

May 12, 2023

## Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2023

[Japanese GAAP]

Company name: IWAKI CO.,LTD.

Listing: Tokyo Stock Exchange

Stock code: 6237

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

Representative: Shigeru Fujinaka, President

Contact: Makoto Inoue, Executive Officer,

Senior General Manager of Business Management Head Office

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Scheduled date of Annual General Meeting of Shareholders: June 29, 2023

Scheduled date of payment of dividend: June 30, 2023

Scheduled date of filing of Annual Securities Report: June 30, 2023

Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: Yes (for institutional investors and analysts)

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

### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 – March 31, 2023)

(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, 2023	37,730	16.3	2,443	14.2	3,933	31.5	4,398	83.5
Fiscal year ended Mar. 31, 2022	32,439	15.2	2,139	25.4	2,992	34.7	2,396	14.6

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2023: 4,701 (up 30.5%)

Fiscal year ended Mar. 31, 2022: 3,602 (up 43.3%)

	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, 2023	200.35	-	16.3	9.4	6.5
Fiscal year ended Mar. 31, 2022	109.37	-	10.1	8.5	6.6

Reference: Equity in earnings of affiliates (million yen) Fiscal year ended Mar. 31, 2023: 1,020

Fiscal year ended Mar. 31, 2022: 801

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2023	45,310	28,984	63.6	1,312.59
As of Mar. 31, 2022	37,963	25,251	66.3	1,149.41

Reference: Owner's equity (million yen) As of Mar. 31, 2023: 28,839 As of Mar. 31, 2022: 25,177

(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, 2023	1,914	(1,518)	(419)	8,692
Fiscal year ended Mar. 31, 2022	2,710	(429)	(579)	8,573

### 2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Fiscal year ended Mar. 31, 2022	-	12.00	-	21.50	33.50	733	30.6	3.1
Fiscal year ended Mar. 31, 2023	-	27.00	-	34.00	61.00	1,338	30.4	5.0
Fiscal year ending Mar. 31, 2024 (forecast)	-	16.00	-	27.00	43.00		30.3	

### 3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2024 (April 1, 2023 – March 31, 2024)

(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	21,667	21.7	1,742	46.9	1,951	(11.5)	1,363	(54.4)	62.05
Full year	44,181	17.1	3,920	60.5	4,302	9.4	3,115	(29.2)	141.79

**\* 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 13 “3. Consolidated Financial Statements and Notes, (5) Notes to Consolidated Financial Statements, Changes in Consolidated Subsidiaries during the Period” for details.

(2) 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 13 “3. Consolidated Financial Statements and Notes, (5) Notes to Consolidated Financial Statements, Changes in Accounting Policies” for details.

(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, 2023: 22,490,910 shares As of Mar. 31, 2022: 22,490,910 shares

2) Number of treasury shares at the end of the period

As of Mar. 31, 2023: 519,393 shares As of Mar. 31, 2022: 585,863 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2023: 21,954,774 shares Fiscal year ended Mar. 31, 2022: 21,913,149 shares

**Reference: Summary of Non-consolidated Financial Results**

**Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 – March 31, 2023)**

(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, 2023	27,902	8.9	1,664	(16.8)	3,379	27.6	2,861	28.5
Fiscal year ended Mar. 31, 2022	25,622	14.9	2,002	61.7	2,649	41.6	2,227	48.5

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2023	130.35	-
Fiscal year ended Mar. 31, 2022	101.66	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2023	33,942	21,325	62.8	970.61
As of Mar. 31, 2022	31,350	19,464	62.1	888.58

Reference: Shareholders' equity (million yen): As of Mar. 31, 2023: 21,325 As of Mar. 31, 2022: 19,464

\* 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 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 the financial results

Iwaki plans to hold a financial results meeting for institutional investors and analysts on May 29, 2023. Materials to be distributed at this event will be available on the Company's website in advance.

