Materials for Financial Performance Reporting

First Quarter for FY Ending March 2021

Ubiquitous AI Corporation (UAC)

Satoshi Hasegawa, President

August 14, 2020

Ubiquitous AI Corporation

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Summary of Financial Performance for FY 2021 Q1

Ubiquitous AI Corporation

Summary of Financial Performance for FY 2021 Q1 (Accumulated Period)

Financial Performance

- Both sales and operating profit decreased adversely impacted by COVID-19
- Consolidated sales: 314 million yen (-37.9% Y/Y)
- Consolidated operating loss: 158 million yen (- 31 million yen in Q1 of the previous FY)

Summary by Segment

Software Product Business	**In Quick Boot Business, a royalty income of in-vehicle products decreased. In the Connectivity & Security Business, we focused on the development our original products. Sales decreased, as we transferred the commissioned development business to the Software Service Business segment.**
Software Distribution Business	**Sales of products related to vehicles were down due to COVID-19 and a lack of marketable items; other businesses also recorded declining sales affected by COVID-19.**
Software Service Business	**Sales from content licensing for in-vehicle products were down due to COVID-19; Sales were also adversely affected by delay of a large-scale project and shrinking budget in some customers.**

Consolidated Profit and Loss Statement

(Unit: Million yen)

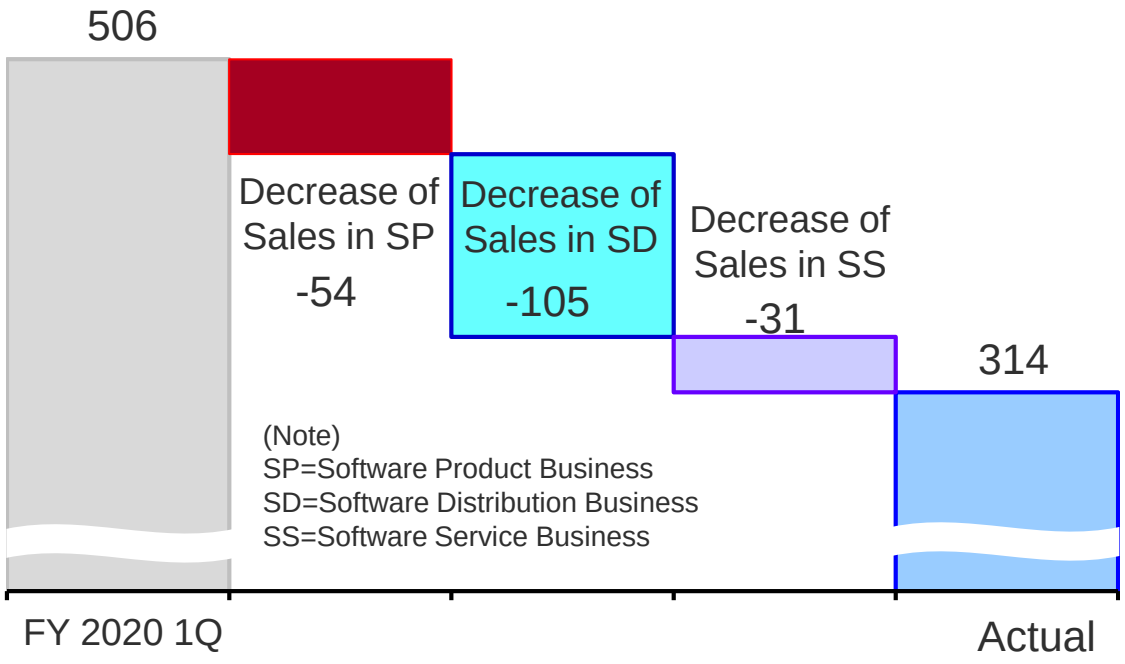
	FY2020 Q1	FY2021 Q1	Change
Sales	506	314	-191
Cost of Sales	281	209	-71
Gross Margin	225	105	-120
SG&A	257	263	6
Operating Income(Loss)	-31	-158	-126
Non-Operating Profit	1	2	1
Ordinary Income(Loss)	-30	-155	-125
Extraordinary Income(Loss)	-	-	-
Income Taxes	5	23	18
Net Income(Loss)*	-35	-179	-143

