



eSOL Co., Ltd.

Annual Report FY2024 Results

February 14, 2025



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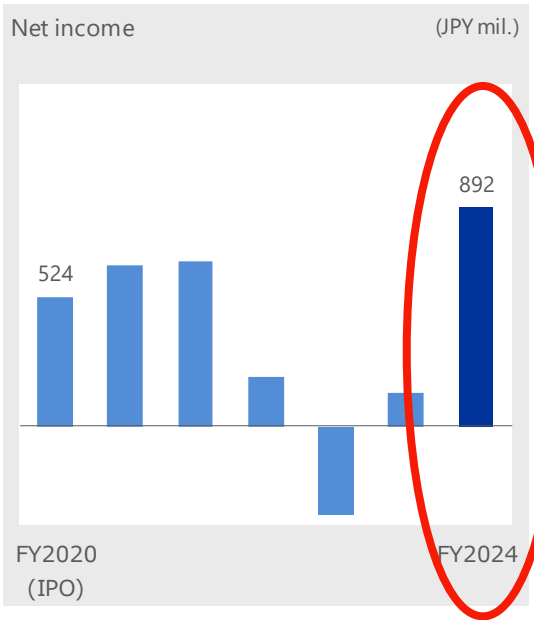
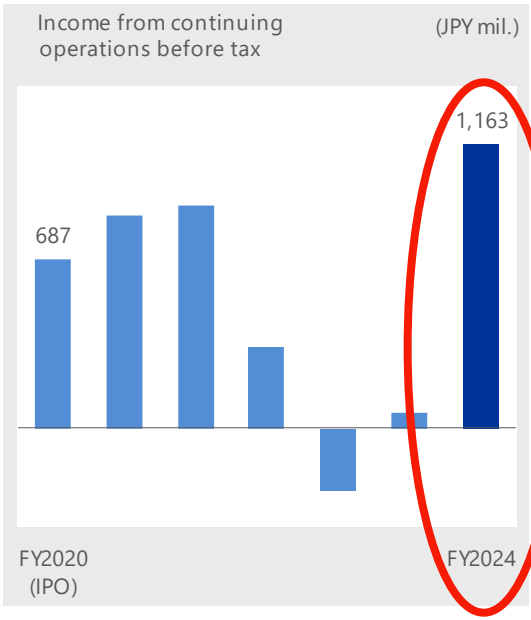
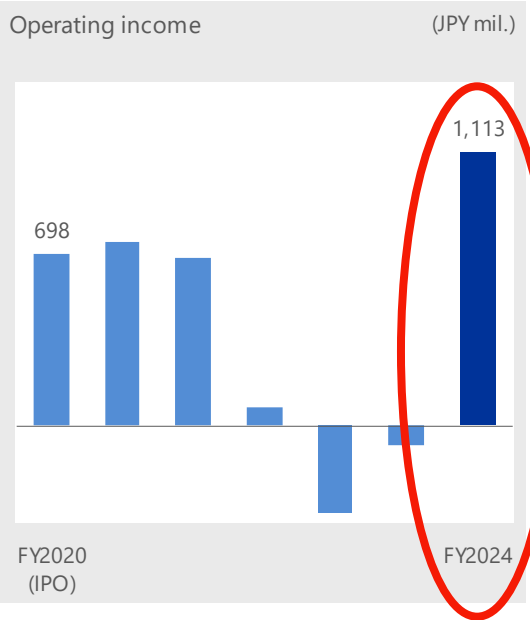
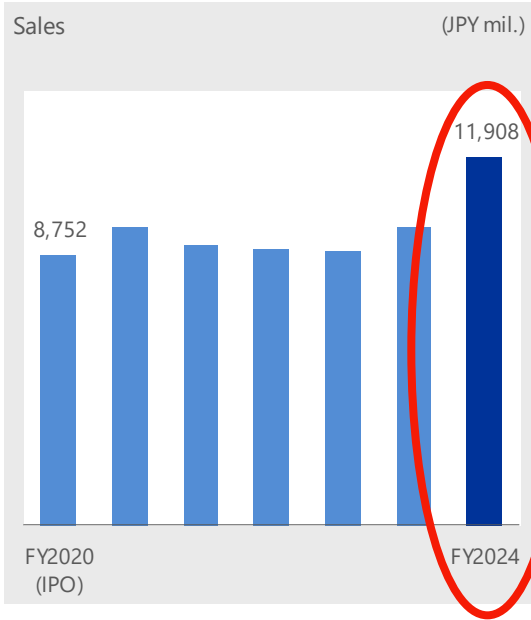
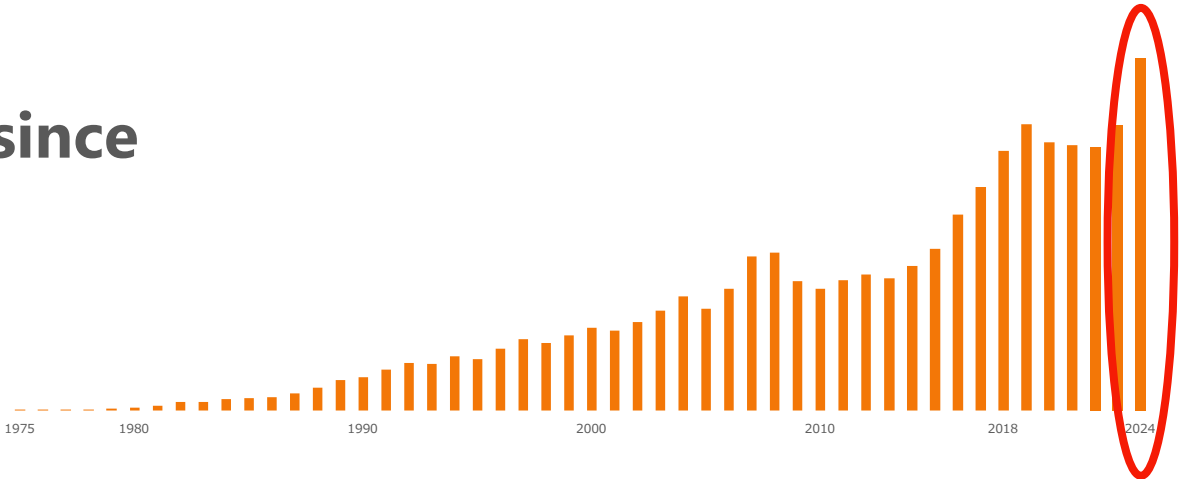
2. FY 2025 Plan

