



FY2023 Q1 Presentation Materials for FY2023 Q1

Ubicom Holdings, Inc. TSE Prime: 3937

2023.8.10



We are a unique business innovation company that creates innovative IT solutions through the combination of "human" and "technology."

global business

We provide IT development support services to major domestic and international companies, by utilizing advanced technologies such as AI. Our R&D base in Asia is manned by over 900 global IT personnel.

We cover a wide range of industries, including manufacturing, finance, automobiles, healthcare and AI.

medical business

We are pioneers in providing IT solutions for supporting the management of hospitals and clinics.

Our group subsidiary provides the largest medical information system in Japan in terms of the number of users. We also provide IT solutions for life and non-life insurance companies through the cross-sectoral deployment of our intellectual property.

Global Business:

In light of **the Economic Security Promotion Act** enacted in May 2022, major corporations and system integrators have reviewed their procurement sources. As a result, the demand for services of our company as a reliable outsourcee has greatly expanded. Such increased demand has led us to target **20 new pillar*** candidates.

To meet this growing demand, we have implemented **massive recruitment and training programs for global IT engineers**.

*pillar : Customers with sales of 100 million yen or more

Medical Business:

In May 2023, in response to the reclassification of COVID-19 into Class 5, we began preparing for post-COVID-19 measures in medical institutions.

With **the work style reform related laws** applying to medical doctors from April 2024, DX in medical institutions is accelerating. We received more inquiries about our medical business solutions, “MightyChecker® series” and “Mighty QUBE® series,” which contribute to work style reform.

Sales

1,404 million yen

(year-over-year 107.0%)

Operating Income

253 million yen

(year-over-year 86.7%)

Ordinary Income

180 million yen

(year-over-year 67.6%)

Net Income

105 million yen

(year-over-year 54.6%)

Consolidated business

Consolidated sales were 1,404 million yen (107.0% y/y)

However, operating income was only 253 million yen, 86.7% of that in the previous year, due to **a temporary drop in operating rates** as a result of mass recruitment and training in response to significant demand in the global business. But the figure was in line with the initial plan. For the full year, we forecast sales of 6,400 million yen (122.0% y/y) and operating profit of 1,350M (133.5% y/y).

In addition, a foreign exchange loss (non-operating expenses) was recorded as a result of the year-end translation of foreign currency-denominated assets at R&D bases in the Asian region due to the rapid depreciation of the yen. Due to **factors outside the core business**, ordinary income was 180 million yen (67.6% y/y)

(Unit : million yen)	FY2022 Q1		FY2023 Q1		year-over-year
	Amount	% to sales	Amount	% to sales	
Net sales	1,312	100.0%	1,404	100.0%	107.0%
Operating income	291	22.2%	253	18.0%	86.7%
Ordinary income	266	20.3%	180	12.8%	67.6%
Net income	192	14.7%	105	7.5%	54.6%

Global Business

Global Business

【Business Model】

We provide IT development support services utilizing advanced technologies, including AI, for major domestic and overseas companies.

【KPI】

Number of large customers (pillar customers). Recruitment of human resources capable of increased demand.

