

NIPPON SIGNAL GROUP Three-years Medium-term Management Plan Next Stage 24

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1-1. Vision-2028 EVOLUTION 100

100 years since
the foundation

Supporting the evolution of infrastructure safely and
comfortably

Our Will

Become a respected corporate group as an
infrastructure provider in the Digital era

Vision-2028 EVOLUTION 100

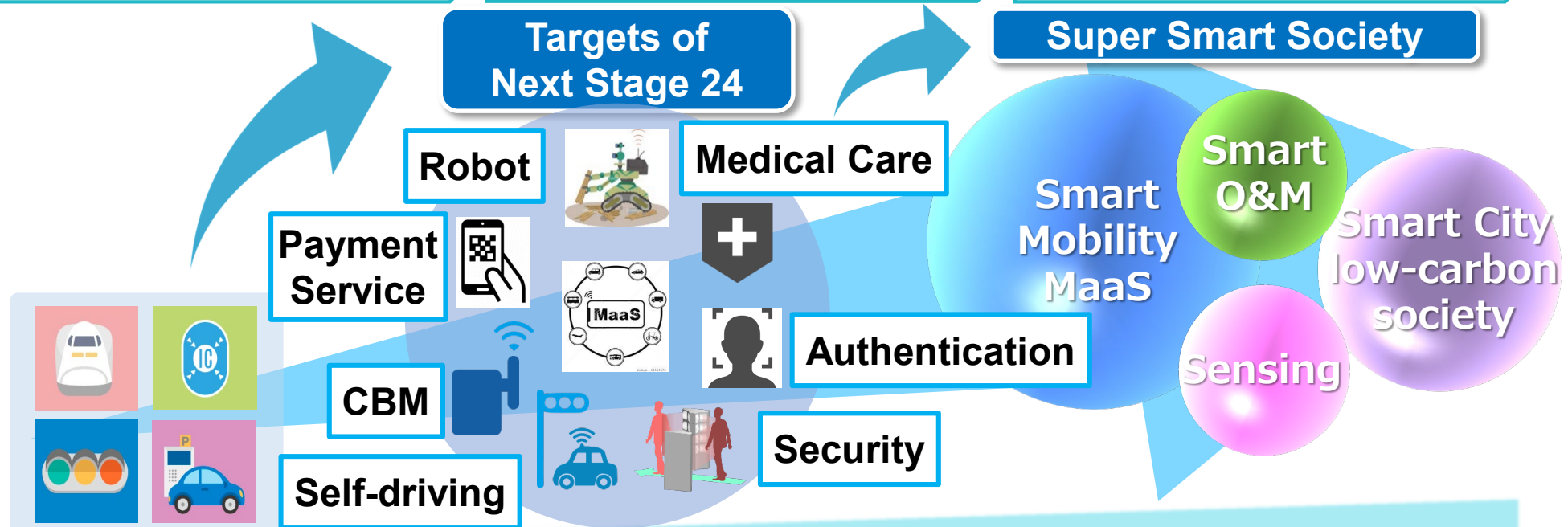
Previous Plan

Next Stage 24

Next Plan

Targets of
Next Stage 24

Super Smart Society

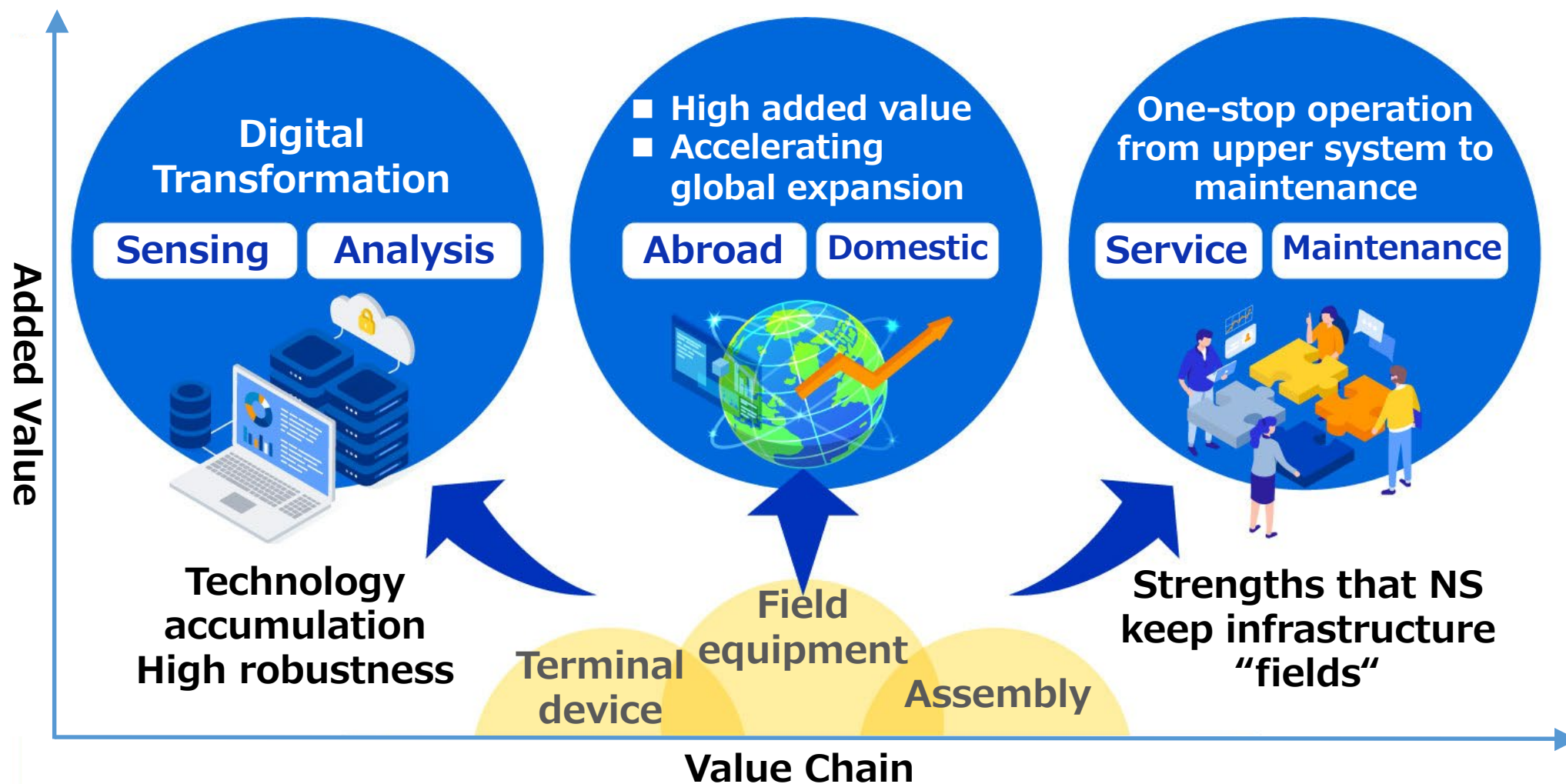


Expanding business fields into the life field

Safety Security Comfort Reliability

1-2. Value Chain Stages

We aim to transform business through digitalization, high added value, and one-stop operation



2-1. Assumptions for planning

Changes in the business environment

The start of a revolutionary period of digital disruption※

- Shift to a business model utilizing digital technology
- Lower barriers to entry into markets from different industries

Shakeout of industries adhering to traditional business models

Need for a new growth model for sustainable growth

New medium-term management plan 『Next Stage 24』

※Disruptive innovation where existing industries are replaced by new digital businesses

2-2. Assumptions for planning

(Changed environmental factors)

Changes in business environment

Decrease in people traveling and meeting due to COVID 19
Restructuring of our Customers

Transition/diversification of work/lifestyles

Rapid development of digitalization

Population decrease and aging population in Japan

