

BRIDGE REPORT



President Masayuki Aoki

Ubicom Holdings, Inc. (3937)



Company Information

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

Stock Information

Share Price	Shares Outstanding (Term-end)		Market Cap.	ROE (Act.)	Trading Unit
¥1,026	12,249,920 shares		¥12,568 million	16.8%	100 shares
DPS (Est.)	Dividend Yield (Est.)	EPS (Est.)	PER (Est.)	BPS (Act.)	PBR (Act.)
-	-	¥78.20	13.1x	¥456.77	2.2x

*The share price is the closing price on May 16. Figures are based on the financial results for the fiscal year ended March 2025. ROE and BPS are the results in the previous fiscal year. DPS (Est.) is undetermined.

Earnings Trends

Fiscal Year	Net Sales	Operating Income	Ordinary Income	Net Income	EPS	DPS
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 (Act.)	6,340	1,315	1,341	858	71.13	40.00
March 2026 (Est.)	6,572	1,351	1,364	948	78.20	-

*Unit: million yen, yen. Forecasts are those of the company. The definition for net income means net income attributable to owners of parent. The dividend for the fiscal year ending March 2026 is still to be forecast.

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

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Key Points

- In the fiscal year ended March 2025, sales increased 6.7% year on year to 6,340 million yen. Operating income increased 22.7% year on year to 1,315 million yen. Gross profit increased 11.7% in line with the increase in sales. Selling, general and administrative expenses augmented 1.6%, but this was absorbed, and they achieved a double-digit profit growth. Both businesses achieved record-high sales and operating income. Ordinary income increased 43.3% to 1,341 million yen. A foreign exchange loss of 92 million yen in the previous fiscal year turned into a foreign exchange gain of 21 million yen. The year-end dividend will be 40.00 yen per share, a significant increase of 27.00 yen per share from the previous fiscal year. The dividend payout ratio was 56.2%.
- For the fiscal year ending March 2026, sales are expected to increase 3.6% year on year to 6,572 million yen, and operating income is forecast to rise 2.7% year on year to 1,351 million yen. In the medical business, steady growth is expected for the Mighty series. In addition, orders for the ordering check software “Mighty QUBE® Hybrid” are expected to increase, mainly from major medical institutions. They have positioned the M&A strategy with ISM Co., Ltd., with which they began negotiations in the fiscal year ended March 2025, as a successful model for medium- to long-term growth and as a starting point for future expansion measures. In addition to expanding their steady order receipt in the technology consulting business, they will promote a shift to a business model that is not subject to price competition and focus on providing services with higher added value. They will promote structural reforms to achieve sustainable profitability improvement.
- Their consolidated subsidiary, AIS Co., Ltd., acquired shares in ISM Co., Ltd. (making it a subsidiary). ISM has been entrusted by Fukuoka Prefecture Medical Association with the task of constructing a regional medical information network, and has established a strong business foundation with more than 800 medical institutions. They will deepen their collaboration with ISM, with an eye toward future M&A, and promote the strengthening of their business operation in the Kyushu region. They will also aim to increase unit prices by switching to new products.
- In the technology consulting business, they will start investing to strengthen their mid to long term profitability. Due to the impact of the U.S. tariff measures, some clients, mainly in the manufacturing industry, are intensifying pressure to lower prices. The company plans to build an organizational structure to improve its price negotiation capabilities. Furthermore, changes are occurring in the supply chain due to the U.S.-China relation. With the slowdown in the Chinese economy, Japanese and global companies are downsizing or withdrawing their operations in China. The company is downsizing its Chinese offices and consolidating its operations. It is establishing a system to secure operating income by reducing fixed costs.
- The profit margin of the medical business rose 4.1 points from 61.4% in the fiscal year ended March 2024 to 65.5%, continuing its steady annual increase. However, the sales growth rate of the medical business remained limited to a 4.7% increase from the previous fiscal year. Under these circumstances, M&A can be seen as a key strategy to drive revenue growth. The inclusion of ISM in the scope of consolidation is expected to be a stepping stone for this. Going forward, they plan to actively cooperate with sales agents, so we will be watching the progress during the fiscal year ending March 2026.

- While the fiscal year ended March 2025 saw a significant increase in profit, the fiscal year ending March 2026 is expected to see only a slight increase in operating income. This is due to the impact of the U.S. tariffs on the technology consulting business and the economic slowdown in China. However, the company is also quickly coming up with countermeasures. They say the effects of these efforts are expected to begin to appear from the second half of the fiscal year ending March 2026, so we will be keeping an eye on the results.

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 operates two core businesses. One 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. The other is the technology consulting business that has over 900 engineers mainly at the development center in the Philippines and solves the shortage of IT personnel and promotes digital transformation (DX) in Japan, by developing software and advanced solutions including AI. 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 ended 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

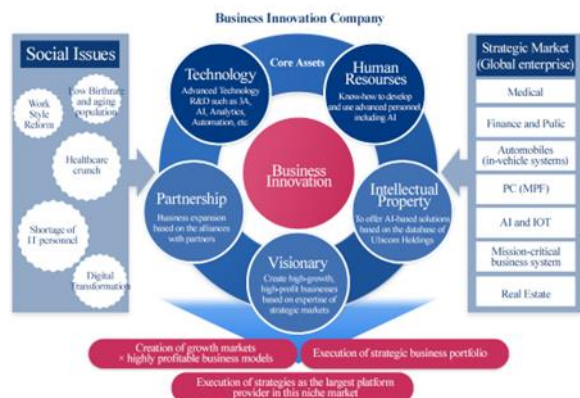
To increase the “fellows” of the Ubicom group, by prospering together with customers, collaboration partners, and all other stakeholders

Based on five core assets: technology, human resources, intellectual property (IP), foresight, and partnerships, the company

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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)

