

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



FY2019/3 Results & Medium-term Business Plan

May 28, 2019

NOHMI BOSAI LTD.

NOHMI

I . Consolidated Results FY2019/3



Orders received decreased but remained high

Orders for fire alarm systems and maintenance services increased and were higher than planned

Orders for fire extinguishing systems decreased from the high level of the previous fiscal year

Sales increased to an all-time high

Large order backlog

Aggressive sales activities during the fiscal year, which was the last year of the medium-term plan.

Lower operating income but the operating margin remained above 10%

Many large orders with relatively low margins for fire extinguishing systems

Profit margins improved in the fire alarm systems and maintenance services segments

Consolidated Results of Operation

(Million yen)

	FY2018/3	FY2019/3		Vs. FY2018/3		Vs. Plan	
	Results	Plan	Results	Amount	Pct.	Amount	Pct.
New orders	109,019	108,500	107,860	-1,159	-1.1%	-639	-0.6%
Net sales	105,032	110,000	106,774	+1,742	+1.7%	-3,225	-2.9%
Cost of sales	66.1%	66.9%	67.4%	+1.3pt	—	+0.5pt	—
Gross profit	35,583	36,450	34,847	-736	-2.1%	-1,602	-4.4%
SG&A expenses	22,701	23,300	23,480	+779	+3.4%	+180	+0.8%
Operating income	12,881	13,150	11,366	-1,515	-11.8%	-1,783	-13.6%
Operating margin	12.3%	12.0%	10.6%	-1.7pt	—	-1.4pt	—
Ordinary income	13,073	13,300	11,644	-1,428	-10.9%	-1,655	-12.4%
Net income attributable to owners of parent	9,135	9,150	7,804	-1,331	-14.6%	-1,345	-14.7%
EPS (yen)	151.51	151.74	129.42				
ROE	11.7%	11.1%	9.2%				

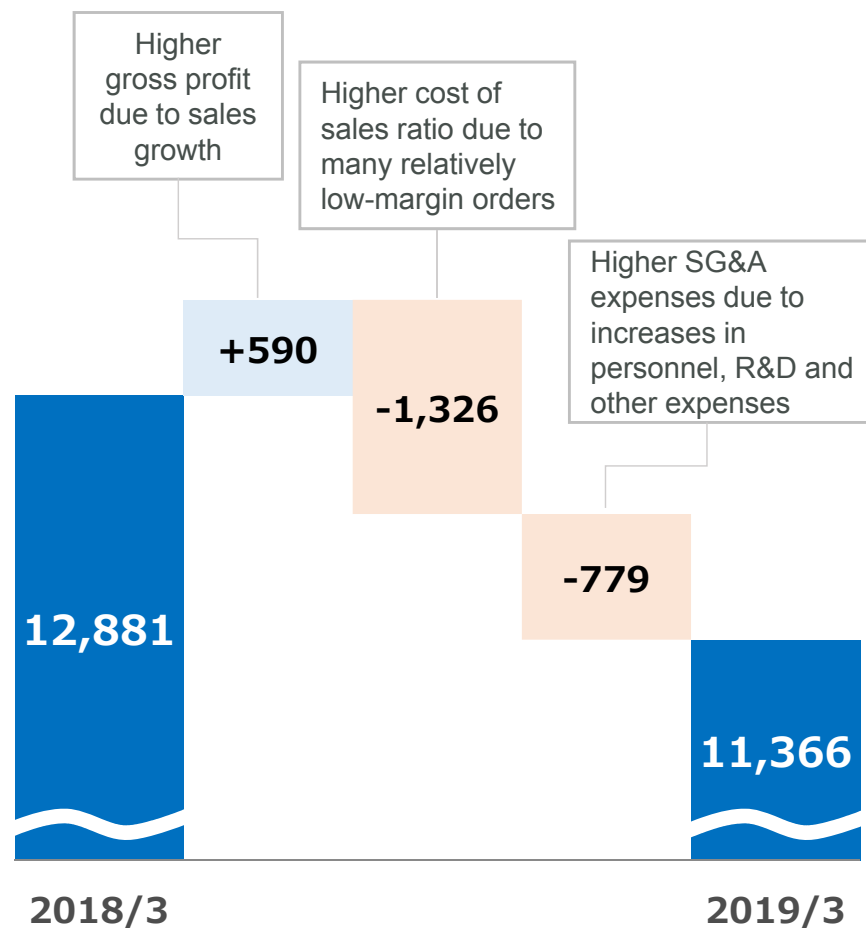
Consolidated Results by Segments

(Million yen)

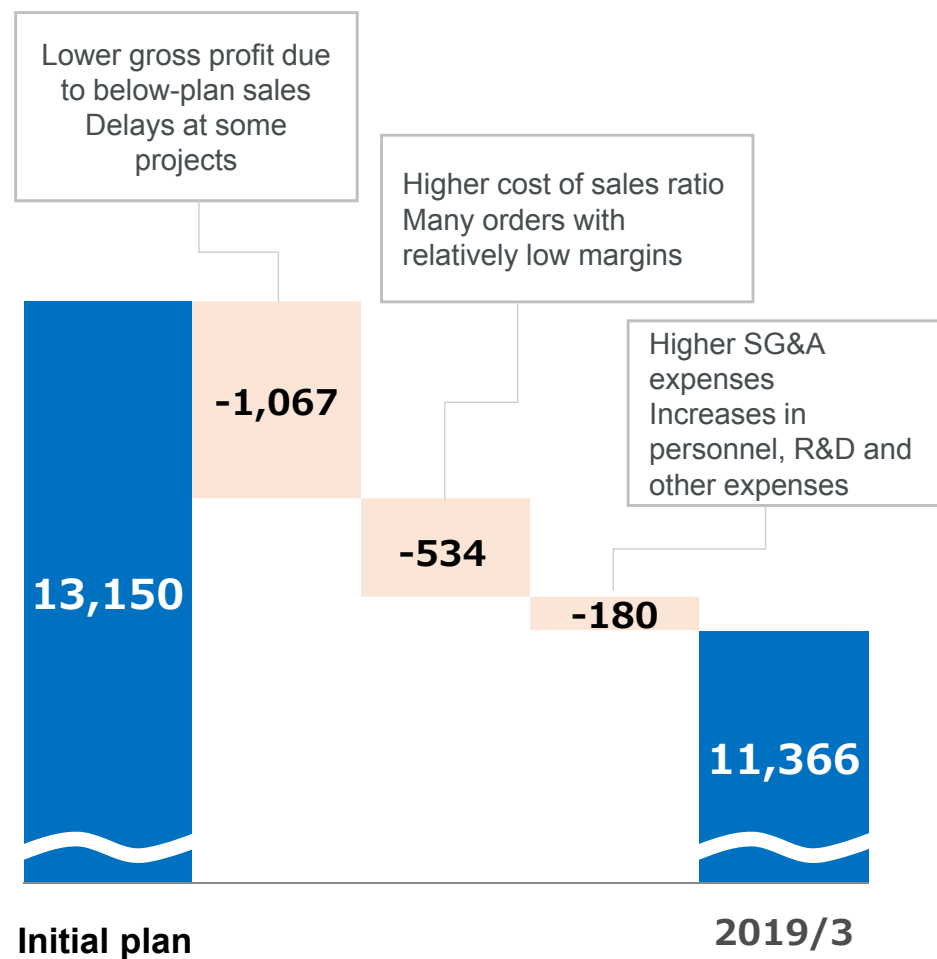
		FY2018/3	FY2019/3		Vs. FY2018/3	Vs. Plan
		Results	Plan	Results	Amount	Amount
Fire Alarm Systems	Net sales	37,718	39,796	38,379	+660	-1,417
	Operating income	6,640	7,368	6,911	+271	-457
	Operating margin	17.6%	18.5%	18.0%	+0.4pt	-0.5pt
Fire Extinguishing Systems	Net sales	37,443	39,484	37,118	-324	-2,366
	Operating income	7,647	7,269	5,349	-2,297	-1,920
	Operating margin	20.4%	18.4%	14.4%	-6.0pt	-4.0pt
Maintenance Services	Net sales	24,890	25,450	25,831	+940	+380
	Operating income	4,987	5,020	5,488	+501	+467
	Operating margin	20.0%	19.7%	21.2%	+1.2pt	+1.5pt
Others	Net sales	5,368	5,656	5,807	+439	+151
	Operating income	185	260	319	+133	+58
	Operating margin	3.5%	4.6%	5.5%	+2.0pt	+0.9pt
Elimination/ Corporate	Net sales	-388	-388	-361	+26	+26
	Operating income	-6,578	-6,770	-6,701	-123	+68
Consolidated	Net sales	105,032	110,000	106,774	+1,742	-3,225
	Operating income	12,881	13,150	11,366	-1,515	-1,783

Analysis of Change in Operating Income

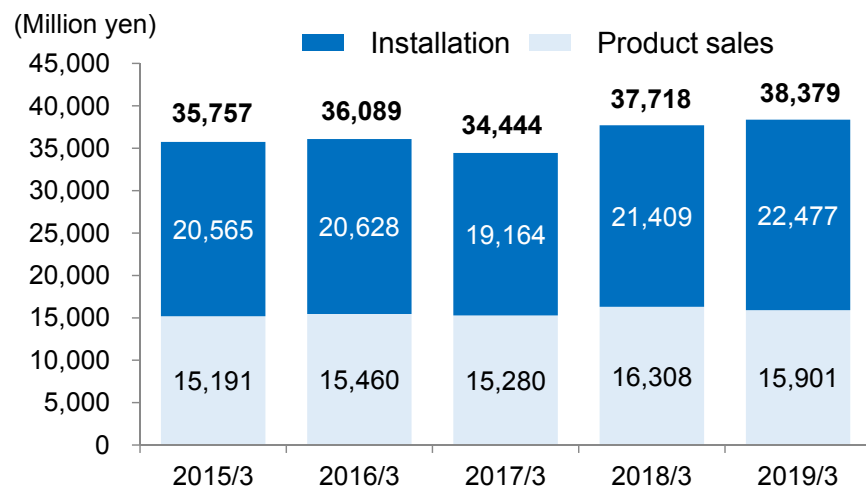
Vs. FY2018/3 (million yen)



