

Summary of Financial Result for Year to March 2023

May 19, 2022



Highlight of the Financial Result

The amount of sales remained at a slight increase due to the effect of the difficulty in procuring semiconductor parts. The operating profit, ordinary profit, and net income attributable to owners of parent company resulted in a decline due to the low capacity utilization of the production line and the increase of the development investment cost.

(Unit: Hundred million yen)	March 2021	March 2022	March 2023	
	Result	Result	Result	Change from previous period
Sales	927	850	854	+4
Operating profit	57	53	51	-2
Ordinary profit	64	65	59	-6
Current net income attributable to owners of parent company	49	45	40	-4

By Segment (1) Sales/Segment Profit

- Transport infrastructure business:
Decline of income from the previous period due to the effect of the deferral of sales and so on.
- ICT solution business:
Increase of income due to the increase of AFC projects including the handling of fare revision.

(Unit: Hundred million yen)	March 2021		March 2022		March 2023		Change from previous period	
	Sales	Segment profit	Sales	Segment profit	Sales	Segment profit	Sales	Segment profit
Transport infrastructure business	511	71	488	52	470	51	-17	-1
ICT solution business	415	16	362	33	384	33	+22	+0
Whole company expenses	-	-30	-	-31	-	-33	-	-1
Total	927	57	850	53	854	51	+4	-2

By Segment: (2) Orders Received/Outstanding Orders

(Unit: Hundred million yen)	March 2022			March 2023			Change from previous period		
	Orders received	Sales	Outstanding orders	Orders received	Sales	Outstanding orders	Orders received	Sales	Outstanding orders
Railway signal	372	425	396	541	394	543	+169	-30	+147
Smart mobility	67	62	8	75	75	7	+7	+12	-1
Transport infrastructure business	440	488	404	616	470	550	+176	-17	+146
AFC	281	287	160	293	311	142	+12	+24	-18
Smart city	75	74	10	79	72	18	+4	-2	+8
ICT solution business	356	362	171	373	384	161	+17	+22	-10
Total	797	850	575	990	854	711	+193	+4	+136

Railway signal

The increase of the orders received is due to the effect of the overseas business. The income resulted in a decline due to the deferral of sales.

Smart mobility

Orders received and income increased as boosted by traffic control system projects, etc.

AFC

The increase of the orders received is due to the effect of the overseas business. The income increased as it was boosted by the projects such as handling of domestic fare revision.

Smart city

The income decreased due to the decrease of sales of 3D range image sensors, security systems, etc.

By Segment (3) Sales of Overseas Business

(Unit: Hundred million yen)	March 2022			March 2023			Comparison with the previous period		
	Orders received	Sales	Outstanding orders	Orders received	Sales	Outstanding orders	Orders received	Sales	Outstanding orders
Overseas railway signal	37	65	158	242	62	339	+205	-3	+180
Overseas AFC	0	10	18	41	11	48	+40	+0	+29
Overseas total	37	76	177	283	73	387	+246	-2	+210

Overseas railway signals

Increase in orders received was mainly driven by Manila Subway in the Philippines and an increase in sales by Ahmedabad Metro in India.

Overseas AFC

Increase in orders received was mainly driven by Cairo Metro Line No. 4 in Egypt and an increase in sales by Dhaka Metro MRT Line-6 in Bangladesh.

Whole overseas

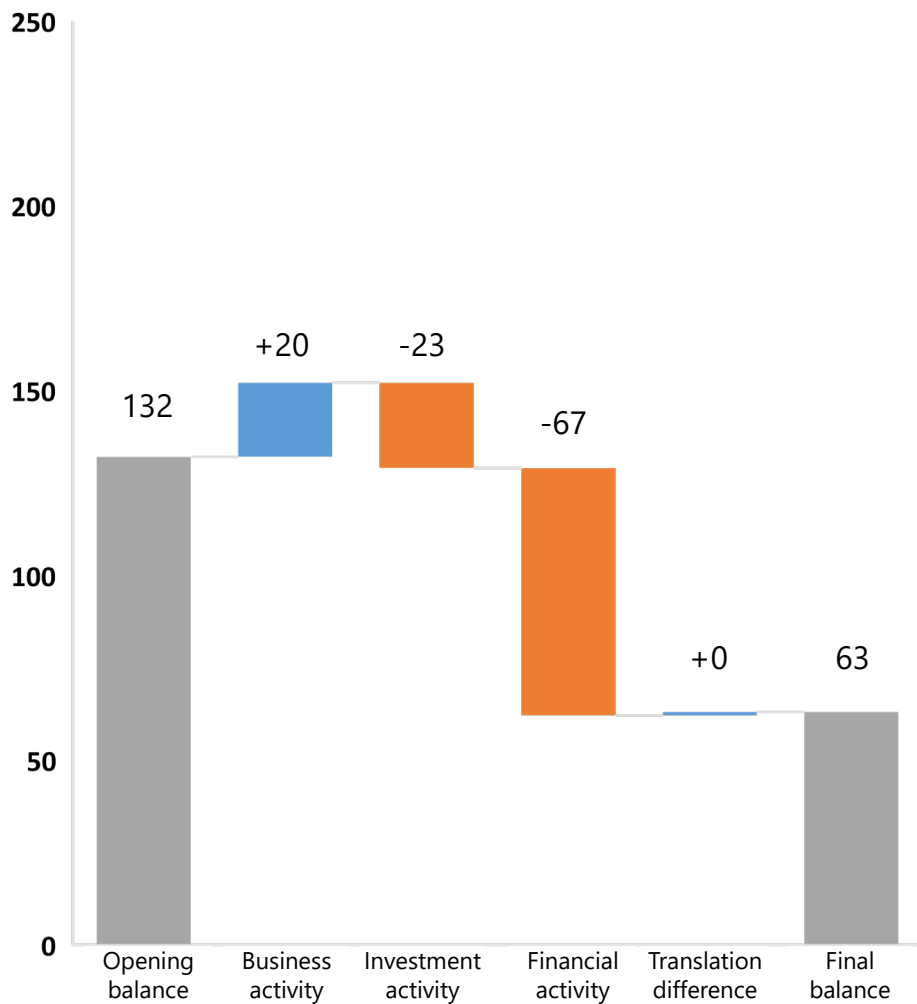
The outstanding orders were the highest ever due to the large projects of orders received overseas.