## Contents of Attachments

1. Overview of Results of Operations	2
(1) Results of Operations	2
(2) Financial Position	3
2. Basic Approach to the Selection of Accounting Standards	4
3. Consolidated Financial Statements and Notes	5
(1) Consolidated Balance Sheet	5
(2) Consolidated Statements of Income and Comprehensive Income	7
Consolidated Statement of Income	7
Consolidated Statement of Comprehensive Income	8
(3) Consolidated Statement of Changes in Equity	9
(4) Consolidated Statement of Cash Flows	11
(5) Notes to Consolidated Financial Statements	13
Going Concern Assumption	13
Changes in Consolidated Subsidiaries during the Period	13
Changes in Accounting Policies	13
Segment and Other Information	14
Per Share Information	15
Business Combinations	16
Subsequent Events	17

## 1. Overview of Results of Operations

### (1) Results of Operations

#### 1) Operating results for the current fiscal year

Orders at the Iwaki Group were strong during the fiscal year that ended on March 31, 2023 as economic activity began returning to normal in Japan following the pandemic and capital expenditures recovered. The outlook remains uncertain because of concerns about the impact on corporate earnings of the high cost of raw materials, restrictions on supplies of these materials, the effects on Japan's economy of an economic downturn in other countries, and other events.

Iwaki has been taking many actions in Japan to improve its corporate value based on the core policy of "winning by improving customer satisfaction" with priority on sales activities closely linked to front-line operations. 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."

Sales and earnings increased due mainly to the strong performance of the semiconductor/liquid crystal, medical equipment and water treatment categories. Sales in the semiconductor/liquid crystal category increased despite a slowdown of the semiconductor market overall. This growth was the result of a smaller decline at Iwaki than in the semiconductor industry overall and a large order backlog due to very strong demand when the orders were received. In the medical equipment category, growth was attributable to a recovery in sales in China and the consolidation of subsidiaries in China beginning with the fourth quarter of the fiscal year. In the water treatment category, strong growth in sales continued in the United States.

Sales in Japan increased 7.9% to 19,419 million yen because of higher sales in the semiconductor/liquid crystal category and all other categories. Overseas, sales in the United States rose 41.8% to 6,100 million yen as a result of the strong performance of the water treatment category as well as higher sales in all other categories. In Europe, sales increased 17.6% to 4,671 million yen mainly because of higher sales in the chemicals category and at the Nordic Group. In South Korea, sales increased 12.1% to 3,213 million yen mainly because of higher sales in the semiconductor/liquid crystal and surface treatment equipment categories. Sales in China increased 26.1% to 2,578 million yen because of higher sales in the medical equipment category and newly consolidated subsidiaries.

In product categories, strong sales of mainline magnetic pumps, metering pumps and pneumatic-drive pumps in the semiconductor/liquid crystal category, which are all core products of the Iwaki Group, were the primary source of growth.

As a result, consolidated net sales increased 16.3% to 37,730 million yen.

Operating profit increased 14.2% from one year earlier to 2,443 million yen. This was the net result of the contribution to earnings of sales growth and the negative effects of increases in logistics expenses involving manufacturing, bonuses and other personnel expenses, advertising and marketing expenses involving participation at overseas trade shows, higher travel expenses as pandemic restrictions on outings ended, and goodwill amortization involving a subsidiary in China. In non-operating income, there was an increase in the share of profit of entities accounted for using the equity method and an income from refund. As a result, ordinary profit was up 31.5% to 3,933 million yen. Due to extraordinary income of 1,227 million yen for a gain on step acquisitions, profit attributable to owners of parent increased 83.5% to 4,398 million yen.

There is no business segment information because chemical pumps are the only business of the Iwaki Group.

#### 2) Outlook

The outlook is expected to remain unclear because of the high cost of parts and raw materials, geopolitical risk due to the prolonged Ukraine conflict, foreign exchange rate movements and other reasons. Despite these challenges, we forecast higher sales because of the inclusion of the sales of IWAKI Pumps Co., Ltd. and IWAKI Pumps (Shanghai) Co., Ltd., which became consolidated subsidiaries in September 2022, and more

growth in water treatment category sales in the United States.

In Japan, there will be many activities based on the theme of “winning as a provider of solutions” that target pump replacement demand and maintenance services. In addition, we will strive to further expand sales by strengthening solution sales. Overseas, we will create even closer ties with affiliated companies with the goal of more growth in overseas markets.

Based on this outlook, we forecast a 17.1% increase in net sales to 44,181 million yen, a 60.5% increase in operating profit to 3,920 million yen, a 9.4% increase in ordinary profit to 4,302 million yen, and a 29.2% decrease in profit attributable to owners of parent to 3,115 million yen in the fiscal year ending on March 31, 2024.