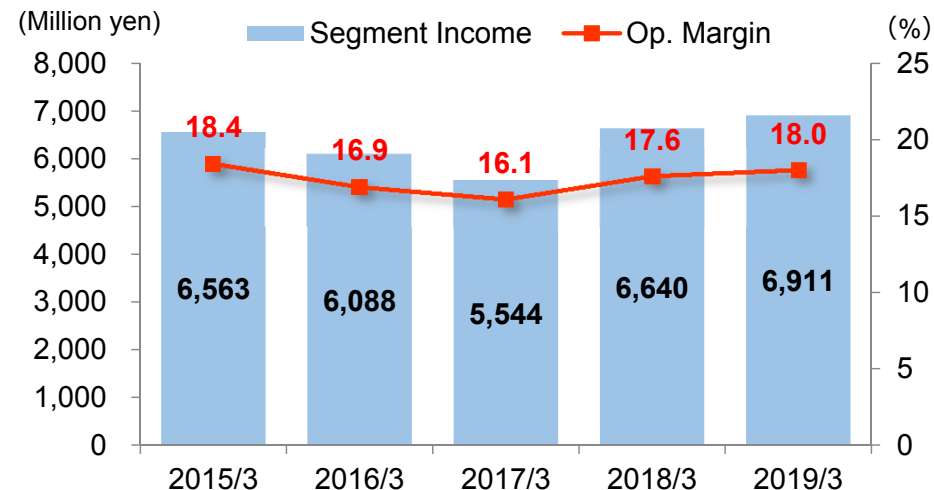
Vs. Plan (million yen)



Net Sales (before elimination)



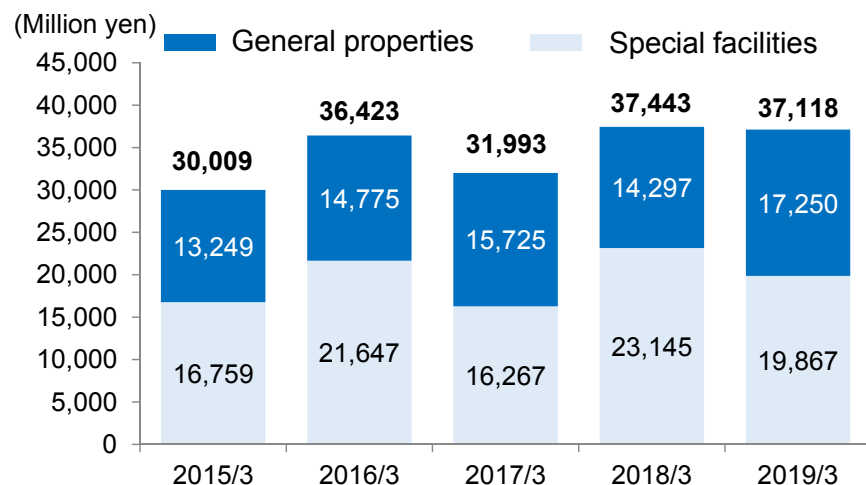
Segment Income & Operating Margin



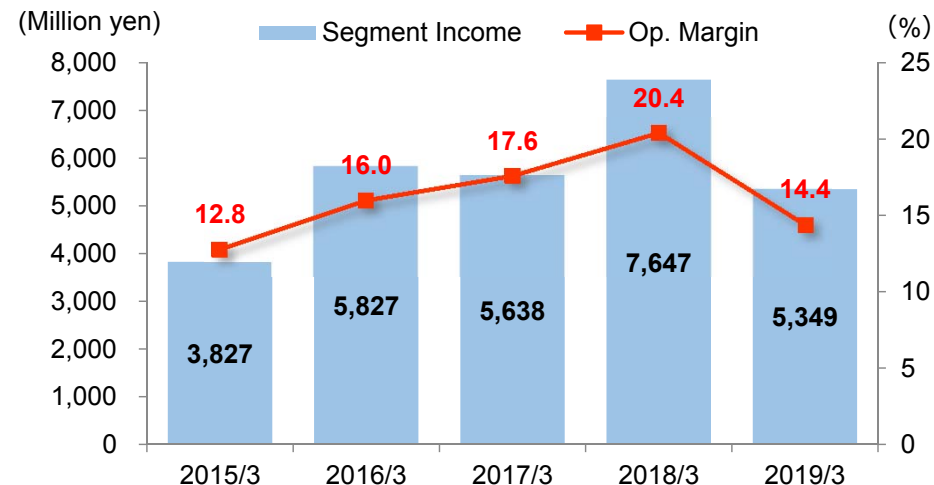
	2018/3	2019/3		Vs. 18/3 (%)	Vs. Plan (%)
	Actual	Plan	Actual		
New orders	38,106	40,400	40,467	+6.2	+0.2
Backlog of orders	12,133	—	14,303	+17.9	—
Net sales	37,718	39,796	38,379	+1.8	-3.6
Installation	21,409	22,656	22,477	+5.0	-0.8
Product Sales	16,308	17,140	15,901	-.5	-7.2
Segment income	6,640	7,368	6,911	+4.1	-6.2

- The volume of orders remained high amid favorable market conditions
- Large number of renewal projects due to the success of aggressive sales activities

Net Sales (before elimination)



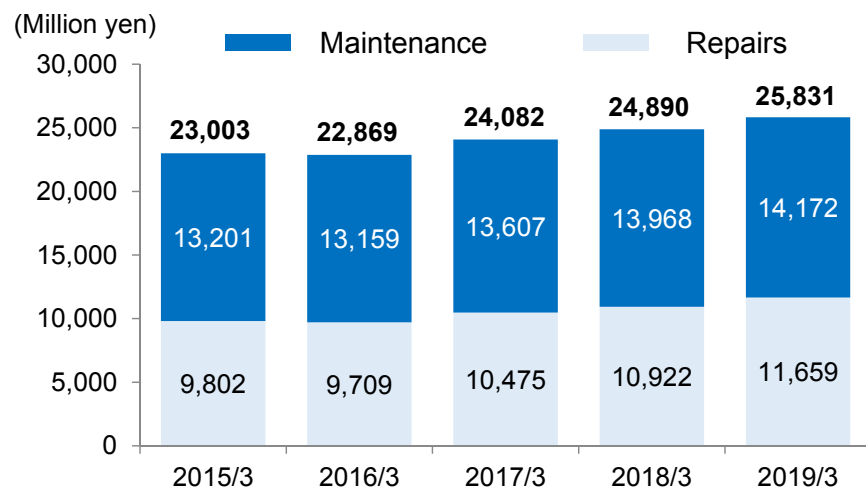
Segment Income & Operating Margin



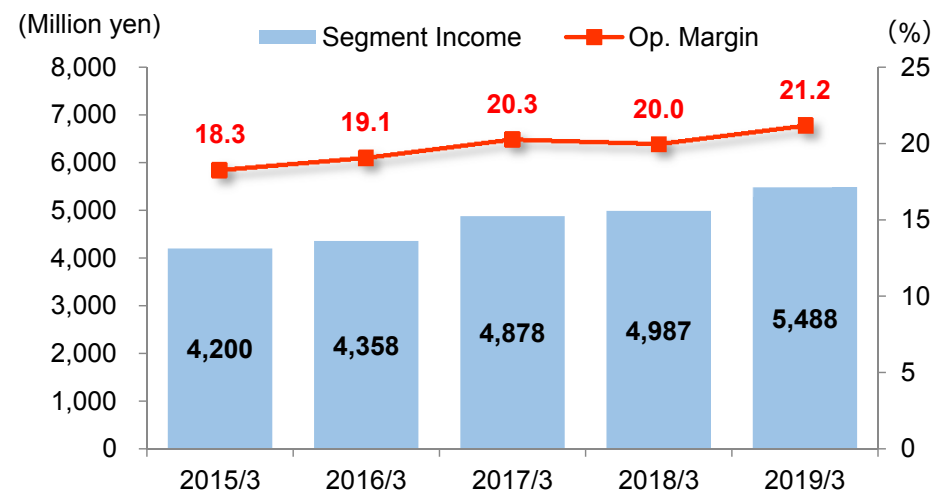
	2018/3	2019/3		Vs. 18/3 (%)	Vs. Plan (%)
	Actual	Plan	Actual		
New orders	40,323	37,000	35,398	-12.2	-4.3
Backlog of orders	38,081	—	36,439	-4.3	—
Net sales	37,443	39,484	37,118	-0.9	-6.0
General properties	14,297	17,754	17,250	+20.7	-2.8
Special facilities	23,145	21,730	19,867	-14.2	-8.6
Segment income	7,647	7,269	5,349	-30.0	-26.4

- Orders decreased from the high level of the previous fiscal year
 - Small decrease in sales, the net result of sluggish sales of specialty projects and 20% growth in sales of other projects
- Earnings down because of many large orders with relatively low margins

Net Sales (before elimination)



