

Financial Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2024

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

Nov 22, 2023

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Consolidated Financial Results for the 2nd Quarter of FY 2024

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Forecast of Consolidated Results for FY 2024

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Focus Areas and Growth Strategies

Financial Highlights for 2nd Quarter of FY2024

- Both sales and profit decreased due to a delay in order acquisition and extra man-hours for a large project in the previous quarter. Problems with the project have been resolved but it required an extra manpower and hindered the acquisition of new orders.
- Selling, general and administrative expenses increased due to rising labor cost, acceleration of R&D and internal DX activation.

	Q2 FY2023	Q2 FY2024	YoY
Net sales	¥3,255m	¥3,026m	△ 7.0%
Operating profit	¥740m	¥415m	△ 43.8%
Ordinary profit	¥772m	¥433m	△ 42.6%
Ordinary profit margin	23.7%	14.6%	△ 9.1%
Profit attributable to owners of the parent	¥546m	¥301m	△ 44.9%

Financial Highlights for 2nd Quarter of FY2024

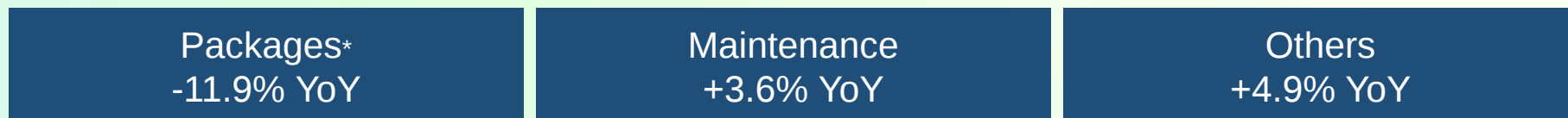
- Problems with a large project that occurred in the previous quarter have been resolved.
- Profitability has been improving since the second half of the previous quarter.

	FY2024 Apr-Jun	FY2024 Jul-Sep	QOQ
Net sales	¥1,296m	¥1,730m	+33.5%
Operating profit	¥23m	¥392m	+1,582.3%
Ordinary profit	¥39m	¥403m	+920.4%
Ordinary profit margin	3.1%	23.3%	+ 20.2%
Profit attributable to owners of the parent	¥26m	¥274m	+923.9%

