



TSE Prime 3837



**Ad-Sol Nissin**

FY'24/3 Q2

**Financial Results**

November 7, 2023

\* Figures in parentheses are changes from the same quarter of the previous year.

01

Net sales

**6,835** million yen YoY  
(+ 9.6%)

Social Infrastructure Business : Energy (electric) / Transportation (space and aviation)  
Advanced Industry Business : Manufacturing / Service (DX)

Record High!!

02

Operating income

**709** million yen YoY  
(+ 33.6%)

Operating income margin: 10.4%

Record High!!  
(amount / ratio)

03

Orders received

**6,869** million yen YoY  
(+ 3.6%)

YoY +241 million yen

04

Orders backlog

**2,566** million yen YoY  
(- 4.5%)

(Note) DX is an abbreviation for digital transformation, which is the transformation of products, businesses, operations, corporate culture, etc. using data and digital technologies such as AI and IoT.

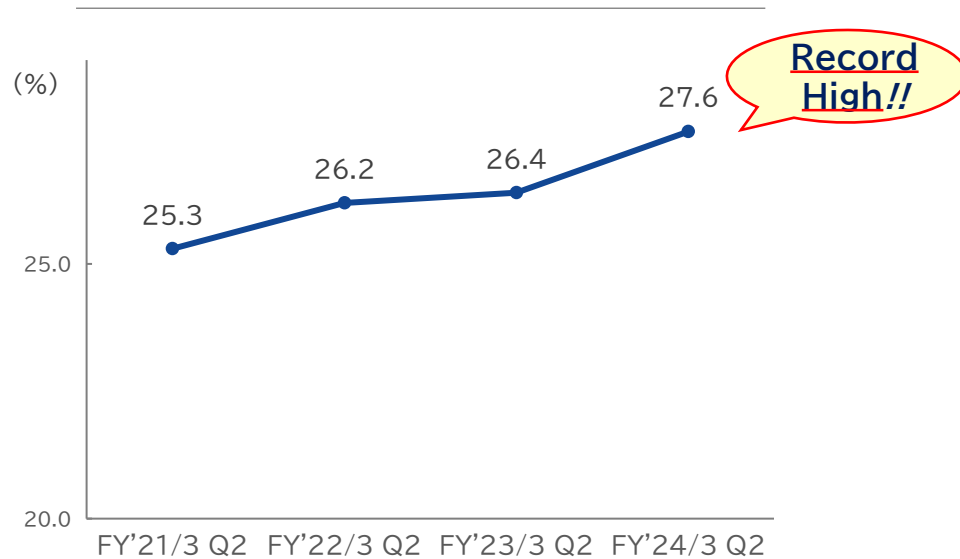
# Performance Highlights

## Point 01 Improvement in profitability

### Improvement of cost of sales ratio

- Review of contract terms and conditions
- Reduction of trouble cases  
(Strengthening of quality improvement activities)

Cost of sales ratio



## Point 02 Steady progress toward full-year forecasts

**Sales : Social Infrastructure / Advanced Industry**  
→ steady growth

**Profit : Improvement of cost of sales ratio**  
**Lower SG&A to sales ratio**  
(Active investment / cost control)

Progress toward full-year forecasts

(Million yen)	Q2 Results	Full-year forecast	Progress(%)
<b>Net sales</b>	6,835	13,600	50.3
<b>Operating Income</b>	709	1,300	54.6
<b>Ordinary Income</b>	739	1,340	55.1
<b>Net income attributable to owners of parent</b>	481	897	53.8

