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Consolidated Financial Results for the Year Ended March 31, 2025 [Japanese GAAP]

May 13, 2025

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 20, 2025

Scheduled date of commencing dividend payments: May 30, 2025

Scheduled date of filing annual securities report: June 16, 2025

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, 2025 (April 1, 2024 to March 31, 2025)

(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, 2025 | 106,859 | 8.4 | 9,906 | 45.2 | 10,789 | 36.7 | 8,503 | 59.1 |
| March 31, 2024 | 98,536 | 15.3 | 6,824 | 33.5 | 7,893 | 33.4 | 5,346 | 31.2 |

(Note) Comprehensive income: Fiscal year ended March 31, 2025: ¥ 7,922 million [(13.5) %]
Fiscal year ended March 31, 2024: ¥ 9,154 million [113.2 %]

| | 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 |
|----------------------------------|--------------------------|----------------------------|--------------------------|---------------------------------------|-------------------------------------|
| | Yen | Yen | % | % | % |
| Fiscal year ended March 31, 2025 | 136.34 | - | 8.5 | 6.5 | 9.3 |
| March 31, 2024 | 85.71 | - | 5.7 | 5.1 | 6.9 |

(2) Consolidated Financial Position

| | Total assets | Net assets | Capital adequacy ratio | Net assets per share |
|----------------------|--------------|-------------|------------------------|----------------------|
| | Million yen | Million yen | % | Yen |
| As of March 31, 2025 | 166,240 | 102,623 | 61.7 | 1,645.37 |
| March 31, 2024 | 165,295 | 96,821 | 58.6 | 1,552.35 |

(Reference) Equity: As of March 31, 2025: ¥ 102,623 million
As of March 31, 2024: ¥ 96,821 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 |
|----------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|------------------------------------------------|
| | Million yen | Million yen | Million yen | Million yen |
| Fiscal year ended March 31, 2025 | 5,783 | (4,498) | (1,598) | 11,248 |
| March 31, 2024 | 6,771 | (2,982) | (338) | 11,760 |

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, 2024 | - | 7.00 | - | 24.00 | 31.00 | 1,933 | 36.2 | 2.1 |
| March 31, 2025 | - | 10.00 | - | 33.00 | 43.00 | 2,681 | 31.5 | 2.7 |
| Fiscal year ending March 31, 2026 (Forecast) | - | 13.00 | - | 30.00 | 43.00 | | 35.8 | |

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2026 (April 1, 2025 to March 31, 2026)

(% 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 | 108,000 | 1.1 | 10,000 | 0.9 | 10,800 | 0.1 | 7,500 | (11.8) | 120.25 |

* Notes:

(1) Significant changes in the scope of consolidation during the period: 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, 2025: 68,339,704 shares

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

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

As of March 31, 2025: 5,968,536 shares

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

3) Average number of shares during the period:

Fiscal year ended March 31, 2025: 62,371,262 shares

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

* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

* 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, 2024 to March 31, 2025), the global economy continued to face challenges that required close monitoring, such as geopolitical risks due to Russia's prolonged invasion of Ukraine and the intensifying situation in the Middle East, on top of reactions of various countries to US tariff policies, etc.

The Japanese economy is expected to recover gradually, driven by increased personal consumption due to wage increases and fixed-amount tax reductions, as well as inbound consumption and other factors. On the other hand, there are concerns about future economic uncertainty caused by, for example, an impact of the abovementioned tariff policies.

Under these circumstances, the Group has launched its medium-term management plan, "Realize-EV100," which started from FY2024 with FY2028 as the final goal. In FY2025, the second year of the plan, the Group will continue to expand sales of new products utilizing DX technology, establish new business models, and develop the operation and maintenance business, while working on Group-wide efforts to further improve manufacturing productivity.

The Group has also been working on reorganization. As part of the reorganization, Nisshin IT Connect Co., Ltd. (former Nisshin IT Field Service Co., Ltd.) commenced business activities as a subsidiary of the Company on April 1, 2025. Nisshin IT Connect will be responsible for establishing IT infrastructure necessary for the Company's DX products, and centrally operating and managing the infrastructure.

