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May 10, 2023

Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Under Japanese GAAP)

Company name: NOHMI BOSAI LTD.
 Listing: Tokyo Stock Exchange
 Securities code: 6744
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 Scheduled date of annual general meeting of shareholders: June 27, 2023
 Scheduled date to commence dividend payments: June 28, 2023
 Scheduled date to file annual securities report: June 27, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

(Amounts of less than one million yen are rounded down.)

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

(1) Consolidated operating results

(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	%
Fiscal year ended March 31, 2023	105,537	(6.5)	8,879	(29.7)	9,420	(28.4)	7,022	(24.9)
Fiscal year ended March 31, 2022	112,913	4.6	12,633	14.3	13,155	14.4	9,351	22.7

Note: Comprehensive income Fiscal year ended March 31, 2023: ¥7,020 million [(29.0)%]
 Fiscal year ended March 31, 2022: ¥9,892 million [16.5%]

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2023	116.42	-	6.2	6.3	8.4
Fiscal year ended March 31, 2022	155.07	-	8.8	9.1	11.2

Reference: Share of profit (loss) of entities accounted for using equity method
 Fiscal year ended March 31, 2023: ¥301 million
 Fiscal year ended March 31, 2022: ¥286 million

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	151,602	116,635	75.8	1,905.14
As of March 31, 2022	148,599	111,891	74.2	1,827.92

Reference: Equity

As of March 31, 2023: ¥114,942 million

As of March 31, 2022: ¥110,250 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2023	5,194	(2,613)	(2,469)	47,684
Fiscal year ended March 31, 2022	3,559	(4,874)	(2,293)	47,507

2. Cash Dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2022	-	18.00	-	18.00	36.00	2,175	23.2	2.1
Fiscal year ended March 31, 2023	-	20.00	-	20.00	40.00	2,417	34.4	2.1
Fiscal year ending March 31, 2024 (forecast)	-	23.00	-	23.00	46.00		38.4	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(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
First two quarters	46,300	5.4	500	2.0	600	(12.4)	350	(13.9)	5.80
Full year	113,800	7.8	10,000	12.6	10,300	9.3	7,230	3.0	119.86

* **Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in a change in the scope of consolidation): None
- (2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2023	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 March 31, 2023	500,251 shares
As of March 31, 2022	517,921 shares

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

Fiscal year ended March 31, 2023	60,320,408 shares
Fiscal year ended March 31, 2022	60,303,275 shares

[Reference] Overview of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2023	81,337	(9.5)	6,165	(38.9)	6,756	(36.7)	5,411	(30.0)
Fiscal year ended March 31, 2022	89,907	9.0	10,083	24.6	10,675	24.3	7,734	33.7

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended March 31, 2023	89.54	-
Fiscal year ended March 31, 2022	128.00	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	124,550	91,304	73.3	1,510.82
As of March 31, 2022	122,676	88,295	72.0	1,461.19

Reference: Equity

As of March 31, 2023: ¥91,304 million
As of March 31, 2022: ¥88,295 million

2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First two quarters	34,200	2.5	640	(7.2)	460	(13.8)	7.61
Full year	85,900	5.6	7,840	16.0	5,630	4.0	93.16

* These financial results are not subject to audit by certified public accountants or auditing firms.

* Explanation of the proper use of financial results forecast and other notes

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. For assumptions underlying the results forecast and notes on using them, please refer to “(4) Future Outlook” in “1. Overview of Operating Results, Etc.” on page 3 of the Attachments.

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1. Overview of Operating Results, Etc.

(1) Overview of Operating Results for the Current Fiscal Year

In the fiscal year under review, the Japanese economy showed signs of a recovery in economic and social activities following the easing of restrictions on activities to prevent the spread of COVID-19. But the outlook for the economy remains uncertain mainly due to soaring raw material and energy prices caused by the situation in Ukraine and the impact of global monetary tightening.

In the fire protection industry, although private capital investment has been on a recovery trend, conditions have remained severe due to supply constraints on parts and rising raw material prices.

