

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 Nine Months Ended December 31, 2024 [Japanese GAAP]

February 4, 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 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 Nine Months Ended December 31, 2024 (April 1, 2024 to December 31, 2024)

#### (1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2024	63,778	11.7	2,328	66.9	3,427	59.3	2,558	283.5
December 31, 2023	57,105	6.3	1,395	15.0	2,151	8.4	667	(15.5)

(Note) Comprehensive income: Nine months ended December 31, 2024: ¥ 2,422 million [(2.7)%]  
 Nine months ended December 31, 2023: ¥ 2,489 million [33.8%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2024	41.03	-
December 31, 2023	10.70	-

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of December 31, 2024	163,032	97,124	59.6
March 31, 2024	165,295	96,821	58.6

(Reference) Equity: As of December 31, 2024: ¥ 97,124 million  
 As of March 31, 2024: ¥ 96,821 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2024	Yen -	Yen 7.00	Yen -	Yen 24.00	Yen 31.00
Fiscal year ending March 31, 2025	-	10.00	-		
Fiscal year ending March 31, 2025 (Forecast)				21.00	31.00

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

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

(% indicates changes from the previous corresponding period.)

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

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

\* Notes:

(1) Significant changes in the scope of consolidation during the period: No

(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: No

4) Retrospective restatement: No

(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 December 31, 2024: 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 December 31, 2024: 5,968,462 shares

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

3) Average number of shares during the period:

Nine months ended December 31, 2024: 62,371,278 shares

Nine months ended December 31, 2023: 62,371,422 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.

## Table of Contents - Attachments

1. Qualitative Information on Quarterly Financial Results .....	2
(1) Explanation of Operating Results .....	2
(2) Explanation of Financial Position .....	3
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information .....	4
2. Quarterly Consolidated Financial Statements and Principal Notes .....	5
(1) Quarterly Consolidated Balance Sheets.....	5
(2) Quarterly Consolidated Statements of Income and Comprehensive Income.....	7
(3) Quarterly Consolidated Statements of Cash Flows .....	9
(4) Notes to Quarterly Consolidated Financial Statements .....	10
(Notes on going concern assumption) .....	10
(Notes in case of significant changes in shareholders' equity) .....	10
(Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements) .....	10
(Additional information) .....	10
(Segment information, etc.).....	11

# 1. Qualitative Information on Quarterly Financial Results

## (1) Explanation of Operating Results

During the nine months ended December 31, 2024 (April 1, 2024 to December 31, 2024), 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, and the political situations in various countries.

The Japanese economy is expected to continue its gradual recovery, driven by increased personal consumption due to wage increases and fixed-amount tax reductions, as well as solid domestic demand supported by strong inbound consumption and other factors.

Under these circumstances, the Group has launched its third medium-term management plan, "Realize-EV100," which newly started from FY2024. In the light of manufacturing industry challenges that identified by and the business environment that have drastically changed due to the COVID-19 pandemic, the Group will work to further improve business efficiency, develop new businesses and new materials, and broaden global business.

The Company's business results for the nine months ended December 31, 2024 were 73,869 million yen in orders received (down 5.1% year-on-year) and 63,778 million yen in net sales (up 11.7% year-on-year). Operating profit was 2,328 million yen (up 66.9% year-on-year), ordinary profit was 3,427 million yen (up 59.3% year-on-year) and profit attributable to owners of parent was 2,558 million yen (up 283.5% year-on-year).

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

### [Transportation Infrastructure]

In Railway Signal Systems, we received orders and recorded sales of signal safe products, including Centralized Traffic Control systems and passenger information systems, from railroad operators in Japan. Additionally, we are nearing the completion of Communication-Based Train Control systems for local railways which help reduce maintenance needs. On the Izuhakone Railway Daiyuzan Line, test runs, and other preparations are underway for their utilization. We remain committed to enhancing safe and comfortable travel.

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 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 traffic signal lights and other products. We have also actively participated in various autonomous driving demonstration projects.

In overseas markets, we recorded sales of traffic signals in Uganda.

We will continue to provide 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 39,239 million yen (up 6.1% year-on-year) and net sales were 30,288 million yen (up 7.2% year-on-year). Segment profit was 422 million yen (down 68.7% year-on-year).

### [ICT Solutions]

In AFC, particularly Station Service Network Systems, we received orders for and recorded sales of platform screen doors, ticket vending machines, passenger gates, parking lot equipment, and other products in the Japanese market. In conjunction with the opening of Yumeshima Station, newly established for the Expo 2025 Osaka, Kansai, Japan, to be held in April 2025, we delivered passenger gates and automatic fare adjustment machines. We have also been proactively conducting demonstration trials on a new fare service, which is expected to be introduced, mainly in metropolitan areas throughout Japan, using cashless payments such as contactless payment for credit or debit cards, and QR code authentication.

