

**Summary of Consolidated Financial Results**  
**for the Third Quarter of Fiscal Year Ending March 31, 2023**  
**(Nine Months Ended December 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  
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 Senior General Manager of Business Management Head Office Tel: (81)3-3254-2931  
 Scheduled date of filing of Quarterly Report: February 14, 2023  
 Scheduled date of payment of dividend: -  
 Preparation of supplementary materials for quarterly financial results: Yes  
 Holding of quarterly financial results meeting: None

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

**1. Consolidated Financial Results for the Third Quarter Ended December 31, 2022****(April 1, 2022 – December 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	%
Nine months ended Dec. 31, 2022	27,126	13.4	1,889	(2.9)	3,444	32.1	4,024	96.1
Nine months ended Dec. 31, 2021	23,927	18.5	1,946	89.4	2,608	88.6	2,052	46.5

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2022: 5,173 (up 120.8%)  
 Nine months ended Dec. 31, 2021: 2,342 (up 72.9%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2022	183.35	-
Nine months ended Dec. 31, 2021	93.65	-

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of Dec. 31, 2022	44,378	29,459	66.1
As of Mar. 31, 2022	37,963	25,251	66.3

Reference: Owner's equity (million yen) As of Dec. 31, 2022: 29,320 As of Mar. 31, 2022: 25,177

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2022	-	12.00	-	21.50	33.50
Fiscal year ending Mar. 31, 2023	-	27.00	-		
Fiscal year ending Mar. 31, 2023 (forecasts)				33.00	60.00

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

**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
Full year	37,331	15.1	2,343	9.5	4,025	34.5	4,383	82.9	199.66

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): Yes

Newly added: 2 (IWAKI Pumps Co., Ltd., IWAKI Pumps (Guangdong) Co., Ltd.)

Note: Please refer to page 8 “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements, Changes in Consolidated Subsidiaries during the Period” for details.

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: Yes

Note: Please refer to page 8 “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements, Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements” for details.

(3) Changes in accounting policies and accounting-based estimates, and restatements

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

Note: Please refer to page 8 “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements, Changes in Accounting Policies” for details.

(4) Number of outstanding shares (common shares)

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

As of Dec. 31, 2022:	22,490,910 shares	As of Mar. 31, 2022:	22,490,910 shares
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2) Number of treasury shares at the end of the period

As of Dec. 31, 2022:	519,393 shares	As of Mar. 31, 2022:	585,863 shares
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3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2022:	21,949,193 shares	Nine months ended Dec. 31, 2021:	21,915,850 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 Iwaki’s management at the time the materials were prepared, but are not promises by Iwaki regarding future performance. Actual results may differ materially from the forecasts.

How to view supplementary materials for the quarterly financial results meeting

The supplementary information materials for quarterly financial results are disclosed on the Company’s website today (February 14, 2023).

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

The Japanese economy recovered slowly, and capital expenditures increased during the first nine months of the current fiscal year. The order backlog has been consistently high despite the risk of an economic downturn in other countries as interest rates increase worldwide. However, the outlook for the economy remains uncertain because of concerns about the impact on the earnings of companies of the rising cost of raw materials, restrictions on the supply of many items and another upturn of the pandemic in China.

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.”

In the water treatment category, sales increased 29.6% from one year earlier to 6,632 million yen as sales remained high in the United States. The semiconductor/liquid crystal category remained strong and sales increased 15.7% to 5,381 million yen. These two categories accounted for most of the growth of sales and earnings in the first nine months.

Sales in Japan increased 7.5% to 14,325 million yen as sales remained strong in the semiconductor/liquid crystal category. Overseas, sales in the United States rose 48.7% to 4,586 million yen because of higher sales in all categories including a big increase in the water treatment category. In Europe, sales increased 15.0% to 3,347 million yen as sales were strong in the chemicals and new energy categories. In Asia, sales were up 5.3% to 2,344 million yen in part because of higher sales in the chemicals category in South Korea. Sales in China decreased 14.5% to 1,295 million yen because of the elimination of internal transactions for consolidation resulting from the different fiscal year ends of Iwaki (March) and a newly consolidated subsidiary in China (December). Demand in the semiconductor/liquid crystal and medical equipment categories remained strong.

