

FY12/2022 (from Jan. 1, 2022 to Dec. 31, 2022) **2Q Financial Results**

August 12, 2022

ALBERT Inc.

(Ticker: 3906, TSE Growth Market)

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1. Highlights

Executive Summary

2Q Performance Highlights

(million JPY)

■ Sales / Profit

Net Sales	Operating Profit	Profit
1,823	300	202
(YoY)	(Profit margin 16.5%) (YoY)	(YoY)
+15.1%	+57.1%	+37.2%

■ Key Performance Indicators

Num. of Data Scientists	Utilization Rate	Share of Sales from Priority Industries
235名	65.4%	84.5%

**Achieved record-high sales and profit in 1H.
Increased the num. of data scientists through
aggressive recruitment and focused on growth
through set up projects in 2H.**

- Steady growth in “AI Implementation support business” as projects with alliance partners and large-clients become larger and longer.
- Our recruitment was processed smoothly. The newly data scientists will be assigned in 2H.
- Our utilization rate was decreased temporarily due to increasing data scientists. Expected to generate revenue in 2H as the set up of projects progresses.

Performance

- **Achieved record-high sales and profit** driven by a couple of large-scale projects.
- Performance was in line with expectations, despite the impact of increased compensation due to recruitment. The rate of profit margin was increased slightly.

(million JPY)

	FY2021 1H (Actual)	FY2022 1H (Actual)	Amount change	Percentage change
Net Sales	1,584	1,823	238	15.1%
Gross Profit (Profit Margin)	895 (56.5%)	1,245 (68.3%)	350	39.1%
Operating Profit (Profit Margin)	191 (12.1%)	300 (16.5%)	109	57.1%
Profit	147	202	54	37.2%

※ Accounting special profit in 3Q through transferring a part of our business.

Progress against The Forecast

- Performance will accelerate in 3Q and beyond as the data scientists hired in 1H will be fully operational from 3Q.
- Net sales and profit were generally in line with expectations in 1H.

(million JPY)

Revised on July 1, 2022

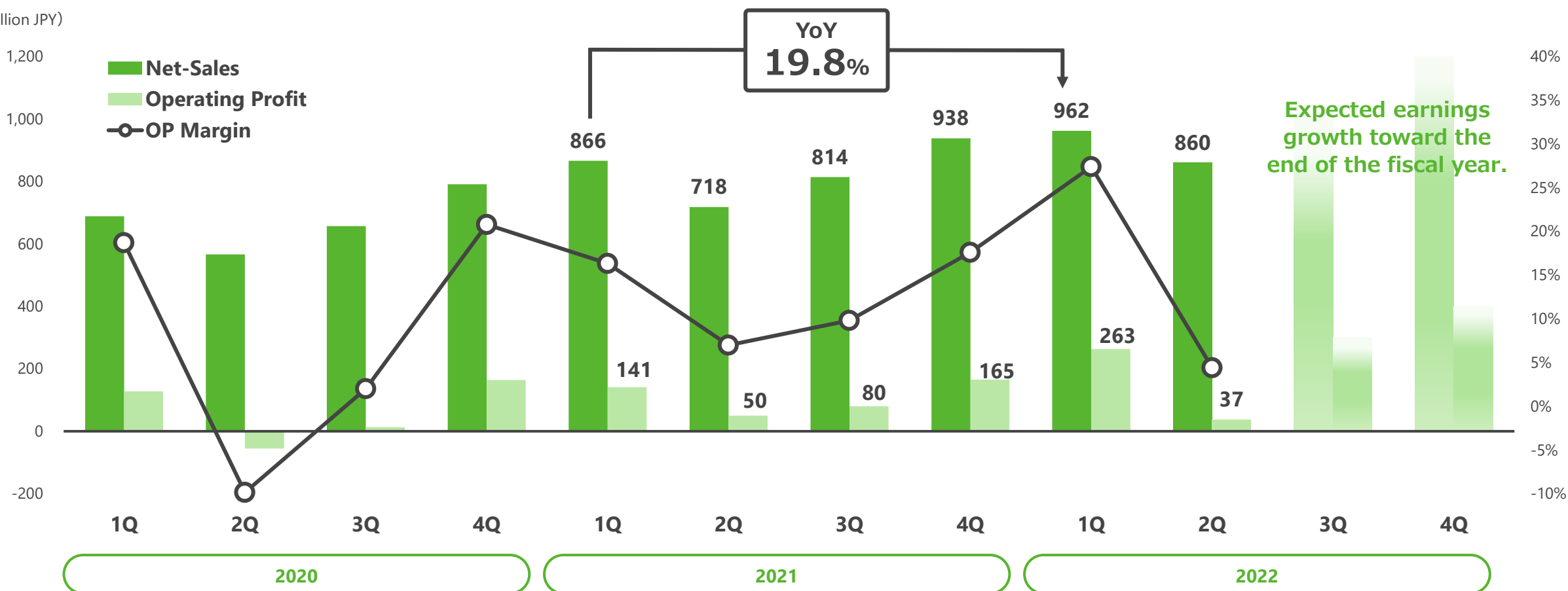
	FY2022 (Forecast)	FY2022 1H (Actual)	Progress rate
Net Sales	4,100	1,823	44.5%
Operating Profit (Profit Margin)	657 (16.0%)	300 (16.5%)	45.7%
Ordinary Profit (Profit Margin)	657 (16.0%)	300 (16.5%)	45.7%
Profit	644 (excl. transfer the business 446)	202	31.3% (45.2%)

※ The press release about the revision of the forecast due to the transfer <https://contents.xj-storage.jp/xcontents/AS80463/faef1d1a/33f8/45b2/ba19/9434bb4271de/140120220630593566.pdf>

Quarterly Performance

- Performance in 2Q was in line as expected due to decreased sales by seasonality and increased compensation due to recruitment.
- Expected to growth toward the end of fiscal year as data scientists are getting operational from 3Q.

(million JPY)



Balance Sheet

- Reversal of work in process (current assets) and provision for loss on order received (current liabilities) due to completion of delayed project.
- Decreased in current liabilities due to repayment of debt and decreased in income taxes payable.

(million JPY)

	FY2021 (as of Dec. 31, 2021)	FY2022 2Q (as of June 30, 2022)	Amount change	Percentage change
Cash and deposits	3,246	3,251	5	0.2%
Current assets	4,015	3,797	-217	-5.4%
Non-current assets	535	524	-11	-2.1%
Assets	4,551	4,322	-228	-5.0%
Current liabilities	763	295	-467	-61.3%
Non-current liabilities	-	-	-	-
Liabilities	763	295	-467	-61.3%
Net assets	3,787	4,026	239	6.3%
Liabilities and net assets	4,551	4,322	-228	-5.0%

The Forecast **(Revised on July 1, 2022)**

- Sales and profit are expected to increase due to continue the large-scale projects etc.. And profitability is also expected to raise.
- The forecast was revised due to record extraordinary income through the transfer a part of our business.

