

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

**February 20, 2025**

## Initiatives to Improve PBR (1) Policy and Targets (Disclosed on March 1, 2024) — Results and Other Updates

- 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		<b>[Major theme]</b> <ul style="list-style-type: none"> <li>• Water supply and drainage business is expanding</li> <li>• Development of security business</li> <li>• Creation of special-purpose vehicle business</li> <li>• Maintenance operation service is commercialized</li> </ul>	<b>[Corporate vision]</b> <ul style="list-style-type: none"> <li>• Deepening and expanding business in preparation for possible disasters</li> <li>• Responding to and utilizing environmental change and technological innovation</li> <li>• Contributing to the improvement of disaster resilience (disaster reduction)</li> <li>• Human resource development/collaboration and cooperation with other companies/growth investment</li> </ul>
ROE improvement	Numerical target	<ul style="list-style-type: none"> <li>• Consolidated operating profit 5 billion yen or more (FY2024 result 3.5 billion yen, FY2025 forecast 4.8 billion yen)</li> <li>• Consolidated ordinary profit 6 billion yen or more (FY2024 result 4.6 billion yen, FY2025 forecast 6 billion yen)</li> </ul>	<ul style="list-style-type: none"> <li>• Consolidated operating profit 7 billion yen or more</li> <li>• Consolidated ordinary profit 8 billion yen or more</li> </ul>
	Capital efficiency Capital allocation	<ul style="list-style-type: none"> <li>• Stably achieve ROE of 8% or higher over the medium to long term (FY2024 result of 5.0%, or +1.0% YoY)</li> <li>• Securing investment funds, enhancing shareholder return and implementing investment in human capital and growth area (including M&amp;A)</li> </ul>	
	Shareholder return	<ul style="list-style-type: none"> <li>• Total payout ratio: 40% or more (average of five years) Total payout ratio: FY2024 actual 40%, FY2025 forecast 64%</li> <li>• Consider flexible share repurchase Repurchase of 500,000 shares (1.25 billion yen) was resolved at the Board of Directors meeting in February 2025)</li> </ul>	
PER improvement	Governance	<ul style="list-style-type: none"> <li>• Implementation of ESG Management</li> <li>• Strengthen risk response capabilities</li> </ul>	
	Enhancing IR/SR	<ul style="list-style-type: none"> <li>• Increase communication with institutional and individual investors and strengthen PR activities</li> <li>• Promote penetration of understanding the company's growth strategy</li> </ul>	

## Initiatives to Improve PBR (2) Indicators for FY2024

### FY2024 Status

■ **PBR (share price ÷ net assets per share) +0.11x YoY**

- FY2023-end at 0.82x (2,043 yen ÷ 2,479 yen)
- FY2024-end at 0.93x (2,366 yen ÷ 2,534 yen)
- Highest during period at 1.21x (September-end, 3,075 yen ÷ 2,512 yen\*)
- \*As of the end of September, 2024

■ **PER (share price ÷ net assets per share) -2.8x YoY**

- FY2023-end at 21.8x (2,043 yen ÷ 94 yen)
- FY2024-end at 19.0x (2,366 yen ÷ 124 yen)

PER remained at a relatively high level. Against the backdrop of increased natural disaster risks, the trend was fueled by expectations for growth in the disaster prevention and preparedness business, and also the government's initiatives toward establishing a disaster prevention agency.

■ **ROE (net income ÷ net assets) +1.0% YoY**

- FY2023-end at 4.0% (capital efficiency 43.1%, return on sales 8.7%)
- FY2024-end at 5.0% (capital efficiency 48.1%, return on sales 10.3%)
- Capital cost: Our recognition at approx. 5.0%, investors' recognition at approx. 8%

(Based on interviews with several investors)

Continuing to reduce capital costs through enhancing corporate governance and information disclosure

- Aim to improve ROE by increasing profitability as a basic policy, while enhancing shareholder returns to improve capital efficiency (ROE target of 8%)

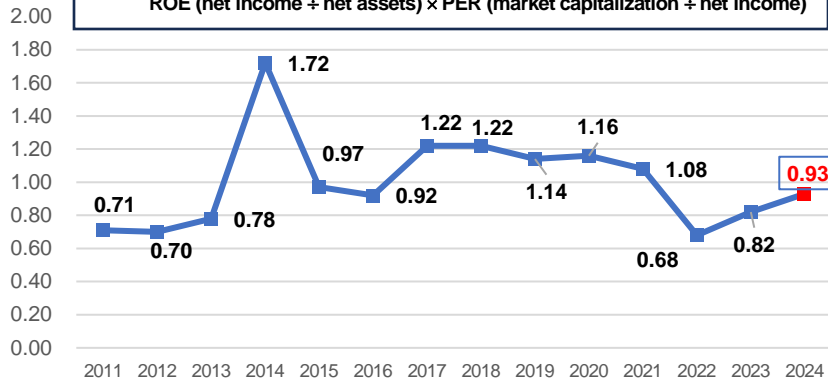
(Repurchase of 500,000 shares (1.25 billion yen) was resolved at the Board of Directors meeting in February 2025)

