February 6, 2025

For Immediate Release

Ad-Sol Nissin Corporation
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Notice Regarding Action to Implement Management That Considers the Cost of Capital and Stock Price

Ad-Sol Nissin Corporation (the "Company") announces that it has analyzed and evaluated its current situation regarding the "Action to Implement Management That Considers the Cost of Capital and Stock Price," and has decided on its future policy based on its recognition of the issues involved.

1. Target ROE : 22% (Results for FY'24/3: 14.3%)

2. Target year for achievement : FY'29/3

3. Related policies and initiatives to achieve the target

(1) Growth Strategy for Improving Profitability	
1) Growth Centered on Growing Businesses	• Promotion of growing businesses "Next-generation Energy," "Smart infrastructure / Life"
2) Business Model Transformation	• Expanding the consulting business • Existing areas: Shifting to upstream projects (improving unit cost) • Expansion of solution business
(2) Financial Strategy for Appropriate Allocation of Management Resources	
1) Shareholder Return Policy	• Change in dividend policy - Raised dividend payout ratio target: 40% or more (old) → 50% or more (new) • Newly established DOE (Dividend on equity ratio) target: 6% or more • Abolition of shareholder special benefit program • Increased year-end dividend increase - Year-end dividend forecast for FY'25/3: 25 yen → 35 yen (scheduled)
2) Capital Policy	• Stock split 1 share → 2 shares Record date: March 31, 2025 Effective date: April 1, 2025 • Initiatives to reduce shareholders' equity
3) Investment in Business, Human Resources, etc.	• Recruitment enhancement: New graduates: 70 people or more (April 2026) Mid-career: 15 people or more per year • Human resource development (AI, consulting, management, etc.)
(3) Non-Financial Strategy	
1) IR/Sustainability	• Continuous dialogue with investors • Expansion of IR activities • Enhancement of sustainability-related disclosure

* Please see the attached file for details.

(Note) English documents are prepared as a courtesy to our shareholders. In the event of any inconsistency between English-language documents and Japanese-language documents, the Japanese-language documents will prevail.

Action to Implement Management That Considers the Cost of Capital and Stock Price



TSE Prime 3837

Ad-Sol Nissin

(Repost from the Material Announced in May 2024) Current Situation Analysis / Evaluation

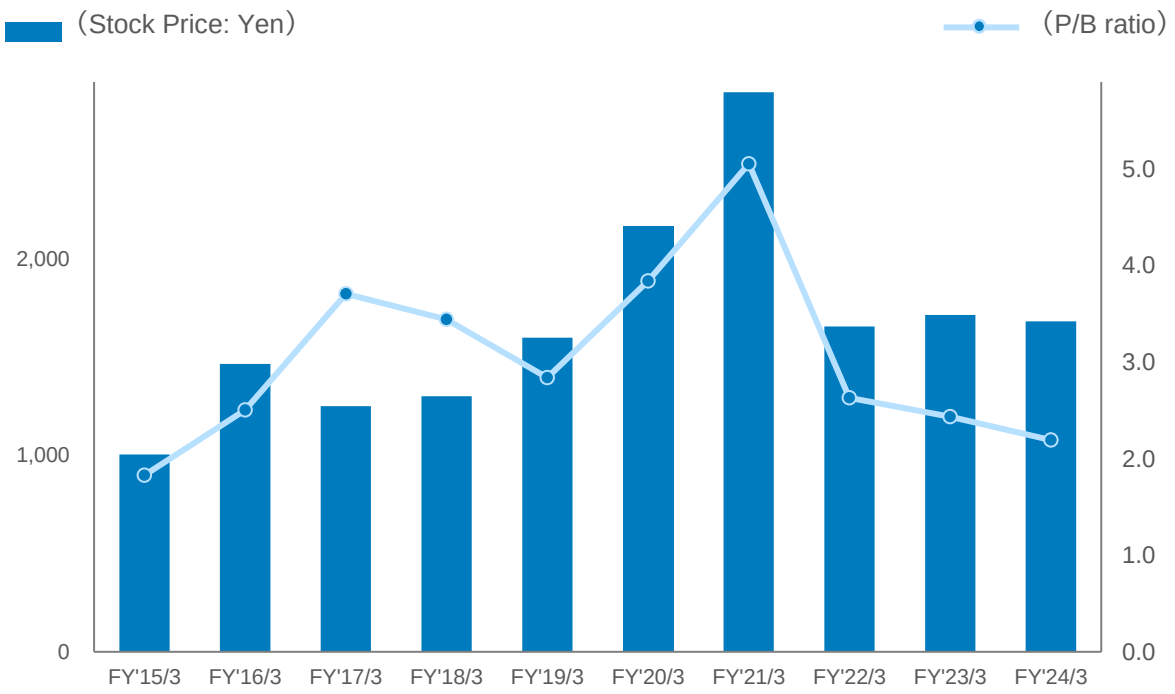
Key Points: Increasing profit margins and improving capital efficiency

