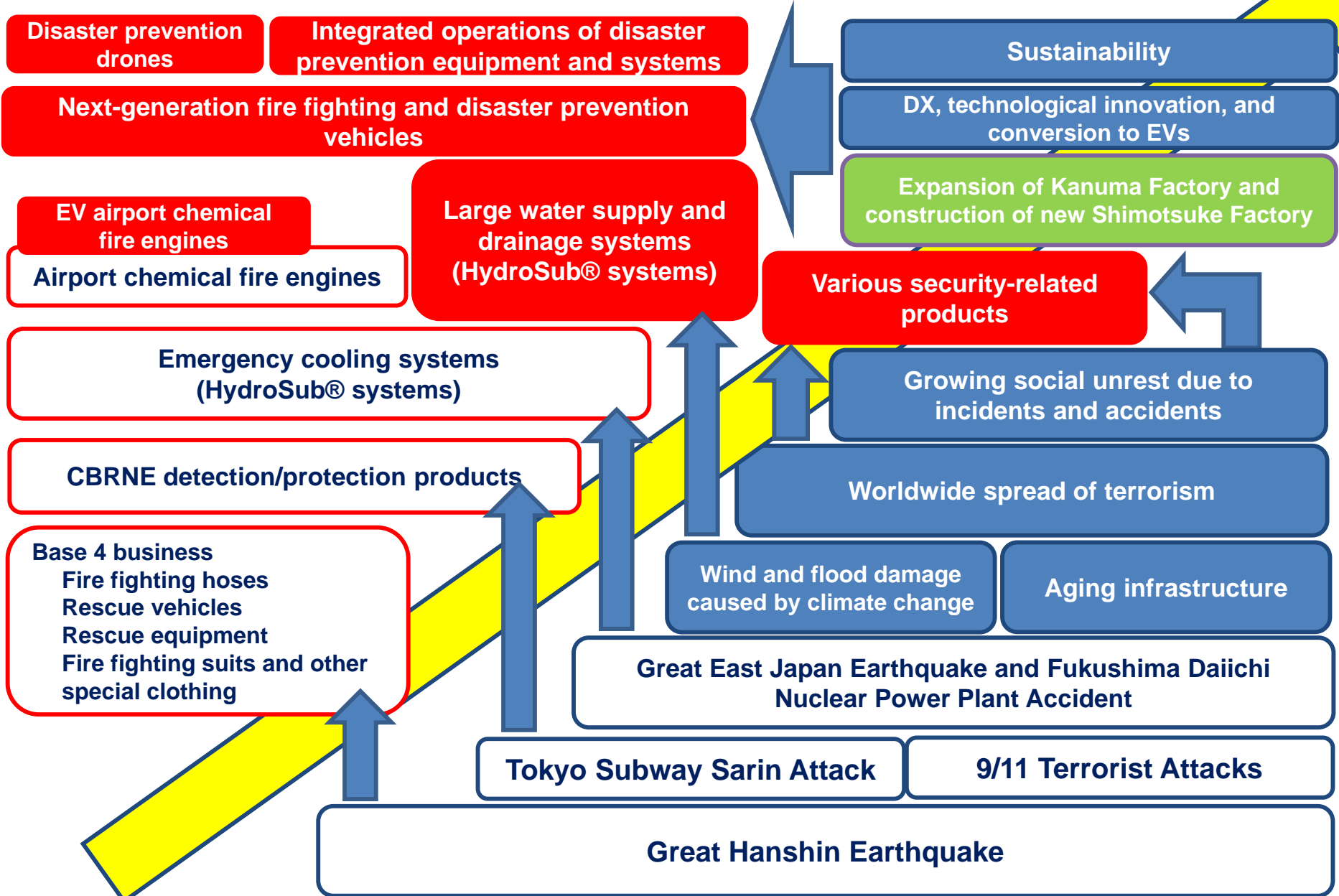


Summary of
Interim Financial Results for
Six Months Ended June 30, 2023

Teikoku Sen-i Co., Ltd.