### Recognition of issues

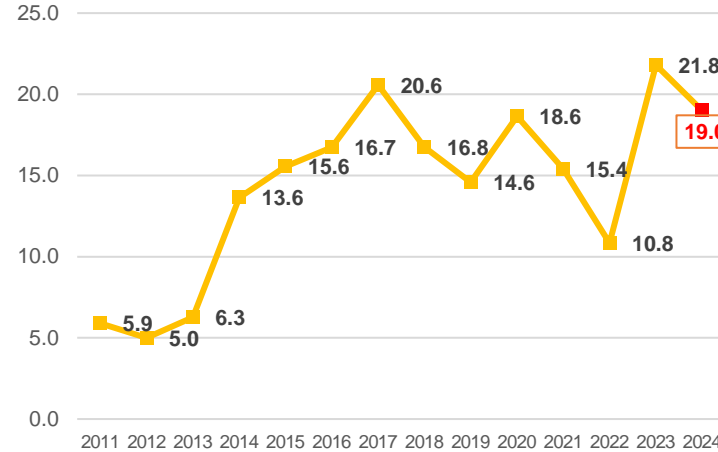
- **ROE improvement**
  - Work to improve profitability
- **PER improvement and capital cost reduction**
  - Strengthening governance
  - Strengthen IR activities (for timely and appropriate information disclosure and growth potential)

#### PBR (Share price ÷ Net assets per share)

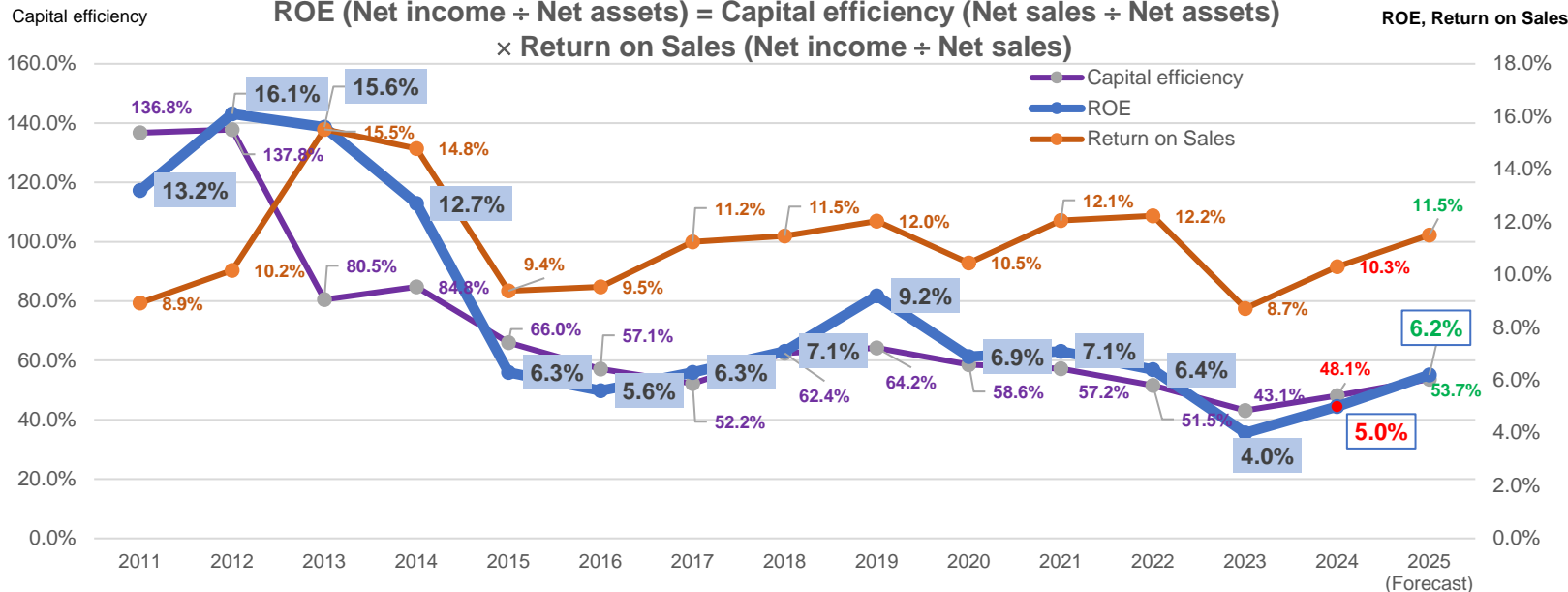
$$\text{PBR (market capitalization} \div \text{net assets)} = \frac{\text{ROE (net income} \div \text{net assets)} \times \text{PER (market capitalization} \div \text{net income)}}{\text{ROE (net income} \div \text{net assets)}}$$



