

May 13, 2021

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2021

[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 Annual General Meeting of Shareholders: June 29, 2021

Scheduled date of payment of dividend: June 30, 2021

Scheduled date of filing of Annual Securities Report: June 30, 2021

Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(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	%
Fiscal year ended Mar. 31, 2021	28,162	(1.7)	1,706	(19.3)	2,222	(13.8)	2,091	(1.5)
Fiscal year ended Mar. 31, 2020	28,636	(1.8)	2,114	(9.6)	2,578	(9.5)	2,122	(1.9)

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2021: 2,514 (up 48.5%)

Fiscal year ended Mar. 31, 2020: 1,693 (down 19.2%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2021	94.90	-	9.7	7.1	6.1
Fiscal year ended Mar. 31, 2020	96.06	-	10.5	8.5	7.4

Reference: Equity in earnings of affiliates (million yen) Fiscal year ended Mar. 31, 2021: 509

Fiscal year ended Mar. 31, 2020: 433

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2021	32,211	22,520	69.7	1,018.96
As of Mar. 31, 2020	30,126	20,523	68.0	930.39

Reference: Owner's equity (million yen) As of Mar. 31, 2021: 22,456

As of Mar. 31, 2020: 20,492

(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
Fiscal year ended Mar. 31, 2021	2,089	(920)	149	6,936
Fiscal year ended Mar. 31, 2020	2,138	(77)	(1,522)	5,706

2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Fiscal year ended Mar. 31, 2020	Yen -	Yen 13.00	Yen -	Yen 17.50	Yen 30.50	Million yen 671	% 31.8	% 3.4
Fiscal year ended Mar. 31, 2021	-	8.00	-	21.00	29.00	639	30.6	3.0
Fiscal year ending Mar. 31, 2022 (forecast)	-	10.00	-	15.50	25.50		30.4	

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2022

(April 1, 2021 – March 31, 2022)

(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
First half	14,824	12.6	712	0.0	965	3.2	815	(23.7)	37.26
Full year	30,297	7.6	1,752	2.7	2,243	0.9	1,831	(12.4)	83.78

*** Notes**

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): 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 outstanding shares (common shares)

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

As of Mar. 31, 2021: 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 Mar. 31, 2021: 451,856 shares As of Mar. 31, 2020: 465,389 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2021: 22,035,190 shares Fiscal year ended Mar. 31, 2020: 22,096,699 shares

Reference: Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2021

(April 1, 2020 – March 31, 2021)

(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	%
Fiscal year ended Mar. 31, 2021	22,293	(1.7)	1,237	(14.0)	1,870	(8.1)	1,500	(15.7)
Fiscal year ended Mar. 31, 2020	22,675	(5.2)	1,439	(17.4)	2,035	(12.4)	1,780	(1.4)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2021	68.09	-
Fiscal year ended Mar. 31, 2020	80.58	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2021	27,529	18,197	66.1	825.68
As of Mar. 31, 2020	26,076	17,227	66.1	782.16

Reference: Shareholders' equity (million yen): As of Mar. 31, 2021: 18,197 As of Mar. 31, 2020: 17,227

* The current financial report is not subject to audit 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 Iwaki'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. Please refer to "1. Overview of Results of Operations, (1) Results of Operations, 2) Outlook" on page 2 for forecast assumptions and notes of caution for usage.

How to view supplementary materials for the financial results

Iwaki plans to hold a financial results meeting for institutional investors and analysts on May 31, 2021. Materials to be distributed at this event will be available on the Company's website in advance.

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1. Overview of Results of Operations

(1) Results of Operations

1) Operating results for the current fiscal year

In the fiscal year that ended on March 31, 2021, the COVID-19 pandemic triggered a steep global economic downturn in the first half because of restrictions on economic activity. Although economic activity began to resume as the severity of this crisis declined, uncertainty caused by COVID-19 about the global economy continued in the second half of the fiscal year. In Japan, economic activity resumed after the state of emergency ended in May 2020 and capital expenditures began to recover. However, the outlook remains unclear as progress with containing the pandemic is followed by setbacks.

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 improve its corporate value, the Iwaki Group will continue to accelerate the implementation of various measures for achieving numerical targets of the Iwaki Group 10-year vision of net sales of 40 billion yen and an operating margin of 10% in the fiscal year ending on March 31, 2025.

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 taking various actions, such as the use of teleworking. Furthermore, the Iwaki Group will implement procedures to prevent infection both inside and outside the company, in response to demands to control the spread of COVID-19.

