JPX
東証一部上場

2022

Apr. 1, 2021 – Sep. 30 2021

FY3/22 Q2

Financial Results

Ad-Sol Nissin Corp.

November 12, 2021

Performance Summary

Ad-Sol Nissin

Q2 Results

Sales **6,228** million yen

Operating income **680** million yen

- **Affected by the delays in projects** due to **COVID-19**
- **Delays in IT investment decisions** due to **the re-extension of the State of Emergency**
- **Delays in determining specifications** due to **promotion of digital transformation (DX)**

Full-year Forecast

Sales **12.5** billion yen

Operating income **1.2** billion yen

- Contribution to earnings from **new projects (electric power, large-scale projects)**: Next fiscal year and beyond
- Continue **strategic investment**: project room expansion, DX personnel training

Summary of FY3/22 Q2 Results

Progress of Energy ICT Strategy and
Full-year Business Forecasts

Progress of New Medium-Term Management Plan

Q2 Results

Ad-Sol Nissin

(Unit: million yen)	FY3/21 Q2		FY3/22 Q2		YoY	
	Results	Ratio to sales %	Results	Ratio to sales %	Increase/ decrease	Pct. change
Sales	6,790	-	**6,228**	**-**	△561	△8.3
Social Infrastructure Business	4,255	62.7	**3,850**	**61.8**	△405	△9.5
Advanced Industry Business	2,534	37.3	**2,377**	**38.2**	△156	△6.2
Gross profit	1,715	25.3	**1,629**	**26.2**	△85	△5.0
SG&A expenses	1,026	15.1	**1,021**	**16.4**	△4	△0.5
Operating income	688	10.1	**608**	**9.8**	△80	△11.7
Ordinary income	707	10.4	**628**	**10.1**	△79	△11.2
Net income attributable to owners of parent	507	7.5	**436**	**7.0**	△70	△14.0

Sales by Segment

Ad-Sol Nissin

- ◆ **Social Infrastructure Business : Delays in start of projects, completion of large-scale gas related projects**
- ◆ **Advanced Industry Business : Steady performance in next-generation vehicles (advanced EVs, autonomous driving) and payment-related projects**

(Unit: million yen)

	FY3/21 Q2		FY3/22 Q2		YoY	
	Result	Ratio to sales %	**Result**	**Ratio to sales %**	Increase/ decrease	Pct. Change
Sales	6,790	-	**6,228**	**-**	△561	△8.3
Social Infrastructure Business	4,255	62.7	**3,850**	**61.8**	△405	△9.5
Energy	3,649	53.7	**3,183**	**51.1**	△465	△12.8
Transportation	287	4.2	**213**	**3.4**	△74	△25.8
Public works	62	0.9	**84**	**1.4**	21	34.9
Communication Network	256	3.8	**368**	**5.9**	112	44.0
Advanced Industry Business	2,534	37.3	**2,377**	**38.2**	△156	△6.2
Control system	1,011	14.9	**753**	**12.1**	△258	△25.5
Foundation system	1,278	18.8	**1,322**	**21.2**	43	3.4
Solution	244	3.6	**302**	**4.9**	57	23.5

Social Infrastructure Business

Ad-Sol Nissin

Energy domain: Delayed start of power-related projects (due to COVID-19)

DX, response to system change, facility management, customer management, etc.

(Unit: million yen)

	Sales		Order backlog		Overview
	FY3/21 Q2	FY3/22 Q2	FY3/21 Q2	FY3/22 Q2	
Social Infrastructure Business	4,255	**3,850**	1,990	**1,281**	
Energy	3,649	**3,183**	1,856	**1,024**	Gas-related: Large-scale, legal separation project completed Power-related: Delays in start of projects DX, response to system change, facility management, customer management, etc.
Transportation	287	**213**	43	**97**	Space-related：Expansion of response areas
Public works	62	**84**	21	**30**	Disaster prevention-related: Continued
Communication Network	256	**368**	69	**127**	Next-generation communications (5G): Expansion of wireless base stations Expansion

Advanced Industry Business

Ad-Sol Nissin

- **Control system: Continued support for Next-generation Automobiles (advanced EV, automatic driving)**
- **Foundation system: Expansion of payment and card related and low code support**
- **Solution: Adoption of Secure laptop (for remote work)**

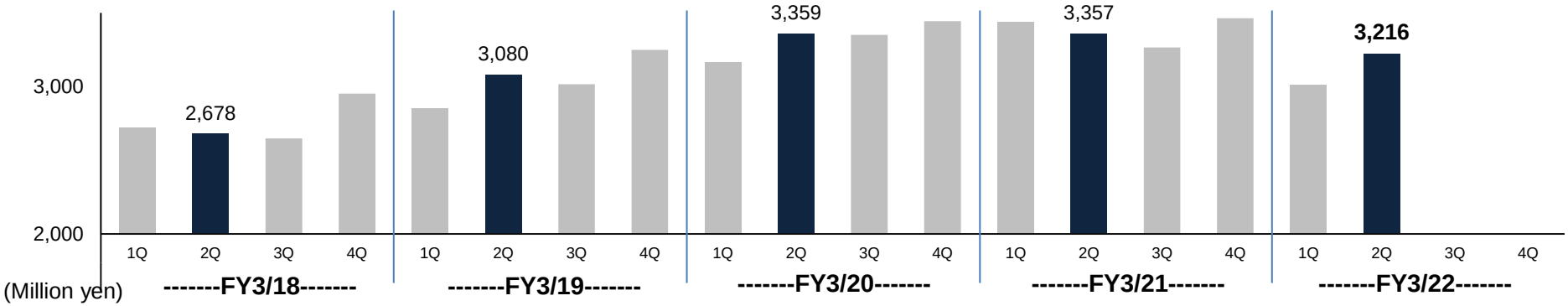
(Million yen)

	Sales		Order Backlog		Overview
	FY3/21 Q2	FY3/22 Q2	FY3/21 Q2	FY3/22 Q2	
Advanced Industry Business	2,534	**2,377**	849	**930**	
Control system	1,011	**753**	245	**208**	・Next-Generation Automobiles : Progresses as planned ・Medical and office equipment: Decrease
Foundation system	1,278	**1,322**	506	**680**	・Payment and credit card related: supported areas ・Business system-related: Expansion of low-code development projects ・Travel-related: Reduction and postponement
Solution	244	**302**	97	**42**	・LynxSECURE ： Adoption by Ashiya City, Hyogo Prefecture Secure laptop (for remote work at local government)

