

Nippon Signal Group 28 Medium-term Management Plan

Realize-EV100

Toward the 100th Anniversary of Foundation



Copyright © NIPPON SIGNAL CO., LTD.
All Rights Reserved.



日本信号株式会社
NIPPON SIGNAL CO., LTD.

01

In establishing
Medium-term
Management Plan

02 “Realize-EV100”

03

Major activities toward
the 100th anniversary
of the foundation

Nippon Signal Group Philosophy



Our Mission

We help realize a more secure and comfortable society through superior technologies that provide safety and reliability.

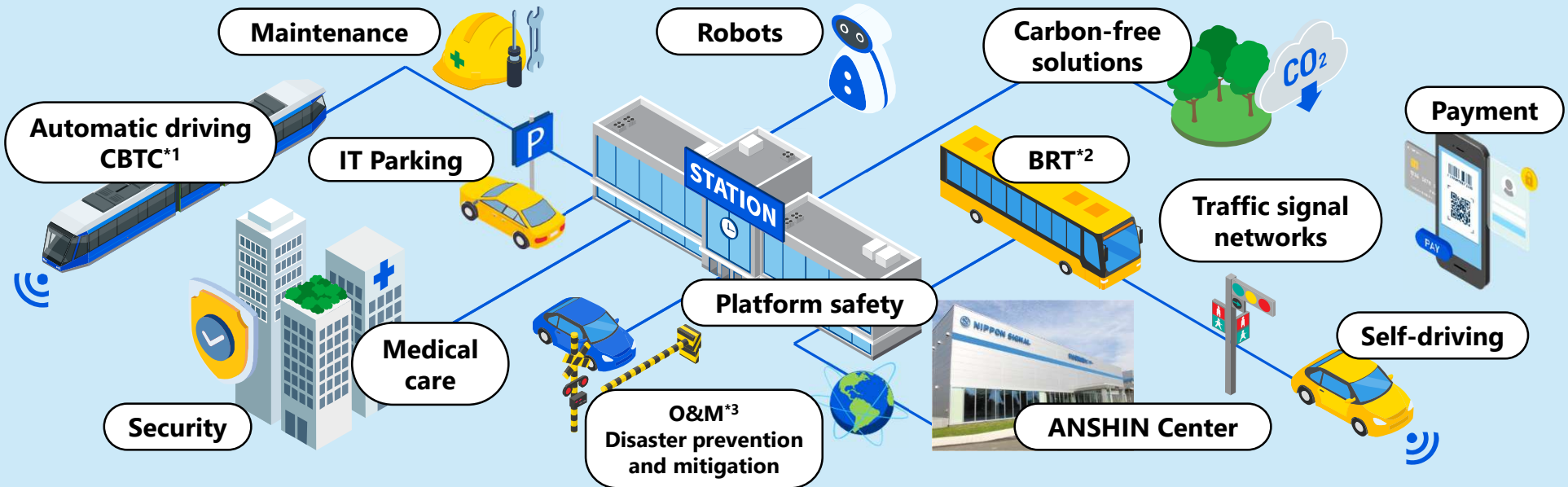
Our Vision

We strive to become a global company by pursuing world-leading technologies with ingenuity and passion to inspire our customers.

Businesses supported by Nippon Signal Group

On our mission to "help realize a more secure and comfortable society through superior technologies that provide safety and reliability," we strive to provide products and solutions involved in the next generation society and living infrastructure.

"One-stop solution provider" connected through networks



Cooperation, merger and working across borders of businesses and Group companies

Safer and more
comfortable

Total support of
transportation

Realizing MaaS to support transformation of public transportation

01

In establishing
Medium-term
Management Plan

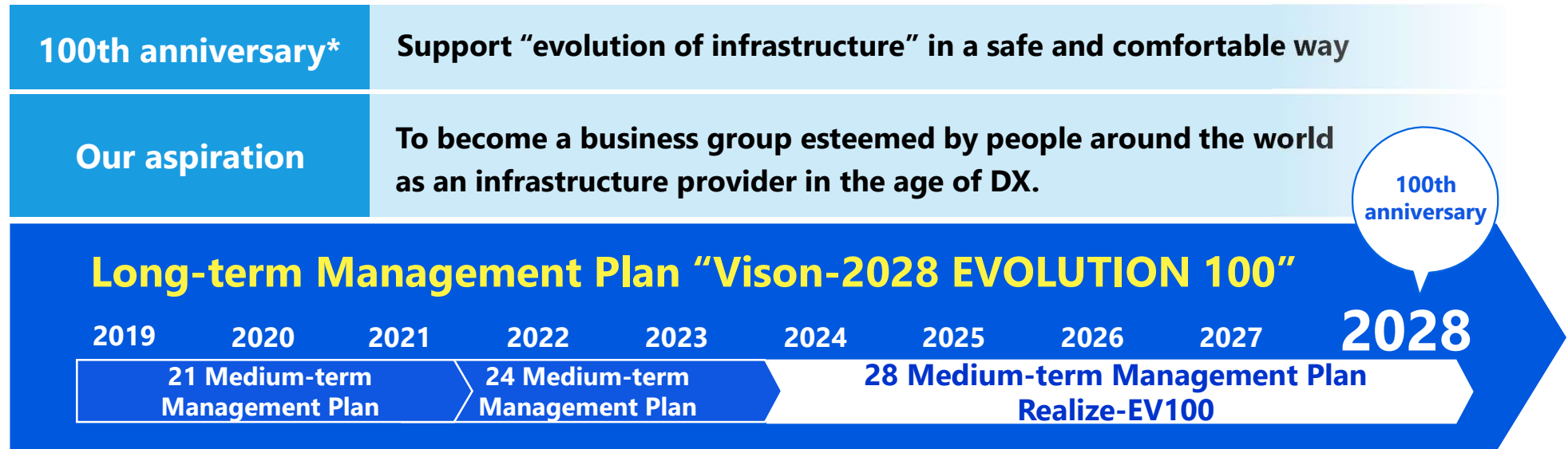
02

"Realize-EV100"

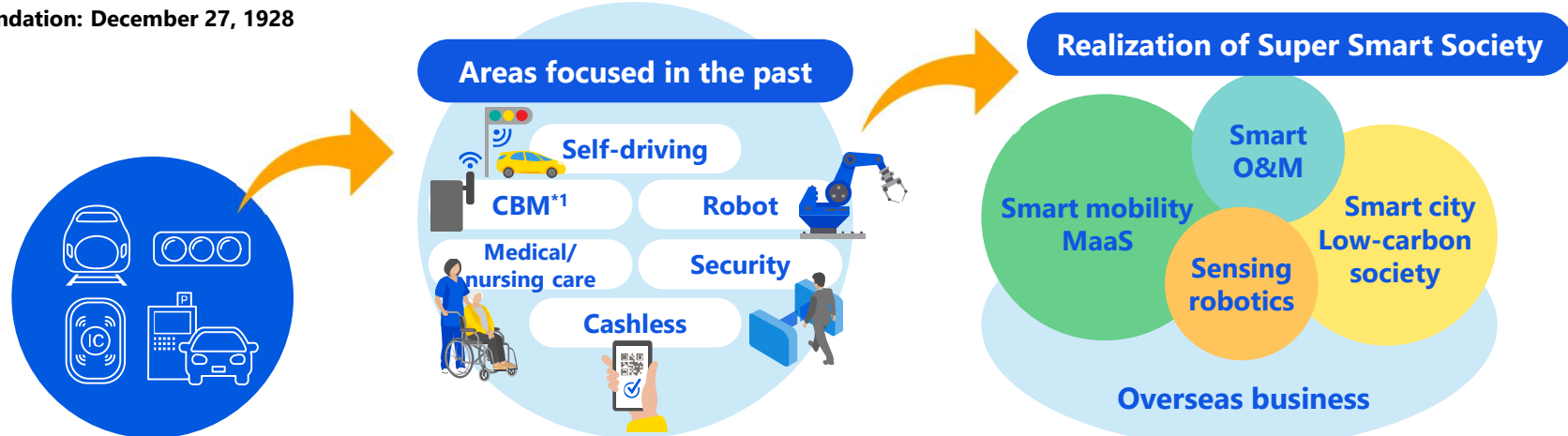
03

Major activities toward
the 100th anniversary
of the foundation

Whole frame



* Date of foundation: December 27, 1928



Safety Security Comfort Reliability

*1 CBM: Condition Based Maintenance, where maintenance is carried out based on condition criteria