	FY2021 (Actual)	FY2022 (Forecast)	Amount change	Percentage change
Net Sales	3,338	4,100	761	22.8%
Operating Profit (Profit Margin)	436 (13.1%)	657 (16.0%)	221	50.6%
Ordinary Profit (Profit Margin)	435 (13.0%)	657 (16.0%)	222	51.1%
Profit	353	644 (excl. transfer the business 446)	290 (93)	82.3% (26.3%)

※ The press release about the revision of the forecast due to the transfer <https://contents.xj-storage.jp/xcontents/AS80463/faef1d1a/33f8/45b2/ba19/9434bb4271de/140120220630593566.pdf>

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)

1,400

1,200

1,000

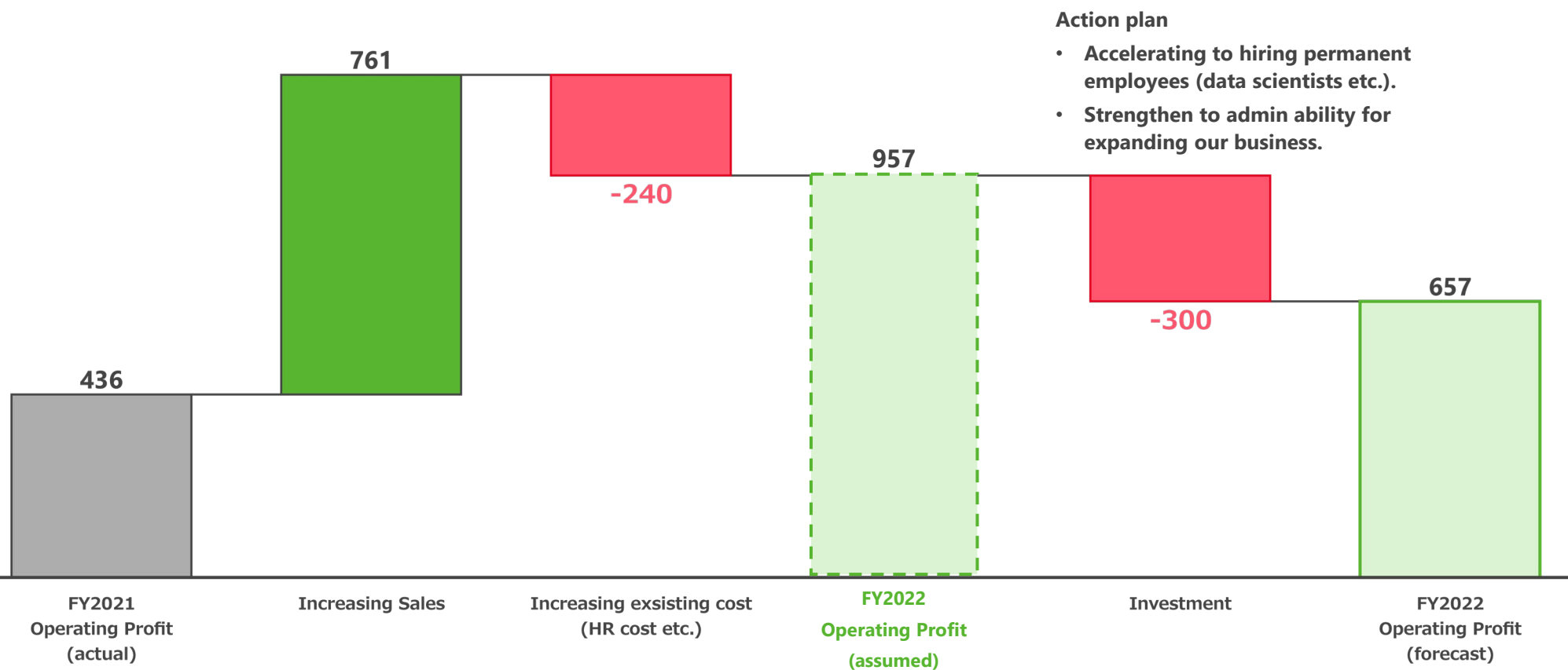
800

600

400

200

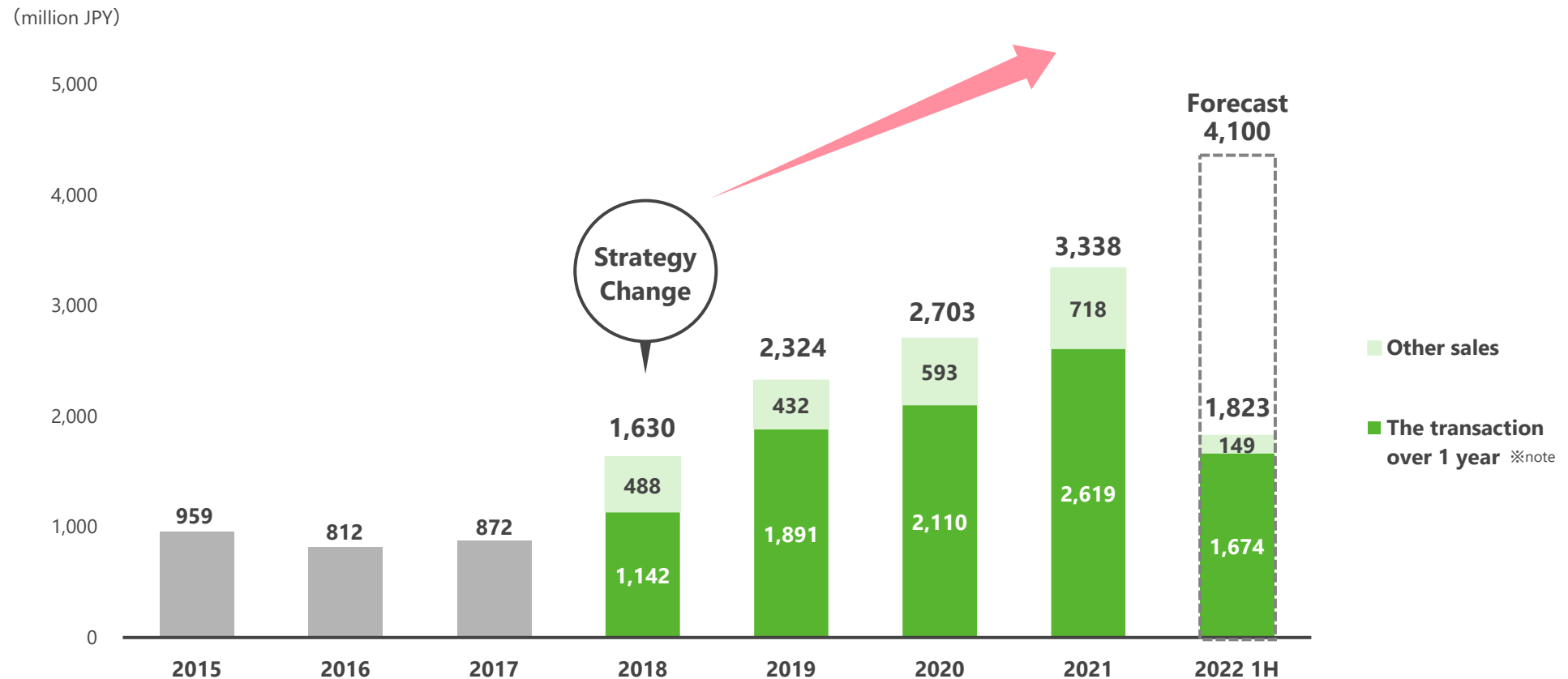
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2. Key Performance Indicators

Sales by Transaction Period

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



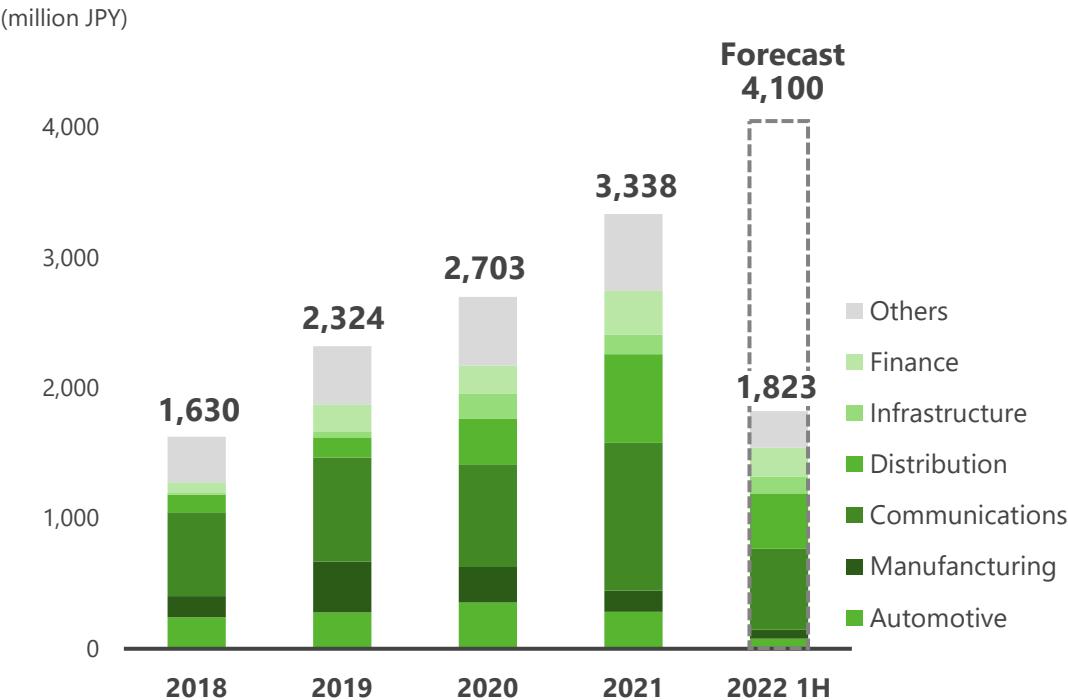
※ Results for 2015-2017, before the change in strategy, are shown in gray.

