



Neural Pocket

Financial Results Briefing Material

FY2022 Q2 (ended Jun 30th, 2022)

Neural Pocket Inc.
Aug 10th, 2022

Four and a half years after founding, the company has grown to become a leading edge AI company

Global AI market
\$1.8 trillion

Net sales expansion
 in 2yrs since IPO
4.2x

Significantly outpacing AI
 market annual growth rate

AI industry	Company
+39%	+170%

Participation in
 smart cities
 across Japan



Upper left: Global AI market size from Emergen Research, Web3.0 Market Size, Share, Trends (May 2022) , 2030 prediction. Upper right: Public listing on Aug 20th, 2020. Fiscal year in progress upon listing FY2020 ended Dec. Net sales 762 million JPY vs FY2022 ending Dec. Net sales forecast 3,600 million JPY. Bottom left: AI annual growth rate from Emergen Research report, 2021 93.5 billion USD to 2030 1,811.8 billion USD. Company growth rate calculated from FY2018 ended Dec. Net sales 60 million JPY to FY2022 ending Dec. Net sales forecast 3,600 million JPY.

Business strategy and company highlights

1. **[AI Market Environment] AI industry is rapidly scaling along with active Edge technology development**
 - i. Deep learning has captured the limelight since 2012 with expectations of huge market potential (**forecasted global AI market size of 1.8 trillion USD** in 2030)
 - ii. Many global tech giants actively investing in the edge space (**edge processing annual expansion expected at 69%**), with key benefits such as privacy-protection, cost efficiency, operational robustness, and scalability
 - iii. Edge AI industry has matured where standards around hardware, software, and business models have been refined
 - iv. Whilst US companies are facing hesitation, **a large white space in Asia**, driven by rapid smart city development is present

2. **[Our Advantage] With strong tailwinds surrounding Edge AI, we have established proprietary services and a technology platform to enable smart cities**
 - i. Founded in 2018 upon the rise of Edge AI technology, we are providing proprietary Edge-AI technology for smart cities
 - ii. Our annualized **sales growth rate of 170%** has far exceeded edge processing expansion of CAGR 69%
 - iii. We have established "**Neural Platform**" a technology platform for edge AI services. As our AI libraries are designed to run on a variety of globally procured edge hardware, we provide versatile, and universal AI services
 - iv. As we establish a robust track record of service installation across Japan, we expect further expansion of Neural Platform both domestically and internationally, especially targeting the Asia region

3. **[Financial Results] Sustained high business growth and profitability, and completed accounting impairments to strengthen earnings structure going forward**
 - i. Achieved **sales growth (+135% YoY)** and strong **profitability (GP margin of 67%)** through both organic/ inorganic growth
 - ii. Focus Channel Inc. (acquired Nov 2021) and NETTEN Inc. (acquired Feb 2022) were integrated to form **Neural Marketing Inc.** to accelerate synergies. Upon integration, we recorded an impairment loss on goodwill etc. Separately, in response to the maturation of the technology landscape, we have re-prioritized technologies and have recorded an impairment loss of fixed assets. The impairments are non-cash, with the counter effect of **profitability improvement in following years**
 - iii. The above are the results of actively reallocating resources to evolve our business in a rapidly changing environment

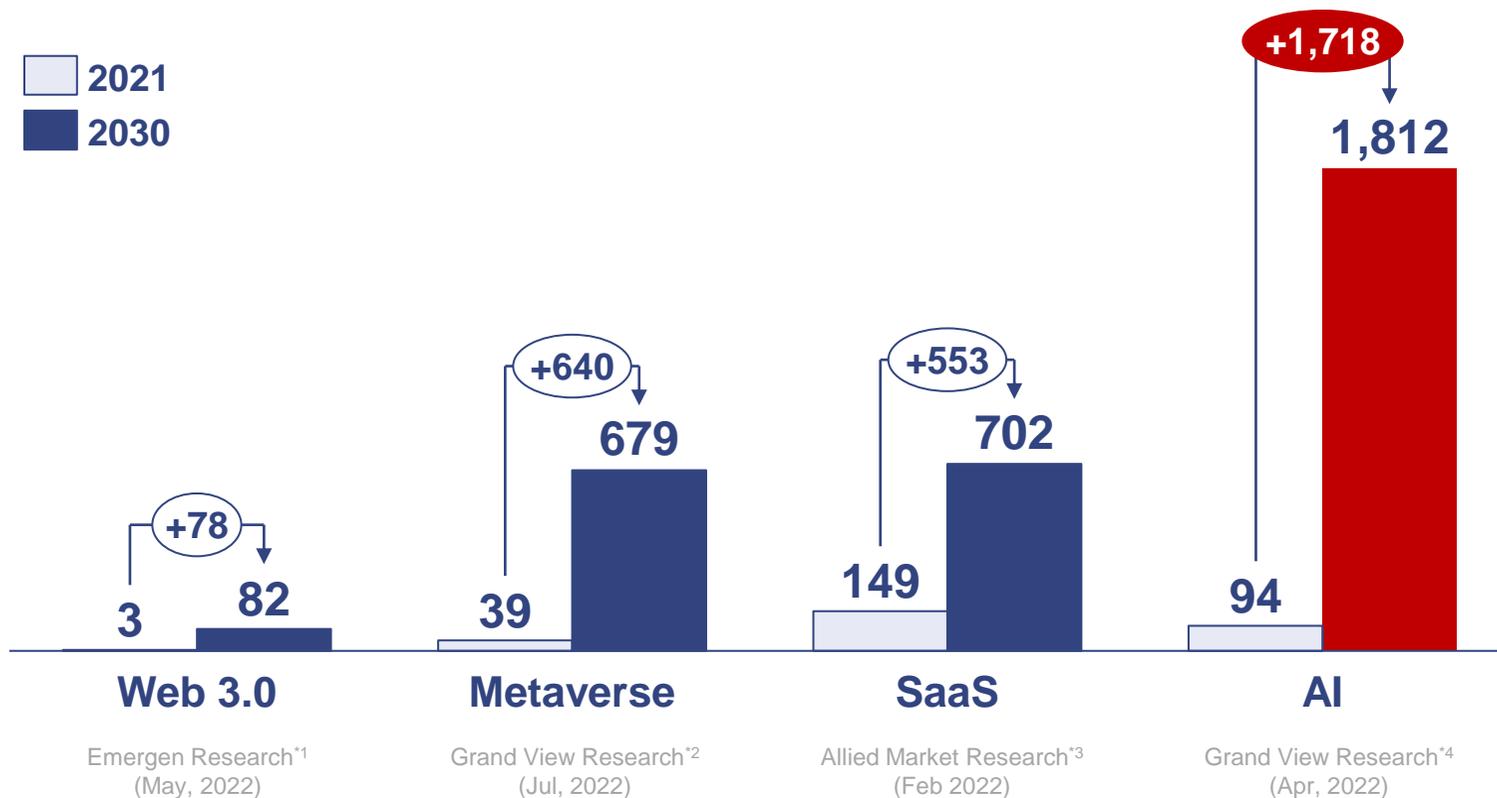
3. **[Future Prospects] Plan to achieve high growth in both sales and earnings with the maturation of the business**
 - i. No changes in plans to continue **high sales growth and profitability (GP margin)**
 - ii. Assuming recovery in profits, with concentration of businesses and technologies. **Expecting to be profitable from Q3**
 - iii. Continue to strengthen our technological superiority and further expand sales team. We also plan to actively pursue further **M&As**

- **AI Industry Trend and Company Advantage**
- Financial Highlights
- Service Progress
- Mid-term Growth Strategy

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)

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

*3 Allied Market Research, Software As A Service (SaaS) Market Statistics: 2030 (Feb, 2022)

*4 Grand View Research, Artificial Intelligence Market Size, Share & Trends Analysis Report (Apr, 2022)

The AI industry is scaling through 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

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

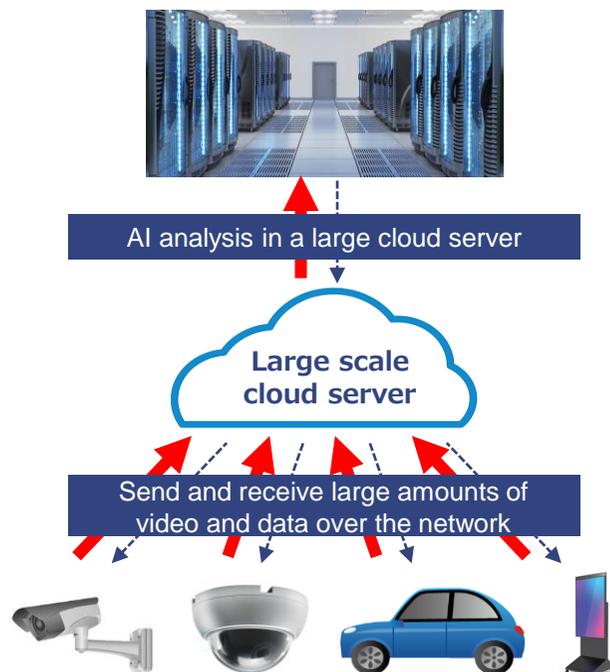
- High AI accuracy and quality are prerequisites
- AI engines utilized for long-term actual operations with reliability
- Services are used by consumers daily and unconsciously

Our company's focus

AI technology is rapidly evolving, supporting the growth of the industry

Cloud AI

Conventional approach

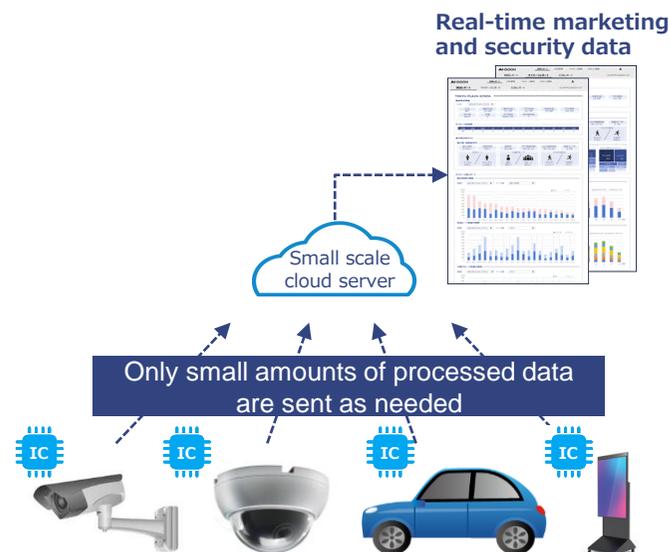


- **High costs** (Communication and maintenance)
- **High latency** (High network load)
- **High electricity consumption**

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



Adoption of edge AI technology accelerating at many global leading companies

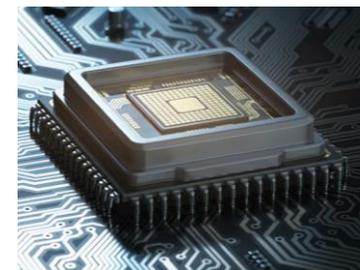


Accelerate development of edge devices for autonomous driving to achieve low latency and safety unaffected by the communication environment.

NVIDIA DRIVE AGX Xavier



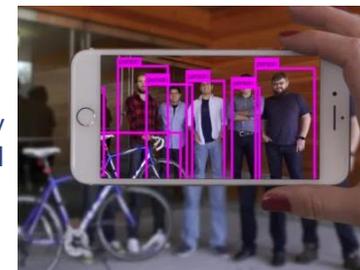
Ethos NPU series, Edge-oriented chips specializing in deep learning to achieve high-speed inference with low power consumption.



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



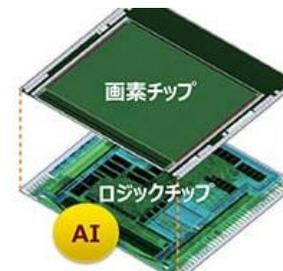
Acquired XNOR.ai, a company with technology for high-speed AI execution on edge devices, for USD 200 million.



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.



