

NIPPON SIGNAL REPORT 2025

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R e a l i z e

Group Philosophy

Our Mission

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

Our Vision

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

**Kando* is a Japanese word that describes the sense of awe and the emotion you feel when experiencing something beautiful and amazing for the first time. It is the moment when your expectations are exceeded – you feel *Kando*.

Our Values

- 1. Emphasize “safety and reliability” above all.
..... *Mono-zukuri* (Manufacturing)
- 2. Strive to improve customer value by taking the customer's perspective.
..... *Koto-zukuri* (Business)
- 3. Take on challenges for your own growth.
..... *Hito-zukuri* (Education)
- 4. Preserve the environment and contribute to the development of local communities.
..... *Machi-zukuri* (CSR)
- 5. Have dreams and share them.
..... *Michi-zukuri* (Creation of the future)

Our Code of Conduct:
Six Commitments

- 1. Working for Customers' *Kando*
- 2. Fair Corporate Activities
- 3. Proper Information Disclosure and Communication with Society
- 4. Respect for Human Rights and Creation of a Good Working Environment
- 5. Environmental Protection and Proactive Social Contribution Activities
- 6. Proper Management of Company Assets and Information

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Editorial Policy

The Group publishes the NIPPON SIGNAL REPORT for its customers, shareholders, investors, and other stakeholders, to provide comprehensive updates on the Group's management strategy, business activities, performance results, and financial and non-financial information. In the NIPPON SIGNAL REPORT 2025, we have created content focused on the relationship between our business activities and the Sustainable Development Goals (SDGs) relevant to us, in order for more people to better understand our enhancement of corporate value by means of social contribution through the products and services that we promote. In preparing these reports, the International Integrated Reporting Framework of the International Integrated Reporting Council and the Guidance for Collaborative Value Creation released by the Japanese Ministry of Economy, Trade and Industry were referenced, and we aim to ensure ease of understanding with regard to our business model, value creation, and ESG (environmental, social and governance) initiatives that form their basis.

Note on Forward-Looking Statements

NIPPON SIGNAL REPORT contains statements on the future plans, forecasts, and prospects of the Group. They reflect the predictions made by us and are based on the information available at the time this report was published. Please note that they may differ from the actual results due to the progress and circumstances surrounding future business activities.

Nippon Signal's Main Business Domains

From railways and stations to the cities, and from Japan to the world.

The Group strives to pursue outstanding technology for “safety and reliability,” while expanding our business locations. As a company supplying a wide range of solutions to support safety and comfort, we contribute to the evolution of infrastructure.

Transport Infrastructure business



Railway Signal Systems



Smart Mobility Systems

Railway Signal Systems

Traio^{*1}



Cloud-based systems that collect, accumulate, and analyze information on railway facilities, areas along train lines, and services using wayside IoT networks and on-board imaging systems.

Automatic Operation (Conventional line trains)



We have been developing an automatic train operation device that allows safe and stable transportation on conventional lines, which realized GoA2.5^{*2} on the JR Kyushu Kashii Line in March 2024.

Communications-Based Train Control (CBTC) Systems



Train control systems using wireless communication, to reduce system life-cycle cost.

Interlocking Control Panel Devices



A device that links signals and point machines on train station premises to secure safe operation of trains.

Railway Signal Systems

Water-Resistant Point Machines



We strengthened the water-resistant function of simplified water-resistant railway point machine by improving the cover. This has enabled steady operation even during flooding up to the upper part of a point machine.

Slope Failure Prediction Technologies



Systemization of “location” prediction for slope failure, to protect transportation infrastructure from torrential rain.

Smart Mobility Systems

Bus Rapid Transit (BRT)^{*3}



We delivered a traffic right control system for alternating traffic in bus-only road sections for Kyushu Railway Company.

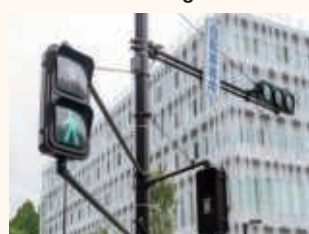
Automatic Operation (Buses)



A system that connects signal information with vehicles using 5G to assist smooth preliminary decelerations and starting preparations.

Smart Mobility Systems

Traffic Lights



Controlled by traffic signal controllers to indicate red, green or yellow signals to drivers and pedestrians.

Pedestrian Supporting Applications



We support people with visual impairment and senior citizens to cross intersections safely using a smartphone.

Mobile Virtual Network Operator (MVNO)



Network provision service business. An exclusive closed dual system wireless network service that utilizes common lines.

^{*1} Traio is a word coined by combining “train” and “IoT.” Nippon Signal developed part of the Traio system jointly with West Japan Railway Company.

^{*2} GoA2.5 is a grade of automated train operation in which an attendant, who is not a driver, is present in the cab of the first car.

^{*3} BRT stands for Bus Rapid Transit System.

Works of Group Companies

Nursing care robots



Users can step on this equipment from the back, a new riding style, to be able to go wherever.

Magnetic resonance imaging units



Providing leading-edge medical devices that use magnetic force to capture cross-sectional images of a living body to support high-precision diagnoses.

Computed Tomography



Providing leading-edge medical devices that detect microscopic lesions with high clarity using advanced digital technology.

Solar power generation



Contributing to accelerating the spread of clean energy by installing solar power generation systems on building rooftops.

ICT Solution business



AFC



R&S

Automatic Fare Collection (AFC) Systems

Platform safety monitoring systems via image analysis



A system to detect hazard on station platforms using image processing devices attached to existing surveillance cameras.

Platform screen doors



We ensure safety and security on platforms, with a wide range of platform screen doors to fit various types of stations and vehicles.

Automatic passenger gates



We participate in verification tests for gates that let passengers through with facial recognition or tap-to-pay credit cards, which is a step toward future applications of ticketless passenger gates.

Multilingual ticket vending machines



We provide clear and user-friendly multilingual automatic ticket vending machines and information display systems for stations.

iDONEO^{*4}



We provide technologies for the generation, authentication, and determination of data linked to single IDs.

AFC

Parking lot management systems



We provide a range of devices and solutions, including the PARK-LOC® system and network-linked payment machines.

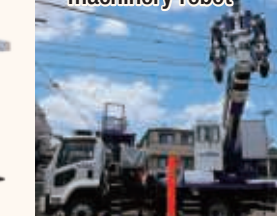
Security gates



We provide total security environments that are people-friendly, from entry and exit systems for people and vehicles, to office security.

Robotics and Sensing (R&S)

Multifunctional heavy machinery robot^{*5}



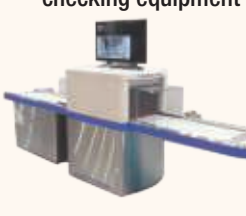
Humanoid robots for work in high places aimed at eliminating heavy-lifting work from railway maintenance operations and improving its efficiency.

Automatic floor cleaning robots



These robots clean floors unattended, accurately detecting peripheral obstacles using lasers and ultrasound sensors.

Automatic X-ray baggage checking equipment



This checking equipment adopting world's first compact X-ray source precisely and speedily detects the presence of dangerous items.

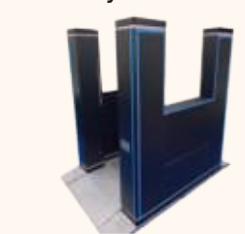
R&S

Ground penetrating radars



Detects underground cavities and buried objects using underground sensing technology that applies radio waves and communication technologies.

Body scanners



Automatically detects prohibited items concealed by the person walking through the scanner. A metal detecting function is under development.

Next-generation passenger gate



This provides a design in harmony with the interiors of stations in recent years and meets diverse needs at low costs.

Inspection of equipment and vehicles by drone



Automates the inspection of railway equipment and vehicles with automated patrols and AI image analysis technology, replacing work in high places and patrols on foot.

^{*4} iDONEO is a word coined by combining “ID,” “IDO = mobile” and “NEO = new.”

^{*5} Developed jointly with West Japan Railway Company and Man-Machine Synergy Effectors, Inc.

Value Creation Process

The Group is engaged in new value creation to contribute to “solving social issues” and “advancing infrastructure,” through value chains founded on “safety and reliability,” while keeping an eye on global environmental changes.

We aim to achieve sustained growth by accelerating the process of development and real-world implementation of products that are suited to the market needs, carrying out business structure reforms, and strengthening our business foundation.

INPUT

As of March 31, 2025

Financial capital

Shareholders' equity **89.2** billion JPY

Interest-bearing debts **19.2** billion JPY

Manufactured capital

Capital investment **5.0** billion JPY

Intellectual capital

R&D expenses **3.2** billion JPY

Human capital

Number of employees **2,921**

Human capital investments (non-consolidated) **100** million JPY

Social and relationship capital

Nippon Signal operation coverage **30** countries and regions

Business Activities

Value chain



Growth Strategy

Long-term and Medium-term Management Plans → P13

Strengthening the Foundation Underpinning Sustained Growth
Sustainability Initiatives → P33

OUTPUT



OUTCOME

Value provided to society

Contribution to the SDGs

SUSTAINABLE DEVELOPMENT GOALS



→ P33

Top Message

As we approach our 100th anniversary alongside with our stakeholders, please look forward to the growth and advancement of a new Nippon Signal Group driven by DX technologies

Hidehiko Tsukamoto

President and Chief Executive Officer

Under current circumstances

The environment surrounding our customers is undergoing significant changes. Taking the railway industry as an example, while giving top priority to ensuring safety, responses to diversifying needs caused by changes in lifestyles and workstyles and to labor shortages are moving ahead. There has also been rapid progress in initiatives to expand profitability in response to concerns about rising costs and inflation. As specific examples, digital tickets and cashless payment systems that accommodate overseas visitors are expanding in response to diversifying needs, while in business efficiency improvements and labor-saving responses, demonstration trials of smart maintenance using the latest ICT technologies, such as AI, drones, and robots, are being actively promoted.

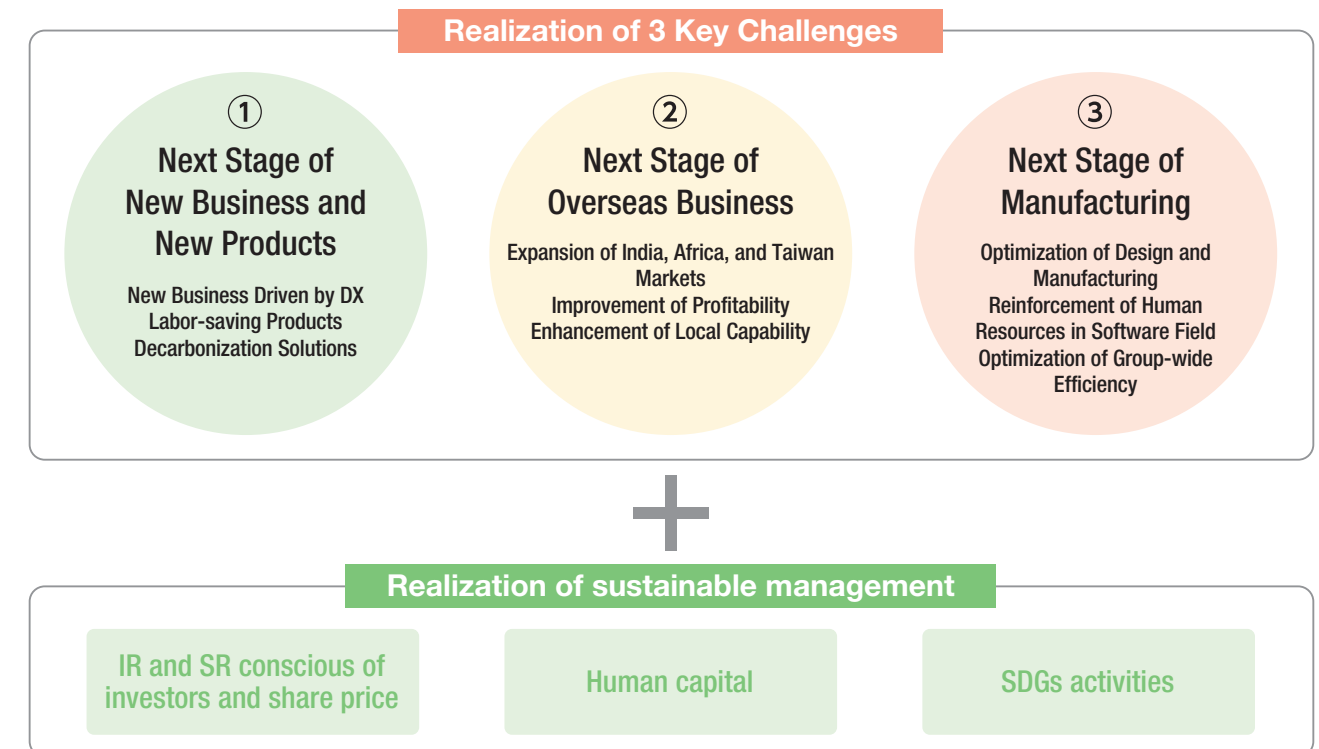
We also must make proposals, research and development that anticipate the needs of our customers to improve their safety and services. 60 years have passed since the launch of the Tokaido Shinkansen, and now the transition from a system based on its original design philosophy and technological makeup to a next-generation railway signal system that leverages DX has become an urgent challenge. In addition, customers' needs are diversifying, such as the realization of transportation modes that do not impede the flow of people with an eye toward overseas visitors, as well as energy-saving and labor-saving initiatives. We need to develop new products and integrate them into society at the earliest so that we can make timely proposals. In terms of progress in DX technologies in railway infrastructure last FY, cashless payment achieved progress, with various railway companies launching demonstrations for tap-to-pay systems using credit cards and QR Code authentication. With the rapid advances in AI, the realization of safer, more convenient social infrastructure that overturns conventional wisdom is just around the corner.

Progress in the Medium-term Management Plan “Realize-EV100”

In our Medium-term Management Plan, for which the final goal is FY2028, the 100th anniversary of our foundation, we are working toward three priority challenges for the achievement of our targets—① Next Stage of New Business and New Products, ② Next Stage of Overseas Business, and ③ Next Stage of Manufacturing and Realization of Sustainable Management.

Basic Concept of “Realize-EV100”

Our commitment until the 100th Anniversary of Foundation (2028)



During FY2024, we implemented the following various kinds of initiatives.

As part of ① Next Stage of New Business and New Products, we promoted to integrate our solution with society including full-scale introduction of Spontaneous Voice Support Device^{*1}, development of cashless and touch-to-pay fare services using credit card and QR code, on-site operation of multifunctional heavy machinery robots, and practical experiment of automated-operation buses in the city of Shiojiri in Nagano Prefecture. Furthermore, we provided over 2,600 communication lines (cumulative total of 4,700 lines) for the Traffic Control Dedicated Wireless Network System (Police MVNO), giving us a 75% share nationwide. As part of ② Next Stage of Overseas Business, we were expanding upgrading and extension projects in the overseas market. As one of our achievements, we have been awarded a contract to supply a full railway signaling system by Jakarta MRT. Furthermore, in Africa, we opened an office in Uganda and launched sales and marketing activities to explore new markets. This year, TICAD 9^{*2} will be held in Japan (Yokohama) for the first time in three years. We will use this gathering of the leaders of African nations as an opportunity to identify business development needs rooted in the region and create future projects.

As part of ③ Next Stage of Manufacturing, we addressed rectification of manufacturing by the shift to insourcing manufacturing within our group, the refurbishment of our internal core systems, management enhancement of project workflow and costs, and reduction of inventory assets.

Furthermore, we produced a promotional video featuring a young actor and rolled out branding activities designed to raise our profile for one of sustainable management. These included TV commercials, on-campus advertisements at universities around the country, and transit advertising through railway companies. In other initiatives, we made the “Konoyubi Tomare Project,” our program for internal communication, a permanent fixture with the aim of increasing employee engagement. As part of our activities for the SDGs, we also spread SPARCS, our own Communications-Based Train Control (CBTC) system, widely both in Japan and overseas customers. SPARCS achieves an approximately 70% reduction in CO₂ emissions compared with conventional train control systems. We will continue to make effort on the development of smaller, cableless products for the reduction of our environmental impact.

^{*1} Spontaneous Voice Support Device: This device detects flashing lights on obstruction by image analysis of camera and make alarm by voice warnings to drivers.

^{*2} TICAD 9: Ninth Tokyo International Conference on African Development

Top Message

Initiatives in the second year of the Medium-term Management Plan "Realize-EV100"

● Deepening manufacturing capabilities and accelerating new business initiatives

Market needs and the environment surrounding us are changing at a bewildering pace, and the services demanded by our customers are also becoming increasingly diverse. Under these circumstances, in the second year of the Medium-term Management Plan, "Realize EV100," we have adopted a basic policy of "deepening manufacturing capabilities and accelerating new business initiatives."

● Toward the realization of our vision

In our measures toward the deepening of manufacturing capabilities, we are focusing our efforts on the development and stable supply of products that will increase our customers' added value. Other initiatives include insourcing, the improvement of labor productivity through operational efficiency improvements, and the reduction of inventory assets, in our efforts to improve profitability across the entire Nippon Signal Group. In terms of "accelerating new business initiatives," we are focusing on the next steps for our DX products that we have developed up to last fiscal year, including automatic operation technology and multi-functional heavy machinery robots, namely the expansion of the real-world implementation of those products and the development of business models for them.

This year, Japan is hosting Expo 2025 Osaka, Kansai, its first international expo in 20 years. Nippon Signal delivered the latest models of automatic passenger gates to Yumeshima Station, the closest station to the Expo site. These gates support cashless entry using facial recognition for QR tickets and contactless payment services. We will continue to focus on developing new technologies and products leveraging DX technologies.

In our international business, we are winning a growing number of contracts for extension and upgrade projects on lines that the Nippon Signal Group worked on in the past. These contracts are a sign of customers' recognition of Nippon Signal Group's initiatives and technological capabilities. We will strive to expand profits through the steady execution of these projects. In particular, we expect to see vigorous demand in the Indian market, which is experiencing remarkable population growth and economic advancement, so we will work to expand our market share through Nippon Signal's technologies for safety and reliability.



In addition, by connecting customers, equipment, and information through the Group's network technologies for ensuring stable operations, we hope to continue to be a company that will increase its market competitiveness. To realize this aim, we made one of our indirect subsidiaries a wholly owned subsidiary (new company name: Nisshin IT Connect Co., Ltd.) The objectives of this move are to build the IT infrastructure needed for DX products, centralize operations and management, and speed up decision-making for the strengthening of governance and expansion of our business. Please look forward to the advancements of the Nippon Signal Group as we leverage DX technologies to drive our success.

Toward the achievement of the Medium-term Management Plan

● Improving capital efficiency with a focus on ROIC

For the current 28 Medium-Term Management Plan, we added ROIC as a new management indicator and set a goal of the improvement of capital efficiency. As the economic environment enters a phase of rising interest rates, companies are being called on to step up their efforts for the efficient management of funds and reduction of costs. Swiftly developing products and services with high added value and launching them on the market are also key challenges.

While responding flexibly to these changes in the economic environment, Nippon Signal will execute investments for growth and the return of profits to shareholders with appropriate balance.

For the fiscal year ended March 31, 2025, we increased the year-end dividend amount for the second consecutive year. We will continue our efforts to issue stable, continuous dividends with a target consolidated payout ratio of 30% or more and a minimum DOE*² of 2.0%. Furthermore, to achieve PBR of 1 or above, we will work to improve profitability with targets of consolidated ROE of 10% or more and ROIC of 9% for the final year of the 28 Medium-term Management Plan. Regarding cross-shareholdings, while taking growth investments and the necessity of such holdings into account, we will aim to reduce cross-shareholdings to 20% or less of total consolidated net assets in the final year of the Plan.

● Toward value creation with human capital

In my New Year's message to our employees this year, I spoke about my desire to pursue well-being*². I hope that everyone will consider themselves as playing a leading role, and, with the will to think about what each of them can do to solve social structure infrastructure challenges, ask themselves how they will grow for that purpose, make an effort to achieve those solutions, and talk about the future.

To that end, I travel around our branch companies and offices throughout Japan and overseas, where I hold informal gatherings that allow me to engage directly with employees of various ages and positions on a regular basis. In these activities, as well as communicating top management's views directly to the employees on the ground, I make a point of listening to their opinions to create a free and open culture.

In addition, some of our younger and mid-ranked engineers joined the members of the Overseas Division in attending InnoTrans in Berlin, Germany. This event is the world's largest railway technology trade exhibition, bringing passenger and freight railway operators together under one roof every two years. While there, our people talked to stakeholders, gained a sense of global trends at first hand, and saw for themselves the robust demand in overseas markets and the work being done by overseas manufacturers. I am sure that it was a positive, stimulating experience for them.

To ensure stability in attracting talent to our organization, we have stepped up our recruitment activities and diversified our recruitment methods. This included the adoption of a referral program, in which employees recommend friends and acquaintances to the company, and a re-employment program, in which we welcome former employees back to work for us again.

I am confident that, with their own individual will, each of our employees will align with the needs of our stakeholders and that this "will" will become the driving force in enhancing the company's added value. To realize our employees' will, we will continue to support them as a company.

*1 DOE (Dividend on consolidated net assets) = Total annual dividend ÷ Average consolidated net assets during the period

*2 Well-being: A state of individuals' and society's good physical, mental, and social condition.



InnoTrans trade fair (Berlin, Germany)

Top Message

Conclusion

The Nippon Signal Group has long been working to resolve social issues related to transportation infrastructure while working to increase corporate value together with our stakeholders. Cherishing our engagement and collaboration with our stakeholders, I want Nippon Signal to continue to be their company of choice 100 years and even 200 years into the future. Nippon Signal Group will continue to work toward its aim of helping to realize a more secure and comfortable society through superior technologies that provide safety and reliability. I hope all those it may concern will continue to hold expectations of the Nippon Signal Group's further advancement toward our 100th anniversary and that you will lend us your unwavering support.



Basic Policy and Priority Issues for FY2025

FY2025 Basic Policy	Realize —Deepening manufacturing capabilities and accelerating new business initiatives—		
Numerical Targets (Consolidated)	Net sales 108.0 billion JPY Operating income 10.0 billion JPY Net income 7.5 billion JPY ROE 8.1%, ROIC 7.0%	Environmental targets	Reduction of green- house gas emissions 50% reduction (2030) Net zero (2050)
① Next Stage of New Business and New Products	<ul style="list-style-type: none">• Expansion of sales and capturing of profits for DX products such as Traio*, autonomous driving, and cloud-based payment systems• Development of business models and capturing of markets for new products such as KURU LINK* and multifunctional heavy machinery robots		
② Next Stage of Overseas Business	<ul style="list-style-type: none">• Steady execution of upgrade and extension projects and securing of profits• Expansion of operation and maintenance business in Indian market		
③ Next Stage of Manufacturing	<ul style="list-style-type: none">• Improvement of operational efficiency and labor productivity using core systems and efficiency improvement tools• Pursuit of cost ratio reduction and production efficiency improvement		
Realization of sustainable management	Future-oriented sustainable value creation — Promotion of sustainable management and enhancement of corporate value — <ul style="list-style-type: none">• Development of new technologies and products that leverage DX technologies• Promotion of operational efficiency improvements through use of core systems and data• Reorganization of Group companies' functions• Strengthening of talent recruitment and development across entire Group• Promotion of management that is conscious of investors		

* Traio: The name given to our remote monitoring system, coined by combining the words “train” and “IoT”
KURU LINK: Name of our last one mile transport services centered on railway stations, etc.

Long-term Management Plan

Vision-2028 “Evolution 100”

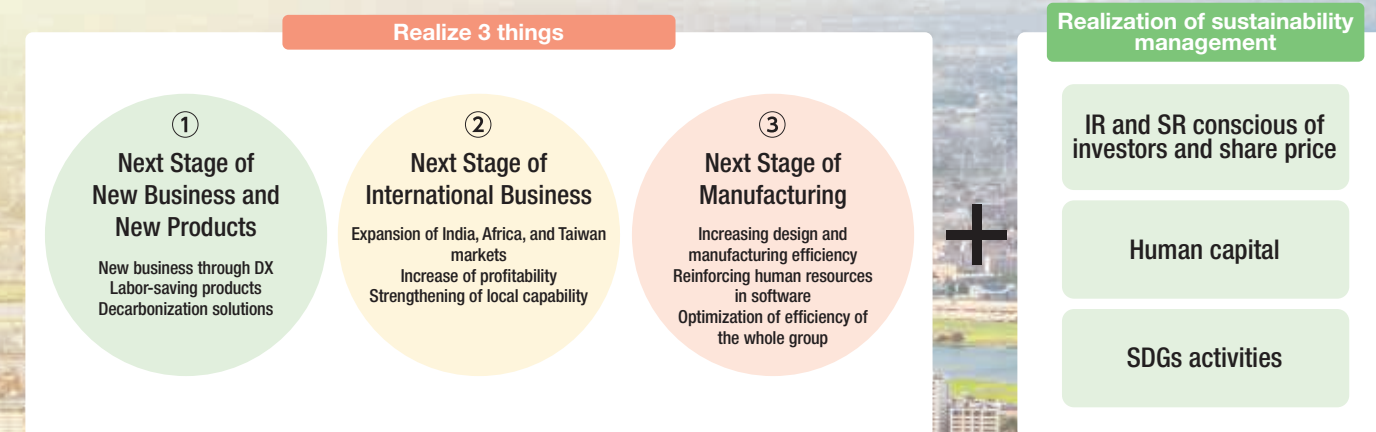
100th
Anniversary



(FY2024-FY2028)

Medium-term Management Plan “Realize-EV100”

Basic Concept of “Realize-EV100” — Realize by the 100th Anniversary —



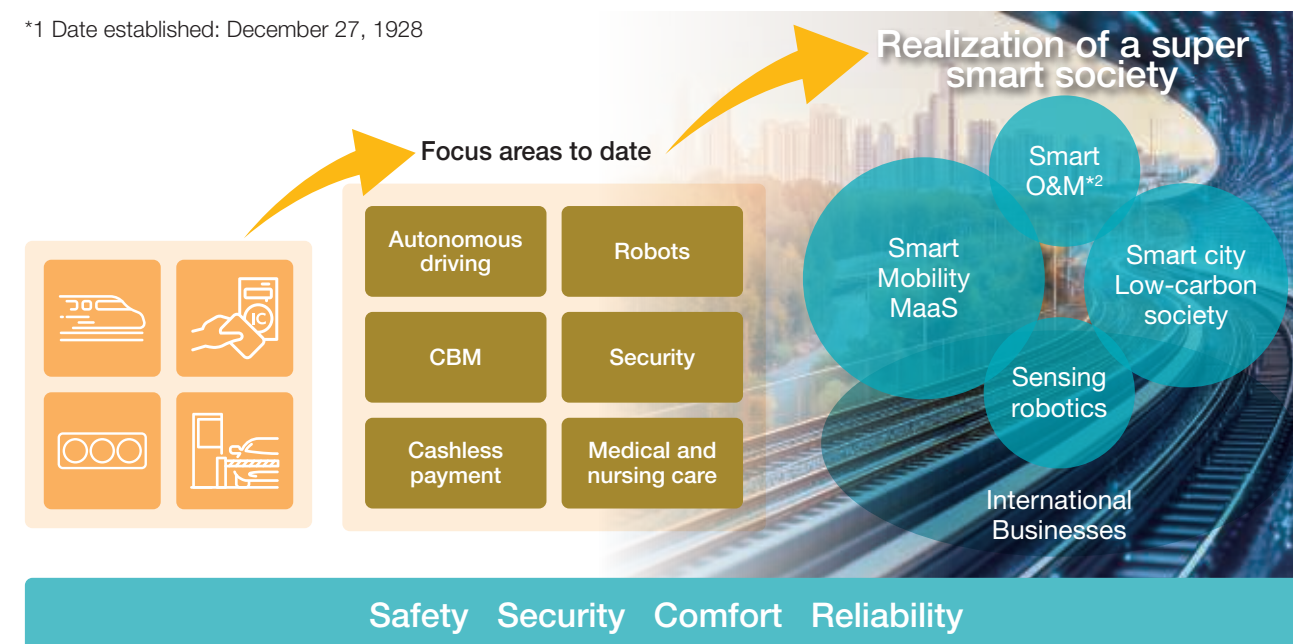
Numerical Targets

	FY2023 (results)	FY2024 (results)	FY2028
Net sales	98.5billion JPY	106.8billion JPY	150.0billion JPY
ROE	5.7%	8.5%	10% or higher
ROIC	4.6%	6.9%	9% or higher
Environmental targets Greenhouse gas emissions (compared with 2013)	50% reduction by 2030 and net zero by 2050		

Nippon Signal Group's Vision

100th Anniversary*1	Supporting infrastructure evolution with safety and comfort
Our goal	To become a corporation group respected around the world as an infrastructure provider of the DX era

*1 Date established: December 27, 1928

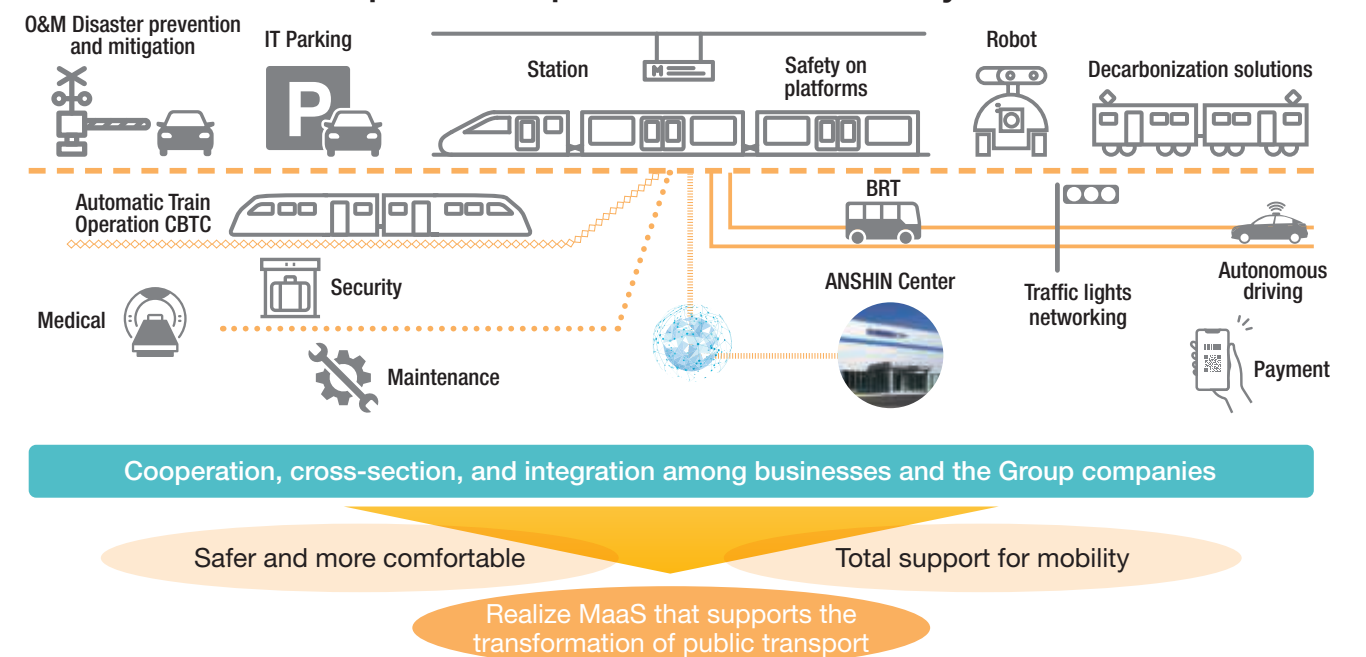


*2 O&M: Operation and Maintenance management

Businesses supported by Nippon Signal Group

With our mission of helping to realize a more secure and comfortable society through superior technologies that provide safety and reliability, we aim to provide products and solutions for the social and daily life infrastructure of the next generation.

