



# **Summary of Financial Results for the Fiscal Year Ended December 31, 2023**

**Teikoku Sen-i Co., Ltd.**

**February 27, 2024**

# **Overview of the company and the disaster prevention and preparedness business**

# 117 years of corporate history

- 1907** Establishment of Teikoku Seima Co., Ltd.  
(Business) Textile business (linen)  
(Founder) Zenjiro YASUDA, Eiichi SHIBUSAWA and others  
(Capital) 640 million yen (Employees) 4,600
- 1950** After the war, GHQ divided the Company into three companies  
Postwar – Natural fiber market shrank. Business continued to stagnate
- 1995** Great Hanshin-Awaji Earthquake  
Converted the business category to disaster prevention and preparedness business
- 2011** Great East Japan Earthquake  
Development of new disaster prevention and preparedness markets

1907  
Foundation

Growth

Stagnation

Transformation

Growth

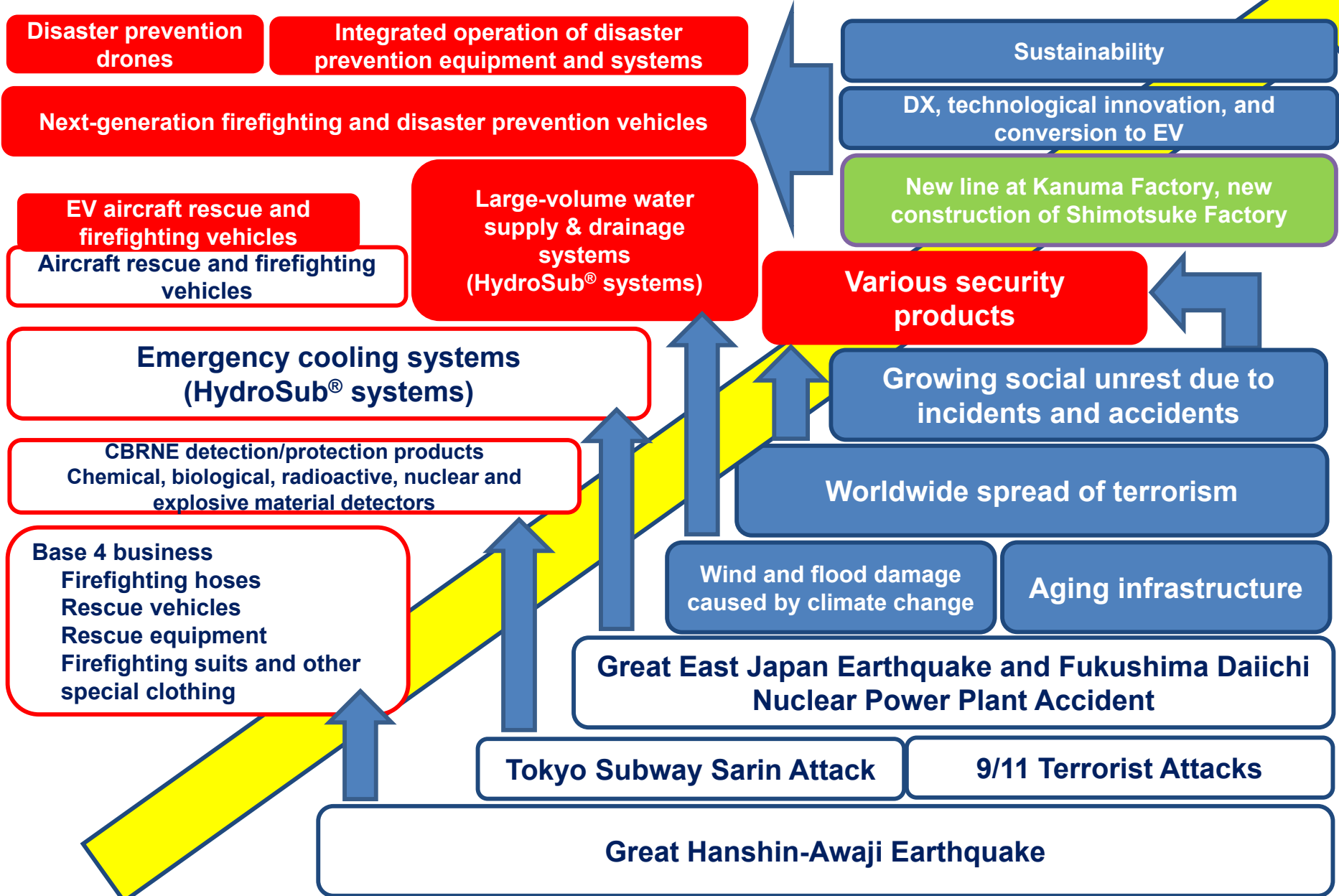
## The Company's vision

**Establish and develop an advanced disaster prevention and preparedness business to protect the safety and security of society and businesses from the threat of multiple, severe and diverse disasters**

# Markets and products

	Target	Fires	Traffic disasters	Earthquakes	Wind and flood damage Landslides	Volcanic disasters	Nuclear disasters	Terrorism
Firefighting	Number of fire department headquarters 722  Number of fire stations 1,719	 <b>Firefighting hoses</b>   <b>10-ton water tankers</b>	 <b>Rescue equipment (brand name: Lukas)</b>	 <b>Rescue vehicles</b>   <b>Rescue equipment (Lukas)</b>	 <b>Atlantica (Small drain pumps)</b>			 <b>Owlet (Chemical agent detection equipment)</b>