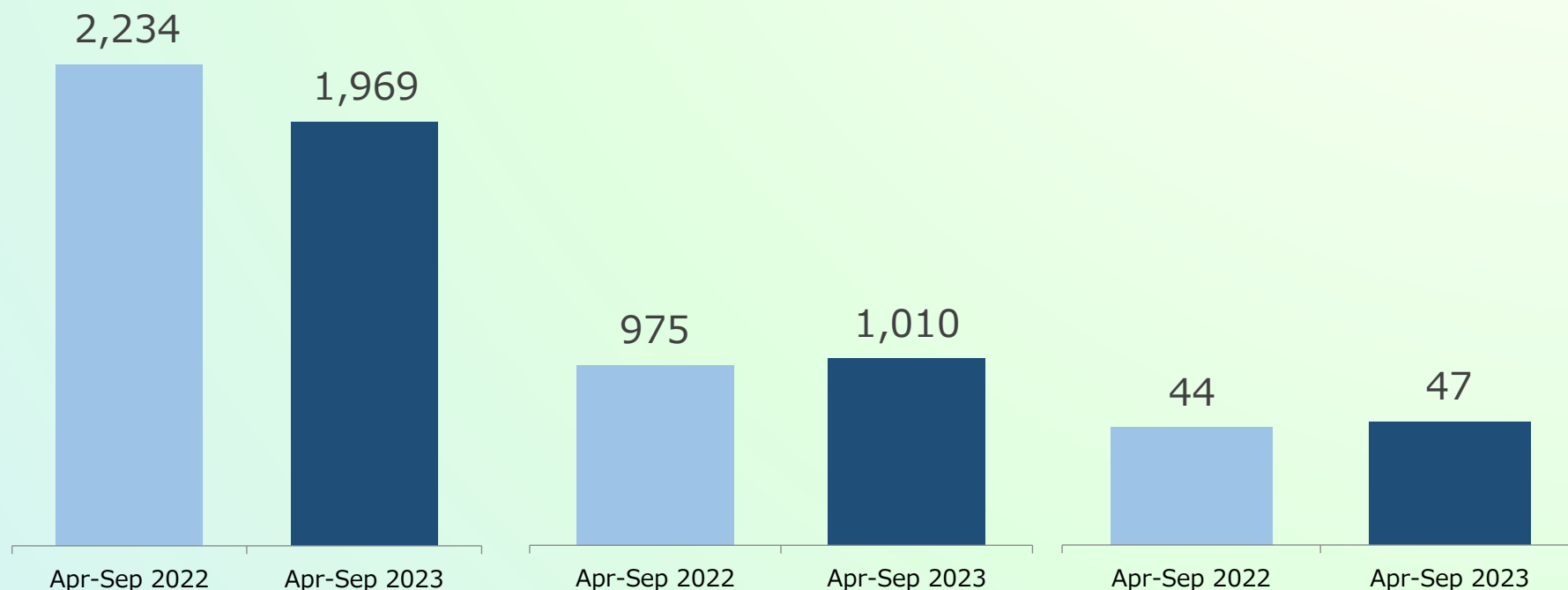
Breakdown of net sales

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

(Millions of yen)



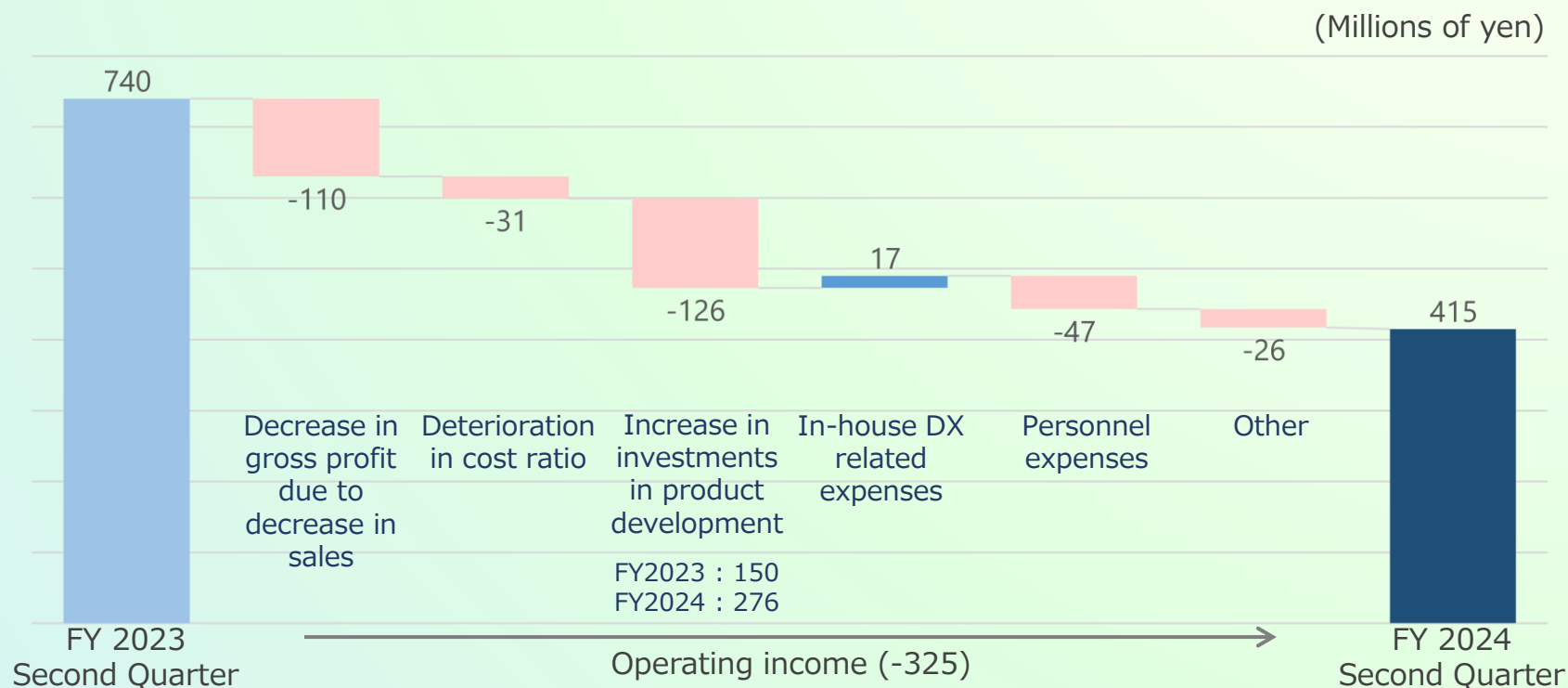
*Sales of ProPlus licenses
and implementation services.



