

 President Masayuki Aoki	Ubicom Holdings, Inc. (3937)
	

## Company Information

Exchange	TSE Prime Market
Industry	Information and communications
CEO	Masayuki Aoki
HQ Address	7 <sup>th</sup> floor of Ichibancho Tokyu Bldg., 21 Ichibancho, Chiyoda-ku, Tokyo
Year-end	End of March
Homepage	<a href="https://www.ubicom-hd.com/">https://www.ubicom-hd.com/</a>

## Stock Information

Share Price	Shares Outstanding (Term-end)	Market Cap.	ROE (Act.)	Trading Unit	
¥1,241	12,229,200 shares	¥15,176 million	12.0%	100 shares	
DPS (Est.)	Dividend Yield (Est.)	EPS (Est.)	PER (Est.)	BPS (Act.)	PBR (Act.)
¥40.00	3.2%	¥82.97	15.0x	¥395.82	3.1x

\*The share price is the closing price on November 14. Number of shares outstanding, DPS and EPS are from the financial results for the second quarter of the fiscal year ending March 2025. ROE and BPS are the results in the previous fiscal year.

## Earnings Trends

Fiscal Year	Net Sales	Operating Income	Ordinary Income	Net Income	EPS	DPS
March 2021 (Act.)	4,198	919	877	623	53.25	7.00
March 2022 (Act.)	4,726	1,033	1,055	832	70.38	9.00
March 2023 (Act.)	5,246	1,011	1,004	573	48.68	11.00
March 2024 (Act.)	5,942	1,072	935	526	44.73	13.00
March 2025 (Est.)	6,700	1,500	1,518	1,000	82.97	40.00

\*Unit: million yen, yen. Forecasts are those of the company. The definition for net income means net income attributable to owners of parent.

The company has adopted the "Accounting Standard for Revenue Recognition" etc. at the beginning of the first quarter of the fiscal year ended March 2022.

This Bridge Report overviews the financial results of Ubicom Holdings, Inc. for the second quarter of the fiscal year ending March 2025.

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## Key Points

- In the fiscal year ending March 2025, both sales and profit grew, hitting a record high for the first half of a fiscal year. Sales stood at 3,138 million yen, up 7.1% year on year. Sales in both businesses increased. Operating income reached 591 million yen, up 9.3% year on year. Gross profit margin increased 7.3% year on year in step with the growth of sales. Although SG&A expenses increased 5.5% year on year, they were offset, securing an increase in profit. Ordinary income was 629 million yen, up 34.9% year on year. Foreign exchange gain/loss improved from a foreign exchange loss of 65 million yen in the previous fiscal year to a foreign exchange gain of 40 million yen.
- There are no changes to earnings forecasts. For the fiscal year ending March 2025, it is forecast that sales will grow 12.7% year on year to 6.7 billion yen, operating income will rise 39.9% year on year to 1.5 billion yen, and ordinary income will increase 62.2% year on year to 1,518 million yen. As a step toward the second growth phase (investment return phase), the company will raise the utilization rate of personnel versed in cutting-edge technologies and capitalize on the demand they have had since the establishment of the company, forecasting an increase of over 40% for both operating income and ordinary income. Regarding the dividend amount, which was to be determined, they plan to pay 40.00 yen/share, about three times that in the previous fiscal year, by adding a commemorative dividend of 15.00 yen/share on the occasion of the 20th fiscal year since the establishment of the company to the stable dividend of 25.00 yen/share. The expected payout ratio is 48.2%.
- In order to enhance shareholder return, the company decided to adopt a new dividend policy, combining a “stable dividend” and a “commemorative dividend” in the fiscal year ending March 2025, and a “stable dividend” and a “performance-linked dividend” in the fiscal year ending March 2026. Through this, they intend to boost the long-term investment value of their shares while providing continuous and attractive return on profit to shareholders. They are aiming for a payout ratio of 50% or higher in the medium term.
- Forging ahead with various measures in both businesses, such as the development of multiple new platforms (medical business), starting the cross-selling of Mighty QUBE® Hybrid and MightyChecker® EX on a full-scale basis (medical business), enhancement of the sales for consulting in Japan based on reorganization (technology consulting business), a foray into the global market (technology consulting business), reeling in major clients (technology consulting business), and M&A and capital and businesses alliances (both businesses), the company will push forward with the second growth phase, which began in the fiscal year ending March 2025, on a full-scale basis, and aim for a rapid expansion of sales and profit.
- The profit margin of the medical business is steadily rising. The profit margin in the second quarter (July-September) of the fiscal year ending March 2025 reached 65.3%, exceeding that in the previous fiscal year by 3.6 points. Further growth is expected from now on through the increase of users based on the enhancement of marketing and switching to new products in step with the discontinuation of old products in the MightyChecker® series (increasing the average spending per customer).
- On the other hand, while the ratio of growth in sales of the medical business recorded a successive double-digit growth on a quarterly basis in the third quarter and fourth quarter of the fiscal year ended March 2024, 11.7% and 10.4% year on

year, respectively, only a single-digit growth was achieved in the first quarter and second quarter of the fiscal year ending March 2025, 4.4% and 6.3% year on year, respectively. As Mighty QUBE® Hybrid and MightyChecker® EX, on which the company is focusing now, are sold in the form of a license, the increase of cases of adoption does not directly lead to sales. Consequently, it seems that it will take some time for the substantial rise in profit margin to contribute to the growth of profitability of the whole company. Nevertheless, we would like to hold expectations for the increase of cases of adoption and its acceleration.

## 1. Company Overview

Ubicom Holdings is a one and only business innovation company that creates IT solutions to social issues, such as the shortage of manpower and a medical crunch. It recognizes the medical, financial/public, automotive (EV), mobile, and real estate sectors, as strategic markets, and offers a broad range of IT solutions and services utilizing AI and IoT.

It has over 900 engineers mainly at the development center in the Philippines and operates two core businesses. One is the technology consulting business that solves the shortage of IT personnel and promotes digital transformation (DX) in Japan, by developing software and advanced solutions including AI. The other is the medical business that offers healthcare optimization solutions, such as medical claims inspection, support for medical safety, and cloud services, as a leading company that offers IT solutions for supporting the management of medical institutions. It established a highly profitable business model through business restructuring by implementing scrap and build. Furthermore, the company will promote a win-win investment model for accelerating its business through strategic alliances and M&A with leading companies and burgeoning enterprises, and quickly aims to establish new businesses with different approaches from the existing businesses, such as the platform business. (In the fiscal year ending March 2025, the global business will be renamed the technology consulting business.)

### 1-1 Corporate History

Mr. Masayuki Aoki, who had entrepreneurial ambition all along, took the position of President and CEO at WCL Co., which was a new business subsidiary of WORLD CO., LTD. in March 2005, and then found out that there are many young talented engineers who work vigorously in the Philippines when he visited there during his domestic and international search for seeds of various new businesses. As the adoption of IT on internal operations of companies progressed in Japanese companies, he thought that conducting the system development in the Philippines will open the possibilities to offer a wide array of system solutions globally at high performance and capture the demand and decided to commercialize the idea. In December 2005, He founded Advanced World Solutions, Ltd. (currently: Ubicom Holdings, Inc.)

Following the trend of ICT adoption, the increase of new clients progressed well, and the business expanded thanks to the competitive advantage of having a development center in the Philippines, which possesses many capable top-class engineers. In 2012, the company acquired AIS Co., Ltd., which is the largest company in the field of systems for medical claims, as a subsidiary. In June 2016, the company was listed on Mothers of Tokyo Stock Exchange. After it changed its name to Ubicom Holdings, Inc. in July 2017, it was listed on the First Section of the Tokyo Stock Exchange in December of the same year. In April 2022, the company got listed on the Prime Market of TSE after the restructuring of the market.

### 1-2 Corporate Ethos and Vision

The company advocates the following three management visions as the one and only business innovation company that creates innovative IT solutions combining people and technology.

#### 1. Unique beyond comparison

To remain a one-of-a-kind business innovation company that looks ahead to the future and creates IT solutions to social issues

#### 2. Go Global

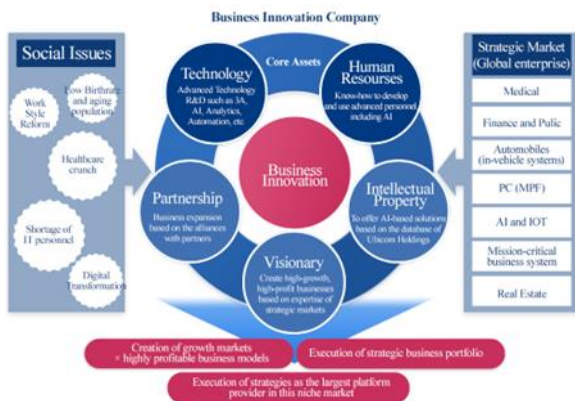
To use the business scheme of the Ubicom group globally mainly in the U.S. and Asian countries

#### 3. Win-Win

To increase the “fellows” of the Ubicom group, by prospering together with customers, collaboration partners, and all other stakeholders

Based on five core assets: technology, human resources, intellectual property (IP), foresight, and partnerships, the company creates business innovations aimed at solving issues such as Japan’s aging society, healthcare strain, a lack of IT personnel, and digital

transformation (DX), which it sees as its social responsibility and raison d'être.



