Update the world for a better tomorrow

NEURAL

Financial Results Briefing Material
8th term, Q3 ended September 30, 2025

Neural Group Inc.
November 10, 2025

Highlights of the FY2025 Q3 financial results

Public offering capital increase

- As disclosed in the "Notice regarding issuance of new shares and secondary offering through over-allotment" announced on August 26, 2025, we conducted a public offering and **raised ¥1.36 billion**.
- As a result, net cash (cash and deposits minus interest-bearing debt) improved from ¥-1,140 million to ¥+276 million, and the debt-to-equity (D/E) ratio improved from approximately 3.3x to 1.0x, **significantly strengthening our financial position**.
- The funds raised through this offering will be allocated to **investments aimed at accelerating growth**, including R&D to enhance AI technology development and service capabilities, as well as strengthening and expanding the sales organization necessary to drive the expansion of Core Services and support revenue and profit growth.

FY2025 Q3 financial results

- Cumulative consolidated revenue for the third quarter totaled ¥2,535 million (99% YoY), remaining at approximately the same level as the prior year. Revenue in the Core Services domain, positioned as the core growth area, reached ¥2,105 million cumulatively in the third quarter (+4.7% YoY), achieving year-over-year growth. In addition, cost-efficiency measures implemented to ensure sustainable and stable profitability produced positive results. As a result, **cumulative consolidated operating profit for the third quarter was ¥24 million, representing a ¥106 million improvement YoY and a significant increase in profit compared to the same period of the previous year**.
- The continued effects of cost-competitiveness enhancement initiatives that began in FY2023 led to a greater-than-expected reduction in SG&A expenses during the third quarter, **lowering the break-even point**. However, this also resulted in **a temporary constraint on growth investments contributing to sales expansion (primarily sales activities), creating short-term downward pressure on Core Services revenue** in Q3. Nevertheless, **this issue has been largely resolved, and the impact on medium-term growth is expected to be limited**. We will continue to strongly advance the expansion of revenue in the Core Services domain.

- **Public offering capital increase**
- Highlights of the FY2025 Q3 financial results
- Company overview

Public offering executed in Q3 – Shifting into the growth phase

Issuance of new shares

1．公募による新株式発行（一般募集）

（1）	発行価格（募集価格）		1株につき	790円
（2）	発行価格の総額			1,434,640,000円
（3）	払込金額		1株につき	748.85円
（4）	払込金額の総額			1,359,911,600円
（5）	増加する資本金及び資本準備金の額	増加する資本金の額		679,955,800円
		増加する資本準備金の額		679,955,800円
（6）	申込期間			2025年9月3日（水）～2025年9月4日（木）
（7）	払込期日			2025年9月10日（水）
（8）	受渡期日			2025年9月11日（木）

（注） 引受人は払込金額で買取引受けを行い、発行価格（募集価格）で募集を行います。

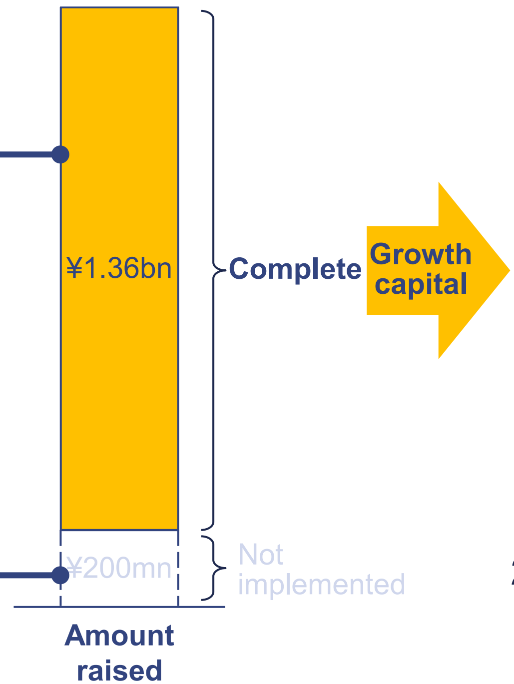
Secondary offering through over-allotment

2．当社株式の売出し（オーバーアロットメントによる売出し）

（1）	売出株式数		272,400株
（2）	売出価格	1株につき	790円
（3）	売出価格の総額		215,196,000円
（4）	申込期間		2025年9月3日（水）～2025年9月4日（木）
（5）	受渡期日		2025年9月11日（木）

3．第三者割当による新株式発行（本件第三者割当増資）

（1）	払込金額		1株につき	748.85円
（2）	払込金額の総額		（上限）	203,986,740円
（3）	増加する資本金及び資本準備金の額	増加する資本金の額	（上限）	101,993,370円
		増加する資本準備金の額	（上限）	101,993,370円
（4）	申込期日			2025年10月3日（金）
（5）	払込期日			2025年10月8日（水）



Use of funds raised

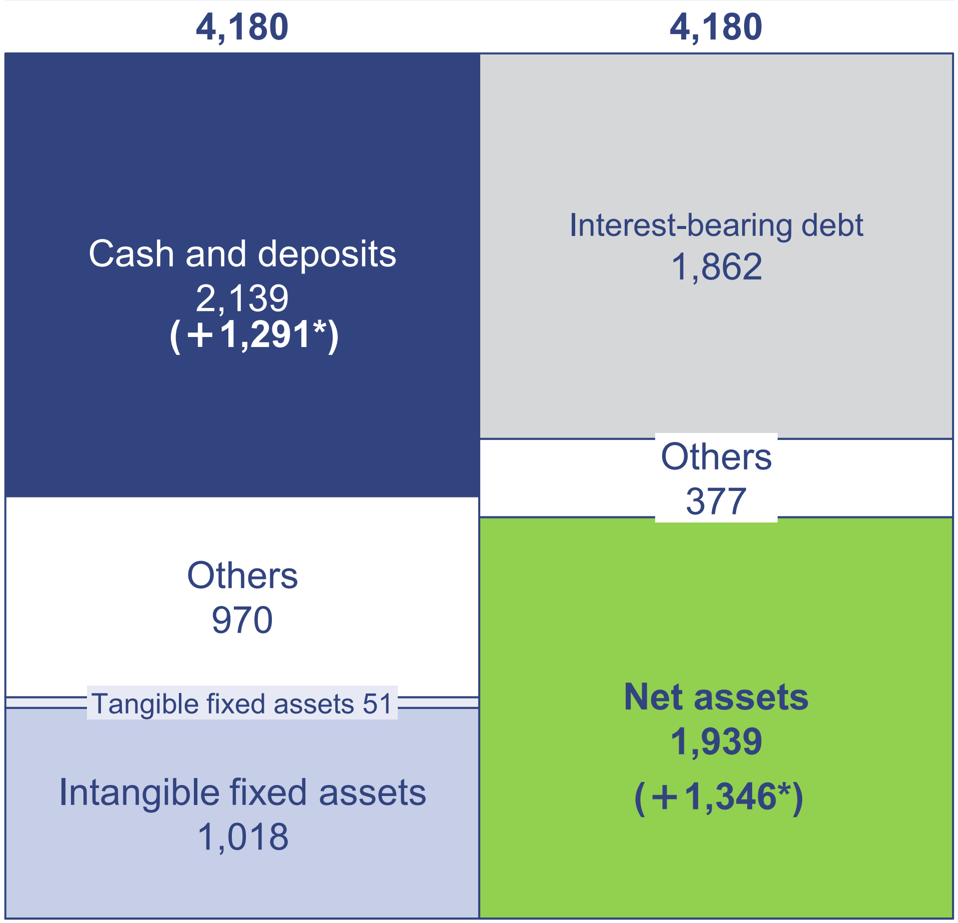
1. **Investments to accelerate revenue and profit growth**
   – R&D investments to advance AI technology development and enhance service capabilities.
   – Strengthening and expanding a robust sales organization to drive the growth of Core Services.
2. **Building a strong financial base to enable future investments**

Source：2025年8月26日発表「新株式発行及びオーバーアロットメントによる株式売出しに関するお知らせ」
Source：2025年9月2日発表「発行価格及び売出価格等の決定のお知らせ」
Source：2025年10月3日発表「第三者割当増資における発行株式数の確定に関するお知らせ」

Through the ¥1.36 billion raised via the public offering, our financial position was significantly reinforced.

(JPY Millions)

Consolidated B/S as of the end of Sep 2025



Changes in KPIs

	Before PO		After PO
Net Cash (Cash and deposits − Interest-bearing debt)	▲1,140	→	**+276**
D/E ratio	3.3x	→	**1.0x**
Net Assets	594	→	**1,939**

* Figures in parentheses: Changes compared to end of June ≒ Effect of the current capital increase

Our two business pillars – driving growth through both "Innovations" and "Core Services".

Innovations
(AI algorithm research)

- Drive joint research on AI Agents and LLMs with partners
- Align research with revenue generation

~100 customers

closely collaborate

Core Services
(Social implementation of AI)

- Sell proven AI technologies and services
- Continuously integrate new research-driven technologies

10,000+ customers

Elevating a diverse range of technologies in the Innovations Domain into the Core Services Domain.

