

FY12/2022 (from Jan. 1, 2022 to Dec. 31, 2022) **1Q Financial Results**

May 11, 2022

ALBERT Inc.

(Ticker: 3906, TSE Growth Market)

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1. Highlights

Executive Summary

1Q Performance Highlights

(million JPY)

■ Sales / Profit

Net Sales	Operating Profit	Profit
962	263	179
(YoY)	(YoY)	(YoY)
+11.1%	+86.2%	+56.4%

■ Key Performance Indicators

Num. of Data Scientists	Utilization Rate	Share of Sales from Priority Industries
251名	76.3%	85.7%

**Record-high sales and operating profit in 1Q.
Focusing on aggressive recruitment and training
of HR for growth in 2H and beyond.**

- Steady growth in “AI Implementation support business” as projects with alliance partners and large-clients become larger and longer.
- The AI Implementation project which is accounting provision due to delays was completed in May. (No additional accounting in 1Q)
- Transferred the AI chatbot business “Sugres” to concentrate our resources on core businesses with growth potential.

Performance

- **Record-high sales and operating profit** driven by a couple of large-scale projects.
- With the completion of the delayed AI system implementation project, man-hours contributed to sales, and profit margin remained high. (Normal level of our business profitability)

(million JPY)

	FY2021 1Q (Actual)	FY2022 1Q (Actual)	Amount change	Percentage change
Net Sales	866	962	96	11.1%
Gross Profit (Profit Margin)	482 (55.7%)	680 (70.7%)	197	41.0%
Operating Profit (Profit Margin)	141 (16.3%)	263 (27.3%)	121	86.2%
Profit	114	179	64	56.4%

Progress against The Forecast

- Net sales were generally in line with expectations.
- Profit margin increased due to profit contribution from man-hours worked on delayed project and charge ups etc..

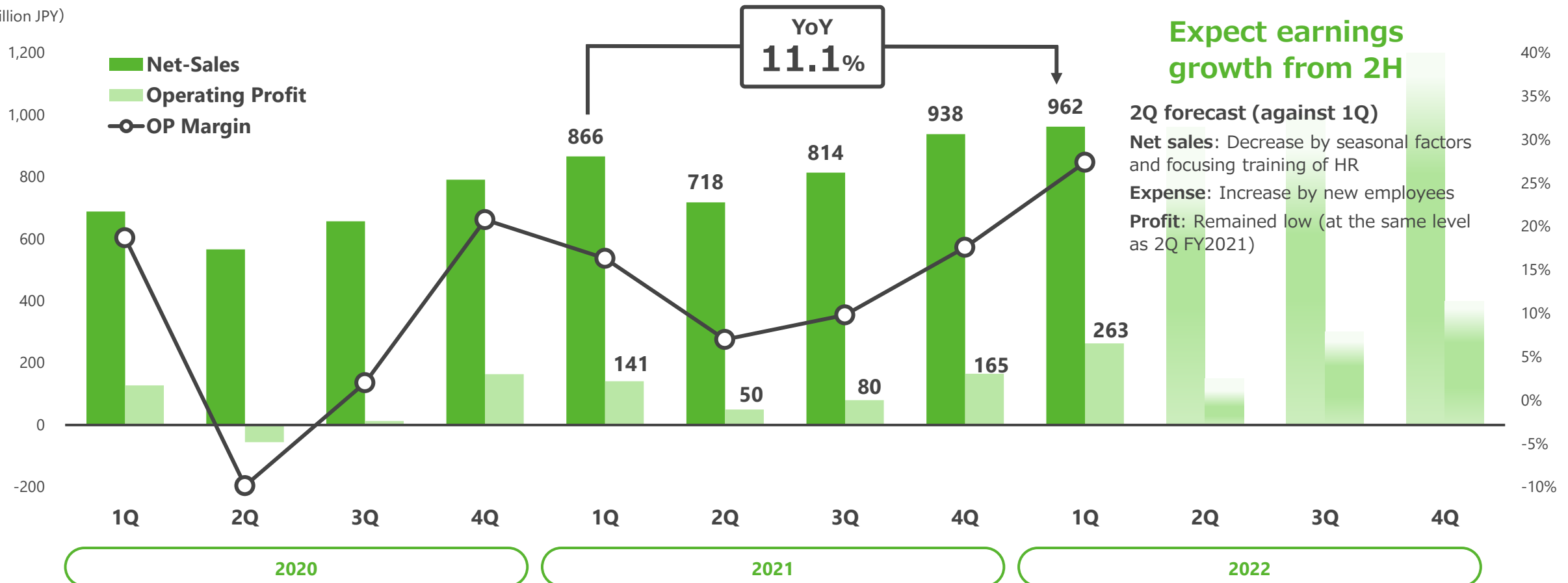
(million JPY)

	FY2022 (Forecast)	FY2022 1Q (Actual)	Progress rate
Net Sales	4,100	962	23.5%
Operating Profit (Profit Margin)	657 (16.0%)	263 (27.3%)	40.1%
Ordinary Profit (Profit Margin)	657 (16.0%)	263 (27.3%)	40.0%
Profit	446	179	40.3%

Quarterly Performance

- Record-high sales and operating profit on a quarterly basis. Profit in 2Q is expected to be at the same level as 2Q FY2021 due to seasonal factors and focusing recruitment.
- Expect earnings growth from 2H FY2022 to FY2023 due to aggressive recruitment in 1H.

(million JPY)



Balance Sheet

- Decrease in liabilities through repayment of loans, etc..
- With the completion of the delayed AI system implementation project, work in process (current assets) and provision for loss on order received (current liabilities) will be reversed in 2Q.

	FY2021 (as of Dec. 31, 2021)	FY2022 1Q (as of March 31, 2022)	Amount change	Percentage change
Cash and deposits	3,246	3,219	-26	-0.8%
Current assets	4,015	4,077	62	1.5%
Non-current assets	535	509	-26	-4.9%
Assets	4,551	4,587	36	0.8%
Current liabilities	763	619	-144	-18.9%
Non-current liabilities	-	-	-	-
Liabilities	763	619	-144	-18.9%
Net assets	3,787	3,968	180	4.8%
Liabilities and net assets	4,551	4,587	36	0.8%

Transfer of The AI Chatbot Business “Sugres”

- Concentrate management resources on “AI Implementation support” and “Data scientists training support” expected to accelerate growth.

Our policy of transfer

- Continued gradual growth as a service for municipalities and enterprises since its release in 2016.
- Commoditization is progressing due to increase competing products.
- Compare to the 2 core businesses for which demand is strong due to the momentum of DX, it is difficult to accelerate growth by the chatbot function alone.
- The impact of the transfer will be limited due to the sales ratio of the business is about 3.8% of the total sales.



Our business policy after the transfer

Accelerate our business growth by concentrating resources on 2 core businesses.

- Shift AI system development resources and sales resources to the core businesses.
- Aiming for expanding AI implementation support business as a No.1 data scientist group through recruitment and training of data scientists.
- Offer a support for advancement of interactive communication in the AI implementation support business based on the technical capabilities acquired through the operation of the chatbot business.

The Forecast (Unchanged)

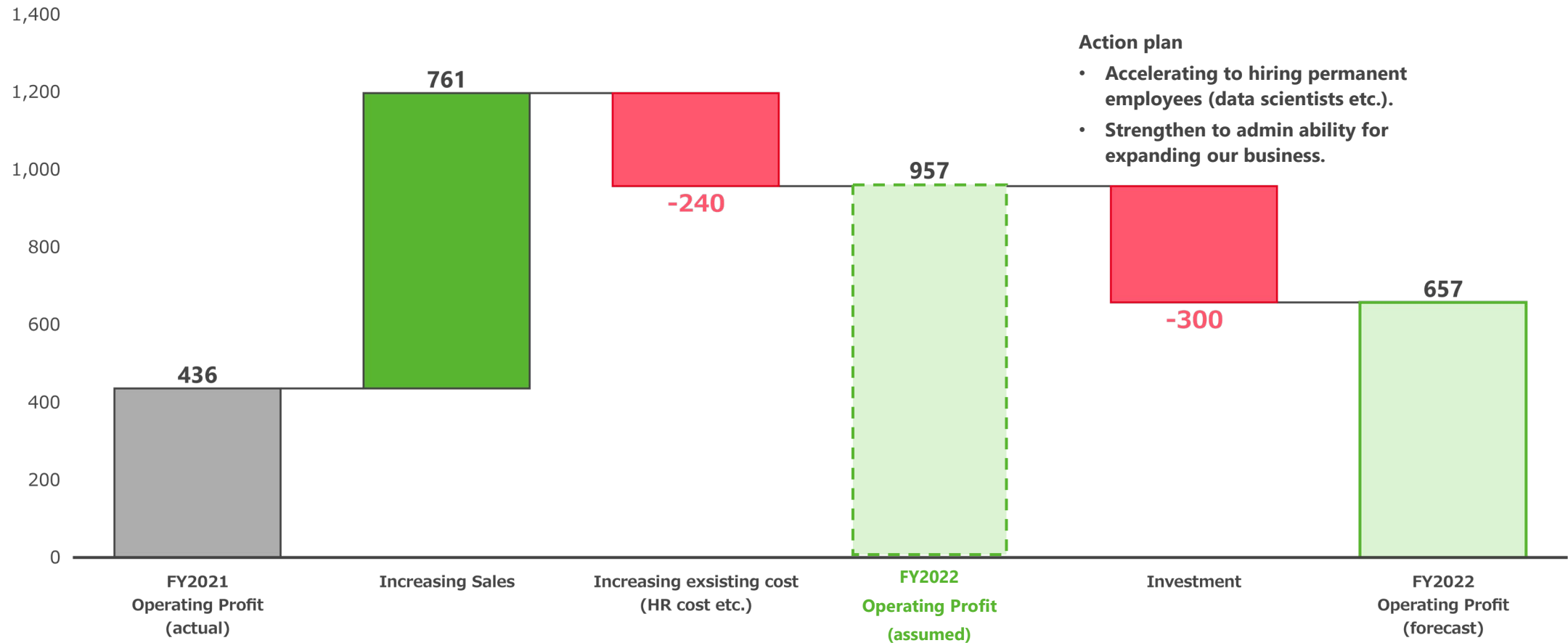
- Sales is expected to grow due to the continuation of large-scale projects. And profitability is also expected to continue to raise.
- A special profit is expected to record by the transfer. (To be disclosed as soon as the amount of impact on the forecast is determined.)

