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Consolidated Financial Results for the Year Ended March 31, 2024 [Japanese GAAP]

May 14, 2024

Company name: Nippon Signal Co., Ltd.

Stock exchange listing: Tokyo

Code number: 6741

URL: <https://www.signal.co.jp>

Representative: Hidehiko Tsukamoto

President and CEO and COO

Contact: Hiromasa Fujimoto

General Manager, General Affairs Department

Phone: 03-3217-7200

Scheduled date of Annual General Meeting of Shareholders: June 21, 2024

Scheduled date of commencing dividend payments: May 31, 2024

Scheduled date of filing annual securities report: June 21, 2024

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|----------------------------------|-------------|------|------------------|-------|-----------------|-------|---|-------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Fiscal year ended March 31, 2024 | 98,536 | 15.3 | 6,824 | 33.5 | 7,893 | 33.4 | 5,346 | 31.2 |
| March 31, 2023 | 85,456 | 0.5 | 5,112 | (5.1) | 5,915 | (9.5) | 4,075 | (9.5) |

(Note) Comprehensive income: Fiscal year ended March 31, 2024: ¥ 9,154 million [113.2 %]

Fiscal year ended March 31, 2023: ¥ 4,294 million [16.6 %]

| | Basic earnings per share | Diluted earnings per share | Rate of return on equity | Ordinary profit to total assets ratio | Operating profit to net sales ratio |
|-------------------|--------------------------|----------------------------|--------------------------|---------------------------------------|-------------------------------------|
| Fiscal year ended | Yen | Yen | % | % | % |
| March 31, 2024 | 85.71 | - | 5.7 | 5.1 | 6.9 |
| March 31, 2023 | 65.34 | - | 4.6 | 4.2 | 6.0 |

(2) Consolidated Financial Position

| | Total assets | Net assets | Capital adequacy ratio | Net assets per share |
|----------------|--------------|-------------|------------------------|----------------------|
| As of | Million yen | Million yen | % | Yen |
| March 31, 2024 | 165,295 | 96,821 | 58.6 | 1,552.35 |
| March 31, 2023 | 146,019 | 89,351 | 61.2 | 1,432.57 |

(Reference) Equity: As of March 31, 2024: ¥ 96,821 million

As of March 31, 2023: ¥ 89,351 million

(3) Consolidated Cash Flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at the end of period |
|-------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| Fiscal year ended | Million yen | Million yen | Million yen | Million yen |
| March 31, 2024 | 6,771 | (2,982) | (338) | 11,760 |
| March 31, 2023 | 1,715 | (3,597) | 3,911 | 8,365 |

2. Dividends

| | Annual dividends | | | | | Total dividends | Payout ratio (consolidated) | Dividends to net assets (consolidated) |
|---------------------------|------------------|-----------------|-----------------|----------|-------|-----------------|-----------------------------|--|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Year-end | Total | | | |
| Fiscal year ended | Yen | Yen | Yen | Yen | Yen | Million yen | % | % |
| March 31, 2023 | - | 7.00 | - | 20.00 | 27.00 | 1,684 | 41.3 | 1.9 |
| March 31, 2024 | - | 7.00 | - | 24.00 | 31.00 | 1,933 | 36.2 | 2.1 |
| Fiscal year ending | | | | | | | | |
| March 31, 2025 (Forecast) | - | 10.00 | - | 21.00 | 31.00 | | - | |

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% indicates changes from the previous corresponding period.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Basic earnings per share |
|-----------|-------------|-----|------------------|------|-----------------|------|---|-----|--------------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Full year | 100,000 | 1.5 | 8,000 | 17.2 | 8,800 | 11.5 | 5,700 | 6.6 | 91.39 |

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

As of March 31, 2024: 68,339,704 shares

As of March 31, 2023: 68,339,704 shares

2) Total number of treasury shares at the end of the period:

As of March 31, 2024: 5,968,382 shares

As of March 31, 2023: 5,968,270 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2024: 62,371,397 shares

Fiscal year ended March 31, 2023: 62,371,522 shares

* These consolidated financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

The statements regarding forecast of financial results in this report are based on the information that is available to the Company, as well as certain assumptions that are deemed to be reasonable by management. Therefore, there might be cases in which actual results differ materially from forecast values due to various factors.

