

**Dedicated to reliable fire prevention and protection for people,  
businesses, communities and society**



## **Results for the First Half of FY2021/3**

**December 2, 2020**

**NOHMI BOSAI LTD.**

**NOHMI**

# I . Consolidated Results for the First Half of FY2021/3



## **Orders remained about the same as one year earlier**

First half orders were almost the same as the record-high orders one year earlier despite restrictions on some business activities due to COVID-19.

## **Sales and earnings improved more than expected**

First half sales and earnings were higher than planned because of extensive sales activities accompanied by COVID-19 protective measures.

## **Strong sales and earnings in 1H FY2020/3**

First half sales and earnings were down in part due to a low level of orders backlog early in the fiscal year compared with one year earlier. Earnings were lower than one year earlier, when there was an unusually large number of highly profitable projects.

# Consolidated Results of Operation

(Million yen)

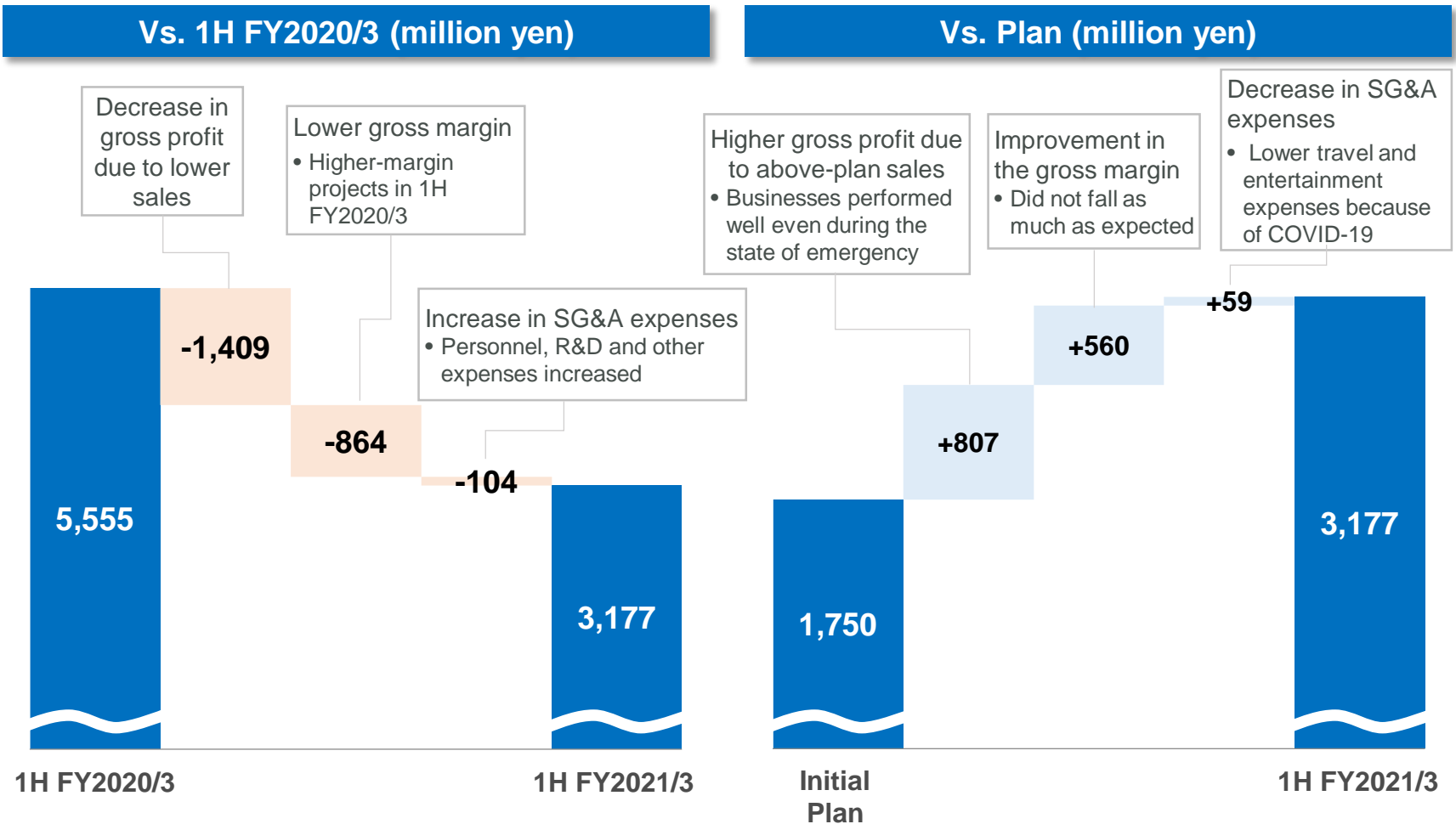
	1H FY2020/3	1H FY2021/3		Vs. 1H FY 2020/3		VS. Plan	
	Results	Plan	Results	Amount	Pct.	Amount	Pct.
New orders	61,688	53,000	61,218	-470	-0.8%	+8,218	+15.5%
Net sales	50,038	43,000	45,728	-4,310	-8.6%	+2,728	+6.3%
Cost of sales	67.3%	70.4%	69.2%	+1.9pt	—	-1.2pt	—
Gross profit	16,372	12,730	14,098	-2,274	-13.9%	+1,368	+10.7%
SG&A expenses	10,816	10,980	10,920	+104	+1.0%	-59	-0.5%
Operating income	5,555	1,750	3,177	-2,378	-42.8%	+1,427	+81.6%
Operating margin	11.1%	4.1%	6.9%	-4.2pt	—	+2.8pt	—
Ordinary income	5,653	1,850	3,380	-2,273	-40.2%	+1,530	+82.7%
Net income attributable to owners of parent	3,637	1,150	2,162	-1,474	-40.5%	+1,012	+88.1%
EPS (yen)	60.32	19.07	35.87				

# Consolidated Results by Segments

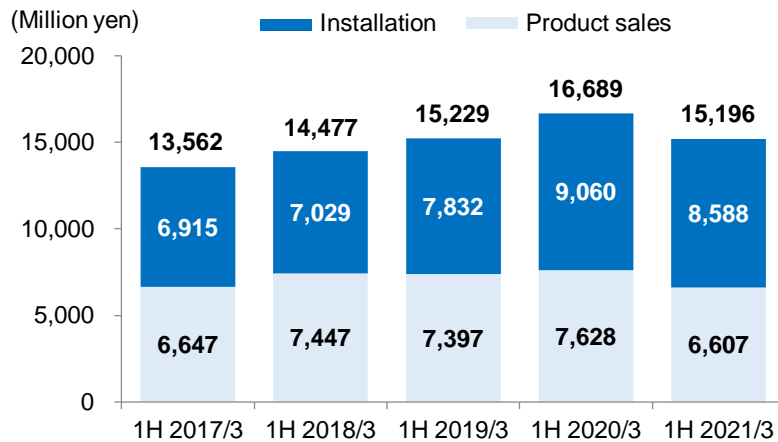
(Million yen)

		1H FY2020/3	1H FY2021/3	Vs. 1H FY2020/3	
		Results	Results	Amount	Pct.
<b>Fire Alarm Systems</b>	Net sales	16,689	15,196	-1,493	-8.9%
	Operating income	2,945	1,776	-1,168	-39.7%
	Operating margin	17.6%	11.7%	-5.9pt	—
<b>Fire Extinguishing Systems</b>	Net sales	18,515	17,220	-1,295	-7.0%
	Operating income	2,993	2,653	-339	-11.3%
	Operating margin	16.2%	15.4%	-0.8pt	—
<b>Maintenance Services</b>	Net sales	12,361	11,352	-1,009	-8.2%
	Operating income	2,613	2,029	-583	-22.3%
	Operating margin	21.1%	17.9%	-3.2pt	—
<b>Others</b>	Net sales	2,633	2,118	-514	-19.5%
	Operating income	128	-1	-129	—
	Operating margin	4.9%	-0.0%	-4.9pt	—
<b>Elimination/ Corporate</b>	Net sales	-160	-158	+1	—
	Operating income	-3,124	-3,282	-157	—
<b>Consolidated</b>	Net sales	50,038	45,728	-4,310	-8.6%
	Operating income	5,555	3,177	-2,378	-42.8%

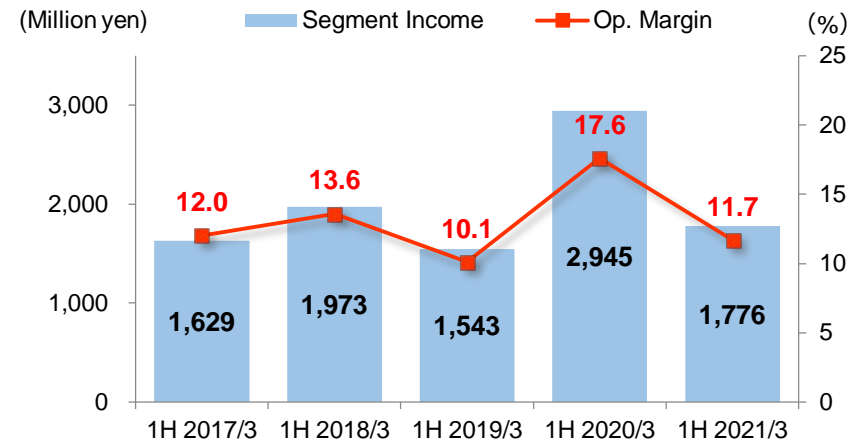
# Analysis of Change in Operating Income