Financial Status

(Unit: Hundred million yen)	March 2022	March 2023	
		Result	Change from previous period
Total assets	1,340	1,460	+119
Trade receivables/inventory total	782	856	+74
Interest bearing liabilities	117	175	+57
Equity capital	867	893	+26
Trade receivables/inventory ratio	58.3%	58.6%	+0.3pt
Interest bearing liability ratio	8.8%	12.0%	+3.2pt
Equity capital ratio	64.7%	61.2%	-3.5pt

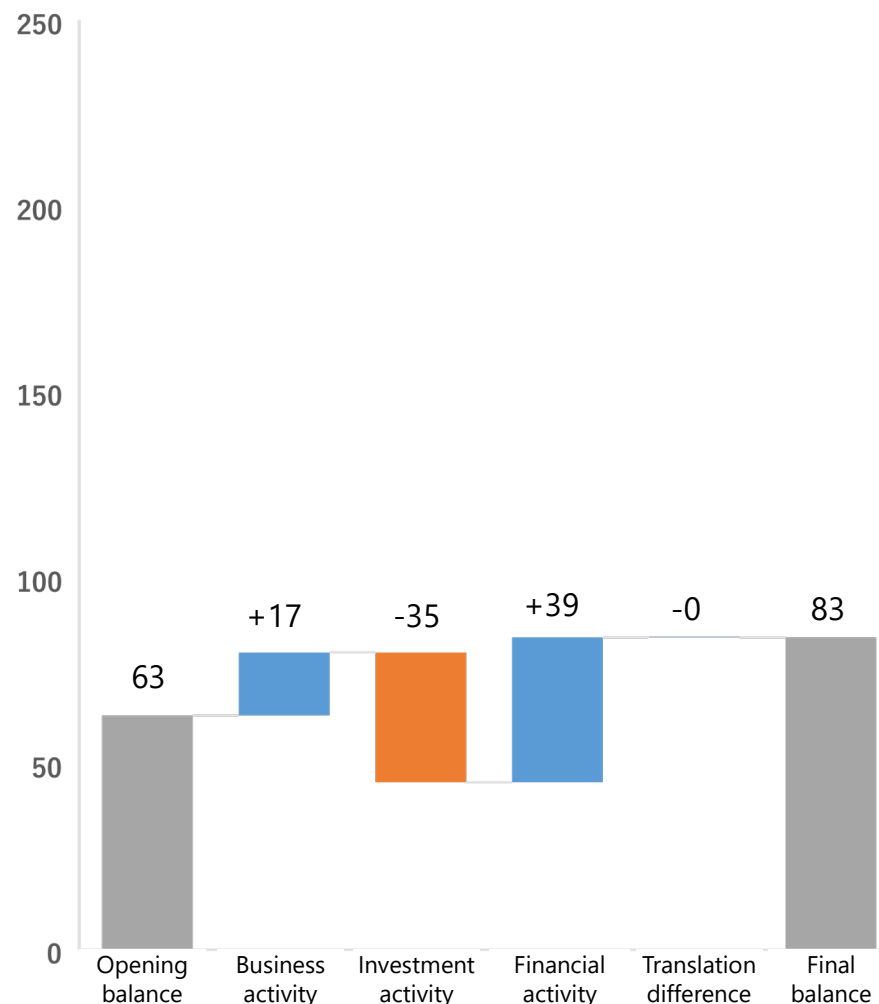
Cashflow Statements

(Unit: Hundred million yen)



March 2022

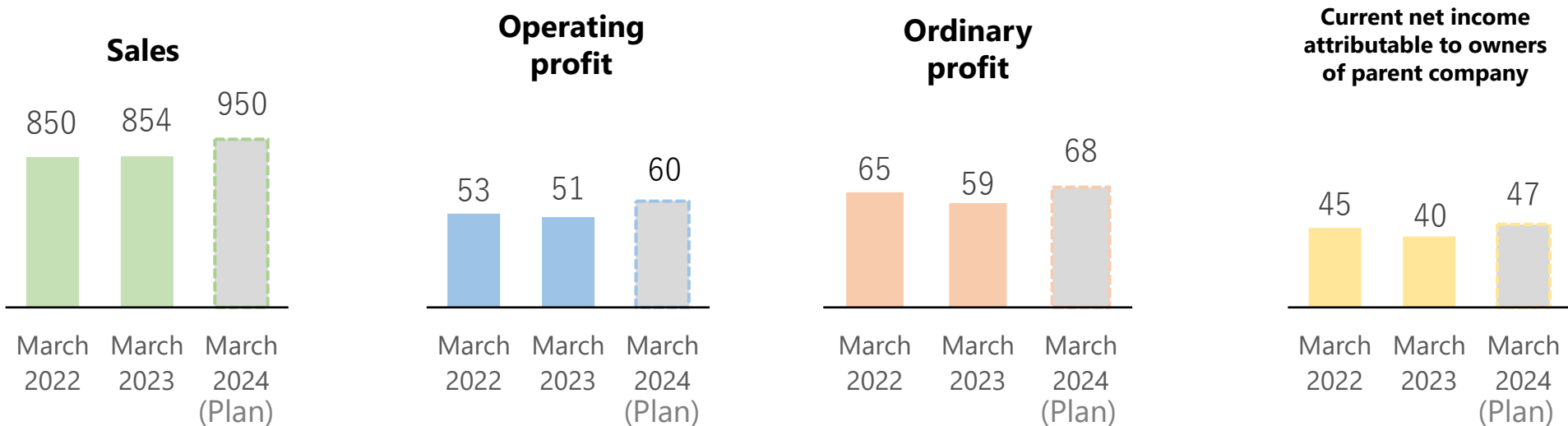
(Unit: Hundred million yen)



