

# Consolidated Financial Results for 2025

[Japanese GAAP]

February 10, 2026

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 27, 2026

Scheduled date of payment of dividend: March 30, 2026

Scheduled date of filing of Annual Securities Report: March 30, 2026

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 2025 (January 1 to December 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	%
2025	12,909	3.1	1,056	(10.6)	1,144	(15.8)	1,247	11.8
2024	12,515	(0.7)	1,181	14.2	1,359	17.2	1,115	189.1

Note: Comprehensive income (millions of yen) 2025: 1,441 (down 5.3%) 2024: 1,521 (up 100.0%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit on net sales
	Yen	Yen	%	%	%
2025	222.39	-	8.8	5.9	8.2
2024	198.99	-	8.5	7.0	9.4

Reference: Equity in earnings of associates (millions of yen) 2025: - 2024: -

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2025	19,228	14,607	76.0	2,605.08
As of Dec. 31, 2024	19,521	13,585	69.6	2,422.68

Reference: Shareholders' equity (millions of yen) As of Dec. 31, 2025: 14,607 As of Dec. 31, 2024: 13,585

(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
2025	342	(1,290)	(1,044)	4,282
2024	949	(659)	(920)	6,289

## 2. Dividends

	Dividends 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	%	%
2024	-	37.00	-	37.00	74.00	418	37.2	3.2
2025	-	37.00	-	39.00	76.00	430	34.2	3.1
2026 (forecast)	-	39.00	-	39.00	78.00		49.7	

## 3. Consolidated Forecast for 2026 (January 1 to December 31, 2026)

(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	12,600	(2.4)	1,030	(2.5)	1,100	(3.9)	880	(29.4)	156.93

\* 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, 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 Dec. 31, 2025:	285,547 shares	As of Dec. 31, 2024:	285,522 shares
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- 3) Average number of shares during the period
 

Fiscal year ended Dec. 31, 2025:	5,607,477 shares	Fiscal year ended Dec. 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.

**Reference: Summary of Non-consolidated Financial Results**

**1. Non-consolidated Financial Results for 2025 (January 1 to December 31, 2025)**

(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	%
2025	9,297	(3.5)	731	(36.3)	819	(40.6)	745	(28.7)
2024	9,633	0.3	1,147	31.7	1,378	(34.0)	1,044	(25.1)

	Net income per share	Diluted net income per share
	Yen	Yen
2025	132.87	-
2024	186.35	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2025	17,461	14,339	82.1	2,557.27
As of Dec. 31, 2024	18,251	13,538	74.2	2,414.28

Reference: Shareholders' equity (millions of yen) As of Dec. 31, 2025: 14,339 As of Dec. 31, 2024: 13,538

\* 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, 2026. 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 2025, the Japanese economy achieved a moderate turnaround. Amid the improvements in the employment and income environments and the substantial increases in pay, there were signs that consumer spending and capital investment were recovering. At the same time, the outlook remained uncertain due to downside risks regarding overseas economies, geopolitical tensions, the ongoing increase of the prices of goods and fluctuations in financial and capital markets.

In this environment, orders received grew sharply year on year, following an increase in demand for detectors and gas fire extinguishing equipment in the safety security protection (SSP) segment and buoyant sales of products for semiconductor manufacturing equipment in the thermal segment and fire engines in the fire pumps segment. Net sales also increased year on year as a result of strong sales of mainstay products in the thermal and fire pumps segments, despite decreased sales in gas fire extinguishing equipment due chiefly to the end of large projects for electric power and other fundamental industries in the SSP segment.

As a result, orders received amounted to 14,098 million yen, up 15.5% year on year, and net sales were 12,909 million yen, up 3.1% year on year. Operating profit stood at 1,056 million yen, down 10.6% year on year, and ordinary profit at 1,144 million yen, down 15.8% year on year. This reflects an increase in selling, general and administrative expenses, including testing and research expenses and the cost of measures to address product defects, despite an increase in gross profit. Profit attributable to owners of parent reached 1,247 million yen, up 11.8% year on year, mainly due to the posting of extraordinary income, including a gain on liquidation of subsidiaries after the completion of liquidation of consolidated subsidiaries and a gain on sale of investment securities.