	FY2021 (Actual)	FY2022 (Forecast)	Amount change	Percentage change
	(million JPY)			
Net Sales	3,338	4,100	761	22.8%
Operating Profit (Profit Margin)	436 (13.1%)	657 (16.0%)	220	50.4%
Ordinary Profit (Profit Margin)	435 (13.0%)	657 (16.0%)	221	50.9%
Profit	353	446	92	26.1%

Breakdown of The Forecast (Unchanged)

- Assumed performance has reached a level as 1,000 million JPY in sight.
- Aiming to further growth and achieving “Japan’s No.1 Scale” in FY 2023 by aggressively recruitments.

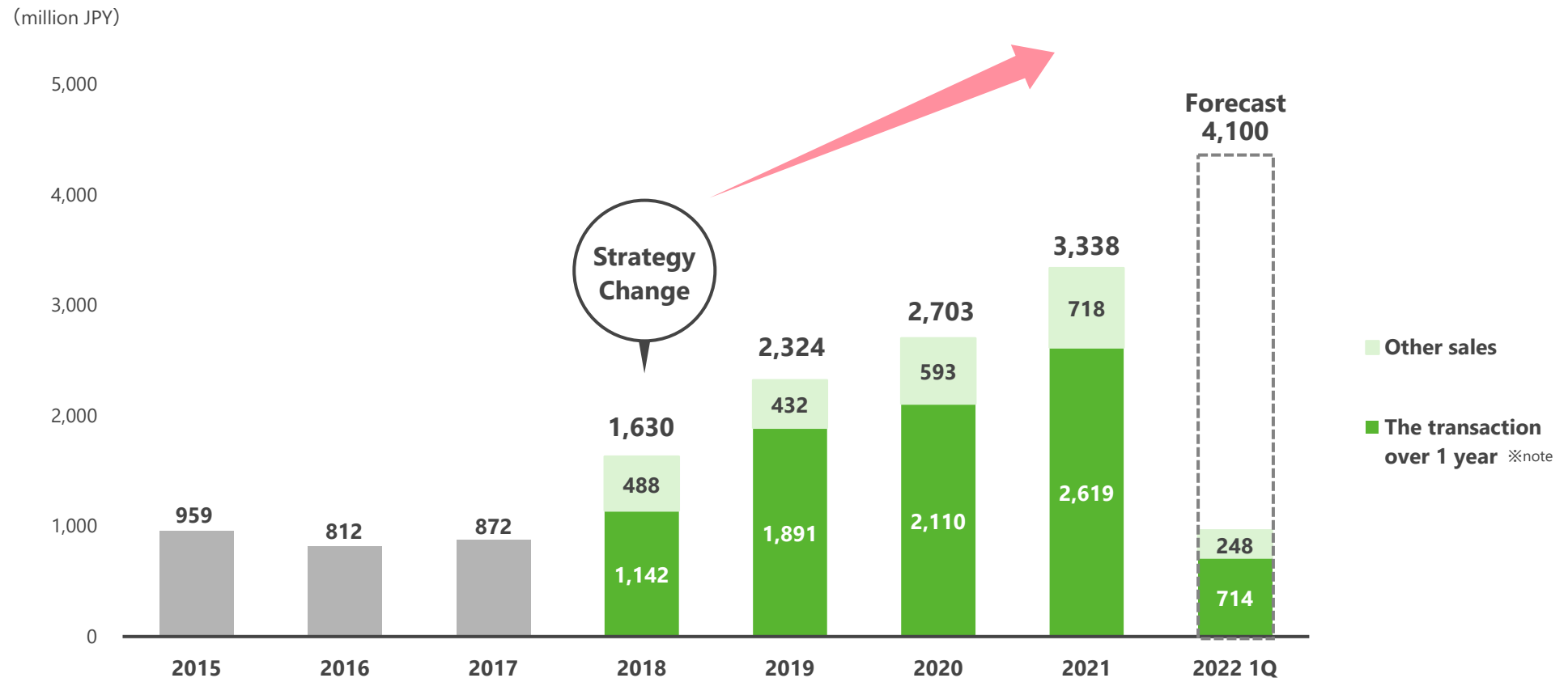
(million JPY)



2. Key Performance Indicators

Sales by Transaction Period

- Business growth is underway with a stable customer base, with approximately 80% of sales is came from continuous transactions.



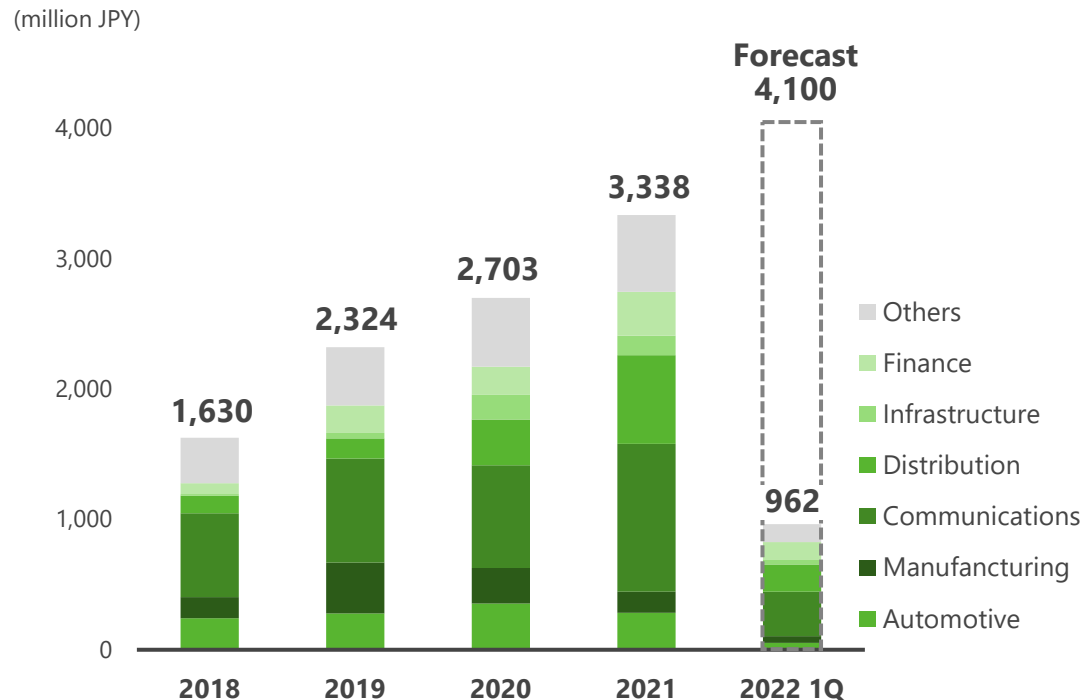
※ Results for 2015-2017, before the change in strategy, are shown in gray.

※ Total amount of transactions (once or multiple) with client companies that have been doing business with us for more than one year.