Innovations Domain

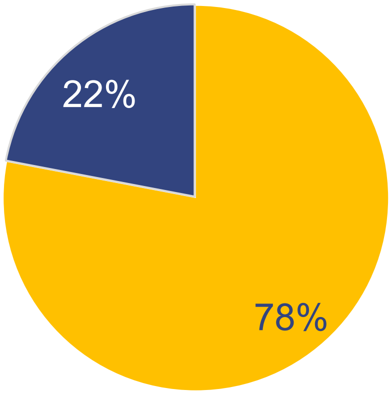
NEURAL.LLM	Proprietary large language model
Digi Park	Smart city services using AI cameras
AIMD	Fashion trend analysis service using AI
AI MEDIA PROVIDER FOCUS CHANNEL	Signage media service for residential complexes
etc	

Core Services Domain

NeuralVision	Outdoor LED vision service utilizing generative AI technologies
KizunaNavi	1-on-1 support service using AI
Generative Web powered by ChatGPT	Web-related services utilizing generative AI technology
etc	

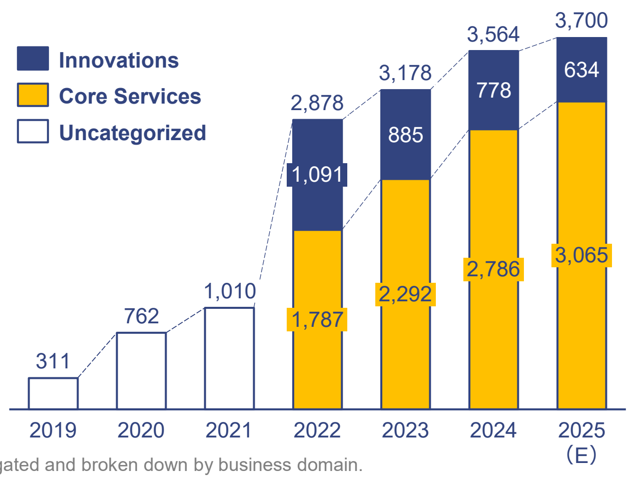
FY2024 revenue breakdown by domain

(100% = 3,564 million JPY)



Historical revenue breakdown by domain*1

(JPY Millions)



*1 Revenue derived from customer contracts, as well as revenue based on accounting standards for lease transactions, is also aggregated and broken down by business domain.

Continue to expand Core Services in line with the four growth strategies.

【Value proposition of our Core Services】
Using AI technology, we provide broad support for marketing and talent utilization to a wide range of clients from large corporations to small and medium-sized enterprises nationwide.

【Growth strategy 1】Scale capability
Ongoing acquisition of new clients and expansion with existing 12,000 clients
(Approx. 1,000 new business meetings held monthly)

【Growth strategy 2】
Product strength
Enhancing existing services with new technologies and features to increase unit price and attract new customers

NeuralVision

KizunaNavi

Generative Web
powered by ChatGPT

Existing customer base utilizing our services (Approx. 12,000 companies)

【Growth strategy 3】
Business creation capability
Commercializing new services born from the Innovations domain and utilizing M&A going forward

New In-house Service

New In-house Service

New Services via M&A

【In-house sales team】
Sales offices in 10 locations nationwide

\+

【Agency sales team】
Collaborating with multiple sales companies starting from Q2

【Growth strategy 4】
Sales capability
In addition to our in-house sales team, we are expanding nationwide sales partner network

- Public offering capital increase
- **Highlights of the FY2025 Q3 financial results**
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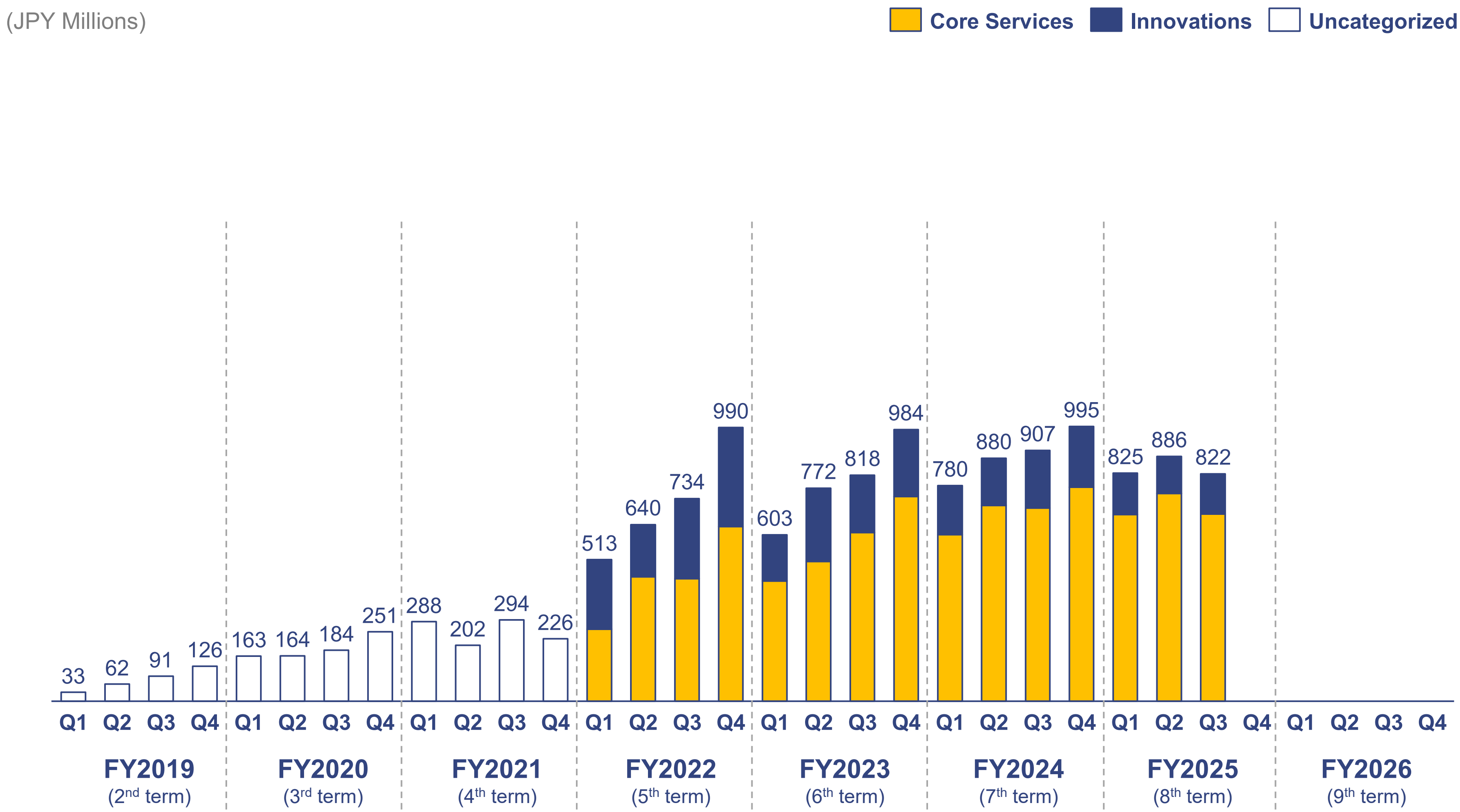
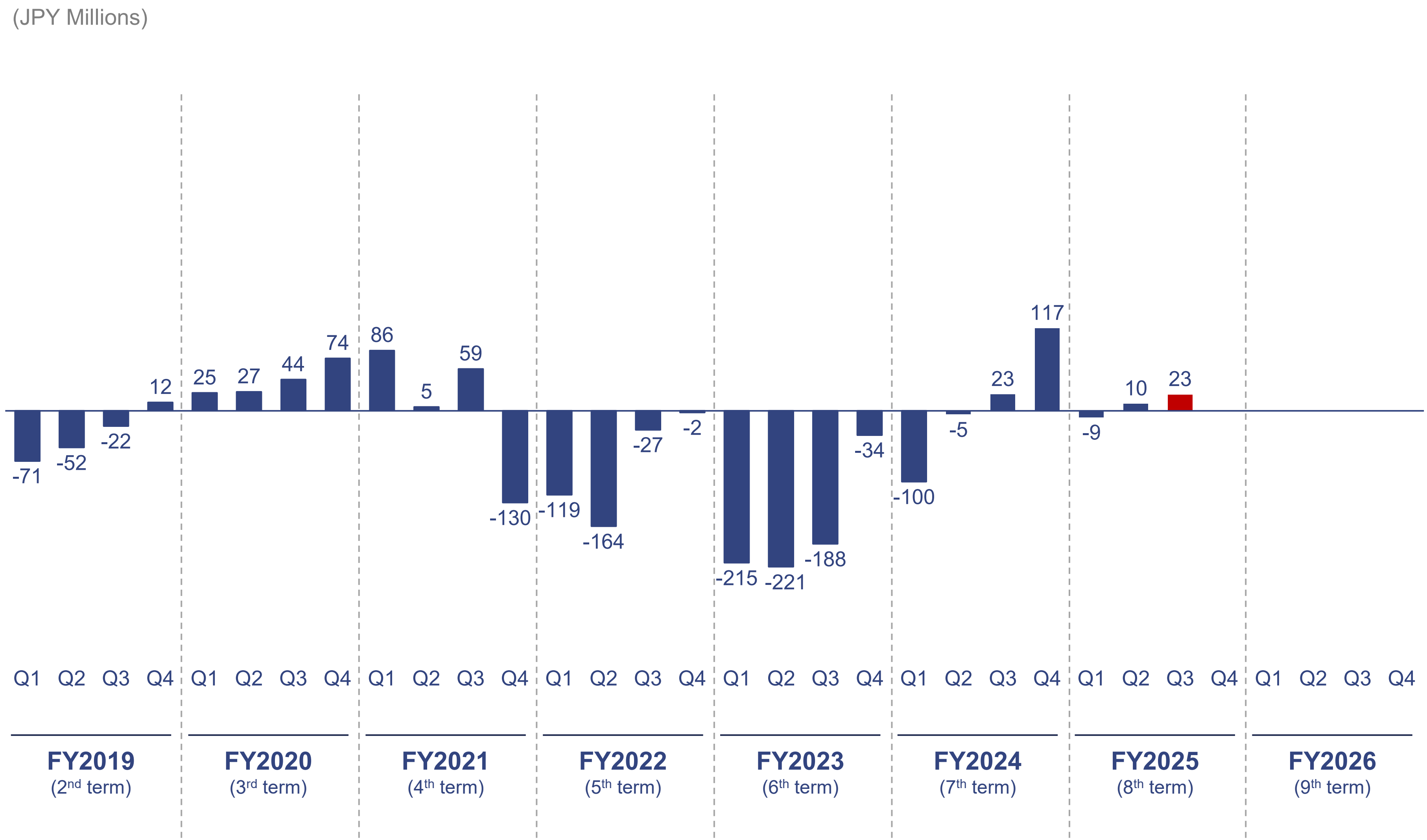
Consolidated financial results for Q1-Q3, 2025
Revenue growth temporarily slowed.