Business segment performance was as follows:

#### Safety Security Protection (SSP)

In this segment, orders received increased, reflecting a large order received for detectors for plants and other special environments and increasing demand for gas fire extinguishing equipment for specific customers and for redevelopment projects. On the other hand, sales decreased following the end of the large projects for electric power and other fundamental industries. As a result, orders received amounted to 5,881 million yen, up 29.7% year on year, and net sales were 4,839 million yen, down 6.3%.

#### Thermal

In this segment, orders received went up following the considerable growth in orders for sensors for semiconductor manufacturing equipment amid the increase in demand in the rallying semiconductor market. Sales grew slightly due to brisk sales of mainstay hot plates and sensors. As a result, orders received amounted to 2,293 million yen, up 14.1% year on year, and net sales were 2,108 million yen, up 4.0%.

#### Medical

In this segment, orders received and sales both declined, amid ongoing adjustments moving towards the termination of the contract manufacturing of artificial kidney dialysis equipment. As a result, orders received amounted to 1,249 million yen, down 12.2% year on year, and net sales were 1,395 million yen, down 3.7%.

#### Printed Wiring Board Assembly (PWBA)

In this segment, orders received and sales were impacted by a decrease in demand for existing products, including those used in office equipment and industrial equipment, and fell below the previous fiscal year. As a result, orders received were 931 million yen, down 7.5% year on year, and sales were 954 million yen, down 4.1%.

#### Fire Pumps

In this segment, orders received and sales both rose sharply, reflecting buoyant sales of portable fire pumps and fire engines for national and local governments. As a result, orders received amounted to 3,742 million yen, up 15.9% year on year, and net sales were 3,612 million yen, up 25.3% year on year.

**(2) Financial Position**

## Assets

Total assets amounted to 19,228 million yen at the end of 2025, a decrease of 293 million yen or 1.5% compared with 19,521 million yen at the end of 2024. The main factor for the decrease was a decrease of 1,458 million yen (down 23.2%) in cash and deposits, offsetting increases of 704 million yen (up 24.4%) in investment securities and 516 million yen (up 874.0%) in construction in progress.

## Liabilities

Total liabilities amounted to 4,620 million yen at the end of 2025, a decrease of 1,316 million yen or 22.2% compared with 5,936 million yen at the end of 2024. This was mainly due to a decrease of 634 million yen or 35.3% in notes and accounts payable-trade and a decrease of 600 million yen or -% in short-term borrowings.

## Net assets

Net assets totaled 14,607 million yen at the end of 2025, an increase of 1,022 million yen or 7.5% compared with 13,585 million yen at the end of 2024. The major factors included profit attributable to owners of parent of 1,247 million yen, offsetting dividends paid of 430 million yen.

**(3) Cash Flows**

The balance of cash and cash equivalents (hereinafter, “cash”) decreased 2,006 million yen from the end of 2024 to total 4,282 million yen at the end of 2025.

The cash flow components during 2025 and the main reasons for changes are as described below.

## Cash flows from operating activities

Net cash provided by operating activities totaled 342 million yen, a decrease of 606 million yen year on year. This was primarily due to profit before income taxes of 1,689 million yen, a decrease in trade payables of 861 million yen and income taxes paid of 508 million yen.

## Cash flows from investing activities

Net cash used in investing activities totaled 1,290 million yen, an increase of 631 million yen year on year. This was chiefly the result of 810 million yen in purchase of property, plant and equipment and 547 million yen in payments into time deposits.

## Cash flows from financing activities

Net cash used in financing activities totaled 1,044 million yen, an increase of 123 million yen year on year. This was mainly due to a decrease in short-term borrowings of 600 million yen and dividends paid of 418 million yen.