Population growth and urbanization abroad

Shift to a decarbonized society at the global level

(Unchanged Values)

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 our 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)

Philosophy

Our Mission

Our Vision

Our Values

Code of Conduct

2-3. Review of previous Management Plan

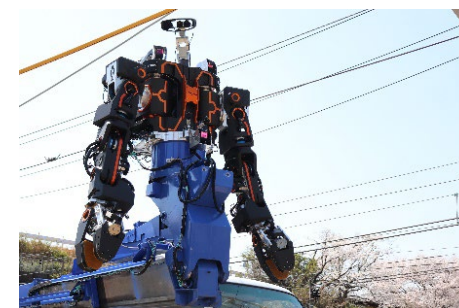
The plan was not achieved due to reduced customers' investment and difficulty in procuring semiconductors and other parts. We accelerate structural reforms such as the social implementation of products that respond to changing environments.

Strengthen growth
potential

- Development of new products
 - CBTC : Introduction of 3 operators
 - CBM : Introduction of 21 lines
 - MVNO : Contract with 8 prefectures
 - Self-driving : Participation in 28 demonstration experiments
 - Robotics : Expanded lineups of cleaning robots
Joint development※ of multi-functional railway heavy machine.

※West Japan Railway Company、Man-Machine Synergy Effectors, Inc.

- Winning top share in the PSD market



Sales

FY2019

112

FY2020

93

Target

120

FY2021

(billion yen)

85

2-4. Basic Policy and Key Strategies of Next Stage 24

Basic Policy Sustain 'Next Stage' of Infrastructure

Social implementation of transportation innovation through digital technology and acceleration of overseas localization

Financial Targets

(FY2024)
Sales 130 billion yen
ROE 10%

Environ mental Targets

Reducing greenhouse gas
emissions by 50% (2030)
Zero Carbon (2050)

Key Strategy

Value Co-creation with Customers (Social Implementation of Strategic Products)

