

2023

Apr. 1, 2022 – Sep. 30, 2022

Q2 FY3/23

Financial Results

 Ad-Sol Nissin Corp.

November 9, 2022



01 Net sales

6,236 million yen (Up 0.1%)

Expansion of Advanced Industry Business
(Base system, Solution)

02 Operating income

530 million yen (Down 12.7%)

Promote strategic investments
(Human Resource Development, Strengthen systems, DX, Digitization, etc.)
* SG&A expenses: 1,113 million yen (Up 92 million yen)

03 Order backlog

2,685 million yen (Up 21.4%)

Expansion of DX projects (Payment related, Business infrastructure related)
New orders from airline carriers, etc.

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



Initiatives for DX Innovation

POINT

1

Mapbox Started collaboration!!

Map information service development platform



Mapbox Japan G.K.

Joint investment :
 • Mapbox Inc.
 (Unicorn company from Washington)
 • SoftBank Corp.

POINT

2

Tokyo

COVID-19 measures
Introduction of data analysis solutions

要因の探索・予測のための
拡張アナリティクス

dataDiver

高度なデータサイエンティストの
スキルをすべての人に。



To create "resilience solutions" in response to pandemic and catastrophic disasters

POINT

3

The University of Tokyo New course "Practical Space Data Utilization" Cooperate in AI/IoT fields

Collaborative research with Prof. Shinichi Nakasuka who is leading developer of nano-satellites

【Theme】

- Utilization of space and satellite data
- Human Resource Development



POINT

4

Ministry of Economy,
Trade and Industry

Acquired "DX
certification"

Certified on July 1, 2022



A system in which companies reserve for DX promotion are certified by the government



To become a leading GIS solution provider!

POINT

1

GIS usage: Expand



Disaster Prevention
and Hazard Maps



Marketing

POINT

2

Safety and security in daily life and society



Energy



Railroad

POINT

3

GIS results: 20 years

Global alliances, industry-academia collaborations and original solutions

2013



Original Solutions

2017

Joint Research
with Keio
University

Community development × GIS



2021



Collaboration with Schneider
(France)

2022



Collaboration with Mapbox
(USA)



We will celebrate our 50th anniversary in March 2026.

New medium-term management plan (FY3/24 to FY3/26)

To be announced in May 2023



1. Summary of Q2 FY3/23 Results



After bottoming out, moving to a counter-offensive stance

01

Improvement of the business environment

Recovery from the bottom

Order backlog
(End of Sep.)

Up **21.4%** 

Net sales of Power-related
(Q2 total)

Up **12.9%** 

02

Strong DX businesses

Increase in DX projects and DX solutions

Sales of Advanced Industry Business
(Q2 total)

Up **18.0%** 

Sales of Solution Business
(Q2 total)

Up **39.9%** 



Income Statement (Q2 FY3/23)

◆ **Advanced Industry Business: Increase sales in base system domain and solution domain**

◆ **Gross margin +0.2ppt. : Strong DX projects**

(Unit: million yen)	Q2 FY3/22		Q2 FY3/23		YoY	
	Results	Ratio to sales %	Results	Ratio to sales %	Increase/decrease	Pct. change
Net Sales	6,228	-	6,236	-	8	0.1
Social Infrastructure Business	3,850	61.8	3,431	55.0	△418	△10.9
Advanced Industry Business	2,377	38.2	2,804	45.0	427	18.0
Gross profit	1,629	26.2	1,644	26.4	14	0.9
SG&A expenses	1,021	16.4	1,113	17.9	92	9.0
Operating income	608	9.8	530	8.5	△77	△12.7
Ordinary income	628	10.1	549	8.8	△79	△12.6
Net income attributable to owners of parent	436	7.0	370	5.9	△66	△15.2



Sales by Segment

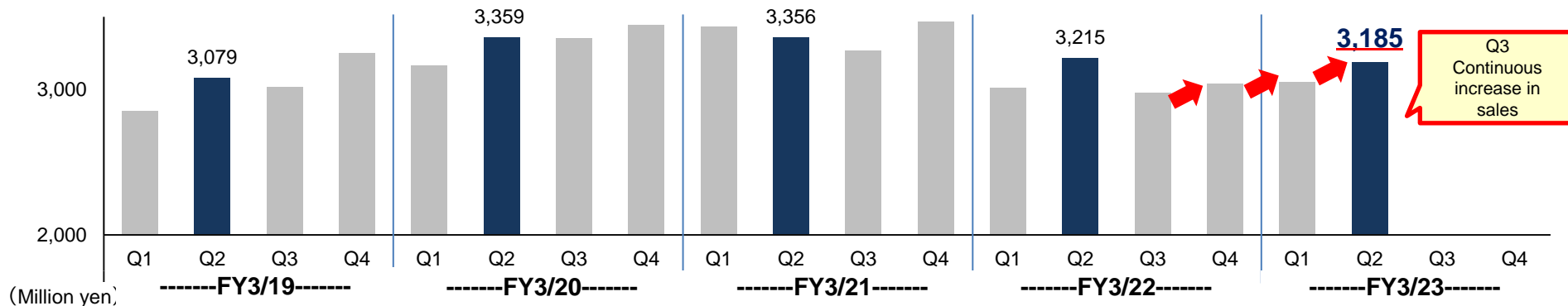
- ◆ **Social Infrastructure Business**: Energy domain (Power-related: Higher sales, Gas-related: Large-scale project completed)
- ◆ **Advanced Industry Business**: **DX projects** (Payment related, Business infrastructure related), Alliance Activities etc.

(Unit: million yen)	Q2 FY3/22		Q2 FY3/23		YoY	
	Results	Ratio to sales %	Results	Ratio to sales %	Increase/decrease	Pct. change
Net Sales	6,228	-	6,236	-	8	0.1
Social Infrastructure Business	3,850	61.8	3,431	55.0	△418	△10.9
Energy	3,183	51.1	2,796	44.8	△387	△12.2
Transportation	213	3.4	256	4.1	42	19.9
Public works	84	1.4	117	1.9	33	39.5
Communication Network	368	5.9	262	4.2	△106	△28.9
Advanced Industry Business	2,377	38.2	2,804	45.0	427	18.0
Control system	753	12.1	719	11.5	△33	△4.4
Foundation system	1,322	21.2	1,662	26.7	340	25.7
Solution	302	4.9	422	6.8	120	39.9

