



eSOL Co., Ltd.

Reports FY2023 Results

February 14, 2024

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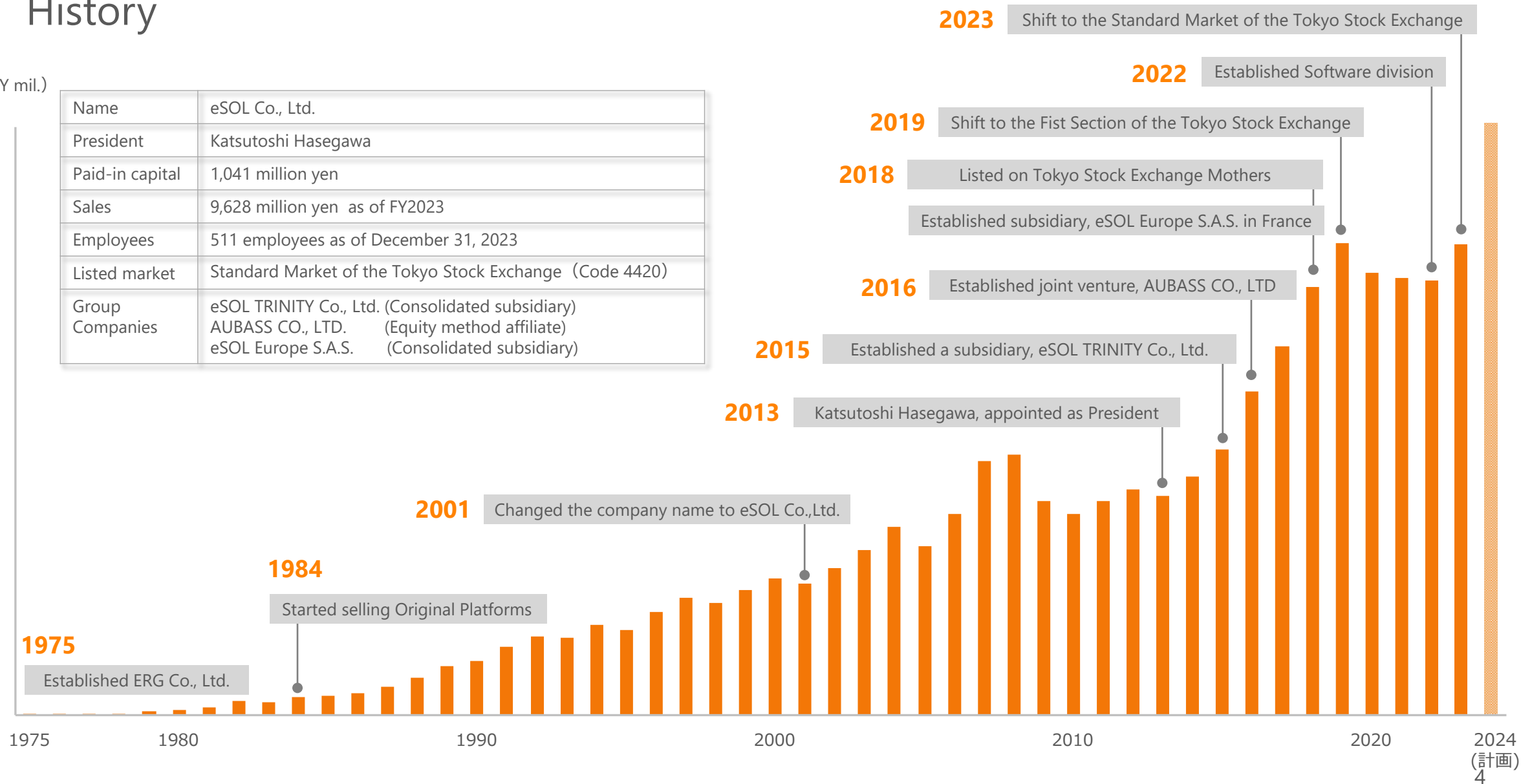
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1. Corporate profile

History

Sales (JPY mil.)