Under these circumstances, the Group has formulated the vision for fiscal 2028 and measures to realize it as “Medium-to Long-Term Vision 2028: Shaping the Customers’ Expectations.” The Group has made the Medium-to Long-Term Vision Statement: Shape safety to meet customers’ expectations and realize a society where anyone can live happily. Accordingly, the Group has worked on the following three measures since fiscal 2022.

1) Future co-creation project

Promote “cultivate and search for business” and “develop personnel making proposals” through systematic responses and mechanisms.

2) Personnel strategy for dynamic growth

Speed up the growth cycle of each employee and the organization at the same time, and advance a personnel strategy that supports the realization of the Medium- to Long-Term Vision.

3) Investment plan for the future

Actively make growth investment for the future.

Furthermore, as the foundations that hold up these measures, the Group has also engaged in “Digital Transformation,” “Create a supply chain for a firmer system of stably supplying products and services,” and “Respond to issues on the basis of increasing corporate value through sustainability management.”

In the fiscal year under review, as the first year of the Medium-to Long-Term Vision, we engaged in business activities while striving to prevent the spread of COVID-19. As a result, orders received were ¥114,168 million (up 2.9% year-on-year) and net sales were ¥105,537 million (down 6.5% year-on-year).

In terms of profits, mainly due to a decrease in big projects and a concentration of contracts with relatively high profitability in the previous fiscal year, operating income was ¥8,879 million (down 29.7% year-on-year), ordinary income was ¥9,420 million (down 28.4% year-on-year) and net income attributable to owners of parent was ¥7,022 million (down 24.9% year-on-year).

By business segment, net sales and operating income in the Fire Alarm Systems segment were ¥39,663 million (down 5.6% year-on-year) and ¥6,509 million (down 24.5% year-on-year), respectively. Net sales and operating income in the Fire Extinguishing Systems segment were ¥32,381 million (down 18.3% year-on-year) and ¥4,231 million (down 41.2% year-on-year), respectively. Net sales and operating income in the Maintenance Services segment were ¥28,517 million (up 8.4% year-on-year) and ¥5,807 million (up 19.6% year-on-year), respectively. Net sales and operating income in the Others segment were ¥4,975 million (up 0.9% year-on-year) and ¥283 million (up 506.9% year-on-year), respectively.

(2) Overview of Financial Position for the Current Fiscal Year

Total assets at the end of the fiscal year under review were ¥151,602 million, up ¥3,002 million from the end of the previous fiscal year. This was mainly due to an increase of ¥3,275 million in buildings and structures, an increase of ¥1,584 million in merchandise and finished goods, and an increase of ¥1,351 million in raw materials and supplies, despite a decrease of ¥2,920 million in construction in progress and a decrease of ¥2,595 million in notes and accounts receivable–trade, and contract assets.

Liabilities fell ¥1,741 million from the end of the previous fiscal year to ¥34,966 million. This was mainly due to a decrease of ¥1,340 million in income taxes payable.

Net assets were up ¥4,744 million from the end of the previous fiscal year to ¥116,635 million, mainly due to an increase in retained earnings.

(3) Overview of Cash Flows for the Current Fiscal Year

Cash and cash equivalents at the end of the fiscal year under review were ¥47,684 million, up ¥177 million from the end of the previous fiscal year.

Details for each category of cash flow for the fiscal year under review were as follows.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥5,194 million (compared with ¥3,559 million provided in the previous fiscal year). This was mainly due to income before income taxes of ¥10,204 million and a decrease of ¥2,681 million in trade receivables and contractual assets despite income tax paid of ¥4,449 million, and an increase of ¥3,147 million in inventories and others.

(Cash flows from investing activities)

Net cash used in investing activities was ¥2,613 million (compared with ¥4,874 million used in the previous fiscal year) mainly due to purchase of non-current assets.

(Cash flows from financing activities)

Net cash used in financing activities was ¥2,469 million (compared with ¥2,293 million used in the previous fiscal year) mainly due to dividend payments.

(4) Future Outlook

In respect of the outlook for the economy, economic and social activities can be expected to be invigorated as the impact of the spread of COVID-19 lessens. However, the economy is forecast to remain uncertain primarily due to the impact of soaring raw material and energy prices associated with the prolonged situation in Ukraine.

