

Financial Results Briefing Materials

FY ending in March 2022

Ubiquitous AI Corporation (UAC)

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May 16, 2022

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- Trends and Initiatives per Segment and Product
- Topics

Performance Overview of FY ending in March 2022

Overview of FY ending in March 2022

Performance

- Compared with FY3/21, both sales and OP increased
- Compared with FY3/20, although sales did not recover owing to the impact of COVID-19 pandemic, including lower automobile production caused by semiconductor shortages, etc., the operating result ended in the black (the operating profit decreased after considering the amortization of goodwill)
 - Consolidated sales: 2,058 million yen (+8.0% vs. FY3/21; -12.3% vs. FY3/20)
 - Consolidated operating profit: 77 million yen (operating loss of 206 million yen for FY3/21; operating profit of 35 million yen for FY3/20)

Summary by Segment

Software Product Business	Sales: Operating profit:	689mn yen 136mn yen	In the fast boot-up device business, while royalty sales for in-vehicle products declined, sales increased YoY and over FY3/20 in the Connectivity & Security business as the Company won major contracts for in-vehicle products.
Software Distribution Business	Sales: Operating loss	977mn yen 141mn yen	While royalty sales from existing customers fell, increase in closing lump-sum payment brought the sales a little higher YoY.
Software Service Business	Sales: Operating profit:	390mn yen 83mn yen	Content licensing sales increased for in-vehicle products and contracted development jobs also performed well, resulting in a YoY increase in sales.

The impact of COVID-19 pandemic and semiconductor shortages on the Company's performance

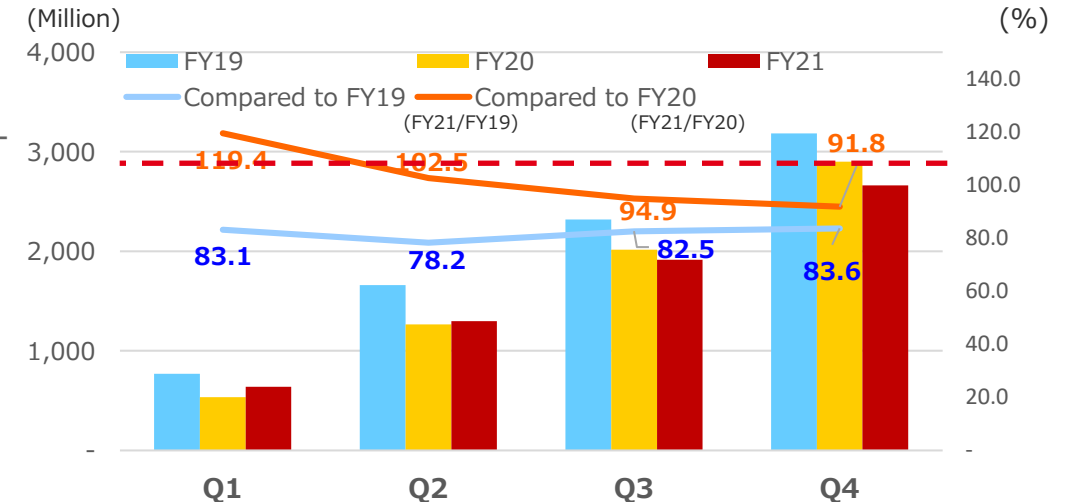
In-vehicle devices

- During the Q1 and Q2, we saw signs of YoY recovery in the number of automobiles sold in Japan but they were lower than the previous year in the Q3 and Q4.
- The number of automobiles sold has yet to recover to the level of FY3/20, prior to the COVID-19 pandemic.
- Sales of the Company's in-vehicle devices are trending similarly, and trends for FY3/23 remain uncertain.

New Contracts

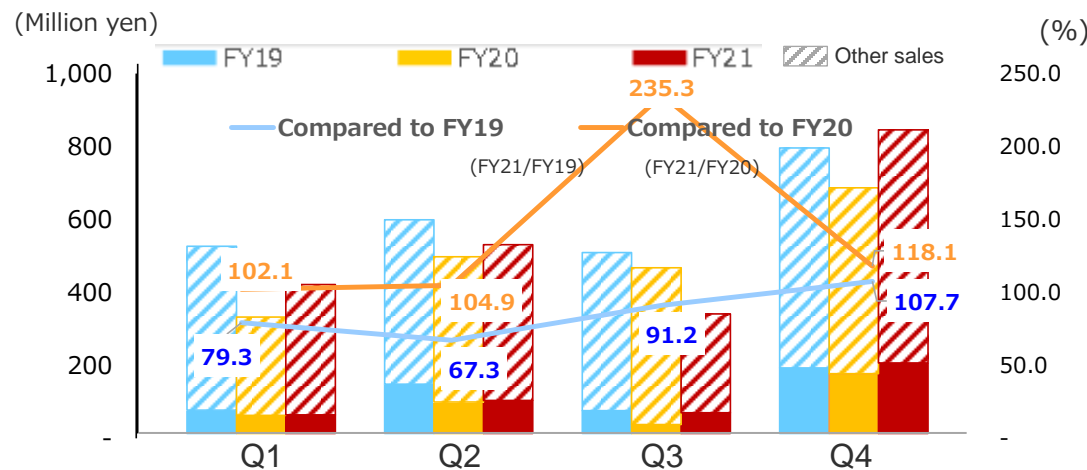
- Although new contracts exceeded the previous year during the Q1 through Q3, they did not recover to the level of FY3/20, prior to the COVID-19 pandemic.
- New inquiries themselves have been trending upward and have recovered to the FY3/20 level in the Q4.

[FY19-21 Domestic Automobile Sales]

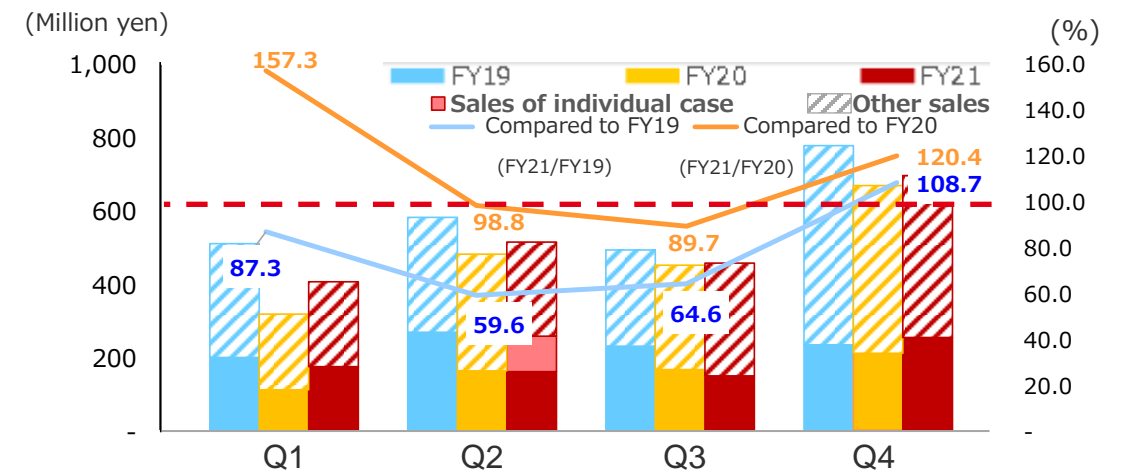


Source: "2021 New Car Monthly Sales (Registered Cars)," Japan Automobile Dealers Association

[FY19-21 The Company's New Contract Sales (One-time Contract Payments)]



[FY19-21 Sales of the Company's In-vehicle Devices]



Segment Profit Changes to Calculation Method

■ Changes to method of calculating segment profit for two Ubiquitous AI Corporation businesses

