

Ubicom Holdings, Inc. (Prime Market of TSE: 3937)



FY2024 Q2 Financial Results Materials

November 7, 2024



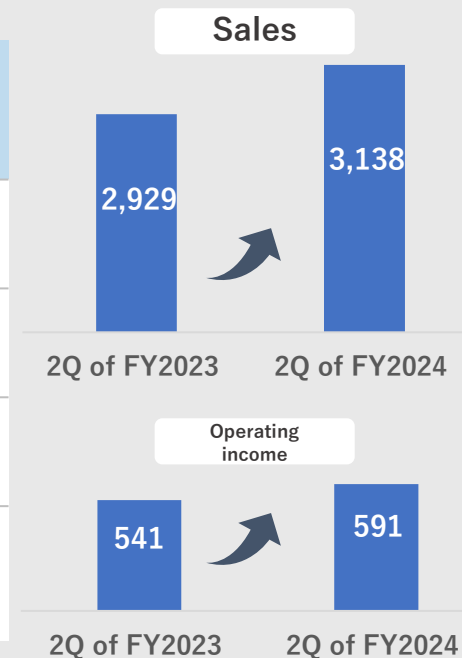
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Sales · Operating income · Ordinary income · Net income

All sections reached record highs in the second quarter.

The improvement in net income resulted in an increase in ROE certainly, which is progressing as planned.

(Unit: million yen)	2Q of FY2023 (Accumulated)		2Q of FY2024 (Accumulated)		YoY comparison
	Amount	Sales ratio	Amount	Sales ratio	
Sales	2,929	100.0%	3,138	100.0%	107.1%
Operating income	541	18.5%	591	18.8%	109.3%
Ordinary Income	466	15.9%	629	20.1%	134.9%
Net income attributable to shareholders of the parent company	300	10.3%	443	14.1%	147.5%

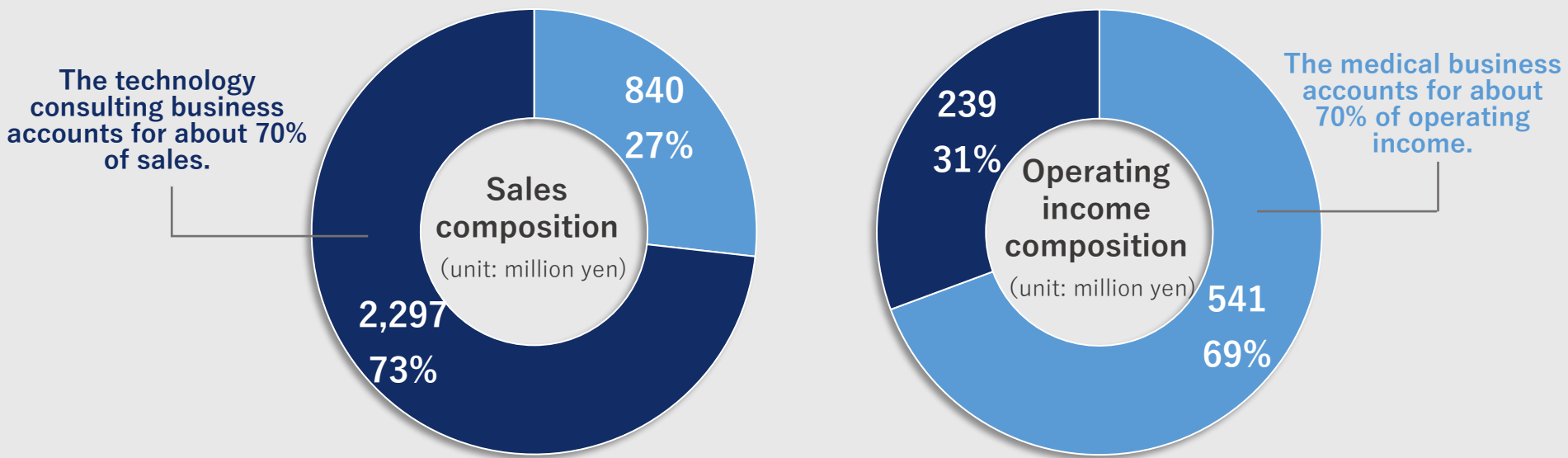


①Medical Business : The number of users of the “Mighty” series is on the steady rise, benefitting from a tailwind of the workstyle reforms for medical doctors.

②Technology Consulting Business : To build a strategic partnership with APAMAN Group, we are expanding labs at our Philippines offshore base and implementing organizational restructuring along with investments in retraining.



■ Medical business ■ Technology consulting business



※The difference between segment profit and consolidated performance mainly arises from adjustments of general administrative costs not attributed to any reportable segment.

01 Medical Business



Reforming the workstyle of medical professionals
Improving the profitability of medical institutions
Improving medical safety and quality

Mission

02 Technology Consulting Business

Addressing the shortage of **787,000*** IT engineers by 2030
Developing Overseas Advanced IT Human Resource



Business Model

AI × Subscription model
Operating income margin of 60% or higher

Offshore development center (ODC) partnership
Offshore transfer consulting

Strengths

Medical database cultivated over **30 years**
Owning numbers of AI engines

30 years of trust and proven track record in offshore development
Over **900** young sophisticated engineers

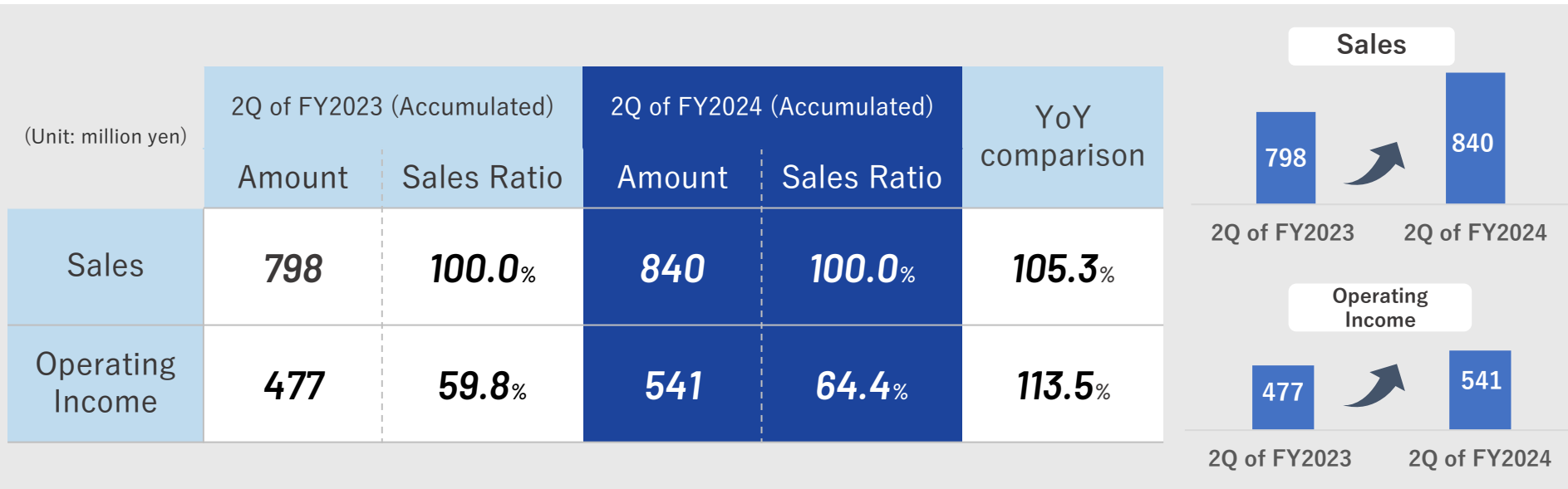
Clients

More than **20,000** medical institutions
Healthcare-related businesses

- Technology: AI, IOT, etc.
- Strategic markets: Healthcare, finance/public, automobiles (EVs), mobile, real estate, etc.

Medical Business

Both sales and operating income **reached record highs** due to the expansion of high profit base of AI × Subscription model.