01

**In establishing
Medium-term
Management Plan**

02

"Realize-EV100"

03

**Major activities toward
the 100th anniversary of
the foundation**

01

**In establishing Medium-term
Management Plan**

02

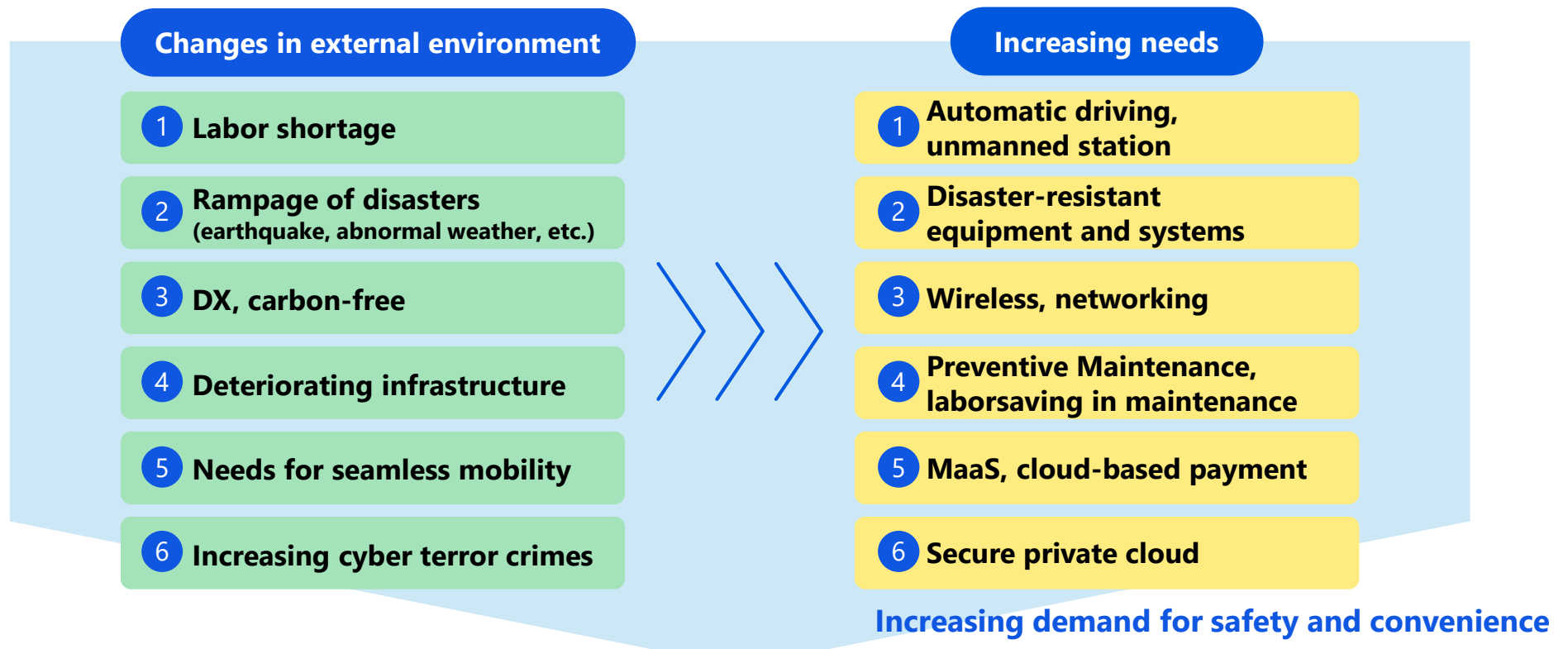
"Realize-EV100"

03

**Major activities toward the 100th
anniversary of the foundation**

○ In establishing a new Medium-term Management Plan (28 Medium-term Management Plan)

Nippon Signal Group Medium-term Management Plan "Next Stage 24" announced in May 2022 has been implemented. Now we **establish a new Medium-term Management Plan targeted for FY2028, the year marking the 100th anniversary of the company foundation**, taking into account the rapid changes in business circumstances and customer needs occurred during the coronavirus pandemic.



28 Mid-term Management Plan Realize-EV100

01

In establishing
Medium-term
Management Plan

02 **"Realize-EV100"**

03

Major activities toward
the 100th anniversary of
the foundation

01

In establishing Medium-term
Management Plan

02

"Realize-EV100"

03

Major activities toward the 100th
anniversary of the foundation

01

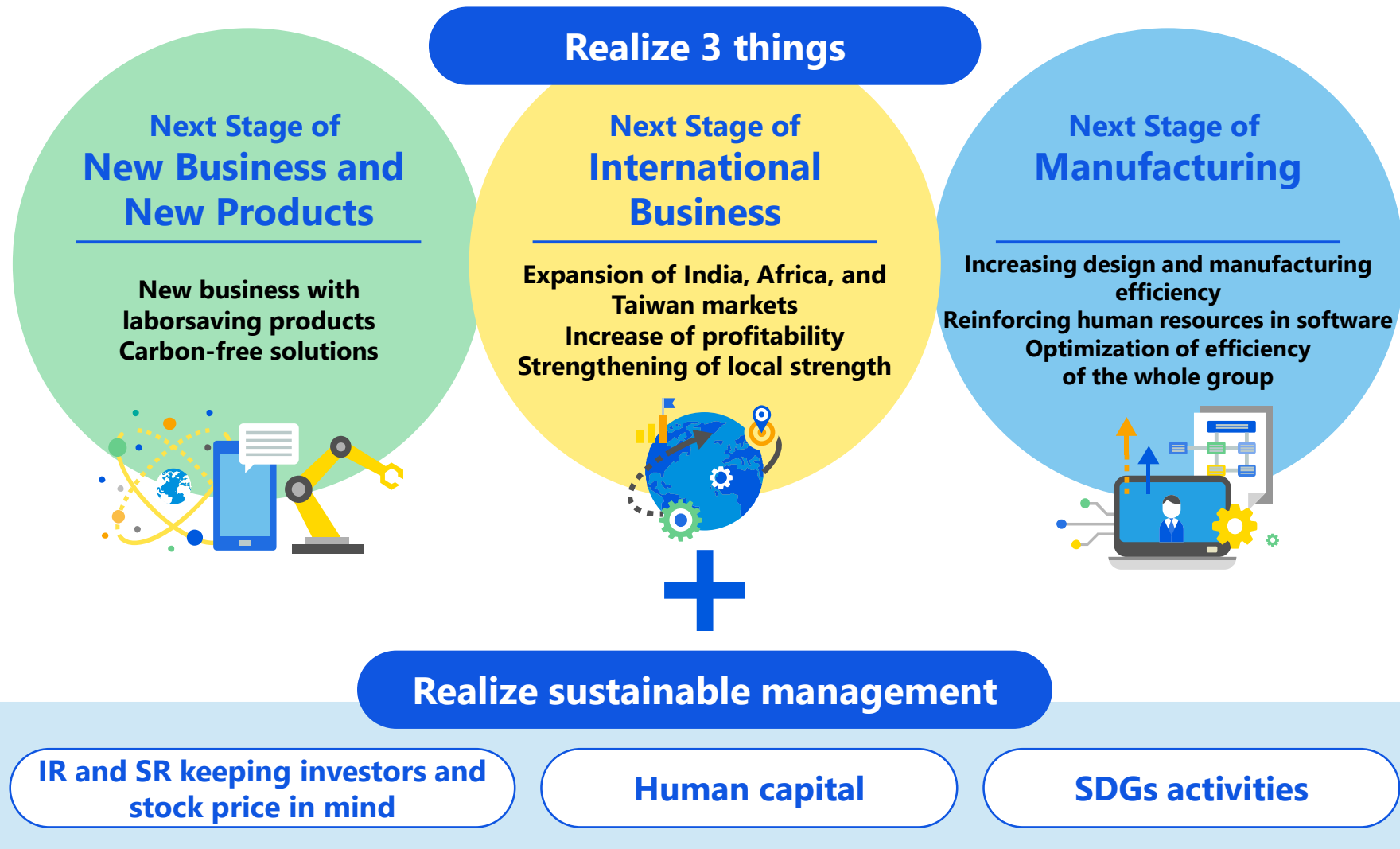
In establishing
Medium-term
Management Plan

