



The Heart of Industry

Results of Operations for the Fiscal Year Ended March 31, 2023 (FY3/23)

May 12, 2023

IWAKI CO.,LTD.

Stock code: 6237
Trade name: Iwaki Pump



Walchem controller Intuition-9™

This water treatment controller places in a single unit high-performance sensors, measuring instruments, liquid processing, and many data communication technologies.

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I. Summary of FY3/23 Financial Results

Record-high sales for the first time and a big increase in earnings partly due to extraordinary income at a subsidiary in China.

	FY3/22		FY3/23	
	Amount (Millions of yen)	Amount (Millions of yen)	Differences	YoY change
Net sales	32,439	37,730	5,290	+16.3%
Gross profit (Gross margin)	11,029 (34.0%)	12,923 (34.3%)	1,894	+17.2%
Operating profit (Operating margin)	2,139 (6.6%)	2,443 (6.5%)	303	+14.2%
Ordinary profit	2,992	3,933	941	+31.5%
Profit attributable to owners of parent	2,396	4,398	2,001	+83.5%
Net income per share (Yen)	109.37	200.35	90.98	+83.2%
Return on equity (ROE)	10.1%	16.3%	-	(+6.2pt)
Return on invested capital (ROIC)	6.6%	7.4%	-	(+0.9pt)
Exchange rate (average)	USD/JPY (Yen)	109.90	131.64	
	EUR/JPY (Yen)	129.91	138.15	
	HKD/JPY (Yen)	-	18.08	
	CNY/JPY (Yen)	-	19.86	

1

Sales: Up 16.3% – Sales growth in the water treatment, semiconductor/liquid crystal categories along with newly consolidated subsidiaries in China and the weaker yen

- ✓ 4Q sales surpassed ¥10 billion for the first time, increasing to ¥10,603 million.
- ✓ Fiscal year sales rose to all-time highs in all market categories except new energy.
- ✓ Two subsidiaries (Iwaki Hong Kong Group, Iwaki Shanghai) newly consolidated in FY3/23 added sales of ¥1,315 million (before consolidation adjustments).
*Both new subsidiaries were added to the consolidated income statement beginning with the 4Q.
- ✓ Compared with FY3/22, changes in the dollar and euro exchange rates increased sales by ¥1,350 million.

2

Operating profit: Up 14.2% – Sales growth raised earnings; cost of sales up due to the sales mix, logistics expenses, bonuses and other reasons; SG&A expenses up due to sales expenses, bonuses for executives/employees, goodwill amortization and other reasons

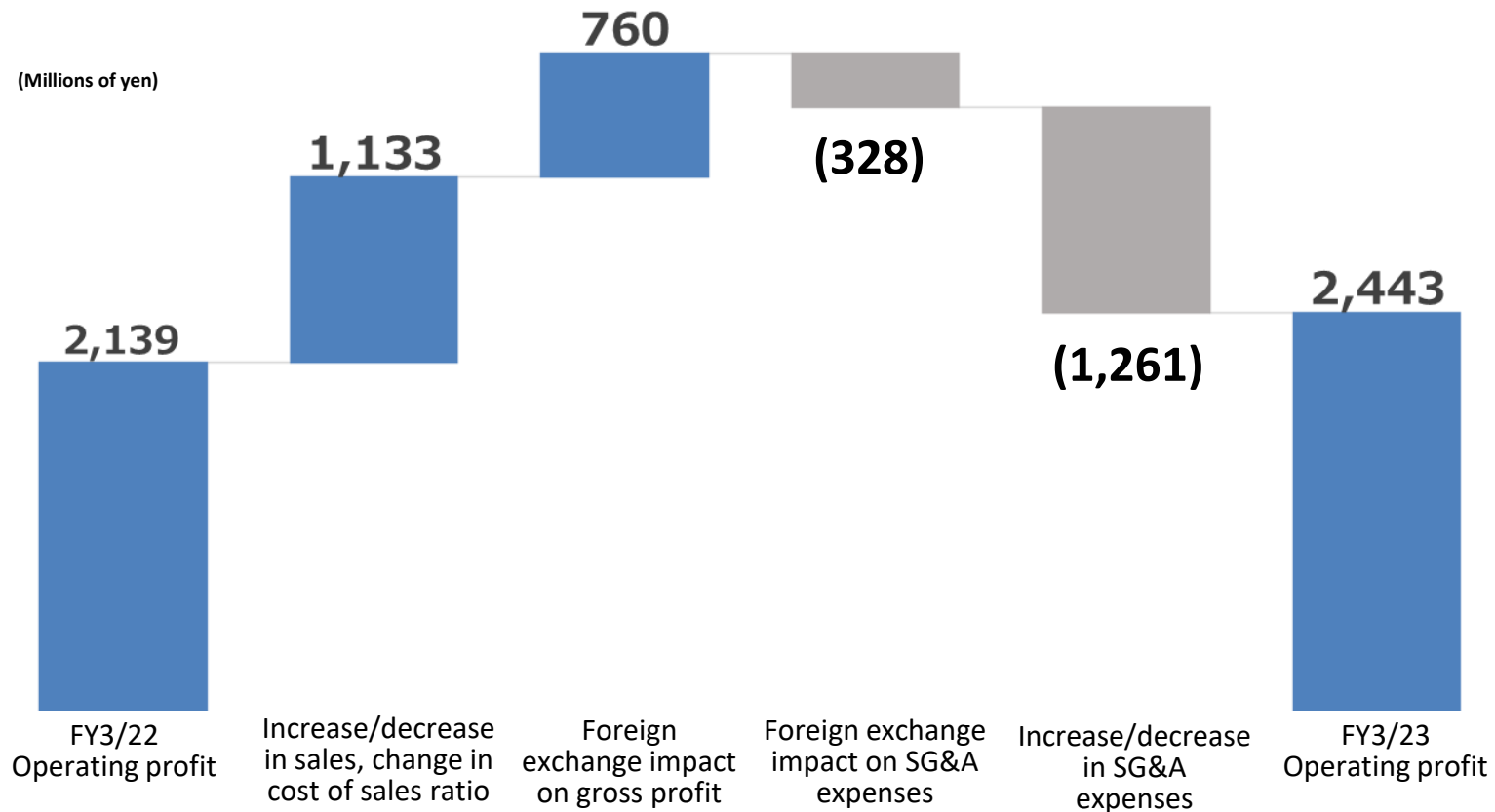
- ✓ Gross profit increased 17.2% as sales growth produced only a small improvement in the cost of sales ratio, the result of higher manufacturing and personnel expenses due to increases in pneumatic drive pump sales, logistics outsourcing expenses, bonuses and other items.
- ✓ SG&A expenses up because of increases in travel/commuting expenses, expenses involving participation of at overseas trade shows, bonuses and other personnel expense items, goodwill amortization, and other reasons.
- ✓ The newly consolidated subsidiaries added ¥414 million to operating profit (before consolidation adjustments).
- ✓ Compared with FY3/22, changes in the dollar and euro exchange rates increased operating profit by ¥432 million.

3

Profit attributable to owners of parent: Big increase because of a tax refund and gain on step acquisitions

- ✓ Equity-method share of profit up ¥219 million vs. FY3/22 because of higher earnings primarily at related companies in Taiwan and South Korea,.
- ✓ U.S. subsidiary received a tax refund of ¥334 million for keeping people employed during the pandemic.
- ✓ Gain on step acquisitions of ¥1,227 million resulting from the conversions of the Iwaki Hong Kong Group and Iwaki Shanghai into consolidated subsidiaries.

Effect of ¥1 exchange rate change	USD	EUR
Net sales	63 million yen	21 million yen
Operating profit	18 million yen	8 million yen



Quarterly sales surpassed ¥10 billion for the first time. However, 4Q operating profit was held down by an increase on bonuses for executives, which are linked to results of operations, amortization of goodwill of newly consolidated subsidiaries, and other items.

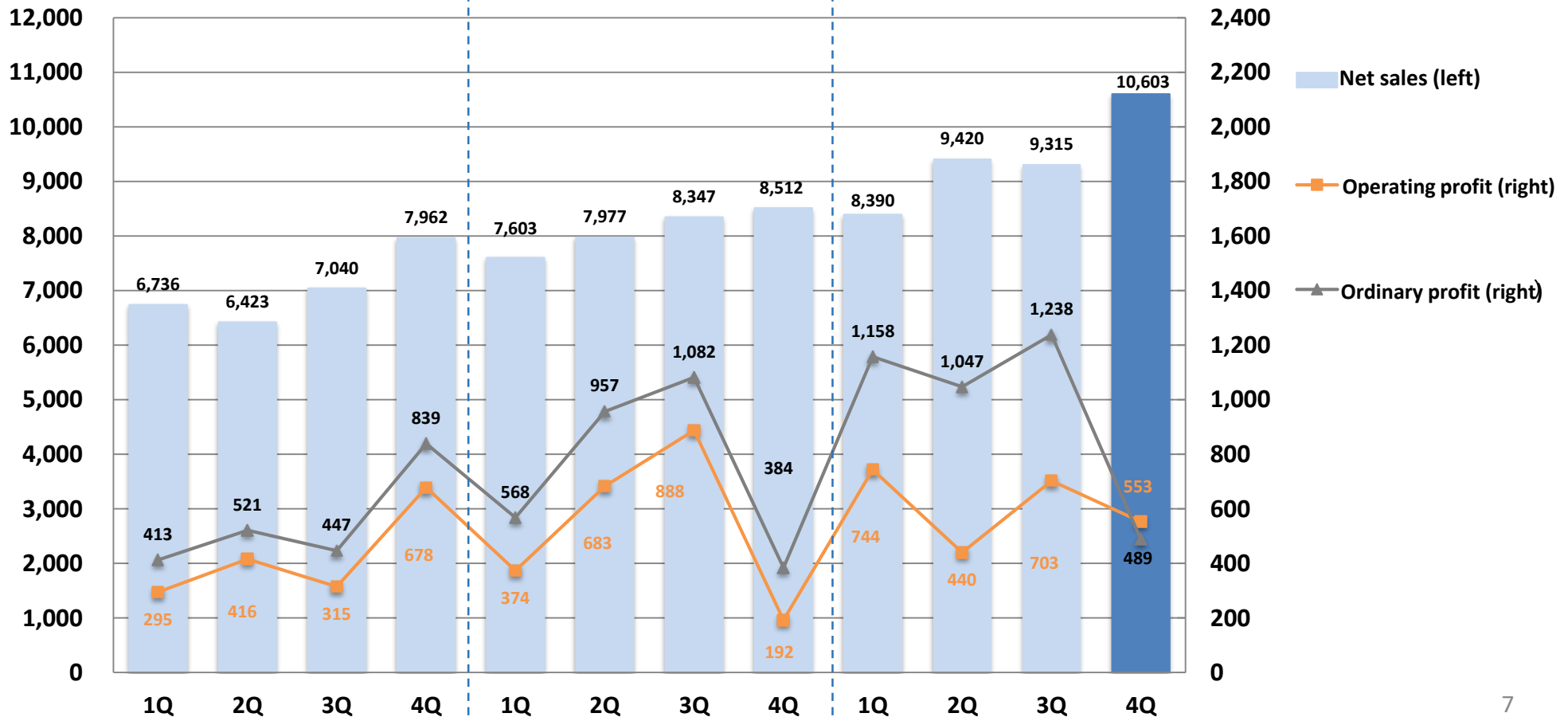
Ordinary profit was down in the 4Q because these subsidiaries previously contributed to equity-method income and due to a decrease in foreign exchange gains and a decline following the receipt of a tax refund.

