



eSOL Co.,Ltd.

# Reports 2024 Second Quarter Results

August 9, 2024

# Table of Contents

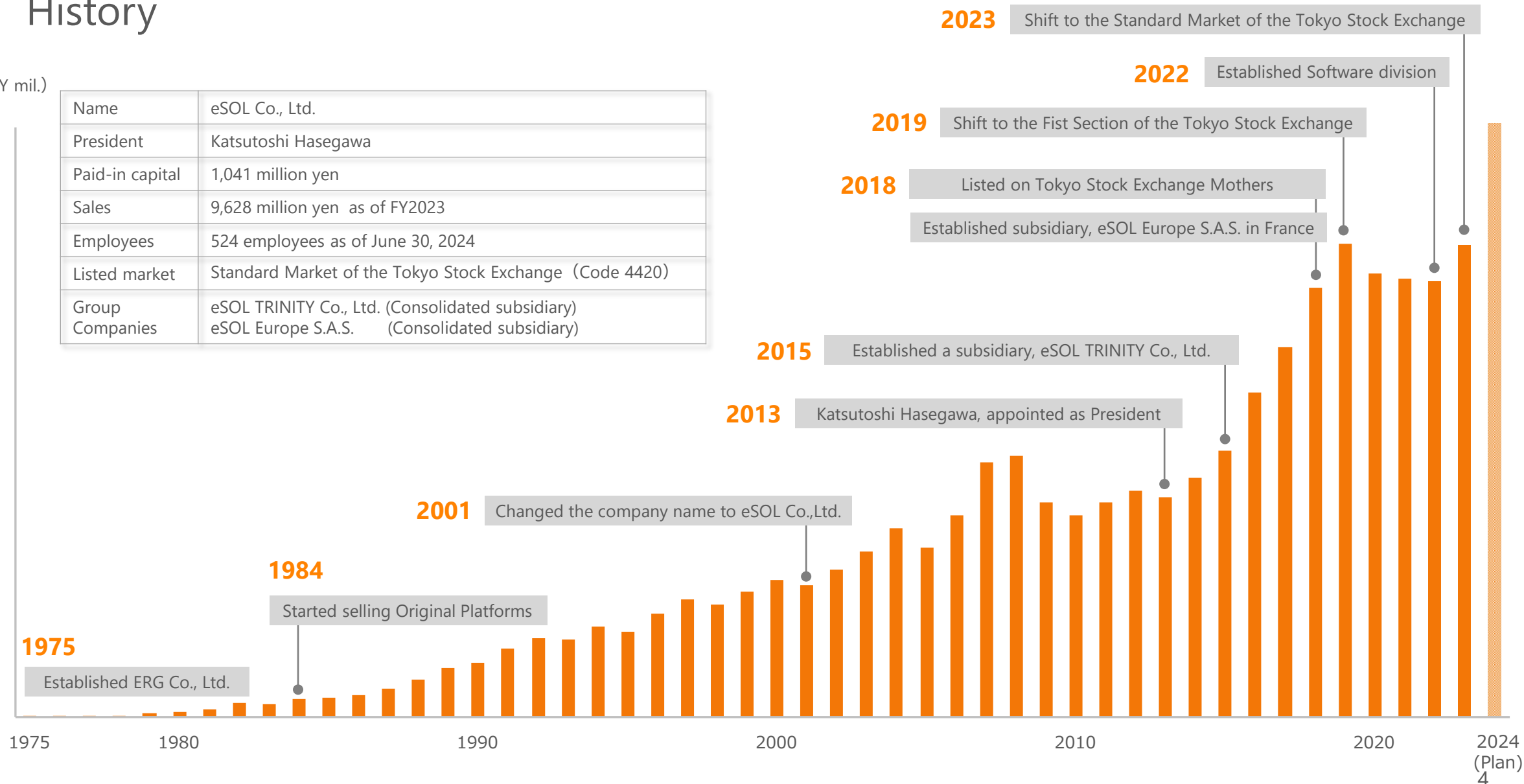
1. Corporate profile
2. Summary of FY 2024 Second Quarter (Q2) Results