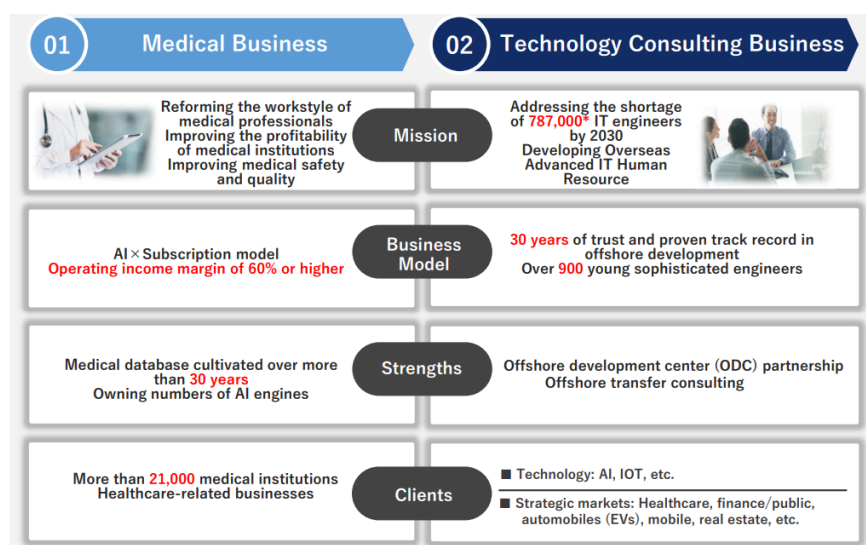
1-3 Business Description

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 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 medical business and the technology consulting business (which will be described in detail later) is favorable.



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

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(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 2023 at 47.3 trillion yen.

Medical expenses are in an increasing trend due to the progression of the aging population, 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.

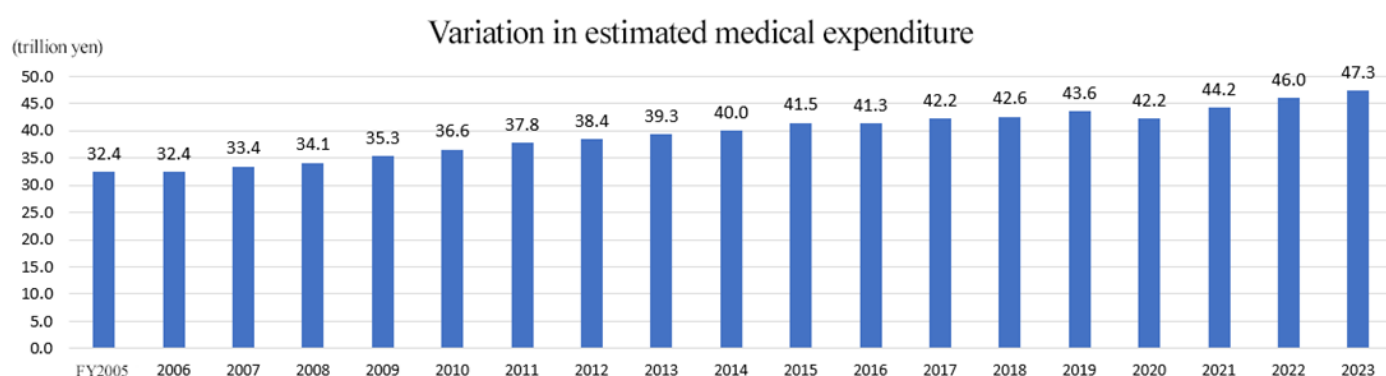
In 2009, medical institutions were obligated to make online requests for Medical Claims, as a general principle.

(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.



* 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 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.

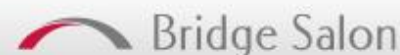
Some point out the problem of safety from the viewpoint of protection of personal information, but the medical cloud market is expected to grow considerably for offering solutions to social issues while keeping a balance between the tightening and easing of regulations.

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	<p>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.</p> <p>After finishing development for audio AI and chatbots (automatic conversation programs), the company is promoting cross-sectoral application.</p>
Analytics	<p>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.</p> <p>In addition, the company provides solutions for predictive maintenance for factories and shipping companies.</p>
Automation/RPA	<p>The company has established an engine for software testing automation and is pursuing robotics and RPA (automation of business operations with robots).</p> <p>It aims to expand its market reaching leading robotics and FA manufacturers.</p>

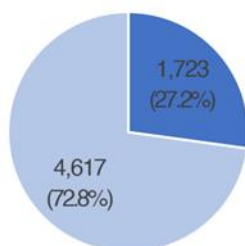
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1-3-4 Segments

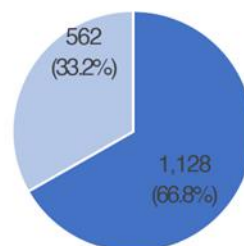
The company reports 2 business segments; the technology consulting business that provides IT solution services to diverse markets such as Medical, Finance/Public, Automotive (EV), Mobile, Real Estate etc., and the medical business that provides management improvement solutions etc. for medical institutions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

Sales composition
(FY Mar.2025, Unit: million yen)

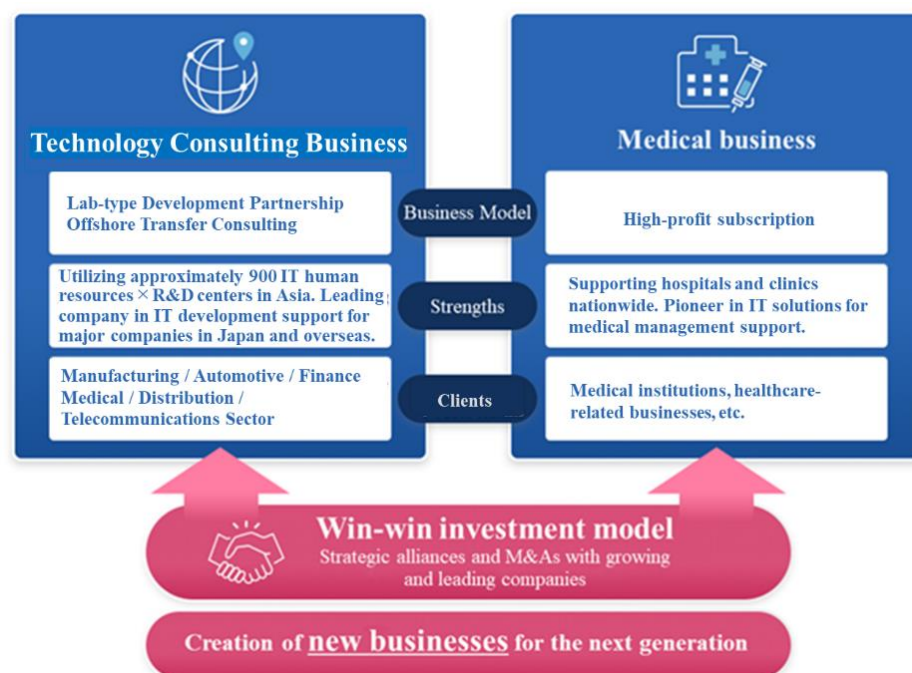


■ Medical business ■ Technology consulting business
* Sales to external customers. Ratio to the sum of external customers and reported segments

