

 President Masayuki Aoki	Ubicom Holdings, Inc. (3937)
	

## Company Information

Exchange	TSE 1st Section
Industry	Information and communications
CEO	Masayuki Aoki
HQ Address	Joko Bldg., 9F, 2-23-11, Koishikawa, Bunkyo-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		Market Cap.	ROE (Act.)	Trading Unit
¥1,844	11,657,120 shares		¥21,495 million	27.3%	100 shares
DPS (Est.)	Dividend Yield (Est.)	EPS (Est.)	PER (Est.)	BPS (Act.)	PBR (Act.)
TBD	-	¥51.90	35.5x	¥190.24	9.7x

\*The share price is the closing price on June 15. Each number were taken from the latest brief financial report.

## Earnings Trends

Fiscal Year	Net Sales	Operating Income	Ordinary Income	Net Income	EPS	DPS
March 2017	2,992	237	289	112	10.60	0.00
March 2018	3,208	322	355	212	19.08	0.00
March 2019	3,555	564	591	368	32.57	5.00
March 2020	4,038	707	715	533	46.17	5.00
March 2021 (Est.)	4,437	807	840	605	51.90	TBD

\*Unit: million yen, yen

\*Forecasts are those of the company.

\*The definition for net income means net income attributable to owners of parent.

This Bridge Report overviews the financial results of Ubicom Holdings, Inc. for the term ended Mar. 2020.

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## Key Points

- For the term ended March 2020, sales and profit grew by double digits. Sales rose 13.6% year on year to 4,038 million yen. The number of orders received and transactions for solutions in the global business mainly for major clients kept increasing. In the medical business, profitability improved, as a highly profitable structure was established and the sale of new products, too, contributed. Operating income was 707 million yen, up 25.4% year on year, and ordinary income was 715 million yen, up 21.0% year on year. Offsetting the strategic investment amounting to about 100 million yen, which was carried out on a full-scale basis from the second quarter, profits grew by double digits, hitting a record high for each income. Considering the recent increase of orders received and the establishment of an earning base, the company plans to pay a dividend of 5 yen/share like in the previous term. The impact of the novel coronavirus is about 20 million yen in the global business, and about 3% for ordinary income. The measures for business continuity plans (BCPs) the company has taken turned out to be effective, so the impact of the pandemic on its business and results was minor.
- For the term ending March 2021, sales and profit are estimated to grow. It is forecasted that sales will be 4,437 million yen, up 9.9% year on year, operating income will be 807 million yen, up 14.0% year on year, and ordinary income will be 840 million yen, up 17.4% year on year. Profit margins are projected to improve, and the two businesses are expected to be healthy. The company will aim to continue “strategic investment” and offset the cost of it, achieving double-digit profit growth. Both operating and ordinary income are estimated to hit a record high for the 7<sup>th</sup> consecutive term. The impact of the novel coronavirus in this term is about 50 million yen. Ordinary income is projected to virtually grow by over 20%. Like in the previous term, we can expect from their resilient management prowess against the risks of spread of COVID-19, etc. Dividends are still to be determined at the moment, but they plan to appropriately return profits to shareholders this term too, while considering the balance between the improvement of business performance and strategic investment.
- The profitability of the medical business improved remarkably. Operating income rate rose about 10% year on year. As the sales of the Mighty series, which is the mainstay, expanded, the economies of scale as packaged products were enhanced. In April 2020, the company released “SonaM,” a service that is more profitable than the Mighty series. This term, we would like to pay attention to the further increase in profitability by cross-selling subscription services, including new ones, and the progress of development of new solutions for the insurance industry.
- As for the global business, orders from major clients mainly in the financial and public sectors increased, and sales grew about 20% year on year. While carrying out upfront investment for training and recruiting outstanding personnel and developing advanced technologies, the company increased profit. This term, the company will keep increasing orders received and offering more solutions in strategic markets (finance/public, automobiles, medicine, and manufacturing/robotics), and work towards the launch of new platform businesses. The strategic investment conducted in the previous term is expected to expand the base for increasing sales and profit.

## 1. Company Overview

Ubicom Holdings is a one-of-a-kind business innovation company that creates IT solutions to social issues, such as the shortage of manpower and a medical crunch. It recognizes the financial/public, medical, automobile, and manufacturing/robotics markets as strategic markets, and offers a broad range of IT solutions and services.

It has about 1,000 engineers mainly at the development base in the Philippines, and operates two core businesses. One is the global 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 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.

### 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 a low cost 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 customers progressed well and the business expanded thanks to the competitive advantage of having a development base 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.

### 1-2 Corporate Ethos and Vision

The company advocates the following 3 management philosophies as the one and only business innovation company.

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

The company 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, and considers it as its social responsibility and raison d'etre.

### 1-3 Business Description

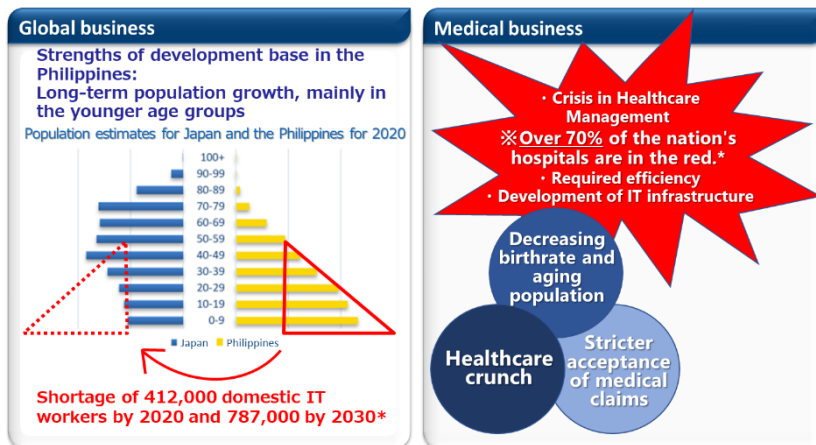
#### 1-3-1 Overview

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, automotive, financial/public sector, and manufacturing/robotics 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 software testing or inspection process of the production line), and is now working to develop and implement them, and provides services

for many client companies.