### Net Sales (before elimination)



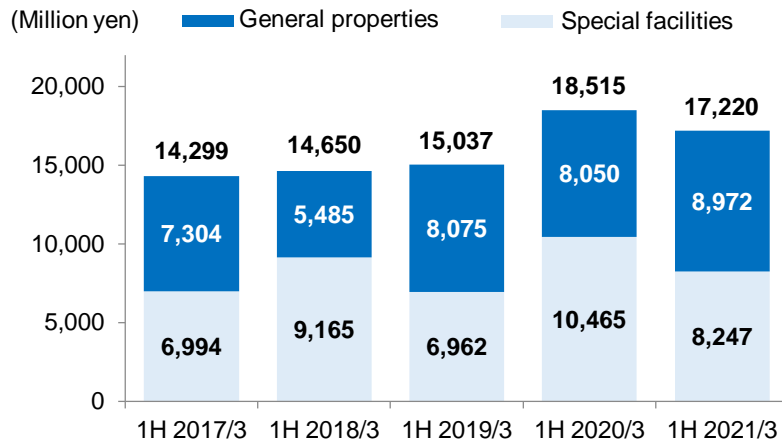
### Segment Income & Operating Margin



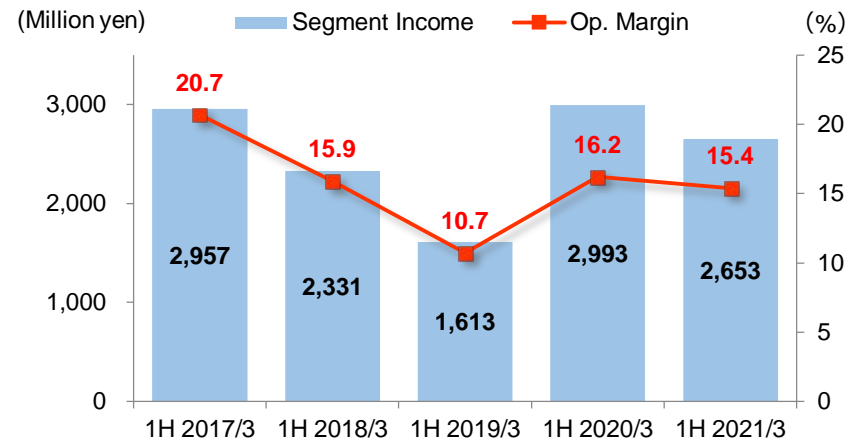
	1H 2020/3	1H 2021/3	YoY (%)
New orders	20,311	18,449	-9.2
Backlog of orders	17,978	15,019	-16.5
Net sales	16,689	15,196	-8.9
Installation	9,060	8,588	-5.2
Product Sales	7,628	6,607	-13.4
Segment income	2,945	1,776	-39.7

- Orders decreased because of uncertainty about the business climate.
- Lower product sales were the major reason for the decrease in sales.
- Earnings were down in part because there were many high-margin projects one year earlier.

### Net Sales (before elimination)



### Segment Income & Operating Margin

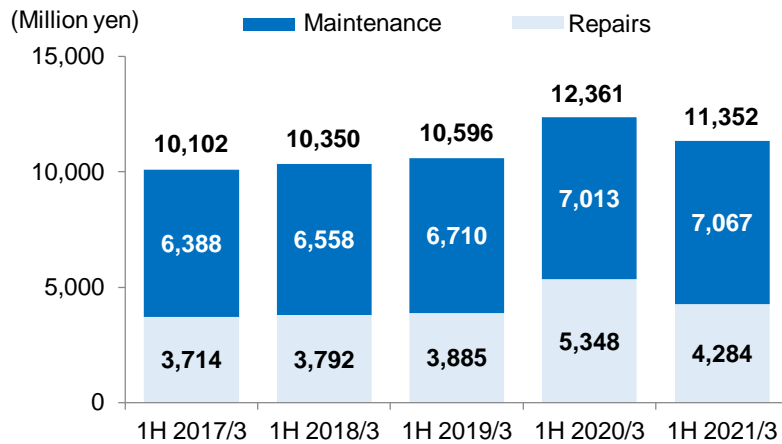


	1H 2020/3	1H 2021/3	YoY (%)
New orders	19,629	22,364	+13.9
Backlog of orders	37,560	39,303	+4.6
Net sales	18,515	17,220	-7.0
General properties	8,050	8,972	+11.5
Special facilities	10,465	8,247	-21.2
Segment income	2,993	2,653	-11.3

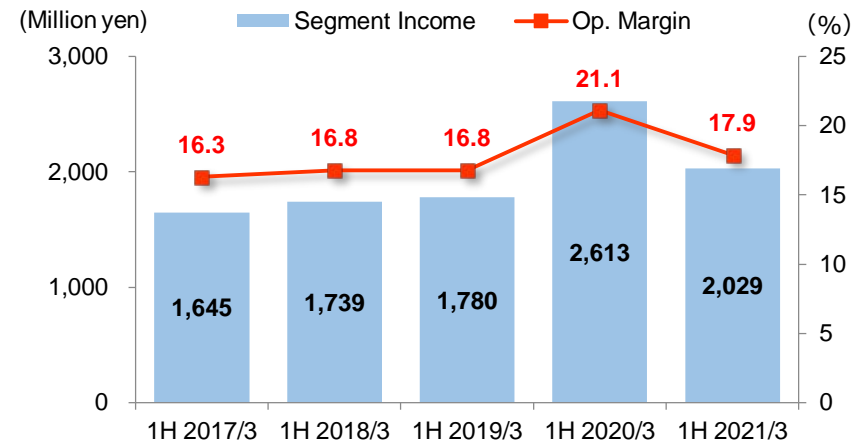
- Large projects for special facilities made a big contribution to orders and projects for cultural property also increased.
- Sales and earnings decreased because of many large project completions one year earlier.
- Orders and sales and earnings remained high during the first half.



### Net Sales (before elimination)



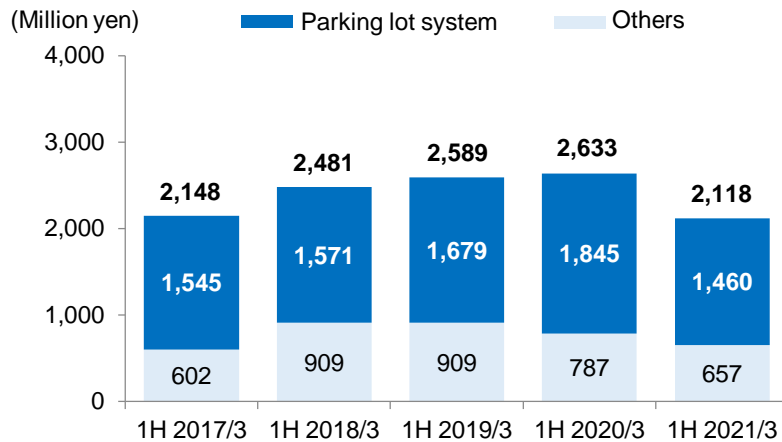
### Segment Income & Operating Margin



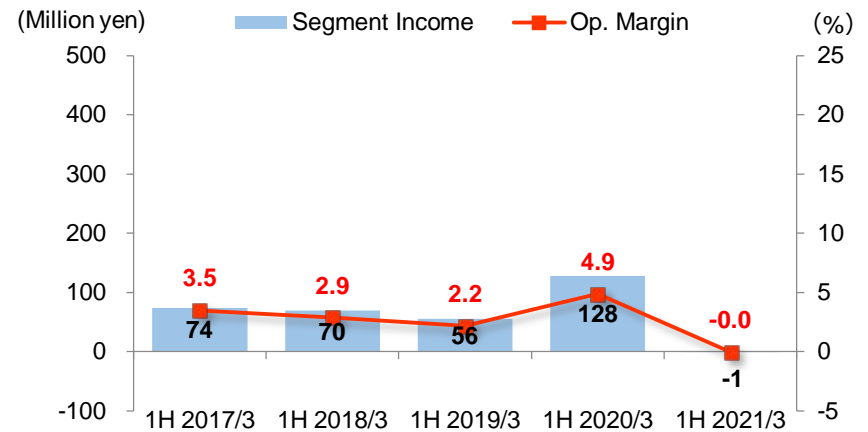
	1H 2020/3	1H 2021/3	YoY (%)
New orders	18,535	17,827	-3.8
Backlog of orders	10,746	10,500	-2.3
Net sales	12,361	11,352	-8.2
Maintenance	7,013	7,067	+0.8
Repairs	5,348	4,284	-19.9
Segment income	2,613	2,029	-22.3

- Orders decreased because of the challenging market conditions.
- Sales and earnings were unusually high one year earlier mainly because there were many renewal projects at once.