Summary of FY 2024



Summary of Results

Achieved record sales and profits since the foundation of the company



/ Summary of Results (Comparison with Plan)

Achieved 98% of net sales and 113% of operating income compared to the plan announced on February 14, 2024

	PLAN	RESULT	(JPY mil.)	
			△	%
Sales	12,099	11,908	▲191	▲1.6%
Operating income	988	1,113	+125	+12.7%
Income from continuing operations before tax	1,006	1,163	+156	+15.5%
Net income	773	892	+118	+15.3%

/ Summary of Results (year-over-year)

- Net sales increased more than 20%, mainly in the embedded software business.
- Profit increased significantly due to increased revenues as well as cost optimization and accounting for the dissolution of affiliated companies

(JPY mil.)

	FY 2023	FY 2024	△	YoY
Sales	9,628	11,908	+2,279	+23.7%
Cost of goods sold	6,328	7,500	+1,172	+18.5%
Revision up	281	513	+231	+82.1%
Gross profit	3,300	4,407	+1,107	+33.6%
SG&A	3,382	3,293	▲88	▲2.6%
R&D expenses	1,185	909	▲275	▲23.3%
Operating income	▲82	1,113	+1,195	-
Income from continuing operations before tax	62	1,163	+1,100	-
Net income	136	892	+755	+552.7%

→ Sales by segment

(JPY mil.)

by segment	FY 2023	FY 2024	△	YoY
Embedded Software Business	8,993	11,145	+2,152	+23.9%
Embedded Software Products	1,594	2,304	+710	+44.6%
Engineering Services	7,399	8,841	+1,442	+19.5%
Sensing Solution Business	638	602	▲36	▲5.7%
Adjustments for consolidation	▲3	159	+163	-

→ Operating income by segment

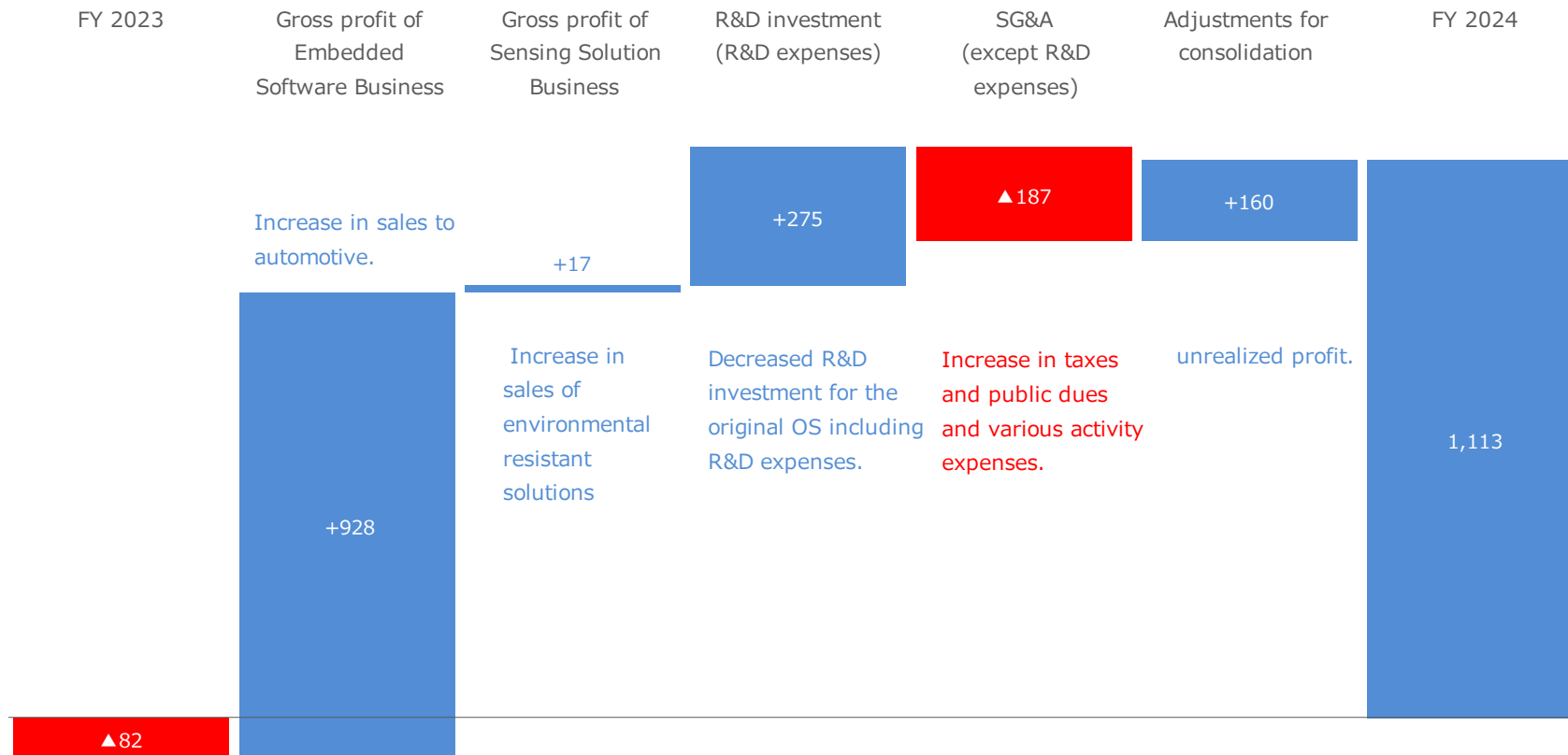
(JPY mil.)

