

FY2022 ended March 31, 2023
Consolidated Business Results



Presentation Materials For FY2022

Ubicom Holdings, Inc.

TSE Prime: 3937

May 11, 2023

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.

As the demand in mainly the global business is expected to continuously grow beyond assumption in the next term as well, we conducted the unplanned additional investments mainly for re-education of personnel such as cutting-edge tech talent, increase of recruitment, and expansion of bases. We secured operating income almost unchanged year on year.

For the investment securities whose market prices have declined significantly, we posted loss on valuation of investment securities as an extraordinary loss. Due to "factors other than the business itself" such as reduction of deferred tax assets, net income dropped from the previous year.

Net Sales 5,246 Million yen
(111.0% year on year)

Ordinary Income 1,004 Million yen
(95.2% year on year)

Operating Income 1,011 Million yen
(97.9% year on year)

Net Income 573 Million yen
(69.0% year on year)

While looking ahead to the demand for large-scale development in the next term, we enhanced the investment for the second growth phase ahead of schedule. We actively recruited staff, mainly those who are versed in cutting-edge technologies, and executed measures for prices and exchange rates to cope with the external environment, while keeping operating income unchanged year on year.

[unit: million yen]	FY2021 (results)		FY2022 (results)		Year-on-Year
	Amount	% to sales	Amount	% to sales	
Net Sales	4,726	100.0%	5,246	100.0%	111.0%
Operating Income	1,033	21.9%	1,011	19.3%	97.9%
Ordinary Income	1,055	22.3%	1,004	19.1%	95.2%
Net Income Attributable to Owners of Parent	832	17.6%	573	10.9%	69.0%

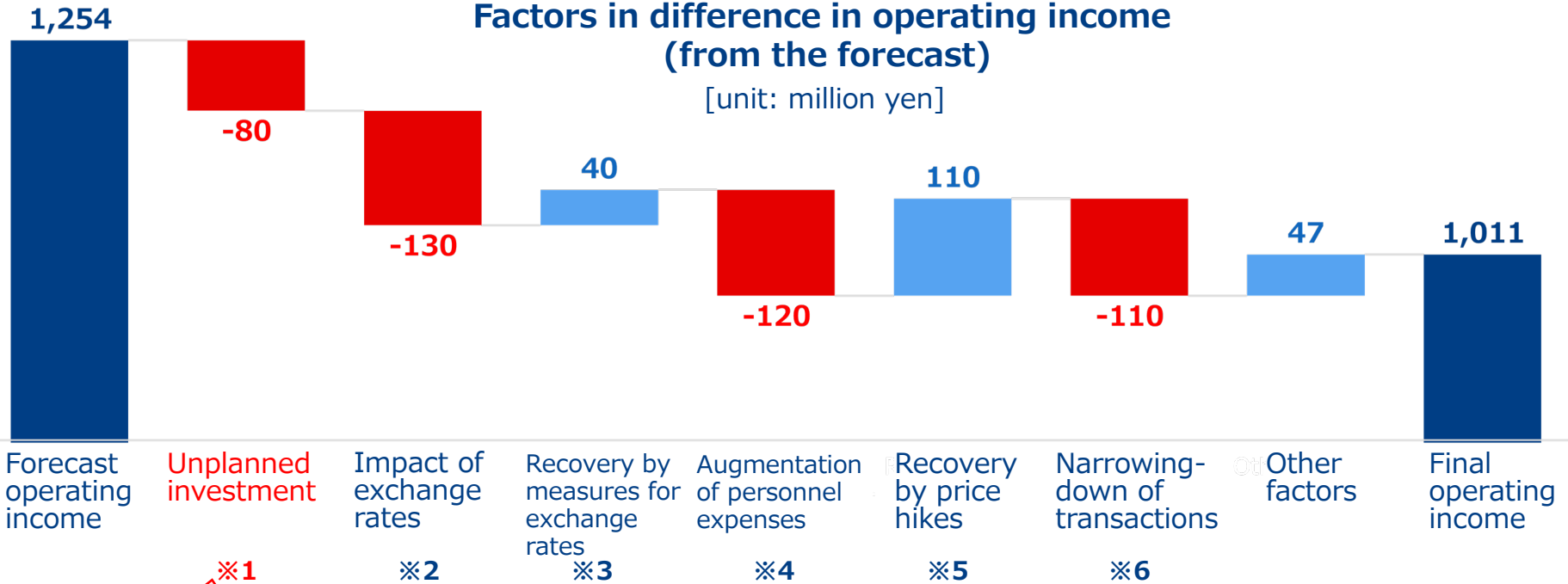
Factors in Profit Fluctuations and Investment Status in FY2022



In FY2022, the measures for exchange rates and prices were effective, despite the changes in exchange rates and the skyrocketing of personnel expenses. Due to the law for promoting economic security, the Philippines is attracting attention again as a country that supplies cutting-edge technologies for IT solutions. In response to the most rapid increase of business inquiries since the establishment of Ubicom, we accelerated the investment in personnel for cutting-edge technologies in 4Q. This investment is expected to increase sales in the next term.

Factors in difference in operating income (from the forecast)

[unit: million yen]



The unplanned investment in 4Q was carried out mainly for:

- Re-education (for leading engineers) workers
- Recruitment of more mid-career workers
- Expansion of bases in response to the increase of transactions

- ※1 To accelerate investment further while looking ahead to the demand in the next term
- ※2 The augmentation of costs due to the deviation from assumed rates was offset by the growth of sales in peso terms.
- ※3 Effects were exerted in all clients in 4Q.
- ※4 Impact of the global skyrocketing of personnel expenses for engineers
- ※5 Effects of the price hikes for pillars and potential pillars, and the promotion of the highly profitable model with advanced personnel versed in AI
- ※6 Strategic narrowing-down of medical commissioned projects and clients other than candidate pillars

FY2022 Segment Overview : Global Business



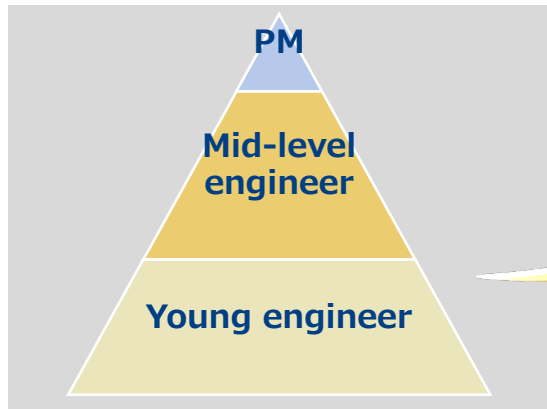
Sales grew, thanks to significant demand.

We conducted the largest investment (including recruitment and re-education) since our company establishment.

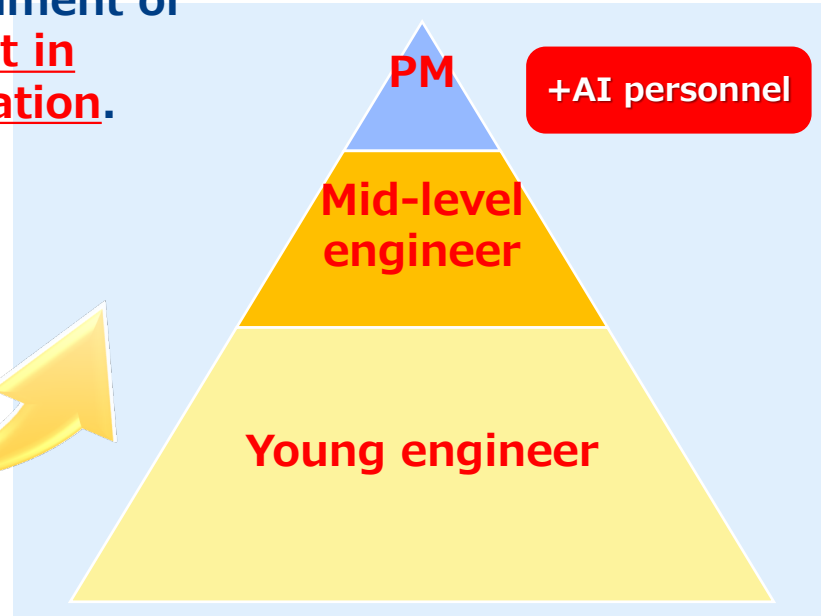
Global Business [unit: million yen]	FY2021 (results)		FY2022 (results)		Year-on-Year
	Amount	% to sales	Amount	% to sales	
Net Sales	3,241	100.0%	3,725	100.0%	114.9%
Operating Income	495	15.3%	446	12.0%	90.0%