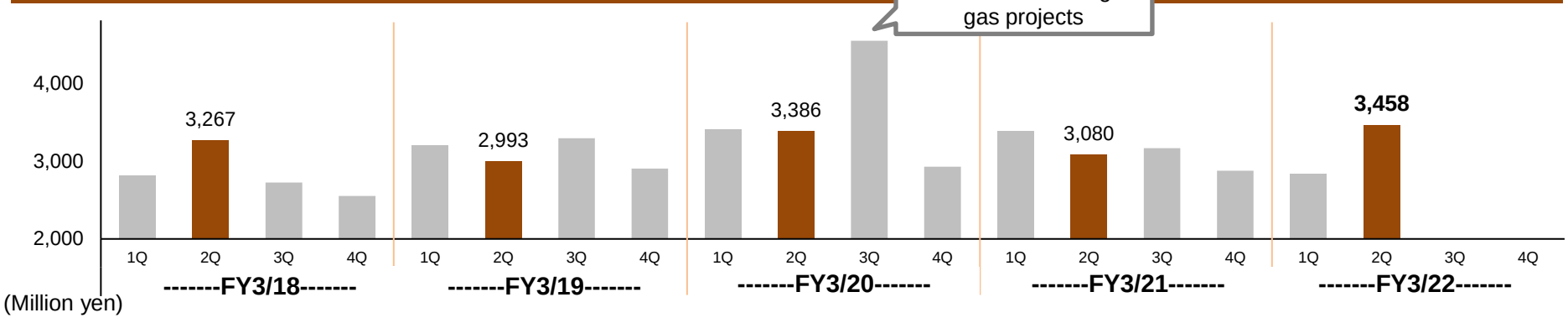
Quarterly Trends

Ad-Sol Nissin

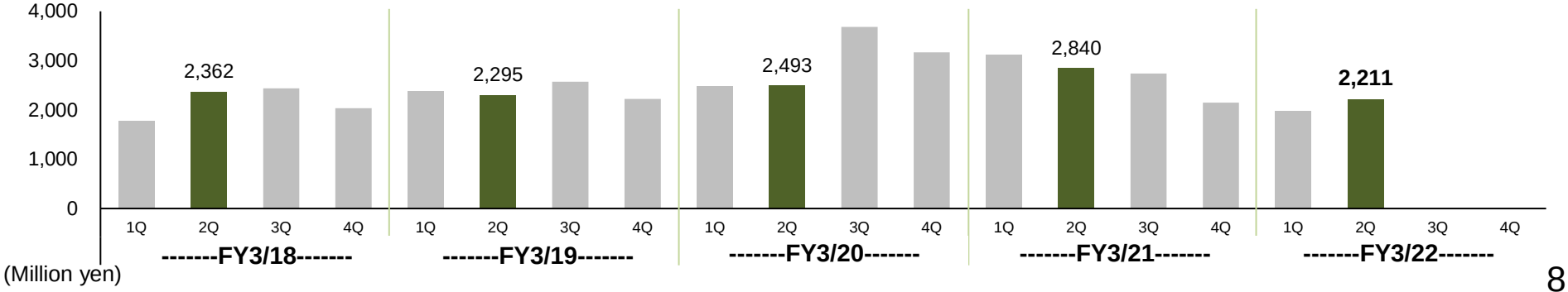
Sales



Orders Received



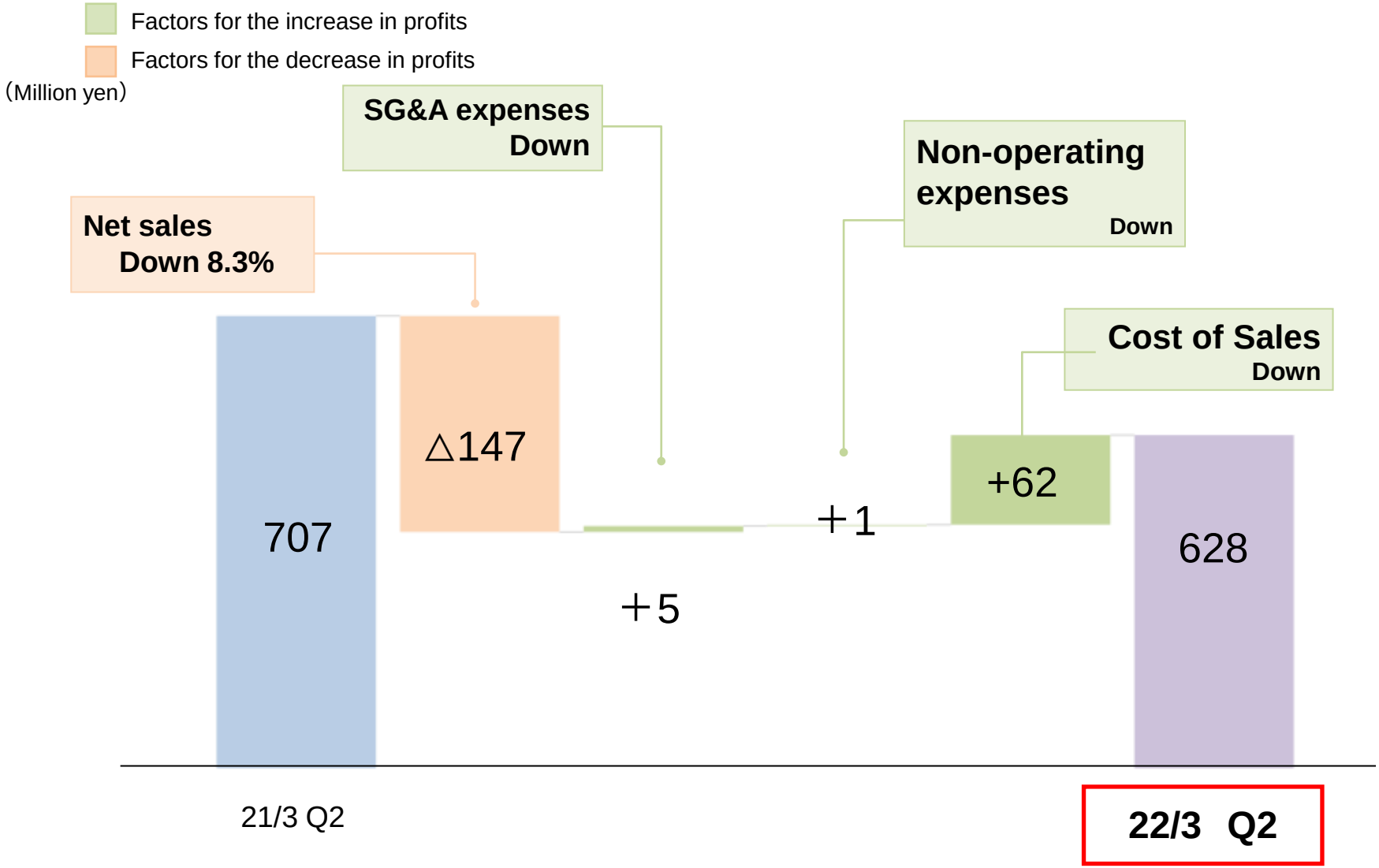
Order Backlog



Analysis of Ordinary income

Ad-Sol Nissin

Main driving factors in YoY change

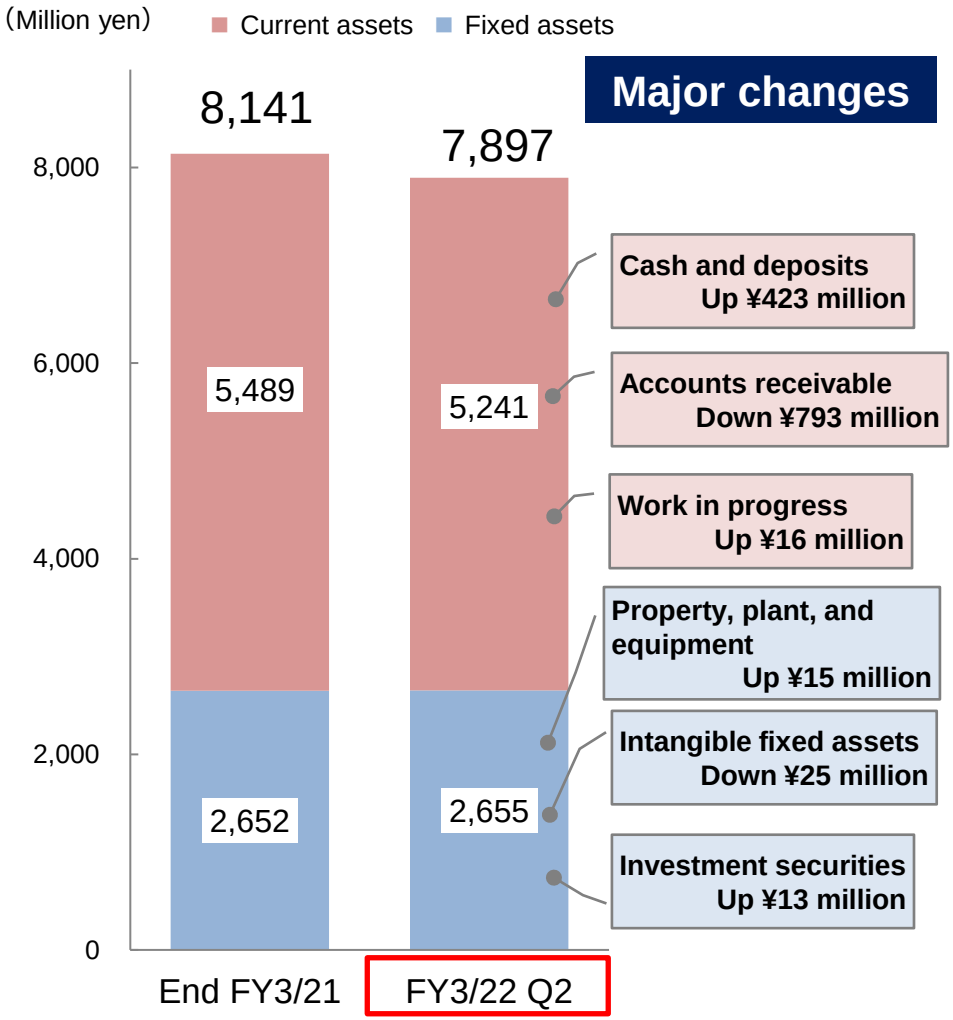


Balance Sheet(YoY)

Ad-Sol Nissin

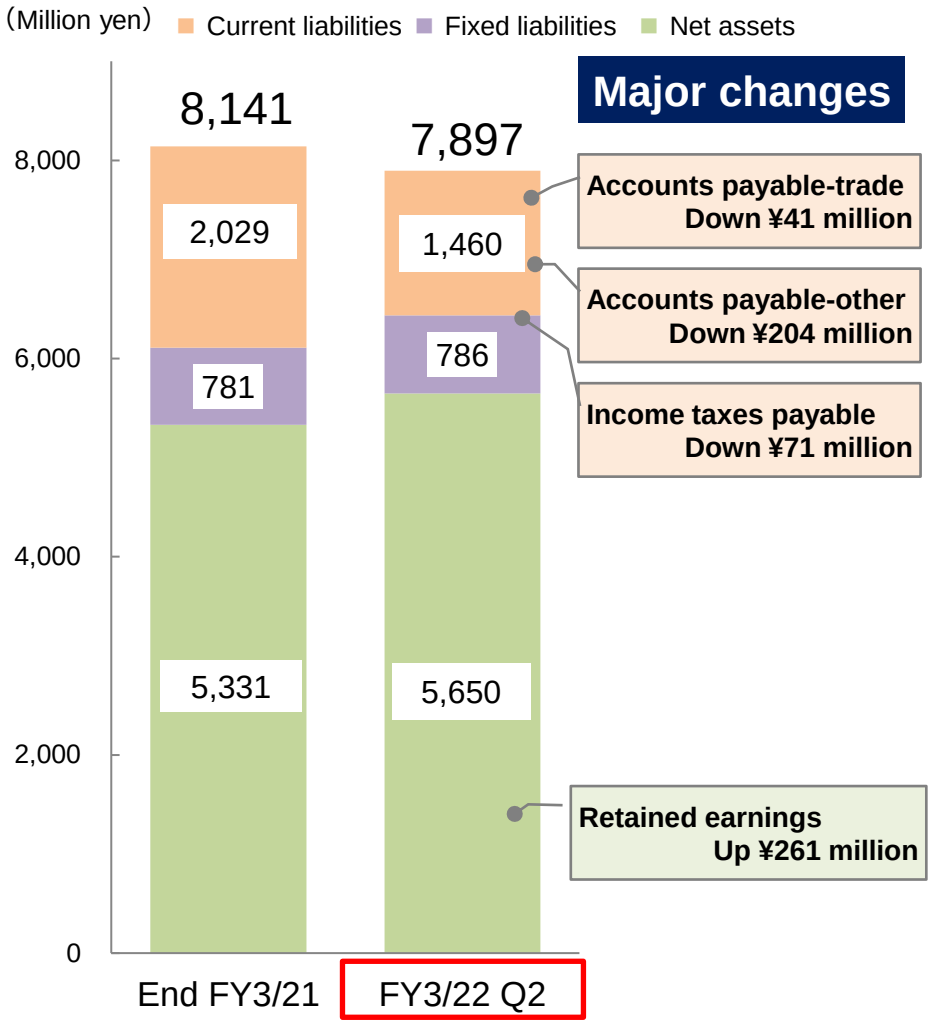
Assets

● Total assets: **7.8 billion yen**



Liabilities and net assets

● Equity ratio: **70.0%** **(+6.0P)**



Cash Flows

Ad-Sol Nissin

Outline

(Million yen)	21/3 Q2	22/3 Q2	Change factors	
Operating activity	194	720	・**Net income before income taxes and minority interests**	635
			・**Depreciation and amortization**	46
			・**Income and enterprise taxes paid**	△269
			・**Decrease in accounts payable-other**	△188
			・**Decrease in trade receivables**	697
			・**Decrease in accrued consumption taxes**	△92
Investing activities	1	△54	・**Purchase of property, plant and equipment**	△29
			・**Payment for purchase of intangible assets**	△23
Financing activities	△237	△242	・**Repayment of long-term loans payable**	△87
			・**Cash dividends paid**	△176
Cash and cash equivalents at end of period	1,935	2,099		

