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November 7, 2024

Consolidated Financial Results for the Six Months (Interim) Ended September 30, 2024 (Under Japanese GAAP)

Company name: NOHMI BOSAI LTD.
 Listing: Tokyo Stock Exchange
 Securities code: 6744
 URL: <https://www.nohmi.co.jp/>
 Representative: Takeshi Okamura, President and Representative Director
 Inquiries: Yasuhiro Ono, Executive Officer in charge of General Affairs Department
 Telephone: +81-3-3265-0214
 Scheduled date to file semiannual securities report: November 13, 2024
 Scheduled date to commence dividend payments: December 5, 2024
 Preparation of supplementary materials on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Six Months (Interim) Ended September 30, 2024 (from April 1, 2024, to September 30, 2024)

(1) Consolidated operating results (year to date)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2024	54,538	11.9	3,600	140.4	3,794	115.8	2,539	112.8
Six months ended September 30, 2023	48,732	11.0	1,497	205.4	1,758	156.7	1,193	193.7

(Note) Comprehensive income Six months ended September 30, 2024 ¥2,636 million [37.4%]
 Six months ended September 30, 2023 ¥1,918 million [121.0%]

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended September 30, 2024	42.84	-
Six months ended September 30, 2023	19.78	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of September 30, 2024	148,612	122,291	81.2
As of March 31, 2024	157,485	125,166	78.5

(Reference) Equity
 As of September 30, 2024 ¥120,653 million
 As of March 31, 2024 ¥123,638 million

2. Cash Dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	-	23.00	-	30.00	53.00
Fiscal year ending March 31, 2025	-	30.00			
Fiscal year ending March 31, 2025 (forecast)			-	30.00	60.00

(Note) Revisions to the forecast of cash dividends most recently announced: None

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

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	130,000	9.7	14,000	20.0	14,300	16.8	9,800	14.3	165.33

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

*** Notes**

- (1) Significant change in the scope of consolidation during the period: None
- (2) Adoption of accounting treatment specific to the preparation of interim consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates and restatement
 - (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2024	60,832,771 shares
As of March 31, 2024	60,832,771 shares

- (ii) Number of treasury shares at the end of the period

As of September 30, 2024	1,978,378 shares
As of March 31, 2024	493,735 shares

- (iii) Average number of shares outstanding during the period (interim period)

Six months ended September 30, 2024	59,274,179 shares
Six months ended September 30, 2023	60,335,327 shares

* Six months (interim) financial results reports are exempt from review conducted by certified public accountants or an audit corporation.

*** Explanation of the proper use of financial results forecast and other special matters**

The results forecast and other forward-looking statements contained in this document are based on information currently available to the Company and certain assumptions deemed to be reasonable. Actual results may differ significantly due to various factors. Please refer to “(3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Information” in “1. Outline of Operating Results” on page 2 of the Attachments for the assumptions made in the financial results forecast and notes on using the financial results forecast.

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1. Outline of Operating Results

(1) Outline of Interim Operating Results

During the interim period ended September 30, 2024, the Japanese economy continued a moderate recovery trend amid improvements in the employment and income situation. On the other hand, the outlook is still uncertain due to the impact of the downside risks in overseas economies, rising prices, and fluctuations in the financial capital market.

In the fire protection industry, capital investment grew moderately amid an improvement in corporate profits and business confidence, leading to a strong market environment. However, it is necessary to continuously pay close attention mainly to the effects of rising raw material prices as well as the regulatory maximum overtime working hours that began to be applied to the construction industry from April 2024.

Under these circumstances, the Group has formulated the vision for fiscal 2028 and the measures to realize it as “Medium- to Long-Term Vision 2028: Shaping the Customers’ Expectations.” Starting in fiscal 2022, it has been undertaking a variety of initiatives to transform itself into a company that can create higher added value.

As a result of working on active business activities as the third year of this medium- to long-term vision, orders received in the interim period ended September 30, 2024, totaled ¥80,264 million (up 17.3% year-on-year) and net sales were ¥54,538 million (up 11.9% year-on-year).