For the forecast of financial results, please refer to "1. Overview of Operating Results, etc., (4) Future Outlook" on page 4 of the Attachments.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

In the fiscal year under review (April 1, 2023 to March 31, 2024), the outlook of the global economy remained uncertain due to such factors as monetary tightening by central banks in the US and Europe, stagnant European economy prolonged by the geopolitical tensions in Ukraine and the Middle East, and concerns over the slowdown in economic activity in China caused by its stagnant real estate market.

The Japanese economy has been on a gradual recovery trend due to such factors as strong consumption by tourists visiting Japan on the back of the weaker yen. However, there exist concerns over the slowdown in economic activities due to factors such as soaring energy prices caused in part by the impact of the economic sanctions against Russia and weak consumer consumption caused by rising prices.

Under these circumstances, the Group newly began its third medium-term management plan “Realize-EV100” in FY2024, striving to further expand new business and new materials and broaden global business adapting to the drastic changes in the business environment and needs.

The Company’s business results in the fiscal year under review were 138,566 million yen in orders received (up 39.9% year-on-year) and 98,536 million yen in net sales (up 15.3% year-on-year). Operating profit was 6,824 million yen (up 33.5% year-on-year), ordinary profit was 7,893 million yen (up 33.4% year-on-year), and profit attributable to owners of parent was 5,346 million yen (up 31.2% year-on-year).

An overview of the Company’s business by segment is as follows.

[Transportation Infrastructure]

In Railway Signal Systems, we received orders for and recorded sales of Automatic Train Control systems, interlocking devices, Communication-Based Train Control systems and other products from railroad operators in the Japanese market.

We are currently developing automated driving systems using the existing signal safe products currently in use in regional railroads. We will focus on developing products which contribute to our customers’ labor-saving.

In overseas markets, such as Taiwan and India, we received orders for and recorded sales of Railway Signal Systems. In Taiwan, in particular, we have successfully received orders for the renewal of electronic interlocking devices, and the renovation of transformer, electric power monitoring control systems, and communication systems for the Huadong Line where our value was recognized for the system already implemented. We will continue to contribute to the creation of safe and comfortable communities through traffic infrastructure meeting infrastructure demand of Asian countries based on our installation track record in these markets.

For Smart Mobility Systems, particularly Road Traffic Safety Systems, we received orders for and recorded sales of traffic control systems and parking meters. We also actively participated in various automated driving demonstration projects, providing products and technologies that contribute to the “Vehicle-Infrastructure Cooperative System” linking automated vehicles with traffic signals and roadside sensors.

As a result of the above, orders received were 83,002 million yen (up 34.6% year-on-year) and net sales were 53,936 million yen (up 14.7% year-on-year). Segment profit was 6,212 million yen (up 21.4% year-on-year).

[ICT Solutions]

In AFC, particularly Station Service Network Systems, we received orders for and recorded sales of platform screen doors, ticket vending machines, passenger gates, parking lot equipment and other products in the Japanese market.

For train stations, while diversifying a lineup of platform screen doors, we are also proactively engaged in sales promotion of our platform monitoring system which makes use of our 3D laser ranging image sensors. The system detects trains on tracks and the status of door openings and alerts passengers, which contributes to both labor-saving and higher reliability in safety.

In the overseas markets, especially in Bangladesh and Egypt, we received orders for and recorded sales of AFC systems and platforms screen doors.

In R&S, which focuses on robotics and sensing, we received orders for and sales of 3D laser ranging image sensors to be installed in platform screen doors as well as construction and agricultural equipment, X-ray baggage checking equipment, which speedily detects the presence of dangerous items and other products. Based on the basic concept of fail-safe, we are contributing to realizing a future society in which humans and robots work together by integrating the latest robotics technologies with our core technologies, such as sensors and image analysis, which we have cultivated through our past experience.

As a result of the above, orders received were 55,564 million yen (up 48.6% year-on-year) and net sales were 44,600 million yen (up 16.1% year-on-year). Segment profit was 3,991 million yen (up 20.2% year-on-year).