02 "Realize-EV100"

03

Major activities toward
the 100th anniversary of
the foundation

28 Mid-term Management Plan "Realize EV-100" -- Toward the 100th Anniversary of Foundation -- Basic concept



01

In establishing
Medium-term
Management Plan

02 “Realize-EV100”

03

Major activities toward
the 100th anniversary of
the foundation

Management target

	2024/3 (Result)	2025/3 (Forecast)	2029/3 (Mid-term Plan target)
Sales	98.5 B yen	100.0 B yen	150.0 B yen
ROE	5.7%	5.8%	10% or more
ROIC	4.6%	5.0%	9% or more

		2024/3 (Result)	2025/3 (Forecast)	2029/3 (Mid-term Plan target)
Sales by segment	Transport	Railway signal	46.6 B yen	47.0 B yen
		Smart mobility	7.3 B yen	8.0 B yen
		Overseas portion of transport	10.8 B yen	11.7 B yen
	ICT solutions	AFC	34.6 B yen	35.0 B yen
		R&S	9.9 B yen	10.0 B yen
		Overseas portion of ICT solutions	0.6 B yen	0.8 B yen

01

In establishing
Medium-term
Management Plan

02

"Realize-EV100"

03

Major activities toward
the 100th anniversary
of the foundation

01

In establishing Medium-term
Management Plan

02

"Realize-EV100"

03

Major activities toward the 100th
anniversary of the foundation

01

In establishing
Medium-term
Management Plan

02

"Realize-EV100"

03

Major activities toward
the 100th anniversary
of the foundation

Realize. 1

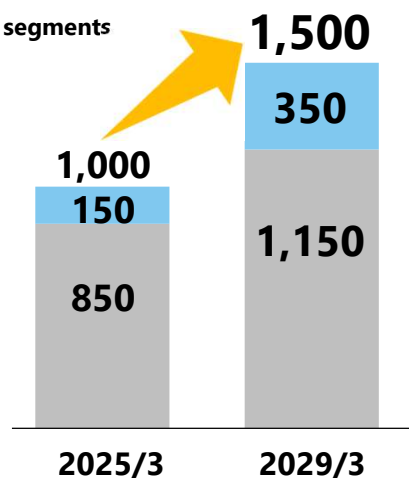
Next Stage of New Business and New Products

Image of sales by increasing sales volume of new business and new products in 28 Med-term Management Plan

We will strive to develop core technologies and implement new products in society targeting new markets which are expected to grow in the future to gain market share with the aim of ensuring our business growth.

Image of sales in new business and new products in 28 Med-term Management Plan

■ Sales of new business and new products (B yen)
■ Sales of existing segments



Percentage
of sales in
new business

15%

23%

Segment	Product	Market size*
Railway system	O&M service, etc.	25.0 (B yen)
Smart mobility	Automatic driving, Infrastructure To Vehicle , MVNO, etc.	25.0 (B yen)
AFC	Cloud-based payment, Cloud-based parking space, etc.	50.0 (B yen)
R&S	3D sensor market	20.0 (B yen)
	Market of heavy machinery-type robot	10.0 (B yen)

*Market size in FY2028 (estimated by Nippon Signal)

01

In establishing
Medium-term
Management Plan

02

"Realize-EV100"

03

Major activities toward
the 100th anniversary
of the foundation

Railway system business

Our vision

Co-creation partners beyond the relationship with customers

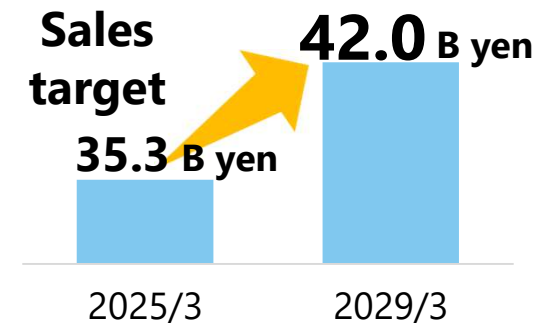
Primary measures

<1> Expanding markets of next generation traffic signal safety system

Expansion for communications-based train Control (CBTC), automatic driving, O&M solutions, etc.

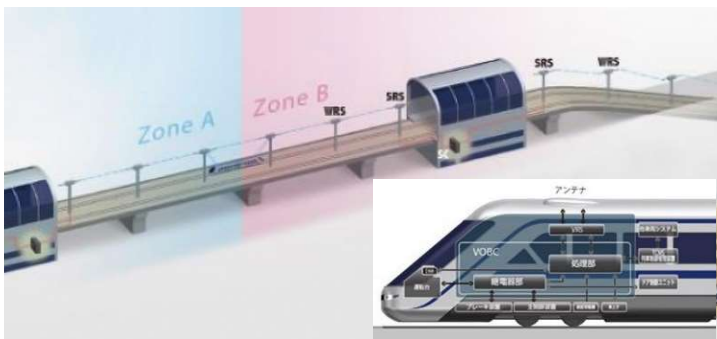
<2> Product strategy for co-creation of customer's structural reform

<3> Development of a system for continuation of local public transportation



Strategic product "Next generation railway signal safety system"

CBTC



Automatic driving



O&M Solution



Smart mobility business

Our vision

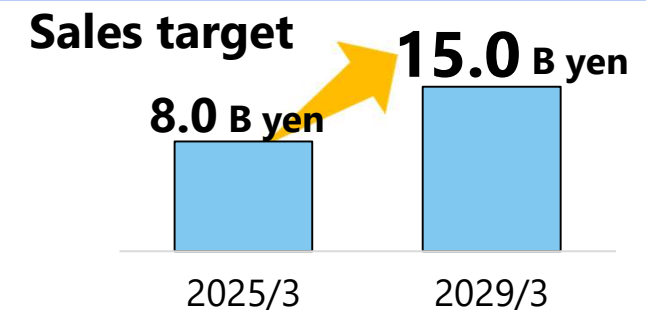
One-stop solution provider for road traffic to solve issues of business operators

Primary measures

<1> Activities for dissemination of automatic driving

Promoting the dissemination of automatic driving and solving issues faced by local governments and business operators through its implementation in society.

<2> Building an environment for easier mobility through MaaS-related services.