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

The business environment of Ubicom 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 global business and the medical business (which will be described in detail later) is favorable.



(Source: Ubicom HD)

#### 1) Worsening labor shortage in the IT field

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 412,000 engineers shortage in 2020 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

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 2018 at 42.6 trillion yen. As medical expenses are in an increasing trend due to the progression of the aging population, the financial situation of medical insurances keeps getting worse. 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.

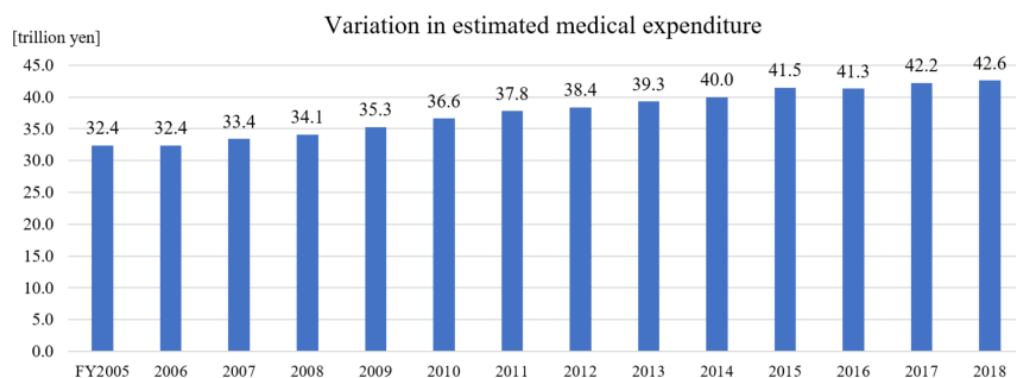
Medical institutions define the detailed statement of diagnosis and treatment, which is required to claim the amount covered by insurance from these public institutions, a Medical Claim; and the tasks performed to issue the Medical Claim are a very important procedure, which makes up most of the revenue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

While it is said that most of hospitals in Japan are in the red, Examination and Payment institutions are tightening the examination of Medical Claims and the work style reforms progress, so it is essential to increase the precision and efficiency of the Medical Claims

Inspection at medical institutions.



\*Created by Investment Bridge Co, Ltd. with reference to "Trend of Medical Expenditure" published by the Ministry of Health, Labor, and Welfare

### (3) Medical cloud market that 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 charts, 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 charts were lost in areas devastated by the Great East Japan Earthquake in March 2011. Furthermore, the medical crunch due to the spread of COVID-19 made us strongly aware of the necessity of online diagnosis and electronic charts.

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

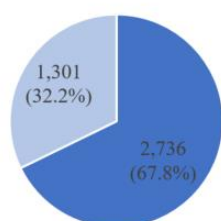
The company focuses its efforts to expand its business based on the strategic business domains of the "3As" fields, which will usher in the new age.

Field	Current situation and future plans
AI	After finishing development for audio AI and chatbots (automatic conversation programs), the company is promoting cross-sectoral application. In the future, it will focus on developing solutions with in-vehicle AI devices by using voice AI with automobiles' SDL (The smart device link that connects car audio with smartphones). In addition, it also plans to support devices installed in self-driving cars and aims to build a recurring-revenue business that will sustainably generate significant profit by the time self-driving cars become popular.
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 big data of 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 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 has 2 business segments; one is a global business that provides IT solution services to diverse markets such as Finance/Public, Medical, Automotive, Manufacturing and Robotics, and management improvement solutions etc for medical institutions such as the Medical Claims Inspection Software.

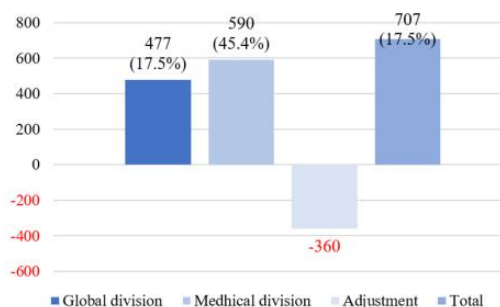
Sales composition  
(FY Mar. 2020, Unit: million yen)



■ Global division ■ Medical division

\* Sales to external customers

Operating income composition  
(FY Mar. 2020, Unit: million yen)



■ Global division ■ Medical division ■ Adjustment ■ Total

\* The parenthesis represents the ratio of profit to sales to external customers.

## 1) Global business

### - Overview

Its wholly-owned subsidiaries, Advanced World Systems, Inc. and Advanced World Solutions, Inc. are the major development bases 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 bases in the Philippines, which has a top-class engineering group composed of about 1,000 engineers. This gives it a strong competitive advantage. (Refer to 【1-4 Characteristics and Strengths】 for more details.)