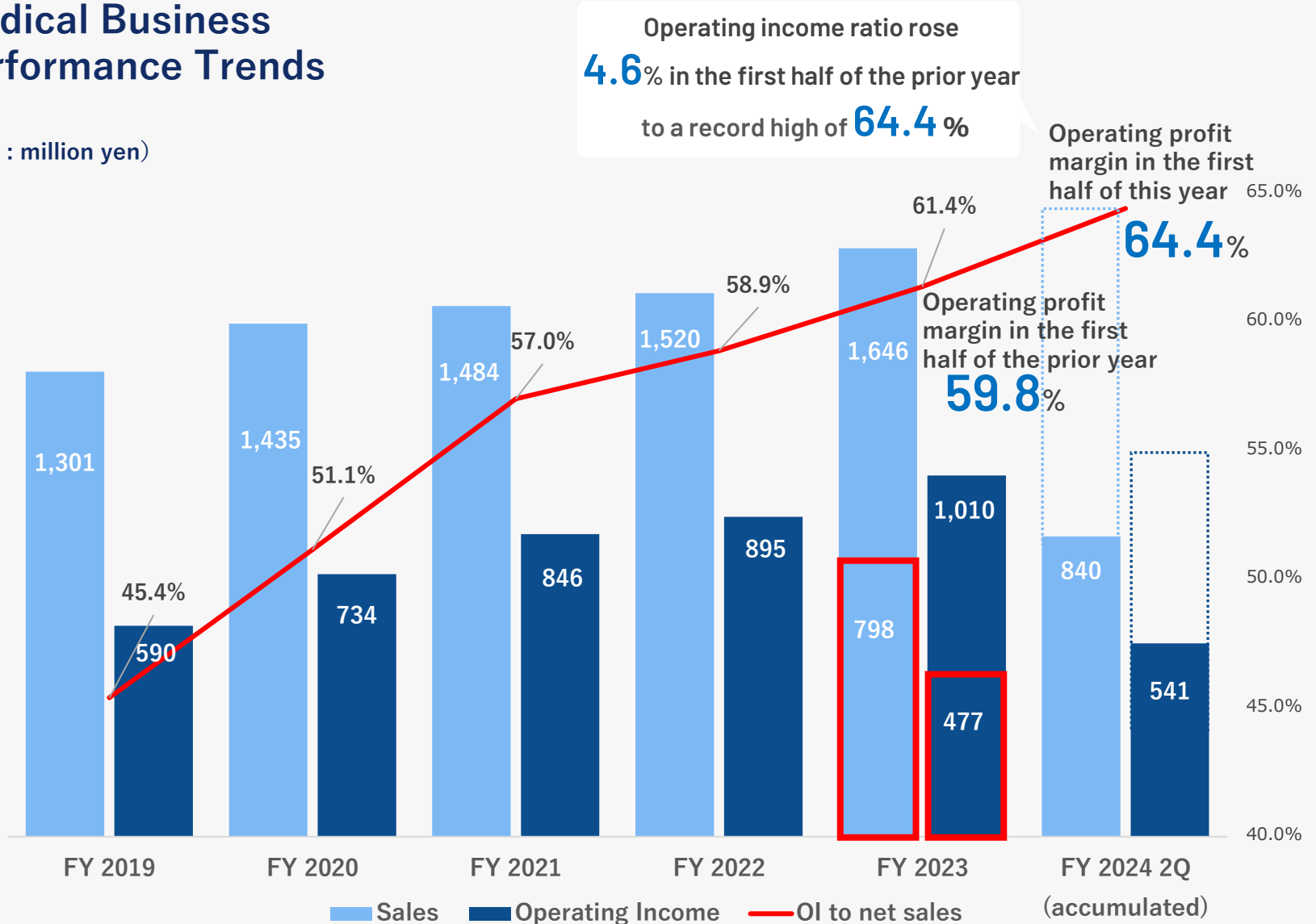


Medical institutions accelerated the investment in DX in response to The Workplace Reform related laws, which became applicable to medical doctors in April 2024, and medical fee revisions.

- ① Increase in the number of users through cross-selling measures for "Mighty QUBE® Hybrid"
- ② Expanded sales of "Mighty QUBE® Hybrid" in the clinic market by starting OEM supply to cloud-based electronic medical records, specializing in home medical care.
- ③ Increase of spending per user by switching from old to new models in the "MightyChecker" series.

Medical Business Performance Trends

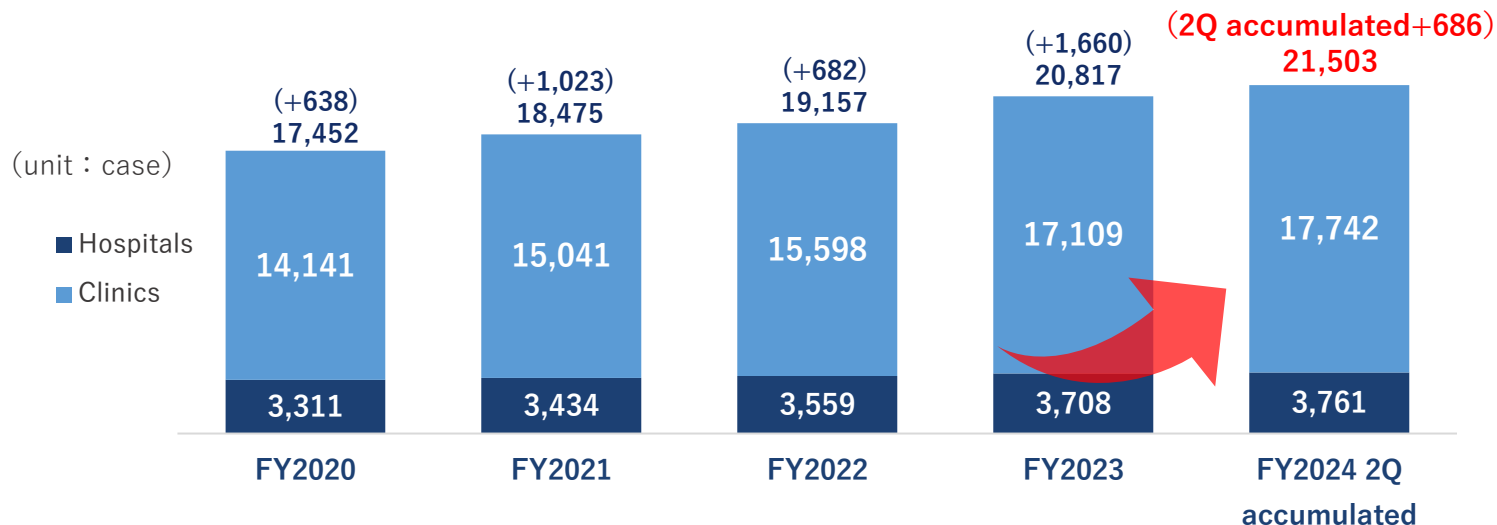
(unit : million yen)



AI × Subscription model

User's trend of the Core Solution 「Mighty」 series

The application of workstyle reforms for medical doctors in April 2024 has led to an acceleration of digital transformation in the medical industry. The number of users is increasing steadily.

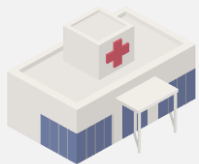


Share in users of Mighty series ^{*1}

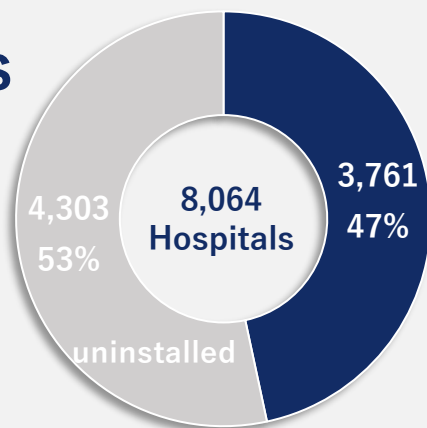
Users as of Sept. 2024 / Estimated users as of Jul. 2024 ^{*2}

Hospitals

Approx. **47%**



(Hospital : over 20 beds)

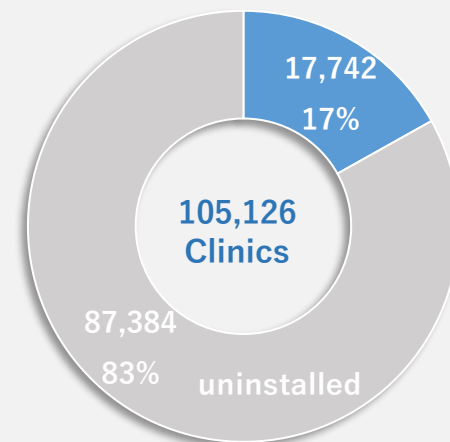


Clinics

Approx. **17%**



(Clinics : under 20 beds)



*1 These figures are calculated under certain conditions based on our actual transactions.