In the overseas markets, especially in Bangladesh, Thailand, and Egypt, we 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 to be installed in platform screen doors in the metropolitan area and X-ray baggage checking equipment, which speedily detects the presence of dangerous items. In addition, our multiple handling vehicle, which has been used as a maintenance vehicle for railway equipment since July 2024, has attracted attention in various media, such as being featured as a model in a TV anime. 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 34,629 million yen (down 15.1% year-on-year) and net sales were 33,489 million yen (up 16.1% year-on-year). Segment profit was 4,652 million yen (up 78.1% year-on-year).

## (2) Explanation of Financial Position

### (i) Assets, Liabilities and Net Assets

Total assets as of December 31, 2024 were 163,032 million yen, a decrease of 2,262 million yen from the end of the previous fiscal year, mainly due to a 12,628 million yen decrease in notes and accounts receivable - trade, and contract assets, despite an 8,448 million yen increase in inventories.

Liabilities decreased by 2,564 million yen from the end of the previous fiscal year to 65,908 million yen, mainly due to a 2,788 million yen decrease in notes and accounts payable – trade, a 1,350 million yen decrease in provision for bonuses, a 1,139 million yen decrease in income taxes payable, and a 667 million yen decrease in electronically recorded obligations – operating, despite a 4,000 million yen increase in short-term borrowings.

Net assets were 97,124 million yen, an increase of 302 million yen from the end of the previous fiscal year, mainly due to the recording of 2,558 million yen in profit attributable to owners of parent, despite a 2,120 million yen decrease in retained earnings from dividends.

### (ii) Cash Flows

The balance of cash and cash equivalents (“cash”) as of December 31, 2024 totaled 12,157 million yen, an increase of 396 million yen from the end of the previous fiscal year.

Cash flows in each area of activity during the nine months ended December 31, 2024 are as follows.

#### (Cash flows from operating activities)

Net cash provided by operating activities was 1,425 million yen, compared with a cash inflow of 1,281 million yen in the same period of the previous fiscal year. The principal cash inflow factor was a decrease in trade receivables, while the principal cash outflow factors were an increase in inventories and a decrease in trade payables.

#### (Cash flows from investing activities)

Net cash used in investing activities was 2,772 million yen, compared with a cash outflow of 1,635 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.

#### (Cash flow from financing activities)

Net cash provided by financing activities was 1,841 million yen, compared with a cash inflow of 1,753 million yen in the same period of the previous fiscal year. The principal cash inflow factor was an increase in cash from short-term borrowings, while the principal cash outflow factor was 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, 2025 (April 1, 2024 to March 31, 2025) announced on May 14, 2024.

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, 2024	As of December 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	11,803	12,199
Notes and accounts receivable - trade, and contract assets	72,154	59,525
Electronically recorded monetary claims - operating	1,151	1,178
Merchandise and finished goods	6,239	9,394
Work in process	9,119	14,792
Raw materials and supplies	7,175	6,796
Other	2,999	3,802
Allowance for doubtful accounts	(1)	(0)
Total current assets	110,641	107,689
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,316	6,153
Machinery, equipment and vehicles, net	1,009	1,223
Tools, furniture and fixtures, net	1,965	2,293
Land	5,488	5,486
Leased assets, net	68	60
Construction in progress	2,277	2,431
Total property, plant and equipment	17,125	17,649
Intangible assets	2,876	2,995
Investments and other assets		
Investment securities	29,043	28,915
Long-term loans receivable	2	1
Retirement benefit asset	3,040	3,154
Deferred tax assets	686	770
Other	1,899	1,876
Allowance for doubtful accounts	(20)	(19)
Total investments and other assets	34,650	34,698
Total non-current assets	54,653	55,343
Total assets	165,295	163,032

(Million yen)

	As of March 31, 2024	As of December 31, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	13,397	10,609
Electronically recorded obligations - operating	5,989	5,322
Short-term borrowings	18,700	22,700
Lease liabilities	5	3
Income taxes payable	2,491	1,352
Provision for bonuses	2,755	1,404
Provision for loss on orders received	719	441
Other	13,750	14,103
Total current liabilities	57,809	55,937
Non-current liabilities		
Long-term deposits received	99	99
Long-term accounts payable - other	27	26
Lease liabilities	5	2
Deferred tax liabilities	727	719
Provision for contingent loss	545	-
Retirement benefit liability	9,259	9,122
Total non-current liabilities	10,663	9,970
Total liabilities	68,473	65,908
<b>Net assets</b>		
Shareholders' equity		
Share capital	10,000	10,000
Capital surplus	7,585	7,585
Retained earnings	71,860	72,298
Treasury shares	(6,571)	(6,571)
Total shareholders' equity	82,874	83,313
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,574	13,569
Remeasurements of defined benefit plans	372	241
Total accumulated other comprehensive income	13,947	13,810
Total net assets	96,821	97,124
Total liabilities and net assets	165,295	163,032