### - Customers

Its client companies range broadly from finance, public, medical, automotive, manufacturing, to service industry-related ones. 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 1,000 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

### - 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, 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 user-oriented and cost-effective features. Sales were positively affected by work style reforms and over the past few years, it has gained more than 1,300 new users each year, as of the end of Mar 2020, the Mighty series occupied the top market share and was being used by approximately 38.8% of hospitals with a patient capacity of 20 or more (3,212 facilities), and 13.3% of clinics with a patient capacity of 19 or less (13,602 facilities), for a total of about 16,800 facilities.



## - Mainstay products and services

### (1) The Medical Claims Inspection Software (Mighty Checker®)

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 FY 2019, it released “Mighty Checker® EX,” an AI-based new-generation Medical Claim check system, and reaffirmed its market position.

Mainly, the company strongly supports the Medical Claim issuing process with the following features:

Product name	Features
Mighty Checker® EX	<ul style="list-style-type: none"> <li>- Top-end product in the Mighty Checker series released in the autumn of 2018</li> <li>- Next-generation system for checking Medical Claims, which was developed by upgrading the highly-evaluated functions and usability of the conventional product “Mighty Checker PRO” and incorporating AI for Medical Claims Inspection</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® Cloud	<ul style="list-style-type: none"> <li>- A cloud service for inspecting medical claims, which can be linked with electronic charts in the cloud</li> <li>- Can be used for adopting the cloud for in-hospital systems, streamlining operations, realizing remote work, BYOD with any terminals, and BCPs, as it is easy to install and operate</li> <li>- Collaborations with cloud-type electronic medical record systems to be pursued</li> </ul>

### (2) Medical Ordering check software, “Mighty QUBE® PRO”

This system utilizes the database of Mighty Checker® to check appropriateness of treatment and medication with disease, dosages 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 misoperation, it can avoid medical accidents (near-miss accidents) and assessment (reduction of claimed amount), so that medical doctors can concentrate on their primary task, that is, healthcare. 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.

### © Case study

In a case of installation in a hospital with 6 medical staff members, the hours for Medical Claims per month halved in a month after installation, and the claims support functions increased sales.

In the future, working hours will become even shorter as the staff gets used to operating the software. As more data accumulated, accuracy is also expected to improve further with the use of AI detection.

### (3) 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, at medical institutions that 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 charts, 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

### 1-4-1 Training and utilizing approximately 1,000 engineers, mainly at its development sites in the Philippines

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

The development base in the Philippines and its predecessor have over 20 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 1,000 engineers enrolled mainly in development bases 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 by a long track record, the engineers who seek employment at the company highly value the development base in the Philippines, and the group receives a few thousand applications for engineer positions every year. However, only top 4% of applicants are accepted.

#### 3) Human resources development with original education 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, 16 years ago, 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 for 5 months and it aims employees will 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 customer 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, 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, AWS, 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 global division 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, 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**

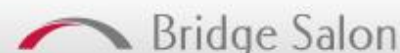
The president Aoki considers all the employees, including those who work overseas, and their family members as "fellows." He thinks that one of the Group's strengths is that it achieves leaping growth thanks to all the employees who positively work with a cheerful never-fading smile, yet are never satisfied 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).

## BRIDGE REPORT



## 1-5 ROE Analysis

	FY 3/2015	FY 3/2016	FY 3/2017	FY 3/2018	FY 3/2019	FY 3/2020
<b>ROE (%)</b>	<b>4.9</b>	<b>-</b>	<b>12.2</b>	<b>17.7</b>	<b>24.7</b>	<b>27.3</b>
Net Income to Sales Ratio (%)	1.24	-0.16	3.76	6.63	10.37	13.21
Asset Turnover Ratio (x)	1.33	1.46	1.44	1.36	1.27	1.17
Leverage (x)	2.97	2.62	2.25	1.96	1.87	1.76

\*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.

ROE is rising, due to the improvement in margin.

The net income to sales ratio in the term ending 2021 is forecasted to 13.6% over the previous year's forecast, and ROE is expected to further rise.

## 1-6 Shareholder Return

While the company recognizes returning profits to shareholders as one of the management priorities, it has been prioritizing expansion of its internal reserves for future business development and reinforcing the management quality. However, in FY03/19, the company paid a dividend of 5.00 yen per share for the first time considering the recent increase of orders received, robust business performance, and the establishment of the foundation for a profitable recurring-revenue business model. In the previous fiscal year, the company also paid a dividend of ¥5.00 per share and the payout ratio was 10.8%.

From now on, the company will concentrate on the improvement of measures for returning profits to shareholders with the aim of achieving a payout ratio of 30% or higher, while considering the balance between the improvement in business performance and strategic investment, based on the creation of stable cash flows through the shift to the subscription business model.

## 2. Fiscal Year ended March 2020 Earnings Results

## 2-1 Earnings Trends

	FY Mar. 19	Ratio to sales	FY Mar. 20	Ratio to sales	YoY	Compared to the initial forecast
Sales	3,555	100.0%	4,038	100.0%	+13.6%	+0.4%
Gross profit	1,555	43.8%	1,720	42.6%	+10.6%	
SG&A	991	27.9%	1,012	25.1%	+2.2%	
Operating Income	564	15.9%	707	17.5%	+25.4%	+5.4%
Ordinary Income	591	16.6%	715	17.7%	+21.0%	+0.7%
Current Net Income	368	10.4%	533	13.2%	+44.7%	+20.3%

\*Unit: million yen

## Double-digit increase in sales and profit by absorbing strategic investments.

Sales rose 13.6% year on year to 4,038 million yen. Orders from mainly major customers and solution services in the global business continued to increase. In the medical business, the company established a highly profitable business structure, and the launch of new products contributed to improve profitability.