- Background
 - The company has been unifying shared departments since the merger with the former AI Corporation (July 2018)
- Details of changes
 - Allocation ratio: The allocation ratio will be 1:1, in consideration of sales, gross profit, etc., in initial forecasts for FY3/22
 - Applicable to: Expenses of shared departments – personnel costs and departmental costs of sales, marketing & communication, and administration departments

■ Impact of changes to method of calculating segment profit

(Million yen)

		FY2022			FY2021			Change		FY2020			Change	
		Before Adj.	Adj.	After Adj.	Before Adj.	Adj.	After Adj.	Before Adj.	After Adj.	Before Adj.	Adj.	After Adj.	Before Adj.	After Adj.
Software Product Business	Sales	689		689	556		556	133	133	626		626	63	63
	Segment Profit	84	51	136	21	46	68	63	67	40	56	96	44	39
Software Distribution Business	Sales	977		977	968		968	9	9	1,290		1,290	-312	-312
	Segment Profit	-90	-51	-141	-104	-46	-151	13	9	83	-56	27	-174	-169
Software Service Business	Sales	390		390	380		380	10	10	430		430	-39	-39
	Segment Profit	83		83	86		86	-3	-3	121		121	-38	-38

(Note) The segment profits for the FY 2021 and FY 2020 are before the amortization of goodwill for easy comparison, and the allocation ratio is set as the same rate as that in FY 2022.

YoY: Sales per Segment and Product

(Million yen)

Segment	Product Area	FY2022 (Consolidated)	FY2021 (Consolidated)	Change	FY2020 (Consolidated)	Change
Software Product Business	Connectivity & Security	178	94	88.9%	127	40.0%
	Quick Boot	400	381	4.9%	412	-2.9%
	Database	111	80	39.0%	86	28.6%
	Sub-Total	689	556	24.0%	626	10.2%
Software Distribution Business		977	968	0.9%	1,290	-24.2%
Software Service Business		390	380	2.7%	430	-9.2%
Total		2,058	1,905	8.0%	2,346	-12.3%

YoY Sales and Profit per Segment

(Million yen)

		FY2022 (Consolidated)	FY2021 (Consolidated)	Change	FY2020 (Consolidated)	Change
Software Product Business	Sales	689	556	133	626	63
	Segment Profit(Loss)	136	68	67	96	39
Software Distribution Business	Sales	977	968	9	1,290	-312
	Segment Profit(Loss)	-141	*1 -257	115	*1 -79	-62
Software Service Business	Sales	390	380	10	430	-39
	Segment Profit(Loss)	83	*2 -17	100	*2 18	-64
Total	Sales	2,058	1,905	153	2,346	-288
	Segment Profit(Loss)	77	*3 -206	284	*3 35	42

(Notes) *1 Includes 106 million yen from the amortization of goodwill associated with the acquisition of shares of the former AI Corporation.

*2 Includes 103 million yen from the amortization of goodwill associated with the acquisition of shares of AIM Corporation.

*3 Includes 210 million yen from the above amortization of goodwill.

YoY: Sales and Profit Before Amortization of Goodwill per Segment

(Million yen)

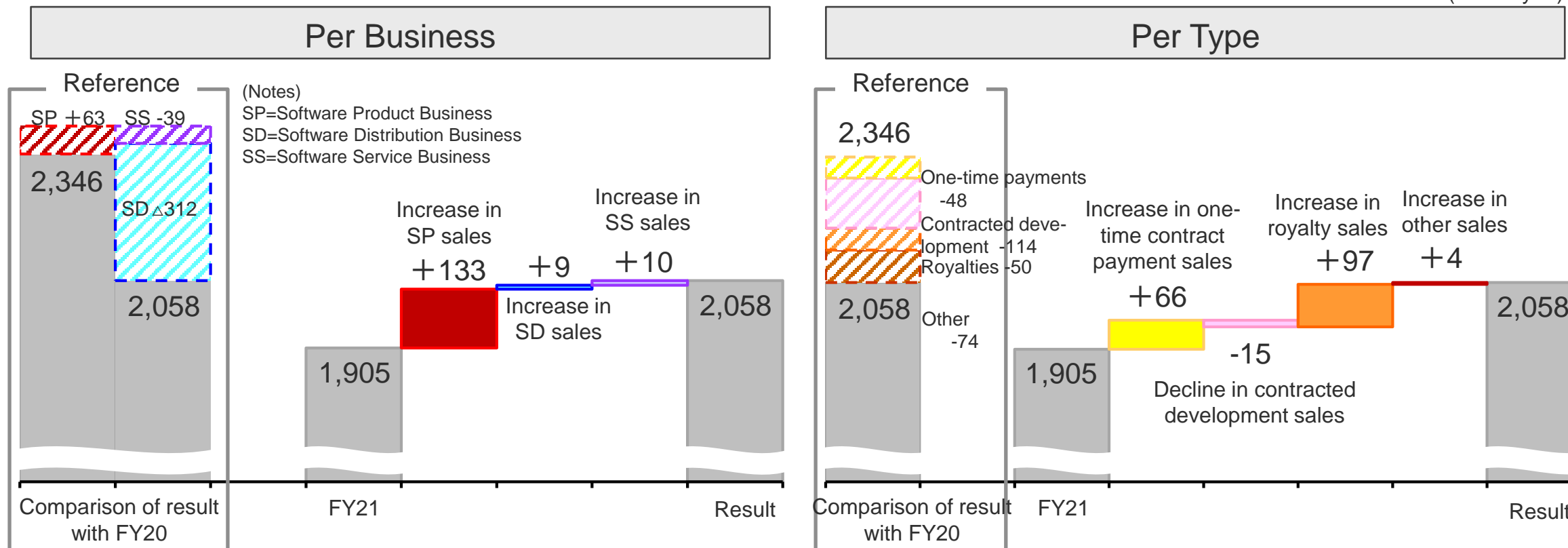
		FY2022 (Consolidated)	FY2021 (Consolidated)	Change	FY2020 (Consolidated)	Change
Software Product Business	Sales	689	556	133	626	63
	Segment Profit(Loss)	136	68	67	96	39
Software Distribution Business	Sales	977	968	9	1,290	-312
	Segment Profit(Loss)	-141	*1 -151	9	*1 27	-169
Software Service Business	Sales	390	380	10	430	-39
	Segment Profit(Loss)	83	*2 86	-3	*2 121	-38
Total	Sales	2,058	1,905	153	2,346	-288
	Segment Profit(Loss)	77	*3 3	73	*3 245	-168

(Note) For ease of comparison with FY22:

- *1 Does not include 106 million yen from amortization of goodwill associated with the acquisition of shares in the former AI Corporation.
- *2 Does not include 103 million yen from amortization of goodwill associated with the acquisition of shares in AIM Corporation.
- *3 Does not include 210 million yen from the above amortization of goodwill.

YoY: Sales

(Million yen)