(2) Overview of Financial Position for the Fiscal Year under Review

Total assets at the end of the fiscal year under review were 165,295 million yen, an increase of 19,276 million yen compared with the end of the previous fiscal year. This was mainly due to a 5,756 million yen increase in contract assets, a 4,471 million yen increase in investment securities due in part to a rise in fair value, a 3,395 million yen increase in cash and deposits, a 2,468 million yen increase in accounts receivable - trade, and a 2,421 million yen increase in inventories.

Liabilities increased by 11,805 million yen compared with the end of the previous fiscal year to 68,473 million yen, due mainly to a 3,788 million yen increases in contract liabilities, a 2,310 million yen increase in notes and accounts payable - trade, a 1,878 million yen increase in electronically recorded obligations - operating, a 1,184 million yen increase in short-term borrowings, and a 1,002 million yen increase in income taxes payable.

Net assets were 96,821 million yen, an increase of 7,470 million yen compared with the end of the previous fiscal year, mainly due to the recording of 5,346 million yen in profit attributable to owners of parent and a 3,474 million yen increase in valuation difference on available-for-sale securities, despite a 1,684 million yen decrease in retained earnings from dividends, etc.

(3) Overview of Cash Flows for the Fiscal Year under Review

The balance of cash and cash equivalents at the end of the fiscal year under review was 11,760 million yen, an increase of 3,395 million yen compared with the end of the previous fiscal year.

Cash flows in each area of activity are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities for the fiscal year ended March 31, 2024 was 6,771 million yen, compared with a cash inflow of 1,715 million yen in the previous fiscal year. The principal cash inflow factors were the recording of 8,047 million yen in profit before income taxes, a 4,154 million yen increase in trade payables, and a 3,788 million yen increase in contract liabilities, despite cash outflow factors of a 7,805 million yen increase in trade receivable and a 2,421 million yen increase in inventories.

(Cash flows from investing activities)

Net cash used in investing activities for the fiscal year ended March 31, 2024 was 2,982 million yen, compared with a cash outflow of 3,597 million yen in the previous fiscal year. The principal cash outflow factor was 3,913 million yen in purchase of property, plant and equipment and intangible assets, despite cash inflow factors such as a 1,687 million yen in proceeds from sale of investment securities.

(Cash flow from financing activities)

Net cash used in financing activities for the fiscal year ended March 31, 2024 was 338 million yen, compared with a cash inflow of 3,911 million yen in the previous fiscal year. The principal cash outflow factor was a 1,681 million yen in expenditure due to dividend payments, despite the cash inflow factors such as a 1,104 million yen increase in cash from short-term borrowings.

(4) Future Outlook

In terms of future initiatives, in Railway Signal Systems, we will work to develop products that address and take into account social issues of declining workforce, natural disasters, and decarbonization by further focusing on the fields such as “remote monitoring and Condition Based Maintenance (CBM)” and “labor-saving” that contribute to reduction of fixed costs as well as operation costs.

In Smart Mobility Systems, we will continue to work on enabling Vehicle-Infrastructure Cooperative System and automatic operation services, and developing new solution business including communication-based equipment using MVNO (network provision service business).

In AFC, full-scale development of MaaS, a seamless mobility linkage between not only railroad services and automobiles but also diverse mobility options, is anticipated. We will provide new products that support the new smart mobility society and settlement systems and services to link various devices based on “iDONEO” a service linkage platform, and create new businesses.

In R&S, we will continue to develop 3D laser ranging image sensors to be installed in platform screen doors, construction and agricultural equipment as well as diverse solutions which support high-level security required in event venues and airports.

We are also putting our effort into enabling further labor-saving and higher efficiency for customers through our business offering various types of robots made available by integrating the latest robot technologies with our core technologies, such as sensors and image analysis.

Forecast amounts for the next fiscal year are as follows.

(Million yen)

| | Net sales | | Segment profit | |
|----------------------------------|-----------|-------------------------|----------------|-------------------------|
| | Amount | Year-on-year change (%) | Amount | Year-on-year change (%) |
| Transportation Infrastructure | 55,000 | 2.0 | 6,500 | 4.6 |
| ICT Solutions | 45,000 | 0.9 | 5,000 | 25.3 |
| Sub-total | 100,000 | 1.5 | 11,500 | 12.7 |
| Adjustments | — | — | (3,500) | — |
| Total | 100,000 | 1.5 | 8,000 | 17.2 |

Notes: Adjustments in segment profit (loss) represent corporate expenses that are not allocated to reportable segments.