(Millions of yen) FY3/21

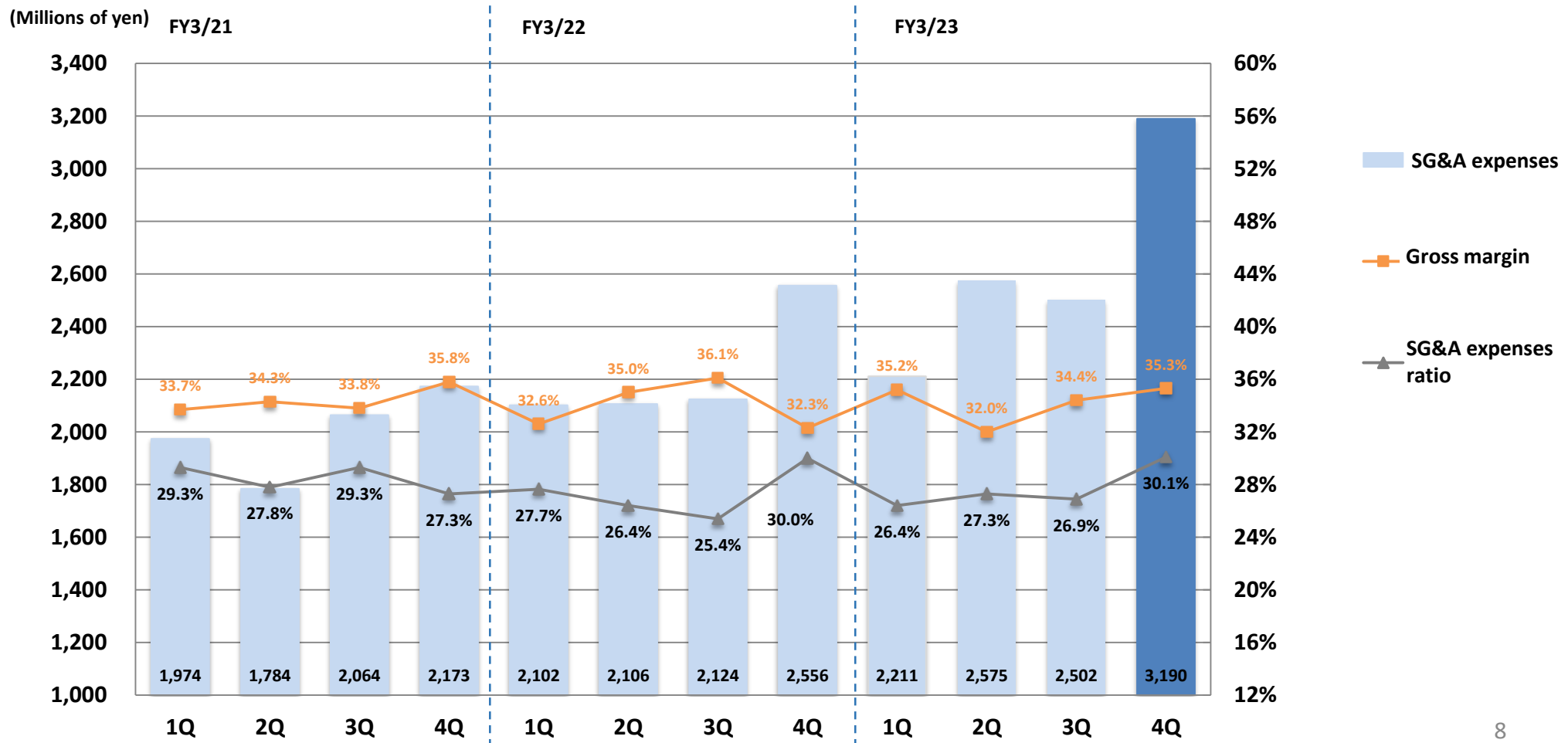
FY3/22







FY3/23

(Millions of yen)



A big increase in SG&A expenses caused chiefly by higher bonuses linked to results of operations for executives, the newly consolidated subsidiaries and amortization of goodwill of these subsidiaries.

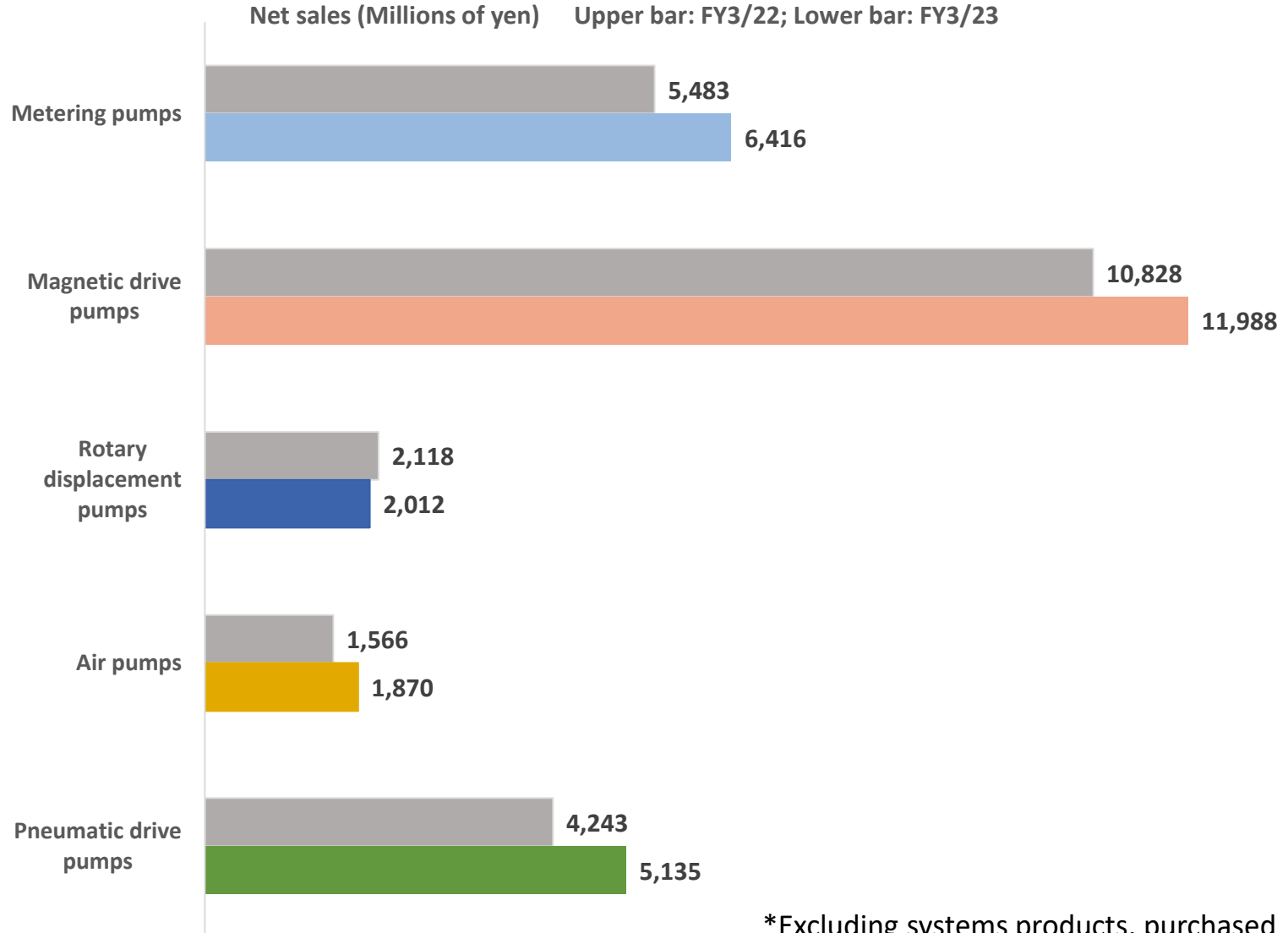


Sold in many markets	Major pump applications	Magnetic drive pumps 	Metering pumps 	Pneumatic drive pump 	Rotary displacement pumps 	Air pumps 	Systems products 
Semiconductor/liquid crystal	Semiconductor production equipment, etc.	●	○	●			○
Medical equipment	Dialysis equipment and clinical trial equipment, etc.	○	○		●	●	○
Surface treatment equipment	Printed circuit board manufacturing equipment, electronic component manufacturing, etc.	●	○				○
Chemicals	Liquid chemical manufacturing, etc.	●	○		○		○
Water treatment	Water purification plant, wastewater treatment, cooling towers, etc.	○	●		○	○	○
New energy	Renewable energy, rechargeable battery production, etc.	○	○		●		○
Others (Food, paper, others)	Food cleansing, cooling applications, etc.	○	○		●	○	○

* A filled circle means major pumps in each market.

