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August 8, 2022

Consolidated Financial Results for the Three Months Ended June 30, 2022 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 6744
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 Scheduled date to file quarterly securities report: August 10, 2022
 Scheduled date to commence dividend payments: -
 Preparation of supplementary materials on quarterly financial results: None
 Holding of quarterly financial results briefing: None

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

1. Consolidated Financial Results for the Three Months Ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

(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	%
Three months ended June 30, 2022	20,302	(13.9)	(549)	-	(415)	-	(318)	-
Three months ended June 30, 2021	23,577	13.4	1,521	176.6	1,634	154.0	1,071	215.5

(Note) Comprehensive income Three months ended June 30, 2022: (¥88 million) [-%]
 Three months ended June 30, 2021: ¥1,301 million [224.0%]

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended June 30, 2022	(5.28)	-
Three months ended June 30, 2021	17.77	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of June 30, 2022	142,451	110,713	76.5
As of March 31, 2022	148,599	111,891	74.2

(Reference): Equity

As of June 30, 2022: ¥109,021 million

As of March 31, 2022: ¥110,250 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, 2022	-	18.00	-	18.00	36.00
Fiscal year ending March 31, 2023	-				
Fiscal year ending March 31, 2023 (Forecast)		20.00	-	20.00	40.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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
Second quarter (year to date)	44,600	(10.8)	1,400	(69.8)	1,500	(69.4)	950	(71.8)	15.75
Full year	111,000	(1.7)	10,100	(20.1)	10,400	(20.9)	7,150	(23.5)	118.54

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

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in the scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly 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 June 30, 2022	60,832,771 shares
As of March 31, 2022	60,832,771 shares

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

As of June 30, 2022	517,921 shares
As of March 31, 2022	517,921 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2022	60,314,850 shares
Three months ended June 30, 2021	60,298,995 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts 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 "Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Information" on page 2 of the Consolidated Financial Results for the Three Months Ended June 30, 2022 (Attachments) for the assumptions for earnings forecasts and notes on using earnings forecasts.

Table of Contents of Attachments

1.	Qualitative Information on Quarterly Financial Results.....	2
	(1) Explanation of Operating Results.....	2
	(2) Explanation of Financial Position.....	2
	(3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Information	2
2.	Quarterly Consolidated Financial Statements and Key Notes	3
	(1) Quarterly Consolidated Balance Sheet	3
	(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income	5
	(3) Notes to Quarterly Consolidated Financial Statements	7
	(Notes on Going Concern Assumptions)	7
	(Notes on Significant Changes in the Amount of Shareholders' Equity)	7
	(Application of accounting treatment specific to the preparation of quarterly consolidated financial statements).....	7
	(Segment Information)	8

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the three months ended June 30, 2022, the Japanese economy showed signs of recovery amid the normalization of economic and social activities, but the future remained uncertain due to the trend of the spread of COVID-19 and the prolonged situation in Ukraine.

In the fire protection industry, although private capital investment has been on a recovery trend, it is necessary to pay close attention to the effects of supply constraints on parts and rising raw material prices.

Despite 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, we have been undertaking a variety of initiatives to transform itself into a company that can create higher added value.

As a result of our ongoing business activities while striving to prevent the spread of COVID-19 under this medium- to long-term vision, orders received in the current consolidated first quarter totaled ¥34,416 million (down 2.7% year-on-year) and net sales were ¥20,302 million (down 13.9% year-on-year).

As for profit, operating loss was ¥549 million (compared with operating income of ¥1,521 million in the same period of the previous fiscal year), ordinary loss was ¥415 million (compared with ordinary income of ¥1,634 million in the same period of the previous fiscal year), and quarterly net loss attributable to owners of parent was ¥318 million (compared with quarterly net income attributable to owners of parent of ¥1,071 million in the same period of the previous fiscal year). This was due to a decrease in net sales and the concentration of relatively profitable projects in the previous fiscal year.

