



# FY2023 Q2 Presentation Materials

Nov. 9, 2023



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We are a unique business innovation company that creates innovative IT solutions through the combination of “Human” and “Technology.”

## Medical business

- Pioneer in offering IT solutions for supporting the management of hospitals and clinics (systems for inspecting health insurance claims)
- Our medical information system boasts one of the largest number of users (**19,953 medical institutions**).
- Developed “**Insurance Knowledge Platform**,” an IT solution for life insurance companies, by sharing intellectual property we hold in a cross-sectoral manner.
- Based on the transactions with some of the largest medical institutions in Japan, we analyze medical data and **promote the platform business**.

## Global business

- We provide leading enterprises inside and outside Japan with services for supporting IT development by utilizing **advanced technologies, including AI**.
- At R&D bases in Asia, **over 900 global IT staff members** operate business.
- We can offer our solutions in a broad range of industries, including manufacturing, finance, automobiles, healthcare, and AI.

## Medical Business

As COVID-19 was reclassified in May 2023, post-pandemic measures were started at medical institutions.

As **the Workstyle Reform law** will apply to medical doctors, too, from April 2024, the DX at medical institutions has been accelerated. We receive an increasing number of inquiries about MightyChecker® and Mighty QUBE®, solutions in the Medical Business, which would contribute to workstyle reform.

## Global Business

In response to **the economic security promotion law**, which was enacted in May 2022, leading companies and system integrators reviewed suppliers.

As a result, the demand for our services grew considerably, because our company was recognized as a reliable outsourcing partner.

By taking advantage of the above demand growth, we selected **20 candidates for new pillars\*** as targets.

In addition, in order to meet the increased demand, we **recruited many global IT engineers** and training them.

(\*)pillars : Clients with sales of 100 million yen or more



※Foreign currency-denominated assets end-of-period translation adjustments resulted in exchange losses of 57 million yen

## Consolidated performance

- Consolidated sales were **2,929 million yen, 112.6%** year on year. **Updated to a record high in the first half cumulative.**
- In order to meet the significant demand in the Global Business, we recruited and educated many employees, augmenting costs **temporarily**, but operating income was **541 million yen, 107.9%** year on year. **A record high in the first half cumulative.**
- As the yen weakened rapidly, **an exchange loss** was posted in non-operating expenses **through the term-end reversal of yen-denominated assets held** at R&D bases in Asia. As a result, ordinary income was **466 million yen, 94.3%** year on year. **(If there were no foreign exchange losses, ordinary profit would be 107.5% compared to the same period of the previous year.)**
- The full-year forecast calls for sales of 6,400 million yen (122.0% year on year) and an operating income of 1,350 million yen (133.5% year on year), being **unchanged from the initial forecast.**

[unit: million yen]	Q2 of FY2022		Q2 of FY2023		YoY comparison
	Amount	Sales ratio	Amount	Sales ratio	
Sales	<b>2,602</b>	<b>100.0%</b>	<b>2,929</b>	<b>100.0%</b>	<b>112.6%</b>
Operating income	<b>501</b>	<b>19.3%</b>	<b>541</b>	<b>18.5%</b>	<b>107.9%</b>
Ordinary income	<b>494</b>	<b>19.0%</b>	<b>466</b>	<b>15.9%</b>	<b>94.3%</b>
Net income	<b>337</b>	<b>13.0%</b>	<b>300</b>	<b>10.3%</b>	<b>89.1%</b>

# Medical Business

# Medical

*medical business*

## 【Business Model】

Providing management support IT solutions for hospitals and clinics. In particular, the medical information system provided by our group's subsidiary boasts the **largest number of users in Japan**.

## 【KPI】

Number of affiliated medical institutions. **Cross-selling** to existing customers.

## 【Characteristics of our company】

Our advantage is that we have an extensive medical database of disease names, drugs, and national health insurance points, as well as advanced AI technology that makes use of this database. We also have extensive sales channels to a wide range of medical institutions, including small and large ones, on a nationwide scale.

## 【External environment】

The DX at medical institutions is accelerating in conjunction with the application of the Workstyle Reform Law **to doctors starting in April 2024**. As a result, inquiries about our solutions are increasing.

## 【Second growth phase】

Cross-selling of **Mighty QUBE® Hybrid** and a new platform utilizing intellectual property and knowledge have been planned.



## Medical business performance

- Due to the reclassification of COVID-19 into Class 5 in May 2023 and the impact of workstyle reform laws that will also be applied to medical doctors from April 2024, investments in DX at medical institutions will resume.
- As a result, the medical business achieved sales of **798 million yen**, **105.5%** of the previous year's level.
- Operating income of **477 million yen (107.5% year on year)** was achieved, and the operating margin remained high at **59.8%**.

### medical business

Medical business [unit: million yen]	Q2 of FY2022		Q2 of FY2023		YoY comparison
	Amount	Sales ratio	Amount	Sales ratio	
Net sales	<b>756</b>	<b>100.0%</b>	<b>798</b>	<b>100.0%</b>	<b>105.5%</b>
Operating income	<b>443</b>	<b>58.7%</b>	<b>477</b>	<b>59.8%</b>	<b>107.5%</b>

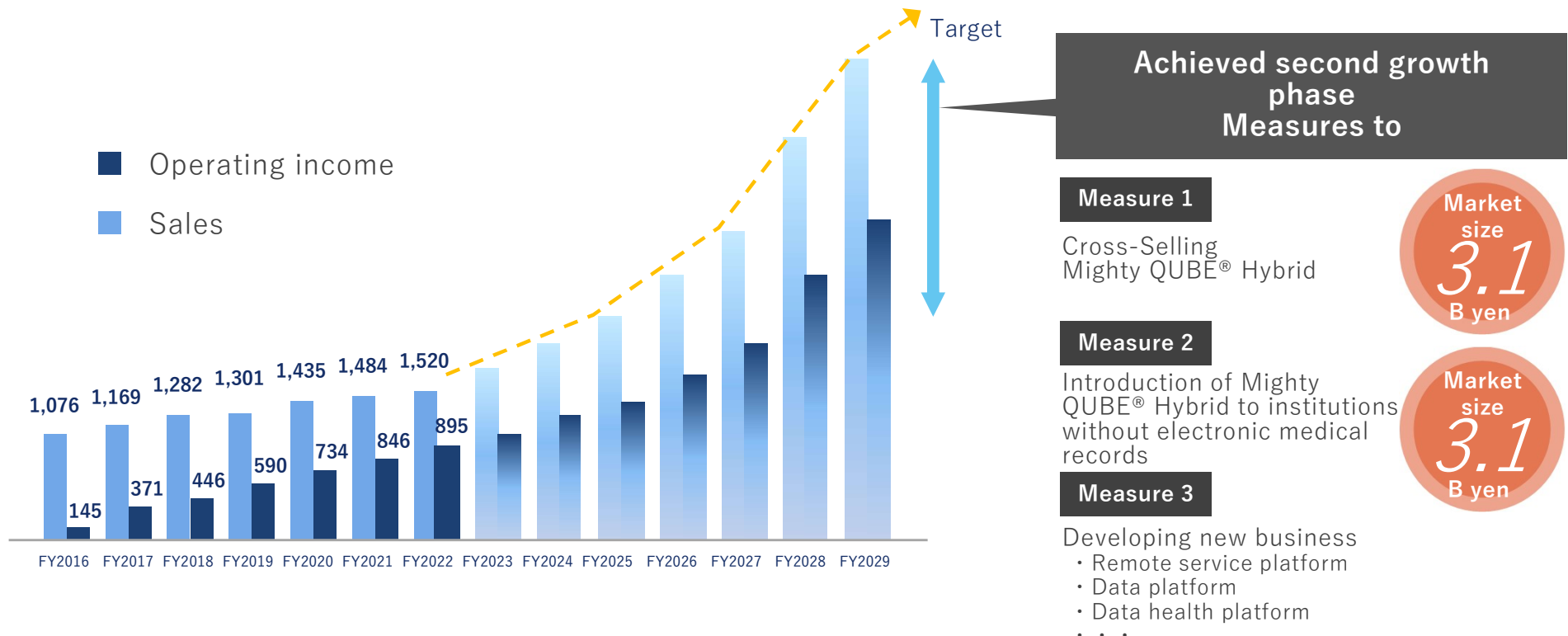
Sales grew 5.5% YoY backed by strong demand, and profit is expected to increase in the second half of the year.

- New service "Insurance Knowledge Platform" has entered the full-scale introduction phase and is expected to contribute to sales and profit in the future.



