



Financial Results Briefing Material

FY2023 Q2 (ended Jun 30th, 2023)

Neural Group Inc.
Aug 10th, 2023

Translation of original Japanese version

Effective June 1, 2023, Neural Pocket Inc. has changed its name to Neural Group Inc.

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- **FY2023 Q2 highlights**
- Business growth themes and AI service updates

Highlights from FY2023 Q2 ended Jun.

Growth

Continuous growth with AI and OOH signage market tailwinds

Revenue growth

+19%

FY2023 Q1-Q2 over
FY2022 Q1-Q2

Profitability

Maintaining high GP margins making progress towards profitability

Gross profit margin

66%

FY2023 Q1-Q2
cumulative

Sales Force

AI startup with large **150+** sales team

Group employees^{*1}

257 (+89人)

() versus Q2 last year

Business Expansion

Expanding OOH advertising launching new biz model

Launching Ad management biz

Advertising operation service at large LED screen at Sendai Station

Technology

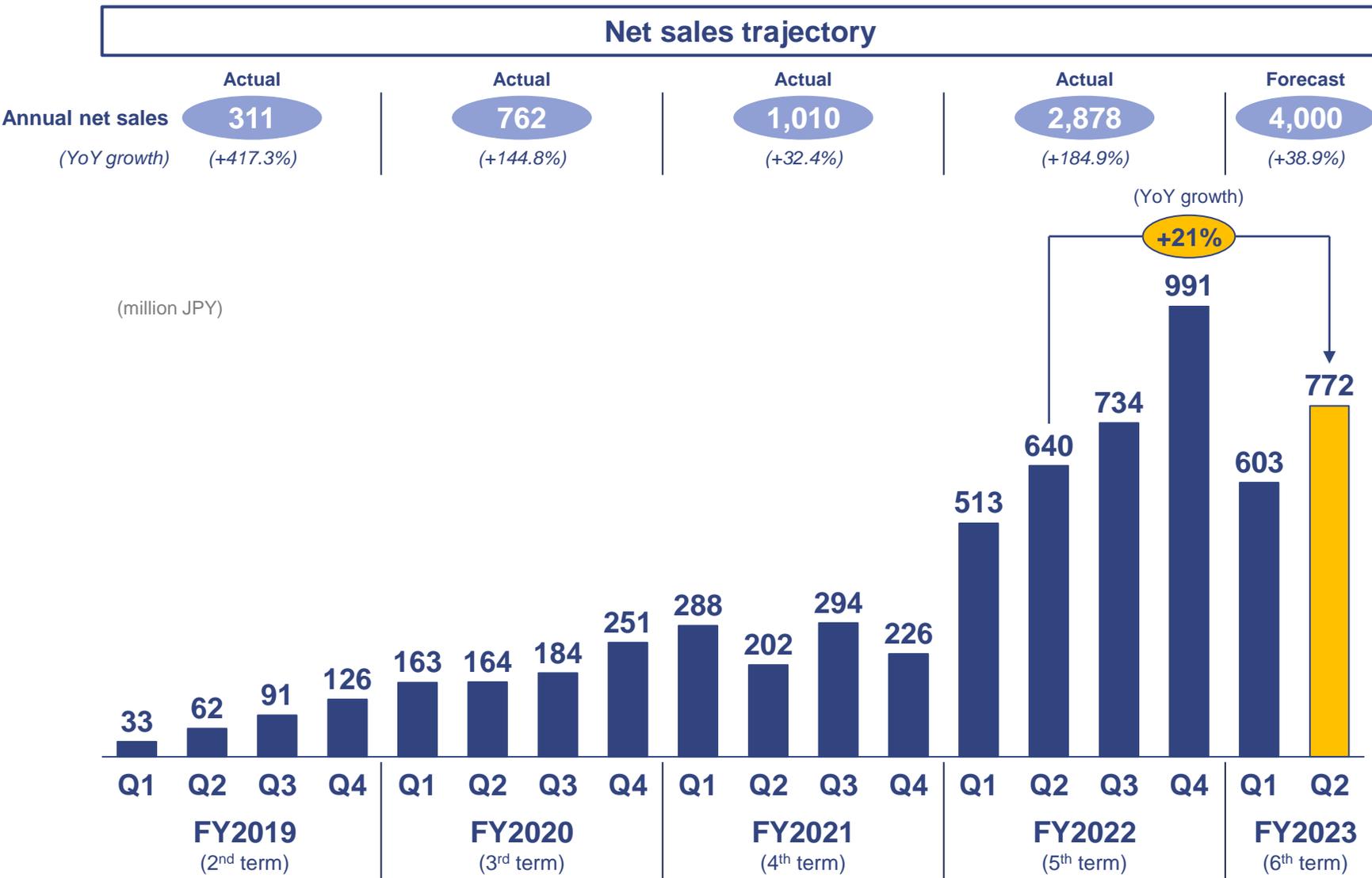
Active investment in new tech. along with actual sales generation

Dev. of NEURAL LLM language model

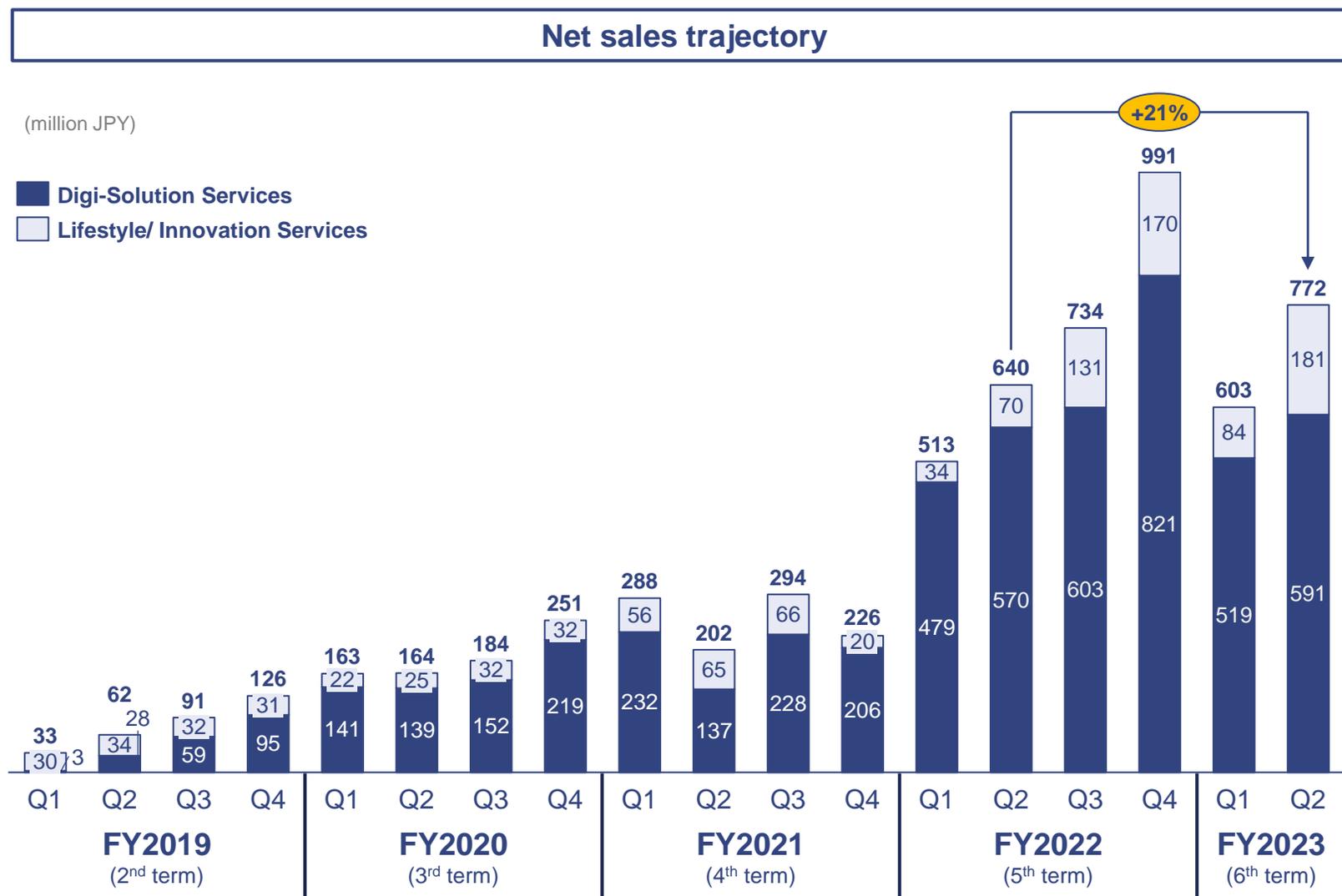
Multimodal services such as language/ image generation, apparel dress-up

*1 As of Jun 30th 2023. Excludes executives (Full-time board directors, auditors, executive officers), part-time employees, subcontractors, interns. Includes full-time employees from subsidiaries, Neural Engineering Inc. and Neural Marketing Inc.

Business progressing toward full-year sales of 4.0 billion yen where sales are weighted toward the second half of the year



Quarterly net sales trajectory per service domain



Trajectory of full-time employees^{*1}: Rapidly expanded headcount for sales staff within Neural Marketing Inc. through H1 achieving hiring plans

(# of staff)

Headcount increase breakdown

- Neural Marketing Inc. +68
- Neural Group Inc. +4
- Neural Group Thailand +3

⇒ Aggressive investment in sales staff in the H1 leading to cost increase, # of staff expected to remain flat in H2 since achieving original hiring plan.



^{*1} As of Jun 30th 2023. Excludes executives (full-time board directors, auditors, executive officers), part-time employees, subcontractors, interns. Includes full-time employees from subsidiaries, Neural Engineering Inc., Neural Marketing Inc.

FY2023 Q2 ended Jun. consolidated Statement of Income

(million JPY)	FY2022 Q1-Q2 ended Jun.*1	FY2023 Q1-Q2 ended Jun.	Increase Value	Increase Percentage
Net sales	1,153	1,375	+221	+19.2%
Gross profit % of net sales	770 66.8%	907 66.0%	+136	+17.7%
EBITDA % of net sales	-87 -7.6%	-351 -25.6%	-264	-
Operating profit % of net sales	-282 -24.5%	-436 -31.7%	-153	-
Net income % of net sales	-906*2 -80.8%	-364 -26.5%	+542	-

Sales are skewed toward the second half of the fiscal year similarly to last year

*1 The Company finalized the provisional accounting treatment for the business combination in the fourth quarter of the fiscal year ending December 31, 2022, and the figures for FY2022 Q1 and Q2 reflect the details of the finalized accounting treatment. As a result, some of the figures differ from those in the Financial Results Briefing Material disclosed on August 10, 2022.

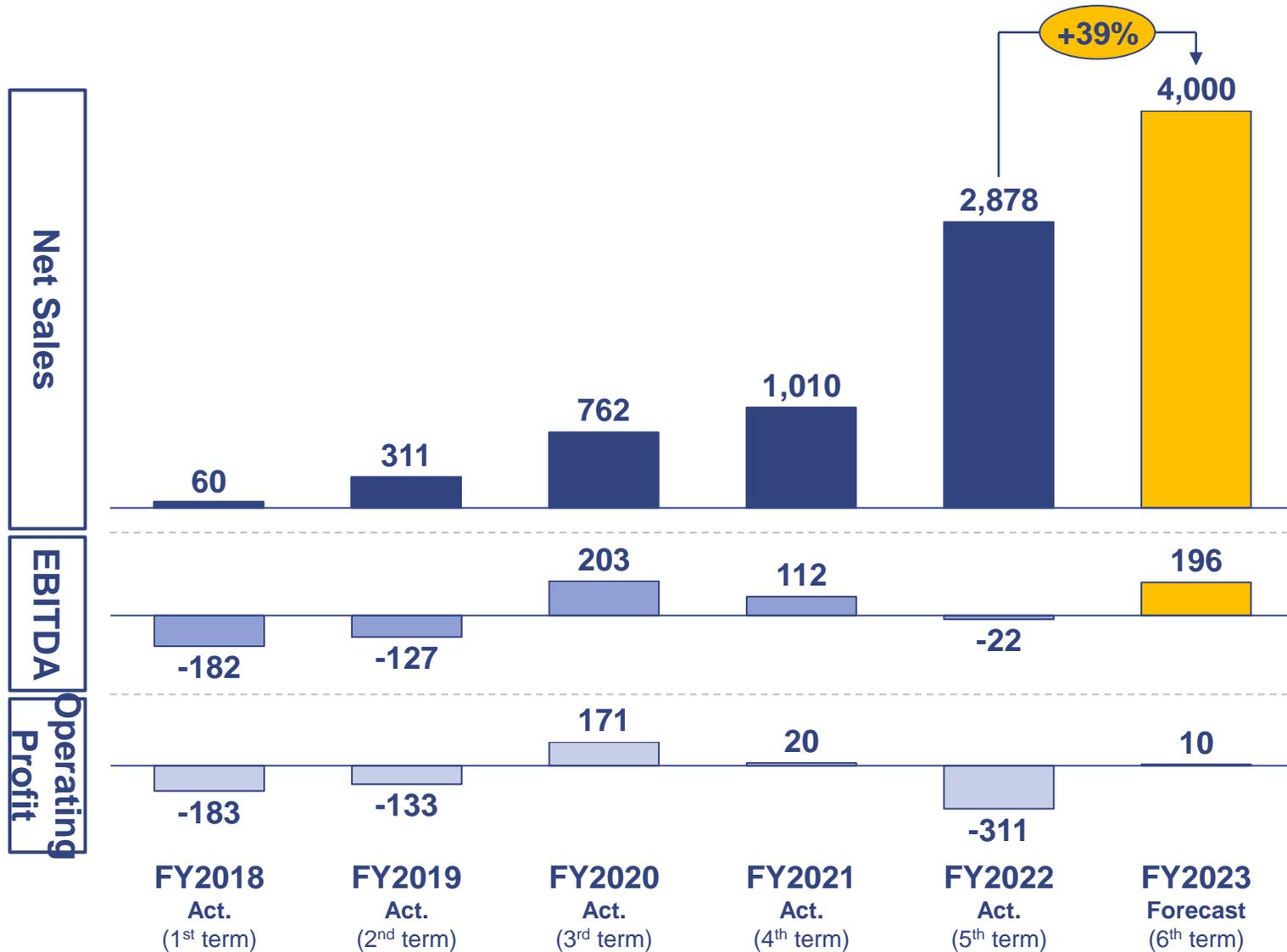
*2 Includes a one-time impairment loss of 624 million yen recorded in FY2022 Q2