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

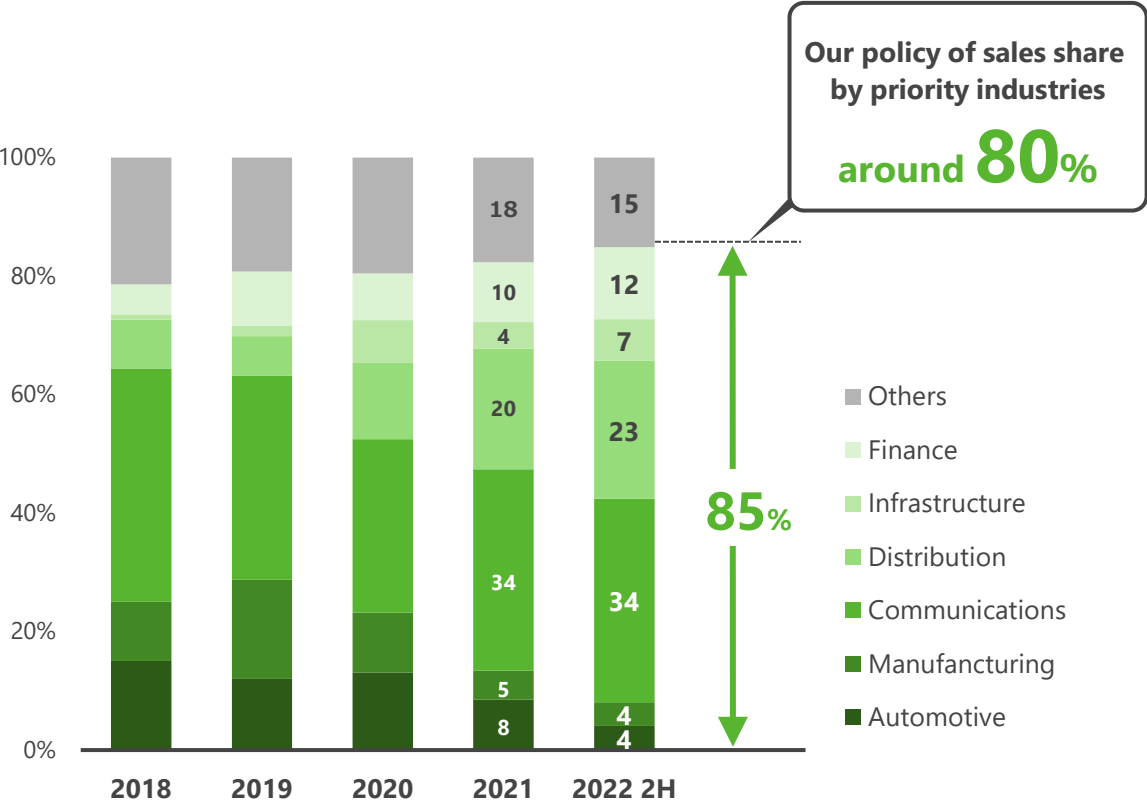
Net Sales by Priority Industries

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

Changes in Sales



Changes in Sales Share



Supporting to develop JERA's income and expenditure management system

- Supporting the development of income and expenditure management system that visualizes the entire value chain process from fuel procurement to electricity and gas sales.
- Enable to grasp of fluctuations in balance due to changes in energy market and supply-demand balance. Realizing prompt and appropriate decision making.
- ALBERT is supporting further improvements in accuracy and functional sophistication based on data accumulated through the operation.



Held the graduate training with ARISE analytics (the first case in industry)

- Promoting the skill enhancement and early training for graduated data scientists by conducting analytics exercises through mixed teams of two companies.
- Building a community network of data scientists crossed companies. Promoting the skill enhancement of data scientists for the industry.

(Training scene at ALBERT office)



- ◆ Experience in analyzing data from KDDI, one of the largest data holder in Japan.
- ◆ Utilization of Accenture's consulting know-how.
- ◆ Environment for data scientists with a variety of specialized skills and domain knowledge.

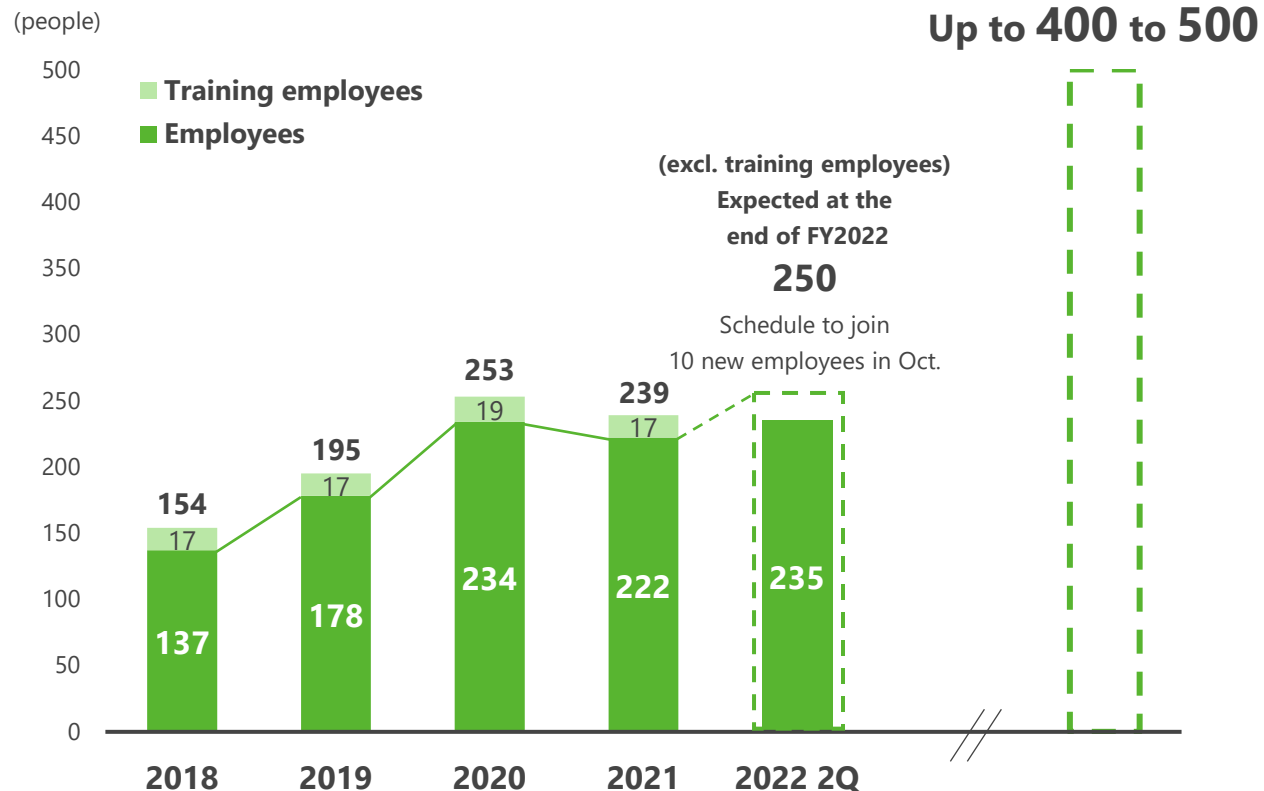


- ◆ Providing a full range of services from consulting to system implementation based on our advanced analytical capabilities.
- ◆ Track record of a wide variety of collaborative projects with major companies in various industries.
- ◆ Practical data scientist training know-how cultivated through in-house training.