### Net Sales (before elimination)



### Segment Income & Operating Margin



	1H 2020/3	1H 2021/3	YoY (%)
<b>New orders</b>	<b>3,210</b>	<b>2,577</b>	<b>-19.7</b>
<b>Backlog of orders</b>	<b>1,420</b>	<b>1,301</b>	<b>-8.4</b>
<b>Net sales</b>	<b>2,633</b>	<b>2,118</b>	<b>-19.5</b>
Parking lot system	1,845	1,460	-20.8
Others	787	657	-16.5
<b>Segment income</b>	<b>128</b>	<b>-1</b>	<b>-</b>

- Parking lot utilization rates declined because of COVID-19.
- Orders, sales and earnings were all lower than one year earlier.

## Ⅱ . Forecast for FY2021/3

***NOHMI***

# Forecast for FY2021/3 (Consolidated)

(Million yen)

	FY2020/3	FY2021/3	Vs. FY2020/3	
	Actual	Forecast	Amount	Pct.
New orders	111,872	105,000	-6,872	-6.1%
Net sales	117,294	107,000	-10,294	-8.8%
Gross profit	39,305	34,400	-4,905	-12.5%
Gross margin	33.5%	32.1%	-1.4pt	—
SG&A expenses	24,165	23,400	-765	-3.2%
Operating income	15,139	11,000	-4,139	-27.3%
Operating margin	12.9%	10.3%	-2.6pt	—
Ordinary income	15,448	11,200	-4,248	-27.5%
Net income attributable to owners of parent	10,516	7,450	-3,066	-29.2%
EPS (yen)	174.41	123.55		
ROE	11.4%	7.7%		

## **Lower sales and earnings because of COVID-19**

The forecast assumes that COVID-19 will restrict some business activities until the end of June 2020.

## **First half performance surpassed the forecast, but no change in the FY2021/3 forecast**

Although 1H sales and earnings surpassed the forecast, the outlook for market conditions is uncertain because of the risk of a downturn in the business climate for new orders and other reasons.

## **Maintaining an operating margin of at least 10%**

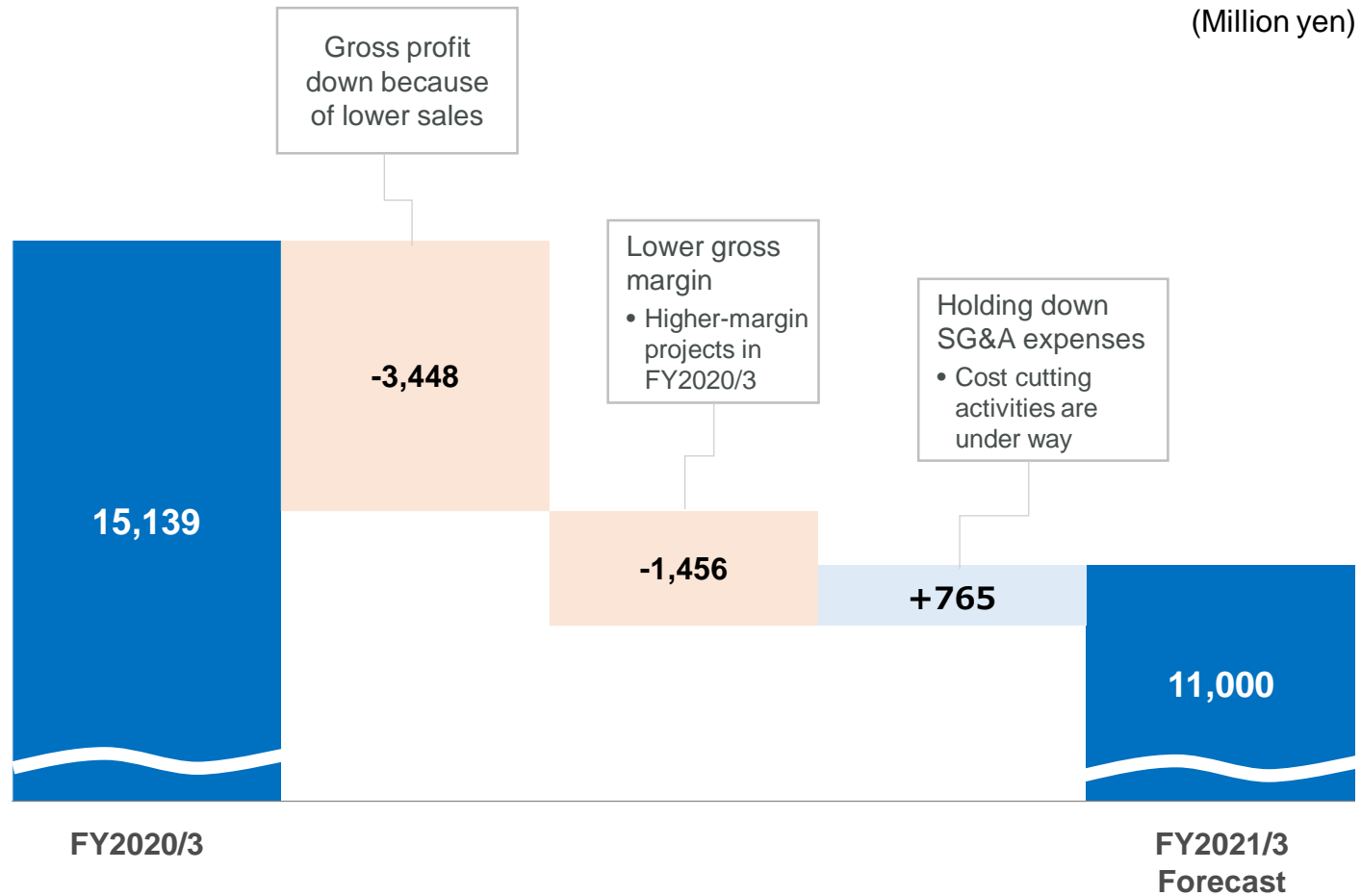
The goal is to maintain an operating margin of at least 10% despite continuing concerns about the negative effects of COVID-19.

# Forecast for FY2021/3 by Segments

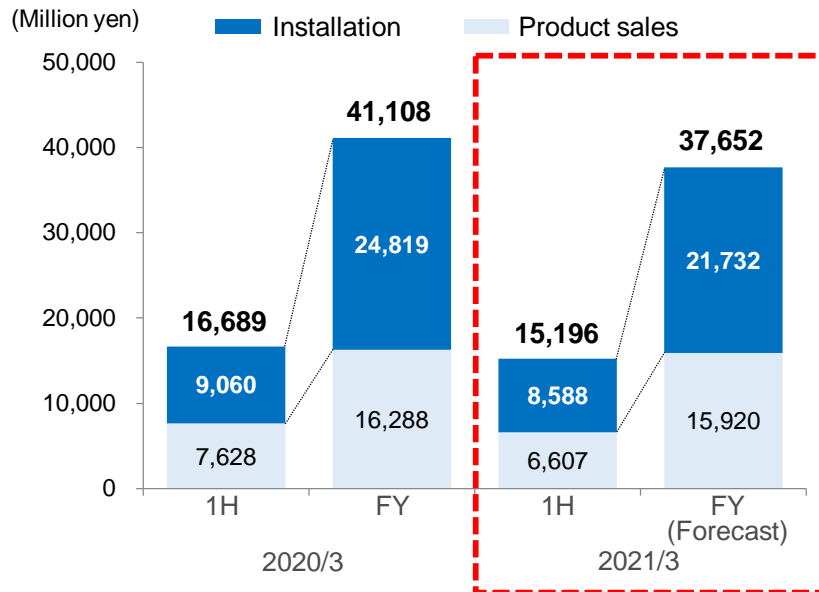
(Million yen)

		FY2020/3	FY2021/3	Vs. FY2020/3	
		Actual	Forecast	Amount	Pct.
<b>Fire Alarm Systems</b>	Net sales	41,108	37,652	-3,455	-8.4%
	Operating income	7,672	6,469	-1,202	-15.7%
	Operating margin	18.7%	17.2%	-1.5pt	—
<b>Fire Extinguishing Systems</b>	Net sales	42,805	39,059	-3,745	-8.8%
	Operating income	7,984	6,313	-1,670	-20.9%
	Operating margin	18.7%	16.2%	-2.5pt	—
<b>Maintenance Services</b>	Net sales	27,482	25,320	-2,162	-7.9%
	Operating income	6,162	4,957	-1,204	-19.5%
	Operating margin	22.4%	19.6%	-2.8pt	—
<b>Others</b>	Net sales	6,272	5,341	-930	-14.8%
	Operating income	490	297	-192	-39.3%
	Operating margin	7.8%	5.6%	-2.3pt	—
<b>Elimination/ Corporate</b>	Net sales	-373	-373	—	—
	Operating income	-7,168	-7,039	+129	—
<b>Consolidated</b>	Net sales	117,294	107,000	-10,294	-8.8%
	Operating income	15,139	11,000	-4,139	-27.3%

