

May 13, 2022

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2022

[Japanese GAAP]

Company name: IWAKI CO.,LTD.

Listing: Tokyo Stock Exchange

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

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Scheduled date of Annual General Meeting of Shareholders: June 29, 2022

Scheduled date of payment of dividend: June 30, 2022

Scheduled date of filing of Annual Securities Report: June 30, 2022

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, 2022 (April 1, 2021 – March 31, 2022)

(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, 2022 | 32,439 | 15.2 | 2,139 | 25.4 | 2,992 | 34.7 | 2,396 | 14.6 |
| Fiscal year ended Mar. 31, 2021 | 28,162 | (1.7) | 1,706 | (19.3) | 2,222 | (13.8) | 2,091 | (1.5) |

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2022: 3,602 (up 43.3%)

Fiscal year ended Mar. 31, 2021: 2,514 (up 48.5%)

| | 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, 2022 | 109.37 | - | 10.1 | 8.5 | 6.6 |
| Fiscal year ended Mar. 31, 2021 | 94.90 | - | 9.7 | 7.1 | 6.1 |

Reference: Equity in earnings of affiliates (million yen)

Fiscal year ended Mar. 31, 2022: 801

Fiscal year ended Mar. 31, 2021: 509

(2) Consolidated financial position

| | Total assets | Net assets | Capital adequacy ratio | Net assets per share |
|---------------------|--------------|-------------|------------------------|----------------------|
| | Million yen | Million yen | % | Yen |
| As of Mar. 31, 2022 | 37,963 | 25,251 | 66.3 | 1,149.41 |
| As of Mar. 31, 2021 | 32,211 | 22,520 | 69.7 | 1,018.96 |

Reference: Owner's equity (million yen)

As of Mar. 31, 2022: 25,177

As of Mar. 31, 2021: 22,456

(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, 2022 | 2,710 | (429) | (579) | 8,573 |
| Fiscal year ended Mar. 31, 2021 | 2,089 | (920) | 149 | 6,936 |

2. Dividends

| | Dividend per share | | | | | Total dividends | Dividend payout ratio (consolidated) | Dividend on equity (consolidated) |
|---|--------------------|--------|--------|----------|-------|-----------------|--------------------------------------|-----------------------------------|
| | 1Q-end | 2Q-end | 3Q-end | Year-end | Total | | | |
| | Yen | Yen | Yen | Yen | Yen | Million yen | % | % |
| Fiscal year ended Mar. 31, 2021 | - | 8.00 | - | 21.00 | 29.00 | 639 | 30.6 | 3.0 |
| Fiscal year ended Mar. 31, 2022 | - | 12.00 | - | 21.50 | 33.50 | 733 | 30.6 | 3.1 |
| Fiscal year ending Mar. 31, 2023 (forecast) | - | 13.00 | - | 22.00 | 35.00 | | 30.1 | |

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2023 (April 1, 2022 – March 31, 2023)

(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 | 17,082 | 9.6 | 1,196 | 13.0 | 1,533 | 0.5 | 1,091 | (8.4) | 49.83 |
| Full year | 34,830 | 7.4 | 2,748 | 28.5 | 3,411 | 14.0 | 2,547 | 6.3 | 116.31 |

* 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: | 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 13 “3. Consolidated Financial Statements and Notes, (5) Notes to Consolidated Financial Statements, Changes in Accounting Policies” for details.

(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, 2022: | 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 Mar. 31, 2022: | 585,863 shares | As of Mar. 31, 2021: | 451,856 shares |
|----------------------|----------------|----------------------|----------------|

3) Average number of shares outstanding during the period

| | | | |
|----------------------------------|-------------------|----------------------------------|-------------------|
| Fiscal year ended Mar. 31, 2022: | 21,913,149 shares | Fiscal year ended Mar. 31, 2021: | 22,035,190 shares |
|----------------------------------|-------------------|----------------------------------|-------------------|

Reference: Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(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, 2022 | 25,622 | 14.9 | 2,002 | 61.7 | 2,649 | 41.6 | 2,227 | 48.5 |
| Fiscal year ended Mar. 31, 2021 | 22,293 | (1.7) | 1,237 | (14.0) | 1,870 | (8.1) | 1,500 | (15.7) |

| | Net income per share | Diluted net income per share |
|---------------------------------|----------------------|------------------------------|
| | Yen | Yen |
| Fiscal year ended Mar. 31, 2022 | 101.66 | - |
| Fiscal year ended Mar. 31, 2021 | 68.09 | - |