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

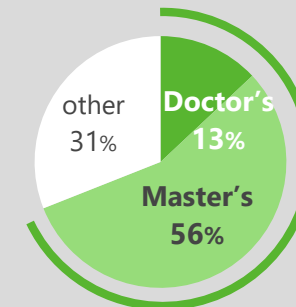


※ Training employees : Training personnel temporarily accepted from outside (to be assumed in 2H)



The group of 250 data scientists

Data Scientist's Final Education



Full-time employees about

70% are master's or doctor's degree

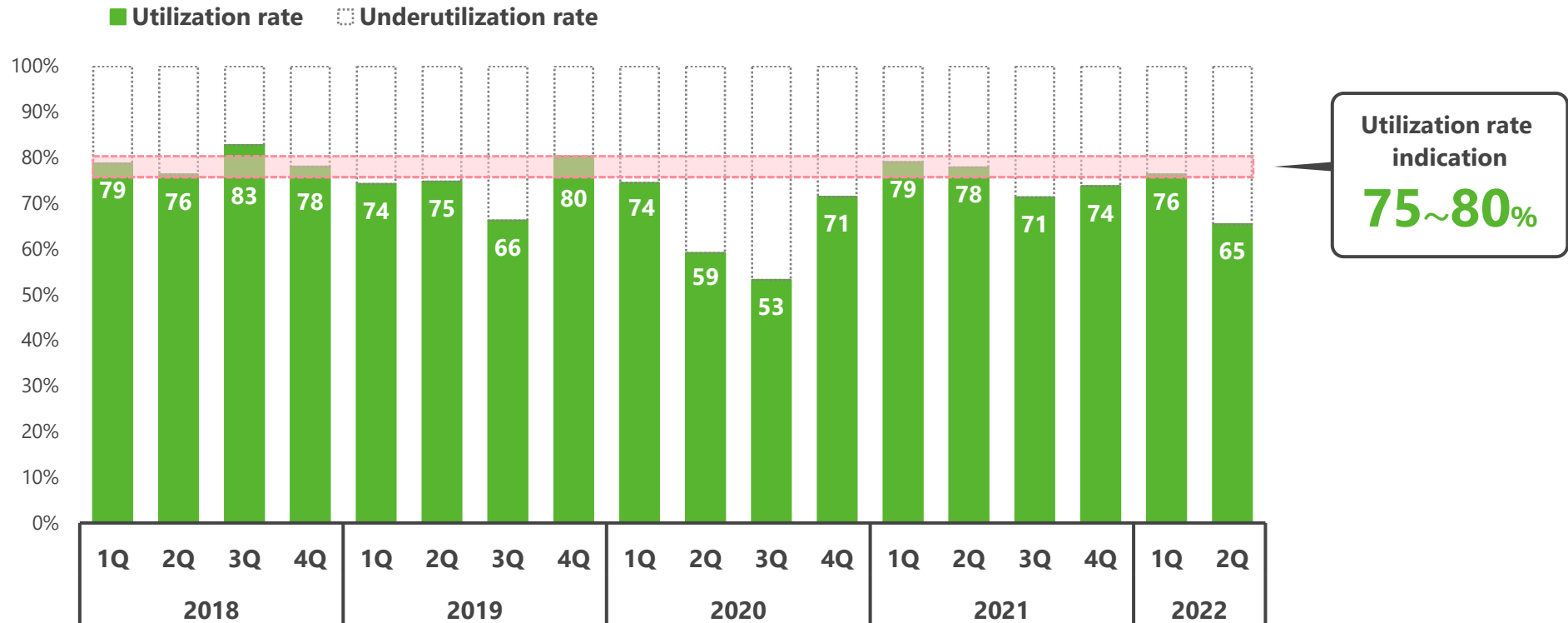
Area of expertise

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

Utilization Rate

- Occupancy rate temporarily declined due to large increase in data scientists in 2Q.
- Aiming to increase sales by utilizing ample capacity from 3Q onward.

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

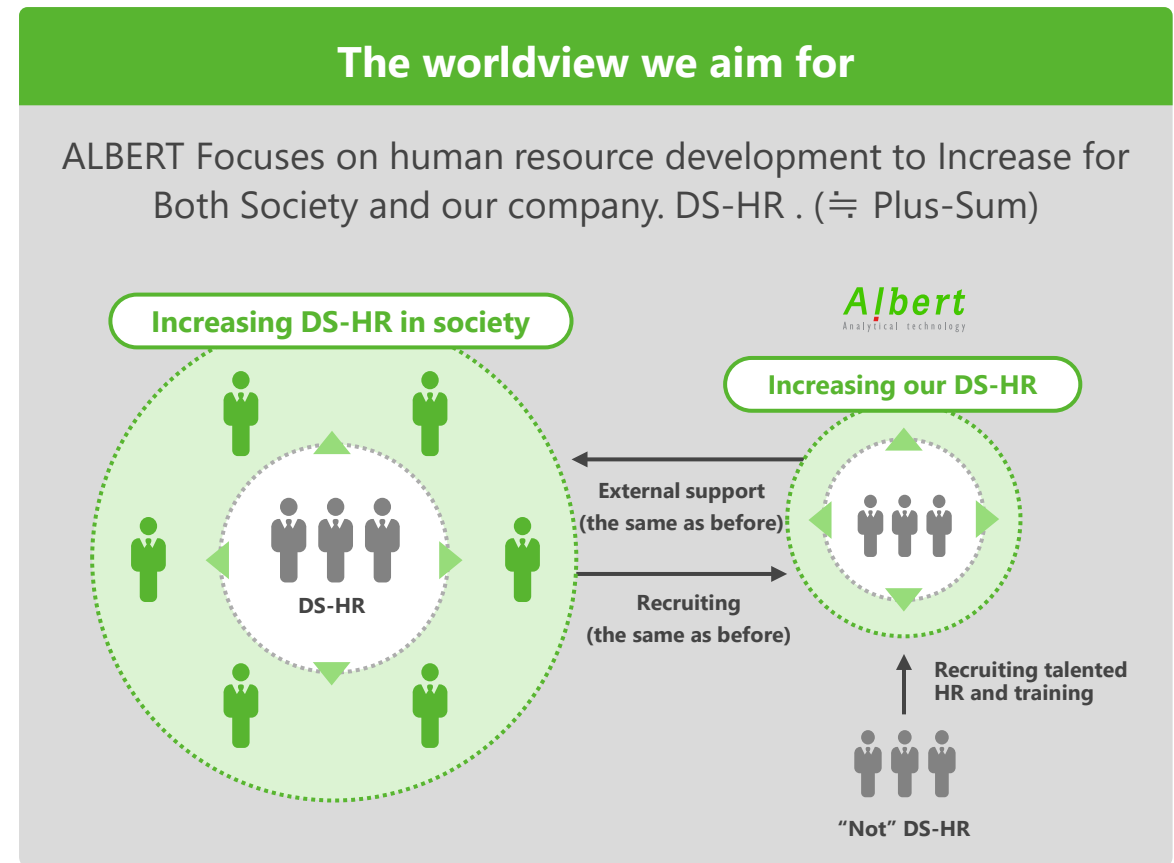
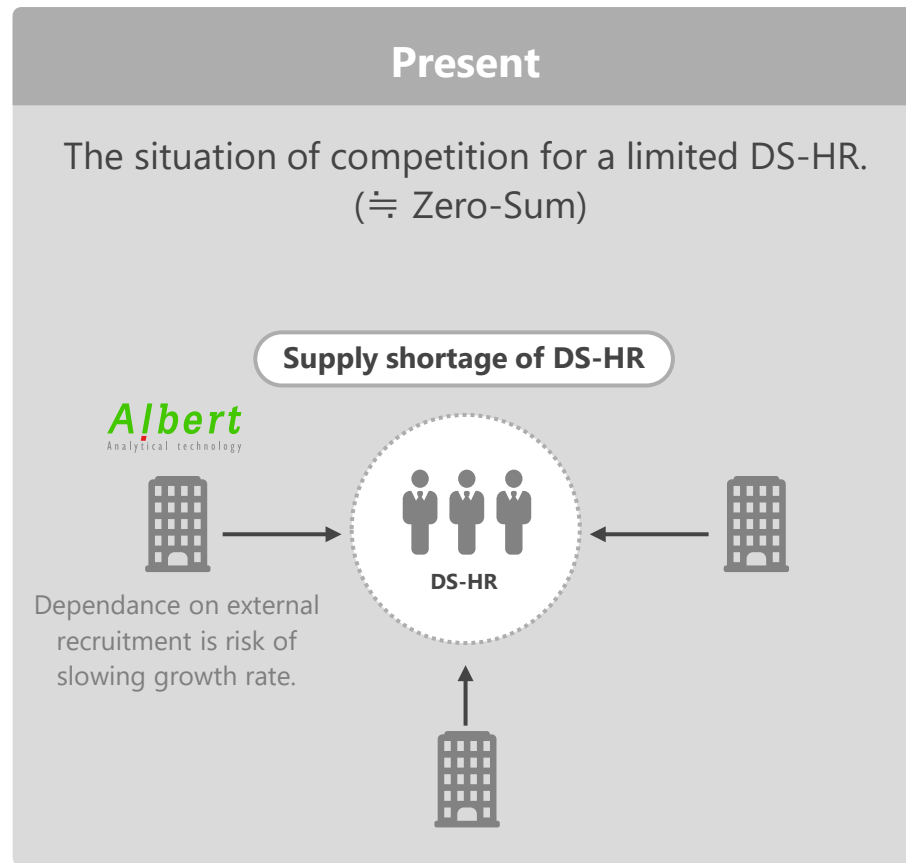
2 — Promote the “CATALYST strategy”