The fire protection industry too is in a situation where it is required to continue closely watching the effects of supply constraints on parts and surging raw material prices and others.

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.” We will further accelerate the measures in fiscal 2023, the second year of the Vision, and take on the challenge of transforming into a company that can create higher added value.

Based on the above, with regard to the consolidated financial results forecast for the fiscal year ending March 31, 2024, we expect net sales of ¥113,800 million, operating income of ¥10,000 million, ordinary income of ¥10,300 million and net income attributable to owners of parent of ¥7,230 million.

(5) Basic Policy on Profit Distribution and Dividends for the Current Fiscal Year and Next Fiscal Year

The Company sets out its basic policy to pay stable dividends over the long term, and returns profits to shareholders comprehensively taking into account the dividend payout ratio and other factors, while striving to strengthen its financial structure in preparation for future business development.

Under this policy, in addition to promoting “Medium- to Long-Term Vision 2028—Shaping the Customers’ Expectations” starting from fiscal 2022, the Company aims to enhance stable and continuous returns to shareholders targeting a consolidated dividend payout ratio of 40% by fiscal 2024.

With regard to dividends for the fiscal year under review, the year-end dividend will be ¥20 per share. As a result, including the interim dividend of ¥20 per share which has already been paid, the annual dividend for the fiscal year under review will total ¥40 per share.

Based on the above, the annual dividend for the next fiscal year will be ¥46 per share, which includes interim and year-end dividends of ¥23 per share each.

2. Basic Approach to the Selection of Accounting Standards

The Group plans to prepare consolidated financial statements in accordance with Japanese GAAP for the time being, taking into account the comparability of consolidated financial statements over time and between companies.

Regarding the adoption of the International Financial Reporting Standards (IFRS), we will take appropriate measures in consideration of domestic and overseas circumstances.

3. Consolidated Financial Statements and Key Notes

(1) Consolidated Balance Sheet

	(Millions of yen)	
	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	48,663	48,805
Notes and accounts receivable–trade, and contract assets	48,991	46,395
Merchandise and finished goods	2,943	4,528
Work in process	1,011	1,309
Raw materials and supplies	5,289	6,641
Other	865	1,415
Allowance for doubtful accounts	(540)	(440)
Total current assets	107,225	108,655
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,963	13,239
Machinery, equipment and vehicles, net	628	692
Land	7,081	7,082
Construction in progress	3,050	129
Other, net	2,175	2,564
Total property, plant and equipment	22,900	23,709
Intangible assets		
Software	2,919	2,938
Goodwill	8	74
Other	68	69
Total intangible assets	2,996	3,082
Investments and other assets		
Investment securities	7,314	7,550
Long-term loans receivable	1	1
Retirement benefit assets	47	49
Deferred tax assets	5,385	5,445
Other	2,789	3,171
Allowance for doubtful accounts	(61)	(63)
Total investments and other assets	15,476	16,154
Total non-current assets	41,374	42,946
Total assets	148,599	151,602

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable–trade	4,359	4,305
Electronically recorded obligations–operating	5,016	5,231
Short-term borrowings	4	—
Accounts payable	7,244	7,407
Income taxes payable	2,613	1,273
Contract liabilities	1,081	767
Provision for bonuses	3,610	3,507
Provision for product warranties	14	39
Provision for warranties for completed construction	82	85
Provision for loss on construction contracts	1,286	1,446
Asset retirement obligations	20	—
Other	2,469	1,609
Total current liabilities	27,804	25,672
Non-current liabilities		
Bonds payable	9	—
Provision for retirement benefits for directors (and other officers)	204	147
Provision for product warranties	132	114
Reserve for loss on construction performance guarantee	167	182
Retirement benefit liability	7,431	7,683
Asset retirement obligations	118	118
Other	840	1,047
Total non-current liabilities	8,903	9,293
Total liabilities	36,708	34,966
Net assets		
Shareholders' equity		
Share capital	13,302	13,302
Capital surplus	12,920	12,937
Retained earnings	83,094	87,820
Treasury shares	(272)	(263)
Total shareholders' equity	109,045	113,797
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,032	917
Foreign currency translation adjustment	682	823
Remeasurements of defined benefit plans	(509)	(595)
Total accumulated other comprehensive income	1,205	1,145
Non-controlling interests	1,640	1,693
Total net assets	111,891	116,635
Total liabilities and net assets	148,599	151,602

