

Financial Results for FY3/21 New Mid-term Management Plan

TSE1 3837



Tomizo Ueda, President and CEO

Part 1: Summary of FY3/21 Results

Part 2: New Mid-term Management Plan

A stylized graphic of a person's head and shoulders. The head is a solid black circle. The shoulders and upper torso are represented by a blue shape that is partially cut off by the left edge of the frame. The background is a dark grey diagonal band that runs from the bottom left towards the top right.

2021

April 1, 2020 - March 31, 2021

FY3/21

Financial Results

 Ad-Sol Nissin Corp.

Sales and profits reached record-highs!!

Sales

13.518 billion yen

(YoY: +**1.5%**)

**Operating
income**

1.285 billion yen

(YoY: +**5.9%**)

Dividends

35 yen

(YoY: +**3** yen)

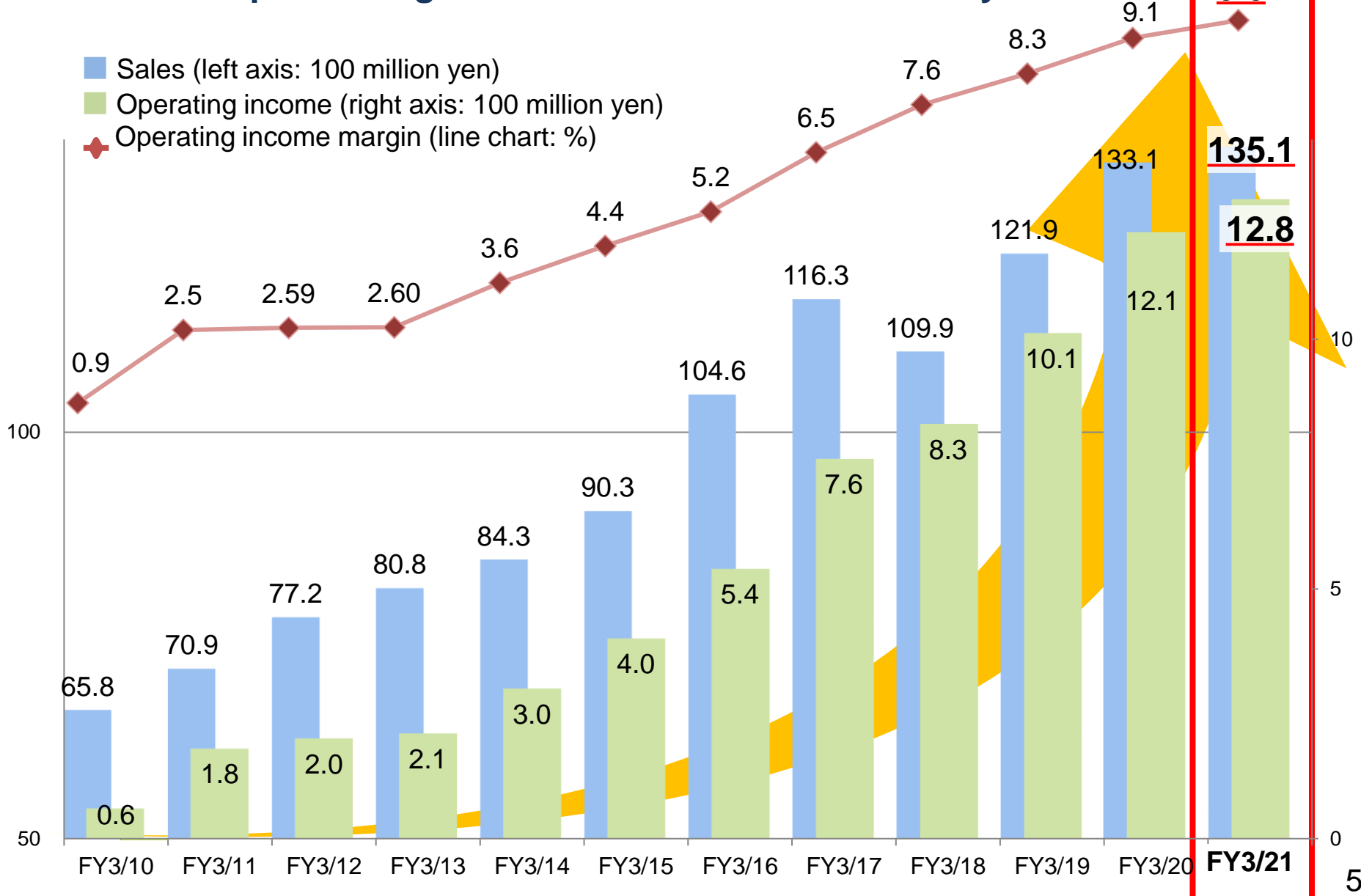
Segment information

■ Infrastructure Business: Expansion in energy(electricity / gas) field

■ Advanced industry business: Control system(Next-generation EV Automobiles etc.,) progressed as planned

Variation in Performance (From FY3/10)

◆ Profits and profit margin increased for 11 consecutive years



◆ Operating profit margin: 9.5% (Record-high!!)

(Unit: million yen)

	FY3/20		FY3/21		YoY	
	Result	Ratio to sales %	Result	Ratio to sales %	Increase/decrease	Pct. change
Sales	13,315	-	13,518	-	203	1.5
Social Infrastructure Business	8,069	60.6	8,585	63.5	515	6.4
Advanced Industry Business	5,245	39.4	4,933	36.5	△312	△6.0
Gross profit	3,284	24.7	3,329	24.6	45	1.4
SG&A expenses	2,070	15.5	2,044	15.1	△25	△1.2
Operating income	1,213	9.1	1,285	9.5	71	5.9
Ordinary income	1,236	9.3	1,314	9.7	78	6.3
Net income attributable to owners of parent	824	6.2	898	6.6	74	9.0

* 1: From FY3/21, Ad-sol Asia Co., Ltd. (a wholly owned subsidiary, starting business on April 1, 2020) has been added to the scope of consolidation. For this reason, the financial results for FY3/20 in this materials are presented with reference to the parent company's non-consolidated figures (the same applies to comparative figures).

* 2: From FY3/21, we have changed the segment of Travel-related business to the Advanced Industry Business, which has a high affinity from the business and technical aspects. For this reason, sales by segment for FY3/20 have been adjusted to reflect the reclassification of travel-related business.

