

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



## **Results for the First Half of FY2022/3**

**November 30, 2021**

**NOHMI BOSAI LTD.**

**NOHMI**

# I . Consolidated Results for the First Half of FY2022/3



## **Record-high first half orders**

Despite uncertainty created by the pandemic, orders exceeded the record of the previous fiscal year to set a new record for the first half of a fiscal year.

## **Sales increased because of the large order backlog**

First half were 9.3% higher than one year earlier. One reason was a large order backlog, which at the beginning of FY2022/3 was about 10% higher than one year earlier.

## **Many projects with high profit margins**

As expected, the first half operating margin increased because of a large number of projects with relatively high profitability and other reasons.

# Consolidated Results of Operation

(Million yen)

	1H FY2021/3	1H FY2022/3		Vs. 1H FY 2021/3		VS. Plan	
	Results	Plan	Results	Amount	Pct.	Amount	Pct.
New orders	61,218	62,000	63,723	+2,505	+4.1%	+1,723	+2.8%
Net sales	45,728	52,500	49,999	+4,271	+9.3%	-2,500	-4.8%
Cost of sales	69.2%	68.9%	67.3%	-1.9pt	—	-1.6pt	—
Gross profit	14,098	16,350	16,345	+2,247	+15.9%	-4	-0.0%
SG&A expenses	10,920	12,450	11,706	+785	+7.2%	-743	-6.0%
Operating income	3,177	3,900	4,639	+1,461	+46.0%	+739	+18.9%
Operating margin	6.9%	7.4%	9.3%	+2.4pt	—	+1.9pt	—
Ordinary income	3,380	4,000	4,898	+1,517	+44.9%	+898	+22.5%
Net income attributable to owners of parent	2,162	2,600	3,373	+1,210	+56.0%	+773	+29.7%
EPS (yen)	35.87	43.12	55.94				

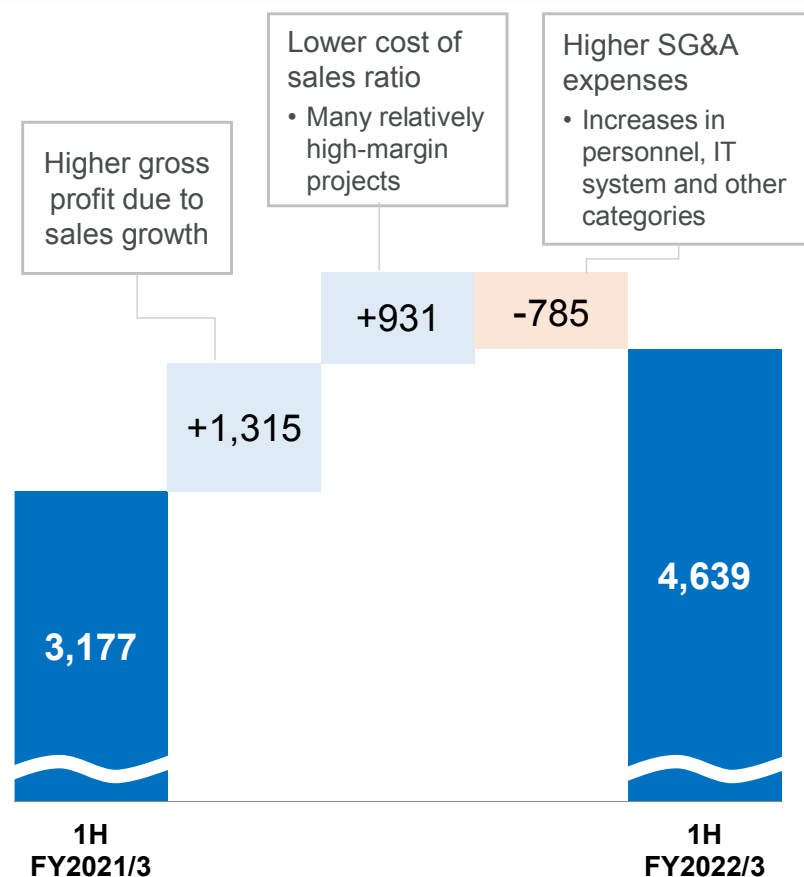
# Consolidated Results by Segments

(Million yen)

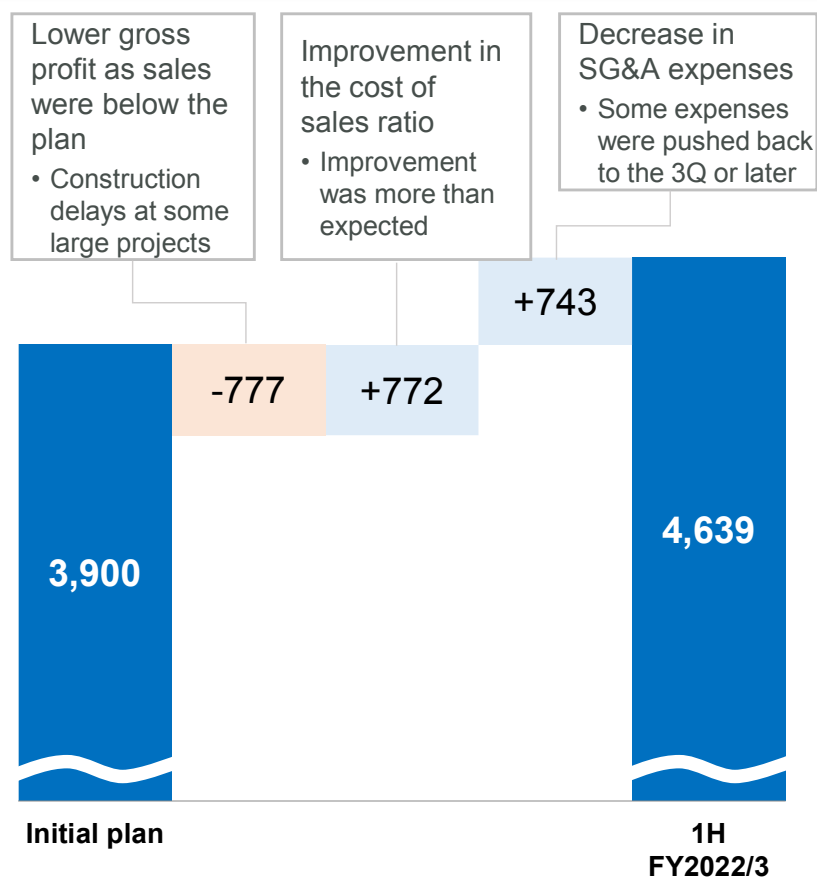
		1H FY2021/3	1H FY2022/3	Vs. 1H FY2021/3	
		Results	Results	Amount	Pct.
<b>Fire Alarm Systems</b>	Net sales	15,196	19,000	+3,804	+25.0%
	Operating income	1,776	4,083	+2,306	+129.8%
	Operating margin	11.7%	21.5%	+9.8pt	—
<b>Fire Extinguishing Systems</b>	Net sales	17,220	17,156	-63	-0.4%
	Operating income	2,653	2,279	-374	-14.1%
	Operating margin	15.4%	13.3%	-2.1pt	—
<b>Maintenance Services</b>	Net sales	11,352	11,616	+264	+2.3%
	Operating income	2,029	1,836	-193	-9.5%
	Operating margin	17.9%	15.8%	-2.1pt	—
<b>Others</b>	Net sales	2,118	2,377	+258	+12.2%
	Operating income	-1	-36	-35	—
	Operating margin	-0.0%	-1.5%	-1.5pt	—
<b>Elimination/ Corporate</b>	Net sales	-158	-151	+7	—
	Operating income	-3,282	-3,523	-241	—
<b>Consolidated</b>	Net sales	45,728	49,999	+4,271	+9.3%
	Operating income	3,177	4,639	+1,461	+46.0%

# Analysis of Change in Operating Income

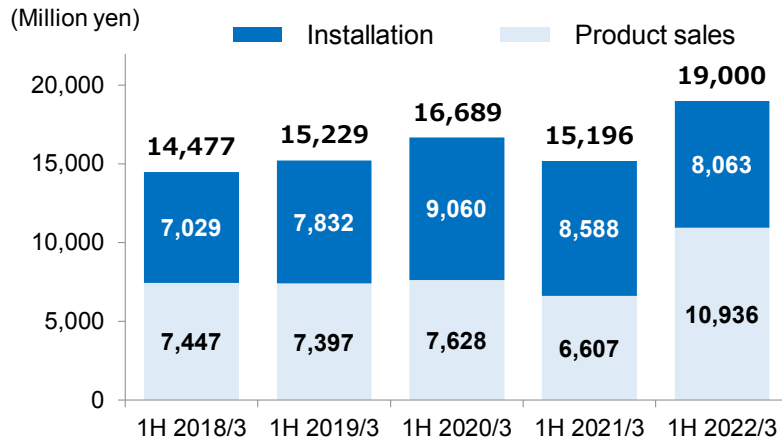
## Vs. 1H FY2021/3 (million yen)