August 23, 2023

Evolution and development of disaster prevention and preparedness business

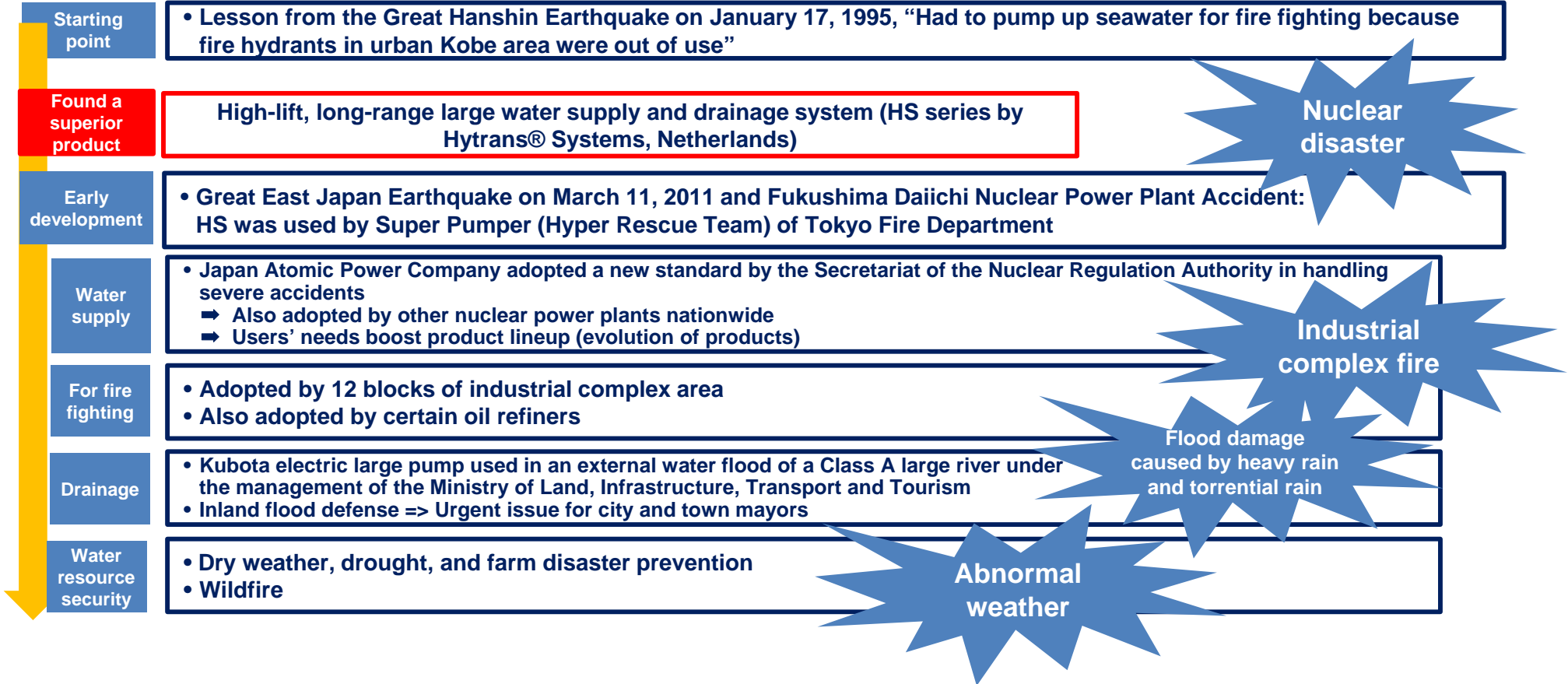


Evolution and development of disaster prevention and preparedness business

Teisen's basic strategy as a latecomer to disaster prevention business

Introduce superior, one-of-a-kind products for disaster prevention around the world to Japan and develop a domestic disaster prevention market
 <Wakon Yozai (Protect our nation with materials procured from overseas)> <Pursuit of valuable uniqueness>

Business development of large water supply and drainage system



Evolution and development of disaster prevention and preparedness business

Improvement of products

- Users' needs: HydroSub® pumps HS60, HS150, HS200, HS500, HS900, and HS1200
Large-diameter hoses and hose recovery devices, etc.
Atlantica's earth and sand vacuum cars, mini conveyors, landslide monitoring system (Keisuke)

Capital investment to build a foundation for the future

Capital investment

Kanuma Factory

- Added another production line for large-diameter hoses which are critical for water supply and drainage business

Shimotsuke Factory (New construction)

- Production base to manufacture next-generation special-purpose vehicles based on rescue vehicles
➔ Shifted to composite equipment (multi-functional, energy and labor-saving), and adopted IT and AI technologies
- Function test and demonstration test of HS, airport chemical fire engines, and other equipment
- Function test and demonstration test site of materials with CBRNE detection/protection
- Opportunity for firefighters to get training and simulation practice drills using real equipment

