

Summary of Financial Result for 2Q Year to March 2024

November 24, 2023



• Financial Report for 2Q Year to March 2024	p2 to p7
• Plan for Year to March 2024	p8 to p15
• Profit Distribution	p16
• Progress of Medium-term Management Plan	p17 to p19
• Approach to SDGs	P20
• Approach to Corporate Value Enhancement	p21 to p29
• Approach to Overseas Business	p30 to p32
• Approach to Decarbonization	p33 to p34
• Social Contribution Activities	p35 to p36

Highlight of the financial result

- Both income and profit declined year on year with a decreased income in transport infrastructure business and an Increase in projects with many new elements.

(Unit: Hundred million yen)	2022/3 2Q	2023/3 2Q	2024/3 2Q	
	Result	Result	Result	YoY
Sales	352	350	341	-8
Operating profit	8	9	3	-6
Ordinary profit	16	16	11	-5
Quarterly net income attributable to owners of parent company	9	7	5	-2

By segment (1) Sales/Segment profit

- Transport infrastructure business: Decline of income and profit year on year with a decrease of income and profit in railway signals
- ICT solution business : Increase of income and profit year on year due to recovery of parking system business

(Unit: Hundred million yen)	2022/3 2Q		2023/3 2Q		2024/3 2Q		YoY	
	Sales	Segment profit	Sales	Segment profit	Sales	Segment profit	Sales	Segment profit
Transport infrastructure business	197	17	191	14	170	4	-20	-9
ICT solution business	154	7	158	12	170	16	+12	+3
Whole company expenses	-	-16	-	-17	-	-17	-	+0
Total	352	8	350	9	341	3	-8	-6

By segment: (2) Orders received/sales/outstanding orders

(Unit: Hundred million yen)	2023/3 2Q			2024/3 2Q			YoY		
	Orders received	Sales	Outstanding orders	Orders received	Sales	Outstanding orders	Orders received	Sales	Outstanding orders
Railway signals	390	174	612	242	153	632	-147	-20	+19
Smart mobility	32	17	23	33	17	24	+1	-0	+1
Transport Infrastructure business	422	191	635	276	170	656	-145	-20	+21
AFC	174	127	207	227	128	242	+52	+0	+34
R&S	35	31	14	62	42	38	+27	+11	+23
ICT solution business	210	158	222	290	170	280	+80	+12	+57
Total	633	350	858	567	341	937	-65	-8	+78

Railway signal

Decrease in sales due to a decline of production process operation capacity a result of an impact of semiconductors procurement difficulty

Smart mobility

Both orders received and sales remained at the same level YoY although orders received for traffic control system and other projects

AFC

Increase in orders received for and sales of automatic ticket gates, ticket vending machines, platform doors and parking systems.

R&S

Increase in orders received for and sales of 3D ranging image sensors and robotics

By segment (3) Overseas business results

(Unit: Hundred million yen)	2023/3 2Q			2024/3 2Q			YoY		
	Orders received	Sales	Outstanding orders	Orders received	Sales	Outstanding orders	Orders received	Sales	Outstanding orders
Overseas portion of transportation infrastructure	232	29	361	70	32	377	-162	+2	+15
Overseas portion of ICT solutions	40	5	54	0	4	44	-40	-0	-10
Overseas total	273	33	416	71	37	421	-202	+3	+5

Whole overseas

Significant decrease in orders received YoY because of the highest ever orders received in previous year due to orders received for large projects.

Overseas railway signals

Orders received and sales for railway signal systems in Taiwan, the Philippines and other countries.

Overseas AFC

Orders received and sales for AFC systems in India, Bangladesh and other countries.

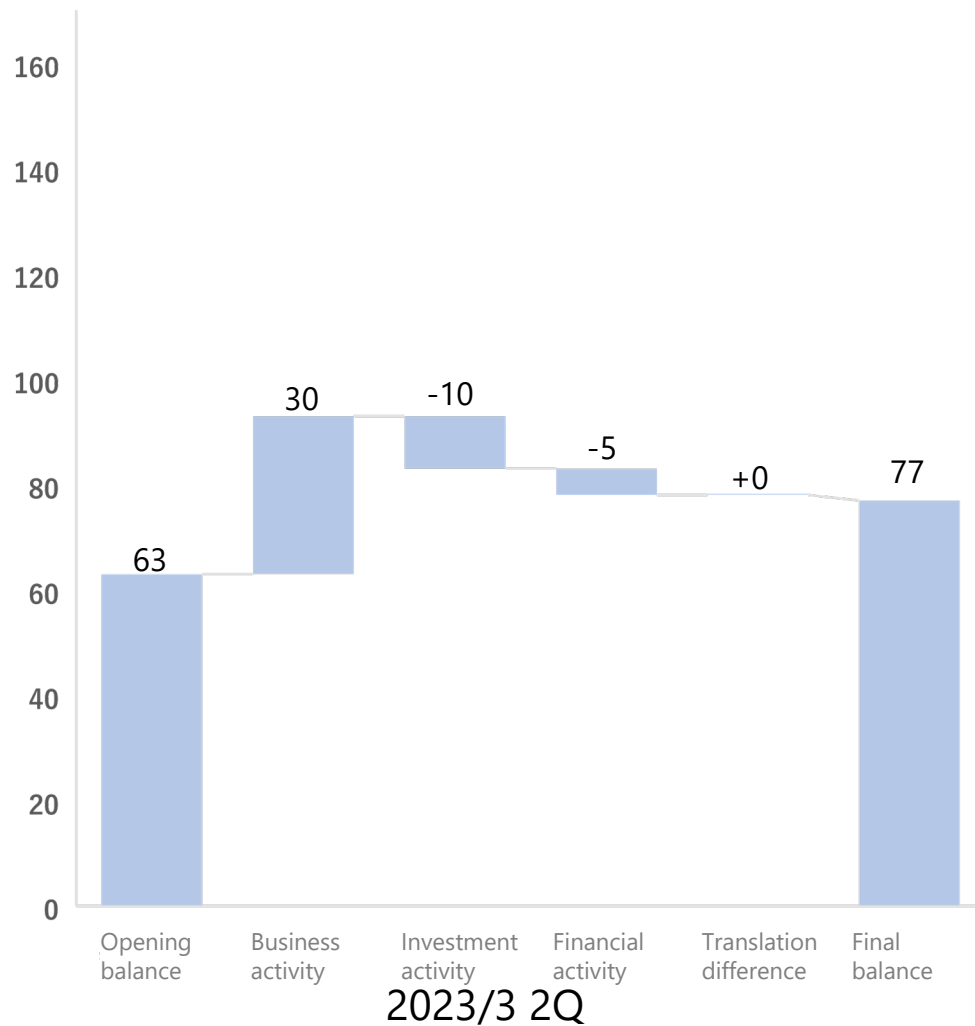
■ Trade receivables/inventory ratio to total assets decreased from the previous term end and equity capital slightly increased.