Government offices, etc. (Self-Defense Forces, municipals, airports, etc.)	Number of municipalities 1,718  Number of airports 97	 <b>Airport chemical fire engines</b>		 <b>All-in-one (HydroSub® systems)</b>	 <b>HydroSub® systems Large-diameter hose</b>	 <b>Strong vacuum vehicle (Earth and sand vacuum vehicles)</b>	 <b>Emergency cooling systems (HydroSub® systems)</b>	 <b>Body scanners</b>
Private sector companies (Power companies, Industrial complexes, etc.)	Nuclear power plants 15  Wide-area joint disaster prevention organization 12	 <b>HydroSub® systems Large-diameter hose</b>	 <b>Body scanners (For railway usage)</b>	 <b>HydroSub® systems</b>		 <b>Bobcat</b>	 <b>Large-diameter hose</b>	 <b>Explosive detector</b>

# Evolution and development of disaster prevention and preparedness business



# Main usage of our equipment at disaster sites

Occurrence Date	Disaster occurred	Equipment used
March 20, 1995	Tokyo Subway Sarin Attack	CBRNE disaster equipment (detectors) To detect chemical agents, etc.
March 11, 2011	Fukushima Daiichi Nuclear Power Plant Accident	Super Pumper (HydroSub® system) To discharge seawater to and cool nuclear reactors to prevent the dispersion of radioactivity
March 14, 2011	Tsunami and fire disasters in Kesenuma	Super Pumper (HydroSub® system) To secure water supply for firefighting
December 22, 2016	Large-scale fire in Itoigawa City	Super Pumper (HydroSub® system) To secure water supply for firefighting
September 4, 2018	Typhoon No. 21 storm surge hitting Kansai International Airport	HydroSub® systems Drainage work for submerged airport access railway
January 1, 2024	Noto Peninsula earthquake	Rescue equipment (Lukas etc.) To rescue people from collapsed houses and buildings / Used in other earthquake disasters as well
January 2, 2024	Aircraft collision accident at Haneda Airport	Airport chemical fire engines To secure escape time for crew and passengers Super Pumper (HydroSub® system) To secure water supply for firefighting