*Profit(Loss) attributable to owners of the parent

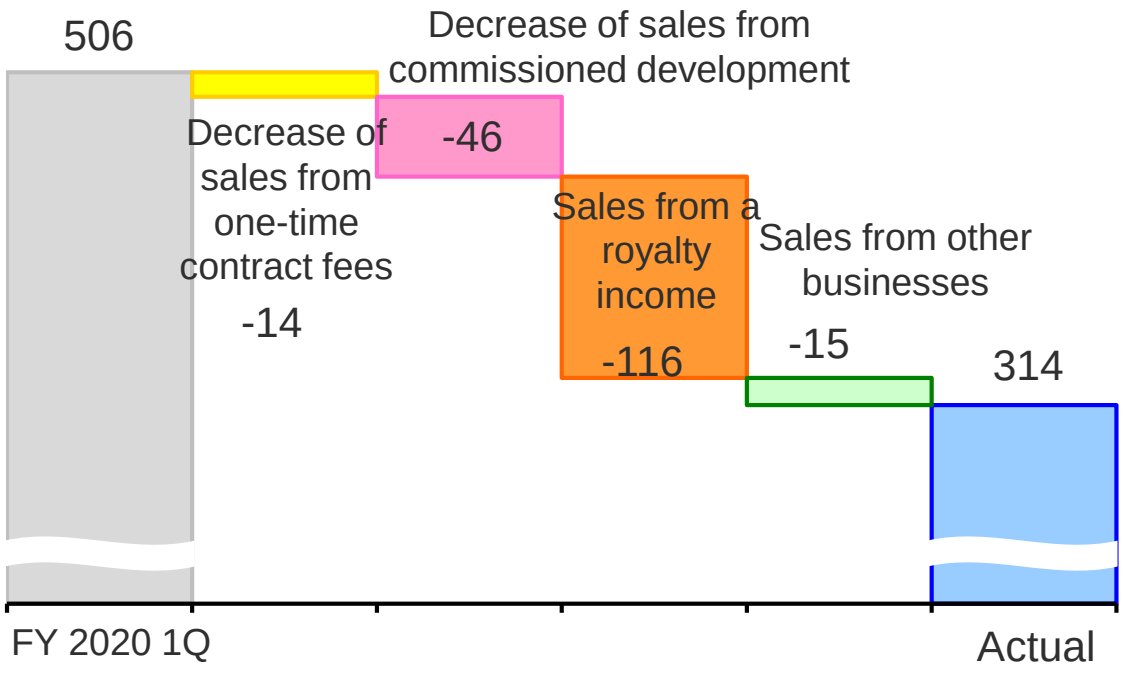
Comparison to FY 2020 1Q: Sales

(Unit: Million yen)

By Business Segment



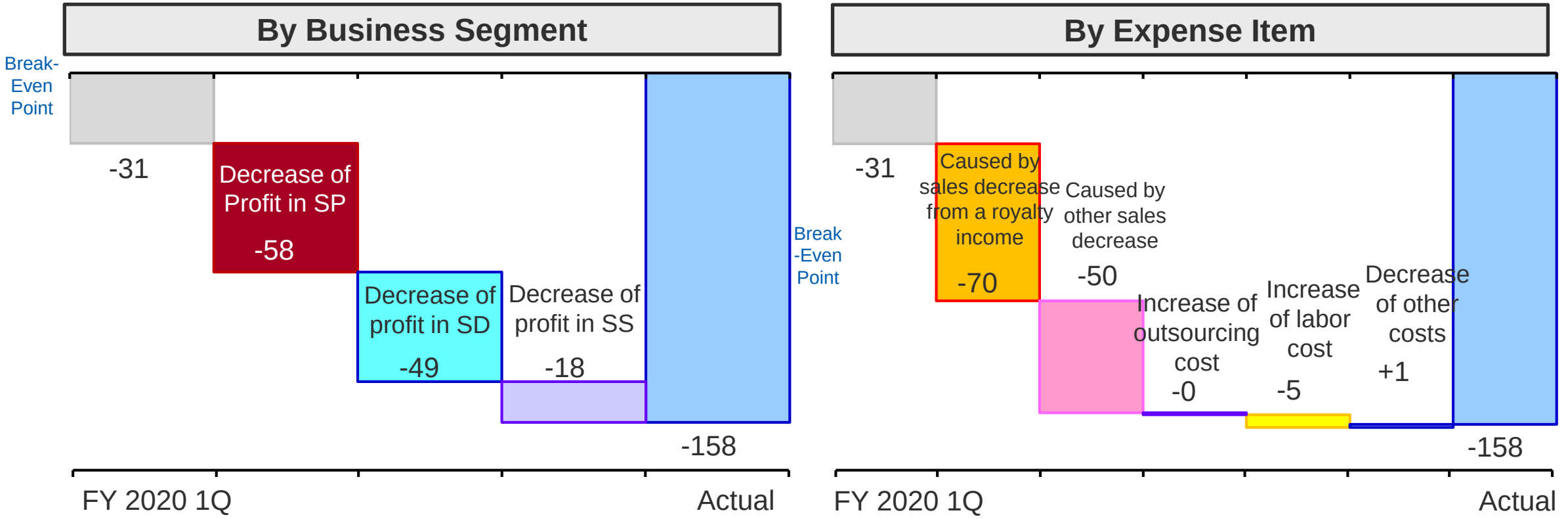
By Type of Business



- Comparison to FY2020 1Q - Sales: Decrease
  - SP Business: Sales generally decreased, mainly by sluggish sales of in-vehicle products in the Fast Device Boot-up business and commissioned development in the Connectivity & Security business.
  - SD Business: Sales generally decreased due to COVID-19 and a significant decrease of sales of vehicle-related products resulting from a lack of marketable products. Other sales were also impacted by COVID-19.
  - SS Business: Sales generally decreased, as sales from content licensing for in-vehicle products and commissioned development impacted by COVID-19.

Comparison to FY 2020 1Q: Operating Profit

(Unit: Million yen)



- Comparison to FY 2020 1Q - Operating Profit: Decrease
  - Operating profit was down, as the entire businesses in SP business, SD business, and SS business recorded a decrease of sales.