## **FY'24/3 Q2 Financial Results**

## **FY'24/3 Forecast**

**[Net Sales] Acceleration of growth! [Profit] Record high Gross profit margin!**

(Million Yen)	FY'23/3 Q2 Results	FY'24/3 Q2			
		Results	Increase/ decrease	Ratio of change %	Point
<b>Net sales</b>	<b>6,236</b>	<b>6,835</b>	<b>598</b>	<b>9.6</b>	<b>[Expansion of investment in ICT]</b>
Social Infrastructure Business	3,619	3,955	335	9.3	• Social Infrastructure Business
Advanced Industry Business	2,617	2,880	263	10.0	- <b>Energy</b> : Expansion of investment in ICT
Solution Business	535	488	(46)	(8.7)	• Advanced Industry Business : Expansion - <b>Manufacturing and Service sectors</b> (DX-related)
<b>Gross profit</b>	<b>1,644</b>	<b>1,885</b>	<b>240</b>	<b>14.6</b>	<b>[Gross profit margin: Record high]</b>
Gross profit margin (%)	26.4	27.6	-	-	• Review of contract terms and conditions • Thorough quality control
<b>SG&amp;A expenses</b>	<b>1,113</b>	<b>1,176</b>	<b>62</b>	<b>5.6</b>	[Strategic investment continued]
SG&A ratio (%)	17.9	17.2	-	-	• <b>Human resources</b> : New graduates (34 people) • Engagement: <b>Increase compensation</b> • DX of internal systems · Opened <b>Nagoya Office</b>
<b>Operating income</b>	<b>530</b>	<b>709</b>	<b>178</b>	<b>33.6</b>	
Operating income margin (%)	8.5	10.4	-	-	<b>[Increase in profits]</b>
<b>Ordinary income</b>	<b>549</b>	<b>739</b>	<b>188</b>	<b>34.6</b>	• Increase in sales → Expansion of <b>Energy &amp; DX</b> related businesses
Ordinary income margin (%)	8.8	10.8	-	-	• Cost control • <b>Compensation revision</b> (Average 5%, Maximum 30%)
<b>Net income attributable to owners of parent</b>	<b>370</b>	<b>481</b>	<b>111</b>	<b>30.0</b>	
Net income margin (%)	5.9	7.0	-	-	

\*As a result of a partial change in the method of recording sales from the first quarter of the fiscal year ending March 31, 2024, there is an impact of +238 million yen on net sales and +60 million yen on operating income.

## Sales by Segment

**Growth drivers: [Social Infrastructure] Energy (electric), Transportation [Advanced Industry] Manufacturing, Services (DX projects)**

(Million yen)	FY'23/3 Q2		FY'24/3 Q2			
	Results	Ratio to sales %	Results	Ratio to sales %	Increase/decrease	Ratio of change %
<b>Sales</b>	6,236	-	<b>6,835</b>	-	<b>598</b>	<b>9.6</b>
<b>Social Infrastructure Business</b>	3,619	58.0	<b>3,955</b>	<b>57.9</b>	<b>335</b>	<b>9.3</b>
Energy	2,937	47.1	<b>3,091</b>	45.2	153	5.2
Transportation	299	4.8	<b>492</b>	7.2	193	64.6
Public works	138	2.2	<b>194</b>	2.8	55	40.0
Communication / Network	243	3.9	<b>177</b>	2.6	(66)	(27.3)
<b>Advanced Industry Business</b>	2,617	42.0	<b>2,880</b>	<b>42.1</b>	<b>263</b>	<b>10.0</b>
Manufacturing	755	12.1	<b>832</b>	12.2	77	10.3
Service	1,194	19.2	<b>1,323</b>	19.4	128	10.8
Enterprise	667	10.7	<b>723</b>	10.6	56	8.5
<b>Solution Business</b>	535	8.6	<b>488</b>	<b>7.2</b>	<b>(46)</b>	<b>(8.7)</b>

Effective from the first quarter of the fiscal year ending March 31, 2024, the sub-segments of the Advanced Industry Business have been reclassified as "Manufacturing," "Services," and "Enterprise. In addition, the "Solutions", which was previously classified as a sub-segment of the Advanced Industry Business, is now positioned as a strategic business across the entire company. As a result, the figures for the "Solutions" for the first half of the previous fiscal year have been reclassified into the sub-segments of Social Infrastructure Business and Advanced Industry Business.