In terms of profits, due to the continued strong market environment and an improvement in the cost of sales ratio mainly due to the proven success of the planned efforts for price revision amid the rising raw material prices, operating income was ¥3,600 million (up 140.4% year-on-year), ordinary income came to ¥3,794 million (up 115.8% year-on-year), and net income attributable to owners of parent was ¥2,539 million (up 112.8% year-on-year).

By business segment, net sales and operating income in the Fire Alarm Systems segment were ¥19,610 million (up 14.2% year-on-year) and ¥2,909 million (up 63.1% year-on-year), respectively. Net sales and operating income in the Fire Extinguishing Systems segment amounted to ¥18,625 million (up 14.1% year-on-year) and ¥2,485 million (up 73.4% year-on-year), respectively. Net sales and operating income in the Maintenance Services segment were ¥13,822 million (up 8.3% year-on-year) and ¥2,311 million (up 8.4% year-on-year), respectively. Net sales and operating income in the Others segment recorded ¥2,479 million (up 0.4% year-on-year) and ¥122 million (up 68.9% year-on-year), respectively.

(2) Outline of Interim Financial Position

Total assets at the end of the interim period of the fiscal year under review were ¥148,612 million, down ¥8,872 million from the end of the previous fiscal year. This was mainly due to a decrease of ¥11,442 million in notes and accounts receivable–trade, and contract assets and a decrease of ¥3,204 million in cash and deposits, despite an increase of ¥4,000 million in securities and an increase of ¥900 million in raw materials and supplies.

Liabilities fell ¥5,997 million from the end of the previous fiscal year to ¥26,321 million. This was mainly due to a decrease of ¥1,612 million in provision for bonuses, a decrease of ¥859 million in income taxes payable, and a decrease of ¥740 million in notes and accounts payable–trade.

Net assets were down ¥2,875 million from the end of the previous fiscal year to ¥122,291 million, mainly due to the purchase of treasury shares.

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

Regarding the full-year financial results forecast for the fiscal year ending March 2025, we have revised the forecast announced on May 9, 2024 in light of the recent performance trends. For details, please refer to “Notice Concerning Revision of Financial Results Forecast,” announced on October 24, 2024.

At the Group, our sales tend to be concentrated in the latter half of the fiscal year, particularly in the fourth quarter, because the construction industry has a significant impact on our sales.

2. Interim Consolidated Financial Statements and Key Notes

(1) Interim Consolidated Balance Sheet

	(Millions of yen)	
	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	46,550	43,345
Notes and accounts receivable–trade, and contract assets	49,134	37,692
Securities	-	4,000
Merchandise and finished goods	5,684	6,020
Work in process	1,419	1,600
Raw materials and supplies	8,143	9,043
Other	1,017	1,045
Allowance for doubtful accounts	(632)	(710)
Total current assets	111,318	102,037
Non-current assets		
Property, plant and equipment	23,868	23,599
Intangible assets	3,382	3,496
Investments and other assets		
Investment securities	10,074	9,779
Other	8,905	9,762
Allowance for doubtful accounts	(63)	(63)
Total investments and other assets	18,917	19,478
Total non-current assets	46,167	46,574
Total assets	157,485	148,612
Liabilities		
Current liabilities		
Notes and accounts payable–trade	4,430	3,690
Income taxes payable	2,480	1,620
Provision for bonuses	3,648	2,035
Provision for product warranties	108	72
Provision for warranties for completed construction	64	85
Provision for loss on construction contracts	1,475	1,299
Other	12,617	10,028
Total current liabilities	24,826	18,832
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	165	163
Provision for product warranties	107	144
Reserve for loss on construction performance guarantee	189	189
Retirement benefit liability	5,575	5,628
Asset retirement obligations	128	125
Other	1,327	1,237
Total non-current liabilities	7,492	7,488
Total liabilities	32,318	26,321

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Net assets		
Shareholders' equity		
Share capital	13,302	13,302
Capital surplus	12,945	12,925
Retained earnings	93,796	94,522
Treasury shares	(259)	(3,931)
Total shareholders' equity	119,784	116,818
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,146	1,849
Foreign currency translation adjustment	983	1,263
Remeasurements of defined benefit plans	724	721
Total accumulated other comprehensive income	3,854	3,835
Non-controlling interests	1,527	1,637
Total net assets	125,166	122,291
Total liabilities and net assets	157,485	148,612