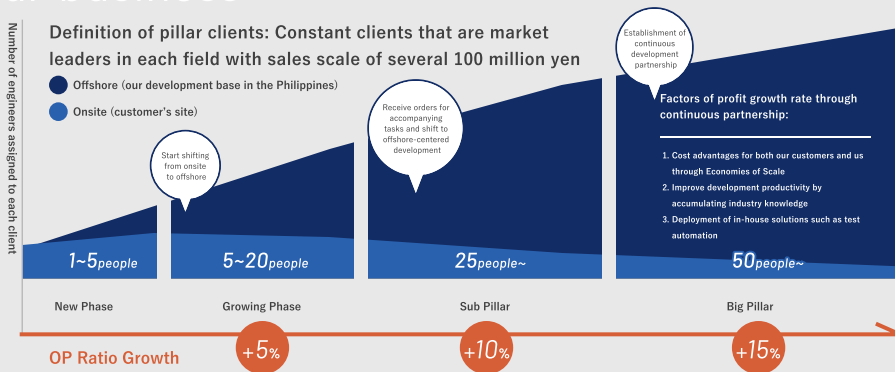
【Our Strengths】

Our advantage is that we are different from traditional IT staffing companies. We provide professionals who are fluent in both English and Japanese, and can provide offshore assistance with industry-specific business content, system languages, tools, and AI for each of our clients. This is one of our strengths.

Our business model doesn't just dispatch workers; instead, we assign workers to projects after educating clients on industry-specific content, system language, and tools used. Additionally, we provide Japanese language training to ensure effective communication. Therefore, newly hired employees will need 5-6 months of preparation time.

As for new graduates, approximately 160 people were hired out of 4,000 applicants each year. In the previous fiscal year, we hired a total of 250 people to proactively invest in responding to strong needs.

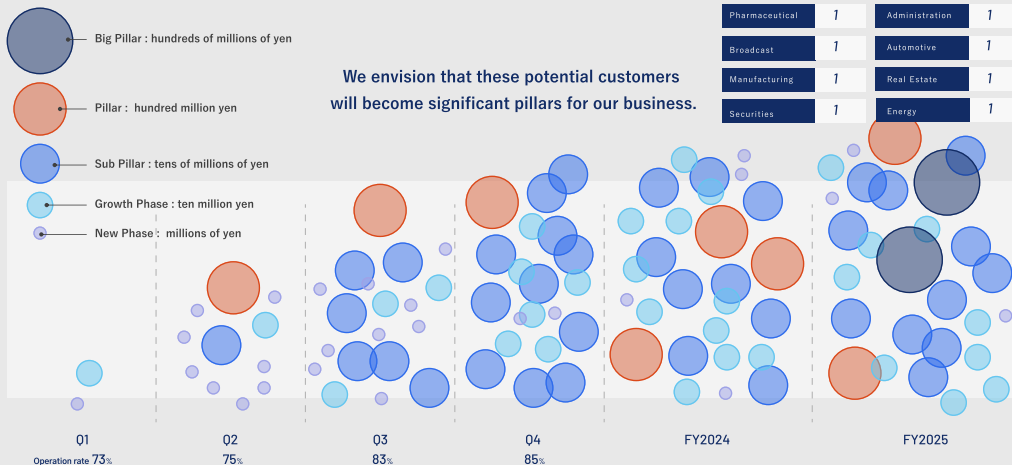
global business



Targeting 20 potential pillar companies amid demand expansion

Due to the increase in demand for our company's services, we have selected 20 potential pillar companies as our targets. We expect a significant increase in overall sales in addition to the sales from existing customers. Beginning in the second half of the year, many of the pillar candidates plan to start up in earnest.

Bank	3	Distribution	2
Sier	2	Game	1
Petrochemical	1	electrical equipment	1
Steel	1	Consulting	1
Pharmaceutical	1	Administration	1
Broadcast	1	Automotive	1
Manufacturing	1	Real Estate	1
Securities	1	Energy	1



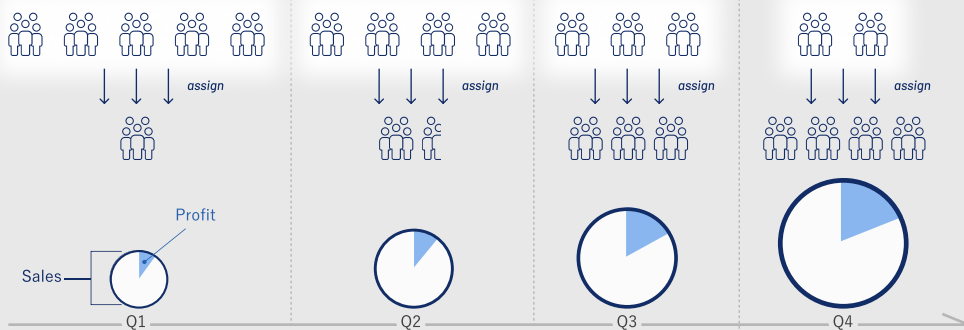
We are considering rapid expansion through business alliances with global major corporations.