(JPY Millions)	FY2024 Q1-Q3 Actual	FY2025 Q1-Q3 Actual	Increase/ Decrease	Change in Percentage
Revenue	2,568	2,535	-33	-1.2%
EBITDA	28	136	+107	+373.0%
Percentage of revenue	*1.1%*	*5.4%*		
Operating profit	-81	24	+106	-
Percentage of revenue	-	*0.9%*		
Ordinary income	-100	-9	+90	-
Percentage of revenue	-	-		
Net income	-153	-52	+100	-
Percentage of revenue	-	-		

Quarterly revenue trends by business domain



Quarterly operating profit trends by domain



Consolidated financial results for Q1-Q3, 2025 – by domain*1 Growth rate in the Core Services became temporarily slowed.

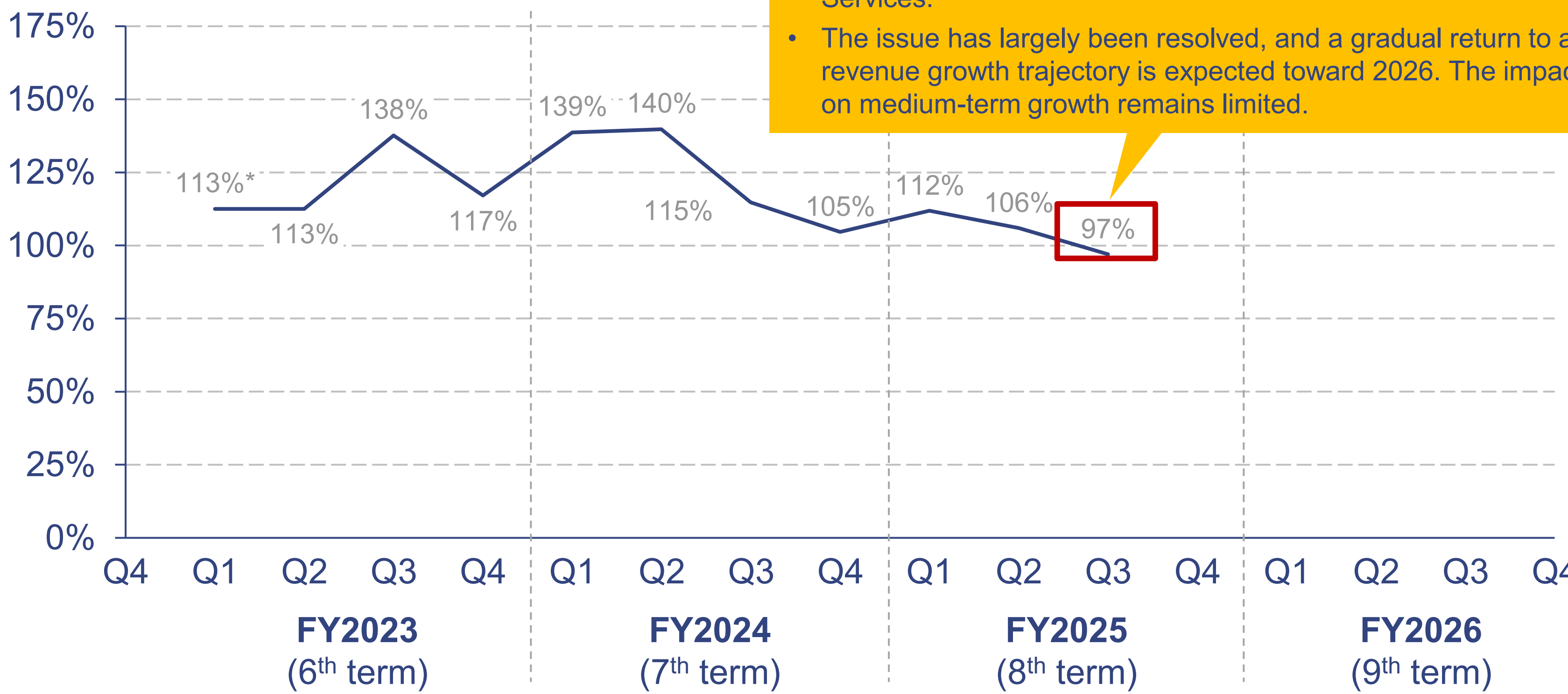
(JPY Millions)

Domain	FY2024 Q1-Q3 Actual	FY2025 Q1-Q3 Actual	Increase/ Decrease	Change in Percentage
Innovations	557	429	-128	-22.9%
Core Services	2,011	2,105	+94	+4.7%
Total	2,568	2,535	-33	-1.3%

*1 Revenue derived from customer contracts, as well as revenue based on accounting standards for lease transactions, is also aggregated and broken down by business domain.

YoY revenue growth rate in the Core Services – Revenue growth became temporarily slowed; currently reinforcing staffing to support the early recovery of the Core Services.

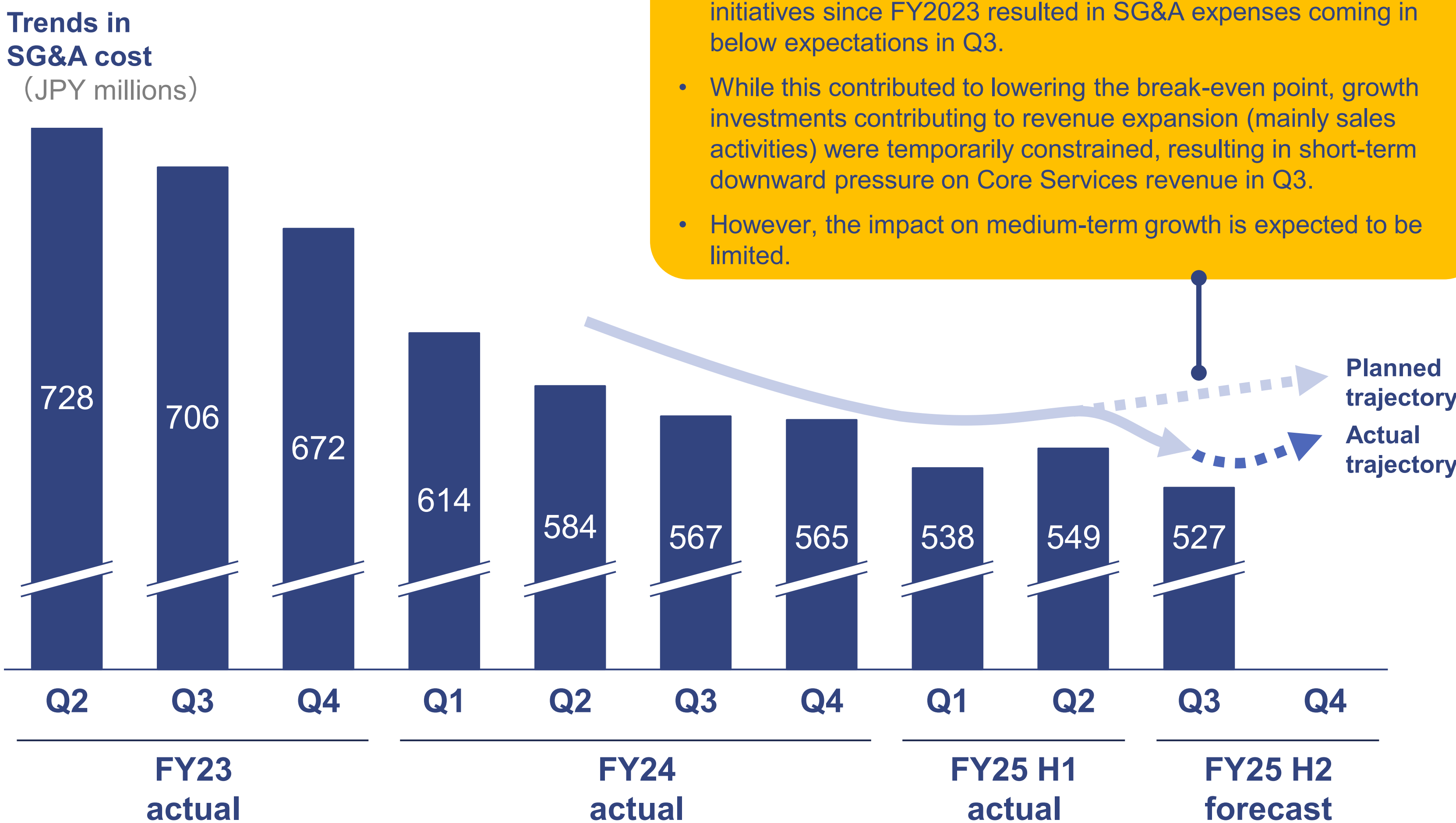
- The cost efficiency measures for SG&A implemented since 2023 have generated continued effects, resulting in greater-than-expected improvement.
- As a consequence, sales activities were temporarily constrained, leading to a short-term delay in the planned growth of Core Services.
- The issue has largely been resolved, and a gradual return to a revenue growth trajectory is expected toward 2026. The impact on medium-term growth remains limited.



