

May 13, 2024

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2024

[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: Kiichiro Otsuka, Executive Officer,

Senior General Manager of General Affairs Head Office

Tel: (81)3-3254-2931

Scheduled date of Annual General Meeting of Shareholders: June 27, 2024

Scheduled date of payment of dividend: June 28, 2024

Scheduled date of filing of Annual Securities Report: June 28, 2024

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, 2024 (April 1, 2023 – March 31, 2024)

(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, 2024	44,539	18.0	5,465	142.4	6,222	66.1	4,459	4.7
Fiscal year ended Mar. 31, 2023	37,730	16.3	2,254	5.4	3,745	25.2	4,257	77.7

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2024: 5,777 (up 26.7%)

Fiscal year ended Mar. 31, 2023: 4,561 (up 26.6%)

	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, 2024	202.32	-	14.4	13.2	12.3
Fiscal year ended Mar. 31, 2023	193.94	-	15.8	9.0	6.0

Reference: Equity in earnings of affiliates (million yen) Fiscal year ended Mar. 31, 2024: 536

Fiscal year ended Mar. 31, 2023: 1,020

Note: The provisional accounting treatment for a business combination has been finalized in the second quarter of the fiscal year ended March 31, 2024. All figures for the fiscal year ended March 31, 2023 reflect the finalized figures.

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2024	49,098	33,521	67.8	1,507.33
As of Mar. 31, 2023	45,251	28,869	63.4	1,306.53

Reference: Owner's equity (million yen) As of Mar. 31, 2024: 33,282 As of Mar. 31, 2023: 28,706

Note: The provisional accounting treatment for a business combination has been finalized in the second quarter of the fiscal year ended March 31, 2024. All figures as of March 31, 2023 reflect the finalized figures.

(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, 2024	2,564	(2,487)	(1,854)	6,773
Fiscal year ended Mar. 31, 2023	1,914	(1,518)	(419)	8,692

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, 2023	-	27.00	-	34.00	61.00	1,340	31.5	5.0
Fiscal year ended Mar. 31, 2024	-	21.00	-	41.00	62.00	1,368	30.6	4.4
Fiscal year ending Mar. 31, 2025 (forecast)	-	25.00	-	33.00	58.00		30.5	

Note: The provisional accounting treatment for a business combination has been finalized in the second quarter of the fiscal year ended March 31, 2024. All figures for the fiscal year ended March 31, 2023 reflect the finalized figures.

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2025 (April 1, 2024 – March 31, 2025)

(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	23,269	3.7	2,371	(15.5)	2,594	(20.7)	1,767	(19.3)	80.04
Full year	47,575	6.8	5,367	(1.8)	5,821	(6.4)	4,193	(6.0)	189.92

*** Notes**

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): None

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

- 1) Changes in accounting policies due to revisions in accounting standards, others: None
 2) Changes in accounting policies other than 1) above: Yes
 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, 2024: 22,490,910 shares As of Mar. 31, 2023: 22,490,910 shares

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

As of Mar. 31, 2024: 410,809 shares As of Mar. 31, 2023: 519,393 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2024: 22,043,933 shares Fiscal year ended Mar. 31, 2023: 21,954,774 shares

Reference: Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 – March 31, 2024)

(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, 2024	27,973	0.3	2,418	45.3	4,195	24.2	3,365	17.6
Fiscal year ended Mar. 31, 2023	27,902	8.9	1,664	(16.8)	3,379	27.6	2,861	28.5

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2024	152.67	-
Fiscal year ended Mar. 31, 2023	130.35	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2024	36,356	23,629	65.0	1,070.17
As of Mar. 31, 2023	33,942	21,325	62.8	970.61

Reference: Shareholders' equity (million yen): As of Mar. 31, 2024: 23,629 As of Mar. 31, 2023: 21,325

* 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, 2024. Materials to be distributed at this event will be available on the Company's website in advance.

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1. Overview of Results of Operations

(1) Results of Operations

1) Operating results for the current fiscal year

During the fiscal year ended March 31, 2024, the Japanese economy experienced a gradual recovery, with signs of rejuvenation in capital investment. However, the economic outlook remains uncertain due to concerns about the Chinese economy, ongoing depreciation of the yen, inflation driven by the situation in Ukraine, and tensions in the Middle East.

