

Tokyo Stock Exchange Prime Market: Securities Code 3992

Needs Well Inc.  
**Financial Results**  
**for the Third Quarter of Fiscal Year 2023**  
**(October 1, 2022 – June 30, 2023)**

August 09, 2023



**NeedsWell**  
Try & Innovation



## 1. 2023/9 3Q Financial report summary



## 2. 2023/9 Results forecast



## 3. Growth strategy



## 4. Reference



Needs Well has transitioned to consolidated accounting from the current fiscal year (FY2023/9).  
“Year-on-year” ratio in this document is calculated by comparison with the figures of non-consolidated financial results for the same period of the previous year.

# 1.1) Financial highlights

Significant year-on-year increase in net sales and profit

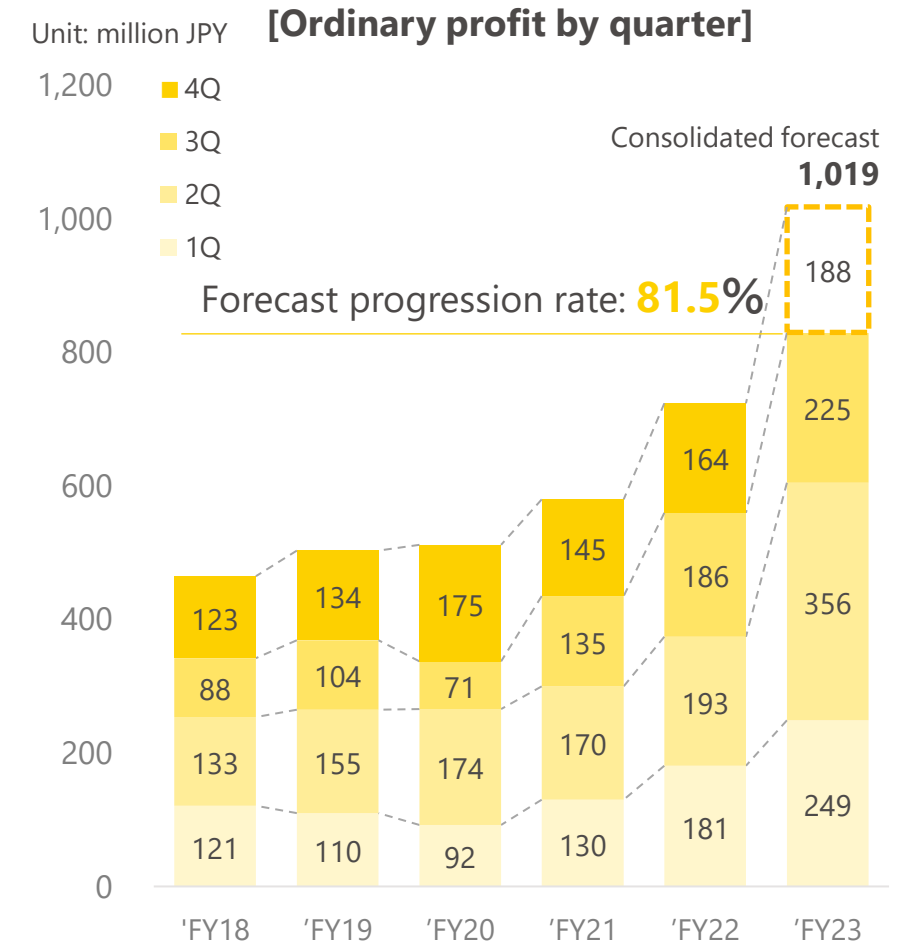
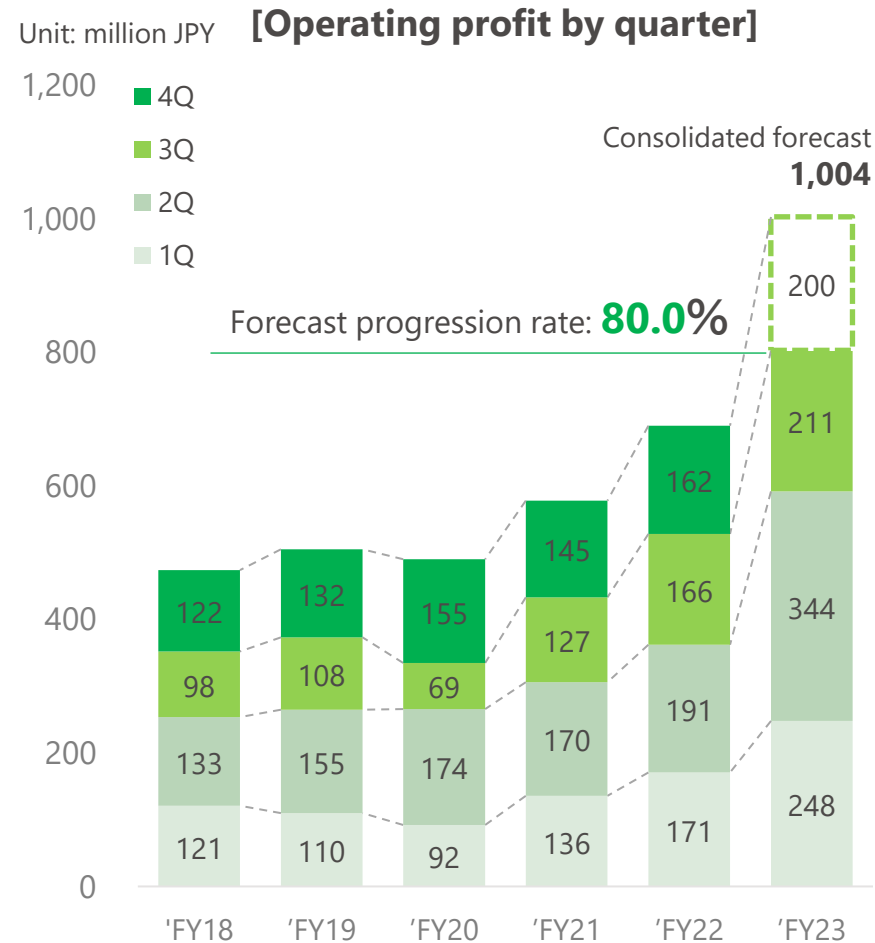
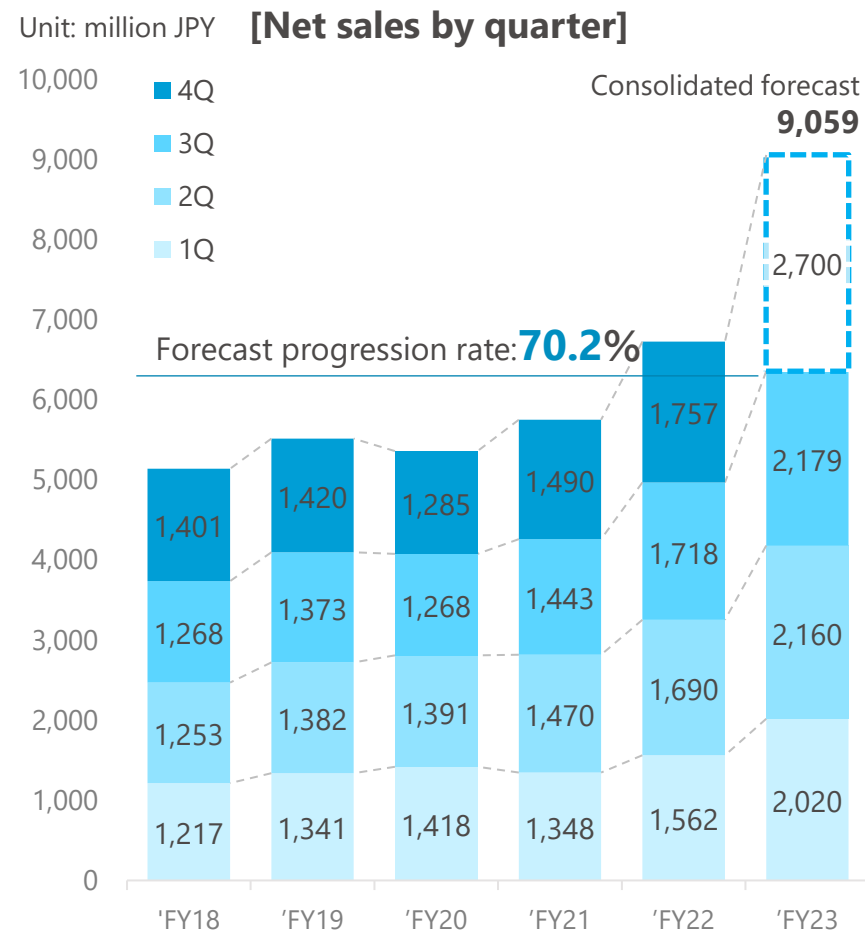
Ordinary profit margin far exceeded the target of 10%

- ✓ Expanded sales channels and reinforced the customer base through active capital and business alliances and business alliances
- ✓ Steady growth in projects for **DX** and **medical care** of life insurance companies and projects for **financial system migration** utilizing nearshore bases
- ✓ All-in contracts increased in projects for social infrastructure
- ✓ The Solutions Business gave momentum to our growth, driven by a paperless work environment, telework, the revised Preservation of Electronic Records Act, and the invoice system

Net sales	Amount Unit: million JPY	YoY(%)	Profit ratio (%)	Notes
Operating profit	6,359	127.9	—	—
Ordinary profit	804	152.1	12.6	+2.0
Profit attributable to owners of parent	831	148.4	13.1	+1.8
Net sales	557	143.4	8.8	+1.0

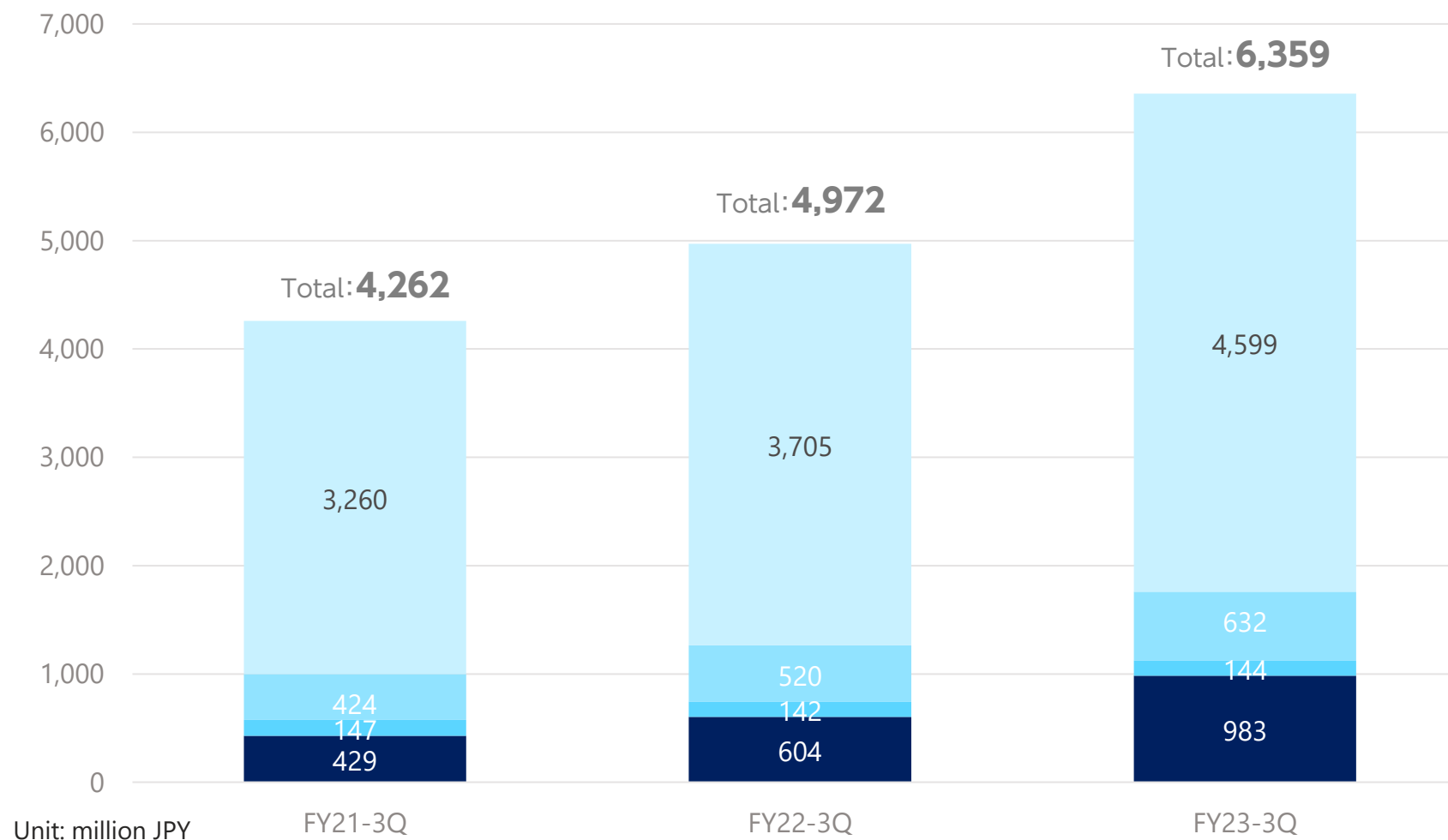
## 1.2) Trends/comparison by FY

Forecast progression rate for operating profit and ordinary profit is 80% or more  
Even in the third quarter with high training expenses for new graduates,  
already **outperforming the previous year's full-year cumulative results**



