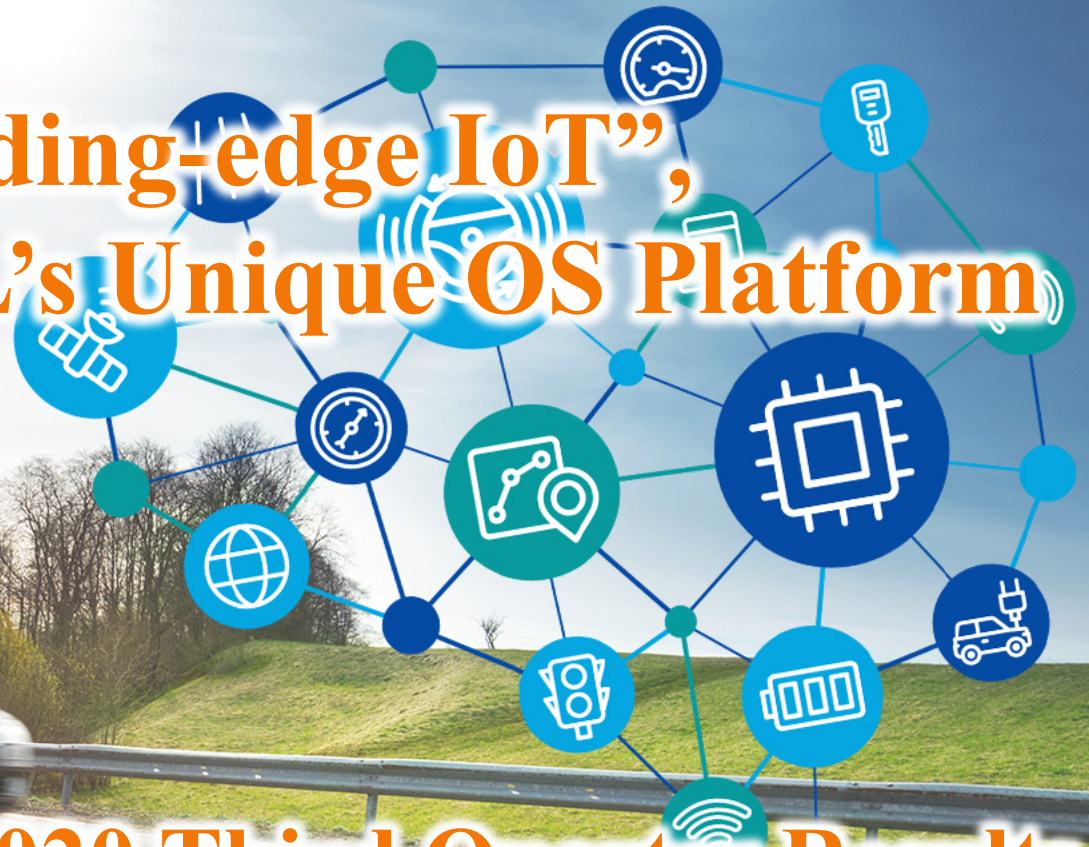




Pioneering “Leading-edge IoT”, with eSOL’s Unique OS Platform



eSOL Co., Ltd. 2020 Third Quarter Results

November 2020 by eSOL Co., Ltd.
(listed on the First Section of the Tokyo Stock Exchange: 4420)

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FY 2020 Plan 【Updated Forecast for the Current FY】

- Sales on software products increased in Q3
- eSOL has been providing its software and engineering service for the main customer, AUBASS Co., Ltd. However, in Q4, a part of onboard peripheral software, which we have provided as a license for AUBASS so far, will be sold to them.

On the other hand, we continue to provide AUBASS with license and engineering service as in the past.

(Unit: JPY mil.)

