Needs Well Inc.

Medium-Term Management Plan
(Fiscal Year 2025 – Fiscal Year 2027)

August 19, 2025

NeedsWell
Try & Innovation

1. Management Plan

1-1 Medium-Term Management Plan

Try & Innovation NeedsWell

Proactive investments (securing and developing human resources, and solution development) toward medium- to long-term growth
Measures to secure human resources and prevent outflow of human resources are particularly important items
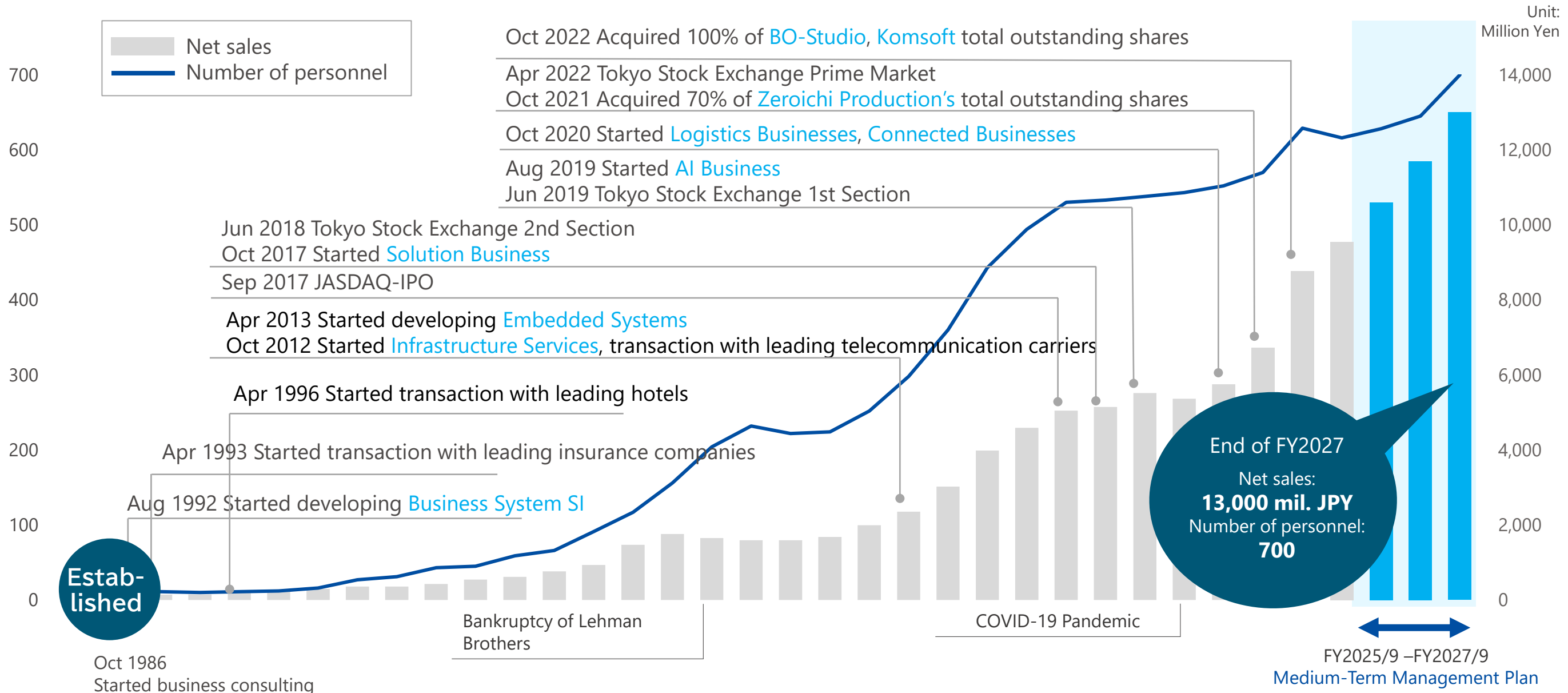
- Promote recruitment of new graduates that accounts for 10% of the total number of employees, and active recruitment of regional human resources, especially in mid-career hires
- Focus on proactive investments to expand solution lineup improvement of the brand value as a solution provider
- Establish a stable revenue base with revenue growth driven by subscription-based service provision of solutions

	Medium-Term Management Plan				
	FY2024 (Billion JPY)	FY2025 (Billion JPY)	FY2026 (Billion JPY)	FY2027 (Billion JPY)	CAGR 2024-2027 (%)
Net sales	95 Existing business 95 M&A※ 0	106 Existing business 106 M&A※ 0	117 Existing business 110 M&A※ 7	130 Existing business 125 M&A※ 5	10.8
Ordinary profit	12	14	14.5	17	12.1

※ The sales from M&A in the previous year are included in the existing business.
※ As of the date this document is published, the specific targets for M&A after 2025 are undecided, but we are conducting research.

Net sales
Number of personnel

Unit: Million Yen

Oct 2022 Acquired 100% of BO-Studio, Komsoft total outstanding shares

Apr 2022 Tokyo Stock Exchange Prime Market
Oct 2021 Acquired 70% of Zeroichi Production's total outstanding shares

Oct 2020 Started Logistics Businesses, Connected Businesses

Aug 2019 Started AI Business
Jun 2019 Tokyo Stock Exchange 1st Section

Jun 2018 Tokyo Stock Exchange 2nd Section
Oct 2017 Started Solution Business

Sep 2017 JASDAQ-IPO

Apr 2013 Started developing Embedded Systems
Oct 2012 Started Infrastructure Services, transaction with leading telecommunication carriers

Apr 1996 Started transaction with leading hotels

Apr 1993 Started transaction with leading insurance companies

Aug 1992 Started developing Business System SI

Estab-lished

Bankruptcy of Lehman Brothers

COVID-19 Pandemic

End of FY2027
Net sales:
13,000 mil. JPY
Number of personnel:
700

Oct 1986
Started business consulting

FY2025/9 –FY2027/9
Medium-Term Management Plan

Maintain a solid financial foundation while accelerating investment for the future
Maintain ROE of 20% or more and aim for EPS of 30 JPY or more through steady growth in business performance