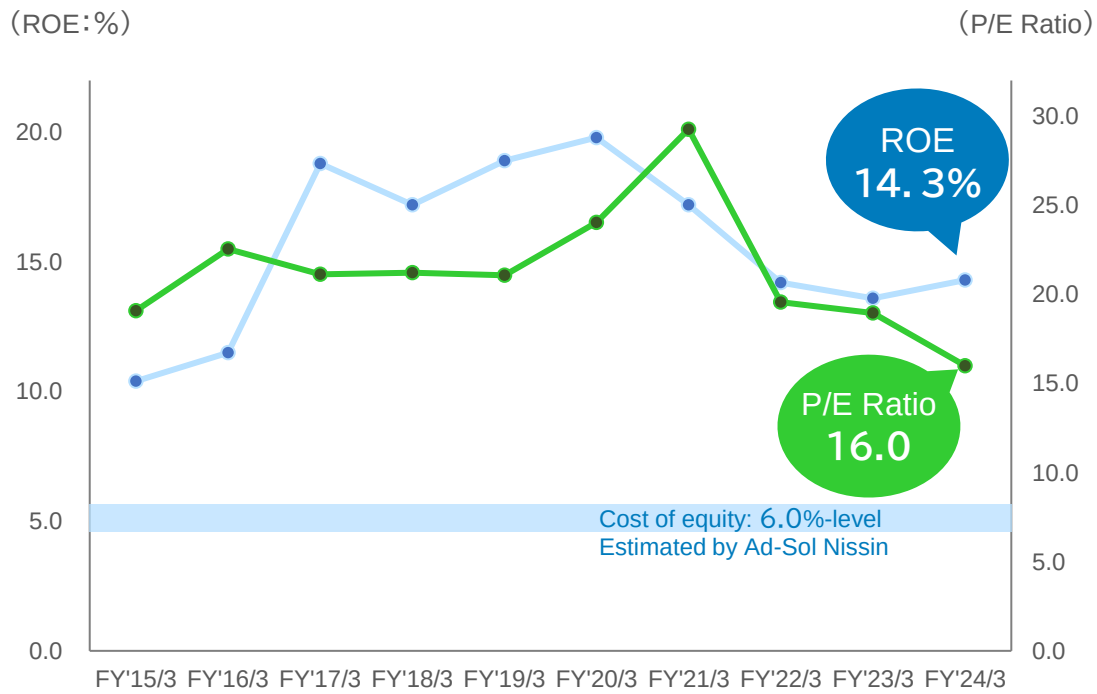
Stock Price & P/B Ratio (as of end of period)

- Current P/B ratio is over 2.0.
  → There is room for further improvement through higher stock prices
- Key points for stock price improvement
  Earnings growth and maintenance and improvement of high ROE

ROE & P/E Ratio (as of end of period)

- ROE for FY'24/3 is 14.3%, halting the downward trend.
- Key points to maintaining and improving high ROE that exceeds the cost of capital are increasing profit margins and improving capital efficiency.