Iwaki has been taking many actions in Japan to improve its corporate value based on the core policy of “winning by creating solutions.” Overseas, there were activities encompassing 21 affiliated companies in 15 countries to increase sales. The Iwaki Group continued to speed up various measures for achieving 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.”

As a result of these activities, sales in the medical equipment category increased 47.2% to 8,168 million yen due to a big increase in sales primarily to customers in China. This was a major source of growth of consolidated sales. In other priority growth markets, sales in the water treatment category increased 9.6% to 10,098 million yen, sales in the semiconductor/liquid crystal category increased 8.7% to 7,843 million yen, and sales in the new energy category increased 32.3% to 1,121 million yen.

In Japan, sales declined in the semiconductor/liquid crystal categories, which are currently sluggish. However, this was offset by higher sales in all other categories, notably in medical equipment. As a result, sales increased 6.3% to 20,649 million yen. Overseas, sales in the United States rose 15.4% to 7,041 million yen as a result of the strong performance of the core water treatment category and strong sales in the medical equipment category. In Europe, sales increased 22.0% to 5,700 million yen mainly because of higher sales in the chemicals category. In Asia, sales decreased 19.9% to 2,574 million yen mainly because of sluggish sales remained in the semiconductor/liquid crystal and surface treatment equipment categories in South Korea and Taiwan. Sales in China increased 157.0% to 6,625 million yen due mainly to the inclusion of the newly consolidated subsidiaries in China for a full fiscal year and higher sales in the semiconductor/liquid crystal and medical equipment categories.

Sales in the core magnetic drive pump and metering pump categories remained strong with double-digit sales growth and rotary displacement pumps, used mainly in medical equipment, were up 49.1% to 3,000 million yen.

As a result, consolidated net sales increased 18.0% to 44,539 million yen.

Operating profit increased 142.4% from one year earlier to 5,465 million yen. This was the result of the inclusion of the newly consolidated subsidiaries in China for a full fiscal year, higher sales at subsidiaries other than the newly consolidated subsidiaries in China, and a decline in the cost of sales ratio. Ordinary profit was up 66.1% to 6,222 million yen. This smaller increase was mainly due to a decrease in share of profit of entities accounted for using the equity method in non-operating income and one-time non-operating income in the previous fiscal year because a U.S. subsidiary received a tax refund. Profit attributable to owners of parent increased 4.7% to 4,459 million yen despite extraordinary income for a gain on step acquisitions raised earnings in the previous fiscal year.

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

2) Outlook

In Japan, there will be many activities based on the theme of “winning by creating solutions” that target pump replacement demand and maintenance services. In addition, we will strive to further expand sales by strengthening solution sales, earning customer trust and improving customer satisfaction. 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 6.8% increase in net sales to 47,575 million yen. We anticipate increases in procurement prices and transportation costs, higher expenses for large-scale exhibitions, and a decrease in income from equity method investments, considering that the slump in the semiconductor/liquid crystal

markets for Asia will continue for the foreseeable future. As a result, we forecast a 1.8% decrease in operating profit to 5,367 million yen, a 6.4% decrease in ordinary profit to 5,821 million yen, and a 6.0% decrease in profit attributable to owners of parent to 4,193 million yen in the fiscal year ending on March 31, 2025.

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 35,465 million yen, up 3,277 million yen from the end of the previous fiscal year. This was mainly due to increases of 1,040 million yen in merchandise and finished goods and 2,479 million yen in work in process. Non-current assets were 13,633 million yen at the end of the current fiscal year, up 568 million yen from the end of the previous fiscal year. This was mainly because of an increase of 539 million yen in retirement benefit asset.

As a result, total assets increased 3,846 million yen from the end of the previous fiscal year to 49,098 million yen.

Liabilities

Current liabilities at the end of the current fiscal year were 12,814 million yen, down 903 million yen from the end of the previous fiscal year. This was mainly due to increases of 553 million yen in electronically recorded obligations-operating and 446 million yen in income taxes payable, and a decrease of 1,801 million yen in notes and accounts payable-trade. Non-current liabilities were 2,762 million yen at the end of the current fiscal year, up 97 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 155 million yen in long-term borrowings and an increase of 260 million yen in lease liabilities.

As a result, total liabilities decreased 805 million yen from the end of the previous fiscal year to 15,576 million yen.

