

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



FY2024 Q1 Financial Results Materials

August 8, 2024



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Sales • Operating income • Ordinary income • Net income

All sections reached record highs in the first quarter.

(Unit: million yen)	1Q of FY2023		1Q of FY2024		YoY comparison
	Amount	Sales ratio	Amount	Sales ratio	
Sales	1,404	100.0%	1,568	100.0%	111.7%
Operating income	253	18.0%	299	19.1%	118.2%
Ordinary income	180	12.8%	296	18.9%	164.9%
Net income <small>attributable to shareholders of the parent company</small>	105	7.5%	199	12.7%	189.5%

- Sales reached 1,568 million yen, 111.7% of the sales of the same period last year, with both medical business and technology consulting business, **significantly exceeding the previous year's results, setting a record high for the first quarter.**
- Operating income reached record high to 299 million yen, 118.2% of FY 2023 Q1.
 - ① The impact of workstyle reforms for medical doctors and revisions to medical fees in the medical business
 - ② Improved utilization rate in the technology consulting business
- Ordinary income reached a record high to 296 million yen, 164.9% of the ordinary income of FY 2023 Q1.
- Net income reached a record high to 199 million yen, 189.5% of the net income of FY 2023 Q1.

01 Medical Business



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

Mission

02 Technology Consulting Business

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



Business Model

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

Offshore development center (ODC) partnership
Offshore transfer consulting

Strengths

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

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

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

Clients

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

Medical Business

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

(Unit: million yen)	1Q of FY2023		1Q of FY2024		YoY comparison
	Amount	Sales ratio	Amount	Sales ratio	
Sales	399	100.0%	417	100.0%	104.4%
Operating income	231	57.9%	265	63.5%	114.4%

Sales increased **4.4%** year on year due to strong demand.
Operating income increased **14.4%**
Operating income margin **5.6%** to **63.5%**, reaching a record high.

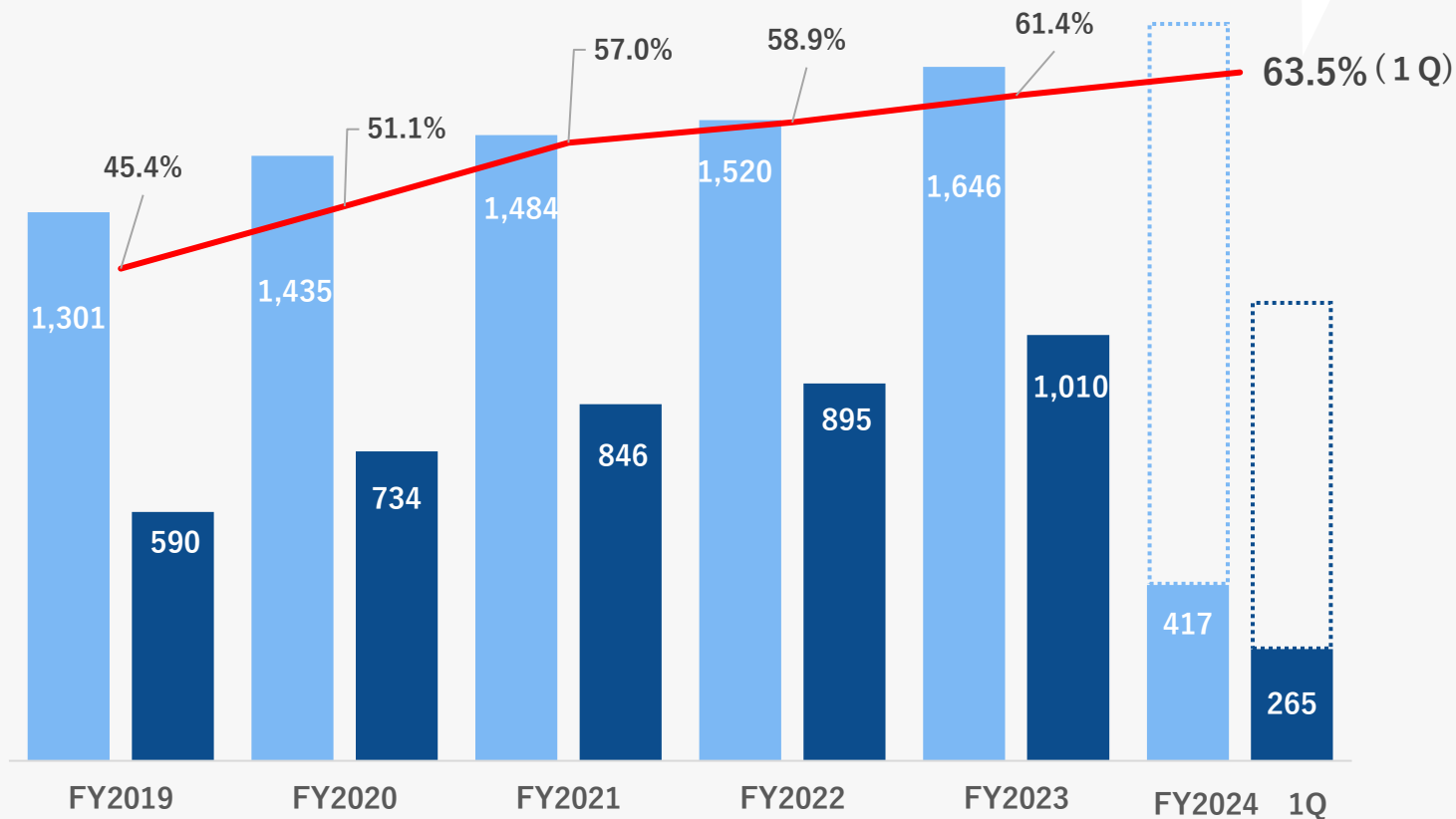
Medical institutions accelerated the investment in DX in response to The Workplace Reform related laws, which became applicable to medical doctors from April 2024, and medical fee revisions.

