



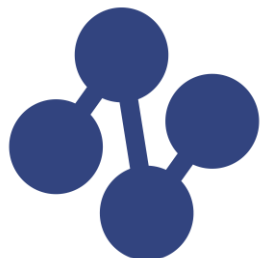
# Neural Pocket

Company growth potential briefing material

Aug 20<sup>th</sup>, 2020

Neural Pocket Inc. (TSE Mothers : 4056)

## Corporate profile



# Neural Pocket

<b>Company name</b>	Neural Pocket Inc.
<b>Founded</b>	Jan 22th, 2018
<b>Members*</b>	34 (20 in R&D)
<b>Location</b>	Tokyo Midtown Hibiya 32F, 1 Chome-1-2, Chiyoda City, Tokyo, JAPAN
<b>Company mission</b>	Update the world for a better tomorrow
<b>Business domain</b>	AI Services for Smart City, Digital Signage Ads, and Fashion Analysis

\* As of June 2020 end



# Developing the Society of Tomorrow through AI Engineering

# VALUE

## Creating an impact

Rather than pursuing "AI development" as a proof of concept, we create "AI services" that contribute to society and deliver a business impact, contributing to the growth of both Neural Pocket and our customers.

## A Never-ending Spirit for Challenge

Neural Pocket is a place where innovation organically grows forth. Developing new ideas daily, everyone proactively engages in discussion. Our employees hold a deep sense of responsibility, and promptly pursue new challenges in order to achieve the desired results.

## A First Class Team

We attract, grow and inspire outstanding human resources. Our team members see leading others to success as part of their own growth, aiding and inspiring growth in each other. Team members engage in frank and open communication based on absolute trust.

## Awareness as Leaders

Each team member acts according to the highest professional and ethical standards.

# Introduction to Neural Pocket

## Business Overview

Offering solutions using **image & video analysis** based on proprietary **AI algorithms** and **edge-computing technology**

### Expertise for both Business × Technology

Business



#### CEO Roi Shigematsu

- Grad School Eng., University of Tokyo
- Former McKinsey partner
- Global leader in McK AI/IoT sector



#### COO Han Zhou

- University of Osaka
- Former McKinsey Japan/China
- Trilingual (Jpn/ Mandarin/ English)



#### CSO, Singapore President Ryo Tane

- Stanford MBA
- McKinsey New York
- Bain Capital, OYO LIFE Tokyo GM

X



#### CTO Yuichi Sasaki

- PhD, Particle physics researcher
- Co-author of Nobel Prize winning research paper at CERN (Switz.)

Technology



#### R&D Exec. Officer Masa Yamamoto

- Tokyo Institute of Technology
- Former Sony hardware & software engineer



#### Advisor Yutaka Matsuo

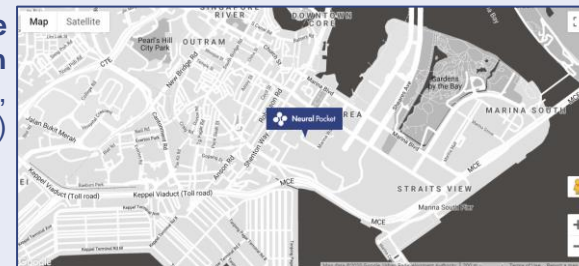
- Professor, The University of Tokyo
- President, Japan Deep Learning Association

### Providing services across Asia



**Tokyo HQ**  
(Japan, China, Global oversight)

**Singapore Branch**  
(SE Asia, Oceania)



Promoting activities in major organizations and complying with strict personal information protection guidelines

**Keidanren**  
Japan Business Federation



(Japan Deep Learning Association)



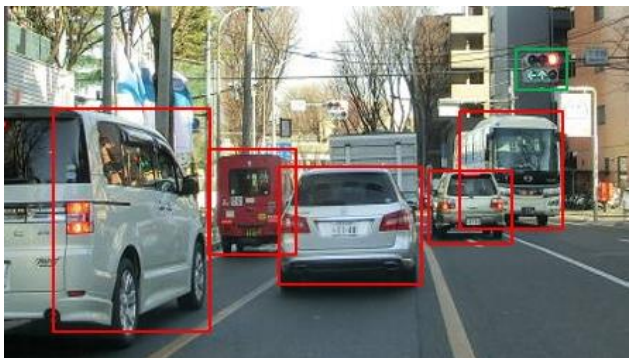
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(Privacy Mark Certified)

