

Iwatani

FY 2020 Financial Results

(Fiscal Year Ended March 31, 2021)

May 21, 2021

Iwatani Corporation

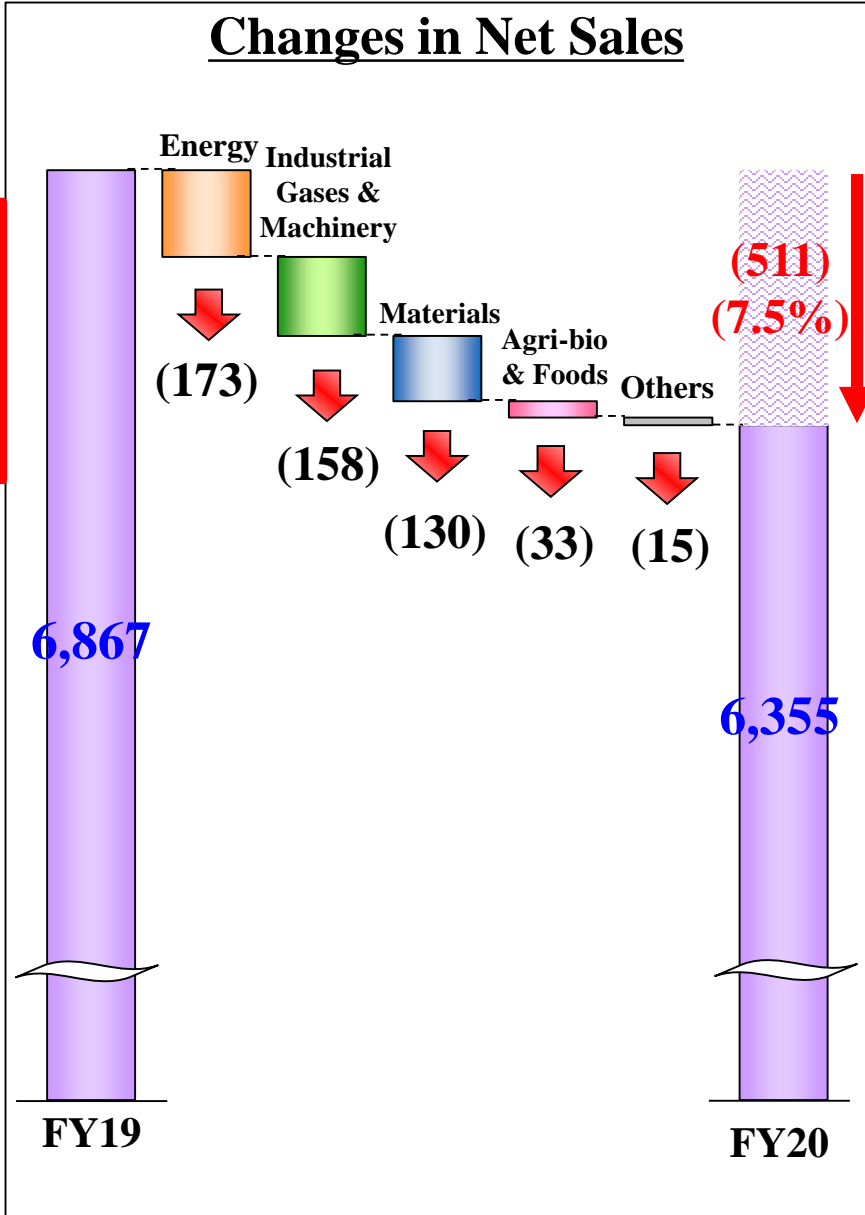
- **FY 2020 Overview**
- **FY 2021 Forecasts**
- **Results of Medium-Term Management Plan (PLAN20)**
- **Business Topics**

FY 2020 Overview

Analysis of Net Sales

(Unit: 100 million Yen)

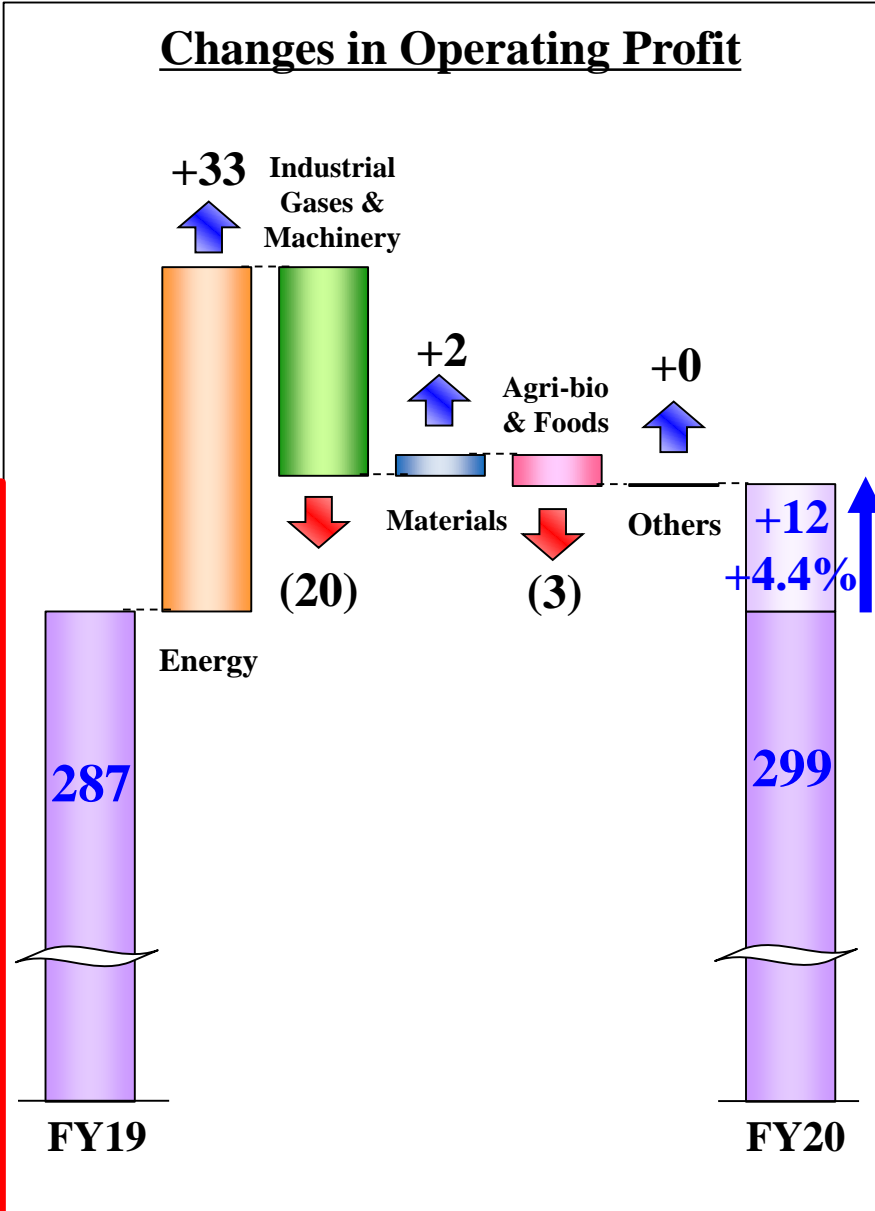
	FY20 Results (A)	FY19 Results (B)	Year-on- Year (A)-(B)	FY20 Forecast
Net sales	6,355	6,867	(511)	6,775
Gross profit	1,768	1,762	+6	-
Operating profit	299	287	+12	247
Non-operating profit	44	35	+8	29
Ordinary profit	344	322	+21	276
Ordinary profit except for impact of LPG import price fluctuation	326	325	+0	276
Profit attributable to owners of parent	232	209	+22	173