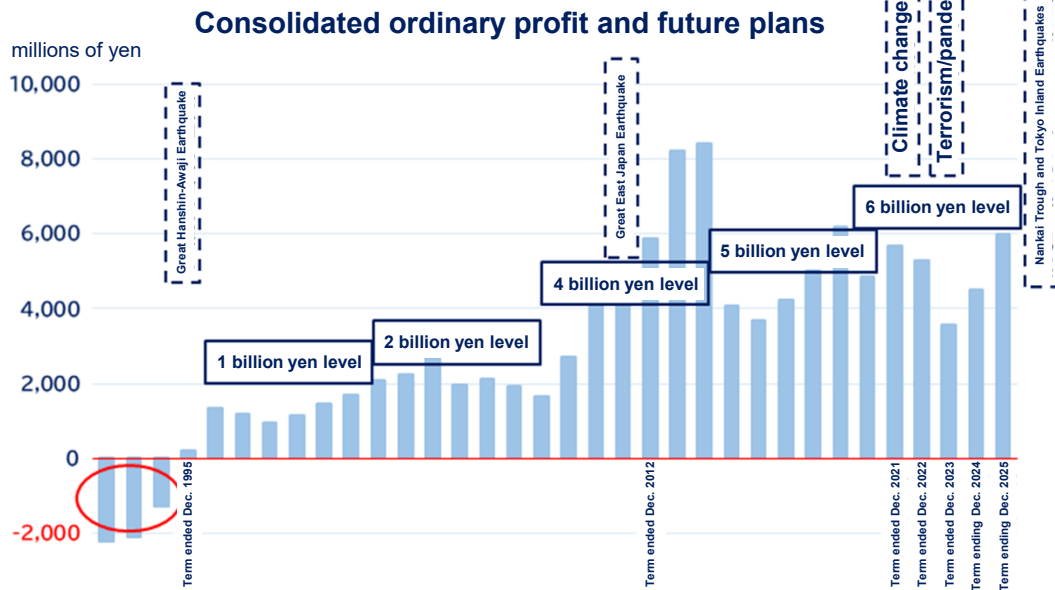


# Super Pumper, Airport chemical fire engines



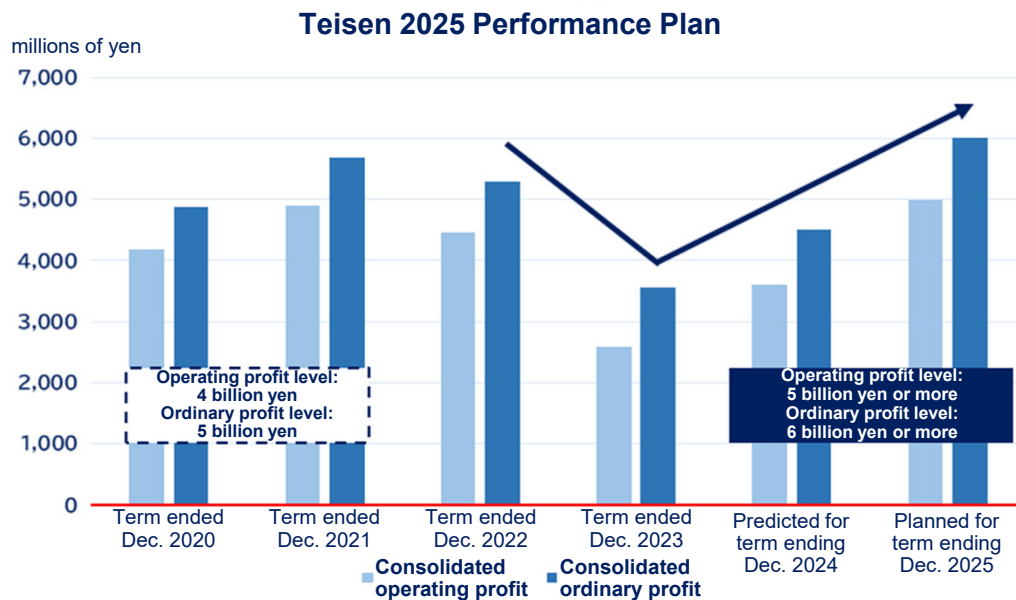


# Performance trends and Teisen 2025 Numerical plan



**Background to the Company's performance**

- In the wake of the Great Hanshin-Awaji Earthquake, the business category was converted to disaster prevention and preparedness business
- Expanding the scope from firefighting and disaster prevention (public sector) to voluntary disaster prevention by major private companies (private sector)
- The Great East Japan Earthquake and the Fukushima Daiichi Power Plant accident led to the development of new applications and market development using the HydroSub® system
- Work to deepen and expand disaster prevention and preparedness business to solve social issues in response to disasters



**Major themes of Teisen 2025**

Establish and develop advanced disaster prevention and preparedness business to ensure the safety and security of society and businesses, protecting them from the threat of multiple, severe, and diverse disasters

