

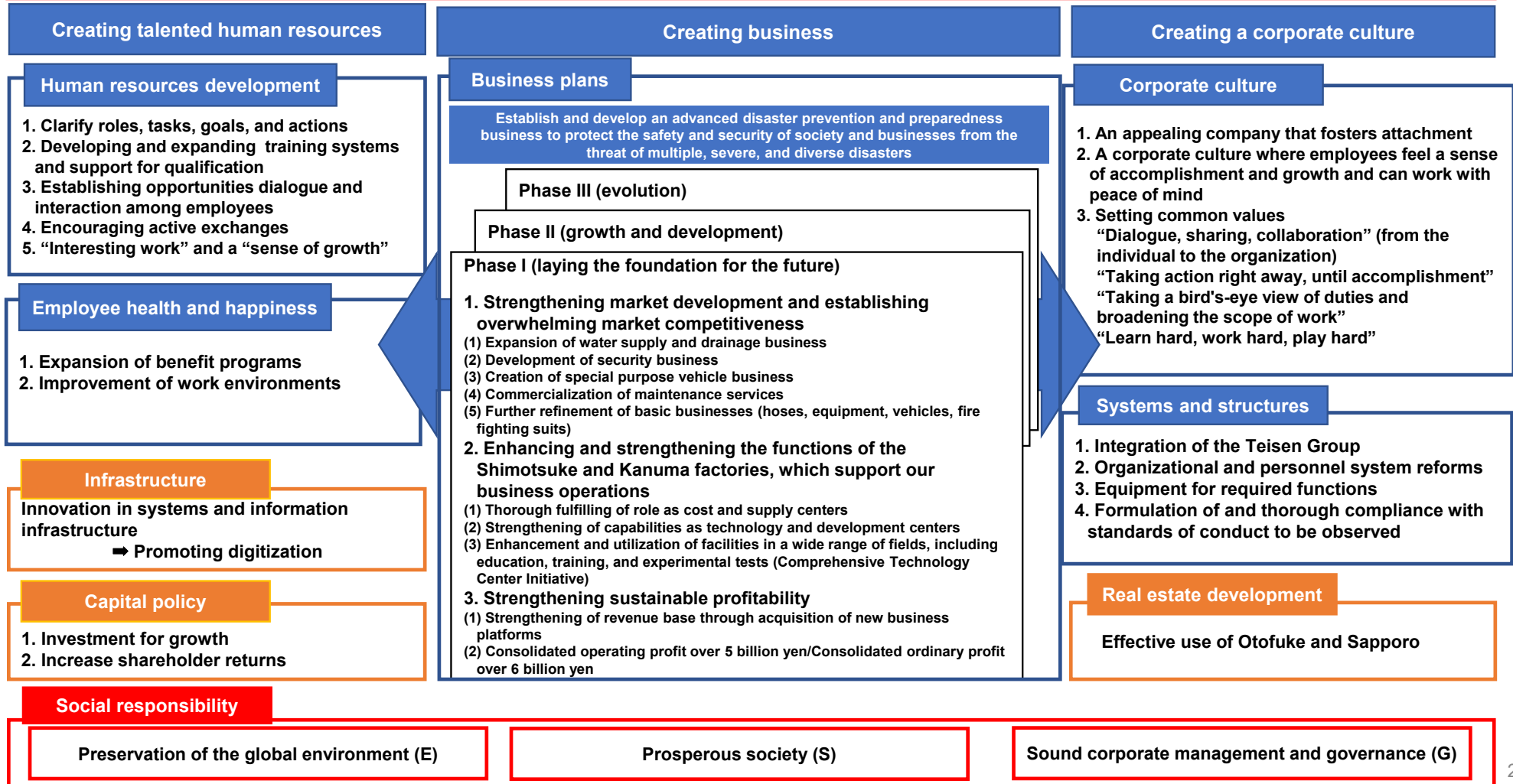


Teisen Future Creation Plan

March 2, 2023

Teikoku Sen-i Co., Ltd.

Teisen Future Creation Plan



Overview of disaster prevention and preparedness business

	Main customers	Relevant disasters	Products sold by our company
Government offices	Fire departments	Fires, collapsed houses, landslides, automobile accidents, terrorism, etc.	Fire fighting hoses, rescue vehicles, equipment, and special clothing
	Self-Defense Forces, Customs, etc.	Base maintenance, terrorism, aircraft fires/bringing in drugs and suspicious objects, etc.	Equipment, airport chemical fire engines, CBRNE and other various detection equipment
	National and local governments	Wind and flood damage, aircraft fires	Large volume water supply & drainage systems (HydroSub® systems), airport chemical fire engines
Private sector	Electric power companies (nuclear facilities)	Nuclear disasters, terrorism	Emergency cooling systems (HydroSub® systems), explosive trace detection equipment, body scanners
	Oil refining and industrial complexes	Industrial complex fires, storm surges	Large chemical fire engines and HydroSub® systems
	Airport facilities, airlines, and air cargo carriers	Aircraft fires, terrorism, etc.	Airport chemical fire engines Explosive trace detection equipment, body scanners
	Railway operators, etc.	Incidents involving arson, knives, and firearms	Body scanners/CBRNE and other detection equipment
	Other private companies	Incidents, accidents, risk of carry out/in	Body scanners/CBRNE and other detection equipment

Business environment

Major business environment factors	Impact on our company's financial results	
JPY depreciation, rising costs, and inflation	Positive	Higher import prices, higher production costs
More frequent, more diverse, and more severe disasters	Positive /Negative	Positive: Market creation and expansion due to new demand Negative: Risk of production and logistics stoppages
Supply chain risks (Chassis procurement issue)	Negative	Sales of rescue vehicles temporarily fell, demand recovered in next fiscal year
Selling out of equipment for nuclear facilities	Negative /Positive	Demand fell in the short term, replacement demand acquisition, etc., are positive in the long term.
Labor shortage and efficiency needs	Positive	Increasing demand for equipment and vehicles that enable labor savings
Increase in defense budget	Positive	Increase in procurement of equipment, uniforms, and tents
Post-COVID-19	Positive	Strengthened security measures associated with the recovery and increase in inbound travel
Technological innovation	Positive	Creation of markets with new products
ESG	Positive	Strengthened corporate base through ESG initiatives

Shimotsuke and Kanuma factories

Cost center

Quality control

Technology and development center

Education, training, and experimental tests

■ Kanuma Factory (Kanuma, Tochigi Prefecture)

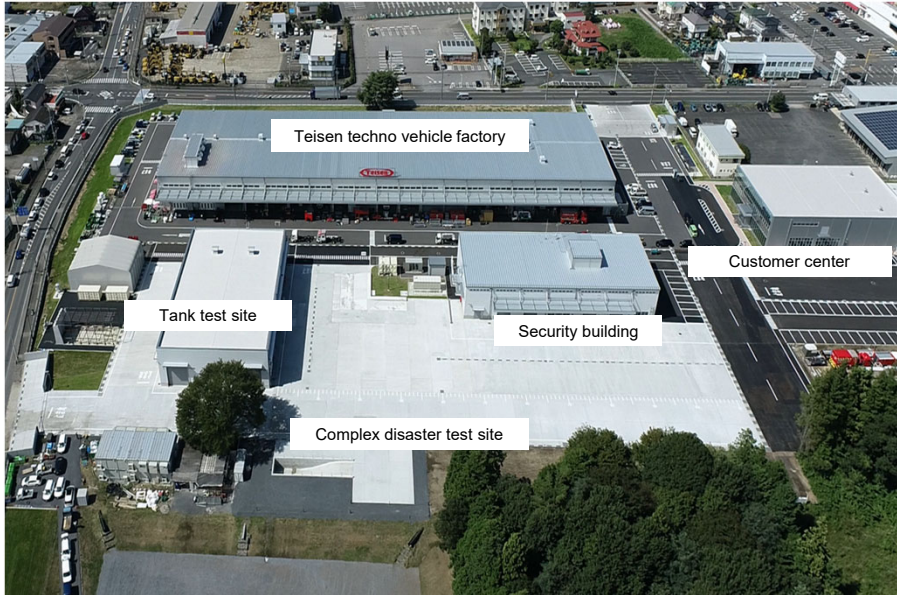
Hose factory



Solar panels to be installed on the new factory building (scheduled to begin operating in April 2023)