## 1.3) Net Sales Trends by Service Line

Main service lines, Business Systems SI, Infrastructure Services, and Solutions, maintained high year-on-year growth



### ✓ Summary of the third quarter of 2023/9

#### ■ Business Systems SI **124.1%** year-on-year

Steady growth has been seen due to growth in projects for DX and medical care of life insurance companies and projects for financial system migration, as well as the addition of sales from a newly consolidated subsidiary.

#### ■ Infrastructure Services **121.6%** year-on-year

Strong growth in all-in contracts for social infrastructure projects.

#### ■ Connected Systems **101.4%** year-on-year

We have continued stable development for projects for medical care.

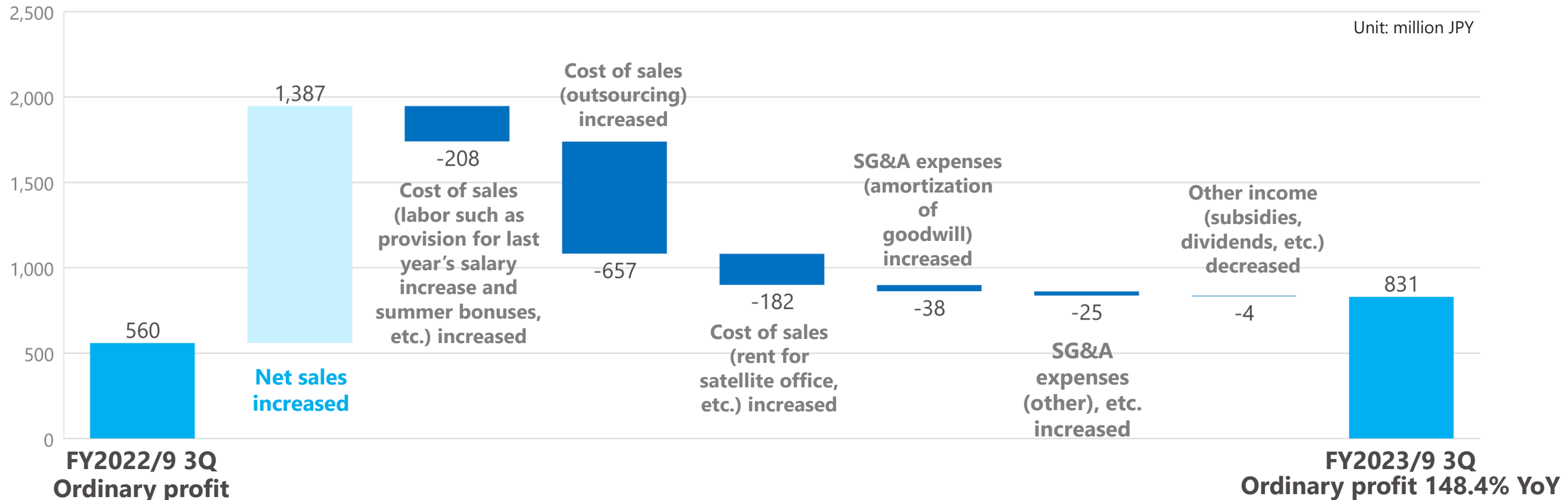
#### ■ Solutions **162.6%** year-on-year

Invoice PA series, a unique solution, and RPA remained strong. We aim to further expand the business in the next fiscal year by introducing new solutions.

## 1.4) Ordinary profit analysis

Operating profit increased 52.1% year-on-year and ordinary profit increased 48.4% year-on-year, showing significant growth

- ✓ **Gross profit** increased by 339 million JPY (+28.6% year-on-year) due to increased orders and acquisition of high-value-added projects.
- ✓ Training expenses for 65 new graduates who joined Needs Well in April increased.



## 1.5) Profit & loss statement

Net sales growth rate, ordinary profit margin achieved targets.

EPS (forecasting) is also expected to be achieved.

Unit: million JPY	FY2022/9 3Q Financial Results		FY2023/9 3Q Financial Results				
	Result	Net Sales	Result	Net Sales	Year-on-year		
Net sales	4,972	-	6,359	-	127.9%	70.2%	9,059
Business Systems SI	3,705	74.5%	4,599	72.3%	124.1%	66.8%	6,881
Infrastructure Services	520	10.5%	632	10.0%	121.6%	99.0%	639
Connected Systems	142	2.9%	144	2.3%	101.4%	57.4%	251
Solutions	604	12.2%	983	15.5%	162.6%	76.3%	1,288
Gross profit	1,188	23.9%	1,527	24.0%	128.6%	-	-
	-	-	38	0.6%	-	-	-
	659	13.3%	684	10.8%	103.8%	-	-
SG&A expenses	659	13.3%	723	11.4%	109.7%	-	-
Operating profit	528	10.6%	804	12.6%	152.1%	80.0%	1,004
Non-operating profit	33	0.7%	33	0.5%	101.1%	-	-
Non-operating expenses	1	0.0%	6	0.1%	408.5%	-	-
Ordinary profit	560	11.3%	831	13.1%	148.4%	81.5%	1,019
Net profit	388	7.8%	557	8.8%	143.4%	82.0%	679

### KPI achievement

Item	Numerical targets	Results
Net sales growth rate	20% or more	27.9%
Gross profit margin	25% or more	24.0%
SG&A expenses rate	10% or less	11.4%
Ordinary profit margin	10% or more	13.1%
EPS		
2023.6.1 After taking into account stock split	¥30 or more	¥34.47 forecasting
PER		
2023.3.31	30 times or more	23.8 times



## 1.6) Balance sheet

**Maintained a stable financial position despite investing approx. 500 million JPY in M&A, etc. (equity ratio : 72.5%)**

*Selection of significant entries only		FY2022/9	FY2023/9 3Q	
Unit: million JPY		Result	Result	Year-on-year
Assets	Cash and deposits	2,609	2,136	-472
	Accounts receivable - trade and contract assets	1,163	1,541	377
	Prepaid expenses	72	43	-28
	Others	0	462	462
	<b>Total current assets</b>	<b>3,844</b>	<b>4,183</b>	<b>339</b>
	Buildings, net	29	30	1
	Software	81	55	-25
	Software in progress	3	19	16
	goodwill	-	364	364
	Investment securities	236	286	50
	Shares of subsidiaries and associates	107	50	-56
	Defferred tax assets	136	129	-6
	Leasehold and guarantee deposits	83	108	24
	Insurance funds	76	76	0
	Other	9	23	14
	<b>Total non-current assets</b>	<b>764</b>	<b>1,146</b>	<b>382</b>
	<b>Total assets</b>	<b>4,608</b>	<b>5,330</b>	<b>721</b>

*Selection of significant entries only		FY2022/9	FY2023/9 3Q	
Unit: million JPY		Result	Result	Year-on-year
Liabilities	Accounts payable - trade	213	302	88
	loans	-	18	18
	Accounts payable - others	150	203	53
	Accrued corporate tax, etc.	180	150	-30
	Accrued consumption taxes	90	129	39
	Deposits received	44	50	6
	Provision for bonuses	343	190	-152
	Others	15	359	344
	<b>Total current liabilities</b>	<b>1,038</b>	<b>1,405</b>	<b>367</b>
	loans	-	39	39
Equity	other	-	14	14
	<b>Total non-current liabilities</b>	<b>0</b>	<b>54</b>	<b>54</b>
	<b>Total liabilities</b>	<b>1,038</b>	<b>1,460</b>	<b>422</b>
	Share capital	908	908	0
Equity	Legal capital surplus	764	765	1
	Retained earnings brought forward	2,072	2,373	300
	Treasury shares	-200	-243	-43
	Valuation difference on available-for-sale securities	24	59	35
	<b>Non-controlling interests</b>	<b>0</b>	<b>6</b>	<b>6</b>
<b>Total net assets</b>		<b>3,570</b>	<b>3,869</b>	<b>299</b>
<b>Total liabilities and net assets</b>		<b>4,608</b>	<b>5,330</b>	<b>721</b>



## 1.7) Major initiatives in the third quarter

Measures to improve employee satisfaction, skills, and performance are continuously reviewed and implemented.

### Employee morale improvement

Salary increase of 3% on average, up to 27%

### Employee training

Developing new employees into industry-ready personnel at an early stage through on-the-job training, training SEs, improving ability to make proposals

### Measures to increase orders

Cultivating IT outsourcing projects and migration projects, promoting collaboration of SmartWMS, which is a logistics warehouse management system, cultivating DX solution projects

### Establishment of new internal systems

Double job system, internal FA system, return-to-work support system



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## 2.1) Transition to consolidated accounting

### Transition to **consolidated accounting** from October 2022 with Needs Well's inclusion of subsidiaries and an equity-method affiliate



**Needs Well** Inc.  
Business Systems SI, Infrastructure Services, Connected Systems, Solutions

[Consolidated subsidiaries]



**Zeroichi Production** Co., Ltd.

Contract development for construction sector,  
MVNO-related business



**BO STUDIO** Inc.

Web design, consulting, digital marketing



**KOMSOFT** Inc.

Financial system & web-related system development

[Equity-method affiliate]



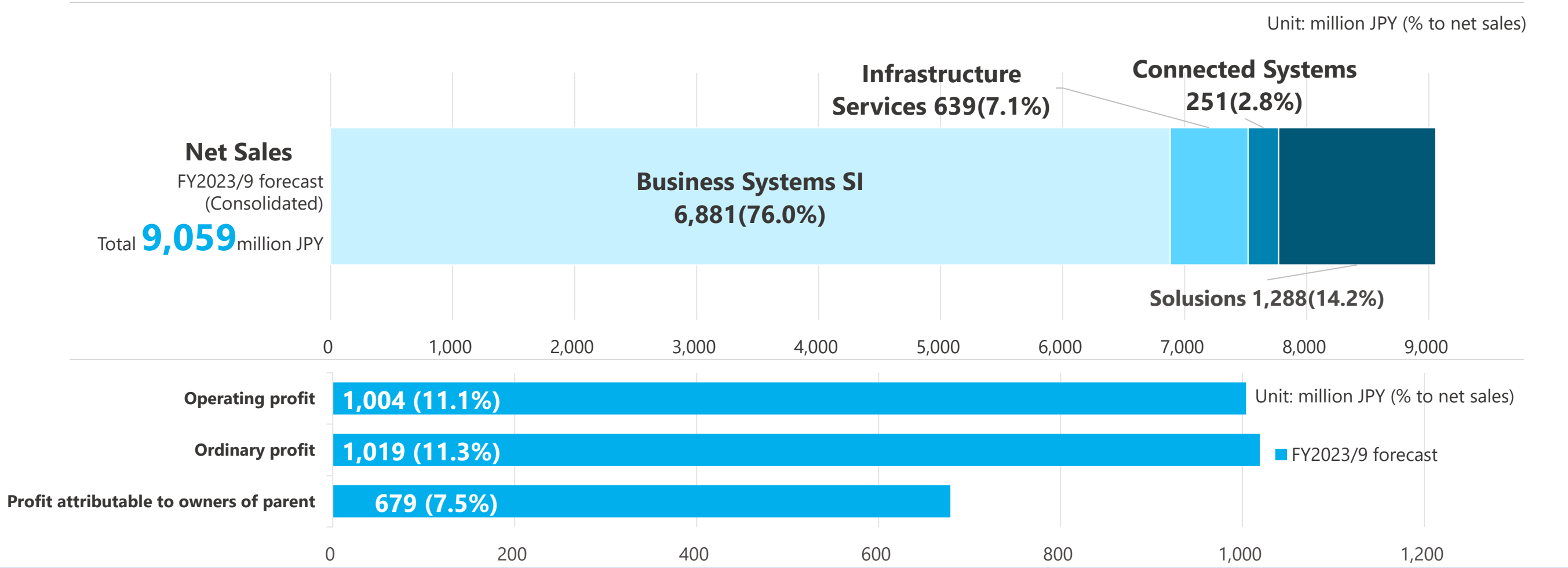
**Souken-sys** Inc.