Analysis of Operating Profit

(Unit: 100 million Yen)

	FY20 Results (A)	FY19 Results (B)	Year-on- Year (A)-(B)	FY20 Forecast
Net sales	6,355	6,867	(511)	6,775
Gross profit	1,768	1,762	+6	-
Operating profit	299	287	+12	247
Non-operating profit	44	35	+8	29
Ordinary profit	344	322	+21	276
Ordinary profit except for impact of LPG import price fluctuation	326	325	+0	276
Profit attributable to owners of parent	232	209	+22	173



Impact of LPG Import Price Fluctuations

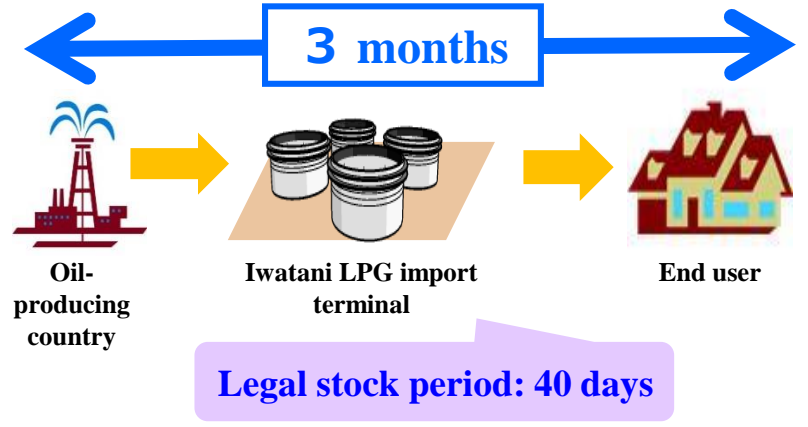
Premise

① Wholesale price is based on LPG Import Price

② From LPG import to sale takes 3 months

Wholesale Price \propto LPG Import Price*

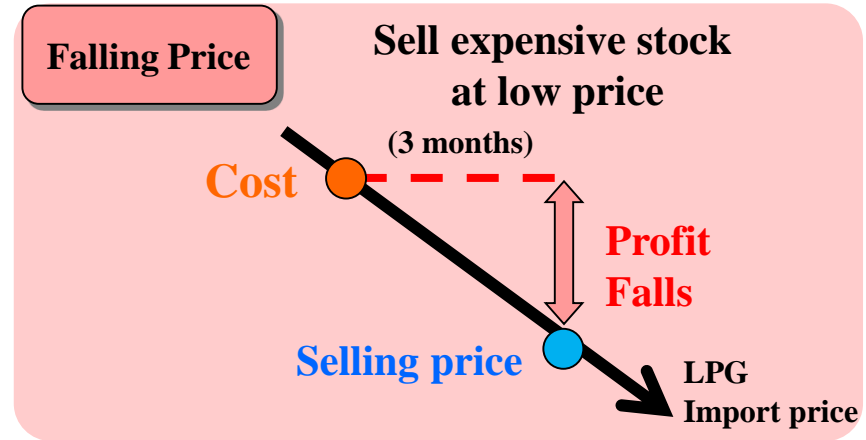
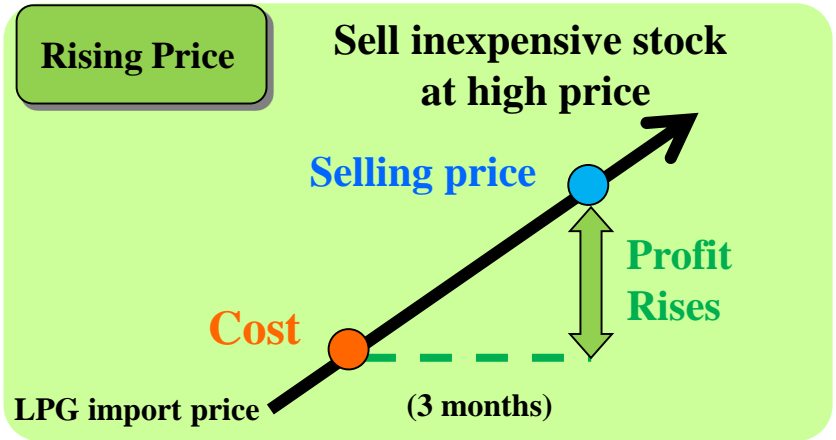
* The price consists of “CP” (from the middle east) and “MB” (from the U.S).



LPG Import Price Fluctuations

Short-term impact of market fluctuations

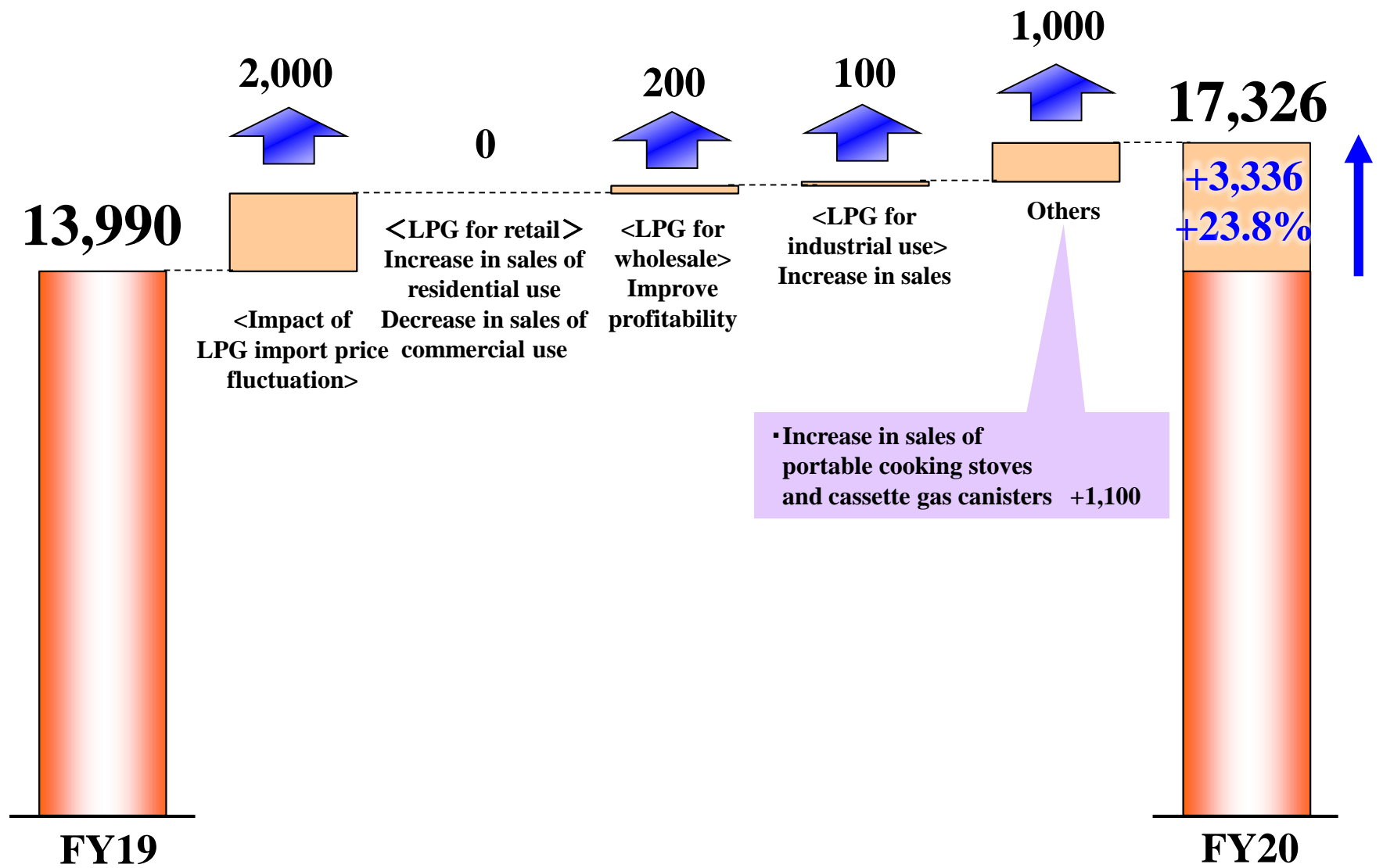
(If LPG import price fluctuations return to the original level, the impact is ± 0 .)*



*The actual impact on performance varies depending on inventory volume, sales timing (season), sales volume and other factors.