*2 Reference: "2024 Survey of Medical Facilities, Ministry of Health, Labor and Welfare of Japan"

Electronic medical record (EMR) linked system **Return on investment: 1,154%**^{※1}

(e.g. Sales growth in a medium-sized hospital with 300 beds: 61,980,000 yen/year)



System for supporting medical doctors in inputting disease names in electronic medical records and checking inputted items by utilizing AI

Mighty QUBE[®] Hybrid

- Linked with electronic medical records, AI retrieves candidate disease names from the medical database we have accumulated for over 30 years based on the information on prescriptions, injected medicines, and ordered specimen examinations inputted by medical doctors at the time of diagnosis.
- By preventing the incorrect administration of medicines and the omission of disease names on a real-time basis at the time of diagnosis, this system contributes to the workstyle reforms of doctors, medical safety, cost reduction at hospitals, the reduction of working hours and labor of medical doctors, pharmacists, and medical workers.

System for checking health insurance claims **Return on investment: 411%**^{※2}

(e.g. Sales growth in a medium-sized hospital with 300 beds: 9,120,000 yen/year)



Next-generation health insurance claim inspection software based on AI

Mighty Checker[®] EX

- Streamline the operations of medical professionals by AI inspecting health insurance claims, linked with a health insurance claim system.
- Improving the profitability of hospitals by preventing incorrect claims and omission of claims.

**「Mighty QUBE[®] Hybrid」
「MightyChecker[®] EX」
Measures to Expand Orders**

Small and medium-sized hospitals make up 91% of all hospitals and we will enhance marketing target at them.

Through the alliances with electronic medical record manufacturers mainly for small and medium-sized hospitals, the sales of “Mighty QUBE® Hybrid” are expected to grow at an accelerated pace.

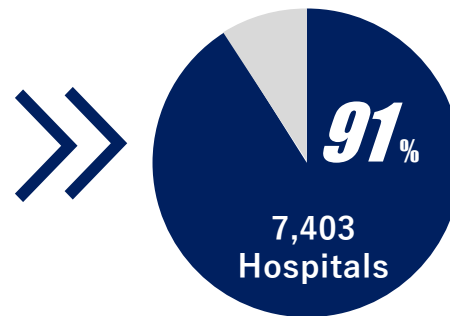
< Hospitals in Japan by the Number of Beds >

■ Major Hospitals 753(9%)

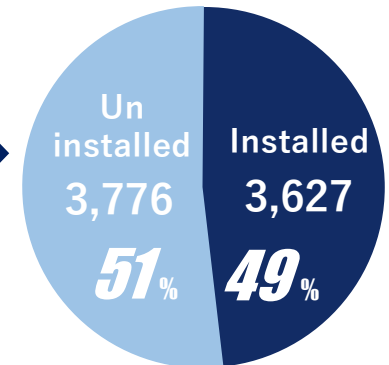
■ Small and Medium sized Hospitals 7,403(91%)

- 400 beds~ 753 Hosp. 9%
- 300~399 668 8%
- 200~299 1,027 13%
- 20~199 5,708 70%

< S&M sized Hospitals >



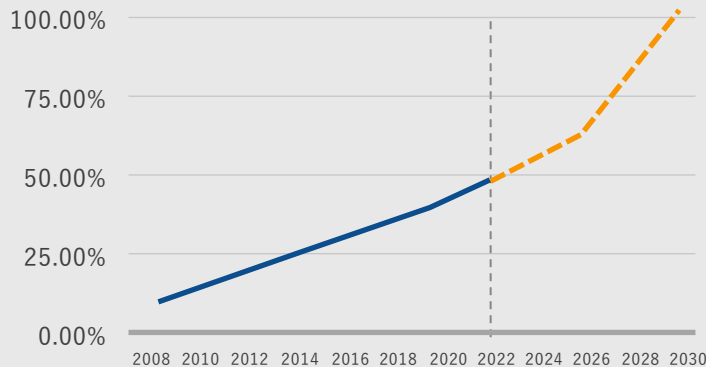
< Installation of EMR (estimated) >



Reference: “Japan Ministry of Health, Labour and Welfare 2022 Medical Facilities (Dynamic) Survey and Summary of Hospital Reports”

Reference: “JAHIS Hospital Information System Implementation Survey Result Report - 2022 Survey -”

EMR Coverage rate



「Digital Transformation in Medical, Vision for Reiwa era 2030」

Ministry of Health, Labor and Welfare

Aiming to implement EMR for sharing necessary patient medical information in almost all medical facilities until 2030.

Reference: Japan Ministry of Health, Labour and Welfare, “Medical DX Reiwa Vision 2030”

Measure 1 Installed to Small and Medium sized Hospitals with EMR(49%: 3,627 inst.)

MightyChecker® We are launching cross-selling initiative for electric medical record manufacturers serving existing small and medium size hospitals. Started a negotiation with 4 major EMR manufacturers, each of which has about 200 clients.

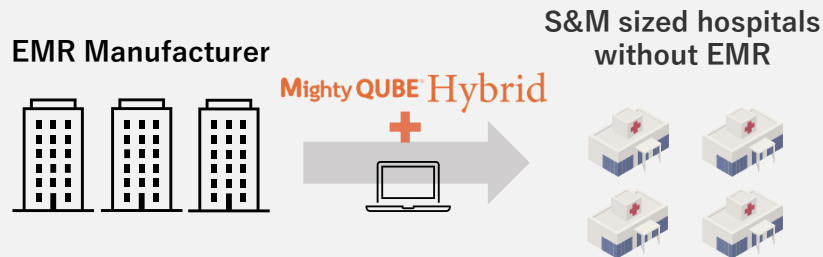
Preparation is underway to start in the second half of fiscal year.

Business alliance partners

ACS Co., Ltd

Pacific Medical, Inc.

Measure 2 Installation to Small and Medium sized Hospitals without EMR(51%: 3,776 Inst.)



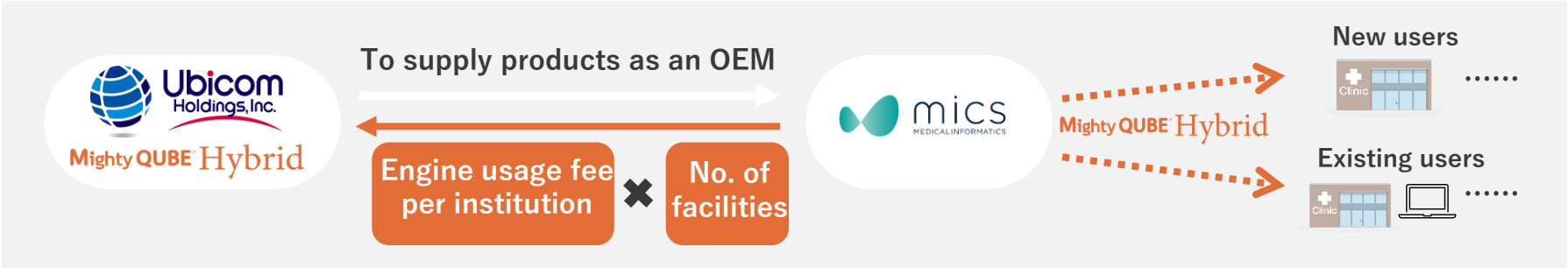
It will create the next Market for Mighty QUBE® Hybrid

※ Projected in 7 years based on Ministry of Health, Labor and Welfare's indicators to 2030.