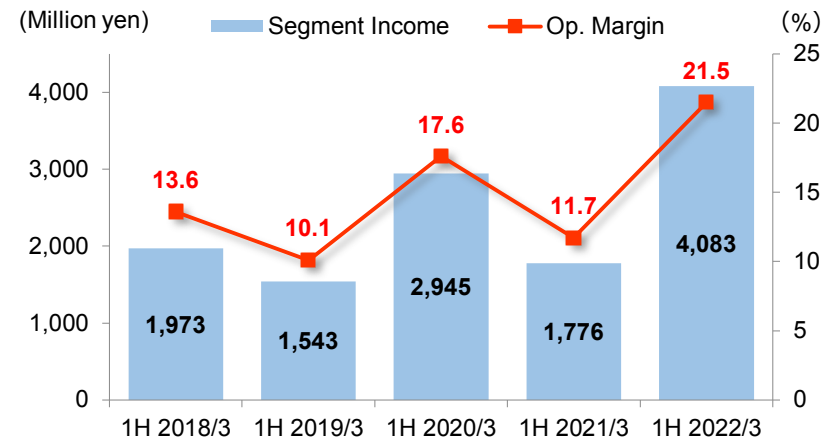
## Vs. Plan (million yen)



### Net Sales (before elimination)



### Segment Income & Operating Margin

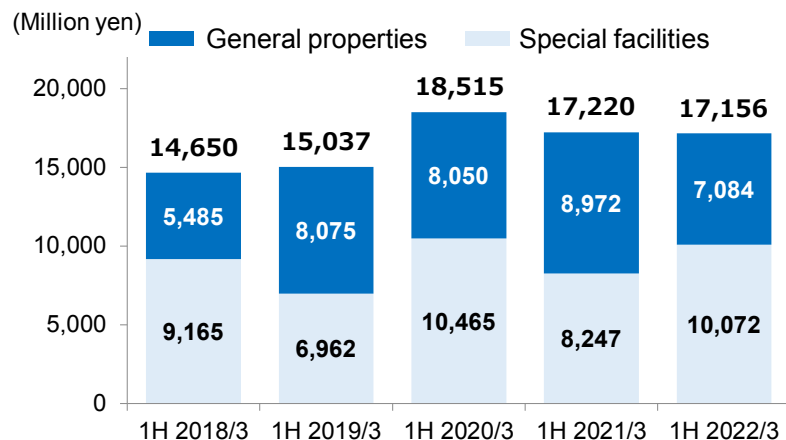


	1H 2021/3 Actual	1H 2022/3 Actual	YoY (%)
<b>New orders</b>	18,449	24,091	+30.6
<b>Backlog of orders</b>	15,019	14,534	-3.2
<b>Net sales</b>	15,196	19,000	+25.0
Installation	8,588	8,063	-6.1
Product Sales	6,607	10,936	+65.5
<b>Segment income</b>	1,776	4,083	+129.8

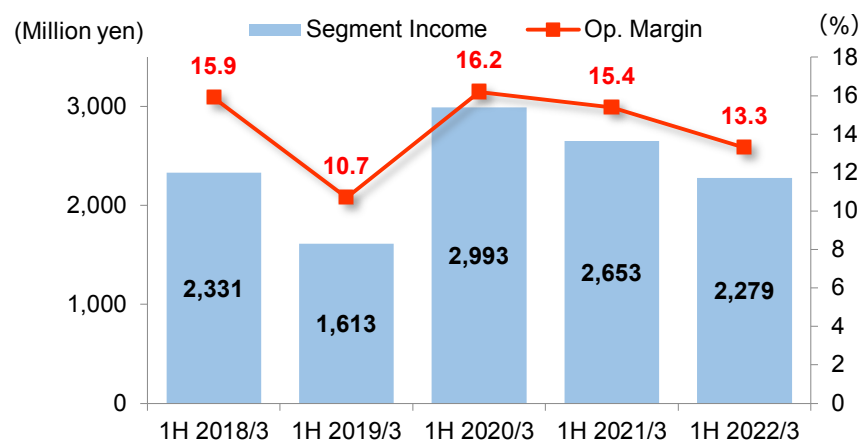
- Sales increased mainly because of higher product sales.
- A large number of relatively high-margin projects was the main reason for the increase in the operating margin.
- Orders increased generally as expected.



### Net Sales (before elimination)



### Segment Income & Operating Margin

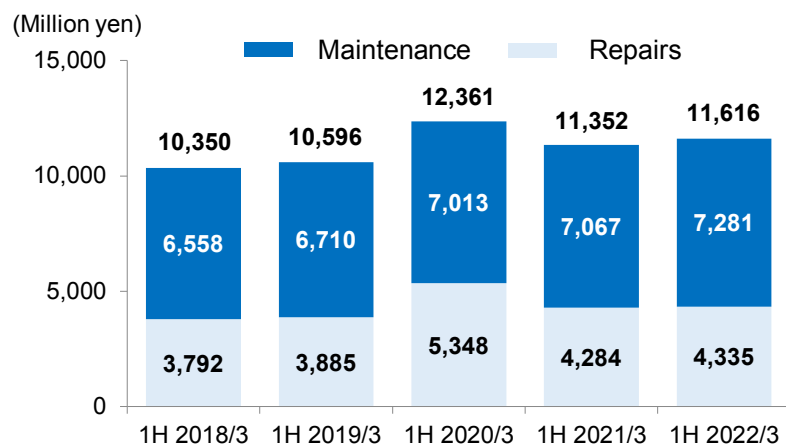


	1H 2021/3 Actual	1H 2022/3 Actual	YoY (%)
<b>New orders</b>	22,364	18,820	-15.8
<b>Backlog of orders</b>	39,303	40,262	+2.4
<b>Net sales</b>	17,220	17,156	-0.4
General properties	8,972	7,084	-21.0
Special facilities	8,247	10,072	+22.1
<b>Segment income</b>	2,653	2,279	-14.1

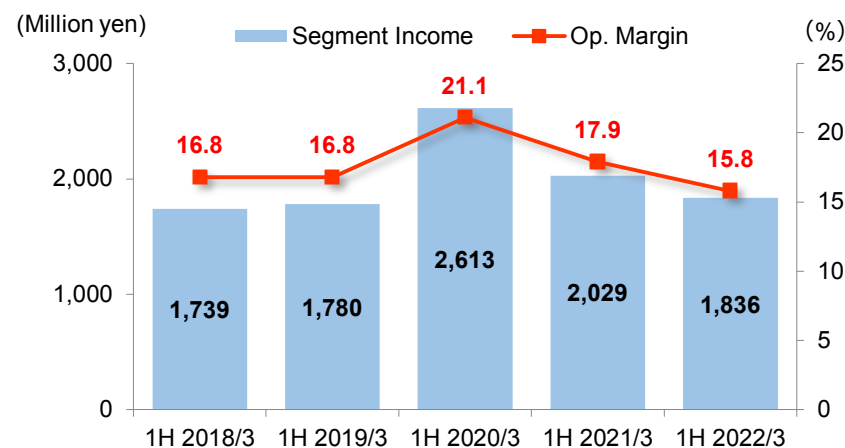
- Sales and earnings growth was less than planned primarily because of construction delays at some projects.
- Orders were down from one year earlier when the volume of orders was high, particularly for special facilities.



### Net Sales (before elimination)



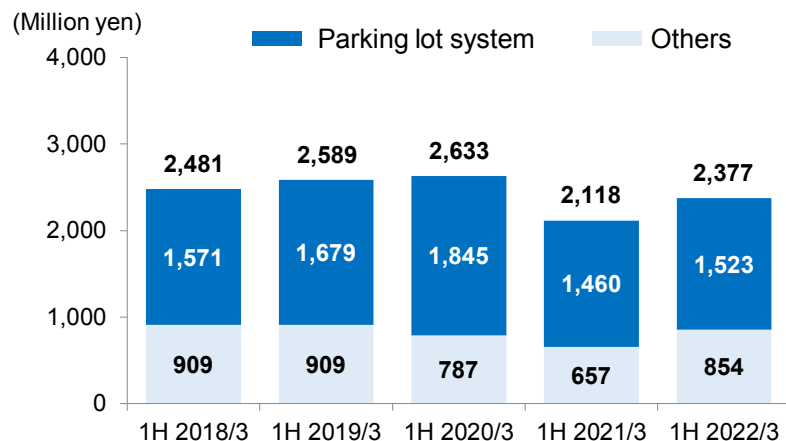
### Segment Income & Operating Margin



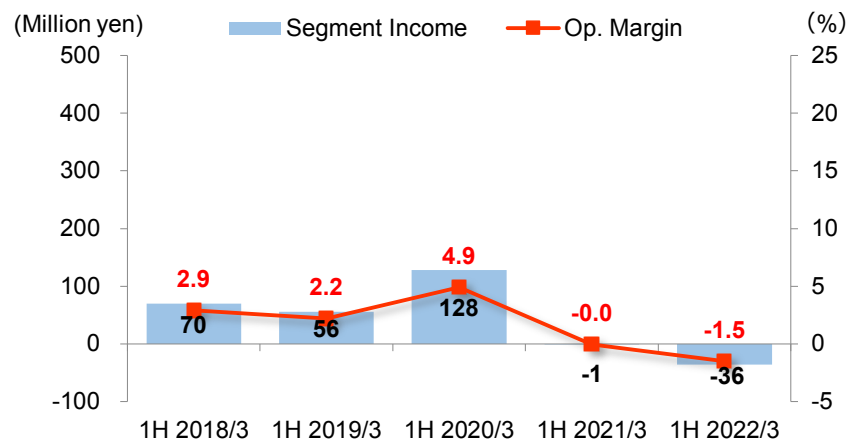
	1H 2021/3 Actual	1H 2022/3 Actual	YoY (%)
New orders	17,827	18,318	+2.8
Backlog of orders	10,500	10,298	-1.9
Net sales	11,352	11,616	+2.3
Maintenance	7,067	7,281	+3.0
Repairs	4,284	4,335	+1.2
Segment income	2,029	1,836	-9.5

- Orders and sales increased amid favorable market conditions.
- The operating margin for repairs decreased because of many projects with somewhat low profitability.