#### PER (Share price ÷ Earnings per share)

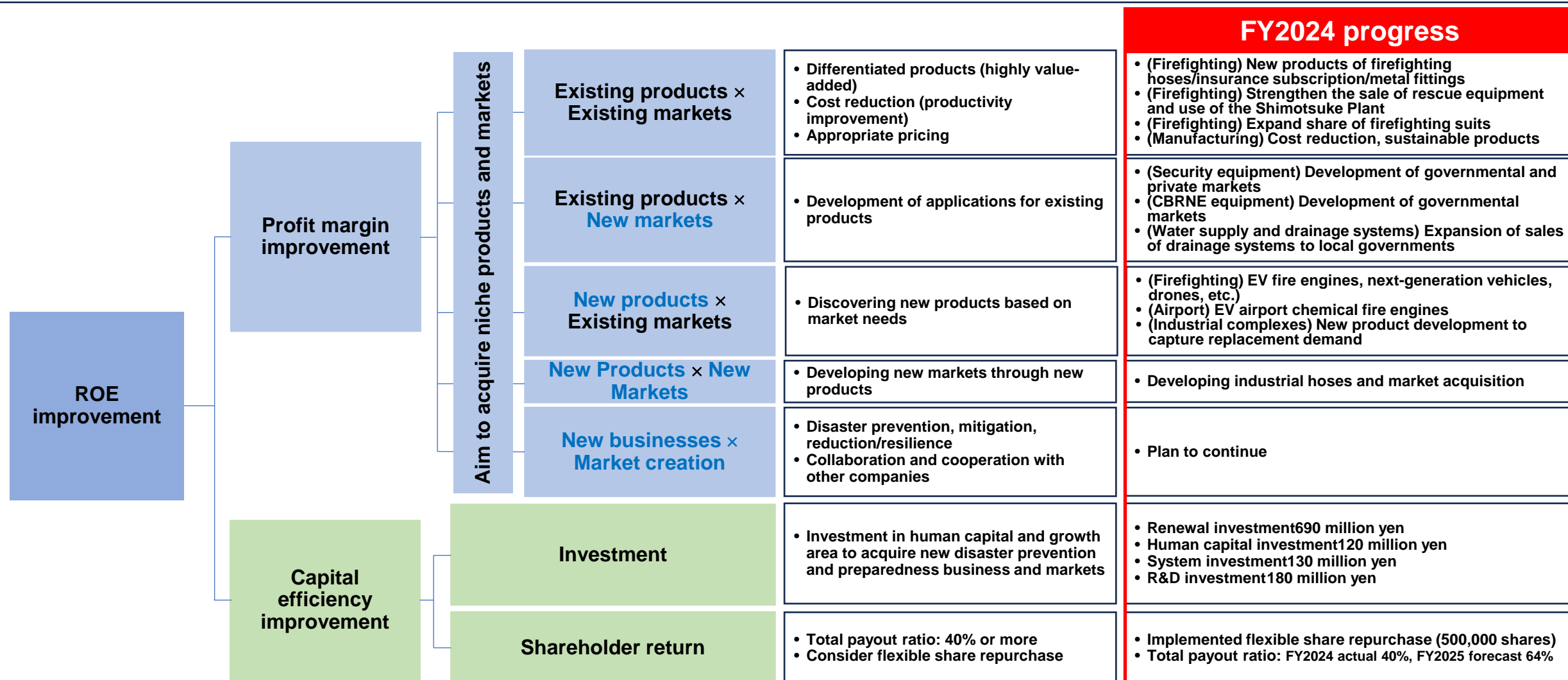


#### ROE (Net income ÷ Net assets) = Capital efficiency (Net sales ÷ Net assets) × Return on Sales (Net income ÷ Net sales)



## Initiatives to Improve PBR (3) ROE Improvement — Progress of FY2024

- 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) Our Businesses — New Additions

- We have developed our business by leveraging our manufacturing base and enhancing our trading functions.
- Leveraging our relationships with first responders (firefighters, police, and the Self-Defense Forces), we are expanding sales of cutting-edge, state-of-the-art products from overseas.
- We globally expand our product sourcing, alongside the development of our in-house products and their applications.

Trading  
function



- Systemization
- Localization of overseas products



Manufacturing  
function

- Rosenbauer (Austria), Europe's leading manufacturer of fire engines
- Hytrans (Netherlands), a pump manufacturer
- Other domestic and overseas suppliers
- Network of overseas sector peers

- Kanuma Plant (hoses)
- Shimotsuke Plant (vehicle manufacturing, development, and experiment)



Rosenbauer: Airport chemical fire engines



Hytrans: HydroSub® systems



Lukas: Rescue equipment



Rohde & Schwarz's: Body scanner



Bobcat: Skid-steer-loader



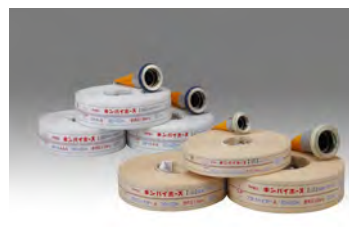
Kanematsu Engineering: Earth and sand vacuum vehicles



Upstec: HSS



Rapiscan: Itemiser



Firefighting hoses



Large-diameter hoses (for large-volume water supply & drainage)



Rescue vehicles (fire rescue team)



Seawater utilization fire water system (HydroSub® systems)