Sales by Segment

- ◆ **Social Infrastructure Business** : Energy (electricity and gas)
- ◆ **Advanced Industry Business** : Medical, Next-Generation Automobiles (advanced EV, automatic driving), Payment

(Unit: million yen)

		FY3/20		FY3/21		YoY	
		Result	Ratio to sales %	Result	Ratio to sales %	Increase/decrease	Pct. change
Sales		13,315	-	13,518	-	203	1.5
Social Infrastructure Business		8,069	60.6	8,585	63.5	515	6.4
	Energy	6,863	51.5	7,309	54.1	446	6.5
	Traffic/Transportation	524	3.9	523	3.9	△0	△0.2
	Public works	160	1.2	197	1.5	37	23.0
	Communications/network	521	3.9	554	4.1	32	6.3
Advanced Industry Business		5,245	39.4	4,933	36.5	△312	△6.0
	Control system	1,943	14.6	1,889	14.0	△54	△2.8
	Foundation system	2,752	20.7	2,517	18.6	△234	△8.5
	Solution	550	4.1	526	3.9	△23	△4.2

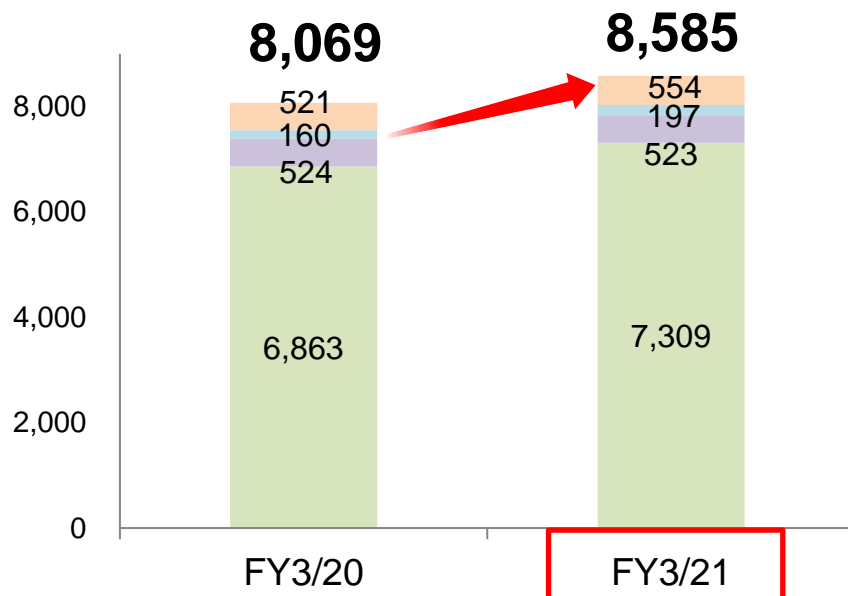
Orders received

- **Energy**
 - Energy: Demand for system renewal after electricity deregulation, new business domains, etc.
 - Gas: Support for spin-offs, base systems, DX/efficiency-related
- **Traffic/Transportation**
 - Space-related: Progressed as planned
- **Communications/network**
 - Next-generation communications (5G): Remained firm

Sales

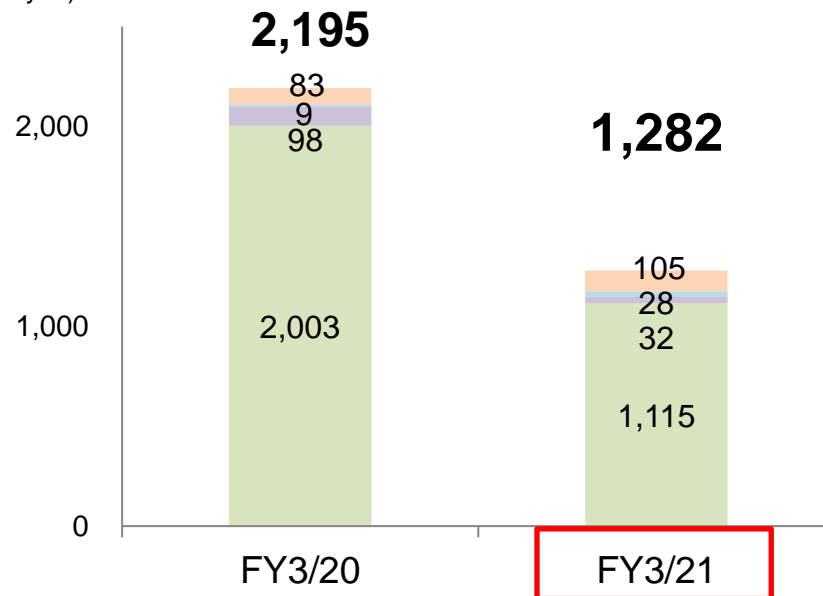
Up 6.4%

(Million yen)



Order backlog

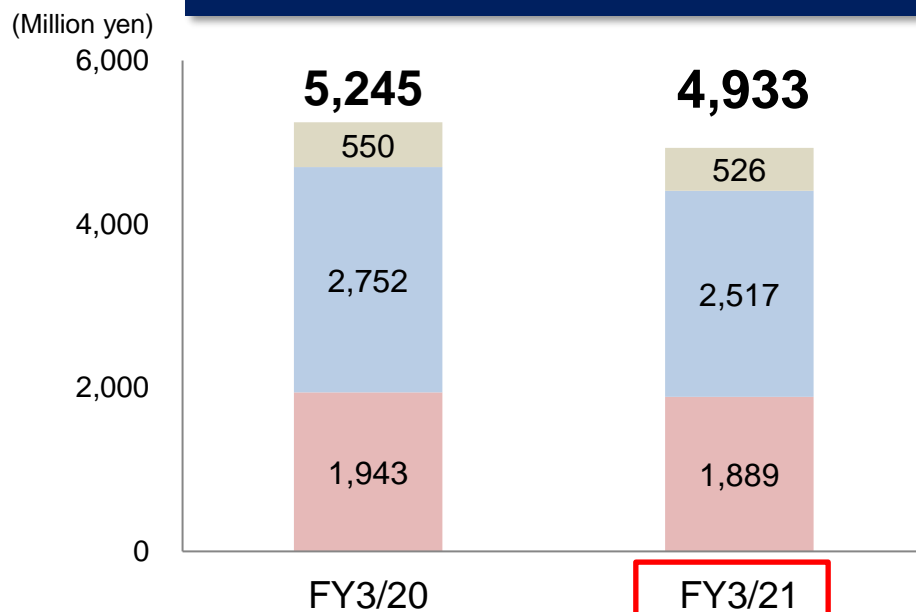
(Million yen)



Orders received

- **Control system**
 - Next-generation vehicles, IoT base etc.: Progressed as planned
 - Medical, Healthcare: Some development schedules were postponed
- **Foundation system**
 - Settlement base system-related : Progressed as planned, expanded support domains
 - Services-related: Reduced or postponed in some areas
- **Solution**
 - LynxSECURE: Remote work by local government : Secure laptop
 - Continued demonstration experiment (Hyogo Prefecture, Ashiya City)
 - Promotion of proposal activities (local governments and private companies nationwide)
 - GIS (Geographic information system): Strengthened and expanded the solution services