### Net Sales (before elimination)



### Segment Income & Operating Margin



	1H 2021/3 Actual	1H 2022/3 Actual	YoY (%)
New orders	2,577	2,492	-3.3
Backlog of orders	1,301	998	-23.3
Net sales	2,118	2,377	+12.2
Parking lot system	1,460	1,523	+4.3
Others	657	854	+29.8
Segment income	-1	-36	-

- Sales are beginning to recover from the downturn caused by the pandemic.
- Orders continued to decrease and the operating loss increased.

## Ⅱ . Forecast for FY2022/3

***NOHMI***

# Forecast for FY2022/3 (Consolidated)

(Million yen)

	FY2021/3	FY2022/3	Vs. FY2021/3	
	Actual	Forecast	Amount	Pct.
New orders	113,308	122,000	+8,691	+7.7%
Net sales	107,897	120,800	+12,902	+12.0%
Gross profit	35,127	39,950	+4,822	+13.7%
Gross margin	32.6%	33.1%	+0.5pt	—
SG&A expenses	24,073	26,450	+2,376	+9.9%
Operating income	11,053	13,500	+2,446	+22.1%
Operating margin	10.2%	11.2%	+1.0pt	—
Ordinary income	11,494	13,800	+2,305	+20.1%
Net income attributable to owners of parent	7,620	9,300	+1,679	+22.0%
EPS (yen)	126.38	154.23		
ROE	7.7%	9.1%		

## **The outlook remains uncertain because of the pandemic**

We expect uncertainty about the business climate to continue throughout FY2022/3 due to concerns about construction delays and a decrease in private-sector capital expenditures.

## **No change in the original forecast for double-digit sales and earnings growth**

Forecast sales and earnings as originally planned

Aiming for record-high orders and sales

## **Operating margin expected to remain above the target of 10%**

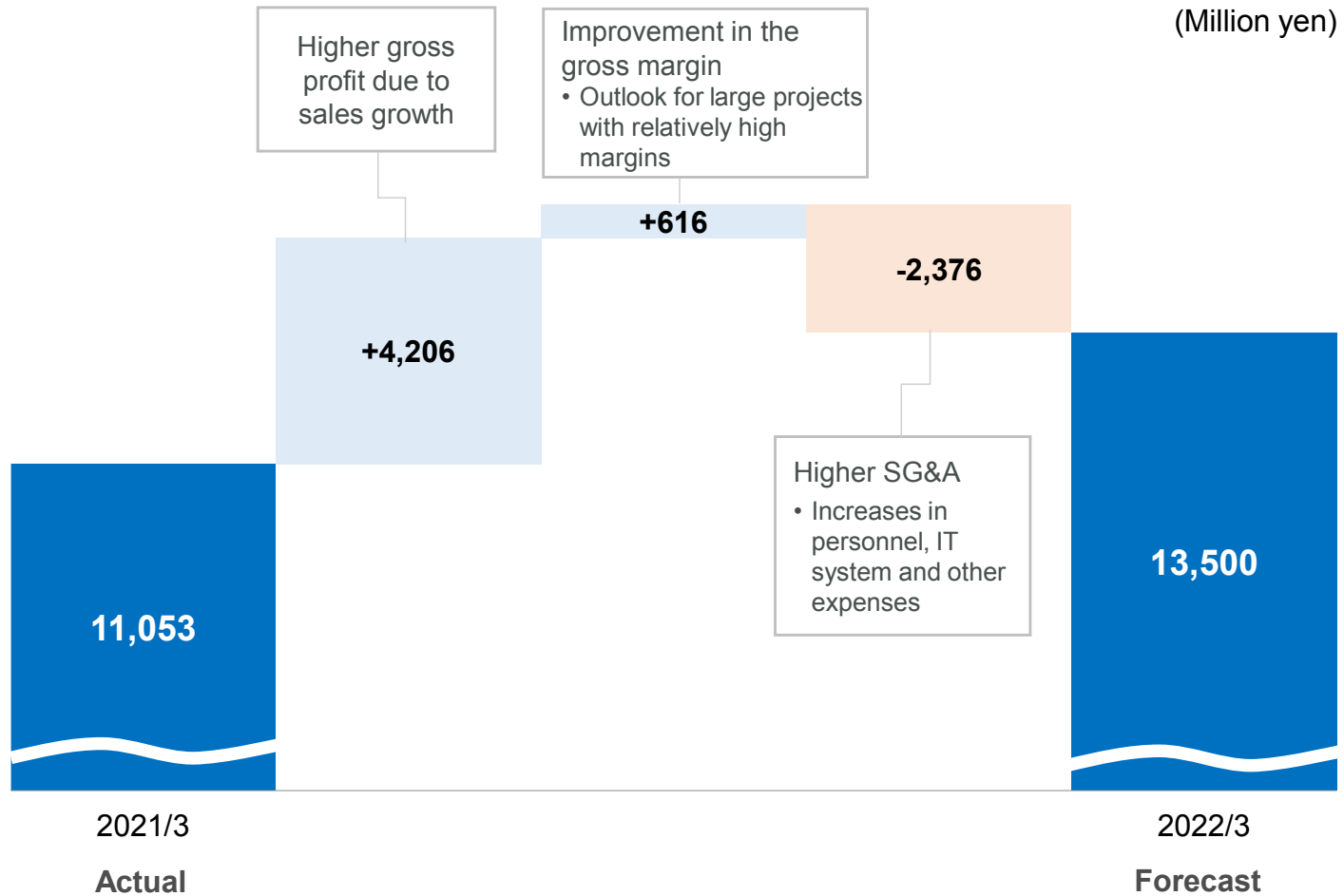
In FY2022/3, the final year of the current medium-term plan, sales are expected to fall short of the plan's original goal but we expect to achieve the operating margin goal.

# Forecast for FY2022/3 by Segments

(Million yen)

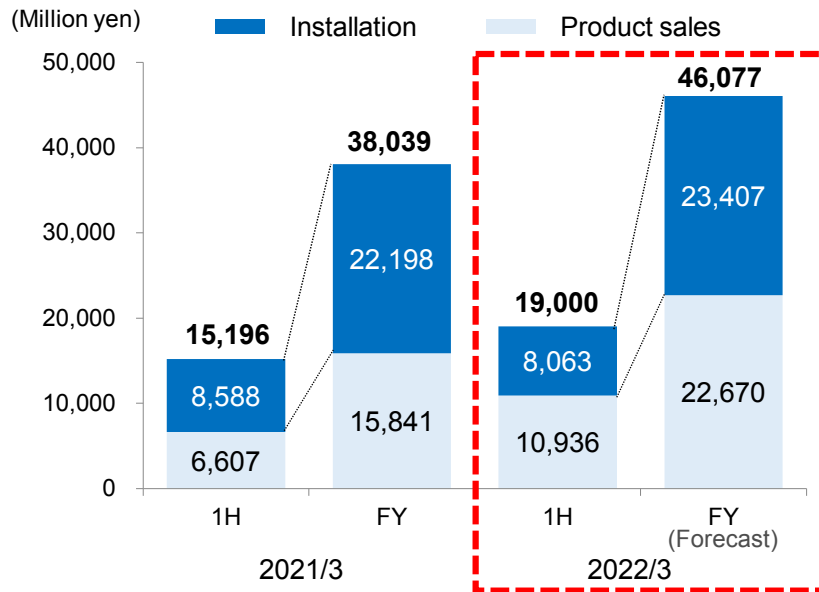
		FY2021/3	FY2022/3	Vs. FY2021/3	
		Actual	Forecast	Amount	Pct.
<b>Fire Alarm Systems</b>	Net sales	38,039	46,077	+8,037	+21.1%
	Operating income	5,979	9,114	+3,135	+52.4%
	Operating margin	15.7%	19.8%	+4.1pt	—
<b>Fire Extinguishing Systems</b>	Net sales	38,481	42,205	+3,724	+9.7%
	Operating income	6,568	6,710	+142	+2.2%
	Operating margin	17.1%	15.9%	-1.2pt	—
<b>Maintenance Services</b>	Net sales	26,688	27,270	+582	+2.2%
	Operating income	5,392	5,161	-231	-4.3%
	Operating margin	20.2%	18.9%	-1.3pt	—
<b>Others</b>	Net sales	5,038	5,595	+557	+11.1%
	Operating income	253	200	-53	-21.1%
	Operating margin	5.0%	3.6%	-1.4pt	—
<b>Elimination/ Corporate</b>	Net sales	-349	-349	—	—
	Operating income	-7,140	-7,687	-546	—
<b>Consolidated</b>	Net sales	107,897	120,800	+12,902	+12.0%
	Operating income	11,053	13,500	+2,446	+22.1%