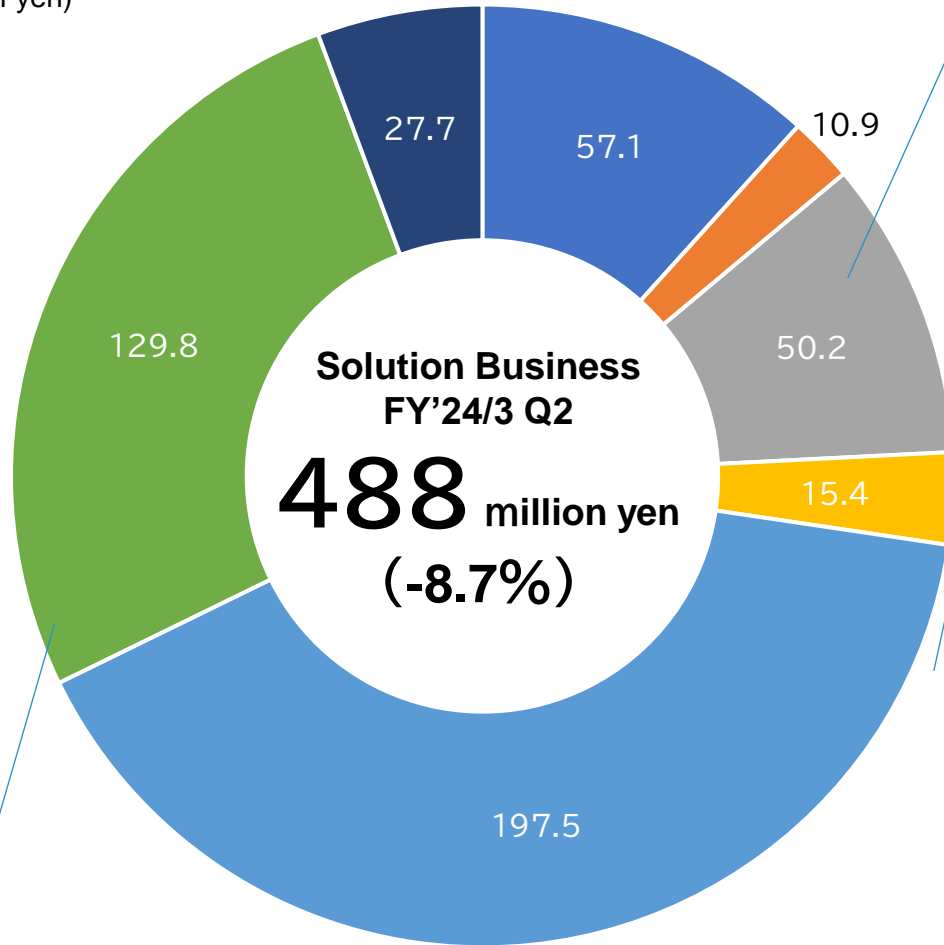
(Million yen)	Net sales		Order backlog		Q2 Comment
	FY'23/3 Q2	FY'24/3 Q2	FY'23/3 Q2	FY'24/3 Q2	
<b>Social Infrastructure Business</b>	3,619	<b>3,955</b>	1,574	<b>1,400</b>	
Energy	2,937	<b>3,091</b>	1,162	<b>1,125</b>	<b>[Energy]</b> • <u>Electricity</u> : <b>Next-generation energy</b>
Transportation	299	<b>492</b>	206	<b>92</b>	<b>[Transportation]</b> • <u>Aviation</u> : Expansion • <u>Aerospace</u> : Expand the scope of our business
Public works	138	<b>194</b>	93	<b>67</b>	<b>[Public works]</b> • Disaster prevention: Expansion
Communication / Network	243	<b>177</b>	111	<b>114</b>	<b>[Communication / Network]</b> • Base station-related: Ongoing

(Million yen)	Net sales		Order backlog		Q2 Comment
	FY'23/3 Q2	FY'24/3 Q2	FY'23/3 Q2	FY'24/3 Q2	
<b>Advanced Industry Business</b>	2,617	<b>2,880</b>	1,111	<b>1,165</b>	
Manufacturing	755	<b>832</b>	279	<b>302</b>	<b>[Manufacturing]</b> • <u>DX</u> projects: Expansion • Automotive-related: Ongoing
Service	1,194	<b>1,323</b>	667	<b>724</b>	<b>[Service]</b> • <u>Payments</u> : Ongoing • DX projects: Expansion
Enterprise	667	<b>723</b>	164	<b>139</b>	<b>[Enterprise]</b> • <u>Core-system DX</u> : Ongoing • Medical / Healthcare-related: Ongoing



Works in Public, Manufacturing, Service are performing well

(Million yen)



- Energy
- Public works
- Manufacturing
- Enterprise
- Transportation
- Communication / Network
- Service



**【Public works】**

- GIS solutions for local governments (disaster prevention, etc.)