Core system, app, e-commerce site & cloud-based development

# 2.2) Forecast (Consolidated)

Revised forecast upward in March 2023

Expect to achieve the **Medium-Term Management Plan Target of 1.0 billion JPY** in ordinary profit  
Needs Well will continue efforts throughout FY2023/9 to **expand existing businesses** and **conclude M&A contracts at a pace that exceeds forecasts**



## 2.3) Medium-Term Management Plan: Present situation & measures

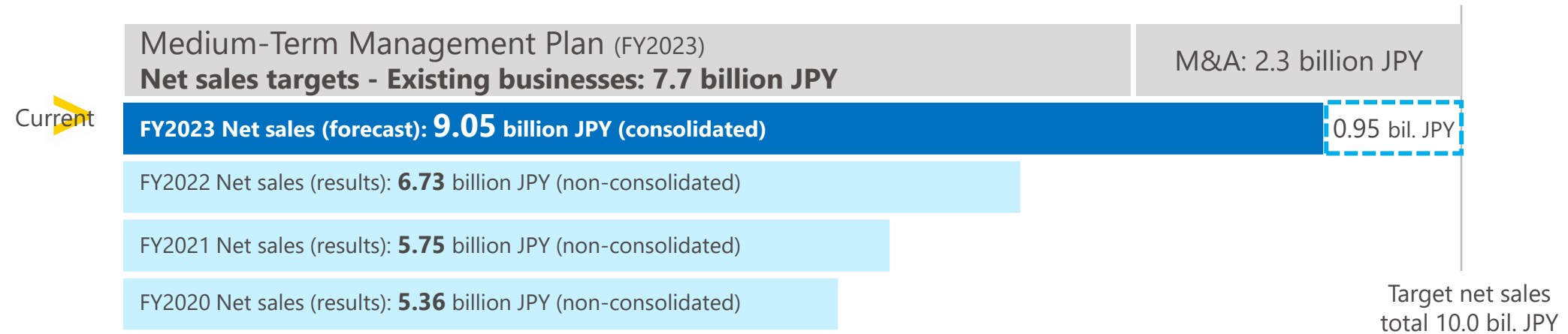
### Medium-Term Management Plan Targets for FY2023/9

Net sales: **10.0 billion JPY** Ordinary profit: **1.0 billion JPY**

Present  
situation

While existing businesses are steadily expanding to exceed the target of 7.7 billion JPY, we are facing issues in the scale of concluding M&A contracts

With current FY2023 forecast for net sales of **9.0 billion JPY**, measures necessary to cover gap in relation to Medium-Term Management Plan target for net sales of **10.0 billion JPY**



Measures  
& revisions

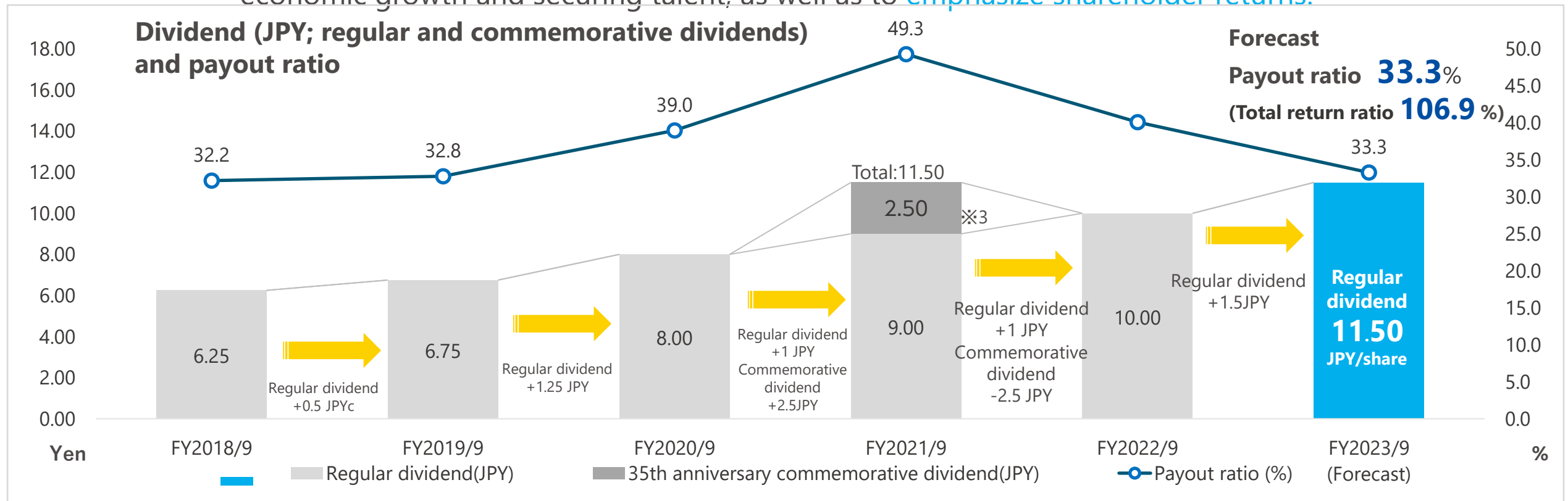
- 1) Cover delays in M&A by increased sales from capital and business alliances / business alliances
- 2) Continue to explore M&A projects that have the potential for synergies. Now working on evaluating the value of several projects
- 3) If a large amount of additional funding is required, consider bank loans instead of fund-raising through the issuance of new shares

## 2.4) Dividends and shareholder returns

FY23/9 forecast **1.5 JPY increase<sup>\*1</sup>** in **regular dividend**

**Total return ratio is expected to be up to 106% due to treasury share purchase<sup>\*2</sup>**

We will work to increase employee salaries and bonuses in seeking economic growth and securing talent, as well as to **emphasize shareholder returns.**



<sup>\*1</sup> Needs Well conducted a **stock split** on June 1, 2023, at a ratio of 2 shares per share. Past annual dividends per share have been retrospectively adjusted based on this stock split. If this stock split is not taken into account, the dividend for FY2023/9 (forecast) will increase 23.00 JPY, an increase of 3 JPY from the previous fiscal year.

<sup>\*2</sup> From June 15, 2023 to September 22, 2023, Needs Well will purchase up to 750,000 shares or 0.5 billion yen of treasury shares.  
If the total amount of purchase is 0.5 billion yen, the total return ratio will be 106.9%.

<sup>\*3</sup> The Company paid a commemorative dividend in commemoration of the Company's 35th anniversary for the fiscal year 2021/9.