(From the company's website)

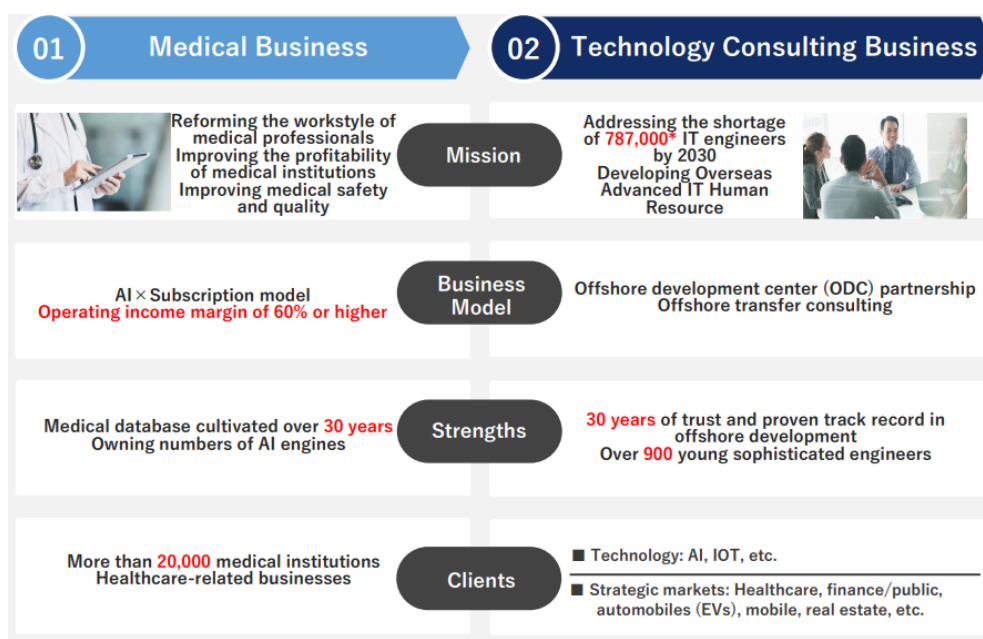
### 1-3 Business Description

#### 1-3-1 Overview

With more than 20 years of experience in embedded software development, application development, testing, and quality assurance services, the company perceives social structure changes such as globalization and the decreasing birthrate and aging population, as well as technological advances in the field of Medical Life Sciences, Cybernetics, and Robotics, as an opportunity to develop new businesses. In the medical, financial/public, automotive (EV), mobile, and real estate sectors, which are strategic markets, the company has developed its own core solutions in the field of mainly AI (Artificial intelligence), Analytics and Automation/RPA (Automation of the running and management of software testing etc.), and provides services for many client companies.

#### 1-3-2 The business environment surrounding the company

The business environment of Udicom Holdings, which pursues the growth by offering IT solutions to social issues, such as the support for solving the shortage of manpower and the support for healthcare optimization, is as follows. The environment surrounding the technology consulting business and the medical business (which will be described in detail later) is favorable.



© Udicom Holdings, Inc. \*Source: METI, "Survey on IT Human Resources Supply and Demand" (0.7% productivity growth rate, high IT demand estimate)

(From company's document)

## 1) Nationwide promotion of digitalization, Worsening labor shortage in the IT field

With the government's flag-waving for digitization in full swing, according to "Survey on the demand and supply of IT personnel" published by the Ministry of Economy, Trade and Industry in March 2019, it is important to secure IT personnel who can contribute to the improvement in productivity by creating added value and streamlining business operations in an innovative fashion, but it is difficult to secure them, due to the declining birthrate and the aging population. When the growth of IT demand is classified into "minor," "medium," and "significant" ones, it is estimated that Japan will be 584,000 engineers shortage in 2025 and 787,000 engineers shortage in 2030 in the case of "significant" growth.

## 2) Augmentation of national medical expenditure and tightening of examination of Medical Claims, Strain in medical institution management, work-style reforms for healthcare providers

The estimated medical expenditure (excluding expenses such as workers' accident compensation insurance and payments when the full payment is covered with own expenses. It accounts for about 98% of the national medical care expenditure, which is the overall estimate of all expenses required for treating injuries or diseases after examinations by doctors in medical institutions) has marked a record high in 2022 at 46.0 trillion yen.

Medical expenses are in an increasing trend due to the progression of the aging population, and partially due to the increase of COVID-19 patients in fiscal year 2022, so the financial situation of each health insurance is worsening. In order to reduce insurance costs, the national government is implementing a measure for rationalizing medical expenses by tightening the examination of Medical Claims, etc.

(What are the medical claims?)

Under the current system of health care services provided by health insurance, medical institutions receive up to 30% from patients and the other 70% or more from the health insurance association, mutual aid associations, city or ward offices, etc.

Medical institutions define the detailed statement of diagnosis and treatment, which is required to claim the amount covered by insurance from these public institutions, a Medical Claim; and the tasks performed to issue the Medical Claim are a very important procedure, which makes up most of the revenue of medical institutions.

The submitted Medical Claims are meticulously scrutinized by the Examination and Payment institutions. In case there is a mistake in its content, the Medical Claim may be sent back (returned) by the Examination and Payment institution, or the scores of medical fees may be reduced. In case the Medical Claim is returned, it must be carefully examined, revised, and resubmitted. Submitting appropriate Medical Claims is an extremely important task for the efficient management of medical institutions.

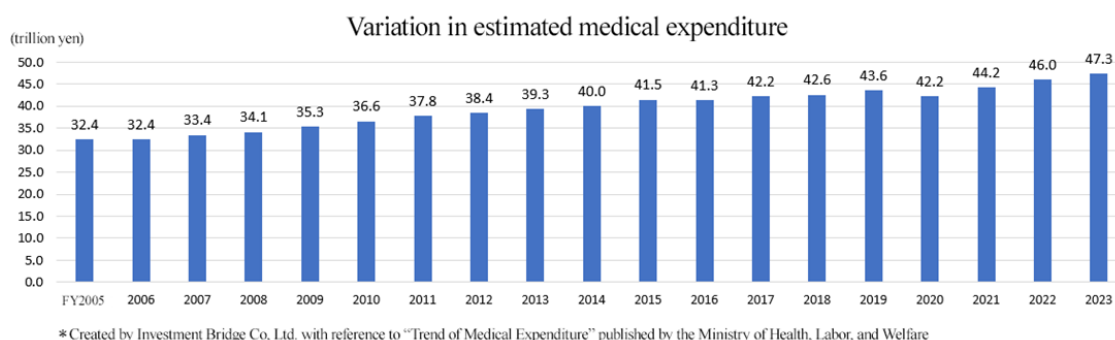
In 2009, medical institutions were obligated to make online requests for Medical Claims, as a general principle.

(Workstyle reform for doctors, etc.)

While Japan's medical needs are rapidly expanding, diversifying, and becoming more sophisticated with the progress of a super-aging society, the problems of shortage and uneven distribution of medical doctors and workloads such as long working hours are becoming apparent.

In order to alleviate the ever-increasing burden on doctors and promote reforms in the way doctors work in the medical field, a cap on overtime work for doctors with penalties will come into effect in April 2024. As a result, medical institutions are faced with the urgent task of streamlining and optimizing the work of doctors and others.

The strain in medical care provision systems and deterioration of hospital management caused by the COVID-19 pandemic are serious social issues. Against this backdrop, examination and payment institutions are moving to tighten the examination of medical claims, and work-style reforms are in progress for health care providers. Accordingly, it is now essential for the management of medical institutions to improve revenues through better operational efficiency for medical claim checks, etc., ensure the safety and quality of medical care, and deal with work-style reforms.



**(3) Medical cloud market is expected to grow rapidly**

Thanks to the notice of the Ministry of Health, Labor and Welfare titled "Regarding places for storing medical records" partially revised in February 2010, it became possible to store medical information at data centers owned by private enterprises, which made it easier for private enterprises to offer medical cloud services.

It is expected that application platforms and cloud services in which servers exist in networks will be utilized in the medical field for electronic medical record, medical image management systems, regional medical cooperation systems, and various services for home care support, remote image diagnosis, clinical trials, and dispensaries.

Especially, as the volume of data in today's medical institutions increased steeply and networks are used more widely, expectations toward medical cloud services are growing, as cloud services have merits, such as "It is easy to cooperate with other facilities," "It is unnecessary to maintain and manage data by yourself," and "They are inexpensive," and they turned out to be useful for anti-disaster measures after many medical records were lost in areas devastated by the Great East Japan Earthquake in March 2011. Furthermore, the medical strain due to the spread of COVID-19 made us strongly aware of the necessity of online diagnosis and electronic records.

Some point out the problem of safety from the viewpoint of protection of personal information, but the medical cloud market is expected to grow considerably for offering solutions to social issues while keeping a balance between the tightening and easing of regulations.

**1-3-3 Strategic business domains**

The company focuses its efforts to expand its business based on the strategic business domains of the "3As" fields, which will usher in the new age.

Field	Current situation and future plans
AI	After the practical use of AI chatbots in the Global Consulting Group, a leading auditing corporation's group, and the support for installation of AI in product appearance inspection equipment for a manufacturer, they aim to expand the AI-related business in more diverse fields by enhancing the development of cutting-edge personnel. After finishing development for audio AI and chatbots (automatic conversation programs), the company is promoting cross-sectoral application.
Analytics	The company finished the development phase of Japan's number one Medical Claims Inspection Software, the Mighty series, and analysis tools, and will proceed to a phase of achieving a new monetization model by building an engine that analyzes medical-related fields to improve the quantity and quality of the data. In addition, the company provides solutions for predictive maintenance for factories and shipping companies.
Automation/RPA	The company has established an engine for software testing automation and is pursuing robotics and RPA (automation of business operations with robots). It aims to expand its market reaching leading robotics and FA manufacturers.

**1-3-4 Segments**

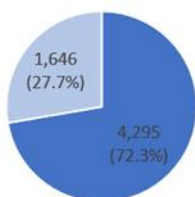
The company reports 2 business segments; the technology consulting business that provides IT solution services to diverse markets such as Medical, Finance/Public, Automotive (EV), Mobile, Real Estate etc., and the medical business that provides management improvement solutions etc. for medical institutions such as the Medical Claims Inspection Software.

# BRIDGE REPORT



## Sales composition

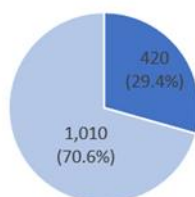
(FY Mar.2024, Unit: million yen)



■ Technology consulting business ■ Medical business  
 \* Sales to external customers. Ratio to the sum of external customers and reported segments

## Operating income composition

(FY Mar.2024, Unit: million yen)



■ Technology consulting business ■ Medical business  
 \* Composition ratio of the total amount before adjustment



(From the company's website)

### 1) Technology consulting business (former global business)

#### - Overview

Its wholly owned subsidiaries, Advanced World Systems, Inc. and Advanced World Solutions, Inc. are the major development centers in the Philippines, where it focuses on Finance, Public, Medical, Automotive, Manufacturing, and Robotics fields and delivers embedded software development, business application development, maintenance, and testing services.

The company defines “3As” (AI, Analytics and Automation/RPA) as a strategic business domain, and develops its own core solutions, utilizing these 3As technologies. The advanced capability of developing solutions is derived from its development centers in the Philippines, which has a top-class engineering group composed of over 900 engineers. This gives it a strong competitive advantage. (Refer to 【1-4 Characteristics and Strengths of Ubicom】 for more details.)

