

Financial Results Briefing Materials

First Quarter of FY Ending March 2023

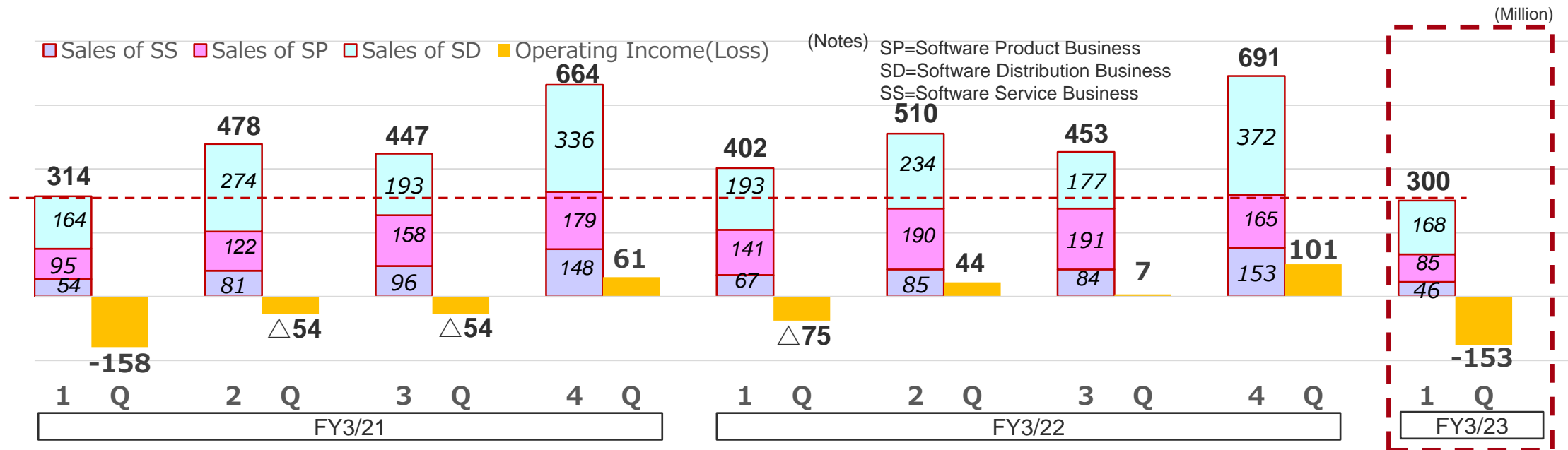
Ubiquitous AI Corporation
Satoshi Hasegawa, President
August 15, 2022

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- Trends and Initiatives per Segment and Product
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First Quarter Performance Overview

First Quarter Summary



- COVID-19 pandemic and the Russia-Ukraine situation adversely affected both sales and operating income bringing them lower year-on-year and down to the same performance level as FY March 2021, which was largely affected by the pandemic.

- Consolidated sales: 300 million yen (-25.3% vs. Q1 FY3/22)
- Consolidated operating loss: 153 million yen (operating loss of 75 million yen in Q1 FY3/22)
- Summary by Segment

Software Product Business	Sales:	85mn yen	Decline in in-vehicle device-related royalty sales, and lower sales and operating income than those of the same period in the two preceding fiscal years.
	Operating loss:	69mn yen	
Software Distribution Business	Sales:	168mn yen	While royalty sales from in-vehicle device-related items etc. declined, operating income increased slightly year-on-year due to staff cutback through an organizational restructuring.
	Operating loss:	73mn yen	
Software Service Business	Sales:	46mn yen	Both sales and operating income were lower than those of the same period in the two preceding fiscal years due to delays in contracted development projects and a decline in in-vehicle device-related royalty.
	Operating loss:	10mn yen	

The impact of COVID-19 pandemic and the Russia-Ukraine situation on our Company's performance

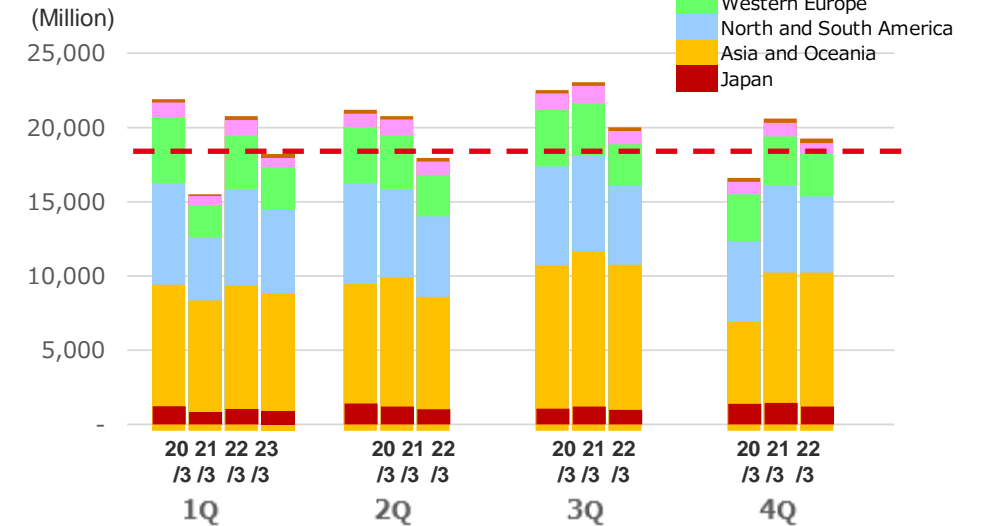
In-vehicle devices

- The global automotive unit sales in the first quarter were below the previous year.
- The same goes for the domestic automotive unit sales in Japan.
- Our company's in-vehicle device-related sales followed the same course.