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2. 2023/9 Results forecast



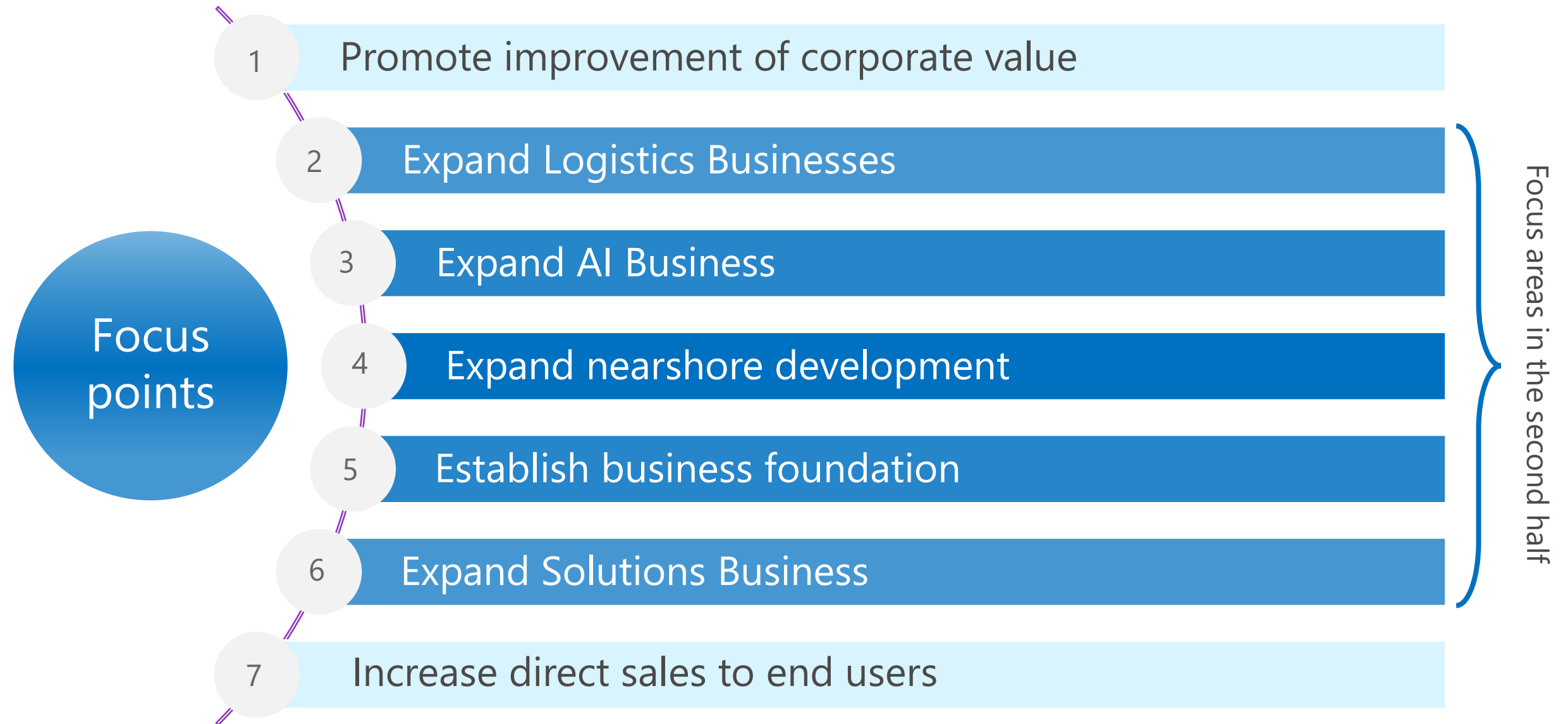
3. Growth strategy



4. Reference

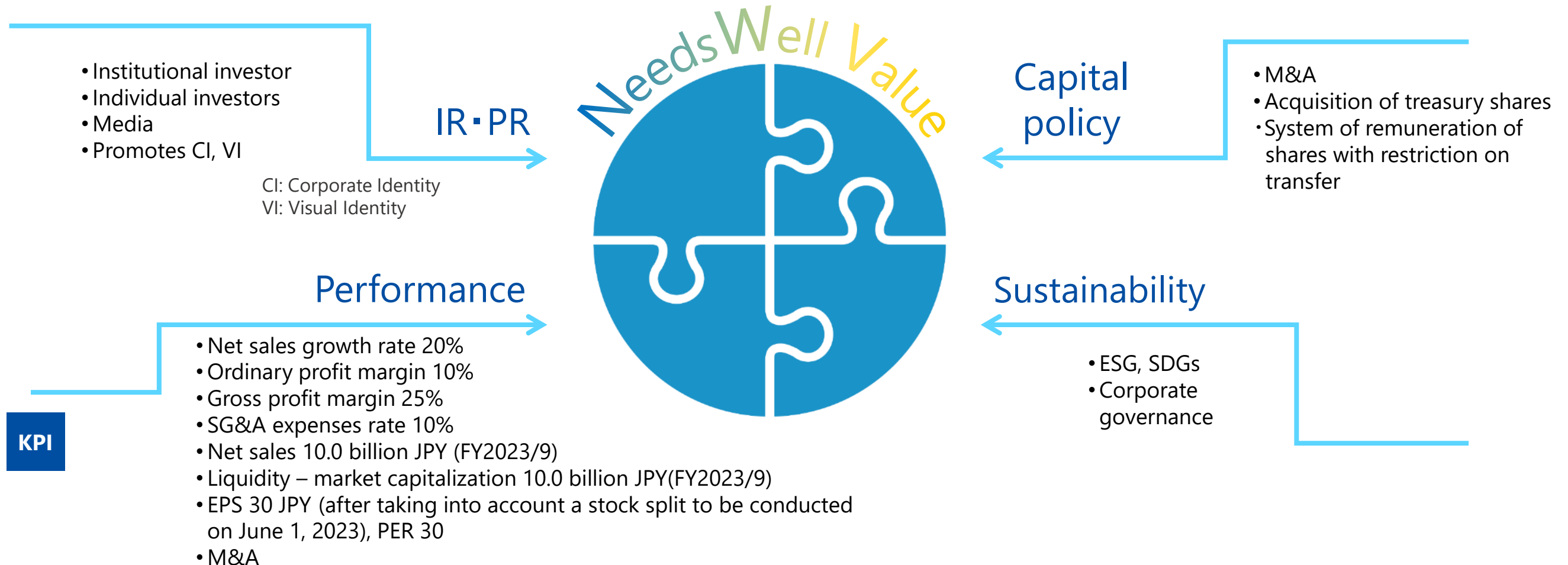


## 3.1) Growth strategy



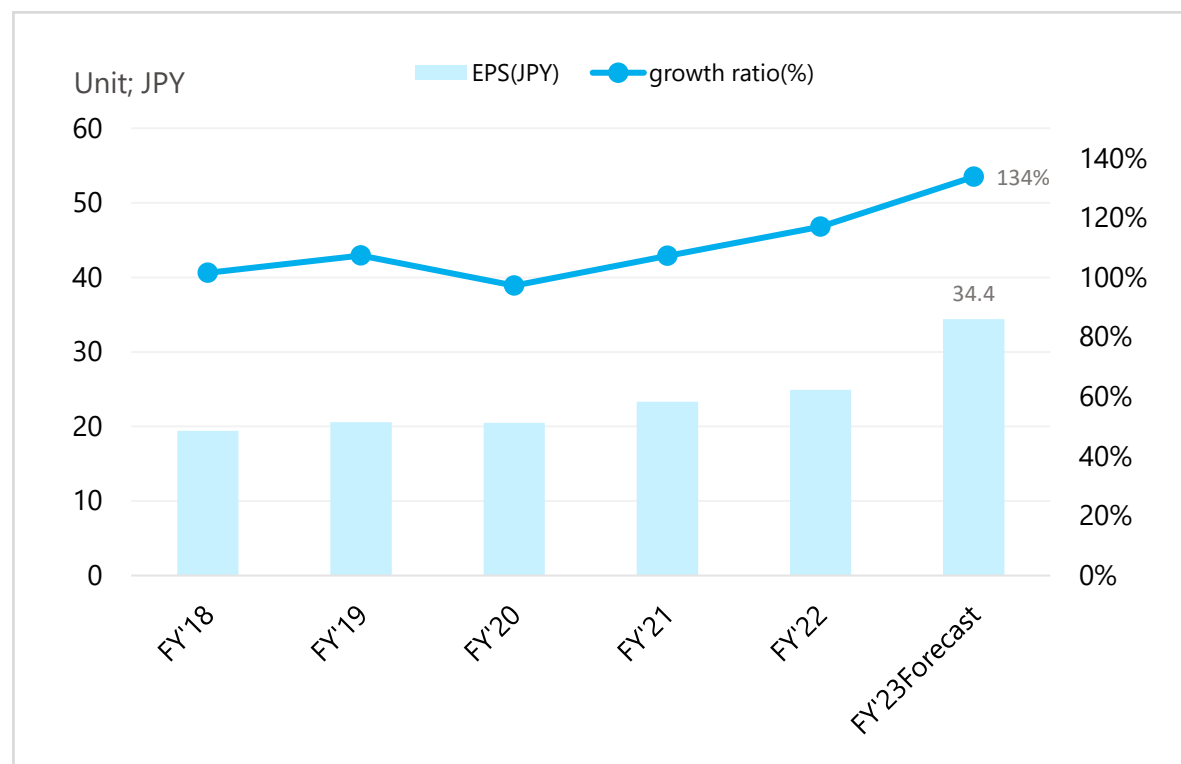
## 3.1) 1 Promote improvement of corporate value i

Promote our management philosophy of  
“Contributing Broadly to the Economy and Society”  
through improvement of the NeedsWell Value



## 3.1) 1 Promote improvement of corporate value ii

- 1 Net sales growth rate and EPS (Earnings Per Share) are on an upward trend year after year



- 3 Starting this fiscal year, place emphasis on dialogue with institutional investors in addition to dialogue with individual investors.  
-Expand opportunities on a one-on-one basis

- 2 Proactively pursue M&A, capital and business alliances, and the development of collaborative relationships  
Expanding sales channels, orders, products, and engineers for further growth

Feb. 2020	Capital and business alliance	ITFOR Inc.
Mar.2020	Core partner	Meiji Yasuda Life Insurance Company, Meiji Yasuda System Technology Limited
Dec. 2020	Collaboration	Logi Revo Co., Ltd. Office FA.com Co., Ltd.
Mar.2021	Capital and business alliance	Souken-sys Inc.
Jul. 2021	Capital and business alliance	Canon IT Solutions Inc.
Sep. 2021	Business alliance	CONEXIO Corporation
Oct. 2021	Share acquisition	Zeroichi Production Co., Ltd.
Nov.2021	Business alliance	Ascentech K.K.
Feb. 2022	Capital and Business alliance	Ascentech K.K.
Jul. 2022	Equity investment	Souken-sys Inc.
Jul. 2022	Business alliance	Sakura Information Systems Co.,
Sep. 2022	Business alliance	Sumitomo Mitsui Card Co., Ltd.
Oct. 2022	Equity investment	BO STUDIO Inc.
Oct. 2022	Equity investment	KOMSOFTE Inc.
Oct. 2022	Business alliance	PB Systems, Inc.

## 3.1) 2 Expand Logistics Businesses

Increased rate of online shopping has expanded needs for advanced logistics warehouses

### Feature of Warehouse Management System

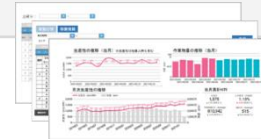


#### Manpower-saving, paperless system

- Improvement of operations at worksites with the use of handy terminals
- Elimination of paper from a series of tasks in warehouses
- Work with robots

#### Visualization of issues

- Productivity improvement with advanced analytical functions
- Optimization of staffing in warehouses
- Improve the loading rate of delivery vehicles



#### Easy-to-operate system

- Uniform operability to prevent input errors
- Search items can be freely set by each person in charge

### Sales strategies of Warehouse Management System



- **Expand sales** of SmartWMS by **collaborating with logistics hardware manufacturers**
- **Store development** for ordered SmartWMS
- Develop SmartWMS **for other industries**, e.g., convenience stores, etc.








## 3.1) 3 Expand AI Business

### Expand AI Business by expanding the Work AI lineup

#### Work AI

\* Work AI is a general term for **industry-specific AI solutions** developed to support corporate DX by utilizing know-how in integration for AI, RPA, etc.



	AI automation of rough estimation of parts and materials
	Detection of normality and abnormality of objects acquired by camera using image recognition AI (deep learning).
	Predictive AI is used to analyze data acquired from various center data to improve the quality of the manufacturing process.
	Predictive AI is used to predict various abnormalities and prevent breakdowns and failures before they occur.
 <b>Chat Document</b>	<b>Interactive AI chatbot provides solutions FAQ, searches for documents</b> Simple-to-use process of sending text to chatbot from browser or chat tool, allowing sought-after information to be instantly retrieved.

## 3.1) 4 Expand nearshore development

Nagasaki Development Center aims to maintain **100 employees** in FY2024/9 and expand orders for projects for financial system migration

Utilize nearshore bases to acquire highly competent personnel and provide solutions for labor shortages

### Nearshore utilization

- Expand nearshore development system by accepting orders for out-of-office projects
- Growth in projects for financial system migration
- Promote transition from dispatch and residential styles while standardizing nearshore development
- Build secure remote development environments over short periods

### Expansion plan

- June 2023 Relocate and increase floor space to expand development structure

Now	30 employees	205 m <sup>2</sup>
September 2023	70 employees	453 m <sup>2</sup>
September 2024	100 employees	Same as above

### Personnel acquisition

- Recruiting and training highly competent engineers who seek local employment
  - Recruiting from local universities
  - Recruiting U-turn and I-turn personnel



## 3.1) 5 Establish business foundation 1

Establishing a business foundation for stable development into the future as a listed company

Aim to expand stock business

### Business Systems SI

- Expand into the **financial** sector by accumulating business knowledge and training highly-skilled engineers
- New development into the **logistics** sector
- Expand as stock business by extending contracts for system maintenance and development, operation, etc.
- Promote projects in collaboration with business alliance partners
- Pursue synergies with subsidiaries
- Expand orders for **IT outsourcing**, **N help**, and **quality test**-related projects to receive stable orders
- Expand orders for **public sector projects** (government, electric power, gas, etc.)
- Strengthen competitiveness using **low-code development tools** "WebPerformer ", " WebPerformer-NX "

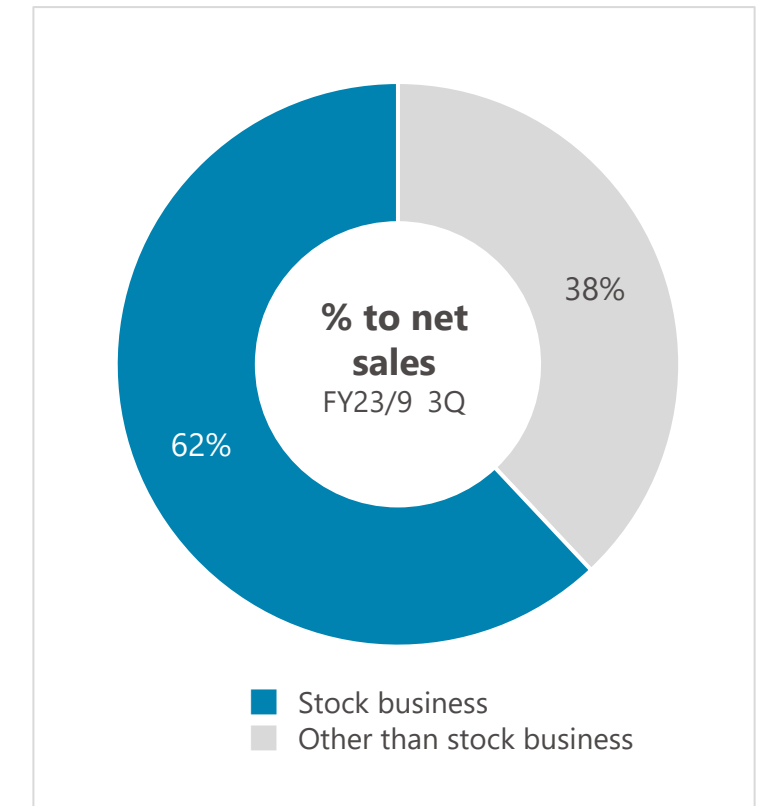
### Infrastructure Services

- **Coordinate with Business Systems SI** for total orders
- Expand orders for **cloud**-related projects

