

**Summary of Consolidated Financial Results**  
**for the First Quarter of Fiscal Year Ending March 31, 2022**  
**(Three Months Ended June 30, 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 filing of Quarterly Report: August 11, 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 First Quarter Ended June 30, 2021**

(April 1, 2021 – June 30, 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	%
Three months ended Jun. 30, 2021	7,603	12.9	374	26.9	568	37.4	509	(18.6)
Three months ended Jun. 30, 2020	6,736	(0.7)	295	(12.9)	413	(8.9)	626	52.8

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2021: 736 (up 36.1%)  
 Three months ended Jun. 30, 2020: 540 (up 114.4%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2021	23.22	-
Three months ended Jun. 30, 2020	28.45	-

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of Jun. 30, 2021	33,964	22,619	66.4
As of Mar. 31, 2021	32,211	22,520	69.7

Reference: Owner's equity (million yen) As of Jun. 30, 2021: 22,548 As of Mar. 31, 2021: 22,456

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2021	-	8.00	-	21.00	29.00
Fiscal year ending Mar. 31, 2022	-				
Fiscal year ending Mar. 31, 2022 (forecasts)		10.00	-	15.50	25.50

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

**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

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: | Yes  |
| 2) Changes in accounting policies other than 1) above:                              | None |
| 3) Changes in accounting-based estimates:   | None |
| 4) Restatements:  | None |

Note: Please refer to page 8 “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements, Changes in Accounting Policies” for details.

(4) Number of outstanding shares (common shares)

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

As of Jun. 30, 2021:	22,490,910 shares	As of Mar. 31, 2021:	22,490,910 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2021:	636,956 shares	As of Mar. 31, 2021:	451,856 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2021:	21,954,487 shares	Three months ended Jun. 30, 2020:	22,023,600 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 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.

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 August 10, 2021.

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

During the first quarter of the fiscal year ending March 31, 2022, the Japanese economy continued to be impacted by the prolonged COVID-19 pandemic, although capital expenditures and production began to recover. Economic activity is expected to return to normal as more people receive vaccinations. However, the outlook is still unclear because of new waves of COVID-19 infections in Japan and other countries.

In Japan, Iwaki took many actions to improve its corporate value 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. The Iwaki Group continued 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 fulfill our responsibility to provide for the needs of customers, the Iwaki Group continued to supply products while taking various actions, such as the use of teleworking for safety during the pandemic and implementing procedures to prevent infections both inside and outside the company. Group companies will continue to implement these pandemic countermeasures.

First quarter sales were higher than one year earlier in all markets except the medical equipment market. Sales were particularly strong in the semiconductor/liquid crystal market as companies make large investments.

Sales in Japan increased 6.0% from one year earlier to 4,209 million yen as a result of higher sales in the semiconductor/liquid crystal and new energy markets. Overseas, sales in Europe increased 44.7% to 861 million yen because of the inclusion of the four companies of the Iwaki Nordic Group (Denmark, Sweden, Finland and Norway). Sales in the United States fell 0.8% to 899 million yen. In Asia, sales rose in the semiconductor/liquid crystal and surface treatment equipment markets. As a result, sales were 831 million yen (up 40.8% year-on-year). Sales in China were up 7.6% to 481 million yen. Although China was affected by the global semiconductor shortage, sales increased in the semiconductor/liquid crystal market, but decreased in the medical equipment market.

By product category, sales in the core magnetic drive pump category began to recover. In the metering pump category, sales remained strong. Sales of pneumatic drive pumps for the semiconductor/liquid crystal market increased significantly.

As a result, consolidated net sales increased 12.9% to 7,603 million yen.

Earnings were affected by higher sales. Operating profit increased 26.9% to 374 million yen and ordinary profit increased 37.4% to 568 million yen. In the first quarter of the previous fiscal year, there was extraordinary income due to a step acquisition gain involving Iwaki Nordic A/S. Due to this one-time contribution to earnings one year earlier, profit attributable to owners of parent in the current fiscal year’s first quarter decreased 18.6% to 509 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 first quarter of the current fiscal year was 24,535 million yen, up 1,810 million yen from the end of the previous fiscal year. This was mainly due to increases of 813 million yen in cash and deposits, 516 million yen in electronically recorded monetary claims-operating and 204 million yen in raw materials and supplies. The balance of non-current assets was 9,429 million yen at the end of the first quarter, down 57 million yen from the end of the previous fiscal year. This was mainly because of a decrease of 83 million yen in investment securities.