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

	(Millions of yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	112,913	105,537
Cost of sales	74,151	70,678
Gross profit	38,762	34,859
Selling, general and administrative expenses	26,128	25,980
Operating income	12,633	8,879
Non-operating income		
Interest income	22	22
Dividend income	72	83
Share of profit of entities accounted for using equity method	286	301
Foreign exchange gains	—	18
Rental income	57	57
Insurance return	14	39
Dividend income of insurance	15	9
Other	146	79
Total non-operating income	615	610
Non-operating expenses		
Interest expenses	9	12
Foreign exchange losses	21	—
Rental expenses	26	26
Commitment fees	6	6
Compensation for damage	0	13
Other	29	11
Total non-operating expenses	94	70
Ordinary income	13,155	9,420
Extraordinary income		
Gain on sale of non-current assets	14	774
Gain on sale of investment securities	13	139
Reversal of reserve for loss on construction performance guarantee	36	—
Total extraordinary income	63	914
Extraordinary losses		
Loss from COVID-19 pandemic	—	94
Loss on disposal of non-current assets	36	15
Provision for loss on construction performance guarantee	—	15
Loss on valuation of investment securities	0	5
Impairment losses	25	—
Total extraordinary losses	63	130
Income before income taxes	13,155	10,204
Income taxes—current	4,096	3,160
Income taxes—deferred	(208)	36
Total income taxes	3,887	3,196
Net income	9,267	7,007
Net loss attributable to non-controlling interests	(84)	(14)
Net income attributable to owners of parent	9,351	7,022

Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net income	9,267	7,007
Other comprehensive income		
Valuation difference on available-for-sale securities	(44)	(118)
Foreign currency translation adjustment	524	214
Remeasurements of defined benefit plans, net of tax	144	(85)
Share of other comprehensive income of entities accounted for using equity method	0	2
Total other comprehensive income	625	12
Comprehensive income	9,892	7,020
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,799	6,962
Comprehensive income attributable to non-controlling interests	92	57

(3) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	13,302	12,905	75,876	(280)	101,803
Cumulative effects of changes in accounting policies			(48)		(48)
Restated balance	13,302	12,905	75,827	(280)	101,755
Changes during period					
Dividends of surplus			(2,084)		(2,084)
Net income attributable to owners of parent			9,351		9,351
Purchase of treasury shares				0	0
Disposal of treasury shares		10		5	15
Restricted stock compensation		5		2	7
Net changes in items other than shareholders' equity					
Total changes during period	-	15	7,266	8	7,290
Balance at end of period	13,302	12,920	83,094	(272)	109,045

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,076	334	(654)	757	1,561	104,122
Cumulative effects of changes in accounting policies					(0)	(48)
Restated balance	1,076	334	(654)	757	1,561	104,073
Changes during period						
Dividends of surplus						(2,084)
Net income attributable to owners of parent						9,351
Purchase of treasury shares						0
Disposal of treasury shares						15
Restricted stock compensation						7
Net changes in items other than shareholders' equity	(44)	347	144	447	79	527
Total changes during period	(44)	347	144	447	79	7,817
Balance at end of period	1,032	682	(509)	1,205	1,640	111,891

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	13,302	12,920	83,094	(272)	109,045
Changes during period					
Dividends of surplus			(2,296)		(2,296)
Net income attributable to owners of parent			7,022		7,022
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		8		5	13
Restricted stock compensation		8		3	11
Net changes in items other than shareholders' equity					
Total changes during period	-	16	4,726	9	4,751
Balance at end of period	13,302	12,937	87,820	(263)	113,797