■ Shimotsuke Factory (Kaminokawa, Shimotsuke, Tochigi Prefecture)

Rescue and special purpose vehicle factory (newly constructed)



Solar panels to be installed on the vehicle factory building (scheduled to be installed in FY 2024)

Teisen Future Creation Plan Phase I: Teisen 2025/Building a foundation for the future

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

Phase I

1. Strengthening market development and establishing overwhelming market competitiveness

- (1) Expansion of water supply and drainage business
- (2) Development of security business
- (3) Creation of special purpose vehicle business
- (4) Commercialization of maintenance services

2. Enhancing and strengthening the functions of the Shimotsuke and Kanuma factories, which support our business operations

- (1) Thorough fulfilling of role as cost and supply centers
- (2) Strengthening of capabilities as technology and development centers
- (3) Enhancement and utilization of facilities in a wide range of fields, including education, training, and experimental tests

3. Strengthening sustainable profitability

- (1) Strengthening of revenue base through acquisition of new business platforms
- (2) Consolidated operating profit over 5 billion yen/Consolidated ordinary profit over 6 billion yen

Phase II

Growth and development

Phase III

Evolution

Expansion of water supply and drainage business

	Background and current situation	Market	Plans and measures
	Frequent wind and flood damage and labor saving needs	Replacement of existing infrastructure	Differentiation through lift/distance
Private businesses	<ul style="list-style-type: none"> - Fire fighting and flood control measures at oil facilities, industrial complexes, etc. - Needs for labor-saving equipment (measure against labor shortages) - Replacement demand in wide area joint disaster prevention association 	<ul style="list-style-type: none"> - Oil refining and industrial complexes Replacement of large chemical fire engines - wide area joint disaster prevention association council, 12 blocks nationwide <p>[Teisen 2022 track record] Six private businesses and two wide area joint disaster prevention association</p>	<div style="border: 1px solid black; padding: 10px; text-align: center;"> <p>Replacement of fixed devices</p> </div> <div style="border: 1px solid black; padding: 10px; text-align: center; margin-top: 20px;"> <p>Lineup of HydroSub® systems according to application</p> <p>HS60–1200F</p> </div>
National government	<ul style="list-style-type: none"> - Ministry of Land, Infrastructure, Transport and Tourism (“MLIT”) Drainage in rivers, etc. managed by the national government Needs for alternative and complementary functions for drainage stations - Ministry of Agriculture, Forestry and Fisheries Agricultural land disasters (“MAFF”) 	<ul style="list-style-type: none"> - Vehicles owned by MLIT - Small pumps owned by MAFF <p>[Teisen 2022 track record] MLIT Kyushu Regional Development Bureau, MAFF</p>	
Municipalities	<ul style="list-style-type: none"> - Progress of watershed flood control projects - Needs for alternative and complementary functions for drainage stations - Agricultural land disasters, drainage and irrigation 	<ul style="list-style-type: none"> - 47 prefectures and 1,718 municipalities nationwide - Thousands of small drainage stations - Alternatives to sewage and stormwater treatment pumps <p>[Teisen 2022 track record] 1 prefecture, 5 municipalities</p>	



Water supply and drainage equipment

Ministry of Land, Infrastructure, Transport and Tourism Regional Development Bureaus	HS150 River flood control and drainage basin backup		Industrial complexes	HS1200 Industrial complex fire control	
Municipalities	HS60 Inland flood control and watershed flood control projects				

Development of a security business











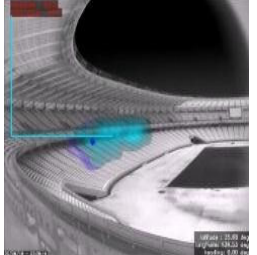
	Background and current situation	Market	Plans and measures
	Market expansion due to rising security needs		Investment in high-performance equipment
Government offices	<p>[Self-Defense Forces, etc.]</p> <ul style="list-style-type: none"> - Procurement of materials and equipment for new needs - Aging equipment - Defense budget increase 	<p>Self-Defense Forces, Customs, detention facilities, etc.</p>	<ul style="list-style-type: none"> - Rotzler winches - Fire fighting hoses for ships - Portable pumps for ships - Equipment - Explosive trace and suspicious object detection equipment
Private sector, regulated	<p>[Air cargo carriers]</p> <ul style="list-style-type: none"> - Revocation of certification of existing equipment, functional enhancements <p>[Airport facilities] - Enhanced measures in post-COVID-19</p> <p>[Nuclear power facilities] - Functional enhancements</p>	<p>Air cargo carriers</p> <p>Airport facilities, airlines</p> <p>Nuclear power facilities</p>	<ul style="list-style-type: none"> - Explosive trace detection equipment Itemiser5X
Private, non-regulated	<p>[Railway operators] [Theme parks]</p> <p>[Event security and commercial facilities]</p> <ul style="list-style-type: none"> - Incidents and accidents <p>[Warehouses and factories]</p> <ul style="list-style-type: none"> - Carrying out of confidential information, hazardous materials 	<p>Railway operators</p> <p>Theme parks</p> <p>Event security and commercial facilities</p> <p>Warehouses, factories, etc.</p>	<ul style="list-style-type: none"> - Body scanners <p>QPS201</p> <p>Walk2000</p> <p>Metrasens</p> <p>HSR, HSS</p>



Security equipment

Type	Body scanner			Explosive Trace Detection (ETD)			
	Walkthrough		Standing still	Stationary			
Product name	HSS	Walk 2000	Metrasens Ultra	QPS-201	Itemiser DX	Iremiser 4DX	Iremiser 5X
Image							
Throughput	5000 people/hour	1000+ people/hour	About 4 seconds per person	About 4 seconds per person	About 8 seconds	About 8 seconds	About 8 seconds
Operations							
Applicable objects	Explosives, gasoline, knives, automatic rifles	Concealed objects	Metallic objects	Concealed objects	Explosives	Explosives	Explosives
	Person screening	Person screening	Metal detector	Person screening	Baggage/Cargo/Person	Baggage/Cargo/Person	Baggage/Cargo/Person
Other	To be released December 2023	Released April 2022	Ministry of Justice	Haneda Airport/Narita Airport, etc.	All airports/freight carriers/nuclear power plants	All airports/freight carriers/nuclear power plants	All airports/freight carriers/nuclear power plants

Security equipment

Type	ETD		Cabinet X-ray inspection equipment	Mobile X-ray inspection equipment	Cabinet X-ray inspection equipment	Remote gas detection
	Portable		Installed	Mobile	Installed	Mobile
Product name	FIDO-X2	FIDO-X4	SCANMAX25	Scansilc	3DX-RAY	Second Sight MS
Image						
Operations						
Applicable objects	Explosives	Explosives	Explosives	Suspicious objects	Explosives, etc.	Chemical agents, volatile organic compounds
	Baggage/Cargo/Person	Baggage/Cargo/Person	Mail/Parcels	—	—	Toxic industrial compounds
Other	Airports	Airports	Ministry of Justice facilities/embassies	Investigative organizations	—	—