Extensive hiring of global IT engineers to attend to new pillar clients

- We have conducted extensive hiring of global IT engineers to attend to 20 new potential pillar companies.
- During the training period (5-6 months), our business model is temporary operating rate will decline.
- We expect an increase in sales, profit and operating rate as they are assigned to projects in full swing from the latter half of the fiscal year.

global business

Personnel during the education period

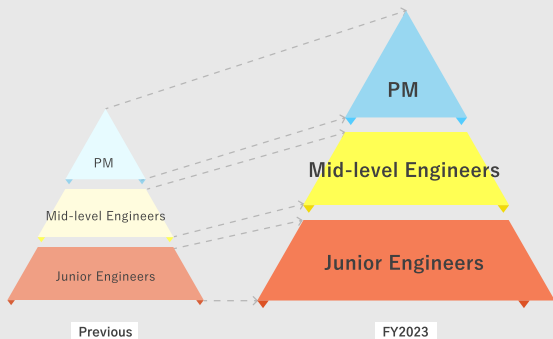


Developing professional IT engineers through five to six months of intensive training

Unlike the business model of simply dispatching IT engineers, assignment to projects is carried out after five to six months of thorough training.

The training covers the Japanese language, industry-specific tasks for each customer, system languages, utilization of tools, and advanced technologies, including AI.

global business



Number of employees recruited per year
: About 100~160

Annual number of hires : 350 or more planned
(while considering profit balance)

Measures 01

To strengthen recruitment

Measures 02

Re-training in new skills →
Responding to evolving and more sophisticated needs

Measures 03

Leadership training for about 50 people →
To handle increased orders and control quality

Measures 04

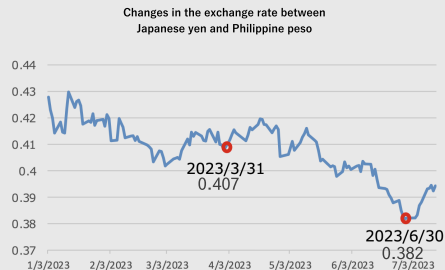
Pooling of resources →
To maximize operating rate through collaboration between
business departments

Measures 05

To increase profitability through expansion of development volume

Although there was a valuation loss on assets held due to exchange rate fluctuations, foreign exchange fluctuation risks concerning the core business are under control.

global business



3M Philippine peso: Business area

A memorandum has been signed on equal splitting of the impact of foreign exchange fluctuation on the core business with our clients. **Foreign exchange impact has been managed.**

21M Philippine peso: Non-Business area

Loss on write-down of foreign currency denominated assets of foreign subsidiaries.

Demand for our company has increased significantly against the backdrop of the Economic Security Promotion Act

Sales increased 1,004 million yen (106.5% y/y) due to an increase in demand against the backdrop of the Economic Security Promotion Act.

However, operating income fell 111 million yen (72.1% y/y) due to a temporary decline in operating rate caused by mass hiring and training to meet the increased demand. On a fiscal year basis, progress is in line with plans. Full-year forecasts are for sales of 6,400 million yen (122.0% y/y) and operating profit of 1,350 million yen (133.5% y/y).

global business

Global Business Unit : million yen	FY2022 Q1		FY2023 Q1		year-over-year	Achieving a 6.5% increase from the same period of the previous year. In terms of profit, prioritize investment in human resources
	Amount	% to sales	Amount	% to sales		
Net sales	942	100.0%	1,004	100.0%	106.5%	
Operating income	155	16.5%	111	11.2%	72.1%	

Expect operating ratio to increase from the second half of the fiscal year onward, as the number of engineers to be hired will be in full-scale operation.