Segment Income & Operating Margin



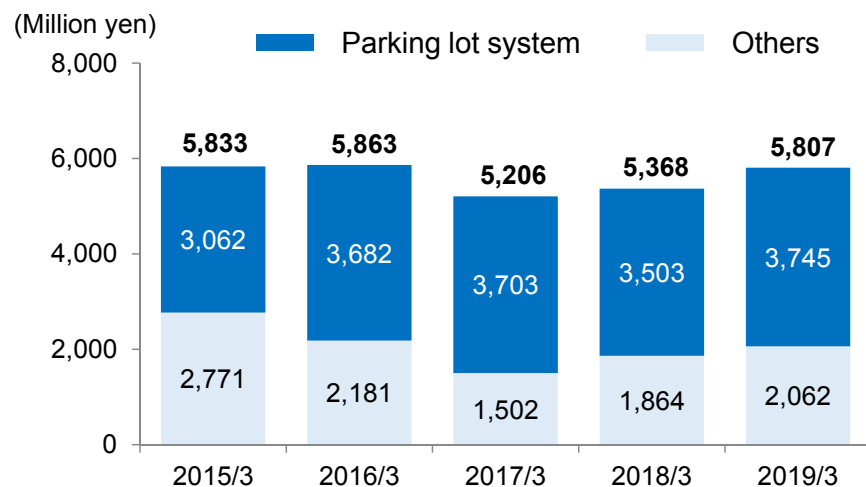
	2018/3	2019/3		Vs. 18/3 (%)	Vs. Plan (%)
	Actual	Plan	Actual		
New orders	25,296	25,600	26,277	+3.9	+2.6
Backlog of orders	4,125	—	4,571	+10.8	—
Net sales	24,890	25,450	25,831	+3.8	+1.5
Maintenance	13,968	14,000	14,172	+1.5	+1.2
Repairs	10,922	11,450	11,659	+6.7	+1.8
Segment income	4,987	5,020	5,488	+10.0	+9.3

➤ Record-high orders as market conditions remained favorable

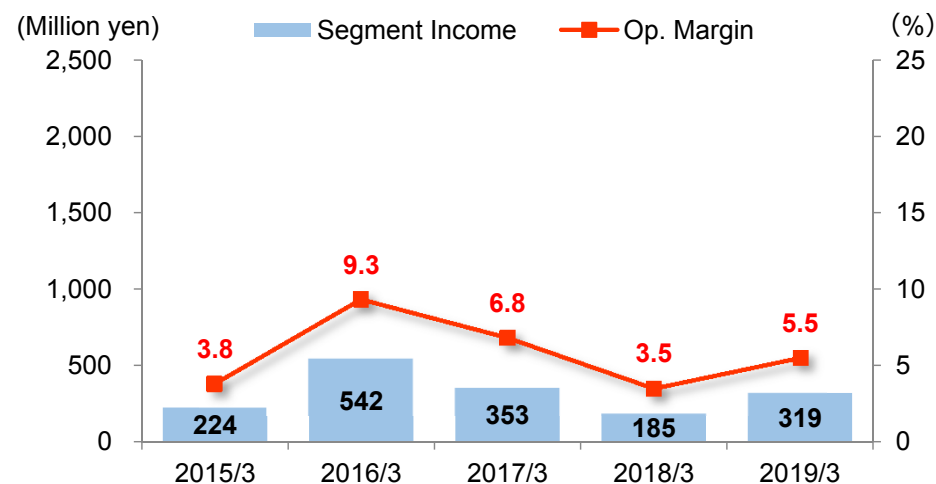
➤ Sales also climbed to an all-time high backed by strong performances of maintenance/inspection services and repair/renewal services

Segment earnings exceeded ¥5 billion for the first time and the profit margin increased

Net Sales (before elimination)



Segment Income & Operating Margin



	2018/3	2019/3		Vs. 18/3 (%)	Vs. Plan (%)
	Actual	Plan	Actual		
New orders	5,292	5,500	5,716	+8.0	+3.9
Backlog of orders	631	—	742	+17.6	—
Net sales	5,368	5,656	5,807	+8.2	+2.7
Parking lot system	3,503	3,760	3,745	+6.9	-0.4
Others	1,864	1,896	2,062	+10.6	+8.8
Segment income	185	260	319	+72.1	+22.3

➤ Orders and sales were both strong
The profit margin improved as well despite a challenging business climate

Ⅱ . Forecast for FY2020/3

NOHMI

Forecast for FY2020/3 (Consolidated)

(Million yen)

	FY2019/3	FY2020/3	Vs. FY2019/3	
	Actual	Forecast	Amount	Pct.
New orders	107,860	116,000	+8,139	+7.5%
Net sales	106,774	114,000	+7,225	+6.8%
Gross profit	34,847	36,200	+1,352	+3.9%
Gross margin	32.6%	31.8%	-0.8pt	—
SG&A expenses	23,480	24,200	+719	+3.1%
Operating income	11,366	12,000	+633	+5.6%
Operating margin	10.6%	10.5%	-0.1pt	—
Ordinary income	11,644	12,200	+555	+4.8%
Net income attributable to owners of parent	7,804	8,000	+195	+2.5%
EPS (yen)	129.42	132.67		
ROE	9.2%	9.1%		

Another year of record sales

Expect higher sales in the fire alarm systems, fire extinguishing systems and maintenance services segments supported by the continuation of extensive sales activities targeting both the new construction and renewal markets

Higher operating income and no change in the operating margin

Possibility of higher personnel expenses and prices of materials remain a source of concern

Heightening priority on profitability when accepting new orders and closely managing the cost of sales

More activities to develop products that match customers' needs

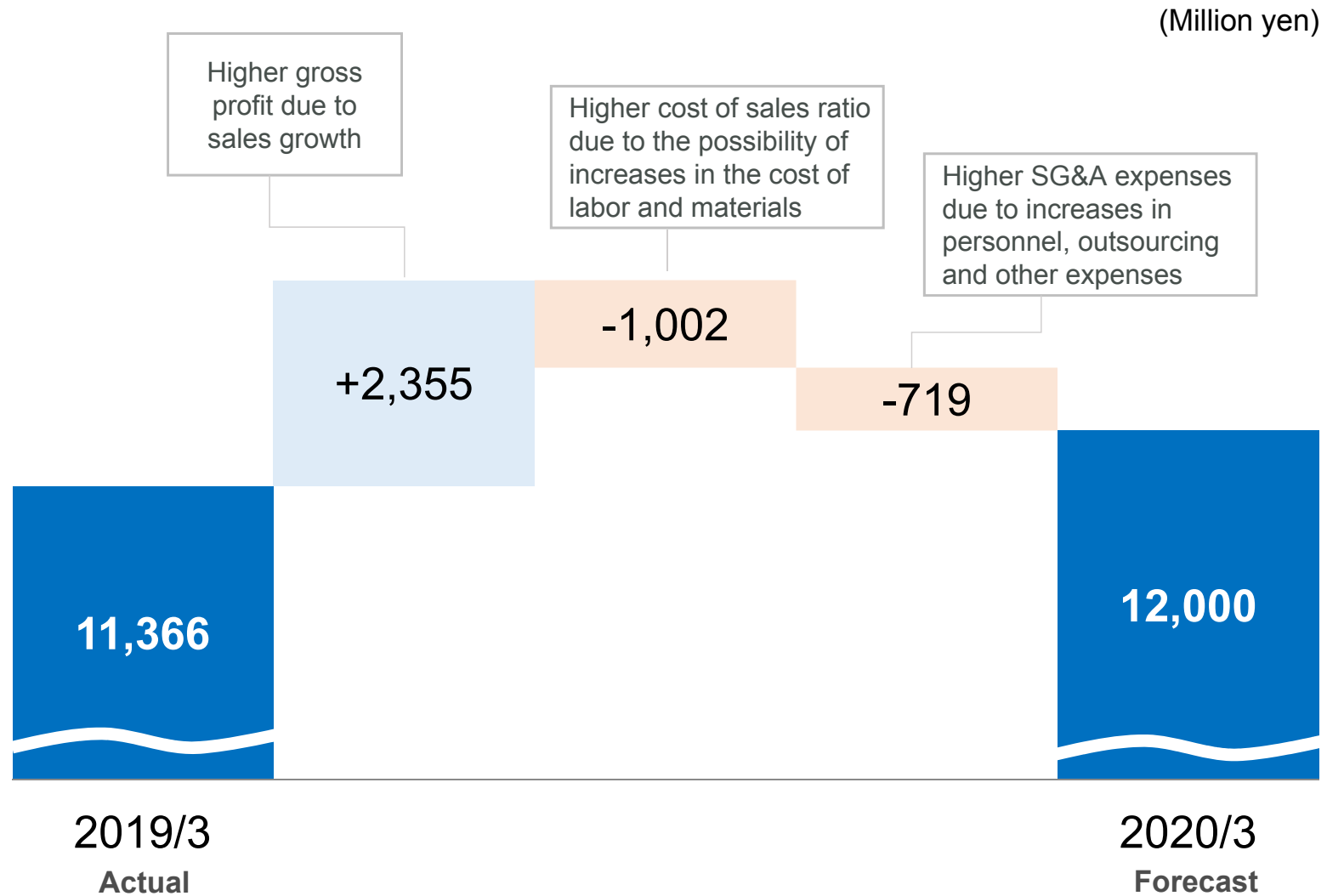
R&D expenditures will be more than ¥2 billion as in FY3/2019

Forecast for FY2020/3 by Segments

(Million yen)

		FY2019/3	FY2020/3	Vs. FY2019/3	
		Actual	Forecast	Amount	Pct.
Fire Alarm Systems	Net sales	38,379	41,661	+3,282	+8.6%
	Operating income	6,911	7,340	+428	+6.2%
	Operating margin	18.0%	17.6%	-0.4pt	—
Fire Extinguishing Systems	Net sales	37,118	40,637	+3,519	+9.5%
	Operating income	5,349	5,874	+524	+9.8%
	Operating margin	14.4%	14.5%	+0.1pt	—
Maintenance Services	Net sales	25,831	26,230	+399	+1.5%
	Operating income	5,488	5,375	-112	-2.0%
	Operating margin	21.2%	20.5%	-0.7pt	—
Others	Net sales	5,807	5,832	+24	+0.4%
	Operating income	319	389	+70	+22.2%
	Operating margin	5.5%	6.7%	+1.2pt	—
Elimination/ Corporate	Net sales	-361	-361	—	—
	Operating income	-6,701	-6,980	-279	—
Consolidated	Net sales	106,774	114,000	+7,225	+6.8%
	Operating income	11,366	12,000	+633	+5.6%

