

Innovative company that leads the “tomorrow” of the digital society



Ad-Sol Nissin Corporation
Medium-term management plan “New Canvas 2026”

May 25, 2023

Prime Market of TSE; Securities Code: 3837



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Review of the Previous Medium-term Management Plan

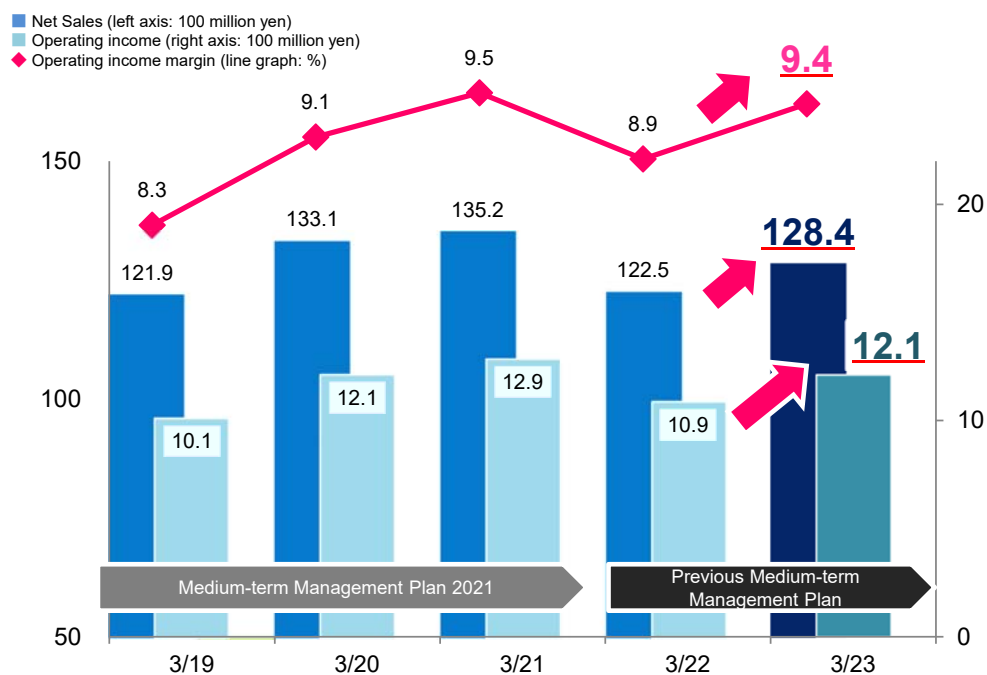
New Canvas 2026, the New Medium-term Management Plan

[Business Results]

FY 3/22: Project delays and postponement due to the COVID-19 pandemic

FY 3/23: Net sales: **Growth re-acceleration** phase

Gross profit margin: **Highest ever (26.2%)**



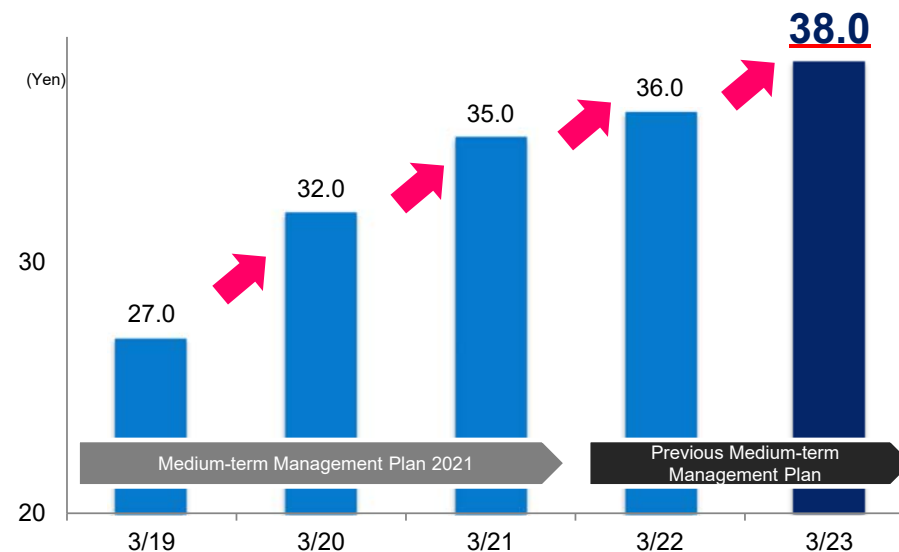
[Dividends]

Achievement of 13 consecutive years of dividend increase (from FY 3/10 to FY 3/23)

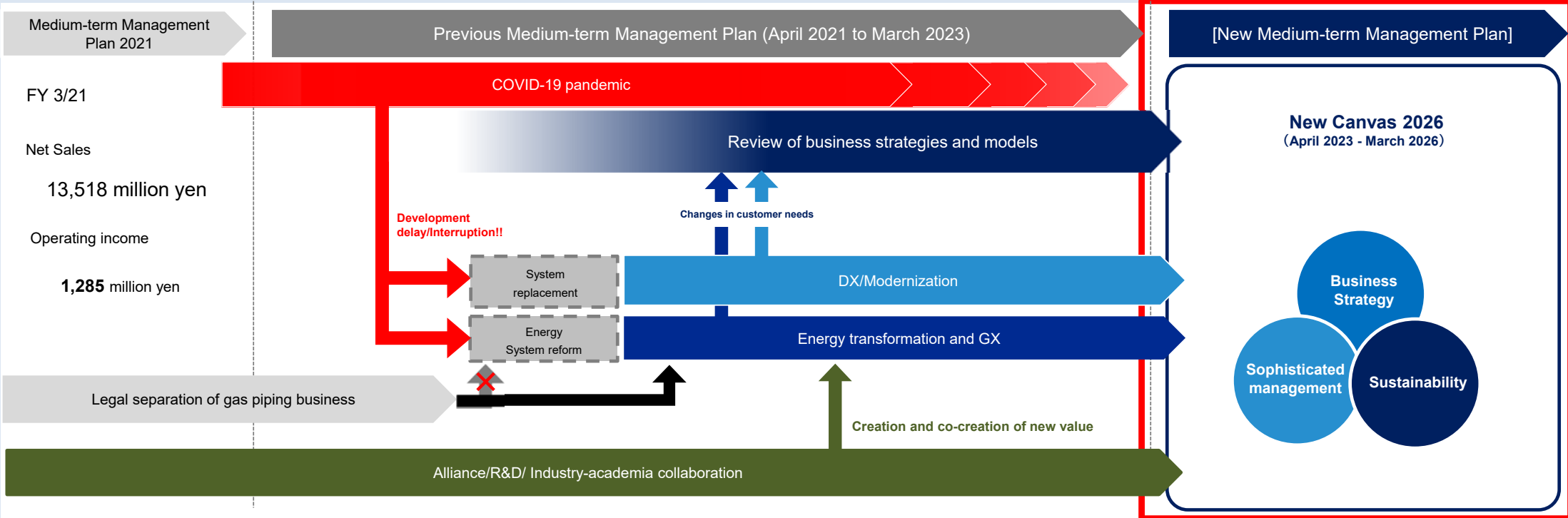
FY 3/23: Planned dividend increase of **+1 yen**

[Policy for profit return]

- Payout ratio of **35% or higher**
- Continuous dividend increase
- Dividend payment twice a year (interim and year-end)



Review of the Previous Medium-term Management Plan (External Environment, Customer Trends, and Results)



■ Main Achievements (April 2021 to March 2023)

Global alliances

- France/Schneider Electric
- USA/Mapbox, esri, Lynx
- IJJ, Zenrin, DataVehicle
- UNITECH, TECHZEN, and others

Energy (electricity and gas)

- Successful completion of separation of gas piping business
- Response to next-generation energy (renewable energy, VPP, etc.)
- Strengthening of the area strategy (Chubu region)

Solution

- GIS: Geographic Information System
- IoT spatial information
- Security

R&D/Industry-academia collaboration

- The University of Tokyo: Space and satellite data
- Waseda University: EMS
- Keio University: GIS, IoT
- Ritsumeikan University: IoT security

Point
01 Co-creation of innovation through alliance

Internet Initiative Japan Inc. (IIJ)

IIJ Partner of the Year 2022
Business Innovation Award
Received



(Left) Eijiro Katsu,
President of IIJ
(Right) Toshiaki Shinozaki,
President and COO of Ad-Sol Nissin Corporation

Schneider Electric (France)

Sustainability Impact Awards
(Sustainability and Efficiency Impact to My Customers)
Received



Recognized as one of the global winners (6 companies in total)
from among more than 400 companies worldwide.