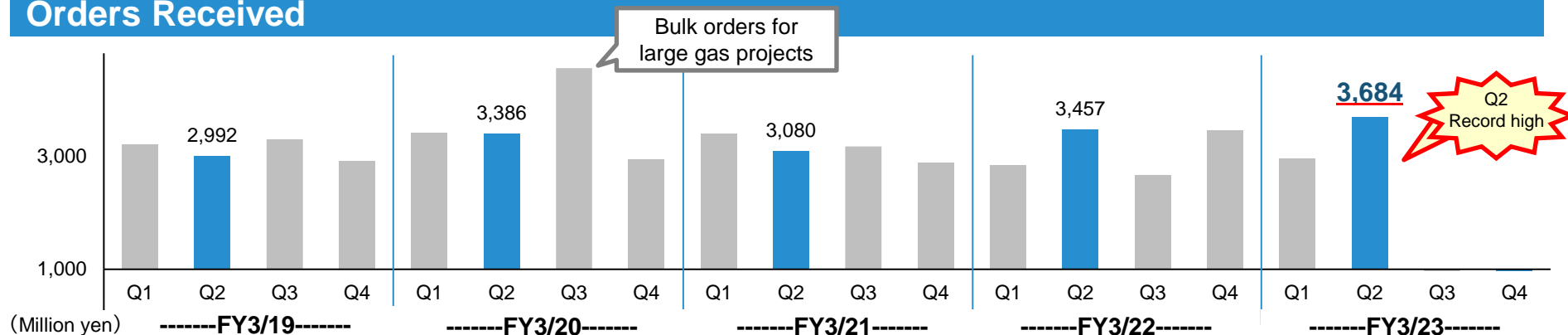


Quarterly Trends

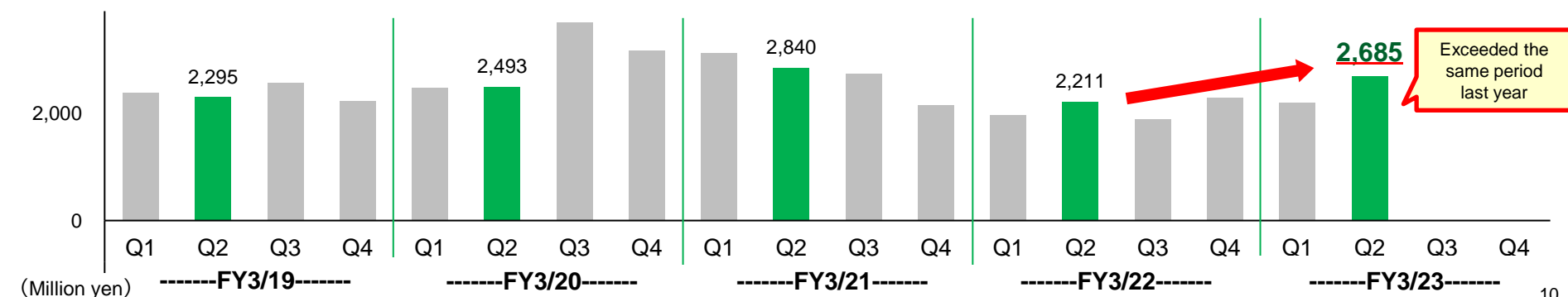
Net Sales



Orders Received



Order Backlog





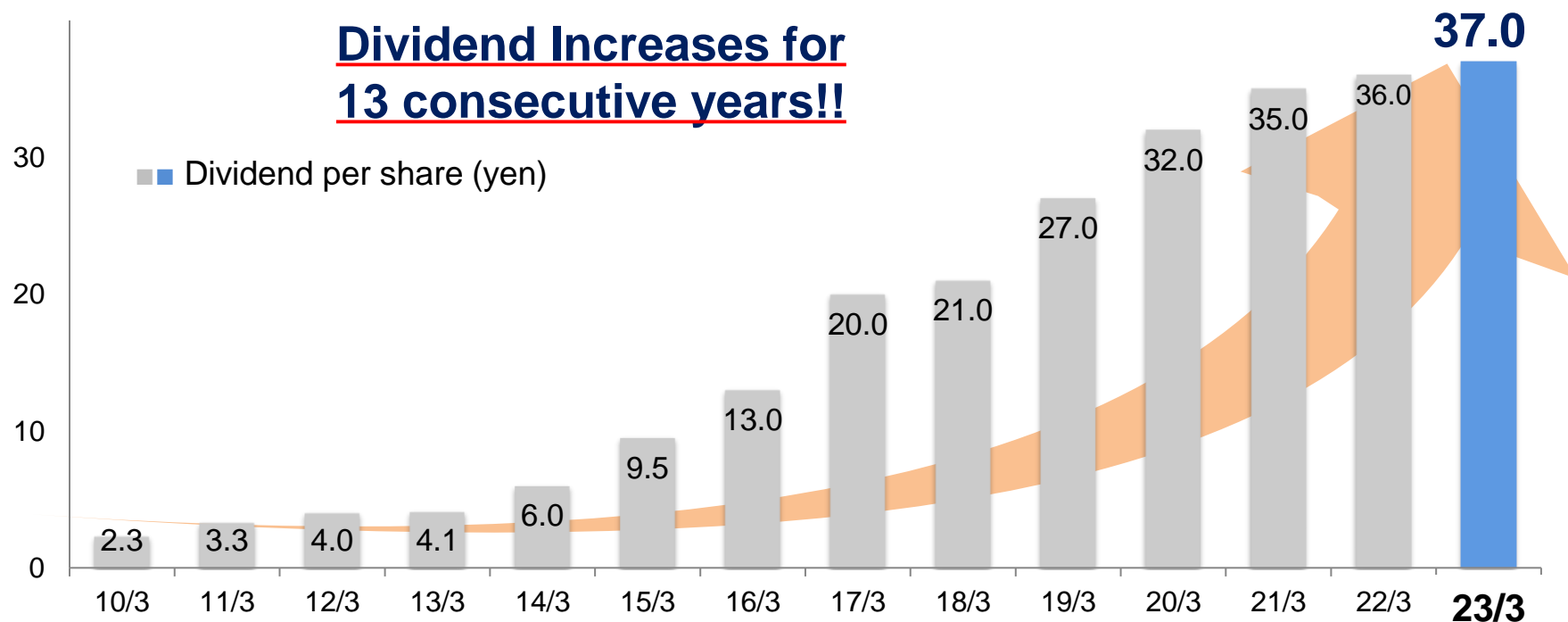
Dividend Policy

- Dividend payout ratio: **35%** or more
- **Consecutive dividend increases**
- Dividend plan **twice** a year (interim and year-end)

Dividend Forecast

(Unit :yen)	FY3/22		FY3/23	
	Interim	Year-end	Annual	
Interim	18			18
Year-end		18		19
Annual		36		37

Changes in Dividends



2. FY3/23

Progress of business strategies
(Transformation and growth strategies)
-Change & Challenge-



Change & Challenge



01

Challenge to change business model

▪ DX trends - Contribution to Digital Shift

- Provide DX consulting services
- Utilization of digital data
- Use of cutting-edge technology (AI, IoT, etc.)
- Evolution and acceleration of ICT system development
- Providing innovative solutions, etc.



Co-creation of new value

02

Contribution to energy system reform

▪ ICT Investment Theme (2030 to 2050) “Realization of a sustainable society”

- Decarbonation
- Carbon-neutral
- Energy efficiency improvement, etc.



Support for nationwide energy companies
(electricity and gas)



01

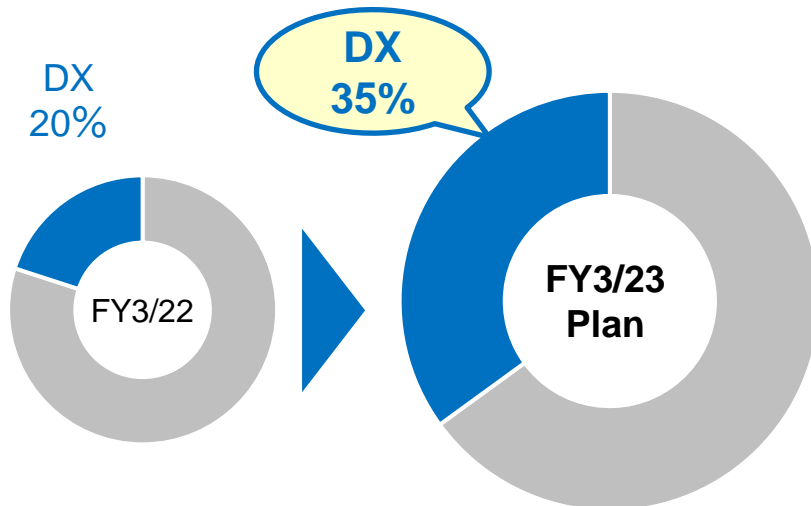
Challenge to change business model

Contribution to Digital Shift

Point

01

Toward expanding DX businesses



Point

02 Increase in DX projects

Industry type	Projects
Major manufacturers	System integration, digital data utilization Internal systems -Full renovation through DX
Major IT companies	Business systems -Low code development
Energy companies	Internal systems -Full renovation through DX and support for aging system
Service industry	Use of digital data Data analytics

Point

03 Development of human resources for DX

2.2 times!
(Vs. previous Q2)

Theme: DX, Azure, AWS, Google, Statistics, etc.