Net assets

Net assets at the end of the current fiscal year were 33,521 million yen, up 4,652 million yen from the end of the previous fiscal year. There were increases of 3,249 million yen in retained earnings and 915 million yen in foreign currency translation adjustment.

Consequently, the capital adequacy ratio was 67.8% (63.4% at the end of the previous fiscal year).

The provisional accounting treatment for a business combination has been finalized in the second quarter of the current fiscal year. Comparisons with the end of the previous fiscal year and analysis use figures that have been revised to reflect the changes due to the finalization of the provisional accounting treatment.

2) Cash flows

Cash and cash equivalents (hereinafter, "net cash") at the end of the current fiscal year was 6,773 million yen, down 1,918 million yen over the end of the previous fiscal year (an increase of 118 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 2,564 million yen (1,914 million yen provided in the previous fiscal year). Positive factors include profit before income taxes of 6,176 million yen, which offset negative factors including income taxes paid of 1,281 million yen.

Cash flows from investing activities

Net cash used in investing activities was 2,487 million yen (1,518 million yen used in the previous fiscal year). Negative factors include payments into time deposits of 1,118 million yen and purchase of property, plant and equipment and intangible assets of 1,085 million yen, which offset positive factors including proceeds from withdrawal of time deposits of 91 million yen.

Cash flows from financing activities

Net cash used in financing activities was 1,854 million yen (419 million yen used in the previous fiscal year). Negative factors include dividends paid of 1,211 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)	
	FY3/23	FY3/24
	(As of Mar. 31, 2023)	(As of Mar. 31, 2024)
Assets		
Current assets		
Cash and deposits	8,927,985	8,061,103
Notes receivable-trade	588,980	434,617
Accounts receivable-trade	6,421,063	6,887,232
Contract assets	-	167,189
Electronically recorded monetary claims-operating	4,497,381	5,055,261
Securities	-	326,566
Merchandise and finished goods	5,650,511	6,690,541
Work in process	141,397	2,620,728
Raw materials and supplies	5,228,772	4,344,508
Other	798,971	934,462
Allowance for doubtful accounts	(67,781)	(57,069)
Total current assets	32,187,283	35,465,142
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,144,787	8,349,260
Accumulated depreciation and impairment	(4,202,592)	(4,487,271)
Buildings and structures, net	3,942,195	3,861,988
Machinery, equipment and vehicles	3,496,770	3,832,670
Accumulated depreciation and impairment	(2,997,027)	(3,240,837)
Machinery, equipment and vehicles, net	499,743	591,832
Tools, furniture and fixtures	2,276,945	2,519,547
Accumulated depreciation and impairment	(1,902,462)	(2,014,604)
Tools, furniture and fixtures, net	374,483	504,942
Land	1,049,205	1,057,080
Leased assets	346,955	336,316
Accumulated depreciation	(199,803)	(186,790)
Leased assets, net	147,151	149,525
Construction in progress	42,148	108,343
Other	760,975	920,883
Accumulated depreciation	(379,543)	(358,150)
Other, net	381,432	562,733
Total property, plant and equipment	6,436,360	6,836,447
Intangible assets		
Goodwill	2,345,822	2,241,223
Trademark right	19,672	9,017
Other	1,084,045	765,852
Total intangible assets	3,449,539	3,016,093
Investments and other assets		
Investment securities	1,397,352	1,396,436
Deferred tax assets	615,044	575,028
Retirement benefit asset	789,245	1,328,313
Other	376,774	480,776
Total investments and other assets	3,178,417	3,780,555
Total non-current assets	13,064,318	13,633,096
Total assets	45,251,601	49,098,238