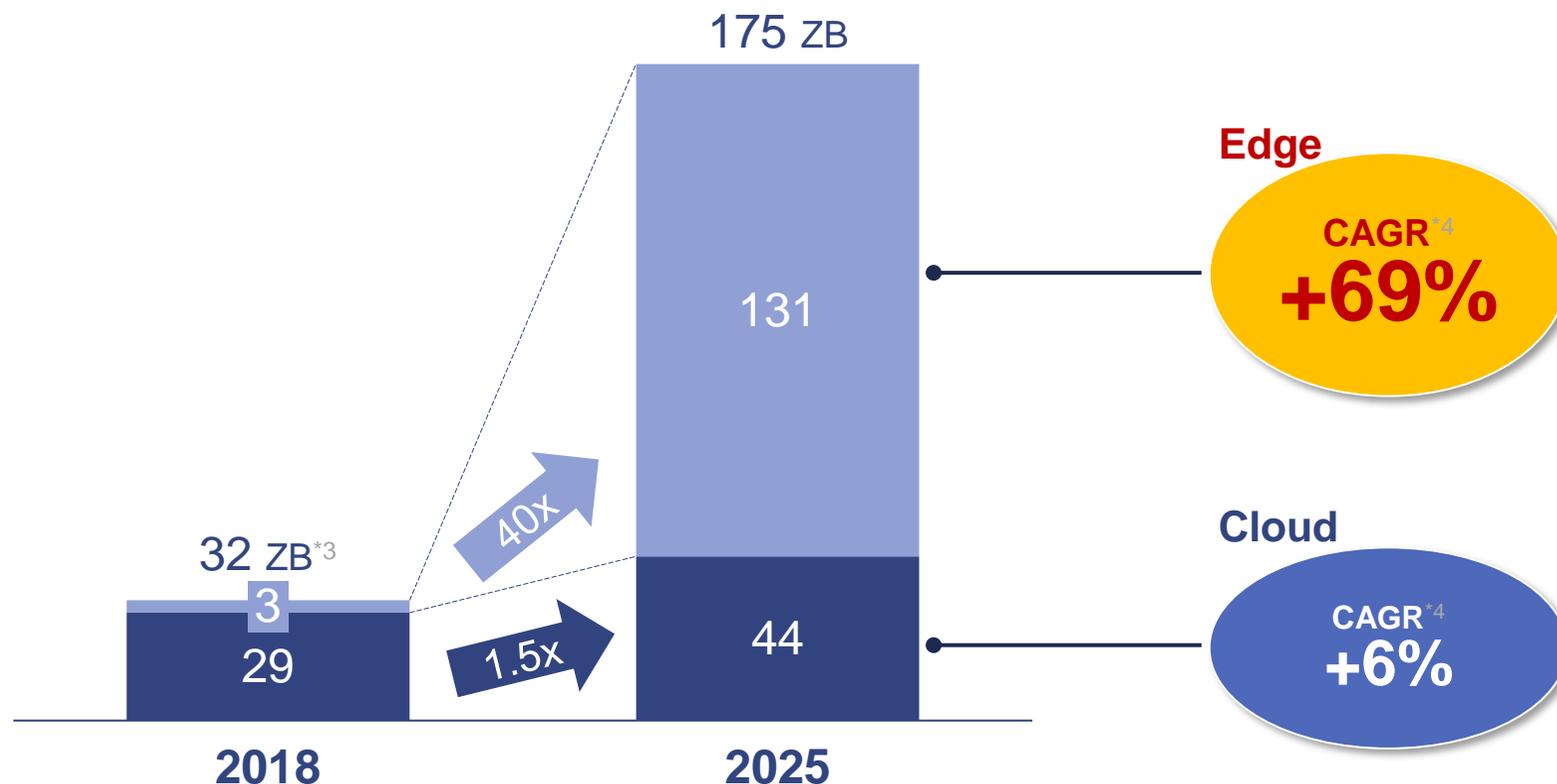
Edge processing is rapidly expanding

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

Through 2018 to 2025

Growth forecast

Through 2018 to 2025



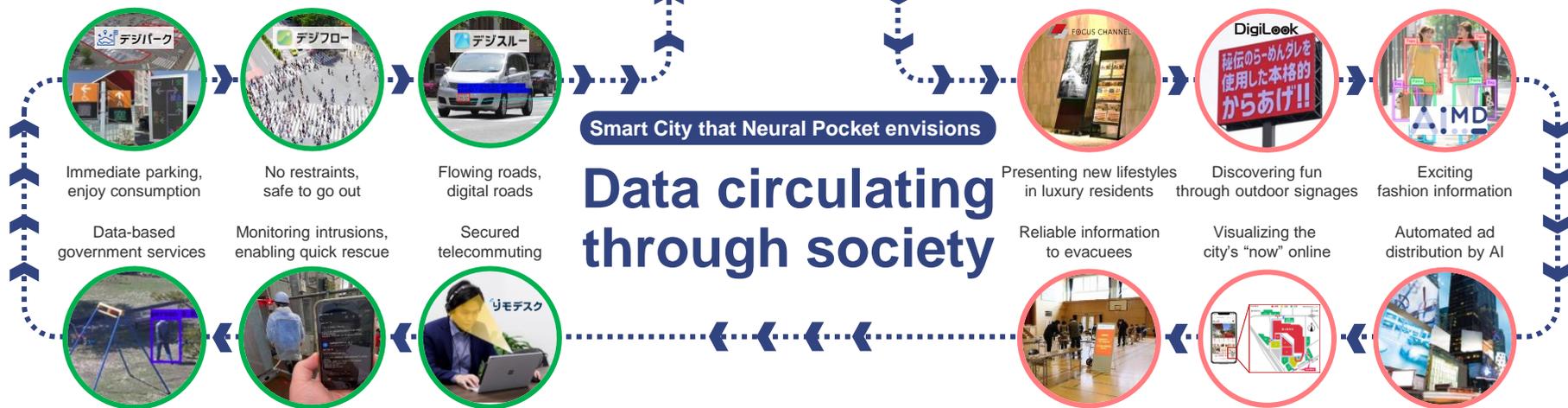
*1 Source for Edge share: What Edge Computing Means for Infrastructure and Operations Leaders, Gartner (Oct 2018).

*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 circulates and utilizes data in physical spaces



Smart city we are creating: 1

Smart city we are creating: 2

Eliminating waiting time

Data analysis using AI technology allowing for fun and peace of mind

Encountering information

Information delivery customized to local regions and individuals, with AI-enabled viewer behavior analysis and automatic distribution



Neural Platform is a comprehensive environment to facilitate robust AI software development and 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. 	

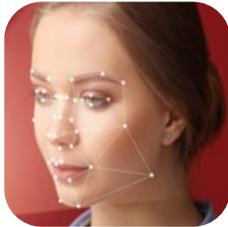
Neural Pocket possesses proprietary AI libraries/ technologies to enable the AI-ization of society and smart cities

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

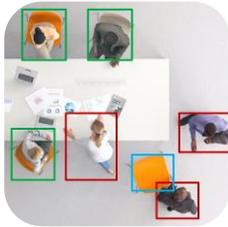


People movement and behavior analysis

Congestion analysis



Vacancy detection



Safe monitoring



Intrusion detection crime prevention



Traffic analysis



Parking occupancy



License plate detection



Vehicle analysis

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, where we contribute as an Edge AI Platformer

Examples of edge devices running our edge AI



 **NVIDIA** JETSON Xavier NX

Processor

OS

Language



 python™  RUST



 **NVIDIA** JETSON Nano



 python™  RUST



 **NVIDIA** JETSON TX2



 python™



 **intel** **arm**

Processor

OS

Language



 python™



 **QUALCOMM**

 ios  android

 Swift  Java



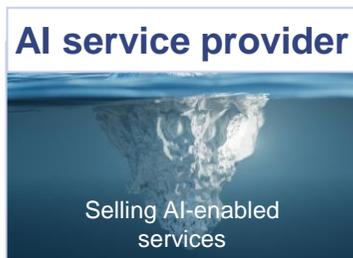
 **QUALCOMM**



 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

Edge AI Development

 **Cloud processing**

CAGR +6%

 **Edge processing**

CAGR +69%

AI analysis technology

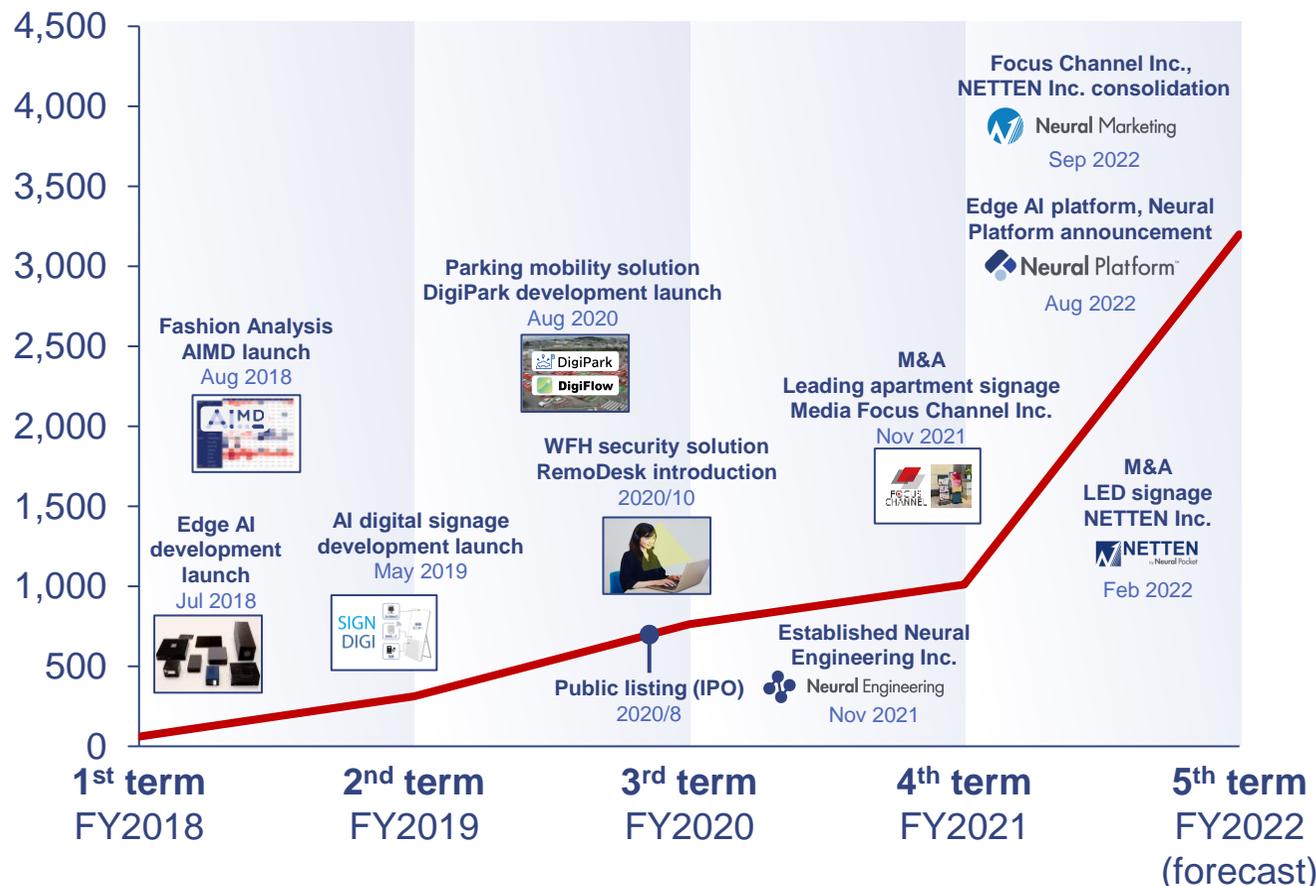
In the rapidly growing edge AI market, we have been accelerating growth since inception

Company growth strategy and expansion progress

Track record

Net sales

M JPY



Annual growth rate since company founding

+170%

60M→3,200M JPY

Business scale expansion (in two years post IPO)

4.2x

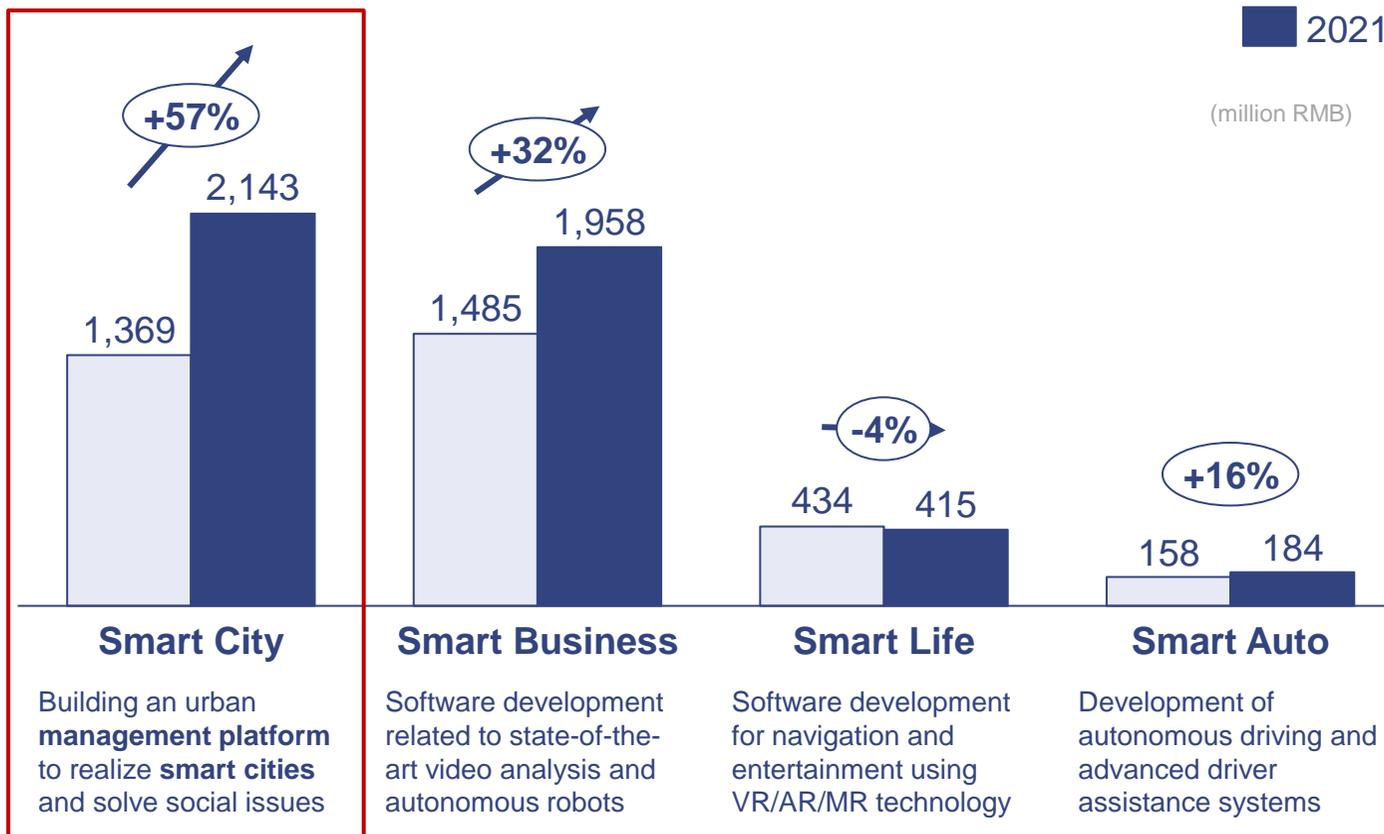
762M→3,200M JPY

Smart city-related AI services is both the largest and the fastest growing segment at SenseTime, the world's largest AI company

The use of AI as a platform and utilization in Smart Cities is driving company-wide growth



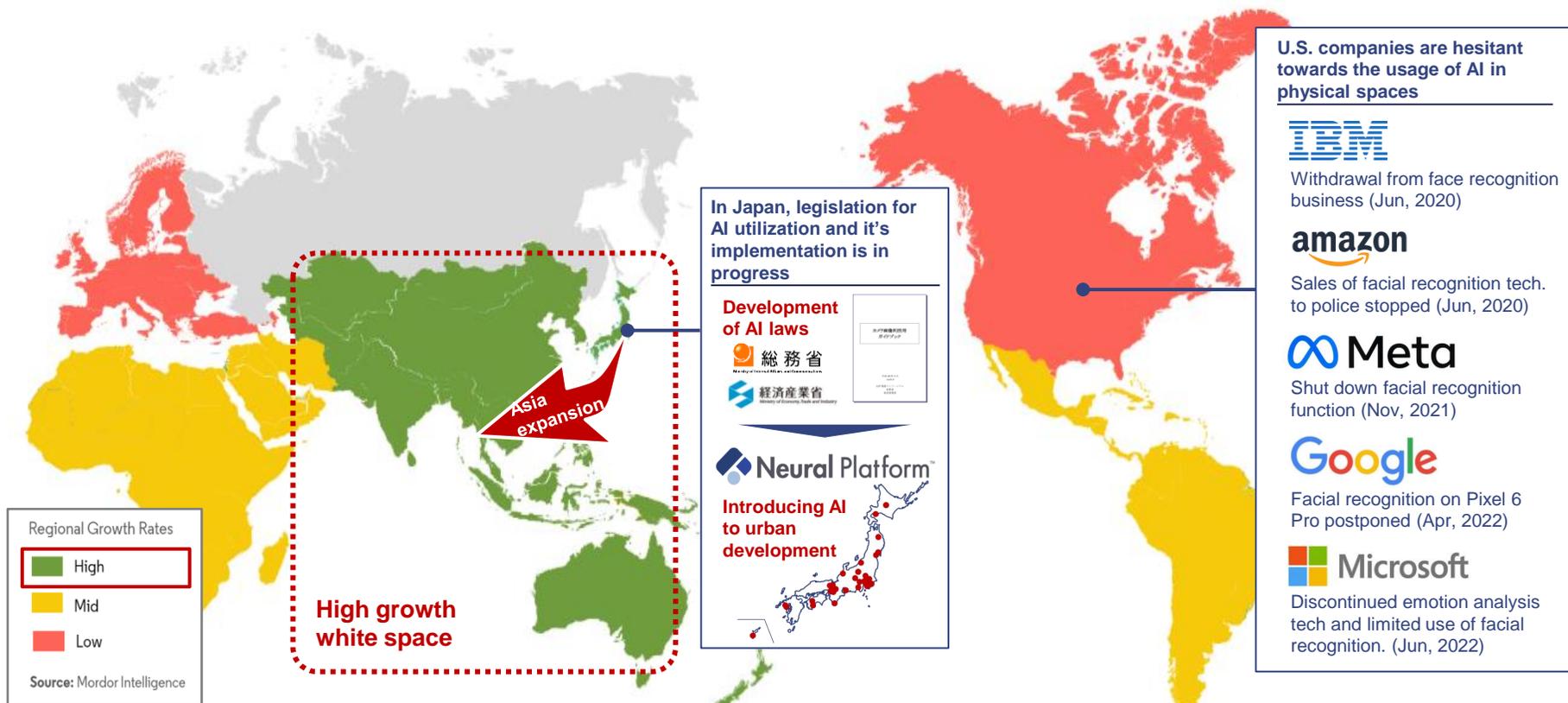
(million RMB)



Source: SenseTime 2021 Annual Report (released April 28, 2022) and SenseTime, Inc. website.

