Settlement of accounts for the fiscal year ended March 2023

Pro-Ship Incorporated (SIC 3763, TSE Prime Market)

May 24, 2023

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Consolidated results for the fiscal year ended March 2023

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Projection of consolidated results for the fiscal year ending March 2024

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Key areas and growth strategies

Financial Highlights FY2023 (ended in March)

Pro-Ship
Speciality for Customer

- Revenue decreased due to order delay from initial plan.
- Cost of sales increased due to some high-cost projects and exchange of some development partners.
- Selling, general and administrative expenses increased due to factors such as active R&D, increased costs for internal digital transformation(DX), and expenses related to the relocation of the head office.

	FY2022/3	FY2023/3	YOY
Net sales	¥6,689m	¥6,600m	-1.3%
Operating profit	¥2,205m	¥1,630m	-26.1%
Ordinary profit	¥2,271m	¥1,831m	-19.4%
Ordinary profit margin	34.0%	27.7%	–
Profit attributable to owners of the parent	¥1,591m	¥1,299m	-18.3%

Financial Highlights FY2023 (ended in March)

Pro-Ship
Speciality for Customer

- The decrease in net assets of ¥4,656m mainly consists of profit attributable to owners of the parent was ¥1,299m, ¥775m was paid in dividends, and treasury shares increased by ¥5,326m.
- The increase of ¥5,326m in treasury shares was due to the dissolution of our business alliance with NSD Co., Ltd. on August 10, 2022, and the acquisition of all 3,160,000 shares of the Company held by NSD.

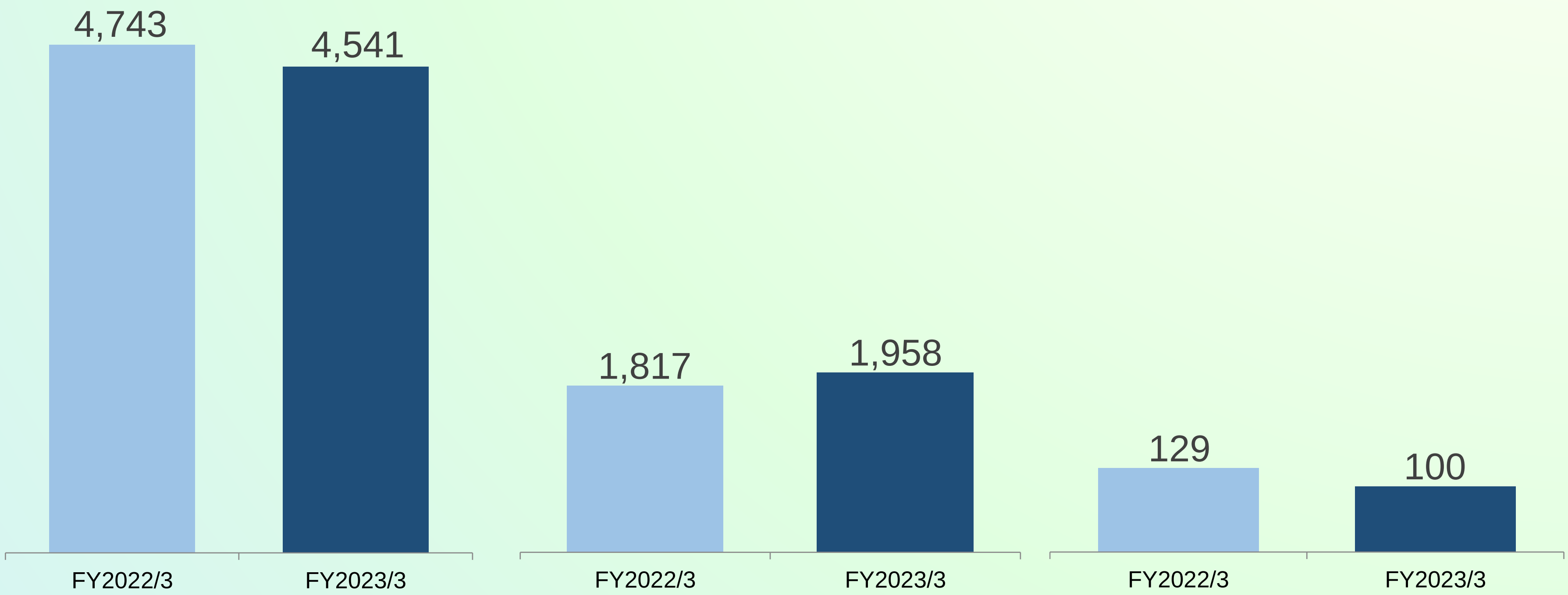
	FY2022/3	FY2023/3	YOY
Total assets	¥13,532m	¥8,626m	-¥4,906m
Liabilities	¥2,196m	¥1,946m	-¥249m
Net asset	¥11,336m	¥6,679m	-¥4,656m
Treasury shares (included in net assets)	-¥1m	-¥5,328m	-¥5,326m
% treasury shares	82.4%	75.0%	-

Breakdown of net sales

- Packages : Revenue decreased due to the delay in acquiring orders.
- Maintenance : Revenue increased due to a growth in the number of users.