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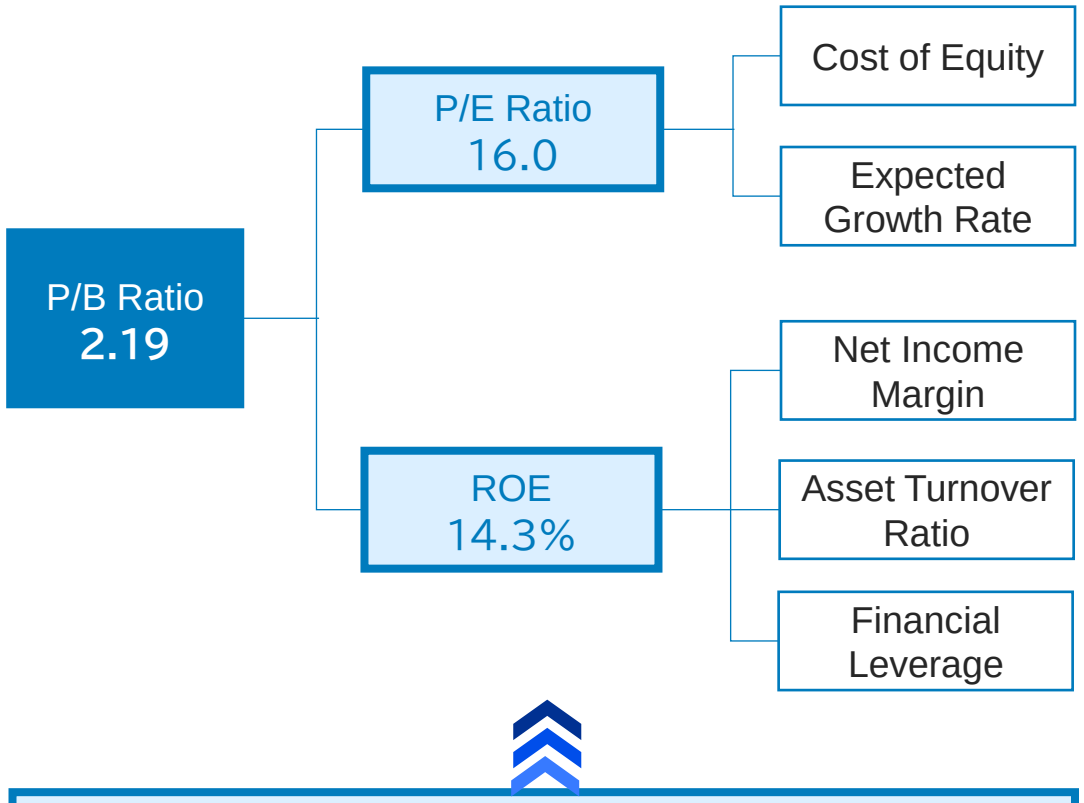
(Repost from the Material Announced in May 2024) Course of Action

Discussion and consideration that focus on the following topics for policy disclosure during FY'25/3

P/B Ratio = P/E Ratio times ROE

(Figures are as of the end of the fiscal year)



Discussion Themes

1. Improve Profit Margin (Growth Rate)

- Business Model Transformation
- Growth Centered on Growing Businesses
- Improving System Development Unit Cost in Existing Areas
- Improving the Ratio of Upstream Process (Consulting) Projects
- Improving Sales Ratio of the Solution Business

2. Improve Capital Efficiency

- Investment in Business, Human Resources, etc.
- Shareholder Return (Dividends / Buybacks / Shareholder Benefits)
- TSR (Total Shareholder Return)
- Review of Assets

3. Promoting Understanding through Dialogue

- IR Activities
- Sustainability-related Disclosures

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[As of February 2025] Current Situation Analysis / Evaluation

