

**Summary of Consolidated Financial Results**  
**for the Second Quarter of Fiscal Year Ending March 31, 2022**  
**(Six Months Ended September 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: November 12, 2021  
 Scheduled date of payment of dividend: December 1, 2021  
 Preparation of supplementary materials for quarterly financial results: Yes  
 Holding of quarterly 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 Second Quarter Ended September 30, 2021****(April 1, 2021 – September 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	%
Six months ended Sep. 30, 2021	15,580	18.4	1,058	48.7	1,525	63.1	1,191	11.5
Six months ended Sep. 30, 2020	13,159	(6.6)	711	(31.7)	935	(24.8)	1,068	4.3

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2021: 1,457 (up 45.4%)  
 Six months ended Sep. 30, 2020: 1,002 (up 40.5%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2021	54.36	-
Six months ended Sep. 30, 2020	48.50	-

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of Sep. 30, 2021	34,971	23,376	66.7
As of Mar. 31, 2021	32,211	22,520	69.7

Reference: Owner's equity (million yen) As of Sep. 30, 2021: 23,312 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	-	12.00	-	-	-
Fiscal year ending Mar. 31, 2022 (forecasts)	-	-	-	16.50	28.50

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
Full year	31,459	11.7	1,836	7.6	2,634	18.6	2,072	(0.9)	94.60

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

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|---|------|
| 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 Sep. 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 Sep. 30, 2021:	585,863 shares	As of Mar. 31, 2021:	451,856 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2021:	21,921,251 shares	Six months ended Sep. 30, 2020:	22,031,327 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

Iwaki plans to hold a quarterly financial results meeting for institutional investors and analysts on Wednesday, November 24, 2021. Materials to be distributed at this event will be available on the Company’s 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, 2022, although the outlook for the Japanese economy remained uncertain because the government issued a fourth state of emergency to combat the resurgence of COVID-19 infections, investment in machinery and equipment started to look particularly in growth sectors. A similar trend was also noticed overseas, although uncertainties remain. On the other hand, demand for semiconductors and electronic components is increasing sharply. But we need to keep an on eye on the effects of supply shortages of semiconductors, electronic components, and other parts as well as effects on supply chains due to any resurgence of COVID-19 infections.

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.

As a result, sales to the semiconductor/liquid crystal market where investment is still strong, increased by 58.3% year-on-year, driving up overall sales.

Sales in Japan increased 10.7% from one year earlier to 8,703 million yen as a result of higher sales in the semiconductor/liquid crystal, medical equipment, surface treatment equipment and new energy markets. Overseas, sales in Europe increased 59.7% to 1,831 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 rose 9.1% to 1,864 million yen because sales were higher than one year earlier in all markets, including the water treatment market. In Asia, sales rose in the semiconductor/liquid crystal and surface treatment equipment markets, mainly for South Korea and Taiwan. As a result, sales were 1,545 million yen (up 49.4% year-on-year). Sales in China were down 0.8% to 964 million yen. Sales to the semiconductor/liquid crystal and new energy markets increased, but sales to the medical equipment market were affected by a decrease in customers' production of medical equipment due to semiconductor shortages.

By product category, sales in the core magnetic drive pump category were strong. Sales of pneumatic drive pumps for the semiconductor/liquid crystal market have also made a significant contribution to the increase in sales.

As a result, consolidated net sales increased 18.4% to 15,580 million yen.

Higher sales contributed to an increase in earnings. Operating profit increased 48.7% to 1,058 million yen and ordinary profit increased 63.1% to 1,525 million yen. Although the year-on-year increase was slower than ordinary profit mainly because there was an extraordinary income due to a step acquisition gain involving Iwaki Nordic A/S in the same period a year earlier, profit attributable to owners of parent in the current fiscal year's first half increased 11.5% to 1,191 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 25,508 million yen, up 2,783 million yen from the end of the previous fiscal year. This was mainly due to increases of 1,420 million yen in cash and deposits and 462 million yen in merchandise and finished goods. The balance of non-current assets was 9,462 million yen at the end of the second quarter, down 24 million yen from the end of the previous fiscal year. This was mainly because of a decrease of 120 million yen in investment securities, while there was an increase of 61 million yen in construction in progress.

As a result, total assets increased 2,759 million yen from the end of the previous fiscal year to 34,971 million yen.

## Liabilities

The balance of current liabilities at the end of the second quarter was 9,636 million yen, up 1,902 million yen from the end of the previous fiscal year. This was mainly due to increases of 2,970 million yen in electronically recorded obligations-operating and 294 million yen in short-term borrowings, while there was a decrease of 1,376 million yen in notes and accounts payable-trade. The balance of non-current liabilities was 1,958 million yen at the end of the second quarter, up 0 million yen from the end of the previous fiscal year.

As a result, total liabilities increased 1,903 million yen from the end of the previous fiscal year to 11,594 million yen.

## Net assets

The balance of net assets at the end of the second quarter was 23,376 million yen, up 856 million yen from the end of the previous fiscal year. The main factors include increases of 742 million yen in retained earnings and 372 million yen in foreign currency translation adjustment.

Consequently, the capital adequacy ratio was 66.7% (69.7% 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 “Notice of Extraordinary Losses and Revisions to the Consolidated Earnings Forecast and Dividend Forecast” (Japanese version only) dated October 15, 2021.