New Contracts

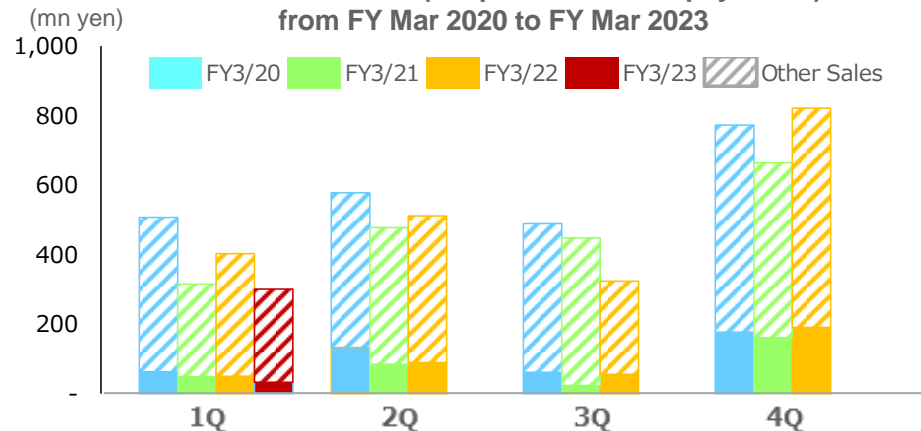
- Below the same period of the previous year, and at the same level as the same period of the second preceding year
- Inquiries from potential and existing customers are trending upward.

Automotive sales volume in major countries from FY Mar 2020 to FY Mar 2023

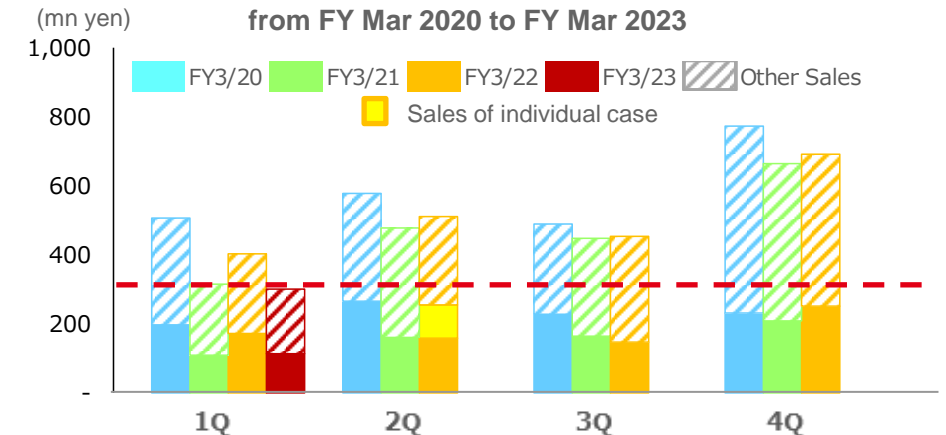


Reference: MarkLines, Automotive Sales

New contract sales (lump-sum contract payments) from FY Mar 2020 to FY Mar 2023



In-vehicle device-related sales from FY Mar 2020 to FY Mar 2023



YoY: Sales per Segment and Product

(Million yen)

Segment	Product Area	FY3/23 Q1 (Conso- lidated)	FY3/22 Q1 (Conso- lidated)	Change	FY3/20 Q1 (Conso- lidated)	Change
Software Product Business	Connectivity & Security	9	12	-21.7%	31	-70.0%
	Quick Boot	74	98	-24.1%	95	-21.8%
	Database	1	31	-94.3%	23	-92.4%
	Sub-Total	85	141	-39.3%	150	-42.8%
Software Distribution Business		168	193	-12.7%	270	-37.5%
Software Service Business		46	67	-31.9%	86	-46.5%
Total		300	402	-25.3%	506	-40.6%

YoY: Sales and Profit per Segment

(Million yen)

		FY3/23 Q1 (Consolidated)	FY3/22 Q1 (Consolidated)	Change	FY3/20 Q1 (Consolidated)	Change
Software Product Business	Sales	85	141	-55	150	-64
	Segment Profit(Loss)	-69	11	-80	32	-101
Software Distribution Business	Sales	168	193	-24	270	-101
	Segment Profit(Loss)	-73	-82	8	*1 -53	-19
Software Service Business	Sales	46	67	-21	86	-40
	Segment Profit(Loss)	-10	-4	-6	*2 -10	-0
Total	Sales	300	402	-101	506	-205
	Segment Profit(Loss)	-153	-75	-77	*3 -31	-121

(Notes) *1 Includes 26 million yen from the amortization of goodwill associated with the acquisition of shares of the former AI Corporation.

*2 Includes 25 million yen from the amortization of goodwill associated with the acquisition of shares of AIM Corporation.

*3 Includes 52 million yen from the above amortization of goodwill.

Year-on-year Comparison: Segment Sales and Profit before Amortization of Goodwill

(Million yen)

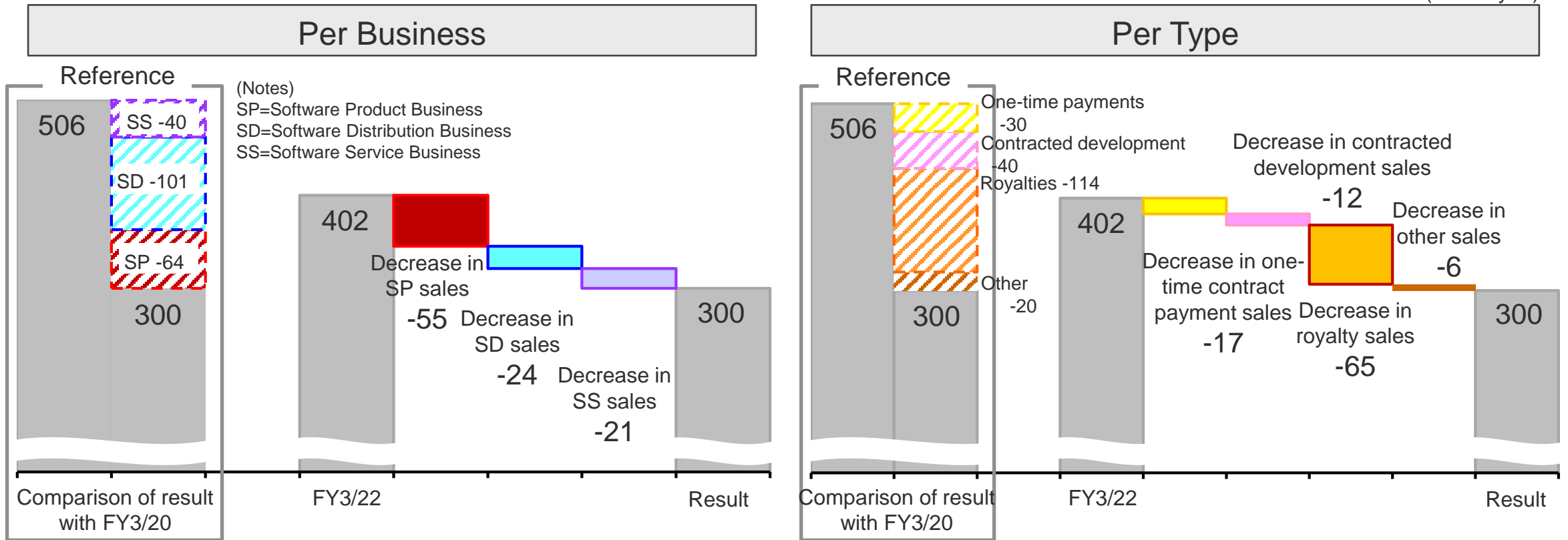
		FY3/23 Q1 (Consolidated)	FY3/22 Q1 (Consolidated)	Change	FY3/20 Q1 (Consolidated)	Change
Software Product Business	Sales	85	141	-55	150	-64
	Segment Profit(Loss)	-69	11	-80	32	-101
Software Distribution Business	Sales	168	193	-24	270	-101
	Segment Profit(Loss)	-73	-82	8	*1 -27	-45
Software Service Business	Sales	46	67	-21	86	-40
	Segment Profit(Loss)	-10	-4	-6	*2 15	-26
Total	Sales	300	402	-101	506	-205
	Segment Profit(Loss)	-153	-75	-77	*3 20	-173