7 Profitability of Products

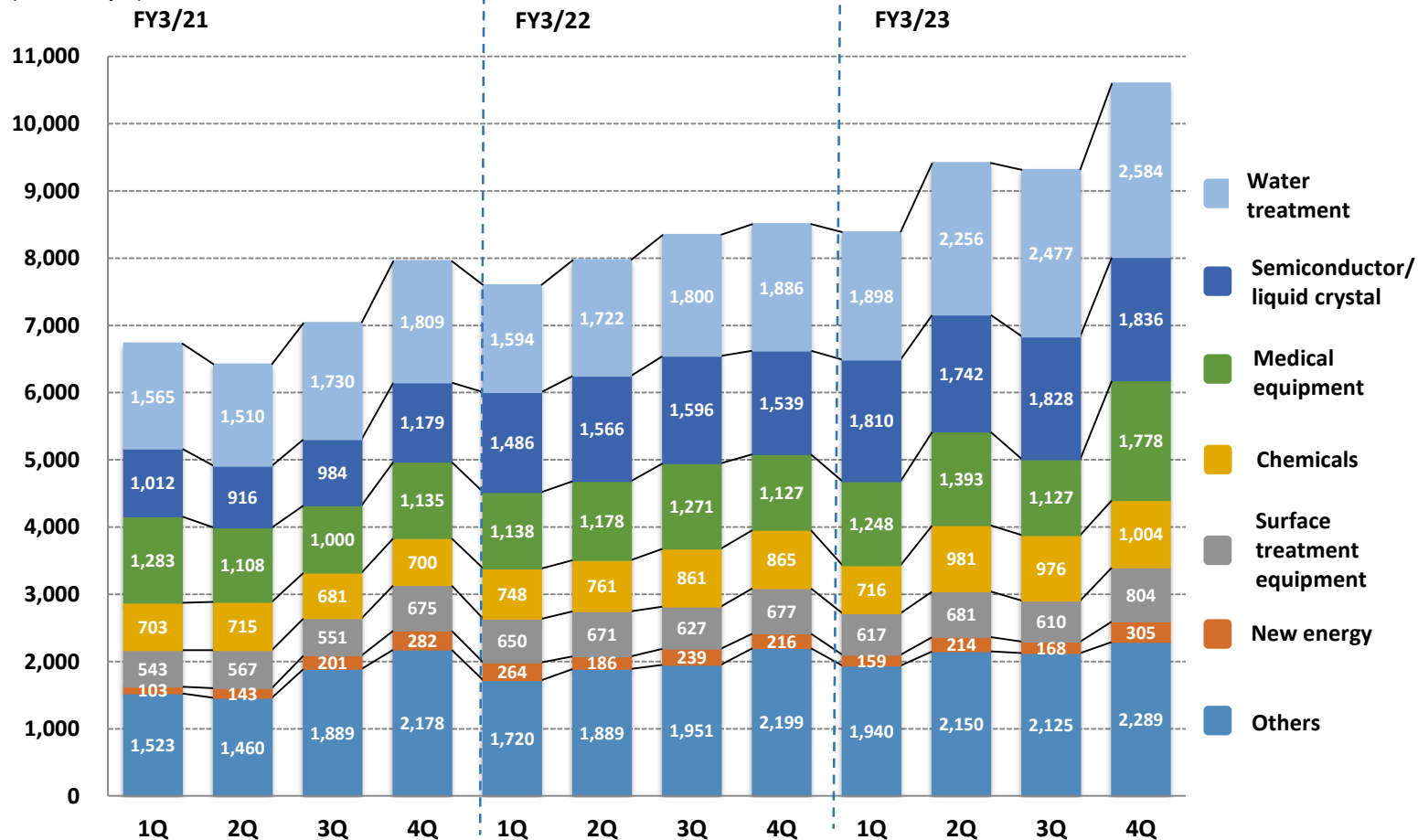
Profitability



*Excluding systems products, purchased products and other

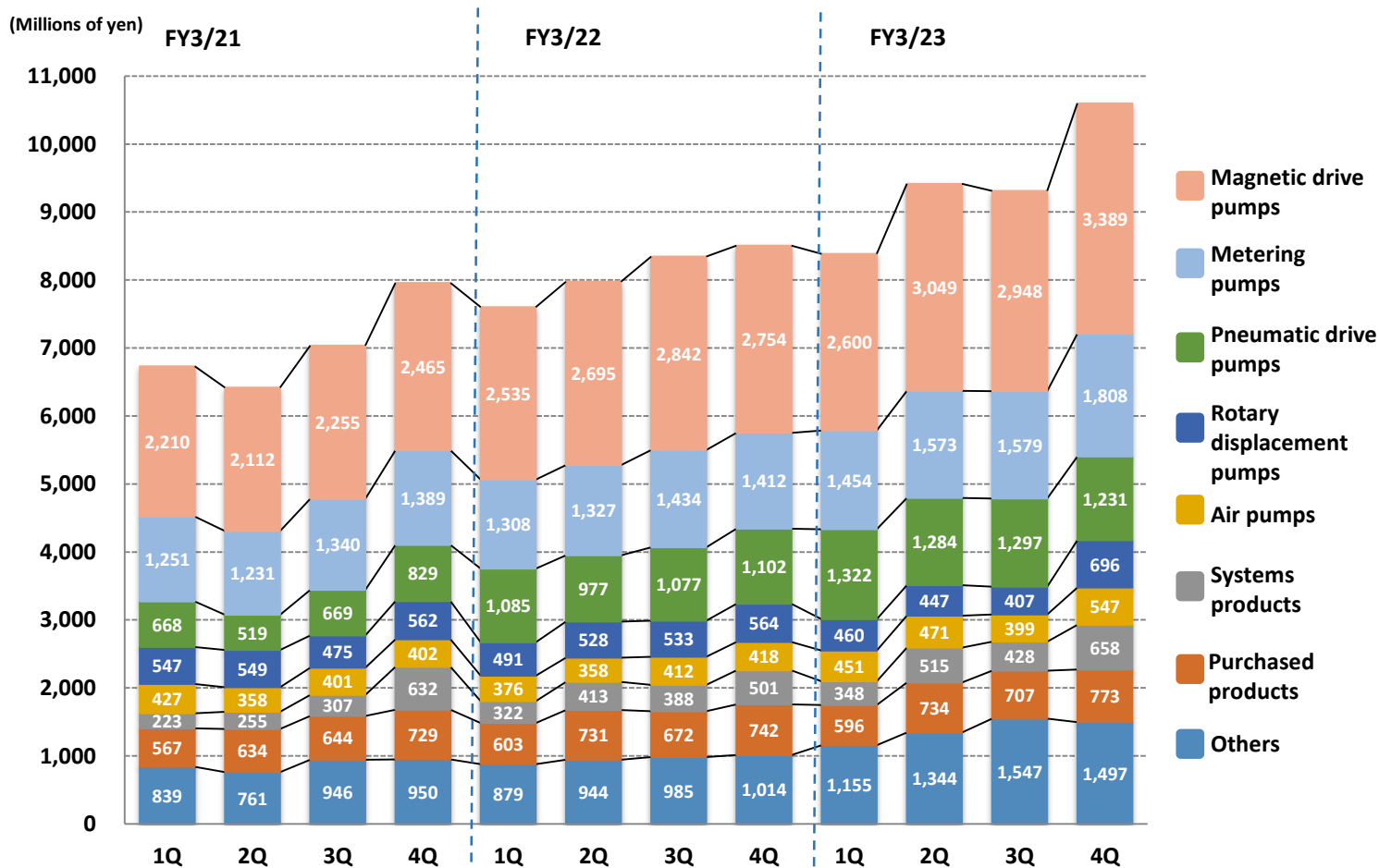
Water treatment sales remain strong. Including the benefit of the weaker yen, U.S. sales in this market were ¥1,897 million higher than in FY3/22. Semiconductor/liquid crystal sales also remained high. A big increase in medical equipment category sales due to newly consolidated subsidiaries.