(2) Interim Consolidated Statements of Income and Interim Consolidated Statements of Comprehensive Income
Interim Consolidated Statements of Income

	(Millions of yen)	
	Interim period ended September 30, 2023 (From April 1, 2023, to September 30, 2023)	Interim period ended September 30, 2024 (From April 1, 2024, to September 30, 2024)
Net sales	48,732	54,538
Cost of sales	34,432	37,102
Gross profit	14,300	17,436
Selling, general and administrative expenses	12,803	13,836
Operating income	1,497	3,600
Non-operating income		
Interest income	4	8
Dividend income	56	69
Share of profit of entities accounted for using equity method	133	81
Foreign exchange gains	24	-
Insurance return	7	6
Other	75	90
Total non-operating income	302	257
Non-operating expenses		
Interest expenses	8	9
Foreign exchange losses	-	14
Rental expenses	12	11
Other	21	28
Total non-operating expenses	42	63
Ordinary income	1,758	3,794
Extraordinary losses		
Loss on disposal of non-current assets	5	1
Total extraordinary losses	5	1
Income before income taxes	1,752	3,792
Income taxes	603	1,272
Net income	1,149	2,520
Net loss attributable to non-controlling interests	(44)	(19)
Net income attributable to owners of parent	1,193	2,539

Interim Consolidated Statements of Comprehensive Income

(Millions of yen)

	Interim period ended September 30, 2023 (From April 1, 2023, to September 30, 2023)	Interim period ended September 30, 2024 (From April 1, 2024, to September 30, 2024)
Net income	1,149	2,520
Other comprehensive income		
Valuation difference on available-for-sale securities	477	(295)
Foreign currency translation adjustment	236	415
Remeasurements of defined benefit plans, net of tax	50	(3)
Share of other comprehensive income of entities accounted for using equity method	5	(1)
Total other comprehensive income	769	116
Comprehensive income	1,918	2,636
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,895	2,519
Comprehensive income attributable to non-controlling interests	23	116

(3) Interim Consolidated Statements of Cash Flows

	(Millions of yen)	
	Interim period ended September 30, 2023 (From April 1, 2023, to September 30, 2023)	Interim period ended September 30, 2024 (From April 1, 2024, to September 30, 2024)
Cash flows from operating activities		
Income before income taxes	1,752	3,792
Depreciation	1,314	1,315
Amortization of goodwill	8	8
Share-based payment expenses	6	12
Increase (decrease) in allowance for doubtful accounts	5	57
Increase (decrease) in retirement benefit liability	105	42
Decrease (increase) in retirement benefit asset	-	(471)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	5	(2)
Increase (decrease) in provision for bonuses	(1,845)	(1,620)
Increase (decrease) in provision for product warranties	128	0
Increase (decrease) in provision for warranties for completed construction	(26)	20
Interest and dividend income	(61)	(78)
Insurance return	(7)	(6)
Interest expenses	8	9
Share of loss (profit) of entities accounted for using equity method	(133)	(81)
Loss (gain) on disposal of non-current assets	5	(0)
Decrease (increase) in trade receivables and contractual assets	11,836	11,565
Decrease (increase) in inventories	(2,703)	(1,228)
Increase (decrease) in trade payables	(7,556)	(2,546)
Increase (decrease) in contract liabilities	641	524
Other	174	(1,902)
Subtotal	3,658	9,409
Interest and dividends received	62	86
Interest paid	(8)	(9)
Income tax paid	(849)	(1,994)
Net cash provided by (used in) operating activities	2,863	7,492
Cash flows from investing activities		
Net decrease (increase) in securities	-	(4,000)
Net decrease (increase) in time deposits	239	(0)
Payments into long-term deposits	-	(110)
Proceeds from withdrawal of long-term deposits	-	110
Purchase of non-current assets	(1,470)	(992)
Purchase of investment securities	(488)	(62)
Proceeds from sales of investment securities	0	4
Proceeds from collection of loans receivable	0	0
Proceeds from cancellation of insurance funds	215	51
Other	(60)	(146)
Net cash provided by (used in) investing activities	(1,563)	(5,145)

(Millions of yen)

