

Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending December 31, 2025
(Three Months Ended March 31, 2025)

[Japanese GAAP]

April 30, 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 payment of dividend: -

Preparation of supplementary materials for financial results: None

Holding of financial results meeting: None

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

1. Consolidated Financial Results for the First Three Months of 2025 (January 1 to March 31, 2025)

(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	%
Three months ended Mar. 31, 2025	3,859	5.5	608	0.5	568	(14.1)	746	34.6
Three months ended Mar. 31, 2024	3,656	(10.0)	605	(3.2)	662	5.0	554	30.6

Note: Comprehensive income (millions of yen) Three months ended Mar. 31, 2025: 127 (down 81.8%)

Three months ended Mar. 31, 2024: 702 (up 38.2%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Mar. 31, 2025	133.21	-
Three months ended Mar. 31, 2024	98.94	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2025	19,173	13,503	70.4	2,408.06
As of Dec. 31, 2024	19,521	13,585	69.6	2,422.68

Reference: Shareholders' equity (millions of yen) As of Mar. 31, 2025: 13,503 As of Dec. 31, 2024: 13,585

2. Dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2024	-	37.00	-	37.00	74.00
2025	-				
2025 (forecast)		37.00	-	37.00	74.00

Note: Revisions to the most recently announced dividend forecast: None

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

Note: Revisions to the most recently announced consolidated forecast: None

* Notes

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

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) 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

(4) Number of shares issued (common stock)

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

As of Mar. 31, 2025:	5,893,000 shares	As of Dec. 31, 2024:	5,893,000 shares
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2) Number of treasury shares at the end of the period

As of Mar. 31, 2025:	285,522 shares	As of Dec. 31, 2024:	285,522 shares
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3) Average number of shares during the period

Three months ended Mar. 31, 2025:	5,607,478 shares	Three months ended Mar. 31, 2024:	5,607,478 shares
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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 includes the shares of the Company held by Custody Bank of Japan, Ltd. (Trust Account) as trust assets for distributing stock to officers.

* Review by certified public accountants or auditing firms of the attached quarterly consolidated financial statements: None

* 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. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 3 for forecast assumptions and notes of caution for usage.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first three months of 2025, the Japanese economy continued to experience uncertainty, reflecting the effects of a rise in prices, trends in interest and exchange rates and developments in U.S. government policies. Even so, the economy sustained a moderate recovery trend amid improvements in the employment and income situations.

In this environment, the safety security protection (SSP) segment, which is the core business, focused on tapping into demand for renovation works and maintenance, while simultaneously increasing sales efforts to ensure that our design specs are adopted. Nevertheless, progress remained somewhat slow in the first quarter. On the other hand, the fire pumps segment experienced steady sales of both fire pumps and fire engines in Japan.

As a result, orders received were 2,897 million yen, up 1.2% year-on-year, and sales were 3,859 million yen, up 5.5%.

On the profit front, operating profit was 608 million yen, up 0.5% year-on-year, mainly due to (i) reductions in the cost of renovation works in the SSP segment, (ii) increase in sales of highly profitable products in the thermal segment and (iii) increased sales and profits in the fire pumps segment.

Ordinary profit came to 568 million yen, down 14.1% year-on-year, due to foreign exchange losses and other factors.

Profit attributable to owners of parent stood at 746 million yen, up 34.6% year-on-year, mainly reflecting the posting of 322 million yen of a gain on liquidation of subsidiaries and associates due to the completion of the liquidation of overseas subsidiaries.

Business segment performance was as follows:

Safety Security Protection (SSP)

In this segment, both orders received and sales decreased partly due to the absence of large projects chiefly for the principal electric power industry that the segment had been handling up to the previous year.

As a result, orders received were 1,155 million yen, down 19.0% year-on-year, and sales were 1,165 million yen, down 16.0%.

Regarding the future outlook, we will work to win orders through a range of measures, such as expanding sales channels through collaboration with Seika Corporation, with which we formed a capital and business alliance in June last year, advancing sales activities to ensure that our design specs are adopted in gas fire extinguishing facilities, and strengthening efforts to cultivate demand for the renovation and maintenance of existing facilities.

