

Summary of Consolidated Financial Results
for the Third Quarter of Fiscal Year Ending March 31, 2022
(Nine Months Ended December 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
 Contact: Makoto Inoue, Executive Officer,
 Senior General Manager of Business Management Head Office Tel: (81)3-3254-2931
 Scheduled date of filing of Quarterly Report: February 14, 2022
 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, 2021**(April 1, 2021 – December 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	%
Nine months ended Dec. 31, 2021	23,927	18.5	1,946	89.4	2,608	88.6	2,052	46.5
Nine months ended Dec. 31, 2020	20,199	(5.2)	1,027	(35.5)	1,382	(29.1)	1,401	(8.1)

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2021: 2,342 (up 72.9%)
 Nine months ended Dec. 31, 2020: 1,354 (up 14.0%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2021	93.65	-
Nine months ended Dec. 31, 2020	63.60	-

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of Dec. 31, 2021	35,660	23,998	67.1
As of Mar. 31, 2021	32,211	22,520	69.7

Reference: Owner's equity (million yen) As of Dec. 31, 2021: 23,928 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)				19.00	31.00

Note: Revisions to the most recently announced dividend forecasts: Yes

Regarding revisions to the dividend forecast, please see the press release dated today (February 14, 2022) concerning the revisions to the earnings forecast and dividend forecast (Japanese version only).

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	31,860	13.1	2,014	18.0	2,852	28.4	2,228	6.6	101.72

Note: Revisions to the most recently announced consolidated earnings forecasts: Yes

Regarding revisions to the earnings forecast, please see the press release dated today (February 14, 2022) concerning the revisions to the earnings forecast and dividend forecast (Japanese version only).

*** 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 Dec. 31, 2021:	22,490,910 shares	As of Mar. 31, 2021:	22,490,910 shares
----------------------	-------------------	----------------------	-------------------

2) Number of treasury shares at the end of the period

As of Dec. 31, 2021:	585,863 shares	As of Mar. 31, 2021:	451,856 shares
----------------------	----------------	----------------------	----------------

3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2021:	21,915,850 shares	Nine months ended Dec. 31, 2020:	22,033,902 shares
----------------------------------	-------------------	----------------------------------	-------------------

* 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 today (February 14, 2022).

Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance	2
(1) Explanation of Results of Operations	2
(2) Explanation of Financial Position	2
(3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements	3
2. Quarterly Consolidated Financial Statements and Notes	4
(1) Quarterly Consolidated Balance Sheet	4
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	6
Quarterly Consolidated Statement of Income	
For the Nine-month Period	6
Quarterly Consolidated Statement of Comprehensive Income	
For the Nine-month Period	7
(3) Notes to Quarterly Consolidated Financial Statements	8
Going Concern Assumption	8
Significant Changes in Shareholders' Equity	8
Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements	8
Changes in Accounting Policies	8

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, 2022, the Japanese economy showed signs of recovery as the severity of the recent pandemic situation gradually eased due to progress in COVID-19 vaccinations. However, the identification of new mutant strains and other factors means that the outlook remains uncertain, both in Japan and overseas.

Meanwhile, capital investment is expected to pick up on the back of improved corporate earnings and other factors, and orders continue to be brisk with a focus on semiconductor manufacturing equipment. Nevertheless, the situation remains unpredictable due to factors such as supply shortages for raw materials and parts and disruptions in international logistics, especially marine transportation.

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 based on the policy of “supplying the world’s best products as All Iwaki,”

As a result, sales to the semiconductor/liquid crystal market were still strong, increasing by 59.6% year-on-year, and driving up overall sales. In addition, sales in the first nine months were higher than one year earlier in all other markets.

Sales in Japan increased 11.1% from one year earlier to 13,322 million yen as a result of higher sales particularly in the semiconductor/liquid crystal, medical equipment and surface treatment equipment markets. Overseas, sales in Europe increased 43.8% to 2,911 million yen. They rose year-on-year in all markets, even when excluding those of the four Iwaki Nordic Group companies (Denmark, Sweden, Finland, and Norway). In addition, the profit and loss of the Iwaki Nordic Group was included in the results for the entire period (in the same period of the previous fiscal year, the results were included from the third quarter). Sales in the United States rose 18.5% to 3,083 million yen because sales were higher than one year earlier in all markets, particularly in 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 2,225 million yen (up 45.3% year-on-year). Sales in China were up 13.1% to 1,514 million yen. Sales to the semiconductor/liquid crystal and new energy markets increased, although the recovery in the medical equipment market was lackluster.