(Note) For ease of comparison with FY3/23:

- *1 Does not include 26 million yen from amortization of goodwill associated with the acquisition of shares in the former AI Corporation.
- *2 Does not include 25 million yen from amortization of goodwill associated with the acquisition of shares in AIM Corporation.
- *3 Does not include 52 million yen from the above amortization of goodwill.

YoY: Sales

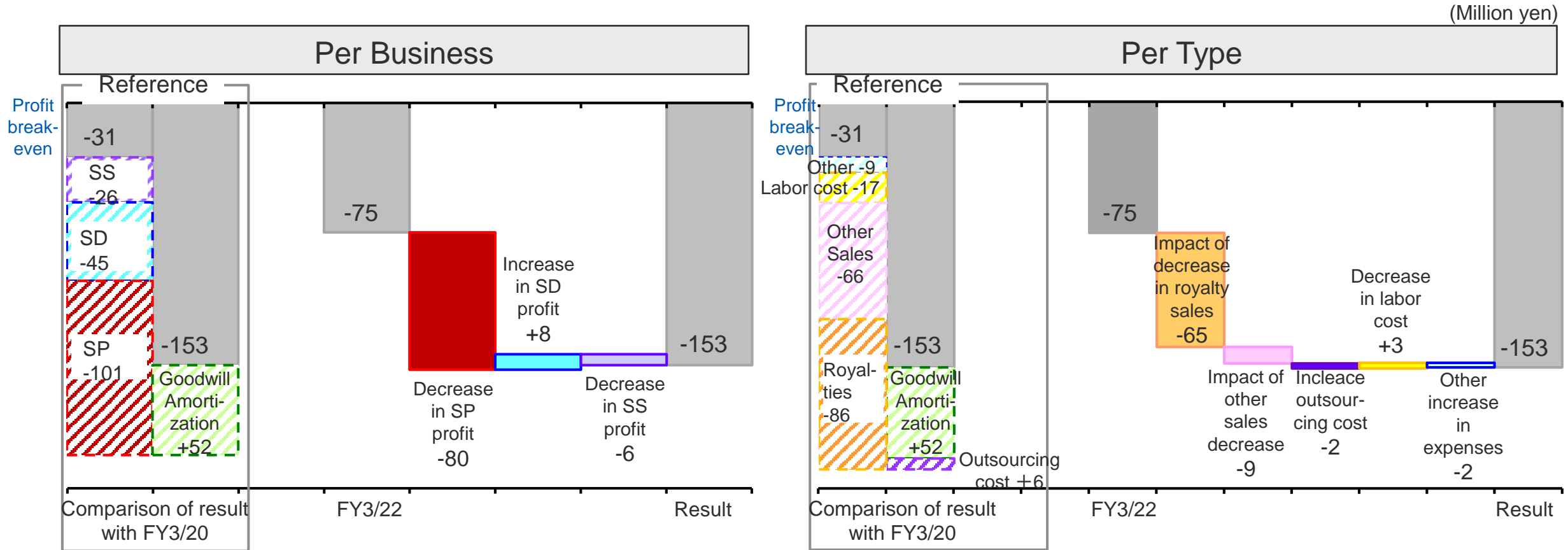
(Million yen)



■ Sales: Below FY March 2022, and at the same level as FY March 2021, which was largely affected by COVID-19 pandemic

- **SP Business:** Royalty sales declined on the whole with particular reduction in database royalty sales bringing the number below FY March 2022 and FY March 2021.
- **SD Business:** Lump-sum contract payment sales and royalty sales declined bringing the number below FY March 2022 and to the same level as FY March 2021.
- **SS Business:** Reduction in licenses for in-vehicle device-related contents together with recognition lag in contracted development projects brought the number below FY March 2022 and FY March 2021.

YoY: Operating Profit



■ Similar to the sales, below FY March 2022 and at the same level as FY March 2021.

- Due mainly to a decline in royalty sales in the SP Business, operating profit decreased.
- In accordance with a partial transfer of the SD Business to the SP Business, changes in labor cost of the affected departments were reflected in the profit/loss of these departments.