Shareholder Returns -Dividends-

Ad-Sol Nissin

Dividend Policy

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

Dividend Forecast

(Unit: Yen)	FY3/21	FY3/22
Interim	16	18
Year-end	19	18
Annual	35	36

Dividend Change

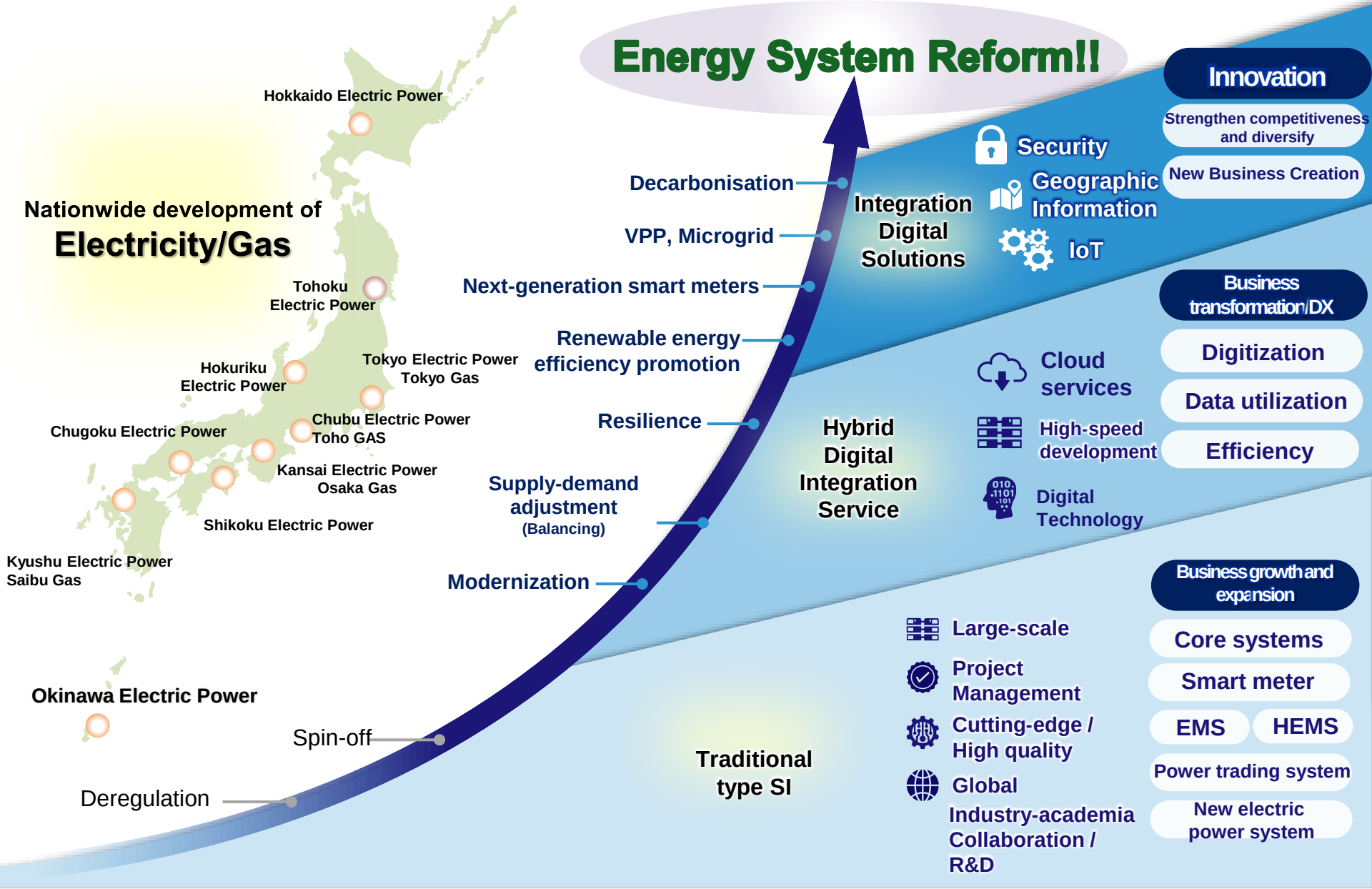
Summary of FY3/22 Q2 Results

Progress of Energy ICT Strategy and
Full-year Business Forecasts

Progress of New Medium-Term Management Plan

Energy-ICT Strategy (Electricity/Gas)

Ad-Sol Nissin



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Energy System Reform

Ad-Sol Nissin

Theme

Medium- to long-term development theme: Large-scale systems and DX

	2021	2022	2023
Electricity	System support (billing system of power generation)		
	Supply and demand adjustment market system		Nationwide support
	Asset DX system		
	Next-generation facility management system		
		Customer information syste	
Common	Resilience response		
	VPP		Microgrid
Gas	Legal separation support		
	Reconstruction of reception system		
	IT platform Modernization		
		Hydrogen, ammonia, distributed power supply, etc.	

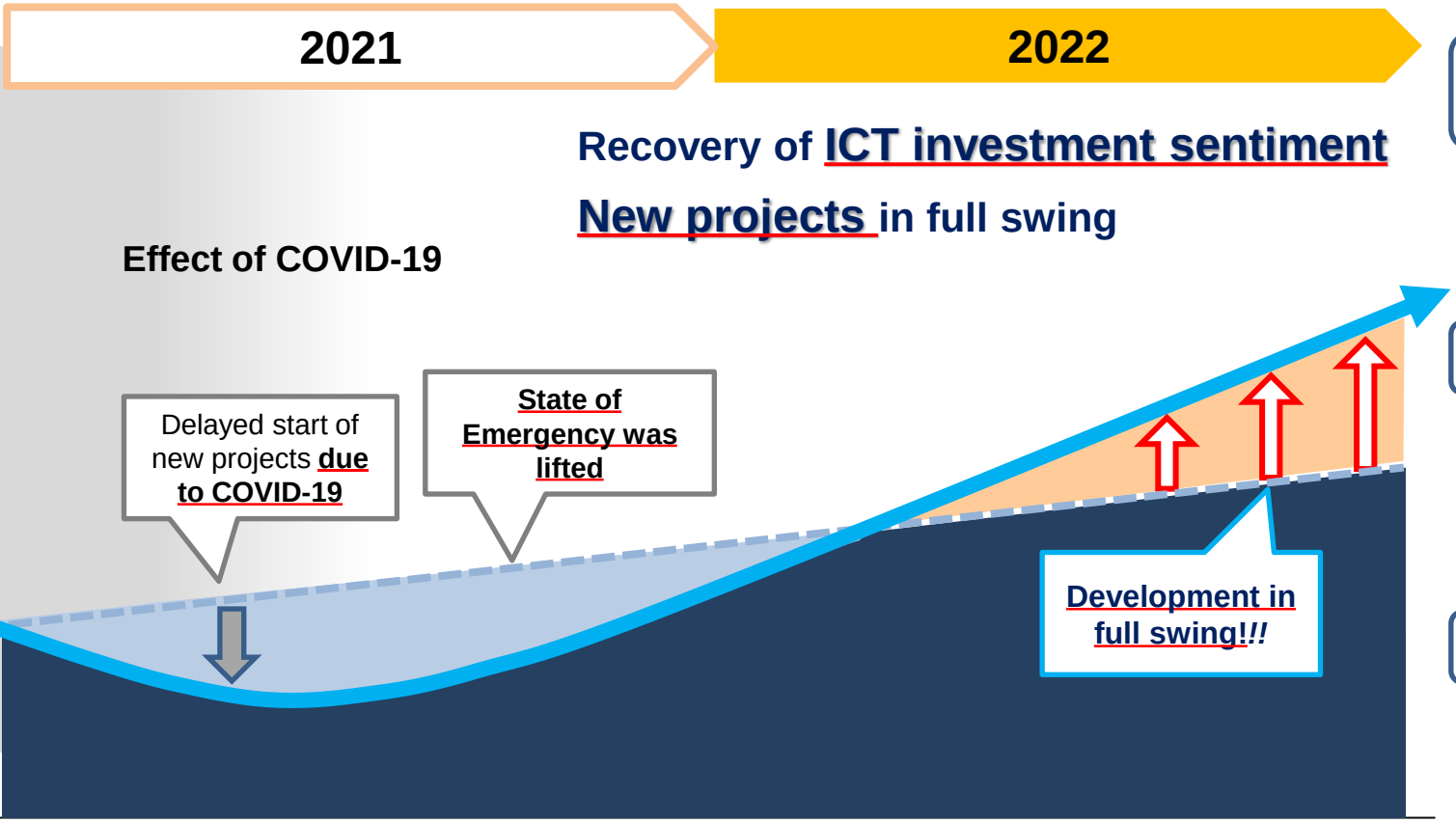
Future Outlook

Ad-Sol Nissin

Orders

Accelerating new themes such as "response to electric power system" and "DX"!!

■ **Outlook development project orders**



Large-scale systems

- Billing system of power generation side
- Equipment management system, etc.

DX

- Asset DX (capital investment related), etc.

Base load

- Wheeling system
- Customer information system, etc.

