

Financial Results for the 2nd Quarter of the Fiscal Year Ending March31, 2025

Pro-Ship Incorporated

(Securities Code: 3763 Tokyo Stock Exchange Prime Market)

November 20, 2024



Results Briefing for the 2nd Quarter of FY 2025

1

Consolidated
Financial Results
for the 2nd Quarter
of FY 2025

2

Forecast of
Consolidated Results
for FY 2025

3

Medium Term
Business Strategy
"Be Hybrid 2028"



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Financial Highlights for 2nd Quarter of FY2025

- The new “Accounting standard for leases” is providing a tailwind, but the contribution for this year is limited; it is expected to contribute to sales and profits from the next fiscal year onwards.
- While focusing on R&D and human resource development, sales increased slightly compared to the previous year.
- Profitability improved significantly in the current period compared to the same period last year when profit margins deteriorated due to troubleshooting of a large project.
- Selling, general and administrative expenses increased slightly due to control of other expenses, despite an increase in R&D expenses.

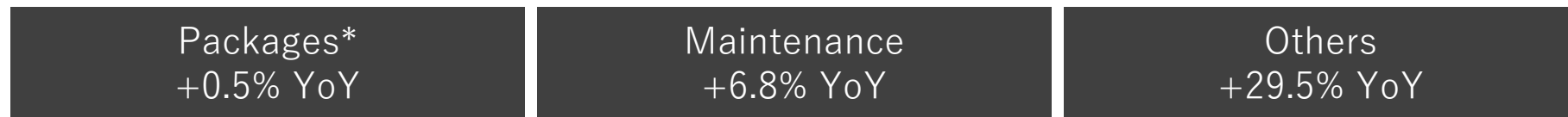
	Q2 FY2024	Q2 FY2025	YoY
Net sales	¥3,026m	¥3,118m	+3.0%
Operating profit	¥415m	¥501m	+20.8%
Ordinary profit	¥443m	¥540m	+22.0%
(Ordinary profit margin)	(14.6%)	(17.3%)	-
Profit attributable to owners of the parent	¥301m	¥428m	+42.4%

Breakdown of net sales

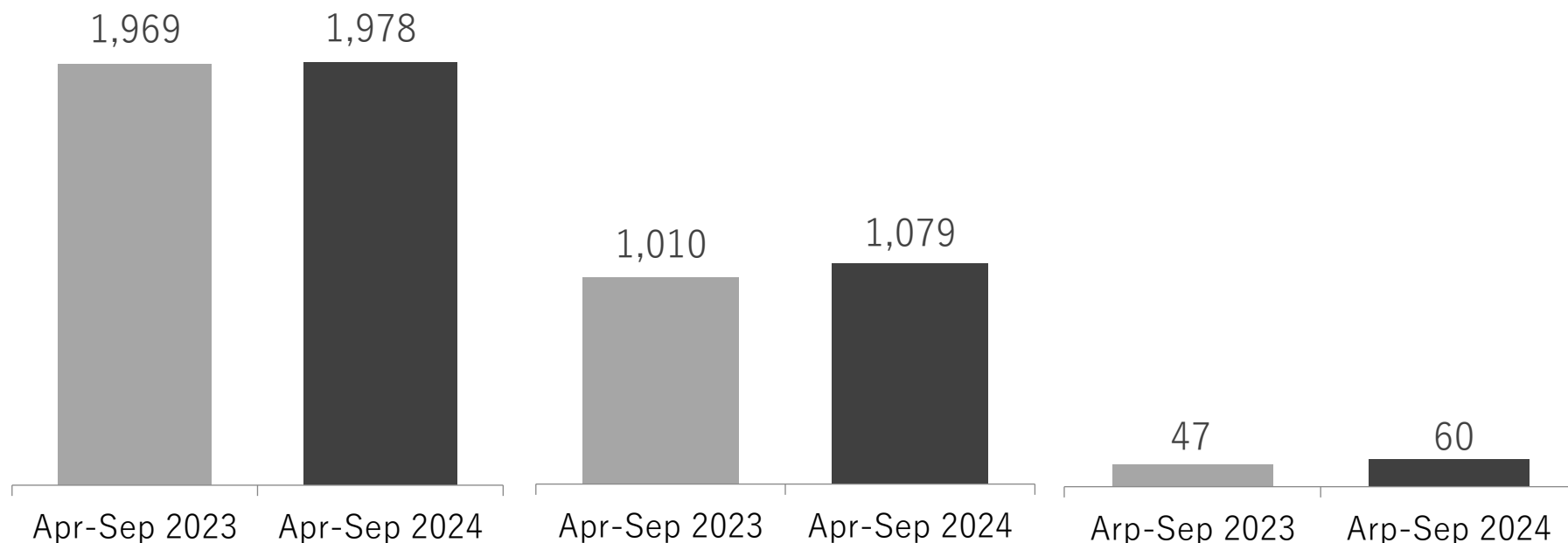
Package : Due to the postponement of the start of some projects, the increase was limited to 0.5%.

Maintenance : 6.8% increase due to a growth in the number of users, etc.

(Millions of yen)



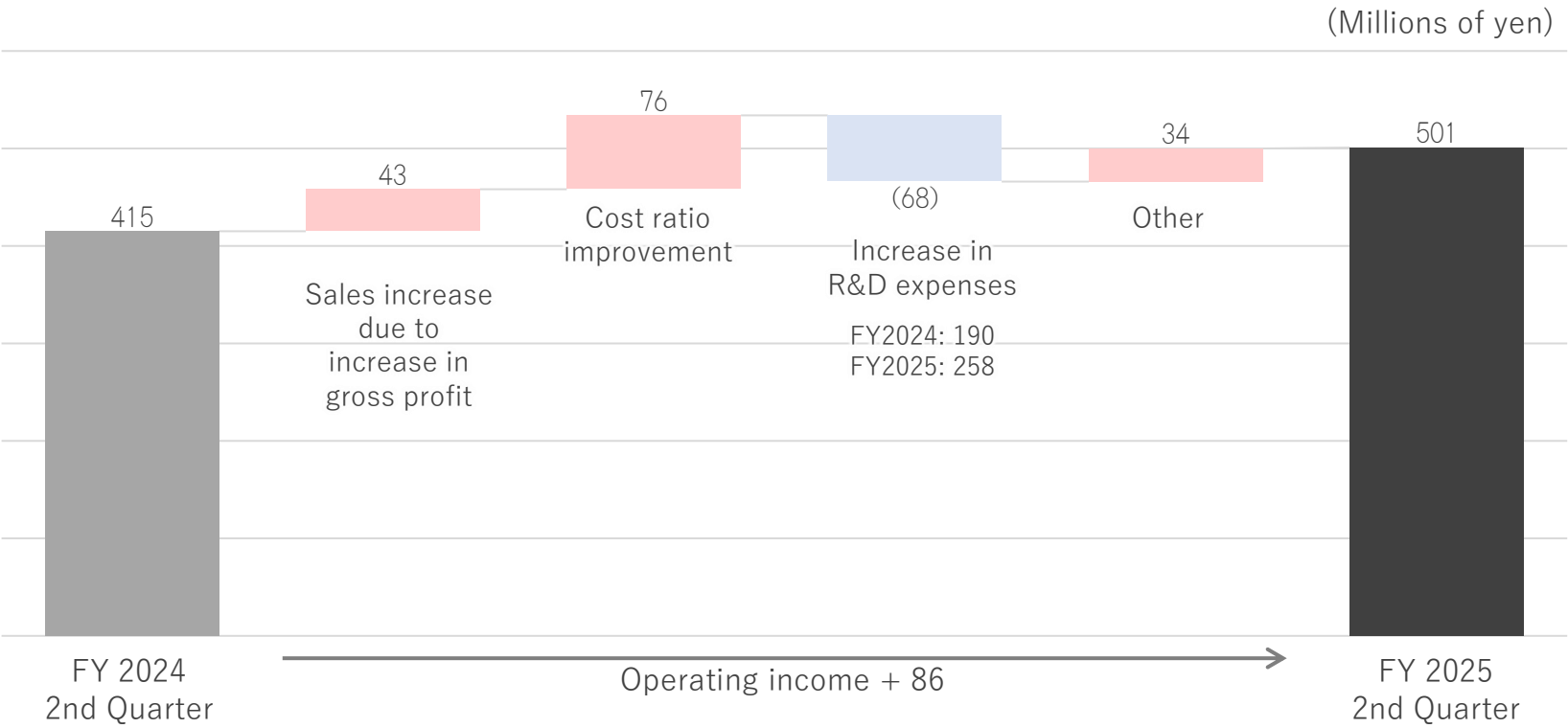
*Sales of ProPlus licenses
and implementation services