Analysis of Operating Income Forecast

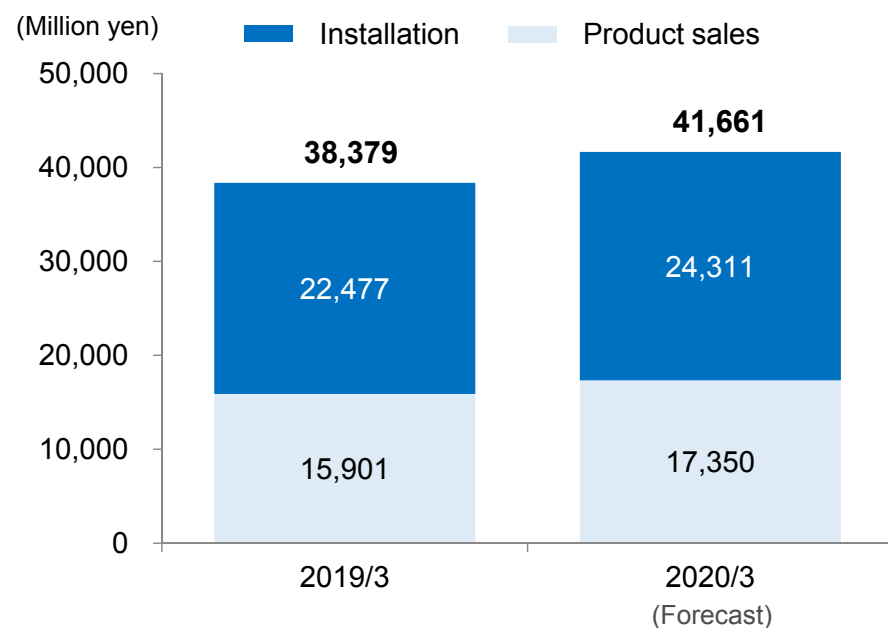


Forecast by Segments (1)

Fire Alarm Systems

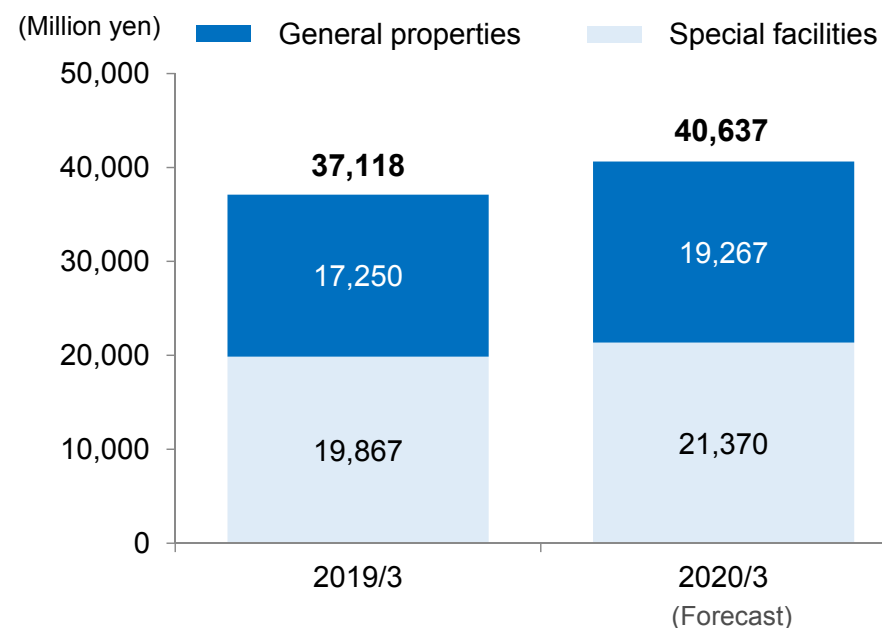
Fire Extinguishing Systems

Fire Alarm Systems



➤ Anticipate growth in new construction and renewal projects due to the continuation of sales activities for capturing new orders

Fire Extinguishing Systems



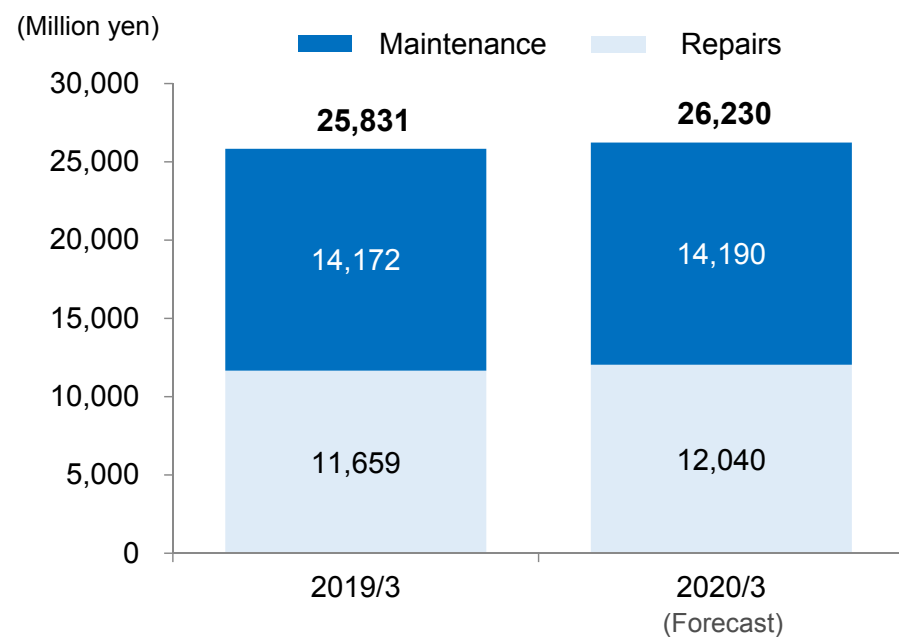
➤ Expect growth in both general properties and special facilities based on the outlook for favorable market conditions

Forecast by Segments (2)