Operating income was 707 million yen, up 25.4% year on year, Recurring profit was up 21.0% year on year to 715 million yen. The company was also able to offset the cost of strategic investments (approximately 100 million yen) that were conducted on a full-scale basis in the second quarter, achieving double-digit profit growth. Each profit reached record highs.

In light of the recent increase in orders and the establishment of a foundation for profit generation, the Company plans to pay a dividend of 5 yen per share, the same as last year.

The impact of the novel coronavirus was about 20 million yen in the global business, and about 3% in ordinary income.

Based on the remote offshore experience accumulated for over 20 years and the advanced security system for finance, etc., they can “respond to uncertainties,” such as unexpected disasters, and “conduct resilient business administration.” In addition, since the company produced sufficient business continuity plans (BCPs) and contingency plans, including the decentralization of development sites in the Philippines, they were able to minimize the impact on their business results.

## 2-2 Trend of Segments

	FY Mar. 19	Ratio to sales	FY Mar. 20	Ratio to sales	YoY
Global Business	2,272	63.9%	2,736	67.8%	+20.4%
Medical Business	1,282	36.1%	1,301	32.2%	+1.5%
<b>Consolidated Sales</b>	<b>3,555</b>	<b>100.0%</b>	<b>4,038</b>	<b>100.0%</b>	<b>+13.6%</b>
Global Business	457	20.1%	477	17.5%	+4.4%
Medical Business	446	34.9%	590	45.4%	+32.2%
Adjustment	-340	-	-360	-	-
<b>Consolidated Operating Income</b>	<b>564</b>	<b>15.9%</b>	<b>707</b>	<b>17.5%</b>	<b>25.4%</b>

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

### (Global business)

The strategic investments in recruitment and R&D, which have been carried out since the previous term, bore fruit.

#### ◎Global section

The number of orders from major existing clients increased in the fields of automation of software tests and inspection in manufacturing lines and the development of embedded software and apps, and the company increased profitable transactions using the established development base for test automation solutions for leading automobile manufacturers, mobile and cloud services, etc.

The company also enhanced activities for increasing major clients from the term ending March 2021, targeting leading PC manufacturers, trading companies, computer game developers/makers, foreign-affiliated automobile manufacturers, etc.

#### ◎Enterprise section

Both new and existing finance and public sector projects expanded rapidly, and operating income increased roughly 2.1x year on year thanks to aggressive recruitment including mid-career recruits and the human resources platform that began full-scale operation in the previous term.

### (Medical business)

The recurring revenue business related to sales of Mighty series packages is steadily growing.

Profitability improved significantly due to the establishment of a high-revenue subscription model and a reduced number of outsourced projects with low profit margins (excluding projects related to strategic development).

There have been many inquiries about the next-generation prescription-checking system “Mighty Checker EX,” which was launched in the previous term. The number of facilities using the Mighty Checker EX system increased steadily, including several hospitals belonging to top-class medical groups.

In addition to expanding use of the Mighty Checker EX system within major medical groups, the company worked with multiple financial institutions to promote direct sales and strengthen marketing, and implement measures to achieve even higher profits.

The company actively launched new businesses for digitization in the medical field, including “SonaM,” a new medical cloud service released in March 2020, the development of new solutions for insurance companies, and the analysis of data for health insurance societies, academic societies, etc. The company will continue active investments for securing a “new subscription-type revenue source” in the future following the Mighty series.

## 2-3 Financial position and cash flow

### Main Balance Sheet

	Mar. 19	Mar. 20		Mar. 19	Mar. 20
<b>Current Assets</b>	2,532	3,128	<b>Current liabilities</b>	1,210	1,370
Cash and Deposits	1,637	1,976	ST Interest Bearing Liabilities	120	115
Receivables	553	667	Advances received	645	702
<b>Noncurrent Assets</b>	561	668	<b>Noncurrent liabilities</b>	192	208
Tangible Assets	72	65	LT Interest Bearing Liabilities	15	-
Intangible Assets	79	132	<b>Liabilities</b>	1,403	1,579
Investment, Others	409	470	<b>Net Assets</b>	1,690	2,217
<b>Total assets</b>	3,093	3,797	<b>Total Liabilities and Net Assets</b>	3,093	3,797

\*Unit: million yen

Due to the increase in cash & deposits, receivables, and investment & others, total assets grew 703 million yen from the end of the previous year to 3,797 million yen.

Due to the rise in advances received, the posting of provision for loss on order receipt, etc. total liabilities augmented 176 million yen from the end of the previous year to 1,579 million yen.

Due to the increase in retained earnings, net assets rose 527 million yen from the end of the previous year to 2,217 million yen.

As a result, capital adequacy ratio rose 3.8 points from the end of the previous term to 58.4%.

### ◎Cash flow

	FY 3/19	FY 3/20	Increase and Decrease
<b>Operating cash flow</b>	567	498	-69
<b>Investing cash flow</b>	-206	-69	+137
<b>Free cash flow</b>	361	429	+67
<b>Financing cash flow</b>	58	-96	-155
<b>Cash, equivalents at term-end</b>	1,602	1,941	+338

\*Unit: million yen

The surplus of operating CF shrank, due to the increase in payments of interests and income taxes, although net income before tax and other adjustments increased.

As the purchase of investment securities declined, the deficit of investing CF shrank, and the surplus of free CF expanded. Financing CF turned negative, due to the expenditure for repaying lease obligations and the payment of dividends.

The cash position improved.