Contributing factors of increase in operating profit

Operating profit increased ¥86m year on year. Below is the contributing factors:

- Increase in gross profit due to higher sales (+¥43m YoY)
- Increase in gross profit due to improved cost to sales ratio (+¥76m YoY)
- Increase in R&D expenses (SG&A expenses) (+¥68m YoY)



Orders received and order backlog

Package: Orders received decreased YoY due to prioritizing version upgrades for existing users.

Order backlogs decreased YoY due to an acceleration of acceptance inspections.

Maintenance: Orders received decreased YoY due to stop accepting long-term contracts.

Order backlogs increased YoY due to an increase in new users.

FY2025 2nd Quarter				
Item	Orders Received	YoY	Order Backlog	YoY
package	¥2,349m	-11.6%	¥2,697m	-13.5%
maintenance	¥953m	-21.3%	¥2,595m	+ 4.6%
Other	¥59m	+ 33.3%	¥45m	+ 17.1%
total amount	¥3,362m	-14.1%	¥5,338m	-5.3%



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Forecast of results for FY2025 (ending March 31)

- Expect to increase revenues by version upgrades for existing customers and acquiring new projects in the infrastructure industry, etc., continuing from the previous fiscal year.
- Despite aggressive investments in new product development to comply with the new lease accounting standards, recruiting activities to secure excellent human resources, and preparations for the opening of the SAGA office, we expect an increase in profit due to cost of sales control through quality and productivity improvement efforts.

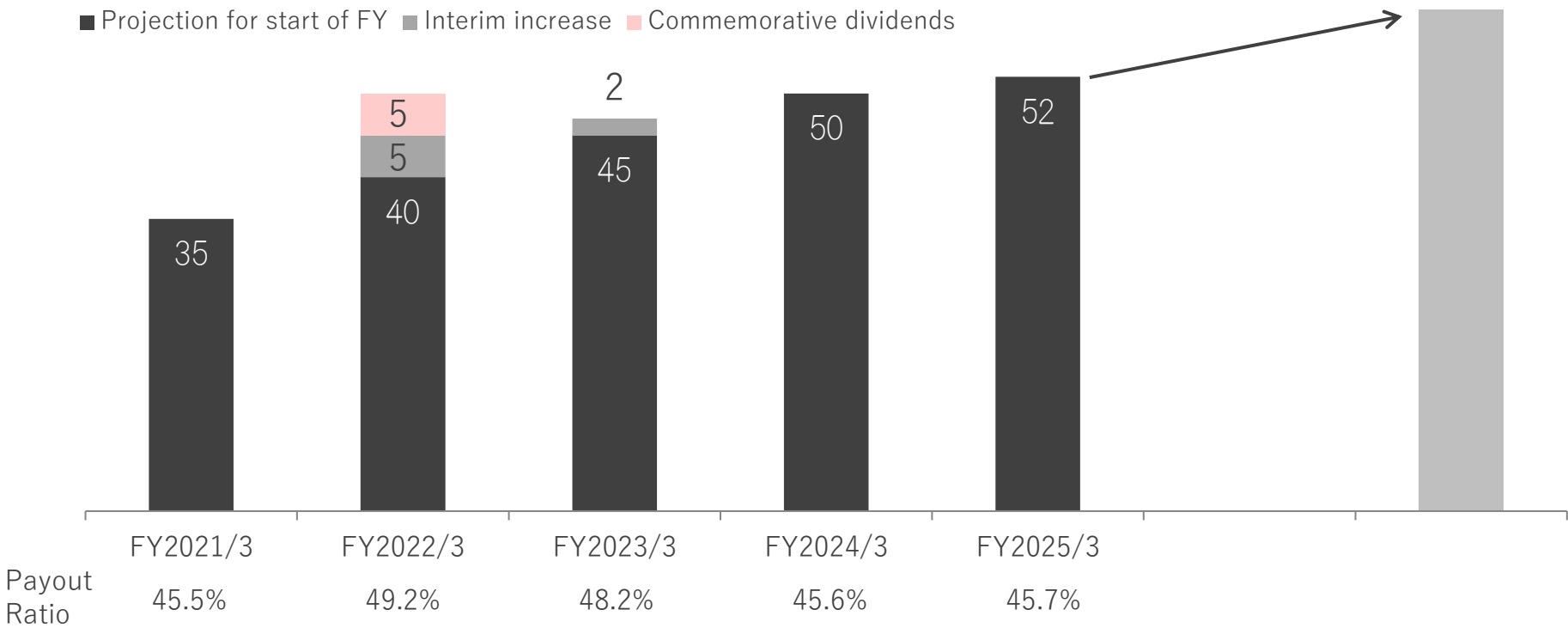
	Results FY2024 (ended March 31)	Forecast FY2025 (ending March 31)	YoY
Net sales	¥6,812m	¥7,300m	+ 7.1%
Operating profit	¥1,632m	¥1,900m	+16.4%
Ordinary profit	¥1,877m	¥2,000m	+ 6.5%
Ordinary profit margin	27.6%	27.4%	-
Profit attributable to owners of the parent	¥1,349m	¥1,400m	+ 3.7%

Forecast dividends per share for FY2025

Dividend Policy

The Company's policy is to actively return profits to shareholders by continuing to pay progressive dividends(*), in addition to maintaining a dividend payout ratio of 40% or higher, while promoting upfront investments for sustainable growth and improving profitability and capital efficiency.

*A dividend policy that, in principle, does not reduce dividends, but maintains or increases dividends.



*The commemorative dividends paid in Y2022/3 is celebrating 5,000 companies using ProPlus.

*The projected payout ratio for FY2025/3 was calculated according to the number of shares at the end of FY2024/3.



