

Update the world for a better tomorrow



Financial Results Briefing Material, FY2024

December 31, 2024

Neural Group Inc.
February 14, 2025

FY2024 ending Dec. (7th term) full year financial results and strategic highlights

Achievements and key results

- In FY2024, we achieved revenue of 3,564 million JPY (up 12.2%, YoY) and operating profit of 35 million JPY (an improvement of 694 million JPY, YoY). With the completion of our proprietary AI service in FY2023, we returned to profitability and were able to increase both revenue and profits simultaneously in FY2024. In the fourth quarter, we recorded its highest-ever quarterly revenue (995 million JPY) and operating profit (117 million JPY, with an operating margin of 11.8%) since its establishment.
- Throughout the year, we promoted the expansion of service sales while successfully optimizing service provision costs across all aspects of sales promotion, development, and operations, which are necessary to expand sales of our proprietary AI services. As a result, we achieved the monetization of our AI service sales. Additionally, we established a scalable business model in which sales expansion is directly linked to revenue growth, positioning ourselves for further scaling in the future.

Business plan and strategies for FY2025

- For FY2025, we plan full-year revenue of 3.7 billion JPY (+3.8%, YoY), operating profit of 160 million JPY (+124 million JPY, YoY), and net income of 40 million JPY (+100 million JPY, YoY). We aim to strengthen our ability to scale services and generate net income for the full year.

- **Company profile and strength**
- FY2024 highlights
- FY2025 growth themes

Introduction to Neural Group Inc.

Company Profile

Company Name : Neural Group Inc.

Established : January 22, 2018

IPO : August 20, 2020 (TSE Growth : 4056)

Business Description : Developing AI services based on image and video analysis using proprietary AI algorithms and terminal processing technology.

Headquarter : Tokyo Midtown Hibiya 32F, 1-1-2 Yurakucho, Chiyoda-ku, Tokyo

Subsidiaries: Neural Marketing Inc.
Neural Engineering Inc.
Neural Group Thailand. ,Ltd

Branch locations : Tokyo, Osaka, Sapporo, Sendai, Nagoya, Takamatsu, and Hiroshima, Fukuoka, Bangkok

Number of employees : 251 (consolidated, as of December 31, 2024)

Membership and associations :

Japan Deep Learning Association (JDLA)
Nippon Keidanren (Japan Business Federation)
Satellite Earth Observation Consortium
Forum for the Promotion of MaaS Social Implementation
Japan Logistics Systems Association All Japan Parking Association
Osaka Chamber of Commerce and Industry
Osaka Smart City Partners Forum, etc.

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 edge 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.

Management team



Roi Shigematsu, Founder & CEO

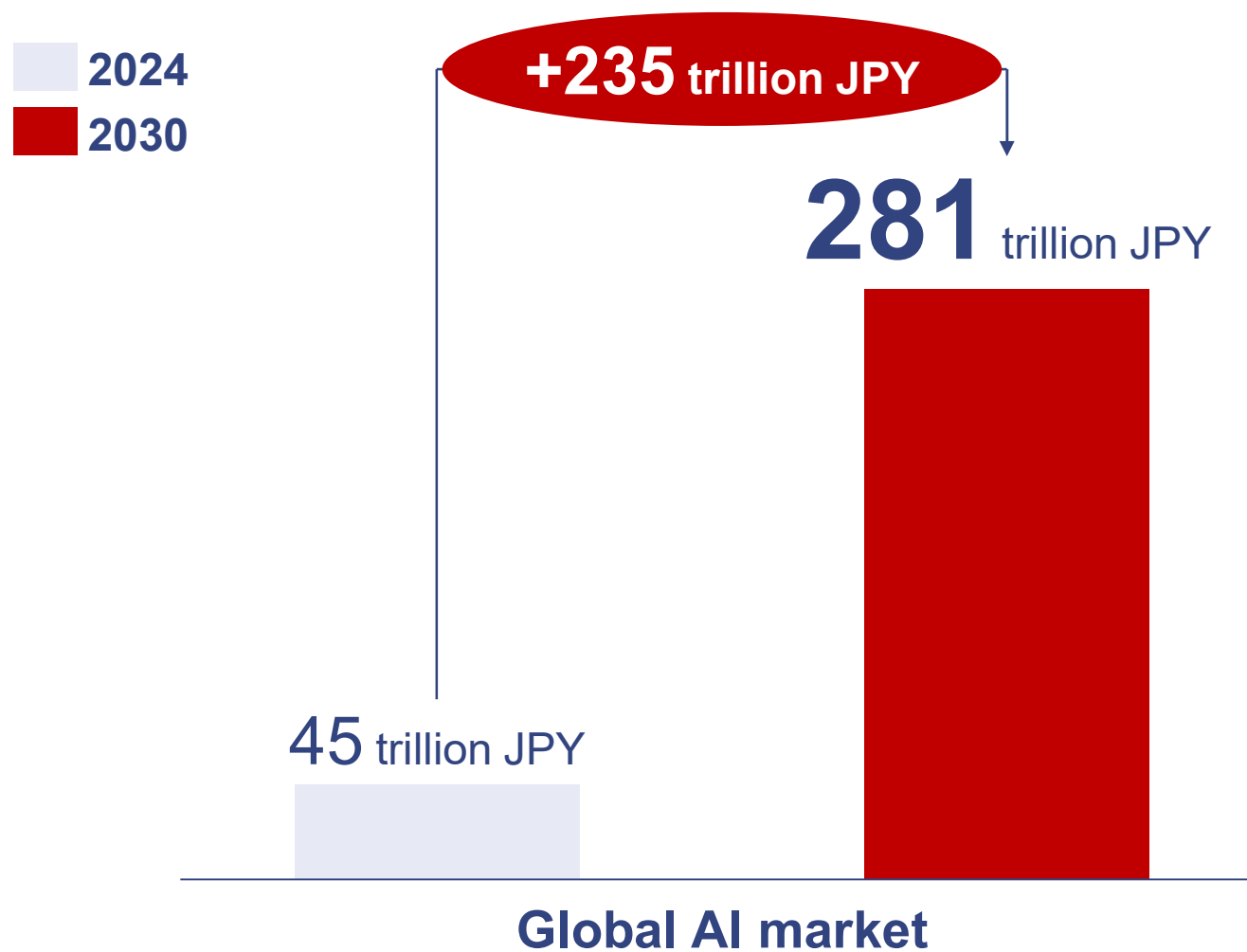
- Partner at McKinsey & Company.
- Led private equity investments at Bain Capital.
- Member of "Advisory Board, Faculty of Engineering", Graduate School of Engineering, The University of Tokyo (current),
- Member of Keizai Doyukai (Japan Association of Corporate Executives)
- M.S. (Engineering), The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



Yutaka Matsuo, Advisor

- 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

AI industry is expected to grow to an overwhelming market size.



*1 Statista Japan, 2021 Global Artificial Intelligence (AI) Market Size and Forecast to 2030 (May 2024 issue)
The market size is estimated at an exchange rate of 152 JPY to the dollar.

We develop proprietary AI libraries and edge AI technologies.

People attribute analysis

Gender/ age estimation



Facial expression, emotion analysis



Voice/ emotion analysis



Edge AI

Edge AI



Edge security



Ad delivery optimization



Vehicle analysis

Traffic Analysis



Parking occupancy



License plate detection



Generative AI

Character



Manga



Photo



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 have the capability to generate illustrations and animations in-house, enhancing the quality of our services.

