

**Iwatani**

**FY 2021 Financial Results**  
**(Fiscal Year Ended March 31, 2022)**

**May 20, 2022**

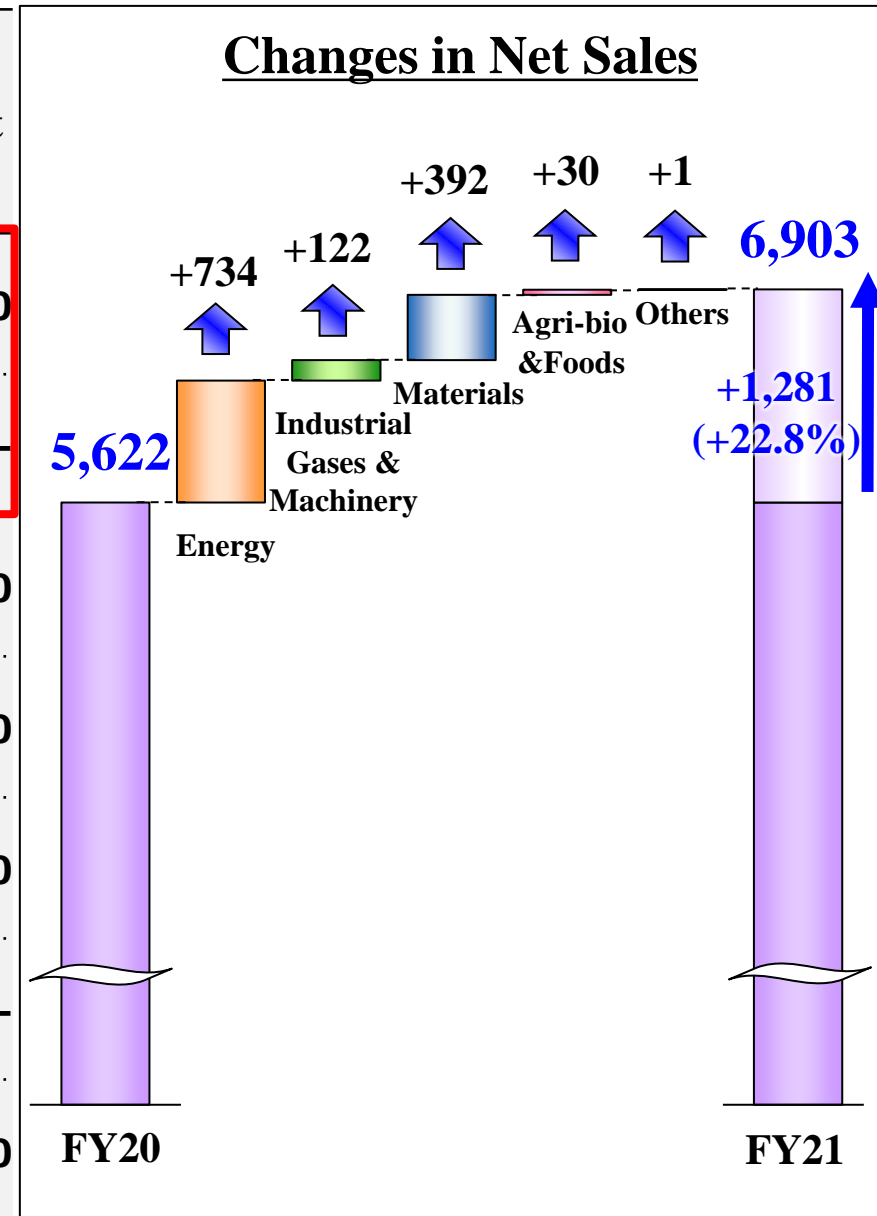
**Iwatani Corporation**

- **FY 2021 Overview**
- **FY 2022 Forecasts**
- **Growth Strategies**

# FY 2021 Overview

# Analysis of Net Sales

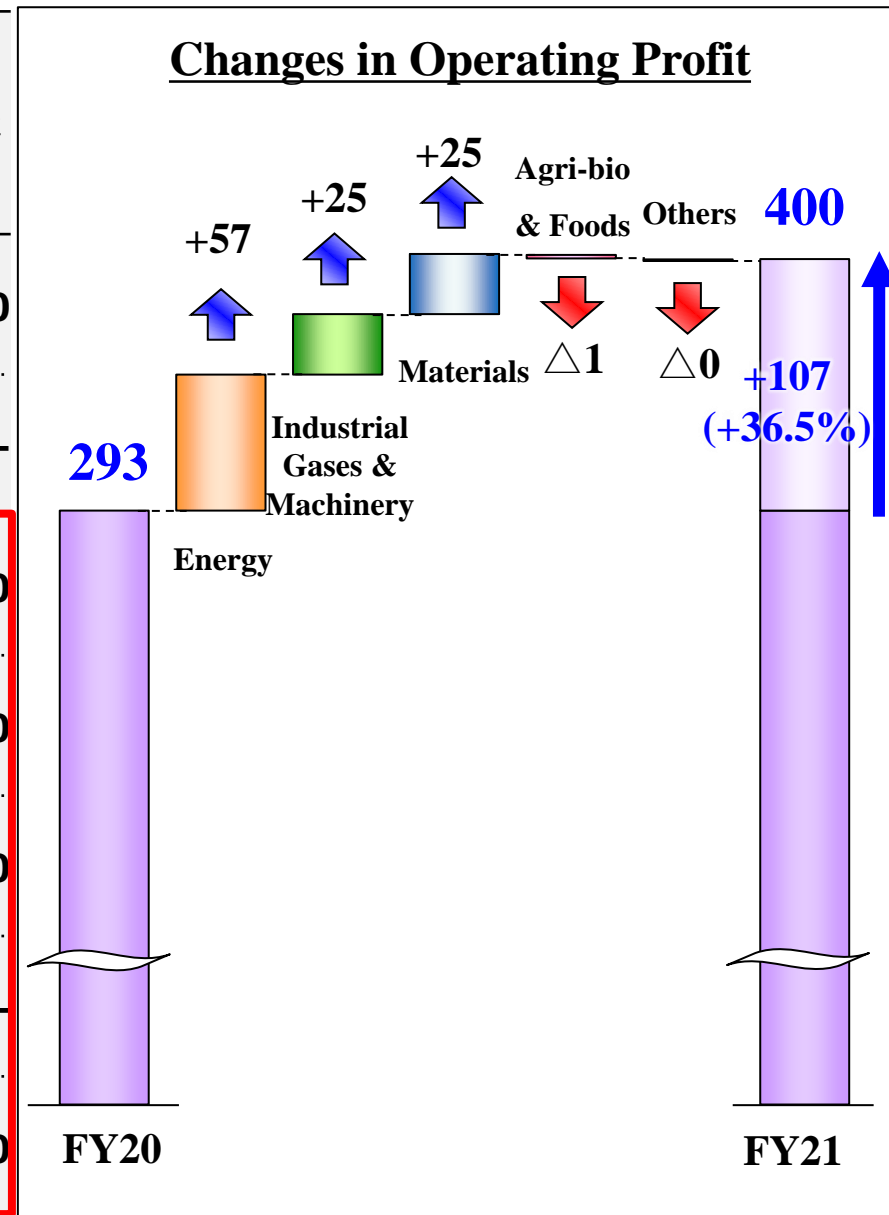
	FY21 Results (A)	FY20 Results (B)	Year-on- Year (A)-(B)	FY21 Forecast *
Net sales	6,903	5,622	+1,281	6,840
Gross profit	1,917	1,762	+155	-
Operating profit	400	293	+107	380
Non-operating profit	63	48	+15	50
Ordinary profit	464	341	+122	430
Ordinary profit except for impact of LPG import price fluctuation	384	323	+60	-
Profit attributable to owners of parent	299	230	+69	270



\* Figures for FY21 Forecast were announced on Feb 4, 2022.