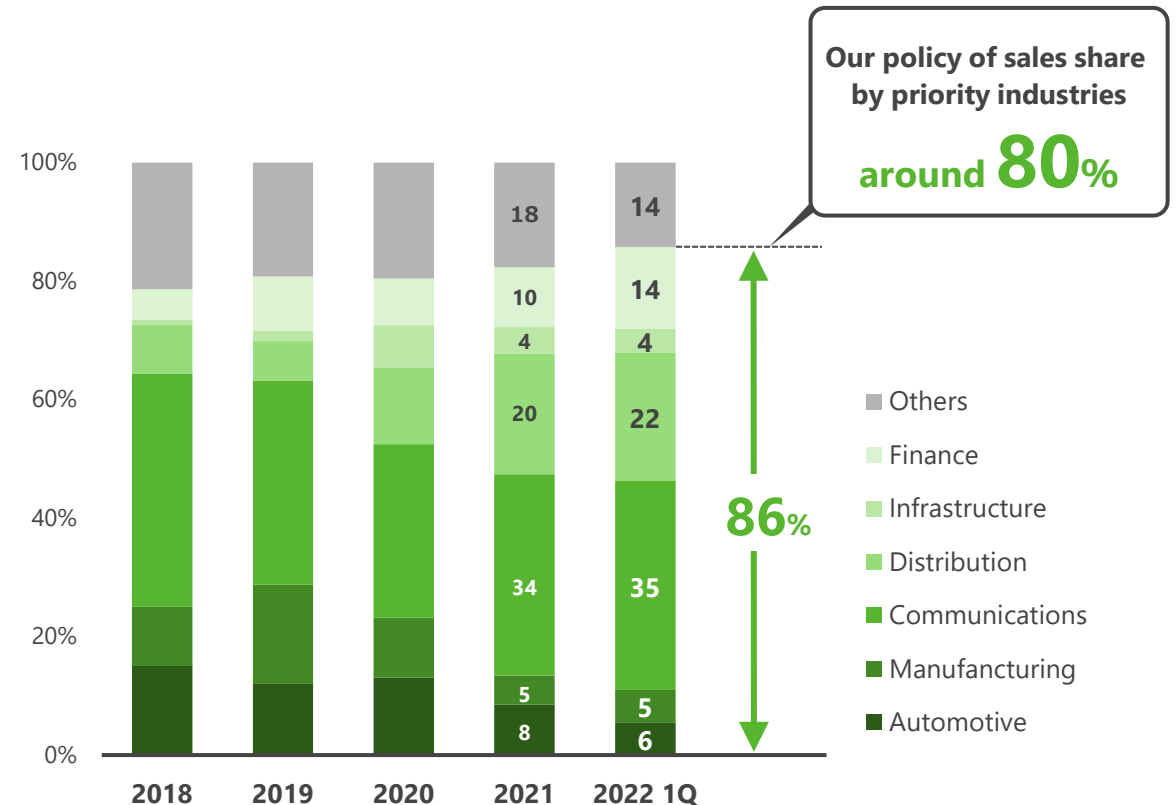
Net Sales by Priority Industries

- Maintain a sales share of around 80% in priority industries.

Changes in Sales



Changes in Sales Share

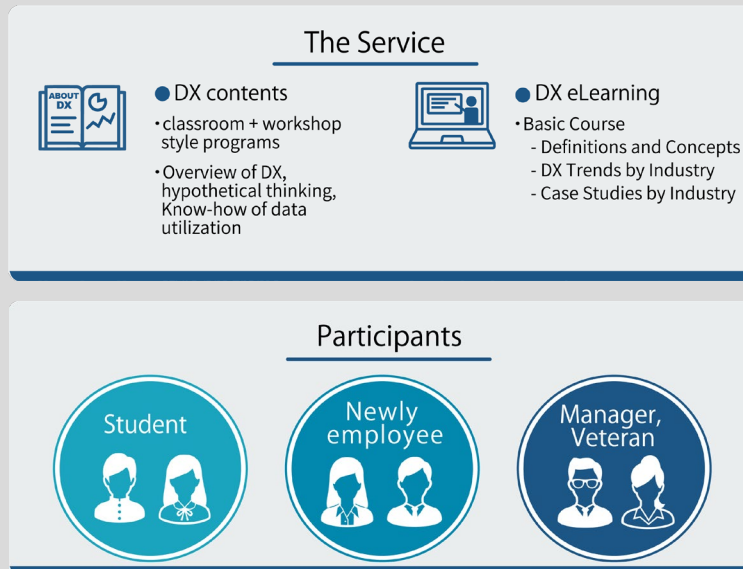


Providing a DX Human Resource Development Curriculum with Mynavi

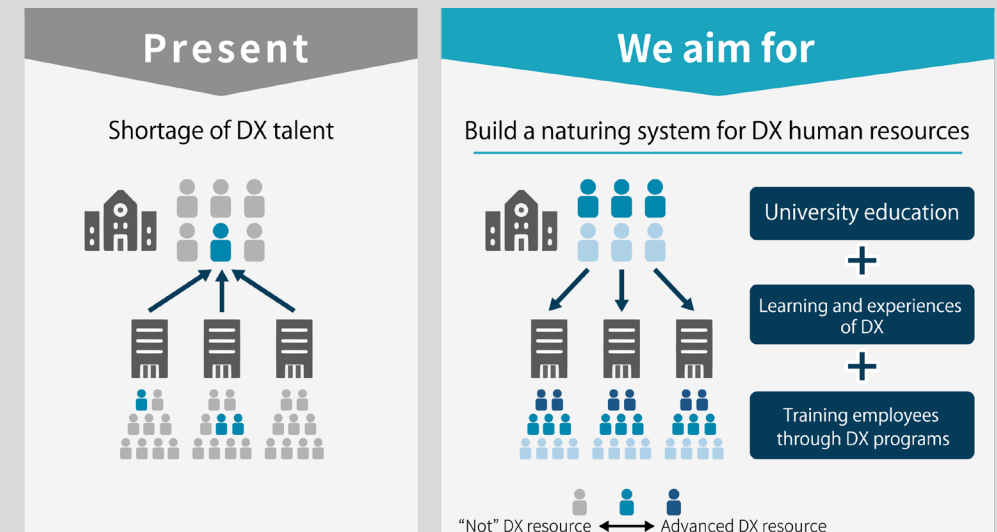
- Jointly development and launch DX human resource development curriculum for students and businesspersons.
- Combining Mynavi 's knowledge and big data related recruitment and job placement support with ALBERT's analytical technology and human resource training know-how.



The service that leverage the strengths of both companies



Making all students and businesspersons be DX human resource



Developed an Automatic Measurement System for EC Operations

- Jointly development with Treasure Factory of an automated measurement system "Clothcanner (clothes + scanner)".
- The system introduced at each store from March 30, 2022, in response to the growing needs to display items online due to the COVID-19.
- AI automatically inputs size and item information from images. Aiming for a 10% increase in the number of EC listings.