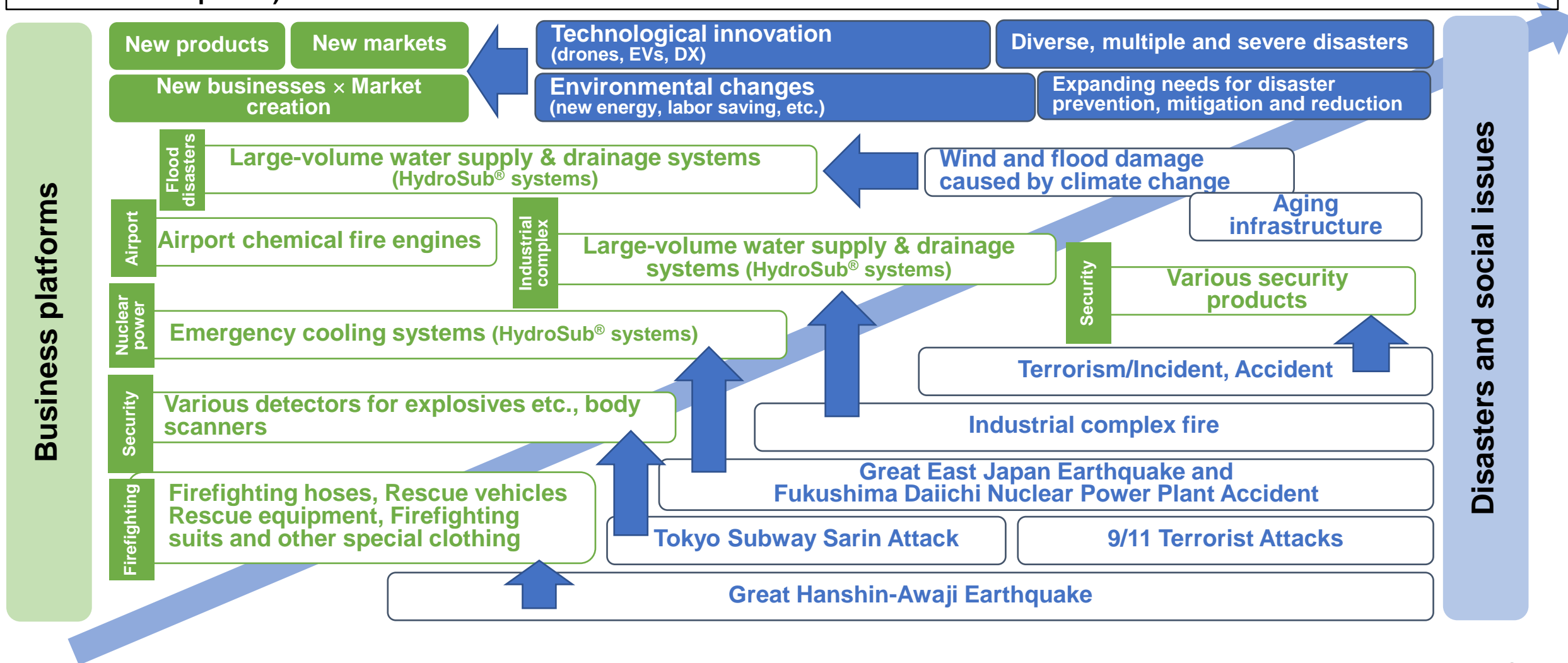
## Initiatives to Improve PBR (5) Long-Term Business Strategy

- 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)	Aging infrastructure					New Products × New Markets	• Body scanners	• CBRNE products (detectors)
Disaster mitigation (Minimize damage)	Response to and utilization of environmental changes (coping with new energy, labor saving, etc.) and technological innovations (drones, EVs, etc.)							
	<ul style="list-style-type: none"> <li>• Firefighting hoses</li> <li>• Firefighting suits</li> <li>• Wheelchair rescue vehicle for high places</li> <li>• Large-volume water supply &amp; drainage systems (HS)</li> </ul>	<ul style="list-style-type: none"> <li>• Rescue vehicles</li> <li>• Rescue equipment</li> <li>• Advanced lifesaving equipment</li> </ul>	<ul style="list-style-type: none"> <li>• Large-volume water supply &amp; drainage systems (HS)</li> <li>• Strong vacuum vehicle</li> </ul>	New Products × New Markets	<ul style="list-style-type: none"> <li>• Emergency cooling systems (HS)</li> </ul>		<ul style="list-style-type: none"> <li>• Airport chemical fire engines</li> </ul>	
Disaster reduction (Prevention and recovery)	Recovery and reconstruction related “New businesses × Market creation”							

## Initiatives to Improve PBR (6) Long-Term Business Strategy

- History of expansion and cultivation of business domains ⇒ Business platforms acquired and being developed to date (e.g., development of applications for HydroSub® systems)
- New products, new markets and New business in future × Market creation ⇒ Business platforms to be acquired (investment/alliance with other companies)



