



eSOL Co.,Ltd.

# Reports 2023 Third Quarter Results

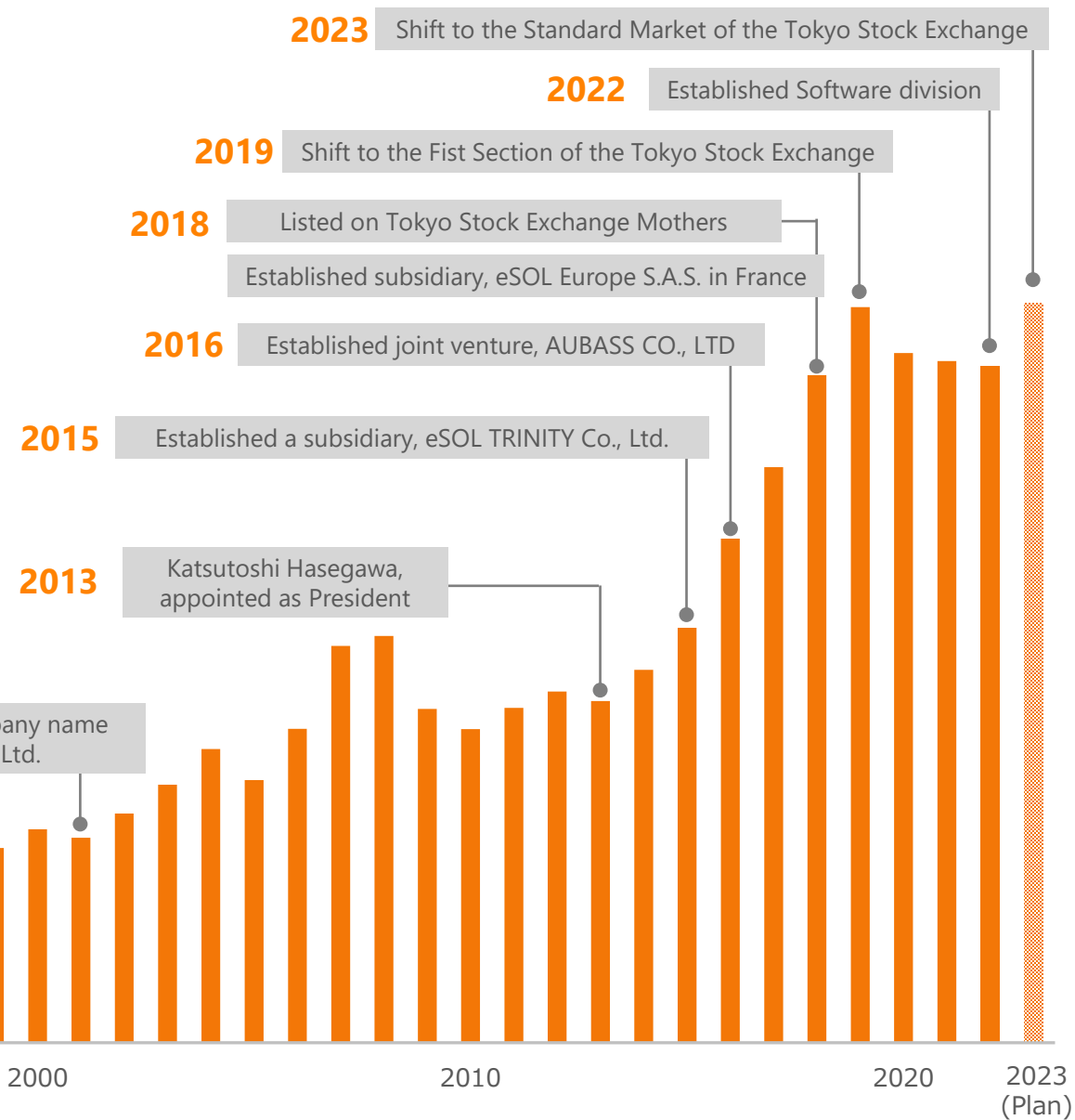
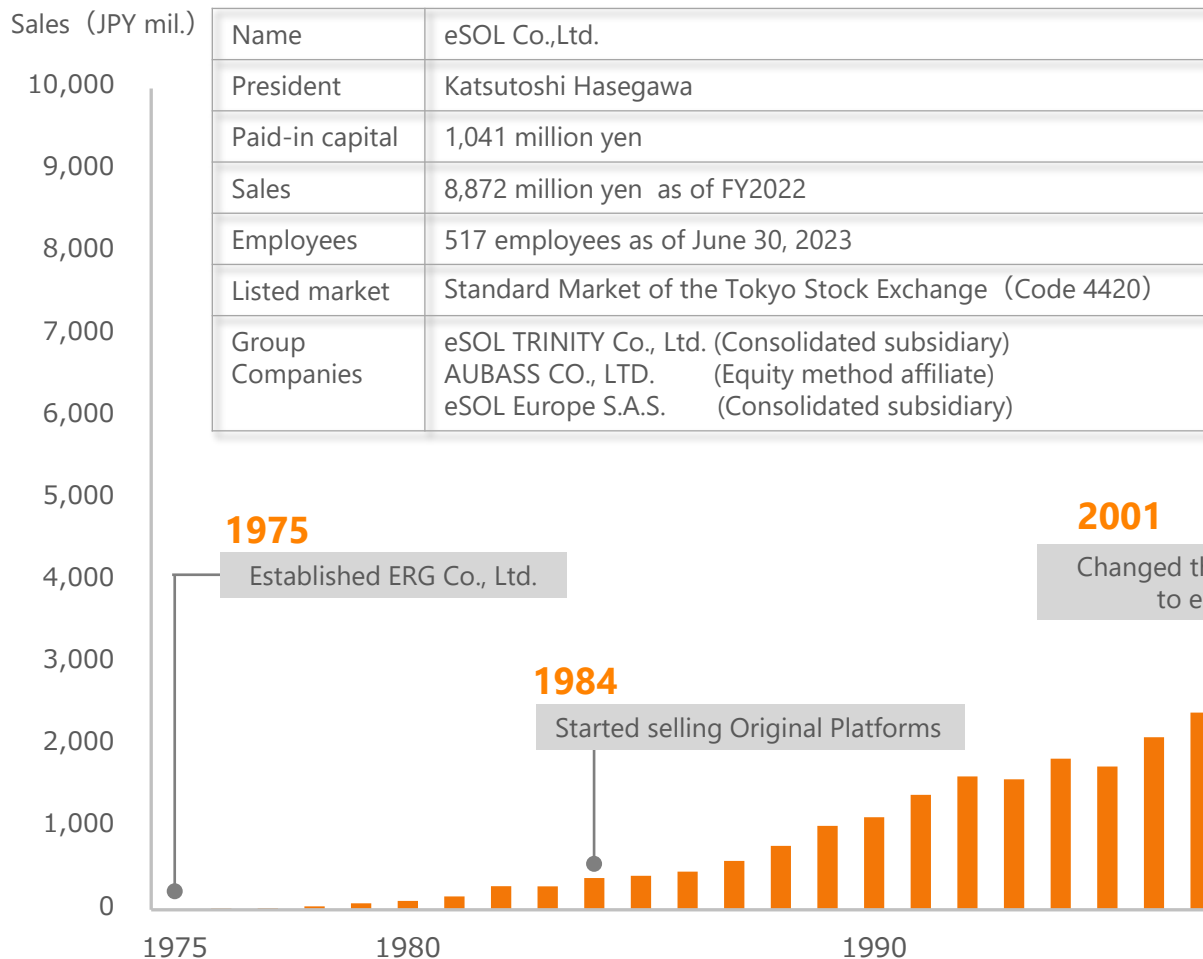
November 14, 2023