Moreover, we are aiming to achieve sustainable growth by, for example, promoting IR and SR activities conscious of investors and the stock price as well as human capital management.

The Company's business results in the fiscal year under review were 100,453 million yen in orders received (down 27.5% year-on-year) and 106,859 million yen in net sales (up 8.4% year-on-year). As for profit and loss, due to such factors as measures to accommodate the new banknotes and an increase in investment in safety facilities associated with improved business performance of railroad operators, operating profit was 9,906 million yen (up 45.2% year-on-year), ordinary profit was 10,789 million yen (up 36.7% year-on-year), and profit attributable to owners of parent was 8,503 million yen (up 59.1% 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 Centralized Traffic Control systems, signal safe products including interlocking devices, passenger information systems and other products from railroad operators in the Japanese market. We will continue to contribute to the realization of safe and comfortable travel by developing products that help reduce maintenance labor and improve inspection efficiency, and deploying these products throughout Japan. Such products include Communication-Based Train Control systems for local railways that reduce the size of ground equipment, and "Traio," which collects, accumulates, and analyzes information on the status of railway equipment through cloud networks.

In overseas markets, such as Indonesia, Taiwan and South Korea, we received orders for and recorded sales of Railway Signal Systems. We remain committed to supporting the development of safe and comfortable communities by meeting the infrastructure development demand of Asian countries, leveraging our established track record in these markets.

For Smart Mobility Systems, particularly Road Traffic Safety Systems, we received orders for and recorded sales of systems for traffic control centers, traffic signal lights and other products. We have also actively participated in various autonomous driving demonstration projects. We aim to be a provider of products and technologies that support the "Vehicle-Infrastructure Cooperative System," linking autonomous vehicles with traffic signals and roadside sensors.

In overseas markets, we received orders for and recorded sales of traffic signals in Uganda, where we established a new sales office with the aim of tapping the East African market, which is in need of solutions to chronic traffic congestion caused by the rapid influx of people into urban areas.

As a result of the above, orders received were 51,033 million yen (down 38.5% year-on-year) and net sales were 56,570 million yen (up 4.9% year-on-year). Segment profit was 4,547 million yen (down 26.8% year-on-year).

[ICT Solutions]

In AFC, particularly Station Service Network Systems, we received orders for and recorded sales of platform screen doors, passenger gates, ticket vending machines for which there was a need for modification and replacement in connection with the new banknote compatibility, parking lot equipment, and other products in the Japanese market.

We have also been proactively conducting demonstration trials of a new fare service, which is expected to be introduced throughout Japan in the near future, using cashless payments such as contactless payment for credit or debit cards and QR code authentication. The service has been launched at Yumeshima Station, which was newly built for Expo 2025 Osaka, Kansai, Japan, held starting from April 2025, and other stations.

In the overseas markets, especially in Bangladesh, Vietnam, India and Egypt, we received orders for and recorded sales of AFC systems, platform screen doors, and other products.

In R&S, which focuses on robotics and sensing, we received orders for and recorded sales of 3D laser ranging image sensors for platform screen doors, X-ray baggage checking equipment, multiple handling vehicles, security robots and other products. Based on the basic concept of fail-safe, we integrate the latest robotics technologies with our core technologies, such as sensors and image analysis that we have cultivated, and thus promote efforts to realize a future society in which humans and robots work together.

As a result of the above, orders received were 49,420 million yen (down 11.1% year-on-year) and net sales were 50,288 million yen (up 12.8% year-on-year). Segment profit was 8,950 million yen (up 124.2% 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 166,240 million yen, an increase of 945 million yen compared with the end of the previous fiscal year. This was mainly due to a 6,728 million yen increase in accounts receivable - trade and a 1,608 million yen increase in property, plant and equipment, despite a 5,160 million yen decrease in contract assets and a 1,569 million yen decrease in inventories.