## Initiatives to improve PBR (7) Long-Term Business Strategy — FY2024 Results

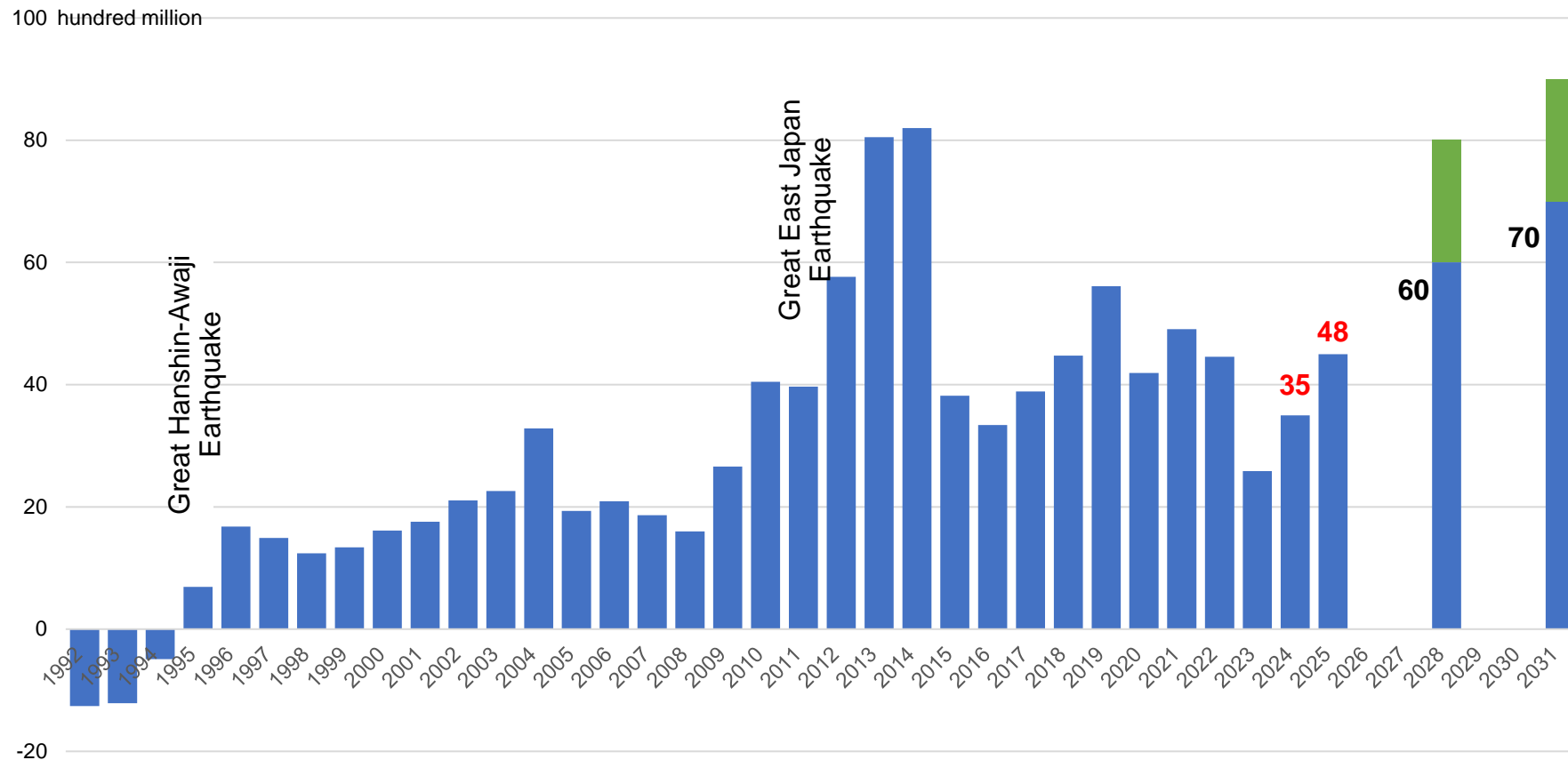
- Expansion of business based on the existing business platforms

 [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]