Corporate expenses are primarily expenses of the administration divisions of the parent company’s headquarters that are not attributable to any of the reportable segments.

2. Basic Policy on Selection of Accounting Standards

Taking into consideration the comparability of consolidated financial statements across periods and among companies, the Group will maintain its policy of preparing its consolidated financial statements under Japanese GAAP for the immediate future.

With regard to the application of International Financial Reporting Standards (IFRS), the Company’s policy is to take appropriate measures after consideration of the situation in Japan and overseas.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Million yen)

| | As of March 31, 2023 | As of March 31, 2024 |
|---|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 8,407 | 11,803 |
| Notes receivable - trade | 375 | 327 |
| Accounts receivable - trade | 29,487 | 31,955 |
| Contract assets | 34,115 | 39,871 |
| Electronically recorded monetary claims - operating | 1,521 | 1,151 |
| Merchandise and finished goods | 4,609 | 6,239 |
| Work in process | 9,819 | 9,119 |
| Raw materials and supplies | 5,684 | 7,175 |
| Other | 3,282 | 2,999 |
| Allowance for doubtful accounts | (1) | (1) |
| Total current assets | 97,302 | 110,641 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 6,486 | 6,316 |
| Machinery, equipment and vehicles, net | 1,069 | 1,009 |
| Tools, furniture and fixtures, net | 1,492 | 1,965 |
| Land | 5,488 | 5,488 |
| Leased assets, net | 77 | 68 |
| Construction in progress | 1,696 | 2,277 |
| Total property, plant and equipment | 16,310 | 17,125 |
| Intangible assets | 2,079 | 2,876 |
| Investments and other assets | | |
| Investment securities | 24,571 | 29,043 |
| Long-term loans receivable | 2 | 2 |
| Retirement benefit asset | 2,476 | 3,040 |
| Deferred tax assets | 1,463 | 686 |
| Other | 1,833 | 1,899 |
| Allowance for doubtful accounts | (20) | (20) |
| Total investments and other assets | 30,326 | 34,650 |
| Total non-current assets | 48,716 | 54,653 |
| Total assets | 146,019 | 165,295 |

(Million yen)

| | As of March 31, 2023 | As of March 31, 2024 |
|---|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 11,087 | 13,397 |
| Electronically recorded obligations - operating | 4,110 | 5,989 |
| Short-term borrowings | 17,515 | 18,700 |
| Lease liabilities | 7 | 5 |
| Income taxes payable | 1,489 | 2,491 |
| Contract liabilities | 4,123 | 7,911 |
| Provision for bonuses | 2,554 | 2,755 |
| Provision for loss on orders received | 742 | 719 |
| Other | 4,947 | 5,838 |
| Total current liabilities | 46,577 | 57,809 |
| Non-current liabilities | | |
| Long-term deposits received | 99 | 99 |
| Long-term accounts payable - other | 28 | 27 |
| Lease liabilities | 7 | 5 |
| Deferred tax liabilities | 551 | 727 |
| Provision for contingent loss | - | 545 |
| Retirement benefit liability | 9,402 | 9,259 |
| Total non-current liabilities | 10,090 | 10,663 |
| Total liabilities | 56,668 | 68,473 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 10,000 | 10,000 |
| Capital surplus | 7,585 | 7,585 |
| Retained earnings | 68,198 | 71,860 |
| Treasury shares | (6,571) | (6,571) |
| Total shareholders' equity | 79,212 | 82,874 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 10,100 | 13,574 |
| Remeasurements of defined benefit plans | 38 | 372 |
| Total accumulated other comprehensive income | 10,138 | 13,947 |
| Total net assets | 89,351 | 96,821 |
| Total liabilities and net assets | 146,019 | 165,295 |

