



The Heart of Industry

## Results of Operations for the First Quarter of the Fiscal Year Ending March 31, 2024 (FY3/24)

August 10, 2023

**IWAKI CO.,LTD.**

Stock code: 6237  
Trade name: Iwaki Pump



Chemical feeding unit ETU series (ETU-25)  
A combination of an electromagnetic metering pump and a  
chemical tank achieves an optimal structure for feeding chemicals

# Financial Summary



Sales were firm in all market categories. Strong sales in the semiconductor/liquid crystal, medical equipment and water treatment categories were the primary source of growth.

As with sales, profits are poised to surge as well. This boost is attributed to the consolidation of two subsidiaries, Iwaki Hong Kong Group and Iwaki Shanghai, in the fourth quarter of the previous fiscal year. Additionally, the increased sales from our other subsidiaries had a positive impact on our overall profitability.

	1Q FY3/23		1Q FY3/24*	
	Amount (Millions of yen)	Amount (Millions of yen)	Differences	YoY change
Net sales	8,390	<b>11,107</b>	2,717	+32.4%
Gross profit (Gross margin)	2,956 (35.2%)	<b>4,271</b> <b>(38.5%)</b>	1,314	+44.5%
Operating profit (Operating margin)	744 (8.9%)	<b>1,451</b> <b>(13.1%)</b>	707	+94.9%
Ordinary profit	1,158	<b>1,782</b>	624	+53.9%
Profit attributable to owners of parent	974	<b>1,222</b>	248	+25.5%
Net income per share (Yen)	44.47	<b>55.65</b>	11.19	+25.2%
Exchange rate (average)	USD/JPY (Yen)	116.34	132.40	
	EUR/JPY (Yen)	130.40	142.13	
	HKD/JPY (Yen)	-	16.89	
	CNY/JPY (Yen)	-	19.34	

\* Because the allocation of the acquisition cost for Iwaki Hong Kong Group and Iwaki Shanghai has not been completed at this time, the amortization of goodwill in the first quarter of FY3/24 is carried out using provisional accounting treatment.

**1**

## **Sales: Up 32.4% – Achieved robust YoY growth on a consolidated basis across all markets and products, with double-digit increase in each segment**

- Sales witnessed substantial growth across all markets, driven in part by the positive contributions from recently consolidated subsidiaries (Iwaki Hong Kong Group and Iwaki Shanghai.)
- The newly consolidated subsidiaries in 1Q FY3/24 added sales of ¥1,705 million (before consolidation adjustments).
- Iwaki Hong Kong Group primarily thrives in the medical equipment market, whereas Iwaki Shanghai's strength lies in the semiconductor/liquid crystal markets.
- The U.S. water treatment market also remained strong.
- Conversely, sales in the Asian region, particularly Taiwan, faced challenges due to the downturn in the semiconductor market.

**2**

## **Operating profit: Up 94.9% partially due to positive impacts from newly consolidated subsidiaries and sales growth from other sources**

- The newly consolidated subsidiaries in 1Q FY3/24 added ¥588 million to operating profit (before consolidation adjustments).
- While price hikes did not fully offset the substantial cost increases, the rise in sales resulted in an increase in profit, excluding the impact of newly consolidated subsidiaries.

**3**

## **Profit attributable to owners of parent: Up 25.5% compared to the same period a year earlier**

- Despite several factors that contributed to lower profits, including the absence of Iwaki Hong Kong Group and Iwaki Shanghai, and a decrease in equity in earnings of Iwaki Taiwan, along with increased interest expenses, profit increased by a double-digit figure.

# FY3/24 Forecast



Forecast double-digit sales growth due to the first full-year contribution of newly consolidated subsidiaries and other reasons.

