

FY2022 Q2
Consolidated Business Results



Presentation Materials for FY2022 Q2

Ubicom Holdings, Inc.

TSE Prime: 3937

November 10, 2022

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.

Hit “record highs” in operating and ordinary income for the first half of the fiscal year, while making investments for the second growth phase.

**Net
Sales**

2,602 million yen
(114.7% year-on-year)

**Ordinary
Income**

494 million yen
(103.5% year-on-year)

**Operating
Income**

501 million yen
(115.1% year-on-year)

**Net
Income**

337 million yen
(96.3% year-on-year)

Our company has been able to secure solid growth in net sales, operating income and ordinary income on a first half cumulative basis, owing to continued strong demand for development and solutions since the second half of the previous fiscal year, the promotion of measures to cope with the external environment, including foreign exchange rates, and the strengthening of investments for the second growth phase.

[unit: million yen]	FY2021 Q2		FY2022 Q2		Year-on- Year
	Amount	% to sales	Amount	% to sales	
Net Sales	2,268	100.0%	2,602	100.0%	114.7%
Operating Income	435	19.2%	501	19.3%	115.1%
Ordinary Income	478	21.1%	494	19.0%	103.5%
Net Income Attributable to Owners of Parent	350	15.4%	337	13.0%	96.3%

*Decrease in net income due to difference in effective tax rate.

Situation of investment in human resources, including recruitment

- We kept making continuous human resource investments. Aggressive new graduate recruiting and training program “ACTION” commenced from Q1 in the Philippines, where our development base is located, according to the plan of recruiting over 200 people, mainly new graduates for the current fiscal year.
- In response to the global trend of increased competition for human resources, we have strengthened measures to attract and retain excellent human resources, including mid-career workers, in Q2 onwards.

Response to effects of exchange rates

- In addition to normal price increases, our company is promoting pricing measures that take into account the impact of foreign exchange rates to absorb cost increases due to the yen’s depreciation.
- Moreover, our company is reviewing its portfolio of settlement currencies and implementing measures to equalize foreign exchange impact over the medium term.

Investments (already factored into full-year plan) made mainly in Q2 to promote the second growth phase. **Business expansion is expected from the second half of this fiscal year onwards.**

	Investment scale	External environment	Measures	Effects during the current term
Global Business	20 million yen	Diversification of offshore locations	Strengthening recruitment in the Philippines	🎯
	10 million yen	Global AI Market	Strengthening marketing to advanced technology companies in Europe, the U.S., and Israel	🎯
	10 million yen	Shortage of human resources in Japan	Reinforcement of personnel proposals for developing pillars (increasing development personnel)	○
	5 million yen	Global PC Market	Overseas investment including expansion of bases outside the Philippines and recruitment of human resources	○
Medical Business	10 million yen	Reform of work styles of doctors	Enhanced cloud support including new Mighty QUBE(provisional name)	○
Head office	5 million yen	Spreading Leverage Strategies, Strengthening Human Capital	To promote M&A strategy and strengthen head office functions	△

We have begun to enhance development resources, mainly for our global business, as the cornerstone for our group's overall medium/long-term growth strategy.

Target Market Size (Our calculations)

20 billion yen

50 billion yen

20 billion yen

10 billion yen or more

Collaboration with
Medical Business

Partnerships with
Pillar Customers

European and
U.S. Markets

M&A

➤ To promote development of medical solutions and platforms in line with medical healthcare DX policy

➤ Deepening business with several major global companies, including collaboration with major medical device manufacturers

➤ To negotiate for collaborations with overseas technology companies in the development of AI solutions

➤ To conduct business due diligence, including near-shore and overseas M&A



To strengthen investment
(increase in personnel, expansion of bases, etc.)

Continued to increase profits by more than 20% year-on-year, taking into account investments for the second growth phase

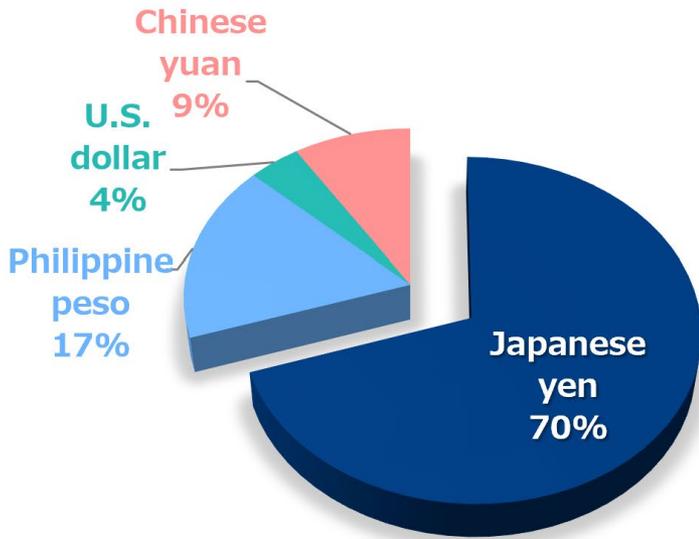
Global Business (unit: million yen)	FY2021 Q2		FY2022 Q2		Year-on- Year
	Amount	% to sales	Amount	% to sales	
Net Sales	1,528	100.0%	1,846	100.0%	120.8%
Operating Income	198	13.0%	216	11.7%	108.6%

- Sales in 1H increased by 20% YoY due to the strong demand that has continued since the 2H of the previous fiscal year.
- Continued earning sales from pillar customers and receiving many orders for solutions; **the aggressive new graduate hiring and training program ACTION** started to strengthen DX human resources development and efforts to develop sub-pillars.
- Promoted "**Ubicom Development Partnership**" in Japan to further strengthen the alliance-based lab development model. In the Enterprise Division, we expanded human resources investment in response to the trend in diversification of offshore locations. Also, we promoted in-depth cultivation of non-IBM projects and projects for major real estate tech companies, etc. made a good start. Steady expansion is expected in the second half of the fiscal year.
- Strengthened negotiations and marketing for collaboration with overseas technology companies in the development of AI solutions. The number of new customers acquired and the number of potential pillar customers increased steadily as we expanded investments for the second growth phase, in addition to recurring investments. Promptly and strategically implemented measures, including pricing measures, to respond to changes in the external environment, including foreign exchange rates.