Creation of rescue and special purpose vehicle business

	Background and current situation	Market	Plans and measures
	Diversification of disasters, technological innovation, and a decrease in the number of firefighters	Replacement demand and switching from existing vehicles	Added value and specifications
Rescue vehicles	<ul style="list-style-type: none"> [1] Responding to replacement demand [2] Creating added value is a challenge [3] line-ups of equipment to be load needs improvement [4] Chassis problems 	<ul style="list-style-type: none"> - Maintain and increase market share for replacement demand for fire departments 	<ul style="list-style-type: none"> - Rescue vehicles with pumps - Improvement of equipment - Maintaining and improving market share
Rosenbauer vehicles	<ul style="list-style-type: none"> [1] 10-ton water tankers [2] EV fire engines [3] EV ARFFs [4] HRETs (ARFFs) [5] Wheelchair rescue vehicles [6] 3-piece set all-in-one 	<ul style="list-style-type: none"> - Fire department [1] [2] [5] - Airport [3] [4] - Industrial complex [6] 	<ul style="list-style-type: none"> - Handling special purpose vehicle cases centered on the Tokyo Fire Department - Aim for further sales growth through new vehicle development
Next generation vehicles	<ul style="list-style-type: none"> [1] Newly constructed Shimotsuke Factory, and establishment of disaster prevention Vehicle Development Group [2] Creating value-added products such as EVs is a challenge 	<ul style="list-style-type: none"> - Development of new markets 	

Creation of rescue and special purpose vehicle business: Themes

Fire departments



1. Rescue vehicles with pumps (N10, N35 pumps)



2. AT fire engines



3. 10-ton water tankers



4. Wheelchair rescue vehicles



5. EV fire pump vehicles



6. 3-piece set all-in-one

Industrial complexes

Airports



7. HRETs (airport)

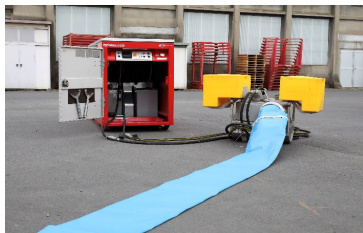


8. Panther S vehicles (airport)



9. EV ARFFs

Municipalities, etc.



10. HS60 drain pumps



11. HS150s

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

	Background and current situation	Market	Plans and measures
	Replacement demand limited market participarts		Differentiation strategy
Hoses	<ul style="list-style-type: none"> - Kanuma Factory - Fire fighting hoses for fire departments and buildings 	Fire departments	<ul style="list-style-type: none"> - Lock Machino coupling standardization - Hoses made with aramid fiber blended yarn - Price revision - General property insurance (two years)
Equipment	<ul style="list-style-type: none"> - Procurement from overseas suppliers - Continue to develop products, including overseas and domestic products 	Fire departments	<ul style="list-style-type: none"> - Product development (CBRN & Advanced Rescue) - Private market development - Demonstrations, demonstration experiments, training, etc., at fire academies and the Shimotsuke Factory
Special clothing	<ul style="list-style-type: none"> - Aramid fibers with excellent properties such as flame resistance, heat resistance, cut resistance, and high strength 	Fire fighting and special work applications	<ul style="list-style-type: none"> - Material development - Repair insurance (industry first/five years) - Cleaning and maintenance

Hoses, equipment, and special clothing

Hoses	Lock Machino couplings + Professional fire fighting hoses Fire fighting hoses	Large diameter hoses Hose for water supply and drainage	Special clothing	Fireproof clothing	Fire fighting and next-generation fire fighting systems
				 <p style="text-align: center;">Inspire 3DP Inspire NXT</p>	 <p style="text-align: center;">Unexpected breakaway of hose couplings (Lock Machino couplings)</p> <p style="text-align: center;">PPV blower Forest fire fighting systems</p>
Rescue equipment	Anti-CBRNE and terrorism equipment	Advanced rescue equipment	Complex natural disaster equipment		
	 <p style="text-align: center;">Chemical agent detectors</p>  <p style="text-align: center;">Protection</p>  <p style="text-align: center;">Decontamination systems</p>	 <p style="text-align: center;">Advanced imaging probes</p>  <p style="text-align: center;">Gas concentration meters</p>  <p style="text-align: center;">Underground acoustic exploration devices</p>  <p style="text-align: center;">Underwater drones</p>	 <p style="text-align: center;">Conveyors for removing sediment and debris</p>  <p style="text-align: center;">Foreign matter drainage pumps</p>  <p style="text-align: center;">Pneumatic Mat Jacks</p>  <p style="text-align: center;">Sediment collapse monitoring systems</p>  <p style="text-align: center;">Training for the operation of amphibious buggies</p>		

