

Iwatani

FY 2021 1st Half Financial Results

(Fiscal Year Ended September 30, 2021)

November 16, 2021

Iwatani Corporation

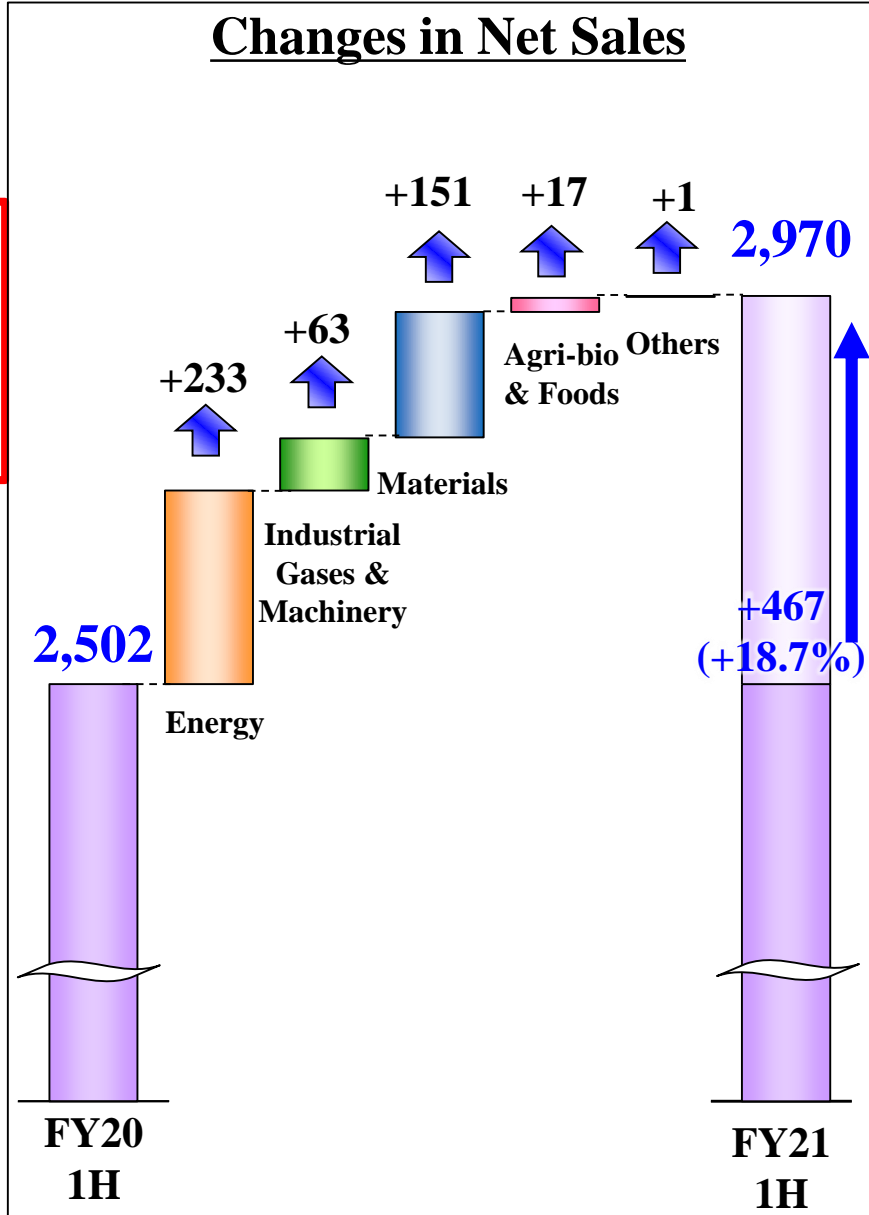
- **FY 2021 1st Half Overview**
- **FY 2021 Forecasts**
- **Business Topics**

FY 2021 1st Half Overview

Analysis of Net Sales

(Unit: 100 million Yen)

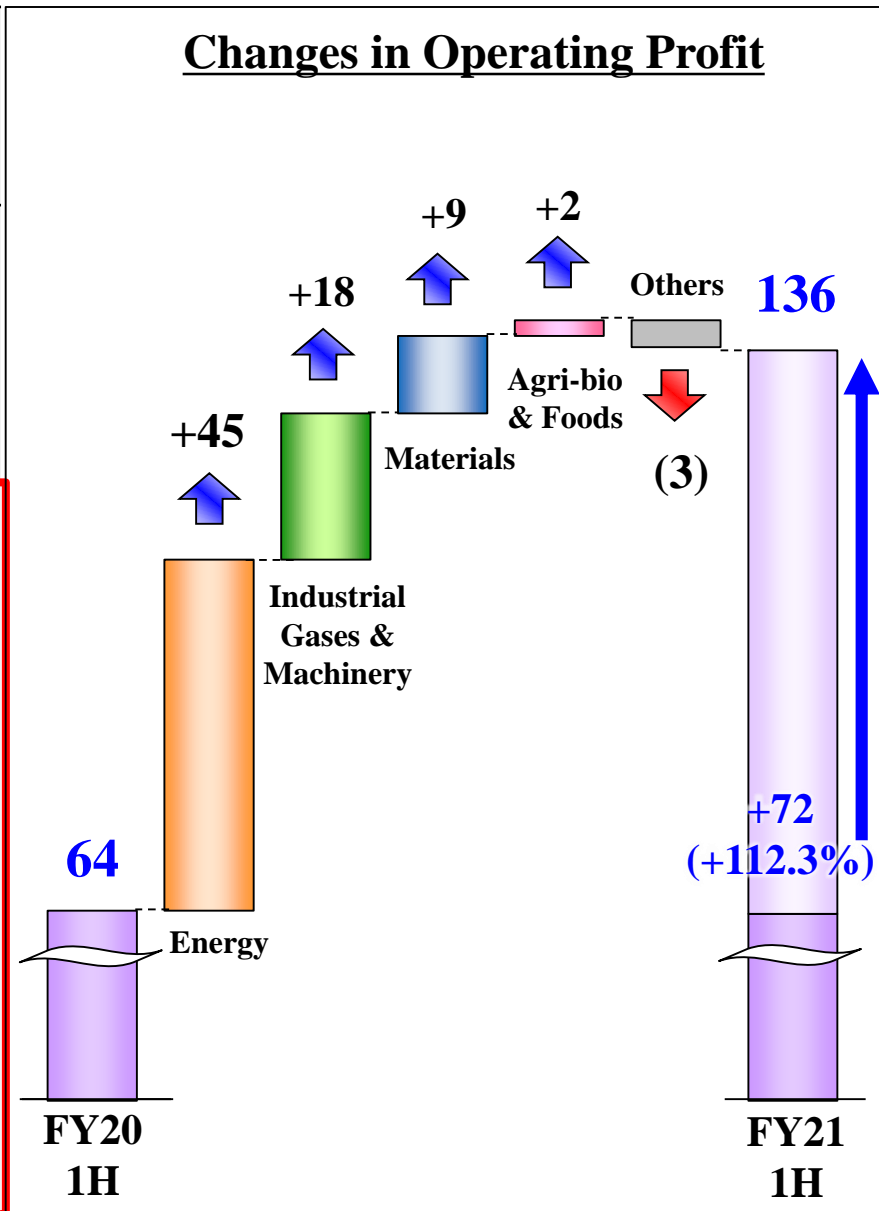
	FY21 1H Results (A)	FY20 1H Results (B)	Year-on- Year (A)-(B)	FY21 Forecast
Net sales	2,970	2,502	+467	6,261
Gross profit	870	771	+99	-
Operating profit	136	64	+72	320
Non-operating profit	28	23	+4	45
Ordinary profit	165	88	+77	365
Ordinary profit except for impact of LPG import price fluctuation	143	112	+30	365
Profit attributable to owners of parent	102	56	+46	243