Operating income composition
(FY Mar.2025, Unit: million yen)



■ Medical business ■ Technology consulting 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

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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 ended 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

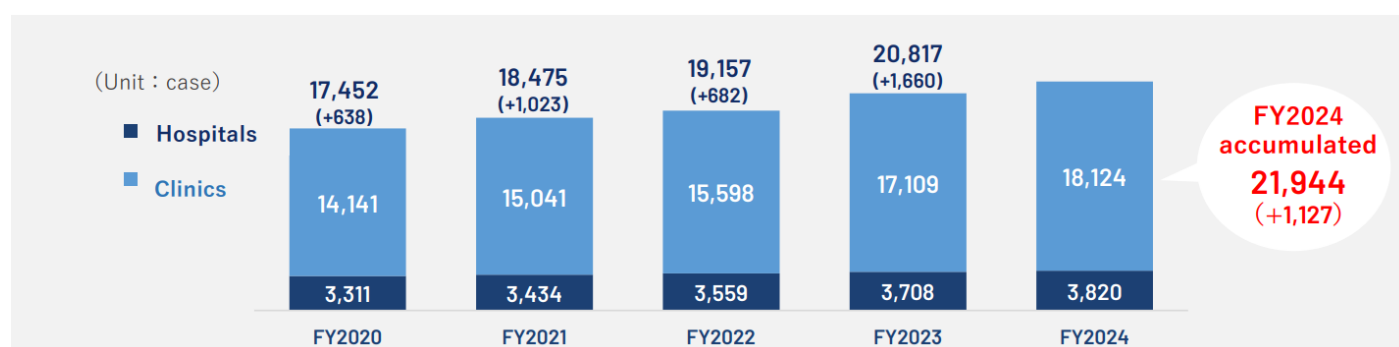
① Overview

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. Due to the impact of work style reforms, which became applicable to doctors in April 2024, and revisions to medical treatment fees, DX investment by medical institutions is accelerating. While they are focusing on the switching by existing users, the number of new users is steadily increasing.

As of the end of March 2025, 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 (3,820 facilities), and 17% of clinics with a patient capacity of less than 20 (18,124 facilities), for a total of 21,944 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.

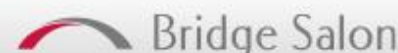


(From company's document)

② “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.

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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>

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

(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” is increasing steadily.

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

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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 19,296 medical institutions (total number as of April 15, 2025) 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.

③Mighty 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.

(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.

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 misoperation, 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.

④Others

◎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.

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(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 infectious disease.

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 Ubicom, 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:

①The 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.

②Employing 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.

③Human 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.

④Further 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.

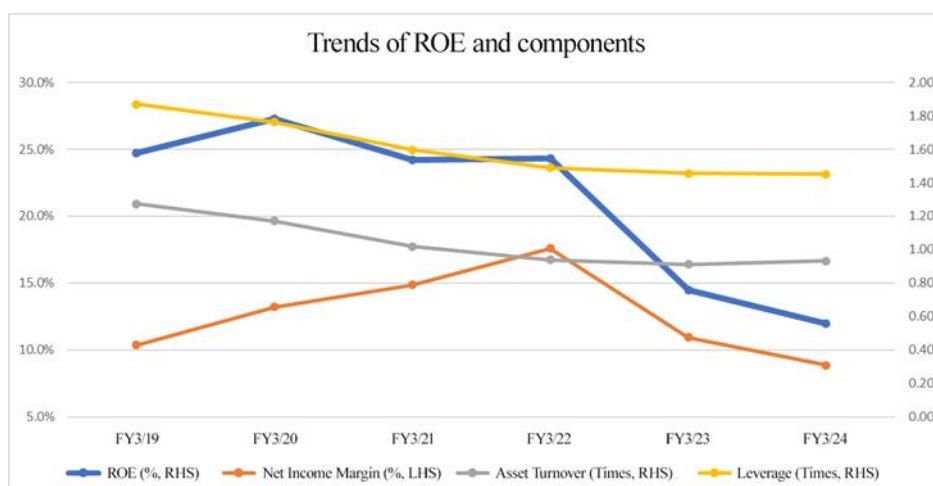
"The win-win investment model," which is one of important growth strategies of the company, promotes the collaboration and strategic alliances with leading companies and growing enterprises, to accelerate the growth of existing businesses and create new businesses. The mindset that investors and investees 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 3/17	FY 3/18	FY 3/19	FY 3/20	FY 3/21	FY 3/22	FY 3/23	FY 3/24	FY 3/25
ROE(%)	12.2	17.7	24.7	27.3	24.2	24.6	14.5	12.0	16.8
Net Income to Sales Ratio (%)	3.76	6.63	10.37	13.21	14.86	17.61	10.94	8.85	13.54
Asset Turnover Ratio (x)	1.44	1.36	1.27	1.17	1.02	0.94	0.91	0.93	0.86
Leverage (x)	2.25	1.96	1.87	1.76	1.60	1.49	1.46	1.45	1.44

*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.

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

In the fiscal year ended March 2025, ROE started rising after two consecutive years of decline, primarily due to an increase in net income margin.

Although asset turnover ratio is on a downward trend, we expect it to exceed 20% again by improving both asset efficiency and profitability.

1-6 Shareholder Return

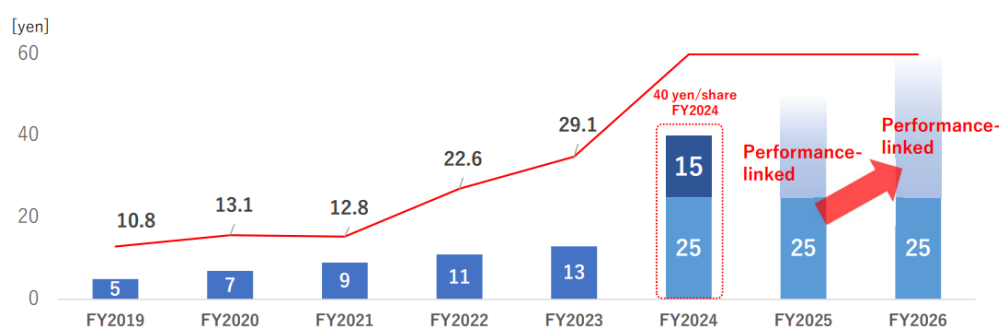
In order to enhance shareholder return, the company decided to adopt a new dividend policy, combining a “stable dividend” and a “commemorative dividend” in the fiscal year ending March 2025, and a “stable dividend” and a “performance-linked dividend” in the fiscal year ending March 2026. Through this, 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 ended 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 ended 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.