We believe that “platform-ization” of AI technology will develop from Asia, where expansion of smart cities is expected

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



- AI Industry Trend and Company Advantage
- **Financial Highlights**
- Service Progress
- Mid-term Growth Strategy

FY2022 Q2 ended Jun. highlights and key strengths

Topline growth

Rapid growth benefiting from strong AI market tailwinds

Net sales growth
+135%

vs FY2021 Q1-Q2

High profitability

Maintaining high GP margins in combination with increasing sales

Gross profit margin
67%

Q1-Q2 cumulative

Large sales organization

Uncommon AI Co. building out a sales team with over 80 personnel

Group employees^{*1}
168 (+126)

(): vs Jun 2021

Speed of biz evolution

Adapting business model in a rapidly changing environment

Neural
Marketing Inc.
Established^{*2}

Technical capabilities

Cutting-edge technology dev. with global team from 7 countries

Patents^{*3}
29 (+3)

(): vs Jun 2021

M&A, business growth exp.

Experienced and diverse finance and M&A professionals

M&As
2 acquisitions

*1 As of Jun 30, 2022. Excludes executives (Full-time board directors, auditors, executive officers), part-time employees, subcontractors, interns. Includes full-time employees from subsidiaries, Neural Engineering Inc. Focus Channel Inc., NETTEN Inc.

*2 NETTEN Inc. and Focus Channel Inc. have been consolidated on Aug 1st, 2022 (absorption merger where NETTEN is the surviving company). The merged company is planned to be renamed Neural Marketing Inc. effective Sep 1st, 2022.

*3 Total of i) granted 16, ii) applying domestically 9, and iii) applying internationally 4. As of Jul 31st, 2022.

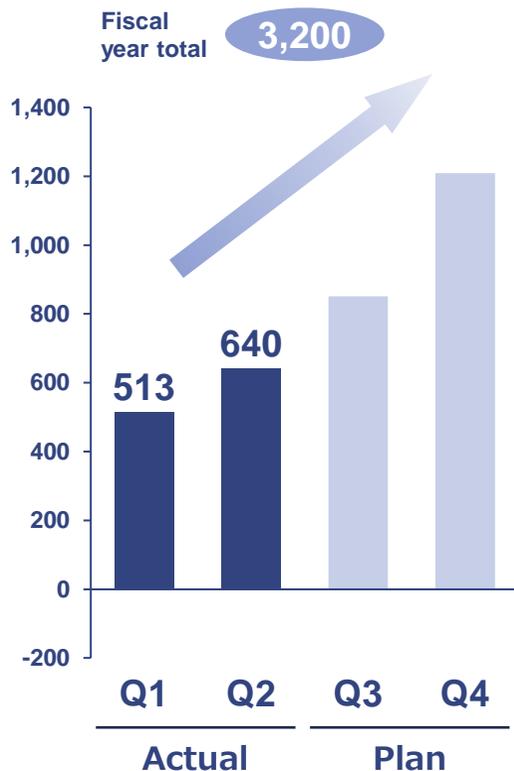
FY2022 Q2 ended Jun. consolidated Statement of Income

(million JPY)	FY2021 Q1-Q2 ended Jun.	FY2022 Q1-Q2 ended Jun.	Increase Value	Increase Percentage YoY
Net sales	490	1,153	663	+135.3%
Gross profit % of net sales	406 82.9%	770 66.8%	364	+89.7%
EBITDA EBITDA%	126 31.0%	-87 -7.6%	-213	-
Operating profit % of net sales	91 18.6%	-242 -21.1%	-333	-
Net income % of net sales	87 17.9%	-898 -77.9%	-986	-

FY2022 ending Dec. quarterly forecast (Illustrative)

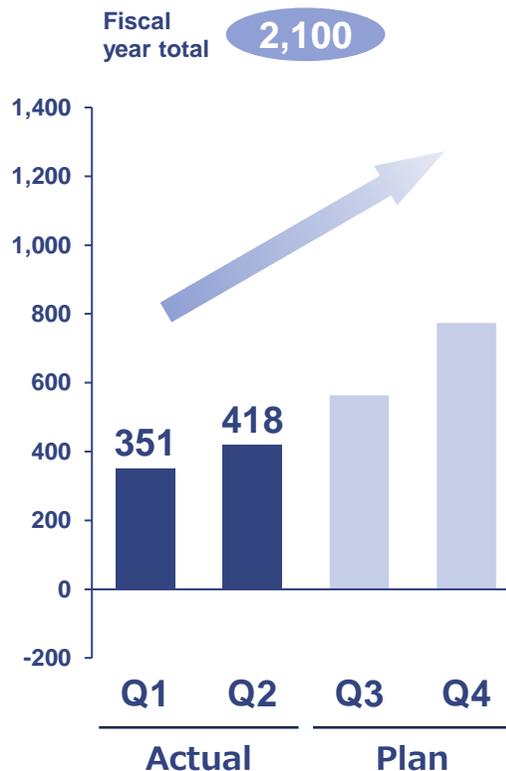
Net Sales

(million JPY)



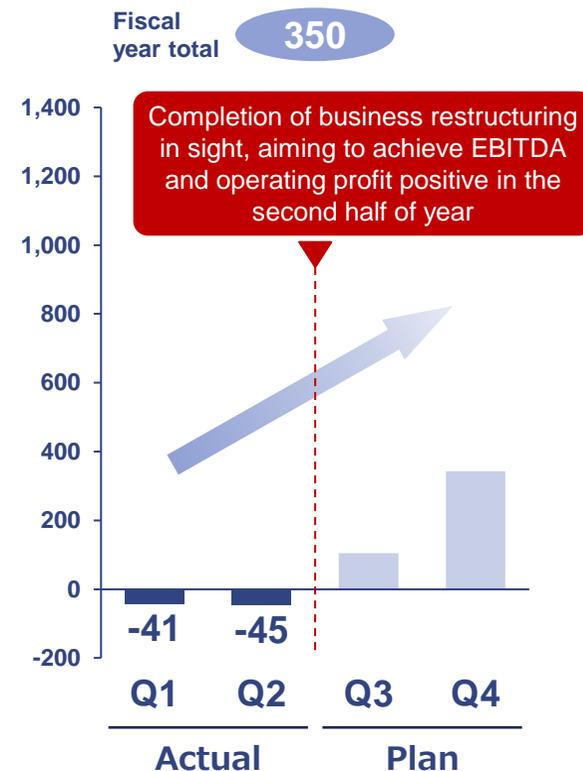
Gross Profit

(million JPY)



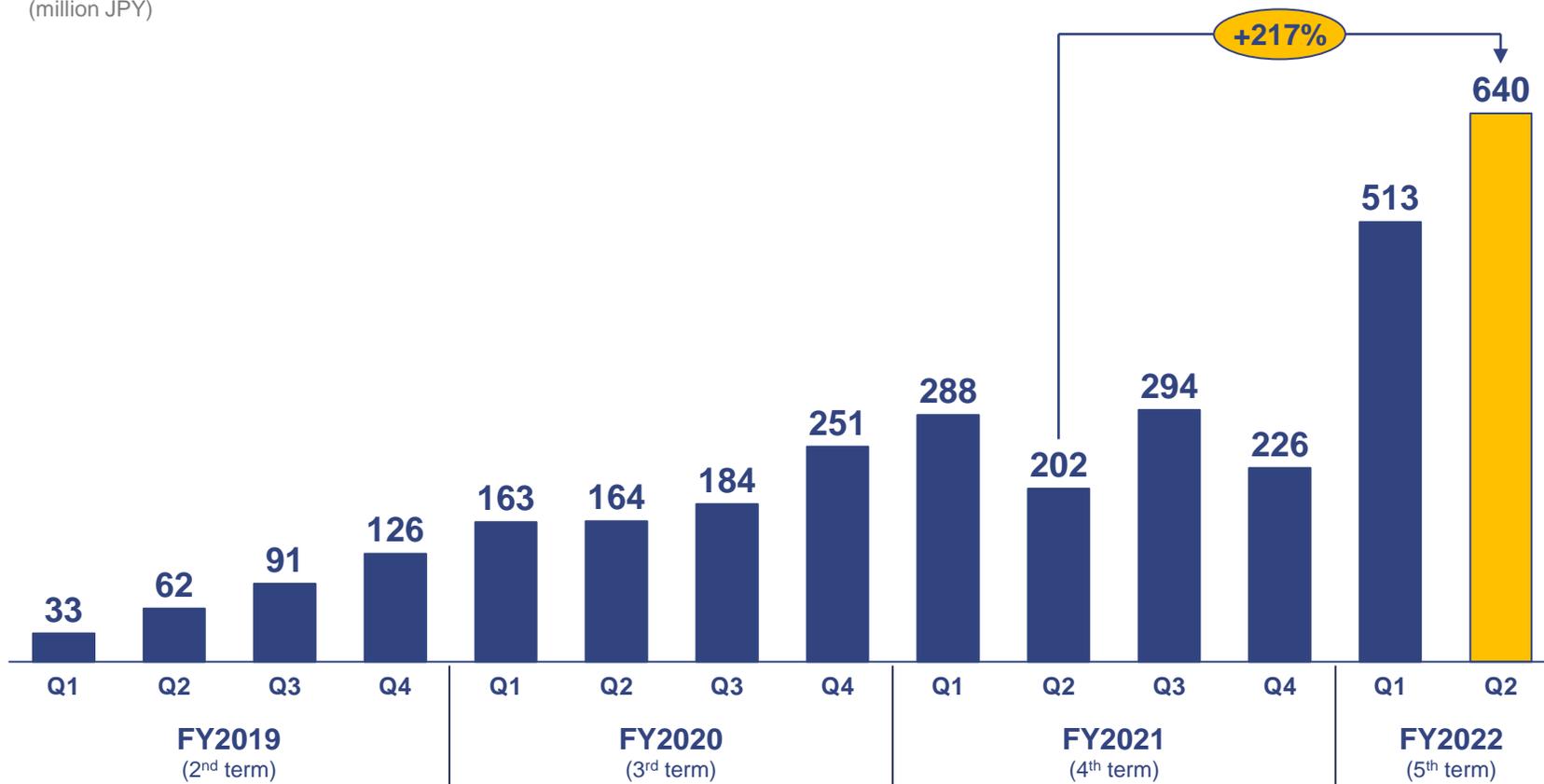
EBITDA

(million JPY)

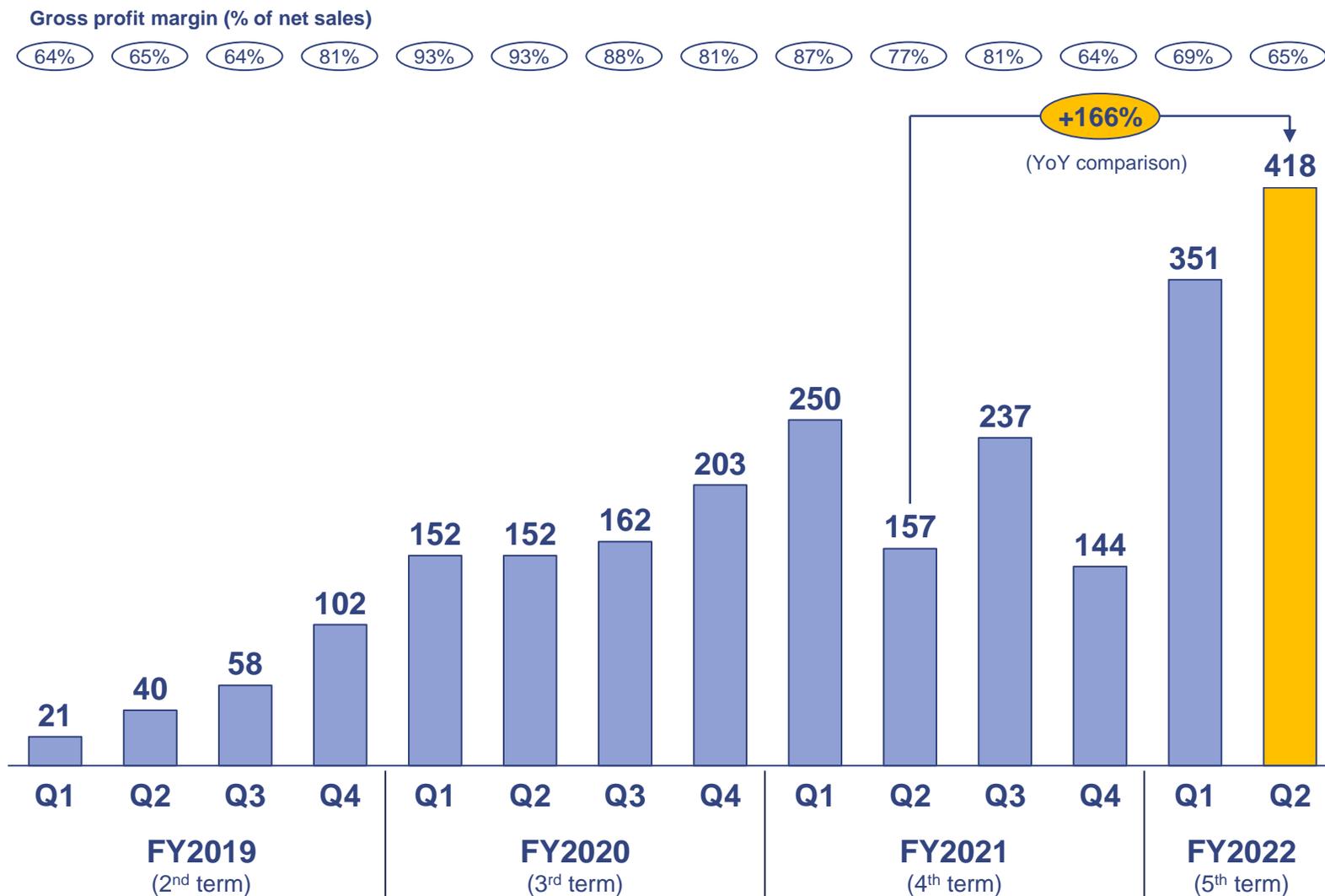


Quarterly net sales – Steady sales growth since company inception. Business scale expansion through both organic and M&A activity