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Philosophy for Customer

To develop the strongest Speciality as a professional in the specific area of Information Systems & Services in the global market. Contribute to the improvement of corporate strength and competitiveness of more customers, participate in the spread and development of the global advanced information society, and fulfill our corporate social responsibility. As an organization, we will have a high level of transparency, rules, and governance, and our activities will always be original, self-responsible, and prompt based on thorough basics, and will further contribute to the self-realization of our participants.

vision

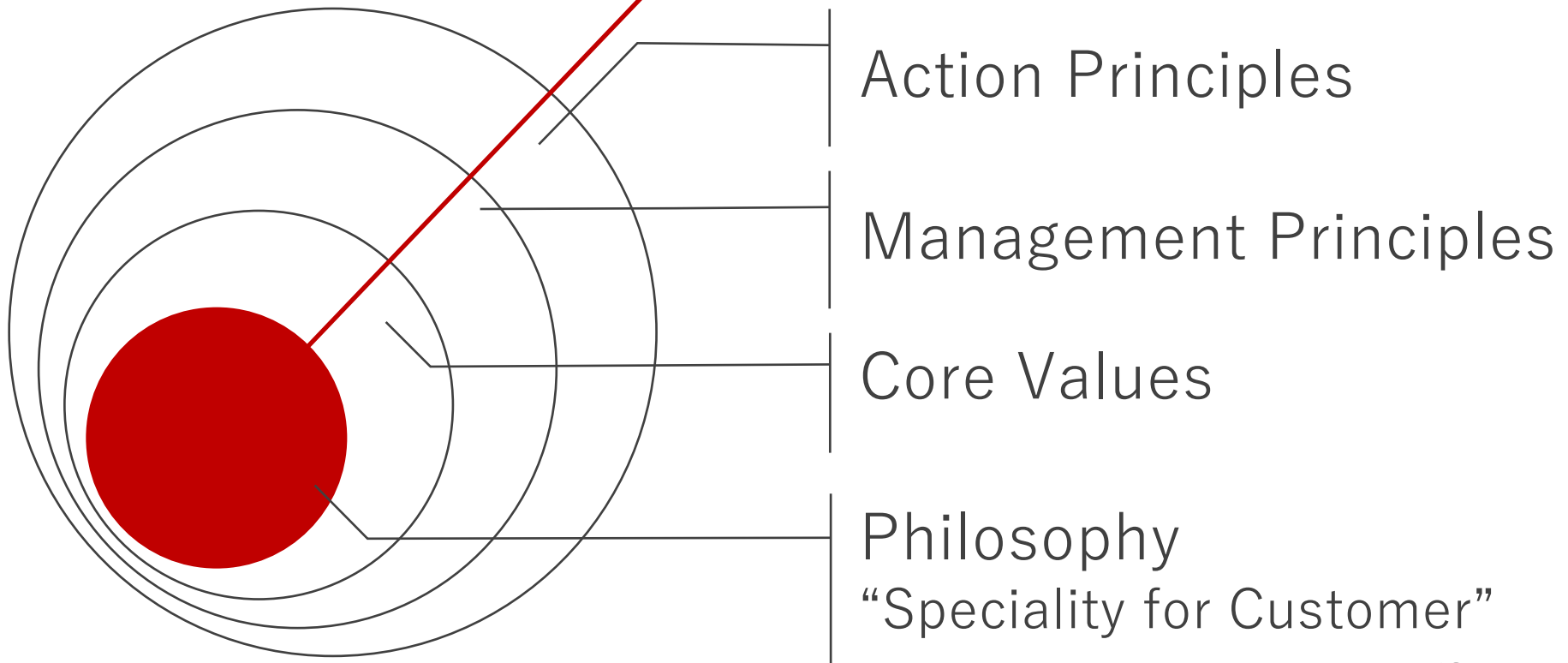
The best in the world
Fixed Asset Management
Solutions Provide a

Corporate Culture Model

Vision

Providing the world's best fixed asset management solutions

Growth Strategies • Priority Measures



Company Profile

Trade name	Pro-Ship Incorporated
Established	April 1969
Capital	¥722m
Representative directors	Motoshi Suzuki, President
Number of employees	276
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)

(as of October 1, 2024)

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
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
Apr. 2024	Developed and officially released Solution for Pro-Plus for the electric power industry.

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)

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

ProPlus 

■Solution for New Lease Accounting Standards

The first solution in the market for the upcoming changes in lease accounting standards of Japan. It calculates the accounting impact of the changes.

■ProPlus for Electric Power Company **New!!!**

Fixed asset management solution compliant with electricity business accounting regulations for the electricity industry.

Who's using the ProPlus series: Targeting

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 **5,300**

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.

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


フヨウ

“Best of Breed” : Unique Positioning

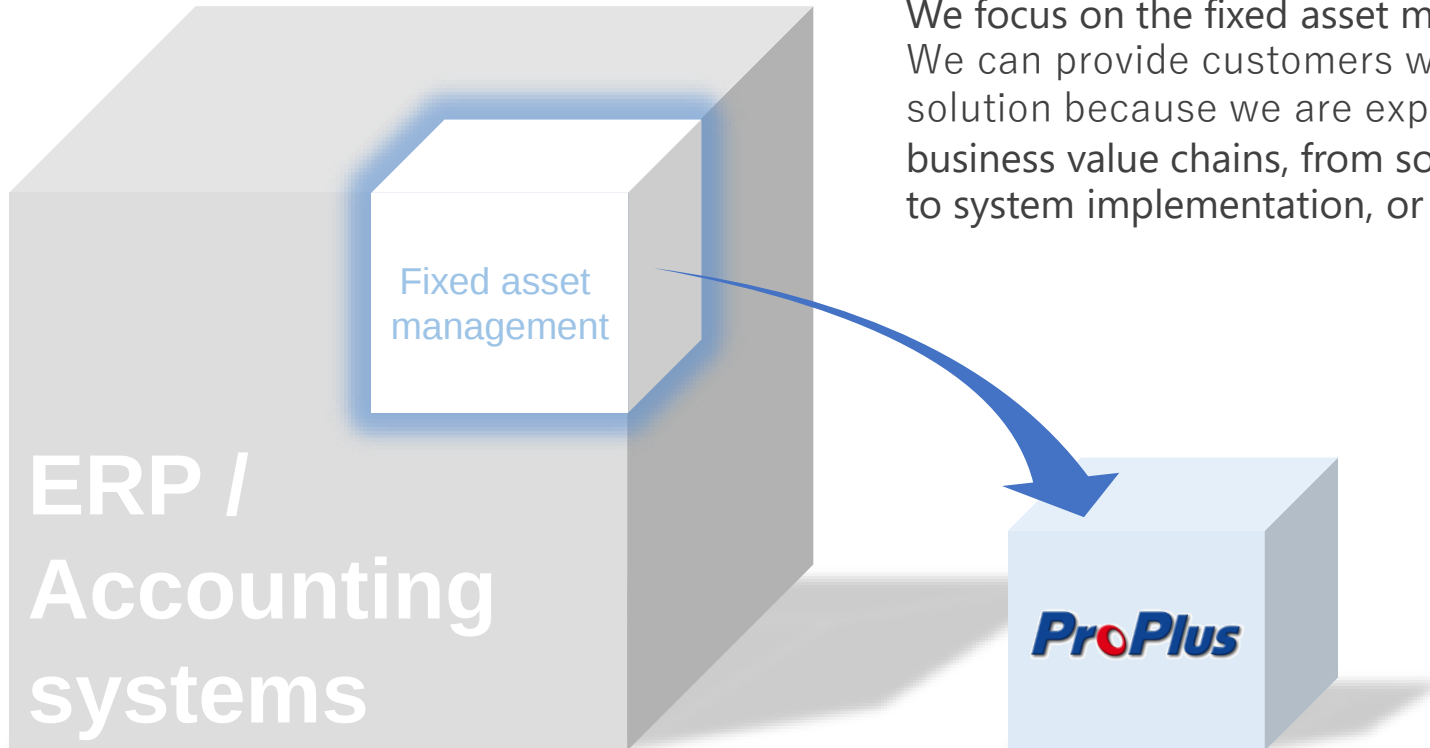
Not ERP.