Expansion of overseas business and improvement of profitability

Strengthening design and manufacturing capabilities

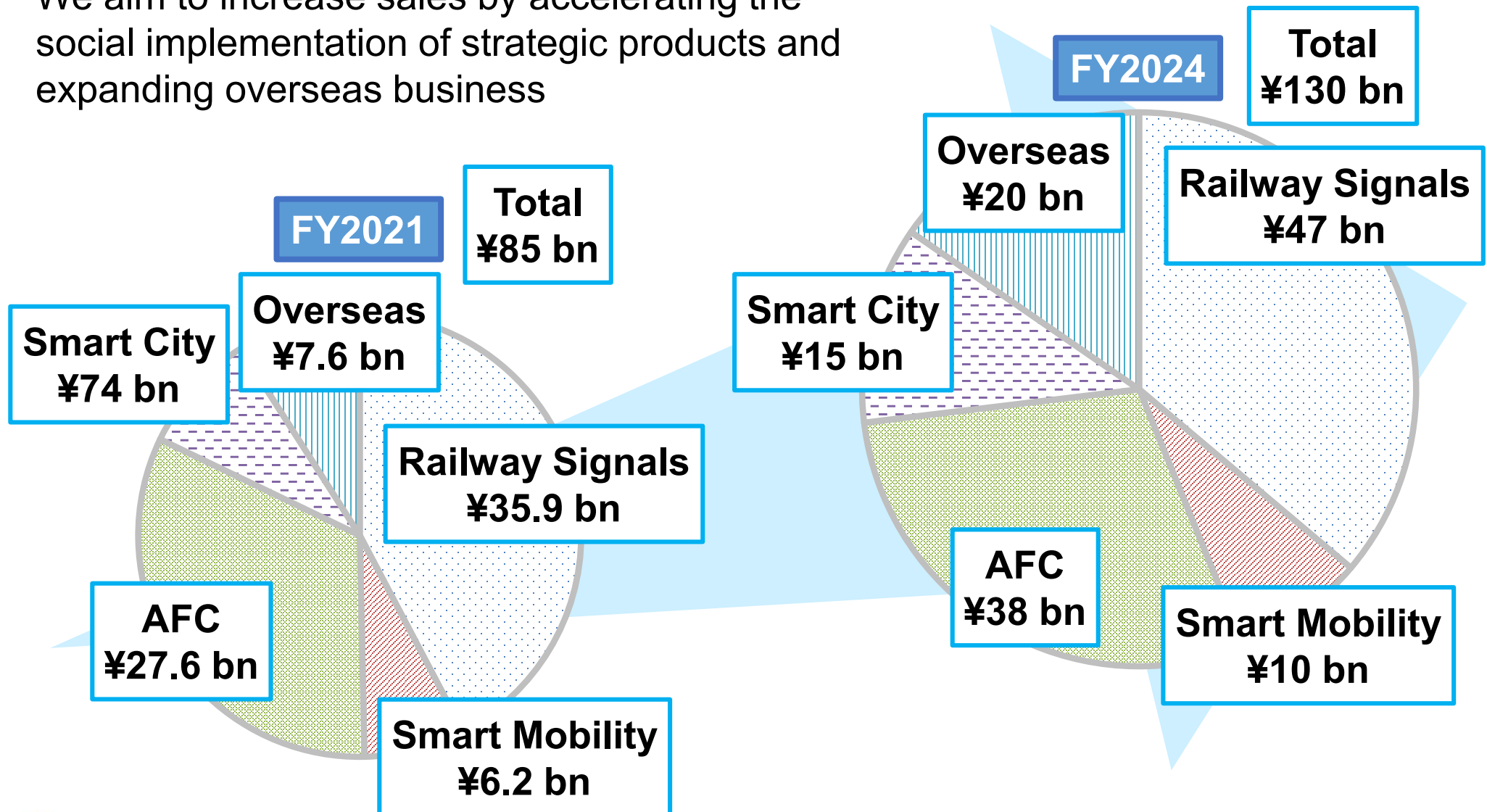
Sustaina ble Value Creation

Promotion of ESG management and enhancing corporate value

Reorganization of group company functions, human resource development, and introduction of the next core system

