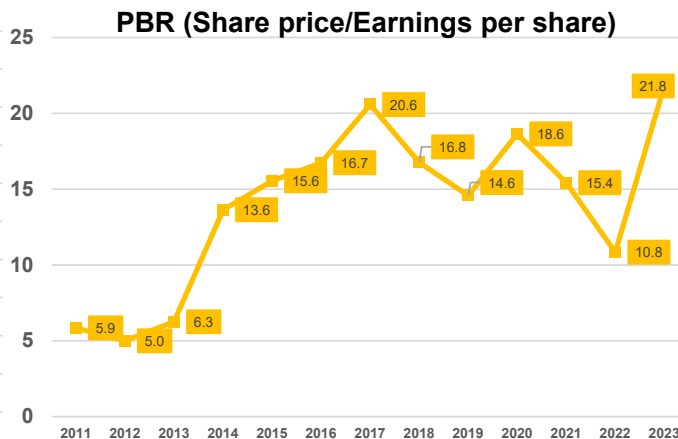
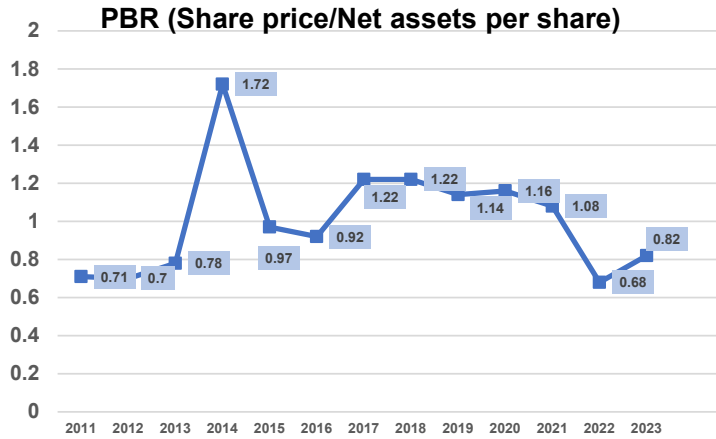


**“Measures to realize management
that values capital costs and
share price”**



Initiatives to improve PBR (1) Status analysis and recognition of issues



Status analysis

■ PBR (Share price/Net assets per share)

- Peaked at 1.72 times (ROE 12.7%, PER 13.64 times) in 2014 and has remained at approximately 1 times thereafter
- 0.82 times in 2023 (ROE 4.0%, PER 21.8 times)

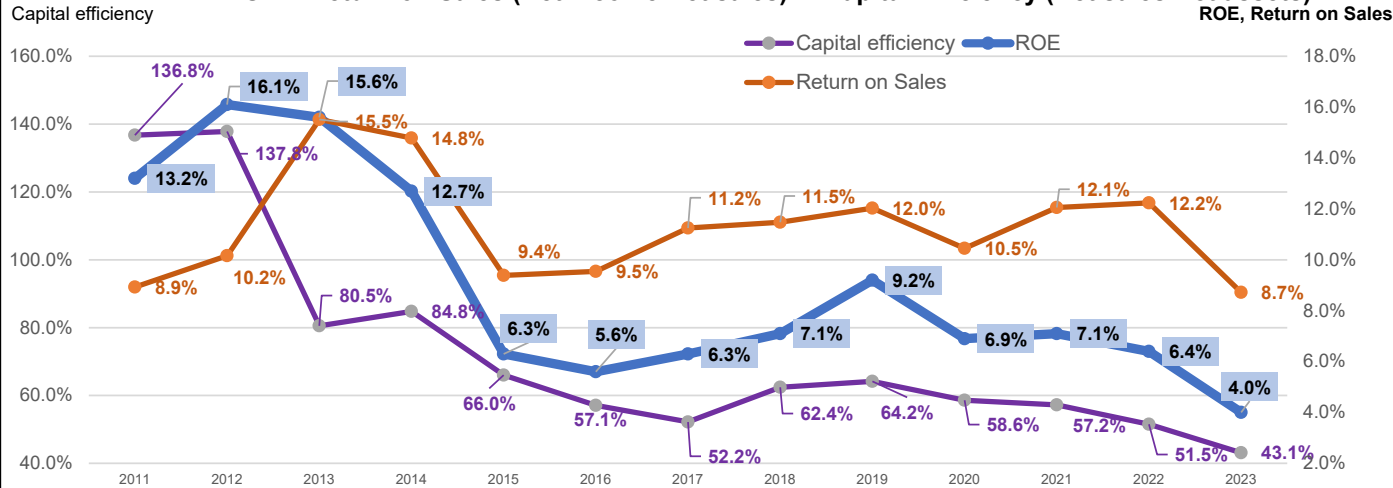
■ PER (Share price/Earnings per share)