	Interim period ended September 30, 2023 (From April 1, 2023, to September 30, 2023)	Interim period ended September 30, 2024 (From April 1, 2024, to September 30, 2024)
Cash flows from financing activities		
Redemption of bonds	(6)	-
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(62)	-
Dividends paid	(1,208)	(1,813)
Net decrease (increase) in treasury shares	(0)	(3,703)
Other	(83)	(94)
Net cash provided by (used in) financing activities	(1,360)	(5,611)
Effect of exchange rate changes on cash and cash equivalents	94	138
Net increase (decrease) in cash and cash equivalents	33	(3,125)
Cash and cash equivalents at beginning of period	47,684	45,550
Cash and cash equivalents at end of interim period	47,718	42,424

(4) Notes to Interim Consolidated Financial Statements

(Application of accounting treatment specific to the preparation of interim consolidated financial statements)

How to calculate tax expenses

Tax expenses are calculated by rationally estimating the effective tax rate after the application of tax effect accounting to income before income taxes for the consolidated fiscal year including the interim period of the fiscal year under review and multiplying income before income taxes by the estimated effective tax rate.

(Notes to Segment Information)

I Interim period ended September 30, 2023 (from April 1, 2023, to September 30, 2023)

Information on the amount of net sales and income or loss by reportable segment and information on the breakdown of profit

(Millions of yen)

	Reportable segment				Other (Note) 1	Total	Adjust- ment (Note) 2	Amount reported on the interim consoli- dated statements of income (Note) 3
	Fire Alarm Systems	Fire Extin- guishing Systems	Mainte- nance Services	Subtotal				
Net sales								
Goods or services transferred at a point in time	8,104	1,166	7,448	16,719	724	17,444	-	17,444
Goods or services transferred over a certain period of time	9,066	15,156	5,319	29,542	1,746	31,288	-	31,288
Revenue from contracts with customers	17,170	16,323	12,767	46,262	2,470	48,732	-	48,732
Net sales to external customers	17,170	16,323	12,767	46,262	2,470	48,732	-	48,732
Intersegment sales or transfers	76	17	0	93	92	186	(186)	-
Subtotal	17,246	16,340	12,768	46,355	2,563	48,919	(186)	48,732
Segment income	1,784	1,433	2,131	5,349	72	5,422	(3,924)	1,497

(Notes) 1 The “Other” segment is a business segment not included in the reportable segment and includes parking lot and lane control systems.

2 The adjustment for segment income of ¥(3,924) million is for corporate expenses.
Corporate expenses mainly consist of general and administrative expenses and research and development expenses, which are not attributable to reportable segments.

3 Segment income is reconciled to operating income in the interim consolidated statements of income.

II Interim period ended September 30, 2024 (from April 1, 2024, to September 30, 2024)

Information on the amount of net sales and income or loss by reportable segment and information on the breakdown of profit

(Millions of yen)

	Reportable segment				Other (Note) 1	Total	Adjust- ment (Note) 2	Amount reported on the interim consoli- dated statements of income (Note) 3
	Fire Alarm Systems	Fire Extin- guishing Systems	Mainte- nance Services	Subtotal				
Net sales								
Goods or services transferred at a point in time	9,318	1,029	7,905	18,254	778	19,032	-	19,032
Goods or services transferred over a certain period of time	10,291	17,596	5,916	33,804	1,701	35,506	-	35,506
Revenue from contracts with customers	19,610	18,625	13,822	52,058	2,479	54,538	-	54,538
Net sales to external customers	19,610	18,625	13,822	52,058	2,479	54,538	-	54,538
Intersegment sales or transfers	95	38	0	134	98	232	(232)	-
Subtotal	19,705	18,664	13,822	52,193	2,578	54,771	(232)	54,538
Segment income	2,909	2,485	2,311	7,706	122	7,829	(4,229)	3,600

(Notes) 1 The “Other” segment is a business segment not included in the reportable segment and includes parking lot and lane control systems.

2 The adjustment for segment income of ¥(4,229) million is for corporate expenses.

Corporate expenses mainly consist of general and administrative expenses and research and development expenses, which are not attributable to reportable segments.

3 Segment income is reconciled to operating income in the interim consolidated statements of income.

(Notes on Significant Changes in the Amount of Shareholders' Equity)

Not applicable.

(Notes on Going Concern Assumptions)

Not applicable.