- **Thanks to the strong demand, sales grew 15% year on year. The implementation of measures for exchange rates and prices exerted effects on income.**
- **We received many business inquiries from existing pillar clients and new pillar clients who would utilize AIoT technologies, such as smart factories. In order to develop personnel for cutting-edge DX and enhance measures for creating sub-pillars, we actively recruited new graduates and mid-career workers, trained them, and conducted the program for educating leading engineers for meeting significant demand expected from the next term.**
- **In the enterprise business segment, we expanded investment in human resources in response to the trend of globalization, which promotes off-shore development, and received many business inquiries from the manufacturing sector, etc. other than the financial and public sectors. We expect significant “demand for maintenance” in these sectors.**
- **We enhanced the negotiation for cooperation in development of AI solutions with overseas technology firms and the development of AI personnel in our company. We accelerated the investment for the second growth phase, as well as ordinary investment. From the second half of FY2022, we have been implementing measures for coping with changes in the external environment, including exchange rates, in addition to measures for prices.**

In response to the most rapid increase of business inquiries since the establishment of Ubicom, we enhanced the investment in recruitment, education, and re-education.



We have recruited about 100~160 people per year so far.



In FY2023 we plan to recruit over 350 people per year.

Measure 1: To enhance recruitment

Measure 2: To reskill employees (in response to the evolution and sophistication of needs)

Measure 3: To educate around 50 leaders (to deal with the increase of orders received and conduct quality control)

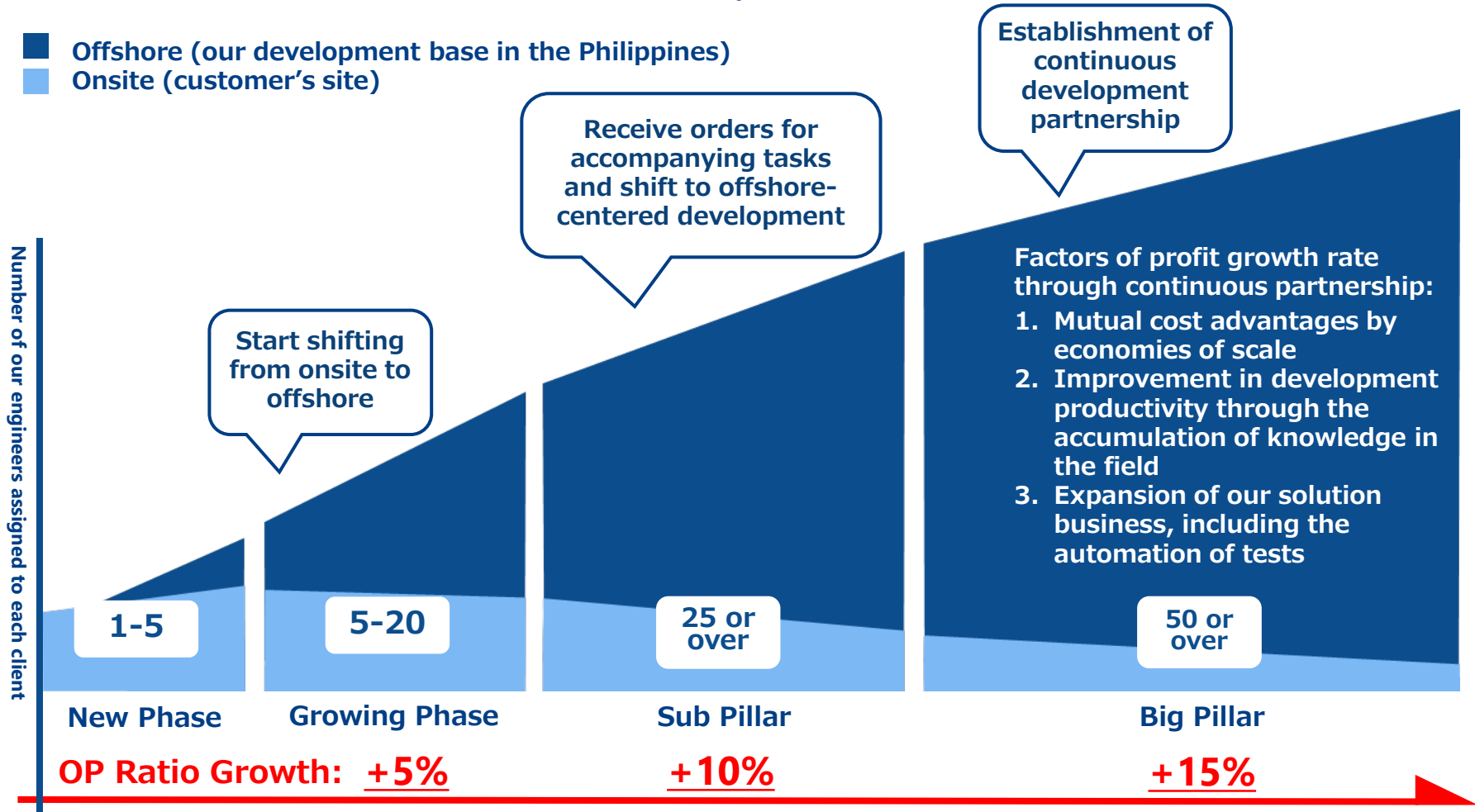
Measure 4: To pool resources (to maximize utilization rate through the cooperation among business divisions)

Measure 5: To increase profit margin by expanding development scale.

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)



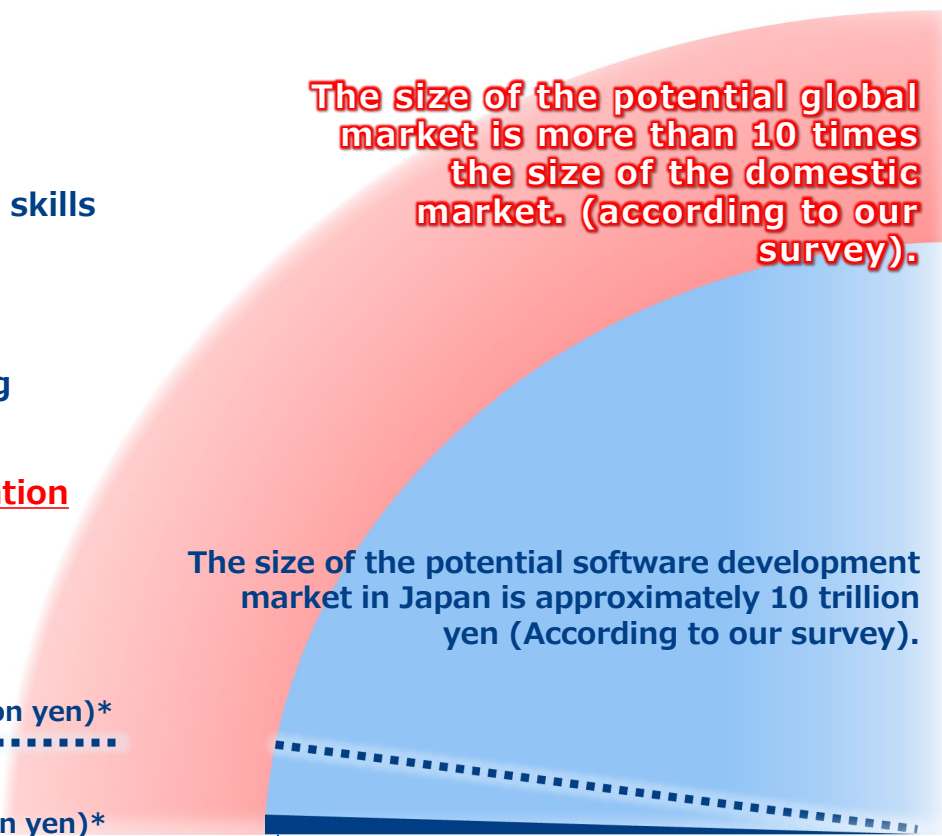
To strengthen business strategies with an eye on the global market

- (1) Promote global M&A, investment and business alliances
- (2) Strengthen overseas marketing (U.S./Israel)
- (3) AI education through alliances with companies in digitally advanced countries
- (4) Addition of higher value in the Philippine base
 - Acquire projects by leveraging English language skills
 - **Strengthen recruitment of abundant university graduates and science-related personnel**
 - Provide services to Europe and the U.S. by taking advantage of geographical advantages
 - **Capture the enormous demand by the diversification of offshore locations**

*Surveyed by our company

Domestic potential offshore rate: **approx. 10% (approx. 1 trillion yen)***

Current domestic offshore rate: **approx. 2% (approx. 200 billion yen)***



The size of the potential global market is more than 10 times the size of the domestic market. (according to our survey).