## (Reference) Cash Flow Indicators

	2022	2023	2024	2025
Equity ratio (%)	65.4	66.5	69.6	76.0
Market value-based equity ratio (%)	40.9	45.3	49.0	52.7
Interest-bearing debt to cash flow ratio (years)	4.4	1.4	1.3	1.8
Interest coverage ratio (times)	30.0	96.1	81.2	20.7

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 funding 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 39 yen for 2025. This means that the annual dividend, including the interim dividend, per share will be 76 yen for 2025.

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

The dividend for 2026 will be determined in accordance with the above basic policy. At this time, the plan is to pay a dividend of 78 yen per share consisting of 39 yen interim and year-end dividends.

#### **(5) Outlook**

The economy is expected to continue to recover moderately backed by improvements in employment and income. However, the outlook for the economy will remain uncertain, chiefly due to downside risks faced in overseas economies, geopolitical tensions and fluctuations in financial and capital markets.

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 policy, the goals for 2026 are net sales of 12,600 million yen, operating profit of 1,030 million yen, ordinary profit of 1,100 million yen and profit attributable to owners of parent of 880 million yen.

The outlook for business segments is as follows.

In the SSP segment, the Company expects to receive orders for gas fire extinguishing equipment for specific customers and for large redevelopment projects. With new models of explosion containment equipment being released, the Company aims to receive new orders for the replacement of equipment at biomass power generation plants and other existing facilities. The forecast is that overall performance will remain solid, but the end of the large orders mainly for electric power and other fundamental industries will continue to have some negative effects.

In the thermal segment, semiconductor demand will continue to expand amid the popularization of computers and smartphones with generative artificial intelligence (AI) features, the increase in investments in data centers that support AI platforms and other factors. Aided by the market conditions above, performance is expected to remain strong as demand is projected to grow for mainstay hot plates and sensors for semiconductor manufacturing equipment.

In the medical segment, the contract manufacturing of artificial kidney dialysis equipment is set to be terminated on December 31, 2026, as announced in *Notice of Termination of Contract Manufacturing Related to Dialysis Equipment* on January 31, 2025. Profitability will therefore plunge considerably.

In the PWBA segment, demand for products for office equipment and industrial equipment is expected to remain largely unchanged. The Company will work to create additional value by leveraging its implementation technologies and expertise in assembly and carry out intensive cost-reduction activities.

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. In this situation, the Company will endeavor to improve profitability and expand its business fields by, for example, standardizing fire engine specifications and increasing sales channels for emergency water purification systems.

## **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)	
	2024	2025
	(As of Dec. 31, 2024)	(As of Dec. 31, 2025)
Assets		
Current assets		
Cash and deposits	6,289,149	4,830,860
Notes and accounts receivable-trade	1,821,929	1,360,992
Electronically recorded monetary claims-operating	1,433,443	1,628,148
Accounts receivable from completed construction contracts and contract assets	1,088,646	929,123
Finished goods	835,204	1,165,528
Work in process	425,819	408,840
Raw materials	1,858,417	1,838,266
Other	93,606	84,308
Allowance for doubtful accounts	(3,899)	(3,899)
Total current assets	13,842,316	12,242,169
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	782,845	832,339
Machinery, equipment and vehicles, net	173,934	166,901
Land	433,346	433,346
Construction in progress	59,117	575,794
Other, net	217,316	187,655
Total property, plant and equipment	1,666,560	2,196,037
Intangible assets		
Goodwill	694,942	579,118
Software	104,955	87,739
Software in progress	4,600	-
Other	5,959	5,759
Total intangible assets	810,457	672,617
Investments and other assets		
Investment securities	2,883,727	3,587,871
Deferred tax assets	50,941	86,592
Retirement benefit asset	127,549	307,293
Other	160,949	137,182
Allowance for doubtful accounts	(20,650)	(1,450)
Total investments and other assets	3,202,518	4,117,491
Total non-current assets	5,679,536	6,986,145
Total assets	19,521,852	19,228,315