## 2-4 Topics

### ◎ Release of “SonaM, a medical cloud in preparation for disasters”

In April 2020, the subsidiary, AIS Co., Ltd., released “SonaM, a medical cloud in preparation for disasters,” which supports BCPs and medical data preservation of medical institutions, with one of the most advanced security bases in Japan.

(Background of the development of “SonaM”)

In Japan, which is often hit by natural disasters, such as earthquakes and typhoons, we need to be prepared for emergencies, for example, by producing business continuity plans (BCPs), so that enterprises will be able to continue or swiftly restore their core businesses at the time of emergencies, including disasters and failures.

Especially, in medical institutions, which 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, as IT and cloud computing, including electronic charts, have been distributed rapidly

in recent years.

(Outline of SonaM)

“SonaM,” which is a cloud service specializing in BCPs and preservation of medical data, including medical claims, medical charts, and examination images, in medical institutions, preserves medical data 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.

The Ubicom group provides medical institutions with IT solutions, including the Mighty series, and supports BCPs, data preservation, and adoption of the cloud with “SonaM.” The group plans to keep creating new services for the medical sector, which forges the future of Japan.

### ◎ Investments conducted in the term ended March 2020

In the term ended March 2020, the company carried out mainly the following investments.

The effects of the investments are expected to be exerted on a full-scale basis from this term ending March 2021.

- ☆ The cutting-edge technologies and investments in R&D for software automation, AI-based anomaly detection, AI-based chatbots, etc. in the Philippines
- ☆ Strategic investments in human resources, including AI engineers and data scientists. The company employed dozens of next-generation R&D personnel (new graduates who majored in science or engineering) in the Philippines.
- ☆ Recruitment of personnel who can lead a large-scale project, as clients are increasingly rapidly.
- ☆ Personnel who possess top class expertise in specific domains, such as medicine, finance, and automobiles, participated. The company recruited 6 Japanese project managers specializing in strategic fields (automobiles, finance, healthcare, and manufacturing/robotics).
- ☆ Asia region executive joined, looking ahead to more business operation in Asia.
- ☆ Competent personnel who can offer consulting services related to AI, RPA, etc. were increased. “High unit price” models will be created.

## 3. Fiscal Year ending March 2021 Earnings Forecasts

### Earnings Forecasts

	FY Mar. 20	Ratio to sales	FY Mar. 21 Est.	Ratio to sales	YoY
Sales	4,038	100.0%	4,437	100.0%	+9.9%
Operating Income	707	17.5%	807	18.2%	14.0%
Ordinary Income	715	17.7%	840	18.9%	17.4%
Net Income	533	13.2%	605	13.6%	13.4%

\*Unit: million yen.

\*The forecasted values were provided by the company.

### Increased Sales and profit. Profit will reach a new record high.

Sales are estimated to rise 9.9% year on year to 4,437 million yen. Operating income is forecasted to grow 14.0% to 807million yen, and ordinary income will increase 17.4% year on year to 840 million yen.

Profit margins also improved.

Both businesses will continue to perform well. Ubicom aims for double-digit profit growth, while continuing strategic investments and offsetting their impacts.

Both operating income and ordinary income are expected to reach record highs for the 7th consecutive term.



The new coronavirus will have an impact of approximately 50 million yen this fiscal year. Ordinary profit will increase by more than 20% in real terms.

Although the dividend has not yet been decided, the company plans to return profits to shareholders appropriately, as in the previous year, depending on the level of profits.

## 4. Business Progress and Growth Strategy

The company, which has grown by offering its original IT solutions to social issues, has enhanced the following activities in the global business, medical business, and the whole group.

### 4-1 Progress and growth strategy of the global business

#### 4-1-1 Overall Growth Vision

The company will accelerate the application of the recurring revenue business to the strategical markets of finance, the public sector, automobiles, medicine, manufacturing and robotics.

To realize the above, the company has designed the following three business strategies.

#### (1) Organic

The company will grow the existing basic businesses, such as embedded software development, software testing, automotive testing, and business applications for financial/public infrastructure by 20%.

By utilizing the strengths in existing areas, such as “the experience of large-scale offshoring for multinational companies,” “abundance in development personnel,” “cost competitiveness,” “development under the English-speaking/global environment,” “Japanese-quality development and project management,” “24/7 support service,” “software development/testing experience,” and “high-level IT personnel in the areas of analysis, mobile devices and IoT,” the company will further expand existing domains, including software development and testing for IoT device and PC manufacturers, while increasing new major customers.

The company defines pillar customers (major customers) as “market leaders in respective industries with whom the company has a continuous business relationship (of the size of hundreds of millions of yen in sales for each customer),” and combines offshore (using a development base in the Philippines) and on-site (visiting the customer’s site) activities appropriately depending on the size of sales for each customer in order to improve profitability.

The company's ultimate goal is to have more than 50 engineers assigned to a big pillar (its most important client) with whom it has established ongoing development partnerships, and most development is done offshore.

Economies of scale provide cost benefits to both the client and the company, and the company is able to achieve high operating profit margins due to increased development productivity from accumulated industry knowledge and the ability to develop its own solutions, such as test automation.

For the company’s eventual goal, that is, a big pillar (the most important customers) with an established continuous development partnership, the company assigned more than 50 engineers and conducts development mostly outside Japan.

The economies of scale offer cost advantages to both the company and its customers, and the company is able to achieve a high operating income rate thanks to the increased development productivity with accumulated knowledge about industries and the ability to develop its own solutions such as test automation.

For reeling in major customers, the company has been making efforts in enhancing its sales system particularly in Japan, China, and the U.S., improving its development capacity through utilization of resources of its second-tier subsidiary in the Philippines, strengthening marketing on the Japan’s side, etc.

