

*May 11, 2021*

## Notification on the Formulation of a New Medium-Term Management Plan

We hereby inform you that Ad-Sol Nissin Corporation has established **Vision 2026** leading up to the fiscal year ending March 2026, which marks the 50<sup>th</sup> anniversary of its founding, and has formulated a **new medium-term management plan** with the fiscal year ending March 2024 as the final year.

### 1. Toward the 50<sup>th</sup> anniversary of our founding

Since our founding in 1976, we have expanded our business from the development of power control systems. Nowadays, we contribute to the digital transformation of manufacturing in Japan by providing **ICT systems that support social infrastructure and daily lives** in fields such as “energy (electric power and gas),” “transportation,” “next-generation communication,” “public services and disaster prevention,” and “digital services.” In addition, we offer **advanced digital technology that provides security** for “smart mobility,” “advanced medical care,” and “industrial equipment.”

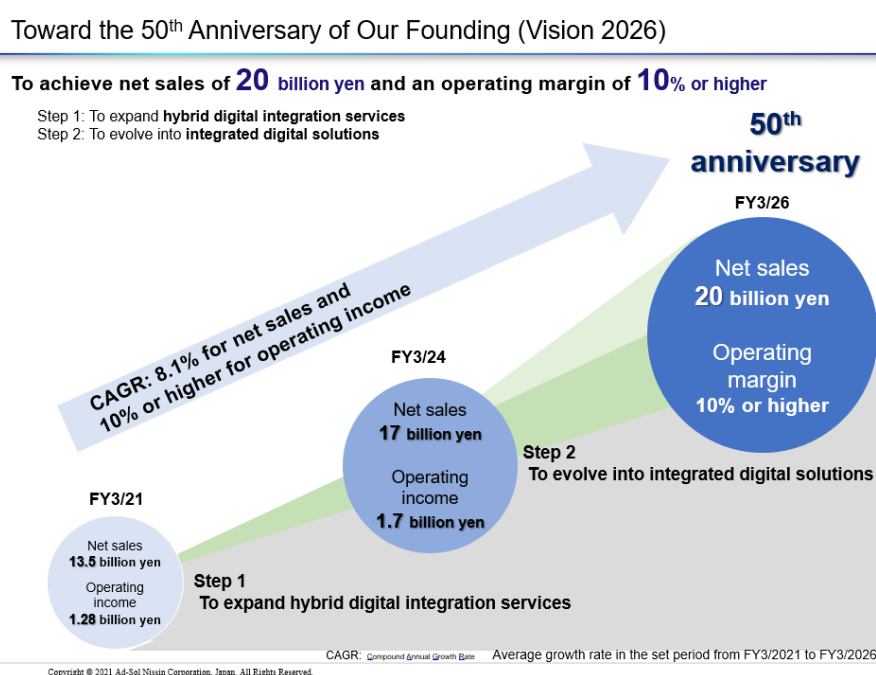
We have been working to provide **cutting-edge, high-quality ICT systems** through **research and development** by San Jose Silicon Valley in the United States and industry-academia collaborations and construction of a **global delivery system** that connects the Asia-ASEAN region.

In terms of business performance, since the fiscal year ended March 2011, we have **increased profit for the 11<sup>th</sup> consecutive term** and **increased the dividend for the 11<sup>th</sup> consecutive term**.

We have formulated a **vision** and a **new medium-term management plan** with the fiscal year ending March 2026, which marks half a century since our founding, as a milestone.

### 2. Vision 2026

The vision for the fiscal year ending March 2026, which marks the 50<sup>th</sup> anniversary of our founding, is to achieve **net sales of 20 billion yen** and **an operating margin of 10% or higher**.



## **1) Recognition of the market and environment**

•While there are anxiety and expectations regarding economic recovery due to the threat of the novel coronavirus variants and the distribution of vaccines, there is a **steady demand for ICT investments that improve corporate competitiveness.**

•Efforts to utilize **digital data** for “corporate transformation” and “creation of new businesses and services” are in full swing by both public and private sectors.

•Efforts using ICT are progressing in all fields such as “environment,” “energy,” “natural disasters,” and “work styles” **to realize a sustainable society (the achievement of SDGs).**

## **2) Outline of our strategy**

### **[Target market]**

In the **energy field (power and gas)**, which has undergone deregulation and demerger, **ICT investment demand is exceptionally high** in areas such as carbon neutrality, energy efficiency improvement, smart grids, ICT for security inspections, natural disaster response (resilience), and response to aging. Thus, we have set this field as our **most critical target market** and will work to expand our business foundation.