(Unit: Hundred million yen)	2023/3 2Q	2023/3	2024/3 2Q	
			Result	Change from previous period end
Total assets	1,323	1,460	1,432	-27
Trade receivables/ inventory total	738	856	784	-72
Interest bearing liabilities	126	175	137	-38
Equity capital	863	893	901	+7
Trade receivables/ inventory ratio	55.8%	58.6%	54.7%	-3.9pt
Interest bearing liability ratio	9.6%	12.0%	9.6%	-2.4pt
Equity capital ratio	65.2%	61.2%	62.9%	+1.7pt

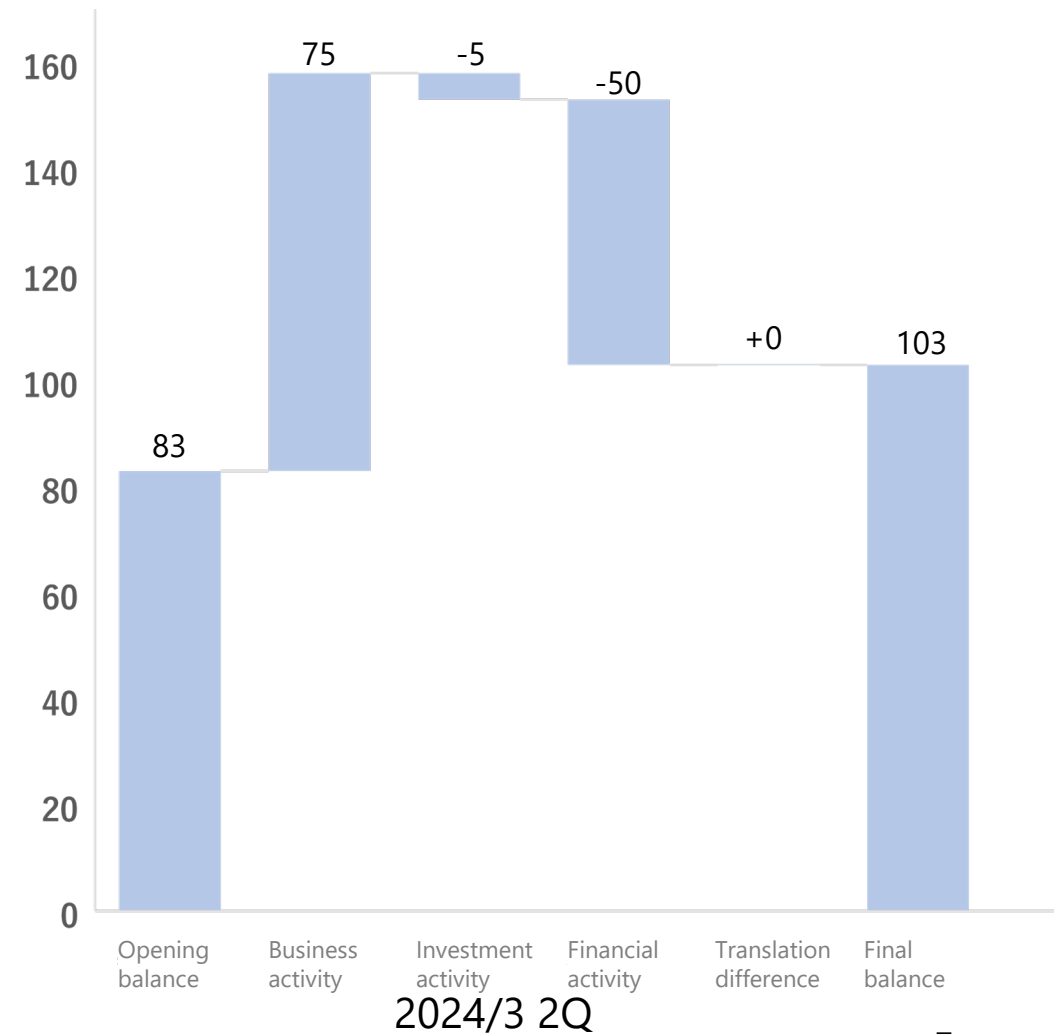
Cashflow statements

Final balance of cash and cash equivalent for 4Q was 10.3 billion yen due to sales payment of loans.

(Unit: Hundred million yen)

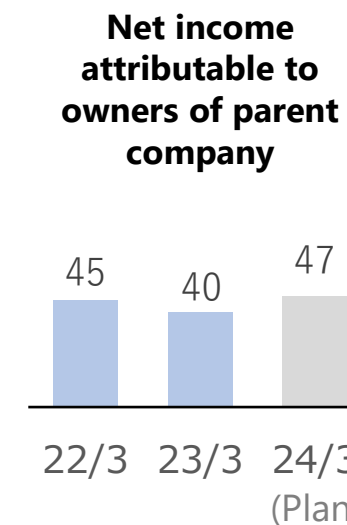
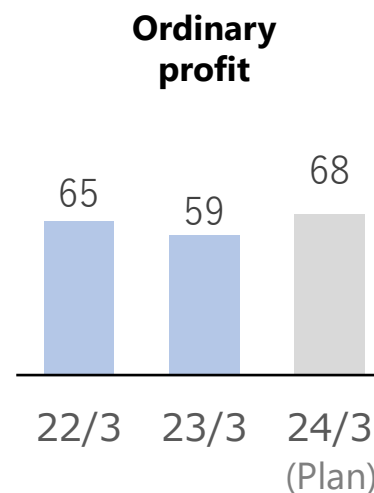
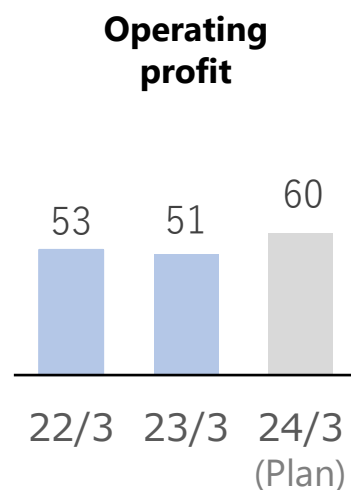
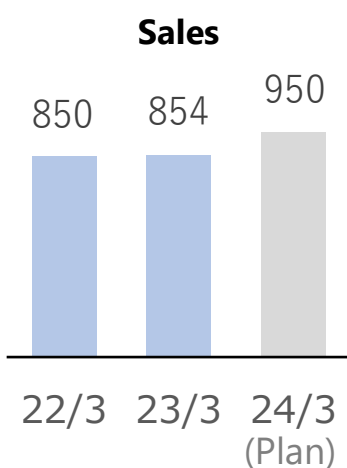


(Unit: Hundred million yen)



Plan for Year to March 2024 Plan

(Unit: Hundred million yen)	2022/3	2023/3	2024/3	
			Plan	Change from previous period
Sales	850	854	950	+95
Operating profit	53	51	60	+8
Ordinary profit	65	59	68	+8
Net income attributable to owners of parent company	45	40	47	+6



Orders received/sales/order backlog trend (Railway signal)

Plan

Railway signal business

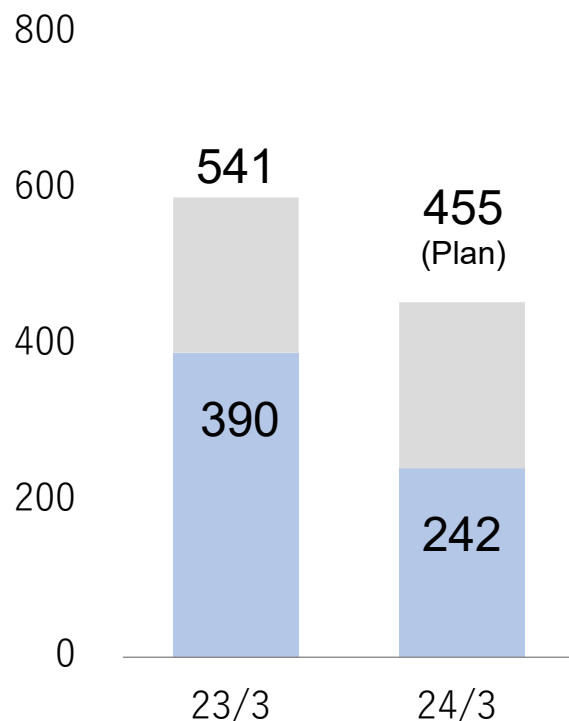
Aim to create value with customers in post-COVID society and continue to focus on the areas of "remote monitoring/CBM," "mutual operation of directly connected lines," "reduction of labor," "LRT/BRT," and "MaaS," which contribute to reduction of fixed cost and operation cost.