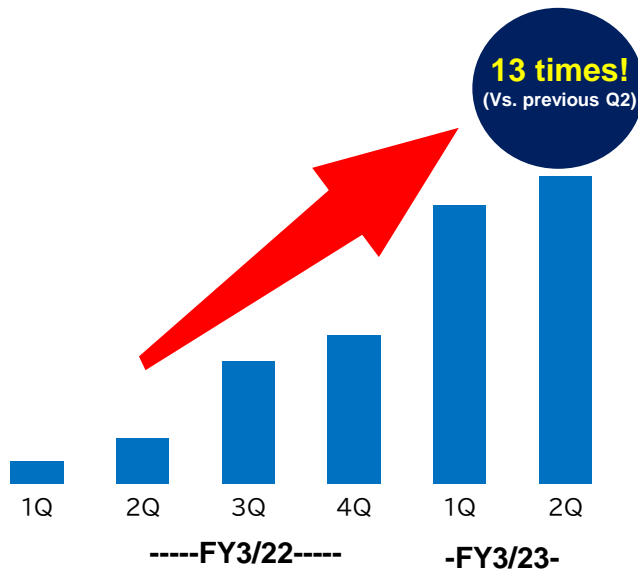
02 Contribution to energy system reform

Realization of a sustainable society



Point

01 Business expansion in the Chubu region



- Theme: Facilities, Systems, DX, Renovations

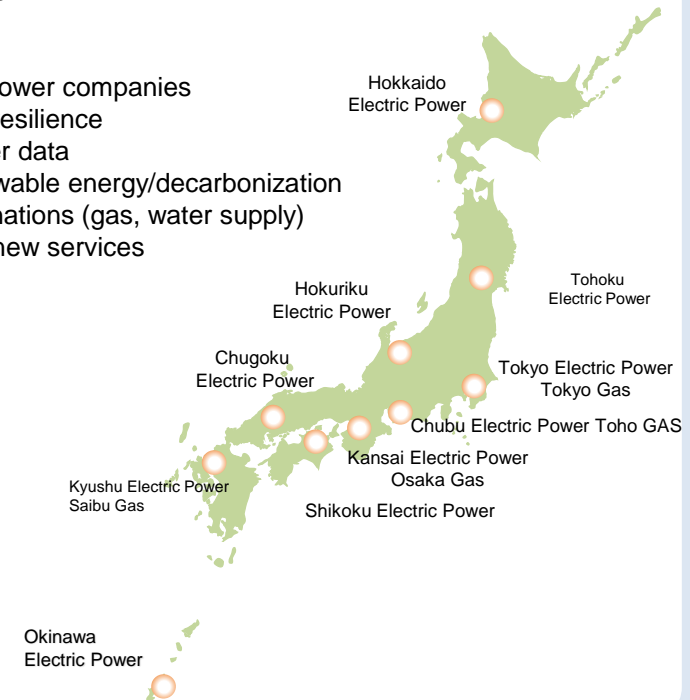
Point

02 Responding to new demand -Next-generation smart meters

- Target area: nationwide
- Timing: 2025

<Key points>

- All electric power companies
- Strengthen resilience
- Use of power data
- Use of renewable energy/decarbonization
- Joint examinations (gas, water supply)
- Creation of new services



3. FY3/23

Progress of Growth Investment

-Change & Challenge-



POINT

1

Development of human resources for DX

Number of qualified employees :
2.2 times

Hiring of new graduates : 35

(Graduate School: 10, University: 25)



POINT

2

Establishing DX digital-service

Start of a new course at
the University of Tokyo
Graduate School
(Practical Space Data
Utilization)



POINT

3

Strengthening and expansion of original solutions

- Schneider: Dedicated PJ room/Human resource development
 - Mapbox: Concluded a partner agreement
 - Konica Minolta: Started collaboration with FORXAI
 - Data Vehicle: COVID-19 measures in Tokyo
- Introduction of data analysis solutions



POINT

4

Digital Management and Work Style Reforms

- Ad-Sol Group DX: New system in operation
→Promote operational efficiency and work style reforms





Provide and co-create DX value

01

DX Human Resource Development

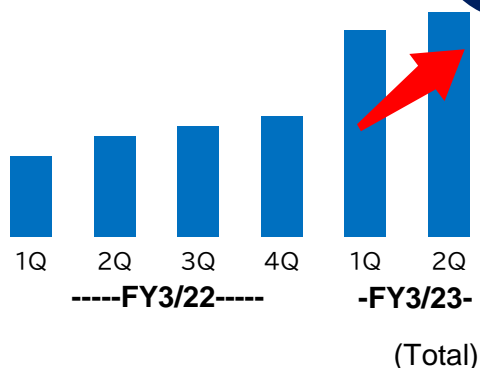
Point

01

Promote the development of human resources for DX

Changes in the number of employees who acquired qualifications

2.2 times!
(Vs. previous Q2)



- Number of qualified employees: 2.2 times
- Theme: DX, AZURE, AWS, Google, Statistics, etc.

Point

02

April 2023: New Graduate Recruitment

Expected number of new hires : **35**

- Graduate school : 10
- University : 25

[National] Hokkaido University, Tohoku University, Akita University, Fukushima University, Ibaraki University, Utsunomiya University, The University of Tokyo, Tokyo Institute of Technology, Hitotsubashi University, University of Fukui, Mie University, Wakayama University, Hiroshima University, Tokushima University, Kyushu Institute of Technology, Kyushu University, Kagoshima University

[Public] Osaka Prefecture University, The University of Shimane, The University of Kitakyushu

[Private] Keio University, Waseda University, Sophia University, Tokyo University of Science, Hosei University, Meiji University, Doshisha University



2022/10/3 Job offer ceremony (Web-based)



Providing and Co-Creation of DX Value

02

Establishing DX digital-service Open Innovation

Graduate School, the University of Tokyo

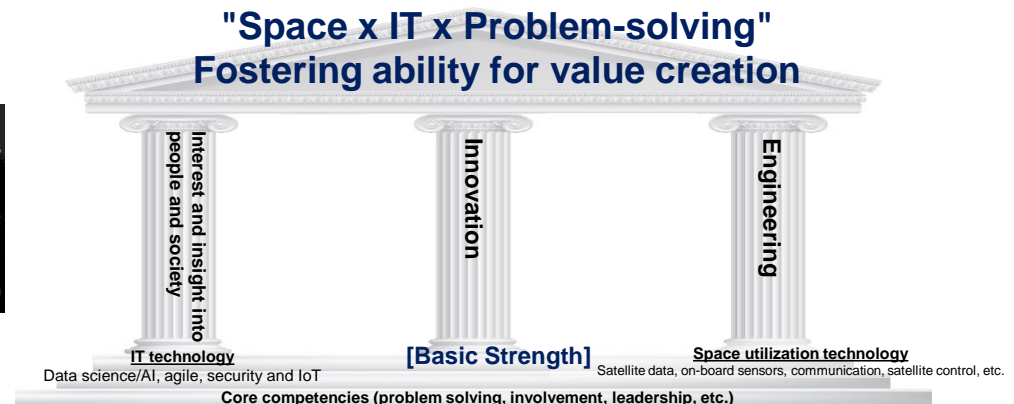
Start of new courses (Practical Space Data Utilization)

Department of Aerospace Engineering,
Graduate School of Engineering



- Structure of Lectures and Workshops
- PBL style
(Project Based Learning: problem-solving learning)

"Space x IT x Problem-solving" Fostering ability for value creation



Department of Aerospace Engineering, Graduate School of Engineering, Tokyo University Professor Shinichi Nakasuka

- Promoting research and development of innovative space systems that are not bound by conventional space development frameworks, covering everything from nano-satellites to large membrane structured satellites
- Successfully launched and operated 13 nano-satellites (under 100 kg), including the world's first 1 kg satellite
- Collaboration with many venture companies through technological development and utilization of nano-satellites for actual utilization and business development
- Basic and applied research, such as artificial intelligence and control, for the autonomy and intelligence of space systems