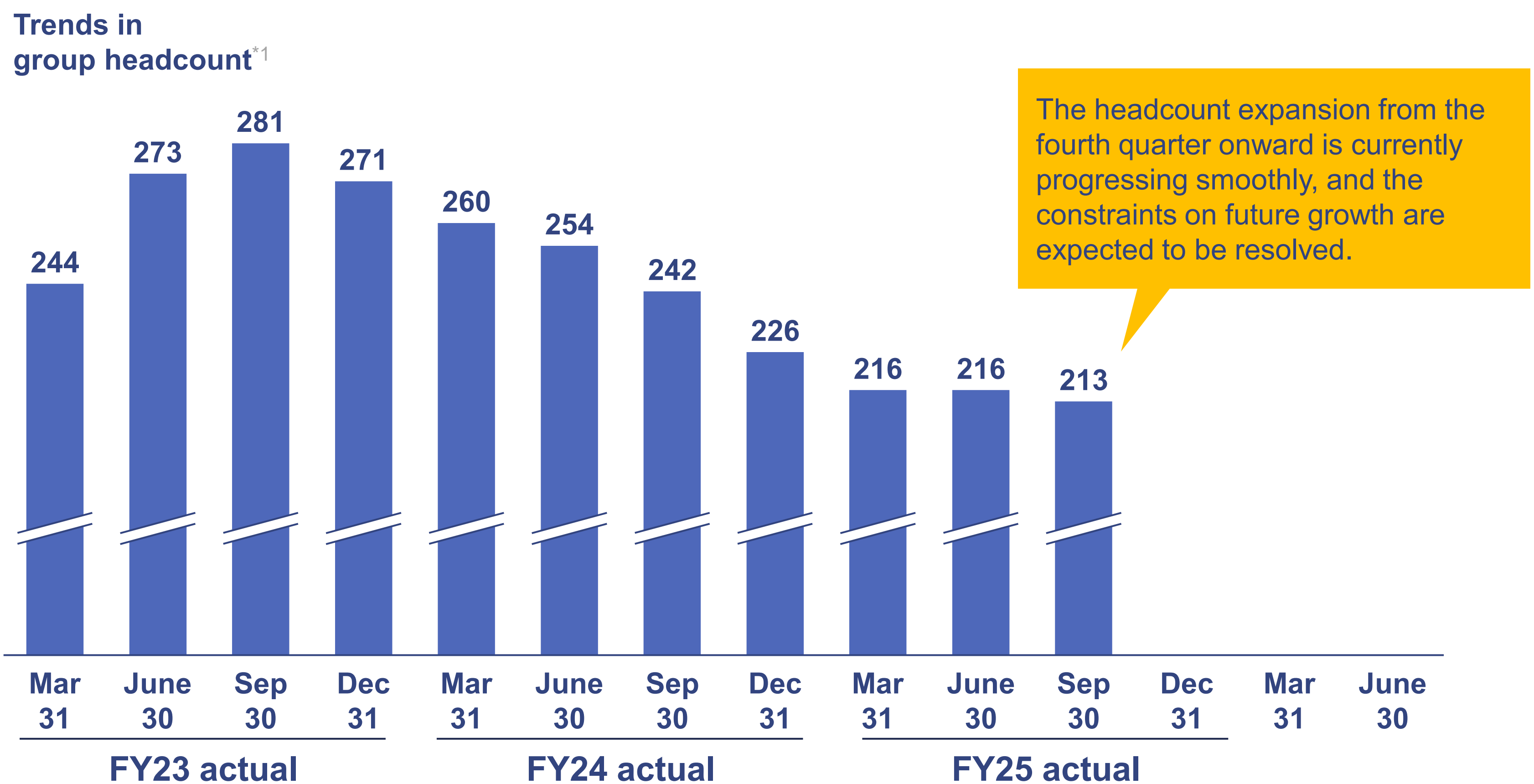
*1 Since domain classifications were not defined in FY2021, it was difficult to calculate data for Q1 2022. Therefore, the figure shown is an estimate based on the growth rate from Q2 2022 to Q2 2023.

Cost efficiency improvements progressed beyond expectations, which temporarily constrained Q3 sales activities aimed at Core Services growth.

- Continued effects from the cost competitiveness enhancement initiatives since FY2023 resulted in SG&A expenses coming in below expectations in Q3.
- While this contributed to lowering the break-even point, growth investments contributing to revenue expansion (mainly sales activities) were temporarily constrained, resulting in short-term downward pressure on Core Services revenue in Q3.
- However, the impact on medium-term growth is expected to be limited.



As of the end of September, the sales organization responsible for expanding Core Services had reached its most streamlined and efficient structure to date. – The headcount expansion scheduled from Q4 onward is currently progressing smoothly.



*1 Part-time employees, temporary staff, and contractors are not included. Figures include employees of wholly owned subsidiaries.

Toward enhancing corporate value

Implementation timing and status: FY21–FY26 (H1/H2)

Management objectives	Measures	Implementation timing and status
Transition of the business model	• At the time of listing, the business model focused on providing AI licenses to large enterprises, where the market size and growth potential were relatively limited. • Transitioned to a business model providing proprietary AI services.	Start (FY21 H1) – Complete (FY24 H2)
Defensive measures		
Optimization of fixed assets and software	• Streamlined pre-listing AI software and assets from acquired businesses. • Reduced dependency on legacy NVIDIA edge devices and continued upgrading AI software as the hardware evolved. AI hardware requirements have now largely stabilized.	Start (FY23 H1) – Complete (FY24 H2)
Achieving operating profitability	• Improved SG&A efficiency and reduced cost of sales across a wide range (approx. ¥600 million). • Established a company-wide culture of continuous cost efficiency.	Start (FY23 H2) – Complete (FY24 H2); Ongoing effect
Ensuring going concern assumptions	• Strengthened profitability on the P/L. • Enhanced the financial position on the balance sheet. • Contributed to improved trading volume in the capital markets.	Start (FY23 H2) – Complete (FY24 H2)
Offensive measures		
Strengthening the financial base for growth	• Third-party allotment to Sony (April 2023). • Third-party allotment to Kyodo News/Crossplus (December 2023). • Public offering (FY2025 Q3).	Third-party allotment (FY23 H1); Third- party allotment (FY23 H2); PO (FY25 H2)
Sustained growth of core services	• Built the foundation for providing proprietary AI services. • Established a nationwide sales network. • Expanded and strengthened the customer base to over 10,000 companies.	Start (FY25 H1); Temporarily slowed; Focus going forward
Inorganic growth leveraging M&A	• Acquired FOCUS CHANNEL in 2021 and NETTEN in 2022. • Going forward, will actively pursue strategic acquisitions to complement and reinforce growth in Core Service revenue.	FOCUS CHANNEL (FY21 H2); NETTEN (FY22 H1); Focus going forward

⋮ **Further growth**

Growth strategy and priorities going forward

Core services growth

- Accelerate the strengthening of the sales organization to recover Core Services to the growth trajectory, addressing the delay versus expectations.
- Target year-over-year growth rate of 15–20%.

+

M&A execution

- Actively bring into the group companies that can generate synergies with our AI technologies and Core Services.
- Leverage the customer base and assets of newly integrated group companies.

Consolidated Full-Year Earnings Forecast for the Year Ending December 31, 2025 – There are no changes.

(JPY Millions)	FY2024 Actual	FY2025 forecast	Increase/ Decrease	Change in Percentage
Revenue	**3,564**	**3,700**	**+135**	**+3.8**
EBITDA	**187**	**300**	**+112**	**+60.1%**
Percentage of revenue	*5.2%*	*8.1%*		
Operating profit	**35**	**160**	**+124**	**+350.0%**
Percentage of revenue	*1.0%*	*4.3%*		
Ordinary income	**11**	**140**	**+128**	**-**
Percentage of revenue	*0.3%*	*3.8%*		
Net income	**-60**	**40**	**+100**	**-**
Percentage of revenue	-	*1.1%*		

* Any necessary changes will be disclosed promptly as needed.

- Public offering capital increase
- Highlights of the FY2025 Q3 financial results
- **Company overview**

Introduction to Neural Group

– Our Mission –

“Update the world for a better tomorrow”

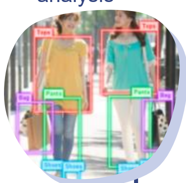
We named our company "Neural Group" to express our desire to provide inspiring services that transcend boundaries across a wide range of fields through the development of cutting-edge technologies, including AI. We aim to leverage a variety of AI technologies in both real and virtual spaces to help create an exciting future society in various areas such as smart cities, urban development, work style innovation, and entertainment.

Established	January 22, 2018
IPO	August 20, 2020 (TSE Growth : 4056)
Business Description	AI engineering business
Headquarter	Tokyo Midtown Hibiya 32F, 1-1-2 Yurakucho, Chiyoda-ku, Tokyo
Subsidiaries	Neural Marketing Inc., Neural Engineering Inc., Neural Group Thailand Co.,Ltd.
Branches	Tokyo, Osaka, Sapporo, Sendai, Nagoya, Takamatsu, Hiroshima, Fukuoka, Bangkok
Employees	251 employees (consolidated, as of December 31, 2024)

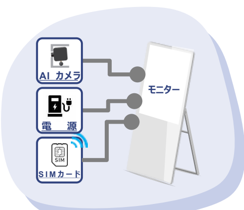
History of the Neural Group

Since founding in 2018, we have launched various AI services and expanded our business domains through two M&As.

Development of edge AI technology begins

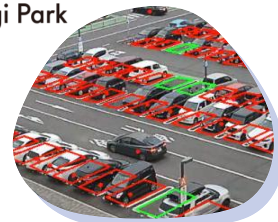


AIMD Launch of AIMD for fashion trend analysis



Development of AI signage with ads begins

Digi Park



Development of "DigiPark" service for parking space monitoring begins

Listed on Tokyo Stock Exchange Mothers Market

JPX GROWTH TOKYO

Established first subsidiary, Neural Engineering Inc.

Neural Engineering

AI MEDIA PROVIDER FOCUS CHANNEL by NEURAL

M&A

First M&A: Acquisition of Focus Channel, leader in condo signage

Integrated signage businesses into Neural Marketing Inc.