<Factors behind the increase in sales and operating income are as follows.>

1. Increase in the number of users through cross-selling measures for "Mighty QUBE® Hybrid"
2. Increase of orders for "MightyChecker® EX"
3. Increase in the average spending per user through switching from old to new products.
4. "Insurance Knowledge Platform" entered the full-scale installation phase, and we acquired a cumulative total of 4 client companies.

Changes of Results (unit : million yen)

Operating income ratio rose
5.6 % year-over-year
 to a record high of **63.5** %

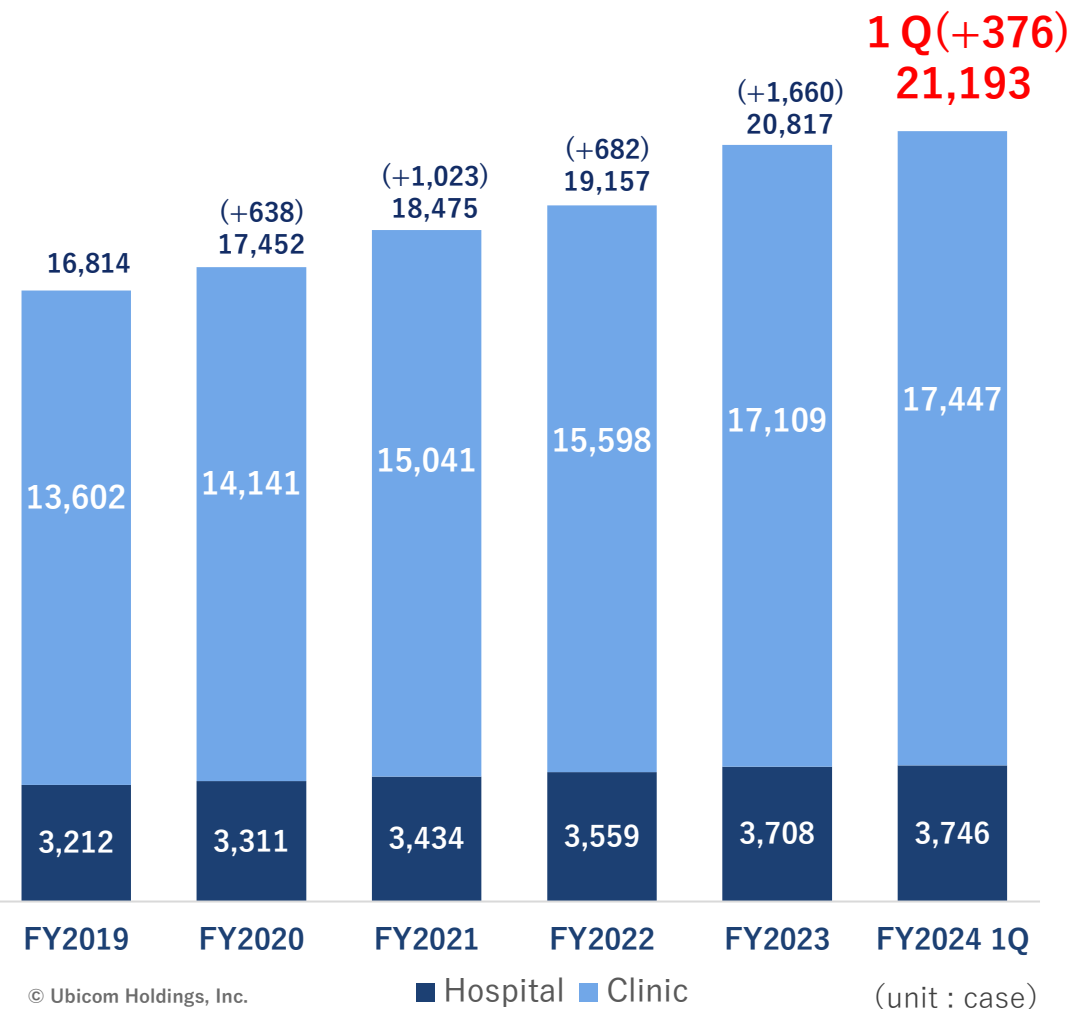


■ Sales ■ Operating income — Ol to net sales

AI × Subscription model

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

The application of The Workplace Reform related laws to medical doctors in April 2024 has led to an acceleration of digital transformation in the medical industry. The number of users is increasing steadily.



【Share in users】*1

■ Hospitals
Approx. **46%** (3,746/8,079 institutions)

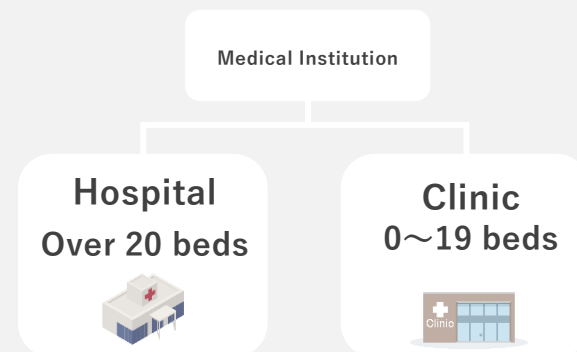
■ Clinics
Approx. **17%** (17,447/105,193 institutions)

Users as of June 2024 / Estimated users as of April 2024 *2

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

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

【Mighty users facility type】



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

Deploying cross-selling measures of AI × Subscription model 「Mighty QUBE® Hybrid」