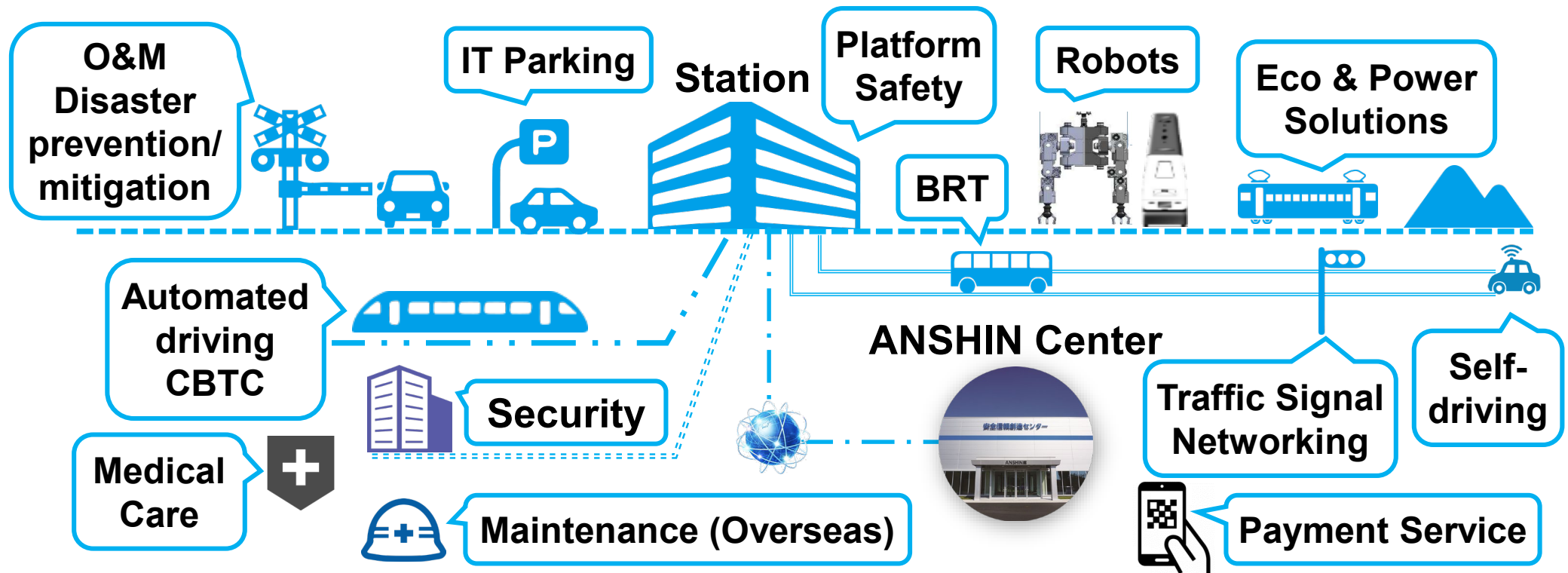
2-5. Segment Targets

We aim to increase sales by accelerating the social implementation of strategic products and expanding overseas business



2-6. Business development of Next stage 24

Next-Generation Social/Life Infrastructure NIPPON SIGNAL GROUP aims



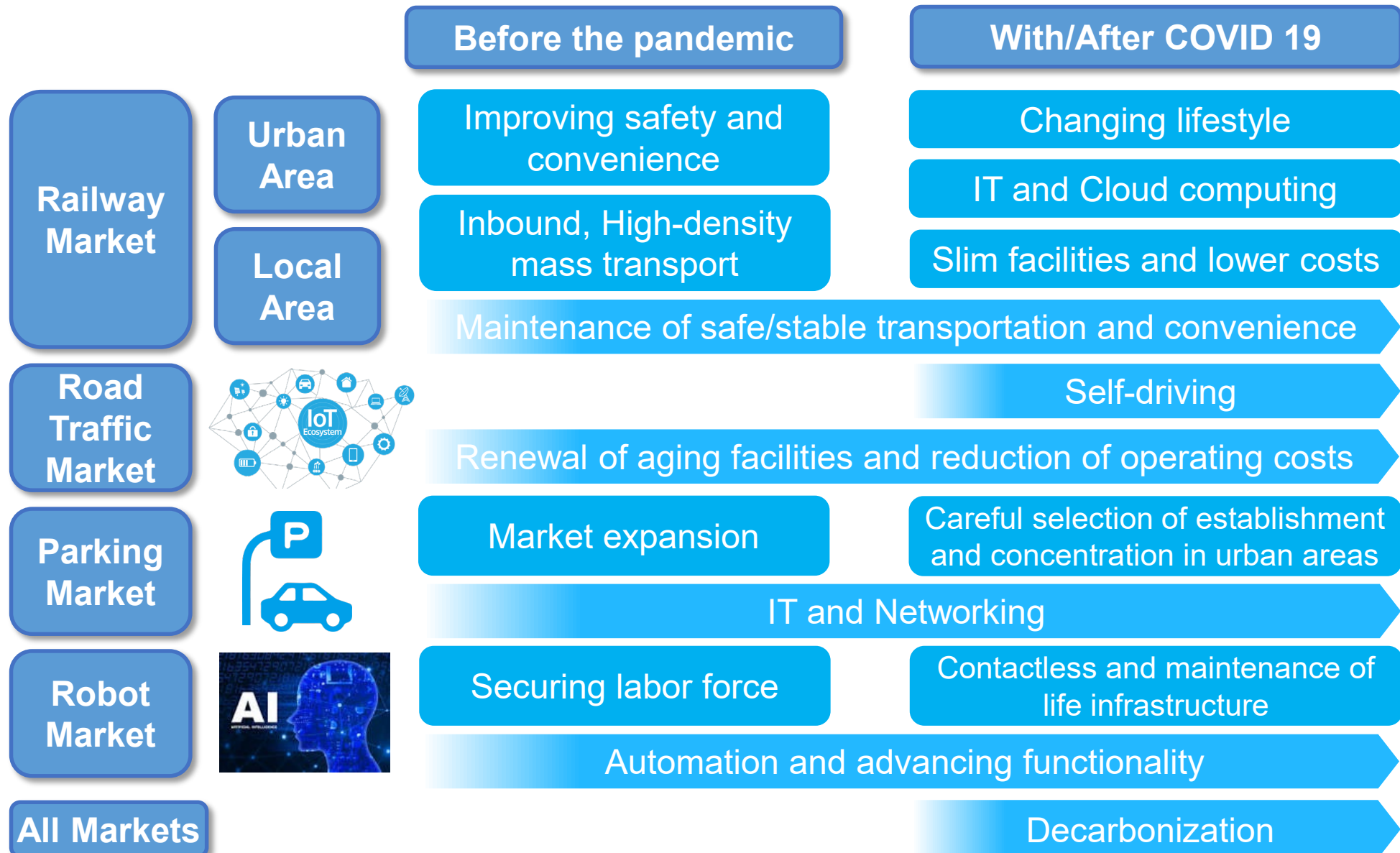
Collaboration and integration of business and group companies