In terms of development, we have formed a project team for the three new products (explosion containment equipment, gas fire extinguishing facilities and heat detectors) and started activities. We will bolster our operation system through manufacturing, sales and technology integration.

Thermal

In this segment, both orders received and sales decreased slightly due to the impact of temporary inventory adjustments attributable to lower demand for equipment in the semiconductor market, which is the source of demand for hot plates and sensors, our mainstay products in this segment.

As a result, orders received were 459 million yen, down 1.4% year-on-year, and sales were 505 million yen, down 0.9%.

As for the future outlook, we believe that there are uncertain factors in the business environment partly due to changes in demand for EVs going forward and competition with competitors in the industry, although demand is expected to grow in the area of manufacturing equipment for semiconductors, such as those for generative AI. We will increase our sensitivity to information through enhanced collaboration with the development headquarters, for example, facilitating technical sales activities, while simultaneously focusing on activities that create added value.

With respect to production, we will work to strengthen the production system mainly by reviewing manufacturing processes and updating facilities.

We are proceeding with the development of hot plates designed for functions and performance that meet market needs, while also continuing the development work on updated versions of existing products such as temperature control units and thermos switches.

Medical

In this segment, both orders received and sales increased year-on-year due to measures taken to process the final order in conjunction with the termination of manufacturing artificial kidney dialysis equipment for overseas markets, the segment's major product.

As a result, orders received were 357 million yen, up 48.3% year-on-year, and sales were 303 million yen, up 4.9%. Going forward, we will work to smoothly terminate the contract manufacturing of the said equipment by December 2026.

Printed Wiring Board Assembly (PWBA)

This segment recorded slight increases in both orders received and sales because transactions are limited to those for existing projects and the volume of production did not increase as expected.

As a result, orders received were 243 million yen, up 0.6% year-on-year, and sales were 248 million yen, up 7.8%.

As for the future outlook, to succeed amid severe price competition, we will work to create added value by leveraging mounting technology and expertise on equipment assembly, and by doing so, focus on the cultivation of new projects.

Fire Pumps

In this segment, sales of fire pumps and fire engines to the national and local governments posted temporary growth in some cases. Nevertheless, sales have recently been steady.

As a result, orders received were 681 million yen, up 39.6% year-on-year, and sales were 1,636 million yen, up 32.1%.

Regarding the future outlook, we will work to improve profitability by ensuring the cultivation of demand for the replacement of fire pumps, as well as standardizing the specification of fire engines and reviewing the production system. In addition, we will strive to enhance the lineup of disaster prevention equipment such as emergency water purification systems and actively engage in sales promotion including the development of new markets, thereby seeking to strengthen our earnings structure.

In terms of development, we will focus on changing models in the segment's mainstay water-cooled fire pumps and developing new small-sized emergency water purification systems.

(2) Explanation of Financial Position

Total assets amounted to 19,173 million yen at the end of the first quarter of 2025, a decrease of 348 million yen or 1.8% compared with 19,521 million yen at the end of 2024. The main factor was a 430 million yen decrease in investment securities (down 14.9%), which outweighed an increase in notes and accounts receivable-trade of 194 million yen, or 10.7%.

Total liabilities amounted to 5,669 million yen, a decrease of 266 million yen or 4.5% compared with 5,936 million yen at the end of 2024. This was mainly due to decreases of 179 million yen or 42.1% in accounts payable for construction contracts and 91 million yen or 27.7% in income taxes payable.

Net assets totaled 13,503 million yen, a decrease of 81 million yen or 0.6% compared with 13,585 million yen at the end of 2024. Major factors included a 291 million yen decrease in valuation difference on available-for-sale securities (down 22.3%).

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

There are no revisions to the consolidated earnings forecast for 2025, which was disclosed on February 10, 2025. We are continuing to examine details, taking into account future developments in earnings, and will make announcements promptly if it is necessary to make revisions.