Strategic product "Kuru Link (automatic driving system)," "I2X (Infrastructure To Vehicle)"

Kuru Link



I2X Coordination with the transport infrastructure through road-vehicle coordinated driving



AFC business

Our vision

Real (facilities/services) innovation to "Realize motivation for mobility"

Primary measures

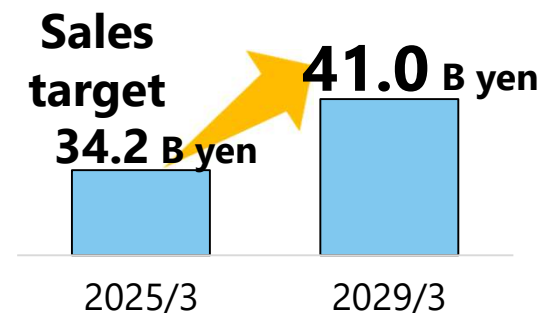
<1> Expansion of ABT* solution which leads users/business operators services

High-value-added ticket gate that supports various authentication methods such as credit card, QR, and facial recognition

<2> Provision of a system for safe and unmanned (laborsaving) station

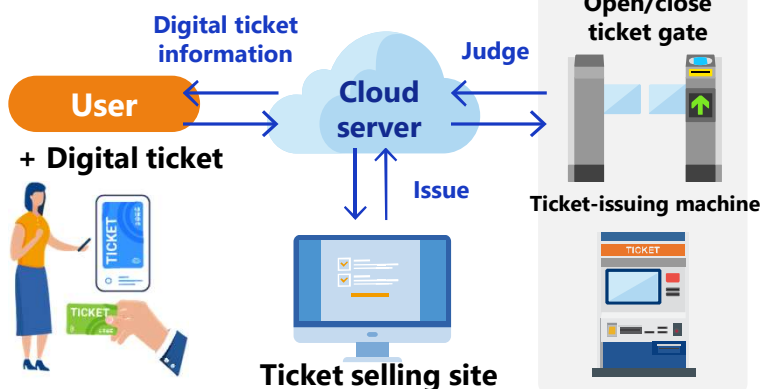
<3> Provision of a cloud-based parking space system

*ABT: Account Based Ticketing, which is a ticket system using unique IDs

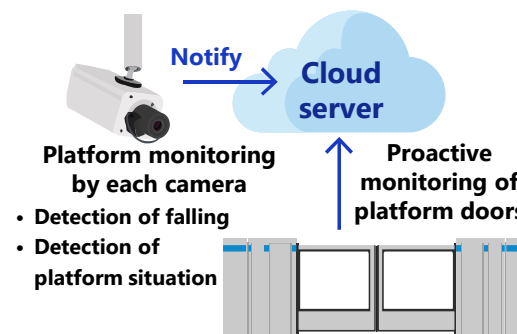


Strategic products "cloud-based payment system," "station monitoring system" and "cloud-based parking space system"

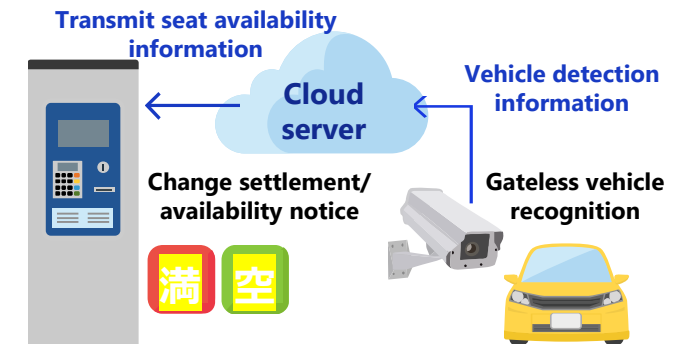
Cloud-based payment system



Station monitoring system



Cloud-based parking space system



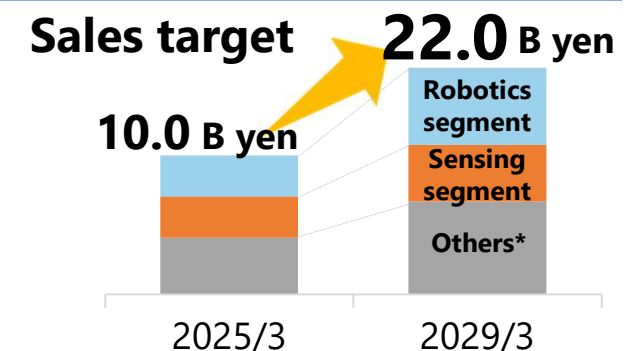
R&S business

Our vision

Create products having overwhelming competitiveness in robotics and sensing segments to win the position of market leader

Primary measures

- <1> Strive to establish our robots as de facto standard for work at height
- <2> Expand service robot market by launching promotion activities
- <3> Win the position of market leader with cutting-edge technology in sensing segment



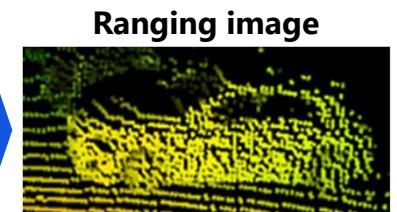
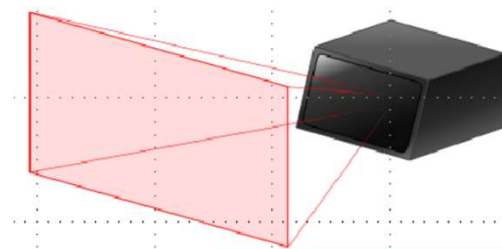
* Others include sales operations outside the Group including medical equipment and solar power generation business.

Strategic products "heavy machinery robot," "next generation 3DLiDAR," etc.

Heavy machinery robot



Next generation 3DLiDAR



01

In establishing
Medium-term
Management Plan

02

"Realize-EV100"

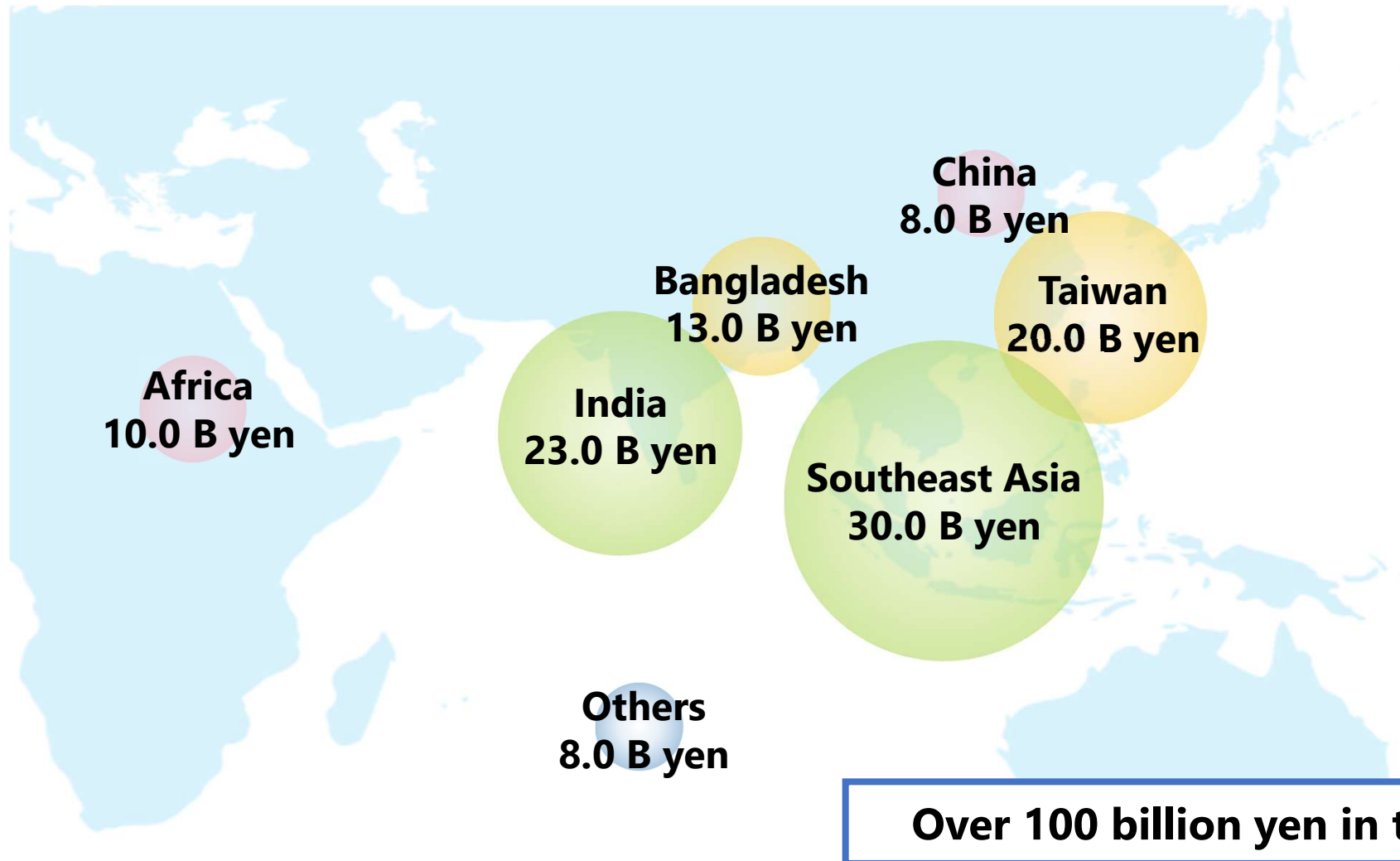
03

Major activities toward
the 100th anniversary
of the foundation

Realize. 2

Next Stage of International Business

○ Targets by region for overseas business*1



*1 Image of sales of our overseas business by region during the period of 28 Medium-term Management Plan (FY2024 to FY2028)

