Note: This document is a translation of a part of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.

Consolidated Financial Results for the Three Months Ended June 30, 2026 [Japanese GAAP]

August 4, 2026

Company name: Nippon Signal Co., Ltd.
Stock exchange listing: Tokyo
Code number: 6741
URL: https://www.signal.co.jp
Representative: Ryuichi Goto President and CEO and COO
Contact: Hiromasa Fujimoto Executive Officer, General Manager, General Affairs Department
Phone: 03-3217-7200

Scheduled date of commencing dividend payments: —
Availability of supplementary briefing material on financial results: Not available
Schedule of financial results briefing session: Not scheduled

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

1. Consolidated Financial Results for the Three Months Ended June 30, 2026 (April 1, 2026 to June 30, 2026)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2026	23,554	30.4	1,473	-	2,157	812.7	1,523	-
June 30, 2025	18,062	8.5	(490)	-	236	(61.8)	(400)	-

(Note) Comprehensive income: Three months ended June 30, 2026: ¥ 1,364 million [774.9%]
Three months ended June 30, 2025: ¥ 155 million [- %]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2026	24.43	-
June 30, 2025	(6.42)	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Million yen	Million yen	%
June 30, 2026	155,477	113,159	72.8
March 31, 2026	172,224	114,336	66.4

(Reference) Equity: As of June 30, 2026: ¥ 113,159 million
As of March 31, 2026: ¥ 114,336 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2026	-	13.00	-	43.00	56.00
Fiscal year ending March 31, 2027	-				
Fiscal year ending March 31, 2027 (Forecast)		17.00	-	39.00	56.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2027 (April 1, 2026 to March 31, 2027)

(% 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	120,000	5.2	12,000	2.5	13,200	1.3	10,000	(13.7)	160.33

(Note) Revision to the financial results forecast announced most recently: None

* Notes:

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: 1 company (Company name) Nippon Signal Technology Taiwan Co., Ltd

Excluded: - companies (Company name)

(Note) For details, please refer to “2. Quarterly Consolidated Financial Statements and Principal Notes, (4) Notes to Quarterly Consolidated Financial Statements, (Significant changes in the scope of consolidation)” on page 10 of the Attachments.

(2) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements: Yes

(3) 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: Yes

4) Retrospective restatement: No

(Note) For details, please refer to “2. Quarterly Consolidated Financial Statements and Principal Notes, (4) Notes to Quarterly Consolidated Financial Statements, (Changes in accounting estimates)” on page 11 of the Attachments.

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

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

As of June 30, 2026: 68,339,704 shares

As of March 31, 2026: 68,339,704 shares

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

As of June 30, 2026: 5,968,814 shares

As of March 31, 2026: 5,968,757 shares

3) Average number of shares outstanding during the period:

Three months ended June 30, 2026: 62,370,890 shares

Three months ended June 30, 2025: 62,371,168 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: No
* 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. Qualitative Information on Quarterly Financial Results, (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 4 of the Attachments.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the three months ended June 30, 2026 (April 1, 2026 to June 30, 2026), the global economy continued to face challenges that required close monitoring as geopolitical risks continued to grow mainly due to Russia's prolonged invasion of Ukraine and military actions by the US and Israel against Iran.

In Japan, concerns have been growing over stable energy supplies and price trends of various raw material due to the impact of the Middle East situation. At the same time, Japan's overall economy has maintained a moderate growth trend as the government's economic measures and the expansion of AI-related demand have underpinned corporate activities.

Under these circumstances, the Group has been working toward realization of its medium-term management plan, "Realize-EV100," with FY2028 as the final goal. In FY2026, the third year of the plan, the Group will implement new products utilizing DX technologies in society to further expand the reach of the products to customers and will further strengthen order acquisition activities tailored to each region and customer through efforts such as increasing the number of Overseas Sales Departments two to three. Furthermore, the Group will further strive to enhance ROE and ROIC to improve return on capital, and will continue to proactively work on IR and SR activities.