Maintenance
Services

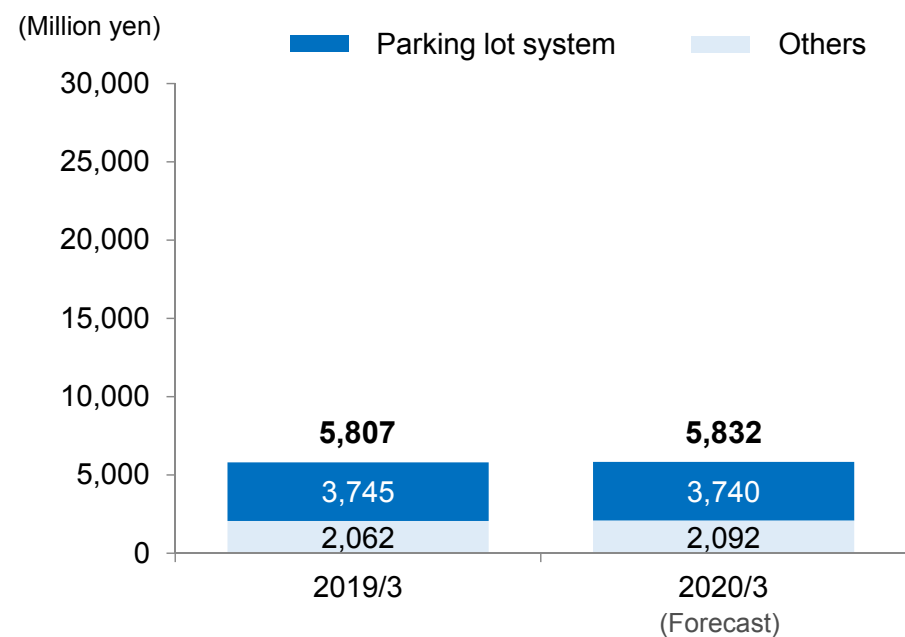
Others

Maintenance Services



➤ Forecast steady sales growth for both maintenance services and repair services

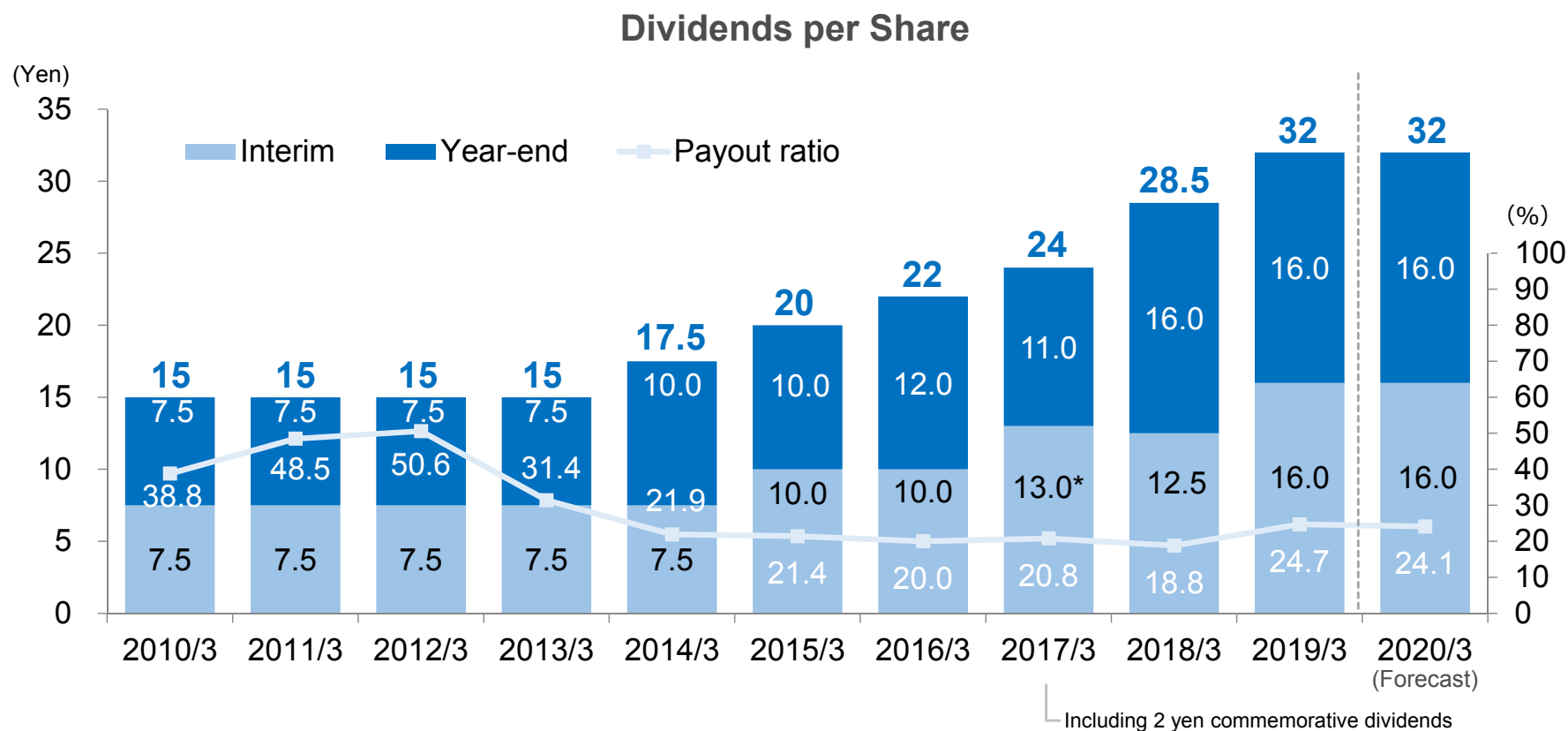
Others



➤ Expect no change in sales of parking lot systems and other products

Consistent dividends are the priority for shareholder distributions

Dividends have never been reduced since 1978, excluding special dividends



III. New Medium-term Plan “project 2021”

NOHMI

Assessment of the Previous Medium-term Plan

1	Establish the foundation for next-generation fire protection
2	Improve profitability and expand sales of core businesses
3	Further improve relationships of trust with customers
4	Proactively take on challenges in promoting business in new markets and services
5	Strengthen technological development and engineering capabilities
6	Strengthen overseas business
7	Promote M&A in and outside Japan aimed at expanding the fire protection business domain
8	Bolster human resources development
9	Strengthen Group-wide corporate social responsibility (CSR) and corporate governance

Accomplishments due to substantial investments

⇒ Nohmi Techno Space Ichigaya (marketing)
Nohmi Technoleum Menuma Research Building (marketing/research)
Menuma factory expansion, new administrative system and other measures

Started selling innovative products

⇒ The core Addressable fire alarm system was updated for the first time in eight years (the R-26C system)
Launched a slender fire alarm product for the residential market

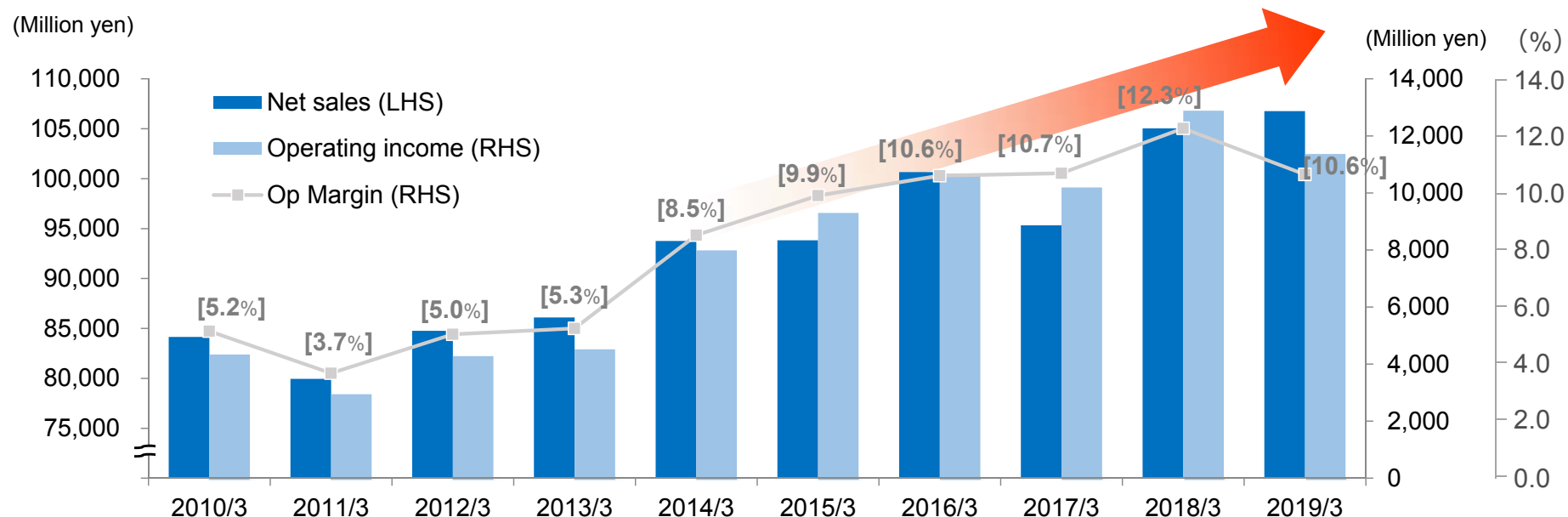
Reinforced and expanded market coverage

⇒ Acquired Kyodo Setsubi Co., Ltd. and System Service Co., Ltd.



More actions are needed for improving the profitability of core businesses, building customer relationships rooted in trust, growth outside Japan and employee training programs

Consolidated Net Sales and Operating Income



Basic stance regarding the Nohmi Bosai Group today

Sales and earnings have increased significantly over the past decade. Business operations benefited from favorable market conditions, but growth was mainly the result of developing new products, reexamining manufacturing expenses, sales activities to capture renovation projects and other initiatives. However, these accomplishments were limited to the group's current business domains.

Business domain expansion will be vital to achieve more growth

Recognition of external environment

Steadily advancing megatrends

- Technology innovation such as AI/IoT
- Changing demographics that include a shrinking workforce
- Increased complexity of disaster prevention due to climate change and extreme weather
- A shift in national economic powers due to growth in Asia

Uncertain business environment

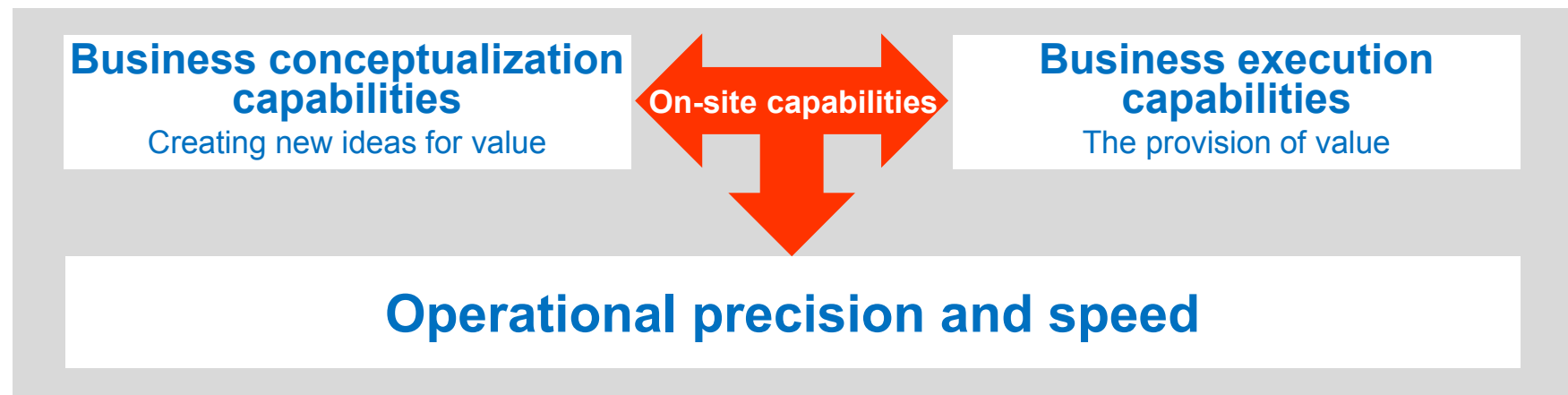
- Demand fluctuations following the 2020 Olympics
- Increased complexity of responding to fires due to the diversification of building management and usage formats

Expand fields where Nohmi Bosai can contribute through technology innovation

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.

Nohmi must have **stronger on-site capabilities** in order to adapt to changes in the business climate and move on to an even higher stage of its advancement and growth.



