

Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending December 31, 2026
(Three Months Ended March 31, 2026)

[Japanese GAAP]

April 30, 2026

Company name: Fenwal Controls of Japan, Ltd. Listing: Tokyo Stock Exchange
Stock code: 6870 URL: <https://www.fenwal.co.jp/>
Representative: Yoshinobu Nakano, President and Representative Director
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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 2026 (January 1 to March 31, 2026)

(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, 2026	4,246	10.0	841	38.5	850	49.5	584	(21.8)
Three months ended Mar. 31, 2025	3,859	5.5	608	0.5	568	(14.1)	746	34.6

Note: Comprehensive income (millions of yen) Three months ended Mar. 31, 2026: 677 (up 431.6%)
Three months ended Mar. 31, 2025: 127 (down 81.8%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Mar. 31, 2026	104.21	-
Three months ended Mar. 31, 2025	133.21	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2026	19,886	15,064	75.8	2,686.60
As of Dec. 31, 2025	19,228	14,607	76.0	2,605.08

Reference: Shareholders' equity (millions of yen) As of Mar. 31, 2026: 15,064 As of Dec. 31, 2025: 14,607

2. Dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2025	-	37.00	-	39.00	76.00
2026	-	-	-	-	-
2026 (forecast)	-	39.00	-	39.00	78.00

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

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

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, 2026:	5,893,000 shares	As of Dec. 31, 2025:	5,893,000 shares
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2) Number of treasury shares at the end of the period

As of Mar. 31, 2026:	285,547 shares	As of Dec. 31, 2025:	285,547 shares
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3) Average number of shares during the period

Three months ended Mar. 31, 2026:	5,607,453 shares	Three months ended Mar. 31, 2025:	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 include 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 2026, the Japanese economy achieved a moderate turnaround, partly reflecting improvements in the employment and income environments and the effects of government policies. Nonetheless, the outlook remained uncertain, mainly due to fluctuations in the financial and capital markets and trends related to U.S. trade policies, in addition to the impact of the Middle East situation.

In this environment, the Group saw strong demand for the maintenance and inspection of fire protection products and renovation works in the safety security protection (SSP) segment. In addition, in the thermal segment, both orders received for and sales of mainstay hot plates and sensors for semiconductor manufacturing equipment grew significantly year on year due to growth in demand in the semiconductor market.

As a result, orders received were 3,184 million yen, up 9.9% year on year, and net sales were 4,246 million yen, up 10.0% year on year. On the profit front, operating profit stood at 841 million yen, up 38.5% year on year, due to an increase in gross profit that resulted from higher sales. Ordinary profit stood at 850 million yen, up 49.5% year on year. This mainly reflects the impact of non-operating income/expenses associated with exchange rate fluctuations. Profit attributable to owners of parent was 584 million yen, down 21.8% year on year. The main factor for the year-on-year decrease of 21.8% was the absence of a 322 million yen gain on liquidation of subsidiaries and associates, which was posted as extraordinary income in the previous fiscal year due to the completion of the liquidation of overseas subsidiaries.

Business segment performance was as follows:

Safety Security Protection (SSP)

In this segment, overall orders received increased year on year, mainly due to growth in demand for the maintenance and inspection of fire protection products and renovation works, more than offsetting a decrease in projects on fire sprinkler systems. Net sales also rose year on year, mainly due to growth of gas fire extinguishing equipment and explosion containment equipment that the Company excels at. As a result, orders received were 1,277 million yen, up 10.6% year on year, and net sales were 1,434 million yen, up 23.1%.

Regarding the future outlook, the Company will promote sales of explosion containment equipment in addition to large redevelopment projects and gas fire extinguishing equipment for plants, aiming to receive even more orders.

In terms of development, the Company is proceeding with development of the three new products (explosion containment equipment, gas fire extinguishing equipment, and heat detectors), which have been designated core components of the Medium-Term Management Plan. In addition, the Company will continue to upgrade its existing products, including automatic fire alarm receivers and detectors, industrial anomaly detection systems and control panels for gas fire extinguishing equipment.

Thermal

In this segment, both orders received for and sales of mainstay hot plates and sensors for semiconductor manufacturing equipment remained far above the year-ago levels due to growth of demand in the semiconductor market. As a result, orders received were 965 million yen, up 110.1% year on year, and net sales were 738 million yen, up 46.0%.

