



The Heart of Industry

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

February 14, 2024

**IWAKI CO.,LTD.**

Stock code: 6237  
Trade name: Iwaki Pump



The EHN-NAE electromagnetic metering pump with automatic air vent is used for the precise input of many types of chemicals in the water treatment market, including water recycling and purified water production systems, as well as a diverse array of other applications.

# Financial Summary



Sales were firm in all market categories including the medical equipment category. A big increase in sales and earnings mainly because of the contributions of two newly consolidated subsidiaries: Iwaki Hong Kong Group and Iwaki Shanghai. Profit attributable to owners of parent decreased because of the large extraordinary income one year earlier.

	1Q-3Q FY3/23		1Q-3Q FY3/24	
	Amount (Millions of yen)	Amount (Millions of yen)	Differences	YoY change
Net sales	27,126	<b>33,683</b>	6,557	+24.2%
Gross profit (Gross margin)	9,179 (33.8%)	<b>13,878</b> <b>(41.2%)</b>	4,699	+51.2%
Operating profit (Operating margin)	1,889 (7.0%)	<b>4,525</b> <b>(13.4%)</b>	2,635	+139.5%
Ordinary profit	3,444	<b>5,124</b>	1,680	+48.8%
Profit attributable to owners of parent	4,024	<b>3,618</b>	-406	-10.1%
Net income per share (Yen)	183.35	<b>164.23</b>	-19.12	-10.4%
Exchange rate (average)	USD/JPY (Yen)	128.30	138.24	
	EUR/JPY (Yen)	136.05	149.76	
	HKD/JPY (Yen)	-	17.64	
	CNY/JPY (Yen)	-	19.62	

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## **Sales: Double-digit growth continued in all market categories, with especially strong growth in the medical equipment market.**

- The newly consolidated subsidiaries (Iwaki Hong Kong Group and Iwaki Shanghai) added sales of ¥5,310 million (before consolidation adjustments) in the first nine months of FY3/24.
- Years of building relationships with potential customers in the U.S. medical equipment market have led to orders that contributed to big increases in U.S. sales and medical equipment market sales.
- In the semiconductor/liquid crystal market, sales were down in Japan and South Korea as a brief slowdown of the market and production reductions by major customers held down shipments. Total sales in this market increased because of the newly consolidated subsidiaries.
- Foreign exchange increased sales by ¥1,102 million vs. 1Q-3Q FY3/23.

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## **Operating profit: A big increase in earnings due to positive impacts from newly consolidated subsidiaries and sales growth from other sources**

- The newly consolidated subsidiaries added ¥1,824 million to operating profit (before consolidation adjustments) in the first nine months of FY3/24.
- Earnings were also higher at Iwaki in particular and at its subsidiaries other than the newly consolidated subsidiaries.
- Foreign exchange increased operating profit by ¥143 million vs. 1Q-3Q FY3/23.