March 2023

Plan for Year to March 2024 Plan

(Unit: Hundred million yen)	March 2022	March 2023	March 2024	
			Plan	Change from previous period
Sales	850	854	950	+ 95
Operating profit	53	51	60	+8
Ordinary profit	65	59	68	+8
Current net income attributable to owners of parent company	45	40	47	+6



Orders Received/Sales Trend (Railway Signal) **Plan**

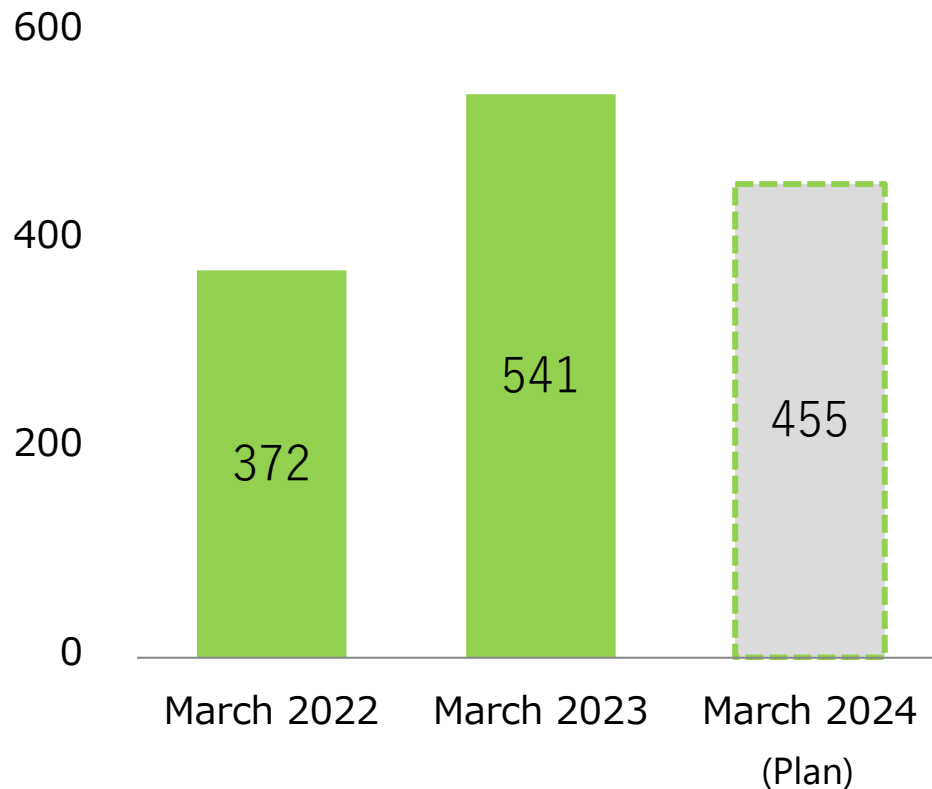
Railway signal business

Focus efforts on facility streamlining such as automatic operation, remote monitoring, and SPARCS (wireless train control system) and labor saving as a solution to support customers' structural reform in society 'with COVID'. Address the development of products that meet or help resolve the social issues including decreasing labor population, natural disasters, and decarbonization.

Major business details: Automatic Train Control devices (ATC), Simple-structure and high-Performance ATC by Radio Communication System (SPARCS), and so on.

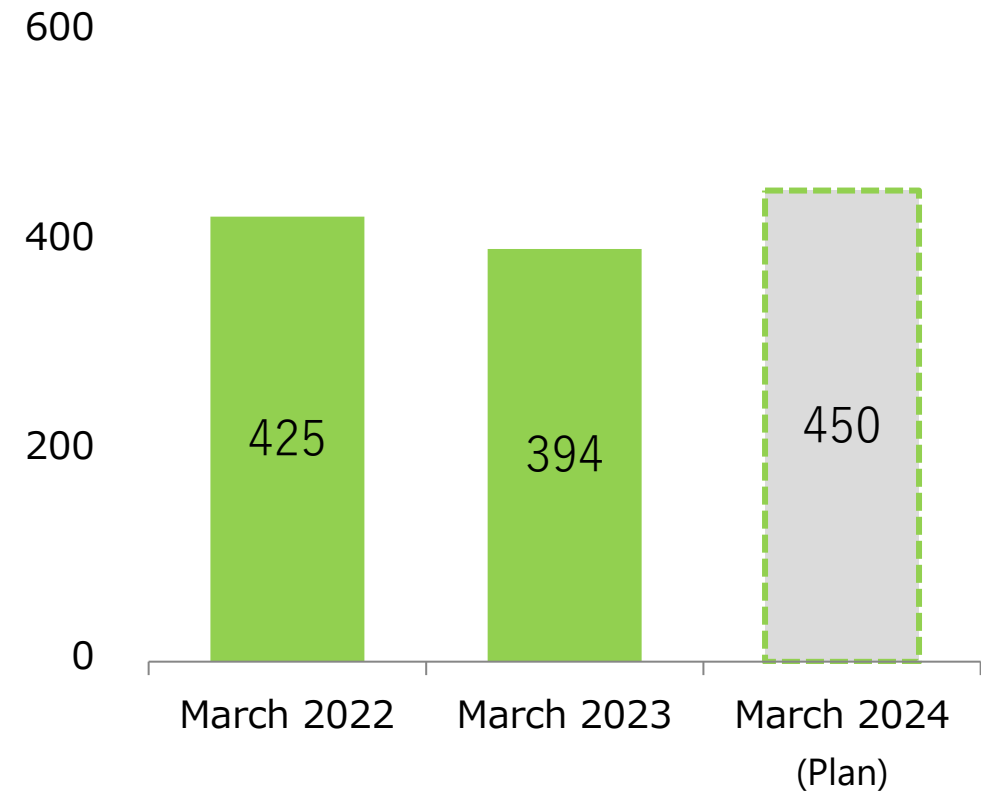
Orders received

(Hundred million yen)



Sales

(Hundred million yen)