Name	eSOL Co., Ltd.
President	Katsutoshi Hasegawa
Paid-in capital	1,041 million yen
Sales	9,628 million yen as of FY2023
Employees	511 employees as of December 31, 2023
Listed market	Standard Market of the Tokyo Stock Exchange (Code 4420)
Group Companies	eSOL TRINITY Co., Ltd. (Consolidated subsidiary) AUBASS CO., LTD. (Equity method affiliate) eSOL Europe S.A.S. (Consolidated subsidiary)



Business



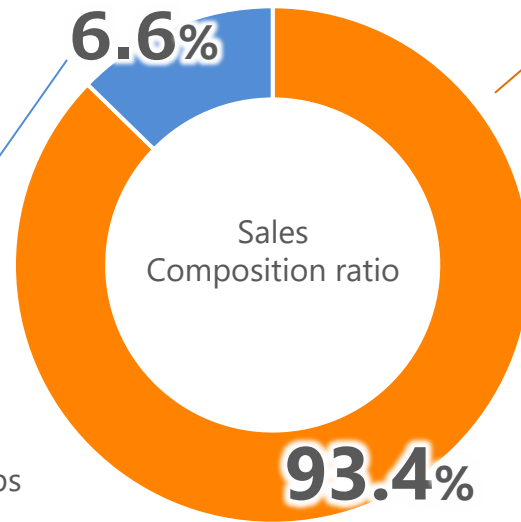
Sensing Solution Business

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



FY2023

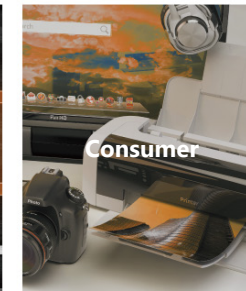
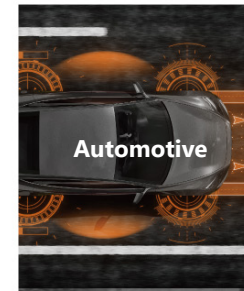
Embedded Software Business

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



2. Summary of FY 2023

Summary of Results (Variance from the plan)

- Sales were slightly lower than planned, mainly due to some sales in the sensing solutions business being deferred to FY2024.
- Operating profit exceeded the plan, mainly due to cost reductions, while income from continuing operations before tax exceeded the plan, mainly due to an increase in dividend income, and furthermore, net income exceeded the plan due to income tax adjustments resulting from an increase in deferred tax assets.

	PLAN	RESULT	△	(JPY mil.) %
Sales	9,692	9,628	▲64	▲0.7%
Operating income	▲94	▲82	+12	-
Income from continuing operations before tax	23	62	+39	+164.0%
Net income	▲0	136	+137	-

Summary of 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.)

	FY 2022	FY 2023	△	YoY
Sales	8,872	9,628	+755	+8.5%
Cost of goods sold	5,939	6,328	+388	+6.5%
Revision up	555	281	▲273	▲49.3%
Gross profit	2,933	3,300	+367	+12.5%
SG&A	3,286	3,382	+95	+2.9%
R&D expenses	1,255	1,185	▲69	▲5.5%
Operating income	▲353	▲82	+271	-
Income from continuing operations before tax	▲250	62	+313	-
Net income	▲357	136	+494	-



Sales by segment

(JPY mil.)

by segment	FY 2022	FY 2023	△	YoY
Embedded Software Business	8,442	8,993	+550	+6.5%
Embedded Software Products	1,906	1,594	▲312	▲16.4%
Engineering Services	6,536	7,399	+862	+13.2%
Sensing Solution Business	556	638	+81	+14.6%
Adjustments for consolidation	▲127	▲3	+123	-