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)

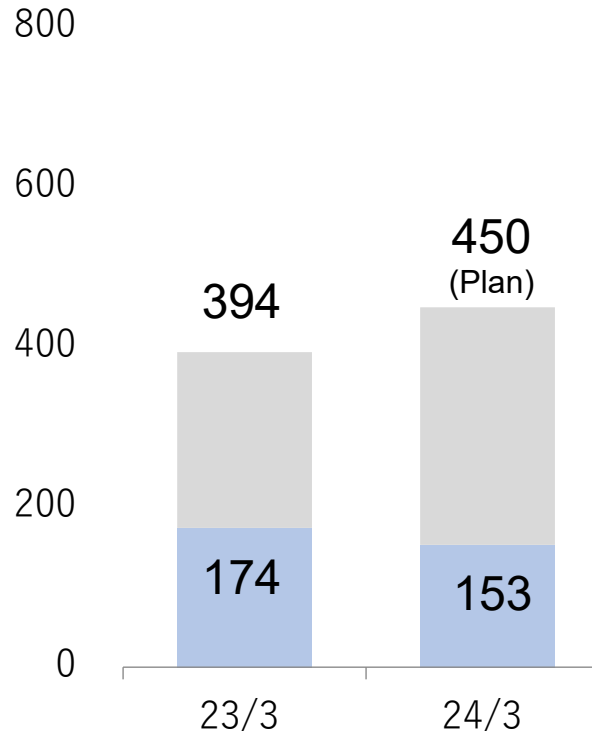
■ Interim
■ Final



Sales

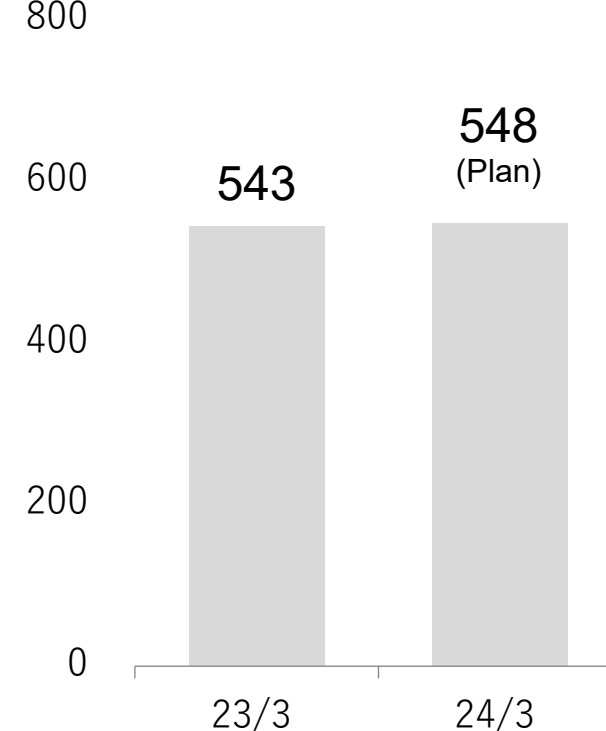
(Hundred million yen)

■ Interim
■ Final



Outstanding orders

(Hundred million yen)



Orders received/sales/order backlog trend (Smart mobility)

Plan

Smart mobility business

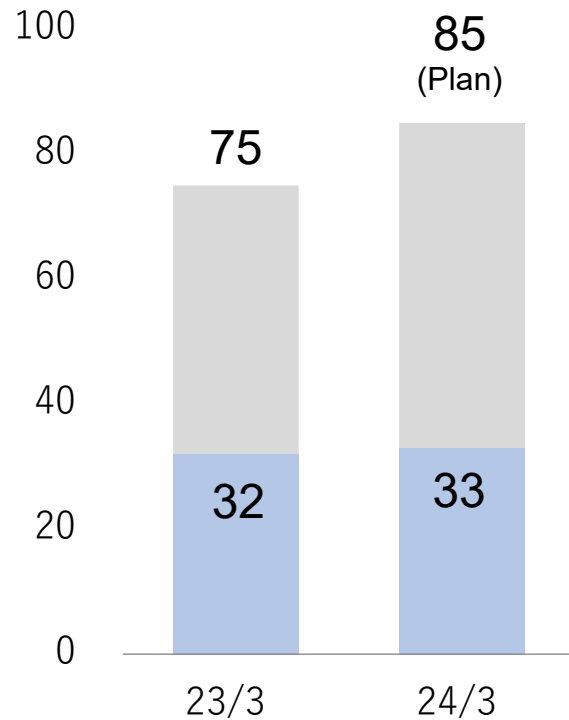
Focus efforts on the areas of "infrastructure that supports automatic driving," "Mobile Virtual Network Operator (MVNO) in between the traffic control center and cross-points," "reduction of labor in relation to equipment installed at cross-points" and "MaaS," which contribute to reduction of fixed cost and operation cost.

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

Orders received

(Hundred million yen)

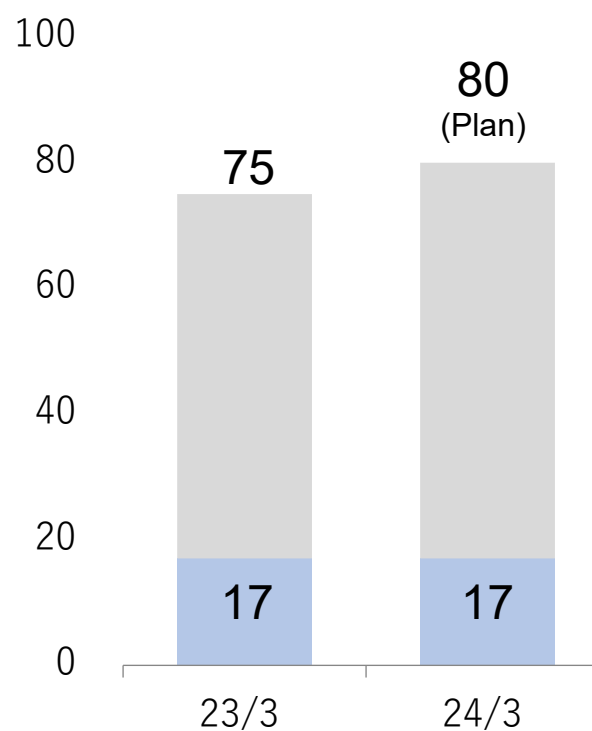
■ Interim
■ Final



Sales

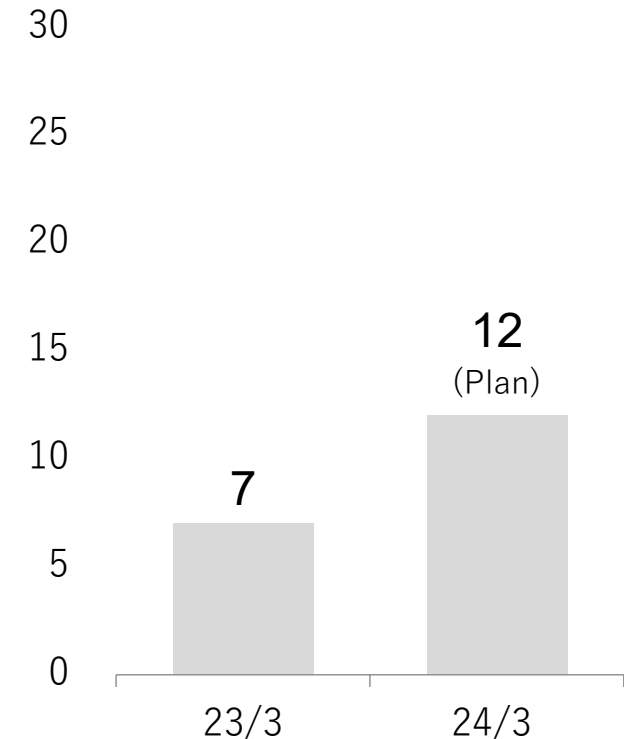
(Hundred million yen)

■ Interim
■ Final



Outstanding orders

(Hundred million yen)



Orders received/sales/order backlog trend (AFC)

