Laboro.AI (5586 TSE Growth)   August 10, 2023

Developing custom AI solutions to address the growth strategies and business challenges of client companies

【5586 Laboro.AI 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)
Sep.2021	656	72.2	83	-	84	18.3	60	13.2	5.3	17.8	0.0
Sep.2022	733	11.7	-55	-	-55	-	-39	-	-3.3	83.1	0.0
Sep.2023 f	1,346	83.6	172	-	160	-	111	-	7.9	-	0.0

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

Developing Custom AI Solutions to Address the Growth Strategies and Business Challenges of Client Companies

Laboro.AI provides consulting services for AI introduction and business transformation to meet the growth strategies and business issues of client companies as well as custom AI services to develop tailor-made AI.

Business Model

In its custom AI services, the company's solution designers and machine learning engineers employ cutting-edge machine learning technology to provide design and consultation on AI solutions. They form project teams with members from the client companies to offer a full range of services that include business transformation planning, AI solution requirement definition, development, Proof of Concept (PoC), introduction and implementation, as well as continuous re-learning and tuning.

At Laboro.AI, the combined number of solution designers and machine learning engineers is approximately 40. Many of the solution designers have specialist backgrounds, including consulting experience at a consulting firm, IT system development experience as system integrators, and experience as data scientists. Furthermore, many have a background in science or mathematics

Laboro.AI's contracts with client companies consist primarily of outcome-based quasi-mandate contracts which involve the delivery of deliverables upon the completion of the work. The company revenue is recorded on a percentage-of-completion base, corresponding to the compensation structure aligned with the team of solution designers and machine learning engineers engaged in the project.

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Financial Statements

Statement of income	Fiscal Year	Sep.2021		Sep.2022		Six months to Mar.2023	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales		656	100.0	733	100.0	637	100.0
Cost of sales		185	28.2	217	29.6	213	34.6x
Gross profit		471	71.8	515	70.3	423	66.4
Selling, general and administrative expenses		388	59.1	570	77.8	321	50.4
Operating profit		83	12.7	-55	-	101	15.4
Non-operating income		1	-	0	-	0	-
Non-operating expenses		0	-	0	-	0	-
Ordinary profit		84	12.8	-55	-	101	15.9
Profit before income taxes		84	12.8	-55	-	101	15.9
Net profit		60	9.1	-39	-	69	10.8

Balance sheet	Fiscal Year	Sep.2021		Sep.2022		Mar.2023	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		382	92.5	1,229	93.2	1,387	94.4
Cash and deposits		214	51.8	965	73.2	928	63.1
Accounts receivable-trade		159	38.5	245	18.6	452	30.7
Inventories		-	-	-	-	-	-
Non-current assets		31	7.5	90	6.8	82	5.6
Property, plant and equipment		15	3.6	43	3.3	50	3.4
Intangible assets		-	-	-	-	-	-
Investments and other assets		15	3.6	46	3.5	31	2.1
Total assets		413	100.0	1,319	100.0	1,470	100.0
Current liabilities		142	34.4	98	7.4	184	12.5
Accounts payable - trade		13	3.1	7	0.5	25	1.7
Current portion of long-term borrowings.		12	2.9	10	0.8	10	0.7
Non-current liabilities		62	15.0	51	3.9	46	3.1
Long-term borrowings		62	15.0	51	3.9	46	3.1
Net assets		208	50.4	1,169	88.6	1,238	84.2
Owners' equity		208	50.4	1,169	88.6	1,238	84.2

Statement of cash flows	Fiscal Year	Sep.2021	Sep.2022	Six months to Mar.2023
		(mn yen)	(mn yen)	(mn yen)
Cash flows from operating activities		57	-182	-17
Depreciation		7	11	7
Cash flows from investing activities		-14	-54	-15
Cash flows from financing activities		37	987	-5
Dividends paid		-	-	-
Net increase in cash and cash equivalents		80	751	-37
Cash and cash equivalents		214	965	928

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