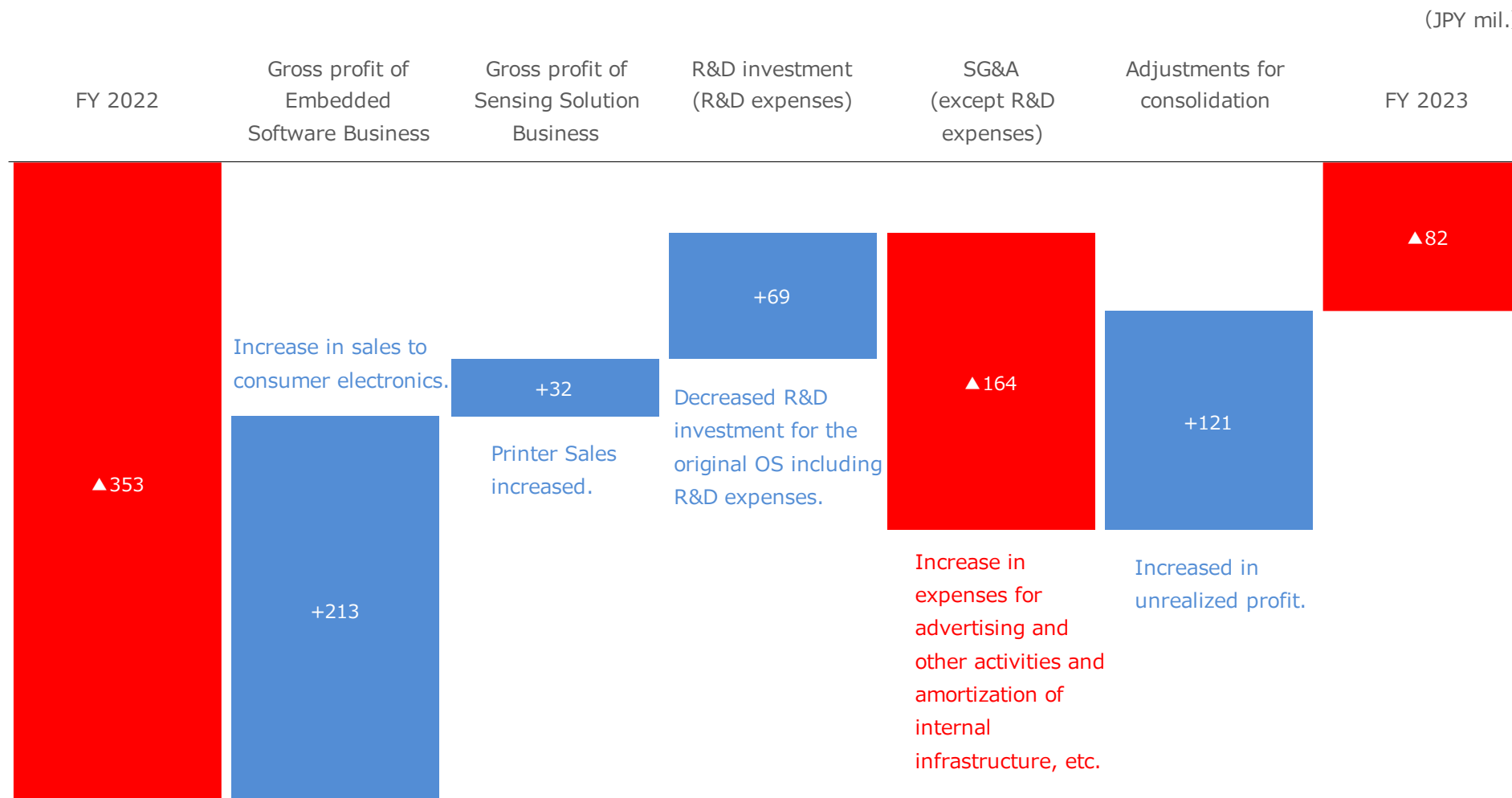


Operating income by segment

(JPY mil.)

by segment	FY 2022	FY 2023	△	YoY
Embedded Software Business	▲220	▲114	+105	-
Sensing Solution Business	▲19	24	+44	-
Adjustments for consolidation	▲113	7	+121	-