(2) Non-consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|---------------------|--------------|-------------|--------------|----------------------|
| | Million yen | Million yen | % | Yen |
| As of Mar. 31, 2022 | 31,350 | 19,464 | 62.1 | 888.58 |
| As of Mar. 31, 2021 | 27,529 | 18,197 | 66.1 | 825.68 |

Reference: Shareholders' equity (million yen): As of Mar. 31, 2022: 19,464 As of Mar. 31, 2021: 18,197

* 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 27, 2022. 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

During the fiscal year that ended on March 31, 2022, the Japanese economy moved toward normalcy as capital investment showed signs of recovery and the state of emergency and other restrictive measures were lifted. Nevertheless, the outlook remains uncertain because of global shortages of semiconductors and electronic components, soaring raw material prices, and the spread of new mutant strains of the COVID-19 virus.

Overseas economies are also headed toward recovery as restrictions due to the COVID-19 pandemic are being eased. However, concerns about risks of economic downturn remain due to rising tensions in Ukraine which has led to sharply higher energy prices and supply chains disruptions.

Iwaki has been taking many actions in Japan 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.”

The semiconductor/liquid crystal market remained strong, increasing 51.2% from one year earlier and driving up sales against the backdrop of strong production of semiconductor manufacturing equipment. In addition, sales were also higher than one year earlier in all other markets. As a result, overall sales were favorable.

Sales in Japan increased 7.9% from one year earlier to 17,997 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 34.0% to 3,972 million yen. This was because the four Iwaki Nordic Group companies (Denmark, Sweden, Finland, and Norway) were included in the consolidation for the full year (only from the third quarter in the previous fiscal year). In addition, overall sales, excluding the Iwaki Nordic Group, were also strong. Sales in the United States rose 21.4% to 4,301 million yen because sales largely increased particularly in the water treatment market. In Asia, sales rose mainly in the semiconductor/liquid crystal and surface treatment equipment markets for South Korea and Taiwan. As a result, sales were 2,865 million yen (up 31.1% year-on-year). Sales in China were up 15.6% to 2,044 million yen because sales to the semiconductor/liquid crystal and new energy markets increased, although the recovery in the medical equipment market was lackluster throughout the fiscal year. Sales were higher in all regional markets.

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

As a result, consolidated net sales increased 15.2% to 32,439 million yen.

Higher sales offset the rise in the cost of sales ratio and increase in selling, general and administrative expenses. As a result, operating profit increased 25.4% from one year earlier to 2,139 million yen. Ordinary profit was up 34.7% to 2,992 million yen as the share of profit of entities accounted for using equity method rose sharply. Profit attributable to owners of parent increased 14.6% to 2,396 million yen as there was no extraordinary income as in the previous fiscal year, increase in income taxes and other factors.

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

2) Outlook

Although the impact of the difficulties in parts procurement, soaring raw material prices and prolonged geopolitical risks resulting from the invasion of Ukraine on the economy is unclear, we forecast higher sales in the fiscal year ending March 31, 2023 because of the expected recovery in capital expenditures and the steady 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 7.4% increase in consolidated net sales to 34,830 million yen, a 28.5% increase in operating profit to 2,748 million yen, a 14.0% increase in ordinary profit to 3,411 million yen, and a 6.3% increase in profit attributable to owners of parent to 2,547 million yen in the fiscal year ending on March 31, 2023.

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 27,370 million yen, up 4,646 million yen from the end of the previous fiscal year. This was mainly due to increases of 1,654 million yen in cash and deposits, 727 million yen in electronically recorded monetary claims-operating, and 1,153 million yen in raw materials and supplies. The balance of non-current assets was 10,592 million yen at the end of the current fiscal year, up 1,105 million yen from the end of the previous fiscal year. This was mainly because of increases of 216 million yen in investment securities and 887 million yen in retirement benefit asset.

As a result, total assets increased 5,751 million yen from the end of the previous fiscal year to 37,963 million yen.

Liabilities

The balance of current liabilities at the end of the current fiscal year was 11,034 million yen, up 3,301 million yen from the end of the previous fiscal year. This was mainly due to an increase of 3,209 million yen in electronically recorded obligations-operating. The balance of non-current liabilities was 1,677 million yen at the end of the current fiscal year, down 280 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 264 million yen in retirement benefit liability.

As a result, total liabilities increased 3,020 million yen from the end of the previous fiscal year to 12,711 million yen.