# Analysis of Operating Income Forecast



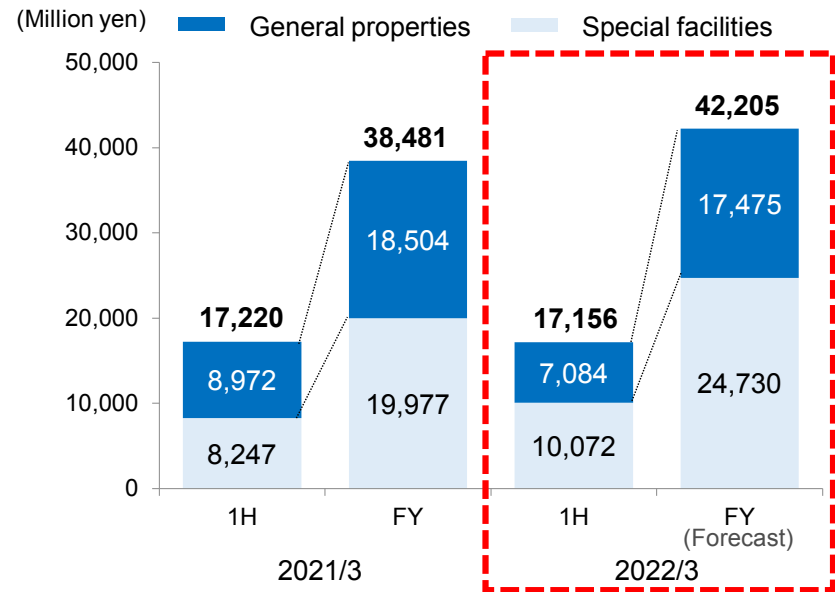


### Fire Alarm Systems



➤ Goal is a big increase in sales based on the outlook for large projects and other reasons

### Fire Extinguishing Systems



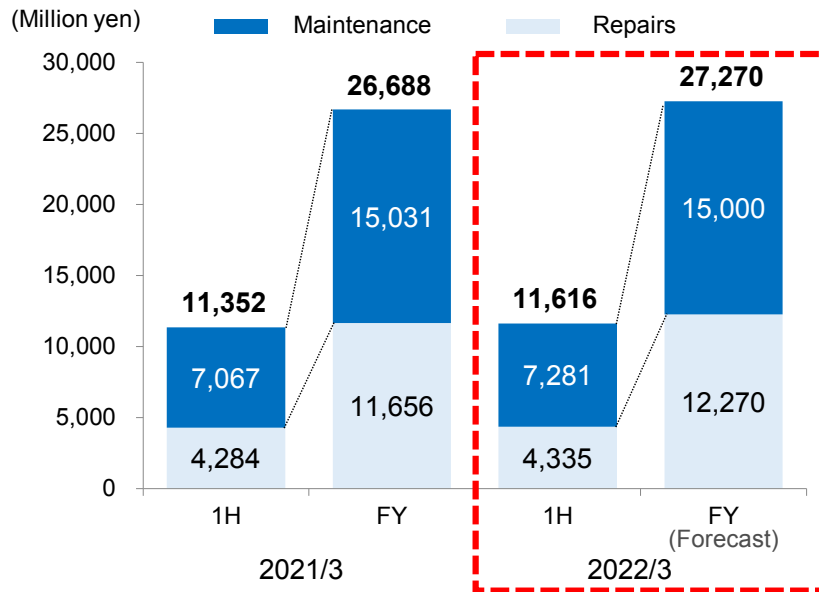
➤ Anticipate a big increase in sales involving projects for special facilities based on orders received during FY2021/3

# Forecast by Segments (2)

Maintenance  
Services

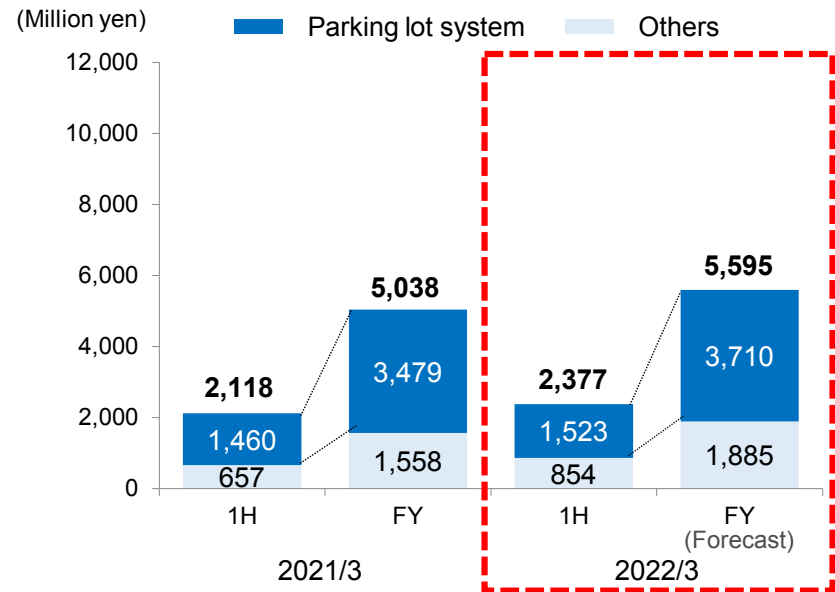
Others

## Maintenance Services



➤ Expect sales to remain steady despite the uncertain outlook for the business climate

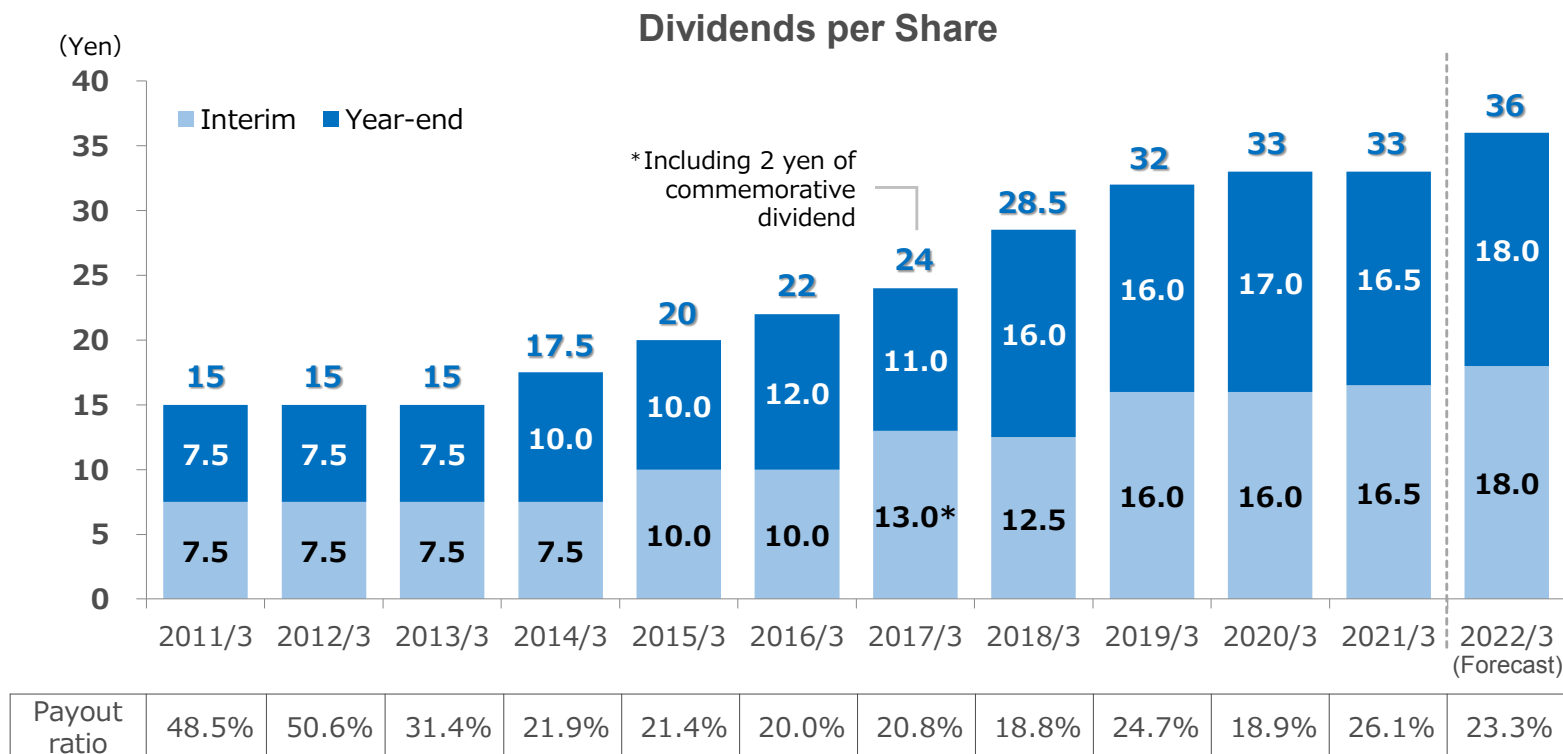
## Others



➤ Anticipate parking lot systems sales to start recovering after the downturn in FY2021/3, although market conditions will remain uncertain because of COVID-19