COVID-19 Impact on Financial Performance

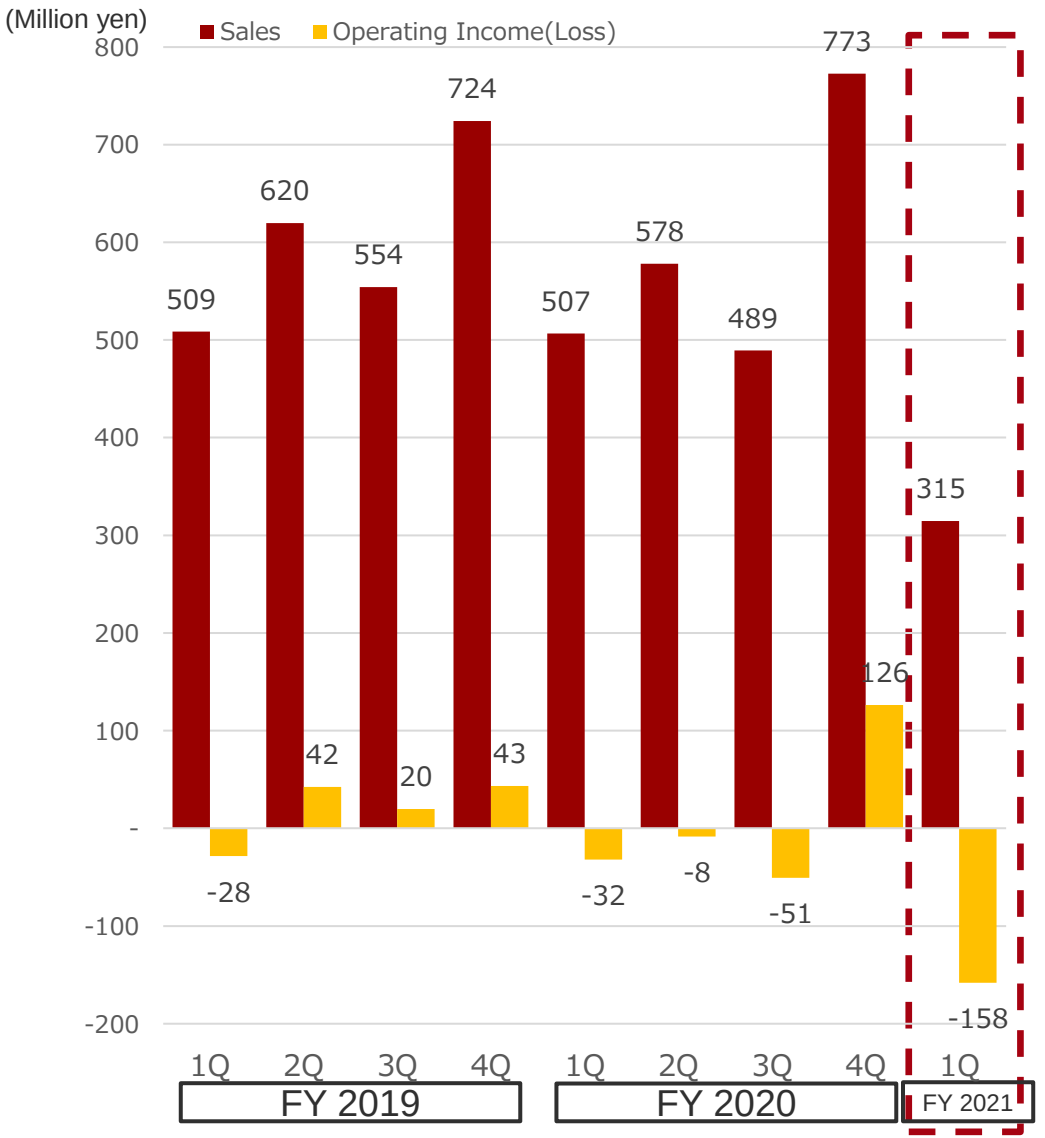
Impact on 1Q Financial Performance

- As a result of a significant downturn on global automobile sales, shipment and sales of our customers plunged. Partly due to a lack of some marketable products in the SD Business, sales of in-vehicle products were strongly suffered.
- Although the commission development progressed as planned in existing projects, we saw sluggish product sales and commissioned development for new projects, as sales opportunity decreased, and clients needed more time to make a decision.

Performance Forecast for FY Ending March 2021

- Since July, automobile sales have shown a recovery trend, major suppliers tend to reduce costs, which makes us difficult at the moment to make a reasonable forecast of vehicle-related product sales in and after Q2.
- Although we have actively taken new marketing initiatives mainly supported by webinars (seminars and product introduction using the web), contributions from these initiatives are expected to start in and after Q3.
- Taking into consideration the proportion of the Q1 performance to the full FY result, we do not revise the financial forecast now.
- We may consider to revise the forecast after checking the performance for Q2 and other factors.

<Reference> Quarterly Consolidated Financial Performance



Consolidated Balance Sheet (Asset Section)

(Unit: Million yen)

	End of March 2020	End of June 2020	Change
Cash and deposits	934	953	18
Notes and accounts receivable-trade	740	341	-399
Securities	800	900	100
Inventories	-	18	18
Prepaid expenses	59	59	-
Other	27	27	-
Current assets	2,563	2,301	-261
Goodwill	316	263	-52
Other	397	389	-7
Noncurrent assets	714	653	-60
Assets	3,277	2,955	-322

Consolidated Balance Sheet (Liabilities and Net Assets Section)

(Unit: Million yen)

	End of March 2020	End of June 2020	増減
Accounts payable-trade	160	71	-88
Accounts payable-other	38	13	-24
Advances received	91	89	-1
Other	92	53	-39
Current liabilities	382	228	-154
Noncurrent liabilities	82	82	0
Capital stock	1,483	1,483	0
Capital surplus	1,453	1,453	0
Retained earnings	-159	-339	-179
Other	35	46	10
Net assets	2,812	2,644	-168
Liabilities and net assets	3,277	2,955	-322

Achievement to Full FY Forecast (Consolidated)

(Unit: Million yen)

	Full FY Forecast	Q1 Actual	Achievement Ratio (%)
Sales	2,362	314	13.3
Operating Income(Loss)	12	-158	–
Ordinary Income(Loss)	12	-155	–
Net Income(Loss)	-46	-179	–

Business Trend and Actions by Segment and Product Area

Ubiquitous AI Corporation

Comparison to FY 2020 Q1: Sales by Segment and by Product Area

(Unit: Million yen)

Segment	Product Area	FY2020 Q1 (Consolidated)	FY2021 Q1 (Consolidated)	Change
Software Product Business	Connectivity & Security	31	11	-63.8%
	Quick Boot	95	66	-30.1%
	Database	23	17	-25.3%
	Sub-Total	150	95	-36.4%
Software Distribution Business		270	164	-39.0%
Software Service Business		86	54	-36.8%
Total		506	314	-37.9%