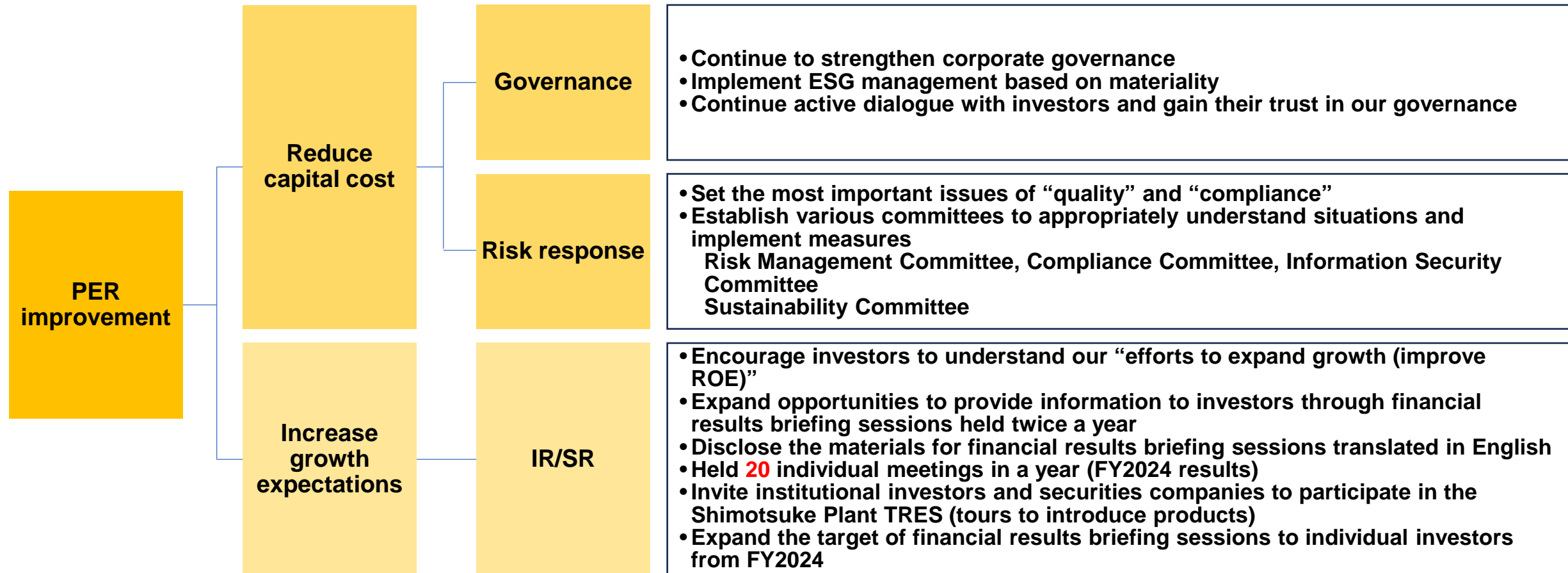
### Consolidated operating profit and outlook





## Initiatives to Improve PBR (8) PER Improvement

- 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 (9) Investment Strategy and Capital Allocation — FY2024 Results

