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August 8, 2023

Consolidated Financial Results for the Three Months Ended June 30, 2023 (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, 2023
 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, 2023 (from April 1, 2023 to June 30, 2023)

(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, 2023	21,666	6.7	(135)	-	31	-	(2)	-
Three months ended June 30, 2022	20,302	(13.9)	(549)	-	(415)	-	(318)	-

(Note) Comprehensive income Three months ended June 30, 2023: ¥354 million [-%]
 Three months ended June 30, 2022: (¥88 million) [-%]

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended June 30, 2023	(0.04)	-
Three months ended June 30, 2022	(5.28)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	144,545	115,718	78.9
As of March 31, 2023	151,602	116,635	75.8

(Reference) Equity

As of June 30, 2023: ¥114,096 million

As of March 31, 2023: ¥114,942 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, 2023	-	20.00	-	20.00	40.00
Fiscal year ending March 31, 2024	-				
Fiscal year ending March 31, 2024 (forecast)		23.00	-	23.00	46.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 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
Second quarter (year to date)	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	119.84

(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, 2023	60,832,771 shares
As of March 31, 2023	60,832,771 shares

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

As of June 30, 2023	500,251 shares
As of March 31, 2023	500,251 shares

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

Three months ended June 30, 2023	60,332,520 shares
Three months ended June 30, 2022	60,314,850 shares

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

* Explanation of the proper use of financial results forecast 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 Financial Results Forecast and Other Forward-Looking Information” on page 2 of the Consolidated Financial Results for the Three Months Ended June 30, 2023 (Attachments) for the assumptions for financial results forecast and notes on using the financial results forecast.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the three months ended June 30, 2023, the Japanese economy showed signs of moderate recovery with the normalization of economic activities following the easing of restrictions on activities to prevent the spread of COVID-19. On the other hand, the outlook remained uncertain mainly due to the impact of global monetary tightening and rising prices.

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

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.” Starting in fiscal 2022, it has been undertaking a variety of initiatives to transform itself into a company that can create higher added value.

As a result of working on active business activities as the second year of this medium- to long-term vision, orders received in the three months ended June 30, 2023 totaled ¥36,710 million (up 6.7% year-on-year) and net sales were ¥21,666 million (up 6.7% year-on-year).

In terms of profits, mainly due to an increase in net sales amid a solid demand environment, operating loss was ¥135 million (compared with operating loss of ¥549 million in the same period of the previous fiscal year), ordinary income was ¥31 million (compared with ordinary loss of ¥415 million in the same period of the previous fiscal year), and quarterly net loss attributable to owners of parent was ¥2 million (compared with quarterly net loss attributable to owners of parent of ¥318 million in the same period of the previous fiscal year).

By business segment, net sales and operating income in the Fire Alarm Systems segment were ¥7,661 million (up 3.8% year-on-year) and ¥458 million (up 58.6% year-on-year), respectively. Net sales and operating income in the Fire Extinguishing Systems segment were ¥7,502 million (up 5.5% year-on-year) and ¥669 million (up 23.1% year-on-year), respectively. Net sales and operating income in the Maintenance Services segment were ¥5,378 million (up 10.4% year-on-year) and ¥696 million (up 49.4% year-on-year), respectively. Net sales and operating loss in the Others segment were ¥1,123 million (up 20.2% year-on-year) and ¥13 million (compared with operating loss of ¥13 million in the same period of the previous fiscal year), respectively.

(2) Explanation of Financial Position

Total assets at the end of the first quarter of the fiscal year under review were ¥144,545 million, down ¥7,056 million from the end of the previous fiscal year. This was mainly due to a decrease of ¥13,972 million in notes and accounts receivable–trade, and contract assets, despite an increase of ¥4,786 million in cash and deposits, an increase of ¥853 million in raw materials and supplies, and an increase of ¥805 million in merchandise and finished goods.

Liabilities fell ¥6,138 million from the end of the previous fiscal year to ¥28,827 million. This was mainly due to a decrease of ¥4,356 million in electronically recorded obligations–operating, a decrease of ¥1,152 million in notes and accounts payable–trade, and a decrease of ¥943 million in income taxes payable.

Net assets were down ¥917 million from the end of the previous fiscal year to ¥115,718 million, mainly due to a decrease in retained earnings.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Information

Regarding the financial results forecast for the six months ending September 30, 2023, and the full year, there are no changes to the forecast announced on May 10, 2023.