Comparison to FY 2020 Q1: Sales and Profit by Segment

(Unit: Million yen)

		FY2020 Q1 (Consolidated)	FY2021 Q1 (Consolidated)	Change
Software Product Business	Sales	150	95	-54
	Segment Profit(Loss)	14	-43	-58
Software Distribution Business	Sales	270	164	-105
	Segment Profit(Loss)	※1 -36	※1 -85	-49
Software Service Business	Sales	86	54	-31
	Segment Profit(Loss)	※2 -10	※2 -28	-18

*1 Including amortization of goodwill of 26 million yen as a result of acquiring shares of former A.I. Corporation.
*2 Including amortization of goodwill of 25 million yen as a result of acquiring shares of AIM Corporation.

Comparison to FY 2020 Q1: Sales and Profit before Amortization of Goodwill by Segment

(Unit: Million yen)

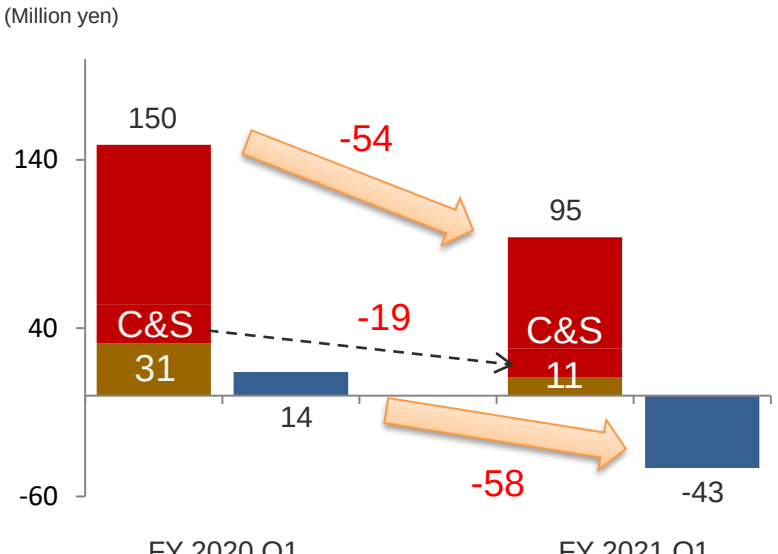
		FY2020 Q1 (Consolidated)	FY2021 Q1 (Consolidated)	Change
Software Product Business	Sales	150	95	-54
	Segment Profit(Loss)	14	-43	-58
Software Distribution Business	Sales	270	164	-105
	Segment Profit(Loss)	-9	-59	-49
Software Service Business	Sales	86	54	-31
	Segment Profit(Loss)	15	-2	-18

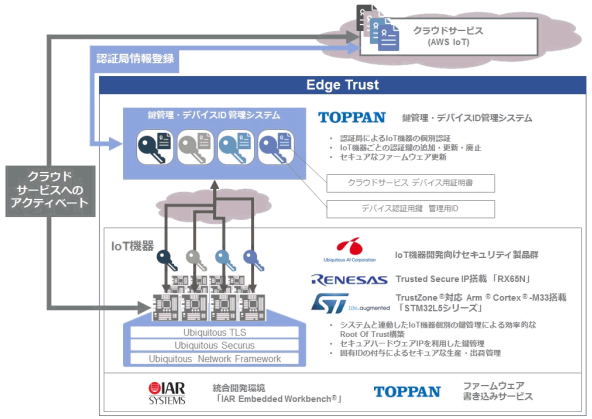
Software Product Business

Connectivity & Security

Ubiquitous Network Framework

(Million yen)





*The graph shows sales and profit in the entire Software Product Business and sales only related to the Connectivity and Security area.

Summary of FY 2021 Q1

- Recorded sales from a joint R&D project with a semiconductor maker related to “Edge Trust”
- Recorded sales from an R&D project related to smart energy
- Announced business collaboration with Serverworks Co., Ltd. to provide a secure IoT service with the combination of AWS IoT provided by Amazon Web Services and “Edge Trust”

Business Direction

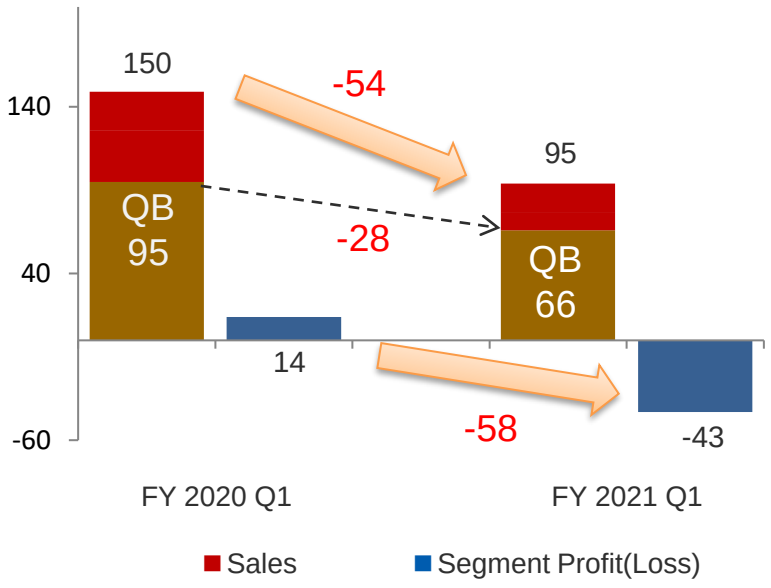
- Focusing on the business development in the IoT security area mainly supported by “Edge Trust”; enhancing collaboration with business partners in various fields that is required for providing a secure IoT service
- Expanding sales of security-related products mainly in the areas of in-vehicle, industrial, and IoT fields

Software Product Business

Fast Device Boot-up

Ubiquitous QuickBoot

(Million yen)



*The graph shows sales and profit in the entire Software Product Business and sales only related to the Fast Device Boot-up area.

