

**Summary of Consolidated Financial Results**  
**for the Third Quarter of Fiscal Year Ending March 31, 2020**  
**(Nine Months Ended December 31, 2019)**

[Japanese GAAP]

Company name: IWAKI CO.,LTD. Listing: Tokyo Stock Exchange, First Section  
 Stock code: 6237 URL: <https://www.iwakipumps.co.jp/>  
 Representative: Shigeru Fujinaka, President  
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 Senior General Manager of Business Management Head Office Tel: (81)3-3254-2931  
 Scheduled date of filing of Quarterly Report: February 14, 2020  
 Scheduled date of payment of dividend: -  
 Preparation of supplementary materials for quarterly financial results: None  
 Holding of quarterly financial results meeting: None

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

**1. Consolidated Financial Results for the Third Quarter Ended December 31, 2019****(April 1, 2019 – December 31, 2019)**

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended Dec. 31, 2019	21,304	(3.0)	1,592	(14.8)	1,950	(15.0)	1,524	(8.4)
Nine months ended Dec. 31, 2018	21,955	6.1	1,870	6.8	2,293	1.8	1,663	(4.5)

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2019: 1,188 (down 26.8%)  
 Nine months ended Dec. 31, 2018: 1,624 (down 14.9%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2019	68.93	-
Nine months ended Dec. 31, 2018	74.03	-

Note: Iwaki conducted a 3-for-1 common stock split on July 1, 2018. Net income per share has been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of Dec. 31, 2019	29,429	20,018	67.9
As of Mar. 31, 2019	30,463	20,148	65.5

Reference: Owner's equity (million yen) As of Dec. 31, 2019: 19,988 As of Mar. 31, 2019: 19,952

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2019	-	12.00	-	16.90	28.90
Fiscal year ending Mar. 31, 2020	-	13.00	-		
Fiscal year ending Mar. 31, 2020 (forecasts)				17.50	30.50

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

**3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2020 (April 1, 2019 – March 31, 2020)**

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	29,067	(0.4)	2,116	(9.5)	2,551	(10.4)	1,977	(8.6)	89.49

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

**\* Notes**

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

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

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

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

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

(4) Number of outstanding shares (common shares)

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

As of Dec. 31, 2019:	22,490,910 shares	As of Mar. 31, 2019:	22,490,910 shares
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2) Number of treasury shares at the end of the period

As of Dec. 31, 2019:	465,389 shares	As of Mar. 31, 2019:	510 shares
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3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2019:	22,120,426 shares	Nine months ended Dec. 31, 2018:	22,473,928 shares
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Note: Iwaki conducted a 3-for-1 common stock split on July 1, 2018. The number of shares outstanding at the end of the period, the number of treasury shares at the end of the period, and the average number of shares outstanding during the period were calculated as if this stock split had taken place at the beginning of the previous fiscal year.

\* The current quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms .

\* Cautionary statement with respect to forward-looking statements

Note concerning forward-looking statements

Forecasts of future performance in these materials are based on assumption judged to be valid and information available to the Company's management at the time the materials were prepared, but are not promises by Iwaki regarding future performance. Actual results may differ materially from the forecasts.

## Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance	2
(1) Explanation of Results of Operations	2
(2) Explanation of Financial Position	2
(3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements	3
2. Quarterly Consolidated Financial Statements and Notes	4
(1) Quarterly Consolidated Balance Sheet	4
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	6
Quarterly Consolidated Statement of Income	
For the Nine-month Period	6
Quarterly Consolidated Statement of Comprehensive Income	
For the Nine-month Period	7
(3) Notes to Quarterly Consolidated Financial Statements	8
Going Concern Assumption	8
Significant Changes in Shareholders' Equity	8
Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements	8
Segment Information	8

## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

During the first nine months of the fiscal year ending March 31, 2020, the Japanese economy continued to recover at a moderate pace as corporate capital investment increased against the backdrop of high levels of corporate profits. On the other hand, as exports remain weak, the outlook remains unclear due to uncertainties in overseas economies, such as trends in trade issues, the prospects for the Chinese economy, and the UK's withdrawal from the EU.

In Japan, Iwaki took many actions for building stronger relationships with customers and developing products that meet customers' demands. All activities are based on the core policy of "winning by improving customer satisfaction." Overseas, Iwaki had activities encompassing 21 affiliated companies in 15 countries to increase sales.

Due to these activities, sales were higher than one year earlier mainly in the medical equipment, water treatment and chemicals markets. In the semiconductor/liquid crystal market, demand is recovering, but the upturn was not enough to make up for the decline in the first half and as a result sales were sluggish. The related surface treatment equipment market is recovering along with the semiconductor/liquid crystal market, but the recovery has generally been weak.