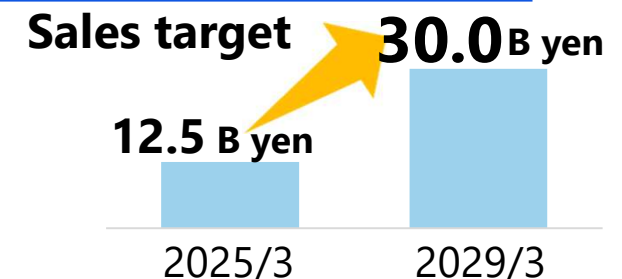
Overseas business

Our vision

To be a global company that contributes to de-carbonized society and infrastructure development, and inspires people in the world

Primary measures

- <1> Realize world-class competitiveness by using digital technologies
- <2> Provide smart maintenance services through O&M services
- <3> Increase earnings through business development rooted in strategic countries and regions
- <4> Establish new overseas branches in new markets to conduct activities to enter the rail and transportation markets



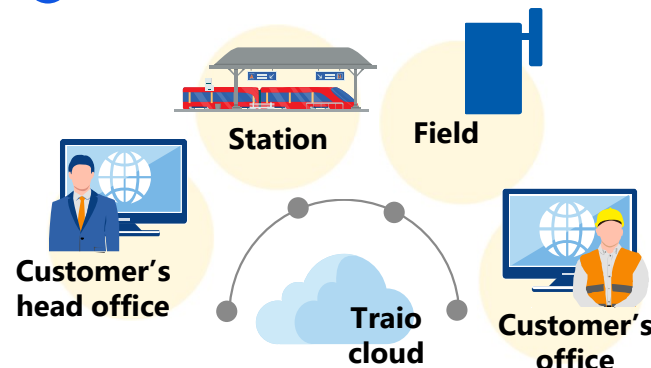
Strategic countries and regions

Focus our efforts on the following countries and regions where our company has branches:

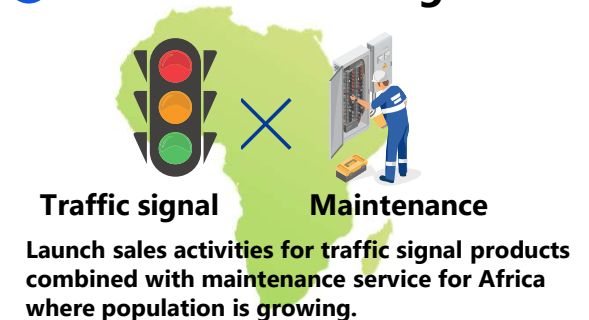
India, Bangladesh, Southeast Asia, Taiwan, China, Africa, etc.

Strategic products "CBTC," "overseas O&M service," "overseas traffic signals," etc.

Overseas O&M service



Overseas traffic signals



01

In establishing
Medium-term
Management Plan

02

"Realize-EV100"

03

Major activities toward
the 100th anniversary
of the foundation

Realize. 3

Next Stage of Manufacturing

01

In establishing
Medium-term
Management Plan

02

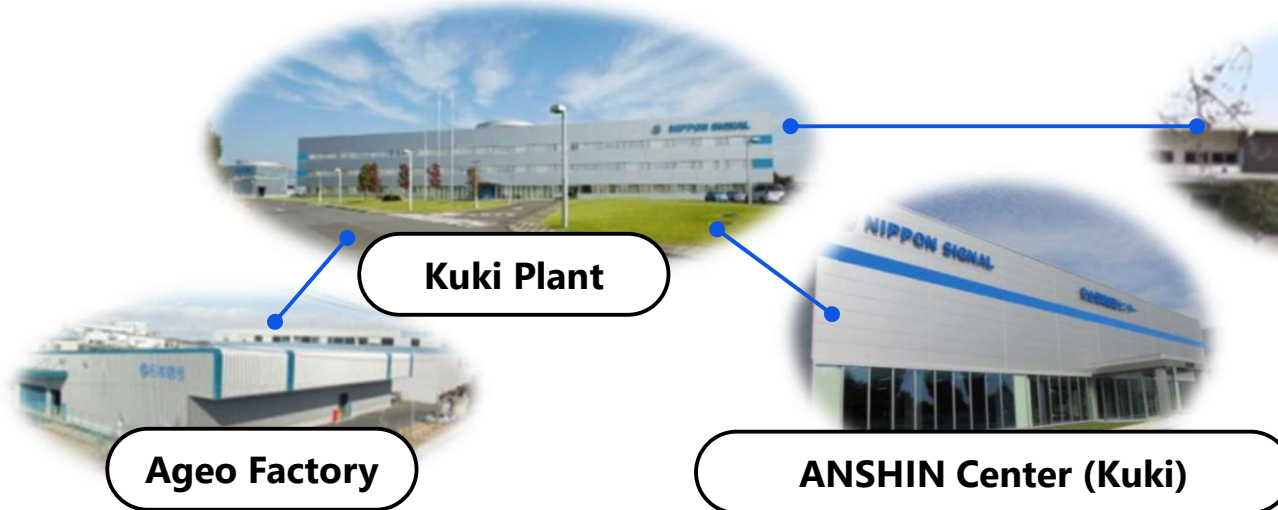
"Realize-EV100"