Contributing factors of decrease in operating profit

Operating profit decreased by ¥348m year on year. Below is the contributing factors:

- Decrease in total gross profit on sales due to decrease in sales (-¥110m YoY)
- Decrease in total gross profit on sales due to deterioration in cost ratio (-¥31m YoY)
- Increase in investment in product development (SG&A expenses) (+¥126m YoY)
- Decrease in costs associated with internal DX (SG&A expenses) (-¥17m YoY)
- Increase in labor costs (SG&A expenses) (+¥47m YoY)



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

FY2024 2nd Quarter				
Item	Orders received	YoY	Order backlog	YoY
Packages	¥2,657m	9.6%	¥3,118m	34.0%
Maintenance	¥1,212m	34.0%	¥2,480m	18.8%
Others	¥44m	6.0%	¥39m	17.7%
Total	¥3,913m	16.1%	¥5,637m	26.8%

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Forecast of results for FY2024 (ending March 31)

- No change in full-year forecasts.
- Sales and profits are expected to recover from the third quarter onward.
Order backlog is 5,637 million yen (+26.8% YoY), and progress has been made in securing resources to handle order backlogs and forecast projects.

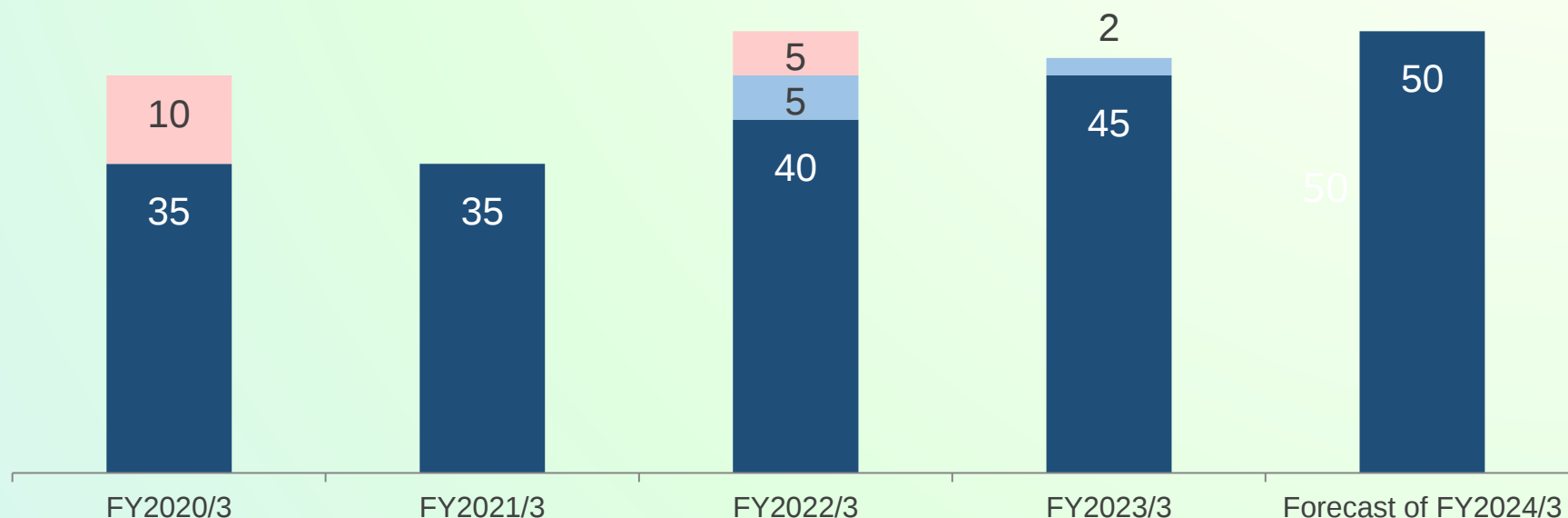
	Results FY2023 (ended March 31)	Forecast FY2024 (ending March 31)	YoY
Net sales	¥6,600m	¥7,300m	10.6%
Operating profit	¥1,630m	¥1,959m	20.2%
Ordinary profit	¥1,831m	¥2,000m	9.2%
Ordinary profit margin	27.7%	27.4%	—
Profit attributable to owners of the parent	¥1,299m	¥1,388m	6.8%

■ Dividend policy

We will strive to enhance equity capital and profitability.