“One-stop solution provider” connected by networks



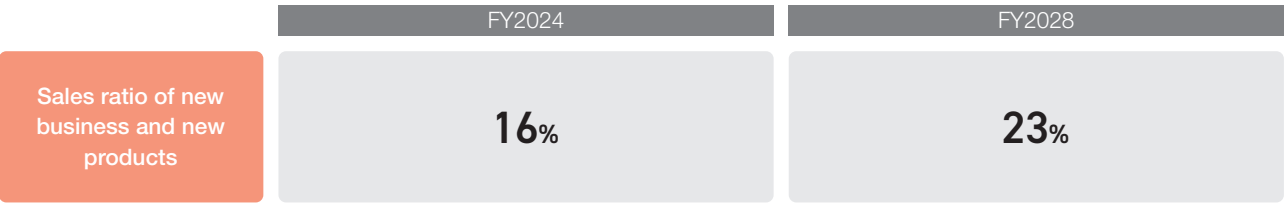
Medium-term Management Plan “Realize-EV100”

Priority initiatives in the Medium-Term Management Plan (28 Medium-term Management Plan)

Priority Initiatives ① Next Stage of New Business and New Products

Targeting new markets with future growth potential, we will promote the development of core technologies and the real-world implementation of new products, and aim for business growth through share acquisition.

Under the 28 Medium-term Management Plan, we plan to increase consolidated net sales to 150 billion yen in four years from the 106.8 billion yen of the fiscal year ended March 31, 2025. This includes a target of 35.0 billion yen of net sales in new businesses and products, increasing their sales ratio to 23%.



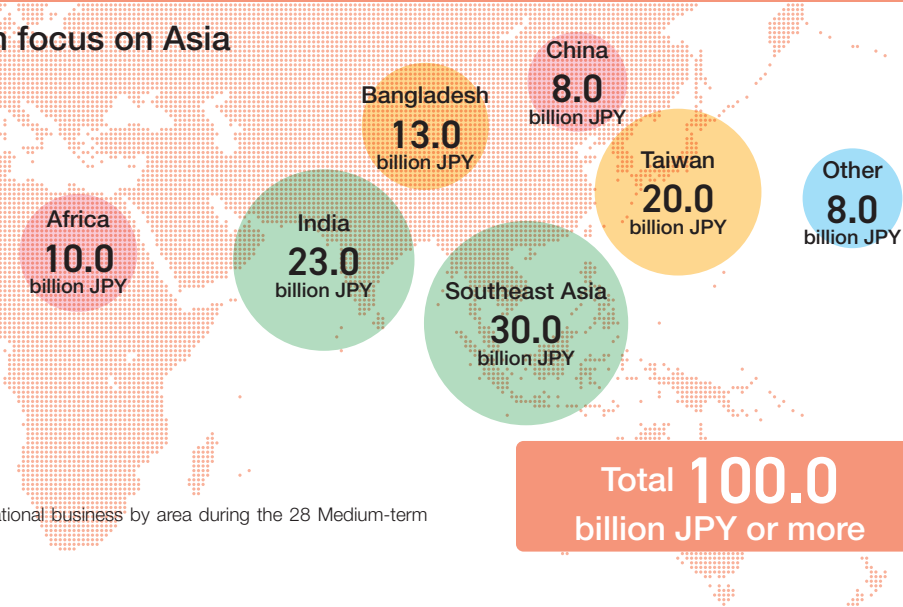
Segment	Railway Signal Systems	Smart Mobility Systems	Automatic Fare Collection (AFC) Systems	Robotics & Sensing (R&S)
Products	<p>CBTC, Automatic Train Operation, O&M services, etc.</p> <p>CBTC</p> <p>O&M Solutions</p> <p>ANSHIN Center Services</p> <p>Nippon Signal ANSHIN Center</p>	<p>Autonomous driving, Vehicle-infrastructure coordination, MVNO, etc.</p> <p>I2X</p> <p>Notifying a vehicle and the driver of the existence of a pedestrian</p> <p>Autonomous driving assistance through communications between vehicle and infrastructure at intersections, etc.</p>	<p>Cloud-based payment, cloud-based parking lots, etc.</p> <p>Cloud-based payment system</p> <p>Cloud-based parking lot systems</p>	<p>3D sensor</p> <p>Heavy machinery robots, etc.</p>

Priority Initiatives ② Next Stage* of International Business

Business expansion with focus on Asia

In particular, with Southeast Asia, South Asia, and Taiwan as our strategic areas, we will work on winning contracts for new line and line extension projects in cities where we have delivered our products in the past and enhancing business opportunities in maintenance as part of our efforts to promote sustainable business development.

* Image of net sales in Nippon Signal's international business by area during the 28 Medium-term Management Plan (FY2023 - FY2027)



Priority Initiatives ③ Next Stage of Manufacturing

Manufacturing in the era of software first

We will work toward visualization and efficiency improvement with data utilization, development of design and manufacturing talent, and optimization of manufacturing across the Group, aiming to secure stable supply and quality, and improve profitability.

<p>Visualization and efficiency improvement with data utilization</p>	<p>Promotion of in-house production of core technologies within the Group</p>	<p>Development of design and manufacturing talent</p>	<p>Optimization of manufacturing across the Group</p>
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Aim to secure stable supply and quality and to improve profitability

- We undertook a reorganization within the Group with the objectives of building the IT infrastructure needed for DX products, centralizing operation and management, strengthening governance, and speeding up decision-making for the expansion of our business.
- Company name changed from Nisshin IT Field Service Co., Ltd. to Nisshin IT Connect Co., Ltd.
We changed the name of the company in the hope that, as a Nippon Signal Group company, it will continue to increase its market competitiveness by connecting customers, equipment, and information through the Group's network technologies for ensuring stable operations.

Medium-Term Management Plan "Realize-EV100"

Responses for the realization of management conscious of capital costs and share price

We will conduct well-balanced growth investments and returns of profits to shareholders, while securing soundness of capital and financial strategies. We will strive for investments in R&D, the establishment of production systems, and the development of human resources, among others, with the aim of establishing a stable earning structure and management base from a long-term perspective, as well as strengthening our financial position. For shareholders, under a basic policy on appropriation of surplus of continuing stable dividends and implementing returns of profits based on performance, we have set immediate targets of a consolidated dividend payout ratio of 30% or higher and a lower-limit indicator DOE of 2.0% in principle.

We will also advance improvements on both the earnings and equity fronts in our efforts to enhance PBR and ROIC.

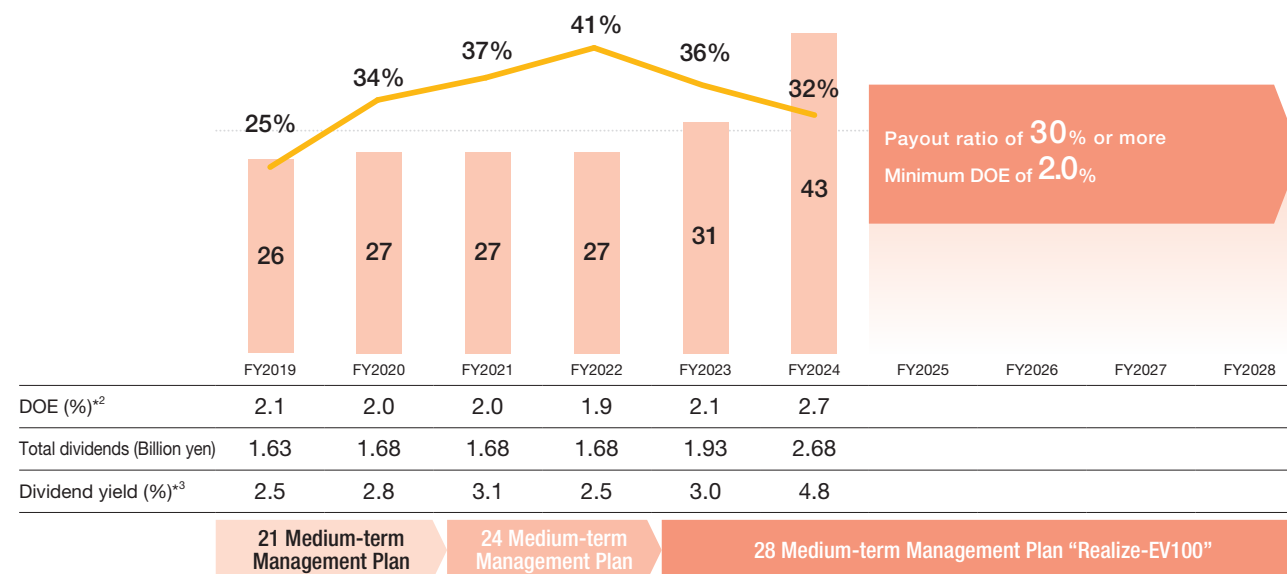
• As an indicator for the realization of PBR of 1.0 or higher, we will plan for ROE of 10.0%*1 or higher.

• We will set a target of ROIC of 9.0%*1 or higher against an expected WACC of 6.0%.

(*1 Numerical targets for the final year of the Medium-term Management Plan)

Trends in Dividend Per Share and Payout Ratio

Dividend per share (Yen) Payout ratio

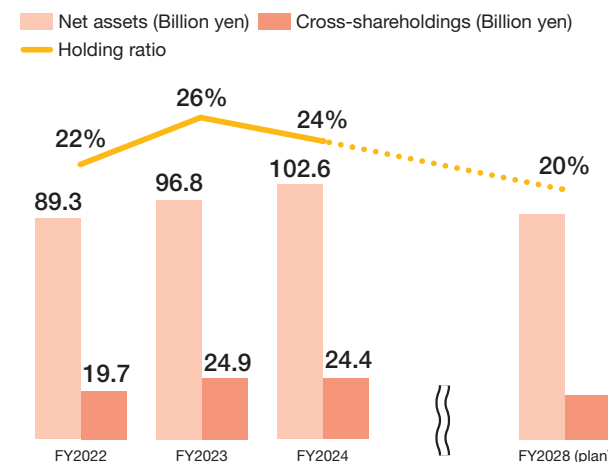


*2 DOE (Dividend on consolidated net assets) = Total annual dividend ÷ Average consolidated net assets during the period

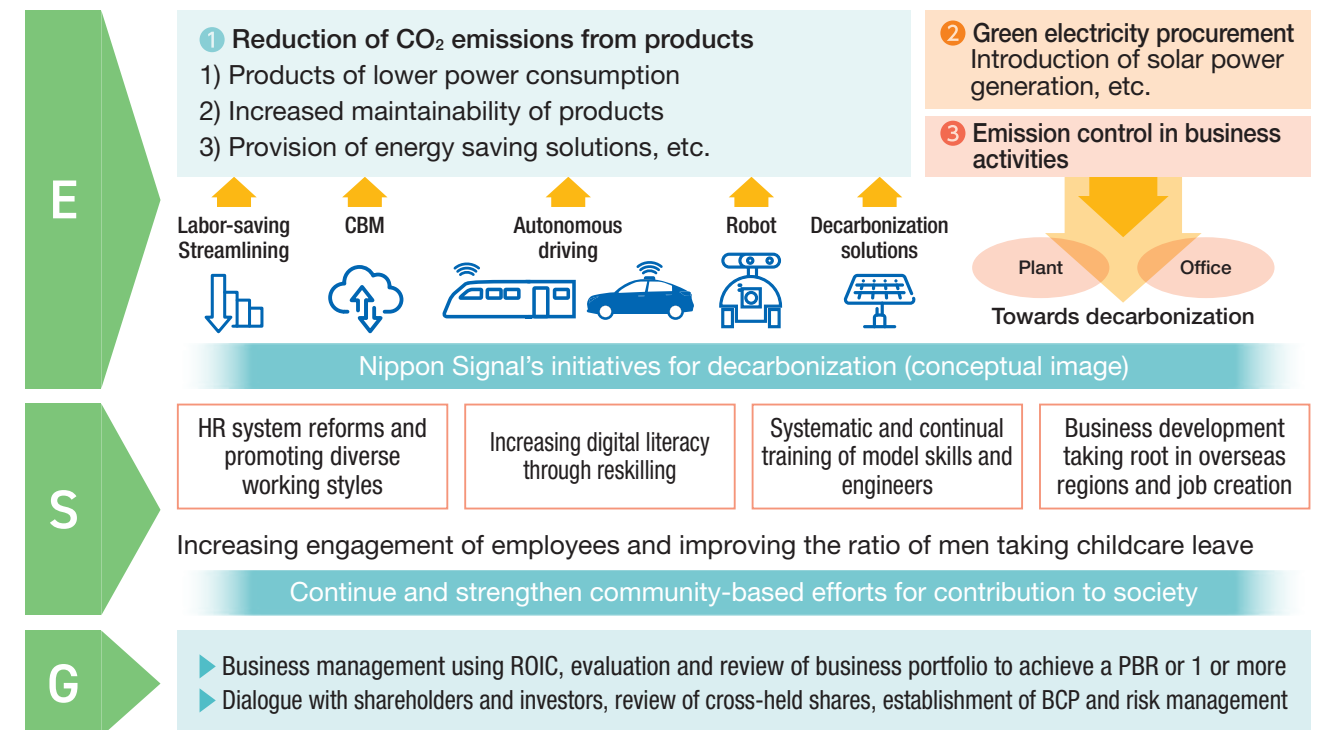
*3 Dividend yield = Annual dividend ÷ Year-end share price

Approach to Cross-Shareholdings

To further improve capital efficiency for the enhancement of corporate value, Nippon Signal aims to reduce its cross-shareholdings to 20% or less of total consolidated net assets at the end of March 2029. The funds obtained from the divestment of cross-shareholdings will be used effectively for growth investments and capital investment.



Non-financial Information (ESG Initiatives)



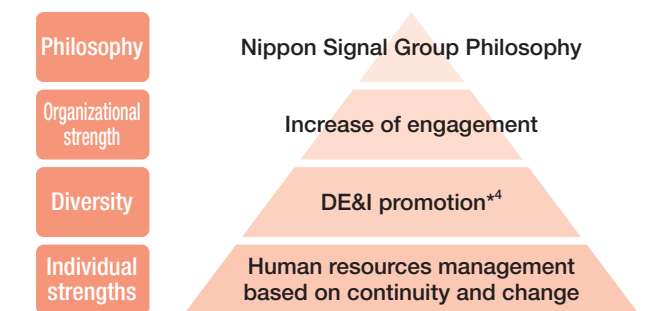
Major Initiatives of Human Resources Strategy

① Human Resources Vision of Nippon Signal Group

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



② Basic Concept of Human Resources Strategy



Solve issues through coordination of efforts in each layer.

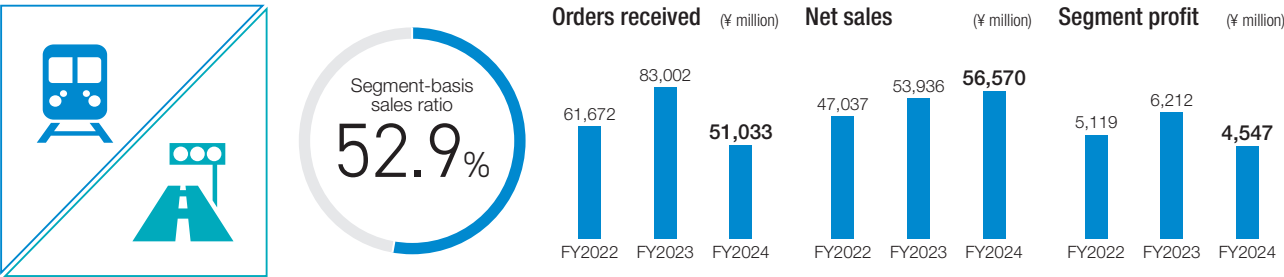
*4 DE&I: Diversity, Equity, and Inclusion

③ Major Initiatives of Human Resources Strategy



Business Report

FY2024 Transport infrastructure business



Railway Signal Systems

Main Business Field

- Automatic Train Control (ATC) system
- Automatic Train Stop (ATS) system
- Centralized Traffic Control (CTC) system
- Electronic interlocking system
- Level crossing protection device
- Display device
- SPARCS (Communications-Based Train Control System), etc.

Smart Mobility Systems

Main Business Field

- Traffic control system
- Traffic signal controller
- Traffic light
- Mobile Virtual Network Operator (MVNO)
- Pedestrian Information Communication Systems (PICS), etc.

Segment overview

In Railway Signal Systems, we recorded orders and sales for signaling safety systems such as Centralized Traffic Control systems, and interlocking systems, as well as passenger information devices for various railway operators in the domestic market. We will continue to contribute to the realization of safe and comfortable transportation 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 wayside equipment, and “Traio,” which collects, accumulates, and analyzes information on the status of railway facilities through cloud networks.

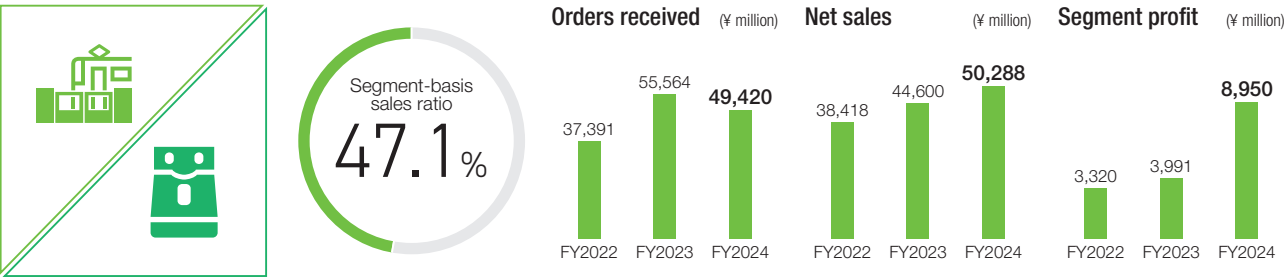
In overseas markets such as Indonesia, Taiwan, and South Korea, we received orders for and recorded sales of Railway Signal Systems. We remain committed to supporting the development of safe and comfortable communities by meeting the infrastructure development demand of Asian countries, leveraging our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

Segment overview

In Smart Mobility Systems, particularly Road Traffic Safety Systems, we recorded orders and sales for systems for traffic control centers, traffic 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 lights and roadside sensors.

In the overseas market, we recorded orders and sales for traffic signal systems in Uganda, where we established a new branch office to enter the East African market. This region faces growing traffic congestion due to rapid urban population growth, and we aim to help address these challenges.

FY2024 ICT Solution business



Automatic Fare Collection (AFC) Systems

Main Business Field

- Automatic passenger gate
- Automatic ticket vending machine
- Automatic fare adjustment machine
- Platform screen door
- Gated parking lot management system
- Centralized payment PARK-LOC® parking lot management system
- Security gate, etc.

Robotics & Sensing (R&S)

Main Business Field

- Robotics
- 3D Laser Ranging Image Sensor
- Ground-Penetrating Radar (EMS)
- OA device (maintenance), etc.

Segment overview

In AFC Systems, particularly Station Service Network Systems, we received orders and recorded sales for platform screen doors, passenger gates, ticket vending machines, parking lot equipment, including upgrades and replacements driven by new banknote issuance in the domestic 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 tap-to-pay payment with 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 from April 2025, and other stations.

In overseas markets such as Bangladesh, Vietnam, India, and Egypt, we received orders and recorded sales of AFC systems, platform screen doors.

* QR code is a registered trademark of DENSO WAVE INCORPORATED.

Segment overview

In the R&S field, 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, multifunctional heavy machinery robots, 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.

Executive Messages

Our group started Medium-term Management Plan “Realize-EV100” in FY2024. Here are the messages from executives about our commitment to the second year of the Medium-term Management Plan.



Deepening manufacturing capabilities and accelerating new business development

GOTO Ryuichi Director Deputy Chief Executive Officer

In charge of business management, In charge of Monodukuri and Responsible for branch offices

This fiscal year is the second year of the Medium-term Management Plan “Realize-EV100” that will end in FY2028, we will work to realize a vision that we have called the “Next Stage.” In the Next Stage of Manufacturing, we are working to improve cost ratios and reduce inventory assets through improvements to our core systems. In the Next Stage of New Business and New Products, in response to changes in the environment and our customers’ transformations, we will solve issues with various cashless services, CBM,

autonomous driving, and multifunctional heavy machinery robots. In the Next Stage of Overseas Business, while steady execution on the on-going projects, we will work on business expansion including O&M taking advantage of our local offices with a focus on Asian market.

We will also pursue efficient and high value-added work styles, which are essential for implementing these activities, across the entire Group.

Development of products critical for next-generation infrastructure

SAKAI Masayoshi Deputy Chief Executive Officer

In charge of Group-wide technology and R&D, Responsible for next-generation railway systems, Responsible for rail and road automatic operation systems, Responsible for Group IT Strategy Dept., Responsible for Environment and Quality Management Promoting Dept.

In this fiscal year, we will further refine our sensing technologies for such low-frequency long waves and medium waves used in ATS, microwaves used in CBTC, and X-rays used in baggage scanners, that contribute to solutions supporting evolution of infrastructure safely and comfortably.

We will also promote the development of IT systems that are more user-friendly and reliable in operation.

In terms of specific product strategies, as well as pursuing the cross-departmental development of DX products, we will work on social implementation of network-driven IT systems and products to support automatic operation of mobility including railways.

We will reaffirm a growing need for DX in transport systems, disaster prevention, labor-saving in maintenance, and reducing the costs of installation and operation, and create the products that will be essential for the ultimate form of system transformation for the next generation.



To the growth stage utilizing our solid foundations

NAMIKI Yutaka Managing Executive Officer

Responsible for transport infrastructure business, Responsible for Kuki Plant and General Manager of Overseas Division

In the transport infrastructure business, we are now at the stage in full swing for social implementation of the products and services that we have carefully sown and cultivated. As well as upholding our corporate philosophy “Safety and Reliability,” we will promote the creation of high value-added businesses and manufacturing.

Overseas Division has focused on the establishment of work processes from tenders to project management after being awarded the contract and development of human resources since its foundation.

With the accumulation of these achievements, we have been able to establish a solid organizational structure to secure and promote new projects.

We are currently working on 25 projects, and 10 projects are in their final stages. As well as expediting their completion, we will gradually reallocate resources to the next new projects and approach the next growth stage.

Accelerating the promotion of next-generation DX products and manufacturing innovation

TAGAMI Hideaki Managing Executive Officer

Responsible for ICT Solution business and in charge of Utsunomiya Plant

In the ICT Solution business, we are developing and rolling out DX products, with a focus on “various cashless and ticketless systems” for smooth and comfortable travel and “multifunctional heavy machinery robots” for labor saving operations at heavy machinery worksites. At the Utsunomiya Plant, in addition to these products, we are working on the development of the “KURU LINK system”, which will achieve integrated operation management and traffic control of automatically operated mobility systems, affordable and function-integrated “compact level crossing gates” etc.. We will respond flexibly, swiftly, and with certainty to changing and increasingly diverse needs for solutions to customers’ issues, such as workstyle reform, reduction of fixed costs, measures to combat labor shortages, and the diversification of digital services, then accelerate the roll-out of next-generation, new DX products.

In the “Next Stage of Manufacturing”, based on our ongoing efforts for the improvement of QCD through “Utsunomiya JIT Production”, for the realization of sustainable growth and radical workstyle reform, we will promote “manufacturing reforms” and the “shift to a mother plant structure” within the Group. We will aim to strengthen our competitiveness by dramatically accelerating improvements in productivity.



Realization of sustainability management

HORIE Toru Director Managing Executive Officer

In charge of business administration, General Manager, Global Strategy Division

We will engage in sustainable management for the enhancement of corporate value. We will expand our IR and SR activities with investors and share price in mind and work to raise our PBR by pursuing improvements on both profit and capital fronts through ROIC-based business administration. While securing financial soundness, we will work active investments into growth domains and returns of profits to shareholders in a balanced way.

We will strengthen strategic investment in human capital, enhance employee engagement, foster a challenging organizational culture, and improve the execution capabilities of our people and organization.

In an increasingly uncertain business environment, we will appropriately control a variety of risks in our business activities to minimize their impact on management.



Pursuing allocation of management resources to create maximum value

MACHİYAMA Shinichi Managing Executive Officer

Responsible for business administration, General Manager of Corporate Strategy Dept.

This fiscal year is the second year of the Medium-term Management Plan “Realize-EV100”, making it a pivotal year for moving our transformation for the future forward. In the process of continuing to make strategic investments to achieve our management goals leading up to our 100th anniversary, we would like to make management decisions and implement important measures with a sense of swiftness.

In the area of business administration that I oversee, “enhancement of corporate value” and “improvement of employee engagement” are our key challenges for this fiscal year.

Management is the process of efficiently allocating the resources (people, goods, and money) needed for a company to conduct its business and taking actions and making decisions that will generate maximum value. Based on business administration that emphasizes optimal resource allocation, we will keep up our future-oriented investments to generate outcomes, and in doing so, respond to the trust and expectations of our stakeholders.

Feature: CBTC System

Communications-Based Train Control (CBTC) system^{*1}

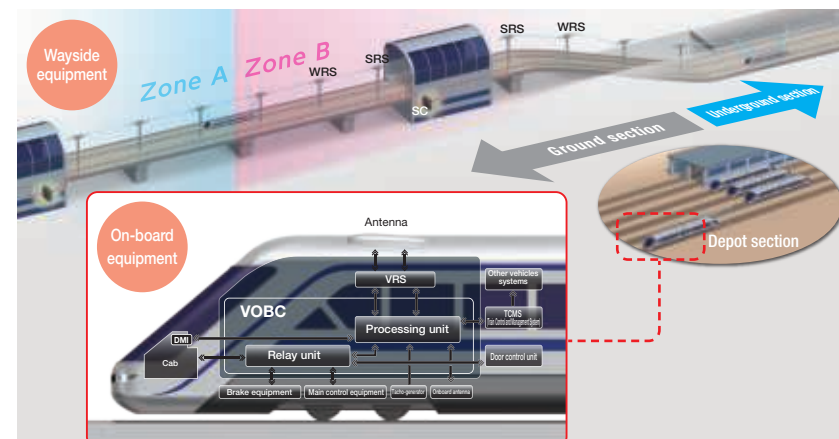
In the railway industry, particularly due to labor shortages caused by the declining population, operators are in need of equipment that enables the safe maintenance and management of their systems with less labor and at low costs. To resolve such issues, the Company has been focusing on Communications-Based Train Control (CBTC) system. The introduction of CBTC system will make it possible to streamline equipment, save labor on maintenance work, and reduce operating costs. In addition, a moving block system will help improve operation efficiency, and higher recovery effect from train delays is expected. With our CBTC system, we remain committed to responding to changes in the social environment and resolving issues facing the railway industry.

1 Basic description of our CBTC "SPARCS"

1 Outline of our CBTC "SPARCS"^{*2,3}

CBTC represents a next-generation train control system that enables continuous detection and control of the train's position via wireless communication. Unlike conventional ATC systems, which require cables to be laid on the entire lines, SPARCS transmits and receives control information wirelessly and thus offers a number of advantages by leveraging its moving block^{*4} features. The moving block system makes it possible to shorten the interval between trains compared to a fixed block^{*4} system based on track circuits.

SPARCS, a CBTC system developed by the Company, has already been adopted for many applications by overseas railway operators, and the safety and technological strength of the system are recognized highly owing to achievements it has accomplished globally over many years. SPARCS is also excellent in energy-saving effectiveness and can reduce system life-cycle costs. ATP^{*5} functions can reduce CO₂ emissions by approximately 70% per annum compared with CO₂ emissions from conventional train control systems.



*1 CBTC: Communications-Based Train Control

*2 SPARCS: Simple-structure and high-Performance ATC by Radio Communication System

*3 Moving block: A system that allows the train to move nearer to the preceding train at any place while maintaining a safe distance between the trains.

*4 Fixed block: A system in which the track is divided into fixed-length sections to ensure safety between trains by preventing more than one train from entering each section at the same time.

*5 ATP: Automatic Train Protection

Wireless network

Functions required of wireless network

TDMA	Secured real-time communication Avoids communication delay due to data collision.
FDMA	Avoided frequency conflict Avoids communication interference due to frequency conflict.
CDMA	Secured confidentiality Avoids interception and spoofing due to deciphered communication data.

Radio ranging

Double-check train detection by radio ranging provides high reliability

Tacho-generator	High positional resolution Calculation of the train position from the TG pulse number based on the point of balise that the train passes through
Two methods comparison	
Radio ranging	No error accumulation Determination of a range of train presence on the track by measuring the distance between wayside and on-board radio sets every time

Cableless

Eliminate the need for signaling cables between ground (SC) and radio (WRS) equipment



Unattended train operation UTO

Realize automatic operation at GoA4 level

GoA4	Automated train operation UTO
GoA3	Automated train operation with staff on board the train DTO
GoA2.5	Automated train operation with an attendant on board conducting emergency stop procedures
GoA2	Semi-automated train operation STO
GoA1	Non-automated train operation NTO
GoA0	On-sight train operation TOS

2 CBTC-related Initiatives

1) Small CBTC radio equipment

We have developed small radio equipment that enables downsizing and energy saving with the software-based implementation of filtering, modulation, and demodulation, which are the core functions of radio equipment. Installation in dusty or confined spaces is taken into consideration. With a small metal housing integrated with a heat sink, the radio equipment provides high resistance to environmental stressors.



2) Outdoor driving/adjustment test facility for CBTC

We developed a test track for CBTC (SPARCS) at our Kuki Plant. The test track is designed to provide checking of system components, employee training on installation and testing/adjustment of equipment, and actual vehicle driving demonstrations for visitors to the Kuki Plant.



2 SPARCS projects

We have built up many SPARCS projects in countries around the world in only 10 years after the system was first put in use on the Beijing Metro. We will continue to aggressively pursue the development of our global network and contribute to the economic development of countries around the world.

Inauguration	Country name	Line name	Stations	Track length (km)	Cars	Number of cars	Operation method
2011	China	Beijing Metro 15	20	41.4	6	34	Semi-automated train operation (GoA2)
2018	India	Delhi Metro Line 8	25	37	6	29	Unattended train operation (GoA4)
2019	Indonesia	Jakarta MRT*	13	15.7	6	16	Semi-automated train operation (GoA2)
2019	Korea	Gimpo Urban Railway	10	23.6	2	26	Unattended train operation (GoA4)
2019	India	Ahmedabad Metro	17	20.7	3	32	Automated train operation with staff on board the train (GoA3)
2022	Bangladesh	Dhaka MRT Line 6	16	19.9	6	24	Semi-automated train operation (GoA2)

* MRT stands for Mass Rapid Transit.

Feature: CBTC

3 Future Prospects

① Projects in progress

Country name	Line name	Stations	Track length (km)	Cars	Number of carriages	Operation method
India	Delhi Metro Line 8 (extension)	22	28.9	6	24	Unattended train operation (GoA4)
India	Ahmedabad Metro Phase 2	15	18.5	6	30	Automated train operation with staff on board the train (GoA3)
Egypt	Cairo Metro Line 4	16	18.8	8	23	Semi-automated train operation (GoA2)
Philippines	Manila Subway Line	15	27	8	30	Semi-automated train operation (GoA2)
Korea	Gwangju Metropolitan Rapid Transit Line 2	44	41.9	2	36	Unattended train operation (GoA4)
Japan	Toei Subway Oedo Line	28	40.7	8	66	Semi-automated train operation (GoA2)

② CBTC system for Toei Subway Oedo Line [in progress]

In 2019, Nippon Signal received an order for a Communications-Based Train Control (CBTC) system as an all-in package from the Tokyo Metropolitan Government's Bureau of Transportation for their Toei Subway Oedo Line. SPARCS (Nippon Signal's CBTC) is scheduled to be installed on the subway line, with the aim of further improving operating efficiency and passenger comfort. This is the first CBTC system installation project undertaken by a single company in Japan, and we are supplying CBTC ground/on-board equipment with automatic operation functions and electronic interlocking systems as required. We have a track record of installing many SPARCS (Nippon Signal's CBTC) units overseas. SPARCS ensures a high level of safety and reliability and has been well received.



