

FY2021 Q2
Consolidated Business Results



FY2021 Q2 Results Investor Briefing

Ubicom Holdings, Inc.
TSE First Section: **3937**

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 established **high-profit model** turned out to be effective, and we conducted **strategic investment**, increasing sales and profit. **Profit hit a record high for the second quarter.**

Net Sales

2,268 million yen
(108.4% year-on-year)

Ordinary
Income

478 million yen
(126.7% year-on-year)

Operating
Income

435 million yen
(110.7% year-on-year)

Net
Income

350 million yen
(137.4% year-on-year)

“Accounting Standards for Revenue Recognition” (Accounting Standards No. 29, March 31, 2020) etc. have been applied since the beginning of the first quarter of the current consolidated fiscal year. For this reason, the figures based on calculation methods with different criteria were used for the comparison with the same period of the previous year.

In order to meet the strong demand for development and solutions expected in the second half, we enhanced strategic investment in leading-edge human resources.

Ordinary income increased over 20% year on year.

[unit: million yen]	FY2020 2 nd quarter		FY2021 2 nd quarter		Year-on- Year
	Amount	% to sales	Amount	% to sales	
Net Sales	2,093	100.0%	2,268	100.0%	108.4%
Operating Income	393	18.8%	435	19.2%	110.7%
Ordinary Income	377	18.0%	478	21.1%	126.7%
Net Income Attributable to Owners of Parent	254	12.2%	350	15.4%	137.4%

FY2021 Q2 Group's Strategic Investments Breakdown



We boldly conducted investment for developing new pillar clients from whom an order amount of 100 million yen or larger is expected in the next term, and investment in education for medical engineers.



*In the annual investment plan with a budget of about 150 million yen, we strategically invested 75 million yen in 1Q and 50 million yen in 2Q.

FY2021 Q2 Segment Overview: Global Business



We conducted strategic investment in human resources spending about 45 million yen for accelerating the increase of customers ahead of schedule, but **secured an increase in profits from the previous fiscal year.**

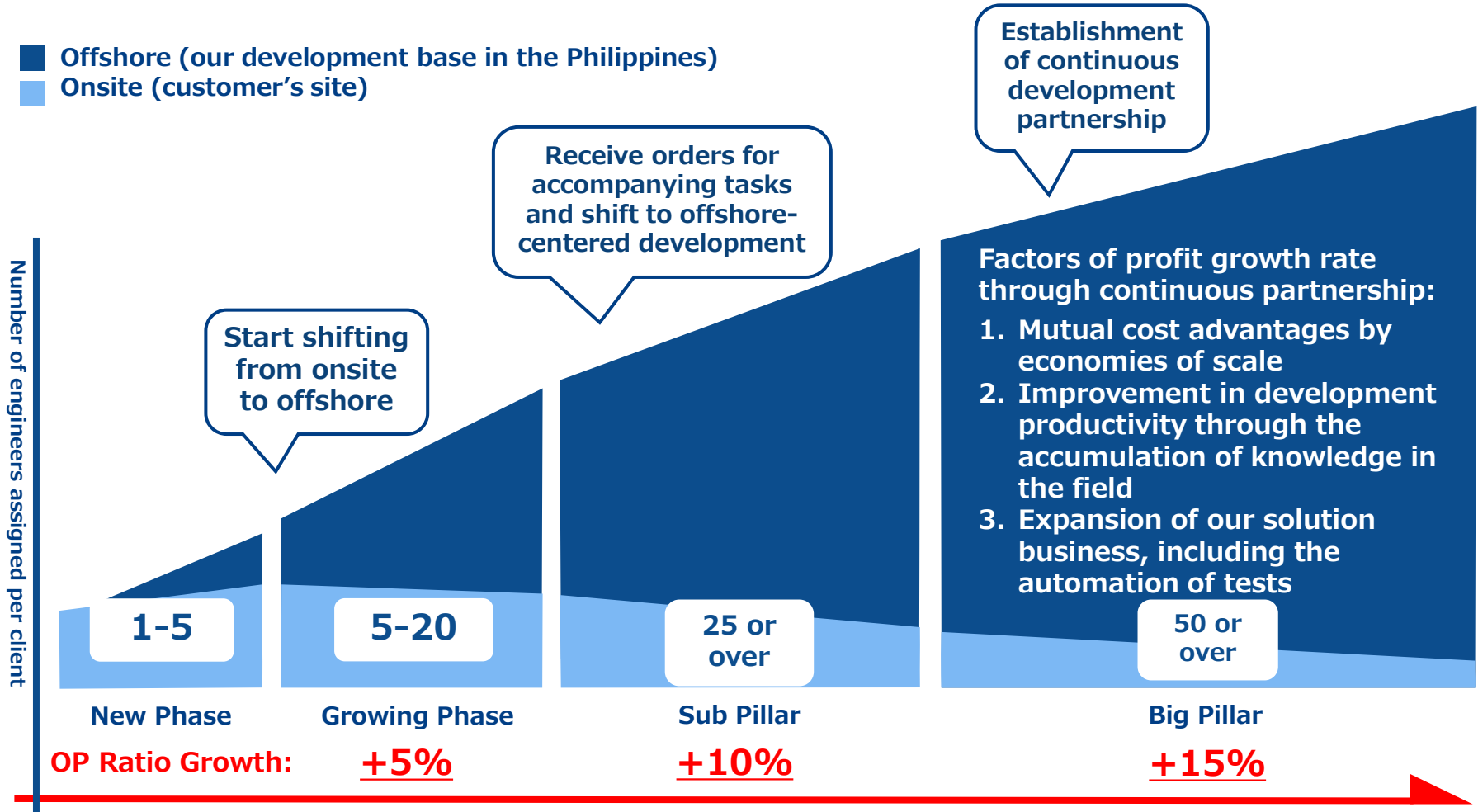
Global Business (unit: million yen)	FY2020 2 nd quarter		FY2021 2 nd quarter		Year-on- Year
	Amount	% to sales	Amount	% to sales	
Net Sales	1,418	100.0%	1,528	100.0%	107.8%
Operating Income	239	16.9%	198	13.0%	83.1%