Changes in Operating Profit – Energy

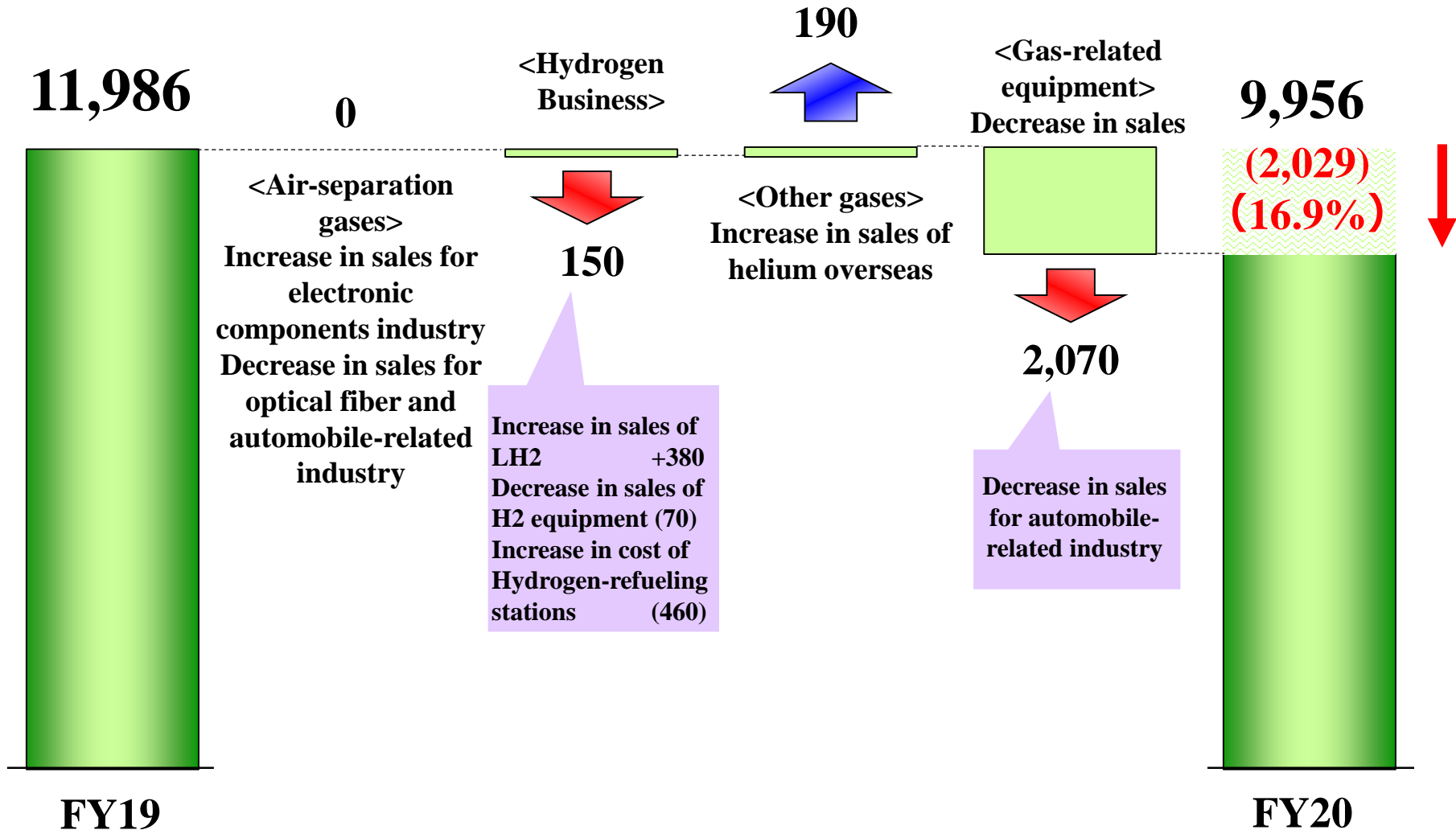
(Unit: Million Yen)