(Millions of yen)



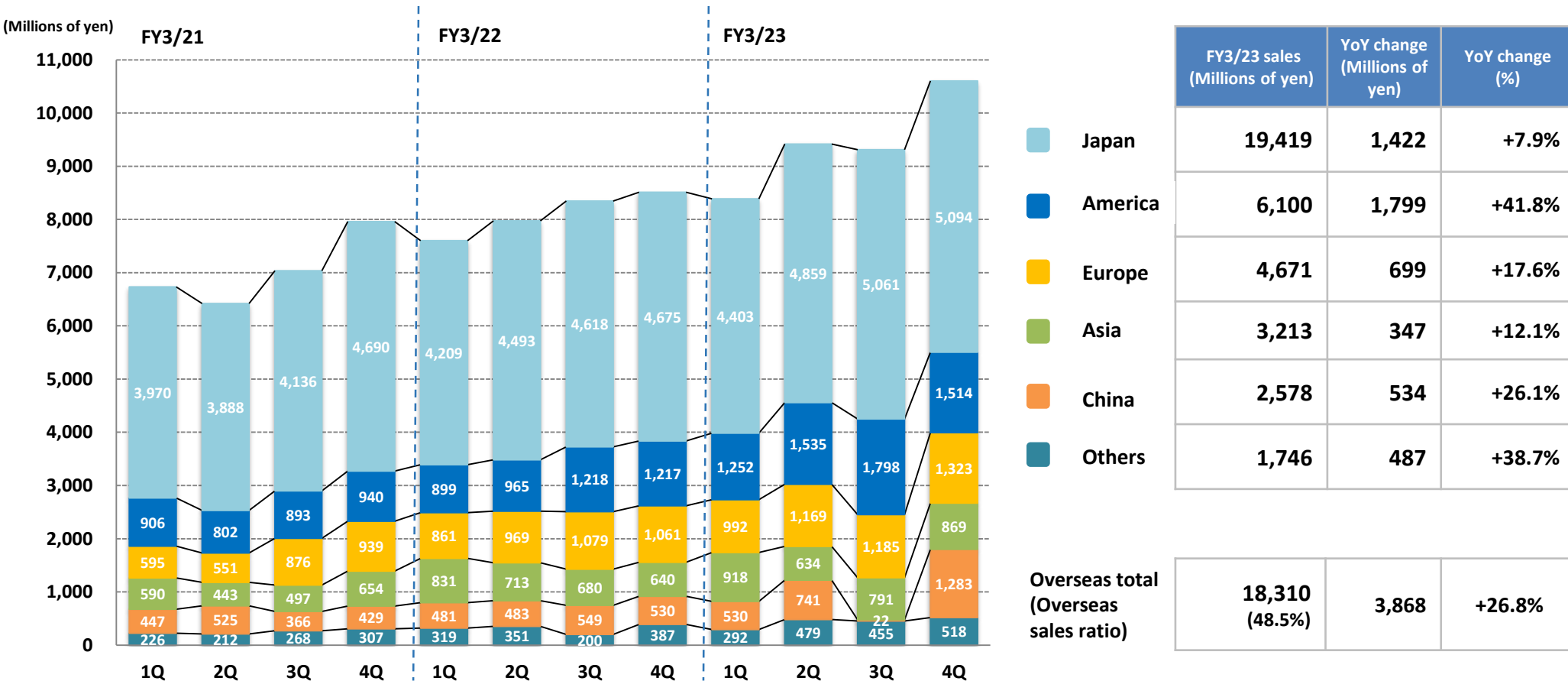
	FY3/23 sales (Millions of yen)	YoY change (Millions of yen)	YoY change (%)
Water treatment	9,217	2,213	+31.6%
Semiconductor/liquid crystal	7,217	1,028	+16.6%
Medical equipment	5,547	832	+17.6%
Chemicals	3,678	441	+13.6%
Surface treatment equipment	2,714	88	+3.4%
New energy	847	-59	-6.6%
Others	8,506	746	+9.6%

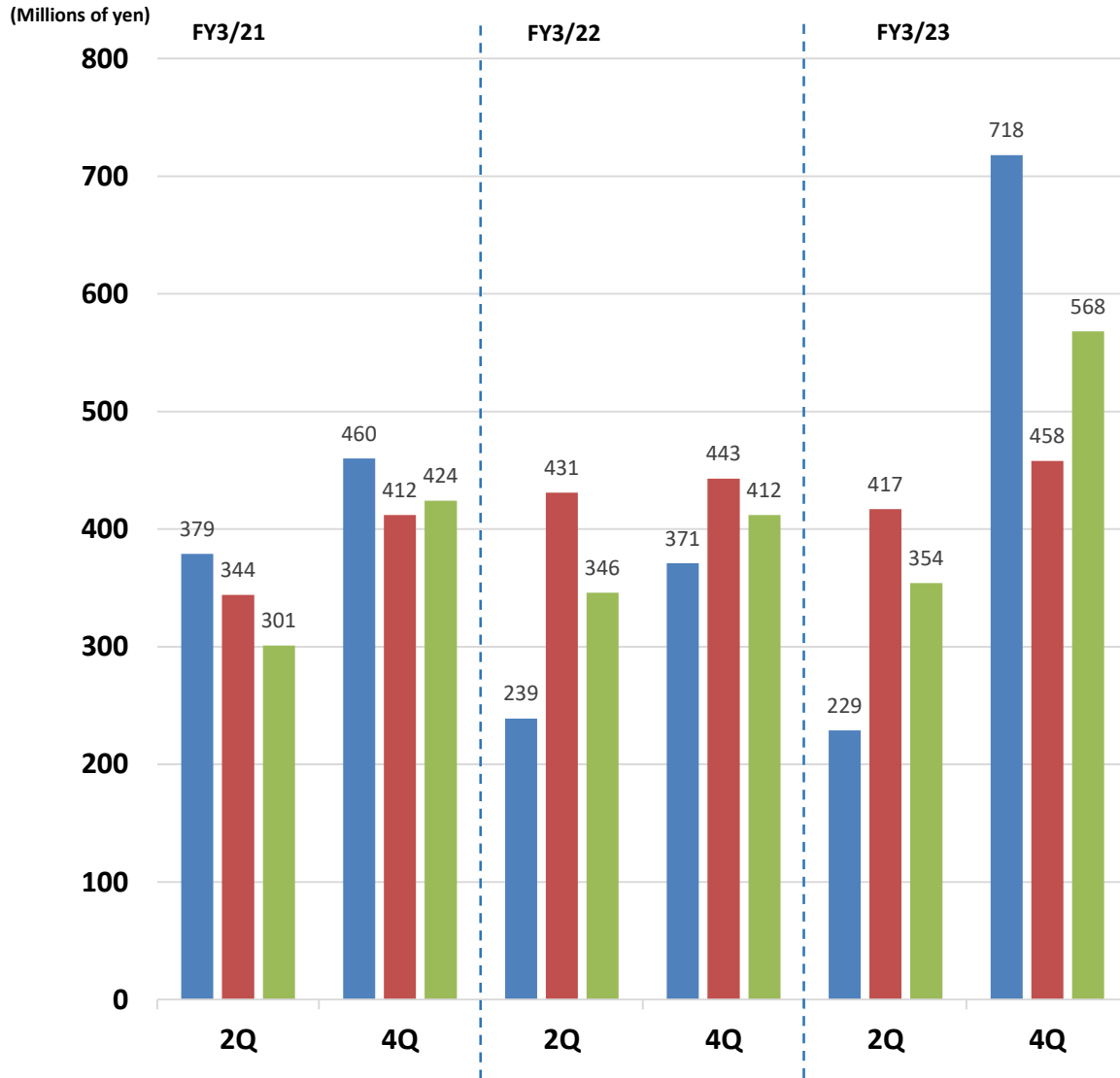
Record high sales in all product categories except rotary displacement pumps.
Double-digit growth of sales of magnetic drive pumps and metering pumps, the two core product categories.



FY3/23 sales (Millions of yen)	YoY change (Millions of yen)	YoY change (%)
11,988	1,160	+10.7%
6,416	932	+17.0%
5,135	892	+21.0%
2,012	-106	-5.0%
1,870	304	+19.4%
1,951	325	+20.1%
2,811	60	+2.2%
5,544	1,719	+45.0%

Strong semiconductor/liquid crystal category growth in Japan and strong growth of sales in the U.S. water treatment category and Chinese medical equipment and semiconductor/liquid crystal categories. Record high sales in all regions.





	FY3/23 sales (Millions of yen)	YoY change
■ Capital expenditures	948	+337
■ R&D expenses	875	+0
■ Depreciation	923	+163

II. Outlook for FY3/24

Forecast double-digit sales growth due to the first full-year contribution of newly consolidated subsidiaries and other reasons. Forecast higher earnings but a decrease in profit attributable to owners of parent because of the large extraordinary income in FY3/23.

	FY3/23	FY3/24 (Forecast)		
	Amount (Millions of yen)	Amount (Millions of yen)	Differences	YoY change
Net sales	37,730	44,181	6,450	+17.1%
Gross profit (Gross margin)	12,923 (34.3%)	16,600 (37.6%)	3,676	+28.4%
Operating profit (Operating margin)	2,443 (6.5%)	3,920 (8.9%)	1,477	+60.5%
Ordinary profit	3,933	4,302	368	+9.4%
Profit attributable to owners of parent	4,398	3,115	-1,283	-29.2%
Net income per share (Yen)	200.35	141.79	-58.56	-29.2%
Return on equity (ROE)	16.3%	10.4%	-	(-5.8pt)
Return on invested capital (ROIC)	7.4%	9.3%	-	(+1.9pt)
Exchange rate (average)	USD/JPY (Yen)	131.64	136.00	
	EUR/JPY (Yen)	138.15	143.00	
	HKD/JPY (Yen)	18.08	17.40	
	CNY/JPY (Yen)	19.86	19.70	

1 Sales: Expect to achieve the 10-year vision numerical target of ¥40 billion one year early

- ✓ First full-year contribution of subsidiaries newly consolidated in FY3/23 (Iwaki Hong Kong Group, Iwaki Shanghai)
*Both subsidiaries were added to the consolidated income statement in 4Q FY3/23
- ✓ Sales contributions of Iwaki Hong Kong Group to medical equipment and Iwaki Shanghai to semiconductor/liquid crystal; forecast strong U.S. water treatment sales to continue.
- ✓ Foreign exchange movements are expected to add ¥346 million to sales compared with FY3/23.
- ✓ Forecast overseas sales pct. to surpass Japan with Japan sales of ¥20.1 billion and overseas sales of ¥24.0 billion.