Analysis of Operating Profit

(Unit: 100 million Yen)

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Impact of LPG Import Price Fluctuations

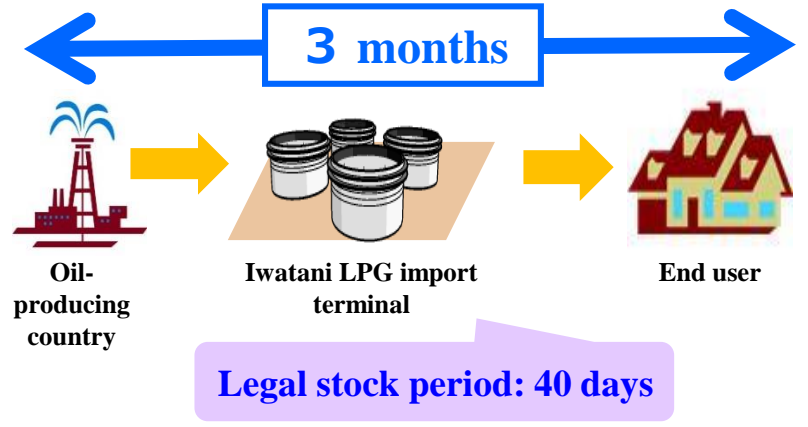
Premise

① Wholesale price is based on LPG Import Price

② From LPG import to sale takes 3 months

Wholesale Price \propto LPG Import Price*

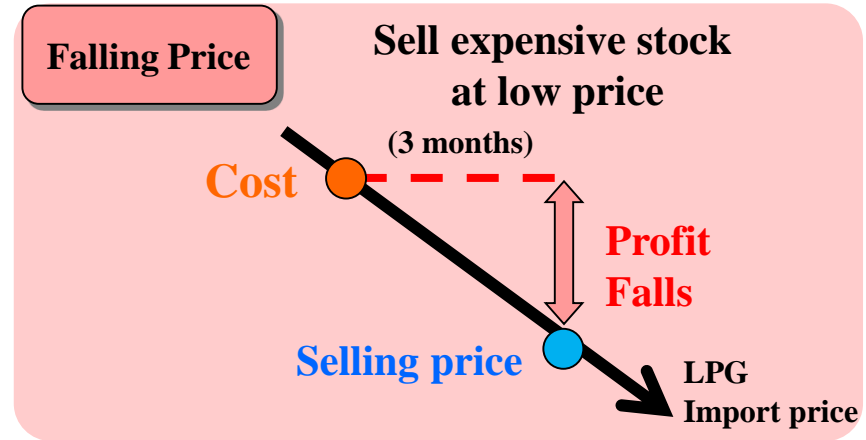
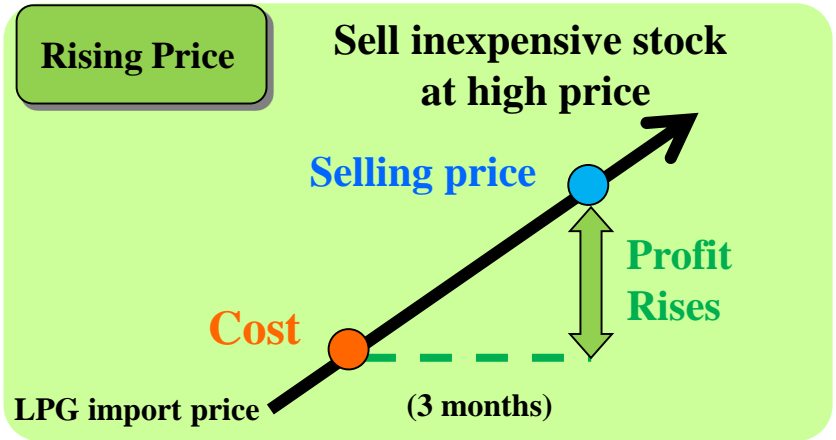
* The price consists of “CP” (from the middle east) and “MB” (from the U.S).



LPG Import Price Fluctuations

Short-term impact of market fluctuations

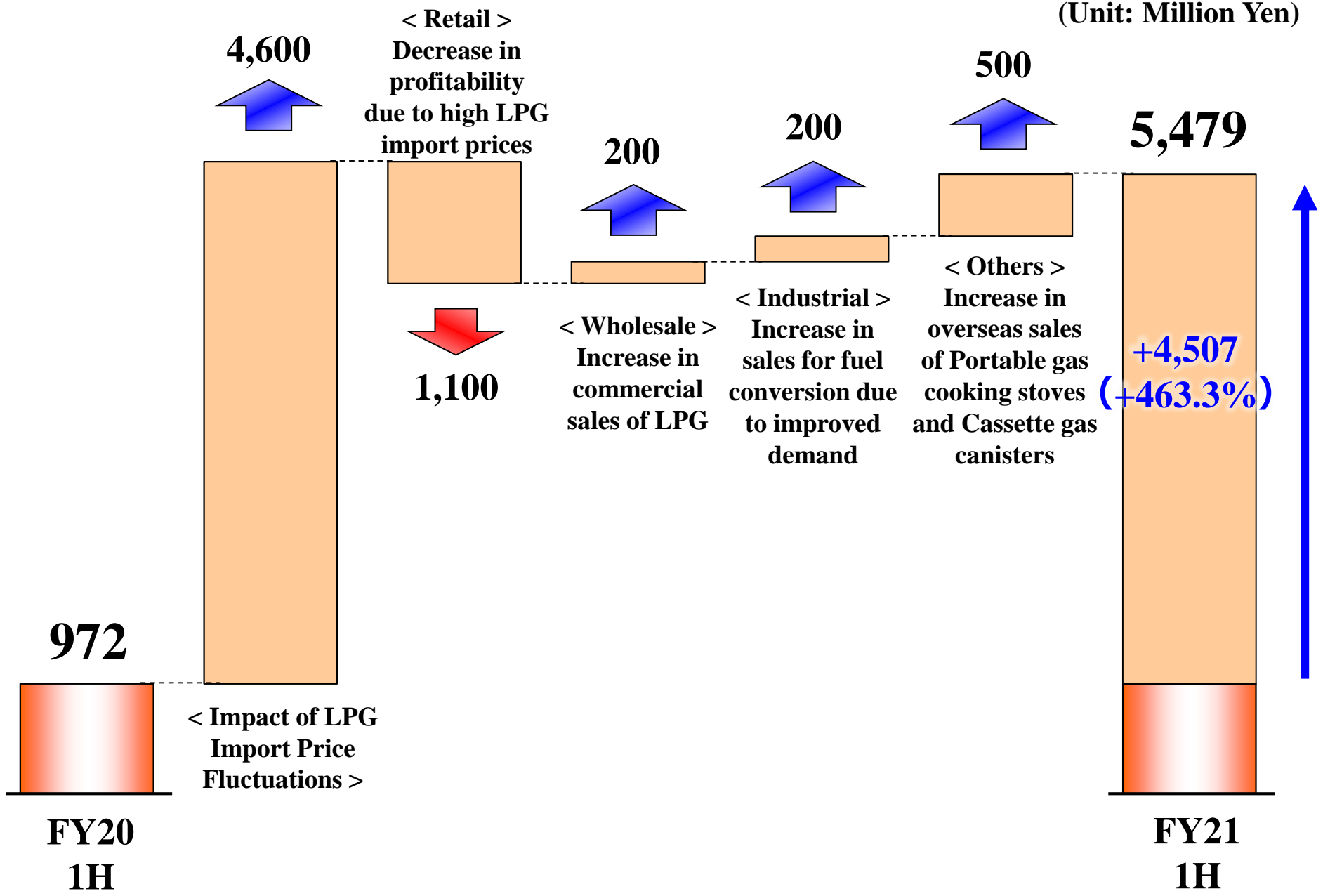
(If LPG import price fluctuations return to the original level, the impact is ± 0 .)*