FY3/22 Full-year Forecasts

Ad-Sol Nissin

Full-year

- Contribution to earnings from **new projects (electric power, large-scale projects)**: Next fiscal year and beyond
- Continued **strategic investment**: Project room expansion, DX personnel training, etc.

(Unit: million yen)

	Initial forecasts	Revised forecasts			Previous fiscal year		
		Expected amount	Increase/ decrease	Pct. change	Result	Increase/ decrease	Pct. change
Sales	14,200	**12,500**	△1,700	△12.0	13,518	△1,018	△7.5
Operating income	1,350	**1,200**	△150	△11.1	1,285	△85	△6.6
Ordinary income	1,381	**1,234**	△147	△10.6	1,314	△80	△6.1
Net income attributable to owners of parent	910	**830**	△80	△8.8	898	△68	△7.6

Summary of FY3/22 Q2 Results

Progress of Energy ICT Strategy and
Full-year Business Forecasts

Progress of New Medium-Term Management Plan

Ad-Sol Nissin

New development for the DX era!

-To become a high-profit growth company

Value×Innovation

Integrated Digital Solutions

Security | Geographic information | IoT

New!!

- Schneider SI Partner P.21
- Secure isolation P.22
- Secure Laptop P.23
- DX Human Resources Training Program

Latest Technology x Service

Hybrid Digital Integration Service

Digital technology | High-speed development | Cloud services

New!!

- Business alliance with SYS P.20
- Patent acquisition, engineer training, industry-academia collaboration, etc. P.25-

Traditional type SI

Business alliance with SYS Holdings!

SYS Holdings

Ad-Sol Nissin

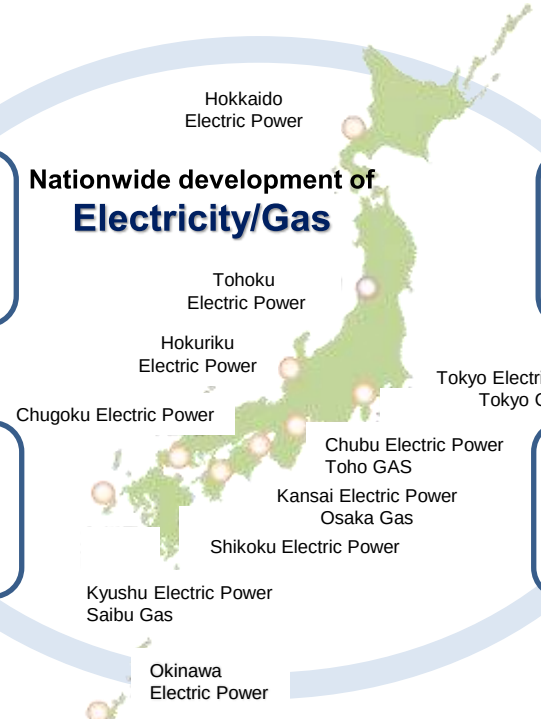
Strengthen nationwide support for **"Energy System Reform"!**

Nationwide support
System response, decarbonization, efficiency improvement
aging, DX, etc.

Human resource development
DX, AI, PMP, low code, etc.

Strengthen development system
Upstream process, quality, management, development, etc.

Solution
Original development for energy industry



SYS Holdings Co., Ltd.

Headquarters: Higashi-ku, Nagoya City
Offices: Tokyo, Osaka
Establishment: January 1991
Representative: Hiroki Suzuki, Chairman and Representative Director
Listed on: JASDAQ Maket on TSE
Business Outline: Comprehensive information service business with a focus on system development and provision of solutions and services
Group companies: 11

DX/Solution

Ad-Sol Nissin

Schneider in France: SI Partner Agreement (First in Japan!)

SUSTAINABLE DEVELOPMENT GOALS

Schneider Electric

IoT platform
「EcoStruxure」

IoT solution
「Pro-face」

AR

【 IoT/DX Solution】

100
solution orders

Ad-Sol Nissin

Social Infrastructure

Advanced Industry

【 One-stop service for IT and OT 】

The world's most sustainable company
Ranked 1st

Schneider Electric

Headquarters: France
(Business development: More than 100 countries around the world)
Sales ：25.2 billion euros (about 3.7 trillion yen)
URL ：https://www.schneider-electric.com/jp
Business summary: Promote digital transformation of energy management and automation for buildings, data centers, infrastructure and industry

Accelerating DX and IoT for the manufacturing industry!

Effective utilization of old and new equipment

Predictive maintenance (using AI)

Data utilization

High Security and Confidentiality Protection : Secure isolation

Ad-Sol Nissin

For central government agencies and public companies

SUSTAINABLE DEVELOPMENT GOALS

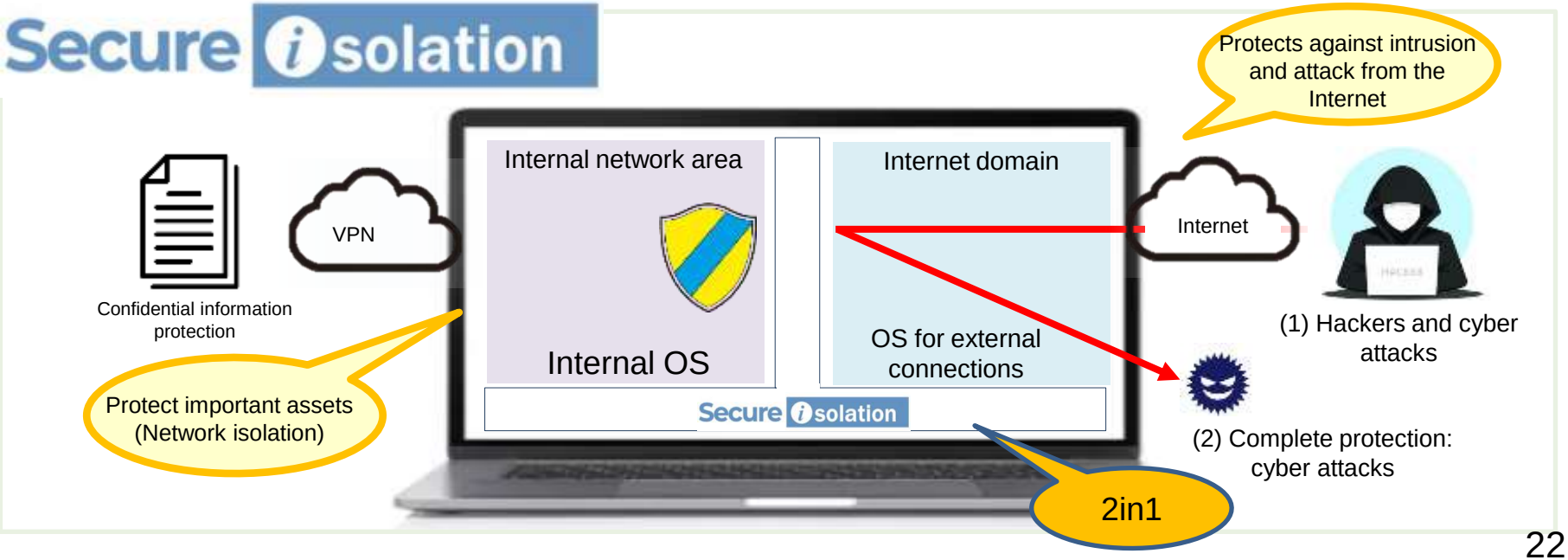
Complete PC isolation (internal/external connection) with innovative IoT technology

- Improve business efficiency

- No need to use different PCs
  - -Handling of important information
  - -Research and confidential data access
- Network isolation and shutdown

- Cost reduction

- No need for multiple PCs
  - -Reduction in the number of PCs
- High security



Remote Work Solutions: Secure Laptop

Ad-Sol Nissin

Ashiya City, Hyogo Prefecture: Begins remote work!