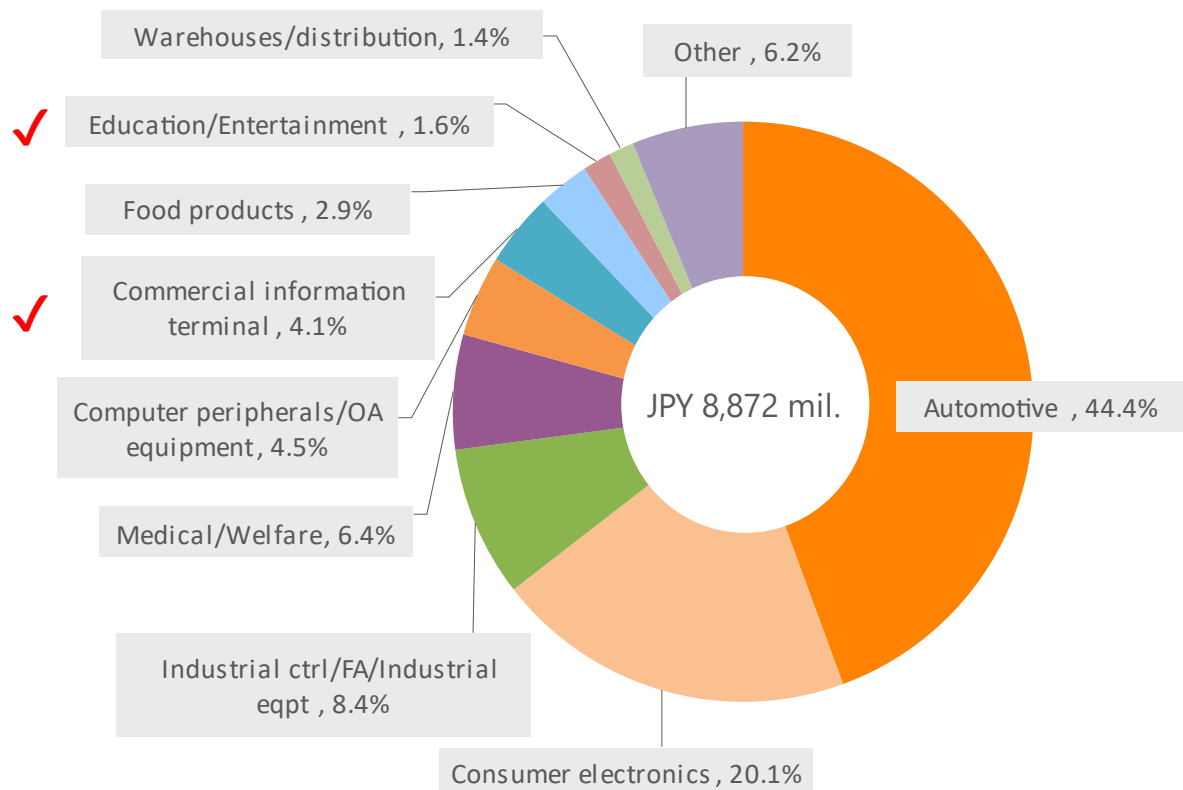
Walk of operating income (year-over-year)



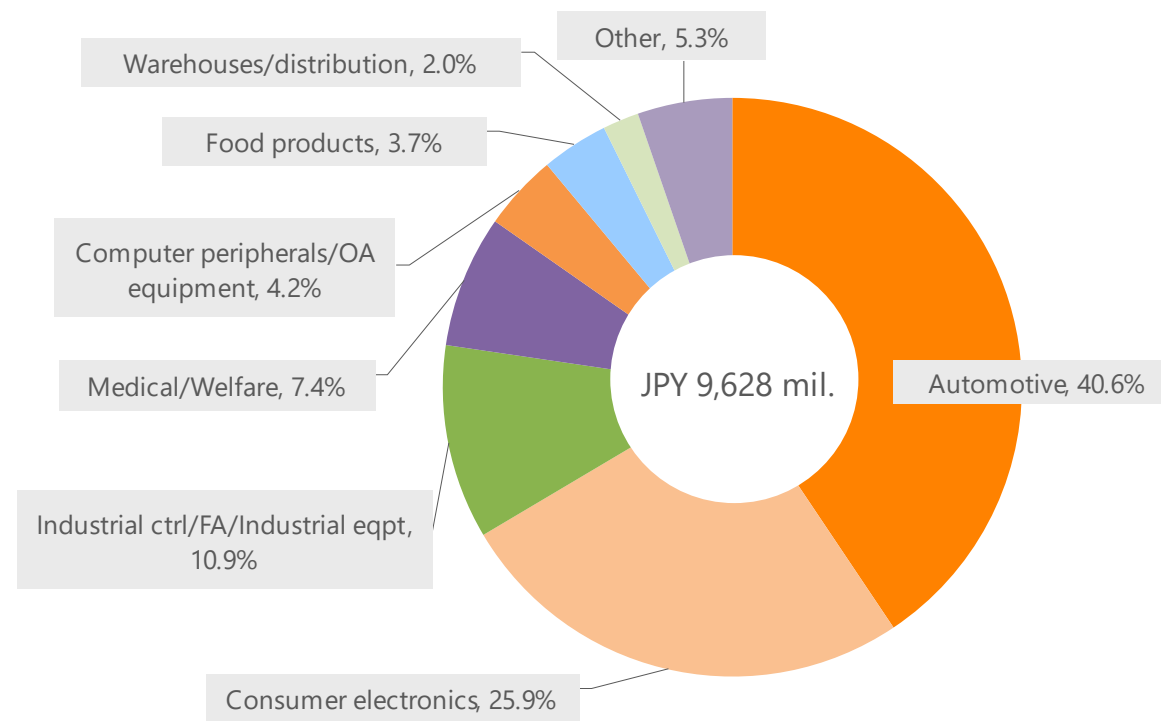
Sales by segments of customers (year-over-year)