### Connected Systems

- Strengthen **connected** technology for **IoT** and **ICT** in addition to specialization in automobiles and medical equipment

▶▶▶ stock business



#### Stock business:

\*System maintenance and operation for more than 2 years

\*Solutions provided in subscription



# 3.1) 5 Establish business foundation 2

Develop employee training to foster human resources with problem-solving skills

<div>Internal training</div> <div>Outside training</div>	Human resources development		Technical training	Compliance training
	Management skills	Business execution skills		
Executive management	Training for managers	Training for new Directors Training for Executive Officers		Compliance training for officers
Senior Managers		Training for improving proposal capability (basic/advanced)		Compliance training
Managers	Training for the promoted			
Leaders	Training for the promoted	Training for improving business execution skills (indirect sections)		
Staff member	Management coaching training	Training for trainers		
New employees	Management coaching training for leaders			
	Training for the promoted			
	Training for fostering next leaders			
	Ownership and followership training			
	Training for improving professionalism			
		Manner training		
		Follow-up training for new graduates		
			System skills training	
			Business skills training	
			Specific technical training	
			Training for fostering experts	
			PJ management training (basic/advanced)	
			Technical training for new graduates	

## 3.1) 5 Establish business foundation 3

Enhance cooperation with core partners to pursue development and coexistence and co-prosperity

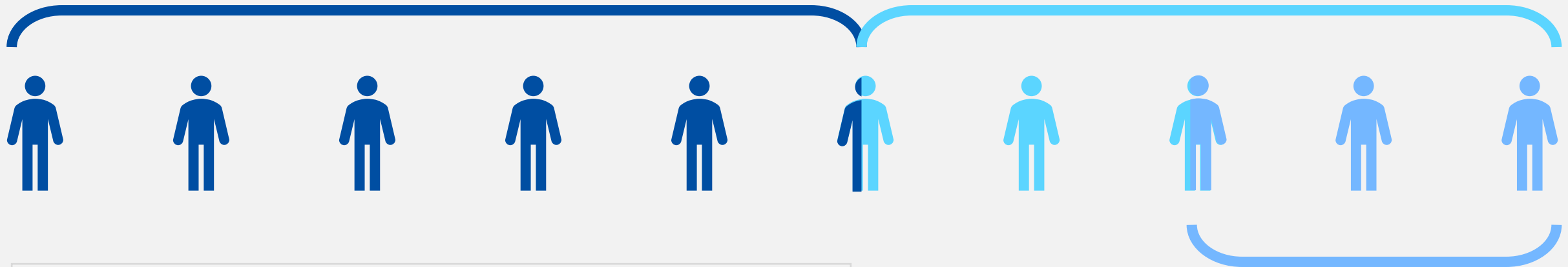
Strengthen partnerships and increase core ratio up to 60% in the 37th fiscal year

Raise core ratio up to 70% in the future

Plan for FY2023/9

Employees **54%**

Partner ratio **46%**  
(+10pts year-on-year)



\*Partner ratio : The number of partners / (the number of partners + the number of employees)  
Core ratio : The number of core partner personnel / the number of all partner personnel

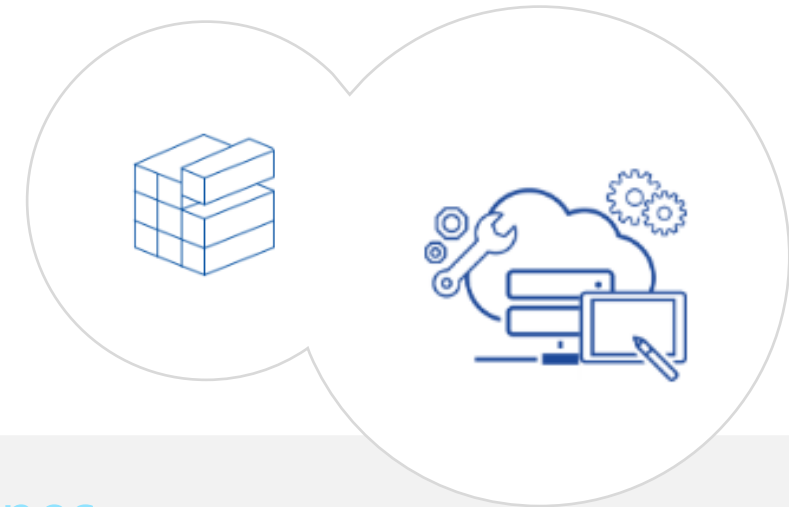
Core ratio  
**60%**  
(+13pts year-on-year)

## 3.1) 6 Expand Solutions Business 1

Clarify the purposes and guidelines of solutions business and aim to expand business

### Purposes

- Enhance corporate value
- Improve capability to receive orders
- Improve profitability / "Transition from increasing unit price to increasing value"



### Guidelines

- Create solutions together with customers, instead of research and development
- Focus on services and improve quality of services
- Offer added value
- Ongoing support by offering subscriptions

## 3.1) 6 Expand Solutions Business 2

### Expanding the Solutions Business to accelerate business expansion and increase added value

Net sales composition ratio target **15.0%** in FY2023/9 (FY2022/9 results: 12.7%)

#### Expansion strategy



Invoice PA Invoice PA<sup>+</sup>

CoNeCt ImPaC

N-Navi N-Bridge Series

N-help

SharePoint utilization Service

ManaSupport

RPA Business

Frailty Prevention

AI Solutions

• Consulting for improvement of internal system operation & construction of data linkage system

■ Newly added “**profit/loss forecast**” and “**expense management**,” etc. to enhance support for DX

• Cooperative solutions with SAP Concur products

■ Scheduled to provide versions compliant with the Invoice System and the Revised Preservation of Electronic Records Act, and budget implementation system for local governments, respectively

• Started **license sales** of Concur Standard for small and medium-sized enterprises

• **IT help-desk service**

• **Effective use of cloud storage and data backup functions**

• **Understand outlook for performance and profit** based on the minimum input information required

• Started offering **PowerAutomate** in addition to **WinActor**

• **QOL for senior citizens in cooperation with local governments**

• **Prophetter Series**、**Chat Document**

## 3.1) 7 Increase direct sales to end users

Stabilize orders and improve profitability, maintain and expand end user direct sales ratio to **over 60%**, online sales ratio to **over 30%**

### Maintain and expand existing users

- Secure repeat customers
- Train highly skilled engineers and expand the scope of expertise sectors
- Cultivate new sectors of expertise

### Cultivate new users

- Horizontal expansion by introducing Needs Well's development results and business know-how to new companies that are similar to existing users

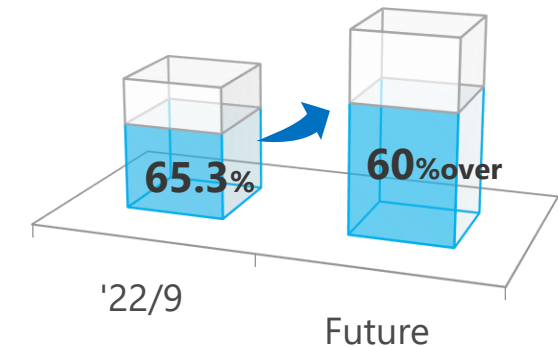
### Develop new users by expanding solutions business

- Focus on Solution Business with a high ratio of sales to end users

### Promote online sales activities

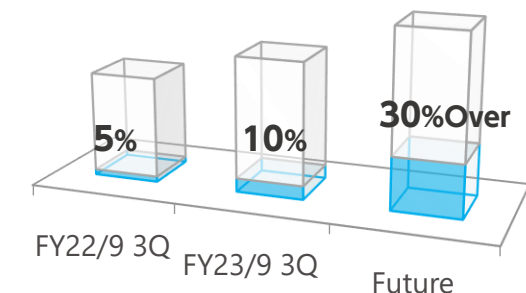
- Reached out to new target groups through successful implementation of measures such as seminars, exhibitions, website, and press releases. Inquiries from end users through online tools increased.

#### End user composition ratio



#### Online sales ratio

Aim for at least 30% of net sales





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4. Reference

## 4.1) Company profile

As of September,2021

Company Name	Needs Well Inc.	Representative	President and CEO <b>Kozo Funatsu</b>
Established	October 1, 1986	Stock Listing	Tokyo Stock Exchange, Prime Market (3992)
Paid-in Capital	908 million JPY	Net sales	6,730 million JPY
Number of Employees	603	Fiscal year end	September
Head Office	13F, New Otani Garden Court, 4-1 Kioi-cho, Chiyoda-ku, Tokyo, 102-0094 Japan TEL: +81-3-6265-6763 FAX: +81-3-6265-6764 URL: <a href="https://www.needswell.com">https://www.needswell.com</a>		
Office	<ul style="list-style-type: none"> <li>- Shinjuku Office : 5F, South Tower, 13-15 Tomihisa-cho, Shinjuku-ku, Tokyo, 162-0067 Japan</li> <li>- Nagasaki Office: 5F, Meijiyasudaseimei Nagasakikozenmachi building, 2-21 Kozen-machi, Nagasaki-shi, Nagasaki, 850-0032 Japan</li> </ul>		
Qualification	Worker dispatch business    ISO27001 (ISMS) Certified    ,    Privacy mark    ISO9001 (QMS) Certified		
Board of Directors As of November 30,2022	President and CEO Executive Director Executive Director Director Director  E : External officer I : Independent officer	<b>Kozo Funatsu</b> <b>Nobumasa Goto</b> <b>Hajime Matsuoka</b> <b>Shinji Wakano</b> <b>Koji Tabata</b>	Director <b>Hiroki Yanagawa (E) (I)</b> Director <b>Hideaki Sakaue (E) (I)</b> Director <b>Mamoru Yasuoka (E) (I)</b> Audit & Supervisory Board Member <b>Kazuhiko Kato</b> Audit & Supervisory Board Member <b>Kotaro Niwa (E) (I)</b> Audit & Supervisory Board Member <b>Shigeru Sato (E) (I)</b>
Group structure	<ul style="list-style-type: none"> <li>■ Consolidated subsidiaries <b>Zeroichi Production</b> Co., Ltd. (Head Office: Nasushiobara-shi, Tochigi    President and CEO: Hiroyuki Waki)</li> <li><b>BO STUDIO</b> Inc. (Head Office: Shibuya-ku, Tokyo    President and CEO: Keiho Akiyama)</li> <li><b>KOMSOF</b> Inc. (Head Office: Toshima-ku, Tokyo    President and CEO: Nobumasa Goto)</li> <li>■ Equity-method affiliate <b>Souken-sys</b> Inc. (Head Office: Shinjuku-ku, Tokyo    President and CEO: Tamotsu Shimizu)</li> </ul>		