### **[Provided value]**

(1) Step 1: We will work to provide our original **hybrid digital integration services** that contribute to the early achievement of our customers’ business transformation by adopting **a high-speed development method** and incorporating **digital technology and cloud services** into conventional system integration.

(2) Step 2: For Vision 2026, we will evolve into a company providing **integrated digital solutions** that combine **our original advanced value solutions** with the hybrid digital integration services to further contribute to innovations for our customers.

## **3. New Medium-Term Management Plan (4/2021 - 3/2024)**

We aim to be a **brilliant engineering company that co-creates the future through innovation together with our customers to realize the safety and security of people’s lives and communities, as well as achieve a sustainable society that is comfortable and environmentally friendly.**

### **1) Slogan**

**“To become an engineering company that co-creates the future through innovation”**

## 2) Target management index

	FY3/21 (Actual earnings)		FY3/22 (plan)	FY3/23 (plan)	FY3/24 (plan)
Net sales	13,518 million yen		14,200 million yen	15,400 million yen	17,000 million yen
Operating income	1,285 million yen		1,350 million yen	1,500 million yen	1,700 million yen
Net income	898 million yen		910 million yen	980 million yen	1,120 million yen
Net income per share	97.3 yen		98.4 yen	105.9 yen	121.0 yen
ROE	17.2%		*We aim for 15% or higher every term.		

## (3) Priority strategies

<b>Growth strategy</b>	<ul style="list-style-type: none"> <li>•We aim to become a profitable and growing company by developing <b>hybrid digital integration services</b> for social infrastructure and all industries, and by creating and providing <b>integrated digital solutions</b> that realize <b>innovation</b>.</li> </ul>
<b>Business strategy</b>	<ul style="list-style-type: none"> <li>◆<b>Social Infrastructure Business</b> <ul style="list-style-type: none"> <li>•We will establish a new revenue base with <b>hybrid digital integration services</b> in social infrastructure, focusing on “energy,” “transportation,” “next-generation communication,” and “public services and disaster prevention.”</li> <li>•We will promote <b>DX in social infrastructure companies</b> and contribute to the realization of business reforms and the creation of new services that will lead to the improvement in productivity and profitability.</li> </ul> </li> <li>◆<b>Advanced Industry Business</b> <ul style="list-style-type: none"> <li><b>We will promote DX and IoT</b> in advanced “Japanese manufacturing” such as “smart mobility” and “advanced medical care.”</li> <li>•We will work to provide <b>data utilization services</b> that utilize digital technology to improve the efficiency of “industry and distribution,” and to conduct digital marketing, etc.</li> <li>•We will create and provide <b>value solutions</b> by integrating our unique and innovative key technologies (security, map information, IoT).</li> <li>•We will work to provide a digital service platform that will accelerate the shift to <b>DX for our customers</b>.</li> </ul> </li> </ul>
<b>Alliance strategy</b>	<ul style="list-style-type: none"> <li>•We will aggressively pursue capital alliances and M&amp;As for the growth of the <b>Ad-Sol Group</b>.</li> <li>•Through partnerships with pioneering companies in Japan and overseas, we will build an ecosystem and co-create <b>advanced solutions and services</b>.</li> </ul>
<b>Global strategy</b>	<ul style="list-style-type: none"> <li>•We will continue to expand our development system in <b>Asia and the ASEAN region</b> to support the growth of our Social Infrastructure Business and Advanced Industry Business.</li> <li>•We will create new <b>digital innovation services</b> to expand our business globally.</li> </ul>

<p><b>Digital strategy</b></p>	<ul style="list-style-type: none"> <li>•In addition to joint research with universities and research institutes in Japan and overseas, and collaboration with other companies, we will take on the challenge of creating <b><u>new key technologies</u></b> by utilizing the Adsol-Nissin San Jose R&amp;D Center, Inc. in the United States.</li> <li>•We are working on the research and development of advanced and high-speed development technologies required in the digital society, as well as <b><u>new integration services</u></b> that adapt to the diversifying development styles.</li> </ul>
<p><b>Corporate strategy</b></p>	<ul style="list-style-type: none"> <li>•We will work to develop <b><u>professional human resources</u></b> who can lead innovation through recruitment and training that fosters diversity.</li> <li>•We aim to realize a <b><u>work style reform</u></b> that allows each and every employee to engage in their tasks proactively and feel comfortable and fulfilled in their work.</li> <li>•We will rebuild our business platform and accelerate <b><u>digital innovation</u></b> within the Group.</li> </ul>
<p><b>Initiatives for the SDGs</b></p>	<ul style="list-style-type: none"> <li>•Business activities We will <b><u>contribute to the realization of a sustainable society</u></b> in the fields of environmental issues, industrial and technological innovation, etc., by evolving the technologies, know-how, and solutions we have cultivated through the provision of safe and secure social infrastructure, ICT systems, and advanced digital technologies that protect and support our daily lives.</li> <li>•Corporate activities We will continue our efforts to reduce CO<sub>2</sub> and waste emissions in order to respond to <b><u>climate change and environmental protection</u></b>. We will also engage in <b><u>industry-academia collaboration activities, etc.</u></b> that contribute to the health and welfare, and the development of ICT human resources.</li> </ul>

**4) Shareholder return policy**

Our policy is to return profits to shareholders **with a dividend payout ratio of 35% or more**, as a means of distributing profits based on business performance, while proactively making strategic investments to achieve sustainable growth and enhance corporate value.