These projections are based on information available at the time this report was released. Actual results may differ from projections due to a variety of factors.

## (2) Financial Position

### 1) Assets, liabilities and net assets

#### Assets

Current assets at the end of the current fiscal year were 32,187 million yen, up 4,816 million yen from the end of the previous fiscal year. This was mainly due to increases of 639 million yen in accounts receivable-trade, 600 million yen in electronically recorded monetary claims-operating, 2,376 million yen in merchandise and finished goods and 943 million yen in raw materials and supplies. Non-current assets were 13,122 million yen at the end of the current fiscal year, up 2,530 million yen from the end of the previous fiscal year. This was mainly because of increases of 2,105 million yen in goodwill and 331 million yen in deferred tax assets.

As a result, total assets increased 7,346 million yen from the end of the previous fiscal year to 45,310 million yen.

#### Liabilities

Current liabilities at the end of the current fiscal year were 13,717 million yen, up 2,682 million yen from the end of the previous fiscal year. This was mainly due to increases of 1,194 million yen in notes and accounts payable-trade, 422 million yen in electronically recorded obligations-operating and 607 million yen in contract liabilities. Non-current liabilities were 2,608 million yen at the end of the current fiscal year, up 930 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 265 million yen in other non-current liabilities due to the application of ASC Topic 842 “Leases.”

As a result, total liabilities increased 3,613 million yen from the end of the previous fiscal year to 16,325 million yen.

#### Net assets

Net assets at the end of the current fiscal year were 28,984 million yen, up 3,733 million yen from the end of the previous fiscal year. There were increases of 3,330 million yen in retained earnings and 480 million yen in foreign currency translation adjustment.

Consequently, the capital adequacy ratio was 63.6% (66.3% 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 8,692 million yen, up 118 million yen over the end of the previous fiscal year (an increase of 1,637 million yen in 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 1,914 million yen (2,710 million yen provided in the previous fiscal year). Positive factors include profit before income taxes of 5,166 million yen, which offset negative factors including income taxes paid of 1,355 million yen.

#### Cash flows from investing activities

Net cash used in investing activities was 1,518 million yen (429 million yen used in the previous fiscal year). Negative factors include purchase of property, plant and equipment and intangible assets of 1,294 million yen, which offset positive factors including proceeds from sale of investment securities of 138 million yen.

#### Cash flows from financing activities

Net cash used in financing activities was 419 million yen (579 million yen used in the previous fiscal year). Negative factors include dividends paid of 1,062 million yen, which offset positive factors including proceeds from long-term borrowings of 800 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)	
	FY3/22 (As of Mar. 31, 2022)	FY3/23 (As of Mar. 31, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	8,781,886	8,927,985
Notes receivable-trade	793,843	588,980
Accounts receivable-trade	5,781,820	6,421,063
Electronically recorded monetary claims-operating	3,896,433	4,497,381
Merchandise and finished goods	3,274,488	5,650,511
Work in process	119,888	141,397
Raw materials and supplies	4,285,302	5,228,772
Other	489,283	798,971
Allowance for doubtful accounts	(52,156)	(67,781)
Total current assets	27,370,790	32,187,283
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,866,212	8,144,787
Accumulated depreciation and impairment	(4,184,745)	(4,202,592)
Buildings and structures, net	3,681,467	3,942,195
Machinery, equipment and vehicles	3,246,918	3,496,770
Accumulated depreciation and impairment	(2,775,483)	(2,997,027)
Machinery, equipment and vehicles, net	471,435	499,743
Tools, furniture and fixtures	2,071,207	2,276,945
Accumulated depreciation and impairment	(1,770,695)	(1,902,462)
Tools, furniture and fixtures, net	300,511	374,483
Land	1,043,711	1,049,205
Leased assets	350,172	346,955
Accumulated depreciation	(176,849)	(199,803)
Leased assets, net	173,323	147,151
Construction in progress	16,369	42,148
Other	44,400	760,975
Accumulated depreciation	(34,044)	(379,543)
Other, net	10,356	381,432
Total property, plant and equipment	5,697,174	6,436,360
Intangible assets		
Goodwill	706,796	2,811,839
Trademark right	26,788	19,672
Other	529,048	636,481
Total intangible assets	1,262,634	3,467,992
Investments and other assets		
Investment securities	2,110,109	1,397,352
Deferred tax assets	323,464	655,155
Retirement benefit asset	887,160	789,245
Other	312,168	376,774
Total investments and other assets	3,632,902	3,218,528
Total non-current assets	10,592,711	13,122,881
Total assets	37,963,502	45,310,164