SUSTAINABLE DEVELOPMENT GOALS

Connect securely from inside the office or at home with one PC

☆ High security ☆

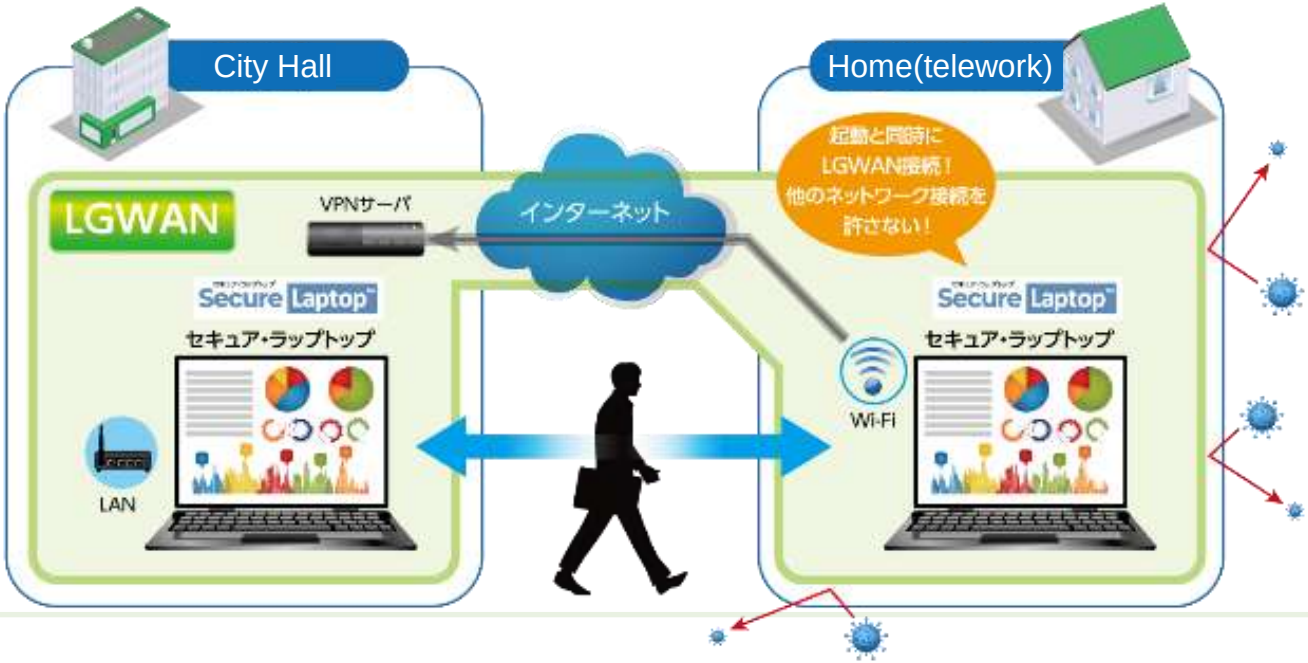
- Original "**high security technology** (aviation / defense area)"
- **Complete defense** "Cyber attack" and "Virus intrusion"

☆ Cost reduction☆

- You can work with **"one computer"** (in the office or at home)
- No computer required for telework

Secure Laptop™

Ashiya model



Digital Innovation Lab (Second base in Japan)

Ad-Sol Nissin

Experience cutting-edge solutions

SUSTAINABLE DEVELOPMENT GOALS

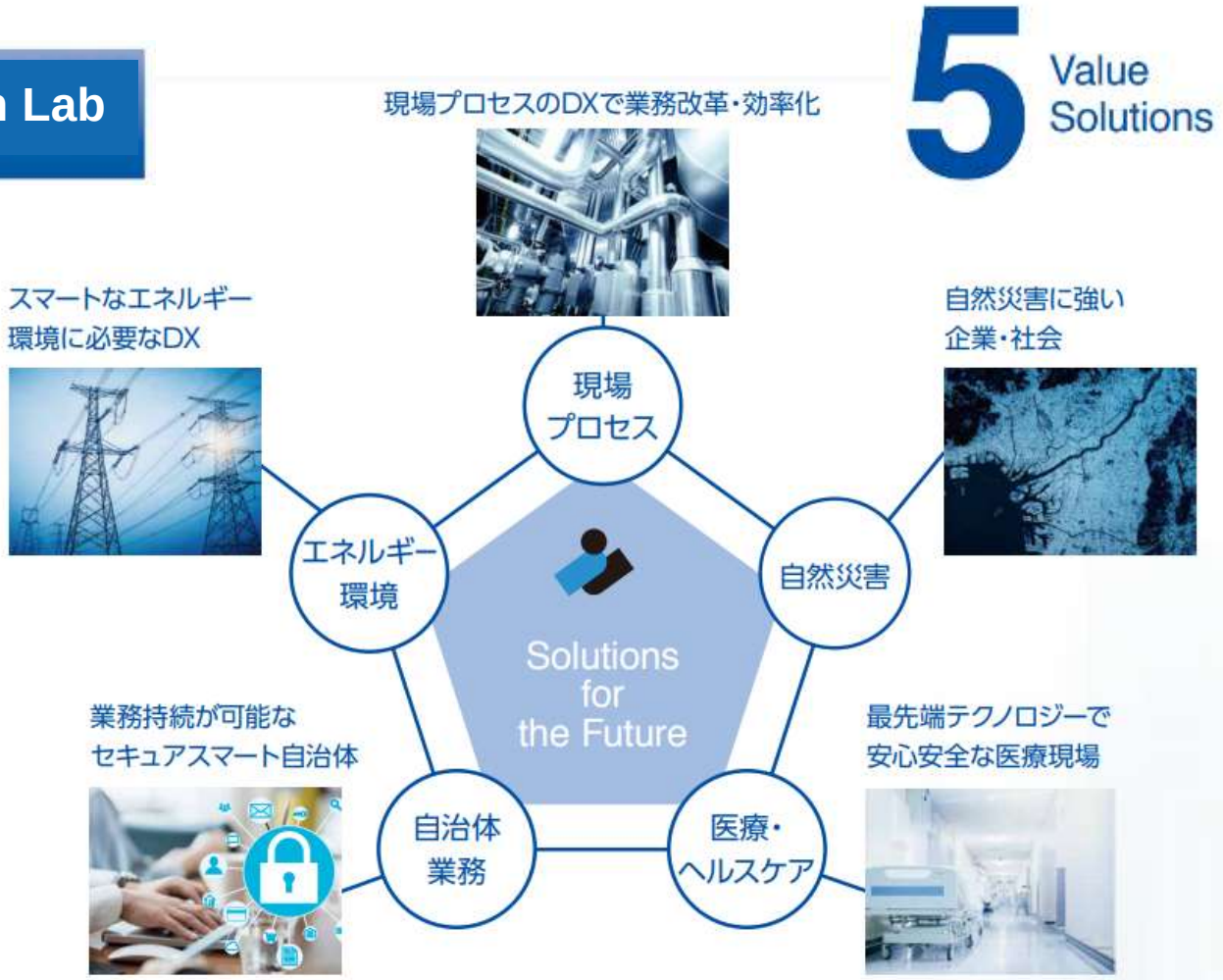
IoT × Map × Security

Ad-Sol Digital Innovation Lab

Tokyo Headquarter

Kansai Branch New!