# Analysis of Operating Income Forecast

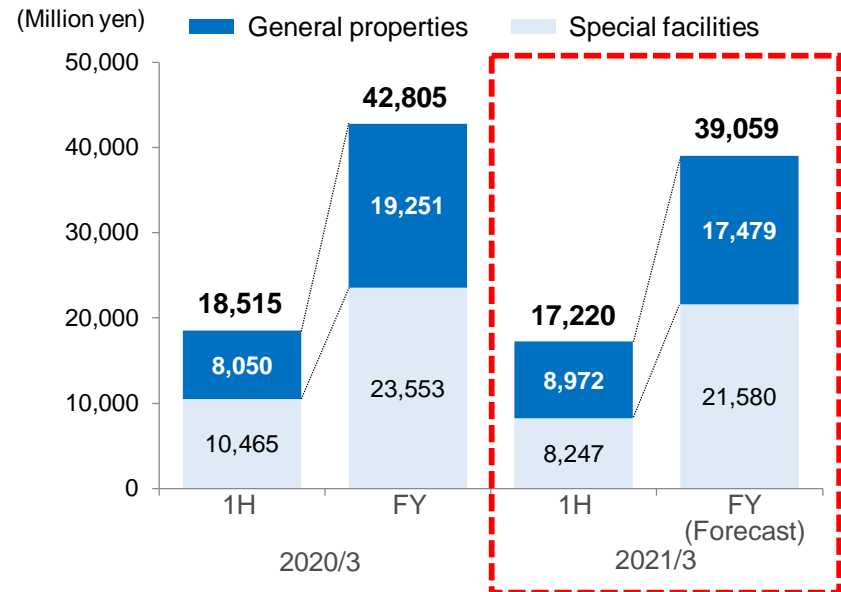


### Fire Alarm Systems



➤ The sales forecast is based on plans for sales activities accompanied by COVID-19 protective measures and for progress at current projects.

### Fire Extinguishing Systems



➤ Forecast a consistently high level of sales because of favorable market conditions for receiving new orders.

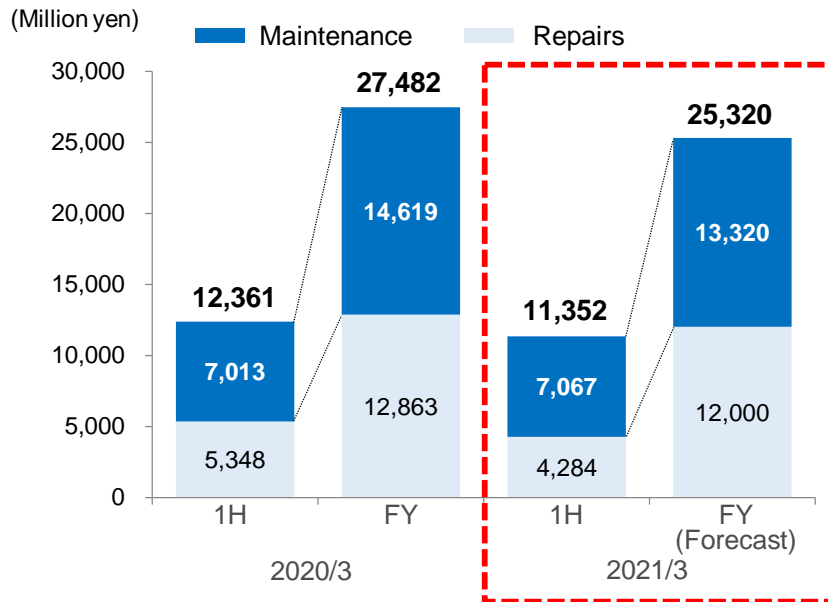


# Forecast by Segments (2)

Maintenance  
Services

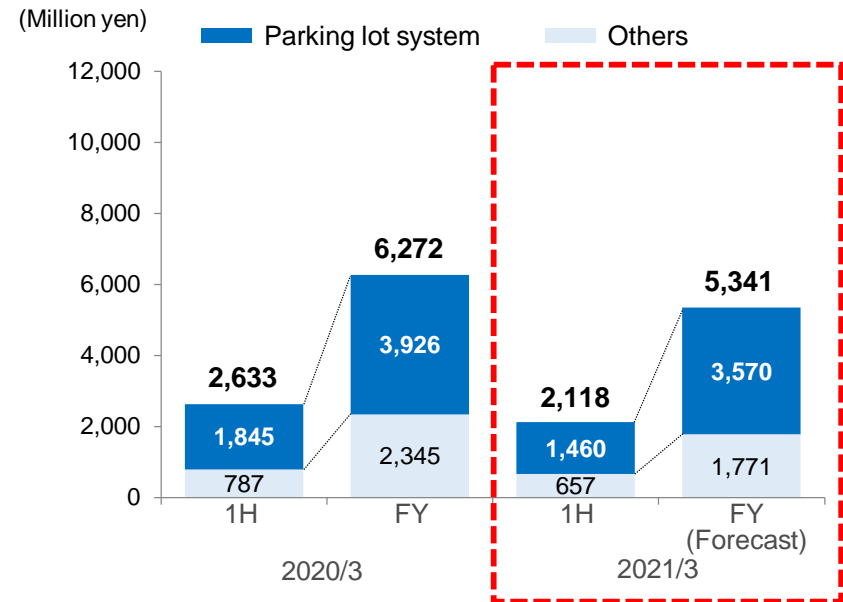
Others

## Maintenance Services



➤ Forecast firm sales despite the uncertain outlook, mainly the result of extensive proposal-based sales activities.

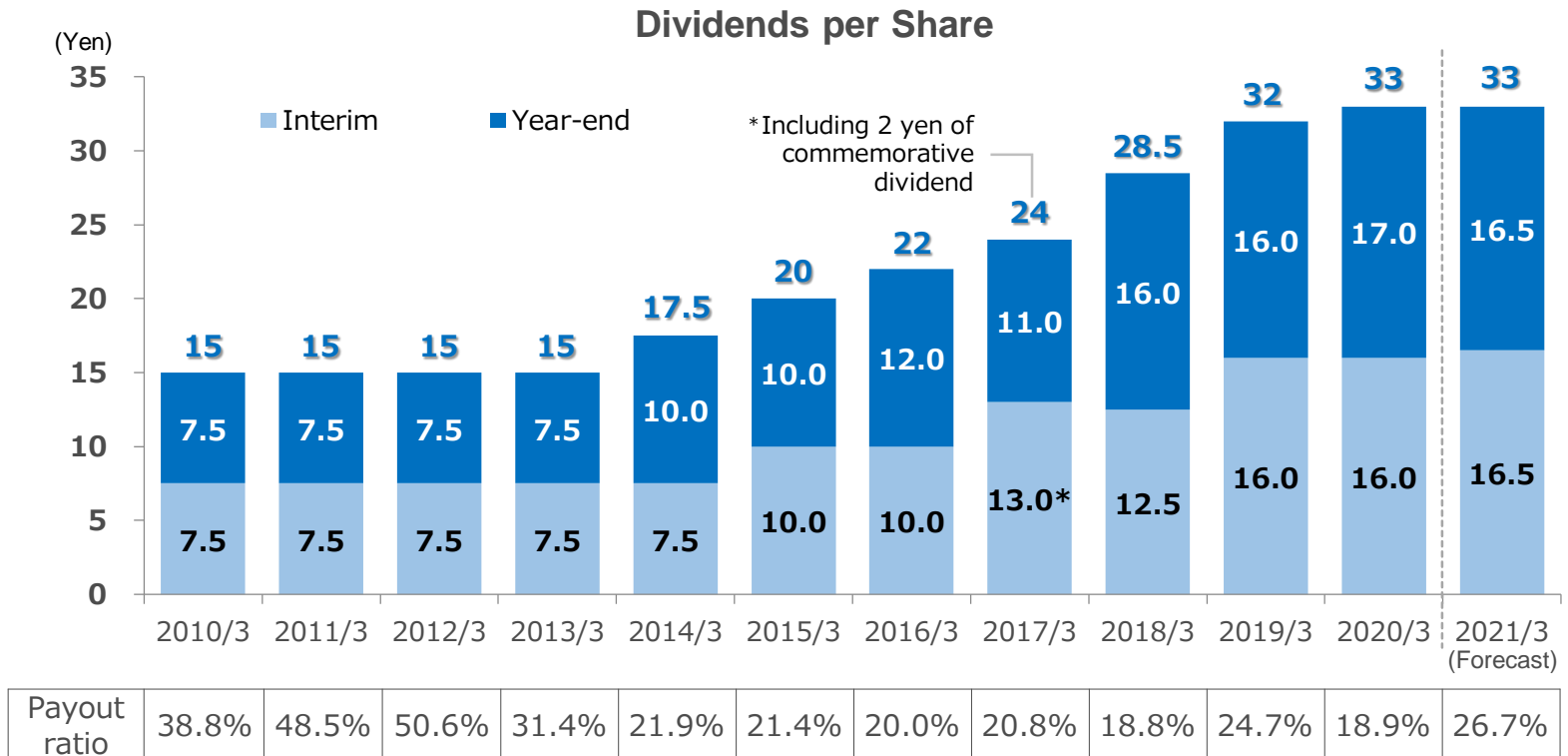
## Others



➤ Forecast lower sales because COVID-19 is reducing parking lot utilization rates.