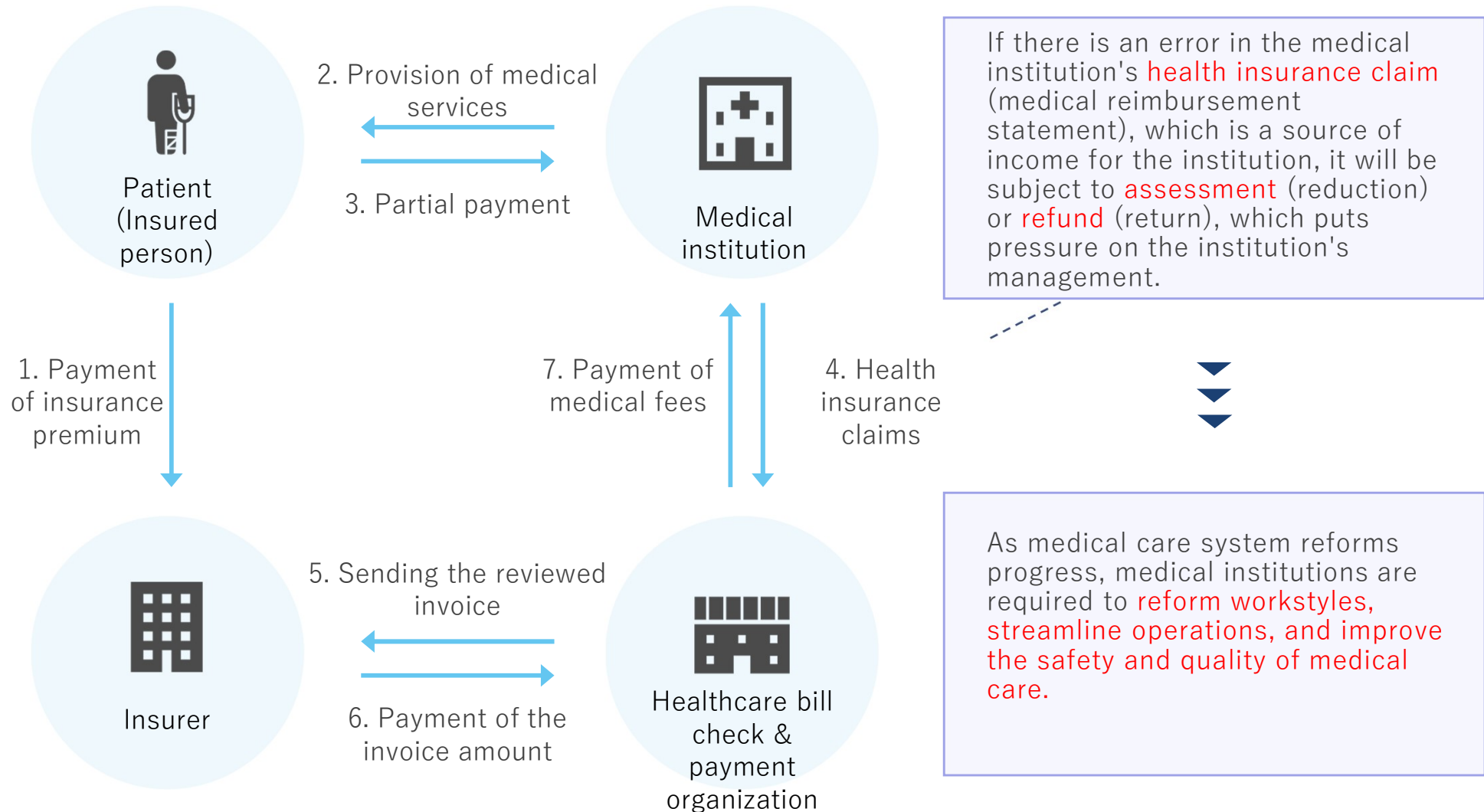
## Cross-selling of Mighty QUBE® Hybrid & new business for high profitability

- With the subscription model, we achieved a high profitability of 58% in FY2022.
- COVID-19 has revealed the problem of overtime work for medical doctors and nurses, and combined with the fact that the Workstyle Reform Law will be applied to medical doctors from April 2024, there is an urgent need for DX at medical institutions.
- Due to the reclassification of COVID-19 into Class 5 in May 2023, investment in medical institutions will resume, and sales growth of "Mighty QUBE® Hybrid" & "MightyChecker® EX," which contribute to workstyle reform, is expected to accelerate.
- **Cross-selling of "Mighty QUBE® Hybrid" and new platform business** are planned as measures to increase the speed of sales and operating income growth.



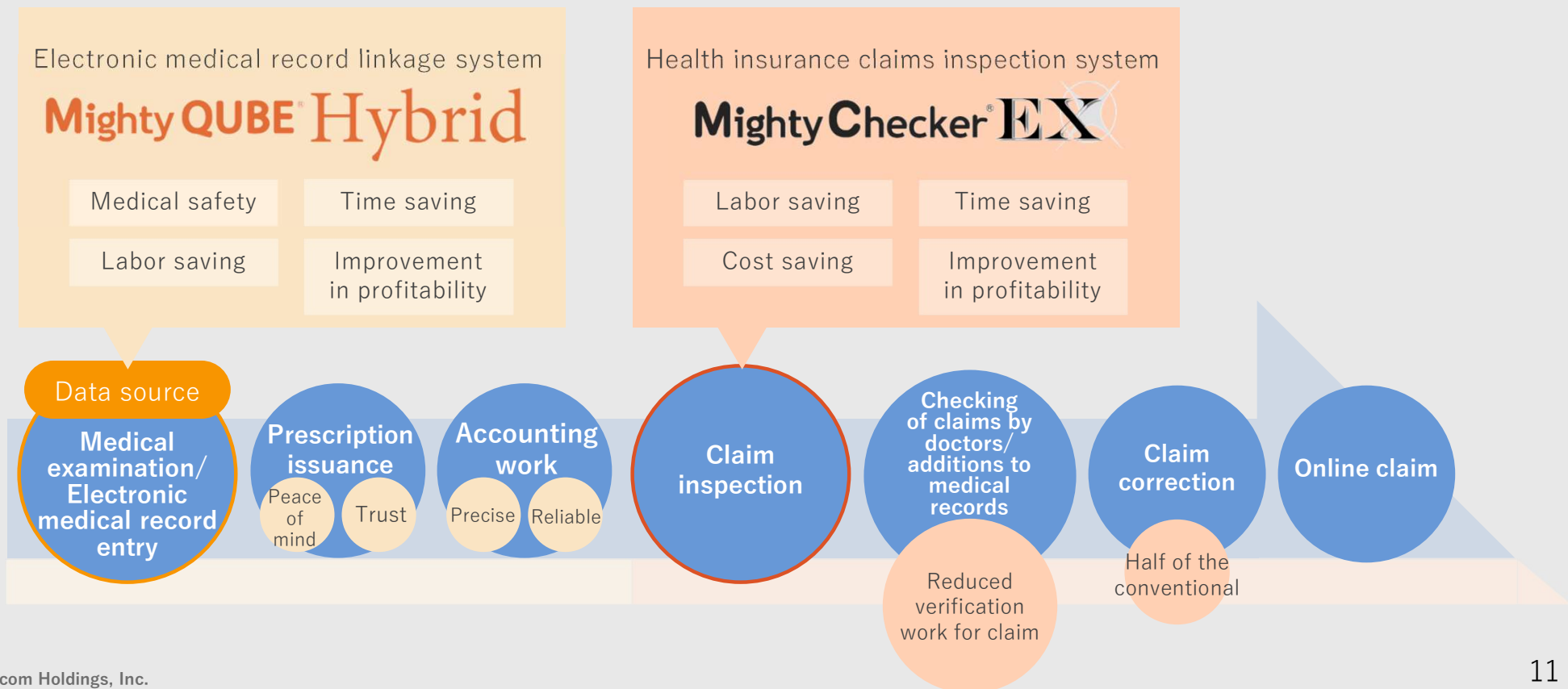
# System for health insurance claims (medical fees) in medical institutions

Areas where the core solutions of the Medical Business are used



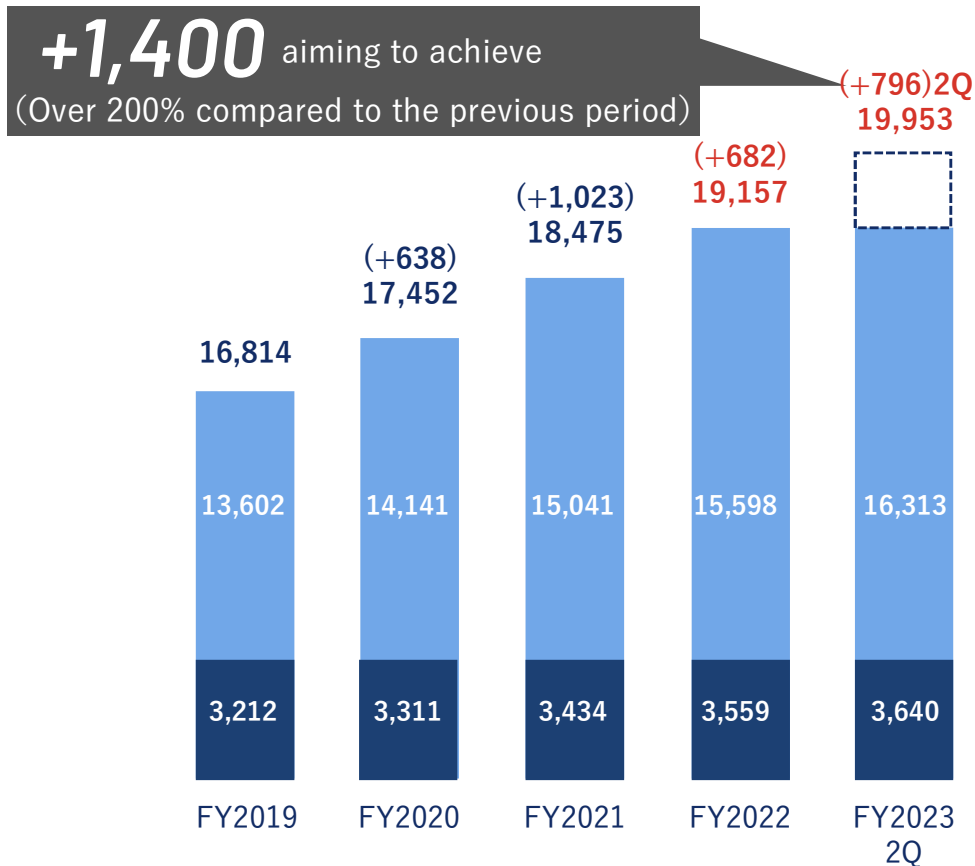
## Main solutions in the medical business

- Electronic medical record linkage system "Mighty QUBE® Hybrid" supports medical doctors in inputting electronic medical records by using AI, ensuring medical safety and improving their work efficiency.
- "MightyChecker® EX," a health insurance claims inspection system, uses AI to check claims, preventing incorrect billing and omissions and improving the efficiency of medical operations.



## MightyChecker® Number of clients

**FY2023 Annual increase exceeded FY2022 as of 2Q**  
**(Highest ever increase in number in the first half)**



### Number of clients \*1

■ Hospital (20 beds or more) ■ clinic (19 beds or less)

**Approx. 45%** 3,640 / 8,130

**Approx. 15%** 16,313 / 105,331

users/medical facilities at the end of July 2023\*2

\*1 calculated based on our transaction records under certain conditions.

