

Brains Technology (4075 TSE Mothers) - - - - - July 30,2021**Provider of AI software as abnormality detection solution for companies and enterprise search engine**

This report is an English translation of part of the report issued on July 30, 2021.
For inquiries concerning the report, please contact info@stock-r.org

[4075 Brains Technology Sector : Information & Communication]

Fiscal Year	Net sales (mn yen)	YoY (%)	Operating profit (mn yen)	YoY (%)	Ordinary profit (mn yen)	YoY (%)	Profit (mn yen)	YoY (%)	EPS (yen)	BPS (yen)	DPS (yen)
Jul.2019	432	-	16	-	11	-	39	-	8.4	0.4	0.0
Jul.2020	631	46.1	69	4.3x	65	5.9x	78	2.0x	16.6	17.0	0.0
Jul.2021 f	862	36.6	135	95.7	131	2.0x	104	33.3	21.8	-	0.0

Note: Non-consolidated basis. Figures for the fiscal year ending July 2021 are the company's forecasts.
It conducted 1-to-100 stock split on March 12, 2021. Per share indices are adjusted retroactively.

Providing Two AI Software that Accelerate Corporate Digital Transformation

Brains Technology provides two AI software that promote the digital transformation of corporate management; Impulse, which is an abnormality detection solution, and Neuron Enterprise Search, an enterprise search engine.

Impulse

Impulse is a system that conducts model establishment and model management for abnormality detection, appearance inspection, factor analysis, etc. through machine learning by collecting, processing and organizing various device data, sensor data, video and still image data, etc. from corporate business activities.

In the manufacturing business, it is used for defective product detection on production lines, mechanization of appearance checks, etc. In the construction business, it is used for remotely controlled predictive failure detection for tower cranes and construction elevators at construction sites and other uses. In the telecommunication business, it is used for facility monitoring to avoid silent failure of devices comprising the network and other uses.

Neuron Enterprise Search

Neuron Enterprise Search is an enterprise search engine that enables searching text and data saved on in-house file servers, portal sites, online storage and other various locations. It provides a thumbnail function that allows users to view text related to the keyword without opening the file as well allows use through mobile devices.

Business Model and Sales Composition

The company's two AI software correspond to both cloud-type systems, which use AWS of Amazon.com, Azure of Microsoft, etc., and on-premises-type systems.

The company discloses its net sales by categorizing it into software/stock sales, software/purchase sales and operation sales. Software/stock sales is the total of usage fees in the case of subscription formats and software maintenance license fees in the case of purchase formats out of software sales. Software/purchase sales is software usage license fees in the case of purchase formats. Operation sales is the fees for product introduction support, training and other services.

The sales composition in the fiscal year ended July 2020 was 34.1% from software/stock sales, 24.7% from software/purchase sales and 41.2% from operation sales. By product, net sales of Impulse accounted for over half of the total.

Brains Technology (4075 TSE Mothers) - - - - - July 30,2021**Financial Statements**

Statement of income	Fiscal Year	Jul. 2019		Jul. 2020		Nine months to Apr.2021	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales		432	100.0	631	100.0	646	100.0
Cost of sales		127	29.4	131	20.8	130	20.1
Gross profit		305	70.6	499	79.1	515	79.7
Selling, general and administrative expenses		288	66.7	430	68.1	381	59.0
Operating profit		16	3.7	69	10.9	134	20.7
Non-operating income		0	-	0	-	0	-
Non-operating expenses		4	-	4	-	3	-
Ordinary profit		11	2.5	65	10.3	130	20.1
Profit before income taxes		30	6.9	64	10.1	130	20.1
Net profit		39	9.0	78	12.4	86	13.3

Balance sheet	Fiscal Year	Jul. 2019		Jul. 2020		Apr.2021	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		247	71.2	398	76.5	487	79.6
Cash and deposits		150	43.2	319	61.3	390	63.7
Accounts receivable-trade		92	26.5	68	13.1	87	14.2
Inventories		-	-	-	-	-	-
Non-current assets		99	28.5	121	23.3	124	20.3
Property, plant and equipment		0	0.0	1	0.2	4	0.7
Intangible assets		87	25.1	94	18.1	90	14.7
Investments and other assets		10	2.9	25	4.8	30	4.9
Total assets		347	100.0	520	100.0	612	100.0
Current liabilities		167	48.1	280	53.8	327	53.4
Accounts payable - trade		10	2.9	12	2.3	34	5.6
Short-term borrowings		2	0.6	-	-	-	-
Current portion of long-term borrowings		33	9.5	84	16.2	41	6.7
Non-current liabilities		177	51.0	159	30.6	118	19.3
Long-term borrowings		125	36.0	117	22.5	86	14.1
Net assets		1	0.3	80	15.4	167	27.3
Owners' equity		1	0.3	80	15.4	167	27.3

Statement of cash flows	Fiscal Year	Jul. 2019	Jul. 2020
		(mn yen)	(mn yen)
Cash flows from operating activities		95	184
Depreciation		35	48
Cash flows from investing activities		-58	-56
Cash flows from financing activities		18	40
Dividends paid		-	-
Net increase in cash and cash equivalents		55	169
Cash and cash equivalents		150	319

Note: Non-consolidated basis.

Source: Prepared by Stock Research Center based on the notifiable prospectus.

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