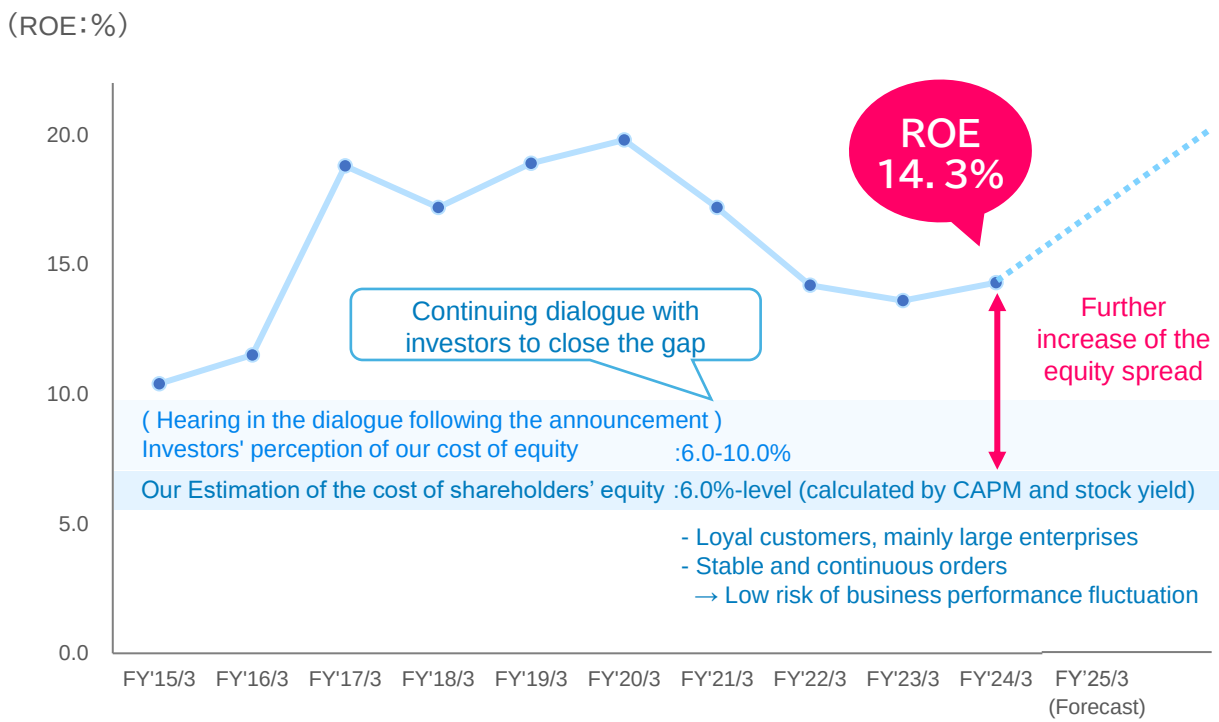
Renewed the current situation analysis: Reaffirmed that "ROE improvement" is a key factor in improving stock price