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”

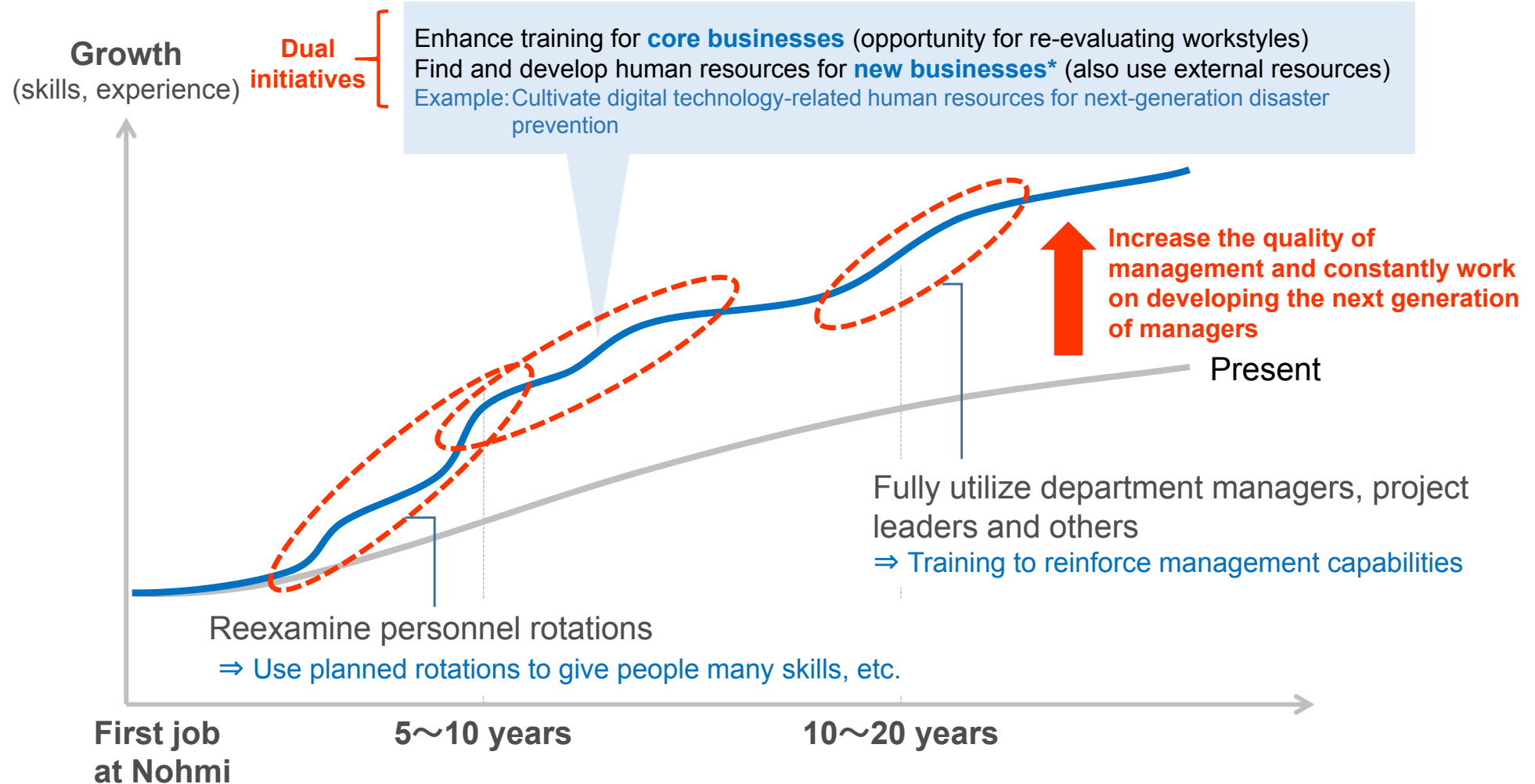
Continue to be pioneers in fire protection fields as a comprehensive fire protection company

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.**

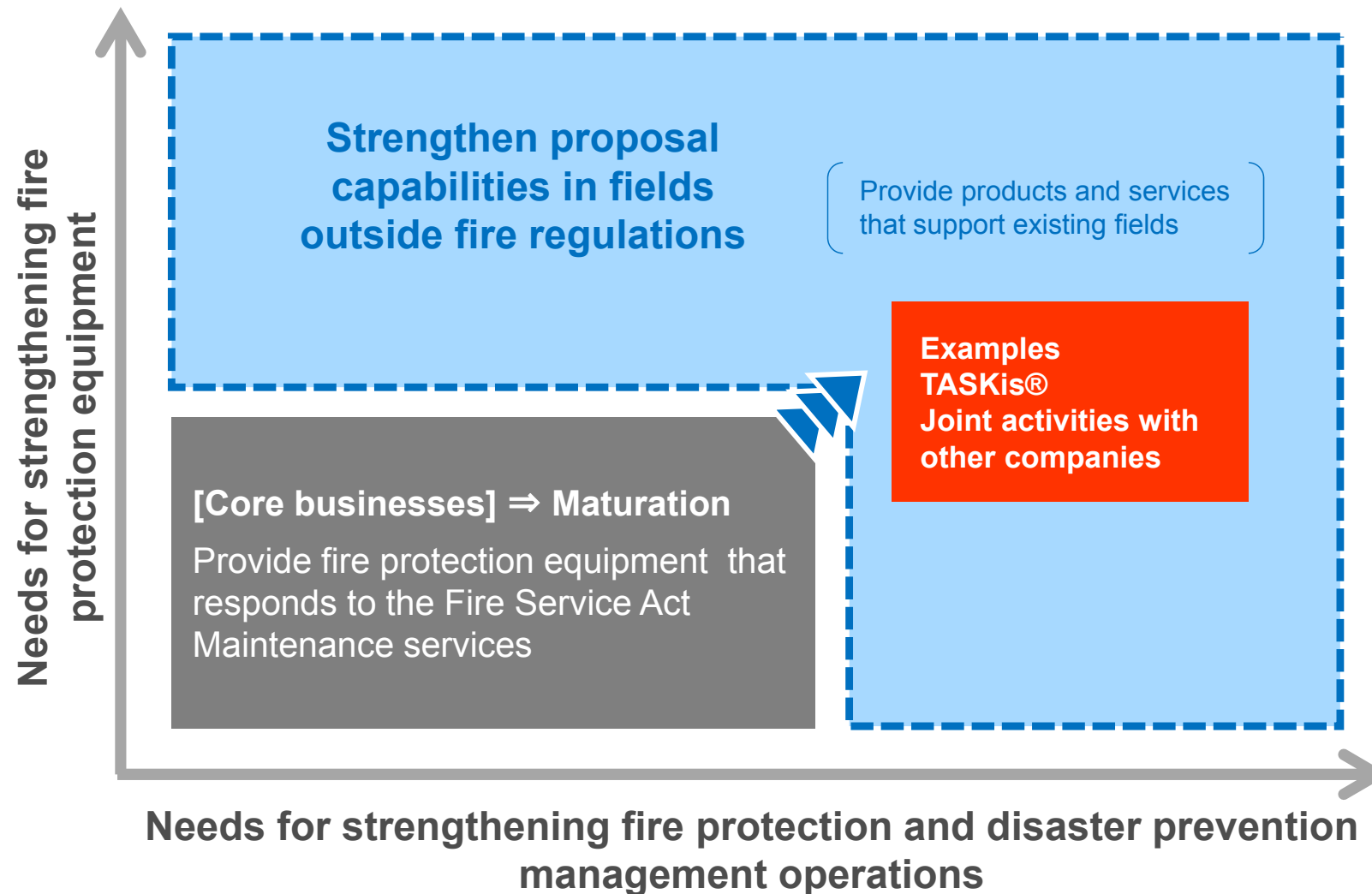
Create a foundation for even higher stages of growth (investments, new initiatives).

Upgrade knowledge and skills



* New businesses targeting peripheral fields where diverse customer needs are developed while engaging in existing businesses

Expand business fields



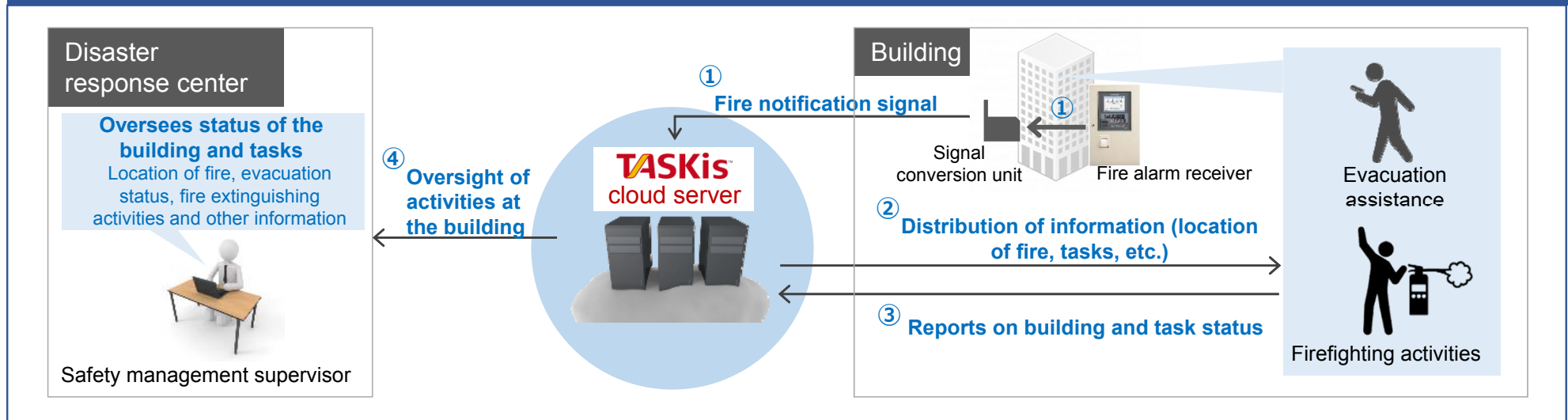
Strategy 2 Improve business conceptualization and execution capabilities/improve operational precision and speed (2)