We start supplying products as an OEM for the cloud-type electronic medical record for home healthcare “homis” of MedicalInformatics Co., Ltd.

Enhancement of sale of **Mighty QUBE® Hybrid in a bundle** to the existing and new users of “homis” **in the field of clinics**

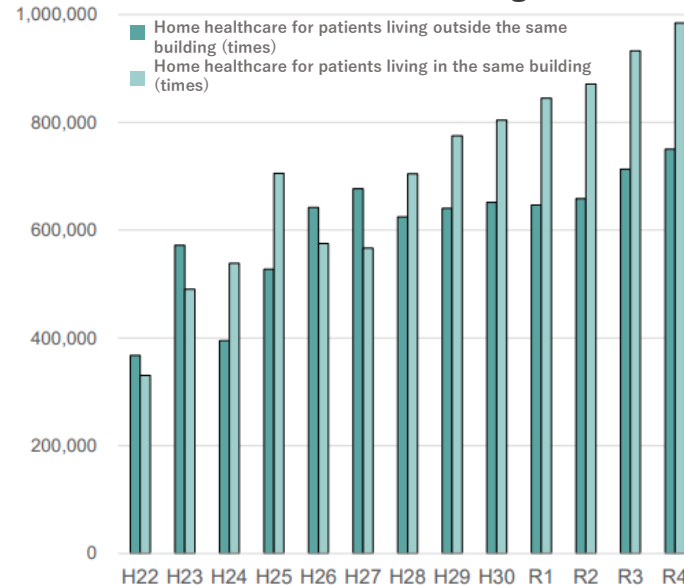


【Trend of the home healthcare market】

The needs from the target home care support clinics are expected to keep growing in Japan, which is faced with the declining birthrate and the aging population and will face the problem in 2025 due to the super-aged society.

The estimated number of patients of departments for visiting home-bound patients is increasing.

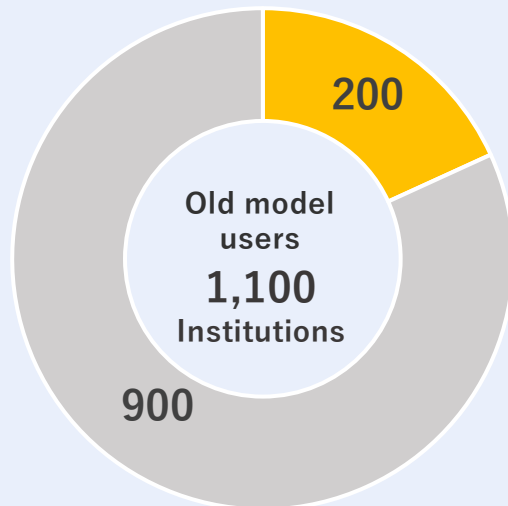
Breakdown of the estimated visiting healthcare fees



Switching users of the old model (MightyChecker® for ORCA) to the new model (MightyChecker® EX) will increase the unit price by approx. 1.5 times.

Contribute to increase in sales & profit.

Replacement Status



■ MightyChecker® EX ■ MightyChecker® for ORCA

The number of medical institutions using API connection between "WebORCA"^{*1} and "MightyChecker® EX" provided by the ORCA Management Organization Co., Ltd. exceeded 200 institutions, and replacement continues.

Switching to EX increased the average spending per customer about **1.5 times.**

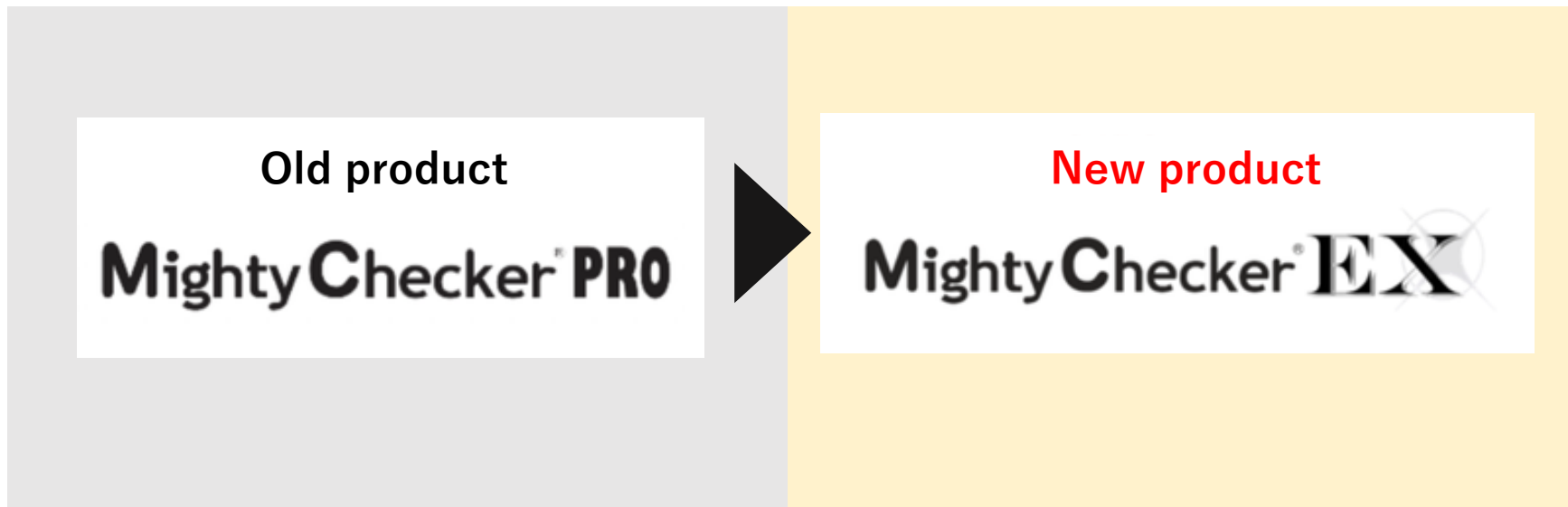
Increase in the number of users due to the compatibility with both on-premise and cloud services

Operation status of Japanese standard medical health insurance claims software(In-hospital and cloud-based)
Medical institutions using the software : 19,210^{*2}(as of September 15, 2024)

Marketing strategy: Promotion of the switch to MightyChecker® EX after the termination of support for the old product

By switching existing users from the old product (Mighty Checker PRO) to the new product (MightyChecker® EX), the unit price has increased, which has contributed to sales profits.

(*The old product, for which we will terminate support, was sold for 7 years from the release in 2007 to 2014.)



- Promotion the existing users of Mighty Checker PRO to switch to MightyChecker® EX (**upselling**)
- Increase of orders from new users for MightyChecker® EX

Developing multiple new platforms for the Second Growth Phase



Expanding new platform business by utilizing Clients & Medical Data base and Intellectual properties. We aim to further develop a new recurring model to increase sales and profits.