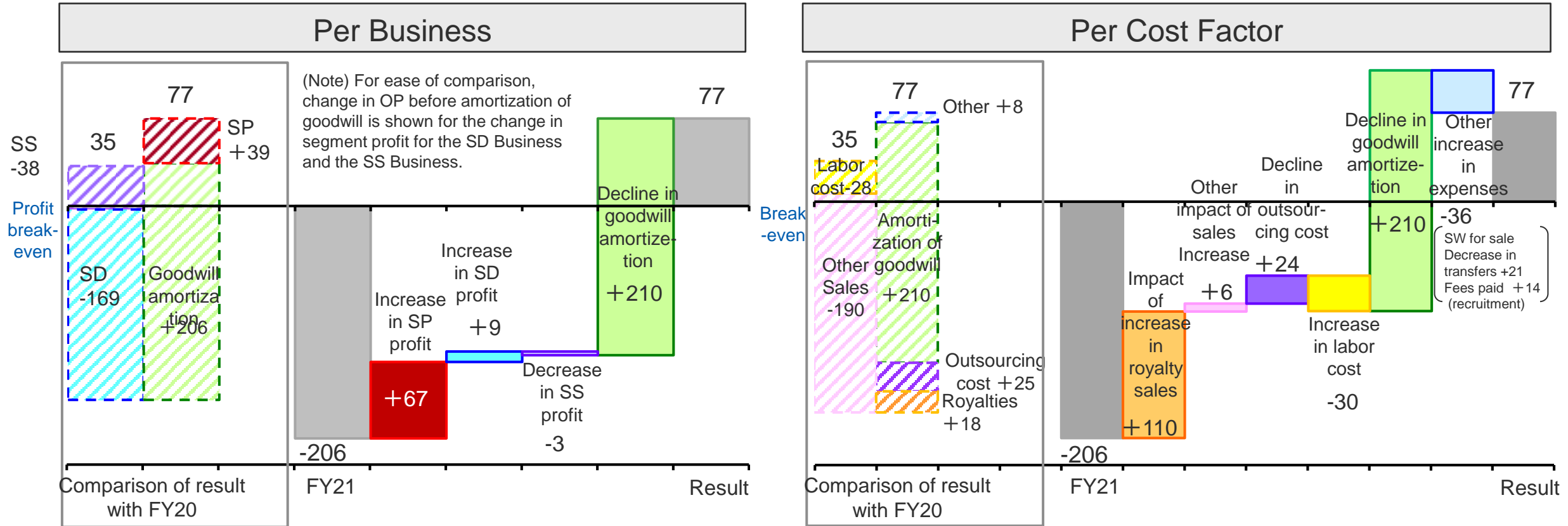


■ **Sales: Increased compared with FY3/21, albeit failing to reach the level of FY3/20, prior to the COVID-19 pandemic**

- **SP Business** : Despite a decline in royalties for fast boot-up products, mainly for in-vehicle products, sales exceeded those of FY3/20 as the Company secured industrial royalties for database products and won major job contracts (advance royalties) for in-vehicle products in the Connectivity & Security business.
- **SD Business** : Royalty sales increased YoY for wireless products, while royalties for PC-related products, etc. fell.
- **SS Business** : Sales increased YoY, primarily for content licensing on job contracts for in-vehicle products and contracted development. However, they did not recover to the FY3/20 level.

YoY: Operating Profit

(Million yen)

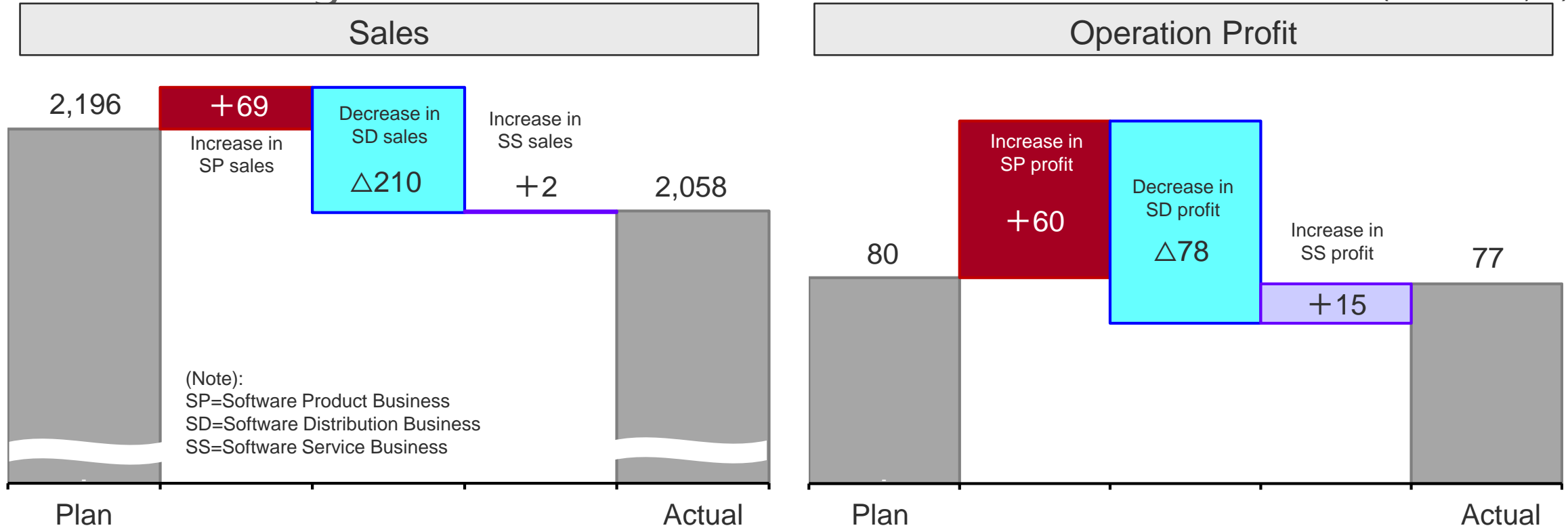


■ Significant improvement over FY3/21; moderate improvement over FY3/20, prior to the COVID-19 pandemic

- The operating profit increased significantly over the previous year, supported mainly by an increase in royalty sales in the SP Business, as well as the finishing of goodwill amortization, whereas compared with FY3/20, the operating profit decreased due to decline in other sales, however, the operating loss increased after taking lower amortization of goodwill into account.
- An upfront investment in product development in addition to sales decline impacted the revenue of the SD business.

Comparison with the Plan : Sales and Operating Profit (By Business Segment)

(Unit: Million yen)



■ Comparison with the plan - Sales and Operating Profit: Decrease

- Sales declined due mainly to the sales decline in the SD Business, while the operating profit decreased slightly.

Consolidated Statement of Income

(Million yen)

	FY22	FY21	Change	FY20	Change
Sales	2,058	1,905	153	2,346	-288
Cost of Sales	1,069	1,061	7	1,226	-157
Gross Margin	989	843	145	1,119	-130
SG&A	911	1,050	-138	1,084	-173
Operating Income(Loss)	77	-206	284	35	42
Non-Operating Profit	13	4	9	3	9
Ordinary Income(Loss)	90	-202	293	38	51
Extraordinary Income(Loss)	-70	-106	35	-	-70
Income Taxes	60	118	-58	-38	98
Net Income(Loss)*	-39	-426	387	77	-116

* Net income (loss): Profit (loss) attributable to owners of the parent

FY3/22 Extraordinary loss items and their description

■ Cost of relocating the headquarters 53,566 thousand yen

- In July 2022, offices were consolidated in order to streamline office functions and to further promote in-house communications.
 - Abolished business place: Shinjuku head office in the Meiho Building
Gotanda Office in the Iijima Building (The office in the West Hill Building was abolished in November 2021.)
 - Loss on head office relocation was recorded in relation to the above mentioned Shinjuku head office relocation.

■ Provision of allowance for investment loss 12,070 thousand yen

- The actual value of the Company's investment in an affiliated company declined requiring a loss recognition.

■ Loss on retirement of fixed assets 4,820 thousand yen

- Loss on retirement of fixed assets was recorded including the loss on retiring existing tangible fixed assets in relation to the office consolidation.

Consolidated Balance Sheet (Assets)

(Million yen)

	End of March 2022	End of March 2021	Change
Cash and deposits	705	828	-123
Notes and accounts receivable-trade	-	* 676	-676
Notes and accounts receivable-trade & Contract assets	* 652	-	652
Securities	1,000	800	200
Inventories	-	5	-5
Prepaid expenses	43	46	-3
Other	27	56	-29
Current assets	2,428	2,414	14
Noncurrent assets	546	393	153
Assets	2,974	2,807	167

*With the application of the Accounting Standard for Revenue Recognition etc., "Notes and accounts receivable-trade" as of the end of March 2021 is included in "Notes and accounts receivable-trade & Contract assets" for the end of March 2022.