③ CBTC system for Seibu Railway Tamagawa Line [under test run]

We began system design in January 2023 to perform verification tests for a CBTC system on the Seibu Railway Tamagawa Line and have been conducting test runs with actual trains from March 10, 2024. This project is aimed at implementing an efficient CBTC system utilizing existing equipment by combining carriage information devices adopted by Seibu Railway Co., Ltd. with SPARCS (Nippon Signal's CBTC), which is field proven in our overseas projects. By always capturing data on train positions and speeds, this system will make it possible to adjust the activation time for a level crossing's alarming system train by train and optimize the time during which the level crossing gate is closed. This system has three points as follows:

- **Streamlining of equipment:** Integrating with carriage information devices and reducing wayside traffic lights and track circuits to improve maintenance and operational efficiency.
- **Efficient train operation:** A train control system by "moving block" that ensures a safe distance between trains is adopted. This provides safe and efficient train operation since the signal system automatically controls train speeds.
- **Optimization of level crossing closure time:** Further optimizing level crossing alarming time by combining CBTC with carriage information devices.



CBTC monitor for drivers



CBTC on-vehicle antennas (circled in red)

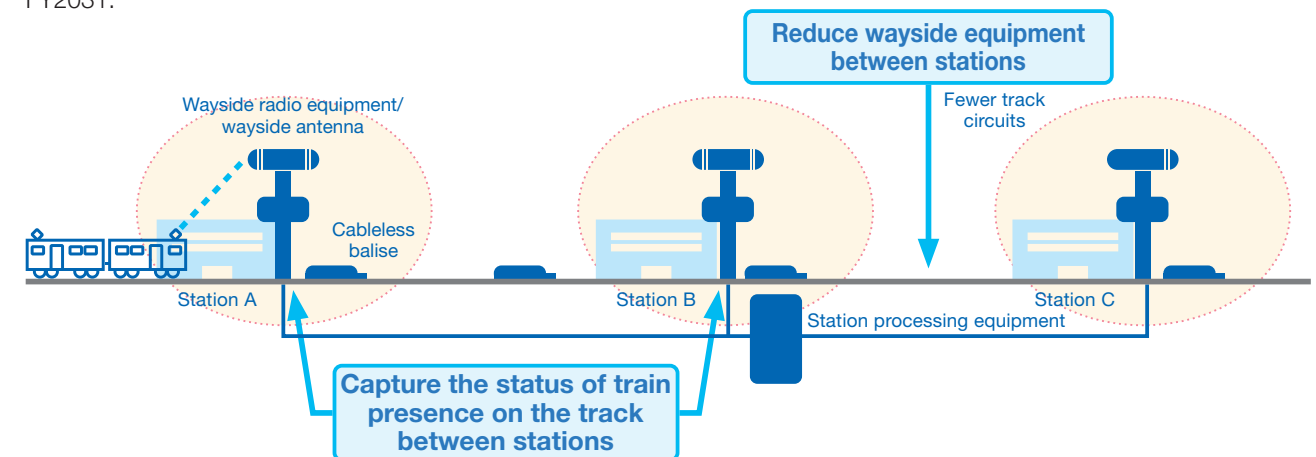


CBTC wayside antenna

④ Izu Hakone Railway Daiyuzan Line Communications-Based Train Control System for regional railroads [under test run]

Since FY2019, we have been developing a CBTC system for regional railroads by utilizing the Railway Technology Development and Promotion Framework set by Japan's Ministry of Land, Infrastructure, Transport and Tourism. This system is aimed at reducing wayside equipment such as track circuits and thereby pursuing labor-saving on maintenance and inspection work to contribute to the continual operation of regional railroads.

We conducted field test runs on the Izu Hakone Railway Daiyuzan Line until FY2024 and will continue to work on challenges including verification mainly through test runs and vehicle renovation, aiming to introduce the system in FY2031.

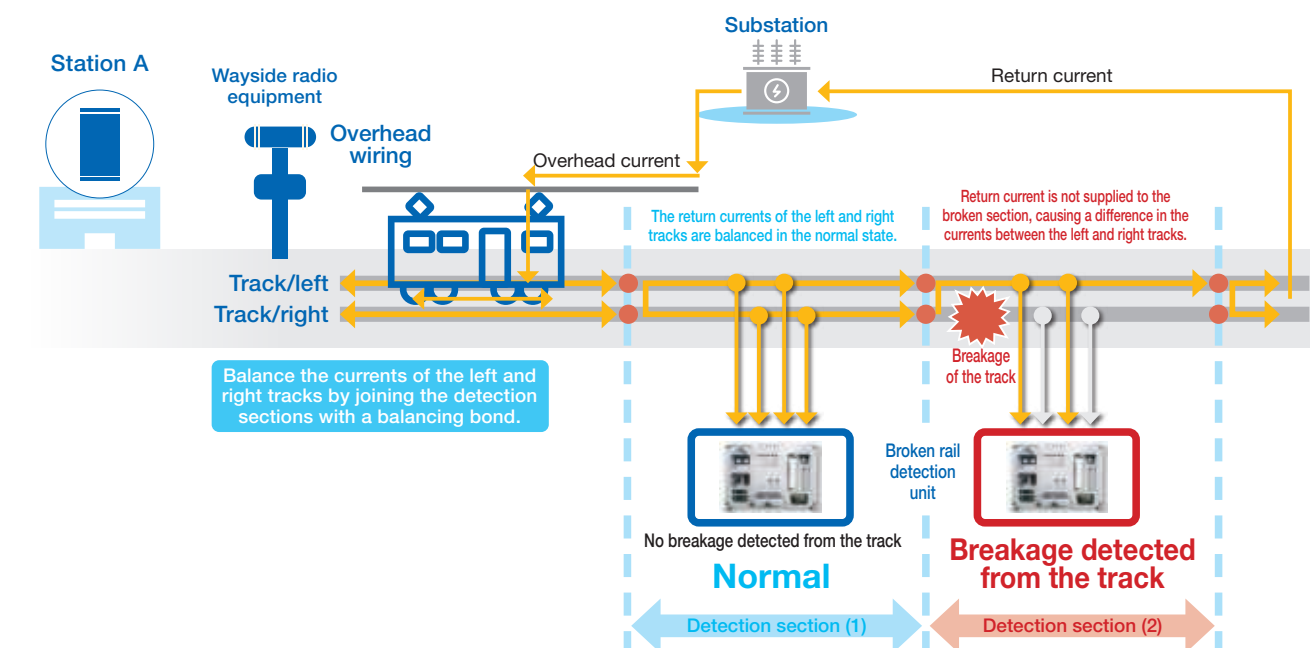


⑤ Tokyo Metro Marunouchi and Hibiya Lines Broken rail detection system [in progress]

We received an order for a broken rail detection system from Tokyo Metro Co., Ltd. for their Marunouchi and Hibiya Lines, and is in the process of manufacturing the system.

The broken rail detection system outputs information about broken rails using a return current. Due to the removal of track circuits as a result of introducing the CBTC system, the function for secondary rail breakage detection is eliminated. Therefore, this new system will be introduced to enable the detection of broken rails. This system has three points as follows:

- Monitor whether the return currents of the left and right tracks are balanced
- The return current is not supplied to broken areas. This causes an imbalance between the currents of the left and right tracks and enables the detection of a broken section.
- Using the return current makes it possible to detect rail breakage only with a receiving circuit.



Feature: Traffic Control Dedicated Wireless Network System (Police MVNO)

Digital transformation (DX) of Traffic Signal Systems

There are approximately 70,000 communications lines connecting traffic signal to traffic control centers within prefectural police departments throughout Japan. In the present situation, traffic lights at many intersections operate through analog lines. However, since it was decided to discontinue the use of analog lines in March 2029, prefectural police departments are preparing to be ready for digital lines.

Nippon Signal began development of wireless network equipment exclusively for traffic control and network systems in 2016 with the aim of reducing communications costs and realizing stable operation of traffic signal system through the conversion from analog to digital lines. In 2016, we established a committee for the verification testing, study and research of traffic control systems using mobile networks. Traffic signal manufacturers and telecommunications carriers were invited to join this committee, as well as the National Police Agency, which is the government agency with jurisdiction, and the police headquarters of various prefectures as observers. The committee took about three years to conduct wide-ranging verifications of matters such as security and communication stability. In October 2020, we began providing services as a MVNO of the Traffic Control Dedicated Wireless Network System. Nippon Signal provides approximately 4,700 communications lines nationwide as of the end of March 2025.

MVNO:

Stands for Mobile Virtual Network Operator.

An enterprise that operates its own mobile communications service by leasing networks from a mobile network operator (MNO), without being allocated radio waves (not operating base stations). MVNO conducts network provision service business.

Redundancy and security ensured for stable service provision

Traffic signal system must constantly provide stable operations and continuous operations at times of disaster. Nippon Signal's Police MVNO has the following three strengths.

1 Stable operation by switching between two lines

In wireless communications, communication can sometimes be disrupted by external impacts. Nippon Signal's Police MVNO plays an important role in transmitting the traffic lights system's control information, and as such, disruptions of communication would be unacceptable. By connecting simultaneously with two communications carriers, we are able to switch between the two lines, depending on the line connection status, thus preventing disruption to information provision.

2 Establishment of BCP through data center redundancy

Traffic signal system are required to provide information continuously even at times of disaster. Data centers that integrate the lines have been set up in two locations, Tokyo and Osaka. In the event of a large-scale disaster, switching between the two data centers will enable information provision to continue uninterrupted.

3 Security

In a study commenced in 2016, we firmed up our security policy in cooperation with the prefectural police. Data is encrypted in wireless network sectors by the communication carriers and between the wireless communication devices and the control center. In addition, the security of the networks between the traffic control center and the Traffic signal, etc. has been ensured by forming closed networks for the exclusive use of the police.

Contributing to the reduction of prefectural police departments' fixed costs

Making this service a subscription model has lowered the barriers against adopting the service, resulting in its adoption for a wide range of applications.

1 One-stop service provision

As the MVNO, Nippon Signal provides one-stop services, from the various administrative procedures and installation of the equipment to maintenance services once the service is up and running. This makes it easier to convert from conventional analog line services (scheduled to end in March 2029).

2 Reduction of communications costs

Conventional analog dedicated-line services were charged on a distance fee basis, so the installation of private lines over long distances resulted in high fees. Because our service is wireless, it is not affected by distance, enabling us to provide services for lower, fixed fees.

3 Reduction of various costs

The central traffic control system that were needed for conventional analog dedicated-line services can be simplified (modem-less terminal devices, elimination of sub-centers). With the simplification of the equipment, running costs, such as air-conditioning costs and maintenance costs required to maintain the equipment, will also be reduced.

Provision of new added value and extension of solutions to other business

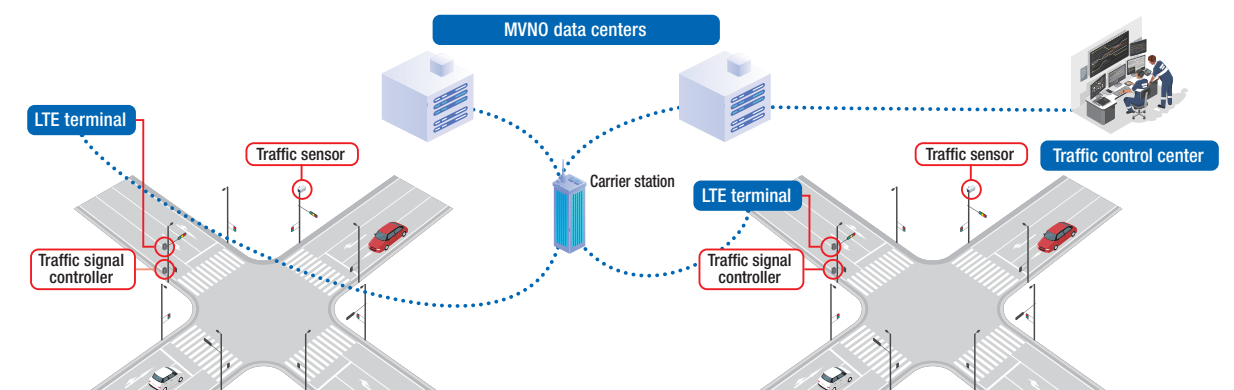
New added value can be provided through the collection of data to the data centers and data mining. A more massive amount of data can be amassed by connecting not only traffic lights but also every infrastructure that Nippon Signal has implemented in society to the data centers via the MVNO network. This makes it possible to create new added value.

1 Solving social issues such as reducing traffic congestion and preventing traffic accidents

Information including video data can be accumulated in our data centers by installing cameras at intersections and transmitting video data via the MVNO network. Video and processed data can be provided. This will help to solve social issues related to mobility, such as reducing traffic congestion and preventing traffic accidents.

Solution using video data

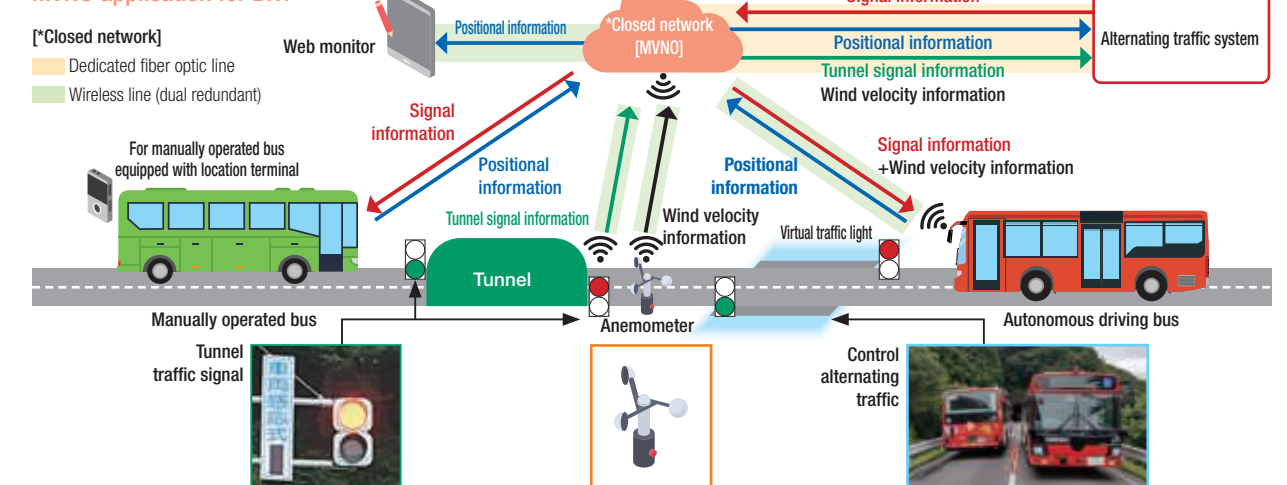
Transmit video data at intersections to traffic control centers via the MVNO network to reduce traffic congestion and prevent traffic accidents



2 Providing communications lines for various types of infrastructure including real-world implementation of autonomous driving

Nippon Signal's MVNO network is used to collect information about the positions of autonomous driving vehicles on the Kesennuma Line BRT and Hitahikosan Line BRT. We will continue to provide communications lines for infrastructure that requires redundancy and high security. We will not only be involved in providing communications lines but also contribute to real-world implementation of new services related to autonomous driving and other mobility using various data.

MVNO application for BRT



In the traffic signal area, sales of terminals for prefectural police departments have been our main business until now. Going forward, we will seek to develop our solutions business utilizing data collected through the MVNO network.

Feature: Global Network

Main Themes of International Businesses

We will contribute to a decarbonized society and infrastructure evolution through various efforts, including the performance of projects in priority countries, the development of business rooted in regions through maintenance services and extension projects, and the development of new markets, aiming to become a global company that continues to inspire people's *Kando* around the world.

Our international businesses began with the export of level crossing gates to the State Railway of Thailand in 1946, and we now provide Japanese transport infrastructure to 30 countries and regions. We will continue to aggressively pursue the development of our global network and contribute to the economic development of countries around the world, with focus on our railway signal systems, AFC systems, Platform Screen Doors (PSD) systems, and traffic signal systems that have been adopted in major cities. These include the Delhi Metro Line 8, for which SPARCS, our CBTC system, was adopted in 2018 and upgraded to a fully unattended operation in 2020.

Initiatives

1. Attainment of world-class competitiveness using digital technology
2. Provision of smart maintenance services through O&M services
3. Increase earnings through business development rooted in priority countries and regions
4. Establish new offices in new markets and conduct activities to enter railway and transport system markets

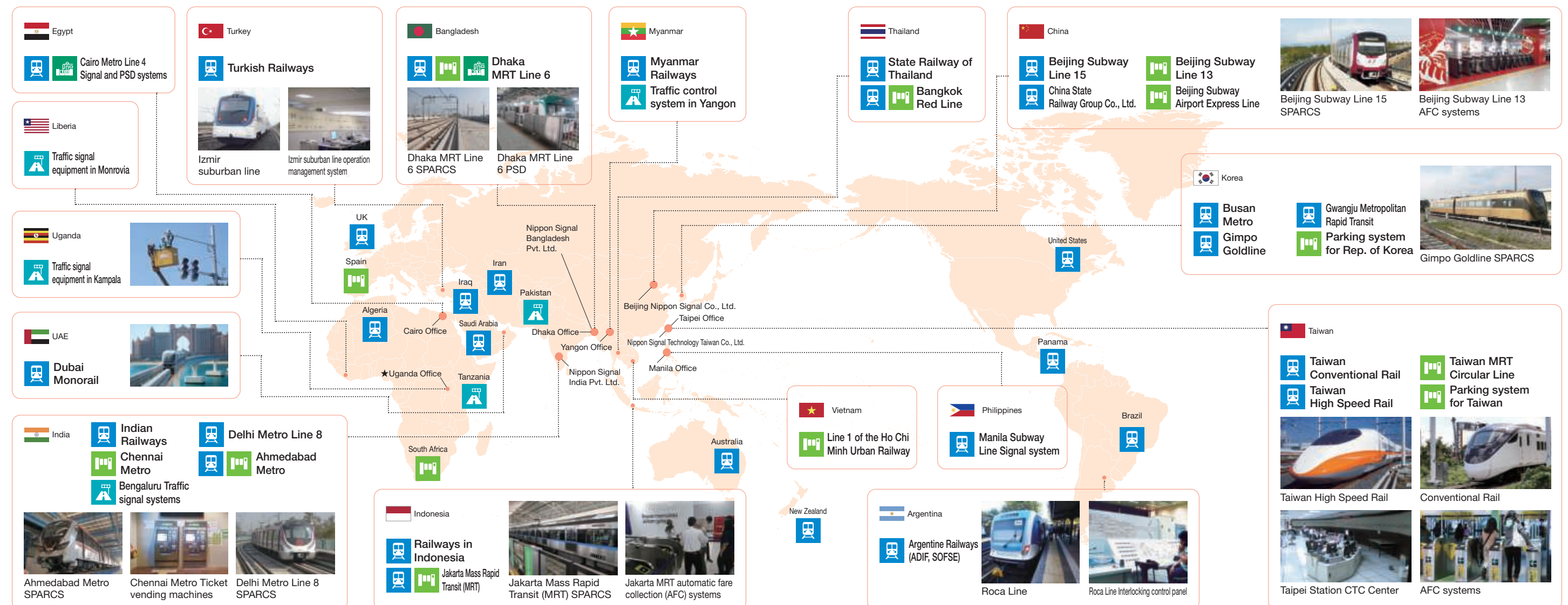
Established a sales office in the Republic of Uganda

In July 2024, we established the Uganda Office in Kampala City, the capital city of the Republic of Uganda, to expand sales activities in the rapidly growing East African market.

In African countries, it is presently an urgent task to work out solutions to chronic traffic congestion caused by the rapid influx of people into urban areas. In Uganda, Nippon Signal has a track record of receiving orders for projects related to official development assistance (ODA) in the traffic signal field. Accordingly, we established the sales office as a permanent base to dispatch employee representatives and engage in continuous activities for marketing research and accepting orders. Uganda provides good access to East African nations, which are expected to experience high economic growth in the future. Leveraging this advantage, we have positioned the Uganda Office as our second African base following the Cairo Office and will work on business expansion primarily in the traffic signal field for the time being, aiming to eventually extend into the rapid transit market.



30 countries and regions



* CBTC: Communications-Based Train Control

* SPARCS: Simple-structure and high-Performance ATC by Radio Communication System

Research and Development

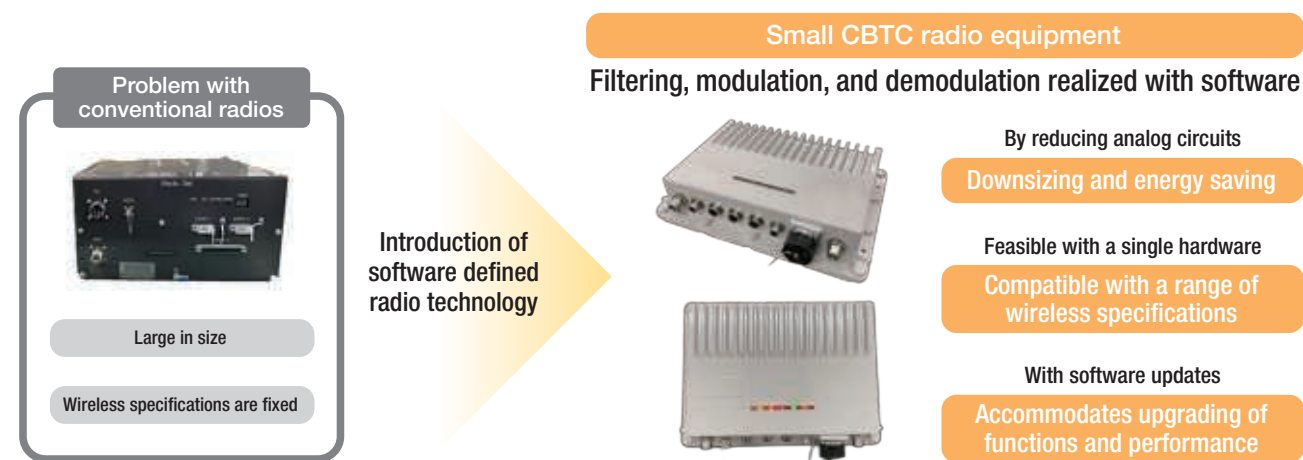
We will focus on labor-saving for transportation infrastructure through digital transformation (DX), as well as on themes that lead to energy conservation and CO₂ reduction to create a decarbonized, recycling-oriented society, and accelerate the development of new solutions and products.

Basic Policy

Sensing technologies that interweave electromagnetic waves have been positioned as shared foundational technologies for the Company. We will use them to create various new products for achieving ongoing business growth as we move ahead towards 2028 (100th anniversary) and contribute to the resolution of social issues.

1 Wireless/Sensing Technologies

Realize downsizing and energy saving with the software-based implementation of filtering, modulation, and demodulation, which are the core functions of radio equipment. We are developing next generation CBTC radio equipment that utilizes software defined radio technology and is smaller and uses less power than conventional models.



2 Smart Maintenance

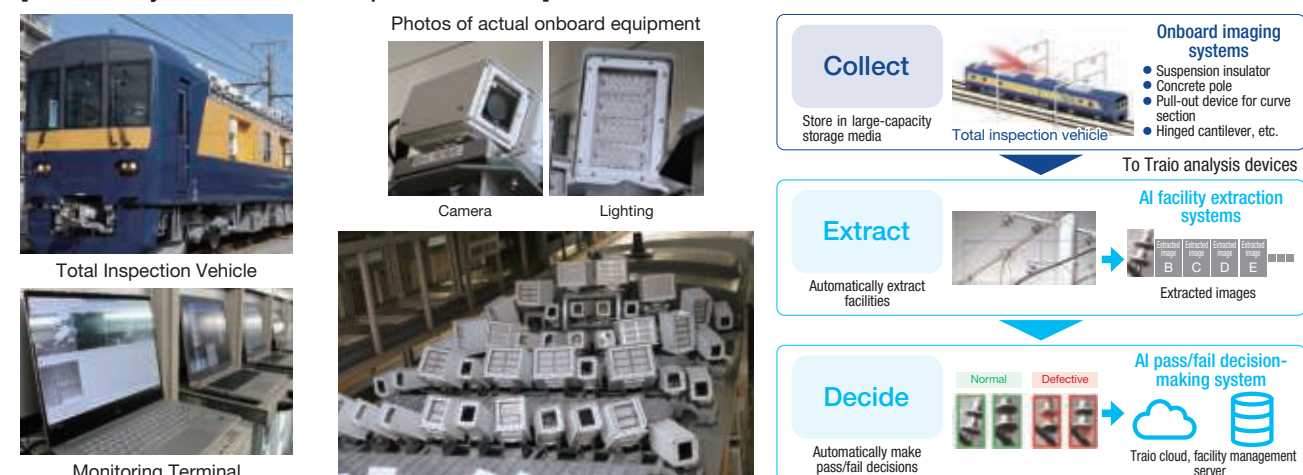
Achieving Inspections along the Railway with Image Processing: Traio Onboard Units
Nippon Signal is proceeding with the development of Traio*, a system that monitors the condition of wayside equipment and achieves efficient and high-quality maintenance with less manpower and at lower cost.

We have upgraded our Traio Onboard Units so that the inspections of wayside equipment that are usually performed by workers on the track can be performed from on board the train.

AI capable of making pass-fail decisions on equipment supports the task of determining equipment faults, achieving labor savings in maintenance operations. Going forward, we will roll out Traio to all types of railway facilities, providing a "new guard" that monitors various facilities constantly and efficiently.

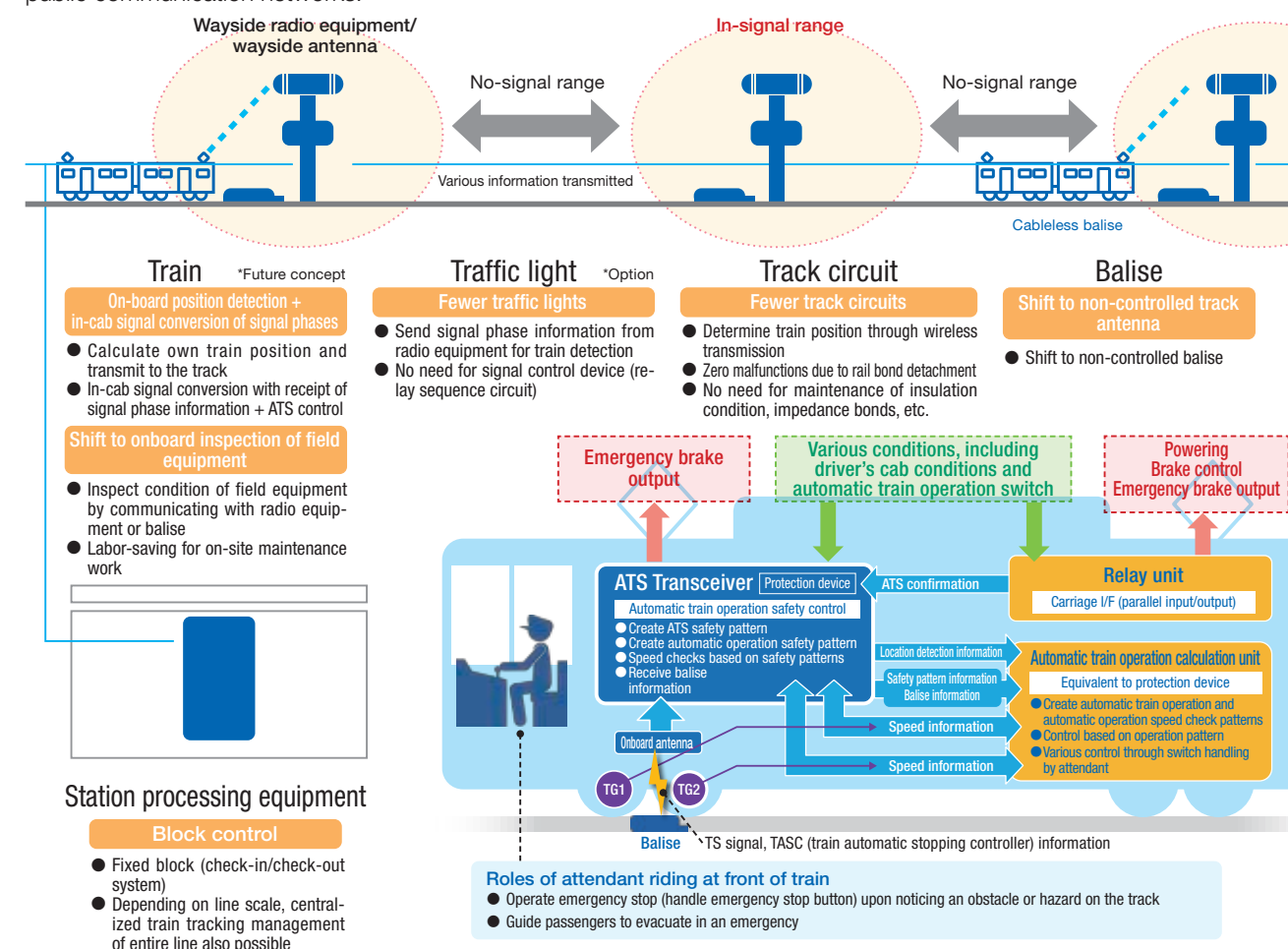
*Traio is a word coined by combining "train" and "IoT."
Nippon Signal developed part of the Traio system jointly with West Japan Railway Company.

[Onboard Systems for Total Inspection Vehicle]



3 Smart Operation

We are developing next-generation railway signal systems that contribute to smart operations. They include the GOA2.5 automatic train operation system which allows an attendant without a train driver's license to operate a train, a CBTC system for regional railways that are a simplified version of our existing CBTC system, and a train control system that uses public communication networks.



4 Intellectual Property Initiatives

[Acquisition of Intellectual Property]

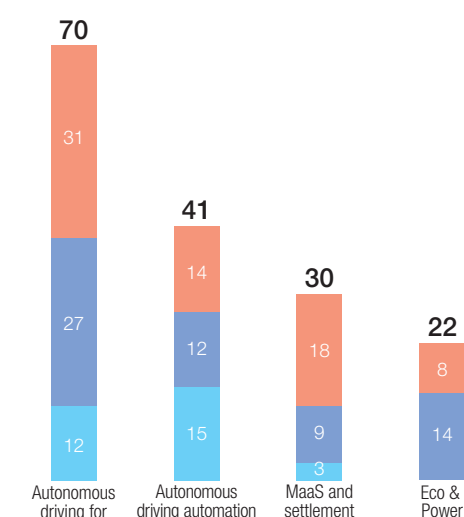
Nippon Signal promotes the acquisition of intellectual property linked with its business strategy to achieve real-world implementation of new business and new products that meet the changing needs of customers, with the aim of creating new businesses. Specifically, we are expanding our intellectual property, including patents, with a focus on such areas as automation for railways, automation on the road, MaaS (Mobility as a Service) and settlement, and Eco & Power solutions. We are also pressing ahead with the acquisition of intellectual property related to foundational technologies shared with our business (sensing, wireless, and network technologies and AI/image analysis technologies).

[Rewards for Employee Inventions]

Nippon Signal has established a system to reward inventions made by employees, in accordance with the provisions on employee inventions in the Patent Act. To increase the incentive toward employee inventions, bonuses are paid at the time of invention, at the time of patent registration, and when the invention contributes to profit.