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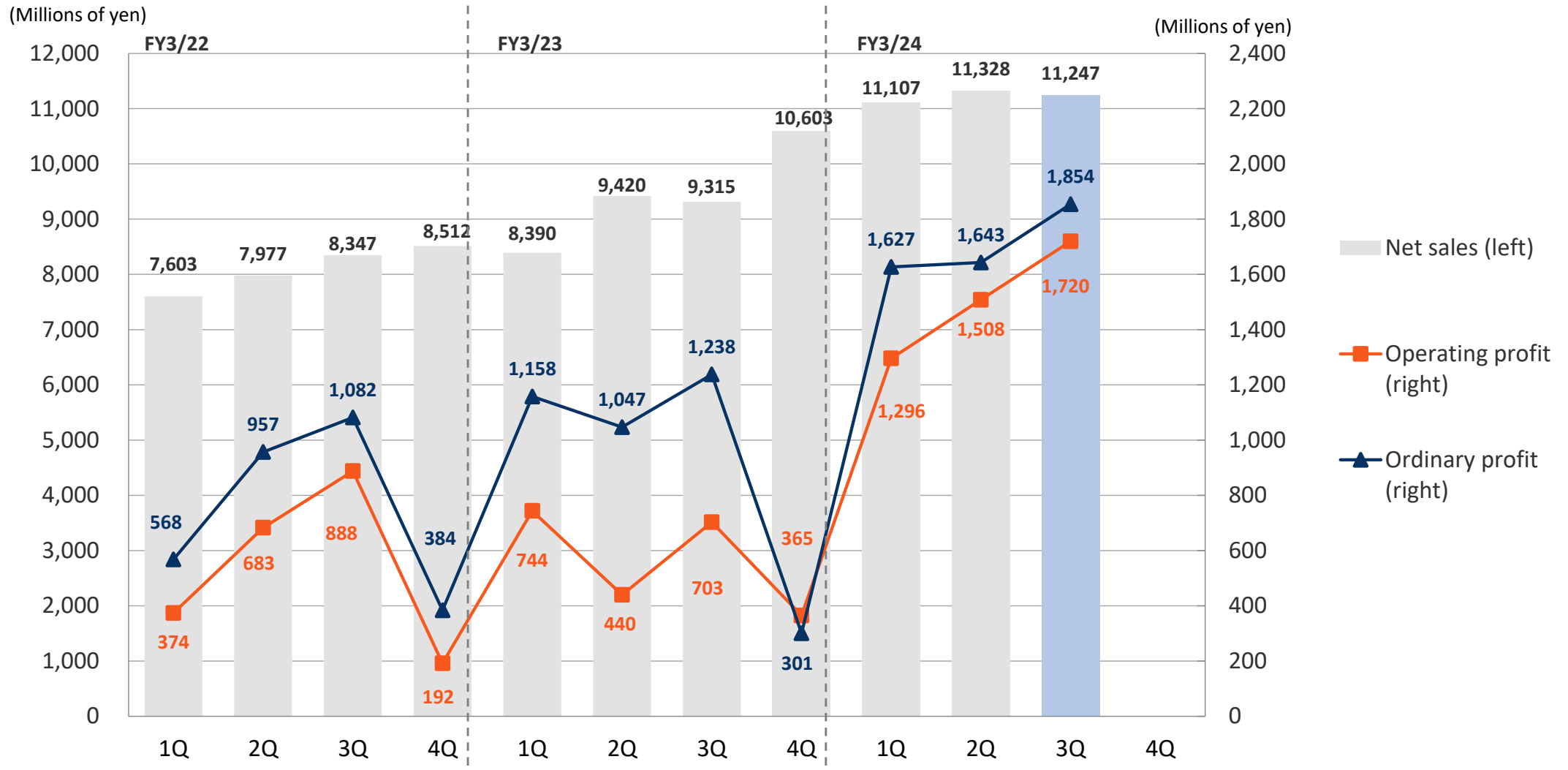
## **Profit attributable to owners of parent: Decreased mainly due to large extraordinary income one year earlier**

- A decrease in equity in earnings due to lower earnings of Iwaki Taiwan, where sales continue to be sluggish in the semiconductor/liquid crystal and surface treatment equipment categories, and the conversions of the Iwaki Hong Kong Group and Iwaki Shanghai into consolidated subsidiaries.
- Profit attributable to owners of parent decreased because one-time non-operating income (income tax refund at a U.S. subsidiary) and extraordinary income (gain on step acquisitions) raised earnings in FY3/23.

# Net Sales and Operating Profit (Quarterly)



A small decrease in 3Q sales from the 2Q but operating and ordinary profit increased. Earnings were higher because of the inclusion of sales of Iwaki Hong Kong Group and Iwaki Shanghai, a revision at Iwaki in the method for calculation certain cost of sales items (more thorough than in prior years), and an allocation of manufacturing expenses to inventories that was larger than usual.



