Results of Operations for the First Half of the Fiscal Year Ending December 31, 2025

August 25, 2025

Fenwal Controls of Japan, Ltd.

Tokyo Stock Exchange Standard | 6870

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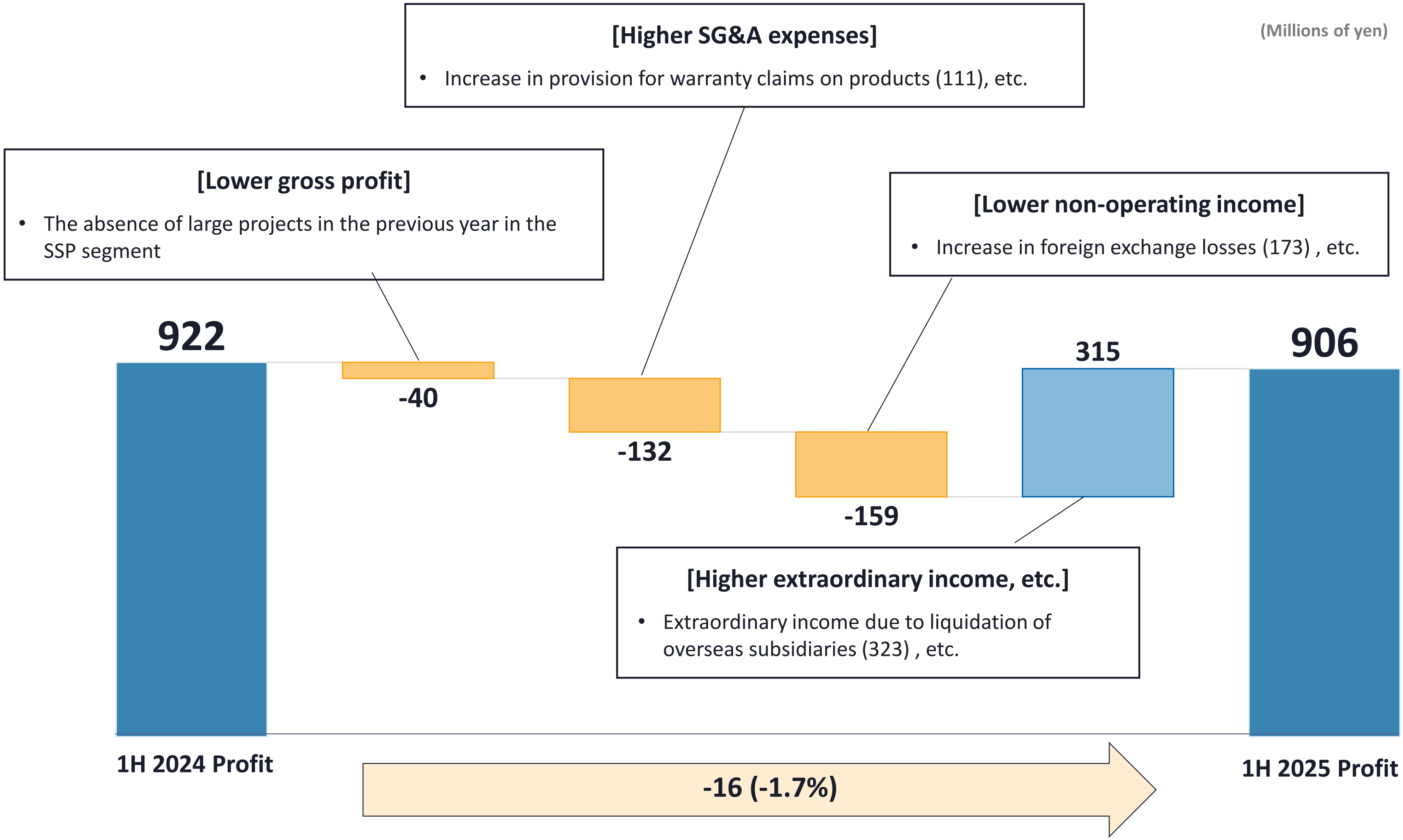
Consolidated Financial Summary

- Orders received increased 11.3% year on year chiefly due to the solid performances of vessels- and maintenance inspection-related businesses.
- Sales remained on a par with the year-ago level, reflecting larger-than-planned orders received mainly for sprinkler equipment and fire pumps, despite the absence of large projects in the previous year.
- Operating profit decreased 17.6% mainly due to higher SG&A expenses.

(Millions of yen)	1H 2024	1H 2025	YoY
Order received	6,351	**7,068**	+11.3%
Net sales	6,496	**6,520**	+0.4%
Gross profit	2,342	**2,302**	-1.7%
Gross profit margin	36.1%	**35.3%**	-0.8pt
SG&A expenses	1,364	**1,496**	+9.7%
Operating profit	978	**806**	-17.6%
Ordinary profit	1,122	**791**	-29.4%
Profit	922	**906**	-1.7%

YoY Change in Profit



Overview of Business Results by Segment

Financial Summary by Segment

(Millions of yen)		Net sales			Operating profit		
		1H 2024	1H 2025	YoY	1H 2024	1H 2025	YoY
Non-consolidated	Disaster prevention (SSP)	2,825	**2,444**	-13.5%	978	**611**	-37.5%
	Control (Thermal)	1,016	**978**	-3.7%	201	**206**	+2.5%
	Printed wiring board assembly (PWBA)	463	**490**	+5.8%	52	**64**	+23.1%
	Medical (Medical)	655	**688**	+5.1%	28	**30**	+7.1%
	Total	4,959	**4,600**	-7.2%	1,260	**912**	-27.6%
Consoli-dated	Fire pumps	1,536	**1,918**	+24.9%	41	**206**	+402.4%
	Total	6,496	**6,520**	+0.4%	1,302	**1,118**	-14.1%

* Operating profit figures are those before the deduction of consolidation adjustments.