- Make proactive investments in recruitment, education, and research and development in FY26/9
- Expect EPS to increase to 32 JPY and ROE to 21% in FY27/9 through sales expansion driven by an increase in the number of employees and improved profitability led by the Solutions and M&A
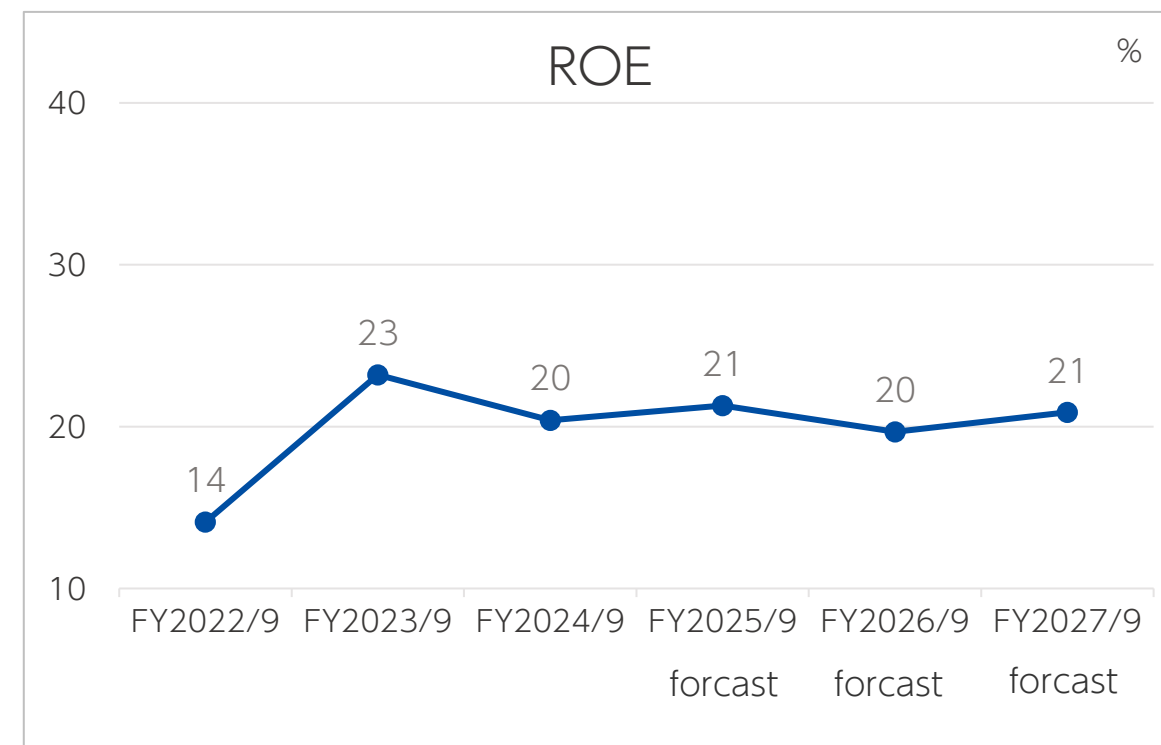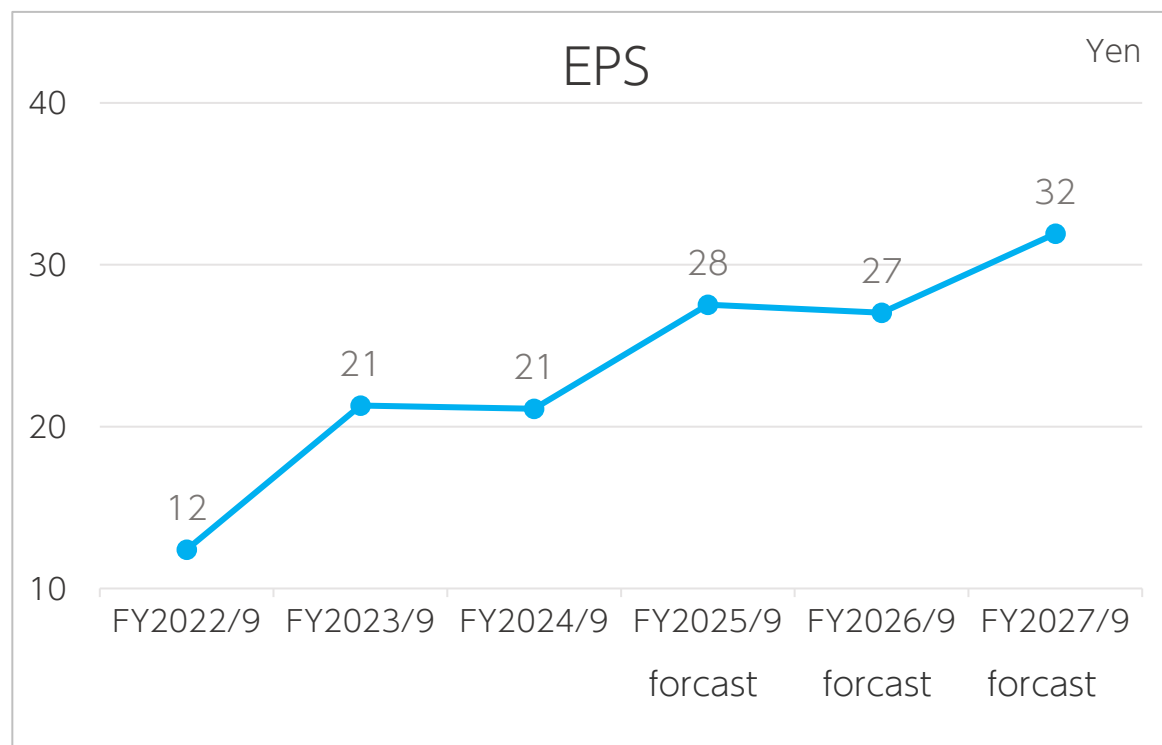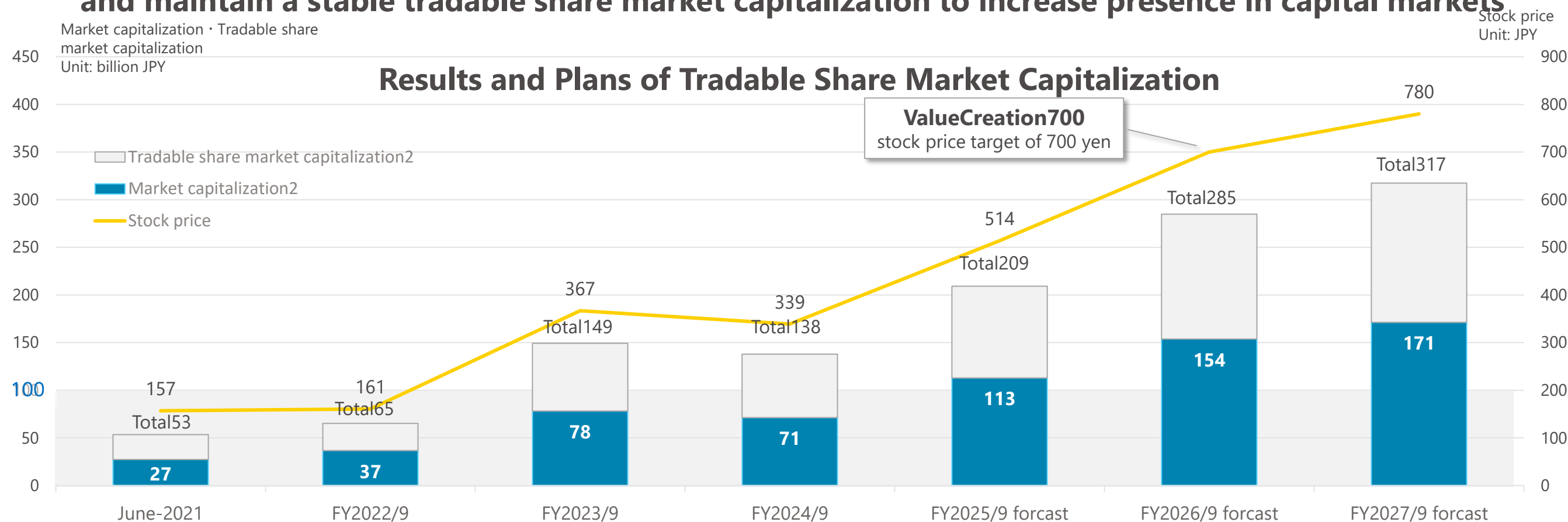

