

February 12, 2021

**Summary of Consolidated Financial Results
for the Third Quarter of Fiscal Year Ending March 31, 2021
(Nine Months Ended December 31, 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
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 Scheduled date of filing of Quarterly Report: February 12, 2021
 Scheduled date of payment of dividend: -
 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of quarterly financial results meeting: None

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

1. Consolidated Financial Results for the Third Quarter Ended December 31, 2020

(April 1, 2020 – December 31, 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	%
Nine months ended Dec. 31, 2020	20,199	(5.2)	1,027	(35.5)	1,382	(29.1)	1,401	(8.1)
Nine months ended Dec. 31, 2019	21,304	(3.0)	1,592	(14.8)	1,950	(15.0)	1,524	(8.4)

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2020: 1,354 (up 14.0%)
 Nine months ended Dec. 31, 2019: 1,188 (down 26.8%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2020	63.60	-
Nine months ended Dec. 31, 2019	68.93	-

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of Dec. 31, 2020	30,933	21,360	68.8
As of Mar. 31, 2020	30,126	20,523	68.0

Reference: Owner's equity (million yen) As of Dec. 31, 2020: 21,296 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 Dec. 31, 2020:	22,490,910 shares	As of Mar. 31, 2020:	22,490,910 shares
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2) Number of treasury shares at the end of the period

As of Dec. 31, 2020:	451,856 shares	As of Mar. 31, 2020:	465,389 shares
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3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2020:	22,033,902 shares	Nine months ended Dec. 31, 2019:	22,120,426 shares
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* 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

The supplementary information materials for quarterly financial results are disclosed on the Company’s website on February 12, 2021.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first nine months of the fiscal year ending March 31, 2021, the situation facing the Japanese economy remained challenging due to the continuing impact of COVID-19. Although some signs of recovery are now becoming evident due to the effects of improvement in overseas economies, companies are expected to remain cautious about capital expenditures for the time being because of declining corporate earnings and heightened uncertainty about the future. Moreover, close attention must be paid to the impact of the reissued state of emergency on socio-economic activity.

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. Going forward, the Iwaki Group will continue to accelerate the implementation of various measures related to the restructuring of the production system, including the utilization of external warehouses, and strive to further improve customer satisfaction by shortening delivery times and improving productivity.

In addition, in order to fulfil our responsibility to provide for the needs of our customers, the Iwaki Group will continue to supply products while also taking various measures, such as teleworking. Furthermore, the Iwaki Group will also implement procedures to prevent infection both inside and outside the company, in response to demands to control the spread of COVID-19.

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.

As a result, sales were higher than one year earlier in the semiconductor/liquid crystal and chemicals markets, but lower in all other markets.

Sales in Japan decreased 6.7% from one year earlier to 11,995 million yen as a result of sluggish sales in the medical equipment and new energy markets. Overseas, although some degree of recovery from the levels recorded in the second quarter was observed, sales in other countries were still seriously affected by the impact of the COVID-19 pandemic and were lower than in the same period of the previous year. Sales in Europe were down 3.1% to 2,023 million yen and sales in the United States fell 15.0% to 2,602 million yen. In Asia, demand from the semiconductor and liquid crystal markets in South Korea remained strong, but sales decreased from the third quarter of the previous fiscal year, in which there were several large-scale projects. As a result, sales were 1,531 million yen (down 8.3% year-on-year). Sales in China were up 44.5% to 1,339 million yen because demand in the medical equipment market remained strong.

By product category, sales of mainline metering pumps remained steady. Although there are signs of improvement in magnetic drive pumps, sluggish results continue due to the impact of restrictions on the ability to visit customers and other factors. Sales of pneumatic drive pumps for the semiconductor/liquid crystal market remained strong.

Consequently, consolidated net sales decreased 5.2% to 20,199 million yen.

Earnings were affected by lower sales and higher SG&A expenses. As a result, operating profit decreased 35.5% to 1,027 million yen and ordinary profit decreased 29.1% to 1,382 million yen. Profit attributable to owners of parent decreased 8.1% to 1,401 million yen.

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

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. We expect the impact of the COVID-19 pandemic on the Group to ease from the third quarter onward. Nevertheless, we have left the full-year consolidated earnings forecasts unchanged in light of the recent business performance, and the information and estimates currently available to management.

(2) Explanation of Financial Position

Assets

The balance of current assets at the end of the third quarter of the current fiscal year was 21,479 million yen, down 56 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 497 million yen in notes and accounts receivable-trade, while there were increases of 119 million yen in cash and deposits and 284 million yen in merchandise and finished goods. The balance of non-current assets was 9,453 million yen at the end of the third quarter of the current fiscal year, up 863 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 806 million yen from the end of the previous fiscal year to 30,933 million yen.

Liabilities

The balance of current liabilities at the end of the third quarter of the current fiscal year was 6,941 million yen, down 719 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 660 million yen in notes and accounts payable-trade. The balance of non-current liabilities was 2,630 million yen at the end of the third quarter of the current fiscal year, up 689 million yen from the end of the previous fiscal year. This was mainly due to an increase of 637 million yen in long-term borrowings.

As a result, total liabilities decreased 29 million yen from the end of the previous fiscal year to 9,572 million yen.

Net assets

The balance of net assets at the end of the third quarter of the current fiscal year was 21,360 million yen, up 836 million yen from the end of the previous fiscal year. The main factors include an increase of 839 million yen in retained earnings.