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.

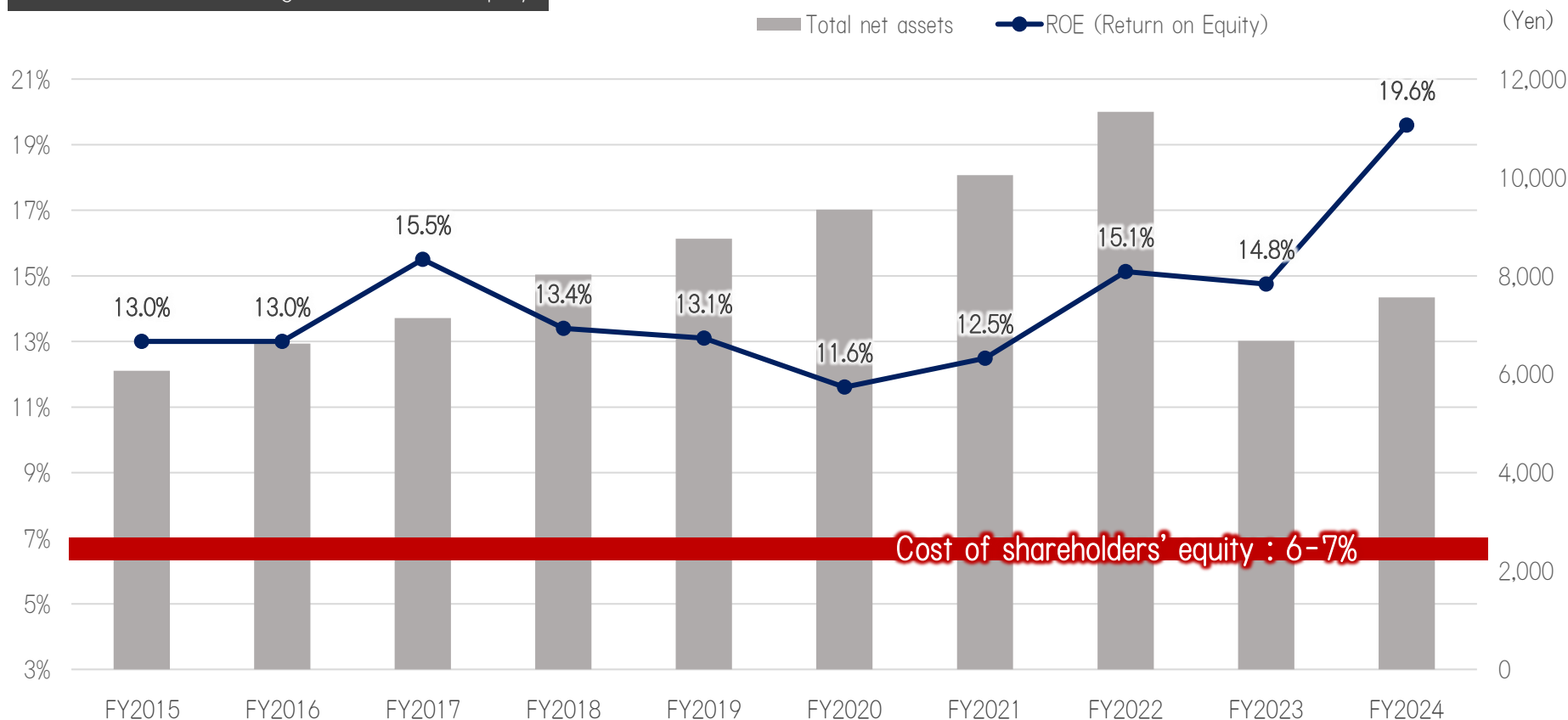
Current Situation of Capital Costs and Return on Capital - ROE

ROE (Return on Equity) remains stable over the long term at over 10%.

This is further enhanced by the share buyback in FY2023,
it greatly exceeds our estimated cost of equity (6-7%).

Cost of equity: Calculated using CAPM (risk-free rate + (β × market risk premium))

ROE (net income/average shareholders' equity)



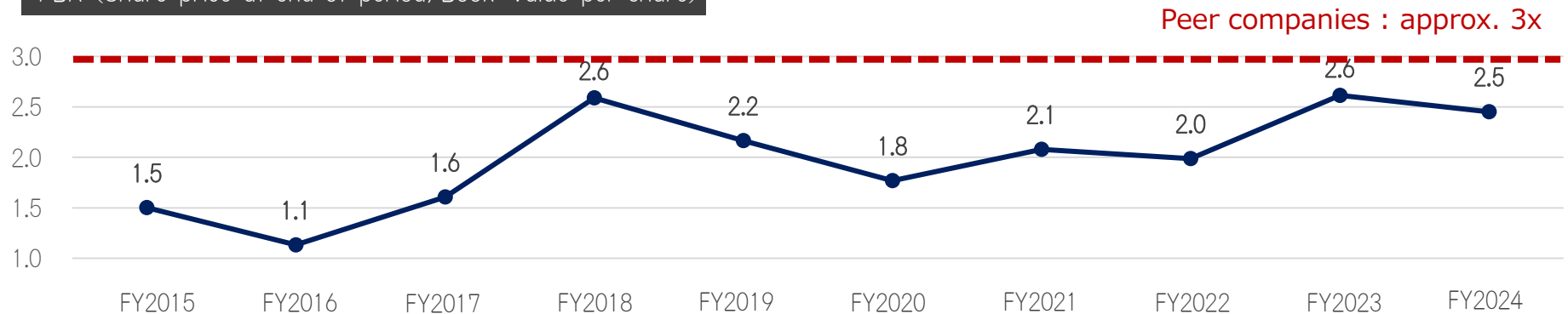
Current Situation of Capital Costs and Return on Capital

- PBR / PER

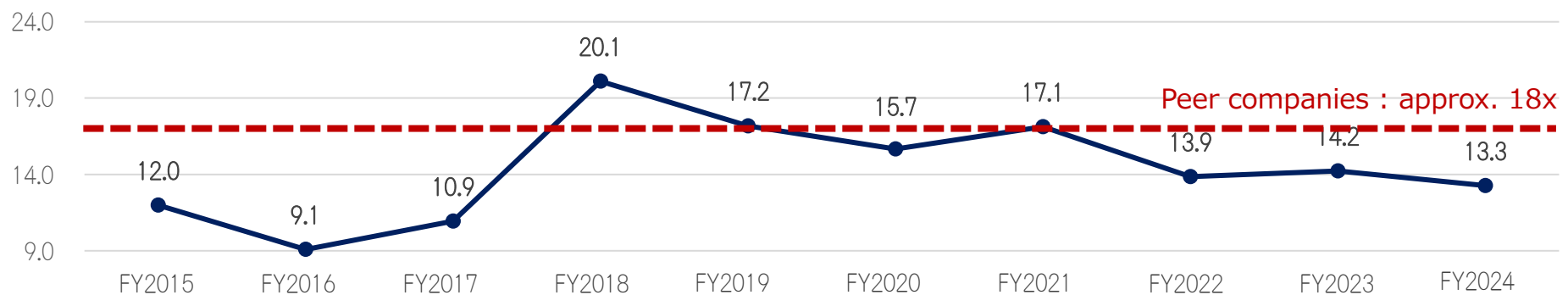
- PBR has remained above 1x over the long term, but it has not reached the level of other companies in the same industry.
- PER has averaged 14.8x over the last 5 years, which is below the level of other companies in the same industry.