## (2) Quarterly Consolidated Statements of Income and Comprehensive Income

Nine Months Ended December 31

(Million yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Net sales	57,105	63,778
Cost of sales	45,102	49,848
Gross profit	12,002	13,929
Selling, general and administrative expenses	10,607	11,601
Operating profit	1,395	2,328
Non-operating income		
Interest income	0	0
Dividend income	446	674
Dividend income of life insurance	189	164
Rental income from real estate	236	234
Nursing services income	15	10
Other	71	167
Total non-operating income	958	1,252
Non-operating expenses		
Interest expenses	31	53
Rental expenses on real estate	40	41
Taxes and dues	63	25
Nursing services expense	25	23
Other	42	8
Total non-operating expenses	202	152
Ordinary profit	2,151	3,427
Extraordinary income		
Gain on sale of non-current assets	0	3
Gain on sale of investment securities	459	405
Reversal of provision for contingent loss	-	545
Total extraordinary income	460	955
Extraordinary losses		
Loss on sale and retirement of non-current assets	0	11
Loss on valuation of investment securities	0	-
Provision for contingent loss	545	-
Total extraordinary losses	546	11
Profit before income taxes	2,064	4,371
Income taxes	1,397	1,812
Profit	667	2,558
(Details)		
Profit attributable to owners of parent	667	2,558

(Million yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Other comprehensive income		
Valuation difference on available-for-sale securities	1,890	(4)
Remeasurements of defined benefit plans, net of tax	(68)	(131)
Total other comprehensive income	1,821	(136)
Comprehensive income	2,489	2,422
(Details)		
Comprehensive income attributable to owners of parent	2,489	2,422

## (3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Cash flows from operating activities		
Profit before income taxes	2,064	4,371
Depreciation	1,696	1,879
Loss (gain) on sale and retirement of non-current assets	0	7
Loss (gain) on sale of investment securities	(459)	(405)
Increase (decrease) in provision for contingent loss	545	(545)
Interest and dividend income	(446)	(675)
Interest expenses	31	53
Decrease (increase) in trade receivables	10,261	12,602
Decrease (increase) in inventories	(11,915)	(8,448)
Increase (decrease) in trade payables	1,918	(3,479)
Increase (decrease) in contract liabilities	1,361	134
Increase (decrease) in retirement benefit liability	(37)	(250)
Other, net	(2,330)	(2,079)
Subtotal	2,691	3,164
Interest and dividends received	446	625
Interest paid	(31)	(53)
Income taxes paid	(1,834)	(2,871)
Income taxes refund	9	560
Net cash provided by (used in) operating activities	1,281	1,425
Cash flows from investing activities		
Payments into time deposits	(37)	(37)
Proceeds from withdrawal of time deposits	37	37
Purchase of property, plant and equipment	(1,577)	(2,667)
Purchase of intangible assets	(904)	(601)
Purchase of investment securities	(31)	(11)
Proceeds from sale of investment securities	1,218	532
Other, net	(339)	(25)
Net cash provided by (used in) investing activities	(1,635)	(2,772)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,304	4,000
Proceeds from deposits received from an affiliated company	(10)	10
Proceeds from deposits received from an unaffiliated entity	147	(45)
Repayments of lease liabilities	(5)	(4)
Dividends paid	(1,682)	(2,118)
Decrease (increase) in treasury shares	(0)	(0)
Net cash provided by (used in) financing activities	1,753	1,841
Effect of exchange rate change on cash and cash equivalents	(34)	(97)
Net increase (decrease) in cash and cash equivalents	1,364	396
Cash and cash equivalents at beginning of period	8,365	11,760
Cash and cash equivalents at end of period	9,729	12,157

#### (4) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable

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

Not applicable

(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 liabilities (other) at the end of the third 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 third quarter of the fiscal year under review, and multiplying income/loss before income taxes for the quarter by the estimated effective tax rate.

(Additional information)

The Company had a disagreement with the tax authority in India regarding the disallowance of expenses incurred outside India and so forth in the tax return of its project offices in India. 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 third quarter of the fiscal year and recognized an extraordinary income of 545 million yen (319 million Indian rupees) as a reversal of the provision.

(Segment information, etc.)

[Segment information]

I For the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

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	28,248	28,856	57,105	-	57,105
Intersegment internal sales or transfers	-	-	-	-	-
Total	28,248	28,856	57,105	-	57,105
Goods or services transferred at a point in time	7,825	11,958	19,783	-	19,783
Goods or services transferred over time	20,423	16,898	37,321	-	37,321
Total	28,248	28,856	57,105	-	57,105
Segment profit	1,347	2,612	3,959	(2,563)	1,395

Notes: 1. Adjustments of (2,563) 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.

II For the nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

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	30,288	33,489	63,778	-	63,778
Intersegment internal sales or transfers	-	-	-	-	-
Total	30,288	33,489	63,778	-	63,778
Goods or services transferred at a point in time	9,560	14,524	24,085	-	24,085
Goods or services transferred over time	20,727	18,965	39,692	-	39,692
Total	30,288	33,489	63,778	-	63,778
Segment profit	422	4,652	5,074	(2,746)	2,328

Notes: 1. Adjustments of (2,746) 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 nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

Information by region

Net sales

(Million yen)			
Japan	Asia	Other	Total
52,028	4,886	190	57,105

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

II For the nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

Information by region

Net sales

(Million yen)			
Japan	Asia	Other	Total
57,305	6,111	361	63,778

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