In product categories, strong sales of mainline magnetic pumps, metering pumps, and pneumatic-drive pumps in the semiconductor/liquid crystal category were the primary source of growth.

As a result, consolidated net sales increased 13.4% to 27,126 million yen.

Operating profit decreased 2.9% from one year earlier to 1,889 million yen. Earnings benefited from sales growth but were held down by an increase in the cost of sales due to higher prices of many items, advertising and marketing expenses for participation at overseas trade shows, higher transportation and entertainment expenses as pandemic restrictions on outings ended, higher personnel expenses due to an addition to the provision for bonuses and other reasons, and higher yen translations of SG&A expenses at overseas subsidiaries because of the yen’s depreciation. In non-operating income, there was an increase in the share of profit of entities accounted for using the equity method and foreign exchange gains due to the yen’s depreciation. As a result, ordinary profit was up 32.1% to 3,444 million yen. Due to extraordinary income of 1,227 million yen for a gain on step acquisitions, profit attributable to owners of parent increased 96.1% to 4,024 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

Current assets at the end of the third quarter of the current fiscal year were 31,026 million yen, up 3,655 million yen from the end of the previous fiscal year. This was mainly due to increases of 938 million yen in notes and accounts receivable-trade, and contract assets, 1,554 million yen in merchandise and finished goods and 824 million yen in raw materials and supplies. Non-current assets were 13,352 million yen at the end of the third quarter, up 2,759 million yen from the end of the previous fiscal year. This was mainly because of an increase of 2,361 million yen in goodwill.

As a result, total assets increased 6,415 million yen from the end of the previous fiscal year to 44,378 million yen.

#### Liabilities

Current liabilities at the end of the third quarter were 12,245 million yen, up 1,211 million yen from the end of the previous fiscal year. This was mainly due to increases of 202 million yen in notes and accounts payable-trade, 357 million yen in electronically recorded obligations-operating and 554 million yen in contract liabilities. Non-current liabilities were 2,672 million yen at the end of the third quarter, up 995 million yen from the end of the previous fiscal year. This was mainly due to increases of 605 million yen in long-term borrowings and 322 million yen in other non-current liabilities due to the application of ASC Topic 842 "Leases."

As a result, total liabilities increased 2,206 million yen from the end of the previous fiscal year to 14,918 million yen.

#### Net assets

Net assets at the end of the third quarter were 29,459 million yen, up 4,208 million yen from the end of the previous fiscal year. There were increases of 2,956 million yen in retained earnings and 1,203 million yen in foreign currency translation adjustment.

Consequently, the capital adequacy ratio was 66.1% (66.3% at the end of the previous fiscal year).

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

We maintain the full-year consolidated earnings forecasts that were disclosed in the press release concerning the consolidated earnings forecast and dividend forecast (Japanese version only) dated November 14, 2022.