## Analysis of Operating Profit

	FY21 Results (A)	FY20 Results (B)	Year-on-Year (A)-(B)	FY21 Forecast *
Net sales	6,903	5,622	+1,281	6,840
Gross profit	1,917	1,762	+155	-
<b>Operating profit</b>	<b>400</b>	<b>293</b>	<b>+107</b>	<b>380</b>
Non-operating profit	63	48	+15	50
Ordinary profit	464	341	+122	430
Ordinary profit except for impact of LPG import price fluctuation	384	323	+60	-
Profit attributable to owners of parent	299	230	+69	270



\* Figures for FY21 Forecast were announced on Feb 4, 2022.

# Impact of LPG Import Price Fluctuations

Premise

① Wholesale price is based on LPG Import Price

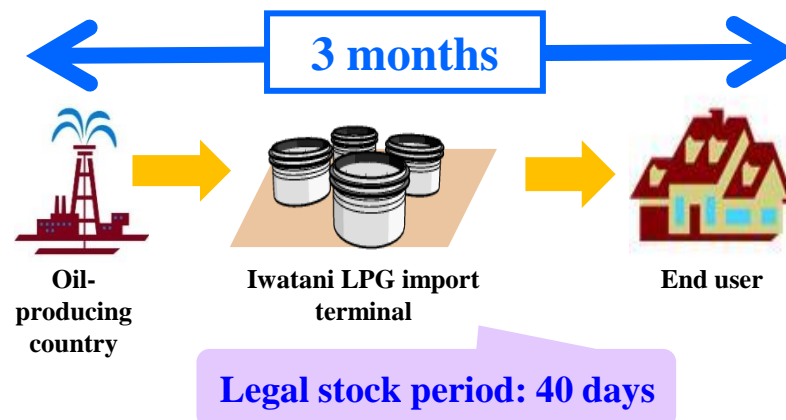
② From LPG import to sale takes 3 months

Wholesale Price  $\propto$  LPG Import Price\*

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

CP (Contract Price): Import price from the Middle East

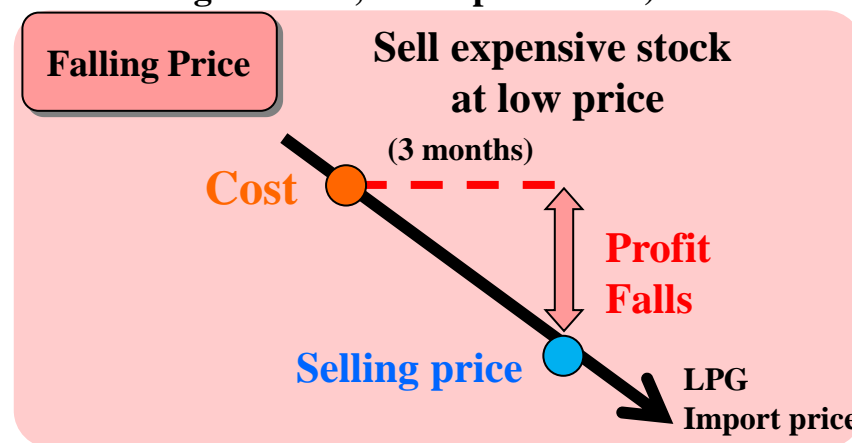
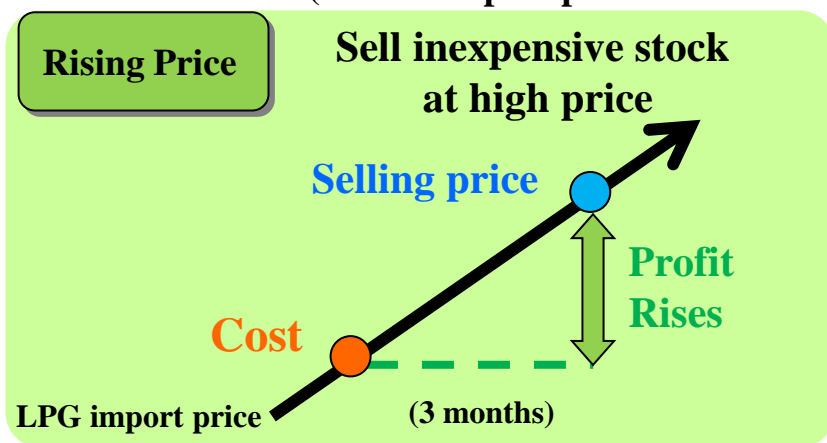
MB (Mont Belvieu): Import price from the United States