by segment	FY 2023	FY 2024	△	YoY
Embedded Software Business	▲114	910	+1,025	-
Sensing Solution Business	24	34	+9	+38.1%
Adjustments for consolidation	7	168	+160	-

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

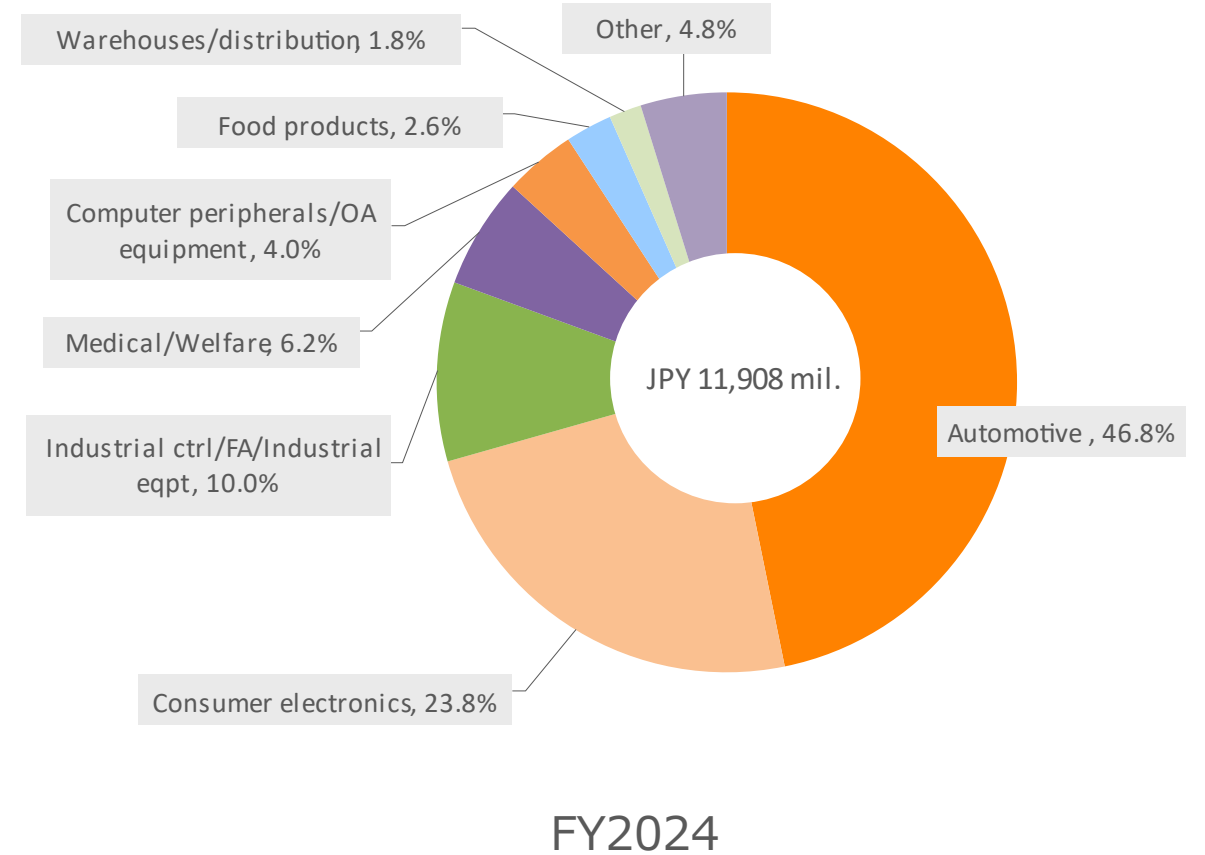