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,032	682	(509)	1,205	1,640	111,891
Changes during period						
Dividends of surplus						(2,296)
Net income attributable to owners of parent						7,022
Purchase of treasury shares						(0)
Disposal of treasury shares						13
Restricted stock compensation						11
Net changes in items other than shareholders' equity	(115)	141	(85)	(60)	53	(7)
Total changes during period	(115)	141	(85)	(60)	53	4,744
Balance at end of period	917	823	(595)	1,145	1,693	116,635

(4) Consolidated Statement of Cash Flows

	(Millions of yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Income before income taxes	13,155	10,204
Depreciation	2,333	2,449
Impairment losses	25	-
Amortization of goodwill	11	16
Share-based payment expenses	5	11
Increase (decrease) in allowance for doubtful accounts	150	(104)
Increase (decrease) in retirement benefit liability	152	116
Increase (decrease) in provision for retirement benefits for directors (and other officers)	14	(57)
Increase (decrease) in provision for bonuses	242	(108)
Increase (decrease) in provision for product warranties	(89)	6
Increase (decrease) in provision for warranties for completed construction	(1)	2
Increase (decrease) in provision for loss on construction contracts	462	159
Increase (decrease) in provision for loss on construction performance guarantee	(36)	15
Interest and dividend income	(94)	(106)
Insurance return	(14)	(39)
Interest expenses	9	12
Share of loss (profit) of entities accounted for using equity method	(286)	(301)
Loss (gain) on disposal of non-current assets	22	(759)
Loss (gain) on valuation of investment securities	0	5
Loss (gain) on sale of investment securities	(10)	(138)
Decrease (increase) in trade receivables and contractual assets	(8,342)	2,681
Decrease (increase) in inventories	(591)	(3,147)
Increase (decrease) in trade payables	(231)	473
Increase (decrease) in contract liabilities	(250)	(314)
Other	(62)	(1,530)
Subtotal	6,574	9,546
Interest and dividends received	101	109
Interest paid	(9)	(12)
Income tax paid	(3,107)	(4,449)
Cash flows from operating activities	3,559	5,194
Cash flows from investing activities		
Net decrease (increase) in time deposits	(54)	21
Payments into long-term deposits	(90)	(61)
Proceeds from withdrawal of long-term deposits	90	57
Purchase of non-current assets	(4,194)	(3,025)
Proceeds from sale of non-current assets	51	830
Purchase of investment securities	(552)	(176)
Proceeds from sale of investment securities	46	212
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(191)
Proceeds from collection of loans receivable	1	0
Proceeds from cancellation of insurance funds	47	129
Other	(219)	(409)
Cash flows from investing activities	(4,874)	(2,613)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Repayments of long-term borrowings	(14)	(4)
Redemption of bonds	(41)	(11)
Dividends paid	(2,084)	(2,296)
Dividends paid to non-controlling interests	(13)	(4)
Net decrease (increase) in treasury shares	2	(0)
Other	(142)	(153)
Cash flows from financing activities	(2,293)	(2,469)
Effect of exchange rate change on cash and cash equivalents	155	65
Net increase (decrease) in cash and cash equivalents	(3,452)	177
Cash and cash equivalents at beginning of period	50,959	47,507
Cash and cash equivalents at end of period	47,507	47,684

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumptions)

Not applicable.

(Segment Information, Etc.)

1. Overview of Reportable Segments

The reportable segments of the Group are constituent units of the Company for which separate financial information is available and which are subject to periodic review by the Board of Directors for the purpose of determining the allocation of management resources and evaluating business results.

The Group is mainly involved in the fire protection business and has three reportable segments: “Fire Alarm Systems,” “Fire Extinguishing Systems” and “Maintenance Services.”

In the “Fire Alarm Systems” segment, it manufactures, sells and installs automatic fire alarm systems, environmental monitoring systems, hinged fire doors, smoke control systems and other products. In the “Fire Extinguishing Systems” segment, it manufactures, sells and installs a variety of sprinkler systems, foam systems and fire protection equipment for industrial plants, road tunnels and other products. In the “Maintenance Services” segment, it provides maintenance services and inspection services for a wide range of fire protection systems.