Consolidated Balance Sheet (Liabilities and Net Assets)

(Million yen)

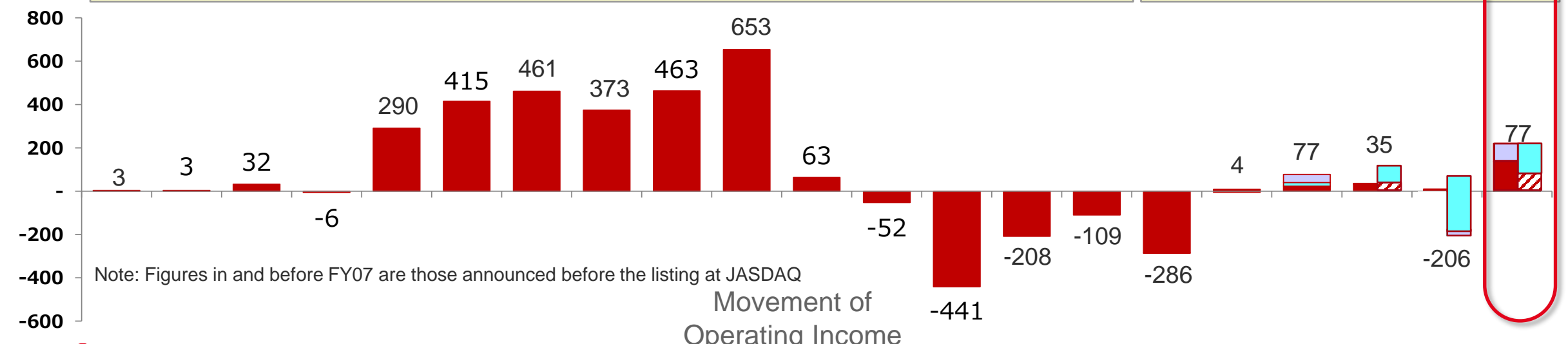
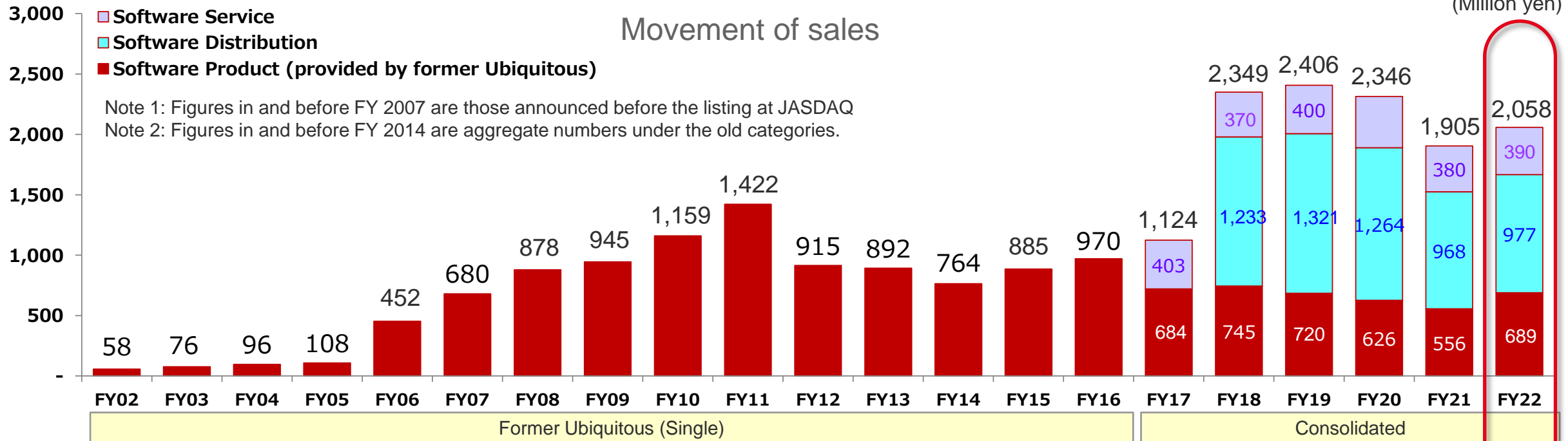
	End of March 2022	End of March 2021	Change
Accounts payable-trade	153	131	22
Accounts payable-other	32	47	-14
Advances received	- ^{*1}	73	-73
Contract liabilities	^{*1} 97	-	97
Other	^{*2} 164	46	118
Current liabilities	448	298	149
Noncurrent liabilities	84	80	3
Capital stock	1,483	1,483	-
Capital surplus	1,453	1,453	-
Retained earnings	-626	-586	-39
Other	131	78	53
Net assets	2,442	2,429	13
Liabilities and net assets	2,974	2,807	167

*1. With the application of the Accounting Standard for Revenue Recognition etc., "Advances received" as of the end of March 2021 is included in "Contract liabilities" for the end of March 2022.

*2. Asset retirement obligation of 79 million yen in relation to the head office relocation is included.

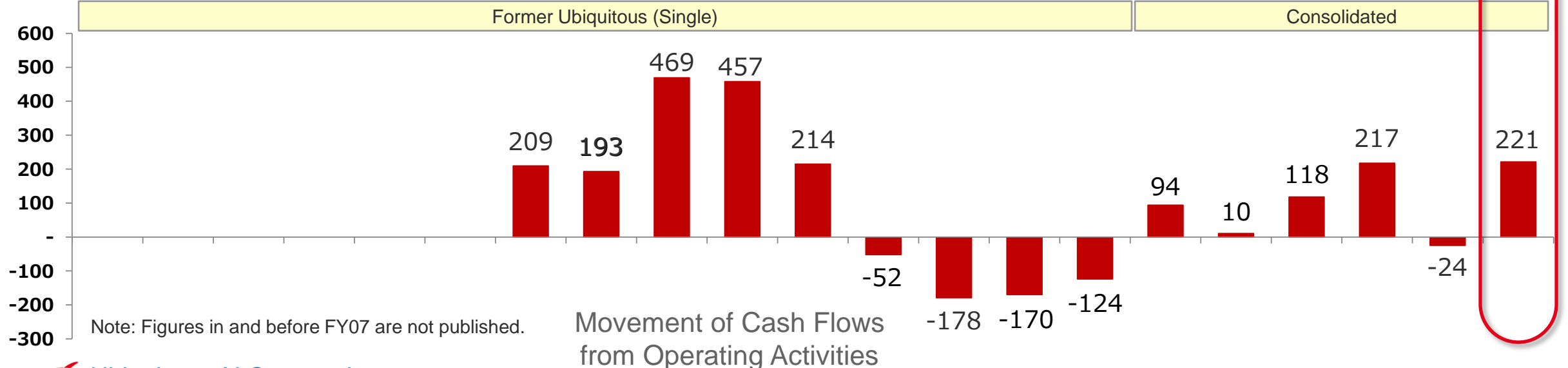
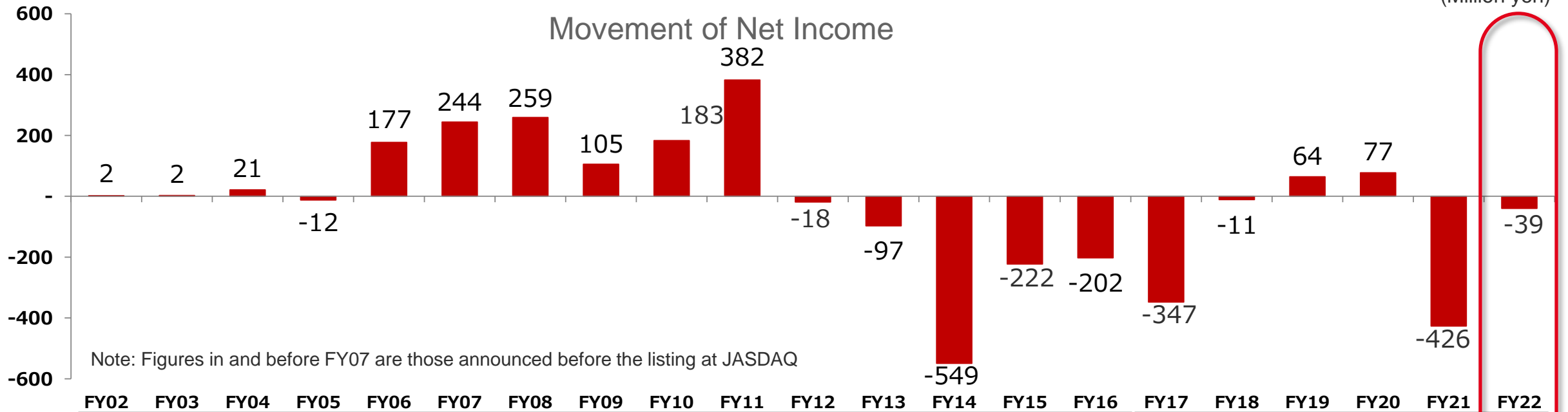
Movement of Sales and Operating Income