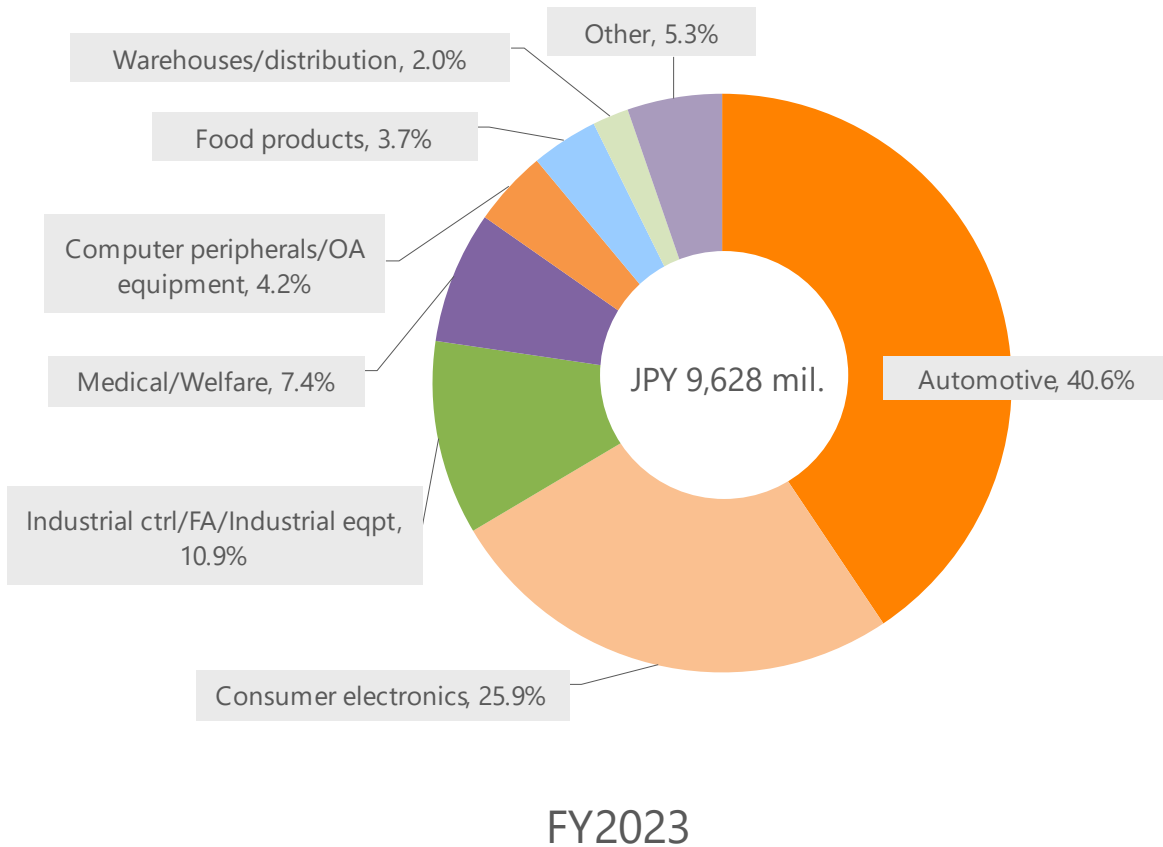
- Increase in sales of embedded software business contributed significantly to the increase in profit.
- Decrease in R&D expenses due to improved efficiency of development, etc.

(JPY mil.)