- 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

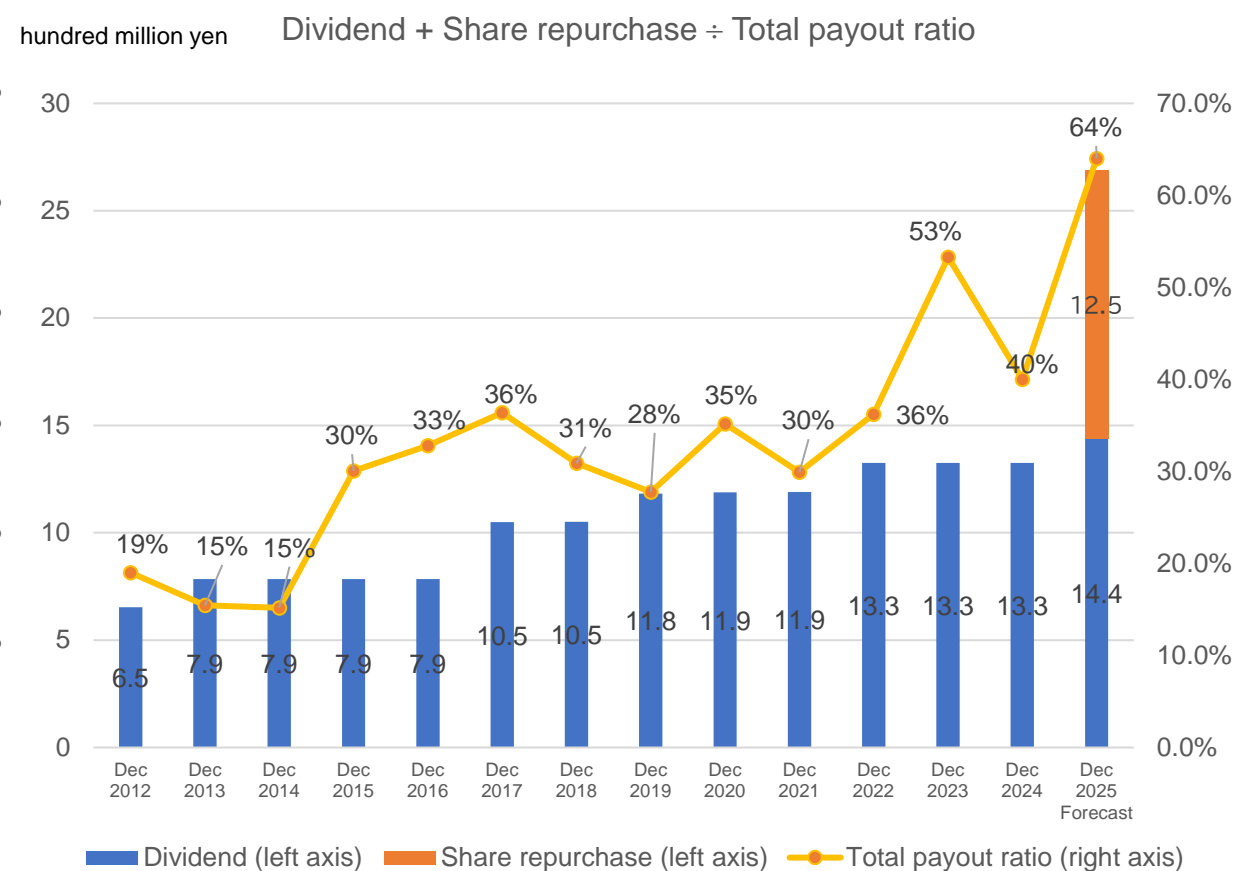
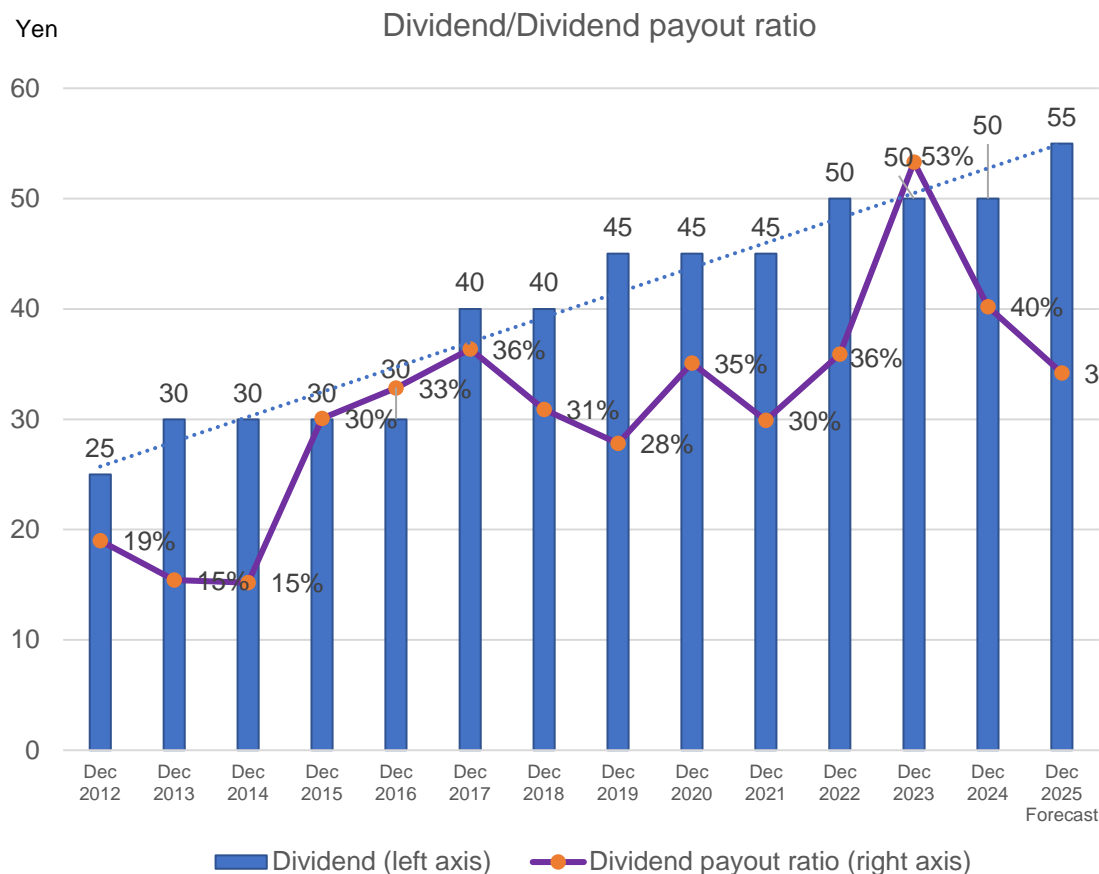
### Cumulative forecast for 5 years (2024 to 2028)

Inflow		Outflow		Inflow	
Operating CF 20 billion yen	FY2024 result	Shareholder return 9 billion yen	FY2024 result	<div><div><div>● Operating cash flow 20 billion yen (FY2024 actual 2 billion yen) — (1)</div><div>Net income + Depreciation totaling 25 billion yen*— Increase in working capital of 5 billion yen</div><div>* 5 year average based on the target value Net income 4.4 billion yen + Depreciation 0.7 billion yen ≈ 5 billion yen</div></div><div><div>● Financing facility 9 billion yen (FY2024 actual 1.8 billion yen)</div><div>Asset utilization + Financing</div></div></div>	
			<div><div>FY2025 Dividend 1.4 billion yen + Share repurchase 1.3 billion yen</div><div>(2) 2.7 billion yen</div></div>		
Financing facility 9 billion yen	(1) 2.0 billion yen	Investment 20 billion yen		Outflow	
			<div>Acquisition of tangible and intangible assets, etc.</div> <div>Renewal investment 0.69 bn Human investment 0.12 bn System investment 0.13 bn R&amp;D investment 0.18 bn</div> <div>(3) 1.1 billion yen</div>	<div><div>● Shareholder return 9 billion yen (FY2024 actual 2.7 billion yen) — (2)</div><div>Total payout ratio: 40%</div><div>* Five-year average net income 4.4 bn yen × 40% ≈ 1.8 bn yen</div></div> <div><div>● Investment 9 billion yen (FY2024 actual 1.1 billion yen) — (3)</div><div>Growth investment including M&amp;A, human capital investment, system and DX investment, research and development investment, and renewal investment</div></div>	
	1.8 billion yen	Human capital investment System and DX investment R&D investment Renewal investment			

\* 2024 results: (1) Operating CF is based on the FY2024 CF statement. (2) Shareholder return is the amount of dividends and share repurchases scheduled for FY2025.  
(3) Investment is the purchase of tangible and intangible assets in FY2024. Funding is the difference between (1) and (3).