3 — Strengthen our basement of existing businesses

4 — Expanding our portfolios through M&A

1 — Focusing Training Data Scientists

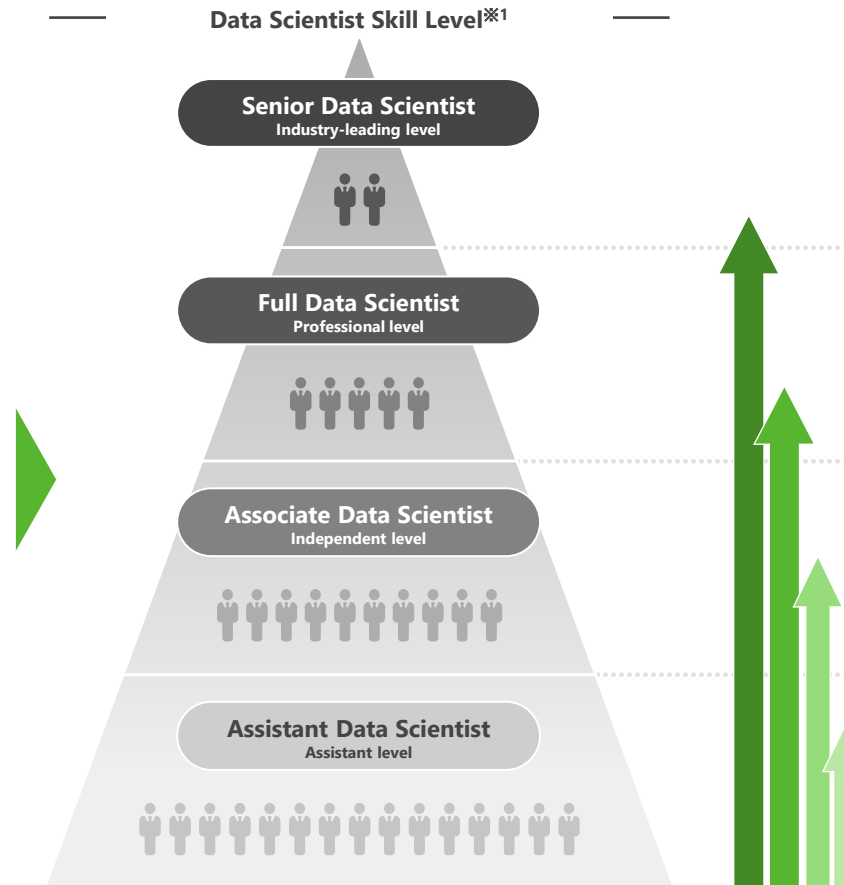
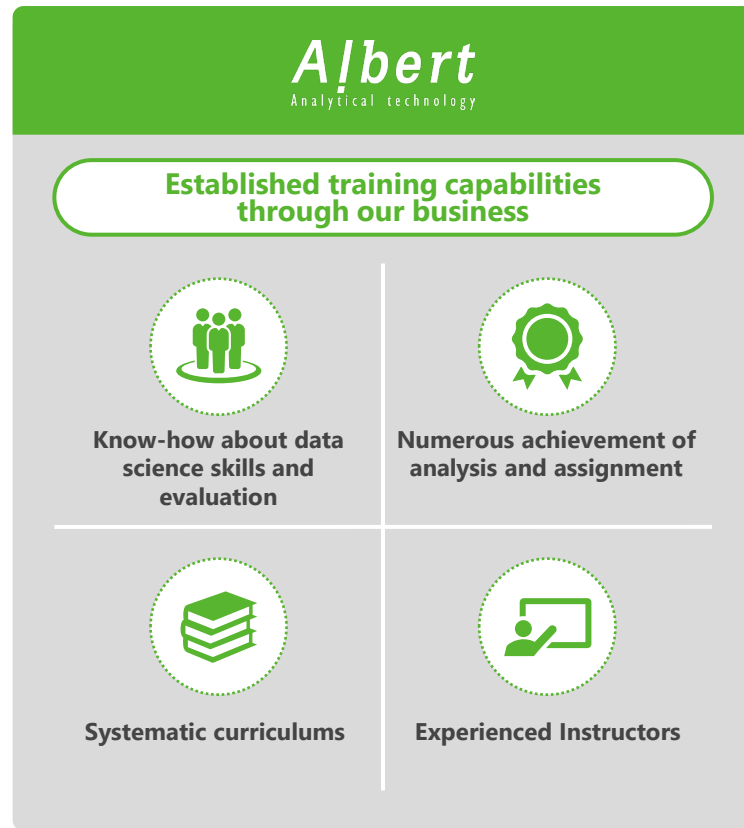
- To address the issue of recruiting data scientists, we shifted its thinking from "competition for a limited number of human resources" to "increasing the number of human resources, both within the company and in society", thereby simultaneously achieving business growth and solving social issues.