FY2023 Q2 ended Jun. consolidated balance sheet

(million JPY)	FY2023 Q1	FY2023 Q2
	As of Mar 31 st	As of Jun 30 th
Total current assets	1,593	1,972
Cash and cash equiv.	913	1,198
Total non-current assets	1,738	1,788
Total assets	3,332	3,761
Total liabilities	3,084	3,013
Interest bearding debt	2,712	2,650
Total net assets	247	747

- **Third-party allotment of new shares to Sony Corporation in May 2023**
- **Continue to actively pursue capital and/ or business alliances with global corporations**

FY2023 ending Dec. forecast



FY2023 ending Dec. consolidated forecast

(million JPY)	FY2022 ended Dec. results	FY2023 ending Dec. forecast	Growth Value	Growth Percentage
Net sales	2,878	4,000	1,121	+38.9%
Gross profit % of net sales	1,849 64.3%	2,650 66.2%	800	+43.3%
EBITDA % of net sales	-22 -0.8%	196 4.9%	218	-
Operating profit % of net sales	-311 -10.8%	10 0.2%	321	-
Ordinary profit % of net sales	-307 -10.7%	2 0.0%	309	-
Net income % of net sales	-909 -31.6%	-100 -2.5%	809	-

Aug. 10th announcement of inventory errors

- Neural Marketing Inc. a subsidiary of the Company (made a subsidiary through M&A on February 21, 2022; company name at the time: Netten Corp.), has discovered an inventory error in its FY2022 Q4 and FY2023 Q1 financial statements and a corresponding error in its cost of sales, and therefore, the Company is making retroactive adjustments.
- When Neural Marketing introduced a new inventory management system and workflow on December 1, 2022, as part of its post-subsiary PMI to strengthen internal controls, inventories were not accurately accounted mainly for new large-scale projects, resulting in understatement or overstatement of the cost of sales.
- For FY2022 Q4, a partial overstatement of inventories and the resulting understatement of cost of sales (impact of 60 million yen), and for FY2023 Q1, a partial understatement of inventories and the resulting overstatement of cost of sales (impact of 12 million yen) has been retroactively adjusted*1
- There is no change to the forecast for the current fiscal year

(million JPY)	FY2022 Jan. 2022 through Dec. 2022			FY2023 Q1 Jan. 2023 through Mar. 2023		
	Before revision	After revision	Delta	Before revision	After revision	Delta
Net sales	2,878	2,878	-	603	603	-
COGS	968	1,029	+60	215	203	-12
Operating profit	-251	-311	-60	-227	-215	+12
Ordinary profit	-247	-307	-60	-233	-221	+12
Net income	-879	-909	-29	-189	-192	-2

*1 For details, please refer to the Aug10 2023 IR release titled "Notice of submission of correction reports for securities and correction of financial statements for prior periods" (Only available in Japanese).

- FY2023 Q2 highlights
- **Business growth themes and AI service updates**

Business growth themes for FY2023



Neural Pocket Group

- Management theme for FY2023 is **“Scale and profitability”**
 - Scale unit-based revenue while maintaining **high gross profit** margins
 - Achieve **OP profits for the year** whilst making investments for future growth
- Continue to actively pursue **capital or business alliances** with global co. in Japan and abroad



AI Digi-Solution

- Horizontal expansion across both the public and private sectors and install a total of **400 cumulative units** by the end of FY2023 (278 units installed as of the end of Q2)
- Participate in large-scale urban/ smart city development in **Thailand and Southeast Asia** out of our Thailand office (Progress towards introducing multiple solutions by the end of this year)



Neural Marketing

- Further bolster sales team by **hiring over 70 sales personnel** against a backdrop of over 10%^{*1} market growth (68 hires as of end of Q2)
- Establish **6 new locations**: Okinawa, Minami-Kyushu, Shikoku, Hokuriku, North Kanto, and Hokkaido (As of Q2 end, new locations opened in Sapporo and Takamatsu.)
- Target to install signages, or LED ad vision's in **50 new locations** (Initiated installations in Q2)

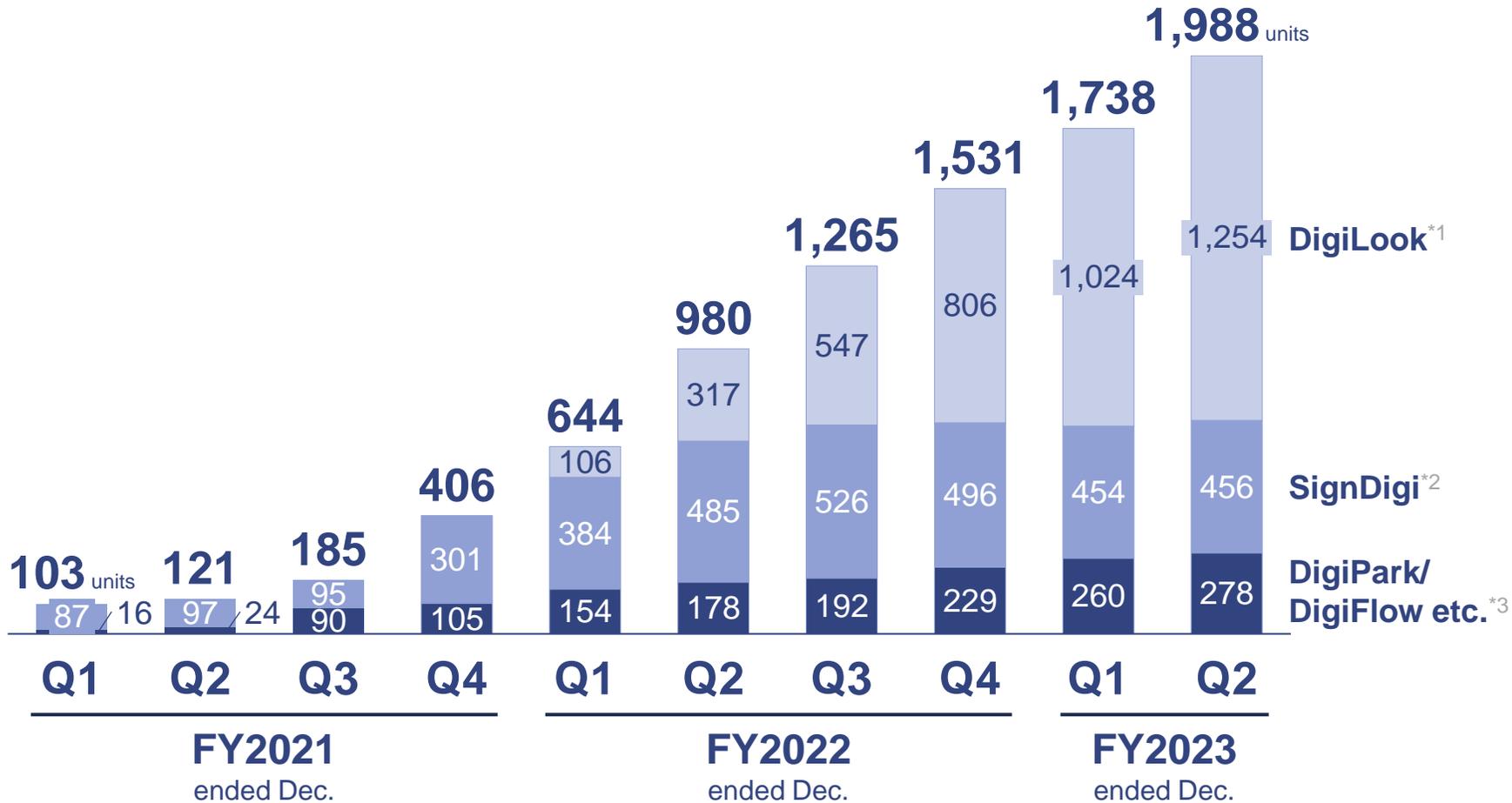


Lifestyle/ Innovation

- Stable continuation of ongoing apparel business
- Proactive **in-house development of new areas** that could become future pillars of our business
 - Demand forecast AI, dress-up AI (Announced development of original LLM in Q2)
 - Logistics container loading optimization and satellite image analysis
 - Gaming using AI technology, etc

Digi-Solutions unit installation trend (cumulative)

👉 Continued unit base growth. Installation of advertising signage (Focus Channel) in condominiums resumed in Q2 and planning for gradual installation base growth.



^{*1} LED signages installed (# of locations) by Neural Marketing Inc., post acquisition by Neural Pocket. ^{*2} Mainly Focus Channel digital signages installed in apartments. Also includes other signages installed for commercial use or trial installations unrelated to Focus Channel. ^{*3} Number of edge box units installed for DigiPark/ DigiFlow, etc. A single edge box is often connected to multiple cameras to run AI detection.

Building a vertically integrated out-of-home AI media business

Out-of-home digital signage advertising value chain and our experience

10,000+ units installed nationwide

1. Location selection



2. Signage provision



3. Installation & construction



4. Operation & maintenance



Generative AI + in-house prod.

5. Content creation

*AI generated by Neural Marketing



Original CMS software

6. Ad broadcasting



Initiating in Oct. 2023
*Details to follow

7. Media rep/ ad agency



Edge AI-enabled viewer visualization

8. User visualization



Advertising operation business on large LED display starting in Oct. 2023

👉 We will launch our first ad management business outside of our own media "FOCUS CHANNEL," utilizing the knowledge and sales network in ad sales, ad broadcasting, and operations nurtured within "FOCUS CHANNEL," the condominium signage media



BiVi Vision Sendai, a large LED display at BiVi Sendai Station East Exit, an urban commercial facility adjacent to JR Sendai Station. Scheduled to begin broadcasting advertisements in October 2023.