Photo Generation



Manga generation



AI-powered web page



Illustration generation for advertising



We provide a variety of our proprietary AI services.

Edge AI Camera



SaaS-based AI solution for supporting 1-on-1 meetings

1-on-1 support services to strengthen bonds



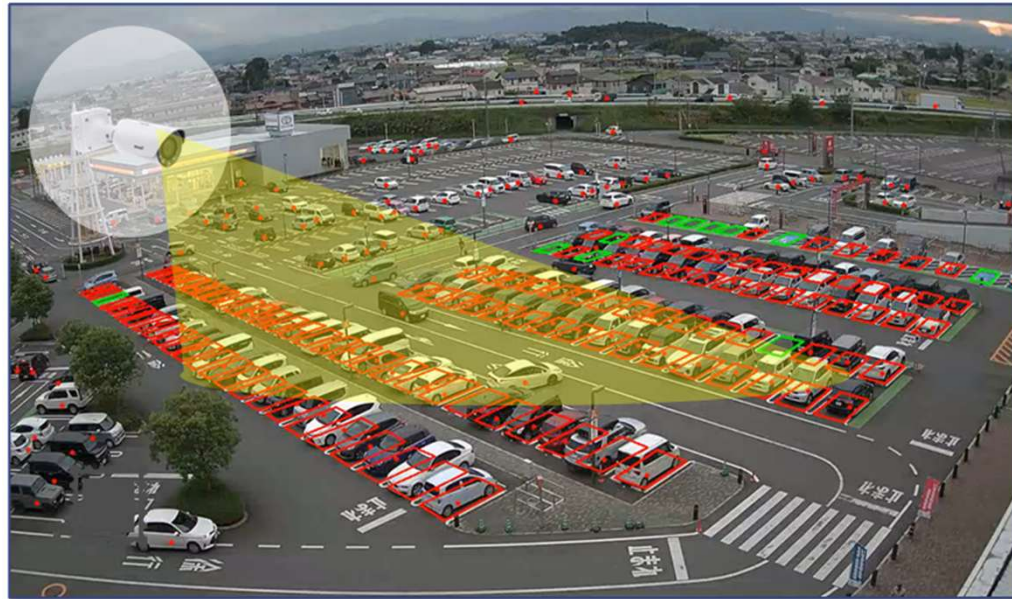
Large-scale LED screen for broadcasting advertisements



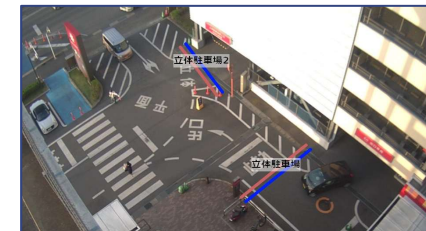
Connected and AI-enabled signage system for apartments



Providing services for smart city development using AI cameras.

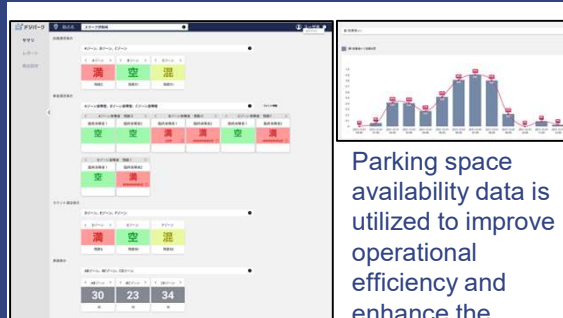


For outdoor flat parking lots, a single camera can capture over 100 parking spaces.



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

1 Real-time availability management system for facility managers.



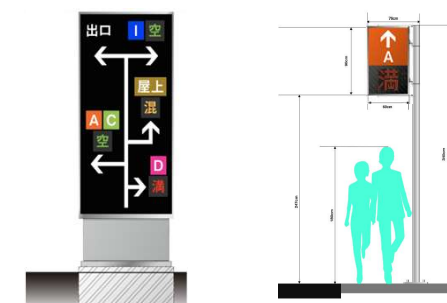
Parking space availability data is utilized to improve operational efficiency and enhance the customer experience.

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.

Providing services for smart city development using AI cameras.

AI reads license plates as vehicles pass the detection line.



AI recognition to acquire the following info.

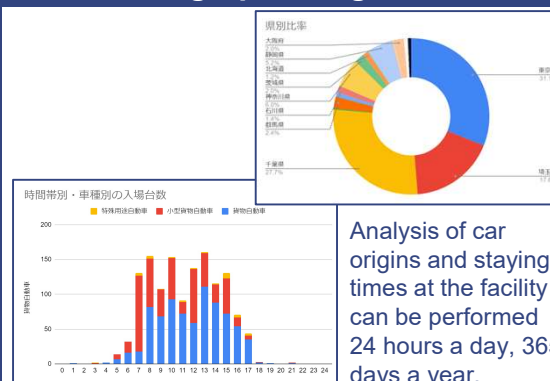
- registry office
- class number
- Hiragana
- four-digit number
- Device Camera ID
- vehicle passing time
- Vehicle passing direction

1 Web UI for integrating data with external services.



Data linkage with external systems is possible

2 Analyze vehicle behavior by demographic segments.



3 Automatic notification for registered vehicles.



DigiPark is Recognized as an essential service for enhancing customer experience in commercial facilities.



As the leader in charge of open innovation, I am responsible for identifying on-site needs and introducing appropriate startups to meet those needs.

Tokyo Tatemono Co., Ltd.
New Business Development Department
Business Development Group, Section Chief
Mr. Furusawa

Is the effect of introducing DigiPark meeting expectations, and is it expected to continue delivering positive results in the future?



Above: LED signage image
Below: Parking guidance

Yes, indeed. At shopping centers, customers often try to park as close as possible to the facilities, which can lead to congestion in certain areas of the parking lot. As a result, traffic flow within the parking area becomes uneven, causing congestion and other problems.

By introducing DigiPark, we have enabled incoming vehicles to move smoothly to vacant spaces. Thanks to the LED signage showing vacancy information, it has become easier for customers to see where spaces are available at a glance. We have received positive feedback that customers can now intuitively and quickly understand where to park.

Because DigiPark enables stress-free and smooth parking, we believe it contributes not only to a more pleasant shopping experience but also to increased sales by encouraging customers to start shopping in a better mood.

Not only are you guiding customers, but you are also able to collect data on parking lot usage. What are your thoughts on how to utilize this data?



Above: Dashboard image
Below: Report screen image

Previously, parking lot conditions were understood based on intuition, without concrete data. Now that we can grasp the situation quantitatively, I believe it is extremely important. The DigiPark management dashboard allows us to instantly see the occupancy status by area and time. We plan to continue using this to compare current conditions against benchmarks and take action when necessary.

For example, if during events we notice a tendency for parking usage to differ from normal patterns, we can use the data to determine whether adjusting the patrol routes of staff responsible for customer guidance would improve operational efficiency. I believe having access to this kind of information will be a great advantage in making decisions.

Furthermore, rather than just using the data reactively after problems arise, I think that by constantly monitoring daily changes in parking usage, facilities can develop a habit of noticing new insights, leading to a positive cycle of continuous improvement.

Offering outdoor digital signage services across the country, powered by AI content generation and animation technology.

