

May 14, 2020

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2020

[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 Annual General Meeting of Shareholders: June 26, 2020

Scheduled date of payment of dividend: June 29, 2020

Scheduled date of filing of Annual Securities Report: June 29, 2020

Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: Yes (Iwaki plans to provide a video presentation of financial results on May 29, 2020 on our website instead of the conventional financial results meeting.)

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (April 1, 2019 – March 31, 2020)

(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, 2020	28,636	(1.8)	2,114	(9.6)	2,578	(9.5)	2,122	(1.9)
Fiscal year ended Mar. 31, 2019	29,171	3.9	2,337	11.0	2,847	4.2	2,163	5.1

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2020: 1,693 (down 19.2%)

Fiscal year ended Mar. 31, 2019: 2,096 (down 8.8%)

	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, 2020	96.06	-	10.5	8.5	7.4
Fiscal year ended Mar. 31, 2019	96.25	-	11.3	9.5	8.0

Reference: Equity in earnings of affiliates (million yen) Fiscal year ended Mar. 31, 2020: 433

Fiscal year ended Mar. 31, 2019: 515

Note: Iwaki conducted a 3-for-1 common stock split on July 1, 2018. Net income per share has been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2020	30,126	20,523	68.0	930.39
As of Mar. 31, 2019	30,463	20,148	65.5	887.14

Reference: Owner's equity (million yen) As of Mar. 31, 2020: 20,492 As of Mar. 31, 2019: 19,952

Note: Iwaki conducted a 3-for-1 common stock split on July 1, 2018. Net assets per share have been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(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, 2020	2,138	(77)	(1,522)	5,706
Fiscal year ended Mar. 31, 2019	1,827	(1,793)	(724)	5,252

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, 2019	-	12.00	-	16.90	28.90	649	30.0	3.4
Fiscal year ended Mar. 31, 2020	-	13.00	-	17.50	30.50	671	31.8	3.4
Fiscal year ending Mar. 31, 2021 (forecast)	-	-	-	-	-	-	-	-

Note: The dividend forecast for the fiscal year ending March 31, 2021 has not been determined at this time. Iwaki will promptly announce the forecast as soon as it is determined while closely monitoring future trends.

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2021 (April 1, 2020 – March 31, 2021)

The consolidated earnings forecasts for the fiscal year ending March 31, 2021 have not been determined at this time because it is difficult to reasonably predict the impact of the spread of the COVID-19 pandemic on the results of operations. Iwaki will promptly announce the forecast as soon as it is determined while closely monitoring future trends.

* 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

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|---|------|
| 1) Changes in accounting policies due to revisions in accounting standards, others: | None |
| 2) Changes in accounting policies other than 1) above: | None |
| 3) Changes in accounting-based estimates: | None |
| 4) Restatements: | None |

(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, 2020:	22,490,910 shares	As of Mar. 31, 2019:	22,490,910 shares
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2) Number of treasury shares at the end of the period

As of Mar. 31, 2020:	465,389 shares	As of Mar. 31, 2019:	510 shares
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3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2020:	22,096,699 shares	Fiscal year ended Mar. 31, 2019:	22,477,989 shares
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Note: Iwaki conducted a 3-for-1 common stock split on July 1, 2018. The number of shares outstanding at the end of the period, the number of treasury shares at the end of the period, and the average number of shares outstanding during the period were calculated as if this stock split had been taken place at the beginning of the previous fiscal year.

Reference: Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (April 1, 2019 – March 31, 2020)

(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, 2020	22,675	(5.2)	1,439	(17.4)	2,035	(12.4)	1,780	(1.4)
Fiscal year ended Mar. 31, 2019	23,926	3.1	1,743	11.3	2,324	14.9	1,806	18.8

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2020	80.58	-
Fiscal year ended Mar. 31, 2019	80.37	-

Note: Iwaki conducted a 3-for-1 common stock split on July 1, 2018. Net income per share has been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2020	26,076	17,227	66.1	782.16
As of Mar. 31, 2019	26,248	16,731	63.7	743.95

Reference: Shareholders' equity (million yen): As of Mar. 31, 2020: 17,227 As of Mar. 31, 2019: 16,731

Note: Iwaki conducted a 3-for-1 common stock split on July 1, 2018. Net assets per share have been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

* 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 the 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 financial results

To prevent the spread of the COVID-19 pandemic, Iwaki plans to provide a video presentation of financial results on May 29, 2020 (Friday) on our website instead of the conventional financial results meeting for institutional investors and analysts. The video will be available on demand. Materials to be distributed at this event will be available on the 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

In the fiscal year that ended on March 31, 2020, exports and production were weak and corporate capital investment remained at the same level, while public sector investment remained firm. However, the outlook remains unclear because there is a risk of economic downturn in Japan and overseas due to the spread of COVID-19.