On a fiscal year basis, progress is in line with plans. Full-year forecasts are for sales of 6,400 million yen (122.0% y/y) and operating profit of 1,350 million yen (133.5% y/y).

Medical Business

Medical Business

【Business Model】

Provides management support IT solutions for hospitals and clinics. In particular, the medical information system provided by a group subsidiary has the largest number of users in Japan.

【KPI】

Number of medical institutions under contract. Cross-selling number to existing customers.

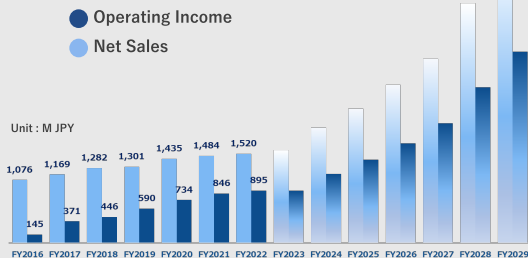
【Our Strengths】

The company's advantage is its extensive medical database of disease names, medications, and insurance scores, as well as its advanced AI technology that makes use of this database. In addition, we have a wide range of sales channels to medical institutions of various sizes on a nationwide scale.

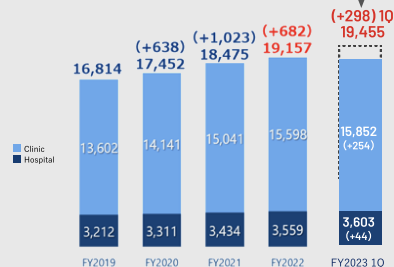
Expanding the high revenue base through a subscription model

- Achieving high revenues with a subscription model
- In FY 2022, the subscription model achieved a high profitability of 58%.
- Record 298 new clients in the first quarter
- On the other hand, the overtime work issue for doctors and nurses became prominent due to the COVID-19 pandemic, and in conjunction with the application of work-style reform-related laws to medical doctors from April 2024, the digital transformation (DX) of medical institutions has become urgent.
- With the reclassification of COVID-19 into Class 5 in May 2023, investments in medical institutions have resumed, and the sales increase of "Mighty Qube®Hybrid" and "MightyChecker®EX," which contribute to work-style reform, is expected to accelerate.

medical business



Number of Medical Institution



Sufficient market scale for achieving further growth

- “MightyChecker®EX” boasts the largest number of users (19,455) in Japan as the pioneer in systems for the inspection of health insurance claims.
- To cross-sell “Mighty QUBE®Hybrid” to the users of “MightyChecker®EX.”
- Assuming a market scale of 15.5 billion yen for Mighty QUBE®.

Medium, and large-sized hospitals = 8,205 in total
Estimated average spending per client: 1.9 million yen
1.9 million yen/client × 8,205 clients = 15.5 billion yen

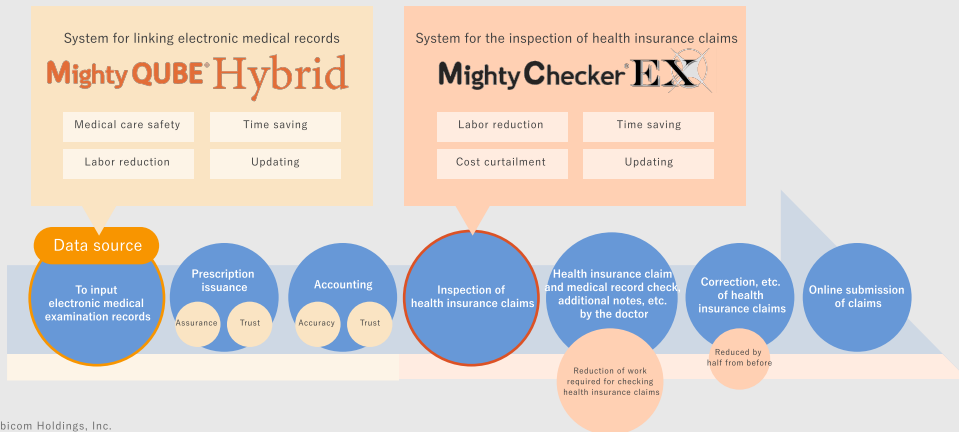
**Scale of the Mighty QUBE® market assumed
by Ubicom Holdings:**