Sales

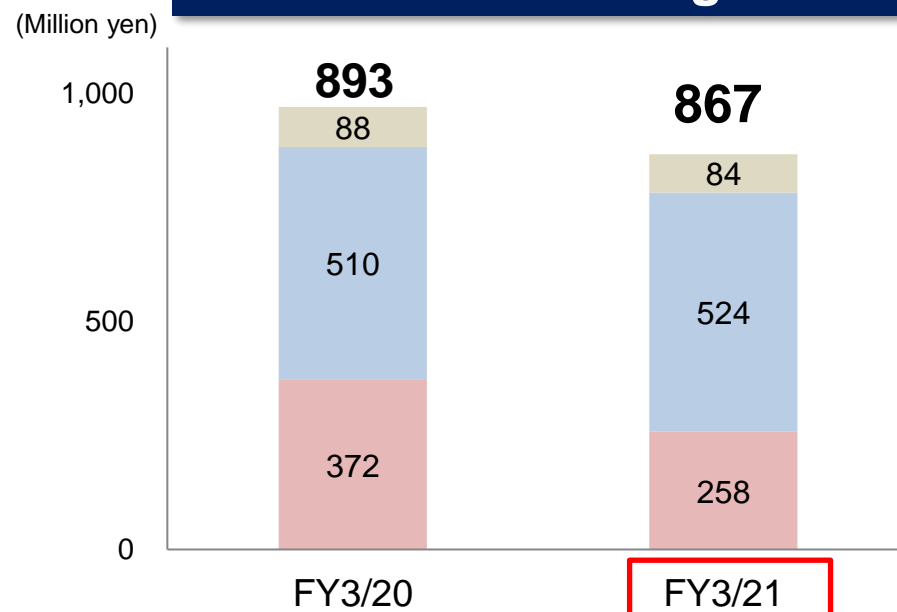


Control system

Foundation system

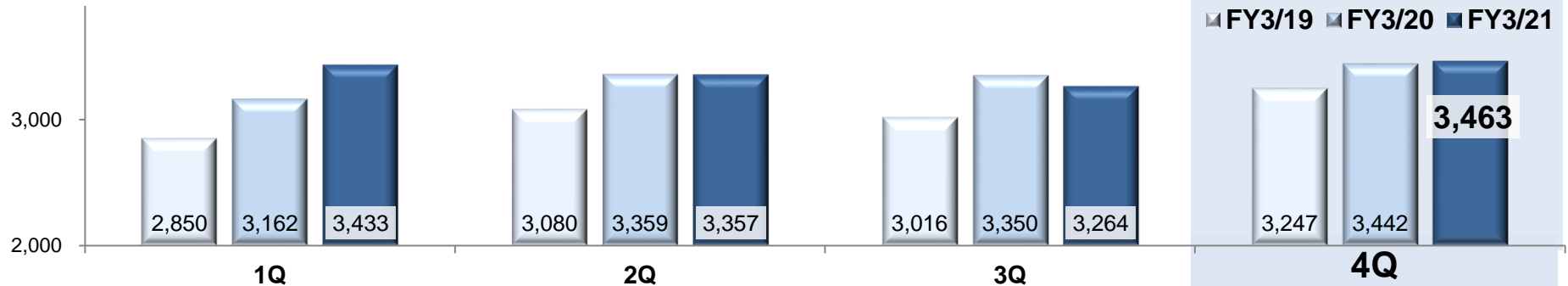
Solution

Order Backlog

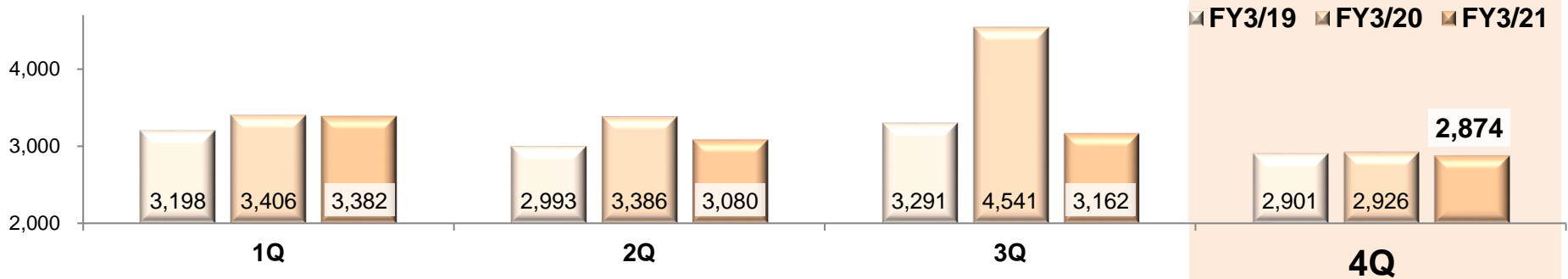


Quarterly Trends

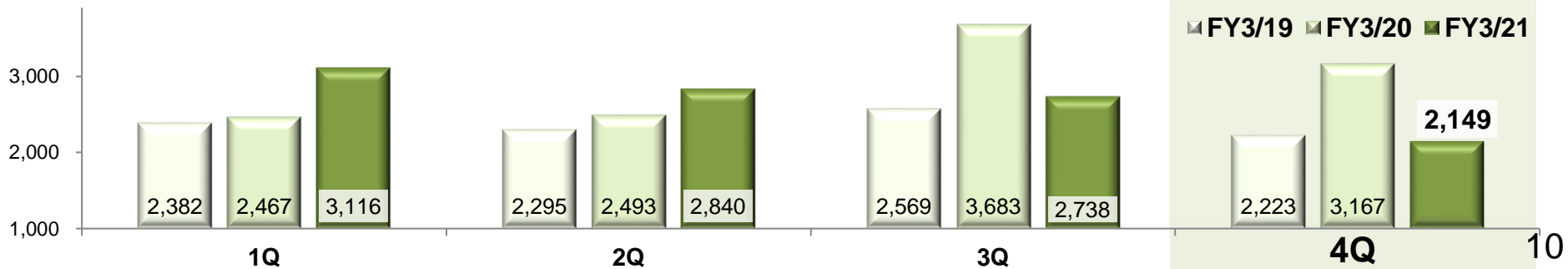
