

## Developing algorithm modules that leverage AI and machine learning

This report is an English translation of part of the report issued on December 24, 2021.  
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## 【4418 Japan Data Science Consortium Sector : Information &amp; 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)
Jun. 2020	515	4.3x	-81	-	-81	-	-86	-	-9.3	11.8	0.0
Jun. 2021	1,089	2.1x	38	-	27	-	27	-	2.4	15.6	0.0
Jun. 2022 f	1,473	35.3	76	2.0x	32	18.5	30	11.1	2.4	-	0.0

Note: Non-consolidated basis. Figures for the fiscal year ending June 2022 are the company's forecasts.  
It conducted 1-to-700 stock split on September 29, 2021. Per share indicies are adjusted retroactively.

**Developing and Providing AI-Related Services and Solutions**

To resolve issues facing industry and society in general, Japan Data Science Consortium aims to implement cutting-edge technologies such as data science, machine learning, and AI to society. This is done not just to address issues at individual companies, but also to transform each industry as a whole and enable the realization of SDGs common to all industries.

The company's Japanese name of JDSC is an acronym of Japan Data Science Consortium. As the company's name suggests, through joint research in collaboration with leading companies representing various industries, it creates AI-related services and solutions to resolve issues common to all industries and generates revenue by turning them into products which it supplies to a wide range of other companies (horizontal expansion).

The company holds the proprietary rights to its AI algorithms and is able to access non-public data belonging to various companies by collaborating with leading companies in different industries. By providing services and solutions to multiple customers within an industry, it further increases the quantity and type of data it possesses, and based on this, it improves the accuracy of its algorithms, resulting in a business model that can leverage the characteristics of the AI field to create a virtuous cycle. Furthermore, repeating this cycle leads to high barriers to entry for other companies, giving Japan Data Science Consortium a competitive advantage.

Working with AI solutions customers based on a quasi-mandate contract during the joint development phase and initial entry phase, the company generates flow-type revenue by providing services such as supporting issue identification and strategy formulation, conducting proof of concept, developing AI algorithms, implementing systems, etc. Furthermore, during the phase after the introduction of the AI solution, it generates stock-type revenue through maintenance fees, service usage fees, license usage fees, consortium membership fees, etc.

## Japan Data Science Consortium (4418 TSE Mothers) - - - - - January 6,2022

## Financial Statements

Statement of income	Fiscal Year	Jun.2020		Jun.2021		Three mounhts to Sep. 2021	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales		515	100.0	1,089	100.0	316	100.0
Cost of sales		240	46.6	507	46.6	112	35.4
Gross profit		275	53.4	582	53.4	203	64.2
Selling, general and administrative expenses		357	69.3	543	49.9	152	48.1
Operating profit		-81	-15.7	38	3.5	50	15.8
Non-operating income		0	-	0	-	0	-
Non-operating expenses		0	-	11	-	-	-
Ordinary profit		-81	-	27	2.5	50	15.8
Profit before income taxes		-81	-	27	2.5	50	15.8
Net profit		-86	-	27	2.5	42	13.3

Balance sheet	Fiscal Year	Jun.2020		Jun.2021		Sep. 2021	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		400	85.3	3,115	97.7	3,137	97.8
Cash and deposits		251	53.5	3,015	94.6	3,009	93.9
Accounts receivable - trade		94	20.0	86	2.7	113	3.5
Inventories		3	0.6	0	0.0	-	-
Non-current assets		68	14.5	72	2.3	68	2.1
Property, plant and equipment		38	8.1	41	1.3	39	1.2
Intangible assets		1	0.2	1	0.0	0	0.0
Investments and other assets		29	6.2	29	0.9	28	0.9
Total assets		469	100.0	3,188	100.0	3,206	100.0
Current liabilities		61	13.0	115	3.6	84	2.6
Non-current liabilities		21	4.5	20	0.6	26	0.8
Net assets		385	82.1	3,051	95.7	3,094	96.5
Owners' equity		385	82.1	3,051	95.7	3,093	96.5

Statement of cash flows	Fiscal Year	Jun.2020	Jun.2021
		(mn yen)	(mn yen)
Cash flows from operating activities		-72	150
Depreciation		6	10
Cash flows from investing activities		-21	-14
Cash flows from financing activities		177	2,628
Dividends paid		-	-
Net increase in cash and cash equivalents		83	2,764
Cash and cash equivalents		251	3,015

Note:Non-consolidated basis.

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

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