(Note) Figures adjusted for stock splits on June 1, 2023, and June 1, 2024 at a ratio of 2 shares per share.
(Note) EPS and ROE after the end of FY25/9 are based on our plans at the time of preparing this document and do not guarantee future figures.

Try & Innovation NeedsWell

Improve credibility and enhance human resources competitiveness
by meeting the continued listing criteria for the Prime Market of the Tokyo Stock Exchange
Surpass the 10 billion JPY mark in tradable shares market capitalization
and maintain a stable tradable share market capitalization to increase presence in capital markets

Market capitalization・Tradable share market capitalization
Unit: billion JPY

Stock price
Unit: JPY

Results and Plans of Tradable Share Market Capitalization

ValueCreation700
stock price target of 700 yen

Legend:
- Tradable share market capitalization2
- Market capitalization2
- Stock price

	June-2021	FY2022/9	FY2023/9	FY2024/9	FY2025/9 forcast	FY2026/9 forcast	FY2027/9 forcast
Total	Total53	Total65	Total149	Total138	Total209	Total285	Total317
Market capitalization2	27	37	78	71	113	154	171
Stock price	157	161	367	339	514		780

(Note) Stock prices are figures adjusted for stock splits on June 1, 2023, and June 1, 2024 at a ratio of 2 shares per share. The figures for the end of FY24/9 are calculated based on the average closing prices from July 1, 2024 to August 16, 2024.
(Note) The market capitalization, tradable share market capitalization, and stock price after the end of FY25/9 are based on our plans at the time of preparing this document and do not guarantee future figures.

2. Policy

NeedsWell — Try & Innovation

■ Management philosophy

Contributing Broadly to the Economy and Society

Enhance corporate value
Enhance business value: Achieve performance and business targets
Enhance social value: Achieve sustainable management

■ Management policy

Constantly evolving, Needs Well continues to contribute broadly to the economy and society with the slogan "Try & Innovation."

■ Medium-term basic policy

Transformation into a true system integrator

■ Medium-term management policy

Improving profitability and reducing overtime work through increased productivity
Achieving high salaries and bonuses, as well as work-life balance

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NeedsWell

Aiming to improve corporate value (Needswell Value) through various measures.

Performance

・Net sales growth rate10%
・Ordinary profit margin 10%
・SG&A expenses rate 10%
・Net sales 13 billion　FY2027/9
・ Liquidity – market capitalization 171 billion JPY
(FY2027/9) ・EPS 30yen　　PER 20　ROE 20%
・M&A、Alliance

Capitalpolicy

・M&A
・ Acquisition and effective utilization of
　　　　　　　　　　　　　　　treasury stock

・Restricted Stock Compensation Plan
・ Cancellation of treasury stock
・ ValueCreation700

IR

• Institutional investor
• Individual investors
• Media
• Press Release
• Promotes CI, VI

Sustainability

・ESG、SDGs
・Corporategovernance
・Improving productivity through generative AI
solutions
・Expansion of nearshore development bases
(Revitalization of local areas)

Establish a solid business foundation with Business Systems SI and IT Infrastructure, and use Solutions to accelerate the increase in added value

Service lines that **establish the business foundation**

Service lines that **accelerates the increase in added value**

Business Systems SI	IT Infrastructure	Solutions
・Expand contract business in a wide range of fields, particularly in the financial sector ・Expand migration development, utilizing nearshore bases ・Actively participate in public projects and tenders, strengthen cooperation with partner companies ・Improve productivity and competitiveness through the use of low-code development platforms	・Provide one-stop service from IT infrastructure service to development, maintenance, and operation ・IT Outsourcing that resolves issues related to human resource shortages and information system divisions ・Expand effective testing services associated with migration	・Expand the Solutions Business by clarifying purposes and policies ・Create agent-based AI solutions through collaboration with business partners ・Expand functionality, reduce development costs and time through collaboration with other solutions ・Promote sales through the development of sales agents ・Increase revenues not depending on personnel by offering subscription

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Our three strengths

Capacity for financial system development

Financial sector accountsfor 50% of net sales inmain service line,Business Systems SI.Particularly advanced in life insurance andaccident insurancesectors.
Strong performancerecord in developingsystems for banks, creditcards, and securities.

Proficiency in direct sales to end users

High level of directtransactions with endusers such as lifeinsurance companies,leading hotels,telecommunicationscarriers, etc., composingover 65% of sales.

Ability to provide solutions

Launch a number of solutions to solve customers' issues. Propose consistent services from solutions and SI to operation and support.
Create and provide solution services optimized for each customer's business objectives through DX, Generative AI, agent-based AI, security, etc.

3. Growth strategy

Business environment

IT investment	Technological innovation	AI	Migration	IT Outsourcing
The number of companies increasing investments in FY2025 is increasing and is expected to continue to increase. In addition to DX-related investment, investment in AI-related and human resource development to promote the use of AI is on the rise. Investment in low-code development will also increase.	Demand for business automation expands with the emergence of agent-based AI. Rapid expansion of cloud services has led to a surge in demand for cloud security. Ensuring security through the use of AI is essential.	Generative AI utilization is dramatically progressing due to the spread of intuitive UI and other features. Adoption by companies is also progressing. There is an urgent need to develop an ethical and legal framework in parallel with the promotion of use. AI through business partnerships is further promoted.	Demand is expanding mainly for cloud migration and legacy migration to meet cost reduction needs, and will continue to grow, including cloud migration for DX purposes.	Demand continues as an alternative means of securing highly skilled IT personnel. It is important to provide services that combine the examination and implementation of business improvement and DX. Effects of cost reductions, including operational work.