- We kept earnings sales from major pillar clients and receiving orders for solutions. **We implemented strategic investment spending about 45 million yen in 2Q like in 1Q, to pursue a more profitable earning model through the enhancement of efforts to meet the strong demand expected from the second half and develop DX personnel and produce sub-pillar clients.** In 2Q of FY2021, sales grew up to be **107.8% year-on-year**, and operating income was **83.1% year-on-year**.
- We promote **“Ubicom Development Partnership”** in Japan, to further improve the in-laboratory development model based on the alliances with enterprises related to the public sector, etc. The Enterprise Business Department continued the upstream business in Japan and active investment in human resources. **The ratio of financial and public projects and those other than IBM increased to about 40%.** Business expansion is expected in the second half or later.
- Considering digital transformation (DX) amid the coronavirus pandemic as an opportunity to expand our business further, we **conducted strategic investment in overseas bases, etc.** where we are expected to receive new orders. **The development of pillar clients, such as leading semiconductor trading companies and telecommunication device makers, progressed well.**

Generate pillar clients and high profitability through flexible offshore/onsite development

Definition of pillar clients: Constant clients that are market leaders in each field with sales scale of several 100 million yen

- Offshore (our development base in the Philippines)
- Onsite (customer's site)



Global Business: Mid-term Vision

Promote acquisition of potential pillar clients and expand opportunities per customer

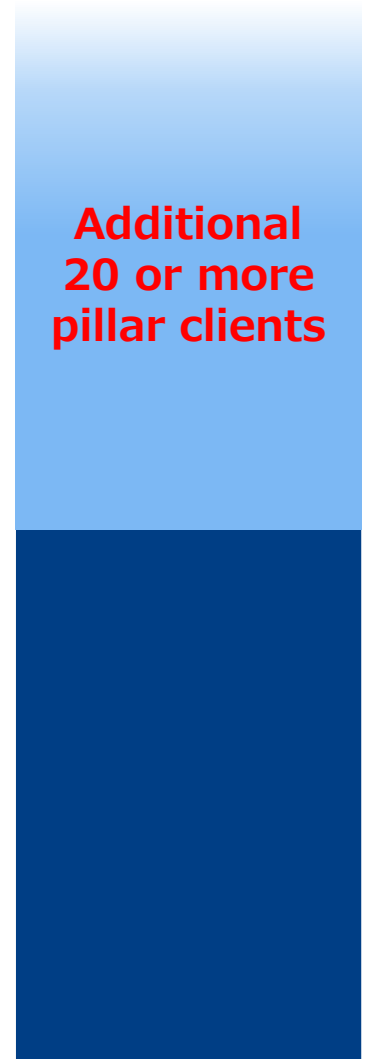
■ Results in FY2021 2Q: acquired 4 new potential pillar clients



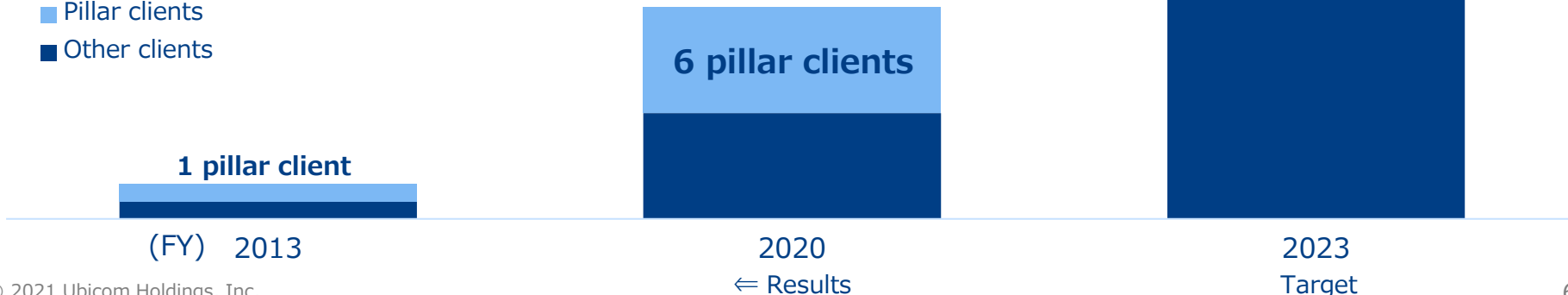
A total of 9 companies

■ Goal for FY2023:

In addition to the existing 6 pillar clients (each earning sales of several 100 millions of yen), we aim to reel in over 20 pillar clients.