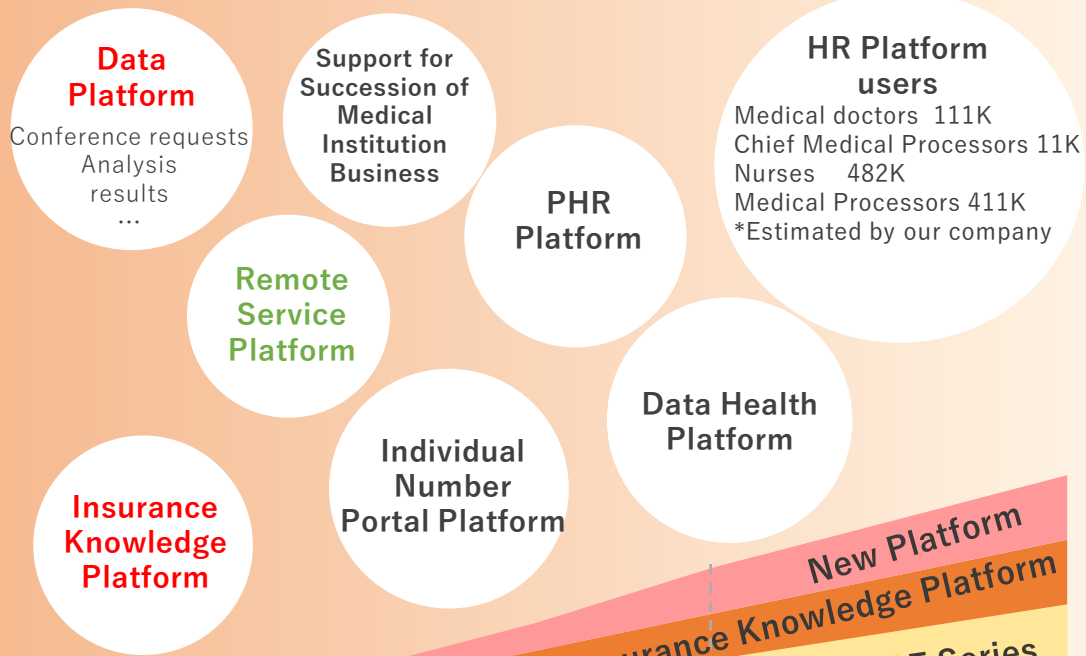
Stable earnings

AI × Subscription model
 MightyChecker EX MightyQUBE Hybrid
 MightyChecker Cloud

To enter a new business field by utilizing our client & medical database and intellectual properties.

Knowledge No. of medical institutions **Over 20,000** × **Over 30 years of In-house database**

New target markets in the second growth phase (medium/long-term vision)



A solution for the insurance industry to assist in improving the efficiency of claims payment operations, utilizing a proprietary medical database backed by a track record of providing services to more than 20,000 medical institution users

Life insurance market
41 companies

Life insurance companies announced by
the Financial Services Agency (as of April 1, 2024)

Installed by
4 companies

- ① Zurich Life Insurance Co., Ltd. (installed on Nov. 17, 2021)
 - ② The Neo First Life Insurance Co., Ltd. (installed on Jul. 31, 2023)
 - ③ A medium-sized insurance company (unnamed for privacy)
(installed on Feb. 1, 2024)
 - ④ A medium-sized insurance company (unnamed for privacy)
(installed on Apr. 1, 2024)
- After installation, clients are considering optional service in addition

Negotiating with
3 companies

Negotiating with companies, including a leading life insurance company

Technology Consulting Business

Sales reached a record high and Operating Income increased.

(Unit: million yen)	2Q of FY2023 (Accumulated)		2Q of FY2024 (Accumulated)		YoY comparison
	Amount	Sales ratio	Amount	Sales ratio	
Sales	2,131	100.0%	2,297	100.0%	107.8%
Operating Income	233	10.9%	239	10.4%	102.7%



Major companies and system integrators reconsidered their procurement sources, switching offshore development entrustees from those in other countries to those in the Philippines

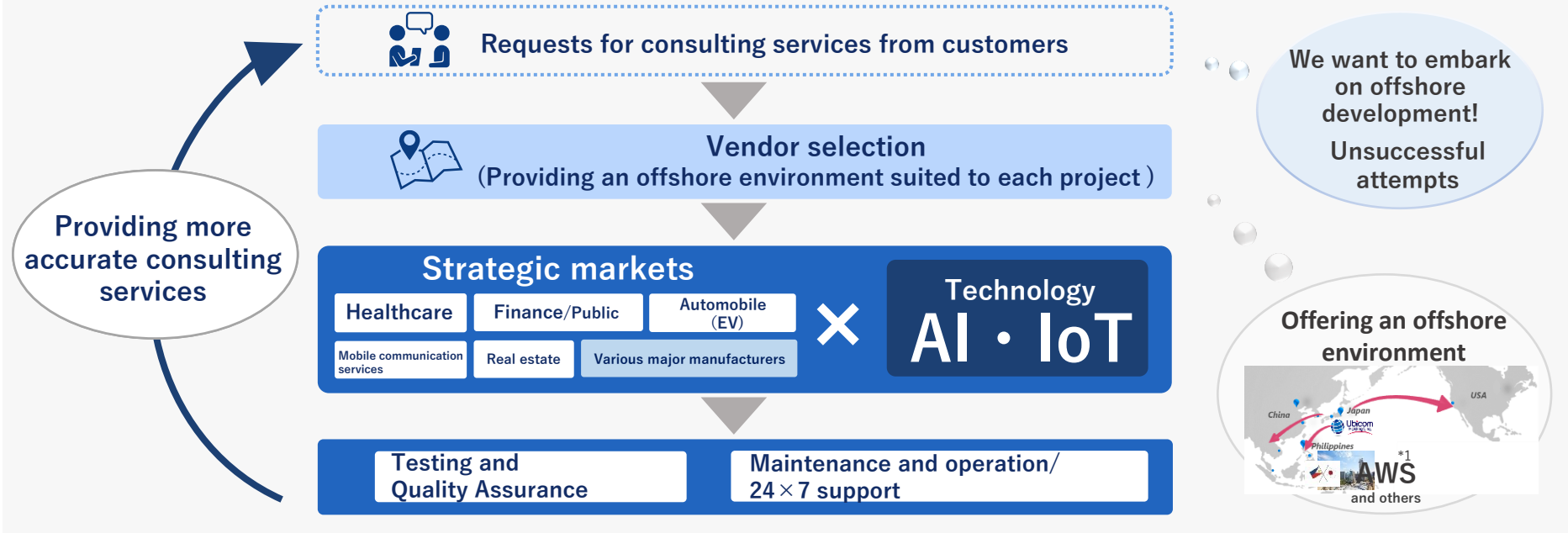
- The agreement to establish a strategic partnership with APAMAN Group.
- Based on the current performance, reorganization and investment in retraining at the offshore base in the Philippines to build a development system capable of handling large projects worth 500 million yen per year have been implemented. Recovery of the investment is expected in 3Q and 4Q.

Matters Related to Changes in Reportable Segments, etc.

From the first quarter of the current fiscal year, the name of "Global Business" has been changed to "Technology Consulting Business" in accordance with the organizational change implemented on May 1, 2024. There is no impact of this change on segment information.

Started consulting business for major domestic and overseas companies, utilizing 30 years of know-how in offshore development

【 Supporting customers with a “one-stop service” from **upstream to downstream** 】



① Developing a strategic partnership with APAMAN Group

- Supporting the promotion of advanced IT platforms and facilitating strategic collaborations.