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

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

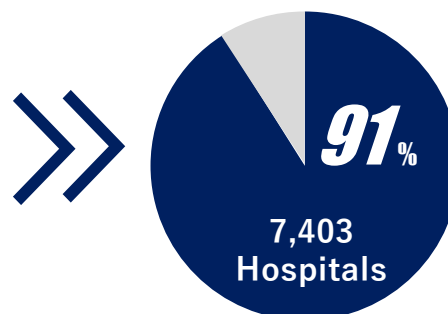
< Hospitals in Japan by the Number of Beds >

■ Major Hospitals 753(9%)

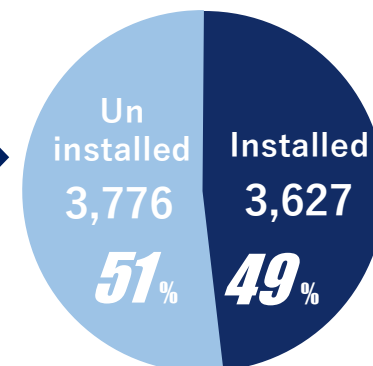
■ Small and Medium sized Hospitals 7,403(91%)

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

< S&M sized Hospitals >



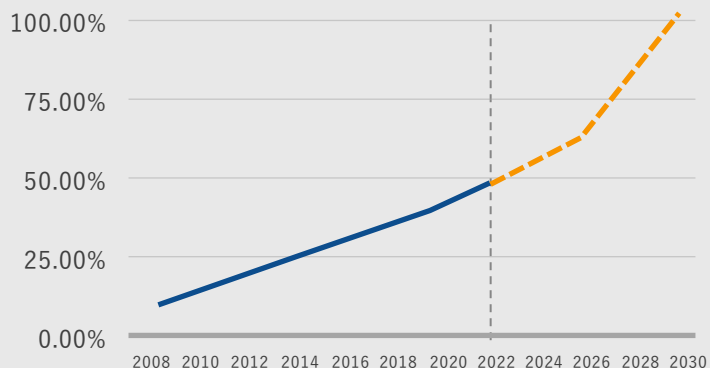
< Installation of EMR (estimated) >



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

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

EMR Coverage rate



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

Ministry of Health, Labor and Welfare

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

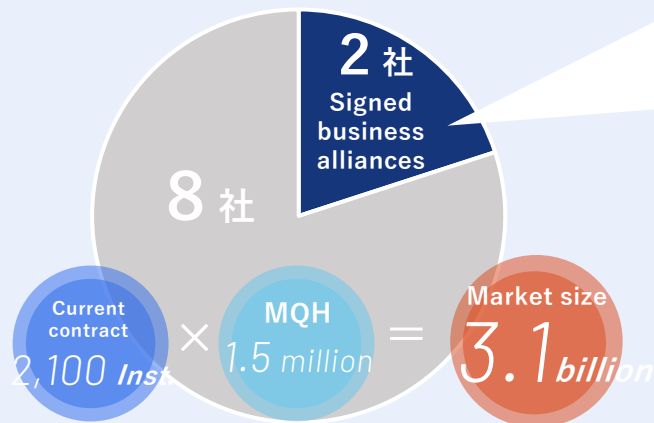
Reference: Japan Ministry of Health, Labour and Welfare, “Medical DX Reiwa Vision 2030”

「Mighty QUBE® Hybrid」 Small and Medium Hospital's Market size is 6.2 billion yen

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

MightyChecker® has formed contract with **10 corporations** of EMR mfr. (for S&M sized hospitals)

(※Total client is 2,100 Inst.)

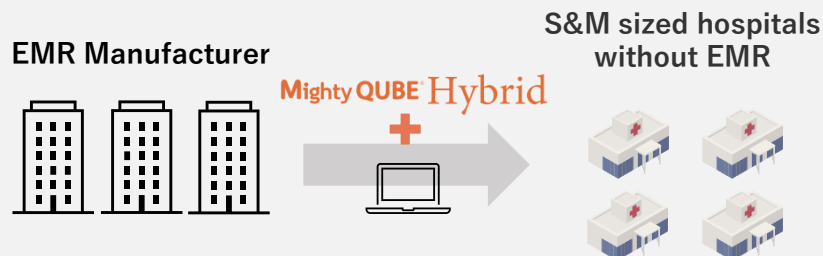


Started a negotiation with 4 major EMR manufacturers, each of which has about 200 clients. Signed a business alliances with **2** manufacturers to expand MQH orders for 3.1 billion yen market.

First contract : ACS Co., Ltd (formed on December 28, 2023)

Second contract : Pacific Medical, Inc. (formed on June 1, 2024)

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



It will create the next Market for Mighty QUBE® Hybrid

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



Mighty QUBE® Hybrid

Benefits of adopting business support solutions for medical doctors

01

Medical institutions

Return on investment: 1,154%^{*1} (Example: a medium-sized hospital with 300 beds · Increase in revenue: 61.98M yen/year)
Contribution to the measures for dealing with excessive work of medical doctors and **the reform of workstyles** of medical workers

02

Medical doctors

AI supports doctors in inputting electronic medical records, and **streamlining operations**. It prevents doctors from inputting incorrect data and prescribing wrong medicines, **contributing to medical safety**.

03

Our company

The profitable Subscription model, which **targets a GP of 75%**^{*2}, generates stable revenues.