**【Manufacturing】**

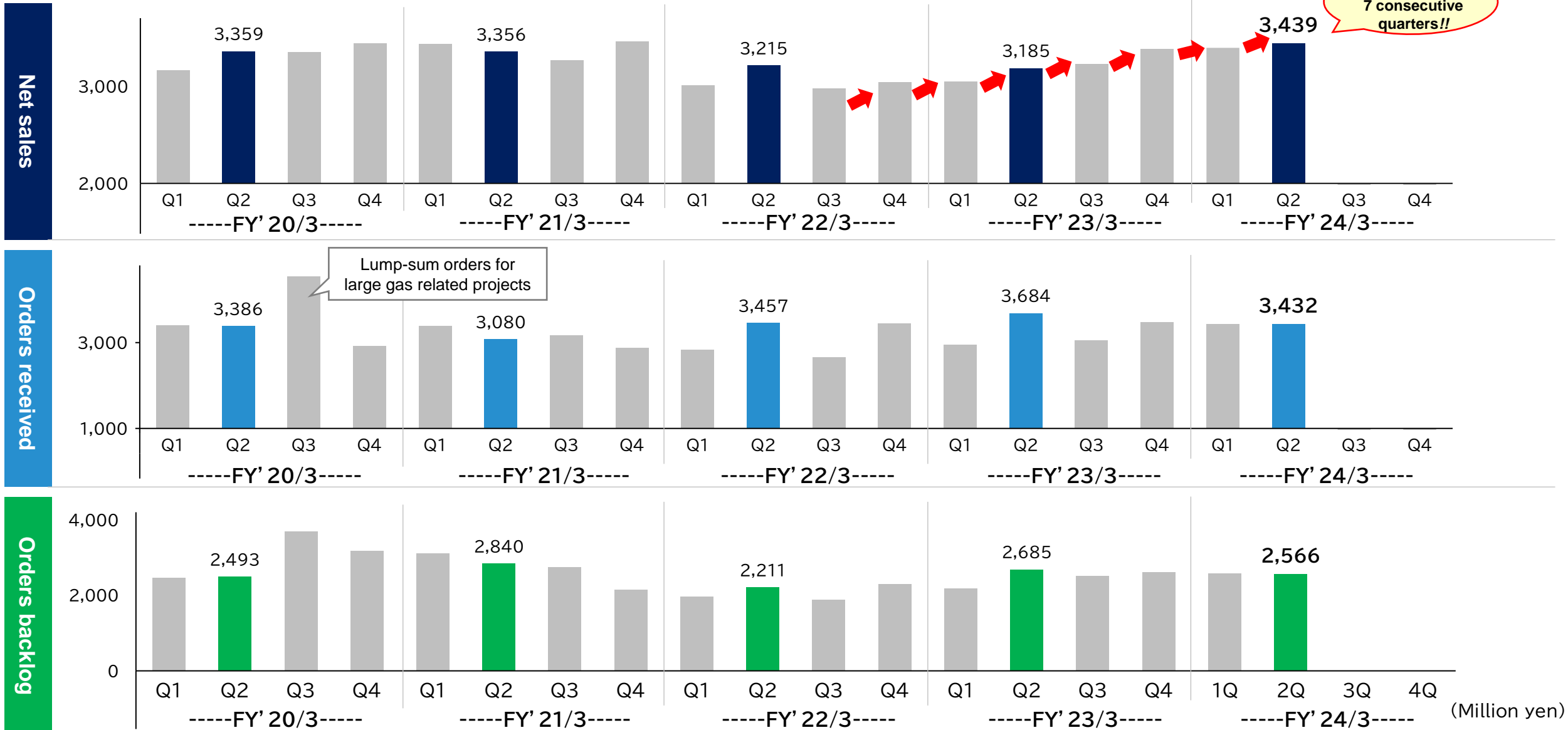
- IoT solutions for the manufacturing sector



**【Service】**

- GIS solutions for construction and surveying consultants
- IoT solutions for logistics