Business Segment Overview — Disaster Prevention (SSP)

Development, manufacture and sales of fire alarm system, fire extinguishing system and industrial explosion protection system, as well as design, implementation, maintenance, and engineering services for these systems

Main products

- Heat/smoke detectors

- Control units

- HRD fire extinguishing agent container

- Gas fire extinguishing equipment

- S-NET control panels

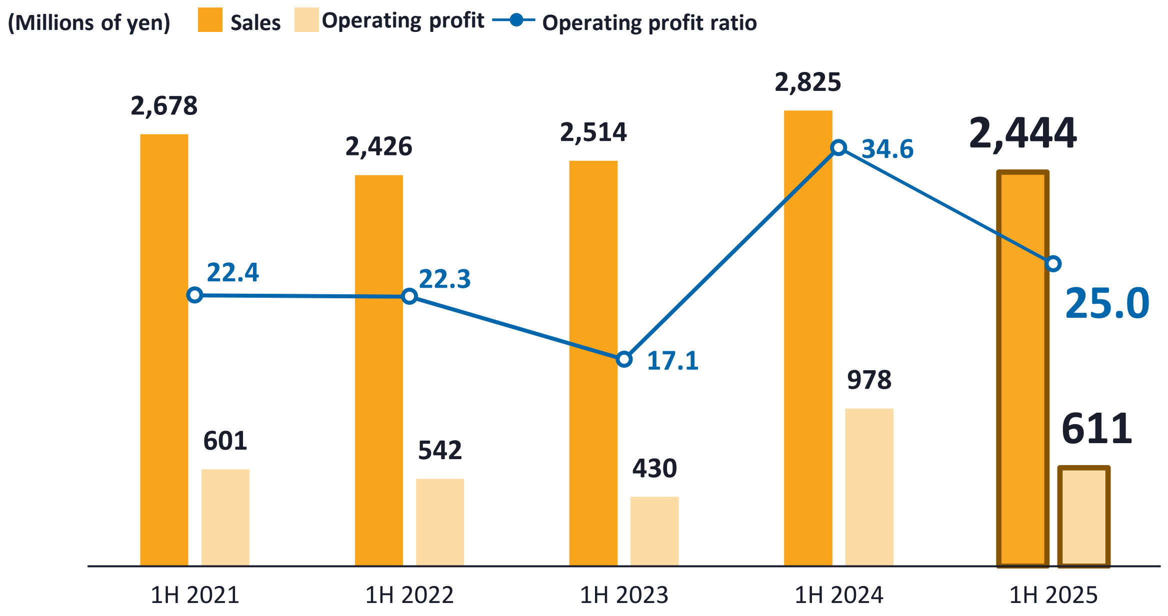
- Industrial explosion protection device

Business Segment Overview — Disaster Prevention (SSP)

Business summary

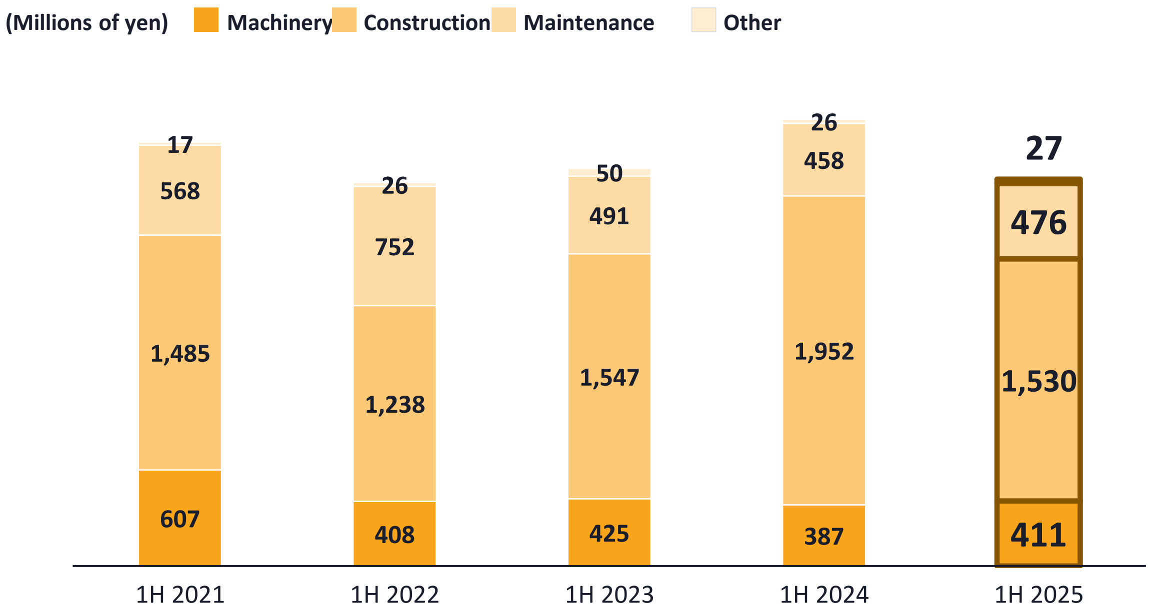
- In machinery, sales increased slightly, reflecting stable orders received for explosion proof smoke detectors.
- In construction, sales were at the level of those in past years, partly due to the absence of large projects in the previous year, despite a rise in sales from the construction of gas fire extinguishing systems for multi-story parking facilities.
- In maintenance, sales edged up on steady sales activities such as those aimed at improving profitability in the maintenance of existing facilities.

Sales/Operating profit (ratio)



* Operating profit figures are those before the deduction of consolidation adjustments.

