

**Summary of Consolidated Financial Results  
for the Second Quarter of Fiscal Year Ending March 31, 2021  
(Six Months Ended September 30, 2020)**

[Japanese GAAP]

Company name: IWAKI CO.,LTD. Listing: Tokyo Stock Exchange, First Section  
 Stock code: 6237 URL: <https://www.iwakipumps.co.jp/>  
 Representative: Shigeru Fujinaka, President  
 Contact: Makoto Inoue, Director,  
 Senior General Manager of Business Management Head Office Tel: (81)3-3254-2931  
 Scheduled date of filing of Quarterly Report: November 13, 2020  
 Scheduled date of payment of dividend: December 1, 2020  
 Preparation of supplementary materials for quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (Iwaki plans to provide a video presentation of financial results on November 27, 2020 on our website instead of the conventional financial results meeting.)

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

**1. Consolidated Financial Results for the Second Quarter Ended September 30, 2020****(April 1, 2020 – September 30, 2020)**

(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 Sep. 30, 2020 | 13,159      | (6.6) | 711              | (31.7) | 935             | (24.8) | 1,068                                   | 4.3   |
| Six months ended Sep. 30, 2019 | 14,086      | (4.2) | 1,041            | (13.9) | 1,243           | (18.9) | 1,024                                   | (4.1) |

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2020: 1,002 (up 40.5%)  
 Six months ended Sep. 30, 2019: 713 (down 27.1%)

|                                | Net income per share | Diluted net income per share |
|--------------------------------|----------------------|------------------------------|
|                                | Yen                  | Yen                          |
| Six months ended Sep. 30, 2020 | 48.50                | -                            |
| Six months ended Sep. 30, 2019 | 46.22                | -                            |

(2) Consolidated financial position

|                     | Total assets | Net assets  | Capital adequacy ratio |
|---------------------|--------------|-------------|------------------------|
|                     | Million yen  | Million yen | %                      |
| As of Sep. 30, 2020 | 31,557       | 21,184      | 67.0                   |
| As of Mar. 31, 2020 | 30,126       | 20,523      | 68.0                   |

Reference: Owner's equity (million yen) As of Sep. 30, 2020: 21,130 As of Mar. 31, 2020: 20,492

**2. Dividends**

|  | Dividend per share |        |        |          |       |
|--|--------------------|--------|--------|----------|-------|
|  | 1Q-end             | 2Q-end | 3Q-end | Year-end | Total |
|  | Yen                | Yen    | Yen    | Yen      | Yen   |
| Fiscal year ended Mar. 31, 2020              | -                  | 13.00  | -      | 17.50    | 30.50 |
| Fiscal year ending Mar. 31, 2021             | -                  | 8.00   | -      | -        | -     |
| Fiscal year ending Mar. 31, 2021 (forecasts) | -                  | -      | -      | 13.00    | 21.00 |

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

**3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2021 (April 1, 2020 – March 31, 2021)**

(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 | 28,280      | (1.2) | 1,332            | (37.0) | 1,739           | (32.6) | 1,537                                   | (27.6) | 69.79                |

Note: Revisions to the most recently announced consolidated earnings forecasts: None

**\* Notes**

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): None

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: Yes

Note: Please refer to page 8 “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements, Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements” for details.

(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 outstanding shares (common shares)

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

|                      |                   |                      |                   |
|----------------------|-------------------|----------------------|-------------------|
| As of Sep. 30, 2020: | 22,490,910 shares | As of Mar. 31, 2020: | 22,490,910 shares |
|----------------------|-------------------|----------------------|-------------------|

2) Number of treasury shares at the end of the period

|                      |                |                      |                |
|----------------------|----------------|----------------------|----------------|
| As of Sep. 30, 2020: | 451,856 shares | As of Mar. 31, 2020: | 465,389 shares |
|----------------------|----------------|----------------------|----------------|