# Table of Contents

1. Corporate profile
2. Summary of FY2023 Third Quarter (Q3) Results
3. Topics

# 1. Corporate profile

# History



# Business



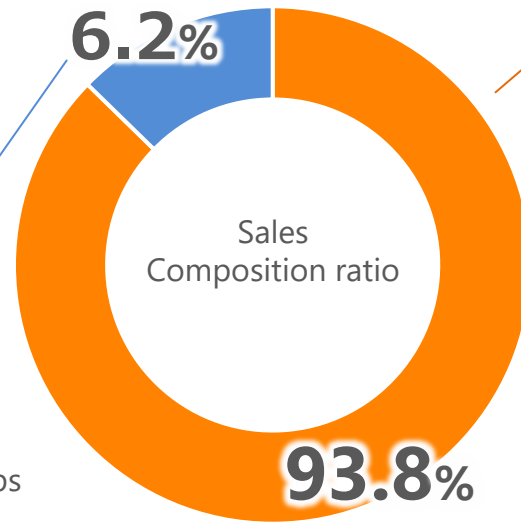
## Sensing Solution Business

### Logistics related business

- Automotive printer for issuing dedicated slips
- Ordinary temperature handy terminal
- Development and sale of environmental resistant handy terminal and sales-support software

### Sensor network business

- Proposal of sensor network system



FY2022

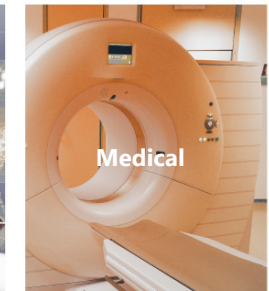
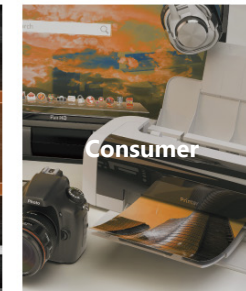
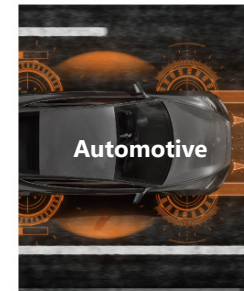
## Embedded Software Business