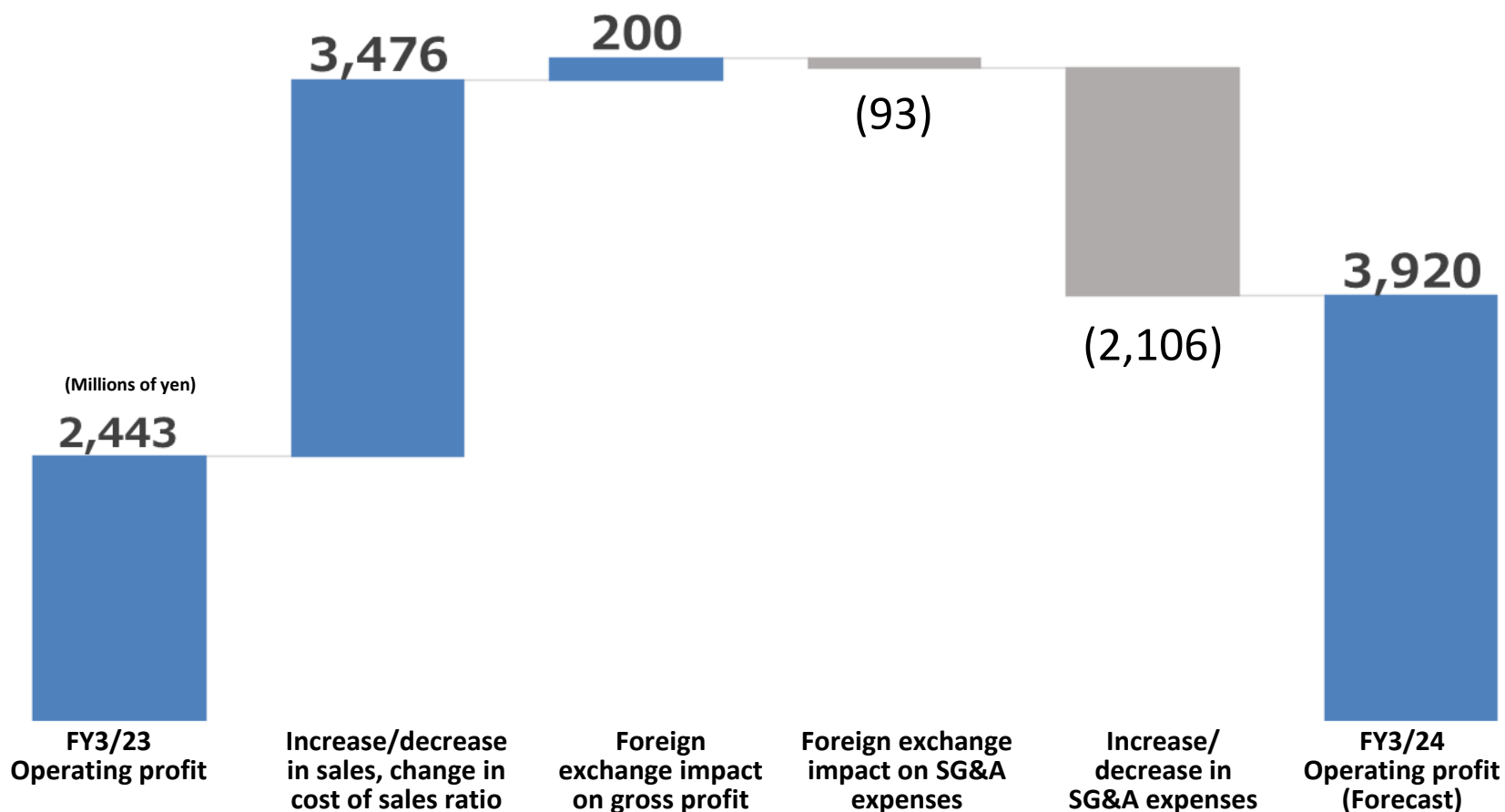
2 Operating profit: A big increase mainly because of sales growth and the full-year contribution of newly consolidated subsidiaries

- ✓ Forecast a 28.4% increase in gross profit due to sales growth and a lower cost of sales ratio resulting from higher sales.
- ✓ A 60.5% increase in operating profit but goodwill amortization for the newly consolidated subsidiaries related to the order backlog is expected to hold down FY3/24 earnings growth.

3 Profit attributable to owners of parent: Lower because of the substantial non-operating income and extraordinary income in FY3/23

- ✓ Forecast uses conservative estimates of equity-method income from companies in Taiwan and South Korea.
- ✓ Forecast a 29.2% decrease; FY3/23 earnings included a large tax refund (non-operating income) and gain on step acquisitions (extraordinary income); similar non-operating income and extraordinary income is not expected in FY3/24.

Effect of ¥1 exchange rate change	USD	EUR	HKD	CNY
Net sales	68 million yen	34 million yen	191 million yen	149 million yen
Operating profit	21 million yen	15 million yen	67 million yen	51 million yen



Semiconductor/liquid crystal is a priority market targeted for growth beginning in FY3/24.

Priority markets targeted for growth

	Japan	Overseas
Water treatment market	<ul style="list-style-type: none"> • Strong demand in the sewage treatment, waste material processing and industrial effluent treatment markets • Disinfection, ionized water and hydroponics markets are growing for food safety, disaster resilience and other purposes • Recovery of the disinfection, cooling tower and boiler markets due to the return of foreign tourists to Japan 	<ul style="list-style-type: none"> • Strong sales of equipment and systems using water treatment membranes • Strong sales for disinfection applications involving protection of the environment
Medical equipment market	<ul style="list-style-type: none"> • A recovery has started in all categories of this market • Increasing signs of a recovery from the 2021 downturn in demand for clinical trial equipment (immunology analyzers and biochemical analyzers) but all equipment manufacturers are having difficulty purchasing parts and materials • Market for endoscope sterilization equipment is recovering just as the clinical trial equipment market is, but all equipment manufacturers are having difficulty purchasing parts and materials • Recovery in maintenance/replacement demand in the dialysis equipment sector 	<ul style="list-style-type: none"> • All sectors of this market are recovering • Increasing pace of recovery in demand for clinical trial equipment (immunology analyzers and biochemical analyzers), but there are difficulties involving logistics and procuring parts and materials at all equipment manufacturers
New energy market	<ul style="list-style-type: none"> • Big investments planned by manufacturers of fuel cells, battery recycling equipment and other new energy sector products • Recovery in some demand for household fuel cell production recovered due to start of projects 	<ul style="list-style-type: none"> • Large volume of sales involving rechargeable battery investments in Asia as well as Europe and North America
Semiconductor/liquid crystal market	<ul style="list-style-type: none"> • Uncertainty in demand for pumps used by semiconductor/liquid crystal production equipment manufacturers 	<ul style="list-style-type: none"> • Negative effects of the postponement of some capital expenditures for foundries but the impact is negligible and the overseas market overall remains firm
Chemicals market	<ul style="list-style-type: none"> • Firm demand related to development of value-added products • Continuation of the reorganization of the petrochemicals sector • Rising demand resulting from resin recycling due to environmental restrictions and other reasons 	<ul style="list-style-type: none"> • Substantial investments in Europe, North America and Asia by manufacturers of rechargeable battery materials • Large volume of investments in the U.S. and Asia for producing chemicals used for manufacturing semiconductors
Surface treatment equipment market	<ul style="list-style-type: none"> • Growing 5G and digital technology investments are raising demand for electronic components • Automobile production is recovering from the downturn of recent years but the supply of automotive parts has yet fully recovered 	<ul style="list-style-type: none"> • Increasing demand for electronic devices for automotive applications and the metaverse • Large volume of capital expenditures for package substrates and substrates for automotive devices

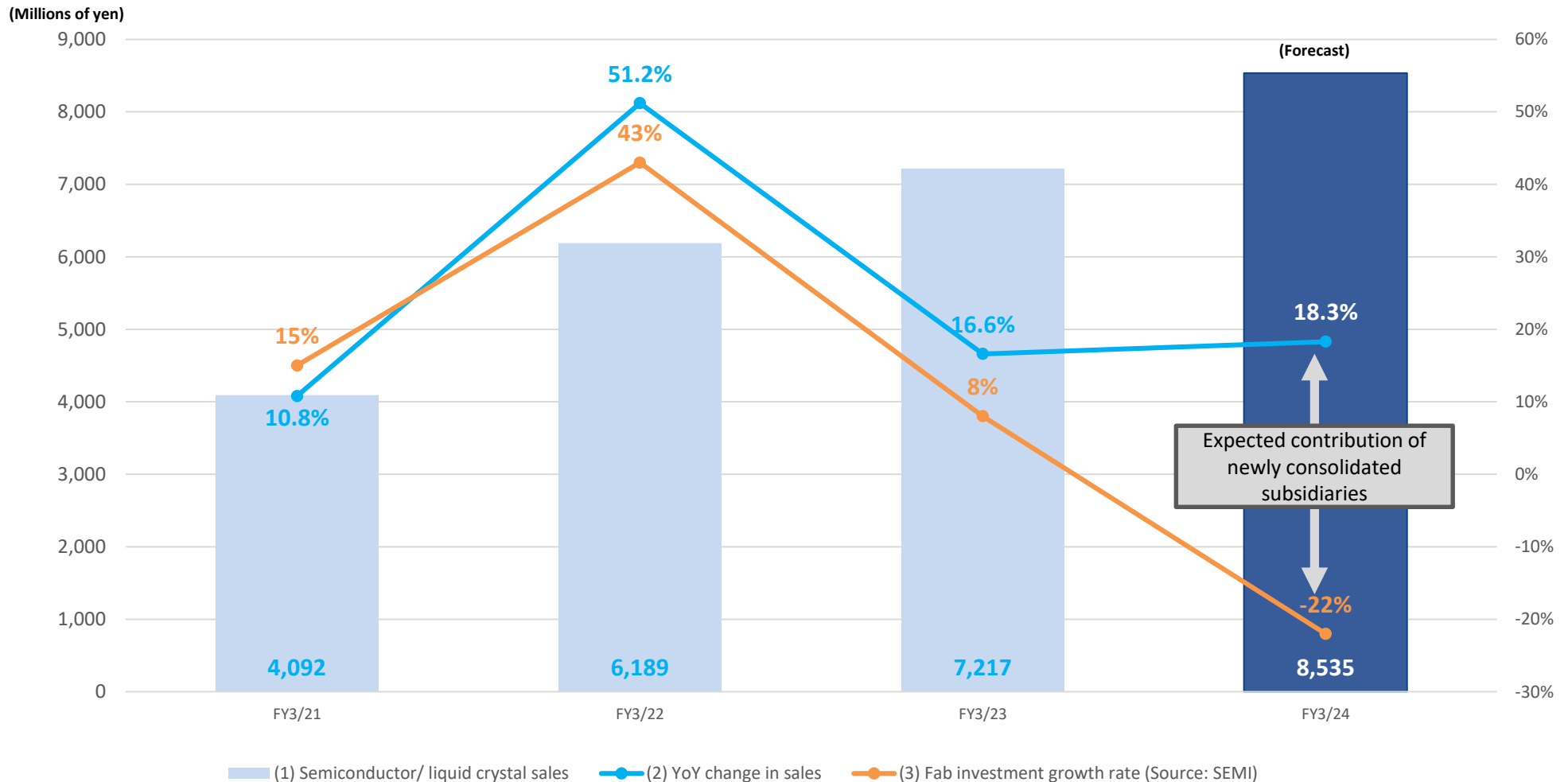
Forecast higher sales mainly in the U.S. water treatment market, and the Chinese semiconductor/liquid crystal market and medical equipment market