Plan

AFC business

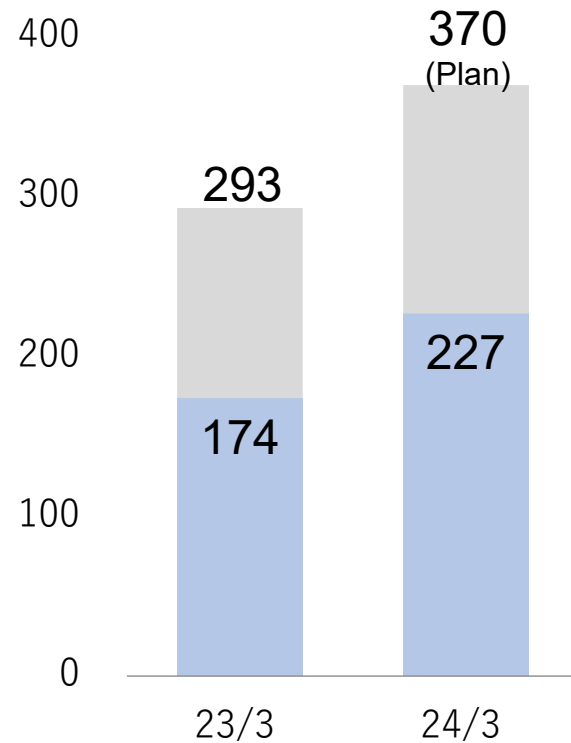
Engage in product development centering on DX from the standpoints of fixed cost reduction and customer traffic increasing effects, provide for changing business models and meeting of customer needs, thereby promoting the realization of MaaS society.

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

Orders received

(Hundred million yen)

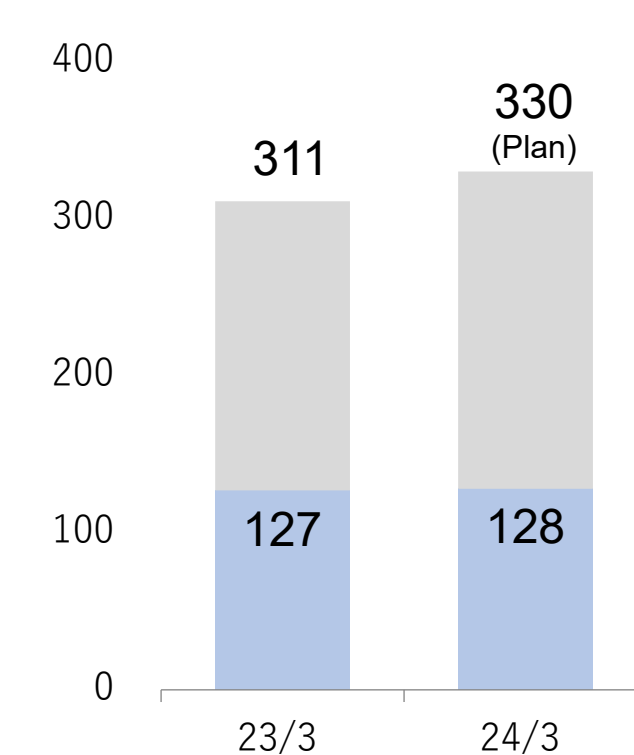
■ Interim
■ Final



Sales

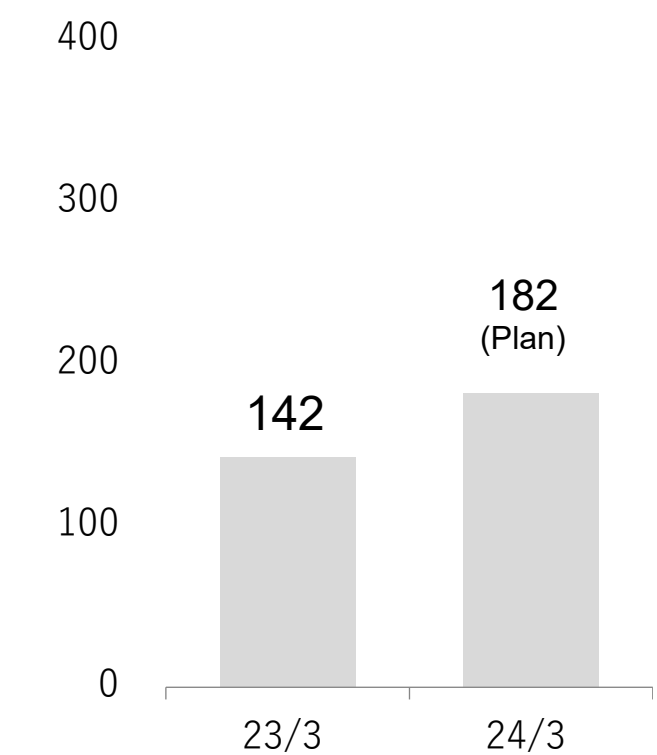
(Hundred million yen)

■ Interim
■ Final



Outstanding orders

(Hundred million yen)



Orders received/sales/order backlog trend (R&S)

Plan

R & S business

***R&S: Robotics & Sensing**

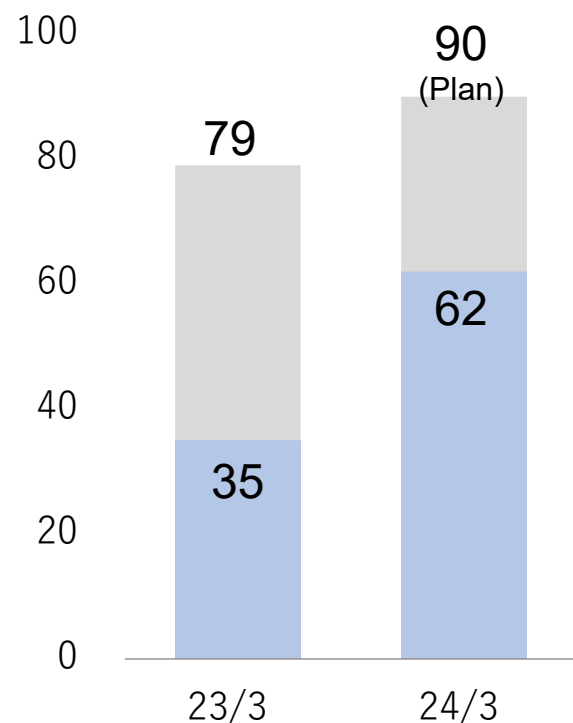
In sensor section, focus our efforts on increasing sales of platform doors and 3D ranging image sensors mounted on construction equipment and agricultural implements. In robotics sector, promote activities to implement in society robots in which our company's core technologies such as sensing and image analysis are incorporated.

Major business details: Robotics, 3D ranging image sensors and so on.

Orders received

(Hundred million yen)