### Embedded Software Products

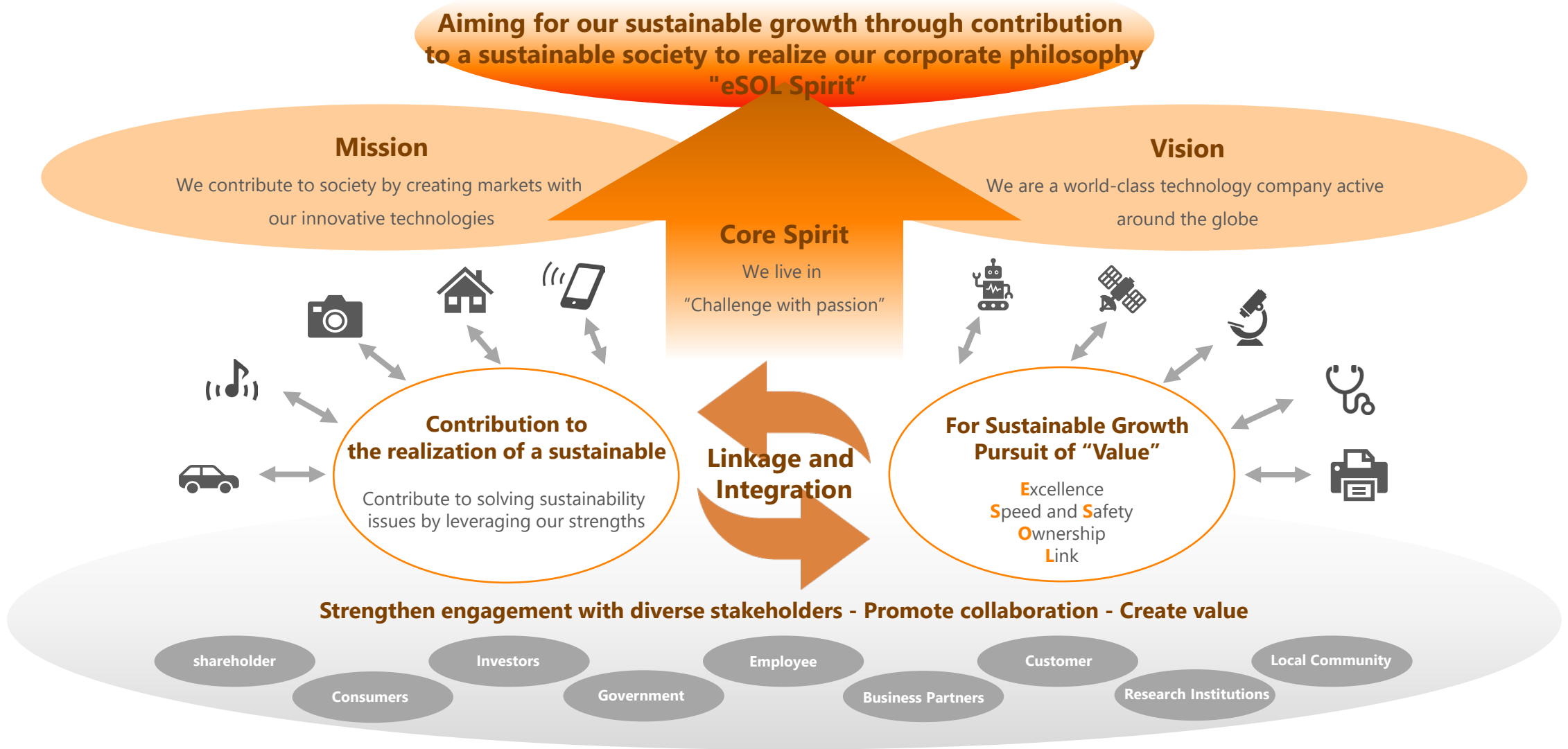
- Development and sale of RTOS (real-time operating system) RTOS
- Sale of tools for the development of embedded software

### Engineering Services

- Undertaking engineering service for embedded software
- Consultancy related to the development of embedded software
- Education to engineers developing embedded software



# Sustainability Policy



## 2 . Summary of FY2023 Third Quarter (Q3) Results

# Summary of Q3 Results ( year-over-year )

- Sales increased in both the embedded software business and the sensing solutions business.
- In addition to the increase in sales, R&D investment (R&D expenses) for the original OS decreased as planned for this fiscal year, resulting in an increase in profit.

(JPY mil.)