(Million yen)



Movement of Net Income and Cash Flows from Operating Activities

(Million yen)



Results against the Revised Mid-Term Management Targets

Ubiquitous AI Corporation Group Toward the No. 1 Embedded Software Vendor



Ubiquitous AI Corporation

FY ended in March 2021

Plan: 2,550 (30)

->1,905 (△206)

- Realize sales of fast device boot-up products starting in the next FY by making full efforts in approaching their overseas market
- Enhance the business base to cope with changes in product lifecycle and loss of marketable items

FY ended in March 2020

Plan: 2,419(10)

Actual: 2,346(35)

- Took measures to realize revenue increase starting in FY3/21 (such as recruitment, securing new products, and R&D)
- Created business opportunities through new initiatives such as "Edge Trust"
- Inter-business synergy (proposal of combined products, engineering collaboration, exploring joint development jobs with overseas partners)

*Sales (Operating profit)
Unit: Million yen

FY ending in March 2022

Plan: 2,196 (80)

->2,058 (77)

- Realize contribution to the revenue by expanding overseas sales of fast device boot-up products starting in FY3/23
- Achieve the plan objectives with the revenue from the SP and SS Businesses, sales increase in the SD Business of new marketable items, and lower amortization of goodwill

FY ending in March 2025
Sales - 3,000 mil. yen
Operating margin: more than 10%
Target:

Developing and Exploring New Products and New Goods in Light of Technology Trend

5G

CASE

IoT

Cloud

AI

Robotics

FY3/20, FY3/21: Stabilizing revenue and taking actions toward the next growth step
FY3/22: Taking initiatives toward the assumed full recovery from the impact of the COVID-19 pandemic starting in FY3/23

Further taking initiatives in the area of IoT security and AI, as well as the automobile-related and in-vehicle devices area, where the Company has ample experiences

Collaborating with partner companies in product development for faster and low-cost introduction of new products as well as approaching new business fields.

Trends and Initiatives by Segment and Product Area

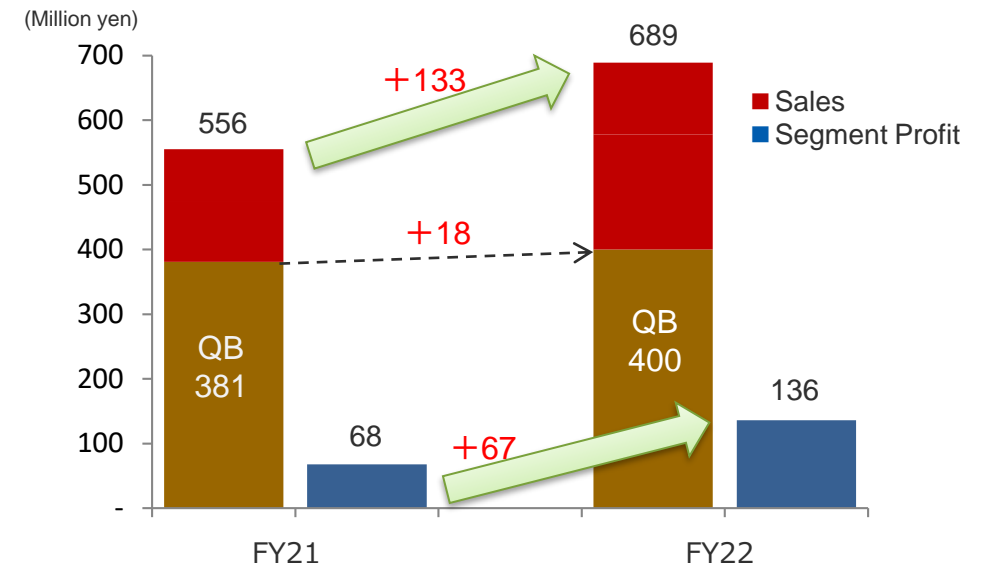
Software Product Business QuickBoot Related

■ Overview of the fiscal year

- Recognized royalty sales from existing customers in domestic and overseas related to in-vehicle devices and overseas consumer electronics
- Ongoing large-scale and medium-scale development projects with several companies, mainly for in-vehicle equipment such as car navigation systems

■ Business Direction

- Strengthen sales for overseas markets
- Strengthen sales expansion for in-vehicle devices other than in-vehicle information terminals
- Create high value-added solutions and promote cross-sales by combining functions such as file systems that support power discontinuity, virtualization technology, and secure boot
- Continue development of next-generation technologies



(Note) The graph shows sales and profit in the entire software product business and sales and profit only related to QuickBoot.



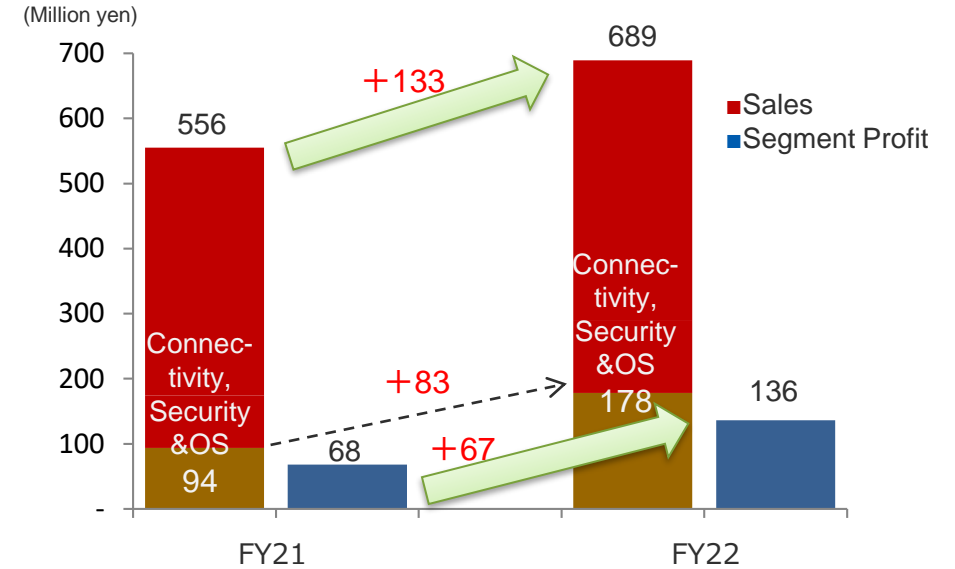
Connectivity, security & OS related

Overview of the fiscal year

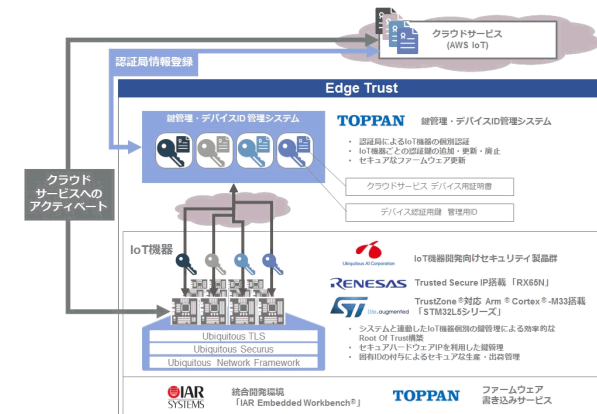
- Acquire large orders from existing customers related to in-vehicle devices
- Recorded sales from IoT security-related R&D projects
- Recorded sales from an R&D project with a semiconductor manufacturer for "Edge Trust," a solution that realizes secure IoT services
- Recorded royalty sales from existing customers in the digital imaging field

Business Direction

- Established a one-stop system for providing connectivity, security, and real-time OS to realize timely IoT of embedded devices.
- Continue to educate and develop business for security measures for IoT devices, where incidents have been increasing recently, centered on Edge Trust, and strengthen collaboration with a wide range of partner companies from semiconductors to cloud services
- Accelerate promotion of "HDCP/DTCP" and "Securus" to meet increasing demand for secure transmission of digital contents in in-vehicle devices and support for equipped semiconductor devices



(Note) The graph shows sales and profit in the entire software product business and sales and profit only related to the connectivity and security area.



