

**Summary of Consolidated Financial Results**  
**for the First Quarter of Fiscal Year Ending March 31, 2021**  
**(Three Months Ended June 30, 2020)**

[Japanese GAAP]

Company name: IWAKI CO.,LTD.

Listing: Tokyo Stock Exchange, First Section

Stock code: 6237

URL: <https://www.iwakipumps.co.jp/>

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Scheduled date of filing of Quarterly Report:

August 7, 2020

Scheduled date of payment of dividend:

-

Preparation of supplementary materials for quarterly financial results:

None

Holding of quarterly financial results meeting:

None

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

**1. Consolidated Financial Results for the First Quarter Ended June 30, 2020**

(April 1, 2020 – June 30, 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	%
Three months ended Jun. 30, 2020	6,736	(0.7)	295	(12.9)	413	(8.9)	626	52.8
Three months ended Jun. 30, 2019	6,782	(6.5)	338	(45.2)	454	(38.9)	410	(16.5)

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2020: 540 (up 114.4%)

Three months ended Jun. 30, 2019: 252 (down 13.3%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2020	28.45	-
Three months ended Jun. 30, 2019	18.37	-

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of Jun. 30, 2020	31,700	20,704	65.1
As of Mar. 31, 2020	30,126	20,523	68.0

Reference: Owner's equity (million yen)

As of Jun. 30, 2020: 20,650

As of Mar. 31, 2020: 20,492

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2020	-	13.00	-	17.50	30.50
Fiscal year ending Mar. 31, 2021	-	-	-	-	-
Fiscal year ending Mar. 31, 2021 (forecasts)	-	8.00	-	13.00	21.00

Note: Revisions to the most recently announced dividend forecasts: None

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

(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	13,341	(5.3)	441	(57.6)	637	(48.8)	670	(34.5)	30.45
Full year	28,280	(1.2)	1,332	(37.0)	1,739	(32.6)	1,537	(27.6)	69.79

Note: Revisions to the most recently announced consolidated earnings forecasts: None

**\* 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

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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 |

(4) Number of outstanding shares (common shares)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Jun. 30, 2020:	22,490,910 shares	As of Mar. 31, 2020:	22,490,910 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2020:	471,151 shares	As of Mar. 31, 2020:	465,389 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2020:	22,023,600 shares	Three months ended Jun. 30, 2019:	22,318,362 shares
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\* 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 the Company'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.

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

During the first quarter of the fiscal year ending March 31, 2021, corporate earnings in Japan plummeted because of COVID-19 and capital expenditures were sluggish. There are expectations for the current challenging economic environment to begin to improve following the end of the state of emergency. However, the business climate remains unclear because of uncertainty about the outlook in Japan and overseas for the COVID-19 pandemic.

In Japan, Iwaki took many actions 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.

Manufacturing operations of the Iwaki Group have continued during the COVID-19 crisis in order to ensure that customers receive the products they require. Group companies are using teleworking, thorough workplace ventilation, social distancing and other measures to prevent the spread of COVID-19. This crisis has not significantly affected manufacturing and procurement activities thus far. But there are still restrictions in Japan and other countries on visiting customers for sales activities. The COVID-19 crisis has created additional demand in Japan involving disinfectant production and in China involving clinical testing equipment.

Due to these activities, sales were higher than one year earlier in the semiconductor/liquid crystal, medical equipment, water treatment and chemicals markets. Sales in the new energy market fell about 50% because of big downturns in Japan and Europe. Sales were lower in other market sectors as well mainly because of a decline in aquatic business sales in the United States. The aquatic business involves the use of mainly small fish (zebrafish, rice fish) as model organisms for biomedical and genome research as well as for toxicity bioassay tests and assessments, wastewater management and other purposes. The Iwaki aquatic system is easy to operate for raising and sustaining fish and other organisms required for these activities.

Sales in Japan decreased 1.0% from one year earlier to 3,970 million yen as a result of sluggish sales in the new energy market. COVID-19 had a big impact on sales in other countries. In Europe, sales were down 19.4% to 595 million yen because of weakness in all market sectors except water treatment and chemicals. In the United States, sales decreased 11.0% to 906 million yen as sales were lower in all market sectors except water treatment. In Asia, sales increased 14.3% to 590 million yen because of a recovery in the semiconductor/liquid crystal market in Taiwan and South Korea. Sales in China were up 59.5% to 447 million yen because sales increased sharply in the medical equipment market.