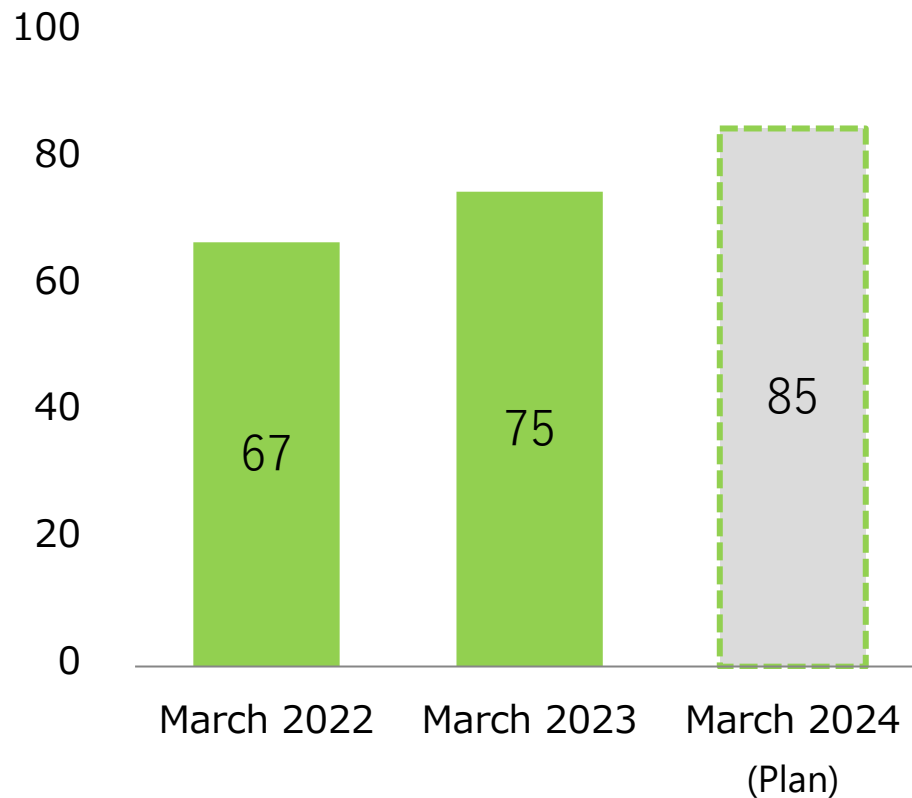
Smart mobility business

Tackle the development and commercialization of the products towards the implementation of the automatic driving services by linking the infrastructure such as the "Kuru Link" (first/last one mile travelling service) and signals with self-drive vehicles.

Major business details: Traffic control systems, traffic signal control systems, traffic signal controllers/lights, and so on.

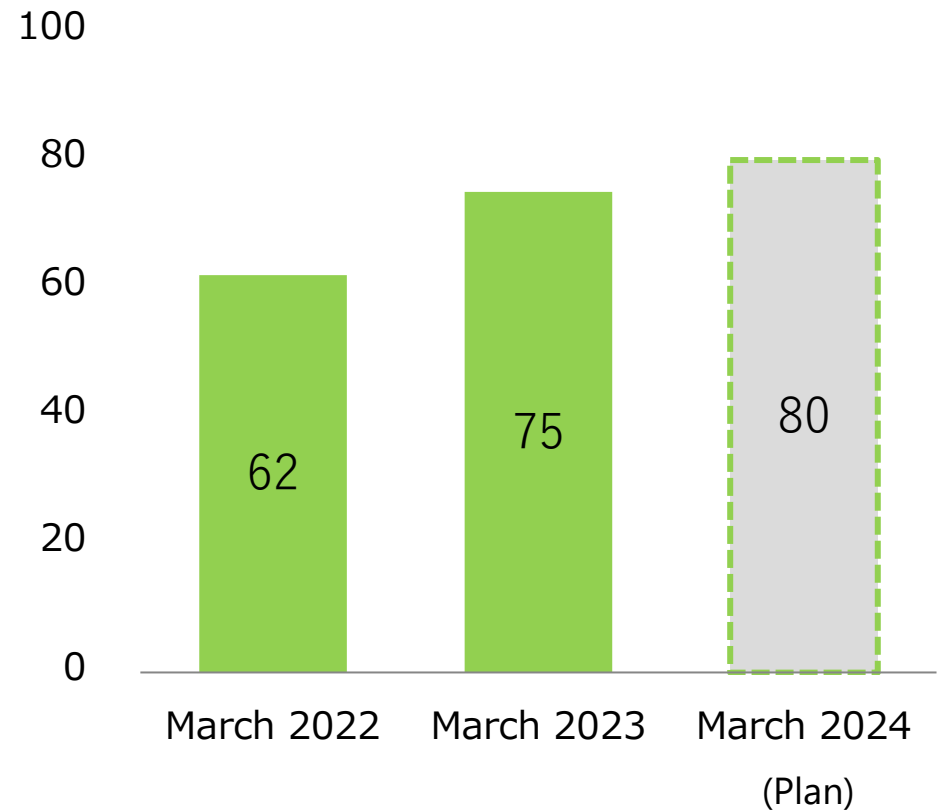
Orders received

(Hundred million yen)



Sales

(Hundred million yen)