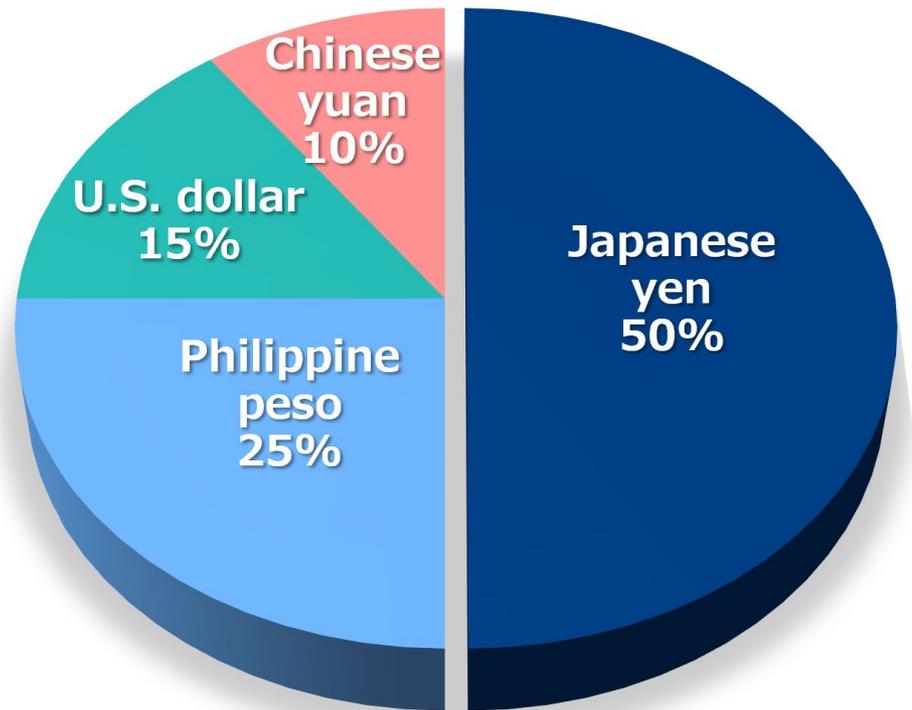
Promoting diversification of sales currency portfolio to strengthen financial resilience against foreign exchange risks.

Foreign currency-denominated settlements are expected to exceed 40% in the second half of current FY 2022 ahead of schedule.

■ Sales Currency Portfolio Performance and Targets for Global Businesses



Results in FY 2021
(previous fiscal year)



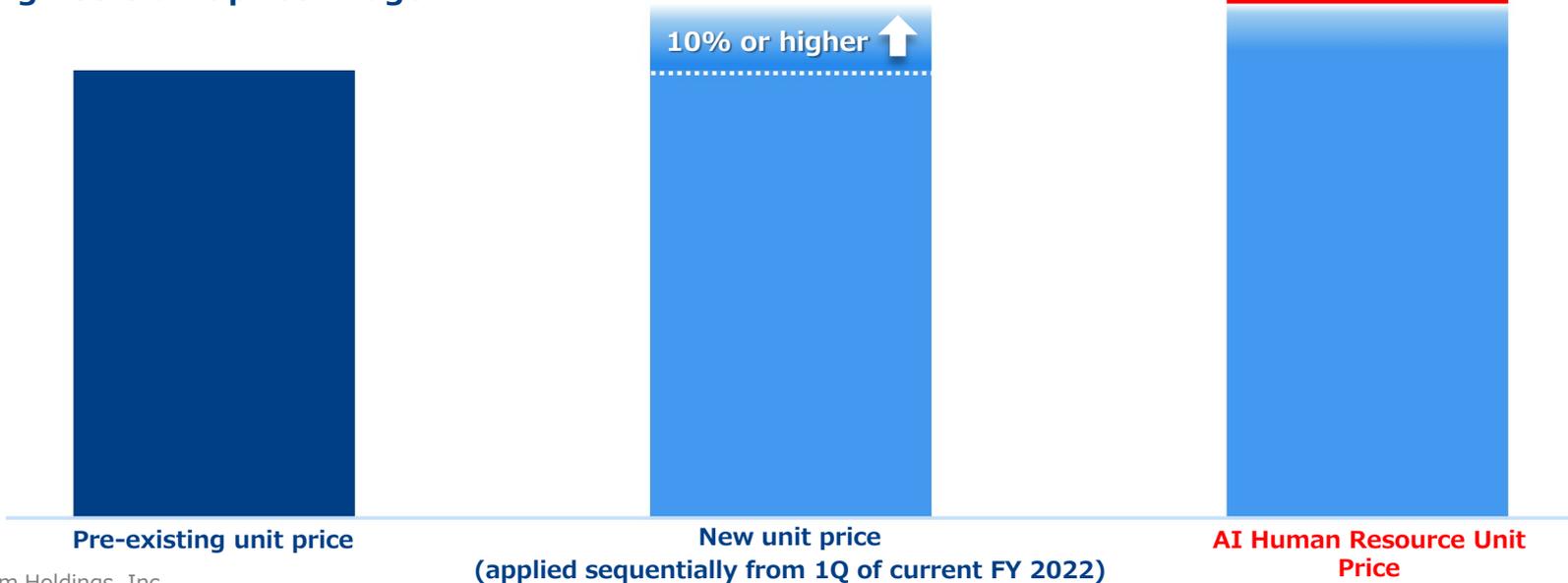
Targets for FY 2024

In anticipation of **increasing global demand for IT personnel**, especially advanced AI personnel, we have made steady progress in shifting to **a high unit-price model** from the current fiscal year.

Application of new unit prices :
Revised unit prices for all engineers upwardly by 10% or higher.
Negotiations with all clients were completed by Q2.
Prices are expected to be reflected in the second half of current fiscal year.

Enhancement of high-level human resources :
Strengthening high-level engineers, mainly in the AI field, through skill development of existing human resources + mid-career hiring