Sales were higher than one year earlier in the semiconductor/liquid crystal and surface treatment equipment markets. However, sales were lower in other market sectors, primarily the medical equipment market, where COVID-19 held down capital expenditures.

Sales in Japan decreased 3.9% from one year earlier to 16,686 million yen as a result of sluggish sales in the medical equipment market throughout the fiscal year. Overseas, sales are recovering but the impact of the COVID-19 pandemic was significant in the first half. As a result, sales in the United States fell 13.4% to 3,543 million yen. In Europe, while affected by the pandemic as in the United States, sales increased because of the inclusion beginning in the third quarter of the newly consolidated subsidiary Iwaki Nordic A/S and its subsidiaries Iwaki Suomi Oy, Iwaki Norge AS and Iwaki Sverige AB. As a result, sales in Europe increased 11.0% to 2,963 million yen. In Asia, demand in the semiconductor/liquid crystal and surface treatment equipment markets in Taiwan and South Korea remained strong, but sales decreased because of the COVID-19 pandemic, primarily the impact of this crisis on the water treatment market in Singapore. As a result, sales were 2,186 million yen (down 3.6% year-on-year). Sales in China were up 45.2% to 1,768 million yen because demand in the semiconductor/liquid crystal and medical equipment markets remained strong.

By product category, sales in the core metering pump category remained steady. In the magnetic drive pump category, although sales returned to the pre-crisis level in the fourth quarter, fiscal year sales were weak mainly because of restrictions on customer visits for sales activities. Sales of pneumatic drive pumps for the semiconductor/liquid crystal market remained strong.

As a result, consolidated net sales decreased 1.7% to 28,162 million yen.

Earnings were affected by lower sales and higher SG&A expenses. Operating profit decreased 19.3% to 1,706 million yen and ordinary profit decreased 13.8% to 2,222 million yen. Profit attributable to owners of parent decreased 1.5% to 2,091 million yen.

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

2) Outlook

Although the outlook for the impact of the COVID-19 pandemic on the economy is unclear, we forecast higher sales in the fiscal year ending in March 2022 because of the recovery in capital expenditures and the growth in orders for the products of the Iwaki Group.

While continuing to focus on the theme of “winning by improving customer satisfaction,” we will use many activities in Japan for meeting the demand for product replacement and maintenance services. Overseas, we will create even closer ties with affiliated companies with the goal of more growth in overseas markets.

Based on this outlook, we forecast a 7.6% increase in consolidated sales to 30,297 million yen, a 2.7% increase in operating profit to 1,752 million yen, a 0.9% increase in ordinary profit to 2,243 million yen, and a 12.4% decrease in profit attributable to owners of parent to 1,831 million yen in the fiscal year ending on March 31, 2022.

These projections are based on information available at the time this report was released. Actual results may differ from projections due to a variety of factors.

(2) Financial Position

1) Assets, liabilities and net assets

Assets

The balance of current assets at the end of the current fiscal year was 22,724 million yen, up 1,188 million yen from the end of the previous fiscal year. This was mainly due to increases of 1,090 million yen in cash and deposits and 312 million yen in merchandise and finished goods, while there was a decrease of 203 million yen in raw materials and supplies. The balance of non-current assets was 9,486 million yen at the end of the current fiscal year, up 896 million yen from the end of the previous fiscal year. This was mainly because of an increase of 767 million yen in goodwill.

As a result, total assets increased 2,085 million yen from the end of the previous fiscal year to 32,211 million yen.

Liabilities

The balance of current liabilities at the end of the current fiscal year was 7,733 million yen, up 72 million yen from the end of the previous fiscal year. This was mainly due to increases of 675 million yen in electronically recorded obligations-operating and 177 million yen in income taxes payable, while there was a decrease of 876 million yen in notes and accounts payable-trade. The balance of non-current liabilities was 1,957 million yen at the end of the current fiscal year, up 16 million yen from the end of the previous fiscal year. This was mainly due to increases of 637 million yen in long-term borrowings and 49 million yen in lease obligations while there was a decrease of 647 million yen in retirement benefit liability.

As a result, total liabilities increased 88 million yen from the end of the previous fiscal year to 9,691 million yen.

Net assets

The balance of net assets at the end of the current fiscal year was 22,520 million yen, up 1,996 million yen from the end of the previous fiscal year. The main factors include an increase of 1,529 million yen in retained earnings.

Consequently, the capital adequacy ratio was 69.7% (68.0% at the end of the previous fiscal year).