(million JPY)

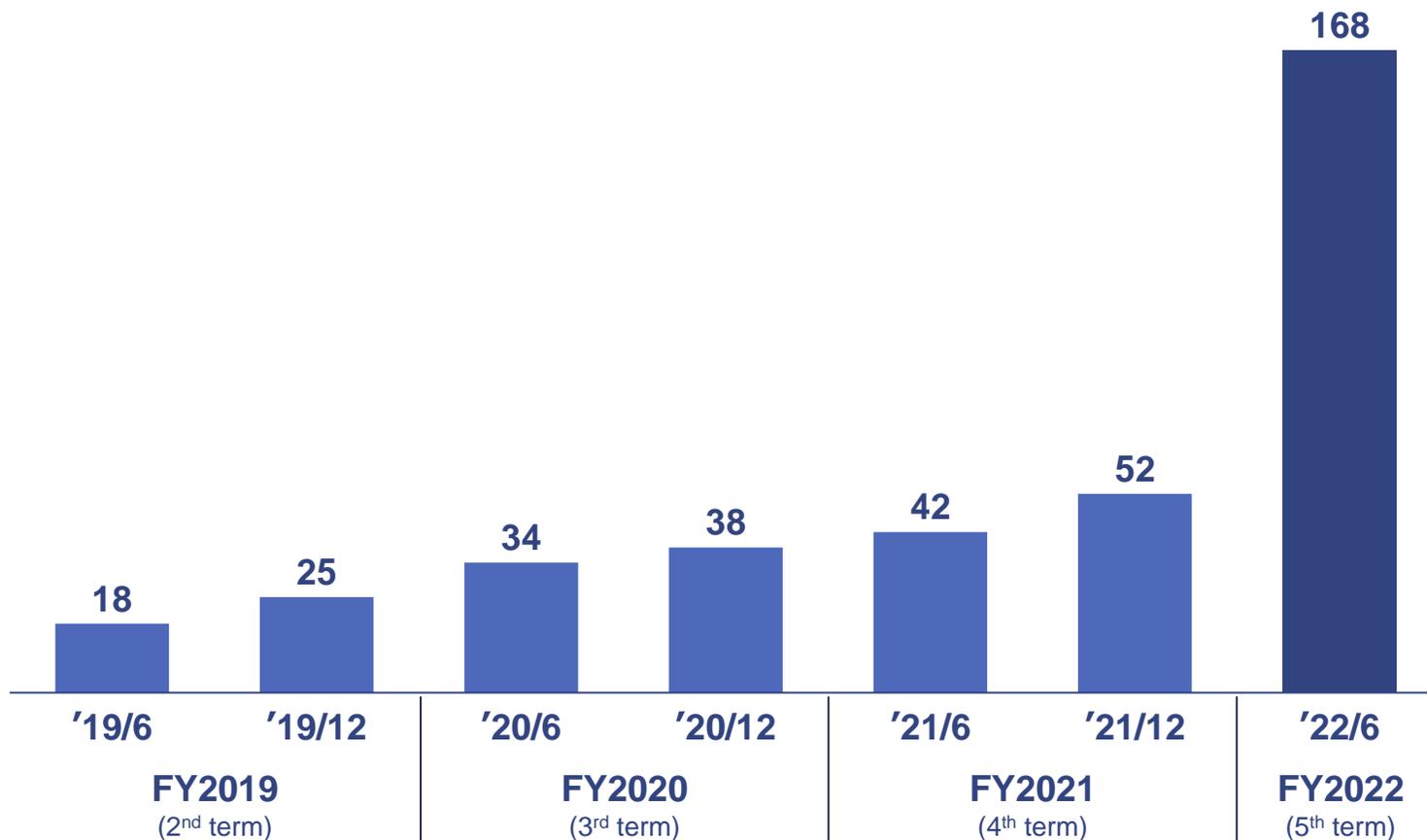


Quarterly gross profit – Gross profit is second most important management indicator after sales, showing steady expansion



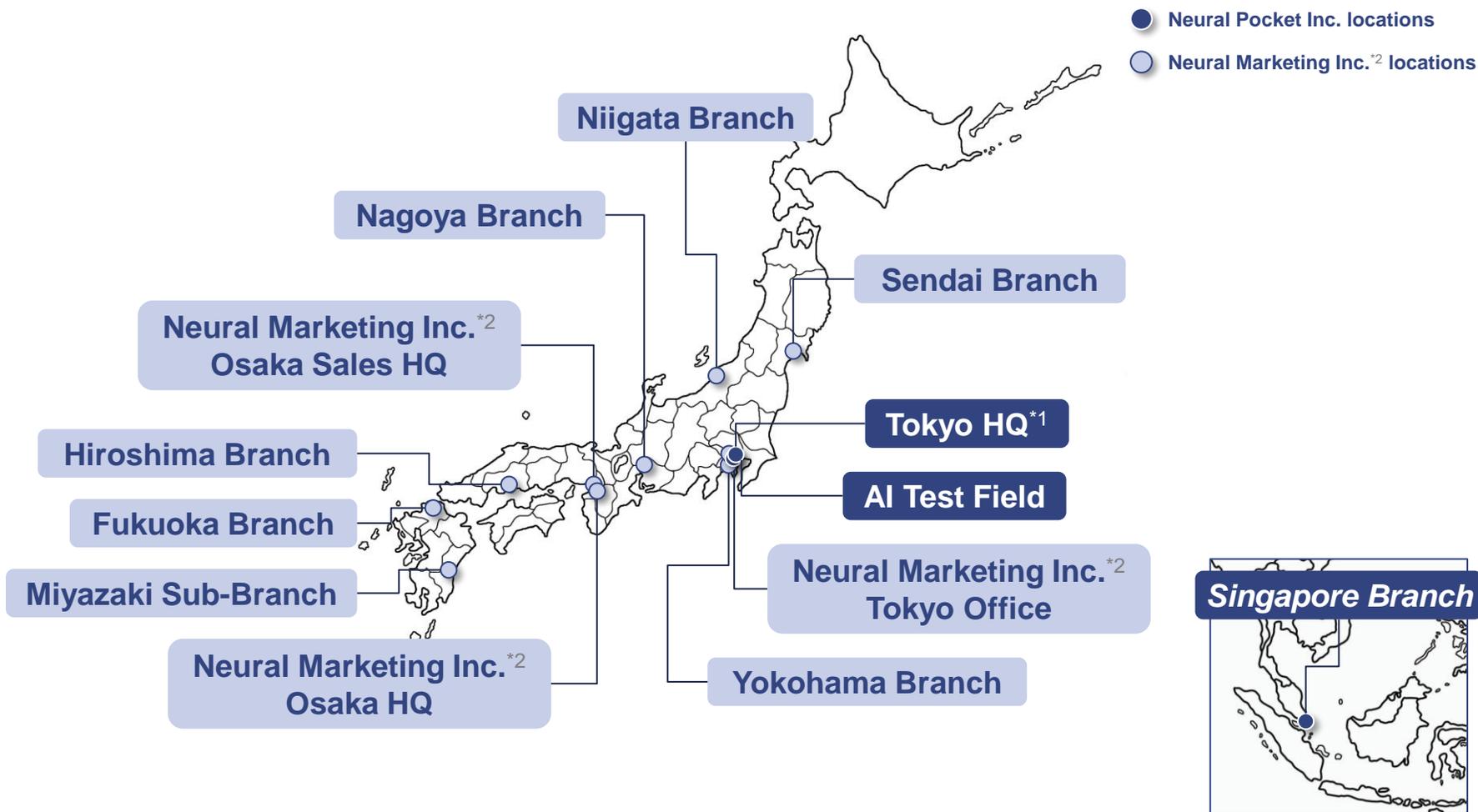
Consolidated full-time employees^{*1}

- Organizational expansion particularly across engineers and sales personnel
- Engineers account for approx. 70% of the company's workforce on a stand-alone basis, where we employ talented AI engineers from around the world



^{*1} As of Jun 30th 2022. 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. (prior NETTEN Inc., and Focus Channel Inc.)

Neural Pocket Group operates 14 offices nationwide – We hold the necessary infrastructure to enable smart cities across the country



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

*2 NETTEN Inc. has absorbed Focus Channel Inc. through a merger on Aug. 1st, 2022. Subsequently, the merged company will be renamed as Neural Marketing Inc. as of Sep. 1st, 2022.

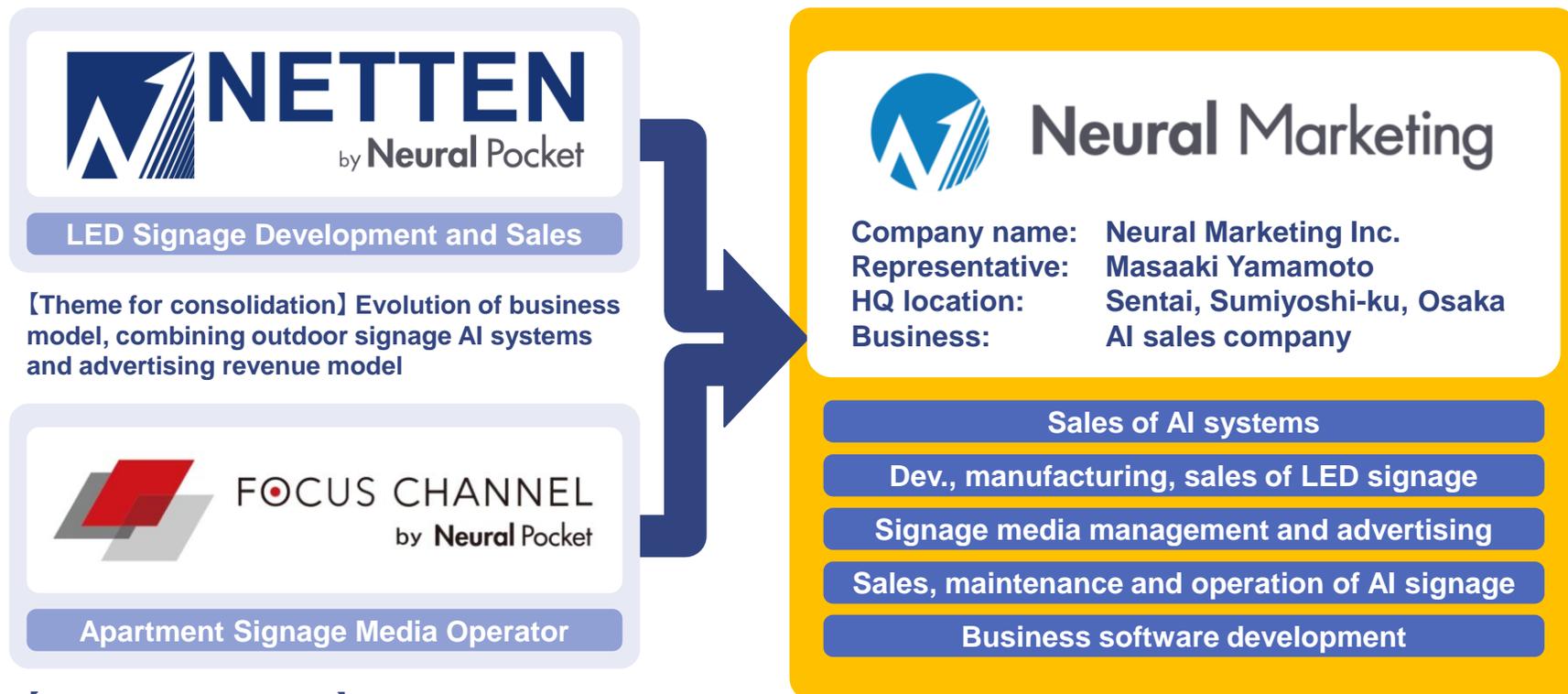
There is vast potential of locations for Digi-Solution Services to be installed

Figures represent # of locations within Japan



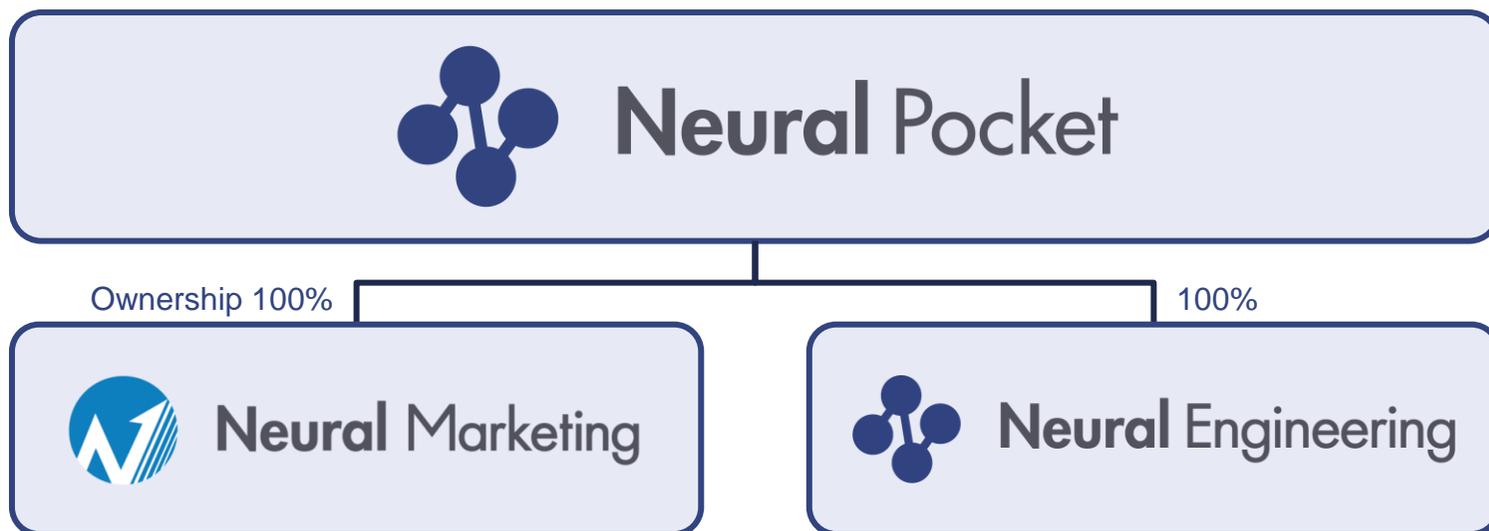
Consolidation of NETTEN Inc. and Focus Channel Inc. to form Neural Marketing Inc., a sales company for AI/ signage systems

 Through the integration*¹ of the two companies, they will expand each other's business areas and accelerate the pursuit of synergies as a comprehensive sales company for AI and signage systems.