03

Major activities toward
the 100th anniversary
of the foundation

Manufacturing for traffic and transportation

Traffic infrastructure in the world supported with DX



Manufacturing for ICT

Software-first manufacturing



Visualization and increasing efficiency
using data

Development of human resources in
design and manufacturing

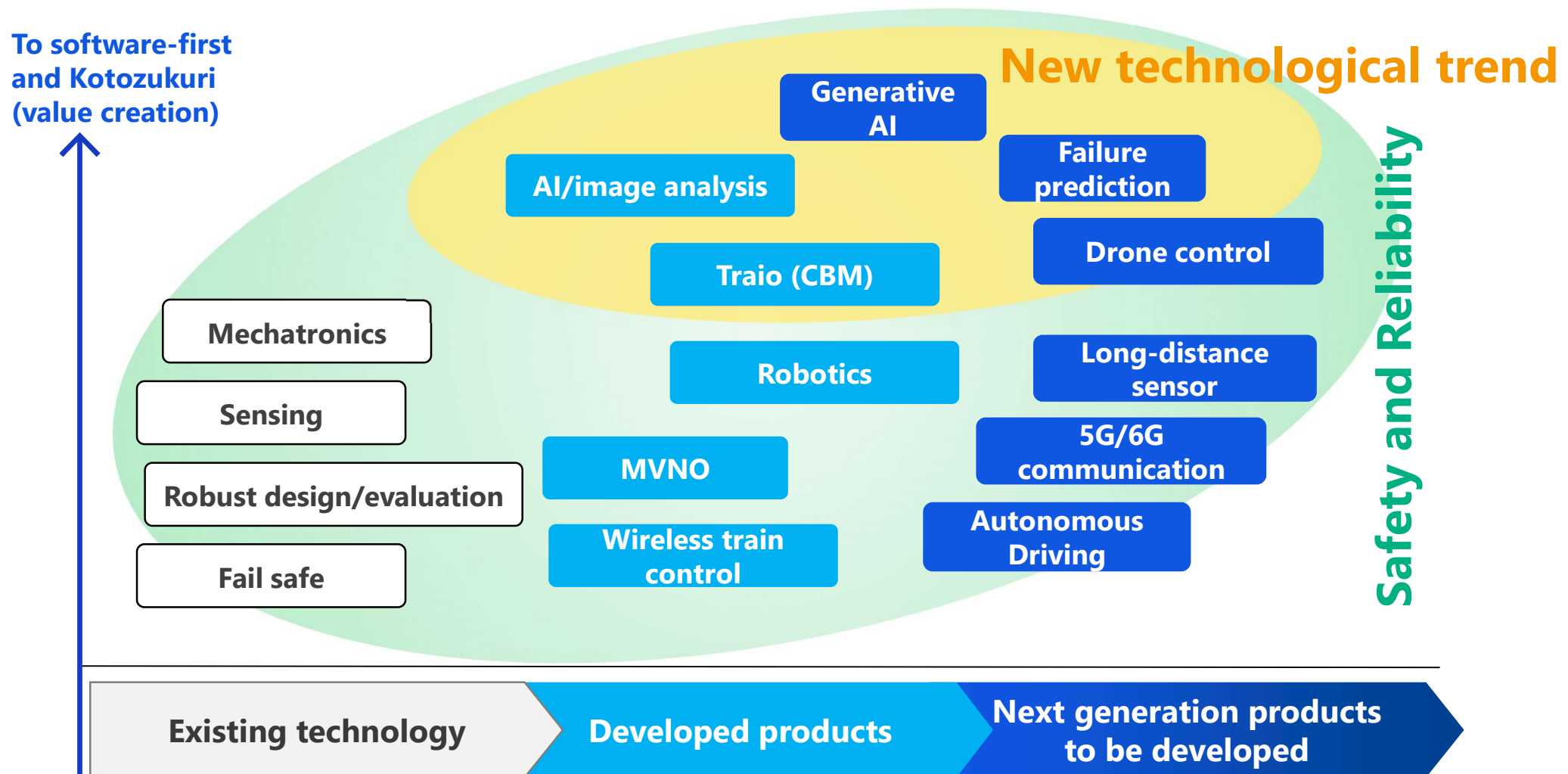
In-house production of core technology
within the Group

Group-wide optimization of
manufacturing

**Aim to ensure stable supply and quality and an increase of profitability
at each plant**

Core technology evolution

Capture core technology evolution and new technology trend based on "Safety and Reliability"



01

In establishing
Medium-term
Management Plan

02

"Realize-EV100"

03

Major activities toward
the 100th anniversary
of the foundation

To Realize Sustainable Management

Management keeping investors and stock price in mind

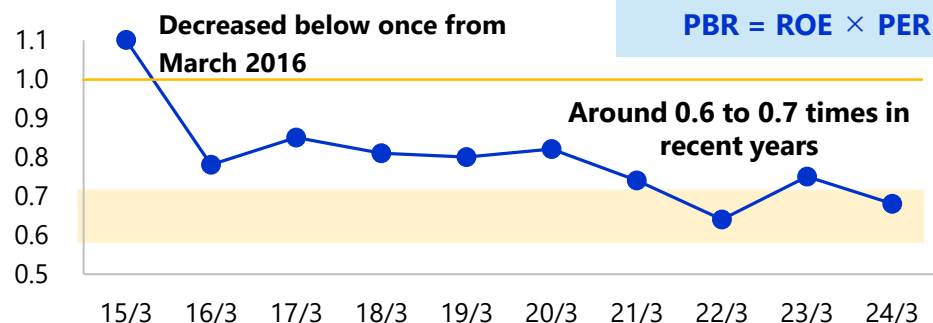
(1) PBR, ROIC

PBR

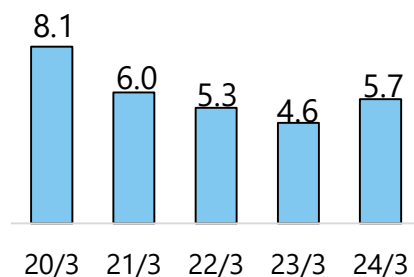
ROE 10.0% or more is set as the target as an index to achieve 1.0 times or more PBR.

(Current state) PBR is around 0.6 to 0.7 times due to sluggish ROE.

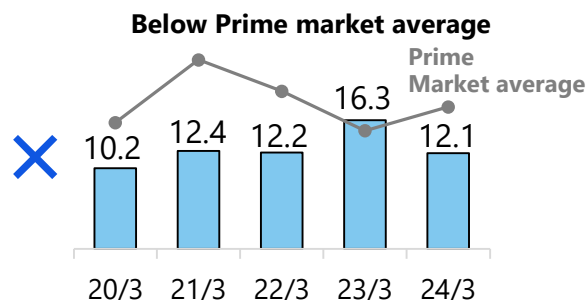
PBR change (Unit: times)



ROE change (Unit: %)



PER change (Unit: times)

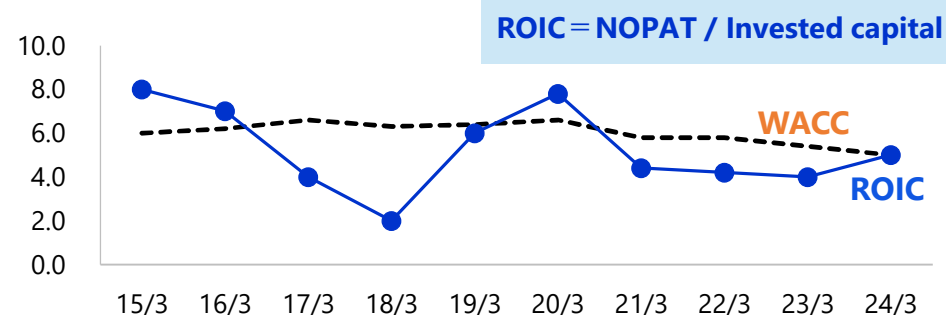


ROIC

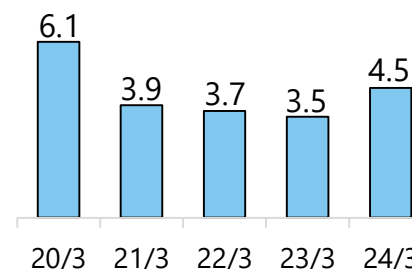
ROIC 9.0% or more is set as the target against assumed WACC 6.0%.

(Current state) ROIC is below WACC due to sluggish NOPAT for an increase of capital invested.

ROIC / WACC change (Unit: %)

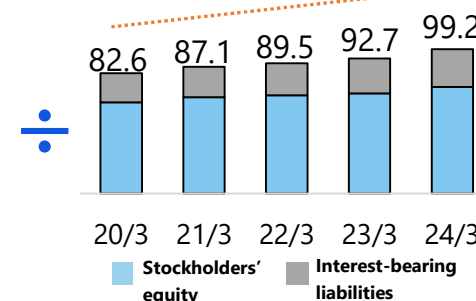


NOPAT change (Unit: 1 B yen)



Invested capital change (Unit: 1 B yen)

Invested capital increases.