Point
02 Sustainability



A system in which the
government certifies companies
that are well prepared for DX



Expressed support for TCFD
recommendations
Joined TCFD consortium

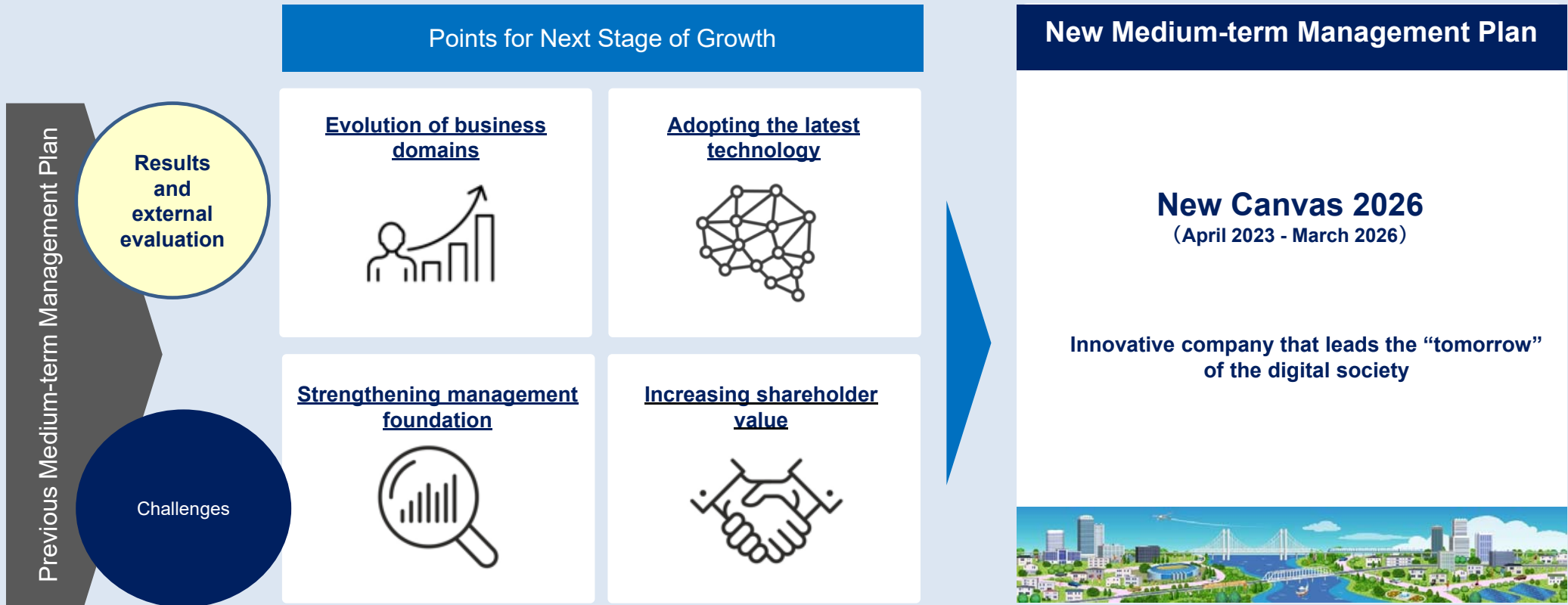
TCFD: Task Force on Climate-related Financial Disclosures



S&P/JPX Carbon Efficient Index

An index that selects constituent stocks based on the
disclosure status of environmental information
and the level of carbon efficiency (carbon emissions
per unit of sales), using TOPIX as the base

Responding to changes in the business and management environments and taking “one step ahead” toward sustainable growth



Review of the Previous Medium-term Management Plan

New Canvas 2026, the New Medium-term Management Plan

[Performance targets] To keep breaking a record!

→Highest sales & profit & profit margin to date

FY 3/26 Net sales: **15** billion yen Operating income: **1.5** billion yen or higher
Operating income margin: **10%** or higher

[Shareholder returns] Continuous dividend increase!

To raise dividend payout ratio!

Dividends to be increased for **16** consecutive terms
Payout ratio: **40%** or higher



Innovative company that leads the “tomorrow” of the digital society

[Business strategy]

Contributing to sustainability (ESG/SDGs)

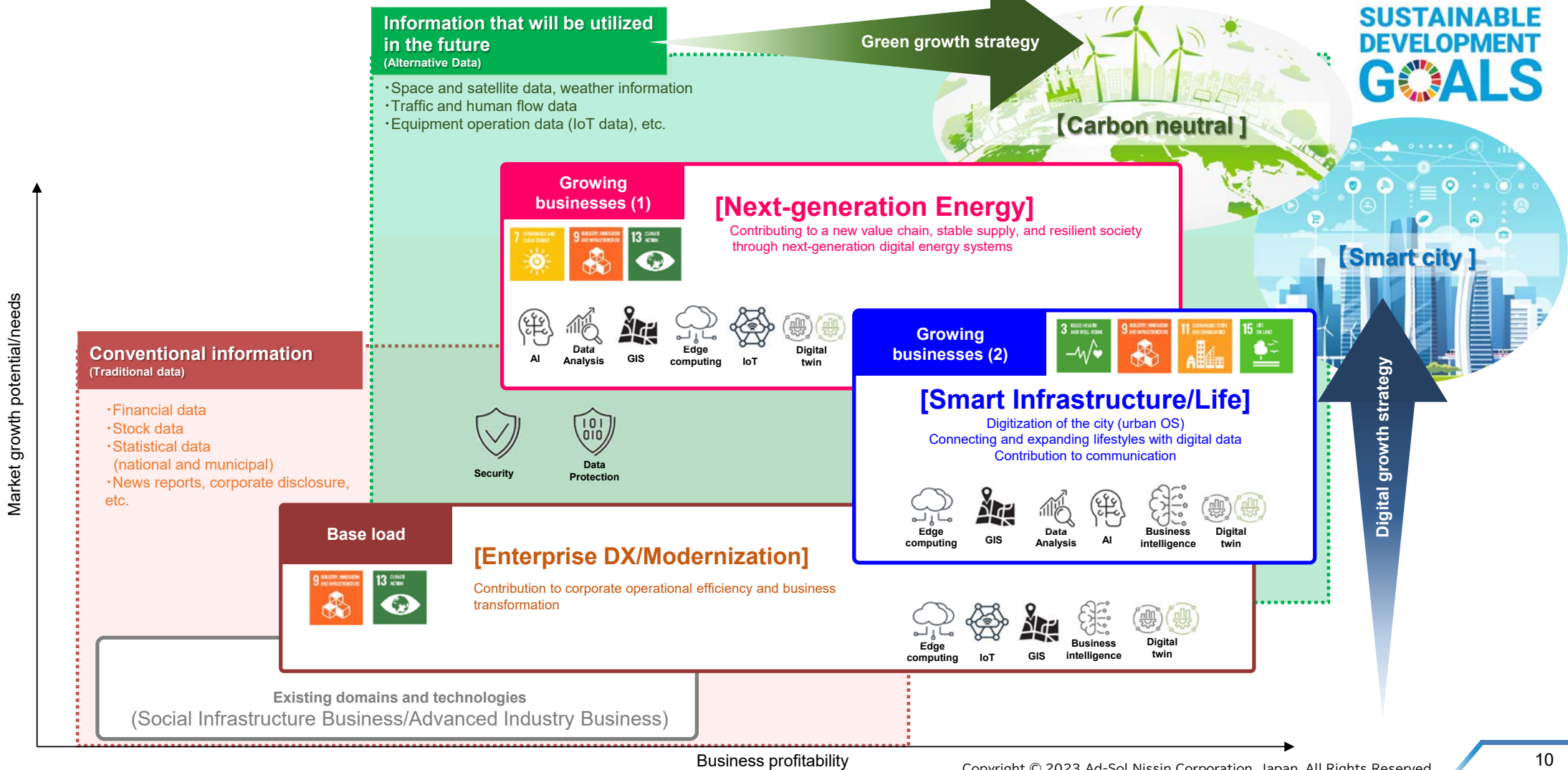
Growing business 1: Next-generation energy
Growing business 2: Smart infrastructure/life
Base road: Enterprise DX/Modernization

[Corporate strategy]