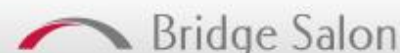
The company is aiming for a payout ratio of 50% or higher in the medium term.

The company will revise its cash allocation policy to enhance shareholder returns through increased dividends while actively investing in growth.



(From company's document)

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1-7 ESG-related initiatives

The company believes that it has a social responsibility and raison d'être 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"> * Client DX (Business process reforms for clients through advanced technology support such as AI/Analytics/Automation/cloud) * Improvement of Japan's global competitiveness through globalization support for domestic companies
Medical Business	<ul style="list-style-type: none"> * 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 * 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)
Group as a whole	<ul style="list-style-type: none"> * Resilient business management (reinforced business continuity structure including remote working) * Strategic alliances with companies with a high social impact that contribute to the SDGs * Providing training and opportunities to young talent in Asia * Diversity in employees and management positions * Enhancement of incentives for employees

2. Fiscal Year ended March 2025 Earnings Results

2-1 Earnings Trends

	FY 3/24	Ratio to sales	FY 3/25	Ratio to sales	YoY	Forecasts by the company	Ratio to forecasts
Net Sales	5,942	100.0%	6,340	100.0%	+6.7%	6,700	-5.4%
Gross profit	2,248	37.8%	2,510	39.6%	+11.7%	-	-
SG&A	1,176	19.8%	1,195	18.9%	+1.6%	-	-
Operating Income	1,072	18.0%	1,315	20.7%	+22.7%	1,500	-12.3%
Ordinary Income	935	15.7%	1,341	21.2%	+43.3%	1,518	-11.6%
Net Income	526	8.9%	858	13.5%	+63.1%	1,000	-14.2%

*Unit: million yen.

Both sales and profit grew, hitting a record high

Sales increased 6.7% year on year to 6,340 million yen. Both businesses saw an increase in sales.

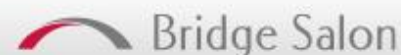
Operating income increased 22.7% year on year to 1,315 million yen. Gross profit increased 11.7% in line with the increase in sales. Selling, general and administrative expenses augmented 1.6%, but this was absorbed, and they achieved a double-digit profit growth.

Ordinary income increased 43.3% to 1,341 million yen. A foreign exchange loss of 92 million yen in the previous fiscal year turned into a foreign exchange gain of 21 million yen.

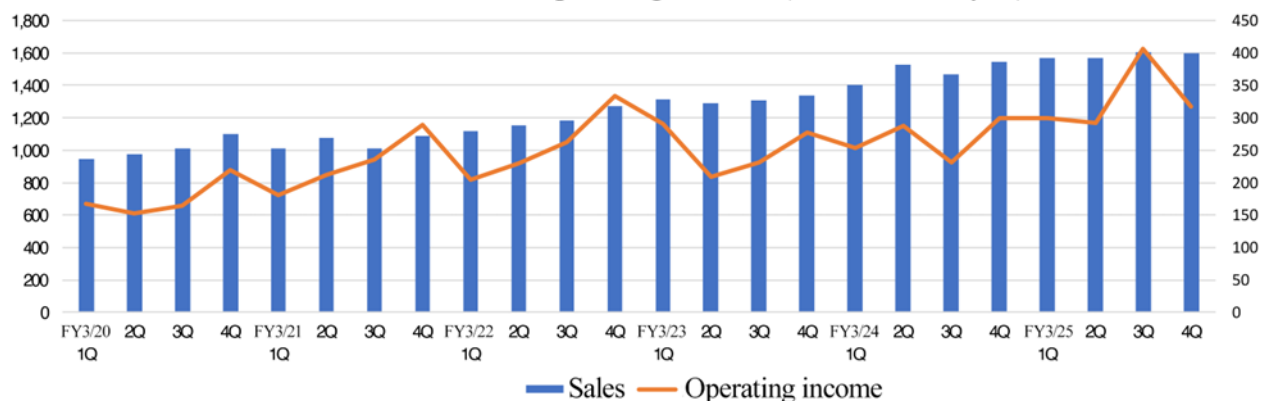
Sales and profits at all stages reached record highs.

The year-end dividend will be 40.00 yen per share, a significant increase of 27.00 yen per share from the previous fiscal year. The dividend payout ratio was 56.2%.

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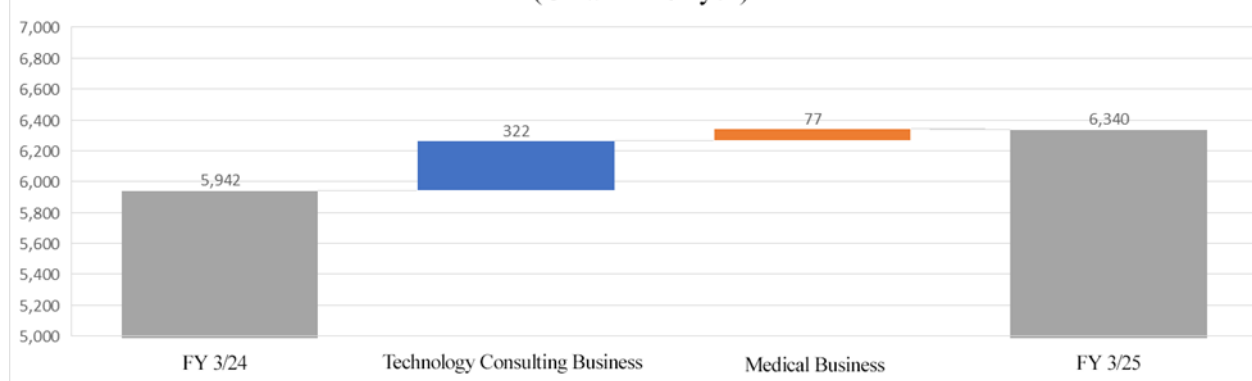
Trends of sales and operating income (Unit: million yen)



2-2 Trend of Segments

	FY 3/24	Composition ratio	FY 3/25	Composition ratio	YoY
Medical Business	1,646	27.7%	1,723	27.2%	+4.7%
Technology Consulting Business	4,295	72.3%	4,617	72.8%	+7.5%
Other	0	0.0%	-	-	-
Consolidated Sales	5,942	100.0%	6,340	100.0%	+6.7%
Medical Business	1,010	61.4%	1,128	65.5%	+11.7%
Technology Consulting Business	420	9.8%	562	12.2%	+33.7%
Other	0	50.0%	-	-	-
Adjustment	-358	-	-374	-	-
Consolidated Operating Income	1,072	18.0%	1,315	20.7%	+22.7%

*Unit: million yen. Sales is the sales toward external customers. Composition ratio in Operating Income is profit margin.