ValueCreationProject

Promote business both in terms of business expansion and securing/training highly capable personnel. Establish a more solid business foundation through proactive investments.

Business expansion Revenue expansion

○ 30% increase in sales in focused areas by leveraging technological know-how
·AI: Data analysis and problem solving through the Prophetter series
·Migration: Contribute to cost reduction through proposals combined with testing services
·IT Outsourcing: Propose solution to the shortage of engineers. Nearshore utilization.

○ Expand solutions by leveraging our technological capabilities
 AI Prophete Physician Scheduling
 AI Solution for Chronic Pain Treatment
Create cloud security solutions for AI utilization
○ Create new solutions through synergies with business partners

Securing and training of human resources

○ Securing human resources
· Resolve human resource shortages by strengthening regional recruitment. Effective utilization of nearshore bases.
· Continue recruiting in the Tokyo metropolitan and regional areas with the aim of recruiting new graduates for 10% of the total number of employees
· Comeback program and employee referrals to secure human resources and strengthen business structure

○ Training and education
·Support employees and improve the working environment by utilizing programs such as the student loan assistance program, extension of housing allowance provision, and social contribution program
· Promote meritocracy and gender equality to target female manager ratio of 30%
· Enhance education system. Implement training for human resource development from new graduates to managers.

Investments

Proactive investments to increase corporate value
Recruitment and training of human resources: Investments to retain and secure human resources are essential. Aiming to develop engineers who will lead the times.
·R&D and solution creation: Focus on solution creation to aim for improving brand value as a solution provider
·M&A and capital partnerships: Actively consider M&A to expand the scope of business and strengthen the business foundation. Create business synergies and increase corporate value.

Returns for shareholders

·Maintain the payout ratio of 45% or more
·Shareholder benefit program

As part of the Value Creation Project

Promote the "Value Creation 700" aiming for a stock price of 700 JPY in FY26/9

▌ Sales growth in the focus areas

- ● Past initiatives have accelerated business growth in focus areas. Continue to expand business in focus areas
- ● Expand services and solutions in response to market conditions and trends in each field of AI, migration, and IT outsourcing
- ● Aim for business growth of 30% or more in all focus areas

▌ Enhancement of returns for shareholders

- ● Improved the payout ratio policy from "35% or more" to "45% or more"
  Revised the forecast of the fiscal year-end dividend to 12 JPY per share by increasing the regular dividend by 3 JPY at the end of FY25/9
- ● Introduced shareholder benefit program (twice per year)
  Record date: March 31, September 30
  Eligible shareholders: Shareholders with a holding of 1,000 shares (10 units) or more
  Benefits: QUO cards worth 15,000 JPY for each record date

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AI Business

・ Create AI systems to support business efficiency through "Work AI"

・Organize, improve, and automate customers business operations by utilizing "Prophetter" service aimed at transforming existing operations into an AI-based operations

・ "AsProphetter," lineup addition to the "Prophetter series"
Abnormal noise detection added to failure detection technology to improve problem-solving capabilities

・ Expand generative AI solutions through industry-academia collaboration
(AI Physician Scheduling, AI Solution for Chronic Pain Treatment)
Aim to provide a solution that handles part of the work performed by humans as an agent-type AI

・ Expand sales of generative AI solutions (FSGen, QualiBot, PRGen)
Accelerate sales expansion by reflecting customer feedback in functions
Acquire leads by attracting customers through online sales and seminars
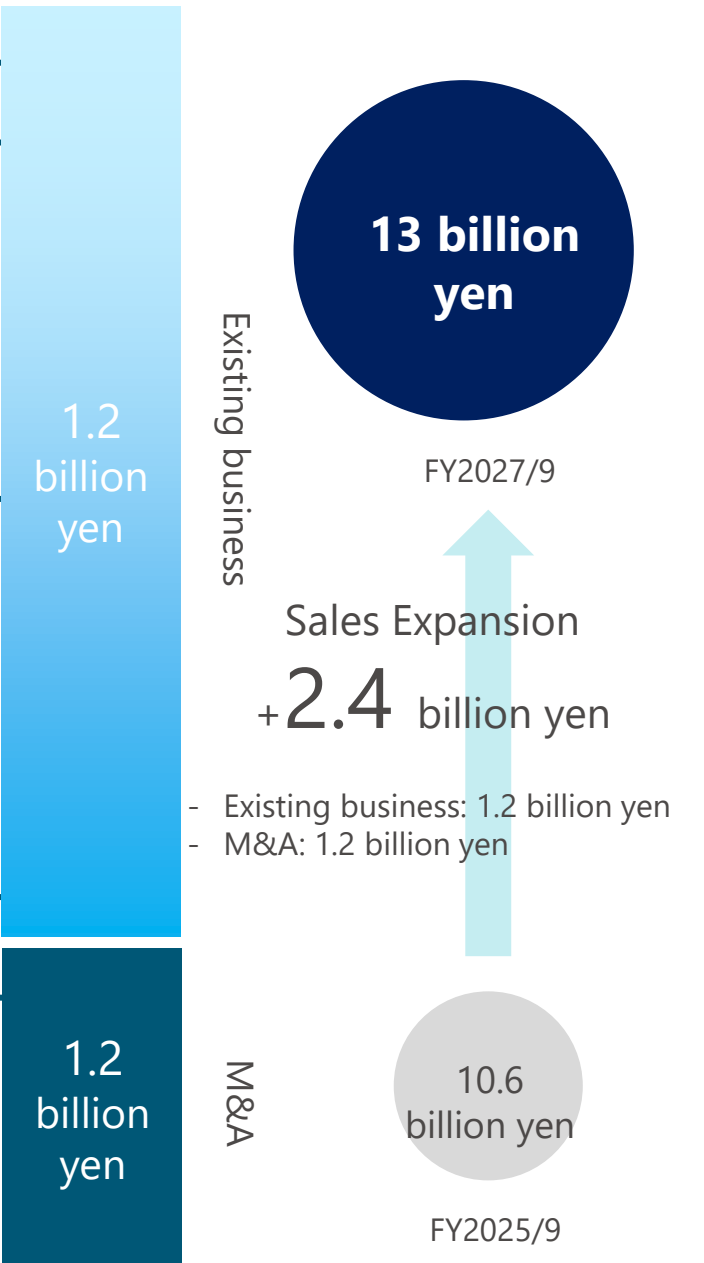
Migration Development Business