# 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	524 employees as of June 30, 2024
Listed market	Standard Market of the Tokyo Stock Exchange (Code 4420)
Group Companies	eSOL TRINITY Co., Ltd. (Consolidated subsidiary) eSOL Europe S.A.S. (Consolidated subsidiary)



# Business



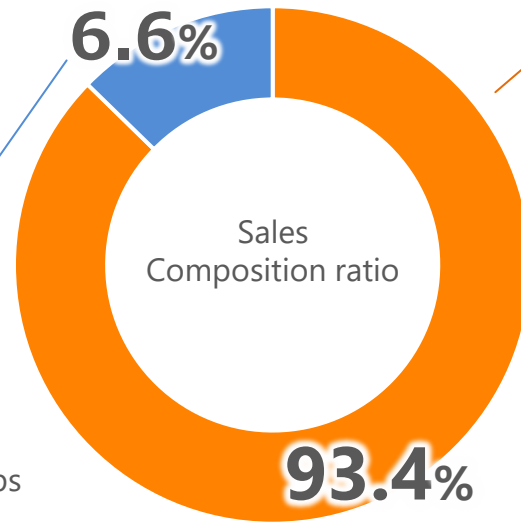
## Sensing Solution Business

### 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

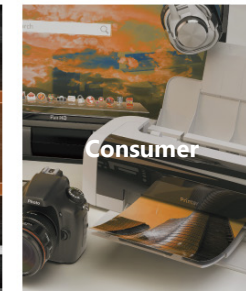
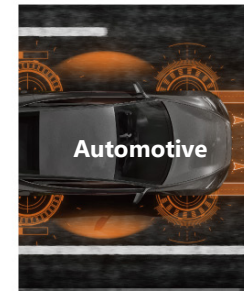
## Embedded Software Business

### 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 FY2024 Second Quarter (Q2) Results

# Summary of Plan for FY 2024 (Announced February 14, 2024) [here](#)

① Planned increase in sales and profit due to higher sales in the embedded software business

- Planned increase in sales in a wide range of sectors.
- Revenue from development licenses for the automotive market is expected.

② Planned unrealized profit from the transfer of shares in equity-method affiliate AUBASS.

(JPY mil.)

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

# Summary of Results ( Progress of planned value )

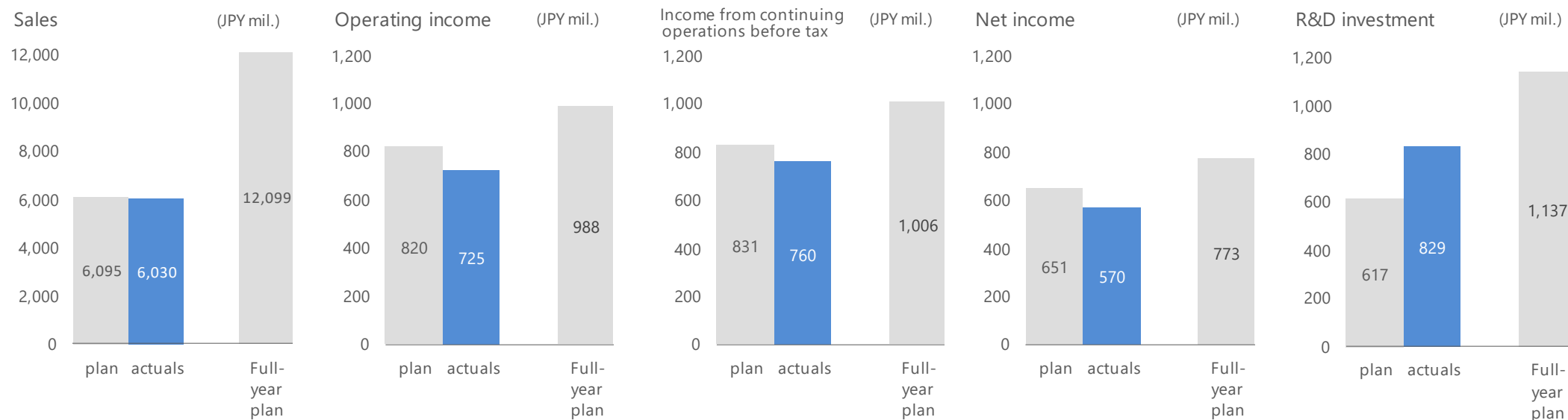
Sales and profit did not reach the plan.