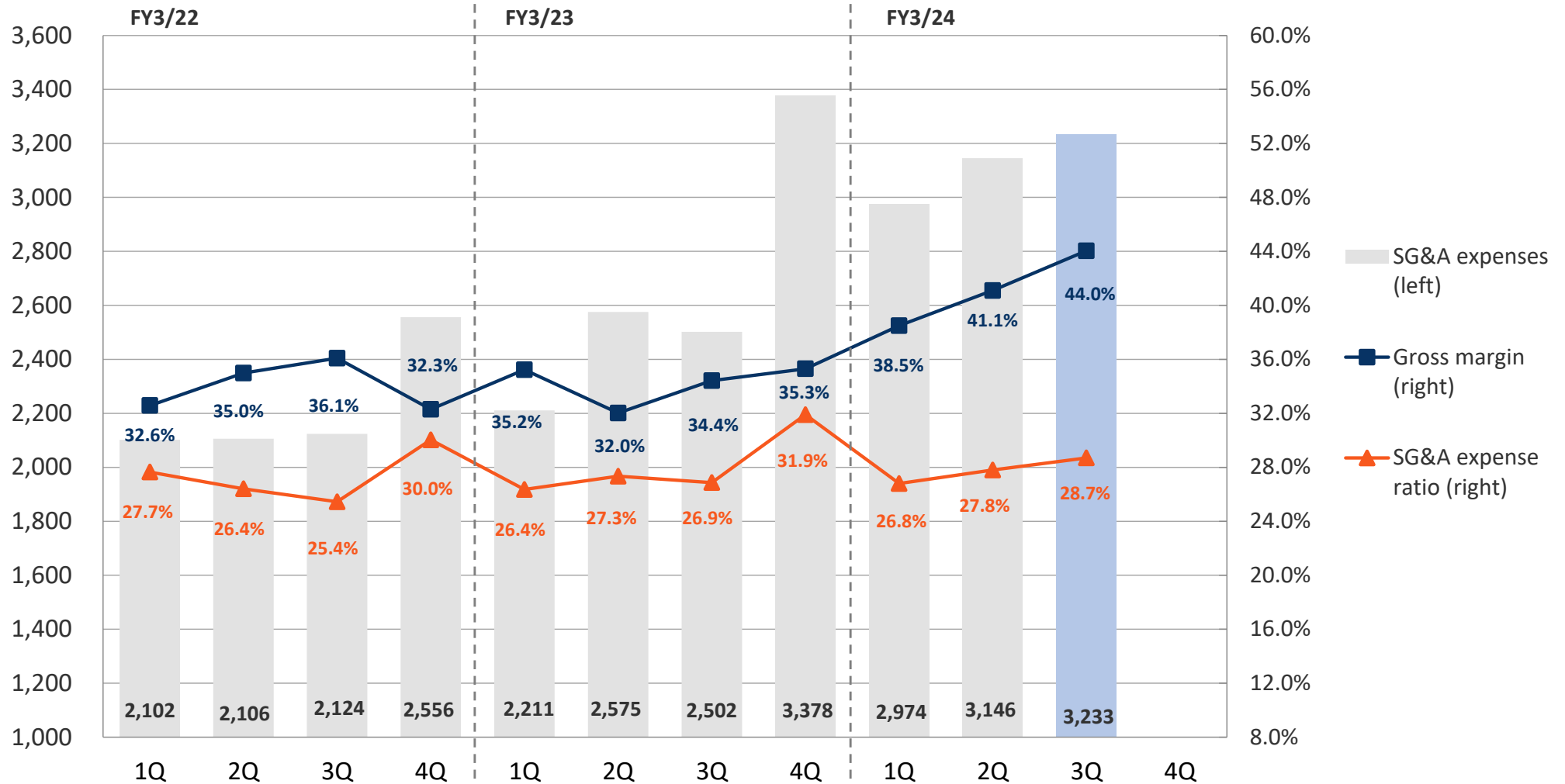
# Gross Margin and SG&A Expense Ratio (Quarterly)









The gross margin improved due to changes in the product costing method and new consolidated subsidiaries with high profit margins.