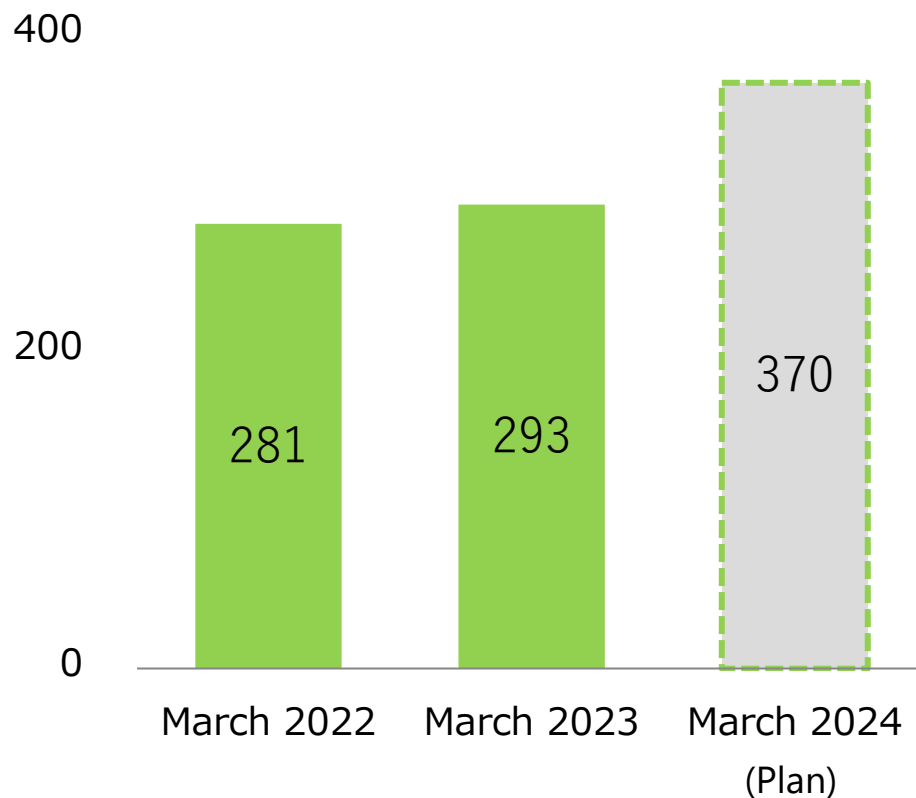
AFC business

Address the development of cashless payment systems in view of the full-scale development of MaaS, a new-type platform monitoring system using a 3D ranging image sensor with low investment cost, and low-cost platform doors.

Major business details: Automatic ticket gates, platform doors, parking control systems, and so on.

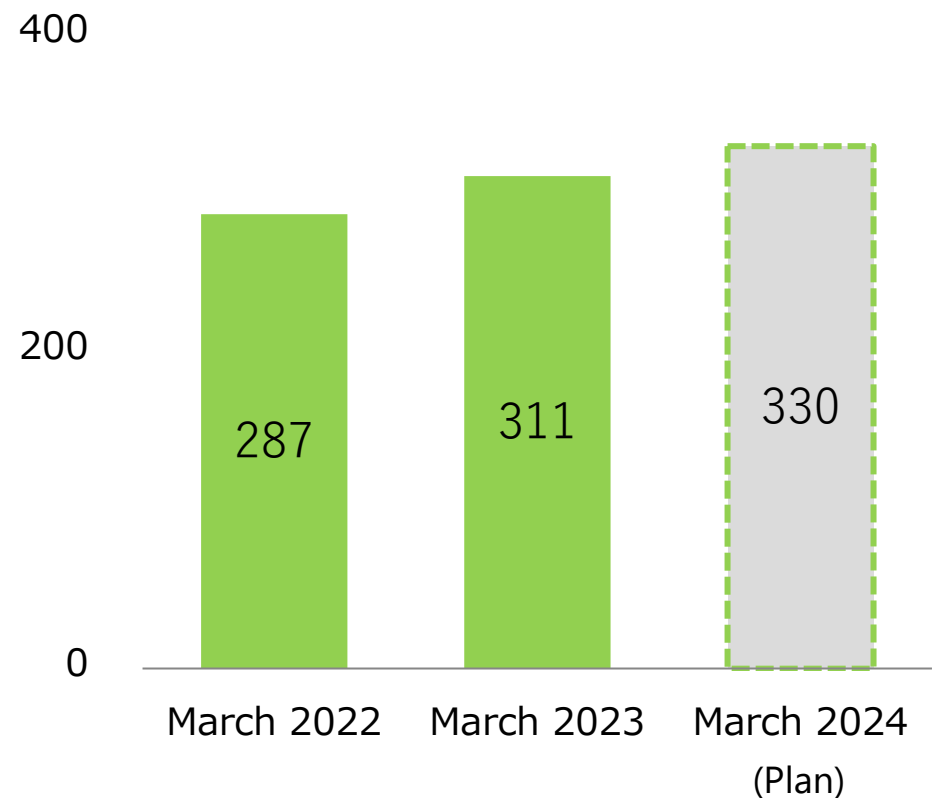
Orders received

(Hundred million yen)



Sales

(Hundred million yen)



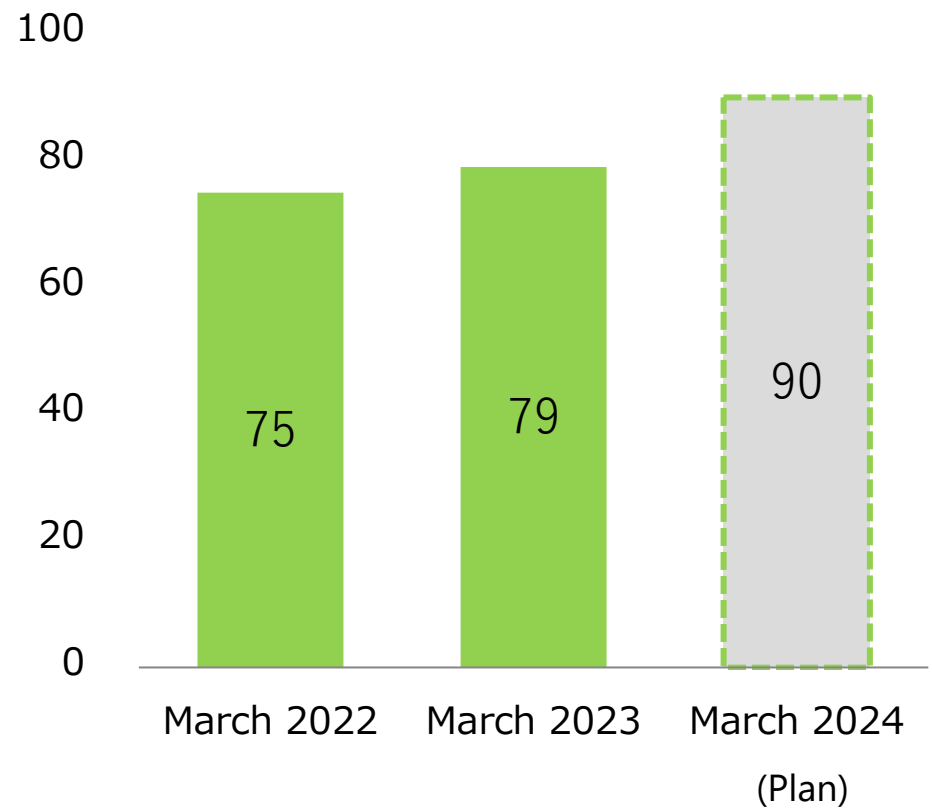
Smart city business

Promote the building security solution project including entry/exit systems that respond to the new technologies such as face recognition and non-contact technologies, and tackle the development of a variety of robots.