1. (1) Expansion of the water supply and drainage business  
(2) Development of security business  
(3) Creation of special-purpose vehicle business  
(4) Commercialization of maintenance services  
(5) Further refinement of basic businesses (hoses, equipment, vehicles, firefighting suits)
2. Expanding and strengthening the functions of the Shimotsuke and Kanuma factories
3. Strengthening sustainable profitability  
Consolidated operating profit level of 5 billion yen or more  
Consolidated ordinary profit level of 6 billion yen or more

**Financial results for the year  
ended December 31, 2023, and  
forecast for the year ending  
December 31, 2024**

# Financial results for the year ended December 31, 2023

- The decrease in profit margins in FY2023 was due to a fall in large high-profit projects and an increase in costs due to the yen's depreciation, rising raw material costs and rising amortization burden (capital investment)
- In FY2024, we expect to increase sales and profit due to sales growth of high-profit projects and price revisions of some products implemented in the previous fiscal year
- See below for sales by segment

(millions of yen)	FY2021	FY2022	FY2023	Year-on-Year	Year-on-Year (%)	Predicted for term ending Dec. 2024
Net sales	32,993	29,904	28,032	▲ 1,872	93.7%	34,000
Gross profit	9,727	9,339	7,640	▲ 1,699	81.8%	
(vs. sales)	29.5%	31.2%	27.3%			
Selling, general and administrative expenses	4,816	4,880	5,054	174	103.6%	
(vs. sales)	14.6%	16.3%	18.0%			
Operating profit	4,910	4,459	2,585	▲ 1,874	58.0%	3,500
(vs. sales)	14.9%	14.9%	9.2%			10.3%
Ordinary profit	5,693	5,296	3,569	▲ 1,727	67.4%	4,500
(vs. sales)	17.3%	17.7%	12.7%			13.2%

## Financial results for the term ended Dec. 2023, by segment

- Sales and profit of Disaster Prevention decreased, while a backlog of orders, led by airport chemical fire engines, was at an all-time high
- Sales and profit of Textiles increased, expecting growth of sales and profit in fiscal 2024 due to stronger orders from government offices

(millions of yen)	FY2021	FY2022	FY2023	Year-on-Year	Year-on-Year (%)
Net sales	32,993	29,904	28,032	▲ 1,872	93.7%
Disaster Prevention	27,170	24,732	22,659	▲ 2,073	91.6%
Textiles	5,255	4,606	4,804	198	104.3%
Profit	4,910	4,459	2,585	▲ 1,874	58.0%
Disaster Prevention	5,446	4,979	2,905	▲ 2,074	58.3%
Textiles	525	526	682	156	129.7%
Backlog of orders	12,356	12,676	16,872	4,196	133.1%
Disaster Prevention	11,123	11,100	13,556	2,456	122.1%
Textiles	1,233	1,576	3,315	1,739	210.3%

## Key indicators for the financial results for the term ended Dec. 2023

- ROE declined due to lower profit
- Continuing to pay a dividend of 50 yen per share, based on a policy to pay continuous and stable dividend

(millions of yen)	FY2021	FY2022	FY2023	Predicted for term ending Dec. 2024
Capital adequacy ratio	76.6%	79.9%	81.6%	
ROE	7.1%	6.4%	4.0%	
Dividend per share (Total dividend amount: millions of yen)	45 yen (1,190)	50 yen (1,325)	50 yen (1,325)	50 yen (1,325)
Dividend payout ratio	29.9%	35.9%	53.3%	40.7%
Dividend on equity ratio (DOE)	2.1%	2.3%	2.2%	
Share price	2,321 yen	1,510 yen	2,043 yen	

# Sales trends and plans by market

## ■ Firefighting

- In 2023, sales increased significantly from the previous fiscal year due to large equipment procurement projects and recovery in sales of rescue vehicles
- For 2024, sales are expected to remain at the previous fiscal year's level due to the ongoing chassis problem

## ■ Textiles

- For 2023, sales will be almost the same as the previous fiscal year, but they are expected to increase in 2024 due to stronger orders from government offices

## ■ Nuclear power

- Selling out of equipment for nuclear facilities. Will be a transitional period for three years
- Capturing replacement demand is a theme