# Our proprietary AI libraries – we do not reuse open source AI or APIs

**7 patents approved, 8 more to come (submitted)**

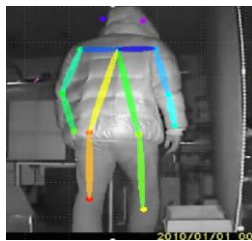
**Mobility AI**



**Age, gender, gaze and group detection**



**Detection from IR camera**



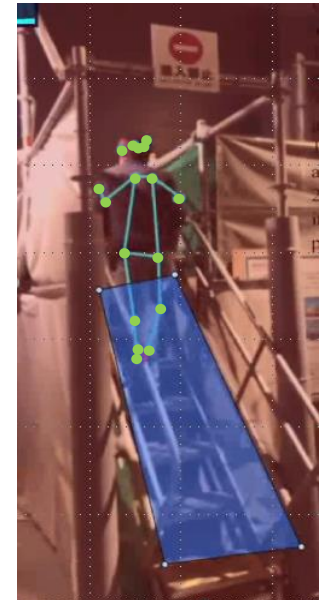
**Fashion analysis**



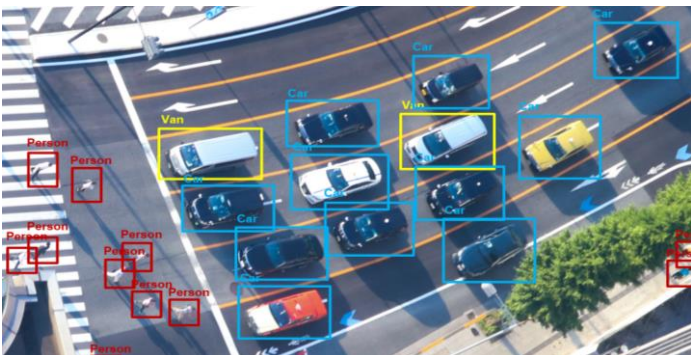
**Safety detection**



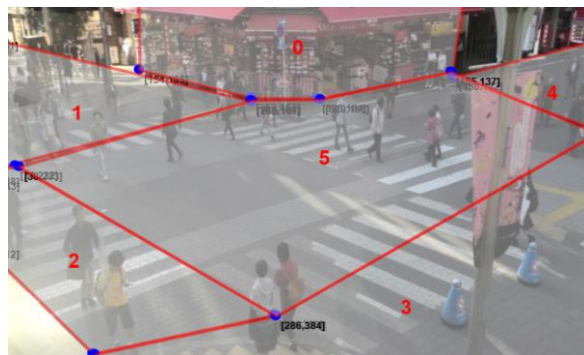
**Entry detection**



**Traffic detection and analysis**



**Flow analysis**

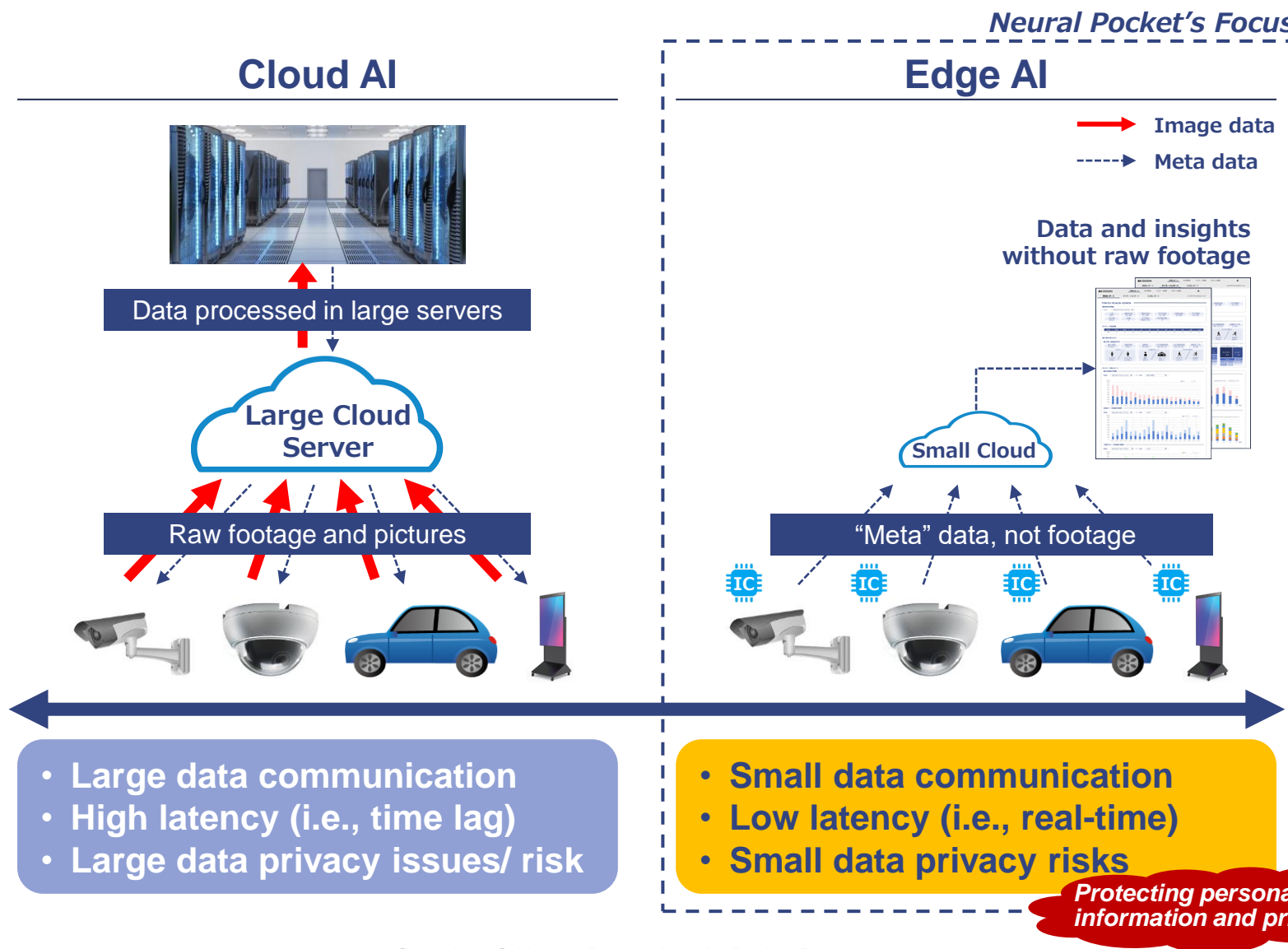