2. Method of Calculating Net Sales, Income or Loss, Assets, Liabilities and Other Items by Reportable Segment

The method of accounting for reported business segments is generally the same as the method of accounting applied for the preparation of consolidated financial statements.

Inter-segment revenues and transfers are based on prevailing market prices.

3. Information on Net Sales, Income or Loss, Assets, Liabilities and Other Items by Reportable Segment and Breakdowns of Revenue

Fiscal year ended March 31, 2022

(Millions of yen)

	Reportable segment				Other (Note) 1	Total	Adjustment (Note) 2	Amount recorded in consolidated financial statements (Note) 3
	Fire Alarm Systems	Fire Extinguishing Systems	Maintenance Services	Subtotal				
Net sales								
Goods or services transferred at a point in time	20,242	4,324	15,266	39,832	1,929	41,762	-	41,762
Goods or services transferred over a certain period of time	21,794	35,323	11,033	68,151	3,000	71,151	-	71,151
Revenue from contracts with customers	42,036	39,647	26,299	107,984	4,929	112,913	-	112,913
Net sales to external customers	42,036	39,647	26,299	107,984	4,929	112,913	-	112,913
Inter-segment sales or transfers	63	68	0	132	190	322	(322)	-
Subtotal	42,100	39,715	26,300	108,116	5,120	113,236	(322)	112,913
Segment income	8,617	7,197	4,854	20,668	46	20,715	(8,081)	12,633
Segment assets	46,305	42,911	13,269	102,486	4,999	107,486	41,113	148,599
Other items								
Depreciation	1,006	253	184	1,443	173	1,616	681	2,298
Amortization of goodwill	11	-	-	11	-	11	-	11
Impairment losses	25	-	-	25	-	25	-	25
Investment in entities accounted for using equity method	-	3,035	-	3,035	-	3,035	-	3,035
Increase in property, plant and equipment and intangible assets	2,729	525	171	3,425	49	3,474	993	4,467

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

2 Adjustments are as follows.

- (1) The adjustment for segment income of ¥(8,081) 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.
- (2) The adjustment for segment assets of ¥41,113 million is for corporate assets. Corporate assets mainly consist of surplus operating funds (cash and deposits), long-term investment funds (investment securities) and assets related to administration and R&D departments, which are not attributable to reportable segments.
- (3) The adjustment for depreciation of ¥681 million is for depreciation related to corporate assets.
- (4) The adjustment for increase in property, plant and equipment and intangible assets of ¥993 million is for an increase in corporate assets.

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

Fiscal year ended March 31, 2023

(Millions of yen)

	Reportable segment				Other (Note) 1	Total	Adjust- ment (Note) 2	Amount recorded in consoli- dated financial statements (Note) 3
	Fire Alarm Systems	Fire Extinguishing Systems	Mainte- nance Services	Subtotal				
Net sales								
Goods or services transferred at a point in time	16,173	3,321	15,491	34,987	1,637	36,624	-	36,624
Goods or services transferred over a certain period of time	23,489	29,059	13,025	65,575	3,338	68,913	-	68,913
Revenue from contracts with customers	39,663	32,381	28,517	100,562	4,975	105,537	-	105,537
Net sales to external customers	39,663	32,381	28,517	100,562	4,975	105,537	-	105,537
Inter-segment sales or transfers	97	97	0	196	192	388	(388)	-
Subtotal	39,760	32,479	28,518	100,758	5,168	105,926	(388)	105,537
Segment income	6,509	4,231	5,807	16,548	283	16,832	(7,952)	8,879
Segment assets	52,599	35,523	15,232	103,354	4,923	108,278	43,324	151,602
Other items								
Depreciation	1,191	234	174	1,599	127	1,727	691	2,418
Amortization of goodwill	16	-	-	16	-	16	-	16
Investment in entities accounted for using equity method	-	3,350	-	3,350	-	3,350	-	3,350
Increase in property, plant and equipment and intangible assets	859	179	149	1,188	79	1,267	1,776	3,044

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

2 Adjustments are as follows.

- (1) The adjustment for segment income of ¥(7,952) 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.
- (2) The adjustment for segment assets of ¥43,324 million is for corporate assets. Corporate assets mainly consist of surplus operating funds (cash and deposits), long-term investment funds (investment securities) and assets related to administration and R&D departments, which are not attributable to reportable segments.
- (3) The adjustment for depreciation of ¥691 million is for depreciation related to corporate assets.
- (4) The adjustment for increase in property, plant and equipment and intangible assets of ¥1,776 million is for an increase in corporate assets.