Packages*	Maintenance	Others
-4.3% YOY	+7.7% YOY	-22.1% YOY

*Sales of ProPlus licenses and implementation services.



Growth in revenue from maintenance services

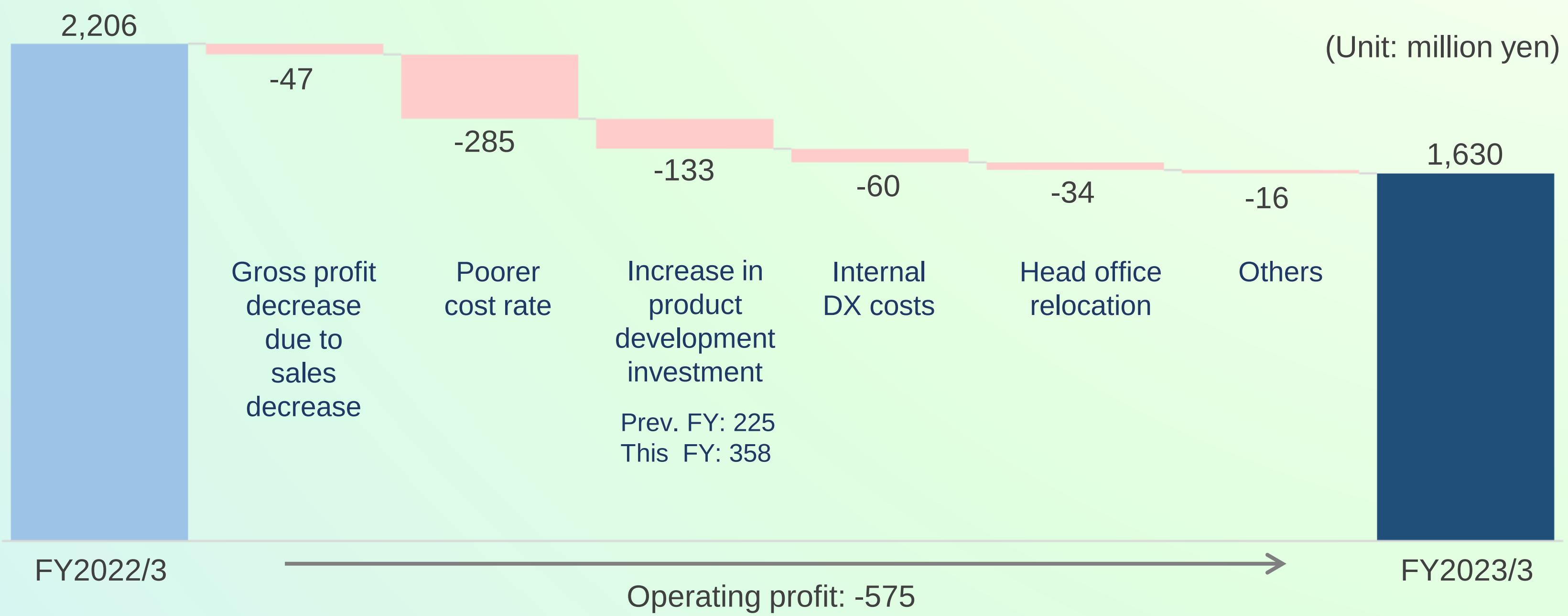
Pro-Ship Speciality for Customer

With the increase in customer base and market share, maintenance revenue has been growing every year.

Contributing factors of decrease in operating profit

Operating profit decreased by ¥575m year on year. Below is the contributing factors:

- Decrease in total gross profit on sales due to decrease in sales (-¥47m YOY)
- Decrease in total gross profit on sales due to poorer cost rate (-¥285m YOY)
  *(The cost rate did not improve as expected in the second half)
- Increase in investment in product development (SG&A) (+¥133m YOY)
- Increase in costs associated with internal DX (SG&A) (+¥60m YOY)
- Expenses incurred with the relocation of the head office (SG&A) (+¥34m YOY)



Orders received and order backlog

- Orders received and order backlog both increased year-on-year due to factors such as acquiring new customers in the social infrastructure industry and existing customers' demands for upgrading products.

FY2023/3				
Item	Orders received	YOY	Order backlog	YOY
Packages	¥4,835m	12.5%	¥2,430m	13.7%
Maintenance	¥2,078m	22.8%	¥2,279m	5.6%
Others	¥106m	33.4%	¥41m	15.3%
Total	¥7,019m	15.6%	¥4,751m	9.7%

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Pro-Ship Speciality for Customer