NeuralVision

Example: BiVi Vision Sendai, a large LED vision system at BiVi Sendai Station East Exit, an urban commercial facility adjacent to JR Sendai Station.



Our media reps partners

dentsu • **HAKUHODO** •
東北博報堂

ADK **jekí**

河北新報社

tbc
東北放送

ic|||co
株式会社 第一広告社

Our of Ads sponsors

BIO
CLINIC

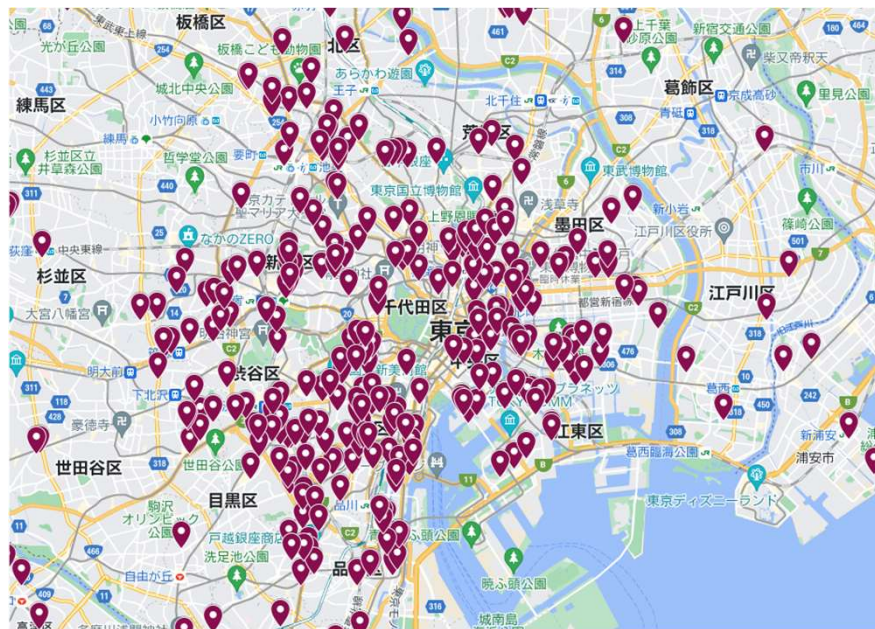
Human
Wave
ヒューマン ウェーブ

M
MARUHAN

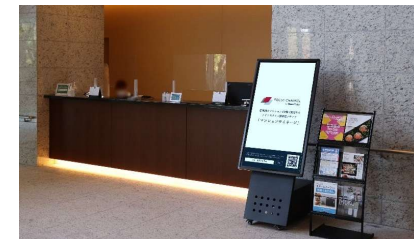
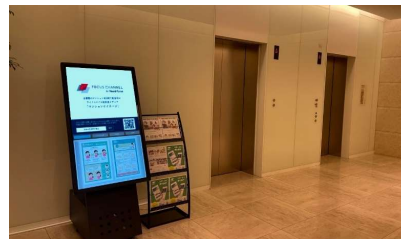
Neural Vision has received recognition and a letter of appreciation from the Miyagi Prefectural Police for its contributions to the community through large outdoor advertising displays.



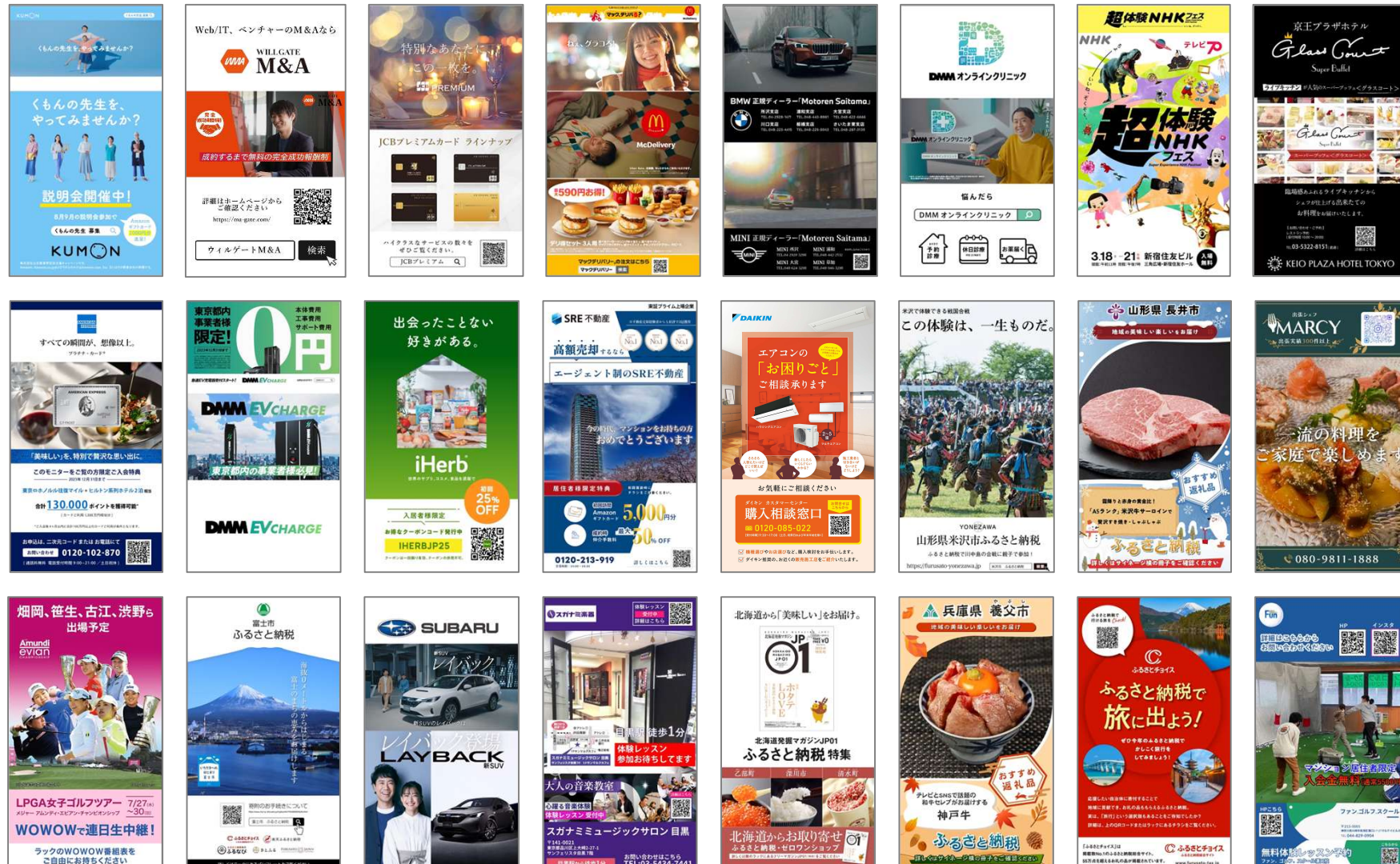
We are operating "Focus Channel," a condominium signage media network that connects with over 200,000 affluent individuals.



- Extensive daily impressions from residents.
- Strategically located in essential daily routes, delivering repeated exposure to all residents, with viewing analysis conducted by an integrated AI camera.
- Focused on high-grade condominiums where many affluent individuals reside.



Proven Track Record in Advertising – Showcasing a wide range of commercial products, from major corporations to local businesses.