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

4. Related information

Fiscal year ended March 31, 2022

- (1) Information by product and service

The information has been omitted since the same information is disclosed in the segment information.

(2) Information by region

1) Net sales

This information has been omitted since net sales to external customers in Japan account for more than 90% of net sales in the consolidated statement of income.

2) Property, plant and equipment

The information has been omitted since the amount of property, plant and equipment located in Japan accounts for more than 90% of the amount of property, plant and equipment in the consolidated balance sheet.

(3) Information by major customer

The information has been omitted since there are no external customers accounting for 10% or more of net sales in the consolidated statement of income.

Fiscal year ended March 31, 2023

(1) Information by product and service

The information has been omitted since the same information is disclosed in the segment information.

(2) Information by region

1) Net sales

This information has been omitted since net sales to external customers in Japan account for more than 90% of net sales in the consolidated statement of income.

2) Property, plant and equipment

The information has been omitted since the amount of property, plant and equipment located in Japan accounts for more than 90% of the amount of property, plant and equipment in the consolidated balance sheet.

(3) Information by major customer

The information has been omitted since there are no external customers accounting for 10% or more of net sales in the consolidated statement of income.

5. Information on Impairment Losses on Non-current Assets by Reportable Segment

Fiscal year ended March 31, 2022

(Millions of yen)

	Reportable segment				Other	Total	Adjust-ment	Amount recorded in consolidated financial statements
	Fire Alarm Systems	Fire Extinguishing Systems	Maintenance Services	Subtotal				
Impairment losses	25	-	-	25	-	25	-	25

Fiscal year ended March 31, 2023

Not applicable.

6. Information on Amortization and Unamortized Balance of Goodwill by Reportable Segment

Fiscal year ended March 31, 2022

(Millions of yen)

	Reportable segment				Other	Total	Adjustment	Amount recorded in consolidated financial statements
	Fire Alarm Systems	Fire Extinguishing Systems	Maintenance Services	Subtotal				
Amortization during period	11	-	-	11	-	11	-	11
Balance at end of period	8	-	-	8	-	8	-	8

Fiscal year ended March 31, 2023

(Millions of yen)

	Reportable segment				Other	Total	Adjustment	Amount recorded in consolidated financial statements
	Fire Alarm Systems	Fire Extinguishing Systems	Maintenance Services	Subtotal				
Amortization during period	16	-	-	16	-	16	-	16
Balance at end of period	74	-	-	74	-	74	-	74

(Per Share Information)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net assets per share	1,827.92 yen	1,905.14 yen
Net income per share	155.07 yen	116.42 yen

- (Notes) 1. Diluted net income per share is not stated because there are no dilutive shares.
2. The basis for calculating net income per share is as follows.

Item	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net income per share		
Net income attributable to owners of parent (Million yen)	9,351	7,022
Amount not attributable to common shareholders (Million yen)	-	-
Net income attributable to owners of parent related to common shares (Million yen)	9,351	7,022
Average number of common shares during the period (Shares)	60,303,275	60,320,408

(Significant Subsequent Events)

Not applicable.