- The ratio rose after 2014 and has remained at relatively high level thereafter
- Recognizing that growth expectations for the disaster prevention and preparedness business are behind this

■ ROE (Net income/Net assets)

- The ROE level was 12–16% immediately after the Great East Japan Earthquake (2011 to 2014) and has remained at approximately 6–7% recently
- While Return on Sales remains around 12%, capital efficiency (Net sales/Net assets) is on a downward trend
- ROE fell to 4.0% in 2023. It is mainly due to a decline in Return on Sales, brought by such factors as large projects shifting to a transitional period
- The Company's perceived capital cost is almost around 5%, while the cost presented at a shareholder proposal in the past was 7.8%

ROE = Return on Sales (Net Income/Net sales) × Capital Efficiency (Net sales/Net assets)



Recognition of issues

■ ROE improvement

- Improvement of capital efficiency
- Recovery and growth of Return on Sales

■ PER improvement

- Strengthening governance
- Gain recognition of the Company's growth (strengthen IR activities)



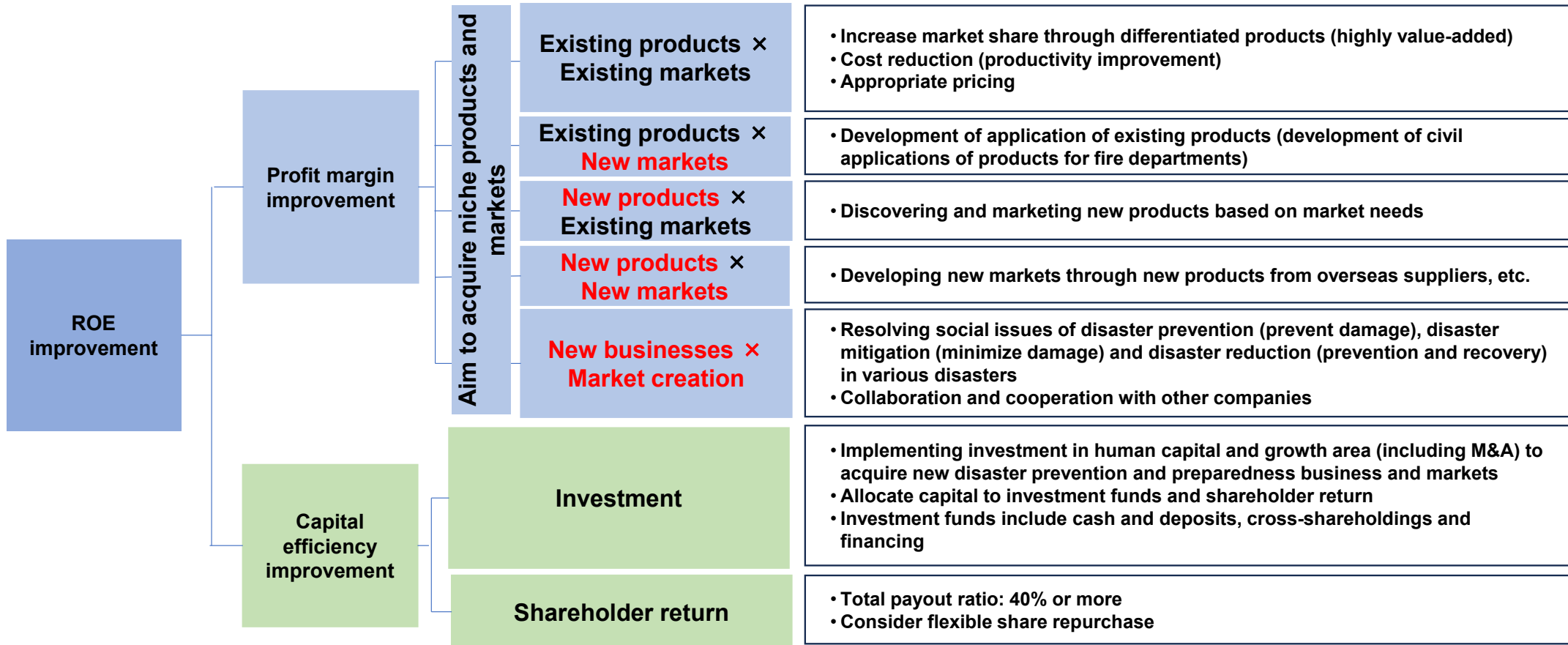
Initiatives to Improve PBR (2) Strategies and Targets

