

**Consolidated Financial Results**  
**for the Second Quarter of the Fiscal Year Ending December 31, 2025**  
**(Six Months Ended June 30, 2025)**

[Japanese GAAP]

July 31, 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 filing of Semi-annual Report:

August 8, 2025

Scheduled date of payment of dividend:

September 5, 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 the First Six Months of 2025 (January 1 to June 30, 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	%
Six months ended Jun. 30, 2025	6,520	0.4	806	(17.6)	791	(29.5)	906	(1.7)
Six months ended Jun. 30, 2024	6,496	0.2	978	62.7	1,122	67.1	922	229.6

Note: Comprehensive income (millions of yen)

Six months ended Jun. 30, 2025: 530 (down 58.4%)

Six months ended Jun. 30, 2024: 1,275 (up 162.8%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Jun. 30, 2025	161.73	-
Six months ended Jun. 30, 2024	164.53	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 30, 2025	19,360	13,906	71.8	2,479.91
As of Dec. 31, 2024	19,521	13,585	69.6	2,422.68

Reference: Shareholders' equity (millions of yen)

As of Jun. 30, 2025: 13,906

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	-	37.00	-	-	-
2025 (forecast)	-	-	-	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	12,900	3.1	900	(23.9)	860	(36.7)	930	(16.7)	165.85

Note: Revisions to the most recently announced consolidated forecast: Yes

\* Notes

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

(2) Application of special accounting methods for presenting interim 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 Jun. 30, 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 Jun. 30, 2025:	285,522 shares	As of Dec. 31, 2024:	285,522 shares
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3) Average number of shares during the period

Six months ended Jun. 30, 2025:	5,607,478 shares	Six months ended Jun. 30, 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.

\* Semi-annual financial results are outside the scope of the review by certified public accountants or audit corporations.

\* 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 Interim Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements" 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 August 22, 2025. The English version will be posted as soon as the translation is completed.

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## 1. Qualitative Information on Interim Consolidated Financial Performance

### (1) Explanation of Results of Operations

During the first six months of 2025, the Japanese economy continued to recover moderately, supported by the improvement of employment and income, despite the effects of rising prices. However, the economic outlook remained uncertain due to trends in interest rates, exchange rates, and U.S. tariff policies.

In this environment, orders received and sales increased compared to one year ago, primarily due to strong orders and sales for fire pumps and fire engines in the fire pumps segment.

As a result, orders received amounted to 7,068 million yen, up 11.3% year-on-year, and net sales were 6,520 million yen, up 0.4%.

On the profit front, operating profit stood at 806 million yen, down 17.6% year-on-year, chiefly due to a decline in sales of high-value-added products in the SSP segment. Ordinary profit came to 791 million yen, down 29.5% year-on-year, primarily reflecting foreign exchange losses resulting from the stronger yen. Profit attributable to owners of parent stood at 906 million yen, down 1.7% 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, orders received increased due to orders for large projects for explosion-proof smoke detectors. Additionally, demand for explosion containment equipment used in biomass power plants, gas fire extinguishing facilities for parking facilities, and renovations increased. However, sales declined due to a decrease in large projects involving halon fire extinguishing facilities.

As a result, orders received amounted to 2,907 million yen, up 12.2% year-on-year, and net sales were 2,444 million yen, down 13.5% year-on-year.

Regarding future outlook, we aim to secure more orders by implementing a range of measures, such as enhancing our sales activities to ensure that our design specs are adopted in gas fire extinguishing facilities, stepping up efforts to cultivate demand for the renovation and maintenance of facilities, including equipment replacements, and focusing on sales activities that consider market trends, including expanding sales of explosion containment equipment for biomass power plants in collaboration with Seika Corporation.

In our development efforts, we are focusing on three new types of products (explosion containment equipment, gas fire extinguishing equipment and heat detectors) that have been designated core components of our medium-term management plan. Additionally, we are working to upgrade our existing products, including automatic fire alarm receivers and detectors, as well as industrial anomaly detection systems.

#### Thermal

In this segment, sales decreased primarily due to inventory adjustments at customer locations, attributable to a temporary decline in demand for hot plates and sensors used in semiconductor manufacturing equipment, which are our mainstay products in this segment. Orders received increased as there were signs that demand was recovering in the semiconductor market.

As a result, orders received amounted to 1,001 million yen, up 9.1% year-on-year, and net sales were 978 million yen, down 3.7%.

