

Helping customers achieve digital transformation

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【5578 AR advanced technology 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	7,597	-	463	-	445	-	344	-	110.0	278.9	0.0
Aug.2022	8,768	15.4	396	-9.1	396	-11.0	272	-20.9	91.1	369.5	0.0
Aug.2023 f	10,459	19.3	438	10.3	430	8.4	281	3.0	92.2	-	0.0

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

It conducted 1:4 stock split on March 1, 2023. Per share indices are adjusted retroactively.

Focus on Cloud Integration to Help Client Companies Accomplish Digital Transformation

AR advanced technology provides solutions to aid its clients in realizing digital transformation. In September 2017, AR advanced technology received the Second Prize and Special Jury Prize from the New Energy and Industrial Technology Development Organization (NEDO) for their joint project with Shimadzu Corporation, "Research and Development on AI's Ability to Infer Optimal Clinical Departments." This achievement in technological capabilities led to a boost in the company's business performance.

The company provides three services: 1) cloud integration, 2) product development and sales and 3) digital transformation human resources. Cloud integration accounts for around 80% of net sales, while the development and sales of proprietary products and digital transformation human resources each account for about 10%.

1) Cloud Integration

This service leverages cloud-native technologies such as Amazon Web Services (AWS) and Microsoft Azure to offer system development (cloud integration). The service features a range of consulting services that support digital and cloud migration. In addition to traditional system development, domain-specific service packages are also available.

2) Product Development and Sales

The company develops and sells three proprietary products and conducts reselling and maintenance related services for other companies. AR advanced technology's products are AI-based, and incorporate knowledge accumulated through the company's cloud integration services.

3) Digital Transformation Human Resources

Consolidated subsidiary ATS offers temporary staffing and recruiting services mainly through matching platform Techpass, which enables the acquisition of digital transformation human resources. Job seekers who access Techpass are referred to client companies or introduced to AR advanced technology.

Financial Statements

Statement of income	Fiscal Year	Aug.2021		Aug.2022		Six mounths to Feb.2023	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales		7,597	100.0	8,768	100.0	4,755	100.0
Cost of sales		5,897	77.6	6,781	77.3	3,648	76.7
Gross profit		1,700	22.4	1,987	22.7	1,107	23.3
Selling, general and administrative expenses		1,264	16.6	1,590	18.1	866	18.2
Operating profit		436	5.7	396	4.5	241	5.1
Non-operating income		17	-	6	-	7	-
Non-operating expenses		7	-	6	-	2	-
Ordinary profit		445	5.9	396	4.5	245	5.2
Profit before income taxes		430	5.7	396	4.5	245	5.2
Profit attributable to owners of parent		344	4.5	272	3.1	159	3.3

Balance sheet	Fiscal Year	Aug.2021		Aug.2022		Feb.2023	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		2,144	79.1	2,352	83.6	3,202	88.0
Cash and deposits		911	33.6	886	31.5	1,561	42.9
Accounts receivable-trade		1,191	44.0	1,435	51.0	1,608	44.2
Inventories		-	-	-	-	-	-
Non-current assets		566	20.9	462	16.4	436	12.0
Property, plant and equipment		84	3.1	64	2.3	71	2.0
Intangible assets		233	8.6	174	6.2	156	4.3
Investments and other assets		247	9.1	223	7.9	208	5.7
Total assets		2,710	100.0	2,814	100.0	3,638	100.0
Current liabilities		1,873	69.1	1,708	60.7	2,373	65.2
Accounts payable - trade		607	22.4	679	24.1	760	20.9
Non-current liabilities		0	0.0	-	-	-	-
Net assets		836	30.9	1,106	39.3	1,265	34.8
Owners' equity		836	30.9	1,106	39.3	1,265	34.8

Statement of cash flows	Fiscal Year	Aug.2021	Aug.2022	Six mounths to Feb.2023
		(mn yen)	(mn yen)	(mn yen)
Cash flows from operating activities		505	151	119
Depreciation		95	103	48
Cash flows from investing activities		-82	-4	-14
Cash flows from financing activities		-255	-171	-106
Dividends paid		-	-	-103
Net increase in cash and cash equivalents		166	-24	180
Cash and cash equivalents		901	876	2,089

Note:Consolidated

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

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