In Japan, Iwaki took many actions for building stronger relationships with customers and developing products that meet customers' demands. All activities are based on the core policy of "winning by improving customer satisfaction." Overseas, Iwaki had activities encompassing 21 affiliated companies in 15 countries to increase sales.

Due to these activities, sales were higher than one year earlier mainly in the water treatment and chemicals markets. In the semiconductor/liquid crystal market, demand is recovering over the second half of the fiscal year, but the upturn was not enough to make up for the decline in the first half and as a result sales were sluggish. Sales in the medical equipment market slightly decreased from one year earlier due to inventory reductions at customers in Japan.

Sales in Japan decreased 4.4% from one year earlier to 17,369 million yen as a result of sluggish sales in the semiconductor/liquid crystal market and weak sales in the medical equipment market. In Europe, sales increased 0.5% to 2,670 million yen as a result of higher sales in the new energy market despite a small sales decline in the water treatment and other markets. In the United States, sales increased 7.5% to 4,093 million yen as a result of strong sales in the water treatment market and higher sales in the chemicals market. In Asia, sales decreased 3.4% to 2,269 million yen because of a lower demand in the semiconductor/liquid crystal market in South Korea during the first half of the fiscal year. Sales in China were down 0.7% to 1,218 million yen because of sluggish sales in the semiconductor/liquid crystal market while sales were higher in the medical equipment market.

By product category, sales of mainline metering pumps remained steady but sales of magnetic drive pumps declined slightly. Sales of pneumatic drive pumps for the semiconductor/liquid crystal market were weak due to a decline in sales of semiconductor-related equipment in the first half of the fiscal year. Sales of system products were higher.

Consequently, consolidated net sales decreased 1.8% to 28,636 million yen.

Our efforts to reduce costs did not completely offset the impact of reduced sales and deteriorated cost of sales ratio. As a result, operating profit decreased 9.6% to 2,114 million yen, ordinary profit decreased 9.5% to 2,578 million yen and profit attributable to owners of parent decreased 1.9% to 2,122 million yen. The effect of the COVID-19 pandemic on the results of operations for the current fiscal year is insignificant.

No business segment information is provided because chemical pumps are the only business of the Iwaki Group.

2) Outlook

It is difficult to determine the future outlook since the economic impact of the COVID-19 pandemic is unfathomable at present. Furthermore, normal business operations have become nearly impossible due to restrictions, such as on going, in many countries. Announcement of the earnings forecast for the next fiscal year is postponed because it is not possible to establish a reliable forecast at this time. Iwaki will promptly announce the forecast as soon as it is determined.

(2) Financial Position

1) Assets, liabilities and net assets

Assets

The balance of current assets at the end of the current fiscal year was 21,536 million yen, up 96 million yen from the end of the previous fiscal year. This was mainly due to increases of 456 million yen in cash and deposits and

268 million yen in electronically recorded monetary claims-operating, while there was a decrease of 306 million yen in notes and accounts receivable-trade. The balance of non-current assets was 8,590 million yen at the end of the current fiscal year, down 433 million yen from the end of the previous fiscal year. This was mainly because of a decrease of 531 million yen in investment securities.

As a result, total assets decreased 336 million yen from the end of the previous fiscal year to 30,126 million yen.

Liabilities

The balance of current liabilities at the end of the current fiscal year was 7,661 million yen, down 1,016 million yen from the end of the previous fiscal year. This was mainly due to decreases of 502 million yen in notes and accounts payable-trade, 183 million yen in short-term borrowings and 156 million yen in provision for bonuses. The balance of non-current liabilities was 1,941 million yen at the end of the current fiscal year, up 303 million yen from the end of the previous fiscal year. This was mainly due to an increase of 253 million yen in retirement benefit liability.

As a result, total liabilities decreased 712 million yen from the end of the previous fiscal year to 9,602 million yen.

Net assets

The balance of net assets at the end of the current fiscal year was 20,523 million yen, up 375 million yen from the end of the previous fiscal year. The main factors include increases of 475 million yen in treasury shares and 1,456 million yen in retained earnings.