**3D motion detection**



\* As of end of Jun 2020

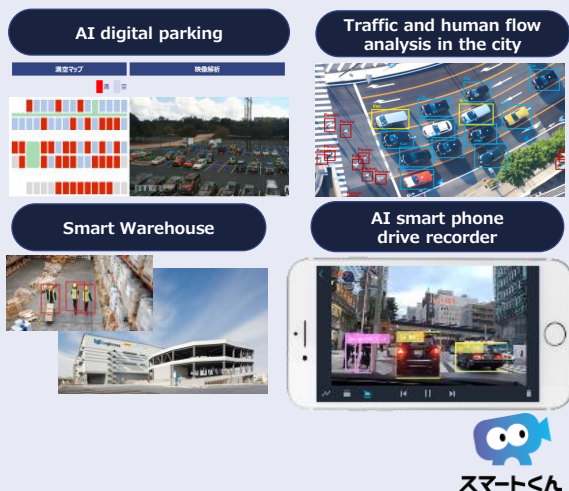
# Edge AI has many technological advantages over Cloud AI, making it an essential tool to accelerate the commercialization of AI



# We proactively discover unmet needs and support blue-chip companies

## Smart City

- Creating added value through the digitization of information and the use of data in various scenes of life in the city
- Provides services such as efficient warehouse management, digital parking lots that allow for real-time management of empty spaces, and AI smart phone drive recorder.