・ Migration + testing service expansion
・ Build a long-term stable system by utilizing nearshore bases
・ Expand orders for financial projects
・ Increased demand for migration using low-code development tools
Deploy together with testing services

IT Outsourcing Business

・ Demand associated with the growing shortage of DX specialists in the corporate sector. Develop and propose structure for a long term to achieve DX, operational efficiency, and automation, and efficiently execute infrastructure environment and system operations.
・ Propose long-term stable systems and operational improvements in cooperation with nearshore
・ Expand orders mainly for municipal DX and business improvement support

Solutions Business

・ Expand revenue by expansion of solution products and sales expansion
Enhance the brand value as a solution provider. Improve profitability.
・ Promote sales through webinars for online sales solutions
・ Expand subscription sales through provision of cloud
・ Improve stock sales ratio
・ Expand functions by linking with other solutions, reduce development costs and time
・ Promote sales through the utilization of sales agents

M&A

・ Expand existing technology areas
・ Reinforce and enter into new technologies
・ Focus research on logistics, AI, IoT, Web, etc.

1.2 billion yen

Existing business

1.2 billion yen

M&A

13 billion yen

FY2027/9

Sales Expansion
+2.4 billion yen

- Existing business: 1.2 billion yen
- M&A: 1.2 billion yen

10.6 billion yen

FY2025/9

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Increased profit

Improve profitability through expansion of stock sales

・Increase the weight of areas where revenues are accumulated continuously (subscriptions and maintenance) to stably expand the revenue structure
・Maintain and expand ongoing transactions with customers we have cultivated over time

Improve profitability through low-code development

・Expand orders by improving productivity and competitiveness through utilization of low-code development platforms
・Focus on addressing the shortage of IT personnel due to the acceleration of the digital environment, and strengthening competitiveness

Increase direct sales to end users

- Ratio of direct sales to end users is over 50%, a high level in the software development industry.
  Aim to further stabilize orders and improve profit with a target ratio of 60%.
  - Focus on continuing to work with existing customers, expanding the scale of projects in relevant sectors, and cultivating new sectors of expertise.
  - Cultivate new users through horizontal expansion to companies in the same or similar industries as existing users.
  - Focus on the Solutions Business, which accounts for a high percentage of sales to end users.

■ Ensure stable revenue through the expansion of stock sales, leveraging our development know-how
■ Increase the results from approximately 65% in 2024 to 70% in the furture and beyond
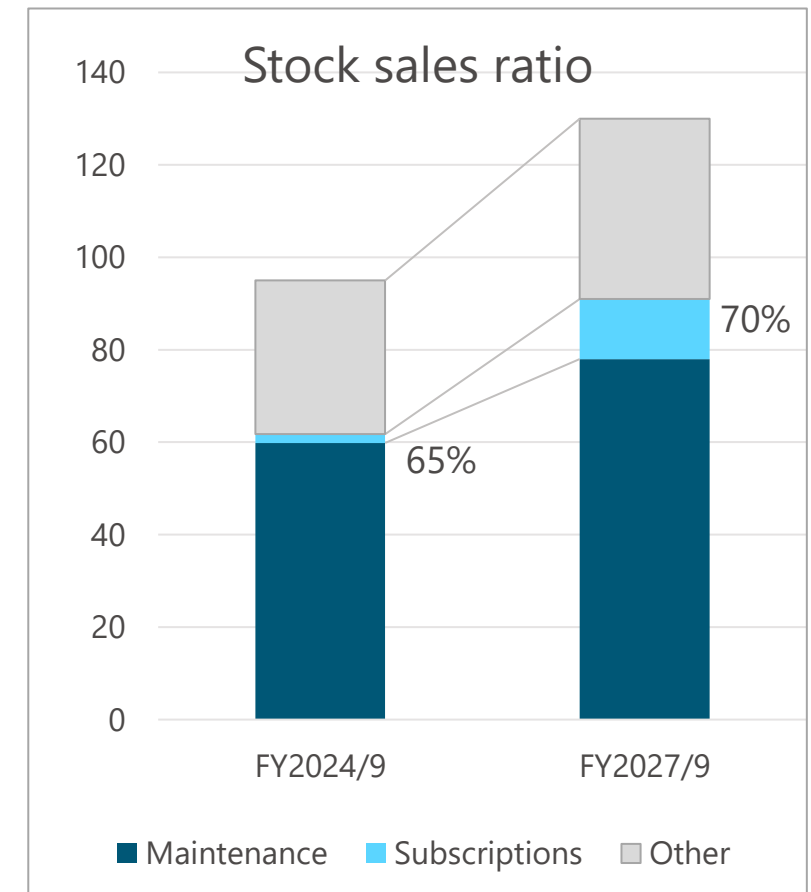
Stock sales ratio

65% (FY2024/9) → 70% (FY2027/9)

■ Maintenance　■ Subscriptions　□ Other

Needs well Group with a size of 700 employees in FY27/9
Collaboration with partner companies to solve the shortage of SE

○ Recruitment

· Recruit 10% of employees from new graduates and train engineers for early start-up

· In the area of mid-career recruitment, strengthen regional recruitment in particular to solve the shortage of human resources and secure excellent human resources in the regions, and at the same time, promote the establishment of a flexible work environment that is not dependent on locations

○ Collaboration with business partners

· Promote collaboration with partner companies to promote collaboration with partner companies to resolve the shortages of SE
Coexist and co-prosper with partner companies in system development, maintenance and operation work, solution co-creation, etc.

· Ensure coexistence and co-prosperity together with partners through sharing human resource development by utilizing the Needs Well education system with the core partner companies

· Maintain a core partner ratio of 70% or more, build collaborative systems over the long term, and provide high quality services