## 2. Quarterly Consolidated Financial Statements and Notes

## (1) Quarterly Consolidated Balance Sheet

	(Thousands of yen)	
	FY3/21 (As of Mar. 31, 2021)	Second quarter of FY3/22 (As of Sep. 30, 2021)
Assets		
Current assets		
Cash and deposits	7,127,637	8,548,109
Notes and accounts receivable-trade	6,396,840	-
Notes and accounts receivable-trade, and contract assets	-	6,218,486
Electronically recorded monetary claims-operating	3,168,898	3,510,059
Merchandise and finished goods	2,587,283	3,050,110
Work in process	57,518	105,981
Raw materials and supplies	3,131,450	3,590,209
Other	282,115	513,700
Allowance for doubtful accounts	(26,955)	(28,268)
Total current assets	22,724,788	25,508,389
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,571,174	7,671,896
Accumulated depreciation and impairment	(3,988,958)	(4,094,315)
Buildings and structures, net	3,582,216	3,577,580
Machinery, equipment and vehicles	3,005,576	3,096,998
Accumulated depreciation and impairment	(2,563,625)	(2,620,379)
Machinery, equipment and vehicles, net	441,951	476,619
Tools, furniture and fixtures	2,013,058	2,034,714
Accumulated depreciation and impairment	(1,675,948)	(1,725,210)
Tools, furniture and fixtures, net	337,110	309,504
Land	1,041,934	1,044,269
Leased assets	343,294	348,560
Accumulated depreciation	(140,243)	(158,747)
Leased assets, net	203,051	189,813
Construction in progress	84,481	146,136
Other	37,184	40,498
Accumulated depreciation	(28,490)	(31,700)
Other, net	8,694	8,798
Total property, plant and equipment	5,699,439	5,752,722
Intangible assets		
Goodwill	769,340	754,899
Trademark right	33,044	30,499
Other	333,210	359,303
Total intangible assets	1,135,596	1,144,703
Investments and other assets		
Investment securities	1,893,584	1,773,142
Deferred tax assets	460,137	506,141
Other	298,217	286,105
Total investments and other assets	2,651,939	2,565,389
Total non-current assets	9,486,975	9,462,815
Total assets	32,211,764	34,971,205

	(Thousands of yen)	
	FY3/21 (As of Mar. 31, 2021)	Second quarter of FY3/22 (As of Sep. 30, 2021)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	3,804,556	2,428,166
Electronically recorded obligations-operating	675,571	3,645,917
Short-term borrowings	820,592	1,115,250
Current portion of long-term borrowings	75,000	75,000
Lease obligations	76,259	75,966
Income taxes payable	280,804	353,910
Provision for bonuses	752,791	770,891
Provision for bonuses for directors (and other officers)	90,332	38,650
Provision for product warranties	73,235	78,704
Other	1,084,479	1,053,956
Total current liabilities	7,733,624	9,636,413
Non-current liabilities		
Long-term borrowings	637,500	600,000
Lease obligations	154,294	140,637
Retirement benefit liability	264,352	250,759
Asset retirement obligations	196,119	222,842
Other	705,395	744,017
Total non-current liabilities	1,957,661	1,958,257
Total liabilities	9,691,286	11,594,670
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,044,691	1,044,691
Capital surplus	675,384	664,691
Retained earnings	20,673,009	21,415,600
Treasury shares	(456,247)	(586,764)
Total shareholders' equity	21,936,836	22,538,218
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	102,329	1,096
Foreign currency translation adjustment	123,917	496,663
Remeasurements of defined benefit plans	293,781	276,473
Total accumulated other comprehensive income	520,029	774,233
Non-controlling interests	63,611	64,082
Total net assets	22,520,477	23,376,534
Total liabilities and net assets	32,211,764	34,971,205

**(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 FY3/21 (Apr. 1, 2020 – Sep. 30, 2020)	First six months of FY3/22 (Apr. 1, 2021 – Sep. 30, 2021)
Net sales	13,159,749	15,580,255
Cost of sales	8,688,758	10,312,561
Gross profit	4,470,991	5,267,693
Selling, general and administrative expenses	3,759,253	4,209,125
Operating profit	711,737	1,058,567
Non-operating income		
Interest income	1,760	1,073
Dividend income	16,194	16,224
Share of profit of entities accounted for using equity method	262,978	411,125
Foreign exchange gains	-	41,153
Other	18,272	22,418
Total non-operating income	299,206	491,995
Non-operating expenses		
Interest expenses	11,725	12,751
Commission expenses	2,518	5,442
Foreign exchange losses	48,385	-
Loss on amortization of restricted stock remuneration	6,944	-
Other	6,090	6,615
Total non-operating expenses	75,664	24,810
Ordinary profit	935,279	1,525,752
Extraordinary income		
Gain on sale of non-current assets	-	95
Gain on sale of investment securities	-	134,938
Gain on step acquisitions	347,712	-
Other	-	1,037
Total extraordinary income	347,712	136,071
Extraordinary losses		
Loss on retirement of non-current assets	205	3,162
Loss on sale of non-current assets	-	862
Settlement package	-	55,000
Total extraordinary losses	205	59,024
Profit before income taxes	1,282,786	1,602,799
Income taxes	214,666	400,666
Profit	1,068,120	1,202,133
Profit (loss) attributable to non-controlling interests	(447)	10,566
Profit attributable to owners of parent	1,068,567	1,191,566



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

(Thousands of yen)

	First six months of FY3/21 (Apr. 1, 2020 – Sep. 30, 2020)	First six months of FY3/22 (Apr. 1, 2021 – Sep. 30, 2021)
Profit	1,068,120	1,202,133
Other comprehensive income		
Valuation difference on available-for-sale securities	19,082	(101,313)
Foreign currency translation adjustment	(65,206)	277,166
Remeasurements of defined benefit plans, net of tax	4,060	(17,308)
Share of other comprehensive income of entities accounted for using equity method	(23,309)	96,949
Total other comprehensive income	(65,372)	255,494
Comprehensive income	1,002,747	1,457,627
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	1,004,679	1,445,770
Comprehensive income attributable to non-controlling interests	(1,932)	11,856

**(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 treatment prescribed 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 half 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.*