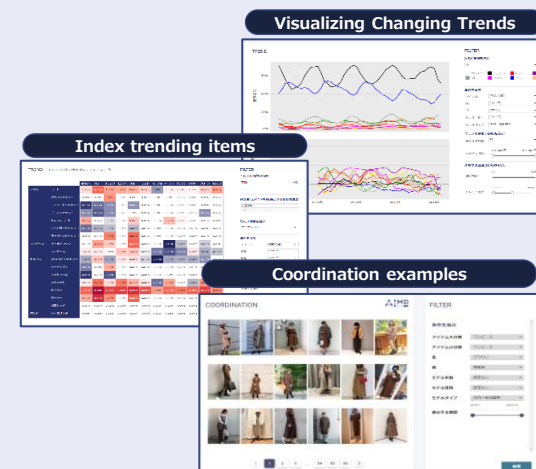
## Digital Signage Ads

- Connecting a small camera equipped on digital signage to an edge device with data communication capabilities, real-time analysis of ad viewing and viewer attributes, without obtaining personal information
- Capturing the needs of consumers and landowners seeking to move away from paper advertising to digital and mobile phone integration



## Fashion Trend Analysis

- Apparel market has shrunk by 27%<sup>※1</sup> over the last 25 years. Demand is difficult to forecast, only 50%<sup>※2</sup> sold at fixed prices (the rest are discounted or discarded). There is strong need for demand forecasting.
- Acquiring over 25 million fashion photos from SNS and has provided information on trends over the past five years.



※1 "Textile whitepaper 1995", "Textile whitepaper 2018" by Yano Research Institute