## 4.2) Management philosophy

Management philosophy

# Contributing Broadly to the Economy and Society

Business slogan

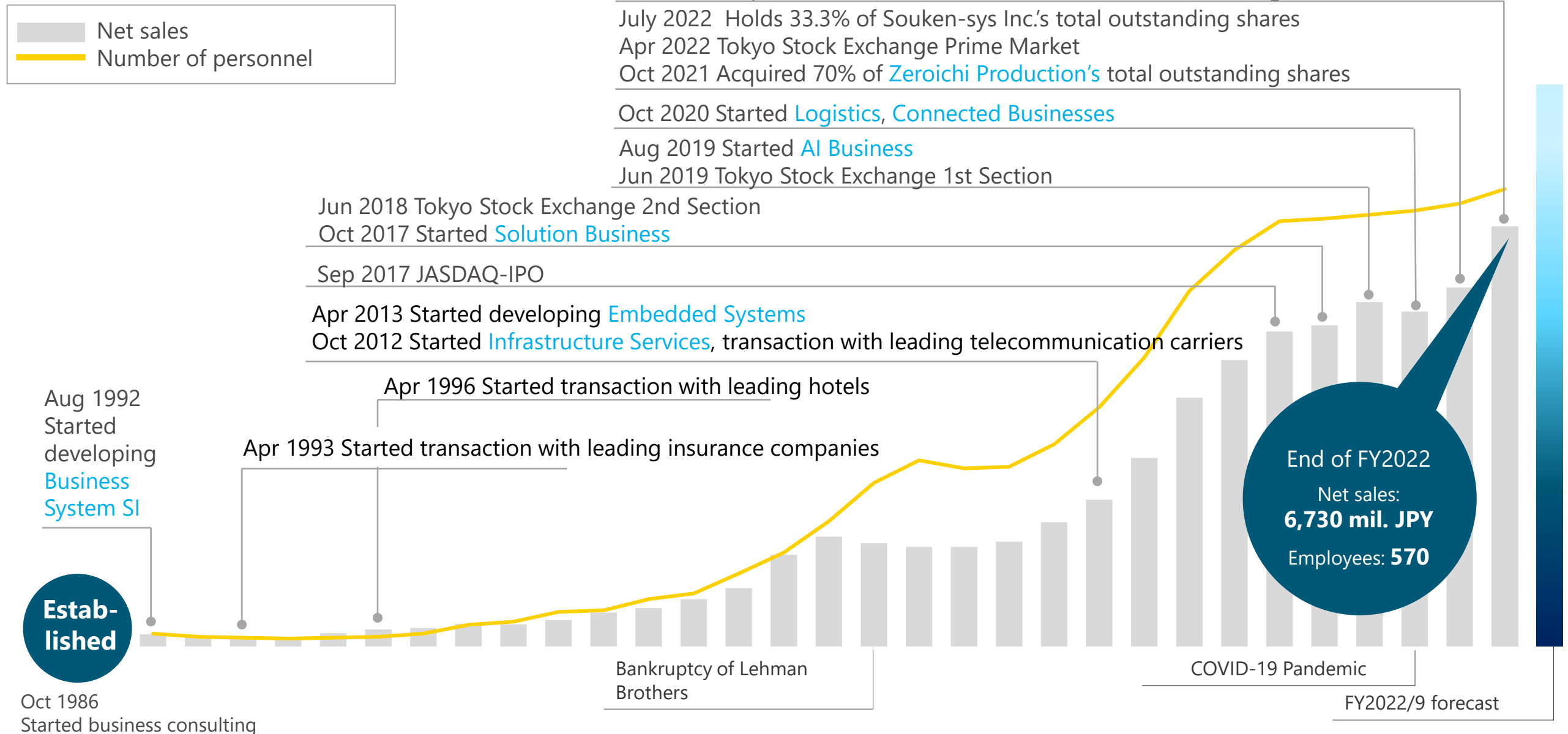
## Try & Innovation

Constantly evolving,  
Needs Well continues to contribute broadly to the economy and society with challenges and innovations.

## 4.3) Medium-Term Basic Policy

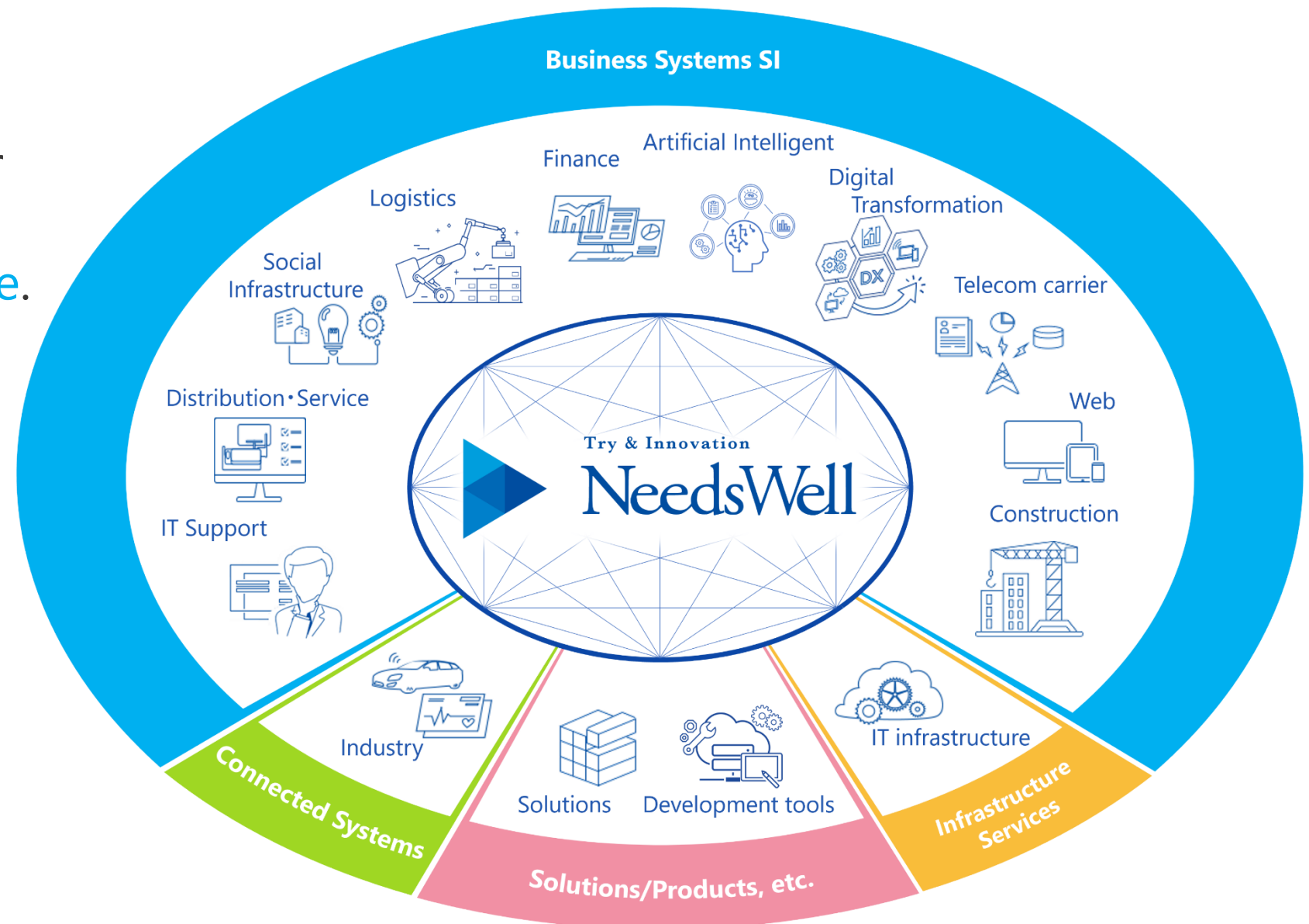
Breaking away from the dispatch business,  
becoming a **true system integrator**

## 4.4) Growth track

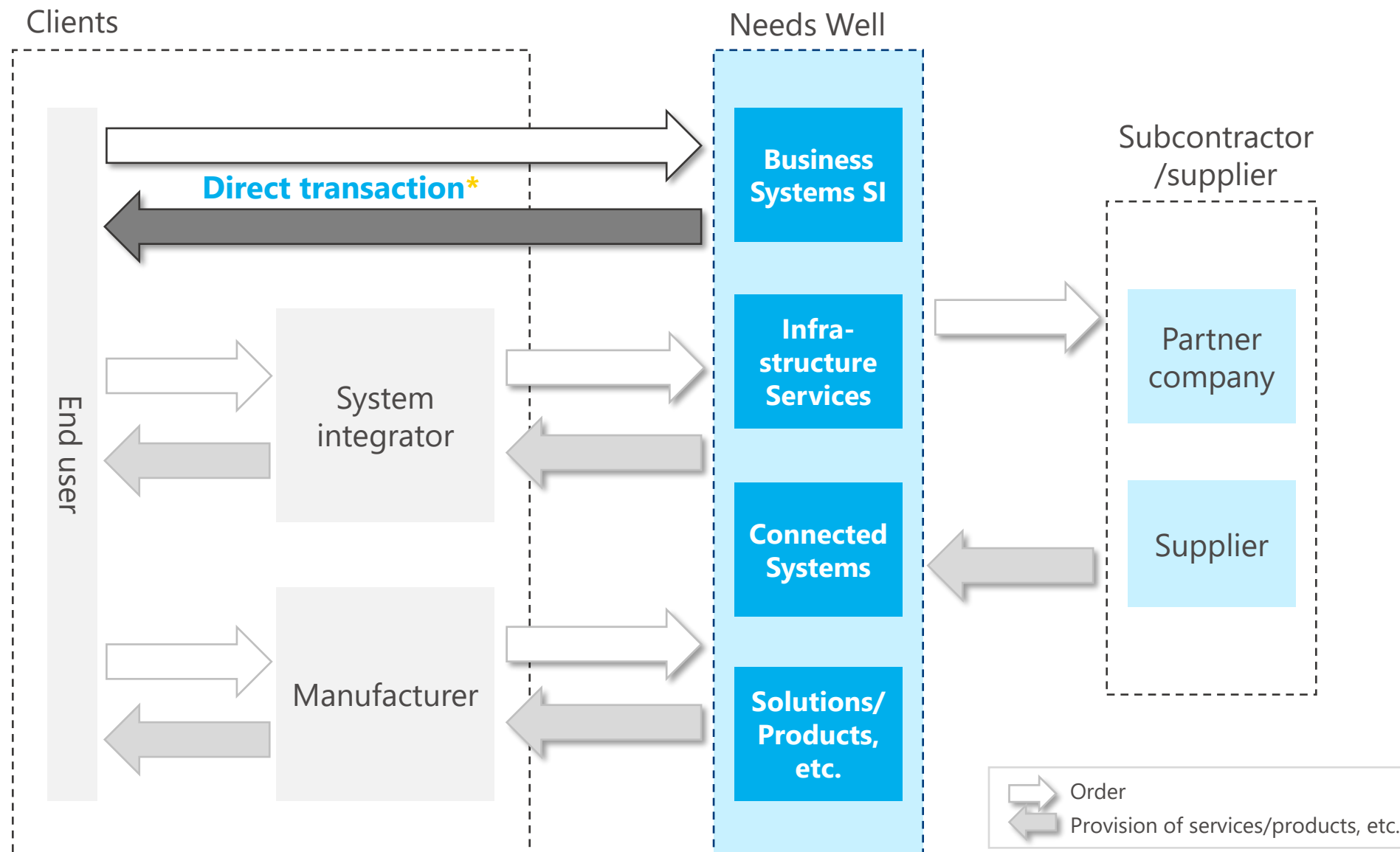


## 4.5) Business fields

Needs Well provides total IT services through four services focused on **Business Systems SI** for finance.