Product category sales



Business Segment Overview — Controller (Thermal)

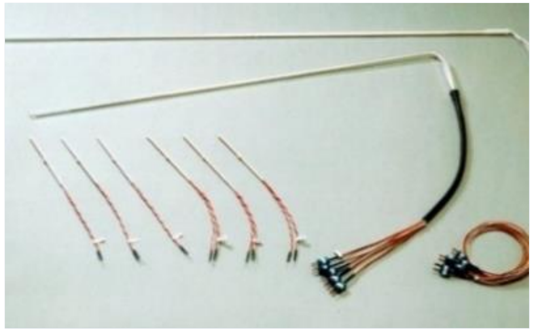
Development, manufacture and sales of temperature controller, hot plate and apparatus for semiconductor manufacturing equipment, thermocouple of high temperature furnace and other controllers, as well as design and service for these systems

Main products

- Thermos switches
  (Metal expansion-type non-indicating temperature control units)

- Temperature control units

- Hot plates

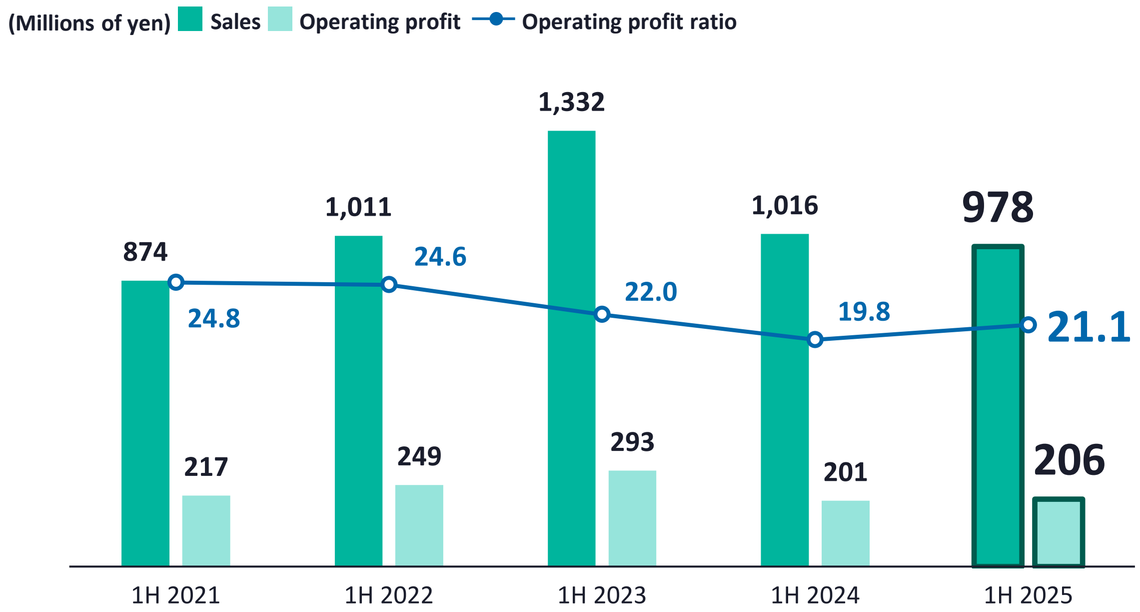


- Temperature sensors
  (Thermocouples for special applications)

Business Segment Overview — Controller (Thermal)

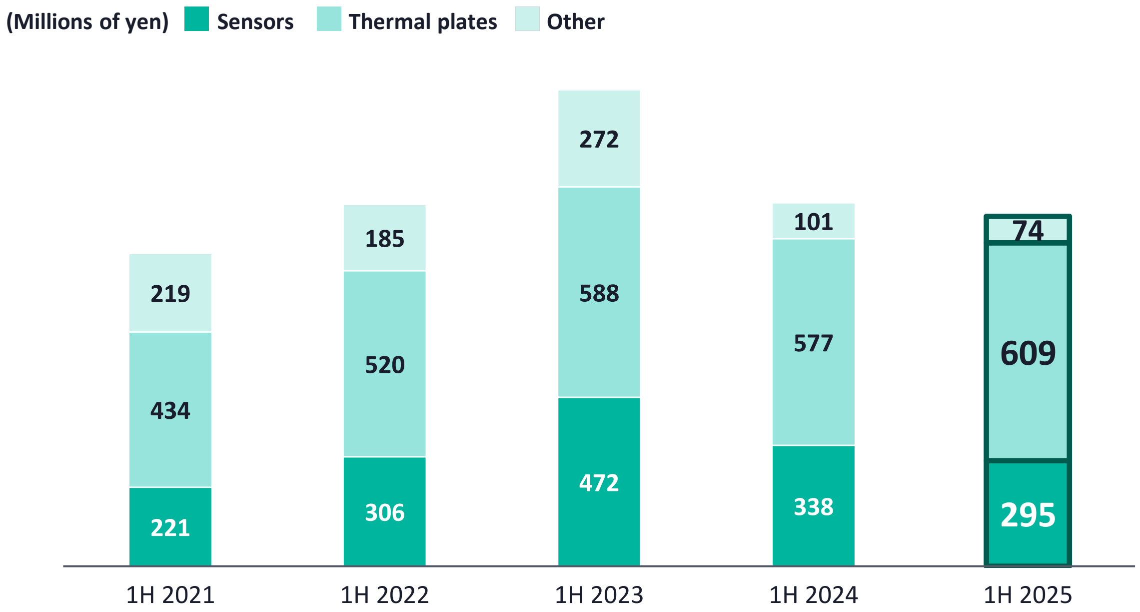
Business summary	• Sales of sensors decreased (to the level of past years) mainly due to inventory adjustments at main customers. • In thermal plates, sale rose slightly due to a slow recovery in semiconductor demand.

Sales/Operating profit (ratio)



* Operating profit figures are those before the deduction of consolidation adjustments.