Summary of FY 2021 Q1

- Recorded sales of in-vehicle products and a royalty income from overseas existing customers in the consumer products area
- Continued large and middle-sized R&D projects with several customers in the areas of in-vehicle equipment such as a car navigation system

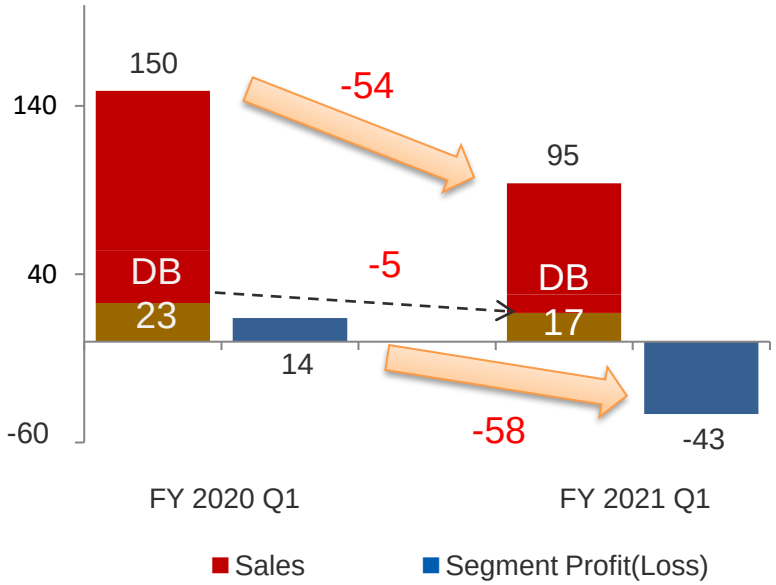
Business Direction

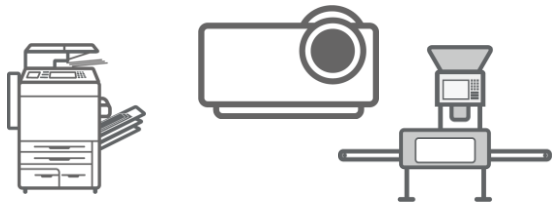
- Enhancing sales in overseas markets
- Strengthening marketing of products for automobiles other than in-vehicle information terminals
- Promoting highly value-added solutions and cross-sell such as a product with the combination of the file system compatible with power discontinuity, virtualization technology, and secure boot function
- Continuing development of the next-generation technology

Database

Ubiquitous DeviceSQL

(Million yen)





Summary of FY 2021 Q1

– Recorded a royalty income from existing customers in the area of industrial machines

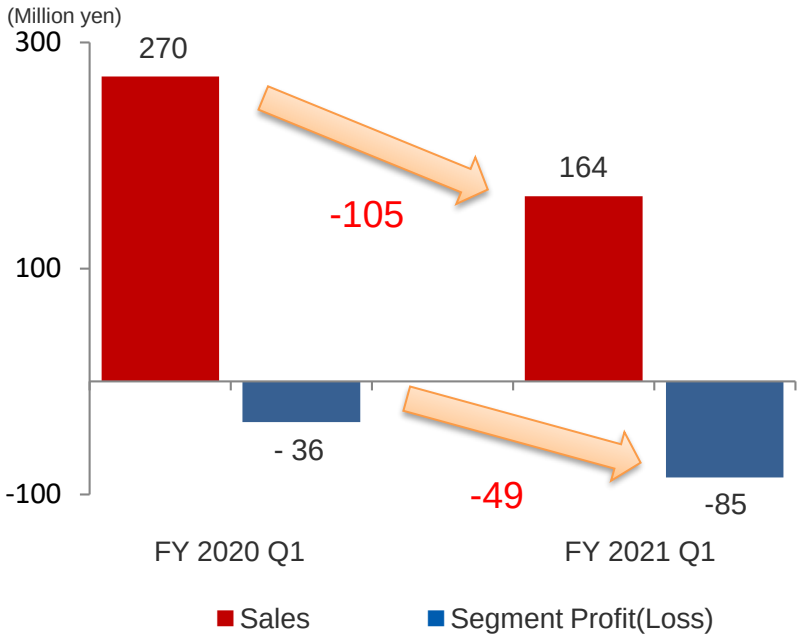
Business Direction

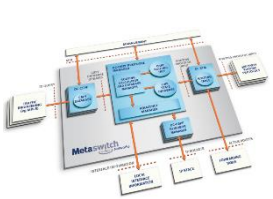
– Ensuring a stable profit by support services to existing customers

– Increasing sales of products for in-vehicle equipment, OA equipment, testing equipment, and industrial machines

*The graph shows sales and profit in the entire Software Product Business and sales only related to the Database area.