The size of the potential software development market in Japan is approximately 10 trillion yen (According to our survey).

<Envisioned market size>

FY2022 Segment Overview: Medical Business



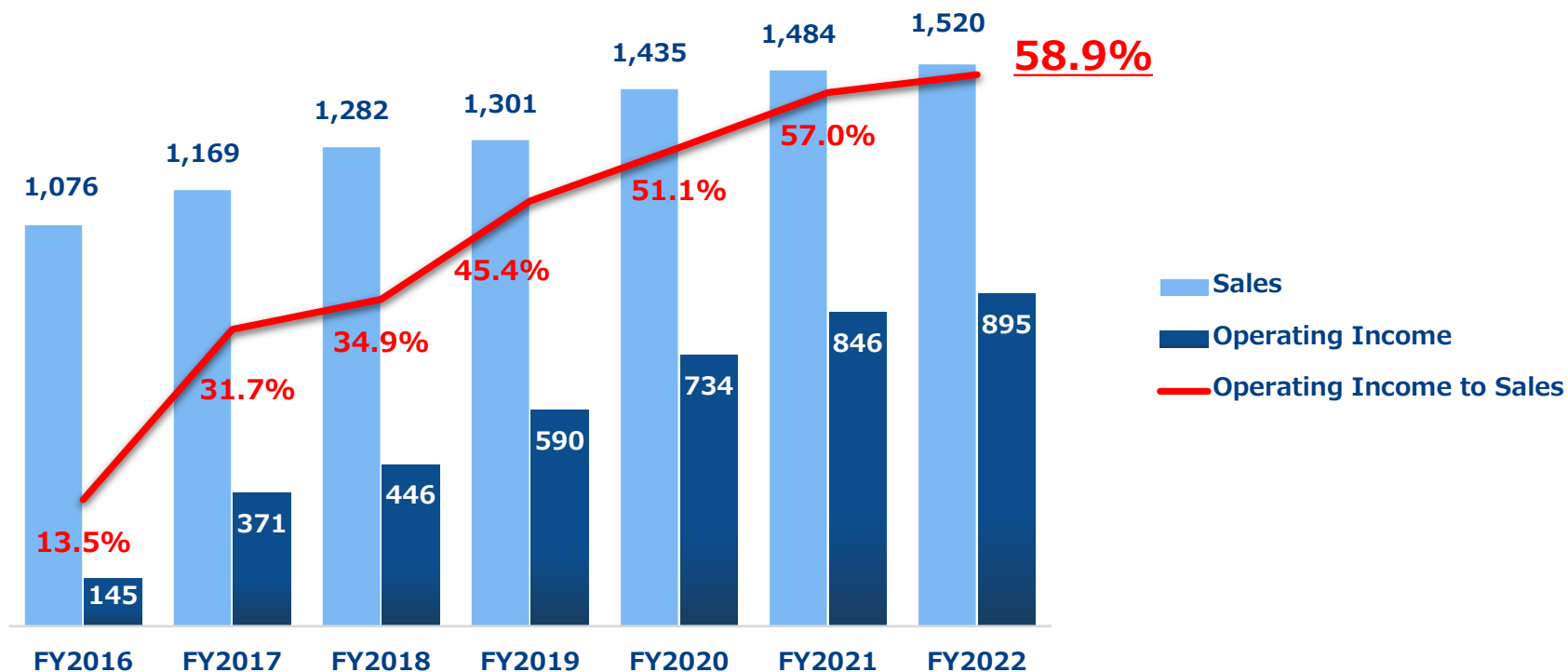
We secured high profitability and profit growth.

Medical Business [unit: million yen]	FY2021 (results)		FY2022 (results)		Year-on-Year
	Amount	% to sales	Amount	% to sales	
Net Sales	1,484	100.0%	1,520	100.0%	102.4%
Operating Income	846	57.0%	895	58.9%	105.7%

- In FY2022, operating income was **105.7% year on year**. As we reconsidered the less profitable commissioned development, including the maintenance and operation of information systems in medical institutions, sales increased slightly, but **recurring revenues (from client medical institutions) grew steadily** thanks to the sale of the packaged Mighty series, while the new products Mighty Checker EX and Mighty Checker Cloud contributed.
- **Since we established a highly profitable subscription model and sold solutions to existing clients, the profit margin in this segment improved, and operating income margin reached 58.9%, hitting a record high.**
- **Full-scale launch of “Mighty QUBE Hybrid,”** a strategic solution for reforming the workstyles of medical doctors. **We received many orders from the group of public hospitals, etc.** We enhanced marketing for direct sale to distribute the product after the transitional period.
- **We continued the monetization of the “insurance knowledge platform,”** a new solution for insurance companies, and **demonstrative experiments with multiple insurance companies.** We aim to increase revenues from subscription services, which have been already started, further from the next term.
- We conducted POC for **the new price policy while expecting the economic effect**, and enhanced our efforts to provide solutions that would improve the management of medical institutions and improve the quality and safety of medical services.

Expansion of highly profitable foundation with the subscription model

Trend of Medical Business Performance
(unit: million yen)



After the transitional period in FY2022 (Decline in increase of clinic users mainly due to the termination of old systems of some embedded partners for the transition to their new systems), we will focus on the marketing activities to promote adoption of our solutions to the above-mentioned new systems in FY2023.

■ No. of users *1

No. of users as of the end of Mar. 2023 /
No. of medical facilities as of the end of Feb. 2023 *2



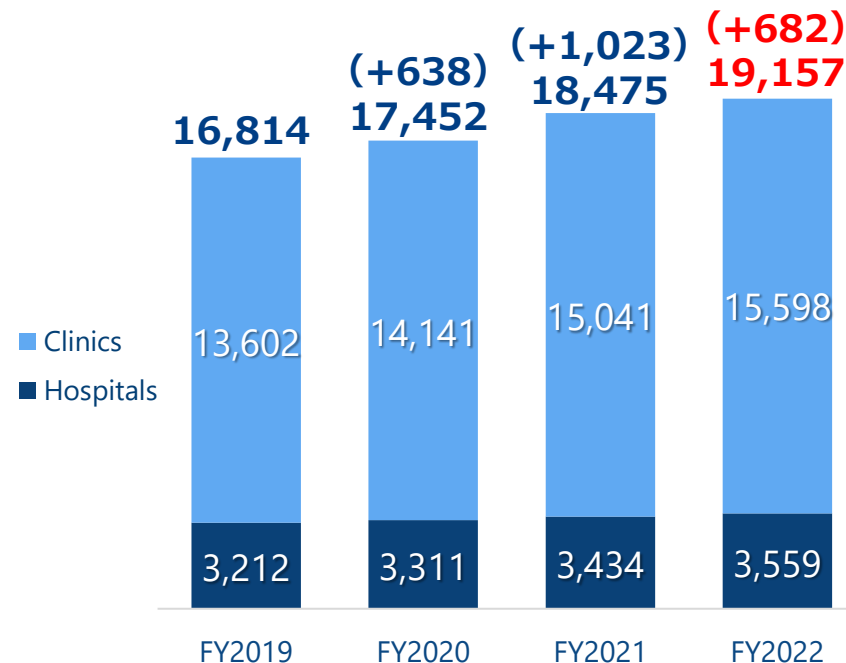
Hospitals (20 or more beds)

About 44% 3,559 / 8,150 facilities



Clinics (19 or less beds)

About 15% 15,598 / 105,195 facilities



*1 This figure was calculated with reference to the results of our transactions under certain conditions.
*2 Source: "Survey on medical institutions (rough estimates as of the end of February 2023)" (MHLW)
Produced with reference to https://www.mhlw.go.jp/toukei/saikin/hw/iryosd/m23/dl/is2302_01.pdf

■ Visions of medical business

- **Support for reform of medical doctors' workstyles** ⇒ The upper limit of overtime working hours become effective in 2024. We are developing new solutions which would contribute to the workstyle reform and business improvements.
- **Promotion of development of a new medical platform**
⇒ Enhancement of intellectual property strategies, including Insurance Knowledge Platform, and creation of new markets

Strengthening strategy to promote sales of the Mighty series

Priority measures

Sales

... direct sales/consulting enhancements

Customer Support

... building a user community

Marketing

... strengthening cost-effectiveness communication

Pricing

To implement the new price strategy based on cost-effectiveness

... **After the PoC of new prices for new users, we will officially apply the new prices in FY2023.**

Product development

... development of a lineup compatible with cloud computing and for cross-selling

Start of a price hike with new prices for new users (the leveling model)

For existing users (No. of client medical institutions in FY2022: 19,157), we plan to apply new prices at the time of switch to superior products (termination of support for inferior products, whose timing is still to be determined).