## 4.6) Business system diagram



\* High level of **direct transactions with end users** (approx. **65.3%** of all sales)

## 4.7) Our three strengths

### Capacity for financial system development

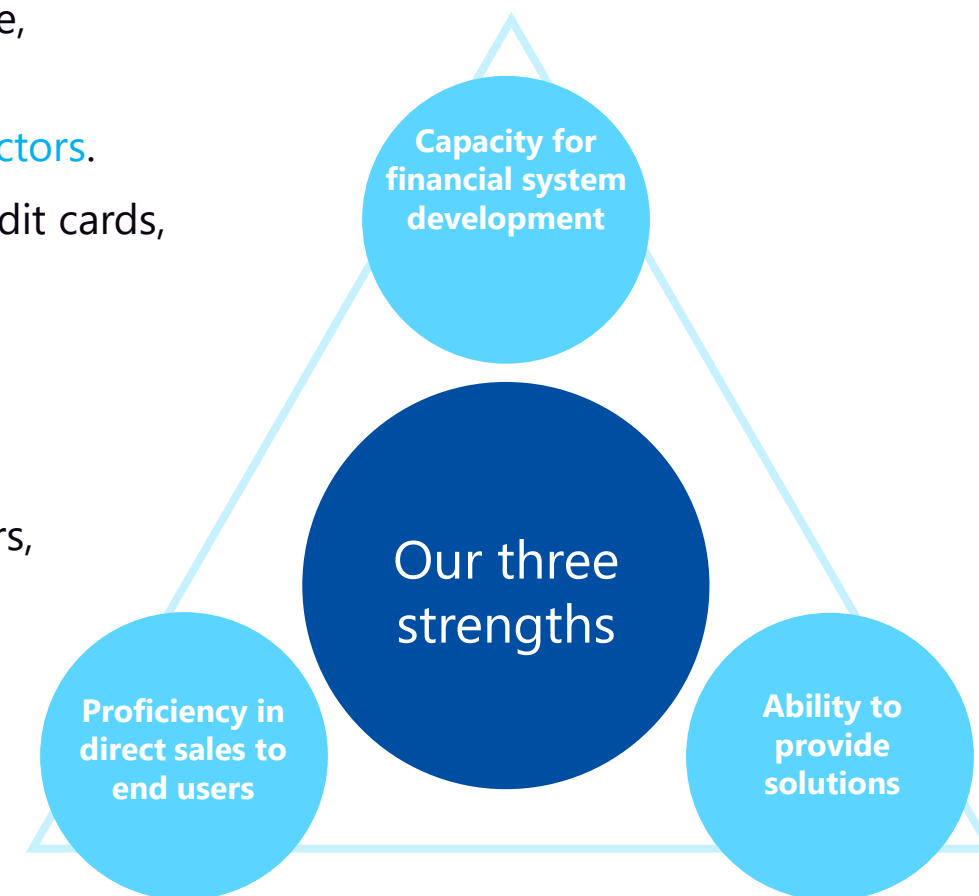
Financial sector accounts for 50% of net sales in main service line, Business Systems SI.  
Particularly advanced in **life insurance and accident insurance sectors**.  
Strong performance record in developing systems for banks, credit cards, and securities.

### Proficiency in direct sales to end users

High level of direct transactions with end users such as life insurance companies, leading hotels, telecommunications carriers, etc., composing **over 50%** of sales.

### Ability to provide solutions / AI

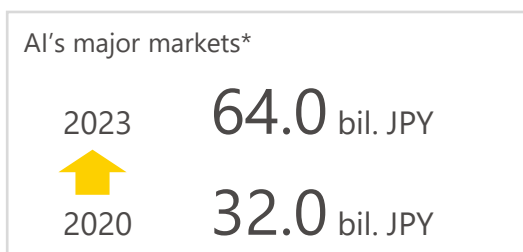
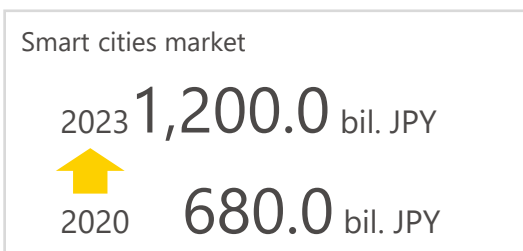
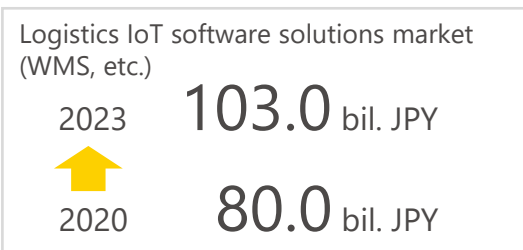
Provides solution services optimized for each customer's business objectives through **5G, AI, RPA, remote work, etc.**





## 4.8) 2 Promotion policies: Sales growth

### Market scale (our forecast)



**Logistics Business**

Logistics industry is facing a serious labor shortage as the selection of diversifying needs continues to increase. There is urgent demand for immediate investment in streamlining, improving quality, and reducing environmental burden through the use of AI, IoT, etc.

**Connected Business**

Proceed to engage in connected technologies to enrich lives, such as smart cities which utilize IoT and AI to make the entire neighborhood more efficient and convenient, etc.

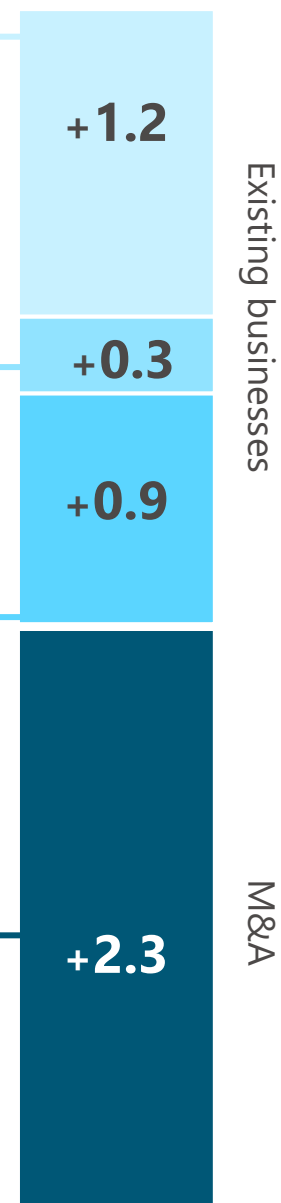
**Solutions Business**

Demand for investment is high due to structural reform for DX. Introduce unique and differentiated products with integration functions that utilize AI and RPA.

**M&A**

Expand the scale of existing technologies and strengthen/introduce new technologies. Focus on logistics, connected functionality, AI, IoT, web, etc.

Unit: billion JPY

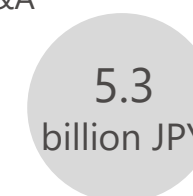


FY2023/9

Sales growth  
+4.7 billion JPY

[Breakdown]

- Existing businesses 2.4 bil. JPY
- M&A 2.3 bil. JPY



FY2020/9

\* AI's major markets: Image recognition, speech recognition, speech synthesis, language analysis, search and retrieval, translation

\* \* Please refer to page 12 for an analysis of the present situation and measures & revisions to be implemented.



## 4.9) 1 Initiatives directly linked to business

Aim for **sustainable management** through business strategies that incorporate the perspectives of SDGs, ESG, and CSR

### Nearshore Development Promotion: Nagasaki Development Center to maintain 100 employees by 2024

Promote development by committing to QCD (quality, cost, and delivery) through remote development system that utilizes nearshore bases.

Aim to maintain 100 employees at the Nagasaki Development Center by 2024 and contribute to **prosperous urban development through the development of an industrial foundation, technological innovation, and creating employment opportunities** by utilizing highly competent local human resources.

Certified as the first registered business operator of the Nagasaki Prefecture SDGs Registration System.

Participated in the "SDGs Public-Private Partnership Platform for Regional Revitalization" established by the Cabinet Office.

Participated in the Cabinet Office's "Public-Private Partnership Platform for Regional Revitalization SDGs"



### Development of new solutions to assist DX

Assist client companies in realizing and promoting DX to overcome the "2025 Digital Cliff" by building platforms using AI technology, providing systems, analyzing data, saving labor through RPA integration, etc.

Contribute to **building the industrial foundation of a digital society**.

**Frailty prevention solution** is under development to extend the healthy life expectancy of senior citizens and help local governments reduce health care costs.



### Collaboration with partner companies

Promote partnerships with contractors and suppliers and aim to establish a structure for continuing to develop together over a long period of time.

## 4.9) 2 Initiatives supported by systems and activities

### Work style reform & personnel development

- Introduction of a double job system to find suitable jobs
- Promote a healthy work-life balance by incentive dates for paid leave, Premium Friday (leaving work early on the last Friday of the month), reducing overtime work, etc.
- Expand selection of employees eligible for remote work
- System for encouraging skill improvement and motivation
- On-the-job training and mentor system to draw out skills and motivation



### Increase ratio of female employees and managers

- Increase the ratio of female employees by promoting meritocracy and gender equality
- Target female manager ratio: 30%, target female employee ratio: 30%



### AI education for students

- Arrange AI programming experiences and 5 day/3 weeks internships for students
- Conduct programming classes on apps for submitting electronic applications and creating interactive AI chatbots, WinActor (RPA) to improve efficiency of school operations, taste data analysis, etc. (2020~)



### Donate to assistance programs for repaying student loans

- Contribute to projects by Nagasaki Prefecture for assisting young adults in the repayment of their student loans  
Develop leaders who will establish themselves and play central roles in the local community



### Support for V-Varen Nagasaki of the Soccer J League

- Concluded a sponsorship agreement to support the promotion of sports culture and revitalization of the local community

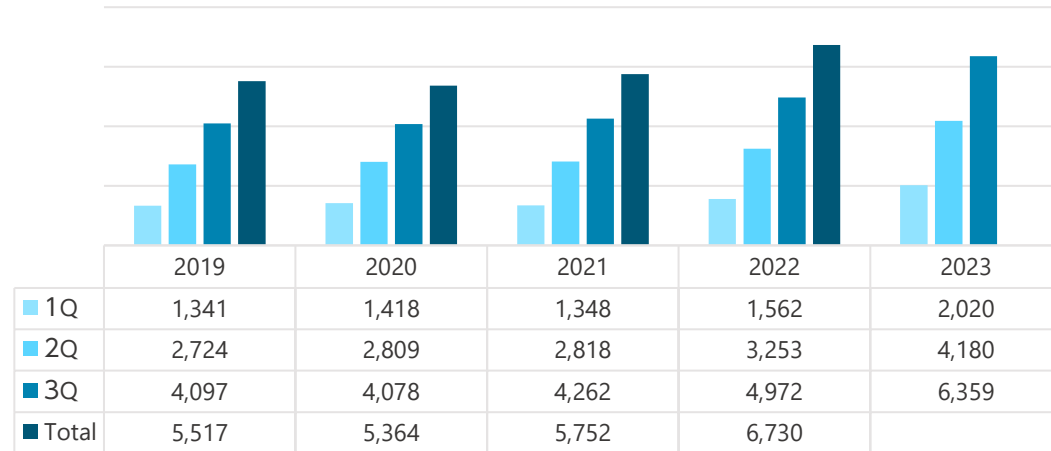
Please view the following link for other initiatives and more information:

