

Consolidated Financial Results for 2024

[Japanese GAAP]

February 10, 2025

Company name: Fenwal Controls of Japan, Ltd.

Listing: Tokyo Stock Exchange

Stock code: 6870

URL: <https://www.fenwal.co.jp/>

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Scheduled date of Annual General Meeting of Shareholders: March 28, 2025

Scheduled date of payment of dividend: March 31, 2025

Scheduled date of filing of Annual Securities Report: March 31, 2025

Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: Yes (for analysts)

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for 2024 (January 1 to December 31, 2024)

(1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
2024	12,515	(0.7)	1,181	14.2	1,359	17.2	1,115	189.1
2023	12,601	1.6	1,035	(21.0)	1,159	(21.6)	385	(53.3)

Note: Comprehensive income (millions of yen) 2024: 1,521 (up 100.0%) 2023: 760 (up 0.0%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit on net sales
	Yen	Yen	%	%	%
2024	198.99	-	8.5	7.0	9.4
2023	68.83	-	3.1	6.1	8.2

Reference: Equity in earnings of associates (millions of yen) 2024: - 2023: -

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2024	19,521	13,585	69.6	2,422.68
As of Dec. 31, 2023	19,075	12,680	66.5	2,261.30

Reference: Shareholders' equity (millions of yen) As of Dec. 31, 2024: 13,585 As of Dec. 31, 2023: 12,680

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
2024	949	(659)	(920)	6,289
2023	1,114	940	(646)	6,819

2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
2023	-	0.00	-	72.00	72.00	407	104.6	3.3
2024	-	37.00	-	37.00	74.00	418	37.2	3.2
2025 (forecast)	-	37.00	-	37.00	74.00		67.0	

3. Consolidated Forecast for 2025 (January 1 to December 31, 2025)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	11,600	(7.3)	500	(57.7)	545	(59.9)	619	(44.5)	110.39

* Notes

(1) Significant changes in the scope of consolidation during the period: None

(2) Changes in accounting policies and accounting-based estimates, and restatements

- 1) Changes in accounting policies due to revisions in accounting standards, others: None
- 2) Changes in accounting policies other than 1) above: None
- 3) Changes in accounting-based estimates: None
- 4) Restatements: None

(3) Number of shares issued (common stock)

1) Number of shares issued at the end of the period (including treasury shares)

As of Dec. 31, 2024: 5,893,000 shares As of Dec. 31, 2023: 5,893,000 shares

2) Number of treasury shares at the end of the period

As of Dec. 31, 2024: 285,522 shares As of Dec. 31, 2023: 285,522 shares

3) Average number of shares during the period

Fiscal year ended Dec. 31, 2024: 5,607,478 shares Fiscal year ended Dec. 31, 2023: 5,606,860 shares

Note: The number of treasury shares excluded from the calculation of the number of treasury shares at the end of the period and average number of shares during the period include the shares of the Company held by Custody Bank of Japan, Ltd. (Trust Account) as trust assets for distributing stock to officers.

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for 2024 (January 1 to December 31, 2024)

(1) Non-consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
2024	9,633	0.3	1,147	31.7	1,378	(34.0)	1,044	(25.1)
2023	9,600	(3.6)	871	(31.6)	2,087	8.4	1,395	4.1

	Net income per share	Diluted net income per share
	Yen	Yen
2024	186.35	-
2023	248.91	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2024	18,251	13,538	74.2	2,414.28
As of Dec. 31, 2023	17,748	12,590	70.9	2,245.33

Reference: Shareholders' equity (millions of yen) As of Dec. 31, 2024: 13,538 As of Dec. 31, 2023: 12,590

<Reasons for differences between the non-consolidated financial results for 2023 and those for 2024>

The difference between the 2023 and 2024 results was caused by dividend income from the affiliated company, which the Company recorded as non-operating income in 2023.

* The current financial report is not subject to audit by certified public accountants or auditing firms.

* Cautionary statement with respect to forward-looking statements, and other special items

Cautionary statement with respect to forecasts

Forecasts of future performance in this document are based on assumption judged to be valid and information currently available to the Company's management, but are not promises by the Company regarding future performance. Actual results may differ materially from the forecasts for a number of reasons. Please refer to "1. Overview of Results of Operations, (5) Outlook" on page 4 for forecast assumptions and notes of caution for usage.

How to view supplementary materials for financial results

The Japanese version of the supplementary materials for the financial results will be posted on the Company's website on February 25, 2025. The English version will be posted as soon as the translation is completed.