We aim to produce good effects on business performance in the long term.



■ Status of application of new prices

Product name	New users	Existing users
Mighty Checker EX	✓	Planned
Mighty QUBE Hybrid	✓	Planned
Mighty QUBE PRO	✓	Planned
Mighty Checker Cloud	Planned	Planned

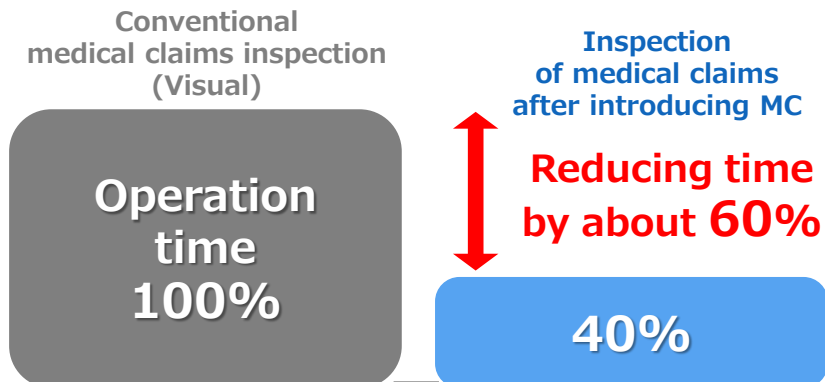
■ Strengths of Mighty Series

1. **Advantages in functions**
(Functions of double-screening, analysis, etc.)
 2. **Added value for customers** through consultation and customer support services
 3. **Economic effects** on medical institutions
(achieving an outstanding return on investment [ROI])
- Significant improvement in life-time value of customers!

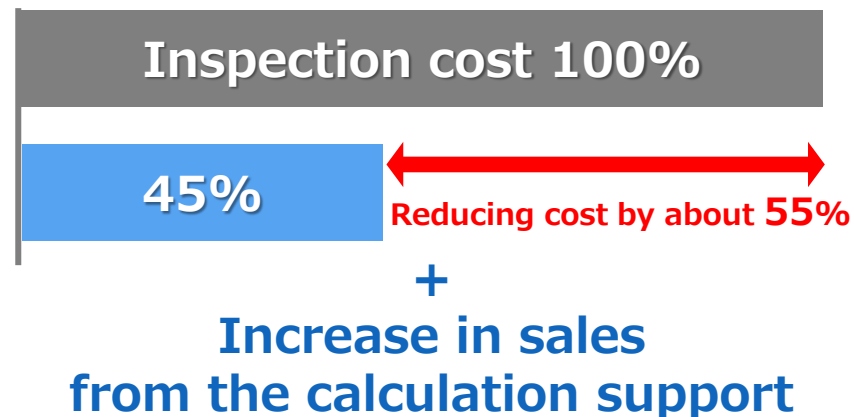
*1: This schematic diagram of price is a typical example. The actual price varies depending on the product, form of sales, size of the medical facility, etc.

■ Effects of Mighty Checker (MC) for Medical Affairs *1

(1) Reduction of operation time



(2) Cost reduction and profit improvement



■ Effects of Mighty QUBE (MQ) for doctors *1

Reform of workstyles of doctors

Cost reduction and profit improvement

Safety and quality of medical care

- Reduce the working hours of outpatient doctors by approximately 28 hours per month (per doctor)
- Reduce excessive stress

- Reduction of overtime for doctors and other related costs.
- Increased revenue by reducing assessments *2 due to omission of disease names, etc.

- Prevention of input errors and assistance in typing disease names through the electronic medical record input assistance features
- Support for streamlining of non-clinical work so that doctors can focus on patients

A Profit improvement of 66 million yen per year

*1: Notations regarding the results of this verification are based on the assumption of a medium-sized hospital with approximately 200+ beds and under the conditions we have set.

*2: Assessment (Downward assessment): A reduction in the amount of the fee when it is judged to be inappropriate during the review of the medical claim.

Official launch of the Mighty QUBE Hybrid (October 2022)

Real-time checking system

Mighty QUBE[®] Hybrid

Mighty QUBE Hybrid Features

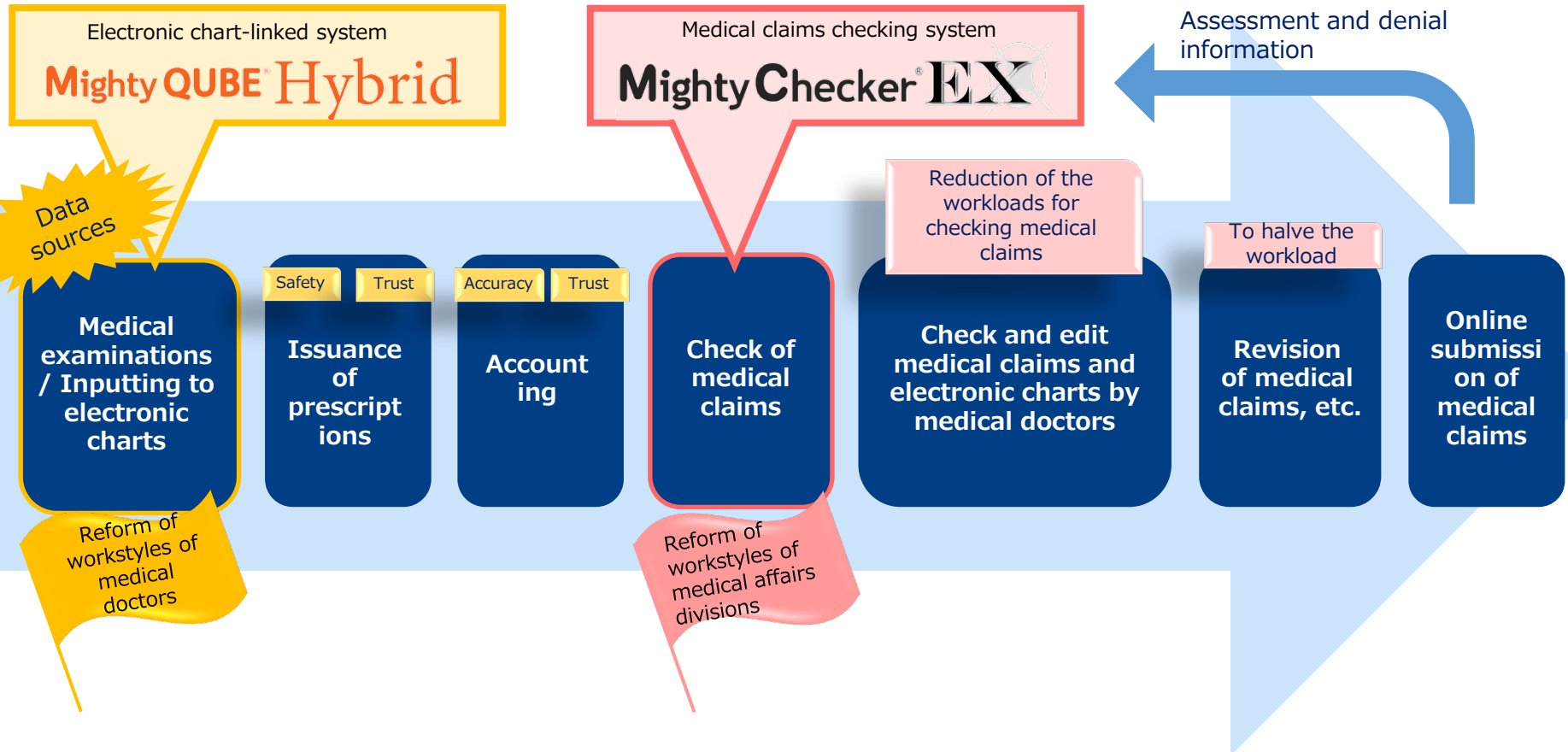
- ✓ Compatible with Medical Doctors' Workstyle Reform 2024
- ✓ Hybrid model compatible with cloud and on-premise systems
- ✓ Equipped with a real-time calculation support function (improvement of added value of the electronic medical record system)
- ✓ Lab-based development by medical engineers in the Philippines
- ✓ Negotiations are underway with several cloud-based electronic medical record manufacturers to incorporate the MQ Hybrid.
- ✓ Received orders from several large medical institutions and received many inquiries
- ✓ Direct sales price is more than 1.2 times higher than the previous model (MQ PRO)
- ✓ Apply the new prices in FY2023 with the goal of further improving gross profit margin by +5%.