The new consolidated subsidiaries increased SG&A expenses, goodwill amortization and the amortization of intangible assets. The SG&A expense ratio was mostly unchanged despite higher travel/commuting expenses and other activity expenses.

(Millions of yen)

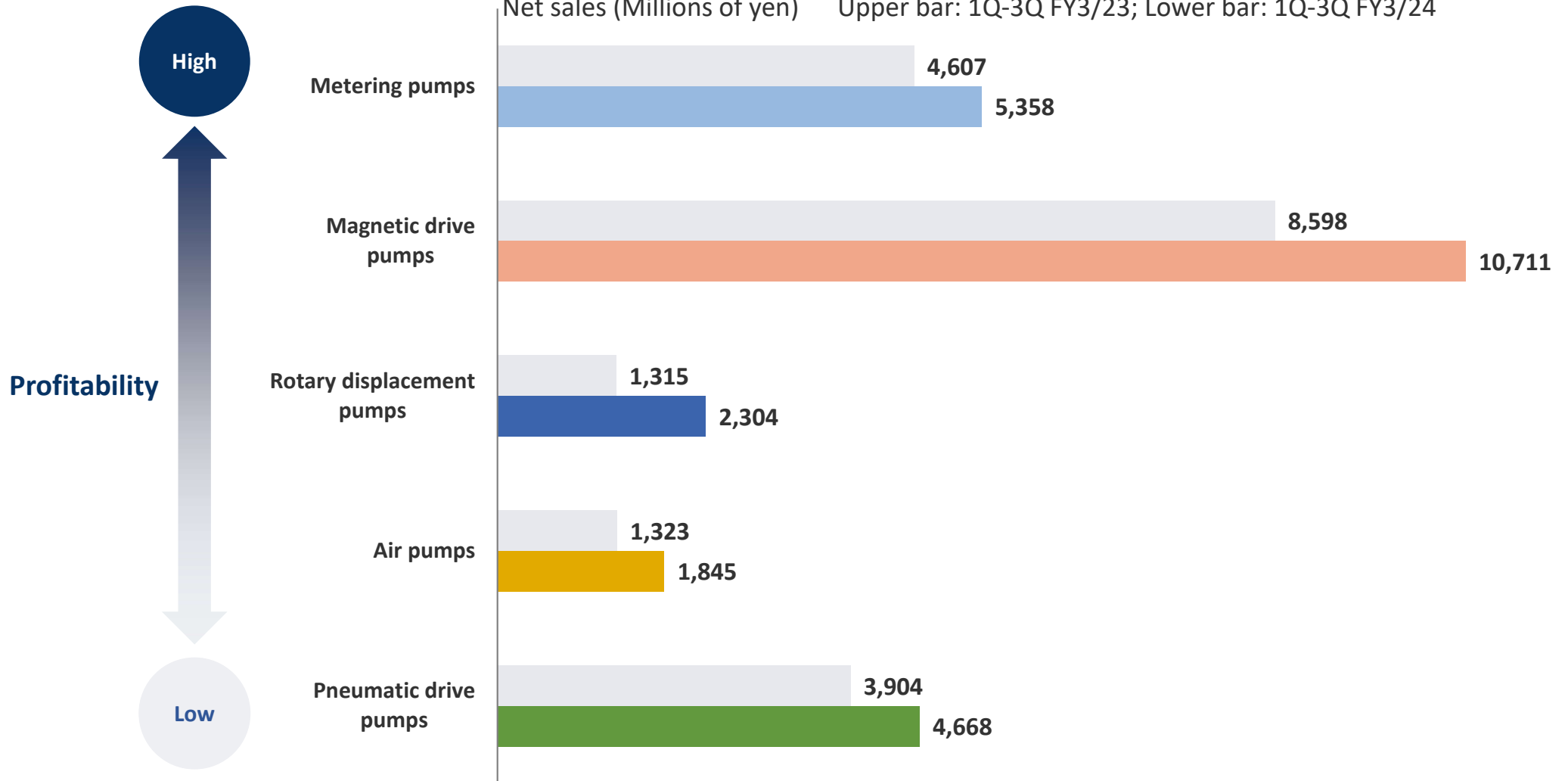


# Market Overview for Product Categories

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

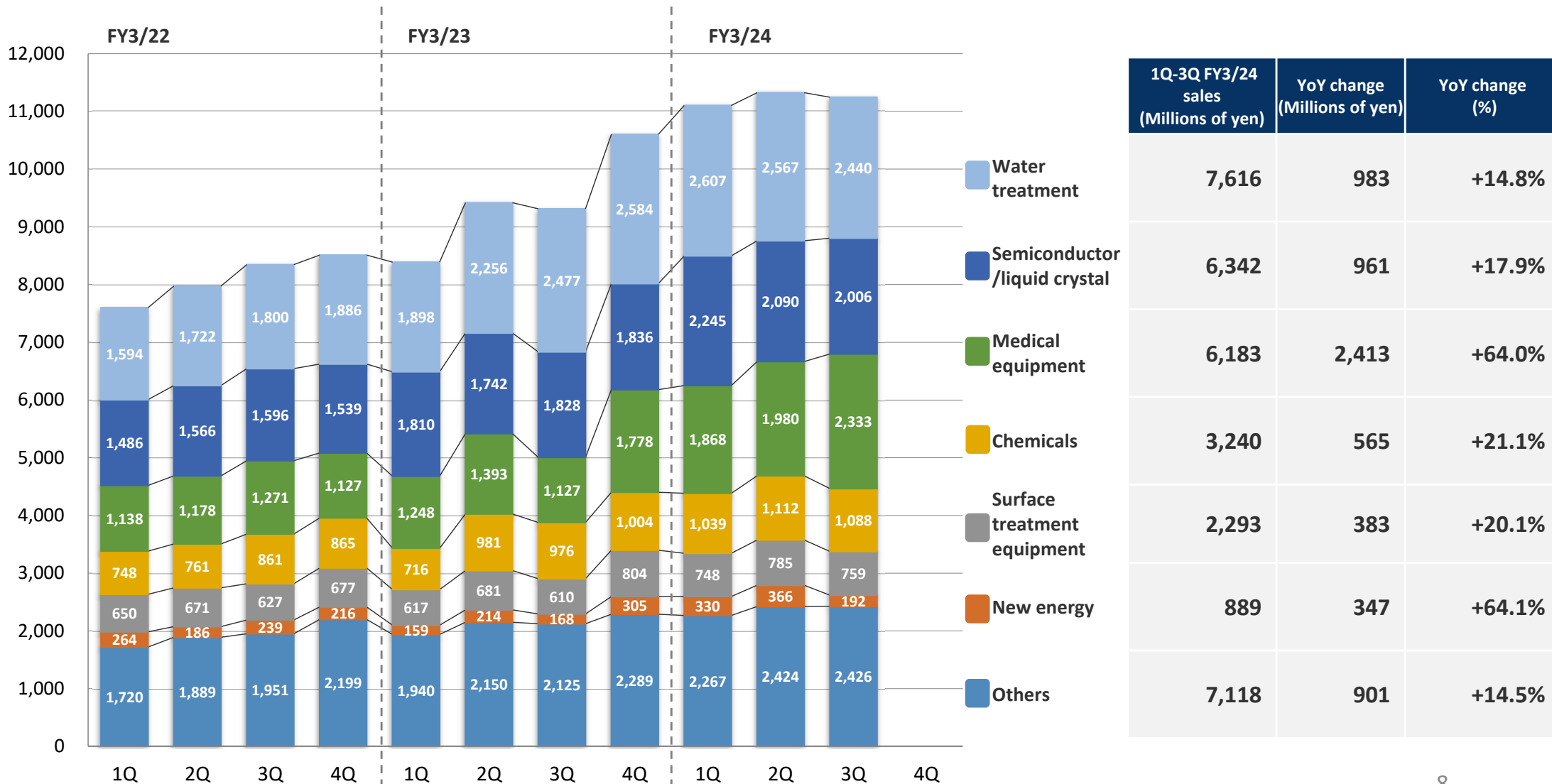


\*Excluding systems products, purchased products and other

# Market Category Sales



Double-digit sales growth continued in all market categories with medical equipment the biggest component of growth. In the U.S., which is still a small pct. of medical equipment market sales, total sales and medical equipment market sales were both more double sales as in the first nine months of FY3/23.