	(Thousands of yen)	
	FY3/23 (As of Mar. 31, 2023)	FY3/24 (As of Mar. 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,687,101	1,885,279
Electronically recorded obligations-operating	4,307,453	4,861,171
Short-term borrowings	1,170,500	1,055,960
Current portion of long-term borrowings	155,000	155,000
Lease liabilities	116,468	115,175
Income taxes payable	331,446	777,937
Contract liabilities	652,603	529,095
Provision for bonuses	1,203,618	1,168,151
Provision for bonuses for directors (and other officers)	325,307	343,038
Provision for product warranties	100,995	91,529
Other	1,666,901	1,831,846
Total current liabilities	<u>13,717,396</u>	<u>12,814,186</u>
Non-current liabilities		
Long-term borrowings	1,167,500	1,012,500
Lease liabilities	118,987	379,703
Deferred tax liabilities	56,559	9,184
Retirement benefit liability	82,552	92,823
Asset retirement obligations	222,551	223,631
Other	1,016,606	1,044,538
Total non-current liabilities	<u>2,664,758</u>	<u>2,762,380</u>
Total liabilities	<u>16,382,155</u>	<u>15,576,566</u>
Net assets		
Shareholders' equity		
Share capital	1,044,691	1,044,691
Capital surplus	674,127	713,604
Retained earnings	25,531,082	28,780,249
Treasury shares	(519,765)	(411,211)
Total shareholders' equity	<u>26,730,134</u>	<u>30,127,333</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	530	3,319
Foreign currency translation adjustment	1,157,911	2,073,255
Remeasurements of defined benefit plans	817,833	1,078,125
Total accumulated other comprehensive income	<u>1,976,275</u>	<u>3,154,700</u>
Non-controlling interests	<u>163,036</u>	<u>239,636</u>
Total net assets	<u>28,869,446</u>	<u>33,521,671</u>
Total liabilities and net assets	<u>45,251,601</u>	<u>49,098,238</u>

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

(Thousands of yen)

	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)	FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)
Net sales	37,730,407	44,539,188
Cost of sales	24,806,951	26,211,115
Gross profit	12,923,455	18,328,073
Selling, general and administrative expenses	10,668,683	12,862,873
Operating profit	2,254,772	5,465,200
Non-operating income		
Interest income	15,871	65,399
Dividend income	32,464	47,326
Share of profit of entities accounted for using equity method	1,020,793	536,993
Foreign exchange gains	77,052	57,200
Income from refund	334,115	-
Other	62,924	177,005
Total non-operating income	1,543,223	883,925
Non-operating expenses		
Interest expenses	38,708	79,889
Commission expenses	8,346	18,876
Loss on amortization of restricted stock remuneration	406	-
Expenses related to deferred compensation plan	-	22,833
Other	5,248	5,296
Total non-operating expenses	52,710	126,895
Ordinary profit	3,745,285	6,222,230
Extraordinary income		
Gain on sale of non-current assets	1,318	1,276
Gain on sale of investment securities	7,592	4,672
Gain on step acquisitions	1,227,206	-
Other	232	924
Total extraordinary income	1,236,349	6,873
Extraordinary losses		
Loss on retirement of non-current assets	2,418	4,099
Loss on sale of non-current assets	270	55
Impairment losses	-	48,871
Other	1,103	-
Total extraordinary losses	3,792	53,026
Profit before income taxes	4,977,842	6,176,077
Income taxes - current	922,146	1,701,758
Income taxes - deferred	(234,727)	(118,916)
Total income taxes	687,419	1,582,841
Profit	4,290,422	4,593,235
Profit attributable to non-controlling interests	32,449	133,353
Profit attributable to owners of parent	4,257,973	4,459,881

Consolidated Statement of Comprehensive Income

	(Thousands of yen)	
	FY3/23	FY3/24
	(Apr. 1, 2022 – Mar. 31, 2023)	(Apr. 1, 2023 – Mar. 31, 2024)
Profit	4,290,422	4,593,235
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,121)	2,637
Foreign currency translation adjustment	472,147	836,399
Remeasurements of defined benefit plans, net of tax	(215,600)	260,291
Share of other comprehensive income of entities accounted for using equity method	15,167	85,125
Total other comprehensive income	270,592	1,184,453
Comprehensive income	4,561,015	5,777,688
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	4,529,483	5,638,307
Comprehensive income attributable to non-controlling interests	31,532	139,381

(3) Consolidated Statement of Changes in Equity

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			4,257,973		4,257,973
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	-	-	3,189,915	66,998	3,256,913
Balance at end of period	1,044,691	674,127	25,531,082	(519,765)	26,730,134

(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						4,257,973
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)	747,960	(215,600)	531,429	89,481	620,911
Total changes during period	(930)	488,040	(215,600)	271,510	89,481	3,617,905
Balance at end of period	530	1,157,911	817,833	1,976,275	163,036	28,869,446

FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)