Electronic medical record-linked system

Mighty QUBE® Hybrid

Medical safety

Reduction of working hours

Reduction of labor

Improvement in revenues

Data source

Inputting electronic medical records

Issuance of prescriptions

Worry-free
Reliable

Accounting

Accurate
Reliable

*1 : MQH usage fee Ex)5.34M yen/year(2024 Jan New price)

*2 : GP = Gross Profit margin

MightyChecker® EX

Benefits of adopting business support solutions for medical staff

- 01** Medical institutions

Return on investment: 411%* (Example: a medium-sized hospital with 300 beds
Increase in revenue: 9.12M yen/year)

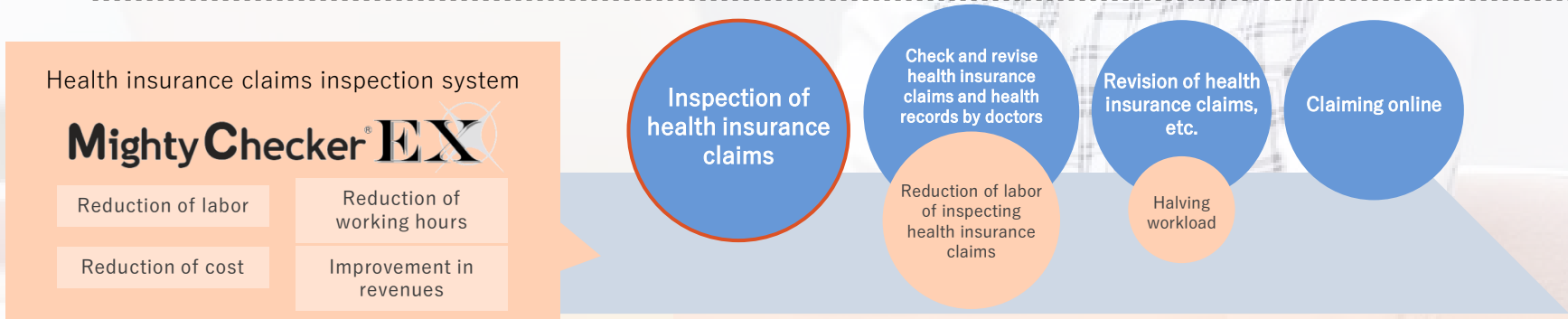
It prevents staff from issuing wrong invoices or forgetting to issue invoices, **improving revenues.**

- 02** Medical staffs

AI inspects health insurance claims, to **streamline the operations** of medical staffs.

- 03** Our company

The profitable Subscription model, which **targets a GP of 75%**, generates stable revenues.



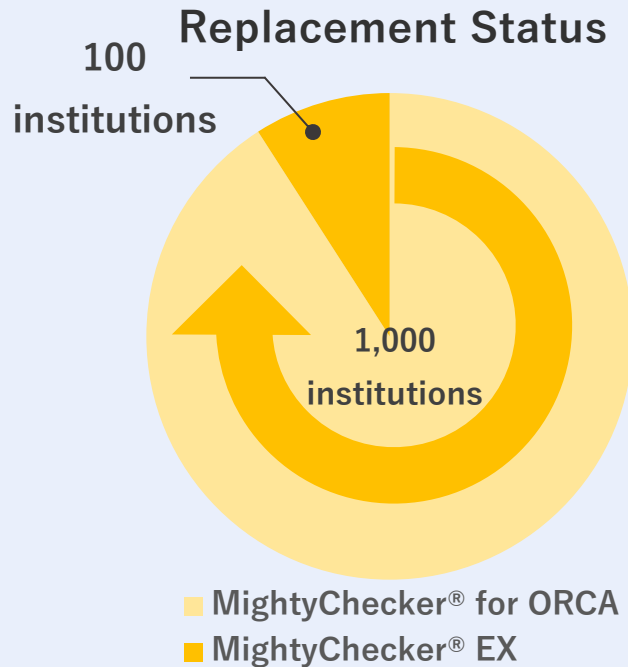
* MCEX usage fee 2.22M yen/year

Increase in the average spending per clinic user by switching to new products

Measure

Due to the transition to the Web version of ORCA^{*1}, the new sale of the old model of MightyChecker[®] for ORCA ended.

1. MightyChecker[®] EX replaced with WebORCA^{*2} linkage, and sales increased as the average spending per user increased.



The number of medical institutions using API connection between "WebORCA" and "MightyChecker[®] EX" provided by the **ORCA Management Organization Co., Ltd.** exceeded 100 institutions in the period from April to June (3 months), and replacement continues.

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

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

Operation status of Japanese standard medical health insurance claims software
(In-hospital and cloud-based)
Total number of medical institutions using the software: 19,281^{*3} (as of June 15, 2024)

- Annual contract based on the number of statements of medical expenses
- Millions to tens of millions yen/year sales per company
- A recurring model aimed at a GP of 75%
- AI × Subscription model