## 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)

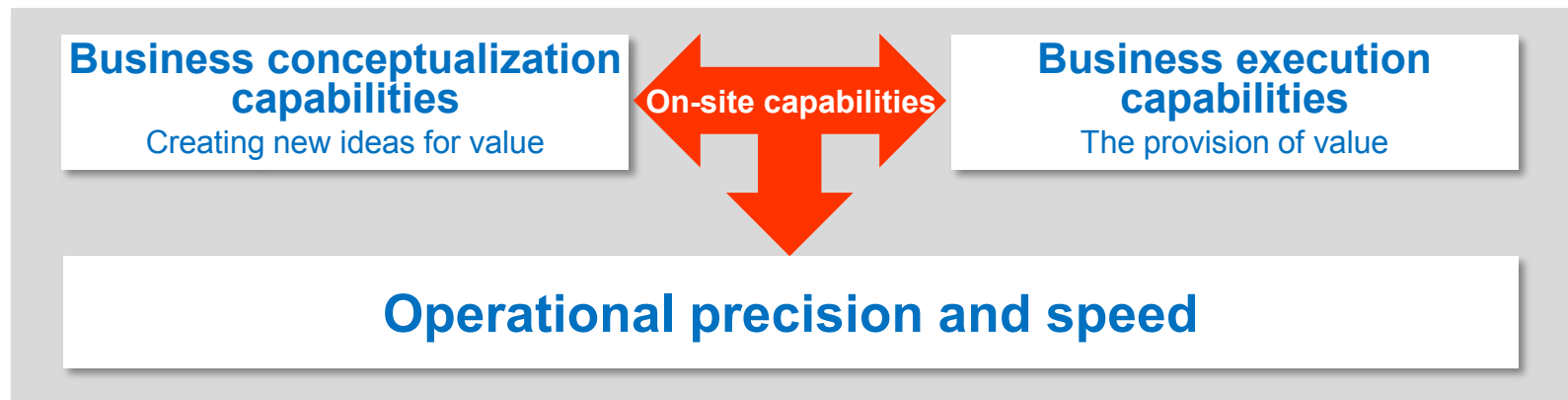


## Our mission

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).**

**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 Continue strengthening corporate governance**



## Digital transformation of the fire protection industry

Shortage of jobsite workers

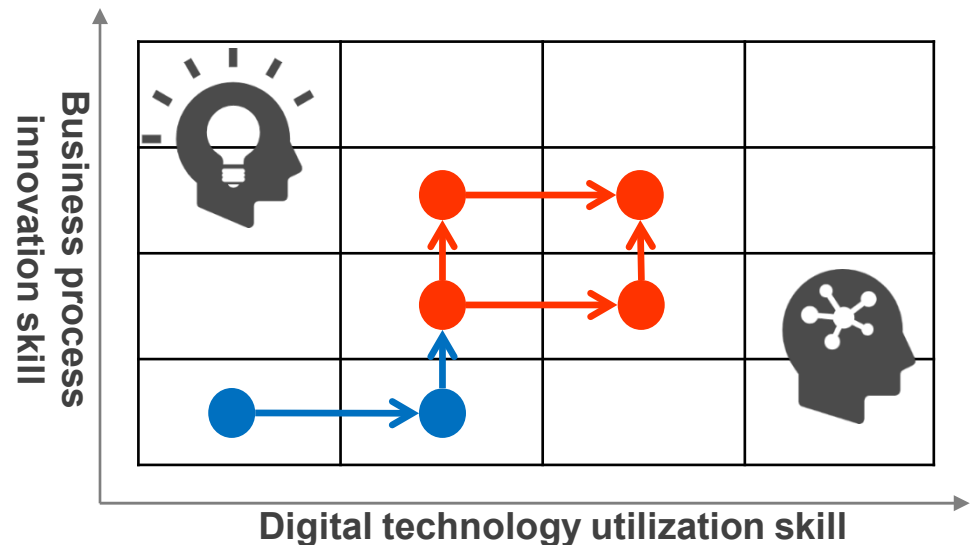
Use of  
machines/robots

Workers hold computers instead of tools

**Improving digital skills and work process reform skills is essential**

### The goals for employee skill development

- ❑ The ability to create ideas that reflect customers' true needs, to use digital technologies to create ideas for improvements and to design outstanding services
- ❑ The ability to identify problems involving business processes in one's own department and use digital technologies for improvements



# Build a Stronger Base for Core Businesses

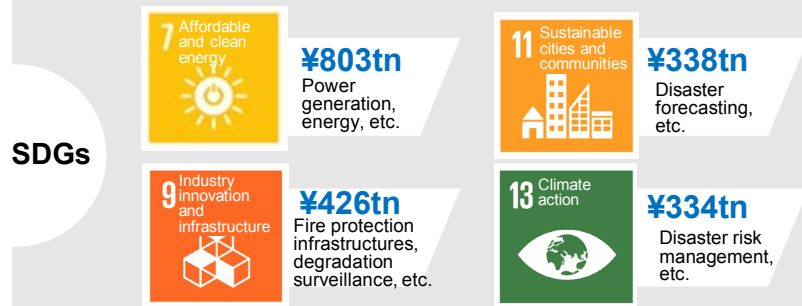
## Build a stronger core business base and start new businesses

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



### Large size of the Nohmi Group's direct/indirect markets

\*Market size estimates are as of 2017



Source: Nohmi Bosai using "The Potential of SDGs Businesses and Formation of Rules" of Deloitte Tohmatsu Consulting, December 2017 ([https://webdesk.jsa.or.jp/pdf/dev/md\\_3079.pdf](https://webdesk.jsa.or.jp/pdf/dev/md_3079.pdf))

### More growth expected for the strategic businesses of Japan



- Many issues involving the critical social need for disaster preparedness
- Monitoring activities of national government study groups and other activities \*Including activities other than at the Fire and Disaster Management Agency

Source: Nohmi Bosai using "Visionary Conference for the First Moon Shot R&D Program" March 29, 2019 of the Prime Minister of Japan and His Cabinet

# 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 2021

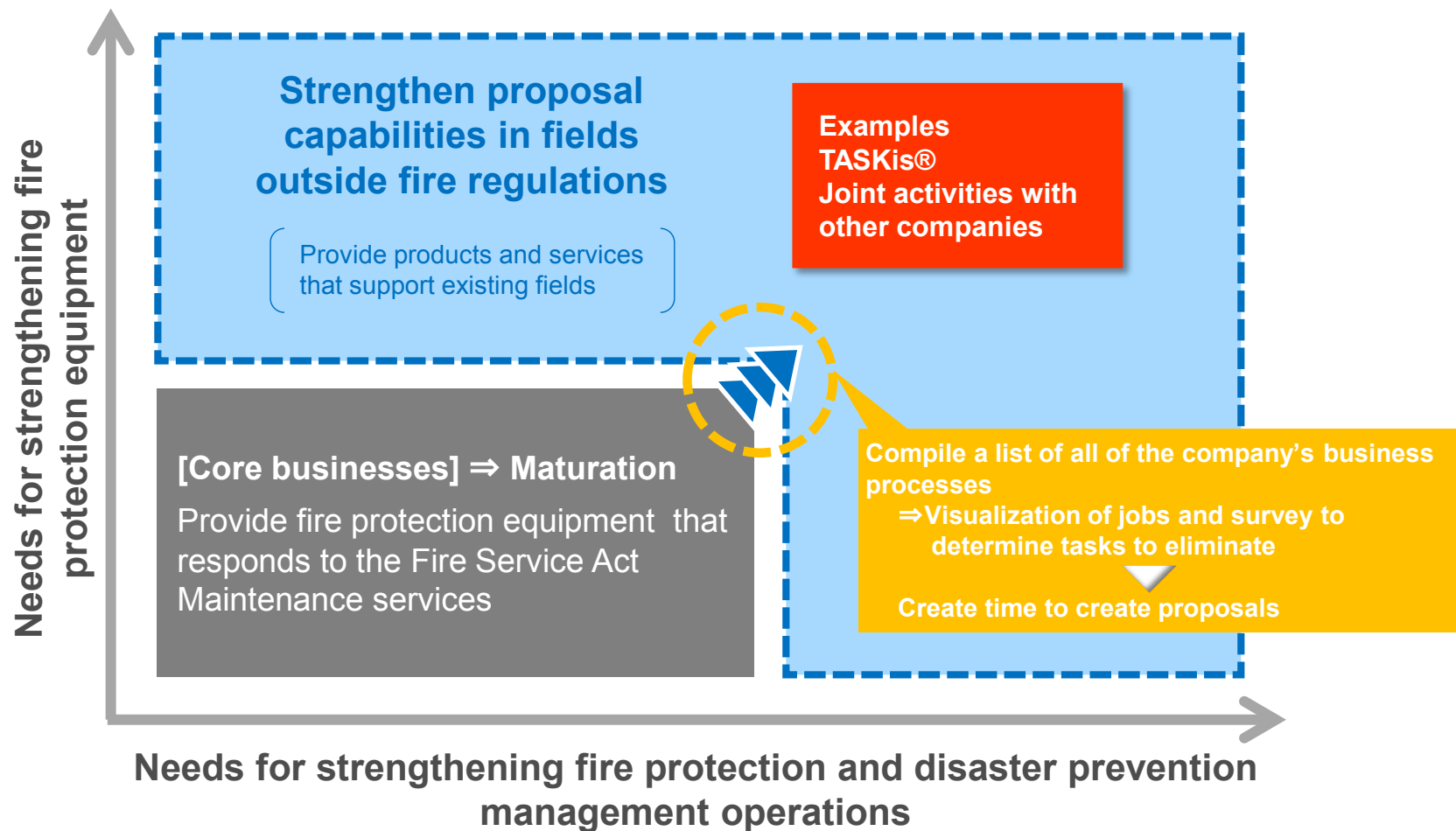
## **Steady progress at the large volume of current projects while receiving more orders**

- Construction is progressing steadily, including at the large number of projects with a long duration.
- Orders in FY2021/3 increased more than expected; the order backlog is high and more orders are being received.