	(Thousands of yen)	
	FY3/22 (As of Mar. 31, 2022)	FY3/23 (As of Mar. 31, 2023)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	2,492,928	3,687,101
Electronically recorded obligations-operating	3,884,760	4,307,453
Short-term borrowings	1,244,747	1,170,500
Current portion of long-term borrowings	75,000	155,000
Lease liabilities	74,399	69,268
Income taxes payable	587,120	331,446
Contract liabilities	44,987	652,603
Provision for bonuses	1,022,448	1,203,618
Provision for bonuses for directors (and other officers)	131,504	325,307
Provision for product warranties	90,778	100,995
Other	1,385,959	1,714,100
<b>Total current liabilities</b>	<b>11,034,634</b>	<b>13,717,396</b>
<b>Non-current liabilities</b>		
Long-term borrowings	562,500	1,167,500
Lease liabilities	124,271	102,588
Retirement benefit liability	-	82,552
Asset retirement obligations	223,382	222,551
Other	767,173	1,033,006
<b>Total non-current liabilities</b>	<b>1,677,327</b>	<b>2,608,199</b>
<b>Total liabilities</b>	<b>12,711,961</b>	<b>16,325,595</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	1,044,691	1,044,691
Capital surplus	674,127	674,127
Retained earnings	22,341,167	25,671,771
Treasury shares	(586,764)	(519,765)
<b>Total shareholders' equity</b>	<b>23,473,221</b>	<b>26,870,823</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,460	530
Foreign currency translation adjustment	669,870	1,150,486
Remeasurements of defined benefit plans	1,033,434	817,833
<b>Total accumulated other comprehensive income</b>	<b>1,704,765</b>	<b>1,968,850</b>
<b>Non-controlling interests</b>	<b>73,554</b>	<b>144,895</b>
<b>Total net assets</b>	<b>25,251,541</b>	<b>28,984,569</b>
<b>Total liabilities and net assets</b>	<b>37,963,502</b>	<b>45,310,164</b>



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

(Thousands of yen)

	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)
Net sales	32,439,738	37,730,407
Cost of sales	21,410,373	24,806,951
Gross profit	11,029,364	12,923,455
Selling, general and administrative expenses	8,889,922	10,480,232
Operating profit	2,139,442	2,443,223
Non-operating income		
Interest income	3,059	15,871
Dividend income	16,224	32,464
Share of profit of entities accounted for using equity method	801,694	1,020,793
Foreign exchange gains	38,450	77,052
Income from refund	-	334,115
Other	37,190	62,924
Total non-operating income	896,619	1,543,223
Non-operating expenses		
Interest expenses	17,936	38,708
Commission expenses	9,424	8,346
Loss on amortization of restricted stock remuneration	-	406
Other	16,199	5,248
Total non-operating expenses	43,560	52,710
Ordinary profit	2,992,500	3,933,736
Extraordinary income		
Gain on sale of non-current assets	172	1,318
Gain on sale of investment securities	140,267	7,592
Gain on step acquisitions	-	1,227,206
Insurance claim income	39,668	-
Other	1,005	232
Total extraordinary income	181,113	1,236,349
Extraordinary losses		
Loss on retirement of non-current assets	10,555	2,418
Loss on sale of non-current assets	862	270
Settlement payments	55,000	-
Other	-	1,103
Total extraordinary losses	66,418	3,792
Profit before income taxes	3,107,195	5,166,293
Income taxes - current	841,884	922,146
Income taxes - deferred	(150,515)	(193,195)
Total income taxes	691,369	728,950
Profit	2,415,826	4,437,342
Profit attributable to non-controlling interests	19,079	38,680
Profit attributable to owners of parent	2,396,747	4,398,662

**Consolidated Statement of Comprehensive Income**

(Thousands of yen)