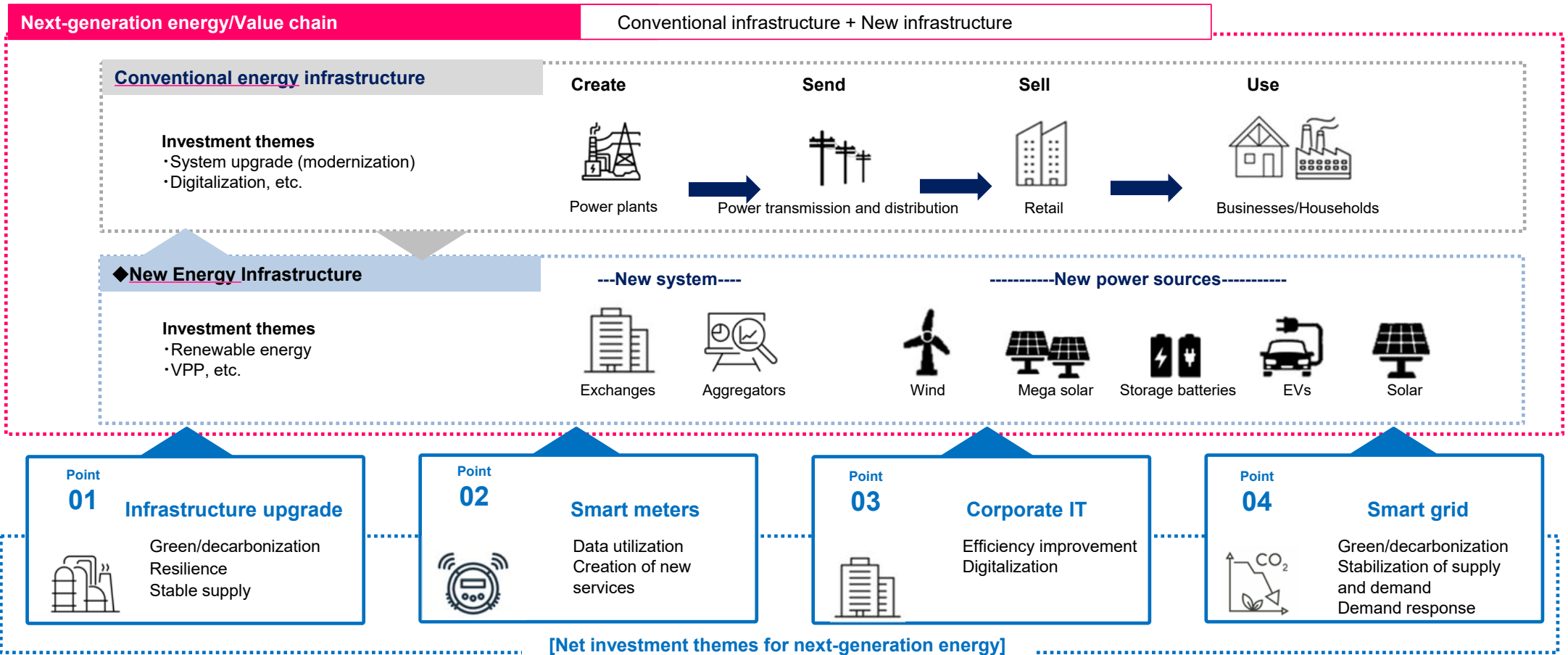
Enhancement of corporate value and shareholder value

Investment, human capital, global, R&D, sustainability
- Further improvement of PBR

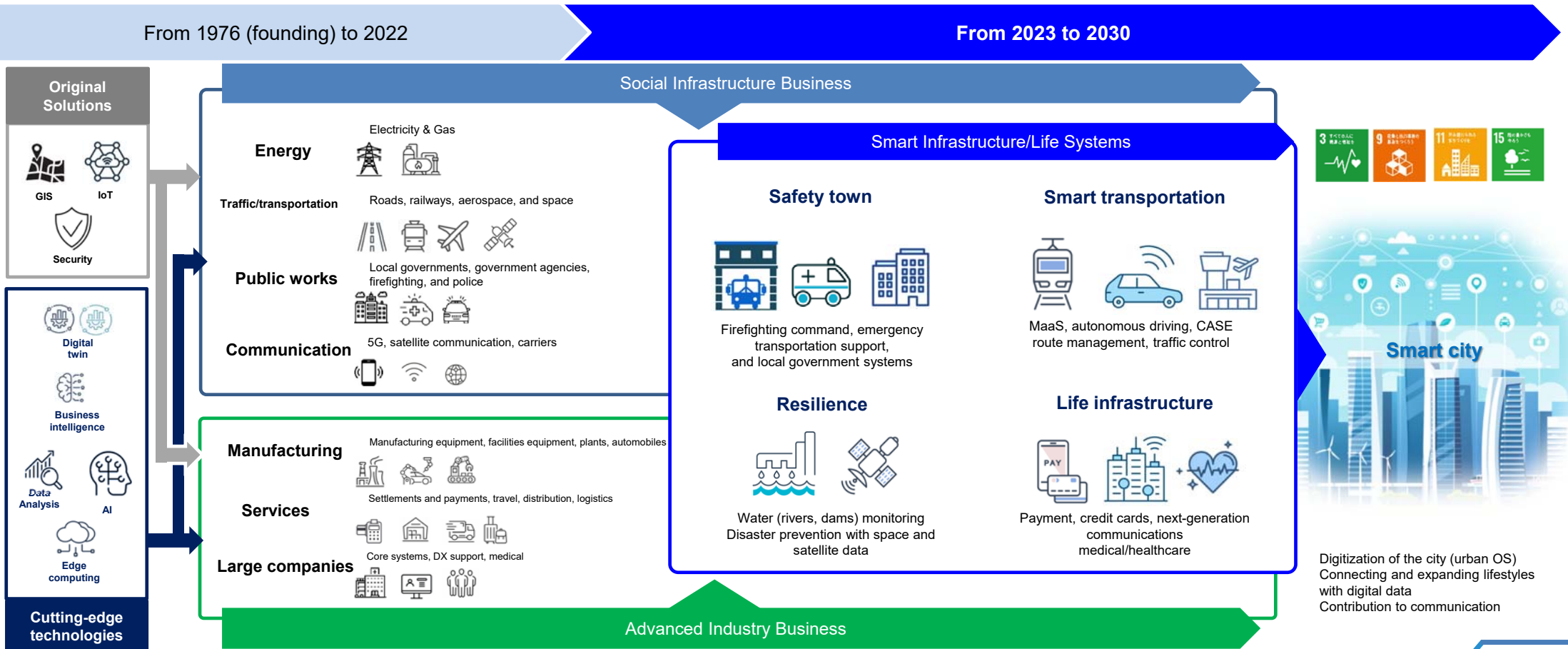
Framework for the Medium-term Business Strategy
 (Evolution and Expansion of Business Areas, and Expansion and Enhancement of DX Solutions)