Focus Channel is highly regarded for its precise delivery of information directly to consumers.



We recognized the impact of targeting the affluent demographic. Compared to other advertisements, the cost per donation increased significantly.



Focus Channel helped us successfully expand our reputation in Tokyo by directly appealing to our target audience through region-specific advertising.



As a community-based clinic, we advertise through Focus Channel to deliver information directly to local residents.

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

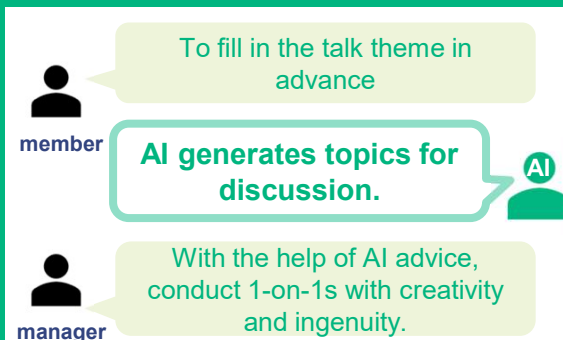
KizunaNavi uses state-of-the-art AI analysis technology to improve the quality of 1-on-1 meetings.

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

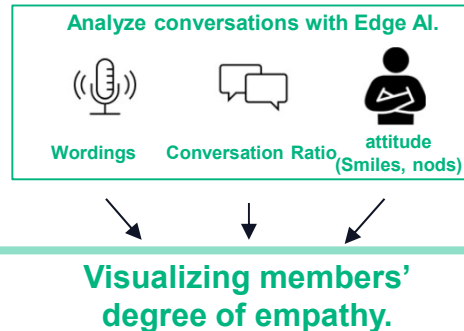
Examples of Customers



AI-generated advice on discussion topics.



Improving managers' interviewing skills.



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.



As new ways of working become more widespread across society, improving engagement through 1-on-1s is becoming increasingly important.

Employee dissatisfaction with the workplace.

Workplace Dissatisfaction Ranking — Survey of 500 Men and Women —

Dissatisfaction with the Workplace
(Unit: People)

Rank	Dissatisfaction	Number of People
1st	Poor human relationships and bad atmosphere	147
2nd	Low income	85
3rd	Dissatisfaction with working hours and days off	63

Challenges in improving
communication and
work-life balance.

Changes in employee work ethic.

young employees

1. Greater motivation for **personal growth**
2. Stronger sense of **independence**
3. Increased demand for **flexibility**

mid-level employees

1. Gradual increase in **mid-career hires**.
2. **Reskilling** is becoming more important.

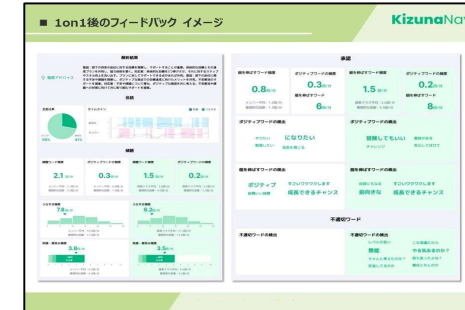
1-on-1 communication
is becoming increasingly
important.

Biz Hitz Corporation [Rankings of workplace dissatisfaction] Survey of 500 men and women (May 2024)
Persol Research Institute [Employment and growth fixed-point survey of 10,000 workers] (August 2022)

Recognized as an essential service for driving the continued strengthening of organizational capabilities



Kokuyo Corporation
Corporate Planning Division
Innovation Center
OPEN LAB. group leader
Mr. Kohei Shimakura



Q: Please tell us about the background of your company's efforts to implement 1-on-1 meetings.

A: In 2023, we launched an initiative to improve management by enhancing the quality of communication within the company, aiming to improve labor productivity. To promote this, we felt it was necessary to establish a system that would allow communication to flow not just top-down but also bottom-up and horizontally. That's why we focused on implementing 1-on-1 meetings. Through 1-on-1 meetings, we expected to strengthen relationships between managers and team members, support employee growth, and promote career development, so we decided to introduce it.

Were there any challenges you noticed with 1-on-1 meetings before using KizunaNavi?

Honestly, 1-on-1 meetings were not functioning effectively. In some departments, the meetings were held just for formality without genuine engagement. We struggled to figure out how to ensure meaningful communication between managers and their teams.

What led you to decide to adopt KizunaNavi?

We were attracted to features like "allowing team members to submit talking points in advance" and "providing managers with advice based on those points." We felt that by structuring the system, 1-on-1 meetings could become more efficient and meaningful, leading us to adopt KizunaNavi.

Were there any features you found particularly helpful during implementation?

The feedback feature that is sent after 1-on-1 meetings was very useful! It made it easy to quickly act on discussions right after the meeting. Even those who were using KizunaNavi for the first time found it intuitive. Thanks to the feedback system, team members became more aware of the need for proactive change, and meetings naturally became more productive.

How did the introduction of KizunaNavi change your organization?

By encouraging proactive efforts toward 1-on-1 meetings, members' initiative and the quality of manager-subordinate relationships clearly improved! Before implementing KizunaNavi, we conducted a survey to measure the effectiveness of our 1-on-1 efforts. About 90% of respondents indicated that KizunaNavi helped them engage more meaningfully in 1-on-1s. Managers reported a 1.5x improvement in the ease of progressing discussions, and a 1.2x increase in members' perceived ownership over their work. Over 80% of departments reported improved manager responsiveness and better relationships.

What are your expectations for KizunaNavi in the future?

KizunaNavi's ability to collect and analyze various types of data is very powerful. For example, by linking with HR systems, it could offer new insights, such as correlations between engagement scores and performance. We also hope that even as remote work becomes more normalized, KizunaNavi will help support real-time team management, including in hybrid work environments.

Expanding AI-driven web businesses with ChatGPT.

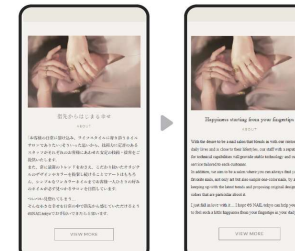
Generative Web powered by ChatGPT



Feature 1 Automatic Blog Generation



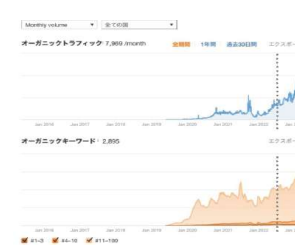
Feature 2 Multilingual Conversion



Function 3: Word-of-mouth auto-reply



Feature 4 SEO Automation



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

Residential

Office Buildings

Parking Lots

Soccer Stadiums

Sports Facilities

Expressways

Airports

Post Offices

Parks

Roadside Stations

City Halls

Police Stations

public

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

Smart City related

 Ministry of Internal Affairs and Communications, JAPAN MIC Japan Platform for Driving Digital Development: JPD3	 Ministry of Land, Infrastructure, Transport and Tourism Smart City Public-Private Partnership Platform  PLATEAU by MLIT	 TOKYO METROPOLITAN GOVERNMENT TDPF Tokyo Data Platform Kamakura City Smart City Public Private Sector Research Association MaaS Social Implementation Promotion Forum
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Industry groups