Sales



Orders received

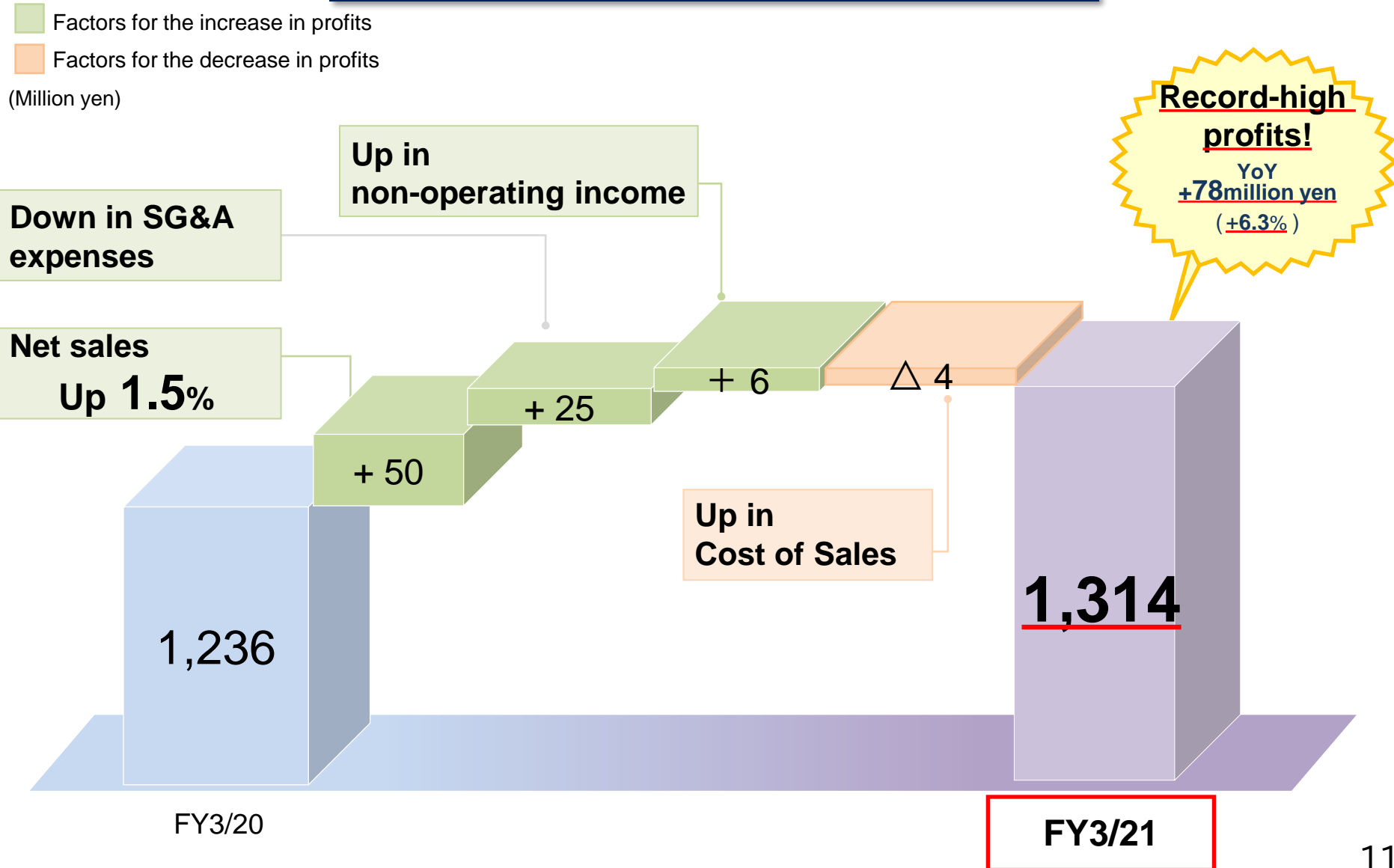


Order Backlog



Analysis of Ordinary income

Main driving factors in YoY change

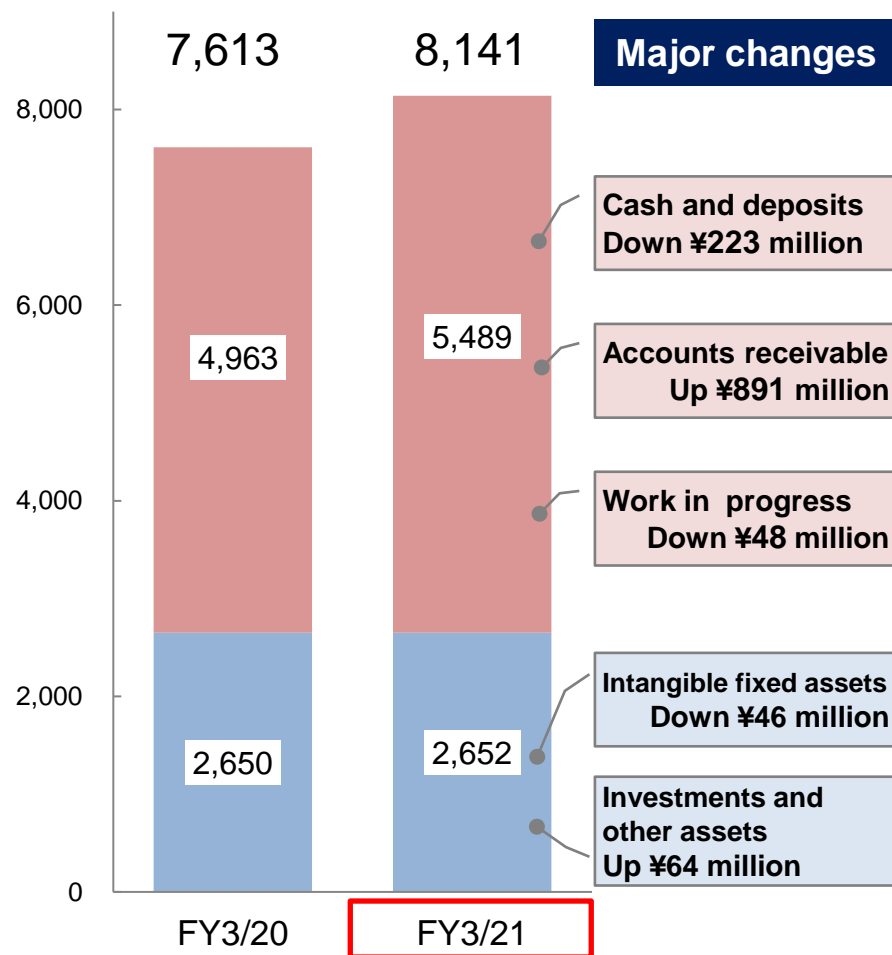


Balance Sheet (YoY)