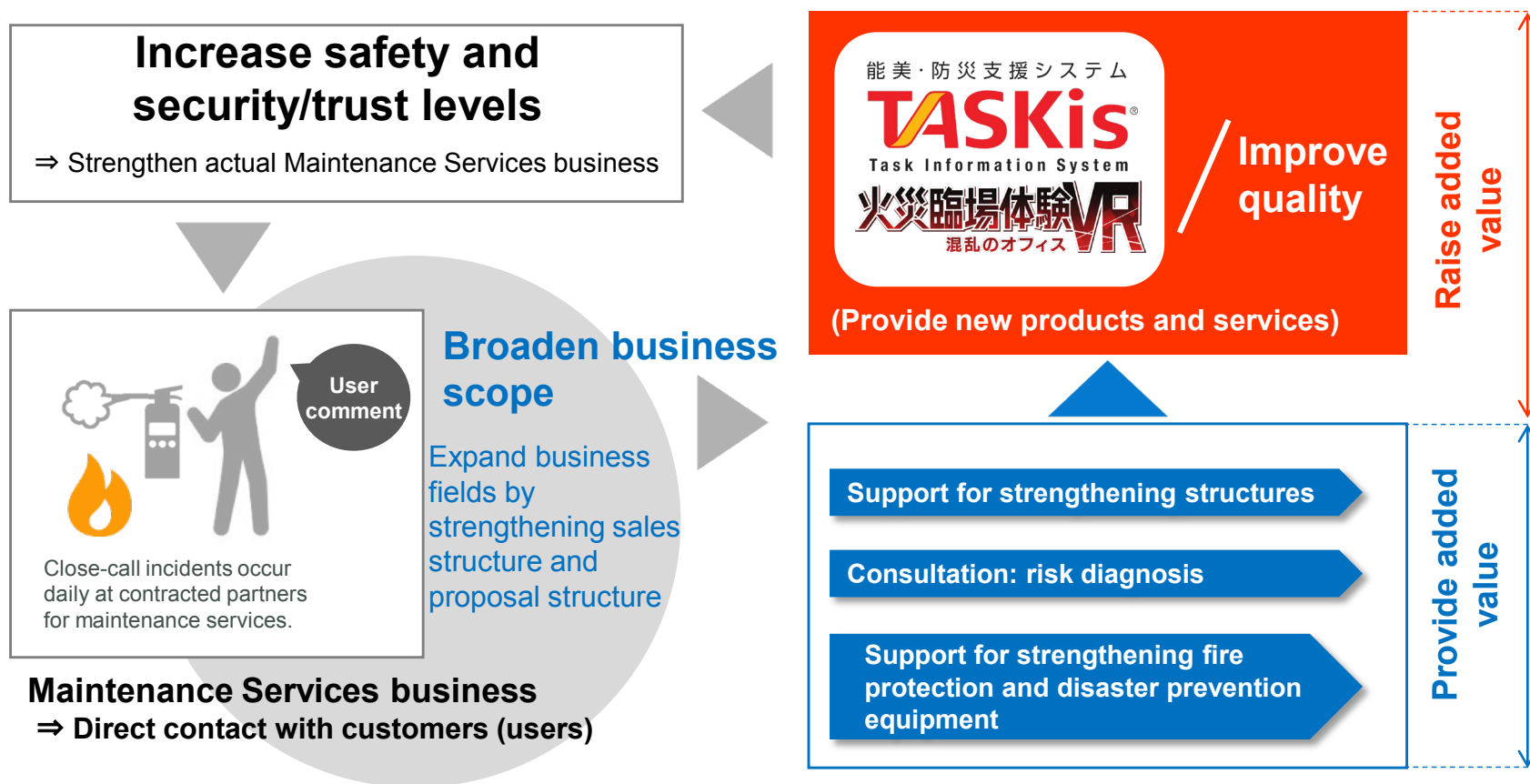
**Upcoming  
actions**

**Continue increasing the volume of orders by meeting  
with accuracy and reliability customers' requirements**

## Expand business fields ← Identification of necessary tasks



## Example of business domain expansion

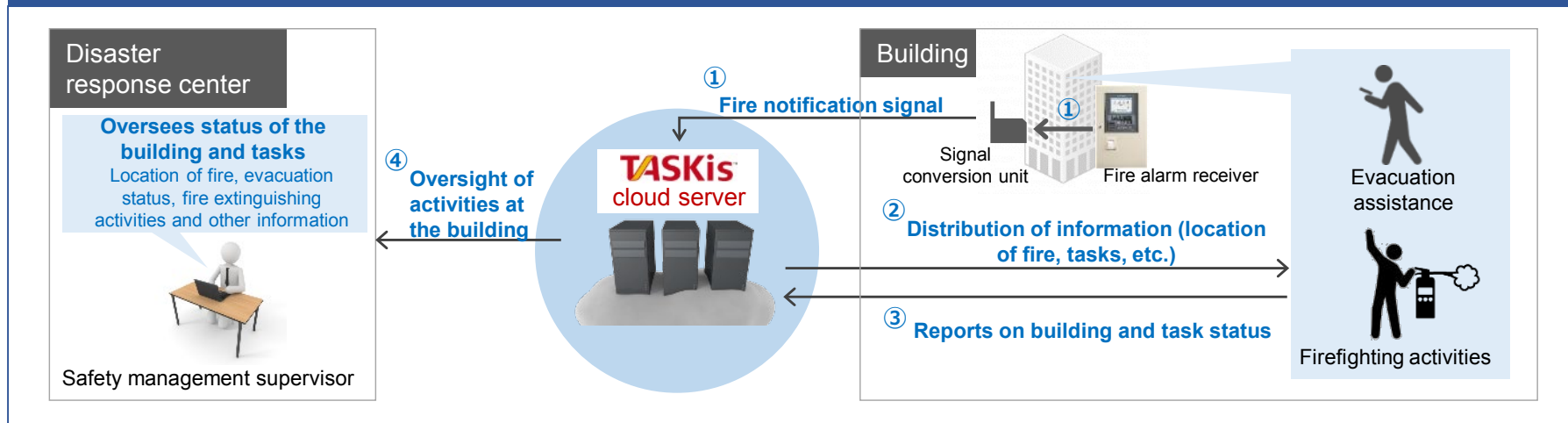


## Upgrade proposal skills by providing new forms of value (1)

Main functions of the **TASKis** cloud-based 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**

## Upgrade proposal skills by providing new forms of value (2)

Realistic fire experiences by virtual reality



Created jointly with  
Granzella Inc.

- Started providing virtual reality content that recreates the atmosphere of an office building fire
- A joint project with Granzella, a prominent virtual reality content producer
- People can experience the fear and confusion that happens during a fire in order to conduct fire prevention and response training with even higher effectiveness.
- This training program includes flames and smoke as well as images of people during the chaotic atmosphere of a fire.