■ The outline of this fiscal year's plan (see ① and ② on the previous page) was achieved by the first half of the year. Net sales fell slightly short of the plan due to some projects being moved to the second half of the year.

■ Profit was higher than planned due to development costs for basic software for automotive applications, which we started to handle in the current fiscal year. Although development costs for basic in-vehicle software, which we started handling this fiscal year, were higher than planned, we expect sales and revenue to increase , However, sales and revenue are expected to increase in the future.

(JPY mil.)

	PLAN	RESULT		
			△	YoY
Sales	6,095	6,030	▲64	▲1.1%
Operating income	820	725	▲95	▲11.6%
Income from continuing operations before tax	831	760	▲71	▲8.6%
Net income	651	570	▲81	▲12.5%





# Summary of Results ( year-over-year )

- Sales increased in both the embedded software business and the sensing solutions business.
- The increase in profit was mainly due to higher sales of embedded software products.

(JPY mil.)

	Q2 FY 2023	Q2 FY 2024	△	YoY
Sales	4,667	<b>6,030</b>	+1,362	+29.2%
Cost of goods sold	2,989	<b>3,605</b>	+615	+20.6%
Revision up	120	<b>301</b>	+180	+150.2%
Gross profit	1,678	<b>2,425</b>	+747	+44.5%
SG&A	1,702	<b>1,700</b>	▲2	▲0.2%
R&D expenses	605	<b>528</b>	▲76	▲12.7%
Operating income	▲24	<b>725</b>	+750	-
Income from continuing operations before tax	104	<b>760</b>	+655	+624.5%
Net income	72	<b>570</b>	+497	+686.3%

## Sales by segment

(JPY mil.)

by segment	Q2 FY 2023	Q2 FY 2024	△	YoY
Embedded Software Business	4,383	<b>5,558</b>	+1,174	+26.8%
Embedded Software Products	782	<b>1,462</b>	+680	+87.0%
Engineering Services	3,601	<b>4,095</b>	+494	+13.7%
Sensing Solution Business	233	<b>308</b>	+74	+31.8%
Adjustments for consolidation	50	<b>164</b>	+113	-

## Operating income by segment

(JPY mil.)

by segment	Q2 FY 2023	Q2 FY 2024	△	YoY
Embedded Software Business	▲66	<b>544</b>	+611	-
Sensing Solution Business	▲15	<b>11</b>	+27	-
Adjustments for consolidation	57	<b>168</b>	+111	-

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

## Basic policy of R&D investment

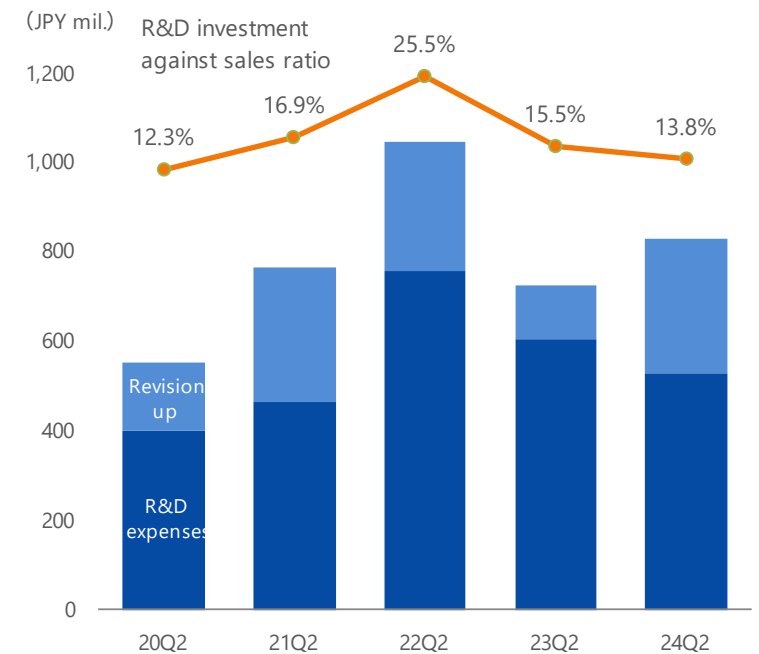
We continue to invest approximately 10% of sales in R&D every fiscal year, aiming to further enhance the functionality of our products.