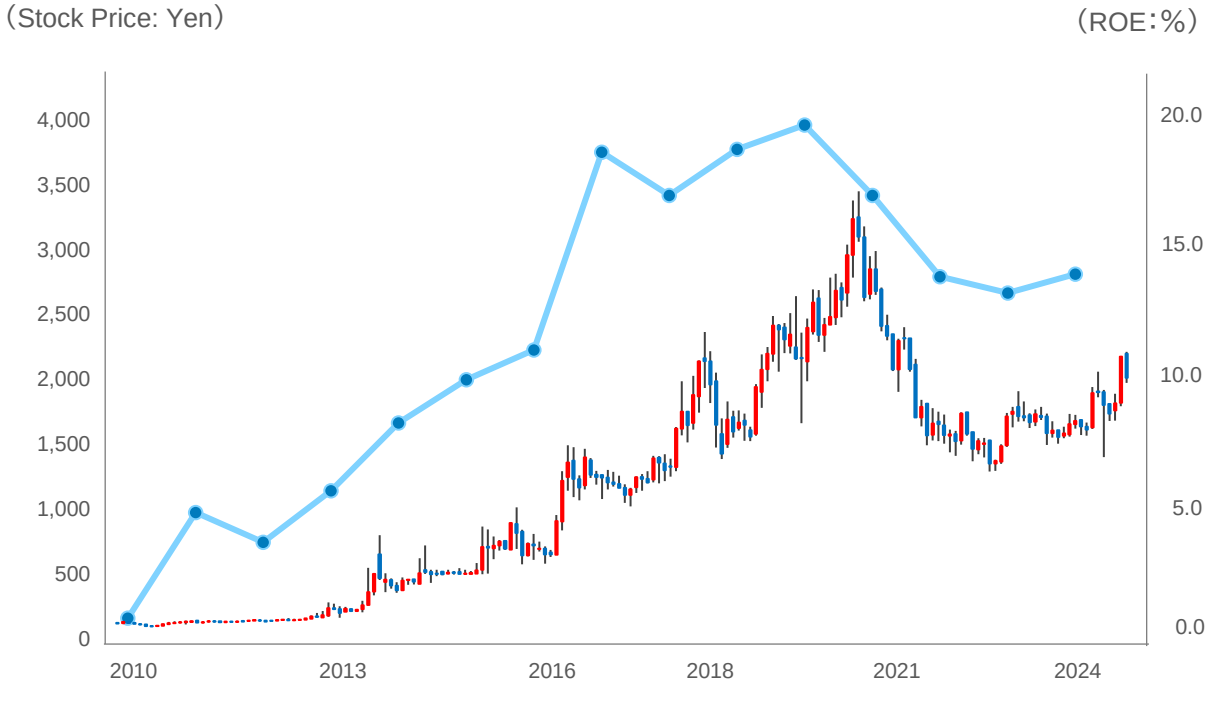
Expanding the Equity Spread

- Recognition of the cost of equity: Continuing dialogue with investors to close the gap
- Further increase in the equity spread, which is the difference between the cost of equity and ROE
  → Lower cost of capital and higher ROE are important

Trends in Stock Price and ROE

- Our stock price and ROE are generally in line with each other
  → A factor to improve stock price is to improve ROE





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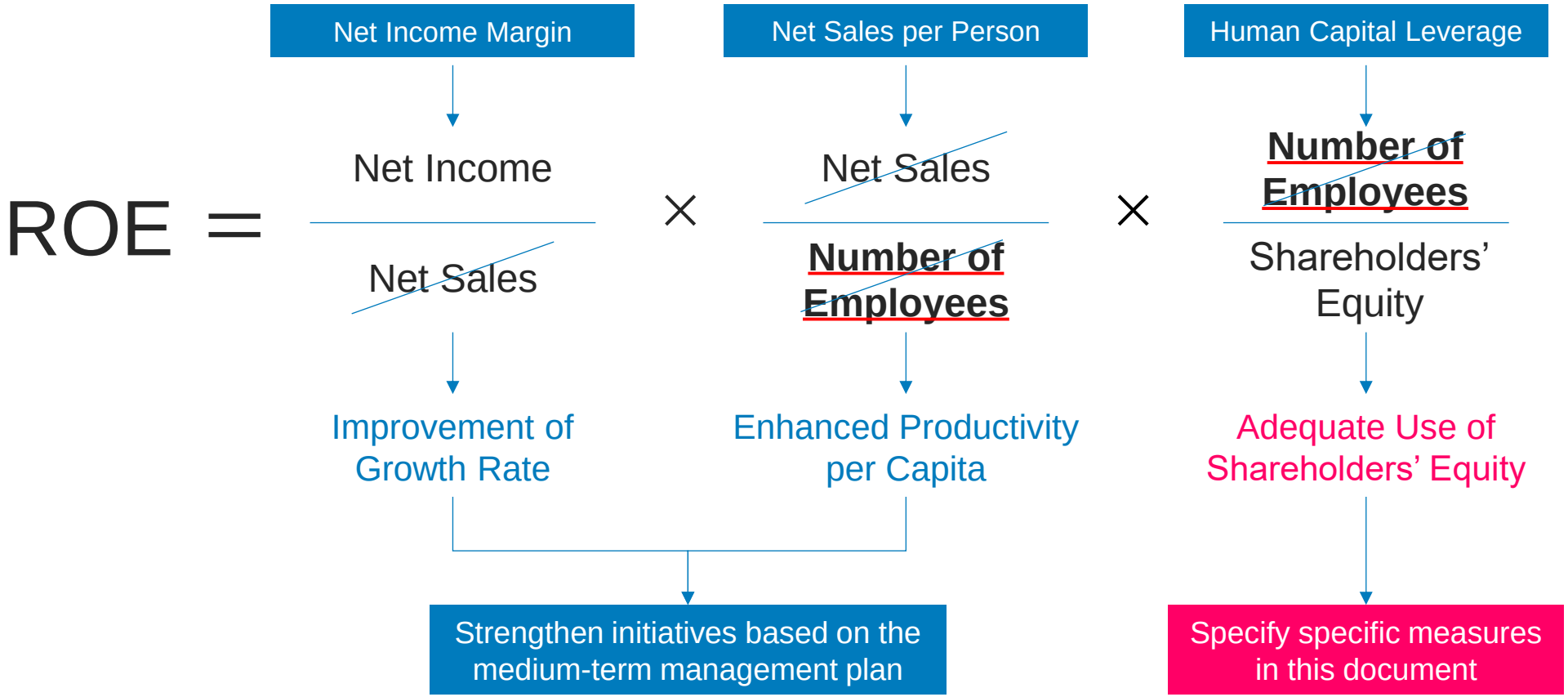
ROE Improvement Measures: Planning Measures Based on the Company's Unique Breakdown Formula