	Previous Forecast	Updated Forecast			FY2019
	on Aug. 12, 2020	on Nov. 13, 2020	Amount up/down	Ratio up/down	(Results)
Sales	8,654	9,025	+371	+4.3%	9,644
Operating income	224	602	+378	+168.8%	748
Income from continuing operation before tax	441	821	+379	+85.9%	867
Net income	320	606	+286	+89.4%	659



FY 2020 Plan 【Updated Forecast for the Current FY】

By segment

(Unit: JPY mil.)

By Segment	Previous Forecast	Updated Forecast		
	on Aug. 12, 2020	on Nov. 13, 2020	Amount up/down	Ratio up/down
Sales	8,654	9,025	+371	+ 4.3%
Embedded Software Business	7,950	8,371	+420	+ 5.3%
Sensing Solution Business	704	654	▲49	▲7.1%
Operating income	224	602	+378	+ 168.8%
Embedded Software Business	203	582	+379	+ 186.1%
Sensing Solution Business	20	19	▲0	▲2.8%



eSOL reports FY 2020 Q3 Results



FY 2020 Q3 Results - Summary

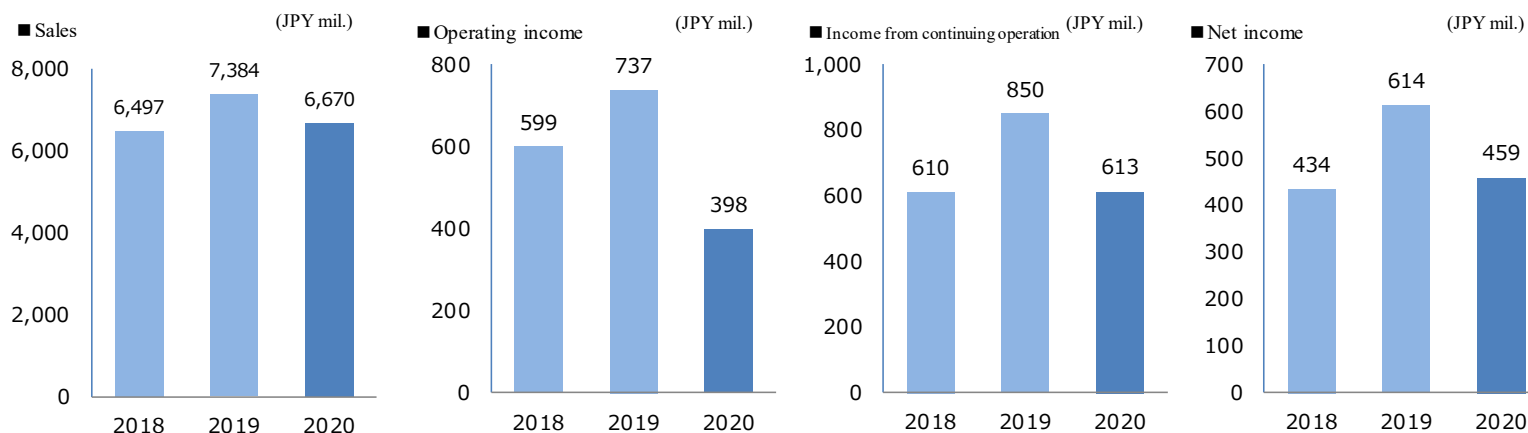
Summary of results

Comparing to the same period of last year, sales decreased due to COVID-19 outbreak and earnings down due to the increase of R&D for in-house OS. Revenue from NEDO* project was allocated to other income.

(Unit: JPY mil.)

	FY 2019	FY 2020	YoY	Progress	Forecast thru FY2020 ^{1/}
	Q3	Q3			
Sales	7,384	6,670	▲9.7%	77.1%	8,654
Operating income	737	398	▲45.9%	177.9%	224
Income from continuing operation before tax	850	613	▲27.9%	138.8%	441
Net income	614	459	▲25.2%	143.4%	320

1/ “Forecast thru FY2020” is the plan announced on August 12, 2020





FY 2020 Q3 Results - Summary

Results by segment - summary

(Unit: JPY mil.)