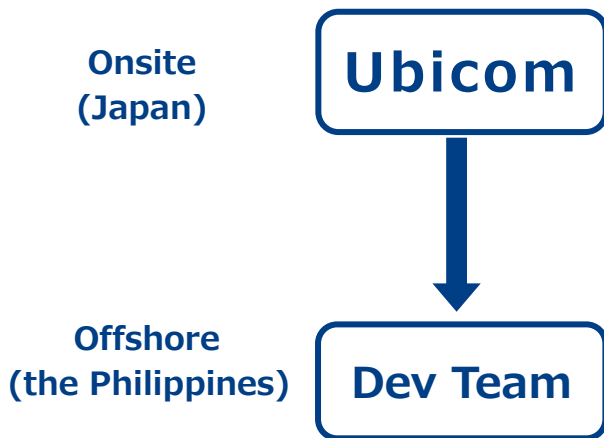
■ Pillar clients
■ Other clients



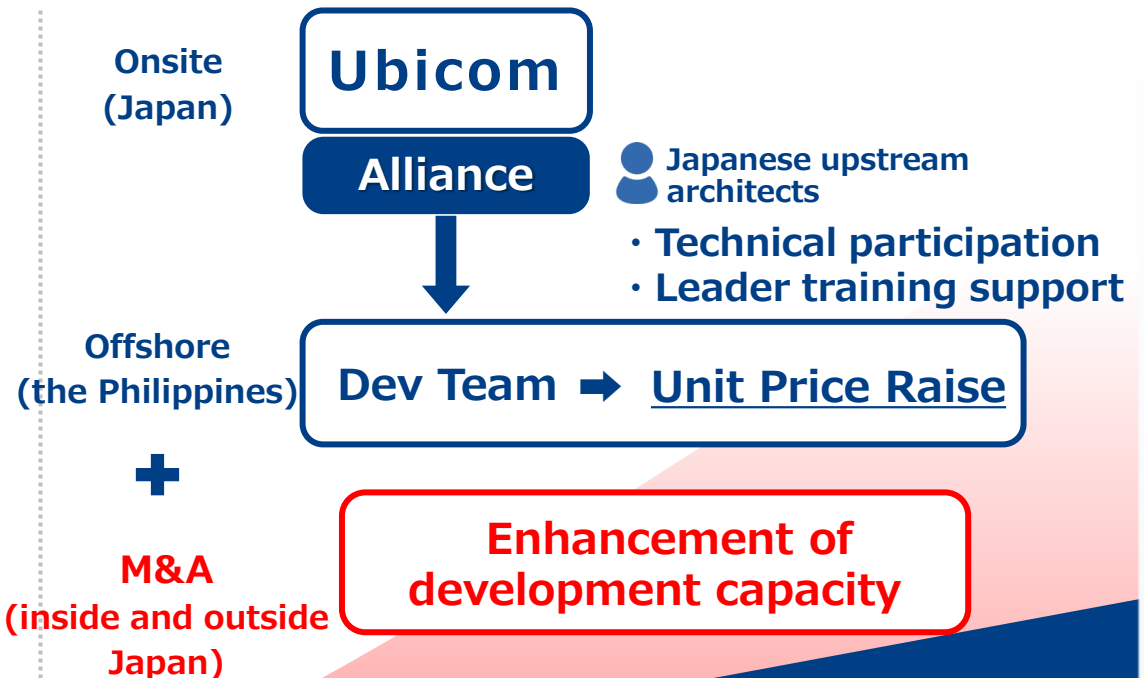
Through the co-creation with alliance partners (small-sized technology-oriented architect ventures in Japan),

Steadily advancing pillar client development and unit price raise

Standard model



Alliance model + M&A in the future



[Background for alliances]