\*2 Source: "Labor and Welfare's 2023 Medical Facilities Dynamic Survey." the Ministry of Health

## Core Solutions

### MightyChecker® Series

Pre-submission claim inspection software

Acceleration of DX and IT investment in medical institutions

Steady increase in the number of users to 19,953 (hospital users: 3,640 + clinic users: 16,313, +796 from the previous year)

*TOPIX*

Inquiries continue to increase in anticipation of the revision of medical service fees in 2024

## Regarding Revenue Recognition (Billing Methods)

The MightyChecker® EX package is initially licensed for 15 months.

Assuming an initial license cost of 544,000 yen (less than 20 beds), the amount that can be recorded monthly would be 1/15th of the initial cost (approximately 36,000 yen).

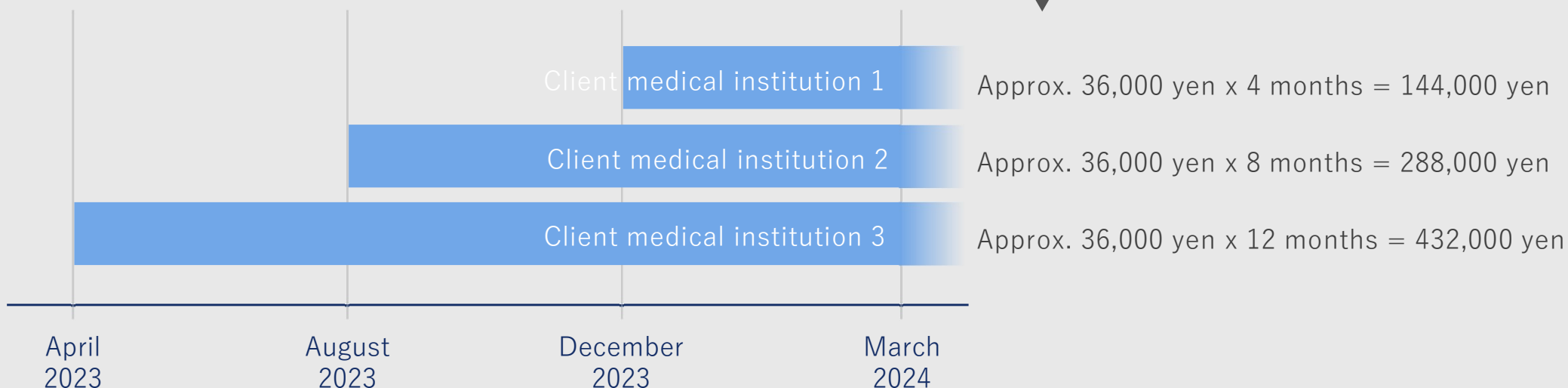
Although the number of client medical institutions is increasing steadily, the amount that can be recorded monthly is the divided amount (approx. 36,000 yen), resulting in a gradual increase.

### Sample

Initial (15-month) license fee: 544,000 yen

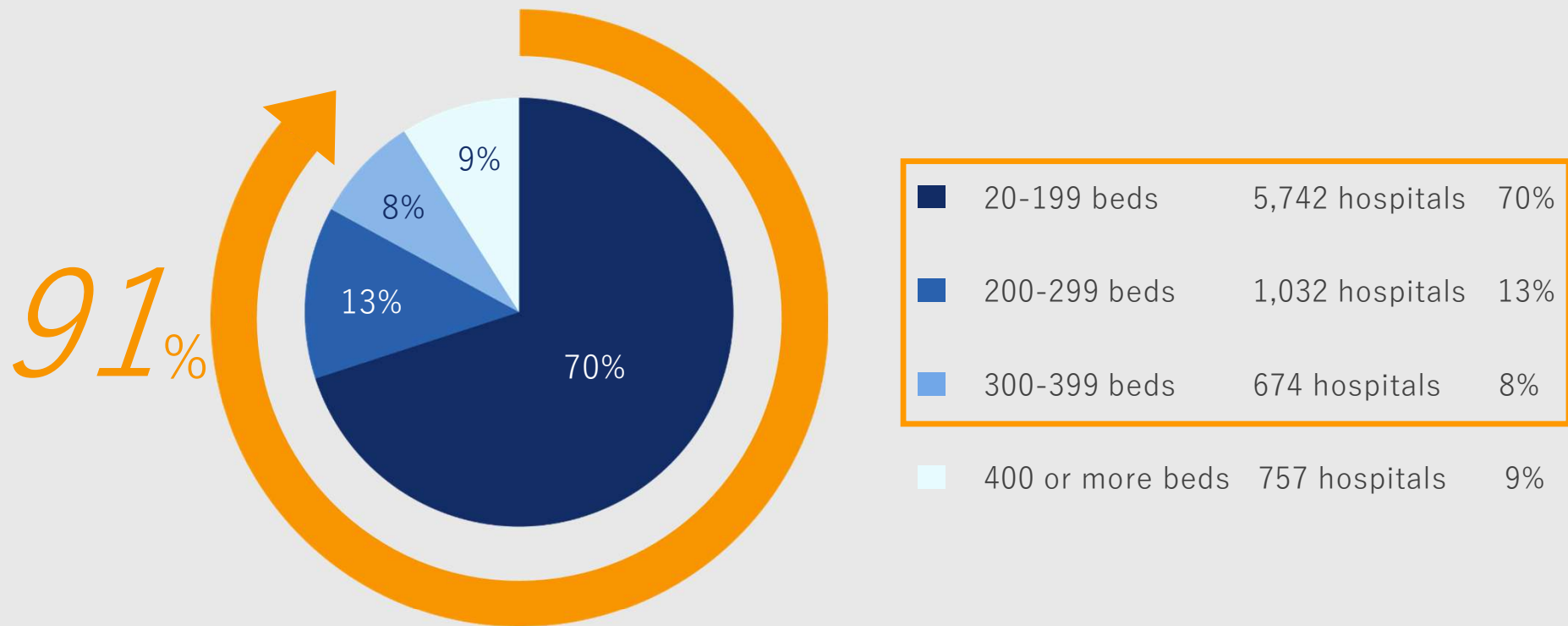
\*Charge for continuing license fee from the next year

Sales recording rule



## Cross-selling of Mighty QUBE® Hybrid

Small and medium-sized hospitals that have conducted DX, which are the future targets of enhanced marketing, currently account for 91% of all hospitals. By forming alliances with electronic medical record manufacturers mainly for small and medium-sized hospitals, sales growth of "Mighty QUBE® Hybrid" is expected to accelerate.



Source: Ministry of Health, Labor and Welfare, Survey on Medical Facilities (Dynamic) and Summary of Hospital Report in 2021

## Mighty QUBE® Hybrid

Focus on the electronic medical record market for small and medium-sized hospitals

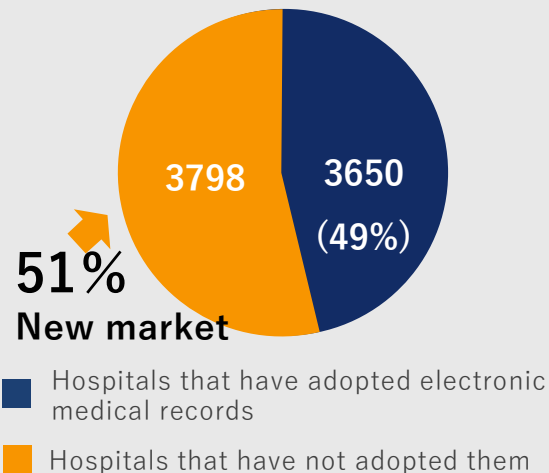
### Report on the Results of a Survey on the Installation of JAHIS Hospital Information System – Survey in 2022 –

In the survey in 2022, the number of hospitals with electronic medical record systems exceeded 4,000, accounting for 49.7% of a total of 8,205 hospitals, a penetration rate approaching 50%

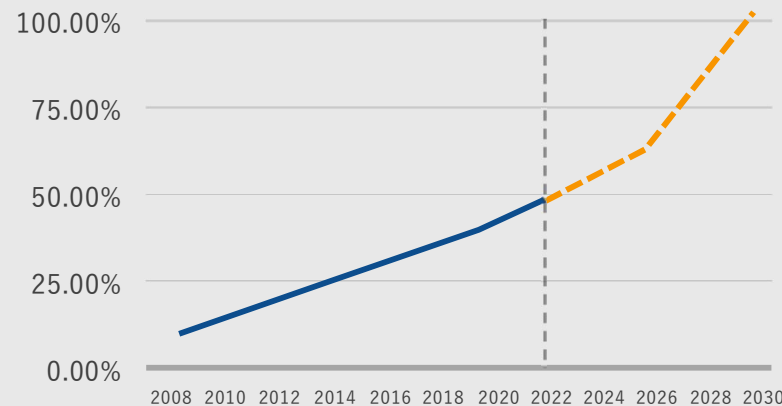
Source: Based on "JAHIS Hospital Information System Implementation Survey Results Report - 2022 Survey

Market size	
Small and medium-sized hospitals	7,448
Assumed percentage of hospitals that have adopted electronic medical records	49%
Installation of electronic medical records in small and medium-sized hospitals	3,650

Number of hospitals that have adopted electronic medical records (Estimated)



Rate of Penetration of Electronic Medical Records



Medical DX Reiwa Vision 2030  
Ministry of Health, Labor and Welfare

By 2030, we aim to have all medical institutions have electronic medical records to share necessary patient medical information.

Source: Ministry of Health, Labor and Welfare "Medical DX Reiwa Vision 2030"



## Mighty QUBE® Hybrid

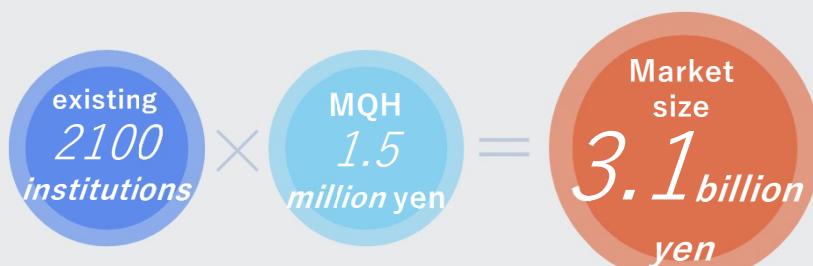
The market size of Mighty QUBE® Hybrid is 6.2 billion yen, considering the implementation of cross-selling measures to facilities that have already adopted electronic medical records for small and medium-sized hospitals and the creation of a NEXT market for facilities that have not yet adopted electronic medical records. The target index is "GP75%".