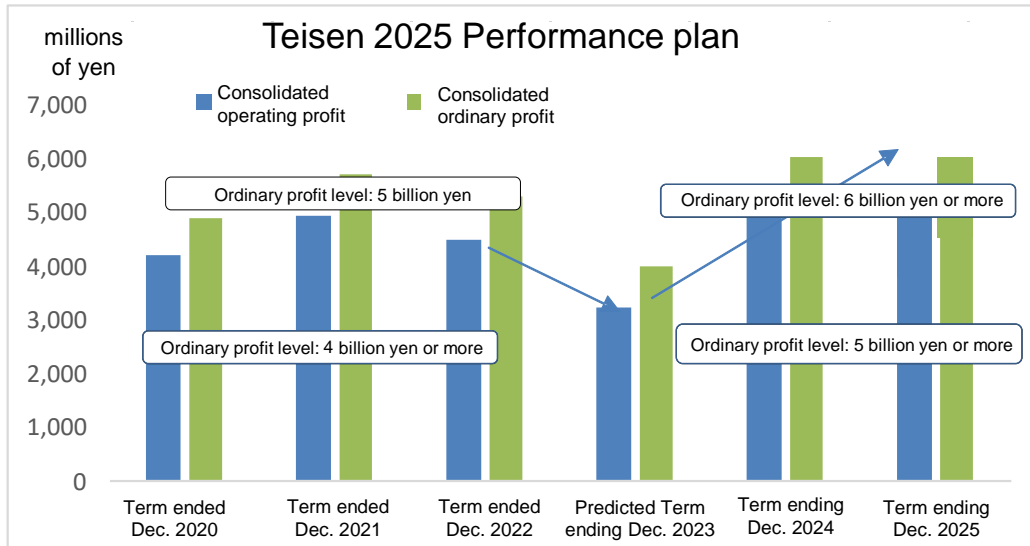
Business expansion potential

- Total net sales of the disaster prevention industry are less than 1 trillion yen, with only one company exceeding 100 billion yen. This is probably because (i) needs are yet to be identified, or (ii) understanding of "preparedness" and BCP is insufficient, among other reasons.
- Abnormal weather due to climate change and a risk of mega earthquakes that Japan will face with high probability are urgent issues. Meanwhile, labor shortages and progress of AI are accelerating.



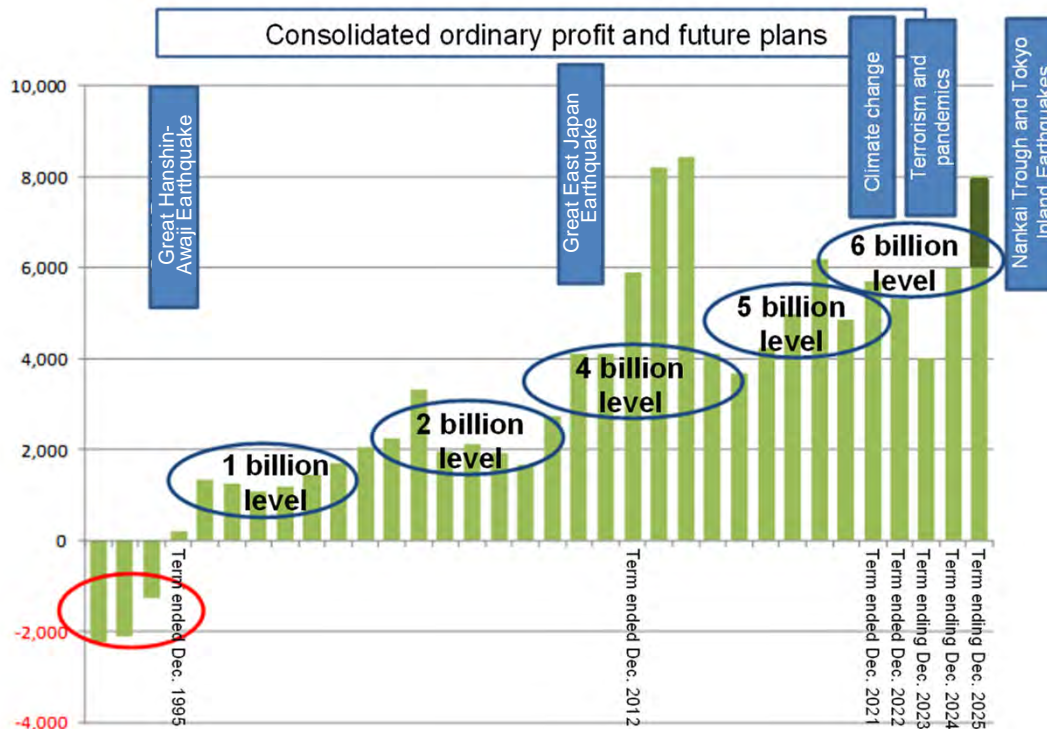
This is where we find room to grow

Interim financial results for six months ended June 30, 2023



■ Factors adversely affecting FY2023 profit

- Decrease in sales due to equipment for nuclear facilities selling out
- Fewer rescue vehicles delivered due to chassis issues
- Decrease in the number of airport chemical fire engines delivered (due to renewal timing)