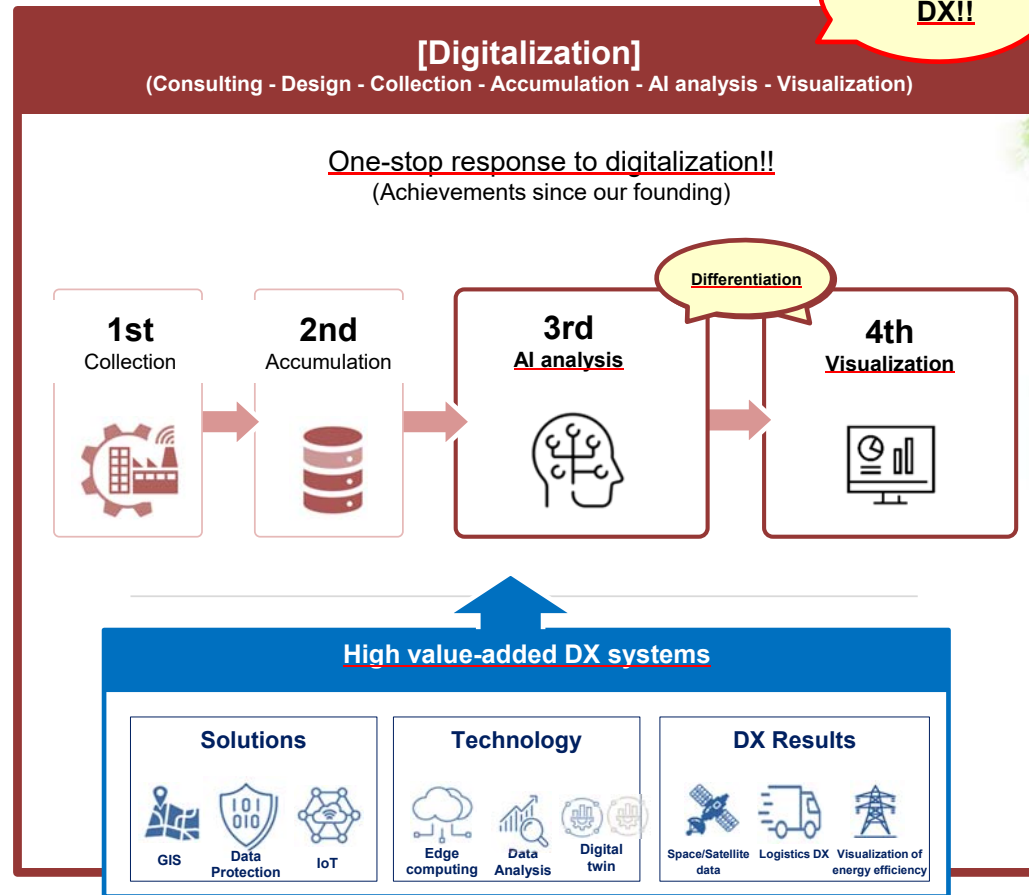
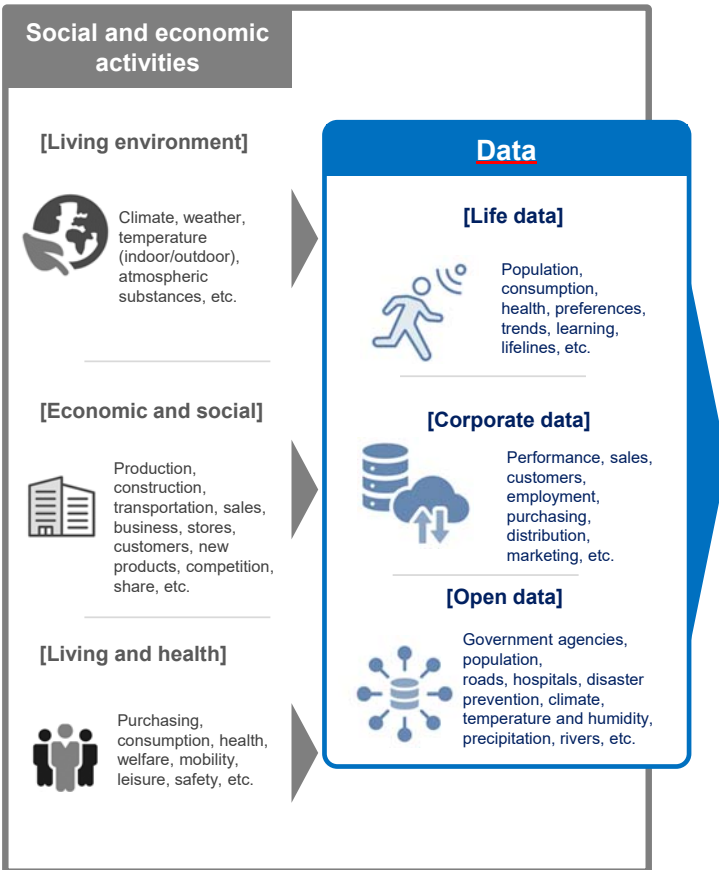
Based on the energy system support we have provided since our establishment, we will take advantage of the increasing **investment in energy infrastructure** (conventional, new energy, and next-generation energy) and contribute to the realization of carbon neutrality through **business expansion**.



We will enhance our measures for the “**Smart Infrastructure/Life System** (B2B2C)” that contributes to a rich life by incorporating the expertise cultivated in ICT systems closely related to daily life into the social infrastructure system (B2B), and contribute to the realization of smart cities.



Through the one-stop provision of “**DX systems**” that utilize various “**digital data**” and tackle management challenges, we contribute to our customers’ digital management and business transformation.



Contribution to DX!!



- ◆ Green measures
- ◆ Improvement of on-site issues/efficiency
- ◆ Business transformation
- ◆ Digital management and organizational reform

Newly opened Nagoya Office

Point 01 5 bases in Japan

- Covering vacant areas
- To promote an area strategy rooted in the Chubu region



Point 02 **Business targets**

To provide ICT systems and DX solutions
Co-creation of new value (global alliance)
(Schneider Electric in France, etc.)



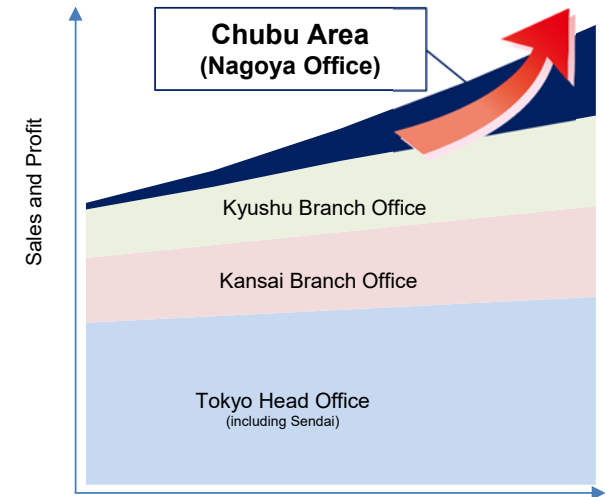
Energy: Electricity and gas
(Promotion of the area strategy in the Chubu region)



(Manufacturer)
(Global company)

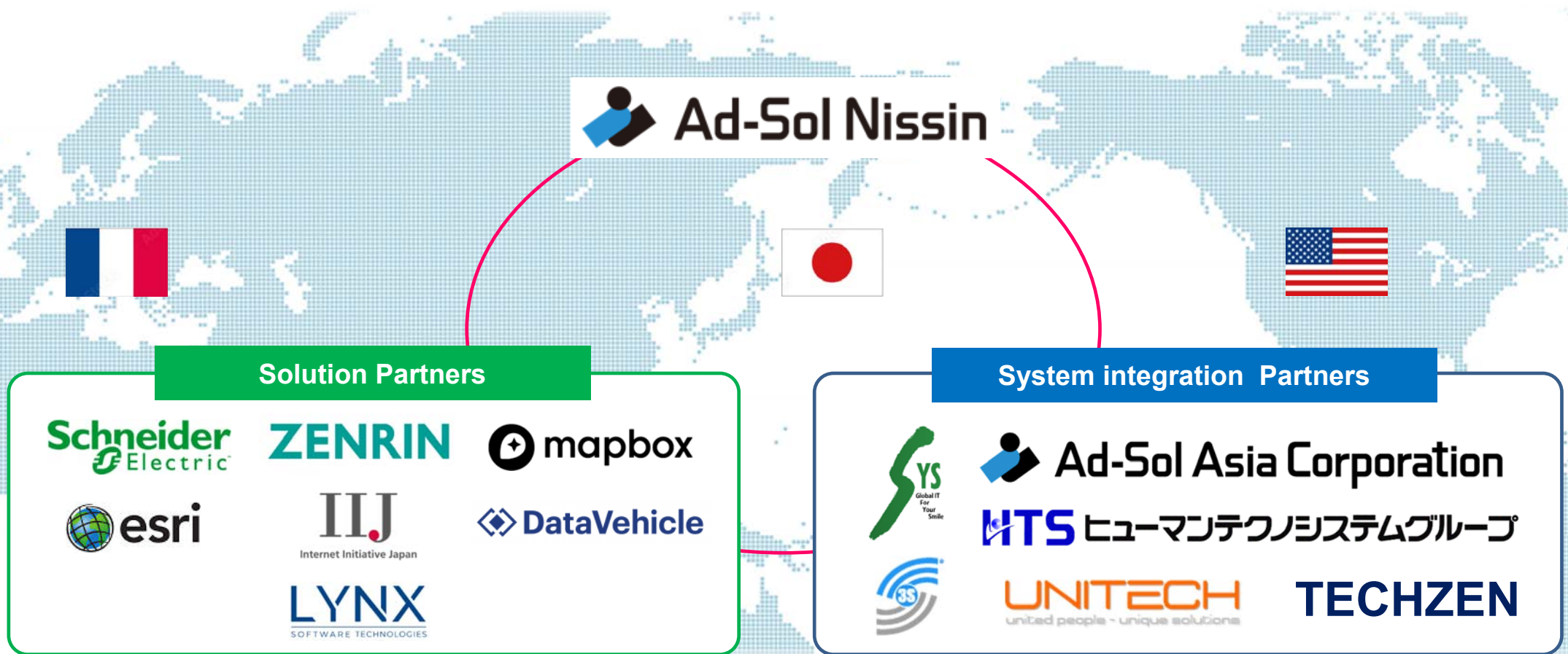
Point 03 Contribution to business performance