	FY3/23 Results (Millions of yen)	FY3/24 Forecast (Millions of yen)	Differences	YoY change
Water treatment	9,217	10,543	1,326	+14.4%
Semiconductor/ liquid crystal	7,217	8,535	1,317	+18.3%
Medical equipment	5,547	6,933	1,386	+25.0%
Chemicals	3,678	4,455	776	+21.1%
Surface treatment equipment	2,714	3,268	554	+20.4%
New energy	847	1,128	280	+33.1%
Others	8,506	9,315	809	+9.5%
Total	37,730	44,181	6,450	+17.1%

Forecast higher sales of magnetic drive pumps, metering pumps and pneumatic drive pumps associated with market category forecasts.

	FY3/23 Results (Millions of yen)	FY3/24 Forecast (Millions of yen)	Differences	YoY change
Magnetic drive pumps	11,988	14,119	2,131	+17.8%
Metering pumps	6,416	7,894	1,478	+23.0%
Pneumatic drive pumps	5,135	6,160	1,024	+20.0%
Rotary displacement pumps	2,012	2,467	455	+22.6%
Air pumps	1,870	2,444	573	+30.7%
Systems products	1,951	1,967	16	+0.8%
Purchased products	2,811	2,885	74	+2.6%
Others	5,544	6,241	696	+12.6%
Total	37,730	44,181	6,450	+17.1%

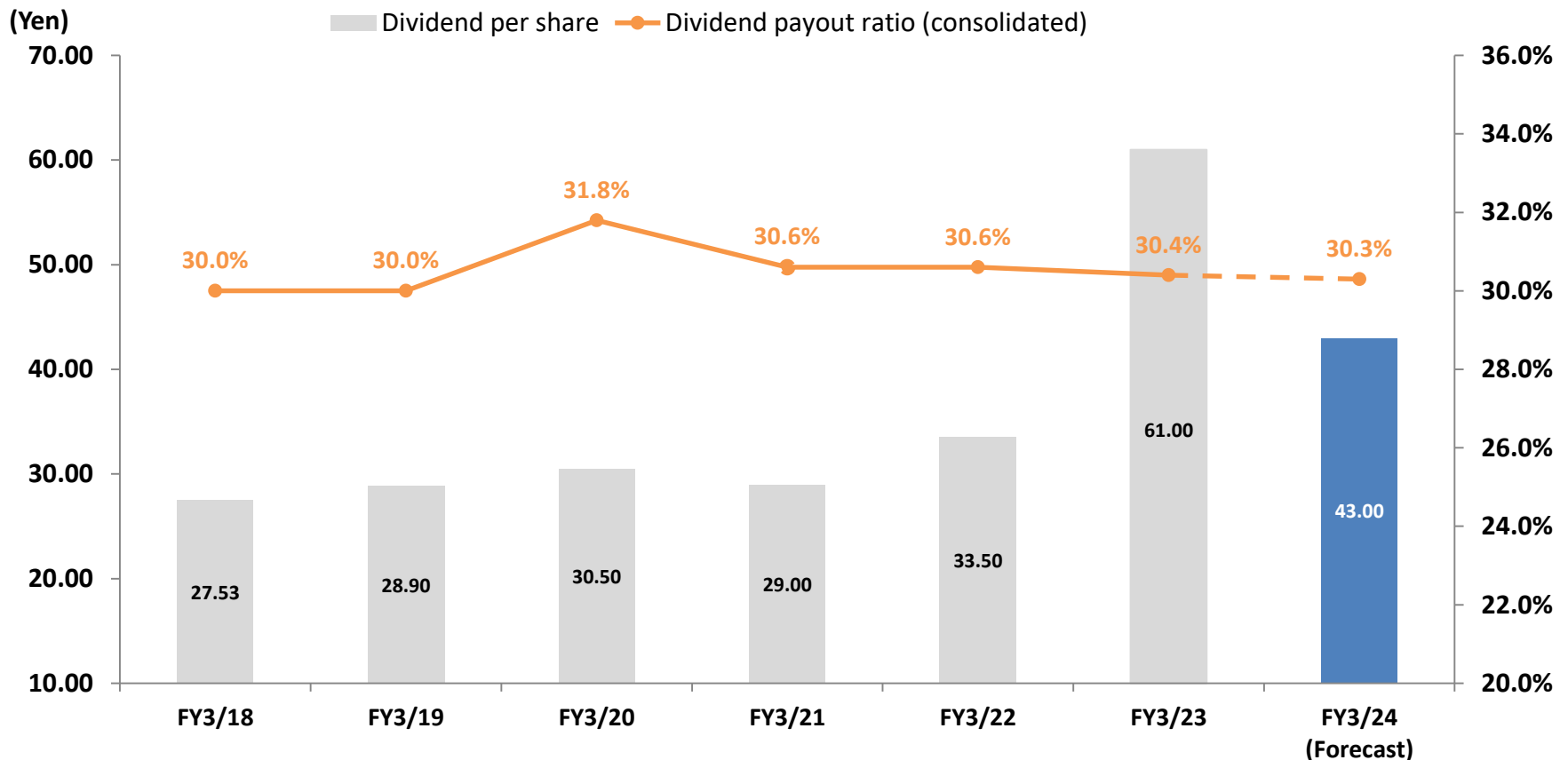
Forecast a big increase in overseas sales due primarily to the first full-year consolidation of Iwaki Shanghai.



* The fab investment growth rate uses 2020 data for FY3/21 (same in following years too)

Basic policy

- Dividend payout ratio: more than 30%
- Steady distribution of dividends



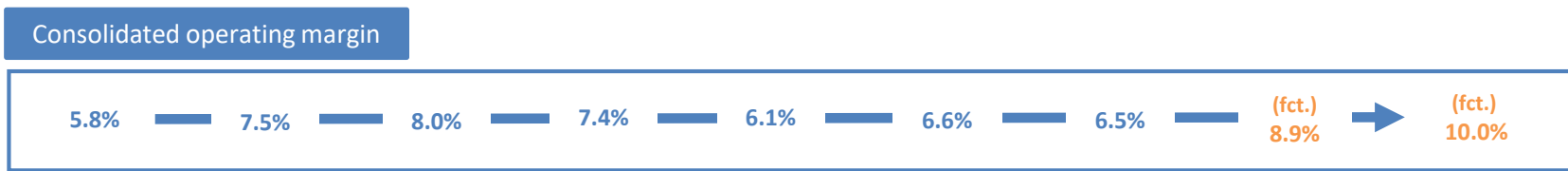
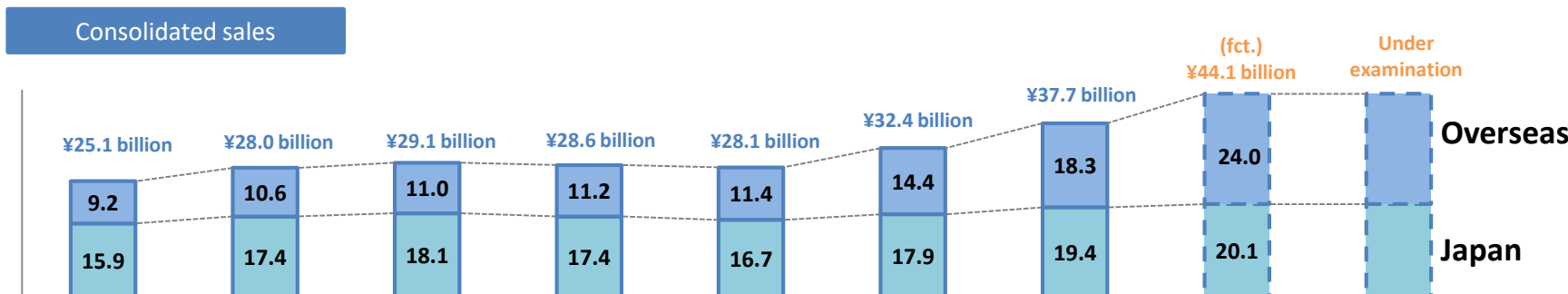
Note: Dividends for FY3/18 are adjusted (with fractions after the hundredths place dropped) to reflect the 3-for-1 common stock split on July 1, 2018.