■ Outlook for FY2024 and beyond

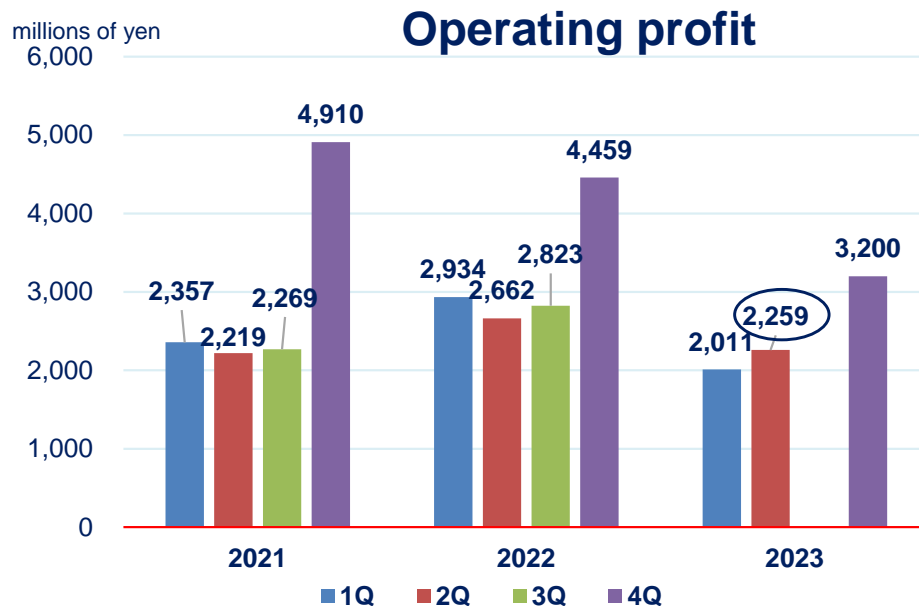
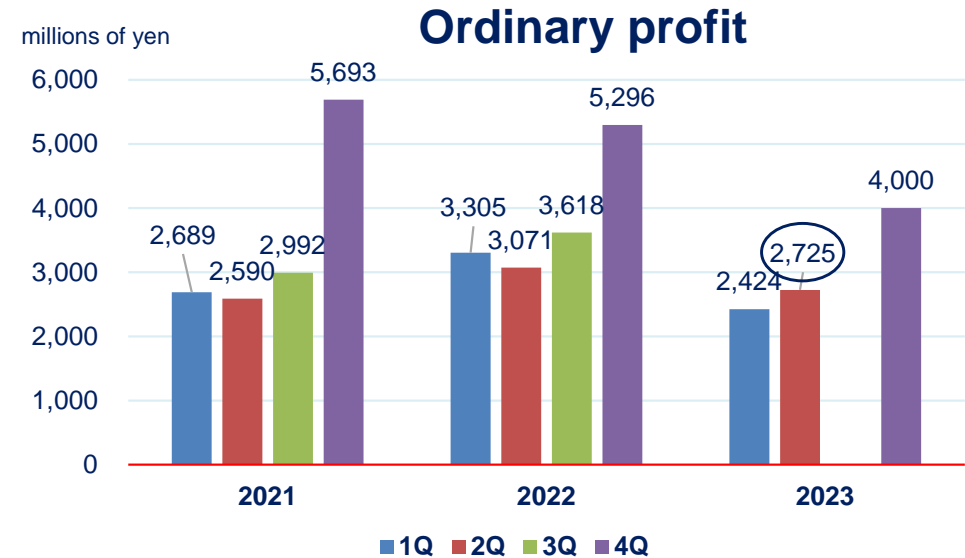
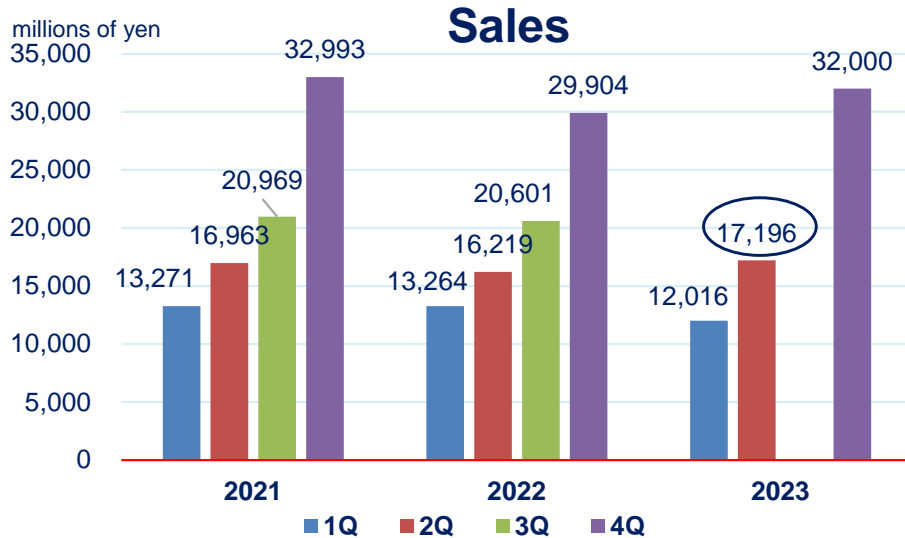
- Expansion of water supply and drainage business for local communities and industrial complexes
- Expansion of security business due to increasing inbound demand
- Increase in delivery of rescue vehicles due to resolution of chassis issues
- Increase in delivery of airport chemical fire engines
- Increase in sales to Self-Defense Forces due to increase in the Ministry of Defense budget