	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)
Profit	2,415,826	4,437,342
Other comprehensive income		
Valuation difference on available-for-sale securities	(100,962)	(1,121)
Foreign currency translation adjustment	376,587	466,170
Remeasurements of defined benefit plans, net of tax	739,653	(215,600)
Share of other comprehensive income of entities accounted for using equity method	171,730	15,167
Total other comprehensive income	1,187,008	264,615
Comprehensive income	3,602,835	4,701,957
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	3,581,482	4,662,747
Comprehensive income attributable to non-controlling interests	21,352	39,210

**(3) Consolidated Statement of Changes in Equity**

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,044,691	675,384	20,673,009	(456,247)	21,936,836
Changes during period					
Dividends of surplus			(725,680)		(725,680)
Profit attributable to owners of parent			2,396,747		2,396,747
Purchase of treasury shares				(181,687)	(181,687)
Disposal of treasury shares		(1,257)	(2,908)	51,171	47,005
Net changes in items other than shareholders' equity					
Total changes during period	-	(1,257)	1,668,157	(130,516)	1,536,384
Balance at end of period	1,044,691	674,127	22,341,167	(586,764)	23,473,221

(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	102,329	123,917	293,781	520,029	63,611	22,520,477
Changes during period						
Dividends of surplus						(725,680)
Profit attributable to owners of parent						2,396,747
Purchase of treasury shares						(181,687)
Disposal of treasury shares						47,005
Net changes in items other than shareholders' equity	(100,869)	545,952	739,653	1,184,735	9,943	1,194,678
Total changes during period	(100,869)	545,952	739,653	1,184,735	9,943	2,731,063
Balance at end of period	1,460	669,870	1,033,434	1,704,765	73,554	25,251,541

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,044,691	674,127	22,341,167	(586,764)	23,473,221
Changes during period					
Dividends of surplus			(1,064,190)		(1,064,190)
Profit attributable to owners of parent			4,398,662		4,398,662
Change in scope of consolidation					
Purchase of treasury shares				(90)	(90)
Disposal of treasury shares			(3,867)	67,088	63,220
Net changes in items other than shareholders' equity					
Total changes during period	-	-	3,330,604	66,998	3,397,602
Balance at end of period	1,044,691	674,127	25,671,771	(519,765)	26,870,823

(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	1,460	669,870	1,033,434	1,704,765	73,554	25,251,541
Changes during period						
Dividends of surplus						(1,064,190)
Profit attributable to owners of parent						4,398,662
Change in scope of consolidation		(259,919)		(259,919)		(259,919)
Purchase of treasury shares						(90)
Disposal of treasury shares						63,220
Net changes in items other than shareholders' equity	(930)	740,535	(215,600)	524,004	71,340	595,345
Total changes during period	(930)	480,615	(215,600)	264,084	71,340	3,733,028
Balance at end of period	530	1,150,486	817,833	1,968,850	144,895	28,984,569

**(4) Consolidated Statement of Cash Flows**

(Thousands of yen)

	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)
Cash flows from operating activities		
Profit before income taxes	3,107,195	5,166,293
Depreciation	759,607	923,216
Amortization of goodwill	83,520	145,898
Increase (decrease) in allowance for doubtful accounts	22,280	16,837
Increase (decrease) in provision for bonuses	269,179	2,769
Increase (decrease) in provision for bonuses for directors (and other officers)	41,014	193,230
Increase (decrease) in retirement benefit liability	(88,664)	(169,020)
Interest and dividend income	(19,283)	(48,336)
Insurance claim income	(39,668)	-
Income from refund	-	(334,115)
Interest expenses	17,936	38,708
Loss (gain) on sales of investment securities	(140,267)	(7,592)
Foreign exchange losses (gains)	74,171	(212,911)
Share of loss (profit) of entities accounted for using equity method	(801,694)	(1,020,793)
Loss (gain) on step acquisitions	-	(1,227,206)
Decrease (increase) in trade receivables	(786,800)	(125,730)
Decrease (increase) in inventories	(1,707,470)	(2,361,103)
Increase (decrease) in trade payables	1,819,770	688,098
Increase (decrease) in accounts payable-other	61,376	210,919
Increase (decrease) in accrued expenses	88,104	(243)
Increase (decrease) in accrued consumption taxes	(14,130)	(14,120)
Settlement payments	55,000	-
Other, net	(6,403)	158,350
Subtotal	2,794,773	2,023,150
Interest and dividends received	542,956	1,234,910
Proceeds from insurance income	39,668	-
Proceeds from refund	-	45,904
Interest paid	(12,664)	(33,853)
Settlement paid	(55,000)	-
Income taxes paid	(598,827)	(1,355,183)
Net cash provided by (used in) operating activities	2,710,905	1,914,928
Cash flows from investing activities		
Payments into time deposits	(201,063)	(89,402)
Proceeds from withdrawal of time deposits	199,563	86,650
Purchase of property, plant and equipment and intangible assets	(628,194)	(1,294,649)
Proceeds from sale of property, plant and equipment and intangible assets	2,233	1,047
Proceeds from sale of investment securities	198,967	138,227
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(318,534)
Other, net	(697)	(42,193)
Net cash provided by (used in) investing activities	(429,191)	(1,518,854)