By business segment, net sales for fire alarm systems were ¥7,382 million (down 17.9% year on year), operating income was ¥289 million (down 83.3% year on year), sales for fire extinguishing systems were ¥7,112 million (down 17.6% year on year), operating income was ¥544 million (down 48.5% year on year), and for maintenance services, net sales were ¥4,872 million (up 1.4% year on year), operating income was ¥466 million (down 7.6% year on year), and for others, net sales were ¥934 million (down 18.7% year on year) and operating loss was ¥13 million (compared with an operating loss of ¥37 million in the same period of the previous fiscal year).

(2) Explanation of Financial Position

Total assets at the end of the first quarter of the current fiscal year dropped ¥6,148 million from the end of the previous fiscal year to ¥142,451 million, mainly due to a decrease of ¥15,211 million in notes and accounts receivable-trade and contractual assets, despite an increase of ¥6,011 million in cash and deposits and an increase of ¥920 million in merchandise and finished goods.

Liabilities fell ¥4,970 million from the end of the previous fiscal year to ¥31,738 million due to a decrease in income taxes payable of ¥2,433 million and a decrease in notes and accounts payable-trade of ¥646 million.

Net assets were down ¥1,178 million from the end of the previous fiscal year to ¥110,713 million, mainly due to a decrease in retained earnings.

(3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Information

The financial results for the three months ended June 30, 2022 have generally been within the scope of the forecasts, and there are no changes to the forecasts for the six months ending September 30, 2022 and the full year, which were announced on May 11, 2022.

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. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly Consolidated Balance Sheet

	(Millions of yen)	
	FY2022 (As of March 31, 2022)	1Q FY2023 (As of June 30, 2022)
Assets		
Current assets		
Cash and deposits	48,663	54,675
Notes and accounts receivable–trade, and contract assets	48,991	33,779
Merchandise and finished goods	2,943	3,864
Work in process	1,011	1,443
Raw materials and supplies	5,289	5,539
Other	865	1,286
Allowance for doubtful accounts	(540)	(548)
Total current assets	107,225	100,039
Non-current assets		
Property, plant and equipment	22,900	23,748
Intangible assets	2,996	3,018
Investments and other assets		
Investment securities	7,314	7,496
Other	8,223	8,210
Allowance for doubtful accounts	(61)	(61)
Total investments and other assets	15,476	15,645
Total non-current assets	41,374	42,411
Total assets	148,599	142,451
Liabilities		
Current liabilities		
Notes and accounts payable–trade	4,359	3,712
Electronically recorded obligations–operating	5,016	4,897
Short-term borrowings	4	1
Income taxes payable	2,613	179
Provision for bonuses	3,610	4,240
Provision for product warranties	14	43
Provision for warranties for completed construction	82	79
Provision for loss on construction contracts	1,286	1,412
Asset retirement obligations	20	20
Other	10,795	8,339
Total current liabilities	27,804	22,927
Non-current liabilities		
Bonds payable	9	9
Provision for retirement benefits for directors (and other officers)	204	186
Provision for product warranties	132	131
Reserve for loss on construction performance guarantee	167	167
Retirement benefit liability	7,431	7,424
Asset retirement obligations	118	118
Other	840	774
Total non-current liabilities	8,903	8,810
Total liabilities	36,708	31,738

(Millions of yen)

	FY2022 (As of March 31, 2022)	1Q FY2023 (As of June 30, 2022)
Net assets		
Shareholders' equity		
Share capital	13,302	13,302
Capital surplus	12,920	12,923
Retained earnings	83,094	81,688
Treasury shares	(272)	(272)
Total shareholders' equity	109,045	107,641
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,032	1,008
Foreign currency translation adjustment	682	843
Remeasurements of defined benefit plans	(509)	(471)
Total accumulated other comprehensive income	1,205	1,379
Non-controlling interests	1,640	1,691
Total net assets	111,891	110,713
Total liabilities and net assets	148,599	142,451

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

Quarterly Consolidated Statements of Income

Consolidated First Quarter

(Millions of yen)