In response to the increase of inquiries from clients who are affected by the Economic Security Promotion Act, the company integrated the strategic divisions of the enterprise solution business and the global business, establishing the technology consulting business division, to enhance consulting-based marketing in the fiscal year ending March 2025. The company has launched a consulting business utilizing their know-how, which has been nurtured through offshore development for 30 years, targeting leading enterprises inside and outside Japan.

## - Clients

Its client companies range broadly from medical, finance/public, automotive (EV), mobile, to real estate etc.

As mentioned above, in addition to the worsening IT personnel shortage, there have been strong needs for the reduction of costs for development and operation, but the company, which has about 900 IT person who are proficient in Japanese and English, is steadily meeting such needs.

On top of that, the rich experience of development for numerous big domestic clients over many years has further earned their trust and built its reputation.

## 2) Medical business

### ① Overview

AIS Co., Ltd., which is a 100% subsidiary, engages in the development and sale of packaged solutions for medical institutions, cloud services, data analysis solutions, development support, and consulting services, contributing to the reform of workstyles of medical professionals and staff in medical institutions, the improvement of revenues at medical institutions, and the improvement in safety and quality of healthcare.

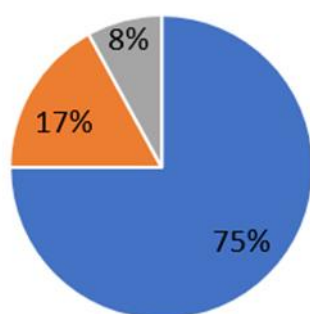
The “Mighty Series,” which improves the management quality and increases the work efficiency in medical fields, is well-received thanks to its abundant and useful functions and positively affected by work style reforms. As of the end of September 2024, the Mighty series occupied the top market share and was being used by approximately 47% of hospitals with a patient capacity of 20 or more (3,761 facilities), and 17% of clinics with a patient capacity of less than 20 (17,742 facilities), for a total of about 21,503 facilities.

The company supports the reform of workstyles of medical doctors by providing these products and solutions, and based on transactions with some of the largest medical institutions in Japan, the company promotes a new platform business, with the aim of creating a new market based on intellectual property.

### ② Sales composition of products and services

The medical business is composed of the sale of Mighty Checker® Series and Mighty QUBE® Series, and others (commissioned development, an insurance knowledge platform, etc.).

Product and service composition of medical business (FY 3/24)



■ Mighty Checker® Series   ■ Mighty QUBE® Series   ■ Others

#### ②-1 “Mighty Checker®” Series, a solution for supporting operations of medical staff

As improvement in efficiency and precision of Medical Claims Inspection were required, the company was ahead of competitors in releasing Medical Claims Inspection Software (Mighty Checker®) in 1999; it was well-received for its usability and it managed to establish its position as a leading maker of “Medical Claims Inspection Software.” In the fiscal year ended March 2019, it released “Mighty Checker® EX,” an AI-based new-generation Medical Claim check system and reaffirmed its market position.

As the electronic processing and online submission of medical claims are now common, this product is an indispensable tool for medical institutions. It has the functions to deal with the revision and rejection of medical claims during in-hospital screening, and its enhanced functions can point out the possibility of failure to submit claims, additional remuneration items, etc. The company has also mounted it with graphic functions, realized the inspection in the order of assessed amount, and added the functions to extract assessed medical



claims by reading data on revision and rejection, revise the database smoothly, collect and analyze data, and so on.

For this series, the company aims to achieve a gross profit margin of 75%, and will earn high revenues stably with a high-revenue subscription model.

<Major products and features of Mighty Checker® Series>

Product name	Features
Mighty Checker® EX	<ul style="list-style-type: none"> <li>- Next-generation software for inspecting Medical Claims with the AI-based detection function</li> <li>- Two Medical Claims can be checked at once with the function to display multiple Medical Claims.</li> <li>- When an error message is clicked after Medical Claims inspection, it will display points and insurance rules will be described in an understandable manner.</li> <li>- A tag and a status can be inputted for each patient, considerably increasing the efficiency of inspection of Medical Claims.</li> <li>- Medical institutions can improve revenues by preventing errors in claims and the failure to submit claims.</li> <li>- Medical staff can inspect Medical Claims more efficiently with AI.</li> <li>•Return on investment (sales growth effect) for a medium-sized hospital with 300 beds is 9,120,000 yen and 411% per year.</li> </ul>
Mighty Checker® PRO Analyze	<ul style="list-style-type: none"> <li>- An advanced version of Medical Claims inspection software</li> <li>- Analyzes inspection results and suggests an efficient inspection process.</li> <li>- In addition to the assessment and return measures, it can use inspection results more efficiently by utilizing the result of checking medical claims.</li> <li>- It makes it easier to modify the database by importing the assessment and return data; thus, it helps curb assessments and returns.</li> </ul>
Mighty Checker® PRO Advance	<ul style="list-style-type: none"> <li>- A standard version of Medical Claims inspection software.</li> <li>- Validates the disease name, medicines, and medical care of the indication.</li> <li>- Inspects the measures for assessment and return (cross-check inspection, general inspection, calculation day check, etc.)</li> <li>- Validation by the claims support functions (checks items that can be calculated as consultation fees, etc.)</li> </ul>
Mighty Checker® for ORCA	<ul style="list-style-type: none"> <li>- Mighty Checker® PRO Advance is linked with “ORCA,” the standard software for Medical Claims of Japan Medical Association.</li> <li>- The data inputted with ORCA can be inspected smoothly with the same function as that of Mighty Checker® PRO Advance.</li> </ul>
Mighty Checker® DENTAL	<ul style="list-style-type: none"> <li>- Software for inspecting dentists’ Medical Claims</li> <li>- When combined with Mighty Checker® PRO, it is possible to inspect medical and dental ones.</li> </ul>
Mighty Checker® Cloud	<ul style="list-style-type: none"> <li>- Provision of an online service of inspecting Medical Claims</li> <li>- Even if an application has not been installed in a PC, it is possible to use Medical Claims inspection software by accessing a server.</li> </ul>

**(Marketing strategy for increasing orders received for MightyChecker® EX)**

The company will focus on switching from old products used by existing users.

With regard to the clinic domain, “MightyChecker®for ORCA,” which is linked with “WebORCA” provided by ORCA Management Organization, has been used at 1,100 facilities. However, the company is forging ahead with the switch from “MightyChecker®for ORCA” to “MightyChecker® EX,” and the number of medical institutions using the API connection for “WebORCA” and “MightyChecker® EX” has exceeded 200 facilities.

Owing to this switch, the average spending per user has grown 1.5 times.

From now on, the company will push forward with the switch at the existing 1,100 clinics while focusing on expansion of sales targeting as many as 19,210 medical institutions (total number as of September 15, 2024) that use the standard software for Medical Claims of Japan Medical Association.

As the support for “MightyChecker® PRO,” the old product, is no longer available, the company is also proceeding with the switch from this product to “MightyChecker® EX.”

This also contributed to the elevation of profitability.

## ②-2 Mighty QUBE® Series, a solution for supporting the operations of medical doctors

### ◎ Mighty QUBE Hybrid, a system linked with electronic medical records

(Outline of the system)

The electronic medical record-linked system “Mighty QUBE Hybrid” is the advanced version of “Mighty QUBE® PRO” (which will be described later). This is electronic medical record-incorporated software for real-time inspection that can be connected to either an in-hospital server or a cloud server, and instantly points out the failure to input administration costs and additional remuneration, to secure the increase in revenues of each hospital. In addition, this system is mounted with the function to cross-check the data in several months, to avoid the downward revision of medical claims and contribute to medical safety while reducing the working hours of doctors and supporting workstyle reform for doctors and hospital management.

Return on investment (sales growth effect) for a medium-sized hospital with 300 beds is about 62 million yen and 1,154% per year.

(Assumed market size)

The Ministry of Health, Labor and Welfare states in the “Healthcare DX Reiwa Vision 2030” that they are “aiming to adopt electronic medical records for sharing the required medical information about patients at most medical institutions by 2030,” and electronic medical records are treated as some of the most important tools in healthcare DX.

The company considers that they can target 7,403 small and medium-sized hospitals, which account for 91% of the 8,156 hospitals in Japan electronic medical record market. Among the 7,403 small and medium-sized hospitals, it is estimated that 3,627 facilities have adopted electronic medical records, an adoption rate of 49%, and 3,776 facilities have not adopted them.

(Sales strategy)

#### ① Measures for cross-selling

For developing the market, they will concentrate on forming business alliances with electronic medical record makers, whose main clients are small and medium-sized hospitals.

<Measure 1: Installation in 3,627 small and medium-sized hospitals that have adopted electronic medical records>

Among 20 major makers of electronic medical records for small and medium-sized hospitals, 10 makers are existing business partners for Mighty Checker®.

The company will first engage in negotiations with four major electronic record makers, who cater to about 200 hospitals each, out of the abovementioned. They are now making preparations for starting these negotiations in the second half of the fiscal year.

<Measure 2: Installation in 3,776 small and medium-sized hospitals that have not adopted electronic medical records yet>

As the penetration rate of electronic medical records is rising, the company will approach the 3,776 facilities that have not adopted electronic medical records by strengthening the relationships with the existing makers of electronic medical records. The market size is also assumed to be 3.1 billion yen.

#### ② Sales promotion in the clinic domain

As the aging of the population progresses, the number of patients cared at home shows a rising trend. Anticipating the expansion of demand for home healthcare, the company started to provide OEM services to “homis,” cloud-based electronic medical records tailored for home healthcare, by MedicalInformatics Co., Ltd.

They will promote sales of Mighty QUBE® Hybrid in the clinic domain by providing these services as the standard to both the existing and new users of “homis.”

### ◎Medical Ordering check software, “Mighty QUBE® PRO”

This system utilizes the database of Mighty Checker® to immediately check appropriateness of treatment and medication with disease, dosage, number of days and administration at the time of ordering prescriptions, and report errors when there is any inappropriate treatment, or any disease name is missed. By preventing the erroneous input of medical instructions and mis operation, it can avoid medical accidents (near-miss accidents) and assessment (reduction of claimed amount), thus medical doctors can concentrate on their primary tasks and responsibilities. It is highly evaluated because it supports the financial and managerial improvement of hospitals through the pursuit of the safety and quality of medical treatment and the streamlining of business operation, and it also brings benefits to both hospital and patients, so many medical institutions have adopted it.

### ◎ Medical Claims inspection software + the order checking software “Mighty Double®”

The company supports “revenue improvement” with Mighty Checker® PRO, which is mounted with the function to inspect medical claims, and “prevention of near-miss cases” with Mighty QUBE® PRO, which is mounted with the function to inspect orders, therefore, they can manage the data on inspection of orders and medical claims.