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

Revenues increased in major sectors,
particularly in the automotive sector

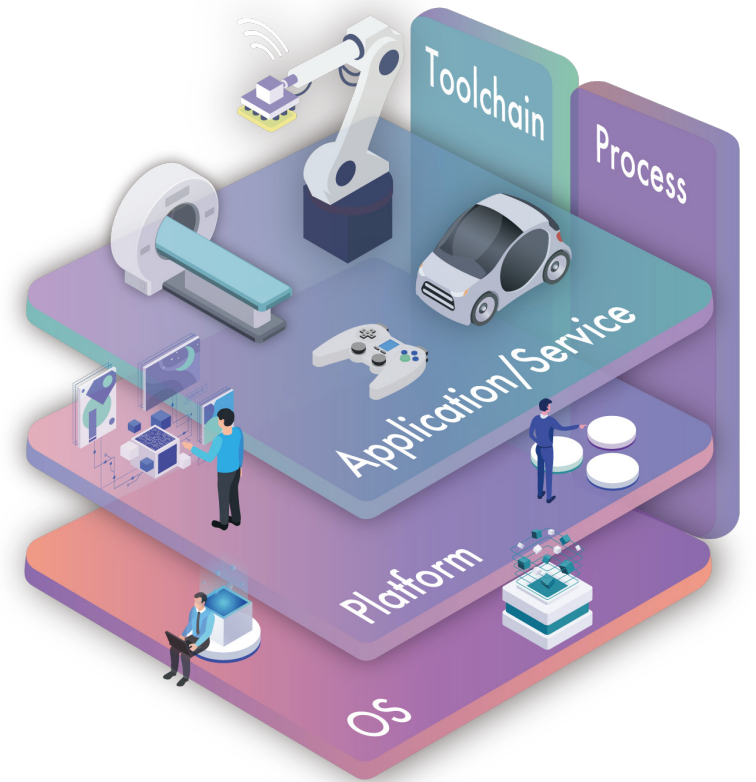


FY 2025 Plan

/ Full-Stack Engineering

eSOL is a new age OS vendor that provides full-stack engineering (FSE) to make good computers

- Good computer = good software + good hardware
- Good software = hardware-optimized, reusable and scalable
- This requires the integration of the OS as the hardware contact point, the platform for scalability, the application layer, and the tool chain and processes that produce continuous and highly efficient development.
- eSOL's Full Stack Engineering (FSE) fully integrates the OS/Platform/Application/Toolchain/Process technology hierarchy.



/ SDV and eSOL approaches as market trends

eSOL will contribute to the realization of SDV as an OS vendor for the new era.

- SDx (Software Definition) is an indispensable approach for more effective use of software technology in manufacturing, and manufacturers around the world are striving to realize it.
- SDV (Software Defined Vehicle) has been the focus of media attention in recent years in the automotive industry, particularly for passenger cars.
- eSOL considers the "V" in SDV to be not only the automotive but also the vehicle in the broadest sense of the word (all moving objects such as cars, trains and other vehicles, ships, aircraft, drones, robots, etc.).
- SDx is about software platforms, and we believe that FSE's holistic approach based on eSOL's OS technology will work very well.