2) Cash flows

Cash and cash equivalents (hereinafter, “net cash”) at the end of the current fiscal year was 6,936 million yen, up 1,229 million yen over the end of the previous fiscal year (an increase of 454 million yen at the end of the previous fiscal year).

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

Cash flows from operating activities

Net cash provided by operating activities was 2,089 million yen (2,138 million yen provided in the previous fiscal year). Positive factors include profit before income taxes of 2,596 million yen, which offset negative factors including income taxes paid of 277 million yen.

Cash flows from investing activities

Net cash used in investing activities was 920 million yen (77 million yen used in the previous fiscal year). Negative factors include purchase of property, plant and equipment and intangible assets of 594 million yen, which offset positive factors including proceeds from withdrawal of time deposits of 342 million yen.

Cash flows from financing activities

Net cash provided by financing activities was 149 million yen (1,522 million yen used in the previous fiscal year). Positive factors include proceeds from long-term borrowings of 750 million yen, which offset negative factors including dividends paid of 560 million yen.

2. Basic Approach to the Selection of Accounting Standards

The Iwaki Group will continue to prepare consolidated financial statements using Japanese accounting standards 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)	
	FY3/20 (As of Mar. 31, 2020)	FY3/21 (As of Mar. 31, 2021)
Assets		
Current assets		
Cash and deposits	6,037,142	7,127,637
Notes and accounts receivable-trade	6,567,089	6,396,840
Electronically recorded monetary claims-operating	3,006,973	3,168,898
Merchandise and finished goods	2,274,529	2,587,283
Work in process	41,866	57,518
Raw materials and supplies	3,334,700	3,131,450
Other	297,927	282,115
Allowance for doubtful accounts	(24,120)	(26,955)
Total current assets	21,536,109	22,724,788
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,350,481	7,571,174
Accumulated depreciation and impairment loss	(3,814,876)	(3,988,958)
Buildings and structures, net	3,535,605	3,582,216
Machinery, equipment and vehicles	2,821,272	3,005,576
Accumulated depreciation and impairment loss	(2,409,334)	(2,563,625)
Machinery, equipment and vehicles, net	411,937	441,951
Tools, furniture and fixtures	1,882,702	2,013,058
Accumulated depreciation and impairment loss	(1,557,037)	(1,675,948)
Tools, furniture and fixtures, net	325,664	337,110
Land	1,039,680	1,041,934
Leased assets	282,368	343,294
Accumulated depreciation	(138,730)	(140,243)
Leased assets, net	143,637	203,051
Construction in progress	129,925	84,481
Other	30,117	37,184
Accumulated depreciation	(22,400)	(28,490)
Other, net	7,716	8,694
Total property, plant and equipment	5,594,168	5,699,439
Intangible assets		
Goodwill	1,764	769,340
Trademark right	46,116	33,044
Other	258,369	333,210
Total intangible assets	306,250	1,135,596
Investments and other assets		
Investment securities	1,743,860	1,893,584
Deferred tax assets	669,176	460,137
Other	277,068	298,217
Total investments and other assets	2,690,105	2,651,939
Total non-current assets	8,590,524	9,486,975
Total assets	30,126,634	32,211,764

	(Thousands of yen)	
	FY3/20 (As of Mar. 31, 2020)	FY3/21 (As of Mar. 31, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	4,681,495	3,804,556
Electronically recorded obligations-operating	-	675,571
Short-term borrowings	768,050	820,592
Current portion of long-term borrowings	-	75,000
Lease obligations	55,903	76,259
Income taxes payable	103,628	280,804
Provision for bonuses	725,113	752,791
Provision for bonuses for directors (and other officers)	43,080	90,332
Provision for product warranties	71,156	73,235
Provision for loss on building demolition cost	11,400	-
Other	1,201,622	1,084,479
Total current liabilities	<u>7,661,449</u>	<u>7,733,624</u>
Non-current liabilities		
Long-term borrowings	-	637,500
Lease obligations	105,203	154,294
Provision for retirement benefits for directors (and other officers)	51,687	-
Retirement benefit liability	912,345	264,352
Asset retirement obligations	185,555	196,119
Other	686,570	705,395
Total non-current liabilities	<u>1,941,361</u>	<u>1,957,661</u>
Total liabilities	<u>9,602,811</u>	<u>9,691,286</u>
Net assets		
Shareholders' equity		
Share capital	1,044,691	1,044,691
Capital surplus	675,803	675,384
Retained earnings	19,143,574	20,673,009
Treasury shares	(475,730)	(456,247)
Total shareholders' equity	<u>20,388,338</u>	<u>21,936,836</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	88,669	102,329
Foreign currency translation adjustment	150,937	123,917
Remeasurements of defined benefit plans	(135,633)	293,781
Total accumulated other comprehensive income	<u>103,974</u>	<u>520,029</u>
Non-controlling interests	<u>31,510</u>	<u>63,611</u>
Total net assets	<u>20,523,823</u>	<u>22,520,477</u>
Total liabilities and net assets	<u>30,126,634</u>	<u>32,211,764</u>