The company designed measures for medical safety management and risk control and established a comprehensive check system, which is effective for making hospital management and also dealt with the tightening of payment institutions.

## ②-3 Others

### ◎Insurance Knowledge Platform

As a DX solution for the insurance industry, it helps streamline the procedure for claiming insurance money (assessment for payment), shorten the period until the receipt (payment) of insurance money, and popularize simplified procedures for insurance claim.

(Overview and features)

Until now, insurance companies have needed to exert a great deal of effort to cover the scattered information in examinations of insurance claims from clients, such as medical practices, medical products, names of injuries and illnesses, advanced medical care, and law revisions.

The company estimates that a major life insurance company processes about 300,000 documents related to insurance claims annually, and the annual cost, including personnel expenses, is about 1 billion yen.

The insurance knowledge platform, which uses a unique medical database backed by the company's track record of providing services to more than 20,000 medical institutions, can greatly streamline cumbersome screening operations.

After the insured person is discharged from a hospital, it currently takes 2-4 weeks to receive benefits after completing paperwork with the insurance company and the hospital, and the insurance company also takes about 2-3 weeks to complete the processes from payment examination to payment. By introducing a medical information search system, the company aims to improve the efficiency of insurance payment operations made by individuals. In addition, the introduction of the DX program, "Yuragi Hosei" (Fluctuation Correction), which specializes in improving the reading accuracy of medical documents using OCR, promotes the popularization of simple billing, which is considered challenging in terms of cost and technology. For example, by supporting the partial automation of insurance payment operations.

(Monetization concept)

The company is aiming to achieve a high-priced, high-profit subscription model that surpasses the Mighty series.

Revenue consists of basic system and additional options. The company has developed multiple options to meet diverse needs, planning to secure high profits by offering a wide range of solutions.

(Strengths of the platform)

#### 1. Intellectual Property (IP)

Utilizing the company's own medical database backed by a track record of providing solutions to more than 20,000 medical institution users for many years, the platform is equipped with medical treatment, drug codes, advanced medical information, etc., used for insurance examinations.

The platform also benefits from the knowledge of AI development.

## 2. Business model

The platform is operated via a cloud-based, next-generation service model with a high unit price and monthly subscription.

In addition, as the platform can be rolled out from the next year of development with only the burden of maintenance costs, its potential future value is enormous.

Also, the utilization of IT should reduce the burden of insurance claim procedures and shorten the number of days until insurance benefits are received. They also expect the company's participation in the "Life Insurance Ecosystem Concept," which aims to significantly reduce the administrative burden of insurance companies, to accelerate the platform's market penetration.

Another big advantage is that the company can utilize its development resources in the Philippines to brush up its services.

## 3. Marketability

The company believes it is the first industry player to enter into an uncontested market space.

There is a potential client base/market of approximately 100 companies, with an annual usage fee of several millions to tens of millions of yen per company.

### (Results and Future developments)

The company aims to expand the Insurance Knowledge Platform across the entire insurance industry in the form of a new subscription-type solution in the medical business, as well as develop and implement a new menu equipped with AI and other advanced technologies geared toward further evolution of solutions for the insurance industry. Furthermore, it is focusing on capturing development demand associated with digital transformation and increased use of AI technology across financial services (including the insurance industry), boosted by the need to switch from "face-to-face services" to "non-face-to-face services" due to recent measures to prevent the spread of infectious disease.

According to the announcement of Financial Services Agency, the number of life insurance companies is 41. As of November 2024, the cumulative number of clients of the company was 4. At present, they are negotiating with 3 companies, including leading life insurance companies.

In addition, since November 2020, the company has been participating in the Life Insurance Ecosystem Concept for expanding the Insurance Knowledge Platform.

The life insurance ecosystem concept aims to reduce the burden of insurance claim procedures and shorten the time required to receive insurance benefits, as well as significantly reduce the administrative workload of insurance companies by utilizing IT.

IRRC Corporation (1st section of TSE, 7325), a company that has atypical AI-OCR technology and engages in insurance sales, solutions, and system businesses, as well as Assist Corporation, a company engaged in software sales and technical support, forms the core of the concept.

In order to develop and expand this concept, the company's insurance payment automation technology in the "Insurance Knowledge Platform" was highly acclaimed, and the company decided to participate as the first company to strengthen the concept.

To meet numerous business inquiries for the "Insurance Knowledge Platform," the company is preparing to implement multiple functions as an option in addition to the "medical information search engine" for insurance payment examination operations, which is a basic function, in order to expand the user-oriented functions and strengthen the appeal of the platform.

In order to develop the provision of a subscription-based platform for the insurance industry, which is a new initiative for Uvicom, as one of its new core businesses, they will create mutual benefits for insurance companies and their clients, synergies with collaborating companies, and establish technological innovations and business models.

In addition, from the third quarter of fiscal year ended March 2021, the company expanded the use of its approximately 900 global IT engineers to develop advanced solutions for the insurance industry, including the Insurance Knowledge Platform, and to further strengthen its DX promotion.

Furthermore, the company plans to invest in human resource development to train the next-generation engineers specializing in advanced fields such as AI, to further increase its corporate value with an eye on the future.

### ©SonaM, a medical cloud in preparation for disasters

This is a cloud service for supporting BCPs and preservation of medical data in medical institutions with one of the most advanced security bases in Japan.

Due to the spread of COVID-19, the necessity of online diagnosis and treatment attracted public attention, the diversification of diagnosis and treatment methods is progressing, and the demand for security in digital and cloud healthcare services is growing.

In addition, medical institutions take more important roles at the time of disasters, it is imperative to secure safe, reliable places and methods for storing in-hospital medical data.

“SonaM,” which was developed for the purpose of supporting healthcare systems suffering the lack of resources under these circumstances, is used for preserving medical data, including medical claims, medical records, and examination images, with the security cloud.

In order to handle medical data in the cloud, it is necessary to comply with the three medical information security guidelines (the generic term is Three Guidelines from Three Ministries) suggested by the three ministries: the Ministry of Health, Labor and Welfare, the Ministry of Economy, Trade and Industry, and the Ministry of Internal Affairs and Communications, but the company covered all of them, by adopting the advanced cloud security base of NTT East.

Multiple step-by-step plans are prepared for meeting various needs from individual medical institutions with different scales.

This is a new profitable subscription model following the Mighty series, and the company aims to increase the average spending per user by cross-selling it with the Mighty series and increasing direct transactions.

## **1-4 Characteristics and Strengths of Ubicom**

### **1-4-1 Training and utilizing over 900 engineers, mainly at its development sites in the Philippines**

As was touched upon in the corporate history section, the president Aoki had visited the site several times, and considered the Philippines as an optimum location for IT development. It is not only the source of the company's competitive advantage, but also plays an extremely important role for driving the future growth strategy.

The development center in the Philippines and its predecessor have about 30 years of development experience, and their main characteristics are as follows:

#### **1) The optimum location for global IT development: the Philippines**

The Philippines enjoys the demographic dividend period, where a long-term population growth, especially in young age groups, continues. It maintains an economic growth rate of roughly 6% on average. Moreover, young citizens are full of vigor and strive for upward mobility.

In addition, the fact that English is the official language plant the seeds for engagement in global activities, the high IT literacy, its easily accessible location at the center of ASEAN countries, etc. make it an optimum location as a global base for IT development.

#### **2) Employing elite staff**

As many as about 900 engineers enrolled mainly in development centers in the Philippines, but it does not only boast of the quantity (number of people), but also the quality (their aptitude), which is unrivaled.

Backed up by the achievements throughout long years, development centers in the Philippines are highly regarded by aspiring engineers and there have been about 4,000 candidates wishing to join the company in previous years. 24% of new graduates hired in the spring of fiscal year 2024 have graduated from top universities in the Philippines, such as University of the Philippines, De La Salle University and Ateneo de Manila University.

#### **3) Human resources development with original program and training**

Building a top-class engineering group cannot be achieved just by hiring elite personnel.

One of the differentiating factors that make it hard for competitors to catch up with the company is, in fact, its educational system and training, which turn staff into capable top engineers.

In April 2003, the corporate group established its own training center ACTION in the Philippines and started in-house developed training programs.

It is constituted by 4 categories: basic concept for IT, advanced technologies, interpersonal skills, and the Japanese language. The training is conducted aiming employees to pass the PhilNITS (The Philippine National Information Technology Standards exam) and the

Japanese Language Proficiency Test level 4.

After completing the training, the trainees present their achievements to the board members, and after going through interview assessments, they are finally assigned to projects. Even for elite students, the journey up to the point of being able to handle job assignments is not an easy one. The program graduates who overcome such hurdles acquire the skills needed for fulfilling their duties in an advanced technical field and a Japanese-speaking environment, hence they are overwhelmingly superior in the Japanese IT market, and they are the engine driving the company's growth.

Furthermore, the company is always handling numerous challenging cutting-edge projects, giving highly motivated staff chances to shine. This is also one of the reasons why the corporate group is so popular as an employer in the Philippines.

#### **4) Further upgrading and reinforcing of solution development capabilities**

The company is already outshining competitors with its advanced solution development capabilities, but as it aspires to make robust use of this advantage, the company established the "Advanced Technologies Development Center" in 2017.

About tens of the center's advanced engineers specialize in AI and big data analysis. By taking advantage of their native English to connect with top-class researchers globally, the company established a system that gives access to the latest cutting-edge technologies.

With this, it became possible to produce a prototype with highly added value that matches clients' needs in a short period of time at low cost and directly offer it to major clients in Japan. Accordingly, the company's capability of giving a proposal is improving considerably.

#### **5) Receiving external acclaim**

The work of its top engineers, who had overcome high hurdles and managed to participate in projects, has received high external acclaim, which led to the winning of numerous awards.

\* In 2020, its Philippine subsidiary was awarded the Export Excellence Award for Software Development Services by the country's Department of Trade and Industry (DTI).

\* In 2020, two engineers were selected as Asian top guns, who are outstanding among top passers of Asia's common standardized version exam of the Japanese Information-Technology Engineers Examination.

\* In 2017, its Philippine subsidiary, Inc. was awarded as the best software company across the Philippines in the "International ICT Award."

\* Its training program "ACTION" has been consecutively awarded the Outstanding Company Program award at the "e-Services Philippines Award" for 6 years.

#### **1-4-2 A robust customer base**

Armed with a strong competitive advantage of having both a technology consulting business, and a medical division, the company has established a robust customer base.