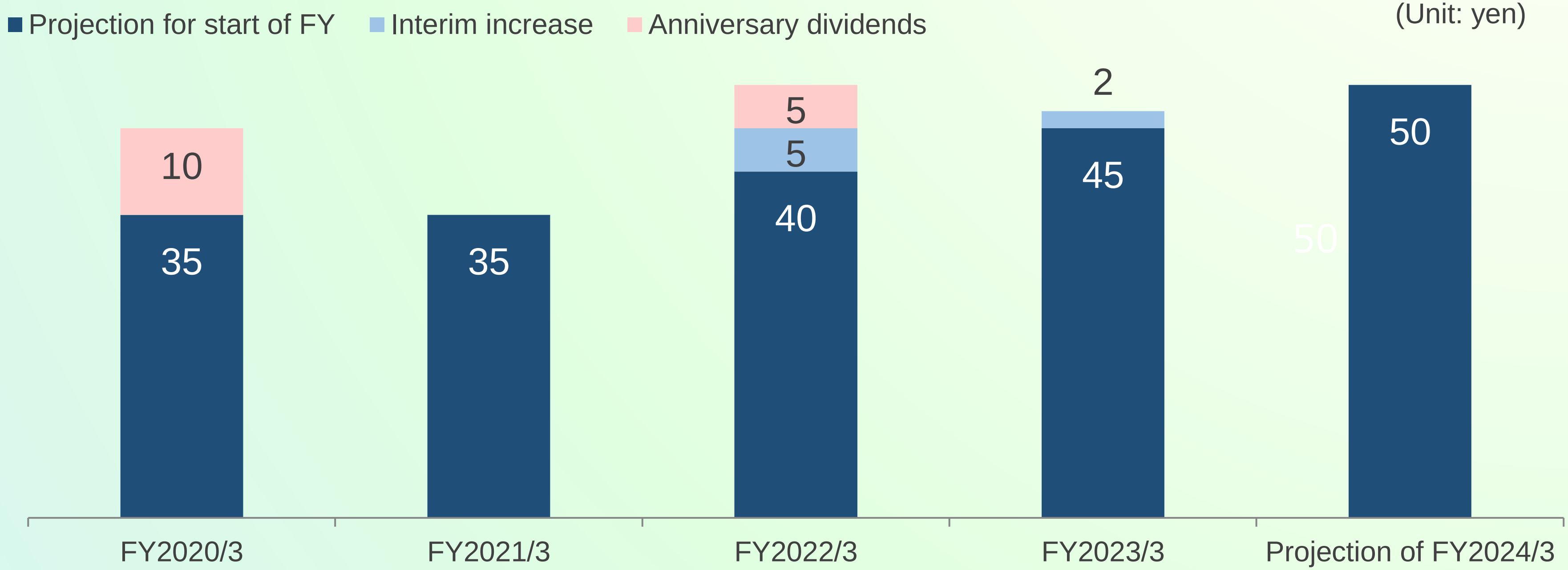
- The increase in revenue is expected to continue. Factors for this increase include the handling of existing customers' upgrades to new Pro-Ship products, along with sales activities to explore avenues for new customers, particularly in the social infrastructure industry.
- Profit is expected to increase despite making active investments, such as developing new products for the new lease accounting standards and hiring excellent engineers.

	Results FY2023 (ended in March)	Projections FY2024 (ending in March)	YOY
Net sales	¥6,600m	¥7,300m	10.6%
Operating profit	¥1,630m	¥1,959m	20.2%
Ordinary profit	¥1,831m	¥2,000m	9.2%
Ordinary profit margin	27.7%	27.4%	–
Profit attributable to owners of the parent	¥1,299m	¥1,388m	6.8%

■ Dividend policy

We aim to strengthen equity capital and improve profitability.
At the same time, we will proactively return profits to shareholders in anticipation of future business development and growth.

(Unit: yen)



	FY2020/3	FY2021/3	FY2022/3	FY2023/3	Projection of FY2024/3
Dividends	¥45	¥35	¥50	¥47	¥50
Payout ratio	65.9%	44.9%	48.4%	48.7%	44.3%

*The anniversary dividends paid in FY2020/3 and FY2022/3 are, respectively, dividends celebrating Pro-Ship's 50th anniversary and dividends celebrating 5,000 companies using ProPlus.
*The projected payout ratio for FY2024/3 was calculated according to the number of shares at the end of FY2023/3.

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Company profile (as of March 31, 2023)

Trade name	Pro-Ship Incorporated
Established	April 1969
Capital	¥719m
Representative directors	Norihiro Yamaguchi, President Motoshi Suzuki, Executive Vice President
Number of employees	224
Address of head office	Sumitomo Fudosan Iidabashi Ekimae Bldg. 3-8-5 Iidabashi, Chiyoda-ku, Tokyo 102-0072
Phone	050-1791-3000
Website	http://www.proship.co.jp
Nature of business	Development, sale, introduction and maintenance services for package solutions
Affiliated companies	Pro-Ship Frontier Proship Information System (Dalian)