A pillar of business/revenue and a driving force for business expansion
(To become a business base along with Kansai and Kyushu branch offices)



3/26

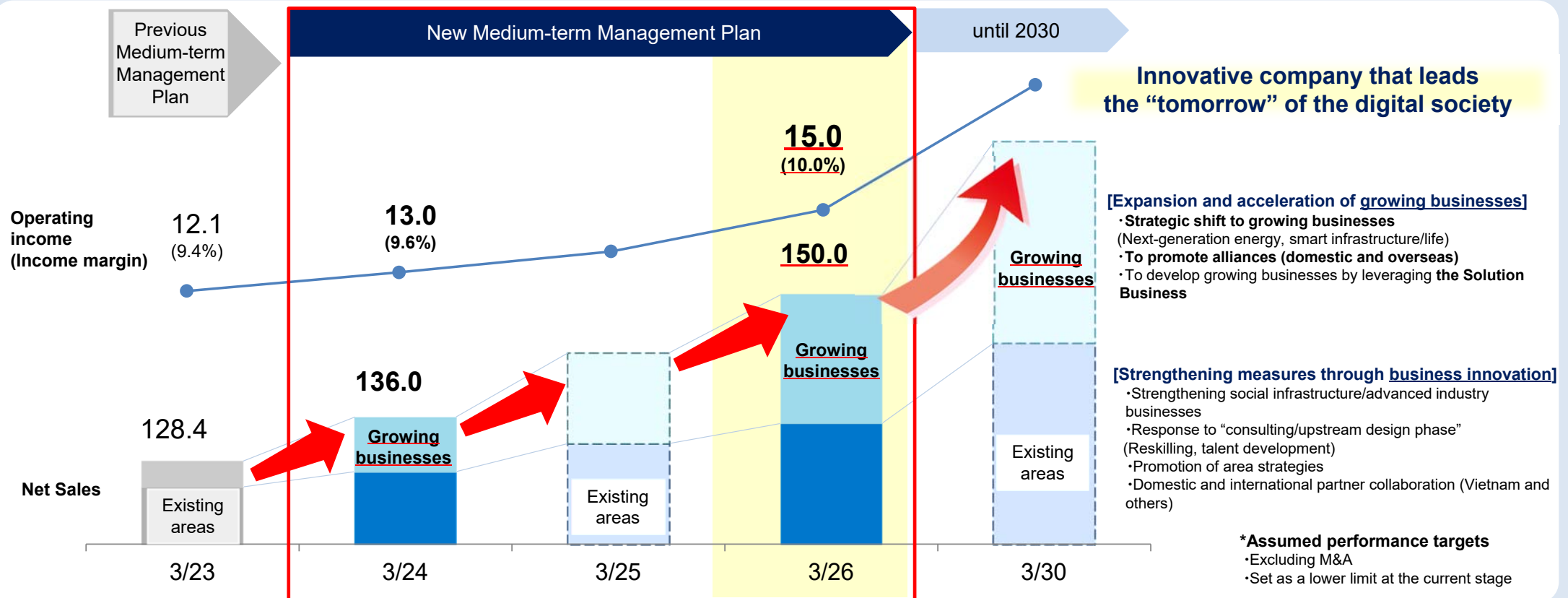
To promote “**domestic joint deployment (Japan-U.S.-Europe collaboration)**” of cutting-edge technologies and solutions to be used worldwide

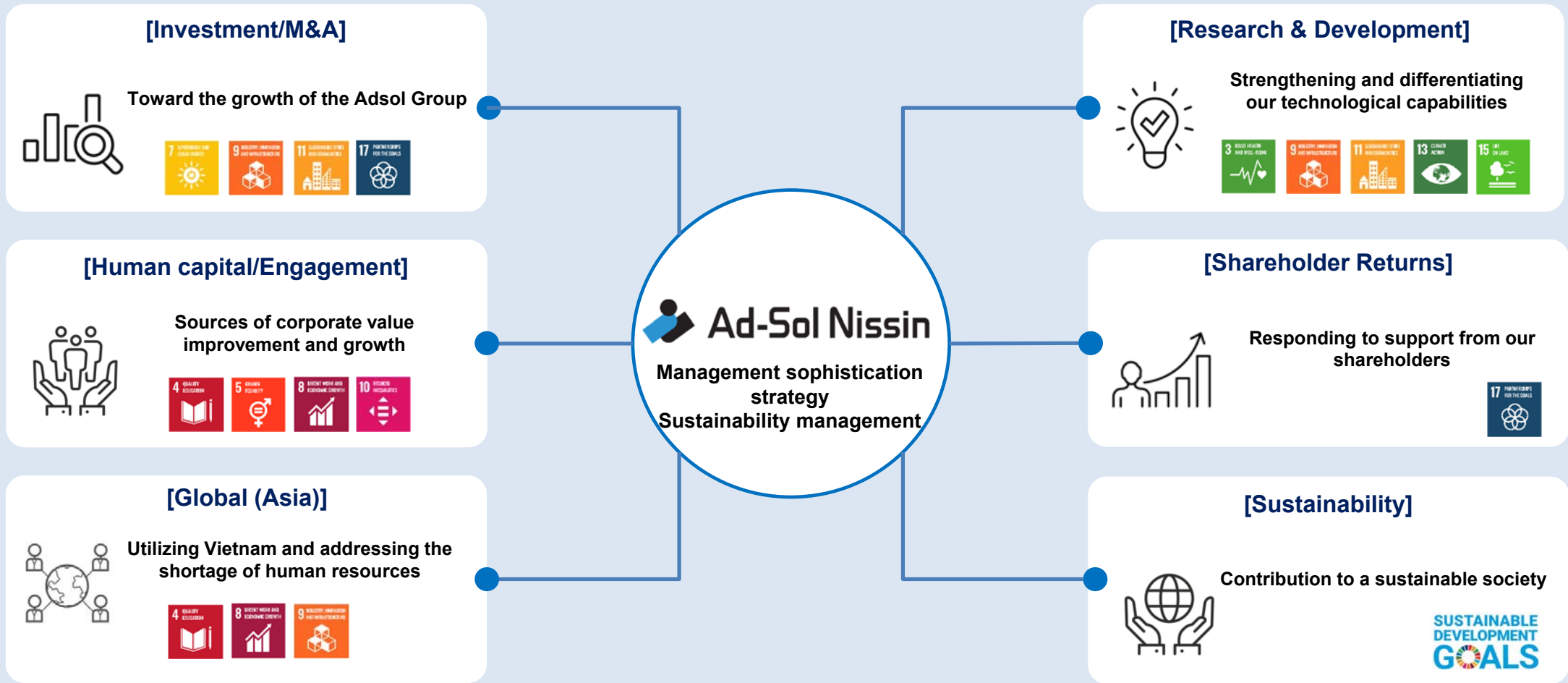


·**To keep breaking a record!**: Highest sales & profit & profit margin to date

Creating a foundation for **business restructuring and growth acceleration** (to 2030)

CAGR (%)	2023 - 2026
Net Sales	5.3
Operating income	7.4





[New Canvas 2026, the New Medium-term Management Plan]

From FY 3/26

To FY 3/30

[Five Key Investment Points]

Human resources are the key!