*1 NETTEN Inc. and Focus Channel Inc. have been consolidated on Aug 1st, 2022 (absorption merger where NETTEN is the surviving company). The merged company is planned to be renamed Neural Marketing Inc. effective Sep 1st, 2022.

Neural Pocket Group structure



Neural Marketing Inc.*1
(previously NETTEN Inc. & Focus Channel Inc.)

Neural Engineering Inc.

Established

Sep 1st, 2022*2

Oct 1st, 2021

Business overview

Sales of AI systems, dev./ manufact./ sales of LED signages, signage media mngm't and advertising, sales/ maintenance of AI signages

Installation, operation, and development of Edge AI-enabled services

Representative

Masaaki Yamamoto
(Neural Pocket Managing Executive Officer)

Tsubasa Iwakiri
(Neural Pocket Executive Officer)

Licenses

General construction permit,
Electrical goods import permit (PSE)

*1 NETTEN Inc. and Focus Channel Inc. have been consolidated on Aug 1st, 2022 (absorption merger where NETTEN is the surviving company). The merged company is planned to be renamed Neural Marketing Inc. effective Sep 1st, 2022.

*2 NETTEN Inc. was established on August 20, 2003, and is scheduled to change its name to Neural Marketing Inc. effective September 1, 2022.

Selection of fixed assets in preparation for future growth

Background of fixed asset selection

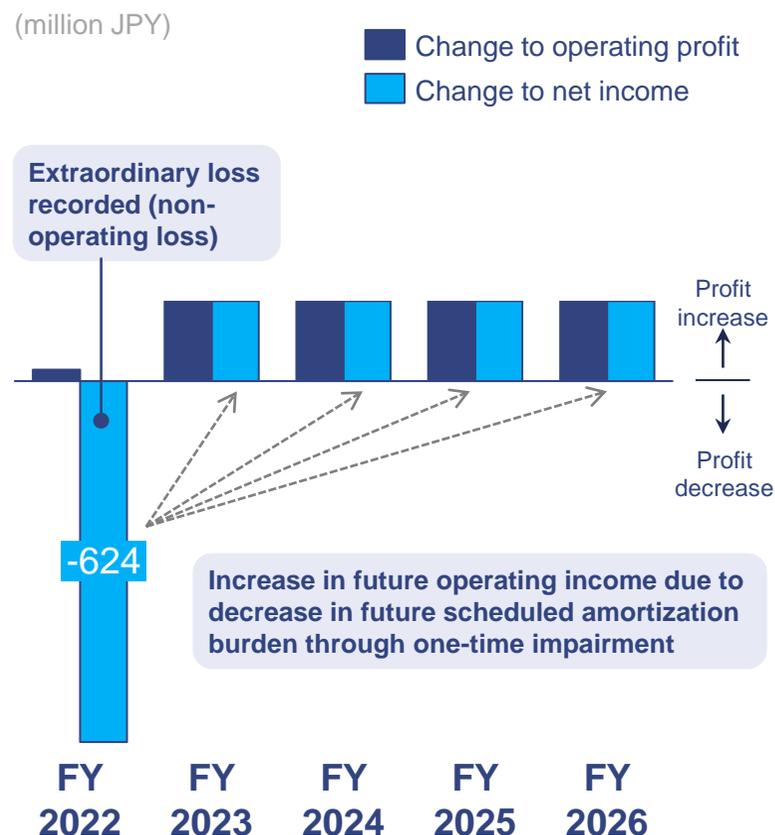
[Focus Channel biz fixed assets: 560 M JPY]

- Regarding Focus Channel, installation base and sales has continued to grow and doubled since acquisition (214 units ⇒ 452 units installed)
- Recent M&A of NETTEN has expanded prospects for signage business, which was not scheduled at the time of the Focus Channel acquisition. Reallocated management resources from apartment signages to other non-advertising efforts to achieve greater scale.
- Due to changes in assumptions from those at the time of the Focus Channel acquisition, regardless of strong overall business progress, a one-time impairment is deemed appropriate (no impact on cash flows, with benefits of decreased amortization in future years)

[Digi-Solution service fixed assets: 64 M JPY]

- Stopped using the AI development server specialized in C language-based libraries purchased in 2021 for Digi-Solutions
- Responding to changes in global development standards trends, we have positioned Python, Rust, Swift, and Java as primary development languages and will concentrate efforts

Impairment impact to PL (Illustrative)



FY2022 ending Dec. revised consolidated

 Net income for this fiscal year has been revised by 624 million yen due to a one-time impairment of goodwill and other items. The forecast for operating income and above is unchanged. The one-time impairment will reduce the amortization burden in following years, having the effect of improving operating income.

(million JPY)	FY2021 ended Dec. results	Announced May 13	Announced Aug 10	Increase Value	Increase Percentage
		FY2022 ending Dec. previous forecast	FY2022 ending Dec. latest forecast		
Net sales	1,010	3,200	3,200	-	+0.0%
Gross profit % of net sales	787 78.0%	2,100 65.6%	2,100 65.6%	-	+0.0%
EBITDA % of net sales	112 11.1%	350 10.9%	350 10.9%	-	+0.0%
Operating profit % of net sales	20 2.0%	20 0.6%	20 0.6%	-	+0.0%
Net income % of net sales	11 1.1%	2 0.1%	-622 -19.4%	-624	-

Unchanged

Selection of
fixed assets

FY2022 Q2 ended Jun. consolidated balance sheet

(million JPY)	FY2022
	As of Jun 30
Total current assets	2,005
Cash and cash assets ^{*1}	1,567
Total non-current assets	1,915
Total assets	3,921
Total liabilities	3,510
Interest bearing debt	3,080
Total net assets	411

*1 Includes 194 million yen of NETTEN's insurance coverage which is scheduled to be cancelled through Jul. – Sep., 2022.
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Changes in service domains

👉 Synergies across existing service domains were being created through the consolidation of NETTEN Inc. and Focus Channel Inc. Going forward, we plan to reorganize and disclose service domains in a more segmented manner.

Before (prior to Q2 2022)

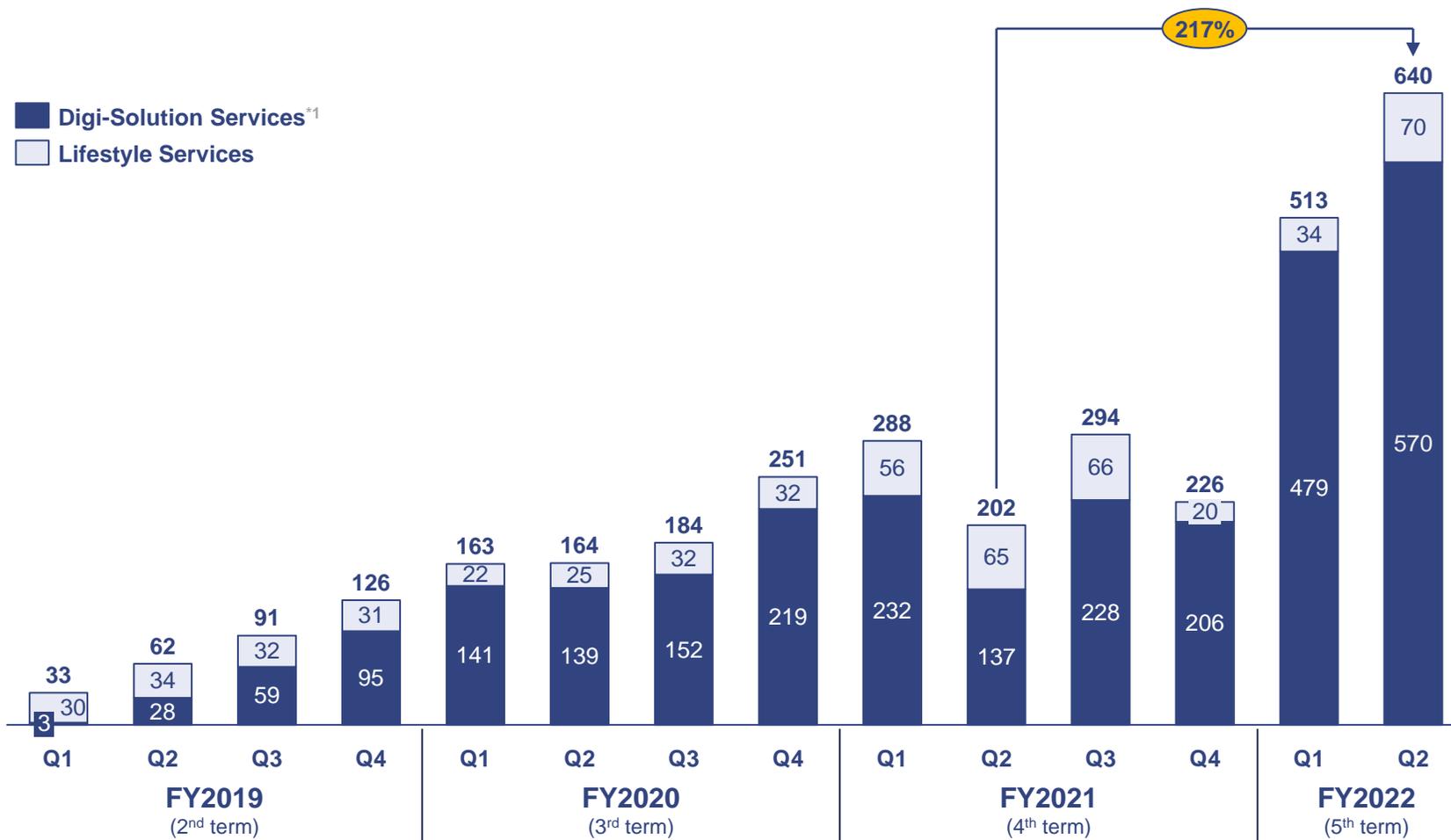


After (from Q3 2022)



*1 Includes Digi-Flow, RemoDesk etc.

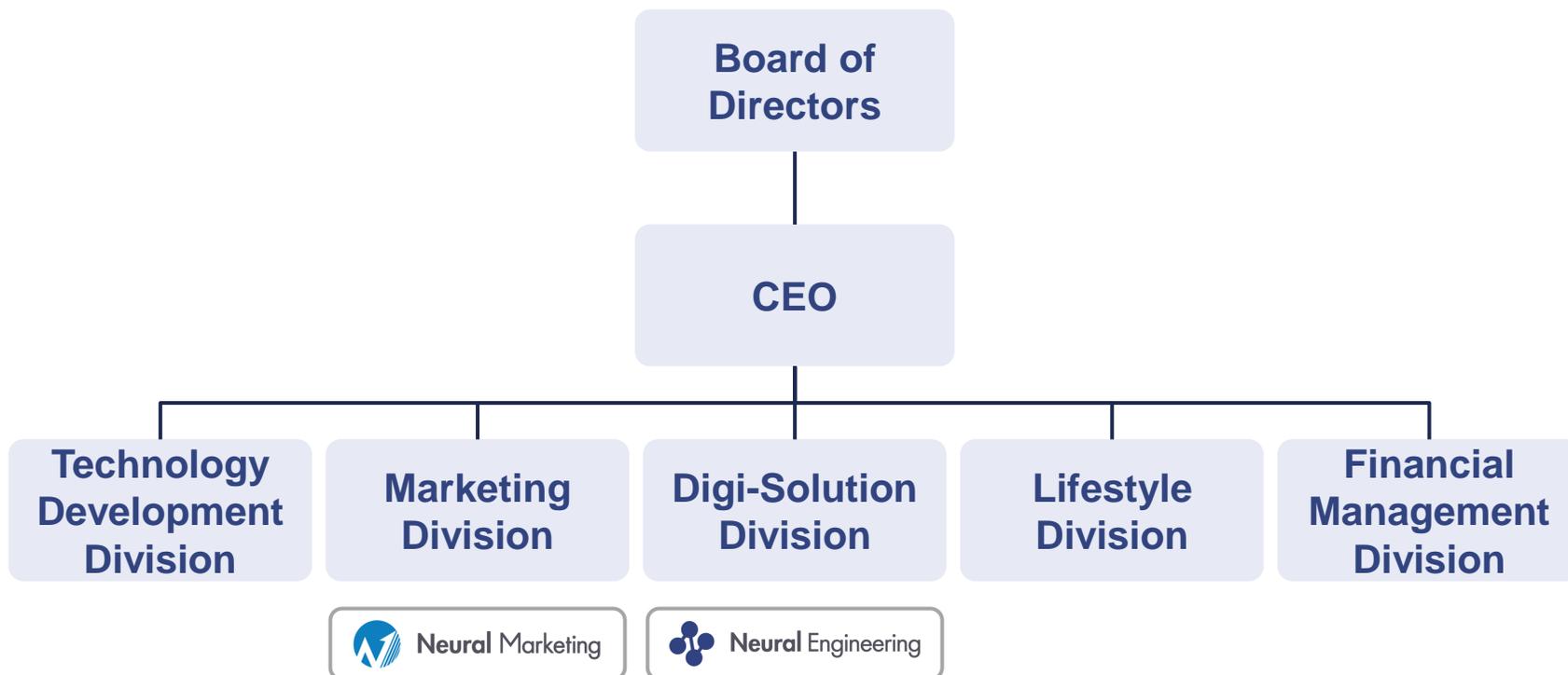
Quarterly net sales breakdown by service domain



*1 Upon the consolidation of NETTEN Inc. and Focus Channel Inc. (absorption merger where NETTEN is the surviving company), AI Media Services has been consolidated with Digi-Solution Services. Copyright © Neural Pocket Inc. All Rights Reserved.