By Segment	FY 2019 Q3	FY 2020 Q3	Variance from 2019
Sales	7,384	6,670	▲9.7%
Embedded Software Business	6,845	6,172	▲9.8%
Embedded Software Products	1,439	1,369	▲4.9%
Engineering Services	5,405	4,803	▲11.1%
Sensing Solution Business	535	479	▲10.5%
Adjustments for consolidation	3	18	—
Gross Profit	2,376	2,247	▲5.4%
Embedded Software Business	2,150	2,027	▲5.7%
Sensing Solution Business	218	189	▲13.2%
Adjustments for consolidation	7	30	—
Operating Income	737	398	▲45.9%
Embedded Software Business	713	363	▲49.0%
Sensing Solution Business	16	4	▲72.2%
Adjustments for consolidation	7	30	—

Embedded Software Business: Earnings declined mainly due to lagging sales to automotive industry.

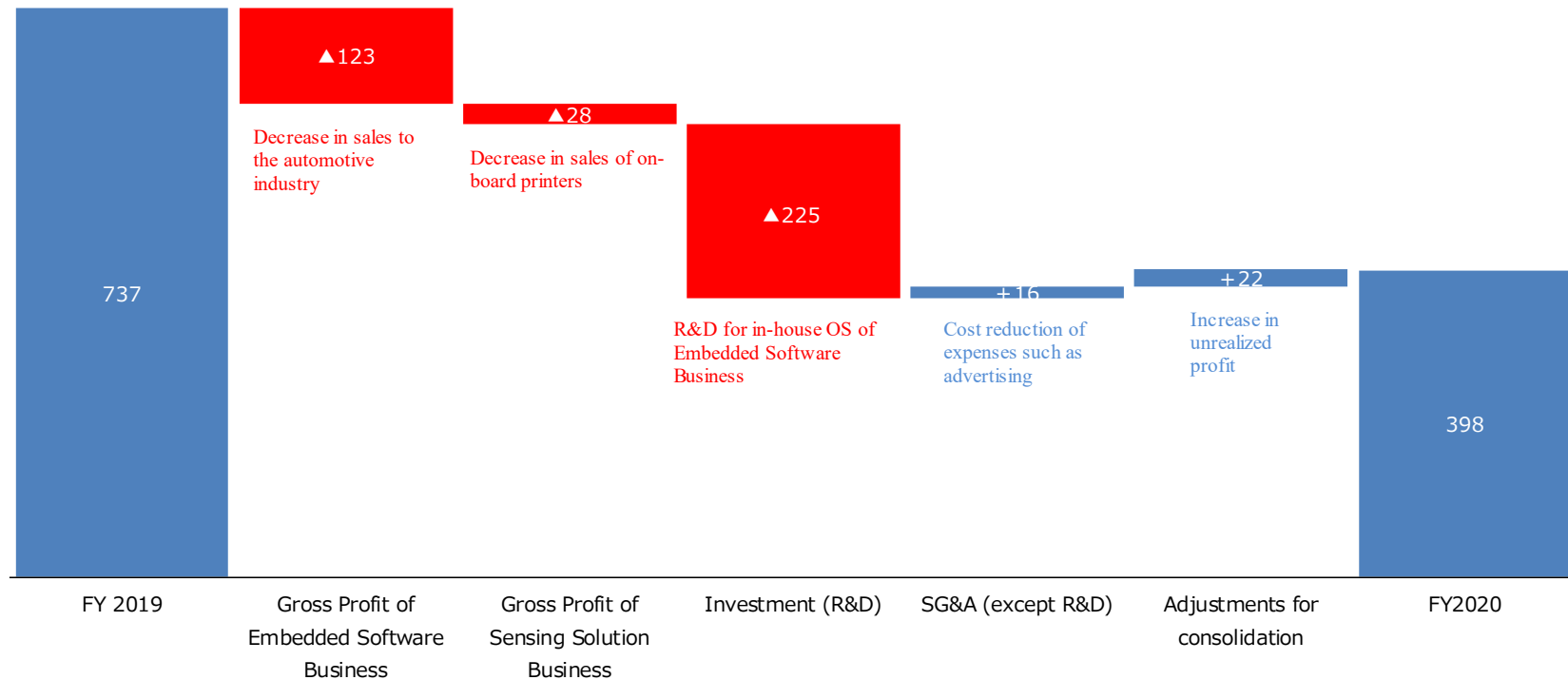
Sensing Solution Business: Earnings declined mainly due to the decrease of the sales of onboard printers.