Consequently, the capital adequacy ratio was 68.8% (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 (As of Mar. 31, 2020)	Third quarter of FY3/21 (As of Dec. 31, 2020)
Assets		
Current assets		
Cash and deposits	6,037,142	6,156,811
Notes and accounts receivable-trade	6,567,089	6,069,948
Electronically recorded monetary claims-operating	3,006,973	2,941,281
Merchandise and finished goods	2,274,529	2,559,269
Work in process	41,866	153,544
Raw materials and supplies	3,334,700	3,279,287
Other	297,927	344,151
Allowance for doubtful accounts	(24,120)	(24,859)
Total current assets	21,536,109	21,479,436
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,350,481	7,535,142
Accumulated depreciation and impairment loss	(3,814,876)	(3,932,464)
Buildings and structures, net	3,535,605	3,602,677
Machinery, equipment and vehicles	2,821,272	2,953,810
Accumulated depreciation and impairment loss	(2,409,334)	(2,534,862)
Machinery, equipment and vehicles, net	411,937	418,947
Tools, furniture and fixtures	1,882,702	1,951,388
Accumulated depreciation and impairment loss	(1,557,037)	(1,649,375)
Tools, furniture and fixtures, net	325,664	302,012
Land	1,039,680	1,040,510
Leased assets	282,368	341,609
Accumulated depreciation	(138,730)	(139,458)
Leased assets, net	143,637	202,150
Construction in progress	129,925	115,866
Other	30,117	35,426
Accumulated depreciation	(22,400)	(24,866)
Other, net	7,716	10,559
Total property, plant and equipment	5,594,168	5,692,726
Intangible assets		
Goodwill	1,764	691,213
Trademark right	46,116	36,074
Other	258,369	343,897
Total intangible assets	306,250	1,071,185
Investments and other assets		
Investment securities	1,743,860	1,727,719
Deferred tax assets	669,176	673,588
Other	277,068	288,514
Total investments and other assets	2,690,105	2,689,822
Total non-current assets	8,590,524	9,453,734
Total assets	30,126,634	30,933,170

	(Thousands of yen)	
	FY3/20 (As of Mar. 31, 2020)	Third quarter of FY3/21 (As of Dec. 31, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	4,681,495	4,021,440
Short-term borrowings	768,050	836,332
Current portion of long-term borrowings	-	75,000
Lease obligations	55,903	73,254
Income taxes payable	103,628	139,439
Provision for bonuses	725,113	418,723
Provision for bonuses for directors (and other officers)	43,080	40,201
Provision for product warranties	71,156	73,514
Provision for loss on building demolition cost	11,400	-
Other	1,201,622	1,264,021
Total current liabilities	7,661,449	6,941,927
Non-current liabilities		
Long-term borrowings	-	637,500
Lease obligations	105,203	154,962
Provision for retirement benefits for directors (and other officers)	51,687	51,687
Retirement benefit liability	912,345	893,689
Asset retirement obligations	185,555	195,678
Other	686,570	697,395
Total non-current liabilities	1,941,361	2,630,912
Total liabilities	9,602,811	9,572,839
Net assets		
Shareholders' equity		
Share capital	1,044,691	1,044,691
Capital surplus	675,803	675,384
Retained earnings	19,143,574	19,983,132
Treasury shares	(475,730)	(456,247)
Total shareholders' equity	20,388,338	21,246,959
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	88,669	110,209
Foreign currency translation adjustment	150,937	68,941
Remeasurements of defined benefit plans	(135,633)	(129,542)
Total accumulated other comprehensive income	103,974	49,609
Non-controlling interests	31,510	63,762
Total net assets	20,523,823	21,360,331
Total liabilities and net assets	30,126,634	30,933,170

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

(Thousands of yen)

	First nine months of FY3/20 (Apr. 1, 2019 – Dec. 31, 2019)	First nine months of FY3/21 (Apr. 1, 2020 – Dec. 31, 2020)
Net sales	21,304,907	20,199,979
Cost of sales	13,965,034	13,348,589
Gross profit	7,339,873	6,851,389
Selling, general and administrative expenses	5,747,203	5,823,762
Operating profit	1,592,669	1,027,626
Non-operating income		
Interest income	7,471	2,594
Dividend income	20,874	18,069
Share of profit of entities accounted for using equity method	326,446	395,362
Other	77,602	31,111
Total non-operating income	432,395	447,137
Non-operating expenses		
Interest expenses	23,710	17,608
Foreign exchange losses	32,050	55,509
Loss on amortization of restricted stock remuneration	6,800	6,944
Other	11,931	11,905
Total non-operating expenses	74,493	91,967
Ordinary profit	1,950,571	1,382,797
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	1,336	6,197
Loss on sales of investment securities	8,756	-
Total extraordinary losses	10,092	6,197
Profit before income taxes	2,102,824	1,724,312
Income taxes	555,718	313,718
Profit	1,547,105	1,410,593
Profit attributable to non-controlling interests	22,343	9,276
Profit attributable to owners of parent	1,524,761	1,401,316

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

(Thousands of yen)

	First nine months of FY3/20 (Apr. 1, 2019 – Dec. 31, 2019)	First nine months of FY3/21 (Apr. 1, 2020 – Dec. 31, 2020)
Profit	1,547,105	1,410,593
Other comprehensive income		
Valuation difference on available-for-sale securities	(107,530)	21,693
Foreign currency translation adjustment	(145,868)	(49,440)
Remeasurements of defined benefit plans, net of tax	(27,547)	6,091
Share of other comprehensive income of entities accounted for using equity method	(78,120)	(34,136)
Total other comprehensive income	(359,066)	(55,791)
Comprehensive income	1,188,038	1,354,802
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	1,166,448	1,346,951
Comprehensive income attributable to non-controlling interests	21,589	7,850

(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.