Photographing



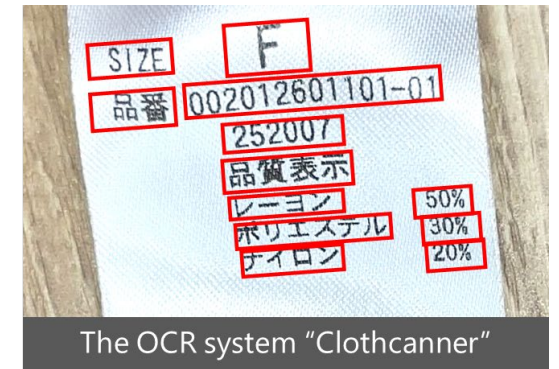
Automatic measurement



OCR model for clothing tags



General OCR model

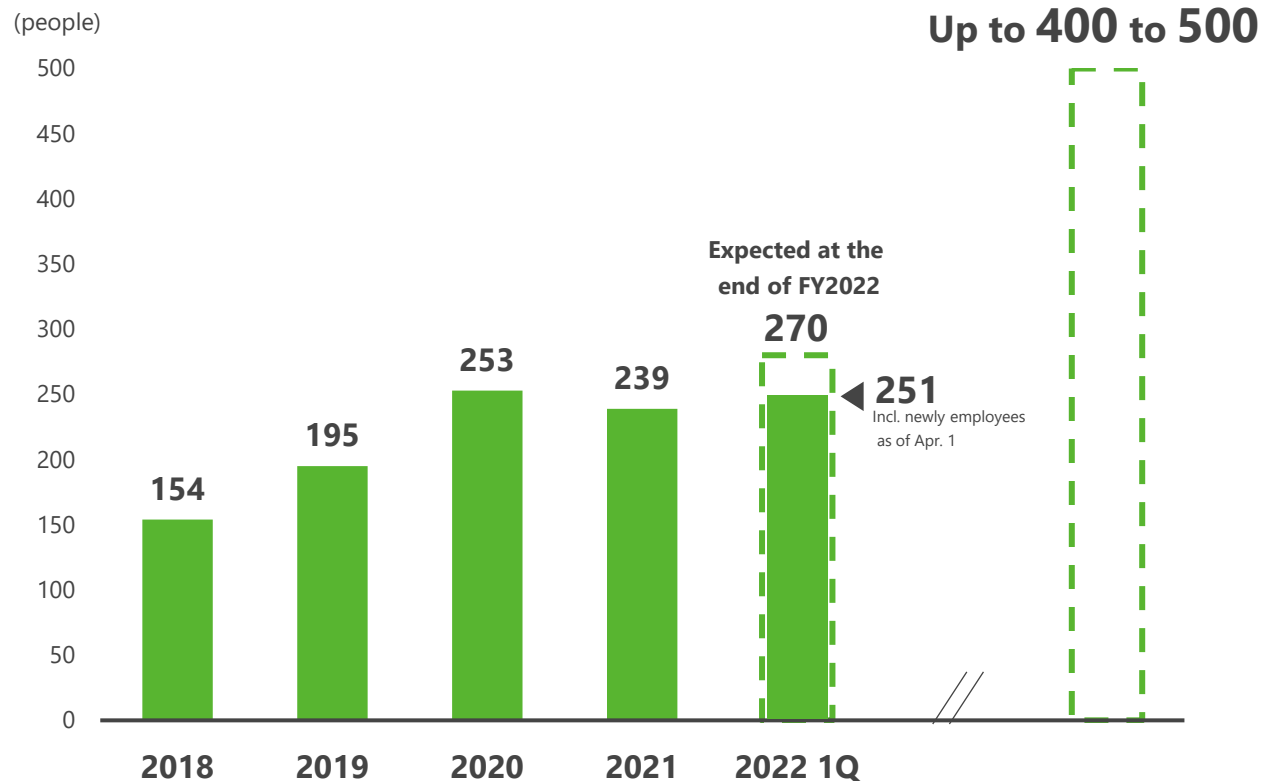


The OCR system "Clothcanner"

The Number of Data Scientists

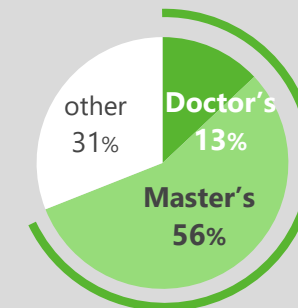
- We focused on training many data scientists hired in 2021 and securing assignment in FY2021.
- Planning to increase the num. of employees by about 30, aiming for further growth.

Num. of data scientists



The group of 250 data scientists

Data Scientist's Final Education



Full-time employees about
70% are master's or doctor's degree

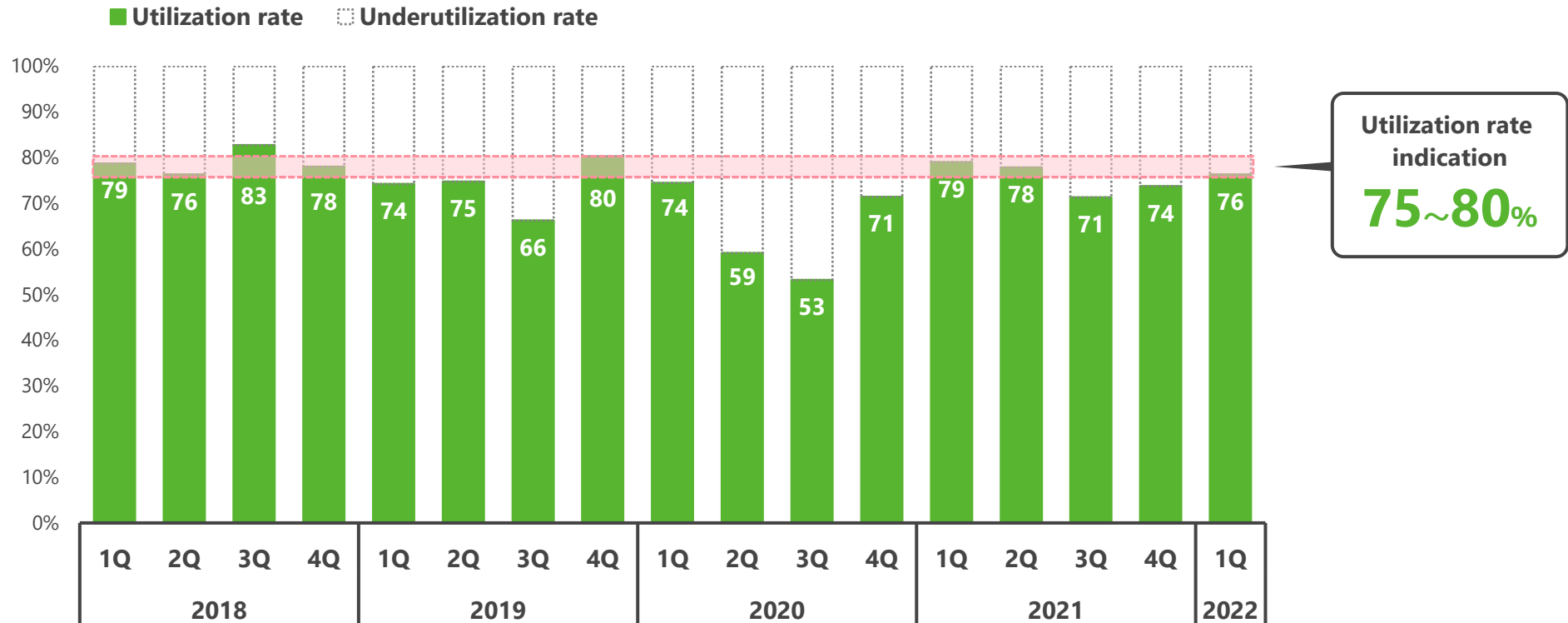
Area of expertise

- mathematical informatics
- Quantum information, measurement, and information thermodynamics
- Statistical mechanics
- Clinical Pharmacokinetics
- AI system engineering
- Behavioral and Statistical Sciences etc.

Utilization Rate

- Utilization rate (the portion correlated with earnings) is remain high level. And focusing on maintaining and improving competitiveness over the medium to long term by using underutilization time to technical training and know-how sharing.

Changes in data scientist utilization rate



3. Business Strategy

Basic Policies

- Aiming to establish the position of “DX promote partner for domestic companies” as below 4 policies.

1 — Strengthen our scheme for training data scientists

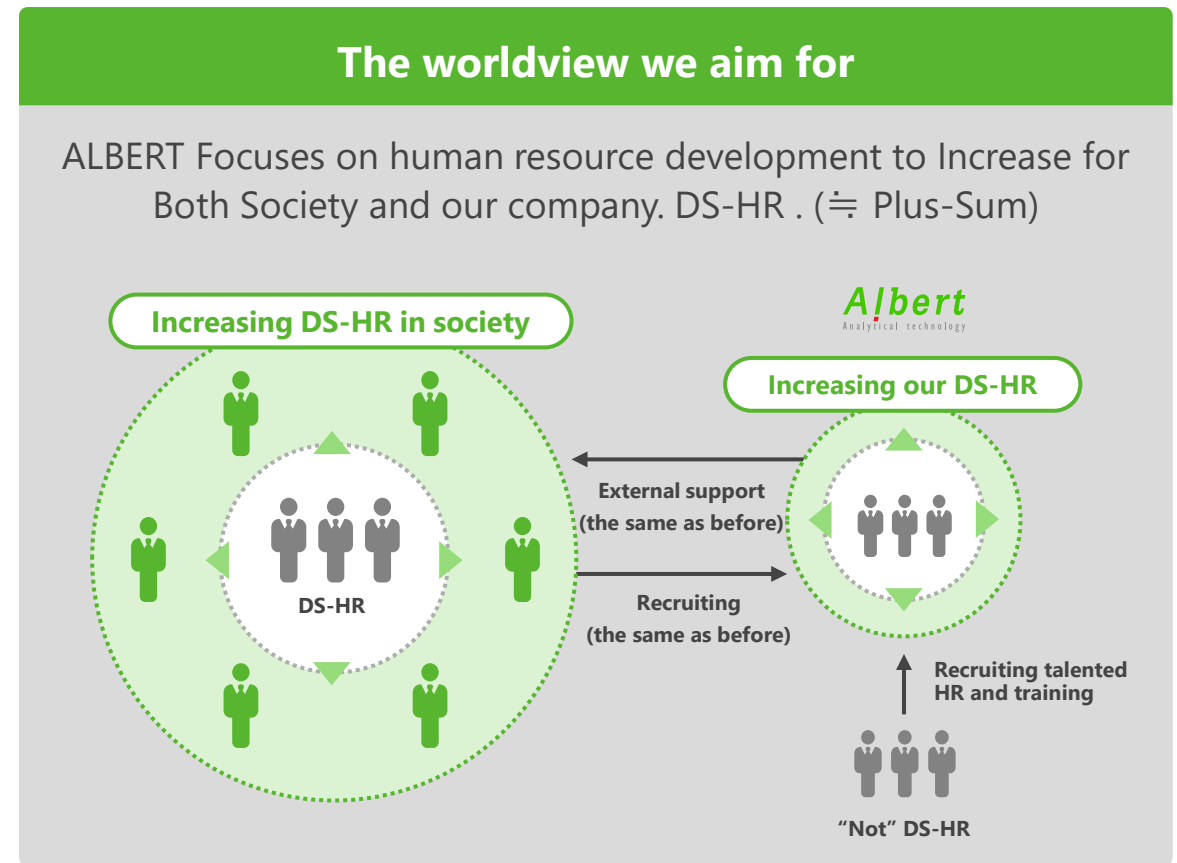
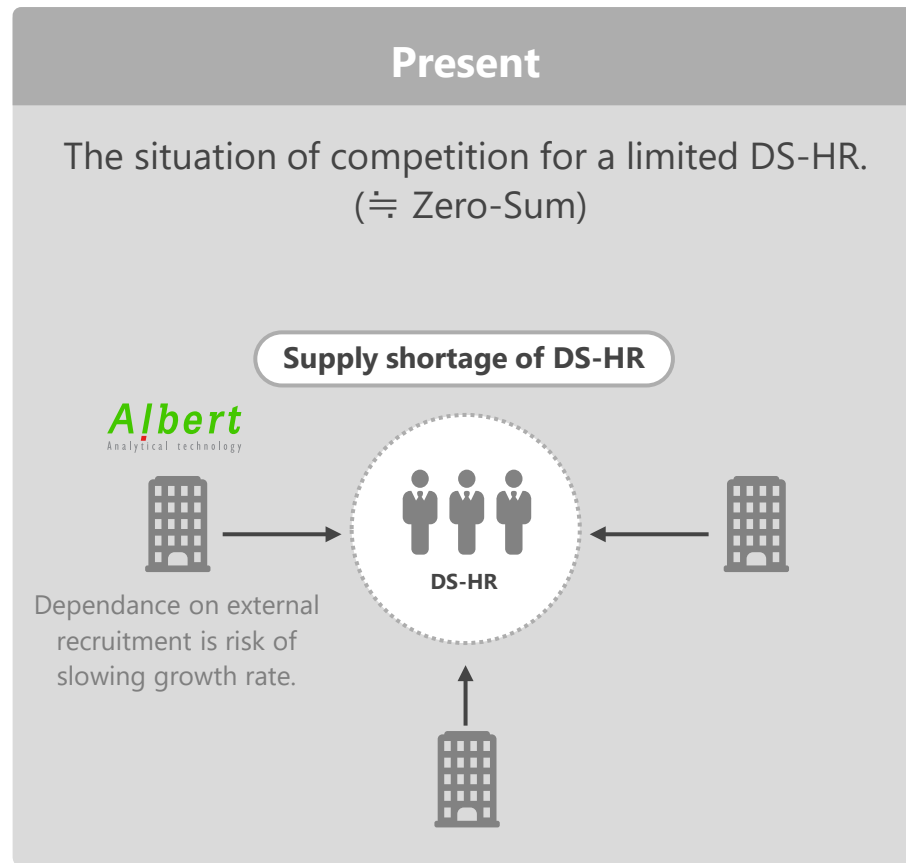
2 — Promote the “CATALYST strategy”