#### (2) Solutions

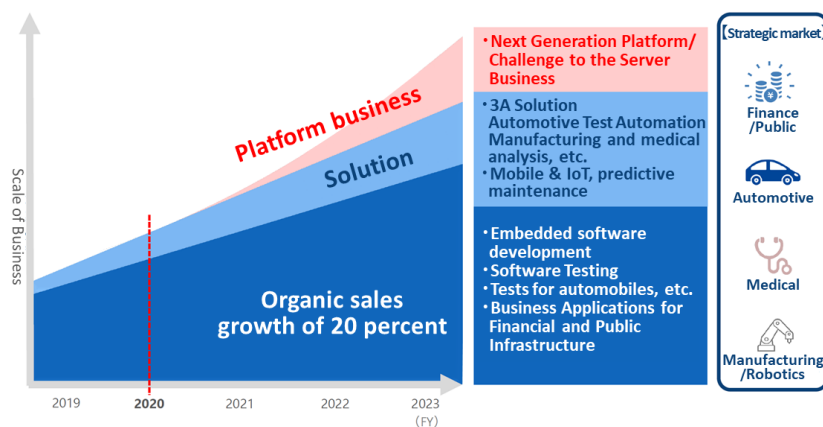
The company offers its own solutions pertaining to 3As solutions (analysis for the manufacturing and medical care industries and automated tests for automobiles), mobile devices and IoT, AI, analysis and automation technologies such as predictive maintenance.

More specifically, the company is taking the following initiatives:

- \*Official launch of AI chatbot development for major consulting firms and its application to other industries
- \*Application of test automation solutions for automobiles/construction equipment manufacturers
- \*Shift to a recurring revenue business through full-scale sales of solutions (licenses)
- \*Testing, development, maintenance, etc. in the platform/server business (BtoB information services, etc.)

### (3) Platform business

The company will endeavor to conduct next-generation platform/server businesses, and create next-generation IT services.



(Source: Company)

#### 4-1-2 Growth strategy in each business domain

##### 4-1-2-1 Growth strategy in the financial and public sectors

In the enterprise solutions division, which is responsible for the financial and public sectors, demand for system migration increased through the adoption of cashless systems and fintech, and sales in the financial and public sectors for the term ended March 2020 rose about 40% and operating income doubled from the previous term. Both sales in the financial and public sectors and operating income increased greatly.

The factors in increasing sales and profit include the revision of the price per engineer per month, early training of young engineers, the increase of mid-career engineers who are ready to work immediately, maintenance of high efficiency, and offshoring.

The company will continue to aim for high growth this term by focusing on profitable projects.

The company will accelerate the accumulation of recurring revenues through the following measures.

- ☆ The company will accumulate recurring revenues by continuing to receive orders for operation and maintenance services after the completion of new project development, which increased rapidly in the previous term, and offshoring, in order to achieve business stability and a higher profitability. It has set a target profit margin at 35% or higher.
- ☆ It will accelerate offshoring based on requests for further cost reduction and work from home / remote work experience.
- ☆ It will have new major customers. It has already started approaching some companies.
- ☆ It will further utilize its expertise in credit guarantee-related system development.

The company aims to raise the ratio of recurring revenue-type operation and maintenance services after system development, including operation and maintenance, 24-hour support, licenses, and additional services, from 20% in the previous term to 40-50% in the term ending March 2023.

##### 4-1-2-2 Growth strategy in the automotive domain

The company will further enhance development skills and quality to extend “in-vehicle software testing business” to “in-vehicle software development business”. Furthermore, it aims to expand and advance the scope of development to the next generation domains, including model-based development/testing, test automation tool development, and annotation (data tagging process in AI development)/tool

development.

In order to do so, the company will take the following initiatives.

- \*The company will improve quality by increasing the number of project managers with advanced knowledge of the automotive industry, and enhance technical and management skills of engineers in the in-vehicle domain to a higher level in the future.
- \*It will explore alliance-type development through a win-win model.
- \*It will expand its specialty in embedded software and software testing.
- \*It will expand more advanced development models such as model-based development.

**4-1-3 Strategy for human resources development in the next-generation domain**

The company actively invests in human resources development and training in order to promote the development of next-generation technology mainly for strategic business domains (automobiles, finance/public sector, medicine, and manufacturing/robotics).

The next-generation domain is expected to include automated driving, test automation for PC/IoT device manufacturers, “3As” including remote image diagnosis systems, and predictive maintenance systems for asset management in the financial and public sectors, and the company is investing in human resources and technology from a medium and long-term perspective by utilizing its abundant young talents in the Philippines and know-how in development of top engineers, which are the sources of its competitive advantage.

The education and training program has two stages: basic and advanced education.

In the first five months of basic education after hire, engineers acquire basic engineering skills and Japanese language skills equivalent to Japanese Language Proficiency Test Level 4 through the company’s training program ACTION.