<Engineers unit price image>

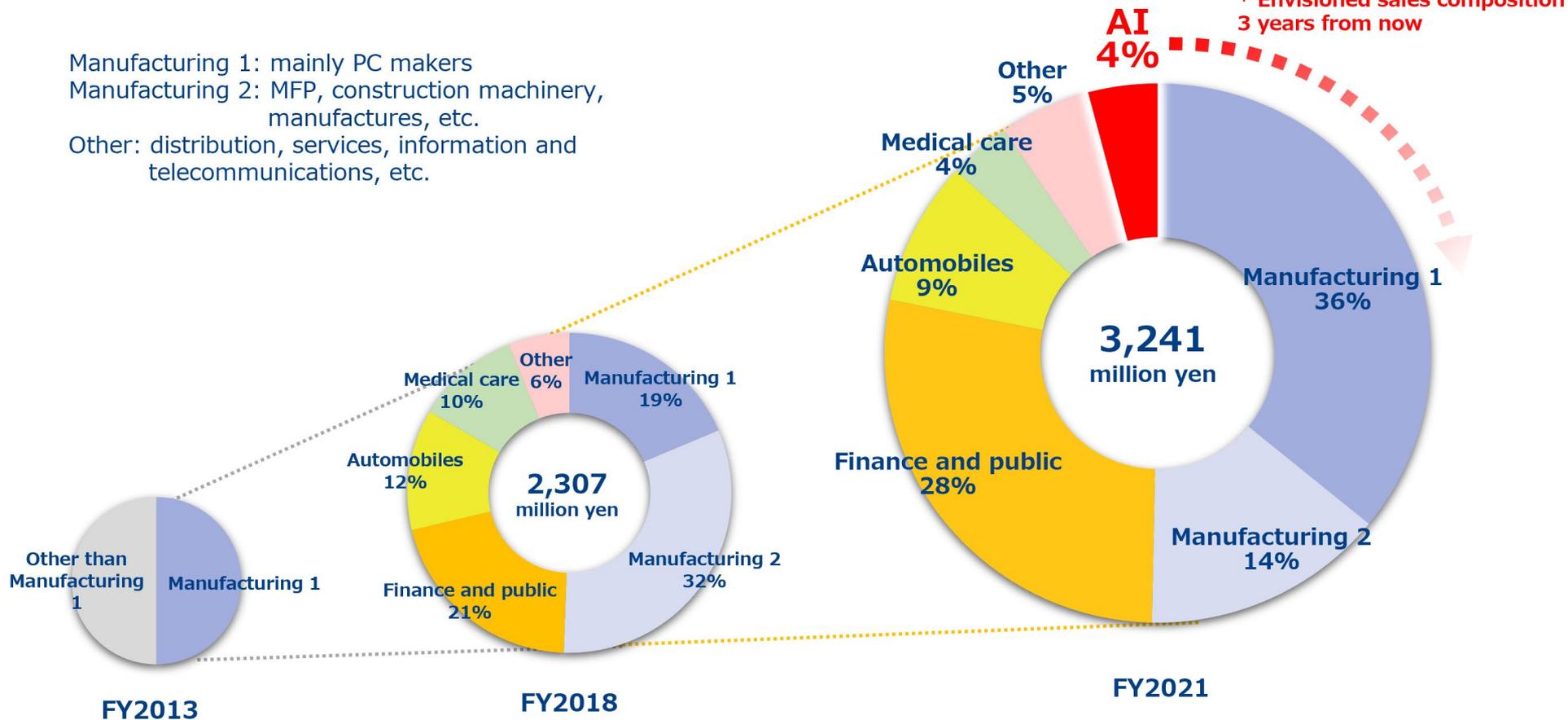


We aim to expand the AI-related business by developing cutting-edge personnel.

We will concentrate on the increase of orders received in the AI field toward FY2024.

Manufacturing 1: mainly PC makers
 Manufacturing 2: MFP, construction machinery, manufactures, etc.
 Other: distribution, services, information and telecommunications, etc.

* Envisioned sales composition 3 years from now



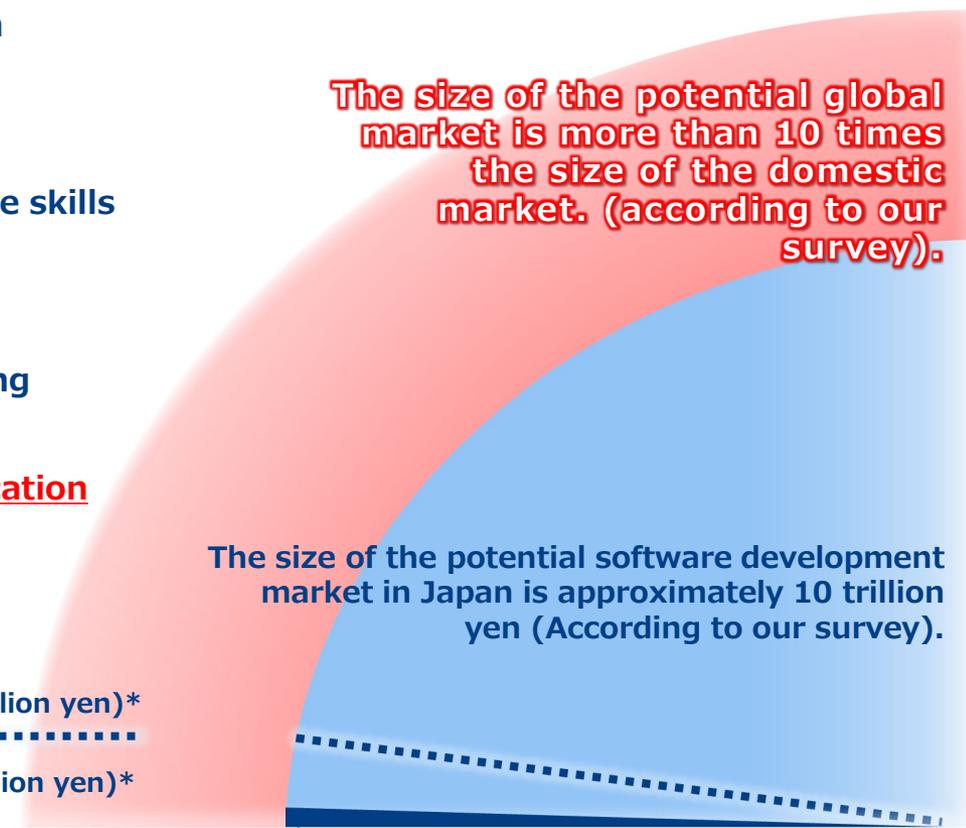
To strengthen business strategies with an eye on the global market

- (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).