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

(Thousands of yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Net sales	28,636,597	28,162,392
Cost of sales	18,829,883	18,459,042
Gross profit	9,806,713	9,703,349
Selling, general and administrative expenses	7,692,467	7,996,815
Operating profit	2,114,246	1,706,534
Non-operating income		
Interest income	12,273	7,438
Dividend income	20,874	21,902
Share of profit of entities accounted for using equity method	433,208	509,391
Other	83,565	50,321
Total non-operating income	549,922	589,054
Non-operating expenses		
Interest expenses	30,340	24,553
Foreign exchange losses	33,280	23,965
Loss on amortization of restricted stock remuneration	6,800	6,944
Other	15,199	18,062
Total non-operating expenses	85,621	73,525
Ordinary profit	2,578,547	2,222,063
Extraordinary income		
Gain on sales of non-current assets	9,111	243
Gain on sales of investment securities	153,234	-
Gain on step acquisitions	-	381,161
Total extraordinary income	162,345	381,405
Extraordinary losses		
Loss on retirement of non-current assets	2,021	7,164
Loss on sales of investment securities	8,756	-
Contribution for equipment investment	18,000	-
Provision for loss on building demolition cost	11,400	-
Total extraordinary losses	40,177	7,164
Profit before income taxes	2,700,715	2,596,303
Income taxes - current	458,082	494,677
Income taxes - deferred	97,195	1,576
Total income taxes	555,277	496,253
Profit	2,145,437	2,100,049
Profit attributable to non-controlling interests	22,881	8,855
Profit attributable to owners of parent	2,122,555	2,091,193

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Profit	2,145,437	2,100,049
Other comprehensive income		
Valuation difference on available-for-sale securities	(143,289)	13,862
Foreign currency translation adjustment	(57,624)	(52,157)
Remeasurements of defined benefit plans, net of tax	(217,510)	429,414
Share of other comprehensive income of entities accounted for using equity method	(33,170)	23,766
Total other comprehensive income	(451,595)	414,887
Comprehensive income	1,693,842	2,514,937
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	1,670,569	2,507,249
Comprehensive income attributable to non-controlling interests	23,272	7,687

(3) Consolidated Statement of Changes in Equity

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,044,691	664,691	17,687,437	(559)	19,396,260
Changes during period					
Dividends of surplus			(666,419)		(666,419)
Profit attributable to owners of parent			2,122,555		2,122,555
Purchase of treasury shares				(500,088)	(500,088)
Disposal of treasury shares		1,676		24,917	26,594
Change in ownership interest of parent due to transactions with non-controlling interests		9,435			9,435
Net changes in items other than shareholders' equity					
Total changes during period	-	11,112	1,456,136	(475,170)	992,078
Balance at end of period	1,044,691	675,803	19,143,574	(475,730)	20,388,338

(Thousands of yen)

	Accumulated other comprehensive income				Non-controlling interests	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	232,113	241,969	81,877	555,960	196,127	20,148,347
Changes during period						
Dividends of surplus						(666,419)
Profit attributable to owners of parent						2,122,555
Purchase of treasury shares						(500,088)
Disposal of treasury shares						26,594
Change in ownership interest of parent due to transactions with non-controlling interests						9,435
Net changes in items other than shareholders' equity	(143,443)	(91,031)	(217,510)	(451,986)	(164,616)	(616,602)
Total changes during period	(143,443)	(91,031)	(217,510)	(451,986)	(164,616)	375,475
Balance at end of period	88,669	150,937	(135,633)	103,974	31,510	20,523,823

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,044,691	675,803	19,143,574	(475,730)	20,388,338
Changes during period					
Dividends of surplus			(561,759)		(561,759)
Profit attributable to owners of parent			2,091,193		2,091,193
Disposal of treasury shares		(419)		19,482	19,063
Net changes in items other than shareholders' equity					
Total changes during period	-	(419)	1,529,434	19,482	1,548,498
Balance at end of period	1,044,691	675,384	20,673,009	(456,247)	21,936,836