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

	(Thousands of yen)	
	2024 (As of Dec. 31, 2024)	First quarter of 2025 (As of Mar. 31, 2025)
Assets		
Current assets		
Cash and deposits	6,289,149	6,231,490
Notes and accounts receivable-trade	1,821,929	2,016,055
Electronically recorded monetary claims-operating	1,433,443	1,400,460
Accounts receivable from completed construction contracts and contract assets	1,088,646	936,135
Finished goods	835,204	832,317
Work in process	425,819	423,007
Raw materials	1,858,417	1,964,095
Other	93,606	95,741
Allowance for doubtful accounts	(3,899)	(3,899)
Total current assets	13,842,316	13,895,404
Non-current assets		
Property, plant and equipment	1,666,560	1,661,174
Intangible assets		
Goodwill	694,942	665,986
Other	115,515	119,587
Total intangible assets	810,457	785,574
Investments and other assets		
Investment securities	2,883,727	2,452,778
Retirement benefit asset	127,549	149,733
Other	211,891	249,011
Allowance for doubtful accounts	(20,650)	(20,650)
Total investments and other assets	3,202,518	2,830,873
Total non-current assets	5,679,536	5,277,622
Total assets	19,521,852	19,173,027
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,796,717	1,936,106
Accounts payable for construction contracts	426,962	247,392
Short-term borrowings	600,000	700,000
Current portion of long-term borrowings	295,920	295,920
Income taxes payable	332,042	240,068
Provision for bonuses	-	97,495
Provision for bonuses for directors (and other officers)	-	4,000
Provision for product warranties	372,917	376,218
Other	849,800	710,131
Total current liabilities	4,674,360	4,607,331
Non-current liabilities		
Long-term borrowings	344,380	270,400
Provision for share awards for directors (and other officers)	10,985	12,156
Retirement benefit liability	225,609	226,867
Asset retirement obligations	58,494	58,512
Provision for loss related to product repair	451,262	446,896
Other	171,662	47,696
Total non-current liabilities	1,262,394	1,062,528
Total liabilities	5,936,754	5,669,860

	(Thousands of yen)	
	2024	First quarter of 2025
	(As of Dec. 31, 2024)	(As of Mar. 31, 2025)
Net assets		
Shareholders' equity		
Share capital	996,600	996,600
Capital surplus	1,460,517	1,460,517
Retained earnings	9,828,567	10,366,048
Treasury shares	(413,653)	(413,653)
Total shareholders' equity	11,872,031	12,409,512
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,304,888	1,013,599
Foreign currency translation adjustment	323,148	-
Remeasurements of defined benefit plans	85,029	80,055
Total accumulated other comprehensive income	1,713,066	1,093,654
Total net assets	13,585,098	13,503,167
Total liabilities and net assets	19,521,852	19,173,027

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**(Quarterly Consolidated Statement of Income)****(For the Three-month Period)**

	(Thousands of yen)	
	First three months of 2024 (Jan. 1 – Mar. 31, 2024)	First three months of 2025 (Jan. 1 – Mar. 31, 2025)
Net sales	3,656,955	3,859,911
Cost of sales	2,402,767	2,570,315
Gross profit	1,254,188	1,289,596
Selling, general and administrative expenses	649,117	681,542
Operating profit	605,070	608,054
Non-operating income		
Interest income	318	1,202
Foreign exchange gains	57,050	-
Insurance claim income	-	3,000
Other	3,299	2,298
Total non-operating income	60,668	6,500
Non-operating expenses		
Interest expenses	2,607	3,397
Foreign exchange losses	-	41,775
Other	431	429
Total non-operating expenses	3,039	45,602
Ordinary profit	662,699	568,953
Extraordinary income		
Gain on sale of investment securities	-	57,508
Gain on liquidation of subsidiaries and associates	-	322,819
Total extraordinary income	-	380,327
Extraordinary losses		
Provision for loss related to product repair	25,146	-
Total extraordinary losses	25,146	-
Profit before income taxes	637,553	949,280
Income taxes-current	198,482	225,741
Income taxes-deferred	(115,718)	(23,405)
Total income taxes	82,764	202,336
Profit	554,789	746,944
Profit attributable to owners of parent	554,789	746,944