Software Product Business

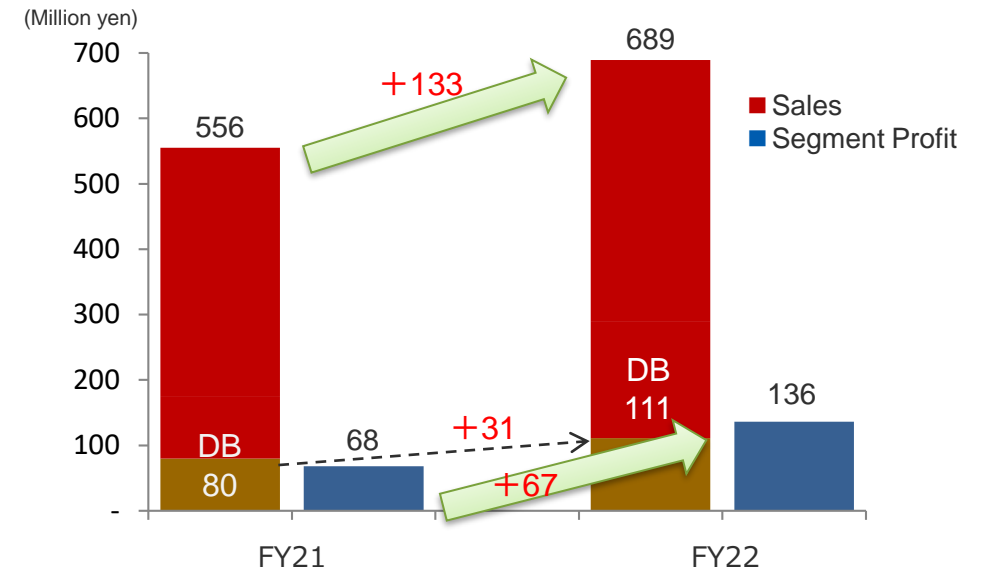
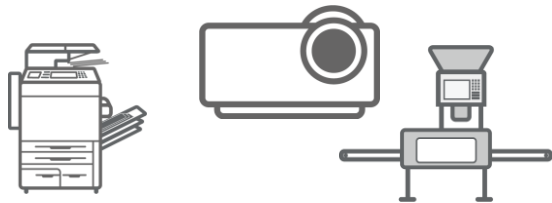
Database Related

■ Summary of FY 2022 Q3

- Recorded royalty sales, etc. from existing customers in the area of industrial machines, etc.

■ Business Direction

- Ensure stable revenue by supporting existing customers.
- Expand sales for in-vehicle equipment, OA equipment, testing equipment, and industrial machines, etc.



(Note) The graph shows sales and profit in the entire software product business and sales only related to the database area.

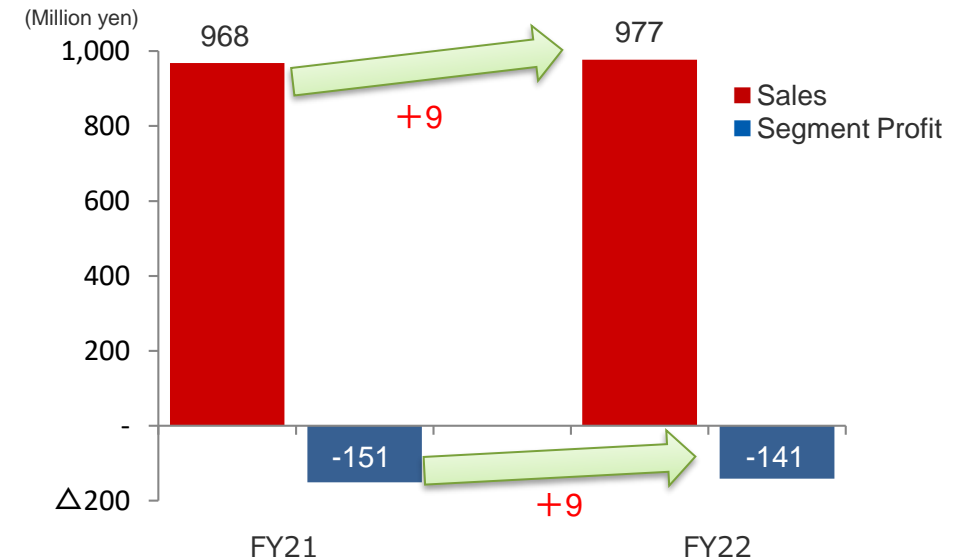
Software Distribution Business

■ Overview of the fiscal year

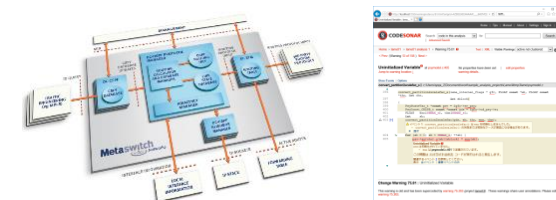
- Royalty sales of BIOS product "InsydeH2O[®] *₁" and wireless product "Blue SDK *₂", License sales of quality improvement support tool product "CodeSonar *₃", License and royalty sales of carrier-grade product "ConfD *₄", Upfront sales of CoDriver *₅, an AI solution product, and Sales related to IoT security verification services, etc., these sales are the core of sales from new and existing customers from a large number of products handled

■ Business Direction

- Discovery of products and technologies that meet changing needs due to the COVID-19 pandemic
- Acquisition of commercial rights of overseas vendors with marketability
- Strengthen sales of newly developed and acquired commercial products
- Focused sales promotion of tool products such as software quality improvement support, etc., which have a high contribution to revenue stability through annual use license contracts



(Note) Segment profits for the same period of the previous year shows the change (Increase/Decrease) in operating income before amortization of goodwill for easy comparison.