At the same time, we will proactively return profits to shareholders in anticipation of future business development and growth.

■ Projection for start of FY ■ Interim increase ■ Anniversary dividends (Unit: yen)



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 September 30, 2023)

Trade name	Pro-Ship Incorporated
Established	April 1969
Capital	¥719m
Representative directors	Norihiro Yamaguchi, President Motoshi Suzuki, Executive Vice President
Number of employees	242
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
May.2023	Developed and released Solution for New Lease Accounting Standards

■ 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)

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.

Used by leading companies in every industry

OKI
Open up your dreams

Asahi**KASEI**

 **Takashimaya**


ニシイ


MOS BURGER.


FOOD & LIFE
COMPANIES

SHIMIZU CORPORATION
清水建設

AJINOMOTO.

 **電田製薬株式会社**

KOBELCO

YAHOO!
JAPAN


SUBARU

Canon


NISSAY J. FRONT RETAILING

ISUZU

 **odakyu**

みんなの食卓でありたい
 **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


フイフ

Who's using the ProPlus series: Targeting

Market share among top-selling companies in each industry

Industry	Companies using ProPlus
Construction	6 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	4 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 4 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.

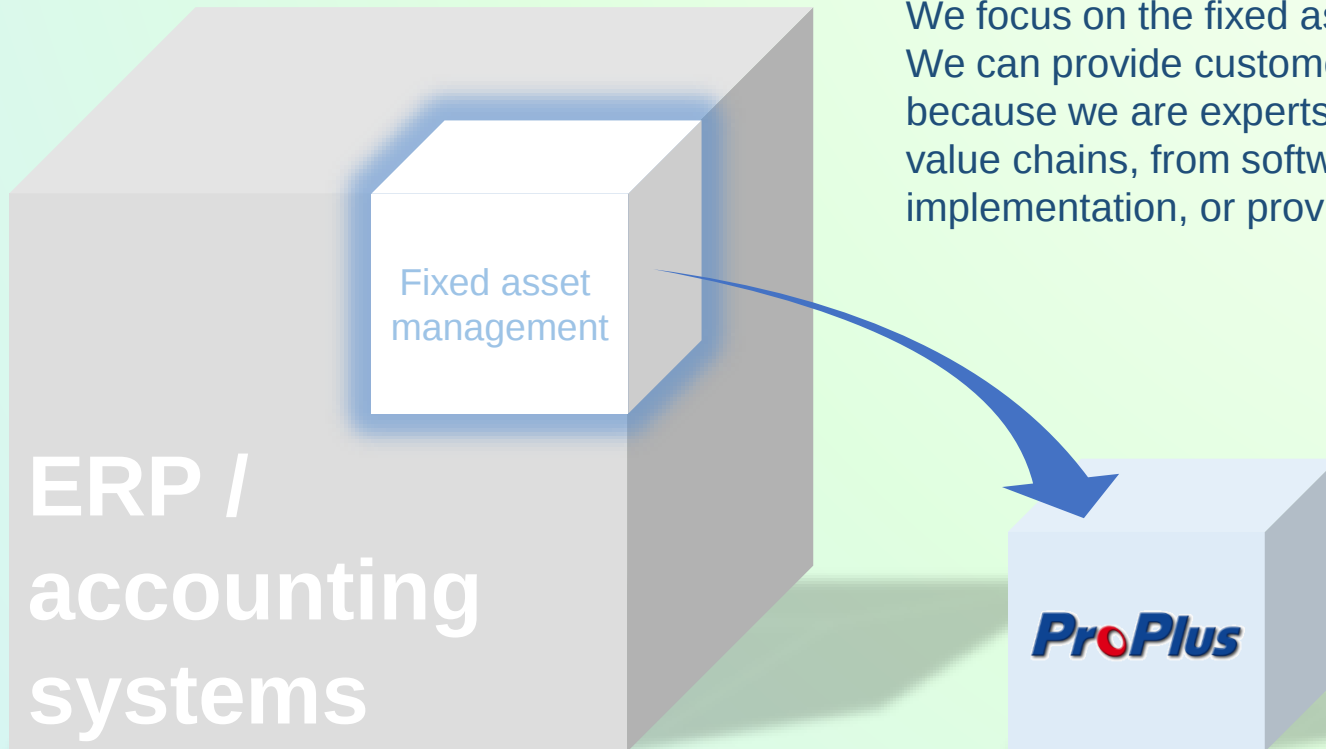
Not ERP.