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

Changes in Operating Profit – Energy

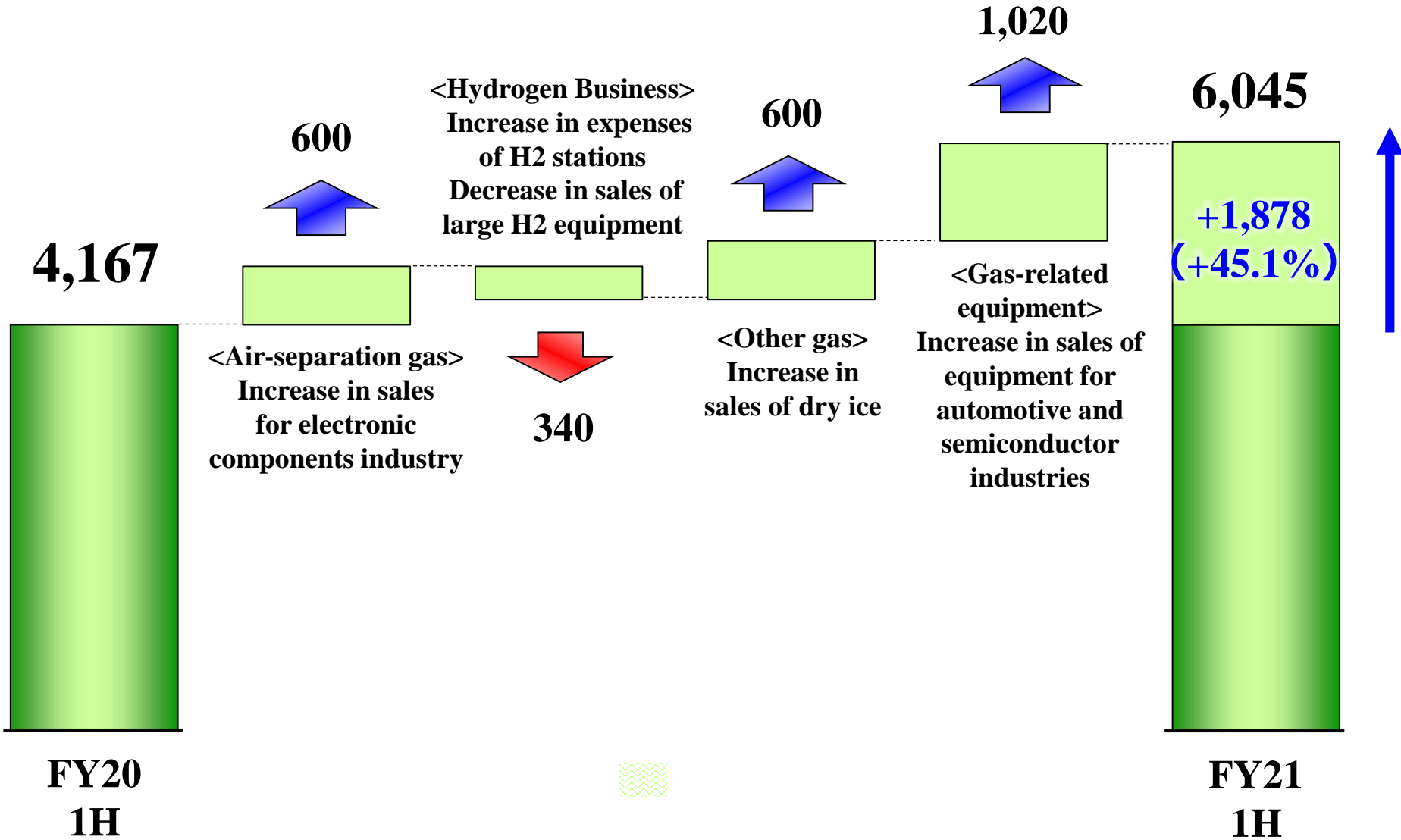
(Unit: Million Yen)



Changes in Operating Profit

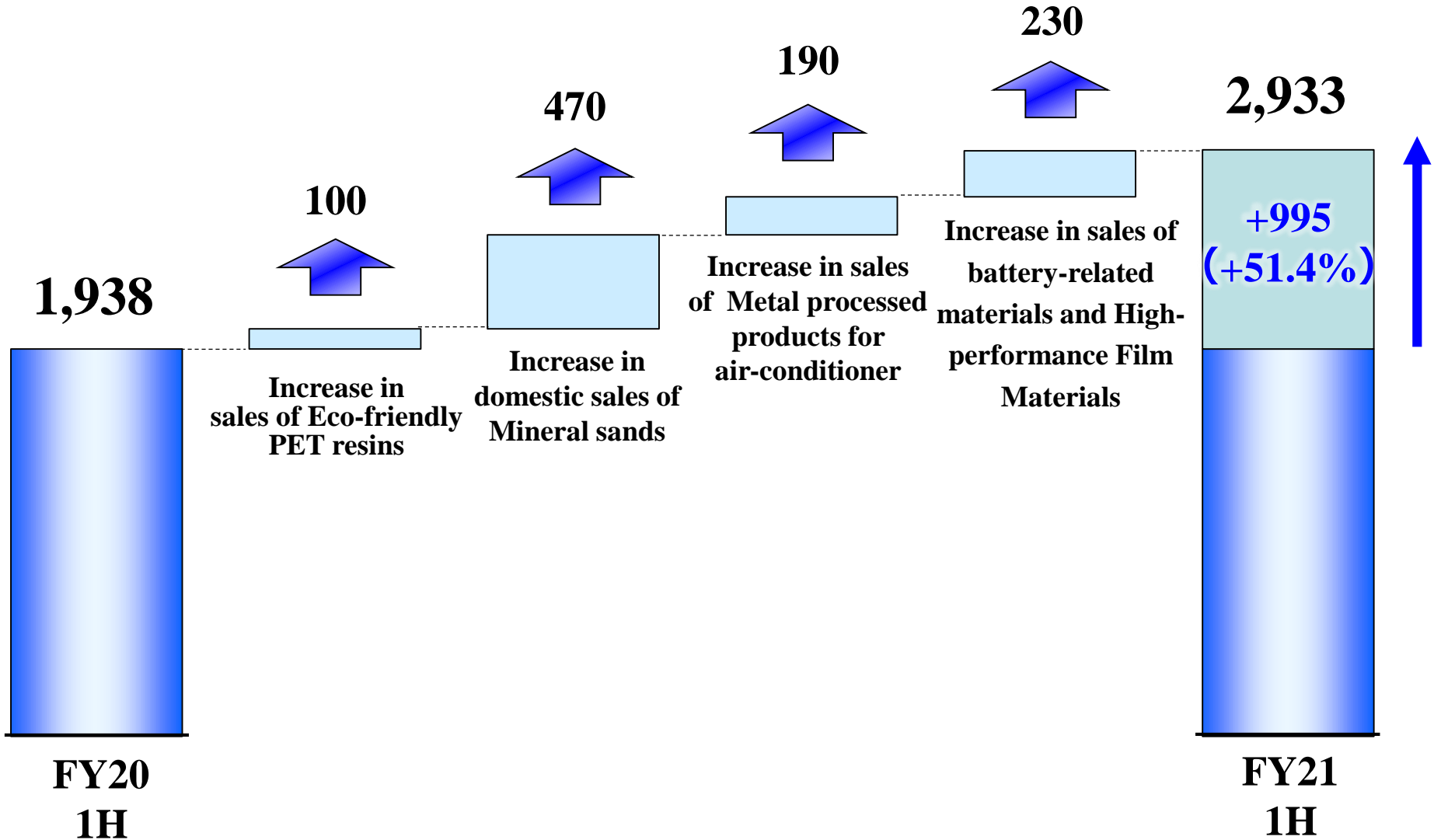
- Industrial Gases & Machinery

(Unit: Million Yen)