	Q3 FY 2022	Q3 FY 2023	△	YoY
Sales	6,536	<b>6,949</b>	+413	+6.3%
Cost of goods sold	4,302	<b>4,548</b>	+245	+5.7%
Revision up	414	<b>194</b>	▲220	▲53.1%
Gross profit	2,233	<b>2,401</b>	+168	+7.5%
SG&A	2,514	<b>2,521</b>	+7	+0.3%
R&D expenses	992	<b>884</b>	▲107	▲10.9%
Operating income	▲280	<b>▲120</b>	+160	-
Income from continuing operations before tax	▲186	<b>14</b>	+201	-
Net income	▲154	<b>38</b>	+192	-

## Sales by segment

(JPY mil.)

by segment	Q3 FY 2022	Q3 FY 2023	△	YoY
Embedded Software Business	6,279	<b>6,560</b>	+281	+4.5%
Embedded Software Products	1,534	<b>1,162</b>	▲371	▲24.2%
Engineering Services	4,744	<b>5,397</b>	+652	+13.8%
Sensing Solution Business	362	<b>377</b>	+14	+4.1%
Adjustments for consolidation	▲105	<b>11</b>	+117	-

## Operating income by segment

(JPY mil.)

by segment	Q3 FY 2022	Q3 FY 2023	△	YoY
Embedded Software Business	▲149	<b>▲129</b>	+19	-
Sensing Solution Business	▲36	<b>▲11</b>	+25	-
Adjustments for consolidation	▲94	<b>20</b>	+115	-



# R&D investment ( year-over-year )

## Basic policy of R&D investment

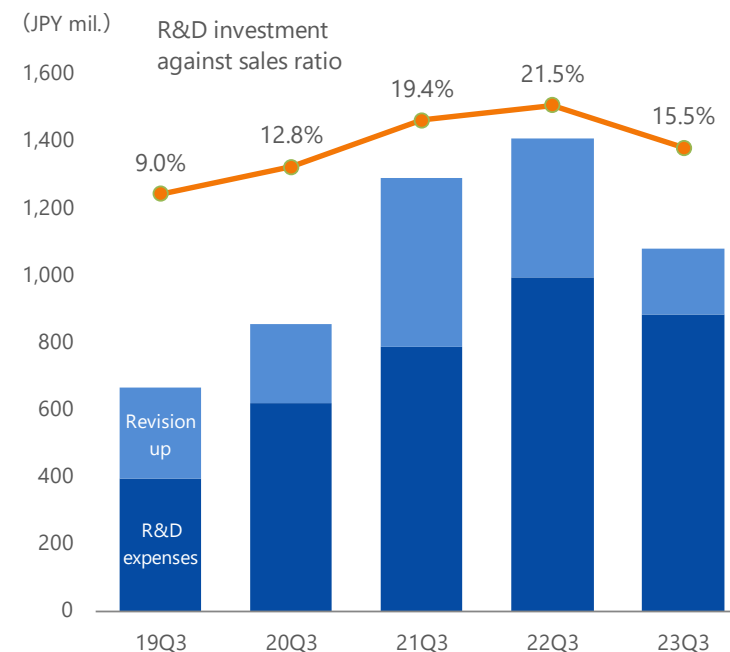
We continue to invest approximately 10% of sales in R&D every fiscal year, aiming to further enhance the functionality of our products.

## Policy of this FY

We continue to invest more than 10% sales in order to participate in the market, "CASE", being a mainstream of the automotive market that we is our target.