(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	25,531,082	(519,765)	26,730,134
Changes during period					
Dividends of surplus			(1,210,714)		(1,210,714)
Profit attributable to owners of parent			4,459,881		4,459,881
Purchase of treasury shares				(192)	(192)
Disposal of treasury shares		39,477		108,747	148,224
Net changes in items other than shareholders' equity					
Total changes during period	-	39,477	3,249,167	108,554	3,397,199
Balance at end of period	1,044,691	713,604	28,780,249	(411,211)	30,127,333

(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	530	1,157,911	817,833	1,976,275	163,036	28,869,446
Changes during period						
Dividends of surplus						(1,210,714)
Profit attributable to owners of parent						4,459,881
Purchase of treasury shares						(192)
Disposal of treasury shares						148,224
Net changes in items other than shareholders' equity	2,789	915,343	260,291	1,178,425	76,600	1,255,026
Total changes during period	2,789	915,343	260,291	1,178,425	76,600	4,652,225
Balance at end of period	3,319	2,073,255	1,078,125	3,154,700	239,636	33,521,671

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)	FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)
Cash flows from operating activities		
Profit before income taxes	4,977,842	6,176,077
Depreciation	1,124,263	1,423,250
Amortization of goodwill	133,303	277,144
Increase (decrease) in allowance for doubtful accounts	16,837	(25,233)
Increase (decrease) in provision for bonuses	2,769	(52,154)
Increase (decrease) in provision for bonuses for directors (and other officers)	193,230	13,860
Increase (decrease) in retirement benefit liability	(169,020)	(160,282)
Interest and dividend income	(48,336)	(112,726)
Income from refund	(334,115)	-
Interest expenses	38,708	79,889
Loss (gain) on sales of investment securities	(7,592)	(4,672)
Foreign exchange losses (gains)	(212,911)	124,576
Share of loss (profit) of entities accounted for using equity method	(1,020,793)	(536,993)
Loss (gain) on step acquisitions	(1,227,206)	-
Decrease (increase) in trade receivables	(125,730)	(653,319)
Decrease (increase) in inventories	(2,361,103)	(2,274,173)
Increase (decrease) in trade payables	688,098	(1,417,101)
Increase (decrease) in accounts payable-other	210,919	(38,035)
Increase (decrease) in accrued expenses	(243)	112,066
Increase (decrease) in accrued consumption taxes	(14,120)	(11,477)
Other, net	158,350	294,790
Subtotal	2,023,150	3,215,486
Interest and dividends received	1,234,910	704,673
Proceeds from refund	45,904	-
Interest paid	(33,853)	(74,055)
Income taxes paid	(1,355,183)	(1,281,969)
Net cash provided by (used in) operating activities	1,914,928	2,564,134
Cash flows from investing activities		
Payments into time deposits	(89,402)	(1,118,375)
Proceeds from withdrawal of time deposits	86,650	91,703
Purchase of securities	-	(281,320)
Purchase of property, plant and equipment and intangible assets	(1,294,649)	(1,085,615)
Proceeds from sale of property, plant and equipment and intangible assets	1,047	1,695
Proceeds from sale of investment securities	138,227	11,072
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(318,534)	-
Other, net	(42,193)	(106,248)
Net cash provided by (used in) investing activities	(1,518,854)	(2,487,088)

	(Thousands of yen)	
	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)	FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	48,771	(275,907)
Proceeds from long-term borrowings	800,000	-
Repayments of long-term borrowings	(116,215)	(155,000)
Repayments of lease liabilities	(70,430)	(149,496)
Purchase of treasury shares	(90)	(192)
Dividends paid	(1,062,472)	(1,211,069)
Dividends paid to non-controlling interests	(18,598)	(62,781)
Net cash provided by (used in) financing activities	(419,036)	(1,854,445)
Effect of exchange rate change on cash and cash equivalents	141,073	(141,166)
Net increase (decrease) in cash and cash equivalents	118,111	(1,918,566)
Cash and cash equivalents at beginning of period	8,573,897	8,692,008
Cash and cash equivalents at end of period	8,692,008	6,773,441

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

Not applicable.

Changes in Accounting Policies

Changes in valuation of inventories

In prior years, Iwaki used primarily the moving-average cost method to determine the valuations of inventories of products manufactured by Iwaki, products purchased from other companies and raw materials. Valuations on the balance sheet are written down to reflect declines in profitability. Beginning with the third quarter of the current fiscal year, the method used to determine the valuations of products purchased from other companies and raw materials was changed to primarily the monthly-average cost method with balance sheet valuations written down to reflect declines in profitability. The method used to determine the valuations of products manufactured by Iwaki was changed to primarily the first-in first-out cost method with balance sheet valuations written down to reflect declines in profitability.