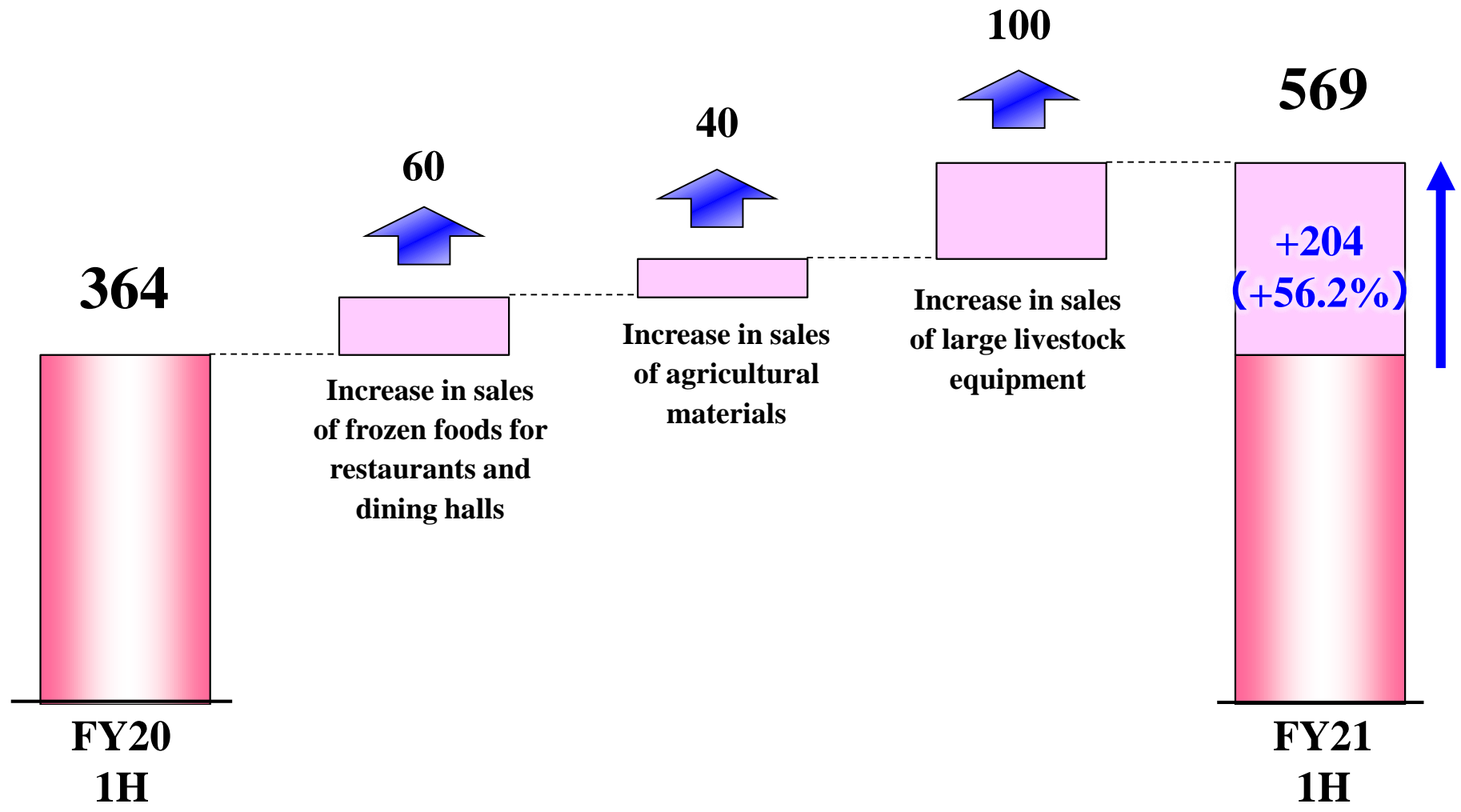
Changes in Operating Profit – Materials

(Unit: Million Yen)



Changes in Operating Profit – Agri-bio & Foods

(Unit: Million Yen)



Balance Sheets (Consolidated Basis)

(Unit: 100 million Yen)

	FY21 1H (A)	FY20 (B)	(A) - (B)	Major factors for changes
Current assets	2,112	2,221	(108)	Decrease in cash and deposits.
Property, plant and equipment	1,797	1,780	+17	Investment on hydrogen business (H2 Stations, etc.) and LPG business.
Intangible assets	168	174	(6)	
Investments and other assets	997	943	+53	Increase in investment securities due to stock market incline.
Fixed assets	2,963	2,899	+64	
Total assets	5,076	5,120	(43)	
Current liabilities	1,616	1,709	(93)	Decrease in notes and accounts payable.
Long - term liabilities	837	874	(36)	Decrease in long-term debt
Total liabilities	2,454	2,584	(130)	Interest-bearing debt, gross 1,022, Ratio of Interest-bearing debt to total assets 20.1%
Equity capital	2,525	2,441	+83	(Capital ratio 49.7%) (Net D/E ratio 0.29pt)
Non-controlling interests	97	94	+2	
Net assets	2,622	2,535	+86	
Total liabilities and net assets	5,076	5,120	(43)	

Statements of Cash Flows

(Unit: 100 million Yen)

	FY21 1H(A)	FY20 1H(B)	(A) - (B)
Cash flows from operating activities	24	106	(82)
Cash flows from investing activities	(157)	(133)	(24)
Free cash flows	(133)	(27)	(106)
Cash flows from financing activities	10	152	(141)
Effect of exchange rate changes, etc. *	9	(2)	+11
Net increase (decrease) in cash and cash equivalents	(113)	122	(236)
Cash and cash equivalents at beginning of period	384	251	+133
Cash and cash equivalents at end of period	270	374	(103)

* “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)

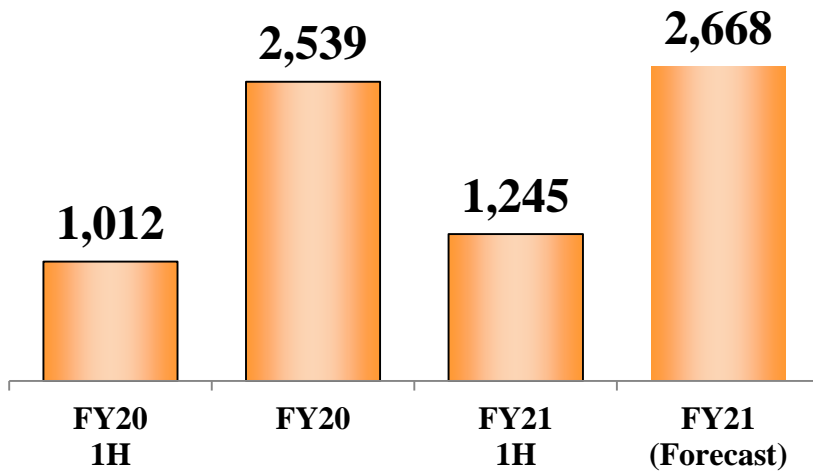
	FY21 Forecasts (A)	FY20 Results (B)	(C) (A) - (B)	(C) / (B)
Net Sales	6,261	5,626	+634	+11.3%
Energy	2,668	2,539	+128	+5.1%
Industrial Gases & Machinery	1,923	1,721	+201	+11.7%
Materials	1,342	1,118	+223	+20.0%
Agri-bio & Foods	284	203	+80	+39.8%
Others	44	43	+0	+1.3%
Operating Profit	320	299	+20	+6.7%
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%