Interim financial results for six months ended June 30, 2023

- The main reason for an increase in sales and a decrease in profit and a decrease in gross profit margin was the change in sales structure
- On the other hand, cost and SG&A expenses increased due to the yen's depreciation, rising raw material costs, rising amortization burden (capital investment), and higher system-related expenses

(millions of yen)	FY2021	FY2022	FY2023	Year-on-Year	Year-on-Year (%)
Net sales	16,963	16,219	17,196	977	106.0%
Gross profit	4,422	4,794	4,623	- 171	96.4%
(vs. sales)	26.1%	29.6%	26.9%	- 0	91.0%
General and administrative expenses	2,203	2,132	2,364	232	110.9%
(vs. sales)	13.0%	13.1%	13.7%	0	104.6%
Operating profit	2,219	2,662	2,259	- 403	84.9%
(vs. sales)	13.1%	16.4%	13.1%	- 0	80.0%
Ordinary profit	2,590	3,071	2,725	- 346	88.7%
(vs. sales)	15.3%	18.9%	15.8%	- 0	83.7%

Interim financial results for six months ended June 30, 2023



- 1Q and 4Q recorded higher sales and revenue. This is because deliveries of fire engines come due toward fiscal year end in March, in general.
- Figures of FY2023 full-year sales, operating profit, and ordinary profit are those announced at the beginning of period.
- The interim results were almost as expected.

Interim financial results for six months ended June 30, 2023, by segment

- Profit of Disaster Prevention decreased due to a change in sales composition, while revenue increased
- Textiles posted steady profit
- Backlog of orders of Disaster Prevention was unchanged from the previous fiscal year. Textiles winning more orders for materials for government-use applications

(millions of yen)	FY2021	FY2022	FY2023	Year-on-Year	Year-on-Year (%)
Net sales	16,963	16,219	17,196	977	106.0%
Disaster Prevention	13,794	13,531	14,621	1,090	108.1%
Textiles	2,885	2,406	2,290	- 116	95.2%
Profit	2,219	2,662	2,259	- 403	84.9%
Disaster Prevention	2,512	2,738	2,315	- 423	84.6%
Textiles	176	321	350	29	109.0%
Backlog of orders	11,351	12,358	14,104	1,746	114.1%
Disaster Prevention	9,851	10,984	11,081	97	100.9%
Textiles	1,500	1,374	3,023	1,649	220.0%

Progress of TEISEN2025

- Steadily expanding the large water supply and drainage business for local governments
- Looking to enlarge our shares of security business in the private sector
- Conversion to EVs is a key to creating a business opportunity for special-purpose vehicles

Theme

1. (1) Water supply and drainage business is expanding

(2) Development of security business

(3) Creation of special-purpose vehicle business

(4) Maintenance operation service is commercialized

(5) Further refinement of basic businesses (hoses, equipment, vehicles, fire fighting suits)

2. Enhance and strengthen the functions of the Shimotsuke and Kanuma factories

Progress

- Protection from damage caused by heavy rain and torrential rain is an urgent issue
- Cities and towns are taking initiatives for basin flood control projects, etc. on a full-scale basis

- Steadily progressing in regulated area including governments and airports
- Private sector, a non-regulated area, is not yet prepared effectively

- EV fire engines, rescue vehicles with pumps, and all-in-one vehicles for industrial complexes, etc. were improved

- Recruitment and network development is underway for large water supply and drainage systems and security equipment