## ■ Water supply and drainage, industrial complexes

- Expansion of sales of water supply and drainage systems to local governments nationwide. Strong demand for demonstrations, etc. leads to initiatives to expand business over three years
- Sales of equipment for industrial complexes are expanding as expected

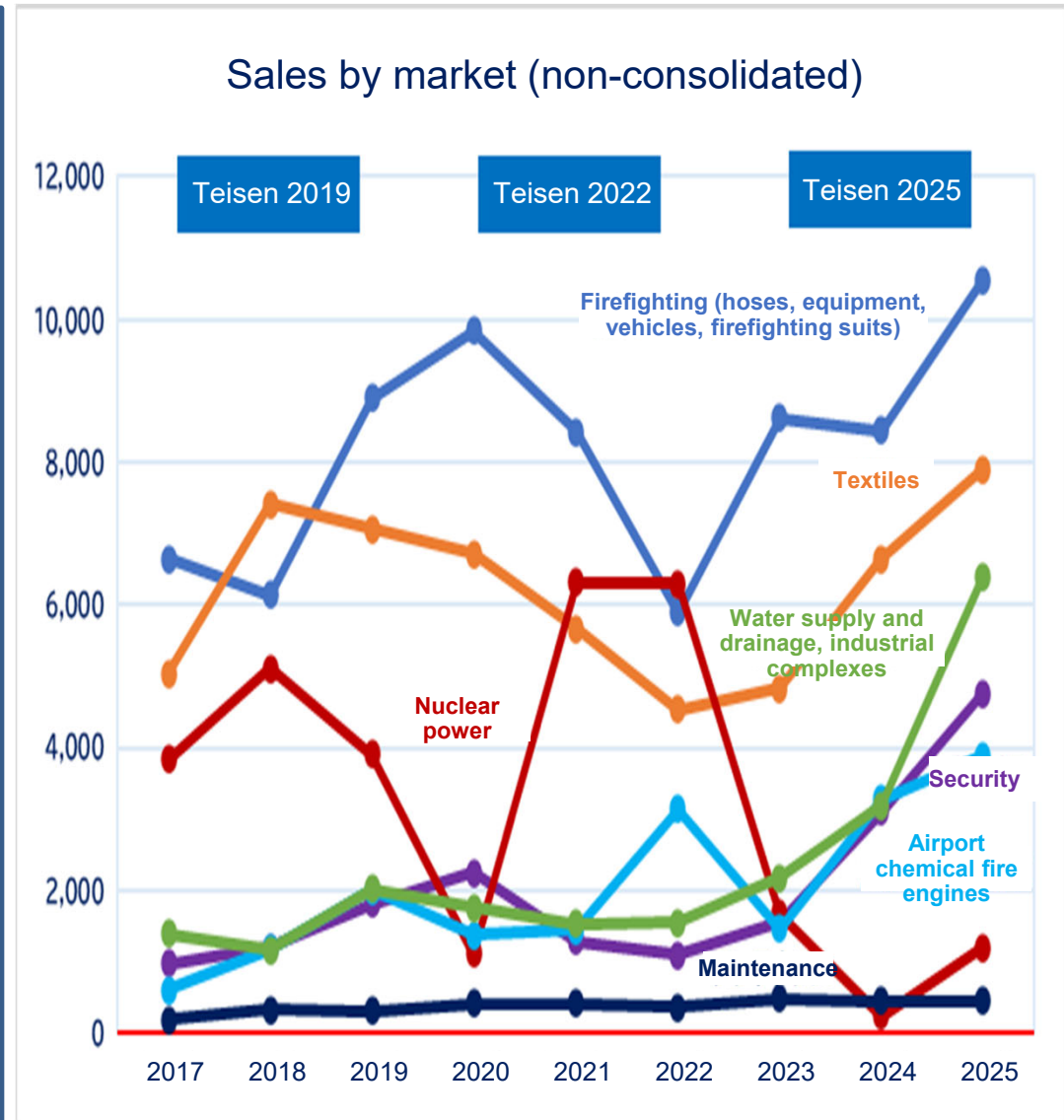
## ■ Security

- Forecast to increase sales due to renewal of major equipment
- Developing new markets through new products is a theme

## ■ Aircraft rescue and firefighting

## ■ vehicles

- Backlog of orders for 2024 and 2025 has been acquired
- Stably receiving orders



# Progress of TEISEN 2025

- Steadily expanding the large water supply and drainage business for local governments
- Looking to enlarge our share 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, firefighting suits)

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

## Progress

- Conducted more than 130 demonstrations for local governments
- Steadily accumulating orders for FY2024 or later

- 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, etc.