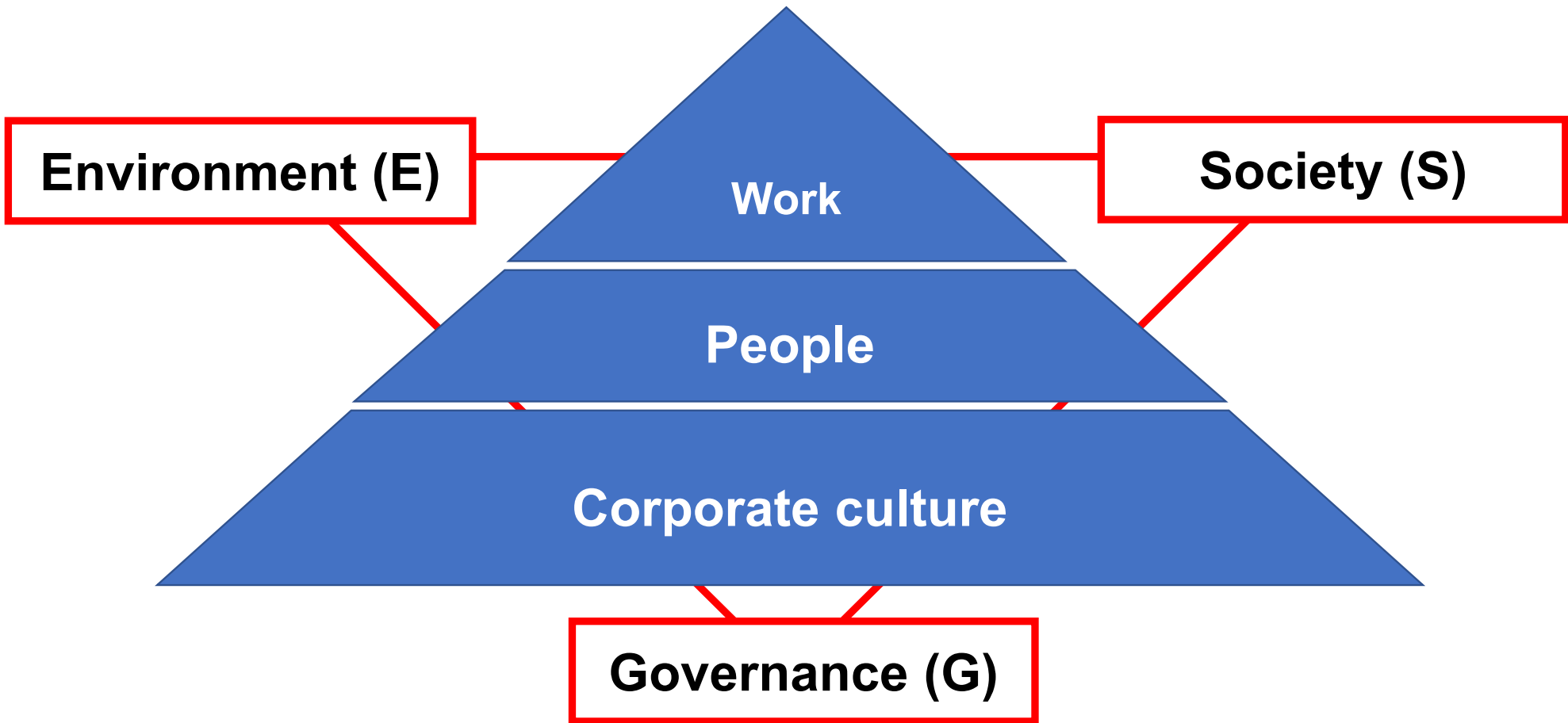
Textiles

	Background and current situation	Market	Plans and measures
	Strength in aramid fibers and linen (flax)	Market centered primarily on government offices	Development of textiles and commercial materials focused on functionality
Government offices	<ul style="list-style-type: none"> - Strengths in SDF uniforms, tents, and work clothes - Currently expanding user base for uniforms, work clothes, dispatch clothes, etc. - Functionality with aramid fibers 	<p>Self-Defense Forces, Japan Coast Guard, and other government offices</p>	<ul style="list-style-type: none"> - Strengthening specification proposals based on meeting the needs of individual ministries - Product development
Private sector	<ul style="list-style-type: none"> - Development of aramid fibers for aeronautics, automobiles, and other materials applications - Protective gear for power companies 	<p>Private sector companies such as airlines and automakers</p>	<ul style="list-style-type: none"> - Development of aramid fiber applications - Development and deployment of protective clothing for special environments - Increase in market share of protective clothing for power companies
Linen	<ul style="list-style-type: none"> - Superiority in linen (flax) procurement - Growing interest in natural fibers due to sustainability - A solid linen fan base, but a limited market 	<p>Trading companies, apparel manufacturers, and general consumers</p>	<ul style="list-style-type: none"> - Development of textiles with strong functionality - Building a secondary product business centered on linen textiles for home use

Textile products

<p>● Tents for lodging, for general use, and use in cold areas</p>	<p>● Commercial type 2 tents</p>	<p>Summer clothing, land, Type 1, Type 16</p>	<p>Work jackets, camouflage</p>	
<p>Exhibitions</p>		<p>Secondary linen products for home use (pajamas, towels, fabrics)</p>		

Teisen Future Creation Plan



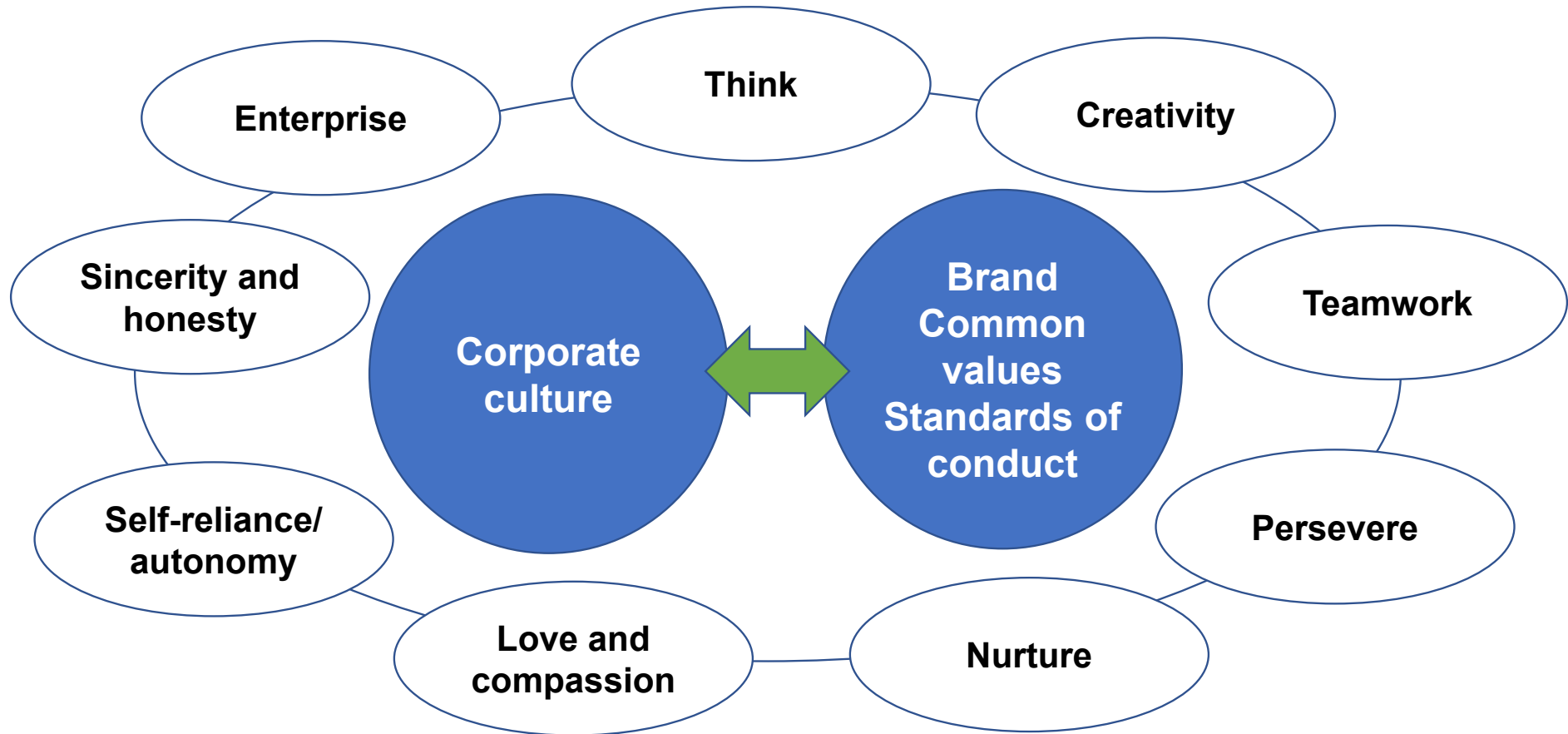


Creating talented human resources

Cultivate self-reliant and autonomous human resources under a corporate culture that trains people

Young (under 30 years old)	Mid-career (30–50 years old)	Senior (over 50 years old)
<p>Year 3/Year 5/Year 7 Training to improve skills and mental dexterity</p>	<p>Management academy</p>	
<p>Correspondence education, online training, and external training (Mandatory = paid by the company)</p>	<p>Correspondence education, online training, and external training (Hope = Support system available)</p>	
<p>Qualification acquisition (Mandatory = paid by the company)</p>		<p>Qualification acquisition (Support system available)</p>
<p>Domestic and overseas Corporate dispatch and study abroad system</p>	<p>Management training</p>	
<p>Thematic study groups, external lecturers, etc. (Political economy/technological innovation/natural disasters/human resource development/sustainability/innovation/corporate research, etc.)</p>		
<p>Self-Defense Forces training</p>		
<p>Personnel exchanges</p>		

Create a new culture that connects people and work



A look back at Teisen in 2022

- The market for flood control measures (large water supply and drainage systems), a major theme, has expanded significantly.
- In terms of the security business, we have developed private markets. Expectations are high for winning orders in the next term and beyond.
- Completed new construction and facilities at the Kanuma and Shimotsuke factories. These will form a base for future demand acquisition and market development.