FY 2020 Q3 Results - Summary

Walk of Operating Income (Year-on-Year)

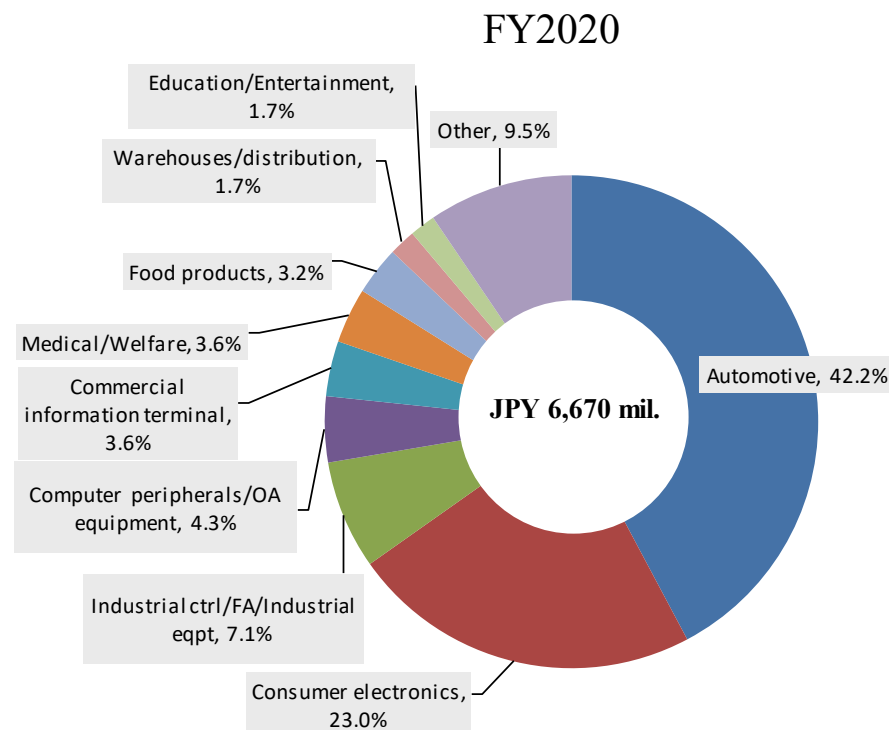
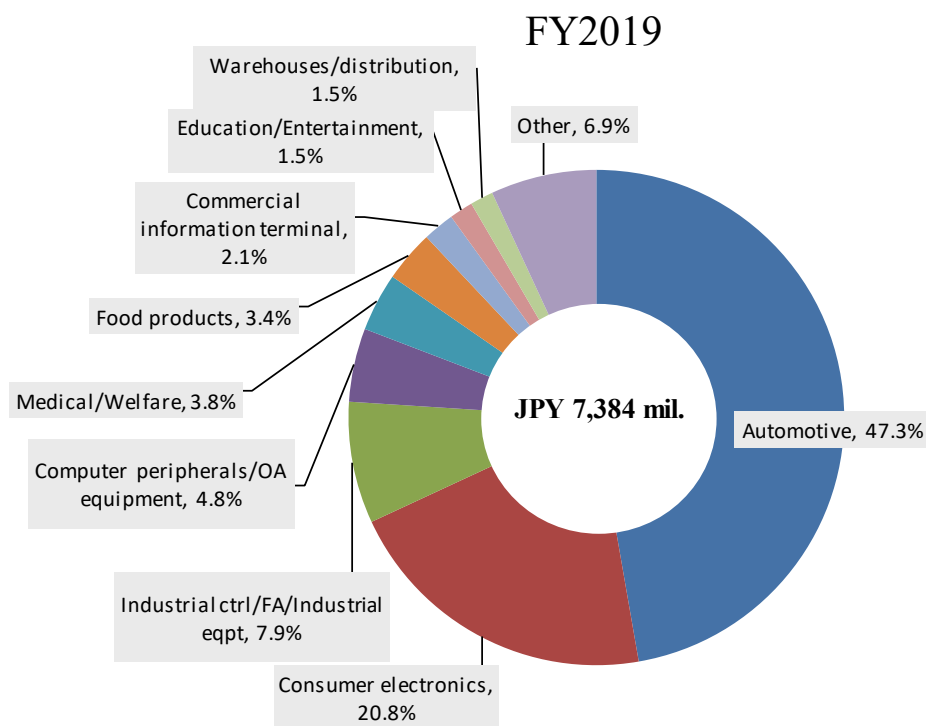
(Unit: JPY mil.)