3) Average number of shares outstanding during the period

|                                 |                   |                                 |                   |
|---------------------------------|-------------------|---------------------------------|-------------------|
| Six months ended Sep. 30, 2020: | 22,031,327 shares | Six months ended Sep. 30, 2019: | 22,167,878 shares |
|---------------------------------|-------------------|---------------------------------|-------------------|

\* The current quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

\* Cautionary statement with respect to forward-looking statements

Note concerning forward-looking statements

Forecasts of future performance in these materials are based on assumption judged to be valid and information available to the Company's management at the time the materials were prepared, but are not promises by Iwaki regarding future performance. Actual results may differ materially from the forecasts.

How to view supplementary information at the quarterly financial results meeting

To prevent the spread of the COVID-19 pandemic, Iwaki plans to provide a video presentation of quarterly financial results on November 27, 2020 (Friday) on our website instead of the conventional financial results meeting for institutional investors and analysts. The video will be available on demand. Materials to be distributed at this event will be available on the website in advance.

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

During the first half of the fiscal year ending March 31, 2021, although the business climate in Japan remained challenging because of COVID-19, there are currently signs of an economic recovery. However, companies are likely to remain cautious about capital expenditures for the time being because of falling earnings and the increasingly uncertain outlook.

In Japan, Iwaki took many actions based on the core policy of “winning by improving customer satisfaction.” Overseas, there were activities encompassing 21 affiliated companies in 15 countries to increase sales.

To maintain a reliable supply of products for customers, the Iwaki Group continued to manufacture products while taking various steps to prevent COVID-19 infections. In addition, group companies started using a new warehouse for distribution operations, which is operated by an external party, in the current fiscal year in order to further improve customer satisfaction by making deliveries faster and improving productivity.

Sales activities have been limited by restrictions in Japan and other countries on the ability to visit customers. Selling pumps often requires thorough discussions with customers about selecting the proper models, installation procedures and many other items. Orders that require these activities were therefore affected by the restriction on customer visits. Furthermore, results of operations at overseas consolidated subsidiaries fully reflect the effects of the COVID-19 pandemic because this fiscal year’s first half includes the first six months of calendar 2020 at these subsidiaries.

As a result, continuing from the first quarter, sales were higher than one year earlier in the semiconductor/liquid crystal market, but lower in all other markets.

Sales in Japan decreased 8.5% from one year earlier to 7,858 million yen as a result of sluggish sales in the medical equipment and new energy markets. COVID-19 had a big impact on sales in other countries. All markets were sluggish in Europe and the United States. Sales were down 19.4% to 1,146 million yen in Europe and down 16.7% to 1,708 million yen in the United States. In Asia, sales increased 2.9% to 1,033 million yen as the semiconductor/liquid crystal market remained strong in South Korea. Sales in China were up 66.8% to 972 million yen because demand in the medical equipment market increased sharply.

By product category, sales of mainline metering pumps remained steady. Sales of magnetic drive pumps, which are used in a broad range of markets, decreased mainly because of restrictions on the ability to visit customers for sales activities. Sales of pneumatic drive pumps for the semiconductor/liquid crystal market remained strong.

Consequently, consolidated net sales decreased 6.6% to 13,159 million yen.

Earnings were affected by lower sales. As a result, operating profit decreased 31.7% to 711 million yen and ordinary profit decreased 24.8% to 935 million yen. Due to extraordinary income for a gain resulting from the step acquisition of IWAKI Nordic A/S in the first quarter of the current fiscal year, profit attributable to owners of parent increased 4.3% to 1,068 million yen.

There is no business segment information because chemical pumps are the only business of the Iwaki Group.

### (2) Explanation of Financial Position

#### Assets

The balance of current assets at the end of the second quarter of the current fiscal year was 22,278 million yen, up 742 million yen from the end of the previous fiscal year. This was mainly due to increases of 902 million yen in cash and deposits and 436 million yen in merchandise and finished goods, while there was a decrease of 802 million yen in notes and accounts receivable-trade. The balance of non-current assets was 9,279 million yen at the end of the second quarter of the current fiscal year, up 688 million yen from the end of the previous fiscal year. This was mainly because of an increase of 689 million yen in goodwill.