Legend: ■ employees ■ subsidiary ■ core partner ■ business partner —●— core ratio
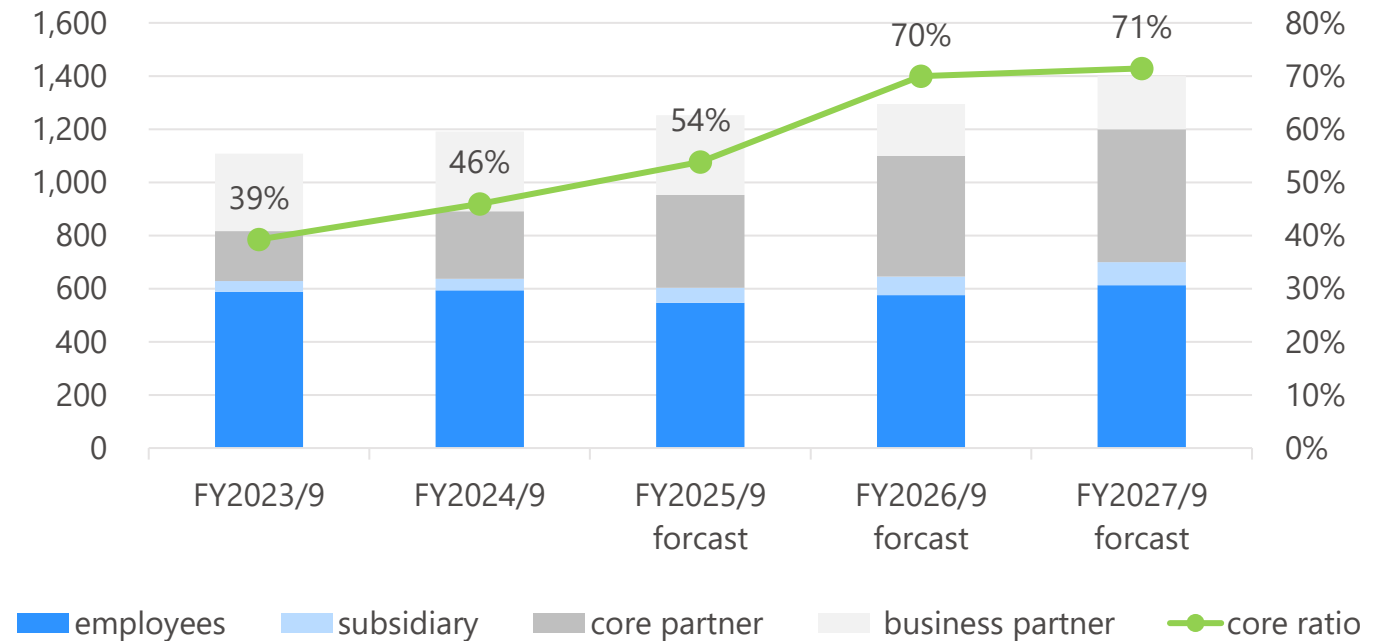
○ Core partner program

Recognize partner companies with particular potential for collaborative relationships as core partners
Achieve coexistence and co-prosperity by sharing a wide range of business promotion, including project promotion and engineer training
■ Priority ordering of projects ■ Establishing a system designed for long-term contracts
■ System for accepting young and new employees ■ Sharing various training programs

Provide various training programs to increase the motivation and job satisfaction of each employee

Education system based on position, skills, career vision, and future technological trends

▪ Strengthen regional recruitment in addition to recruitment in the Kanto area. Utilize nearshore bases to resolve the shortage of human resources
▪ Introduce engagement analysis to improve employee retention and motivation. Provide an environment that keeps employees working for a long term without overlooking the signs of resignation.
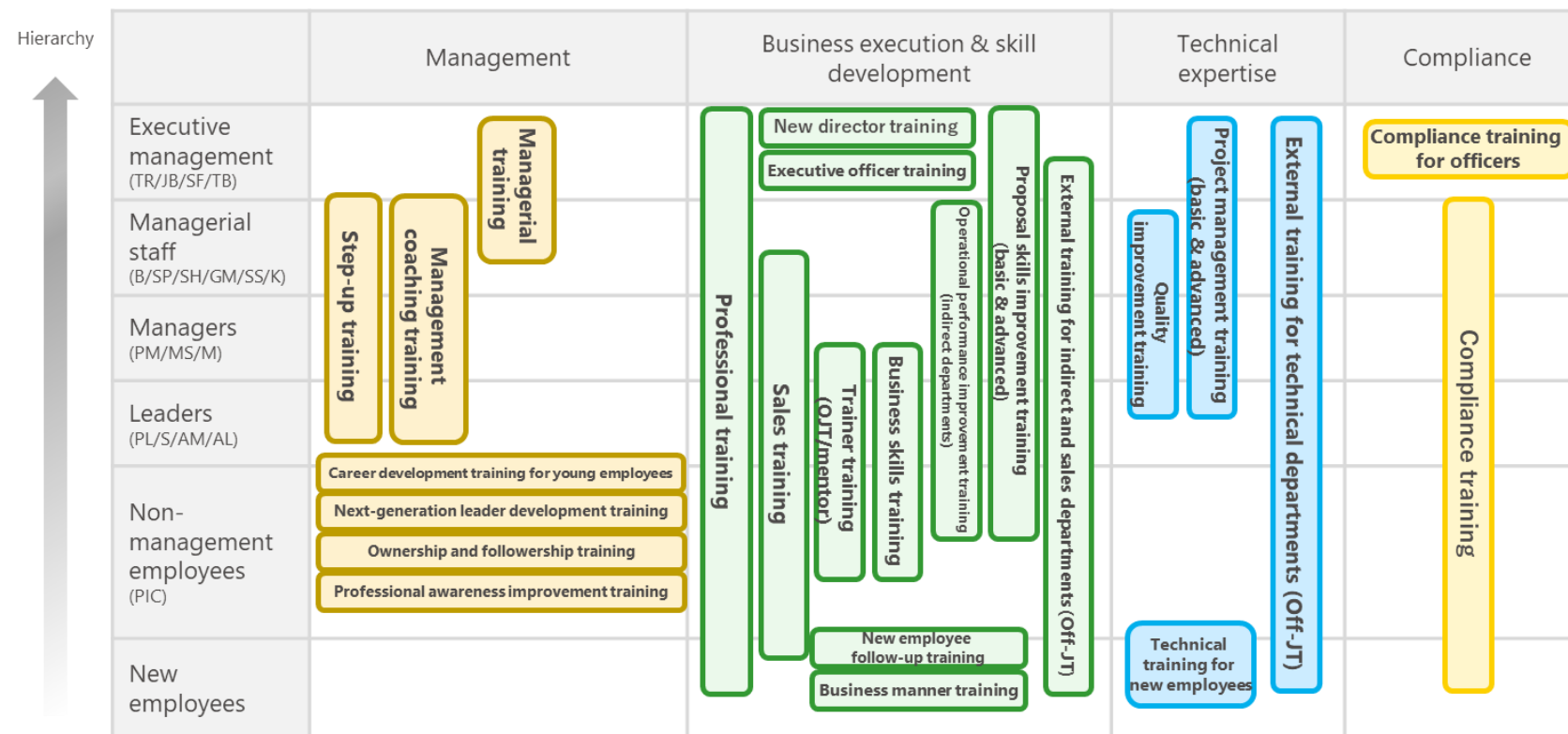
Focus on expanding solutions to enhance brand value as a solution provider
By being close to our customers and creating solutions together, we respond to their latent needs