*1 InsydeH2O□: C language based BIOS implementing "EFI/UEFI" specification

*2 BlueSDK: Bluetooth protocol stack

*3 CodeSonar: An analysis tool that can detect dynamic software defects statically from source code and binary files

*4 ConfD : On-device network device management software

*5 CoDriver : Driver and Cabin Monitoring System

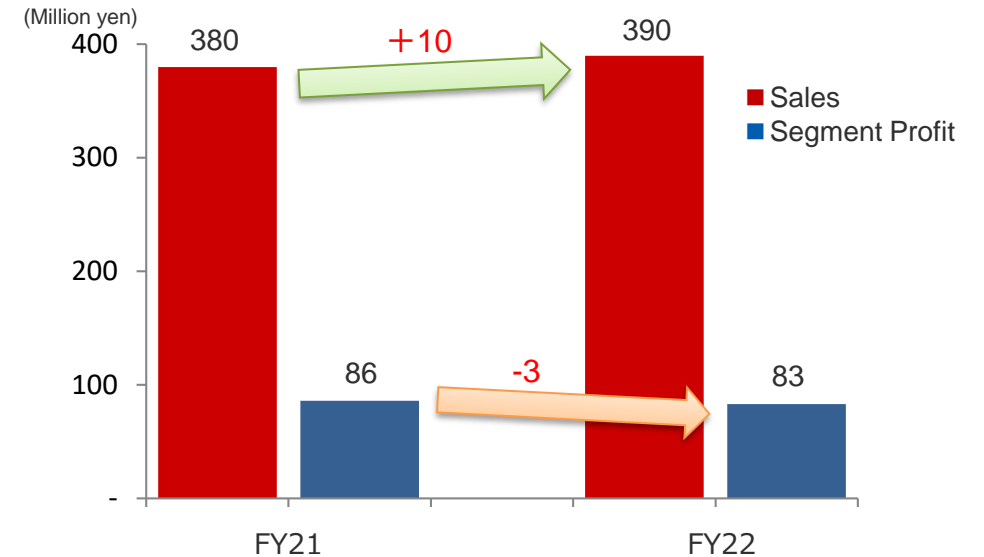
Software service business

■ Overview of the fiscal year

- Various contracted development sales from existing customers
- Recorded license fee sales related to "YOMI" data content, mainly for in-vehicle equipment

■ Business Direction

- Continued securing of existing revenues through close collaboration with Gracenote, Inc. and new initiatives through collaborative proposals
- Realize group-wide sales synergies by focusing on engineering service projects related to the Group's products and customers, in addition to projects with existing customers and partners



(Note) Segment profits for the same period of the previous year shows the change (Increase/Decrease) in operating income before amortization of goodwill for easy comparison.



Examples of using "YOMI Data"(artist & sort)

Artist Name	YOMI
さだまさし	サタマサン
サザンオールスターズ	サザンオールスターズ
L'Arc-en-Ciel	ラルクアンシエル
松任谷由実	マトウヤユミ

Sorted by Artist Name		Sorted by YOMI	
Sorted Result	Artist Name	Sorted Result	YOMI
1	L'Arc-en-Ciel	1	サザンオールスターズ
2	サザンオールスターズ	2	さだまさし
3	さだまさし	3	松任谷由実
4	松任谷由実	4	L'Arc-en-Ciel

FY 2022 Q3, Results and Medium-Term Issues and Measures

Business Field		Results	Issues and Measures
Software Product (SP) Business	Fast Boot	<ul style="list-style-type: none"> Automotive-related business was affected by the COVID-19 pandemic in Q2 and Q3, but continues to be a core product and a pillar of earnings this fiscal year 	<ul style="list-style-type: none"> Realize sales expansion by supporting next-generation platforms and aggressively expanding into overseas markets
	Connectivity & Security, RTOS	<ul style="list-style-type: none"> Achieved major sales of in-vehicle AV multimedia security and won a project for the next PF Decreased number of new projects in connectivity and RTOS products Slow rise of IoT security demand, delaying monetization 	<ul style="list-style-type: none"> Expanded human resources to support in-vehicle AV projects Consideration of sales packages to maximize the value of connectivity and RTOS Create customer demand by linking with verification tools for IoT security
Software Distribution (SD) Business		<ul style="list-style-type: none"> Cost reductions by customers due to the COVID-19 pandemic had a significant impact on sales of new projects, etc. Sales declined YoY due to peak-out of mainstay products and lack of growth in expected products Strong sales of software analysis and verification tools 	<ul style="list-style-type: none"> Accelerated sales of recently acquired and developed products Understanding software quality concerns and customer trends, and proposing solutions with tools
Software Services (SS) Business		<ul style="list-style-type: none"> Automotive-related business was affected by the COVID-19 pandemic in Q2 and Q3, but stable earnings were secured, including projects for existing customers 	<ul style="list-style-type: none"> Need to secure development staff to expand scale; considering measures including M&A

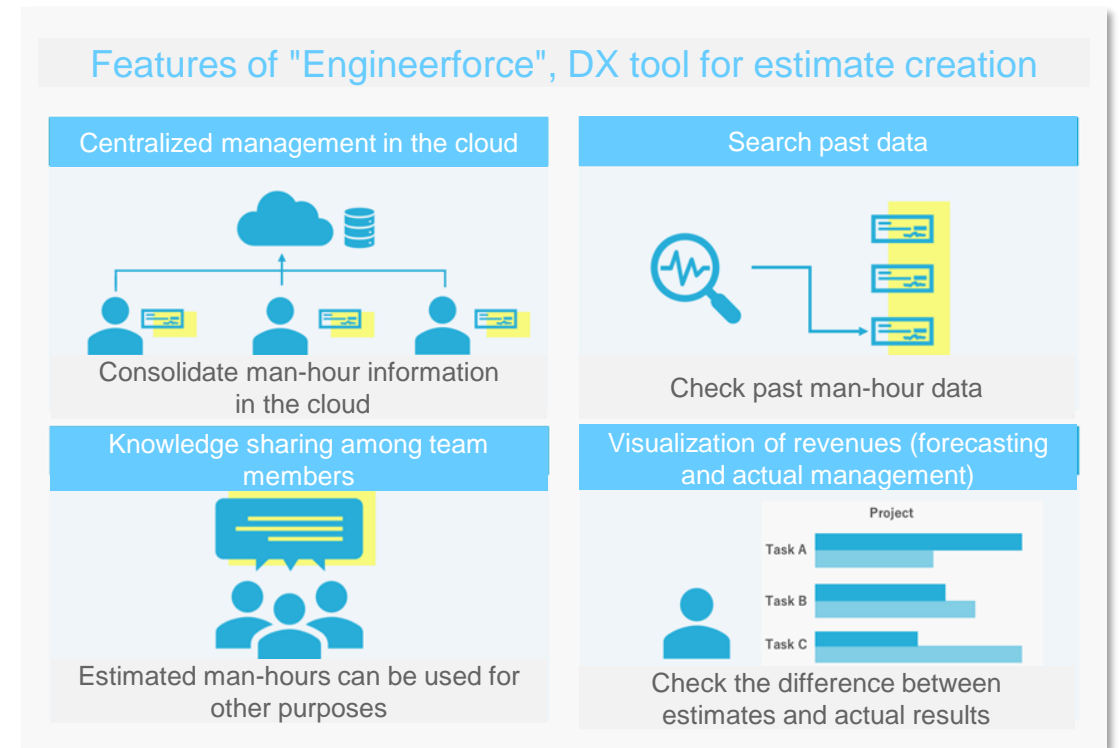
Topics

Capital and business alliance with Engineerforce (1/12)

The estimate creation tool, which enables the sharing of past estimate data within the company, which improves the accuracy of estimates and realizes labor savings, is being deployed mainly in the manufacturing industry