Safer and more comfortable

Support the movement in total

Supporting the Transformation of
Public Transportation into MaaS

2-7. Market Trends (Keywords)



2-8. Railway Signals business



Strategic products

AI maintenance

CBTC

LRT

	¥35.9 bn	¥47 bn
Goal	<div></div>	<div></div>
	FY2021	FY2024

Vision/Target

Providing solutions to support customers' restructuring

Main Strategies

- Existing market strategy
Slim facilities such as CBTC and LRT
Advancing functions and disaster planning (Switches and crossing gates)
- Platform strategy
Expansion of AI maintenance and CBM
Social implementation of autonomous driving
- Developing the Eco & Power Solution Market
Developing new technologies/fields, such as efficient solutions in the electrical stations and vibration power generation

2-9. Smart Mobility business



Strategic products

Self-driving



BRT



MVNO



Goal **¥6.2 bn**
FY2021

¥10 bn
FY2024

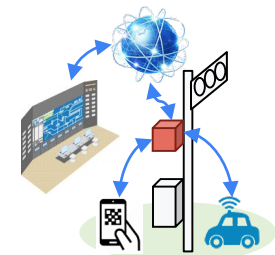
Vision/Target

Self-driving and high added value

Main Strategies

- **Establishing business-model in the self-driving market**
Standardization of cooperative self-driving systems and business development
Social implementation of first/last one-mile services
- **Existing market strategy**
Conversion of local railway lines to Bus Rapid Transit
Product improvement for energy saving
- **Platform Strategy**
Creating added value through MVNO (Networking for traffic control) and pedestrian supports

Crossroads Networking



2-10. AFC business



Strategic products

Platform monitoring



Payment Service



Parking



Goal **¥27.6 bn**
FY2021

¥38 bn
FY2024

Vision/Target

Solving customer management issues and realizing MaaS

Main Strategies

■ AFC

Social implementation of flexible fare determination
Providing various payment methods and MaaS
(Transportation support, reservation, payment services, etc.)

■ Station Safety

Development of lightweight platform doors and platform monitoring devices
Improved serviceability with CBM

■ Smart Parking

Development of new fields through management support to operators and gateless/flapless systems
Promotion of low carbon emissions, such as development of products for EV vehicles

2-11. Smart City business

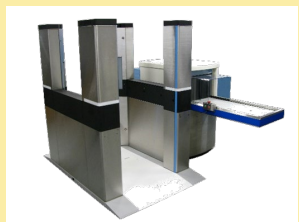


Strategic products

Cleaning Robots



3D sensor



Baggage inspection

Goal **¥7.4 bn**
FY2021

¥15 bn
FY2024

Vision/Target

Creation of new growth pillars

Main Strategies

■ Robotics

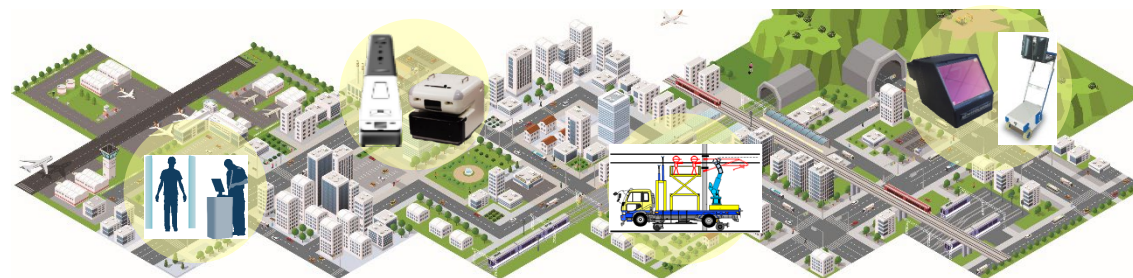
Development and social implementation of multi-factional railway heavy machines and cleaning robots
Developing the service robot markets such as security/inspection robots

■ Sensing

Entry into the construction machine market and development of omnidirectional sensors

■ Security

Development of new gates and high-security market



2-12. Smart City business (Body scanner)

Back ground

Increased incidents targeting unspecified persons and terrorist threats
➤ Strengthening security at facilities where many people gather and transportation facilities