Iwaki used the start of a new IT system for business operations on October 1, 2023, as an opportunity to begin using these new inventory valuation methods. The purpose is to increase the accuracy of cost management.

The retrospective application of the new valuation methods in previous fiscal years is impossible and the cumulative monetary effect of the retrospective application cannot be calculated. Consequently, calculations were made by assuming that book values of inventories at the end of the previous fiscal year are also the values at the beginning of the current fiscal year.

The effect of these changes on the consolidated financial statements for the current fiscal year is insignificant.

Additional Information

Reclassifications

Notes to Consolidated Balance Sheet

In conjunction with the activation of the new IT system for business operations, inventory categories have been revised to permit managing inventories with greater accuracy. As a result, some items that were included mainly in “raw materials and supplies” in the previous fiscal year are included in “work in process” in the quarterly consolidated balance sheet for the third quarter of the current fiscal year.

In accordance with the principle-based treatment for reclassifications, no reclassifications have been made to the consolidated financial statements for the previous fiscal year to reflect these changes in the presentation of inventory items because it is impossible to determine precise information involving prior years in accordance with the revised inventory categories.

Segment and Other Information

Segment information

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

Related information

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.

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.

FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)

1. Information by product or service

(Thousands of yen)

External sales	Magnetic drive pumps	Metering pumps	Pneumatic drive pumps	Rotary displacement pumps	Total
	14,337,522	7,166,450	5,721,036	3,000,503	
External sales	Air pumps	System products	Purchased products	Other	Total
	2,458,995	2,549,482	2,951,908	6,353,288	44,539,188

2. Information by region

(1) Net sales

(Thousands of yen)

Japan	Europe	Americas	Asia	China	Other	Total
20,649,232	5,700,885	7,041,623	2,574,857	6,625,621	1,946,966	44,539,188

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
5,040,377	69,834	750,111	473,637	60,707	441,778	6,836,447

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.

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

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

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)

	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)	FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)
Net assets per share	1,306.53	1,507.33
Net income per share	193.94	202.32

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

2. The provisional accounting treatment for a business combination has been finalized in the second quarter of the fiscal year ended March 31, 2024. All figures for FY3/23 reflect the finalized figures.

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

	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)	FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)
Profit attributable to owners of parent (Thousands of yen)	4,257,973	4,459,881
Amount not attributable to common shareholders (Thousands of yen)	-	-
Profit attributable to owners of parent applicable to common shares (Thousands of yen)	4,257,973	4,459,881
Average number of shares outstanding (Shares)	21,954,774	22,043,933

Note: The provisional accounting treatment for a business combination has been finalized in the second quarter of the fiscal year ended March 31, 2024. All figures for FY3/23 reflect the finalized figures.

Business Combination**Finalization of provisional accounting treatment of business combination**

In the previous fiscal year, a provisional accounting treatment was used for the acquisition of IWAKI Pumps Co., Ltd. and IWAKI Pumps (Shanghai) Co., Ltd. on September 30, 2022. This treatment was finalized in the second quarter of the current fiscal year.

Due to the finalization of the provisional accounting treatment, comparative information included in the consolidated financial statements for the FY3/24 reflects a significant revision of the initial acquisition cost allocation.

As a result, provisional goodwill of 2,365,446 thousand yen decreased 515,141 thousand yen to 1,850,305 thousand yen due to the finalized accounting treatment. This decrease in goodwill was due to increases of 687,421 thousand yen in other under intangible assets, 146,460 thousand yen in deferred tax liabilities and 25,818 thousand yen in non-controlling interests.

The result was decreases of 466,017 thousand yen in goodwill, 40,110 thousand yen in deferred tax assets and 140,689 thousand yen in retained earnings, and increases of 447,563 thousand yen in other under intangible assets, 56,559 thousand yen in deferred tax liabilities, 7,425 thousand yen in foreign currency translation adjustment and 18,140 thousand yen in non-controlling interests at the end of the previous fiscal year.

In the consolidated statement of income for FY3/23, operating profit, ordinary profit and profit before income taxes decreased by 188,451 thousand yen each, and profit decreased by 146,919 thousand yen and profit attributable to owners of parent decreased by 140,689 thousand yen each.

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.