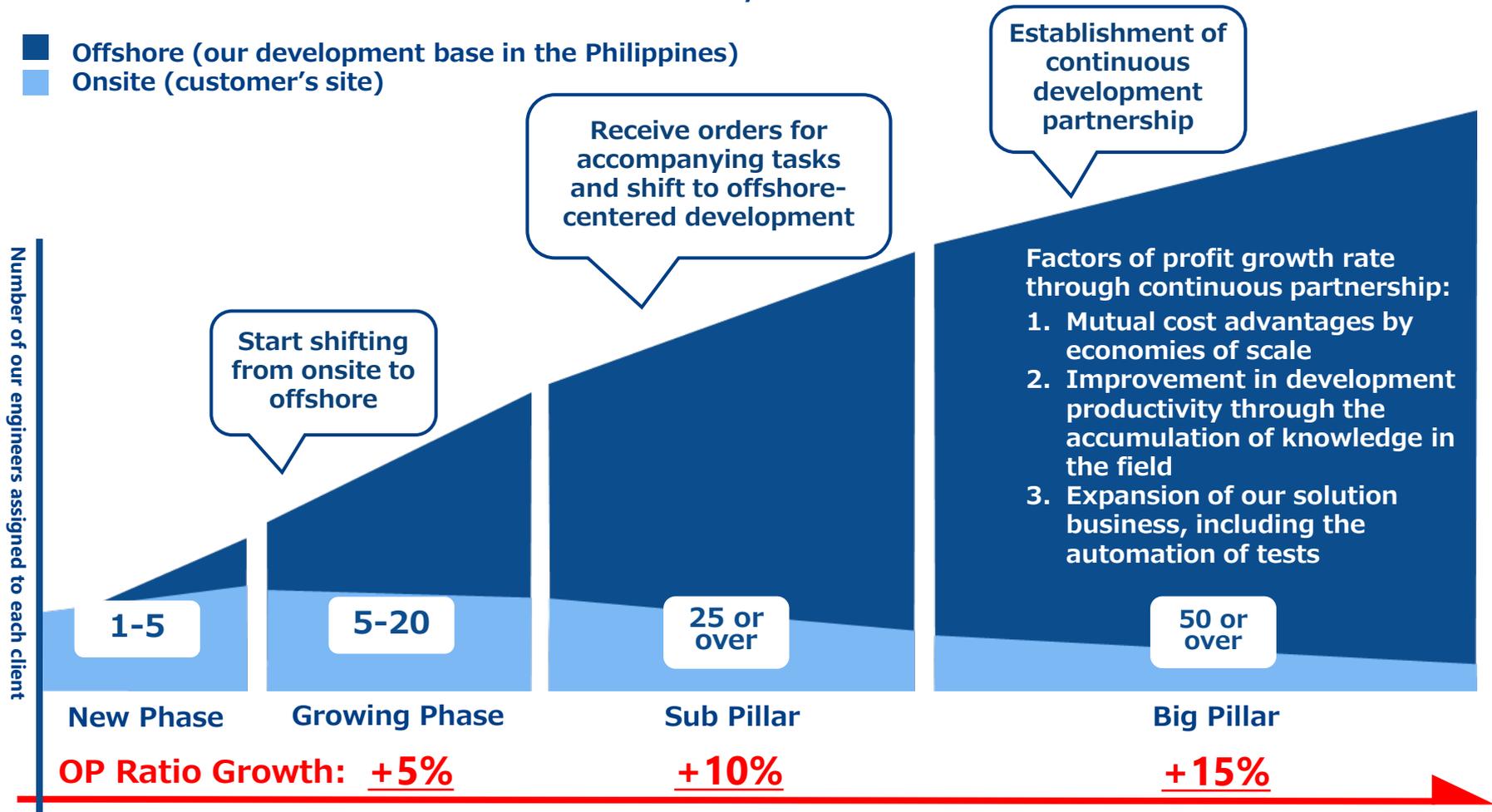
The size of the potential software development market in Japan is approximately 10 trillion yen (According to our survey).

<Envisioned market size>

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)



Overview of Each Segment in FY 2022 Q2: Medical Business



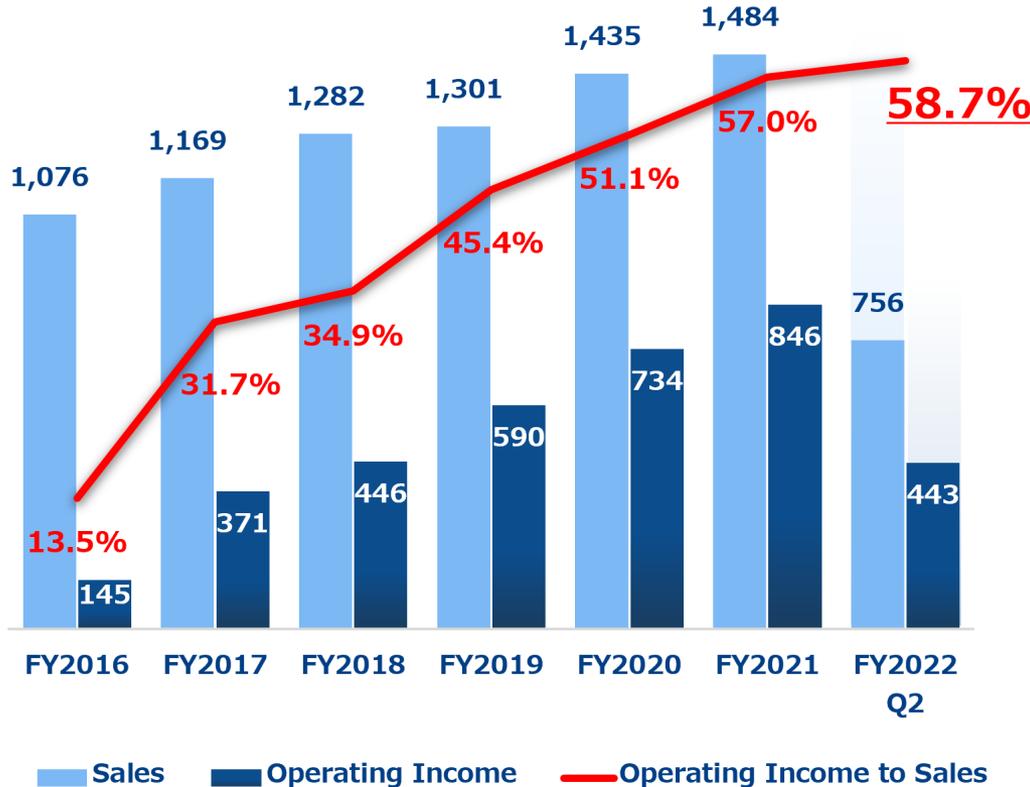
Ensured strong profitability and a consistent trend of profit growth.