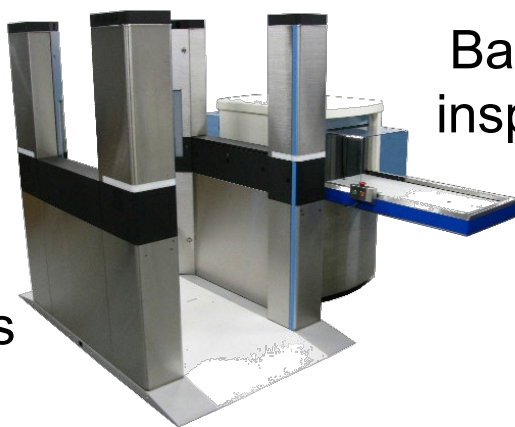
Features

High throughput

Small-footprint

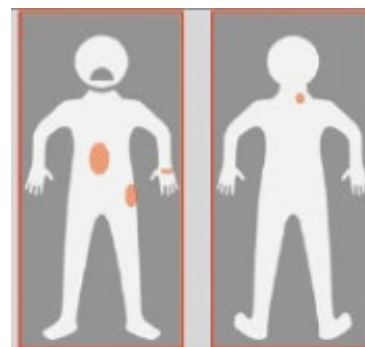
Multiple types of detection performance (Metal/Explosive)

Personal items inspection



Baggage inspection

Detection Result



Railways

Airports

Educational institutions

Arenas

Amusement parks

Event facilities

Usage scenes



2-13. Overseas business



Strategic products

South Asia
ASEAN、Taiwan

Goal **¥7.6 bn**
FY2021

¥20 bn
FY2024

Vision/Target

Business development rooted in Asian megacities

Main Strategies

- **Sales/Products strategy**
 - Commercialization of SPACRS series
 - Development of traffic signal systems for overseas markets
 - Expansion of maintenance business
- **Localized strategy**
 - Promoting localization through establishing Nippon Signal Bangladesh

Main Targets

Market size

South Asia

New lines/extension projects in cities that NS operates

¥35 bn

ASEAN

¥40 bn

Taiwan

Stable revenue acquisition based on past abounding performance

2-14. Implementation Projects and Future Plans in Asian Megacities

	Number of Stations (Distance)		Future Plans
	Implementation Projects/New Lines	Extension Plans	
Delhi Metro Line 8	25 (37km)	22 (29km)	Line 10
Ahmadabad Metro	33 (39km)	22 (27km)	–
Chennai Metro	32 (45km)	9 (9km)	–
Dhaka Line 6 + Line 1&5	16 (20km)	49 (68km)	Line 2
Bangkok Red Line	13 (41km)	11 (29km)	9 (26km)
Jakarta Metro	14 (16km)	10 (12km)	–
Yangon Loop Line, Yangon-Mandalay Line	51 (118km)	Yangon-Mandalay Line Phase 2	
Ho Chi Minh Metro Line 1	14 (19km)	–	Line 3&4
Manila Subway	17 (32km)	–	–
Cairo Metro Line 4	16 (19km)		Line 4 Phase2
Beijing Metro Line 15	21 (38km)	Increased number of trains	
Taiwan	South Link Line electrification project 19 (120km)	Operating Control Center Renewal, Tao-yuan area underground installation, Hua-doing Line double track project : 18 (120km)	

2-15. ESG Efforts to decarbonize and reduce environmental impact

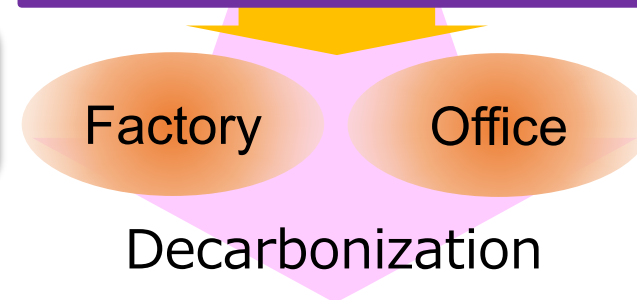
Participating in TCFD and aiming to reduce greenhouse gas emissions by 50% until 2030 (compared to FY2013) and achieve net 0 emissions by 2050

Nippon Signal Group's Decarbonization Initiatives

- ① Reducing Emissions from Products
1. Reduced power consumption
 2. Improved serviceability
 3. Provision of energy-saving solutions