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

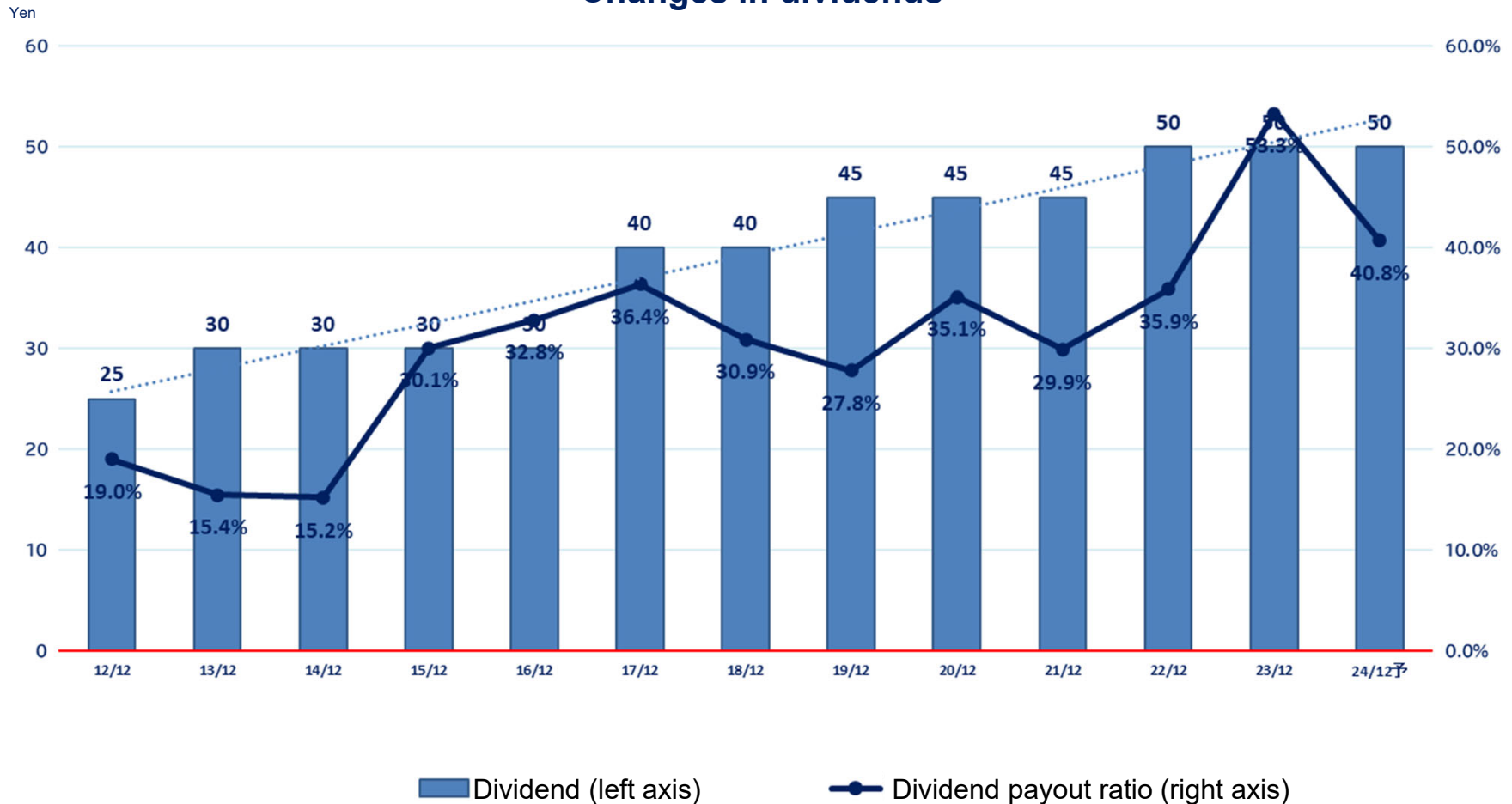
- Implementing demonstration tests and training at the newly built Shimotsuke Factory. Also improving quality