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 18.5% to 23,927 million yen.

Higher sales contributed to an increase in earnings. Operating profit increased 89.4% to 1,946 million yen, ordinary profit increased 88.6% to 2,608 million yen and profit attributable to owners of parent increased 46.5% to 2,052 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 third quarter of the current fiscal year was 26,099 million yen, up 3,374 million yen from the end of the previous fiscal year. This was mainly due to increases of 773 million yen in electronically recorded monetary claims-operating, 607 million yen in merchandise and finished goods and 716 million yen in raw materials and supplies. The balance of non-current assets was 9,561 million yen at the end of the third quarter, up 74 million yen from the end of the previous fiscal year. This was mainly

because of an increase of 71 million yen in buildings and structures.

As a result, total assets increased 3,449 million yen from the end of the previous fiscal year to 35,660 million yen.

Liabilities

The balance of current liabilities at the end of the third quarter was 9,748 million yen, up 2,014 million yen from the end of the previous fiscal year. This was mainly due to increases of 3,115 million yen in electronically recorded obligations-operating and 355 million yen in short-term borrowings, while there was a decrease of 1,509 million yen in notes and accounts payable-trade. The balance of non-current liabilities was 1,913 million yen at the end of the third quarter, down 44 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 75 million yen in long-term borrowings.

As a result, total liabilities increased 1,970 million yen from the end of the previous fiscal year to 11,661 million yen.

Net assets

The balance of net assets at the end of the third quarter was 23,998 million yen, up 1,478 million yen from the end of the previous fiscal year. The main factors include an increase of 1,340 million yen in retained earnings.

Consequently, the capital adequacy ratio was 67.1% (69.7% at the end of the previous fiscal year).

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

The forecast for the fiscal year ending on March 31, 2022 has been revised to reflect the results of operations in the first nine months. For more information, please see the press release dated today (February 14, 2022) concerning the revisions to the earnings forecast and dividend forecast (Japanese version only).

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

	(Thousands of yen)	
	FY3/21 (As of Mar. 31, 2021)	Third quarter of FY3/22 (As of Dec. 31, 2021)
Assets		
Current assets		
Cash and deposits	7,127,637	7,698,432
Notes and accounts receivable-trade	6,396,840	-
Notes and accounts receivable-trade, and contract assets	-	6,749,550
Electronically recorded monetary claims-operating	3,168,898	3,941,916
Merchandise and finished goods	2,587,283	3,195,233
Work in process	57,518	168,487
Raw materials and supplies	3,131,450	3,847,751
Other	282,115	527,939
Allowance for doubtful accounts	(26,955)	(29,812)
Total current assets	22,724,788	26,099,499
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,571,174	7,779,027
Accumulated depreciation and impairment	(3,988,958)	(4,125,452)
Buildings and structures, net	3,582,216	3,653,575
Machinery, equipment and vehicles	3,005,576	3,166,685
Accumulated depreciation and impairment	(2,563,625)	(2,685,396)
Machinery, equipment and vehicles, net	441,951	481,289
Tools, furniture and fixtures	2,013,058	2,048,296
Accumulated depreciation and impairment	(1,675,948)	(1,736,523)
Tools, furniture and fixtures, net	337,110	311,773
Land	1,041,934	1,043,399
Leased assets	343,294	346,440
Accumulated depreciation	(140,243)	(163,178)
Leased assets, net	203,051	183,262
Construction in progress	84,481	7,287
Other	37,184	41,861
Accumulated depreciation	(28,490)	(32,544)
Other, net	8,694	9,316
Total property, plant and equipment	5,699,439	5,689,903
Intangible assets		
Goodwill	769,340	723,995
Trademark right	33,044	28,448
Other	333,210	417,416
Total intangible assets	1,135,596	1,169,860
Investments and other assets		
Investment securities	1,893,584	1,892,567
Deferred tax assets	460,137	526,787
Other	298,217	282,345
Total investments and other assets	2,651,939	2,701,700
Total non-current assets	9,486,975	9,561,465
Total assets	32,211,764	35,660,964