Sales in Japan decreased 5.2% from one year earlier to 12,861 million yen as a result of sluggish sales in the semiconductor/liquid crystal market and weak sales in the surface treatment equipment market. In Europe, sales increased 2.0% to 2,088 million yen as a result of significant growth in the new energy market and strong sales in the chemicals market. In the United States, sales increased 9.1% to 3,063 million yen as a result of higher sales in the medical equipment and chemicals markets, and strong sales in the water treatment market. In Asia, sales decreased 13.3% to 1,669 million yen because of a lower demand in the semiconductor/liquid crystal market in South Korea. Sales in China were down 1.2% to 926 million yen because of a lower sales in the semiconductor/liquid crystal market while sales were strong in the medical equipment market.

By product category, sales of mainline metering pumps were steady. Sales of magnetic drive pumps declined slightly but generally about the same as one year earlier. Air pumps for the medical equipment market remained steady. Sales of pneumatic drive pumps for the semiconductor/liquid crystal market were weak as demand for semiconductor-related equipment did not recover fully.

Consequently, consolidated net sales decreased 3.0% to 21,304 million yen.

Our efforts to reduce costs did not completely offset the impact of reduced sales. As a result, operating profit decreased 14.8% to 1,592 million yen, ordinary profit decreased 15.0% to 1,950 million yen and profit attributable to owners of parent decreased 8.4% to 1,524 million yen.

No business segment information is provided because chemical pumps are the only business of the Iwaki Group.

### (2) Explanation of Financial Position

#### Assets

The balance of current assets at the end of the third quarter of the current fiscal year was 20,999 million yen, down 440 million yen from the end of the previous fiscal year. This was mainly due to an increase of 513 million yen in electronically recorded monetary claims-operating, while there were decreases of 618 million yen in notes and accounts receivable-trade and 159 million yen in raw materials and supplies. The balance of non-current assets was 8,429 million yen at the end of the third quarter of the current fiscal year, down 593 million yen from the end of the previous fiscal year. This was mainly because of a decrease of 623 million yen in investment securities.

As a result, total assets decreased 1,033 million yen from the end of the previous fiscal year to 29,429 million yen.

## Liabilities

The balance of current liabilities at the end of the third quarter of the current fiscal year was 7,737 million yen, down 939 million yen from the end of the previous fiscal year. This was mainly due to decreases of 682 million yen in notes and accounts payable-trade and 471 million yen in provision for bonuses. The balance of non-current liabilities was 1,673 million yen at the end of the third quarter of the current fiscal year, up 36 million yen from the end of the previous fiscal year.

As a result, total liabilities decreased 903 million yen from the end of the previous fiscal year to 9,411 million yen.

## Net assets

The balance of net assets at the end of the third quarter of the current fiscal year was 20,018 million yen, down 130 million yen from the end of the previous fiscal year. The main factors include the purchase of treasury shares of 475 million yen, decreases of 107 million yen in valuation difference on available-for-sale securities, 223 million yen in foreign currency translation adjustment and 166 million yen in non-controlling interests, while there was an increase of 858 million yen in retained earnings.

Consequently, the capital adequacy ratio was 67.9% (65.5% at the end of the previous fiscal year).

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

We maintain the full-year consolidated earnings forecasts that were disclosed in the “Revisions to the Fiscal Year Forecast” dated November 8, 2019 (Japanese version only).

## 2. Quarterly Consolidated Financial Statements and Notes

## (1) Quarterly Consolidated Balance Sheet

	(Thousands of yen)	
	FY3/19 (As of Mar. 31, 2019)	Third quarter of FY3/20 (As of Dec. 31, 2019)
Assets		
Current assets		
Cash and deposits	5,580,286	5,453,095
Notes and accounts receivable-trade	6,873,408	6,255,014
Electronically recorded monetary claims-operating	2,738,020	3,251,592
Securities	55,846	81,288
Merchandise and finished goods	2,214,986	2,111,096
Work in process	29,785	155,152
Raw materials and supplies	3,522,791	3,363,659
Other	446,732	352,526
Allowance for doubtful accounts	(21,831)	(23,441)
Total current assets	21,440,024	20,999,983
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,304,024	7,332,908
Accumulated depreciation and impairment loss	(3,646,791)	(3,756,039)
Buildings and structures, net	3,657,232	3,576,868
Machinery, equipment and vehicles	2,676,850	2,766,556
Accumulated depreciation and impairment loss	(2,247,889)	(2,350,496)
Machinery, equipment and vehicles, net	428,960	416,060
Tools, furniture and fixtures	1,795,534	1,855,505
Accumulated depreciation and impairment loss	(1,465,444)	(1,533,588)
Tools, furniture and fixtures, net	330,089	321,916
Land	1,041,879	1,037,431
Leased assets	338,538	356,576
Accumulated depreciation	(185,666)	(220,144)
Leased assets, net	152,872	136,432
Construction in progress	11,071	42,050
Other	27,178	28,113
Accumulated depreciation	(19,444)	(20,567)
Other, net	7,733	7,545
Total property, plant and equipment	5,629,839	5,538,306
Intangible assets		
Goodwill	2,772	2,016
Trademark right	58,573	48,354
Other	132,297	236,662
Total intangible assets	193,643	287,033
Investments and other assets		
Investment securities	2,275,208	1,651,660
Deferred tax assets	634,431	671,364
Other	290,448	281,260
Total investments and other assets	3,200,088	2,604,286
Total non-current assets	9,023,571	8,429,626
Total assets	30,463,596	29,429,609