3 — Strengthen our basement of existing businesses

4 — Expanding our portfolios through M&A

1 — Focusing Training Data Scientists

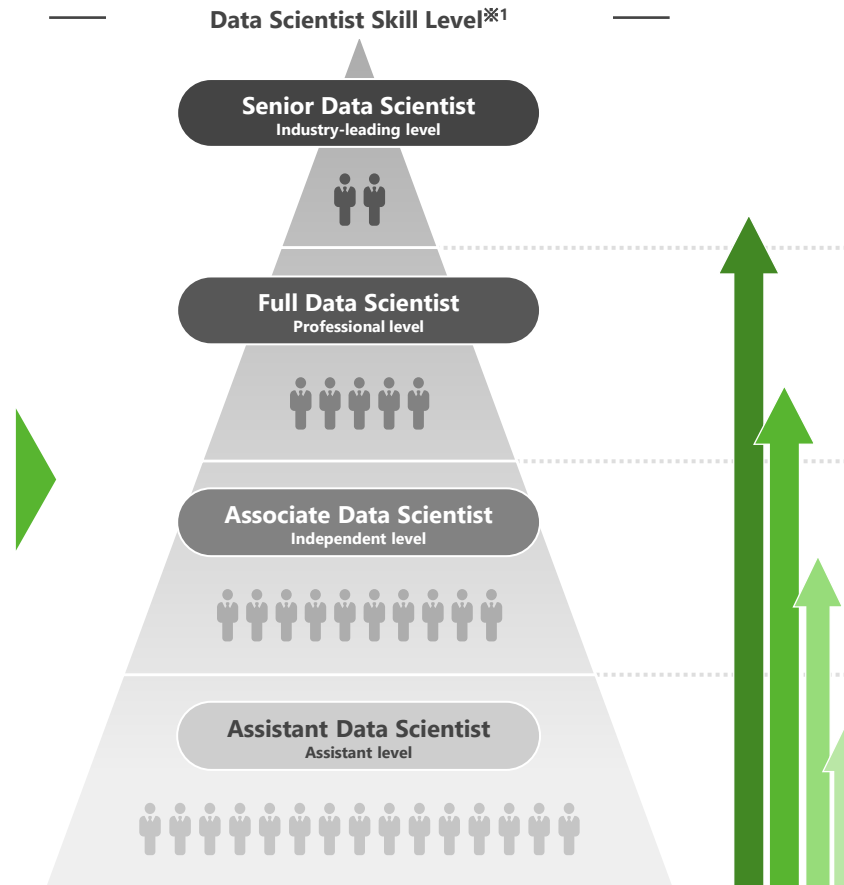
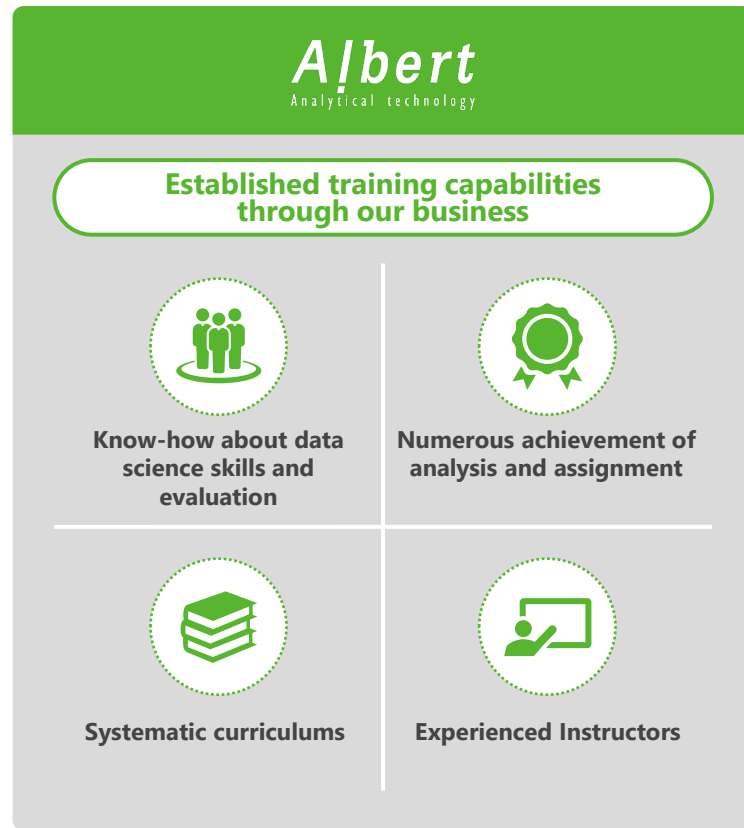
- To address the issue of recruiting data scientists, we shifted its thinking from "competition for a limited number of human resources" to "increasing the number of human resources, both within the company and in society", thereby simultaneously achieving business growth and solving social issues.



※ "DS-HR" means human resources specialized in data science.

Solid Training Capabilities

- Training can be provided according to skill level based on accumulated experience and know-how.



We have conducted training for various skill levels.