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

*"Other" includes adjustments for consolidation



FY2022



FY2023

3. FY 2024 Plan

Summary of Plan

Plan to increase revenues and profits

- Planned increase in sales and profit due to higher sales in the embedded software business (+25.7%).
- R&D investment will continue, mainly for the automotive market. The amount of investment will be lower than in the previous year.

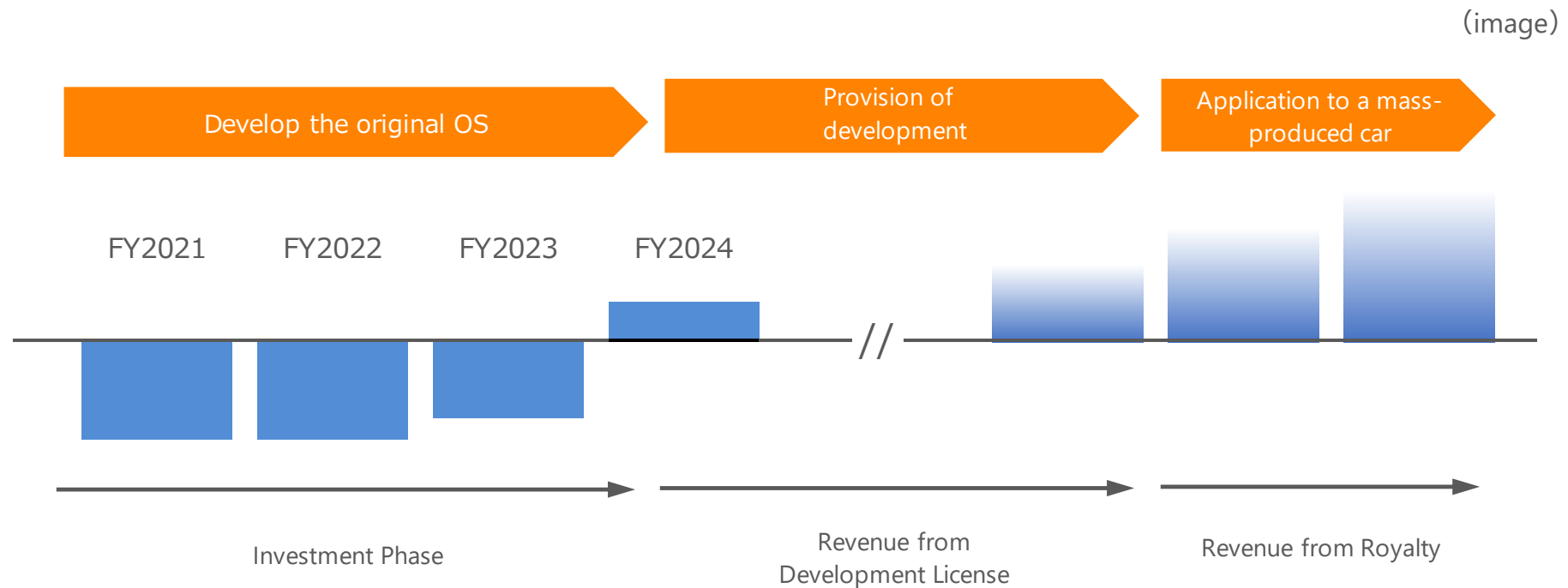
(JPY mil.)