	(Thousands of yen)	
	2024	2025
	(As of Dec. 31, 2024)	(As of Dec. 31, 2025)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	1,796,717	1,162,109
Accounts payable for construction contracts	426,962	200,045
Short-term borrowings	600,000	-
Current portion of long-term borrowings	295,920	218,784
Income taxes payable	332,042	213,486
Contract liabilities	268,897	278,402
Provision for loss on construction contracts	-	74,860
Provision for product warranties	372,917	425,129
Provision related to dismantlement and removal	-	53,463
Other	580,903	561,750
<b>Total current liabilities</b>	<b>4,674,360</b>	<b>3,188,031</b>
<b>Non-current liabilities</b>		
Long-term borrowings	344,380	404,164
Retirement benefit liability	225,609	241,680
Provision for share awards for directors (and other officers)	10,985	15,654
Asset retirement obligations	58,494	80,512
Deferred tax liabilities	156,248	494,871
Provision for loss related to product repair	451,262	187,323
Other	15,414	8,215
<b>Total non-current liabilities</b>	<b>1,262,394</b>	<b>1,432,422</b>
<b>Total liabilities</b>	<b>5,936,754</b>	<b>4,620,454</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	996,600	996,600
Capital surplus	1,460,517	1,460,517
Retained earnings	9,828,567	10,656,665
Treasury shares	(413,653)	(413,700)
<b>Total shareholders' equity</b>	<b>11,872,031</b>	<b>12,700,082</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,304,888	1,780,508
Foreign currency translation adjustment	323,148	-
Remeasurements of defined benefit plans	85,029	127,270
<b>Total accumulated other comprehensive income</b>	<b>1,713,066</b>	<b>1,907,779</b>
<b>Total net assets</b>	<b>13,585,098</b>	<b>14,607,861</b>
<b>Total liabilities and net assets</b>	<b>19,521,852</b>	<b>19,228,315</b>

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

	(Thousands of yen)	
	2024	2025
	(Jan. 1, 2024 – Dec. 31, 2024)	(Jan. 1, 2025 – Dec. 31, 2025)
Net sales	12,515,938	12,909,850
Cost of sales	8,380,296	8,747,207
Gross profit	4,135,642	4,162,642
Selling, general and administrative expenses	2,953,688	3,105,944
Operating profit	1,181,954	1,056,697
Non-operating income		
Interest income	13,472	14,372
Dividend income	65,455	83,985
Insurance claim income	-	3,000
Dividend income of insurance	10,304	11,023
Foreign exchange gains	91,054	-
Other	11,382	7,554
Total non-operating income	191,670	119,935
Non-operating expenses		
Interest expenses	11,576	16,952
Settlement payments	1,067	-
Foreign exchange losses	-	14,562
Other	1,612	869
Total non-operating expenses	14,256	32,384
Ordinary profit	1,359,367	1,144,249
Extraordinary income		
Gain on sale of investment securities	-	57,508
Gain on liquidation of subsidiaries and associates	20,613	322,819
Reversal of provision for loss related to product repair	95,127	199,645
Other	-	19,200
Total extraordinary income	115,740	599,172
Extraordinary losses		
Provision for allowance related to dismantlement and removal	-	53,463
Office relocation expenses	14,069	-
Total extraordinary losses	14,069	53,463
Profit before income taxes	1,461,039	1,689,958
Income taxes-current	397,389	399,614
Income taxes-deferred	(52,200)	43,319
Total income taxes	345,188	442,933
Profit	1,115,850	1,247,024
Profit attributable to owners of parent	1,115,850	1,247,024

**(Consolidated Statement of Comprehensive Income)**

(Thousands of yen)