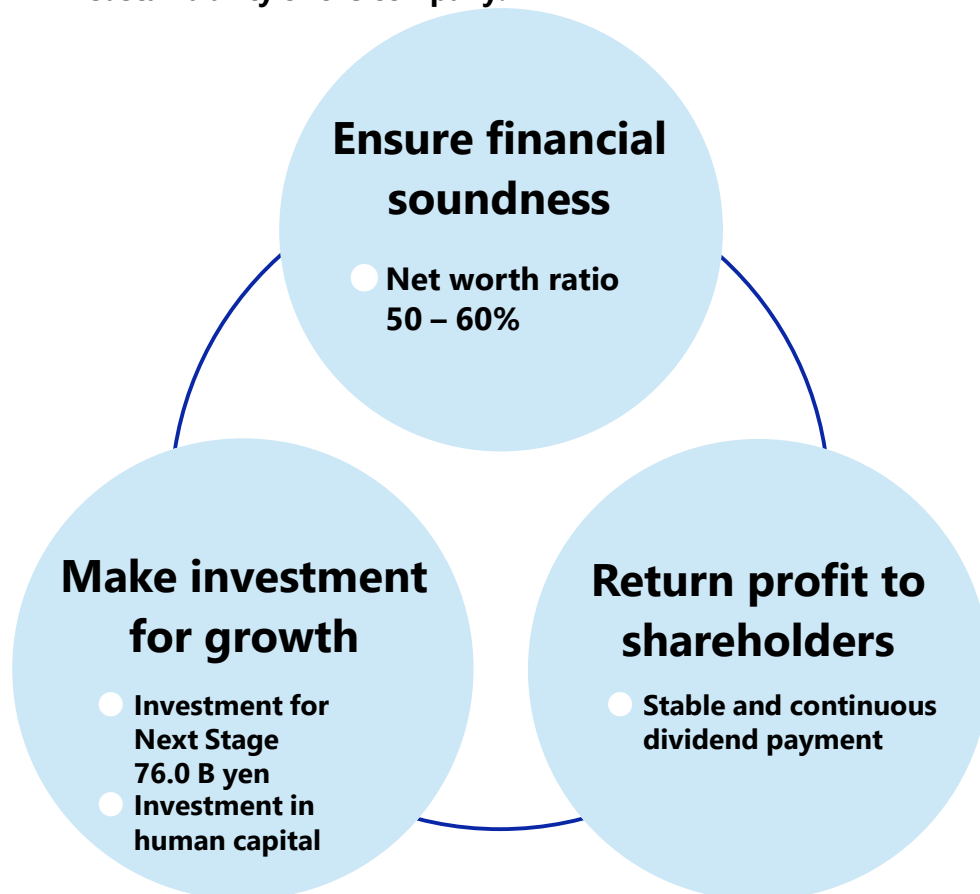


PBR: Price book-value ratio ROE: Return on equity PER: Price earning ratio
ROIC: Return on invested capital NOPAT: Net operating profit after tax
WACC: Weighted average cost of capital

(2) Capital/financial strategy

Basic policy

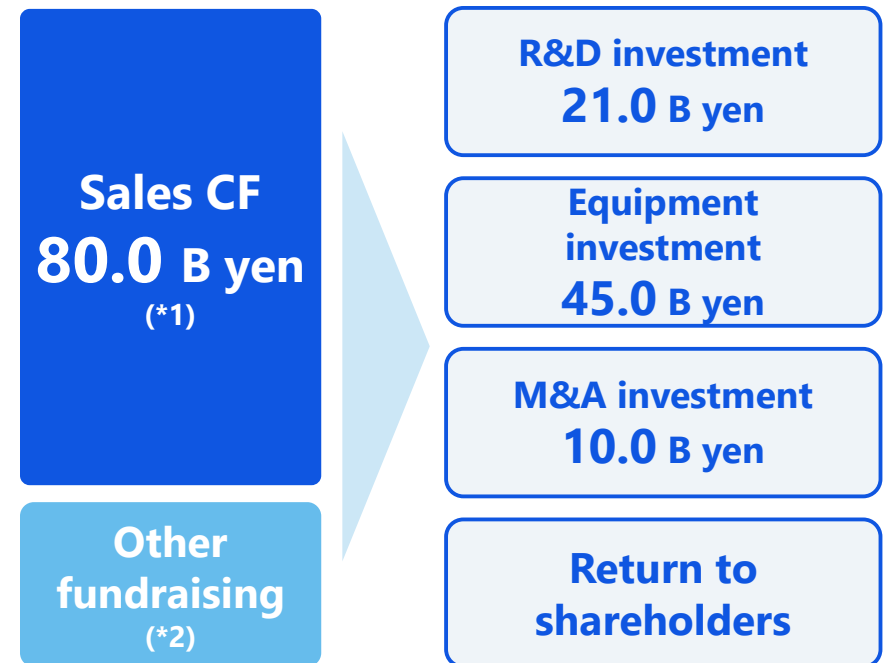
We perform well-balanced management between investment for growth and return of profit to shareholders while maintaining financial soundness to ensure sustainability of the company.



Cash allocation plan

(accumulation during the Mid-term Management Plan period)

We actively make investment in growth areas on a capital of sales cashflow during the Mid-term Management Plan period.

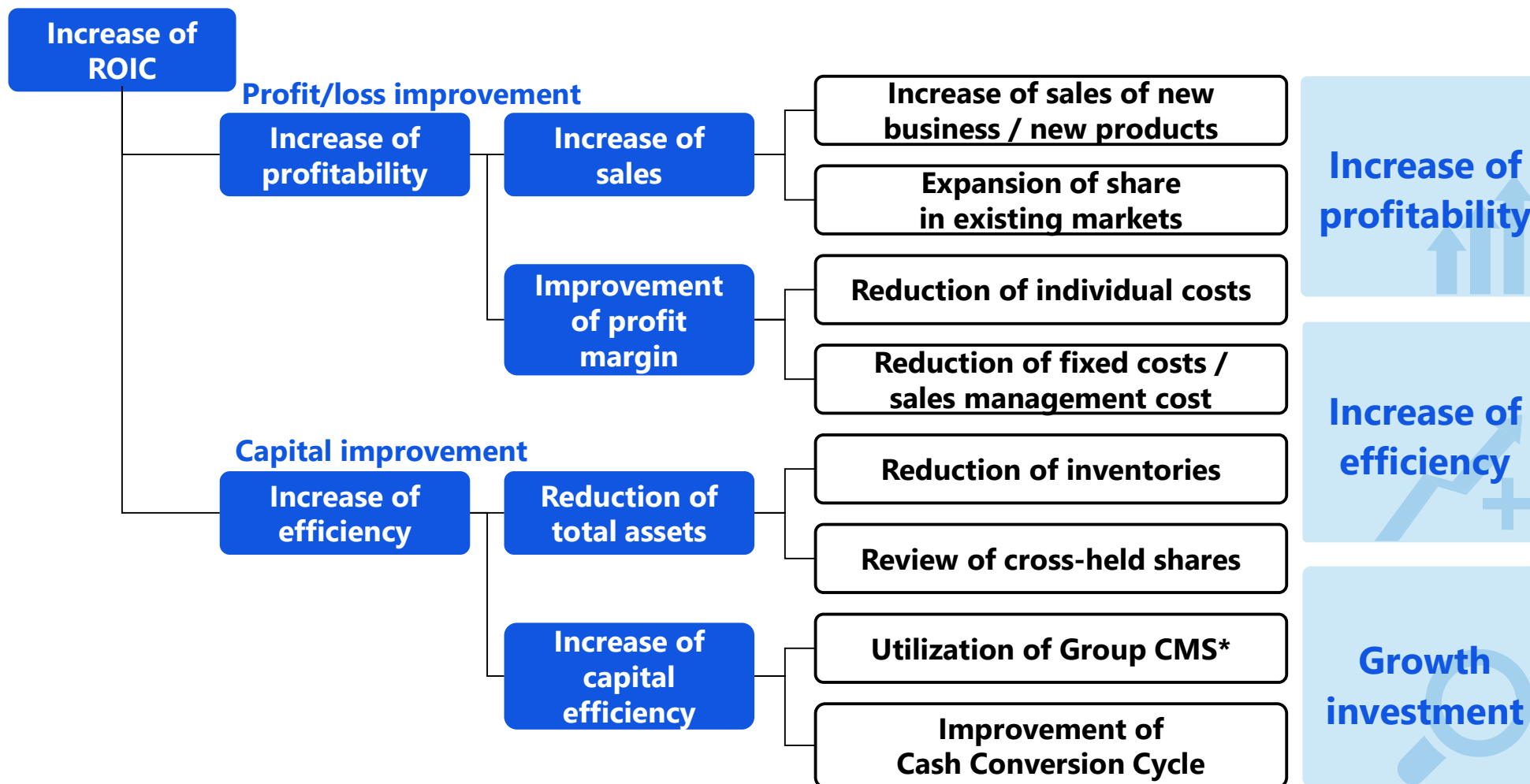


*1: Before deduction of R&D cost

*2: Borrowing and sale of cross-held shares

(3) Activities to increase ROIC

Strive to increase ROIC through improvements in both aspects of profit/loss and capital.