(2) Consolidated Statements of Income and Comprehensive Income

(Million yen)

| | For the fiscal year ended March 31, 2023 | For the fiscal year ended March 31, 2024 |
|---|---|---|
| Net sales | 85,456 | 98,536 |
| Cost of sales | 65,405 | 76,949 |
| Gross profit | 20,050 | 21,586 |
| Selling, general and administrative expenses | 14,938 | 14,762 |
| Operating profit | 5,112 | 6,824 |
| Non-operating income | | |
| Interest income | 0 | 0 |
| Dividend income | 459 | 462 |
| Dividend income of life insurance | 156 | 189 |
| Foreign exchange gains | - | 219 |
| Rental income from real estate | 312 | 312 |
| Nursing services income | 26 | 24 |
| Other | 81 | 113 |
| Total non-operating income | 1,036 | 1,322 |
| Non-operating expenses | | |
| Interest expenses | 49 | 46 |
| Rental expenses on real estate | 51 | 53 |
| Taxes and dues | 41 | 72 |
| Nursing services expense | 34 | 34 |
| Waste disposal expenses | 35 | 29 |
| Other | 21 | 15 |
| Total non-operating expenses | 233 | 253 |
| Ordinary profit | 5,915 | 7,893 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 0 | 0 |
| Gain on sale of investment securities | 128 | 727 |
| Gain on sale of golf club membership | - | 5 |
| Total extraordinary income | 129 | 733 |
| Extraordinary losses | | |
| Loss on sale and retirement of non-current assets | 4 | 33 |
| Loss on valuation of investment securities | - | 0 |
| Loss on valuation of golf club membership | 13 | - |
| Provision for contingent loss | - | 545 |
| Total extraordinary losses | 17 | 579 |
| Profit before income taxes | 6,027 | 8,047 |
| Income taxes - current | 2,262 | 3,379 |
| Income taxes - deferred | (310) | (677) |
| Total income taxes | 1,951 | 2,701 |
| Profit | 4,075 | 5,346 |
| (Details) | | |
| Profit attributable to owners of parent | 4,075 | 5,346 |

(Million yen)

| | For the fiscal year ended March 31, 2023 | For the fiscal year ended March 31, 2024 |
|---|---|---|
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 294 | 3,474 |
| Remeasurements of defined benefit plans, net of tax | (76) | 334 |
| Total other comprehensive income | 218 | 3,808 |
| Comprehensive income | 4,294 | 9,154 |
| (Details) | | |
| Comprehensive income attributable to owners of parent | 4,294 | 9,154 |

(3) Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2023

(Million yen)

| | Shareholders' equity | | | | | Accumulated other comprehensive income | | | Total net assets |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|---|---|--|------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity | Valuation difference on available-for-sale securities | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | |
| Balance at beginning of period | 10,000 | 7,585 | 65,806 | (6,570) | 76,821 | 9,805 | 114 | 9,919 | 86,740 |
| Changes during period | | | | | | | | | |
| Dividends of surplus | | | (1,684) | | (1,684) | | | | (1,684) |
| Profit attributable to owners of parent | | | 4,075 | | 4,075 | | | | 4,075 |
| Purchase of treasury shares | | | | (0) | (0) | | | | (0) |
| Net changes in items other than shareholders' equity | | | | | | 294 | (76) | 218 | 218 |
| Total changes during period | - | - | 2,391 | (0) | 2,391 | 294 | (76) | 218 | 2,610 |
| Balance at end of period | 10,000 | 7,585 | 68,198 | (6,571) | 79,212 | 10,100 | 38 | 10,138 | 89,351 |

For the fiscal year ended March 31, 2024

(Million yen)

| | Shareholders' equity | | | | | Accumulated other comprehensive income | | | Total net assets |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|---|---|--|------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity | Valuation difference on available-for-sale securities | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | |
| Balance at beginning of period | 10,000 | 7,585 | 68,198 | (6,571) | 79,212 | 10,100 | 38 | 10,138 | 89,351 |
| Changes during period | | | | | | | | | |
| Dividends of surplus | | | (1,684) | | (1,684) | | | | (1,684) |
| Profit attributable to owners of parent | | | 5,346 | | 5,346 | | | | 5,346 |
| Purchase of treasury shares | | | | (0) | (0) | | | | (0) |
| Net changes in items other than shareholders' equity | | | | | | 3,474 | 334 | 3,808 | 3,808 |
| Total changes during period | - | - | 3,662 | (0) | 3,662 | 3,474 | 334 | 3,808 | 7,470 |
| Balance at end of period | 10,000 | 7,585 | 71,860 | (6,571) | 82,874 | 13,574 | 372 | 13,947 | 96,821 |