※ "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

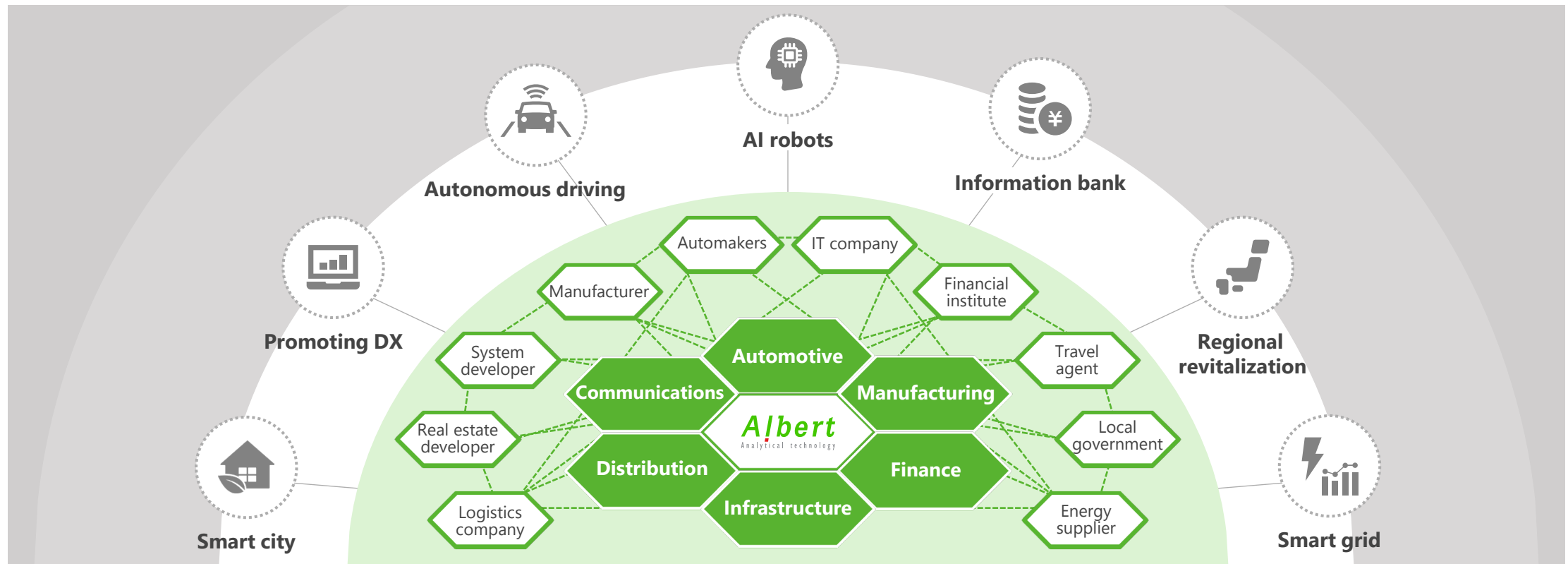
※ "DS-HR" means human resources specialized in data science.

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

2 — Promoting the CATALYST Strategy

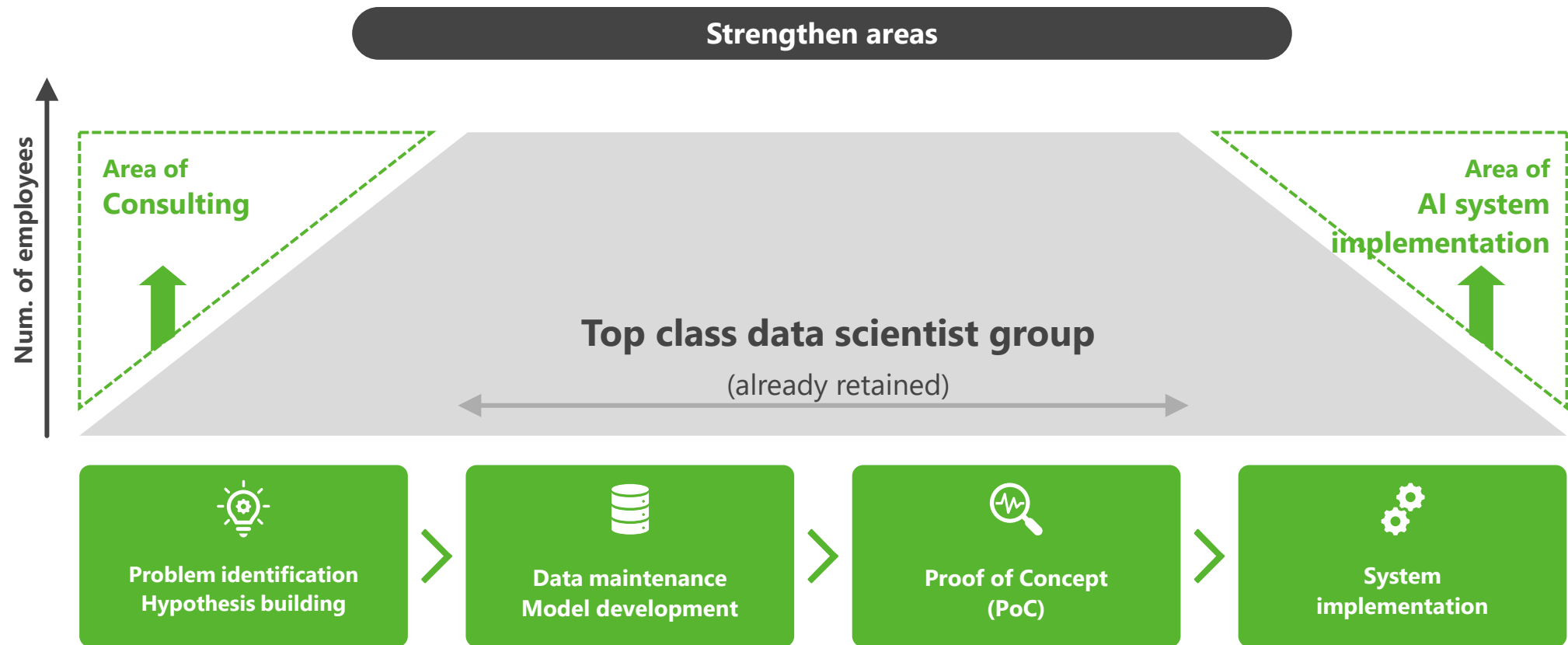
- We will create data sharing over the boundaries of industries and contribute to the resolution of various issues and the development of the themes emerged in society by increasing the number of partners of CATALYST strategy.

The worldview we aim for



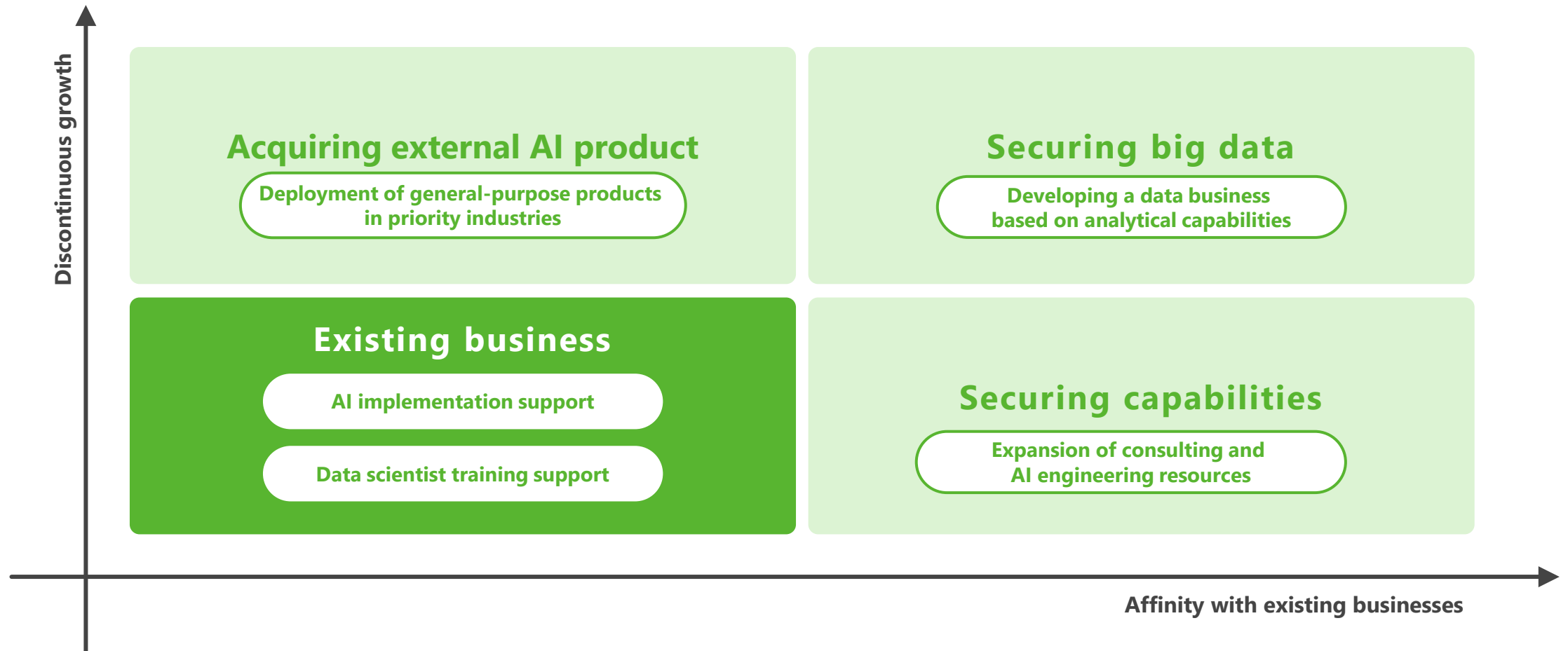
Strengthen Our Basement of Existing Businesses

- 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.