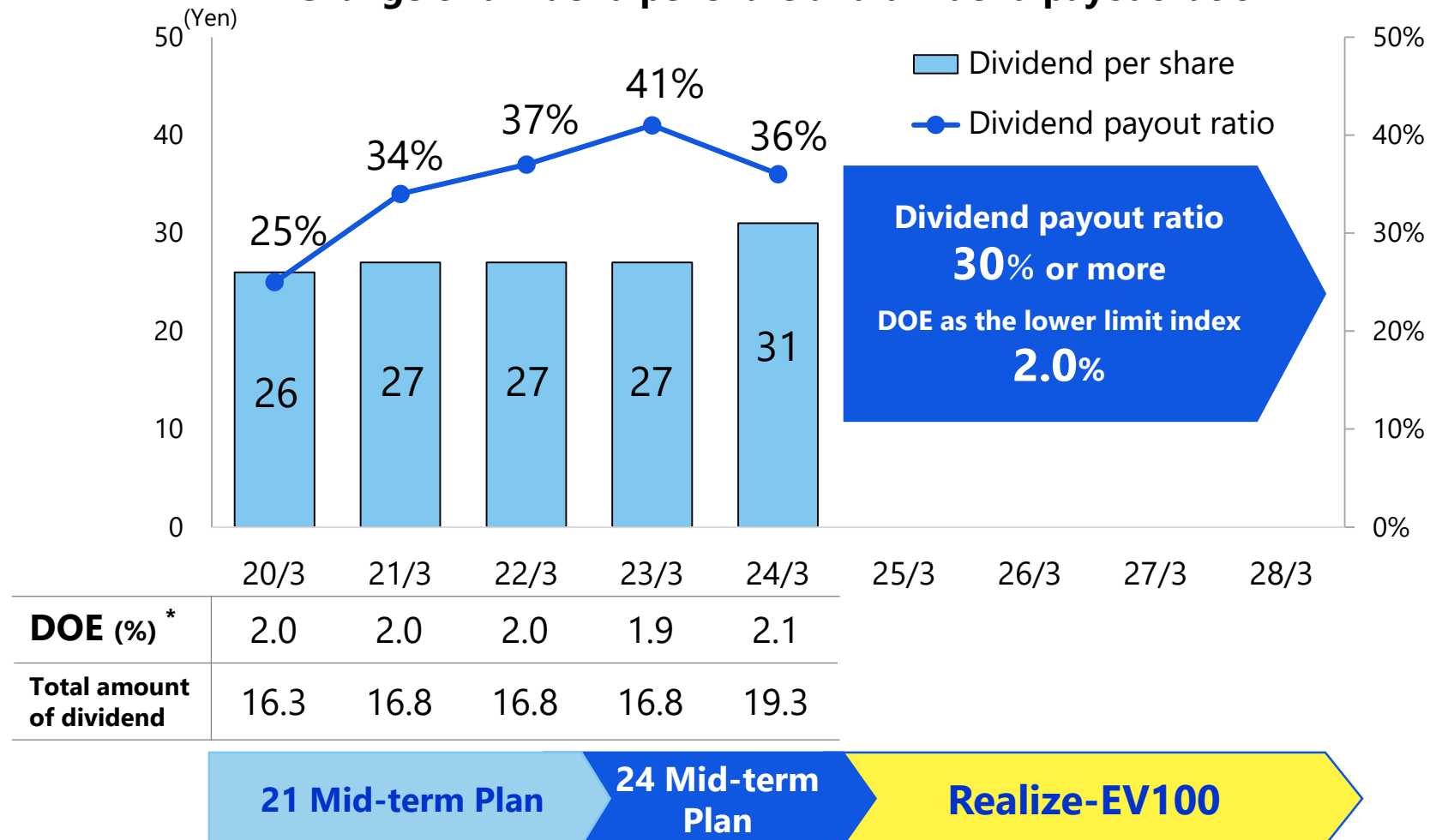


* CMS: A system to centrally manage financing conditions in the Group aimed to increase the financial accommodations efficiency within the Group.
(Cash Management System)

(4) Dividend policy for surplus

In principle, the consolidated payout ratio of 30% or more and DOE of 2.0% as the lower limit index are our current targets.

Change of dividend per share and dividend payout ratio



* DOE (Dividend on Equity)
= Annual total of dividend / Consolidated average amount of net assets for the period

Non-financial information (ESG initiatives)

E

**Environment-
related targets**

Participate in TCFD and endeavor to achieve 50% reduction of greenhouse effect gas emission (compared to the level in 2013) by 2030 and substantially zero emission by 2050.

Decarbonization efforts in Nippon Signal Group (image)

Reduction of
emission from
products

1) Products of lower power consumption,
2) Increased maintainability of products,
3) Provision of energy saving solutions, etc.

Clean electric power
procurement, introduction of
solar power generation, etc.

Emission control in
business activities

Labor saving
Streamlining



CBM



Autonomous
Driving



Robot



Carbon-free
solution



Plant



Office

Toward
zero carbon

S

Continue and strengthen community-based efforts of contribution to society

HR system reform and
promoting diverse
working styles

Increasing digital literacy
through reskilling

Systematic and continual
training of model skills
and engineers

Business development
taking root in overseas
regions and job creation

Increasing engagement of employees and improving the ratio of male employees who take childcare leave

G

- Business management using ROIC, evaluation and review of business portfolio to achieve once or more PBR
- Communications with shareholders and investors, review of cross-held shares, establishment of BCP and risk management

Human capital strategy

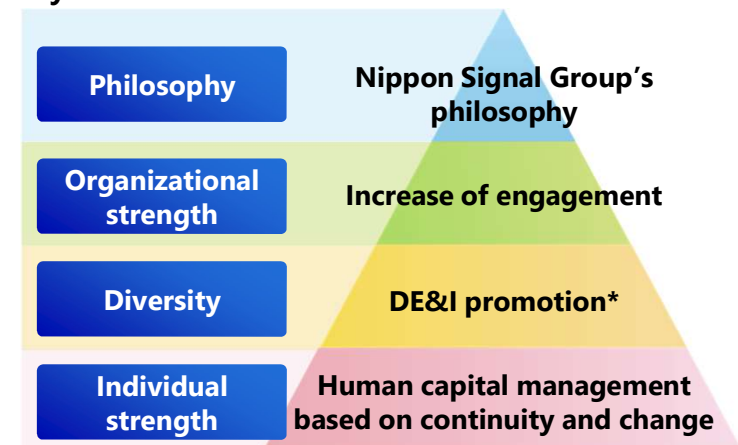
1 Human capital envisioned by Nippon Signal Group

Promote recruitment and development of human capital centering around fail-safe technology to adapt to the drastically changing external environment and realize global business development.



2 Basic concept of human capital strategy

Address issues to find solutions through coordination of efforts in each layer.



* DE&I: Diversity, Equity and Inclusion

3 Primary measures of human capital strategy

Increase of engagement

- Ensuring quality and volume of employees
- Maintaining physical and mental health
- Activating organization through common objectives, better communications and increased motivation

DE&I promotion

- Offering diverse opportunities to show great performance
- Flexible work style
- Participation of women
- Participation of global talent

Human capital management based on continuity and change

- Inheritance of technologies including fail safe
- Inheritance of manufacturing technologies
- Recruitment and development of DX human resources



Precautions

Earnings forecasts and the like are based on information currently available to us and certain assumptions that we believe reasonable. Actual results may differ due to various factors such as risks and uncertainties.