In the future, demand is expected to grow in the field of semiconductor manufacturing equipment, including equipment for manufacturing semiconductors for generative AI. However, the Company will watch for fluctuations in demand associated with geopolitical risks and their impact on sourcing of materials. In addition, sales and development teams will cooperate to drive technical sales activities to enhance added value.

In terms of development, the Company will proceed with the development of hot plates and heaters tailored to customer needs, while continuing to maintain and upgrade existing products.

Medical

In this segment, both orders received and net sales decreased year on year amid the planned shipping adjustment of artificial kidney dialysis equipment towards the termination of the contract manufacturing scheduled in December 2026. As a result, orders received were 293 million yen, down 17.8% year on year, and net sales were 266 million yen, down 12.3%.

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

Printed Wiring Board Assembly (PWBA)

In this segment, orders received increased year on year due to an increase in orders received for products for industrial equipment. However, net sales decreased year on year. As a result, orders received were 255 million yen, up 5.1% year on year, and net sales were 235 million yen, down 5.4%.

As for the outlook, the Company will focus its efforts on sales activities for receiving orders for new projects.

Fire Pumps

In this segment, orders received and net sales decreased year on year, despite buoyant sales of portable fire pumps and fire engines for national and local governments. This partly reflects the absence of the non-recurring sales that were posted in the same period of the previous fiscal year. As a result, orders received were 391 million yen, down 42.5% year on year, and net sales were 1,571 million yen, down 3.9%.

As for the future outlook, costs are expected to increase due to rising prices of raw materials and investment in production facilities. The Company will endeavor to improve profitability and expand its business fields by, for example, standardizing fire engine specifications, increasing sales channels for emergency water purification systems, and introducing wildfire extinguishing equipment.

In terms of development, we have focused 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 19,886 million yen at the end of the first quarter of 2026, an increase of 658 million yen or 3.4% compared with 19,228 million yen at the end of 2025. The main factors for the increase were an increase of 552 million yen (up 25.2%) in property, plant and equipment and an increase of 151 million yen (up 4.2%) in investment securities.

Total liabilities amounted to 4,821 million yen, an increase of 201 million yen or 4.4% compared with 4,620 million yen at the end of 2025. This was mainly due to an increase of 212 million yen, or 52.5%, in long-term borrowings.

Net assets totaled 15,064 million yen, an increase of 457 million yen, or 3.1%, compared with 14,607 million yen at the end of 2025. The increase resulted mainly from the posting of 584 million yen of profit attributable to owners of parent.

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

There are no revisions to the consolidated earnings forecast for 2026, which was disclosed on February 10, 2026. 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)	
	2025 (As of Dec. 31, 2025)	First quarter of 2026 (As of Mar. 31, 2026)
Assets		
Current assets		
Cash and deposits	4,830,860	5,047,155
Notes and accounts receivable-trade	1,360,992	1,955,263
Electronically recorded monetary claims-operating	1,628,148	921,767
Accounts receivable from completed construction contracts and contract assets	929,123	936,671
Finished goods	1,165,528	867,162
Work in process	408,840	380,583
Raw materials	1,838,266	2,018,276
Other	84,308	84,354
Allowance for doubtful accounts	(3,899)	(3,899)
Total current assets	12,242,169	12,207,335
Non-current assets		
Property, plant and equipment	2,196,037	2,748,797
Intangible assets		
Goodwill	579,118	550,162
Other	93,498	85,386
Total intangible assets	672,617	635,549
Investments and other assets		
Investment securities	3,587,871	3,738,976
Retirement benefit asset	307,293	327,939
Other	223,775	229,709
Allowance for doubtful accounts	(1,450)	(1,450)
Total investments and other assets	4,117,491	4,295,176
Total non-current assets	6,986,145	7,679,523
Total assets	19,228,315	19,886,859
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,162,109	1,371,516
Accounts payable for construction contracts	200,045	150,758
Current portion of long-term borrowings	218,784	221,744
Income taxes payable	213,486	276,520
Provision for bonuses	-	94,695
Provision for bonuses for directors (and other officers)	-	4,250
Provision for loss on construction contracts	74,860	28,210
Provision for product warranties	425,129	367,209
Provision related to dismantlement and removal	53,463	39,248
Other	840,153	578,174
Total current liabilities	3,188,031	3,132,328
Non-current liabilities		
Long-term borrowings	404,164	616,508
Provision for share awards for directors (and other officers)	15,654	16,826
Retirement benefit liability	241,680	254,698
Asset retirement obligations	80,512	92,088
Provision for loss related to product repair	187,323	147,077
Other	503,086	562,352
Total non-current liabilities	1,432,422	1,689,550
Total liabilities	4,620,454	4,821,878