In addition, we are working to reduce the ratio of cross-shareholdings to total consolidated net assets to 20% or less as of the end of the medium-term management plan. As a result of the efforts during the three months ended June 30, 2026, the total amount of cross-shareholdings was 25,287 million yen, representing 22.3% of total consolidated net assets, due to the impact of higher stock prices, etc. The sale of cross-shareholdings during the three months ended June 30, 2026, resulted in extraordinary income of 982 million yen. The Company will continue reduction efforts in line with the plan.

The Company's business results for the three months ended June 30, 2026 were 34,634 million yen in orders received (up 18.9% year-on-year) and 23,554 million yen in net sales (up 30.4% year-on-year). Operating profit was 1,473 million yen (compared with operating loss of 490 million yen in the same period of the previous fiscal year), ordinary profit was 2,157 million yen (up 812.7% year-on-year), and profit attributable to owners of parent was 1,523 million yen (compared with loss attributable to owners of parent of 400 million yen in the same period of the previous fiscal 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, signal safe products including interlocking devices, wireless coordination systems, and other products in the Japanese market. Furthermore, 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 further deploying these products throughout Japan. Such products include Communication-Based Train Control systems for local railways that simplify ground equipment, and "Traio," which collects, accumulates, and analyzes information on the status of railway equipment through cloud networks.

In overseas markets, including Indonesia, Taiwan, and India, 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 and the African region, 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 MVNO (network provision service business), 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.

As a result of the above, orders received were 18,902 million yen (up 34.6% year-on-year) and net sales were 12,858 million yen (up 41.2% year-on-year). Segment profit was 1,149 million yen (compared with segment loss of 21 million yen in the same period of the previous fiscal year).

[ICT Solutions]

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

We are also actively working on a new cashless boarding service using cashless payments such as tap-to-pay payment with credit cards, etc. and QR code authentication, which is expected to be introduced nationwide. As a result of these efforts, railroad operators in various parts of Japan have introduced boarding services based on tap-to-pay payment with credit cards, etc. Furthermore, we have put walk-through facial recognition passenger gates in operation, and we are advancing efforts to increase the installation of these gates.

In the overseas markets, especially in Egypt and Bangladesh, we received orders for and recorded sales of AFC systems 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 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 promote efforts to realize a future society in which humans and robots work together.

As a result of the above, orders received were 15,731 million yen (up 4.3% year-on-year) and net sales were 10,695 million yen (up 19.4% year-on-year). Segment profit was 1,540 million yen (up 127.1% year-on-year).

(2) Explanation of Financial Position

(i) Assets, Liabilities and Net Assets

Total assets as of June 30, 2026 were 155,477 million yen, a decrease of 16,746 million yen from the end of the previous fiscal year, mainly due to a 28,249 million yen decrease in notes and accounts receivable - trade, and contract assets, despite an 8,288 million yen increase in cash and deposits and a 2,851 million yen increase in inventories.

Liabilities decreased by 15,570 million yen from the end of the previous fiscal year to 42,317 million yen, mainly due to a 15,500 million yen decrease in short-term borrowings and a 2,985 million yen decrease in income taxes payable.

Net assets were 113,159 million yen, a decrease of 1,176 million yen compared with the end of the previous fiscal year, mainly due to a 2,681 million yen decrease in retained earnings from dividends, despite the recording of 1,523 million yen in profit attributable to owners of parent and a 141 million yen increase in retained earnings due to a change in scope of consolidation.

(ii) Cash Flows

The balance of cash and cash equivalents (“cash”) as of June 30, 2026 totaled 19,212 million yen, an increase of 8,318 million yen from the end of the previous fiscal year.

Cash flows in each area of activity during the three months ended June 30, 2026 are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was 26,412 million yen, compared with a cash inflow of 16,726 million yen in the same period of the previous fiscal year. The principal cash inflow factors were a decrease in trade receivables and an increase in contract liabilities, while the principal cash outflow factors were income taxes paid and an increase in inventories.