Assets

● Total assets: **8.1 billion yen**

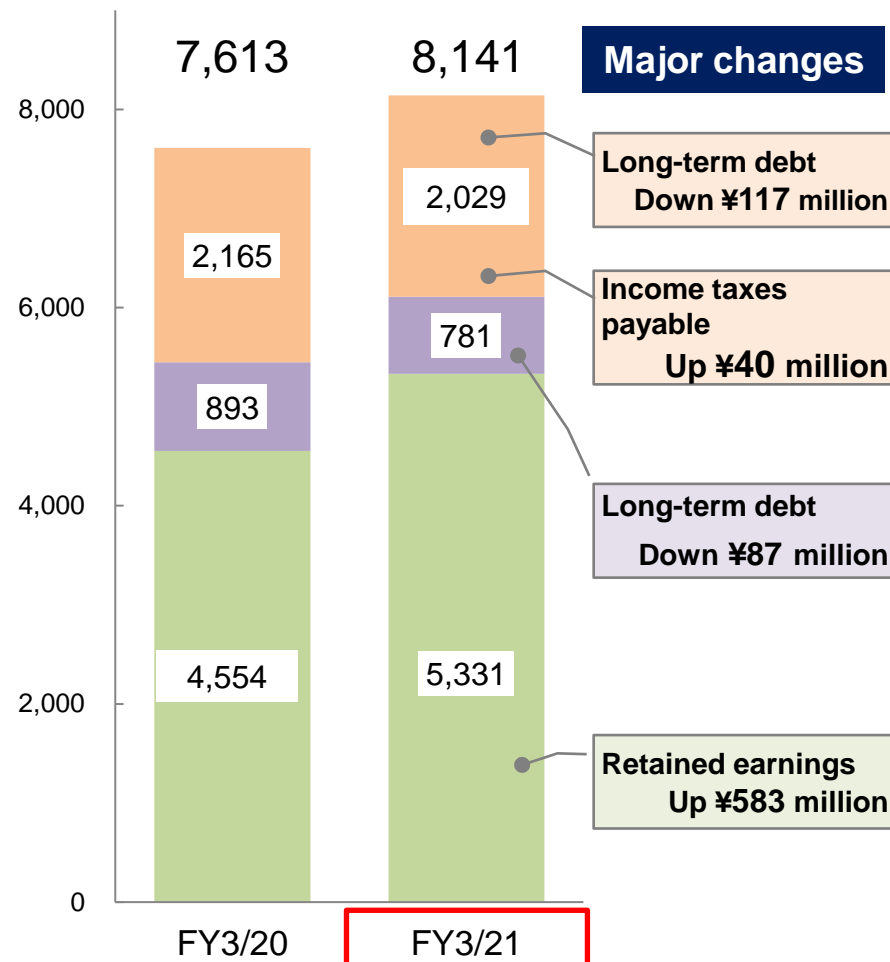
(Million yen) ■ Current assets ■ Fixed assets



Liabilities and net assets

● Equity ratio: **64.0%** (+5.7P)

(Million yen) ■ Current liabilities ■ Fixed liabilities ■ Net assets



Outline

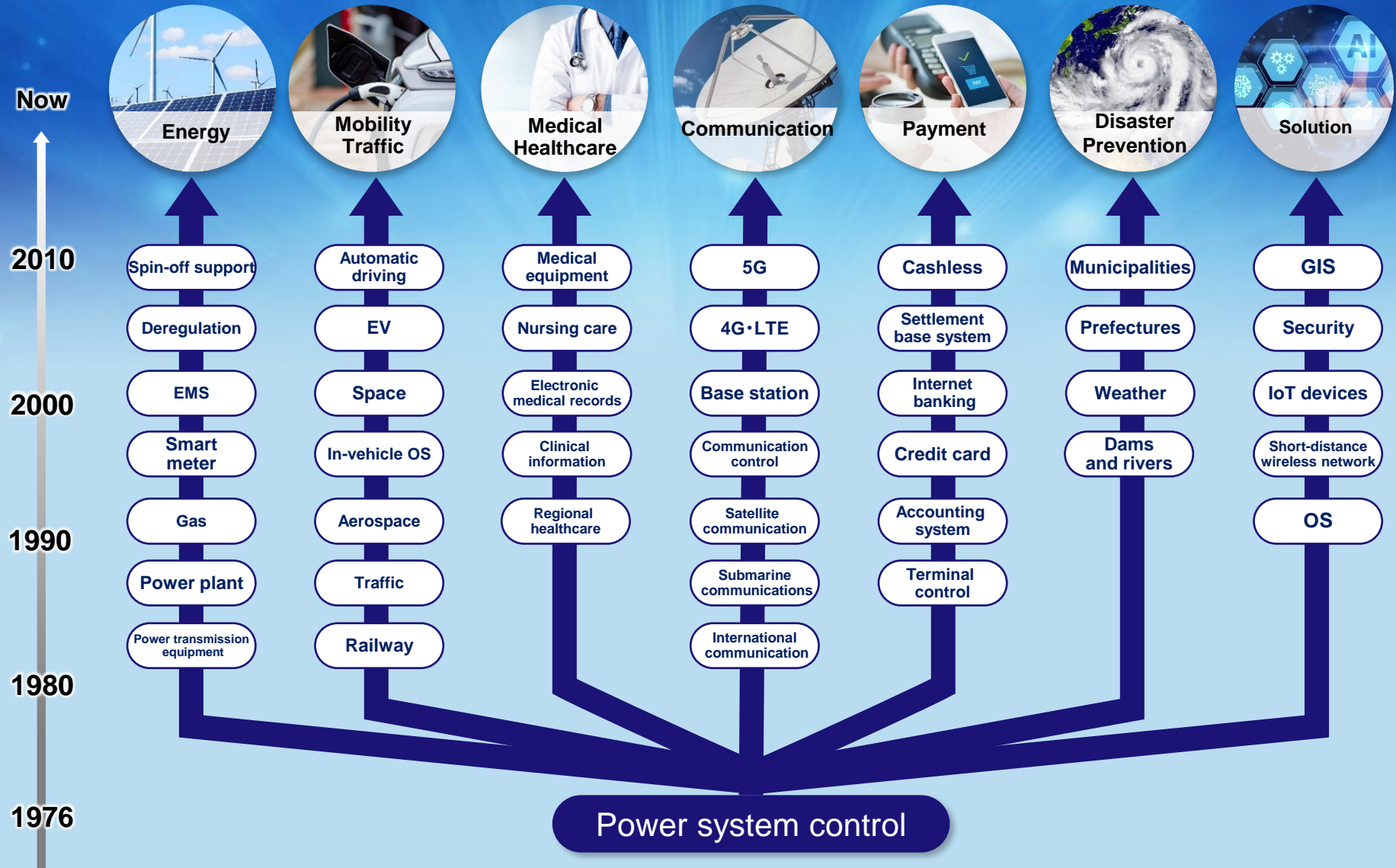
(Million yen)	FY3/20	FY3/21	Change factors	
Operating activities	1,208	187	• Income before income taxes	1,343
			• Decrease in inventory assets	49
			• Depreciation and amortization	90
			• Income taxes paid	△434
			• Decrease in accounts payable-other	△25
			• Increase in notes and accounts receivable-trade	△805
			• Decrease in trade payables	△57
Investing activities	△596	△6	• Purchase of property, plant and equipment	△17
			• Proceeds from sale of investment securities	22
			• Expenditures for deposits and guarantees	△5
Financing activities	△85	△481	• Repayment of long-term loans payable	△205
			• Cash dividends paid	△313
Cash and cash equivalents at end of period	1,899	1,675		

**To become an engineering company
co-creating the future through innovation**


New Mid-term Management Plan

(April 2021 - March 2024)

Evolving business domains



"ICT solution" and "Advanced Technology" for **Safety/Security/Comfort/Environmental**



Energy (electricity/gas)

- Grid/Control
- Smart meter
- Wheeling system
- New electric power
- EMS
- Customer management



Mobility/Traffic Infrastructure

- Next-generation automobiles
- Aviation
- Railways
- Space




Medical/Healthcare

- Electronic medical records
- Medical equipment
- Nursing care facilities
- Regional healthcare



