

Development of AI engines to optimize operation of social infrastructure

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【5582 GRID 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)
Jun.2021	706	2.0	-222	-	-198	-	-210	-	-58.0	-178.3	0.0
Jun.2022	910	28.8	71	-	67	-	91	-	25.3	-149.5	0.0
Jun.2023 f	1,350	48.3	188	165.4	176	161.0	190	106.6	52.3	-	0.0

Note: Non-consolidated basis. Figures for the fiscal year ending June 2023 are the company's forecasts.

It conducted 1:3,000 stock split on April 15, 2023. Per share indices are adjusted retroactively.

Development of AI Engines to Optimize Operation of Social Infrastructure

GRID specializes in developing of engines that optimize the operation of social infrastructure.

Planning is indispensable in the operation of social infrastructure. Examples include power supply-demand planning, transportation scheduling and urban planning.

Such planning work has conventionally been carried out by staff with extensive experience and expert knowledge. However, due to its manual nature, a single plan can take hours or days to develop. Moreover, each plan would be limited to include only one scenario. The biggest challenge was that this know-how became tacit knowledge reliant on the individual.

However, with GRID's AI engine, users can create plans in just a few minutes, allowing them to make multiple plans. Furthermore, since it is possible to verify multiple scenarios for a single plan, it facilitates the creation and extraction of the most optimal plan. The improved accuracy of such plans will greatly reduce the operating costs of social infrastructure and improve their profitability. As such, major infrastructure operators such as electric power companies have utilized the AI engine.

Specializing in AI development, GRID focuses on the three industrial domains of electric power and energy, logistics and supply chain, and urban transportation and smart cities. Additionally, GRID discloses its net sales according to these industrial domains. Although the scale of individual projects may impact the company's net sales, net sales from the logistics and supply chain industrial domain accounted for about half of net sales in the first three quarters of fiscal year ended June 2023.

Financial Statements

Statement of income	Fiscal Year	Jun.2021		Jun.2022		Nine months to Mar.2023	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales		706	100.0	910	100.0	1,019	100.0
Cost of sales		247	35.1	249	27.4	282	27.8
Gross profit		458	64.9	660	72.6	736	72.2
Selling, general and administrative expenses		681	96.4	589	64.8	509	50.0
Operating profit		-222	-31.5	71	7.8	226	22.2
Non-operating income		26	-	2	-	1	-
Non-operating expenses		3	-	5	-	2	-
Ordinary profit		-198	-28.1	67	7.4	225	22.1
Profit before income taxes		-228	-32.4	78	8.6	225	22.1
Net profit		-210	-29.8	91	10.1	255	25.1

Balance sheet	Fiscal Year	Jun.2021		Jun.2022		Mar.2023	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		1,044	87.1	1,018	78.2	1,279	80.6
Cash and deposits		782	65.3	618	47.5	616	38.8
Accounts receivable-trade		205	17.2	375	28.9	638	40.2
Inventories		2	0.2	0	0.0	-	-
Non-current assets		154	12.9	284	21.8	307	19.4
Property, plant and equipment		18	1.6	13	1.0	12	0.8
Intangible assets		21	1.8	142	10.9	134	8.5
Investments and other assets		114	9.6	128	9.9	161	10.1
Total assets		1,198	100.0	1,302	100.0	1,587	100.0
Current liabilities		158	13.2	230	17.7	308	19.5
Accounts payable - trade		4	0.4	7	0.6	-	-
Non-current liabilities		194	16.2	134	10.3	85	5.4
Net assets		845	70.6	937	72.0	1,193	75.2
Owners' equity		844	70.4	936	71.9	1,191	75.1

Statement of cash flows	Fiscal Year	Jun.2021	Jun.2022
		(mn yen)	(mn yen)
Cash flows from operating activities		-179	-55
Depreciation		13	12
Cash flows from investing activities		-8	-103
Cash flows from financing activities		75	-5
Dividends paid		-	-
Net increase in cash and cash equivalents		-111	-164
Cash and cash equivalents		782	618

Note: Non-consolidated

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

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