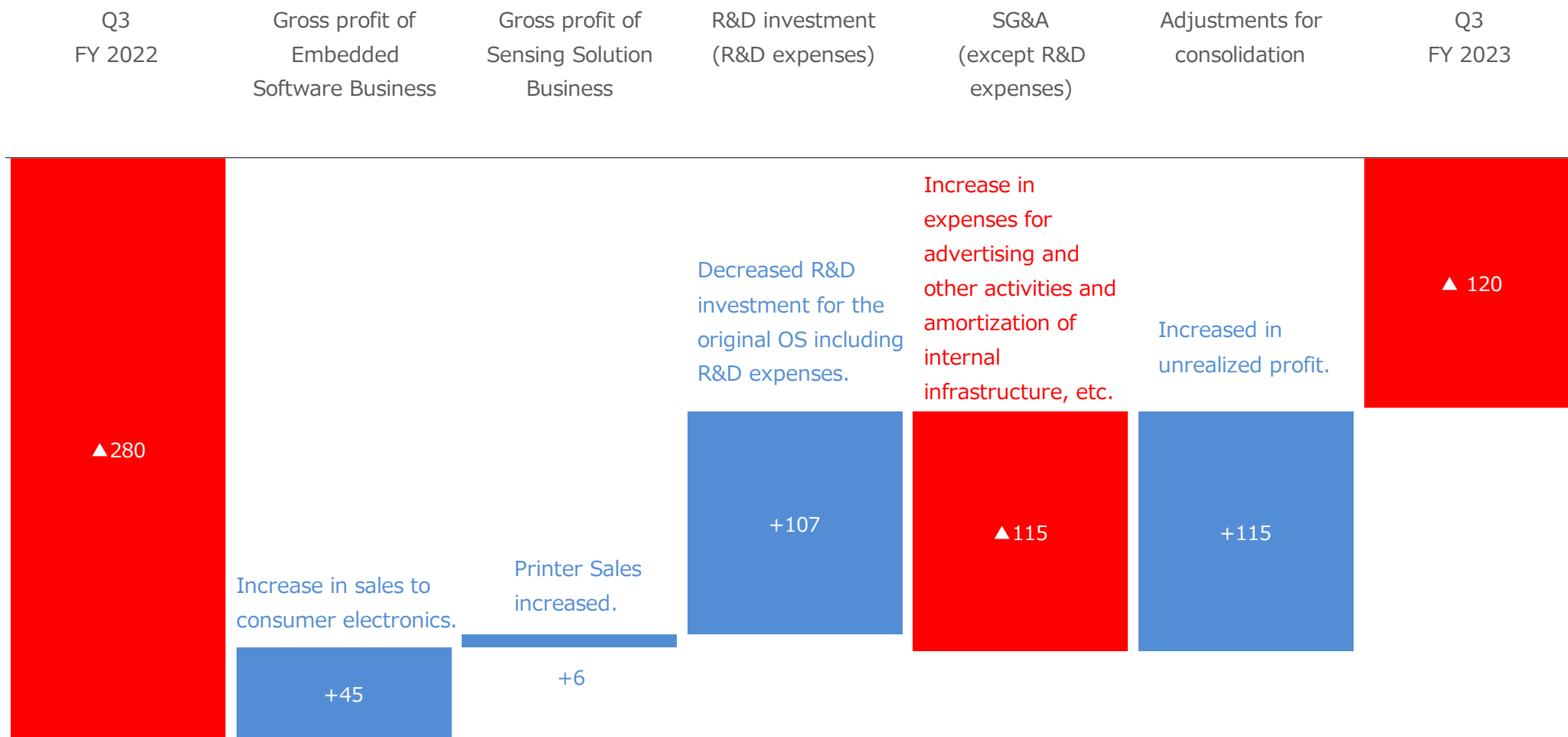
	(JPY mil.)			
	Q3 FY 2022	Q3 FY 2023	△	YoY
Sales	6,536	6,949	+413	+6.3%
R&D investment	1,406	1,078	▲327	▲23.3%
R&D expenses	992	884	▲107	▲10.9%
Revision up	414	194	▲220	▲53.1%
Investment against sales ratio	21.5%	15.5%	-	-

R&D expenses	- Investment in new products - Allocated to Cost of Selling
Revision up	- Investment to update existing products - Allocated to Cost of goods sold



# Walk of operating income ( year-over-year )

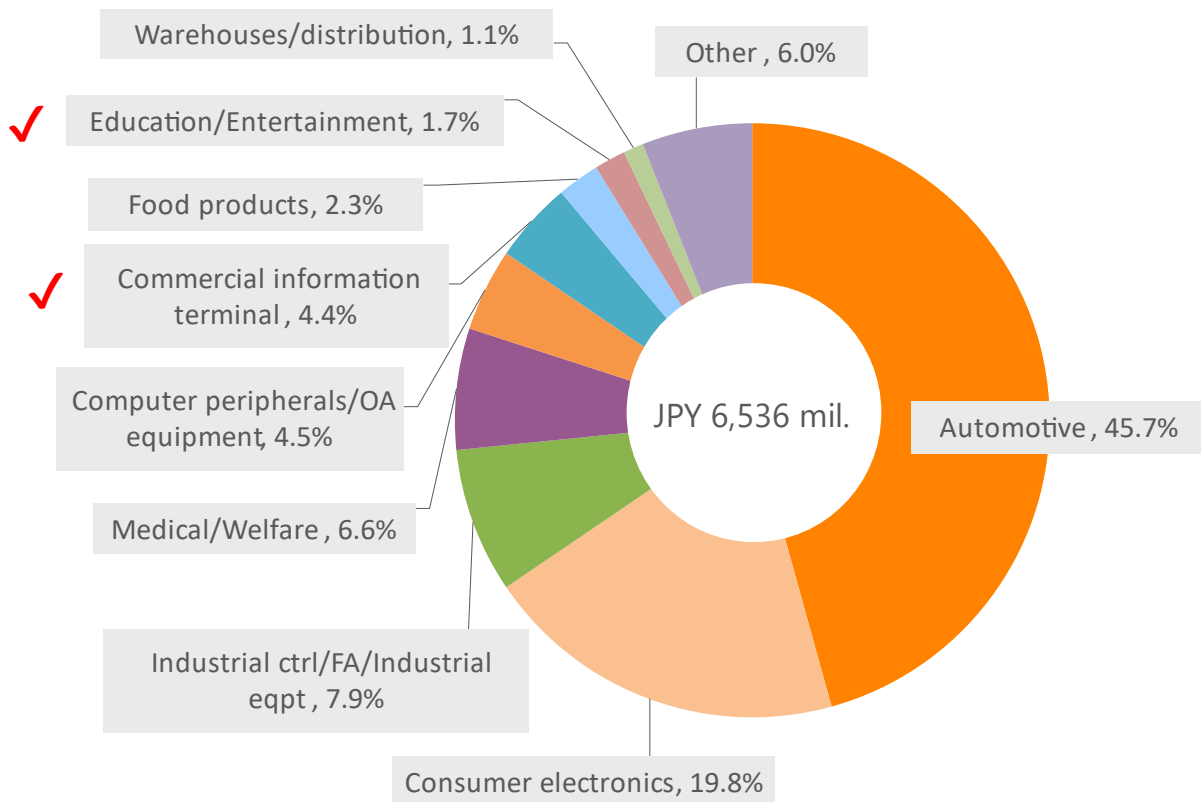
(JPY mil.)