	2024 (Jan. 1, 2024 – Dec. 31, 2024)	2025 (Jan. 1, 2025 – Dec. 31, 2025)
Profit	1,115,850	1,247,024
Other comprehensive income		
Valuation difference on available-for-sale securities	519,522	475,619
Foreign currency translation adjustment	(158,485)	(323,148)
Remeasurements of defined benefit plans, net of tax	45,086	42,241
Total other comprehensive income	406,123	194,712
Comprehensive income	1,521,973	1,441,736
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,521,973	1,441,736

**(3) Consolidated Statement of Changes in Equity**

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
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
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

2025 (Jan. 1, 2025 – Dec. 31, 2025)

(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	9,828,567	(413,653)	11,872,031
Changes during period					
Dividends of surplus			(418,927)		(418,927)
Profit attributable to owners of parent			1,247,024		1,247,024
Purchase of treasury shares				(46)	(46)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	828,097	(46)	828,050
Balance at end of period	996,600	1,460,517	10,656,665	(413,700)	12,700,082

	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	1,304,888	323,148	85,029	1,713,066	13,585,098
Changes during period					
Dividends of surplus					(418,927)
Profit attributable to owners of parent					1,247,024
Purchase of treasury shares					(46)
Net changes in items other than shareholders' equity	475,619	(323,148)	42,241	194,712	194,712
Total changes during period	475,619	(323,148)	42,241	194,712	1,022,763
Balance at end of period	1,780,508	-	127,270	1,907,779	14,607,861

**(4) Consolidated Statement of Cash Flows**

(Thousands of yen)

	2024 (Jan. 1, 2024 – Dec. 31, 2024)	2025 (Jan. 1, 2025 – Dec. 31, 2025)
Cash flows from operating activities		
Profit before income taxes	1,461,039	1,689,958
Depreciation	286,088	325,482
Amortization of goodwill	115,823	115,823
Increase (decrease) in provision for product warranties	57,204	52,211
Increase (decrease) in allowance for doubtful accounts	-	(19,200)
Decrease (increase) in retirement benefit asset	(127,549)	(179,744)
Increase (decrease) in retirement benefit liability	(64,338)	16,071
Increase (decrease) in provision for share awards for directors (and other officers)	4,326	4,669
Increase (decrease) in provision for loss related to product repair	(308,344)	(263,939)
Increase (decrease) in provision for loss on construction contracts	-	74,860
Increase (decrease) in provision related to dismantlement and removal	-	53,463
Interest and dividend income	(78,928)	(98,357)
Interest expenses	11,576	16,952
Foreign exchange losses (gains)	(96,777)	13,805
Loss (gain) on sale of investment securities	-	(57,508)
Loss (gain) on liquidation of subsidiaries and associates	(20,613)	(322,819)
Insurance claim income	-	(3,000)
Decrease (increase) in trade receivables	113,794	425,754
Decrease (increase) in inventories	(280,017)	(293,194)
Increase (decrease) in trade payables	(211,859)	(861,525)
Increase (decrease) in accounts payable-other	100,010	(40,293)
Increase (decrease) in contract liabilities	(191,552)	9,505
Other, net	190,209	105,855
Subtotal	960,092	764,833
Interest and dividends received	80,634	99,505
Interest paid	(11,699)	(16,518)
Proceeds from insurance income	-	3,000
Income taxes paid	(183,745)	(508,341)
Income taxes refund	104,160	-
Net cash provided by (used in) operating activities	949,443	342,479
Cash flows from investing activities		
Payments into time deposits	(428,190)	(547,960)
Proceeds from withdrawal of time deposits	428,190	-
Purchase of property, plant and equipment	(633,665)	(810,534)
Purchase of software	(22,163)	(25,239)
Purchase of short-term and long-term investment securities	(509,793)	(1,062)
Proceeds from sale and redemption of short-term and long-term investment securities	500,000	68,788
Proceeds from sale of golf club membership	-	40,000
Proceeds from collection of loans receivable	6,000	6,000
Other, net	335	(20,658)
Net cash provided by (used in) investing activities	(659,285)	(1,290,665)