Communication

- 5G wireless station
- Local 5G
- Operational System



Payment

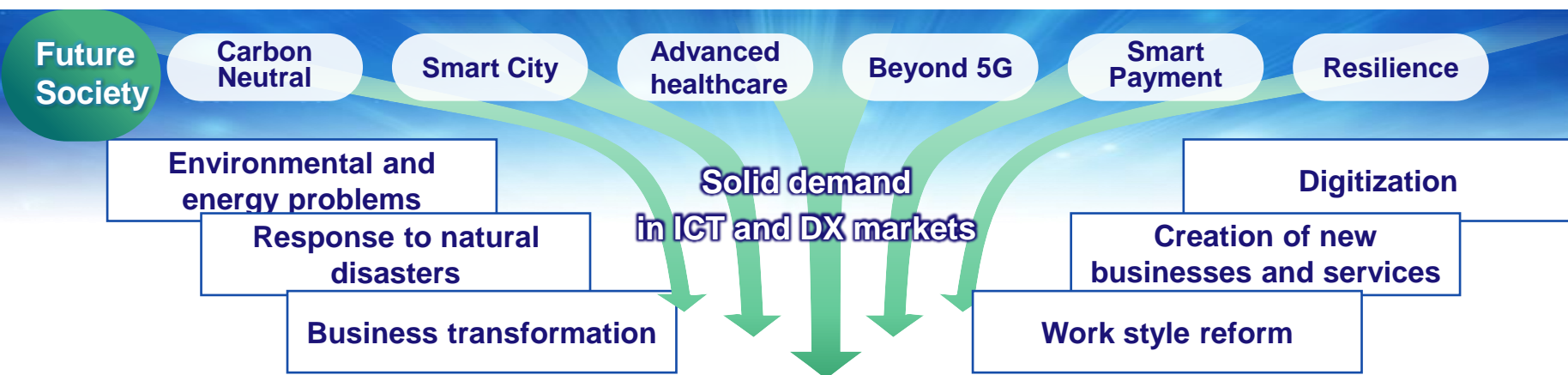
- Credit card
- Settlement base system
- Cashless support



Disaster prevention

- Local government disaster prevention
- Weather
- River basin management and dam monitoring

Ad-Sol provides **values** required for the realization of future society



Expectations on Ad-Sol Nissin

ICT system supporting social infrastructure and livelihoods

Advanced technologies combining AI and security



Large-scale



Advanced / High quality



High-speed development model



R&D Center in San Jose, U.S.A.



Project Management



Global



Industry-academia Collaboration / R&D



AI quality



Energy



Mobility traffic



Medical healthcare



Communication



Payment



Disaster prevention



Solution

To achieve net sales of **20 billion yen** and an operating margin of **10% or higher**