DX and Digitization

03

Strengthen and expand original solutions
Co-creation with alliance companies



Point

01 Promotion of co-creation business

Industry DX

DX/IoT for manufacturing industries and plants



Jointly proposing DX/IoT solutions for major manufacturers

Microgrid, VPP

Small-scale energy network



Consulting with global examples for energy companies

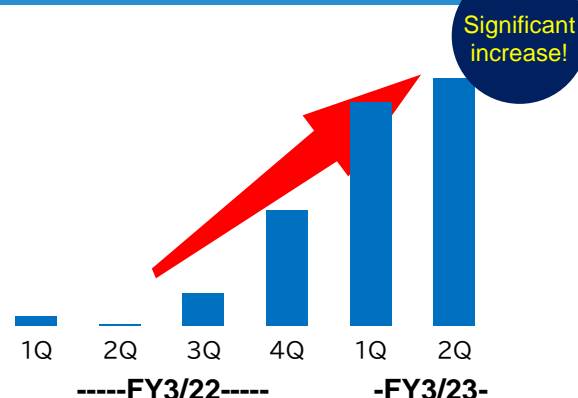
Energy Management

Improve efficiency of buildings and data-centers



Reduce CO2 and conserve energy at buildings and data-centers

Expansion of Business



Point

02 Promotion of co-creation activities



Opened dedicated project rooms (Tokyo/Osaka)

Promoted co-creation of human resources development



DX and Digitization

03

Strengthen and expand original solutions
Co-creation with alliance companies



Mapbox Japan G.K.

Geographic Information Service Development Platform: Leading Company

Joint investment: Mapbox Inc. (Unicorn company from Washington)
SoftBank Corp.

GIS service deployment target: Providing for 100 companies within 3 years!!





DX and Digitization

03

Strengthen and expand original solutions
Co-creation with alliance companies



KONICA MINOLTA

KONICA MINOLTA, INC.

World-class imaging technology

Imaging IoT Platform FORXAI



FORXAI

(Imaging IoT Platform)

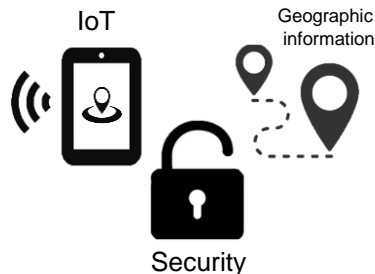


KONICA MINOLTA



Ad-Sol Nissin

System integration services



Original solutions



Energy



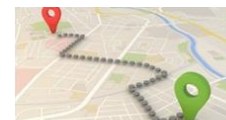
Smart factory



Health care



GIS



Indoor positioning



Imaging IoT technology of FORXAI



DX and Digitization

03

Strengthen and expand original solutions
Co-creation with alliance companies



Delivery of co-creation solutions with Data Vehicle Inc.

Data Vehicle Inc.
<https://www.dtvcl.com/>

[Tokyo] Data Analysis Solutions (Measures against COVID-19)

Data analysis solutions

要因の探索・予測のための
拡張アナリティクス

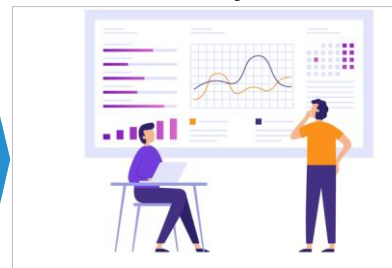
dataDiver

高度なデータサイエンティストの
スキルをすべての人に。

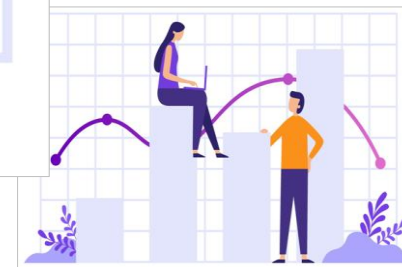


Contributing to measures against infectious diseases

<Analysis>



<Forecast>



"Tokyo iCDC"

A permanent command post that integrates effective countermeasures against infectious diseases, including policy planning, crisis management, research and analysis, and information collection and dissemination related to infectious diseases in the Bureau of Social Welfare and Public Health of the Tokyo Metropolitan Government.

Tokyo iCDC Website (Tokyo Metropolitan Government)
<https://www.koho.metro.tokyo.lg.jp/2021/04/01.html>

4. FY3/23

Full-year Business Forecasts



FY3/23 Full-year Forecasts

Full-year

- **Energy System Reforms, DX** : Full-scale development to begin in the second half of the fiscal year and beyond
- Continued **strategic investment**: Develop human resources for DX, etc.

(Unit: million yen)	FY3/22 Result	FY3/23		
		Expected Amount	Increase/ Decrease	Pct. change
Net Sales	12,247	12,800	552	4.5
Operating income	1,088	1,120	31	2.9
Ordinary income	1,130	1,153	22	2.0
Net income attributable to owners of parent	784	786	1	0.1

5. New Medium-term Management Plan

Key Points of Review and Direction



To become a "5 Star" company



Next-generation business
Service Engineering

Proactive future collaboration
Solution

Satisfaction and trust
Satisfaction

Sustainable management foundation
Sustainability

Improve corporate value
Strategy



Note

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Forward-looking statements in these materials are based on targets and predictions and are not to provide assurance or guarantee. Moreover, please be aware that the company's future performance may differ from its current forecasts.

Furthermore, descriptions of performance, etc. are based on various data deemed reliable but the company does not guarantee the accuracy or safety.

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■Contact

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Reference ① Q2 FY3/23

Supplementary Materials for the H1 Results



- **Energy domain: Power-related: Strengthen response to Chubu districts, energy-system reform-related**
- **Traffic and Transportation: Aviation related ▪ New orders for carriers**
Road related ▪ Expansion of response areas

(Unit: million yen)

	Net Sales		Order backlog		Overview
	Q2 FY3/22	Q2 FY3/23	Q2 FY3/22	Q2 FY3/23	
Social Infrastructure Business	3,850	3,431	1,281	1,529	
Energy	3,183	2,796	1,024	1,145	Power-related : ▪ Strengthen response in the Chubu region ▪ Energy system reform-related (next-generation smart meters, etc.) Gas-related : ▪ Completion of large-scale and legal separation projects
Transportation	213	256	97	212	Aviation related : ▪ New projects for carriers Road-related : ▪ Expansion of service area
Public works	84	117	30	70	Disaster prevention-related: ▪ Continued
Communication Network	368	262	127	100	Next-generation communications (5G): Continuation of wireless base stations



- **Control system:** Smart mobility (advanced EV, automatic driving), Advanced medical care: progressed as planned
- **Base system:** Expansion of payment related and business infrastructure related DX projects
- **Solution:** Focus on support for alliances (GIS: Geographic Information Systems) (Unit: million yen)

