

**Aiming for growth in AI system implementation in core operations of large companies**

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**[5574 ABEJA Sector : Information & Communication]**

Fiscal Year	Net sales	YoY	Operating profit	YoY	Ordinary profit	YoY	Profit	YoY	EPS	BPS	DPS
	(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)	(yen)	(yen)	(yen)
Aug.2021	1,259	21.2	-264	-	-259	-	-350	-	-65.5	-876.9	0.0
Aug.2022	1,978	57.1	-163	-	-181	-	-196	-	-41.2	232.0	0.0
Aug.2023	f 2,767	39.9	390	-	366	-	320	-	40.7	-	0.0

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

**Leveraging AI to Support Customers' Digital Transformation**

ABEJA is engaged in the digital platform business to support customers' digital transformation activities. The company offers integrated services ranging from constructing an AI system that leverages deep learning technology, based on customers' business process data, on its proprietary ABEJA Platform, to operating the system. ABEJA is an affiliate of Sampo Holdings, with sales to this company ranging from slightly over 30% to just under 40% of total net sales.

ABEJA Platform is a software suite that offers processes from data generation, data collection, data processing and data analysis to AI modeling necessary for the execution of digital transformation. It operates continuously and stably in cloud environments such as Google Cloud Platform (GCP) and Amazon Web Services (AWS).

Client companies can accumulate the data needed to construct an AI system on ABEJA Platform. Data processing and other functions will be performed in an environment featuring computing resources and guaranteed security. Integrating such data with AI models enables and facilitates the construction of AI systems such as attribute estimation, anomaly detection and more, instead of building them from scratch. In fiscal year ended August 2022, sales related to ABEJA Platform accounted for 83.6% of total net sales.

**Business Model**

Sales are categorized into the transformation field and operation field, with the former accounting for 84% of net sales and the latter for 16% in fiscal year ended August 2022.

ABEJA Platform-related sales accounting for the majority of the transformation field net sales, consist of consulting services which include formulation of overall strategies for the promotion of digital transformation, construction of AI systems on ABEJA Platform, integration with existing systems and training of digital human resources, establishment of organizations to promote digital transformation and more.

The operation field net sales consist of ABEJA Platform usage fees during the construction of AI systems as well as after the systems become operational, income from ABEJA Insight for Retail, a service for retail businesses that operate on ABEJA Platform, and other offerings. For the operation field, the company receives monthly usage fees and other revenue.

## Financial Statements

Statement of income	Fiscal Year	Aug.2021		Aug.2022		Six months to Feb.2023	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales		1,259	100.0	1,978	100.0	1,407	100.0
Cost of sales		678	53.9	796	40.2	515	36.6
Gross profit		581	46.1	1,181	59.7	892	63.4
Selling, general and administrative expenses		846	67.2	1,345	68.0	546	38.8
Operating profit		-264	-	-163	-	345	24.5
Non-operating income		22	-	21	-	21	-
Non-operating expenses		17	-	40	-	21	-
Ordinary profit		-259	-	-181	-	345	24.5
Profit before income taxes		-348	-	-194	-	345	24.5
Net profit		-350	-	-196	-	344	24.4

Balance sheet	Fiscal Year	Aug.2021		Aug.2022		Feb.2023	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		2,363	99.4	2,152	99.7	2,465	99.7
Cash and deposits		2,108	88.6	1,844	85.4	1,967	79.6
Accounts receivable-trade		187	7.9	151	7.0	346	14.0
Inventories		34	1.4	70	3.2	78	3.2
Non-current assets		14	0.6	7	0.3	7	0.3
Property, plant and equipment		-	-	-	-	-	-
Intangible assets		-	-	-	-	-	-
Investments and other assets		14	0.6	7	0.3	7	0.3
Total assets		2,378	100.0	2,159	100.0	2,472	100.0
Current liabilities		312	13.1	286	13.2	254	10.3
Accounts payable - trade		3	0.1	0	0.0	0	0.0
Non-current liabilities		80	3.4	80	3.7	80	3.2
Long-term borrowings		80	3.4	80	3.7	80	3.2
Net assets		1,985	83.5	1,793	83.0	2,138	86.5
Owners' equity		1,983	83.4	1,789	82.9	2,133	86.3

Statement of cash flows	Fiscal Year	Aug.2021	Aug.2022	Six months to Feb.2023
		(mn yen)	(mn yen)	(mn yen)
Cash flows from operating activities		-152	-253	122
Depreciation		-	-	-
Cash flows from investing activities		405	-14	-
Cash flows from financing activities		-37	3	-
Dividends paid		-	-	-
Net increase in cash and cash equivalents		215	-263	122
Cash and cash equivalents		2,108	1,844	1,967

Note: Non-consolidated

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

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