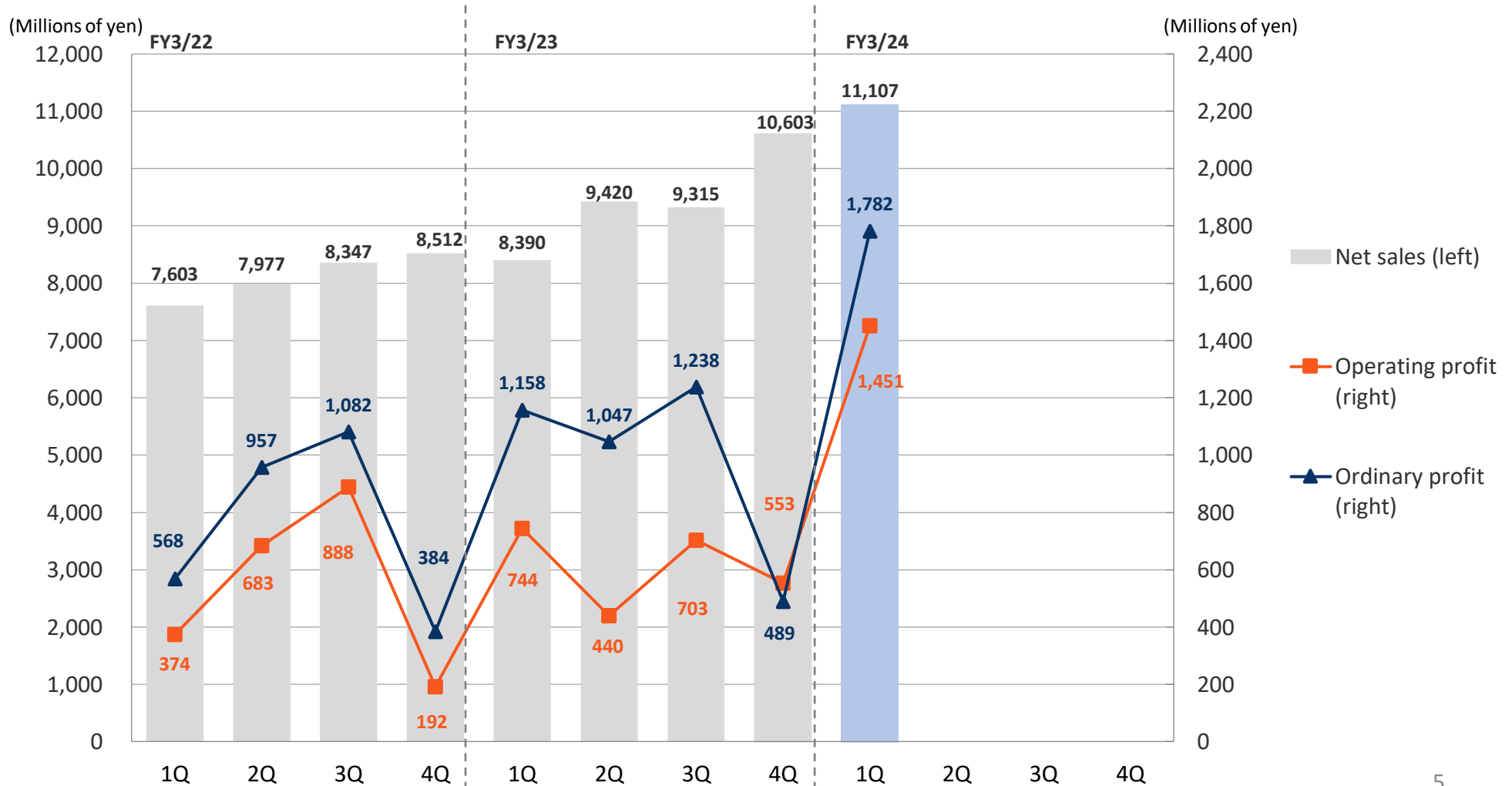
Forecast higher earnings but a decrease in profit attributable to owners of parent because of the large extraordinary income in FY3/23.