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1. Overview of Results of Operations

(1) Results of Operations

During 2024, the Japanese economy continued to face uncertainty, reflecting the impact of ongoing high interest rates in the US and Europe, concerns about the future of the Chinese economy, a continued rise in prices of goods and progress in the depreciation of the Japanese currency. Nonetheless, the economy continued a gradual recovery, thanks to growth in capital investment based on strong corporate revenues and improved employment and income situations.

In this environment, orders received increased slightly year-on-year, mainly due to brisk orders for hot plates for semiconductor manufacturing equipment in the thermal segment and fire engines in the fire pumps segment. However, orders declined for projects of repairing fire extinguishing facilities and others in the safety security protection (SSP) segment. Net sales dropped year-on-year, reflecting a decrease in sales of sensors in the thermal segment despite completion of large construction projects in the SSP segment.

As a result, orders received amounted to 12,207 million yen, up 2.9% year-on-year, and net sales were 12,515 million yen, down 0.7% year-on-year. Operating profit stood at 1,181 million yen, up 14.2% year-on-year, reflecting growth in gross profit in association with the completion of large construction projects in the SSP segment. Ordinary profit reached 1,359 million yen, up 17.2% year-on-year, chiefly benefiting from foreign exchange gains arising from the depreciation of the yen. Profit attributable to owners of parent was 1,115 million yen, up 189.1% year-on-year. It is explained mainly by the partial reversal of the provision for loss related to product repair, posted as extraordinary income.

Business segment performance was as follows:

Safety Security Protection (SSP)

Orders received in this segment dropped after large renovation projects for the principal electric power industry came to an end. On the other hand, sales rose after completion of large projects for halon fire extinguishing facilities and others.

As a result, orders received were 4,536 million yen, down 13.8% year-on-year, and sales were 5,162 million yen, up 6.6%.

Thermal

In this segment, orders received increased, mainly for hot plates, because of strong demand for equipment in semiconductor market. Sales, however, decreased chiefly as a result of a slide in shipments after calming of special demand for one of the mainstay products, namely sensors for semiconductor manufacturing equipment.

As a result, orders received were 2,010 million yen, up 27.8% year-on-year, and sales were 2,027 million yen, down 20.7%.

Medical

In this segment, orders received and sales both increased. Demand for our mainstay product, specifically artificial kidney dialysis equipment, and associated products for overseas markets surpassed the 2023 level.

As a result, orders received were 1,423 million yen, up 7.0% year-on-year, and sales were 1,448 million yen, up 12.2%.

Printed Wiring Board Assembly (PWBA)

In this segment, both orders received and sales increased thanks to firm demand for products used for industrial equipment.

As a result, orders received were 1,007 million yen, up 16.8% year-on-year, and sales were 995 million yen, up 9.1%.

Fire Pumps

In this segment, orders received increased as a result of large orders for fire engines for the use by the national and local governments. Meanwhile, sales dropped, reflecting sluggish sales of fire pumps and fire engines.

As a result, orders received were 3,229 million yen, up 14.1% year-on-year, and sales were 2,882 million yen, down 3.9%.

(2) Financial Position

Assets

Total assets amounted to 19,521 million yen at the end of 2024, an increase of 446 million yen or 2.3% compared with 19,075 million yen at the end of 2023. The main factor for the increase was 1,213 million yen in investment securities (up 72.6%), while the main factor for the decrease was 530 million yen in cash and deposits (down 7.8%).

Liabilities

Total liabilities amounted to 5,936 million yen at the end of 2024, a decrease of 458 million yen or 7.2% compared with 6,395 million yen at the end of 2023. The main factors for the decrease were 308 million yen in provision for loss related to product repair (down 40.6%) and 295 million yen in long-term borrowings (down 46.2%).

Net assets

Net assets totaled 13,585 million yen at the end of 2024, an increase of 904 million yen or 7.1% compared with 12,680 million yen at the end of 2023. Major factors included a 519 million yen increase in valuation difference on available-for-sale securities (up 66.2%).

(3) Cash Flows

The balance of cash and cash equivalents (hereinafter, “cash”) decreased 530 million yen from the end of 2023 to total 6,289 million yen at the end of 2024.

The cash flow components during 2024 and the main reasons for changes are as described below.

Cash flows from operating activities

Net cash provided by operating activities totaled 949 million yen, a decrease of 165 million yen year-on-year. The main factors include profit before income taxes of 1,461 million yen and a decrease of 308 million yen in the provision for loss related to product repair.