**[Ad-SOL Nissin Company Profile]**

Company name	Ad-Sol Nissin Corporation																																																				
Headquarters	4-1-8 Konan, Minato-ku, Tokyo																																																				
Bases	Osaka, Fukuoka, Sendai, USA (San Jose)																																																				
Founding	March 13, 1976																																																				
Business overview	Provision of ICT systems for social infrastructure and advanced industries, and development and provision of solutions (security, IoT, GIS, short-range wireless devices, etc.) to realize DX																																																				
Capital	550 million yen																																																				
Representative	Tomizo Ueda, President and CEO																																																				
Number of employees	1,164 (the entire group)																																																				
Account closing month	March																																																				
Market	First Section of Tokyo Stock Exchange																																																				
Stock code	3837																																																				
Group companies	<p>[USA] Adsol-Nissin San Jose R&amp;D Center, Inc.</p> <p>[Japan] Ad-Sol Asia Corporation Human Techno System Holdings Co., Ltd.</p>																																																				
Business performance	<p><b>Variation in Performance (From FY3/10)</b></p> <p>Legend:  <span style="color: blue;">■</span> Net sales (left axis: 100 million yen)  <span style="color: green;">■</span> Operating income (right axis: 100 million yen)  <span style="color: red;">◆</span> Operating margin (broken line: %)</p> <table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>Net sales (100 million yen)</th> <th>Operating income (100 million yen)</th> <th>Operating margin (%)</th> </tr> </thead> <tbody> <tr><td>10/3</td><td>65.8</td><td>0.6</td><td>0.9</td></tr> <tr><td>11/3</td><td>70.9</td><td>1.8</td><td>2.5</td></tr> <tr><td>12/3</td><td>77.2</td><td>2.0</td><td>2.59</td></tr> <tr><td>13/3</td><td>80.8</td><td>2.1</td><td>2.60</td></tr> <tr><td>14/3</td><td>84.3</td><td>3.0</td><td>3.6</td></tr> <tr><td>15/3</td><td>90.3</td><td>4.0</td><td>4.4</td></tr> <tr><td>16/3</td><td>104.6</td><td>5.4</td><td>5.2</td></tr> <tr><td>17/3</td><td>116.3</td><td>7.6</td><td>6.5</td></tr> <tr><td>18/3</td><td>109.9</td><td>8.3</td><td>7.6</td></tr> <tr><td>19/3</td><td>121.9</td><td>10.1</td><td>8.3</td></tr> <tr><td>20/3</td><td>133.1</td><td>12.1</td><td>9.1</td></tr> <tr><td>21/3</td><td>135.1</td><td>12.8</td><td>9.5</td></tr> </tbody> </table>	Fiscal Year	Net sales (100 million yen)	Operating income (100 million yen)	Operating margin (%)	10/3	65.8	0.6	0.9	11/3	70.9	1.8	2.5	12/3	77.2	2.0	2.59	13/3	80.8	2.1	2.60	14/3	84.3	3.0	3.6	15/3	90.3	4.0	4.4	16/3	104.6	5.4	5.2	17/3	116.3	7.6	6.5	18/3	109.9	8.3	7.6	19/3	121.9	10.1	8.3	20/3	133.1	12.1	9.1	21/3	135.1	12.8	9.5
Fiscal Year	Net sales (100 million yen)	Operating income (100 million yen)	Operating margin (%)																																																		
10/3	65.8	0.6	0.9																																																		
11/3	70.9	1.8	2.5																																																		
12/3	77.2	2.0	2.59																																																		
13/3	80.8	2.1	2.60																																																		
14/3	84.3	3.0	3.6																																																		
15/3	90.3	4.0	4.4																																																		
16/3	104.6	5.4	5.2																																																		
17/3	116.3	7.6	6.5																																																		
18/3	109.9	8.3	7.6																																																		
19/3	121.9	10.1	8.3																																																		
20/3	133.1	12.1	9.1																																																		
21/3	135.1	12.8	9.5																																																		