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

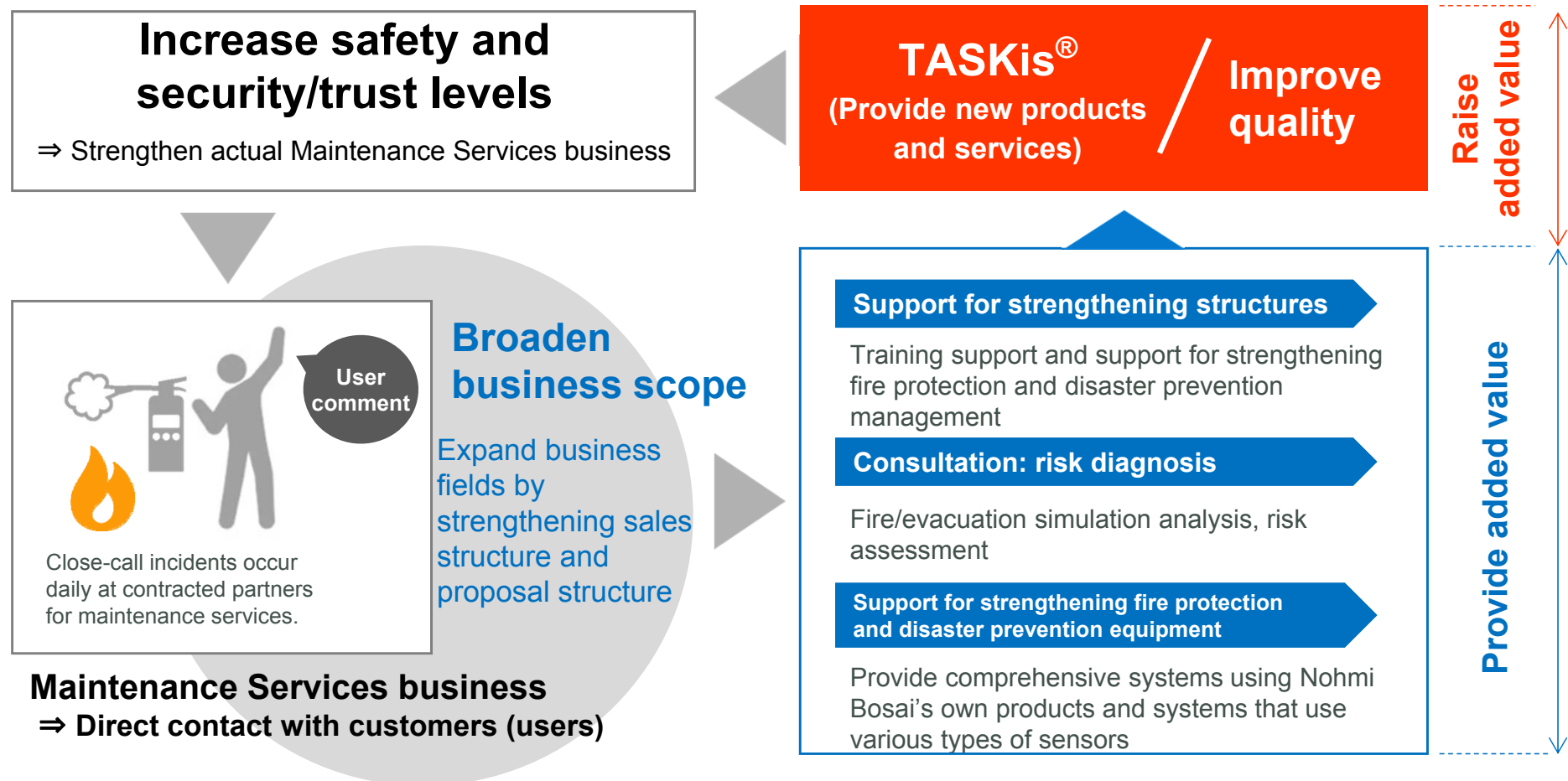


Adds new value with respect to software
(creation of an infrastructure)

Customers' needs are shifting from detection to prevention

Example of business domain expansion (1)～TASKis®～

Example of new business leveraging TASKis®



Example of business domain expansion (2) ~Joint activities~

Joint activities as one way to utilize Nohmi's fire prevention and mitigation expertise

Directly identify customers' changing needs



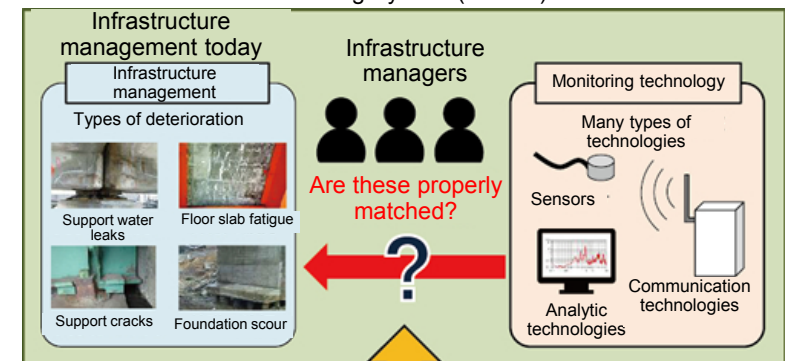
Nohmi's expertise
+
Data technology, AI,
IoT, other know-how



New products and service for social infrastructure maintenance and upgrades

Nohmi Develop sensors that utilize data analysis skills based on fire prevention and mitigation expertise accumulated over many years

Example: Joint research by the Research Association for Infrastructure Monitoring System (RAIMS)



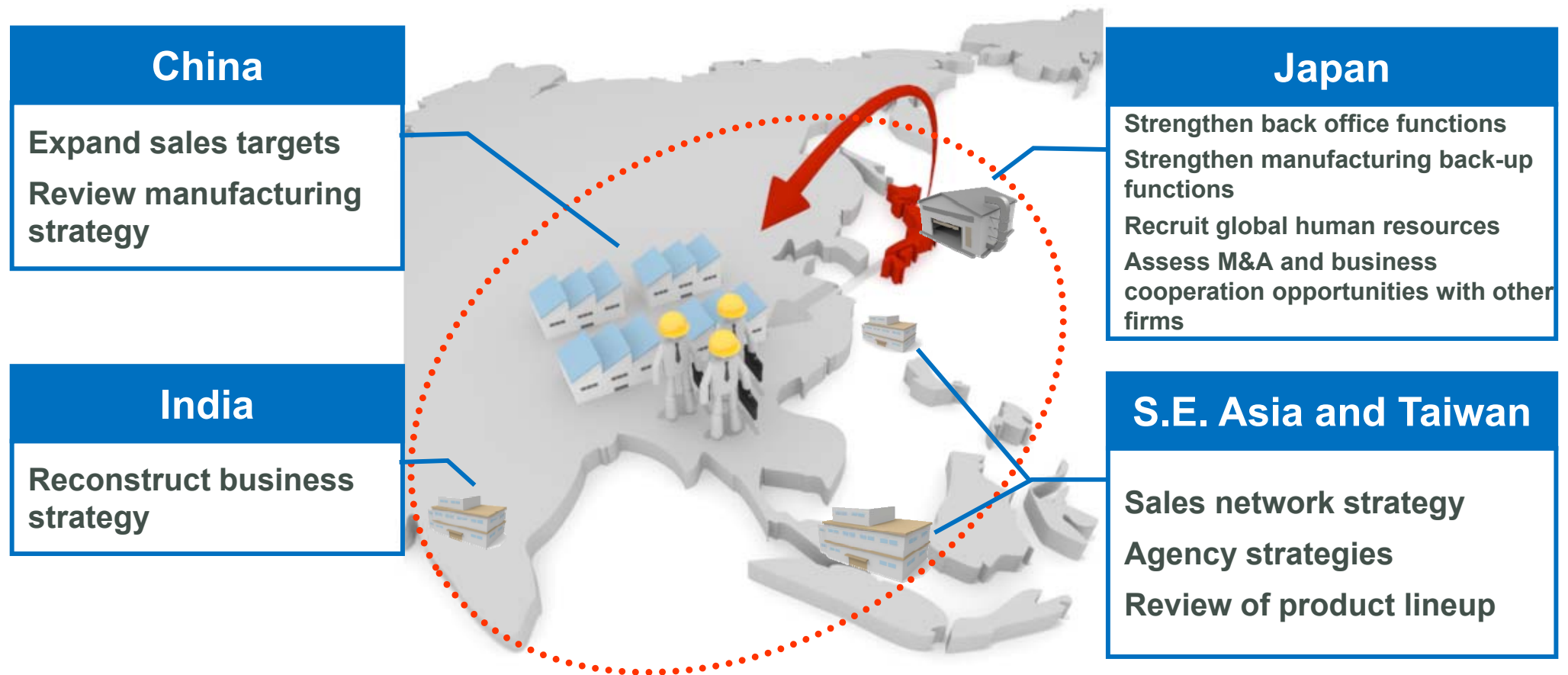
Ideas for monitoring required performance, creating systems, confirming responses by associated agencies, on-site confirmations, and standardization

Research Association for Infrastructure Monitoring System (RAIMS)