Consolidated Statement of Income

(Million yen)

	FY3/23 1Q	FY3/22 1Q	Change	FY3/20 1Q	Change
Sales	300	402	-101	506	-205
Cost of Sales	220	247	-26	281	-60
Gross Margin	80	155	-75	225	-145
SG&A	233	230	2	257	-24
Operating Income(Loss)	-153	-75	-77	-31	-121
Non-Operating Profit	7	6	0	1	5
Ordinary Income(Loss)	-146	-69	-76	-30	-115
Extraordinary Income(Loss)	-	-	-	-	-
Income Taxes	2	11	-8	5	-2
Net Income(Loss)*	-149	-80	-68	-35	-113

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

Consolidated Balance Sheet (Assets)

(Million yen)

	End of June 2022	End of March 2022	Change
Cash and deposits	725	705	20
Notes and accounts receivable-trade & Contract assets	336	652	-315
Securities	1,000	1,000	-
Inventories	12	0	12
Prepaid expenses	48	43	4
Other	77	27	50
Current assets	2,200	2,428	-228
Noncurrent assets	473	546	-73
Assets	2,673	2,974	-301

Consolidated Balance Sheet (Liabilities and Net Assets)

(Million yen)

	End of June 2022	End of March 2022	Change
Accounts payable-trade	74	153	-79
Accounts payable-other	33	32	1
Contract liabilities	81	97	-15
Other	* 138	* 164	-26
Current liabilities	328	448	-119
Noncurrent liabilities	75	84	-8
Capital stock	1,483	1,483	-
Capital surplus	1,453	1,453	-
Retained earnings	-775	-626	-149
Other	107	131	-24
Net assets	2,269	2,442	-173
Liabilities and net assets	2,673	2,974	-301

*Includes asset retirement obligation arising from the headquarters relocation and consolidation.
(73 million yen as at the end of June 2022; 79 million yen as at the end of March 2022)

Progress Toward Full-Year Earnings Forecasts (Consolidated)

(Million yen)

	Full-year earnings forecast	Q1 result	Progress (%)
Sales	2,152	300	14.0
Operating profit (loss)	5	-153	—
Ordinary profit (loss)	5	-146	—
Net profit (loss)	3	-149	—

Trends and Initiatives by Segment and Product Area

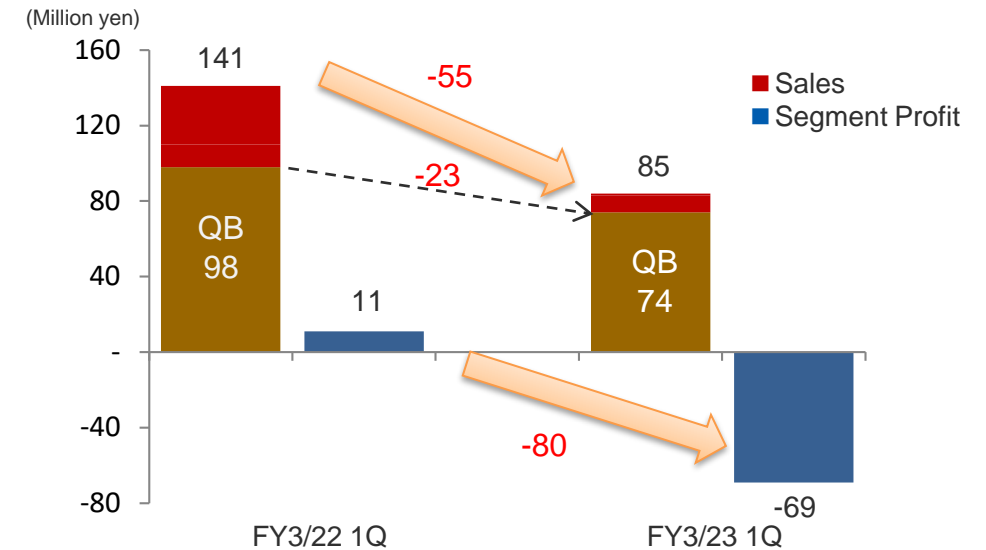
Software Product Business QuickBoot Related

■ Summary of FY3/23 Q1

- Recognized royalty sales from existing customers in Japanese and international in-vehicle devices and international consumer electronics.
- Ongoing large-scale and medium-scale development projects with several companies, mainly for in-vehicle devices such as car navigation systems.

■ Business Direction

- Strengthen sales for international 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.



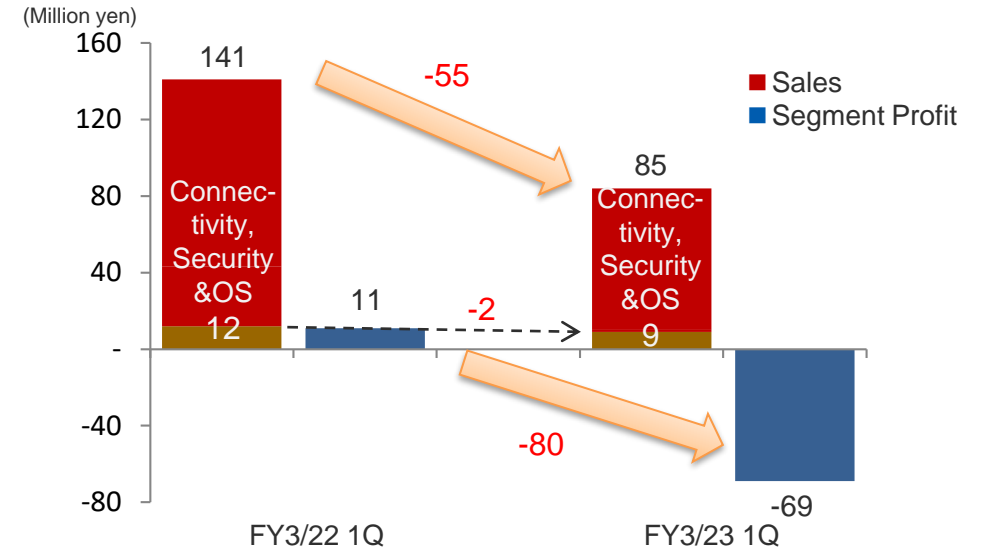
Software Products Business Connectivity, security & OS related

■ Summary of FY3/23 Q1

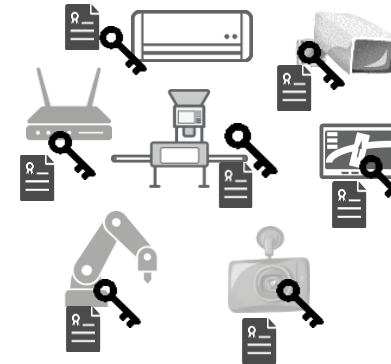
- Recorded sales from IoT security-related R&D projects.
- Continued development of large projects for in-vehicle infotainment.
- Favorable acquisition of new real-time OS projects.

■ Business Direction

- Strengthen product lineup and promote sales expansion for embedded devices.
- Strengthened product promotion to meet growing demand for security in IoT devices and in-vehicle infotainment devices.