Regarding the future outlook, we anticipate that personal computers and smartphones equipped with generative AI technologies will become more widespread, leading to increased demand in the semiconductor manufacturing equipment sector due to the market's need for high-performance semiconductor products. We will focus on activities that add value in response to market demand, such as by facilitating our technical sales efforts.

We are proceeding with the development of hot plates designed for functions and performance that meet market needs, while also maintaining and enhancing 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 the planned production of artificial kidney dialysis equipment for overseas markets, the segment's major product.

As a result, orders received amounted to 653 million yen, up 0.5% year-on-year, and net sales were 688 million yen, up 5.1%.

Going forward, we will work to smoothly terminate the contract manufacturing of artificial kidney dialysis equipment by December 2026.

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

Printed Wiring Board Assembly (PWBA)

In this segment, orders received decreased because transactions have been limited to those for existing products, including products used in office equipment and industrial equipment. Sales increased slightly.

As a result, orders received were 473 million yen, down 6.5% year-on-year, and sales were 490 million yen, up 5.8%.

As for the future outlook, to succeed amid the severe price competition, we will work to create added value by leveraging our mounting technology and equipment assembly expertise. Additionally, we will focus on significantly reducing costs.

Fire Pumps

In this segment, both orders received and sales increased, chiefly due to large orders for fire engines from the Ministry of Internal Affairs and Communications.

As a result, orders received amounted to 2,031 million yen, up 20.6% year-on-year, and net sales were 1,918 million yen, up 24.9% year-on-year.

Regarding the future outlook, we will work to improve profitability primarily by ensuring that we cultivate replacement demand for fire pumps and standardize fire engine specifications. In addition, we will strive to enhance the lineup of disaster prevention equipment such as emergency water purification systems and wildfire prevention products, and actively engage in sales promotion to develop 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**

## 1) Assets, liabilities and net assets

Total assets amounted to 19,360 million yen at the end of the second quarter of 2025, a decrease of 161 million yen or 0.8% compared with 19,521 million yen at the end of 2024. The main factor for this was a 746 million yen decrease in notes and accounts receivable-trade (down 41.0%), which outweighed a 7.4% or 468 million yen increase in cash and deposits.

Total liabilities amounted to 5,454 million yen, a decrease of 482 million yen or 8.1% compared with 5,936 million yen at the end of 2024. This was mainly due to a decrease of 500 million yen or 27.9% in notes and accounts payable-trade and a decrease of 207 million yen or 48.6% in accounts payable for construction contracts.

Net assets totaled 13,906 million yen, an increase of 320 million yen or 2.4% compared with 13,585 million yen at the end of 2024. The increase resulted mainly from the posting of 906 million yen of profit attributable to owners of parent.

## 2) Cash flows

The balance of cash and cash equivalents (hereinafter, "cash") increased 33 million yen from the end of 2024 to total 6,322 million yen at the end of the first six months of the fiscal year under review.

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

Cash flows from operating activities

Net cash provided by operating activities totaled 872 million yen, a decrease of 206 million yen year-on-year. The main factor for this was profit before income taxes of 1,183 million yen.

Cash flows from investing activities

Net cash used in investing activities was 812 million yen, an increase of 394 million yen year-on-year. This was chiefly attributable to payments into time deposits of 434 million yen.

Cash flows from financing activities

Net cash provided by financing activities totaled 38 million yen (458 million yen used in the same period of the previous fiscal year) This was chiefly due to proceeds from long-term borrowings of 300 million yen.

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

The full-year consolidated earnings forecast for the fiscal year ending December 31, 2025, announced on February 10, 2025, have been revised. For details, please refer to the “Notice of Revision to the Earnings Forecast for the Fiscal Year Ending December 31, 2025 and Interim Dividends” announced on July 31, 2025.