# Dividend Results and Schedule

- Although profit declined, the Company decided to continue to pay a stable dividend of 50 yen per share
- We plan to pay a dividend of 50 yen per share in the fiscal year ending December 2024 based on our earnings forecast (expecting a dividend payout ratio of around 40%)

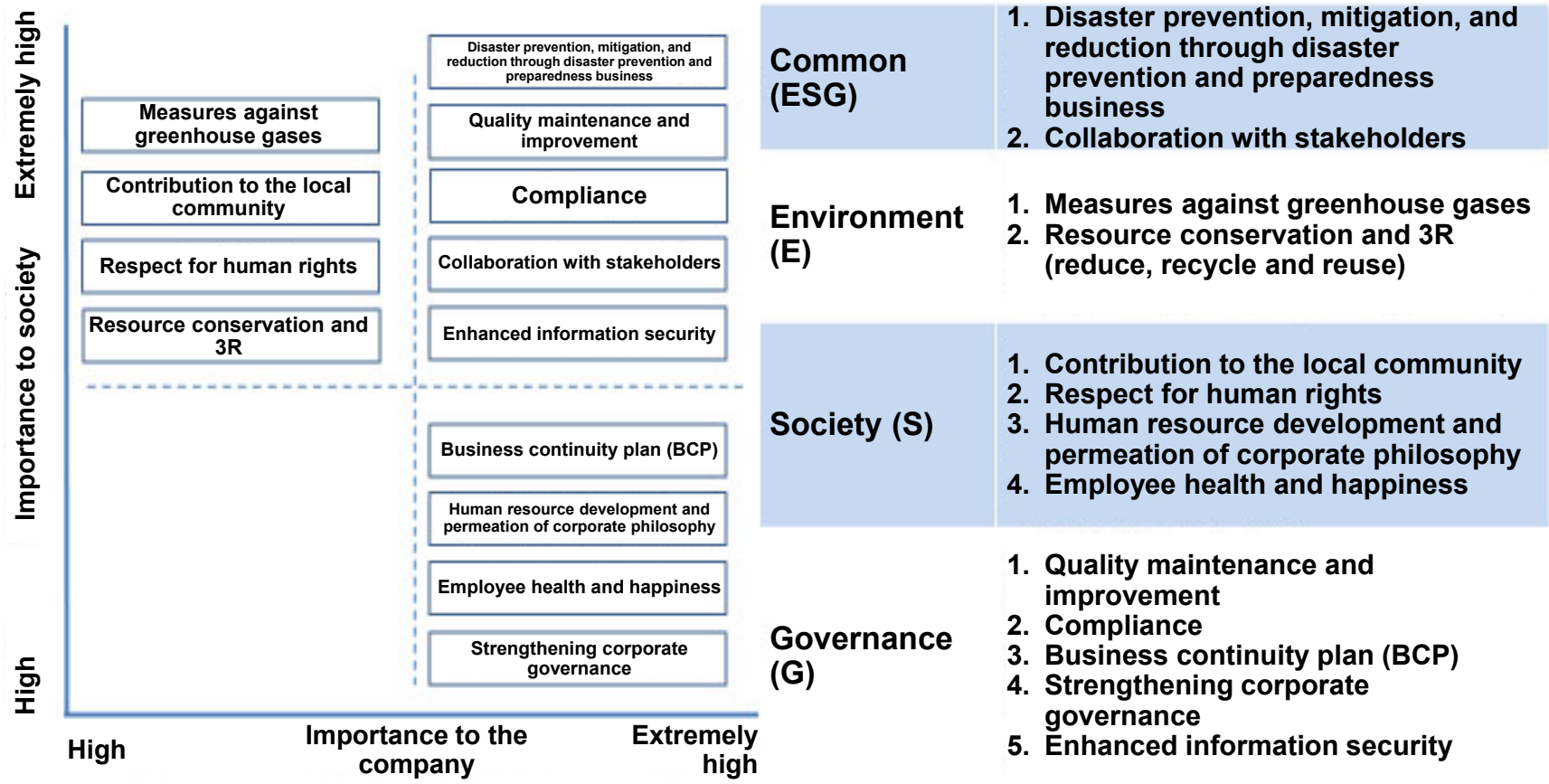
### Changes in dividends



# Sustainability promotion

# Sustainability promotion

## Materiality (important issues) to be addressed by the group



# Sustainability promotion (E)

## ■ Reduction of CO<sub>2</sub> emissions

**CO<sub>2</sub> 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 FY2025 (plan)
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 (March 2023)
4. Promotion of EV special-purpose vehicles
5. Consideration of recycling and reuse of hoses and disaster prevention equipment