As a result, total assets increased 1,753 million yen from the end of the previous fiscal year to 33,964 million yen.

## Liabilities

The balance of current liabilities at the end of the first quarter was 9,406 million yen, up 1,673 million yen from the end of the previous fiscal year. This was mainly due to an increase of 2,757 million yen in electronically recorded obligations-operating, while there was a decrease of 1,550 million yen in notes and accounts payable-trade. The balance of non-current liabilities was 1,938 million yen at the end of the first quarter, down 18 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 37 million yen in long-term borrowings.

As a result, total liabilities increased 1,654 million yen from the end of the previous fiscal year to 11,345 million yen.

## Net assets

The balance of net assets at the end of the first quarter was 22,619 million yen, up 98 million yen from the end of the previous fiscal year. The main factors include increases of 181 million yen in treasury shares and 329 million yen in foreign currency translation adjustment.

Consequently, the capital adequacy ratio was 66.4% (69.7% at the end of the previous fiscal year).

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

We maintain the first-half and full-year consolidated earnings forecasts that were disclosed in the “Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2021” dated May 13, 2021.

## 2. Quarterly Consolidated Financial Statements and Notes

## (1) Quarterly Consolidated Balance Sheet

	(Thousands of yen)	
	FY3/21 (As of Mar. 31, 2021)	First quarter of FY3/22 (As of Jun. 30, 2021)
Assets		
Current assets		
Cash and deposits	7,127,637	7,941,020
Notes and accounts receivable-trade	6,396,840	-
Notes and accounts receivable-trade, and contract assets	-	6,205,624
Electronically recorded monetary claims-operating	3,168,898	3,684,971
Merchandise and finished goods	2,587,283	2,733,260
Work in process	57,518	197,049
Raw materials and supplies	3,131,450	3,336,312
Other	282,115	466,837
Allowance for doubtful accounts	(26,955)	(29,716)
Total current assets	22,724,788	24,535,361
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,571,174	7,593,243
Accumulated depreciation and impairment	(3,988,958)	(4,050,279)
Buildings and structures, net	3,582,216	3,542,964
Machinery, equipment and vehicles	3,005,576	3,074,158
Accumulated depreciation and impairment	(2,563,625)	(2,613,524)
Machinery, equipment and vehicles, net	441,951	460,634
Tools, furniture and fixtures	2,013,058	2,035,677
Accumulated depreciation and impairment	(1,675,948)	(1,709,703)
Tools, furniture and fixtures, net	337,110	325,973
Land	1,041,934	1,043,328
Leased assets	343,294	358,540
Accumulated depreciation	(140,243)	(158,642)
Leased assets, net	203,051	199,897
Construction in progress	84,481	104,240
Other	37,184	38,405
Accumulated depreciation	(28,490)	(30,060)
Other, net	8,694	8,345
Total property, plant and equipment	5,699,439	5,685,385
Intangible assets		
Goodwill	769,340	765,272
Trademark right	33,044	32,936
Other	333,210	335,574
Total intangible assets	1,135,596	1,133,782
Investments and other assets		
Investment securities	1,893,584	1,810,161
Deferred tax assets	460,137	512,288
Other	298,217	287,903
Total investments and other assets	2,651,939	2,610,353
Total non-current assets	9,486,975	9,429,521
Total assets	32,211,764	33,964,882

	(Thousands of yen)	
	FY3/21 (As of Mar. 31, 2021)	First quarter of FY3/22 (As of Jun. 30, 2021)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	3,804,556	2,254,256
Electronically recorded obligations-operating	675,571	3,432,812
Short-term borrowings	820,592	953,593
Current portion of long-term borrowings	75,000	75,000
Lease obligations	76,259	78,665
Income taxes payable	280,804	198,140
Provision for bonuses	752,791	398,121
Provision for bonuses for directors (and other officers)	90,332	23,483
Provision for product warranties	73,235	75,658
Other	1,084,479	1,916,992
Total current liabilities	7,733,624	9,406,724
Non-current liabilities		
Long-term borrowings	637,500	600,000
Lease obligations	154,294	148,796
Retirement benefit liability	264,352	258,387
Asset retirement obligations	196,119	196,356
Other	705,395	735,256
Total non-current liabilities	1,957,661	1,938,797
Total liabilities	9,691,286	11,345,522
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,044,691	1,044,691
Capital surplus	675,384	665,948
Retained earnings	20,673,009	20,736,804
Treasury shares	(456,247)	(637,935)
Total shareholders' equity	21,936,836	21,809,508
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	102,329	665
Foreign currency translation adjustment	123,917	453,466
Remeasurements of defined benefit plans	293,781	285,127
Total accumulated other comprehensive income	520,029	739,259
Non-controlling interests	63,611	70,592
Total net assets	22,520,477	22,619,359
Total liabilities and net assets	32,211,764	33,964,882