- Evolve the disaster prevention and preparedness business and strive to continuously increase profitability
- Implement initiatives focusing on capital efficiency

		Teisen 2025 (Last period: FY ending December 2025)	Future Creation Plan (Last period: FY ending December 2031)
Growth strategy		<p>[Major theme]</p> <ul style="list-style-type: none"> • Water supply and drainage business is expanding • Development of security business • Creation of special-purpose vehicle business • Maintenance operation service is commercialized 	<p>[Corporate vision]</p> <ul style="list-style-type: none"> • Deepening and expanding business in preparation for possible disasters • Responding to and utilizing environmental change and technological innovation • Contributing to the improvement of disaster resilience (disaster reduction) • Human resource development/collaboration and cooperation with other companies/growth investment
ROE improvement	Numerical target	<ul style="list-style-type: none"> • Consolidated operating profit 5 billion yen or more • Consolidated ordinary profit 6 billion yen or more 	<ul style="list-style-type: none"> • Consolidated operating profit 7 billion yen or more • Consolidated ordinary profit 8 billion yen or more
	Capital efficiency Capital allocation	<ul style="list-style-type: none"> • Stably achieve ROE of 8% or higher over the medium to long term • Securing investment funds, enhancing shareholder return and implementing investment in human capital and growth area (including M&A) 	
	Shareholder return	<ul style="list-style-type: none"> • Total payout ratio: 40% or more • Consider flexible share repurchase 	
PER improvement	Governance	<ul style="list-style-type: none"> • Implementation of ESG Management • Strengthen risk response capabilities 	
	Enhancing IR/SR	<ul style="list-style-type: none"> • Increase communication with institutional and individual investors and strengthen PR activities • Promote penetration of understanding the company's growth strategy 	

Initiatives to improve PBR (3) Improvement of ROE

- Strive to maintain and improve highly profitable businesses
- Utilize existing assets and invest for growth from a long-term perspective



Initiatives to improve PBR (4) Long-term business strategy

- The areas to be covered, in response to multiple, severe, and diverse disasters, are greatly expanding with environmental changes and technological innovation
- Aiming to create new businesses and markets by addressing social issues of improving disaster resilience (disaster reduction = prevention and recovery)

	Fires	Earthquakes	Wind, flood and landslides disasters	Volcanic disasters	Nuclear disasters	Railway disasters	Aircraft disasters	Terrorism
Disaster prevention (Prevent damage)						New Products × New Markets	• Body scanners	• CBRNE products (detectors)
Disaster mitigation (Minimize damage)	<ul style="list-style-type: none"> • Firefighting hoses • Firefighting suits • Wheelchair rescue vehicle for high places • Large water supply and drainage systems (HS) 	<ul style="list-style-type: none"> • Rescue vehicles • Rescue equipment • Advanced lifesaving equipment 	<ul style="list-style-type: none"> • Large water supply and drainage systems (HS) • Strong vacuum vehicle 	New Products × New Markets	<ul style="list-style-type: none"> • Emergency cooling systems (HS) 		<ul style="list-style-type: none"> • Airport chemical fire engines 	
Disaster reduction (Prevention and recovery)								