Medical Business: Value Chain of Core Solutions



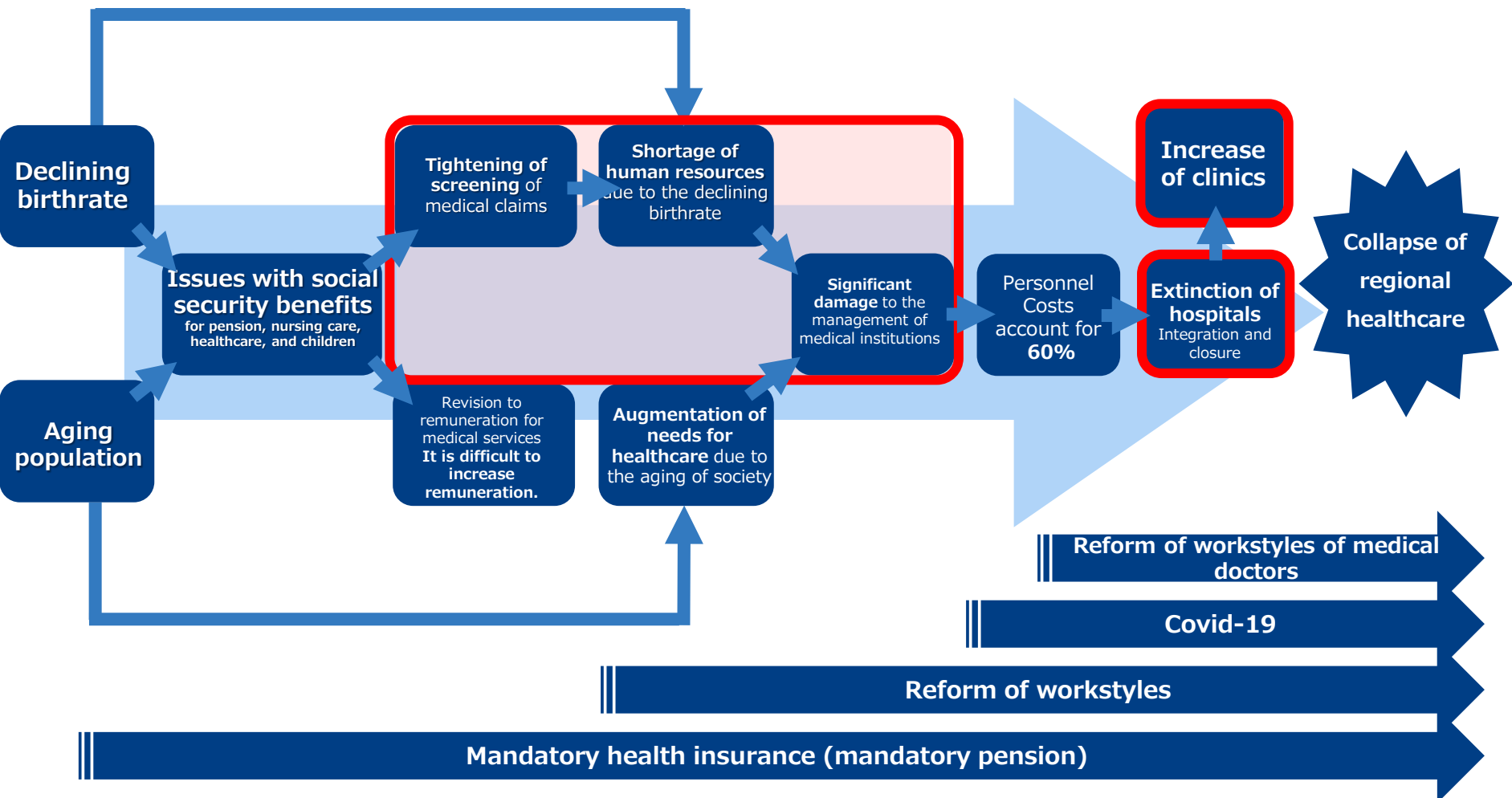
- Medical safety
- Time-saving
- Workload reduction
- Improvement in revenues

- Workload reduction
- Time-saving
- Cost reduction
- Improvement in revenues



Medical Business: Concept of Development of a System for Giving Solutions to Medical Institutions

ICT and AI



Mighty QUBE[®] Hybrid

Medical service section

To check insurance-covered diseases for pharmaceutical products, examinations, etc. and prescriptions for preventing incorrect administration. It also checks target diseases and contradictions of prescriptions.

- ✓ Medical safety
- ✓ Time-saving and workload reduction for medical doctors

Pharmaceutical section

Orders for prescriptions from doctors are screened, reducing the workload at pharmaceutical sections and pharmacies.

- ✓ Time-saving, workload reduction, and stress reduction for pharmacists

Satisfaction and peace of mind of patients

Satisfaction and trust from safety

- ✓ Improvement in revenues of hospitals
- ✓ Time-saving, workload reduction, and stress reduction for the staff of medical affairs sections

- ✓ Time-saving, workload reduction, and stress reduction for the staff of examination sections

Medical affairs section

Data sent from medical doctors has been inspected for insurance coverage of disease names, pharmaceutical products, examinations, etc. Accordingly, the workload for checking disease names, etc. in medical claims can be reduced.

Examination section

For orders for examinations, examination items are checked, and duplicate items are reported in accordance with insurance rules.

Proceeding with marketing of medical solution/platform concept in line with medical healthcare DX policy, as well as preparations for business qualification with an eye on the medical platform business.

■ External environment surrounding the medical business:

Priority Areas

Administrative
DX

Medical Health
Care DX

Reform of
workstyles of
doctors

Improvement of
quality, safety
and access to
healthcare

■ Medical Business Strategies for the External Environment:

1. Strengthen intellectual property strategy
2. Strengthen training of medical engineers using the base in the Philippines
3. Strengthen solutions for doctors' workstyle reforms, cloud and DX
4. Strengthen sales strategy for post-pandemic operations and doctors' workstyle reforms

Development of an Insurance Knowledge Platform



■ Progress of projects under negotiation

- We are negotiating with a total of 7 life insurance companies out of about 50 companies in the life insurance market. With 3 companies, we are proceeding with **PoC for installation by the end of 2023.**

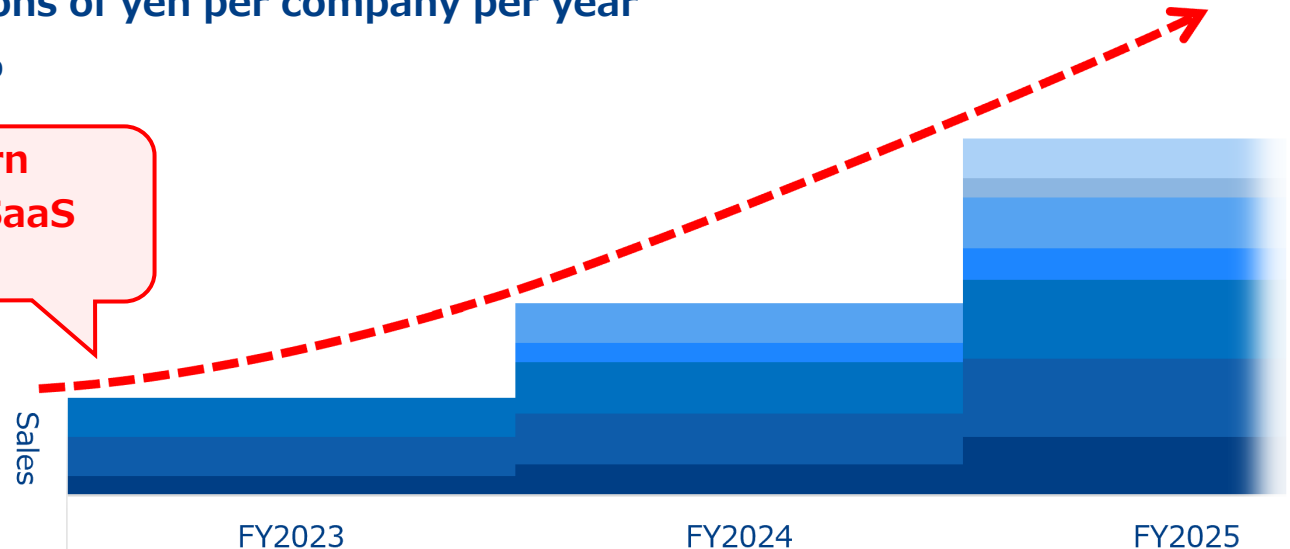
- In addition to direct negotiations with insurance companies, we are promoting the embedded type solution offering.