LPG Import Price Fluctuations

## Short-term impact of market fluctuations

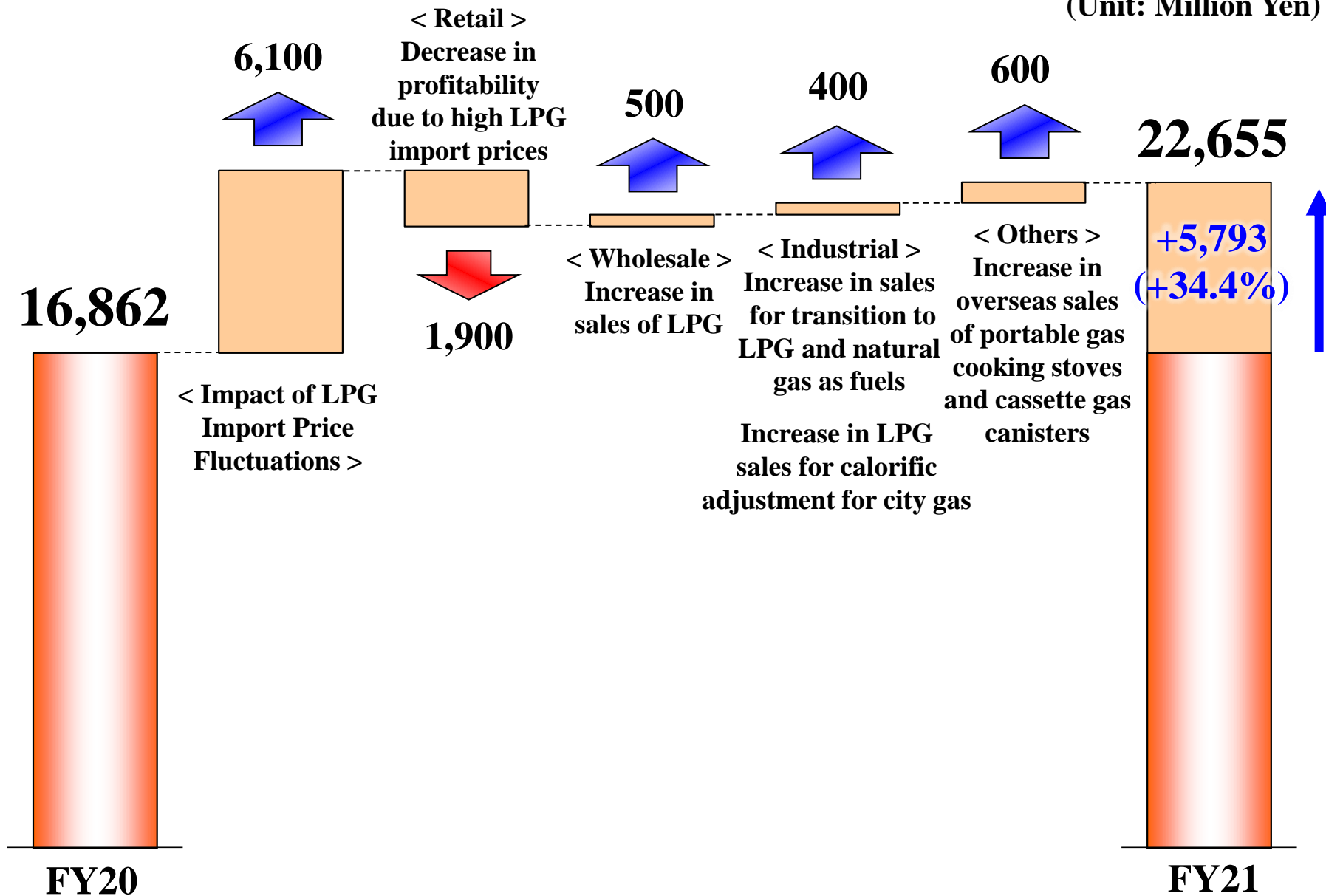
(If LPG import price fluctuations return to the original level, the impact is  $\pm 0$ .)\*