External environment:
shortage of engineers in Japan

Our strategy:
increase of pillar clients

Promote business strategies targeted at the global market

■ Visions for the Global Business

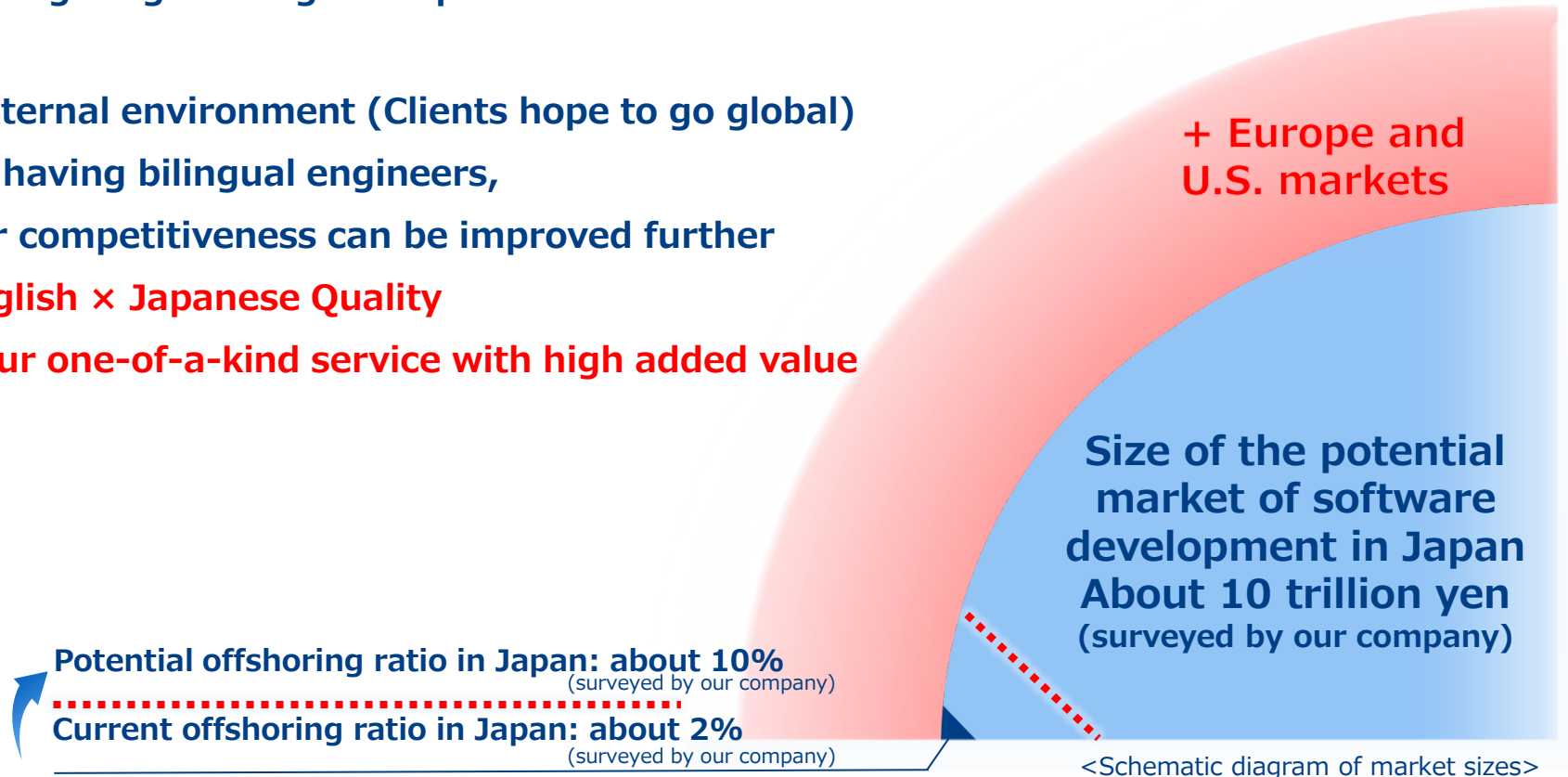
- ① Off-shore × DX engineers (545,000 engineers short in 2030*)
- ② Provision of attractive career opportunities for young personnel in Asia
- ③ Targeting the huge European and U.S. markets

■ External environment (Clients hope to go global)

By having bilingual engineers,
our competitiveness can be improved further

English × Japanese Quality

= Our one-of-a-kind service with high added value



*Source: "Survey on the demand and supply of IT personnel" published by the Ministry of Economy, Trade and Industry, the case scenario of a medium demand growth for advanced IT personnel / productivity growth rate of 0.7% (https://www.meti.go.jp/policy/it_policy/jinzai/houkokusyo.pdf)