### Electronic medical records installed

(49%: 3,650 institutions)

Of the 20 major electronic medical record manufacturers for small and medium-sized hospitals, half (10) are existing Mighty Checker® customers. We will cross-sell Mighty QUBE® Hybrid to the 2,100 facilities owned by these 10 companies.

Cross-selling Mighty QUBE® Hybrid



\*Plan for replacement of electronic medical records in 5 years

### Electronic medical records not yet installed

(51%: 3,798 institutions)

Since the penetration rate of electronic medical records is increasing steadily, the 3,798 facilities that have not yet adopted electronic medical records can become next targets for introducing electronic medical records.

Facilities that have not yet adopted electronic medical records can become next targets for introducing electronic medical records of Mighty QUBE® Hybrid.



\*Plan in 7 years based on MHLW's indicators to 2030

## Cloud Lineup

### “MightyChecker® Cloud”

Pioneering cloud-based claim inspection

### “Mighty QUBE® Hybrid”

One-of-a-kind cloud-compatible order checking

### “SonaM”

Medical data backup solutions



**TOPIX**

**MightyChecker® Cloud**  
**Analysis of data of over 42 million**  
**claims**

\*Total number of cases

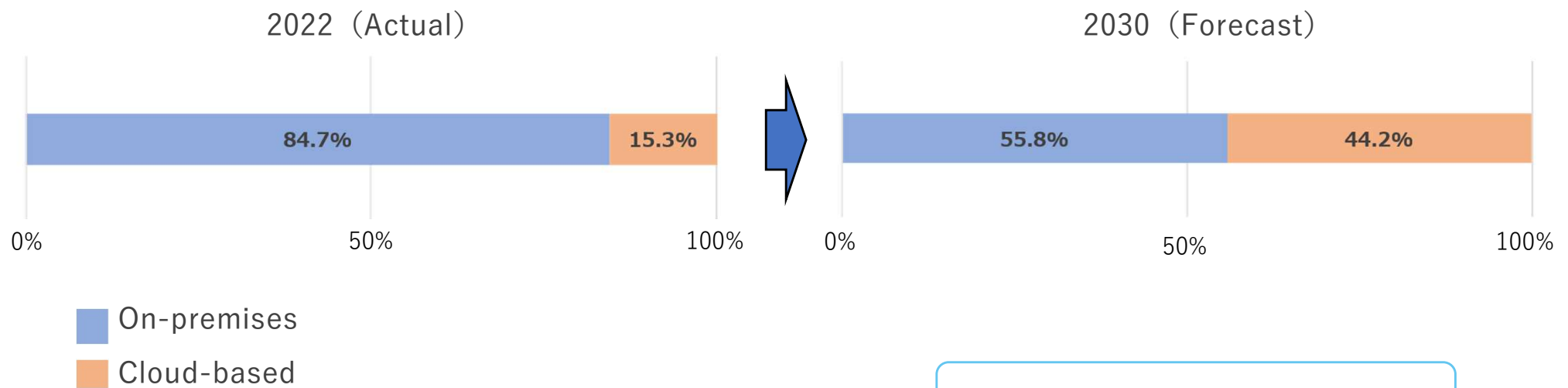
Details are provided on page P21.



According to Fuji Keizai's "Current Status and Future Outlook of Medical/Healthcare DX Market in 2023," the cloud market\* will expand further due to the DX in the medical field.

We are ahead of the curve with our cloud solutions (MightyChecker®, Mighty QUBE® Hybrid, and SonaM) and expect to see **further growth in medical databases** as the market expands.

### Forecast of Electronic Medical Record Adoption for Clinics



\*Source: Fuji Keizai, "2023 Medical and Healthcare DX Related Market Status and Future Outlook".



## Cloud market to data business

Planning to fully enter the data analysis market by utilizing data obtained from cloud solutions.

### 01. Real-world data analysis services for private companies

Targets secondary use services such as provision and analysis of anonymized statistical data excluding personal information from medical data such as claim data, DPC data, electronic medical record data, and genome data, which are called real-world data, for private companies such as pharmaceutical companies and private insurance companies.

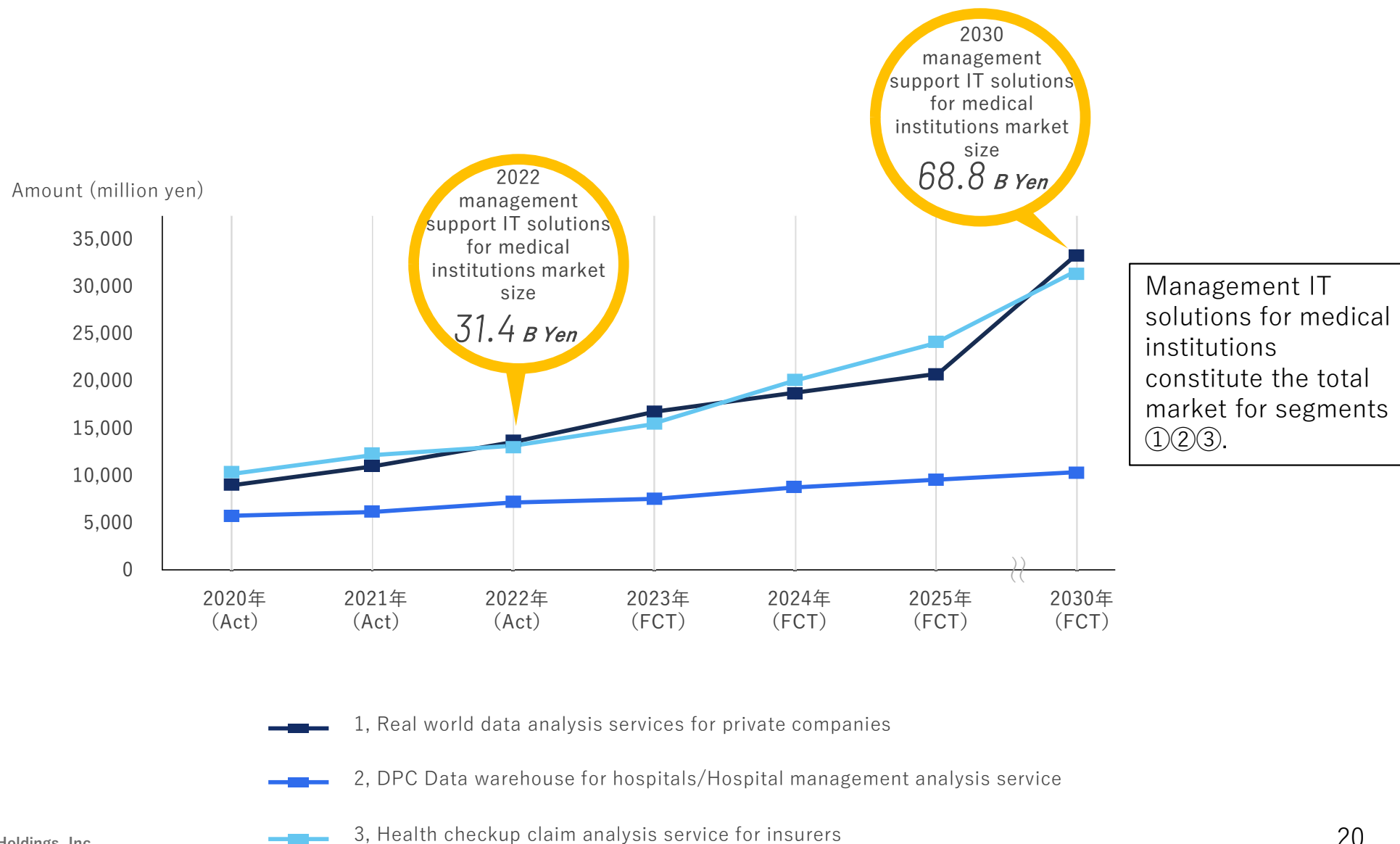
### 02. DPC Data warehouse for hospitals/Hospital management analysis service

Targets data warehouse (DWH) and hospital management analysis services for medical data (including DPC data) such as claim data and medical record data for hospitals, as well as hospital management data.

### 03. Health checkup claim analysis service for insurers

Targets analysis and processing services based on claim data from insurers (the entities operating the health insurance business) and inspection data from health checkups ("medical checkups") and medical examinations, as well as related consulting services.