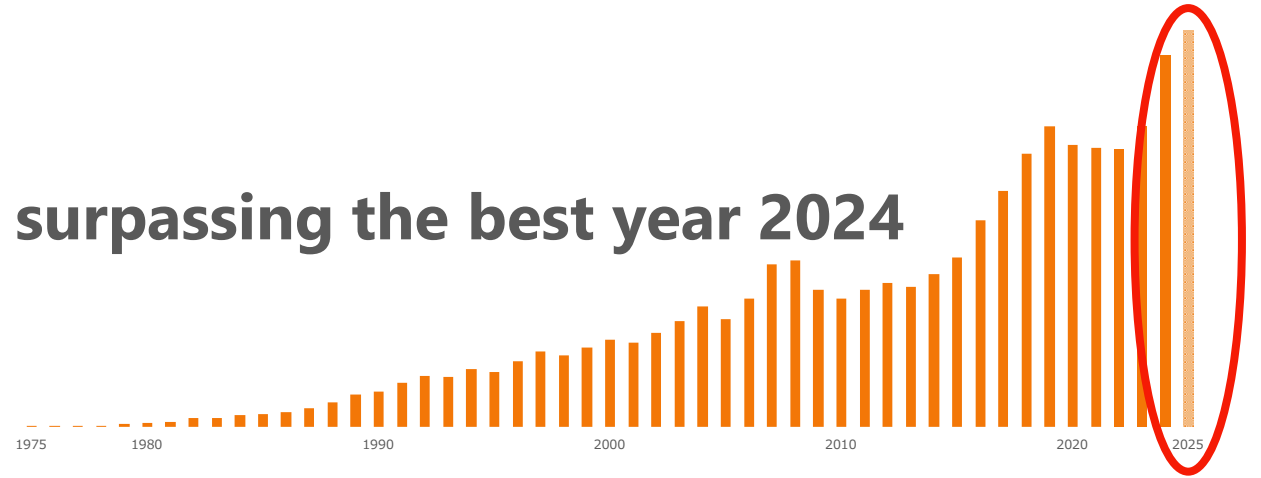
/ SDV beyond the automotive industry

SDV - Mainly targeting automotive but also promoting parallel and bidirectional lateral expansion to various vehicle systems in a broad sense

- SDVs account for 65.3 million of the projected 97.9 million new vehicles produced worldwide in 2035, or 66.7% of the total.
(According to JEITA research <https://www.jeita.or.jp/japanese/topics/2024/1219-2.pdf>)
- eSOL continues with over 40% of its sales to the automotive industry and aims for further growth as its main market.
- At the same time, we will promote commonization and horizontal development of technology and business with other industries that account for 50% of our sales, such as industrial, medical, and consumer equipment, in order to further strengthen and generate synergies.
- SDx will create a platform, and the sophistication of the system will lead to the integration and commonization of technologies across industrial fields.
- eSOL's industry portfolio is very uniquely positioned and strong in this trend.

/ Plan summary

Plans to increase revenues further surpassing the best year 2024



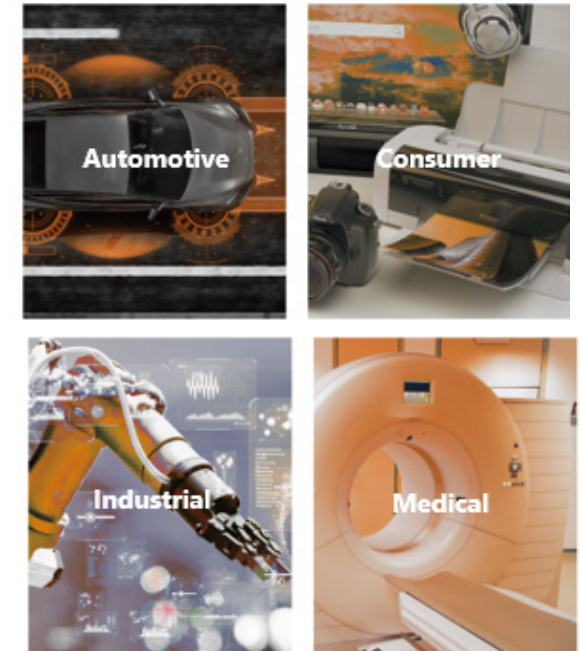
- Plans to increase revenue mainly from engineering services in the embedded software business.
- Profits will decrease due to the absence of unrealized gains and other one-time accounting items associated with the dissolution of an equity-method affiliate (AUBASS) in 2024, but substantial growth will continue in the ordinary business areas

(JPY mil.)