The robust client assets are considered to play a big role for the expansion of the recurring-revenue business, which is based on subscriptions in the growth strategies, and matching the win-win investment model partners (growing corporations) with client enterprises, etc.

#### **1-4-3 Feeling of partnership inside and outside the Group, and a corporate culture with a sense of ownership**

The president Aoki considers all the employees, including those who work overseas, and their family members as "fellows." He thinks that one of the Group's strengths is that it achieves leaping growth thanks to all the employees who positively work with a cheerful never fading smile yet are never satisfied with status quo; each and everyone has a sense of ownership and thus pioneer the new times.

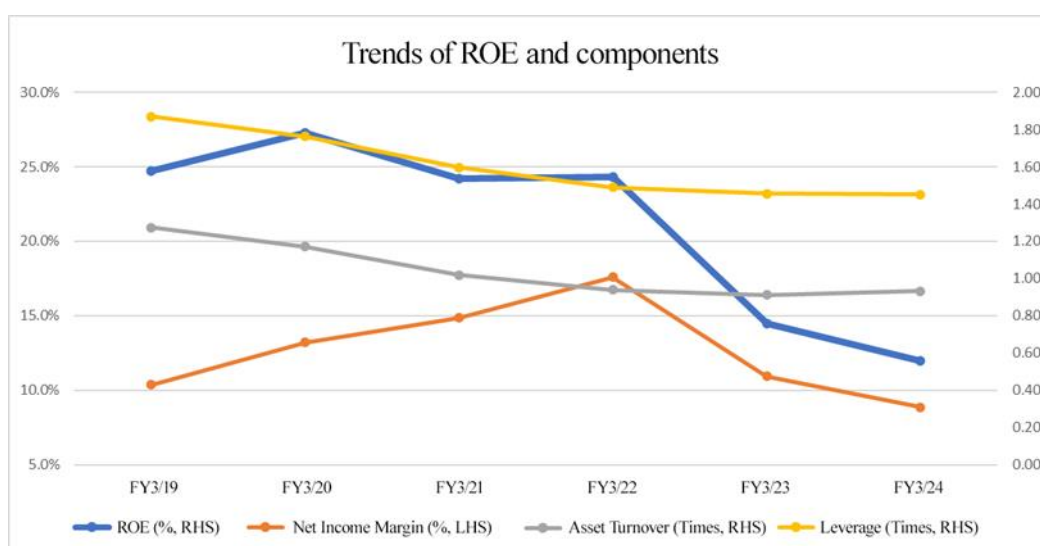
This feeling of partnership that values harmonious relationships extends to even outside the Group.

"The win-win investment model," which is one of important growth strategies of the company, promotes the collaboration and strategic alliances with leading companies and growing enterprises, to accelerate the growth of existing businesses and create new businesses. The mindset that investors and investees aim to grow together as "fellows" regardless of business scale and the relationship between shareholders and portfolio companies is expected to motivate alliance partners further. This is probably the big difference from general VC (venture capital) and CVC (corporate venture capital).

### 1-5 ROE analysis

	FY 3/16	FY 3/17	FY 3/18	FY 3/19	FY 3/20	FY 3/21	FY 3/22	FY 3/23	FY 3/24
<b>ROE(%)</b>	-	<b>12.2</b>	<b>17.7</b>	<b>24.7</b>	<b>27.3</b>	<b>24.2</b>	<b>24.6</b>	<b>14.5</b>	<b>12.0</b>
Net Income to Sales Ratio (%)	-0.16	3.76	6.63	10.37	13.21	14.86	17.61	10.94	8.85
Asset Turnover Ratio (x)	1.46	1.44	1.36	1.27	1.17	1.02	0.94	0.91	0.93
Leverage (x)	2.62	2.25	1.96	1.87	1.76	1.60	1.49	1.46	1.45

\*The asset turnover ratio and leverage are calculated with the average amount between the beginning and the end of the term. Calculated by Investment Bridge Co, Ltd. based on annual securities reports and brief financial statements.



\*Created by Investment Bridge Co., Ltd. based on disclosure material.

In the fiscal year ended March 2024, ROE dropped for two consecutive fiscal years, mainly due to the decline in net income margin. As total asset turnover is declining, they would like to expect that the efficiency of use of assets will improve in parallel with profitability improvement.

### 1-6 Shareholder Return

In order to enhance shareholder return, the company decided to adopt a new dividend policy, combining a “stable dividend” and a “commemorative dividend” in the fiscal year ending March 2025, and a “stable dividend” and a “performance-linked dividend” in the fiscal year ending March 2026. Through this, they intend to boost the long-term investment value of their shares while providing continuous and attractive return on profit to shareholders.

Stable dividend	Dividends will be paid continuously regardless of the performance. The company sets the provision of 25 yen/share as a stable dividend, considerably exceeding the previous dividend level, as their target.
Commemorative dividend	In addition to the stable dividend of 25 yen, 15 yen/share will be paid as a commemorative dividend only in the fiscal year ending March 2025 on the occasion of the 20th fiscal year since the establishment of the company.
Performance-linked dividend	Performance-linked dividend, based on performance, will be added to the stable dividend from the fiscal year ending March 2026.

For the fiscal year ending March 2025, the company plans to pay 40.00 yen/share, about three times that in the previous fiscal year, adding a commemorative dividend of 15.00 yen/share to a stable dividend of 25.00 yen/share.

The company is aiming for a payout ratio of 50% or higher in the medium term.

### 1-7 ESG-related initiatives

The company believes that it has a social responsibility and raison d'etre to create business innovation based on its five core assets: technology, human resources, intellectual property, foresight, and partnerships, and solve issues such as the declining birthrate and aging population, the shortage of medical care, the depletion of IT human resources, and DX. The company's ESG initiatives are as follows.

Technology Consulting Business	<ul style="list-style-type: none"> <li>* Client DX (Business process reforms for clients through advanced technology support such as AI/Analytics/Automation/cloud)</li> <li>* Improvement of Japan's global competitiveness through globalization support for domestic companies</li> </ul>
Medical Business	<ul style="list-style-type: none"> <li>* Pursuing 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</li> <li>* Workstyle reform for doctors, medical healthcare DX (improvement of healthcare safety and quality, improvement in revenues and business operations of medical institutions, shift to paperless and cloud operations, and support for diversification of medical care, including remote diagnosis)</li> </ul>
Group as a whole	<ul style="list-style-type: none"> <li>* Resilient business management (reinforced business continuity structure including remote working)</li> <li>* Strategic alliances with companies with a high social impact that contribute to the SDGs</li> <li>* Providing training and opportunities to young talent in Asia</li> <li>* Diversity in employees and management positions</li> <li>* Enhancement of incentives for employees</li> </ul>

## 2. Second Quarter of the Fiscal Year ending March 2025 Earnings Results

### 2-1 Earnings Trends

	FY 3/24 2Q	Ratio to sales	FY 3/25 2Q	Ratio to sales	YoY
Net Sales	2,929	100.0%	3,138	100.0%	+7.1%
Gross profit	1,117	38.1%	1,199	38.2%	+7.3%
SG&A	576	19.7%	607	19.4%	+5.5%
Operating Income	541	18.5%	591	18.8%	+9.3%
Ordinary Income	466	15.9%	629	20.1%	+34.9%
Quarterly Net Income	300	10.3%	443	14.1%	+47.5%

\*Unit: million yen.

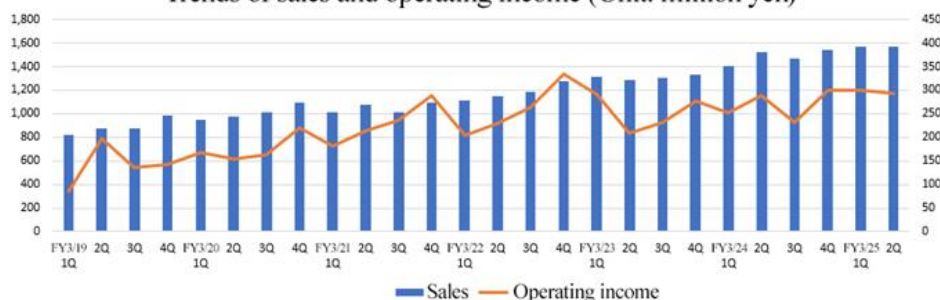
### Both sales and profit grew, hitting a record high for the first half of a fiscal year

Sales stood at 3,138 million yen, up 7.1% year on year. Sales in both businesses increased.

Operating income reached 591 million yen, up 9.3% year on year. Gross profit margin increased 7.3% year on year in step with the growth of sales. Although SG&A expenses augmented 5.5% year on year, they were offset, securing an increase in profit.

Ordinary income was 629 million yen, up 34.9% year on year. Foreign exchange gain/loss improved from a foreign exchange loss of 65 million yen in the previous fiscal year to a foreign exchange gain of 40 million yen.

Trends of sales and operating income (Unit: million yen)

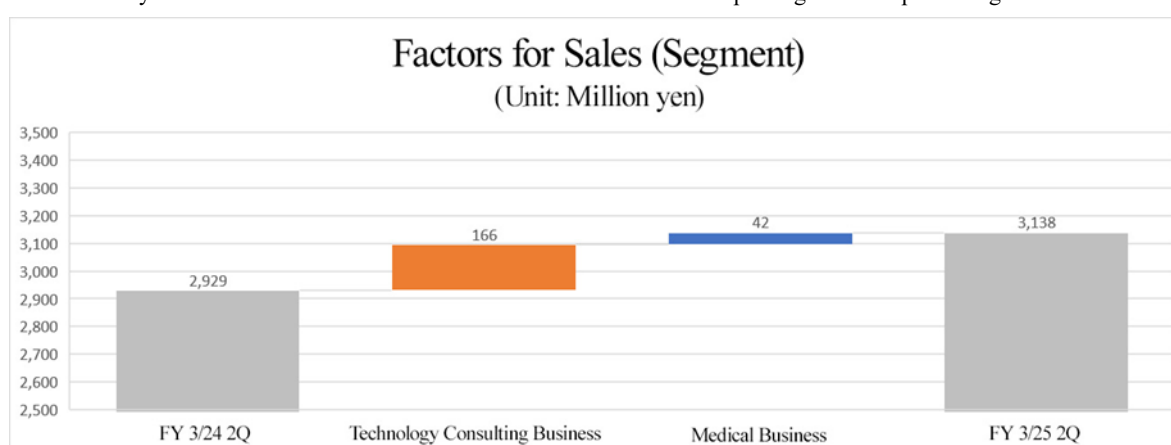




## 2-2 Trend of Segments

	FY 3/24 2Q	Ratio to sales	FY 3/25 2Q	Ratio to sales	YoY
Technology Consulting Business	2,131	72.7%	2,297	73.2%	+7.8%
Medical Business	798	27.2%	840	26.8%	+5.3%
Other	0	0.0%	-	-	-
<b>Consolidated Sales</b>	<b>2,929</b>	<b>100.0%</b>	<b>3,138</b>	<b>100.0%</b>	<b>+7.1%</b>
Technology Consulting Business	233	10.9%	239	10.4%	+2.7%
Medical Business	477	59.8%	541	64.4%	+13.5%
Other	0	50.0%	-	-	-
Adjustment	-169	-	-189	-	-
<b>Consolidated Operating Income</b>	<b>541</b>	<b>18.5%</b>	<b>591</b>	<b>18.8%</b>	<b>+9.3%</b>

\*Unit: million yen. Sales is the sales toward external customers. Ratio to sales in Operating Income is profit margin.