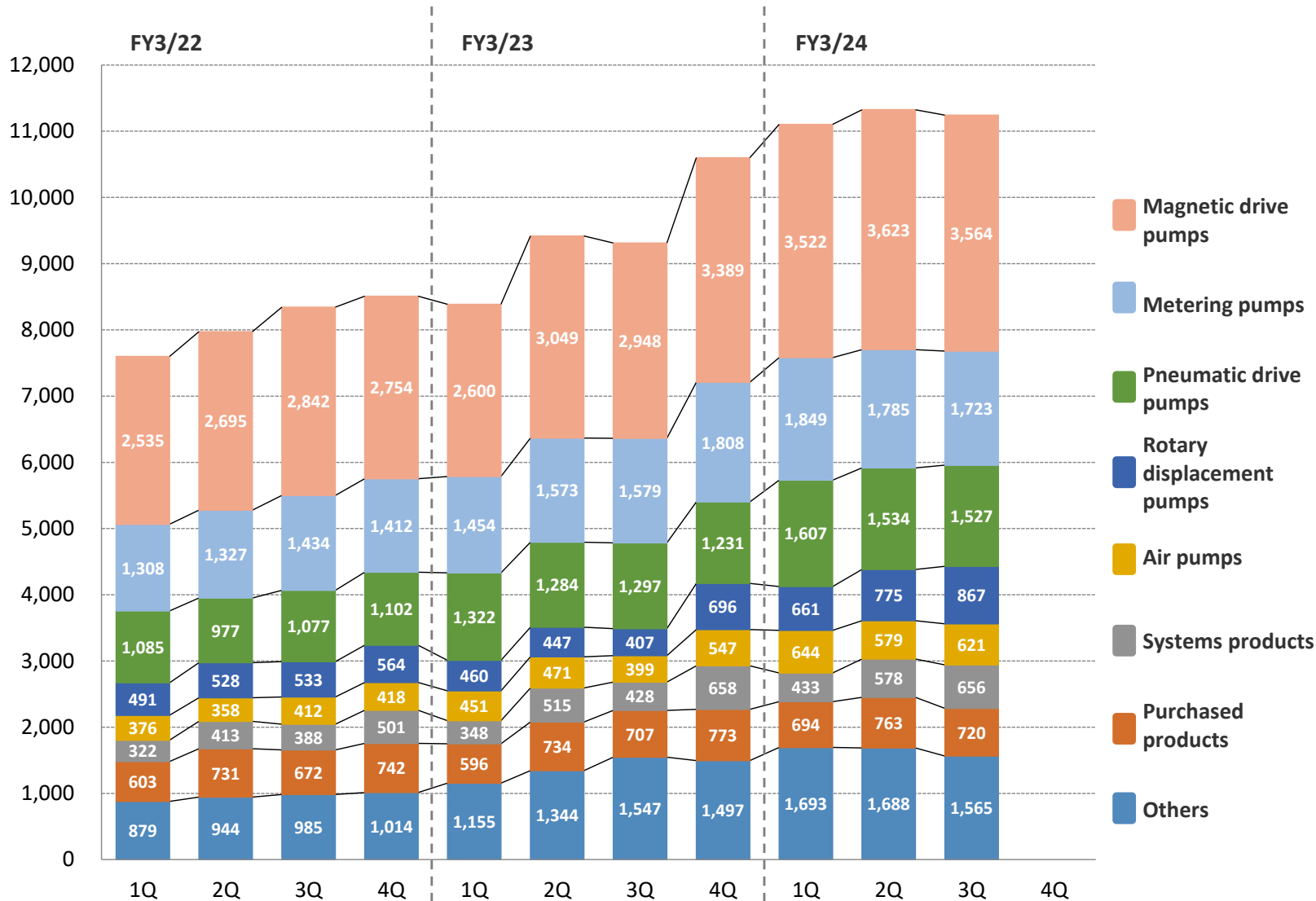
# Product Category Sales



Double-digit growth excluding purchased products.

Higher sales of rotary displacement pumps due to strong medical equipment market.

Strong sales growth of magnetic drive pumps and metering pumps, Iwaki's core products.