## Consistent dividends are the priority for shareholder distributions

Dividends have never been reduced since 1978, excluding special dividends



# Ⅲ. Medium-term Plan

## “project 2021”

(FY2020/3-FY2022/3)

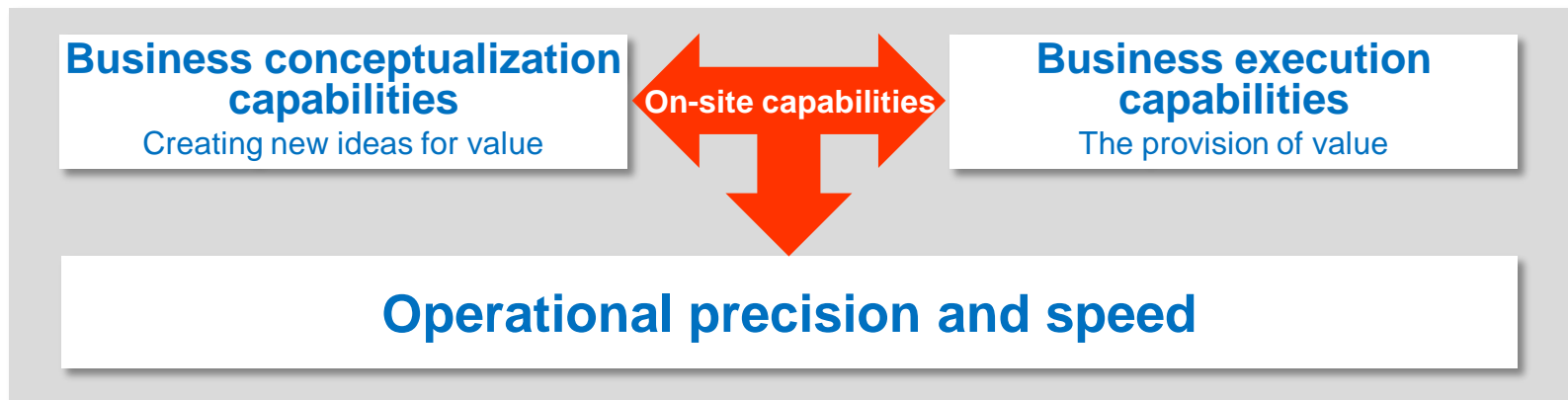


## Our mission

As a pioneer in the fire protection industry, Nohmi will continue to be a source of value that contributes to public safety by using foresight about upcoming changes in markets and the world.

## Stronger On-site Capabilities

the key to adapt to changes in the business climate and move on to an even higher stage



**On-site capabilities** are the ability to discover issues and problems at job sites on our own with the involvement of everyone and the ability to use the resources of the entire organization to devise solutions.

## Vision

**Toward Dramatic Growth Based on Strong “On-site Capabilities”**

**Continue to be pioneers in fire protection fields as a comprehensive fire protection company**

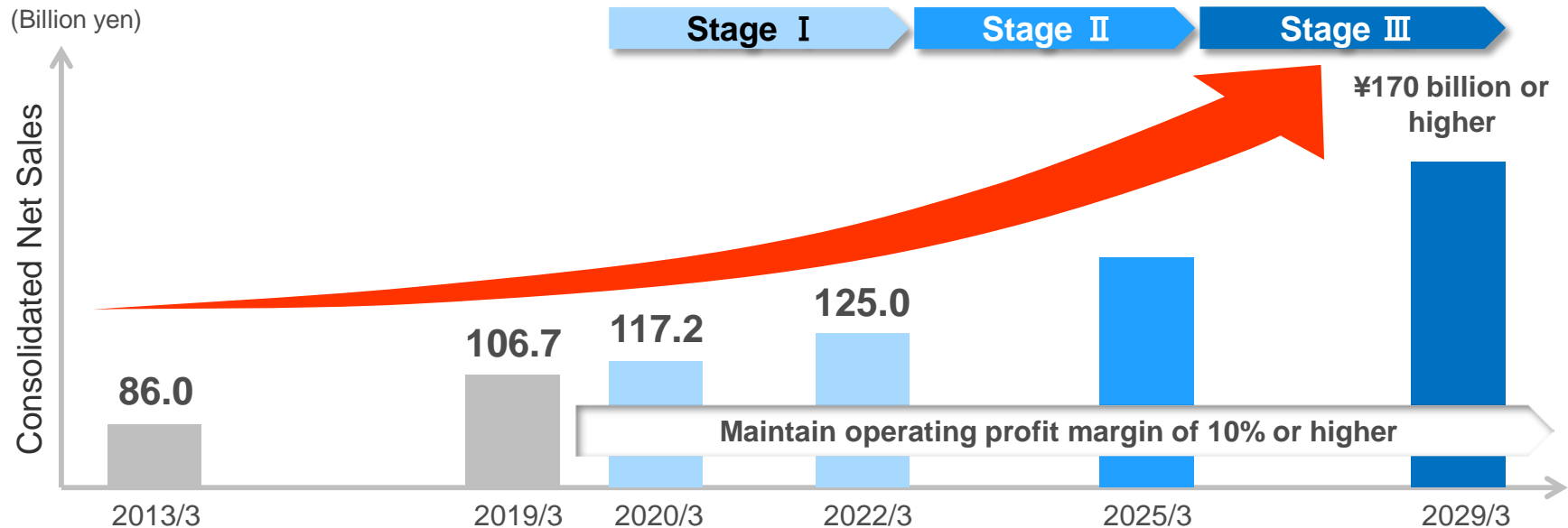
### Priority policies of Medium-Term Business Plan

- (1) Improve human resource capabilities**
- (2) Improve business conceptualization and execution capabilities/improve operational precision and speed**
- (3) Strengthen group management**

**Create a foundation for even higher stages of growth (investments, new initiatives).**

# Quantitative Targets

## Consolidated net sales/Operating profit margin



### R&D investment

- Collaborate with related in-house and external bodies and introduce elemental and other technologies (data technology, AI, IoT, ...)
  - Promote in-house development of Nohmi Bosai's core technologies
- Toward the development of next-generation new products**

Experimental research expenses

¥2.2bn

¥3.0bn

¥5.0bn

Percentage of consolidated net sales

2.1%

2.4%

3.0%

**1 Improve human resource capabilities**

**2 Build a stronger base for core businesses**

Cultural property fire protection projects (example)

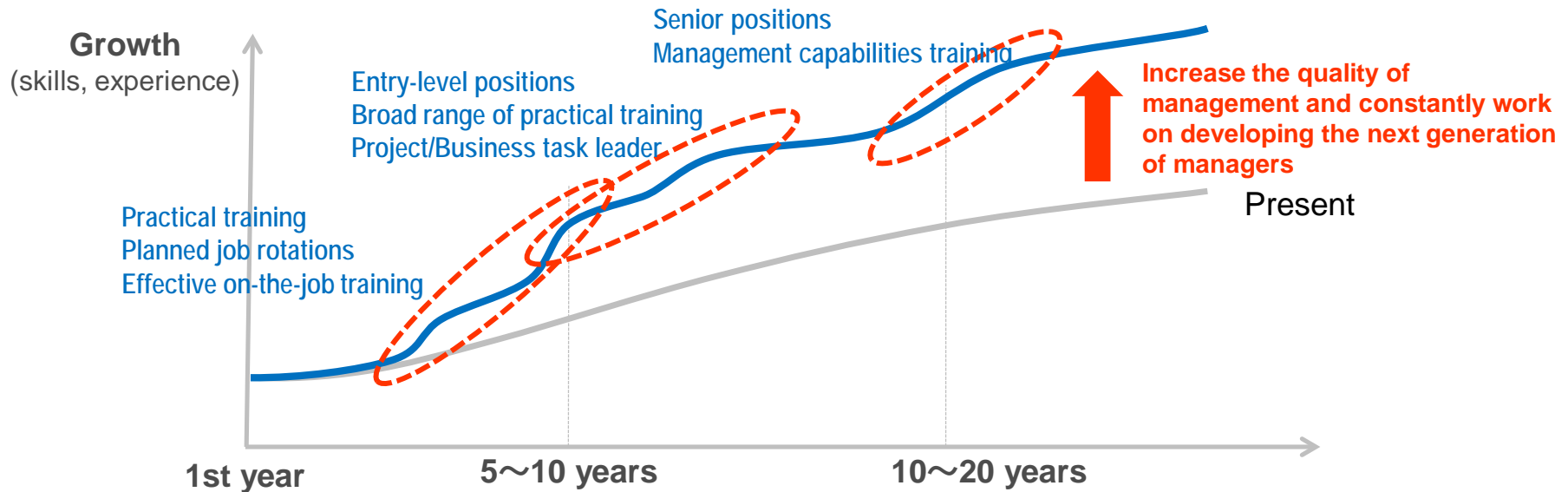
**3 Improve business conceptualization and execution capabilities/improve operational precision and speed**

**4 Strengthen group management**

# Improve Human Resource Capabilities

## Improve human resource capabilities

- Effective on-the-job training and well-planned job rotations
- Upgrade practical training and management skills training with training equipment, etc.