Keidanren
Japan Business Federation

 **Japan Deep Learning Association**

 **OCCI** The Osaka Chamber of Commerce and Industry

 **JCSC**
Japan Council of Shopping Centers



Michi-no-Eki



SENDAI BOSAI TECH

 **General Incorporated Association Japan Parking Association**



Public-Service Corporation
JAPAN INSTITUTE OF LOGISTICS SYSTEMS

 **&LOGI Solution**

Collaboration with corporations

 **MONET CONSORTIUM**

 **NTT PC COMMUNICATIONS**
Innovation LAB

 **NVIDIA**
NVIDIA METROPOLIS

 **aws**
Startup Ramp
Member

Contributing to the spread and advancement of AI technology through collaboration with local governments and private companies

AI Technology

- **G7 Gunma-Takasaki Ministerial Meeting on Digital and Technology** Corporate Exhibition for Ministers
- Appearance at **public-private partnership conference for overseas expansion of startups**, co-hosted by METI and Keidanren
- Participated in **"Advantech AI Solution Day"** hosted by Advantech Corporation
- Participated in **"AI Expo Spring 2024"** hosted by iSmiley
- Exhibit at **Cyber Security Convention 2023** hosted by the Korean government
- Appointed as an expert advisor to the **Tokyo Data Platform Council**
- **AWS Japan "AWS Seminar for IoT Engineers"** and others **"How to create services using IoT Core"**
- Received **"Contribution Award"** from **Japan Deep Learning Association (JDLA)**

town planning

- Contributed to **"Parking Now,"** the official magazine of the **All Japan Parking Association**
- **Parking Reform Promotion Council** Speaker
- Participated in a **seminar sponsored by LOGISTICS TODAY**
- **Co-hosted by Kiramboshi Bank and Tokyo Ryutsu Center, Kiramboshi Pitch Special Edition - Logistics Tech -** Appearance on stage
- Participated in the **39th SC Business Meeting "AI Application in Commercial Facilities"**
- Panelist, **Muroran City DX Promotion Forum "Connected Smart City"** for convenient and comfortable life brought about by digital technology
- Advisor, **Citizens' Council for the Basic Plan of the New "Roadside Station Murayama" Development**

Collaboration with Academic Fields

- Appeared at a **seminar on the use of the Kashiwanoha Urban Design Center for urban planning workshops with citizens**, hosted by the **University of Tokyo's Center for Future Vision Research**.
- **Taisho University "How AI Image Analysis is Used in Society"** Guest Lecturer
- **Thailand Bangkok National College of Technology "KOSEN-KMITL"** Regular lectures based on the cooperative agreement

Overseas Business

- Participated in **"Zest Thailand 2023"** co-sponsored by the **Government of Thailand and PTT Group**

Other

- Won **Good Design Award 2023** for **"Digipark,"** an AI image analysis solution for understanding parking lot fullness and vacancy
- **Deloitte Tohmatsu Technology Company Growth Rate Ranking 2023 Japan Technology Fast 50**

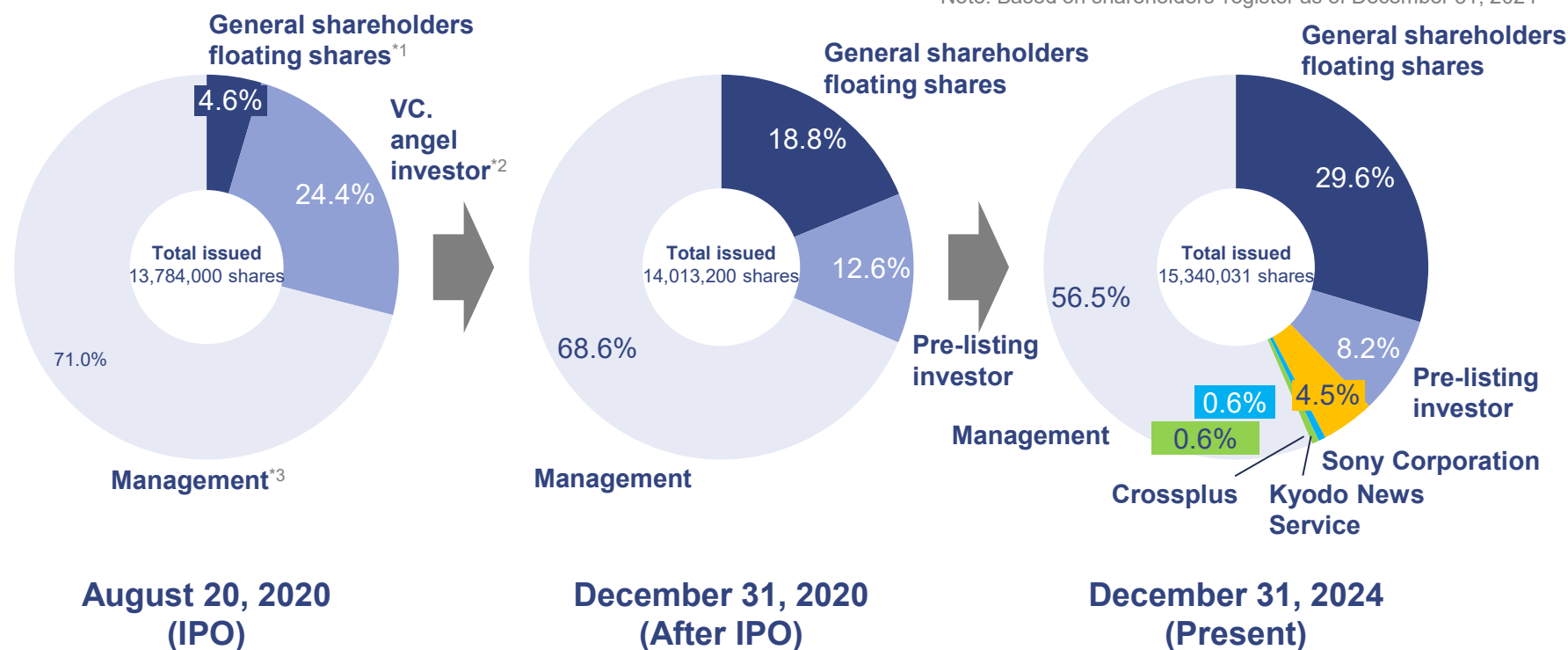


Capital alliances with major operating companies have been formed to create business synergies.

	Sony Corporation	Kyodo News	Cross Plus Inc.
Tie-up Announcement	April 2023	December 2023	December 2023
Details of Cooperation	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • Subsidiary Kyodo News Digital is Japan's largest provider of digital signage content • Promote collaboration in services and advertising media utilizing signage 	<ul style="list-style-type: none"> • 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.