Product category sales



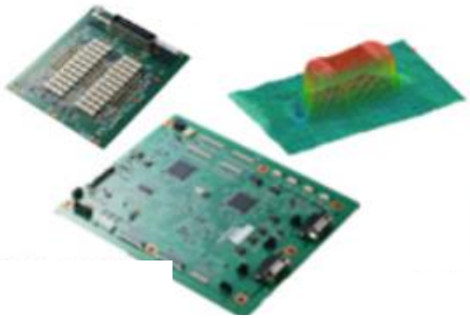
Business Segment Overview — Printed Wiring Board Assembly (PWBA)/Medical

■ Printed wiring board assembly (PWBA)

Printed circuit board assembly, artwork design, anti-noise measures (EMC)

Main products

・Basic pattern design



・PWBA

・Assembly

■ Medical

Development, design, manufacturing of and services for artificial kidney dialysis equipment and medical equipment

Main products

・Blood pressure monitor

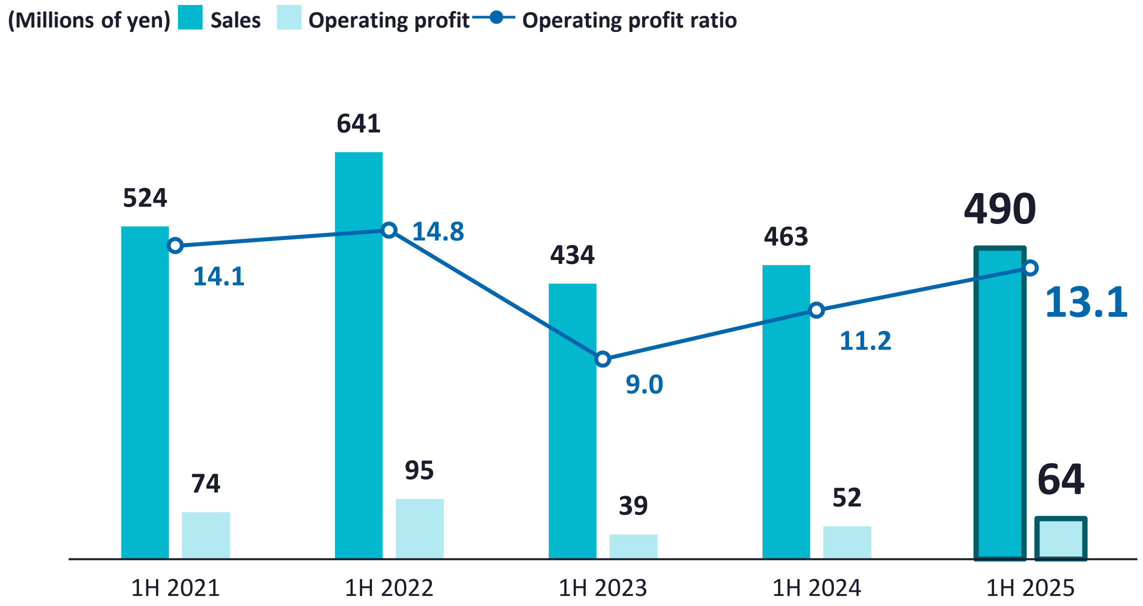
・Icing system local cooling device

・Artificial kidney dialysis equipment

Printed wiring board assembly (PWBA)

Business summary	
Business summary	• Sales increased, primarily due to sales for use in communication equipment. • Progress in the acquisition of new customers was slow due to intense price competition.

Sales/Operating profit (ratio)

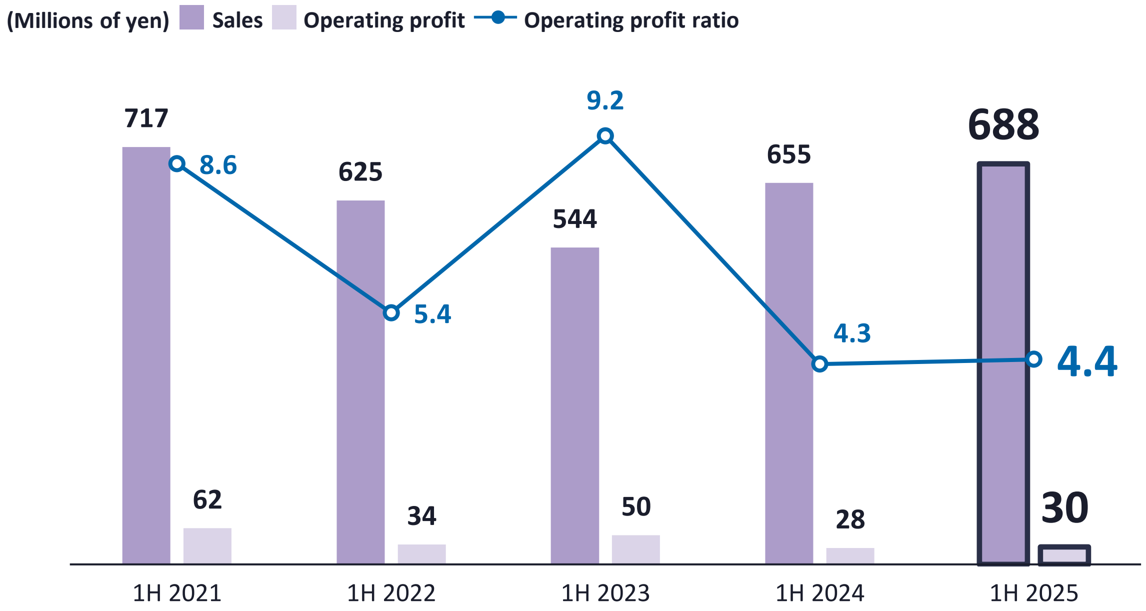


* Operating profit figures are those before the deduction of consolidation adjustments.

Medical

Business summary	
Business summary	• Steady progress was made in procedures for the termination of the entrusted production of artificial kidney dialysis equipment. • Sales increased slightly, reflecting a last-minute surge in demand for artificial kidney dialysis equipment.