⇒ Market expectations for our growth strategy have not been properly raised.

PBR (Share price at end of period/Book-value per share)

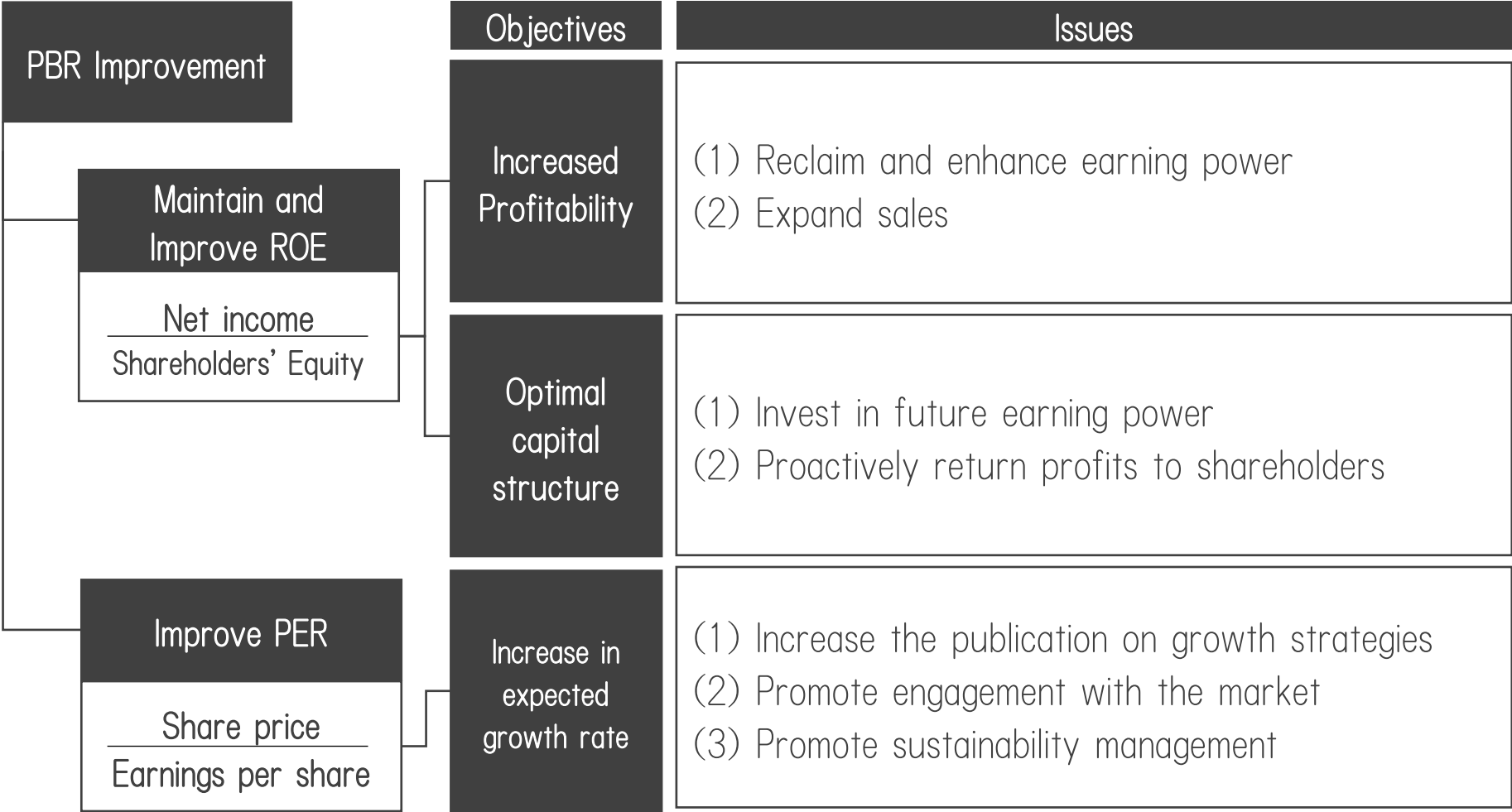


PER (Share price at end of period/Net income per share)



Action to Implement Management that is Conscious of Cost of Capital and Stock Price

Decomposition of factors to improve PBR (= ROE x PER)



Action to Implement Management that is Conscious of Cost of Capital and Stock Price

Maintain and improve ROE – Increased profitability

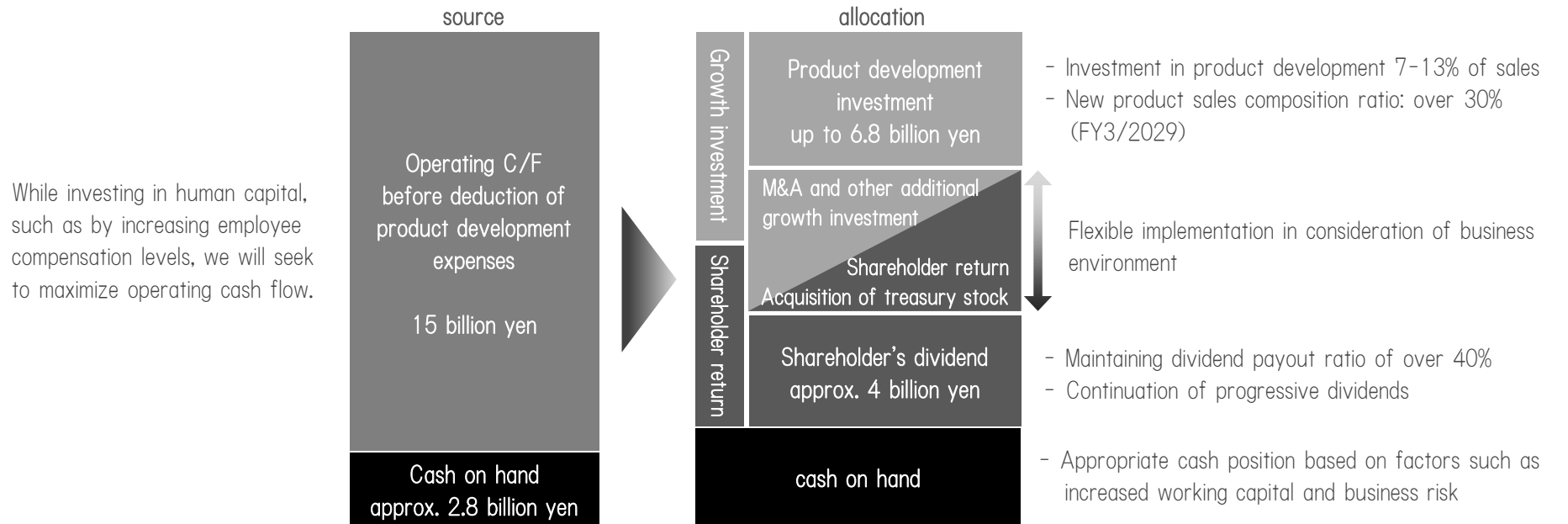
Issues	Specific Goals and Initiatives
(1) Reclaim and enhance earning power	- Building a Hybrid Model (Conventional one-time purchase license business model + SaaS subscription business model) - Expansion of recurring revenue - Maintaining an ordinary profit margin of over 30% - Ordinary profit per employee of over 10 million yen (FY3/2029)
(2) Expand sales scale	- Expanding results in growth areas such as social infrastructure industry, new lease accounting standard - Average annual growth rate of sales: over 15% (FY3/2025 - FY3/2029)