Life insurance market
41 companies

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

Installed by
4 companies

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

After installation, clients are considering optional service in addition

Negotiating with
3 companies

**Negotiating with companies, including a leading
life insurance company**

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

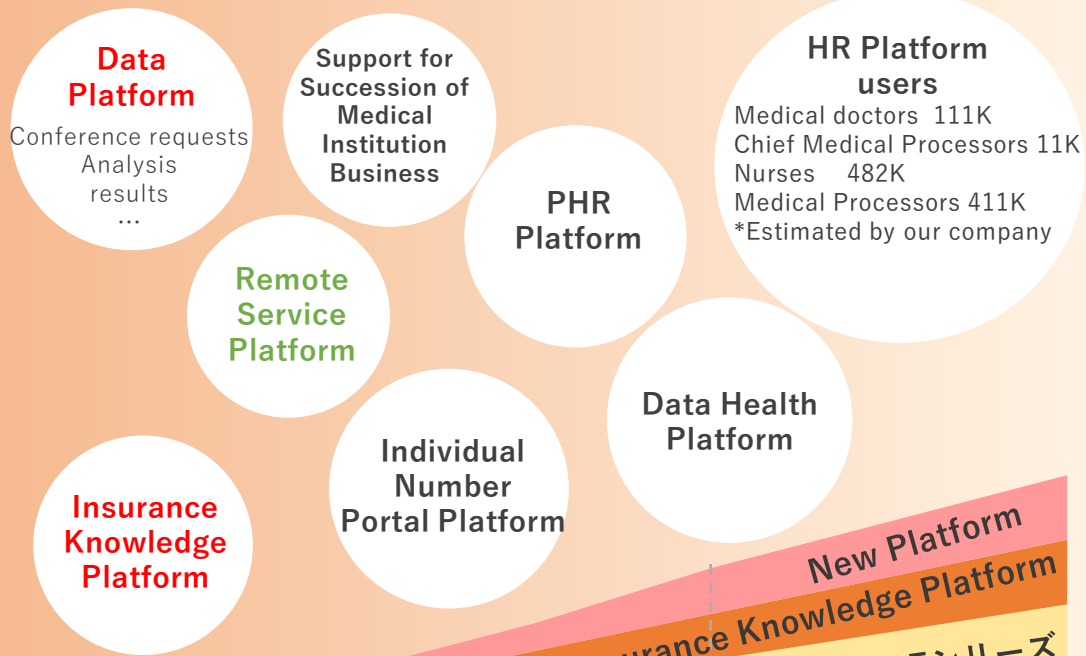
Stable earnings

AI × Subscription model
 MightyChecker EX MightyQUBE Hybrid
 MightyChecker Cloud

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

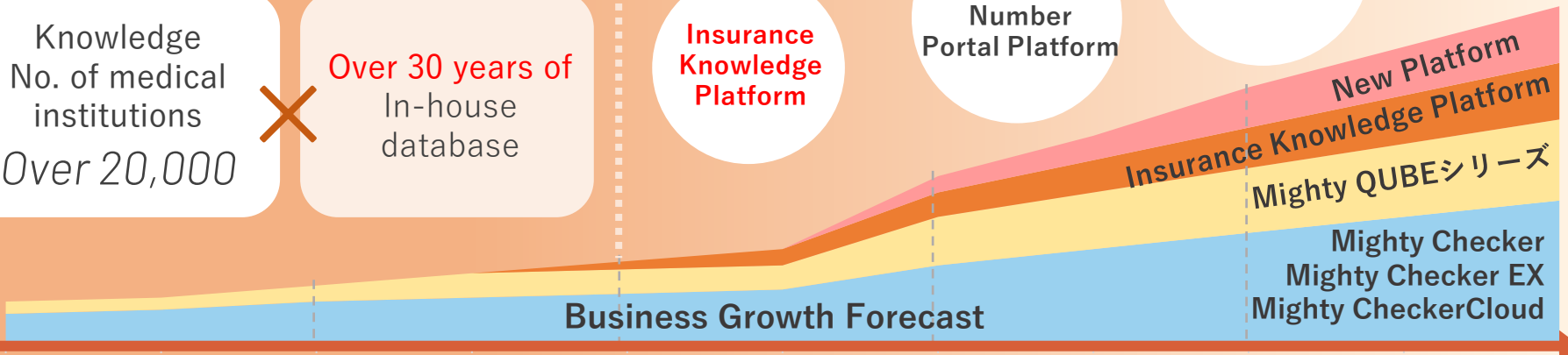
Knowledge No. of medical institutions **Over 20,000** × **Over 30 years of In-house database**

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



SALES

Business Growth Forecast



FY2022

FY2023

FY2024

FY2025

FY2026

Technology Consulting Business

Both sales and operating income increased in the technology consulting business

(Unit: million yen)

	1Q of FY2023		1Q of FY2024		YoY comparison
	Amount	Sales ratio	Amount	Sales ratio	
Sales	1,004	100.0%	1,151	100.0%	114.6%
Operating income	111	11.2%	134	11.7%	119.9%

Sales increased **14.6%** year on year due to strong demand
 Operating income increased **19.9%**

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

<Factors behind the increase in sales and operating income are as follows.>

1. Sales and operating income increased due to **improved utilization rate**. (continued the recruitment of new graduates in spring and fall and strengthened training of AI sophisticated engineers)
2. Start of full-scale return of prior investments in both Japan and the Philippines, in line with organizational transformation into a technology consulting firm; receiving more orders from major overseas companies; aiming to sign more contracts with global companies that follow dollar-denominated payment.