Major business details: Security gates, automatic cleaning robots, 3D ranging image sensors, and so on.

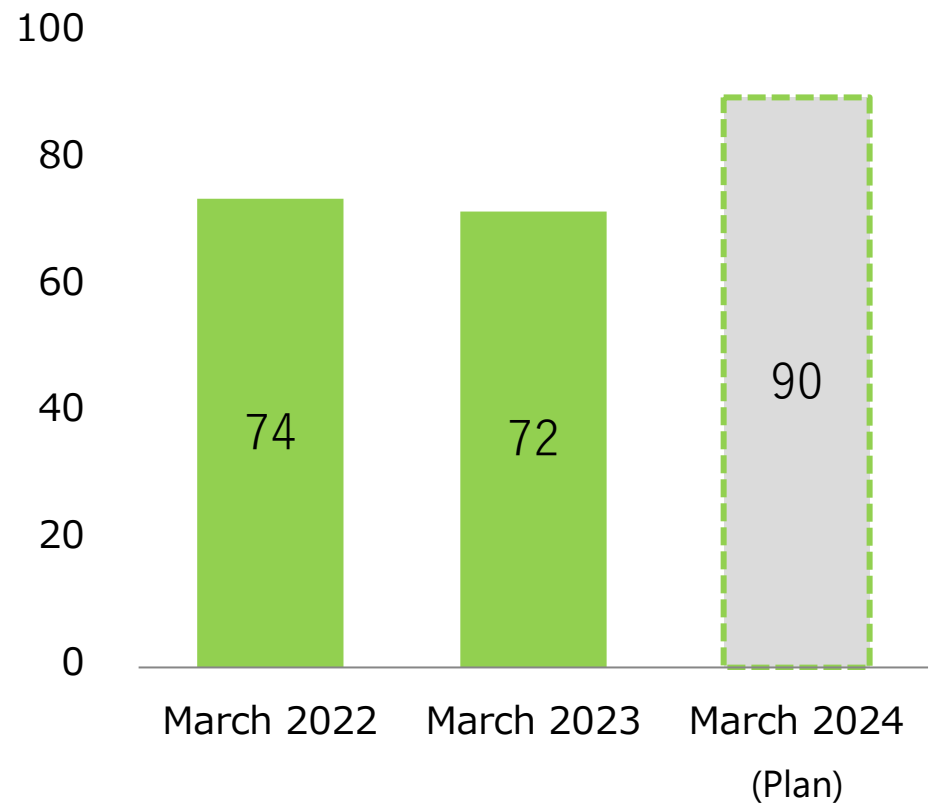
Orders received

(Hundred million yen)



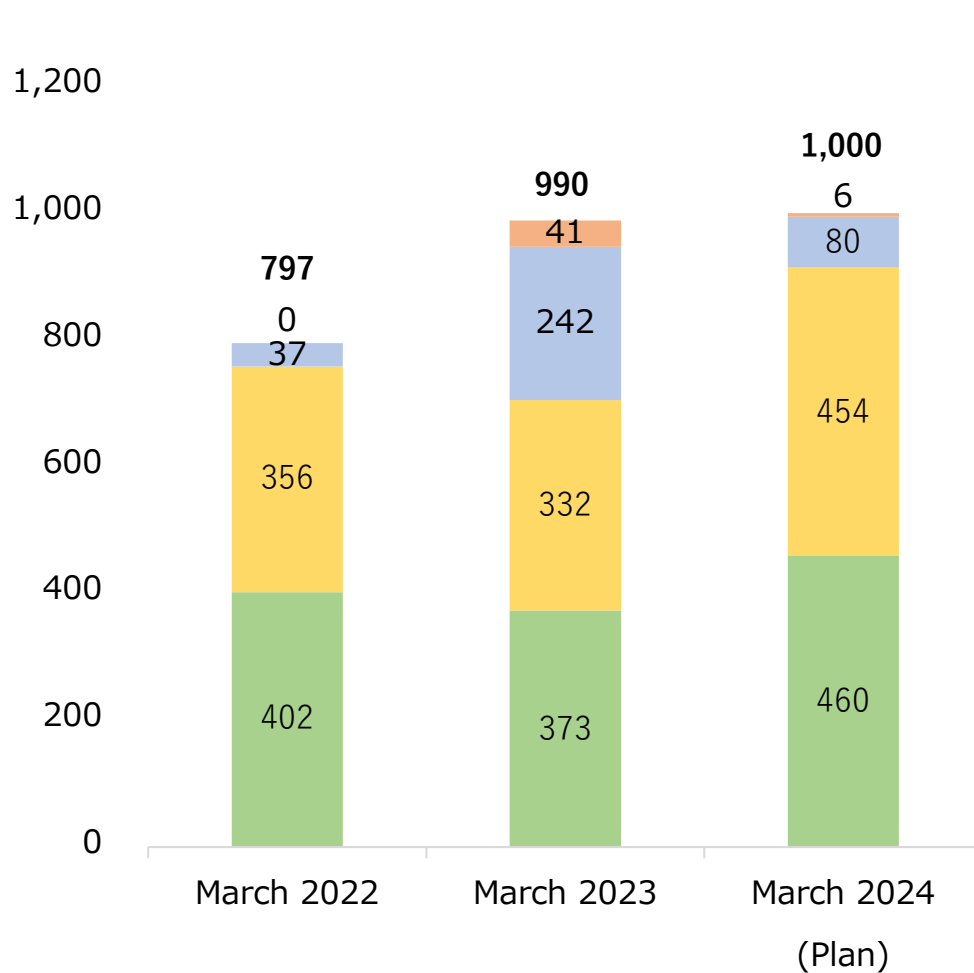
Sales

(Hundred million yen)