Action to Implement Management that is Conscious of Cost of Capital and Stock Price

Maintain and improve ROE – Optimal capital structure

Issues	Specific Goals and Initiatives
(1) Invest in future earning power	- Continuous investment in strengthening products that are the source of revenue - Investment in inorganic growth, such as M&A and business partnerships
(2) Proactively return profits to shareholders	- Maintaining a dividend payout ratio of 40% or higher and progressive dividend policy - Flexible share repurchases

Cash Allocation (FY3/2025-FY3/2029)



*Operating C/F before deduction of product development investment = Operating CF + (R&D expenses + product repair and maintenance expenses)

*Product development investment = R&D expenses + product repair and maintenance expenses + intangible assets

Action to Implement Management that is Conscious of Cost of Capital and Stock Price

Improve PER – Increase in expected growth rate

Issues	Specific Goals and Initiatives
(1) Increase the publication on growth strategies	- Publication of medium/long-term goals and plans for achieving them - Enhancement of information disclosure
(2) Promote engagement with the market	- Strengthen communication with shareholders and investors
(3) Promote sustainability management	- Promotion of human capital management Ratio of female directors exceeds 30%, introduction of restricted stock compensation, enhancement of training and development, etc. - Environmentally Sustainable Operations Promotion of cloud computing and digitalization, use of energy saving appliance, etc. - Contribution to the community Establishment and expansion of Saga office, etc. - Strengthening Corporate Governance

Medium Term Business Strategy Overview

Be Hybrid 2028

(April 1, 2024 - March 31, 2029)

Ordinary Margin : Over 30%
(throughout 5 years)

Ordinary Profit per Employee : Over 10 million yen
(as of March 2029)

Net Sales CAGR : 17.1%

Ordinary Profit CAGR : 19.1%

Previous

- The conventional model.
- Developed the social infrastructure field.

Build

Building hybrid model

- Aggressive investment to build a hybrid model.
- Social infrastructure solutions as a core business
- Ordinary margin : over 30%

FY25-26

Stage 1

Expand

Exceed 10 billion yen net sales

- Make the best contribution to the new lease accounting standard opportunity.
- Accelerate growth through hybrid model.
- Net sales : over ¥10b
- Ordinary margin : over 30%

FY27-28

Stage 2

FY29~

Stage 3

TEAM Overseas SaaS

SaaS

New lease standards (new customer)

New lease Standards (existing customer)

Social infrastructure

Existing model

SaaS

Social infrastructure

Existing model

Social infrastructure

Existing model

Social infrastructure

Existing model

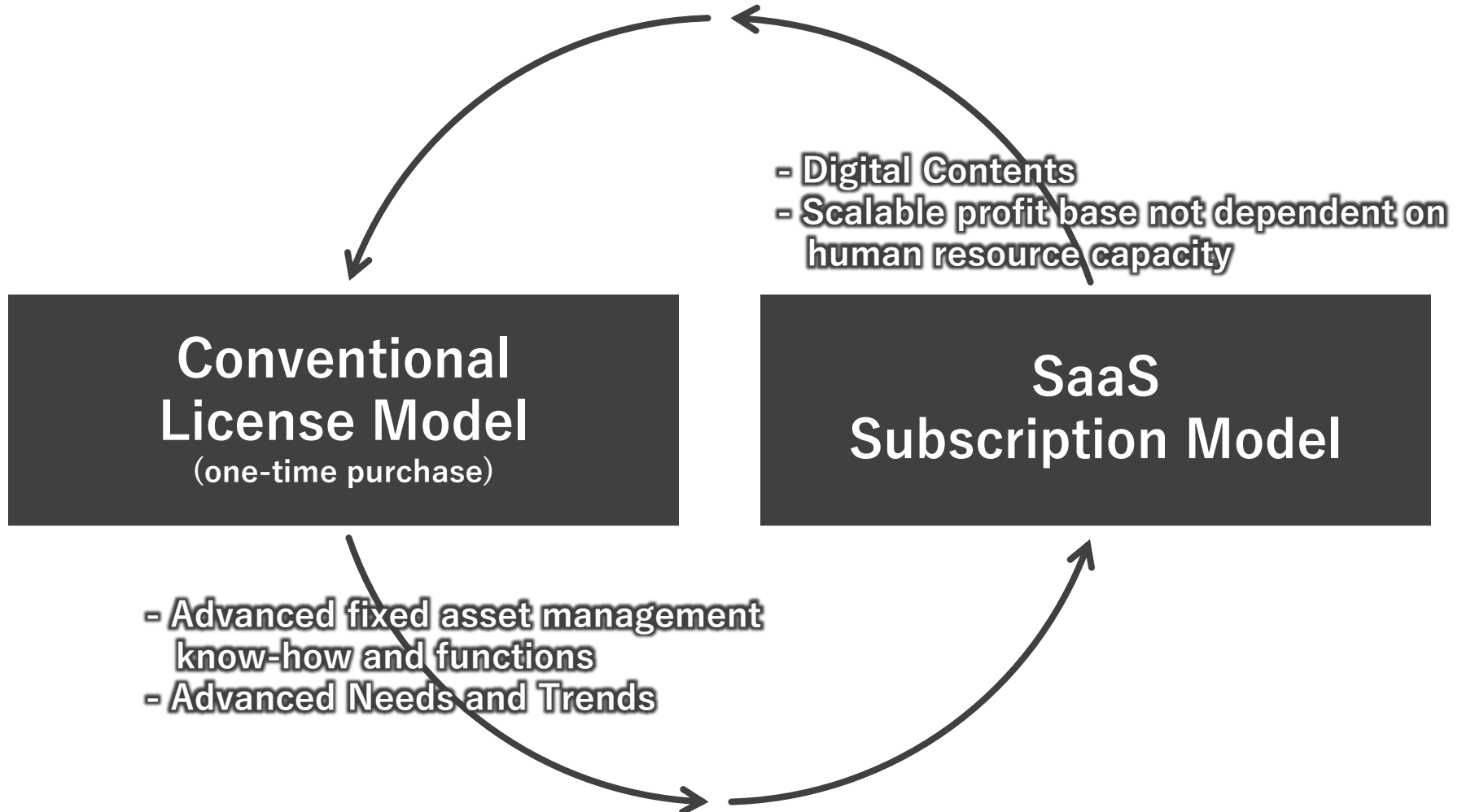
Leap

Developing next growth areas

- Active investment in overseas expansion and TEAM.
- New solution release every 1 or 2 years.
- ARR & annual maintenance fees : over ¥6b
- Sales ratio of non-ProPlusVer.6 : over 30%
- Net sales : over ¥15b
- Ordinary margin : over 30%

Hybrid Model

ProShip's expertise will make the greatest contribution to the new lease accounting standards opportunity. The conventional model will meet the needs of existing customers to comply with the new standards, and the SaaS model will meet the expectations of new customers and the market. The synergistic effect of both models will continue to be the engine for promoting growth strategies such as overseas expansion and the TEAM concept.