Cash flows from investing activities

Net cash used in investing activities was 659 million yen (940 million yen provided in the previous fiscal year). This was chiefly owing to 633 million yen in the purchase of property, plant and equipment.

Cash flows from financing activities

Net cash used in financing activities totaled 920 million yen, an increase of 273 million yen year-on-year. This was caused mainly by dividends paid of 615 million yen.

(Reference) Cash Flow Indicators

	2021	2022	2023	2024
Equity ratio (%)	63.8	65.4	66.5	69.6
Market value-based equity ratio (%)	48.0	40.9	45.3	49.0
Interest-bearing debt to cash flow ratio (years)	1.8	4.4	1.4	1.3
Interest coverage ratio (times)	70.7	30.0	96.1	81.2

Equity ratio: Shareholders' equity / Total assets

Market value-based equity ratio: Market capitalization / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Operating cash flows

Interest coverage ratio: Operating cash flows / Interest payments

* All indices are calculated based on consolidated figures.

* Market capitalization is calculated by multiplying the closing share price at the end of the period by the number of shares outstanding (net of treasury shares) at the end of the period.

* Interest payments represent interest expenses paid on the consolidated statement of cash flows.

(4) Basic Policy for Profit Distribution and Dividends for the Current and Next Fiscal Years

The consistent and stable distribution of earnings to shareholders is one of the highest priorities of the Company. The basic policy is to distribute as much earnings as possible to shareholders while taking into consideration the need to retain earnings for increasing the soundness of business operations and fund upcoming business activities.

To maintain the stability of earnings distributions to shareholders, the Company uses dividend on equity (DOE) as a guideline. The policy is to pay aggregate dividends that are approximately 3.5% of shareholders' equity for the purposes of maintaining the stability of dividends while making substantial investments for the growth of corporate value.

The Company's Articles of Incorporation have provisions to pay interim and year-end dividends from surplus as well as to pay a dividend from surplus based on another record date if approved at an extraordinary shareholders meeting.

Based on this policy, the Company plans to pay a year-end dividend per share of 37 yen for 2024. This means that the annual dividend, including the interim dividend, per share will be 74 yen for 2024.

Retained earnings will be used for investments that generate future returns for shareholders and further strengthen the infrastructure for business operations.

The dividend for 2025 will be determined in accordance with this basic policy. At this time, the plan is to pay a dividend of 74 yen per share consisting of 37 yen interim and year-end dividends.

(5) Outlook

The outlook for the economy is expected to remain uncertain, chiefly because of concerns about future US economic policies and the direction of the Chinese economy, rising goods prices and the trend of the yen in the foreign exchange market.

The Group places emphasis on the medium to long-term growth of corporate value and has a basic policy of investing aggressively in its management foundations to strengthen its business structure under a slogan of "Master the fundamentals and take on the challenge of radical change".

By taking actions in accordance with the basic policy explained earlier, the goals for 2025 are sales of 11,600 million yen, operating profit of 500 million yen, ordinary profit of 545 million yen and profit attributable to owners of parent of 619 million yen.

The outlook for business segments is as follows.

In the SSP segment, measures to deal with product defects have been completed. Sales activities to gain new customers are producing signs of a turnaround. Inquiries from potential new customers are increasing, especially regarding safety measures for plants. Nonetheless, a weak performance is anticipated for 2025, mainly in view of the poor results of activities for receiving orders in 2024 and the end of large projects for the principal electric

power industry.

In the thermal segment, solid demand is forecast for semiconductor manufacturing equipment amid the buoyant situation in the market for semiconductors for artificial intelligence (AI). However, the momentum is expected to slow, due mainly to the bearish outlook for the Chinese economy and slow demand for products for electric vehicles.

For main selling items, namely hot plates and sensors for semiconductor manufacturing equipment, demand is projected to decrease in the first half of 2025 and to rally in the second half and later. In this light, the Company forecasts a solid performance.

In the medical segment, the Company reached an agreement with clients on the conditions for the termination of the contract manufacturing of artificial kidney dialysis equipment, as announced in the “Notice Concerning Termination of Commissioned Manufacturing Related to Dialysis Equipment” (Japanese version only) on January 31, 2025. The Company is set to manufacture artificial kidney dialysis equipment until the date of termination of contract manufacturing, namely on December 31, 2026.

This segment will continue manufacturing and sales of its products other than the artificial kidney dialysis equipment.