## Policy of this FY

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

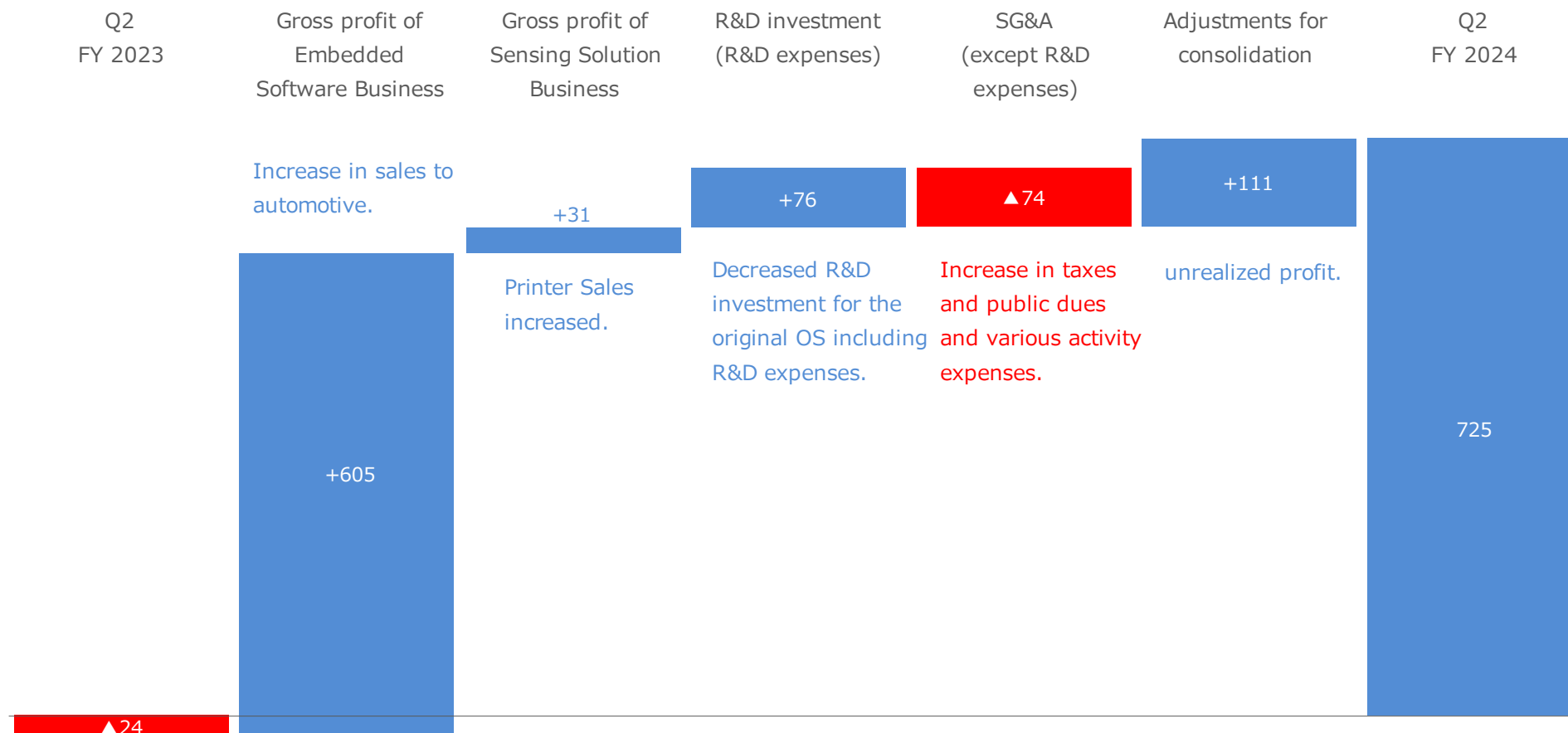
	(JPY mil.)			
	Q2 FY 2023	Q2 FY 2024	△	YoY
Sales	4,667	6,030	+1,362	+ 29.2%
R&D investment	725	829	+103	+ 14.3%
R&D expenses	605	528	▲76	▲12.7%
Revision up	120	301	+180	+ 150.2%
Investment against sales ratio	15.5%	13.8%	-	-