	FY2023	FY2024 (PLAN)				
			△	YoY	Fist half	Second half
Sales	9,628	12,099	+2,471	+25.7%	6,095	6,004
Operating income	▲82	988	+1,070	-	820	167
Income from continuing operations before tax	62	1,006	+944	+1502.0%	831	175
Net income	136	773	+636	+465.9%	651	121

Summary of Plan (Forecast of profit from R&D investment)

Contribution to the business by investing for automotive market.

Revenue from Development license expected this year.



Summary of Plan by segment

Embedded software businesses

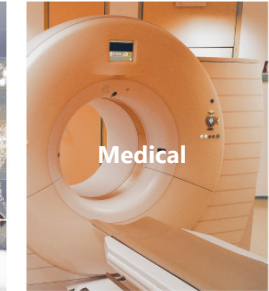
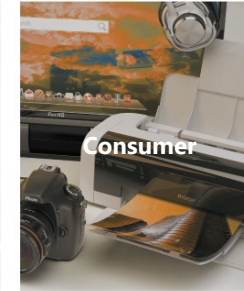
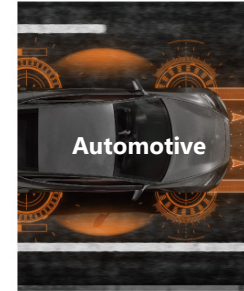
- We plan to increase revenues in a wide range of sectors.
- Revenue from development licenses for the automotive market is expected.

Sensing solutions businesses

- Securing stable revenues from subscriptions in sales of on-board printers.
- Provided a mobile POS system developed with our development support tool "Emusen easy".

Others

- Planned unrealized profit from the transfer of shares in equity-method affiliate AUBASS.



(JPY mil.)

	FY2023	FY2024 (PLAN)	△	YoY
Sales	9,628	12,099	+2,471	+25.7%
Embedded Software Business	8,993	11,306	+2,312	+25.7%
Sensing Solution Business	638	625	▲13	▲2.1%
Adjustments for consolidation	▲3	168	+172	-



On-board printer



Mobile POS payment terminal

Summary of Plan (R&D investment)

Basic policy of R&D investment

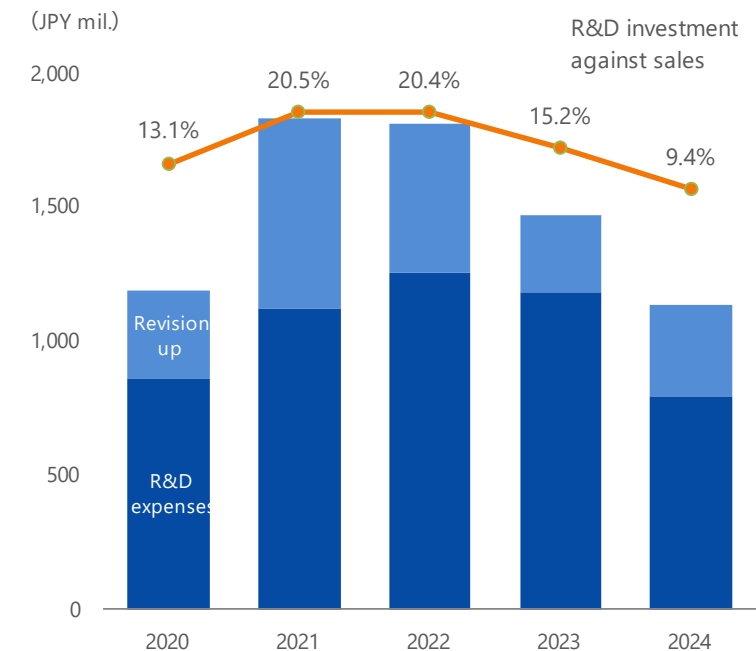
We continue to invest approximately 10% of sales in R&D every fiscal year, aiming to further enhance the functionality of our products.

Policy of this FY

We continue R&D investment in order to participate in the market, "CASE", being a mainstream of the automotive market that we is our target.