② Continued business with new major global companies

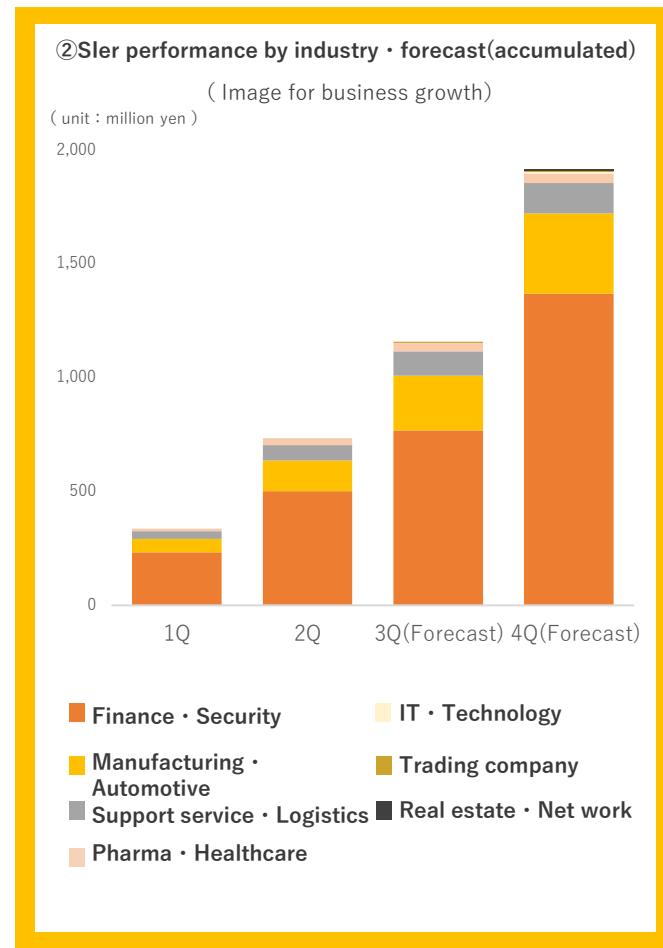
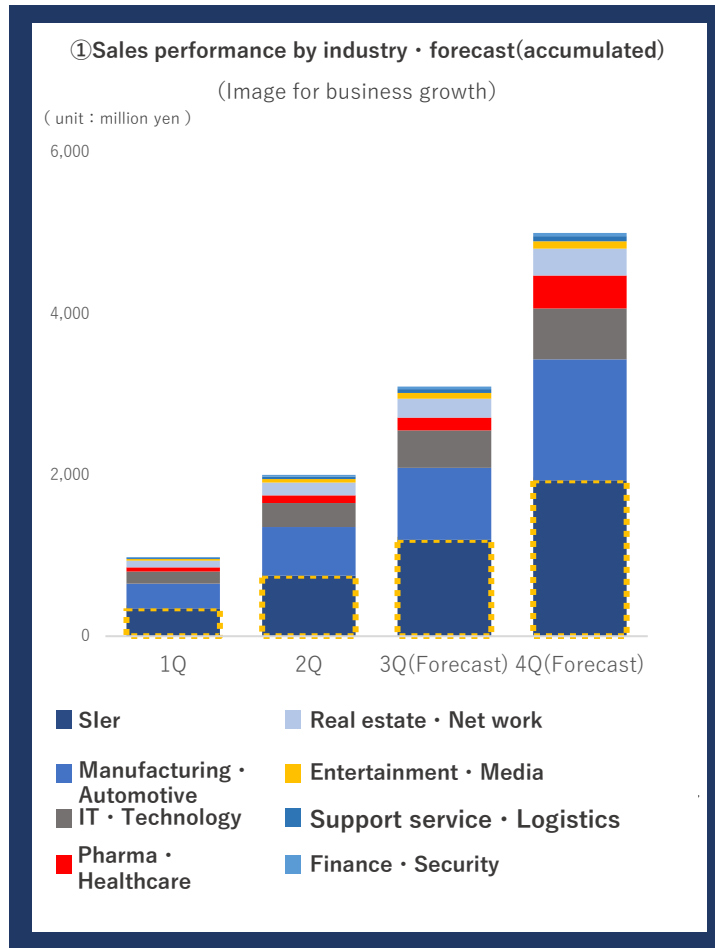
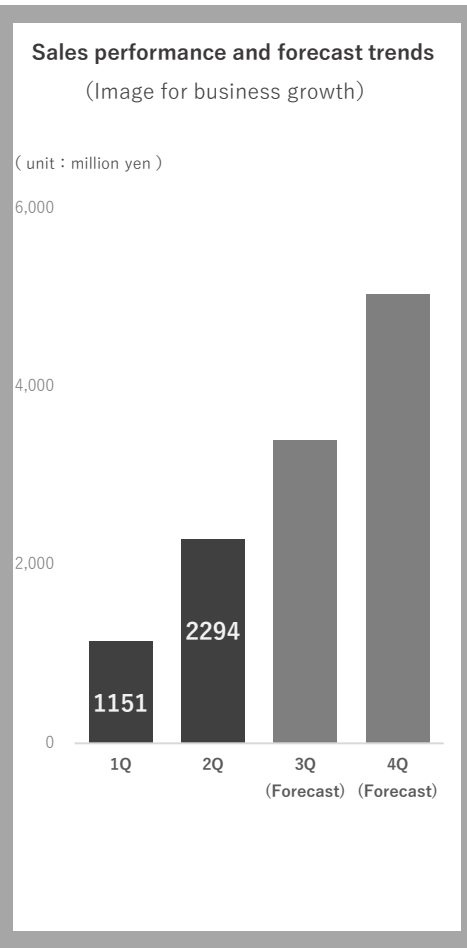
- Continuing contract with a major global company in the EV field that began in 4Q of the previous fiscal year^{*2}
- The enhancement of Philippines offshore sales in the United States

③ Expecting a significant increase of clients and projects from 3Q and 4Q.

Technology Consulting Business Customer Trends

By expanding existing customer transactions and acquiring new customer, the sales revenue is steadily increasing.

- ① Sler and large customers are rapidly reconsidering their supplies due to the impact of external environment. Our customers, Sler and large enterprises, anticipate growth in sales and new customer acquisition after 3Q.
- ② Sler in finance, securities, manufacturing, and automotive are rapidly expanding. We are accelerating towards our goals for this term.



The agreement to establish a strategic partnership with APAMAN Group

To build a strategic partnership with APAMAN Group, we are expanding labs at our Philippines offshore base and implementing organizational restructuring to create a team capable of handling large projects worth 500 million yen annually. We aim to scale up over the mid to long term.



Regarding the cooperation in development of the new product “Railway App: SDK” of MOYAI Co., which is an investee

Utilizing the information from the beacon of the vehicle camera “IoTube” mounted with the edge AI function (which was adopted by the largest number of railway companies in the Tokyo Metropolitan Area and 50% of leading railway companies), passengers share any trouble that has occurred inside a train with other passengers, station staff, and others, to prevent crimes or solve problems.

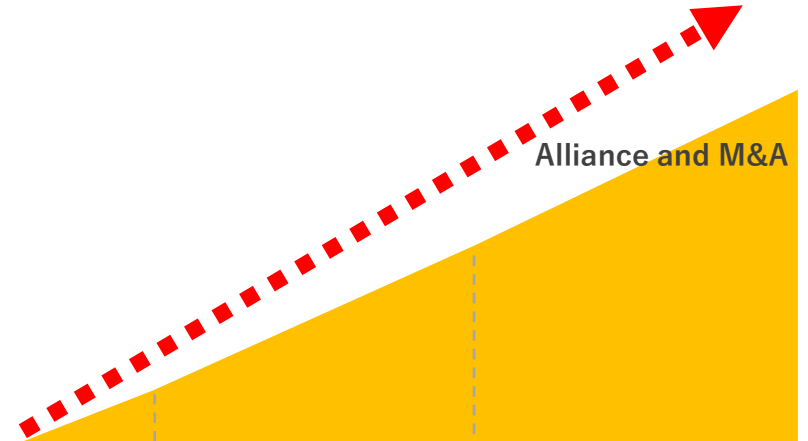
Cooperation in development, utilizing our resources and facilities in the Philippines. By cementing the partnership with MOYAI Co., we aim to expand the AI business and achieve lab-based cooperation while utilizing the cutting-edge technologies of our facilities in the Philippines.