	(Thousands of yen)	
	FY3/21 (As of Mar. 31, 2021)	Third quarter of FY3/22 (As of Dec. 31, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,804,556	2,294,902
Electronically recorded obligations-operating	675,571	3,791,384
Short-term borrowings	820,592	1,175,738
Current portion of long-term borrowings	75,000	75,000
Lease obligations	76,259	75,361
Income taxes payable	280,804	432,694
Provision for bonuses	752,791	434,691
Provision for bonuses for directors (and other officers)	90,332	57,246
Provision for product warranties	73,235	86,420
Other	1,084,479	1,325,027
Total current liabilities	7,733,624	9,748,468
Non-current liabilities		
Long-term borrowings	637,500	562,500
Lease obligations	154,294	134,370
Retirement benefit liability	264,352	243,292
Asset retirement obligations	196,119	223,112
Other	705,395	750,249
Total non-current liabilities	1,957,661	1,913,524
Total liabilities	9,691,286	11,661,992
Net assets		
Shareholders' equity		
Share capital	1,044,691	1,044,691
Capital surplus	675,384	664,691
Retained earnings	20,673,009	22,013,632
Treasury shares	(456,247)	(586,764)
Total shareholders' equity	21,936,836	23,136,250
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	102,329	1,111
Foreign currency translation adjustment	123,917	523,762
Remeasurements of defined benefit plans	293,781	267,819
Total accumulated other comprehensive income	520,029	792,693
Non-controlling interests	63,611	70,027
Total net assets	22,520,477	23,998,972
Total liabilities and net assets	32,211,764	35,660,964

(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 FY3/21 (Apr. 1, 2020 – Dec. 31, 2020)	First nine months of FY3/22 (Apr. 1, 2021 – Dec. 31, 2021)
Net sales	20,199,979	23,927,495
Cost of sales	13,348,589	15,647,339
Gross profit	6,851,389	8,280,156
Selling, general and administrative expenses	5,823,762	6,333,345
Operating profit	1,027,626	1,946,810
Non-operating income		
Interest income	2,594	1,524
Dividend income	18,069	16,224
Share of profit of entities accounted for using equity method	395,362	637,418
Foreign exchange gains	-	14,344
Other	31,111	26,825
Total non-operating income	447,137	696,337
Non-operating expenses		
Interest expenses	17,608	19,423
Commission expenses	3,723	7,397
Foreign exchange losses	55,509	-
Loss on amortization of restricted stock remuneration	6,944	-
Other	8,181	8,034
Total non-operating expenses	91,967	34,856
Ordinary profit	1,382,797	2,608,291
Extraordinary income		
Gain on sale of non-current assets	-	95
Gain on sale of investment securities	-	137,347
Gain on step acquisitions	347,712	-
Insurance claim income	-	39,668
Other	-	1,005
Total extraordinary income	347,712	178,116
Extraordinary losses		
Loss on retirement of non-current assets	6,197	10,546
Loss on sale of non-current assets	-	862
Settlement package	-	55,000
Total extraordinary losses	6,197	66,408
Profit before income taxes	1,724,312	2,719,999
Income taxes	313,718	651,028
Profit	1,410,593	2,068,971
Profit attributable to non-controlling interests	9,276	16,512
Profit attributable to owners of parent	1,401,316	2,052,459

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

(Thousands of yen)

	First nine months of FY3/21 (Apr. 1, 2020 – Dec. 31, 2020)	First nine months of FY3/22 (Apr. 1, 2021 – Dec. 31, 2021)
Profit	1,410,593	2,068,971
Other comprehensive income		
Valuation difference on available-for-sale securities	21,693	(101,301)
Foreign currency translation adjustment	(49,440)	289,058
Remeasurements of defined benefit plans, net of tax	6,091	(25,962)
Share of other comprehensive income of entities accounted for using equity method	(34,136)	112,182
Total other comprehensive income	(55,791)	273,977
Comprehensive income	1,354,802	2,342,948
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	1,346,951	2,325,122
Comprehensive income attributable to non-controlling interests	7,850	17,825

(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 earnings in the first nine months.

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.