	(JPY mil.)			
	FY2023	FY2024	△	YoY
Sales	9,628	12,099	+2,471	+25.7%
R&D investment	1,467	1,137	▲329	▲22.5%
R&D expenses	1,185	795	▲389	▲32.9%
Revision up	281	342	+60	+21.3%
Investment against sales ratio	15.2%	9.4%	-	-

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



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

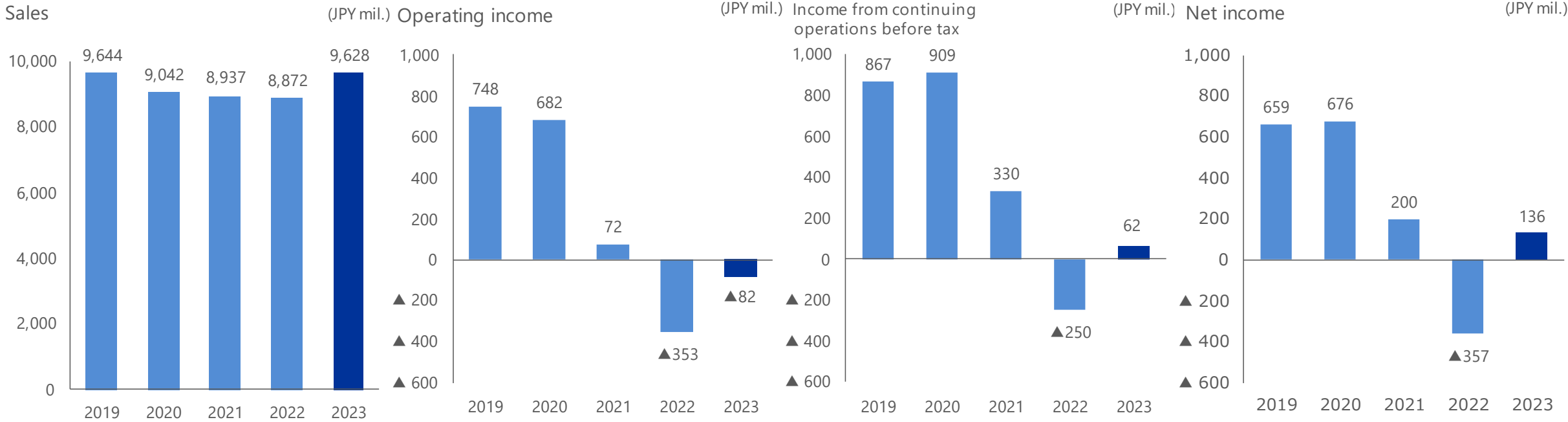
The dividend amount is planned to remain the same as in the previous year as a stable dividend.

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Dividend per share	5.50yen	5.50yen	5.50yen	5.50yen	5.50yen
(interim dividend included)	(1.50yen)	(1.50yen)	(1.50yen)	(1.50yen)	(1.50yen)
Dividend payout ratio	16.6%	55.8%	—	82.1%	*14.5%