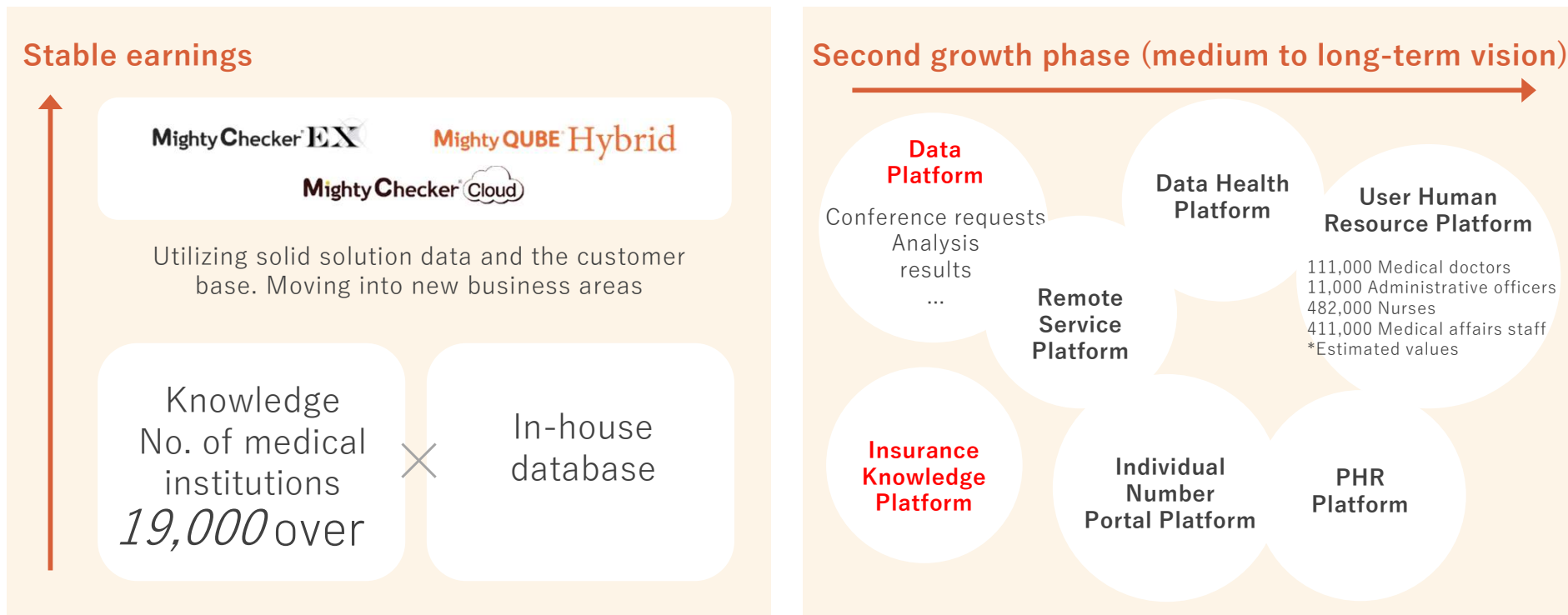
Market of 31.4 billion yen in 2022 is expected to expand to 68.8 billion yen in 2030. **Plans to fully enter data analysis market by leveraging customer base, medical database, and intellectual property**



Using 19,000+ medical institutions x DB, MightyChecker® EX, Mighty QUBE® Hybrid, and MightyChecker® Cloud generate stable main profits.

For the second growth phase, we will utilize solid solution data and the customer base to enter new business areas.

- 37 years of trust and business experience in the Japanese healthcare system and medical institutions
- Consulting expertise and solution introduction experience for over 19,000 medical institutions nationwide
- In-house database updated monthly, including medical procedures such as surgeries and treatments under the medical care system, prescribed drugs, and names of injuries and illnesses



# Global Business



## Global

*global business*

### 【Business model】

To offer IT development support services by utilizing cutting-edge technologies, including AI, for leading enterprises inside and outside Japan

### 【KPI】

Number of major (pillar) clients. Recruitment of personnel who can deal with the growth of demand

### 【Characteristics of our company】

Differing from the conventional dispatch of IT engineers, our service is to dispatch **professionals who can speak both Japanese and English fluently**, and offer offshore support regarding business operations, system languages, and tools unique to the field of each client, as well as AI, etc. This is our advantage.

### 【External environment】

In response to **the economic security promotion law, which was enacted in May 2022**, leading companies and system integrators reviewed suppliers.

As a result, the demand for our services grew considerably, because our company was recognized as a reliable outsourcing partner.

### 【2nd growth phase】

Began aggressive investment in personnel and training, and **started preparations for a business alliance with major global companies from the 3rd quarter.**

## Results of the Global Business

- Sales grew considerably to **2,131 million yen, 115.4%** year on year, due to the growth of demand in response to the Economic Security Promotion Law.
- Due to a temporary decline in utilization ratio caused by mass hiring and training to meet increased demand, operating income was **233 million yen, 107.9%** of the previous year's figure, but in line with the plan at the beginning of the year.

### global business

Global Business [unit: million yen]	Q2 of FY2022		Q2 of FY2023		YoY comparison
	Amount	Sales ratio	Amount	Sales ratio	
Sales	<b>1,846</b>	<b>100.0%</b>	<b>2,131</b>	<b>100.0%</b>	<b>115.4%</b>
Operating income	<b>216</b>	<b>11.7%</b>	<b>233</b>	<b>10.9%</b>	<b>107.9%</b>

Thanks to the strong demand, sales grew **15.4%** year on year, and profit is expected to rise in the second half of the fiscal year 2024.

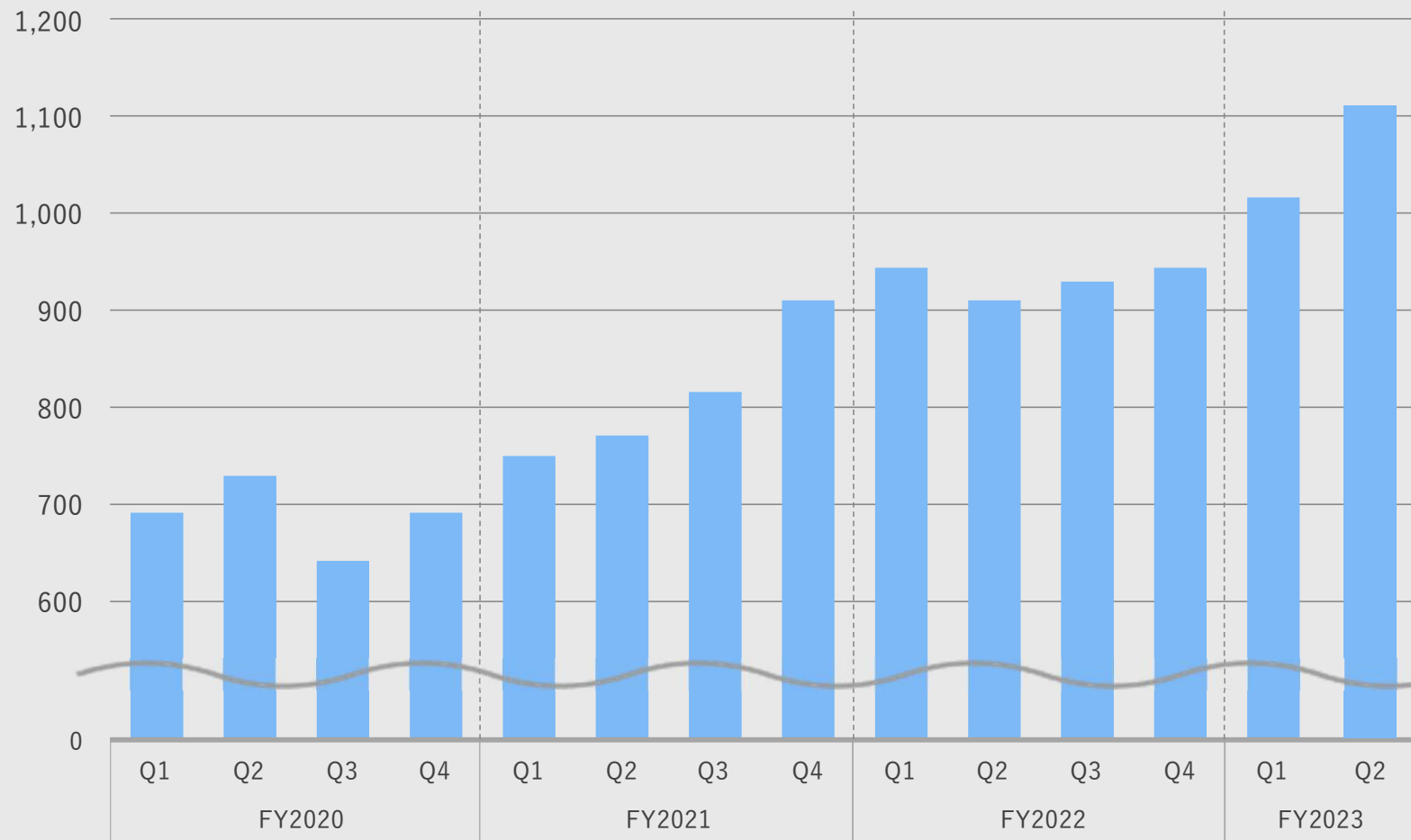
- Utilization rate is expected to increase, as recruited engineers will be assigned to actual projects in the second half of the fiscal year onwards.
- **In the 3rd quarter, we began preparations for business alliances with major global companies.**
- The progress is in line with the annual forecast, which calls for sales of 6,400 million yen, 122.0% year on year, and an operating income of 1,350 million yen, 133.5% year on year.

In our Global Business division, we strengthened relationships with existing clients as foundational pillars while expanding our client base, which resulted in **a consistent increase in sales.**

# global business

## Variation in quarterly sales in the past 3 years

Unit: million yen



## Survey on the actual situation of response to the Economic Security Promotion Law

01

Topic 01: About 60% of listed companies implement concrete measures for the Economic Security Promotion Law.

02

Topic 02: Top 2 measures for coping with the Economic Security Promotion Law of the above-mentioned listed companies  
No. 1: To review offshore development  
No. 2: To form a specialized team and have staff in charge

03

Topic 03: The primary problems with the implementation of measures for coping with the Economic Security Promotion Law are “the delay in improvement of digital security” and “the lack of processes for implementing such measures.”