(Opened in June 2021)



Initiatives for Intellectual Property: Patent

Ad-Sol Nissin

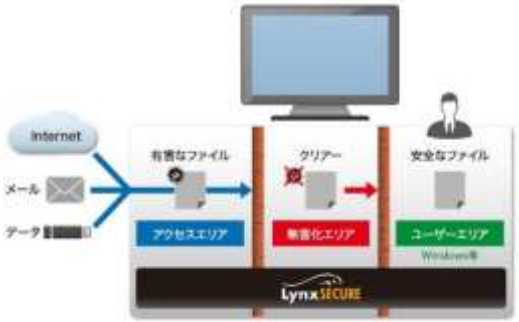
IoT and Cyber Security related

The 14th patent!

SUSTAINABLE DEVELOPMENT GOALS

【 External invasion virus: detoxification 】

- Cyber attack response
- Technology to protect important digital data by isolating and blocking it with data diode technology
- Using "LynxSECURE" from Lynx, Inc. (Exclusive sales rights in Japan)



Patent Overview

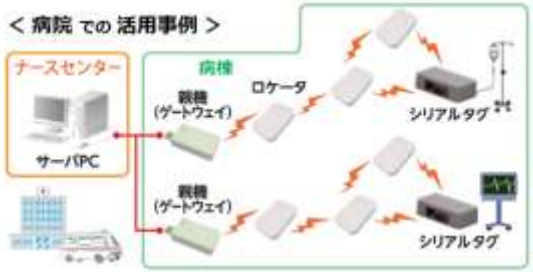
Patent number	No. 6841703
Title of invention	Computer device
Filing date	March 29, 2017
Registration date	February 22, 2021
Patentee	Adsol Nissin

Location detection solution related

The 15th patent!

【 Data communication efficiency: wireless, congestion control 】

- Using location information (digital data)
- Solving problems in digital data collection using short-range wireless technology
- Using in indoor location detection system (uLocation), etc.



Patent Overview

Patent number	No. 6890394
Title of invention	Relay device, location detection system, and relay method
Filing date	September 27, 2016
Registration date	May 27, 2021
Patentee	Adsol Nissin

AI Research Activities :
National Institute of Advanced Industrial Science and Technology (AIST)

Ad-Sol Nissin

AI research and AI systems for safety and security

SUSTAINABLE DEVELOPMENT GOALS

【Test efficiency improvement】

- AI system
  ...Improve efficiency of evaluation and testing
  ...Support for many AI systems
- General-purpose platform
  ...Quality management of AI systems

【Quality Guidelines】

- Quality management
  ...Design and development / life cycle
- Quality requirements / common inspection items
- Support for all AI stakeholders
  ...Users, developers, service providers
- Acceleration of AI business development

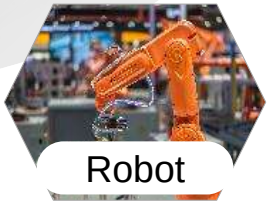
TechMatrix Co., Ltd.

【AI system development 】

Automatic driving

Face recognition

IoT


Robot

Medical

Guest companies and organizations

Adsol Nisshin Co., Ltd.	Cyber Soken Co., Ltd.
National Institute of Advanced Industrial Science and Technology	Inter-University Research Institute Juridical Person National Institute of Information and Systems Research
TechMatrix Co., Ltd.	DENSO CORPORATION
Tokyo Institute of Science	Toyota Motor Corporation
IBM Japan Co., Ltd.	NEC Corp.
Panasonic Corporation	Hitachi, Ltd.
Fujitsu Co., Ltd.	Fujitsu Laboratories, Ltd.

About AIST

- Name: National R&D Company
National Institute of Advanced Industrial Science and Technology (AIST)
- Established in April 2001
- Address:
Head Office: Chiyoda-ku, Tokyo/Tsukuba City
Research centers: 10 nationwide
- Chairman: Kazuhiko Ishimura
- Number of employees: 3041 (2,338 research staff)
- Business Overview: Research on Industrial Technology
- URL : https://www.aist.go.jp/

Ad-Sol Nissin

Newly established: IoT Security Research Consortium

SUSTAINABLE DEVELOPMENT GOALS

【Research and exchange center for IoT and security: Industry-academia-government collaboration】

- Training of IoT security personnel
- Research on security technology
- Development of security standards and guidelines

RITSUMEIKAN

Ritsumeikan University
Kusatsu Campus

Industry-academia joint research: Multi-core control system for IoT devices

【Data linkage between software (embedded software)】

- Demonstration system construction
  - -Assumption of industrial use cases
- Control by a single multi-core microcontroller
  - -Driving control software / monitoring communication software
  - -Assuming connected cars
- Driving control/storage and visualization of driving data

＜ 図1 実証システムの概要 ＞

Initiatives for Human Resources (Recruitment Activities)

Ad-Sol Nissin

April 2022 New Graduate Recruitment

- Number of recruits: **55**
  - Graduate school: **15**
  - University: **40**
  - Global human resources: **1**
    (Vietnamese students)

University
[National]
Hokkaido University, Iwate University, Ibaraki University, Tsukuba University, University of Tokyo, Tokyo Institute of Technology, Tokyo University of Agriculture and Technology, Hitotsubashi University, Mie University, Kyoto Institute of Technology, Osaka Kyoiku University, Kobe University, Wakayama University, Shimane University, Kyushu University, Saga University, Nagasaki University,

[Public]
Iwate Prefectural University, Shiga Prefectural University, Osaka Prefecture University, University of Kitakyushu

[Private]
Shibaura Institute of Technology, Sophia University, Senshu University, Chuo University, Tokyo Denki University, Tokyo University of Science, Nihon University, Japan Women's University, Tokyo City University, Rikkyo University, Waseda University, Tsuda College, Kanagawa University, Kanagawa University, Doshisha University, Ritsumeikan University, Kansai University, Kinki University

*On October 1, 2021, we held an online job offer ceremony.

Joined new graduates in April 2021

- Number of recruits: **50**
  - Graduate school: **14**
  - University: **36**
  - Global human resources: **1**
    (Vietnamese students)

*On April 1, 2021, we held the entrance ceremony.

TSE Market Reorganization

Ad-Sol Nissin

Prime Market

Meet the cliteria!

Results

Contents	Continued listing criteria	Results
Number of shares issued	20,000 units or more	○
Total market value of shares issued	10 billion yen or more	○
Trading value	Average daily trading value 20 million yen or more	○
Ratio of shares issued	35% or more	○