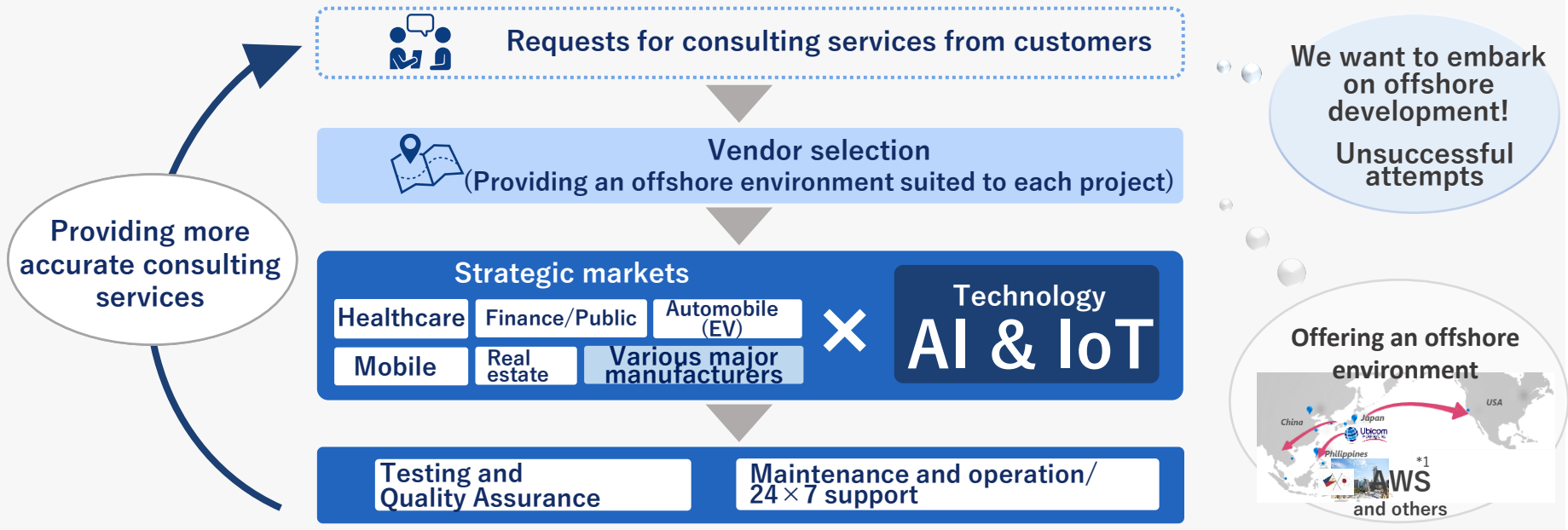
Matters Related to Changes in Reportable Segments, etc.

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

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

[Supporting customers with a “one-stop service” from **upstream to downstream**]



Consulting Business Results

1. Continued business with new major global companies

- Continuing contract with a major global company in the EV field that began in 4Q of the previous fiscal year
- Our service quality has been recognized, and the relationship has been strengthened for processes from PoC^{*2} to commercialization.

2. Acceptance of dispatched employees from major companies (expansion of the OGIS-RI model)

Executives were developed through the acceptance of dispatched employees from major Japanese companies. We aim for medium and long-term alliances.

Our unique education program has trained approximately 900 top-notch engineers.

24% of new graduates hired in the spring of FY2024 are top university graduates with excellent grades.

We aim to promote the education of AI sophisticated engineers **and expand our AI business.**

Selection

Recruitment

Training

Interview and assessment
by board members

Assignment to projects

There are always many
challenging and cutting-edge
projects in progress, providing
maximum support for aspiring
young engineers

In-house training program **ACTION**



Overwhelming advantages in the Japanese IT market

During the Intensive training for 5-6 months

- ① Passing Japanese Language Proficiency Test Level 4
- ② Passing PhilNITS (Philippine National Information Technology Engineers Examination)
- ③ Promoting training for Advanced AI personnel

~ Top universities in the Philippines ~

University of the Philippines Diliman, De La Salle University,
Ateneo de Manila University

~ Awards ~



Excellence Award for Export of Software Development Services

Awarded to our subsidiary at the National Export Congress hosted by the Philippine Department of Trade and Industry in 2020



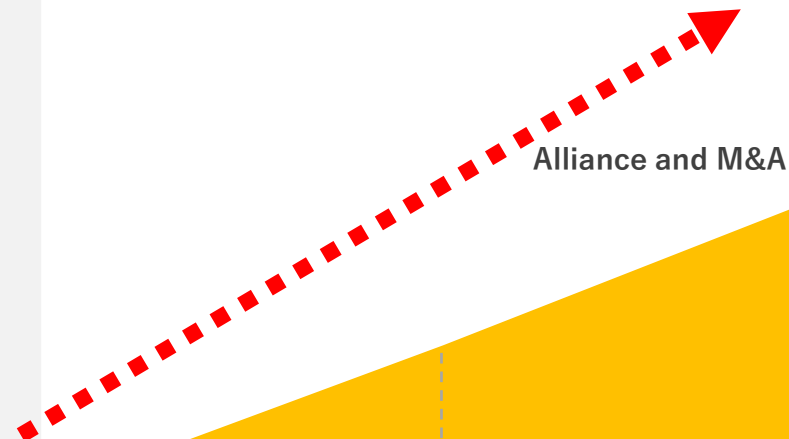
Selected as Asian top guns in 2020

Produced a number of outstanding Top Gun talents among the top passers of Asia's common standardized version exam of the Japanese Information-Technology Engineers Examination

③ Implementing multiple measures to increase operating income (Technology consulting business)

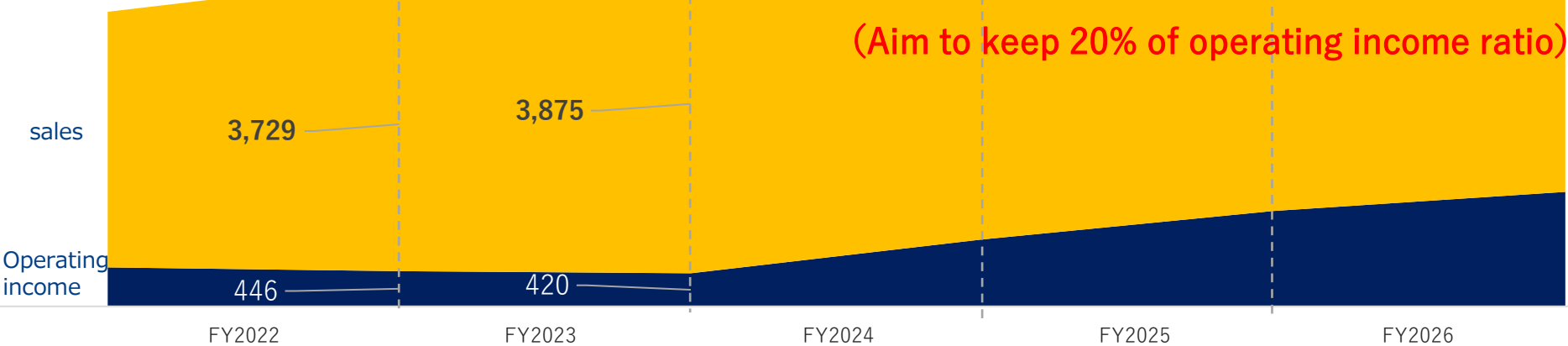
The 2nd growth phase (medium/long-term vision)
 New market and Measures to improve operating margin