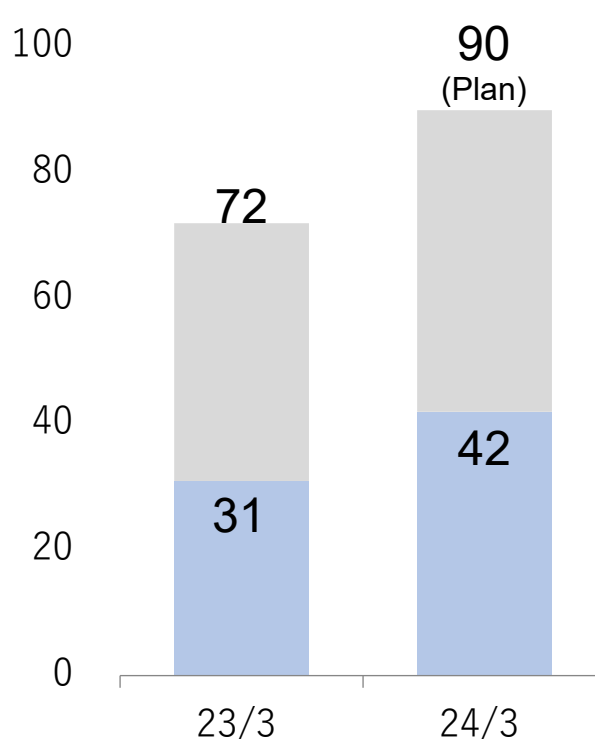
■ Interim
■ Final



Sales

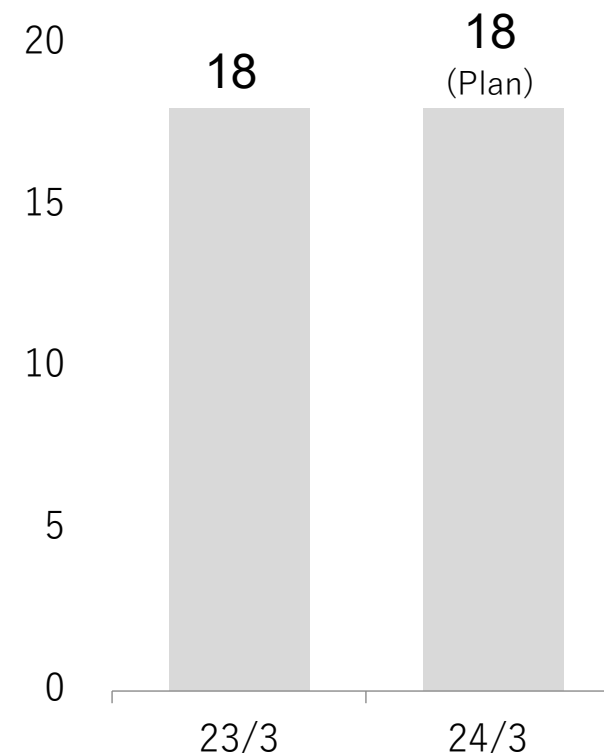
(Hundred million yen)

■ Interim
■ Final



Outstanding orders

(Hundred million yen)



Orders received/sales/order backlog trend (for year)

Plan

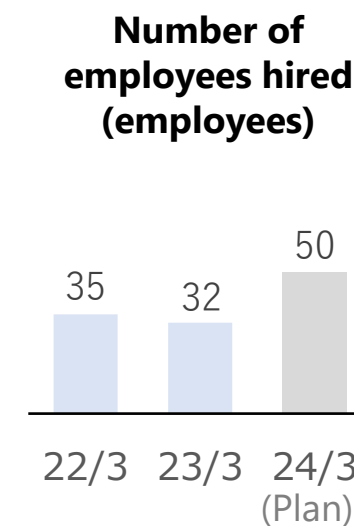
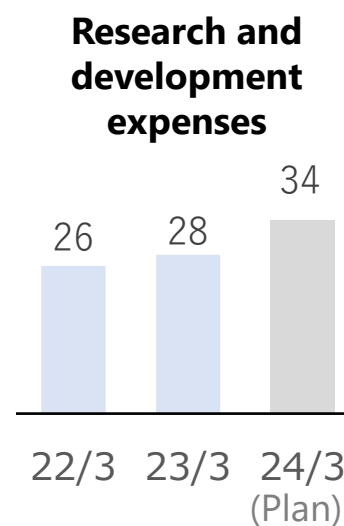
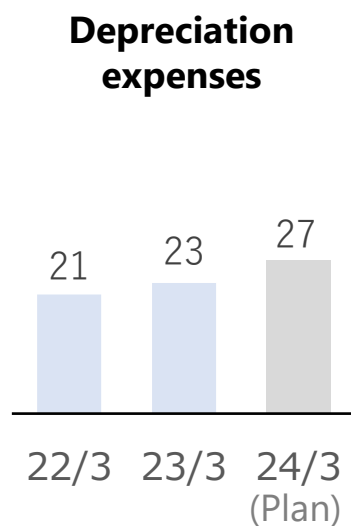
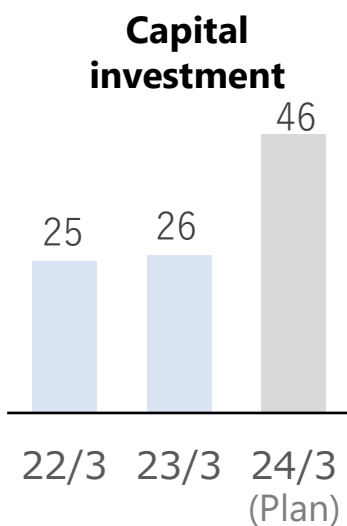
(Unit: Hundred million yen)	2023/3			2024/3 (Plan)			Change from previous period		
	Orders received	Sales	Outstanding orders	Orders received	Sales	Outstanding orders	Orders received	Sales	Outstanding orders
Railway signals	541	394	543	455	450	548	-86	+55	+5
Smart mobility	75	75	7	85	80	12	+9	+4	+5
Transport infrastructure business	616	470	550	540	530	560	-76	+59	+10
AFC	293	311	142	370	330	182	+76	+18	+40
R&S	79	72	18	90	90	18	+10	+17	-
ICT solution business	373	384	161	460	420	201	+86	+35	+40
Total	990	854	711	1,000	950	761	+9	+95	+50

By segment (Profit by segment) Plan

(Unit: Hundred million yen)	2022/3	2023/3	2024/3	
			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)	2022/3	2023/3	2024/3	
			Plan	Change from previous period
Capital investment	25	26	46	+19
Depreciation expenses	21	23	27	+3
Research and development expenses	26	28	34	+6
Number of employees hired*	35	32	50	+18

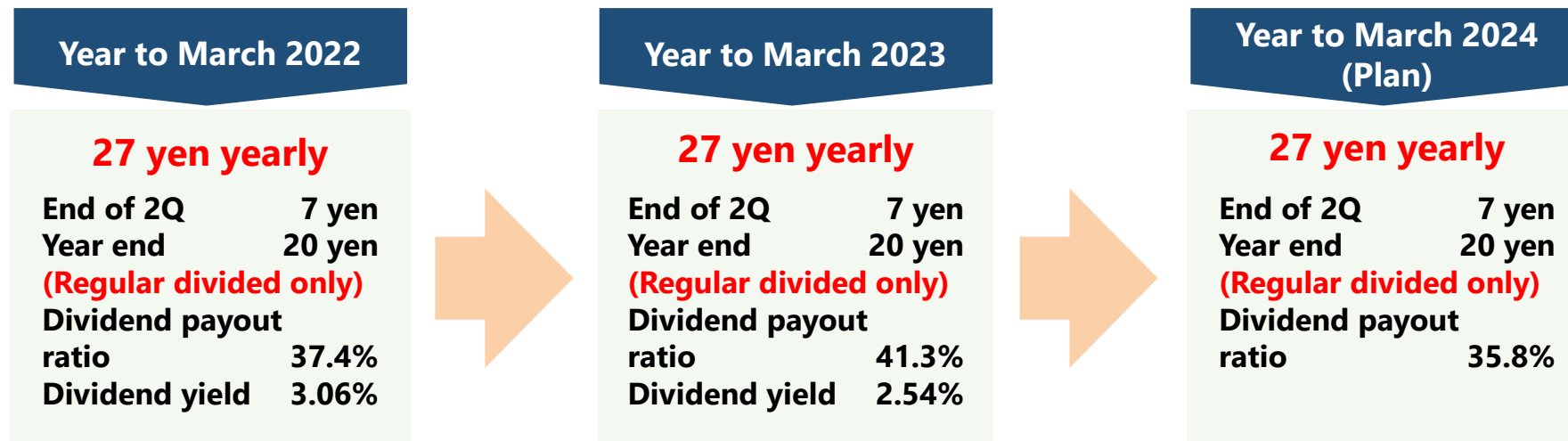
*It is the number of employees hired by the company only.