Number of applications in priority areas

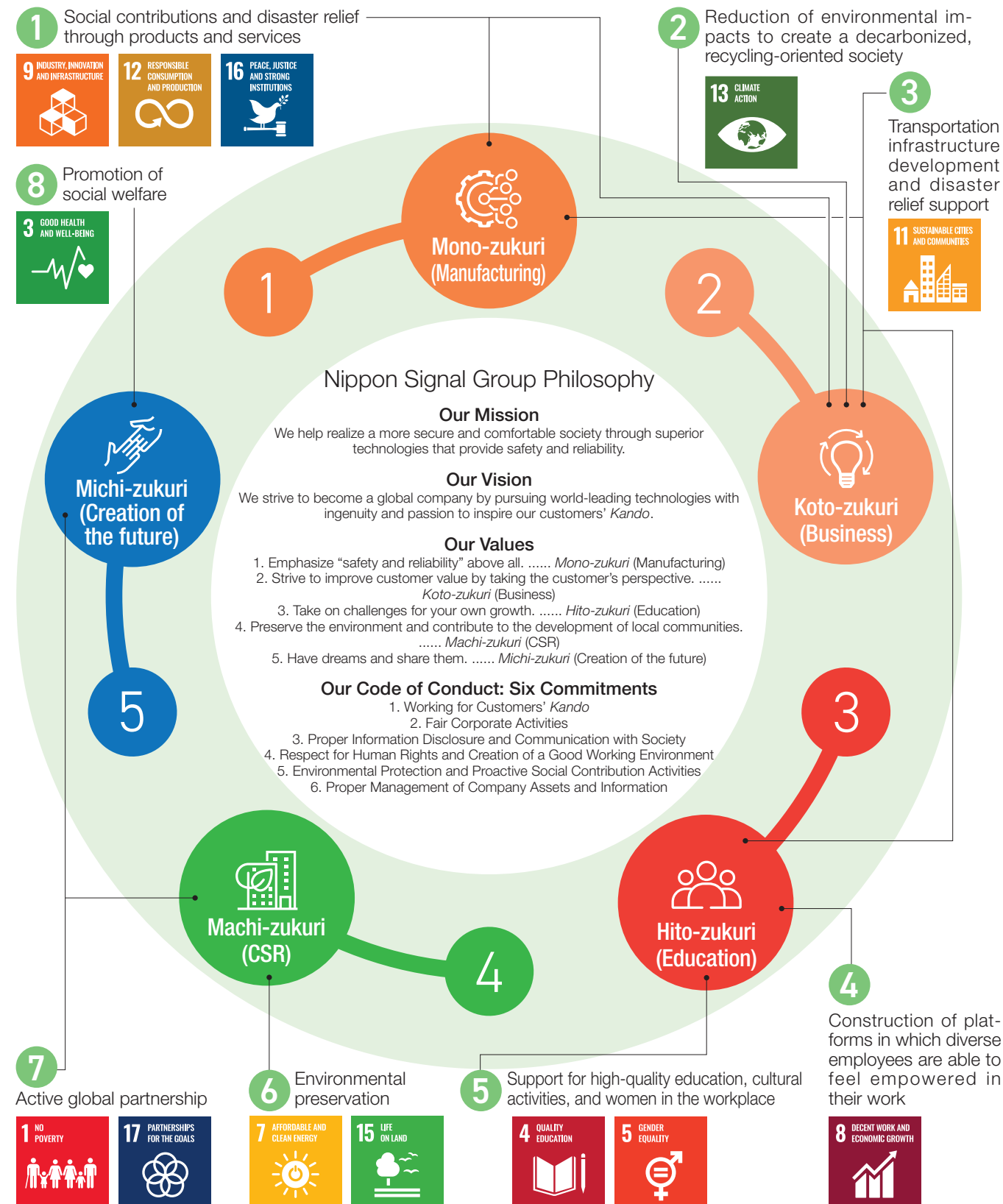
FY2022 FY2023 FY2024 Number of applications



Nippon Signal's Material Issues

The Group will balance social and corporate values through five types of *zukuri* (a Japanese word for creation), or business activities, to achieve the United Nation's 17 Sustainable Development Goals (SDGs) to Transform Our World and the Group Philosophy.

Details: ➔ P35-36



Multi-Stakeholder Policy



We will be committed to resolving social issues through appropriate cooperation with our diverse stakeholders including shareholders and investors, employees, business partners, customers, creditors, and local communities. Details: ➔ P60

Basic Policy on CSR



We hope to realize a more secure and comfortable society for people around the world, and "Our Mission" in the Group Philosophy sets out the idea. Details: ➔ P61

Environmental Policy



We provide eco-friendly products and services, and also reduce the environmental impact throughout the product life cycle, from product development to final disposal, to achieve synergy between business activities and environmental protection efforts. Details: ➔ P47

Health Management



Under the Health Declaration made on April 1, 2022, Nippon Signal has launched initiatives on health management designed to fulfill our social responsibility based on our corporate philosophy of "safety and reliability," and to continue to advance as a company with sustainable growth. Details: ➔ P53

Basic Policy on Information Security



The Group is engaged in group-wide information security initiatives under this Basic Policy, with the aims of protecting the information assets of the Group from accidents, disasters, criminal acts, and other threats, and of responding to the trust of our customers and society. Details: ➔ https://english.signal.co.jp/environment/information_security/

Basic Policy on Internal Control System



1. System to ensure that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation
2. System for the storage and management of information concerning the execution of duties by Directors
3. Rules and other systems for management of risks of loss
4. System to ensure that the execution of duties by Directors is conducted efficiently
5. System to ensure appropriateness of business operations of the Group comprising the Company and its subsidiaries
6. Matters regarding Directors and employees assigned to assist the Audit and Supervisory Committee in their duties and matters regarding the independence of such Directors and employees from the Directors (excluding Directors who are Audit and Supervisory Committee Members)
7. System for Directors, employees, etc. of the Company and the Group companies to report to the Company's Audit and Supervisory Committee, and other systems regarding reports to the Audit and Supervisory Committee
8. Policy on processing of expenses arising from the execution of duties by the Audit and Supervisory Committee
9. Other systems to ensure that audits by the Audit and Supervisory Committee are conducted effectively

Details: ➔ P66

Policy for Determining Remuneration, etc. for Individual Directors



The remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members) is decided under a remuneration scheme to provide Directors with healthy incentive to pursue medium-to-long-term improvements in corporate value while also accomplishing short-term performance targets. Remuneration for each Director is set at an appropriate level, based on their responsibilities. Details: ➔ P66

Basic Approach on Eliminating Anti-social Forces and Status of Establishment of Such Approach



From the perspective of practicing social justice, the Group will have no relationship with anti-social forces whatsoever in either direct or indirect ways. In the event that the Group is subjected to unreasonable demands from anti-social forces, we will categorically reject such unreasonable demands, in coordination with relevant administrative organizations such as the police and legal experts such as attorneys as necessary.

Nippon Signal's Material Issues

1 Social contributions and disaster relief through products and services

Amid the declining birthrate and aging population and the decrease in the working population in rural areas of recent years, the ATS-DK-based*1 automatic train operation system (FS-ATO)*2 developed by Nippon Signal has realized GOA2.5 automatic operation without a large initial investment, allowing trains to be operated with staff onboard who are not drivers. This is expected to enhance safety and reduce driver training costs through the automation and mechanization of operation duties. In March 2024, GoA2.5 automatic operation was launched on the Kashii Line of the Kyushu Railway Company. This is Japan's first commercial operation on a line that has both ATS control and level crossings. Aiming to extend the sections on which this system is installed, we will continue to contribute to the provision of flexible transport services.

*1 ATS-DK: JR Kyushu's signal protective system. This system performs continuous speed checks.
*2 FS-ATO: High-performance automatic train operation device with reliability and fail-safe performance equivalent to a protective device.

SDGs



Group Philosophy





2 Reduction of environmental impacts to realize a decarbonized, recycling-oriented society



SPARCS (Nippon Signal's CBTC) can reduce CO₂ emissions by approximately 70%* per annum compared with conventional train control systems. Starting with Beijing Subway Line 15, which implemented complete Communications-Based Train Control (CBTC) systems in 2011, Nippon Signal has been rolling out SPARCS to various countries. In FY2024, we were awarded a contract to deliver a signal system for the Jakarta Mass Rapid Transit (MRT) project. We also started test runs combining SPARCS with carriage information devices that were adopted by Seibu Railway Co., Ltd. last year. Our aim is to realize an efficient CBTC system for the optimization of crossing closure time and the reduction of environmental impact.

We are also collaborating with the logistics industry to establish a system for maintaining stable logistics with better transportation performance with the use of railway containers.

*Prerequisites Line type: Conventional railway line, steel wheels, double track Track length: 7.5 km
Stations: 4 (1 machine room) Number of carriages: 6 (total number of carriages)
Intervals between transceivers: 300 m (number of track circuits: 50 tracks)

SDGs



Group Philosophy



3 Transportation infrastructure development and disaster relief support

Nippon Signal is pursuing ways to support transportation infrastructure that people can use with peace of mind and in comfort, even in a future where the aging population with a low birth rate and labor shortages have progressed. For the development of humanoid robots for work at height on railways, Nippon Signal promoted joint development with West Japan Railway Company and Man-Machine Synergy Effectors, Inc. and started real-world implementation of multifunctional heavy machinery robots in July 2024. Multifunctional heavy machinery robots can be operated intuitively from a safe location, for purposes such as painting of overhead wiring supports and trimming trees that are obstructing lines. In addition, regarding disaster relief support, we are contributing to the commercialization of BRT on sections of the JR Hitahikosan Line that were hit by the Northern Kyushu Torrential Rain. Nippon Signal will continue its efforts to provide sustainable services.

SDGs



Group Philosophy





4 Construction of platforms in which diverse employees are able to feel empowered in their work



We provide human rights training on a regular basis with the aim of creating an organization in which human rights are mutually respected in our increasingly globalized corporate activities and supply chains. We are also working to enhance our staff dormitories in an effort to create an environment where our employees can work with vitality. Younger employees of diverse gender and nationalities live in our studio dormitories for unmarried employees, and we also have some dormitories that have in-house childcare facilities. In addition, to accommodate diverse workstyles, we have introduced a system that allows employees to choose to work only in specific geographic areas. In this way, we ensure an environment where employees can continue to work with peace of mind.

SDGs



Group Philosophy



5 Support for high-quality education, cultural activities, and women in the workplace

As the main supporter of the Pacific Music Festival (PMF), Nippon Signal co-sponsors this international educational music festival in Sapporo for fostering young musicians. Nippon Signal also provides special support for the "from Saitama to the World" scholarships system (organizer: Saitama Center for Go Global Students) and offers NIPPON SIGNAL Global Challenge Scholarships to young people who aspire to challenging themselves overseas. In the area of women's empowerment, a Nippon Signal employee received the 10th Achievement Award for the Development of Female Engineers by the Japan Association of Technology Executives. Nippon Signal will continue its efforts to further promote diversity.

SDGs



Group Philosophy





6 Environmental preservation



Ever-increasing emissions of greenhouse gases (e.g., CO₂, methane, chlorofluorocarbon) since the industrial revolution are having serious impacts on the global environment, such as extreme weather events and global warming. Nippon Signal is expected to conduct its business activities globally in an environmentally friendly manner. Nippon Signal is pushing forward activities that contribute to the conservation of the global environment, such as the use of renewable energy and forestry conservation, and continually engages in forestry activities, with the Forest of Nippon Signal opened in Yaita City, Tochigi Prefecture. We are also conducting private power generation with solar panels installed in its dormitories for unmarried employees, Signalio Nanasato and Signalio Utsunomiya.

SDGs



Group Philosophy



7 Active global partnership

Achieving SDGs requires global partnerships with countries, corporations, citizens, and academic institutions across the globe. Nippon Signal operates projects in 30 countries and regions. We contribute to the creation of infrastructure in countries across the globe by providing train control systems, AFC (Automated Fare Collection) systems, platform screen doors, and other products. In FY2024, Members of Parliament of the Republic of Kenya and officials from the Kampala Capital City Authority (KCCA) in Uganda visited the Kuki Plant to learn about Nippon Signal's business and transportation safety management. We also conducted internships for international students and held lectures for students studying railway technology at the National Taipei University of Technology. Going forward, we will also actively network with people in emerging countries, such as those in Asia and Africa, and facilitate the creation of business partners and talent development, in an effort to support the development of these countries.

SDGs



Group Philosophy





8 Promotion of social welfare



Nippon Signal Group recognizes that, as a corporate group involved in transport infrastructure of a highly public nature, we should be a group whose employees can help save lives in the event of an unexpected accident or a disaster. We are continuing our scheme to encourage officers and employees of Group companies in Japan to obtain lifesaving skill certifications issued by local fire authorities. We also collect donations around the date of the anniversary of our founding each year under a matching gift* scheme. We have made donations to many organizations including the Japanese Foundation for Cancer Research, the Japan Committee for UNICEF, and disaster-stricken vocational training facilities.

*Matching gift is a system where the Company adds a contribution to the amount of donations made by employees at a fixed ratio and donates the sum.

SDGs



Group Philosophy



E Environment

Realization of a decarbonized society

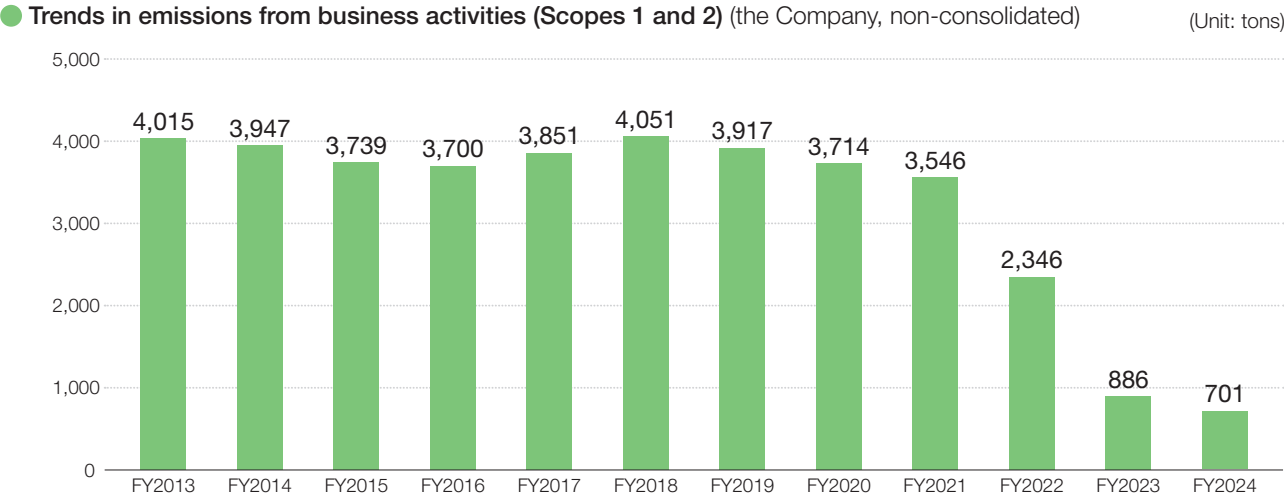
The Nippon Signal Group practices environmentally friendly manufacturing and contributes to a sustainable society through facilities that emit less greenhouse gases when in use and popularization and maintenance of railways that are the means of transportation with low environmental load.

As part of such initiatives, the Nippon Signal Group declared its support of the Task Force on Climate-related Financial Disclosures (TCFD) on December 23, 2021, recognizing that climate change affects sustained growth. We will carry out the following initiatives in accordance with the Sustainability Disclosure Standards (IFRS S1 and S2), which took over from TCFD in 2023.

Task Force on Climate-related Financial Disclosures (TCFD) was established by the Financial Stability Board (FSB) to discuss matters on climate-related disclosures. The Task Force recommends firms and other entities to grasp and disclose the risks and opportunities that climate change poses on their business.

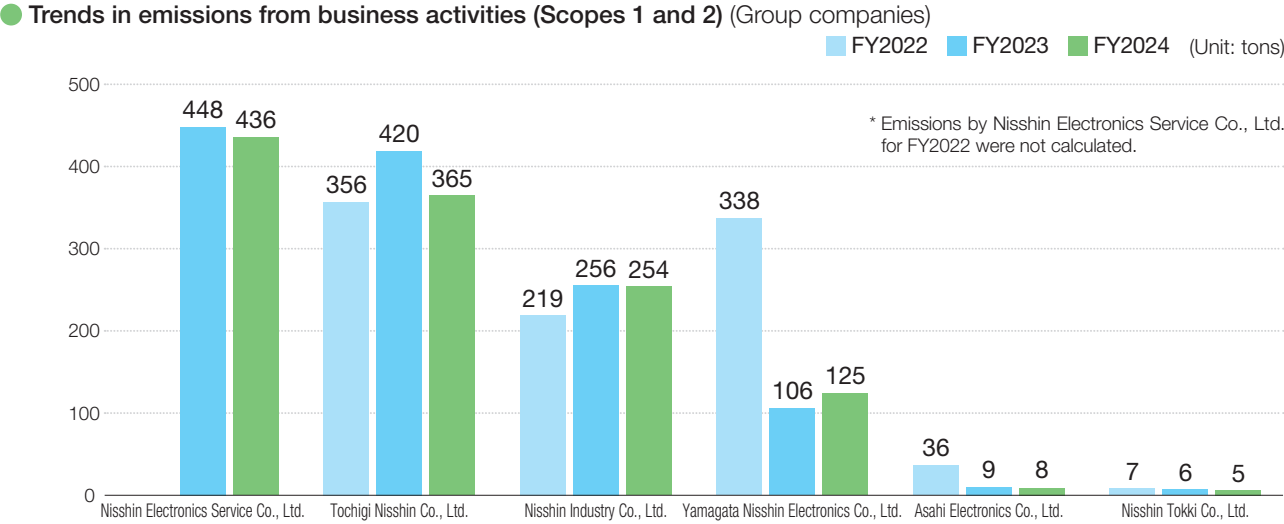
The International Sustainability Standards Board (ISSB) has issued two standards as IFRS (International Financial Reporting Standards) Sustainability Disclosure Standards: IFRS S1 "General Requirements for Disclosure of Sustainability-related Financial Information," and IFRS S2 "Climate-related Disclosures."

Trends in CO2 Emissions



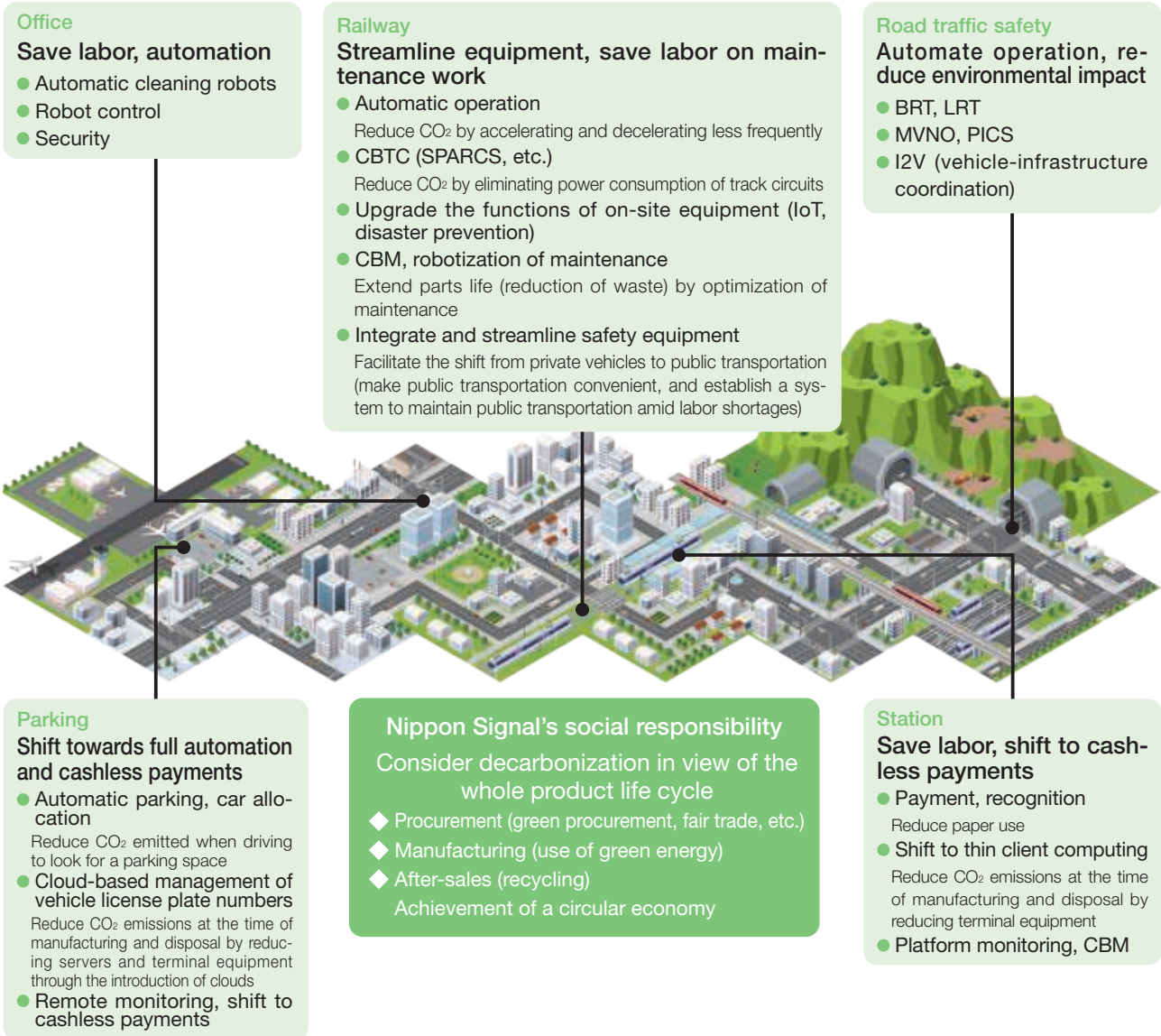
The Group has been gradually shifting to the use of green electricity since FY2022, which has resulted in a significant decrease in emissions.

* Emissions for FY2022 and FY2023 were partially revised due to the shift to the use of green electricity.



We keep track of CO2 emissions of Group companies and take action to reduce them. Emissions decreased significantly at the companies that have completed the shift to green electricity.

Initiatives for Environment Beneficial Products, R&D



(Abbreviations)

CBTC: Communications-Based Train Control, a signal safety technology that controls train operation by using communications between trains and wayside equipment.

CBM: Condition Based Maintenance, a predictive maintenance approach in which maintenance is carried out only when deemed necessary.

BRT: Bus Rapid Transit, a bus system that ensures shorter travel time and punctuality and increases transportation capacity by combining articulated buses, public transportation priority systems, bus only roads, bus lanes, etc.

LRT: Light Rail Transit, a track-based transportation system that adopts low-floor vehicles as well as improved tracks and tram stops, resulting in superior features in terms of easiness of getting on and off, punctuality, shorter travel time, and comfort.

MVNO: Mobile Virtual Network Operator

PICS: Pedestrian Information and Communication Systems, systems that support safe transit by providing information about names of intersections, the status of traffic lights for pedestrians, etc., which is made possible through mutual exchange of information between communication devices installed at intersections and other locations and mobile devices owned by pedestrians.

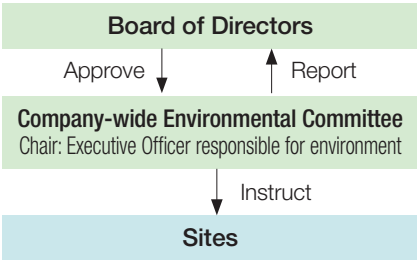
I2V: Infrastructure to Vehicle

E Environment

Disclosure in Accordance with IFRS S1 and S2 (TCFD)

Governance

The Nippon Signal Group regards the addressing of climate change as a significant sustainability challenge. Our Company-wide Environmental Committee, chaired by the Executive Officer in charge of environment and involving heads of each site, manages the process in accordance with the targets and plans for each fiscal year. The Board of Directors provides supervision based on the reports on matters and progress. The Company-wide Environmental Committee and its chair are accountable for climate-related matters.



[Company-wide Environmental Committee/Board of Directors]

The Company-wide Environmental Committee met three times in total during FY2024. Information disclosed in relation to IFRS S1 and S2 (TCFD) and important matters deliberated by the Company-wide Environmental Committee were reported to the Board of Directors twice in total. Important matters reported to the Board of Directors were results of and targets for greenhouse gas emissions, introduction of an industrial waste management system, the 7th Stage Environmental Action Plan (from FY2025 to FY2027), and strategy that takes into account the impact of climate change on quality.

[Climate-related monitoring]

The outcomes of climate-related monitoring are sent from divisions and departments to the Environmental Secretariat of sites and affiliated companies, and reported from the Environmental Secretariat of sites to the Environment and Quality Management Promoting Department. The Environment and Quality Management Promoting Department reports them to the Executive Officer responsible for Environment and Quality Management Promoting Department, and matters of particular importance are reported at the Board of Directors meetings. Monitoring instructions are given through the route opposite to reporting.

Strategy (Scenarios Adopted)

In considering scenario analyses, we have consulted AR6 SSP1-1.9 and SSP5-8.5 of the Intergovernmental Panel on Climate Change (IPCC) and set two scenarios, namely, (1) a world in which the average temperature rise in 2100 is below 1.5°C (1.5°C Scenario), and (2) a world in which the average temperature rise in 2100 is 4°C (4°C Scenario).

Risk Management

[Process for managing climate-related risks]

The Nippon Signal Group sorts out, evaluates, and manages climate-related risks listed below, deliberates their validity at the Company-wide Environmental Committee, and reports them to the Board of Directors.
a) Transition risks (policy and regulations, market, technology, users' behavioral changes)
b) Physical risks (natural disasters, infectious diseases, temperature rises)

[Process for evaluating climate-related risk management]

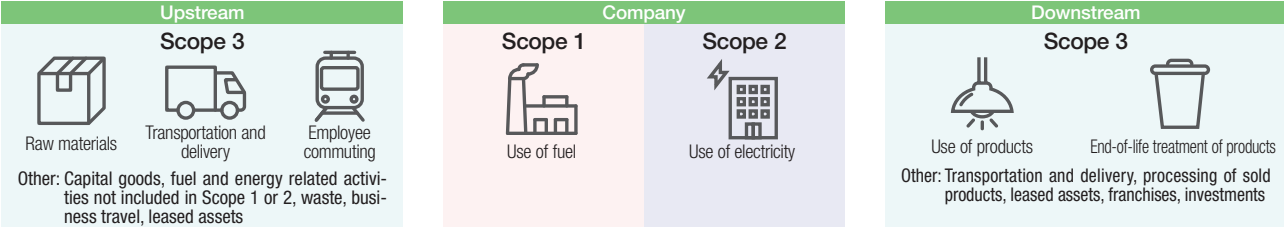
As with other conventional risks, we multiply the probability of occurrence by the scale of damage to judge the severity of near-, mid-, and long-term risks in the 1.5°C and 4°C scenarios respectively. We judge the urgency of response in accordance with the severity.

[Decision-making process for mitigating, transferring, accepting, or controlling climate-related risks]

Instructions are given to the Nippon Signal Group's sites after decisions are made by the Company-wide Environmental Committee (Board of Directors if the matter is of particular importance). The sites make specific decisions, led by their Environmental Committee Members. Coordination between sites and reporting on each site's decisions take place at Environmental Secretariat meetings, to which the Environment and Quality Management Promoting Department serves as the secretariat. Decisions made by each site are made known to divisions and departments by Environmental Committee Members.

Indicators and Targets (Life Cycle CO₂ Emissions)

The Nippon Signal Group will work on the reduction of greenhouse gases based on Scopes 1 to 3 set by the SBT Initiative. In particular, we will measure Scope 3 emissions for each category and make efforts to reduce GHG emissions, particularly those related to the use and end-of-life treatment of our products, with activities starting in the early design stages.



Strategy Based on Scenario Analyses

According to our analysis, the changes in society to keep the temperature rise below 1.5°C will bring about carbon taxation and other legislation, changes in market needs, and other changes, and will push up demand for the Nippon Signal Group's decarbonization solutions. If the temperature increases by 3-4°C, there will be a rise in physical risks associated with severe disasters caused by climate change, and it may seriously affect the Nippon Signal Group's supply chain including our own offices and plants. Our analysis also suggests that there will be a rise in demand for disaster-resistant products. With the issuance of an addendum to ISO 9001 that considers the impact of climate change on quality, we have added several items, focusing on the impact of climate change on quality.

Near term : -FY2025, Mid term : -FY2030, Long term : FY2030-, Underlined : Risks that have large financial impacts, Red: Added items

1.5°C Scenario

Risks	Implications for the Company		Responses of the Company
Transition risks			
Carbon tax on suppliers, introduction of emissions trading system	Near term	<ul style="list-style-type: none">● <u>Substantial increase in electricity costs (1)</u>	<ul style="list-style-type: none">● The 7th Stage Environmental Action Plan: systematically secure green electricity to achieve a green energy procurement rate of 80% as the Nippon Signal Group● Drive energy saving efforts and use of renewable energy (introducing energy-efficient equipment and power generation facilities) towards achieving GHG emissions reduction targets*¹ (7th Stage Environmental Action Plan)
	Mid term	<ul style="list-style-type: none">● Rise in business costs (carbon tax, emissions trading)● <u>Rise in purchasing prices led by the transfer of costs of materials (iron, plastic), etc. to the prices (2)</u>	<ul style="list-style-type: none">● Expand decarbonization policy to Group companies● Shift to products with reduced hardware use● Present Green Procurement Guidelines including those in line with the Framework Convention on Climate Change and keep track of compliance
	Long term	<ul style="list-style-type: none">● Sustained high electricity costs	<ul style="list-style-type: none">● Continue to save energy and use renewable energy
Rapid change in procurement and investment behaviors aimed at a decarbonized society	Near term	<ul style="list-style-type: none">● <u>Additional costs arising from having to make environment-related capital investments ahead of schedule</u>	<ul style="list-style-type: none">● Make capital investments while saving energy
	Mid term	<ul style="list-style-type: none">● Decrease in quality due to only being able to procure decarbonized and low environmental impact materials and parts● Risks during transportation due to mandatory use of simplified packaging	<ul style="list-style-type: none">● Plan for minor changes by modifying or eliminating new parts on a regular basis and conduct quality testing and product certification to always ensure quality and functionality● Use simplified packaging or use recycled materials for both “products delivered to the Company” and “products shipped from the Company”
	Long term	<ul style="list-style-type: none">● Increased competition in environmental performance (products with greater environmental impact will lose competitive power)● Failure to respond appropriately will lead to the loss of trust in society and business opportunities● Rise in costs for adapting to circular economy	<ul style="list-style-type: none">● Reduce environmental impact of the Company’s main products in accordance with SBT Scope 3*²● Develop products and services that will help reduce GHG emissions● Support TCFD and conduct scenario analyses, disclose information in accordance with the framework

*1 Long-term targets for GHG emissions reduction (SBT Scope 3) will be presented in the 7th Stage Environmental Action Plan
*2 SBT, or Science Based Targets, are the GHG emissions reduction targets required under the Paris Agreement. Scope 3 covers indirect emissions.

4°C Scenario

Risks	Implications for the Company		Responses of the Company
Physical risks			
Increased severity and sharp rise in the frequency of natural disasters	Near term	<ul style="list-style-type: none">● <u>Wind and flood damage to production bases</u>● <u>Suspension of parts supply due to supply chain disruption</u>● Restriction on outdoor work due to extreme heat, rise in air conditioning costs	<ul style="list-style-type: none">● Business continuity planning: disaster preparedness at production bases, manufacture of same product at multiple production bases, diversifying suppliers, securing means of transportation● Secure in-house power generation and power storage capacity● Improve outdoor work environments (roofs, spot air conditioning, etc.)
	Mid term	<ul style="list-style-type: none">● Decline in new capital investments due to customers being hit by disasters● <u>Decrease in new infrastructure developments due to increased costs for disaster preparedness</u>	<ul style="list-style-type: none">● Develop disaster-resistant products (waterproof, etc.)● Propose MaaS and other optimal means of transit that take advantage of existing infrastructure facilities
	Long term	<ul style="list-style-type: none">● Decline in operation rates of existing infrastructure due to changes in areas that are susceptible to disasters	<ul style="list-style-type: none">● Propose systems that can be maintained at low costs

E Environment

Impact of global warming on quality	Mid term	<ul style="list-style-type: none">● Deterioration in quality of products stored outdoor due to high temperatures (increased costs due to switching to indoor storage)● Accelerated time to deterioration when the environment exceeds designed conditions	<ul style="list-style-type: none">● Secure proper storage environment, reduce products stored for long period of time● Standardize water-resistant function on products with risk of flooding, secure spare parts for emergency shipments, and perform careful temperature testing
Regional epidemic of infectious diseases	Near term	<ul style="list-style-type: none">● Decline in operation rates of production plants including parts factories● Reduction of production due to disruption in parts supply	<ul style="list-style-type: none">● Automate production processes, utilize IT for business talks● Secure parts and product inventory
	Mid term/Long term	<ul style="list-style-type: none">● Decline in new capital investments due to weaker dominance of public transportation	<ul style="list-style-type: none">● Develop products for use against infectious diseases (temperature check, traceability, etc.)