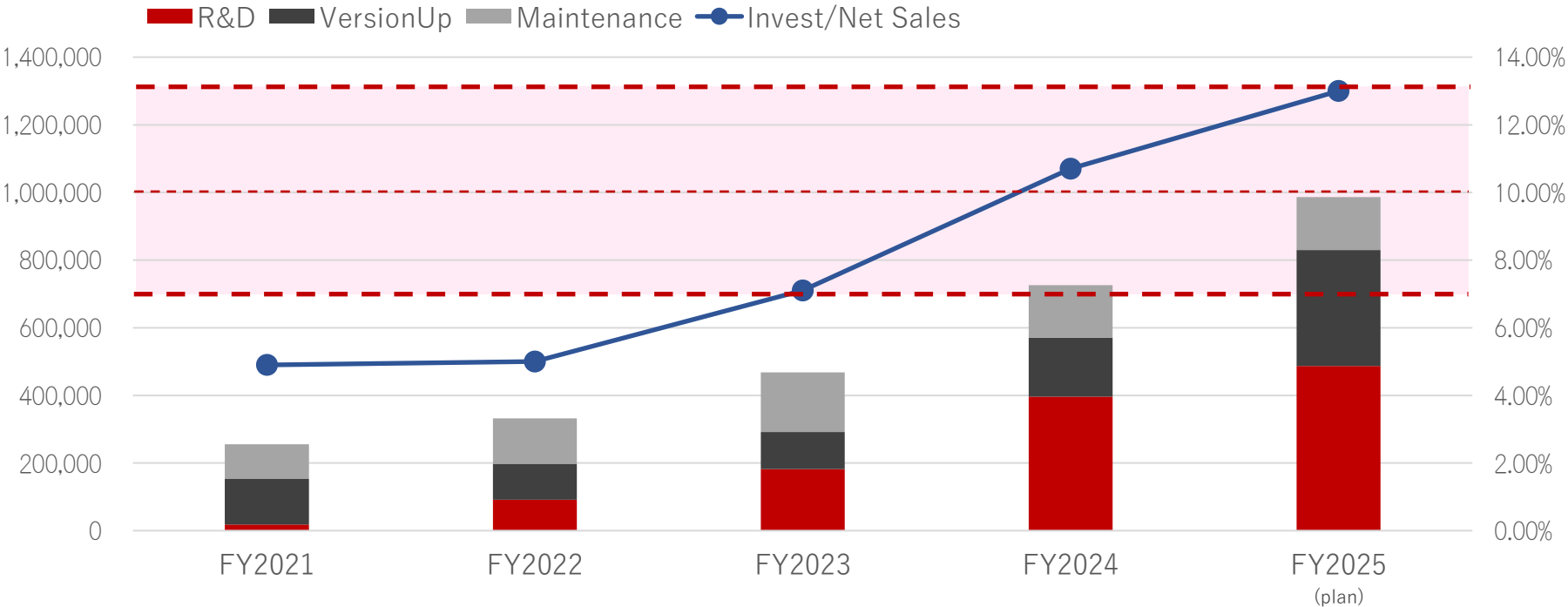
Product Development/R&D

While investing in future earning power (people and product development),
Increase current earning power (profit)

Invest in future earning power with discipline

Invest 7-13% of sales in product development and R&D.
At least 1/3 of this amount will be invested in R&D.

Through continuous investment, the company will take advantage of new technologies such as AI, maintain and enhance the functional superiority and market competitiveness of its products. By standing out in the market, we take price leadership, which will be reflected in its pricing strategy.



New Accounting Standard for Lease Transactions will be enforced from the business year starting April 2027. We are going to meet the market's needs by our specialized solution.

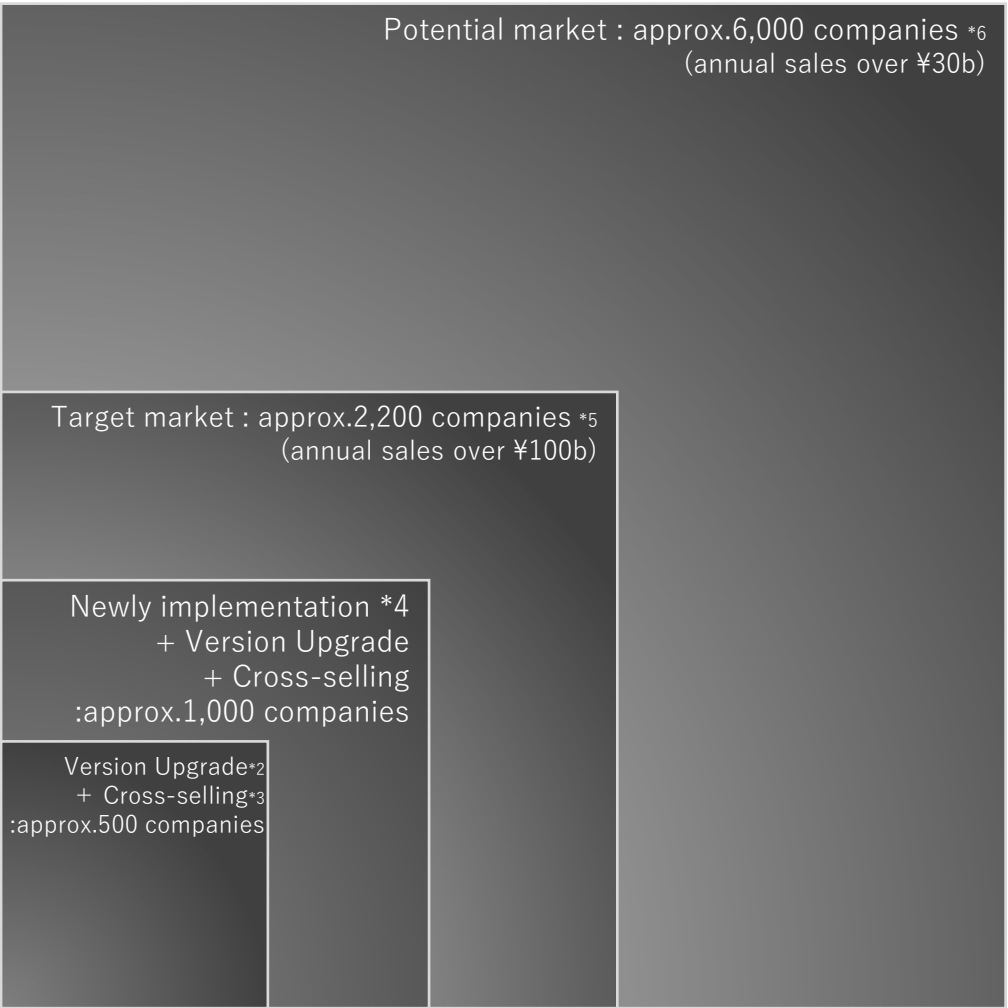
Business Opportunities (FY2025-FY2029)

Existing customers
8-10 billion yen

New customers
5-30 billion yen

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

Companies implement our products due to IFRS :approx.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.

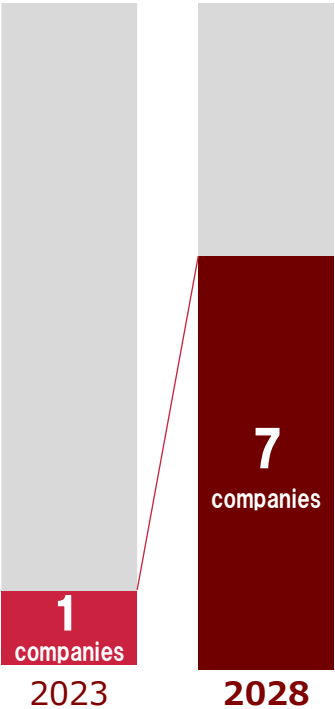
Business Opportunities (FY2025-FY2029)

5-12 billion yen

Provide superior QCD by the Speciality of Pro-Ship.
Spreading the new norm (de facto standard) of the standard (package) in an industry where add-ons and customization are the norm.