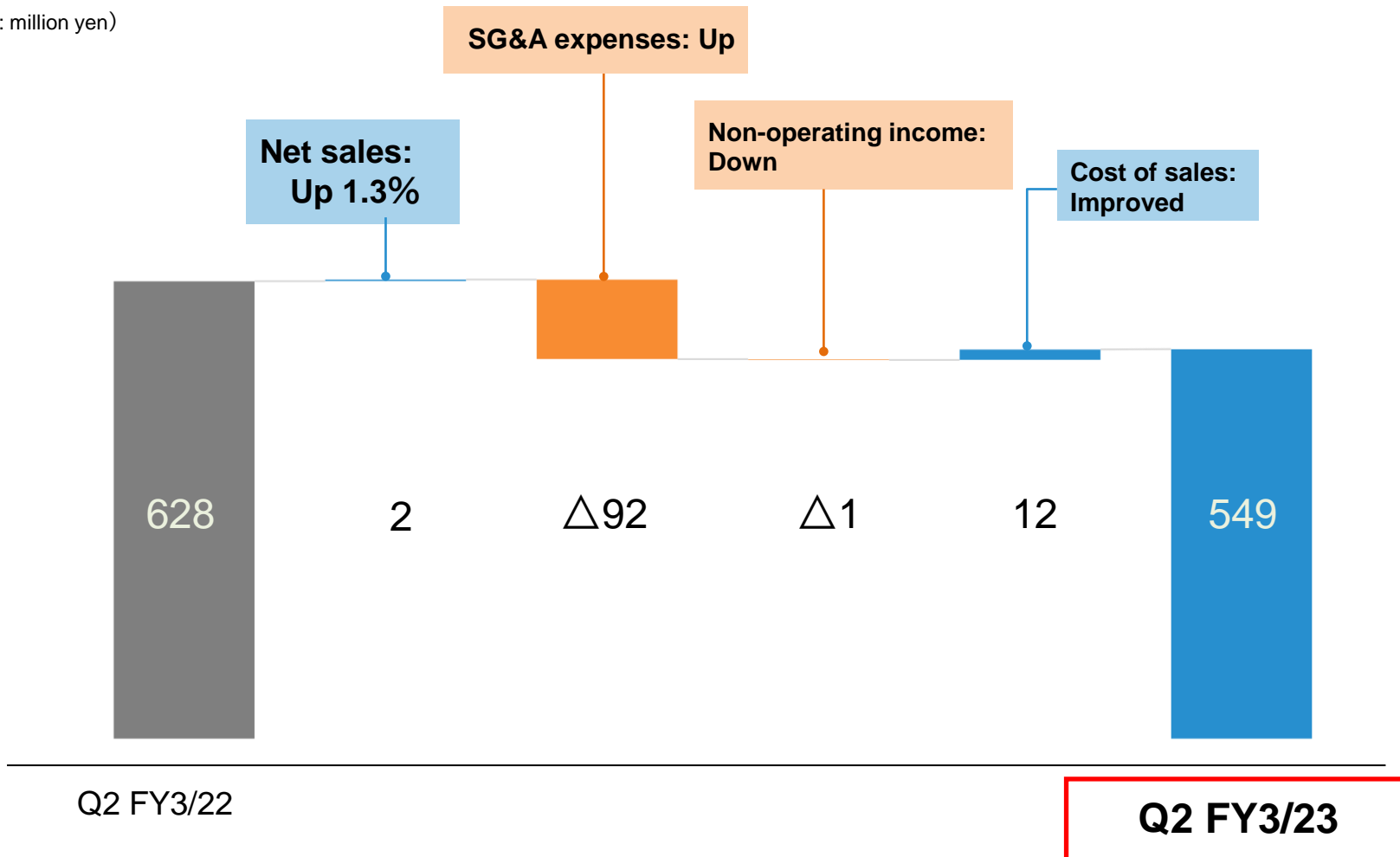
	Net Sales		Order backlog		Overview
	Q2 FY3/22	Q2 FY3/23	Q2 FY3/22	Q2 FY3/23	
Advanced Industry Business	2,377	2,804	930	1,156	
Control system	753	719	208	253	• Smart mobility, Advanced medical care : Progressed as planned
Foundation system	1,322	1,662	680	767	• DX : Payment related (Cashless, payment and credit card) • Business infrastructure related (Major manufacturers/Sier)
Solution	302	422	42	134	• Alliance support : GIS; Geographic Information System (Manufacturing, Energy, etc.)



Main driving factors in YoY change

- Factors for the increase in profits
- Factors for the decrease in profits

(Unit: million yen)





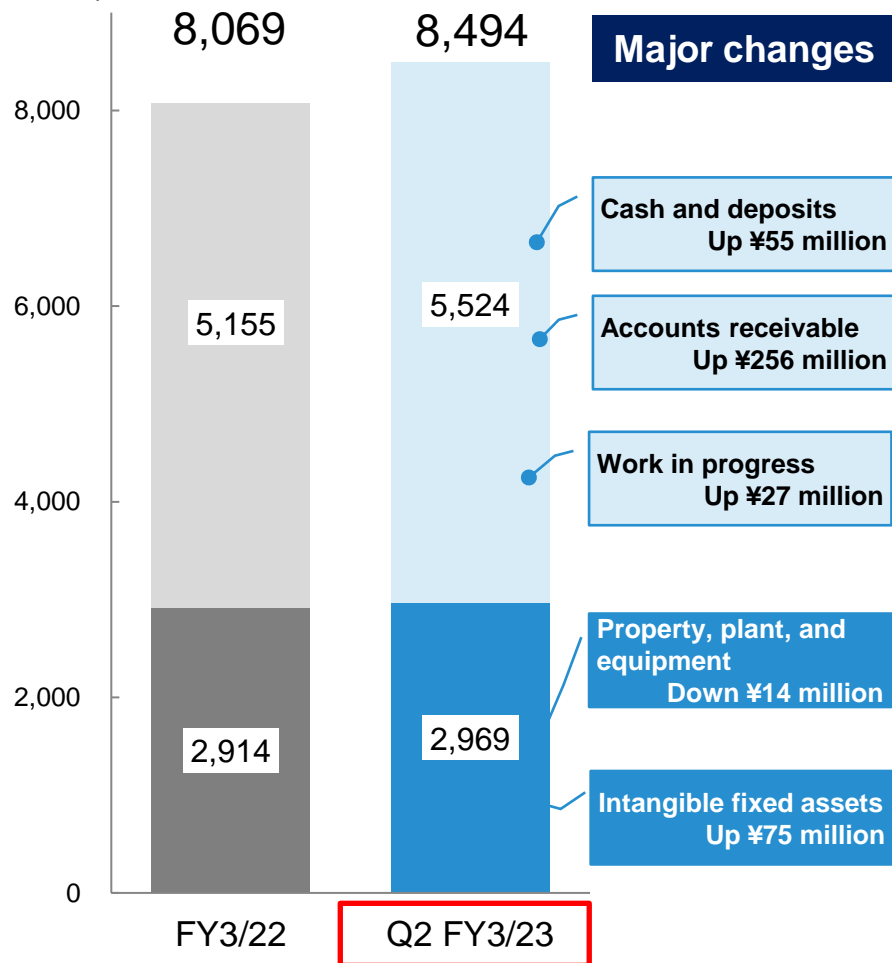
Balance Sheet

Assets

● Total assets: **8.4 billion yen**

Current assets Fixed assets

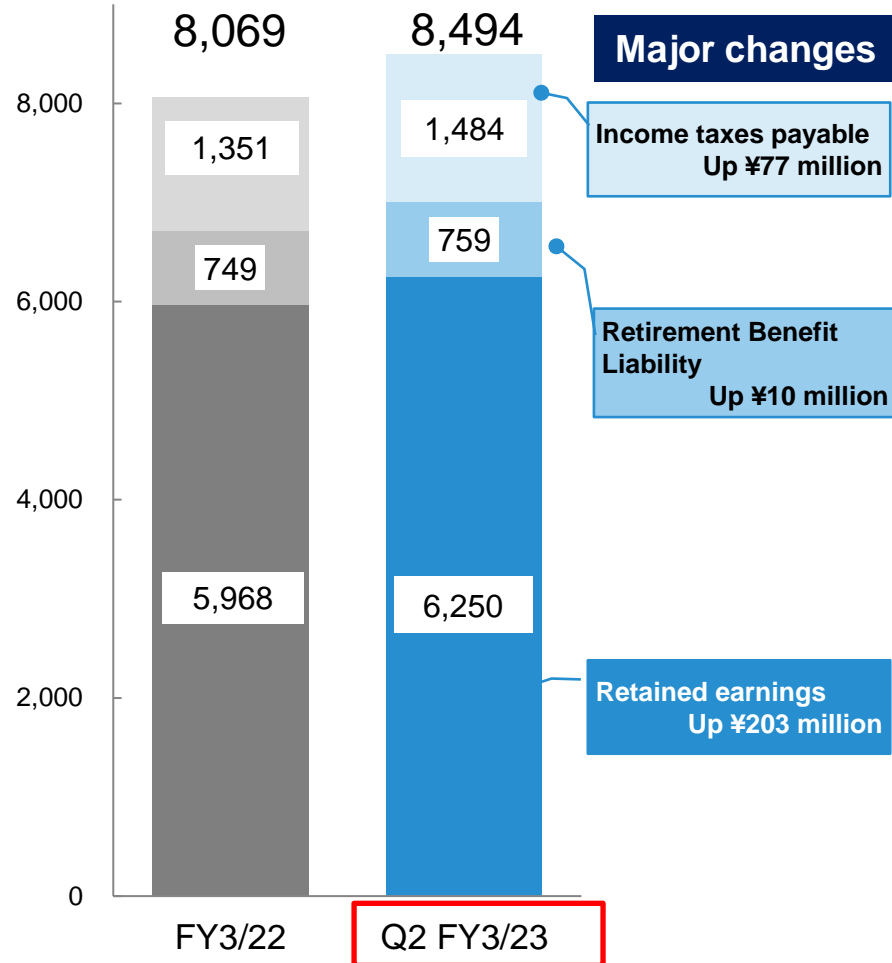
(Unit: million yen)