Opportunities

Opportunities		Implications for the Company	Responses of the Company
Expand sales of products and solutions that support customers' decarbonization efforts	Near term	<ul style="list-style-type: none">● <u>Rise in orders for energy-saving products (3)</u>	<ul style="list-style-type: none">● Adopt energy-saving designs for existing products
	Mid term/Long term	<ul style="list-style-type: none">● Rise in orders to replace existing products for the purpose of decarbonization● Increased requests for proposals for decarbonization solutions	<ul style="list-style-type: none">● Decarbonization plan consisting of design improvement and change of products (including discontinuing products)● Offer solutions that will help reduce GHG emissions
Expand sales of products and solutions that support the strengthening of customers' infrastructure	Near term	<ul style="list-style-type: none">● <u>Rise in orders for products for securing substitute power source in case of power failure and products to prepare for flooding</u>	<ul style="list-style-type: none">● Generate solar power and develop products with storage batteries● Develop waterproof products for outdoor use
	Mid term/Long term	<ul style="list-style-type: none">● <u>Rise in orders to replace existing products following customers' works to strengthen infrastructure</u>● Increased requests for proposals for solutions that enable speedy recovery from disasters	<ul style="list-style-type: none">● Develop products that can stay functional during a disaster● Develop products that contribute to speedy recovery from disasters
Expand sales of solutions that will help counter infectious diseases (new normal)	Near term	<ul style="list-style-type: none">● Increase in bookings and payments made through channels other than counters and ticket machines	<ul style="list-style-type: none">● Expand sales of ticket gates that support mobile bookings and payments
	Mid term/Long term	<ul style="list-style-type: none">● Increased requests for proposals for solutions that enable capturing of congestion information and equalizing of the flow of people● Increased requests for proposals for solutions that enable full automation of site works	<ul style="list-style-type: none">● Develop and propose solutions to capture the flow of people and forecast congestion● Develop and propose remote monitoring and operation solutions
Create and expand new businesses	Mid term/Long term	<ul style="list-style-type: none">● Increased requests for proposals for disaster detection solutions	<ul style="list-style-type: none">● Development plan for technologies to detect disaster occurrence to infrastructure

(1) Nippon Signal and six Group companies that engage in manufacturing and maintenance used 10,146 MWh of electricity in FY2024. Our electricity costs remain at a high level mainly due to electricity contract rate hikes, since the electricity contract rates rose significantly around FY2022. If we use the same amount of electricity, electricity costs will be 80 million to 100 million yen higher than those in 2021 or earlier (including approximately eight million yen for a special contract for CO₂-free electricity).

(2) As steelmaking using electric furnaces, hydrogen reduction steelmaking, and plastics made from raw materials containing CO₂, among others, become widespread, materials produced from processes that involve high costs but low environmental load are expected to become common. In addition to price fluctuations caused by supply and demand balance, material prices may increase due to environmental measures taken.

(3) In our mainstay Railway Signal Systems business, we develop SPARCS (Nippon Signal's CBTC), and roll it out to Railway operators in Japan and overseas. With lower electricity consumption and reduced hardware equipment, SPARCS can reduce CO₂ emissions by approximately 7.0% compared with conventional train control systems. This system has been in operation since 2012 on the Beijing Subway Line 15. Being adopted by Delhi Metro and Jakarta Mass Rapid Transit (MRT), among other railway operators, it first became widespread overseas. Orders and inquiries have been increasing in Japan as well, with orders received in 2019 for installation on the Toei Subway Oedo Line. Sales is expected to rise further due to the support for decarbonization and environmentally friendly products.

● Results of Impact Review by Scenario Analysis

[Products and services]

- To reduce greenhouse gases throughout the life cycle, we will drive forward the development of products with reduced hardware use. This includes concentrating equipment, removing cables (going wireless), and supporting payments that use general-purpose devices.
- We will drive forward the development of disaster-resistant products in response to increase in disasters due to abnormal weather. Such products include waterproof products and products that come with batteries or power generation equipment to cope with power outages.

[Supply chain/Value chain]

- We will diversify suppliers and secure means of transportation to prepare for damage to parts manufacturing plants and disruption to logistics caused by disasters due to abnormal weather. This includes design and development using parts that can be procured from multiple suppliers.
- We will drive forward the development of products and systems that help maintain social infrastructure at the time of disasters and contribute to speedy recovery.

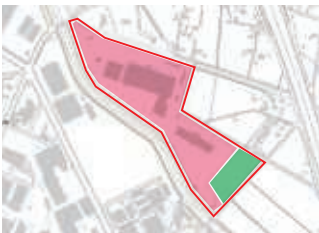

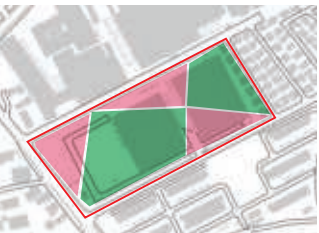
[Investment related to R&D]

- A 21.0-billion-yen investment in R&D has been planned and being made based on the Medium-term Management Plan "Realize-EV100." We focus on CBM, automatic operation, cashless payment, MaaS, and robots that resolve issues in achieving a decarbonized society. All of these contribute to greenhouse gas reduction by allocating limited human and physical resources efficiently.

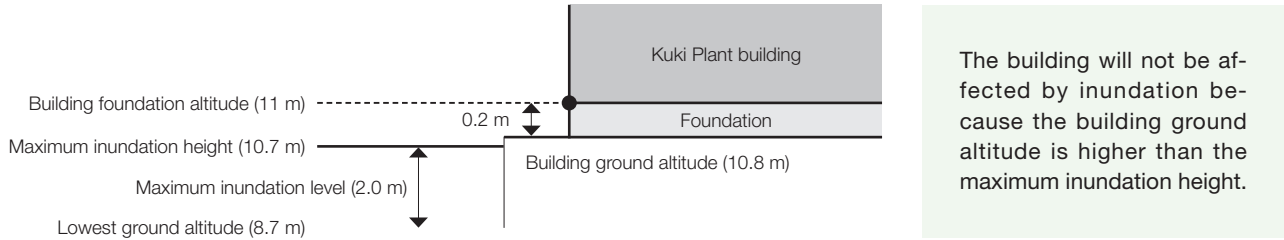
[Business operation]

- We mainly engage in businesses that support infrastructure for railways, which are environmentally friendly means of transportation.
- Manufacturing and use of our products cause little direct greenhouse gas emissions. We use green electricity for manufacturing and strive to adopt energy-saving designs.
- Shown below are our main manufacturing sites' hazard maps for flood and inundation. No factory or site is at a particularly hazardous location that affects business continuity.

*Source: Hazard Map Portal Site

	Kuki Plant	Utsunomiya Plant	Ageo Factory
Hazard map			
Site hazard level	<ul style="list-style-type: none">■ Inundation of 1.0–below 2.0 m■ Inundation of 2.0–below 3.0 m Classified as inundation risks of 1.0–below 2.0 m inundation for the building area (hazard level 3) and 2.0–below 3.0 m inundation for the regulating reservoir (hazard level 4).	No inundation risks.	<ul style="list-style-type: none">■ Inundation below floor level (0.2–below 0.5 m)■ Other inundation (0–below 0.2 m) [Flooded roads, etc.] Classified as inundation risks of 0.2–below 0.5 m inundation for the building area.

Kuki Plant: Relationship between the maximum inundation level and building height



[Transition risks, physical risks, and climate-related opportunities in value and degree of impact]

• Transition risks

Soaring electricity prices have had the largest impact and are likely to have a significant impact in the future as well. Additional electricity costs amount to approximately 50 million yen for the Company (non-consolidated) and 10 million yen for Group companies that engage in manufacturing. If we are unable to sufficiently pass them on to product prices or make up for them in some other way, there is a risk of downward pressure on profit. The Nippon Signal Group will continue to strive for energy saving, and electricity procurement will be reviewed from time to time in light of social circumstances and other factors.

• Physical risks

Disasters on our manufacturing sites may temporarily cause risks of a significant impact, such as suspension of manufacturing and shipping. Our manufacturing lines, however, can flexibly produce a wide variety of products in small quantities and are therefore expected to recover at a relatively early stage. To prepare for the case where our suppliers and logistics networks are affected by a disaster, we promote the use of general-purpose products and diversification of suppliers.

E Environment

• Opportunities

We are expanding sales of waterproof products, products with batteries, products with emergency power switching functions, and other products that respond to physical risks. The demand for such products is expected to grow further. For example, we recorded a certain amount of sales of waterproof point machines and traffic lights with batteries in FY2024. Products that respond to physical risks in a broad sense include cableless systems and remote monitoring systems, the demand for which is also expected to grow further.

[Capital allocation to (capital investment in) climate-related risks and opportunities]

Aiming to operate using 100% green electricity, the Nippon Signal Group is shifting to green electricity procurement. By May 2023, the following manufacturing sites have completed the shift to green electricity.

Nippon Signal

	Start of green electricity procurement	Additional cost (unit price)	Electricity use in FY2024 (MWh)	Additional cost in FY2024 (thousand yen)
Kuki Plant	October 2022	0.83 yen/kWh	2,978	2,471
Ageo Factory	October 2022	0.83 yen/kWh	824	684
Utsunomiya Plant	May 2023	0.83 yen/kWh	2,494	2,070

Group companies

	Start of green electricity procurement	Additional cost (unit price)	Electricity use in FY2024 (MWh)	Additional cost in FY2024 (thousand yen)
Nisshin Tokki Co., Ltd.	February 2022	1 yen/kWh	226	226
Asahi Electronics Co., Ltd.	January 2023	0.83 yen/kWh	104	86
Yamagata Nisshin Electronics Co., Ltd.	April 2023	1.1 yen/kWh	727	800

Other manufacturing sites will gradually shift to 100% green electricity as well.

If all manufacturing companies of the Group procure 100% green electricity, estimated additional costs will be as follows:

	Additional cost (estimated unit price)	Electricity use (MWh) (Actual annual use in FY2024)	Estimated annual additional cost (thousand yen)
Nippon Signal (3 sites*1)	1 yen/kWh	6,296	6,296
Group companies that engage in manufacturing*2	1 yen/kWh	3,107	3,107
Total	1 yen/kWh	9,403	9,403

*1 Kuki Plant, Utsunomiya Plant, Ageo Factory

*2 Nisshin Electronics Service Co., Ltd., Yamagata Nisshin Electronics Co., Ltd., Nisshin Tokki Co., Ltd., Tochigi Nisshin Co., Ltd., Nisshin Industry Co., Ltd., Asahi Electronics Co., Ltd.

*3 Additional cost (unit price) may change depending on social circumstances. Changes in additional costs due to the introduction of power generation facilities and other factors are not included.

• Capital investments related to energy saving

In FY2024, we mainly made the following capital investments related to energy saving.

- ◆ Installed energy-saving shields to and applied heat insulation paint around outdoor units (Ageo Factory) (capital investments made at the Kuki Plant in FY2023 have been deployed to other factories)
- ◆ Introduced timer monitoring of air conditioning equipment, and installed energy-saving air conditioning equipment
- ◆ Replaced light bulbs with LED florescent bulbs with motion sensors
- ◆ Upgraded old manufacturing machines (molding machines, etc.) (group companies)
- ◆ Expanded introduction of hybrid vehicles (group companies)

[Acquisition/Sale/Access to capital]

- No large-scale business acquisitions or sales are scheduled, and no significant impact of acquisitions/sales on direct or indirect environmental data is expected.
- We do not invest in businesses that directly emit greenhouse gases.

● Emissions from main supply chain CO2 (Scope 3) categories and calculation method

We have estimated CO₂ emissions from categories that are thought to account for a large portion of total emissions from the Nippon Signal Group's corporate activity. The estimates will be reviewed going forward.

	FY2013 (estimated)	FY2022	FY2023	FY2024	FY2027 (interim target)	FY2030 (target)	Reduction measures
Scope 1	1,000	683 (non-consolidated)	1,094*1 (Group) 772 (non-consolidated)	983 (Group) 651 (non-consolidated)	600(-383)	300(-683)	Use of electric vehicles and fuel-efficient vehicles
Scope 2	4,000	1,665 (non-consolidated)	1,050 (Group) 115 (non-consolidated)	911 (Group) 50 (non-consolidated)	200(-711)	0(-911)	Shift to green electricity
Scope 3	238,800	188,499	230,214	266,544	159,200(-107,344)	120,400(-146,144)	Reduction of CO ₂ emissions at the time of product use, reduction of raw materials
Category 1	100,000	83,894	123,259	147,337	75,000(-72,337)	61,500(-85,837)	Resource saving, green procurement*2
Category 2	3,500	3,036	3,247	3,140	2,900(-240)	2,500(-640)	Green procurement
Category 4	2,000	1,715	1,355	1,577	1,200(-377)	1,000(-577)	Improvement of transportation efficiency, introduction of eco-friendly cars
Category 5	500	457	362	370	400(target achieved)	400(target achieved)	
Category 6	400	[Not calculated]	350	344	320(-24)	300(-44)	Use of online meetings
Category 7	800	647	663	650	550(-100)	500(-150)	Eco-driving, use of public transportation
Category 11	80,000	56,129	59,665	71,280	45,000(-26,280)	25,500(-45,780)	CBTC, power and resource saving
Category 12	30,000	25,621	30,834	29,985	25,000(-4,985)	20,200(-9,785)	Resource saving
Category 13	0	[Not calculated]	479	1,861	500(-1,361)	500(-1,361)	
Other	21,600	17,000	10,000	10,000	8,330(-1,670)	8,000(-2,000)	Improvement of operational efficiency
Total	243,800	190,847	232,358	268,438	160,000(-108,438)	120,700(-147,738)	50% reduction from FY2013

*1 Emissions of "Group" in Scope 1 and Scope 2 include emissions of Nippon Signal Co., Ltd., Yamagata Nisshin Electronics Co., Ltd., Nisshin Tokki Co., Ltd., Tochigi Nisshin Co., Ltd., Nisshin Industry Co., Ltd., Asahi Electronics Co., Ltd., and Nisshin Electronics Service Co., Ltd.

*2 Category 1 accounts for a large proportion of emissions; however, it is calculated by multiplying raw material purchases by emissions intensity, and there is a problem that activities to reduce emissions by the company and its suppliers are not reflected. We plan to address this problem by changing our calculation method as we conduct emission reduction activities.

[Calculation methods for Scope 3]

The Nippon Signal Group calculates its CO₂ emissions using the methods shown below. (○ : Calculated, × : Not calculated)

Scope 3	Details	Whether emissions are calculated	Calculation method and grounds
Category 1	Raw materials	○	Calculated based on purchases for each internally set item group
Category 2	Capital goods	○	Calculated based on the value of actual capital investment (items that can be assessed based only on monetary value are used)
Category 3	Fuel and energy related activities not included in Scope 1 or 2	×	Expected to be small due to increased use of green energy
Category 4	Upstream transportation and delivery	○	Estimated by calculating the emissions from Group companies' transportation based on the fuel consumption method and including emissions from other companies' transportation based on the ratio of transportation costs
Category 5	Waste generated in operations	○	Calculated based on the volume of industrial waste and general waste (calculated by using the data for incineration services)
Category 6	Business travel	○	Emissions from business travel by company-owned cars are included in Scope 1, and those from business travel by other means are calculated based on the number of employees (10 business trips per year)
Category 7	Employee commuting	○	Calculated only for car commuting based on the commuting distance and using the emission coefficient for gasoline (commuting 24 days per month, fuel efficiency of 20 km/ℓ)
Category 8	Upstream leased assets	×	Emissions from leased vehicle fuel are included in Scope 1, and those from other leased assets are not calculated (estimated to be small)
Category 9	Downstream transportation and delivery	×	Estimated to be small because most are delivered to locations of use and little delivery is done by customers
Category 10	Processing of sold products	×	Estimated to be small because most are delivered as finished products and little processing is done by customers
Category 11	Use of sold products	○	Calculated by quantifying lifetime electricity consumption, based on each product group's electricity consumption (when in standby mode and in operation), operation rate, and estimated life expectancy (all products are powered by electricity)
Category 12	End-of-life treatment of sold products	○	Calculated based on the mass of each product group (calculated by using the data for incineration services)
Category 13	Downstream leased assets	○	Calculated by quantifying annual electricity consumption, based on each product group's electricity consumption (when in standby mode and in operation) and operation rate (all products are powered by electricity)
Category 14	Franchises	×	No franchise systems in place
Category 15	Investments	×	No large-scale investments in projects that emit greenhouse gases

* Greenhouse gas (GHG) emissions are calculated for CO₂ only. We will calculate methane (CH₄) emissions when clearer data becomes available on leakage at the time of fossil fuel mining and other emissions that indirectly affect us. (The Company's business does not have any direct links to emissions from livestock, etc.)

E Environment

[Calculation formulas]

CO₂ emissions are calculated based on the calculation formulas and examples below.

Scope 3	Details	Calculation formula and example
Category 1	Raw materials	$\Sigma[\text{Purchases for each internally set item group} \times \text{Emission coefficient}]$ Example: Sheet metal stamped products (onboard, small equipment) 10,000,000 yen \times Can and sheet metal products 0.00971 = 97,100 kg = 97.1 t
Category 2	Capital goods	$\Sigma[\text{Purchase price of non-current assets} \times \text{Emission coefficient for the closest item}]$ Example: Preparation of equipment for online meetings 1,000,000 yen \times Communications machinery and related equipment 0.00272 = 2,720 kg = 2.72 t
Category 4	Upstream transportation and delivery	$\Sigma\text{Each site } \{ \Sigma \text{ Each partner company } (\Sigma \text{ Fuel used by each vehicle model category } \times \text{ Emission coefficient for each vehicle model category }) / \text{ Share of partner companies' transportation costs} \}$ Example: Utsunomiya Plant: Partner Company A: Fuel used by gasoline light cargo vehicles 4 kℓ \times Emission coefficient for gasoline light cargo vehicles 2.32 = 9.28 t Utsunomiya Plant: CO ₂ emissions from all partner companies 600 t / Share of partner companies 0.8 (80%) = 750 t
Category 5	Waste generated in operations	$\Sigma\text{Each site } (\Sigma \text{ Volume of each type of waste } \times \text{ Emission coefficient for each type of waste})$ Example: Kuki Plant: Plastic waste 30 t \times Incineration services: Industrial waste: Plastic waste 2.55 = 76.5 t
Category 6	Business travel	$\Sigma \text{ Number of employees } \times \text{ Average number of business trips per year } \times \text{ Emission coefficient}$ Example: 1,000 employees \times 10 business trips on average \times Average for all business trips 0.030 = 300 t
Category 7	Employee commuting	$\Sigma [\text{Commuting distance of car commuters } \times 2 \text{ (round-trip)} \times 24 \text{ (commuting days per month)} \times 12 \text{ (months per year)} / 20 \text{ (fuel efficiency: 20 km/ℓ)} \times \text{ Emission coefficient for gasoline cars}]$ Example: One-way commuting distance 30 km $\times 2 \times 24 \times 12 / 20 \times$ Emission coefficient 0.00232 \div 2 t
Category 11	Use of sold products	$\Sigma\text{Each product } \{ [\text{Electricity consumption when in standby} \times (1 - \text{operation rate}) + \text{electricity consumption when in operation} \times \text{operation rate}] \times 24 \text{ (hours)} \times 365 \text{ (days)} \times \text{Estimated life expectancy} \times \text{Number of shipments} \} \times \text{Emission coefficient for each electricity supplier}$ Example: Automatic ticket gates: {0.2 kW when in standby \times 0.5 + 0.4 kW when in operation \times operation rate 0.5} $\times 24 \times 365 \times 7$ (estimated life expectancy) \times Number of shipments 50 \times Emission coefficient for each electricity supplier (national average) 0.00435 \div 400 t
Category 12	End-of-life treatment of sold products	$\Sigma[\text{Each product (Mass} \times \text{Emission coefficient for incineration services} \times \text{Number of shipments})]$ Example: Fare adjustment machines: 0.2 t \times Incineration services 0.0472 \times 50 \div 0.47 t
Category 13	Downstream leased assets	$\Sigma\text{Each leased product } \{ [\text{Electricity consumption when in standby} \times (1 - \text{operation rate}) + \text{electricity consumption when in operation} \times \text{operation rate}] \times 24 \text{ (hours)} \times 365 \text{ (days)} \times \text{Number in operation} \} \times \text{Emission coefficient for each electricity supplier}$ Example: Transceivers: 0.02 kW when in operation \times operation rate 1 $\times 24 \times 365 \times$ Number of shipments 500 \times Emission coefficient for each electricity supplier (national average) 0.00435 \div 381 t

[CO₂ emissions in FY2024]

CO₂ emissions increased in FY2024. It is mainly due to the following reasons.

- Increase in raw material purchases (Scope 3, category 1)
Raw material purchases are on the rise due to the improvement of the business environment, which has gradually returned to normal from the difficulty in obtaining raw materials due to semiconductor shortages in FY2022, and due to higher purchase prices caused by inflation. As indicated in the calculation methods and calculation formulas, emissions are calculated by multiplying purchases by emission coefficients. Increased purchases therefore result in increased CO₂ emissions according to the calculation.
Going forward, we will hold dialogues and track the status of green energy adoption and other measures taken by suppliers, based on which we will calculate emissions accurately and strive to reduce emissions.
- Increase in shipments of hardware equipment (Scope3, category 11 and 12)
Shipments of hardware equipment increased from the previous fiscal year due to measures to accommodate Japan's new banknotes and an increase in investment in safety facilities associated with improved business performance of railway operators. As indicated in the calculation methods and calculation formulas, emissions during use and at disposal for its estimated life expectancy are calculated and recorded collectively at the time of shipments. Increased shipments therefore result in increased CO₂ emissions according to the calculation.
Going forward, we will further promote the development of products with low electricity consumption and reduced hardware raw materials.

● Waste Management

With respect to waste reduction, as included in the 6th/7th Stage Environmental Action Plan (see pages 50 to 52), waste volume is managed with targets in place. We strive to reduce the volume of final disposal by reducing and reusing packaging materials and pallets, looking for collection service operators capable of higher-level recycling (material recycling instead of thermal recycling), and taking other measures.
The Nippon Signal Group will not only continue to strive for waste reduction in business operations but also take action to reduce our products that are disposed of as waste, such as extending product life and making products smaller, lighter, and cableless. This also leads to the reduction of life-cycle greenhouse gas (GHG) emissions that fall under SBT's Scope 3, category 12 (end-of-life treatment of sold products).

● Digitalization of Industrial Waste Manifests and Introduction of Waste Management System (Software)

Effective from FY2024, the Nippon Signal Group has digitalized its industrial waste manifests*¹ and introduced Waste Management System (software). This ensures the storage of manifests on the JWNET*² server. The introduction of Waste Management System prevents missed updates of disposal operators' permits and contracts, ensuring compliance. In addition, the Nippon Signal Group will centrally manage general waste and valuables as well and work on the reduction of CO₂ emissions from waste and increase in the recycling rate.

*¹ A system where businesses that discharge industrial waste issue specific documents and appropriate disposal of industrial waste is tracked by managing the documents.
*² Japan Industrial Waste Information Center, which operates the digital manifest system.

● Water Management

Shown below is our water use in FY2024.

	Water supply	Well water (groundwater)	Grey water (recycled water)	Industrial water supply	Total water intake	Total wastewater
Nippon Signal	32.1	23.9	0	0	56.0	56.0

* No wastewater is treated in-house. All wastewater is discharged untreated to third parties (sewers).

The Nippon Signal Group will continue to strive for water saving and take action to conserve diverse water resources. The Company-wide Environmental Committee deliberates on water management as well.

● Green Energy Procurement

The Nippon Signal Group is gradually shifting to the use of green energy. In addition to using 100% green electricity, we will improve the efficiency of, as well as shift to electricity from, other types of energy and take other measures, thereby reining in green-house gas emissions.

	Timing of green electricity introduction	CO ₂ emissions reduced in FY2024* (t)
Nippon Signal Kuki Plant	October 2022	1,257
Ageo Factory	October 2022	348
Utsunomiya Plant	May 2023	1,052
Nisshin Tokki Co., Ltd.	February 2022	95
Asahi Electronics Co., Ltd.	January 2023	44
Yamagata Nisshin Electronics Co., Ltd.	April 2023	307

*The building owner of the Nippon Signal head office has completed the transition to 100% green electricity.

● Introduction of Environmental Management System (Software)

We have introduced the Environmental Management System (software) to centrally manage the Nippon Signal Group's environmental information and outcomes of environmental activities. The system has been in operation since July 2023. The Environmental Management System (software) manages the following matters.

- CO₂ Emissions (Scopes 1 to 3)
- Energy use (electricity, gas, petroleum)
- Water use (water intake, wastewater)
- Waste volume



E Environment

FY2025 Environment, Quality & Safety Policies

Environment, Quality & Safety Policies

● Basic Policy

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

● Policy

To materialize the basic framework for the 28 Medium-term Management Plan, “Support the next stage of infrastructure,” the Group will achieve all persons’ safety and high-quality products and services through strongly promoting sustainability management and improving the stability of our own process. We will also aim to win reliability from the market. As a premise for ensuring quality, we will establish a culture where we do not conceal, do not turn a blind eye, and create an atmosphere that allows employees to speak up.

Environmental Management

Our environmental efforts represent the essence of our business activities.

● Environmental Philosophy

Nippon Signal promotes initiatives to protect and improve the environment in an effort to create a better world for everyone and build a more comfortable society through safe and reliable technology.

Environmental Policy

Our Environmental Policy has been in place since 2002. We revised the Environmental Policy in April 2024, in light of social demands for sustainability.

● Environmental Policy

We provide eco-friendly products and services, and also reduce the environmental impact throughout the product life cycle, from product development to final disposal, to achieve a synergy between business activities and environmental protection efforts.

- ① We make clear and disclose the impact of our business activities on the environment and the impact of the environment on our business activities¹, while curbing environmental pollution and improving our sustainable environmental management system.
- ② We comply with legal regulations related to the environment, as well as agreements with stakeholders. In addition, we set ambitious targets that meet expectations from society and engage in sustainable economic activities by achieving the targets.
- ③ In product research and development, we calculate² to the extent possible and minimize the environmental load of the process from manufacturing and procurement to disposal. In addition, we promote the development of products and services that support activities of low environmental load, giving back our expertise to a wider society.
- ④ To realize the aims of this environmental policy, we conduct risk assessments on future environmental impacts³ based on cutting-edge findings. We establish the highest goals and targets for protecting the environment within achievable technical and financial limits and conduct periodic reviews to ensure continued improvement.
- ⑤ We roll out this policy as part of educational and awareness-raising activities and disclose the policy to the general public as well, in order to enhance each employee's awareness toward the environment and encourage them to implement the policy proactively.

[Explanation]

- 1. We make clear not only the impact of our business activities on the environment (transition risks and opportunities) but also the impact of the environment on our business activities (physical risks and opportunities).
- 2. We calculate and disclose life cycle CO₂ emissions based on Scopes 1 to 3 set by the SBT initiatives.
- 3. We identify, assess, and manage future environmental impacts.

Environmental Action Guidelines

Along with the revision of the Environmental Policy, we established the Environmental Action Guidelines, which set out specific environmental initiatives of Nippon Signal. We have thus made clear what each employee should do to solve social issues related to the environment.

● Environmental Action Guidelines

- ① We make clear the impact of our business activities on climate change, and set and take action toward greenhouse gas emissions targets that are in line with containing future global temperature rises within 1.5°C of pre-industrial levels. In the meantime, we incorporate climate change into our BCP as part of business activities and contribute to solutions to such issues through our products and services, so that we can adapt to climate change and maintain a safe and comfortable life in society.
- ② We make clear the impact of our business activities on natural ecosystems. We minimize the destruction of ecosystems in development projects related to our business activities.
- ③ We protect water, as well as forest resources that nurture water. We neither take in large volumes of water that affect local lives nor discharge such volumes of wastewater that exceed treatment and recovery capacity. We take appropriate measures to prevent logging and development related to our business activities from causing natural disasters.
- ④ We strive to prevent chemical substances from causing environmental impacts (air, water, and soil pollution), as well as damaging the health of all persons including our employees. We conduct risk assessments always based on the latest information, and promptly take measures, such as banning the use or handling with care. We also disclose information and take appropriate measures on chemical substances used in the past, once environmental impacts become clear.
- ⑤ We set our eyes on a recycling-oriented society, and as a general rule, develop and design products on the premise that they will be recycled. We use common parts and adopt designs that are easy to disassemble, as well as establish systems for a circular economy in logistics, packaging, maintenance, and services.
- ⑥ We engage in resource and energy saving activities. To use finite resources efficiently, we extend product life, carry out optimal maintenance and replacement, and promote development activities for the achievement of functions with less hardware resources and energy.
- ⑦ In procuring and purchasing necessary resources, we check for and ban hazardous substances, and preferentially procure and purchase materials, parts, and products that have less environmental load, taking into account transportation as well.
- ⑧ We provide environmental education in accordance with fields and position levels, so that each employee can carry out environmental conservation activities expected from society.
- ⑨ To achieve the Environmental Policy more effectively, we hold dialogues with suppliers and customers, where information including calculated environmental load is exchanged and value including targets is shared. We cooperate closely with government agencies, local communities, and relevant organizations, and actively participate in environmental conservation activities in society as a whole.
- ⑩ We actively disclose environment-related information to achieve a secure society.

[Explanation]

Each item in the Environmental Action Guidelines respectively aims to meet the following expectations from society.

- ① Response to global warming (TCFD) ② Biodiversity ③ Protection of water and forest resources ④ Management of chemical substances
- ⑤ Recycling-oriented society (circular economy) ⑥ Energy saving and resource saving ⑦ Green procurement ⑧ Environmental education
- ⑨ Cooperation with customers and suppliers ⑩ Information disclosure

● Structure

In order to promote the fusion of environmental conservation activities and environmental management, the Group has been operating an Environmental Management System based on ISO 14001, through the Company-wide Environmental Committee, comprised of representatives from five production facilities and chaired by the Executive Officer responsible for the Environment and Quality Management Promoting Department.

To accelerate decarbonization, three consolidated Group companies that engage in production joined the Company-wide Environmental Committee in the fiscal year ended March 31, 2023, and one consolidated Group company that engages in maintenance joined the Committee in the fiscal year ended March 31, 2025. In order to achieve the provision of eco-friendly products and services, we aim to reduce environmental impact from the developmental stage onward, make continual improvements based on the PDCA cycle, and be a sustainable growth company.

* Amid the growing emphasis on corporate activities that integrate quality and the environment, we renamed the “TQM Promoting Department” to the “Environment and Quality Management Promoting Department” in April 2025, with the aim of integrating and promoting operations related not only to quality, but also to the environment, safety, and sustainability.

● Environmental Audit

We regularly implement internal and external audits to verify compliance with, and the effectiveness of, the Environmental Management Systems.

Internal audit: Regularly implemented audits based on audit guidelines

External audit: Annual audits by ISO certification institutions; no cases of nonconformance were found in the audit conducted in the fiscal year ended March 31, 2025.

● Environmental Risk Management

After identifying environmental risks posed by the business operations at specific sites, emergency response training is conducted regularly to help us avoid and mitigate risks.

● Environmental Compliance

Information on environmental laws and ordinances is managed and shared, and periodic checks are implemented to confirm compliance. In the fiscal year ended March 31, 2025, there were no legal violations or accidents related to the environment.

E Environment

Quality Management

We engage in business activities based on our Group Philosophy: “We help realize a more secure and comfortable society through superior technologies that provide safety and reliability.” We determine priority matters and quality targets for each fiscal year, in accordance with our quality policy. We operate a quality management system based on ISO 9001, through our Company-wide QA Committee, chaired by the Executive Officer responsible for the Environment and Quality Management Promoting Department. Each division and department engages in quality enhancement by establishing a quality management plan based on priority matters and making efforts for continual improvement based on the PDCA cycle.