		FY3/23*	FY3/24 (Forecast)		
		Amount (Millions of yen)	Amount (Millions of yen)	Differences	YoY change
Net sales		37,730	<b>44,181</b>	6,450	+17.1%
Gross profit (Gross margin)		12,923 (34.3%)	<b>16,600</b> <b>(37.6%)</b>	3,676	+28.4%
Operating profit (Operating margin)		2,443 (6.5%)	<b>3,920</b> <b>(8.9%)</b>	1,477	+60.5%
Ordinary profit		3,933	<b>4,302</b>	368	+9.4%
Profit attributable to owners of parent		4,398	<b>3,115</b>	-1,283	-29.2%
Net income per share (Yen)		200.35	<b>141.79</b>	-58.56	-29.2%
Return on equity (ROE)		16.3%	<b>10.4%</b>	-	(-5.8pt)
Return on invested capital (ROIC)		7.4%	<b>9.3%</b>	-	(+1.9pt)
Exchange rate (average)	USD/JPY (Yen)	131.64	136.00		
	EUR/JPY (Yen)	138.15	143.00		
	HKD/JPY (Yen)	18.08	17.40		
	CNY/JPY (Yen)	19.86	19.70		

\* Because the allocation of the acquisition cost for Iwaki Hong Kong Group and Iwaki Shanghai has not been completed at this time, the amortization of goodwill in FY3/23 was carried out using provisional accounting treatment.

# Net Sales and Operating Profit (Quarterly)

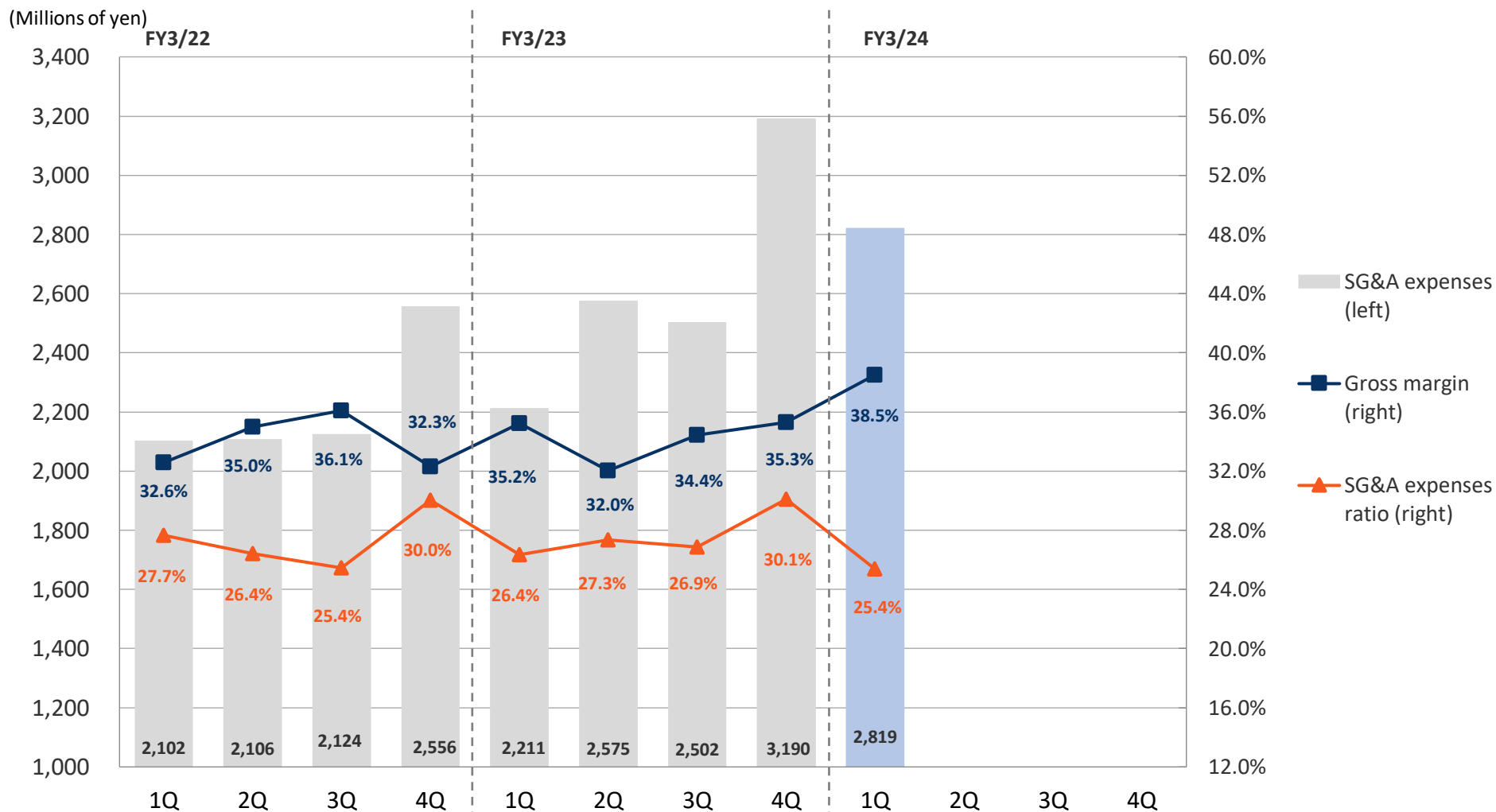
Sales were higher than in the previous quarter mainly due to sales growth in the U.S., Hong Kong and Shanghai. First quarter operating profit and ordinary profit were much higher than in the previous quarter. This was mainly attributable to higher sales and to expenses for bonuses for executives linked to results of operations and the increase in bonuses paid to employees in the previous quarter.