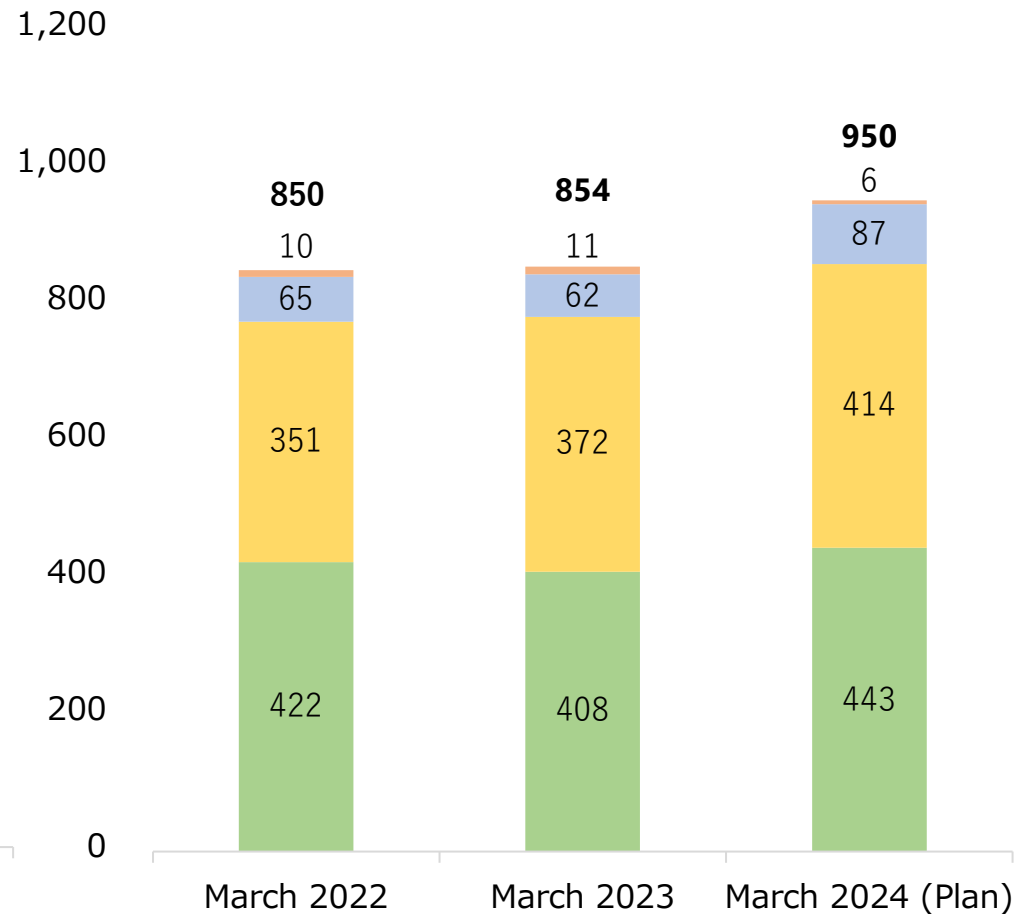
Orders received

(Hundred million yen)



Sales

(Hundred million yen)



By Segment (Profit by Segment)

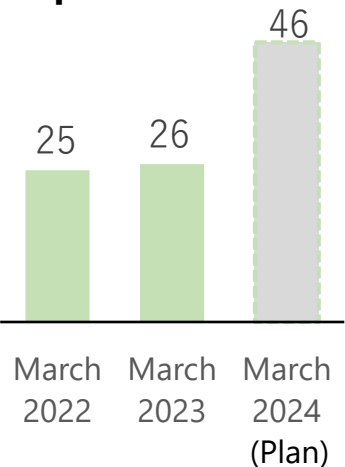
Plan

(Unit: Hundred million yen)	March 2022	March 2023	March 2024	
			Plan	Change from previous period
Transport Infrastructure business	52	51	55	+3
ICT solution business	33	33	39	+5
Whole company expenses	- 31	- 33	-34	-0
Total	53	51	60	+8

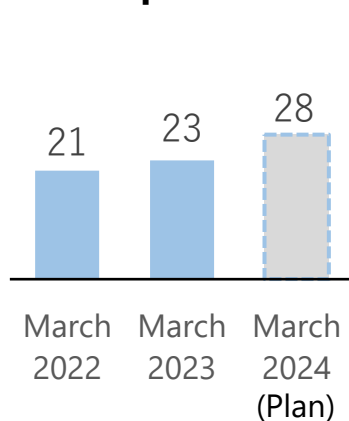
(Unit: Hundred million yen)	March 2022	March 2023	March 2024	
			Plan	Change from previous period
Capital investment	25	26	46	+19
Depreciation expenses	21	23	28	+5
Research and development expenses	26	28	37	+8
Number of employees hired (employees) *	35	32	50	+18

* Number of employees hired relates to Nippon Signal only.