## 2. Interim Consolidated Financial Statements and Notes

### (1) Interim Consolidated Balance Sheet

	(Thousands of yen)	
	2024 (As of Dec. 31, 2024)	Second quarter of 2025 (As of Jun. 30, 2025)
Assets		
Current assets		
Cash and deposits	6,289,149	6,757,351
Notes and accounts receivable-trade	1,821,929	1,075,237
Electronically recorded monetary claims-operating	1,433,443	1,228,421
Accounts receivable from completed construction contracts and contract assets	1,088,646	802,157
Finished goods	835,204	1,083,822
Work in process	425,819	396,577
Raw materials	1,858,417	2,042,468
Other	93,606	110,699
Allowance for doubtful accounts	(3,899)	(3,899)
Total current assets	13,842,316	13,492,835
Non-current assets		
Property, plant and equipment	1,666,560	1,922,732
Intangible assets		
Goodwill	694,942	637,030
Other	115,514	114,202
Total intangible assets	810,457	751,233
Investments and other assets		
Investment securities	2,883,727	2,809,996
Retirement benefit asset	127,549	172,189
Other	211,890	232,002
Allowance for doubtful accounts	(20,650)	(20,650)
Total investments and other assets	3,202,518	3,193,538
Total non-current assets	5,679,536	5,867,503
Total assets	19,521,852	19,360,339
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,796,717	1,295,967
Accounts payable for construction contracts	426,962	219,407
Short-term borrowings	600,000	700,000
Current portion of long-term borrowings	295,920	298,784
Income taxes payable	332,042	341,563
Provision for bonuses for directors (and other officers)	-	8,630
Provision for product warranties	372,917	506,553
Other	849,800	745,496
Total current liabilities	4,674,360	4,116,402
Non-current liabilities		
Long-term borrowings	344,380	493,556
Provision for share awards for directors (and other officers)	10,985	13,322
Retirement benefit liability	225,609	233,838
Asset retirement obligations	58,494	58,530
Provision for loss related to product repair	451,262	426,181
Other	171,662	112,468
Total non-current liabilities	1,262,394	1,337,897
Total liabilities	5,936,754	5,454,300

	(Thousands of yen)	
	2024	Second quarter of 2025
	(As of Dec. 31, 2024)	(As of Jun. 30, 2025)
Net assets		
Shareholders' equity		
Share capital	996,600	996,600
Capital surplus	1,460,517	1,460,517
Retained earnings	9,828,567	10,526,005
Treasury shares	(413,653)	(413,653)
Total shareholders' equity	11,872,031	12,569,469
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,304,888	1,261,488
Foreign currency translation adjustment	323,148	-
Remeasurements of defined benefit plans	85,029	75,080
Total accumulated other comprehensive income	1,713,066	1,336,569
Total net assets	13,585,098	13,906,038
Total liabilities and net assets	19,521,852	19,360,339



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

	(Thousands of yen)	
	First six months of 2024 (Jan. 1 – Jun. 30, 2024)	First six months of 2025 (Jan. 1 – Jun. 30, 2025)
Net sales	6,496,788	6,520,933
Cost of sales	4,153,797	4,218,346
Gross profit	2,342,991	2,302,586
Selling, general and administrative expenses	1,364,344	1,496,235
Operating profit	978,647	806,351
Non-operating income		
Interest income	580	2,250
Dividend income	34,495	45,787
Foreign exchange gains	109,633	-
Insurance claim income	-	3,000
Other	5,720	5,286
Total non-operating income	150,429	56,324
Non-operating expenses		
Interest expenses	5,497	7,525
Foreign exchange losses	-	63,306
Other	1,164	429
Total non-operating expenses	6,662	71,260
Ordinary profit	1,122,414	791,414
Extraordinary income		
Gain on sale of investment securities	-	57,508
Reversal of provision for loss related to product repair	56,214	12,004
Gain on liquidation of subsidiaries and associates	-	322,819
Total extraordinary income	56,214	392,331
Extraordinary losses		
Office relocation expenses	14,069	-
Total extraordinary losses	14,069	-
Profit before income taxes	1,164,559	1,183,746
Income taxes-current	298,307	324,775
Income taxes-deferred	(56,367)	(47,930)
Total income taxes	241,939	276,844
Profit	922,619	906,901
Profit attributable to owners of parent	922,619	906,901

**(Interim Consolidated Statement of Comprehensive Income)**

	(Thousands of yen)	
	First six months of 2024 (Jan. 1 – Jun. 30, 2024)	First six months of 2025 (Jan. 1 – Jun. 30, 2025)
Profit	922,619	906,901
Other comprehensive income		
Valuation difference on available-for-sale securities	495,661	(43,400)
Foreign currency translation adjustment	(137,565)	(323,148)
Remeasurements of defined benefit plans, net of tax	(5,331)	(9,948)
Total other comprehensive income	352,764	(376,497)
Comprehensive income	1,275,383	530,404
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,275,383	530,404

**(3) Interim Consolidated Statement of Cash Flows**

(Thousands of yen)