In the PWBA segment, demand for products for industrial equipment, medical equipment and office equipment is recovering. Meanwhile, the Company is stepping up sales activities in the pursuit of new higher value-added projects such as unit assembly. Performance is thus expected to be bullish.

In the fire pumps segment, the Company believes that it will face weak profits, given factors including rising prices of raw materials and increasing costs related to investment in production facilities, even though the fire department budgets of national and local governments in Japan are on an upturn trend.

2. Basic Approach to the Selection of Accounting Standards

The Group will continue to prepare consolidated financial statements using generally accepted accounting principles in Japan for the time being to permit comparisons with prior years and with the financial data of other companies.

We will take suitable actions with regard to the application of International Financial Reporting Standards (IFRS) by taking into account associated factors in Japan and other countries.

3. Consolidated Financial Statements and Notes**(1) Consolidated Balance Sheet**

	(Thousands of yen)	
	2023	2024
	(As of Dec. 31, 2023)	(As of Dec. 31, 2024)
Assets		
Current assets		
Cash and deposits	6,819,624	6,289,149
Notes and accounts receivable-trade	1,782,615	1,821,929
Electronically recorded monetary claims-operating	1,330,956	1,433,443
Accounts receivable from completed construction contracts and contract assets	1,344,241	1,088,646
Securities	502,444	-
Finished goods	727,770	835,204
Work in process	314,936	425,819
Raw materials	1,796,717	1,858,417
Other	210,768	93,606
Allowance for doubtful accounts	(3,899)	(3,899)
Total current assets	14,826,175	13,842,316
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	556,036	782,845
Machinery, equipment and vehicles, net	109,958	173,934
Land	416,718	433,346
Construction in progress	51,020	59,117
Other, net	158,183	217,316
Total property, plant and equipment	1,291,918	1,666,560
Intangible assets		
Goodwill	810,766	694,942
Software	135,898	104,955
Software in progress	-	4,600
Other	6,221	5,959
Total intangible assets	952,886	810,457
Investments and other assets		
Investment securities	1,670,353	2,883,727
Deferred tax assets	188,221	50,941
Retirement benefit asset	-	127,549
Other	166,563	160,949
Allowance for doubtful accounts	(20,650)	(20,650)
Total investments and other assets	2,004,488	3,202,518
Total non-current assets	4,249,293	5,679,536
Total assets	19,075,468	19,521,852

	(Thousands of yen)	
	2023	2024
	(As of Dec. 31, 2023)	(As of Dec. 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,872,503	1,796,717
Accounts payable for construction contracts	563,035	426,962
Short-term borrowings	600,000	600,000
Current portion of long-term borrowings	295,920	295,920
Income taxes payable	89,465	332,042
Contract liabilities	460,449	268,897
Provision for product warranties	315,712	372,917
Other	520,275	580,903
Total current liabilities	4,717,361	4,674,360
Non-current liabilities		
Long-term borrowings	640,300	344,380
Retirement benefit liability	232,376	225,609
Provision for share awards for directors (and other officers)	6,658	10,985
Asset retirement obligations	23,852	58,494
Deferred tax liabilities	-	156,248
Provision for loss related to product repair	759,607	451,262
Other	15,118	15,414
Total non-current liabilities	1,677,914	1,262,394
Total liabilities	6,395,275	5,936,754
Net assets		
Shareholders' equity		
Share capital	996,600	996,600
Capital surplus	1,460,517	1,460,517
Retained earnings	9,329,785	9,828,567
Treasury shares	(413,653)	(413,653)
Total shareholders' equity	11,373,249	11,872,031
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	785,366	1,304,888
Foreign currency translation adjustment	481,633	323,148
Remeasurements of defined benefit plans	39,942	85,029
Total accumulated other comprehensive income	1,306,943	1,713,066
Total net assets	12,680,192	13,585,098
Total liabilities and net assets	19,075,468	19,521,852

(2) Consolidated Statements of Income and Comprehensive Income**(Consolidated Statement of Income)**