■ For advanced users

- Data analytical exercises (incl. industry-specialized exercises)
- On-the-job training

■ For intermediate users

- Specialized analytical theory
- On-the-job training (assistant)

■ For beginning users

- Basics of tools (python, SQL)
- Basics of machine learning

■ For general users

- Fundamentals of data analysis (statistics)
- How to proceed with an analysis project

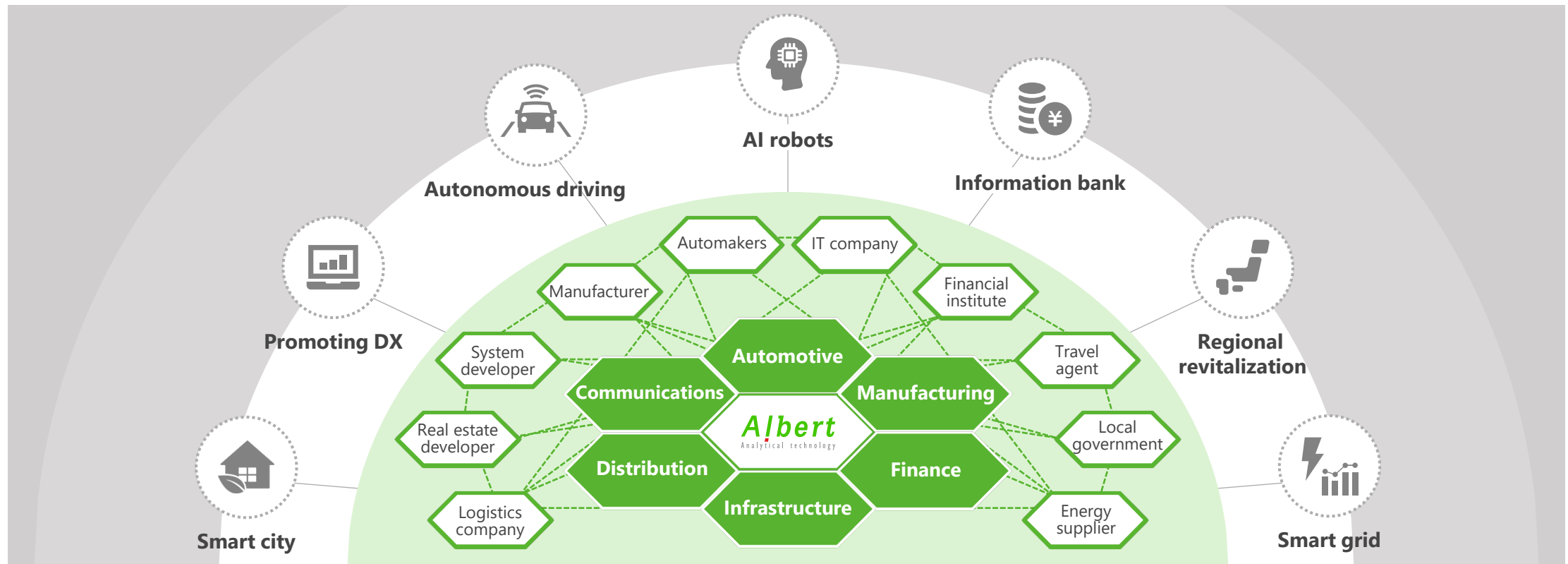
※ "DS-HR" means human resources specialized in data science.

※1 Source: "Data Scientist Skill Check-list" The Japan Data Scientist Society.

2 — Promoting the CATALYST Strategy

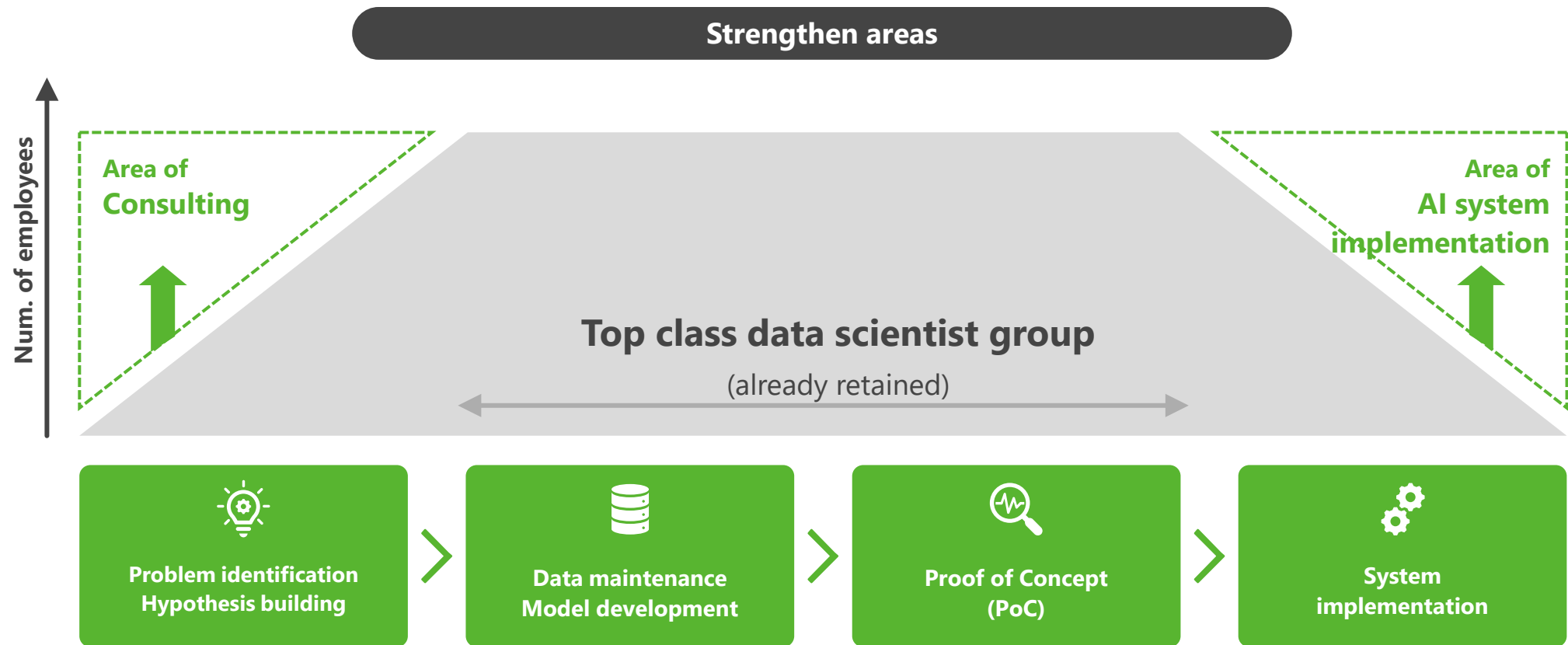
- We will create data sharing over the boundaries of industries and contribute to the resolution of various issues and the development of the themes emerged in society by increasing the number of partners of CATALYST strategy.

The worldview we aim for



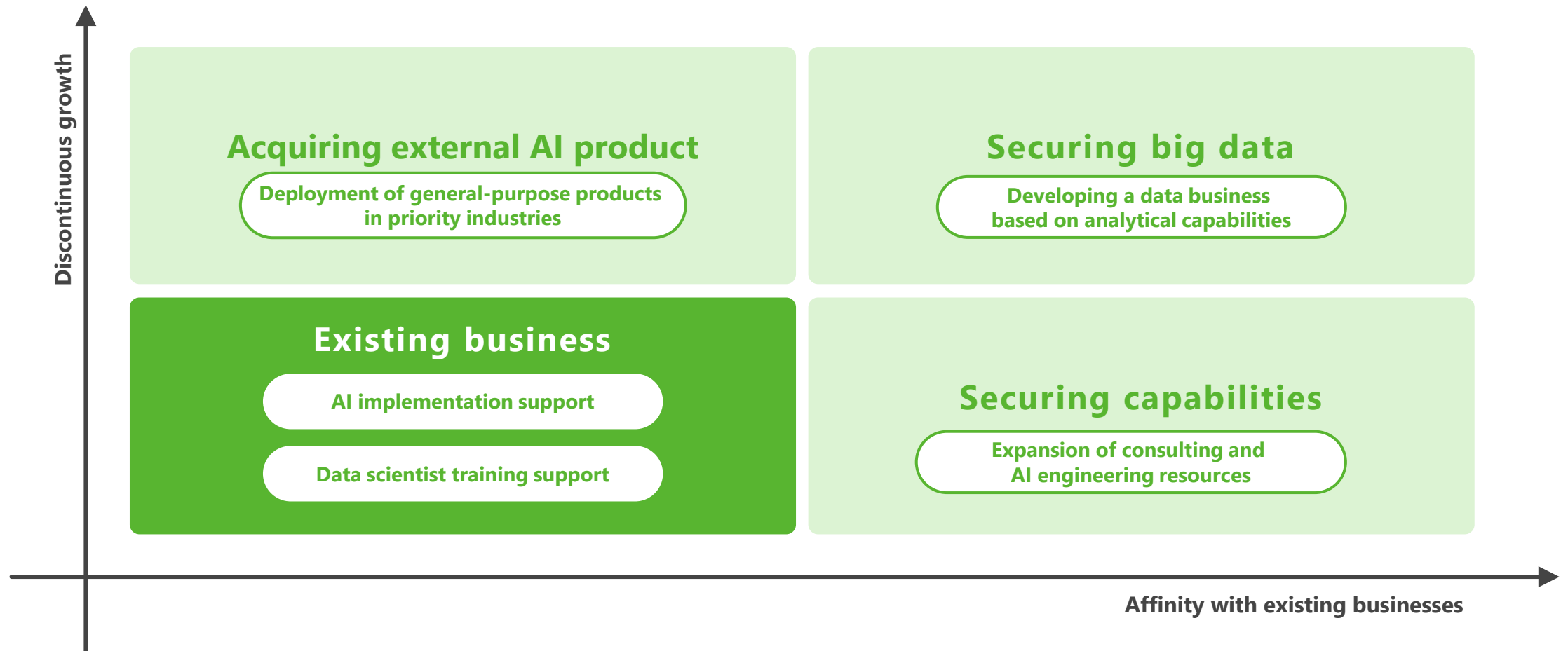
Strengthen Our Basement of Existing Businesses

- Strengthen human resources and systems in the area of consulting and AI system implementation in the AI implementation support business and start expanding the business and strengthening profitability.