Provision and installation of outdoor large-scale LED display



Managing advertisement sales and operations post installation

Announced proprietary multimodal large-scale language model in June

NEURAL.LLM™

Completion or replacement of ChatGPT

Application

Application

Generative Web powered by ChatGPT

Blog post generation



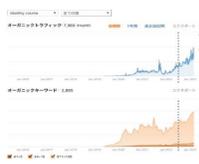
Auto reply to online reviews



Multi-language



SEO automatization



Web language generation

Neural Designer



Company-generated images and video

Virtual Try-on



Company-generated dress-up function

We are developing a proprietary LLM platform to provide multimodal services across a variety of applications and business domains

Launched new web business using ChatGPT, expecting sales of around 100 million yen in FY2023

Generative Web powered by ChatGPT



Function 1
Blog generation

Function 2
Auto language translate

Function 3
Auto reply to reviews

Function 4
SEO automization

AI-powered CMS maximizes the effectiveness of web pages with no technical knowledge required and no hassle

- Launched new webpage product, combining extensive sales capabilities of Neural Marketing (100% subsidiary) and AI development capabilities
- Expecting sales of approx. 100 million yen in FY2023 since launch in May 2023
- Quickly commercializing generative AI, rather than focusing solely on R&D

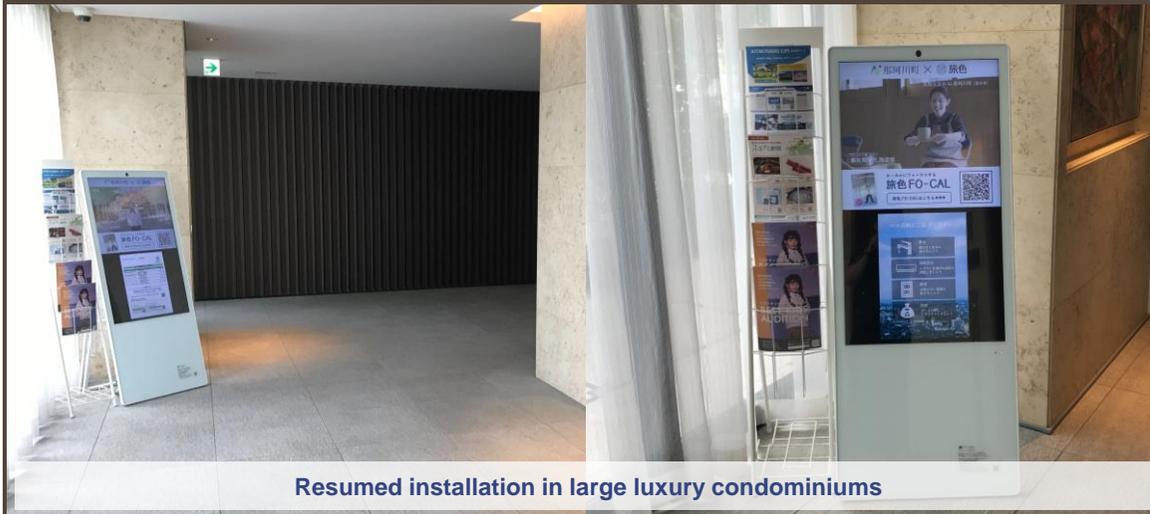
As the Focus Channel brand penetration expands, we have gradually renewed installation of new signages in Q2

- Promoting business expansion as the largest condominium signage media in Tokyo region by selectively resuming new installations
- As brand recognition expands, we have started offering joint advertising packages in collaboration with proprietary media targeting affluent customers in Tokyo

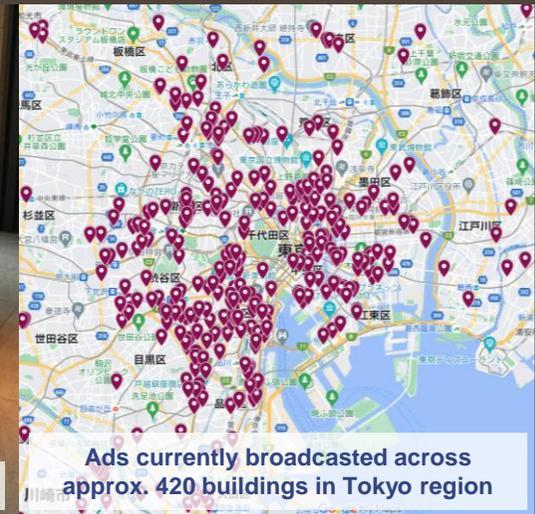
Press release from Focus Channel, Jul 18th 2023



Newly installed AI signage at Branz Tower Minato Mirai (Tokyu Real Estate Branz series)



Resumed installation in large luxury condominiums



Ads currently broadcasted across approx. 420 buildings in Tokyo region

Digi-Solution services introduced across Japan

● Key locations installed

Hyogo Pref.
Prologis Park Inagawa 1&2
License plate detection



Osaka Umekita II
People flow & behavior detection in urban park



Huis Ten Bosch
Parking lot occupancy, license plate detection



Shurijo Castel Park
People flow analysis and operation DX



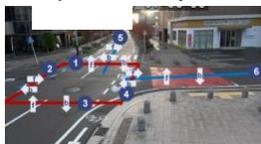
Sendai city
People flow in urban centers, evacuation center operation optimization



SMARK Isezaki
Parking lot visualization, traffic guidance



Anjo city
3D city map promoted by MLITT



Yokohama City Yamashita Park
Visualization of users/congestion in the rose garden



Muroran city
Regional revitalization with AI-enabled urban development



Kashiwa-no-ha smart city
Outdoor AI safety surveillance for town mgmt.



Sugamo district/ Taisho Univ.
Industry-academia collab. and promotion of local digitization



West Shinjuku area
Digitalization of urban transportation and city parks



Subway station Tocho-Mae
Info broadcasting via local 5G signage

Marunouchi Naka-Dori
Daimaru-Yu Machizukuri Council, assist urban dev. through people flow analysis



Takehiba
Office tower smart building/ city develop.

Mitsubishi RE Marunouchi Building
People flow visualization



Shibuya Hikarie ShinQs
Apparel store guest analysis



Mitsui Fudosan Ichikawa LP
Truck license plate detection



Tokyo Ryutsu Center
Vehicle congestion visualization



Our approach to refining services and identifying new market needs

Short feedback cycle achieved by selling and marketing directly to customers

Data collected by our AI cameras

- Traffic of people/ vehicles
- Direction of traffic
- Info on approaching
- vehicles/ pedestrians
- # of persons/ vehicles within facility
- License plate details
- Duration of time spent
- Congestion

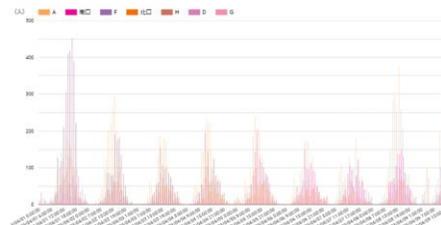
Use case/ needs

How the collected data is being used

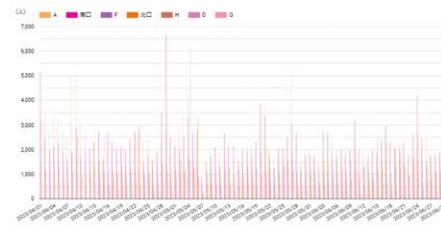
- Constructing base data of facility
- Visualization of usage and congestion mitigation
- Improvement of facility flow
- Improve user satisfaction by providing real-time info
- Registered vehicle detection and providing value-added services
- Curb unapproved parking
- Improving parking lot security and monitoring efficiency
- Accident prevention
- Alleviating staffing challenges in rural areas

Online interface
✂️ Screenshot excerpts

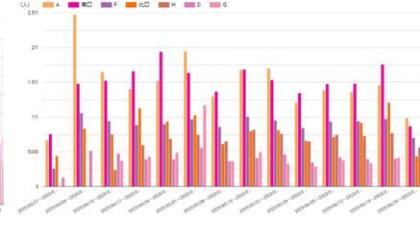
Personnel flow by time



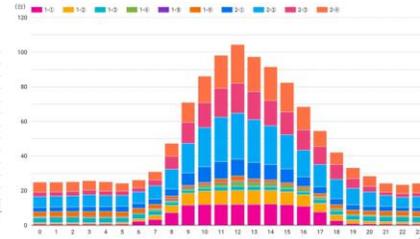
Daily personnel flow (per entrance)



Personnel flow by week (per location)



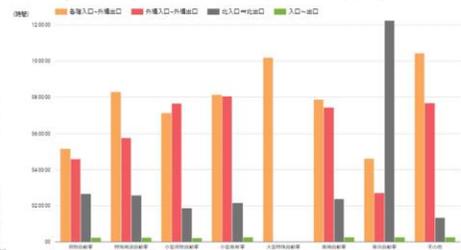
Average number of parked vehicles by time



Number and percentage of visits by license plate region



Average time spent at facilities by vehicle type (per route)



Our products



Digi Park



Digi Flow



Digi Thru

... (continue to launch)

Promoting product development reflecting the needs from our customers
(e.g., government, facility operation managers)

Examples of DigiFlow installation locations

Okinawa Shurijo Castle Park (Apr. '24)

Support for DX facility management and operations

In collaboration with the Okinawa Memorial Park Office, Okinawa General Bureau, Cabinet Office, Okinawa Prefecture, and the Okinawa Churashima Foundation, we analyzed human flow in an urban park.



Marunouchi Nakadoori, Tokyo (Apr. '24)

Urban development through visualization of human flow

Supporting "safe and secure community dev. using digital tech" through introduction of AI cameras in collab. with Otemachi/Marunouchi/Arimachi District Machizukuri Council



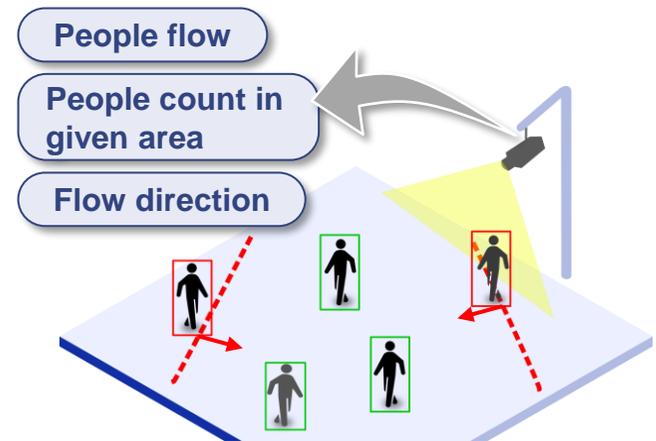
Yokohama City, Yamashita Park (Mar. '23)

Visualization of congestion and listing on public web pages

Improvement of facility operation and visitor satisfaction by monitoring the number of visitors to the Garden Necklace Yokohama hosted by the City of Yokohama and disseminating information on congestion.

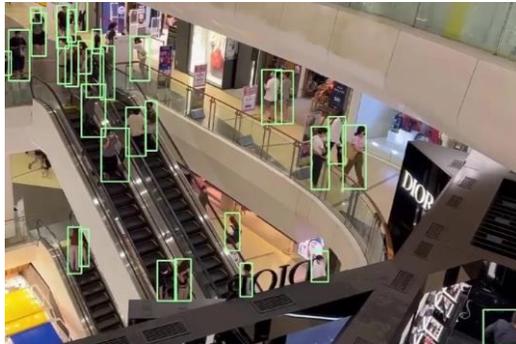


People flow analysis by DigiFlow



Progress toward implementing solutions in Thailand across private, academia, and public sectors

Partnership with CP Group - Egg Digital Inc.



- Partnership with Egg Digital, the digital marketing arm of CP Group, one of Thailand's largest conglomerates
- Update physical spaces with AI technology within and beyond CP Group

Promotion of adopted JICA supported projects*1



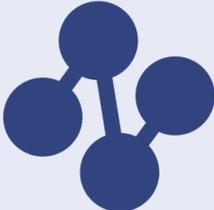
- Infrastructure dev. and transport projects under development
- Planning congestion visualization solution for local commercial facilities

AI awareness activities in Thailand



- Above: Panelist at the Japan-Thailand Economic Forum
- Below: Lecture and booth at Startup x Innovation Thailand Expo 2023

*1 Japan International Cooperation Agency: A governmental agency that namely delivers ODA (Official Development Assistance) for the government of Japan and is chartered with assisting economic and social growth in developing countries, and the promotion of international cooperation.