- ② Clean power procurement, Introduction of photovoltaic power generation

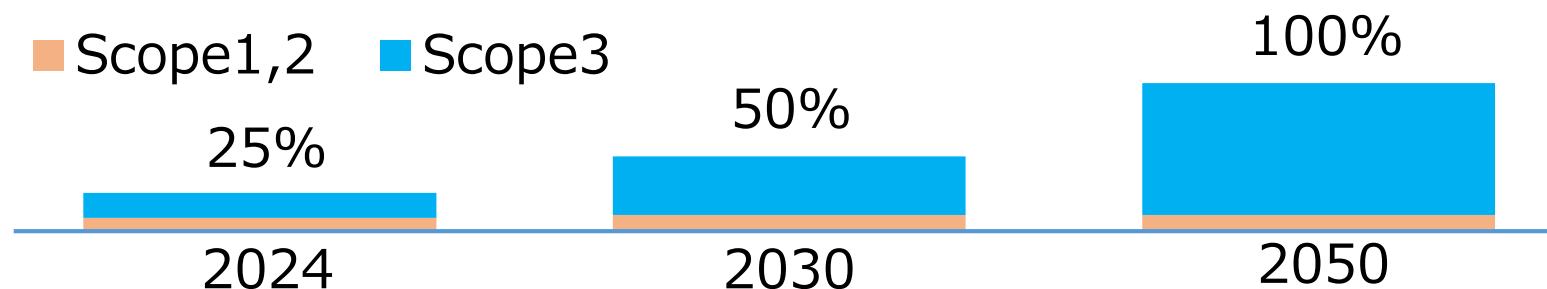
- ③ Reduction of emissions in business activities



Greenhouse
gas
reduction
targets

■ Scope 1,2

■ Scope 3



2-16. ESG Promoting Diversity and Sustainability

Promoting diversity as a driving force for value creation

	KPI	FY2024
Diversity	Ratio of female managers Number of female employees in technical positions	1.4 times 1.2 times (compared to April 2022)
Health management	Excellent Health and Productivity Management Organization	Acquiring certification

Strengthen education of DX human resources and promote diverse work styles

【Contributing to Sustainability through all corporate activities】

Continuing/strengthening community-based activities such as railway festivals
Solving social issues and promoting sustainability through business

- Continuous enhancement of corporate governance and compliance, including appropriate responses to legal system revisions
- Strengthening Group Risk Management and Restructuring of BCP

3-1. Management targets

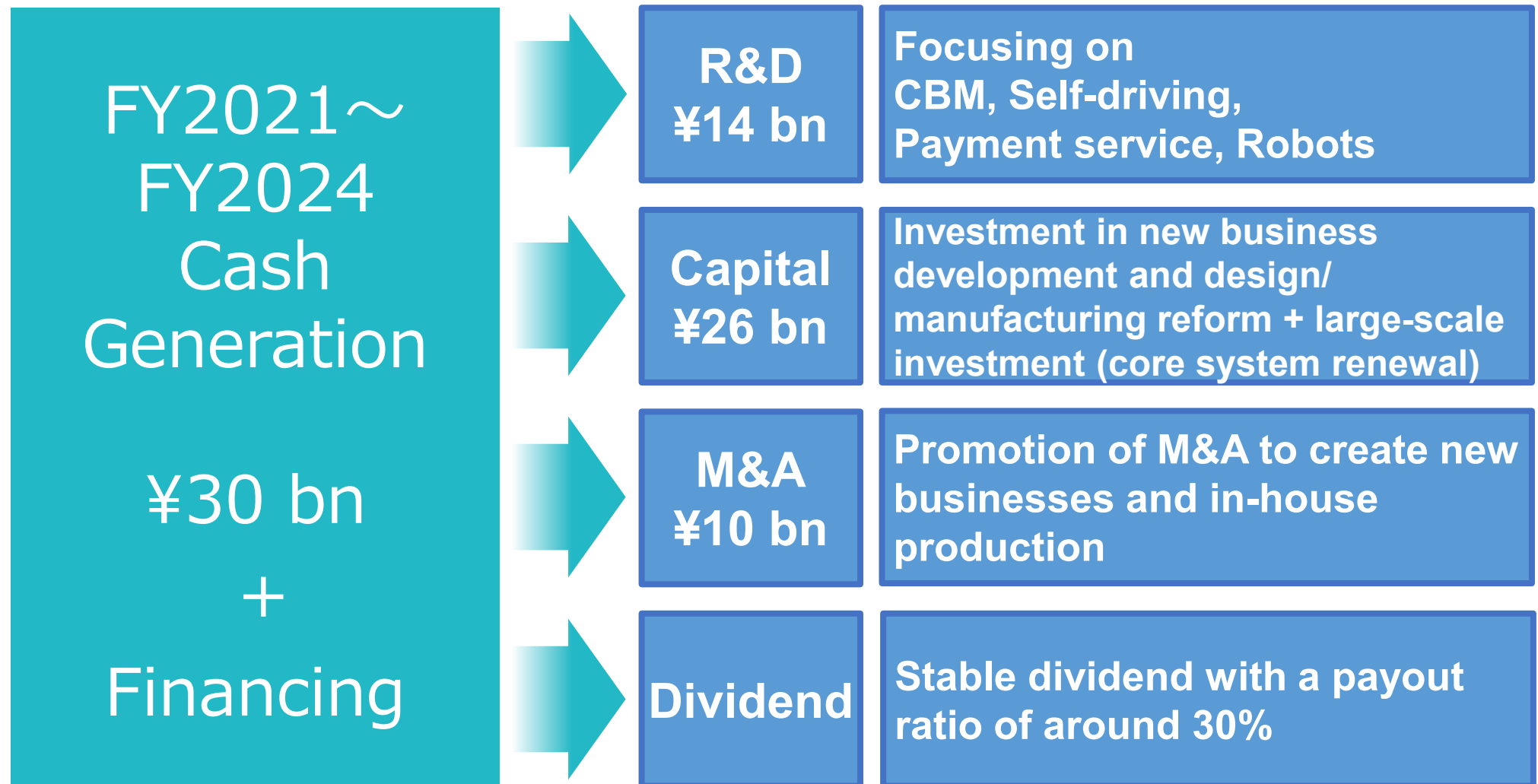
Aiming to maximize corporate value by creating growth opportunities and establishing a growth foundation with ROE as an important indicator