Software Distribution Business





Summary of FY 2021 Q1

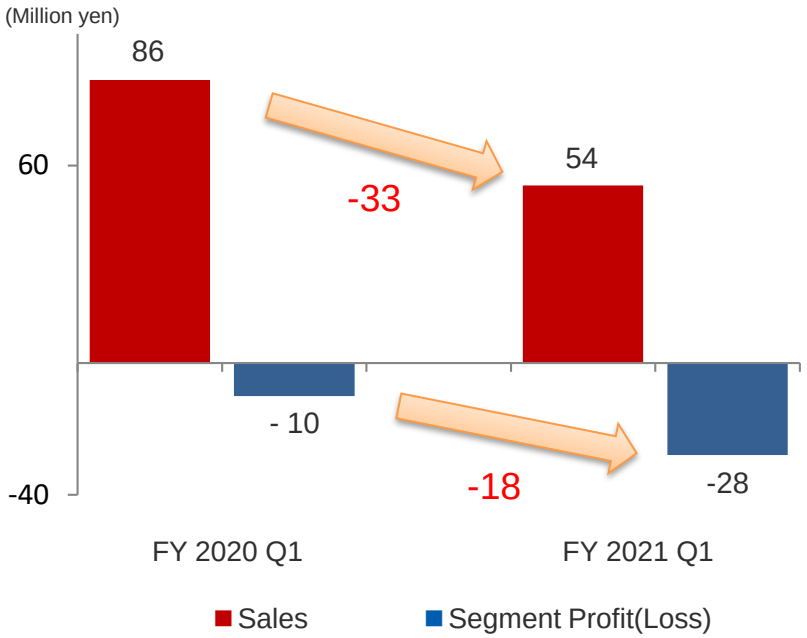
- BIOS Products: Recorded a royalty income of “Insyde H2O *1” from an existing customer that provides notebook PCs
- Products Supporting Quality Improvement: Recorded repeated sales from annual licensing fees and support fees for “CodeSonar *2” from existing customers in the areas of in-vehicle equipment and medical equipment
- Wireless Products: Recorded a royalty income of “Blue SDK *3” from existing customers in the area of in-vehicle equipment
- AI Solution Products: Recorded a royalty income of “CoDriver *4” from existing in-vehicle equipment customer, and annual licensing fees for “GenSynth *5”(platform optimizing for deep learning model) from a new customers in the area of industrial machines
- Recorded a royalty income from new and existing customers for various products

Business Direction

- Exploring products and technologies that can meet changes as a result of spreading COVID-19
- Enhancing sales and marketing of AI-related products (started to market two new products in the current quarter)
- For promoting sales of vehicle-related tools, signed a business collaboration agreement with A&D Company Ltd. and started joint development of a simulator for developing in-vehicle system software products. Target launch date is April 2021.
- Focusing on sales of products supporting software quality improvement that can generate a stable income flow with an annual licensing contract.

*1 Insyde H2O: BIOS based on C-driver that implements the ‘EFI/UEFI’ specifications
*2 CodeSonar: Tool that can statically analyze operational malfunction and vulnerability of software at the time of compiling a source code and detect bugs.
*3 BlueSDK: Bluetooth protocol stack
*4 CoDriver: Driver monitoring system
*5 GenSynth: Platform for optimizing a deep learning model

Software Service Business



Summary of FY 2021 Q1

- Recorded various commissioned development sales from existing customers
- Recorded a licensing fee for “YOMI Data” content for in-vehicle equipment

Business Direction

- Maintaining existing profit backed by close collaboration with Gracenote in the U.S. as well as developing new business through a proposal of business cooperation
- In addition to projects with existing customers and partners, realizing a sales synergy effect throughout the group based on engineering service projects for our group products and customers

Topics

Ubiquitous AI Corporation

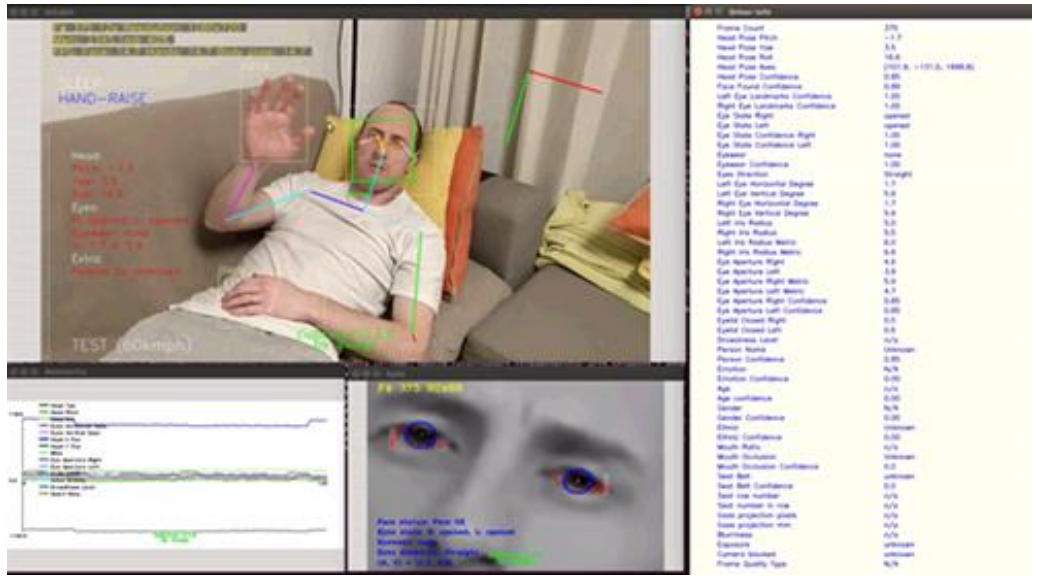
Remote patient monitoring using AI

Launch of “CoMedico SDK” (June 9)

Monitor patient’s vital data using mono-camera on a real-time basis

Realize both observation of patient’s condition and communications with the patient

- Background of the Product
  - It is estimated that shortage of nurses reaches 60,000 to 270,000 and that of care workers is 380,000 in 2025 (by the Ministry of Health, Labor and Welfare)
  - On-line medical examination progresses as COVID-19 spreads
- Key Features of “CoMedico SDK”
  - **Analyze data only with the software** using the most advanced technology
  - Realize **remote patient monitoring** using input from a camera and a microphone
  - Use the most advanced deep learning, machine learning, and computer vision
  - Can measure vital sign data **only by mono-camera**