Net assets

The balance of net assets at the end of the current fiscal year was 25,251 million yen, up 2,731 million yen from the end of the previous fiscal year. The main factors include increases of 1,668 million yen in retained earnings and 739 million yen in remeasurements of defined benefit plans.

Consequently, the capital adequacy ratio was 66.3% (69.7% 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 8,573 million yen, up 1,637 million yen over the end of the previous fiscal year (an increase of 1,229 million yen in 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 2,710 million yen (2,089 million yen provided in the previous fiscal year). Positive factors include profit before income taxes of 3,107 million yen, which offset negative

factors including income taxes paid of 598 million yen.

Cash flows from investing activities

Net cash used in investing activities was 429 million yen (920 million yen used in the previous fiscal year). Negative factors include purchase of property, plant and equipment and intangible assets of 628 million yen, which offset positive factors including proceeds from sale of investment securities of 198 million yen.

Cash flows from financing activities

Net cash used in financing activities was 579 million yen (149 million yen provided in the previous fiscal year). Negative factors include dividends paid of 723 million yen, which offset positive factors including a net increase in short-term borrowings of 489 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) | |
|---|---------------------------------|---------------------------------|
| | FY3/21 (As of Mar. 31, 2021) | FY3/22 (As of Mar. 31, 2022) |
| Assets | | |
| Current assets | | |
| Cash and deposits | 7,127,637 | 8,781,886 |
| Notes and accounts receivable-trade | 6,396,840 | - |
| Notes receivable-trade | - | 793,843 |
| Accounts receivable-trade | - | 5,781,820 |
| Electronically recorded monetary claims-operating | 3,168,898 | 3,896,433 |
| Merchandise and finished goods | 2,587,283 | 3,274,488 |
| Work in process | 57,518 | 119,888 |
| Raw materials and supplies | 3,131,450 | 4,285,302 |
| Other | 282,115 | 489,283 |
| Allowance for doubtful accounts | (26,955) | (52,156) |
| Total current assets | 22,724,788 | 27,370,790 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 7,571,174 | 7,866,212 |
| Accumulated depreciation and impairment | (3,988,958) | (4,184,745) |
| Buildings and structures, net | 3,582,216 | 3,681,467 |
| Machinery, equipment and vehicles | 3,005,576 | 3,246,918 |
| Accumulated depreciation and impairment | (2,563,625) | (2,775,483) |
| Machinery, equipment and vehicles, net | 441,951 | 471,435 |
| Tools, furniture and fixtures | 2,013,058 | 2,071,207 |
| Accumulated depreciation and impairment | (1,675,948) | (1,770,695) |
| Tools, furniture and fixtures, net | 337,110 | 300,511 |
| Land | 1,041,934 | 1,043,711 |
| Leased assets | 343,294 | 350,172 |
| Accumulated depreciation | (140,243) | (176,849) |
| Leased assets, net | 203,051 | 173,323 |
| Construction in progress | 84,481 | 16,369 |
| Other | 37,184 | 44,400 |
| Accumulated depreciation | (28,490) | (34,044) |
| Other, net | 8,694 | 10,356 |
| Total property, plant and equipment | 5,699,439 | 5,697,174 |
| Intangible assets | | |
| Goodwill | 769,340 | 706,796 |
| Trademark right | 33,044 | 26,788 |
| Other | 333,210 | 529,048 |
| Total intangible assets | 1,135,596 | 1,262,634 |
| Investments and other assets | | |
| Investment securities | 1,893,584 | 2,110,109 |
| Deferred tax assets | 460,137 | 323,464 |
| Retirement benefit asset | - | 887,160 |
| Other | 298,217 | 312,168 |
| Total investments and other assets | 2,651,939 | 3,632,902 |
| Total non-current assets | 9,486,975 | 10,592,711 |
| Total assets | 32,211,764 | 37,963,502 |