As a result, total assets increased 1,431 million yen from the end of the previous fiscal year to 31,557 million yen.

## Liabilities

The balance of current liabilities at the end of the second quarter of the current fiscal year was 7,759 million yen, up 98 million yen from the end of the previous fiscal year. This was mainly due to an increase of 170 million yen in short-term borrowings. The balance of non-current liabilities was 2,613 million yen at the end of the second quarter of the current fiscal year, up 672 million yen from the end of the previous fiscal year. This was mainly due to an increase of 675 million yen in long-term borrowings.

As a result, total liabilities increased 770 million yen from the end of the previous fiscal year to 10,373 million yen.

## Net assets

The balance of net assets at the end of the second quarter of the current fiscal year was 21,184 million yen, up 660 million yen from the end of the previous fiscal year. The main factors include an increase of 683 million yen in retained earnings.

Consequently, the capital adequacy ratio was 67.0% (68.0% at the end of the previous fiscal year).

### **(3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements**

We maintain the full-year consolidated earnings forecasts that were disclosed in the press release concerning the consolidated earnings forecast and dividend forecast (Japanese version only) dated June 15, 2020.

## 2. Quarterly Consolidated Financial Statements and Notes

## (1) Quarterly Consolidated Balance Sheet

|   | (Thousands of yen)              |   |
|---|---------------------------------|---|
|   | FY3/20<br>(As of Mar. 31, 2020) | Second quarter of FY3/21<br>(As of Sep. 30, 2020) |
| Assets  |                                 |   |
| Current assets                                    |                                 |   |
| Cash and deposits                                 | 6,037,142                       | 6,939,877   |
| Notes and accounts receivable-trade               | 6,567,089                       | 5,764,664   |
| Electronically recorded monetary claims-operating | 3,006,973                       | 2,754,952   |
| Merchandise and finished goods                    | 2,274,529                       | 2,711,212   |
| Work in process                                   | 41,866                          | 60,915  |
| Raw materials and supplies                        | 3,334,700                       | 3,653,408   |
| Other   | 297,927                         | 417,349   |
| Allowance for doubtful accounts                   | (24,120)                        | (23,519)  |
| Total current assets                              | 21,536,109                      | 22,278,862  |
| Non-current assets                                |                                 |   |
| Property, plant and equipment                     |                                 |   |
| Buildings and structures                          | 7,350,481                       | 7,593,323   |
| Accumulated depreciation and impairment loss      | (3,814,876)                     | (3,953,684)                                       |
| Buildings and structures, net                     | 3,535,605                       | 3,639,639   |
| Machinery, equipment and vehicles                 | 2,821,272                       | 2,905,780   |
| Accumulated depreciation and impairment loss      | (2,409,334)                     | (2,485,604)                                       |
| Machinery, equipment and vehicles, net            | 411,937                         | 420,175   |
| Tools, furniture and fixtures                     | 1,882,702                       | 1,925,217   |
| Accumulated depreciation and impairment loss      | (1,557,037)                     | (1,622,798)                                       |
| Tools, furniture and fixtures, net                | 325,664                         | 302,419   |
| Land  | 1,039,680                       | 1,038,945   |
| Leased assets                                     | 282,368                         | 264,960   |
| Accumulated depreciation                          | (138,730)                       | (130,794)   |
| Leased assets, net                                | 143,637                         | 134,165   |
| Construction in progress                          | 129,925                         | 70,903  |
| Other   | 30,117                          | 34,051  |
| Accumulated depreciation                          | (22,400)                        | (23,540)  |
| Other, net  | 7,716                           | 10,510  |
| Total property, plant and equipment               | 5,594,168                       | 5,616,759   |
| Intangible assets                                 |                                 |   |
| Goodwill  | 1,764                           | 691,599   |
| Trademark right                                   | 46,116                          | 39,613  |
| Other   | 258,369                         | 365,859   |
| Total intangible assets                           | 306,250                         | 1,097,072   |
| Investments and other assets                      |                                 |   |
| Investment securities                             | 1,743,860                       | 1,617,416   |
| Deferred tax assets                               | 669,176                         | 656,633   |
| Other   | 277,068                         | 291,194   |
| Total investments and other assets                | 2,690,105                       | 2,565,244   |
| Total non-current assets                          | 8,590,524                       | 9,279,076   |
| Total assets                                      | 30,126,634                      | 31,557,938  |