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

Note: Based on shareholders' register as of December 31, 2024



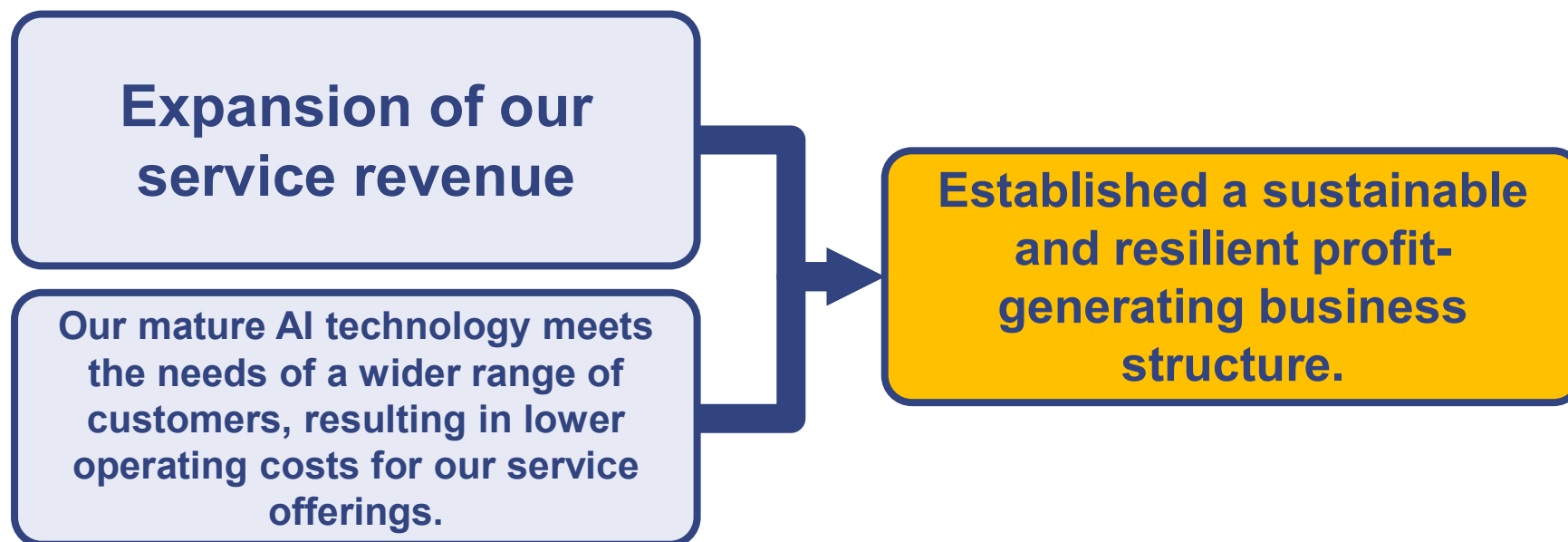
^{*1} Calculated based on the total number of 415,000 shares offered and 215,800 shares sold (including over-allotment) as well as the number of shares sold by shareholders, management and others since before the listing, which accounted for 13,784,000 shares of the total number of shares issued as of 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

- Company profile and strength
- **FY2024 highlights**
- FY2025 growth themes

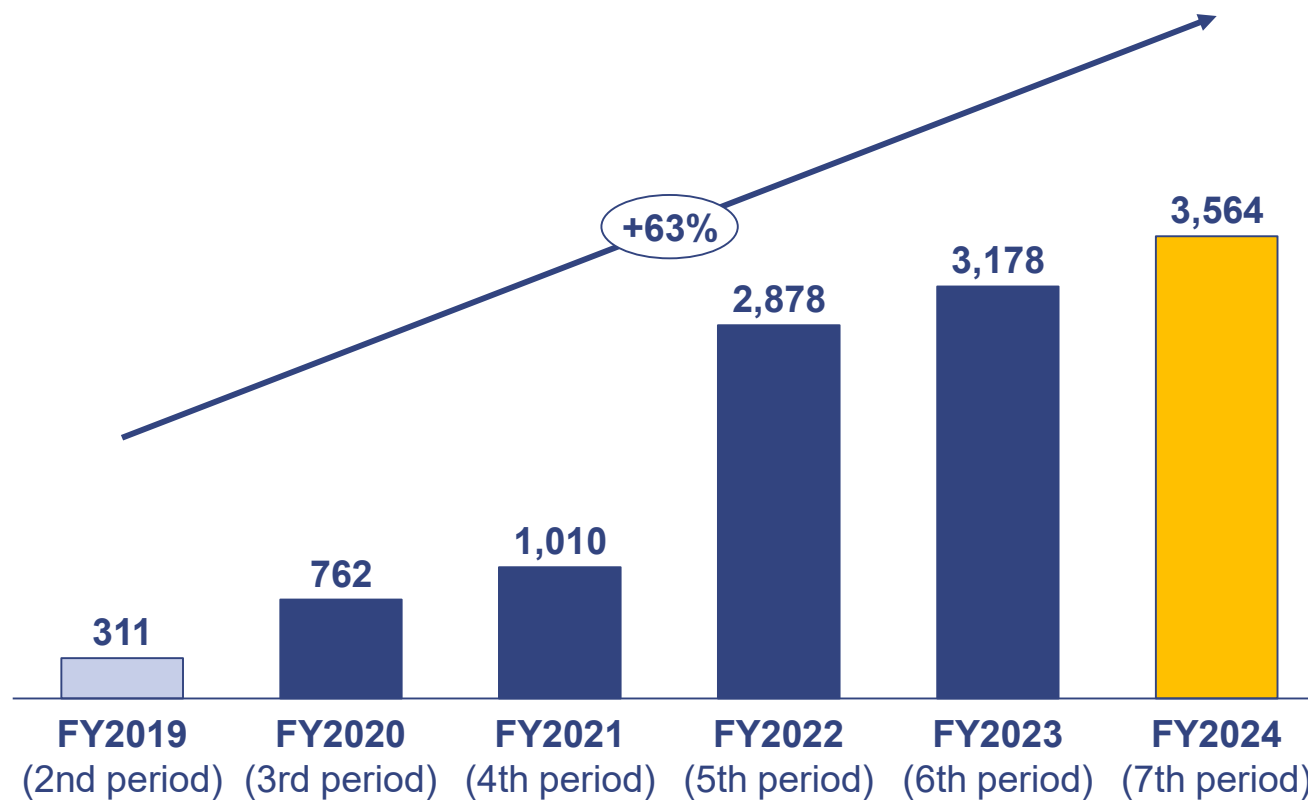
In FY2024, we successfully established a sustainable and resilient profit-generating business structure.



- In the fiscal year ending December 2024, while driving the expansion of service sales, we also successfully optimized service delivery costs across all areas — sales, development, and operations — necessary for the broader deployment of our proprietary AI services.
- As a result, we have successfully monetized our proprietary AI service sales. Furthermore, we have established a scalable business model in which sales growth is directly linked to revenue growth, paving the way for further expansion in the future.