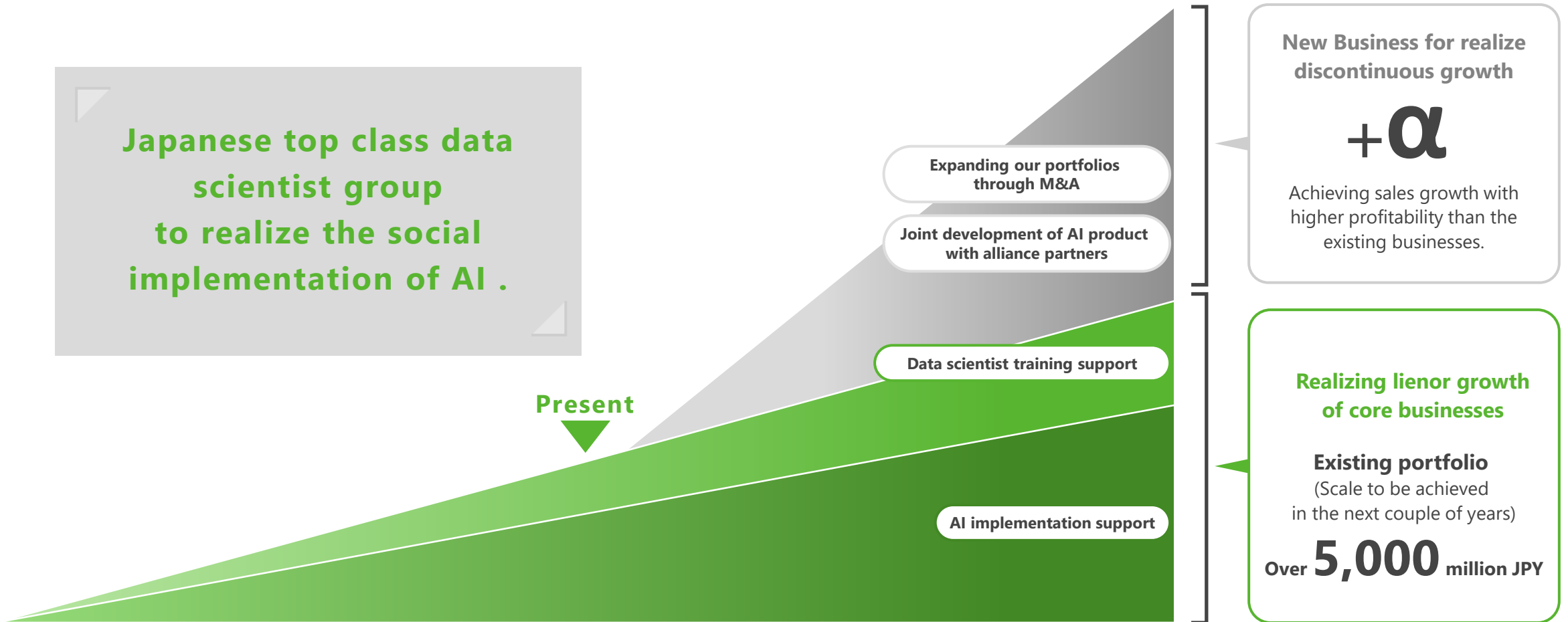
Expanding Our Portfolios through M&A

- 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 1,056 million

■ Representative Director and President

Takeshi Matsumoto

■ Capital adequacy ratio※1

93.1%

■ Affiliated Organization

**The Japanese Society for Artificial intelligence
Financial Data Utilization Promotion Association (FDUA)**

■ No. of Employees※1※2

284
employees

Incl. No. of Data Scientists

235
employees

■ Top3 Shareholders

SBI Holdings

Toyota Motor / Mynavi

■ Listing market / Security code

TSE Growth Market 3906

※1 as of June 30, 2022.

※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.

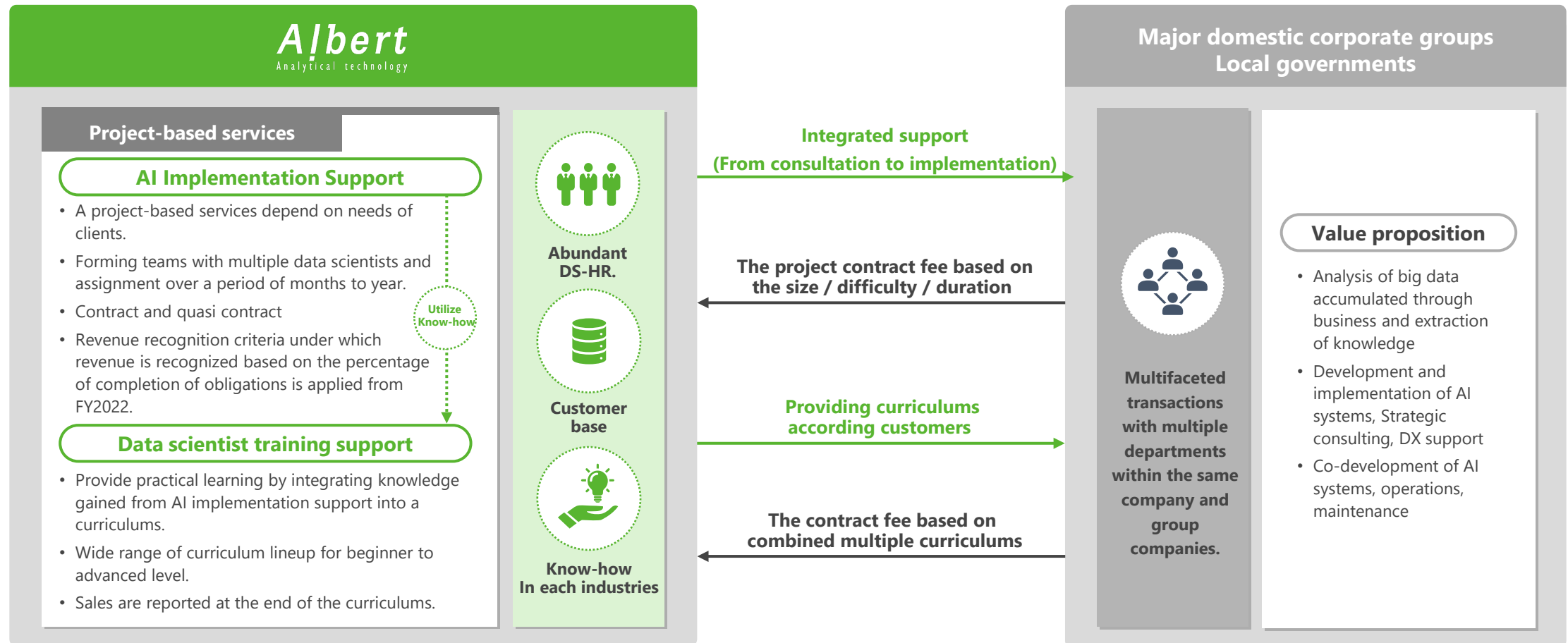
2

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.