Org structure from Aug. 10, 2022

- To enable high business growth, org change was implemented from Jan. to allow for different business divisions to pursue scale independent of each other
- Also established a solid executive team to lead each of the divisions



Executive team and Board of Directors (as of Aug. 10th)

Executive team (as of Aug. 10 th , 2022)		
Role	Name	Previous role (only if there are changes)
CEO	Roi Shigematsu	-
Technology Development Div. Head	Yuichi Sasaki	-
Financial Management Div. Head	Ryosuke Tane	-
Marketing Div. Head (NEW) Neural Marketing Inc. CEO (NEW)*1	Masaaki Yamamoto	Digi-Solution Div. Head NETTEN Inc. CEO
Lifestyle Div. Head	Yusuke Furuta	-
Digi-Solution Div. Head (NEW)	Tsubasa Iwakiri	Digi-Solution Div., Product Development Supervisory Department
Neural Engineering Inc. CEO		-
Technology Strategy Department Head	Takahiro Mikami	-
Financial Strategy Supervisory Department Head	Ippei Toyoshima	-

Board of Directors (as of Aug. 10 th , 2022)			
Position	Name	Position	Name
Representative director	Roi Shigematsu	Full-time auditor	Miho Takemura
Director	Yuichi Sasaki	Auditor	Toshiki Wakamatsu
Director	Ryosuke Tane	Auditor	Hajime Shirai
Outside director	Yoichi Yamagishi		
Outside director	Maiko Hasumi		

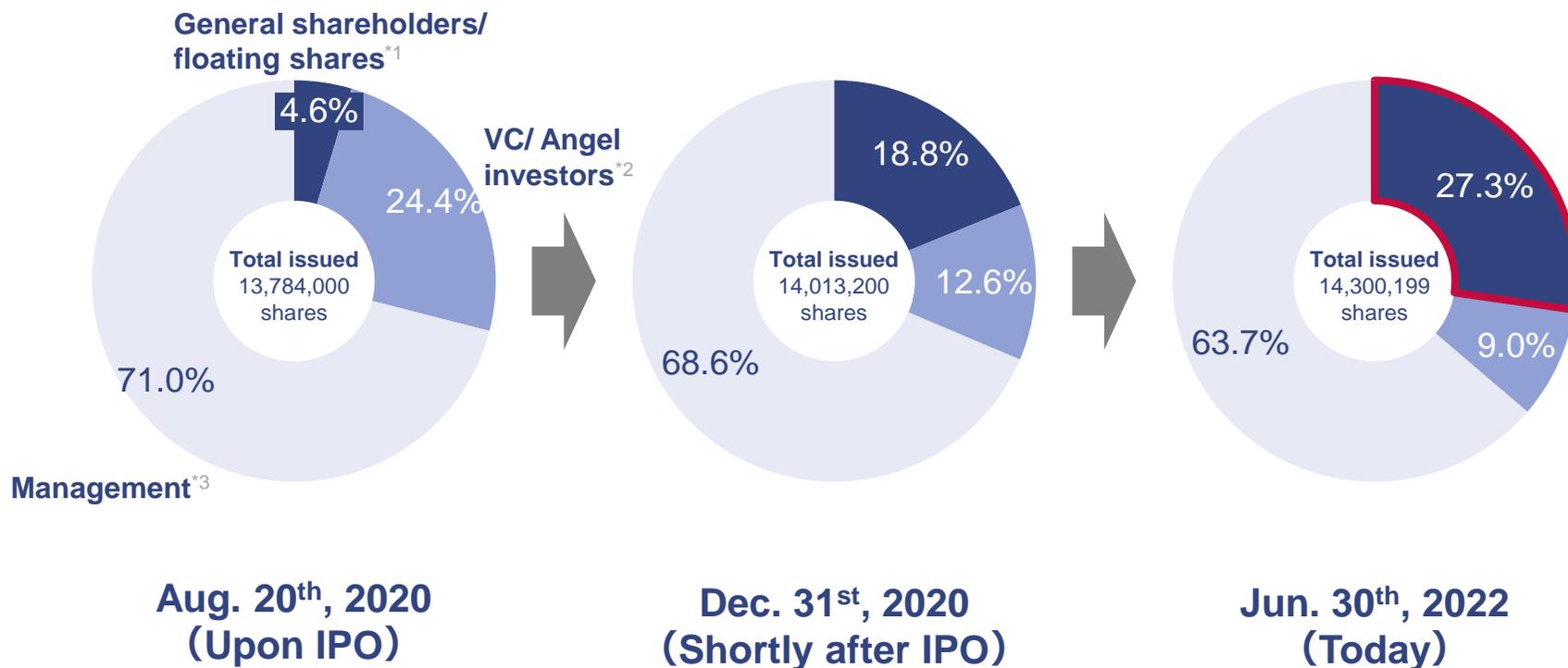
※Han Zhou has resigned and retired from the Board of Directors on August 10, 2022 due to personal reasons.

*1 NETTEN Inc. is changing corporate name to Neural Marketing Inc. as of Sep. 1st.

Our management team

	Name	Career overview
Board Directors	 <p>CEO Roi Shigematsu</p>	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.
	 <p>CTO Yuichi Sasaki</p>	Worked on the discovery of the Higgs boson at CERN in Switzerland. After working for an AI venture, he joined Neural Pocket. He reads more than 1,000 research papers per year in a wide range of research fields and contributes to the development of the latest technologies. He is a driving force behind the company's research and development. Doctor of Science, University of Tokyo.
	 <p>CFO Ryosuke Tane</p>	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 has contributed to the development of the company's management base from a financial perspective, and also leads M&A activities. He holds an MBA from Stanford University's Graduate School of Business.
	 <p>External Director Yoichi Yamagishi</p>	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.
	 <p>External Director Maiko Hasumi</p>	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	 <p>Full-time auditor Miho Takemura</p>	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.
	 <p>Auditor Toshiki Wakamatsu</p>	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.
	 <p>Auditor Hajime Shirai</p>	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	 <p>Prof. Yutaka Matsuo</p>	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.

Increasing diversity in shareholders since public listing



*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 Board members excluding outside directors.

- AI Industry Trend and Company Advantage
- Financial Highlights
- **Service Progress**
- Mid-term Growth Strategy

Digi-Solution Services: Case studies from around the country

DigiPark

Camera-based vacancy monitoring system at large shopping facility



DigiThrough

License plate detection of moving vehicles to measure traffic volume



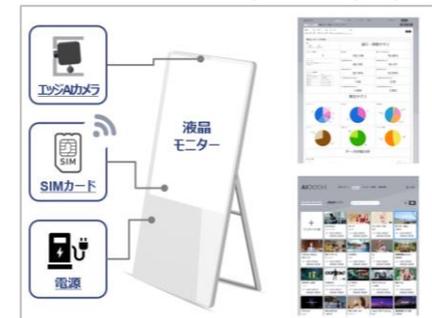
DigiFlow

In-store customer count and customer traffic



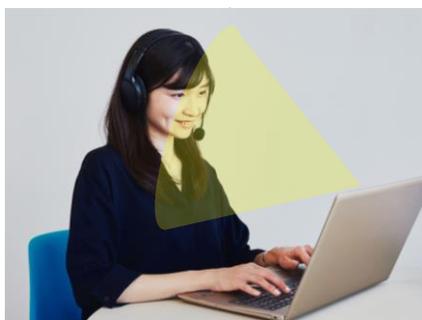
SIGN DIGI

View rate, people flow, viewer attribute detection built-in digital ad signage



RemoDesk

Security risk management for work-from-home-based call center



DigiLook

Rental of large LEDs to event venues, stadiums, and other sports venues



FOCUS CHANNEL

Installation of signage and advertising racks large apartment entrance

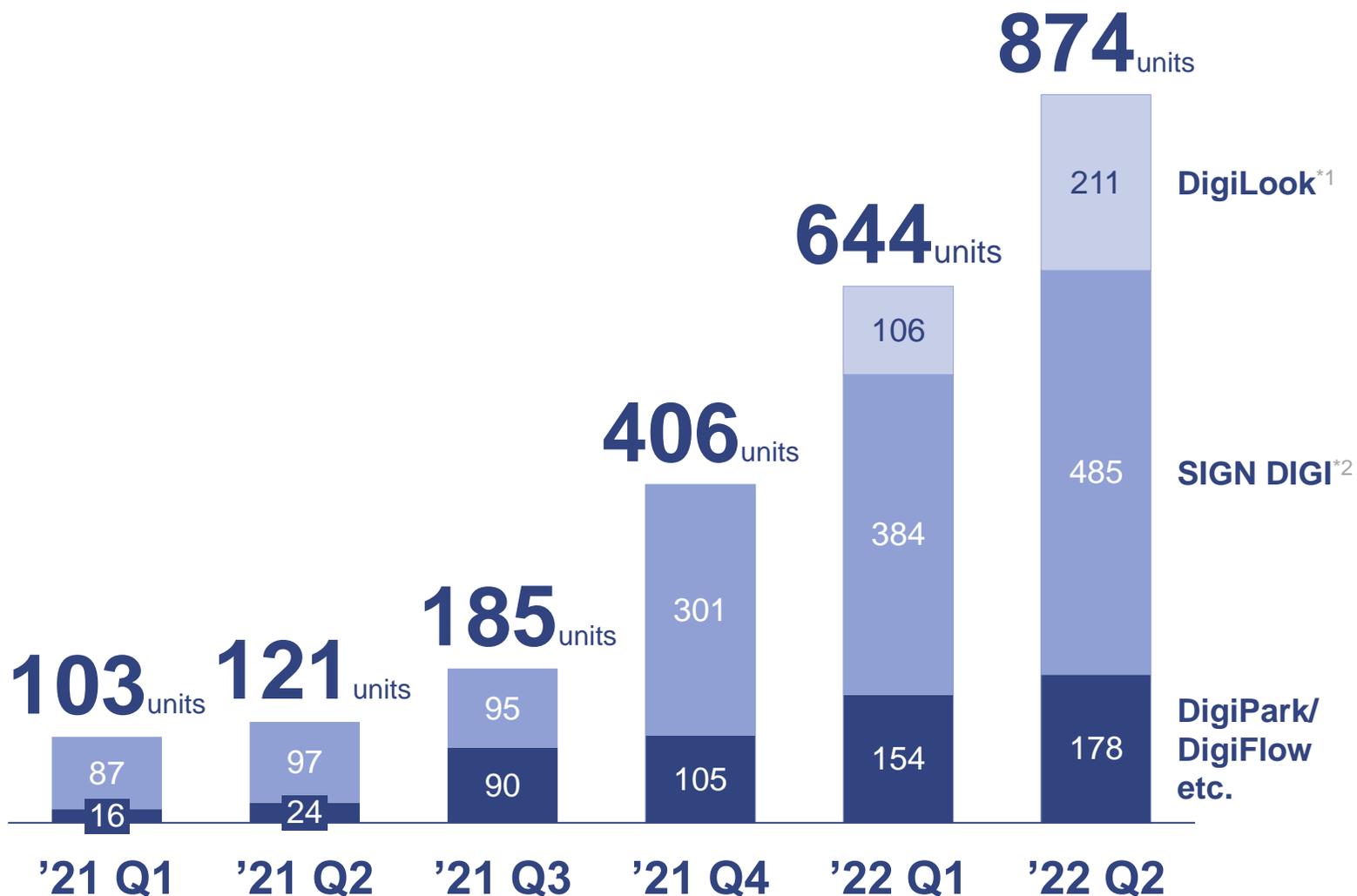


Other new services

Day-Night intrusion detection system with automatic e-mail alerts

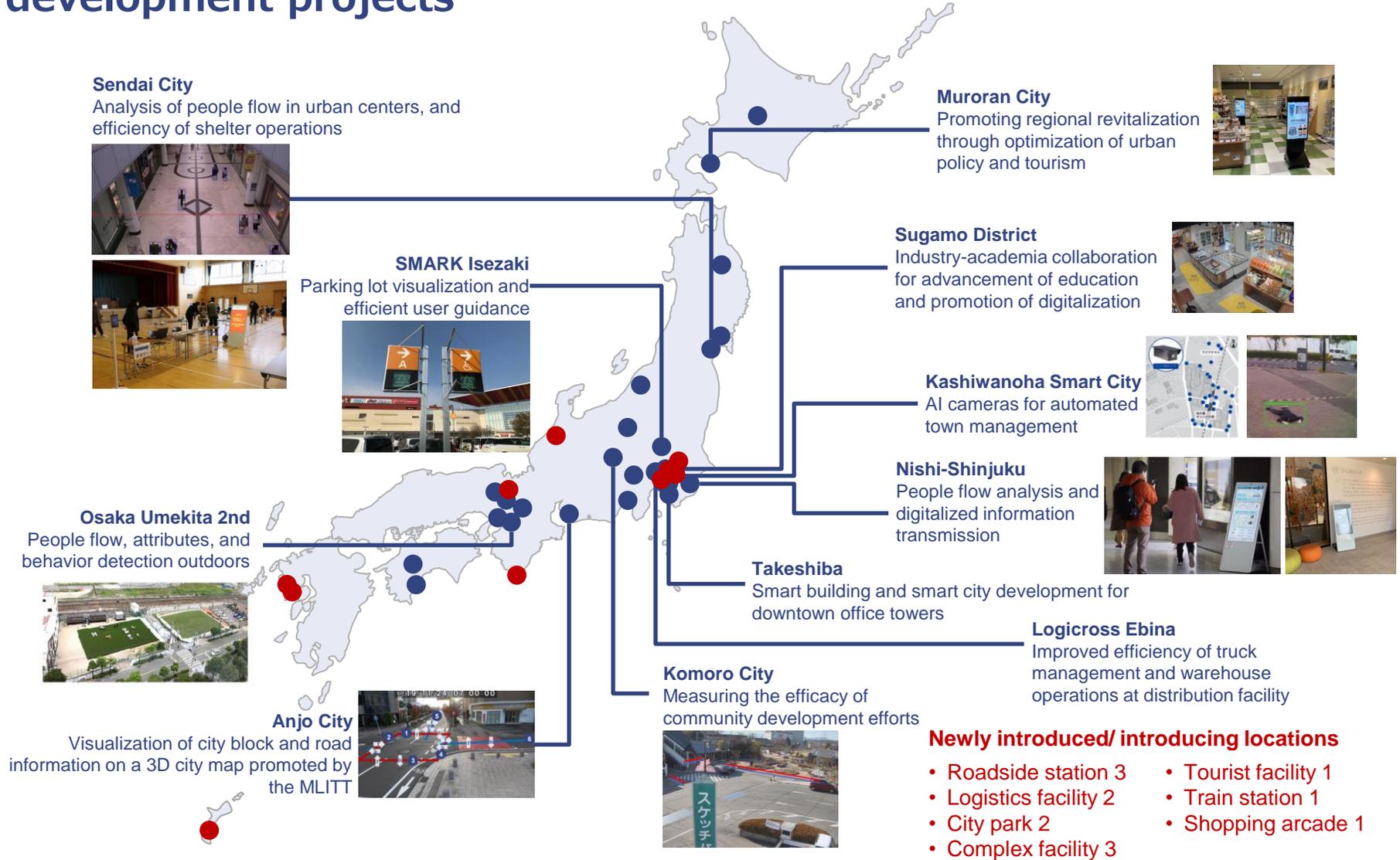


Expansion of cumulative unit installations of Digi-Solution Services



*1 LED signages installed by NETTEN 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.

Digi-Solutions services are being adopted in many smart city development projects



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

#1 installations with more than 10,000 signages nationwide



LED signage
Japan No. 1



DigiLook

- **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

👉 After joining our group, 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.