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

(Thousands of yen)

	First three months of FY3/21 (Apr. 1, 2020 – Jun. 30, 2020)	First three months of FY3/22 (Apr. 1, 2021 – Jun. 30, 2021)
Net sales	6,736,048	7,603,207
Cost of sales	4,466,445	5,126,182
Gross profit	2,269,602	2,477,025
Selling, general and administrative expenses	1,974,495	2,102,401
Operating profit	295,107	374,623
Non-operating income		
Interest income	652	744
Dividend income	11,580	11,450
Share of profit of entities accounted for using equity method	153,473	170,749
Foreign exchange gains	-	9,474
Other	13,119	13,916
Total non-operating income	178,825	206,336
Non-operating expenses		
Interest expenses	5,580	6,365
Commission expenses	1,259	3,433
Foreign exchange losses	41,681	-
Loss on amortization of restricted stock remuneration	6,944	-
Other	4,849	2,886
Total non-operating expenses	60,315	12,685
Ordinary profit	413,617	568,273
Extraordinary income		
Gain on sale of investment securities	-	134,208
Gain on step acquisitions	346,280	-
Other	-	989
Total extraordinary income	346,280	135,197
Extraordinary losses		
Loss on retirement of non-current assets	0	140
Loss on sale of non-current assets	-	848
Total extraordinary losses	0	988
Profit before income taxes	759,898	702,482
Income taxes	134,693	186,968
Profit	625,204	515,514
Profit (loss) attributable to non-controlling interests	(1,291)	5,651
Profit attributable to owners of parent	626,496	509,863



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

(Thousands of yen)

	First three months of FY3/21 (Apr. 1, 2020 – Jun. 30, 2020)	First three months of FY3/22 (Apr. 1, 2021 – Jun. 30, 2021)
Profit	625,204	515,514
Other comprehensive income		
Valuation difference on available-for-sale securities	2,184	(101,813)
Foreign currency translation adjustment	(56,688)	258,204
Remeasurements of defined benefit plans, net of tax	2,030	(8,654)
Share of other comprehensive income of entities accounted for using equity method	(32,066)	72,821
Total other comprehensive income	(84,540)	220,559
Comprehensive income	540,664	736,073
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	543,659	729,093
Comprehensive income attributable to non-controlling interests	(2,995)	6,980

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

#### **Going Concern Assumption**

Not applicable.

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

Not applicable.

#### **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.

#### **Changes in Accounting Policies**

##### Application of the Accounting Standard for Revenue Recognition

Iwaki started to apply the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020) and the Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, March 26, 2021) at the beginning of the first quarter of the fiscal year ending in March 2022. Based on this standard, revenue expected to be received in exchange for the provision of goods and services is recognized when the control of the goods and services is transferred to customers.

In prior years, revenue for some export sales was recognized by using the shipping date standard. Due to the use of this new standard, revenue for these sales is now recognized when risk concerning the products is transferred to the customer in accordance with trade terms stipulated by International Commercial Terms (Incoterms) and other guidelines.

For sales of products in Japan, the alternate treatment specified in Paragraph 98 of the Implementation Guidance on Accounting Standard for Revenue Recognition is also applied. Revenue is recognized when a product is shipped in cases where the time between the shipment of a product and the transfer of control to a customer is the normal length of time.

The new revenue recognition standard is applied in accordance with the transitional measures in the proviso to Paragraph 84 of this standard. There was no effect on retained earnings at the beginning of the current fiscal year.

In addition, the application of this standard had no effect on first quarter earnings.

Due to the application of the new revenue recognition standard, the “notes and accounts receivable-trade” item in the current assets section of the consolidated balance sheet in the previous fiscal year is, beginning with the first quarter of the current fiscal year, presented as “notes and accounts receivable-trade, and contract assets.” In accordance with the transitional treatment prescribed in Paragraph 89-2 of this new standard, no reclassification has been made to the prior year’s consolidated financial statements to conform to the new presentation.

*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.*