Liabilities and net assets

● Equity ratio: **72.2%**

(Unit: million yen) Current liabilities Fixed liabilities Net assets





Outline

(Unit: million yen)	Q2 FY3/22	Q2 FY3/22	Change factors
Operating activities	720	288	<ul style="list-style-type: none"> • Net income before income taxes and minority interests 546 • Depreciation and amortization 46 • Increase in trade receivables $\Delta 257$ • Increase in inventory $\Delta 27$ • Increase in notes and accounts payable 49 • Increase in accrued consumption taxes 34 • Income and enterprise taxes paid $\Delta 100$
Investing activities	$\Delta 54$	$\Delta 65$	<ul style="list-style-type: none"> • Payment for purchase of intangible assets $\Delta 113$
Financing activities	$\Delta 242$	$\Delta 168$	<ul style="list-style-type: none"> • Cash dividends paid $\Delta 166$
Cash and cash equivalents at end of period	2,099	2,862	

Reference ② Initiatives for the Q2 FY3/2023



Ministry of Economy, Trade and Industry



**Digital Transformation
Certification**

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

Initiatives to **promote DX**

**Medium-term
management plan**

Digital technology, data utilization, digital management, and DX human resource development

DX alliance

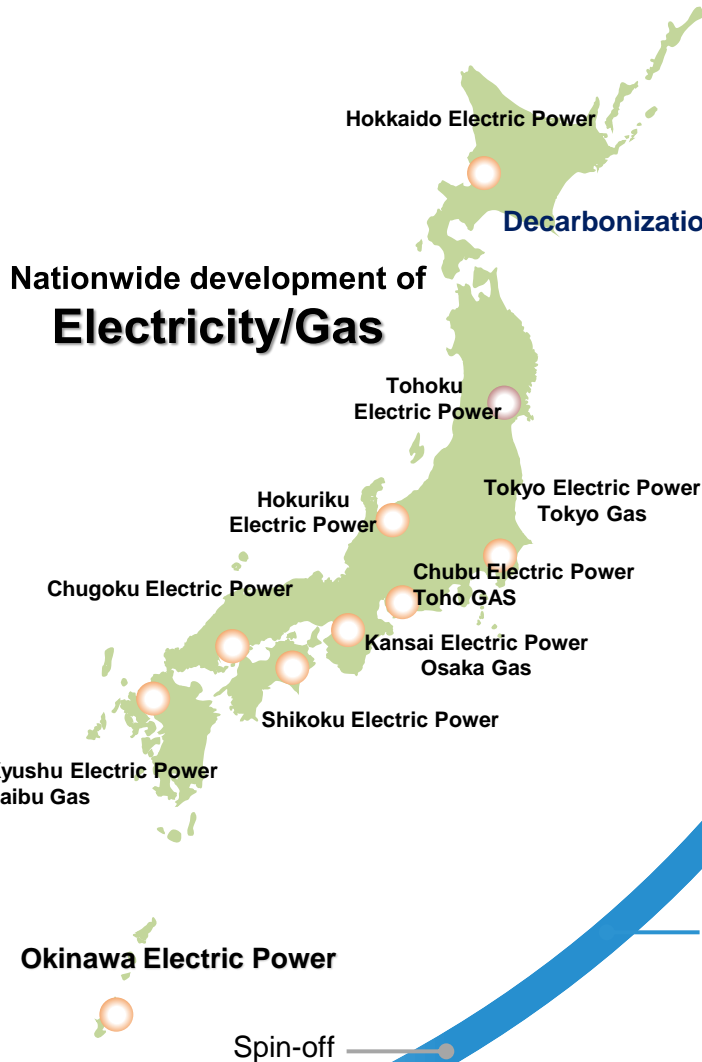
Schneider Electric (France) , Nidec Corporation, Mapbox

Open innovation

- The University of Tokyo Graduate School, Graduate school of Engineering (Utilization of space and satellite data)
- Ritsumeikan University (IoT Security)



Nationwide development of Electricity/Gas



Energy System Reform!!

ICT investment mind : Recovery
New projects : Progress

Project theme (from FY3/23)

Next-generation smart meters

- HES (Head End System) **Start consideration** Next-generation smart meter support

Renewable energy efficiency promotion

- Renewable energy utilization **Project promotion** Existing system replacement

- Smart grid **Start consideration** Demonstration test, mountainous area application

Resilience

- Data utilization **Start consideration** Disaster Emergency Response

Supply-demand adjustment (Balancing)

- Electricity market related **Project promotion** Projects for FY2024

Modernization

- Wheeling **Project promotion** Responding to system reform (Generation-side billing) , Examine next-generation systems
- Facilities management **Project promotion** Address aging facilities, Next-generation network construction support

- Asset management **Start consideration** Visualization of capital investment (Interlocking with facilities management system)

- CIS (Customer Information Management System) **Start consideration** De-hosting and system restructuring



Ad-Sol Nissin, a Leading DX/Digital Company

Digital Transformation

- ◆DX alliances
- ◆Open Innovation
- ◆Use of digital data

Introduction to our "DX Value Co-Creation" Initiatives!



*Tap or scan the QR code for more information.



Completely separate different network environments with a single PC!

Secure *i*solation

- ◆High security
- ◆Improving operational efficiency
- ◆Cost reduction

Introduction to Cyber Security Solutions to solve these issues!



*Tap or scan the QR code for more information.



For more videos of Ad-Sol Nissin,
please visit our Youtube channel.





Initiatives for Industry-Academia Collaboration

"Market Creation" "Latest Technology"

Ad-Sol Nissin

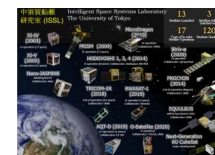


• "Space and Satellite Data Utilization"

Key Concepts: Creating the Future through Space x IT x Problem Solving

- ◆ Study of solving social issues (use of AI, etc.)
- ◆ "Space x IT" Human Resource Development

The University of Tokyo



• "EMS Shinjuku Demonstration Center"

- ◆ Waseda University Advanced Grid Technology Institute and the Ministry of Economy, Trade and Industry: Japan's first
- ◆ 26 corporations such as electricity and gas, telecommunications, housing, automobiles and home appliances
- ◆ Equipment linkage among multiple manufacturers

Waseda University



Waseda University EMS Shinjuku Demonstration Center

• "Integration of GIS and IoT/GISxIoT Platform"

- ◆ Response to the "i-Construction" (Initiatives for Manufacturing Innovation at Construction Sites Promoted by the Ministry of Land, Infrastructure, Transport and Tourism)
- ◆ Presentation of results at the Geographic Information System Association, etc.
- ◆ Participate in the Belmont International Joint Research

Keio University



• "IoT Security/Embedded Multicore"