# Gross Margin and SG&A Expense Ratio (Quarterly)

In the previous quarter, there was an increase in bonuses linked to results of operations for executives and employee bonuses.

The elevated SG&A expenses in the first quarter were primarily attributed to the consolidation of Iwaki Hong Kong Group and Iwaki Shanghai.



# Market Overview for Product Categories

Sold in many markets	Major pump applications	Magnetic drive pumps	Metering pumps	Pneumatic drive pumps	Rotary displacement pumps	Air pumps	Systems products
<b>Semiconductor/liquid crystal</b>	Semiconductor production equipment, etc.	●	○	●			○
<b>Medical equipment</b>	Dialysis equipment and clinical trial equipment, etc.	○	○		●	●	○
<b>Surface treatment equipment</b>	Printed circuit board manufacturing equipment, electronic component manufacturing, etc.	●	○				○
<b>Chemicals</b>	Liquid chemical manufacturing, etc.	●	○		○		○
<b>Water treatment</b>	Water purification plant, wastewater treatment, cooling towers, etc.	○	●		○	○	○
<b>New energy</b>	Renewable energy, rechargeable battery production, etc.	○	○		●		○
<b>Others (Food, paper, others)</b>	Food cleansing, cooling applications, etc.	○	○		●	○	○

\* A filled circle means major pumps in each market.