Theme	Progress
1. Development of new markets through large water supply and drainage systems (HydroSub® systems)	Winning orders from national and local governments is progressing, laying the groundwork for market expansion. Also won orders from the large capacity council.
2. Pioneer new frontiers in the security business	In addition to developing new markets for railway operators and loss prevention applications, we are also developing new products.
3. Establishment of disaster prevention special purpose vehicle business	A rescue vehicle with a pump and a new water tanker were developed. We also won orders from fire departments. A special disaster prevention vehicle development team was established to prepare for new developments.
4. Base 4 business Fire fighting hoses, rescue vehicles, equipment, fire fighting suits and other special clothing, etc.	Increased sales of flood control equipment. As for rescue vehicles, we aim to maintain and expand our market share, but the issue of chassis procurement has had an impact.
5. Renovation of fire fighting hose and rescue vehicle production system	Rescue vehicle factory (Shimotsuke Factory) began operations in August 2021, facilities for experiments and training were completed in October 2022, and a large-diameter hose line (Kanuma Factory) was newly constructed.

Results for the term ended in Dec. 2022

■ While sales of equipment for nuclear power facilities and airport chemical fire engines increased, sales of rescue vehicles decreased due to the impact of chassis procurement issues caused by the semiconductor shortage. Sales of textiles for government offices also declined.

■ Gross profit margin improved 1.8%. SG&A expenses increased slightly due to an increase in personnel expenses.

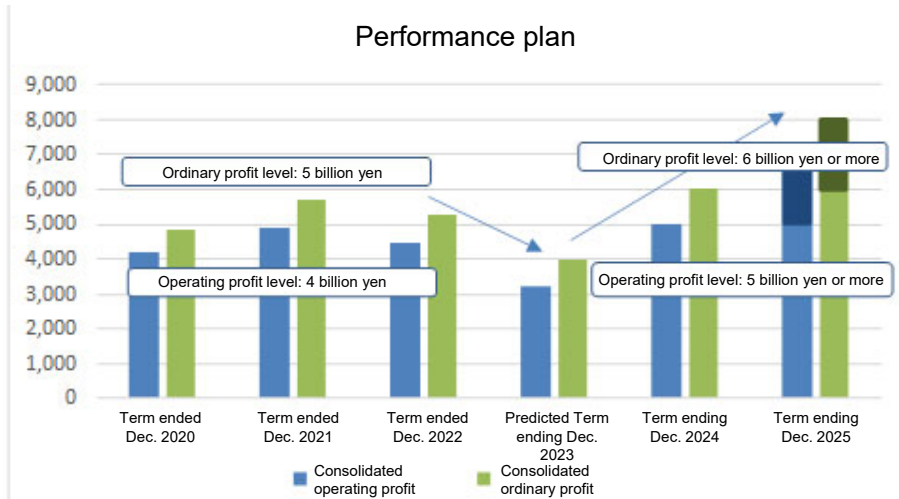
(millions of yen)	Term ended Dec. 2020	Term ended Dec. 2021	Term ended Dec. 2022		Comparison of actual to published	Predicted for term ending Dec. 2023
			Published	Actual	Year-on-Year	
Sales	32,332	32,993	33,000	29,904	-3,096 -3,089	32,000
Gross profit (vs. sales)	8,674 (26.8%)	9,727 (29.4%)	-	9,339 (31.2%)	- -388	-
General and administrative expenses (vs. sales)	4,484 (13.9%)	4,816 (14.5%)	-	4,880 (16.3%)	- +64	-
Operating profit (vs. sales)	4,189 (13.0%)	4,910 (14.8%)	4,300 (13.0%)	4,459 (14.9%)	159 -451	3,200
Ordinary profit (vs. sales)	4,865 (15.0%)	5,693 (17.2%)	5,000 (15.2%)	5,296 (17.7%)	296 -397	4,000

Key indicators for the term ended in Dec. 2022

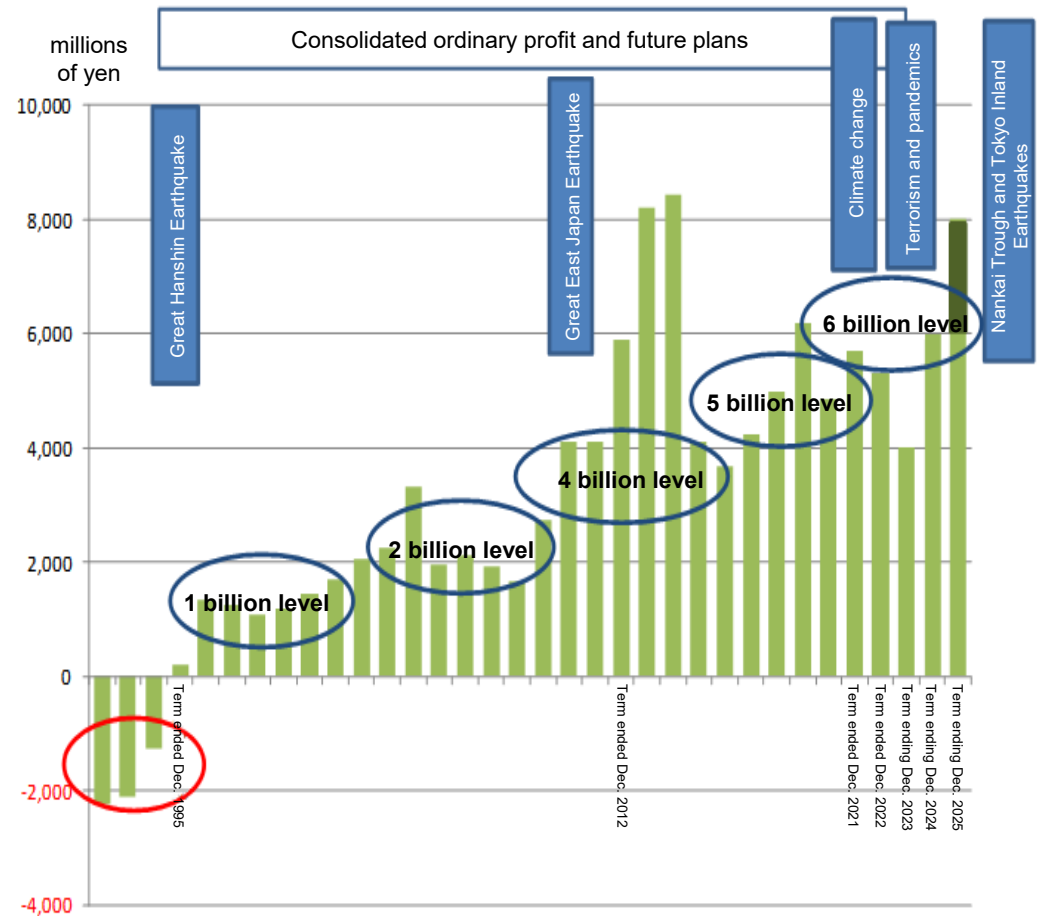
- While the capital adequacy ratio increased, ROE decreased by 0.7%.
- Increase dividend in line with improved earnings. The dividend payout ratio rose 6.0%.
- The share price is down 811 yen from the end of last year.