FY2021 Q2 Segment Overview: Medical Business

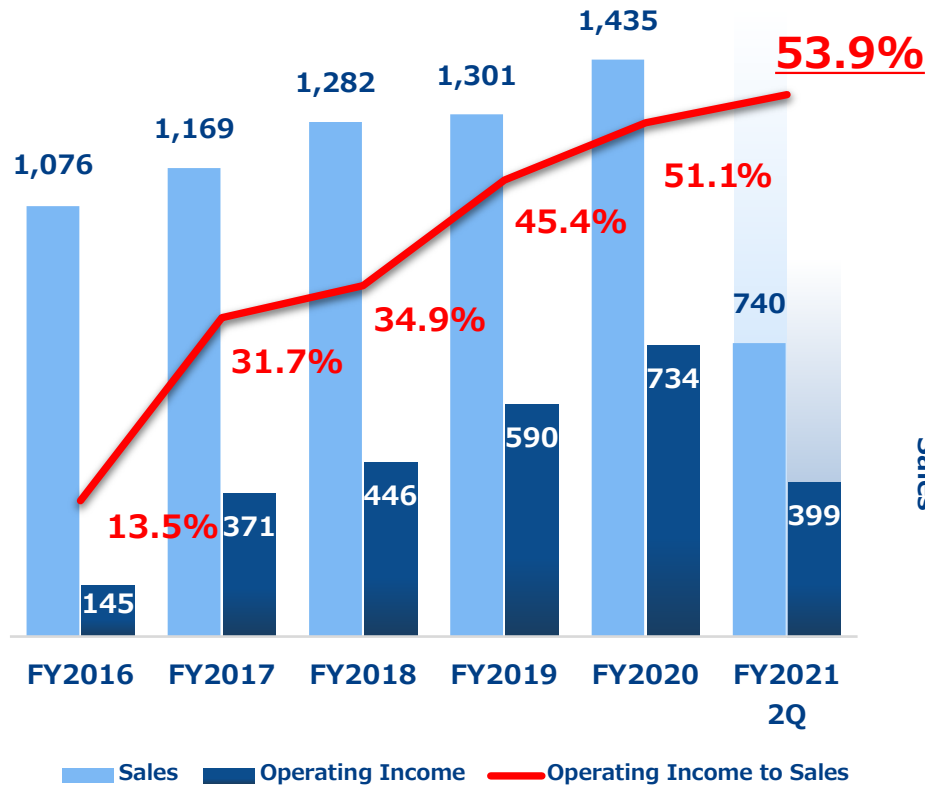


Medical Business (unit: million yen)	FY2020 2 nd quarter		FY2021 2 nd quarter		Year-on- Year
	Amount	% to sales	Amount	% to sales	
Net Sales	675	100.0%	740	100.0%	109.6%
Operating Income	337	49.9%	399	53.9%	118.4%

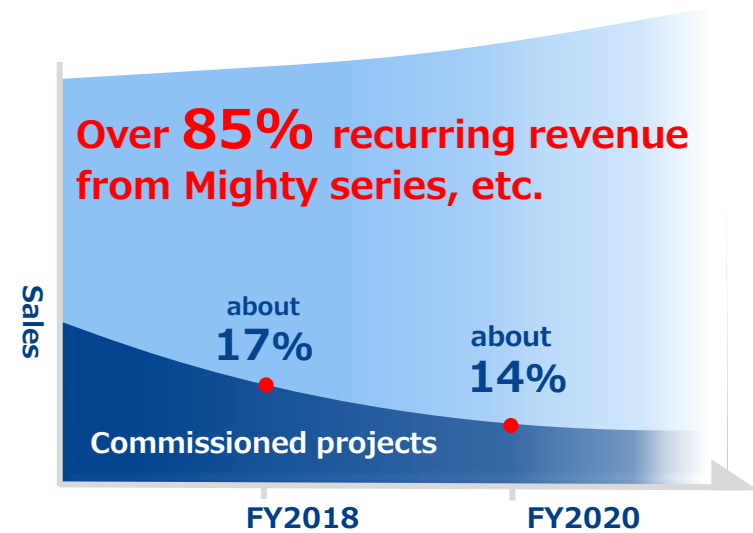
- In the 2Q of FY2021, operating income **grew about 20% year-on-year**. The new product Mighty Checker EX contributed, and **the recurring revenues** from the packaged sale of the Mighty series **increased steadily**.
- **The profit of this segment improved considerably and operating income margin reached 53.9%**, thanks to the **establishment of the highly profitable subscription model**, the decrease of less profitable transactions, the implementation of pricing strategies, the additional sale of solutions, etc.
- We received **many business inquiries regarding “Mighty Checker EX,”** which is a next-generation medical claim checking system. As it has been installed in hospitals of the medical group with top-class sales, this business performed well.
- To cope with COVID-19, we shifted to web-based marketing and support, promoting the **acquisition of more direct accounts (direct sale)**.
- For **“Insurance Knowledge Platform,”** which is a new solution for insurance companies, we **started demonstrative experiments in cooperation with several insurance companies**. In addition, we actively launched new businesses for digital transformation of medical care, including data analysis (for health insurance associations, academic societies, etc.). **For securing “a new revenue source from subscription services” following the Mighty series, we continued active investment for intellectual property strategies, etc.**

Expansion of highly profitable foundation with the subscription model

Trend of Medical Business Performance
(unit: million yen)



Sales Composition Trend of Medical Business
*recurring ratio: continuous sales ratio



For solving the lack of manpower in the Japanese medical care field,
we support the management of over 18,000* medical institutions.

■ Vision and business environment of Medical Business

- **Support for the reform of doctors' workstyles with Mighty QUBE**

⇒ we help streamlining and automating peripheral tasks
to let medical doctors focus on healthcare.

*In 2024, the regulations for limiting overtime work will be enforced.

- **Support for healthcare workers with Mighty Checker**

⇒ The shortage of personnel in the medical field
attracted a lot of attention.

*The direct sale of
the top-notch product "EX" increased.