| | (Thousands of yen) | |
|--|-----------------------|-----------------------|
| | FY3/21 | FY3/22 |
| | (As of Mar. 31, 2021) | (As of Mar. 31, 2022) |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 3,804,556 | 2,492,928 |
| Electronically recorded obligations-operating | 675,571 | 3,884,760 |
| Short-term borrowings | 820,592 | 1,244,747 |
| Current portion of long-term borrowings | 75,000 | 75,000 |
| Lease liabilities | 76,259 | 74,399 |
| Income taxes payable | 280,804 | 587,120 |
| Contract liabilities | - | 44,987 |
| Provision for bonuses | 752,791 | 1,022,448 |
| Provision for bonuses for directors (and other officers) | 90,332 | 131,504 |
| Provision for product warranties | 73,235 | 90,778 |
| Other | 1,084,479 | 1,385,959 |
| Total current liabilities | <u>7,733,624</u> | <u>11,034,634</u> |
| Non-current liabilities | | |
| Long-term borrowings | 637,500 | 562,500 |
| Lease liabilities | 154,294 | 124,271 |
| Retirement benefit liability | 264,352 | - |
| Asset retirement obligations | 196,119 | 223,382 |
| Other | 705,395 | 767,173 |
| Total non-current liabilities | <u>1,957,661</u> | <u>1,677,327</u> |
| Total liabilities | <u>9,691,286</u> | <u>12,711,961</u> |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 1,044,691 | 1,044,691 |
| Capital surplus | 675,384 | 674,127 |
| Retained earnings | 20,673,009 | 22,341,167 |
| Treasury shares | (456,247) | (586,764) |
| Total shareholders' equity | <u>21,936,836</u> | <u>23,473,221</u> |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 102,329 | 1,460 |
| Foreign currency translation adjustment | 123,917 | 669,870 |
| Remeasurements of defined benefit plans | 293,781 | 1,033,434 |
| Total accumulated other comprehensive income | <u>520,029</u> | <u>1,704,765</u> |
| Non-controlling interests | <u>63,611</u> | <u>73,554</u> |
| Total net assets | <u>22,520,477</u> | <u>25,251,541</u> |
| Total liabilities and net assets | <u>32,211,764</u> | <u>37,963,502</u> |

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

(Thousands of yen)

| | FY3/21 (Apr. 1, 2020 – Mar. 31, 2021) | FY3/22 (Apr. 1, 2021 – Mar. 31, 2022) |
|---|--|--|
| Net sales | 28,162,392 | 32,439,738 |
| Cost of sales | 18,459,042 | 21,410,373 |
| Gross profit | 9,703,349 | 11,029,364 |
| Selling, general and administrative expenses | 7,996,815 | 8,889,922 |
| Operating profit | 1,706,534 | 2,139,442 |
| Non-operating income | | |
| Interest income | 7,438 | 3,059 |
| Dividend income | 21,902 | 16,224 |
| Share of profit of entities accounted for using equity method | 509,391 | 801,694 |
| Foreign exchange gains | - | 38,450 |
| Other | 50,321 | 37,190 |
| Total non-operating income | 589,054 | 896,619 |
| Non-operating expenses | | |
| Interest expenses | 24,553 | 17,936 |
| Commission expenses | 5,749 | 9,424 |
| Foreign exchange losses | 23,965 | - |
| Loss on amortization of restricted stock remuneration | 6,944 | - |
| Other | 12,312 | 16,199 |
| Total non-operating expenses | 73,525 | 43,560 |
| Ordinary profit | 2,222,063 | 2,992,500 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 243 | 172 |
| Gain on sale of investment securities | - | 140,267 |
| Gain on step acquisitions | 381,161 | - |
| Insurance claim income | - | 39,668 |
| Other | - | 1,005 |
| Total extraordinary income | 381,405 | 181,113 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 7,164 | 10,555 |
| Loss on sale of non-current assets | - | 862 |
| Settlement payments | - | 55,000 |
| Total extraordinary losses | 7,164 | 66,418 |
| Profit before income taxes | 2,596,303 | 3,107,195 |
| Income taxes-current | 494,677 | 841,884 |
| Income taxes-deferred | 1,576 | (150,515) |
| Total income taxes | 496,253 | 691,369 |
| Profit | 2,100,049 | 2,415,826 |
| Profit attributable to non-controlling interests | 8,855 | 19,079 |
| Profit attributable to owners of parent | 2,091,193 | 2,396,747 |

Consolidated Statement of Comprehensive Income

(Thousands of yen)

| | FY3/21 (Apr. 1, 2020 – Mar. 31, 2021) | FY3/22 (Apr. 1, 2021 – Mar. 31, 2022) |
|--|--|--|
| Profit | 2,100,049 | 2,415,826 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 13,862 | (100,962) |
| Foreign currency translation adjustment | (52,157) | 376,587 |
| Remeasurements of defined benefit plans, net of tax | 429,414 | 739,653 |
| Share of other comprehensive income of entities accounted for using equity method | 23,766 | 171,730 |
| Total other comprehensive income | 414,887 | 1,187,008 |
| Comprehensive income | 2,514,937 | 3,602,835 |
| Comprehensive income attributable to owners of parent | 2,507,249 | 3,581,482 |
| Comprehensive income attributable to non-controlling interests | 7,687 | 21,352 |