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



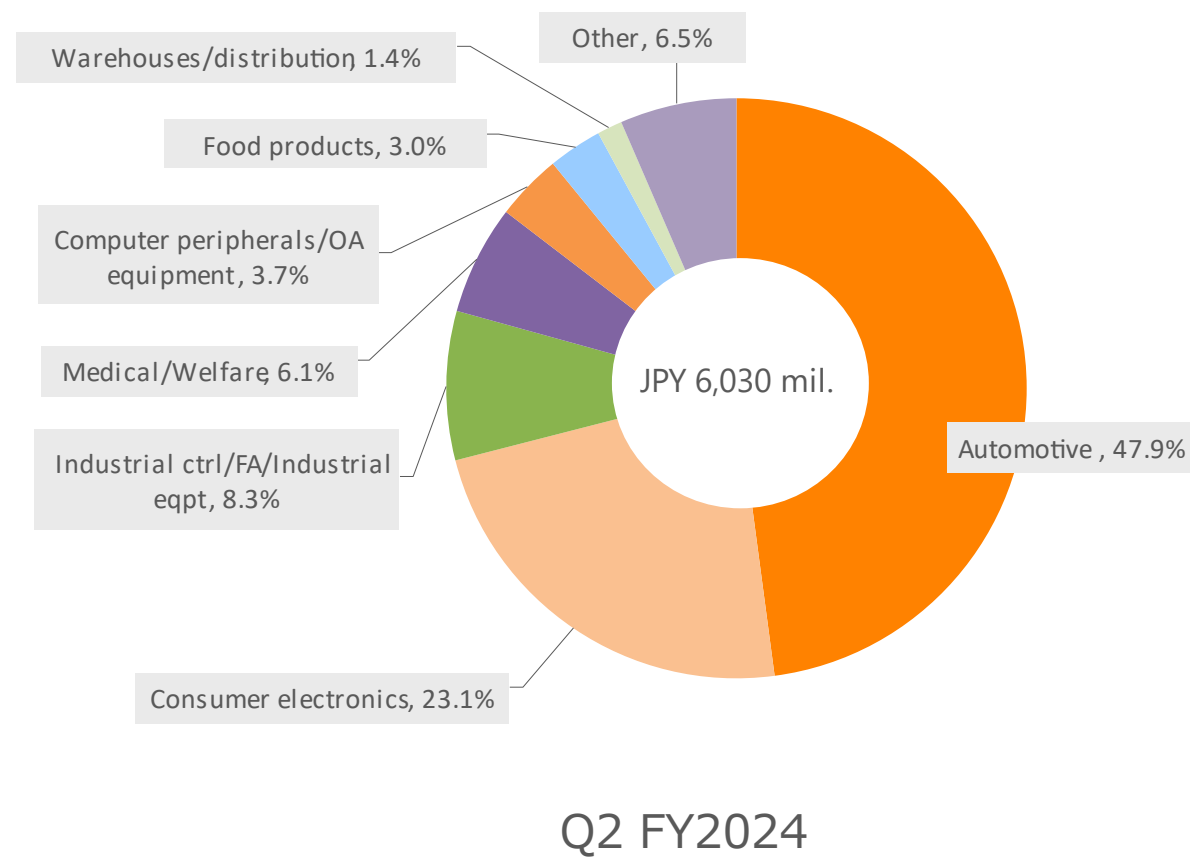
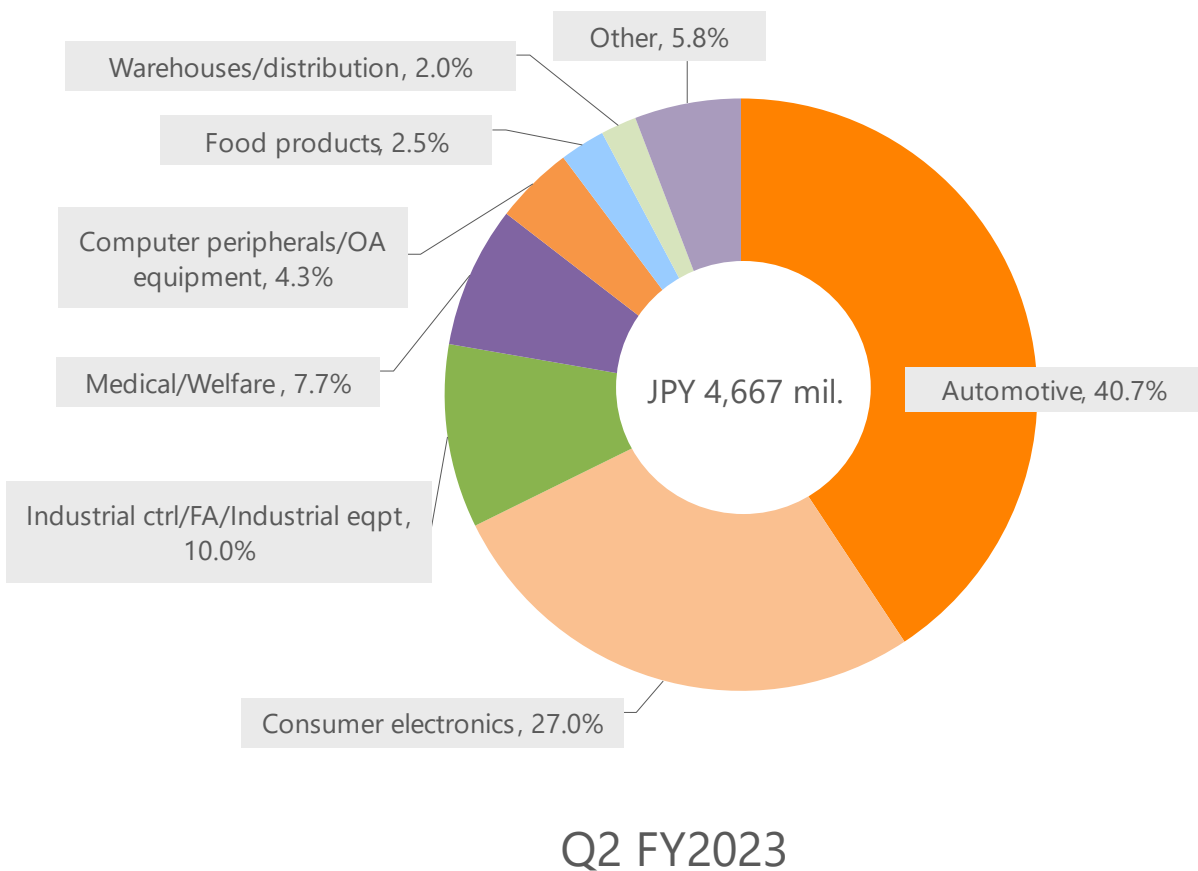
# Walk of operating income ( year-over-year )

(JPY mil.)



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

\*"Other" includes adjustments for consolidation



# Shareholder Return (Dividend)

We 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
dividend included)	(1.50yen)	(1.50yen)	(1.50yen)	(1.50yen)	(1.50yen)
Dividend payout ratio	16.6%	55.8%	-	82.1%	-

# Shareholder Return (Purchase of treasury stock)

Repurchased treasury stock on May 13 and cancelled on June 28 for the purpose of capital efficiency.