(Thousands of yen)

	Accumulated other comprehensive income				Non-controlling interests	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	88,669	150,937	(135,633)	103,974	31,510	20,523,823
Changes during period						
Dividends of surplus						(561,759)
Profit attributable to owners of parent						2,091,193
Disposal of treasury shares						19,063
Net changes in items other than shareholders' equity	13,660	(27,019)	429,414	416,055	32,100	448,156
Total changes during period	13,660	(27,019)	429,414	416,055	32,100	1,996,654
Balance at end of period	102,329	123,917	293,781	520,029	63,611	22,520,477

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Cash flows from operating activities		
Profit before income taxes	2,700,715	2,596,303
Depreciation	649,460	725,795
Amortization of goodwill	1,008	39,832
Increase (decrease) in allowance for doubtful accounts	2,709	(955)
Increase (decrease) in provision for bonuses	(156,028)	26,713
Increase (decrease) in provision for bonuses for directors (and other officers)	(96,920)	47,037
Increase (decrease) in retirement benefit liability	(60,222)	(27,924)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	-	(51,687)
Interest and dividend income	(33,148)	(29,340)
Interest expenses	30,340	24,553
Loss (gain) on sales of investment securities	(144,477)	-
Foreign exchange losses (gains)	13,416	32,170
Share of loss (profit) of entities accounted for using equity method	(433,208)	(509,391)
Loss (gain) on step acquisitions	-	(381,161)
Surrender value of insurance policies	(53,883)	-
Decrease (increase) in trade receivables	15,941	49,062
Decrease (increase) in inventories	79,031	7,477
Increase (decrease) in trade payables	(481,353)	(244,575)
Increase (decrease) in accounts payable-other	25,450	(85,764)
Increase (decrease) in accrued expenses	(142,665)	42,893
Increase (decrease) in accrued consumption taxes	278,800	(267,890)
Other, net	135,142	33,539
Subtotal	2,330,108	2,026,686
Interest and dividends received	433,285	358,225
Interest paid	(24,060)	(17,739)
Income taxes paid	(601,209)	(277,642)
Net cash provided by (used in) operating activities	2,138,123	2,089,531
Cash flows from investing activities		
Payments into time deposits	(247,749)	(213,621)
Proceeds from withdrawal of time deposits	244,116	342,008
Purchase of securities	(27,589)	-
Proceeds from redemption of securities	82,489	-
Purchase of property, plant and equipment and intangible assets	(691,320)	(594,693)
Proceeds from sales of property, plant and equipment and intangible assets	10,077	770
Proceeds from sales of investment securities	529,904	-
Proceeds from cancellation of insurance funds	59,461	-
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(442,071)
Other, net	(37,087)	(12,506)
Net cash provided by (used in) investing activities	(77,699)	(920,113)

	(Thousands of yen)	
	FY3/20	FY3/21
	(Apr. 1, 2019 – Mar. 31, 2020)	(Apr. 1, 2020 – Mar. 31, 2021)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(112,411)	107,249
Proceeds from long-term borrowings	-	750,000
Repayments of long-term borrowings	-	(37,500)
Repayments of lease obligations	(65,880)	(53,913)
Purchase of treasury shares	(500,088)	-
Dividends paid	(665,365)	(560,932)
Dividends paid to previous shareholders of new subsidiaries	-	(50,172)
Dividends paid to non-controlling interests	(16,765)	(5,653)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(161,686)	-
Net cash provided by (used in) financing activities	(1,522,198)	149,076
Effect of exchange rate change on cash and cash equivalents	(84,075)	(89,087)
Net increase (decrease) in cash and cash equivalents	454,150	1,229,406
Cash and cash equivalents at beginning of period	5,252,576	5,706,726
Cash and cash equivalents at end of period	5,706,726	6,936,133

(5) Notes to Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Reclassifications

Consolidated Statement of Income

“Loss on amortization of restricted stock remuneration,” included in “Other” under non-operating expenses in the previous fiscal year, is presented separately from the current fiscal year due to an increase in its monetary materiality. To conform to this change, the consolidated financial statements for the previous fiscal year are reclassified.

As a result, “Other” (21,999 thousand yen) under non-operating expenses presented in the previous fiscal year’s consolidated statement of income has been reclassified and divided into “Loss on amortization of restricted stock remuneration” (6,800 thousand yen) and “Other” (15,199 thousand yen).