Sales/Operating profit (ratio)



Business Segment Overview — Fire Pumps (Shibaura Fire Pump)

Development, manufacture and sales of fire pumps, fire engines, safety pumps, fully automatic fire extinguishing systems and other fire extinguishing/disaster prevention equipment

Main products

- Portable fire pump

- Small fire pump carrier

- Fully automatic safety pumps

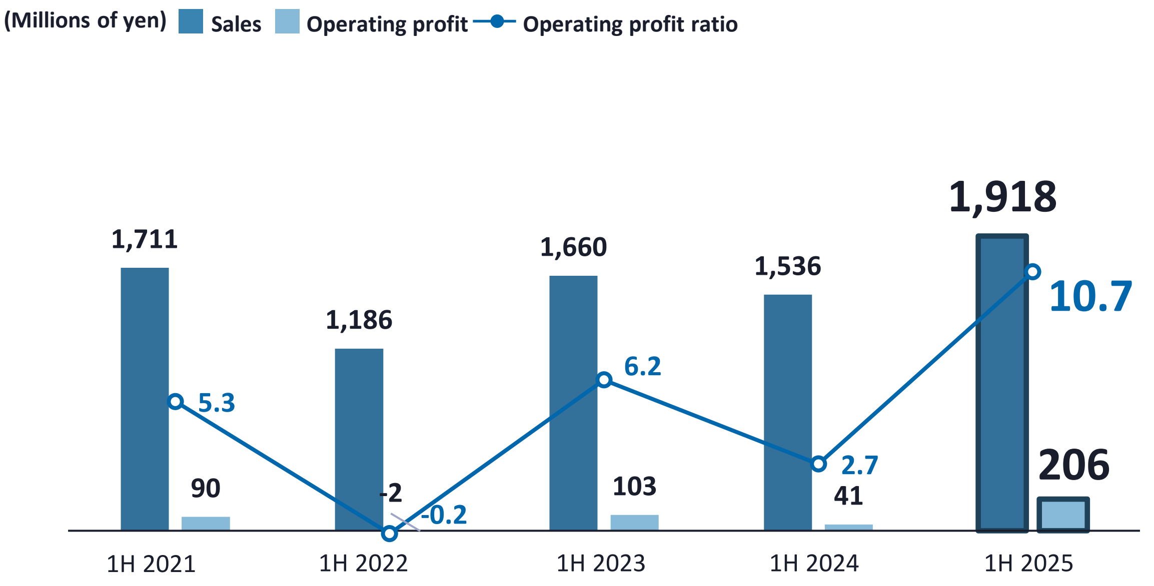
- Emergency water purification systems

Business Segment Overview — Fire Pumps (Shibaura Fire Pump)

Fenwal®

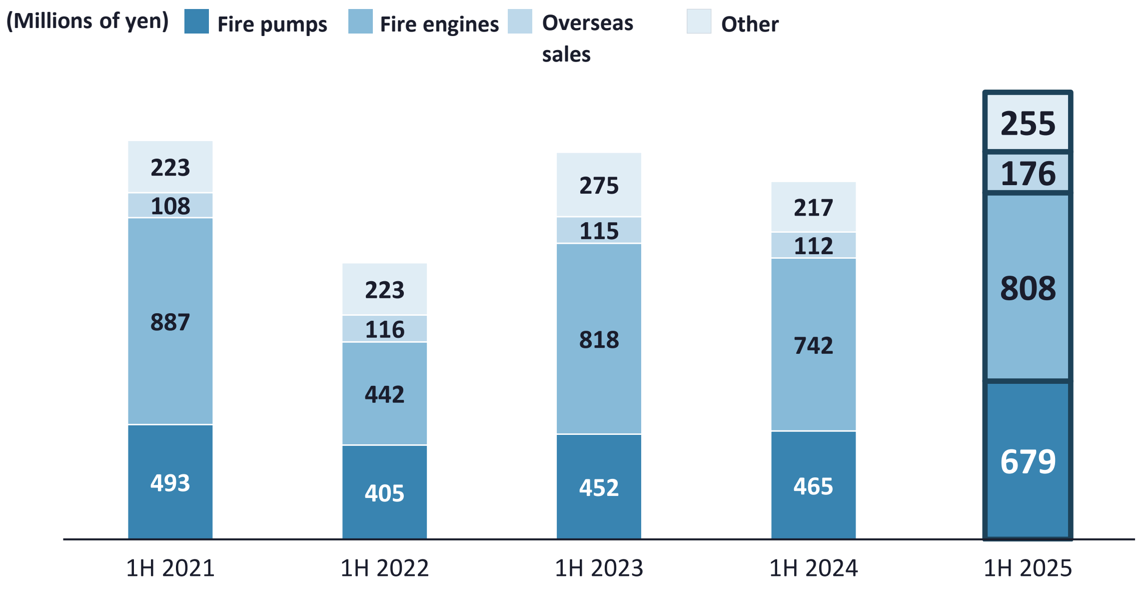
Business summary	
	• Sales increased temporarily mainly due to the acquisition of new and large projects such as those for fire pumps and fire engines. • Overseas sales of fire pumps increased, mainly driven by those to Vietnam. • Operating profit increased due to the effect of cost reduction activities, as well as changes in specifications.

Sales/Operating profit (ratio)



* Operating profit figures are those before the deduction of consolidation adjustments.

Product category sales



Summary of Consolidated Balance Sheet

(Millions of yen)

Items		December 31, 2024	June 30, 2025	Change
Current assets	Cash and deposits	6,289	6,757	468
	Accounts receivable-trade	4,344	3,106	-1,238
	Inventories	3,119	3,523	404
	Other	90	107	17
	Total	13,842	13,493	-349
Non-current assets	Property, plant and equipment and intangible assets	2,477	2,674	197
	Investment securities	2,883	2,810	-73
	Other	318	384	66
	Total	5,679	5,868	189
Total assets		19,521	19,360	-161

Items		December 31, 2024	June 30, 2025	Change
Liabilities	Accounts payable	2,223	1,515	-708
	Borrowings	1,240	1,492	252
	Provision for product warranties/repair	824	933	109
	Other	1,650	1,514	-136
	Total	5,937	5,454	-483
Net assets	Shareholders' equity	11,872	12,569	697
	Other	1,713	1,337	-376
	Total	13,585	13,906	321
Total liabilities and net assets		19,521	19,360	-161

02

2025 Consolidated Forecast

The initial full-year forecast, in which both sales and earnings were expected to decline, was revised upward (on July 31, 2025) due to the effect of cost reduction activities, as well as the acquisition of the larger-than-planned number of new projects in the SSP and fire pumps segments.