NEURAL

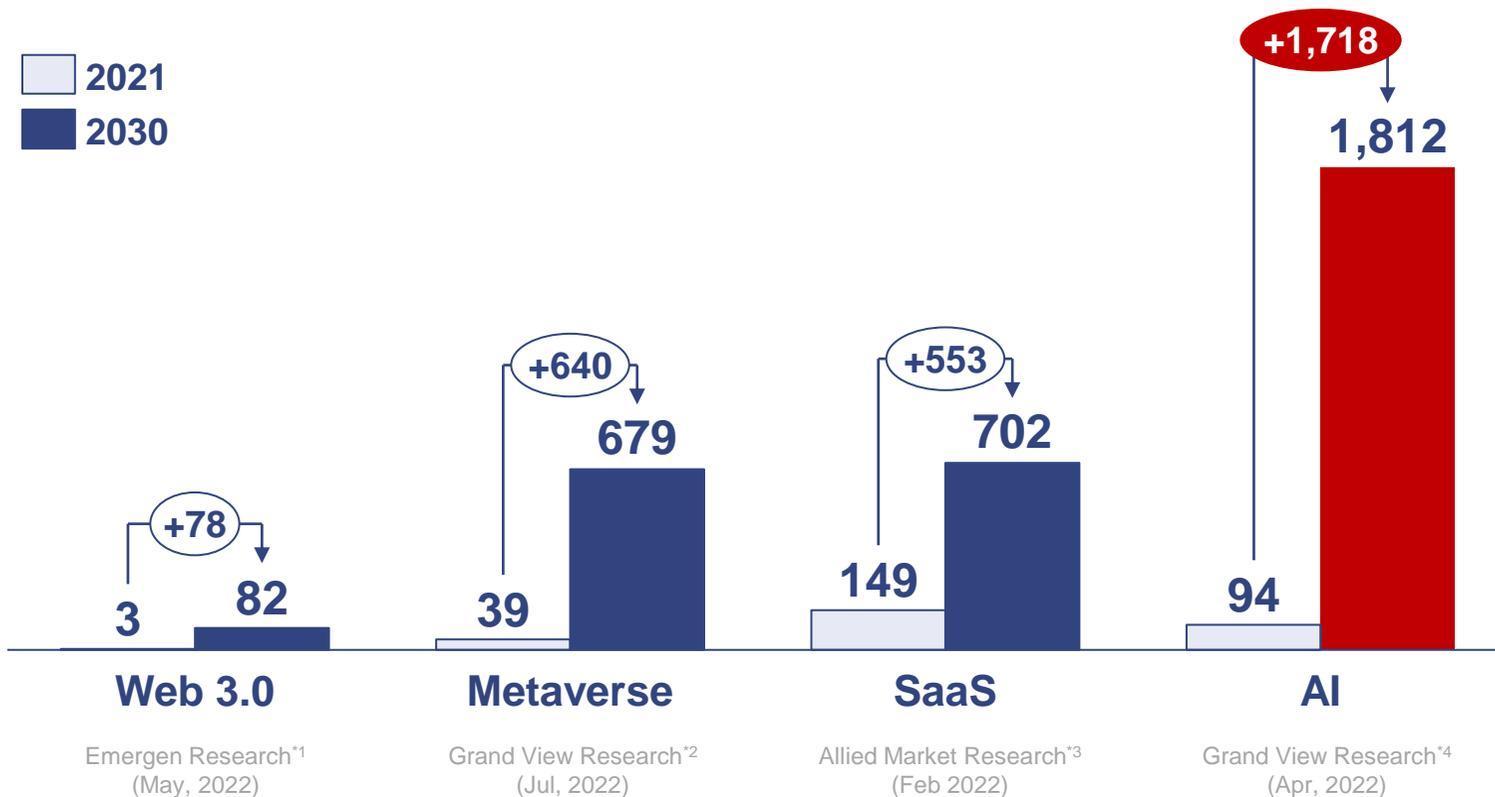
Appendix

- **AI industry trend and company advantage**
- Company overview

AI industry is expected to grow to an overwhelming market size compared to other growth areas

Global market size comparison

(Billion USD)



*1 Emergen Research, Web3.0 Market Size, Share, Trends (May, 2022)
Software As A Service (SaaS) Market Statistics: 2030 (Feb, 2022)

*2 Grand View Research, Metaverse Market Size, Share & Trends Analysis Report (Jul, 2022)

*3 Allied Market Research, Artificial Intelligence Market Size, Share & Trends Analysis Report (Apr, 2022)

The AI industry is shifting from selling “AI tech itself“ to selling “AI-enabled services”



AI tech provider : Selling AI itself

Project commission from clients	AI tech experiments	Sales of AI licenses	Revenue share

Catering to the needs of individual companies, providing customized technology

Our company's focus

AI service provider : AI-enabled services

Various AI tech	100% standard accuracy	24/ 365 operations	Expansion of use cases
Data versatility	Easy installation and pricing	Security and privacy	Customer satisfaction

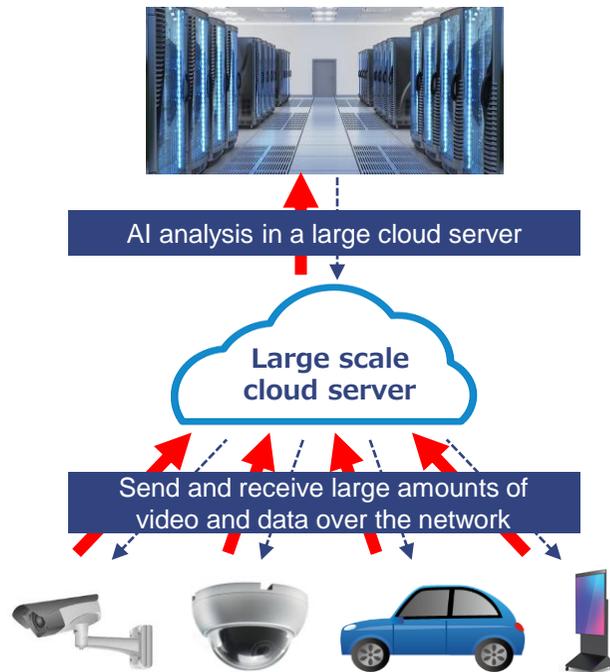
Scaling of AI services that address society's pain points

- High AI accuracy and quality are prerequisites
- AI engines utilized for long-term actual operations with reliability
- Services are used by consumers daily and unconsciously

AI technology is evolving along with the industry's growth

Cloud AI

Conventional approach

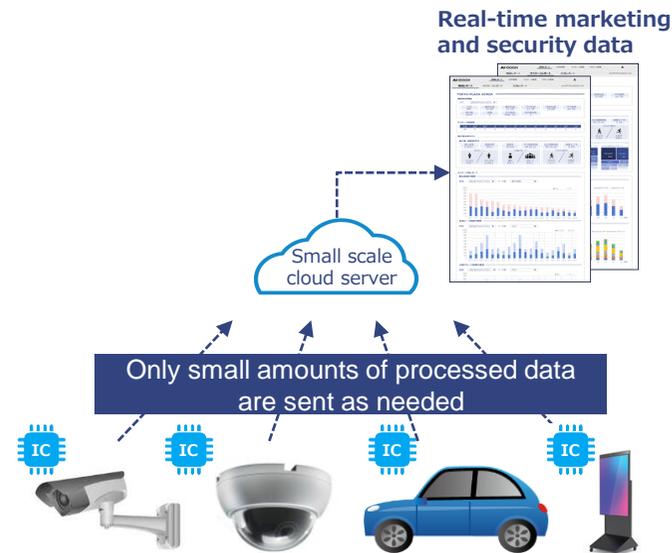


- **High costs** (Communication and maintenance)
- **High latency** (High network load)
- **High electricity consumption**

Edge AI

Our approach

- Original data (video, etc.) before AI analysis
- - - - - Metadata after AI analysis (text data)



- **Low costs**
- **Low latency**
- **Green/ low electricity consumption**

Also greatly contributes to privacy protection

Shift

Adoption of edge AI technology is accelerating at many global leading companies

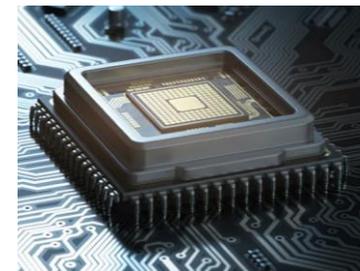


NVIDIA DRIVE AGX Xavier

Accelerate development of edge devices for autonomous driving to achieve low latency and safety unaffected by the communication environment.



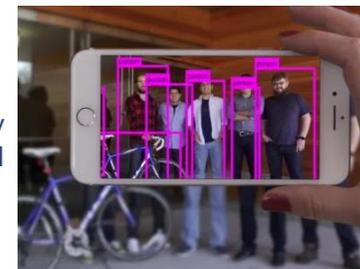
Ethos NPU series, Edge-oriented chips specializing in deep learning to achieve high-speed inference with low power consumption.



Many research results of edge AI for low latency processing of metaverse equipment.



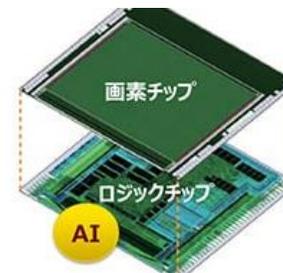
Acquired XNOR.ai, a company with technology for high-speed AI execution on edge devices, for USD 200 million.



Dedicated Edge AI chips are standard in smartphones, and their performance is advancing every year.



Practical application of image sensor-integrated edge AI chip for real-time image recognition and metadata conversion.



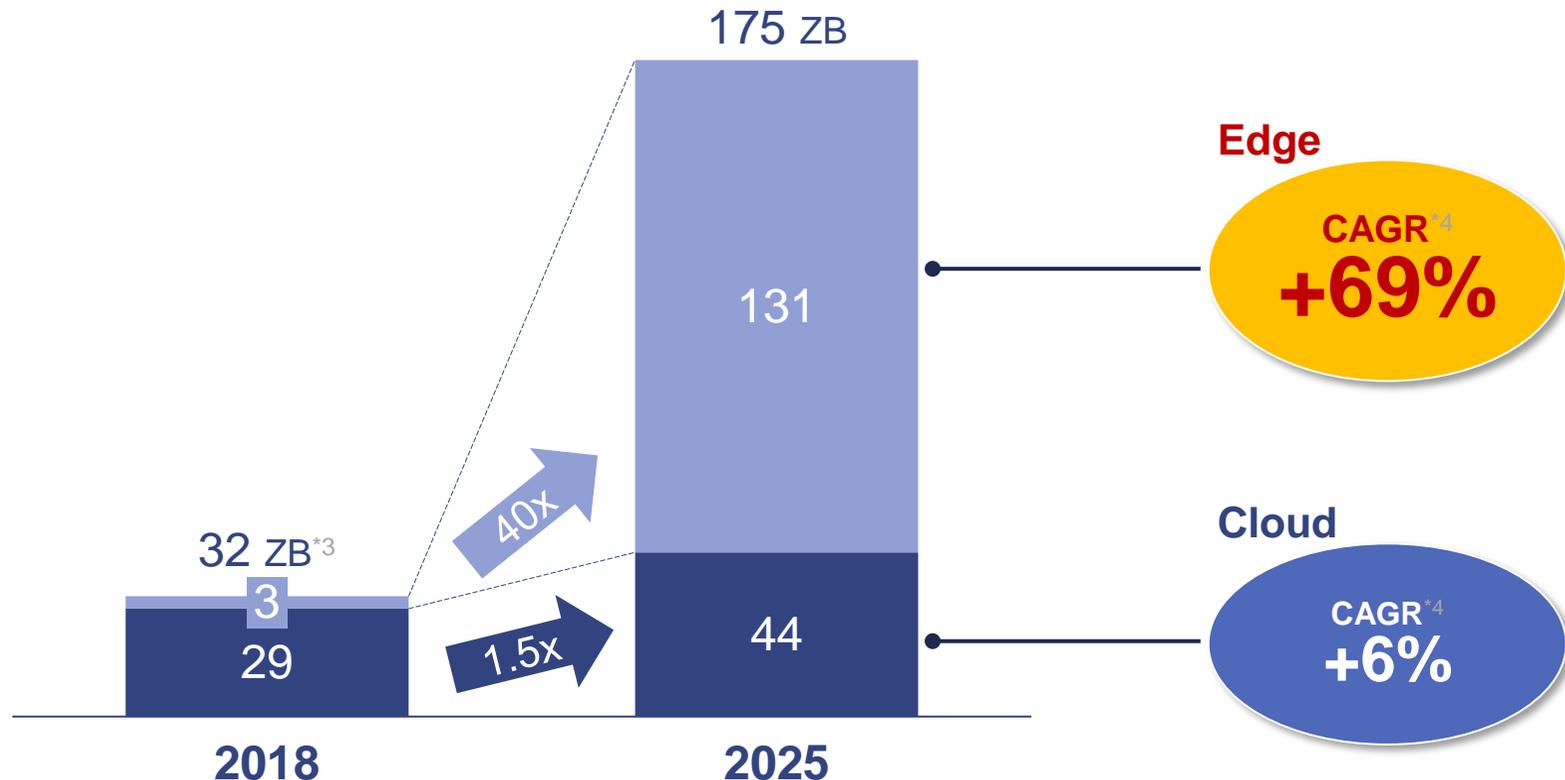
Edge processing is rapidly expanding

Total data processed at the edge vs in the cloud^{*1*2}

Through 2018 to 2025

Growth forecast

Through 2018 to 2025



*1 Source for Edge share: What Edge Computing Means for Infrastructure and Operations Leaders, Gartner (Oct 2018).

*2 Source for amount of data: Data Age 2025 Whitepaper, IDC (Nov 2018), accounts for all data created, captured, and replicated globally.

*3 Zetabyte. Unit of data. Equivalent to 10⁹ TB (terabyte).

*4 Compound annual growth rate.