Reduced CO<sub>2</sub> emissions by 15.8% at the end of FY2023

### Energy consumption

		FY2020	FY2021	FY2022	Energy consumption
Electricity	kWh	3,938,617	4,425,107	4,098,430	4,090,684
Heavy oil (boiler)	ℓ	221,100	248,100	252,900	0
LPG liquefied petroleum gas	m <sup>3</sup>	21,560	16,510	9,924	98,833
LNG liquefied natural gas	m <sup>3</sup>	52	196	475	467
Water consumption		266,155	265,019	234,887	232,853
of which (water supply)	m <sup>3</sup>	(1,701)	(2,704)	(2,400)	(2,088)
of which (well water)		(264,758)	(262,315)	(232,487)	(230,765)
Kerosene	ℓ	24,945	13,055	8,529	5,423

		FY2020	FY2021	FY2022	FY2023
Diesel oil	ℓ	16,426	14,308	8,041	8,539
Industrial waste volume	t	382	329	286	217
Copy paper consumption	Quantity	3,516,069	3,225,438	3,205,948	3,031,618

### CO<sub>2</sub> emissions

		FY2020	FY2021	FY2022	FY2023
Scope1		701	741	790	650
Scope2	t-CO <sub>2</sub>	2,127	2,333	2,063	1,937
Total		2,828	3,074	2,853	2,587

# Sustainability promotion (S)

## ■ Contribution to the local community

1. Tours for elementary and junior high school students and local disaster prevention staff at the Shimotsuke Factory

**Aim:** Raising awareness of disaster prevention through factory tours and disaster prevention education

**Results:** A total of 382 participants from 7 schools and 6 organizations (FY2023)  
A total of 314 participants from 5 schools and 2 organizations (FY2022)

2. Tours and exhibitions for fire department personnel

**Aim:** Improve disaster response capabilities of fire department personnel by demonstrations and demonstration tests for disaster sites

**Results:** Approximately 500 participants (held in October 2023)

## ■ Charter of Corporate Behavior

1. Revised to the Group-based Charter of Corporate Behavior (March 2023)

## ■ Human resource development/Employee health and happiness

1. Human resource development : Regular holding of level-specific training sessions by external lecturers, etc.

2. Diversity	: Percentage of female employees in management positions	10.9%
	Percentage of mid-career hires	54.2%

3. Work styles	: Percentage of personnel who take paid annual leave	57.5%
	Percentage of female employees who take maternity or childcare leave	100.0%
	Percentage of personnel who have regular health checkups	100.0%

4. Occupational health and safety : Although health and safety education was implement and work environments were improved, there was one occupational accident (FY2023)

5. Benefits : Granted restricted stock (stocks with a certain restriction in transfer of ownership) as an incentive program

# Sustainability promotion (G)

## ■ Strengthening corporate governance

1. Addition of one new female outside director: 3 independent outside directors out of the total of 7 directors

\* Assuming approval of proposals for the election of directors at the 98th Annual General Meeting of Shareholders

2. Continuing constructive dialogue with shareholders: 35 companies participated in financial results briefings, 6 companies participated in events, and 27 individual meetings held with 20 companies

3. Adoption of performance-based compensation

4. Establishment of individual committees:

Compliance and Risk Management Committee (existing)

Sustainability Promotion Committee (existing)

Information Security Committee (newly established)

## ■ Enhanced information security

1. To strengthen information security, we conducted a comprehensive review of the “Basic policy of information security,” which is the base and top concept of the company’s information system regulations

2. Basic policy of information security is posted on our corporate website

3. Conduct information security education and training throughout the year and implement drills