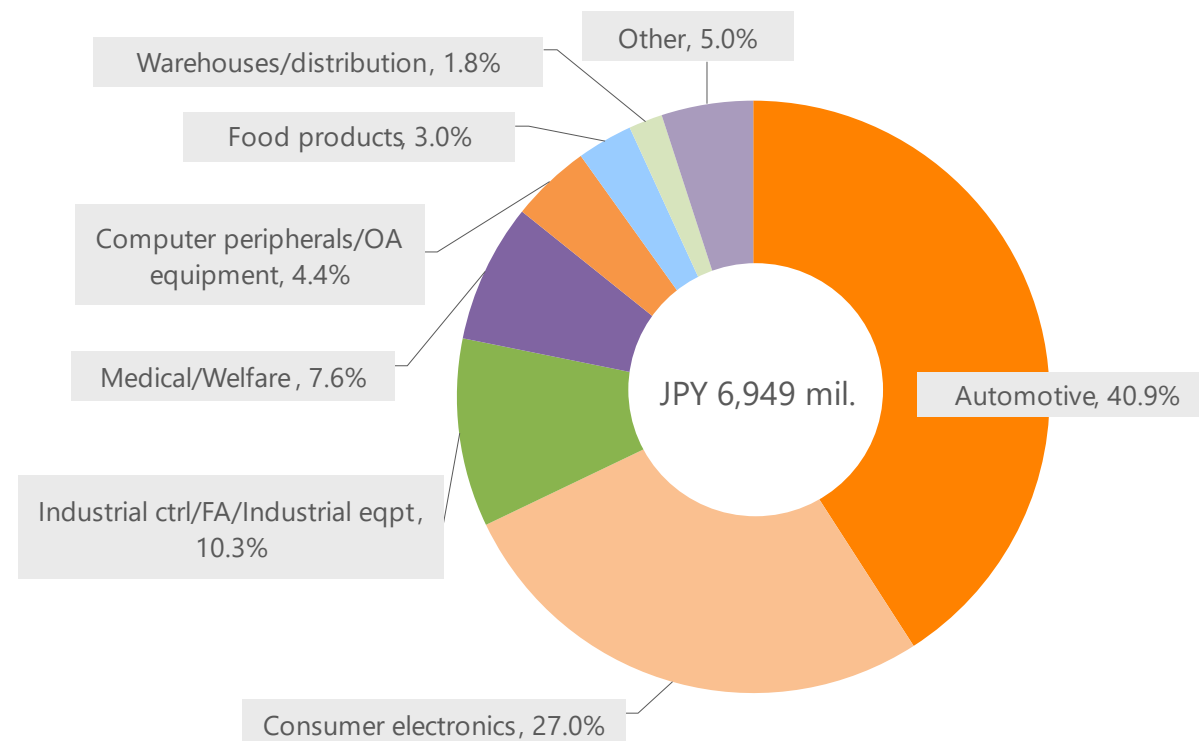
# Sales by segments of customers ( year-over-year )

✓ From this fiscal year, many of them will be integrated into "Consumer electronics."

\*"Other" includes adjustments for consolidation



Q3 FY2022



Q3 FY2023

## Summary of Plan ( Shareholder Return )

eSOL will remunerate shareholders in accordance with the following policies:

### Dividend policy

Stable financial position

Stable dividend payout ratio in accordance with performance

Investing internal reserve in enhancing corporate value (R&D, human development, etc.)

### Dividend amount

Since we will continue its investment phase in the current fiscal year, and this is for the purpose of acquiring future earnings, we have decided to maintain the same dividend as the prior.

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Dividend per share	*5.50yen	5.50yen	5.50yen	5.50yen	5.50yen
(interim dividend included)	(0.00yen)	(1.50yen)	(1.50yen)	(1.50yen)	(1.50yen)
Dividend payout ratio	17.0%	16.6%	55.8%	—	—