III. Medium-term Management Plan Reaping Benefits

1 Overview of the 10-Year Vision

Planting seeds			Business development and growth			Reaping benefits		
FY3/17	FY3/18	FY3/19	FY3/20	FY3/21	FY3/22	FY3/23	FY3/24	FY3/25

Numerical targets



Qualitative targets

To supply the world's best products as All Iwaki

– We will work together to supply the world's best products, quality, value, and services –

“Change & Challenge” is our stance for accomplishing this goal

– We will firmly establish a corporate culture of never being afraid of change and new challenges –

Key goals of the reaping benefits phase

Maximize group synergies with the newly consolidated China Group

Converting the China Group companies to subsidiaries will have a significant positive impact on consolidated sales and earnings as well as on business operations and management. Iwaki generates synergies that will benefit all group companies and contribute to the sustained growth of the China Group companies. Furthermore, maximizing benefits of this step is expected to further improve customer satisfaction.

→ **China Group is the second-largest overseas group in terms of sales after the U.S. Group and is making a big contribution to overseas sales. To benefit from even more synergies, activities will be needed to strengthen linkage of operations involving sales, production and administration.**

Realignment of market for growth

Studies are under way for upgrading semiconductor/liquid crystal as a market for growth. Semiconductor/liquid crystal is currently designated as a market for retention. The business climate for semiconductors is changing dramatically because of increasing use of digital technologies, the rising need for the digital transformation and other trends. Semiconductor/liquid crystal needs to be upgraded to a market targeted for growth from a long-term perspective too.

→ **In FY3/24, semiconductor/liquid crystal was shifted from a retention market to a priority market targeted for growth.**

Key goals of the reaping benefits phase

Repositioning of the solutions business

The solutions business has assisted many customers in a variety of ways but is still not fully utilizing the technologies and services of Iwaki. To provide solutions at an even higher level, this business will be even more clearly positioned as a source of products and services that precisely target customers' needs and issues, as well as solutions for the efficient use of information. Increasing customer satisfaction is the goal of all these activities.

→ **Start of the Future Concept Project for Water Quality.**

The next long-term vision centered on the theme of sustainability

A project has started to establish the long-term vision that will follow the current one that ends in FY3/25. Solving social issues to create a sustainable society while increasing corporate value is becoming increasingly important. This is why Iwaki is working on the next vision by placing emphasis on management with a focus on sustainability.

→ **Starting studies to create a proposal for Iwaki's next long-term vision using a rough draft established in FY3/23.**

The current 10-year vision goes to
FY3/25

Numerical targets

Consolidated sales
¥40.0 billion

Consolidated operating margin
10%

Qualitative targets

“To supply the world’s best products
as All Iwaki”

“Change & Challenge” is our stance
for accomplishing this goal



The New Long-term Vision Establishment Project
started in April 2022

Business operations

Sustainability

Issues/Roles of Iwaki
(Rough draft)

Started activities in FY3/24 for the
determination of the new vision

IV. Appendix

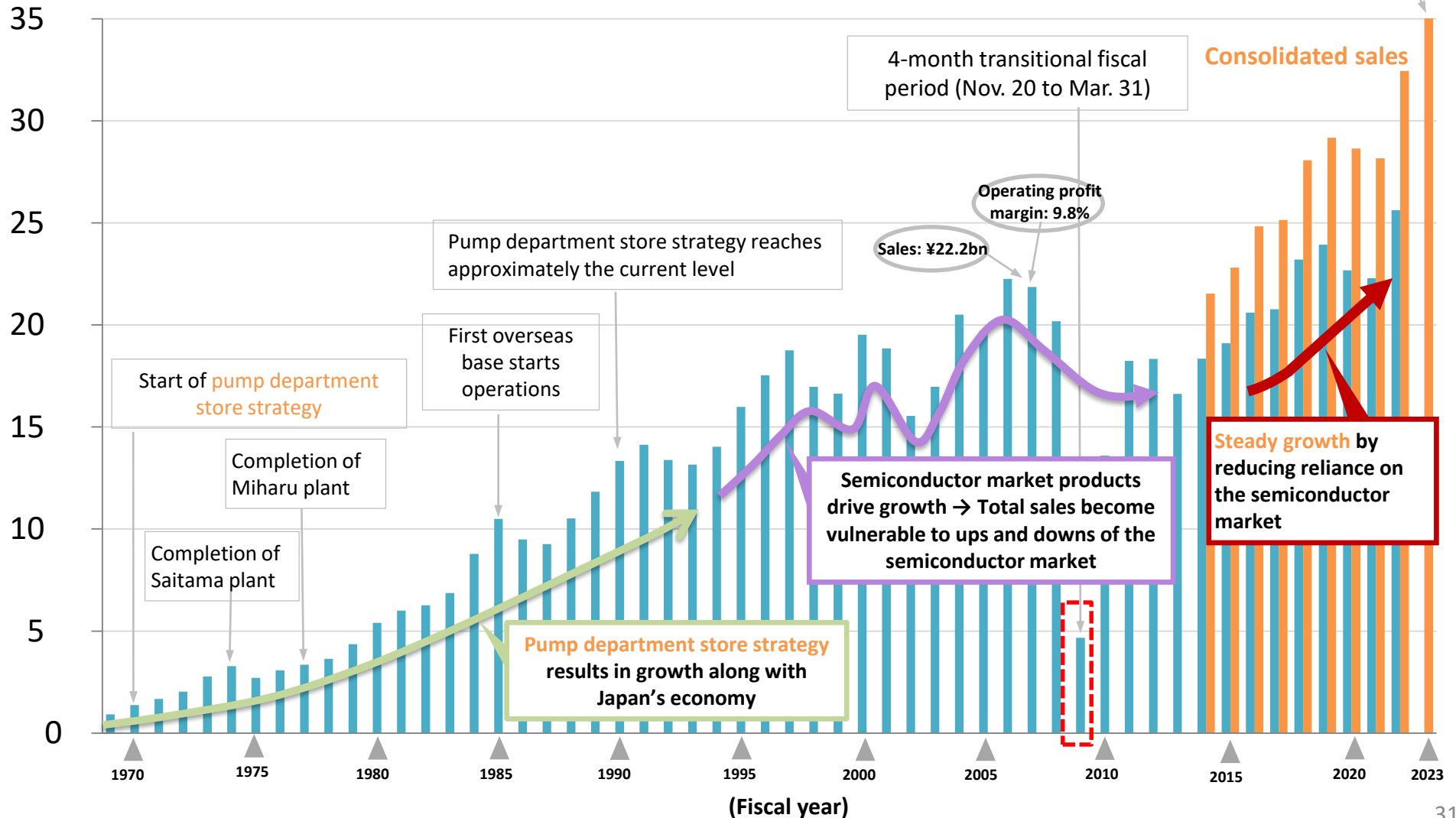


Name	<p>IWAKI CO., LTD</p> <p>A manufacturer of a broad line of chemical pumps</p>
Establishment	April 10, 1956
Representative	Shigeru Fujinaka
Head office	2-6-6, Kanda Suda-cho, Chiyoda-ku, Tokyo
Capital	1,044.69 million yen (as of the end of March 2023)
Number of Employees	Consolidated: 1,112/Non-consolidated: 781 (as of the end of March 2023)
Business	Development, manufacture, purchase, sale and other activities for chemical pumps and pump controllers and other pump peripherals
Listing:	Prime Section of the Tokyo Stock Exchange (Trade name: Iwaki Pump/Stock code: 6237)

Sales: ¥37.7bn

Non-consolidated Sales

(Billions of yen)



Chemical pumps are used for the transmission of chemicals and other substances



Unlike water pumps, chemical pumps are used for the transmission of many types of liquids, including sulfuric acid and other hazardous chemicals.



**Chemical pumps must meet very high safety standards
(No leaks)**

1

**A diverse lineup of products
to meet our customers' requirements**

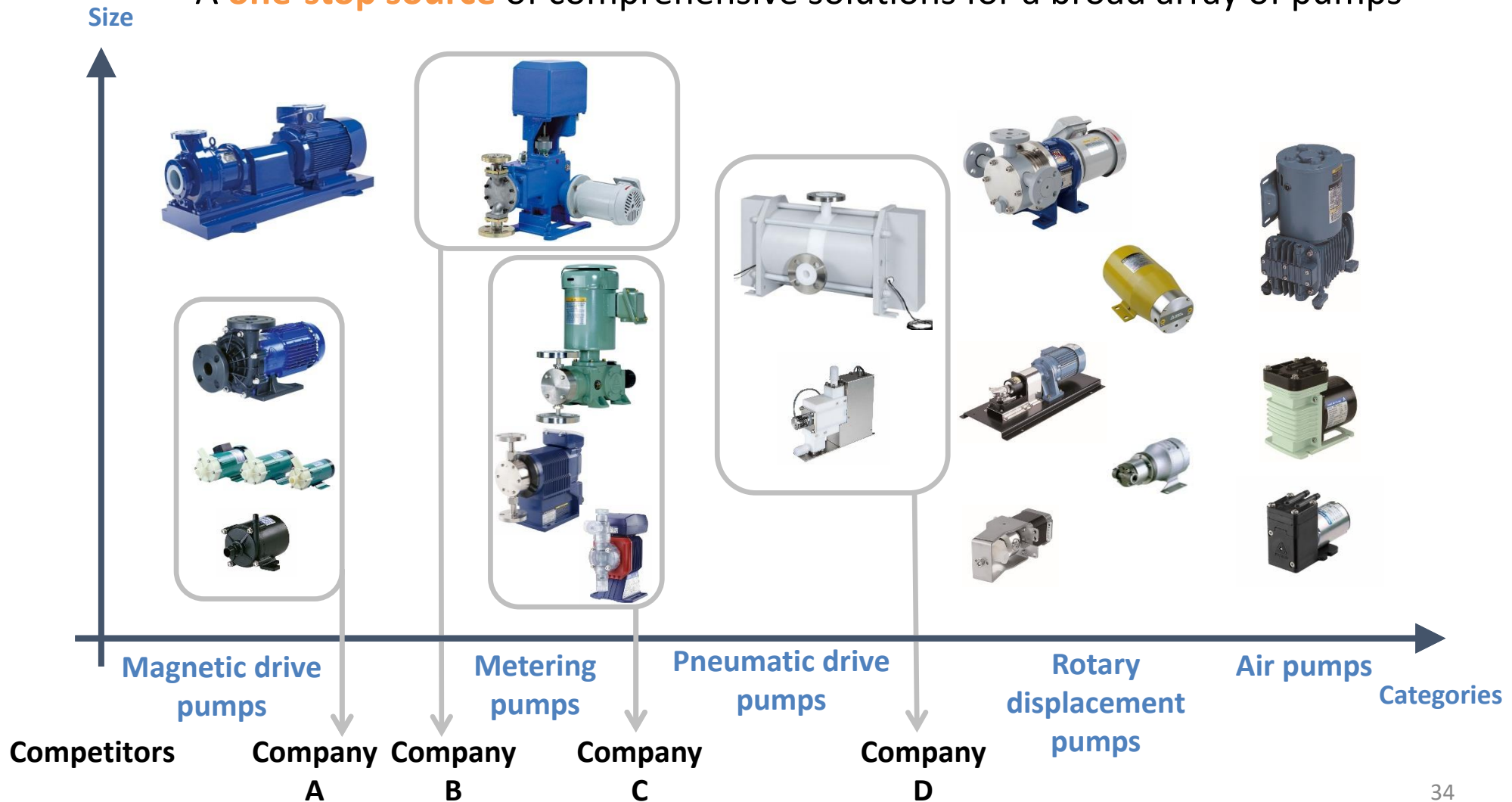
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**Strong customer support backed by a
global production, sales and support infrastructure**