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



<Imagined business growth>

[unit: million yen]



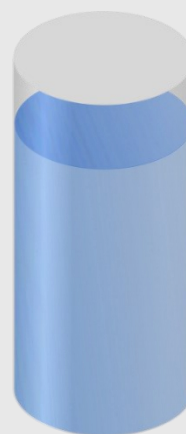
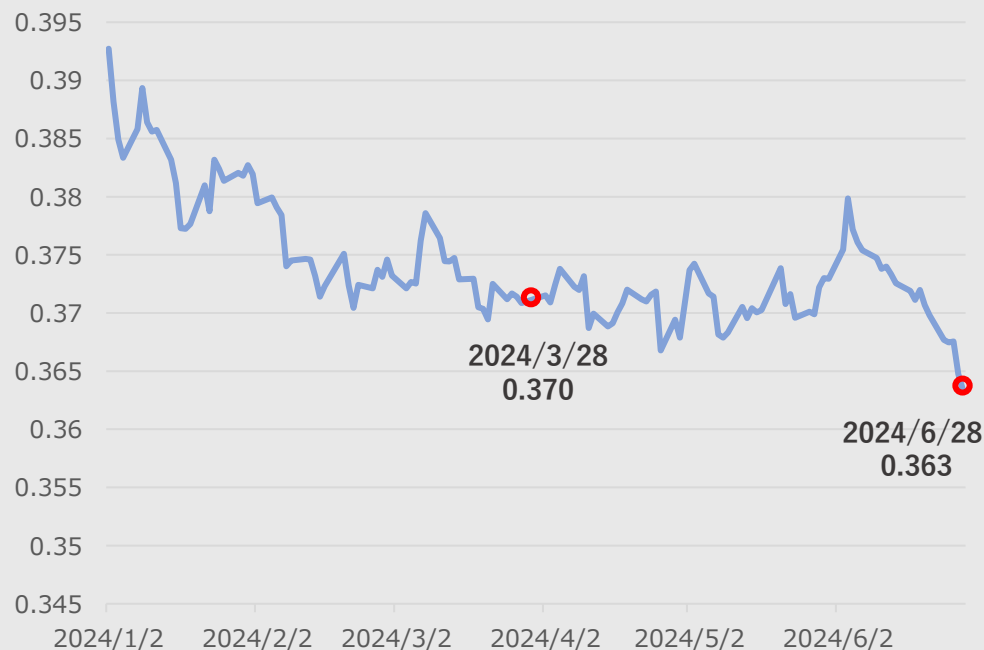
Counter measurements against currency fluctuations

< Measurements to FX loss >

From FY2024 Q1, implement **timely transactions of yen-denominated assets into local currencies** to **reduce the ratio of yen-denominated assets** at overseas locations.

As a result, 1Q of the previous fiscal year incurred a valuation loss of 61 million yen, while this fiscal year's 1Q was controlled to a valuation gain of 0.4 million yen.

Exchange rate history of JPY/PHP



Business field

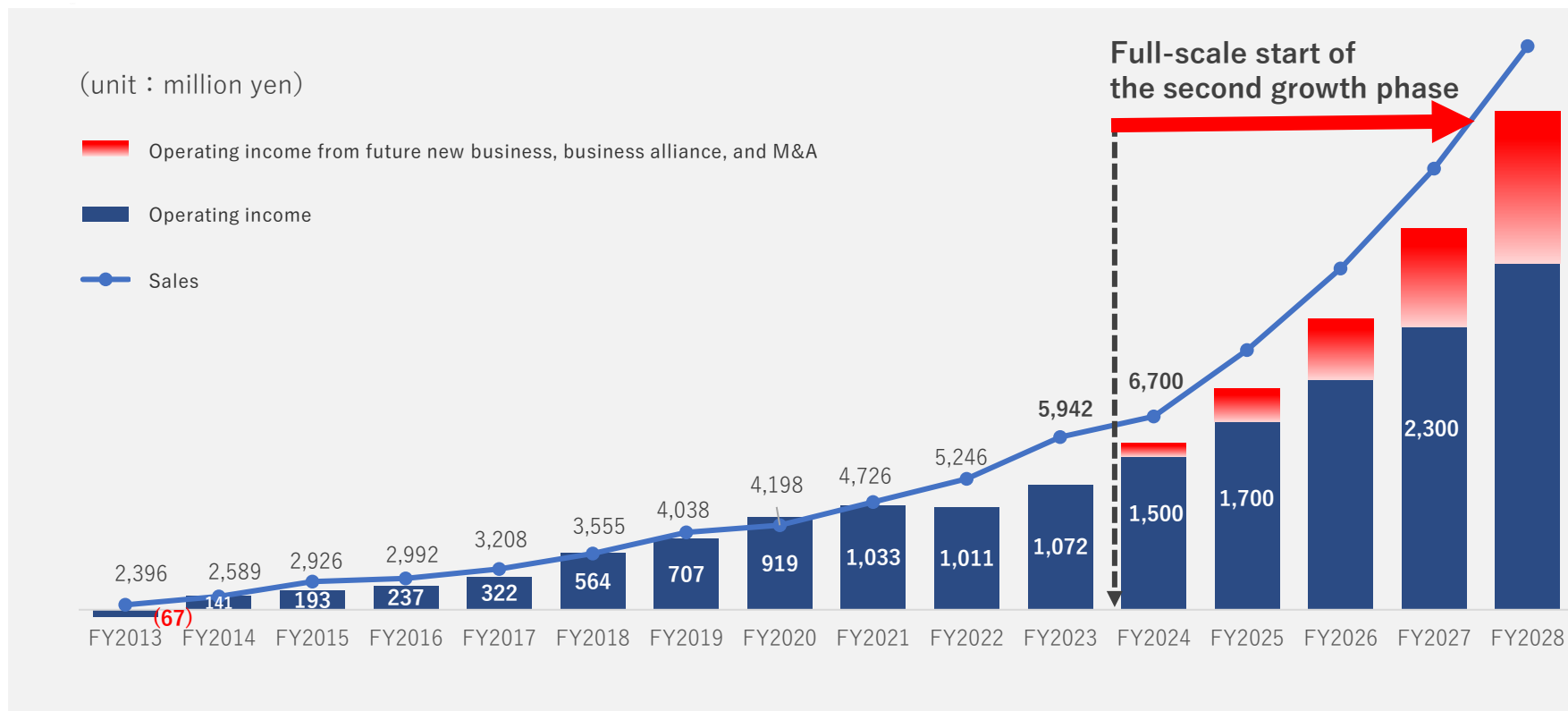
FY 2023 Q1 : ▲7 million yen
FY 2024 Q1 : ▲0.5 million yen
Controlling the FX impact