# Quarterly Trends



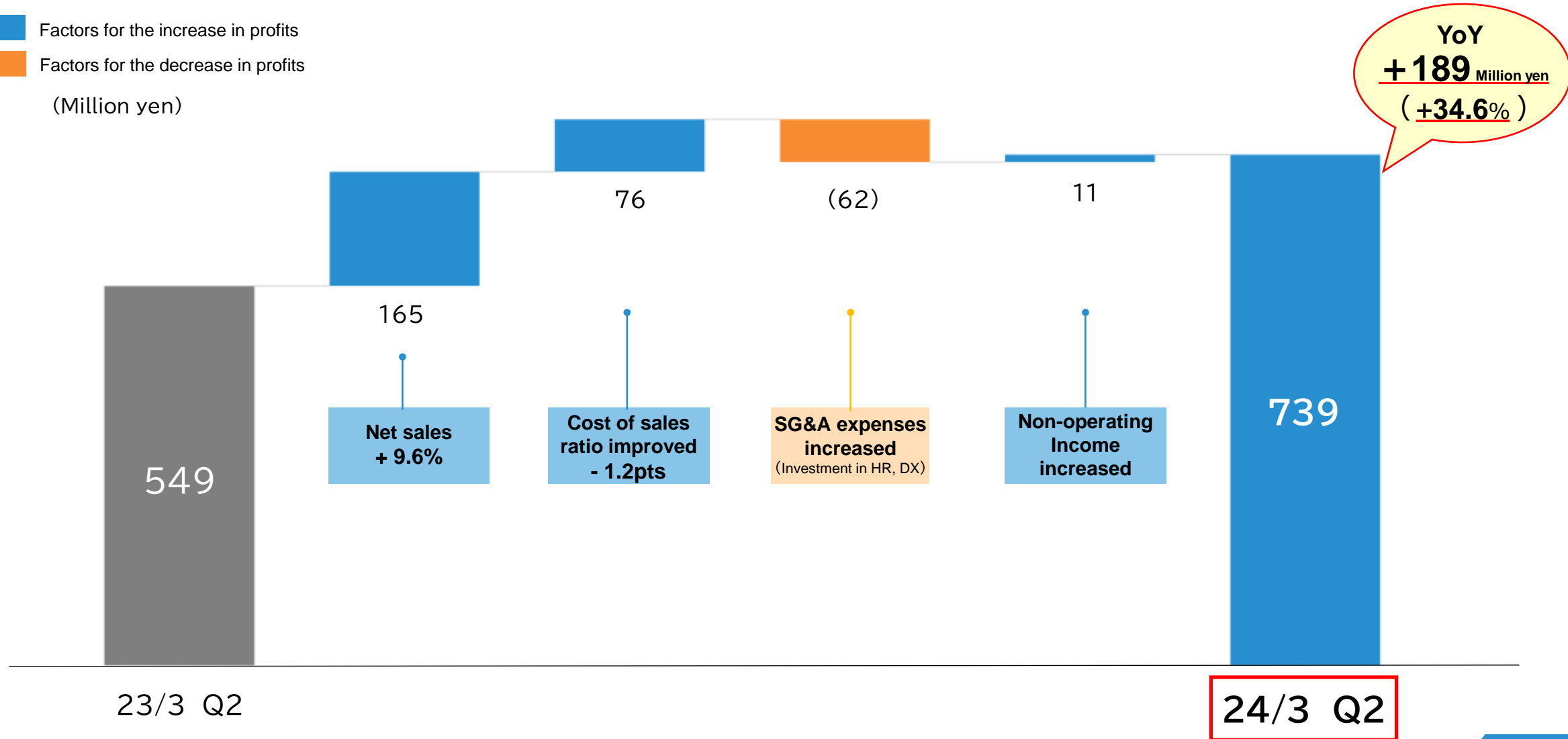
Sales increase for 7 consecutive quarters!!

Lump-sum orders for large gas related projects

# Ordinary Income

## Main driving factors in YoY change

- Factors for the increase in profits
  - Factors for the decrease in profits
- (Million yen)