Not an accounting system.

Specialized solutions
for fix asset management.

We focus on the fixed asset management.

We can provide customers with high quality solution because we are experts and 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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Engines for growth

New architecture

- Improvement of QCD
- Fostering productivity and agility in product development

SaaS/cloud

- Supply models to suit customer needs
- Enhancing SaaS services for rapid scaling.

Changes in lease accounting standards

- Provide the first product in the market
- Making maximum use of the knowledge for adoption of IFRS16

Promotion of DX

- Digital workplaces
- Automation of implementation process

Results

ProPlus for EPC

- Solutions for the electric power industry

ProPlus Smart Patented

- Patented as an AI/OCR product
- Acquire experience in cloud-based services

- SaaS Solution for New Accounting Standards - Written Opinion for the Exposure Draft

ProPlusLearning Digital workplaces

- Documentation of knowledge in physical materials and online tools
- Work styles for every workplace

Key areas

-Social infrastructure industry

-Lease accounting

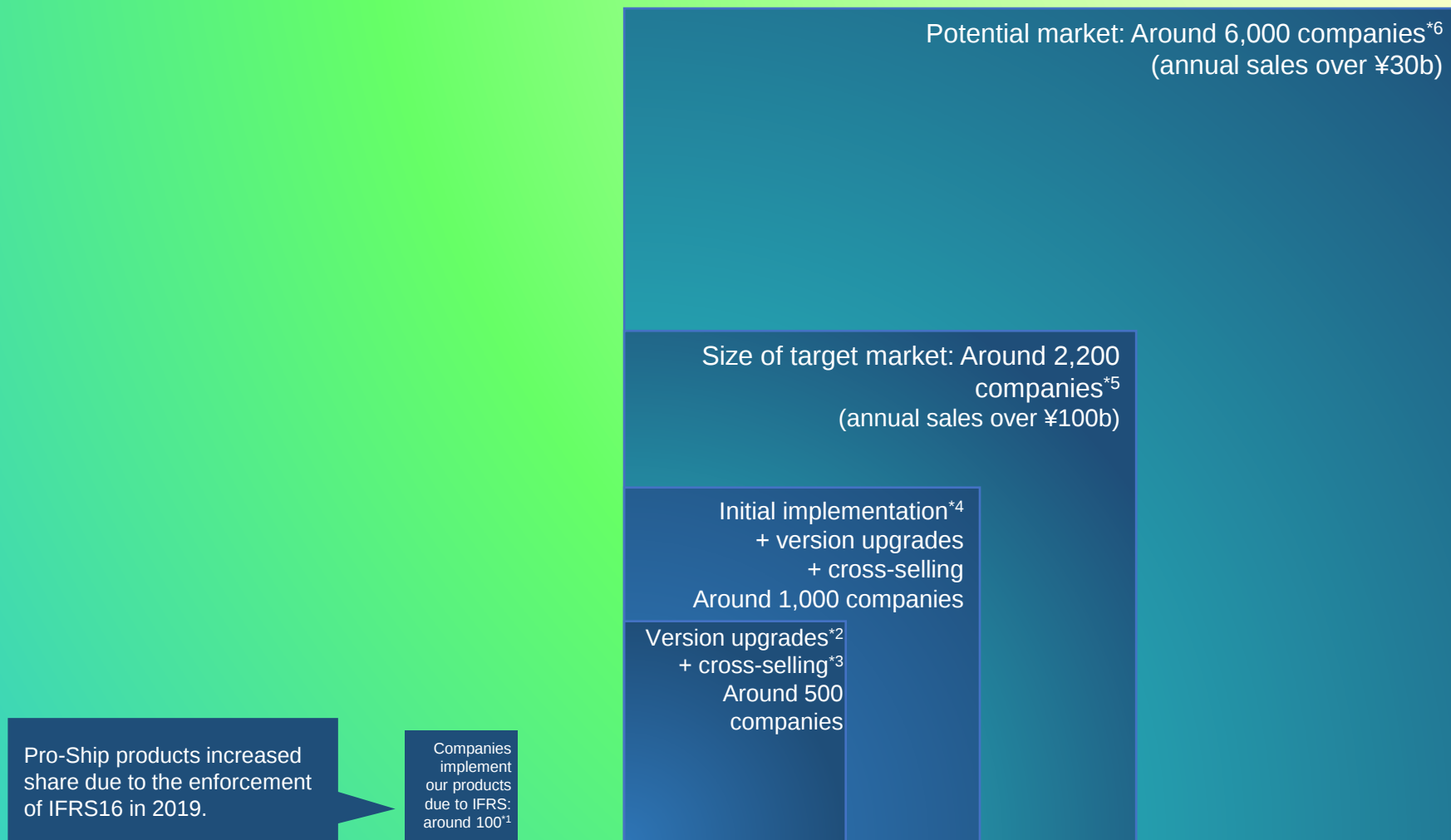
-Global expansion

-TEAM

Changes in lease accounting standards

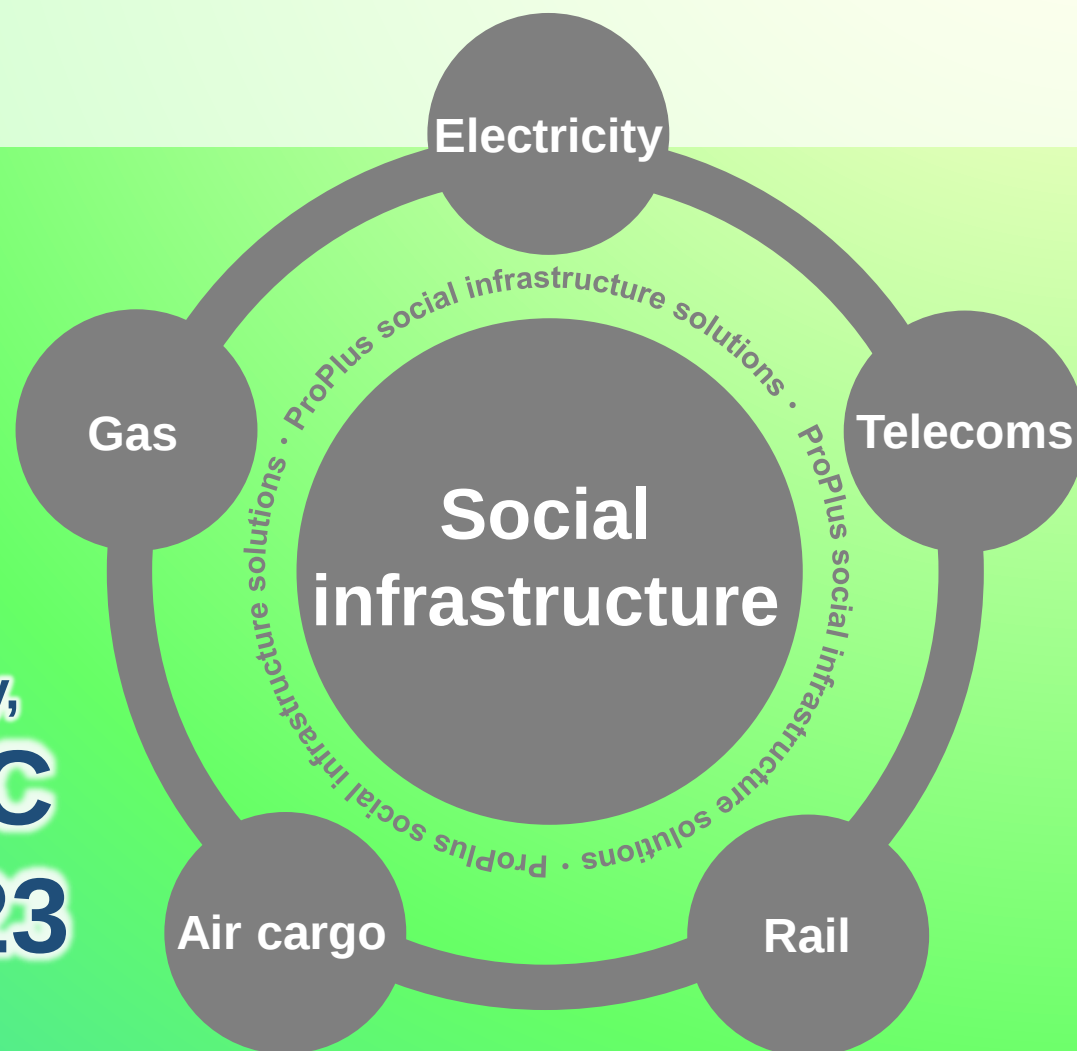
New Accounting Standard for Lease Transactions will be enforced from the business year starting April 2026. We are going to meet the market's needs by our specialized solution, such as the solution for calculations of financial impact released in May 2023!