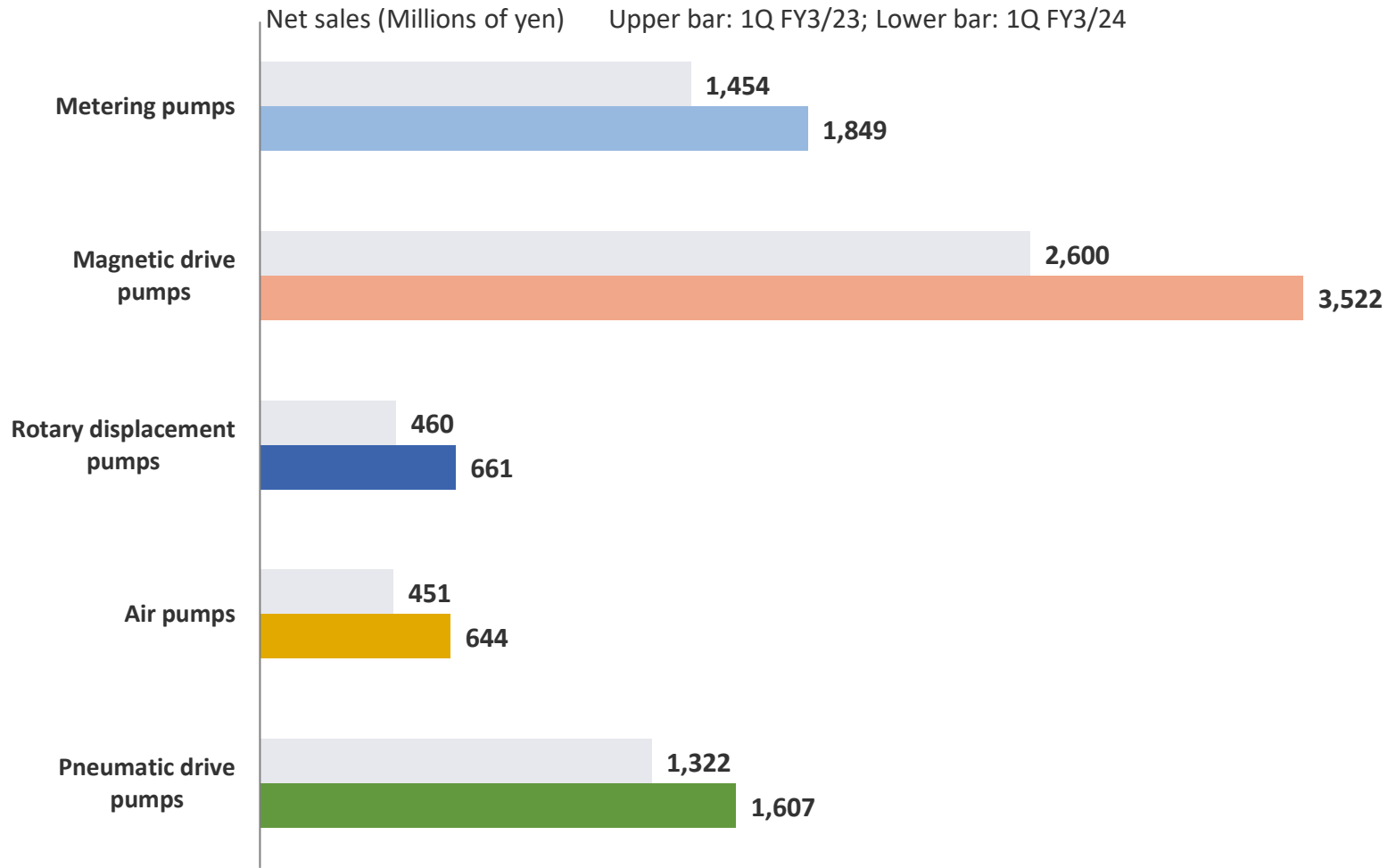
# Profitability of Products

Profitability

High



Low



\*Excluding systems products, purchased products and other

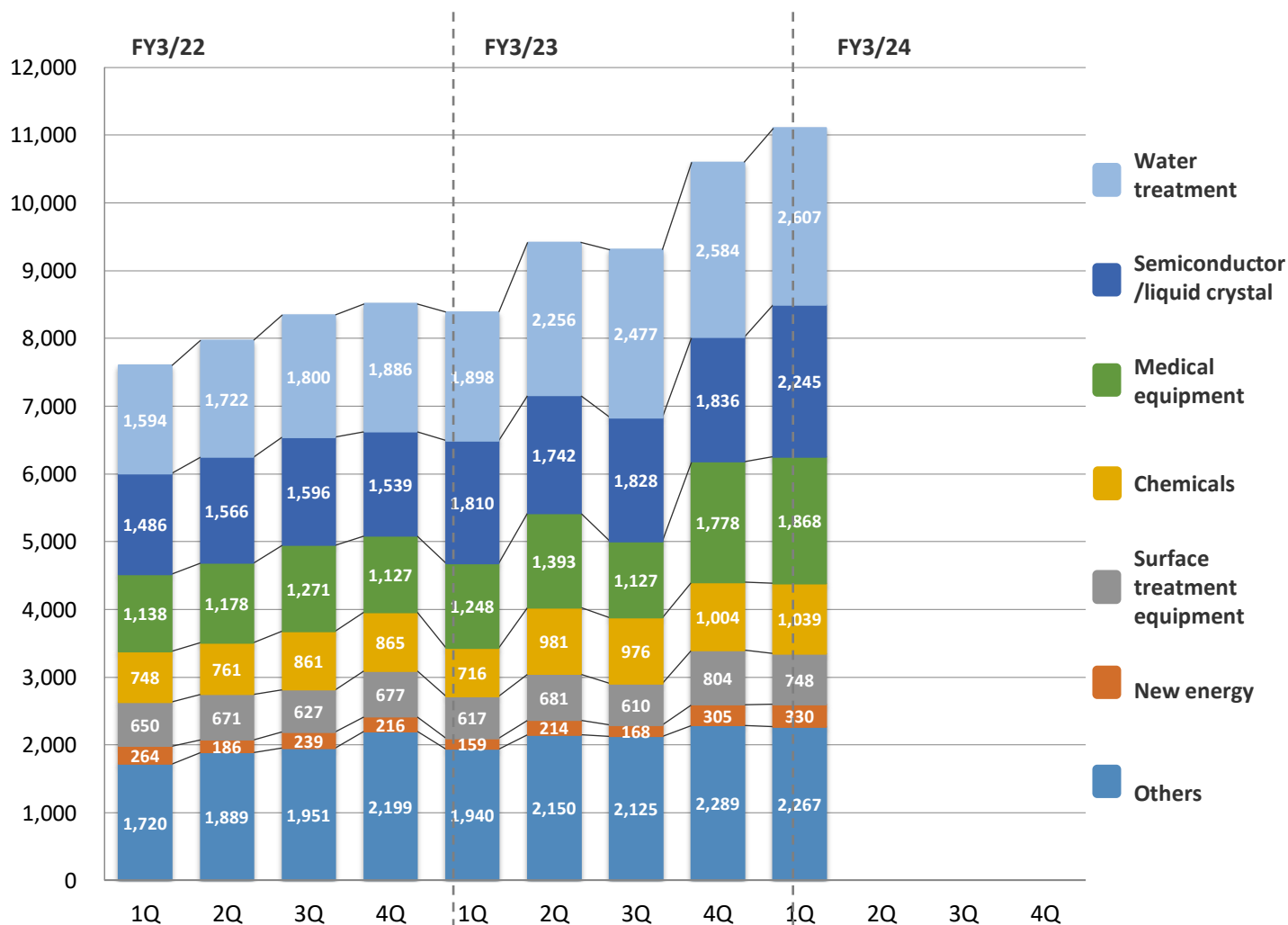


# Market Category Sales



Water treatment sales remain strong, chiefly in the U.S. Strong performance in the semiconductor/liquid crystal category is mainly attributed to the inclusion of Iwaki Shanghai in consolidation. Even excluding this impact, sales were higher mainly in Japan and the U.S.

In the medical equipment market, the consolidation of Iwaki Hong Kong Group had a noteworthy impact on sales. Increase in sales in Japan also contributed to sales.