Liabilities decreased by 4,856 million yen compared with the end of the previous fiscal year to 63,616 million yen, due mainly to a 2,623 million yen decrease in contract liabilities and a 1,653 million yen decrease in notes and accounts payable - trade.

Net assets were 102,623 million yen, an increase of 5,801 million yen compared with the end of the previous fiscal year, mainly due to the recording of 8,503 million yen in profit attributable to owners of parent, despite a 2,120 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 11,248 million yen, a decrease of 512 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, 2025 was 5,783 million yen, compared with a cash inflow of 6,771 million yen in the previous fiscal year. The principal cash inflow factors included the recording of 11,674 million yen in profit before income taxes, etc., despite cash outflow factors of a 2,623 million yen decrease in contract liabilities, a 2,310 million yen decrease in trade payables, and a 1,530 million yen increase in trade receivable.

(Cash flows from investing activities)

Net cash used in investing activities for the fiscal year ended March 31, 2025 was 4,498 million yen, compared with a cash outflow of 2,982 million yen in the previous fiscal year. The principal cash outflow factors included 4,881 million yen in purchase of property, plant and equipment and intangible assets, etc., despite cash inflow factors such as a 547 million yen in proceeds from sale of investment securities.

(Cash flows from financing activities)

Net cash used in financing activities for the fiscal year ended March 31, 2025 was 1,598 million yen, compared with a cash outflow of 338 million yen in the previous fiscal year. The principal cash outflow factors included a 2,117 million yen in expenditure due to dividend payments, etc., despite the cash inflow factors such as a 500 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.

In International Businesses, which we have positioned as one of our company's future growth drivers, we aim to improve our growth and profitability by providing project execution and ongoing maintenance services, receiving orders for further extension projects and new orders through market development, and strengthening our global capabilities through overseas localization.

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 | 57,000 | 0.8 | 5,700 | 25.4 |
| ICT Solutions | 51,000 | 1.4 | 7,900 | (11.7) |
| Sub-total | 108,000 | 1.1 | 13,600 | 0.8 |
| Adjustments | — | — | (3,600) | — |
| Total | 108,000 | 1.1 | 10,000 | 0.9 |

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, 2024 | As of March 31, 2025 |
|-----------------------------------------------------|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 11,803 | 11,291 |
| Notes receivable – trade | 327 | 157 |
| Accounts receivable - trade | 31,955 | 38,684 |
| Contract assets | 39,871 | 34,711 |
| Electronically recorded monetary claims - operating | 1,151 | 1,284 |
| Merchandise and finished goods | 6,239 | 6,732 |
| Work in process | 9,119 | 8,517 |
| Raw materials and supplies | 7,175 | 5,714 |
| Other | 2,999 | 3,105 |
| Allowance for doubtful accounts | (1) | (0) |
| Total current assets | 110,641 | 110,198 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 6,316 | 6,085 |
| Machinery, equipment and vehicles, net | 1,009 | 2,331 |
| Tools, furniture and fixtures, net | 1,965 | 2,147 |
| Land | 5,488 | 5,486 |
| Leased assets, net | 68 | 61 |
| Construction in progress | 2,277 | 2,621 |
| Total property, plant and equipment | 17,125 | 18,734 |
| Intangible assets | 2,876 | 3,059 |
| Investments and other assets | | |
| Investment securities | 29,043 | 28,282 |
| Long-term loans receivable | 2 | 0 |
| Retirement benefit asset | 3,040 | 3,248 |
| Deferred tax assets | 686 | 768 |
| Other | 1,899 | 1,967 |
| Allowance for doubtful accounts | (20) | (18) |
| Total investments and other assets | 34,650 | 34,248 |
| Total non-current assets | 54,653 | 56,041 |
| Total assets | 165,295 | 166,240 |