Implementing multiple measures to increase operating income (Technology consulting business)

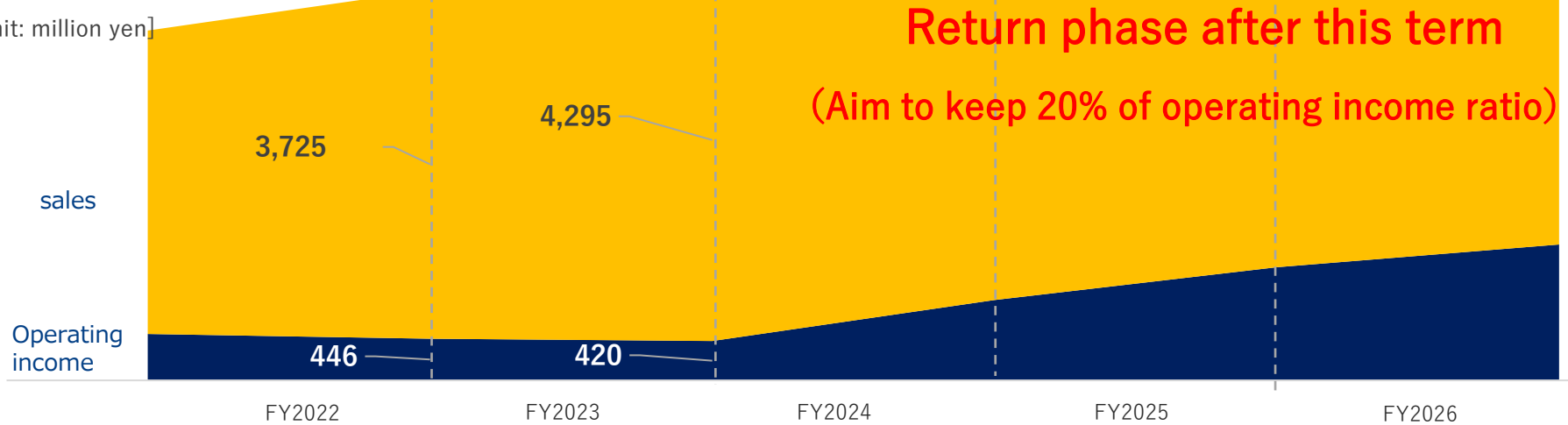
The 2nd growth phase (medium/long-term vision)
New market and Measures to improve operating margin

- ① Up utilization rate
- ② Launch consulting business
- ③ Expansion business by highly skilled AI engineers (high unit price)
- ④ Orders from overseas major companies (Up dollar-denominated contract)
- ⑤ Cooperation with domestic and international clients



<Imagined business growth>

[unit: million yen]

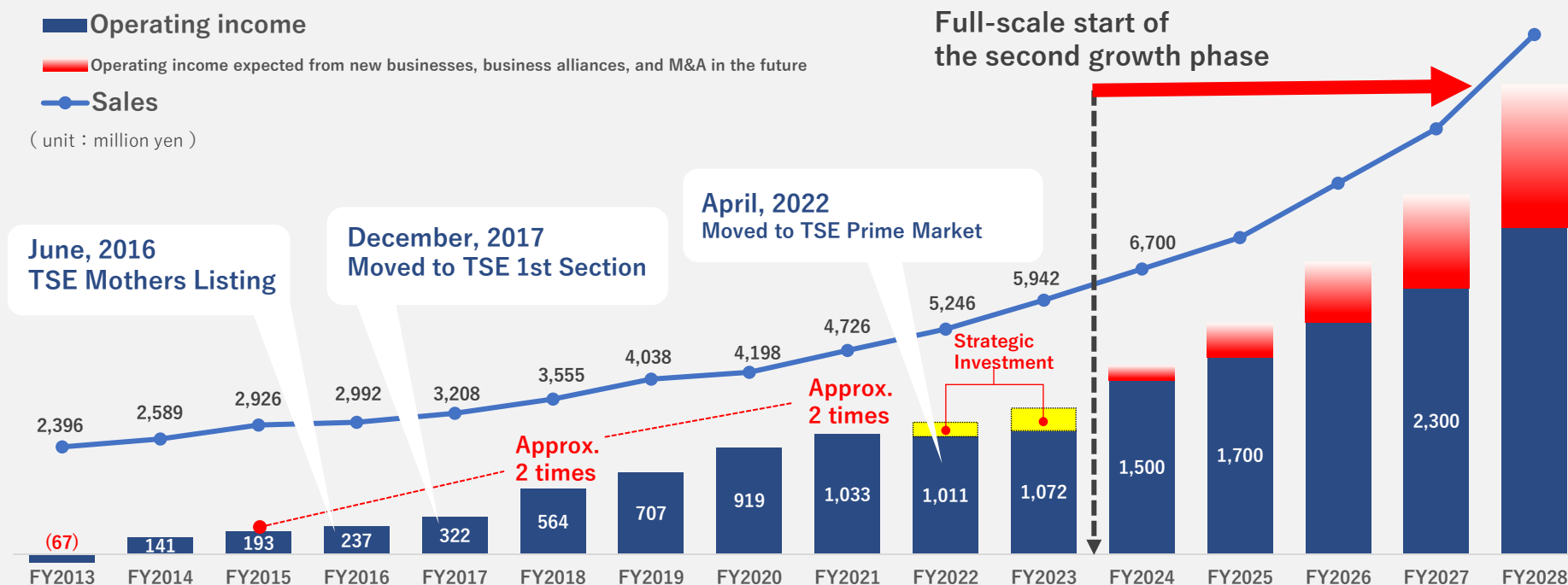


Return phase after this term
(Aim to keep 20% of operating income ratio)

■ Sales ■ Operating income

Business Forecast

- ① Operation of multiple new platforms (medical business)
- ② Full-scale launch of Mighty QUBE® Hybrid and MightyChecker® EX's cross-selling (medical business)
- ③ Enhancement of marketing for consulting in Japan through organizational reform (technology consulting business)
- ④ Foray into the global market (technology consulting business)
- ⑤ Promote acquisition of a large-scale clients (technology consulting business)
- ⑥ M&A and capital/business alliance (for both businesses)

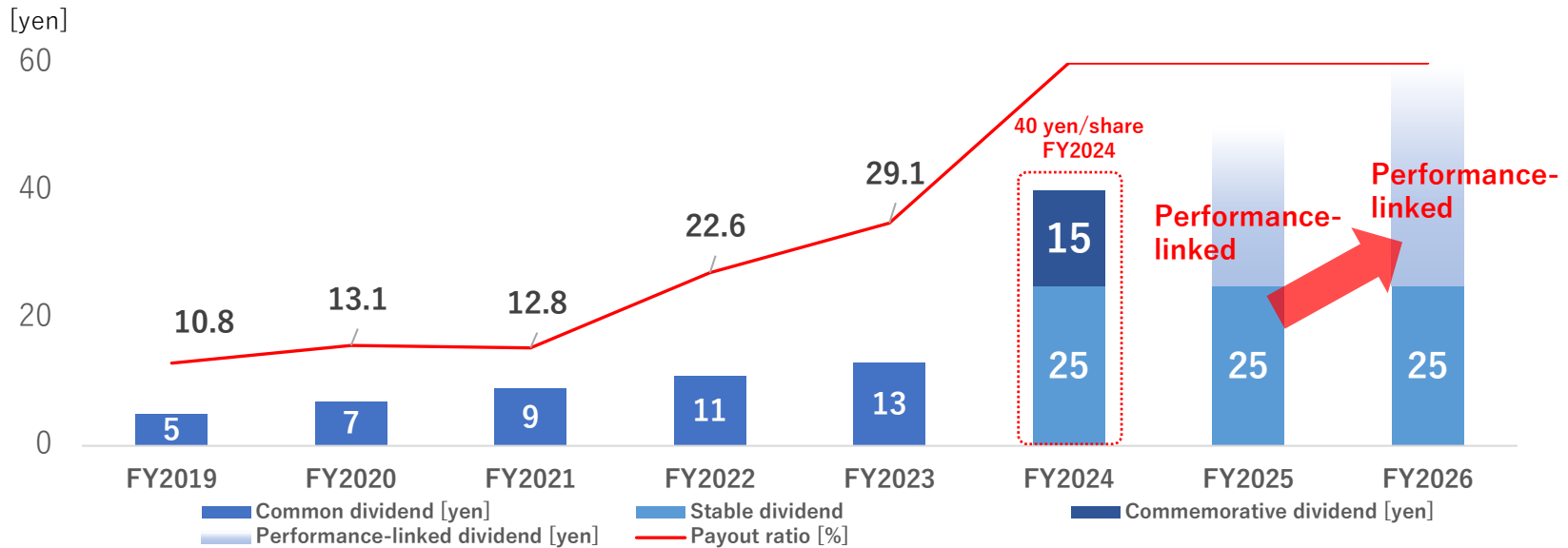


Dividend Policy

Dividend policies for enabling shareholders to share benefits from the growth of our company

【Dividend policies】

- ① We aim to distribute profits to shareholders stably.
- ② To increase the dividend amount about three times from the previous fiscal year, while maintaining a good balance between the growth of business performance and strategic investment.
- ③ We set the dividend per share for FY2024 at 40 yen, and aim to pay high dividends with stable dividends and performance-linked dividends from this fiscal year.
- ④ Review the cash allocation policy to enhance shareholder returns through investments aimed at growth and dividend increases.