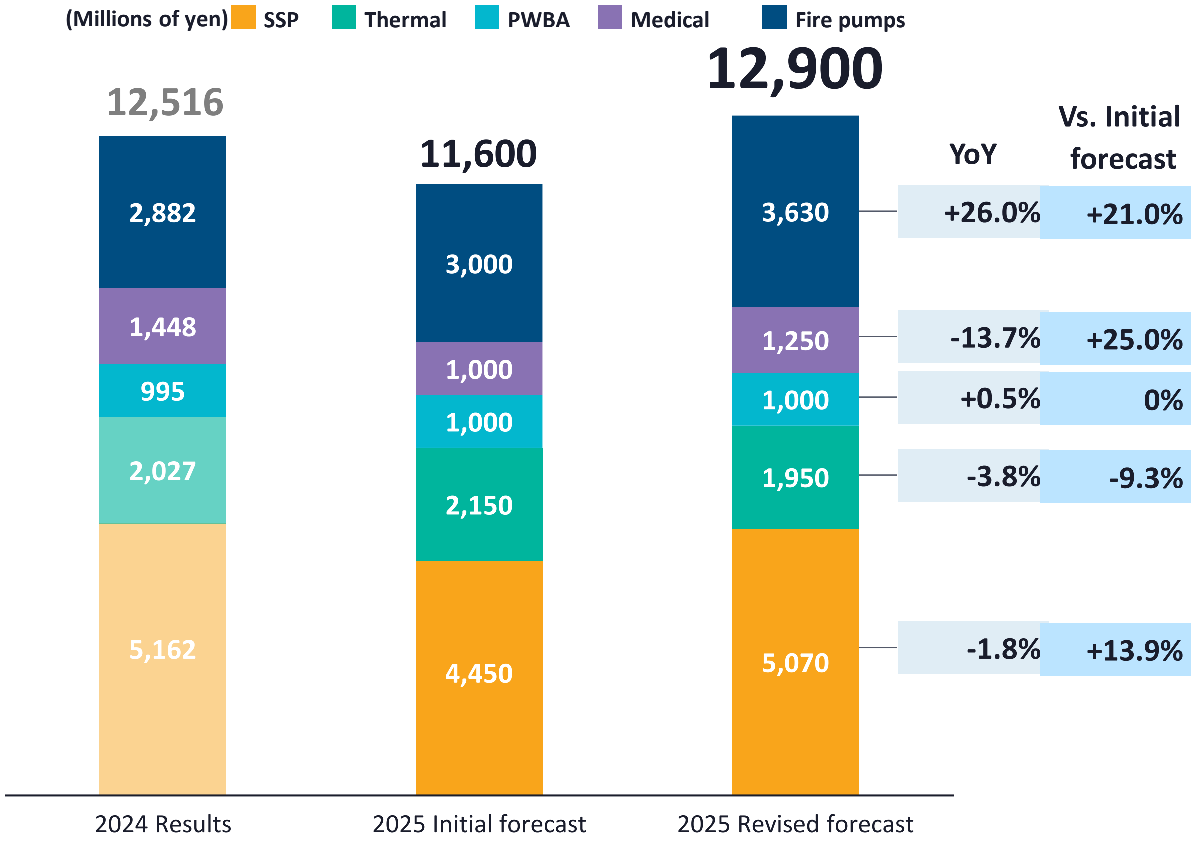
(Millions of yen)	2024 Results	2025 Initial Forecast*	2025 Revised Forecast**
Net sales	12,515	11,600	**12,900**
Operating profit	1,181	500	**900**
Ordinary profit	1,359	545	**860**
Profit	1,115	619	**930**
ROE	8.5%	4.7%	**6.7%**
EBITDA margin	12.7%	7.9%	**10.2%**