*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)

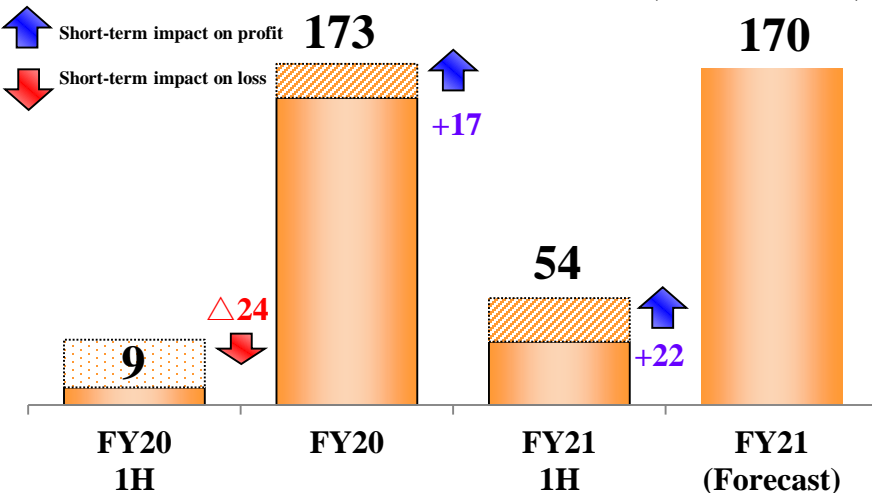


Marketing measures toward achievement of FY2021 forecast

- Expansion of direct sales customers through M&A
- Sales expansion of energy related equipment and BtoC products
- Expansion of the cartridge gas business
 - Expanding sales into domestic outdoor market
 - Strengthening overseas sales in the US and South-East Asia.

Operating Profit

(100 million Yen)



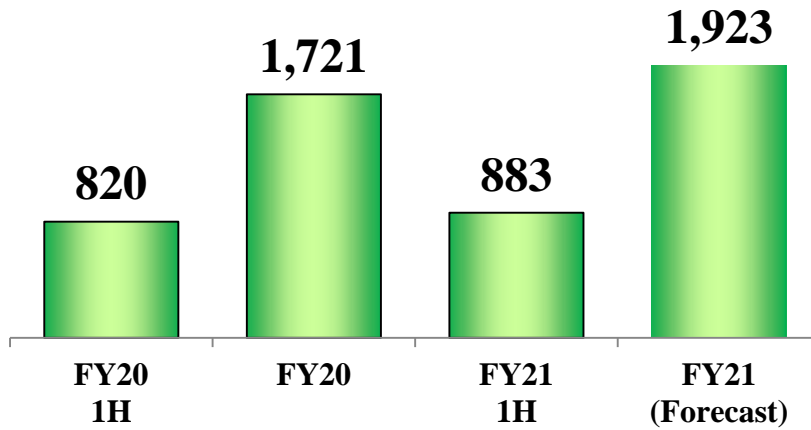
Major risk factors

- ◇ 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)

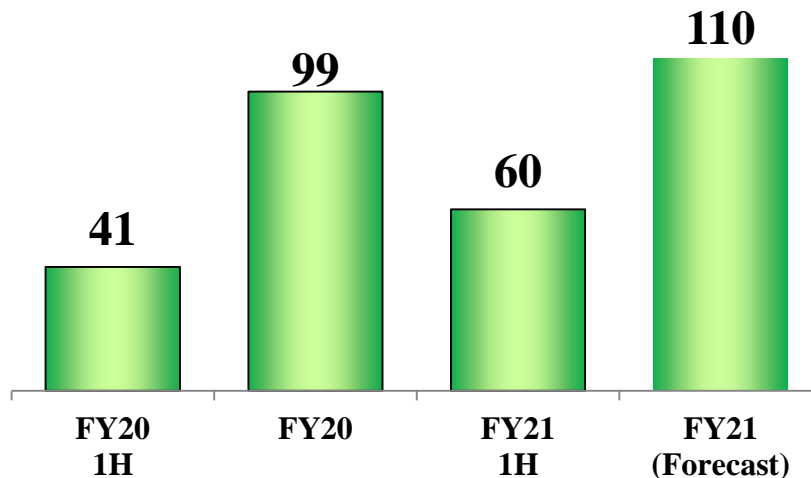


Marketing measures toward achievement of FY2021 forecast

- Increase in sales of air separation gases in growth industries
- Acquisition of new customers of LH2
- Stable supply of helium
- Capturing demand of equipment in automotive and semiconductor industries.

Operating Profit

(100 million Yen)



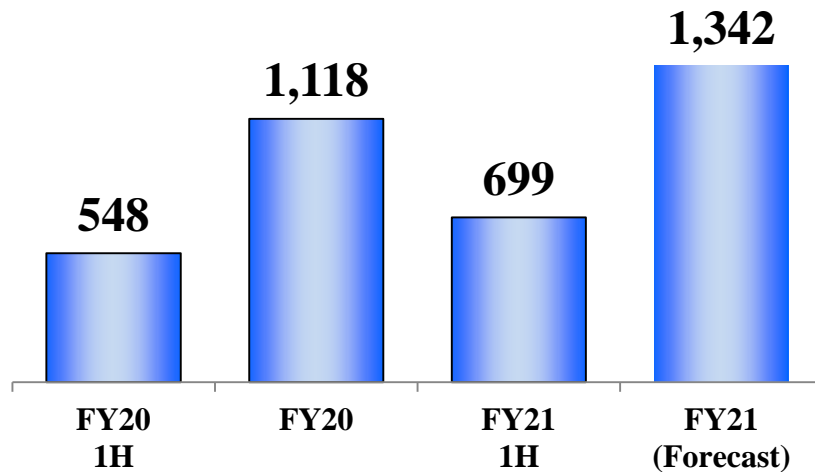
Major risk factors

- ◇ Impact on manufacturing costs from increase in power rate and LNG market prices.
- ◇ Exchange rate fluctuations

Forecasts: Materials

Net Sales

(100 million Yen)

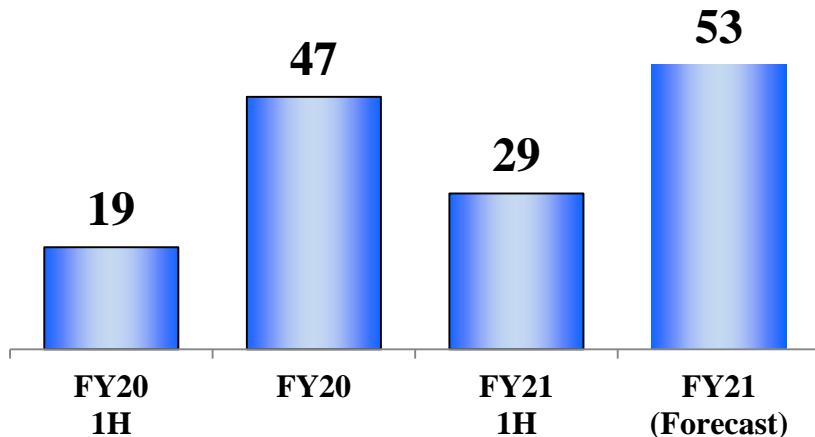


Marketing measures toward achievement of FY2021 forecast

- Increase in sales of eco-friendly products such as Eco-friendly PET resins, biomass fuels and battery-related materials
- Strengthening existing business
 - Sales expansion of Titanium and Zircon
 - Overseas sales expansion of metal processed products