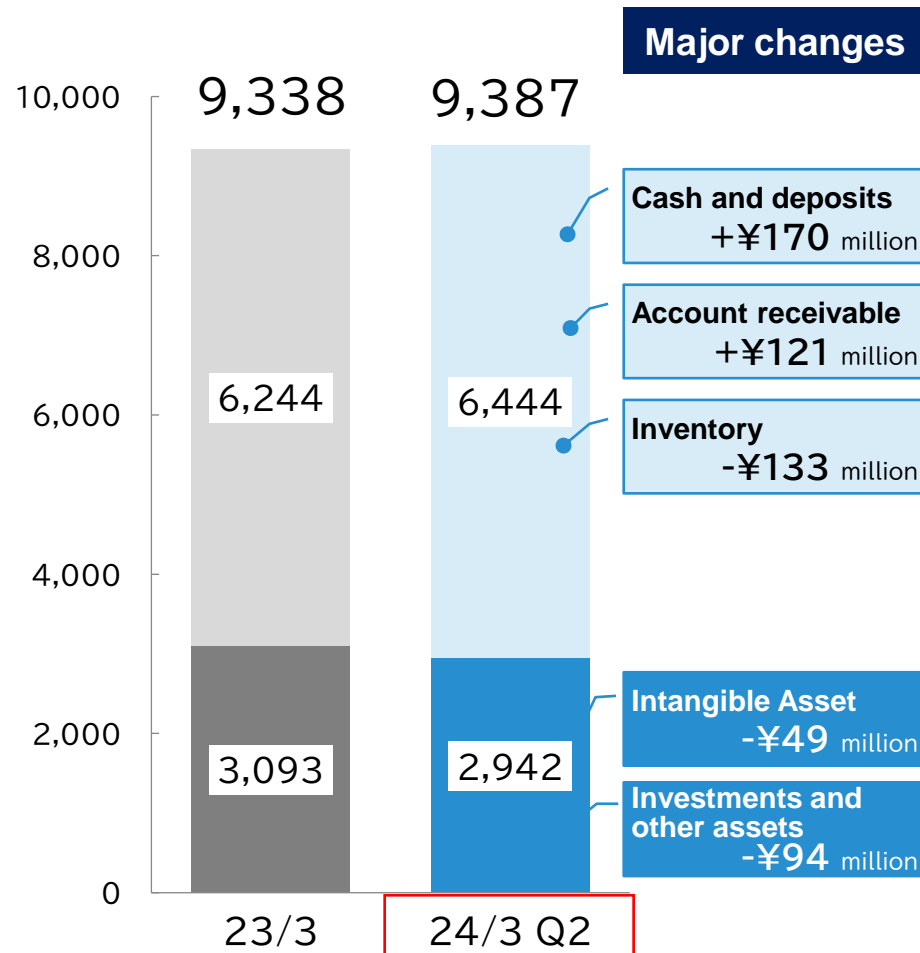


# Balance Sheet

## Assets

● Total assets: **9.3 billion yen**

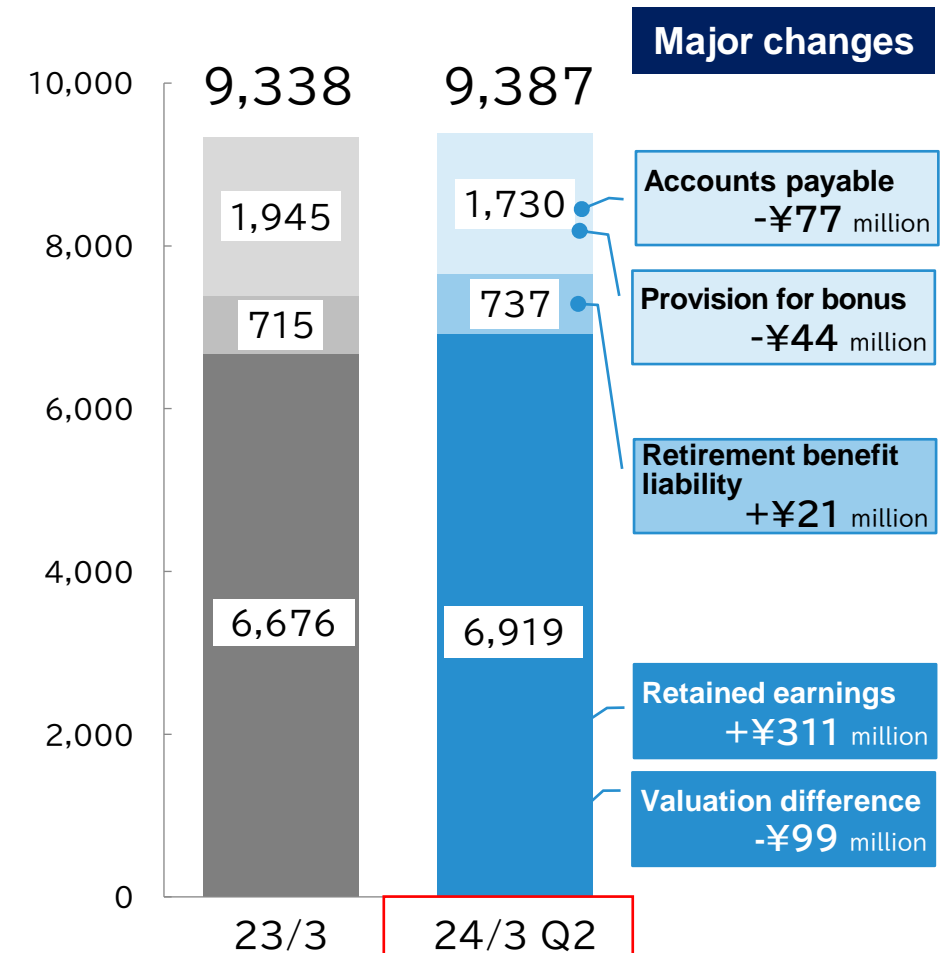
(Million yen)    ■ Current assets   ■ Non-current assets