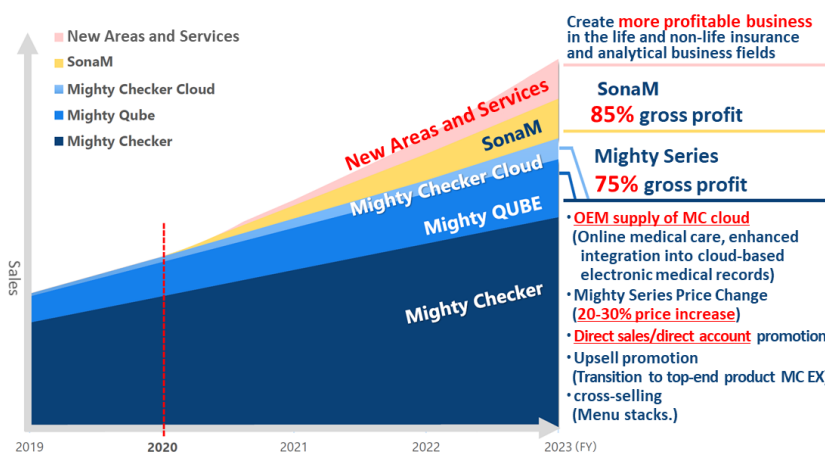
In the advanced education after the basic education, the company promotes advanced technology development and improvement in skills through collaboration with development partners and next-generation platformers in the next-generation domain.

**4-2 Progress and growth strategy of the medical business**

**4-2-1 Overall growth vision**

The company will expand the highly-profitable base through cross-selling of the subscription menu, including SonaM, which was launched as a new high-margin product following the Mighty series, by increasing direct accounts through direct sales, etc., and aim for early creation of a “new highly-profitable business” in the life and non-life insurance domains, analysis business, etc.

For the Mighty series, the company is revising the price by 20-30%.

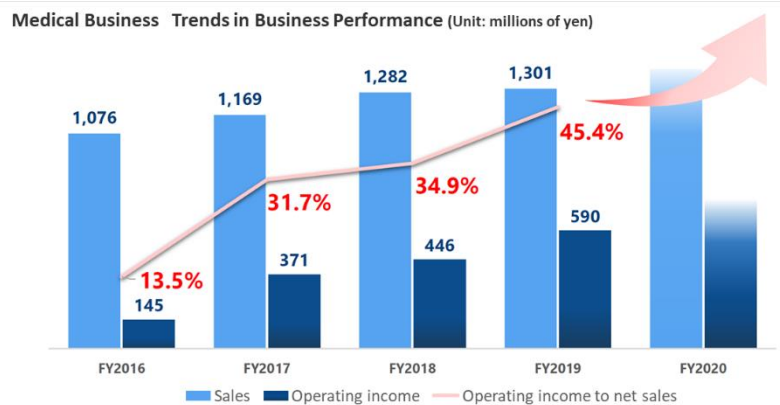


(Source: Company)

**4-2-2 Variation in business performance**

Profit margin has improved significantly through the establishment of highly-profitable models.

The new service SonaM is another highly-profitable model with a high gross profit rate of 85%, and the company will aim for a higher profit margin through continued expansion of direct sales, price revision, etc.



(Source: Ubicom HD)

#### 4-2-3 Future focused domains

The company will promote development of new businesses and domains, and collaboration to evolve into a total healthcare solutions provider.

As has been described above, it strives to be a platform business for the insurance industry, utilizing its analysis services for the insurance sector and original medical database backed by its track record of providing such services to 16,800 users.

In the current term, the company plans to start working on analysis services for the insurance sector, aims demonstration development and launch of platform business.

#### 4-2-4 Future sales strategy

Seizing the opportunity of the trend of remote working triggered by the spread of the novel coronavirus, the company will promote the reform of its marketing style.

Concretely, it will shift customer support from cost center to profit center through the transition to online marketing, sales and support services, and aim for higher profitability by increasing direct sales.

The company expects to grow its sales by increasing the number of demos implemented by shifting to web-based product demos. Furthermore, providing post-installation operational guidance remotely will expand the capacity of installation support, leading to increased sales.

Also, the company will strengthen the sales of cloud-type products including Mighty Checker Cloud and SonaM in response to the needs for diversification of medical services, such as online consultation, in addition to holding online workshops for sales partners.

#### 4-3 Group-wide growth strategy

##### (1) A shift in strategy in the U.S.

The company, based in the U.S., will reach out to the next technology and services.

For this reason, it opened a Ubicom satellite office at “GoAhead Ventures,” an advanced IT fund in the U.S in which it invested in October 2019, to enhance its research capabilities related to advanced technology of the U.S.

Also, the company provides testing/development/maintenance services and conducts marketing for major and medium-sized companies in the U.S., and has begun to explore the seeds of venture businesses in the U.S. and discuss ways to add value to its solutions, including collaboration in Japan and Asia.

##### (2) Strategy in Asia

In order to expand its development capabilities, the company will make efforts in establishing human resources training and development bases after the Philippines, and enhancing sales and marketing activities in China and Taiwan,

(3) Win-win strategy

The “win-win strategy,” which is positioned as the pillar of the company’s growth strategy, is progressing steadily behind the scenes, including collaboration in the AI domain, next-generation solutions, and the platform business for the insurance industry, alliances with major companies, and M&A of IT firms, while carefully assessing synergies.

After M&A, the company will carry out PMI and business restructuring within one year to improve profit margin by 25%.

(4) Establishment of the “third business”

The company strives to establish the “third business” following the global business and medical business.

The key words for the new business are “growing domain, young human resources, subscription-based business model, and next-generation technology.”

The company will select young and talented members for the new business from across the divisions, and take on the challenge of developing the next-generation new business with a different focus from the existing businesses, such as IT services and platform businesses.



## 5. Conclusions

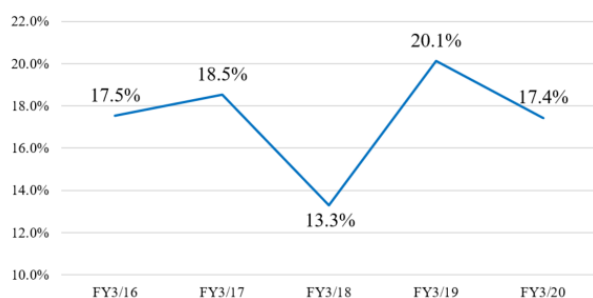
The medical business showed remarkable improvement in profitability.