Outline of the survey: Survey on the actual situation of response to the Economic Security Promotion Law

Survey method: Online survey based on the plan of the research PR “Resapee®” provided by IDEATECH

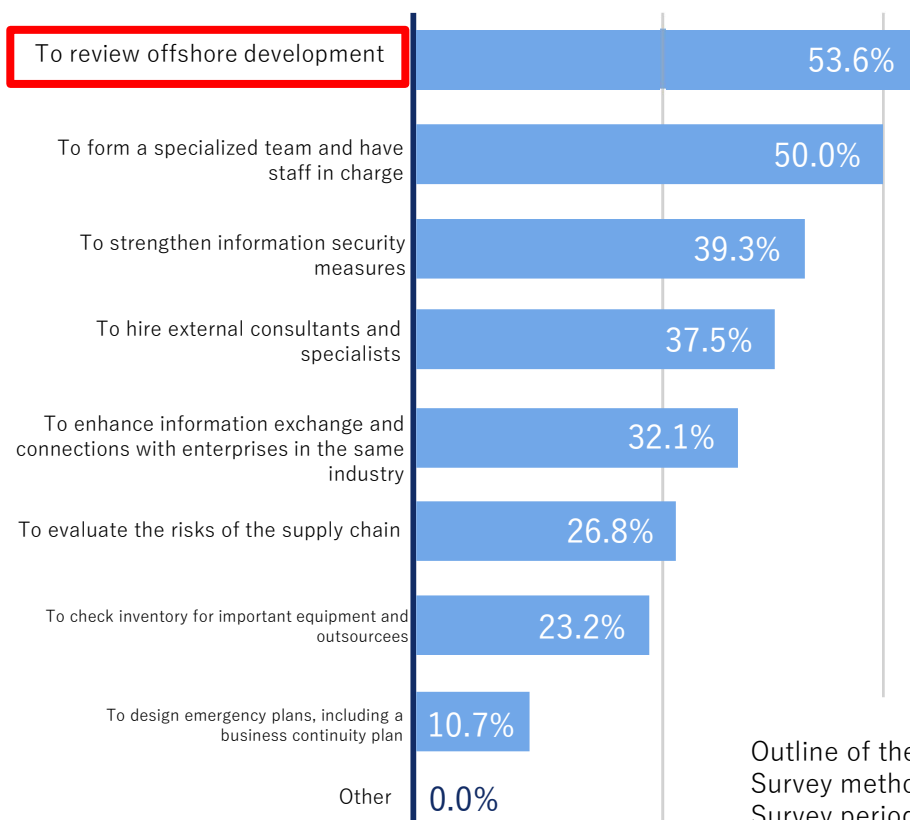
Survey period: October 13 to 16, 2023

Valid respondents: 100 people composed of employers, executives, business administration staff, and personnel in charge of IT and information systems of listed companies

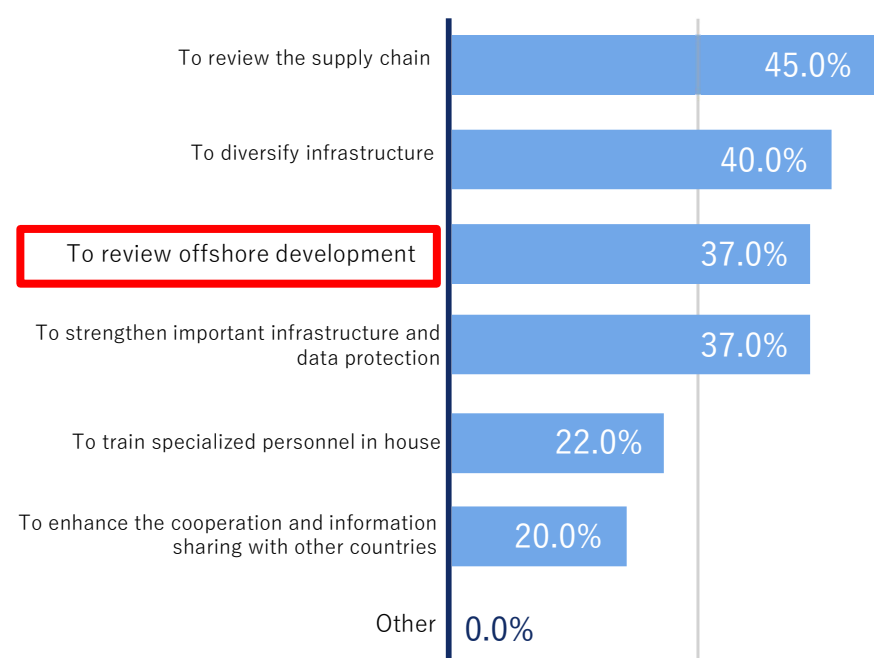
\*Composition ratios were obtained while rounding the ratios to one decimal place, so the sum of the ratios is not necessarily equal to 100.

- Many companies answered that concrete measures for responding to the Economic Security Promotion Law include **the review and improvement of offshore development.**

What kinds of concrete measures do your company implement to respond to the Economic Security Promotion Law? (multiple answers allowed)



Please tell us your company's future outlook and plans for coping with the Economic Security Promotion Law in detail. (multiple answers allowed)

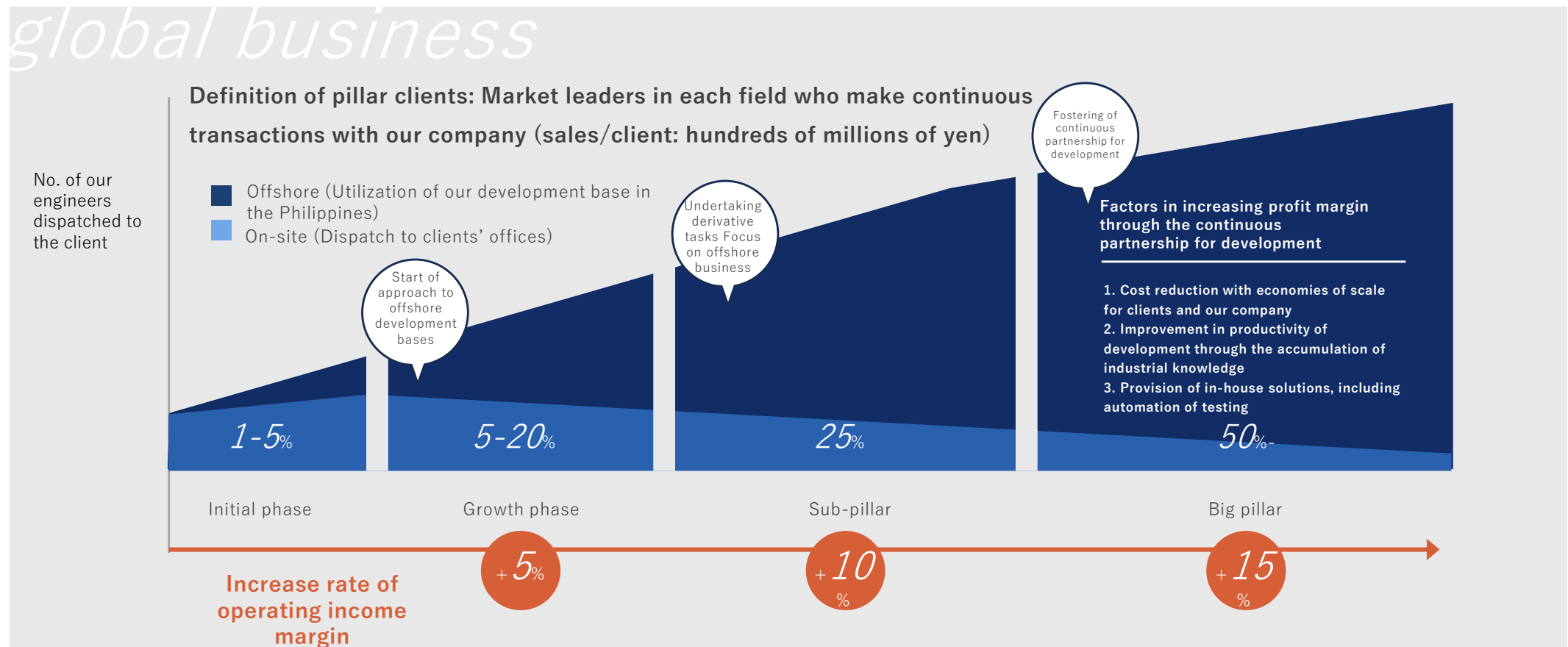


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\*Composition ratios were obtained while rounding the ratios to one decimal place, so the sum of the ratios is not necessarily equal to 100.

- Our business model is not simple dispatch of workers, but to train engineers about the tasks, system languages, tools, etc, unique to the field of each client, and then the Japanese language, and assign them to projects
- Accordingly, employees fresh out of college need to prepare for 5-6 months.
- About 4,000 new graduates apply for a job in our company every year, and we employ about 160 out of them. **In the previous fiscal year, we employed a total of 250 new graduates** as active investment to meet strong demand.