RQMS Management

RQMS (Railway Quality Management System; ISO 22163:2023) is a quality management system standard for the rail industry. It includes the requirements appropriate for the railway market, in addition to the requirements of ISO 9001:2015. Nippon Signal attained certification in the fiscal year ended March 31, 2020. We passed the periodic review in the fiscal year ended March 31, 2025 and the certification remains valid.

Green Procurement Guidelines

Based on its environmental policy of providing eco-friendly products and services, Nippon Signal enacted the Green Procurement Guidelines in 2005. When purchasing commercially available electric and electronic components or items with designated specifications from manufacturers or suppliers, we select and preferentially procure raw materials and components that are friendly toward the environment while also taking into account quality, price, and delivery date. The Green Procurement Guidelines complies with the latest versions of the Act on the Assessment of Releases of Specified Chemical Substances in the Environment and the Promotion of Management Improvement, the EU’s RoHS Directive, the REACH regulations, and other rules. In September 2024, we revised the Guidelines to include contents that encourage activities on matters that have been increasingly demanded by society in recent years such as impact on climate change, addressing the recycling-oriented (circular) economy, and responsible procurement of minerals. In addition, we encourage suppliers to acquire certification for Environmental Management Systems, conduct green procurement, and manage and eliminate the use of regulated chemical substances from the perspective of supply chain management.

Responsible Procurement of Minerals

The Nippon Signal Group Philosophy Code of Conduct states, “As a member of the international community, we will not have involvement whatsoever with forced labor or child labor.” This is applicable to procurement decisions as well.

Environment & Quality Education and Awareness Raising

Nippon Signal conducts regular training for internal environmental and quality auditors to ensure appropriate environmental activities and improve quality management.

Environmental and Climate Change Education

With the understanding that all employees should proactively address environmental issues (especially climate change), we will implement level- and division/department-specific education programs. In the fiscal year ended March 31, 2025, three education program sessions took place.

	Topic	Purpose	Intended target
July 16, 2024	The future of energy and the environment	Learn about global trends related to the environment and what corporate activities should be based on these trends, and use the knowledge in conducting business	General, managerial positions
November 13, 2024	Occupational health and safety training - Company-wide efforts to manage chemical substances -	Understand the response to the management of chemical substances (Ordinance on Industrial Safety and Health: effective 2024), and use the knowledge in conducting each business	Persons in charge of chemical substance handling in each division and department
February 12, 2025	The 7th Stage Environmental Action Plan education	Learn about the latest environmental trends/outline of amendments to environment-related laws and regulations and measures to address them, and how they apply to our plans	Environmental Secretariat of each site

Eco Test and QC Exam

We encourage our employees to take the Certification Test for Environment Specialists (Eco Test)*1 and acquire rank 3 or higher certification in the Quality Control Examination (QC Exam)*2 with the aim of raising their awareness of, and helping them acquire knowledge on, the environment and quality. Employees who have passed the Eco Test or acquired rank 3 or higher certification in the QC Exam both exceeded 70%.

*1 Eco Test: A test scheme organized by the Tokyo Chamber of Commerce and Industry through which people aim to acquire knowledge on environmental issues
*2 QC Exam: An examination scheme organized by the Japanese Standards Association through which knowledge on quality management is evaluated

Social Contribution to the Environment

Forestry activities at the Forest of Nippon Signal

In 2019, we opened the Forest of Nippon Signal in Tochigi Prefecture, home to the Utsunomiya Plant. We planted 2,700 wild cherry trees in the first year. In spring 2025, we removed ivy, spread fertilizer, taped, transported seedlings, and replanted 100 wild cherry trees. Forest conservation activities have taken place on an ongoing basis.



Global Environment Protection and Volunteer Activities

Each office (head office, branch offices, plants, affiliated companies, etc.) of the Nippon Signal Group carries out unique global environment protection and volunteer activities.



Voluntary cleaning in front of the Uzen-narita Station (Yamagata Nisshin Electronics Co., Ltd.)



Voluntary burning in the Mitsumatanuma Biotope (Ageo Factory)

Global environment protection activity	Site
Voluntary cleaning of areas around sites	Head office, branch offices, Kuki Plant, Utsunomiya Plant, Ageo Factory, Group companies
Cleaning of the station nearest to the office	Yamagata Nisshin Electronics Co., Ltd., Chubu Branch Office
Park beautification, maintenance of roadside flower beds	Kyushu Branch Office, Nisshin Tokki Co., Ltd.
Biotope rare plant distribution survey, voluntary burning	Ageo Factory
Food drive*, where employees collect food items and donate them to the Kid's Cafeteria Project and other organizations	Osaka Branch Office
Donation of unneeded umbrellas	Kyushu Branch Office
Installation of water server (reduction of plastic bottles)	Nisshin Electronics Service Co., Ltd.

* Food drive: An activity where the organizer collects unused leftover food items and donates them to food bank organizations, local welfare facilities and organizations, etc.

Environmental Performance

Since the fiscal year ended March 31, 2006, the Group has continued to formulate environmental action plans, based on which it has pursued reductions in environmental impacts. We promoted the 6th Stage Environmental Action Plan from the fiscal year ended March 31, 2023 to the fiscal year ended March 31, 2025.

Environmental targets	Environmental indicators		FY2022	FY2023	FY2024
1 Decarbonization	① Energy use reduction rate	Target	1% or more reduction from the previous fiscal year	1% or more reduction from the previous fiscal year	1% or more reduction from the previous fiscal year
		Result	5.3%	-3.7%	11.5%
	② Green energy procurement rate	Target	20% or higher/year as the Group	40% or higher/year as the Group	60% or higher/year as the Group
		Result	38.5%	76.9%	64.6%
	③ Contribution to the environment by improving business operations	Target	100% achievement rate	100% achievement rate	100% achievement rate
		Result	Achieved at six sites	Achieved at six sites	Achieved at seven sites

E Environment

Environmental targets	Environmental indicators		FY2022	FY2023	FY2024
2 Reduction in and sorting of industrial waste generated	① Reduction in industrial waste generated	Target	0.5% or more in emission units from the previous fiscal year	0.5% or more in emission units from the previous fiscal year	0.5% or more in emission units from the previous fiscal year
		Result	18.7%	29.4%	2.9%
	② Sorting of industrial waste	Target	100% achievement rate	100% achievement rate	100% achievement rate
		Result	Achieved at five sites	Achieved at four out of five sites	Achieved at five sites
3 Social contribution related to the environment	① Promotion of regional environmental activities	Target	Four times or more a year at each site	Four times or more a year at each site	Four times or more a year at each site
		Result	Achieved at all sites (148 times in total)	Achieved at all sites (111 times in total)	Achieved at all sites (116 times in total)
	② Environmental/SDGs education	Target	Four times a year	Four times a year	Four times a year
		Result	Conducted four times	Conducted four times	Conducted four times
4 Products	① CO ₂ emissions from (Nippon Signal) products and systems	Target	Discussion on calculation formula	Measurement (Disclosure of calculation formulas: only those related to products)	Verification (Disclosure of focus areas and reduction targets)
		Result	Calculated emissions for major categories in SBT Scope 3	Disclosed in the Integrated Report	Disclosed in the 7th Stage Environmental Action Plan (decarbonization)

[6th Stage Environmental Action Plan Results]

In the fiscal year ended March 31, 2025, we achieved most of the targets.

Energy use was reduced significantly, partly due to changes in emissions intensity. Although there was an impact of changes in average temperatures, the average energy use reduction rate over three years was 1% or more/year.

With respect to the green energy procurement rate, although the number of sites that have introduced green electricity increased, the percentage of petroleum procurement increased as Group companies with many company-owned cars were covered.

We will continue our efforts to reduce environmental impact in the 7th Stage Environmental Action Plan.

7th Stage Environmental Action Plan (from FY2025 to FY2027) Target

From FY2025 onward, we will further promote the existing contents based on the 6th Stage Environmental Action Plan results, and add indicators in line with the Environmental Policy, which was revised in April 2024, as well as the Environmental Action Guidelines. For indicators other than the decarbonization guidelines, we first conduct a survey on actual conditions and set targets flexibly depending on the results of the survey.

Environmental goals	Environmental indicators	FY2025 targets	FY2026 targets	FY2027 targets
1 Decarbonization	① Energy use reduction rate	Average reduction rate of 1% or more over five fiscal years (Scope1, 2)		
	② Supply chain greenhouse gas emissions*1	200,000t or less	180,000t or less	160,000t or less
	③ Green energy procurement rate (achievement rate of additional elements)	70% or higher	80% or higher	80% or higher (10% or higher)
2 Reduction in industrial waste and water use, biodiversity, and management of chemical substances	① Reduction in industrial waste generated	Average reduction rate of 0.5% or more over five fiscal years		
	② Reuse of resources (products, packaging materials)	One or more new activities at each site		
	③ Reduction in or reuse of water use	Formulation of usage plan for water other than water supply	Installation of facilities for water reuse, etc.	Reduction of water supply use by 1%
	④ Understanding biodiversity impacts	Plan for understanding overseas PJ environmental impact	Understanding overseas PJ environmental impact	Mitigation activities based on the environmental impact study
	⑤ Traceability of chemical substances	Formulation of traceability plan	Data collection of chemical substances in procured products	Introduction of ChemSHERPA*2 system

Environmental goals	Environmental indicators	FY2025 targets	FY2026 targets	FY2027 targets
3 Dialogue and social contribution related to the environment	① Dialogue with stakeholders on the environment	Once or more a year Suppliers, customers	Twice or more a year Suppliers, customers	Twice or more a year Suppliers, customers
	② Environmental/ESG education	Four times or more a year		
	③ Responsible Procurement	Introduction of EcoVadis*3	Supplier survey	Assessment score of 50 points or more

*1 Scope3: 238,800t in 2013 (estimated) → 120,700t in 2030 (target)
*2 : Traceability management system for chemical substances in products
*3 : Sustainability assessment system for the environment, human rights, etc.

Reduction of the Environmental Impact from Our Products

● Eco-Label Products

We rank products by our level of eco-friendliness. Products that meet our internal criteria have been approved as eco-label products. Multiple eco-label products are approved every year, and the system has produced certain results, such as ripple effects of ideas on other products. However, to achieve a 46% reduction of greenhouse gases (SBT Scopes 1 to 3) throughout the product life cycle by 2030 and realize carbon neutrality by 2050, we have launched new initiatives while keeping the eco-label system.

We will calculate life cycle CO₂ emissions for each product group and prioritize high-emission products in taking measures. Our activities will take the following direction, in addition to making products smaller and lighter and saving energy, which we have been pursuing in developing eco-label products.

Details	Contribution to the reduction of greenhouse gas emissions
1 Hardwareless/General-purpose products	Reduce Categories 1 and 12 emissions, which account for a substantial proportion of SBT Scope 3 emissions, to zero; and achieve a significant reduction of Category 11 emissions
2 Circular economy	Achieve reduction by converting SBT Scope 3 Category 12 emissions to Category 5 emissions, which we can control, and by replacing former products that have high environmental impacts
3 Power generation and power storage	Contribute to a decarbonized society although not reducing SBT Scope 3 emissions

● Dialogue with suppliers

We promote dialogue with our stakeholders to reduce the environmental impact not only in our own company but also in our supply chain. In particular, we conduct activities to obtain cooperation from our suppliers to reduce “emissions from raw materials (SBT Scope 3 category 1),” which account for approximately half of our GHG emissions.

In the fiscal year ended March 31, 2025, we held a briefing session for “Shinseikai,” a group of our major business partners, and conducted a questionnaire survey of 34 hardware suppliers on their activities to reduce environmental impact and their results (energy use, CO₂ emissions, etc.). Going forward, we will continue and expand these dialogues, as well as request activities to reduce environmental impact based on the survey results and reflect them in our GHG emissions calculations.

External Evaluation of ESG

● CDP

In 2024, we received a B score from the CDP* in the climate category, the same as in 2023. From this year, we also answered in the water security category, and received a B- score.

We will continue to actively disclose environmental information to investors, carry out activities that are lacking, and aim to be a company whose environmental load is even lower than society expects.



* CDP: An international environmental non-profit organization (NGO) established in the UK in 2000. It sends questionnaires to major companies around the world on behalf of investors, analyze and evaluate (rank) the answers, and disclose the results. Approximately 24,800 companies (approximately 2,000 Japanese companies) answered in 2024, which exceeds two-thirds of global market capitalization.

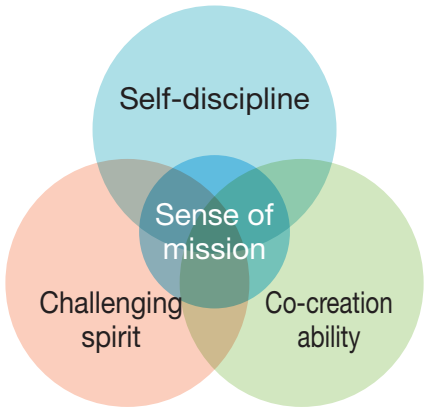
S Society

Human Resource Investments

Basic Policy

The Group has set “take on challenges for your own growth (*Hito-zukuri*)” as one of Our Values in the Group Philosophy, which constitute the basis of our human resources strategy. Based on this Philosophy, we have defined our ideal human resources as those with a sense of mission at the core to support safe and reliable transportation infrastructure, self-discipline to proactively think and act, a challenging spirit to overcome difficulties, and a co-creation ability to create new values in cooperation with a variety of people. In order to secure and develop such human resources, and to realize the corporate environment in which all employees can work as they are and are empowered, we are working on the three items of “increase of engagement,” “Diversity, equity, and inclusion (DE&I) promotion,” and “human resources management based on continuity and change” as priorities in the current 28 Medium-term Management Plan.

Human Resources Vision of Nippon Signal Group



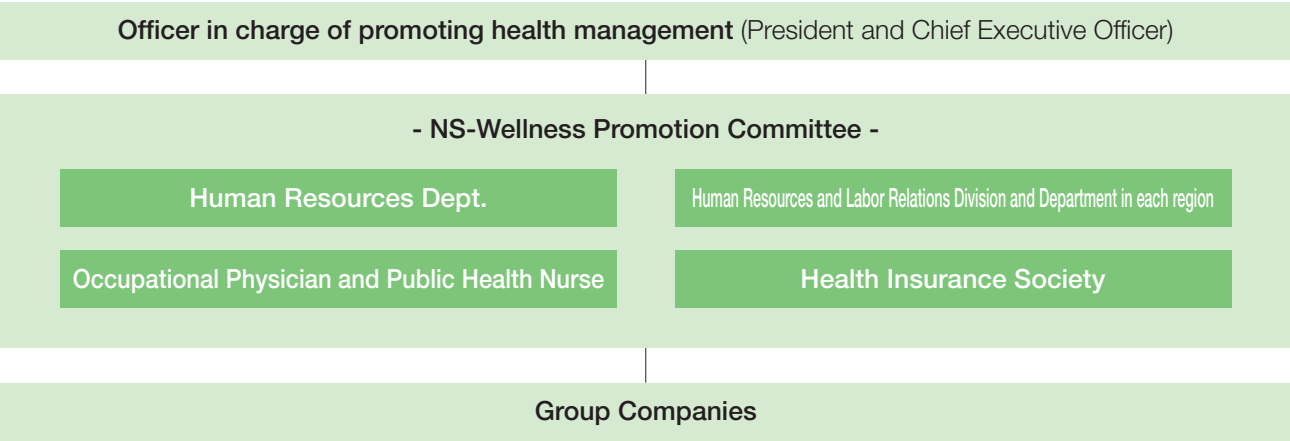
Initiatives to Increase Engagement

1 Foster a Sense of Mission to Support Safety and Reliability

In order for the Group to continue to be a company which contributes to society and upon which society relies, it is important that all officers and employees share the Group's mission and values, and act as human resources suitable to support transportation infrastructure. We added Our Code of Conduct to the Nippon Signal Group Philosophy to provide a foundation for our actions. We encourage all employees to respect laws, ordinances, and other rules. We are also working to build an organization with the capacity to quickly discover problems on its own and address them. In addition, we regularly hold education programs for all employees, featuring case studies that offer lessons. This gives participants the opportunity to share their findings from business activities and to think proactively about the impact of our products on society, and use the findings in their work.

2 Promotion of Health Management

In order to maintain an environment in which employees are physically and mentally healthy at work, we have established a promotion system and implemented various initiatives. We were recognized as one of the Certified Health & Productivity Management Outstanding Organization (large enterprise category) three years in a row from 2023.



<Key initiatives>

(1) Physical health

- We will follow up after health checkups, increasing the specific health guidance participation rate and enhancing health guidance offered by healthcare workers.
- To encourage employees to exercise regularly, we will continue to hold sports events and roll out exercising campaigns.
 - ・ Holding various sports eventsWe hold various sports events from the perspective of promoting employee health and revitalizing communication. In the Kanto region, where the Group's main sites are concentrated, we hold sports events every year such as the “Sports Festival,” “Relay Marathon,” and the “Walking Campaign,” in which participants aim to walk an average of 8,000 steps a day. Many employees participate in these events.

(2) Mental health

We will conduct stress checks, mental health seminars, etc. Measures will be taken for early detection and prevention of mental health issues, including follow-up on employees assessed as highly stressed.

(3) Future health

- We will hold seminars to increase health literacy.
- We will promote the use of our Healthcare Leave system
- We will strengthen measures against smoking.
 - ・ As part of measures against smoking, to raise renewed awareness of the dangers associated with smoking such as passive smoking and nicotine dependence, and to foster anti-smoking awareness, we set a No Smoking Day every year in line with the World No Tobacco Day designated by the WHO, and implement an all-day non-smoking initiative at all of the Company's sites.

Nippon Signal Group Health Declaration

Nippon Signal Group's philosophy is to help realize a more secure and comfortable society through superior technologies that provide safety and reliability. Employees and their families, who support the Group's activities, are irreplaceable assets, and it is most important that they are healthy and empowered. The Company, employees, and the Health Insurance Society will join forces and take active measures to create an environment where each and every employee and their families are physically and mentally healthy at work and live happy lives. Nippon Signal Group will press ahead with the creation of an environment where employees can actively maintain and enhance their health, and keep moving forward as a company that achieves sustainable growth.

Date of formulation: April 1, 2022

Hidehiko Tsukamoto
President and Chief Executive Officer,
Nippon Signal Co., Ltd.

3 Conducting an awareness survey and other surveys

We conduct an awareness survey to improve employee engagement. We take advantage of the survey to understand and resolve issues for the creation of a rewarding workplace. In addition, since FY2024, we have conducted 360-degree evaluations for our managerial employees to encourage improved awareness and behavior change by letting them know of the gap between their own perception and those of employees around them. For example, they become aware of the need to strengthen their ability to develop their subordinates, thus making use of the survey in career design training, etc. as described below.

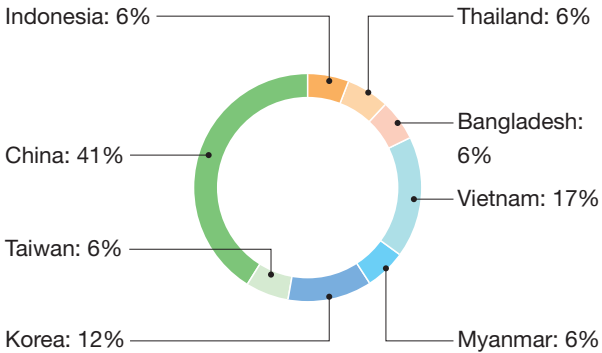
Furthermore, from the perspective of supporting the revitalization of voluntary communications among employees, we are developing the “*Konoyubi Tomare Project*” to provide a certain amount of subsidy for activities and self-development outside the Company by groups of employees.

S Society

Initiatives to promote DE&I

1 Initiatives to secure global talent

We expand globally the safety and reliability technologies we have cultivated in Japan, centered on Asian and other emerging countries. In order to secure human resources who can serve as a bridge between Japan and local communities and play an active role, we actively conduct recruiting activities for Japanese universities that drive globalization and universities in countries such as Thailand and Vietnam.



2 Response to diversity

In addition to flexible working hours, staggered working hours, and remote working, we have introduced a system that allows employees to choose to work only in specific geographic areas, advancing the creation of an environment where employees can choose their workstyles in accordance with changes in the social environment and their life events. Furthermore, in 2024, we introduced a cafeteria plan as a new benefit program, which allows employees to choose services according to their increasingly diverse needs and lifestyles. These services include support for balancing work and family life such as nursing care and childcare services, self-development such as subsidies for obtaining official qualifications and language study, and health support such as meal delivery, supporting employees in achieving better work-life balance.

3 Initiatives to support balancing work and childcare/nursing care

We promote flexible workstyles to support balancing work and childcare/nursing care.

● Enhancement of programs

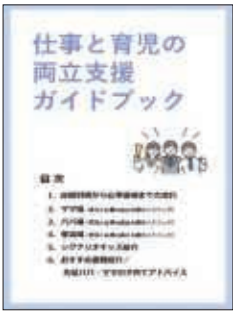
- Establish a wide scope of employees eligible for programs related to childcare, such as leave to take care of the sick/injured, flexible working hours for childcare, and flexible working hours before childbirth

Program	Overview	Eligible employees	
		Legal requirement	Our program
Leave to take care of the sick/injured	Leave available for childcare, medical checkups, entrance ceremonies, etc.	Employees who raise children who have completed the third grade of elementary school	Employees who raise children up to the end of the school year of elementary school graduation
Flexible working hours for childcare (including shorter working hours)	A program that allows employees to choose their own work hours	Employees who raise children between the ages of 3 and pre-elementary school age * Starting from October 2025	Employees who live with and raise children up to the end of the school year of elementary school graduation
Flexible working hours before childbirth (including shorter working hours)		—	When an employee or employee's spouse becomes pregnant

- By introducing working from home and flexible working hours without core hours, provide flexible support for pregnancy, childcare, doctor's visits, nursing care, etc. and support balancing work and family life

● Creation of Guidebook to Support Balancing Work and Childcare/Nursing Care

To help employees visualize the support for balancing work and childcare/nursing care, we create and publish a guidebook based on employee feedback.



◀The contents include the flow from going through pregnancy to taking childcare leave and returning to work, tips for sharing housework and choosing a day-care center, and recommendations for books on childcare, with input from parents in the company.



◀The content includes basic knowledge of long-term care insurance, key points of balancing work and nursing care, and services and programs available.

● Signalio Kids

Signalio Kids, a corporate childcare facility, is attached to Signalio Utsunomiya, one of our staff dormitories. It is located not far from the plant, and we provide an environment in which employees can work with peace of mind, with our support for balancing work and childcare.

	FY2022		FY2023		FY2024		Target
Percentage of employees taking childcare leave	Male	80%	Male	92%	Male	90%	Male 90% or higher
	Female	100%	Female	100%	Female	100%	Female 100%
Percentage of women in managerial positions	3.7%		3.8%		4.2%		5%
Number of women in engineer positions	48		49		48		20% increase compared to FY2019 (50)
Number of non-Japanese employees hired	1		3		1		2 every year

Human resources management based on continuity and change

1 Implementation of level-specific training

We implement detailed level-specific training to ensure that all generations inherit Safety and Reliability as a shared value.

● For young employees

We have introduced the “Tetsuatsu Program” as a training for new employees. The Tetsuatsu Program was named after the proverb, “Strike while the iron is hot (*Tetsu ha atsui uchiniute*).” It is an education program for new employees, where they gain a variety of experiences by taking advantage of their ability to learn quickly.

In addition, this program simultaneously develops human resources around new employees, based on the belief that a system to support new employees is also important.

In organizations that welcome new employees, managers become leaders, and assistant managers and buddies (senior colleagues) play their roles in supporting the growth of new employees. The team thus join forces for the task. Through this program, we aim to involve all the people around new employees in human resources development and allow them to also grow by being close to the new employees.

In the fiscal year ended March 31, 2025, we used this program as a forum for developing not only new employees but also young employees, introducing initiatives to increase engagement, and exchanging opinions, thereby evolving it as a platform for discussions.

S Society

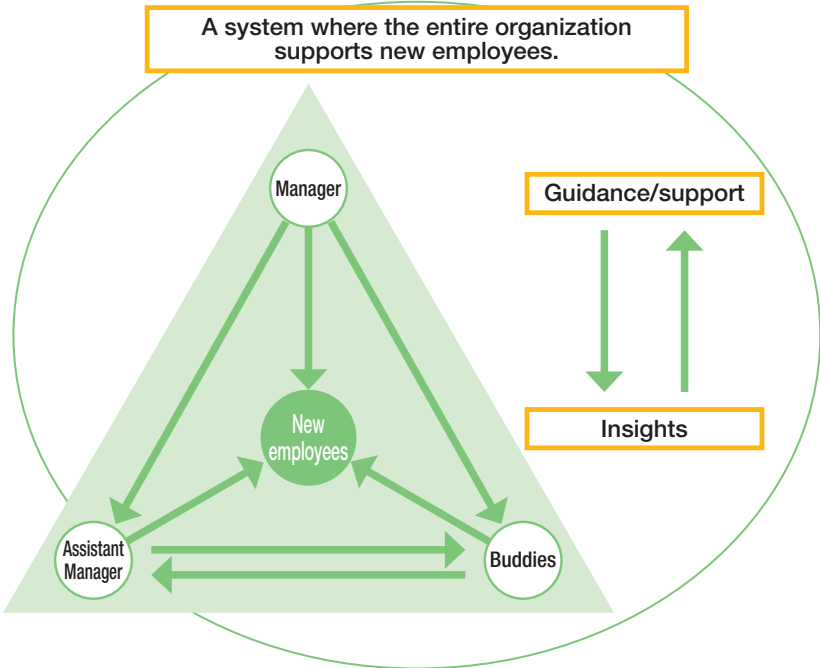
Three objectives of Tetsuatsu Program

- 1

Accelerate the growth curve of new employees by letting them gain a variety of experiences with the guidance and support from their team.
- 2

Create a system where the entire team supports and develops new employees.
- 3

Improve the engagement of the entire division and department, centered on new employees.

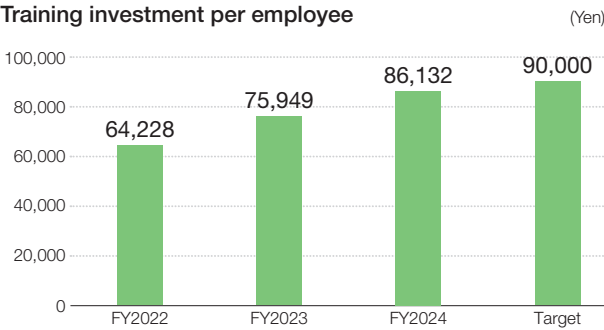


● Training for next-generation leaders

To develop next-generation managerial employees and leaders, we offer a training program, aiming at helping them clarify their own vision and acquire the skills to make value-adding planning and proposal within the organization or to various stakeholders including customers and business partners, while maintaining broad views and perspectives.

● Training for managerial employees and leaders

Managerial employees assume important roles in developing subordinates and improving organizational strength. In FY2024, we offered career design training, aiming at developing managerial employees who can provide career development support based on an understanding of the values and aptitude of their subordinates. They learn the role of managers in career design support and how to conduct career interviews, thereby improving their practical skills. At the same time, we offer a “NS succession plan (training for the development of next-generation executives)” for them to acquire management literacy as future executives and improve their human skills as organizational leaders.



2 Inheritance of technologies of Safety and Reliability

In order to continue to protect Safety and Reliability as a company that supports transportation infrastructure, we need to continuously develop human resources with high technological capabilities and specialized skills. We promote initiatives to develop human resources who support future manufacturing (see page 59, National Skills Competition and NS Skills Contest), and dispatch young engineers overseas, aiming at helping them develop a broader perspective, as a globally growing company. In addition, we provide monthly allowances to each person with qualifications in quality, safety management, etc., which are essential in the installation of equipment on sites, including railways, to ensure appropriate compensation for and retention of human resources who play important roles.

3 Fostering a culture and awareness of self-directed learning

We believe that it is important to foster a culture and awareness of self-directed learning by employees from the perspective of self-discipline and challenging spirit as stated in our Basic Policy (see page 53). To provide such opportunities, we have established a system to subsidize fees for correspondence courses and provide allowances to employees who have obtained official qualifications. The courses and qualifications covered are diverse, ranging from those related to English, which is essential for expanding overseas markets, to information-related courses that enable employees to acquire a broad knowledge of IT, and national qualifications with a high degree of difficulty.

Major Initiatives

● Signalio (dormitory for unmarried employees)



In addition to the Tetsuatsu Program, an organization-centered training for new employees, we believe that cross-company connections are also important for the education of young employees. Communications that transcends boundaries between divisions/departments and the length of service in the Company not only deepen their understanding of the Company's business, but also provide an opportunity for them to be exposed to diverse values and further expand the scope of their activities.

We have Signalios (dormitories for unmarried employees) in Saitama City and Utsunomiya City, which serve as bases for Hito-zukuri where employees can deepen their bonds with peers of the same age. They are studio-type dormitories with a lounge and cooking studio that can be used as a place for socializing. We aim to enhance communications while ensuring their privacy. In addition, we provide them with breakfast and dinner, and a gym, providing an environment in which they can be healthy and feel empowered in their work.



● Nippon Signal Employees Receive the Medal with Yellow Ribbon



IKEUCHI Toshio from the Quality Assurance Department of Kuki Plant received the Medal with Yellow Ribbon in the autumn 2024 Medals of Honor. This award is given to those who are diligently engaged in operations in agriculture, commerce, industry, etc., and have skills and achievements that are role models for others. He was recognized for his long years of contribution to society through his work of quality assurance for railway signal safety systems and other equipment.



S Society

National Skills Competition



We facilitate participating in the National Skills Competition as the creation of an organized and continuing educational base for “NS Meisters,” personnel able to compete on a global stage and take charge of manufacturing for the future. We participated in the electrical equipment assembly trade category. This category requires the acquisition of broad knowledge and techniques in areas including electronic circuit design, circuit board design, program design, repair and measurement, etc. along with advanced soldering skills. We have been participating in the national competition each year since our first participation in 2017. The competition requires not only a wide range of knowledge and skills but also mental strength, as well as the ability to make judgements and decisions. By offering such experiences, we aim to develop human resources who can proactively think, act, and grow.



NS Skills Contest



As part of our activities aimed at enhancing our technological capabilities in manufacturing, and nurturing engineers and supervisors who will be role models for others, we hold NS Skills Contests. The competition tasks involve assembling and wiring, and we use our own printed circuit boards in which parts are implemented. The competition also provides a development opportunity for staff who plan and design the tasks. Tasks are changed every year. To enhance manufacturing skills as the Group as a whole by demonstrating skills and technologies acquired in day-to-day work and competing based on speed, accuracy, and aesthetics, we have held the annual contest since 2013.



Together with Stakeholders

Basic Policy

We established our Multi-Stakeholder Policy in January 2025. Multi-stakeholder policy describes the corporation's policy for building relationships with various stakeholders, such as employees and business partners, in conducting its business, including raising wages, providing education and training, and establishing appropriate relationships with business partners. In accordance with the Nippon Signal Group Philosophy, we will be committed to resolving social issues through appropriate cooperation with our diverse stakeholders including shareholders and investors, employees, business partners, customers, creditors, and local communities.

Multi-Stakeholder Policy

As a company engaging in transportation infrastructure, we have valued dialogue and collaboration with our diverse stakeholders including shareholders and investors, employees, business partners, customers, creditors, and local communities. We will continue to be committed to appropriate co-operation with multi-stakeholders as well as resolving social issues. With respect to earnings and results generated through value co-creation and productivity improvement, we will promote the following initiatives from the perspective of the importance of appropriate distribution of such earnings and results to multi-stakeholders through returning to employees, which leads to increased engagement, and consideration for business partners.