Factors for Sales (Segment)
(Unit: Million yen)

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

(Medical Business)

Sales and profit increased.

Sales increased 4.7% year on year to 1,723 million yen, while operating income rose 11.7% year on year to 1,128 million yen. Both of these figures represent record highs.

DX in medical institutions is accelerating against the backdrop of the enforcement of the Act for Workstyle Reform for Doctors in April 2024.

The demand for MightyChecker® EX and Mighty QUBE® Hybrid remains strong. The number of users of the Mighty series

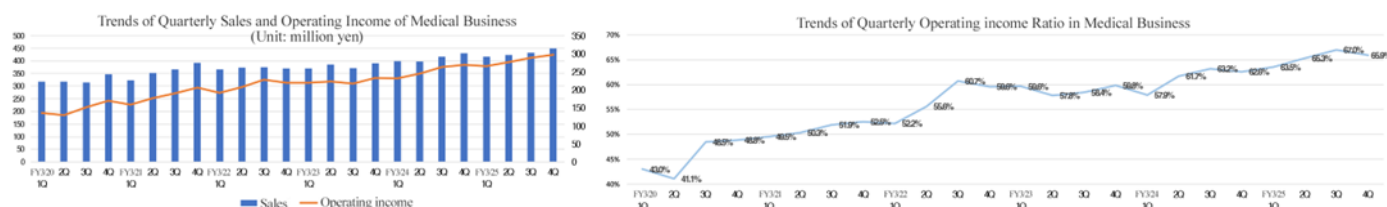
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increased by 1,127 from 20,817 at the end of March 2024 to 21,944 at the end of March 2025.

Furthermore, they have been able to continue to reap the benefits of establishing a high-profit model ahead of schedule by transforming the composition of our business portfolio through initiatives such as promoting the use of cloud computing for health insurance claim verification and conducting data analysis for academic societies and health insurance associations. In addition, to foster new businesses, they have released a new remote service platform for checking health insurance claims following the expansion of the Insurance Knowledge Platform, which is a business efficiency improvement solution for the insurance industry launched as a new platform business in September 2020. 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.

In terms of profits, expansion of stable revenue base with a subscription model, the thoroughgoing revenue management for each project, continuous cost reduction, etc. turned out to be effective, profit margin in the fiscal year ended March 2025 was 65.5%, up 4.1 points from the previous fiscal year to achieving high revenues continuously.



(Technology Consulting Business)

Sales and profit increased.

Sales increased 7.5% year on year to 4,617 million yen, and operating income grew 33.7% year on year to 562 million yen. All of these figures are record highs. Against the backdrop of increasingly complex international circumstances and changes in the socio-economic structure, major companies and system integrators are reorganizing their offshore development partners. Under these circumstances, they continue to enjoy high demand thanks to their development system that balances safety and quality, as well as their 30 years of experience in offshore development in the Philippines. The temporary delay in system integration projects in the third quarter of the fiscal year ended March 2024, which was caused by the commencement of new projects and external environmental factors, has been resolved.

In terms of profits, profit margin improved as a result of a careful review and selection process to identify areas of profitability, avoiding price competition, and strategic integration.



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2-3 Financial position and cash flow

Main Balance Sheet

	End of 3/24	End of 3/25	Increase /Decrease		End of 3/24	End of 3/25	Increase /Decrease
Current Assets	5,660	6,604	+943	Current liabilities	1,725	1,771	+45
Cash and Deposits	4,026	4,860	+834	ST Interest Bearing Liabilities	100	100	-
Receivables	1,417	1,533	+115	Contract liability	763	783	+20
Noncurrent Assets	1,223	1,266	+42	Noncurrent liabilities	438	497	+58
Tangible Assets	140	117	-23	Liabilities	2,164	2,268	+104
Intangible Assets	213	342	+129	Net Assets	4,719	5,601	+881
Investment, Others	870	807	-63	Retained earnings	3,134	3,838	+704
Total assets	6,883	7,870	+986	Total Liabilities and Net Assets	6,883	7,870	+986

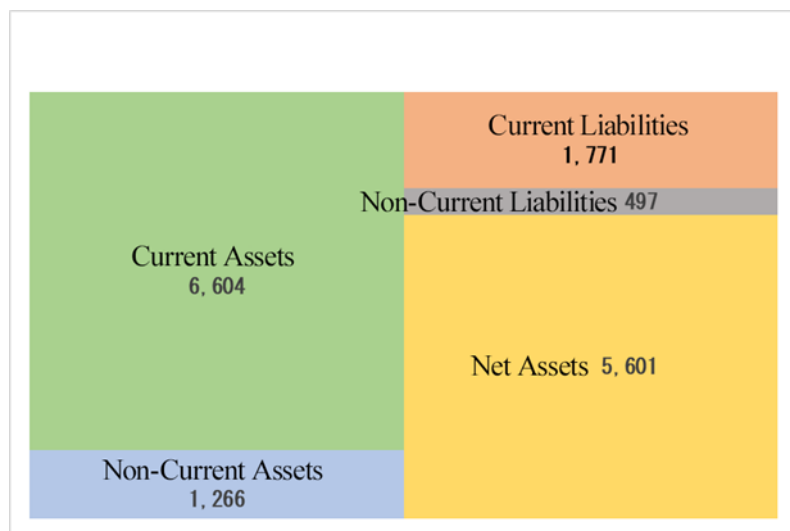
*Unit: million yen

Totals assets increased 986 million yen from the end of the previous fiscal year to 7,870 million yen due to an increase in cash and deposits, etc.

Total liabilities increased 104 million yen year on year to 2,268 million yen.