Changes in Operating Profit

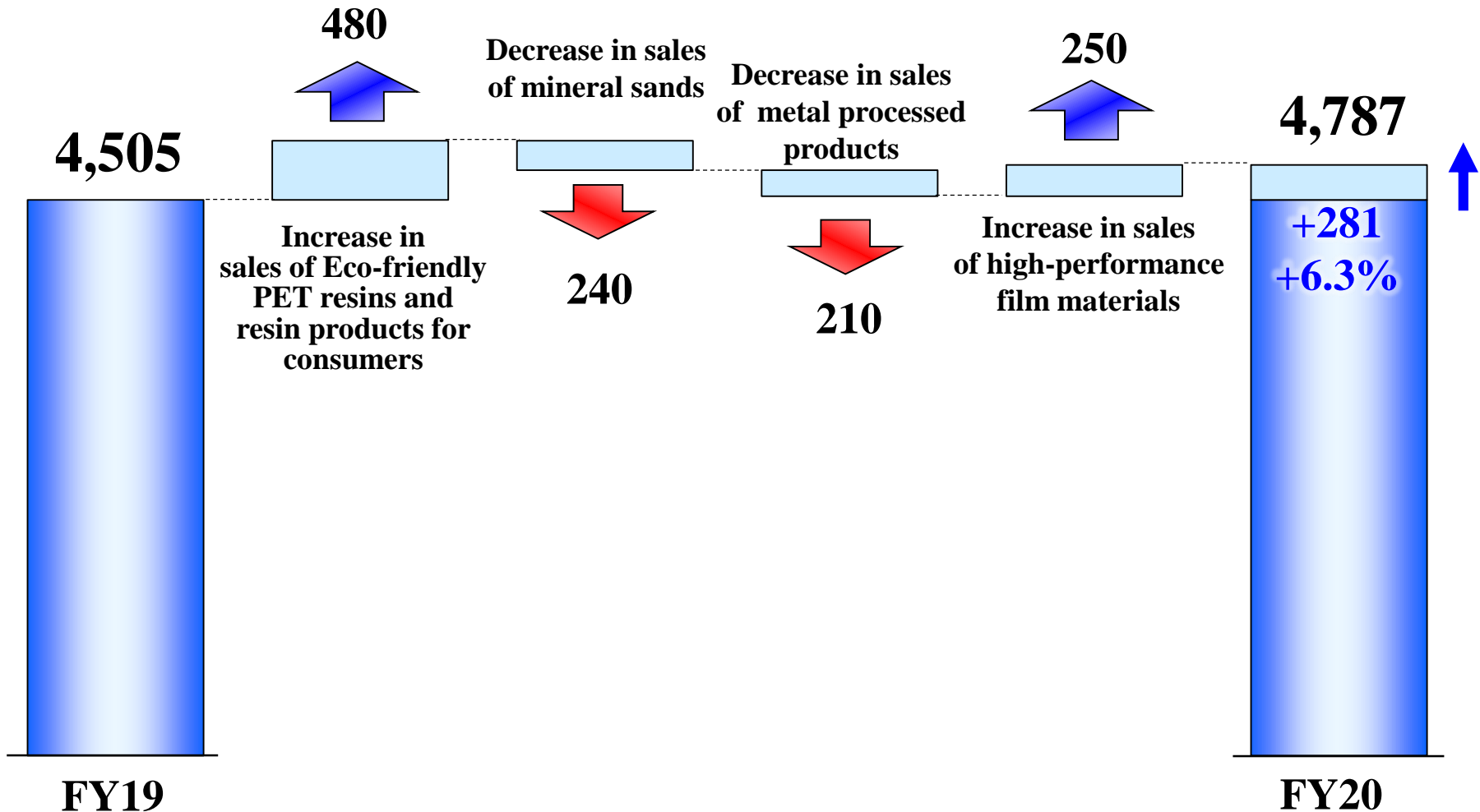
– Industrial Gases & Machinery

(Unit: Million Yen)



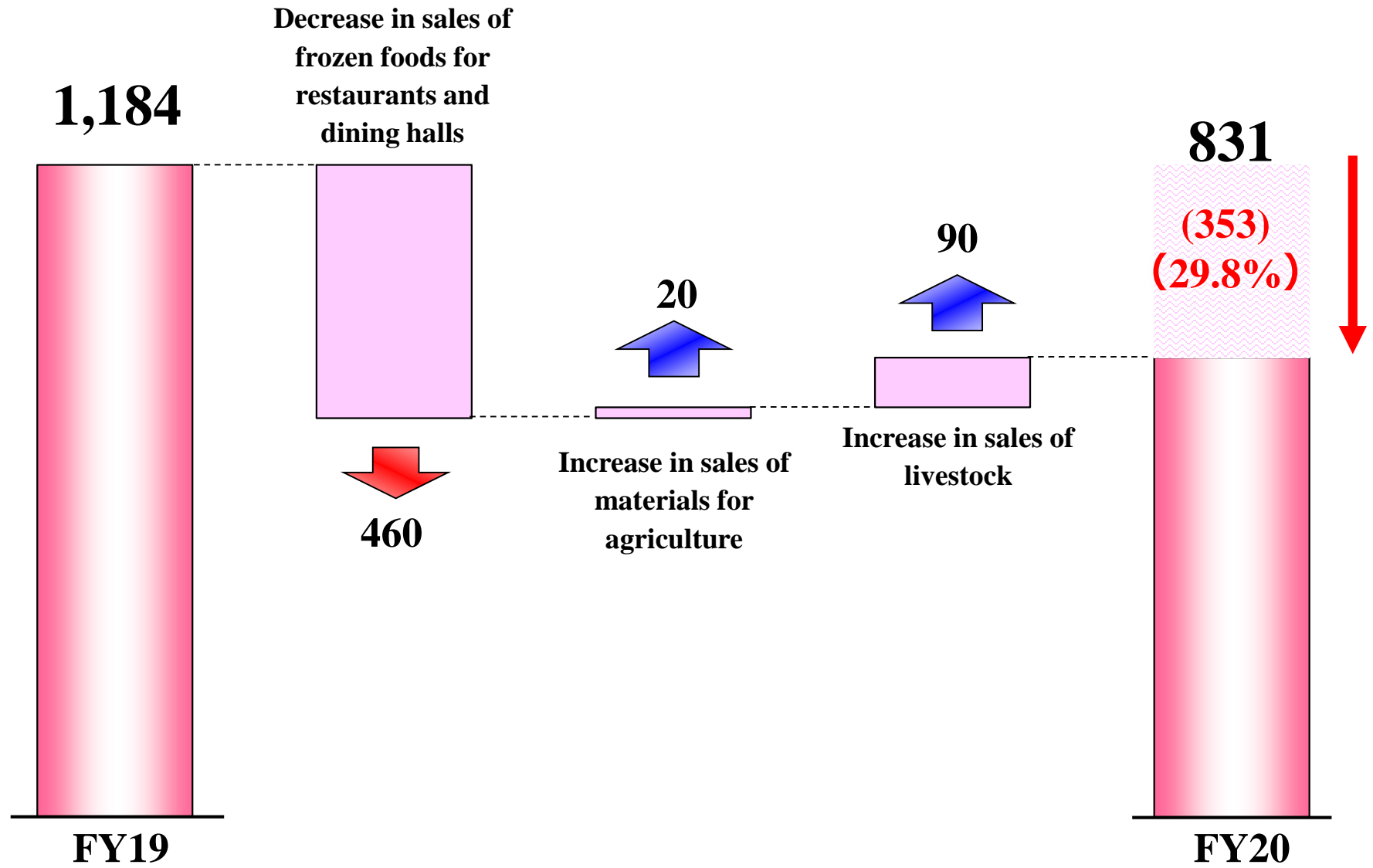
Changes in Operating Profit – Materials

(Unit: Million Yen)



Changes in Operating Profit – Agri-bio & Foods

(Unit: Million Yen)



Balance Sheets (Consolidated Basis)

(Unit: 100 million Yen)

	FY20 Results (A)	FY19 Results (B)	(A) - (B)	Major factors for changes etc.
Current assets	2,196	2,037	+158	Increase in cash and deposits and inventory
Property, plant and equipment	1,780	1,717	+62	Investment in hydrogen-refueling stations and LPG centers
Intangible assets	174	167	+7	
Investments and other assets	943	773	+170	Increase in investment securities due to stock market incline
Fixed assets	2,899	2,659	+239	
Total assets	5,095	4,697	+398	
Current liabilities	1,709	1,911	(201)	Decrease in current portion of bonds payable
Long - term liabilities	866	874	(7)	
Total liabilities	2,576	2,785	(208)	Interest-bearing debt, gross 961, Ratio of Interest-bearing debt to total assets 18.9%
Equity capital	2,424	1,822	+601	Capital ratio 47.6%
Non-controlling interests	94	88	+5	
Net assets	2,518	1,911	+606	
Total liabilities and net assets	5,095	4,697	+398	

Statements of Cash Flows

(Unit: 100 million Yen)

	FY20 Results (A)	FY19 Results (B)	(A) - (B)
Cash flows from operating activities	487	402	+85
Cash flows from investing activities	(288)	(308)	+20
Free cash flows	199	93	+105
Cash flows from financing activities	(70)	(35)	(34)
Effect of exchange rate changes, etc.*	4	(1)	+6
Net increase (decrease) in cash and cash equivalents	133	56	+77
Cash and cash equivalents at beginning of period	251	195	+56
Cash and cash equivalents at end of period	384	251	+133

* “Effect of exchange rate changes, etc.” are the sum of “Effect of exchange rate changes”, “Increase (decrease) in cash and cash equivalents due to changes in scope of consolidation” and “Increase in cash and cash equivalents resulting from merger with nonconsolidated subsidiaries”.