By product category, sales of mainline metering pumps remained steady but sales of magnetic drive pumps were weak. Sales of pneumatic drive pumps for the semiconductor/liquid crystal market were strong due to a resumption of capital expenditures for semiconductor-related equipment.

Consequently, consolidated net sales decreased 0.7% to 6,736 million yen.

Earnings were affected by lower sales and higher selling, general and administrative expenses. As a result, operating profit decreased 12.9% to 295 million yen and ordinary profit decreased 8.9% to 413 million yen. Due to extraordinary income for a gain resulting from the step acquisition of IWAKI Nordic A/S, profit attributable to owners of parent increased 52.8% to 626 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 first quarter of the current fiscal year was 22,389 million yen, up 853 million yen from the end of the previous fiscal year. This was mainly due to increases of 268 million yen in cash and deposits, 319 million yen in merchandise and finished goods and 149 million yen in raw materials and supplies. The balance of non-current assets was 9,310 million yen at the end of the first quarter of the current fiscal year, up 720 million yen from the end of the previous fiscal year. This was mainly because of an increase of 746 million yen in goodwill.

As a result, total assets increased 1,573 million yen from the end of the previous fiscal year to 31,700 million yen.

## Liabilities

The balance of current liabilities at the end of the first quarter of the current fiscal year was 8,384 million yen, up 723 million yen from the end of the previous fiscal year. This was mainly due to increases of 334 million yen in notes and accounts payable-trade and 110 million yen in short-term borrowings. The balance of non-current liabilities was 2,610 million yen at the end of the first quarter of the current fiscal year, up 669 million yen from the end of the previous fiscal year. This was mainly due to an increase of 675 million yen in long-term borrowings.

As a result, total liabilities increased 1,392 million yen from the end of the previous fiscal year to 10,995 million yen.

## Net assets

The balance of net assets at the end of the first quarter of the current fiscal year was 20,704 million yen, up 181 million yen from the end of the previous fiscal year. The main factors include an increase of 241 million yen in retained earnings.

Consequently, the capital adequacy ratio was 65.1% (68.0% at the end of the previous fiscal year).

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

We maintain the first-half and full-year consolidated earnings forecasts that were disclosed in the press release concerning the consolidated earnings forecast and dividend forecast (Japanese version only) dated June 15, 2020.

## 2. Quarterly Consolidated Financial Statements and Notes

## (1) Quarterly Consolidated Balance Sheet

	(Thousands of yen)	
	FY3/20 (As of Mar. 31, 2020)	First quarter of FY3/21 (As of Jun. 30, 2020)
Assets		
Current assets		
Cash and deposits	6,037,142	6,305,847
Notes and accounts receivable-trade	6,567,089	6,267,038
Electronically recorded monetary claims-operating	3,006,973	3,122,637
Merchandise and finished goods	2,274,529	2,593,860
Work in process	41,866	141,999
Raw materials and supplies	3,334,700	3,484,441
Other	297,927	499,340
Allowance for doubtful accounts	(24,120)	(25,685)
Total current assets	21,536,109	22,389,480
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,350,481	7,381,770
Accumulated depreciation and impairment loss	(3,814,876)	(3,899,447)
Buildings and structures, net	3,535,605	3,482,323
Machinery, equipment and vehicles	2,821,272	2,881,352
Accumulated depreciation and impairment loss	(2,409,334)	(2,451,407)
Machinery, equipment and vehicles, net	411,937	429,944
Tools, furniture and fixtures	1,882,702	1,910,129
Accumulated depreciation and impairment loss	(1,557,037)	(1,598,128)
Tools, furniture and fixtures, net	325,664	312,001
Land	1,039,680	1,038,241
Leased assets	282,368	297,711
Accumulated depreciation	(138,730)	(153,808)
Leased assets, net	143,637	143,902
Construction in progress	129,925	213,630
Other	30,117	30,764
Accumulated depreciation	(22,400)	(22,572)
Other, net	7,716	8,192
Total property, plant and equipment	5,594,168	5,628,236
Intangible assets		
Goodwill	1,764	748,182
Trademark right	46,116	42,924
Other	258,369	279,826
Total intangible assets	306,250	1,070,933
Investments and other assets		
Investment securities	1,743,860	1,662,156
Deferred tax assets	669,176	665,380
Other	277,068	283,829
Total investments and other assets	2,690,105	2,611,366
Total non-current assets	8,590,524	9,310,536
Total assets	30,126,634	31,700,017