3

**Able to create solutions using fluid control functions
centered on pumps**

More than 60 series of pump models and **tens of thousands of models**
 A **one-stop source** of comprehensive solutions for a broad array of pumps

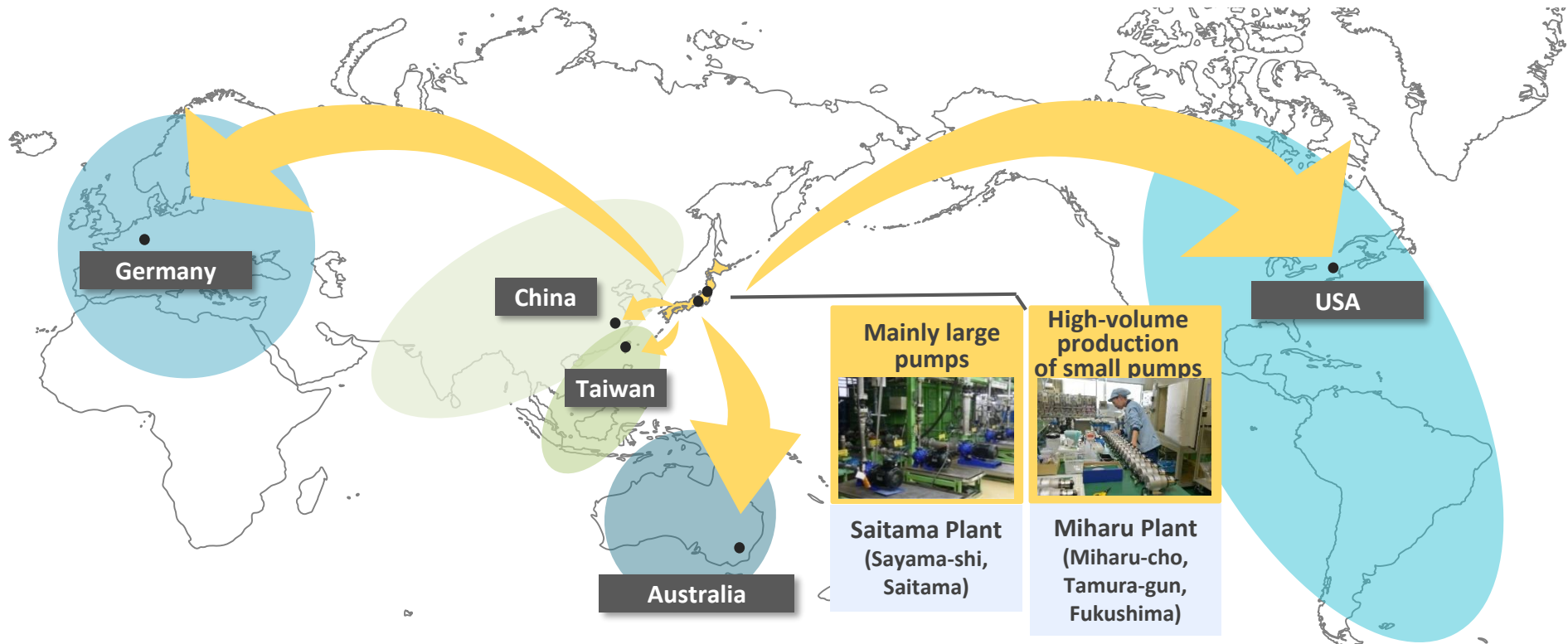


6 Strengths That Define Iwaki Global Manufacturing Network

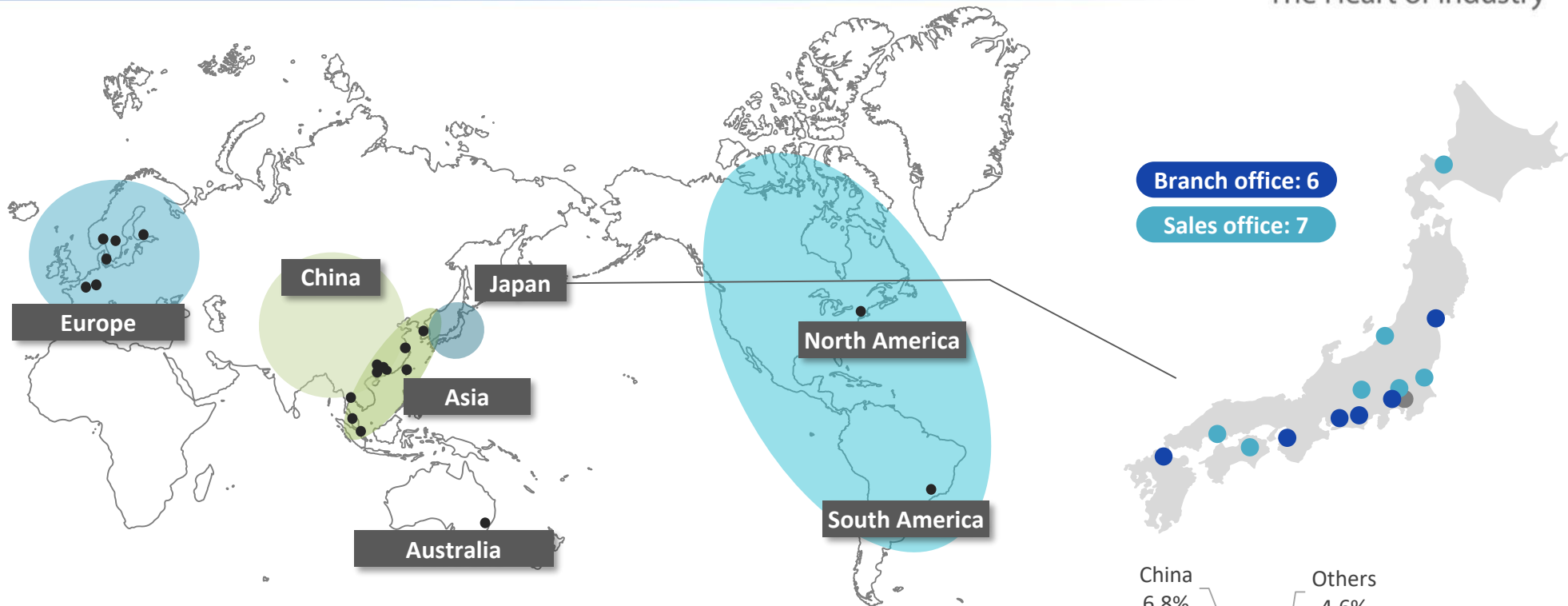
Annual capacity of around 800,000 units with the ability to make many models in small quantities

Japan: Small-lot production of many models and highly reliable quality assurance systems

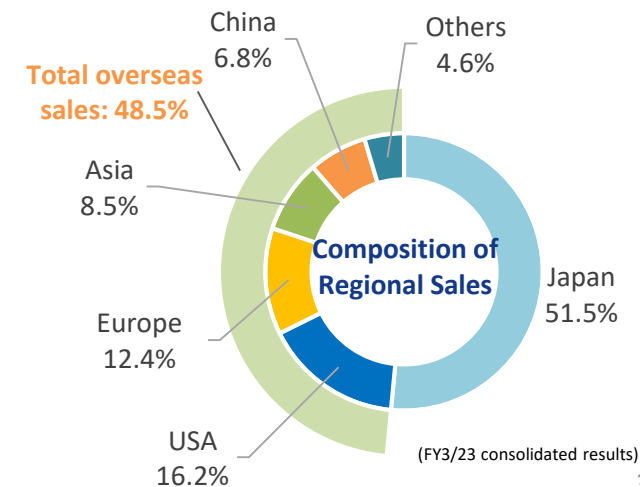
Overseas: Five locations manufacture pumps using main parts (knock-down manufacturing), resulting in efficiency for deliveries and inventories



Strengths That Define Iwaki A Global Sales and Support Infrastructure



Branch offices and sales offices in 13 major cities Japan in addition to the head office
A worldwide sales and service network with 21 group companies in 15 countries



Iwaki uses pump and fluid control expertise to create **solutions** that match the **needs** of every customer

Iwaki



Pumps



Fluid control expertise



Problems requiring solutions

Needs



Users (Customers)



Ideas for problems and other needs

Solutions



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:
Business Management Department,
Business Management Head Office,
IWAKI CO.,LTD.

E-mail: ir@iwakipumps.jp

Operating hours: 9:00 to 17:30

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

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