■ Business opportunities in the lease accounting area

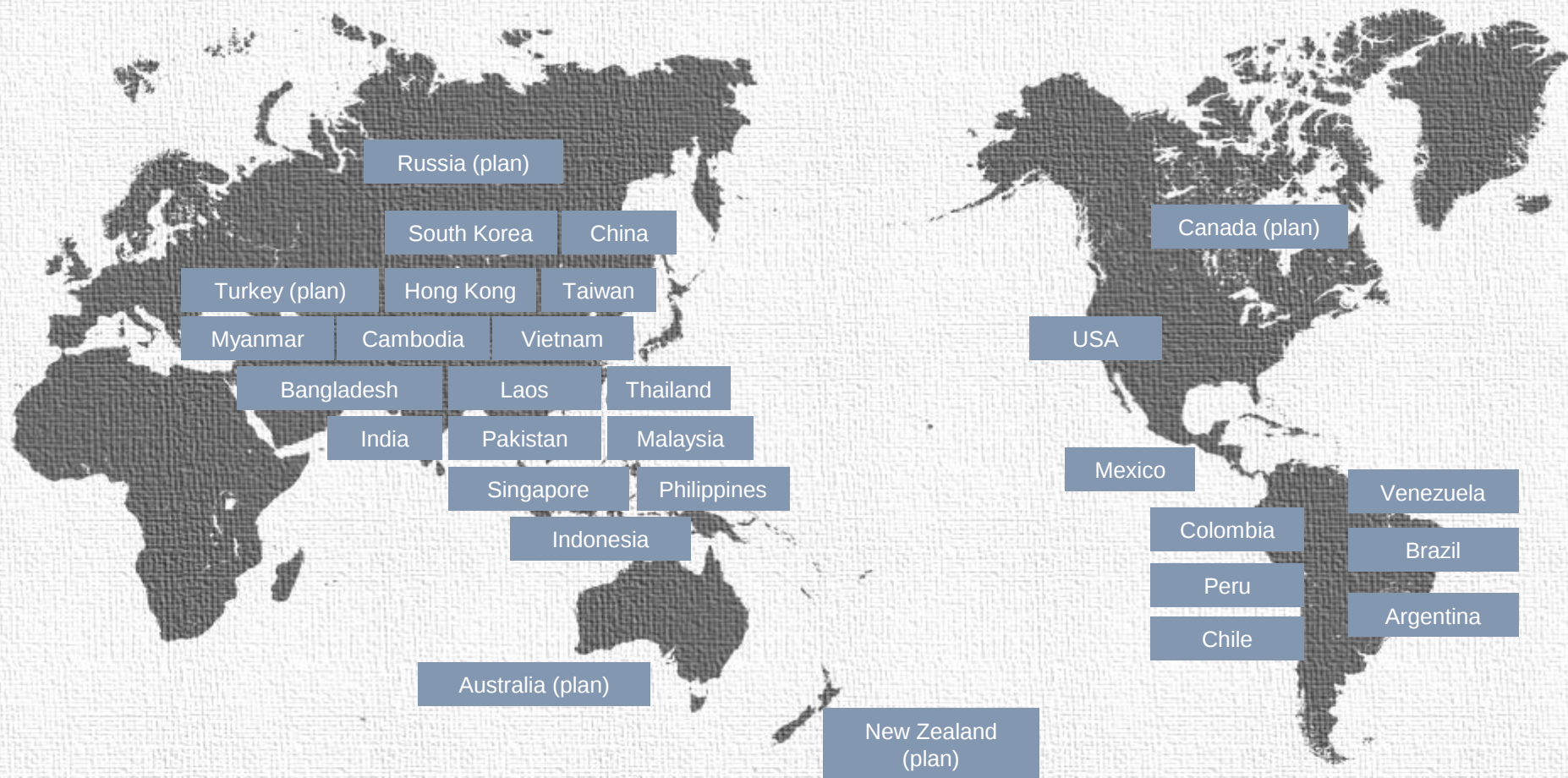


*1 IFRS-compliant Japanese companies and overseas subsidiaries that introduced our products. *2 Companies purchasing a new version of Pro-Ship products that they have purchased in the past. *3 Companies purchasing a different Pro-Ship product from one that they have purchased in the past. *4 According 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.

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



Used in **217** companies in **28** countries and regions (as of October 2023)

TEAM

Total Enterprise Asset Management
We are making greater contributions
in fixed asset management
and related operations.