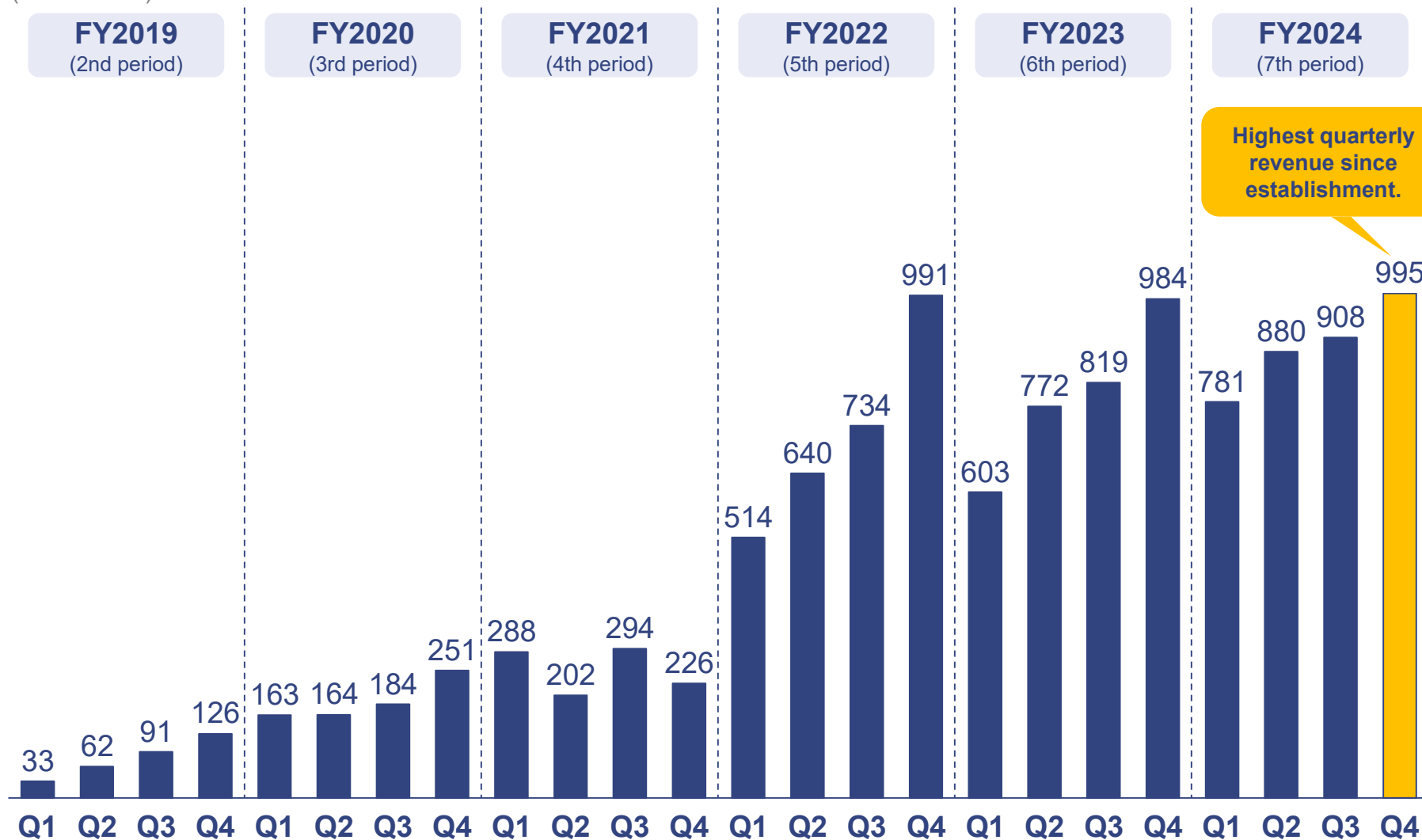
Historical revenue performance

(JPY Millions)



Quarterly revenue

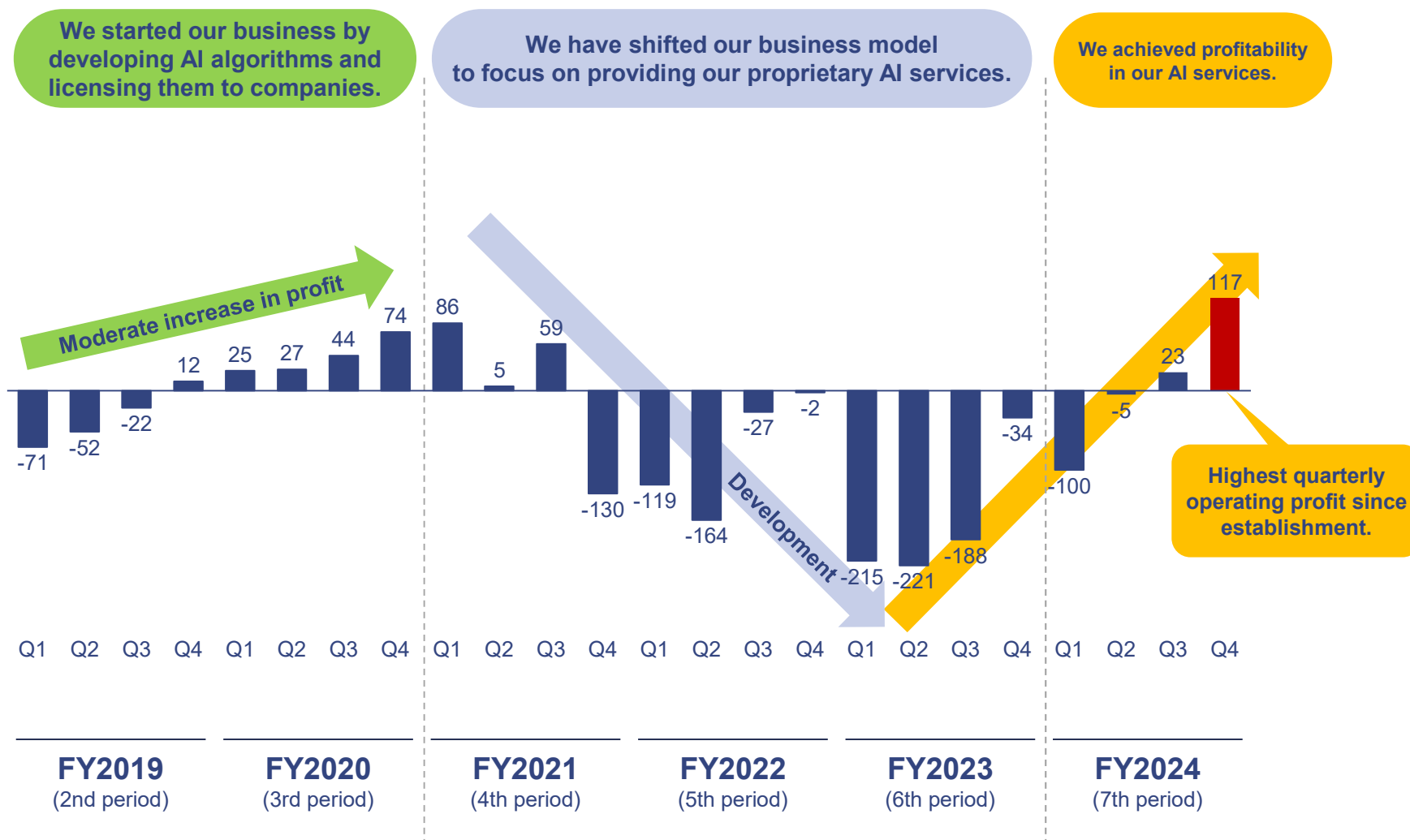
(JPY Millions)



Highest quarterly revenue since establishment.

Evolution of our business models and quarterly operating profit track record.