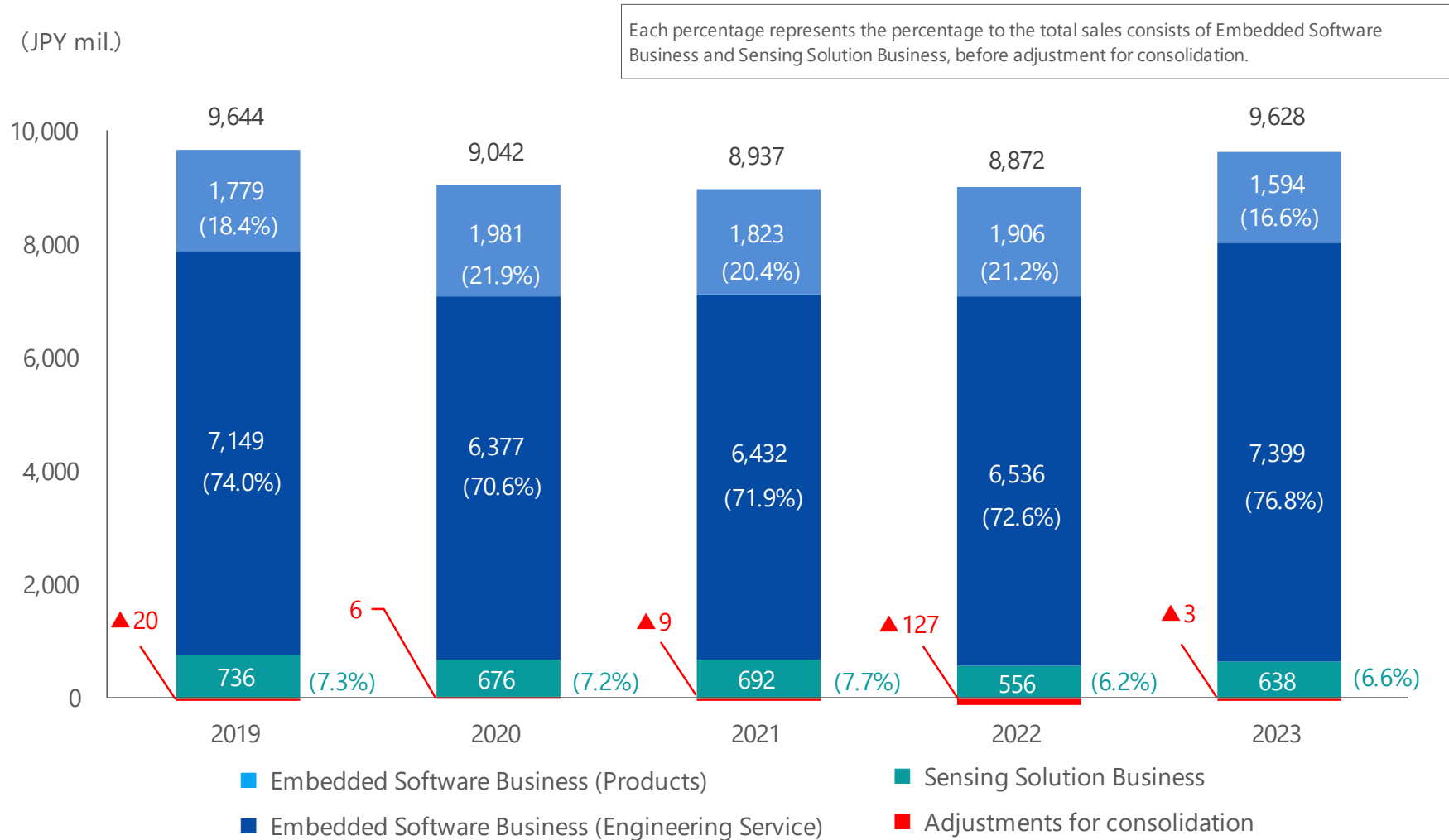
*forecast

Appendix

Comparison over the last five years



Comparison over the last five years (Sales by segment)



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

(JPY mil.)

	FY2019	FY2020	FY2021	FY2022	FY2023
R&D expenses	551	860	1,125	1,255	1,185
Revision up	364	328	704	555	281
R&D investment	916	1,188	1,829	1,810	1,467

	FY2019	FY2020	FY2021	FY2022	FY2023
Sales	9,644	9,042	8,937	8,872	9,628
Cost of goods sold	6,649	5,845	6,142	5,939	6,328
Revision up	364	328	704	555	281
Cost of goods sold (excluding Revision up)	6,284	5,517	5,438	5,383	6,046
Gross profit	2,995	3,197	2,795	2,933	3,300
Gross profit margin ratio	31.1%	35.4%	31.3%	33.1%	34.3%
Gross profit (excluding Revision up)	3,360	3,525	3,499	3,488	3,581
Gross profit margin ratio (excluding Revision up)	34.8%	39.0%	39.2%	39.3%	37.2%
SG&A	2,246	2,514	2,722	3,286	3,382
R&D expenses	551	860	1,125	1,255	1,185
SG&A (excluding R&D expenses)	1,694	1,654	1,597	2,031	2,196
Operating income	748	682	72	▲353	▲82
Operating income margin ratio	7.8%	7.5%	0.8%	-	-
Operating income (excluding R&D expenses)	1,665	1,871	1,902	1,456	1,385
Operating income margin ratio (excluding R&D expenses)	17.3%	20.7%	21.3%	16.4%	14.4%
Operating income (excluding R&D exenpses, including Revision up)	1,300	1,543	1,198	901	1,103
Operating income margin ratio (excluding R&D exenpses, including Revision up)	13.5%	17.1%	13.4%	10.2%	11.5%

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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