※2 Article by Masashi Onozuka in Roland Berger, 19 Nov 2019



# Evolving from a business model where sales are proportional to the number of man-hours spent on development

Contract development based on company's apparent needs



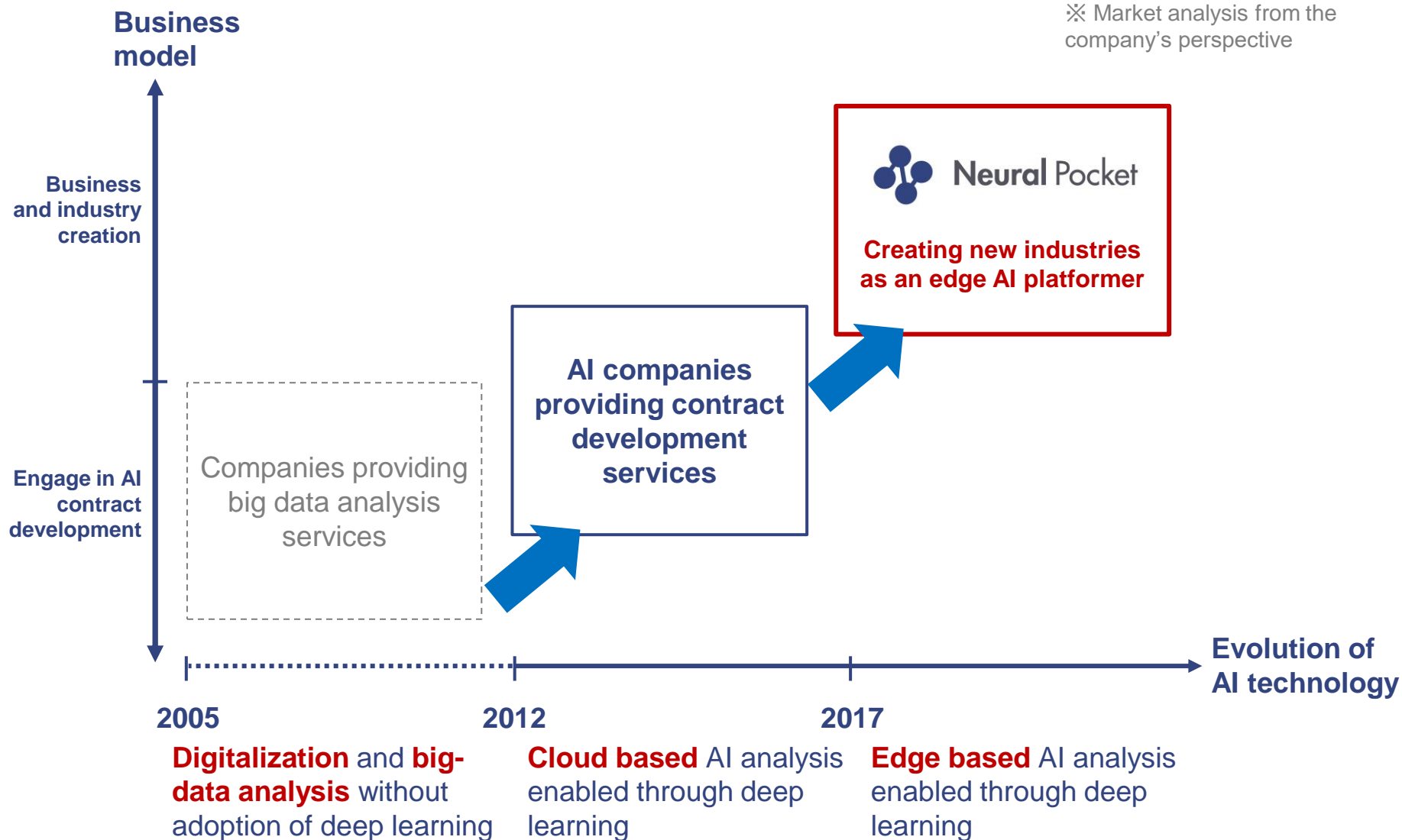
**Our Business Domain**



Advanced business model that allow AI companies to proactively create new businesses by addressing needs that are not apparent

# The traditional AI business model is shifting to a new paradigm

※ Market analysis from the company's perspective

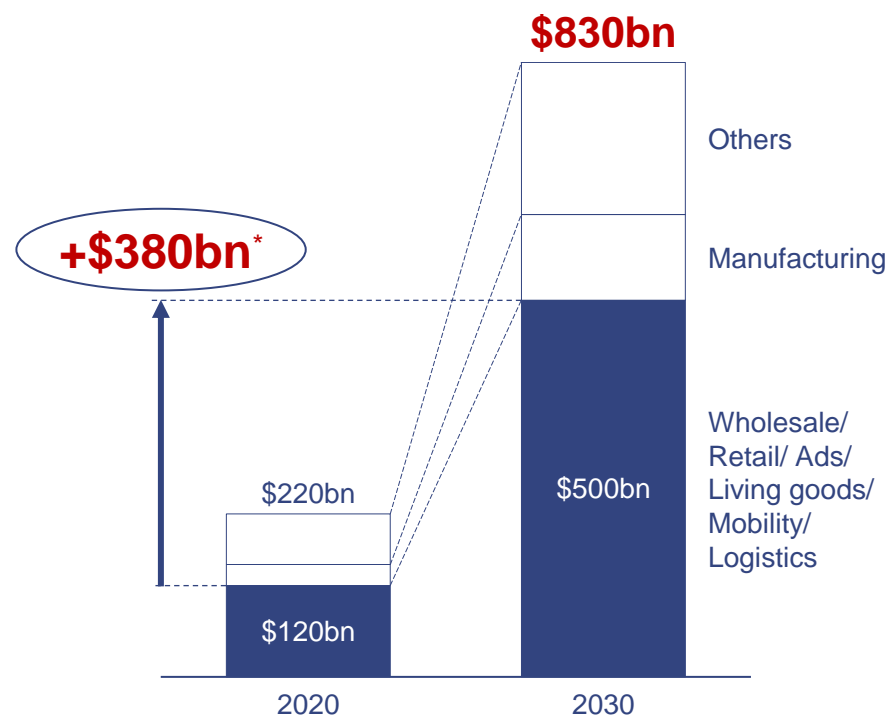


# Market size of both Smart City services and AI Services are expected to grow significantly

## Smart City services market size (Global)

## AI services market size (Global)

Published by:	Market size projection
<b>Allied Market Research</b> Smart Cities Market by Functional Area : Global Opportunity Analysis and Industry Forecast, 2018 – 2025	<b>\$2.4tr</b> in 2025
<b>Mordor Intelligence</b> Smart Cities Market - Growth, Trends, and Forecast (2020 - 2025)	<b>\$1.7tr</b> in 2025
<b>IMARC</b> Smart Cities Market: Global Industry Trends, Share, Size, Growth, Opportunity and Forecast 2020-2025	<b>\$960bn</b> in 2025
<b>Markets And Markets</b> Smart Cities Market by Smart Transportation, Smart Buildings, Smart Utilities, Smart Citizen Services And Region - Global Forecast to 2023	<b>\$720bn</b> in 2023