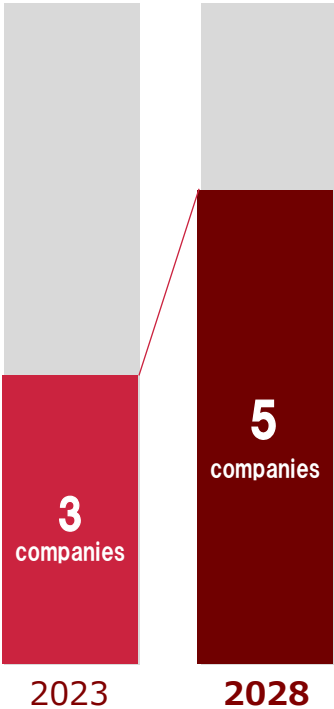
Electric Power

strategic target
12 companies



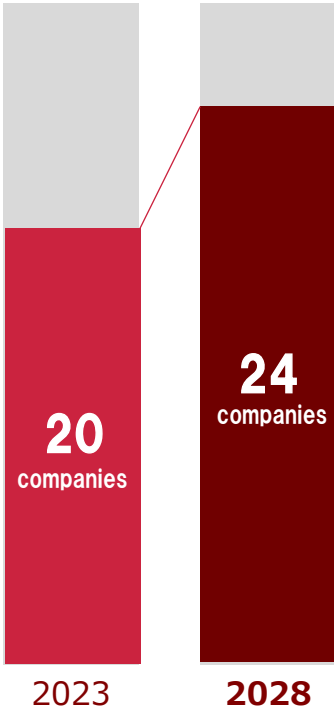
Gas

strategic target
7 companies



Railroad

strategic target
28 companies



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





A world map with three vertical grey bars highlighting specific regions. The first bar covers Asia, the second covers North and Central America, and the third covers Europe. Countries within these bars are listed in red text, while countries outside are in black text.

China
Taiwan
Hong Kong
Korea
Thailand
Singapore
Indonesia
Philippines
Malaysia
Vietnam
India
UAE

America
Canada
Mexico
Brazil
United Kingdom
Germany
France
Australia
Panama
Czech Republic
Italy
Portugal

Switzerland
Finland
Denmark
Spain

Tax Compliant
Not tax compliant

Used
in **220** companies

in **28** countries and regions (as of March 2024)

Target Value

		FY2024	→	FY2029
Profitability	Ordinary Profit Margin	27.8%	Throughout all FY 2025-2029 Over 30% After the hybrid model is built, the standard will be pushed to 35-40%.	
	Ordinary Profit per Employee	¥7.53m	Over 10.00 million yen	
Growth	Net Sales	¥6.8b	Average annual growth rate of net sales 17.1% 15.0 billion yen	
	Ordinary Profit	¥1.8b	Average annual growth rate of ordinary profit 19.1% 4.5 billion yen	

ProShip's Human Capital 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.

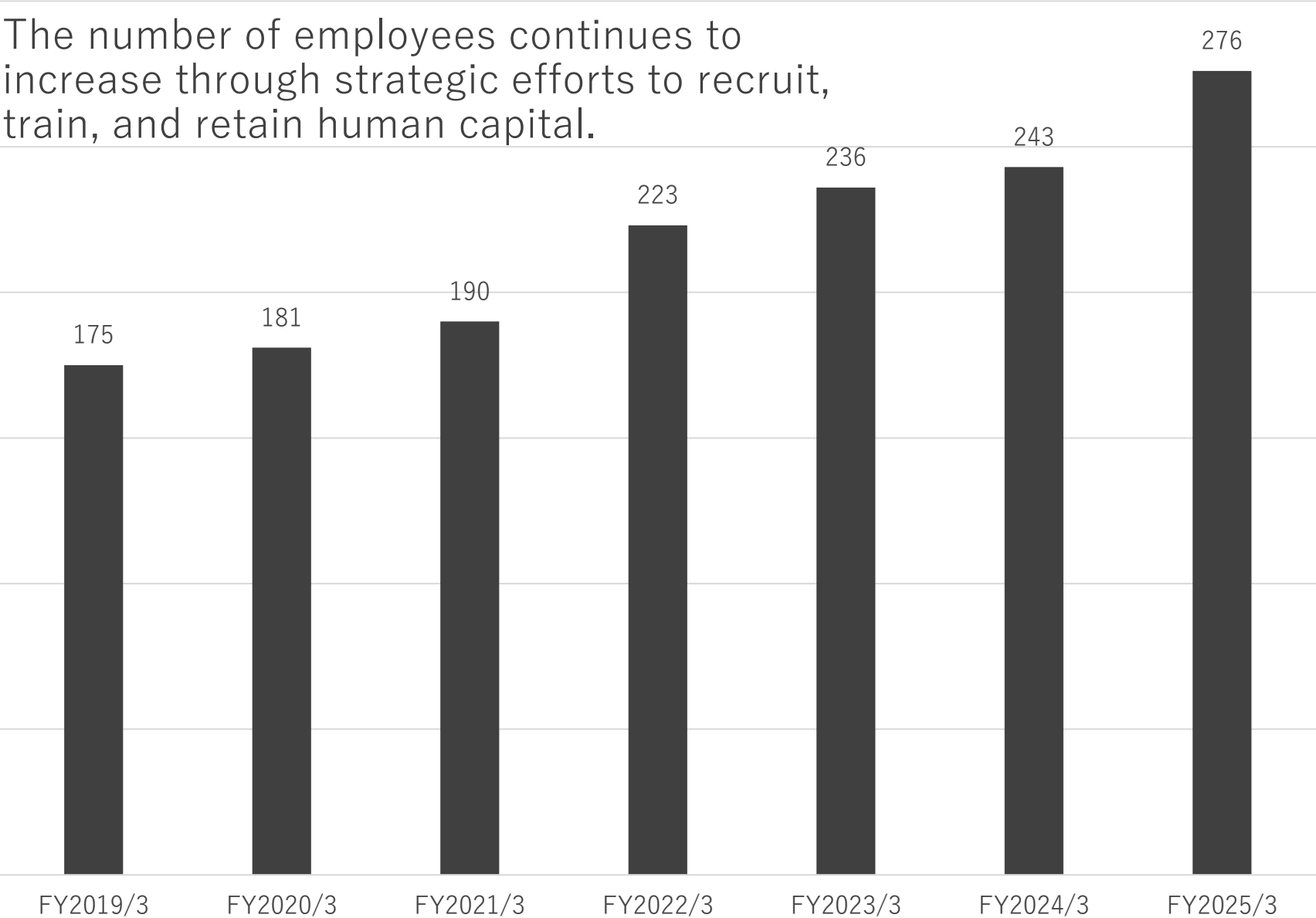
Team Pro-Ship

Every Individual's Speciality Shines



Number of Employees

The number of employees continues to increase through strategic efforts to recruit, train, and retain human capital.



Pro-Ship Incorporated

(Securities Code: 3763)

〒102-0072

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Mail : kanri@proship.co.jp

This document contains information about the future, such as projections and forecasts for future business results. 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. This document is for informational purposes only and is not intended for solicitation of any trades.

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