	(Thousands of yen)	
	2024	2025
	(Jan. 1, 2024 – Dec. 31, 2024)	(Jan. 1, 2025 – Dec. 31, 2025)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-	(600,000)
Proceeds from long-term borrowings	-	300,000
Repayments of long-term borrowings	(295,920)	(317,352)
Purchase of treasury shares	-	(46)
Dividends paid	(615,969)	(418,259)
Other, net	(8,430)	(8,598)
Net cash provided by (used in) financing activities	(920,320)	(1,044,256)
Effect of exchange rate change on cash and cash equivalents	99,686	(13,805)
Net increase (decrease) in cash and cash equivalents	(530,475)	(2,006,248)
Cash and cash equivalents at beginning of period	6,819,624	6,289,149
Cash and cash equivalents at end of period	6,289,149	4,282,900

**(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 comprehensive 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 are as follows.

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 and 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

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 that cannot be attributed to reportable segments.
- (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.

2025 (Jan. 1, 2025 – Dec. 31, 2025)

(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	784,820	2,108,660	1,395,107	954,084	3,612,550	8,855,225	-	8,855,225
Goods or services that are transferred over a certain period of time	4,054,625	-	-	-	-	4,054,625	-	4,054,625
Revenue from contracts with customers	4,839,445	2,108,660	1,395,107	954,084	3,612,550	12,909,850	-	12,909,850
External sales	4,839,445	2,108,660	1,395,107	954,084	3,612,550	12,909,850	-	12,909,850
Inter-segment sales and transfers	-	-	-	-	-	-	-	-
Total	4,839,445	2,108,660	1,395,107	954,084	3,612,550	12,909,850	-	12,909,850
Segment profit	852,615	354,102	60,413	100,922	322,084	1,690,137	(633,440)	1,056,697
Segment assets	3,002,620	1,474,763	1,188,579	893,851	1,583,275	8,143,090	11,085,225	19,228,315
Other items								
Depreciation	58,224	79,724	18,863	16,428	112,678	285,919	39,563	325,482
Amortization of goodwill	-	-	-	-	115,823	115,823	-	115,823
Increase in property, plant and equipment and intangible assets	59,665	66,989	22,738	7,964	545,537	702,894	131,551	834,446

Notes: 1. Adjustments are as follows:

- (1) The adjustment of negative 663,440 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 11,085,225 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 that cannot be attributed to reportable segments.
  - (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

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

2025 (Jan. 1, 2025 – Dec. 31, 2025)

## 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
12,509,647	371,693	28,508	12,909,850

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.	1,340,731	Medical

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

2024 (Jan. 1, 2024 – Dec. 31, 2024)

Not applicable.

2025 (Jan. 1, 2025 – Dec. 31, 2025)

Not applicable.

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

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.

2025 (Jan. 1, 2025 – Dec. 31, 2025)

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	-	-	-	-	579,118	-	579,118

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

Information concerning gain on negative goodwill by reporting segment

2024 (Jan. 1, 2024 – Dec. 31, 2024)

Not applicable.

2025 (Jan. 1, 2025 – Dec. 31, 2025)

Not applicable.

**Per Share Information**

(Yen)

	2024 (Jan. 1, 2024 – Dec. 31, 2024)	2025 (Jan. 1, 2025 – Dec. 31, 2025)
Net assets per share	2,422.68	2,605.08
Net income per share	198.99	222.39
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:

	2024 (Jan. 1, 2024 – Dec. 31, 2024)	2025 (Jan. 1, 2025 – Dec. 31, 2025)
Profit attributable to owners of parent (Thousands of yen)	1,115,850	1,247,024
Amount not attributable to common shareholders (Thousands of yen)	-	-
Profit attributable to owners of parent applicable to common shares (Thousands of yen)	1,115,850	1,247,024
Average number of shares outstanding (Thousand shares)	5,607	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 2024 and 53 thousand shares at the end of 2025. 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 53 thousand shares in 2024 and 53 thousand shares in 2025.

**Subsequent Events**

Not applicable.

*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.*