Ridge-i (5572 TSE Growth)   May 11, 2023

Aiming to solve social and customer issues using AI

This report is an English translation of part of the report issued on April 28, 2023.
For inquiries concerning the report, please contact info@stock-r.org

【5572 Ridge-i 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.2021	419	18.4	-156	-	-147	-	-148	-	-44.7	-120.2	0.0
Jul.2022	968	2.3x	56	-	109	-	150	-	43.3	-76.9	0.0
Jul.2023 f	1,000	3.3	161	2.9x	161	47.7	113	-24.7	32.7	-	0.0

Note: Non-consolidated basis. Figures for the fiscal year ending July 2023 are the company's forecasts.
It conducted 10-to-1 reverse stock split on January 4, 2023. Per share indicies are adjusted retroactively.

Conducting Contract R&D for Full Custom AI

Ridge-i operates the custom AI solution business, which provides practical solutions using advanced technologies such as AI and deep learning to address issues faced by companies and industries.

Net sales are classified into AI utilization consulting/AI development, satellite AI analysis and AI licensing services. The AI utilization consulting/AI development service accounted for 92.5% of net sales in fiscal year ended July 2022, the satellite AI analysis service for 4.5% and the AI licensing service for 3.0%. The composition ratio of the AI utilization consulting/AI development service rose due to an order received for a large-scale project.

AI Utilization Consulting/AI Development

Ridge-i's core technology is multimodal AI, which combines multiple types of data and multiple AI technologies to make sophisticated judgments. The company proposes optimal solutions that balance technology and business, and conducts consulting and development.

The company's multimodal AI has a track record and strength in analyzing image data and video data, but it has also been able to respond to sound and numerical data, enabling it to reproduce human knowledge and sensitivity by combining various state-of-the-art technologies.

AI Licensing

Ridge-i provides licenses and products for the use of AI engines developed in the past, basically without any new development or customization.

Satellite AI Analysis

The company collects satellite data and analyzes it using AI. It combines its satellite data with the ground data held by customers to create unique teacher data necessary for machine learning, and provides reports analyzed by AI. It also provides AI analysis tools to customers who want to continuously analyze satellite data. In many cases, public institutions such as government agencies become customers.

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Financial Statements

Statement of income	Fiscal Year	Jul.2021		Jul.2022		Six months to Jan.2023	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales		419	100.0	968	100.0	436	100.0
Cost of sales		227	54.2	355	36.7	154	35.3
Gross profit		191	45.6	612	63.2	282	64.7
Selling, general and administrative expenses		348	83.1	556	57.4	199	45.6
Operating profit		-156	-	56	5.8	83	19.0
Non-operating income		9	-	53	-	0	-
Non-operating expenses		-	-	-	-	-	-
Ordinary profit		-147	-	109	11.3	83	19.0
Profit before income taxes		-147	-	109	11.3	83	19.0
Net profit		-148	-	150	15.5	57	13.1

Balance sheet	Fiscal Year	Jul.2021		Jul.2022		Jan.2023	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		1,313	94.3	1,468	94.0	1,449	94.6
Cash and deposits		1,212	87.1	1,383	88.6	1,190	77.7
Accounts receivable-trade		87	6.3	72	4.6	240	15.7
Inventories		-	-	0	0.0	0	0.0
Non-current assets		78	5.6	93	6.0	82	5.4
Property, plant and equipment		35	2.5	13	0.8	9	0.6
Intangible assets		0	0.0	1	0.1	20	1.3
Investments and other assets		42	3.0	78	5.0	52	3.4
Total assets		1,392	100.0	1,561	100.0	1,532	100.0
Current liabilities		128	9.2	147	9.4	60	3.9
Accounts payable - trade		20	1.4	10	0.6	10	0.7
Net assets		1,263	90.7	1,413	90.5	1,471	96.0
Owners' equity		1,263	90.7	1,413	90.5	1,471	96.0

Statement of cash flows	Fiscal Year	Jul.2021	Jul.2022	Six months to Jan.2023
		(mn yen)	(mn yen)	(mn yen)
Cash flows from operating activities		-76	178	-172
Depreciation		33	32	6
Cash flows from investing activities		-4	-4	-20
Cash flows from financing activities		777	-2	-
Dividends paid		-	-	-
Net increase in cash and cash equivalents		695	170	-192
Cash and cash equivalents		1,212	1,383	1,190

Note:Non-consolidated
Source: Prepared by Stock Research Center based on the notifiable prospectus.

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