Consequently, the capital adequacy ratio was 68.0% (65.5% 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 5,706 million yen, up 454 million yen over the end of the previous fiscal year (a decrease of 712 million yen at the end of 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 2,138 million yen (1,827 million yen provided in the previous fiscal year). Positive factors include profit before income taxes of 2,700 million yen, which offset negative factors including income taxes paid of 601 million yen.

Cash flows from investing activities

Net cash used in investing activities was 77 million yen (1,793 million yen used in the previous fiscal year). Negative factors include purchase of property, plant and equipment and intangible assets of 691 million yen, which offset positive factors including proceeds from sales of investment securities of 529 million yen.

Cash flows from financing activities

Net cash used in financing activities was 1,522 million yen (724 million yen used in the previous fiscal year). Negative factors include cash dividends paid of 665 million yen, which offset positive factors including proceeds from short-term borrowings of 187 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)	
	FY3/19 (As of Mar. 31, 2019)	FY3/20 (As of Mar. 31, 2020)
Assets		
Current assets		
Cash and deposits	5,580,286	6,037,142
Notes and accounts receivable-trade	6,873,408	6,567,089
Electronically recorded monetary claims-operating	2,738,020	3,006,973
Securities	55,846	-
Merchandise and finished goods	2,214,986	2,274,529
Work in process	29,785	41,866
Raw materials and supplies	3,522,791	3,334,700
Other	446,732	297,927
Allowance for doubtful accounts	(21,831)	(24,120)
Total current assets	21,440,024	21,536,109
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,304,024	7,350,481
Accumulated depreciation and impairment loss	(3,646,791)	(3,814,876)
Buildings and structures, net	3,657,232	3,535,605
Machinery, equipment and vehicles	2,676,850	2,821,272
Accumulated depreciation and impairment loss	(2,247,889)	(2,409,334)
Machinery, equipment and vehicles, net	428,960	411,937
Tools, furniture and fixtures	1,795,534	1,882,702
Accumulated depreciation and impairment loss	(1,465,444)	(1,557,037)
Tools, furniture and fixtures, net	330,089	325,664
Land	1,041,879	1,039,680
Leased assets	338,538	282,368
Accumulated depreciation	(185,666)	(138,730)
Leased assets, net	152,872	143,637
Construction in progress	11,071	129,925
Other	27,178	30,117
Accumulated depreciation	(19,444)	(22,400)
Other, net	7,733	7,716
Total property, plant and equipment	5,629,839	5,594,168
Intangible assets		
Goodwill	2,772	1,764
Trademark right	58,573	46,116
Other	132,297	258,369
Total intangible assets	193,643	306,250
Investments and other assets		
Investment securities	2,275,208	1,743,860
Deferred tax assets	634,431	669,176
Other	290,448	277,068
Total investments and other assets	3,200,088	2,690,105
Total non-current assets	9,023,571	8,590,524
Total assets	30,463,596	30,126,634

	(Thousands of yen)	
	FY3/19 (As of Mar. 31, 2019)	FY3/20 (As of Mar. 31, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	5,184,397	4,681,495
Short-term borrowings	951,205	768,050
Lease obligations	64,978	55,903
Income taxes payable	250,186	103,628
Provision for bonuses	881,140	725,113
Provision for bonuses for directors (and other officers)	140,000	43,080
Provision for product warranties	97,261	71,156
Provision for loss on building demolition cost	-	11,400
Other	1,108,559	1,201,622
Total current liabilities	8,677,727	7,661,449
Non-current liabilities		
Lease obligations	106,058	105,203
Provision for retirement benefits for directors (and other officers)	51,687	51,687
Retirement benefit liability	659,105	912,345
Asset retirement obligations	184,387	185,555
Other	636,283	686,570
Total non-current liabilities	1,637,521	1,941,361
Total liabilities	10,315,249	9,602,811
Net assets		
Shareholders' equity		
Share capital	1,044,691	1,044,691
Capital surplus	664,691	675,803
Retained earnings	17,687,437	19,143,574
Treasury shares	(559)	(475,730)
Total shareholders' equity	19,396,260	20,388,338
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	232,113	88,669
Foreign currency translation adjustment	241,969	150,937
Remeasurements of defined benefit plans	81,877	(135,633)
Total accumulated other comprehensive income	555,960	103,974
Non-controlling interests	196,127	31,510
Total net assets	20,148,347	20,523,823
Total liabilities and net assets	30,463,596	30,126,634

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

(Thousands of yen)

	FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)
Net sales	29,171,774	28,636,597
Cost of sales	18,797,679	18,829,883
Gross profit	10,374,094	9,806,713
Selling, general and administrative expenses	8,036,338	7,692,467
Operating profit	2,337,755	2,114,246
Non-operating income		
Interest income	27,927	12,273
Dividend income	20,844	20,874
Share of profit of entities accounted for using equity method	515,794	433,208
Other	59,407	83,565
Total non-operating income	623,973	549,922
Non-operating expenses		
Interest expenses	30,800	30,340
Foreign exchange losses	41,994	33,280
Business establishment transfer expenses	30,900	-
Other	10,186	21,999
Total non-operating expenses	113,882	85,621
Ordinary profit	2,847,846	2,578,547
Extraordinary income		
Gain on sales of non-current assets	346	9,111
Gain on sales of investment securities	31	153,234
Total extraordinary income	377	162,345
Extraordinary losses		
Loss on sales of non-current assets	173	-
Loss on retirement of non-current assets	2,051	2,021
Loss on sales of investment securities	-	8,756
Contribution for equipment investment	-	18,000
Provision for loss on building demolition cost	-	11,400
Total extraordinary losses	2,225	40,177
Profit before income taxes	2,845,998	2,700,715
Income taxes-current	652,855	458,082
Income taxes-deferred	11,956	97,195
Total income taxes	664,812	555,277
Profit	2,181,186	2,145,437
Profit attributable to non-controlling interests	17,734	22,881
Profit attributable to owners of parent	2,163,452	2,122,555

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)
Profit	2,181,186	2,145,437
Other comprehensive income		
Valuation difference on available-for-sale securities	(42,270)	(143,289)
Foreign currency translation adjustment	(120,245)	(57,624)
Remeasurements of defined benefit plans, net of tax	120,008	(217,510)
Share of other comprehensive income of entities accounted for using equity method	(42,196)	(33,170)
Total other comprehensive income	(84,704)	(451,595)
Comprehensive income	2,096,482	1,693,842
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	2,080,002	1,670,569
Comprehensive income attributable to non-controlling interests	16,479	23,272

(3) Consolidated Statement of Changes in Equity

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,018,250	638,250	16,157,603	(480)	17,813,622
Changes during period					
Issuance of new shares	26,441	26,441			52,882
Dividends of surplus			(633,617)		(633,617)
Profit attributable to owners of parent			2,163,452		2,163,452
Purchase of treasury shares				(78)	(78)
Net changes in items other than shareholders' equity					
Total changes during period	26,441	26,441	1,529,834	(78)	1,582,637
Balance at end of period	1,044,691	664,691	17,687,437	(559)	19,396,260

(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	274,384	403,156	(38,131)	639,409	207,627	18,660,659
Changes during period						
Issuance of new shares						52,882
Dividends of surplus						(633,617)
Profit attributable to owners of parent						2,163,452
Purchase of treasury shares						(78)
Net changes in items other than shareholders' equity	(42,270)	(161,187)	120,008	(83,449)	(11,500)	(94,950)
Total changes during period	(42,270)	(161,187)	120,008	(83,449)	(11,500)	1,487,687
Balance at end of period	232,113	241,969	81,877	555,960	196,127	20,148,347

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,044,691	664,691	17,687,437	(559)	19,396,260
Changes during period					
Dividends of surplus			(666,419)		(666,419)
Profit attributable to owners of parent			2,122,555		2,122,555
Purchase of treasury shares				(500,088)	(500,088)
Disposal of treasury shares		1,676		24,917	26,594
Change in ownership interest of parent due to transactions with non-controlling interests		9,435			9,435
Net changes in items other than shareholders' equity					
Total changes during period	-	11,112	1,456,136	(475,170)	992,078
Balance at end of period	1,044,691	675,803	19,143,574	(475,730)	20,388,338

(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	232,113	241,969	81,877	555,960	196,127	20,148,347
Changes during period						
Dividends of surplus						(666,419)
Profit attributable to owners of parent						2,122,555
Purchase of treasury shares						(500,088)
Disposal of treasury shares						26,594
Change in ownership interest of parent due to transactions with non-controlling interests						9,435
Net changes in items other than shareholders' equity	(143,443)	(91,031)	(217,510)	(451,986)	(164,616)	(616,602)
Total changes during period	(143,443)	(91,031)	(217,510)	(451,986)	(164,616)	375,475
Balance at end of period	88,669	150,937	(135,633)	103,974	31,510	20,523,823