Point 01

To enhance the ICT system development capability

- To strengthen overseas offshoring
- To strengthen domestic partners

Point 02

To strengthen consulting capabilities (increase headcount)

- To shift to upstream processes
- To strengthen sales and proposal-giving capabilities

Point 03

To Improve engineering services

- Shift to PM/PMO
- To specialize in our core business and industries

Point 04

Product and service expansion

- To earn recurring revenues
- To make them assets

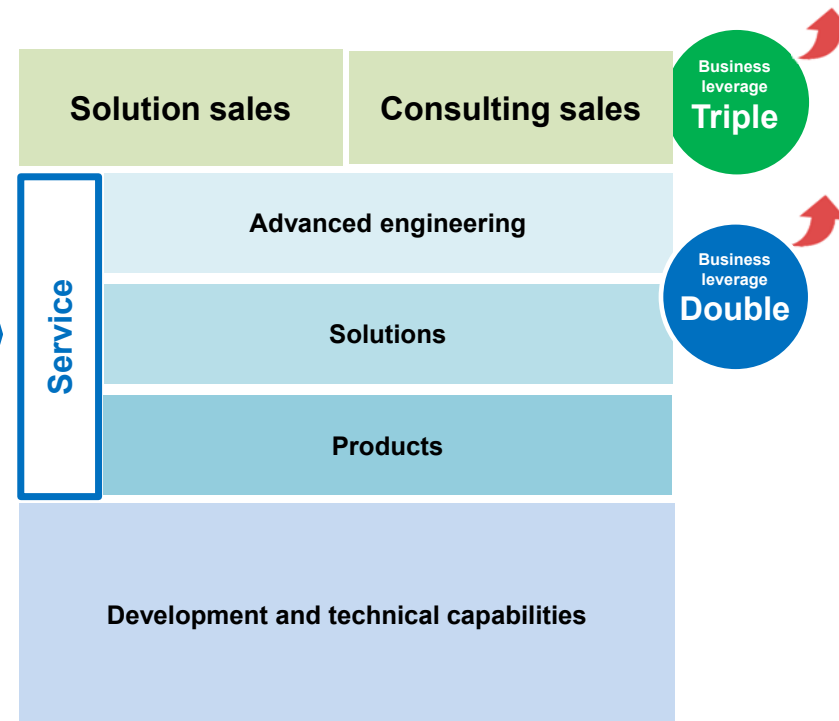
Point 05

Application of the latest technology to business

- New technologies for data utilization (AI, etc.)

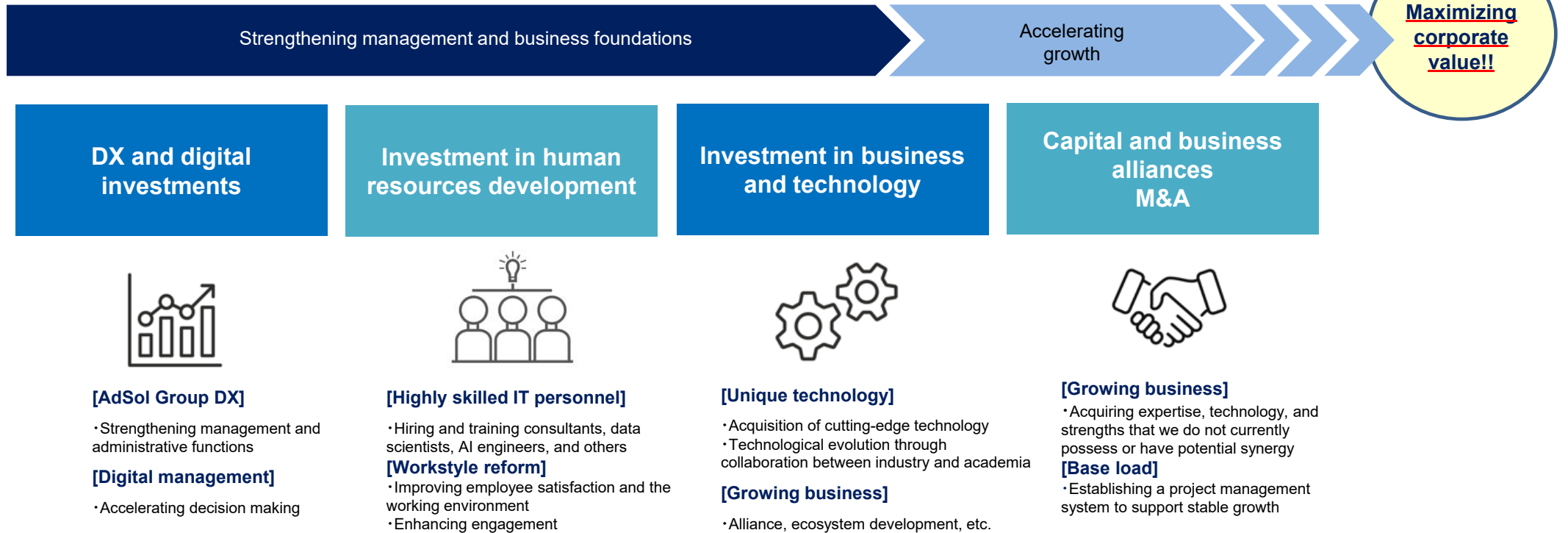
Establish a business framework to create high added value

Company with growing profit



Growth of the “**AdSol Group**”

- Strategic investment (DX, personnel, technology): Strengthening management and business foundations
- Investment to accelerate growth: Capital, business alliances, M&A



Point 01 Strengthening recruitment
(New graduates and experienced hires)



■ Acquisition of human resources to lead growing businesses

- Strengthening internship programs
- Re-employment of retirees and referral hiring system
- Expansion of support systems for foreign employees

■ Recruitment goals for diversity promotion

- Female ratio of new graduates: 25% or higher
- New foreign graduates: Several/year
- Experienced hires: 15/year

Point 02 Training and reskilling
(Personal growth & corporate growth)



■ AI and digital human resources development

- Establishment of ChatGPT working group
- Education on digital data and AI utilization, reskilling (Target for FY 3/24: 200 employees specialized in digital technologies)

■ Strengthening management personnel development

- Strengthening project management skills of young employees

Point 03 Diverse internal environment
(Diversity & Inclusion)



■ Diversity promotion

Improvement of the ratio of female employees and female managers

(Actual results from FY 3/22 to FY 3/23)
Ratio of female employees: 16.6% → 18.0%
Ratio of female managers: 9.4% → 10.5%

Workstyle reform

- Flexibility of workstyles (adoption of telecommuting and staggered work)
- Enrichment of vacation system and promotion of its use
- Adoption of a system to promote male parental leave, etc.

Point 04 Personnel system and treatment
(Employee satisfaction and a comfortable working environment)



■ New personnel system

- “Hybrid type” focused on both “individual growth” and “job (position)”
- Dual-track career course

■ Salary increase (FY 2023)

- Revision of treatment for all employees
Average 5.06%, maximum 30%
- Starting salary for employees fresh out of college and graduate school

■ Incentives

- Stock-based compensation system with transfer restrictions for executives (adopted in 2020)

Point 01 Global delivery: System development

One-team operation in Japan and Vietnam



- To strengthen system engineering between Japan and Vietnam through continuous recruitment of Vietnamese students
- To strengthen alliances with local companies

Point 02 Human resource development: Solutions

Commercialization and provision of human resources development services centered on Study Arts



Utilization (as of May 2023)

Number of courses	Number of live lectures	Number of users
634	11,570	8,442

- To secure engineers who can handle advanced engineering and solutions
- To continuously train IT engineers in Vietnam

Point
01 [San Jose R&D Center](#)



Our San Jose R&D center in Silicon Valley, USA, conducts cutting-edge research and development in collaboration with American engineers, promoting investigation and research of **the latest technologies**.

Global HQ for IoT security

We collaborate with Lynx, a US company (for over 30 years), to focus on research and development of advanced IoT security solutions and the enhancement of our technical capabilities.
We provide full support for deployment to manufacturers and infrastructure companies in Japan.

Point
02 [AI laboratory](#)



AI Research Institute which leads DX based on AI technology

We focus on “research on advanced AI technologies,” “research on AI system construction,” and “training of AI personnel.”

Cutting-edge AI research activities National Institute of Advanced Industrial Science and Technology (AIST)’s AI quality improvement project.

Full support based on both joint research and new courses related to “space and satellite data utilization” with the University of Tokyo for the purpose of space IT human resources development and space innovation

Point
03 [Industry-academia collaboration](#)



Innovation and new technology development

We contribute to the development of a prosperous society through industry-academia collaboration, joint research, and academic activities.

- **The University of Tokyo** (space and satellite data utilization),
- **Waseda University** (EMS: Energy Management System),
- **Keio University** (GIS: Geographic Information System)
- **Ritsumeikan University** (IoT, cybersecurity)

Point
04 [Patents](#)



Promotion of patenting of proprietary technology
“IoT spatial information,” “map information,” and “security”

We are promoting **the intellectual property protection of our proprietary technology**, including newly acquired technologies and accumulated know-how, to strengthen and expand our competitive advantage.