\*Created by Investment Bridge Co., Ltd. based on disclosure material.

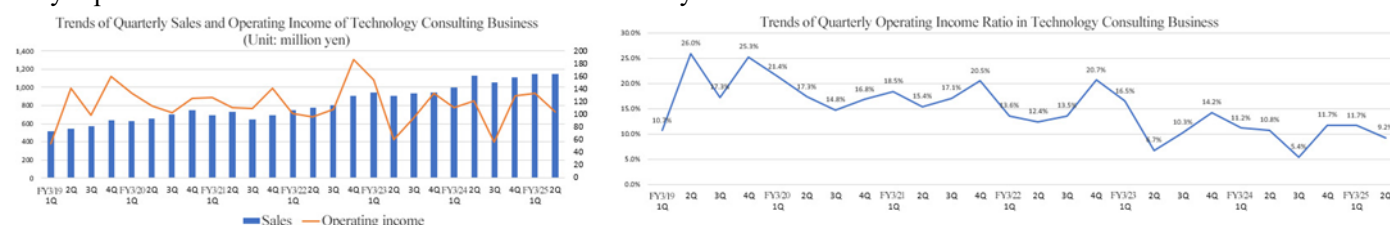
### (Technology Consulting Business)

Sales and profit increased.

Sales grew 7.8% year on year to 2,297 million yen, hitting a record high. Amid the backdrop of the Economic Security Promotion Act enacted in May 2022, major companies and major system integrators are making revisions to their suppliers, switching from other countries to the Philippines which are deemed safe for the outsourcing of offshore development.

Operating income increased 2.7% year on year to 239 million yen. The company made steps toward building a development system, which can handle large projects on the scale of 500 million per year, such as restructuring, lab extensions and investments in reeducation at offshore centers in the Philippines, but managed to secure a growth in profit.

They expect return on investment in the second half of the fiscal year.



### (Medical Business)

Sales and profit increased.

Sales grew 5.3% year on year to 840 million yen and operating income rose 13.5% year on year to 541 million yen, both hitting a record high.

As the law regarding the reform of workstyles of medical doctors was enforced in April 2024, the DX at medical institutions accelerated, and the company received more orders for Mighty QUBE<sup>®</sup> Hybrid and Mighty Checker<sup>®</sup> EX.

BRIDGE REPORT

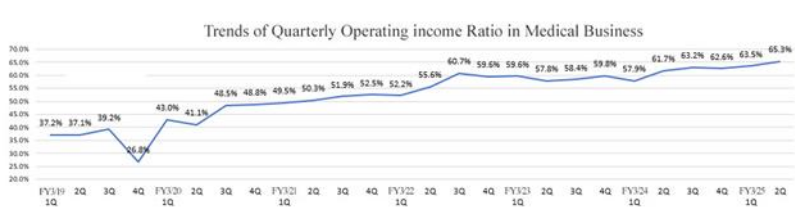


With regard to “Mighty QUBE® Hybrid,” they are making preparations for starting cross-selling based on business alliances with electronic medical record makers who cater mainly to small and medium-sized hospitals in the second half of the fiscal year. In addition, the number of clinics that have adopted it is increasing as a result of launching the provision of OEM services to cloud-based electronic medical records tailored for home healthcare.

The company is switching from old products to new products in the “MightyChecker” Series, which contributed to revenues due to increasing average spending per user.

The number of users of “Mighty” Series as of the end of September 2024 increased by 686 from 20,817 as the end of March 2024 to 21,503.

As the establishment of a high-revenue structure, the thoroughgoing revenue management for each project, continuous cost reduction, etc. turned out to be effective, profit margin in the first half of the fiscal year ending March 2025 was 64.4%, up 4.6 points from the previous fiscal year to achieving high revenues continuously.



## BRIDGE REPORT



## 2-3 Financial position and cash flow

## Main Balance Sheet

	End of 3/24	End of 9/24	Increase /Decrease		End of 3/24	End of 9/24	Increase /Decrease
<b>Current Assets</b>	5,660	6,107	+447	<b>Current liabilities</b>	1,725	1,714	-11
Cash and Deposits	4,026	4,562	+536	ST Interest Bearing Liabilities	100	100	0
Receivables	1,417	1,356	-60	Contract liability	763	844	+80
<b>Noncurrent Assets</b>	1,223	1,116	-106	<b>Noncurrent liabilities</b>	438	376	-61
Tangible Assets	140	121	-18	<b>Liabilities</b>	2,164	2,090	-73
Intangible Assets	213	134	-78	<b>Net Assets</b>	4,719	5,133	+413
Investment, Others	870	861	-9	Retained earnings	3,134	3,423	+288
<b>Total assets</b>	6,883	7,224	+340	<b>Total Liabilities and Net Assets</b>	6,883	7,224	+340

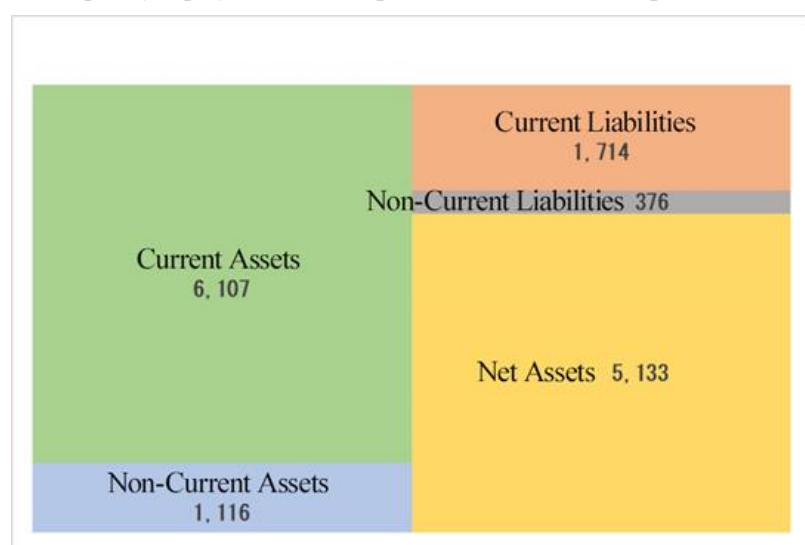
\*Unit: million yen

Totals assets increased 340 million yen from the end of the previous fiscal year to 7,224 million yen due to an increase in cash and deposits, etc.

Total liabilities decreased 73 million yen year on year to 2,090 million yen.

Net assets increased 413 million yen year on year to 5,133 million yen due to a growth in retained earnings.

Consequently, equity ratio rose 2.3 points from the end of the previous fiscal year to 70.5%.



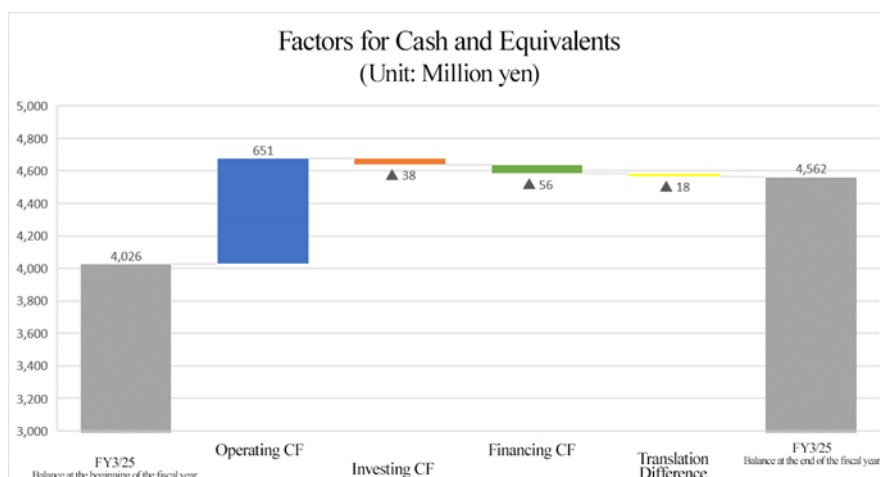
\*Created by Investment Bridge Co., Ltd. based on disclosure material.

## ◎Cash flow

	FY 3/24 2Q	FY 3/25 2Q	Increase/ Decrease
<b>Operating cash flow</b>	503	651	+147
<b>Investing cash flow</b>	-220	-38	+181
<b>Free cash flow</b>	283	612	+329
<b>Financing cash flow</b>	-168	-56	+111
<b>Cash, equivalents</b>	3,830	4,562	+732

\*Unit: million yen

The cash inflow from operating activities and free cash flow increased. Cash position increased.



\*Created by Investment Bridge Co., Ltd. based on disclosure material.

## 2-4 Topics

### ① Building a strategic partnership with the APAMAN Group

In November 2024, Ubicom Holdings agreed on building a strategic partnership for expanding the business of both companies with APAMAN Group, the operating headquarters of Apamanshop, which has the largest number of real estate leasing branch stores.

The company has been building a relationship with APAMAN in order to achieve continuous business development. Moreover, APAMAN has expanded their business domain by proactively utilizing advanced services that use IT in real estate leasing, which has been their mainstay business.

In step with this, both companies built a strategic partnership in order to forge ahead with proactive investments in IT and systems as well as business reform, which will allow APAMAN to further expand their business, promote DX and provide advanced services.

Taking into account their current achievements, Ubicom Holdings will now focus on the enhancement of the IT solution development system as well as maintenance and operation systems to build a development system that can handle large projects on the scale of 500 million yen per year, aiming for a scale-up in the medium/long term, through restructuring and lab extensions at offshore centers in the Philippines.