	(Thousands of yen)	
	2023	2024
	(Jan. 1, 2023 – Dec. 31, 2023)	(Jan. 1, 2024 – Dec. 31, 2024)
Net sales	12,601,302	12,515,938
Cost of sales	8,590,773	8,380,296
Gross profit	4,010,529	4,135,642
Selling, general and administrative expenses	2,975,503	2,953,688
Operating profit	1,035,025	1,181,954
Non-operating income		
Interest income	32,980	13,472
Dividend income	48,018	65,455
Insurance claim income	11,308	-
Dividend income of insurance	11,734	10,304
Foreign exchange gains	21,059	91,054
Other	18,162	11,382
Total non-operating income	143,262	191,670
Non-operating expenses		
Interest expenses	11,551	11,576
Settlement payments	5,531	1,067
Other	1,351	1,612
Total non-operating expenses	18,433	14,256
Ordinary profit	1,159,855	1,359,367
Extraordinary income		
Gain on sale of investment securities	6,388	-
Gain on liquidation of subsidiaries and associates	-	20,613
Reversal of provision for product warranties	-	95,127
Total extraordinary income	6,388	115,740
Extraordinary losses		
Provision for loss related to product repair	577,162	-
Office relocation expenses	-	14,069
Total extraordinary losses	577,162	14,069
Profit before income taxes	589,081	1,461,039
Income taxes-current	178,465	397,389
Income taxes-deferred	24,708	(52,200)
Total income taxes	203,173	345,188
Profit	385,907	1,115,850
Profit attributable to owners of parent	385,907	1,115,850

(Consolidated Statement of Comprehensive Income)

	(Thousands of yen)	
	2023	2024
	(Jan. 1, 2023 – Dec. 31, 2023)	(Jan. 1, 2024 – Dec. 31, 2024)
Profit	385,907	1,115,850
Other comprehensive income		
Valuation difference on available-for-sale securities	253,759	519,522
Foreign currency translation adjustment	63,192	(158,485)
Remeasurements of defined benefit plans, net of tax	58,036	45,086
Total other comprehensive income	374,988	406,123
Comprehensive income	760,896	1,521,973
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	760,896	1,521,973

(3) Consolidated Statement of Changes in Equity

2023 (Jan. 1, 2023 – Dec. 31, 2023)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	996,600	1,460,517	9,340,161	(416,416)	11,380,862
Changes during period					
Dividends of surplus			(396,282)		(396,282)
Profit attributable to owners of parent			385,907		385,907
Disposal of treasury shares				2,762	2,762
Net changes in items other than shareholders' equity					
Total changes during period	-	-	(10,375)	2,762	(7,612)
Balance at end of period	996,600	1,460,517	9,329,785	(413,653)	11,373,249

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	531,606	418,441	(18,093)	931,954	12,312,816
Changes during period					
Dividends of surplus					(396,282)
Profit attributable to owners of parent					385,907
Disposal of treasury shares					2,762
Net changes in items other than shareholders' equity	253,759	63,192	58,036	374,988	374,988
Total changes during period	253,759	63,192	58,036	374,988	367,376
Balance at end of period	785,366	481,633	39,942	1,306,943	12,680,192

2024 (Jan. 1, 2024 – Dec. 31, 2024)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	996,600	1,460,517	9,329,785	(413,653)	11,373,249
Changes during period					
Dividends of surplus			(617,068)		(617,068)
Profit attributable to owners of parent			1,115,850		1,115,850
Disposal of treasury shares					
Net changes in items other than shareholders' equity					
Total changes during period	-	-	498,781		498,781
Balance at end of period	996,600	1,460,517	9,828,567	(413,653)	11,872,031

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	785,366	481,633	39,942	1,306,943	12,680,192
Changes during period					
Dividends of surplus					(617,068)
Profit attributable to owners of parent					1,115,850
Disposal of treasury shares					
Net changes in items other than shareholders' equity	519,522	(158,485)	45,086	406,123	406,123
Total changes during period	519,522	(158,485)	45,086	406,123	904,905
Balance at end of period	1,304,888	323,148	85,029	1,713,066	13,585,098