Operational efficiency	**SAP Concur** └ N-Bridge Series | Speed AS | Invoice PA | InvoicePA+ | CoNeCt | imPac | Corpo Card | N-Navi | BI Startup **Boost sales of Concur Standard through PMC agreement with Concur. Contributed to performance from 4Q onwards** **WalkMe** └ UI/UX-Navi **Strengthen collaboration with WalkMe. Contributed to performance from 4Q onwards** **Other** IT Re-engineering | WinActor | DXPA | Dgent | SharePoint Utilization Services | ManaSupport | BP-Collabo | Smartphone Rental Service | 11MGN
Finance	2025 Solutions | CXone | Robotic Call | WELCOME
AI	Prophetter series | FSGen | QuoliBot | PRGen | Chat Document | Internal FAQ | Shareholder Q&A **New AI solutions will be added through industry-academia joint development** **(AI doctor scheduling, chronic pain treatment AI solution).**
Informationsecurity	Virtualization solution | Symantec | VOTIRO | Resalio Lynx | Remote PC Array | okta | MobiControl | eset
Development tools	WebPerformer | WebPerformer-NX

Preliminary investment

Recruitment and Development

Investment Budget
(Estimated)2025~2027

To strengthen development and proposal systems, recruit and train capable engineers who can participate in projects from the upstream process and personnel capable of proposal-based sales.
・Employee recruitment
・Measures to maintain and secure human resources
・Technical and management training etc.
Promote training for engineers suited to trending technologies and market trends and acquisition of certifications in order to strengthen the capability to provide services
・Project management skills: Increase in the number of PMP and Project Manager Examination holders, standardization
・Trending technologies: Encourage acquisition of certifications related to AI and DX. Incentives are granted.

800
million yen

Research and Development / Product Development

・Design, manufacture, and demonstration of prototypes utilizing cutting-edge technologies, etc.　　Investment in creating solutions in the areas of AI, agent-based AI, cloud security, and IoT
・Marketing research, exploration and development of new solutions and services
・Focus on the expansion of solutions to improve the brand value as a solution provider
・Patents, trademarks and other intellectual property strategies

200
million yen

M&A and capital business alliances

・Proactively pursue M&A growth in addition to business growth by leveraging internal resources
・Continue research focusing on peripheral areas with expected synergies with the Existing Businesses
・Maximize business synergies and provide speedy solutions and services through capital and business alliances with companies specializing in technology

2000
million yen

Towards a sustainable society through initiatives to create a sustainable society
based on the corporate philosophy of "Contributing Broadly to the Economy and Society"

Initiatives directly linked to business

Incorporate the perspectives of the SDGs, ESG and CSR into business strategies
to ensure that business activities are directly linked to the goals of the SDGs
Take on the challenge of creating employment, establishing an industrial
foundation and technological innovation as an IT company

Initiatives supported by systems and activities

Themes closely related to Needs Well, such as promoting job
satisfaction and gender equality, promoting IT education,
supporting local sports culture, etc.

Nearshore Development Promotion

Development of new solutions to assist DX

Collaboration with partner companies

Work Style Reform and Human Resource Development

Increase ratio of female employees and managers

Telework

AI education for students

Support for Project in Nagasaki Prefecture

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

Others

3-2-1 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

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 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

Dgent, a service that supports document digitization and the effective use of generative AI, can automate the process of digitizing large volumes of paper documents and help build generative AI applications that use digitized documents to streamline operations. Promote the DX of education and assist companies and organizations in using AI to reduce their workload.

Develop and launch new solutions through industry-academia collaboration to use generative AI and other tools effectively.

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.

Try & Innovation NeedsWell

Work style reform & personnel development

- Introduction of a double job system, internal FA system, return-to-work support system, and comeback system to find suitable jobs and enhance motivation
- 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
- Support for internal circle activitiesFutsal, basketball, relay races, etc.
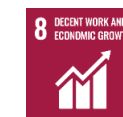
Increase ratio of female employees and managers