(3) Consolidated Statement of Changes in Equity

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 |

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

(Thousands of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 1,044,691 | 675,384 | 20,673,009 | (456,247) | 21,936,836 |
| Changes during period | | | | | |
| Dividends of surplus | | | (725,680) | | (725,680) |
| Profit attributable to owners of parent | | | 2,396,747 | | 2,396,747 |
| Purchase of treasury shares | | | | (181,687) | (181,687) |
| Disposal of treasury shares | | (1,257) | (2,908) | 51,171 | 47,005 |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | - | (1,257) | 1,668,157 | (130,516) | 1,536,384 |
| Balance at end of period | 1,044,691 | 674,127 | 22,341,167 | (586,764) | 23,473,221 |

(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 | 102,329 | 123,917 | 293,781 | 520,029 | 63,611 | 22,520,477 |
| Changes during period | | | | | | |
| Dividends of surplus | | | | | | (725,680) |
| Profit attributable to owners of parent | | | | | | 2,396,747 |
| Purchase of treasury shares | | | | | | (181,687) |
| Disposal of treasury shares | | | | | | 47,005 |
| Net changes in items other than shareholders' equity | (100,869) | 545,952 | 739,653 | 1,184,735 | 9,943 | 1,194,678 |
| Total changes during period | (100,869) | 545,952 | 739,653 | 1,184,735 | 9,943 | 2,731,063 |
| Balance at end of period | 1,460 | 669,870 | 1,033,434 | 1,704,765 | 73,554 | 25,251,541 |

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

| | FY3/21 (Apr. 1, 2020 – Mar. 31, 2021) | FY3/22 (Apr. 1, 2021 – Mar. 31, 2022) |
|--|--|--|
| Cash flows from operating activities | | |
| Profit before income taxes | 2,596,303 | 3,107,195 |
| Depreciation | 725,795 | 759,607 |
| Amortization of goodwill | 39,832 | 83,520 |
| Increase (decrease) in allowance for doubtful accounts | (955) | 22,280 |
| Increase (decrease) in provision for bonuses | 26,713 | 269,179 |
| Increase (decrease) in provision for bonuses for directors (and other officers) | 47,037 | 41,014 |
| Increase (decrease) in retirement benefit liability | (27,924) | (88,664) |
| Increase (decrease) in provision for retirement benefits for directors (and other officers) | (51,687) | - |
| Interest and dividend income | (29,340) | (19,283) |
| Insurance claim income | - | (39,668) |
| Interest expenses | 24,553 | 17,936 |
| Loss (gain) on sales of investment securities | - | (140,267) |
| Foreign exchange losses (gains) | 32,170 | 74,171 |
| Share of loss (profit) of entities accounted for using equity method | (509,391) | (801,694) |
| Loss (gain) on step acquisitions | (381,161) | - |
| Decrease (increase) in trade receivables | 49,062 | (786,800) |
| Decrease (increase) in inventories | 7,477 | (1,707,470) |
| Increase (decrease) in trade payables | (244,575) | 1,819,770 |
| Increase (decrease) in accounts payable-other | (85,764) | 61,376 |
| Increase (decrease) in accrued expenses | 42,893 | 88,104 |
| Increase (decrease) in accrued consumption taxes | (267,890) | (14,130) |
| Settlement payments | - | 55,000 |
| Other, net | 33,539 | (6,403) |
| Subtotal | 2,026,686 | 2,794,773 |
| Interest and dividends received | 358,225 | 542,956 |
| Proceeds from insurance income | - | 39,668 |
| Interest paid | (17,739) | (12,664) |
| Settlement paid | - | (55,000) |
| Income taxes paid | (277,642) | (598,827) |
| Net cash provided by (used in) operating activities | 2,089,531 | 2,710,905 |
| Cash flows from investing activities | | |
| Payments into time deposits | (213,621) | (201,063) |
| Proceeds from withdrawal of time deposits | 342,008 | 199,563 |
| Purchase of property, plant and equipment and intangible assets | (594,693) | (628,194) |
| Proceeds from sale of property, plant and equipment and intangible assets | 770 | 2,233 |
| Proceeds from sale of investment securities | - | 198,967 |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | (442,071) | - |
| Other, net | (12,506) | (697) |
| Net cash provided by (used in) investing activities | (920,113) | (429,191) |