*Forecast announced on February 26, 2025 **Forecast announced on July 31, 2025

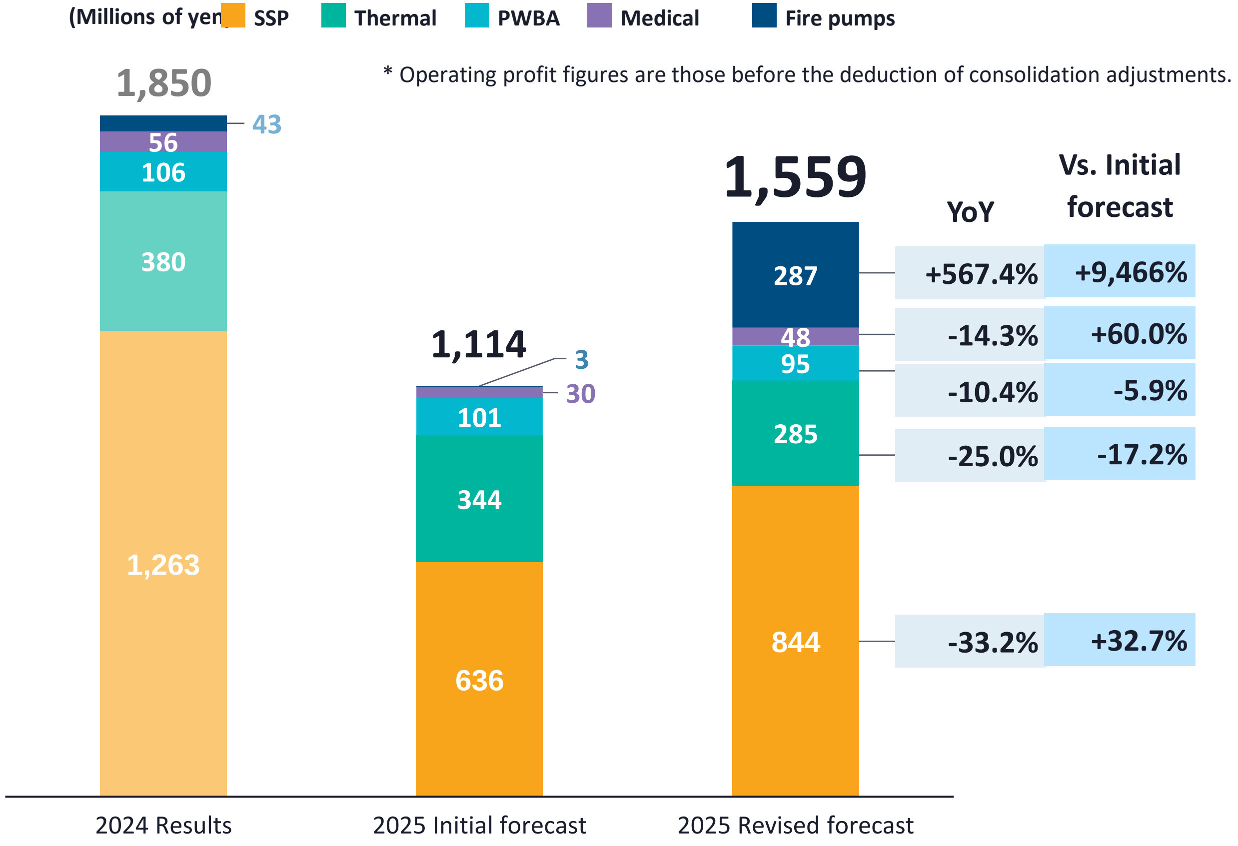
2025 Earnings Forecast by Segment

- In the SSP segment, operating profit is expected to increase 32.7% from the initial forecast due to the acquisition of the larger-than-planned number of projects related to sprinkler equipment, explosion proof smoke detectors and other items.
- In the fire pumps segment, operating profit, which was expected to decline due to expenses for the relocation of a production base and the effect of soaring raw material costs, is expected to exceed the initial forecast, partly reflecting the acquisition of new orders for fire pumps for overseas, as well as improved profitability following changes in the specifications of fire engines and a temporary increase in fire pump demand in Japan.

Net sales



Operating profit (Before allocation of corporate expenses)

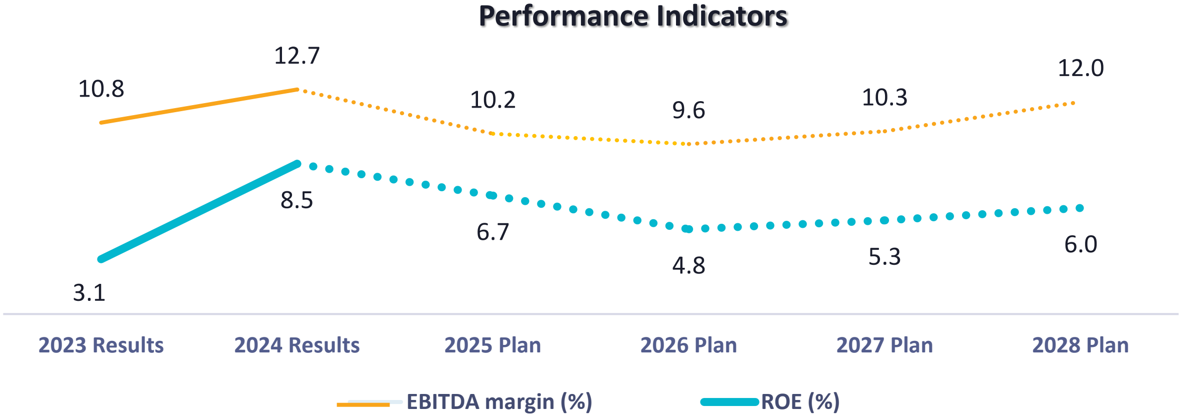


Initiatives of Each Segment for the Second Half of 2025

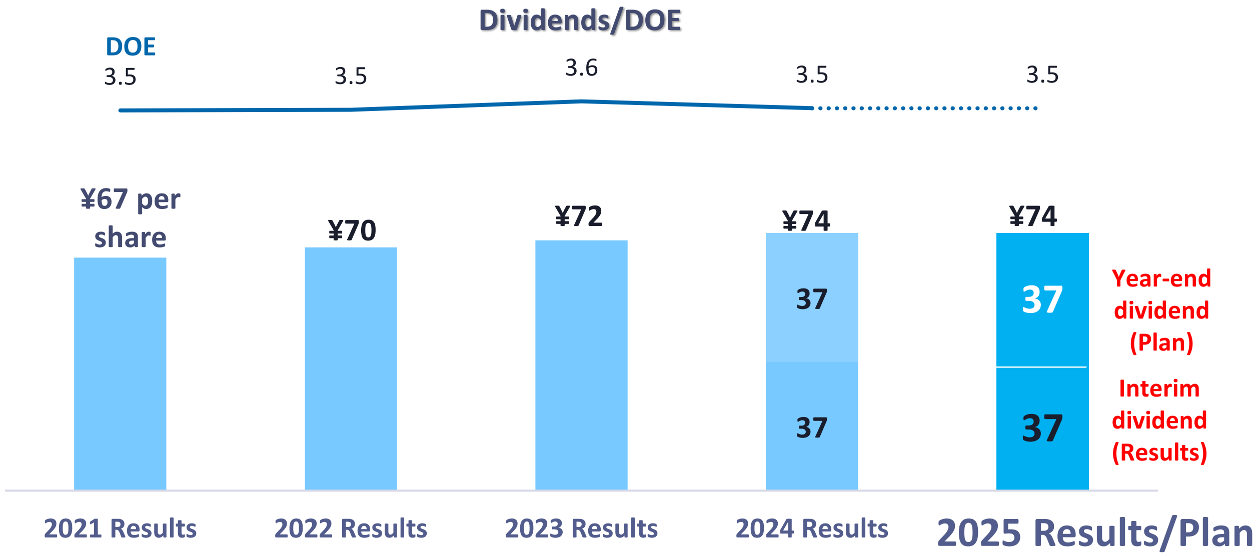
Segment	Initiatives
Disaster prevention (SSP)	• Development of three new types of products: (1) explosion containment equipment (IEP(*) system); (2) gas fire extinguishing equipment; and (3) heat detectors • Acceleration of the sales expansion of IEP systems for renewal energy-related facilities • Promotion of sales activities for general and subcontractors and architectural and civil engineering design firms to ensure that our design specs are adopted • Improvement in the profitability of construction and renovation while also strengthening the operational system (*) IEP: Industrial Explosion Protection
Controller (Thermal)	• Promotion of proposal-oriented technical sales activities for semiconductor equipment manufacturers • Development of the improved versions of temperature control units and thermos switches
Printed wiring board assembly (PWBA)/ Medical	• Facilitation of sales activities for the acquisition of new customers • Initiatives to terminate the entrusted production of artificial kidney dialysis equipment
Fire pumps	• New plant construction (scheduled to start 2027) • Steady measures to capture demand for the replacement of fire pumps, and expansion of the market share of fire engines • Enhancement of the lineup of disaster prevention products