History

Apr. 1969	Established (primary business: system consultation)
Jun. 1978	Developed and released ASPAC-I, an accounting system package
Mar. 1980	Developed and released FASPAC-I, a general fixed asset management system package
Jul. 1994	Developed and released ProPlus, a general information system package
Mar. 2005	Listed on JASDAQ Securities Exchange
Feb. 2007	Developed and released Ver. 5 of ProPlus fixed asset system
Oct. 2011	Developed and released Ver. 2 of ProPlus sales management system
Aug. 2013	Developed and released SaaS-based spot goods control solution
Oct. 2013	Developed and released Ver. 2 of ProPlus lease management system
Jan. 2015	Total number of companies that have introduced ProPlus reached 4,000
Jun. 2016	Developed and released Ver. 6 of ProPlus fixed asset system
Oct. 2016	Listed in the Second Section of the Tokyo Stock Exchange
Sep. 2017	Listed in the First Section of the Tokyo Stock Exchange
Oct. 2017	Won 2017 Porter Prize
Aug. 2021	Total number of companies that have introduced ProPlus reached 5,000
Apr. 2022	Listed in the Prime Market of the Tokyo Stock Exchange

Products in the ProPlus series

■ Fixed Asset Management Solution
The leading fixed asset management solution for enterprises in Japan. We have been specializing these solutions for long time.

■ Lease Asset Management Solution
Improves efficiency of lease asset management and covers various aspects from contracts to generating accounting information.

■ CIP Accounts Subsystem
Improves the efficiency of complicated work of construction in progress accounts. Links seamlessly with our fixed asset solution.

■ Physical Checking Subsystem
Enables total management of physical checking of assets from planning to execution.

■ Lease/Rental Contract Management System
Offers efficient lease contract management for retail businesses and other multi-location operations.

■ Land Information Management Subsystem
This subsystem helps managing land information, utilized by industries such as railway companies that manage a significant amount of land.

■ Construction Settlement Solution : *Smart*
Uses OCR and AI technology to efficiently process large volumes of invoices generated from construction activities, significantly streamlining accounting data input.

■ Asset Inventory Management Solution (SaaS)
ProPlus Pit

This provides efficient fixed asset inventory using mobile devices and cloud technology.

■ Solution for New Lease Accounting Standards New!!
The first solution in the market for the upcoming changes in lease accounting standards of Japan. It calculates the accounting impact of the changes.

Who's using the ProPlus series: Targeting

Pro-Ship
Speciality for Customer

Market share among top-selling companies in each industry

Industry	Companies using ProPlus
Construction	5 of 10 companies
Foods	8 of 10 companies
Textiles & Apparel	6 of 10 companies
Chemicals	4 of 10 companies
Pharmaceutical	3 of 10 companies
Oil & Coal Products	3 of 5 companies
Rubber Products	4 of 10 companies
Glass & Ceramics Products	3 of 10 companies
Iron & Steel	4 of 10 companies
Nonferrous Metals	6 of 10 companies
Metal Products	3 of 10 companies
Machinery	3 of 10 companies
Electric Appliances	5 of 10 companies
Transportation Equipment	6 of 10 companies
Precision Instruments	4 of 10 companies
Retail Trade	6 of 10 companies
Banks	3 of 5 companies
Securities & Commodity Futures	2 of 5 companies
Insurance	3 of 5 companies
Real Estate	7 of 10 companies
Marine Transportation	3 of 5 companies
Warehousing & Harbor Transportation Services	8 of 10 companies
Communications	6 of 10 companies
Electric Power & Gas	3 of 10 companies

Specialist products and services for enterprises or listed companies

Corporate groups using the ProPlus series

Over 5,000

Market share among top-selling companies in each industry

Over 50%

ProPlus is used in **all 33** of the industries designated by the stock exchange.