|  | (Thousands of yen)              |   |
|--|---------------------------------|---|
|  | FY3/20<br>(As of Mar. 31, 2020) | Second quarter of FY3/21<br>(As of Sep. 30, 2020) |
| <b>Liabilities</b>   |                                 |   |
| Current liabilities  |                                 |   |
| Notes and accounts payable-trade                                     | 4,681,495                       | 4,722,452   |
| Short-term borrowings  | 768,050                         | 938,659   |
| Current portion of long-term borrowings                              | -                               | 75,000  |
| Lease obligations  | 55,903                          | 54,201  |
| Income taxes payable   | 103,628                         | 203,536   |
| Provision for bonuses  | 725,113                         | 698,987   |
| Provision for bonuses for directors (and other officers)             | 43,080                          | 17,814  |
| Provision for product warranties                                     | 71,156                          | 68,858  |
| Provision for loss on building demolition cost                       | 11,400                          | 11,400  |
| Other  | 1,201,622                       | 968,745   |
| Total current liabilities  | 7,661,449                       | 7,759,655   |
| Non-current liabilities  |                                 |   |
| Long-term borrowings   | -                               | 675,000   |
| Lease obligations  | 105,203                         | 98,706  |
| Provision for retirement benefits for directors (and other officers) | 51,687                          | 51,687  |
| Retirement benefit liability   | 912,345                         | 902,965   |
| Asset retirement obligations   | 185,555                         | 195,236   |
| Other  | 686,570                         | 690,087   |
| Total non-current liabilities  | 1,941,361                       | 2,613,683   |
| Total liabilities  | 9,602,811                       | 10,373,338  |
| <b>Net assets</b>  |                                 |   |
| Shareholders' equity   |                                 |   |
| Share capital  | 1,044,691                       | 1,044,691   |
| Capital surplus  | 675,803                         | 675,384   |
| Retained earnings  | 19,143,574                      | 19,826,694  |
| Treasury shares  | (475,730)                       | (456,247)   |
| Total shareholders' equity   | 20,388,338                      | 21,090,522  |
| Accumulated other comprehensive income                               |                                 |   |
| Valuation difference on available-for-sale securities                | 88,669                          | 107,650   |
| Foreign currency translation adjustment                              | 150,937                         | 64,008  |
| Remeasurements of defined benefit plans                              | (135,633)                       | (131,572)   |
| Total accumulated other comprehensive income                         | 103,974                         | 40,086  |
| Non-controlling interests  | 31,510                          | 53,991  |
| Total net assets   | 20,523,823                      | 21,184,600  |
| Total liabilities and net assets                                     | 30,126,634                      | 31,557,938  |