- ◆ Industry-academia collaboration agreement: development of science and technology, mainly in the field of IoT security
 - Research on the latest security technologies
 - Review and validation of IoT security/guidelines
 - Establishment of IoT security research center and consortium, human resource development
- ◆ Joint R&D for next-generation IoT equipment
 - Embedded "Multi-Core Control System"

Ritsumeikan University



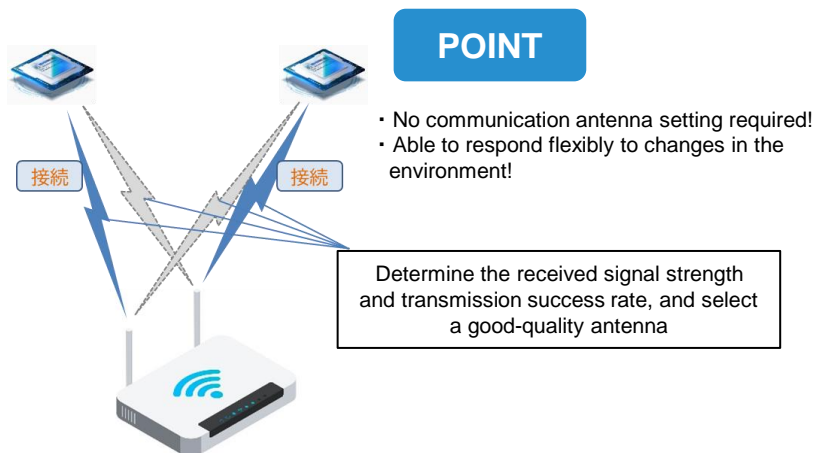
Joint research with the Mori Laboratory



Agreement signing ceremony

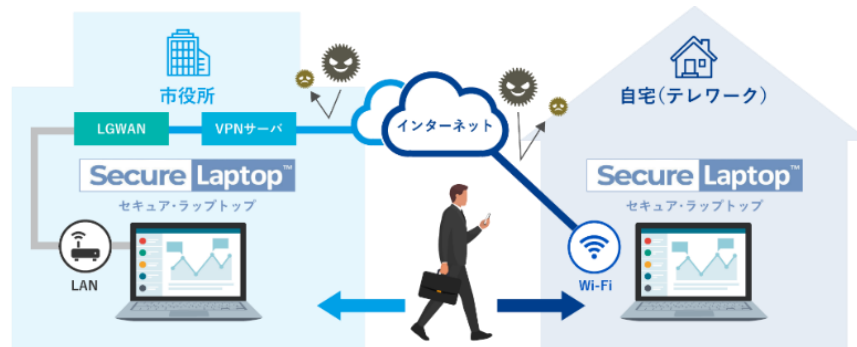


The 18th patent (IoT wireless related)



Previously, the antenna to be used had to be set manually and switched when communication was unstable.
Enables wireless connection and software configuration of the antenna to be used, and automatic selection of a quality antenna.

The 19th patent (IoT and Cyber Security related)



Technology that eliminates security risks that occur during the short period of time after a terminal device (e.g., PC) connects to the Internet and before it connects to a high-security network.

(Utilized in the telework solution "**Secure Laptop**")



Patent number	No. 7038878
Title of invention	Wireless device, antenna selection method and program
Filing date	July 10, 2022
Registration date	March 10, 2022
Patent Holder	Ad-Sol Nissin Corporation



Patent number	No.7146124
Title of invention	Terminal, method and program
Filing date	February 2, 2022
Registration date	September 22, 2022
Patent Holder	Ad-Sol Nissin Corporation



Promote information disclosure

01 Sustainability website

- ESG data book
- Sustainability Policy
- Initiatives for climate change
- Initiatives related to human resources, etc.

<https://www.adniss.jp/esg/>



02 Endorsement of TCFD proposals Joined TCFD consortium

*TCFD (Task Force on Climate-related Financial Disclosures)



Assessment of ESG Management (Selection of Stock Index)



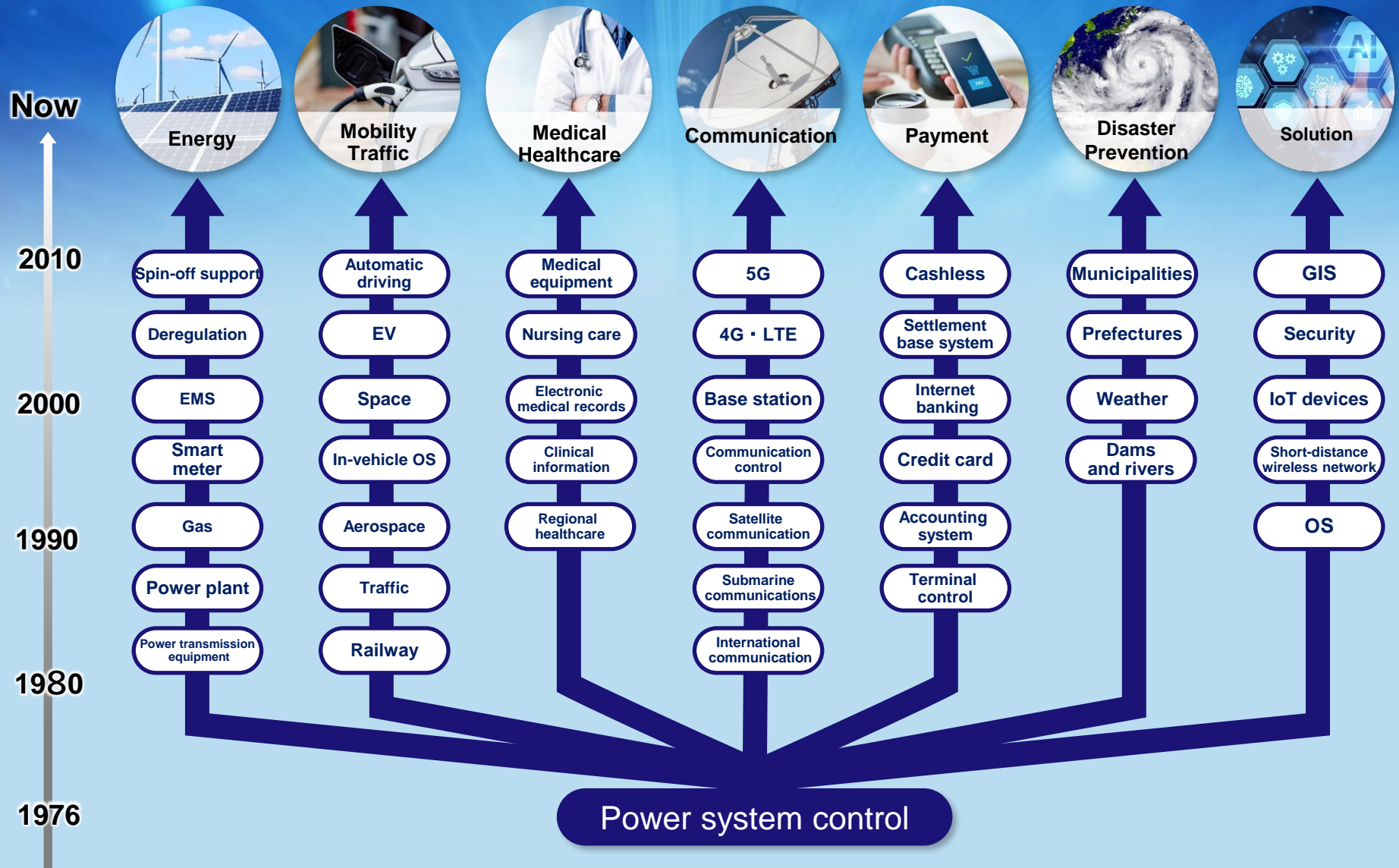
S&P/JPX Carbon Efficient Index

An index for determining the weights of the constituent stocks based on the universe of TOPIX, focusing on the status of disclosing environmental data and the level of carbon-efficiency (carbon emissions per sales)