FY 2020 Q3 Results - Summary

Sales by segments of customers



note: A part of the classification of sector has been changed since this quarter



FY 2020 Q3 Results - Summary

R&D investment — we speed the investment up heading for the global market.

■ Basic policy for R&D investment

Approx. 10% of sales revenue is continuously invested in R&D and revision up.

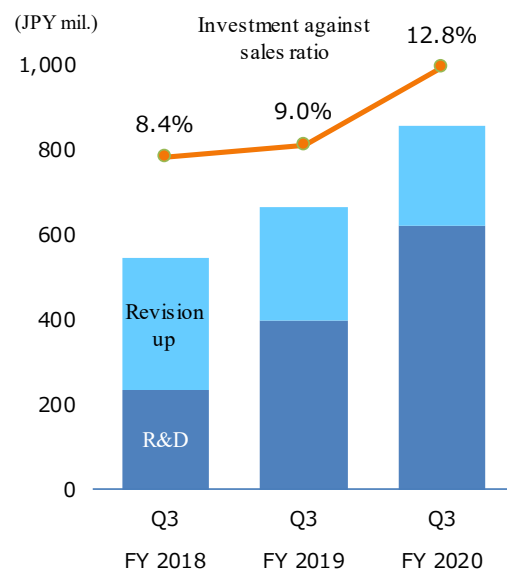
■ Policy for the current FY

The whole group, including overseas affiliates, accelerates R&D investment in in-house OS with a view to targeting automotive industry where computerization has been progressing.

■ Results

	FY 2019 Q3	FY 2020 Q3	(Unit: JPY mil.)
			YoY
Sales	7,384	6,670	▲9.7%
Investment in development	665	856	+28.7%
R&D	396	621	+56.8%
Revision up	269	235	▲12.5%
Investment against sales ratio	9.0%	12.8%	—

Revision up: investment to maintain the function of product





FY 2020 Plan 【Return to Shareholders】

eSOL would like to return profits to our shareholders in accordance with the following policies:

■ Dividend Policy

- Stable financial position
- Stable dividend payout ratio in line with business performance
- Investment in the increment of corporate value thorough utilizing internal reserve (R&D investment , human resource development, etc.)

■ Amount of Dividend

	FY 2019	FY 2020
Dividend per share	*5.50yen	5.50yen
(interim dividend included)	(0.00yen)	(1.50yen)

*memorial dividend of 1.50yen/share is included



Notes on this material

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.

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.

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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