### ② Cooperation on the development of the “Railway app/SDK”

In October 2024, Ubicom Holdings announced that they will utilize their offshore centers and resources in the Philippines for cooperation on the development of the new “Railway app/SDK” by MOYAI Co., their investee.

(Outline of MOYAI Co.)

Founded in November 2018. Under the concept of “bringing more excitement to the world with creative ideas, technologies and passion!” they develop services and provide solutions based on the “Niche Top Strategy” for further uniqueness and higher value in order to build an OMO data gateway/platform with the key content of IoT sensor technologies, edge AI technologies and digital media technologies. Capital participation by Ubicom took place in January 2024.

(Outline of the cooperation on the development)

The new “Railway app/SDK” utilizes information obtained from the beacon of “IoTube,” a train camera equipped with an edge AI function, and contributes to preventing crime and solving issues as passengers immediately share information on the trouble which occurred on the train with passengers, station staff, etc. nearby.

The “IoTube” train camera has been adopted by 50% of major railway operators and holds the No.1 position with regard to adoptions by railway operators in the Tokyo Metropolitan Area.

From now on, Ubicom Holdings will focus on the expansion of the AI business utilizing the latest technologies as well as lab-based collaboration at Ubicom centers in the Philippines by enhancing the partnership with MOYAI, aiming to turn it into a pillar (sales of 100 million yen or more).

### 3. Fiscal Year ending March 2025 Earnings Forecasts

#### Earnings Forecasts

	FY 3/24	Ratio to sales	FY 3/25 Est.	Ratio to sales	YoY	Progress rate
Net Sales	5,942	100.0%	6,700	100.0%	+12.7%	46.8%
Operating Income	1,072	18.0%	1,500	22.4%	+39.9%	39.4%
Ordinary Income	935	15.7%	1,518	22.7%	+62.2%	41.5%
Net Income	526	8.9%	1,000	14.9%	+90.1%	44.3%

\*Unit: million yen. The forecasted values were provided by the company.

#### No changes to earnings forecasts, forecasted double-digit increase in sales and profit

There are no changes to earnings forecasts. It is forecast that sales will grow 12.7% year on year to 6.7 billion yen, operating income will rise 39.9% year on year to 1.5 billion yen, and ordinary income will increase 62.2% year on year to 1,518 million yen.

As a step toward the second growth phase (investment return phase), the company will raise the utilization rate of personnel versed in cutting-edge technologies and capitalize on the demand they have had since the establishment of the company, forecasting an increase of over 40% for both operating income and ordinary income.

Regarding the dividend amount, which was to be determined, they plan to pay 40.00 yen/share, about three times that in the previous fiscal year, by adding a commemorative dividend of 15.00 yen/share on the occasion of the 20th fiscal year since the establishment of the company to the stable dividend of 25.00 yen/share. The expected payout ratio is 48.2%.

#### \*Technology Consulting Business

The reconsideration and change of suppliers are speeding up and the company is projecting a growth in sales from existing clients as well as an increase of new clients, such as system integrators and major enterprises, from the third quarter.

Among system integrators that are expected to grow from now on, the domains of finance, securities, manufacturing, automobiles, etc. are rapidly expanding. The company will further pick up the pace in order to achieve their targets for this fiscal year.

In addition to continuing transactions with large global enterprises in the EV field, which newly started in the fourth quarter of the previous fiscal year, they will enhance the marketing for offshore development in the Philippines toward the United States.

They are reinforcing the marketing for consulting, projecting a substantial increase in the number of clients and projects in the third and fourth quarters.

#### \*Medical Business

They will focus on increasing orders for MightyChecker® EX by switching from old products as well as the cross-selling of “Mighty QUBE® Hybrid,” a system for linking electronic medical records, and the sales promotion in the clinic domain.

### 4. Initiatives and Outlook for the Second Growth Phase

The initiatives and outlook for the next growth phase of the technology consulting and medical businesses, which have been expanding steadily, are as follows.

#### (1) Initiatives for the two businesses

##### ① Technology consulting business

##### \*Enhancement of consulting-based marketing

In response to the increase of inquiries from clients who are affected by the Economic Security Promotion Act, they integrated the strategic divisions of the enterprise solution business and the global business, establishing the technology consulting business division, to enhance consulting-based marketing in the fiscal year ending March 2025. The company has launched a consulting business utilizing their know-how, which has been nurtured through offshore development for 30 years, targeting leading enterprises inside and outside Japan.

**\*Foray into the global market**

The transactions with a new global enterprise started. They will keep concentrating on the training and education of global IT engineers.

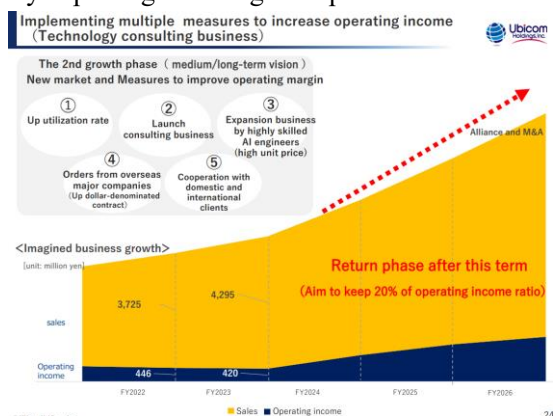
**\*To make clients pillars at an accelerated pace**

The company defines its pillar clients ("mainstay clients") as market leaders in their respective industries with whom it has an ongoing business relationship and sales of several hundred million yen.

For new clients, 1-5 people are initially dispatched to the client's site for on-site development, but as sales expand, the number of engineers assigned to the client's site increase, and the company begin to shift to an offshore development system. The goal is to eventually have a big-pillar clients with more than 50 people working on development on a continual basis.

In the process of reaching this stage, an increase in profitability is expected, owing to the advantage of scale, the elevation of development productivity based on the accumulated industrial knowledge, the development of their original solutions for test automatization, etc.

By improving technological capabilities and consulting skills, they will attract global enterprises as pillar clients at an accelerated pace.



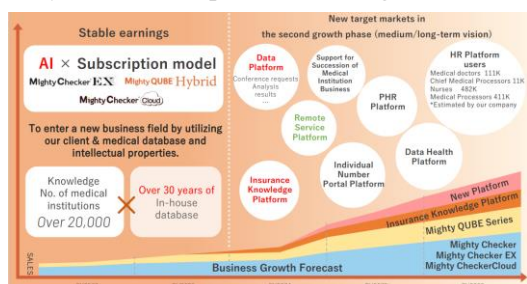
(From company's document)

**(2) Medical Business**

**Establishment of a new platform business**

By utilizing the customer base composed of over 20,000 medical institutions, their own medical database, and intellectual property, the company generates stable revenues from Mighty Checker® EX, Mighty QUBE® Hybrid, and Mighty Checker® Cloud. In the second growth phase, they will promote a new platform business, including insurance knowledge, data-based health, remote services, Mynaportal, and a human resources platform for users.

They aim to develop a new recurring-revenue model to increase sales and profits.



(From company's document)

**(3) Common in both businesses**

They will actively promote M&A and alliances, to accelerate business expansion.

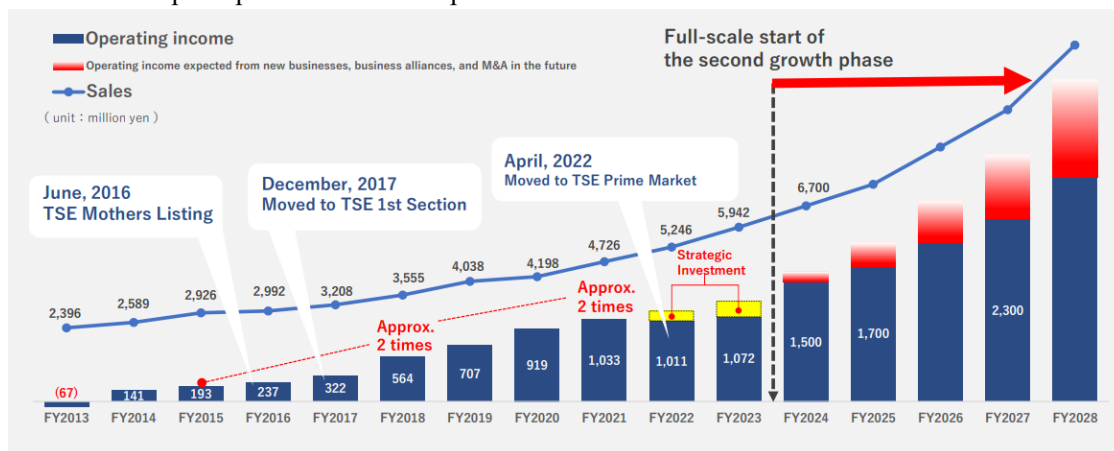
**4-2 Growth Vision**

Forging ahead with various measures in both businesses, such as the development of multiple new platforms (medical business), starting the cross-selling of Mighty QUBE® Hybrid and MightyChecker® EX on a full-scale basis (medical business), enhancement of the sales for consulting in Japan based on reorganization (technology consulting business), a foray into the global market (technology consulting business), reeling in major clients (technology consulting business), and M&A and capital and businesses alliances (both businesses),

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the company will push forward with the second growth phase, which began in the fiscal year ending March 2025, on a full-scale basis, and aim for a rapid expansion of sales and profit.



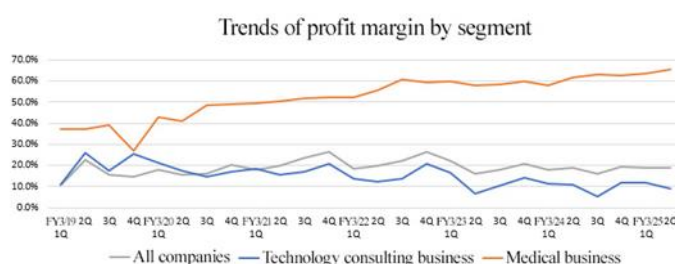
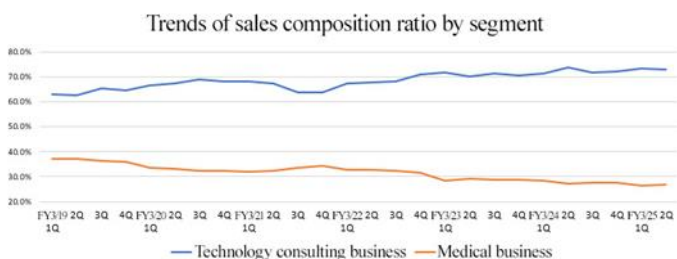
(From company's document)

### 5. Conclusions

The profit margin of the medical business is steadily rising. The profit margin in the second quarter (July-September) of the fiscal year ending March 2025 reached 65.3%, exceeding that in the previous fiscal year by 3.6 points.