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



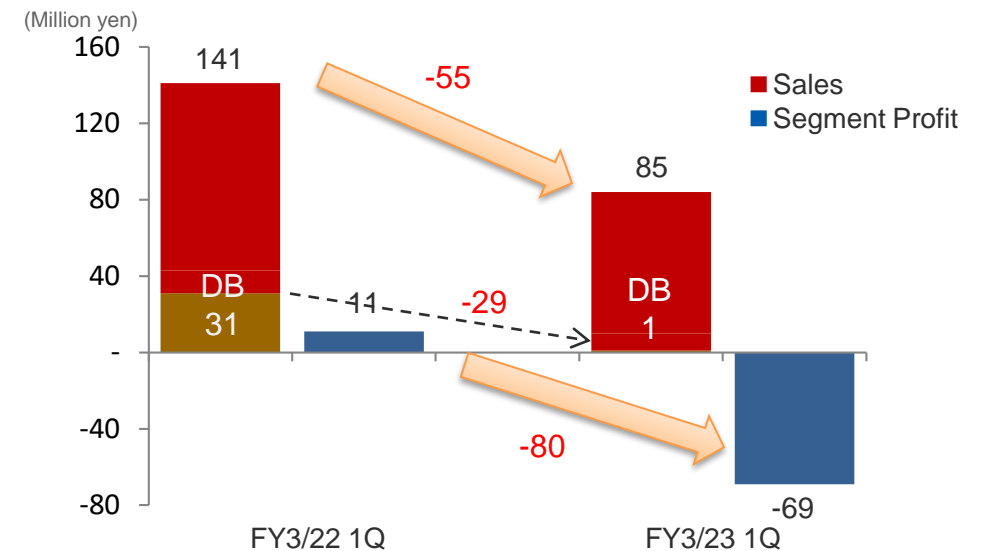
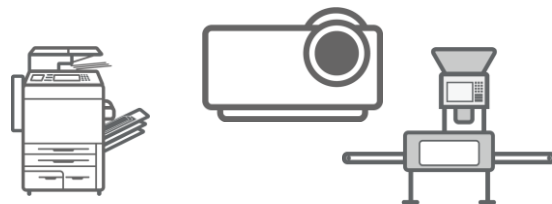
Software Product Business Database Related

■ Summary of FY3/23 Q1

- Recorded royalty sales, etc. from existing customers in the area of industrial machines, etc.
- Lower than expected due to lower production volume caused by parts procurement issues resulting from the spread of the new coronavirus infection and the suspension of production activities due to the lockdown in Shanghai, China.

■ Business Direction

- Ensure stable revenue by supporting existing customers.
- Expand sales for in-vehicle devices, 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.

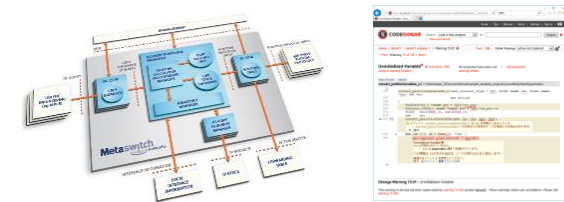
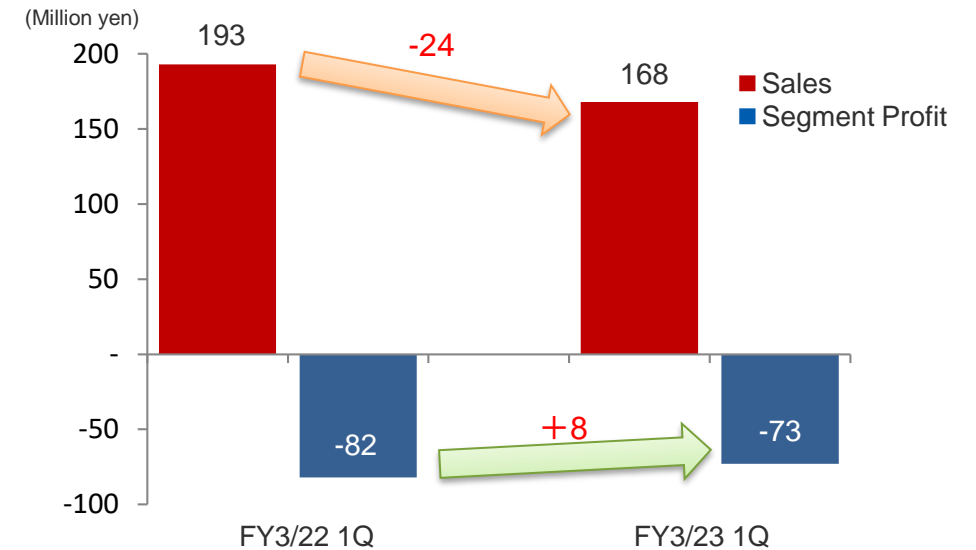
Software Distribution Business

■ Summary of FY3/23 Q1

Recording sales from new and existing customers from a number of products handled, mainly license and royalty sales from BIOS product "InsydeH2O® *1", wireless product "Blue SDK *2", quality improvement support tool product "CodeSonar *3", carrier grade product "ConfD *4", etc., and sales related to IoT security verification services, etc.

■ Business Direction

- Discovery of products and technologies that meet changing needs due to the COVID-19 pandemic.
- Acquisition of commercial rights of international vendors with marketability.
- Strengthen sales of newly developed and acquired commercial products.
- Promote verification tools and services in response to rising security demand.
- 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.



- *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.