Operating income margin increased by about 10% Year on Year. The Mighty series, the main product in this segment, continued to expand sales, and economies of scale as a packaged product increased. It has been growing rapidly.

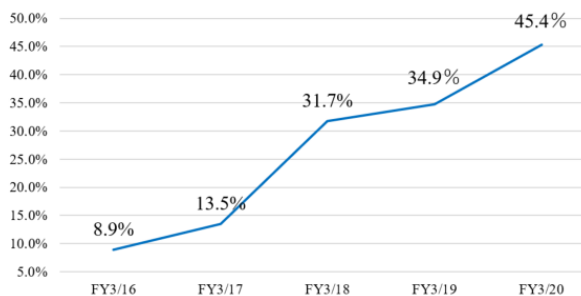
The company has released a SonaM, a highly profitable service that will surpass the Mighty series by April 2020. The introduction of this one is also noteworthy.

On the other hand, in the global business, orders from major customers, particularly in the financial and public sector, increased, and net sales increased year on year by approximately 20%. Profit increased while investing in the training and hiring of high-level personnel and in the development of advanced technologies. This term, the company will continue to focus on increasing orders received and offering more solutions in strategic markets (finance/public, automobiles, medicine, and manufacturing/robotics), and work towards the launch of new platform businesses. The strategic investment conducted in the previous term is expected to expand the base for increasing sales and profit.

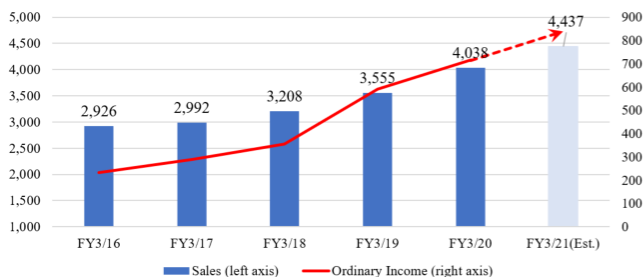
Trend of Operating Income Ratio in Global Business



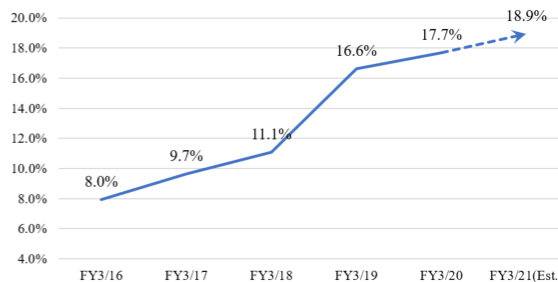
Trend of Operating Income Ratio in Medical Business



Trend of Sales and Ordinary Income (Unit: million yen)



Trend of Ordinary Income Margin



(Based on the material of Uvicom HD, Investment Bridge created)

## <Reference: Regarding Corporate Governance>

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

Organizational structure	Company with audit and supervisory board
Directors	5, out of which 2 are outside directors.
Corporate auditors	3, out of which 2 are outside auditors.

### ◎ Corporate Governance Report

Last updated: June 24, 2020

#### \*Basic Policy

The corporate ethos of our company is “to remain a one-of-a-kind 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 the Principles of the Corporate Governance Code (Excerpts)>

Principles	Reasons for not implementing the principles
【Supplementary principle 1-2-(4) Electronic exercise of voting rights, and translation of convocation notices into English】	Considering the current composition of our shareholders, we have not adopted the electronic exercise of voting rights and the translation of convocation notices for general meetings of shareholders into English. Seeing the ratio of exercised voting rights so far, we think that the exercise of voting rights in Japanese has not caused any significant troubles. From now on, we will discuss their necessity, while taking into account the situation of exercise of voting rights by overseas investors, the trend of the ratio of foreign shareholders, etc.
【Supplementary principle 4-2-(1) Remunerations and incentives for executives】	Since the term of each director of our company is one year, their remunerations are revised every year according to the performance in the previous fiscal year, but we have not adopted remunerations that vary with mid/long-term performance or remunerations paid with treasury shares. As for the remunerations for executives, we recognize the necessity to reflect mid/long-term corporate performance and potential risks in them and give incentives for stirring entrepreneurship soundly, and will keep discussing appropriate methods.

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

Principles	Disclosure contents
Principle 1-4 【The so-called strategically held shares】	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.
[Supplementary Principle 4-11-(2) Status of concurrent outside directors]	Concurrent positions held by outside directors and outside corporate auditors at other companies are disclosed on an annual basis along with notifications for the general meeting of shareholders, securities reports, and reports on corporate governance. Two outside directors concurrently serve as outside directors of companies other than the Company, but executive directors are to focus solely on the Company, and they do not hold concurrent positions as officers of companies other than the Company and its subsidiaries. One of the two outside corporate auditors concurrently serve as an external corporate auditor of a company other than the Company, but it does not hinder their duties as a corporate

## BRIDGE REPORT



	auditor.
Principle 5-1 【Policy for constructive dialogue with shareholders】	<p>We positively respond to shareholders' application for dialogue.</p> <p>The finance and accounting department and the strategic planning department are 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.</p> <p>In addition, we hold a result briefing session involving the representative director and distribute a result briefing video twice or more times every year.</p>

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