	Term ended Dec. 2019	Term ended Dec. 2020	Term ended Dec. 2021	Term ended Dec. 2022	Predicted for term ending Dec. 2023
Capital adequacy ratio	75.1%	79.5%	76.6%	79.9%	
ROE	8.4%	6.2%	7.1%	6.4%	
Dividend per share (Total amount/millions of yen)	45 yen (1,182)	45 yen (1,188)	45 yen (1,190)	50 yen (1,325)	50 yen (1,325)
Dividend payout ratio	27.8%	35.1%	29.9%	35.9%	46.6%
Dividend on equity ratio (DOE)	2.3%	2.2%	2.1%	2.3%	
Share price	2,363 yen	2,389 yen	2,321 yen	1,510 yen	

Performance plan

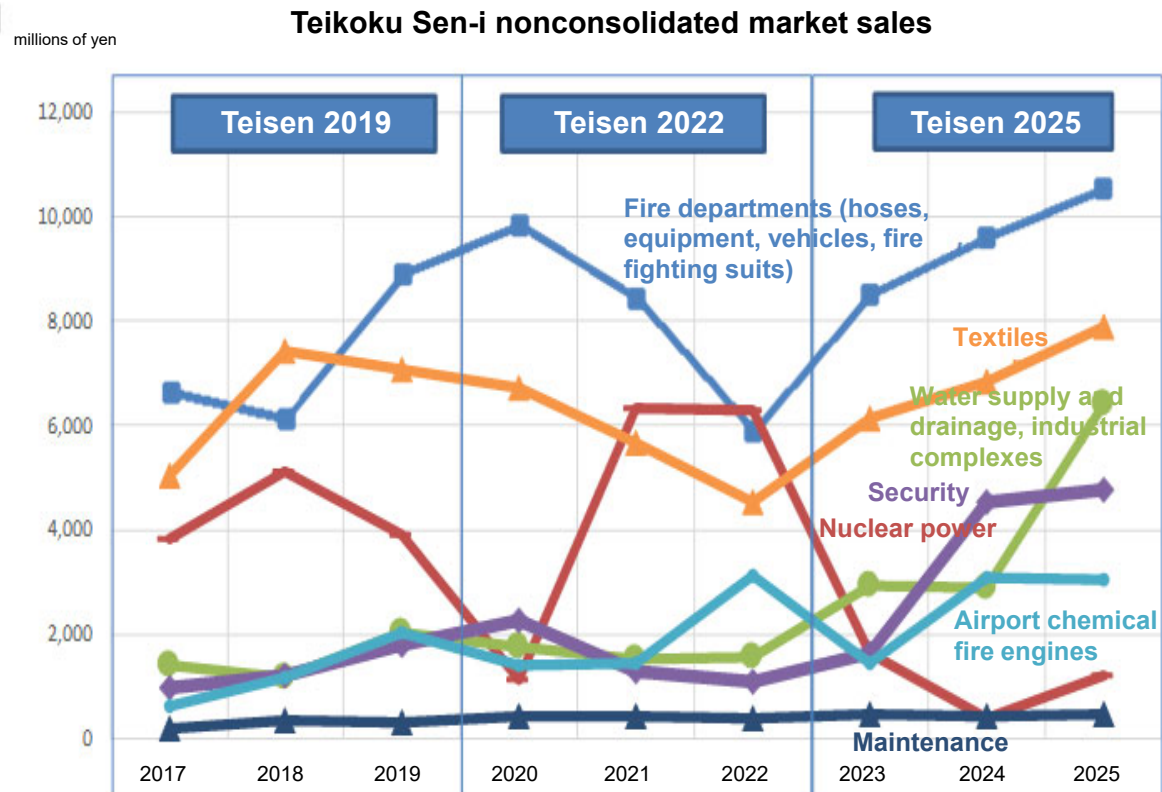


- Factors contributing to the decline in earnings in the term ending Dec. 2023**
 - Decrease in sales due to equipment for nuclear facilities selling out
 - Fewer rescue vehicles delivered due to chassis issues
 - Decrease in the number of airport chemical fire engines delivered (due to the timing of replacements)
- Outlook for the term ending Dec. 2024 and beyond**
 - Expansion of water supply and drainage business for municipalities and industrial complexes
 - Expansion of security business due to increase in inbound visitors
 - Increase in delivery of rescue vehicles due to resolution of chassis issues
 - Increase in airport chemical fire engine deliveries
 - Increase in sales to Self-Defense Forces due to increase in the Ministry of Defense budget



Sales trends and plans by market

- **Fire fighting**
 Sales of rescue vehicles declined due to chassis issues. Sales are expected to recover as supply resumes.
- **Textiles**
 Demand for tents and uniforms for the Self-Defense Forces is the main variable. The linen (flax) market is recovering.
- **Nuclear power**
 Selling out of equipment for nuclear facilities. Prepare for replacement demand.
- **Water supply and drainage, industrial complexes**
 Expanding water supply and drainage equipment for municipalities and fire fighting equipment for industrial complexes are planned.
- **Security**
 Promote expansion to private markets beyond airport facilities.
- **Airport chemical fire engines**
 Although affected by the replacement period, the market share is increasing due to the superiority of the equipment.

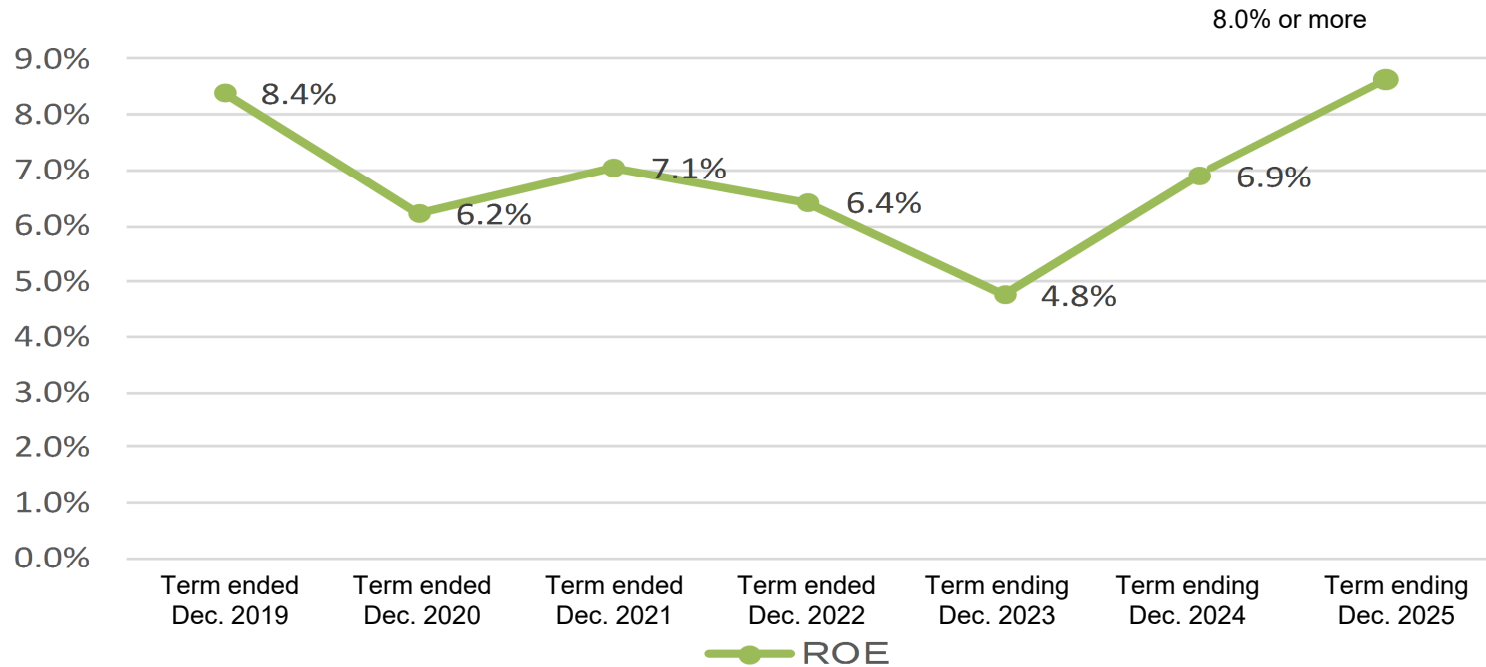




Capital efficiency (ROE)

■ Aim to achieve an ROE of 8.0% or higher by expanding our earnings level.