Being used in leading companies in every industry

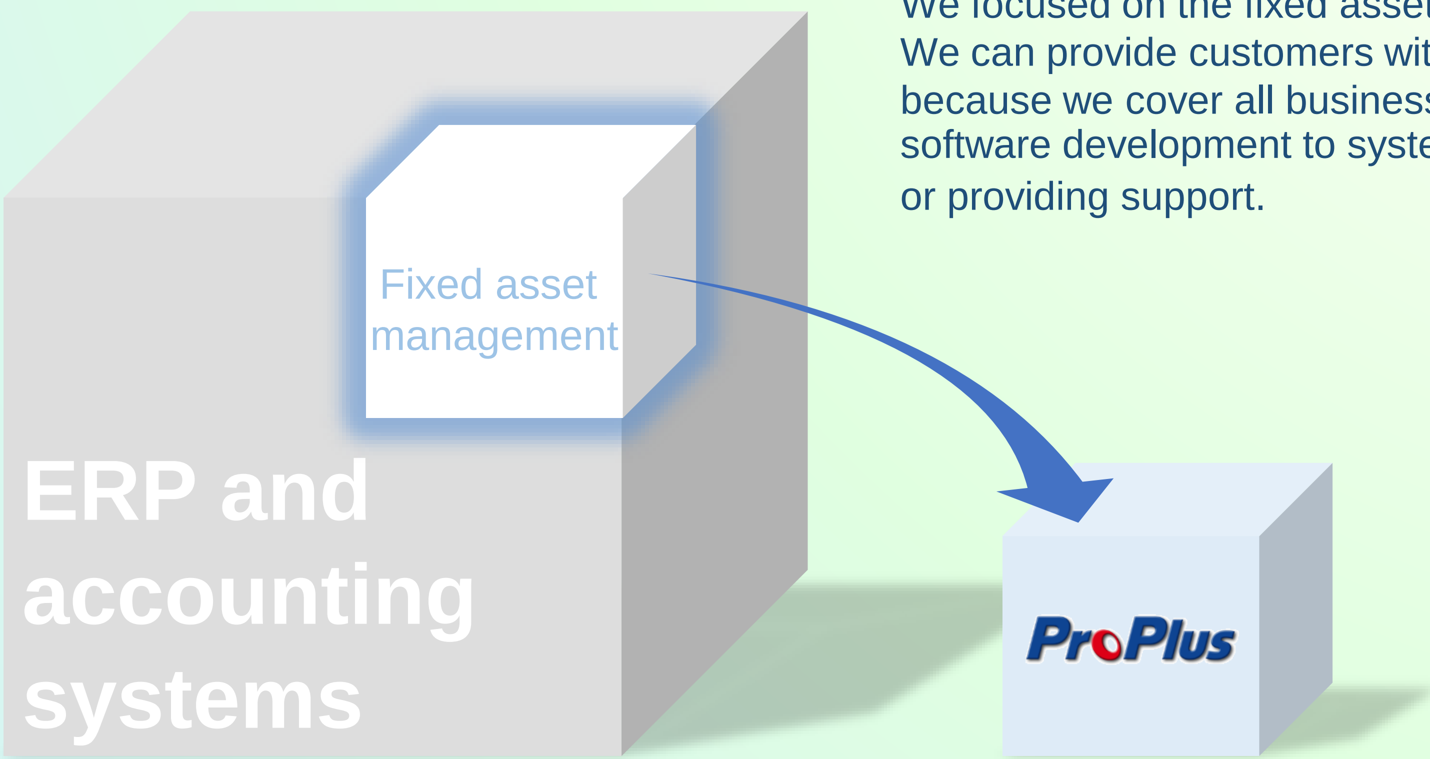
OKI
Open up your dreams
AsahiKASEI
Takashimaya
ニチレイ
MOS BURGER
FOOD & LIFE COMPANIES
SHIMIZU CORPORATION
清水建設
AJINOMOTO
亀田製菓株式会社
KOBELCO
YAHOO! JAPAN
SUBARU
KFC
Pizza Hut
Canon
NISSAY
J. FRONT RETAILING
ISUZU
odakyu
松屋
EPSON
EXCEED YOUR VISION
三菱地所
TDK
SAPPORO
TOKIO MARINE NICHIDO
東京海上日動
おいしさを笑顔に
KIRIN
YONEX
HULIC
STARBUCKS
立ちどまらない保険。
MS&AD
フジテレビ
DeNA
大東建託
NISSIN HOLDINGS

“Best of Breed” : Unique Positioning

Our solutions are not ERP nor accounting system.

Specialized solutions for fix asset management.

We focused on the fixed asset management.
We can provide customers with high-quality solution because we cover all business value chains, from software development to system implementation, or providing support.



To maximize efficiency in fixed asset management, customers use our solution with their ERP.

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Key areas and growth strategies

Engines to drive future growth

Pro-Ship
Speciality for Customer

Engines for growth	Results
New architecture ・Improvement of QCD ・Fostering productivity and agility in product development	**ProPlus for EPC** ・Solutions for the electric power industry
SaaS/cloud ・Supply models to suit customer needs ・Enhancing SaaS services for rapid scaling.	**ProPlus Pit/Smart** ・Getting capability for SaaS and cloud services
Changes in lease accounting standards ・Provide the first product in the market ・Making maximum use of the knowledge for adoption of IFRS16	**SaaS Solution for the Change of Lease Accounting Standards** ・First in the market
Promotion of DX ・Digital workplaces ・Automation of implementation process	**Digital workplaces** ・Work styles for every workplace ・Documentation of knowledge in physical materials and online tools