We enable smart cities with edge AI – Our edge AI platform allows for the circulation and utilization of data in physical spaces



Data circulating through society



Neural Platform is a comprehensive environment to facilitate AI software development and day-to-day operations



Functions		Image and overview	
Service, application building features	AI service mngm't	<ul style="list-style-type: none"> Manage and provide AI services (AI models), such as people flow analysis and vehicle analysis, with a smartphone app store approach Services can be easily uploaded as developers updates the AI program 	Equipment mngm't, alive monitoring <ul style="list-style-type: none"> Real-time management of operational (alive/ dead) status of edge devices Operational status and error logs of AI services in each device managed
	AI dev. environ.	<ul style="list-style-type: none"> Development environment for internal and external developers to conduct AI dev. (annotation, model selection, training etc.) Application dev. environment to run on various edge devices and apps, as well as smartphones 	
Content application functions	Content play and display (CMS)	<ul style="list-style-type: none"> Programs to play content (text, photos, video, audio, etc.) essential to AI services Information communicated in real time through LTE network to and from edge devices. 	Security ware <ul style="list-style-type: none"> Prevent attacks on edge devices by diagnosing security vulnerabilities for h/w and s/w Encrypt data and communications and monitors attacks Automatic video deletion for privacy protection
	Data analysis	<ul style="list-style-type: none"> Stores data sent from edge devices and analyzes data to influence people's behavior. Various display formats, enabling data analysis to be conveniently performed on a web browser. 	

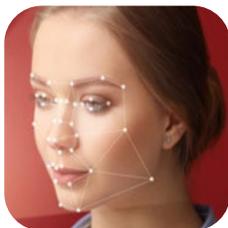
We develop proprietary AI libraries/ edge-related implementation technologies to enable AI smart cities

People attribute analysis

Gender/ age estimation



Facial recognition



Line-of-sight detection



Fashion analysis



People emotion and thought analysis

Facial expression, emotion analysis



Voice/ emotion analysis



Natural language processing

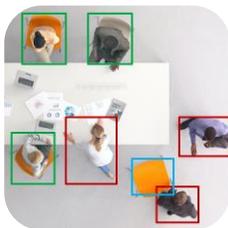


People movement and behavior analysis

Congestion analysis



Vacancy detection



Safe monitoring



Intrusion detection crime prevention



Vehicle analysis

Traffic analysis



Parking occupancy



License plate detection



Technologies related to social implementation of AI

Edge AI



Edge security



Ad delivery optimization



AI-enabled product recommendation



Data analytics



Digital signage integration



Mobile app integration



Our AI libraries operate on a variety of technical standards, contributing as an Edge AI Platform developer

Examples of edge devices running our edge AI



NVIDIA JETSON Xavier NX

Linux

python™ **Rust**

Processor

OS

Language



NVIDIA JETSON Nano

Linux

python™ **Rust**



NVIDIA JETSON TX2

Linux

python™



intel **arm**

Linux

python™

Processor

OS

Language



QUALCOMM

ios android

Swift Java



QUALCOMM

Linux

python™

As business models in the AI industry diversify, we have established our position as an edge AI platformer

Business model



Scaling service



Individually customized

Cloud AI Service

Commissioned AI Development

Edge AI Platformer

Neural Pocket

Commissioned Edge AI Development

Cloud processing

CAGR +6%

Edge processing

CAGR +69%

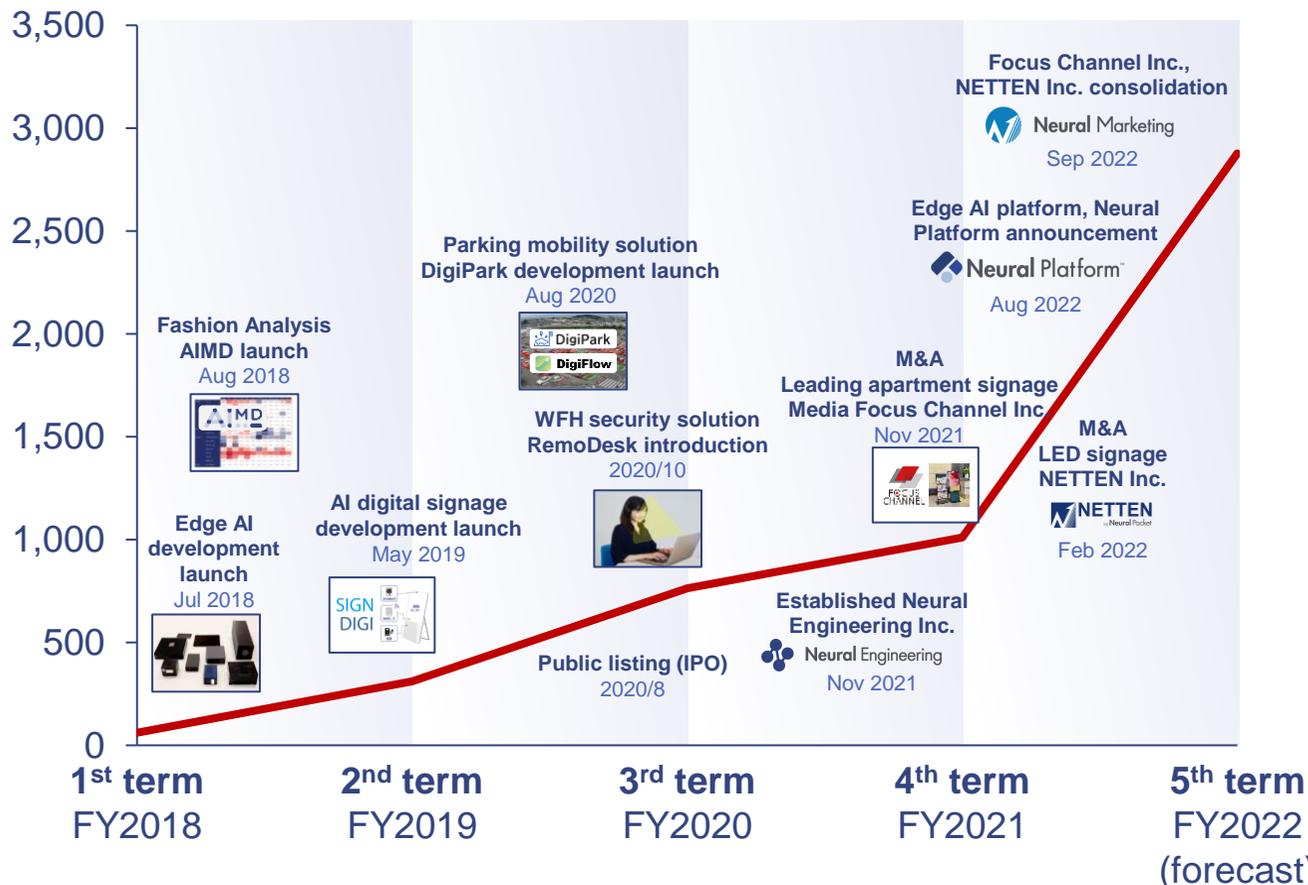
AI analysis technology

In the rapidly growing edge AI market, we have been accelerating growth since inception

Company growth strategy and expansion progress

Track record

Net sales
M JPY



Annual growth rate since company founding

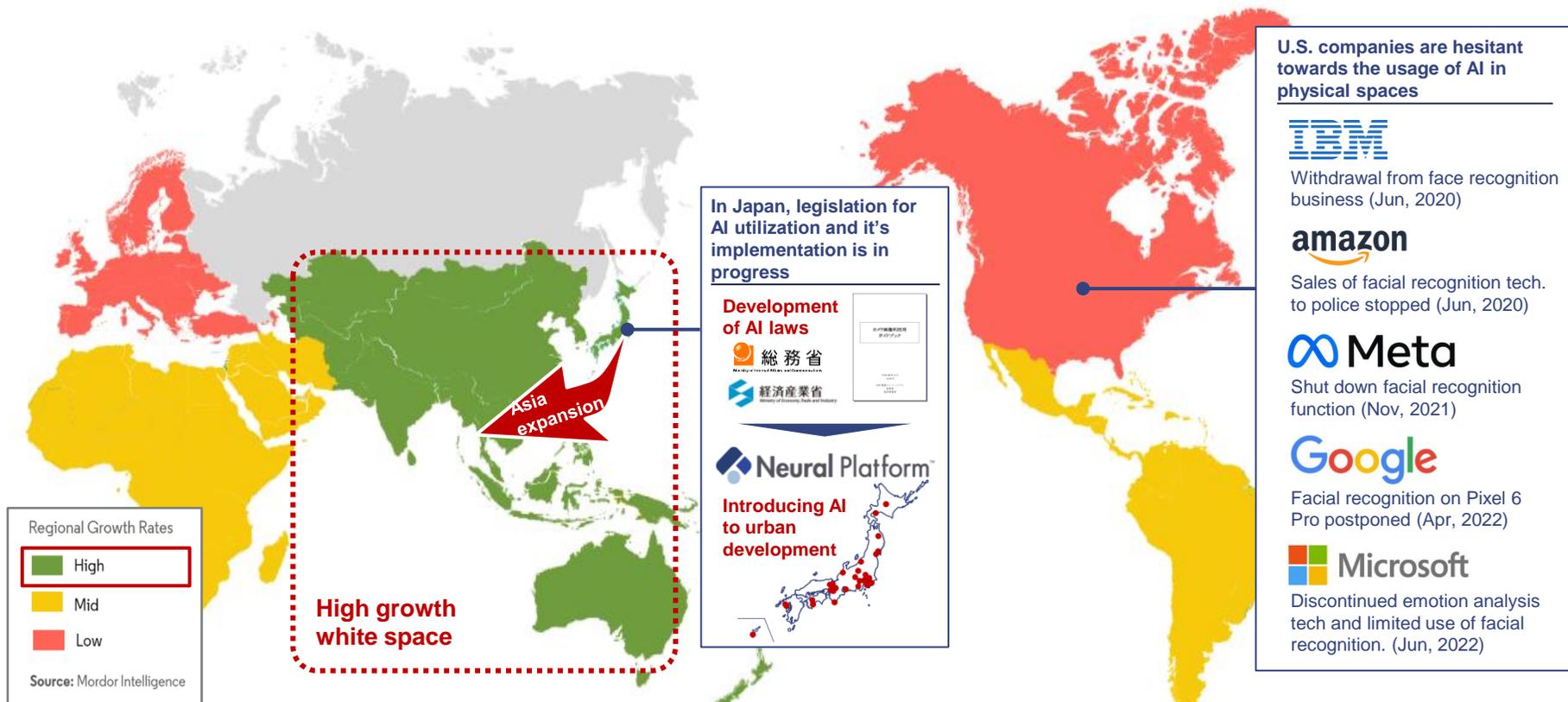
+163%
60M→2,878M JPY

Business scale expansion (in two years post IPO)

3.8x
762M→2,878M JPY

AI platforms expected to emerge from Asia, where the development of smart cities are most rapid

Smart Cities Market - Growth Rate by Region (2019 - 2024)



Announced capital and business alliance with Sony Corporation^{*1,2}

Capital alliance

- Issued 690,000 new shares of common stock through third-party allotment
- Raised **670 MIn** yen (payment completed May 12)
- Sony's ownership will be **4.56%**, becoming the Company's third largest shareholder.



Biz alliance

- Exchange of personnel, services, and tech with Sony Corporation (expecting to accept personnel from Sony)
- We will start by promoting collaboration and commercialization in **“signage biz”** and **“AI-based human attitude detection biz”** *(*details in following pages)*
- Will explore further collaboration related to AI tech and AI services

^{*1} For more details, please refer to the company's press release dated April 26, 2023, "Notice of Business Alliance with Sony Corporation, Conclusion of Share Subscription Agreement, and Issuance of New Shares through Third-Party Allotment (available only in Japanese)"

^{*2} Outline of Sony Corporation: Kimio Maki, Representative Director and CEO; Headquarters: 1-7-1 Konan, Minato-ku, Tokyo; wholly owned subsidiary of Sony Group Corporation; Entertainment Technology & Services business; approximately 8,500 employees; FYE March 2022 sales: 1,425,640 million yen; net income: 143,753 million yen.