## Liabilities and net assets

● Equity ratio : **72.2 %**

(Million yen)    ■ Current liabilities   ■ Non-current liabilities   ■ Net assets



## Cash flows

(Million yen)	FY' 23/3 Q2	FY' 24/3 Q2	Factors
<b>Operating activities</b>	288	392	<ul style="list-style-type: none"> <li>• Net income before income taxes 739</li> <li>• Depreciation 70</li> <li>• Decrease (increase) in inventories 73</li> <li>• Increase (decrease) in accounts payable – other (69)</li> <li>• Income taxes paid (272)</li> </ul>
<b>Investing activities</b>	(65)	(34)	<ul style="list-style-type: none"> <li>• Purchase of property, plant and equipment (16)</li> </ul>
<b>Financing activities</b>	(168)	(187)	<ul style="list-style-type: none"> <li>• Dividends paid (186)</li> </ul>
<b>Cash and cash equivalents at end of Q2</b>	2,862	3,562	

**FY'24/3 Q2 Financial Results**

**FY'24/3 Forecast**

## FY'24/3 Full-year forecasts

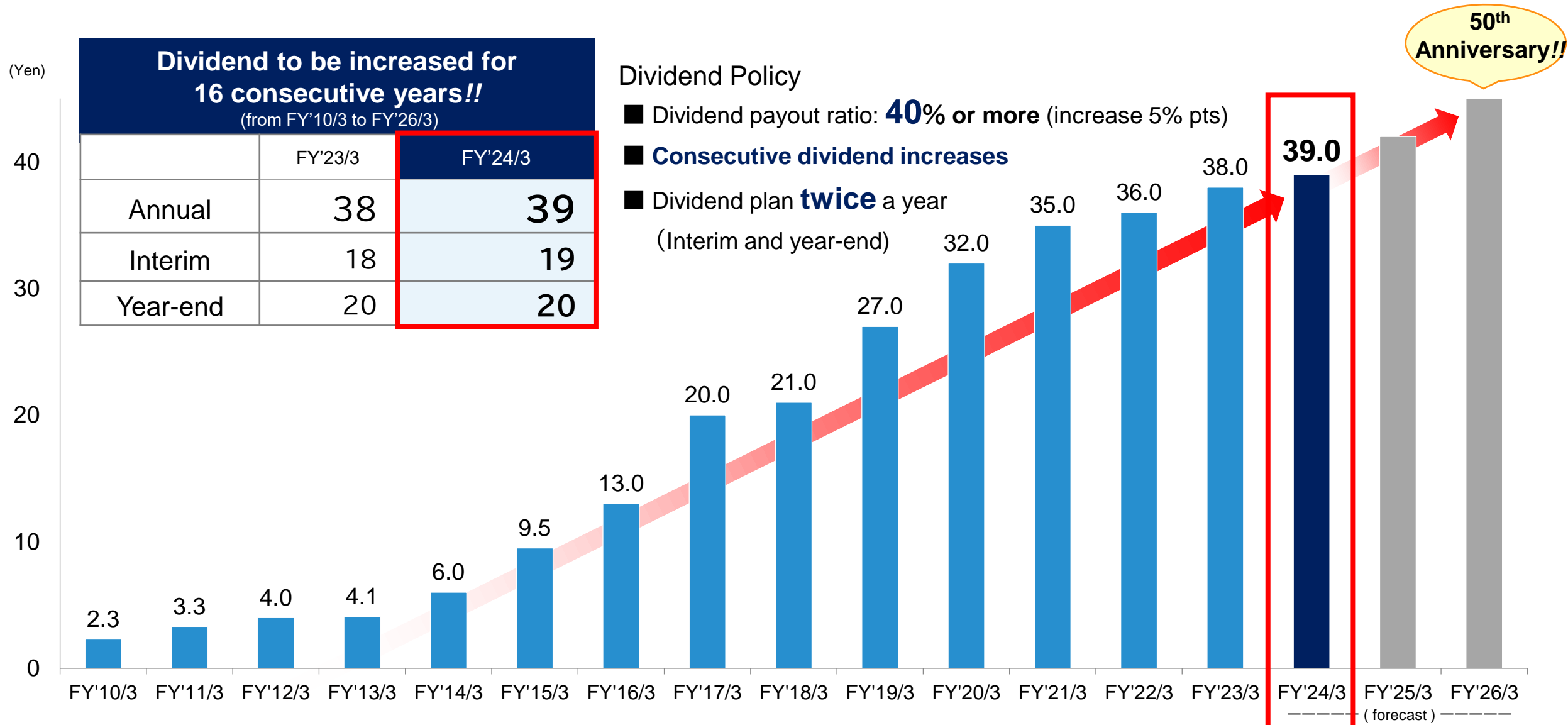
**Highest sales, operating income and operating income margins to date!!**