| | (Thousands of yen) | |
|---|--|--|
| | FY3/21 (Apr. 1, 2020 – Mar. 31, 2021) | FY3/22 (Apr. 1, 2021 – Mar. 31, 2022) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 107,249 | 489,092 |
| Proceeds from long-term borrowings | 750,000 | - |
| Repayments of long-term borrowings | (37,500) | (75,000) |
| Repayments of lease liabilities | (53,913) | (76,957) |
| Purchase of treasury shares | - | (181,687) |
| Dividends paid | (560,932) | (723,377) |
| Dividends paid to previous shareholders of new subsidiaries | (50,172) | - |
| Dividends paid to non-controlling interests | (5,653) | (11,409) |
| Net cash provided by (used in) financing activities | 149,076 | (579,340) |
| Effect of exchange rate change on cash and cash equivalents | (89,087) | (64,610) |
| Net increase (decrease) in cash and cash equivalents | 1,229,406 | 1,637,764 |
| Cash and cash equivalents at beginning of period | 5,706,726 | 6,936,133 |
| Cash and cash equivalents at end of period | 6,936,133 | 8,573,897 |

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

Not applicable.

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 current fiscal year. 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 current fiscal year.

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 current fiscal year, presented as “notes receivable-trade” and “accounts receivable-trade.” In addition, the “other” item in the current liabilities section is, beginning with the current fiscal year, presented as “contract liabilities” and “other.” 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.

Application of the Accounting Standard for Measurement of Fair Value

Iwaki started to apply the Accounting Standard for Measurement of Fair Value, etc. (ASBJ Statement No. 30, July 4, 2019) at the beginning of the current fiscal year, and has applied the new accounting policies set forth by the Accounting Standard for Measurement of Fair Value, etc. prospectively in accordance with the transitional measures in Paragraph 19 of the Accounting Standard for Measurement of Fair Value and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019).

There is no effect of the application of these standards on the consolidated financial statements.

Reclassifications**Consolidated Statement of Income**

“Commission expenses,” 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” (18,062 thousand yen) under non-operating expenses presented in the previous fiscal year’s consolidated statement of income has been reclassified and divided into “Commission expenses” (5,749 thousand yen) and “Other” (12,312 thousand yen).

Segment and Other Information

a. Segment information

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

b. Related information

FY3/21 (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 | |
| | 9,044,181 | 5,211,942 | 2,687,164 | 2,134,797 | |
| | Air pumps | System products | Purchased products | Other | Total |
| 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.

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

1. Information by product or service

| (Thousands of yen) | | | | | |
|--------------------|----------------------|-----------------|-----------------------|---------------------------|-------|
| External sales | Magnetic drive pumps | Metering pumps | Pneumatic drive pumps | Rotary displacement pumps | |
| | 10,828,106 | 5,483,689 | 4,243,157 | 2,118,435 | |
| | Air pumps | System products | Purchased products | Other | Total |
| 1,566,008 | 1,625,220 | 2,750,359 | 3,824,760 | 32,439,738 | |

2. Information by region

(1) Net sales

| (Thousands of yen) | | | | | | |
|--------------------|-----------|-----------|-----------|-----------|-----------|------------|
| Japan | Europe | Americas | Asia | China | Other | Total |
| 17,997,597 | 3,972,181 | 4,301,038 | 2,865,598 | 2,044,069 | 1,259,253 | 32,439,738 |

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 |
| 4,770,657 | 686,983 | 188,834 | 50,698 | 5,697,174 |

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)

| | FY3/21 (Apr. 1, 2020 – Mar. 31, 2021) | FY3/22 (Apr. 1, 2021 – Mar. 31, 2022) |
|----------------------|--|--|
| Net assets per share | 1,018.96 | 1,149.41 |
| Net income per share | 94.90 | 109.37 |

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:

| | FY3/21 (Apr. 1, 2020 – Mar. 31, 2021) | FY3/22 (Apr. 1, 2021 – Mar. 31, 2022) |
|---|--|--|
| Profit attributable to owners of parent (Thousands of yen) | 2,091,193 | 2,396,747 |
| Amount not attributable to common shareholders (Thousands of yen) | - | - |
| Profit attributable to owners of parent applicable to common shares (Thousands of yen) | 2,091,193 | 2,396,747 |
| Average number of shares outstanding (Shares) | 22,035,190 | 21,913,149 |

Subsequent Events

Not applicable.

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.