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	2023 (Jan. 1, 2023 – Dec. 31, 2023)	2024 (Jan. 1, 2024 – Dec. 31, 2024)
Cash flows from operating activities		
Profit before income taxes	589,081	1,461,039
Depreciation	213,116	286,088
Amortization of goodwill	115,823	115,823
Increase (decrease) in provision for product warranties	195,739	57,204
Increase (decrease) in allowance for doubtful accounts	(302,097)	-
Decrease (increase) in retirement benefit asset	-	(127,549)
Increase (decrease) in retirement benefit liability	(14,026)	(64,338)
Increase (decrease) in provision for share awards for directors (and other officers)	(466)	4,326
Increase (decrease) in provision for loss related to product repair	62,806	(308,344)
Interest and dividend income	(80,998)	(78,928)
Interest expenses	11,551	11,576
Foreign exchange losses (gains)	(16,242)	(96,777)
Loss (gain) on sale of investment securities	(6,388)	-
Loss (gain) on liquidation of subsidiaries and associates	-	(20,613)
Insurance claim income	(11,308)	-
Decrease (increase) in trade receivables	565,828	113,794
Decrease (increase) in inventories	(342,139)	(280,017)
Increase (decrease) in trade payables	165,984	(211,859)
Increase (decrease) in accounts payable-other	30,412	100,010
Increase (decrease) in contract liabilities	(6,206)	(191,552)
Other, net	216,373	190,209
Subtotal	1,386,842	960,092
Interest and dividends received	105,313	80,634
Interest paid	(11,597)	(11,699)
Proceeds from insurance income	11,308	-
Income taxes paid	(377,415)	(183,745)
Income taxes refund	-	104,160
Net cash provided by (used in) operating activities	1,114,451	949,443
Cash flows from investing activities		
Payments into time deposits	(702,700)	(428,190)
Proceeds from withdrawal of time deposits	1,686,480	428,190
Purchase of property, plant and equipment	(177,875)	(633,665)
Purchase of software	(61,340)	(22,163)
Purchase of short-term and long-term investment securities	(15,927)	(509,793)
Proceeds from sale and redemption of short-term and long-term investment securities	212,408	500,000
Proceeds from collection of loans receivable	6,000	6,000
Other, net	(6,365)	335
Net cash provided by (used in) investing activities	940,679	(659,285)

	(Thousands of yen)	
	2023	2024
	(Jan. 1, 2023 – Dec. 31, 2023)	(Jan. 1, 2024 – Dec. 31, 2024)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	50,000	-
Repayments of long-term borrowings	(295,920)	(295,920)
Proceeds from disposal of treasury shares	2,762	-
Dividends paid	(396,164)	(615,969)
Other, net	(7,240)	(8,430)
Net cash provided by (used in) financing activities	(646,563)	(920,320)
Effect of exchange rate change on cash and cash equivalents	23,205	99,686
Net increase (decrease) in cash and cash equivalents	1,431,773	(530,475)
Cash and cash equivalents at beginning of period	5,387,851	6,819,624
Cash and cash equivalents at end of period	6,819,624	6,289,149

(5) Notes to Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Segment and Other Information

Segment information

1. Overview of reportable segments

Segments used for financial reporting are the constituent units of the Company for which separate financial information is available and for which the Management Committee and Board of Directors perform periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The Group has five business units based on product categories: Safety Security Protection, Thermal, Medical, Printed Wiring Board Assembly and Fire Pumps. Each business determines its own strategies and conducts its own operations in Japan and other countries.

Consequently, the Company has five reportable segments: Safety Security Protection, Thermal, Medical, Printed Wiring Board Assembly and Fire Pumps.

Major products and services of reportable segments

Reportable segment	Major products/Services
Safety Security Protection	Fire detection equipment, high-speed fire suppression system HFC-227ea, explosion containment equipment, CO2 fire extinguishing equipment, fire sprinkler systems, maintenance and inspection services
Thermal	Hot plates for semiconductor manufacturing equipment, temperature sensors, digital temperature control units, temperature control units for constant temperature/humidity chambers
Medical	Artificial kidney dialysis equipment
Printed Wiring Board Assembly	Printed circuit board assembly
Fire Pumps	Fire pumps, fire engines, safety pumps, fully automatic fire extinguishing systems

2. Calculation method for net sales, profit or loss, assets, liabilities, and other items for reportable segments

The accounting method used for reportable business segments are generally the same as those described in “Significant Accounting Policies in the Preparation of Consolidated Financial Statements.”

Profits for reportable business segments are operating profit figures.

3. Information related to net sales, profit or loss, assets, liabilities and other items for reportable segments and breakdown of revenue

2023 (Jan. 1, 2023 – Dec. 31, 2023)

(Thousands of yen)