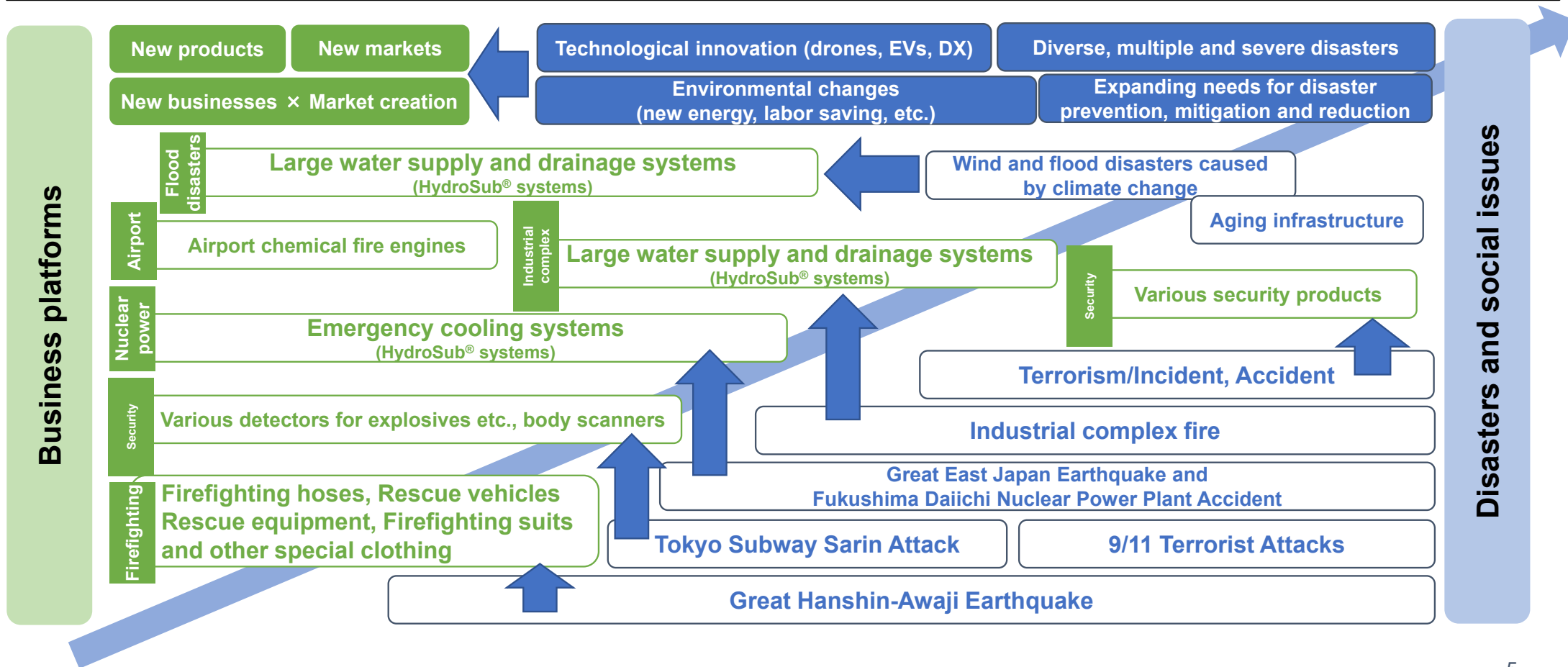
Response to and utilization of environmental changes
(coping with new energy, labor saving, etc.) and
technological innovations (drones, EVs, etc.)