Neural Marketing

NETTEN by NEURAL

M&A

Acquisition of Netten Inc., leader in outdoor LED signage

Capital and business alliance with Sony Corporation

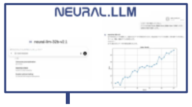
Announced proprietary multimodal large language model

Announced capital and business alliance with Kyodo News and Cross Plus

Kizuna Navi

Announced 1on1 support service using Sony's speech analysis technology

Joined NVIDIA Partner Network



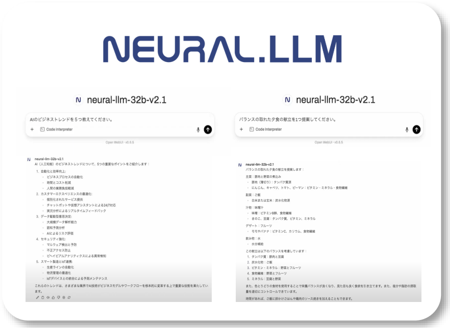
Announced miniaturization and secure version of NEURAL.LLM

2018	2019	2020	2021	2022	2023	2024	2025
Founding Jan 22, 2018	(2nd term)	(3rd term)	(4th term)	(5th term)	(6th term)	(7th term)	(8th term)

Our core competence

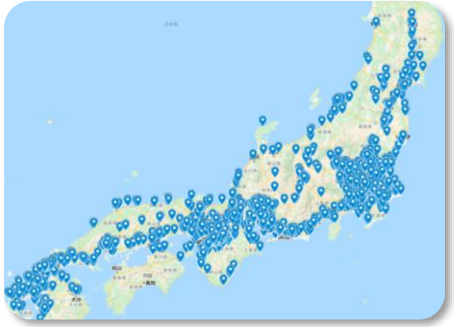
Listed on TSE in August 2020, 2.5 years after founding.

Strong in Video AI, Audio AI, LLMs, and AI Agents.



AI Agent utilizing our proprietary 32-billion-parameter LLM*

Early entry into Edge AI as an NVIDIA METROPOLIS partner.



12,000+ service installations nationwide.

Exceptional AI startup with a nationwide sales and operation network.

*Refers to the total number of variables (parameters) within a model used for training AI models. The larger this number, the more complex patterns can be learned, and the more advanced processing becomes possible.

Management team – driving the social implementation of AI technologies

Founder & CEO, Roi Shigematsu,

- Partner at McKinsey & Company.
- Led private equity investments at Bain Capital.
- Advisory Board of The Faculty of Engineering, The University of Tokyo (to present)
- Member of Keizai Doyukai (Japan Association of Corporate Executives) (to present)
- M.S. (Engineering), The University of Tokyo

Senior Executive Officer
Masaaki Yamamoto

- Spent 15 years at Sony engaged in technology development and new business development.
- Earned a graduate degree from Tokyo Institute of Technology, specializing in Mechanical and Aerospace Systems.

Executive Officer, CFO
Takashi Kisaka

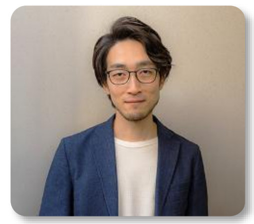
- Engaged in overall financial business operations and investment decision management and planning for domestic and Asian markets at MUFG Bank, both at the head office and in Singapore.
- B.A. (Law), The University of Tokyo

Executive Officer
Takuya Matsuda

- Led a variety of projects related to organizational reform and formulated talent development strategies at the management consulting firm Layers Consulting.
- B.A. (Law), Osaka University

Advisor, Yutaka Matsuo

- Professor, Artificial Engineering Research Center, Graduate School of Engineering, The University of Tokyo
- President, Japan Deep Learning Association; Expert Member, Council for the Realization of New Capitalism; Chair, AI Strategy Council
- Outside Director, SoftBank Group
- Advisor to the Company since 2018



Senior Executive Officer, CTO
Takahiro Mikami

- Engaged in researches about image recognition (ResNet) and natural language (LSTM) models at Nomura Research Institute.
- Engaged in research on image recognition and natural language models at Nomura Research Institute.
- Ph.D. (Theoretical Physics), The University of Tokyo

Executive Officer
Daichi Suzuki

- Led development of large-scale integrated systems for enterprise clients at Nomura Research Institute.
- Experienced in building multiple new businesses at PERSOL.
- M.S. (Science and Engineering), Waseda University

Audit and Supervisory Committee (Full-time)
Miho Takemura

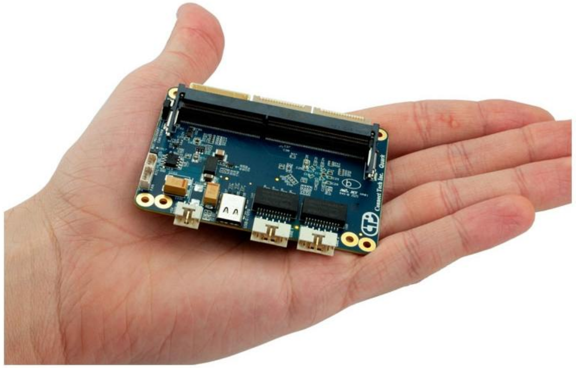
- After auditing major financial institutions at ShinNihon Audit Corporation (currently EY ShinNihon LLC), served as a full-time Audit & Supervisory Board Member for a company preparing for listing.
- Graduated from Chuo University, Faculty of Commerce, Department of Accounting. Certified Public Accountant.

AI technology is evolving along with the industry’s growth

Cloud AI

- High costs and energy consumption
- Requires attention to privacy

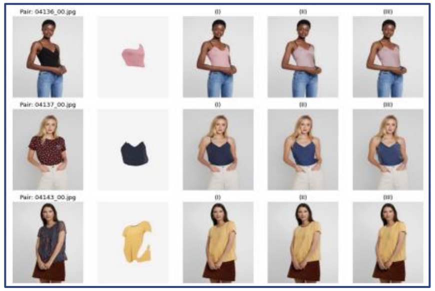
edge AI



- Low cost and energy-efficient
- Enhances privacy protection

We incorporate the latest developments in edge AI into our existing services contributing to building further barriers to entry

Image Generation AI



- **In-house production of image gen AI models**
- Enables the generation of a variety of content and applies it to creative ad production

Multi-tasking AI model

- Development of a multi-tasking AI model to integrate separate AI models
- **Multitasking to reduce memory usage by ~50%**

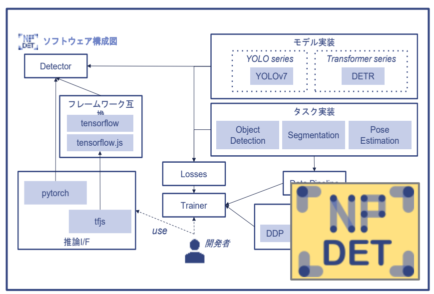
AI accuracy research

- Ongoing AI accuracy research and application to our commercial services
- **Stable detection** including abnormal environments

Edge AI voice system

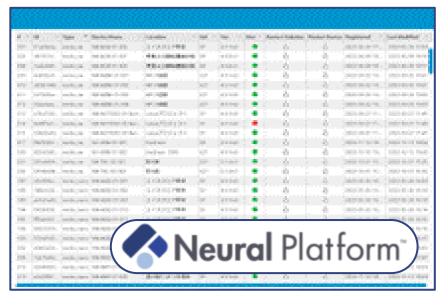
- Real-time analysis of user voice within edge devices
- **Developing new edge AI service** that provides feedback to users through natural language analysis

Accelerated next-gen dev



- Develop platform to support R&D of new AI models
- Capable of incorporating latest algo with **~1/10th of the man-hours** required by conventional methods

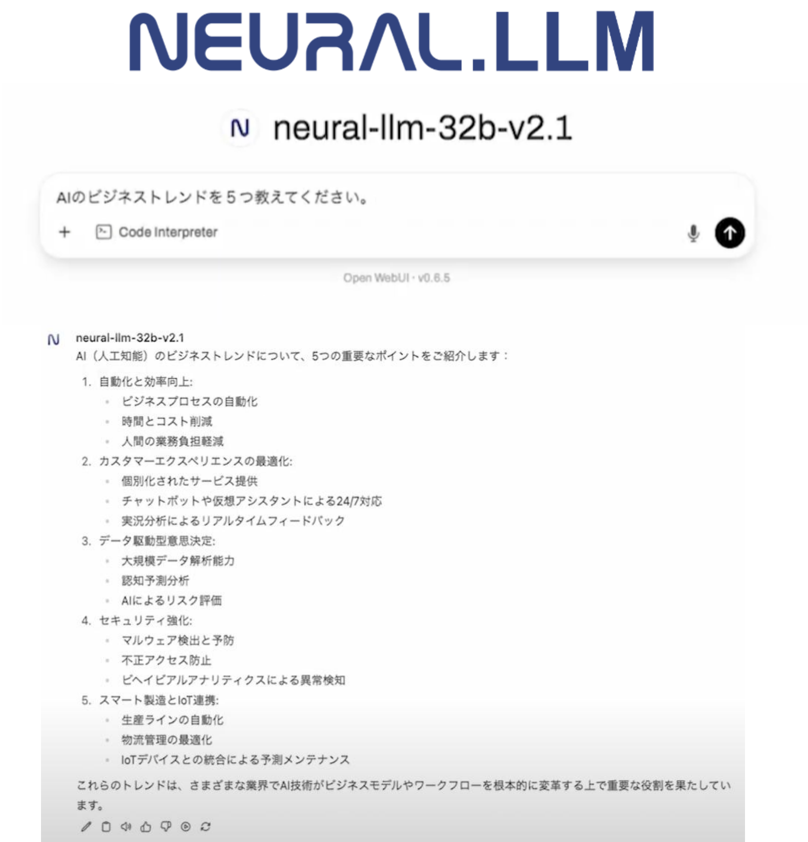
Neural Platform

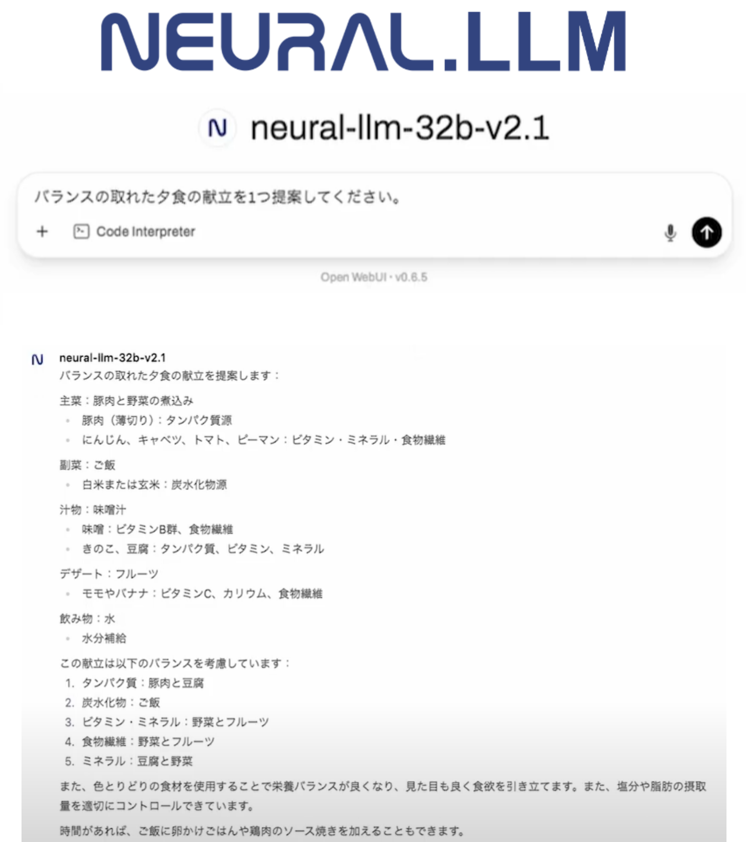


- Real-time management of numerous edge AI devices connected online
- **Automatically update programs and AI models remotely**