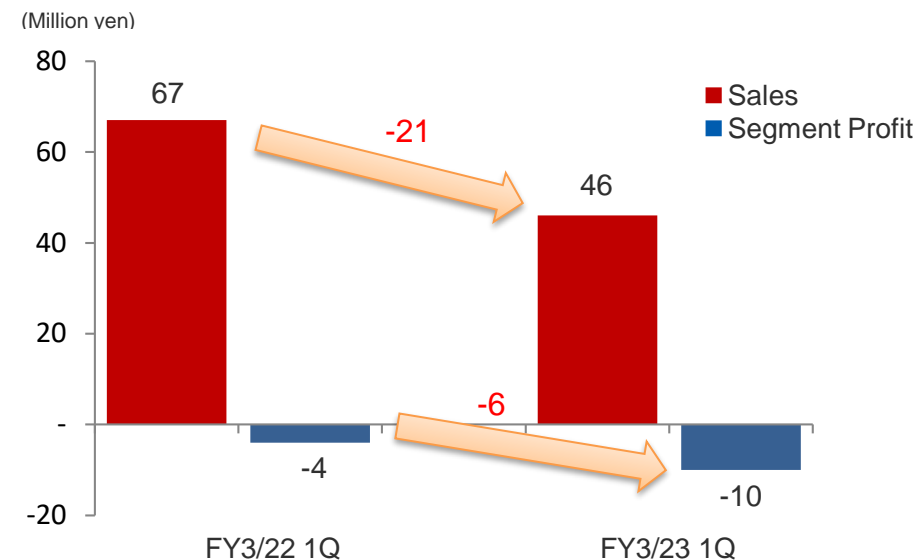
Software service business

■ Summary of FY3/23 Q1

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

■ 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.



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

Artist Name	YOMI (Katakana notation)
さだまさし (Masashi Sada)	サダマサシ
サザンオールスターズ (Southern All Stars)	サザンオールスターズ
L'Arc-en-Ciel (L'Arc-en-Ciel)	ラルクアンシエル
松任谷由美 (Yumi Matsutoya)	マツトウユミ

Sorted by Artist Name

Sorted Result	Artist Name (in order of alphabet)
1	L'Arc-en-Ciel
2	Southern All Stars
3	Sada Masashi
4	Matsutoya Yumi

Sorted by YOMI

Sorted Result	YOMI (in order of aiueo)
1	Southern All Stars
2	Sada Masashi
3	Matsutoya Yumi
4	L'Arc-en-Ciel

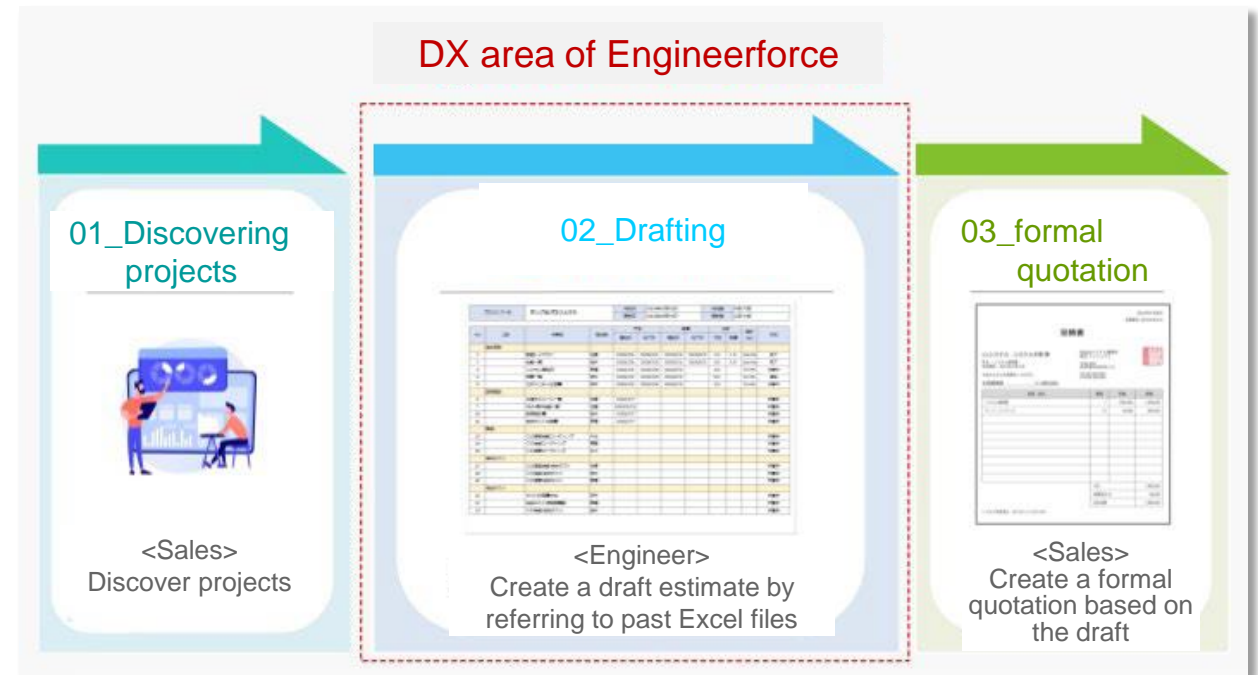
Topics

A knowledge-sharing tool for engineers to create quotations Launched "Engineerforce" (5/12)

DX tool solves problems when creating quotations

■ Share past quotation data to improve quotation accuracy and save labor

- Extensive sample list of approximately 500 types to improve work efficiency and prevent omissions in requirement definition.
- Smooth access to necessary information by sharing information among teams and group companies.
- Equipped with cost calculation function and approval flow function required for internal control.
- Visualization of revenue (forecast management).














Linux®/Android™ fast boot solution cumulative shipments of "Ubiquitous QuickBoot" exceeded 60 million units (5/13)