	(Thousands of yen)	
	FY3/22	FY3/23
	(Apr. 1, 2021 – Mar. 31, 2022)	(Apr. 1, 2022 – Mar. 31, 2023)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	489,092	48,771
Proceeds from long-term borrowings	-	800,000
Repayments of long-term borrowings	(75,000)	(116,215)
Repayments of lease liabilities	(76,957)	(70,430)
Purchase of treasury shares	(181,687)	(90)
Dividends paid	(723,377)	(1,062,472)
Dividends paid to non-controlling interests	(11,409)	(18,598)
Net cash provided by (used in) financing activities	(579,340)	(419,036)
Effect of exchange rate change on cash and cash equivalents	(64,610)	141,073
Net increase (decrease) in cash and cash equivalents	1,637,764	118,111
Cash and cash equivalents at beginning of period	6,936,133	8,573,897
Cash and cash equivalents at end of period	8,573,897	8,692,008

## **(5) Notes to Consolidated Financial Statements**

### **Going Concern Assumption**

Not applicable.

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

In the fiscal year ended 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.

### **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 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 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 current fiscal year, right-of-use assets, which are included in other, net of property, plant and equipment, increased 419 million yen, lease obligations included in other current liabilities increased 110 million yen, and lease obligations included in other non-current liabilities increased 334 million yen.

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

**Segment and Other Information**

## Segment information

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

## Related information

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

## 1. Information by product or service

(Thousands of yen)					
External sales	Magnetic drive pumps	Metering pumps	Pneumatic drive pumps	Rotary displacement pumps	
	10,828,106	5,483,689	4,243,157	2,118,435	
	Air pumps	System products	Purchased products	Other	Total
1,566,008	1,625,220	2,750,359	3,824,760	32,439,738	

## 2. Information by region

## (1) Net sales

(Thousands of yen)						
Japan	Europe	Americas	Asia	China	Other	Total
17,997,597	3,972,181	4,301,038	2,865,598	2,044,069	1,259,253	32,439,738

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	Germany	Americas	Asia	China	Total
4,770,657	26,821	660,162	188,834	50,698	-	5,697,174

Note: Classification of property, plant and equipment is based on the location of the client and categorized by country or region.

## 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.

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)

## 1. Information by product or service

(Thousands of yen)					
External sales	Magnetic drive pumps	Metering pumps	Pneumatic drive pumps	Rotary displacement pumps	
	11,988,379	6,416,349	5,135,913	2,012,269	
	Air pumps	System products	Purchased products	Other	Total
1,870,536	1,951,083	2,811,215	5,544,660	37,730,407	

## 2. Information by region

## (1) Net sales

(Thousands of yen)						
Japan	Europe	Americas	Asia	China	Other	Total
19,419,737	4,671,588	6,100,975	3,213,210	2,578,515	1,746,379	37,730,407

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	Germany	Americas	Asia	China	Total
5,005,187	46,019	706,259	541,874	56,097	80,923	6,436,360

Note: Classification of property, plant and equipment is based on the location of the client and categorized by country or region.



### Reclassifications

Property, plant and equipment in “Germany,” included in “Europe” in the previous fiscal year, is presented separately from the current fiscal year because it exceeds 10% of property, plant and equipment on the consolidated balance sheet. To conform to this change, “2. Information by region, (2) Property, plant and equipment” for the previous fiscal year has been reclassified.