**A new type of value by combining joint creation  
with a partner and the use of digital  
technologies**



## Strengthen overseas operations

Provide high value-added service that includes after service

### China

Expand sales targets  
Review manufacturing strategy

### India

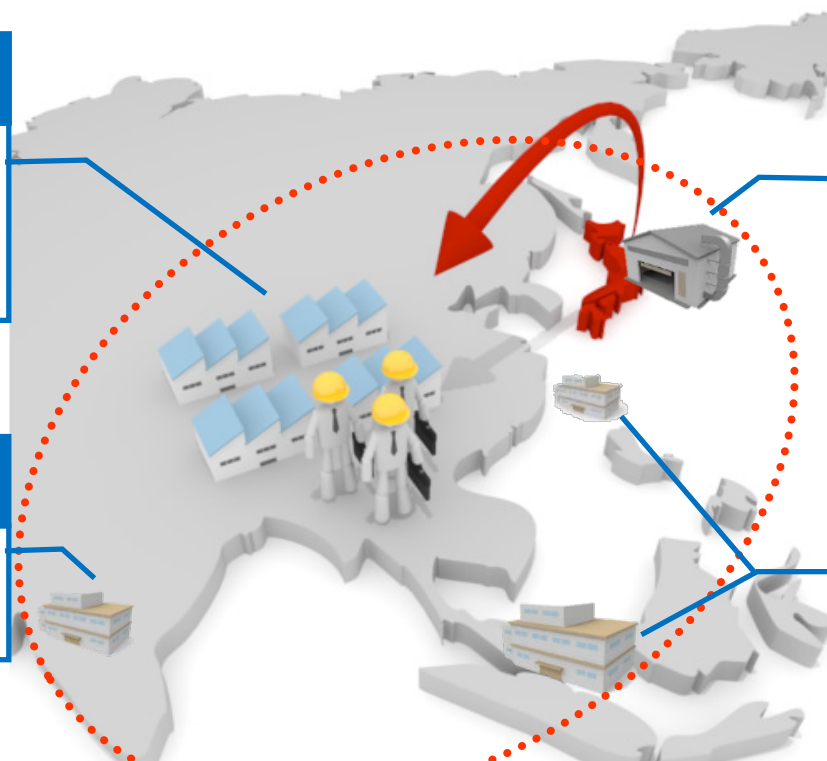
Reconstruct business strategy

### 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

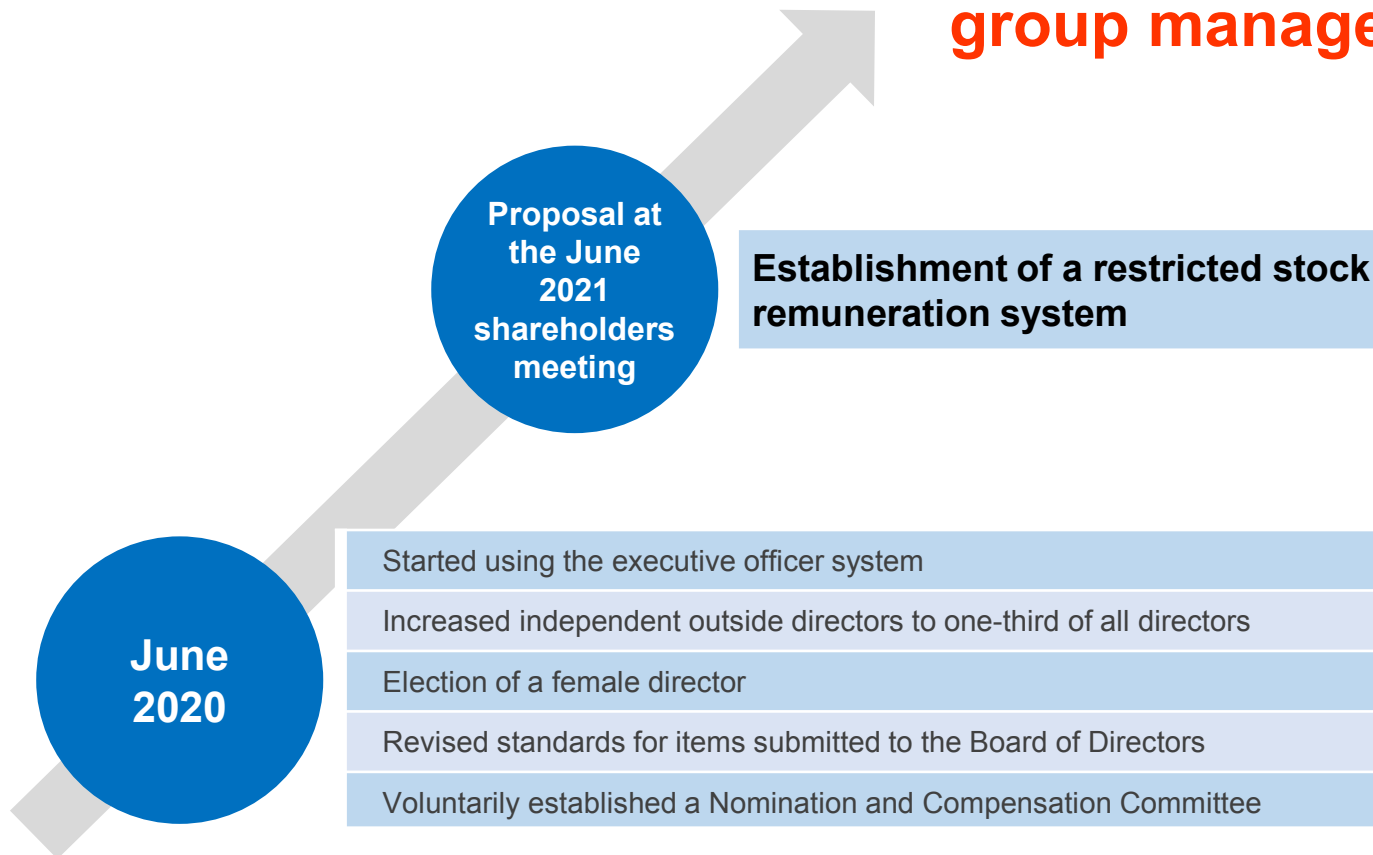
Sales network strategy  
Agency strategies  
Review of product lineup



No change in strategies despite the effects of the COVID-19 pandemic

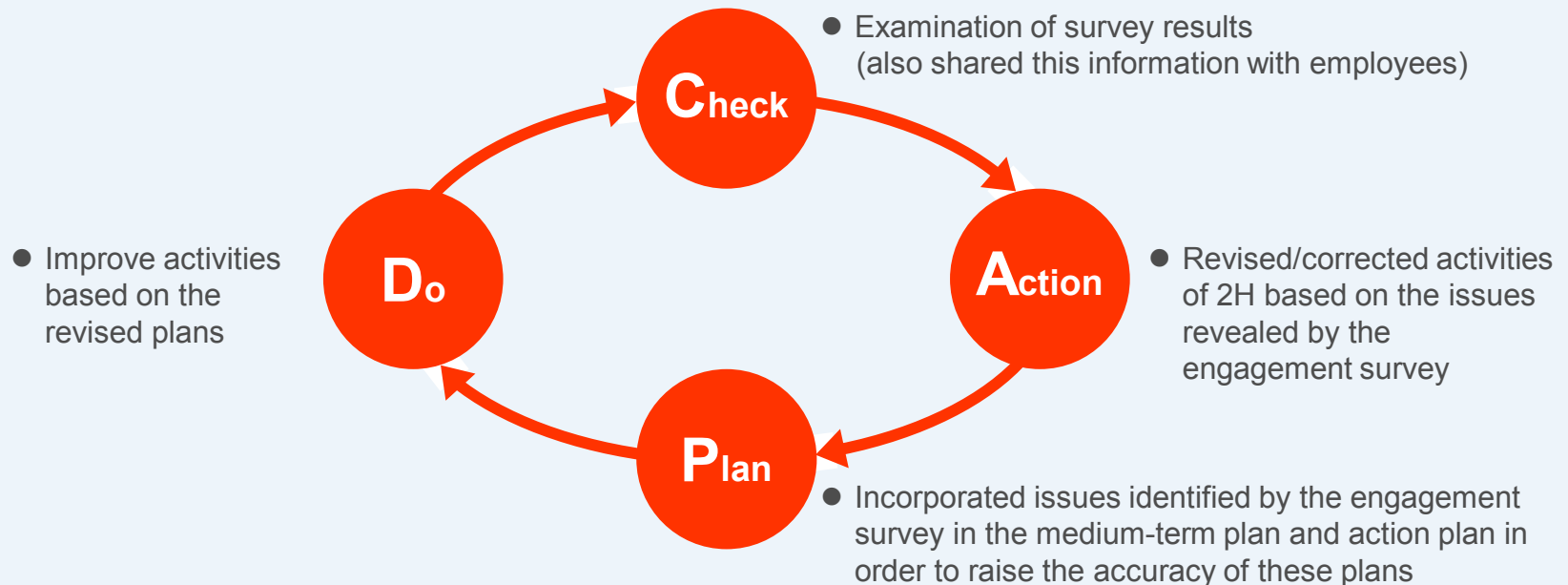
## Strengthen corporate governance

**Continue strengthening group management**



## Employee engagement survey for the medium-term management plan

Input is incorporated in measures to increase motivation and organizational performance



### ◆ Engagement survey for implementing the medium-term management plan

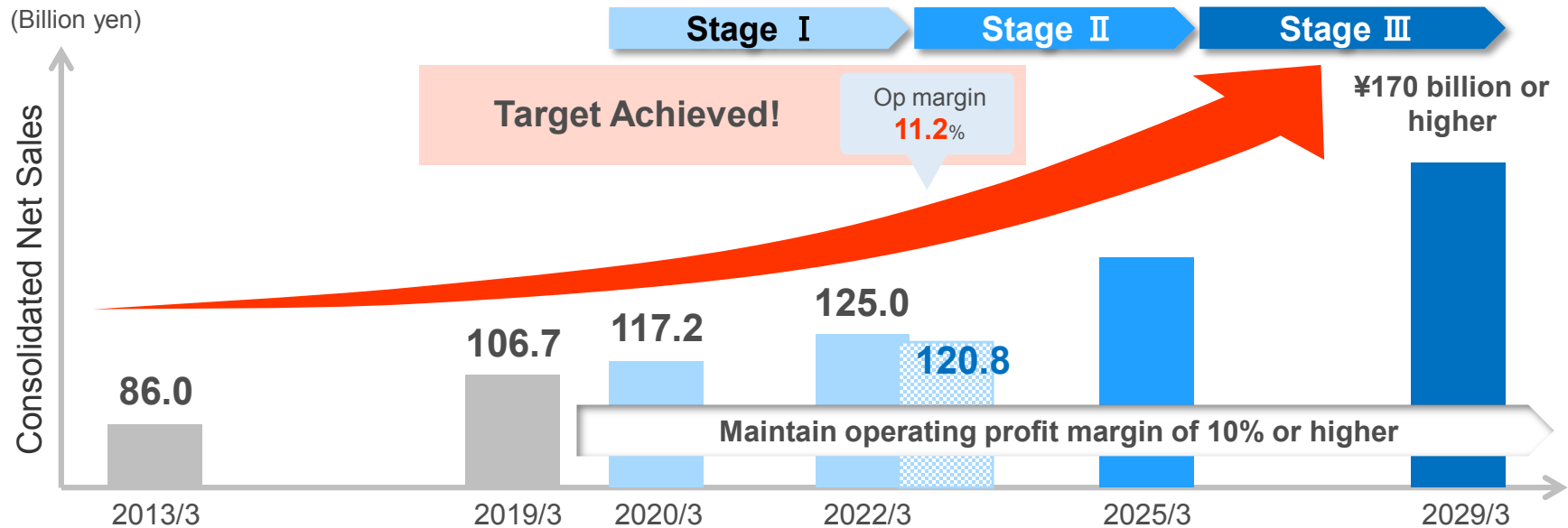
- The survey has been implemented every year from the first year of the plan
- eNPS (employee Net Promoter Score) was used to analyze survey results