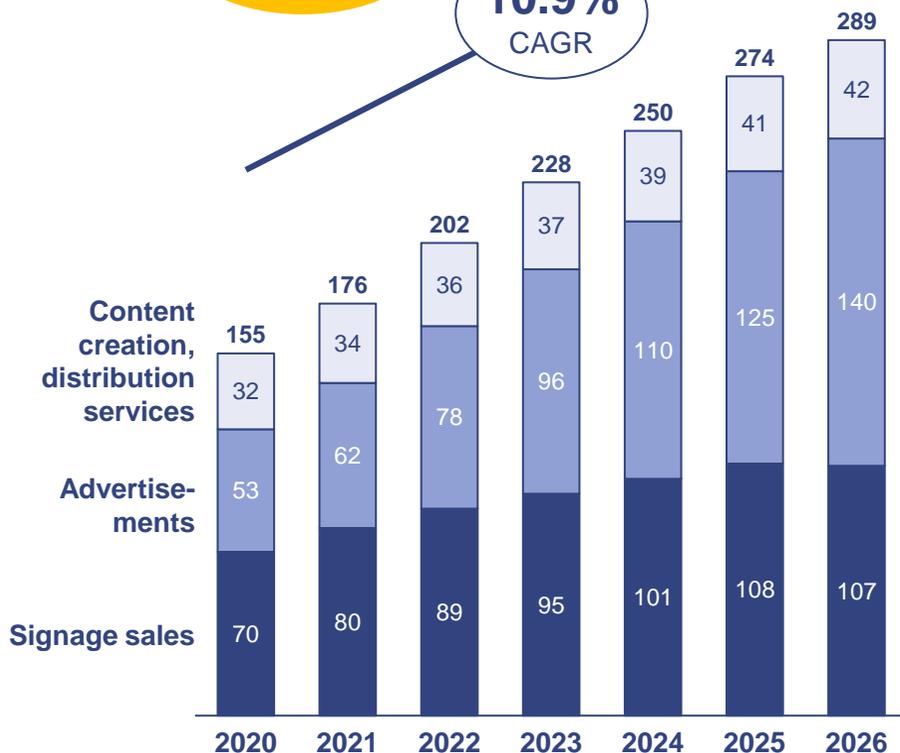
Aim of capital and biz alliance: Signage industry experiencing tail winds

Domestic digital signage market trend*1

(Bln JPY)

Annual growth
20 Bln JPY

10.9%
CAGR



Key growth drivers of Digital Signage Market

1 Digital substitution of labor

- Tasks traditionally performed by people automated or digitized
- Evolution of devices that do not require human intervention from communication to payment

2 Shift from Online to Offline

- Post Covid shift from online advertising to physical spaces
- Creation of a new advertising market that fuses the Web and the physical world is also underway

3 Shift from paper posters

- Replacement of traditional paper posters and static signage
- More widespread use of dynamic signage that transmits digital content that can be flexibly changed

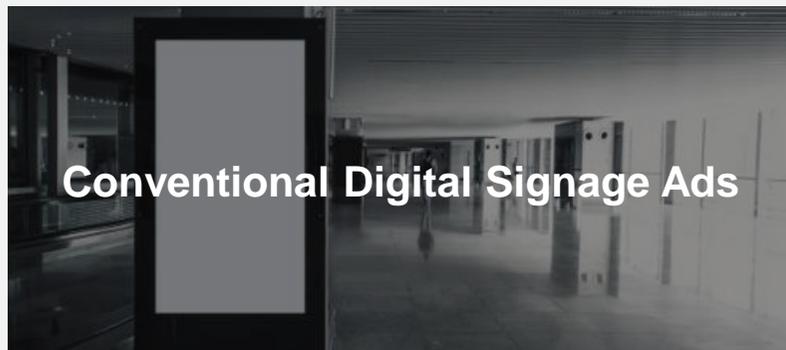
*1 From "Digital Signage Market Research 2021" published by Fuji Chimera Research Institute, Inc. in February 2021.

Aim of capital and biz alliance: Signage biz and our vision

- Creating new advertising market and exciting urban spaces through the dev. of next-generation digital signage using AI technology
- Business development in Japan and Southeast Asia
- Develop and commercialize new businesses through collaboration with Sony through personnel/ services/ technology exchange

Challenges of conventional ad signage

- Difficult for advertisers to understand advertising effectiveness
- Difficulty in fine-tuning audience targeting
- Long lead time before ad submission
- Not a smooth path to purchase for viewers (e.g., no payment, difficult to take home display information).



Added value our tech can provide

- Maximize advertising effectiveness by acquiring viewer information (that was technically impossible in the past)
- Detailed targeting with networked signage
- Simplified and speedy ad submission
- Interactive signage with two-way comm. (e.g., payment, smartphone integration)



Aim of capital and biz alliance: AI-based human attitude detection biz

- As remote communication becomes more commonplace, work with Sony to explore and commercialize new services on a phased basis
- Plans to develop new technology to interact with people through attitude detection and language generation AI using deep learning



Promoting capital and business alliances with operating companies while ensuring share liquidity by expanding floating shareholders

Estimation taking into account the allotment to Sony Corporation
(Payment procedure completed on May 12)

※Based on shareholders' register as of Dec 31, 2022



Continue to actively pursue further capital alliances with global companies

*1 Sum of 415,000 publicly offered shares upon IPO, 215,800 sold shares during IPO (including over-allotment), and shares sold by pre-IPO investors (e.g., VC investors, angel investors) and management that the company is aware of. *2 Shares held by pre-IPO investors (e.g., VC investors, Angel investors). *3 Shares held by internal board directors.

Appendix

- AI industry trend and company advantage
- **Company overview**

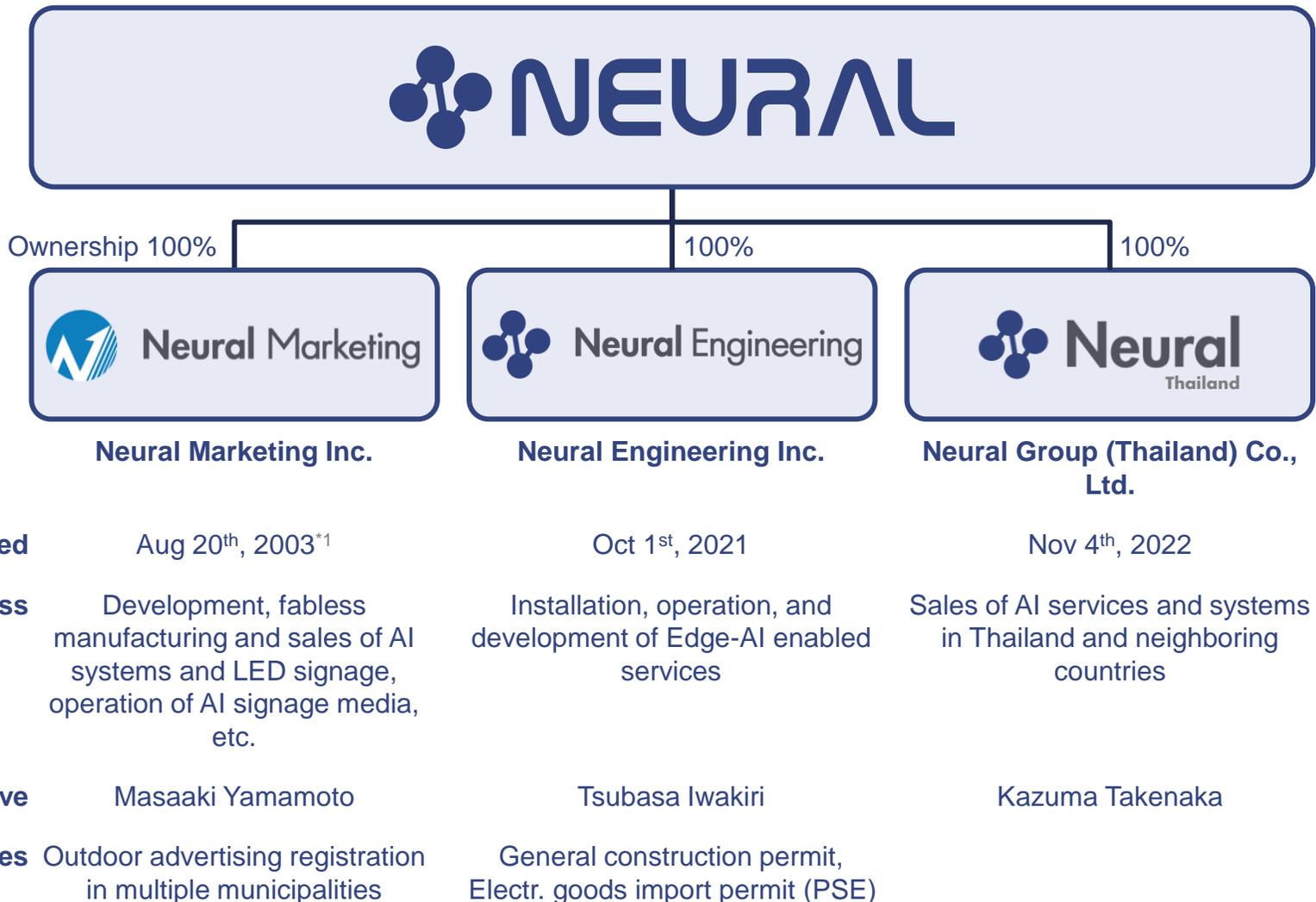
Company overview

Company name	Neural Pocket Inc. (TYO: 4056) <i>Expected to change corporate name to Neural Group Inc. on Jun 1st, 2023</i>
Established	Jan. 22 nd , 2018
Representative	Roi Shigematsu
Listed exchange	Tokyo Stock Exchange Growth Market (listed since Aug. 20 th , 2020)
Headquarters	Tokyo Midtown Hibiya, Hibiya Mitsui Tower 32F, 1-1-2, Yurakucho, Chiyoda-ku, Tokyo, JAPAN
Locations	<ul style="list-style-type: none"> ▪ AI Test Field (Shinagawa Seaside Canal Tower 21F, 4-12-6 Shinagawa-ku, Tokyo) ▪ Thai Office (CRC Tower, All Seasons Palace, Wireless Road, Lumpini, Bangkok, 10330) ▪ Singapore Branch (9 Straits View, Marina One West Tower, #06-07, 018937) ▪ 11 other offices across Japan (Osaka, Fukuoka, Nagoya, Yokohama, Sendai etc.)
Group Companies (100% sub.)	<ul style="list-style-type: none"> ▪ Neural Marketing Inc. (Rep. Masaaki Yamamoto) ▪ Neural Group (Thailand) Co., Ltd. (Rep. Kaz Takenaka) ▪ Neural Engineering Inc. (Rep. Tsubasa Iwakiri)
Employees	257 (Group total as of Jun 30 th 2023, excluding directors, part-time and outsourced employees)
Business overview	AI engineering business utilizing image/video analysis and edge computing technology based on proprietary AI algorithms
Affiliated organizations.	<ul style="list-style-type: none"> ▪ Nippon Keidanren (Japan Business Federation) ▪ Japan Deep Learning Association and others