	First six months of 2024 (Jan. 1 – Jun. 30, 2024)	First six months of 2025 (Jan. 1 – Jun. 30, 2025)
Cash flows from operating activities		
Profit before income taxes	1,164,559	1,183,746
Depreciation	122,320	150,877
Amortization of goodwill	57,911	57,911
Increase (decrease) in provision for product warranties	(29,947)	133,635
Increase (decrease) in provision for bonuses for directors (and other officers)	9,872	8,630
Decrease (increase) in retirement benefit asset	-	(44,639)
Increase (decrease) in retirement benefit liability	(27,455)	8,229
Increase (decrease) in provision for share awards for directors (and other officers)	1,994	2,337
Increase (decrease) in provision for loss related to product repair	(228,192)	(25,081)
Interest and dividend income	(35,075)	(48,037)
Interest expenses	5,497	7,525
Foreign exchange losses (gains)	(112,810)	65,671
Loss (gain) on sale of investment securities	-	(57,508)
Loss (gain) on liquidation of subsidiaries and associates	-	(322,819)
Insurance claim income	-	(3,000)
Decrease (increase) in trade receivables	864,704	1,238,203
Decrease (increase) in inventories	(83,641)	(403,426)
Increase (decrease) in trade payables	(492,181)	(708,304)
Increase (decrease) in contract liabilities	(209,121)	46,313
Other, net	30,849	(152,435)
Subtotal	1,039,283	1,137,829
Interest and dividends received	36,790	48,657
Interest paid	(5,620)	(7,700)
Proceeds from insurance income	-	3,000
Income taxes paid	(95,099)	(308,895)
Income taxes refund	104,160	-
Net cash provided by (used in) operating activities	1,079,515	872,892
Cash flows from investing activities		
Payments into time deposits	-	(434,430)
Purchase of short-term and long-term investment securities	(588)	(570)
Proceeds from sale and redemption of short-term and long- term investment securities	-	68,788
Purchase of property, plant and equipment	(405,311)	(428,163)
Purchase of software	(15,415)	(14,439)
Proceeds from collection of loans receivable	3,000	3,000
Other, net	718	(6,485)
Net cash provided by (used in) investing activities	(417,596)	(812,300)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	100,000	100,000
Proceeds from long-term borrowings	-	300,000
Repayments of long-term borrowings	(147,960)	(147,960)
Dividends paid	(406,386)	(208,889)
Other, net	(4,131)	(4,299)
Net cash provided by (used in) financing activities	(458,478)	38,851
Effect of exchange rate change on cash and cash equivalents	121,834	(65,671)
Net increase (decrease) in cash and cash equivalents	325,275	33,772
Cash and cash equivalents at beginning of period	6,819,624	6,289,149
Cash and cash equivalents at end of period	7,144,899	6,322,921

**(4) Notes to Interim Consolidated Financial Statements****Going Concern Assumption**

Not applicable.

**Significant Changes in Shareholders' Equity**

Not applicable.

**Segment and Other Information**

## Segment Information

I First six months of 2024 (Jan. 1 – Jun. 30, 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 interim 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	356,093	1,016,026	655,175	463,349	1,536,336	4,026,980	-	4,026,980
Goods or services that are transferred over a certain period of time	2,469,807	-	-	-	-	2,469,807	-	2,469,807
Revenue from contracts with customers	2,825,901	1,016,026	655,175	463,349	1,536,336	6,496,788	-	6,496,788
Other revenue	-	-	-	-	-	-	-	-
External sales	2,825,901	1,016,026	655,175	463,349	1,536,336	6,496,788	-	6,496,788
Inter-segment sales and transfers	-	-	-	-	-	-	-	-
Total	2,825,901	1,016,026	655,175	463,349	1,536,336	6,496,788	-	6,496,788
Segment profit	978,961	201,196	28,001	52,290	41,801	1,302,251	(323,604)	978,647

Notes: 1. The adjustment of negative 323,604 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 interim consolidated statement of income.

## II First six months of 2025 (Jan. 1 – Jun. 30, 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 interim 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	377,178	978,877	688,706	490,262	1,918,649	4,453,674	-	4,453,674
Goods or services that are transferred over a certain period of time	2,067,259	-	-	-	-	-	-	2,067,259
Revenue from contracts with customers	2,444,437	978,877	688,706	490,262	1,918,649	6,520,933	-	6,520,933
Other revenue	-	-	-	-	-	-	-	-
External sales	2,444,437	978,877	688,706	490,262	1,918,649	6,520,933	-	6,520,933
Inter-segment sales and transfers	-	-	-	-	-	-	-	-
Total	2,444,437	978,877	688,706	490,262	1,918,649	6,520,933	-	6,520,933
Segment profit	611,004	206,372	30,614	64,240	205,839	1,118,071	(311,720)	806,351

Notes: 1. The adjustment of negative 311,720 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 interim 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.*