(4) Consolidated Statements of Cash Flows

(Million yen)

| | For the fiscal year ended March 31, 2023 | For the fiscal year ended March 31, 2024 |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 6,027 | 8,047 |
| Depreciation | 2,380 | 2,362 |
| Loss (gain) on sale and retirement of non-current assets | 3 | 32 |
| Loss (gain) on sale of investment securities | (128) | (727) |
| Increase (decrease) in provision for contingent loss | - | 545 |
| Interest and dividend income | (459) | (462) |
| Interest expenses | 49 | 46 |
| Decrease (increase) in trade receivables | (3,613) | (7,805) |
| Decrease (increase) in inventories | (3,791) | (2,421) |
| Increase (decrease) in trade payables | 636 | 4,154 |
| Increase (decrease) in contract liabilities | 2,852 | 3,788 |
| Increase (decrease) in retirement benefit liability | 74 | (91) |
| Other, net | (1,717) | 711 |
| Subtotal | 2,314 | 8,180 |
| Interest and dividends received | 459 | 462 |
| Interest paid | (49) | (46) |
| Income taxes paid | (1,123) | (1,834) |
| Income taxes refund | 114 | 9 |
| Net cash provided by (used in) operating activities | 1,715 | 6,771 |
| Cash flows from investing activities | | |
| Payments into time deposits | (43) | (42) |
| Proceeds from withdrawal of time deposits | 54 | 42 |
| Purchase of property, plant and equipment | (1,690) | (2,622) |
| Proceeds from sale of property, plant and equipment | 0 | 0 |
| Purchase of intangible assets | (929) | (1,290) |
| Purchase of investment securities | (758) | (336) |
| Proceeds from sale of investment securities | 0 | 1,687 |
| Other, net | (230) | (420) |
| Net cash provided by (used in) investing activities | (3,597) | (2,982) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 5,700 | 1,104 |
| Proceeds from deposits received from an affiliated company | 70 | 100 |
| Proceeds from deposits received from an unaffiliated entity | (100) | 147 |
| Repayments of lease liabilities | (77) | (8) |
| Dividends paid | (1,680) | (1,681) |
| Decrease (increase) in treasury shares | (0) | (0) |
| Net cash provided by (used in) financing activities | 3,911 | (338) |
| Effect of exchange rate change on cash and cash equivalents | (9) | (54) |
| Net increase (decrease) in cash and cash equivalents | 2,020 | 3,395 |
| Cash and cash equivalents at beginning of period | 6,344 | 8,365 |
| Cash and cash equivalents at end of period | 8,365 | 11,760 |

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable

(Additional information)

The Company had a disagreement with the tax authority in India regarding the disallowance of expenses incurred outside India and so forth in the tax return of its project offices in India. The Company then filed a suit with the Income Tax Appellate Tribunal in India in January 2024, as a determination was made in December 2023, which did not accept part of the Company's assertions.

Against the backdrop of these events, the Company has appropriated provision for contingent loss of 545 million yen (319 million Indian rupees) to provide for penalties which may arise due to such rejection and any other determination.

The Company deems the amount reasonable at this moment, as it is calculated based on the notices by the tax authority in India, although the amount may change depending on future situations.

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

The Company's reportable segments are segments for which discrete financial information is available and which are regularly reviewed by the Board of Directors to determine the allocation of management resources and assess business results.

The Company's business comprises segments by products and services provided. The Company classifies the two businesses of "Transportation Infrastructure" and "ICT Solutions" as reportable segments.

The Transportation Infrastructure segment mainly conducts the manufacture, sale, and maintenance services of railway signal safety equipment and facilities and road traffic safety systems.

The ICT Solutions segment mainly conducts the manufacture, sale, and maintenance services of AFC equipment and parking lot equipment.

2. Method of calculation of net sales, profit (loss), assets, liabilities, and other items by reportable segment

The method of accounting for reported business segments is stated with the amounts based on the accounting standards adopted for the preparation of the consolidated financial statements.