1. Return to employees

The source of our value creation lies in human resources. Our Values in the Group Philosophy include *Hito-zukuri* (education). We are committed to achieving sustainable growth and improving productivity through developing human resources who take on challenges for their own growth and other measures by investing in human resources, including education and training, thereby focusing on the maximization of added value. Based on the above, we aim to return the earnings, etc. generated to our employees in a sustainable manner through proactively conducting various human resource investments, such as comprehensive compensation improvements including wage increases based on our own situation. (Individual item) Specifically, based on the business environment surrounding us, our performance results, medium- to long-term forecast, and other factors, we will improve labor conditions including wage increases and providing various allowances, as well as implement various improvements in compensation such as reviewing a system to a flexible system that meets diverse work styles and enhance benefit programs. In addition, as for education and training, we will work to create a culture that encourage employees to take on challenges by expanding training and self-development support for improving skills, and to promote DE&I.

2. Consideration for business partners

We will continue our efforts to comply with the contents of the Partnership Building Declaration. In the event that the publication of the Partnership Building Declaration is withdrawn, we will voluntarily withdraw the publication of our Multi-Stakeholder Policy.

URL for our Partnership Building Declaration (only in Japanese)
<https://www.biz-partnership.jp/declaration/82591-05-21-tokyo.pdf>

In addition, with regard to business relationships with business operators exempt from consumption tax, we will work to build appropriate relationships with them by referring to the approach, etc. of the invoice system for tax-exempt business operators and their business partners published by the government.



3. Initiatives related to other stakeholders

To meet the expectations of our stakeholders, we will create innovation that transcends the boundaries of our businesses for resolving social issues, and grow on a global scale. We will steadily work on the above items while confirming the status of our efforts.

January 10, 2025
NIPPON SIGNAL
President and Chief Executive Officer,
TSUKAMOTO Hidehiko

S Society

CSR (Social Contribution) Activities

As a company involved in the transportation infrastructure business, which is closely linked to the lives of the public, Nippon Signal Group is highly aware of the importance of coexisting with society and is thus inspired to conduct social contribution activities on a Groupwide basis.

Basic Policy on CSR Activities

We hope to realize a more secure and comfortable society for people around the world, and “Our Mission” in Nippon Signal Group Philosophy sets out the idea. Offering valuable products and services to society through superior technologies that provide safety and reliability and solving societal issues will create business opportunities, which will, in turn, increase corporate value.

Taking advantage of the characteristics of our transportation infrastructure business, we will strive to contribute to society consistently while appreciating our ties with stakeholders to help realize safe and comfortable lives for people in Japan and around the world. The maximum amount of expenditure for such activities is approximately 1% of our ordinary profit and will be reviewed in accordance with the expansion of the business.

Major Initiatives

● Matching Gift



We have collected anniversary donations on the date of the anniversary of our founding (February 16) since the fiscal year ended March 31, 1994, under a matching gift* scheme. We make annual donations to the Japanese Foundation for Cancer Research, and our donations are used to promote research to protect health and to enhance the therapeutic environment.

* Matching gift is a system where the Company adds a contribution to the amount of donations made by employees at a fixed ratio and donates the sum.



● Donation to Areas Affected by the 2024 Noto Peninsula Earthquake



After the Noto Peninsula Earthquake occurred in 2024, we donated aid money to contribute to the reconstruction of the Noto region. The organizations that received the donation were Noto Railway Co. Ltd. and five vocational facilities.



● Co-sponsoring Bolero: Plaza of Children's Dream and Booth Exhibition



Bolero: Plaza of Children's Dream is a music event organized by Michie Koyama, a pianist from Sendai. The purpose of the event is to let children who experienced the Great East Japan Earthquake have dreams and hope. Since the fiscal year ended March 31, 2024, we have not only co-sponsored the event but also continued to set up a booth at the event to further contribute to *Hito-zukuri* (education) and *Machi-zukuri* (CSR) for the future.



G Corporate Governance

Corporate Governance

Nippon Signal Group (the Group) has been working to improve the transparency of its decision-making process and construct a corporate governance system that properly incorporates supervisory and check functions.

Basic Policy

The Group's basic policy in corporate governance is to conduct management that gives priority to and satisfies all stakeholders while making contributions to society. To genuinely implement these basics, the Group will make ongoing management structural reforms that aim to strengthen corporate governance. The Group will also enhance the management structure so that it can respond flexibly and swiftly to changes in the environment surrounding management.

Corporate Governance System at a Glance (as of June 20, 2025)

Organizational format	Company with an Audit and Supervisory Committee
Number of Directors (including Outside Directors)	<div><div>9</div><div><div>5 Outside Directors</div></div></div>
Number of Audit and Supervisory Committee Members (including Outside Directors)	<div><div>4</div><div><div>3 Outside Directors</div></div></div>
Term of Directors (excluding Directors who are Audit and Supervisory Committee Members)	1 year
Term of Directors who are Audit and Supervisory Committee Members	2 years
Has Executive Officer System	Yes
Advisory body to the Board of Directors	Nomination and Remuneration Advisory Committee
Accounting Auditor	Grant Thornton Taiyo LLC

Basic Policy on Corporate Governance

The organizational format of Nippon Signal (the Company) is a Company with an Audit and Supervisory Committee, of which the majority of members are Outside Directors, to strengthen the monitoring functionality of the Board of Directors. The Company aims to enhance its corporate value by ensuring highly transparent management and further enhanced corporate governance by appointing Directors who are Audit and Supervisory Committee Members with voting rights.

The Company currently has a total of nine Directors, five, or a majority, of whom are Outside Directors that have also been designated as Independent Officers as defined by Tokyo Stock Exchange, Inc. Of the four Audit and Supervisory Committee Members, three, or a majority, are Outside Directors, as required by laws and regulations.

In order to enhance debate regarding the nomination of officers and their remuneration, and raise the objectivity and transparency of the decision-making process, the Nomination and Remuneration Advisory Committee was established as an advisory body to the Board of Directors. This committee is made up of a majority of Outside Directors that are designated as independent directors. The Company has also established the Advisory Board, which is an advisory body for Representative Directors. This board consists of outside experts with sophisticated and specialized knowledge on business management.

The Company has instituted an Executive Officer System to accelerate and improve the efficiency of managerial decision-making and to enable the flexible execution of business as well as the Group Business Planning Committee to enhance governance in the Group management.

The decisions on significant matters regarding the Company are based on two procedures: a request for decision and a resolution by the Board of Directors. These procedures are set out in the standards for reference formulated by the Board of Directors.

The Board of Directors deliberates on matters requiring a resolution under laws, regulations or the Articles of Incorporation, and important matters related to business operation, including the formulation of short- and medium-term management plans. It also decides on matters stipulated under the Board of Directors regulations and the standards for reference. In addition, the Group Business Planning Committee carries out deliberation and reporting related to the execution of duties under short- and medium-term management plans of the Group companies. Executive Officers make up the Committee of Directors, a venue for discussions and reports on the execution of duties based on short- and medium-term management plans. Executive Officers are also delegated authority for business execution.

G Corporate Governance

Competence Required of Directors (Knowledge, Experience, and Capabilities)

The Group aims to remain to be a provider that supports infrastructure evolution with safe and trustworthy solutions. In order to lead sustainable business growth, the Company selects as Directors those who possess strong acumen and experience as a corporate manager, deep insight into technological development surrounding the Company, capabilities to drive the expansion of business domains conducted on a global scale, and expert knowledge that contributes to corporate governance.

[Directors selected from within the Company]

Those who possess strong acumen for overall management, with knowledge of the business environment surrounding the Company and the industries it belongs to, understanding of the Company's strengths and issues through manufacturing, technological research and development, marketing, and sales activities, and experience in management administration such as accounting, legal affairs, and risk management, and who can implement management appropriately from a medium- to long-term perspective to enhance the corporate value of the Company.

[Outside Directors]

Those who can provide advice on management strategies and perform an effective supervisory function on management by drawing on advanced and specialized knowledge and experience in fields other than the Group's business domains, and who satisfy the requirements for independent directors/auditors as stipulated by Tokyo Stock Exchange, Inc. In addition to the above, the Company appropriately ensures well-rounded diversity in the selection of candidates. Furthermore, they account for one-third or more of all Directors and at least one of them need to have corporate management experience at another company. The skills matrix of the Company's Board of Directors is as follows.

Knowledge, Experience, and Capabilities the Company's Directors Possess, and Attendance at the Board of Directors' Meetings

Name	Status	Corporate management	Finance and accounting	Risk Management Legal affairs	Global experience	Technology/ R&D	Manufacturing	Sales/ Marketing	Number of Board of Directors meetings attended (FY2024)
TSUKAMOTO Hidehiko	Representative Director	●		●	●	●	●	●	13 / 13 (100%)
GOTO Ryuichi	Director	●			●	●	●	●	10 / 10 (100%)
HORIE Toru	Director	●	●	●	●			●	—
INOUE Yuriko	Director (Independent Outside)			●					13 / 13 (100%)
MURATA Yoshiyuki	Director (Independent Outside)	●		●	●	●		●	12 / 13 (92%)
TOKUBUCHI Yoshitaka	Audit and Supervisory Committee Member	●	●	●			●		13 / 13 (100%)
TOKUNAGA Takashi	Audit and Supervisory Committee Member (Independent Outside)			●	●				13 / 13 (100%)
SUZUKI Masako	Audit and Supervisory Committee Member (Independent Outside)	●		●				●	13 / 13 (100%)
AIZAWA Toshihiko	Audit and Supervisory Committee Member (Independent Outside)	●	●	●	●			●	10 / 10 (100%)

Notes: · The skills matrix above shows the Directors' expertise which the Company particularly expects them to exhibit.
· GOTO Ryuichi's and AIZAWA Toshihiko's attendance at the Board of Directors' meetings denotes attendance at the meetings after their assumption of office on June 21, 2024.

(Reference) Criteria for Independence of Outside Officers

The Company prescribes the following criteria for the independence of Outside Officers to objectively determine the independence of Outside Officers. If an Outside Officer falls under any of the following items, the Company determines that the Outside Officer is not sufficiently independent from the Company. An Outside Officer designated as an Independent Officer as stipulated under Tokyo Stock Exchange, Inc. shall endeavor to maintain independence as prescribed in this Criteria until resignation. If the Outside Officer loses his/her independence, the Outside Officer shall notify the Company in advance (or as soon as possible after the event under unavoidable circumstances).

1. A person who is, or has been in the past 10 years, a business executor^{(*)1} or Non-executive Director at the Group (i.e. the Company or its subsidiaries).
2. Any person (party) who has fallen under any of the following items (1) to (8) in the past three years.
 - (1) A party for whom the Group is a major business partner^{(*)2} or a business executor of such party
 - (2) A major business partner of the Group^{(*)3} or a business executor of such partner
 - (3) A consultant, accounting professional, or legal professional who has received a significant amount of money^{(*)4} or other property from the Group other than officer remunerations (if a party who receives such property is a corporation, association, or any other entity, a party who belongs to the relevant entity)
 - (4) A current major shareholder^{(*)5} of the Group or a business executor of such shareholder
 - (5) A business executor of a corporation of which the Group is a current major shareholder^{(*)5}
 - (6) A person who belongs to the appointed audit firm for the statutory audit of the Group
 - (7) A business executor of an entity whose Outside Officer is also a business executor of the Group
 - (8) A person, an officer or other business executor of a corporation, association, or any other entity who receives a large amount of donation or grant^{(*)6} from the Group
3. If a person who falls under 1. or 2. above is a key person^{(*)7}, close relatives (spouse, first or second degree relatives) of such person
4. A person who has assumed the office of Outside Officer for more than eight years in total

(*)1 A business executor refers to a person who executes the duties of a Director (excluding an Outside Director), Executive Officer, or employees, etc.
(*)2 A party for whom the Group is a major business partner refers to a party who has business transactions with the Group, with total amount of sales in any of the fiscal year within the last three fiscal years exceeding 2% of the consolidated net sales of such business partner. Such business partner shall include its parent company and important subsidiaries if such business partner is a corporation.
(*)3 A major business partner of the Group refers to a party with whom the Group has business transactions, with total amount of sales in any of the fiscal year within the last three fiscal years exceeding 2% of the consolidated net sales of the Group, or a party who has made a loan to the Group in the amount at 2% or more of the consolidated total assets of the Company at the end of the most recent fiscal year. Such business partner shall include its parent company and important subsidiaries if such business partner is a corporation.
(*)4 A significant amount of money refers to the yearly average money exceeding 10 million yen over the three most recent fiscal years.
(*)5 A major shareholder refers to a shareholder who holds, directly or indirectly, 10% or more of the total voting rights. Such major shareholder shall include its parent company or important subsidiaries if such major shareholder is a corporation.
(*)6 A large amount of donation or grant refers to a yearly average amount exceeding 10 million yen over the three most recent fiscal years.
(*)7 A key person refers to a Director, Corporate Officer, Executive Officer, business executor who serves as a General Manager or in a higher rank, or business executor who has authority equivalent to that of a General Manager or higher position.

Corporate Governance System



*1 Nomination and Remuneration Advisory Committee: Serves as an advisory body to the Board of Directors; consists primarily of Outside Directors, who raise the transparency and objectivity of procedures regarding remuneration for officers or appointment of candidates for officers by participating in the decision process.
*2 Advisory Board: Serves as an advisory body to the Representative Directors; consists of outside experts with sophisticated and specialized knowledge on business management who provide advice and suggestions on business management from an elevated perspective.
*3 Risk Management Committee: Controls compliance risks and all other types of risks under the direction of the Board of Directors; chaired by the President and Chief Executive Officer.
*4 Internal Audit Department: Provides assistance with internal management control activities by auditing the management and operation processes; monitors all managerial activities — such as purchasing, sales, and accounting — to provide information based on the monitoring results as well as advice and suggestions on remediation and efficiency improvement.
*5 Company-wide QA Committee: Checks on the status of quality management in order to achieve company-wide quality improvement; chaired by the Executive Officer responsible for Environment and Quality Management Promoting Department.
*6 Company-wide Environmental Committee: Promotes constant improvement of the company-wide environmental management system; chaired by the Executive Officer responsible for Environment and Quality Management Promoting Department.
*7 Company-wide Information Security Committee: Works on IT governance, including appropriate use of information network systems and information assets; chaired by the Executive Officer responsible for Group IT Strategy Department.

G Corporate Governance

Reason for nomination as Outside Director and an outline of expected roles

Name	Audit and Supervisory Committee Member	Grounds for Election	Concurrent Post(s) (as of June 20, 2025)
INOUE Yuriko	—	Ms. INOUE Yuriko has high level of professional knowledge and experience as an expert on intellectual property rights. The Company has appointed her as Outside Director in expectation that advice on its management and strategies including corporate law and data governance will be provided and an effective supervisory function on management will be demonstrated.	· Professor, Business Law Department, Graduate School of Law, Hitotsubashi University · Outside Director, Dai-ichi Life Holdings, Inc.
MURATA Yoshiyuki	—	Mr. MURATA Yoshiyuki has ample experience, an impressive track record, and knowledge as a business manager. The Company has appointed him as an Outside Director so that these qualities will be applied within its business administration, and an effective supervisory function on management will be demonstrated.	· Representative Director and Executive Vice President, Daiwa House Industry Co., Ltd. · Outside Director, Fujita Corporation
TOKUNAGA Takashi	●	Mr. TOKUNAGA Takashi possesses professional knowledge and abundant insight on risk management and legal affairs. The Company has decided that he will offer beneficial advice and opinions on the Company's management. The Company has appointed him as an Outside Director who is an Audit and Supervisory Committee Member in expectation that he will offer advice on its management supervisory function by making use of his capabilities in his specialized field.	—
SUZUKI Masako	●	Ms. SUZUKI Masako possesses a wealth of experience, achievements, and knowledge in the management of human resources and health support service businesses. The Company has appointed her as an Outside Director who is an Audit and Supervisory Committee Member in expectation that she will offer advice on the Company's management supervisory function based on her professional experience and knowledge in management developed through her career.	· External Director, Unite and Grow Inc.
AIZAWA Toshihiko	●	Mr. AIZAWA Toshihiko has ample experience, an impressive track record, and knowledge as a business manager, management consultant, and professor of a graduate school of management. The Company has appointed him as Outside Director who is an Audit and Supervisory Committee Member in expectation that he will offer advice on management strategy development, corporate restructuring, digital transformation, new business development, etc., and demonstrate an effective supervisory function on management.	· Representative Director, TSUNAGU-Partners Co., Ltd. · Professor, Graduate School of Management, GLOBIS University · Representative Director, Quantum Leaps Food Innovation Co., Ltd. · Outside Director, Mirai Works Inc.

Evaluation of the Board of Directors' Effectiveness

The Company takes steps to periodically verify that the Board of Directors is functioning effectively. Based on the findings of those verifications, an evaluation of the effectiveness of the Board of Directors is performed to identify issues and promote ongoing improvement activities.

In the survey conducted in February 2025, responses were received on items regarding measures for enhancing the structure, operating procedures, and meeting discussions of the Board of Directors.

The secretariat of the Board of Directors gathered and processed responses and submitted the results to the Board of Directors for thorough discussion and analysis.

Through this process, it was determined that the Board of Directors was highly effective overall. This decision was prefaced on the assessment that the Board of Directors was sufficiently

diverse and balanced, that it engaged in free and open discussion, and that it was appropriately exercising its supervisory function.

In this year's survey, although the overall rating was higher than "mostly appropriate" owing to improvements in many items, there was still room for improvement in items such as the "content (quality) and quantity of reference materials" and "setting of issues on the agenda" as in the previous year's survey.

The Company will share full-year agenda plans, improve the quality of reference materials, and thus strive for more substantial deliberations at meetings of the Board of Directors. The Company also aims to enhance the effectiveness of the Board's deliberations regarding medium- to long-term management issues by providing more opportunities for dialogue between the Representative Director and Outside Officers and providing, depending on the agenda item, pre-meeting briefings to Outside Officers.

Training for Officers

The Company utilizes training by external organizations and holds biannual officer training sessions to help new Executive Officers acquire the necessary skills for exercising high levels of leadership and taking part in management.

In addition, officers are encouraged to actively take advantage of opportunities for further education, including inter-industry exchange forums and other external seminars.

Officer Remuneration

The remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members) comprises fixed compensation based on rank as well as performance-linked compensation tied to both short-term performance and medium- to long-term performance. This scheme is employed to provide Directors with healthy incentive to pursue medium- to long-term improvements in corporate value while also accomplishing short-term performance targets. Remuneration for each Director is set at an appropriate level, based on their responsibilities. Payments are made within the amounts decided by resolution of the general meeting of shareholders and in accordance with the policy approved by the Board of Directors, after consulting the Nomination and Remuneration Advisory Committee and taking into consideration the opinions of the Audit and Supervisory Committee.

1. Matters on the Composition of Compensation

Fixed compensation is decided based on rank with consideration paid to the duties of given Directors, the highest level of employee remuneration, and the remuneration levels of other companies.

Performance-linked compensation consists of two layers; one linked to medium- to long-term performance and another linked to short-term performance.

Compensation linked to medium- to long-term performance is decided each year on an individual basis based on the rate of accomplishment of targets set for each Director (excluding Directors who are Audit and Supervisory Committee Members). Compensation linked to short-term performance is calculated by dividing the amount equivalent to 2.0%–2.5% of the ordinary profit of a given fiscal year among all Directors (excluding Directors who are Audit and Supervisory Committee Members) and Executive Officers. Ordinary profit has been selected as the performance indicator because the Group considers the increase of profitability as a medium- to long-term challenge and the Medium-term Management Plan includes an ordinary profit target.

The ordinary profit for the previous fiscal year, which had been forecast to be 8,800 million yen, amounted to 10,789 million yen in actuality. Outside Directors are only paid fixed compensation and not performance-linked compensation, considering that they bear supervisory function.

The Group does not have a stock compensation scheme at the moment, as each officer purchases treasury shares every month and on a constant level through the officers shareholder association, and the Company is taking a management approach that is conscious of the shareholders' viewpoint.

2. Matters on Delegation of Authority to Determine Remuneration, etc. for Individual Directors (excluding Directors who are Audit and Supervisory Committee Members)

In the fiscal year ended March 31, 2025, the Board of Directors decided at a meeting held on June 20, 2025, to delegate the authority to determine the amount of remuneration for individual Directors (excluding Directors who are Audit and Supervisory Committee Members) to President and Chief Executive Officer TSUKAMOTO Hidehiko. He has determined the specifics. The authorities to determine the amount of fixed compensation for each Director and to evaluate the achievement level of managerial goals to be reflected to performance-linked compensation have been delegated. These authorities have been delegated because the Representative Director is the appropriate person to evaluate the achievement level concerning managerial goals while overseeing the performance of the Company as a whole.

To ensure appropriate exercise of authority by the Representative Director, the Board of Directors takes into account the opinions of the Audit and Supervisory Committee and consults with the Nomination and Remuneration Advisory Committee about the original proposal and receives a report from the committee. The Nomination and Remuneration Advisory Committee consists of three or more Directors and is chaired by a Representative Director. The committee is comprised of a majority of Independent Outside Directors to ensure objectivity and appropriateness of its judgement.

Group Governance Structure

The Company dispatches Directors and Audit & Supervisory Board Members to Group companies to help elect their Representative Directors, as well as offer guidance and supervision. The Company's corresponding departments receive daily reports on the financial standing and how businesses are being run at individual subsidiaries.

The Group Business Planning Committee holds quarterly meetings, where it receives reports on the management, financial results, and risk management systems of the entire Group and offers the necessary guidance.

Major Initiatives

- Providing positive support, cultivating abilities and offering guidance for formulating strategies and improving management
- Understanding the financial standing and progress in management plans at the Group Business Planning Committee
- Conducting extraordinary audits when necessary

Internal Control System

In conjunction with its transition to a Company with an Audit and Supervisory Committee, the Company revised its Basic Policy on Internal Control System at a Board of Directors meeting held in April 2024. The Company will constantly review the policy in its effort to create a more appropriate and effective internal control system.

G Corporate Governance

The Basic Policy is as stated below.

1. System to ensure that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation
- (1) The Board of Directors shall make decisions for the company on matters required by laws, regulations or the Articles of Incorporation, as well as on basic matters concerning execution of duties as stipulated by the Board of Directors regulations, and supervise the execution of duties by Directors and Executive Officers.

(2) By having more than one Outside Director continually, the Company shall strive to maintain and strengthen its supervisory function over the execution of duties by the Directors.

(3) The Company shall have a Committee of Directors, a body that deliberates and reports on the state of execution of business in accordance with short- and medium-term management plans, so as to build a structure that enables appropriate and efficient decision-making.

(4) Each member of the Audit and Supervisory Committee, under the auditing structure in which they cooperate with Accounting Auditors and internal audit divisions/departments, shall offer opinions at Board of Directors meetings as needed and work alongside Outside Directors who are not Audit and Supervisory Committee Members to keep a check on the Company's decision-making.

(5) The Full-time Audit and Supervisory Committee Members shall regularly hold liaison meetings with chiefs of administrative and operational divisions/departments to conduct audits of the status of specific business operations.

(6) Recognizing that compliance with laws and regulations is the "foundation of trust," the Company shall provide strict ethical training based on the Nippon Signal Group Philosophy to all internal officers and employees.

(7) The Company shall compile a Compliance Manual summarizing the key points to be noted in compliance and distribute it to all employees, as well as regularly offer education/training sessions in order to make knowledge take root among them and to cultivate awareness.
2. System for the storage and management of information concerning the execution of duties by Directors
- (1) To ensure appropriate and secure storing of records on the execution of duties by Directors, the Company shall employ a storage system that minimizes the risk of destruction, etc. to the greatest extent possible.

(2) With regard to important documents related to the execution of duties by Directors such as the minutes of meetings of the Board of Directors, the Audit and Supervisory Committee, and the Committee of Directors, as well as documents circulated when requesting internal approval, the Company shall record the content in paper or electromagnetic format and limit the persons who handle them so as to ensure higher security, in addition to making efforts for the preservation of information.
3. Rules and other systems for management of risks of loss
- (1) In order for the Group to minimize damage to its management resources and to maintain continuous growth, and aiming to correctly identify, analyze, assess and appropriately manage risks, the Group shall establish the Risk Management Regulations.

(2) The Group shall have in place a Risk Management Committee, a body that oversees risk management of the entire Group under the direct control of the Board of Directors and chaired by the Representative Director.

(3) The Risk Management Committee shall instruct Group companies and all Company divisions to regularly identify, analyze, and evaluate risks. To address serious risks that are expected to emerge in the medium to long term, response meetings shall be held by direction of the Chair to take suitable measures. The Committee shall also take budgetary measures as needed.
4. System to ensure that the execution of duties by Directors is conducted efficiently
- (1) The Group shall have an Executive Officer system, based on the belief that separating management decision-making function and business execution function leads to faster and efficient decision making in management and enables flexible business execution. Executive Officers shall make up the Committee of Directors, where they report on their own business execution as well as learn about the progress of and check the appropriateness of business execution of other Executive Officers. Executive Officers with titles shall also attend the meetings of the Board of Directors and present their opinions as needed or give report on matters of importance to business execution.

(2) The Representative Director shall set up an Advisory Board, which is the advisory body to the Representative Director consisting of outside experts with sophisticated and specialized knowledge on business management, and seek its advice on the analysis of business activities and risk management from an objective viewpoint.

(3) Various rules and regulations concerning approval authorities and procedures for requesting decisions shall be established in order to clearly define the roles and responsibilities of each division/department and individual employee. With regard to companywide themes, however, committees and project teams shall enter into proactive action and divisions/departments shall work together across boundaries to consider the theme in order to address the issues required by the management.

(4) Planning functions of the administrative divisions/departments shall be strengthened so as to facilitate the swift and efficient execution of duties by Directors.
5. System to ensure appropriateness of business operations of the Group comprising the Company and its subsidiaries
- (1) The Nippon Signal Group Philosophy shall be set up as a common philosophy of the Group aimed at enhancing corporate value and allowing the Group to contribute to international and local communities.

(2) The Company shall take the initiative to set direction for the Group and check the appropriateness of the entire Group in order to ensure the appropriateness of business as a corporate group and to generate synergy.

(3) Corresponding departments shall receive daily reports on the financial standing and how businesses are being run at individual subsidiaries, while officers are placed at subsidiaries to check that the subsidiaries are properly managed.

(4) The Group Business Planning Committee shall call on the representative directors of subsidiaries to attend its quarterly meetings, where it receives reports on the management, financial results, and risk management systems of the entire Group and offers necessary guidance.

(5) The Company's compliance helpdesks for whistleblowing (compliance hotlines) shall be set up with diversity promotion and diverse styles of working in mind, ensuring that whistleblowers do not suffer disadvantageous treatment, and both inside and outside of the company so that users may contact whichever suits them.

(6) An external lawyer who is independent of the Company's management answers the calls to the internal compliance helpdesk for whistleblowing, which is also available to subsidiaries. This way, the Company can detect violation of laws across the Group at early stages and maintain sound workplace environments.
6. Matters regarding Directors and employees assigned to assist the Audit and Supervisory Committee in their duties and matters regarding the independence of such Directors and employees from the Directors (excluding Directors who are Audit and Supervisory Committee Members)
- (1) Assignment or transfer of employees who assist in the duties of the Audit and Supervisory Committee shall be done with full consideration to its purpose and taking into account the opinion of the Audit and Supervisory Committee.

(2) No Directors will be designated to assist in the duties of the Audit and Supervisory Committee.

(3) The employees assigned to assist in the duties of the Audit and Supervisory Committee shall follow the orders of the Audit and Supervisory Committee with regard to its duties, and not take direction or orders from Directors who are not Audit and Supervisory Committee Members.
7. System for Directors, employees, etc. of the Company and the Group companies to report to the Company's Audit and Supervisory Committee, and other systems regarding reports to the Audit and Supervisory Committee
- (1) Directors, employees, etc. of the Company and Group companies shall make a report to the Audit and Supervisory Committee without delay on offence of laws or other matters that would seriously affect the Company and Group companies.

(2) Directors, employees, etc. of the Company and Group companies shall help the Audit and Supervisory Committee with their execution of duties, give reports to them on business operations by having them attend the Board of Directors meetings and other important meetings or providing them with materials, as well as exchange opinions with them from time to time.

(3) Directors ensure that persons who report something to the Audit and Supervisory Committee do not suffer disadvantageous treatment for having made such reports.
8. Policy on processing of expenses arising from the execution of duties by the Audit and Supervisory Committee
- Processing of expenses arising from the execution of duties by the Audit and Supervisory Committee shall be carried out without delay by the division/department in charge upon confirming the content of expenses claimed by the Audit and Supervisory Committee Members.
9. Other systems to ensure that audits by the Audit and Supervisory Committee are conducted effectively
- (1) The Representative Director shall hold regular meetings with the Audit and Supervisory Committee to exchange opinions on issues that need to be addressed by the Company and issues concerning audits of the Audit and Supervisory Committee, among others.

(2) The Audit and Supervisory Committee Members shall attend and give opinion as needed at statutory meetings and other important meetings including those of the Committee of Directors, the Risk Management Committee, and the Group Business Planning Committee.

(3) The Audit and Supervisory Committee Members shall also attend meetings designed to cultivate awareness for business innovation and corporate value improvement, such as presentations on the quality improvement of business operation by employees, to enhance the effectiveness of audits.

Dialogue with Shareholders and Investors

The Company avoids holding its General Meeting of Shareholders on dates on which many companies hold their meetings to make it easier for shareholders to take part in the General Meeting of Shareholders and to exercise their voting rights. Notices of convocation are provided electronically well in advance on Tokyo Stock Exchange, Inc.'s website and the Company's website along with disclosure of the English translation of proposals. In addition, the Company facilitates the exercise of voting rights through the creation of an environment that enables the electronic exercise of voting rights through the use of a platform for said purpose, as well as live streaming of the General Meeting of Shareholders. The Company considers dialogue with shareholders and other investors to be one of the most important tasks for management. Accordingly, the Company has launched an investor relations section on its website to disclose information in a timely and appropriate manner. The Company organizes financial results briefings for institutional investors and posts the materials on its website, and creates other opportunities for constructive dialogue with investors in an effort to enhance its corporate value.

Cross-Shareholdings

The Company engages in cross-shareholdings when deemed necessary for purposes such as sustaining or enhancing business alliances or sales transactions, or maintaining financial transactions and other collaborative business relationships. The Company recognizes that it is desirable to keep cross-shareholdings at a minimum from the perspective of maintaining and improving corporate value. Based on this recognition, the Board of Directors determines the rationality of individual holdings on an annual basis by evaluating the holding purpose, the associated gains or losses, transaction volumes, counterparty performance, and future relationships. Those cross-shareholdings that are deemed to lack meaningfulness will be sold. The Company aims to reduce the ratio of cross-shareholdings to total consolidated net assets to 20% or less as of the end of March 2029, which is the final year of its ongoing Medium-term Management Plan "Realize-EV100" (FY2024 to FY2028). Voting rights attached to cross-shareholdings will be exercised by voting in favor of proposals judged to contribute to corporate value and against those judged to detract. Discussions with the counterparty will be arranged as necessary to discuss proposals. The Company currently does not have uniform standards for exercising voting rights due to the need for comprehensive decisions that take into account non-financial information pertaining to each company.

Risk Management Structure

The greatest risk to the Group is failing to maintain safety and reliability. To ensure that safety and reliability is always maintained, the Company has established several regulations that clearly define the boundaries of authority and responsibility. Group divisions work in line with these regulations as they take actions to control risks. The Risk Management Committee, which is placed under the direct control of the President and Chief Executive Officer, is responsible for countering actions that would impede sound corporate management and addressing risks and compliance issues that threaten to damage corporate value or those that a division cannot handle on its own. The Risk Management Committee instructs all Company divisions and Group companies to regularly identify, analyze, and evaluate risks. To address serious risks that are expected to emerge in the medium to long term, response meetings are held by direction of the Chair to take suitable measures.

Compliance Promotion Structure

Compliance promotion activities are advanced under the guidance of the Risk Management Committee, which is chaired by the President and Chief Executive Officer. In 2010, the Compliance Manual was created, and the Company began holding regular compliance training to spread and entrench compliance awareness. In addition, the Company has set up compliance hotlines as compliance helpdesks for whistleblowing. In 2015, the Company added an outside lawyer as a contact point.