	(Thousands of yen)	
	FY3/19 (As of Mar. 31, 2019)	Third quarter of FY3/20 (As of Dec. 31, 2019)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	5,184,397	4,501,679
Short-term borrowings	951,205	1,149,672
Lease obligations	64,978	55,117
Income taxes payable	250,186	212,524
Provision for bonuses	881,140	409,952
Provision for bonuses for directors (and other officers)	140,000	49,310
Provision for product warranties	97,261	71,008
Other	1,108,559	1,288,570
<b>Total current liabilities</b>	<b>8,677,727</b>	<b>7,737,835</b>
<b>Non-current liabilities</b>		
Lease obligations	106,058	99,473
Provision for retirement benefits for directors (and other officers)	51,687	51,687
Retirement benefit liability	659,105	650,870
Asset retirement obligations	184,387	185,658
Other	636,283	686,065
<b>Total non-current liabilities</b>	<b>1,637,521</b>	<b>1,673,754</b>
<b>Total liabilities</b>	<b>10,315,249</b>	<b>9,411,590</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	1,044,691	1,044,691
Capital surplus	664,691	675,803
Retained earnings	17,687,437	18,545,779
Treasury shares	(559)	(475,730)
<b>Total shareholders' equity</b>	<b>19,396,260</b>	<b>19,790,544</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	232,113	124,461
Foreign currency translation adjustment	241,969	18,856
Remeasurements of defined benefit plans	81,877	54,329
<b>Total accumulated other comprehensive income</b>	<b>555,960</b>	<b>197,647</b>
<b>Non-controlling interests</b>	<b>196,127</b>	<b>29,828</b>
<b>Total net assets</b>	<b>20,148,347</b>	<b>20,018,019</b>
<b>Total liabilities and net assets</b>	<b>30,463,596</b>	<b>29,429,609</b>

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

(Thousands of yen)

	First nine months of FY3/19 (Apr. 1, 2018 – Dec. 31, 2018)	First nine months of FY3/20 (Apr. 1, 2019 – Dec. 31, 2019)
Net sales	21,955,656	21,304,907
Cost of sales	14,212,665	13,965,034
Gross profit	7,742,991	7,339,873
Selling, general and administrative expenses	5,872,765	5,747,203
Operating profit	1,870,225	1,592,669
Non-operating income		
Interest income	19,327	7,471
Dividend income	20,344	20,874
Share of profit of entities accounted for using equity method	428,221	326,446
Other	46,340	77,602
Total non-operating income	514,233	432,395
Non-operating expenses		
Interest expenses	23,119	23,710
Foreign exchange losses	27,546	32,050
Business establishment transfer expenses	30,900	-
Other	9,090	18,732
Total non-operating expenses	90,657	74,493
Ordinary profit	2,293,800	1,950,571
Extraordinary income		
Gain on sales of non-current assets	-	9,111
Gain on sales of investment securities	-	153,234
Total extraordinary income	-	162,345
Extraordinary losses		
Loss on sales of non-current assets	172	-
Loss on retirement of non-current assets	1,736	1,336
Loss on sales of investment securities	-	8,756
Total extraordinary losses	1,908	10,092
Profit before income taxes	2,291,892	2,102,824
Income taxes	613,379	555,718
Profit	1,678,512	1,547,105
Profit attributable to non-controlling interests	14,725	22,343
Profit attributable to owners of parent	1,663,786	1,524,761

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

	(Thousands of yen)	
	First nine months of FY3/19 (Apr. 1, 2018 – Dec. 31, 2018)	First nine months of FY3/20 (Apr. 1, 2019 – Dec. 31, 2019)
Profit	1,678,512	1,547,105
Other comprehensive income		
Valuation difference on available-for-sale securities	(46,798)	(107,530)
Foreign currency translation adjustment	(11,410)	(145,868)
Remeasurements of defined benefit plans, net of tax	7,329	(27,547)
Share of other comprehensive income of entities accounted for using equity method	(3,615)	(78,120)
Total other comprehensive income	(54,494)	(359,066)
Comprehensive income	1,624,017	1,188,038
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	1,609,793	1,166,448
Comprehensive income attributable to non-controlling interests	14,223	21,589

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

#### **Going Concern Assumption**

Not applicable.

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

Iwaki purchased 484,500 treasury shares pursuant to resolution of the Board of Directors meeting on May 14, 2019. In addition, following the resolution of the Board of Directors meeting on July 19, 2019, Iwaki sold 24,376 shares for directors (excluding outside directors) and senior officers of the Company as restricted stock compensation.

As a result, treasury shares increased 475 million yen during the first nine months of the current fiscal year to 475 million yen at the end of the third quarter.

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

##### Calculation of tax expense

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

#### **Segment Information**

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

*This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*