FY2021 Forecasts

FY2021 Forecasts

(Unit: 100 Million Yen)

	FY21 Forecasts (A)	FY20 Results (B)	(C) (A) - (B)	(C) / (B)
Net Sales	6,261	5,626	+634	+11.3%
Energy	2,668	2,539	+128	+5.1%
Industrial Gases & Machinery	1,923	1,721	+201	+11.7%
Materials	1,342	1,118	+223	+20.0%
Agri-bio & Foods	284	203	+80	+39.8%
Others	44	43	+0	+1.3%
Operating Profit	320	299	+20	+6.7%
Energy	170	173	(3)	(1.9%)
Industrial Gases & Machinery	110	99	+10	+10.5%
Materials	53	47	+5	+10.7%
Agri-bio & Foods	12	8	+3	+44.3%
Others, Adjustments	(25)	(29)	+4	—
Ordinary Profit	365	344	+20	+6.1%
Profit attributable to owners of parent	243	232	+10	+4.7%

Assumption of financial performance

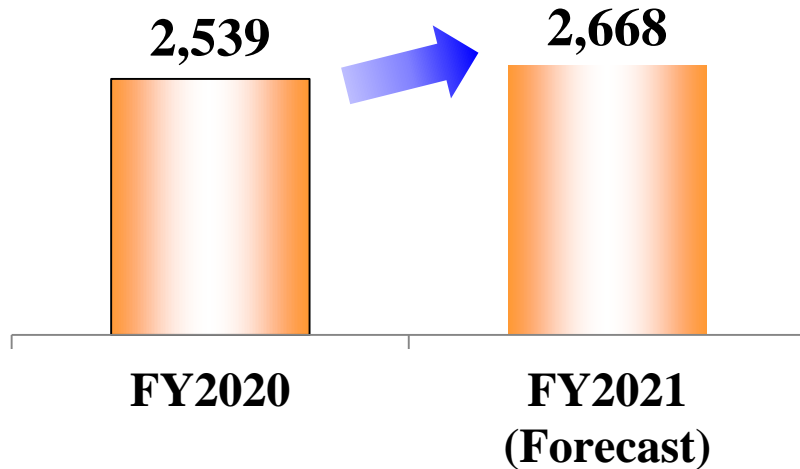
1st Half Ave. exchange rate 105 Yen/USD, Ave. CP USD 400/ton
 2nd Half Ave. exchange rate 105 Yen/USD, Ave. CP USD 420/ton

*Due to adoption of the Accounting Standard for Revenue Recognition from FY2021, Net sales of FY2020 is calculated based on the assumption that the Accounting Standard was adopted.

Forecasts: Energy

Net Sales

(100 million Yen)



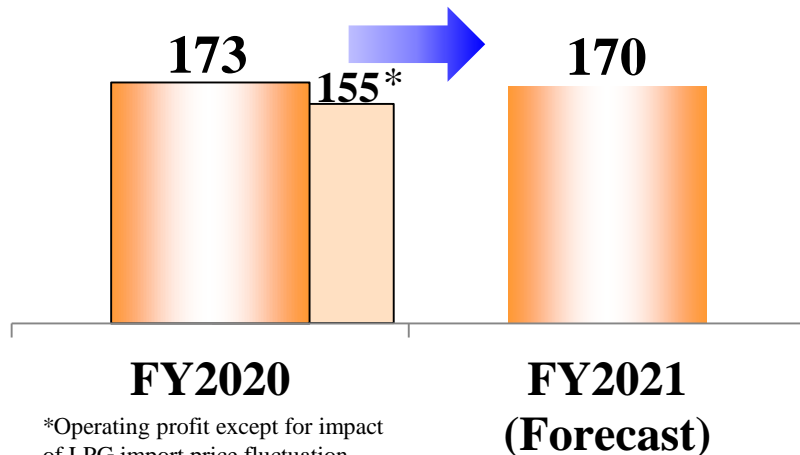
*Net sales of FY2020 is calculated based on the assumption that the Accounting Standard for Revenue Recognition was adopted.

Marketing measures toward achievement of FY2021 forecast

- Expansion of direct sales customers through M&A
- Expansion in sales of energy related equipment
- Expansion of the global cartridge gas business and B to C products

Operating Profit

(100 million Yen)



*Operating profit except for impact of LPG import price fluctuation

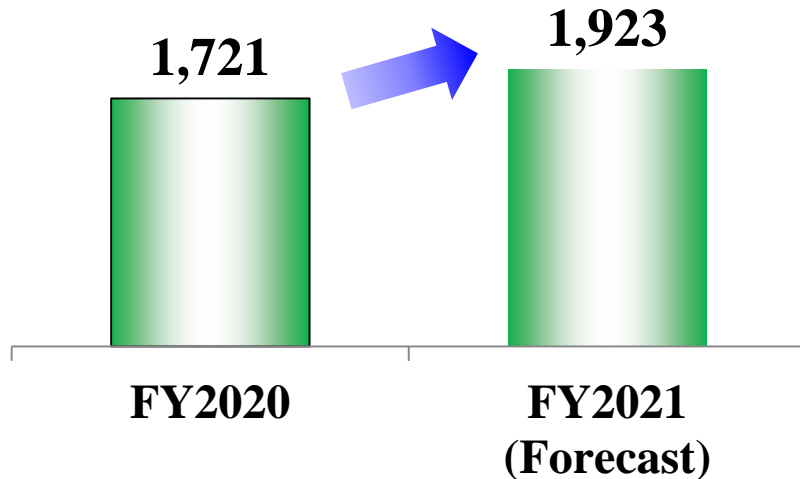
Major risk factors

- ◇ Trends in LPG import price, exchange rate fluctuations
- ◇ Fluctuation of sales volume due to temperature changes

Forecasts: Industrial Gases & Machinery

Net Sales

(100 million Yen)



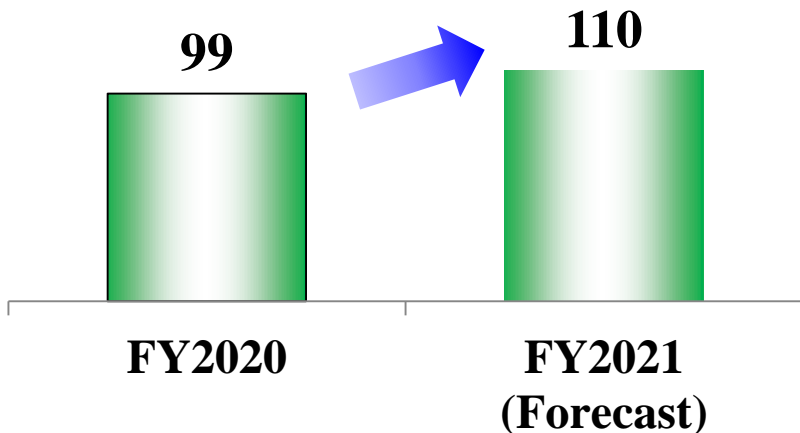
Marketing measures toward achievement of FY2021 forecast

- Increase in sales of air separation gases for growth markets
- Acquisition of new customers of LH2
- Stable supply of helium
- Increase in sales of environment-related equipment

*Net sales of FY2020 is calculated based on the assumption that the Accounting Standard for Revenue Recognition was adopted.