Key areas

-Social infrastructure industry

-Lease accounting

-Global expansion

-TEAM

Social infrastructure industry

Pro-Ship
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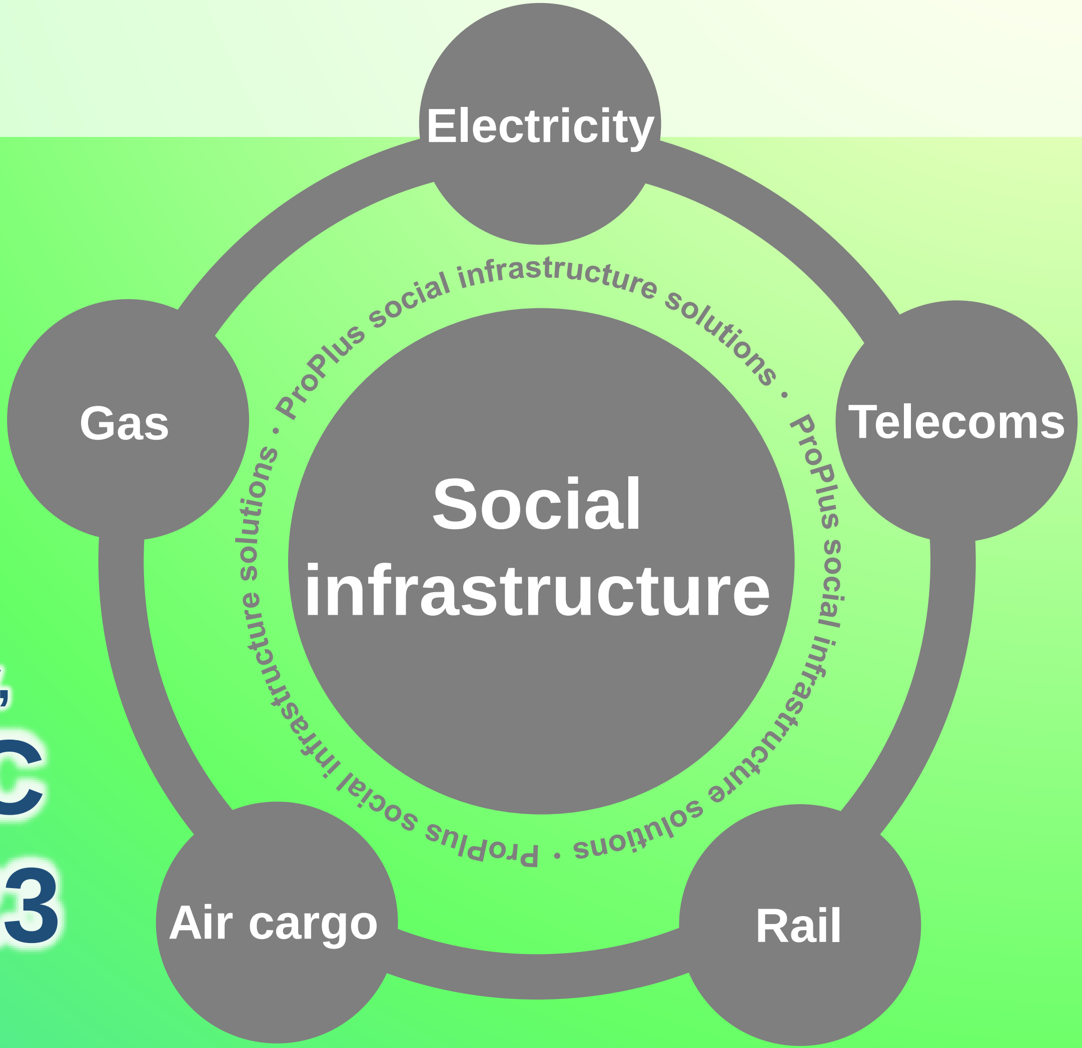
We provide standard-setting solutions for the social infrastructure industry, which owns large numbers of fixed assets and unique requirements.

Our first solution for the social infrastructure industry. For the electric power industry,