(Cash flows from investing activities)
Net cash used in investing activities was 494 million yen, compared with a cash outflow of 1,304 million yen in the same period of the previous fiscal year. The principal cash outflow factor was the purchase of property, plant and equipment and intangible assets, while the principal cash inflow factor was sale of investment securities.

(Cash flows from financing activities)
Net cash used in financing activities was 17,998 million yen, compared with a cash outflow of 15,761 million yen in the same period of the previous fiscal year. The principal cash outflow factors were repayment of short-term borrowings and dividend payments.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

There are no revisions to the full-year consolidated earnings forecast for the fiscal year ending March 31, 2027 (April 1, 2026 to March 31, 2027) announced on May 12, 2026.

Among the Group's main businesses, Railway Signal Systems and Smart Mobility Systems in the Transportation Infrastructure segment and AFC in the ICT Solutions segment tend to have a higher proportion of the Group's sales at the end of each fiscal year, as capital investment by domestic railroad operators, which are our major customers, and public investment by police and other entities are the main drivers.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2026	As of June 30, 2026
Assets		
Current assets		
Cash and deposits	10,963	19,251
Notes and accounts receivable - trade, and contract assets	77,129	48,879
Electronically recorded monetary claims - operating	1,222	1,411
Merchandise and finished goods	7,649	8,956
Work in process	7,666	8,866
Raw materials and supplies	5,089	5,433
Other	3,544	3,836
Allowance for doubtful accounts	(45)	(0)
Total current assets	113,220	96,636
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,198	6,137
Machinery, equipment and vehicles, net	3,196	2,958
Tools, furniture and fixtures, net	2,760	2,752
Land	5,569	5,569
Leased assets, net	58	89
Construction in progress	2,995	2,874
Total property, plant and equipment	20,779	20,382
Intangible assets	3,022	3,192
Investments and other assets		
Investment securities	28,106	28,003
Long-term loans receivable	3	2
Retirement benefit asset	4,357	4,396
Deferred tax assets	800	890
Other	1,947	2,053
Allowance for doubtful accounts	(13)	(79)
Total investments and other assets	35,201	35,266
Total non-current assets	59,003	58,841
Total assets	172,224	155,477

(Million yen)

	As of March 31, 2026	As of June 30, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,572	9,841
Electronically recorded obligations - operating	3,947	2,886
Short-term borrowings	15,500	-
Lease liabilities	3	9
Income taxes payable	4,935	1,950
Provision for bonuses	3,349	1,708
Provision for loss on orders received	859	609
Other	10,357	16,901
Total current liabilities	49,524	33,908
Non-current liabilities		
Long-term deposits received	99	99
Long-term accounts payable - other	20	28
Lease liabilities	7	35
Deferred tax liabilities	947	939
Retirement benefit liability	7,288	7,306
Total non-current liabilities	8,363	8,409
Total liabilities	57,888	42,317
Net assets		
Shareholders’ equity		
Share capital	10,000	10,000
Capital surplus	7,585	7,585
Retained earnings	87,993	86,976
Treasury shares	(6,571)	(6,571)
Total shareholders’ equity	99,007	97,990
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,535	13,556
Foreign currency translation adjustment	-	92
Remeasurements of defined benefit plans	1,792	1,519
Total accumulated other comprehensive income	15,328	15,169
Total net assets	114,336	113,159
Total liabilities and net assets	172,224	155,477

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Three Months Ended June 30

(Million yen)