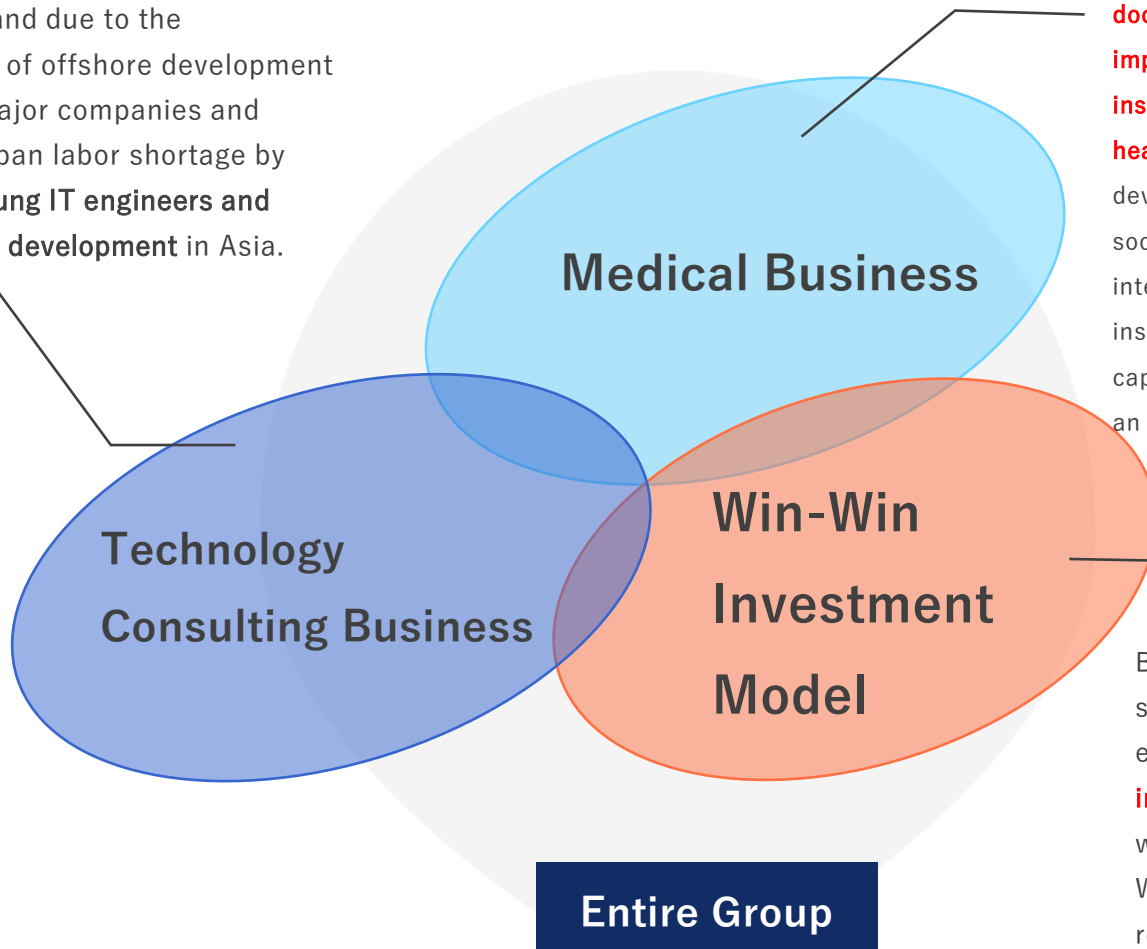
Fiscal year	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Common dividend [yen]	0	5	5	7	9	11	13	-	-	-
Stable dividend [yen]	-	-	-	-	-	-	-	25	25	25
Commemorative dividend [yen]	-	-	-	-	-	-	-	15	-	-
Performance-linked dividend [yen]	-	-	-	-	-	-	-	-	(Performance-linked)	(Performance-linked)
Payout ratio [%]	-	15.4	10.8	13.1	12.8	22.6	29.1	-	-	-

Appendix

Promotion of our group's business that is socially meaningful

Considering business and capital alliances with leading global companies for the second growth phase










Growing demand due to the reassessment of offshore development partners by major companies and addressing Japan labor shortage by **developing young IT engineers and supporting DX development** in Asia.



Provision of solutions that are beneficial to three things: **workstyles reforms for medical doctors**, which are becoming insufficient, **improvement in management of medical institutions, and DX in the insurance and healthcare fields**. From now on, we will develop and offer a new platform for solving social issues by utilizing the databases and intellectual property of about 20,000 medical institutions. We will brush up our earning capacity by increasing subscription models at an accelerated pace.

Business administration based on strategic alliances and M&A with enterprises that possess **social impact** and **core competence** that would help attain SDGs
We aim to obtain resources in regions other than the Philippines through cooperation and strategic alliances with leading companies and growing enterprises.

Resilient management, engineers development strategy, business synergy, and pursuit of reason to exist for continuing advancement under unstable circumstances

	Goals	Concrete activities	Related SDGs
E	<ul style="list-style-type: none"> To reduce CO2 emissions Global partnership 	<ul style="list-style-type: none"> To make the electric power consumed at the head office 100% derived from renewable energy Investment in equipment of subsidiaries in the Philippines 	   
S	<ul style="list-style-type: none"> Initiatives for diversity 	<ul style="list-style-type: none"> 3 female directors Ratio of female managers: 33.8% Improvement in the ratios of childcare leave and maternity leave Improvement in the ratio of non-Japanese employees 	   
G	<ul style="list-style-type: none"> Fortification of the governance structure 	<ul style="list-style-type: none"> Information disclosure and securing of transparency Diversity of executives Disclosure of the commitment of top executives Hiring and training talented human resources 	

■ Corporate name: Ubicom Holdings, Inc. (Prime Market of TSE: 3937)

■ Strategic markets: healthcare, finance, public services, automobiles, manufacturing, robotics, etc.

■ Business description:

Technology Consulting Business

In order to solve the problem of shortage of IT engineers and promote digital transformation (DX) in Japan, we develop embedded software and apps by utilizing development bases in the Philippines, etc., offer services of testing, quality assurance, maintenance, 24-hour support, etc., and develop unique advanced solutions with cutting-edge technologies, including 3As (artificial intelligence [AI], analytics, and automation).

Medical Business

As a leading company that offers management support solutions to medical institutions, we provide clients with medical IT solutions, including the inspection of health insurance claims, support for medical safety, data analysis, cloud services, support for development, and consulting, to support the workstyle reform in the healthcare industry by streamlining operations, help medical institutions improve management, and support the improvement in safety and quality of healthcare. In addition, we concentrate on the Knowledge Platform Business for the insurance industry.

Win-Win Investment Model

We promote cooperation, alliances, and M&A with leading companies and growing enterprises, to accelerate the growth of our business.

Development of New Business

We will develop more businesses with high growth potential and high profitability, while considering the next generation.

■ Results

	Sales	Operating income	Ordinary income	Net income
[unit: million yen]				
Results in FY2023	5,942	1,072	935	526
Plans in FY2024	6,700	1,500	1,518	1,000
	+12.7%	+39.9%	+62.2%	+90.1%

- The materials and information provided in this announcement include forward-looking statements based on our current estimates and expectations at this point of time.
- Such forward-looking statements are subject to various risks and uncertainties, which include general industry and market conditions, domestic and international economic conditions such as exchange rate fluctuations and may cause actual results to differ from those described in the forward-looking statements.
- Our actual business activities and performance in the future may differ from the forward-looking statements described in this document.
- The forward-looking statements in this document are based on information available to us and have been made in good faith; however, we are under no obligation to update or revise any forward-looking statements, even if new information or future events occur.