(Quarterly Consolidated Statement of Comprehensive Income)
(For the Three-month Period)

	(Thousands of yen)	
	First three months of 2024 (Jan. 1 – Mar. 31, 2024)	First three months of 2025 (Jan. 1 – Mar. 31, 2025)
Profit	554,789	746,944
Other comprehensive income		
Valuation difference on available-for-sale securities	290,441	(291,288)
Foreign currency translation adjustment	(140,331)	(323,148)
Remeasurements of defined benefit plans, net of tax	(2,665)	(4,974)
Total other comprehensive income	147,444	(619,411)
Comprehensive income	702,233	127,532
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	702,233	127,532

(3) Notes to Quarterly Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Notes to Quarterly Consolidated Statement of Cash Flows

A quarterly consolidated statement of cash flows has not been prepared for the first three months of 2025.

Depreciation (including amortization of intangible assets excluding goodwill) and amortization of goodwill for the first three months of 2024 and 2025 are as follows.

	First three months of 2024 (Jan. 1 – Mar. 31, 2024)	First three months of 2025 (Jan. 1 – Mar. 31, 2025)
Depreciation	49,228 thousand yen	74,038 thousand yen
Amortization of goodwill	28,955 thousand yen	28,955 thousand yen

Segment and Other Information

Segment information

I First three months of 2024 (Jan. 1 – Mar. 31, 2024)

Information related to net sales and profit or loss for each reportable segment and breakdown of revenue

(Thousands of yen)

	Reportable segment						Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (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	160,401	510,431	289,565	230,888	1,238,479	2,429,766	-	2,429,766
Goods or services that are transferred over a certain period of time	1,227,188	-	-	-	-	1,227,188	-	1,227,188
Revenue from contracts with customers	1,387,590	510,431	289,565	230,888	1,238,479	3,656,955	-	3,656,955
Other revenue	-	-	-	-	-	-	-	-
External sales	1,387,590	510,431	289,565	230,888	1,238,479	3,656,955	-	3,656,955
Inter-segment sales and transfers	-	-	-	-	-	-	-	-
Total	1,387,590	510,431	289,565	230,888	1,238,479	3,656,955	-	3,656,955
Segment profit	474,310	114,141	21,657	5,990	144,055	760,155	(155,084)	605,070

Notes: 1. The adjustment of negative 155,084 thousand yen to segment profit includes corporate expenses related to the administration division that cannot be attributed to any reportable segments.

2. Segment profit is adjusted with operating profit shown on the quarterly consolidated statement of income.

II First three months of 2025 (Jan. 1 – Mar. 31, 2025)

Information related to net sales and profit or loss for each reportable segment and breakdown of revenue

(Thousands of yen)

	Reportable segment						Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (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	171,852	505,601	303,788	248,989	1,636,130	2,866,363	-	2,866,363
Goods or services that are transferred over a certain period of time	993,548	-	-	-	-	993,548	-	993,548
Revenue from contracts with customers	1,165,401	505,601	303,788	248,989	1,636,130	3,859,911	-	3,859,911
Other revenue	-	-	-	-	-	-	-	-
External sales	1,165,401	505,601	303,788	248,989	1,636,130	3,859,911	-	3,859,911
Inter-segment sales and transfers	-	-	-	-	-	-	-	-
Total	1,165,401	505,601	303,788	248,989	1,636,130	3,859,911	-	3,859,911
Segment profit	282,073	132,336	22,967	38,308	291,855	767,541	(159,487)	608,054

Notes: 1. The adjustment of negative 159,487 thousand yen to segment profit includes corporate expenses related to the administration division that cannot be attributed to any reportable segments.

2. Segment profit is adjusted with operating profit shown on the quarterly consolidated statement of income.

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.