- **Enrichment of cloud services**

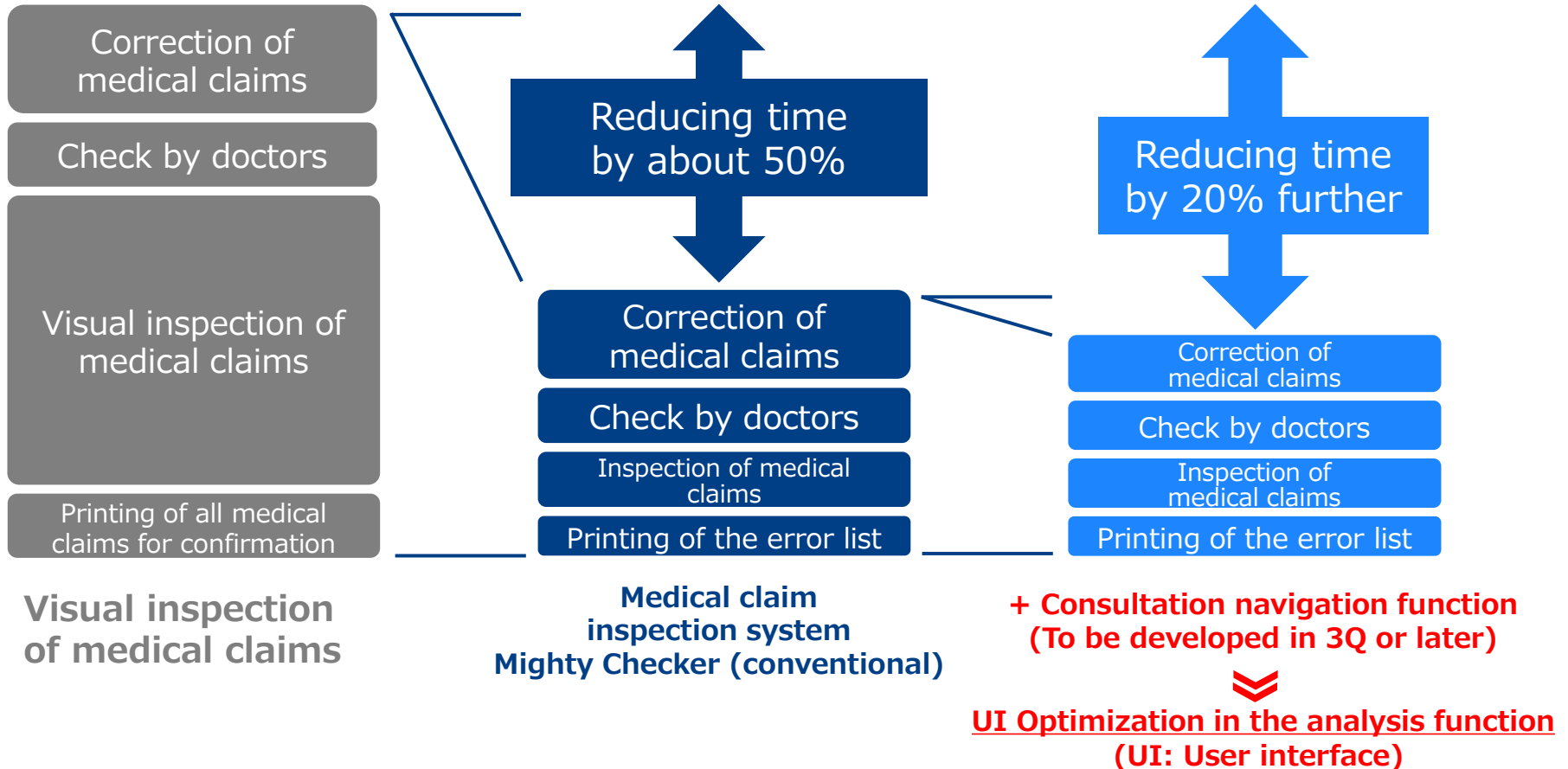
⇒ Will develop cloud services in the future



*This figure was calculated under certain conditions, with reference to the results of our transactions.

Medical Business: Improvement of Medical Institutions Management with Mighty Checker

■ Effect of reducing time for handling medical claims (medium-sized hospitals with about 200 beds assumed)*



To solve the shortage of manpower, reform workstyles of medical doctors and others, and reduce overtime work

Through marketing and provision of the prototype to several insurance companies,
Taking steps towards the full-scale launch (start of recurring-revenue business) in the next term.

■ Progress and future plans


Phase 1: System for retrieving medical information

⇒ Already launched as an option

Phase 2: An option of DX services for the insurance review/payment section

Phase 3: Digitization of submitted documents

⇒ Improvement in the customer satisfaction level through
the increase of subjects to the simplified insurance claim system

A light blue speech bubble with a dark blue border and a tail pointing towards the bottom left. It contains text about demonstrative experiments.

Demonstrative experiments with respective insurance companies are underway

Entire Group: Initiatives to Realize the Mid-Term Vision



By **developing medical engineers** utilizing the base in the Philippines and enhancing the development of next-generation medical engines, we aim to grow our **SaaS/recurring model**.



Investment in education for medical engineers for **future M&A and business alliances**