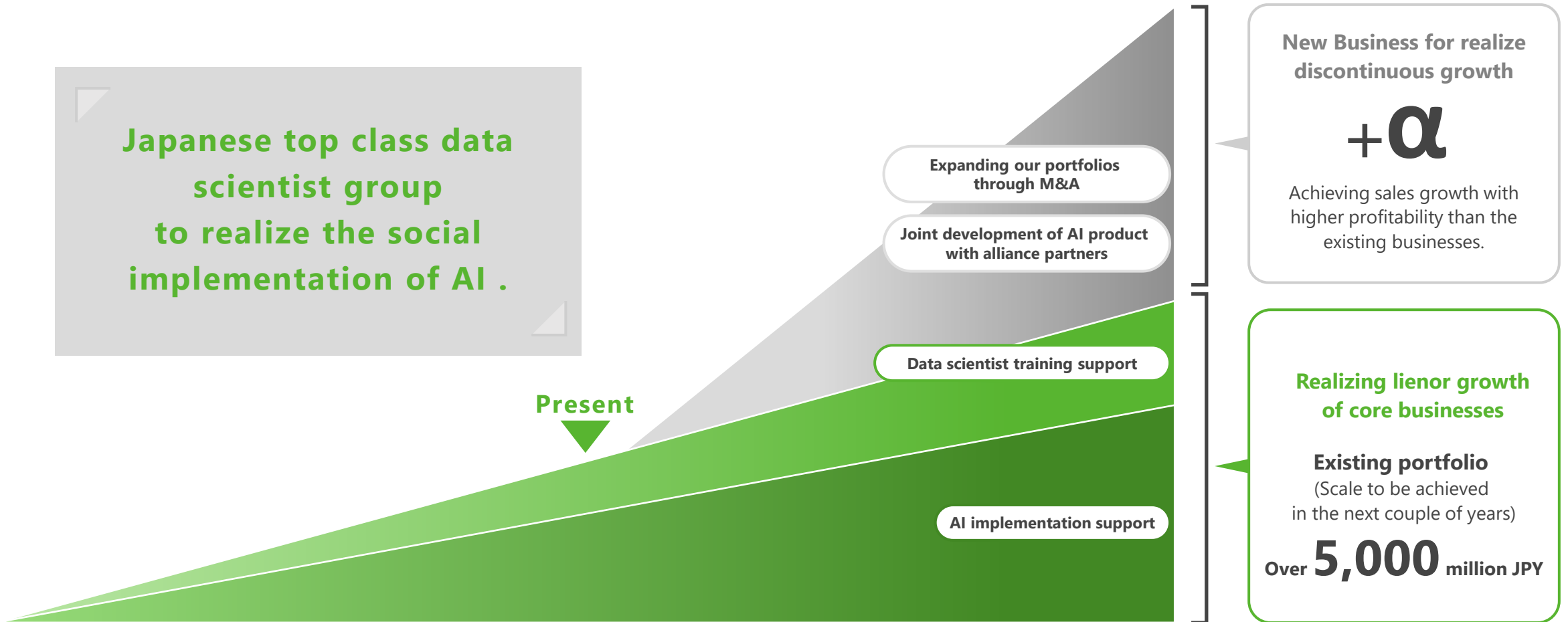
Expanding Our Portfolios through M&A

- Proactively consider expanding the business portfolio through M&A by utilizing external and internal capital while ensuring financial soundness.



Mid-Long Term Road Map

- Continued linear growth centered the AI implementation support business on the back of strong demand.
- Aiming for discontinuous business expansion through joint development with companies and M&A.



4. Appendix

Profile

Japan's top class data scientist group
to realize “the social implementation of AI”.

■ Company Name

ALBERT Inc.

Albert
Analytical technology

■ Head Office

Shinjuku Front Tower 15F
2-21-1, Kita-Shinjuku, Shinjuku-ku,
Tokyo, Japan, 169-0074

■ Establishment

July 1, 2005

■ Capital ※1

JPY 1,051 million

■ Representative Director and President

Takeshi Matsumoto

■ No. of Employees※1※2

294
employees

Incl. No. of Data Scientists

251
employees

■ CAR※1

86.5%

■ Affiliated Organization

The Japanese Society for Artificial intelligence

■ Top3 Shareholders

SBI Holdings

Toyota Motor / Mynavi

■ Listing market / Security code

TSE Growth Market 3906

※1 as of March 31, 2021. (incl. new employees as of April 1.)

※2 Employees include dispatch employees (including those in training) , part-time workers and subcontract workers.

Business Overview

Providing 2 types of businesses for social implementation of AI.

1

AI Implementation Support (Project-based services)

- Project-based support service for AI utilization mainly for major companies.
- Integrated support system for AI utilization consulting, big data analysis, AI algorithm development, and AI system implementation.
- Customized services can be provided according to industry characteristics and customer needs.

2

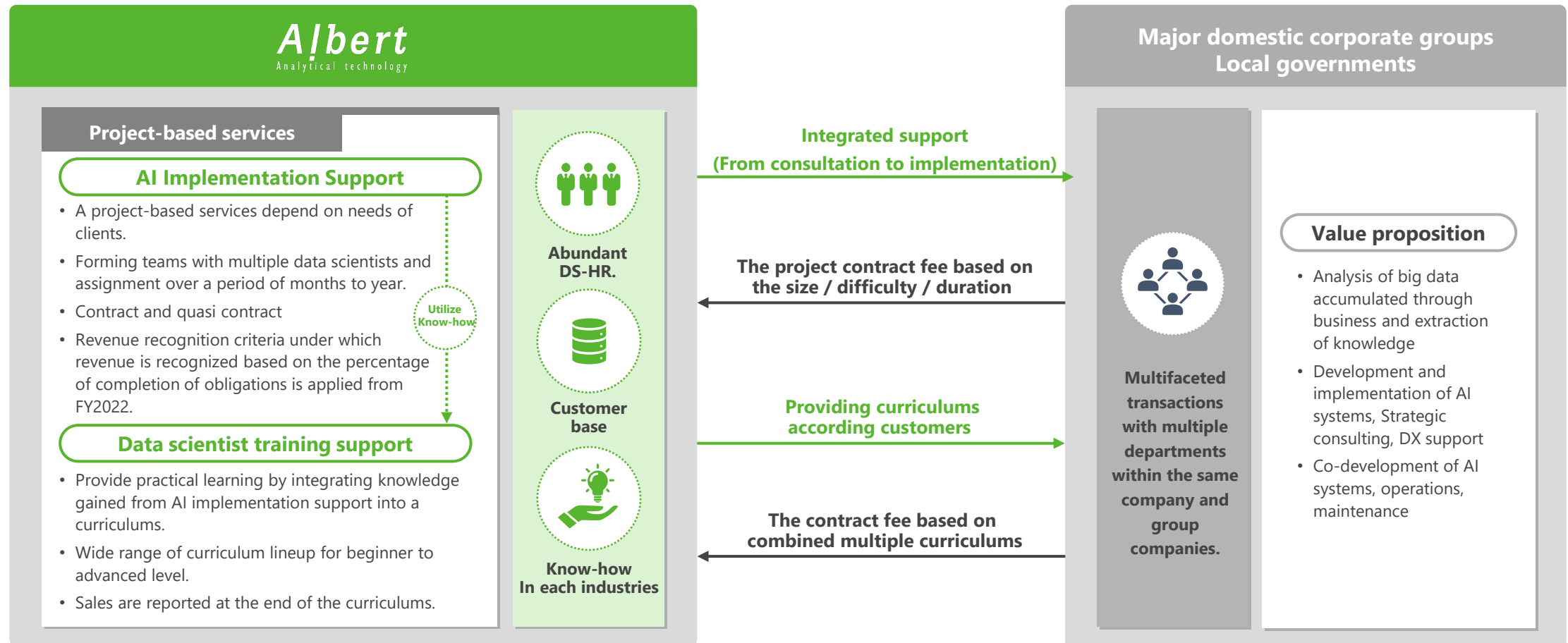
Data Scientist Training Support

- Service to support the development of data scientists in companies.
- Providing practical curriculum that incorporates ALBERT's support know-how.
- Certified as "Fourth Industrial Revolution Skills Course" by Ministry of Economy, Trade and Industry.

※ AI and image recognition service "Takumino-Me" is continue to offer depend on needs of clients in AI implementation support.

Business Structure

- Provide AI implementation support and data scientist training support to corporates and local governments etc..