Focus Channel: Rapid expansion where installation base has doubled since acquisition

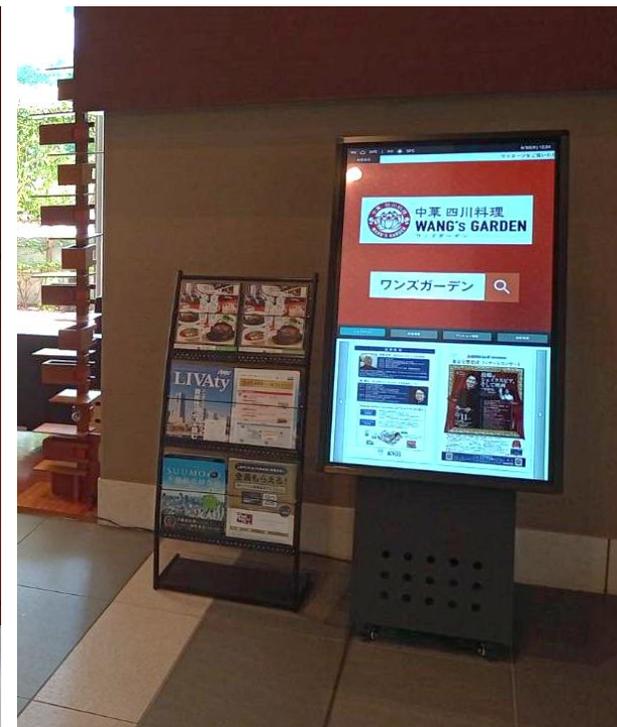
Examples of apartment signages in operation



Reiwa Travel Inc., NEWT



Willgate Inc., Willgate M&A Inc.

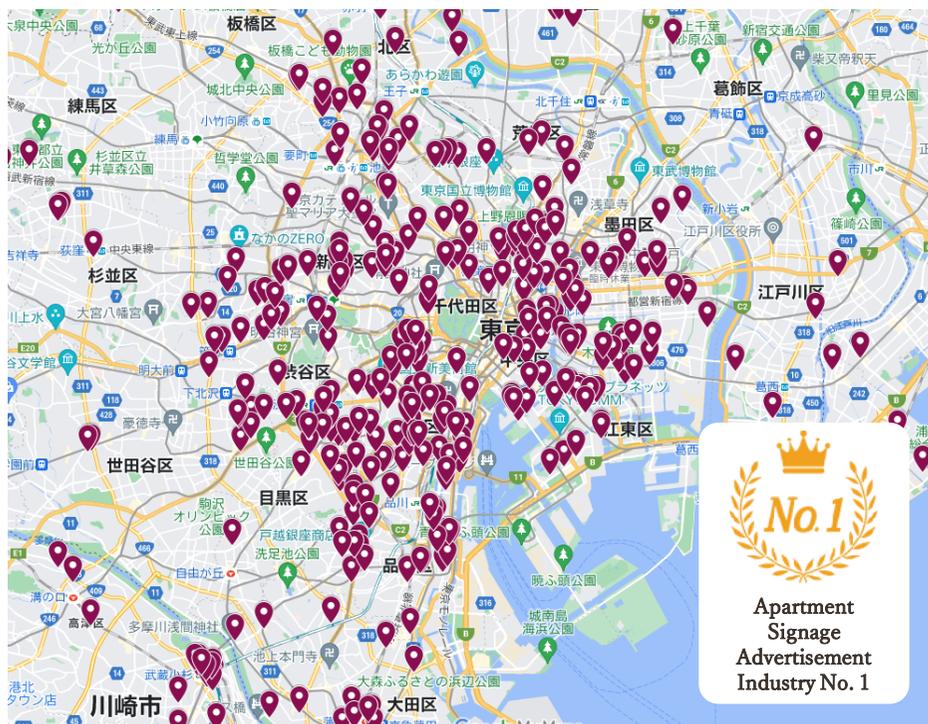


Wang's Garden Corporation
(Ad agency: Raksul Inc.)

👉 Broadcasting lifestyle-oriented advertising content along with condominium side announcements. The number of installed units has more than doubled to 452 units (as of end of June 2022) from 214 units (as of Nov 2021) when the company joined the Neural Pocket group.

Focus Chanel: Media overview

Reach approx. 190K affluent consumers/ residents in the metropolitan area



FOCUS CHANNEL

- **# of views (Impressions)**
Stable reach even during Covid
- **View frequency**
Located in living spaces and repeatedly views by all residents (1.5 million estimated monthly view count per program)
- **Targeting**
Focused on high-grade condominiums where affluent consumers reside

👍 Established a differentiated media that repeatedly and stably appeals to residents of city-central apartments, whose attributes are well-defined. The company has already achieved an large share of the apartment digital signage market, with a reach of approximately 190,000 residents, mainly in the Tokyo metropolitan area.

Focus Channel: List of apartments installed (1/3)

The Tokyo Towers (Mid Tower)	Lexington Square Shirokane-Takanawa	Gala Station Iwamotocho North	Dames Toyochō
The Tokyo Towers (Sea Tower)	Central Crib Roppongi 1	Premiere Ichibancho	Deems Toyochō II
Kachidoki The Tower	Central Crib Roppongi 2	KDX Daikanyama Residence	Royal Parks Toyosu
Park Tower Harumi	Central Crib Roppongi 3	KDX Residence Nishihara	Cosmo The Canal Tokyo East
Harumi Terrace	Roppongi MK Art Residence	KDX Residence Ebisu	Residia Oshima
The Harumi Residence	White Tower Hamamatsucho	Prime Maison Ebisu	Residia Kameido
De Tour	JUN HANABI	Esty Maison Sasazuka	Residia Kiba
Tokyo Mid Bay Kachidoki	Residence Shirokane Korole	PRIME MAISON Shibuya	Park Homes Toyochō Canal Arena
KDX Odenma Residence	Residence Shirokane Park Front	Park Habio Shibuya Honmachi Residence	Comforia Morishita Riverside
The Park Habio Nihonbashi Hakozakichi	Wat's Shirokane	Comforia Sasazuka	Canal Square Toyosu
KDX Residence Nihonbashi Suitengu	Prime Maison Shirokane-Takanawa	Comforia Harajuku	Rosewood Heights Monzennakacho
KDX Residence Nihonbashi Hakozaki	Urban Flats Shibaura (Esty Maison Shibaura)	Comforia Kitasando	Galla Precious Monzennakacho
Residia Mitsukoshimae	Esty Maison Azabu Nagasaka	Park Habio Ebisu	Galla Grandy Morishita
Residia Nihonbashi Bakurocho	Comforia Tamachi	Residia Hiroo II	Gala Precious Kiba
Residia Tsukishima II	Deems Azabu Raccooncho (Park Habio Azabu)	Residia Ebisu II	Gala Grandy Toyochō
We Will Hatchobori	Park Habio Akasaka Tower	Park Axis Daikanyama	Gala Grande Gala Oshima
Residia Ginza East	Akasaka Hikawa-cho Residence	MFPF Yoyogi Tower	Comforia Kiba Park
PRIME MAISON Ginza East	Residia Toranomom	D'Clady Ivan Hatsudai	Comforia Oshima
Esty Maison Ginza	Residia Tower Nogizaka	Forecity Tomigaya	Comforia Toyochō
Oak Place Tsukishima	City Current Minami Aoyama	Quiz Ebisu	Comforia Morishita
Castalia Suitengu	Park Axis Nishi Azabu Stage	Castalia Hatsudai	PRIME URBAN Monzennakacho
Castalia Suitengu II	Park Axis Azabu-Sendazaka	Park Axis Shibuya Sakuragaoka WEST	PRIME URBAN Toyosu
Castalia Higashi-Nihonbashi	MFPF Court Akasaka-mitsuke	Residia Sasazuka II	Resident Place Nishi-Kasai
Residia Shinkawa	Park Axis Akasaka-mitsuke	KDX Residence Hatagaya	Acras
Grand Galla Nihonbashi Kabuto-cho	Castalia Takanawa	Daikanyama Tower	Crystal Marks
Grand Galla Nihonbashi Kayabacho	Castalia Shiba-Koen	Deems Shibuya Honcho	Inija Mizue
Dames Nihonbashi Suitengu	PROUD FLAT Shirokane-Takanawa	Grand Charme Hiroo	Premisto Ichinoe
Deems Kachidoki	Castalia Azabujuban Shichimenzaka	Park Tower Shibuya Honcho	Aquarena Minami Kasai
Comforia Nihonbashi	Residia Roppongi Hinokicho Koen	Beacon Tower Residence	Comforia Shin Nakano
Cosmopolis Shinagawa	Residia Shibaura	Canal First Tower	Deems Honancho
Park Court Akasaka The Tower	Park Tower Shinagawa Bay Ward	The Toyosu Tower	The Park House Nishi-Shinjuku Tower 60
Global Front Tower	Apartments Tower Azabujuban	Orizon Mare	The Park Habio Shinjuku
Shibaura Island Cape Tower	Comforia Shibaura Bauhaus	UUR Court Kinshicho	KDX Residence Higashi-Shinjuku
AQUACITY Shibaura	Comforia Mita EAST	Arden Kiyosumi Shirakawa	D Marks Nishi-Shinjuku Tower
Albul Takanawa	Comforia Azabu EAST	Ecology Toyochō Pro Century	KDX Residence Nishi-Shinjuku
KDX Residence Shirokane I	KDX Residence Hanzomon	Esty Maison Oshima	Prime Maison Ichigaya-Yamabushicho
KDX Residence Shirokane II	Spacia Akihabara	Comforia Toyosu	Esty Maison Higashi-Shinjuku
KDX Residence Minami Azabu	Park Habio Iidabashi	Comforia Kameido South	Comforia Shinjuku East Side Tower
KDX Residence Shiba-Koen	Residia Kudanshita	City Tower Ariake	Comforia Higashi-Shinjuku Station Front
KDX Residence Azabu East	CITY CURRENT Otemachi	Brillia Ariake Sky Tower	Residia Ichigaya
KDX Residence Nishiazabu	Residia Suidobashi	Crevia Luxe Monzennakacho	The Park Habio Waseda
Residia Tower Azabujuban	Forecity Akihabara	Park Habio Monzennakacho	Kawadacho Garden / Club Floor
Urban Park Azabujuban	Residia Ochanomizu III	KDX Residence Toyosu	Kawadacho Garden / Building No.1
Residia Nishi-Azabu	Bellevue Chiyoda Iidabashi	MFPF Court Kiba Park	Kawadacho Garden / Building No.2
Clio Mita La Mode	Deems Otemachi North	Deems Kiba	Castalia Shinjuku-Gyoen

Focus Channel: List of apartments installed (2/3)

Castalia Shinjuku
 Residia Nakaochiai (Building C)
 Residia Ichigaya-Yakuoji
 KDX Residence Kagurazaka Dori
 Hulic Residence Shinjuku Toyama
 Park Sphere Ushigome-Kagurazaka
 Comforia Waseda
 Comforia Ichigaya Yanagicho
 Comforia Shinjuku
 As Nishi-Waseda_East Wing
 CONTRAL nakameguro
 Comforia Shibuya WEST
 KDX Residence Jiyugaoka
 Residia Yutenji
 Residia Tower Naka-Meguro
 The Park Habio Meguro
 MFPR Meguro Tower
 Residia Meguro IV
 Castalia Nakameguro
 PRIME URBAN Meguro Ohashi Hills
 Residia Naka-Meguro III
 Louvre Meguro Fudomae
 Shinagawa Seaside Residence
 KDX Residence Togoshi
 KDX Residence Shinagawa Seaside
 Residia Shimatsuyama
 Belle Face Meguro
 Castalia Meguro Kamuro-zaka
 Castalia Tower Shinagawa Seaside
 Esty Maison Shinagawa Seaside I
 Esty Maison Shinagawa Seaside II
 Esty Maison Shinagawa Seaside III
 Esty Maison Higashi-shinagawa
 Esty Maison Oi Sendaizaka
 Comforia Meguro Chojamaru
 Prime Maison Shirokanedai Tower
 The Park Habio Shinagawa Togoshi
 Residia Higashi-Shinagawa
 OASE Shinagawa Residence
 Park Cube Higashi-Shinagawa
 Castalia Togoshi
 Castalia Nakanobu
 PROUD FLAT Togoshi-Koen
 Residia Minami Shinagawa II
 Residia Tower Meguro Fudomae

Dames Shinagawa Minami-Oi
 Dames Oimachi
 Dames Shinagawa Minami
 Hulic Ebara
 Dames Shinagawa Togoshi II
 Atlas Shinagawa Nakanobu
 Glenpark G-WEST
 Comforia Shinagawa EAST
 PRIME URBAN Oimachi II
 Belle Face Mishuku
 Esty Maison Daizawa
 Comforia Komaba
 Residia Sangenjaya
 The Park Habio Sangenjaya Terrace
 Brilliast Sangenjaya (Ivy Terrace)
 Brilliast Sangenjaya (Blossom Terrace)
 Gardeniere Kinuta Residence
 Gardeniere Kinuta WEST
 Comforia Shimokitazawa
 Belle Face Hongo Yumicho
 Comforia Bunkyo Kasuga
 Park Axis Bunkyo Stage
 Residia Bunkyo Honkomagome
 Residia Ochanomizu
 Residia Bunkyo Otowa
 Residia Bunkyo Otowa II
 Bunkyo Green Court Terrace
 Bunkyo Green Court View Tower Honko
 Hulic Residence Komagome
 Apartments Sendagi
 Comforia Kasuga Tomizaka
 Belle Face Higashi Jujo
 Comforia Takinogawa
 Park Axis Akabane Minami
 Premist Tokyo Oji
 Royal Parks Riverside
 Green Forest Park Arena
 Royal Parks Nishi Arai
 Royal Parks Caesar
 Royal Parks Umejima
 ARTECASA Alivie Ayase
 First Residence Nishi Arai
 Esty Maison Akihabara
 Comforia Asakusabashi
 Park Habio Akihabara

Park Habio Akihabara Est.
 The Park Habio Ueno Residence
 The Park Habio Ueno-okachimachi
 Residia Ueno-okachimachi
 Park Axis Motoasakusa Stage
 Park Cube Ueno
 Castalia Kita Ueno
 Castalia Minowa
 Residia Shin-Okachimachi II
 Comforia Asakusa Matsugaya
 President Iriya
 Blancs Asakusa Kotobuki
 Residia Suginami Honancho
 Royal Parks Ogikubo
 Residia Ogikubo
 In the Park Ogikubo
 The Park House Suginami Wada
 Tokyo Sur House
 TK Denenchofu Ladies Flats
 Belle Face Kamata
 Comforia Nishi-Kamata
 Forecity Shin-Kamata
 Park Axis Kamata Station Gate
 Residia Omori Higashi
 Residia Kamata IV
 Residia Kamata
 Residia Tamagawa
 KDX Residence Yukigaya-Otsuka
 KDX Residence Kamata Minami
 Vauga Corte Nishimagome Azir Court
 Comforia Omori DEUX
 KDX Residence Oyama
 Hilltop Square
 Park Square Narimasu
 THE ITABASHI Terrace
 City Terrace Kaga
 Residia Itabashi
 S-FORT Naka Itabashi
 KDX Residence Naka Itabashi
 KDX Shimurazakaue Residence
 Comforia Oyama
 Residia Tower Kamiikebukuro (Tower)
 Residia Tower Kamiikebukuro (Park)
 ba apartment
 Residia Mejiro

