NIPPON SIGNAL

July 31, 2026

Company name: Nippon Signal Co., Ltd.
Representative: Ryuichi Goto
President and CEO and COO
(Code:6741, Prime Market of the Tokyo Stock Exchange)

Notice Regarding Termination of the Capital and Business Alliance Agreement with Nagoya Electric Works Co., Ltd.

Nippon Signal Co., Ltd. (the "Company") hereby announces that it has reached an agreement with Nagoya Electric Works Co., Ltd. ("Nagoya Electric") to terminate the Capital and Business Alliance Agreement between the two companies.

1. Reason for Termination of the Capital and Business Alliance Agreement

The Company and Nagoya Electric entered into a Capital and Business Alliance Agreement on August 25, 2015, with the objectives of expanding sales channels in the transportation and road management markets, enhancing product lineups, and promoting collaboration in overseas markets.

Since then, both companies have achieved certain results through the alliance. However, in light of changes in the business environment and increasing demands from capital markets for improved capital efficiency, the Company concluded that dissolving the capital relationship while maintaining and further developing the existing business relationship would contribute to enhancing the corporate value of both parties.

Accordingly, following a resolution of the Company's Board of Directors on July 21, 2026, notice of termination of the agreement was given to Nagoya Electric, and after discussions between the two companies, an agreement to terminate the Capital and Business Alliance Agreement was reached today.

2. Details of the Termination

As of the date of this announcement, the Company holds 440,000 shares of Nagoya Electric's common stock, representing 3.61% of its issued shares (excluding treasury shares).

As of today, Nagoya Electric holds 86,600 shares of the Company's common stock, representing 0.14% of the Company's issued shares (excluding treasury shares).

The treatment of these cross-shareholdings, including the timing and method of any future disposition, will be determined through discussions between the two companies.

Although the Capital and Business Alliance Agreement will be terminated, the two companies intend to maintain their business relationship and continue cooperation contributing to the development of their respective businesses.

3. Overview of Nagoya Electric Works Co., Ltd.

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<tr><th>Item</th><th colspan="2">Details</th></tr>
<tr><td>(1) Name</td><td colspan="2">Nagoya Electric Works Co., Ltd.</td></tr>
<tr><td>(2) Location</td><td colspan="2">29-1 Mentoku, Shinoda, Ama City, Aichi, Japan</td></tr>
<tr><td>(3) Representative</td><td colspan="2">Takaaki Hattori, President and CEO</td></tr>
<tr><td>(4) Business</td><td colspan="2">Manufacture and sales of variable message signs and other information provision systems</td></tr>
<tr><td>(5) Capital</td><td colspan="2">JPY 1,184,975 thousand</td></tr>
<tr><td>(6) Established</td><td colspan="2">May 17, 1958</td></tr>
<tr><td rowspan="5">(7) Major Shareholders *
(as of March 31, 2026)</td><td>Meiden Kosan Co., Ltd.</td><td>8.87%</td></tr>
<tr><td>Tetsuji Hattori</td><td>6.65%</td></tr>
<tr><td>Employee Shareholding Association of Nagoya Electric Works</td><td>6.11%</td></tr>
<tr><td>MUFG Bank, Ltd.</td><td>3.88%</td></tr>
<tr><td>Custody Bank of Japan, Ltd. (Trust Account)</td><td>3.66%</td></tr>
<tr><td rowspan="4">(8) Relationship with the Company</td><td>Capital Relationship</td><td>Nagoya Electric holds 86,600 shares of the Company, representing 0.14% of issued shares (excluding treasury shares).</td></tr>
<tr><td>Personnel Relationship</td><td>None.</td></tr>
<tr><td>Business Relationship</td><td>The Company and Nagoya Electric have engaged in collaboration aimed at expanding sales channels, enhancing product lineups, and promoting cooperation in overseas markets in the transportation and road management sectors.</td></tr>
<tr><td>Related Party Status</td><td>Nagoya Electric is not a related party of the Company.</td></tr>
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(9) Consolidated Financial Results and Financial Position for the Past Three Fiscal Years (Thousands of Yen)

Fiscal Year Ended	Mar. 31, 2024	Mar. 31, 2025	Mar. 31, 2026
Net Assets	20,761,902	22,399,544	23,990,965
Total Assets	27,241,492	27,537,488	29,237,215
Net Assets per Share (Yen)	1,772.44	1,909.44	2,040.96
Net Sales	17,582,489	17,262,298	17,307,382
Operating Profit	2,344,731	2,752,097	1,749,358
Ordinary Profit	2,351,481	2,782,848	1,794,041
Profit Attributable to Owners of Parent	1,680,432	2,206,550	1,518,232
Earnings per Share (Yen)	143.54	188.18	129.24
Annual Dividend per Share (Yen)	70	85	45

*Note: Ownership ratios are calculated based on the total number of issued shares outstanding, excluding treasury shares.

4. Schedule

Date of Termination of the Capital and Business Alliance Agreement: August 24, 2026

5. Future Outlook

The impact of the termination of the Capital and Business Alliance Agreement on the Company's consolidated financial results is expected to be immaterial.

Should any matters requiring disclosure arise in the future, the Company will promptly disclose such matters.

**Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.