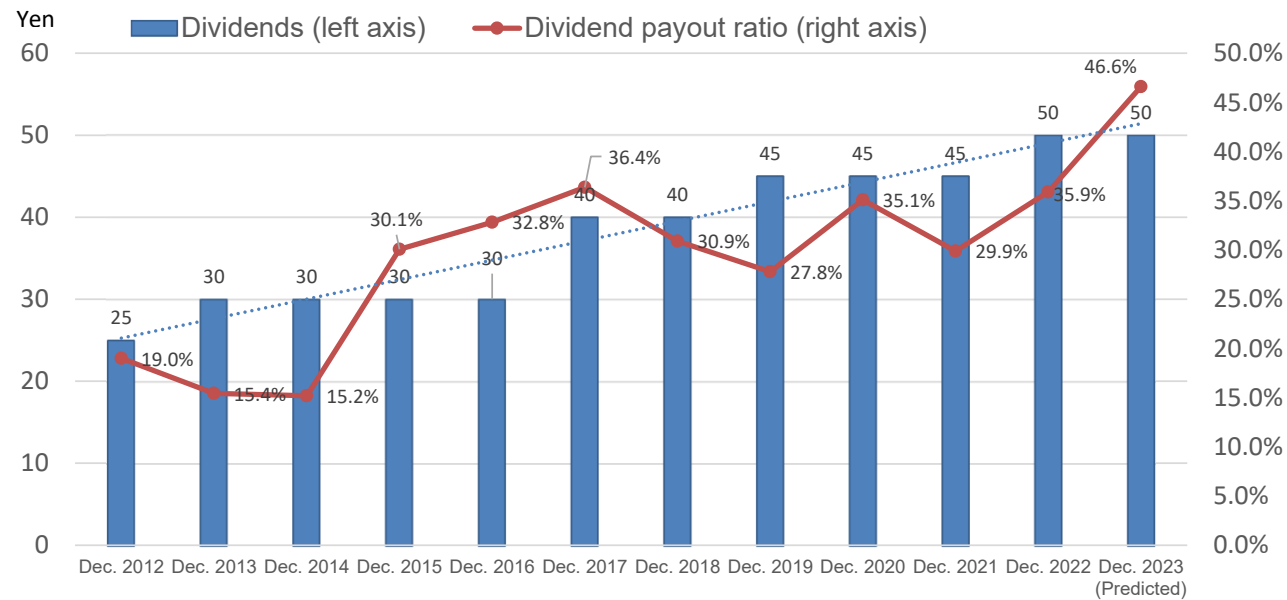
■ ROE



Shareholder return

- Stable returns to shareholders through dividends based on earnings levels. For the term ended Dec. 2022, dividends were increased by +5 yen.
- We will continue to pay dividends in line with improvements in earnings levels, aiming for a dividend payout ratio of around 40%.

■ Changes in dividends



Investment

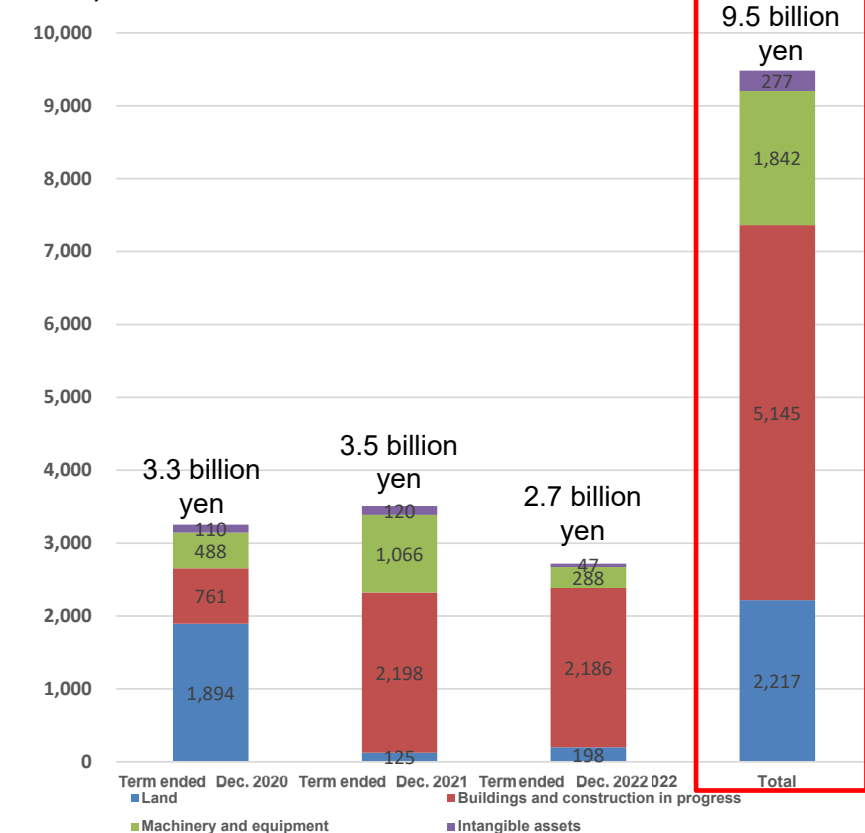
■ Teisen 2022 investment amounts

1. Shimotsuke Factory
 - (1) Acquisition of land for Shimotsuke Factory, etc.: 2.2 billion yen
 - (2) Phase I construction (vehicle factory): 2.5 billion yen
 - (3) Phase II construction (testing sites, training/inspection facilities, warehouses, etc.): 2 billion yen
 2. New line at Kanuma Factory: 2 billion yen
 3. Other (renovation of existing facilities at Kanuma Factory, etc.): 1 billion yen
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- Total: 9.5 billion yen