- Development and marketing of new equipment useful for disaster sites is underway

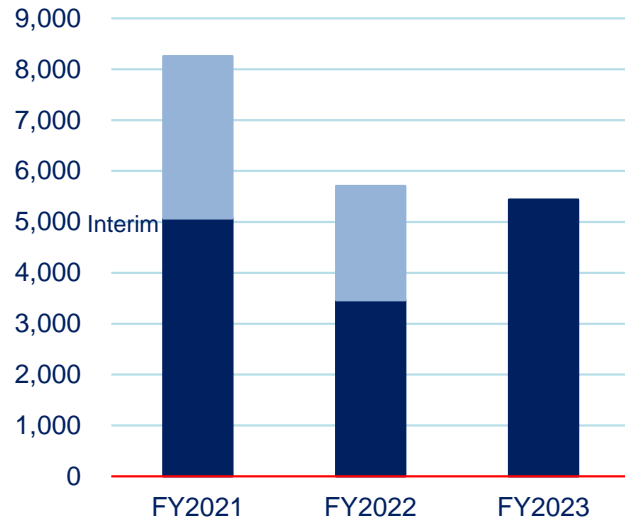
- Implementing demonstration tests and trainings at newly built Shimotsuke Factory. Also implementing quality improvement

Impact of business environment factors on FY2023 earnings

Major business environment factors	Impact on FY2023 earnings and future performance	
Yen's depreciation, rising costs, and inflation	Negative	<ul style="list-style-type: none"> • Raised prices due to rising import prices and raw materials costs • The raise will take root in 2nd half of FY2023 or later
Disasters are increasing in terms of frequency, complexity, scope and destructive capacity	Positive	<ul style="list-style-type: none"> • Expanding flood damage caused by precipitation bands and typhoons has promoted the expansion of large water supply and drainage business
Supply chain risk (Chassis procurement issue)	Negative	<ul style="list-style-type: none"> • Lower sales of rescue vehicles, etc. due to chassis procurement issues • Expects recovery in FY2024 and onward
Decrease in sales for nuclear facilities selling out	Negative/ Positive	<ul style="list-style-type: none"> • Demand for large water supply and drainage systems for nuclear facilities fell in the short term • Expects to acquire replacement demand in the long term
Labor shortage and efficiency needs	Positive	<ul style="list-style-type: none"> • Development of labor-saving new rescue vehicles is underway • Expects contributions to future sales
Increase in defense budget	Positive	<ul style="list-style-type: none"> • Orders received increased due to an increase in procurement of equipment, uniforms, and tents
Post-COVID-19	Positive	<ul style="list-style-type: none"> • Effects of strengthened security measures associated with the recovery and increase in inbound travel
Sustainability and technological innovation	Positive	<ul style="list-style-type: none"> • More EV fire engines and EV airport chemical fire engines will be introduced

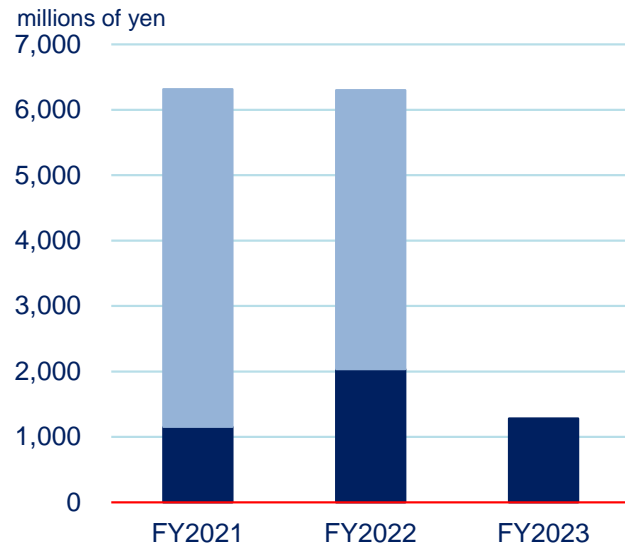
Net sales by segment

Fire fighting



- Decrease in the number of rescue vehicles delivered due to chassis procurement issues
- Revised prices of fire fighting hoses
- Sales of rescue equipment increased due to a large project for Fire and Disaster Management Agency