15.5 billion yen

Source: Ministry of Health, Labour and Welfare_2021 Survey of Medical Facilities and Summary of Hospital Reports

Major solutions in the Medical Business

- “Mighty QUBE®Hybrid,” a system for linking electronic medical records
It supports doctors in the entry of electronic medical records through AI, to prevent typographic errors and streamline the work operations of medical doctors.
- “MightyChecker®EX,” a system for the inspection of health insurance claims
It inspects health insurance claims through AI, to prevent wrong claims and claim omissions as well as streamline the work operations of the medical practice division.



Case Study: Medium-sized hospital with more than 200 beds

Mighty QUBE® Hybrid's effect on revenue improvement: 66 million yen per year; ROI over 900%.

- point 01** ✓ A hybrid model compatible with cloud and on-premise systems
- point 02** ✓ Equipped with real-time calculation support function (enhancing the value of electronic medical record systems)
- point 03** ✓ Innovative features powered by medical data and AI

Return on investment in Mighty QUBE®(MQ) for medical doctors

Work-style reform for medical doctors

Approximately 28 hours reduction in working hours per outpatient physician (per month per physician) Alleviation of excessive stress

Cost reduction and revenue improvement

Reduction in overtime pay and related costs for physicians and others
Increase in sales through reduced assessment due to omission of disease names, etc. Expected to increase revenues by 66 million yen per year

Medical safety and quality

Prevention of input errors and support for diagnosis through electronic medical record input assistance
Support for streamlining non-clinical tasks to allow focus on patients

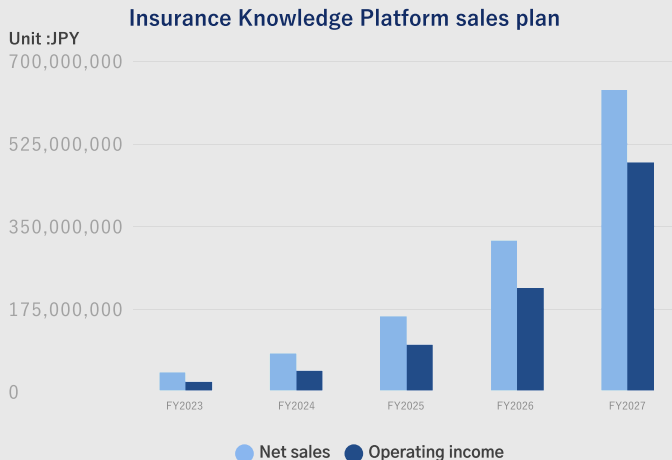
The new service “Insurance Knowledge Platform” has gone through verification and is now being adopted on a full scale.

- Insurance Knowledge Platform is a payment underwriting support system for life insurance companies selling medical insurance. It will feature unrivaled proprietary services based on the know-how cultivated by "MightyChecker®" & "Mighty QUBE®".
- In May 2023, insurance companies that were busy in the Corona disaster resumed in-house DXing of insurance companies with the transition of the new Corona to Class 5. The insurance claims underwriting system took a long period of time to validate, as **the Financial Service Agency's guidance** required a high degree of accuracy and a highly robust system design in terms of security.
- After a long period of verification with partner insurance companies, the system finally moved into the full-scale implementation phase.