Operating Profit

(100 million Yen)



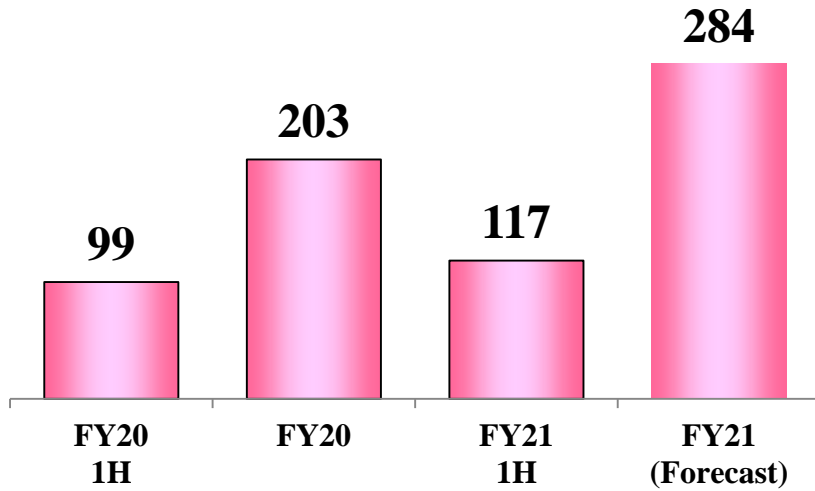
Major risk factors

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

Forecasts: Agri-bio & Foods

Net Sales

(100 million Yen)

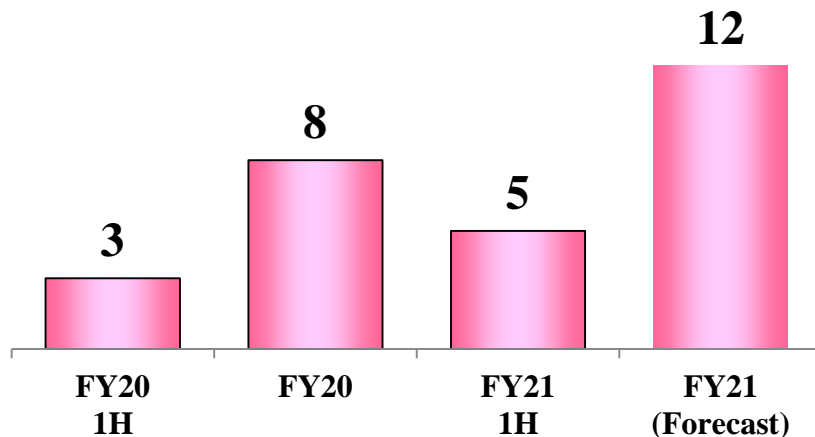


Marketing measures toward achievement of FY2021 forecast

- Development of frozen foods for end-users and expansion of the sales
- Sales expansion of seed pigs
- Sales expansion of equipment for agriculture and livestock

Operating Profit

(100 million Yen)