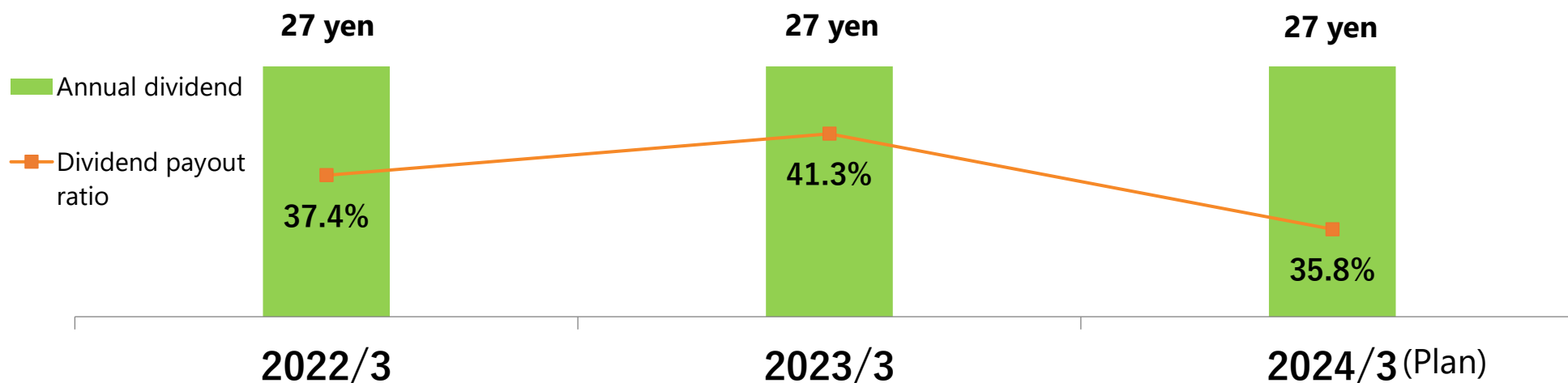
Profit distribution (Dividend)

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.

Annual dividend of 27 yen is maintained emphasizing the dividend stability and continuity.



* Dividend yield is calculated based on an annual dividend divided by yearend stock price.



Basic concept: “Support Next Stage of infrastructure”

Priority issues

<p>1 Creation of value with customers in post-COVID society</p>	<ul style="list-style-type: none"> ■ Introducing new products which solve management issues of customers
<p>2 Expansion of overseas business and increase of profitability</p>	<ul style="list-style-type: none"> ■ Increasing profitability of extension/update projects
<p>3 Boosting of designing and manufacturing ability in the software-first age</p>	<ul style="list-style-type: none"> ■ Improving Design efficiency (Increasing drawings reuse ratio) ■ Improving cost ratio and reducing inventories
<p>4 Promotion of ESG management and corporate value enhancement</p>	<p>E: Developing energy saving products S: Promoting personnel management system reformation and health and productivity management G: Strengthening risk management</p> <ul style="list-style-type: none"> ■ Introducing next generation enterprise systems ■ Reorganizing the Group companies’ functions and promotion of in-house production ■ Reinforcing human resource development

1 Creation of value with customers in post-COVID society

Accelerate the development of products for new business and their implementation in society

Progress in 1H of the 141st term

Railway signals

Signal system	Started operation of Haga/Utsunomiya LRT
---------------	--

Detection system	Received an order for rail fracture detection system for Tokyo Metro Marunouchi Line and Hibiya Line
------------------	--

CBTC*	Received an order for system design for verification test of Seibu Railway Tamagawa Line
-------	--

Railway signals

Security robot	Sold the product for Central Security Patrols; received an order for next generation prototype
----------------	--

Humanoid heavy equipment robot	Received an order from JR West for multiple handling vehicle
--------------------------------	--

*CBTC: Communications-Based Train Control (a system to control and protect trains by using wireless telecommunications to transmit large data between the pick up and the equipment on the ground without blocking track circuits)

2 Expansion of overseas business and increase of profitability

Win orders for large projects and promote diversion of design assets, aiming to increase profitability.

Progress in 1H of the 141st term

Railway signals

Double-tracking and increase of vehicles

Double-tracking of Taitung line, renewal of onboard equipment and increase of vehicles for Taiwan High Speed Rail in Taiwan

3 Boosting of designing and manufacturing ability in the software-first age

Conduct a software competition for the purpose of reinforcing and developing human resources.

Implement job rotation in cooperation with Group companies for the purpose of enhancing technological strength.

4 Promotion of ESG management for sustainable value creation

Disclose corporate policy and activities regarding sustainability including human capital.

Shift to a company with committees including an audit committee to build up the function to monitor the board of directors.

Approaches to SDGs

The Nippon Signal Group conducts its business by keeping in mind the "Sustainable Development Goals (SDGs)" for continuous enhancement of enterprise values.





Opening of the Hoga Utsunomiya LRT (Light Rail Transit)

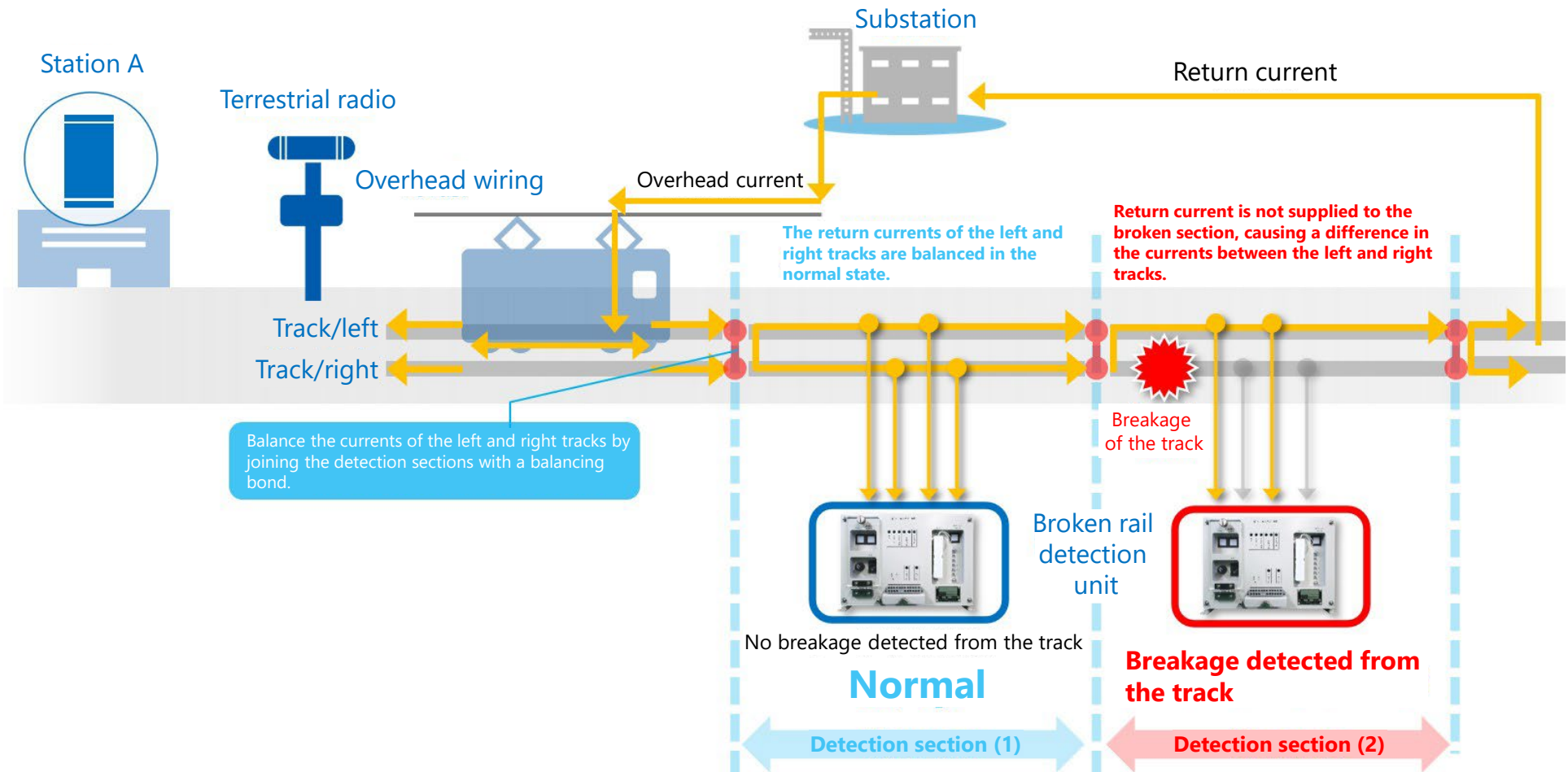
Nippon Signal delivered the entire railway signal system.