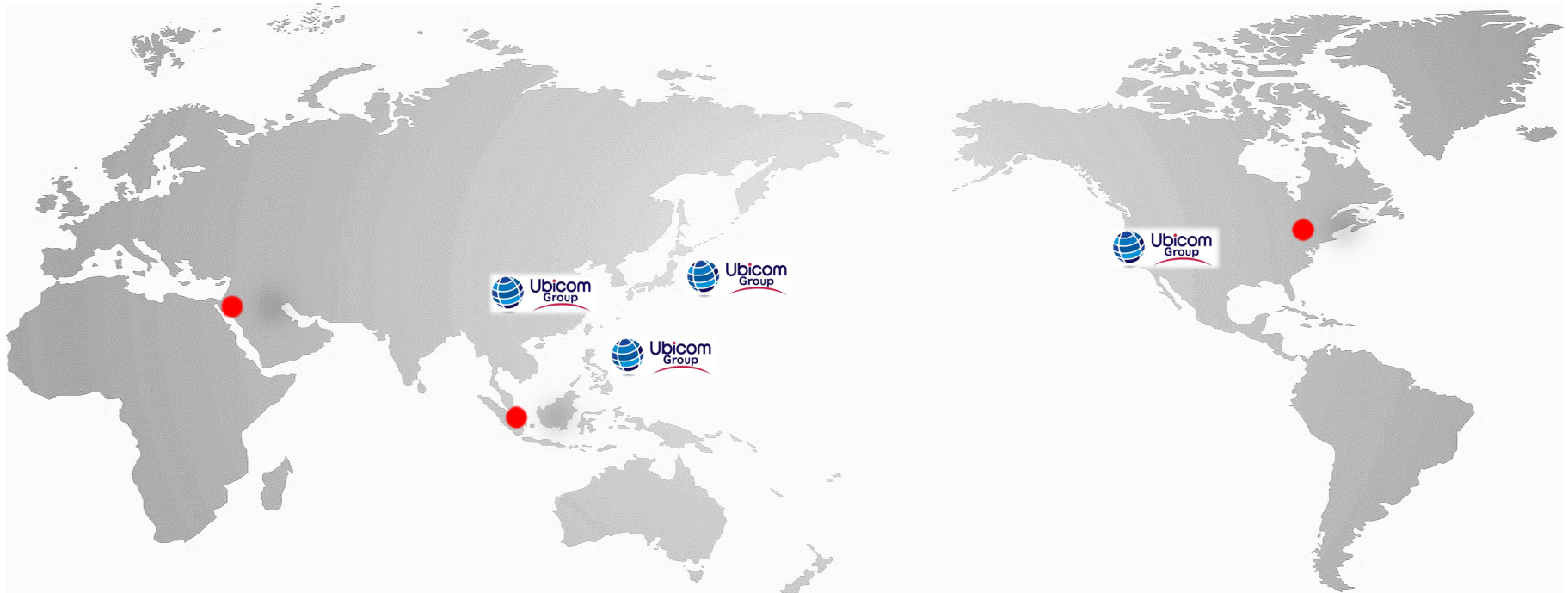
New medical platform

Insurance Knowledge Platform

Mighty Series

We aim to form alliances with M&A partners and global partners in the medical field, etc. in very near future

- ✓ Global utilization of medical knowledge
- ✓ Huge annual market size
- ✓ Utilization of young human resources in Asia
- ✓ Creation of a recurring-revenue model



Invested in “illumigyn,” an Israeli medical start-up firm offering solutions for a remote gynecological platform

Related SDGs



- Mid/long-term growth potential of the **Femtech** market
- Contribution to **SDGs**: Empowerment of women and enhancement of health and welfare
- Looking ahead to the **alliance** with this firm and the **global market**

■ Global Business

- **Client DX** (Business process reforms for clients through advanced technology support such as AI/Analytics/Automation/cloud)
- New Normal promotion (**Offshore leveraging**, non-face-to-face/non-contact/remote solution development)
- Improvement of Japan's global competitiveness through **globalization support** for domestic companies

■ Medical Business

- Pursue the **Three Way Satisfaction** (insurer/insured/medical institution) through the platformization of non-competitive areas as represented by the new business for the insurance sector
- Profitability and business improvement, paperless, cloud application, and telemedicine support for medical institutions
- **Work style reform for doctors**, improvement of healthcare safety and quality

■ Group as a whole

- **Resilient business management** (reinforced business continuity structure including remote working)
- Strategic alliances with socially influential enterprises that would help attain **SDGs**
- Provide **education** and opportunities to young talent in Asia
- **Diversity** in employees and management positions



Promotion of the Leverage Strategy (the 2nd Growth Phase)



To maximize the synergy between the existing business and **M&A**, and promote the development of **new recurring-revenue/SaaS model**