- The **latest edge AI technology** is rapidly implemented and **incorporated into our commercial services through remote updates**
- AI models and development are **standardized across services** allowing for generic services, contributing to **lower implementation costs/ profitability**
- These factors contribute to **high barriers to entry and customer continuity**

NEURAL.LLM in action (Announced on April 25, 2025)





Demo URL:
https://youtu.be/QzmVgvwmilg

Why we excel in LLM development and implementation

Edge devices for AI cameras
NVIDIA JETSON series

- Started developing and operating **Edge AI technologies** ahead of the curve in 2018.
- Strengthened expertise in handling **small AI algorithms** and **personal information-related data** in urban environments.
- Expanded the use of metadata on urban information through a **secure network** nationwide since founding.

Rolling-out our strength

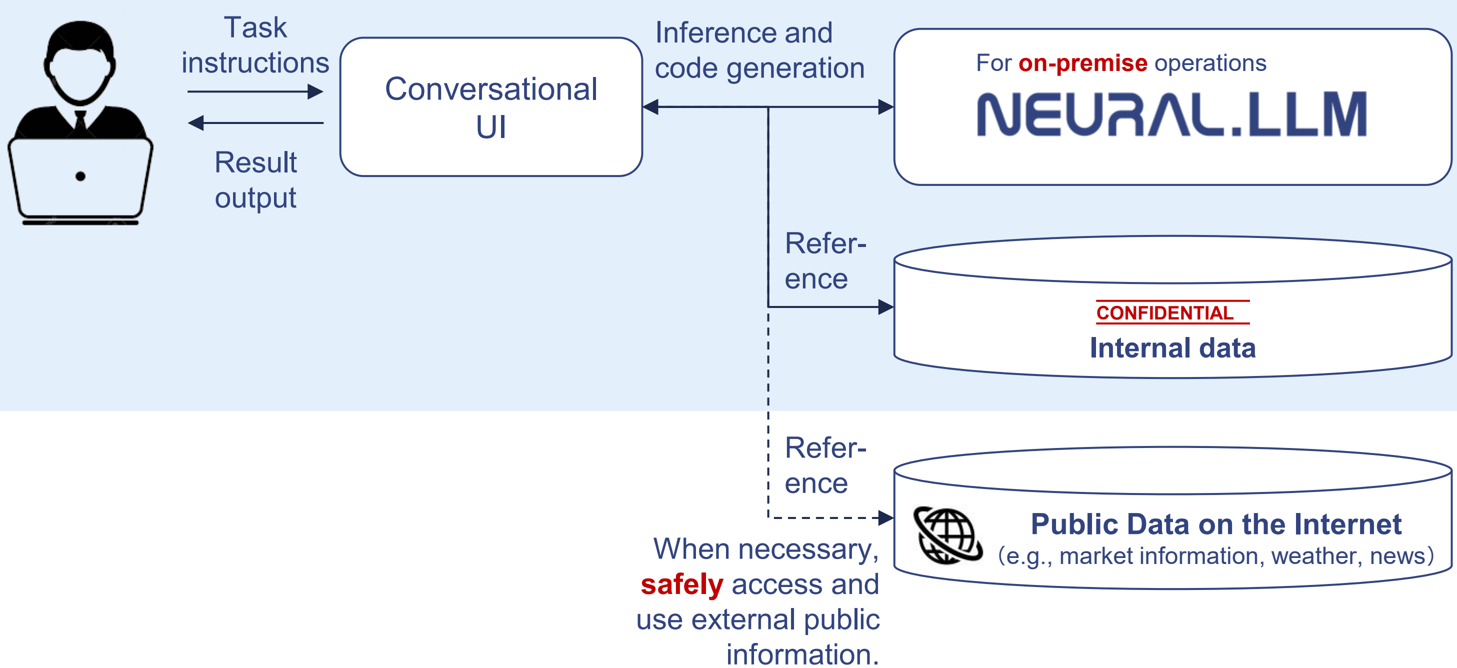
Compact servers for NEURAL. LLM
NVIDIA A100

- Differentiated from overheated global LLM investments by focusing on **compact and secure LLMs**.
- Implemented **in-house compact LLMs** in response to rapid performance improvements and the rise of open source.
- Built a system leveraging Edge AI security expertise that enables clients to use LLMs in a **secure closed network**.

Why a standalone LLM is needed

- When using LLMs or AI Agents in a corporate setting, it is necessary to input **highly confidential information** related to sales, finance, technology, and HR into the AI.
- With cloud-based LLMs, it is difficult to use **the most critical internal data for analysis** due to confidentiality concerns, which has become a major barrier to fully leveraging AI technology.

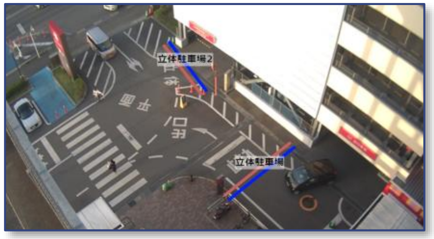
Operation of LLM in a Secure Local Network (LAN)



Providing services for smart city development using AI cameras.

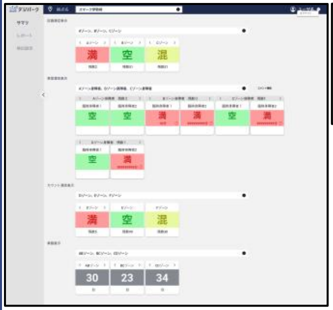
Digi Park

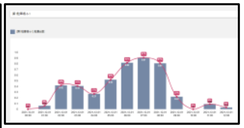
For outdoor flat parking lots, a single camera can capture over 100 parking spaces.



Congestion analysis based on line counting at parking lot entrances and exits is also available.

1 Real-time availability management system for facility managers.



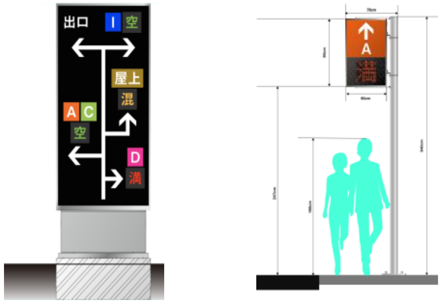


Parking space availability data is utilized to improve operational efficiency and enhance the customer experience.

2 Linking data to the facility website.

Customers can check parking availability in advance on their mobile devices.

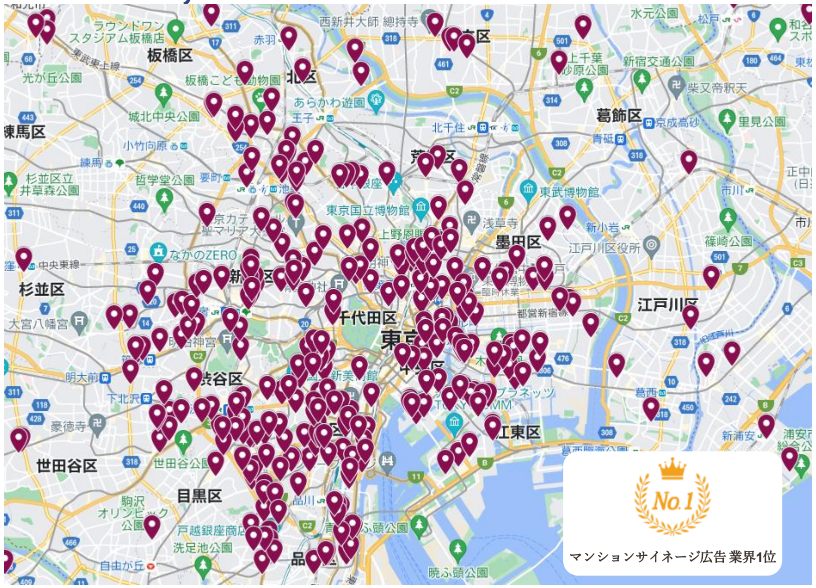
3 Guiding drivers on-site to streamline traffic flow within parking lots.



Real-time on-site traffic control.