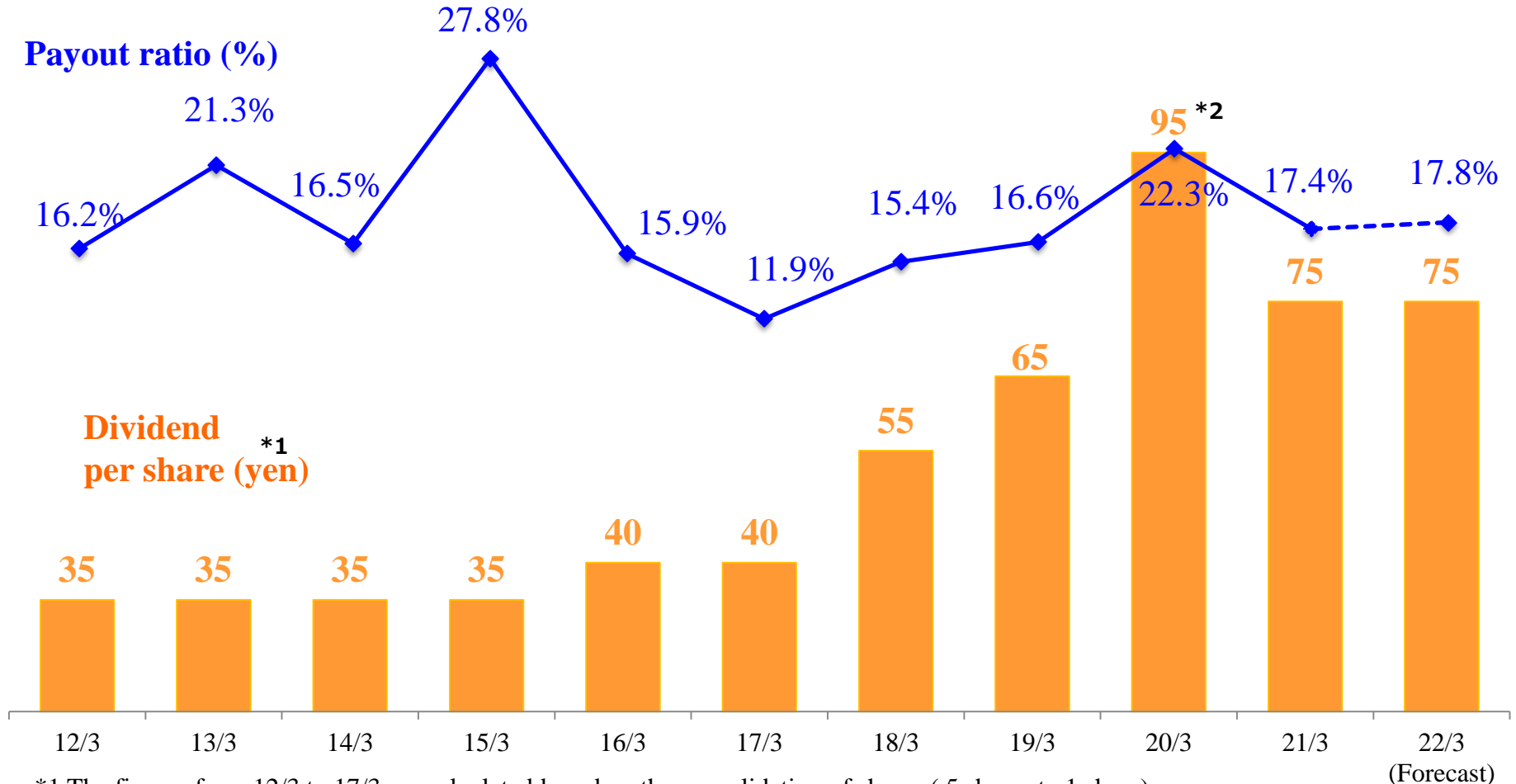
Major risk factors

- ◇ 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



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

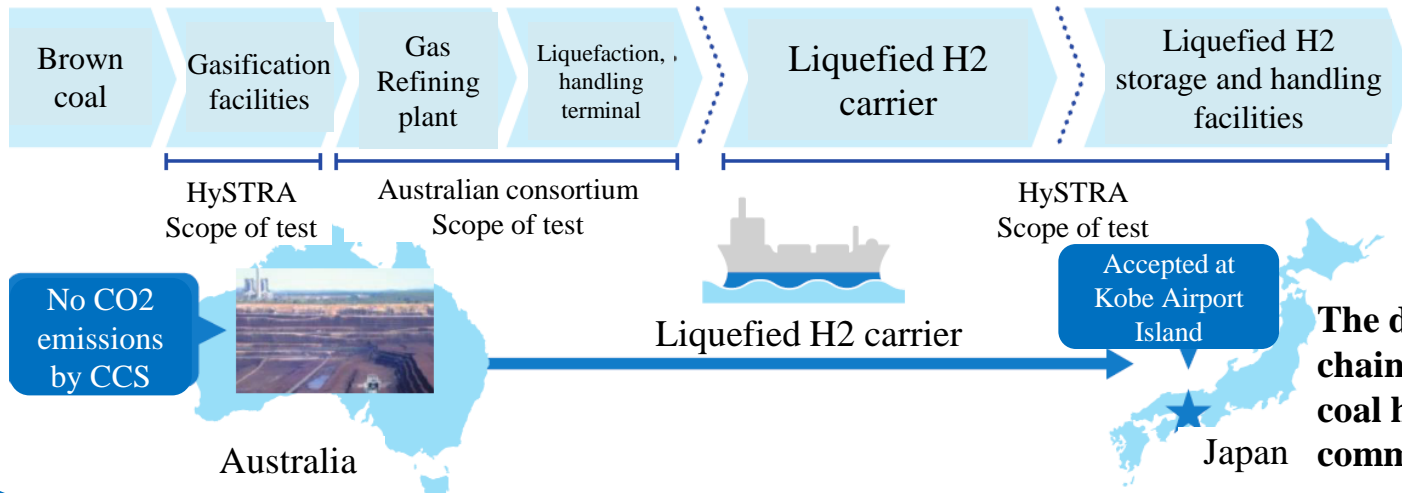
*2 Including commemorative dividend: 20 yen

Business topics

Initiatives to establish a CO₂-free hydrogen supply chain

Multiple hydrogen projects in Australia

HySTRA project

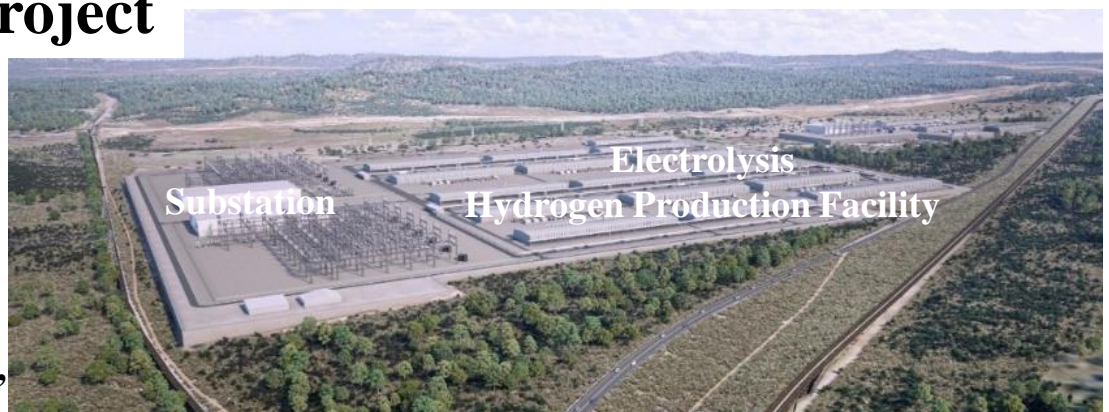


The demonstration for the supply chain of H₂ produced from brown coal has started with the aim of commercialization in 2030.

Green LH₂ Production Project



We jointly implement a feasibility study on the project to produce LH₂ on a large scale using renewable energy, for export to Japan with Stanwell, an Australian power company, and other companies.

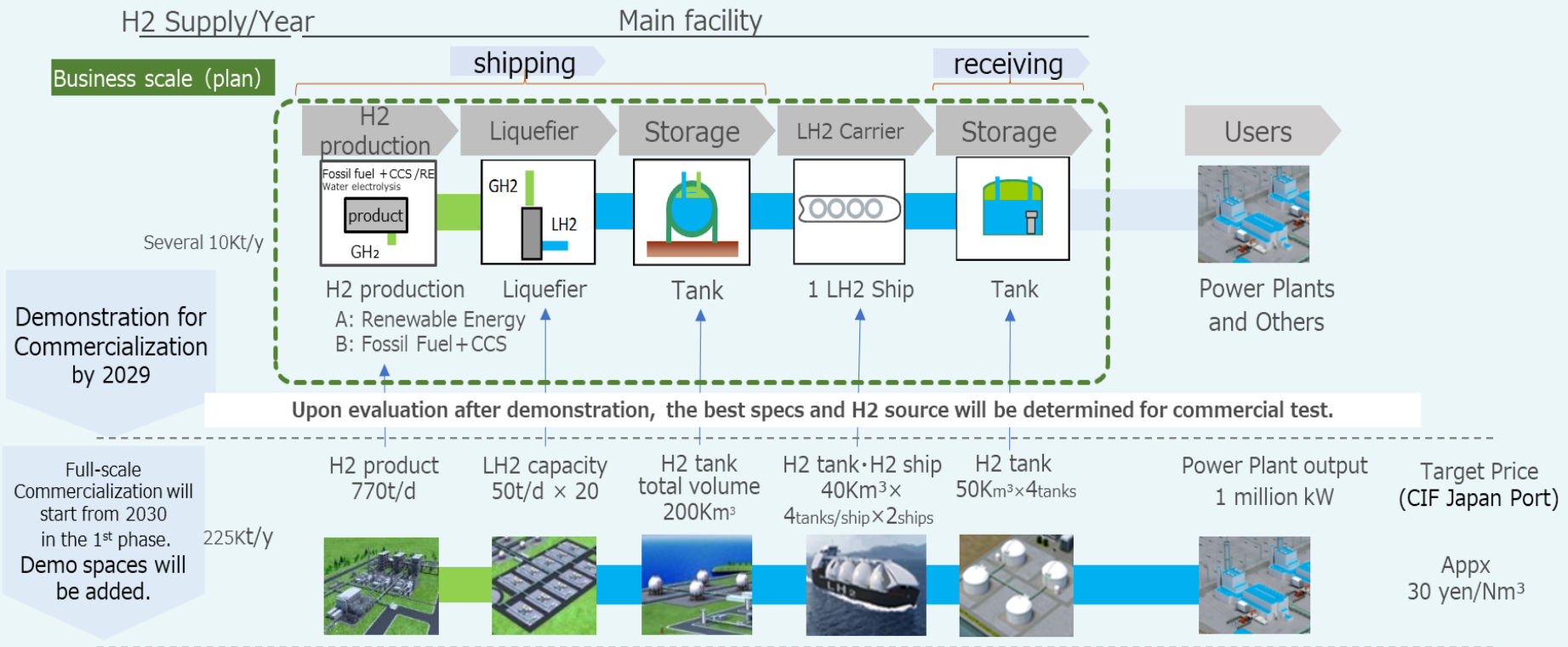


The Land image in Aldoga district, a hydrogen production base

Initiatives to establish a CO₂-free hydrogen supply chain

“Large-scale demonstration for LH₂ supply chain” selected as the project for Green Innovation Fund

Business Image



Reference : Japan Hydrogen Energy Co., Ltd.