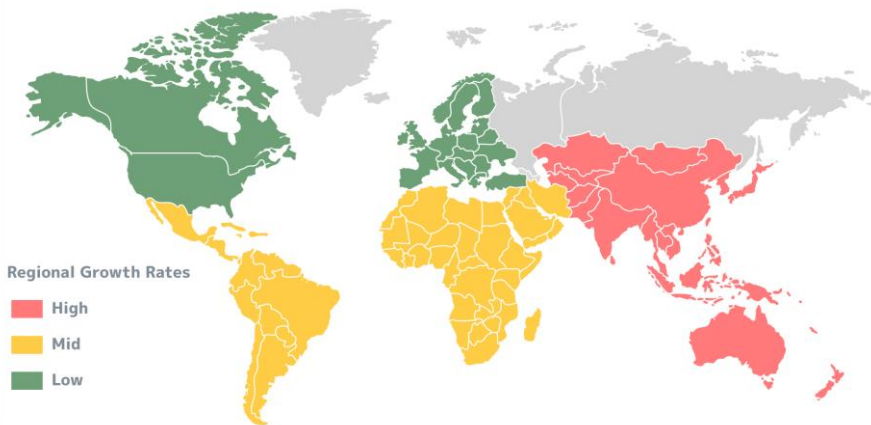


\* 1 USD = 105 JPY

Source : Ernst & Young Institute 「人工知能が経営にもたらす『創造』と『破壊』」

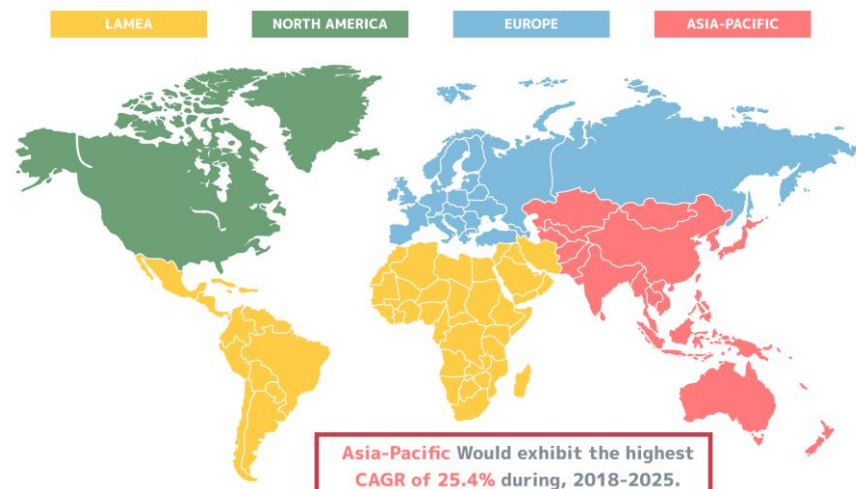
# ASEAN and OCEANIA are exhibiting the highest growth in both the Smart City, and AI image recognition markets

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



Source: Mordor Intelligence

**Global Image Recognition Market**



Source: Allied Market Research

## Key figures illustrating business profitability and performance

Revenue growth<sup>\*1</sup>

**+417%**

(FY2019/12 actual)

Global associated sales  
ratio<sup>\*2</sup>

**10.7%**

(FY2020/12 2nd quarter actual)

Gross margin<sup>3</sup>

**93.1%**

(FY2020/12 2nd quarter actual)