NIPPON SIGNAL GROUP MANAGEMENT TARGETS

	FY2021	FY2024
Sales	¥85 bn	¥130 bn
Operating Income Ratio	6.3%	11%
ROE	5.3%	10%

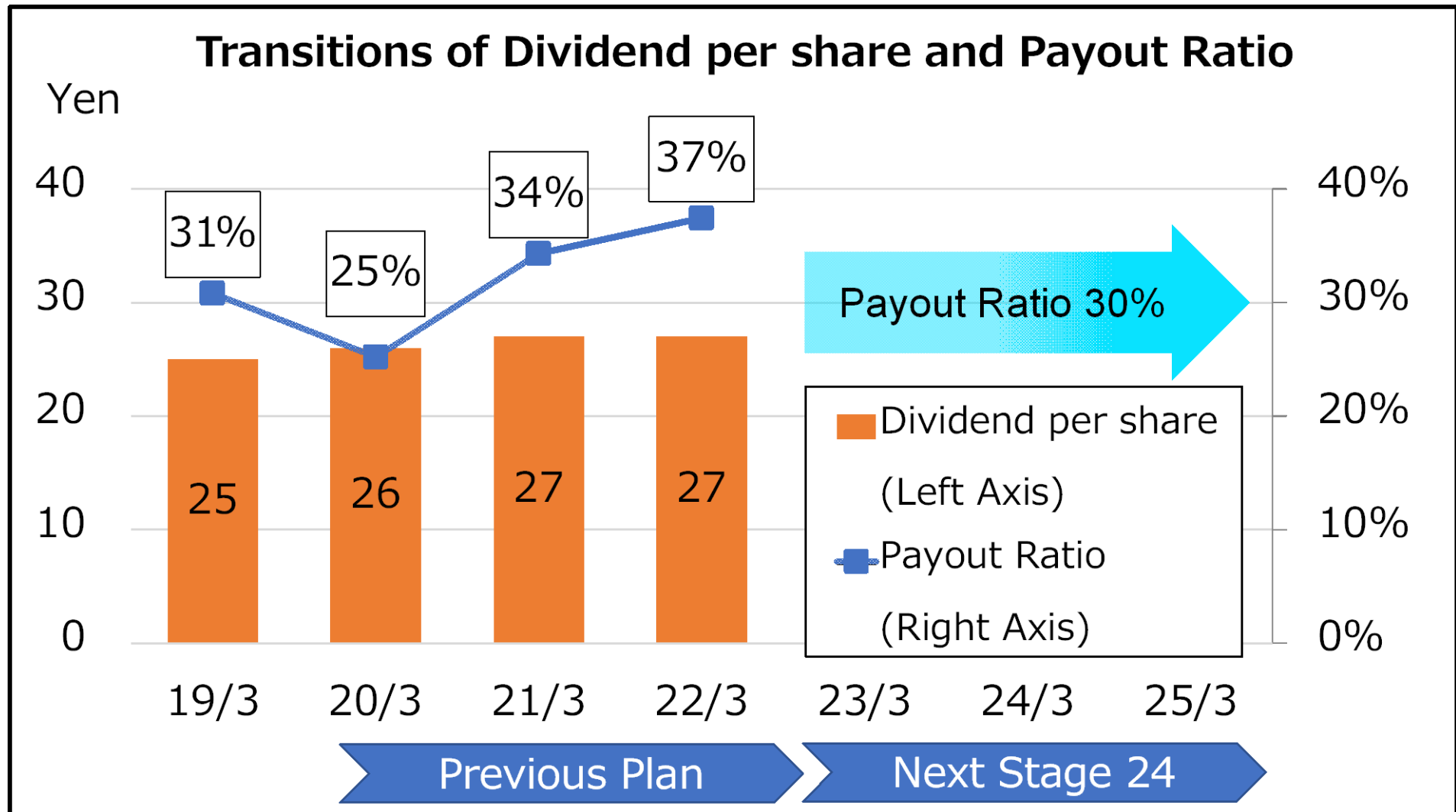
3-2. Cash Allocation

Aiming to invest a total of 50 billion yen to create value



3-3. Payout ratio

Aiming a stable dividend payout ratio of 30%





Notes

Business forecasts are established based on the information available to us at the current point of time and certain preconditions that are decided to be rational. However, the actual business results may differ significantly from the forecasts due to various factors.