Recovery and reconstruction related
“New businesses × Market creation”



Initiatives to improve PBR (5) Long-term business strategy

- Lineage of expansion and deepening of business areas → Business platforms acquired and being developed to date (e.g., development of applications for HydroSub® systems)
- New products, new markets and New business × Market creation → Business platforms to be acquired in the future (investment/cooperation with other companies)

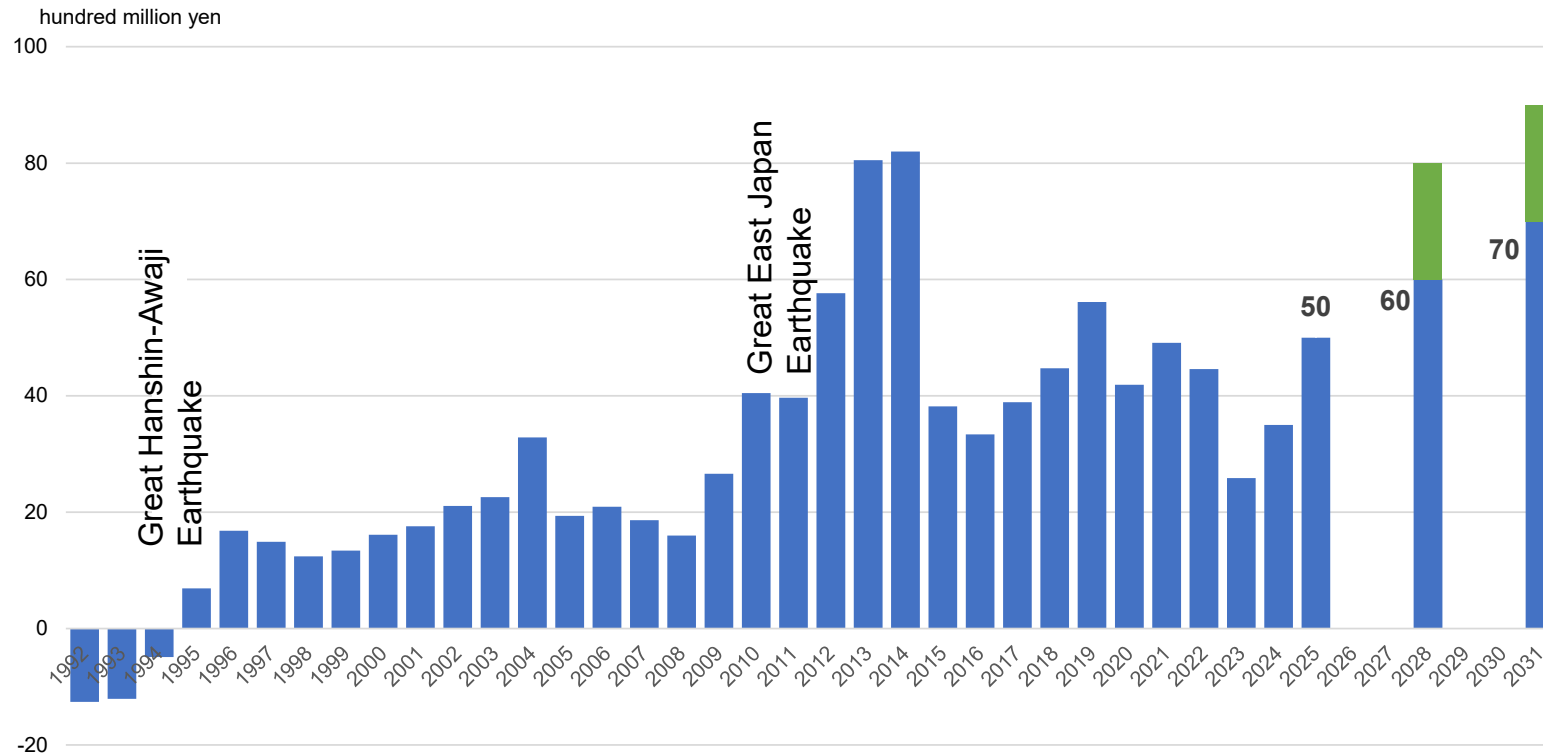




Initiatives to improve PBR (6) Long-term business strategy

- Expansion of business based on the existing business platforms ■ [Existing products × Existing markets] [Existing products × New markets] [New products × Existing markets]
- Expansion of business based on the business platforms to be acquired in the future ■ [New products × New markets] [New business × Market creation]

Consolidated operating profit and outlook



Initiatives to improve PBR (7) Improvement of PER

- Gain the trust of investors through strengthening corporate governance and dialogue with investors
- Leverage various committees to implement appropriate risk management and countermeasures