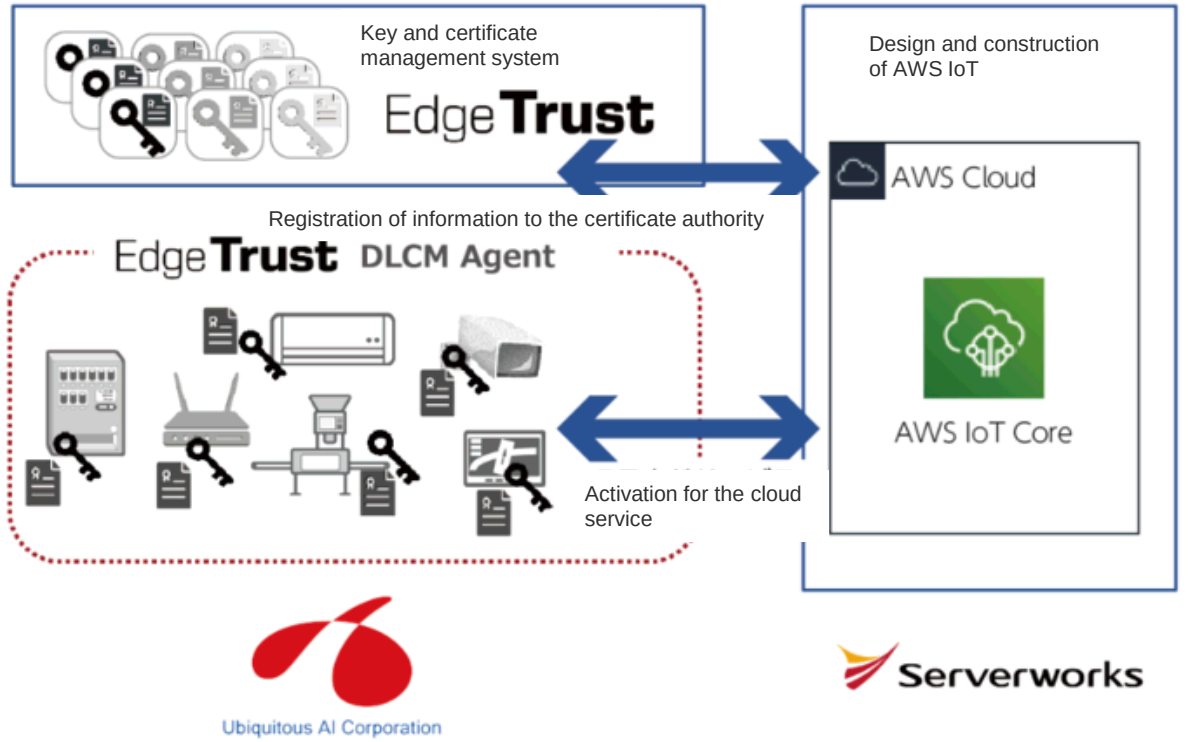


Collaboration with Serverworks (June 17)

Providing solution that enables secure IoT services on AWS

Making a proposal in a one-stop process that enables secure IoT services from the construction of cloud service system using AWS to the development of compatible equipment

- Background of Collaboration
  - For preventing the impersonation of IoT device and the interception of telecommunications, it is necessary to have a high-level technical capability that can identify each IoT device and encrypt the communication pathway by a cryptographic key assigned to each device.
  - Sophisticated know-how is required for developing and supporting the use of AWS IoT
- Purpose of Collaboration
  - By combining technologies that are areas of expertise in each company, support development and provision of secure IoT platform in the AWS environment

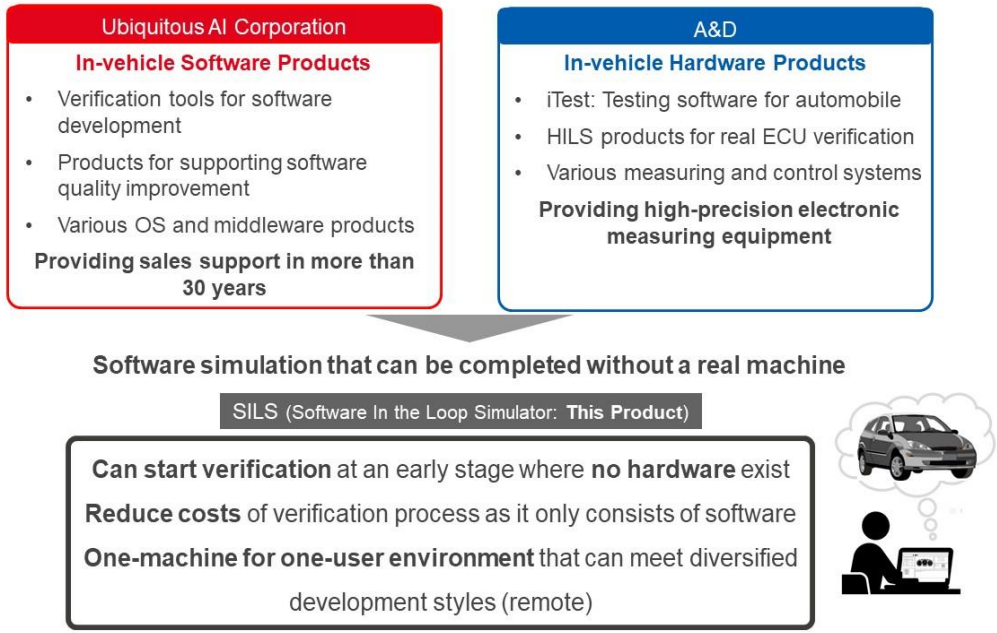


Business Partnership with A&D (July 1)