Market scale and sales prospect of “Insurance Knowledge Platform”

- Full-scale operation of “Insurance Knowledge Platform”
- Currently under review with multiple non-life insurance companies, aiming for the conclusion of a contract during this term (FY2023).

medical business



Medical business results










- The reclassification of COVID-19 into Class 5 in May 2023 and the enforcement of work-style reform-related laws applicable to medical doctors from April 2024 have led to the resumption of investments in the digital transformation (DX) of medical institutions.
- As a result, the medical business achieved a 107.9% sales compared with the same period of the previous year.
- Maintaining a high operating income margin

medical business

Medical Business Unit : million yen	FY2022 Q1		FY2023 Q1		year-over-year
	Amount	% to sales	Amount	% to sales	
Net sales	370	100.0%	399	100.0%	107.9%
Operating income	220	59.6%	231	57.9%	104.8%

Achieving a 7.9% increase from the same period of the previous year. Wording revised. Profit growth is expected in the second half.

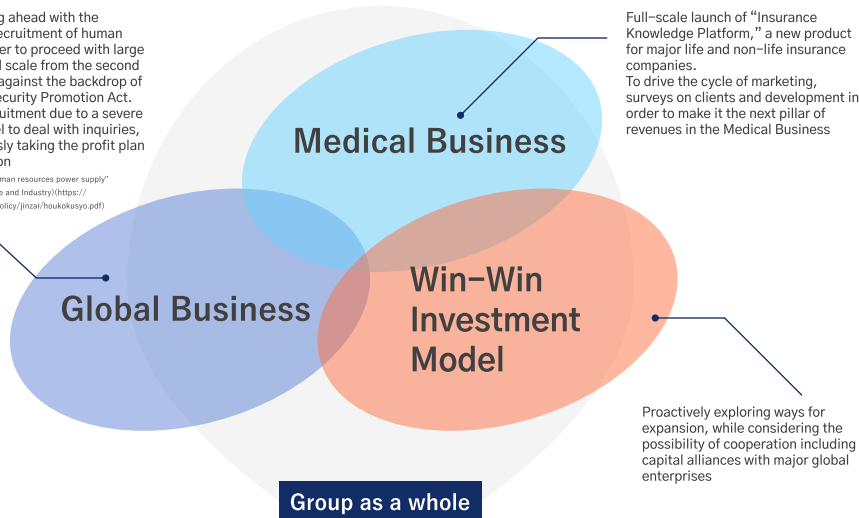
- As we entered the full introduction phase of the new service "Insurance Knowledge Platform," it is expected to contribute significantly to future sales and profits.

	Objective	Action	Related SDGs
E	<ul style="list-style-type: none"> Reducing CO2 Emissions Global Partnership 	<ul style="list-style-type: none"> Powering our head offices using green energy Investing equipment in the Philippines 	   
S	<ul style="list-style-type: none"> Diversity and inclusion 	<ul style="list-style-type: none"> 1 female director Ratio of female managers: 40% Increased ratio of maternity and paternity leave Increase ratio of foreign employees 	   
G	<ul style="list-style-type: none"> Strengthening the governance system 	<ul style="list-style-type: none"> Information disclosure and ensuring transparency Diversity of executives Disclosure of top management's commitments 	

In preparation for the second growth phase, we are considering business alliances, including capital partnerships, with major global corporations.

Smoothly forging ahead with the education and recruitment of human resources in order to proceed with large projects on a full scale from the second half of the term against the backdrop of the Economic Security Promotion Act. To continue recruitment due to a severe lack of personnel to deal with inquiries, while continuously taking the profit plan into consideration

* Source: "Survey on IT human resources power supply" (Ministry of Economy, Trade and Industry)(https://www.meti.go.jp/policy/it_policy/jinzai/houkokusyo.pdf)



Full-scale launch of "Insurance Knowledge Platform," a new product for major life and non-life insurance companies.