\*memorial dividend of 1.50yen/shares is included

# 3. Topics

## From a recent Press Release & eSOL Blog

Title	Date	URL
Our Vice President of eSOL Europe, Rolland Dudemaine, will Participate in the Webinar Sponsored by TrustInSoft	Nov 27, 2023	<a href="https://www.esol.com/info/info_148.html">https://www.esol.com/info/info_148.html</a>
eSOL to Take Part in EdgeTech+ 2023	Oct 31, 2023	<a href="https://www.esol.com/info/info_147.html">https://www.esol.com/info/info_147.html</a>
[Troubleshooting By Learning from Veteran Engineer's Experience] Is Your SD memory card's FAT Broken? The Key to the Solution Is in the Cache (Part 2)	Oct 25, 2023	<a href="https://blog.esol.com/embedded/cache_troubleshooting_02">https://blog.esol.com/embedded/cache_troubleshooting_02</a>
eSOL to Take Part in Arm Tech Symposia 2023	Oct 17, 2023	<a href="https://www.esol.com/info/info_146.html">https://www.esol.com/info/info_146.html</a>
[Troubleshooting By Learning from Veteran Engineer Experience] Is Your SD Card's FAT Broken? The Key to the Solution Is in the Cache (Part 1)	Sep 27, 2023	<a href="https://blog.esol.com/embedded/cache_troubleshooting_01">https://blog.esol.com/embedded/cache_troubleshooting_01</a>

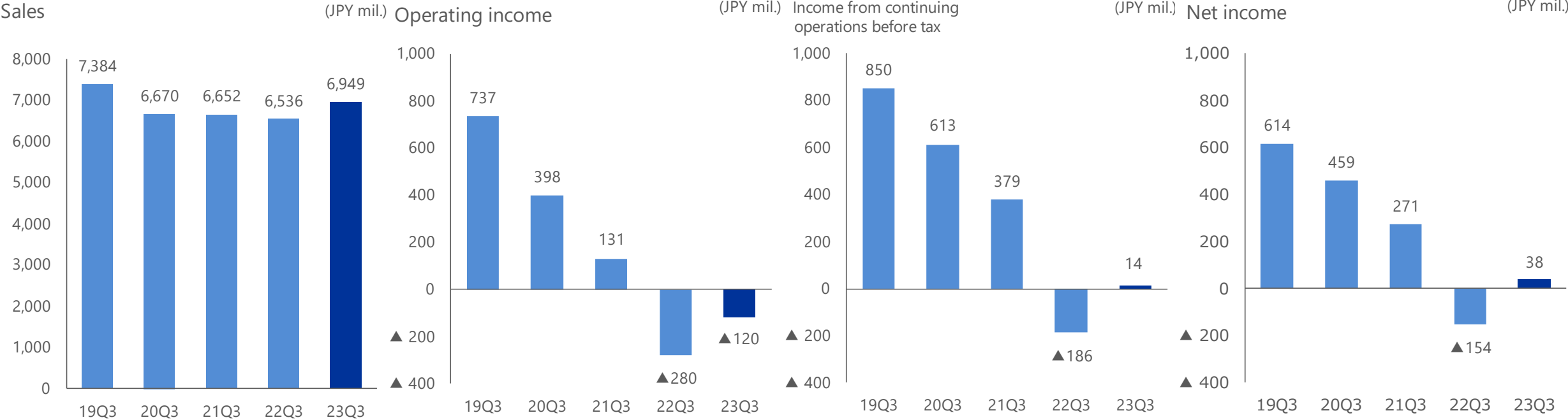
## eSOL's vision

- eSOL aims to be a company that will move forward with and be supported by customers, business partners and shareholders.
- eSOL continues to expand the business as a rare and valuable company in the world that can provide a one-stop solution covering from an original embedded software development to engineering services responding to various needs in the field of embedded software.
- As a listed company, we aim to increase the value of our business partners, employees and shareholders — all stakeholders — through the business.
- For our shareholders, we aim to maximize earnings per share and increase corporate value.