	(Thousands of yen)	
	FY3/20 (As of Mar. 31, 2020)	First quarter of FY3/21 (As of Jun. 30, 2020)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	4,681,495	5,015,707
Short-term borrowings	768,050	878,301
Lease obligations	55,903	56,150
Income taxes payable	103,628	135,380
Provision for bonuses	725,113	390,394
Provision for bonuses for directors (and other officers)	43,080	19,796
Provision for product warranties	71,156	68,303
Provision for loss on building demolition cost	11,400	11,400
Other	1,201,622	1,809,137
Total current liabilities	7,661,449	8,384,571
Non-current liabilities		
Long-term borrowings	-	675,000
Lease obligations	105,203	106,833
Provision for retirement benefits for directors (and other officers)	51,687	51,687
Retirement benefit liability	912,345	906,377
Asset retirement obligations	185,555	185,985
Other	686,570	684,578
Total non-current liabilities	1,941,361	2,610,461
Total liabilities	9,602,811	10,995,033
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,044,691	1,044,691
Capital surplus	675,803	675,803
Retained earnings	19,143,574	19,384,623
Treasury shares	(475,730)	(475,730)
Total shareholders' equity	20,388,338	20,629,388
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	88,669	90,819
Foreign currency translation adjustment	150,937	63,920
Remeasurements of defined benefit plans	(135,633)	(133,602)
Total accumulated other comprehensive income	103,974	21,137
Non-controlling interests	31,510	54,458
Total net assets	20,523,823	20,704,983
<b>Total liabilities and net assets</b>	30,126,634	31,700,017

**(2) Quarterly Consolidated Statements of Income and Comprehensive Income****Quarterly Consolidated Statement of Income****(For the Three-month Period)**

(Thousands of yen)

	First three months of FY3/20 (Apr. 1, 2019 – Jun. 30, 2019)	First three months of FY3/21 (Apr. 1, 2020 – Jun. 30, 2020)
Net sales	6,782,927	6,736,048
Cost of sales	4,498,678	4,466,445
Gross profit	2,284,249	2,269,602
Selling, general and administrative expenses	1,945,396	1,974,495
Operating profit	338,853	295,107
Non-operating income		
Interest income	4,290	652
Dividend income	16,499	11,580
Share of profit of entities accounted for using equity method	113,932	153,473
Other	10,499	13,119
Total non-operating income	145,222	178,825
Non-operating expenses		
Interest expenses	8,008	5,580
Foreign exchange losses	8,588	41,681
Loss on amortization of restricted stock remuneration	6,800	6,944
Other	6,502	6,108
Total non-operating expenses	29,900	60,315
Ordinary profit	454,175	413,617
Extraordinary income		
Gain on sales of non-current assets	9,111	-
Gain on sales of investment securities	153,234	-
Gain on step acquisitions	-	346,280
Total extraordinary income	162,345	346,280
Extraordinary losses		
Loss on retirement of non-current assets	247	0
Total extraordinary losses	247	0
Profit before income taxes	616,272	759,898
Income taxes	206,032	134,693
Profit	410,240	625,204
Profit (loss) attributable to non-controlling interests	236	(1,291)
Profit attributable to owners of parent	410,004	626,496



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

(Thousands of yen)

	First three months of FY3/20 (Apr. 1, 2019 – Jun. 30, 2019)	First three months of FY3/21 (Apr. 1, 2020 – Jun. 30, 2020)
Profit	410,240	625,204
Other comprehensive income		
Valuation difference on available-for-sale securities	(140,741)	2,184
Foreign currency translation adjustment	(7,429)	(56,688)
Remeasurements of defined benefit plans, net of tax	(9,182)	2,030
Share of other comprehensive income of entities accounted for using equity method	(744)	(32,066)
Total other comprehensive income	(158,098)	(84,540)
Comprehensive income	252,142	540,664
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	251,547	543,659
Comprehensive income attributable to non-controlling interests	595	(2,995)

### **(3) Notes to Quarterly Consolidated Financial Statements**

#### **Going Concern Assumption**

Not applicable.

#### **Significant Changes in Shareholders' Equity**

Not applicable.

#### **Changes in Consolidated Subsidiaries During the Period**

Not applicable.

During the first quarter of the current fiscal year, consolidated subsidiary Iwaki Europe GmbH acquired 60% of the stock of Iwaki Nordic A/S, which was an equity-method affiliate. As a result, beginning with the first quarter, Iwaki Nordic A/S and its subsidiaries Iwaki Suomi Oy, Iwaki Norge AS and Iwaki Sverige AB were added to the scope of consolidation. This transaction did not involve a change in a specified subsidiary.

#### **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.

#### **Segment Information**

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

*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.*