Reference ③ Corporate Profile

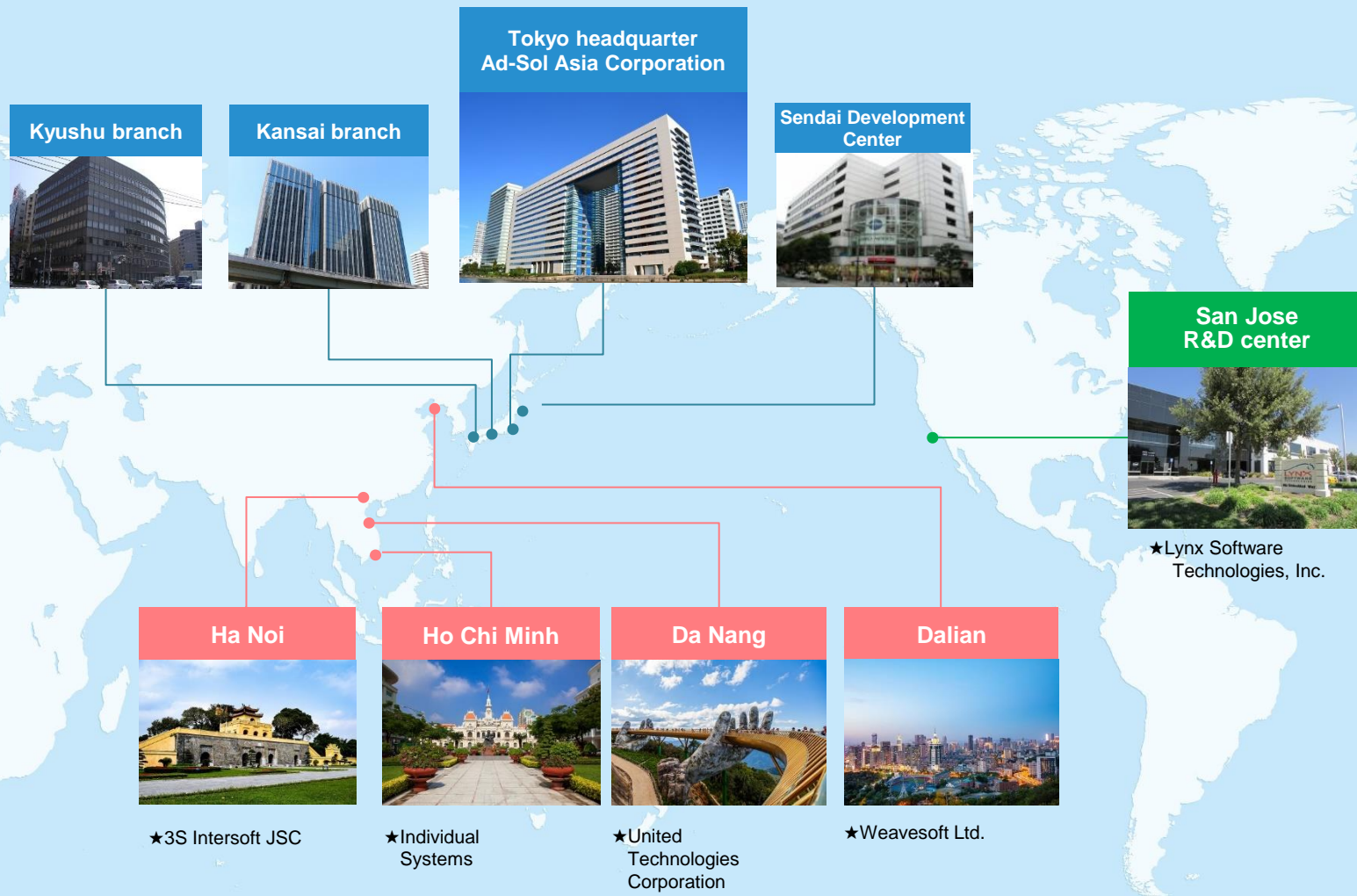


45 Years of Founding : Expansion and Evolution of Business Domains





The global Ad-Sol network





Shareholder eligibility and timing

- For shareholders whose names are recorded in the Registry of Shareholders as of every September 30th and March 31st (twice a year)
 - 200 shares or more up to less than 4,000 shares : beneficial goods due to be sent out in December and June
 - 4,000 shares or more : catalogs due to be sent out in November and May

Contents of the gifts

■ 200 shares or more up to less than 4,000 shares:

Present of Quo cards with 'Greenery Fund' attachment

- 200 shares or more up to less than 1,000 shares: worth 500 yen
- 1,000 shares or more up to less than 2,000 shares: worth 1,000 yen
- 2,000 shares or more up to less than 4,000 shares: worth 1,500 yen

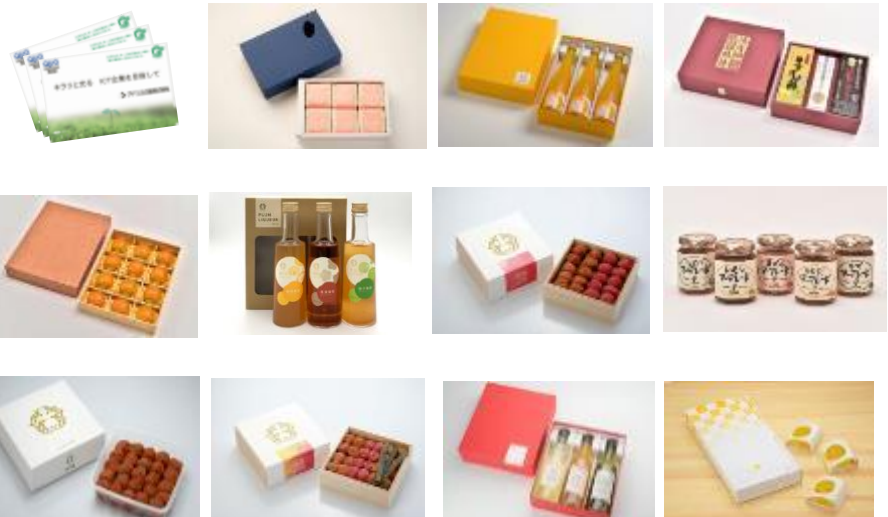
● Special holding period gift

Additional present of one 500 yen Quo card (two a year) for holders of one year or more



■ 4,000 shares or more

- Quo cards with 'Greenery Fund' attachment (equivalent to ¥3,000) or
- Presentation of the special gift catalog which can select from "Kishu Japanese Plum", "Mikan juice", "Mikan jelly", "Soy sauce" and "rice" etc. (One item from equivalents to ¥3,000)



Note: Goods shown in photograph may differ from actual items received



Corporate Profile

Corporate Name	Ad-Sol Nissin Corporation
Head Office	Rivarge Shinagawa 4-1-8 Konan Minato-ku, Tokyo 108-0075 Tel: +81-3-5796-313 Fax: +81-3-5796-3265
Branch	Osaka, Fukuoka, Sendai, San Jose(USA)
Establishment	March 13, 1976
Representative	Tomizo Ueda, President and CEO Toshiaki Shinozaki, President and COO
Capital	570 million yen
Fiscal Year-end	March
Business overview	Develop, provide solutions, commercialization and sales of information systems for companies and public sector, with a focus on the Social Systems Business, as an independent ICT company
Number of employees	Consolidated: 648 (as of April 1, 2022)
Sales	12.24 billion yen (FY3/22)
Listing Market	Tokyo Stock Exchange Prime Market Stock code: 3837
Shares outstanding	9,390,189 shares (As of Sep. 30 2022)
Affiliated Company	Domestic Ad-Sol Asia Corporation. USA Adsol-Nissin San Jose R&D Center, Inc.
Tie-up	USA: Lynx Software Technologies, Inc. Vietnam: 3S Intersoft JSC United Technologies Corporation Individual Systems China: Weavesoft Ltd.