Received an order for the Marunouchi Line – Hibiya Line broken rail detection system

Due to the removal of track circuits as a result of the introduction of a Communication-Based Train Control (CBTC) system, the function for secondary rail breakage detection is eliminated. Introduction of this system allows output of broken rail information by using the return current.





Commenced the operation of the Hankyu Corporation platform monitoring system

Nippon Signal's FX10 Series, which is tolerant to the impact of ambient light, is applied to all the detection sensors.





Handled the transition of Okinawa Urban Monorail to the 3-car train system.

Engaged in the platform door update and extension work and transition of onboard equipment to that of a 3-car train system.





Commenced demonstration experiments of QR digital tickets

Service that enables customers to purchase digital tickets by selecting any boarding and alighting stations, thereby allowing them to get on and off trains by using the QR code

よか旅Signal.com
yokatabi-signal.com

チケットをQRリーダにかざして利用してください。

JR九州 片道乗車券 (長崎)



残り時間 : 04:59



2023/02/03

おとな: 1人

長崎 → 諫早

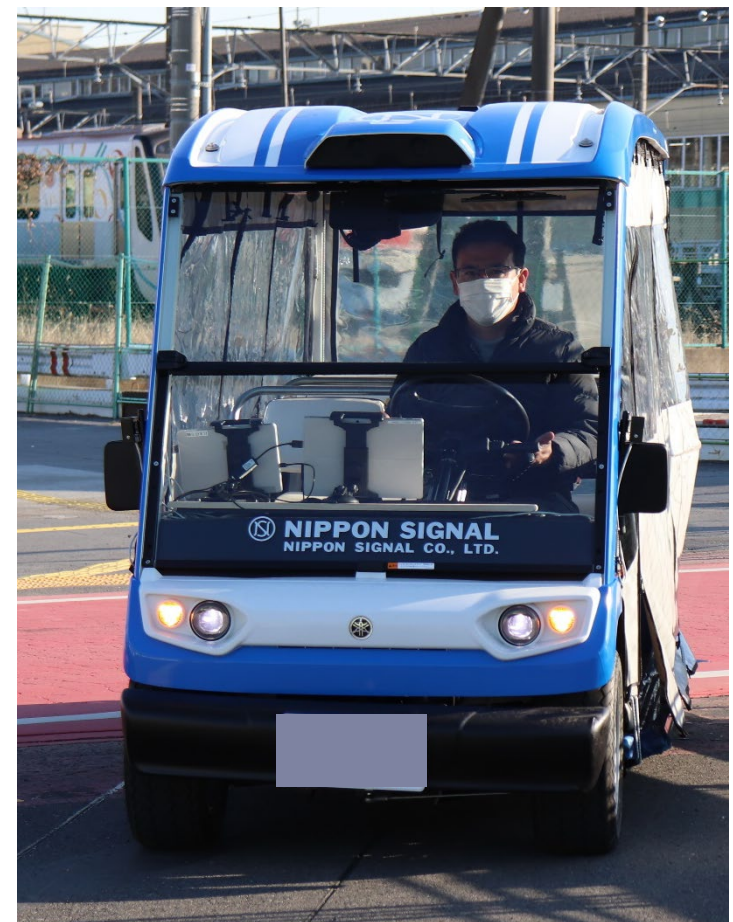
ご購入日 : 2023/02/03





Demonstration Experiment of Kuru Link® in Urawa Misono Area

To improve the QOL of the people who live, enjoy leisure time, and work in the Urawa Misono Area and provide them with sustainable services





Delivered a traffic system display board to the Akita Prefectural Police Headquarters

Displays the images taken by the cameras installed and the map of the traffic status within the prefecture





G7 Mie-Ise-Shima Transport Ministers' Meeting: Exhibited multiple handling vehicle



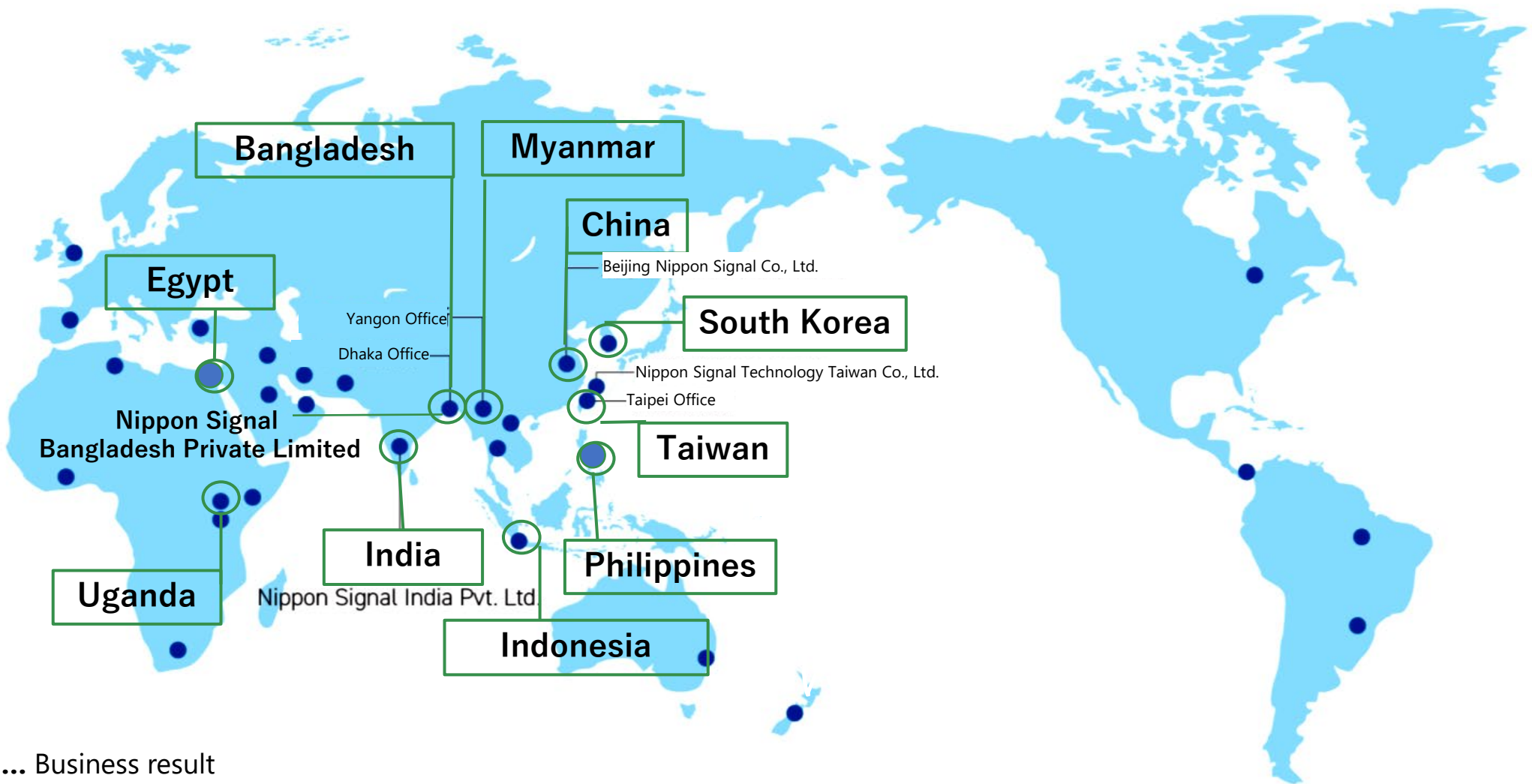


G7 Mie-Ise-Shima Transport Ministers' Meeting: Cooperation of security devices

Coordinated the device operations by lending X-ray luggage inspection devices and body scanners (product under development)