Management team

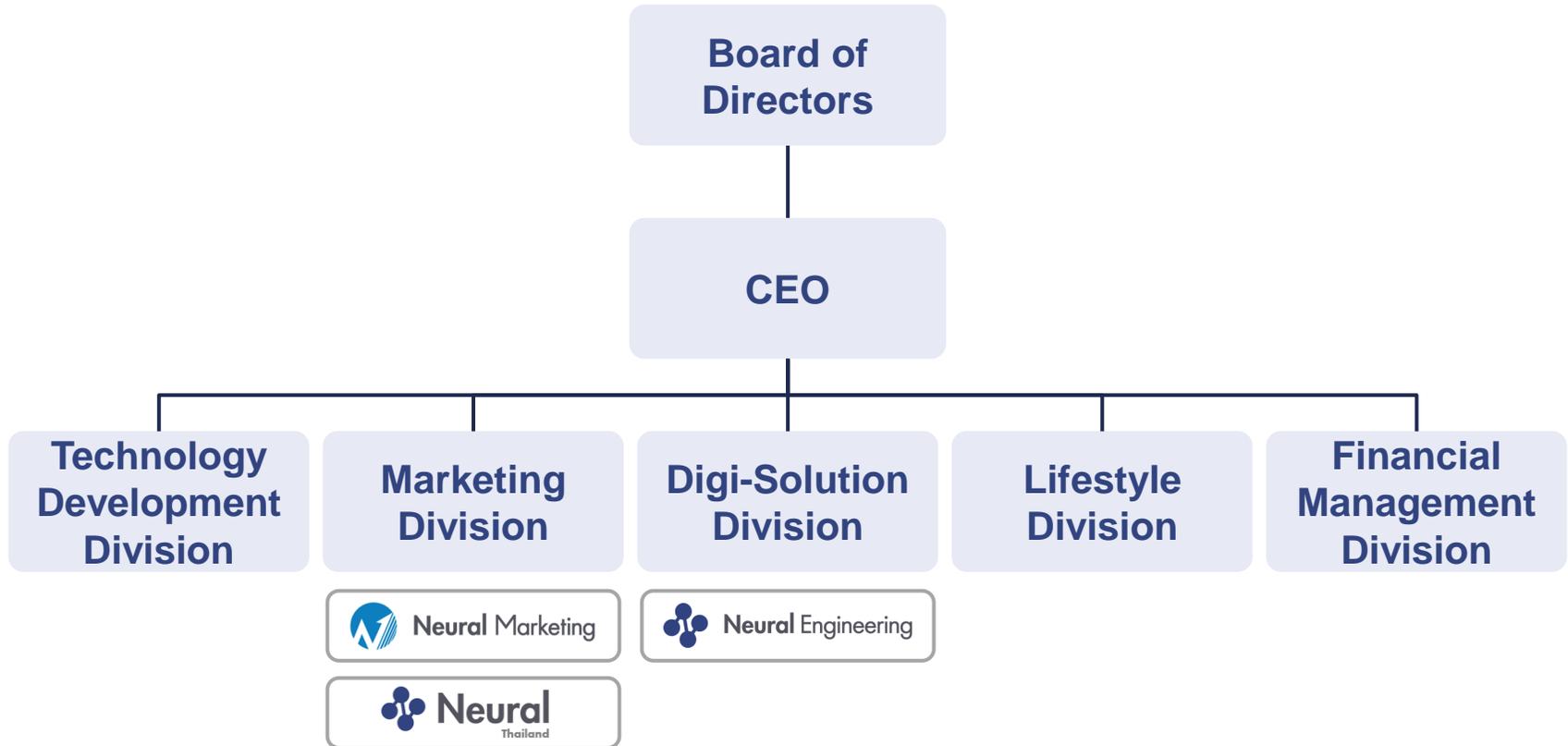
	Name	Career overview
Board Directors	 Representative Director Roi Shigematsu	Former Partner at McKinsey, working in 11 countries including Japan, Germany, and the U.S as leader in IoT and AI field. Founded Neural Pocket in January 2018 with the goal of realizing the digitization of the real world through AI. He holds a Master's degree in Engineering from the University of Tokyo and is currently a member of the Advisory Board of the School of Engineering.
	 CFO Director Ryosuke Tane	He was engaged in private equity investing at Bain Capital Japan. After serving as the Tokyo General Manager of Oyo Technology and Hospitality Japan, he joined Neural Pocket. He currently oversees the group's corporate division and also leads M&A activities. He holds an MBA from Stanford University's Graduate School of Business.
	 Director Masaaki Yamamoto	After being involved in the development of DVDs and head-mounted displays at Sony, he led several new businesses and internal startups. After joining the company, he worked in the R&D department and is currently the president of Neural Marketing, Inc. He holds a master's degree from Tokyo Institute of Technology
	 External Director Yoichi Yamagishi	After working in the investment banking division of Nomura Securities Co., Ltd. in M&A advisory and public underwriting, he was appointed as General Manager of Public Underwriting Department of Mizuho Securities Co. After retiring from Mizuho Securities, he served as an outside director of D.L.E. Inc. and Laox Co. He is a certified public accountant.
	 External Director Maiko Hasumi	After working for Fuji Television Network, Inc. and Fidelity Investment Trust Co. currently fund manager at Ever Rich Asset Management. Currently director and member of the Audit Committee of Z Holdings Corporation (formerly Yahoo! Japan), etc. Appointed outside director of Neural Pocket in 2021. Holds an MBA from Stanford University's Graduate School of Business.
Auditors	 Full-time auditor Miho Takemura	After working at Ernst & Young Shin Nihon LLC (EY Ernst & Young Shin Nihon LLC), where she mainly audited securities companies and other financial institutions, she worked as a full-time auditor at IRIDGE Co. Certified public accountant.
	 Auditor Toshiki Wakamatsu	After working at Sato Sogo Law Office, he opened Saltus Law Office. He has served as a director of Orchestra Holdings Inc. and Voicy Inc. and has been a corporate auditor of Neural Pocket since 2019. Attorney. Specializes in a wide range of corporate legal matters, including corporate law and the FIEA.
	 Auditor Hajime Shirai	After working at Arata Audit Corporation (PwC Arata LLC), Frontier Management Inc. and Deloitte Touche Tohmatsu LLC, he established Grintee Inc. Ltd. Appointed as a corporate auditor of Neural Pocket in 2020. Certified public accountant.
Advisor	 Professor Yutaka Matsuo	Professor at the Artificial Intelligence Research Center, Graduate School of Engineering, the University of Tokyo. He is a leading expert in the field of AI and deep learning in Japan. He is also the chairman of the board of the Japan Deep Learning Association and an outside director of Softbank Group Corp.

Neural Pocket Group

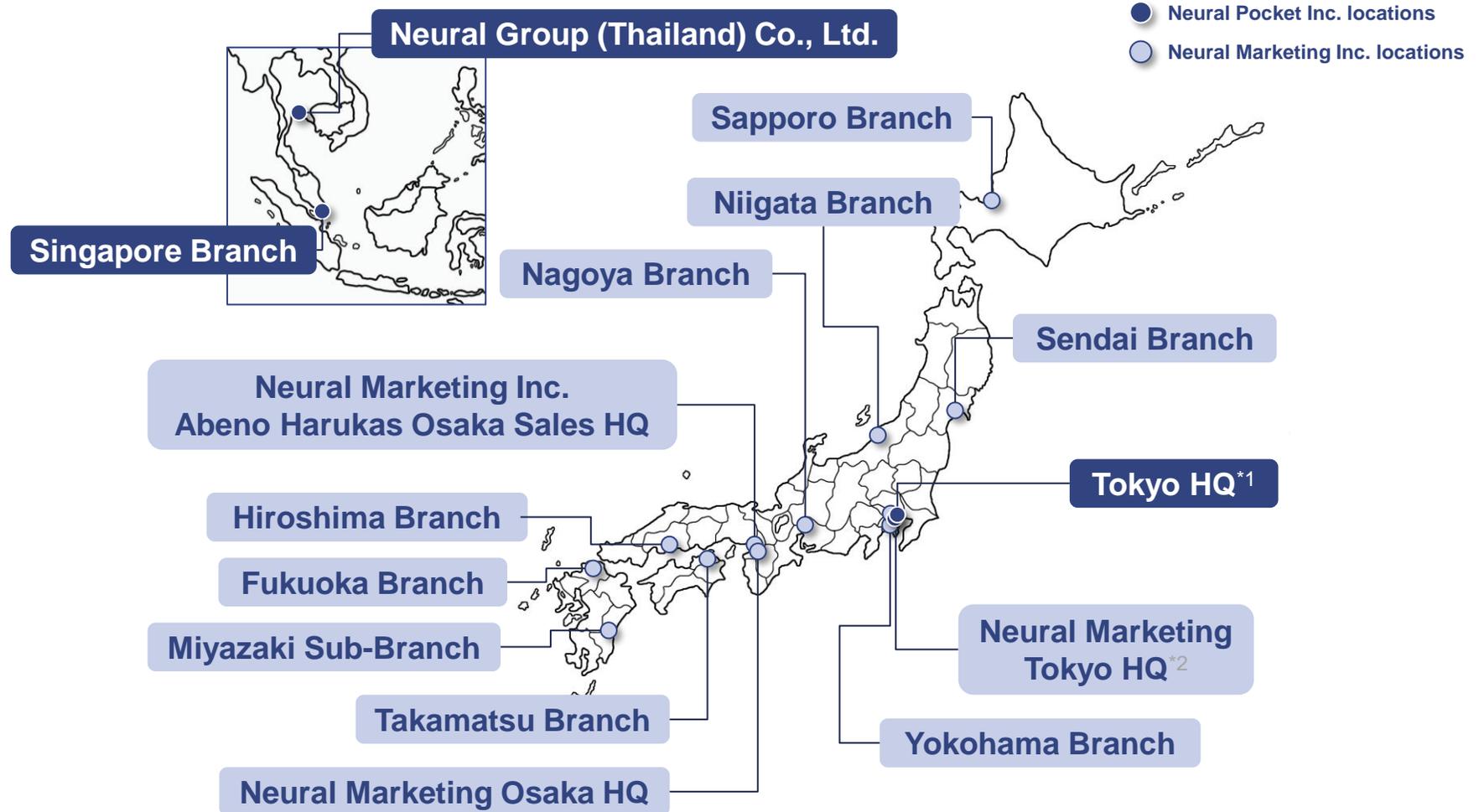


*1 On Sep 1st, 2022 the company name was changed from NETTEN Inc. to Neural Marketing Inc. The date of incorporation of NETTEN Inc. is stated.

Organization: Since Jan 2022, the company has established a divisional system organized by product/ service



Neural Pocket Group operates 15 locations internationally, with the infrastructure to support the development of smart cities nationwide



*1 Neural Engineering Inc. is established within Neural Pocket Inc. Tokyo HQ.

*2 AI Test Field is located within Neural Marketing Tokyo HQ.

Appearances at seminars/ events

AI technology

- G7 Ministerial Conference on Digital Technology in Takasaki, Gunma: Corporate exhibit
- Public-private partnership conference for overseas expansion of startups, co-hosted by the Ministry of Economy, Trade and Industry and Keidanren: Speaker
- Advantech Corporation's Tokyo AI Forum - Manufacturing DX and Smart City: Speaker
- Tokyo Data Platform Convention: Professional Advisor
- AI Innovation AWARD2022: Awarded "Future envisioned by Smart Cities"



Urban planning

- PARKING NOW, official magazine of the All Japan Parking Association Article contribution
- Parking Reform Promotion Council Speaker
- LOGISTICS TODAY Seminar Speaker
- RX Japan NexTech Week2022 【Fall】 Lecture on "Smart Cities Today"
- Shibuya Ward Kitaya Park Jinnan Market Thinking about the future of Shibuya Park! Speaker
- Muroran City DX Promotion Forum Panelist for "Connected Smart City" session
- "Roadside Station Murayama" Development Basic Plan Study Citizens' Meeting Advisor
- Regional Development College in Otaru Speaker



Collaboration with Academia

- Seminar on the use of the Kashiwanoha Urban Design Center for urban planning hosted by the University of Tokyo's Center for Future Vision Research Guest speaker
- Taisho University "How AI Image Analysis is Used in Society" Guest Lecturer
- Seminar at Sasin Graduate School of Management, Chulalongkorn University Speaker
- KOSEN-KMITL (Bangkok) Regular lecturer based on cooperative agreement



Overseas

- Government of Thailand & PTT Group Event "Zest Thailand 2023" Presented

Others

- Deloitte Tohmatsu Technology Fast 50 2022 Japan Awarded top 10 in Japan ranking
- Ministry of Econ. Trade & Industry 5th Study Grp on Sustain. in Textile Indust. Presenter



Membership in public/private organizations related to AI and smart cities

Smart City related



Ministry of Internal Affairs and Communications, JAPAN
MIC

Japan Platform for Driving Digital Development: JPD3



OSAKA SMARTCITY PARTNERS FORUM



Ministry of Land, Infrastructure, Transport and Tourism

Smart City Public-Private Partnership Platform



PLATEAU
by MLIT



TOKYO METROPOLITAN GOVERNMENT
TDPF
Tokyo Data Platform

Kamakura City Smart City Public Private Sector Research Association

MaaS Social Implementation Promotion Forum

Industry groups

Keidanren
Japan Business Federation



Japan Deep Learning Association



OCCI The Osaka Chamber of Commerce and Industry



JCSC
Japan Council of Shopping Centres



Michi-no-Eki



SENDAI BOSAI TECH



General Incorporated Association
Japan Parking Association



Public-Service Corporation
JAPAN INSTITUTE OF LOGISTICS SYSTEMS



MFLP & LOGI Solution

Collaboration with corporations



MONET CONSORTIUM



NTT PC COMMUNICATIONS
Innovation LAB



NVIDIA
NVIDIA METROPOLIS



aws
Startup Ramp Member

Overseas



日本タイ協会 THE JAPAN THAILAND ASSOCIATION



JETRO JETRO Members,
Japan External Trade Organization

LED Vision installation cases

LED vision, which excels in visibility and spatial presentation, is used in various scenes throughout the city to promote sales at facilities and stores, and as a medium for people to encounter new information.

For large scale business operators



Outdoor soccer stadium



Indoor sports stadium

For SMEs



Wall-mount



Chain retail



Portable

Government, municipalities



Government office



Fire station



Police office

DigiLook: Top share in Japan with more than 10,000 installations

DigiLook

#1 installations with more than 10,000 signages nationwide



LED signage
Japan No. 1



- **Unparalleled installation track record**
Experience in a wide variety of industries, including large corps, government offices, commercial facilities, and merchant stores
- **Unparalleled track record of stable operations**
Stable operating track record throughout Japan, including cold, hot, and humid regions
- **Flexible contract forms**
Flexible purchase formats such as lease agreements and credit/cash purchases

We are accelerating sales efforts towards large corporations and large-scale facilities. We are also promoting the development of highly functional products with remote content distribution and AI detection functions.