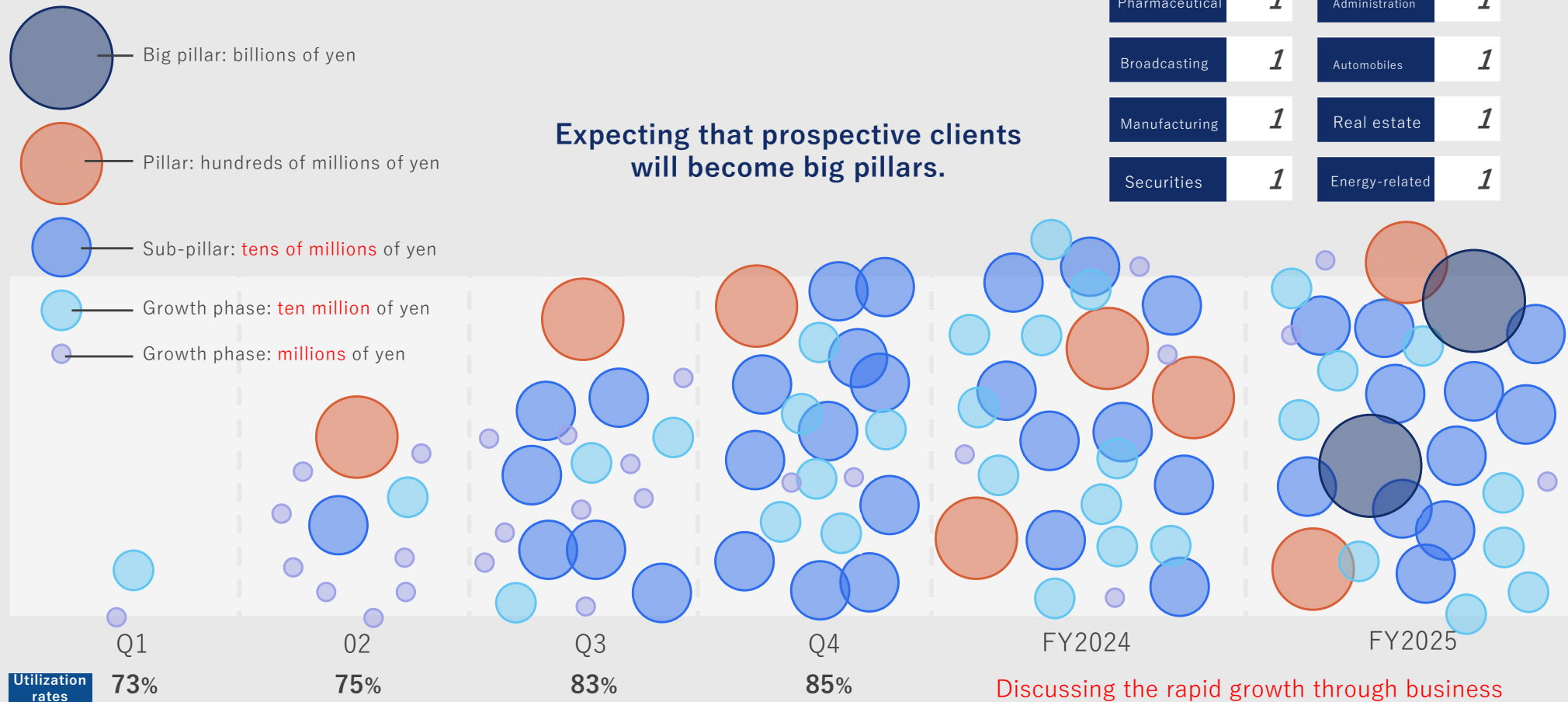


## As demand grew, we targeted 20 candidates for pillar clients.

- In response to the growth of demand for our services, we selected 20 candidates for pillar clients.
- In addition to the sales from existing clients, we expect a significant growth of sales.
- In the second half, many pillar candidates are expected to become our clients on a full-scale basis.

[unit: companies]

Banks	3	Distribution	2
System integrators	2	Video game	1
Chemistry	1	Electric devices	1
Steel	1	Consulting	1
Pharmaceutical	1	Administration	1
Broadcasting	1	Automobiles	1
Manufacturing	1	Real estate	1
Securities	1	Energy-related	1

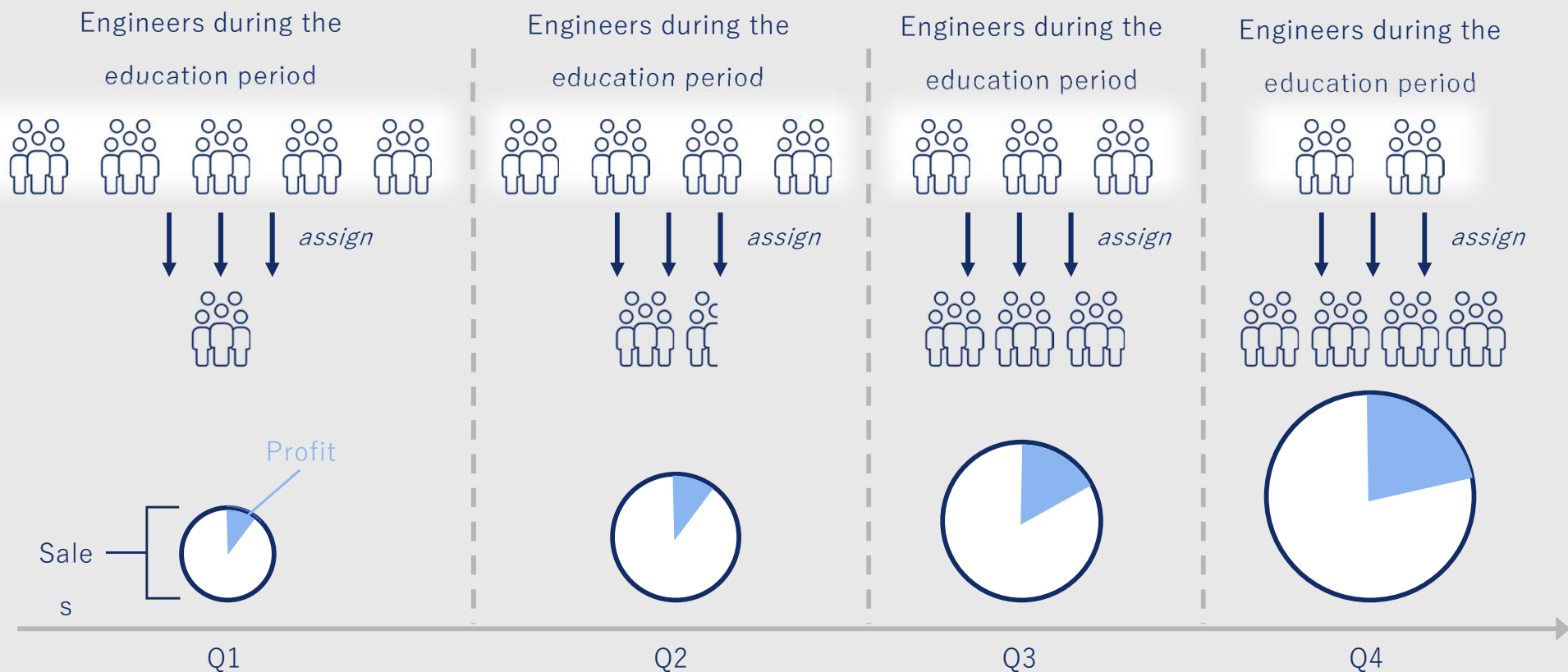




## We recruited a lot of global IT engineers to deal with new pillars.

- We recruited many global IT engineers, to deal with 20 candidates for new pillars.
- During the education period (5-6 months), utilization rate declines temporarily.
- In the second half of the fiscal year, we will assign engineers to projects on a full-scale basis, so it is expected that sales, profit, and utilization rates will rise.

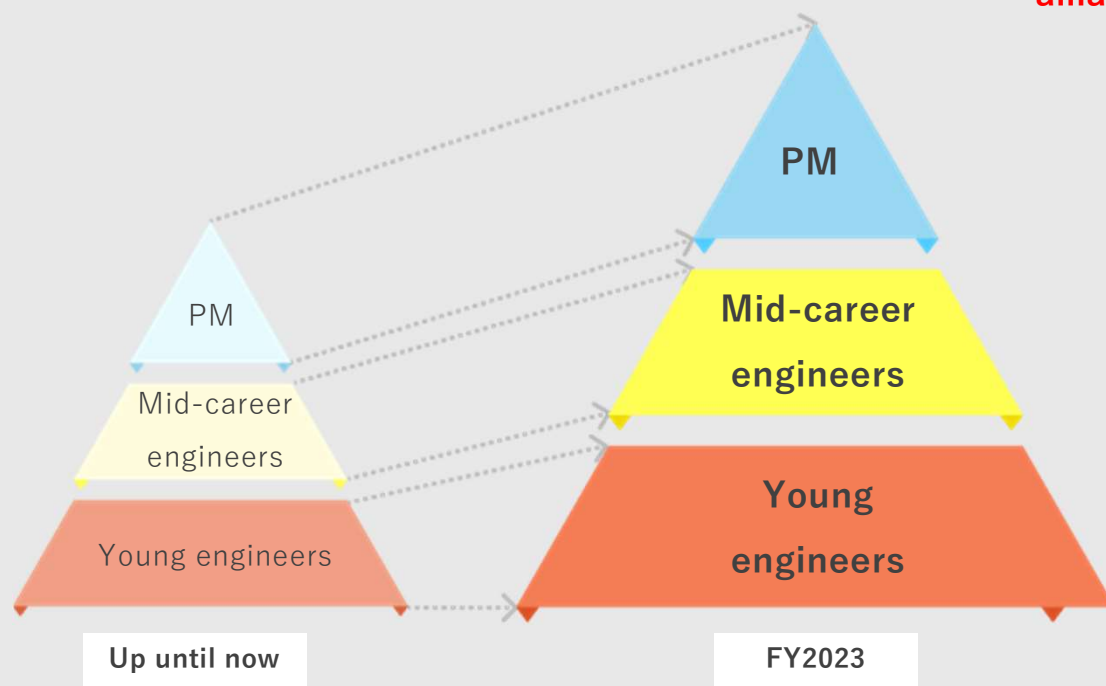
*global business*



## To train professional IT engineers through a 5-6-month intensive course

- Differing from the simple dispatch of IT engineers, our business model is to first trained engineers thoroughly for 5-6 months, and then assign them to respective projects.
- We train workers about the Japanese language, tasks, system languages, and tools unique to the field of each client, and advanced technologies, including AI.

*global business*



Up until now  
About 100-160 people recruited per year

FY2023  
We plan to recruit 350 or more people per year  
(while checking the profit balance).

### 2nd Q TOPIX

From FY2024 onward, we plan to rapidly expand over the medium to long term with a view to forming business alliances with major global companies.

#### Measure 01

Enhancement of recruitment

#### Measure 02

Train of new skills → to respond to the evolution and sophistication of needs

#### Measure 03

Train of about 50 leaders → to deal with increased orders and control quality

#### Measure 04

Pooling of resources → to maximize utilization rate through the cooperation among business sections

#### Measure 05

Improvement in profit margin through the expansion of development volume

We posted a loss on the valuation of assets we own due to the changes in exchange rates, but we control the risk of exchange rate fluctuations related to the core business. (Almost unchanged from Q1)

Exchange Rate Trends between the Japanese Yen and the Philippine Peso



**2 million pesos**  
: **Business domain**







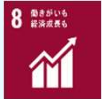


Regarding the impact of exchange rate fluctuations on the core business, we concluded a memorandum for dividing the profit/loss with each client.

Management of the impact of exchange rates.