	(Thousands of yen)	
	2025 (As of Dec. 31, 2025)	First quarter of 2026 (As of Mar. 31, 2026)
Net assets		
Shareholders' equity		
Share capital	996,600	996,600
Capital surplus	1,460,517	1,460,517
Retained earnings	10,656,665	11,020,220
Treasury shares	(413,700)	(413,700)
Total shareholders' equity	12,700,082	13,063,637
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,780,508	1,887,122
Remeasurements of defined benefit plans	127,270	114,220
Total accumulated other comprehensive income	1,907,779	2,001,342
Total net assets	14,607,861	15,064,980
Total liabilities and net assets	19,228,315	19,886,859

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

	(Thousands of yen)	
	First three months of 2025 (Jan. 1 – Mar. 31, 2025)	First three months of 2026 (Jan. 1 – Mar. 31, 2026)
Net sales	3,859,911	4,246,440
Cost of sales	2,570,315	2,717,579
Gross profit	1,289,596	1,528,861
Selling, general and administrative expenses	681,542	686,862
Operating profit	608,054	841,998
Non-operating income		
Interest income	1,202	1,342
Foreign exchange gains	-	11,476
Insurance claim income	3,000	-
Other	2,298	2,973
Total non-operating income	6,500	15,791
Non-operating expenses		
Interest expenses	3,397	2,801
Foreign exchange losses	41,775	-
Other	429	4,452
Total non-operating expenses	45,602	7,254
Ordinary profit	568,953	850,535
Extraordinary income		
Gain on sale of investment securities	57,508	-
Gain on liquidation of subsidiaries and associates	322,819	-
Total extraordinary income	380,327	-
Profit before income taxes	949,280	850,535
Income taxes-current	225,741	259,293
Income taxes-deferred	(23,405)	6,902
Total income taxes	202,336	266,195
Profit	746,944	584,340
Profit attributable to owners of parent	746,944	584,340

(Quarterly Consolidated Statement of Comprehensive Income)

	(Thousands of yen)	
	First three months of 2025 (Jan. 1 – Mar. 31, 2025)	First three months of 2026 (Jan. 1 – Mar. 31, 2026)
Profit	746,944	584,340
Other comprehensive income		
Valuation difference on available-for-sale securities	(291,288)	106,614
Foreign currency translation adjustment	(323,148)	-
Remeasurements of defined benefit plans, net of tax	(4,974)	(13,050)
Total other comprehensive income	(619,411)	93,563
Comprehensive income	127,532	677,903
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	127,532	677,903

(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 2026.

Depreciation (including amortization of intangible assets excluding goodwill) and amortization of goodwill for the first three months of 2025 and 2026 are as follows.

	(Thousands of yen)	
	First three months of 2025 (Jan. 1 – Mar. 31, 2025)	First three months of 2026 (Jan. 1 – Mar. 31, 2026)
Depreciation	74,038	68,592
Amortization of goodwill	28,955	28,955

Segment and Other Information

Segment information

I 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

	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.

II First three months of 2026 (Jan. 1 – Mar. 31, 2026)

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	216,855	738,055	266,306	235,483	1,571,881	3,028,582	-	3,028,582
Goods or services that are transferred over a certain period of time	1,217,858	-	-	-	-	1,217,858	-	1,217,858
Revenue from contracts with customers	1,434,714	738,055	266,306	235,483	1,571,881	4,246,440	-	4,246,440
Other revenue	-	-	-	-	-	-	-	-
External sales	1,434,714	738,055	266,306	235,483	1,571,881	4,246,440	-	4,246,440
Inter-segment sales and transfers	-	-	-	-	-	-	-	-
Total	1,434,714	738,055	266,306	235,483	1,571,881	4,246,440	-	4,246,440
Segment profit	589,881	117,616	24,153	34,269	237,834	1,003,756	(161,757)	841,998

Notes: 1. The adjustment of negative 161,757 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.