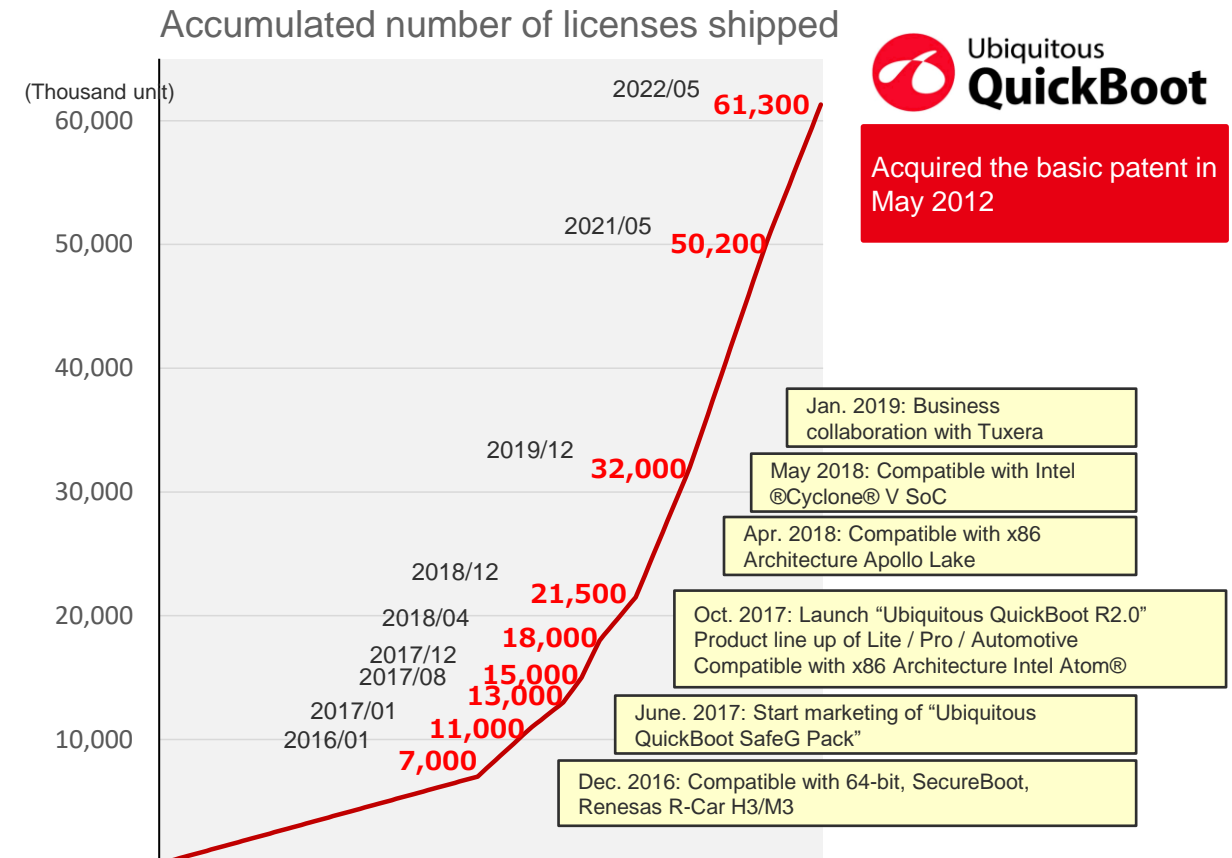
Steady introduction in in-vehicle information equipment; shipments by some international manufacturers in full swing

■ Product Overview

- Fast boot solution system developed by Ubiquitous AI.
- Easily speeds up equipment boot time and helps realize power savings and a comfortable user experience.

<Benefits and examples of applications>

Introduction effects	Example of applications		
Quickly start various processing tasks such as recording and monitoring	 Monitoring camera	 Digital camera	 Drive recorder
Mitigate stress of users who are waiting for the boot-up	 Car navigation system	 TV	 PC/Various console
Enables operation with zero standby power due to quick boot-up	 Mobile router	 Digital book	 multifunction printer/printer
Improve productivity by reducing the testing time per unit during product inspection	 Testing equipment	 Production of products	



Launched "TOPPERS-Pro/FMP3" supporting Renesas' the RZ/T2M group (6/7)

Commercial real-time OS for multicore compatible with Renesas' latest processors

■ Simplifies complex system design with multi-core

- Supports Renesas' latest processor "RZ/T2M" with two Arm[®] Cortex[®]-R52 cores in multi-core configuration.
- Allows users to build systems without being aware of multi-core thanks to an SMP-type real-time OS.
- Simplifies complex system design and shortens time-to-market.



* "TOPPERS-Pro/FMP3" is a commercial real-time OS with dynamic load balancing multi-core support based on the open source TOPPERS/FMP3 kernel developed by the TOPPERS project.

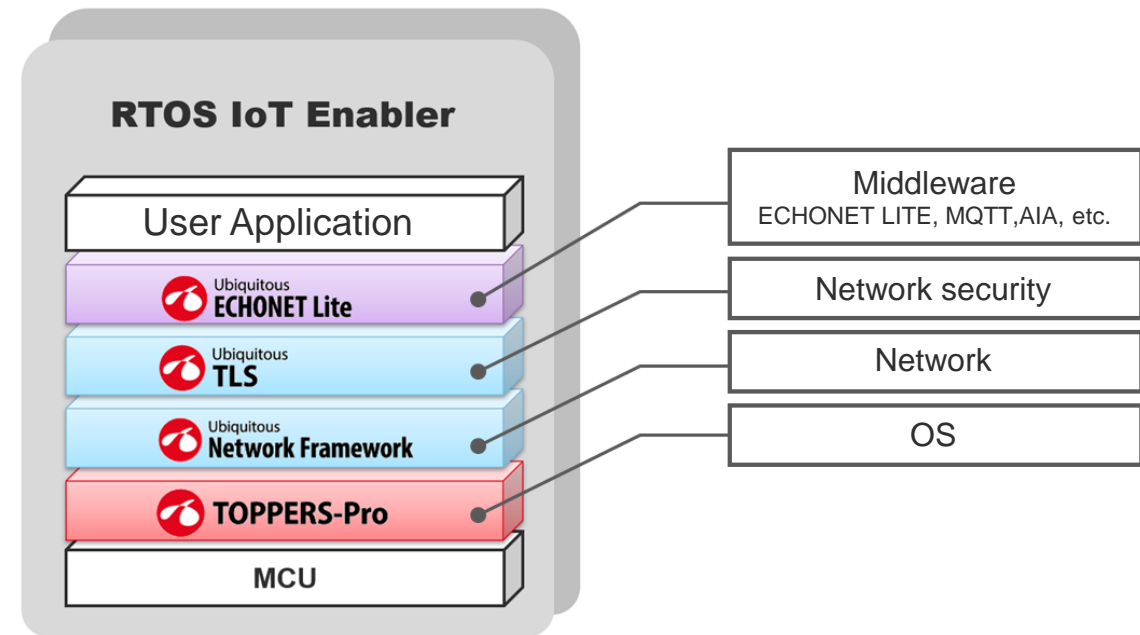
Launched “Ubiquitous RTOS IoT Enabler”

- All-in-One embedded software package for IoT products (6/9)

Platform solution for immediate IoT device development

■ Accelerate IoT device development and reduce time-to-market by 50%, while mitigating OSS security concerns

- Operation-confirmed packages of middleware such as RTOS, network stacks, and applications that make up embedded systems
- Pre-integrated commercial real-time OS “TOPPERS-Pro”
- Operation/quality guaranteed, with warranty against defects and compensation for intellectual property infringement