(Million yen)

| | As of March 31, 2024 | As of March 31, 2025 |
|-------------------------------------------------------|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 13,397 | 11,743 |
| Electronically recorded obligations - operating | 5,989 | 5,431 |
| Short-term borrowings | 18,700 | 19,200 |
| Lease liabilities | 5 | 3 |
| Income taxes payable | 2,491 | 2,848 |
| Contract liabilities | 7,911 | 5,288 |
| Provision for bonuses | 2,755 | 2,953 |
| Provision for loss on orders received | 719 | 218 |
| Other | 5,838 | 6,332 |
| Total current liabilities | 57,809 | 54,019 |
| Non-current liabilities | | |
| Long-term deposits received | 99 | 99 |
| Long-term accounts payable - other | 27 | 26 |
| Lease liabilities | 5 | 4 |
| Deferred tax liabilities | 727 | 725 |
| Provision for contingent loss | 545 | - |
| Retirement benefit liability | 9,259 | 8,741 |
| Total non-current liabilities | 10,663 | 9,597 |
| Total liabilities | 68,473 | 63,616 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 10,000 | 10,000 |
| Capital surplus | 7,585 | 7,585 |
| Retained earnings | 71,860 | 78,243 |
| Treasury shares | (6,571) | (6,571) |
| Total shareholders' equity | 82,874 | 89,257 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 13,574 | 12,943 |
| Remeasurements of defined benefit plans | 372 | 422 |
| Total accumulated other comprehensive income | 13,947 | 13,366 |
| Total net assets | 96,821 | 102,623 |
| Total liabilities and net assets | 165,295 | 166,240 |

(2) Consolidated Statements of Income and Comprehensive Income

(Million yen)

| | For the fiscal year ended March 31, 2024 | For the fiscal year ended March 31, 2025 |
|---------------------------------------------------|---------------------------------------------|---------------------------------------------|
| Net sales | 98,536 | 106,859 |
| Cost of sales | 76,949 | 81,180 |
| Gross profit | 21,586 | 25,679 |
| Selling, general and administrative expenses | 14,762 | 15,773 |
| Operating profit | 6,824 | 9,906 |
| Non-operating income | | |
| Interest income | 0 | 1 |
| Dividend income | 462 | 717 |
| Dividend income of life insurance | 189 | 164 |
| Foreign exchange gains | 219 | - |
| Rental income from real estate | 312 | 312 |
| Nursing services income | 24 | 18 |
| Other | 113 | 143 |
| Total non-operating income | 1,322 | 1,357 |
| Non-operating expenses | | |
| Interest expenses | 46 | 98 |
| Foreign exchange losses | - | 248 |
| Rental expenses on real estate | 53 | 55 |
| Nursing services expense | 34 | 31 |
| Waste disposal expenses | 29 | - |
| Other | 88 | 40 |
| Total non-operating expenses | 253 | 474 |
| Ordinary profit | 7,893 | 10,789 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 0 | 3 |
| Gain on sale of investment securities | 727 | 415 |
| Gain on sale of golf club membership | 5 | 0 |
| Reversal of provision for contingent loss | - | 545 |
| Total extraordinary income | 733 | 964 |
| Extraordinary losses | | |
| Loss on sale and retirement of non-current assets | 33 | 79 |
| Loss on valuation of investment securities | 0 | - |
| Provision for contingent loss | 545 | - |
| Total extraordinary losses | 579 | 79 |
| Profit before income taxes | 8,047 | 11,674 |
| Income taxes - current | 3,379 | 3,262 |
| Income taxes - deferred | (677) | (91) |
| Total income taxes | 2,701 | 3,171 |
| Profit | 5,346 | 8,503 |
| (Details) | | |
| Profit attributable to owners of parent | 5,346 | 8,503 |

(Million yen)

| | For the fiscal year ended March 31, 2024 | For the fiscal year ended March 31, 2025 |
|-------------------------------------------------------|---------------------------------------------|---------------------------------------------|
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 3,474 | (631) |
| Remeasurements of defined benefit plans, net of tax | 334 | 50 |
| Total other comprehensive income | 3,808 | (581) |
| Comprehensive income | 9,154 | 7,922 |
| (Details) | | |
| Comprehensive income attributable to owners of parent | 9,154 | 7,922 |