We deliver the advertiser's message to the residents of high-end urban apartments

Entrance hall



Elevator hall



Lounge



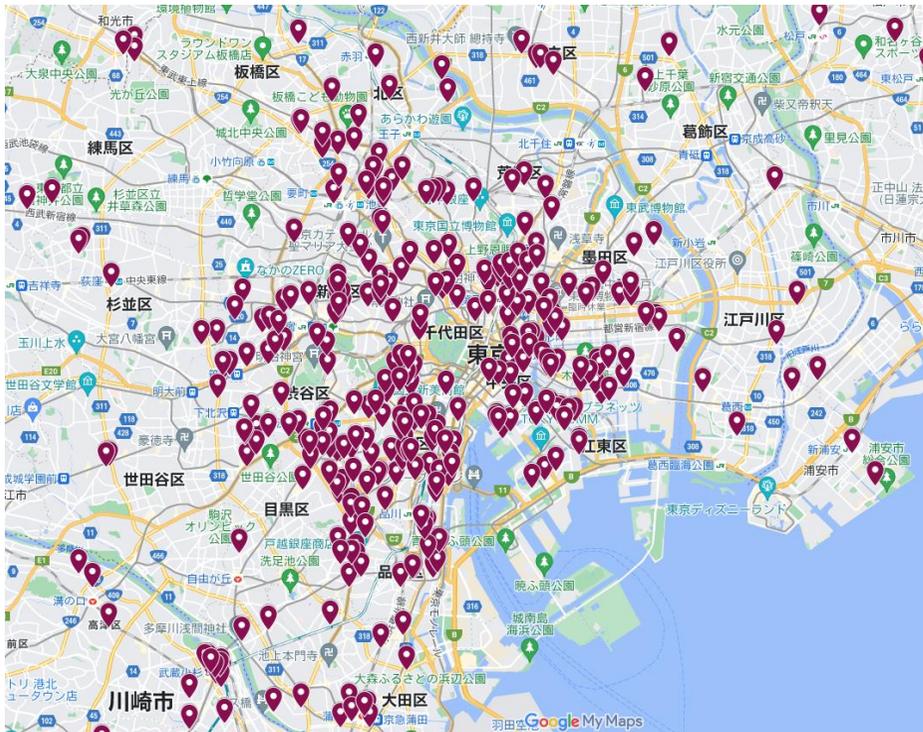
Reception



We deliver the advertiser's message daily and repeatedly to approx. 200K residents of high-end urban apartments

Approx. **420** buildings

Approx. **80,000** households



※As of Dec. 31, 2022

Impression

Steady reach regardless of seasons and externalities

Frequency

Located in living spaces and repeatedly appealing to all residents

>> View count per program: **1.50 million**~/month

>> Play count per program: **3.50 million**~/month

Targeting

High-grade apartment where many affluent consumers reside

One-stop solution

Acquisition from brand awareness to detailed consideration through ad distribution and flyer placements



Apartment
Signage Ads
Market No. 1

Established Thai subsidiary in Nov. 2022, to participate in greenfield type urban development popular across Southeast Asia

Neural Pocket Thailand (Bangkok office) and CRC Tower where the base is located



Company name Neural Group (Thailand) Co., Ltd.

Representative Kazuma TAKENAKA, CEO/ Managing Director

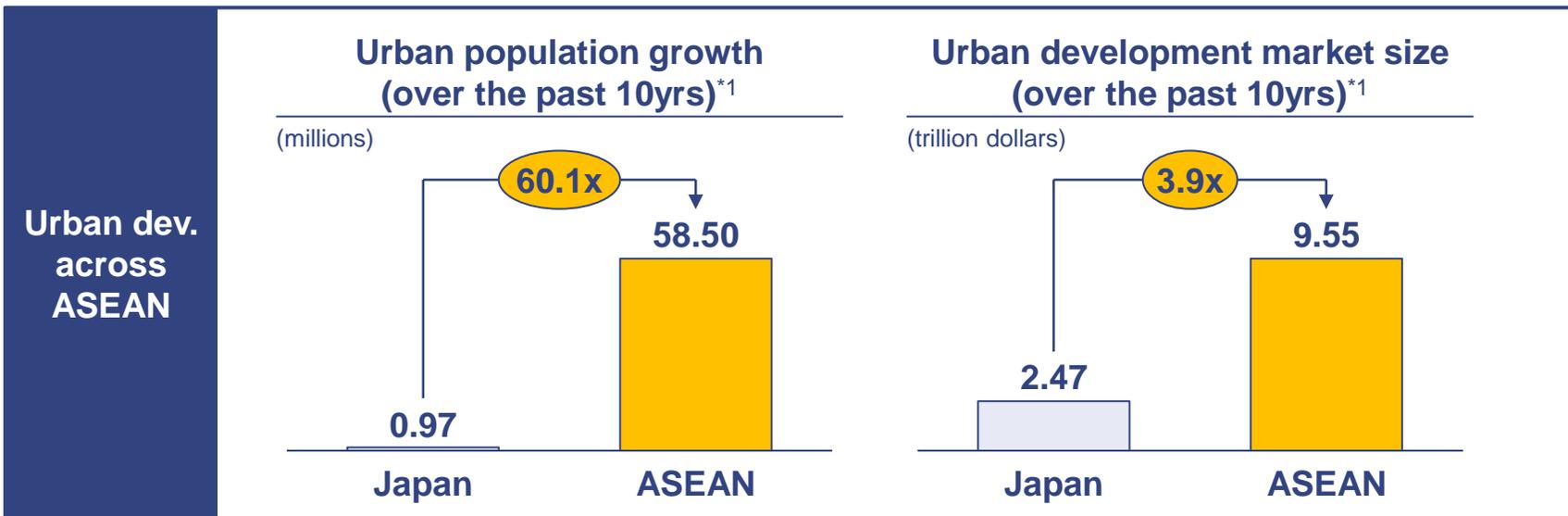
Location 36th Floor, Office number 11, CRC Tower, All Seasons Place, Wireless Road, Lumpini, Phatumwan, Bangkok, Thailand 10330

Established November 4th, 2022

Ownership Neural Pocket Inc. 100%

Background Based on our track record of providing unique AI services to realize smart cities in Japan, we aim to expand our business in Thailand and other SE Asian countries. Particularly in SE Asia, "green field" type developments, in which new cities are built on a vast scale, are popular, and the company aims to participate in large-scale development projects.

Vast infrastructure investment expected in Thailand and SE Asia



Thai state-led investment plans

Concentrated investment in Bangkok and adjacent eastern regions

“Eastern Economic Corridor(EEC)”
Infrastructure development

“Thailand 4.0”
Infrastructure/ new urban dev. by attracting investment across 12 industries

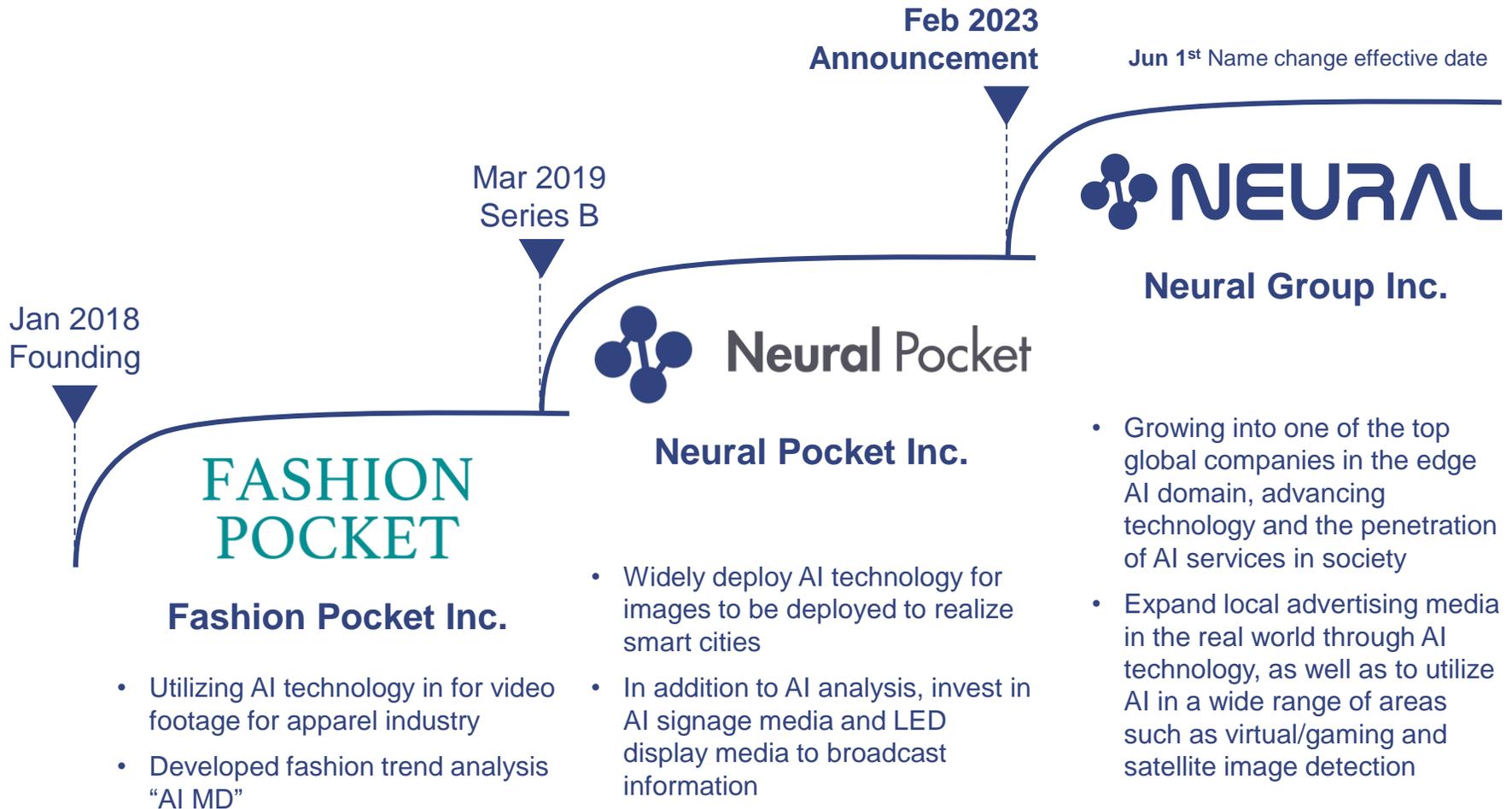
+

Total 9.8T JPY
(2022-2026年、2.5T Thai Bhts)
infrastructure investment planned

i: Smart City Concept for the development of Bangsoo Station area; ii: AMATA Chonburi Gateway R&D Hub aiming to become a smart city; iii: One Bangkok Project, all of which are examples of smart cities to be developed in Thailand.

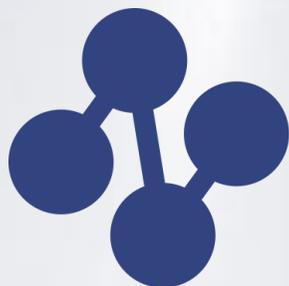
1: "Toward Overseas Urban Development Business Development - Smart City Business Creation", Nomura Research Institute, Ltd. presentation (December 16, 2014).

5yrs since founding, we aim to expand our business and contribute to society - Rebranding the company name to "Neural Group"



Neural Pockets celebrating 5 Years since founding and has updated it's company name to reflect the breadth of business

Building an exciting and inspiring future with AI



NEURAL

Neural Group Inc.

The company name "Neural Group" expresses our desire to provide unconventional services that transcend boundaries in a wide range of fields enabled by cutting-edge AI technologies. We will utilize edge AI across both real and virtual spaces to realize an exciting future globally, covering various applications such as AI cameras, digital advertisements, fashion apparel, AI games, and AI analysis of satellite images.

Disclaimer

Handling of the material

This document contains forward-looking statements. These statements are based solely on the information available at the time the statements were made. Furthermore, such statements are not guarantees of future results and are subject to risks and uncertainties. Actual results may differ materially from those projected in the future due to changes in the environment and other factors. Factors that may affect the actual results described above include, but are not limited to, domestic and international economic conditions and trends in relevant industries. We are under no obligation to update or revise any of the future information contained in these materials in the event that new information comes to light or future events occur. The information contained in these materials relating to matters other than the Neural Pocket is quoted from public information and Neural Pocket has not verified and does not guarantee the accuracy or appropriateness of such information.