Medical Business (unit: million yen)	FY2021 Q2		FY2022 Q2		Year-on- Year
	Amount	% to sales	Amount	% to sales	
Net Sales	740	100.0%	756	100.0%	102.2%
Operating Income	399	53.9%	443	58.7%	111.2%

- Operating income in 1H **achieved 111.2% YoY**. The stock (number of medical institution installations) related to the Mighty series package sales **steadily expanded**, thanks to the contribution of the new product Mighty Checker EX, etc.
- **Segment profit grew significantly** due to continued efforts to narrow down low-margin entrustment projects, establishment of a high-profit subscription model, and cross-selling of solutions. **Operating income margin remained at a record-high level of 58.7%**, maintaining high profitability.
- **The number of installations of the next-generation medical claims checking system "Mighty Checker EX" and "MC Cloud" also remained steady.**
- **We started receiving preorders for the new Mighty QUBE (tentative name)**, a strategic solution that contributes to the reform of the way medical doctors work and received many inquiries from public medical hospital groups and others.
- **The new solution for insurance companies, "Insurance Knowledge Platform," is generating revenue, and demonstration tests with several insurance companies are progressing favorably.**
- **From 2H, we will promote a new pricing policy with an eye on the economic effects of the introduction of the solution and strengthen efforts to establish a firm position as the No. 1 solution that contributes to improved management of medical institutions and to the quality and safety of medical care.**

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



Marketing of medical solution/platform concept in line with medical healthcare DX policy to began in this FY 2022 Q2

■ External environment surrounding the medical business:

Priority Areas from FY 2022 Q3

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

Strengthening strategy to promote sales of the Mighty series

Priority measures for the second half of FY 2022 and beyond

Sales

... direct sales/consulting enhancements

Customer Support

... building a user community

Marketing

... strengthening cost-effectiveness communication

Pricing

... promote a new pricing policy based on cost-effectiveness

To strengthen sales strategy

Product development

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

Feedback

Favorable volume of pre-orders ahead of the official launch.

Several public hospitals have already installed the system in this FY 2022 Q2.

(New)
新 Mighty QUBE (Provisional name)

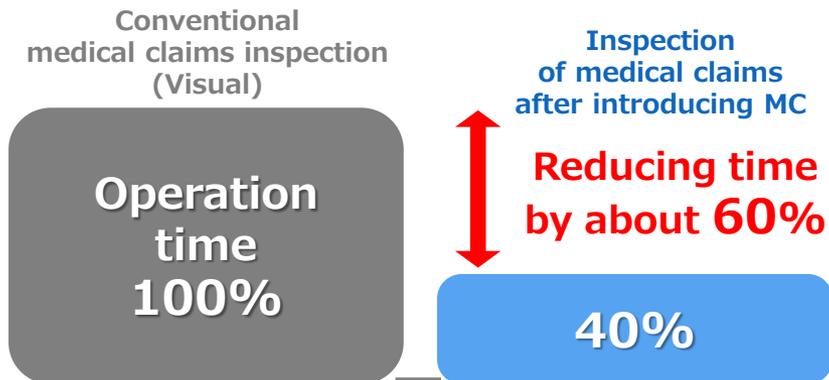


Features of the new Mighty QUBE

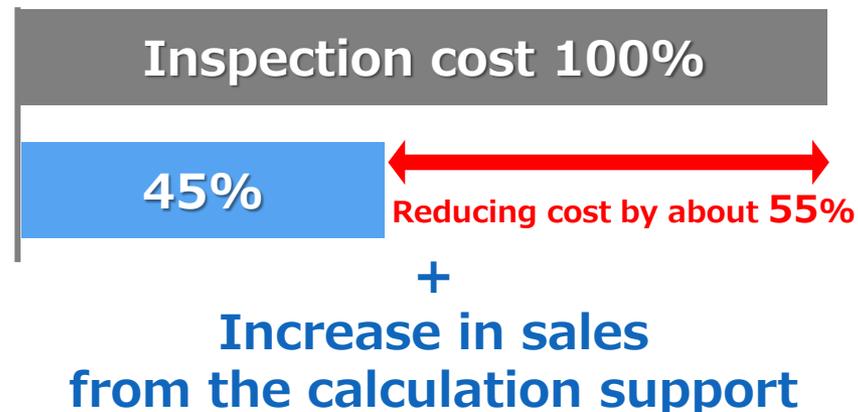
- ✓ Compatible with Doctor Workstyle Reform 2024
- ✓ Hybrid model compatible with cloud and on-premise systems
- ✓ Equipped with real-time calculation support function (value-added improvement for electronic medical record systems)
- ✓ Commercialized through lab-based development by medical engineers in the Philippines
- ✓ Ongoing negotiations with multiple cloud-based electronic medical record manufacturers for installation of the new MQ
- ✓ Received pre-orders from several major medical institutions and many inquiries.
- ✓ Direct sales price is expected to be over 1.2 times that of the previous model (MQ PRO)

■ 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.

■ Progress of opportunities under negotiation

- Negotiations are underway with a total of 7 out of approx. 50 companies in the life insurance market
 - ➔out of which, 3 companies are in the process of PoC verification for installation in FY2022
 - ➔2 semi-major companies aim to introduce the system by the end of FY2023

PoC verification in progress

PoC: Verification of feasibility and effectiveness

- A major life insurance company (fluctuation correction)
- An internet-based life insurance company of a major group (search system, fluctuation correction)
- A major union insurance service (search system, fluctuation correction)

- In addition to the above, we are developing a new DX feature subsequent to the “Fluctuation Correction” and proceeding with **cross-selling**