(3) Consolidated Statements of Changes in Net Assets

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 |

For the fiscal year ended March 31, 2025

(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 | 71,860 | (6,571) | 82,874 | 13,574 | 372 | 13,947 | 96,821 |
| Changes during period | | | | | | | | | |
| Dividends of surplus | | | (2,120) | | (2,120) | | | | (2,120) |
| Profit attributable to owners of parent | | | 8,503 | | 8,503 | | | | 8,503 |
| Purchase of treasury shares | | | | (0) | (0) | | | | (0) |
| Net changes in items other than shareholders' equity | | | | | | (631) | 50 | (581) | (581) |
| Total changes during period | - | - | 6,382 | (0) | 6,382 | (631) | 50 | (581) | 5,801 |
| Balance at end of period | 10,000 | 7,585 | 78,243 | (6,571) | 89,257 | 12,943 | 422 | 13,366 | 102,623 |

(4) Consolidated Statements of Cash Flows

(Million yen)

| | For the fiscal year ended March 31, 2024 | For the fiscal year ended March 31, 2025 |
|-------------------------------------------------------------|---------------------------------------------|---------------------------------------------|
| Cash flows from operating activities | | |
| Profit before income taxes | 8,047 | 11,674 |
| Depreciation | 2,362 | 2,635 |
| Loss (gain) on sale and retirement of non-current assets | 32 | 75 |
| Loss (gain) on sale of investment securities | (727) | (415) |
| Increase (decrease) in provision for contingent loss | 545 | (545) |
| Interest and dividend income | (462) | (718) |
| Interest expenses | 46 | 98 |
| Decrease (increase) in trade receivables | (7,805) | (1,530) |
| Decrease (increase) in inventories | (2,421) | 1,569 |
| Increase (decrease) in trade payables | 4,154 | (2,310) |
| Increase (decrease) in contract liabilities | 3,788 | (2,623) |
| Increase (decrease) in retirement benefit liability | (91) | (407) |
| Other, net | 711 | (88) |
| Subtotal | 8,180 | 7,414 |
| Interest and dividends received | 462 | 668 |
| Interest paid | (46) | (98) |
| Income taxes paid | (1,834) | (2,865) |
| Income taxes refund | 9 | 664 |
| Net cash provided by (used in) operating activities | 6,771 | 5,783 |
| Cash flows from investing activities | | |
| Payments into time deposits | (42) | (42) |
| Proceeds from withdrawal of time deposits | 42 | 42 |
| Purchase of property, plant and equipment | (2,622) | (3,972) |
| Proceeds from sale of property, plant and equipment | 0 | 5 |
| Purchase of intangible assets | (1,290) | (908) |
| Purchase of investment securities | (336) | (15) |
| Proceeds from sale of investment securities | 1,687 | 547 |
| Other, net | (420) | (154) |
| Net cash provided by (used in) investing activities | (2,982) | (4,498) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 1,104 | 500 |
| Proceeds from deposits received from an affiliated company | 100 | 70 |
| Proceeds from deposits received from an unaffiliated entity | 147 | (45) |
| Repayments of lease liabilities | (8) | (5) |
| Dividends paid | (1,681) | (2,117) |
| Decrease (increase) in treasury shares | (0) | (0) |
| Net cash provided by (used in) financing activities | (338) | (1,598) |
| Effect of exchange rate change on cash and cash equivalents | (54) | (198) |
| Net increase (decrease) in cash and cash equivalents | 3,395 | (512) |
| Cash and cash equivalents at beginning of period | 8,365 | 11,760 |
| Cash and cash equivalents at end of period | 11,760 | 11,248 |

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable

(Change in presentation)

(Consolidated statements of income and comprehensive income)

“Taxes and dues” which were presented as a separate account under “Non-operating expenses” in the previous fiscal year, were 10% or less of the amounts of non-operating expenses, and therefore have been included in “Other” in the fiscal year under review. The previous fiscal year’s consolidated financial statements have been reclassified to reflect this change in the presentation method.