(4) Consolidated Statement of Cash Flows

	(Thousands of yen)	
	FY3/19	FY3/20
	(Apr. 1, 2018 – Mar. 31, 2019)	(Apr. 1, 2019 – Mar. 31, 2020)
Cash flows from operating activities		
Profit before income taxes	2,845,998	2,700,715
Depreciation	609,965	649,460
Amortization of goodwill	1,008	1,008
Increase (decrease) in allowance for doubtful accounts	(2,523)	2,709
Increase (decrease) in provision for bonuses	(11,797)	(156,028)
Increase (decrease) in provision for bonuses for directors (and other officers)	41,326	(96,920)
Increase (decrease) in retirement benefit liability	26,622	(60,222)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(99,356)	-
Interest and dividend income	(48,771)	(33,148)
Interest expenses	30,800	30,340
Loss (gain) on sales of investment securities	(31)	(144,477)
Foreign exchange losses (gains)	(2,721)	13,416
Share of loss (profit) of entities accounted for using equity method	(515,794)	(433,208)
Surrender value of insurance policies	-	(53,883)
Decrease (increase) in trade receivables	27,203	15,941
Decrease (increase) in inventories	(801,098)	79,031
Increase (decrease) in trade payables	98,765	(481,353)
Increase (decrease) in accounts payable-other	(59,053)	25,450
Increase (decrease) in accrued expenses	111,736	(142,665)
Increase (decrease) in accrued consumption taxes	(57,971)	278,800
Other, net	93,411	135,142
Subtotal	2,287,721	2,330,108
Interest and dividends received	513,512	433,285
Interest paid	(26,993)	(24,060)
Income taxes paid	(946,490)	(601,209)
Net cash provided by (used in) operating activities	1,827,749	2,138,123
Cash flows from investing activities		
Payments into time deposits	(322,902)	(247,749)
Proceeds from withdrawal of time deposits	271,632	244,116
Purchase of securities	(55,614)	(27,589)
Proceeds from redemption of securities	-	82,489
Purchase of property, plant and equipment and intangible assets	(1,680,012)	(691,320)
Proceeds from sales of property, plant and equipment and intangible assets	860	10,077
Proceeds from sales of investment securities	454	529,904
Proceeds from cancellation of insurance funds	-	59,461
Other, net	(8,049)	(37,087)
Net cash provided by (used in) investing activities	(1,793,632)	(77,699)
Cash flows from financing activities		
Proceeds from short-term borrowings	-	187,588
Repayments of short-term borrowings	-	(300,000)
Repayments of lease obligations	(64,194)	(65,880)
Purchase of treasury shares	(78)	(500,088)
Dividends paid	(632,408)	(665,365)
Dividends paid to non-controlling interests	(27,980)	(16,765)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(161,686)
Net cash provided by (used in) financing activities	(724,661)	(1,522,198)
Effect of exchange rate change on cash and cash equivalents	(21,708)	(84,075)
Net increase (decrease) in cash and cash equivalents	(712,253)	454,150
Cash and cash equivalents at beginning of period	5,964,829	5,252,576
Cash and cash equivalents at end of period	5,252,576	5,706,726

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

Not applicable.

Reclassifications**Consolidated Statement of Cash Flows**

“Loss (gain) on sales of investment securities” and “Increase (decrease) in accrued consumption taxes,” included in “Other” under cash flows from operating activities in the previous fiscal year, are presented separately from the current fiscal year due to an increase in their monetary materiality. To conform to this change, the financial statements for the previous fiscal year are reclassified.

As a result, “Other” (35,409 thousand yen) under cash flows from operating activities presented in the previous fiscal year’s consolidated statement of cash flows has been reclassified and divided into “Loss (gain) on sales of investment securities” (-31 thousand yen), “Increase (decrease) in accrued consumption taxes” (-57,971 thousand yen) and “Other” (93,411 thousand yen).

“Income taxes refund,” presented separately under cash flows from operating activities in the previous fiscal year, are included in “Income taxes paid” from the current fiscal year due to a decrease in its monetary materiality. To conform to this change, the financial statements for the previous fiscal year are reclassified.

As a result, “Income taxes refund” (1,401 thousand yen) presented under cash flows from operating activities in the previous fiscal year’s consolidated statement of cash flows is reclassified and included in “Income taxes paid.”

“Proceeds from sales of investment securities,” included in “Other” under cash flows from investing activities in the previous fiscal year, are presented separately from the current fiscal year due to an increase in its monetary materiality. In addition, “Purchase of intangible assets,” included in “Other” under cash flows from investing activities in the previous fiscal year, is presented and included in “Purchase of property, plant and equipment and intangible assets” from the current fiscal year due to an increase in its monetary materiality. To conform to these changes, the financial statements for the previous fiscal year are reclassified.