Non-business field

FY 2023 Q1 : ▲54 million yen
FY 2024 Q1 : 0.9 million yen
Gain on revaluation of yen-denominated assets of overseas subsidiaries.

Promotion of measures in the second growth phase

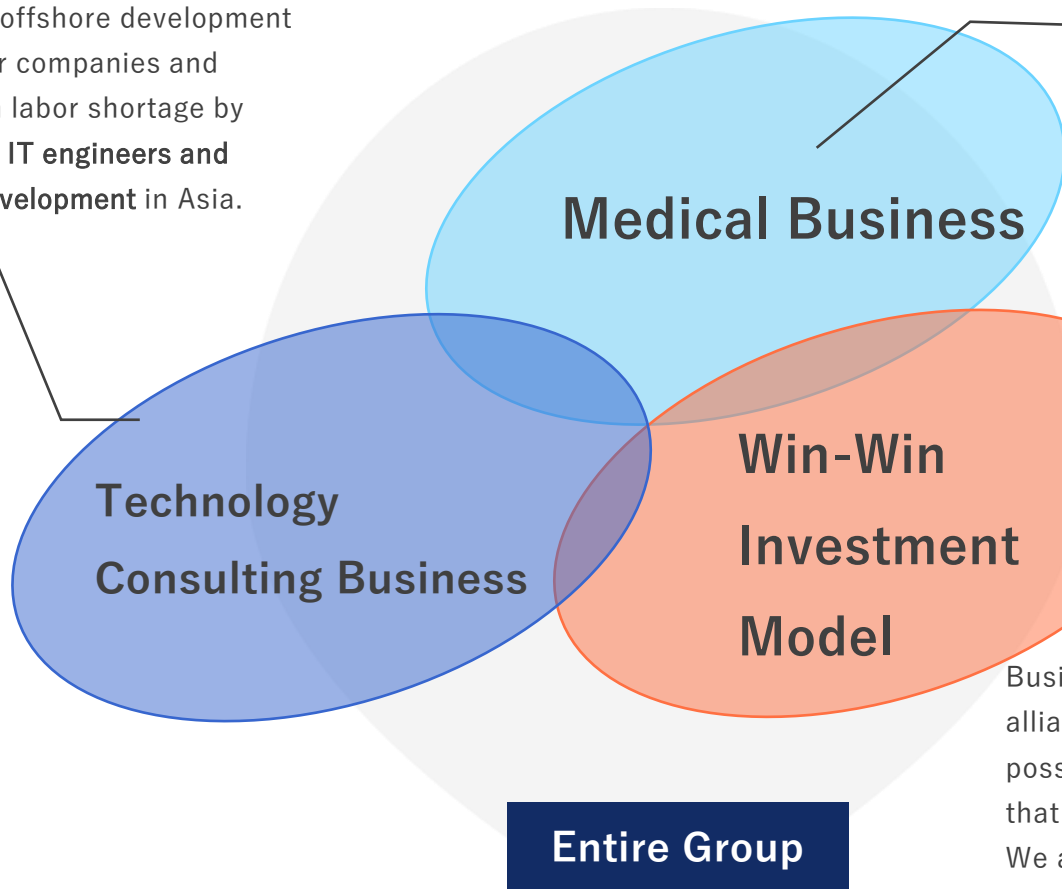
- ① Operation of multiple new platforms (medical business)
- ② Full-scale launch of Mighty QUBE® Hybrid and MightyChecker® EX's cross-selling (medical business)
- ③ Enhancement of marketing for consulting in Japan through organizational reform (technology consulting business)
- ④ Foray into the global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



Appendix

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










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



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

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

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

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

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

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

■ Business description:

Technology Consulting Business

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

Medical Business

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

Win-Win Investment Model

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

Development of New Business

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

■ Results

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

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