Step 1: To expand **hybrid digital integration services**

Step 2: To evolve into **integrated digital solutions**

**50th
anniversary**

FY3/26

Net sales
20 billion yen

Operating
margin
10% or higher

FY3/24

Net sales
17 billion yen

Operating
income
1.7 billion yen

Step 2

To evolve into integrated digital solutions

FY3/21

Net sales
**13.5 billion
yen**

Operating
income
**1.28 billion
yen**

Step 1

To expand hybrid digital integration services

**CAGR: 8.1% for net sales and
10% or higher for operating income**

CAGR: Compound Annual Growth Rate

Average growth rate in the set period from FY3/2021 to FY3/2026

SUSTAINABLE DEVELOPMENT GOALS

**To become an engineering company
co-creating the future through innovation**

Protecting livelihoods and society
Supporting Japan's manufacturing field

Social Infrastructure

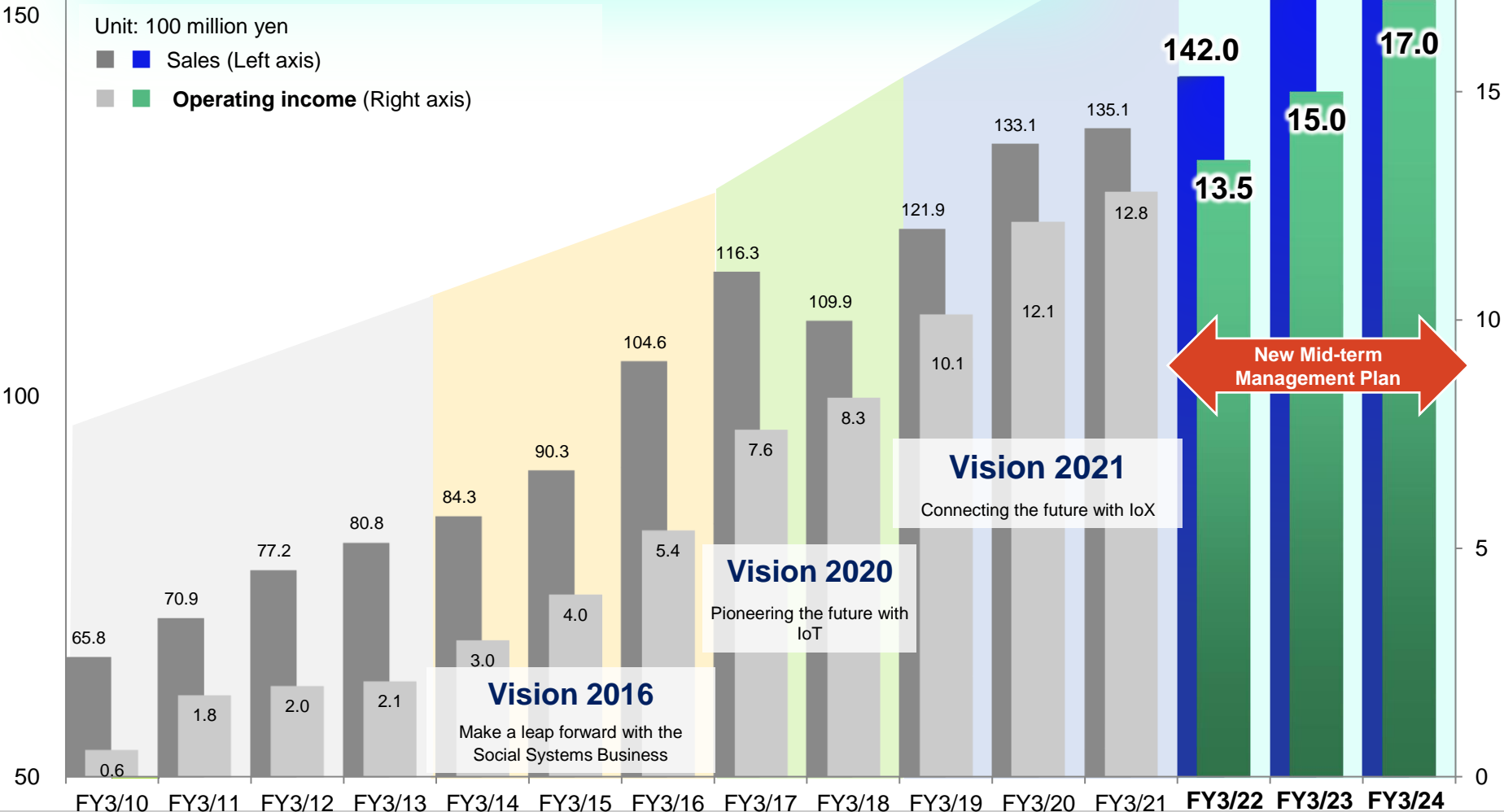


Cutting-edge Technologies



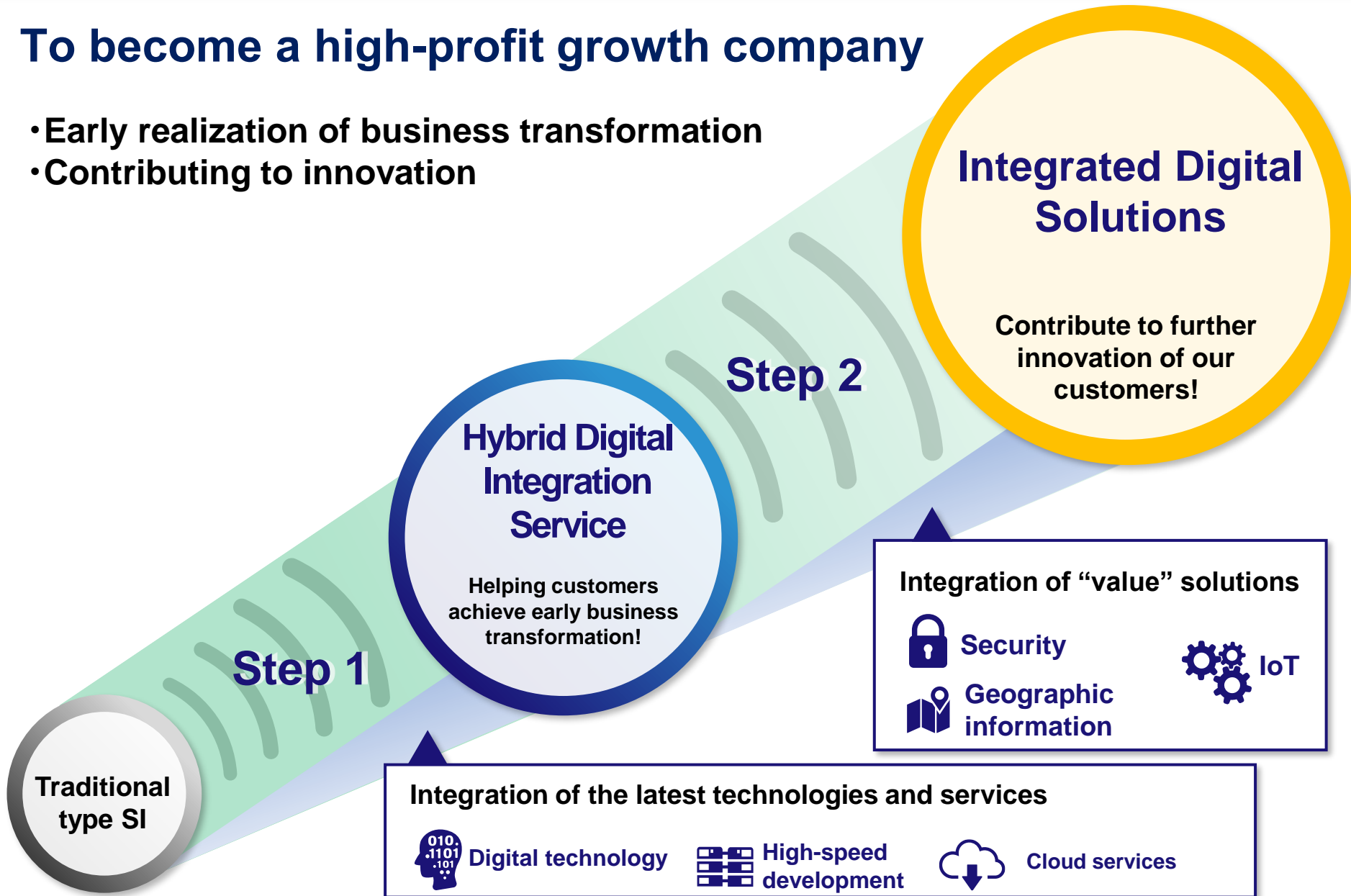
Increase profits for 14 consecutive years!!

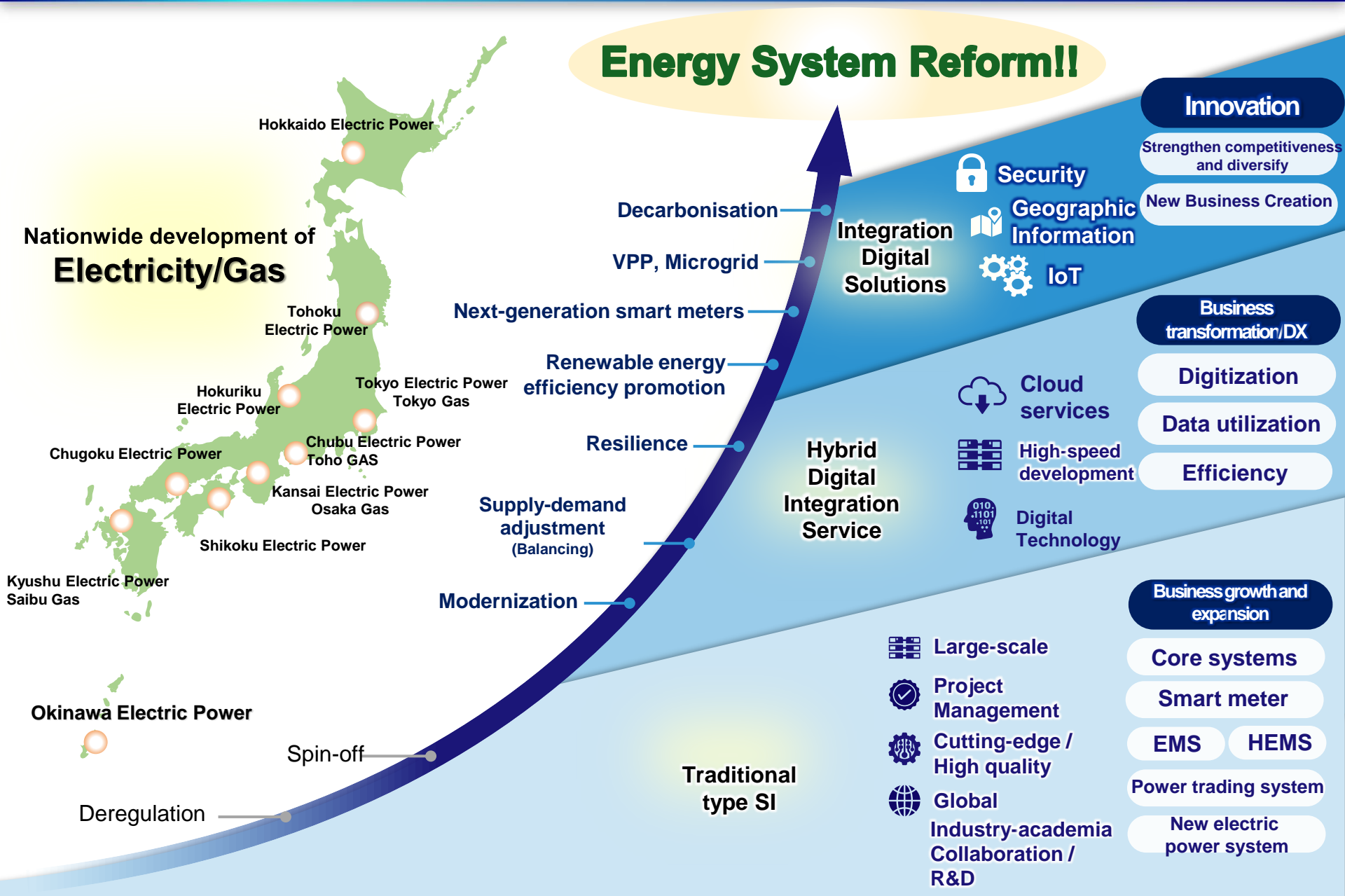
To become an engineering company co-creating the future through innovation