Shareholder benefits

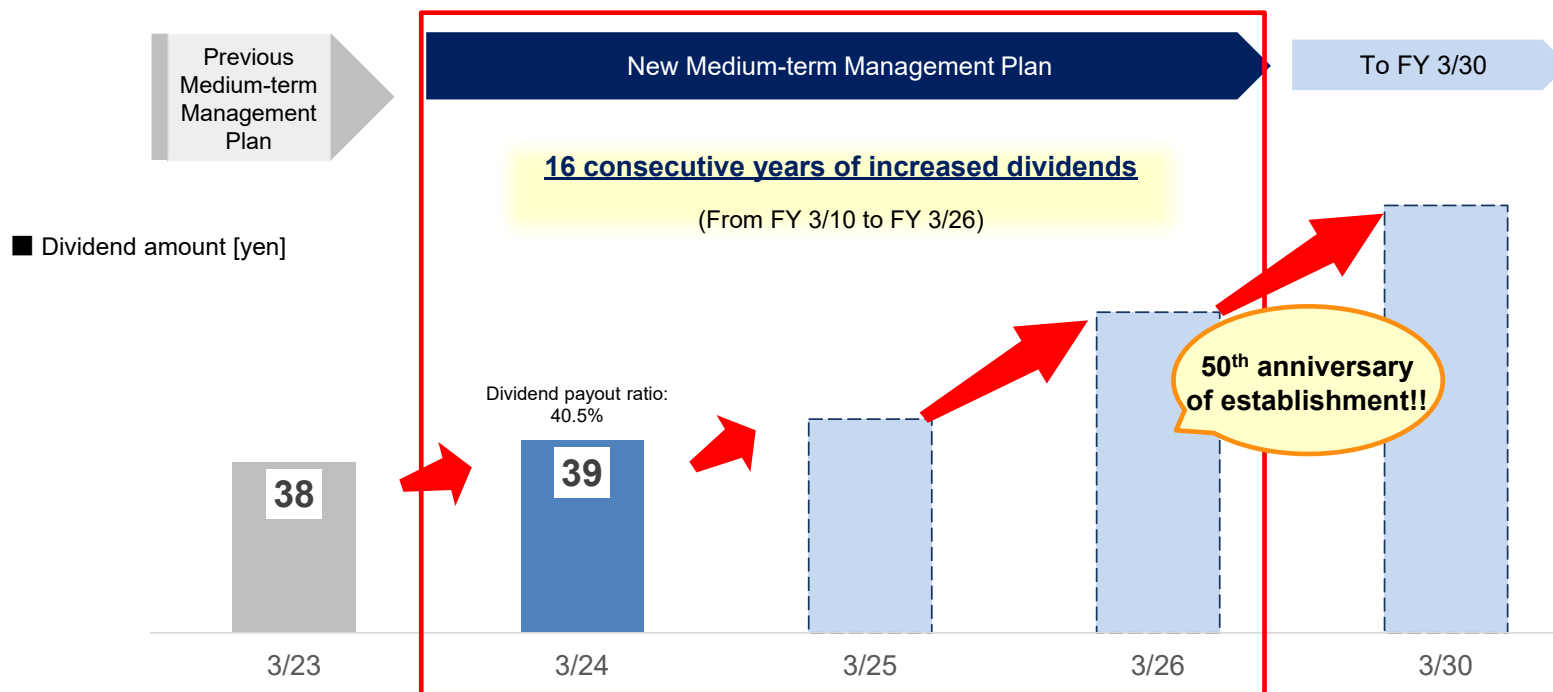
- Frequency of distribution: Twice a year
(As of September 30 and March 31)
- Benefit contents/Standards:
 - 200 shares to less than 4,000 shares
QUO Card with "Green Fundraising"
-200 shares to less than 1,000 shares...Worth 500 yen
-1,000 shares to less than 2,000 shares...Worth 1,000 yen
-2,000 shares to less than 4,000 shares...Worth 1,500 yen
 - *Benefit for long-term holding:
An additional QUO Card (worth 500 yen) will be distributed to shareholders holding shares for more than 1 year.
 - 4,000 shares or more
QUO Card with "Green Fundraising" or a gift catalog



- QUO Card (worth 3,000 yen) with "Green Fundraising" or
- A shareholder benefit catalog where you can choose from "Kishu Plum," "Orange Juice," "Fruit Jelly," "Rice," and other items (one item from those worth 3,000 yen)

New shareholder return policy

- Point 01 Dividend payout ratio increased from 35% to 40%
- Point 02 Continuous dividend increase



Sustainability Policy (Corporate Code of Conduct)

We, Ad-Sol Nissin, as a member of the society, will always strive to conduct sensible corporate activities and faithfully comply with the matters set forth herein, based on the understanding that fulfilling our corporate social responsibility through the creation and provision of high value-added services will enhance the corporate value of the company.

Code of Conduct

- We will comply with laws and regulations, and carry out fair and square corporate activities in accordance with the spirit of the law.
- We will create and provide high value-added services that meet customer needs under free competition in the market, and provide accurate and correct product information to win customer trust.
- We will build relationships of trust with our business partners and promote mutual growth through fair and honest transactions.
- We will obtain the understanding and support of shareholders and creditors through fair and transparent corporate management.
- We will create an environment in which employees have a sense of solidarity as members of the company and can demonstrate their abilities and vitality.
- In order to widely communicate with society, we will listen to the demands of society and actively disclose necessary corporate information.
- We will properly manage personal information and our company’s confidential information.
- We will maintain sound and transparent relationships with political and administrative bodies.
- We will not have any relationship with antisocial forces or groups that threaten social order and safety.
- We aim to coexist with the local community by cooperating in activities that contribute to the development of the community and a comfortable and safe lifestyle.

Point 01

Business activities



Co-create and provide new solutions and services to support the achievement of carbon neutrality and smart cities



Point 02

Corporate activities



Promote measures against environmental and climate changes and human resources development through activities with domestic and international universities, research institutions, and organizations



Point 03

Enhancement of information disclosure



Enhance disclosure of SDG/ESG-related information based on global standards such as TCFD



[Performance targets] To keep breaking a record!

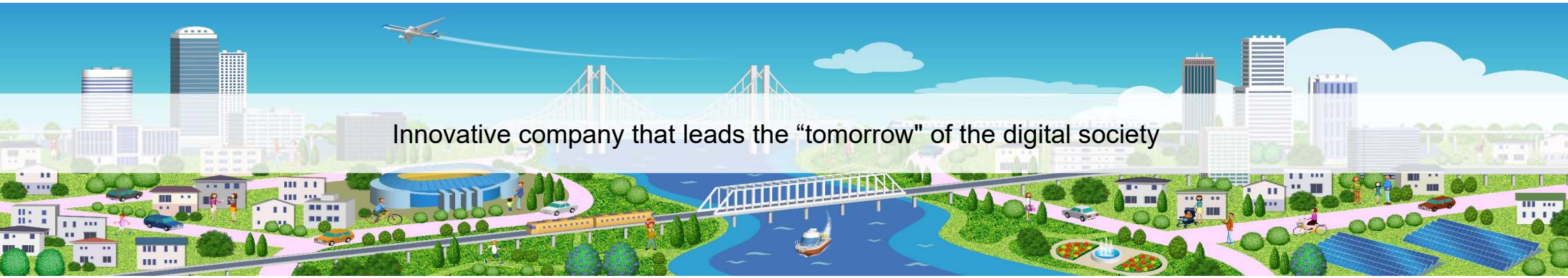
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Innovative company that leads the “tomorrow” of the digital society

[Business strategy]

Contributing to sustainability (ESG/SDGs)

Growing business 1: Next-generation energy
Growing business 2: Smart infrastructure/Life
Base road: Enterprise DX/modernization

[Corporate strategy]

Enhancement of corporate value and shareholder value

Investment, human capital, global, R&D, sustainability
- Further improvement of PBR

Profile of Ad-SOL Nissin

Corporate Profile

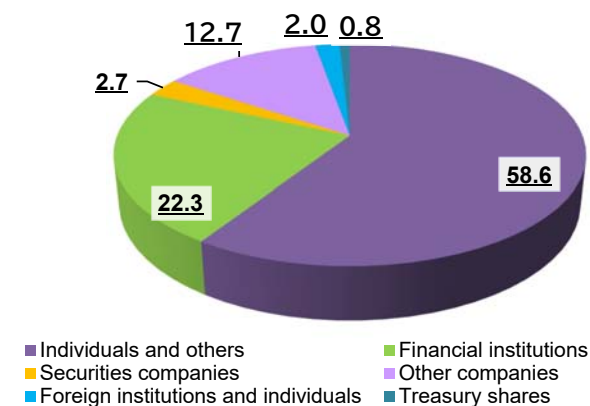
Corporate name	Ad-Sol Nissin Corporation
Headquarters	Rivarge Shinagawa 4-1-8 Konan, Minato-ku, Tokyo
Bases	Osaka, Fukuoka, Nagoya, Sendai, and San Jose, USA
Date of establishment	March 13, 1976
Representatives	Tomizo Ueda, Chairman and CEO Toshiaki Shinozaki, President and COO
Number of employees	(Consolidated): 634 (as of April 1, 2023)
Net sales	12.84 billion yen (FY 3/23)
Listed stock exchange	Prime Market of TSE Securities code: 3837
Number of outstanding shares	9,390,189 (as of March 31, 2023)
Subsidiaries	Ad-Sol Asia Corporation (offshore development base in Vietnam) Adsol-Nissin San Jose R&D Center, Inc. (San Jose R&D Center)

Our Mission

Corporate Philosophy

At Ad-Sol Nissin, by creating and providing high value-added services, we contribute to customer satisfaction and the development of a prosperous society.