	For the three months ended June 30, 2025	For the three months ended June 30, 2026
Net sales	18,062	23,554
Cost of sales	14,606	17,454
Gross profit	3,456	6,099
Selling, general and administrative expenses	3,946	4,625
Operating profit (loss)	(490)	1,473
Non-operating income		
Interest income	0	0
Dividend income	214	241
Dividend income of life insurance	152	146
Foreign exchange gains	301	220
Rental income from real estate	75	78
Nursing services income	1	3
Other	34	39
Total non-operating income	779	729
Non-operating expenses		
Interest expenses	26	21
Rental expenses on real estate	13	13
Nursing services expense	8	10
Other	4	0
Total non-operating expenses	52	45
Ordinary profit	236	2,157
Extraordinary income		
Gain on sale of non-current assets	0	0
Gain on sale of investment securities	11	982
Gain on sale of golf club membership	0	-
Total extraordinary income	11	982
Extraordinary losses		
Loss on sale and retirement of non-current assets	9	0
Loss on sale of golf club membership	-	0
Total extraordinary losses	9	0
Profit before income taxes	237	3,140
Income taxes	638	1,616
Profit (loss)	(400)	1,523
(Details)		
Profit (loss) attributable to owners of parent	(400)	1,523

(Million yen)

	For the three months ended June 30, 2025	For the three months ended June 30, 2026
Other comprehensive income		
Valuation difference on available-for-sale securities	614	20
Foreign currency translation adjustment	-	92
Remeasurements of defined benefit plans, net of tax	(58)	(273)
Total other comprehensive income	556	(159)
Comprehensive income	155	1,364
(Details)		
Comprehensive income attributable to owners of parent	155	1,364

(3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the three months ended June 30, 2025	For the three months ended June 30, 2026
Cash flows from operating activities		
Profit before income taxes	237	3,140
Depreciation	820	977
Loss (gain) on sale and retirement of non-current assets	9	0
Loss (gain) on sale of investment securities	(11)	(982)
Interest and dividend income	(214)	(241)
Interest expenses	26	21
Decrease (increase) in trade receivables	27,335	28,412
Decrease (increase) in inventories	(5,944)	(2,851)
Increase (decrease) in trade payables	(2,147)	(1,959)
Increase (decrease) in contract liabilities	676	6,591
Increase (decrease) in retirement benefit liability	(87)	(312)
Other, net	(1,544)	(2,259)
Subtotal	19,156	30,534
Interest and dividends received	214	241
Interest paid	(26)	(21)
Income taxes paid	(2,617)	(4,355)
Income taxes refund	-	13
Net cash provided by (used in) operating activities	16,726	26,412
Cash flows from investing activities		
Payments into time deposits	(63)	(33)
Proceeds from withdrawal of time deposits	63	64
Purchase of property, plant and equipment	(1,054)	(978)
Purchase of intangible assets	(319)	(408)
Purchase of investment securities	(2)	(79)
Proceeds from sale of investment securities	17	988
Other, net	54	(47)
Net cash provided by (used in) investing activities	(1,304)	(494)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(13,700)	(15,500)
Repayments of lease liabilities	(1)	(2)
Dividends paid	(2,059)	(2,495)
Decrease (increase) in treasury shares	-	(0)
Net cash provided by (used in) financing activities	(15,761)	(17,998)
Effect of exchange rate change on cash and cash equivalents	12	78
Net increase (decrease) in cash and cash equivalents	(326)	7,997
Cash and cash equivalents at beginning of period	11,248	10,894
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	721	321
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	305	-
Cash and cash equivalents at end of period	11,948	19,212

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable

(Notes in case of significant changes in shareholders' equity)

I For the three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

1. Dividends Paid

(Resolution)	Type of shares	Total amount of dividends (Million yen)	Dividend per share (Yen)	Reference date	Effective date	Source of dividends
May 13, 2025 Board of Directors	Common shares	2,058	33.00	March 31, 2025	May 30, 2025	Retained earnings

2. Significant changes in shareholders' equity

Not applicable

II For the three months ended June 30, 2026 (from April 1, 2026 to June 30, 2026)

1. Dividends Paid

(Resolution)	Type of shares	Total amount of dividends (Million yen)	Dividend per share (Yen)	Reference date	Effective date	Source of dividends
May 12, 2026 Board of Directors	Common shares	2,681	43.00	March 31, 2026	June 15, 2026	Retained earnings

2. Significant changes in shareholders' equity

Not applicable

(Significant changes in the scope of consolidation)

Nippon Signal Technology Taiwan Co., Ltd, which was a non-consolidated company at the end of the previous fiscal year, has been included in the scope of consolidation beginning with the fiscal year under review due to its increased importance.

(Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements)

(Deferral of cost variances)

Cost variances arising from seasonally fluctuating operating rates are expected to be mostly eliminated by the end of the cost accounting period (end of the fiscal year or the semi-annual period of the fiscal year); therefore, such cost variances are deferred as current assets (other) at the end of the first quarter of the fiscal year under review.

(Calculation of tax expenses)

Tax expenses are calculated by reasonably estimating the effective tax rate after applying tax effect accounting to profit before income taxes for the consolidated fiscal year, including the first quarter of the fiscal year under review, and multiplying income/loss before income taxes for the quarter by the estimated effective tax rate.

(Changes in accounting estimates)

(Change in the number of years for amortizing actuarial differences in retirement benefit accounting)

Two of the Company's consolidated subsidiaries previously set the number of years for amortizing actuarial differences in retirement benefit accounting to a certain number of years within the average remaining years of service of employees. However, as the average remaining years of service of employees fell below this number, these subsidiaries changed the number of years for amortizing actuarial differences to 10 years beginning with the first quarter of the fiscal year under review.

The impact of the change in the number of years for amortization will have on the quarterly consolidated financial statements is minor.

(Segment information, etc.)

[Segment information]

I For the three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

Information on net sales and profit (loss) by reportable segment and classification of revenues

(Million yen)

	Reportable segment			Adjustments (Note 1)	Quarterly consolidated statements of income and comprehensive income (Note 2)
	Transportation Infrastructure	ICT Solutions	Total		
Net sales					
Net sales to external customers	9,106	8,955	18,062	-	18,062
Intersegment internal sales or transfers	-	-	-	-	-
Total	9,106	8,955	18,062	-	18,062
Goods or services transferred at a point in time	2,653	3,756	6,410	-	6,410
Goods or services transferred over time	6,452	5,199	11,651	-	11,651
Total	9,106	8,955	18,062	-	18,062
Segment profit (loss)	(21)	678	656	(1,146)	(490)

Notes: 1. Adjustments of (1,146) million yen 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. Segment profit (loss) is adjusted with operating loss in the quarterly consolidated statements of income and comprehensive income.

II For the three months ended June 30, 2026 (from April 1, 2026 to June 30, 2026)

Information on net sales and profit (loss) by reportable segment and classification of revenues

(Million yen)

	Reportable segment			Adjustments (Note 1)	Quarterly consolidated statements of income and comprehensive income (Note 2)
	Transportation Infrastructure	ICT Solutions	Total		
Net sales					
Net sales to external customers	12,858	10,695	23,554	-	23,554
Intersegment internal sales or transfers	-	-	-	-	-
Total	12,858	10,695	23,554	-	23,554
Goods or services transferred at a point in time	2,874	3,710	6,585	-	6,585
Goods or services transferred over time	9,983	6,984	16,968	-	16,968
Total	12,858	10,695	23,554	-	23,554
Segment profit	1,149	1,540	2,690	(1,216)	1,473

Notes: 1. Adjustments of (1,216) million yen 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 adjusted with operating profit in the quarterly consolidated statements of income and comprehensive income.

[Related information]

I For the three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

Information by region

Net sales

(Million yen)

Japan	Asia	Other	Total
16,718	1,119	224	18,062

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

II For the three months ended June 30, 2026 (from April 1, 2026 to June 30, 2026)

Information by region

Net sales

(Million yen)

Japan	Asia	Other	Total
21,467	1,561	525	23,554

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