To become a high-profit growth company

- Early realization of business transformation
- Contributing to innovation





Social Infrastructure Business

【Energy (Electricity/Gas)】

- Decarbonization
- Resilience
- Microgrid
- Next-generation smart meters
- Renewable energy
- Supply-demand adjustment (Balancing)
- efficiency promotion
- VPPs (Virtual Power Plant)
- Modernization

【Traffic (Space, Aviation, Railways)】

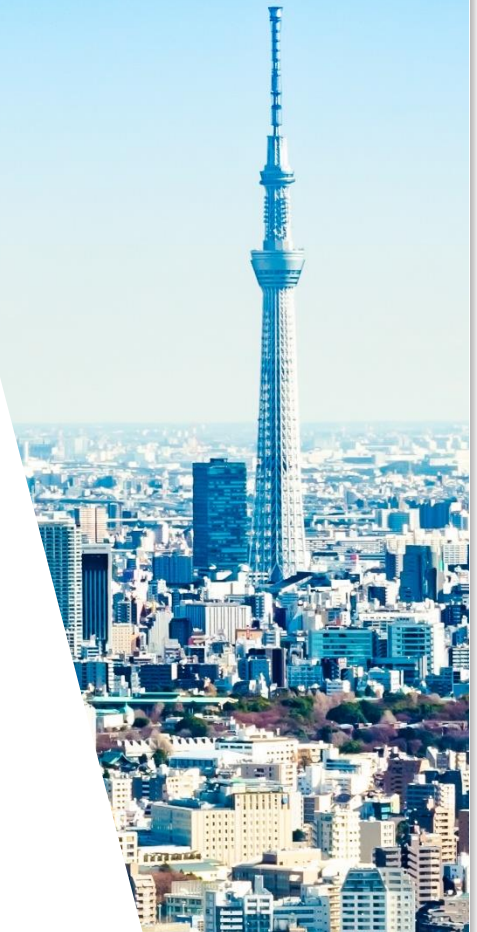
- Space (satellites, monitor, disaster prevention, data, security),
- Aviation (airport systems, airline carriers, digitization)
- Railways (operation, maintenance, maas, core system, ticketing)

【Next-generation communications】

- Beyond 5G/6G, local 5G, virtual base stations
- Quantum cryptography, open wireless access networks

【Public works/disaster prevention】

- Early recovery, resilience, disaster mitigation, and prefectural disaster prevention





Advanced Industry Business

【Next-generation Automobiles】

- Mobility (CASE, MaaS, V2X, Cryptographic key)
- Automatic driving (ECUs, Motor Control)
- EV (EV, Guided Motor)

【Medical / Healthcare】

- Medical Equipment (Inspection equipment, Diagnostic equipment, Related products)
- Medical IT (Regional healthcare, Hospitals and nursing facilities, Electronic medical records, Emergency transport, Telemedicine)

【Data Utilization Service】

- Digital/Marketing (Industrial, Distribution, Healthcare)
- Payment (Cashless, Electronic payment, Foundation systems)

【Value Solution】

- 5 Solutions (Manufacturing, Energy, Disaster Prevention, Healthcare, Local Governments)
- Key Technology (Security, Geographic information, IoT)



Alliance Strategy

【Growth of Ad-Sol Group】

- Promote capital and business alliances to expand the development structure
- Expansion of business domains and development of M&A that leads to strengthening of technological capabilities

【Co-creation of advanced solutions and services】

- Co-creation of solutions with companies with advanced technologies and services
- Building a business model and collaborative system centered on solutions

Global strategy



【Expansion of development system in Asia and ASEAN region】

- Responding to increased demand for ICT systems

Ad-Sol Asia Corporation (wholly-owned subsidiary): Promote overseas offshore development

Global Developed Bases: Vietnam (Hanoi, Danang, Ho Chi Minh)

China (Beijing, Dalian)

【Creation and provide of digital innovation services】

- Provision of digital services for domestic and overseas markets



Digital strategy

【Creating new key technologies】

- Industry-academia collaboration: Waseda University (EMS), Keio University (GIS:Geographic information system), Ritsumeikan University(Security, OS), Chiba University (VR:virtual reality)
- Research institute: National Institute of Advanced Industrial Science and Technology (AI-quality, AI-efficient)
- Silicon Valley US : SRD:San Jose R&D Center (Cutting-edge security)

【Research of original development model】

- Development model: High-speed development (Low Code/No Code), Agile development
- Development style: Location Free, Multi-site distribution development, Project management, High quality
- Solution technologies: DX, AI, Geographic Information, Security, IoT

Corporate Strategy

【Development of professional human resources】

- Advanced Expertise: Project manager, Cutting-edge architecture, Digital analyst
- Diversity: Recruitment, training, systems

【Realization of work style reforms】

- Working environment: Location free, Remote development environment, “New Normal” adopting office

【Accelerating digital innovation】

- Business Platform: Data utilization and strengthen, Location free, Remote work style



Continue to increase dividends!!

Dividend payout ratio: **35% or more**

- To become an engineering company co-creating the future through innovation

40

(Unit: yen)

20

0

FY3/10 FY3/11 FY3/12 FY3/13 FY3/14 FY3/15 FY3/16 FY3/17 FY3/18 FY3/19 FY3/20 FY3/21 FY3/22 FY3/23 FY3/24 FY3/25 FY3/26

Vision 2016

Further growth with the Social
Systems Business

Vision 2020

Pioneering the future
with IoT

Vision 2021

Connecting the future with
IoX

Vision2026

SUSTAINABLE DEVELOPMENT GOALS



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