## Initiatives to Improve PBR (10) Shareholder Return — New Additions

- We maintain a basic policy of paying dividends based on earnings, and have a track record of increasing dividends over time.
- The five-year (2024–2029) target is a total payout ratio is 40% or more
- “Flexible share repurchase” was added to our policy, and repurchase of 500,000 shares (1.25 billion yen) was resolved at the Board of Directors meeting in February 2025



## Initiatives to Improve PBR (11) Status of Implementation of Dialogue with Investors — FY2024 Results, Etc.

### ■ Activity Results in FY2024

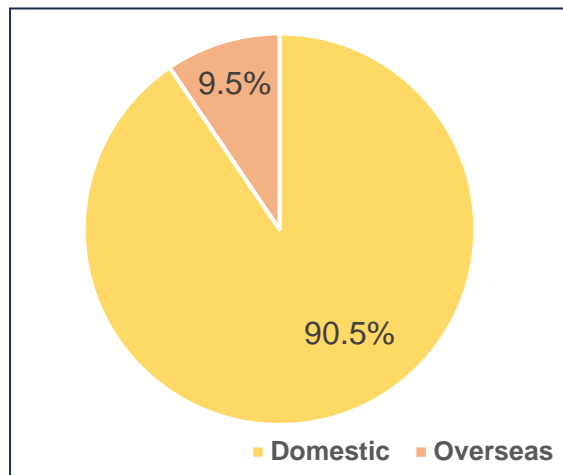
Type	Frequency, Number of companies	Main personnel to address
Financial results briefing sessions	twice (In total, 38 companies and 2,951 individuals)	President & CEO, and Vice President
Product briefing sessions (Shimotsuke Plant)	Once (8 companies)	Vice President, Planning & Administration staff Sales managers in charge, etc.
Individual meetings	17 companies (20 times) (of which, six overseas companies)	Vice President, Planning & Administration staff

Note) January 2025: IR fair for individual investors (participated in by about 500 persons, including Chairman as a guest speaker)

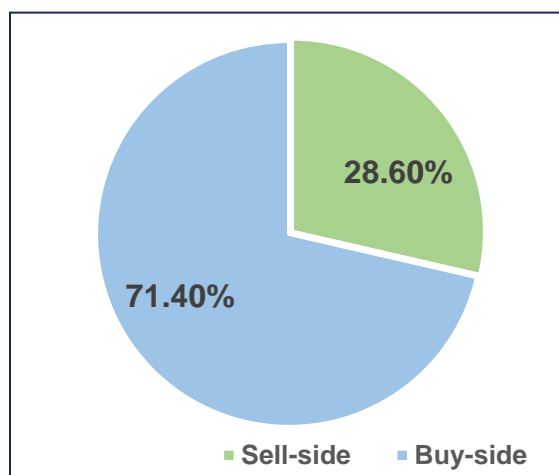
### (Breakdown of investors)

Participation in briefing sessions and individual meetings (63 companies in total)

Domestic and overseas ratio



Buy-side/sell-side ratio



### ■ Investors' major interests and opinions

(Institutional investors, mainly through individual interviews)

- Mechanisms and trends in the disaster prevention industry (bidding system, laws, etc.)
- Business description (markets, market share, competition, products, etc.)
- Business strategy, growth story
- Capital efficiency, capital allocation, cross-holdings, etc.

(Individual investors, mainly through web-based financial briefing)

- Expecting an increase in publicity and active IR activities
- Mismatch between company name and its business description
- The theme of disaster prevention and preparedness business is attractive. Want to hear the company's growth strategy in more detail
- Expecting a further enhancement of shareholder return

### ■ Main responses based on dialogue with

Request	Response
Enhancement of IR activities and information disclosure	<ul style="list-style-type: none"> <li>- Held various investor briefings, participated in IR events, translated various materials into English</li> <li>- Posted business overview videos on the website</li> </ul> <p>&lt;Planned initiatives&gt; Publishing analyst reports and integrated reports</p>
Enhancement of shareholder return	<ul style="list-style-type: none"> <li>• Enhanced shareholder return (achieved a total payout ratio of 40% or more)</li> <li>• Actively conducted share repurchase</li> </ul>
Profitability and capital efficiency improvement	<ul style="list-style-type: none"> <li>• Deepened and expanded business/Expanded shareholder return (see pages 3 and 4)</li> </ul>

### ■ 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