\* eNPS is a metric used to measure the engagement of employees.

$$\text{eNPS(\%)} = \text{\% of positive responses} - \text{\% of negative responses}$$

# 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

Percentage of consolidated net sales

¥2.2bn

2.1%

¥2.6bn

2.2%

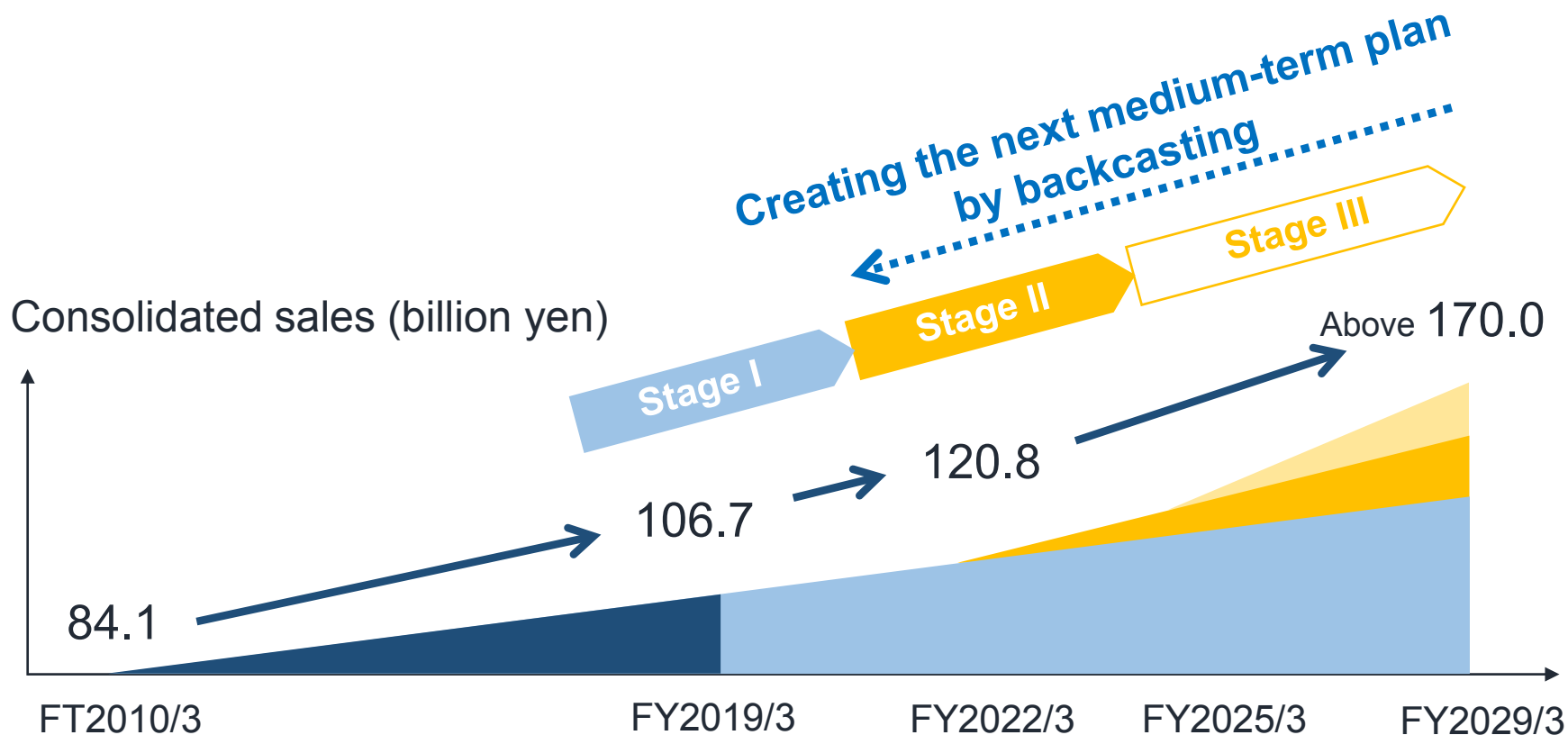
Revised the plan based on the market climate change

¥5.0bn

3.0%

# Next Medium-term Management Plan

Now creating the next medium-term plan by backcasting using the long-term vision



## 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

Takeshi Okamura, Representative Director and President

### Capital

13,302 million yen

As of March 31, 2021

### Employees

2,606 (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

- ◎ 2021 Released "Panic in the Office" a virtual reality office fire experience
- ◎ 2019 TASKis® cloud-based 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.
- Listing of stock ◎ 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 Sanjusangendo 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
- Establishment ◎ 1916 Teruichi Nohmi established "Nohmi Shokai"



R-26C



Nohmi Technorium Menuma



Menuma factory



R&D center Misato



Manual fire alarm box with ring-shaped location lamp



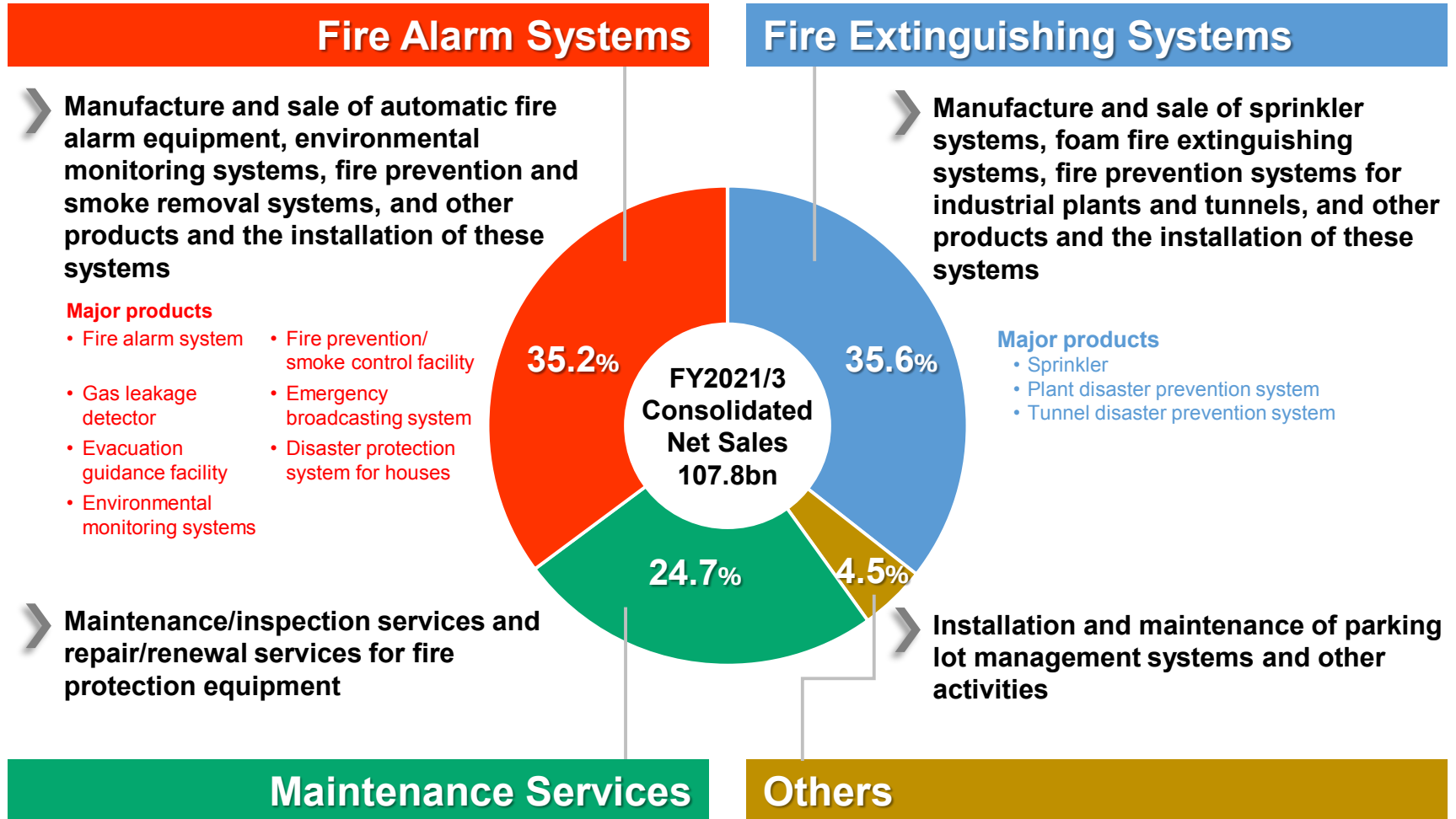
PROTECVIEW



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.