The greatest asset is our employees: Consider measures to increase value with people at the core



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ROE Improvement Measures: Goal, Target Date, and Key Points of the Measures

Goal for Sustainable Corporate Value Enhancement and Creation of Shareholder Value

Aim to achieve in the next medium-term management plan (April 2026-March 2029)

ROE 22 %

Strengthen Initiatives Based on the Medium-term Management Plan

Improving Profitability (Growth Rate)

Business Strategy

- Growth Centered on Growing Businesses
- Strengthening Upstream Process (Consulting) Projects
- Business Model Transformation
- Improving System Development Unit Cost in Existing Areas
- Expand Solution Business

Drastic Reforms for Appropriate Allocation of Management Resources

Improving Capital Efficiency

Financial Strategy

- Review of Shareholder Returns (Buybacks / Dividends / Special Benefits)
- Review of Capital Policy
- Investment in Business, Human Resources, etc.
- TSR (Total Shareholder Return)

Promoting Understanding through Dialogue

Sustainability

Non-Financial Strategy

- Continuous Dialogue with Investors
- Expansion of IR Activities
- Enhancement of Sustainability-related Disclosure

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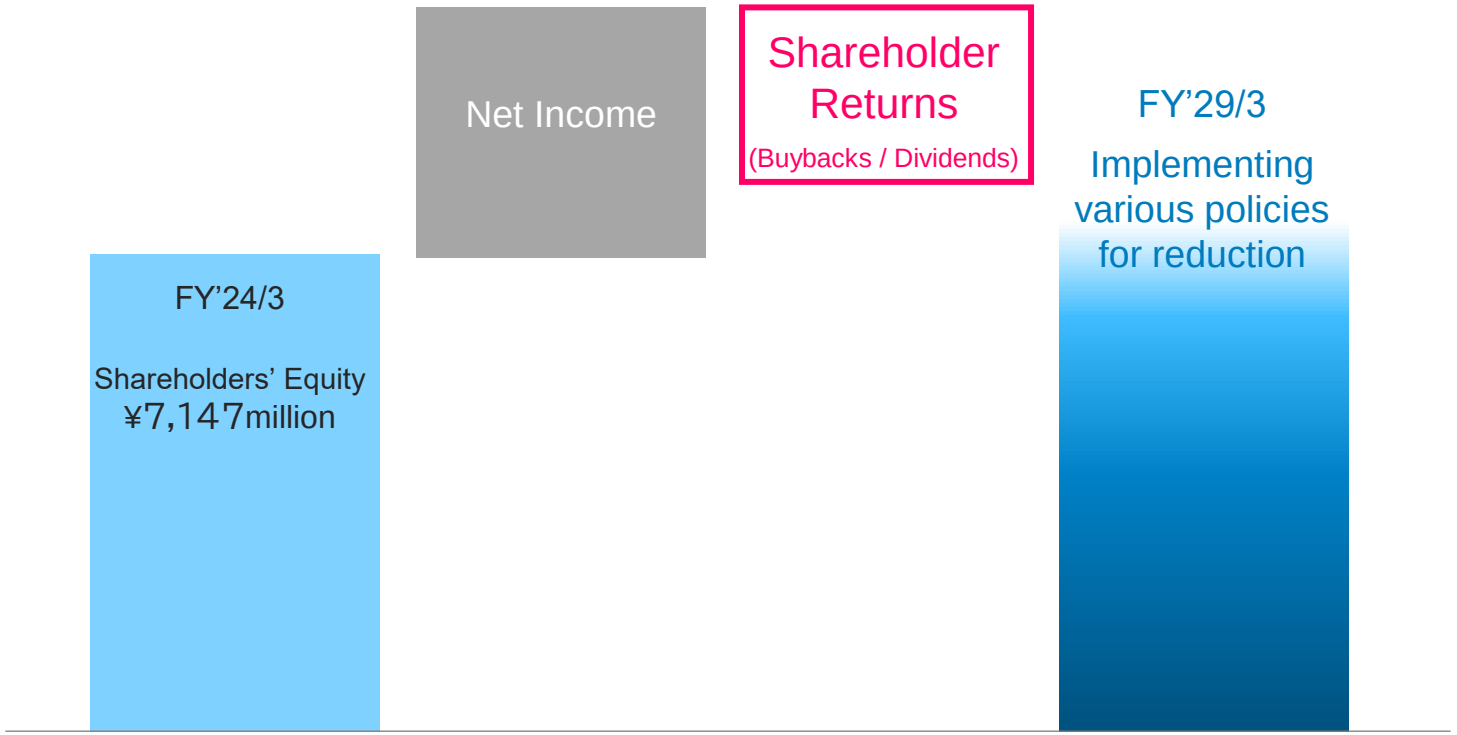
ROE Improvement Measures: Direction of Capital Optimization / Cash Allocation