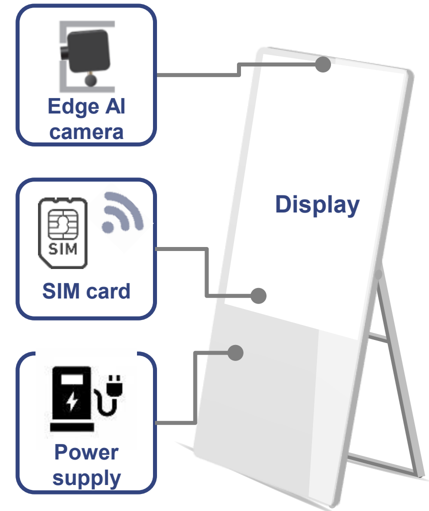
Operate a condominium signage media that reaches over 200,000 affluent individuals

AI MEDIA PROVIDER
FOCUS CHANNEL

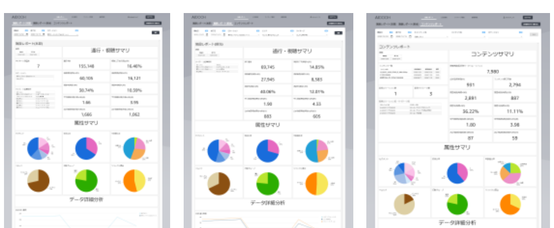


Premium signage media

Edge AI camera

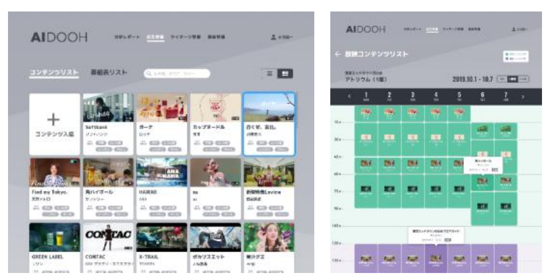


1 Automatically analyze viewing results with AI cameras



Automatically generate advertising reports and provide feedback to advertisers

2 Centrally manage distributed ads remotely



Remotely operate displays safely via LTE connection

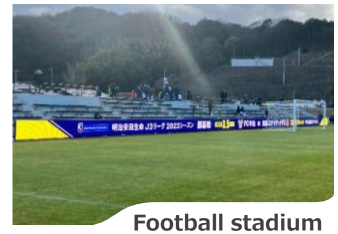
3 View ads as local information

Ads are viewed as regionally relevant information

NeuralVision

Providing outdoor LED vision services nationwide using AI content generation technologies

Extensive installation nationwide


Football stadium


World cup basket ball

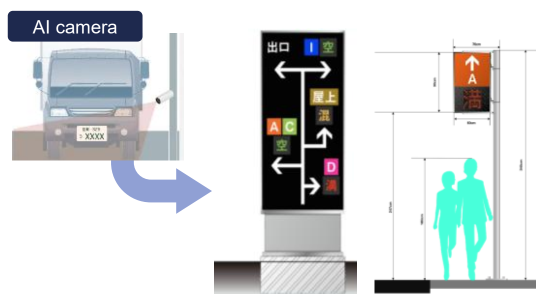
Stores


Police offices

Sport facility

1 Content using generative AI

2 Integration with AI cameras



Real-time distribution of AI camera analysis

3 Media representative

dentsu
HAKUHODO 東北博報堂
ADK
jeki
河北新報社
tbc 東北放送
株式会社 第一広告社

Example of partner advertising agencies

Providing 1-on-1 support services in collaboration with Sony to enhance employee well-being and accelerate their growth.

1-on-1 support services
KizunaNavi

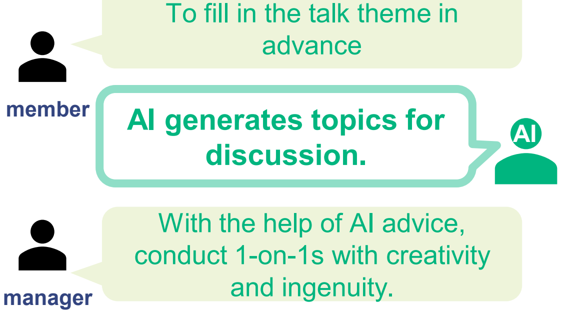
KizunaNavi uses state-of-the-art AI analysis technology to improve the quality of 1-on-1 meetings.

By facilitating effective 1-on-1s, we support the significant enhancement of corporate and organizational well-being.

Examples of Customers

DeNA
KOKUYO
safie
KYODO
maxell Within, the Future
NEWT

AI-generated advice on discussion topics.



To fill in the talk theme in advance

AI generates topics for discussion.

With the help of AI advice, conduct 1-on-1s with creativity and ingenuity.

Improving managers' interviewing skills.

Analyze conversations with Edge AI.

Visualizing members' degree of empathy.

Facilitating continuous improvement of 1-on-1 meetings.

- Access past 1-on-1 notes anytime.
- Review AI evaluation history to continuously improve the quality of 1-on-1 meetings.
- Strengthen organizational capabilities.

Expanding AI-driven web businesses with ChatGPT.

Generative Web powered by ChatGPT

Generative Web ***powered by ChatGPT***

Feature 1 **Automatic Blog Generation**

Feature 2 **Multilingual Conversion**

Function 3: **Word-of-mouth auto-reply**

丁寧orカジュアルで
クチコミ返信文をAIが作成

Feature 4 **SEO Automation**

Exceptional AI company with nationwide sales and a large-scale customer network.

Neural Group Thailand

12 locations
Japan and overseas

251 employees[*1]
group headcount

*1 Consolidated headcount as of the end of December 2024.

Our AI and services have been deployed across more than 12,000 private, public, and government locations.

Examples of installation locations

private

- Commercial facilities
- Logistics facilities
- Retail stores
- Residentials
- Office buildings
- Parking lots
- Soccer stadiums
- Sports facilities
- Expressways
- Airports
- Post offices
- Parks
- Roadside stations
- City halls
- Police stations

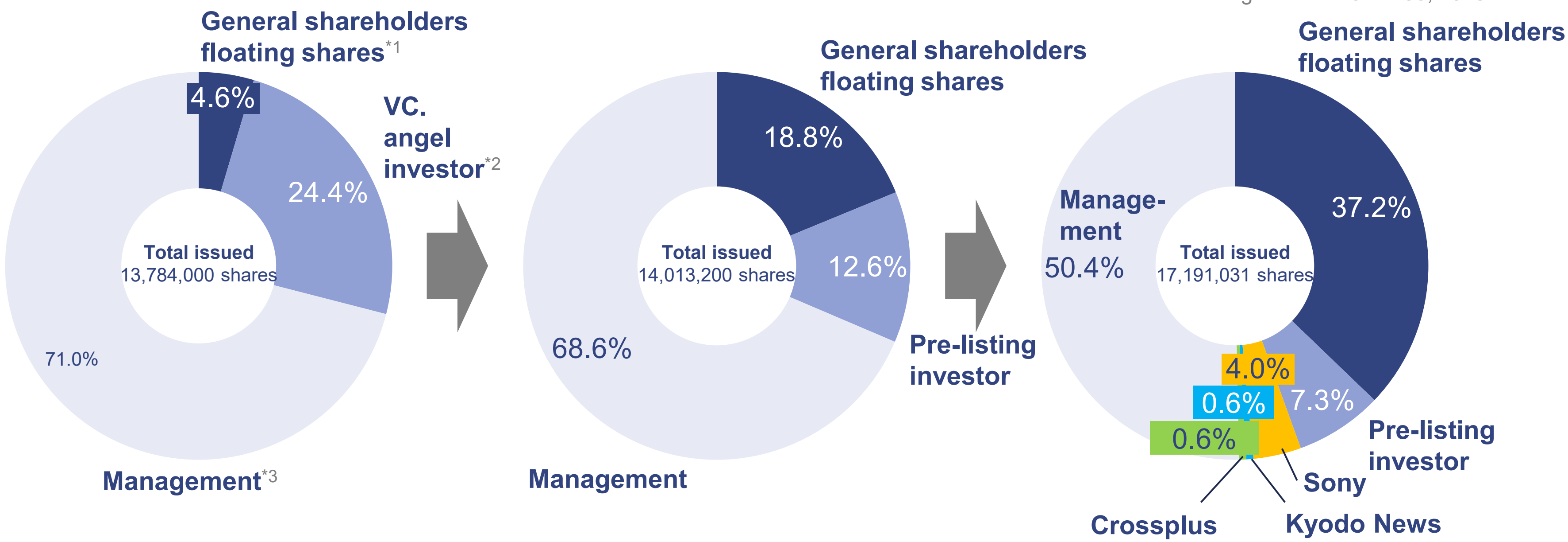
public

Capital alliances with major operating companies have been formed to create business synergies.

	Sony Corporation	Kyodo News	CROSS PLUS
Tie-up announcement	**April 2023**	**December 2023**	**December 2023**
Details of cooperation	• Exchange of personnel, services and technology (mainly acceptance of Sony personnel) • Aiming for collaboration and commercialization of new businesses related to signage-related business and human attitude detection based on AI technology.	• Subsidiary Kyodo News Digital is Japan's largest provider of digital signage content • Promote collaboration in services and advertising media utilizing signage	• Collaboration in the apparel industry, including AI analysis of fashion trends since the company's establishment • In addition to expanding existing services on both sides, the company aims to develop new services utilizing AI technology.

Increasing shareholder diversity

Note: Based on shareholders' register as of June 30, 2025



August 20, 2020 (IPO) | **December 31, 2020 (After IPO)** | **September 30, 2025 (Present)**