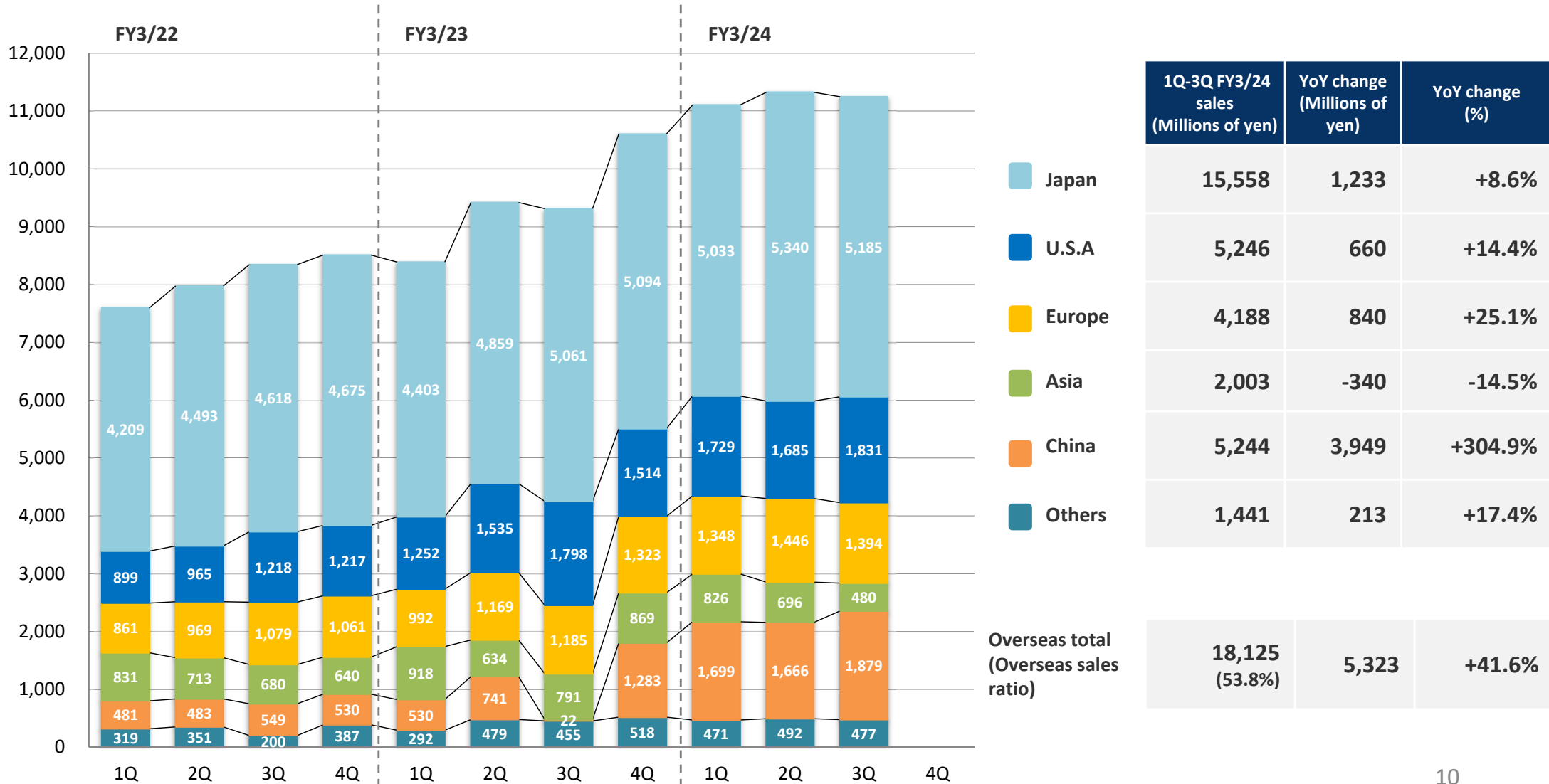


1Q-3Q FY3/24 sales (Millions of yen)	YoY change (Millions of yen)	YoY change (%)
10,711	2,112	+24.6%
5,358	751	+16.3%
4,668	764	+19.6%
2,304	988	+75.2%
1,845	522	+39.5%
1,668	375	+29.1%
2,178	141	+6.9%
4,948	901	+22.3%

# Regional Sales



Sales in Asia were weak mainly because of sluggish sales in the semiconductor/liquid crystal and surface treatment equipment markets in Taiwan and reductions in shipments to customers in South Korea. In the U.S., sales are increasing steadily in the water treatment market, which is the core U.S. market.



# FY3/24 Forecast



The FY3/24 sales and earnings forecasts have been revised because of the strong performance in the first nine months and the outlook for the cost of sales to be held down more than initially expected.

	FY3/23	FY3/24 (Revised forecast)			Reference: FY3/24 (Initial forecast)
	Amount (Millions of yen)	Amount (Millions of yen)	Differences	YoY change	Amount (Millions of yen)
Net sales	37,730	<b>43,855</b>	6,125	+16.2%	44,181
Gross profit (Gross margin)	12,923 (34.3%)	<b>17,884</b> <b>(40.8%)</b>	4,961	+38.4%	16,600 (37.6%)
Operating profit (Operating margin)	2,254 (6.0%)	<b>5,063</b> <b>(11.5%)</b>	2,808	+124.6%	3,920 (8.9%)
Ordinary profit	3,745	<b>5,811</b>	2,066	+55.2%	4,302