【ICT Trends】 **Growth and expansion themes: DX and digitalization / Digital data utilization** / Business efficiency improvement

【Customer Trends】 **Resumption of projects** (suspended or postponed due to COVID19) / **New ICT investment** (DX, digitalization)

(Million Yen)	FY'23/3	FY'24/3			
	Results	Results	Increase/ decrease	Ratio of change %	Point
<b>Net sales</b>	12,842	<b>13,600</b>	<b>757</b>	<b>5.9</b>	<b>[Net sales]</b> ・Update ' <b><u>Record-high sales</u></b> ' (Record-high: 13.51 billion yen in FY'21/3) ・Growth driver: Energy (electric), DX, Solutions, etc.
Social Infrastructure Business	7,203	<b>7,800</b>	596	8.3	
Advanced Industry Business	5,638	<b>5,800</b>	161	2.9	
<b>Operating income</b>	1,210	<b>1,300</b>	<b>89</b>	<b>7.4</b>	<b>[Profits]</b> ・Update ' <b><u>Record high operating profit</u></b> ' (Record high: 1.28 billion yen in FY'21/3) ・Revision of remuneration (Compensation increase: <b>5%</b> or more) - Already factored in cost of sales and SG&A ・Strategic investment (Recruitment, HR development, reskilling, etc.)
Operating income margin(%)	9.4	9.6	-	-	
<b>Ordinary income</b>	1,244	<b>1,340</b>	<b>95</b>	<b>7.7</b>	・Revision of remuneration (Compensation increase: <b>5%</b> or more) - Already factored in cost of sales and SG&A ・Strategic investment (Recruitment, HR development, reskilling, etc.)
Ordinary income margin (%)	9.7	9.9	-	-	
<b>Net income attributable to owners of parent</b>	841	<b>897</b>	<b>55</b>	<b>6.6</b>	・Strategic investment (Recruitment, HR development, reskilling, etc.)
Net income margin(%)	6.6	6.6	-	-	

# Dividend forecast





# Shareholder benefits

## Eligible shareholders and timing

### ■ Frequency of distribution

:Twice a year

(As of Sep.30 and Mar. 31)

### ■ Timing of the benefits

- **200** shares to less than **4,000** shares

Preferential gifts will be sent out in Dec. and Jun.

- **4,000** shares or more

Catalogs will be sent out in Nov. and May

## Details of benefits

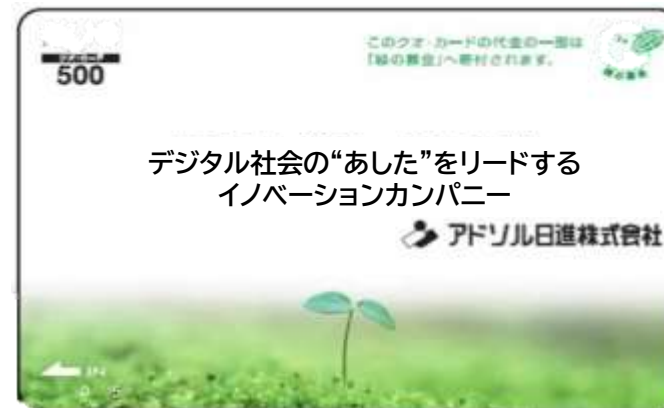
### ■ 200 shares to less than 4,000 shares

QUO Card with 'Green Fundraising'

- **200** shares to less than **1,000** shares; **500** yen
- **1,000** shares to less than **2,000** shares; **1,000** yen
- **2,000** shares to less than **4,000** shares; **1,500** yen

### ● Benefit for long-term holding

2 additional QUO Cards (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 shareholder benefit catalog with a choice of Kishu Ume, Mikan juice, Mikan jelly, soy sauce, rice, and other items (One item from those worth 3,000 yen)



(Note) Product image for illustration purposes only.  
Actual product may vary.

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