Net assets increased 881 million yen year on year to 5,601 million yen due to a growth in retained earnings.

Consequently, equity ratio rose 2.2 points from the end of the previous fiscal year to 70.4%.



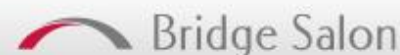
*Created by Investment Bridge Co., Ltd. based on disclosure material.

©Cash flow

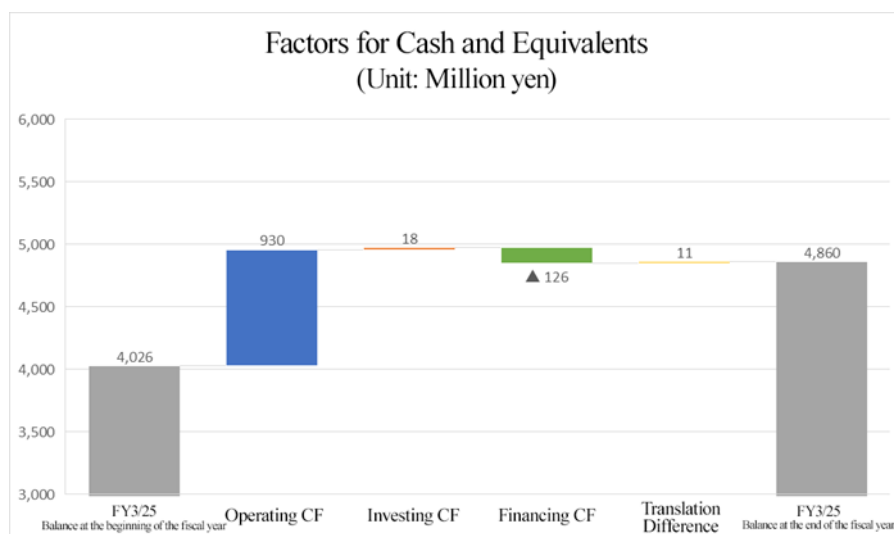
	FY 3/24	FY 3/25	Increase/ Decrease
Operating cash flow	726	930	+203
Investing cash flow	-272	18	+291
Free cash flow	454	949	+495
Financing cash flow	-155	-126	+28
Cash, equivalents	4,026	4,860	+834

*Unit: million yen

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



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

(4) Topics

① Business alliance with Japan Education Create in the medical business, and release of a new “remote service platform”

Their subsidiary, AIS, has formed a business alliance with Japan Education Create Co., Ltd., a company involved in medical staffing. AIS will provide a “remote service platform” to medical institutions nationwide on a full-scale basis. Japan Education Create has approximately 167,000 registered temporary workers (as of January 2025), mainly in the medical administration field. The number of contracted medical institutions is 637 (Number of temporary staffing companies as of January 2025), mainly large hospitals. Through this business alliance, the remote service platform developed by AIS will be incorporated into Japan Education Create's ReseNote service. This platform features MightyChecker® EX, a next-generation health insurance claim checking system that utilises AI and a subscription model, and SonaM, a highly secure medical cloud service, contributing to improving operational efficiency, business management, and medical safety at medical institutions. In addition, it will contribute to accelerating digital transformation (DX) across the industry by providing new IT solutions to medical institutions. The expansion of MightyChecker® EX to affiliated medical institutions is also expected.

② Their consolidated subsidiary, AIS, acquired shares in ISM Co., Ltd. (making it a subsidiary)

At a meeting of its board of directors, the subsidiary AIS (hereinafter, ‘AIS’) resolved to acquire a portion (81% of the total number of issued shares) of the common stock of ISM Co., Ltd. (hereinafter, ‘the share acquisition’).

Details of developments following the partnership will be described later.

3. Fiscal Year ending March 2026 Earnings Forecasts

Earnings Forecasts

	FY 3/25	Ratio to sales	FY 3/26 Est.	Ratio to sales	YoY
Net Sales	6,340	100.0%	6,572	100.0%	+3.6%
Operating Income	1,315	20.7%	1,351	20.6%	+2.7%
Ordinary Income	1,341	21.2%	1,364	20.8%	+1.7%
Net Income	858	13.5%	948	14.4%	+10.4%

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

Expecting continued revenue and profit growth

For the fiscal year ending March 2026, sales are expected to increase 3.6% year on year to 6,572 million yen, operating income is forecast to rise 2.7% to 1,351 million yen, and ordinary income is forecast to rise 1.7% to 1,364 million yen.

In the medical business, steady growth is expected for the Mighty series. In addition, orders for the ordering check software “Mighty QUBE® Hybrid” are expected to increase, mainly from major medical institutions. In addition, they will strengthen their efforts to increase user companies for the Insurance Knowledge Platform, which leverages the expertise and high-precision database cultivated in the Mighty series to provide a solution for improving the operational efficiency of medical insurance payment assessments offered by life and non-life insurance companies. In addition, the M&A strategy with ISM Co., Ltd., for which negotiations began in the fiscal year ended March 2025, is positioned as a starting point for future expansion measures as a successful model for medium- to long-term growth. They expect to continue absorbing strategic investments aimed at securing new sources of subscription-based revenue, and they expect performance to remain strong. In addition to expanding their steady order receipt in the technology consulting business, they will promote a shift to a business model that is not subject to price competition and focus on providing services with higher added value. To achieve sustainable profitability, they will promote structural reforms through continuous investment in highly skilled human resources and the formation of strategic alliances.

Dividends are still to be determined.

*Medical Business

The company plans to expand revenues through two strategies: (1) increasing new users and (2) replacing existing users' products. To increase new users, the company recommends mergers and acquisitions with sales agents. 95% of the Mighty series are sold through agents, but the company plans to incorporate the agents' profits through mergers and acquisitions. The sales structure will also be strengthened. To replace existing users' products, the company aims to increase unit prices by switching to new products.

*Technology Consulting Business

They will start investing to strengthen their mid to long term profitability. Due to the impact of the U.S. tariff measures, some clients, mainly in the manufacturing industry, are intensifying pressure to lower prices. The company plans to build an organizational structure to improve its price negotiation capabilities.

Furthermore, changes are occurring in the supply chain due to the U.S.-China relation. With the slowdown in the Chinese economy, Japanese and global companies are downsizing or withdrawing their operations in China. The company is downsizing its Chinese offices and consolidating its operations. It is establishing a system to secure operating income by reducing fixed costs.