<https://www.needswell.com/ir/sdgs>

## 4.10) Business results 1

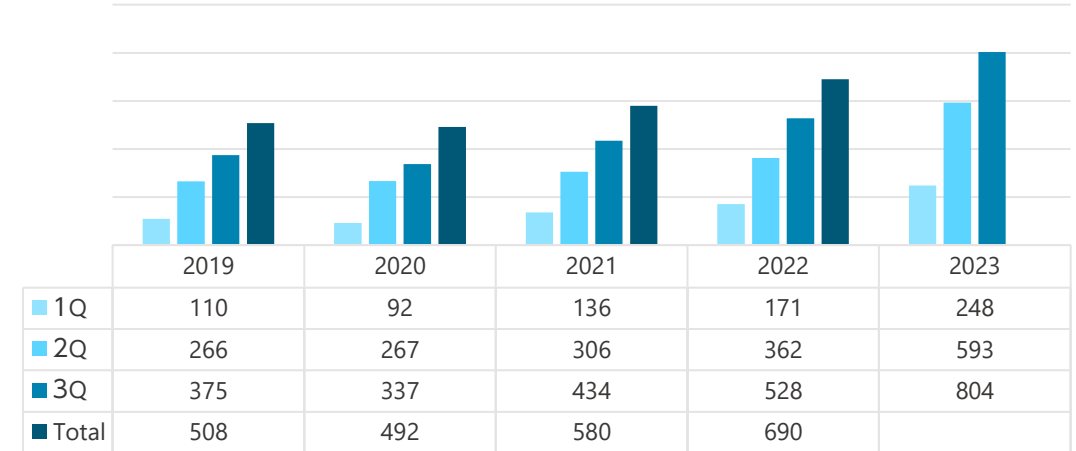
### Net sales

Unit : million yen



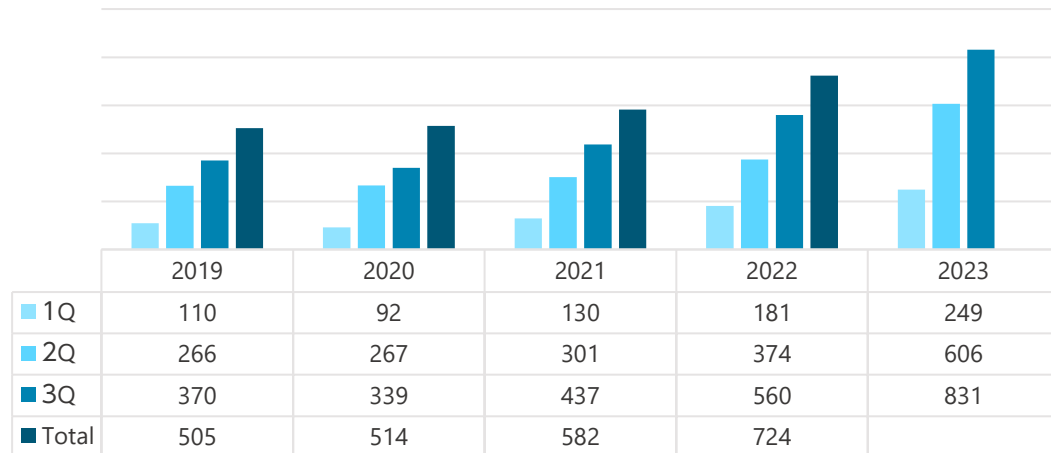
### Operating profit

Unit : million yen



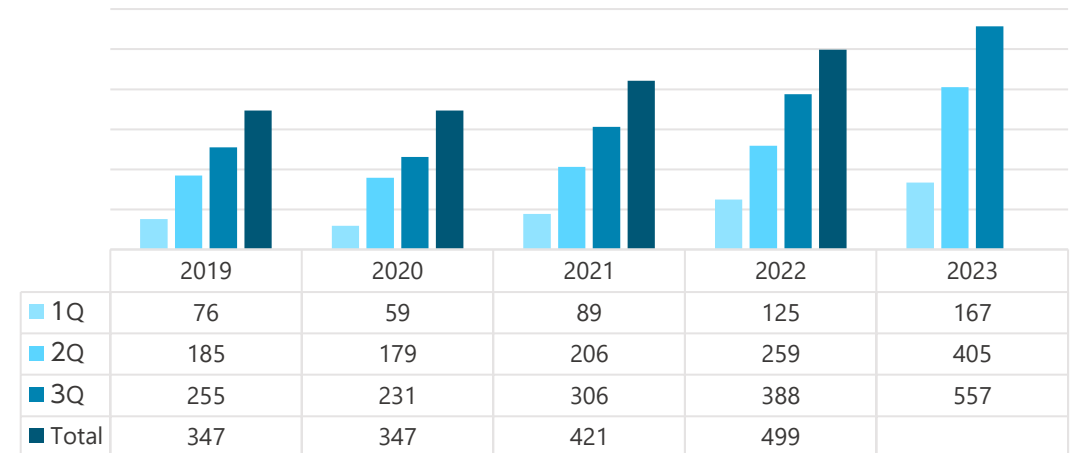
### Ordinary profit

Unit : million yen



### Profit

Unit : million yen

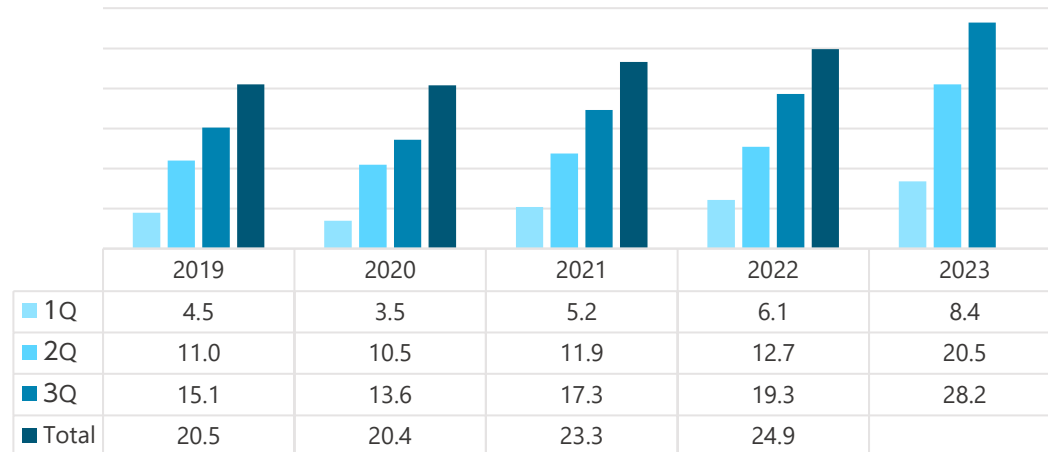


\* Needs Well has transitioned to consolidated accounting from the current fiscal year (FY2023/9).

## 4.10) Business results 2

### Profit per share

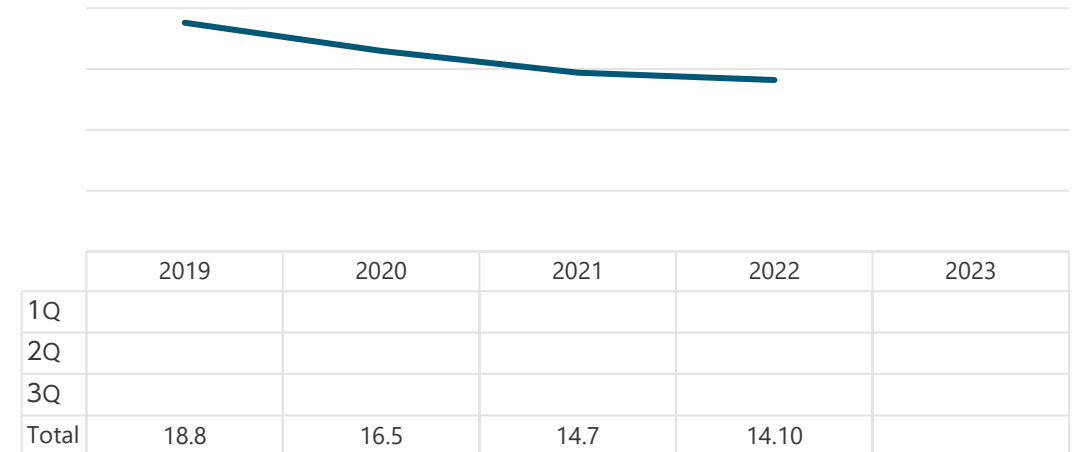
Unit : Yen



\* Figures are after split adjusted as of May 12, 2017 ratio of 100 shares per share, as of Apr 1, 2018 ratio of 2 shares per share, as of Jan 1, 2019 ratio of 2 shares per share, as of Jun 1, 2023 ratio of 2 shares per share.

### ROE

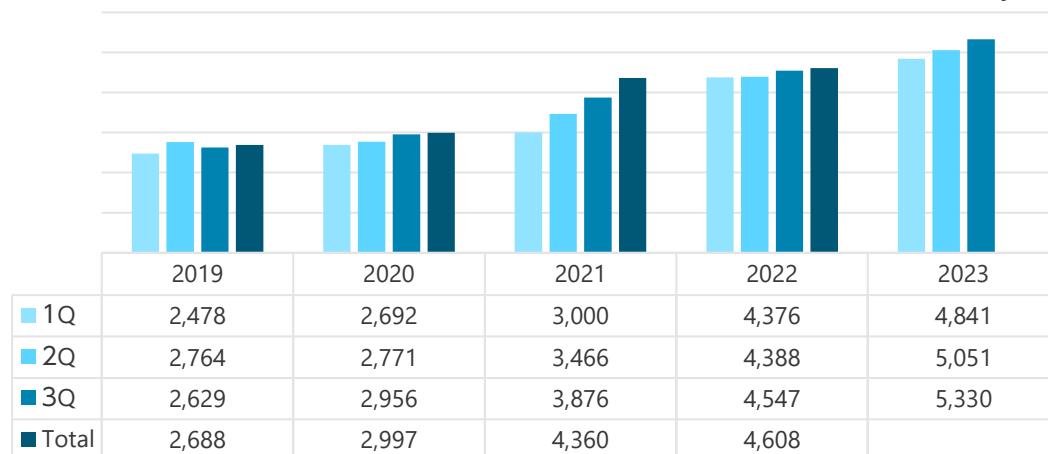
Unit : %



\* This index is updated every year

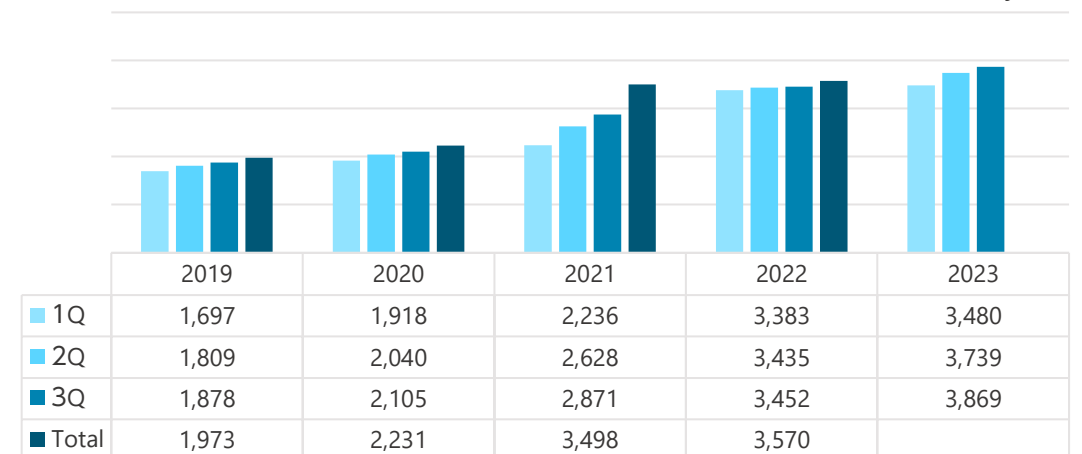
### Total assets

Unit : million yen



### Net assets

Unit : million yen



## 4.10) Business results 3

### Capital adequacy ratio

Unit : %

	2019	2020	2021	2022	2023
1Q	68.5	71.3	74.5	77.3	71.8
2Q	65.4	73.6	75.7	78.3	73.9
3Q	71.4	71.2	74.0	75.9	72.5
Total	73.4	74.5	80.2	77.5	

\* 2Q is total of 1Q and 2Q

\* 3Q is total of 1Q to 3Q

### Net assets per share

Unit : Yen

	2019	2020	2021	2022	2023
1Q					
2Q					
3Q					
Total	116.3	131.2	172.3	180.9	

\* Figures are after split adjusted as of May 12, 2017 ratio of 100 shares per share, as of Apr 1, 2018 ratio of 2 shares per share, as of Jan 1, 2019 ratio of 2 shares per share, as of Jun 1, 2023 ratio of 2 shares per share.

\* This index is updated every year

### Stock chart

Volume

closing price

Volume: shares

Stock price : yen

3,000,000

2,500,000

2,000,000

1,500,000

1,000,000

500,000

0

'22/7/1

'22/8/1

'22/9/1

'22/10/1

'22/11/1

'22/12/1

'23/1/1

'23/2/1

'23/3/1

'23/4/1

'23/5/1

'23/6/1

1,000

800

600

400

200

0

■ Closing price is adjusted for the two-for-one stock split effective June 1, 2023.



**NeedsWell**  
Try & Innovation

- All statements described herein have been prepared by Needs Well based on the currently available information.
- Actual results may differ from forecasts due to various factors in the future.

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