Initiatives to improve PBR (8) Investment strategy and Capital allocation

- Implement growth investments (including M&A) to deepen and expand business areas from a medium- to long-term perspective
- Select themes in line with business strategies and implement research and development investment
- Strengthen investment in areas such as human capital, system and DX promotion

Cumulative forecast for 5 years (2024 to 2028)

Inflow	Outflow
Operating CF 20 billion yen	Shareholder return 9 billion yen
	Investment 20 billion yen
Financing facility 9 billion yen	Human capital investment System and DX investment R&D investment Renewal investment

Inflow	
<ul style="list-style-type: none"> ● Operating cash flow 20 billion yen Net income + Depreciation Total 25 billion yen * - Increase in working capital 5 billion yen <small>* 5-year average based on the target value Net income 4.4 billion yen + Depreciation 0.7 billion yen ≈ 5 billion yen</small> ● Financing facility 9 billion yen 	Asset utilization + Financing
Outflow	
<ul style="list-style-type: none"> ● Shareholder return 9 billion yen <small>* 5-year average Net income 4.4 billion yen × 40% ≈ 1.8 billion yen</small> ● Investment 20 billion yen 	Total payout ratio: 40% Growth investment including M&A, human capital investment, system and DX investment, research and development investment Renewal investment

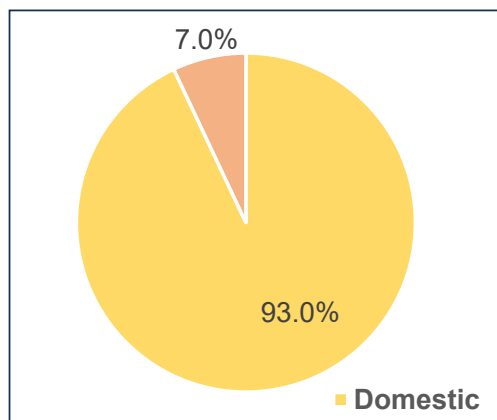
Initiatives to improve PBR (9) Status of implementing dialogue with investors, etc.

■ Achievements in 2023

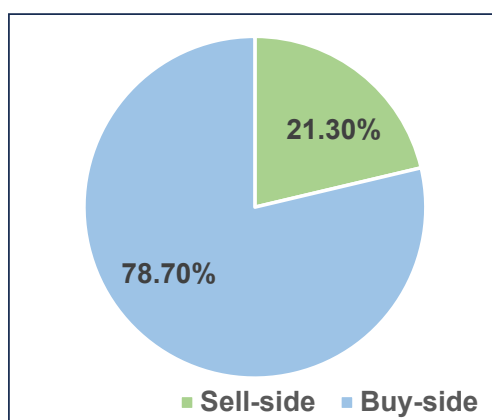
Type	Frequency, Number of companies	Main personnel to address
Financial results briefing sessions	2 times (35 companies)	Chairman & CEO, President & CEO and Vice President
Product briefing sessions (Shimotsuke Factory)	1 time (6 companies)	Vice President, Planning & Administration staff Sales managers in charge, etc.
Individual meetings	20 companies (27 times)	Vice President, Planning & Administration staff

Breakdown of investors Participation in briefing sessions and individual meetings (61 companies in total)

Domestic and overseas ratio



Buy-side/sell-side ratio



■ Key themes and Investors' concerns

- Business contents (markets, market share, competition, products, etc.)
- Mechanisms and trends in the disaster prevention industry (bidding system, laws, etc.)
- Business plan
- Cross-shareholdings
- Capital efficiency, capital allocation, etc.

■ Feedback to management

Type	Frequency
Status of IR Activities	Quarterly/annual reporting
Status of dialogue with investors	Quarterly/annual reporting
Stock-related indicators and share price information	Quarterly/annual reporting

■ Main responses based on dialogue with

Request	Response
Enhancement of IR information	Holding financial results briefing sessions and product briefing sessions, Disclosure of ESG-related information
English information materials	English translation of the materials for financial results briefing sessions and its disclosure on our website
Enhancement of shareholder return	Increase shareholder return (40% of dividend payout ratio)