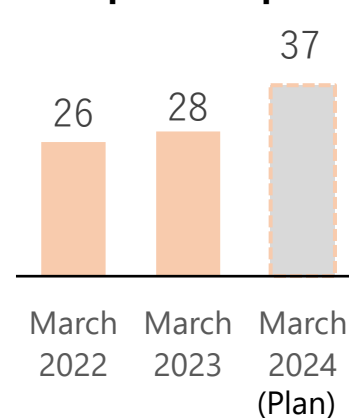
Capital investment



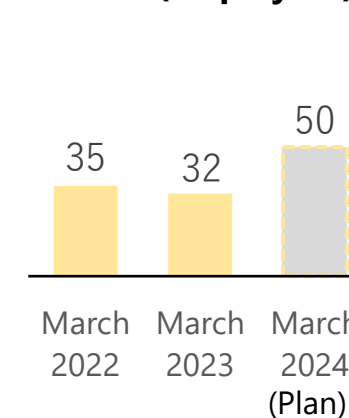
Depreciation expenses



Research and development expenses



Number of employees hired (employees)

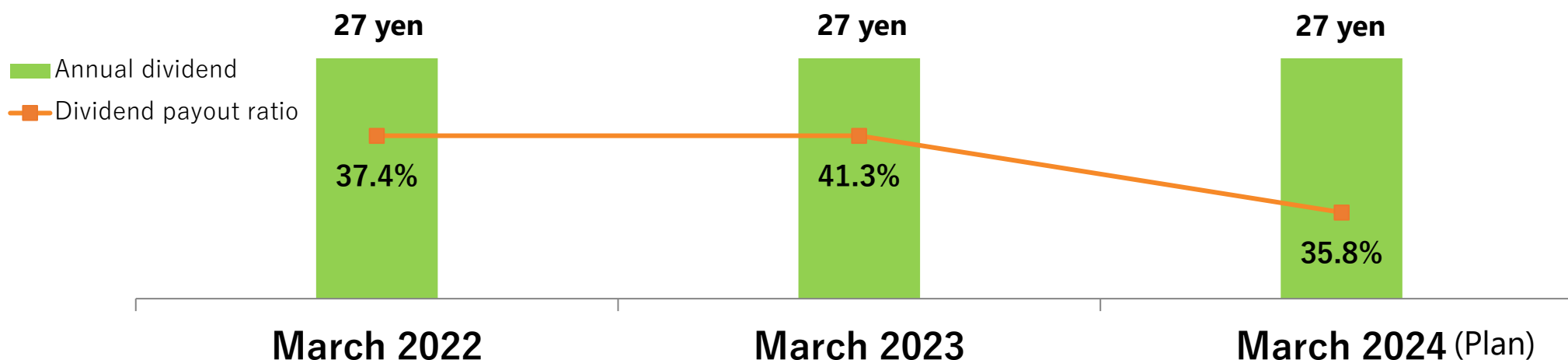


Profit Distribution (Dividend)

- Regarding dividends, Nippon Signal is making the utmost effort to maintain the stability and continuity of the consolidated dividend payout ratio of around 30% while reinforcing the financial structure and giving consideration to the business results and new investments in each term.
The dividend of 27 yen is maintained as the annual dividend based on our focus on the dividend stability and continuity.



* Dividend yield is calculated by dividing the annual dividend by the yearend share price.



Basic concept: Support Next Stage of Infrastructure

Key issues

1

Creation of value with customers in the post COVID society

- Expanding solution business and developing products aimed to support customers’ structural reform
- Intensively focusing on customer orientation and enhancing marketing strength and proposal skills

2

Expansion of overseas business and increase of earning capacity

- Operating business to take hold in a megacity and promoting strategies for business units
- Streamlining and strengthening global management abilities

3

Enhancement of design and manufacturing strengths in software-first era

- Optimizing QCD starting with design process and enhancing the group strength and in-house production
- Establishing a design and production system which enables development capability enhancement and DX ^{*1}

Promotion of ESG management and enhancement of corporate value

- E: Participation in TCFD ^{*2} and promotion of decarbonized society**
- S: Human resource system reform, work style reform and promotion of health and productivity management**
- G: Response to Corporate Governance Code revision and conformity to the Prime Market**
- Reorganization of Group company functions, human resource development, introduction of next-generation enterprise system**

* 1 DX: Digital Transformation

* 2 TCFD: Task Force on Climate-Related Financial Disclosures

Main topics in the 140th year

Railway signals			Details
<1>	Automatic operation	Running Test of JR Kyushu Kagoshima Main Line	Supplementary material P10
<2>	CBTC* 1	Received an order for system design for verification test of Seibu Railway Tamagawa Line	Supplementary material P11
Automatic operation (smart mobility)			Details
<3>	BRT* 2	Received orders for JR East Kesennuma Line BRT and JR Kyushu Hitahikosan Line BRT	Supplementary material P14
<4>	I2V *3	15 projects in total including Kashiwanoha, Utsunomiya, Shiojiri, Hitachi and Sakaimachi	Supplementary material P15, 16
<5>	Kuru Link*4	1st phase verification test for Urawa Misono	Supplementary material P17
MaaS (cashless)			Details
<6>		JR Kyushu verification test	
<7>	Non-contact credit card payment	Fukuoka City subway verification test	Supplementary material P21
<8>		Operation started at Enoshima Electric Railway	
<9>	QR code	Verification test for JR Kyushu and JR West in Fukuoka and Nagasaki areas	

*1 Communication-Based Train Control (system that controls and protects trains through wireless communication of a large volume of data between a ground coil and a cab coil regardless of the blocking of track circuits, etc.)

*2 BRT: Bus Rapid Transit

*3 I2V: Automobile communication from Infrastructure to Vehicle

*4 Kuru Link: Name of the Last One Mile transportation service around a station

Aim at the improvement of earnings through the fulfilment and maintenance of overseas projects and continuous business expansion through extension projects and market development, and business development established in large cities as well as reinforcement of adaptability to the global environment by promoting overseas localization.

■ Business results in the 140th year

Newly established hub	Nippon Signal Bangladesh Private Limited (November 2022)
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New Line	Cairo Metro Line No. 4 (Railway signals and PSD) Manila Subway (Railway signals)
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Extension	Delhi Metro Line No. 8 (Railway signals)
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Increase of vehicles	Beijing Metro Line 15 (Railway signal)
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■ Plan for the 141st year

New	India (AFC) Bangladesh (Railway signal, AFC, PSD)
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Extension	India (Railway signal) Indonesia (Railway signal)
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Doubletracking/ increase of vehicles	Taiwan (Railway signal)
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Enhancement of Design and Manufacturing Strengths in Software-first Era

Started operation of the stage gate system designed for the purpose of enhancing QCD and implemented the efficiency improvement of the production line for the increase of production of platform doors.

Promotes development and design of products which are competitive in the market (automatic train operation, utilization of cloud and cashless payment in the transportation area) in the software-first era.