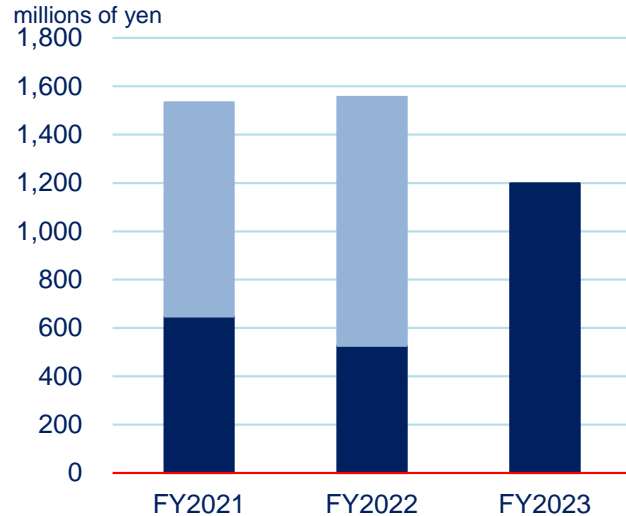
Nuclear Power



- Revenue decreased due to a negative backlash following the large project sale recorded in the previous period, and is expected to decrease on a full-year basis
- Maintenance business is steady
- Intends to acquire future replacement demand

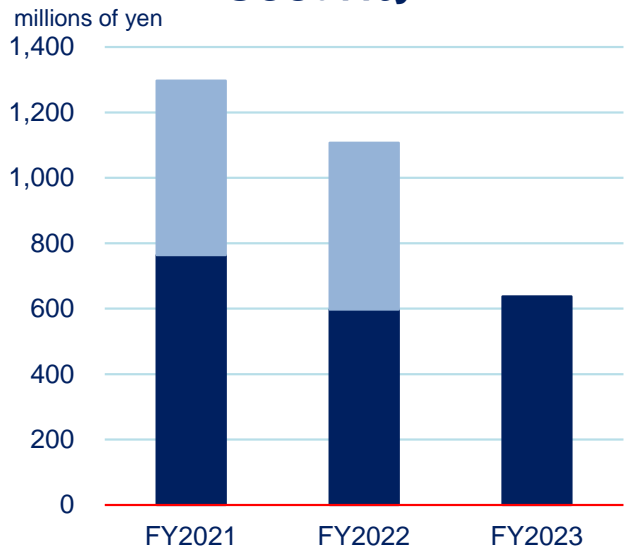
Net sales by segment

Water supply and drainage, industrial complexes



- As flood disasters are expanding nationwide, orders for our large water supply and drainage systems are increasing
- Product demonstrations for municipalities led to order acquisitions
Expects higher sales than the previous period
- Also acquired steady orders for industrial complexes

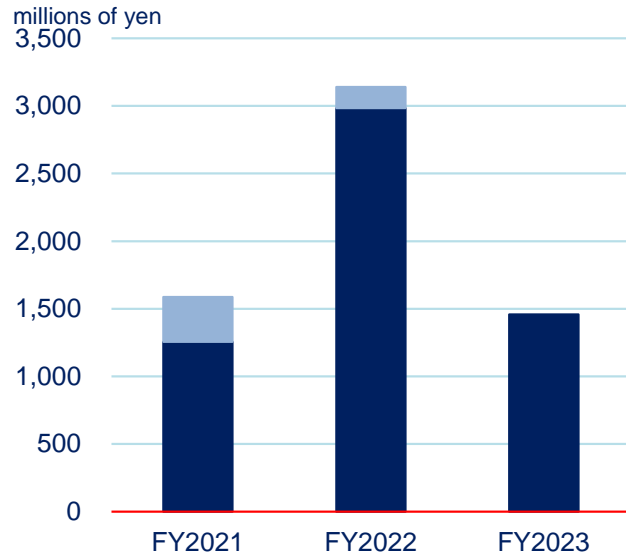
Security



- Incidents and accidents occurred frequently
Security needs are rising due to social unrest
- Sales for governments and airports are expected to increase
- On the other hand, development of security business for the non-regulated private sector is a slow process
Will continue developing products and markets