To drive the cycle of marketing, surveys on clients and development in order to make it the next pillar of revenues in the Medical Business

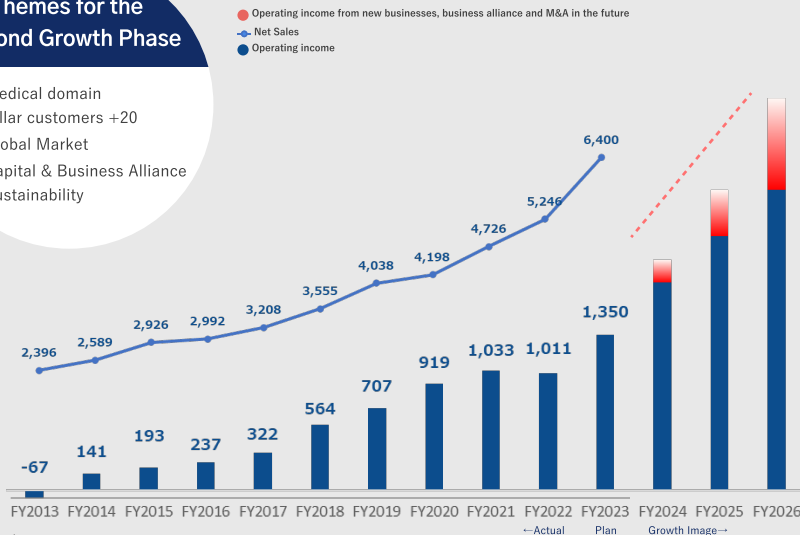
Proactively exploring ways for expansion, while considering the possibility of cooperation including capital alliances with major global enterprises

Relocated the head office in order to reinforce human resources and the function of the head office with purpose-driven management in mind.
Considering measures toward the maximization of human capital as a step toward

Maximize synergies between existing businesses and M&A to build up a new recurring/SAAS model

Themes for the Second Growth Phase

- Medical domain
- Pillar customers +20
- Global Market
- Capital & Business Alliance
- Sustainability



- Corporate Name: Ubicom Holdings, Inc. (Prime Market of TSE: 3937)
- Strategic Markets: Medical, financial/public, automobile, and manufacturing/robotics
- Business Description:

Global Business

In order to solve the shortage of IT personnel and promote digital transformation (DT) in Japan, we provide embedded software development, application development, testing, quality assurance, maintenance, and 24-hour support services by utilizing our development centers in the Philippines, etc. We also develop unique advanced solutions equipped with cutting-edge technologies such as 3As (AI, Analytics, and Automation).

Medical Business

As a leading company that offers solutions for supporting the management of medical institutions, we help the medical industry reform work styles by improving operational efficiency, improve the management of medical institutions, and enhance the safety and quality of medical care through the provision of medical IT solutions such as health insurance claims inspection, support for medical safety, data analysis, cloud services, development support, and consulting.

In addition, we are focusing on a new knowledge platform business for the insurance industry.

Win-Win Investment Model

We promote collaboration, alliances and M&A with leading companies and growing enterprises, to accelerate business growth.

New Business Development

We will build up high-growth and highly profitable businesses for the next generation.

■ Business Results

Unit : million yen

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent
FY2022 (Actual)	5,246	1,011	1,004	573
FY2023 (Budget)	6,400	1,350	1,369	963
	+22.0%	+33.5%	+36.4%	+67.9%

- The materials and information provided in this presentation may also contain forward-looking statements that are based on our current estimates or assumptions.
- These forward-looking statements involve a number of risks and uncertainties. These risks and uncertainties include general industry and market conditions, and national and international economic conditions, such as exchange rate fluctuations, which could cause results to differ materially from those contained in the forward-looking statements.
- The actual future business activities and performance of our company may differ from the future prospects described in this document.
- Any forward-looking statements in this document are made by us based on available information, and our company does not undertake any obligation to revise or update any forward-looking statements, even after seeing new information, future events or the like.