### Onward

More activities to become the company people choose first and where people grow and develop skills

More job reassignments  
for personal growth

Increased use of the cross-  
training\*

Start new training programs  
for management

Other  
actions

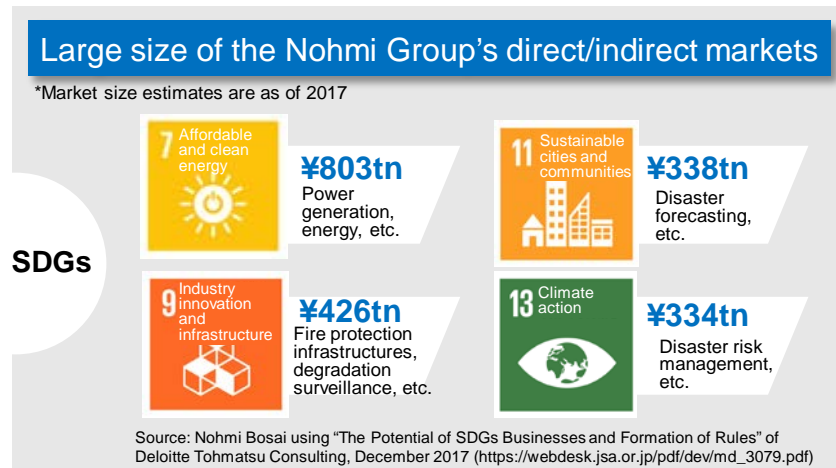
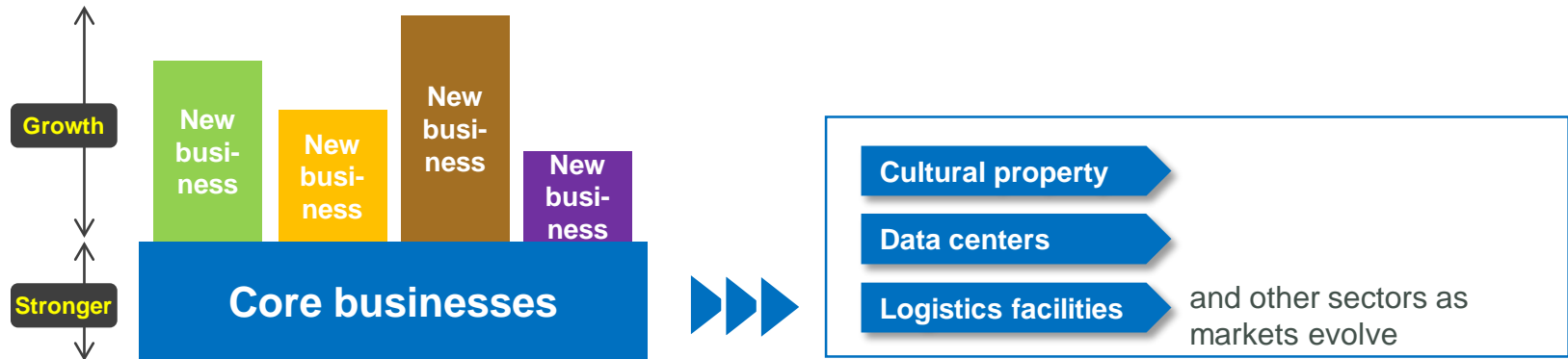
\*Individuals learn by spending time at other departments and business units



# Build a Stronger Base for Core Businesses

## Build a stronger core business base and start new businesses

New businesses will target peripheral fields for meeting customer needs that may occur from current businesses.



# Build a Stronger Base for Core Businesses (cultural property fire protection)

Upcoming growth of the cultural property fire protection market

## **Increase in needs** based on the five-year fire protection plan

(FY2021/3 to FY2025/3)

**Japanese government actions for cultural property fire protection**

**(following the Notre Dame fire in Paris and Shuri Castle fire in Okinawa)**

**Agency for Cultural Affairs** Revised and announced fire protection guidelines for national treasures and important cultural properties

**Minister of MEXT** Established a five-year fire protection plan for World Heritage Sites, national treasures and other properties

### **Priorities**

- World Heritage Sites and national treasures (buildings)
- Museums and other locations that have national treasures and important cultural properties (art objects), following checks for deterioration and other problems

Progress as of September 2020

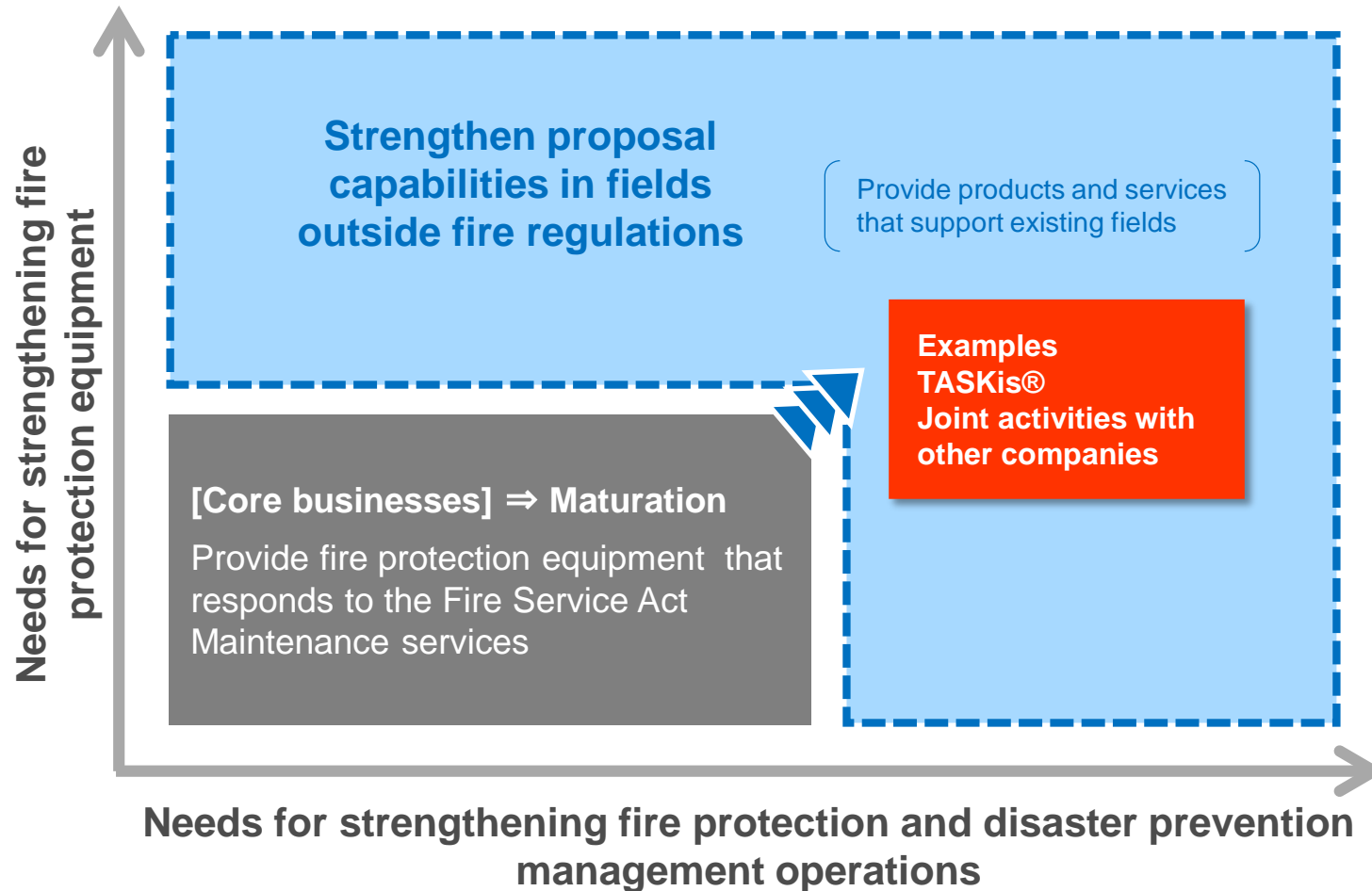
## **Orders have increased as expected**