West Park Tower Ikebukuro
 Comforia Higashi Ikebukuro WEST
 The Park Habio Sugamo
 Castalia Otsuka
 Grande Maison Ikebukuro Ichibankan
 Deems Otsuka
 Gala Grandy Ikebukuro II
 Comforia Narimasu
 KDX Residence Kamishakujii II
 The Park House Kamishakujii Residence
 S-FORT Kinshicho
 Residia Kinshicho
 Residia Kinshicho II
 Lexied Ryogoku Ekimae
 Gala City Ryogoku
 Cosmo Grand Place
 Comforia Ryogoku DEUX
 Castalia Arakawa
 Atlas Brands Tower Mikawashima
 Hulic Residence Chofu Shibasaki
 Cosmo The Parks Chofu Tamagawa
 Chofu Tamagawa Garden Fort
 Royal Parks Wakabadai
 City Terrace Akishima
 Royal Parks Hanakoganei
 KDX Residence Tachikawa
 Rimza
 Viegarden The Residences
 Musashino Towers
 PRICE HILL
 The Park House Yokohama Shinkoyasu Garden
 The Park House Yokohama Oguchi
 The Residence Fort Yokohama
 Deems Yokohama Aokicho
 Park Court Yamashita Koen
 KDX Residence Yokohama Kannai
 Pacific Royal Court Minatomirai Ocean Tower
 Pacific Royal Court Minatomirai Urban Tower
 Royal Tower Yokohama Tsurumi
 City Terrace Yokohama South The Garden
 J-Grandia Hiyoshi
 S-FORT Yokohama Aobadai
 Bland's Yokohama
 Blanch City Yokohama Kamioooka
 Park Homes Yokohama Yamata Center Forest

Focus Channel: List of apartments installed (3/3)

Cosmo High Ceresa YOKOHAMAEAST
 Hill Heights Hiyoshi
 Cosmo Sandic Residence Okurayama
 Tokyu Dwell Yokohama Hillside Garden
 Cosmo Hills Isogodai
 Cosmo Kitashin Yokohama Station Front
 Yokohama Koen Dori Ichibankan
 Balm Heights Shin-Yokohama
 The Park House Kohoku Takada
 D'Cladiere Platier
 Excellent City Yokohama Isogo
 Cosmo City Yokohama Ishikawamachi
 Residence the Musashi Kosugi
 Rietcoat Musashi Kosugi The Classy Tower
 Park City Musashi Kosugi Mid-Sky Tower
 Park City Musashi Kosugi The Garden Towers East
 Brillia Musashi Kosugi
 Rietcoat Musashi Kosugi East Tower
 PROUD Tower Musashi Kosugi
 City Tower Musashi Kosugi
 Park City Musashi Kosugi The Garden Towers West
 THE KOSUGI TOWER
 Park City Musashi Kosugi Station Forest Tower
 Park City Musashi Kosugi The Grand Wing Tower
 Kosugi 3rd Avenue The Residence
 Verista Mizonokuchi
 Mizonokuchi Garden Aquas
 Radiant City Mukogaoka Yuen (Italian Town)
 City Terrace Kawasaki Suzukicho Grand Seasons
 City Terrace Kawasaki Suzukicho Gardens
 Cosmo Heim Motosumiyoshi
 Fairlorge Gardens Kawasaki
 RisingPlace Kawasaki Nibankan
 Park Homes Grand First
 Crescent Kawasaki Tower
 Cosmo City Moto Sumiyoshi Garden Fort
 Premist Mizonokuchi
 Inici Mukogaoka Yuen
 KDX Residence Shonandai
 Renai Hon Atsugi
 Musashiurawa SKY&GARDEN
 Park City Saitama Kita Court Residence
 Park City Saitama
 North Pier Kami-ochiai
 Park City Minamiurawa

Comforia Omiya
 Park Homes Shiki Station First
 City Tower Ageo Ekimae
 Comforia Narimasu Greenside
 Bland's Tower Tokorozawa
 FORUS Tower Tokorozawa
 Blands Kawaguchi Saiwai-cho
 Comforia Tanizuka
 Cosmo City Asaka
 Regent Parks Chiba Chuo
 KDX Chiba Chuo Residence
 SEASCAPE Chiba Minato
 Hulic Residence Chiba-Chuo
 Makuhari Garden Fort
 Royal Parks Funabashi
 Grand Noah Yachiyodai
 Solaie Grand Nagareyama Otakanomori
 Refiel Ove Minami Gyotoku Ekimae
 Park City Abiko
 Park Sky Tower Matsudo
 Tiara City
 Grand Marks Higashi-Matsudo
 Park City Tokyo Bay Shin-Urayasu coco
 Deems Urayasu
 Air Residence Shin-Urayasu
 Claire Homes Kashiwanoha
 K-PLACE

Appearances at seminars/ events sponsored by public organizations

AI technology

- **Macnica: Possibilities in Retail for Image Recognition AI** Speaker on Image Recognition AI
- **AI Innovation AWARD2022** “Future envisioned by Smart Cities”
- **HONGO AI 2021** Judge
- **Soft Bank World 2021** Presenter
- **Japan Council of Shopping Centers** Conference
- **JR East** Mobility Transformation Consortium

Urban planning

- **"Roadside Station Murayama" Development Basic Plan Study Citizens' Meeting** Advisor
- **Regional Development College in Otaru** Conference, Thinking about Otaru, a new northern commercial city, based on the Digital Rural City State Concept
- **Muroran City DX Promotion Forum** Panelist, Convenient and comfortable life brought about by digital technology in "Connected Smart City"
- **National Ugoki Statistics Co-creation Idea Contest (Softbank)** Awarded Excellence Prize

Collaboration with academia

- **Aoyama Gakuin University** Special lecture
- **DCON2022 (Technical College Deep Learning Contest)** Review board

Apparel

- **Senken Shinbun** “Fashion DX Day 2021”
- **Ministry of Economy, Trade and Industry** The 5th Study Group on Sustainability in Textile Industry

Others

- **NTT Docomo Ventures** Start-up Academy
- **WIRED STARTUP LOUNGE** "The Art of Innovation -Mirror World"
- **AWS** “Engineers in the cloud era” Panelist and presenter

Membership in many 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



P L A T E A U
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

JCSC
Japan Council of Shopping Centers

Osaka Chamber of Commerce and Industry



Michi-no-Eki



SENDAI BOSAI TECH

Collaboration with corporations

ONE SHIP
SoftBank Business Partner

SoftBank
5G Consortium

MONET CONSORTIUM



NVIDIA METROPOLIS



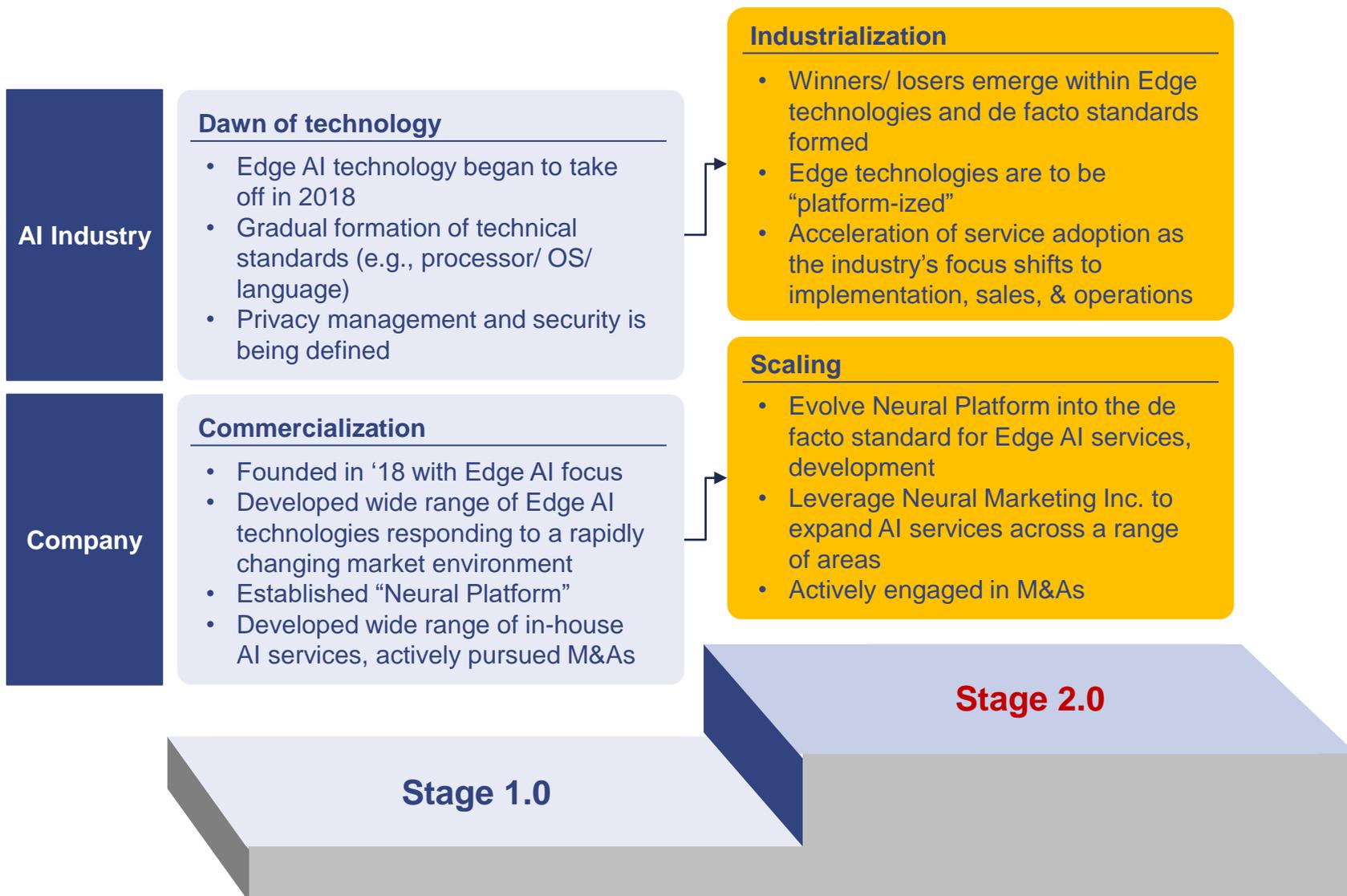
Innovation LAB



AWS Public Sector Startup Ramp

- AI Industry Trend and Company Advantage
- Financial Highlights
- Service Progress
- **Mid-term Growth Strategy**

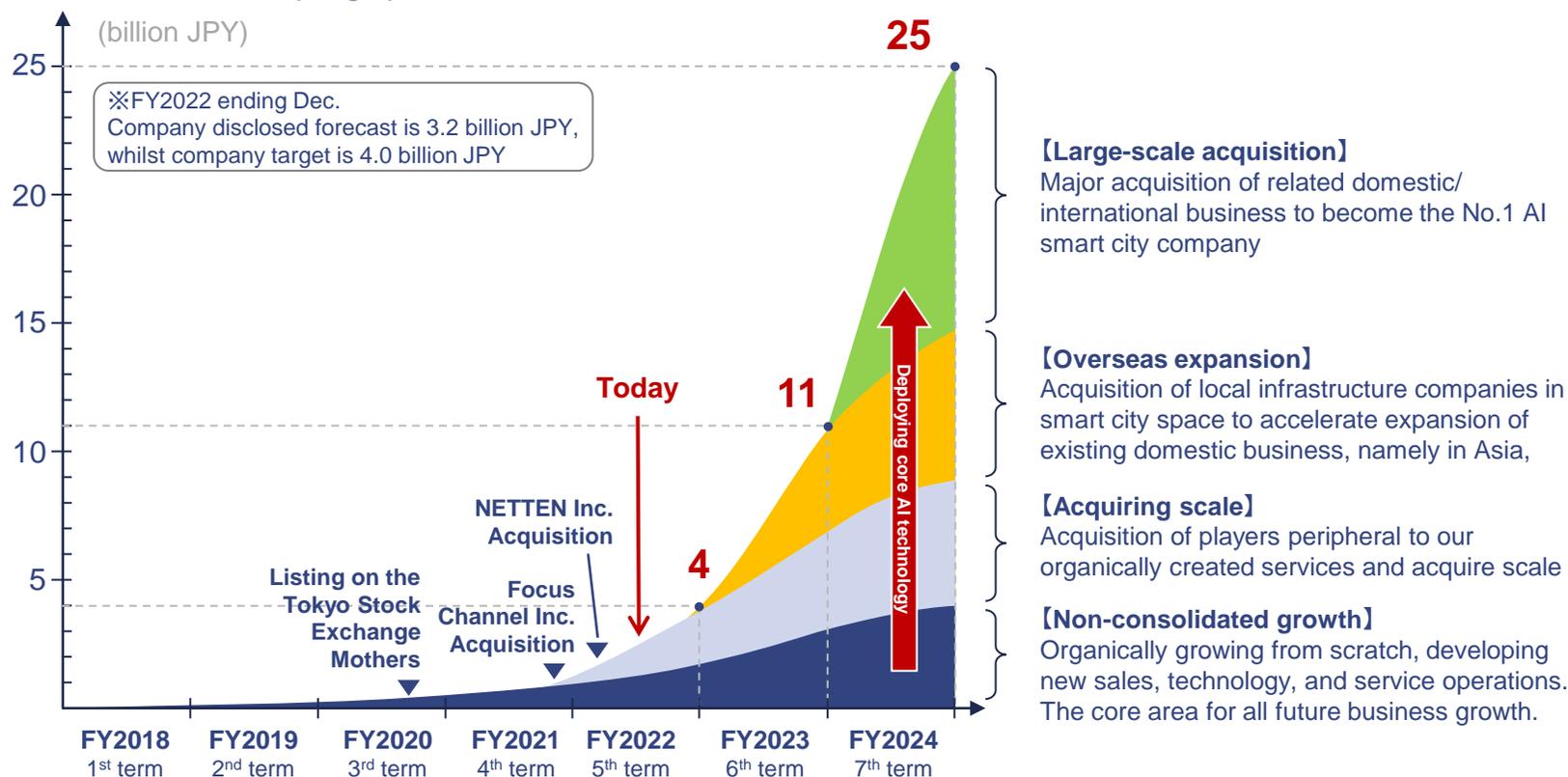
The AI industry is undergoing industrialization, and our company is moving to the next stage



3-year business growth target

 We aim to achieve growth by leveraging our core edge AI technologies and services, and acquiring related services in Japan and overseas. In addition to organic business growth, we plan to execute roughly two M&As per year creating synergies that will contribute to business expansion.

Consolidated net sales (Target)



Company mission

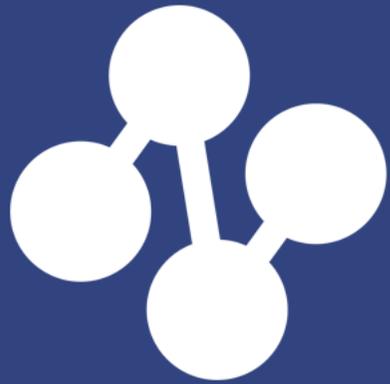
**“Update the world
for a better tomorrow”**



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.



Neural Pocket