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

(Thousands of yen)

|   | First six months of FY3/20<br>(Apr. 1, 2019 – Sep. 30, 2019) | First six months of FY3/21<br>(Apr. 1, 2020 – Sep. 30, 2020) |
|---|--|--|
| Net sales   | 14,086,741   | 13,159,749   |
| Cost of sales   | 9,240,702  | 8,688,758  |
| Gross profit  | 4,846,039  | 4,470,991  |
| Selling, general and administrative expenses                  | 3,804,522  | 3,759,253  |
| Operating profit  | 1,041,516  | 711,737  |
| Non-operating income  |  |  |
| Interest income   | 5,846  | 1,760  |
| Dividend income   | 16,499   | 16,194   |
| Share of profit of entities accounted for using equity method | 221,404  | 262,978  |
| Other   | 19,011   | 18,272   |
| Total non-operating income                                    | 262,762  | 299,206  |
| Non-operating expenses  |  |  |
| Interest expenses   | 16,067   | 11,725   |
| Foreign exchange losses                                       | 28,574   | 48,385   |
| Loss on amortization of restricted stock remuneration         | 6,800  | 6,944  |
| Other   | 9,256  | 8,608  |
| Total non-operating expenses                                  | 60,698   | 75,664   |
| Ordinary profit   | 1,243,580  | 935,279  |
| Extraordinary income  |  |  |
| Gain on sales of non-current assets                           | 9,111  | -  |
| Gain on sales of investment securities                        | 153,234  | -  |
| Gain on step acquisitions                                     | -  | 347,712  |
| Total extraordinary income                                    | 162,345  | 347,712  |
| Extraordinary losses  |  |  |
| Loss on retirement of non-current assets                      | 301  | 205  |
| Loss on sales of investment securities                        | 8,756  | -  |
| Total extraordinary losses                                    | 9,058  | 205  |
| Profit before income taxes                                    | 1,396,868  | 1,282,786  |
| Income taxes  | 362,784  | 214,666  |
| Profit  | 1,034,083  | 1,068,120  |
| Profit (loss) attributable to non-controlling interests       | 9,542  | (447)  |
| Profit attributable to owners of parent                       | 1,024,541  | 1,068,567  |



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

(Thousands of yen)

|  | First six months of FY3/20<br>(Apr. 1, 2019 – Sep. 30, 2019) | First six months of FY3/21<br>(Apr. 1, 2020 – Sep. 30, 2020) |
|--|--|--|
| Profit   | 1,034,083  | 1,068,120  |
| Other comprehensive income   |  |  |
| Valuation difference on available-for-sale securities                                | (134,795)  | 19,082   |
| Foreign currency translation adjustment  | (109,750)  | (65,206)   |
| Remeasurements of defined benefit plans, net of tax                                  | (18,365)   | 4,060  |
| Share of other comprehensive income of entities<br>accounted for using equity method | (57,445)   | (23,309)   |
| Total other comprehensive income   | (320,356)  | (65,372)   |
| Comprehensive income   | 713,726  | 1,002,747  |
| Comprehensive income attributable to:  |  |  |
| Comprehensive income attributable to owners of<br>parent                             | 704,515  | 1,004,679  |
| Comprehensive income attributable to<br>non-controlling interests                    | 9,211  | (1,932)  |

### **(3) Notes to Quarterly Consolidated Financial Statements**

#### **Going Concern Assumption**

Not applicable.

#### **Significant Changes in Shareholders' Equity**

Not applicable.

#### **Changes in Consolidated Subsidiaries During the Period**

Not applicable.

During the first quarter of the current fiscal year, consolidated subsidiary Iwaki Europe GmbH acquired 60% of the stock of Iwaki Nordic A/S, which was an equity-method affiliate. As a result, beginning with the first quarter, Iwaki Nordic A/S and its subsidiaries Iwaki Suomi Oy, Iwaki Norge AS and Iwaki Sverige AB were added to the scope of consolidation. This transaction did not involve a change in a specified subsidiary.

#### **Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements**

Calculation of tax expense

At Iwaki and certain consolidated subsidiaries, the tax expenses were calculated by first estimating the effective tax rate after the application of tax effect accounting with respect to profit before income taxes during the fiscal year, and multiplying that rate by the quarterly profit before income taxes.

#### **Segment Information**

Omitted because chemical pumps are the only business of the Iwaki Group.

*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.*