Performance Indicators and Dividend Policy

- In terms of performance indicators for 2025, improvements are expected to be made in both ROE and the EBITDA margin, reflecting the upward revision of the full-year earnings forecast.



*Figures for 2025 Plan are those reflecting revisions to the full-year earnings forecast announced July 31, 2025.



Performance Targets

2028 EBITDA margin target: 12%

The performance indicator for earnings is the EBITDA margin due to the emphasis on profitability on a cash flow basis.

2028 ROE target: 6.0%

Efforts will be made to increase ROE while also paying attention to the cost of capital.

Dividend Policy

DOE target: About 3.5%

Implement a DOE metric to ensure stable dividends.
Efforts will be made to return profits to shareholders as actively as possible while simultaneously considering the maintenance of internal reserves to strengthen our corporate structure and prepare for the future expansion of business.

03

Progress of New Medium-Term Management Plan 2025

■ Main initiatives to be taken during the period of the new Medium-Term Management Plan

(excerpts from the new Medium-Term Management Plan announced in February 2025)

2024 to 2026

Master the fundamentals and take on the challenge of radical change

2025 to 2026

- Strengthen the business alliance with Seika Corporation
- Improve internal structures to concentrate resources in growth businesses
- Accelerate product development by enhancing elemental technology
- Strengthen the recruitment and development of human resources for the future

2027 to 2028

Achieve sustainable growth

2027 to 2028

- Reform the profit structure into the one focusing on new product launches
- Optimizing business portfolio
- Improve profitability by facilitating capital policies
- Improve productivity by facilitating DX, etc. and better work-life balance

■ 2025 Progress

1H Results

- Initiation of the development of three new types of products (explosion containment equipment, gas fire extinguishing equipment and heat detectors)
- Start of production reform activities (improving the quality of factories)
- Strengthening the alliance with Seika Corporation

2H Plan

- Further facilitating sales activities aimed at ensuring the adoption of our specs, promoting technologies and developing new projects
- Re-acquiring ISO 9001 certification
- Accelerating the reform of workstyles (review of welfare and employment systems)
- Improving operational efficiency through DX tools

■ Breakdown of investments to be made during the period from 2025 to 2028 (including projects for which investments are being considered)

(Billions of yen)

Strategic investments

¥4.3 billion

Capital expenditures: ¥3.6 billion
R&D: ¥0.5 billion
Investments in people: ¥0.2 billion

Shareholder distributions

¥1.7 billion

Outline of main strategic investments	2025	2026	2027	2028
Construction of a new building for fire pump operation	0.3			
Renovation of head office	0.1			
Construction of a new building for fire pump manufacture		1.1		
Renovation of the Nagano factory building			0.3	
Reconstruction of a R&D building of the R&D Center		0.8		
Replacement of systems		0.1	0.05	0.05
Renovation of other production facilities	0.2	0.2	0.2	0.2
R&D expenses	0.1	0.15	0.15	0.1
Investments in people (human resources systems, welfare programs, etc.)	0.05	0.05	0.05	0.05
TOTAL	0.75	2.4	0.75	0.4

2025 to 2028 Capital Allocation Plan

04

Corporate Profile

Company	Fenwal Controls of Japan, Ltd.
Representative	Yoshinobu Nakano, President and Representative Director
Established	May 24, 1961
Listed market	2022 TSE Standard
Capital	996,600,000 yen
Employees	275 (Consolidated) (As of December 31, 2024)
Head Office location	1-5-10 Iidabashi, Chiyoda-ku, Tokyo
Major shareholders	• THE HONGKONG AND SHANGHAI BANKING CORPORATION LTD • SEIKA CORPORATION • Yoshida Development Corporation • Toray Medical Company Limited
Correspondent banks	• Sumitomo Mitsui Banking Corporation • The Hachijuni Bank, Ltd. • MUFG Bank, Ltd. • Sumitomo Mitsui Trust Bank, Limited
Affiliated subsidiaries	Shibaura Fire Pump Co., Ltd.

History

1961	Established as a joint venture by FENWAL Corporation in U.S., MITSUI & CO., LTD. and Nihon Dennetsu Co., Ltd.
1967	Construction of Nagano factory (started full-scale production of SSP and thermal products)
1971	Construction of Hachioji Center (current R&D Center); started full-scale operation of R&D activities
1988	Purchase of 62% of shares held by U.S. FENWAL
1996	Over-the-counter public offerings
1997	Expansion of Nagano factory (new building)
2004	Listed on the JASDAQ
2015	Changed to the Second Section of the Tokyo Stock Exchange
2022	Listed on the Standard Market due to the reorganization of the TSE market segmentation
2024	Capital and business alliance concluded with Seika Corporation

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Precautions

The contents contained herein are based on information that is currently available to us, and forward-looking statements are subject to a number of risks and uncertainties, including market conditions, currency exchange rates and other factors. Therefore, they may differ from our forecasts.