■ Current state of the insurance industry and our initiatives

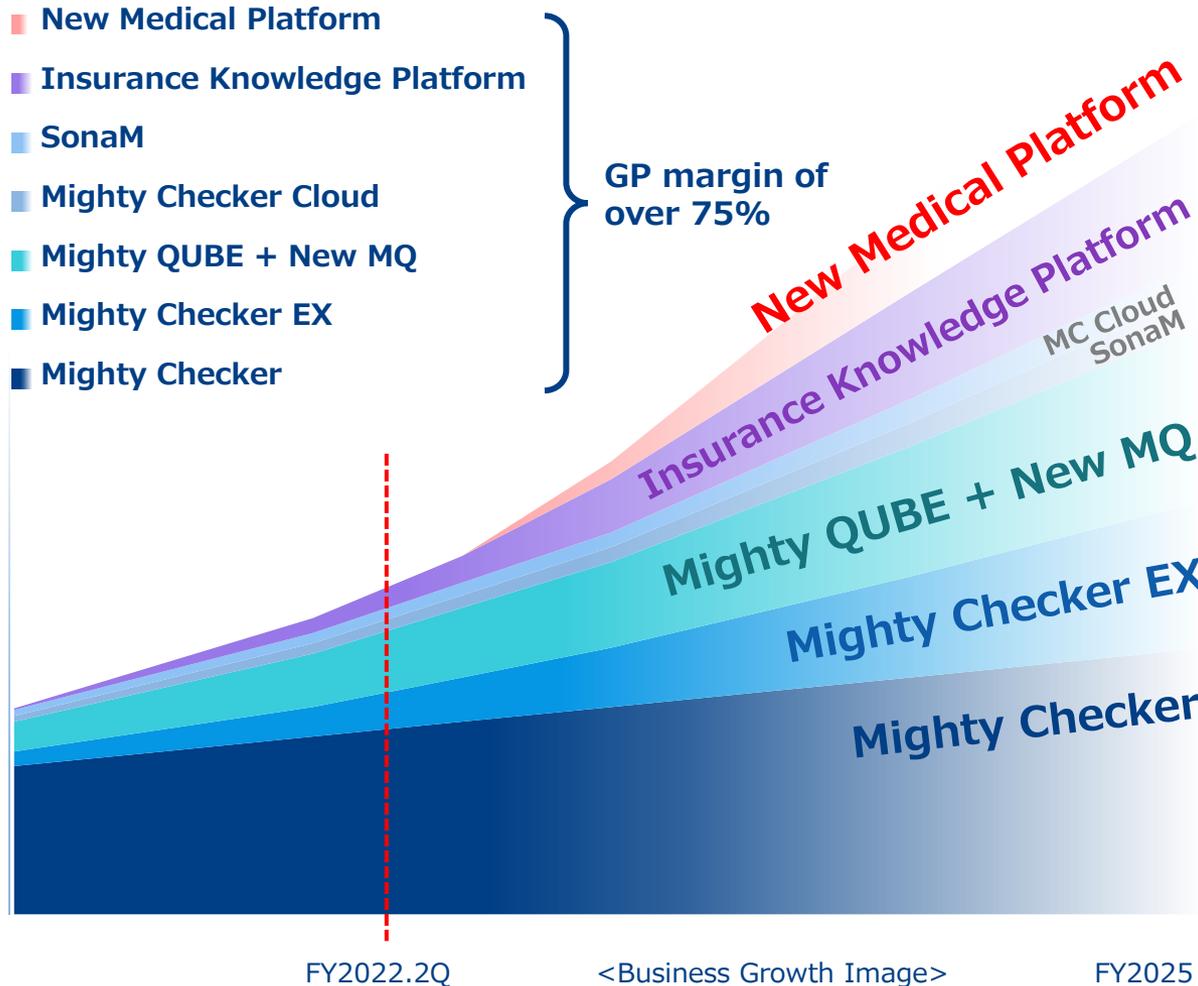
- Processing of documents for insurance claims

at major life insurance companies: approx. 300,000 documents per year*

Cost including labor cost for the processing: approx. 1 billion yen per year* *Our calculations

- ➔Improving efficiency of manual insurance payment operations by installing our “Medical Information Search System”
- ➔➔In addition, the adoption of our “Fluctuation Correction” supports partial automation of the insurance payment process
- ➔➔➔Promoting the spread of simplified claims, which is considered to be difficult due to cost and technical aspects

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



Mighty QUBE + New MQ

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".