Operating Profit

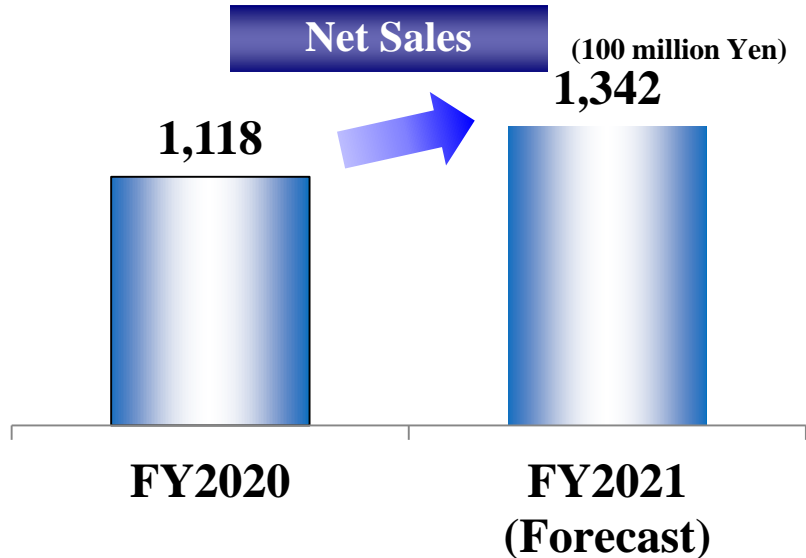
(100 million Yen)



Major risk factors

- ◇ Impact on manufacturing costs from increase in power rate
- ◇ Exchange rate fluctuations

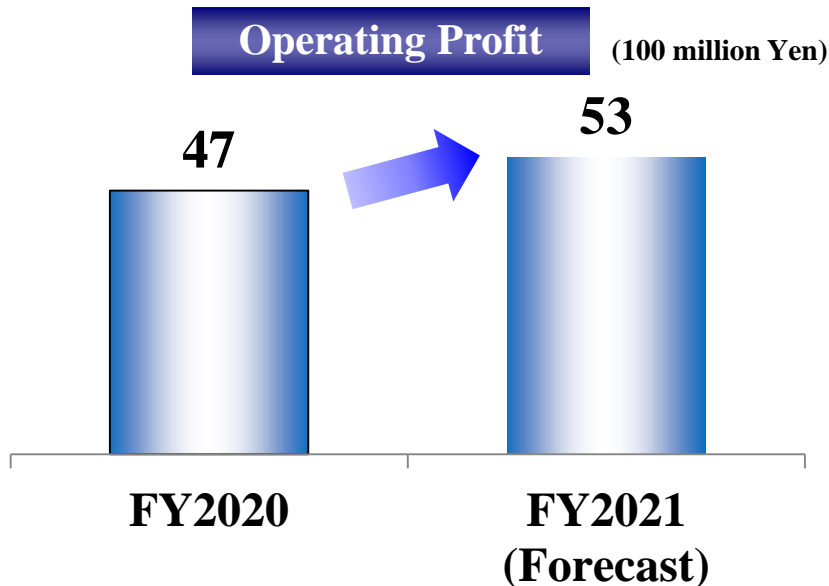
Forecasts: Materials



Marketing measures toward achievement of FY2021 forecast

- Increase in sales of Eco-friendly PET resins
- Expansion of biomass business
- Increase in sales of battery-related materials

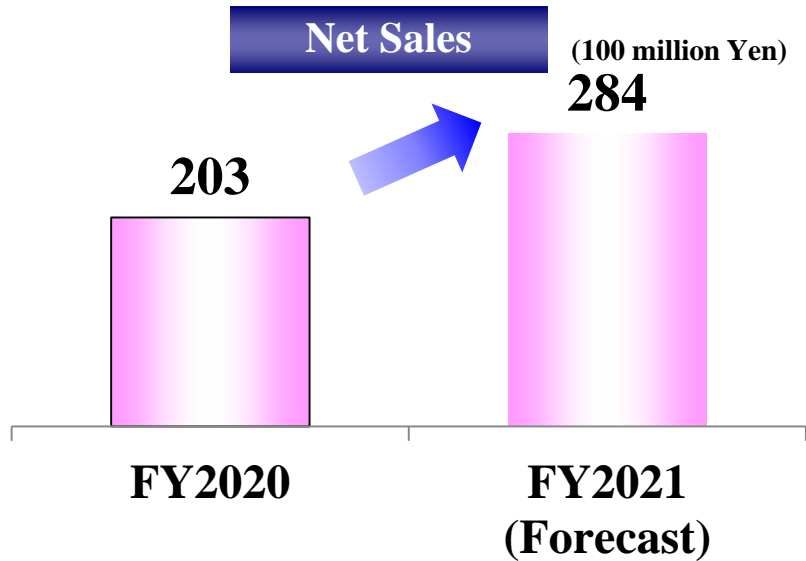
*Net sales of FY2020 is calculated based on the assumption that the Accounting Standard for Revenue Recognition was adopted.



Major risk factors

- ◇ Downturn, price fluctuations in resource markets
- ◇ Exchange rate fluctuations

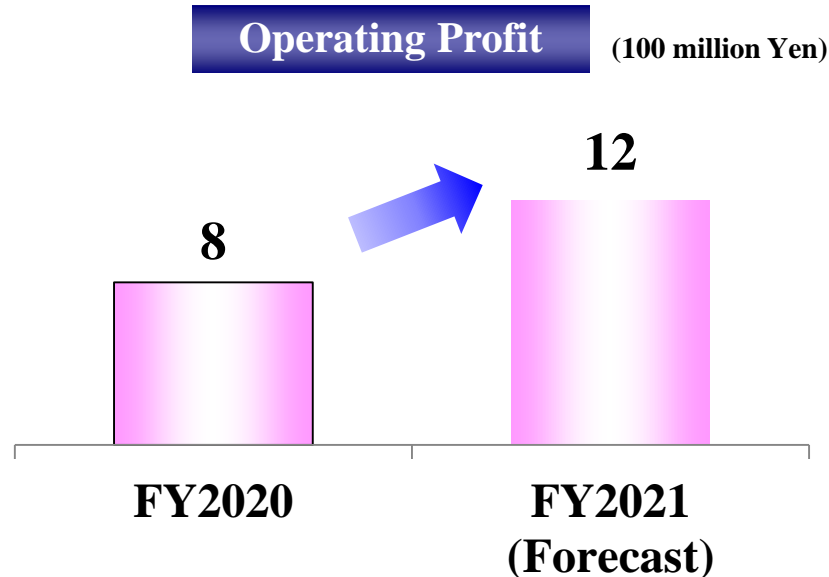
Forecasts: Agri-bio & Foods



Marketing measures toward achievement of FY2021 forecast

- Development of frozen foods for end-users and expansion of sale channels
- Expansion in sales of seed pigs
- Expansion in sales of equipment for agriculture and livestock

*Net sales of FY2020 is calculated based on the assumption that the Accounting Standard for Revenue Recognition was adopted.