■ Solving issues related to man-hour estimates for system development

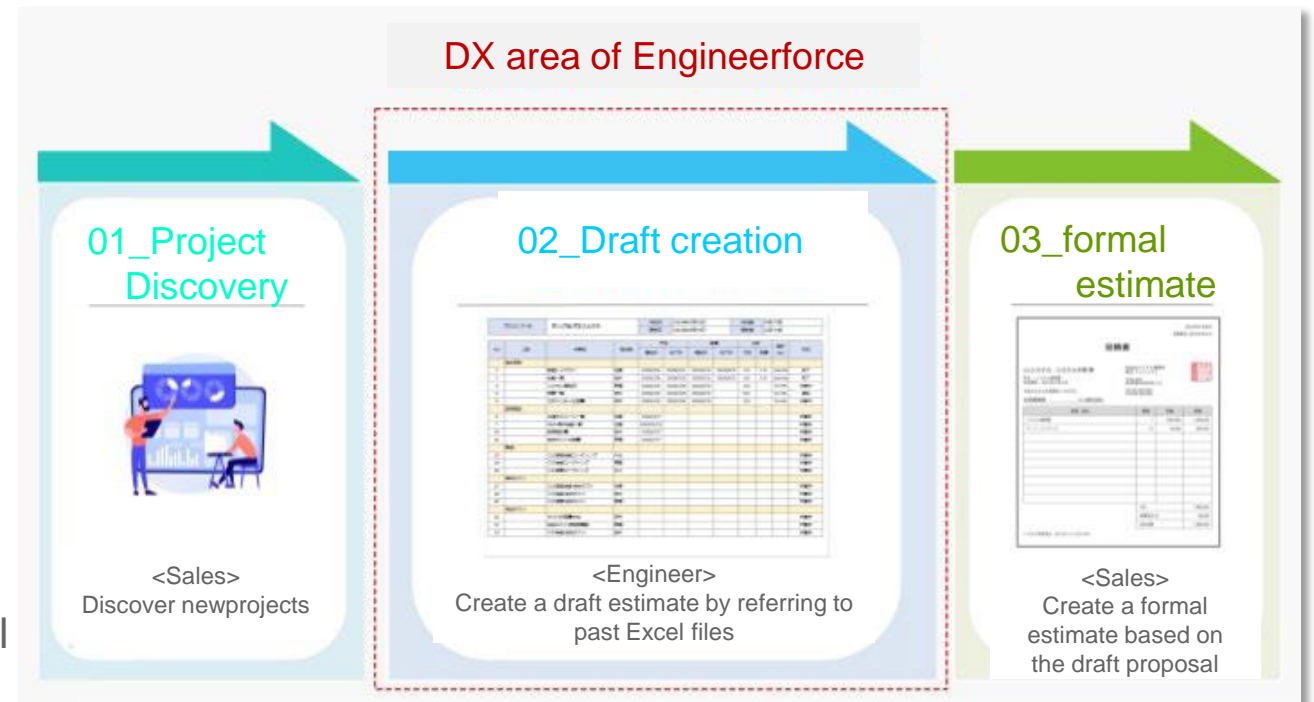
- Estimating man-hours is an extremely important task because any deviation from the actual number of man-hours generated is directly related to revenue. However, it depends on the skills of each person in charge, and in many cases, estimates are managed individually using Excel and other tools, which creates issues such as internal sharing of estimate information, equalization of accuracy, and improvement of work efficiency.
- SaaS-based management of man-hour estimates is expected to improve accuracy and skills by referencing past data, prevent profit rate decline, and reduce costs by shortening work hours.
- A review function that visualizes the gap between the estimated man-hours and the actual man-hours to be incurred leads to the discovery of the causes of estimate errors.



Launched Engineerforce, a knowledge-sharing tool for engineers to create estimates (5/12)

DX tool solves problems when creating estimates

- Share past estimate data to improve estimation accuracy and save labor
 - Improve work efficiency and prevent requirement definition omissions with an extensive sample list of approximately 500 types
 - Smooth access to necessary information by sharing information among teams and group companies
 - Equipped with cost accounting function and approval flow function required for internal control
 - Visualization of revenues (forecasting and actual management)



Linux®/Android™ fast boot solution












Cumulative shipments of "Ubiquitous QuickBoot" exceed 60 million units (5/13)

Steady introduction in in-vehicle information equipment; shipments by some overseas manufacturers in full swing

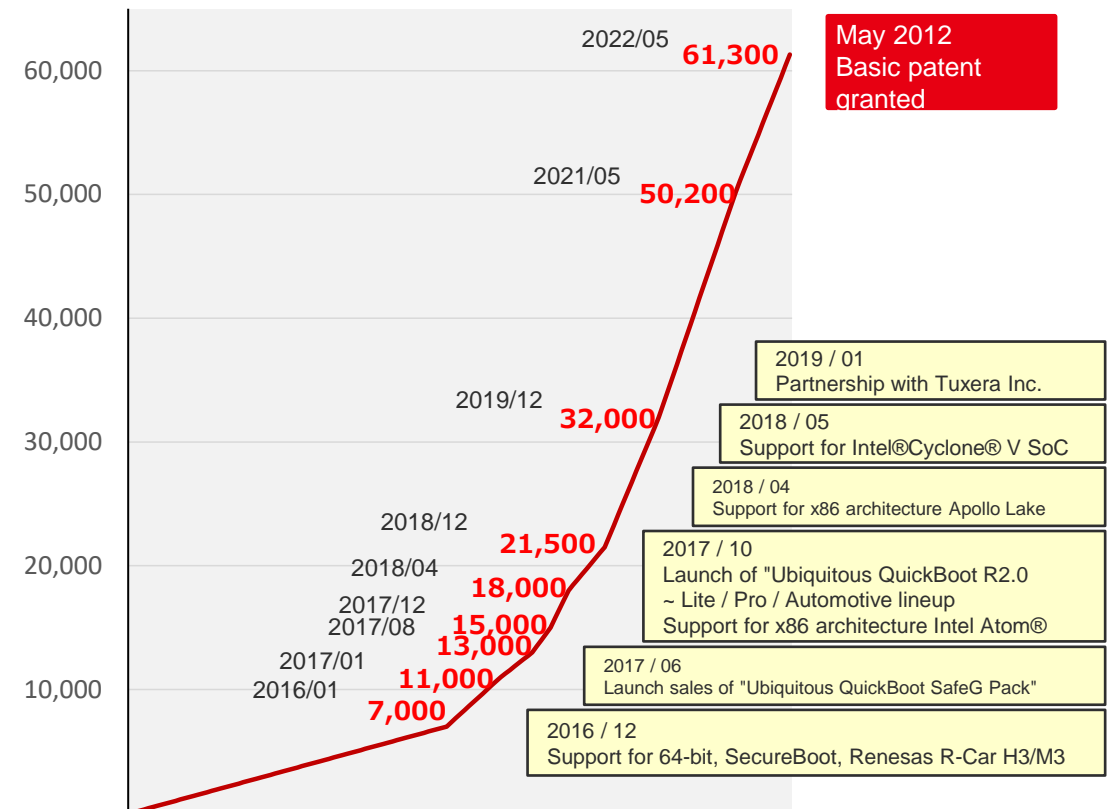
■ Product Overview

- Our proprietary fast boot solution for systems
- Easily speeds up device startup time, saves power, and provides a comfortable user experience.

<Implementation Effectiveness and Application Examples>

Implementation effectiveness	Application Examples		
Quickly start various processes such as recording and monitoring	 Surveillance cameras	 Digital cameras	 Dashboard camera
Reduces user stress from waiting for boot	 Car navigation	 TV	 Panel controllers, each main control console
Fast boot enables operation with zero standby power	 Mobile routers	 e-books	 Multifunction machines, printers
Improved productivity by reducing inspection time per unit during product inspection	 Inspection jigs	 Production of products	

Transition in cumulative number of licenses



May 2012
Basic patent
granted

Appendix

FY 2022 Q3, 4Q Disclosure List

Date of announcement		Press release
4Q	January 12	■ Ubiquitous AI and Engineerforce, a provider of estimation process visualization and knowledge sharing tools, agree to a capital and business alliance and sales collaboration for the manufacturing industry.
	March 31	■ Ubiquitous AI and Grape Systems Inc. agree to capital and business alliance ~Ubiquitous AI and GrapeSystems to collaborate to meet a wide range of customer needs through collaboration of the two companies' technologies and achievements in embedded systems development~
FY ending in March 2022 1Q (Reference)	May 12	■ DX Tool Solves Problems in estimate creation, omproves work efficiency and profitability Launched "Engineerforce", a knowledge-sharing tool for engineers to create estimates
	May 13	■ Cumulative shipments of "Ubiquitous QuickBoot" exceed 60 million units ~Steady adoption in in-vehicle information equipment; shipments by some overseas makers in full swing

Connecting the Future



Ubiquitous AI Corporation