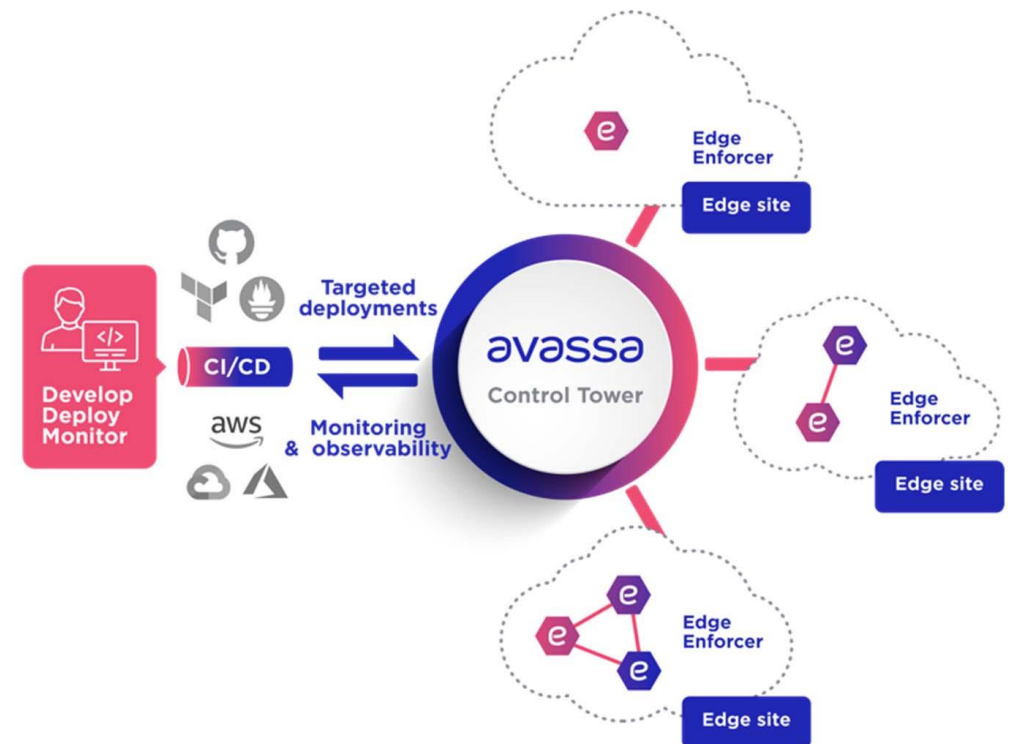


Launched “Avassa Control Tower” Edge device - Comprehensive management platform (6/14)

Centralized management of application lifecycle on edge devices

■ Centralized management of distributed edge resources and containerized applications

- Centralized management platform for deploying, upgrading, and monitoring applications on edge devices
- Developers define "application specifications" and engineers define "deployment specifications" to optimize lifecycle management
- Centralized management from a remote location is expected to be highly effective in areas such as telecommunication carriers, smart factories, disaster prevention systems, and inventory management systems for retailers



EFI/UEFI compliant BIOS "InsydeH2O®" is adopted in Fujitsu Client Computing's "FMV LOOX" (6/17)

Fast and Secure Hardware OS Booting

■ Contributing to the realization of the ultimate mobile notebook PC as one of the advanced hardware technology condensed in FMV LOOX

- "FMV LOOX" released as FUJITSU PC 40th Anniversary Project
- Highly evaluated for its reliability with a high market share as the UEFI BIOS products, Insyde Software's technical capabilities as the UEFI technology leader, and the high level of support required to realize Ubiquitous AI and Insyde Software's "manufacturing with people in mind"



Announced a business platform for the manufacturing industry (6/22)

Becoming a company that provides all necessary technology and services for the manufacturing customers centered on its embedded software development capabilities and customer base

■ Business platform for manufacturing industry “HEXAGON”

- Business platform that revolved around the sales of technology and services to Ubiquitous AI's customers, which consist mainly of major manufacturing companies.
- In addition to sales of its own proprietary products and the embedded software products of international manufacturers that Ubiquitous AI has handled in the past, the company will provide such sales and related services as products from Japanese startups and venture businesses that wish to sell products and services to manufacturers, and products developed in cooperation with academic institutions.

HEXAGON will create business opportunities within the following segments, leveraging the extensive business relationships of Ubiquitous AI in the Manufacturing Industry:



HEXAGON Activities

■ Started considering concrete activities with supporting companies



- Plan to start selling products and services of venture companies/startups sequentially.
- In discussions with various companies regarding the sale of venture capital investor investments.
- More supporting companies are planned.
- In discussion for collaboration with academic institutions.

Appendix

FY 2023 Q1 Disclosure List

Date of announcement		Press release
Q1	May 12	<ul style="list-style-type: none"> ■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	<ul style="list-style-type: none"> ■Cumulative shipments of "Ubiquitous QuickBoot" exceed 60 million units ~Steady adoption in in-vehicle information equipment; shipments by some overseas makers in full swing
	June 7	<ul style="list-style-type: none"> ■Launched "TOPPERS-Pro/FMP3" for multicore processors supporting Renesas' latest processor, the RZ/T2M group, on June 7
	June 9	<ul style="list-style-type: none"> ■Developed a software package that accelerates development of IoT devices, reduces time-to-market by 50%, while mitigating OSS security concerns ~ "Ubiquitous RTOS IoT Enabler", an all-in-one package for embedded systems, are available from June 9 ~
	June 14	<ul style="list-style-type: none"> ■Launched "Avassa Control Tower", which enables centralized management of applications on edge devices
	June 17	<ul style="list-style-type: none"> ■Insyde Software's EFI/UEFI-compliant BIOS "InsydeH2O®" is adopted in Fujitsu Client Computing's "FMV LOOX"
	June 22	<ul style="list-style-type: none"> ■Ubiquitous AI announces new business platform ~ Becoming a company that provides all necessary technology and services for the manufacturing customers centered on its embedded software development capabilities and customer base ~
Q2 (Reference)	August 9	<ul style="list-style-type: none"> ■Signed a distributorship agreement with softwareQ, Inc. "staq" compiler and "Quantum++" simulator for quantum computers are available from August 9



Ubiquitous AI