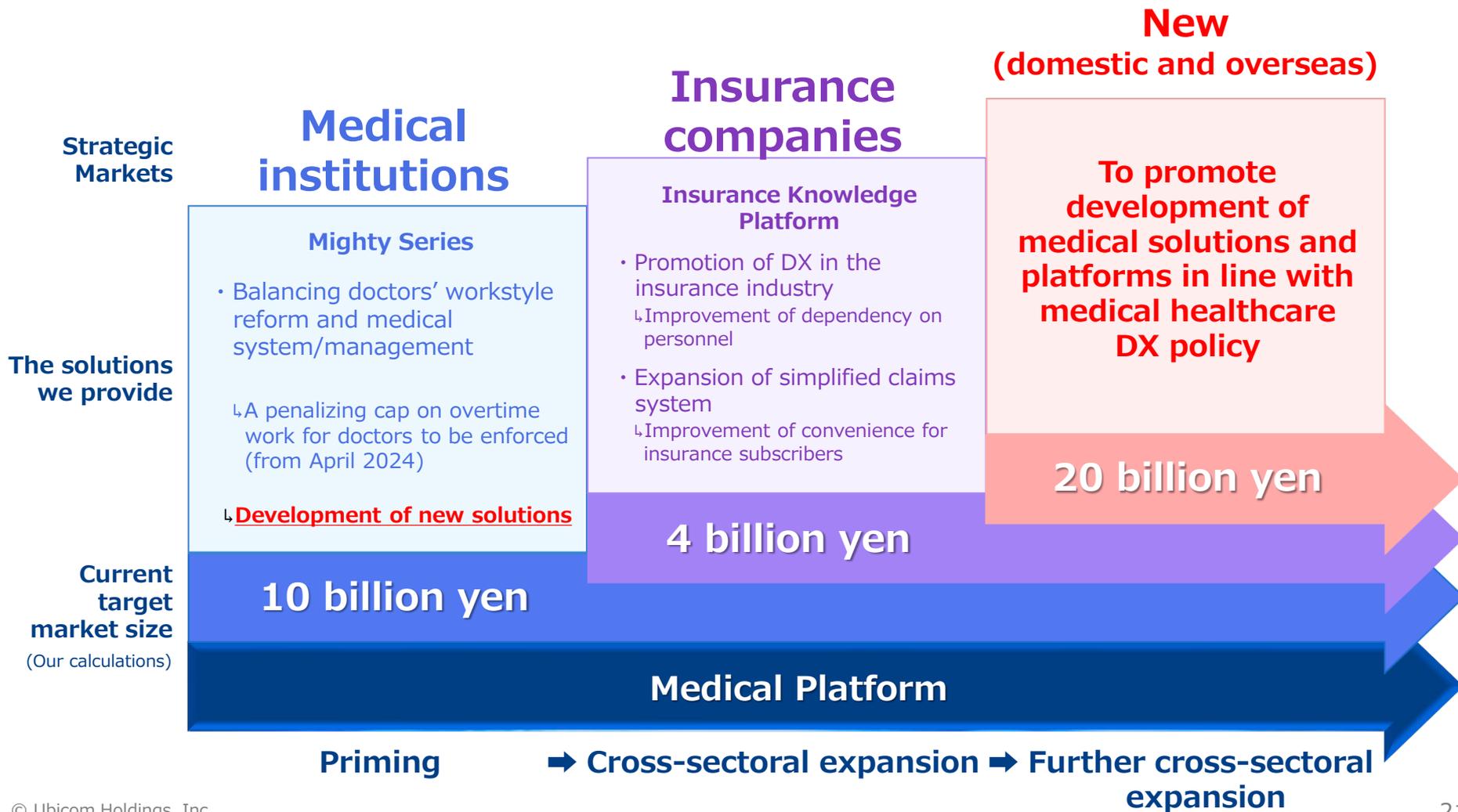
Mighty Checker EX

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

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

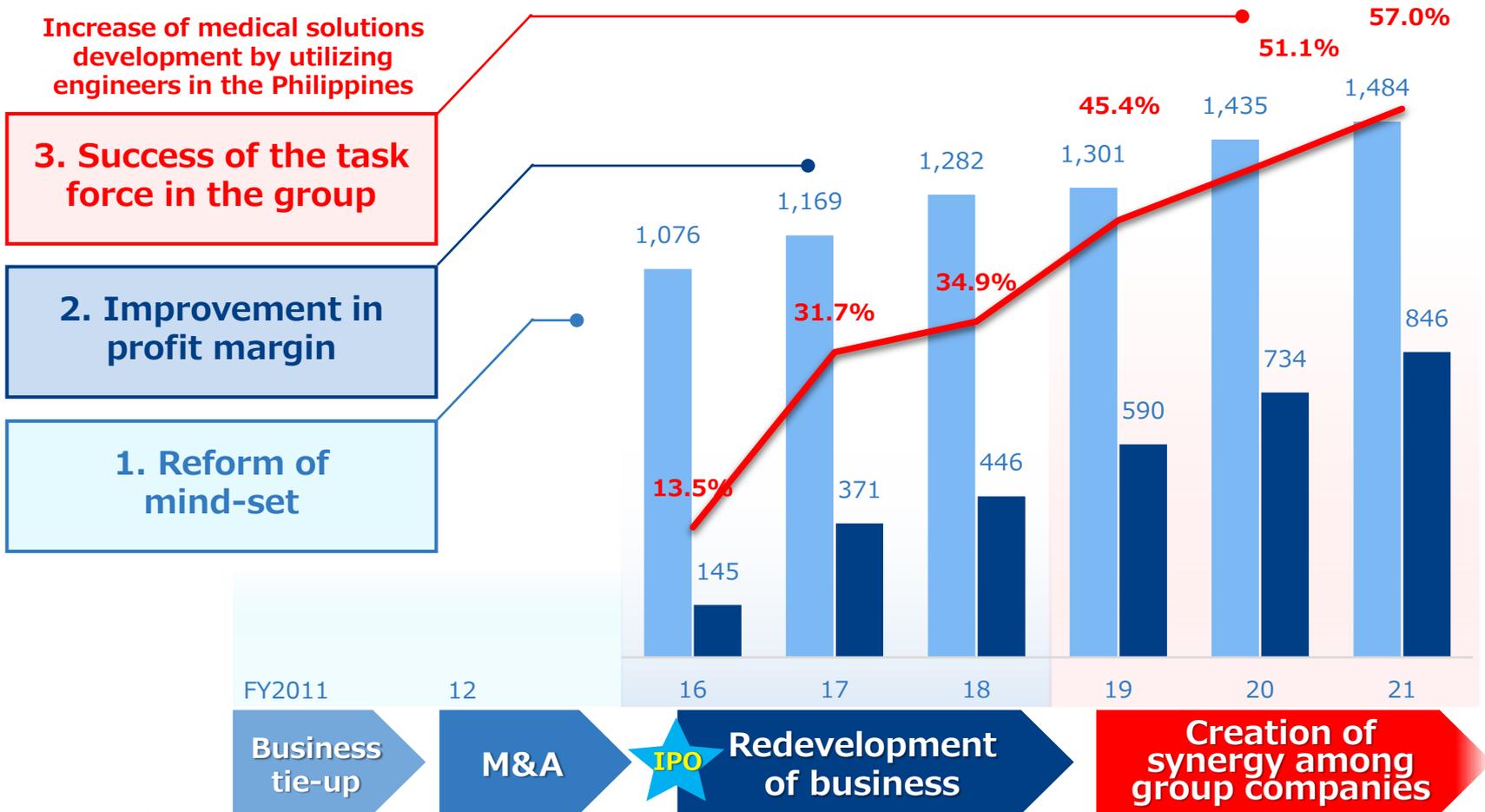
Promotion of M&A strategy based on the results of acquisition of subsidiaries



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

■ Sales ■ Operating income ■ Operating income margin



While paying attention to the profit balance, we will take measures for fortifying the base for the second growth phase.

1. To enrich expert resources that would contribute to “Go Global Strategy”
2. To enhance the recruitment and training of Filipino engineers
3. To beef up the medical investment strategy
4. To implement M&A
 - ⇒ Enterprises that conduct business in our strategic fields and are expected to attract customers in Europe and the U.S. and see personnel synergy for nearshore and offshore businesses
 - ⇒ Enterprises that are overwhelming competent in niche fields and offer packaged solutions, etc. so that they could become a platform provider
 - ⇒ Enterprises that could contribute to our intellectual property strategy in the healthcare field and enterprises that could expect synergistic effects from collaborative businesses with our company so as to produce a social impact as our corporate group aims.

*The costs for the above 1 to 3 have been already taken into account in the earnings forecast for FY2022.

■ 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)