Inventory

**None**

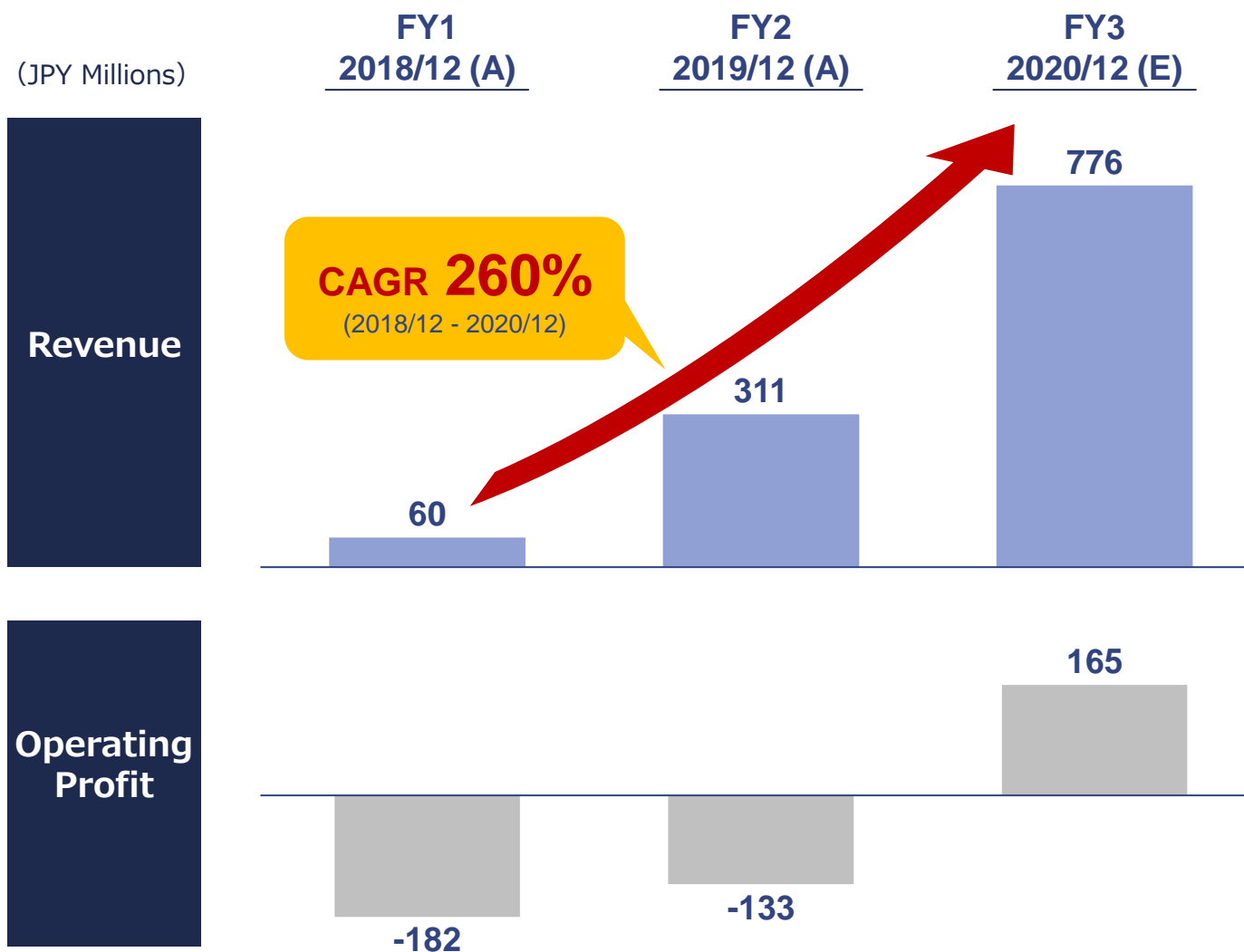
(FY2020/12 2nd quarter actual)

\*1 The Company was founded on January 22, 2018. Growth rate compared to sales of 60.2 million for the year ended December 31, 2018 and 311.4 million for the year ended December 31, 2019

\*2 34.8 million yen in transactions where end customer is an overseas company out of 327.1 million yen total sales for the second quarter of FY Dec 2020

\*3 Calculated by dividing gross profit of 304.6 million yen by net sales of 327.1 million yen for the second quarter of FY Dec 2020

# Rapid growth in both revenue and profit



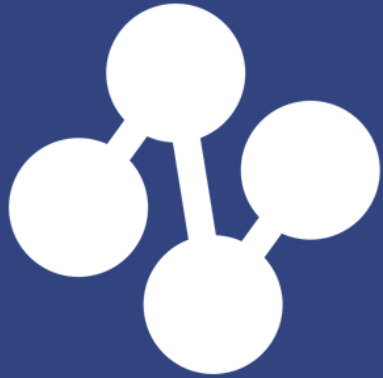
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**Neural Pocket**