*Excerpt from the RAIMS website

Strengthen Overseas Business

Provide high value-added service that includes after service

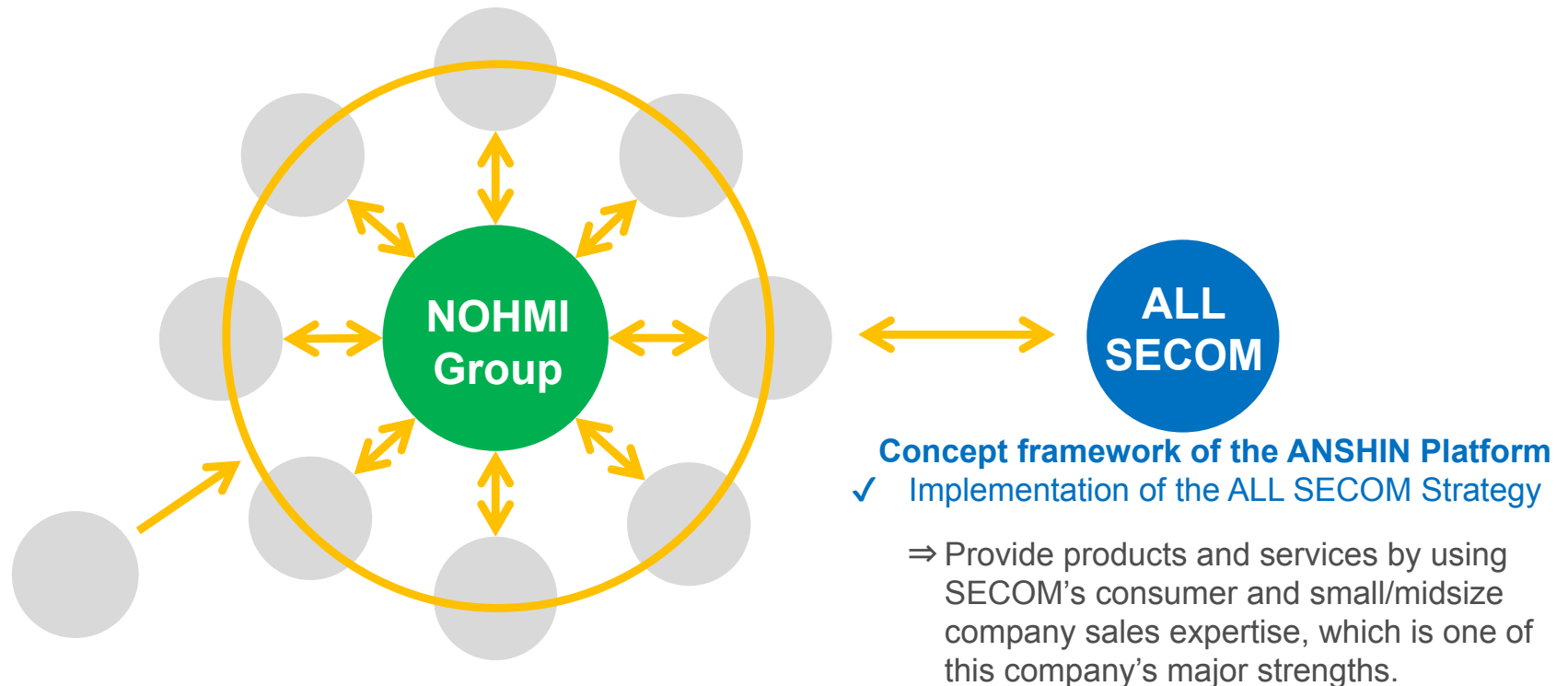


Strengthen group management

- **Strengthen collaboration among Nohmi Bosai Group**

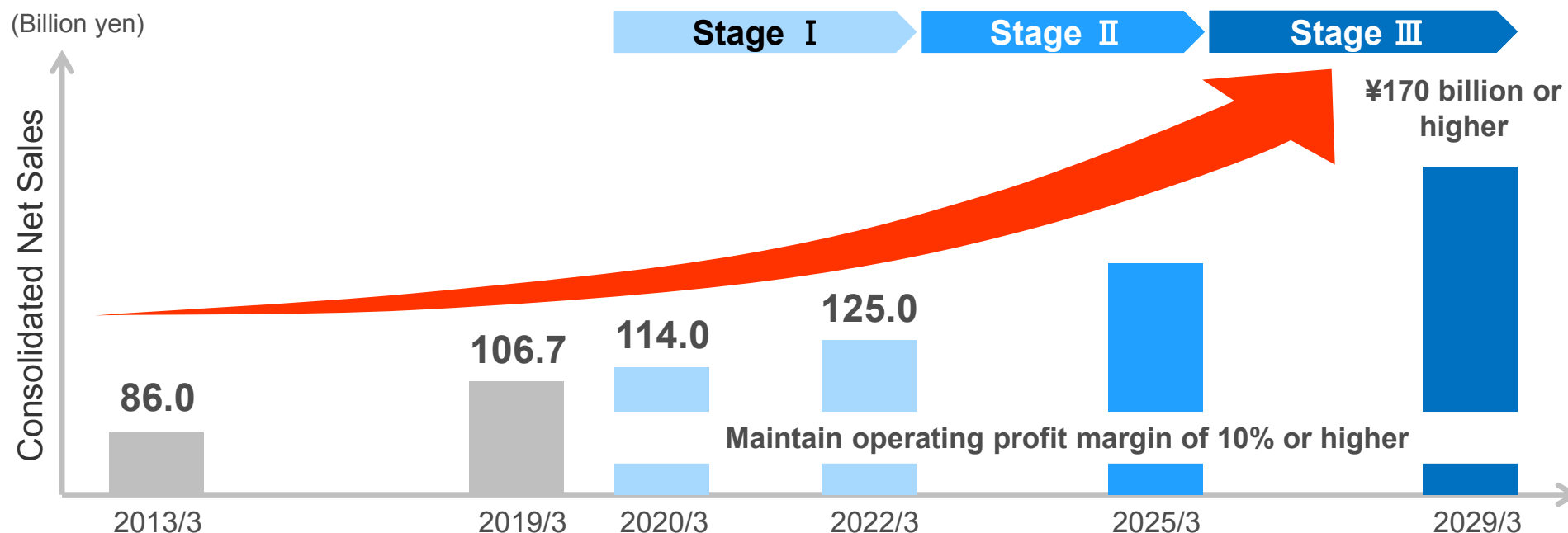
Example: Utilize (previously introduced) management systems that span the entire Group

- **Consider and promote M&A aimed at expanding fire protection fields**



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%

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, 2019

Employees

2,442 (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



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 1st 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 2nd 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



Menuma factory



Nohmi Technorium Menuma



Manual fire alarm box with ring-shaped location lamp



R&D center Misato



Mamoru-kun 10



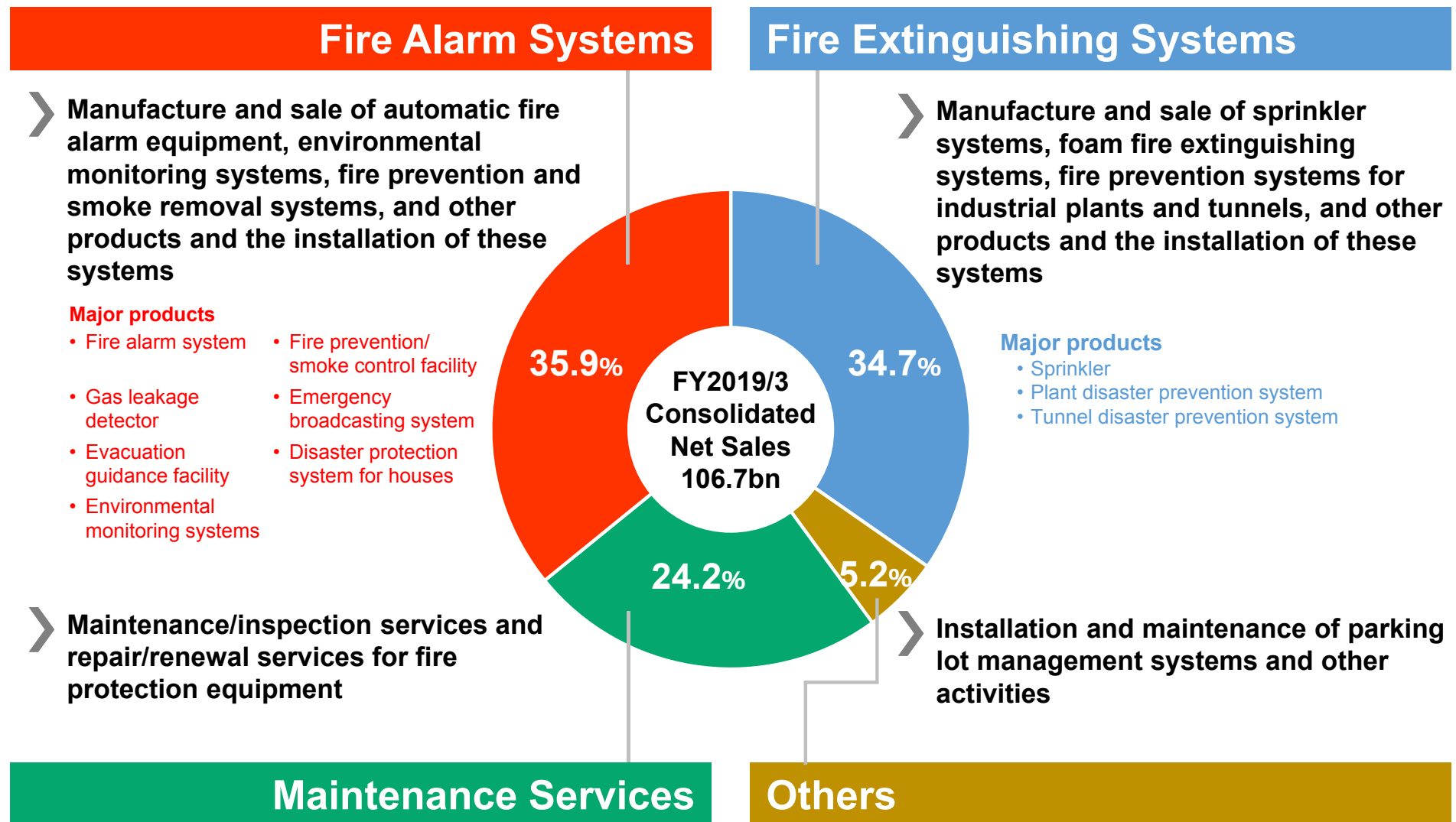
PROTECVIEW



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



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.