Pro-Ship's human resources strategy

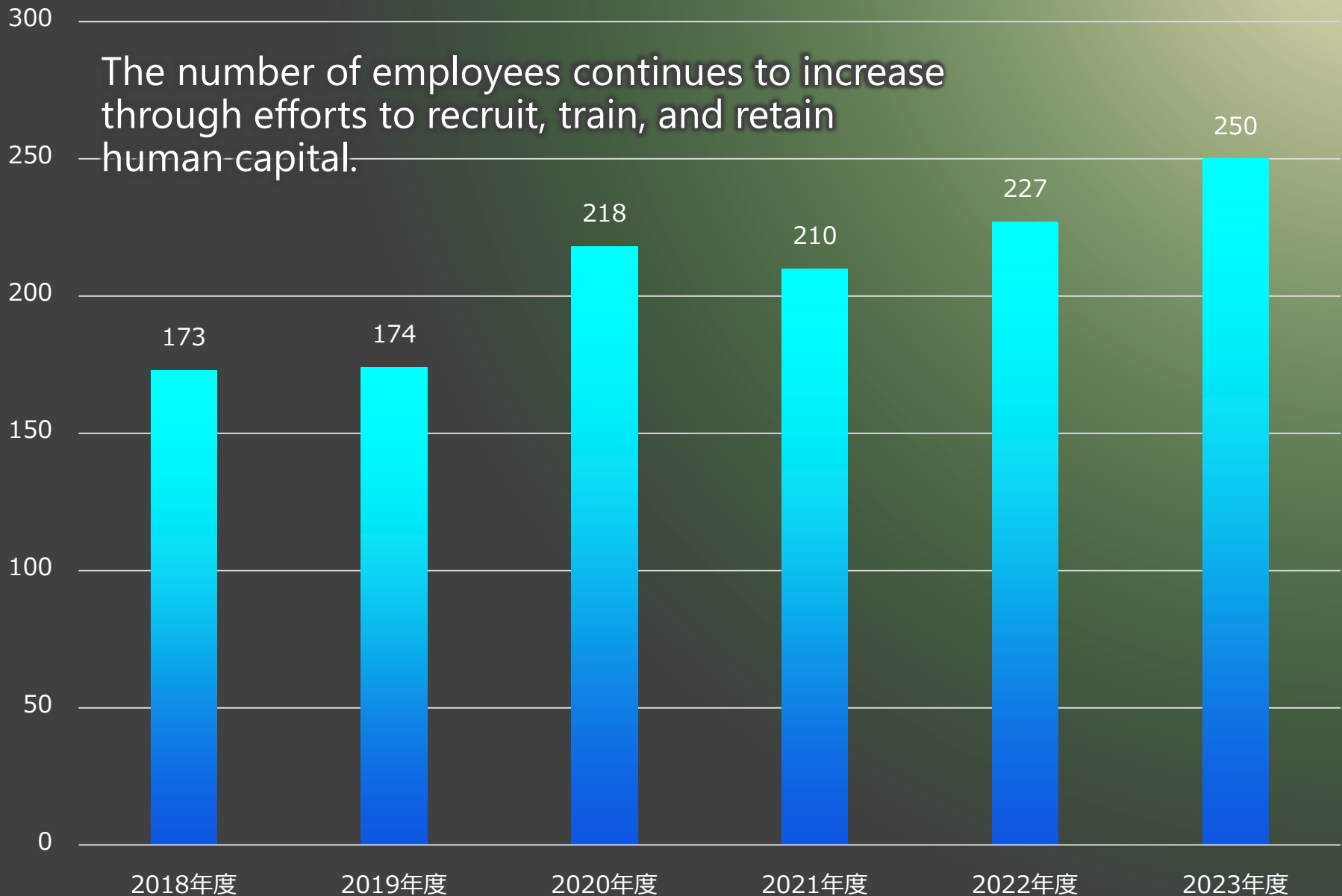
We have a unique framework to equip our employee who sympathize with our philosophy with the specialist skills, regardless of their knowledge, experience, education, gender or nationality. It's not about just competing for personnel but about taking the initiative to develop personnel and contributing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

Team Pro-Ship

Every Individual's Speciality Shines



Number of Employees



Pro-Ship Incorporated (SIC 3763)

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Email : kanri@proship.co.jp

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This is based on the information available to us at the time this document was created, and as such, actual business results may differ from these planned figures due to factors such as changes in our business environment.

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