## 2. Quarterly Consolidated Financial Statements and Notes

## (1) Quarterly Consolidated Balance Sheet

	(Thousands of yen)	
	FY3/22 (As of Mar. 31, 2022)	Third quarter of FY3/23 (As of Dec. 31, 2022)
Assets		
Current assets		
Cash and deposits	8,781,886	7,757,639
Notes and accounts receivable-trade, and contract assets	6,575,664	7,514,577
Electronically recorded monetary claims-operating	3,896,433	4,513,097
Securities	-	122,629
Merchandise and finished goods	3,274,488	4,829,071
Work in process	119,888	286,674
Raw materials and supplies	4,285,302	5,109,426
Other	489,283	963,149
Allowance for doubtful accounts	(52,156)	(69,951)
Total current assets	27,370,790	31,026,314
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,866,212	8,287,575
Accumulated depreciation and impairment	(4,184,745)	(4,382,911)
Buildings and structures, net	3,681,467	3,904,664
Machinery, equipment and vehicles	3,246,918	3,497,593
Accumulated depreciation and impairment	(2,775,483)	(3,035,818)
Machinery, equipment and vehicles, net	471,435	461,774
Tools, furniture and fixtures	2,071,207	2,266,920
Accumulated depreciation and impairment	(1,770,695)	(1,906,413)
Tools, furniture and fixtures, net	300,511	360,507
Land	1,043,711	1,049,648
Leased assets	350,172	340,922
Accumulated depreciation	(176,849)	(186,139)
Leased assets, net	173,323	154,783
Construction in progress	16,369	28,662
Other	44,400	812,383
Accumulated depreciation	(34,044)	(352,059)
Other, net	10,356	460,324
Total property, plant and equipment	5,697,174	6,420,366
Intangible assets		
Goodwill	706,796	3,067,987
Trademark right	26,788	24,532
Other	529,048	629,957
Total intangible assets	1,262,634	3,722,477
Investments and other assets		
Investment securities	2,110,109	1,368,896
Deferred tax assets	323,464	516,980
Retirement benefit asset	887,160	938,529
Other	312,168	385,009
Total investments and other assets	3,632,902	3,209,415
Total non-current assets	10,592,711	13,352,259
Total assets	37,963,502	44,378,573

	(Thousands of yen)	
	FY3/22 (As of Mar. 31, 2022)	Third quarter of FY3/23 (As of Dec. 31, 2022)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	2,492,928	2,695,875
Electronically recorded obligations-operating	3,884,760	4,242,031
Short-term borrowings	1,244,747	1,068,112
Current portion of long-term borrowings	75,000	155,000
Lease liabilities	74,399	70,964
Income taxes payable	587,120	373,023
Contract liabilities	44,987	599,827
Provision for bonuses	1,022,448	726,086
Provision for bonuses for directors (and other officers)	131,504	73,704
Provision for product warranties	90,778	99,600
Other	1,385,959	2,141,445
Total current liabilities	11,034,634	12,245,671
Non-current liabilities		
Long-term borrowings	562,500	1,167,500
Lease liabilities	124,271	108,408
Retirement benefit liability	-	83,310
Asset retirement obligations	223,382	224,209
Other	767,173	1,089,495
Total non-current liabilities	1,677,327	2,672,923
Total liabilities	12,711,961	14,918,594
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,044,691	1,044,691
Capital surplus	674,127	674,127
Retained earnings	22,341,167	25,297,538
Treasury shares	(586,764)	(519,765)
Total shareholders' equity	23,473,221	26,496,590
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,460	(687)
Foreign currency translation adjustment	669,870	1,873,804
Remeasurements of defined benefit plans	1,033,434	950,861
Total accumulated other comprehensive income	1,704,765	2,823,978
Non-controlling interests	73,554	139,409
Total net assets	25,251,541	29,459,978
Total liabilities and net assets	37,963,502	44,378,573

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

(Thousands of yen)

	First nine months of FY3/22 (Apr. 1, 2021 – Dec. 31, 2021)	First nine months of FY3/23 (Apr. 1, 2022 – Dec. 31, 2022)
Net sales	23,927,495	27,126,489
Cost of sales	15,647,339	17,947,004
Gross profit	8,280,156	9,179,484
Selling, general and administrative expenses	6,333,345	7,290,005
Operating profit	1,946,810	1,889,479
Non-operating income		
Interest income	1,524	1,538
Dividend income	16,224	16,903
Share of profit of entities accounted for using equity method	637,418	951,807
Foreign exchange gains	14,344	235,614
Income from refund	-	325,638
Other	26,825	57,029
Total non-operating income	696,337	1,588,532
Non-operating expenses		
Interest expenses	19,423	23,532
Commission expenses	7,397	5,973
Loss on amortization of restricted stock remuneration	-	406
Other	8,034	3,837
Total non-operating expenses	34,856	33,750
Ordinary profit	2,608,291	3,444,261
Extraordinary income		
Gain on sale of non-current assets	95	-
Gain on sale of investment securities	137,347	5,621
Gain on step acquisitions	-	1,227,206
Insurance claim income	39,668	-
Other	1,005	231
Total extraordinary income	178,116	1,233,058
Extraordinary losses		
Loss on retirement of non-current assets	10,546	1,092
Loss on sale of non-current assets	862	-
Settlement payments	55,000	-
Total extraordinary losses	66,408	1,092
Profit before income taxes	2,719,999	4,676,226
Income taxes	651,028	627,557
Profit	2,068,971	4,048,669
Profit attributable to non-controlling interests	16,512	24,239
Profit attributable to owners of parent	2,052,459	4,024,429