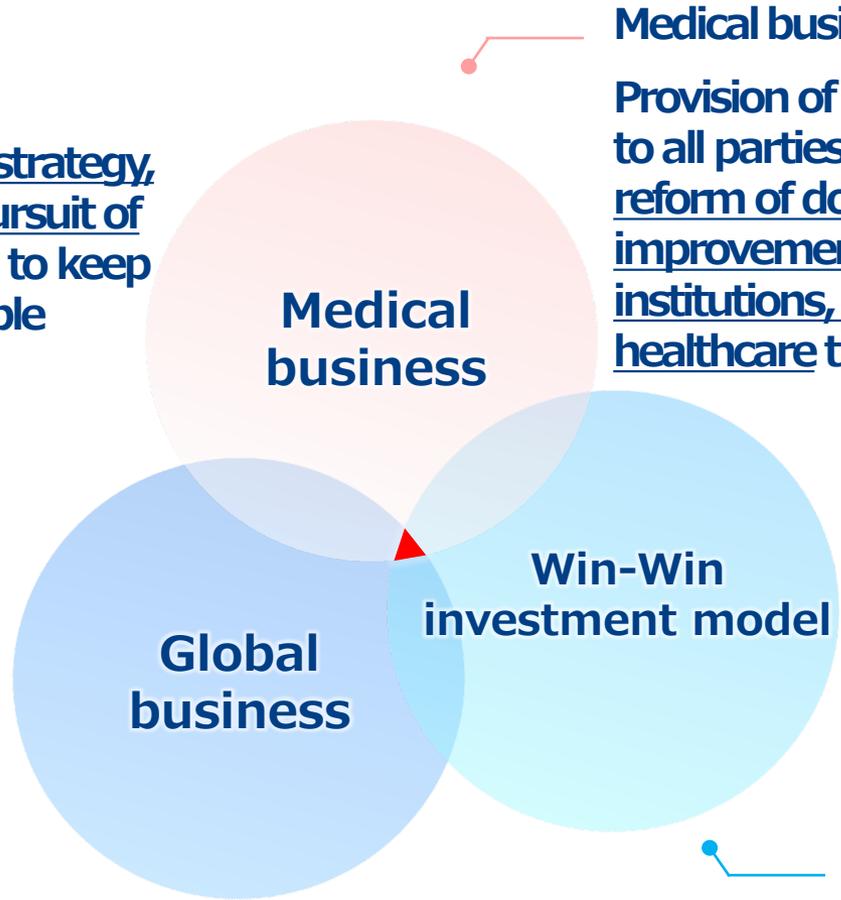
■ Group as a whole

- **Resilient business management** (reinforced risk management and business continuity structure)
- 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
- **Strengthening of incentives for employees**



Entire group

Resilient management, personnel development strategy, business synergy, and pursuit of significance of existence, to keep growing amid the unstable situation



Medical business

Provision of solutions that are beneficial to all parties as they contribute to the reform of doctors' workstyles, the improvement in management of medical institutions, and DX for insurance and healthcare that are pressing.

Global business

Development of young Asian IT personnel and support for DX as a solution to the shortage of human resources in Japan (Japan will be 545,000 DX engineers short in 2030*)

Win-Win Investment model

Management with synergistic effects based on the strategic alliance and M&A with enterprises that have social impact and core competence that would help achieve SDGs

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

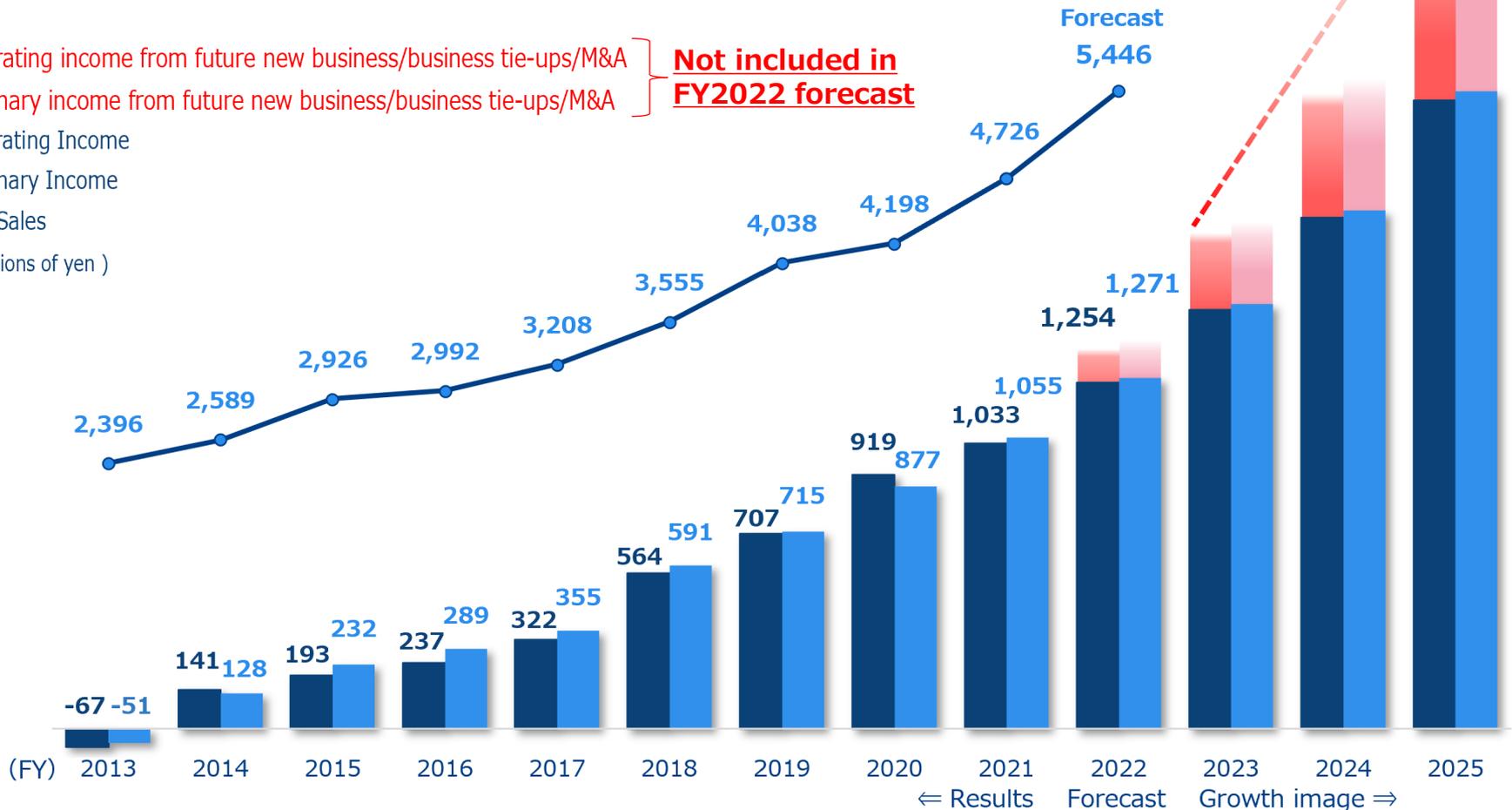
- Medical field
 - Pillar clients: + 20 companies
 - Global market
 - Sustainability
- × M&A

■ 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 FY2022 forecast

■ Operating Income
 ■ Ordinary Income
 — Net Sales

(Unit: millions of yen)



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
FY2021 (Results)	4,726	1,033	1,055	832
FY2022 (Forecast)* Growth rate	5,446 +15.2%	1,254 +21.4%	1,271 +20.5%	925 +11.2%

*Announced on May 12, 2022

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- ◆ 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.



Ubiicom
Holdings, Inc.

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