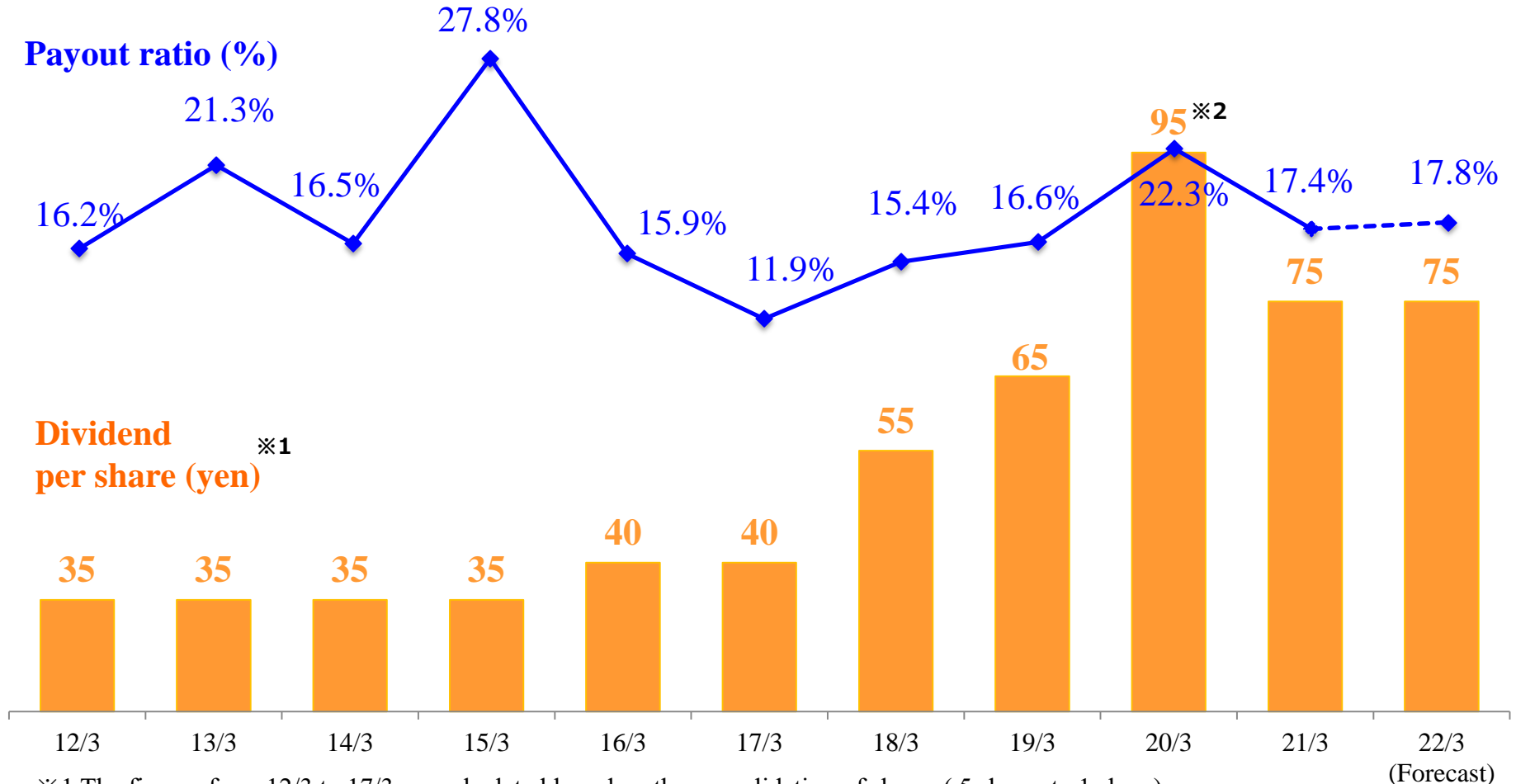
Major risk factors

- ◇ Exchange rate fluctuations
- ◇ Fluctuations in raw material costs
- ◇ Unseasonable weather

Returns to Shareholders (Consolidated Basis)

Dividend policy

- Paying continuous and stable dividends
- Returning our profits appropriately in consideration for our performance and business situation



Dividend per share (yen)^{※1}

※1 The figures from 12/3 to 17/3 are calculated based on the consolidation of shares (5 shares to 1 share).

※2 Including commemorative dividend: 20 yen

Results of PLAN20

Results of PLAN20

- All targets achieved
- Capital enhanced due to conversions of all convertible bonds into shares

[Management Indicators]

	PLAN20 target		FY2020 results	Target achieved
Ordinary Profit 【Except for impact of LPG import price fluctuation】	¥33.0B	➔	¥34.4B 【¥32.6B】	○
ROE	10.0% or higher	➔	10.9%	○
Net D/E Ratio	0.7 times	➔	0.23 times	○

Results of PLAN20

Energy business's targets achieved

Sales of Industrial gasses struggled due to COVID-19

[Key Business Indicators]

	FY2017 results	FY2020 results	PLAN20 target
LPG direct sales customers	900K households	1,010K households	1,000K households
Portable gas cooking stove / cassette gas canister sales volume (global)	Gas cooking stoves: 3,333K units Gas canisters: 103M units	Gas cooking stoves: 4,471K units Gas canisters: 134M units	Gas cooking stoves: 4,400K units Gas canisters: 137M units
Air separation gas sales volume	1.5B m ³	1.55B m ³	1.7B m ³
LH ₂ sales volume	59M m ³	67M m ³	90M m ³

Business topics

Initiatives to realize a hydrogen energy society

Promotion of hydrogen utilization through each association



**JAPAN
HYDROGEN
ASSOCIATION**

Japan Hydrogen Association

<Activities>

Make proposals to the government for the creation of social implementation projects, deregulation, etc.

Hydrogen Utilization Study Group in Chubu

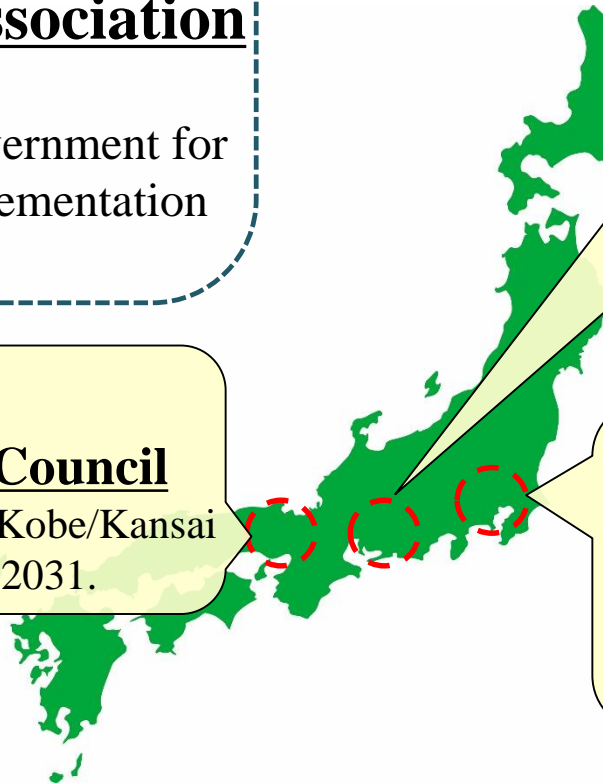
The total potential demand in Chubu area will reach 40,000 t/y by 2025, and 110,000 t/y by 2030.

Kobe/Kansai Hydrogen Utilization Council

The total potential demand in Kobe/Kansai area will reach 330,000 t/y by 2031.

Tokyo Zero-emission Innovation Bay

Aim to make the Tokyo Bay Area the first zero-emission innovation hub in the world.