- 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

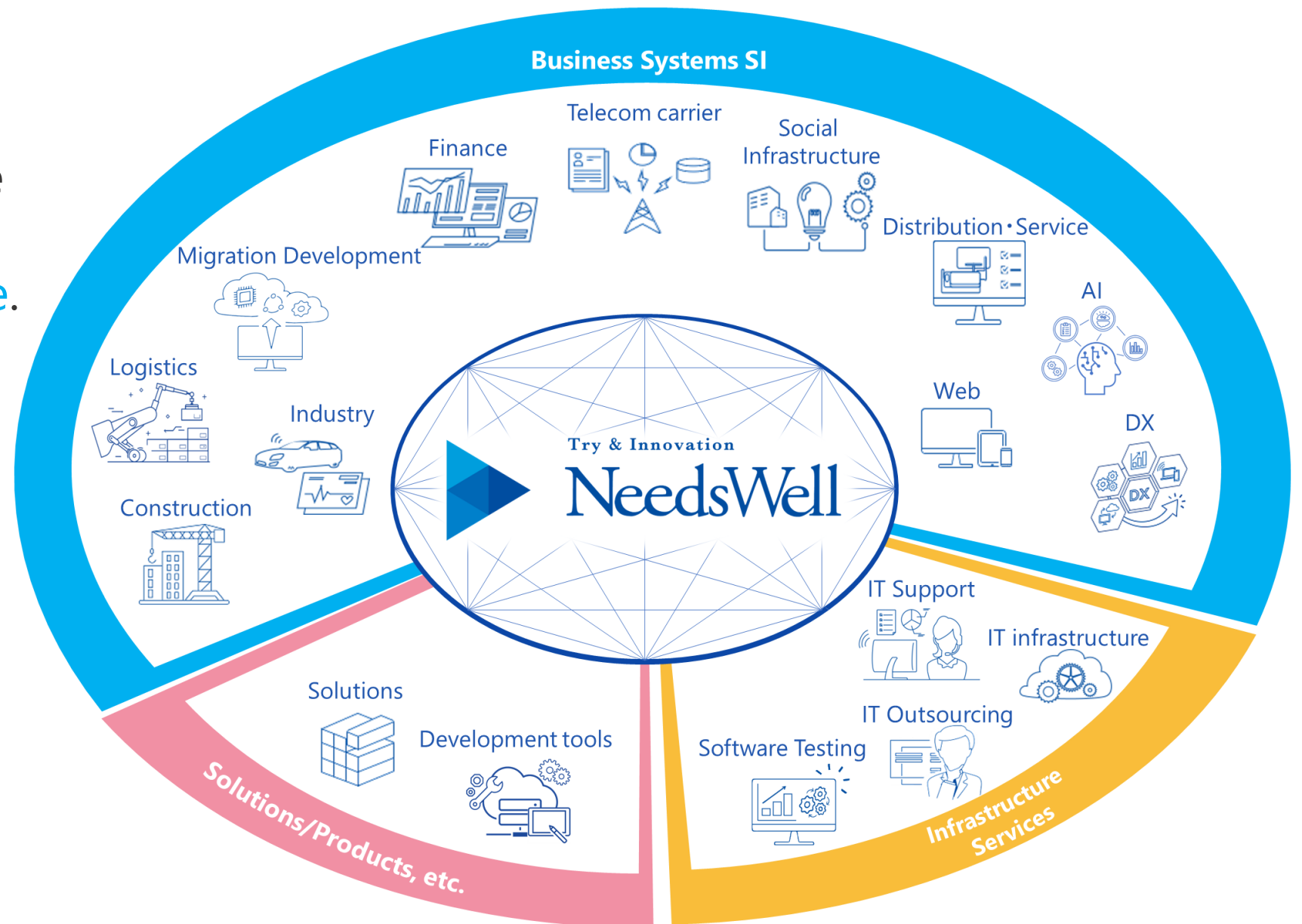# 4. Reference

- Company profile

Company Name	Needs Well Inc.	**Representative**	President and CEO **Hajime Matsuoka**
Established	October 1, 1986	**Stock Listing**	Tokyo Stock Exchange, Prime Market (3992)
Paid-in Capital	908 million JPY	**Net sales** As of September 30,2024	9,549 million JPY(Consolidated)
Number of Employees As of September 30,2024	616 (Consolidated)	**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: https://www.needswell.com		
Office	- Nagata-cho Office : 2F, Sumitomo Fudosan Nagatacho Building, 2-17-3 Nagata-cho, Chiyoda-ku, Tokyo, 100-0014 Japan - Nagasaki Office: 6F, Meijiyasudaseimei Nagasakikozenmachi building, 2-21 Kozen-machi, Nagasaki-shi, Nagasaki, 850-0032 Japan		
Group structure	■ Consolidated subsidiaries **Zeroichi Production** Co., Ltd. (Head Office: Nasushiobara-shi) **BO STUDIO** Inc. (Head Office: Shibuya-ku, Tokyo) **KOMSOFT** Inc. (Head Office: Chiyoda-ku, Tokyo)		

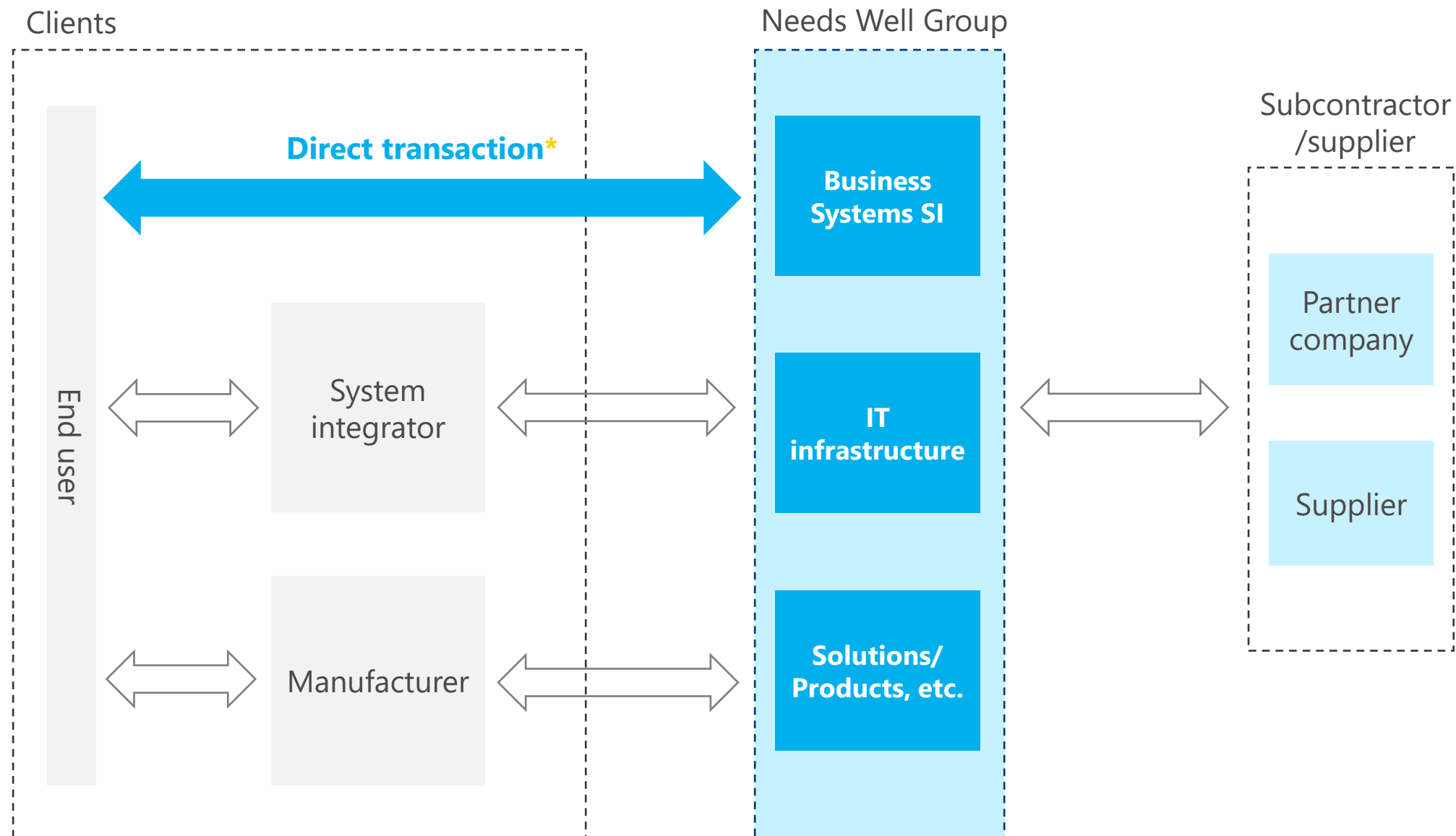# - Business fields

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

Business Systems SI

Finance
Telecom carrier
Social Infrastructure
Distribution・Service
Migration Development
AI
Logistics
Web
Industry
DX
Construction
IT Support
IT infrastructure
Solutions
IT Outsourcing
Development tools
Software Testing
Solutions/Products, etc.
Infrastructure Services

- Business system diagram

Clients

Needs Well Group

Subcontractor /supplier

Direct transaction*

End user

System integrator

Manufacturer

Business Systems SI

IT infrastructure

Solutions/ Products, etc.

Partner company

Supplier

*** High level of direct transactions with end users (approx. 65% of all sales)**