Profit attributable to owners of parent	4,257	<b>3,904</b>	-353	-8.3%	3,115
Net income per share (Yen)	193.94	<b>177.14</b>	-16.81	-8.7%	141.79
Return on equity (ROE)	15.8%	<b>13.0%</b>	-	(-2.8pt)	10.5%
Return on invested capital (ROIC)	6.9%	<b>11.4%</b>	-	(+4.5pt)	9.4%
Exchange rate (average)	USD/JPY (Yen)	131.64	Rate assumption in 4Q (Oct. – Dec. Overseas)	147.86	136.00
	EUR/JPY (Yen)	138.15	Rate assumption in 4Q (Oct. – Dec. Overseas)	159.05	143.00
	HKD/JPY (Yen)	18.08	Rate assumption in 4Q (Oct. – Dec. Overseas)	18.92	17.40
	CNY/JPY (Yen)	19.86	Rate assumption in 4Q (Oct. – Dec. Overseas)	20.44	19.70

\* Figures for the FY3/23 results reflect amortization expenses following the finalization of the purchase price allocation for the new consolidated subsidiaries.



The Heart of Industry

We will continue to support industries at the forefront to contribute to the development of society and the happiness of people

For more information:  
Corporate Planning Section,  
Business Management Department,  
Business Management Head Office,  
IWAKI CO.,LTD.

E-mail: [ir@iwakipumps.jp](mailto:ir@iwakipumps.jp)

Operating hours: 9:00 to 17:30

(Except Saturdays, Sundays, public holidays, and other business holidays)

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