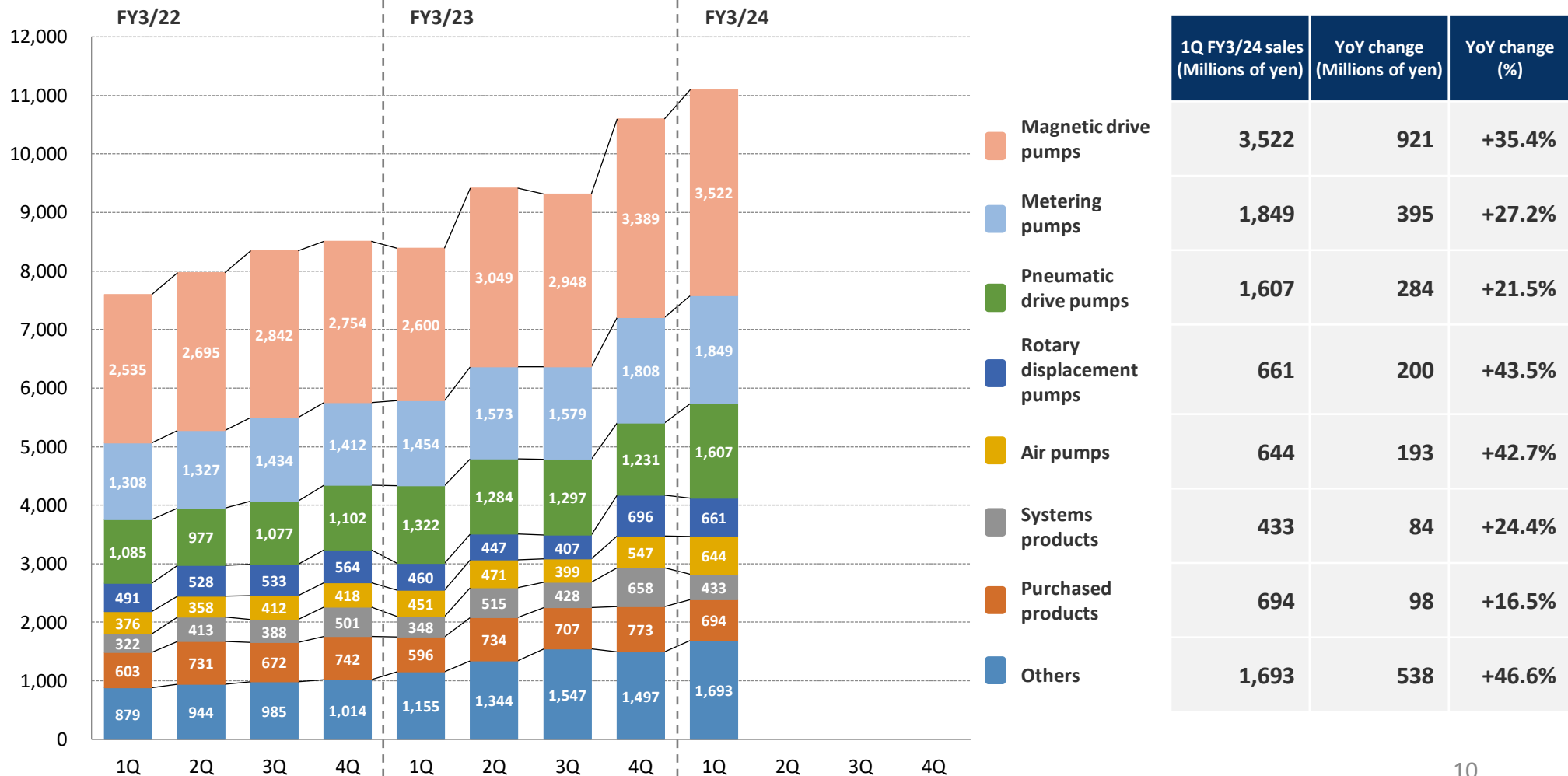
	1Q FY3/24 sales (Millions of yen)	YoY change (Millions of yen)	YoY change (%)
Water treatment	2,607	708	+37.3%
Semiconductor/liquid crystal	2,245	435	+24.0%
Medical equipment	1,868	620	+49.7%
Chemicals	1,039	323	+45.1%
Surface treatment equipment	748	131	+21.2%
New energy	330	171	+107.7%
Others	2,267	326	+16.8%

# Product Category Sales



Our core products, magnetic drive pumps, and metering pumps, both experienced double-digit growth, which in turn propelled our overall sales.