	Reportable segment						Adjustment (Note 1)	Amounts shown on consolidated financial statements (Note 2)
	Safety Security Protection	Thermal	Medical	Printed Wiring Board Assembly	Fire Pumps	Total		
Net sales								
Goods or services that are transferred at a point in time	689,411	2,555,234	1,291,005	912,211	3,001,033	8,448,896	-	8,448,896
Goods or services that are transferred over a certain period of time	4,152,406	-	-	-	-	4,152,406	-	4,152,406
Revenue from contracts with customers	4,841,818	2,555,234	1,291,005	912,211	3,001,033	12,601,302	-	12,601,302
External sales	4,841,818	2,555,234	1,291,005	912,211	3,001,033	12,601,302	-	12,601,302
Inter-segment sales and transfers	-	-	-	-	-	-	-	-
Total	4,841,818	2,555,234	1,291,005	912,211	3,001,033	12,601,302	-	12,601,302
Segment profit	744,449	542,028	121,278	90,657	203,869	1,702,283	(667,257)	1,035,025
Segment assets	3,055,721	1,381,829	1,092,273	1,153,430	3,467,090	10,150,345	8,925,123	19,075,468
Other items								
Depreciation	48,883	62,909	9,396	18,085	35,207	174,483	38,632	213,116
Amortization of goodwill	-	-	-	-	115,823	115,823	-	115,823
Increase in property, plant and equipment and intangible assets	49,175	94,171	13,000	17,986	44,452	218,786	2,800	221,586

Notes: 1. Adjustments are as follows:

- (1) The adjustment of negative 667,257 thousand yen to segment profit includes corporate expenses which mainly include general and administrative expenses that cannot be attributed to reportable segments.
 - (2) The adjustment to segment assets includes corporate assets of 8,925,123 thousand yen that are not allocated to any of the reportable segments. Corporate assets mainly consist of surplus funds (cash and deposits) at the parent company, long-term investments (investment securities) and assets which belong to the administration department.
 - (3) The adjustment to depreciation includes depreciation of corporate assets that are not allocated to any of the reportable segments.
 - (4) The adjustment to increase in property, plant and equipment and intangible assets includes corporate assets that are not allocated to any of the reportable segments.
2. Segment profit is adjusted with operating profit shown on the consolidated financial statements.

2024 (Jan. 1, 2024 – Dec. 31, 2024)

(Thousands of yen)

	Reportable segment						Adjustment (Note 1)	Amounts shown on consolidated financial statements (Note 2)
	Safety Security Protection	Thermal	Medical	Printed Wiring Board Assembly	Fire Pumps	Total		
Net sales								
Goods or services that are transferred at a point in time	734,351	2,027,134	1,448,469	995,173	2,882,550	8,087,679	-	8,087,679
Goods or services that are transferred over a certain period of time	4,428,259	-	-	-	-	4,428,259	-	4,428,259
Revenue from contracts with customers	5,162,611	2,027,134	1,448,469	995,173	2,882,550	12,515,938	-	12,515,938
External sales	5,162,611	2,027,134	1,448,469	995,173	2,882,550	12,515,938	-	12,515,938
Inter-segment sales and transfers	-	-	-	-	-	-	-	-
Total	5,162,611	2,027,134	1,448,469	995,173	2,882,550	12,515,938	-	12,515,938
Segment profit	1,263,669	380,325	56,076	106,827	43,739	1,850,638	(668,683)	1,181,954
Segment assets	2,891,553	1,498,683	1,430,260	1,021,205	3,340,707	10,182,410	9,339,442	19,521,852
Other items								
Depreciation	49,881	71,224	13,632	15,994	100,789	251,522	34,565	286,088
Amortization of goodwill	-	-	-	-	115,823	115,823	-	115,823
Increase in property, plant and equipment and intangible assets	108,409	126,104	46,890	37,416	261,735	580,556	9,993	590,550

Notes: 1. Adjustments are as follows:

- (1) The adjustment of negative 668,683 thousand yen to segment profit includes corporate expenses which mainly include general and administrative expenses that cannot be attributed to reportable segments.
 - (2) The adjustment to segment assets includes corporate assets of 9,339,442 thousand yen that are not allocated to any of the reportable segments. Corporate assets mainly consist of surplus funds (cash and deposits) at the parent company, long-term investments (investment securities) and assets which belong to the administration department.
 - (3) The adjustment to depreciation includes depreciation of corporate assets that are not allocated to any of the reportable segments.
 - (4) The adjustment to increase in property, plant and equipment and intangible assets includes corporate assets that are not allocated to any of the reportable segments.
2. Segment profit is adjusted with operating profit shown on the consolidated financial statements.

Related information

2023 (Jan. 1, 2023 – Dec. 31, 2023)

1. Information by product or service

Omitted because product and service categories are the same as the reportable segment categories.

2. Information by region

(1) Net sales

(Thousands of yen)

Japan	Asia	Other	Total
12,234,007	344,831	22,464	12,601,302

Note: Classification of net sales is based on the location of the client and categorized by country or region.