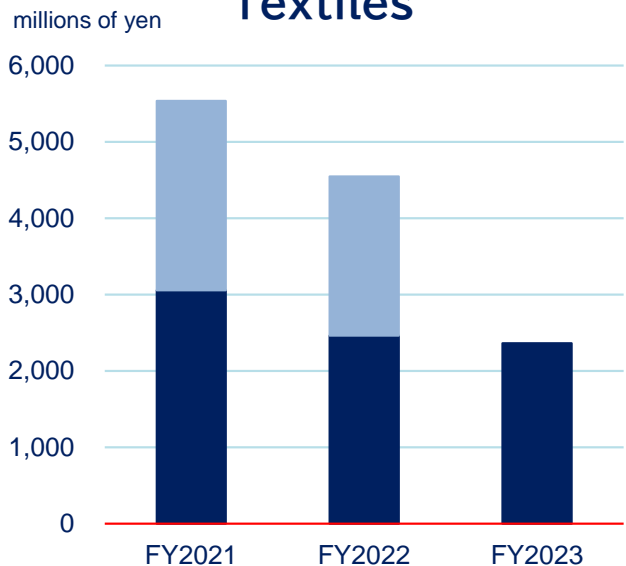
Net sales by segment

Airport chemical fire engines



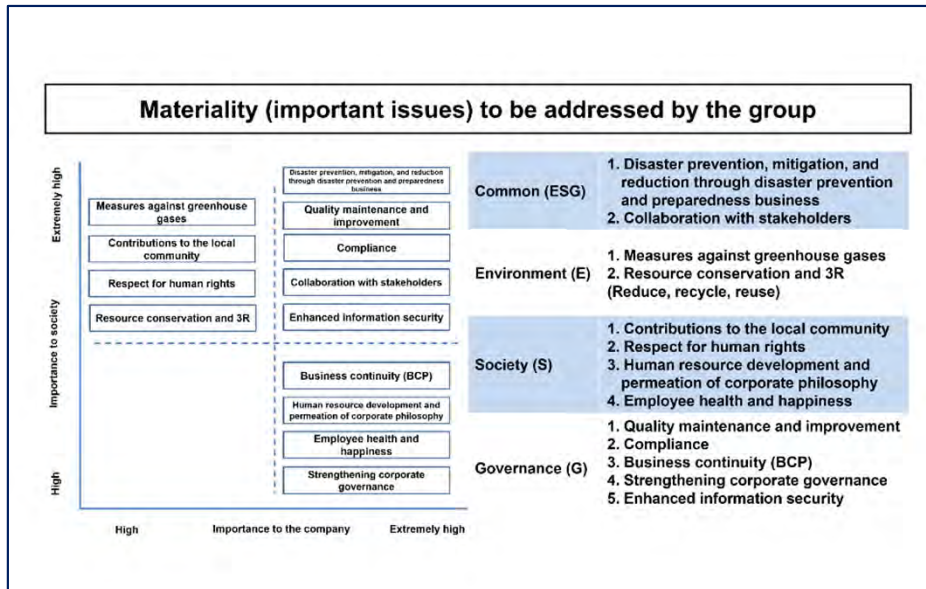
- Sales will decrease due to a negative backlash following FY2022 when the historical high sales were recorded
- Orders for units are increasing and expected to contribute to sales in the next period and beyond
- Plan early introduction of EV airport chemical fire engines, etc.

Textiles



- Acquiring orders for uniforms and tents by governments thanks to increased budget
- The linen market is growing due to increased environmental awareness. Strengthen new product development and secondary products business
- Sales of fire fighting suits are expected to grow by offering the convenience of “repair insurance”

Sustainability promotion



■ E (Environment)

**CO₂ emissions reduction target (from FY2021)
15% by 2025, 30% by 2030**

1. Installed photovoltaic panels to introduce green electricity
 - (i) Kanuma Factory: Operation started in July 2023
 - (ii) Shimotsuke Factory: Operation will start in FY2024
2. Switched from heavy oil boilers to LP gas boilers to improve combustion efficiency
3. Formulation and announcement of Environment Statement, and disclosure of environmental data
4. Promotion of EV fire engines

■ S (Society)

1. Revision and announcement of Charter of Corporate Behavior
2. Initiatives to improve employee engagement (holding family events, etc.)
3. Implementation of level-specific training sessions, etc.
4. Accepted factory tours for elementary and junior high students and disaster prevention personnel at Shimotsuke Factory

■ G (Governance)

1. Strengthening a system to improve quality
 - Recruitment of external professionals, etc.
2. Sophistication of information security
3. Promotion of sustainability-related measures
4. Active dialogue with institutional investors
 - Held IR briefing sessions (semi-annually)
 - Implementation of personal interview

Kanuma Factory, Teikoku Sen-i

(Kanuma city, Tochigi)

Hose factory

Kanuma Factory: Operation of solar power generation started in July



Shimotsuke Factory, Teikoku Sen-i

(Shimotsuke city, Tochigi)

Rescue vehicle factory

TRES scheduled in October 2023



Photograph taken in 2022.

Teisen's next-generation rescue vehicles

- Multifunction
- Lightweight (manufactured from aluminum and polypropylene)
- EV
- CAN-BUS (telecommunication network system)

Tokyo International Fire and Safety Exhibition 2023



Tokyo International Fire and Safety Exhibition 2023



Tokyo International Fire and Safety Exhibition 2023



Thank you for participating in
our financial briefing session.