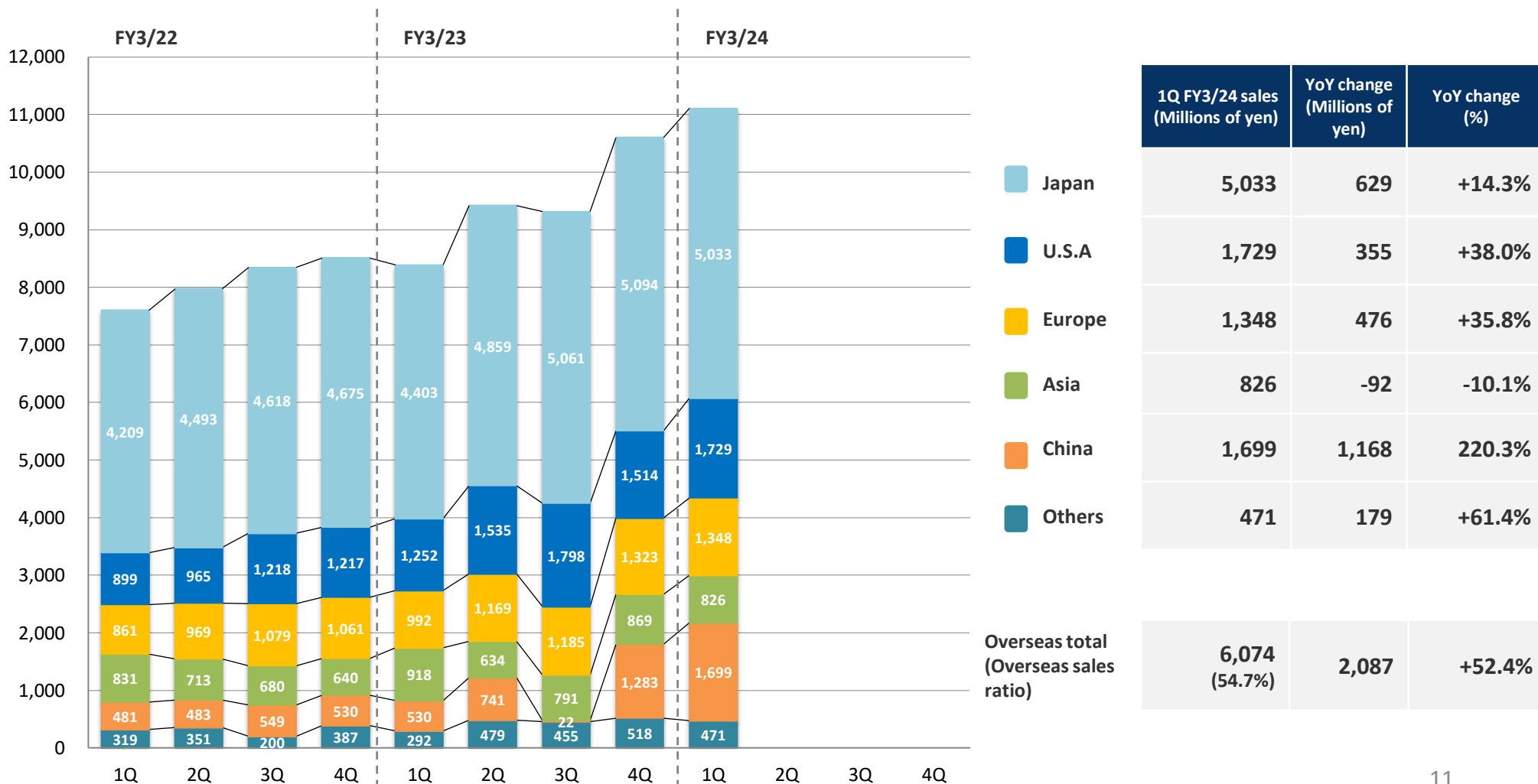
Despite an overall slowdown in the semiconductor market, sales of pneumatic pumps, primarily for the semiconductor/liquid crystal category, experienced an uptick. This increase is attributed to the backlog of orders and the impact of including Iwaki Shanghai in the consolidation.



# Regional Sales



Sales to Taiwan, which represent the majority of sales in the semiconductor/liquid crystal and surface treatment equipment markets, were sluggish, and sales to Asia were weak. On the other hand, sales to China saw a significant increase, primarily due to the consolidation of new subsidiaries.





## The Heart of Industry

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