, 2024	5,808	4,266	73.3
September 30, 2023	5,947	3,713	62.3

Reference: Equity

As of June 30, 2024: ¥4,256 million
As of September 30, 2023: ¥ 3,705 million

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, 2023	—	0.00	—	13.50	13.50
September 30, 2024	—	0.00	—		
Fiscal year ending September 30, 2024 (Forecast)				9.00	9.00

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 not taken into account, the fiscal year-end dividend per share and total annual dividends per share for the fiscal year ending September 30, 2024 (forecast) will be 18.00 yen.

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
Full year	10,720	22.4	1,440	30.8	1,440	26.9	980	17.0	25.78

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

2. Profit per share for the fiscal year ending September 30, 2024 (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 51.56 yen(+20.9% 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

Note: For details, please refer to “2. Quarterly consolidated financial statements and major notes (3) Notes to quarterly consolidated financial statements (Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements)” on page 8 of the attached materials.

(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: None

(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, 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 June 30, 2024	2,232,314 shares
As of September 30, 2023	2,523,716 shares

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

Nine months ended June 30, 2024	38,012,380 shares
Nice months ended June 30, 2023	39,463,776 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 previous fiscal year.

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: Yes (voluntary)

* 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

(Thousands of yen)

	As of September 30, 2023	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	2,519,899	1,891,986
Notes and accounts receivable - trade, and contract assets	1,827,706	1,988,223
Merchandise	3,404	2,488
Prepaid expenses	33,991	65,488
Other	5,461	191,417
Allowance for doubtful accounts	△11,255	△2,112
Total current assets	4,379,208	4,137,491
Non-current assets		
Property, plant and equipment		
Buildings and structures	41,604	55,536
Accumulated depreciation	△9,568	△12,101
Buildings and structures, net	32,036	43,434
Furniture and Fixtures	33,489	48,420
Accumulated depreciation	△23,556	△28,161
Furniture and Fixtures, net	9,932	20,259
Land	10,347	10,347
Total property, plant and equipment	52,316	74,041
Intangible assets		
Software	58,560	47,999
Software in progress	7,135	2,695
Goodwill	370,217	329,606
Customer-related intangible assets	389,593	361,979
Other	440	432
Total intangible assets	825,947	742,713
Investments and other assets		
Investment securities	357,571	414,266
Long-term prepaid expenses	52	78,979
Deferred tax assets	151,622	134,262
Leasehold and guarantee deposits	100,993	146,004
Insurance funds	76,546	76,546
Other	3,723	3,723
Total investments and other assets	690,510	853,782
Total non-current assets	1,568,774	1,670,537
Total assets	5,947,982	5,808,028

(Thousands of yen)

	As of September 30, 2023	As of June 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	648,157	345,430
Short-term borrowings	13,000	13,000
Current portion of long-term borrowings	6,481	7,909
Accounts payable - other	502,533	220,854
Accrued expenses	7,136	315,418
Income taxes payable	230,613	104,866
Accrued consumption taxes	157,783	126,800
Contract liabilities	6,596	7,144
Deposits received	76,894	64,500
Provision for bonuses	379,197	153,659
Provision for bonuses for directors (and other officers)	17,800	9,797
Other	531	115
Total current liabilities	2,046,727	1,369,497
Non-current liabilities		
Long-term borrowings	38,044	32,239
Retirement benefit liability	14,523	14,958
Deferred tax liabilities	134,760	125,208
Total non-current liabilities	187,327	172,406
Total liabilities	2,234,054	1,541,904
Net assets		
Shareholders' equity		
Share capital	908,446	908,446
Capital surplus	765,815	794,386
Retained earnings	2,659,896	3,065,002
Treasury shares	△694,264	△616,572
Total shareholders' equity	3,639,893	4,151,263
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	65,817	105,151
Total accumulated other comprehensive income	65,817	105,151
Non-controlling interests	8,216	9,709
Total net assets	3,713,927	4,266,124
Total liabilities and net assets	5,947,982	5,808,028

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

(Thousands of yen)

	Nine months ended June 30, 2023	Nine months ended June 30, 2024
Net sales	6,359,920	7,168,899
Cost of sales	4,832,258	5,527,154
Gross profit	1,527,662	1,641,744
Selling, general and administrative expenses	752,848	746,093
Operating profit	774,813	895,651
Non-operating income		
Interest income	18	13
Dividend income	5,281	7,452
Reversal of allowance for doubtful accounts	308	994
Subsidy income	25,224	18,196
Surrender value of insurance policies	609	63
Miscellaneous income	2,191	584
Total non-operating income	33,634	27,303
Non-operating expenses		
Interest expenses	631	555
Share of loss of entities accounted for using equity method	4,096	—
Loss on extinguishment of Share-based remuneration expenses	—	2,635
Miscellaneous losses	1,472	265
Total non-operating expenses	6,200	3,456
Ordinary profit	802,247	919,498
Extraordinary income		
Gain on sale of investment securities	407	—
Total extraordinary income	407	—
Profit before income taxes	802,654	919,498
Income taxes	265,239	254,638
Profit	537,414	664,859
Profit attributable to non-controlling interests	124	2,068
Profit attributable to owners of parent	537,289	662,790

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

(Thousands of yen)

	Nine months ended June 30, 2023	Nine months ended June 30, 2024
Profit	537,414	664,859
Other comprehensive income		
Valuation difference on available-for-sale securities	35,093	39,334
Total other comprehensive income	35,093	39,334
Comprehensive income	572,508	704,194
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	572,383	702,125
Comprehensive income attributable to non-controlling interests	124	2,068

(3) Notes to quarterly consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Notes in the event of significant changes in shareholders' equity)

At a meeting of the Board of Directors held on January 22, 2024, the Company decided to dispose of treasury shares as restricted stock remuneration to the Company's Directors (excluding Outside Directors) and employees, based on which it disposed of 165,151 shares of treasury shares on February 15, 2024. Additionally, based on the resolution at the Board of Directors meeting held on June 17, 2024, the Company acquired 34,100 shares of treasury shares. As a result, capital surplus increased by ¥28,571 thousand to ¥794,386 thousand and treasury shares decreased by ¥77,691 thousand to ¥616,572 thousand for the six months ended June 30, 2024.

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

(Calculation of tax expenses)

Tax expenses are reasonably determined based on the amount of profit before income taxes for the nine months ended June 30, 2024, and multiplied by the effective tax rate after applying tax effect accounting, estimated for the entire fiscal year ending September 30, 2024

(Notes to quarterly consolidated statement of cash flows)

Quarterly consolidated statement of cash flows for the nine months ended June 30, 2024 has not been prepared. Depreciation (including amortization of intangible assets other than goodwill) and amortization of goodwill for the nine months ended June 30, 2024 are as follows.

(Thousands of yen)

	Nine months ended June 30, 2023	Nine months ended June 30, 2024
Depreciation	63,523	59,523
Amortization of goodwill	40,611	40,611

(Segment information)

This information is omitted because the Group operates a single segment, the information service business, which primarily involves software development and related auxiliary services.