Future Plans

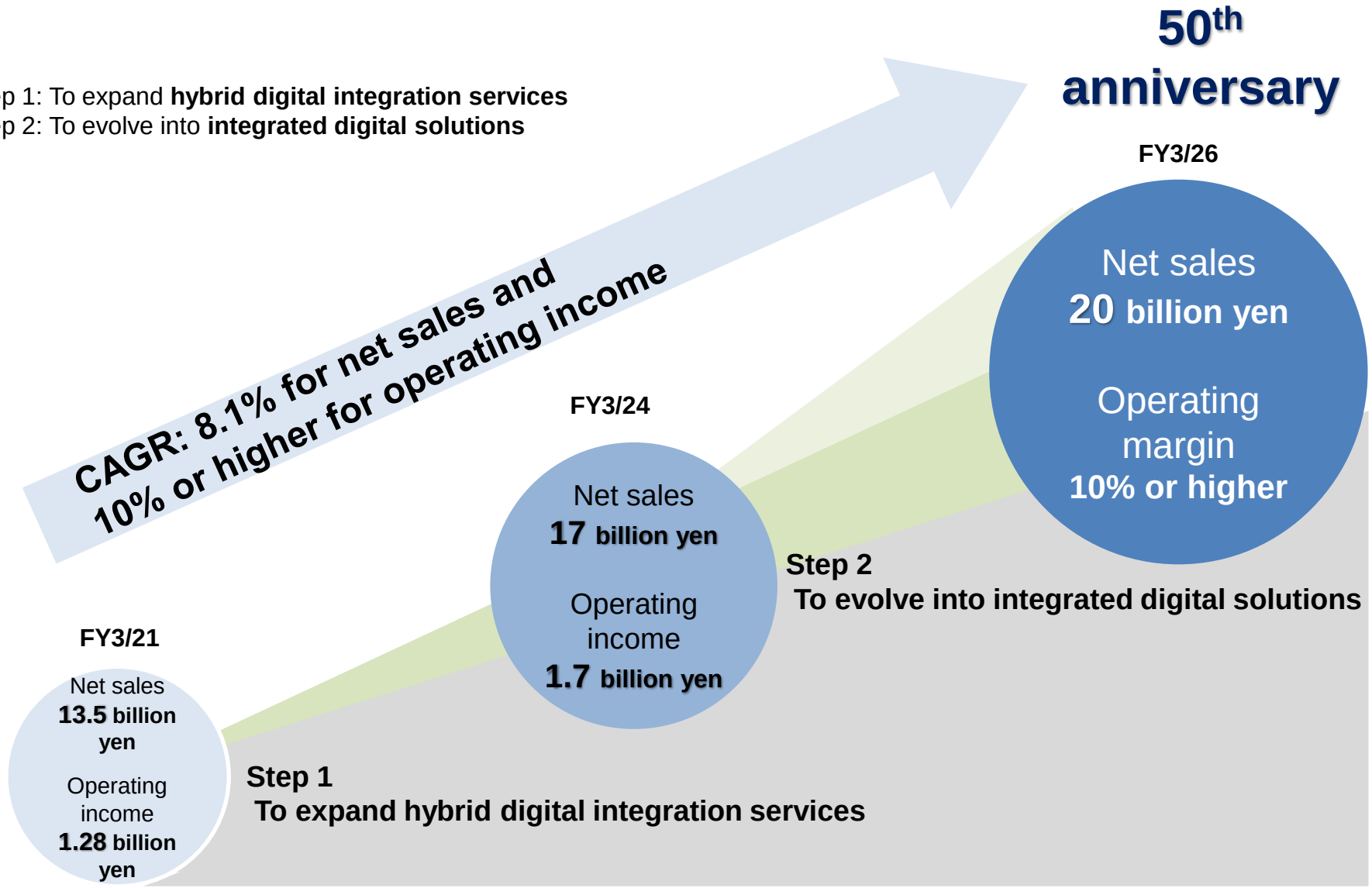
Contents	2021 Aug	Sep	Oct	Nov	Dec	2022 Jan	Feb	Mar	Apr
Application procedure		←			→				
Announcement of selection results						☆To be announced on January 11			
Transition to new market									☆From April 4

Toward the 50th Anniversary of Our Founding (Vision 2026)

Ad-Sol Nissin

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**



CAGR: Compound Annual Growth Rate Average growth rate in the set period from FY3/2021 to FY3/2026

New Slogan

Ad-Sol Nissin

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

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Shareholder Returns -Shareholder Benefits-

Ad-Sol Nissin

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

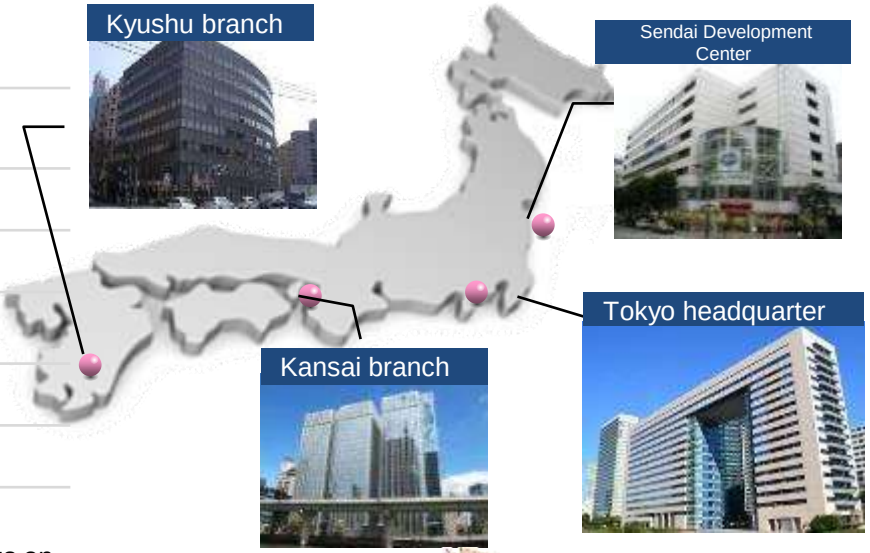
■ 4,000 shares or more

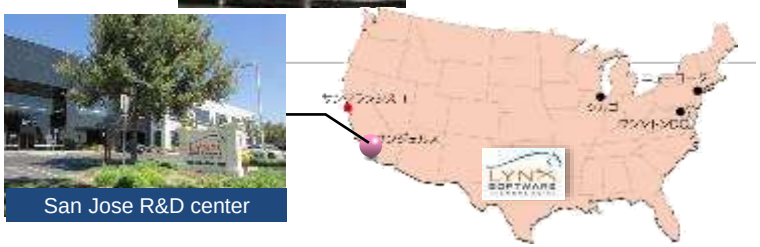
- **Quo cards with 'Greenery Fund' attachment (equivalent to ¥3,000) or**
- **Presentation of the special gift catalog which can select from "Kishu Japanese Plum", "Mikan juice", "Mikan jelly", "Soy sauce" and "rice" etc. (One item from equivalents to ¥3,000)**

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

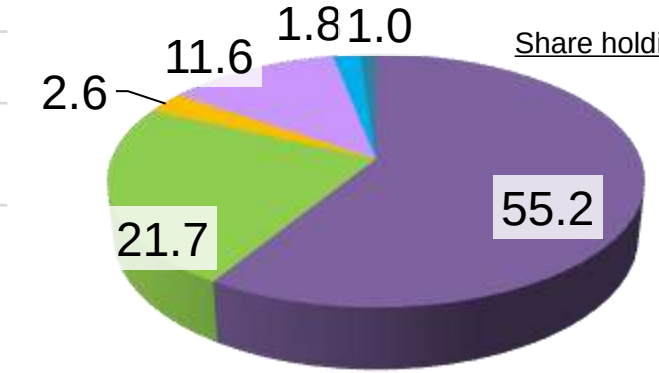
Corporate Profile

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	1,164 (Group total)
Sales	13.51 billion yen (FY3/21)
Listing Market	Tokyo Stock Exchange First Section Market Stock code: 3837
Shares outstanding	9,390,189 shares (As of Sep. 30 2021)
Affiliated Company	Domestic Ad-Sol Asia Corporation. USA Adsol-Nissin San Jose R&D Center, Inc.
Tie-up	USA: Lynx Software Technologies, Inc. China: Weavesoft Ltd. Vietnam: 3S Intersoft JSC United Technologies Corporation Individual Systems





Share holding ratio



Note

These materials have been prepared only for the purpose of providing information to shareholders and are not to solicit buying and selling.

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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