Initiatives to issue Green Bonds

Issuance of Green Bonds* for funding construction of hydrogen-refueling stations

*Designed to raise funds for exclusive use in business which improves environmental impacts



【Hydrogen-refueling station scheduled to be built in Tokyo・Hamura】

Initiatives for Green LPG

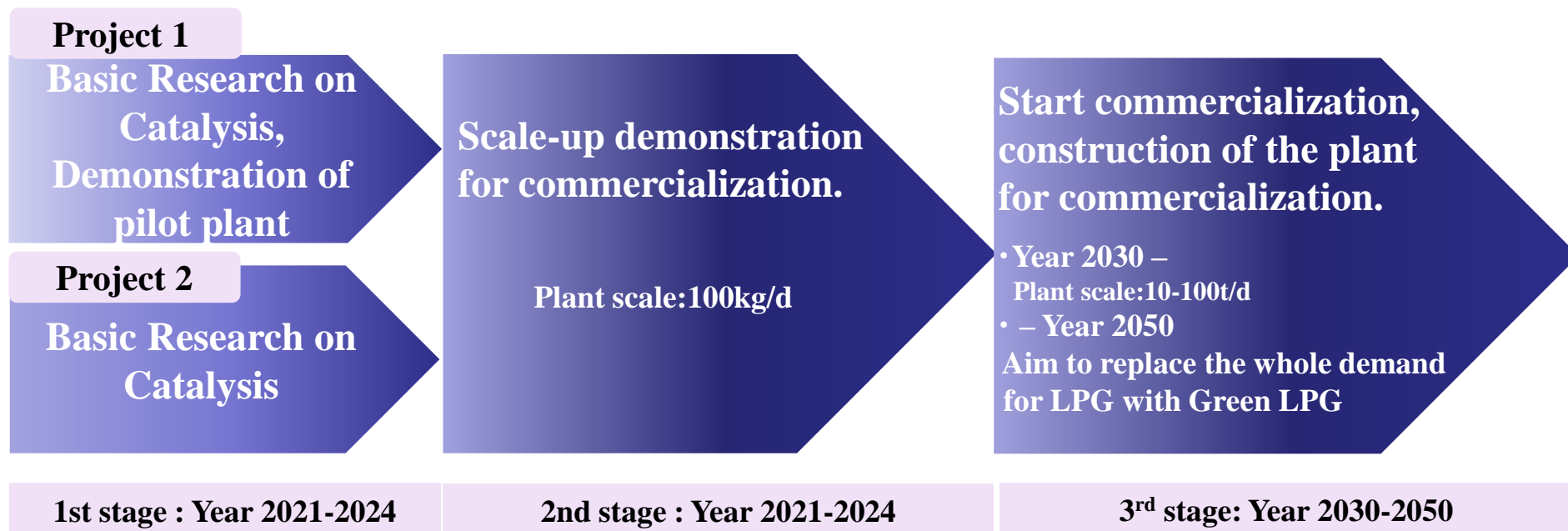
Foundation of “Institute of Japan Green LP Gas Promotion”

<Summary>

We jointly work on the Green LPG project with other importers.

Project 1: Development of new technology for direct synthesis of LPG from CO₂ and H₂

Project 2: Indirect synthesis of LPG from Methanol and DME such as biogas, etc.



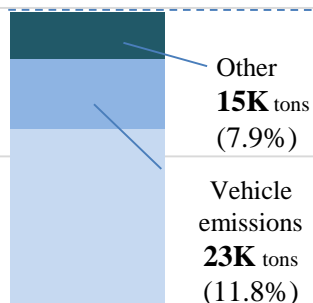
Reference :Materials from Japan LP gas Association

Initiatives for reduction in CO2 emissions

De-carbonization to be focused on industrial gas plants and R&D facilities

Target volume of reduction in CO2 emissions by the Group (domestic)

198K tons



Emissions from electricity use
159K tons
(80.2%)

FY2019 result

50%
reduction

FY2030 target

Main Reduction Initiatives

○ Hydro Edge plant

- Power saving by the use of cold heat from LNG



○ Iwatani R&D Center and Iwatani Advanced Hydrogen Technology Center

- Install pure hydrogen fuel cells



○ Iwatani group plants and offices

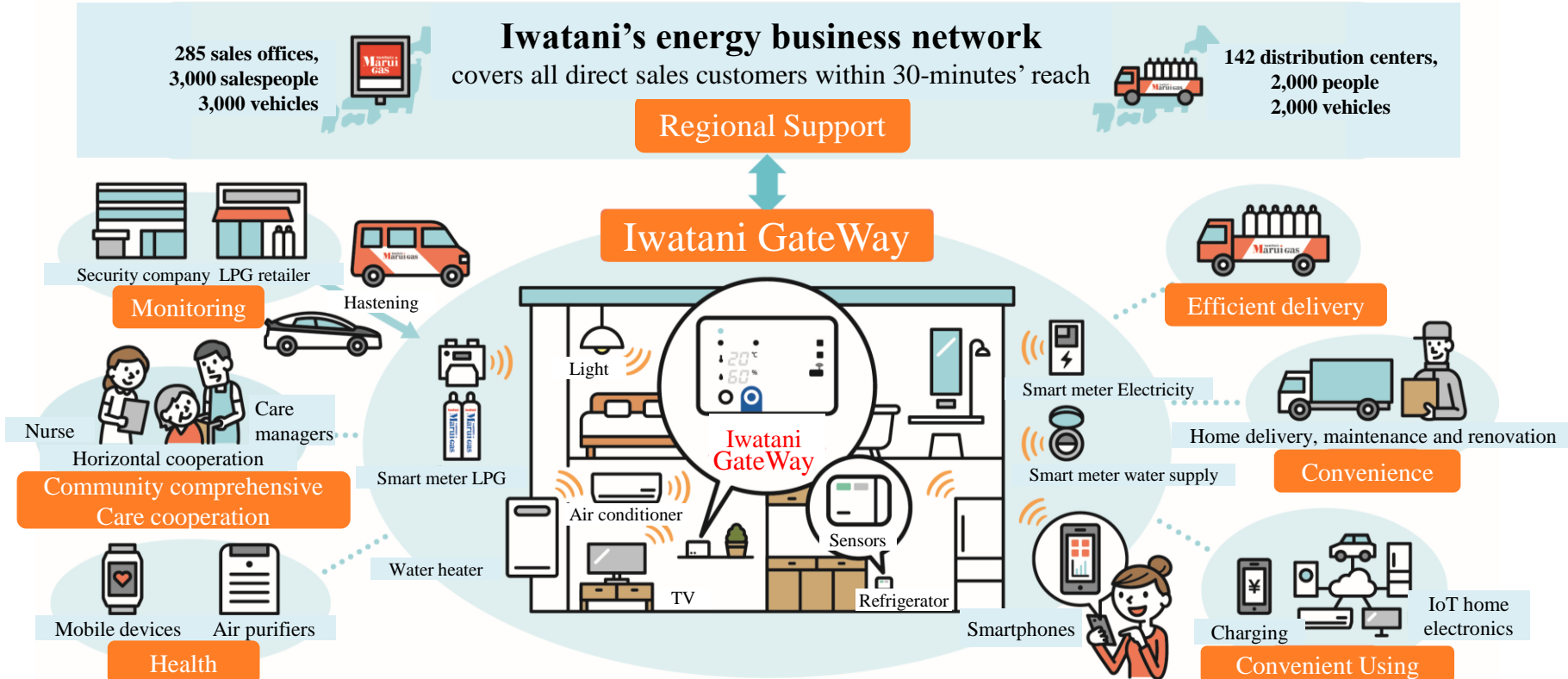
- Install solar panels
- Use LED lighting



Initiatives for Iwatani GateWay

Launch new services to solve local community issues

<The concept of Iwatani GateWay>



Service.1
Gas monitoring

Monitoring your gas safety 24 hours a day, 365 days a year. In the case of gas leak, the system will shut off remotely, so you can feel safe when you are out.

Service.2
Life consultation

Just press a button and we will call you. Please feel free to contact us even if you have any problems other than gas.

Service.3
Temperature and Humidity Notification

If the temperature or humidity rises too high, it will notify you with an audio message, which is useful in preventing heat stroke.

Service.4
Visualization of gas and electricity

You can check your gas and electricity usage and rates through our web referral service.

Iwatani

Contact

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