**Upcoming actions**

**Continue taking actions to meet customers' needs**

- 1) Upgrade and expand fire protection proposals**
- 2) Recruit, train people and other measures required for the increasing volume of cultural property projects**

## Expand business fields

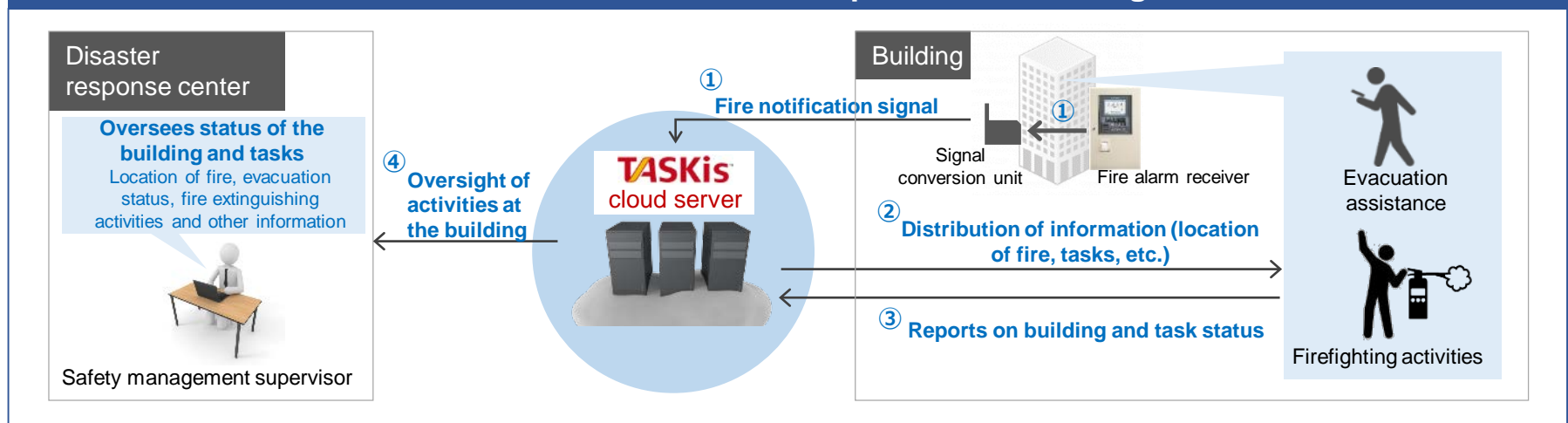


## Reinforce proposal skills by supplying new forms of value

Main functions of the **TASKis** cloud disaster response support software

- Uses smartphones to distribute instructions on tasks to perform in the event of a fire, earthquake or other emergency involving business continuity plans.
- Supervisors can use PCs for real-time monitoring of reports on progress with these tasks.

### Illustration of how TASKis® responds to a building fire

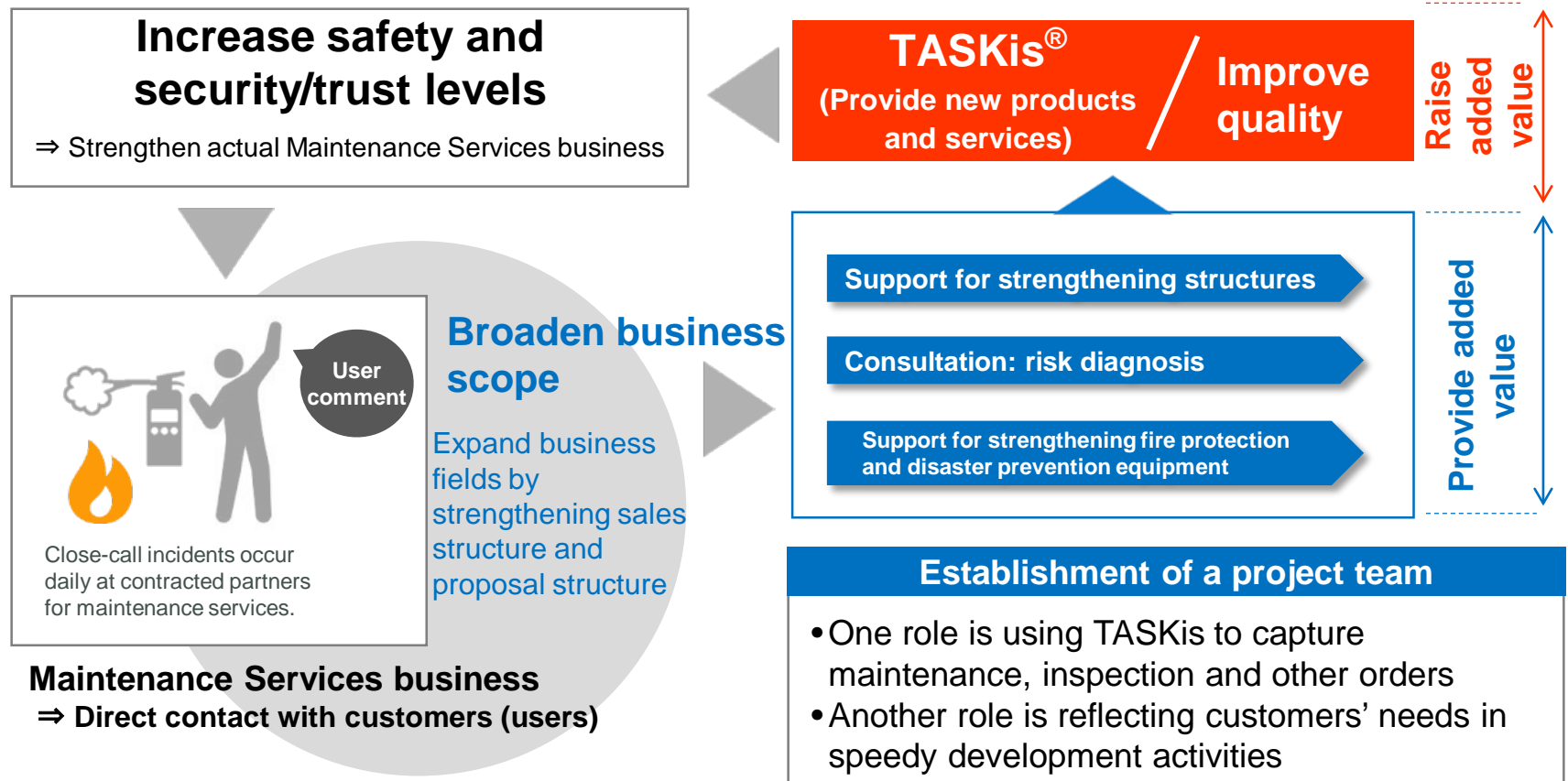


Adds new value with respect to software  
(creation of an infrastructure)

**Customers' needs are shifting from detection to prevention**

## Example of business domain expansion ∼TASKis<sup>®</sup>∼

New TASKis<sup>®</sup> activities for safety and security



## Strengthen Overseas Operations

Provide high value-added service that includes after service

### China

Expand sales targets  
Review manufacturing strategy

### India

Reconstruct business strategy

### Japan

Strengthen back office functions  
Strengthen manufacturing back-up functions  
Recruit global human resources  
Assess M&A and business cooperation opportunities with other firms


### S.E. Asia and Taiwan

Sales network strategy  
Agency strategies  
Review of product lineup

The COVID-19 pandemic is having an effect on these activities.

## Strengthen Corporate Governance

Actions taken	Implemented
Started using the executive officer system	June 2020
Increased independent outside directors to one-third of all directors	
Election of a female director	
Revised standards for items submitted to the Board of Directors	
Voluntarily established a Nomination and Compensation Committee	



**More actions will be taken to continue strengthening group management**

## IV. Reference

***NOHMI***



## ~ Comprehensive fire safety company ~

### Trade Name

NOHMI BOSAI LTD.

### Head Office

7-3 Kudan-Minami, 4-Chome, Chiyoda-ku, Tokyo Japan

### Establishment

May 5, 1944 (Foundation: December, 1916)

### President

Tatsunori Ito, Representative Director and President

### Capital

13,302 million yen

As of March 31, 2020

### Employees

2,524 (consolidated)

### Business

Contract test, planning, proposal regarding disaster prevention.

Research, development, planning, installation and maintenance of disaster prevention facilities and systems.

Design, manufacturing and marketing of disaster prevention equipment.

Design, manufacturing, installation, marketing and maintenance of parking lot system.