Shareholding ratios (%)



As of September 30, 2022

Corporate Philosophy

At Ad-Sol Nissin, by creating and providing high value - added services, we contribute to customer satisfaction and the development of a prosperous society.

Management Philosophy

We provide customers with “attractiveness and satisfaction.”
We build “tradition and trust” through sound management.
We endeavor to realize the “innovation of business and work” with creativity and enthusiasm.
We improve our “technology and capabilities” and demonstrate our overall strength through teamwork.
We pursue the “development of the company,” “employee happiness,” and “shareholder benefits” together.

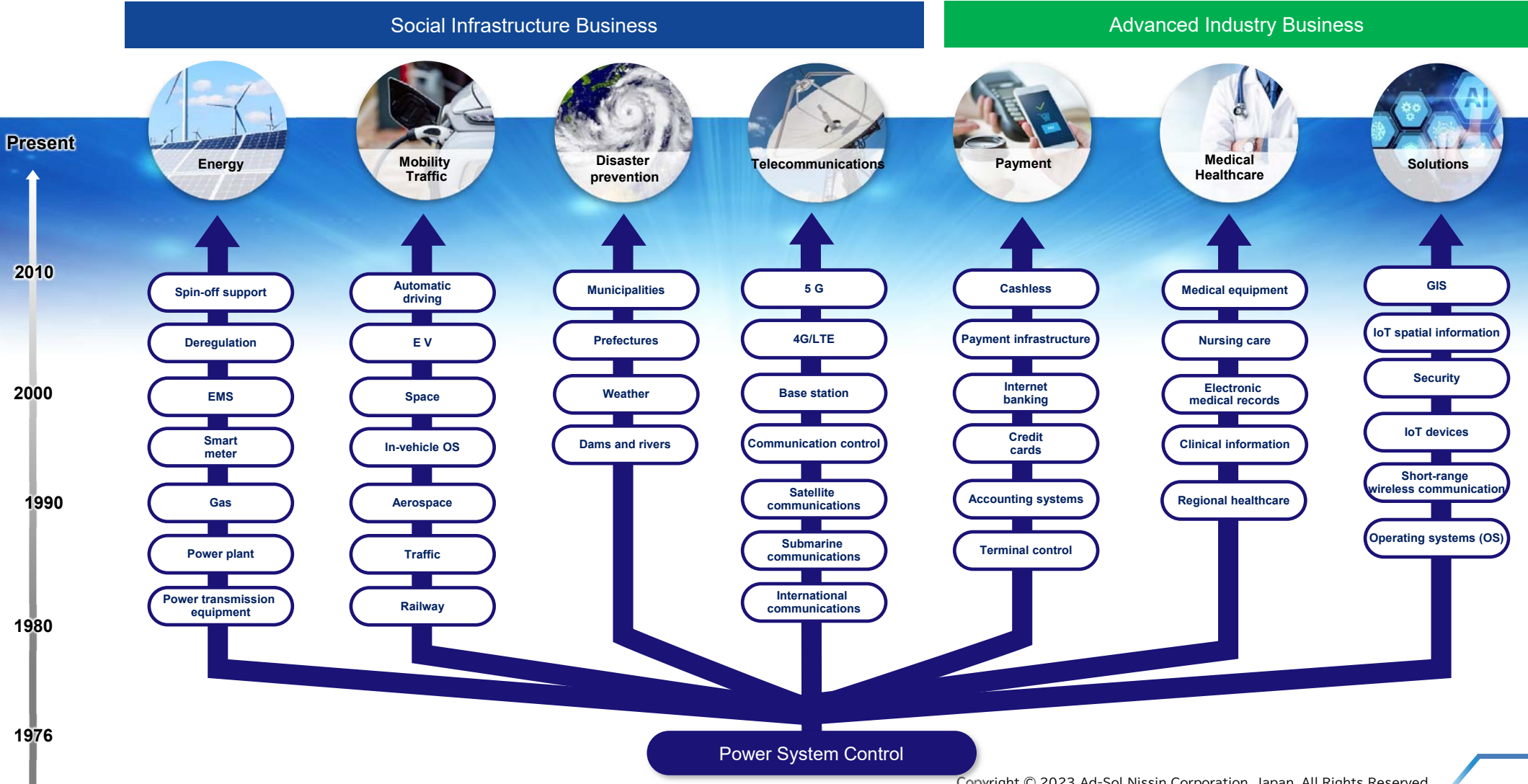
Positioning of the Medium-term Management Plan

[Realization of a sustainable society]



Expansion and Evolution of Business Domains since 1976

Innovative company that leads the "tomorrow" of the digital society



We provide cutting-edge DX solutions through our global network, connecting the U.S., Asia, and Japan.



[Key Points of Change]

- Visualization of progress in solution development: "Solution field (sub-segment of Advanced Industry Business)" was renamed to the **"Solution Business," which supervises the entire company.**
- Visualization of expansion strategy for new business areas: Sub-segment of "Advanced Industry Business" was changed to customer attributes and domains (like Social Infrastructure Business).

[Before change: Until FY 3/23]				
(Unit: Millions of yen)	FY 3/22		FY 3/23	
	Results	Ratio to sales %	Results	Ratio to sales %
Net sales	12,247	-	12842	-
Social Infrastructure Business	7,348	60.0	7,203	56.1
Energy	6,092	49.7	5,818	45.3
Transportation	473	3.9	626	4.9
Public works	141	1.2	288	2.2
Communication	641	5.2	470	3.7
Advanced Industry Business	4,899	40.0	5,638	43.9
Control system	1,437	11.7	1,471	11.5
Foundation system	2,849	23.3	3,527	27.5
Solution	612	5.0	639	5.0

[After the change: FY 3/24 and thereafter]					
(Unit: Millions of yen)	FY 3/22		FY 3/23		Customer/User Business domain
	Results	Ratio to sales %	Results	Ratio to sales %	
Net sales	12,247	-	12,842	-	
Social Infrastructure Business	7,748	63.2	7,546	58.8	
Energy	6,411	52.3	6,051	47.1	Electricity and gas
Transportation	540	4.4	690	5.8	Aerospace, space, roads and railways
Public works	189	1.5	344	2.9	Government agencies
Communication	607	5.0	460	3.6	Communication
Advanced Industry Business	4,499	36.8	5,296	41.2	
Manufacturing	1,107	9.1	1,556	12.1	Manufacturing (including automotive)
Service	2,148	17.5	2,502	19.5	Settlements, travel, distribution, logistics and services
Enterprise	1,244	10.1	1,238	9.6	System integrator and medical/healthcare
Of which, Solution Business	767	6.3	889	7.3	Not limiting the business domains

Solutions Business (across the entire company)

- 1) The "Solution" field has been aggregated across all sub-segments. For example, in the Energy segment, the previous revenue of 7,203 million yen has been revised to 7,546 million yen.
- 2) A new "Solution Business" has been established to extract solution-related businesses across the entire company. (The performance values are included in the Social Infrastructure Business and Advanced Industry Business segments.)

New sub-segments (Manufacturing, Service, Enterprise)

- 1) The "Control system" and "Foundation system" sub-segments have been re-aggregated by "customer attributes/domains," including "Solution."

Notes:

- This document is intended solely for the purpose of providing information to investors and is not intended to solicit buying or selling of securities.
- Descriptions regarding future expectations in this document are based on targets or predictions and do not guarantee or ensure any specific outcomes. Please be aware that our future performance may differ from our current expectations, and use this information accordingly.
- Descriptions regarding performance, etc. are created based on various data that are believed to be reliable, but we do not guarantee their accuracy or safety.
- This document is presented under the assumption that investors will use it at their own discretion and responsibility, and we do not assume responsibility in any case.
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