Business Continuity Planning

The Group works on transport infrastructure that is indispensable to society. In contributing to society, the Group understands that it has a responsibility to try to swiftly restore operations in the wake of a natural disaster, an act of terror, or any other calamity so that products and services can be provided. For these reasons, the Group has formulated a Business Continuity Plan (BCP) to cope with disasters and accidents such as largescale earthquakes. It takes into account many different risks such as securing supply for materials and the procurement of fuel while working to restore operations. The Group will continue reviewing issues and working to improve its BCP. With the spread of COVID-19 pandemic, the Group has developed its Regulations on Response to Natural Disasters and Novel Infection and set out provisions regarding employee safety and business continuity, based on the expansion of international businesses and new work styles such as telework.

Creation of the Earthquake Initial Response Manual

As part of the BCP, the Group has created the Earthquake Initial Response Manual. It specifies initial response actions to be taken in the event of a large-scale earthquake. The Group conducts regular drills at individual locations to help quickly form a local response headquarters and a voluntary fire brigade.

Establishment of Nippon Signal Group Philosophy and Our Code of Conduct

Principle 2.2 of Japan's Corporate Governance Code, which was formulated by Tokyo Stock Exchange, Inc., requires companies to formulate and put into practice a code of conduct that is to be followed by their staff members in Japan and other countries. The Group's corporate activities are supported by many different stakeholders, including customers, business partners, shareholders and investors, employees, and local communities. Working in line with its philosophy of safety and reliability, the Group seeks to remain a corporate group upon which society relies. To achieve this aim, the Group must build relationships of trust with stakeholders, backed by the proper behavior of each staff member. The Group added Our Code of Conduct to Nippon Signal Group Philosophy in April 2016 to provide a foundation for these relationships of trust. Our Code of Conduct serves as a standard of behavior to be followed by all officers and employees of the Group. The Group encourages all employees to respect laws, ordinances, and other rules. The Group is also working to build an organization with the capacity to quickly discover problems on its own and address them.

G Corporate Governance

Corporate Executives (as of June 20, 2025)

Directors



TSUKAMOTO Hidehiko
President and Chief Executive Officer

Apr. 1982
May 2005
Joined NIPPON SIGNAL CO., LTD.
General Manager of AFC Systems
Sales Dept. of AFC Systems Division
Jun. 2006
Jun. 2010
Executive Officer
Director,
Managing Executive Officer
Jun. 2014
Apr. 2015
Deputy Chief Executive Officer
Representative Director, Executive
Vice President and Chief Operating
Officer
Jun. 2016
President and Chief Executive Offi-
cer (to present)
Jun. 2020
Apr. 2021
Chief Executive Officer
President and Chief Executive Offi-
cer and Chief Operating Officer (to
present)



GOTO Ryuichi
Director

Jun. 1992
May 2011
Joined NIPPON SIGNAL CO., LTD.
General Manager of JR Sales Dept.
of Railway Signal Systems Division
General Manager of Chubu Branch Office
Officer
Jun. 2014
Apr. 2019
Apr. 2020
Executive Officer, and Chief General
Manager of AFC Systems Division
Managing Executive Officer
Apr. 2023
Responsible for Utsunomiya Plant
Responsible for AFC Systems Division
and Robotics & Sensing Division
Deputy in charge of Business Man-
agement
Apr. 2024
Responsible for ICT Solution Business
and Responsible for Branch Offices
Director (to present)
Jun. 2024
Apr. 2025
Deputy Chief Executive Officer (to
present)
Chief in charge of Business Man-
agement (to present)
Chief in charge of Mono-zukuri (to
present)
Responsible for Branch Offices (to
present)



HORIE Toru
Director

Apr. 1988
Apr. 2010
Joined Fuji Bank (currently Mizuho Bank, Ltd.)
Head of Sales Promotion Office, In-
ternational Management Division,
Mizuho Corporate Bank, Ltd. (cur-
rently Mizuho Bank, Ltd.)
Oct. 2011
Managing Director & Chief Execu-
tive Officer, Mizuho Trust & Banking
(Luxembourg) S.A.
Jul. 2016
General Manager, Trust Products
Operations Department, Mizuho
Trust & Banking Co., Ltd.
Jan. 2021
Joined NIPPON SIGNAL CO., LTD.
Deputy Executive Officer
General Manager of Corporate Strategy Dept.
Apr. 2022
Executive Officer and Chief General
Manager of Overseas Division
Apr. 2023
Executive Officer
General Manager, Global Strategy
Division (to present)
Apr. 2024
Managing Executive Officer (to present)
Apr. 2025
Responsible for Business Administration
Chief in charge of Business Admin-
istration (to present)
Jun. 2025
Director (to present)



INOUE Yuriko
Outside Director

Nov. 1993
Full-time Lecturer of Graduate
Schools for Law and Politics, The
University of Tokyo
Apr. 2004
Professor, Graduate School of Law,
Kobe University
Oct. 2010
Professor, Graduate School of In-
ternational Corporate Strategy, Hi-
totsubashi University
Apr. 2018
Professor, Business Law Depart-
ment, Graduate School of Law, Hi-
totsubashi University
Jun. 2018
Outside Director, NIPPON SIGNAL
CO., LTD. (to present)
Apr. 2020
Outside Director, Dai-ichi Life Hold-
ings, Inc. (to present)
Professor, Business Law Depart-
ment, Graduate School of Law, Hi-
totsubashi University (to present)



MURATA Yoshiyuki
Outside Director

Apr. 2009
Apr. 2011
Apr. 2013
President and Representative Di-
rector, Taisei Housing Corporation
Executive Officer, Taisei Corporation
Managing Executive Officer, Taisei
Corporation
Jun. 2013
Member of the Board, Taisei Cor-
poration
Apr. 2015
President and Chief Executive Offi-
cer, Representative Director, Taisei
Corporation
Jun. 2020
Vice Chairman, Representative Di-
rector, Taisei Corporation
Jun. 2021
Outside Director, NIPPON SIGNAL
CO., LTD. (to present)
Director and Executive Vice Presi-
dent, Daiwa House Industry Co., Ltd.
Apr. 2022
Outside Director of Fujita Corpora-
tion (to present)
Jun. 2022
Representative Director and Exec-
utive Vice President, Daiwa House
Industry Co., Ltd. (to present)

Directors who are Audit and Supervisory Committee Members



TOKUBUCHI Yoshitaka
Director
(Full-time Audit and
Supervisory Committee
Member)

Apr. 1982
Jul. 2006
Joined NIPPON SIGNAL CO., LTD.
General Manager of Production
Control Dept. of Kuki Plant
Jun. 2008
Executive Officer, General Manager
of Corporate Strategy Dept.
May 2011
Jun. 2011
Managing Executive Officer
Director
Jun. 2014
Apr. 2018
Deputy Chief Executive Officer
Chief General Manager of Business
Administration Division
Apr. 2019
Director and Executive Vice Presi-
dent,
Executive Vice President and Exec-
utive Officer
Jun. 2021
(Full-time) Audit & Supervisory
Board Member
Jun. 2023
Director (to present)
Full-time Audit and Supervisory
Committee Member (to present)



TOKUNAGA Takashi
Outside Director
(Full-time Audit and
Supervisory Committee
Member)

Apr. 1986
Feb. 1998
Joined National Police Agency
First Secretary of Embassy of Japan
in the People's Republic of China
Apr. 2008
Professor of Graduate School of
Public Policy, The University of Tokyo
Sep. 2013
Chief of Aomori Prefectural Police
Headquarters
Oct. 2014
Aug. 2016
Councilor, Cabinet Secretariat
Deputy Secretary General of Com-
missioner General's Secretariat,
National Police Agency
Apr. 2019
Deputy Director General, Head-
quarters for Promoting Develop-
ment of Specified Complex Tourist
Facilities Areas
Jan. 2020
Secretary General of Japan Casino
Regulatory Commission
Jun. 2023
Outside Director, NIPPON SIGNAL
CO., LTD. (to present)
Full-time Audit and Supervisory
Committee Member (to present)



SUZUKI Masako
Outside Director
(Audit and Supervisory
Committee Member)

Apr. 1972
Jul. 1983
Apr. 1999
Sep. 2004
Joined Nippon Yusen Kabushiki Kaisha
Joined Temporary Center Inc.
Executive Officer of Pasona Inc.
Dec. 2007
Director, Senior Managing Execu-
tive Officer of Pasona Inc.
Jun. 2010
Director, Senior Managing Execu-
tive Officer of Pasona Group Inc.
Director, Vice President of Benefit
One Inc.
Jan. 2016
Jun. 2016
President of Benefit one Health care Inc.
Outside Director, JAPAN POST IN-
SURANCE Co., Ltd.
Jul. 2019
Dec. 2019
Executive Advisor of Pasona Group Inc.
President and Representative Di-
rector of Pasona Force Inc.
Mar. 2023
Outside auditor of Unite and Grow
Inc. (to present)
Jun. 2023
Outside Director, NIPPON SIGNAL
CO., LTD. (to present)
Audit and Supervisory Committee
Member (to present)



AIZAWA Toshihiko
Outside Director
(Audit and Supervisory
Committee Member)

Apr. 1985
Jul. 1995
Joined COSMO OIL CO., LTD.
Joined Andersen Consulting (cur-
rently Accenture Japan Ltd.)
Sep. 1999
Aug. 2000
Sep. 2002
May 2006
Feb. 2007
Joined Booz Allen Hamilton, Inc.
Joined Accenture Japan Ltd.
Executive Partner of Accenture Japan Ltd.
Director of The Daiiei, Inc.
Aug. 2009
Representative Director and Chief Exec-
utive Officer of am/pm Japan Co., Ltd.
Apr. 2010
Representative Director of TSUNA-
GU Partners Co., Ltd. (to present)
Professor of Graduate School of
Management, GLOBIS University
(to present)
Jun. 2012
Dec. 2020
Director of SPARX Group Co., Ltd.
Representative Director of Quan-
tum Leaps Food Innovation Co.,
Ltd. (to present)
Jun. 2024
Outside Director, NIPPON SIGNAL
CO., LTD. (to present)
Audit and Supervisory Committee
Member (to present)
Dec. 2024
Outside Director, Mirai Works Inc.
(to present)

Executive Officers and Deputy Executive Officers

Chief Operating Officer

TSUKAMOTO Hidehiko

Deputy Chief
Executive Officer

GOTO Ryuichi
SAKAI Masayoshi

Managing
Executive Officer

HORIE Toru
NAMIKI Yutaka
TAGAMI Hideaki
MACHIYAMA Shinichi

Executive Officer

HIRAMOTO Masayuki
NAKAZAWA Mutsuo
FURUKAWA Satoru
ISHIKAWA Tatsuya
ISHIGE Takaharu
ISHIKAWA Masatoshi

Deputy
Executive Officer

MINAMI Junichi
FUJIMOTO Hiromasa
UNO Masazumi
IIZUKA Yuri
HATASAKI Yukiko

History of Innovation

Pursuit of New Pinnacles of Safety, Accuracy, Comfort, Speed, and Volume

The history of Nippon Signal is also the history of a continuous pursuit of innovation, and the history of the evolution of Japan's transportation infrastructure. Commitment to further innovation is the unchanging DNA of the Group that has been passed down from our founding until today.

Major events mainly in the railway industry

- 1928–1950s

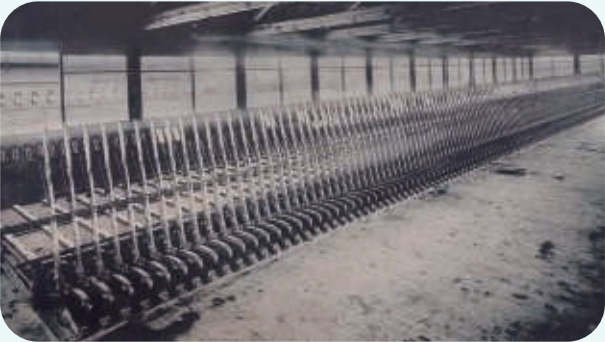
 - Opening of the section of the Tokyo Underground Railway between Asakusa and Shimbashi
 - Opening of the section of the Osaka Municipal Subway between Namba and Tennoji
 - Establishment of the Teito Rapid Transit Authority (TRTA)
 - Opening of the Kanmon submarine tunnel, the world's first undersea tunnel
 - Establishment of Japanese National Railways (JNR) (a railway business transferred from the Ministry of Transport)
 - Electrification of the Senzan Line is completed, and operation commences
- 1960s–1980s

 - Tokyo Monorail commences operation
 - The Tokaido Shinkansen Line commences operation
 - The Sanyo Shinkansen Line commences operation
 - Modernization of power is completed for JNR main lines (total abolition of steam locomotives)
 - The Tohoku Shinkansen and Joetsu Shinkansen Lines commence operation
 - Privatization and division of JNR into each JR company
 - Opening of the Seikan tunnel (Seikan ferry services are abolished, and the Tsugaru-Kaikyo Line commences operation)

Value created by Nippon Signal

1928–1950s

Foundation of Nippon Signal and Modernization of Railway Signals



The Railway Nationalization Act, promulgated in 1906, nationalized major thoroughfares throughout Japan, and transportation demand saw a sharp spike thereafter. Nippon Signal Co., Ltd. was established in December 1928 via a merger of three companies, and was tasked with modernizing and realizing domestic production of railway signals.

Photograph: A mechanical interlocking system delivered to Kyoto Station in 1914. Reproduced from a Mimura Factory postcard (Railway Museum collection).

- 1929** A technical collaboration agreement with General Railway Signal Company of the United States is concluded with the aim of achieving domestic production of world-leading signal equipment.
- 1931** Made-in-Japan traffic signal equipment is produced and installed at the Nihonbashi, Gofukubashi, and Sakurabashi intersections.
- 1958** Production of parking meters commences.



1960s–1980s

Evolution of Electronics Technologies and Start of New, Forward-Looking Businesses



The Tokaido Shinkansen Line commences operation. The Company's electronics technologies proceeded to evolve in the Automatic Train Control (ATC) and Centralized Traffic Control (CTC) systems used for the Shinkansen. We contributed to the development of Japan's transportation infrastructure by creating various new products geared toward the needs projected to arise in the future as post-Shinkansen businesses were developed.

- 1963** Production of Pasca 205 miniature commercial calculator commences.
- 1964** ATC and CTC systems produced by Nippon Signal are adopted for use on the segment of the Tokaido Shinkansen Line connecting Tokyo Station and Shin-Osaka Station.
- 1970** Production of PARK-LOC® system commences.
- 1972** Production of Japan's first comprehensive automated ticket gate system commences and this system is installed for use on the segment of the Sapporo Municipal Subway connecting Kita-Nijuyo-Jo Station and Makomanai Station.
- 1984** An automatic boarding control system for aircraft is developed.



1990s–2010s

- Birth of the Tokaido Shinkansen "Nozomi"
- The Yamagata Shinkansen (a mini-shinkansen running on converted narrow-gauge railway lines) commences operation
- Driverless trains commence operation on the Tokyo Waterfront New Transit Waterfront Line (Yurikamome)
- The Nagano Shinkansen (from Takasaki to Nagano; later part of the Hokuriku Shinkansen) commences operation
- Okinawa Urban Monorail, the first railway in Okinawa since the end of the Second World War, commences operation
- The Kyushu Shinkansen (from Yatsushiro to Kagoshima Chuo Station) commences operation
- Toyama Light Rail commences operation
- Taiwan High Speed Rail commences operation

1990s–2010s

Technological Progress and Network Business Development



The transition from analog technologies to digital technologies and from hardware to software enable Nippon Signal to acquire technologies for realizing high-speed processing of massive quantities of data. With these technologies, we contribute to the dense, on-time operation, and complex interoperable equipment of railways, to support the mobility of 40 million people living and working in the Tokyo metropolitan area.

- 1998** Production of the Eco Scan® microelectromechanical system optical scanner commences.
- 2003** The Visionary Business Center is established to facilitate the creation of new products and new businesses.
- 2007** Mutual use of common IC cards (Suica and PASMO) commences, and Nippon Signal performs upgrades to all automatic passenger gates.
- 2009** The Overseas Division is established to boost competitiveness in overseas markets.
- 2009** Order-taking and manufacturing of platform screen doors commence on a full scale.



2011–

- The Kyushu Shinkansen (Kagoshima route) commences operation on all sections
- Cruise Train "Seven Stars in Kyushu" commences operation
- The Hokuriku Shinkansen (Kanazawa extension) commences operation
- The Hokkaido Shinkansen commences operation
- Okinawa Urban Monorail extension commences operation
- Takanawa Gateway Station on JR Yamanote Line opens
- The Nishi Kyushu Shinkansen (from Nagasaki to Takeoosen) commences operation
- Utsunomiya Light Rail commences operation
- The Hokuriku Shinkansen Tsuruga extension commences operation

2011–

Aiming to Mark the 100th Anniversary (2028) by Becoming a Corporate Group that the World Needs



Leveraging the technological prowess it has cultivated in Japan, Nippon Signal is accelerating global expansion efforts centered on Asian and other emerging countries. In these efforts, we are developing systems compatible with the Mobility as a Service (MaaS) revolution and new digital transformation, as well as solutions for addressing global warming, the shrinking workforce, and other social issues.

- 2011** The SPARCS (Simple-structure and high-Performance ATC by Radio Communication System), the first Communications-Based Train Control System in the world, is developed and put into use on the Beijing Subway Line 15.
- 2017** The ANSHIN Center is established to provide IoT platform base functions.
- 2017** SPARCS is installed on the Delhi Metro Line 8 (Magenta Line).
- 2018** The CLINABO® automatic floor cleaning robot is developed.
- 2019** Nippon Signal participates in verification tests and projects related to the provision of signal information to self-driving vehicles.
- 2021** Wins the Award of Excellence of the Public Construction Golden Quality Award in Taiwan.
- 2022** Dhaka Mass Rapid Transit (MRT) Line 6 of Bangladesh commences operation.
- 2024** GoA2.5 automatic operation is realized on the Kashii Line, Kyushu Railway Company.



CLINABO® automatic floor cleaning robot

Financial and Non-Financial Highlights (Years ended March)

Financial Data (¥ million)*3	2016	2017	2018*1	2019	2020	2021	2022*2	2023	2024	2025
Orders received*4	83,258	88,659	99,581	113,347	118,604	85,185	79,709	99,063	138,566	100,453
Net sales*5	90,593	82,134	83,770	99,857	111,675	92,755	85,047	85,456	98,536	106,859
Operating income	7,162	4,269	2,061	7,000	8,912	5,713	5,390	5,112	6,824	9,906
Income before income taxes and minority interests	8,038	5,315	3,192	7,916	9,662	7,282	6,531	6,027	8,047	11,674
Net income attributable to owners of parent	4,994	3,500	2,051	5,306	6,584	4,916	4,503	4,075	5,346	8,503
R&D expenses	3,419	3,078	2,587	2,401	2,887	2,753	2,628	2,838	2,956	3,253
Capital investment	3,502	3,035	3,564	1,903	2,459	2,912	2,516	2,669	4,300	5,067
Depreciation and amortization	1,685	1,787	1,968	2,128	2,066	2,052	2,170	2,380	2,362	2,635
Total assets	121,434	124,298	127,322	137,643	137,971	141,356	134,086	146,019	165,295	166,240
Net assets	79,801	79,252	79,401	82,135	79,648	84,694	86,740	89,351	96,821	102,623
Cash flows from operating activities	4,152	369	(305)	3,291	9,160	1,145	2,099	1,715	6,771	5,783
Cash flows from investing activities	(5,963)	(1,013)	(4,153)	(2,437)	(4,600)	(1,911)	(2,344)	(3,597)	(2,982)	(4,498)
Free cash flow	(1,811)	(644)	(4,458)	854	4,560	(766)	(244)	(1,881)	3,788	1,285
Cash flows from financing activities	(1,412)	(492)	3,111	426	(4,367)	1,354	(6,750)	3,911	(338)	(1,598)
(Yen)										
Earnings per share (EPS)	73.24	51.59	31.42	81.29	103.34	78.82	72.21	65.34	85.71	136.34
Book value per share (BPS)	1,167.75	1,195.14	1,216.17	1,258.04	1,276.99	1,357.90	1,390.71	1,432.57	1,552.35	1,645.37
Dividend per share	22	23	24	25*6	26	27	27	27	31	43
(%)										
Return on equity (ROE)	6.5	4.4	2.6	6.6	8.1	6.0	5.3	4.6	5.7	8.5
Return on invested capital (ROIC)	6.8	4.1	1.8	6.0	7.4	4.4	4.2	3.7	4.6	6.9
Return on assets (ROA)	6.6	4.3	2.3	6.0	7.0	4.6	4.7	4.2	5.1	6.5
Equity ratio	65.6	63.8	62.4	59.7	57.7	59.9	64.7	61.2	58.6	61.7
Payout ratio	30.0	44.6	76.4	30.8	25.2	34.3	37.4	41.3	36.2	31.5
Non-Financial Data*3										
Personnel Data										
Number of Employees*7	1,232	1,254	1,278	1,255	1,232	1,265	1,261	1,230	1,185	1,161
Average age of employees	41 yrs & 10 mos	41 yrs & 6 mos	41 yrs & 10 mos	42 yrs & 6 mos	42 yrs & 10 mos	42 yrs & 9 mos	42 yrs & 11 mos	42 yrs & 11 mos	43 yrs & 7 mos	43 yrs & 8 mos
Average length of service of employees	17 yrs & 11 mos	17 yrs & 2 mos	17 yrs & 1 mo	17 yrs & 4 mos	18 yrs & 3 mos	18 yrs & 2 mos	18 yrs & 3 mos	18 yrs & 10 mos	19 yrs & 3 mos	19 yrs & 4 mos
Environmental Data*8										
Inputs										
Electricity (1,000 kWh)	7,867	7,613	7,850	8,456	7,986	7,645	7,361	7,021	9,483	7,249
Gas (km³)	285	310	332	347	349	309	296	289	291	270
Fuel (petroleum) (kl)	29.5	30.9	31.9	31.6	32.9	25.4	27.3	29.1	32.1	33.7
Water (km³)	54	51	54	51	50.2	54.6	54.9	58.0	52.2	56.0
Outputs										
CO₂ (tons)	3,739	3,700	3,851	4,051	3,917	3,714	3,546	2,656	1,465	759
Wastewater (km³)	54	51	54	51	50.2	54.6	54.9	58.0	52.2	56.0
Non-industrial waste (tons)	223	206	218	262	264	224	196	183	181	217
Industrial waste (tons)	412	292	394	324	364	253	248	149	110	107
Recycling rate (%)	99.0	99.4	99.5	99.6	99.4	99.3	99.2	98.8	98.1	98.4

*1 The Company has applied the Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018) from the start of fiscal 2019. Management indicators and other important data related to fiscal 2018 have been retroactively revised to reflect this newly applied standard.

*2 The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) from the start of fiscal 2022. Management indicators and other important data related to the fiscal year ended March 31, 2022 and thereafter are those after the application of the said accounting standards, etc.

*3 Financial data is presented on a consolidated basis, while non-financial data is presented on a non-consolidated basis.

*4 Orders received are exclusive of consumption tax and other taxes.

*5 Net sales are exclusive of consumption tax and other taxes.

*6 The dividend per share for the fiscal year ended March 31, 2019, which amounted to 25 yen, included a commemorative dividend of 1 yen for the 90th anniversary of the foundation of Nippon Signal Co., Ltd.

*7 The number of employees includes staff on loan from other companies to Nippon Signal, and excludes Nippon Signal staff on loan to other companies and temporary employees.

*8 The figures for the environmental data are those for the sites of Kuki Plant, Utsunomiya Plant, Ageo Factory, Yamagata Nisshin Electronics Co., Ltd. and Nisshin Tokki Co., Ltd.

Corporate Data

Corporate Overview (as of June 20, 2025)

Name of Company:	Nippon Signal Co., Ltd.
Date Established:	December 27, 1928
Paid-in Capital:	¥10 billion
President and Chief Executive Officer	TSUKAMOTO Hidehiko
Number of Employees:	2,921 (consolidated)
Accounting Auditor:	Grant Thornton Taiyo LLC

Overseas Offices

Taipei Office	Dhaka Office	Yangon Office
Manila Office	Cairo Office	Uganda Office

Consolidated Subsidiaries

Nisshin Electronics Service Co., Ltd.
Nisshin IT Connect Co.,Ltd.
Sendai Nisshin Electronics Co., Ltd.
Chubu Nisshin Electronics Co., Ltd.
Nisshin Industry Co., Ltd.
Tochigi Nisshin Co., Ltd.
Nisshin Tokki Co., Ltd.
Nisshin Software Engineering Co., Ltd.
Nisshin Electric Construction Co., Ltd.
Yamagata Nisshin Electronics Co., Ltd.
Sapporo Nisshin Electronics Co., Ltd.
Fukuoka Nisshin Electronics Co., Ltd.
Asahi Electronics Co., Ltd.

Non-Consolidated Subsidiaries

Nisshin Enterprise Co., Ltd.
Nisshin Okabe Nikoh Co., Ltd.
Nisshin TECHNO Engineering Co., Ltd.
Nisshin Hutech Co., Ltd.
Saitama Union Service Co., Ltd.
Yokohama Techno Engineering Service Co., Ltd.
Beijing Nippon Signal Co., Ltd.
Nippon Signal India Pvt. Ltd.
Nippon Signal Technology Taiwan Co., Ltd.
Nippon Signal Bangladesh Pvt. Ltd.

Domestic Offices and Plants

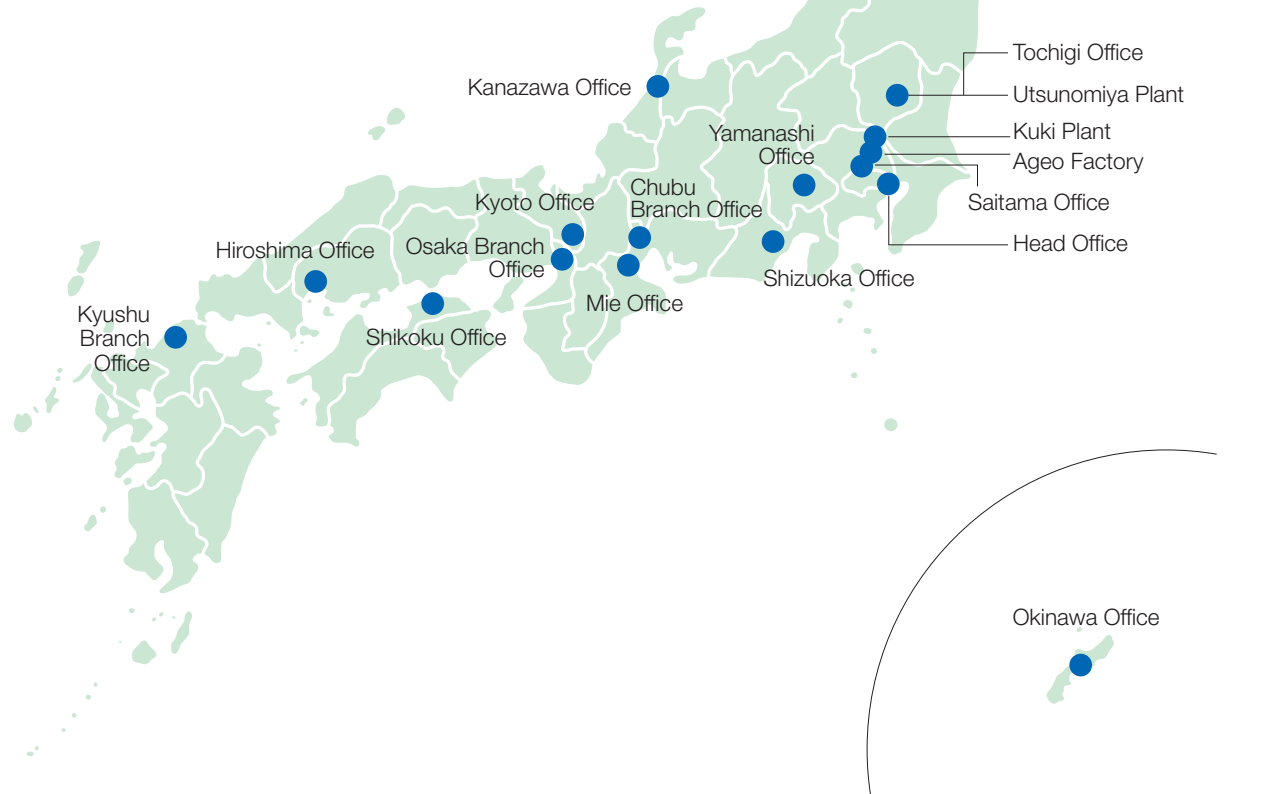
Head Office
Shin Marunouchi Building,
1-5-1 Marunouchi, Chiyoda-ku, Tokyo 100-6513 Japan
Phone: +81-3-3217-7200 Fax: +81-3-3217-7300

Osaka Branch Office
8F, Osaka Fukoku Seimei Building,
2-4 Komatsubara-cho, Kita-ku, Osaka, Osaka 530-0018 Japan
Phone: +81-6-6312-3851 Fax: +81-6-6312-8597

Kuki Plant
1836-1 Ooya, Aza, Ezura, Kuki, Saitama 346-8524 Japan
Phone: +81-480-28-3000 Fax: +81-480-28-3800

Utsunomiya Plant
11-2 Hiraide Kogyo Danchi, Utsunomiya, Tochigi 321-0905 Japan
Phone: +81-28-660-3000 Fax: +81-28-660-3033

Ageo Factory	Hokkaido Branch Office	Tohoku Branch Office
Chubu Branch Office	Kyushu Branch Office	Morioka Office
Akita Office	Saitama Office	Tochigi Office
Kanazawa Office	Yamanashi Office	Shizuoka Office
Mie Office	Kyoto Office	Hiroshima Office
Shikoku Office	Okinawa Office	

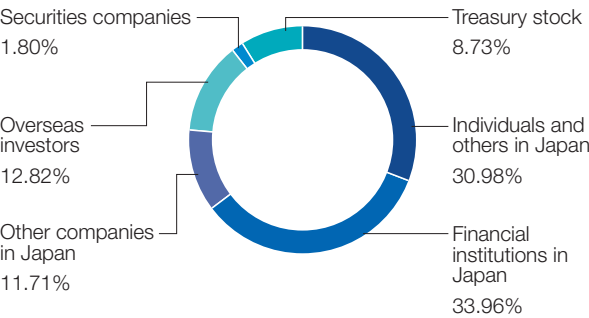


For further details, please refer to our website.
➡ <https://english.signal.co.jp/aboutus/branch/>

Stock Information (as of March 31, 2025)

Number of Shares of Common Stock Issued: 68,339,704
Stock Exchange Listings: Tokyo Stock Exchange, Prime Market
Number of Shareholders: 16,171
Shareholder Registration Agent: Mizuho Trust & Banking Co., Ltd.

Distribution of Shares by Shareholder Category



Major Shareholders

Shareholder	Number of Shares Held (thousand)	Investment Ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	7,046	11.30
Fukoku Mutual Life Insurance Company	4,793	7.68
Nippon Signal Group Employees Shareholding Association	4,106	6.58
The Nippon Signal Trading-Partner	3,403	5.46
Mizuho Bank, Ltd.	2,200	3.53
West Japan Railway Company	2,050	3.29
GOVERNMENT OF NORWAY	1,802	2.89
Custody Bank of Japan, Ltd. (trust account)	1,593	2.55
MUFG Bank, Ltd.	1,372	2.20
Central Japan Railway Company	902	1.45

*1 Fukoku Mutual Life Insurance Company has placed 730,000 shares of Nippon Signal stock in a retirement benefit trust separate from the aforementioned shares it holds. It reserves the right to give instructions on how to exercise related voting rights.

*2 5,968,536 treasury shares have been deducted for the purpose of calculating the investment ratio.



Shin Marunouchi Building, 1-5-1 Marunouchi, Chiyoda-ku, Tokyo 100-6513 Japan
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