Themes of the second growth phase

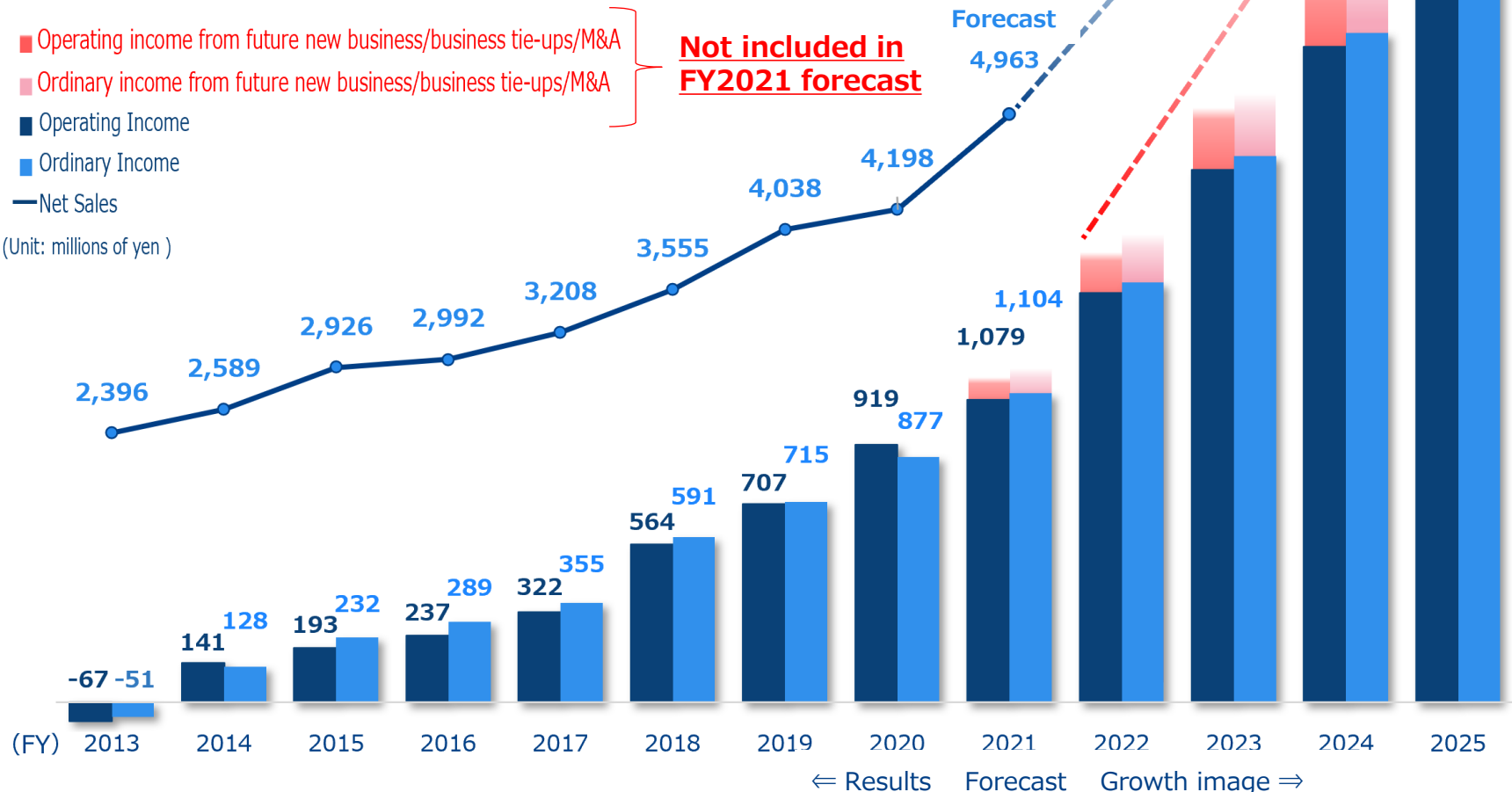
- Medical field
- Pillar clients: + 20 companies
- Global market
- Sustainability

- Operating income from future new business/business tie-ups/M&A
- Ordinary income from future new business/business tie-ups/M&A

Not included in FY2021 forecast

- Operating Income
- Ordinary Income
- Net Sales

(Unit: millions of yen)



Company Overview



- Company name: **Ubicom Holdings, Inc.** (TSE First Section: 3937)
- Strategic industry: Medical, Financial/Public, Automotive, Manufacturing/Robotics, etc.
- Our Business:

Global Business is dedicated in solving IT resource shortage and promoting DX (Digital Transformation) in Japan, through providing Software/Application Development by utilizing development facilities in the Philippines, etc., Testing/Quality Assurance/Maintenance/24H Support, etc., and also our unique Next-gen Solutions powered by the leading-edge technologies such as 3As (AI, Analytics, Automation).

Medical Business As the leading company in IT solutions for medical institution management, supports improvement of work efficiency and work style reform for healthcare industry, improvement of profitability for medical institutions, and improvement of healthcare safety and quality, through providing Medical IT Solutions such as Medical Claims Inspection, Medical Safety Support, Data Analytics, Cloud Services, IT Development Support, Consulting, etc.. Furthermore, we have recently launched the Insurance Knowledge Platform Business.

Win-Win Investment Model aims to accelerate business growth through promoting collaborations, Tie-ups and M&As with leading companies and growing ventures.

New Business Development We further pursue to develop more high growth / high profit next generation businesses.

- Financial Performance:

Unit: Millions of Yen	Net Sales	Operating Income	Ordinary Income	Net Income Attributable to Owners of Parent
FY2020 (Results)	4,198	919	877	623
FY2021 (Forecast)* Growth rate	4,963 +18.2%	1,079 +17.4%	1,104 +25.9%	811 +30.2%

Cautionary Note on Forward Looking Statements



- ◆ This material may contain forward looking statements and forecasts regarding the future outlook at the time of publication.
- ◆ They are subject to risks and uncertainties including, but not limited to, domestic and international economic conditions such as business and market trends, fluctuation of exchange. As such, actual results may differ materially from those projected.
- ◆ The Company's future business and financial results could differ materially from the estimates included herein.
- ◆ The Company assumes no responsibility to update or revise forward looking statements and forecasts of future outlook, due to new information, subsequent events, or other factors.



Ubicom
Holdings, Inc.

A red curved line graphic.