	FY2024	FY2025 (PLAN)	△	YoY	Fist half	Second half
Sales	11,908	12,707	+799	+6.7%	5,785	6,921
Operating income	1,113	918	▲194	▲17.5%	214	703
Income from continuing operations before tax	1,163	946	▲217	▲18.7%	230	716
Net income	892	681	▲210	▲23.6%	177	503

/ Plan summary - by segment

- Embedded software businesses (sales composition ratio 95%)
 - Plans for revenue growth in a wide range of sectors, especially automotive
 - R&D investment continues to improve practical product capabilities despite reduction in R&D expenses due to increase in user-funded engineering services
- Sensing solutions businesses (sales composition ratio 5%)
 - Strengthen collaboration with embedded software business
 - Continue to generate stable revenues from subscriptions in the on-board printer business



(JPY mil.)

	FY2024	FY2025 (PLAN)	△	YoY
Sales	11,908	12,707	+799	+6.7%
Embedded Software Business	11,145	12,080	+934	+8.4%
Sensing Solution Business	602	626	+24	+4.1%
Adjustments for consolidation	159	-	-	-

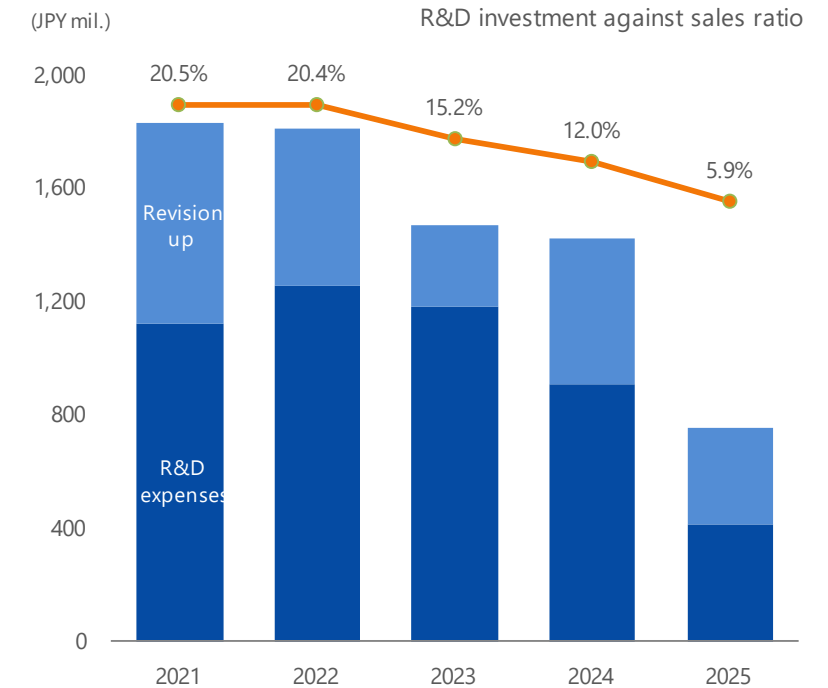


On-board printer

/ Plan summary - R&D investment

- Medium-term policy is to actively develop technologies on an ongoing basis, with a target of 10% of net sales for R&D expenses.
- R&D expenses reduced this fiscal year due to increase in funding-like engineering services from strategic customers, but continues to improve practical product capabilities

	(JPY mil.)			
	FY2024	FY2025	△	YoY
Sales	11,908	12,707	+799	+6.7%
R&D investment	1,423	754	▲668	▲47.0%
R&D expenses	909	413	▲496	▲54.6%
Revision up	513	341	▲172	▲33.5%
Investment against sales ratio	12.0%	5.9%	-	-



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

/ Plan summary - Shareholder Return

eSOL will remunerate shareholders in accordance with the following policies:

- The dividend policy for the current fiscal year is based on stabilization of the financial base, stable dividends, and investment in measures to increase corporate value through retained earnings.
- Dividends are planned to be the same amount as the previous fiscal year
- Considering reviewing dividend policy in line with growth strategy for the future.

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
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	55.8%	-	82.1%	12.0%	15.3%

Future Management Policies and Strategies

We are currently developing a medium-term management plan called the **Strategic Business Plan (SBP)**, which will be announced before the end of this fiscal year.

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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