Consolidated Statement of Cash Flows

“Proceeds from short-term borrowings” and “Repayments of short-term borrowings” under cash flows from financing activities were presented as gross amounts in the previous fiscal year, but since these items have short borrowing periods and a fast turnover, they are presented as a net amount in “Net increase (decrease) in short-term borrowings” from the current fiscal year. To conform to this change, the consolidated financial statements for the previous fiscal year are reclassified.

As a result, “Proceeds from short-term borrowings” (187,588 thousand yen) and “Repayments of short-term borrowings” (-300,000 thousand yen) presented under cash flows from financing activities in the previous fiscal year’s consolidated statement of cash flows is reclassified and presented as “Net increase (decrease) in short-term borrowings” (-112,411 thousand yen).

Segment and Other Information

a. Segment information

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

b. Related information

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

1. Information by product or service

(Thousands of yen)					
External sales	Magnetic drive pumps	Metering pumps	Pneumatic drive pumps	Rotary displacement pumps	
		9,779,656	5,184,128	1,953,975	2,632,965
	Air pumps	System products	Purchased products	Other	Total
	1,527,623	1,454,673	2,621,428	3,482,145	28,636,597

2. Information by region

(1) Net sales

(Thousands of yen)						
Japan	Europe	Americas	Asia	China	Other	Total
17,369,784	2,670,924	4,093,197	2,269,341	1,218,445	1,014,904	28,636,597

Note: Classification of net sales is based on the location of the client and categorized by country or region.

(2) Property, plant and equipment

(Thousands of yen)				
Japan	Europe	Americas	Asia	Total
4,825,465	525,101	190,987	52,614	5,594,168

3. Information by major client

Omitted because no specific external client accounts for 10% or more of net sales in the consolidated statement of income.

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

1. Information by product or service

(Thousands of yen)					
External sales	Magnetic drive pumps	Metering pumps	Pneumatic drive pumps	Rotary displacement pumps	Total
	9,044,181	5,211,942	2,687,164	2,134,797	
	Air pumps	System products	Purchased products	Other	
	1,589,987	1,419,265	2,575,477	3,499,577	28,162,392

2. Information by region

(1) Net sales

(Thousands of yen)						
Japan	Europe	Americas	Asia	China	Other	Total
16,686,089	2,963,399	3,543,310	2,186,612	1,768,836	1,014,145	28,162,392

Note: Classification of net sales is based on the location of the client and categorized by country or region.

(2) Property, plant and equipment

(Thousands of yen)				
Japan	Europe	Americas	Asia	Total
4,819,080	661,234	170,342	48,782	5,699,439

3. Information by major client

Omitted because no specific external client accounts for 10% or more of net sales in the consolidated statement of income.

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

Not applicable.

d. Information related to goodwill amortization and the unamortized balance for each reportable segment

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

e. Information related to gain on bargain purchase for each reportable segment

Not applicable.

Per Share Information

	(Yen)	
	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Net assets per share	930.39	1,018.96
Net income per share	96.06	94.90

Notes: 1. Diluted net income per share is not presented because there are no latent shares.

2. The basis of calculating the net income per share is as follows:

	(Thousands of yen)	
	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Profit attributable to owners of parent (Thousands of yen)	2,122,555	2,091,193
Amount not attributable to common shareholders (Thousands of yen)	-	-
Profit attributable to owners of parent applicable to common shares (Thousands of yen)	2,122,555	2,091,193
Average number of shares outstanding (Shares)	22,096,699	22,035,190

Subsequent Events

Repurchase of treasury shares

The Iwaki Board of Directors approved a resolution on April 16, 2021 to repurchase its own shares pursuant to Article 156 of the Companies Act, which is applicable in lieu of Article 165, Paragraph 3 of this act.

1. Reason for stock repurchase

Iwaki decided to repurchase its own shares to increase shareholder value per share and to enhance shareholder returns, while improving capital efficiency and making it possible to carry out a flexible capital management policy in response to changes in the business environment.

2. Details of stock repurchase

- | | |
|---|---|
| (1) Type of shares to be repurchased: | Common shares of Iwaki |
| (2) Total number of shares to be repurchased: | Up to 270,000 shares (1.23% of total shares outstanding, excluding treasury shares) |
| (3) Total value of shares to be repurchased: | Up to 200 million yen |
| (4) Repurchase schedule: | From May 14, 2021 to June 30, 2021 |
| (5) Method of repurchase: | Purchase on the Tokyo Stock Exchange (Discretionary method used by a securities firm) |

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.