(Statement of Net Sales, Orders Received and Order Backlog by Product)

Statement of net sales by product

(Millions of yen)

	Fiscal year ended March 31, 2022		Fiscal year ended March 31, 2023		Change	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Percentage change
Fire Alarm Systems	42,036	37.2%	39,663	37.6%	(2,373)	(5.6)%
Fire Extinguishing Systems	39,647	35.1%	32,381	30.7%	(7,265)	(18.3)%
Maintenance Services	26,299	23.3%	28,517	27.0%	2,218	8.4%
Other	4,929	4.4%	4,975	4.7%	45	0.9%
Total	112,913	100.0%	105,537	100.0%	(7,375)	(6.5)%

Statement of orders received by product

(Millions of yen)

	Fiscal year ended March 31, 2022		Fiscal year ended March 31, 2023		Change	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Percentage change
Fire Alarm Systems	45,169	40.7%	40,707	35.7%	(4,462)	(9.9)%
Fire Extinguishing Systems	33,163	29.9%	39,158	34.3%	5,994	18.1%
Maintenance Services	27,067	24.4%	29,640	25.9%	2,573	9.5%
Other	5,547	5.0%	4,662	4.1%	(885)	(16.0)%
Total	110,948	100.0%	114,168	100.0%	3,220	2.9%

Statement of orders backlog by product

(Millions of yen)

	As of March 31, 2022		As of March 31, 2023		Change	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Percentage change
Fire Alarm Systems	12,550	24.9%	13,594	23.0%	1,044	8.3%
Fire Extinguishing Systems	32,080	63.6%	38,857	65.8%	6,776	21.1%
Maintenance Services	4,364	8.7%	5,487	9.3%	1,123	25.7%
Other	1,409	2.8%	1,096	1.9%	(313)	(22.2)%
Total	50,404	100.0%	59,035	100.0%	8,630	17.1%

4. Other

Change of officers

The following changes have been informally decided as of June 27, 2023.

1) Change of representative

Not applicable.

2) Candidate for new Director

Director

Takehiko Senda

(currently Executive Officer, SECOM Co., Ltd.)

3) Retiring Director

Director

Tatsuya Izumida

4) Candidate for new Audit & Supervisory Board Member

Full-Time Audit & Supervisory Board Member

Hiroyuki Fujii

(currently General Manager, CSR Promotion Department)

Outside Audit & Supervisory Board Member

Masahito Fukuda

(currently Director of MS&AD Insurance Group Holdings, Inc.)

5) Retiring Audit & Supervisory Board Member

Full-Time Audit & Supervisory Board Member

Yoshihisa Asakura

(scheduled to be appointed as Executive Advisor)

Outside Audit & Supervisory Board Member

Kazuo Kondo

6) Newly appointed Executive Officer

Executive Officer

Hiroe Shimamiya

(currently General Manager for Tohoku Region Group Companies, Tohoku Branch)

7) Retiring Executive Officer

Executive Officer

Hisayoshi Atoji

(scheduled to be appointed as Executive Advisor)

[Reference] (Planned) Composition of officers after June 27, 2023

1. Directors and Audit & Supervisory Board Members

Chairman and Representative Director	Takeshi Hashizume
Vice Chairman and Director	Tatsunori Ito
President and Representative Director	Takeshi Okamura
Director	Masahiro Hasegawa
Director	Yasuo Ariga
Director	Takehiko Senda
Director (Outside)	Shin Shiotani
Director (Outside)	Ichiro Ishii
Director (Outside)	Keiko Hirano
Full-Time Audit & Supervisory Board Member	Hiroshi Kondo
Full-Time Audit & Supervisory Board Member	Hiroyuki Fujii
Audit & Supervisory Board Member (Outside)	Yasuhiro Takahashi
Audit & Supervisory Board Member (Outside)	Akiko Nagahama
Audit & Supervisory Board Member (Outside)	Masahito Fukuda

2. Executive Officers

Senior Managing Executive Officer	Masahiro Hasegawa
Managing Executive Officer	Yasuo Ariga
Managing Executive Officer	Yuji Hara
Executive Officer	Hisato Miura
Executive Officer	Shinya Ikeda
Executive Officer	Kazuto Yamamoto
Executive Officer	Makoto Kamihigoshi
Executive Officer	Keishi Odori
Executive Officer	Ryoichi Kato
Executive Officer	Masayuki Nakamura
Executive Officer	Yasuhiro Ono
Executive Officer	Kazuki Takumi
Executive Officer	Hiroe Shimamiya