	Three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)	Three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)
Net sales	23,577	20,302
Cost of sales	16,168	14,791
Gross profit	7,409	5,511
Selling, general and administrative expenses	5,887	6,061
Operating income or (loss)	1,521	(549)
Non-operating income		
Interest income	3	2
Dividend income	43	45
Share of profit of entities accounted for using equity method	42	53
Foreign exchange gains	-	4
Insurance return	4	8
Other	65	35
Total non-operating income	159	150
Non-operating expenses		
Interest expenses	1	1
Foreign exchange losses	17	-
Rental expenses	6	6
Other	20	7
Total non-operating expenses	46	16
Ordinary income or (loss)	1,634	(415)
Extraordinary income		
Gain on sale of investment securities	-	38
Total extraordinary income	-	38
Extraordinary losses		
Loss from COVID-19 pandemic	-	21
Loss on disposal of non-current assets	8	0
Loss on valuation of investment securities	0	-
Total extraordinary losses	9	21
Quarterly net income before taxes or (quarterly net losses before taxes)	1,624	(398)
Income taxes	551	(43)
Quarterly net income or (quarterly net loss)	1,072	(354)
Quarterly net income attributable to non-controlling interests or (quarterly net loss attributable to non-controlling interests)	1	(36)
Quarterly net income attributable to owners of parent or (quarterly net loss attributable to owners of parent)	1,071	(318)

Quarterly Consolidated Statements of Comprehensive Income

Consolidated First Quarter

	(Millions of yen)	
	Three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)	Three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)
Quarterly net income or (quarterly net loss)	1,072	(354)
Other comprehensive income		
Valuation difference on available-for-sale securities	(40)	(24)
Foreign currency translation adjustment	230	252
Remeasurements of defined benefit plans, net of tax	39	38
Share of other comprehensive income of entities accounted for using equity method	(1)	0
Total other comprehensive income	228	266
Quarterly comprehensive income	1,301	(88)
Quarterly comprehensive income attributable to		
Quarterly comprehensive income attributable to owners of parent	1,221	(144)
Quarterly comprehensive income attributable to non-controlling interests	79	55

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumptions)

Not applicable.

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

Not applicable.

(Application of accounting treatment specific to the preparation of quarterly 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 net income before income taxes for the consolidated fiscal year including the first quarter of the current fiscal year and multiplying quarterly net income before income taxes by the estimated effective tax rate.

(Segment Information)

I Three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

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 quarterly 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	5,382	782	2,985	9,150	551	9,701	-	9,701
Goods or services transferred over a certain period of time	3,604	7,850	1,822	13,277	598	13,875	-	13,875
Revenue from contracts with customers	8,987	8,633	4,807	22,427	1,149	23,577	-	23,577
Net sales to external customers	8,987	8,633	4,807	22,427	1,149	23,577	-	23,577
Intersegment sales or transfers	11	17	-	29	49	78	(78)	-
Subtotal	8,998	8,651	4,807	22,457	1,198	23,656	(78)	23,577
Segment income or (segment loss)	1,729	1,057	504	3,291	(37)	3,254	(1,732)	1,521

(Notes) 1 The "Others" segment is not included in the reportable segment and includes parking lot and lane control systems.

2 The minus ¥1,732 million adjustment of segment income or (segment loss) 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 or (segment loss) is adjusted for operating income in the quarterly consolidated statements of income.

II Three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

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 quarterly 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	3,276	439	3,111	6,827	321	7,148	-	7,148
Goods or services transferred over a certain period of time	4,105	6,673	1,761	12,540	612	13,153	-	13,153
Revenue from contracts with customers	7,382	7,112	4,872	19,367	934	20,302	-	20,302
Net sales to external customers	7,382	7,112	4,872	19,367	934	20,302	-	20,302
Intersegment sales or transfers	12	10	-	22	50	72	(72)	-
Subtotal	7,394	7,122	4,872	19,390	985	20,375	(72)	20,302
Segment income or (segment loss)	289	544	466	1,299	(13)	1,285	(1,835)	(549)

- (Notes) 1 The "Others" segment is not included in the reportable segment and includes parking lot and lane control systems.
 2 The minus ¥1,835 million adjustment of segment income or (segment loss) 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 or (segment loss) is adjusted for operating loss in the quarterly consolidated statements of income.