As a result, 72 million yen presented as “Taxes and dues” and 15 million yen presented as “Other” under “Non-operating expenses” are reclassified into 88 million yen presented as “Other” in the consolidated statements of income and comprehensive income for the previous fiscal year.

(Additional information)

(Provision for contingent loss)

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. In response to potential penalties arising from the disallowance of certain expenses and other determination, the Company established a provision for contingent loss and filed an appeal with the Income Tax Appellate Tribunal in India in January 2024. Subsequently, under the Vivad se Vishwas Scheme, 2024, introduced to resolve pending income tax disputes and effective from October 2024 in India, the Company anticipates the resolution of all disputes by December 2024 based on notification from the designated authority of the Indian tax authority.

In line with this outlook, the Company reversed the full provision for contingent loss during the fiscal year under review and recognized an extraordinary income of 545 million yen (319 million Indian rupees) as a reversal of the provision.

(Revision of amounts of deferred tax assets and deferred tax liabilities due to the change in the tax rate for income taxes payable)

The “Act on Partial Revision of the Income Tax Act” (Act No. 13 of 2025) was enacted by the Diet on March 31, 2025, and “Defense Special Corporate Tax” will be imposed from the fiscal year starting on April 1, 2026.

In conjunction with this, deferred tax assets and deferred tax liabilities related to temporary differences, etc. that are expected to be eliminated in the fiscal year beginning on April 1, 2026 and thereafter are mainly calculated using the statutory tax rate changed from 30% to 31%.

Due to this change, deferred tax liabilities for the fiscal year under review (amount after deducting the amount of deferred tax assets) increased by 145 million yen, while income taxes - deferred decreased by 38 million yen and valuation difference on available-for-sale securities decreased by 183 million yen, respectively.

(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, 2024 (from April 1, 2023 to March 31, 2024)

| | 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.

For the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Million yen)

| | Reportable segment | | | Adjustments | Consolidated Financial Statement Amount |
|-----------------------------------------------------------------|-------------------------------|---------------|---------|-------------|-----------------------------------------|
| | Transportation Infrastructure | ICT Solutions | Total | | |
| Net sales | | | | | |
| Net sales to external customers | 56,570 | 50,288 | 106,859 | — | 106,859 |
| Intersegment internal sales or transfers | — | — | — | — | — |
| Total | 56,570 | 50,288 | 106,859 | — | 106,859 |
| Goods or services transferred at a point in time | 16,699 | 20,402 | 37,102 | — | 37,102 |
| Goods or services transferred over time | 39,871 | 29,886 | 69,757 | — | 69,757 |
| Total | 56,570 | 50,288 | 106,859 | — | 106,859 |
| Segment profit | 4,547 | 8,950 | 13,497 | (3,591) | 9,906 |
| Segment assets | 84,510 | 49,027 | 133,537 | 32,702 | 166,240 |
| Other items | | | | | |
| Depreciation | 1,487 | 835 | 2,323 | 312 | 2,635 |
| Increase in property, plant and equipment and intangible assets | 3,629 | 785 | 4,414 | 652 | 5,067 |

- 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.

[Related information]

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

Information by region

Net sales

(Million yen)

| Japan | Asia | Other | Total |
|--------|--------|-------|--------|
| 87,988 | 10,262 | 285 | 98,536 |

Note: Net sales are classified by region based on the location of the customer.

For the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

Information by region

Net sales

(Million yen)

| Japan | Asia | Other | Total |
|--------|--------|-------|---------|
| 93,849 | 12,092 | 918 | 106,859 |

Note: Net sales are classified by region based on the location of the customer.

(Per share information)

| | For the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024) | For the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025) |
|--------------------------|------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| Net assets per share | 1,552.35 yen | 1,645.37 yen |
| Basic earnings per share | 85.71 yen | 136.34 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