Expanded the business across 30 countries and regions



● ... Business result

○ ... Continuous development expected



**Transformation of the Huadong Line of Taiwan to a double-track line:
Received an order for the existing facility improvement business**

Part of the construction for transforming a single-track section to a double-track line of the Huadong Line (between Haulian and Zhiben) to reinforce the transport capacity of Eastern Taiwan



Pingxi Line that runs from the North-Eastern Taiwan to the inland



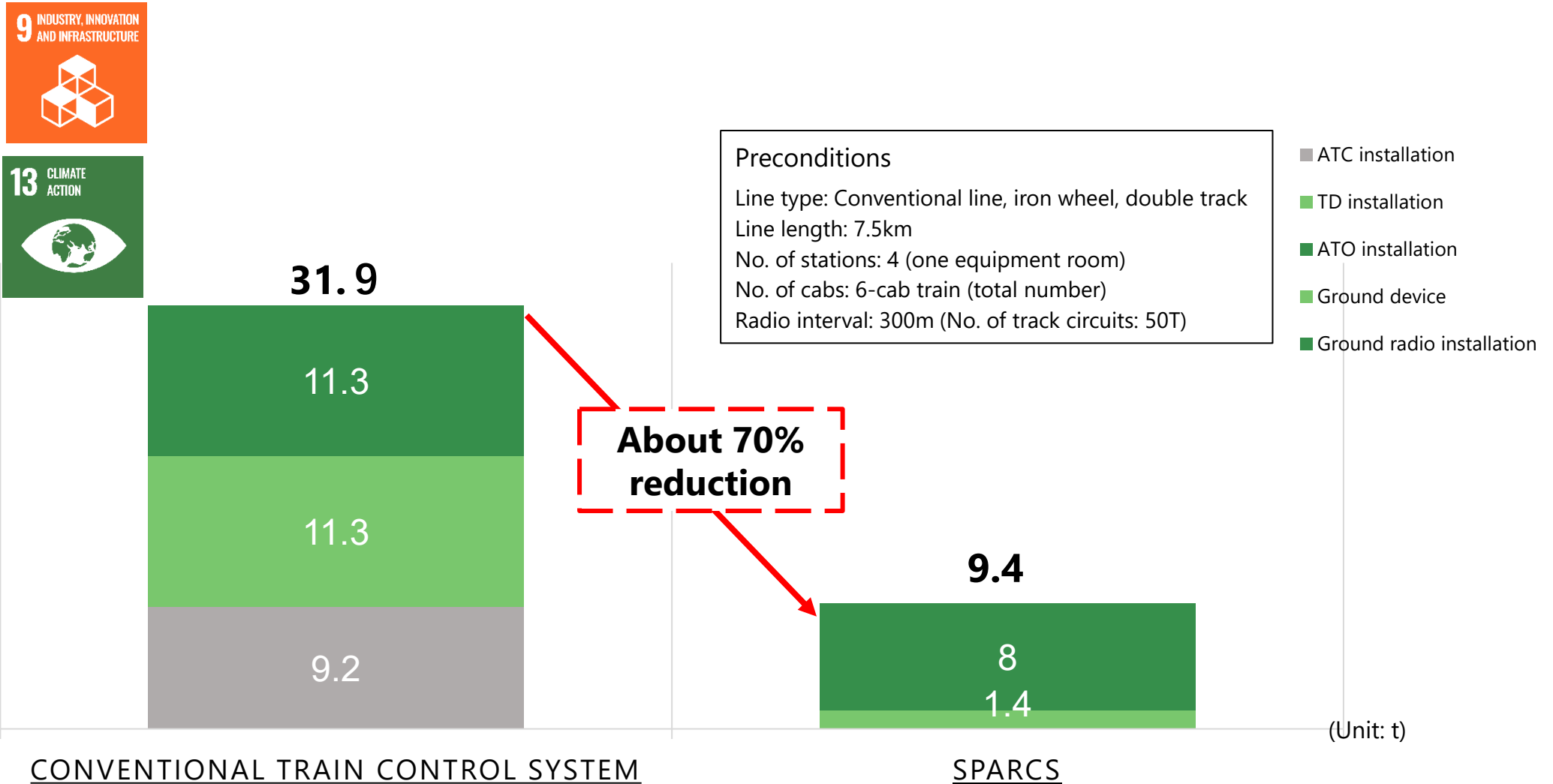
Received an order for Uganda transport signal system

Installation of 25 new intersections in addition to the existing 13 sections



ESG Management Promotion and Corporate Value Enhancement

Comparison of CO2 emission between our CBTC (SPARCS) and conventional train control system



CONVENTIONAL TRAIN CONTROL SYSTEM

SPARCS

SPARCS (Simple-structure and high-Performance ATC by Radio Communication System)



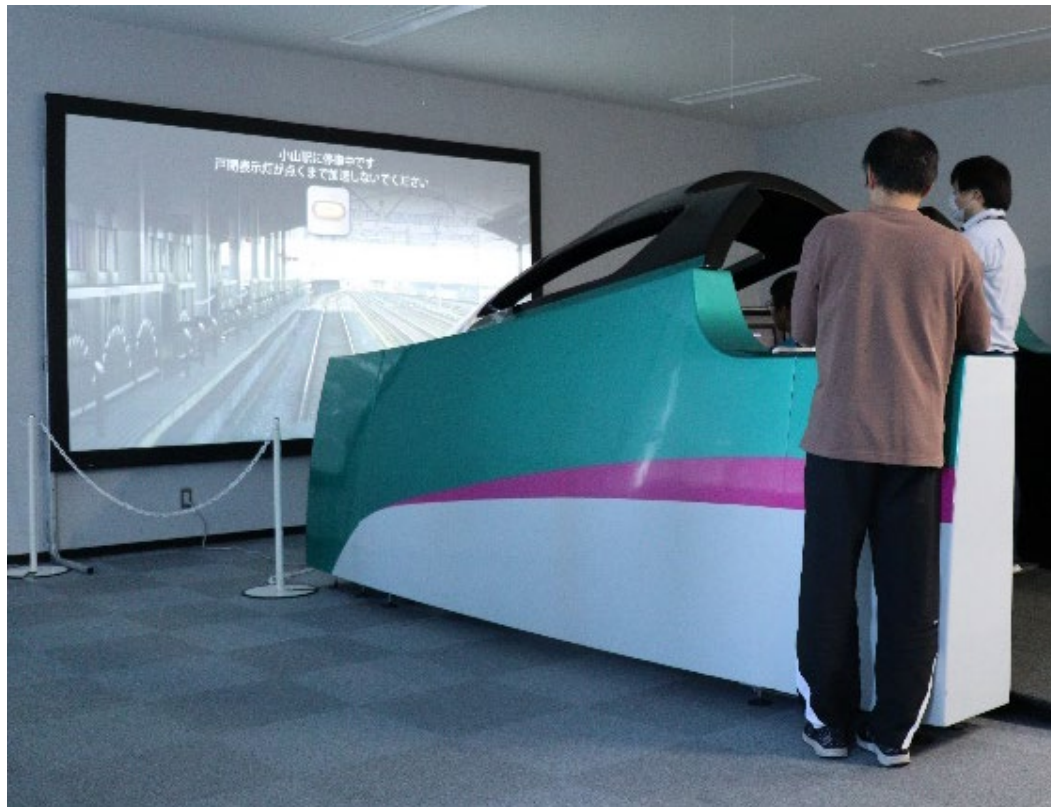
“Forest of Nippon Signal” activity





The 10th Testudo Matsuri was held

Received 2,750 visitors





Co-sponsored children's Dreamland, "Bolero"

Co-sponsored the event that helps children in the Tohoku Region to have dreams and hopes.

Introduced our products by exhibiting them in the event booth.



Business forecasts are established based on the information available to us at the current point in time and certain preconditions that are determined to be rational. However, the actual business results may differ significantly from the forecasts due to various other factors.