(2) Property, plant and equipment

This information is omitted because property, plant and equipment in Japan exceeded 90% of property, plant and equipment on the consolidated balance sheet.

3. Information by major client

Not applicable.

2024 (Jan. 1, 2024 – Dec. 31, 2024)

1. Information by product or service

Omitted because product and service categories are the same as the reportable segment categories.

2. Information by region

(1) Net sales

(Thousands of yen)

Japan	Asia	Other	Total
12,161,478	333,823	20,636	12,515,938

Note: Classification of net sales is based on the location of the client and categorized by country or region.

(2) Property, plant and equipment

This information is omitted because property, plant and equipment in Japan exceeded 90% of property, plant and equipment on the consolidated balance sheet.

3. Information by major client

(Thousands of yen)

Name of client	Net sales	Name of relevant segment
Toray Medical Co., Ltd.	1,353,807	Medical

Information related to impairment losses on non-current assets for each reportable segment

2023 (Jan. 1, 2023 – Dec. 31, 2023)

Not applicable.

2024 (Jan. 1, 2024 – Dec. 31, 2024)

Not applicable.

Information concerning amortization and unamortized balance of goodwill and negative goodwill by reporting segment

2023 (Jan. 1, 2023 – Dec. 31, 2023)

Amortization for the period and unamortized balance of negative goodwill are as follows.

(Thousands of yen)

	Safety Security Protection	Thermal	Medical	Printed Wiring Board Assembly	Fire Pumps	Elimination or corporate	Total
Balance at end of period	-	-	-	-	810,766	-	810,766

Note: Goodwill amortization is omitted because the same information is presented in segment information.

2024 (Jan. 1, 2024 – Dec. 31, 2024)

Amortization for the period and unamortized balance of negative goodwill are as follows.

(Thousands of yen)

	Safety Security Protection	Thermal	Medical	Printed Wiring Board Assembly	Fire Pumps	Elimination or corporate	Total
Balance at end of period	-	-	-	-	694,942	-	694,942

Note: Goodwill amortization is omitted because the same information is presented in segment information.

Information concerning gain on negative goodwill by reporting segment

2023 (Jan. 1, 2023 – Dec. 31, 2023)

Not applicable.

2024 (Jan. 1, 2024 – Dec. 31, 2024)

Not applicable.

Per Share Information

(Yen)

	2023 (Jan. 1, 2023 – Dec. 31, 2023)	2024 (Jan. 1, 2024 – Dec. 31, 2024)
Net assets per share	2,261.30	2,422.68
Net income per share	68.83	198.99
Diluted net income per share	Not shown because there were no outstanding dilutive shares	Not shown because there were no outstanding dilutive shares

Notes 1: The basis of calculating the net income per share is as follows:

	2023 (Jan. 1, 2023 – Dec. 31, 2023)	2024 (Jan. 1, 2024 – Dec. 31, 2024)
Profit attributable to owners of parent (Thousands of yen)	385,907	1,115,850
Amount not attributable to common shareholders (Thousands of yen)	-	-
Profit attributable to owners of parent applicable to common shares (Thousands of yen)	385,907	1,115,850
Average number of shares outstanding (Thousand shares)	5,606	5,607

- 2: The Company's stock is held in a trust account at Custody Bank of Japan, Ltd. as trust assets for distributing stock to officers. This stock is included in the treasury shares that are excluded from the number of shares issued at the end of the year for calculating net assets per share. This trust held 53 thousand shares of the Company's stock at the end of 2023 and 53 thousand shares at the end of 2024. For the calculation of net income per share, stock held in this trust is included in treasury shares excluded to determine the average number of shares. These deductions of trust account stock were 54 thousand shares in 2023 and 53 thousand shares in 2024.

Subsequent Events

(Completion of liquidation of consolidated subsidiary)

Liquidation of Fenwal Controls of Japan (H.K.) Limited, a consolidated subsidiary of the Company, reached completion.

1. Completion date of liquidation

January 22, 2025

2. Impact of the liquidation on profit and loss

The Company expects to reverse the foreign currency translation adjustment concerned with Fenwal Controls of Japan (H.K.) Limited and to post a gain on liquidation of subsidiaries and associates of 323 million yen as extraordinary income for the fiscal year ending December 31, 2025. After completion of liquidation of the consolidated subsidiary in question, it will be excluded from the scope of consolidation.

This financial report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.