As a result, “Other” (-59,602 thousand yen) under cash flows from investing activities presented in the previous fiscal year’s consolidated statement of cash flows has been reclassified and divided into “Purchase of property, plant and equipment and intangible assets” (-52,007 thousand yen), “Proceeds from sales of investment securities” (454 thousand yen) and “Other” (-8,049 thousand yen).

“Purchase of treasury shares,” included in “Other” under cash flows from financing activities 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 financial statements for the previous fiscal year are reclassified.

As a result, “Other” (-78 thousand yen) under cash flows from financing activities presented in the previous fiscal year’s consolidated statement of cash flows has been reclassified and presented as “Purchase of treasury shares” (-78 thousand yen).

Segment and Other Information

a. Segment information

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

b. Related information

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)

1. Information by product or service

(Thousands of yen)					
External sales	Magnetic drive pumps	Metering pumps	Pneumatic drive pumps	Rotary displacement pumps	
	10,177,913	5,066,624	2,775,387	2,868,952	
	Air pumps	System products	Purchased products	Other	Total
1,528,234	1,306,458	2,383,576	3,064,627	29,171,774	

2. Information by region

(1) Net sales

(Thousands of yen)						
Japan	Europe	Americas	Asia	China	Other	Total
18,163,038	2,657,753	3,806,193	2,348,364	1,226,511	969,912	29,171,774

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
4,982,770	450,201	140,922	55,945	5,629,839

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.

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

1. Information by product or service

(Thousands of yen)					
External sales	Magnetic drive pumps	Metering pumps	Pneumatic drive pumps	Rotary displacement pumps	
	9,779,656	5,184,128	1,953,975	2,632,965	
	Air pumps	System products	Purchased products	Other	Total
1,527,623	1,454,673	2,621,428	3,482,145	28,636,597	

2. Information by region

(1) Net sales

(Thousands of yen)						
Japan	Europe	Americas	Asia	China	Other	Total
17,369,784	2,670,924	4,093,197	2,269,341	1,218,445	1,014,904	28,636,597

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
4,825,465	525,101	190,987	52,614	5,594,168

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)

	FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)
Net assets per share	887.14	930.39
Net income per share	96.25	96.06

Notes: 1. Iwaki conducted a 3-for-1 common stock split on July 1, 2018. Net assets per share and net income per share have been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

2. Diluted net income per share is not presented because there are no latent shares.

3. The basis of calculating the net income per share is as follows:

	FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)
Profit attributable to owners of parent (Thousands of yen)	2,163,452	2,122,555
Amount not attributable to common shareholders (Thousands of yen)	-	-
Profit attributable to owners of parent applicable to common shares (Thousands of yen)	2,163,452	2,122,555
Average number of shares outstanding (Shares)	22,477,989	22,096,699

Subsequent Events

Change in an equity-method affiliate (conversion to a consolidated subsidiary)

The Iwaki Board of Directors approved a resolution on May 14, 2020 to make equity-method affiliate Iwaki Nordic A/S a consolidated subsidiary after consolidated subsidiary Iwaki Europe GmbH acquires 60% of Iwaki Nordic A/S's shares.

1. Summary of business combination

(1) Acquired company and its business activities

Acquired company: Iwaki Nordic A/S

Business activities: Sales of chemical pumps

(2) Reasons for acquisition

As the Nordic region is positioned as an important sales market in Europe, Iwaki Nordic A/S is being integrated into our integrated global operations system to further strengthen our competitiveness.

(3) Acquisition date (scheduled)

June 30, 2020

(4) Legal form of acquisition

Acquisition of shares with cash

(5) Company's name after acquisition

There is no change in the company's name.

(6) Percentage of voting rights acquired

Percentage of voting rights immediately before the acquisition: 40%

Percentage of voting rights additionally acquired on acquisition date: 60%

Percentage of voting rights after acquisition: 100% (60% indirectly held)

(7) Basis for choosing the company to acquire

Iwaki acquires voting rights of equity-method affiliate Iwaki Nordic A/S by acquiring its shares in exchange for consideration in cash.

2. Acquisition cost of acquired company and breakdown by type of consideration

Not yet determined.

3. Details of major acquisition-related costs

Not yet determined.

4. Goodwill resulting from the acquisition

Not yet determined.

5. Breakdown of assets acquired and liabilities assumed on the acquisition date

Not yet determined.

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.