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)	
	FY2023 (As of March 31, 2023)	1Q FY2024 (As of June 30, 2023)
Assets		
Current assets		
Cash and deposits	48,805	53,592
Notes and accounts receivable–trade, and contract assets	46,395	32,423
Merchandise and finished goods	4,528	5,333
Work in process	1,309	1,521
Raw materials and supplies	6,641	7,494
Other	1,415	1,220
Allowance for doubtful accounts	(440)	(446)
Total current assets	108,655	101,138
Non-current assets		
Property, plant and equipment	23,709	23,528
Intangible assets	3,082	3,426
Investments and other assets		
Investment securities	7,550	8,001
Other	8,667	8,514
Allowance for doubtful accounts	(63)	(64)
Total investments and other assets	16,154	16,452
Total non-current assets	42,946	43,407
Total assets	151,602	144,545
Liabilities		
Current liabilities		
Notes and accounts payable–trade	4,305	3,153
Electronically recorded obligations–operating	5,231	875
Income taxes payable	1,273	329
Provision for bonuses	3,507	4,233
Provision for product warranties	39	40
Provision for warranties for completed construction	85	85
Provision for loss on construction contracts	1,446	1,454
Other	9,784	9,410
Total current liabilities	25,672	19,583
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	147	151
Provision for product warranties	114	113
Reserve for loss on construction performance guarantee	182	182
Retirement benefit liability	7,683	7,676
Asset retirement obligations	118	118
Other	1,047	1,001
Total non-current liabilities	9,293	9,244
Total liabilities	34,966	28,827

(Millions of yen)

	FY2023 (As of March 31, 2023)	1Q FY2024 (As of June 30, 2023)
Net assets		
Shareholders' equity		
Share capital	13,302	13,302
Capital surplus	12,937	12,940
Retained earnings	87,820	86,609
Treasury shares	(263)	(263)
Total shareholders' equity	113,797	112,588
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	917	1,199
Foreign currency translation adjustment	823	878
Remeasurements of defined benefit plans	(595)	(570)
Total accumulated other comprehensive income	1,145	1,507
Non-controlling interests	1,693	1,621
Total net assets	116,635	115,718
Total liabilities and net assets	151,602	144,545

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

Quarterly Consolidated Statements of Income

Consolidated three-month period

	(Millions of yen)	
	Three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)	Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)
Net sales	20,302	21,666
Cost of sales	14,791	15,415
Gross profit	5,511	6,251
Selling, general and administrative expenses	6,061	6,387
Operating loss	(549)	(135)
Non-operating income		
Interest income	2	0
Dividend income	45	53
Share of profit of entities accounted for using equity method	53	65
Foreign exchange gains	4	15
Insurance return	8	6
Other	35	45
Total non-operating income	150	187
Non-operating expenses		
Interest expenses	1	4
Rental expenses	6	5
Other	7	9
Total non-operating expenses	16	19
Ordinary income or (loss)	(415)	31
Extraordinary income		
Gain on sale of investment securities	38	-
Total extraordinary income	38	-
Extraordinary losses		
Loss on disposal of non-current assets	0	2
Loss from COVID-19 pandemic	21	-
Total extraordinary losses	21	2
Quarterly net income before taxes or (quarterly net losses before taxes)	(398)	29
Income taxes	(43)	67
Quarterly net loss	(354)	(37)
Quarterly net loss attributable to non-controlling interests	(36)	(35)
Quarterly net loss attributable to owners of parent	(318)	(2)

Quarterly Consolidated Statements of Comprehensive Income

Consolidated three-month period

(Millions of yen)

	Three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)	Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)
Quarterly net loss	(354)	(37)
Other comprehensive income		
Valuation difference on available-for-sale securities	(24)	279
Foreign currency translation adjustment	252	84
Remeasurements of defined benefit plans, net of tax	38	24
Share of other comprehensive income of entities accounted for using equity method	0	3
Total other comprehensive income	266	392
Quarterly comprehensive income	(88)	354
Quarterly comprehensive income attributable to		
Quarterly comprehensive income attributable to owners of parent	(144)	359
Quarterly comprehensive income attributable to non- controlling interests	55	(5)

(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 fiscal year under review and multiplying quarterly net income before income taxes by the estimated effective tax rate.

(Segment Information)

I 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 "Other" segment is a business segment not included in the reportable segment and includes parking lot and lane control systems.
- 2 The adjustment for segment income or (segment loss) of ¥(1,835) 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.
- 3 Segment income or (segment loss) is reconciled to operating loss in the quarterly consolidated statements of income.

II Three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

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	3,604	395	3,082	7,082	333	7,415	-	7,415
Goods or services transferred over a certain period of time	4,057	7,106	2,296	13,461	790	14,251	-	14,251
Revenue from contracts with customers	7,661	7,502	5,378	20,543	1,123	21,666	-	21,666
Net sales to external customers	7,661	7,502	5,378	20,543	1,123	21,666	-	21,666
Intersegment sales or transfers	20	7	-	27	50	77	(77)	-
Subtotal	7,682	7,509	5,378	20,570	1,173	21,744	(77)	21,666
Segment income or (segment loss)	458	669	696	1,824	(13)	1,811	(1,947)	(135)

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

2 The adjustment for segment income or (segment loss) of ¥(1,947) 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.

3 Segment income or (segment loss) is reconciled to operating loss in the quarterly consolidated statements of income.