(JPY Millions)

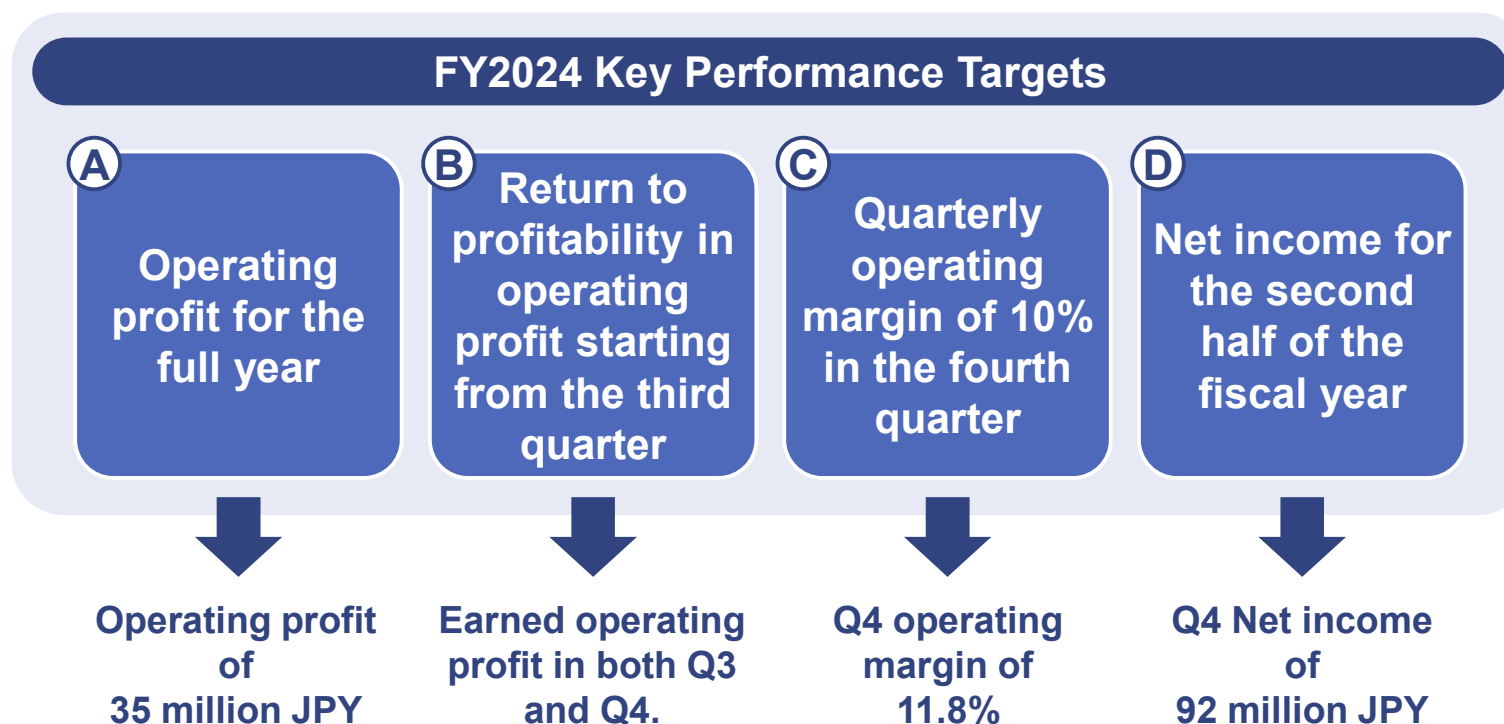


Consolidated financial results for the FY ended December 31, 2024

(JPY Millions)	FY2023 Actual	FY2024 Actual	Increase/ Decrease	Change in Percentage
Revenue	3,178	3,564	+386	+12.2%
EBITDA	-490	187	+677	-
Percentage of revenue	-	5.2%		
Operating profit	-658	35	+694	-
Percentage of revenue	-	1.0%		
Ordinary income	-686	11	+698	-
Percentage of revenue	-	0.3%		
Net income	-650	-60	+589	-
Percentage of revenue	-	-		

We achieved all of our business targets for the fiscal year ending December 31, 2024.

Quote from the “FY23 Financial Results Briefing Materials”



Successfully achieved the key performance targets set forth in the budget announced at the start of the year.

Consolidated financial results for the FY ended December 31, 2024

(JPY Millions)	FY2024 Forecast	FY2024 Actual	Increase/ Decrease	Change in Percentage
Revenue	3,700	3,564	-135	-3.7
EBITDA	180	187	+7	+4.1%
Percentage of revenue	4.9%	5.2%		
Operating profit	30	35	+5	+18.5%
Percentage of revenue	0.8%	1.0%		
Ordinary income	0	11	+11	-
Percentage of revenue	-	0.3%		
Net income	-120	-60	+59	-
Percentage of revenue	-	-		

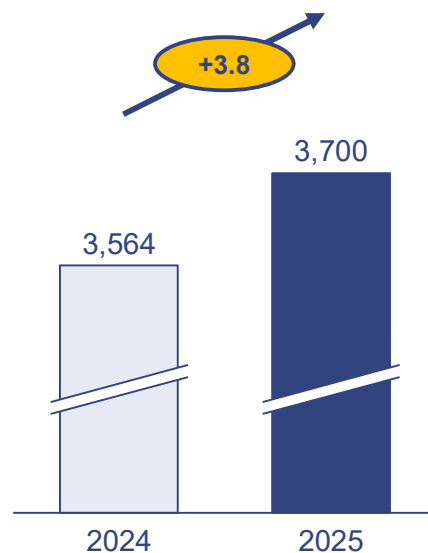
- Company profile and strength
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- **FY2025 growth themes**

Business Plan for FY2025 – We aim to increase revenue while achieving full-year net income.

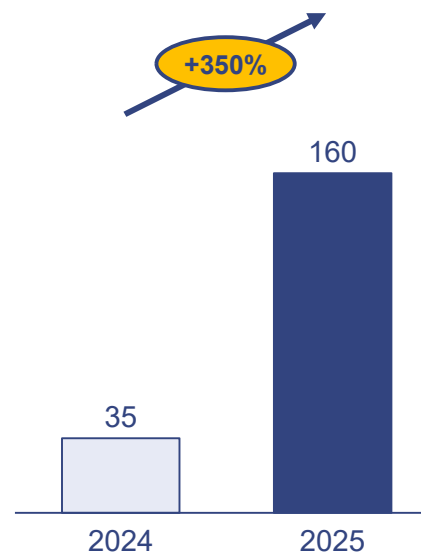
(JPY Millions)

Key Performance Targets

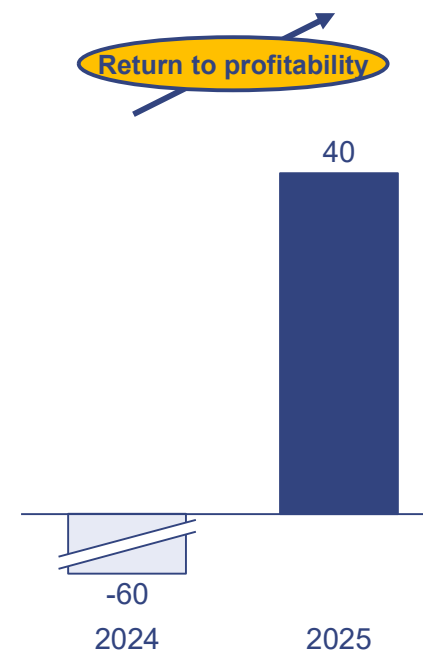
Revenue



Operating profit



Net income



Management Strategy for FY2025

Enhance our capability to scale our services.

- Focus on product enhancement of SaaS AI (KizunaNavi, a 1-on-1 support service), which is expected to generate recurring revenue
- For the AI camera business, work on standardization of service specifications common to public and private sectors (the ratio of orders with individual customization is expected to partially decrease)

Targeting positive full-year net income.

Consolidated Full-Year Earnings Forecast for the Year Ending December 31, 2025

(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%		

Update the world for a better tomorrow



Neural Group Inc.

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 edge 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.

Disclaimer

Handling of the material

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