We started business talks and PoC with potential embedded partners, such as BPO companies.

■ Business model

- Monthly fee based on the number of insurance claim documents
- Millions to tens of millions of yen per company per year
- GP margin of over 75%

We are expected to earn stable revenues from SaaS from FY2023.

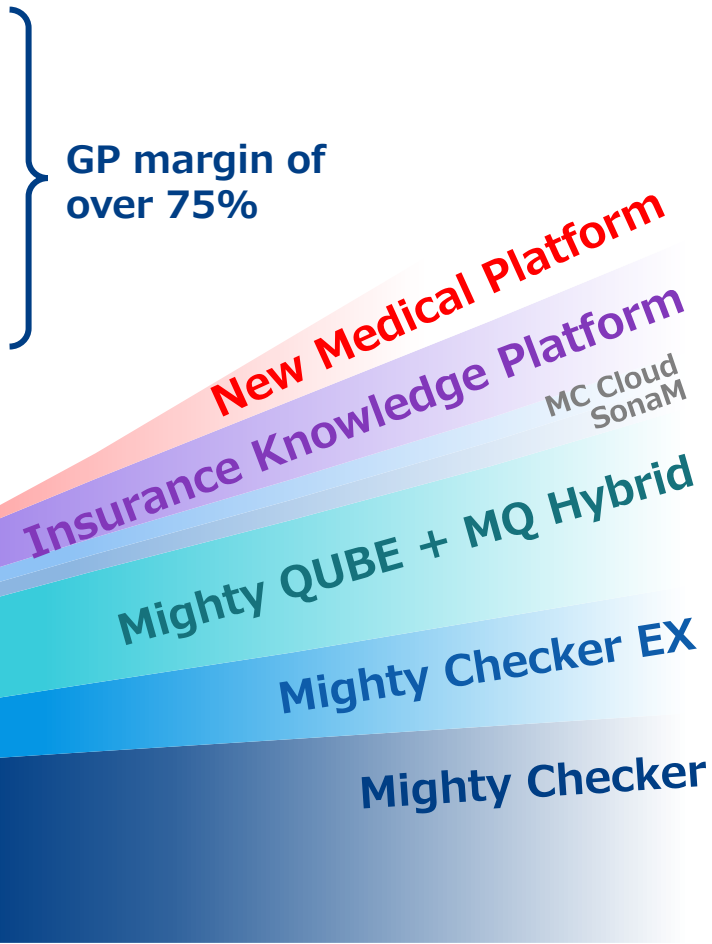


<Image of Insurance Knowledge Platform Business Growth>

Medical Domain: Growth Potential of each Solution

To promote further improvement of average spending per customer and recurring revenue earning capability through up-selling, cross-selling, and direct sales

- New Medical Platform
- Insurance Knowledge Platform
- Mighty Checker Cloud
- SonaM
- Mighty QUBE + MQ Hybrid
- Mighty Checker EX
- Mighty Checker



Mighty QUBE + MQ Hybrid

Identified nearly 1,000 new targets (mid-sized hospitals) towards Doctors' Workstyle Reform 2024.

We will strengthen our consulting and proposals to medical institutions by leveraging our strengths of "uniqueness in the market" and "high pricing".

Mighty Checker EX

- ① Existing users switching from the standard product PRO to the top-end product EX (up-selling)
- ② Acquisition of new users through direct sales (price) → Direct accounts → Promote selling multiple services

FY2022

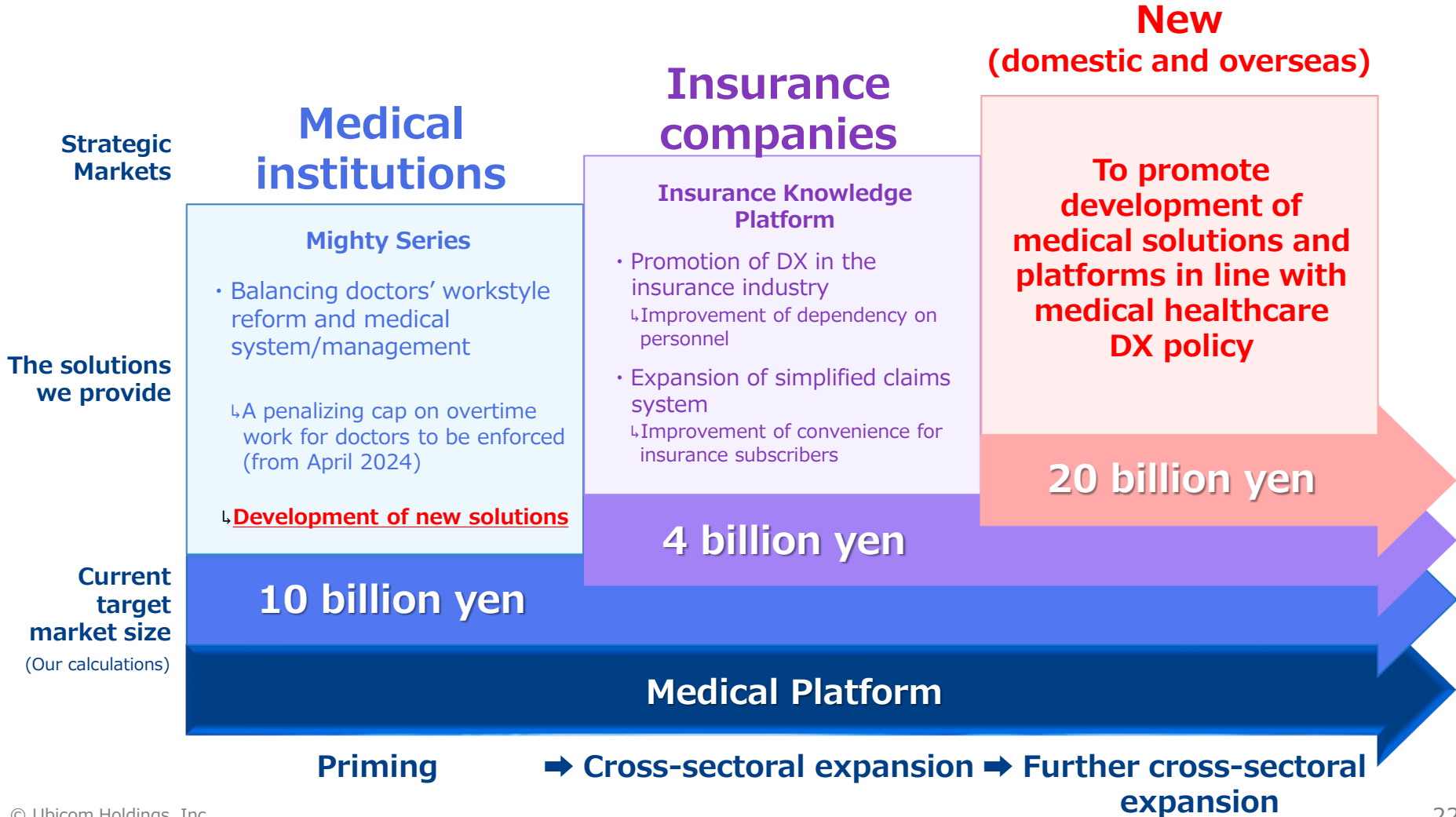
<Business Growth Image>

FY2025

Target Market Size for Medical Platforms



We aim to become the No. 1 platform in the niche medical field by leveraging our position as the market leader in DX solutions focused on medical institutions.