These investments will be made in the first half of the fiscal year. With a view to further growth in the third quarter and beyond, they will implement measures to strengthen their medium- to long-term profitability, while anticipating short-term cost increases.

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.

4-1 Initiatives for the two businesses

① Medical Business

*Building a growth model through strategic alliances with a view to M&A with sales agents

A basic agreement was concluded to acquire shares in ISM Co., Ltd. (making it a subsidiary) through the consolidated subsidiary AIS. ISM has been entrusted by Fukuoka Prefecture Medical Association with the task of constructing a regional medical information network, and has established a strong business foundation with more than 800 medical institutions. They will deepen their collaboration with ISM and promote the strengthening of their business development in the Kyushu region with a view to future M&A.

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[Synergies expected from collaboration with ISM]

■ Accelerate the Group's growth by expanding sales channels for AIS's products to medical institutions by leveraging its broad transaction base.

■ Integration of ISM's direct trading channels into the Group will improve profitability and enhance the Group's overall competitiveness.

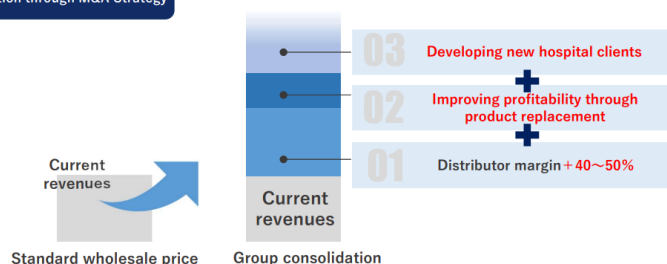


(From company's document)

[Three benefits of the M&A with ISM]

Agents add a 40-50% agency profit margin to the wholesale price when selling to medical institutions. By making ISM a group company, an agency profit margin can be added, thereby increasing the profitability of the medical business.

Visions of Future Transition through M&A Strategy



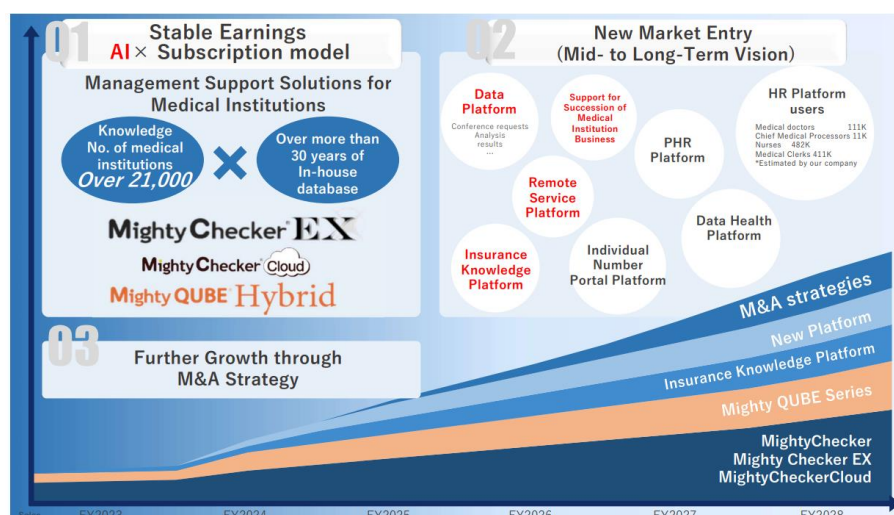
(From company's document)

95% of the Mighty series are sold through agents. They will position their strategic alliance with ISM as a successful model for future M&A, and will continue to promote strategic alliances on a national scale to achieve further growth and improved profitability.

*Scenarios for medium to long term growth

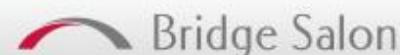
In addition to expanding their new platform businesses by utilising their customer base, medical database and intellectual property, they will promote strengthening their revenue base and establishing new recurring models by utilising M&A strategies.

Envisioned Business Growth



(From company's document)

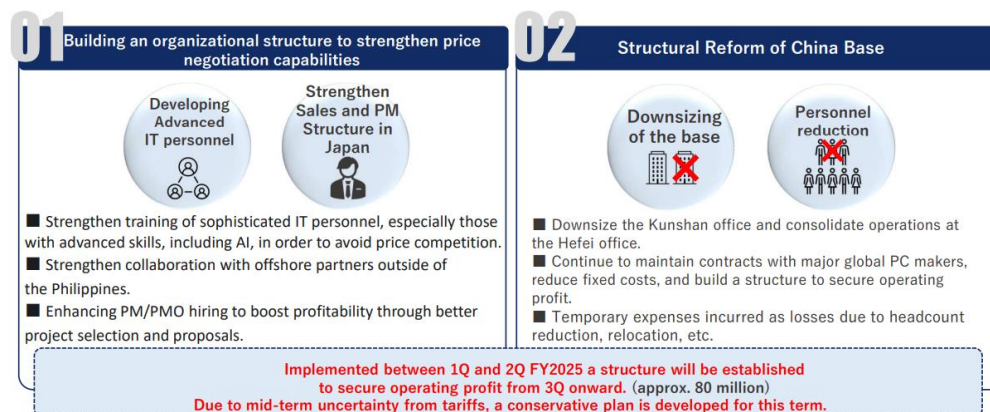
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②Technology consulting business

Initiating investments to strengthen medium- to long-term profitability

In the United States, downward pressure on prices has intensified, while in China, customer companies are downsizing and withdrawing. These were the reasons for the conservative plans for the fiscal year ending March 2026.



(From company's document)

FY3/2026 Policy

With a view to further growth in 3Q and beyond, measures to strengthen profitability over the medium to long term, while anticipating short-term cost increases, will be implemented.