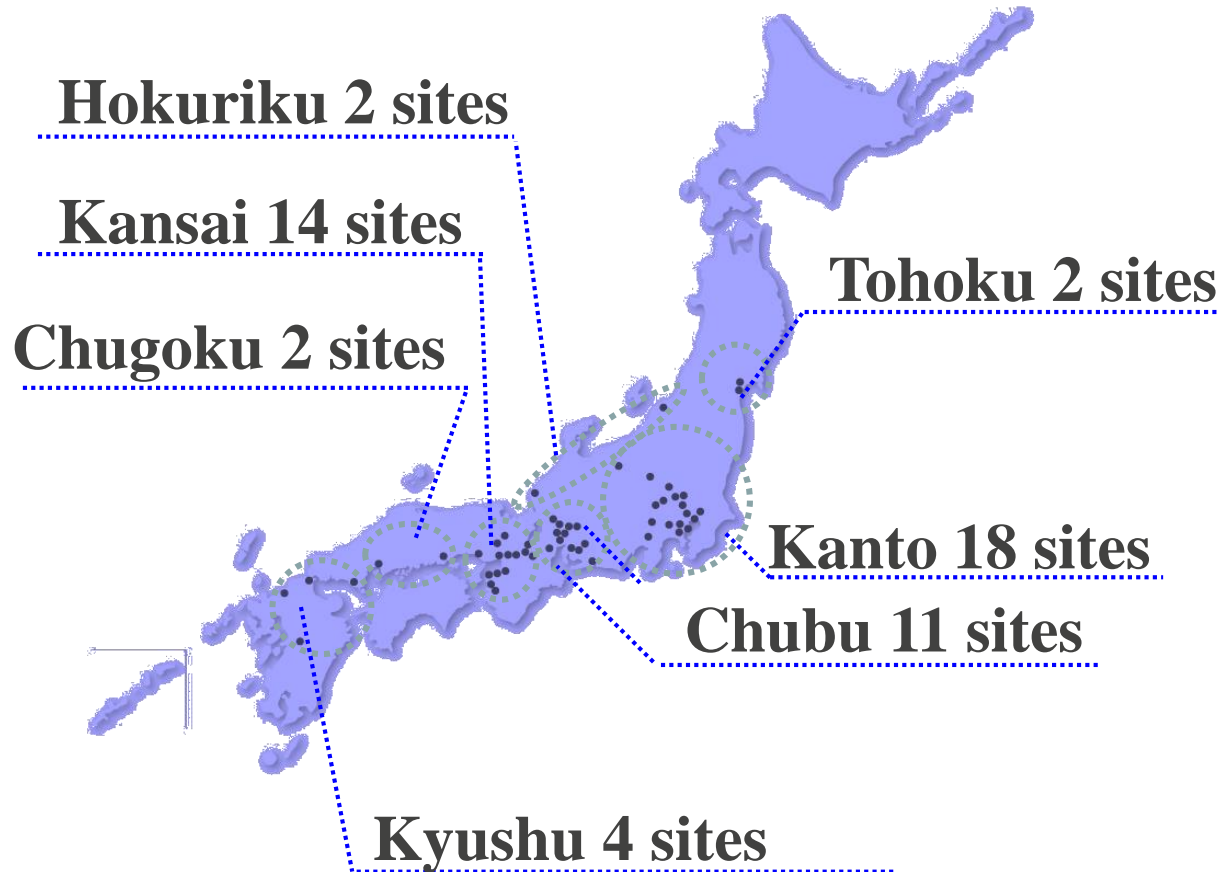


Initiatives to realize a hydrogen energy society

Promotion of hydrogen-refueling station construction

53 stations in Japan

*some of them under construction (As of May 2021)



Iwatani hydrogen-refueling station in Haneda Airport



Refueling hydrogen to FCV and FC buses

Initiatives to realize a hydrogen energy society

Initiatives for CO2-free hydrogen project



Hydrogen liquefaction and loading terminal (Australia)



Liquefied hydrogen loading terminal (Japan)

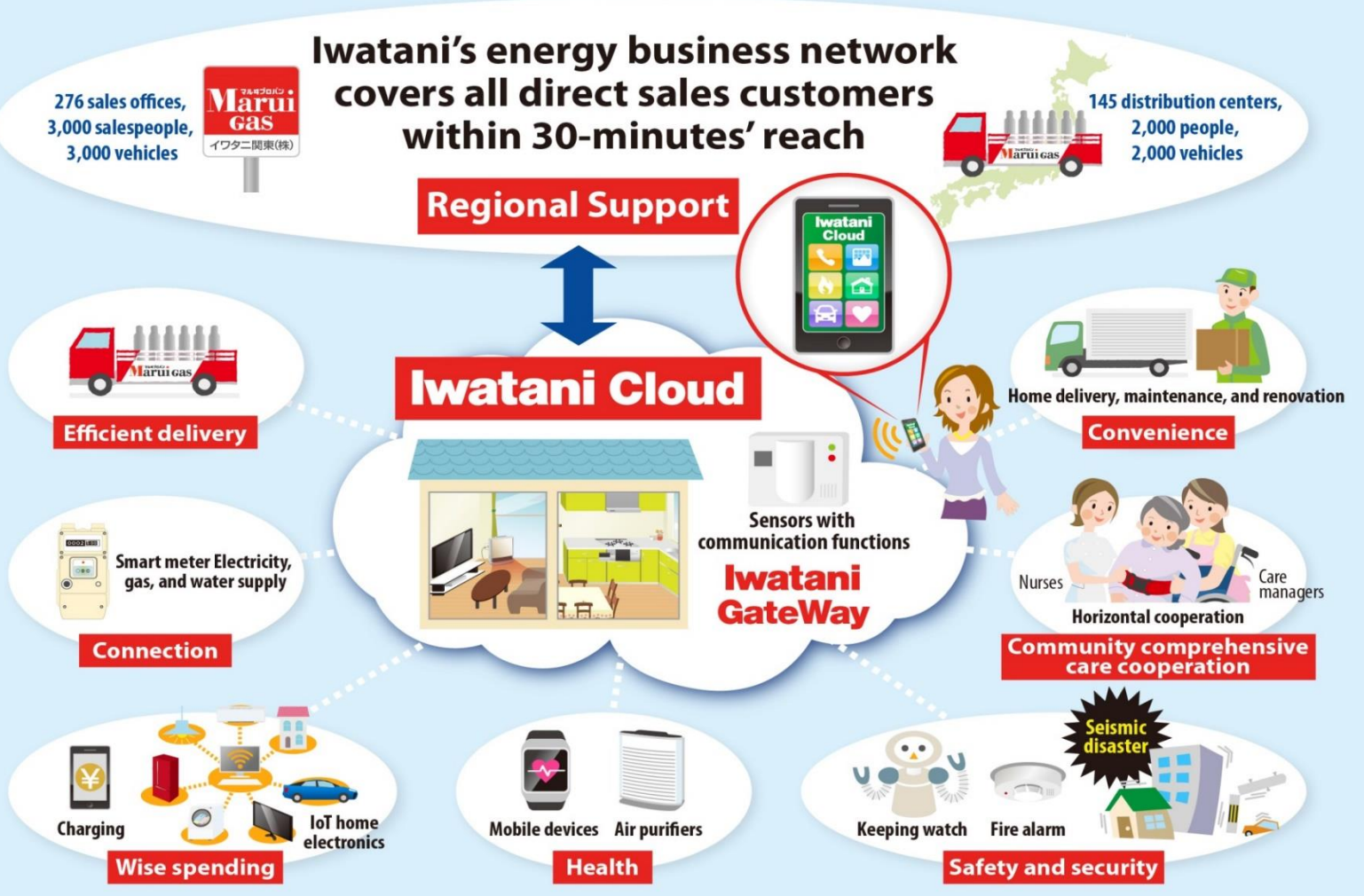


Liquefied hydrogen carrier

Initiatives for Iwatani GateWay

Promotion to install Iwatani Gateway

Utilize AI and IoT to build Iwatani's business platforms



Iwatani

Contact

Iwatani Corporation

IR, Corporate Planning & Coordination Department

TEL : +81-6-7637-3470 FAX : +81-6-7637-3333

Website : <http://www.iwatani.co.jp/eng/investor/investor01.html>

Forward-looking statements in this document are based on management expectations and are not commitments or guarantees. Consequently, users of this document are requested to fully understand that results may vary from expectations.