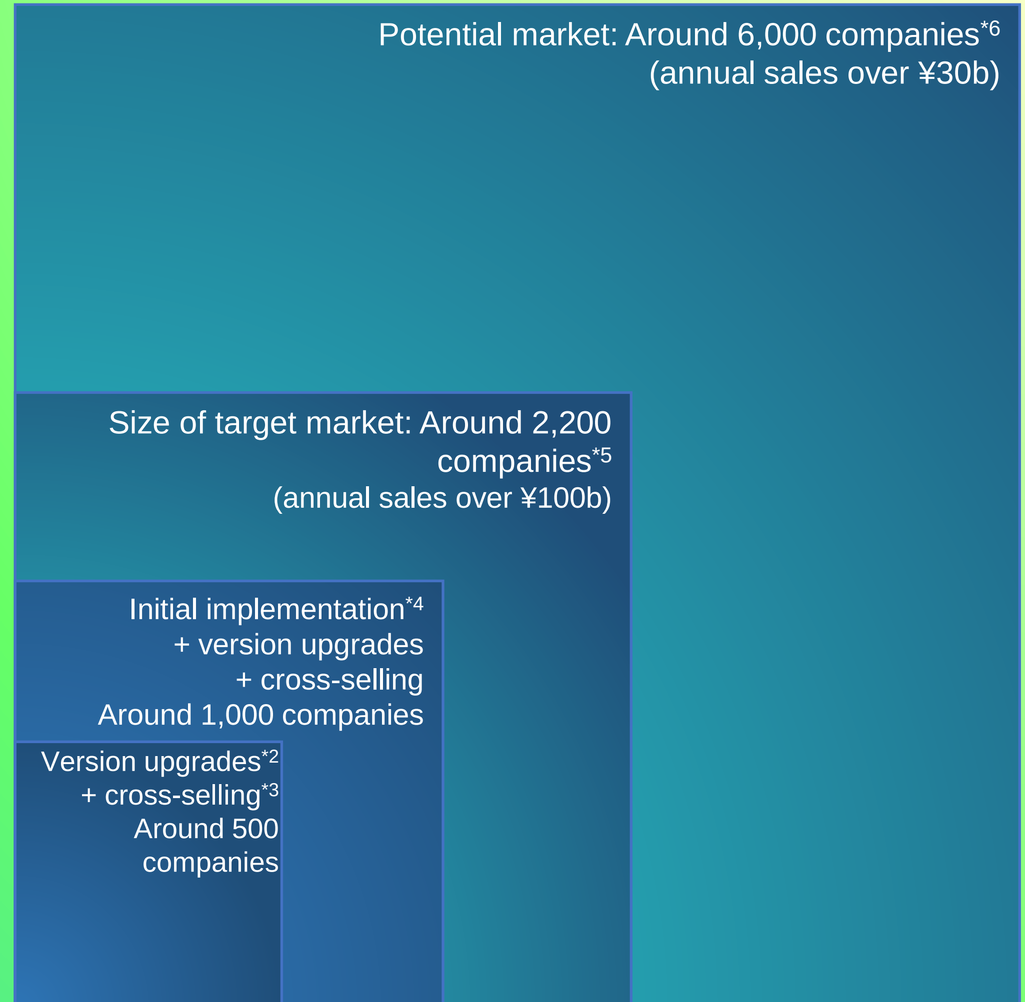
ProPlus for EPC released in 2023



Changes in lease accounting standards

New Accounting Standard for Lease Transactions will be enforced from the business year starting April 2026.
We are going to meet the market's needs by our specialized solution, such as the solution for calculations of financial impact released in May 2023!

■ Business opportunities in the lease accounting area



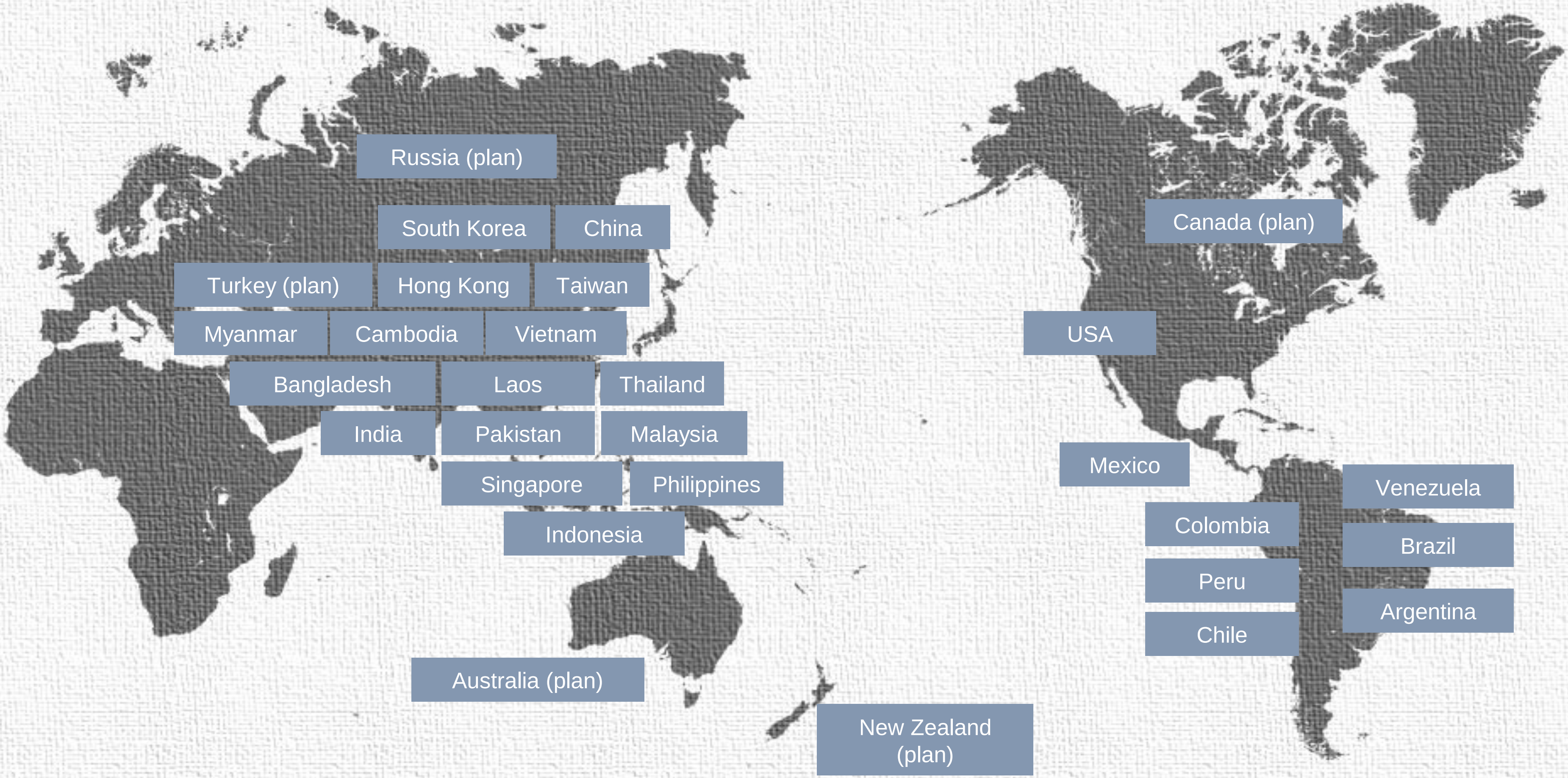
Pro-Ship products increased share due to the enforcement of IFRS16 in 2019.