Business Structure

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



Mission

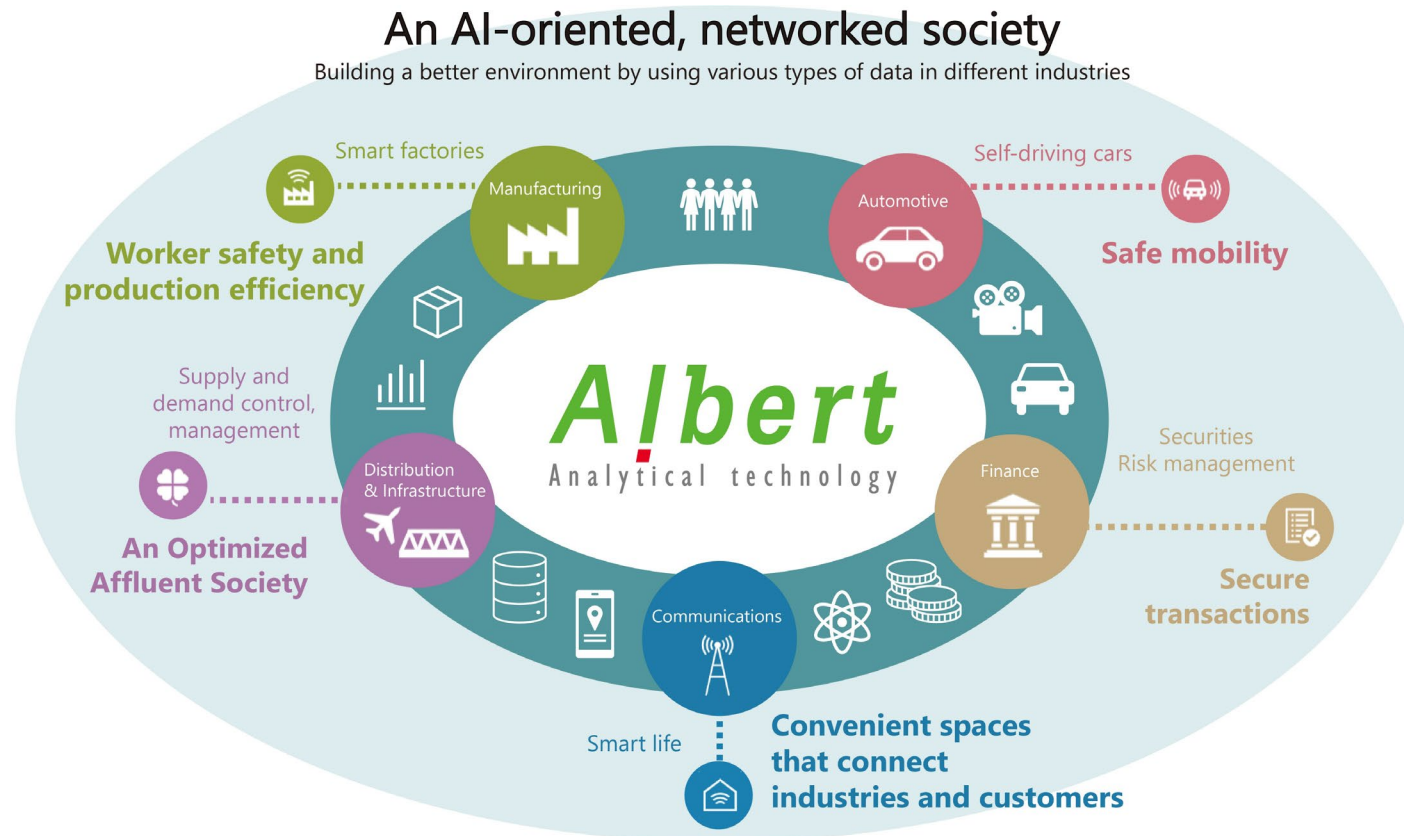


Building the future with data science
We are the CATALYST.

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

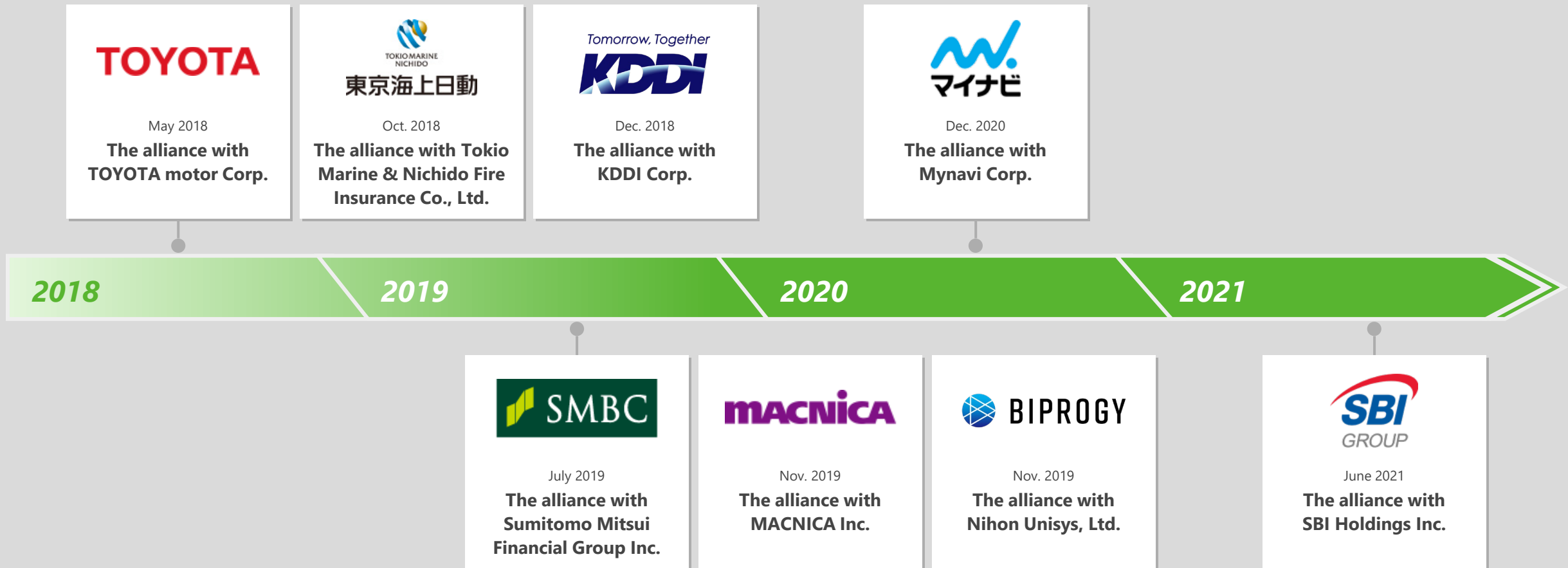
The CATALYST Strategy

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 June 30, 2022)

- Maintaining to solid shareholder composition centered alliance partners.

Rank	Name of shareholder	No. of shares hold	Percentage of total shares
1	SBI Holdings Inc.	1,383,100	30.9%
2	Toyota motor corporation	165,800	3.7%
2	Mynavi corporation	165,800	3.7%
4	MACNICA Inc.	163,000	3.6%
5	Rakuten Securities, Inc.	141,300	3.2%
6	BBH(LUX) FOR FIDELITY FUNDS PACIFIC FUND	138,200	3.1%
7	BIPOROGY Inc.	133,600	3.0%
8	JAPAN SECURITIES FINANCE CO., LTD.	102,000	2.3%
9	KDDI Corporation	97,700	2.2%
10	SUMITOMO LIFE INSURANCE COMPANY	78,300	1.8%
11	Tokio Marine & Nichido Fire Insurance Co., Ltd.	46,800	1.0%

※ Excluding treasury stocks.




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.

Inquiries

ALBERT IR

 **+81-3-5937-1389**

 **ir@albert2005.co.jp**

ALBERT Inc.

www.albert2005.co.jp/english/

Head office

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

Tokai Branch Office

Nagoya Lucent Tower 8F 6-1 Ushijima-cho, Nishi-ku,
Nagoya-shi, Aichi, Japan 451-6008

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