## ■ Number of shares cancelled

1,460,800 shares (Ratio to the total number of outstanding shares before cancellation: 6.81%)

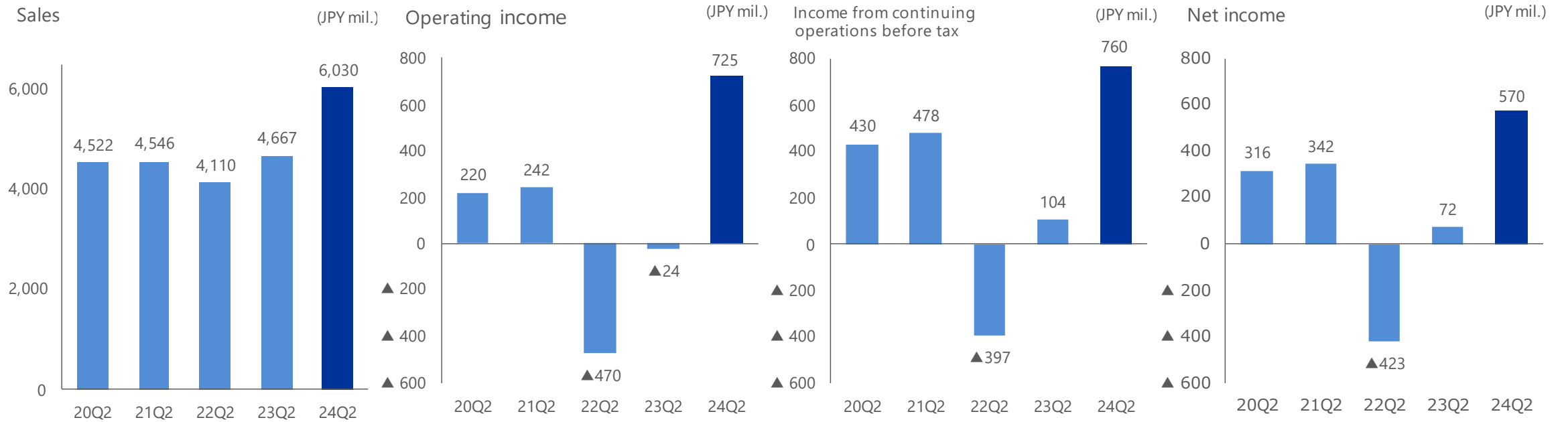
## ■ Earning per share

Earnings per share increased due to higher earnings and fewer shares issued

	(JPY)
	Earning per share
Q2 FY2024	28.47
Q2 FY2023	3.56

# Appendix

# Comparison over the last five years

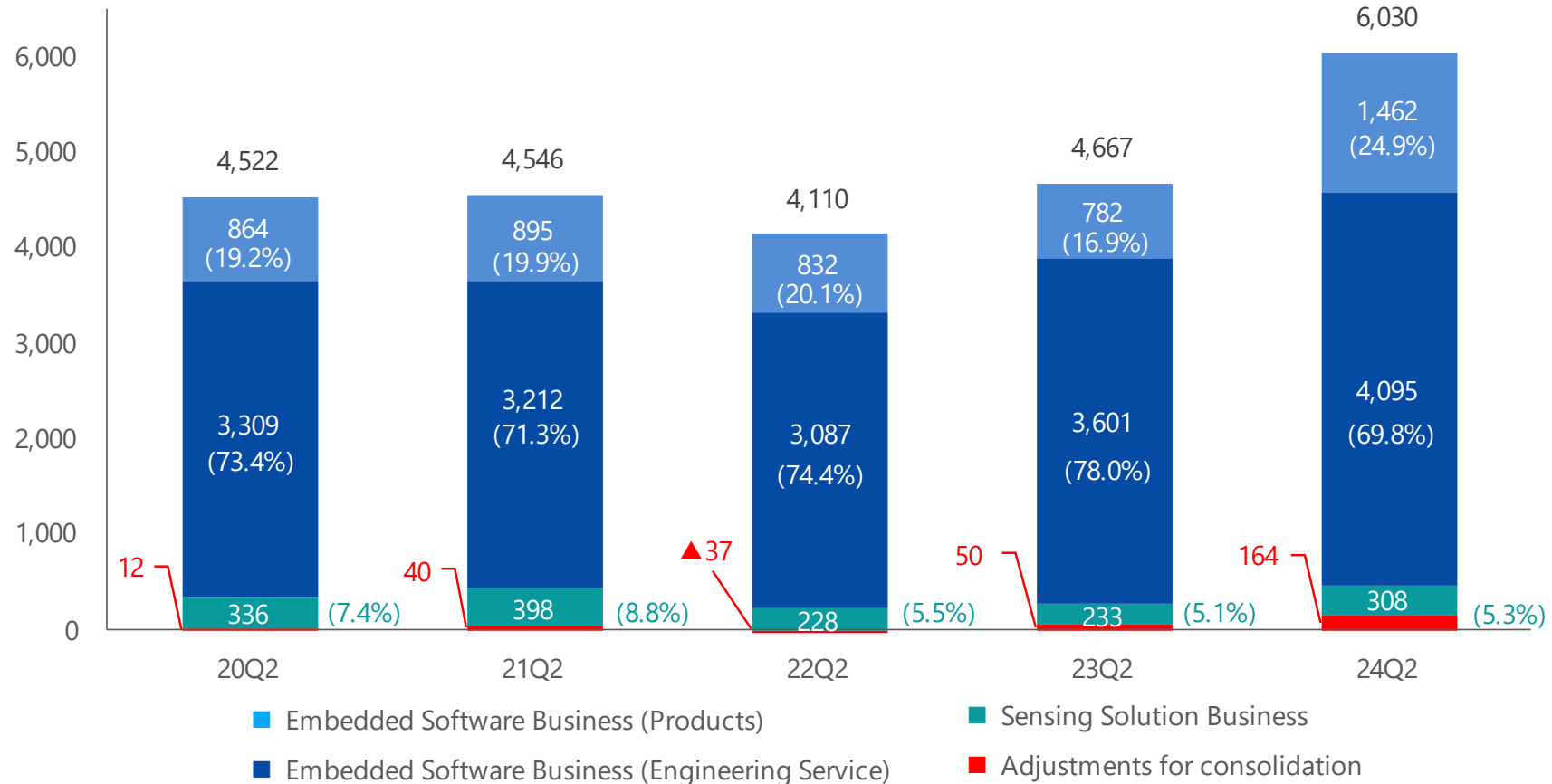




# Comparison over the last five years (Sales by segment)

(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.)

	Q2 FY2020	Q2 FY2021	Q2 FY2022	Q2 FY2023	Q2 FY2024
R&D expenses	402	465	759	605	528
Revision up	151	300	287	120	301
R&D investment	554	766	1,047	725	829
Sales	4,522	4,546	4,110	4,667	6,030
Cost of goods sold	3,050	3,007	2,792	2,989	3,605
Revision up	151	300	287	120	301
Cost of goods sold (excluding Revision up)	2,899	2,707	2,504	2,869	3,303
Gross profit	1,471	1,539	1,318	1,678	2,425
Gross profit margin ratio	32.5%	33.8%	32.1%	36.0%	40.2%
Gross profit (excluding Revision up)	1,623	1,839	1,606	1,798	2,726
Gross profit margin ratio (excluding Revision up)	35.9%	40.5%	39.1%	38.5%	45.2%
SG&A	1,251	1,296	1,789	1,702	1,700
R&D expenses	402	465	759	605	528
SG&A (excluding R&D expenses)	848	830	1,029	1,097	1,171
Operating income	220	242	▲ 470	▲ 24	725
Operating income margin ratio	4.9%	5.3%	-	-	12.0%
Operating income (excluding R&D expenses)	774	1,009	576	701	1,555
Operating income margin ratio (excluding R&D expenses)	17.1%	22.2%	14.0%	15.0%	25.8%
Operating income (excluding R&D exenpses, including Revision up)	623	708	288	580	1,253
Operating income margin ratio (excluding R&D exenpses, including Revision up)	13.8%	15.6%	7.0%	12.4%	20.8%

# 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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