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

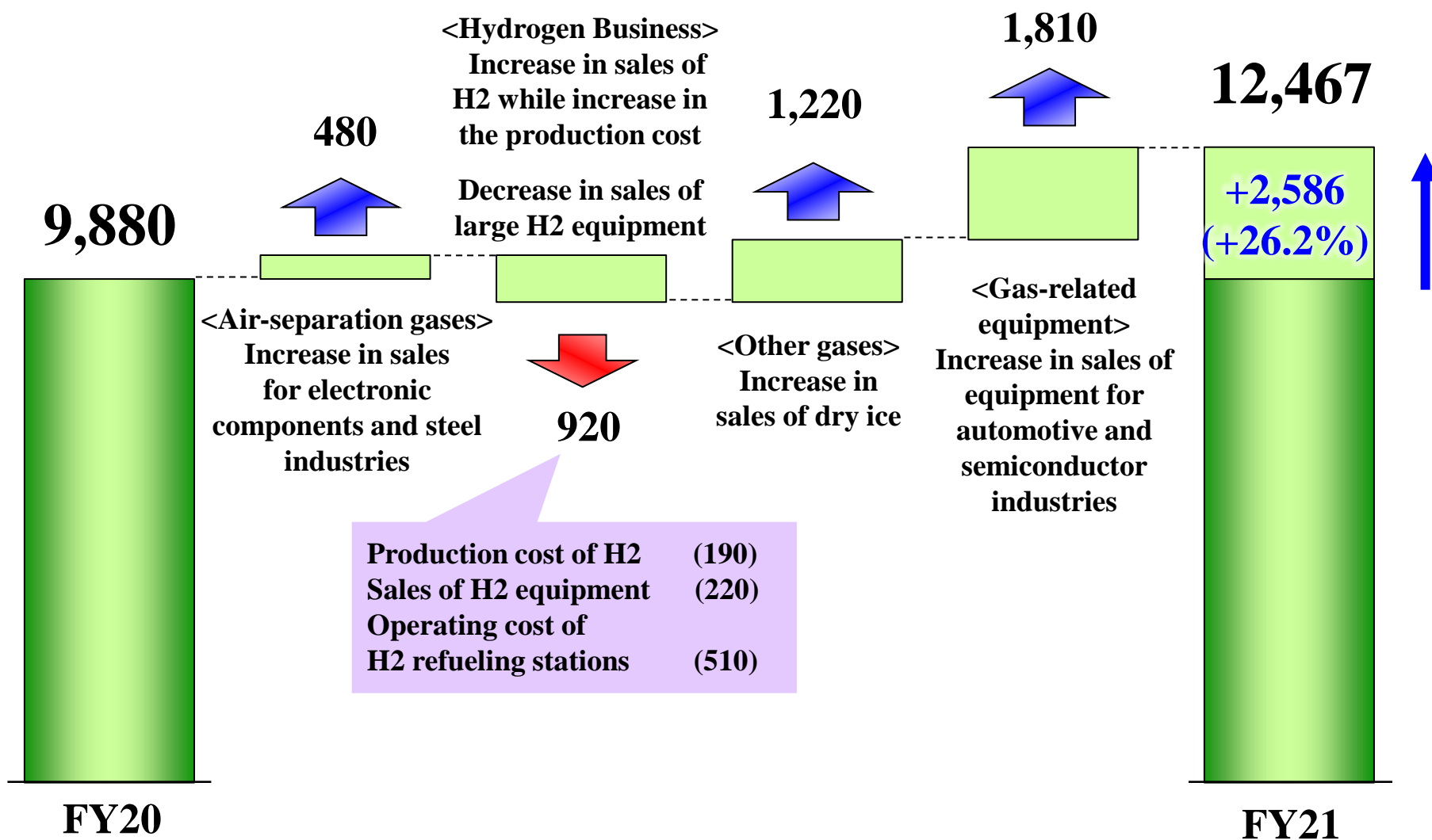
# Changes in Operating Profit – Energy

(Unit: Million Yen)