Mission

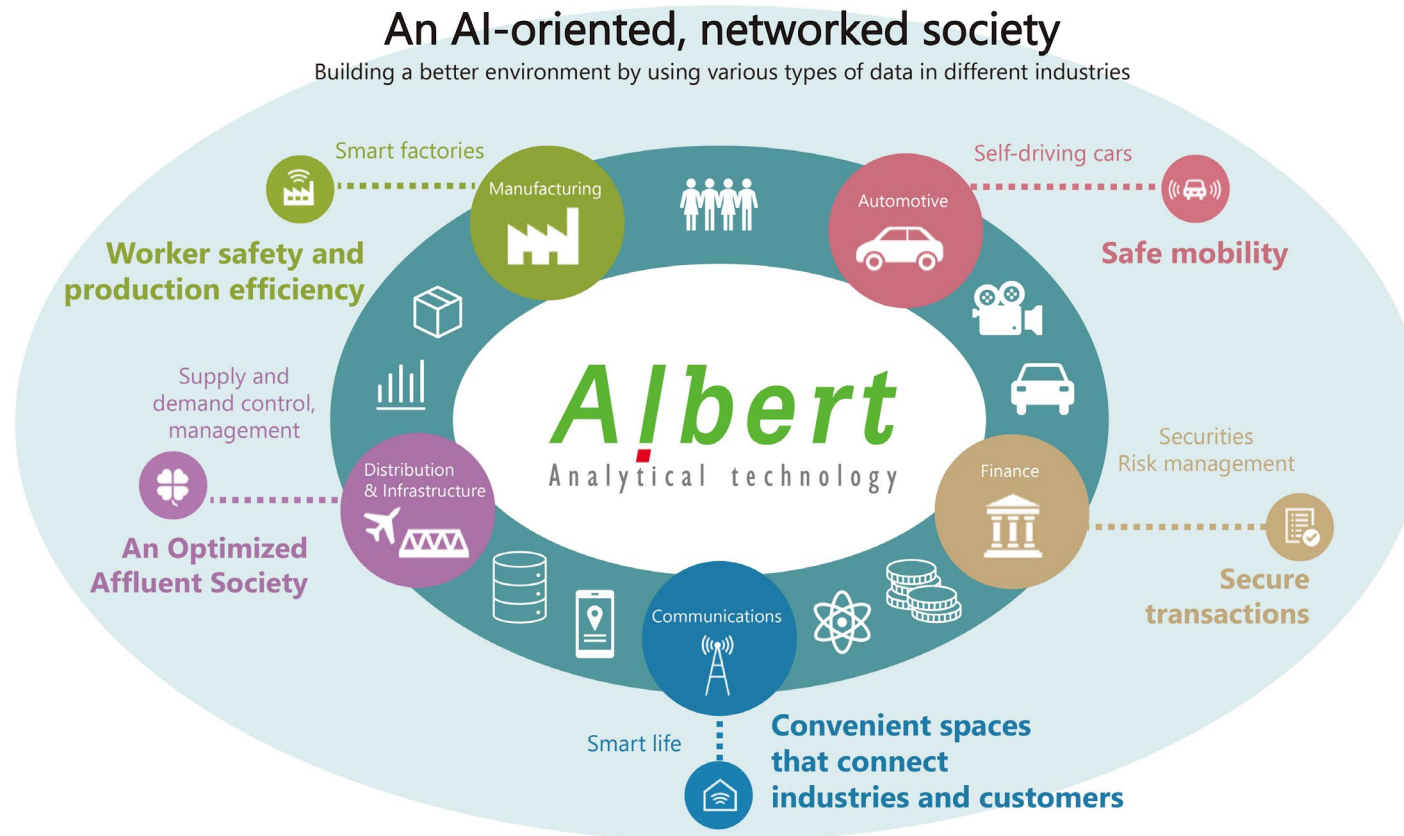


Building the future with data science
We are the CATALYST.

ALBERT connects the world with data science and co-create new values for a better future.

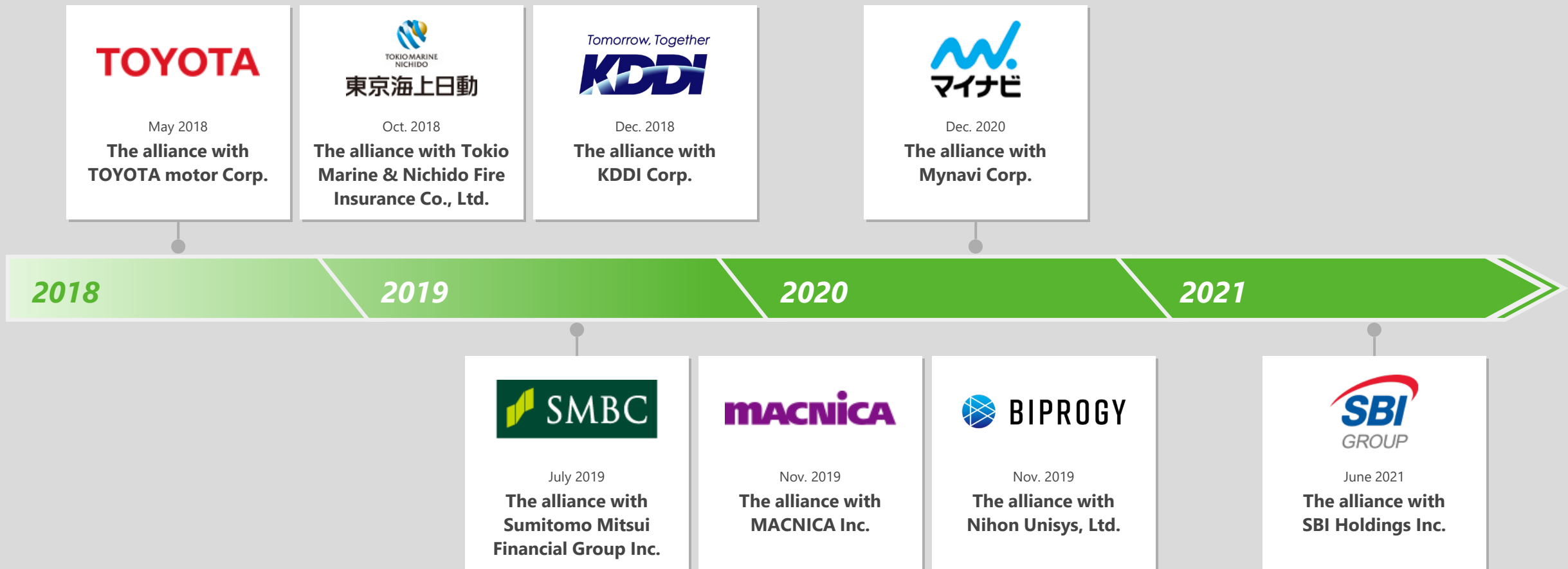
The CATALYST Strategy

The CATALYST strategy, in which we act as a catalyst to promote AI and data sharing between industries.
Promote AI and data sharing between industries, aiming for an AI networked society.



The Alliances Based on The CATALYST Strategy

- New alliances are being formed to realize the CATALYST strategy, mainly in priority industries. Accelerating efforts for social implementation.



Transaction Results

- Extensive business experience with domestic leading companies incl. CATALYST partners. (incl. group companies)

<p>CATALYST Partners (Alliance partners)</p>	<div>      </div> <div>       </div>
<p>Priority Customers & Other Business Partners</p>	<div>       </div> <div>      </div> <div>   </div>

Shareholder Composition (as of December 31, 2021)

- Maintaining to solid shareholder composition centered alliance partners.

Rank	Name of shareholder	Green : Alliance partner	No. of shares hold	Percentage of total shares
1	SBI Holdings Inc.		1,383,100	31.0%
2	Toyota motor corporation		165,800	3.7%
2	Mynavi corporation		165,800	3.7%
4	MACNICA Inc.		163,000	3.7%
5	Nihon Unisys, Ltd.		133,600	3.0%
6	BBH(LUX) FOR FIDELITY FUNDS PACIFIC FUND		132,000	3.0%
7	KDDI Corporation		97,700	2.2%
8	SUMITOMO LIFE INSURANCE COMPANY		78,300	1.8%
9	Rakuten Securities, Inc.		70,900	1.6%
10	JAPAN SECURITIES FINANCE CO., LTD.		55,400	1.2%
11	Tokio Marine & Nichido Fire Insurance Co., Ltd.		46,800	1.0%

※ Excluding treasury stocks. And including the shareholder change from SBI Financial Services Co., Ltd. to SBI Holdings Inc. as of March 31, 2022, which was the largest shareholder.




Disclaimer

- The materials and information provided in this announcement contain so-called "forward-looking statements". Forward-looking statements are based on the assumptions and beliefs of the Company and its management in light of the information currently available to it and involve known and unknown risks and uncertainties. These statements or assumptions may not be realized in the future due to changes in the business environment surrounding our business, market trends, and various other factors. Translated with www.DeepL.com/Translator (free version)
- Such risks and uncertainties include general industry and market conditions, fluctuations in interest and currency exchange rates, and other general domestic and international economic conditions.

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