# History

100th  
anniversary

- ◎ 2019 TASKis® cloud disaster response support software was launched
- ◎ 2018 R-26C fire alarm system for midsize/large buildings was launched
- ◎ 2017 Menuma factory was expanded and "Nohmi Technorium Menuma" an exhibition facility was established.
- ◎ 2016 Automatic fire extinguisher system "SPlash α" was launched.
- ◎ 2014 Manual fire alarm box with ring-shaped location lamp won GOOD DESIGN Gold prize
- ◎ 2013 Image processing smoke detection system was launched.
- ◎ 2010 Established R&D center in Misato, Saitama
- ◎ 2009 Aspirating super-high sensitivity smoke detection system PROTECVIEW was launched.
- ◎ 2006 Third-party allocation of shares to SECOM Co., Ltd.
- ◎ 2004 Mamoru-kun 10 the fire alarm equipment for houses was launched.
- ◎ 2002 Conventional fire alarm system with automatic testing function "Advanced P" was launched.
- ◎ 1995 Nohmi Secom Fire Protection (Beijing) Co., Ltd. established in China.
- ◎ 1991 Listed on Tokyo stock exchange 1<sup>st</sup> section
- ◎ 1987 Installed fire protection systems in the Seikan Tunnel and the Seto bridge.
- ◎ 1974 Developed fire protection systems for LNG terminal
- ◎ 1968 Installed the first ionization type fire detection system in the Kasumigaseki Building, which was the first highrise building in Japan.
- ◎ 1962 Installed the first fire protection systems in the Kajiwara-Tennosan tunnel of the Meishin Expressway in Japan. Listed on Tokyo stock exchange 2<sup>nd</sup> section
- ◎ 1936 Installed the first fire alarm systems at the imperial palace
- ◎ 1933 Installed the first fire alarm systems at Sanjyusangendo Temple, first in Japan for a national treasure.
- ◎ 1924 "Nohmi Shokai" started a fire protection business to manufacture and sell automatic fire alarm systems after the Great Kanto Earthquake
- ◎ 1916 Teruichi Nohmi established "Nohmi Shokai"

Listing of stock

Establishment



R-26C



Nohmi Technorium Menuma



Menuma factory



R&D center Misato



Manual fire alarm box with ring-shaped location lamp



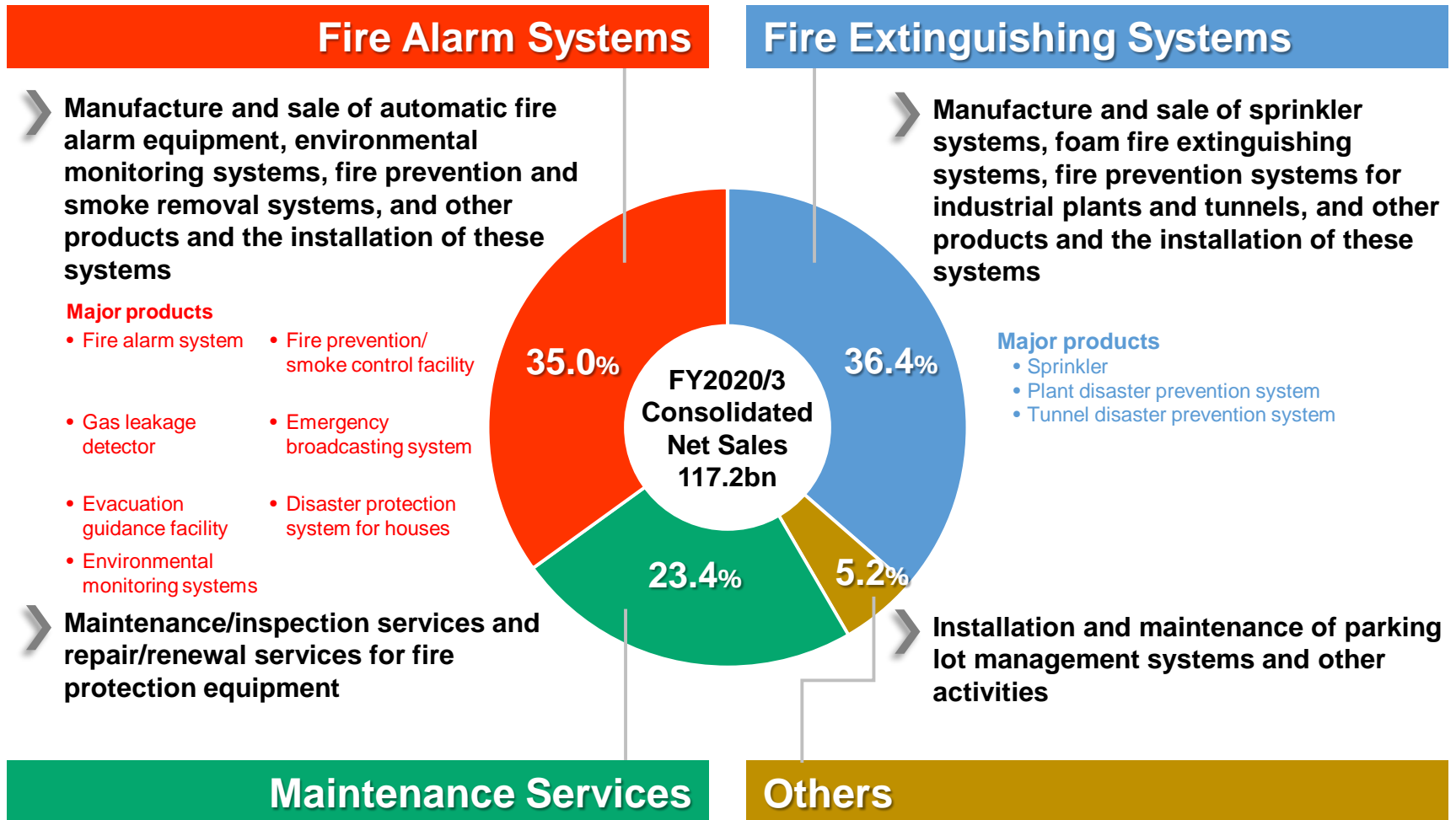
PROTECVIEW



Teruichi Nohmi

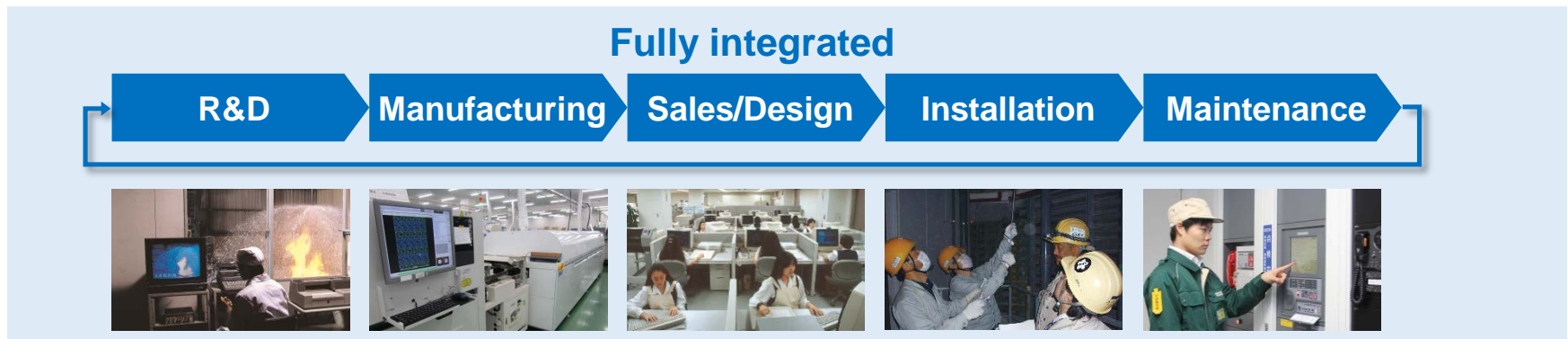


Oku-Goten in imperial palace completion ceremony



## Comprehensive fire safety expertise

- R&D ⇒ Manufacturing ⇒ Sales/Design ⇒ Installation ⇒ Maintenance  
**A fully integrated infrastructure** for providing products and services



- **A diverse lineup** of equipment allows Nohmi to meet the fire protection requirements of almost any type of building or other facility



## Five key strengths backed by many years of accomplishments

- 1) **Technology** – Development, design, installation and other skills covering all aspects of fire protection
- 2) **Knowledge** – Fire safety expertise acquired from an enormous volume of research and testing
- 3) **Installation quality** – Rigorous process management and other skills ensure outstanding quality for all installation work
- 4) **Reliability** – A reputation for trust among customers and all others due to a record of proven reliability
- 5) **Nationwide network** – A powerful network of sales distributors covering all areas of Japan

\*Simulations cover almost all potential sources of fires

Rack warehouse  
fire test



Automotive paint  
booth fire test



Foam fire  
extinguishing test



Smoke dispersion  
test



Clean room  
smoke test



Statements in this presentation about future results of operations are based on information that is currently available to Nohmi Bosai and its group companies. These forecasts incorporate risk factors and uncertainties.

Actual results of operations may differ significantly from the forecasts in this presentation because of a change in the economic environment for business activities, a shift in demand or other reasons.