Profit figures for reportable segments are based on operating profit.

3. Information on net sales, profit (loss), assets, liabilities, and other items by reportable segment and classification of revenues

For the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

| | Reportable segment | | | Adjustments | (Million yen) |
|---|-------------------------------|---------------|---------|-------------|---|
| | Transportation Infrastructure | ICT Solutions | Total | | Consolidated Financial Statement Amount |
| Net sales | | | | | |
| Net sales to external customers | 47,037 | 38,418 | 85,456 | — | 85,456 |
| Intersegment internal sales or transfers | — | — | — | — | — |
| Total | 47,037 | 38,418 | 85,456 | — | 85,456 |
| Goods or services transferred at a point in time | 13,462 | 11,933 | 25,395 | — | 25,395 |
| Goods or services transferred over time | 33,575 | 26,485 | 60,061 | — | 60,061 |
| Total | 47,037 | 38,418 | 85,456 | — | 85,456 |
| Segment profit | 5,119 | 3,320 | 8,439 | (3,327) | 5,112 |
| Segment assets | 73,597 | 47,348 | 120,945 | 25,073 | 146,019 |
| Other items | | | | | |
| Depreciation | 1,311 | 749 | 2,060 | 319 | 2,380 |
| Increase in property, plant and equipment and intangible assets | 1,467 | 648 | 2,115 | 553 | 2,669 |

- Notes:
1. Adjustments in segment profit represent corporate expenses that are not allocated to reportable segments. Corporate expenses are primarily expenses of the administration divisions of the parent company's headquarters that are not attributable to any of the reportable segments.
 2. Segment profit is profit after adjustment of operating profit in the consolidated financial statements.
 3. Adjustments of segment assets are primarily surplus operating funds (cash and deposits), long-term investment assets (investment securities), and assets of the administration divisions of the parent company.
 4. Adjustments of depreciation are insignificant.
 5. Adjustments of increase in property, plant and equipment and intangible assets are insignificant.

For the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Million yen)

| | Reportable segment | | | Adjustments | Consolidated Financial Statement Amount |
|---|-------------------------------|---------------|---------|-------------|---|
| | Transportation Infrastructure | ICT Solutions | Total | | |
| Net sales | | | | | |
| Net sales to external customers | 53,936 | 44,600 | 98,536 | — | 98,536 |
| Intersegment internal sales or transfers | — | — | — | — | — |
| Total | 53,936 | 44,600 | 98,536 | — | 98,536 |
| Goods or services transferred at a point in time | 14,001 | 16,972 | 30,974 | — | 30,974 |
| Goods or services transferred over time | 39,934 | 27,628 | 67,562 | — | 67,562 |
| Total | 53,936 | 44,600 | 98,536 | — | 98,536 |
| Segment profit | 6,212 | 3,991 | 10,204 | (3,379) | 6,824 |
| Segment assets | 83,190 | 48,341 | 131,532 | 33,763 | 165,295 |
| Other items | | | | | |
| Depreciation | 1,269 | 788 | 2,058 | 304 | 2,362 |
| Increase in property, plant and equipment and intangible assets | 2,287 | 1,064 | 3,351 | 948 | 4,300 |

- Notes: 1. Adjustments in segment profit represent corporate expenses that are not allocated to reportable segments. Corporate expenses are primarily expenses of the administration divisions of the parent company's headquarters that are not attributable to any of the reportable segments.
2. Segment profit is profit after adjustment of operating profit in the consolidated financial statements.
3. Adjustments of segment assets are primarily surplus operating funds (cash and deposits), long-term investment assets (investment securities), and assets of the administration divisions of the parent company.
4. Adjustments of depreciation are insignificant.
5. Adjustments of increase in property, plant and equipment and intangible assets are insignificant.

(Per share information)

| | For the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023) | For the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024) |
|--------------------------|--|--|
| Net assets per share | 1,432.57 yen | 1,552.35 yen |
| Basic earnings per share | 65.34 yen | 85.71 yen |

Note: Data on diluted earnings per share is not presented above, as there were no potential shares with a dilutive effect.

(Significant subsequent events)

Not applicable