01 Continue strategic order selection with a focus on profitability (started in FY3/2025 4Q).

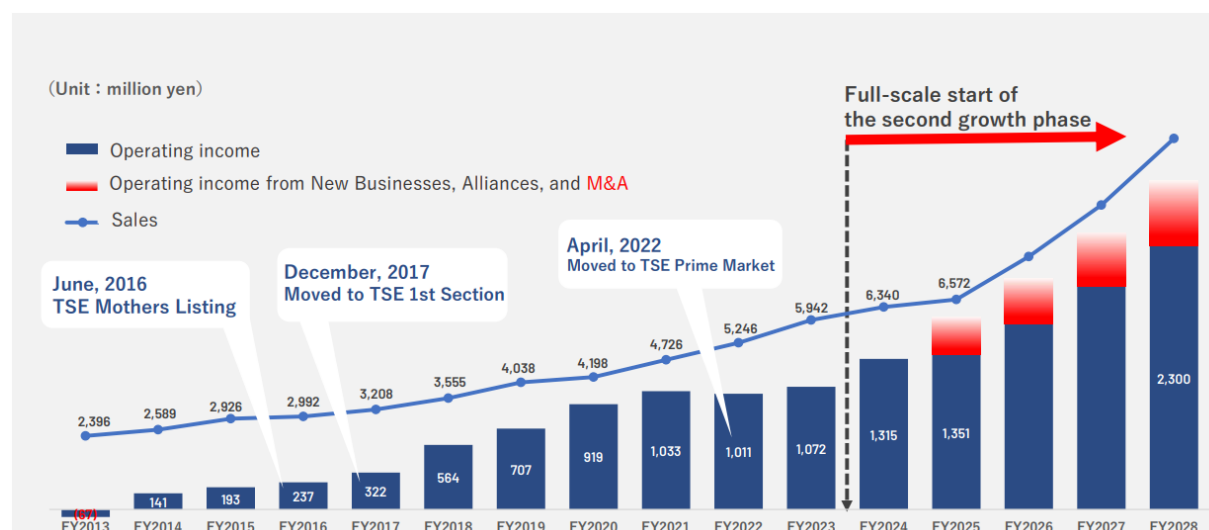
02 Strengthen domestic sales and PM structure as well as develop advanced IT personnel

03 Downsize the China base and reduce staff count.

04 Cost overruns from contract projects will have some residual impact (started in FY3/2025 4Q).

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), 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)

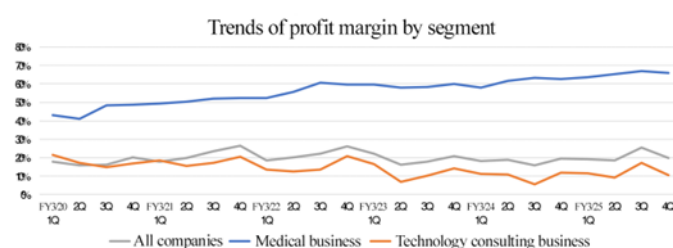
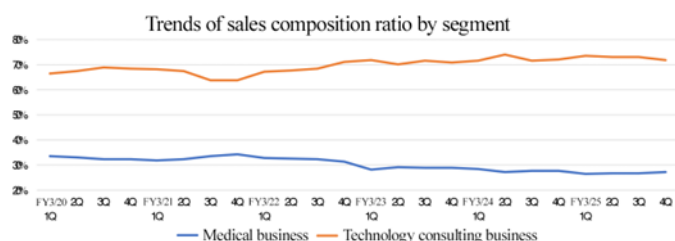
5. Conclusions

The profit margin of the medical business rose 4.1 points from 61.4% in the fiscal year ended March 2024 to 65.5%, continuing its steady annual increase.

However, the sales growth rate of the medical business remained limited to a 4.7% increase from the previous fiscal year. Under these circumstances, M&A can be seen as a key strategy to drive sales growth. The inclusion of ISM in the scope of consolidation is expected to be a stepping stone for this. Going forward, they plan to actively cooperate with sales agents, so we will be watching the progress during the fiscal year ending March 2026.

While the fiscal year ended March 2025 saw a significant increase in profit, the fiscal year ending March 2026 is expected to see only a slight increase in operating income. This is due to the impact of the U.S. tariffs on the technology consulting business and the economic slowdown in China. However, the company is also quickly coming up with countermeasures. They say the effects of these efforts are expected to begin to appear from the second half of the fiscal year ending March 2026, so we will be keeping an eye on the results.

Disappointment over the outlook for a slight increase in profits for the fiscal year ending March 2026 caused stock price to fall, and it is now near its lowest level since the beginning of the year. PER is low, and it seems that the valuation and price are both attractive.



<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.

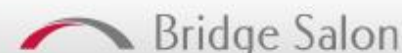
<Reasons for Non-compliance with each Principles of the Corporate Governance Code (Excerpts)>

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>

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<p>[Supplementary Principle 2-4-1 Ensuring Diversity in the Appointment of Core Personnel]</p>	<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. 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><Human Resources Development Policy></p> <p>The basic policy for human resources development is as follows:</p> <ol style="list-style-type: none"> 1. Strengthening recruitment 2. Retraining on new skills 3. Leadership training 4. Pooling of resources (maximizing utilization ratio through collaboration between businesses) <p><Engineer training in the global business></p> <p>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.</p> <p>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).</p> <p>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><Improvement of the in-company environment></p> <p>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"> ▪ Adoption of a reemployment system that treats post-retirement employees according to their performance ▪ Adoption of a system for working from home ▪ Effects of office relocation <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</p>
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	<p>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"> Indicator: Planned annual number of hires in the technology consulting business Target: To hire 160 or more people per year from fiscal year ending March 2025 <p>However, in case the utilization rate improves, we are planning to newly recruit additional candidates.</p>
[Supplementary Principle 3-1-3 Sustainability Initiatives]	<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 Ubicom 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"> Promoting the saving of resources (without using paper) within our company and our clients Relocation to environmentally friendly offices that use renewable energy only 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 CO2 emissions. <p>2) Society: Resolving customer issues by providing solutions</p> <ul style="list-style-type: none"> Support for DX: Reforming clients' operations through advanced technology support Further upgrading and strengthening of solution development capabilities at the Advanced Technology Development Center Improving Japan's global competitiveness by supporting the globalization of domestic companies Developing solutions to reduce medical costs Reforming doctors' work styles <p>3) Governance: Realizing fair and transparent management</p> <ul style="list-style-type: none"> Strengthening compliance and risk management systems based on the Basic

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	<p>Sustainability Policy</p> <ul style="list-style-type: none"> Establishing a governance system that emphasizes diversity
[Principle 5-1 Policy for constructive dialogue with shareholders]	<p>We positively respond to shareholders' application for dialogue.</p> <p>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.</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> <p>In addition, our company discloses information and manages insider information in accordance with our disclosure policy (https://www.ubicom-hd.com/ja/ir/policy.html).</p>
[Action to Implement Management That is Conscious of Cost of Capital and Stock Price]	<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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