As a result, “Europe” (686,983 thousand yen) presented in “2. Information by region, (2) Property, plant and equipment” for the previous fiscal year has been reclassified and divided into “Europe” (26,821 thousand yen) and “Germany” (660,162 thousand yen).

### 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.

Information related to impairment losses on non-current assets for each reportable segment

Not applicable.

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.

Information related to gain on bargain purchase for each reportable segment

Not applicable.

### Per Share Information

(Yen)

	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)
Net assets per share	1,149.41	1,312.59
Net income per share	109.37	200.35

Notes: 1. Diluted net income per share is not presented because there are no latent shares.

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

	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)
Profit attributable to owners of parent (Thousands of yen)	2,396,747	4,398,662
Amount not attributable to common shareholders (Thousands of yen)	-	-
Profit attributable to owners of parent applicable to common shares (Thousands of yen)	2,396,747	4,398,662
Average number of shares outstanding (Shares)	21,913,149	21,954,774

## Business Combination

Business combination through acquisition

### 1. Summary of business combination

#### (1) Acquired these companies and business activities

Companies: IWAKI Pumps Co., Ltd. (IPH), IWAKI Pumps (Shanghai) Co., Ltd. (IPS)

Business activities: Sales and import and export of chemical pumps

#### (2) Reasons for acquisition

IPH and IPS operate in China, where rapid economic growth is creating an increasing need for measures to upgrade the social infrastructure and protect the environment. Iwaki believes that making these two companies consolidated subsidiaries will contribute to the growth of business operations.

#### (3) Acquisition date

IPH stock acquisition date: September 20, 2022

IPS equity acquisition date: September 16, 2022

Assumed acquisition date: September 30, 2022

#### (4) Legal form of acquisition

Acquisition of shares and interests with cash

#### (5) Names of companies after acquisition

There is no change in the names of the companies.

#### (6) Percentage of voting rights acquired

Percentage of voting rights immediately before the acquisition: IPH 40%; IPS 40%

Percentage of voting rights additionally acquired on acquisition date: IPH 60%; IPS 50%

Percentage of voting rights after acquisition: IPH 100%; IPS 90%

#### (7) Basis for choosing the company to acquire

Iwaki acquires voting rights of equity-method affiliates IPH and IPS by acquiring their shares and interests in exchange for consideration in cash.

### 2. Period of the acquired companies' performance included in the consolidated financial statements

October 1, 2022 to December 31, 2022

Since the difference between the fiscal year ends of the two acquired companies and the fiscal year end of the consolidated financial statements does not exceed three months, the consolidated financial statements are prepared based on the financial data of these two companies. Consolidation adjustments are made as needed for any significant transactions that happen between the fiscal year end of these companies and the end of the fiscal year for the consolidated financial statements. Results of operations of these two companies before this business combination are included in the share of profit of entities accounted for using the equity method.

### 3. Acquisition cost of acquired company and breakdown by type of consideration

Payment for the acquisition

IPH:

Fair value of stock held prior to the business combination as of the business combination date: 1,250,563 thousand yen

Fair value of stock acquired on the business combination date: 1,875,845 thousand yen

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Acquisition cost: 3,126,408 thousand yen

**IPS:**

Fair value of stock held prior to the business combination as of the business combination date:	524,233 thousand yen
Fair value of stock acquired on the business combination date:	655,291 thousand yen
Acquisition cost:	1,179,525 thousand yen

**4 Major acquisition-related expenses**

Advisory fees, etc.: 31,805 thousand yen

**5. Goodwill resulting from the acquisition****(1) Goodwill**

IPH: 1,667,028 thousand yen

IPS: 698,418 thousand yen

The amounts of goodwill are provisional because the allocation of the acquisition cost in the fiscal year that ended in March 2023 has not been finalized.

**(2) Source of goodwill**

Goodwill is mainly the increase in profitability that is expected from the business operations of these two companies.

**(3) Amortization method and amortization period**

Goodwill is to be amortized using the straight-line method over 10 years, using a provisional accounting treatment.

**6. Allocation of acquisition cost**

As of March 31, 2023, the recognition of assets and liabilities that can be identified and calculation of fair values as of the business combination date had not been completed. As a result, the allocation of the acquisition cost as well has not been completed and a provisional accounting treatment based on information that was available at that time and believed to be reasonable was used.

**Subsequent Events**

Not applicable.

*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.*