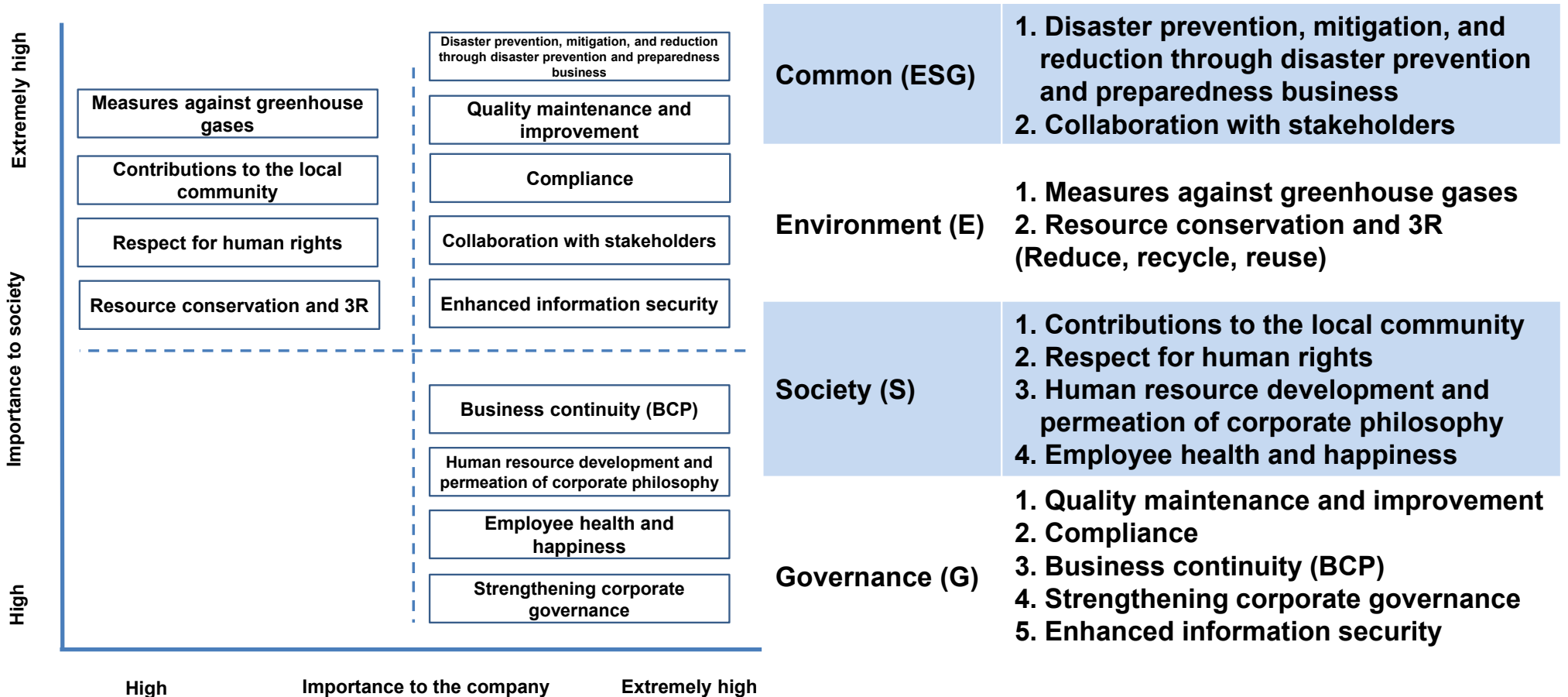
■ Teisen 2025 investments

1. Expansion of demonstration and testing facilities at the Shimotsuke Factory
2. Development of commercial materials and environmental investment with the goal of sustainability
3. Investment in the development of next-generation vehicles
4. Investment in information infrastructure and core systems
5. Educational investment in human resources

Breakdown of Teisen 2022 investments



Materiality (important issues) to be addressed by the group



Preservation of the global environment (E)

1. Reducing CO2 emissions

- (1) Introduction of green power through installation of solar panels
 - [1] Operations at Kanuma Factory to begin in June 2023
 - [2] Operations at Shimotsuke Factory scheduled for FY 2024
- (2) Improving combustion efficiency by switching from Heavy oil boilers to LP gas boilers

CO2 emissions reduction target (compared to fiscal 2021)
15% by 2025, 30% by 2030

2. Resource conservation, 3R, and initiatives to reduce environmental impact

- (1) ISO 140001
 - Kanuma and Shimotsuke factories (Teisen Techno)
- (2) 3R Initiatives
 - Consideration of recycling and reuse of hoses and disaster prevention equipment
- (3) Initiatives to reduce environmental impact
 - [1] Consideration of conversion of hose fittings to resin-based products
 - [2] Development of materials using linen (flax), a natural material
 - [3] Consideration of conversion to EV rescue and special purpose vehicles

3. Environmental declaration (outline)

- (1) Business activities with low environmental impact
- (2) Strive to develop products and technologies with low environmental impact throughout the life cycle
- (3) Prevention of environmental pollution
- (4) Efforts by all group employees through education and awareness activities
- (5) Appealing to the entire supply chain
 - Formulation of Supply Chain CSR Policy
- (6) Disclosure of environmental information

4. Disclosure of environmental data

		FY 2020	FY 2021	FY 2022
Electric	(kWh)	3,938,617	4,425,107	4,098,430
Heavy oil (boiler)	(t)	221,100	248,100	252,900
Propane LPG liquefied petroleum gas	(m)	21,560	16,510	9,924
City gas LNG liquefied natural gas	(m)	52	196	475
Water usage	(m)	266,459	265,019	234,887
(Breakdown)				
Water supply	(m)	1,701	2,704	2,400
Well water	(m)	264,758	262,315	232,487
Kerosene	(t)	24,945	13,055	8,529
Light oil	(t)	16,426	14,308	8,041
Industrial waste generation	(t)	382	329	286
Printer paper used	(枚)	3,516,069	3,225,438	3,205,948
CO2 emissions		FY 2020	FY 2021	FY 2022
Scope1	(t)	701	741	727
Scope2	(t)	2,127	2,333	2,125

Prosperous society (S)

1. Contributions to the local community

- (1) Tours for elementary and junior high school students and local disaster prevention staff at the Shimotsuke Factory
 - [1] 5 schools, 2 organizations, 314 participants (FY 2022)
 - [2] Effect: Raise awareness of disaster prevention through factory tours and disaster prevention education
- (2) Tours and exhibitions for fire department personnel across the country
 - [1] Approximately 400 participants (held in October 2022)
Expected to have about 1,500 participants annually in the future
 - [2] Demonstrations and demonstration tests for disaster sites
 - [3] Effect: Improved disaster response capabilities of fire department personnel

2. Charter of Corporate Behavior (major items)

- (1) Make the health and safety of employees a top priority
- (2) No violation of human rights, discrimination, or inhumane acts
- (3) Establish healthy work environments
- (4) Contribute to the development of the community

3. Human resource development/employee health and well-being

- (1) Human resources development
 - Permeation of corporate philosophy (promote dialogue with management)
 - Expanding qualification and training systems

- Creation of opportunities for internal and external interactions
- Think of human resource development as an investment in growth
- (2) Diversity
 - Percentage of female employees in management positions: 7.5%
 - Percentage of mid-career hires in management positions: 48.8%
- (3) Work styles and health
 - Percentage of personnel who take paid annual leave: 58.8%
 - Percentage of female employees who take maternity or childcare leave: 100.0%
 - Percentage of personnel who have regular health checkups: 100.0%
 - COVID-19 countermeasures
 - Establishment of special paid leave system
 - Work from home (remote work) and staggered working hours
 - Provision of COVID-19 benefits to all employees (including temporary employees)
- (4) Occupational health and safety
 - Goal: 0 occupational accidents (1 occupational accident resulting in time off from work in FY 2022)
 - Measures: Implement health and safety education and improve work environments
 - Reduce long working hours and promote annual leave
- (5) Benefits
 - Develop measures to help employees live and work comfortably

*The above figures are non-consolidated.

Sound management and governance (G)

1. Quality maintenance and improvement

- (1) Recognize quality risks as particularly important risks.
- (2) With the aim of strengthening and enhancing the quality control role played by the Kanuma and Shimotsuke factories, we have prepared systems and personnel, installed applicable equipment, and conducted thorough employee training as part of Teisen 2025.
- (3) We will utilize our quality management system (ISO 9001) to make constant improvements.

2. Compliance

- (1) Of the risks recognized by our company, compliance risks are recognized as particularly important.
- (2) Conduct compliance training for all group employees every year and also identify issues related to compliance so that this training remains effective.

3. Strengthening corporate governance

- (1) Corporate governance system
 - [1] Board of Directors (2 independent outside directors and 4 internal directors)
 - [2] Board of Corporate Auditors (2 independent outside auditors and 1 full-time auditor)

[3] Nomination and Compensation Committee (chaired by an independent outside director, and the majority are independent outside directors)

[4] Board of Executive Officers (separate supervisory and executive functions)

(2) Constructive dialogue with shareholders

[1] Continue individual meetings with institutional investors

[2] Financial results briefing sessions (IR briefing sessions beginning this fiscal year)

(3) Introduction of performance-based compensation (performance-based bonuses and stock benefit trusts)

(4) Establishment of individual committees

Compliance and Risk Management Committee

Sustainability Promotion Committee

Information Security Committee (planned)

(5) We will continue to strengthen governance.

4. Enhanced information security

(1) We will respond to growing cybersecurity risks and enhance information security.

(2) Build a management structure led by top management.

Information Security Committee (planned)

Review of information security regulations

(3) Raise security levels in various infrastructure.

(4) Thoroughly implement systems, including education for employees.