To create more new markets

through strategies to enclose the user community (potential market size: 300 billion yen*)

*surveyed by our company

New market Creation measures

- Conversion of sales staff to consultants
- Medical engineer training
- Strengthening of direct customer support
- Development of new intellectual property and information provision platforms



[Target]

Our unique user community



Ubicom Second growth phase

- Creation of new markets
- Increasing the target market size

Current target market size

Insurance Knowledge
4 billion yen

MQ for Doctors
MC for Medical Affairs
10 billion yen

New Solutions

New Platform

MC: Mighty Checker, MQ: Mighty QUBE

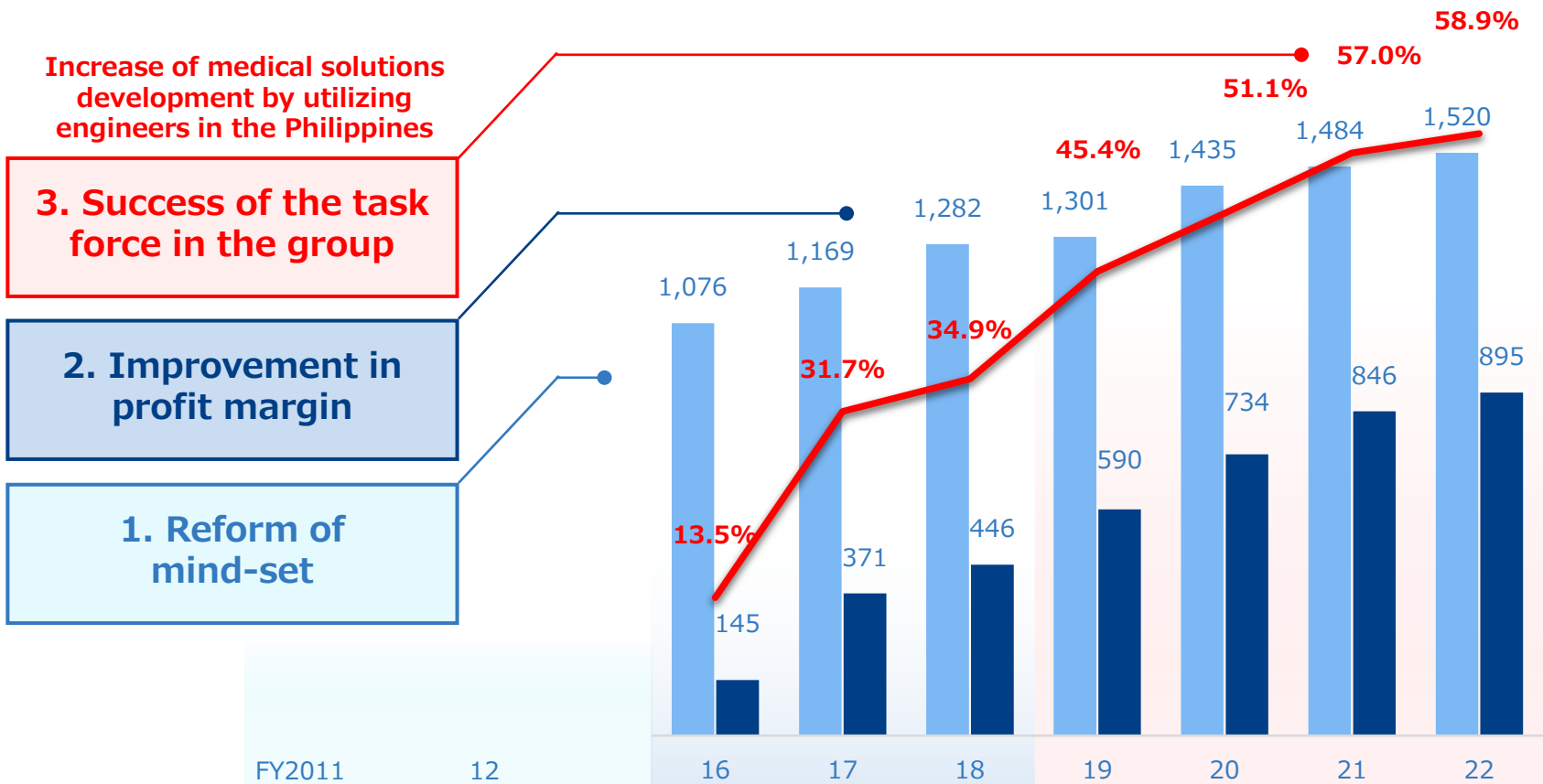
Promotion of M&A strategy based on the results of acquisition of subsidiaries



We aim to actualize new M&A that would contribute to our platformer strategy, by utilizing the know-how of post-merger integration (PMI) for medical business.

Successful cases of M&A: Variation in results of medical business

売上高 営業利益 売上高営業利益率



Increase of medical solutions development by utilizing engineers in the Philippines

3. Success of the task force in the group

2. Improvement in profit margin

1. Reform of mind-set



Conclusion of a memorandum for expanding the global business

On February 10, 2023, the President Ferdinand Marcos of the Philippines officially visited Japan, and a ceremony for signing business agreements was held. At that ceremony, we concluded a memorandum for enhancing investment for expanding our group business further, for energizing economic activities between Japan and the Philippines and promoting “the second growth phase of the Ubicom Group.”

※We were the only participating company from the IT industry



Global Business

- Conclusion of a memorandum related to **AI solutions and personnel development** with SIXAI in Israel
- We will continue collaboration with global partners based on the “GO GLOBAL Strategy.”

Medical Business

- Launch of the top-of-the-line product “Mighty QUBE Hybrid,” which would help **reform the workstyles of medical doctors**
- We will continue provision of new solutions for Medical/Healthcare DX era and enhancement of cross-selling

Win-Win investment model

- Injected capital into “GoAhead Ventures III,” a fund for investing in **advanced IT firms in the U.S.**
 - Approval of listing of “ELEMENTS, Inc.”; **the first listed investee of our company**
- We will continue active investment in excellent IT ventures inside and outside Japan

Group-wide activities

- We decided to relocate the headquarters for strengthening **human resources and the functions of the headquarters** on July 1, 2023 (scheduled date).
 - Acquisition of treasury shares so that **they could be used for employees’ incentives and M&A funds**
- We will continue implementation of measures for maximizing human capital for the “second growth phase”

Earnings Forecast for FY2023



As we continue to make investment for the second growth phase (the investment collection phase), operating and ordinary incomes are expected to grow over 30%, while absorbing the constant investment in human resources for cutting-edge technologies.

Sales are projected to rise 22.0% year on year, as we will meet the largest demand since the establishment of Ubicom.

[unit: million yen]	FY2022 (results)		FY2023 (forecast)		Year-on-Year
	Amount	% to sales	Amount	% to sales	
Net Sales	5,246	100.0%	6,400	100.0%	22.0%
Operating Income	1,011	19.3%	1,350	21.1%	33.5%
Ordinary Income	1,004	19.1%	1,369	21.4%	36.4%
Net income attributable to owners of parent	573	10.9%	963	15.1%	67.9%

The assumed exchange rate is 0.40Japanese Yen/Philippines Peso for 1Q FY2023, and 0.42Japanese Yen/Philippines Peso for 2Q~4Q FY2023.

