

Lucas GC Limited (LGCL), an AI+PaaS Platform Achieved 171% Growth in 1H 2023 and Four Consecutive Profitable Years, Planned to IPO on NASDAQ

BEIJING, Nov. 20, 2023 — Due to the recovery of macro economy and the continuous investment by the government in digital economy, human resources related markets in China are expected to enjoy significant growth. According to market research firm Frost and Sullivan, it is projected that by 2027, market size in the Chinese human capital management industry will reach CNY 56.9 billion, with an average annual compound growth rate of 20.9% from 2023 to 2027. The market size of the Chinese software technology outsourcing market is expected to reach CNY 271.9 billion by 2026, with demand continuing to grow. This provides excellent market opportunities for technology-driven human capital management service enterprises like Lucas GC Limited (“Lucas”) .

With more than 430,000 active registered users by the end of 2022, according to Frost and Sullivan, Lucas is the largest AI technology-driven online agent-centric human capital management service provider, targeting professionals based on Platform-as-a-Service, or PaaS, in China.

Powered by over 16 U.S. and China granted patents in Artificial Intelligence, Data Analytics and Blockchain technologies, and over 70 registered software copyrights, Lucas’ technology is well recognized by peers and was awarded as “Technologically Advanced Small and Medium-sized Enterprises” by the Ministry of Industry and Information Technology of China.

Lucas has been working in GPT-related fields for over 3 years and has obtained 6 GPT-related patents. In order to maintain the leading position in technology, Lucas intends to deplore 40% of IPO proceeds in technology infrastructure and research and development.

Lucas’ pre-IPO investors include industry “smart money” such as 51Job, Inc. and Haier Group, as well as reputable financial investor GSR United which is one of leading venture capital firms in China. Lucas was publicly listed on China’s NEEQ Stock Exchange in 2016.

One of the underwriters for the IPO listing on NASDAQ is Jones Trading Institutional Services LLC, a mainstream brokerage firm in the U.S., whose clients are all leading institutional investors in the U.S., which demonstrates the market’s confidence in Lucas.

Lucas has an experienced management team leading by Mr. Howard Lee, founder, CEO and Chairman of the Board. Howard has extensive technical and financial experience in the U.S. as well as Asia. Before founding Lucas, Howard worked as vice president of Corporate Development at Western Digital Corp., and prior to expatriating to Asia, Howard worked in the U.S. with over 12 years in the capacities of R&D, strategic planning, corporate M&A and investments, with a total transaction value of over \$80 billion. Moreover, he holds 10 U.S.

patents and 6 Chinese patents. Howard is a Chartered Financial Analyst (CFA) since 2000 who holds graduate and undergraduate degrees in management and engineering from Stanford University and UCLA.

The head of AI and GPT technologies is Professor Wang-Chan Wong, an expert in AI and a tenured professor of computer science at California State University with over 35 years of teaching and academic research experience. He has published 45 papers in prestigious journals and presented many of them in international conferences. To further expand their presence in the field of training products, Lucas recruited Dr. Michael Carter, a world renowned expert in education. Dr. Carter used to be advisors to Hewlett Foundation, Bill & Melinda Gates Foundation and Steve Jobs. Dr. Carter was also professors at Stanford University and Dartmouth University.

Lucas has been achieving remarkable growth for the past several years. As of June 30, 2023, the group's total net revenue has increased by approximately 171% compared to the same period in 2022, reaching CNY 820 million. The revenue for the first half of 2023 alone has already exceeded the full-year revenue for 2022, which was CNY 760 million. Additionally, with significant investment in research and development which helps improve operational efficiency, Lucas has maintained to be profitable over four years, with the net margin rising from 2% in 2020 to 5.8% in 2022 (excluding IPO related expenses). This level of sustained profitability sets Lucas apart when compared to its industry peers which most of them are unprofitable.

From the current valuation perspective, based on this year's revenue forecast, Lucas's IPO price is only at a PS ratio of about 2.5x. This indicates over 3x the growth potential compared to domestic human resources platforms like Kanzhun Limited (NASDAQ: BZ), which has a PS ratio of 8.6x. Compared to the average PS ratio of 16x in the AI industry within the U.S. stock market, there is even greater room for growth potential of nearly 6x. It is believed that with Lucas seizing market development opportunities and further delivering on performance, the future development prospects are highly promising.

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