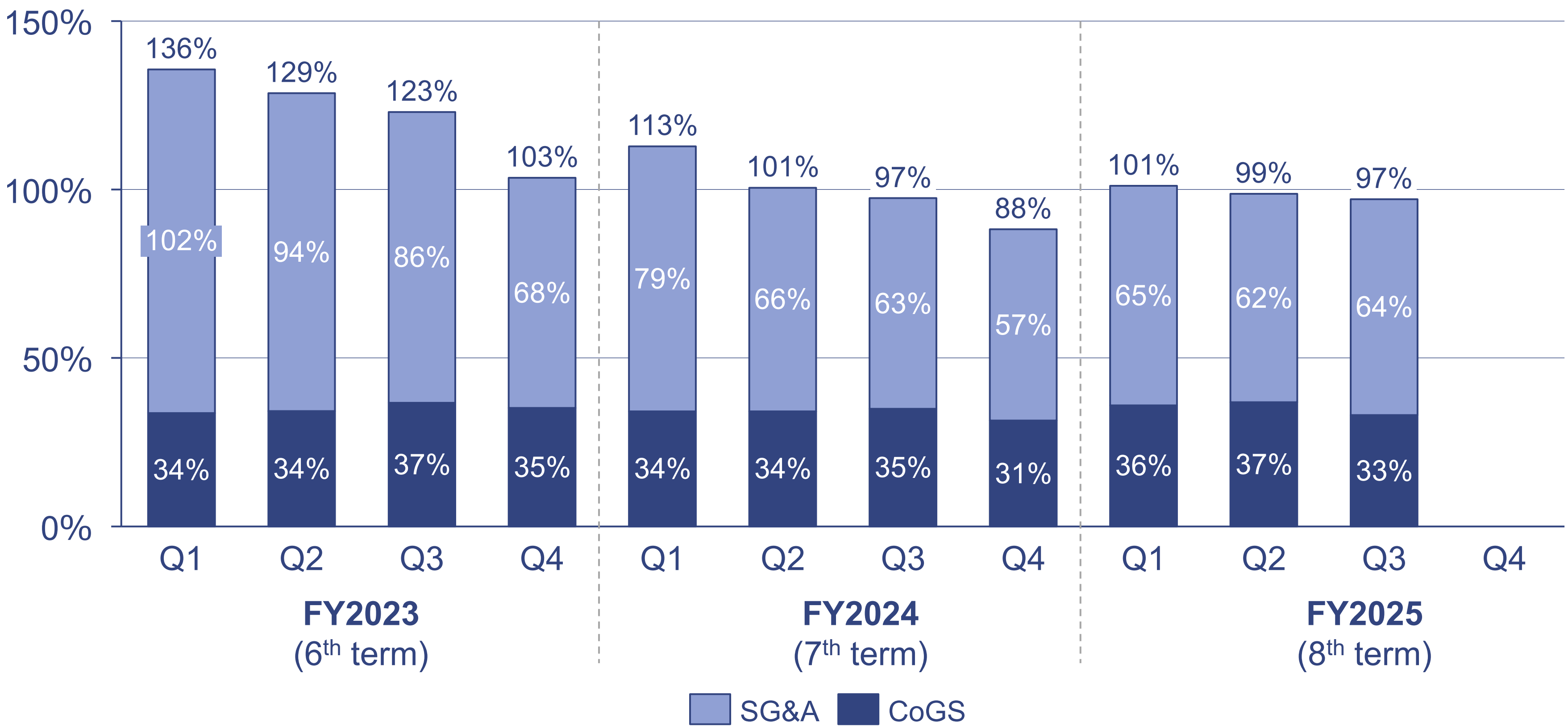
*1 Calculated based on the total number of 415,000 shares offered and 215,800 shares sold (including over-allotment) as well as the number of shares sold by shareholders, management and others since before the listing, which accounted for 13,784,000 shares of the total number of shares issued as of August 20, 2020.
*2 Shares held by shareholders (VC investors and angel investors) since before the company's listing, as recognized as a result of the company's own research.
*3 Number of shares held by the Company's management

FY2025 Q3 – Balance Sheet

(JPY Millions)	FY2025 September 30
Current Asset	**2,823**
of which, Cash and Deposits	2,139
Fixed Assets	**1,356**
Total Assets	**4,180**
Total Liabilities	**2,240**
of which, interest-bearing debt	1,862
Net Assets	**1,939**

Cost structure & sales comparison – SG&A and CoGS ratio

- CoGS ratio has remained stable at below 40% (gross margin of 60% or higher).
- SG&A expenses include fixed costs such as personnel expenses, so the SG&A ratio tends to decrease from Q1 to Q4 as revenue increase.



Historical performance data

(JPY Millions)	FY2023								FY2024								FY2025					
	Q1		Q2		Q3		Q4		Q1		Q2		Q3		Q4		Q1		Q2		Q3	
	Actual	% of revenue	Actual	% of revenue	Actual	% of revenue	Actual	% of revenue	Actual	% of revenue	Actual	% of revenue	Actual	% of revenue	Actual	% of revenue	Actual	% of revenue	Actual	% of revenue	Actual	% of revenue
Revenue	**603**	**100%**	**772**	**100%**	**818**	**100%**	**984**	**100%**	**780**	**100%**	**880**	**100%**	**907**	**100%**	**995**	**100%**	**825**	**100%**	**887**	**100%**	**822**	**100%**
Innovations	167	28%	265	34%	208	25%	243	25%	177	23%	171	19%	208	23%	220	22%	150	18%	134	15%	144	18%
Core Services	435	72%	506	66%	610	74%	740	75%	603	77%	708	80%	699	77%	774	78%	675	82%	752	85%	677	82%
CoGS	203	34%	264	34%	300	37%	346	35%	266	34%	300	34%	316	35%	313	31%	296	36%	327	37%	271	33%
Gross Profit	**399**	**66%**	**507**	**66%**	**518**	**63%**	**637**	**65%**	**513**	**66%**	**579**	**66%**	**591**	**65%**	**682**	**69%**	**528**	**64%**	**560**	**63%**	**550**	**67%**
SG&A	615	102%	728	94%	706	86%	672	68%	614	79%	584	66%	567	63%	565	57%	538	65%	549	62%	527	64%
Operating Profit	**-215**	**-36%**	**-220**	**-29%**	**-188**	**-23%**	**-34**	**-3%**	**-100**	**-13%**	**-4**	**-1%**	**23**	**3%**	**117**	**12%**	**-9**	**-1%**	**10**	**1%**	**23**	**3%**
Ordinary Income	**-221**	**-37%**	**-231**	**-30%**	**-192**	**-24%**	**-41**	**-4%**	**-114**	**-15%**	**-5**	**-1%**	**19**	**2%**	**111**	**11%**	**-14**	**-2%**	**4**	**1%**	**0**	**0%**
Net Profit	**-192**	**-32%**	**-172**	**-22%**	**-237**	**-29%**	**-48**	**-5%**	**-109**	**-14%**	**-35**	**-4%**	**-8**	**-1%**	**92**	**9%**	**-29**	**-4%**	**-8**	**-1%**	**-14**	**-2%**

FAQs at IR meetings

Questions	Answers
1. In recent years, there has been a cyclical trend in which both revenue and operating profit rise from the first half to the fourth quarter of the fiscal year, then slightly decline in the first half of the next fiscal year, and rise again toward the fourth quarter. What is the reason for this trend? While a significant operating profit was recorded in Q4 of FY2024, please explain why there was an operating loss again in Q1 of FY2025.	1. Our core services support the marketing activities of over 12,000 primarily small- to medium-sized businesses. These businesses typically reach peak investment activity during the Christmas season (our Q4), while January and February (our Q1) are generally the slowest months. This seasonal trend has continued for years. From the end of summer (late Q2 into Q3), demand steadily increases toward the Christmas peak in Q4. As a result, our sales and profits tend to rise smoothly from Q1 to Q4 each year, then slightly drop in the next Q1 before climbing again. Given this context, we disclose YoY growth rates (compared to the same quarter in the previous year) as key KPIs in our IR communications.
2. Please explain in detail the differences between the business model at the time of listing and the current business model, as described in the earnings presentation materials.	2. At the time of our IPO, we provided AI licenses (mainly edge AI and video AI) to around 10–20 large enterprises. Since then, we've shifted our business model to target a larger total addressable market (TAM) by developing proprietary AI services and distributing them directly to end customers through our own sales channels. Currently, around 12,000 enterprises of various sizes use our services. Thanks to this strategic shift, we returned to consolidated operating profitability in FY2024 and have entered a phase of growth.
3. Regarding the business domains disclosed starting this fiscal year, while revenue in the "Core Services Domain" has been increasing, revenue from the "Innovations Domain" has been gradually declining. Is there a specific reason for this? Currently, the ratio of the Innovations Domain and Core Services Domain is 2:8. Do you intend to maintain this balance in the mid-to-long term? Also, will co-developed products with major companies within the Innovations Domain continue to be treated as part of that domain going forward?	3. In our Innovations Domain, we collaborate with corporate partners to conduct R&D in advanced technology fields such as AI Agents and LLMs. We continue this domain to commercialize the developed technologies and transition them into core services. To shorten the product development cycle, we aim not to expand the size of the Innovations Domain itself, but instead rapidly transition technologies into our core services. Going forward, we intend to grow the core services business so that the Innovations Domain will converge to around 10% of our overall business.

FAQs at IR meetings

Questions	Answers
4. What is the positioning of FY2025 in relation to future revenue growth? How are you planning the revenue growth rate going forward? Will the growth rate of core services continue at around 19% annually, as it has over the past four years?	4. In 2025, we aim to distinguish between Core Services and Innovations, and to establish a foundation for business growth from 2026 onward. During the third quarter, the SG&A efficiency measures implemented since 2023 generated continued effects and resulted in greater-than-expected improvements. As a consequence, sales activities were temporarily constrained, causing a short-term delay in the planned growth of Core Services. However, the issue has largely been resolved, and a gradual return to a revenue growth trajectory is expected toward 2026.
5. Regarding NEURAL.LLM in the Innovations Domain, we understand it is a technology rather than a product. Will there be any cases where the LLM itself is sold independently? Also, what specific initiatives are being pursued with AI Agents?	5. NEURAL.LLM is currently being offered on a trial basis as a technology within the Innovations Domain Our AI Agent incorporates an autonomous cycle of “perception → reasoning → action → learning” using this LLM, enabling it to operate independently without direct human instruction. We are now exploring ways to transform our proprietary LLM and AI Agent technologies into our own proprietary AI services and elevate them into core services. Once these services are ready for commercialization, we plan to make a formal announcement.
6. As the business continues to grow, is there a possibility that large investments or costs may significantly impact profits and hinder margin expansion? While SG&A expenses have been controlled so far, will there be areas that increase in line with revenue growth? Given that you are also developing LLMs and other technologies, is it expected that R&D expenses will increase in the future?	6. Our core services are required to generate profitable business growth as a condition for commercialization approval. While expansion of sales may require additional sales and operational costs, we do not intend to commercialize services that demand heavy upfront investment. Our business plan anticipates both revenue and profit growth. Regarding LLM development, unlike the global trend of overheated investment in large-scale LLMs, we focus on compact and secure LLMs. In light of the rapid advancement of LLM performance and the acceleration of open-source development, we believe that by internally implementing compact LLMs, we can maintain R&D expenses at an appropriate level. These developments leverage our accumulated expertise in compact edge AI development since our founding.

Disclaimer

Handling of the material

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