Promotion of the 2nd Growth Phase



We will execute a growth strategy in line with the global situation trends

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

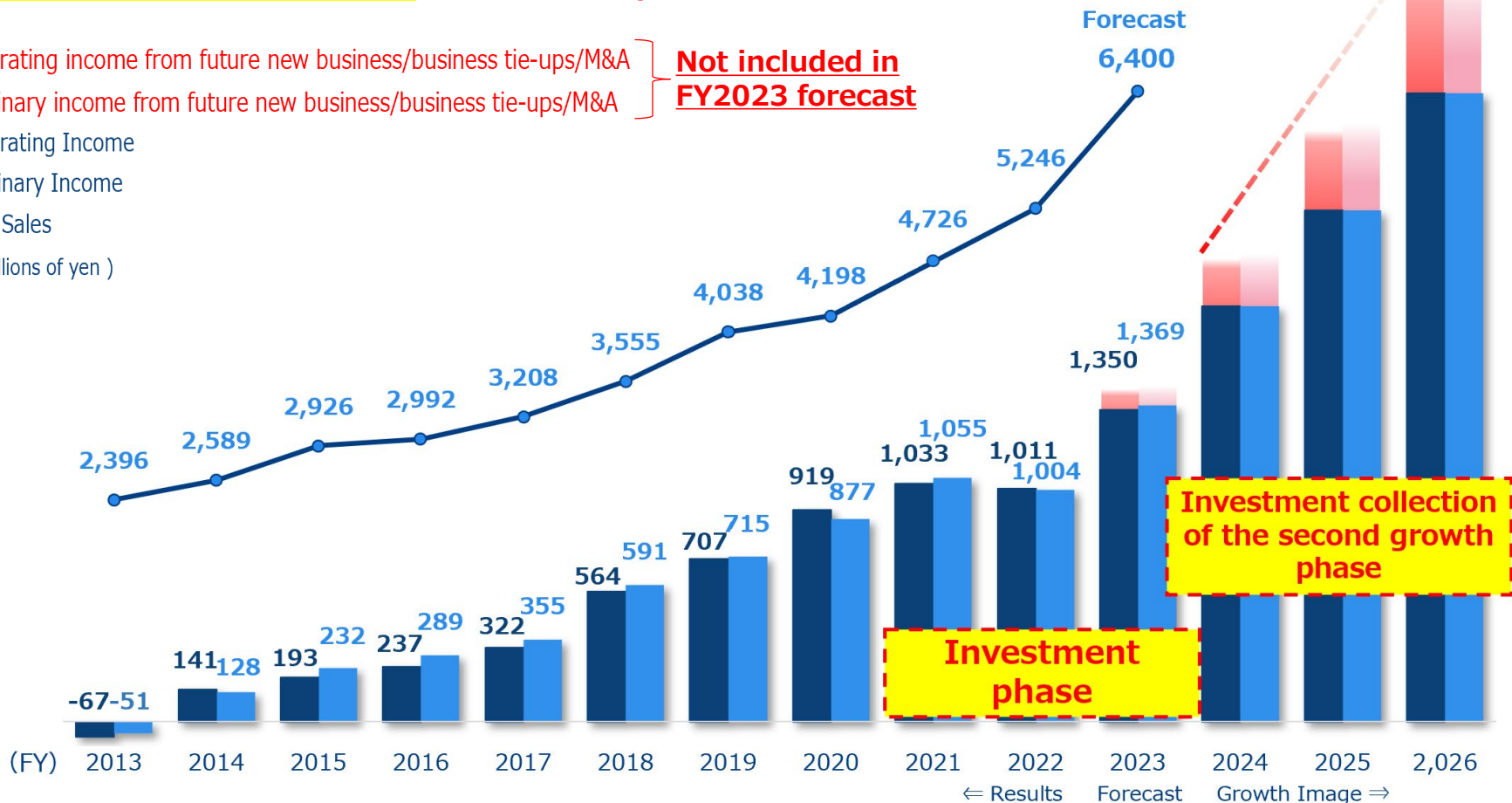
- Medical field
 - Pillar clients: + 20 companies
 - Global market
 - Sustainability
- × M&A

- 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 FY2023 forecast

- Operating Income
- Ordinary Income
- Net Sales

(Unit: millions of yen)



■ Global Business

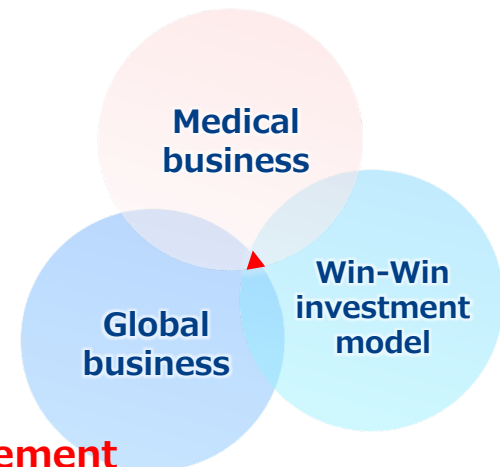
- **DX Support** (Business process reforms for clients through advanced technology support such as AI/Analytics/Automation/Cloud)
- Improvement of Japan's global competitiveness through **globalization support** for domestic companies

■ 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
- **Work style reform for doctors / Medical & Healthcare DX** (improvement of healthcare safety and quality, management and operational improvement, paperless, cloud application, telemedicine support, and other diversification support for medical institutions)

■ Group as a whole

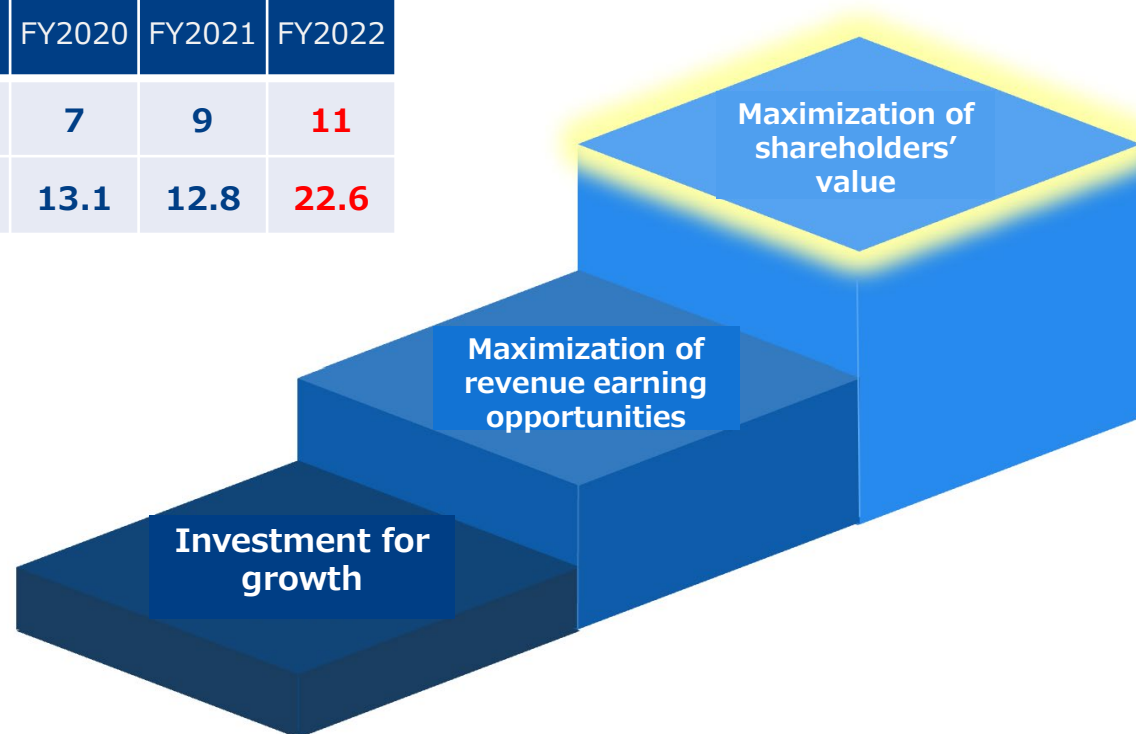
- **Diversity** in employees and management positions, and **considering appointing female and foreign executives**
- **Resilient business management** (reinforced risk management and business continuity structure)
- Strategic alliances with socially influential enterprises that would help attain **SDGs**
- **Promote human capital management and purpose driven management** including provision of **education** and opportunities to young talent in Asia, and strengthening of **incentives for employees**



Dividend for FY2022

As we have established a robust base for revenues thanks to the recent strong demand, we are paying a term-end dividend of 11.00 yen/share, up 2 yen/share from the previous fiscal year.

Fiscal year	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Annual dividend [yen]	0	5	5	7	9	11
Payout ratio [%]	-	15.4	10.8	13.1	12.8	22.6



■ Policy for future activities

With the aim of further improving the growth potential and profitability of our business, we aim to enrich our policy for return to shareholders for achieving a payout ratio of 30% or higher, while balancing the growth of business performance and strategic investment.

Company Overview



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

Global Business

Dedicated in solving IT resource shortage in Japan and promoting DX (Digital Transformation), through providing Software/Application Development, 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), by utilizing development facilities in the Philippines, etc..

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 management 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 are focusing on 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
FY2022 (Results)	5,246	1,011	1,004	573
FY2023 (Forecast)* Growth rate	6,400 +22.0%	1,350 +33.5%	1,369 +36.4%	963 +67.9%

*Announced on May 11, 2023

- ◆ 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.