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

(Thousands of yen)

	First nine months of FY3/22 (Apr. 1, 2021 – Dec. 31, 2021)	First nine months of FY3/23 (Apr. 1, 2022 – Dec. 31, 2022)
Profit	2,068,971	4,048,669
Other comprehensive income		
Valuation difference on available-for-sale securities	(101,301)	(2,454)
Foreign currency translation adjustment	289,058	1,165,016
Remeasurements of defined benefit plans, net of tax	(25,962)	(82,573)
Share of other comprehensive income of entities accounted for using equity method	112,182	44,347
Total other comprehensive income	273,977	1,124,335
Comprehensive income	2,342,948	5,173,004
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	2,325,122	5,143,642
Comprehensive income attributable to non-controlling interests	17,825	29,361

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

Not applicable.

**Significant Changes in Shareholders' Equity**

Not applicable.

**Changes in Consolidated Subsidiaries during the Period**

In the second quarter of the fiscal year ending on March 31, 2023, IWAKI Pumps Co., Ltd. (IPH) and IWAKI Pumps (Shanghai) Co., Ltd. (IPS) were converted from equity-method affiliates to consolidated subsidiaries due to the purchase of additional stock of IPH and an additional ownership interest in IPS. Due to the purchase of IPH stock, GFTZ IWAKI Engineering & Trading Co., Ltd. (IPG) and IWAKI Pumps (Guangdong) Co., Ltd. (IGD), which are wholly owned subsidiaries of IPH, and IWAKI Pumps (Shenzhen) Co., Ltd., which is a wholly owned subsidiary of IPG, are also included in the scope of consolidation.

IPH and its subsidiary IGD are classified as specified subsidiaries.

**Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements**

## Calculation of tax expense

At Iwaki and certain consolidated subsidiaries, the tax expenses were calculated by first estimating the effective tax rate after the application of tax effect accounting with respect to profit before income taxes during the fiscal year, and multiplying that rate by the quarterly profit before income taxes.

**Changes in Accounting Policies**

## Application of the Guidance on Accounting Standard for Measurement of Fair Value

Iwaki started to apply the Guidance on Accounting Standard for Measurement of Fair Value (Accounting Standards Board of Japan Guidance (ASBJ) Statement No. 31, June 17, 2021) at the beginning of the first quarter of the current fiscal year, and has applied the new accounting policies set forth by the Guidance on Accounting Standard for Measurement of Fair Value prospectively in accordance with the transitional measures in Paragraph 27-2 of the Guidance on Accounting Standard for Measurement of Fair Value.

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

## Application of Accounting Standards Certification (ASC) Topic 842 "Leases" of the U.S. Financial Accounting Standards Board

Beginning with the first quarter of the current fiscal year, some consolidated subsidiaries outside Japan that use U.S. accounting standards are using ASC Topic 842 "Leases." As a result, for all leases where these subsidiaries are the lessee, as a rule, all lease assets and liabilities are included in the balance sheet.

In accordance with the transitional measures allowed by ASC Topic 842, the cumulative monetary effects of the application of this topic were recognized on the first day of the application of this topic.

As a result, at the beginning of the first quarter, right-of-use assets, which are included in other, net of property, plant and equipment, increased 457 million yen, lease obligations included in other current liabilities increased 120 million yen, and lease obligations included in other non-current liabilities increased 364 million yen.

The effect of this change on earnings in the first nine months of the current fiscal year is insignificant.

*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.*