**23 million pesos**  
: **Non-business domain**

Loss on valuation of foreign currency-denominated assets of subsidiaries outside Japan

# Appendix

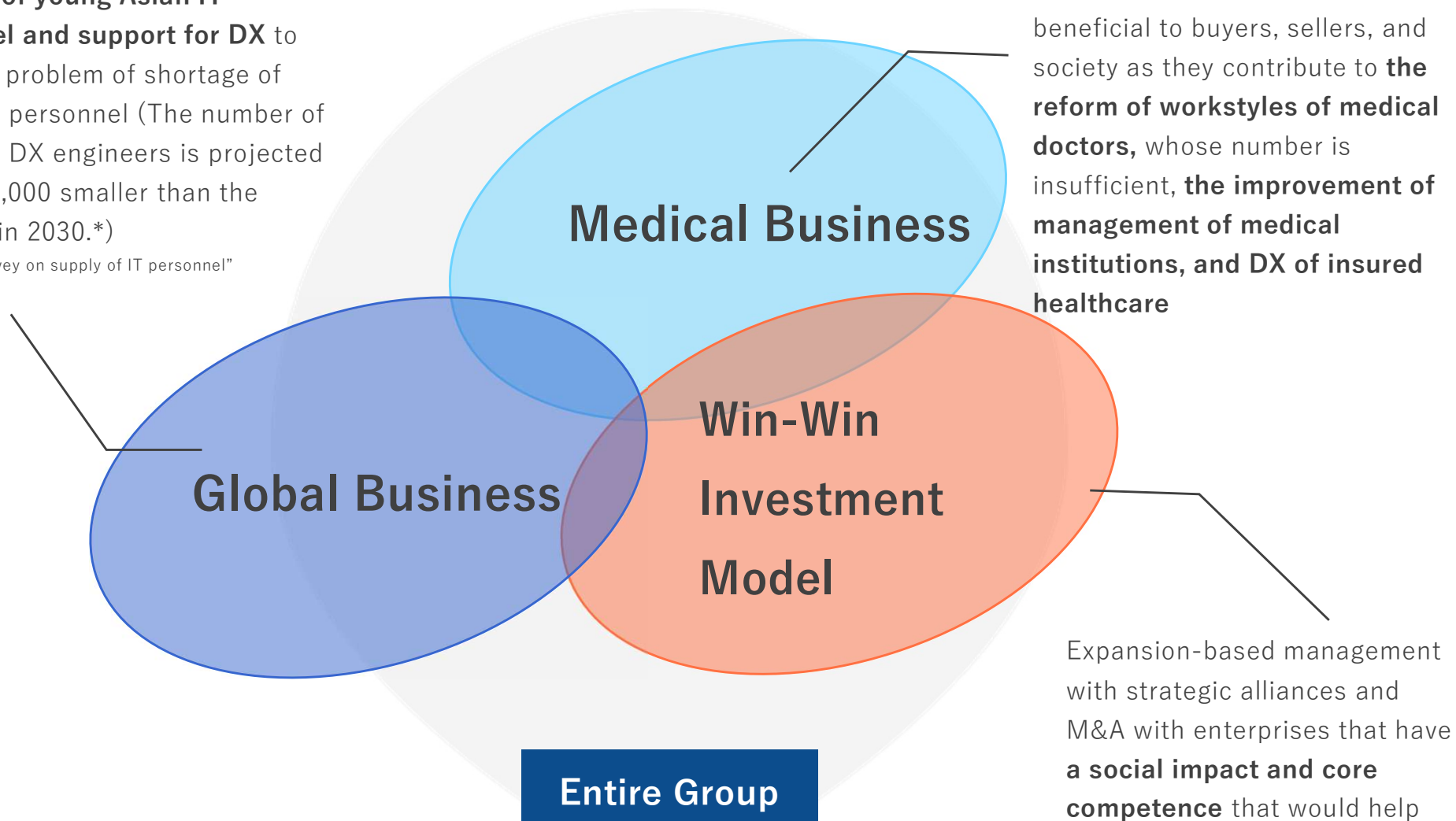
	Goals	Concrete activities	Related SDGs
E	<ul style="list-style-type: none"> <li>To reduce CO<sub>2</sub> emissions</li> <li>Global partnership</li> </ul>	<ul style="list-style-type: none"> <li>To make the electric power consumed at the head office 100% derived from renewable energy</li> <li>Investment in equipment of subsidiaries in the Philippines</li> </ul>	   
S	<ul style="list-style-type: none"> <li>Initiatives for diversity</li> </ul>	<ul style="list-style-type: none"> <li>1 female director</li> <li>Ratio of female managers: 40%</li> <li>Improvement in the ratios of childcare leave and maternity leave</li> <li>Improvement in the ratio of non-Japanese employees</li> </ul>	   
G	<ul style="list-style-type: none"> <li>Fortification of the governance structure</li> </ul>	<ul style="list-style-type: none"> <li>Information disclosure and securing of transparency</li> <li>Diversity of executives</li> <li>Disclosure of the commitment of top executives</li> </ul>	

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

**Training of young Asian IT personnel and support for DX** to

solve the problem of shortage of Japanese personnel (The number of Japanese DX engineers is projected to be 545,000 smaller than the required in 2030.\*)

\* Source: "Survey on supply of IT personnel" (METI)



Provision of solutions that are beneficial to buyers, sellers, and society as they contribute to **the reform of workstyles of medical doctors**, whose number is insufficient, **the improvement of management of medical institutions, and DX of insured healthcare**

Expansion-based management with strategic alliances and M&A with enterprises that have **a social impact and core competence** that would help attain SDGs

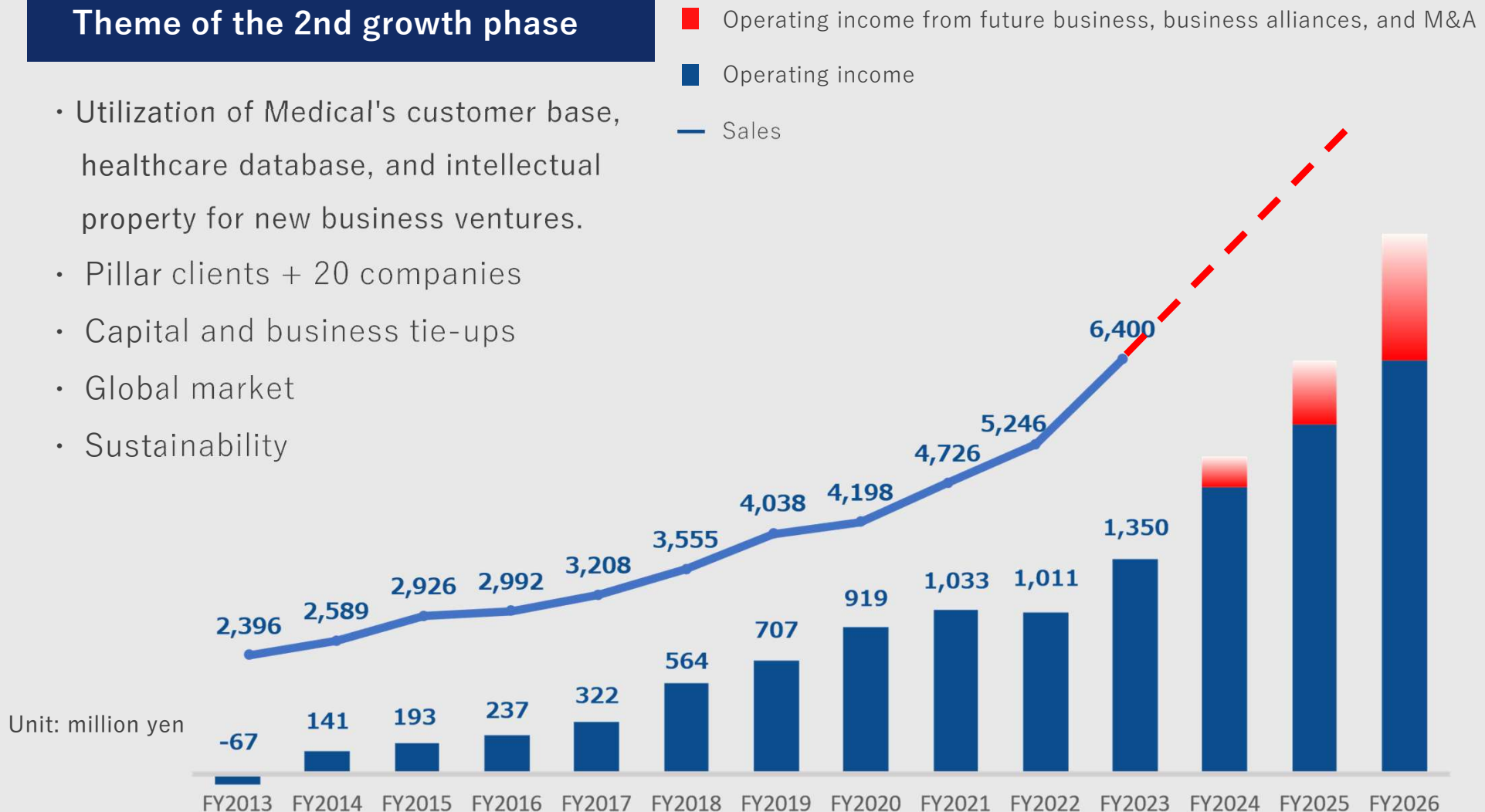
**Pursuit of resilient business administration, personnel development strategies, business synergy, and meanings of existence** for continuous growth in unstable situations

We will maximize the synergy between the existing business and M&A, with the aim of increasing new recurring/SaaS models.

In response to the rapid change in the external environment, **we will develop a new business model for global business operations based on capital and business alliances in order to realize the second growth phase.**

## Theme of the 2nd growth phase

- Utilization of Medical's customer base, healthcare database, and intellectual property for new business ventures.
- Pillar clients + 20 companies
- Capital and business tie-ups
- Global market
- Sustainability



- Corporate name: Ubicom Holdings, Inc. (Prime Market of TSE: 3937)
- Strategic markets: healthcare, finance, public services, automobiles, manufacturing, robotics, etc.
- Business description:

## Global Business

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

## Medical Business

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

## Win-Win Investment Model

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

## Development of New Business

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

## ■ Results

	Sales	Operating income	Ordinary income	Net income
[unit: million yen]				
Results in FY2022	5,246	1,011	1,004	573
Plans in FY2023	6,400 <sup>+22.0%</sup>	1,350 <sup>+33.5%</sup>	1,369 <sup>+36.4%</sup>	963 <sup>+67.9%</sup>



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