Appropriate control for capital optimization: Review and strengthen shareholder returns, capital policy, and investment for growth



（The figure represents an image of implementation and does not indicate a specific amount.）

Flexible implementation of the following:

- Investment in Business, Human Resources, etc.
- Shareholder Returns
  (Buybacks / Dividends)
- Review of Capital Policy

* Specific investment plans, details, allocations, etc., and cash allocations continue to be discussed in the next medium-term management plan.

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ROE Improvement Measures: Optimization and Proper Allocation of Equity Capital

Achieve 22% ROE: Drastic reforms for the appropriate allocation of management resources

Capital Policy



Stock Split

Reduced the amount per investment unit (100 shares)

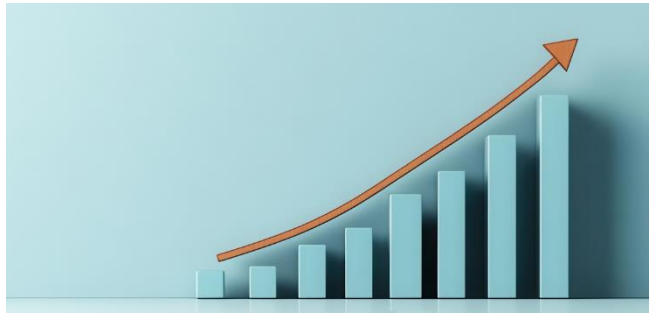
April 1, 2025: 2-for-1

Create a more accessible investment environment, improve the liquidity, and have a broader range of shareholders

Share Buyback and Cancellation

Plans to conduct flexible share buybacks and cancellation of treasury stock to further enhance corporate value and capital efficiency.

Shareholder Returns



New Dividend Policy

Update and establish new targets to strengthen and enhance shareholder returns.

[Raised] Dividend Payout Ratio **50%** or more

[New] DOE **6%** or more

Abolition of the special benefit program

FY'25/3 Year-end Dividend (Increase)

Dividend increase in light of the new dividend policy and abolition of special benefits, taking into account the amount of the benefits

* Amount based on the ratio before the stock split

[Year-end] 25 yen → **35** yen

[Annual] 50 yen → **60** yen

(up 10 yen from the initial forecast)

Investment for Growth



Increase in the Number of Recruits

New Graduate Recruitment

70 people (April 2026)

Mid-career Recruitment

15 people or more per year

Human Resource Development

- AI
- Consulting
- Management etc.,

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Note

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