# Appendix



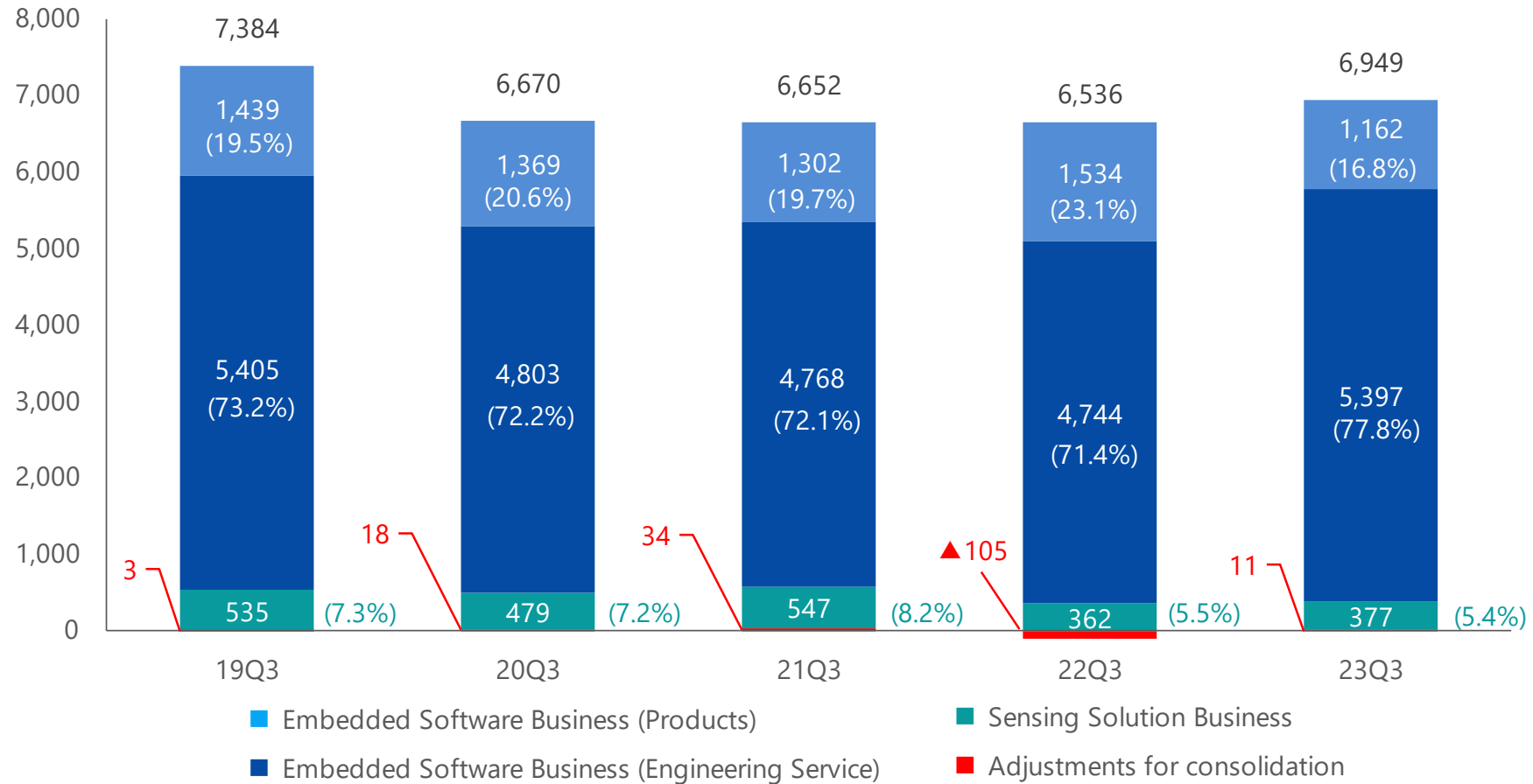
# Comparison over the last five years



# Comparison over the last five years (Sales by segment)

(JPY mil.)

Each percentage represents the percentage to the total sales consists of Embedded Software Business and Sensing Solution Business, before adjustment for consolidation.



# Comparison over the last five years ( R&D investment )

(JPY mil.)

	Q3 FY2019	Q3 FY2020	Q3 FY2021	Q3 FY2022	Q3 FY2023
R&D expenses	396	621	786	992	884
Revision up	269	235	502	414	194
R&D investment	665	856	1,288	1,406	1,078
Sales	7,384	6,670	6,652	6,536	6,949
Cost of goods sold	5,007	4,423	4,516	4,302	4,548
Revision up	269	235	502	414	194
Cost of goods sold (excluding Revision up)	4,738	4,187	4,013	3,888	4,353
Gross profit	2,376	2,247	2,136	2,233	2,401
Gross profit margin ratio	32.2%	33.7%	32.1%	34.2%	34.6%
Gross profit (excluding Revision up)	2,645	2,482	2,638	2,647	2,595
Gross profit margin ratio (excluding Revision up)	35.8%	37.2%	39.7%	40.5%	37.4%
SG&A	1,639	1,848	2,004	2,514	2,521
R&D expenses	396	621	786	992	884
SG&A (excluding R&D expenses)	1,243	1,227	1,218	1,522	1,637
Operating income	737	398	131	▲ 280	▲ 120
Operating income margin ratio	10.0%	6.0%	2.0%	-	-
Operating income (excluding R&D expenses)	1,402	1,255	1,420	1,125	958
Operating income margin ratio (excluding R&D expenses)	19.0%	18.8%	21.3%	17.2%	13.8%
Operating income (excluding R&D exenpses, including Revision up)	1,133	1,020	917	711	764
Operating income margin ratio (excluding R&D exenpses, including Revision up)	15.3%	15.3%	13.8%	10.9%	11.0%

# Notes on this document

Any statements contained in this document that are not historical facts are forward-looking statements based on publicly available information at the time of issuing this document, and therefore, will not guarantee such as the result of operation in the future.

All forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from expectations.

Risks and uncertainties above include but not limited to factors for economical condition in Japan or overseas and trend in the related industries.

eSOL undertakes no obligation to publicly update or revise any forward-looking statements notwithstanding new information or events.

Information other than eSOL group contained in this documents is publicly known, and also, eSOL undertakes no obligation to guarantee its accuracy or adequacy.

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