Joint development of simulator that is for the development of in-vehicle system software with A&D, a company having a strong power in in-vehicle hardware products

Enabling to verify control software only with a PC (to be marketed in April 2021)

- Significantly improve the test efficiency by combining SILS*1/HILS*2
  - It is an urgent issue for in-vehicle system development makers to catch up with technical innovation in the “CASE” area
  - In an environment where the in-vehicle software development is growing in scale and more complicated, combining SILS and HILS is a very useful way to improve the efficiency of the development process
- Key features of the product
  - Shorter period required for the construction of development environment (a few days at minimum)
  - A test case at HILS can be reused
  - Enable to do performance and timing verification
  - Auto-test function
  - Flexible licensing framework that can meet the needs of customers (applicable to remote work)



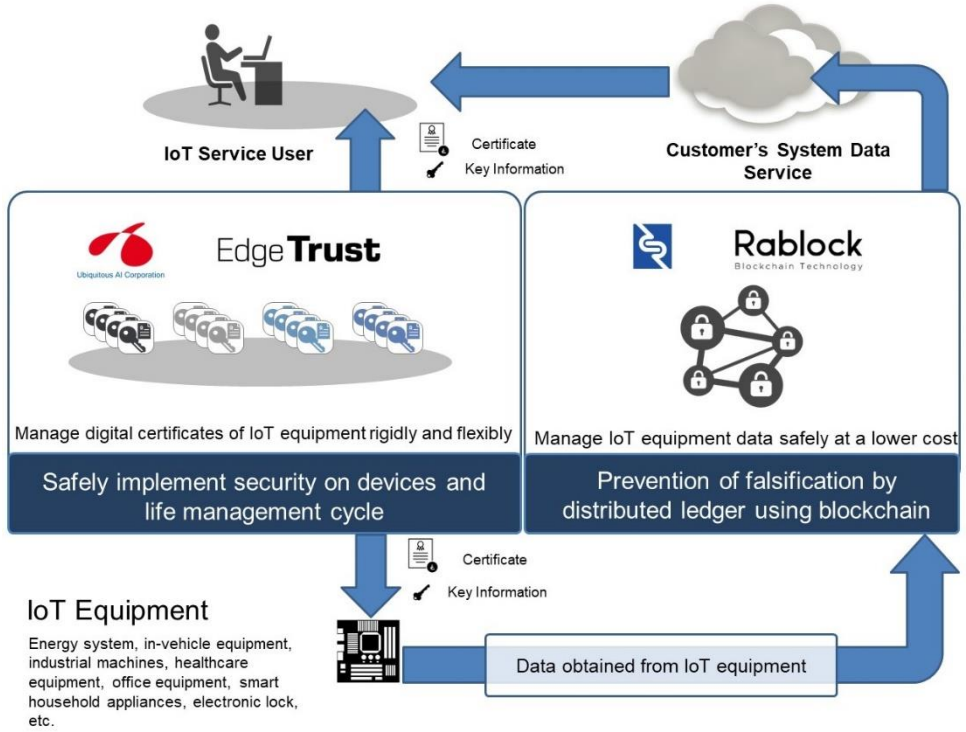
*1 SILS (Software-in-the-loop simulation): Simulation using control equipment and source code of the controlled equipment

*4 HILS (Hardware-in-the-loop simulation): Simulation using real control equipment and subjects under virtual control

Development of and application for patent of a proprietary technology related to data falsification prevention solution that combines IoT system and a blockchain (July 9)

By using a blockchain, realizing functions for long-term data falsification prevention and traceability that are suitable for IoT systems

- Details of proprietary technology subject to patent application
  - Use a blockchain in IoT systems
  - Linking individual identification information and time data such as a time stamp to each equipment for enhancing the accuracy of collected data and data traceability in each IoT equipment and by event
- Future challenges
  - Enabling long-term data assurance for further improving the security level and expanding the application scope of the solution
  - As a service provided by “Edge Trust”, providing along with the life cycle management of IoT equipment



Appendix

Disclosures in FY 2021 Q1

Announcement Date		Press Release
Q1	May 12	■ Ubiquitous AI Corporation and PTC Japan collaborate for connecting the embedded software and the IIoT platform that supports the introduction of IoT in industrial machines
	May 13	■ Ubiquitous AI Corporation starts providing “MagiaTouch” that is a non-contact human machine interface using AI - With preventing contact infection by the touchless operation, the HMI solution can provide a new user experience -
	May 19	■ Ubiquitous AI Corporation starts marketing ”Reliance EdgeNAND™” a file system compatible with power discontinuity for SPI NAND on May 19. - Protecting embedded system that implements AI and telecommunication functions from data corruption caused by sudden power discontinuity -
	June 9	■ Ubiquitous AI Corporation launches “CoMedico SDK”, a remote patient monitoring system using AI - Realizing monitoring of patient’s vital data using mono-camera on a real time basis -
	June 17	■ Serverworks and Ubiquitous AI Corporation collaborate to provide a solution that can realize secure IoT services on AWS
Q2 (Reference)	July 1	■ Ubiquitous AI Corporation and A&D establish a business partnership - Jointly develop a simulator for developing in-vehicle system software that can significantly improves the test efficiency by combining SILS/HILS -
	July 9	■ Ubiquitous AI Corporation signs an agency agreement with Tuxera and starts providing a high-performance NTFS file system “Microsoft NTFS by Tuxera” on July 9
	July 9	■ Ubiquitous AI Corporation develops and applies for a patent of a proprietary technology about a solution for preventing data falsification with the combination of IoT system and a blockchain

Connecting the Future

Ubiquitous AI Corporation