Companies implement our products due to IFRS: around 100*1

*1 IFRS-compliant Japanese companies and overseas subsidiaries that introduced our products. *2 Companies purchasing a new version of Pro-Ship products that they have purchased in the past. *3 Companies purchasing a different Pro-Ship product from one that they have purchased in the past. *4 According to our in-house database. *5 According to our in-house database and our own calculations, based on the Japan Company Handbook. *6 According to our in-house database and our own calculations, based on the Japan Company Handbook.

Global expansion

Pro-Ship
Speciality for Customer



Used in 187 companies in 21 countries and regions (as of March 2023)

TEAM

Pro-Ship
Speciality for Customer

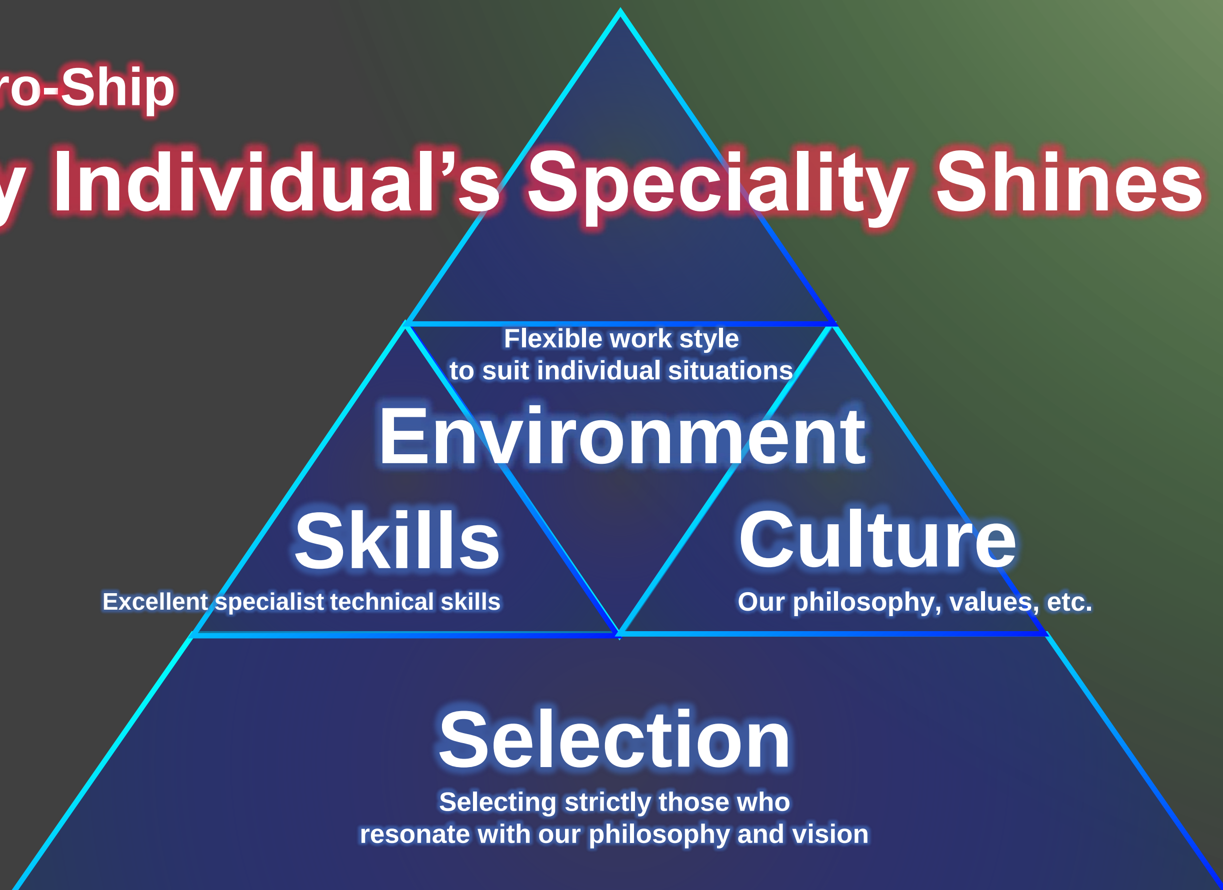
Total **E**nterprise **A**sset **M**anagement
We are making greater contributions
in fixed asset management
and related operations.

Pro-Ship’s human resources strategy

We have a unique framework to equip our personnel with the specialist skills, regardless of their knowledge, experience, education, gender or nationality.
It’s not about just competing for personnel but about taking the initiative to develop personnel and contributing to the society.

Team Pro-Ship

Every Individual’s Speciality Shines



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Email : kanri@proship.co.jp

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