On the other hand, while the ratio of growth in sales of the medical business recorded a successive double-digit growth on a quarterly basis in the third quarter and fourth quarter of the fiscal year ended March 2024, 11.7% and 10.4% year on year, respectively, only a single-digit growth was achieved in the first quarter and second quarter of the fiscal year ending March 2025, 4.4% and 6.3% year on year, respectively.

As Mighty QUBE® Hybrid and MightyChecker® EX, on which the company is focusing now, are sold in the form of a license, the increase of cases of adoption does not directly lead to sales. Consequently, it seems that it will take some time for the substantial rise in profit margin to contribute to the growth of profitability of the whole company. Nevertheless, we would like to hold expectations for the increase of cases of adoption and its acceleration.



### <Reference: Regarding Corporate Governance>

#### ◎ Organizational structure and composition of directors and corporate auditors

Organizational structure	Company with corporate auditor
Directors	5, out of which 3 are outside directors. (including 3 independent executives)
Corporate auditors	3, out of which 2 are outside auditors. (including 2 independent executives)

#### ◎ Corporate Governance Report

Last updated: June 28, 2024

### \*Basic Policy

The corporate ethos of our company is “to remain a one and only business innovation company,” “global business operation,” and “co-prosperity based on a win-win model.” We recognize that it is essential to enrich and tighten our corporate governance, in order to improve our corporate value and maintain our global competitiveness under this ethos. In detail, our basic policy is “to aim to enhance our profitability and maximize the profits for shareholders by conducting more efficient, sound business activities” and put importance on compliance. Under this policy, we strive to strengthen our corporate governance, while considering that it is essential to fulfill our social responsibilities toward all kinds of stakeholders, including shareholders, employees, business partners, and local communities, and achieve sustainable growth and expansion.

### <Reasons for Non-compliance with each Principles of the Corporate Governance Code (Excerpts)>

Principle	Reasons for not following
[Supplementary Principle 4-1-3 Succession Plan for the CEO and others]	<p>The Board of Directors is not currently specifically overseeing succession planning for the CEO and others.</p> <p>The person to be appointed as President and Representative Director, who will become the CEO, will be selected based on knowledge, experience, and ability, and on the circumstances surrounding the company and the issues that need to be addressed at the time.</p> <p>In the future, we will also consider formulating a succession plan.</p>
[Supplementary Principle 4-2-1 Executive Compensation and Incentives]	<p>Since the term of office of the directors is one year, their compensation is reviewed annually based on the previous year's performance. However, we have not established a compensation system that is linked to medium to long-term performance or a compensation system based on treasury shares. We recognize the need to add incentives to compensation for the management in a manner that reflects our company's medium to long-term performance and potential risks and contributes to the development of a healthy entrepreneurial spirit, and will continue to consider appropriate methods.</p>

### <Disclosure Based on each Principles of the Corporate Governance Code (Excerpts)>

Principles	Disclosure contents
[Principle 1-4 The strategically held shares]	<p>Our company may hold shares strategically, if they are considered to contribute to the enhancement of the value of our corporate group from the mid/long-term viewpoint. Our policy is to hold such shares, as long as we can secure the rationality of shareholding purposes, such as the maintenance and cementing of transaction relations through business alliance, collaboration, etc. For exercising the voting rights of the shares, we discuss whether or not a bill is consistent with our shareholding policy.</p> <p>Moreover, there are no strategically held shares as of the day of the submission of this report.</p>
[Supplementary Principle 2-4-1 Ensuring Diversity in the Appointment of Core Personnel]	<p>(1) Approach to ensuring diversity</p> <p>The corporate group's policy regarding human resources development, including ensuring diversity in the workforce, and the in-company environment are as follows.</p> <p>We are expanding our business by hiring people based on their experience, ability, etc. regardless of gender or nationality. Therefore, we have not set any policies or goals for the promotion of people to managerial positions that are specific to “women,” “foreigners,” or “mid-career hires.” In addition, our company currently has two female directors, including a director (foreign national) of a subsidiary outside of Japan. We intend to continue to promote diverse human resources with excellent character, insight, and management skills, regardless of gender or nationality, and will consider human resources strategies to enhance corporate value over the medium to long term, including a human resources development policy and a company environment improvement policy aimed at ensuring further diversity.</p> <p>&lt;Human Resources Development Policy&gt;</p> <p>The basic policy for human resources development is as follows:</p> <ol style="list-style-type: none"> <li>1. Strengthening recruitment</li> </ol>



	<p>2. Retraining on new skills                  3. Leadership training                  4. Pooling of resources (maximizing utilization ratio through collaboration between businesses)</p> <p>&lt;Engineer training in the global business&gt;                  Our training and education systems, which develop our engineers into true top engineers who can contribute to the business, are strong differentiating factors that other companies cannot easily beat.                  Our self-developed training program at our “ACTION” training center in the Philippines consists of four categories: Basic IT concepts, advanced technology, interpersonal soft skills, and the Japanese language, and aims to help students pass the PhilNITS (Philippine National IT Standards Examination) and Level 4 of the Nihongo Kentei (Japanese Language Examination).                  After finishing their training, the trainees announce the results to management executives and undergo an interview and assessment. Only then they can participate in a project. Even for talented students, the path to being entrusted with actual work is not an easy one, but those who overcome these hurdles and graduate from the program have advanced technical skills and the ability to carry out work in a Japanese environment, demonstrating an overwhelming advantage in the Japanese IT market and becoming a powerful engine for our company's growth.</p> <p>&lt;Improvement of the in-company environment&gt;                  In order to ensure diversity, we implement and promote the following measures under our in-company environment improvement policy, which is to create a system, an environment, and a culture that allow diverse human resources to choose their own working style according to their individual personalities and changing life stages.</p> <ul style="list-style-type: none"> <li>▪ Adoption of a reemployment system that treats post-retirement employees according to their performance</li> <li>▪ Adoption of a system for working from home</li> <li>▪ Effects of office relocation</li> </ul> <p>After the relocation of the headquarters office on July 1, 2023, we have been creating a culture in which employees gather on one floor, stimulate cross-organizational communication, and foster a culture in which employees engage in friendly competition with each other to enhance the group's organizational capabilities and generate more active innovation.</p> <p>(2) Measurable voluntary goals and progress of activities for ensuring diversity                  Our corporate group uses the following indicators in its basic policy for human resources development to ensure diversity as described in (1) above, and the targets for these indicators are as follows.</p> <ul style="list-style-type: none"> <li>▪ Indicator: Planned annual number of hires in the technology consulting business</li> <li>▪ Target: To hire 160 or more people per year from fiscal year ending March 2025</li> </ul> <p>However, in case the utilization rate improves, we are planning to newly recruit additional candidates.</p>
<p>[Supplementary Principle 3-1-3 Sustainability Initiatives]</p>	<p>We are strongly aware of our corporate responsibility to realize a sustainable society, and in order to work with all stakeholders to solve social issues and continuously improve our corporate value, we have established a basic sustainability policy and set forth the issues to be solved in the areas of environment, society, and governance, as well as our efforts to achieve them.</p>

	<p>(1) Basic Sustainability Policy Our management philosophy is “to remain a one-of-a-kind business innovation company that creates IT solutions that contribute to solving social issues,” “global business operation,” and “co-prosperity based on a win-win model.” In addition, we will be one of the first to focus on changes and issues in the social structure, such as climate change, declining birthrates and an aging population, and medical issues, and will pursue the realization of a sustainable society and the improvement of the Uicom Group's corporate value by providing IT solutions that contribute to solving social issues and taking appropriate risk reduction initiatives.</p> <p>(2) Environmental, Social and Governance Initiatives The following is a description of the issues we need to resolve and our efforts to address them.</p> <p>1) Environment: To achieve carbon neutrality</p> <ul style="list-style-type: none"> <li>▪ Promoting the saving of resources (without using paper) within our company and our clients</li> <li>▪ Relocation to environmentally friendly offices that use renewable energy only</li> <li>▪ By adopting the “MightyChecker Series,” which is the mainstay product of our medical business, overall working hours at medical institutions are reduced by about 390,000 hours per month, contributing to the reduction of about 7,800,000 liters of CO<sub>2</sub> emissions.</li> </ul> <p>2) Society: Resolving customer issues by providing solutions</p> <ul style="list-style-type: none"> <li>▪ Support for DX: Reforming clients' operations through advanced technology support</li> <li>▪ Further upgrading and strengthening of solution development capabilities at the Advanced Technology Development Center</li> <li>▪ Improving Japan's global competitiveness by supporting the globalization of domestic companies</li> <li>▪ Developing solutions to reduce medical costs</li> <li>▪ Reforming doctors' work styles</li> </ul> <p>3) Governance: Realizing fair and transparent management</p> <ul style="list-style-type: none"> <li>▪ Strengthening compliance and risk management systems based on the Basic Sustainability Policy</li> <li>▪ Establishing a governance system that emphasizes diversity</li> </ul>
<p>[Principle 5-1 Policy for constructive dialogue with shareholders]</p>	<p>We positively respond to shareholders' application for dialogue. The Corporate Planning Division is in charge of our IR activities, and have developed an IR system based on their daily close cooperation, so that they can accept the phone interviews from investors, small meetings, etc. In addition, we hold a result briefing session involving the representative director and distribute a result briefing video twice or more times every year. In addition, our company discloses information and manages insider information in accordance with our disclosure policy (<a href="https://www.uicom-hd.com/ja/ir/policy.html">https://www.uicom-hd.com/ja/ir/policy.html</a>).</p>
<p>[Action to Implement Management That is Conscious of Cost of Capital and Stock Price]</p>	<p>We engage in management that places importance on ROE (return on equity) as a management indicator in order to work toward the elevation of profitability and capital efficiency. As an appropriate and reasonable calculation of performance forecast is difficult in the rapidly changing business environment, we have not set concrete numerical targets. However, we continuously explain the trends concerning performance and future policies through financial result briefings, information disclosure on our website, etc., and will engage in initiatives that allow shareholders and investors to sufficiently deepen their understanding.</p>

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