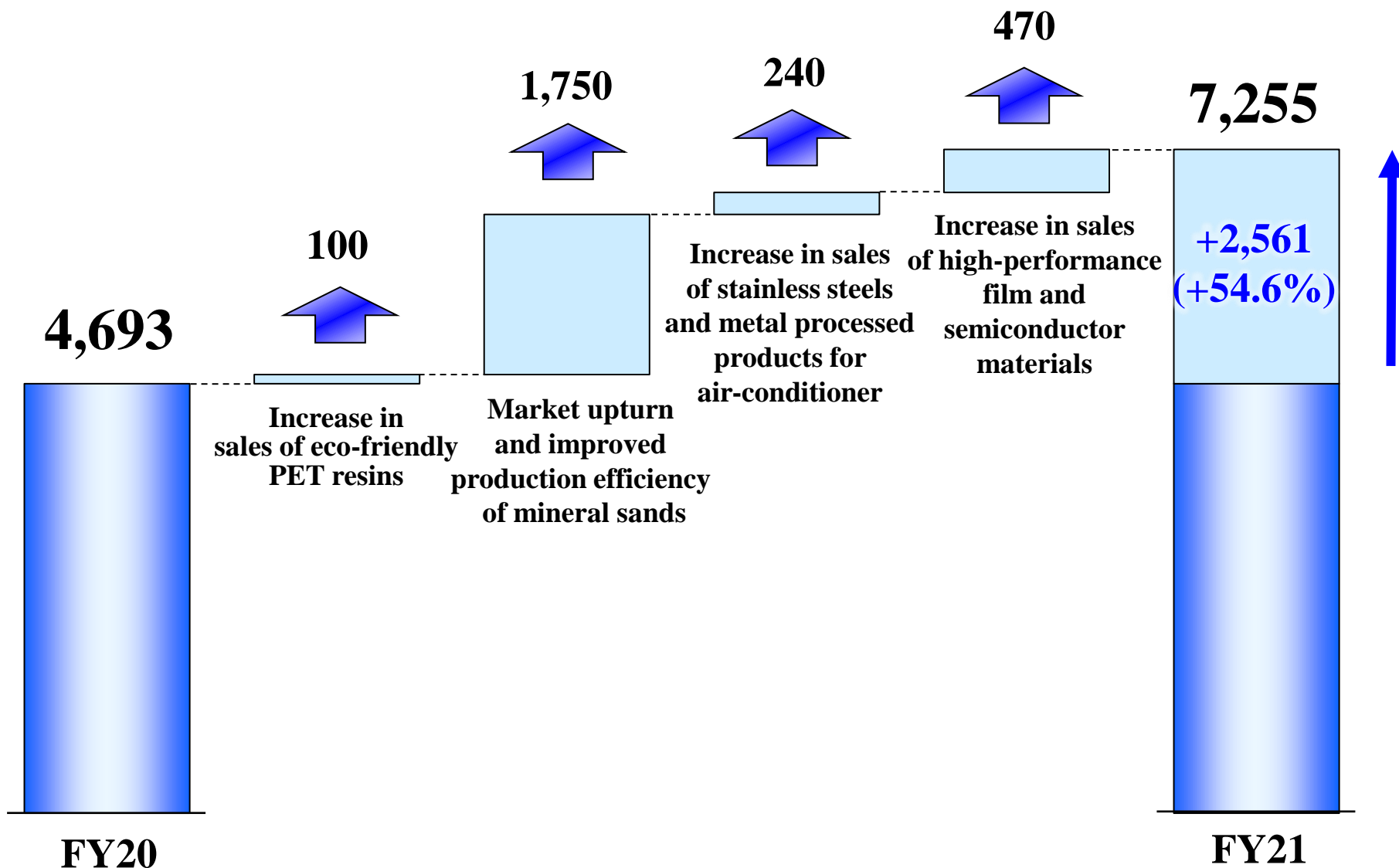
# Changes in Operating Profit

## - Industrial Gases & Machinery





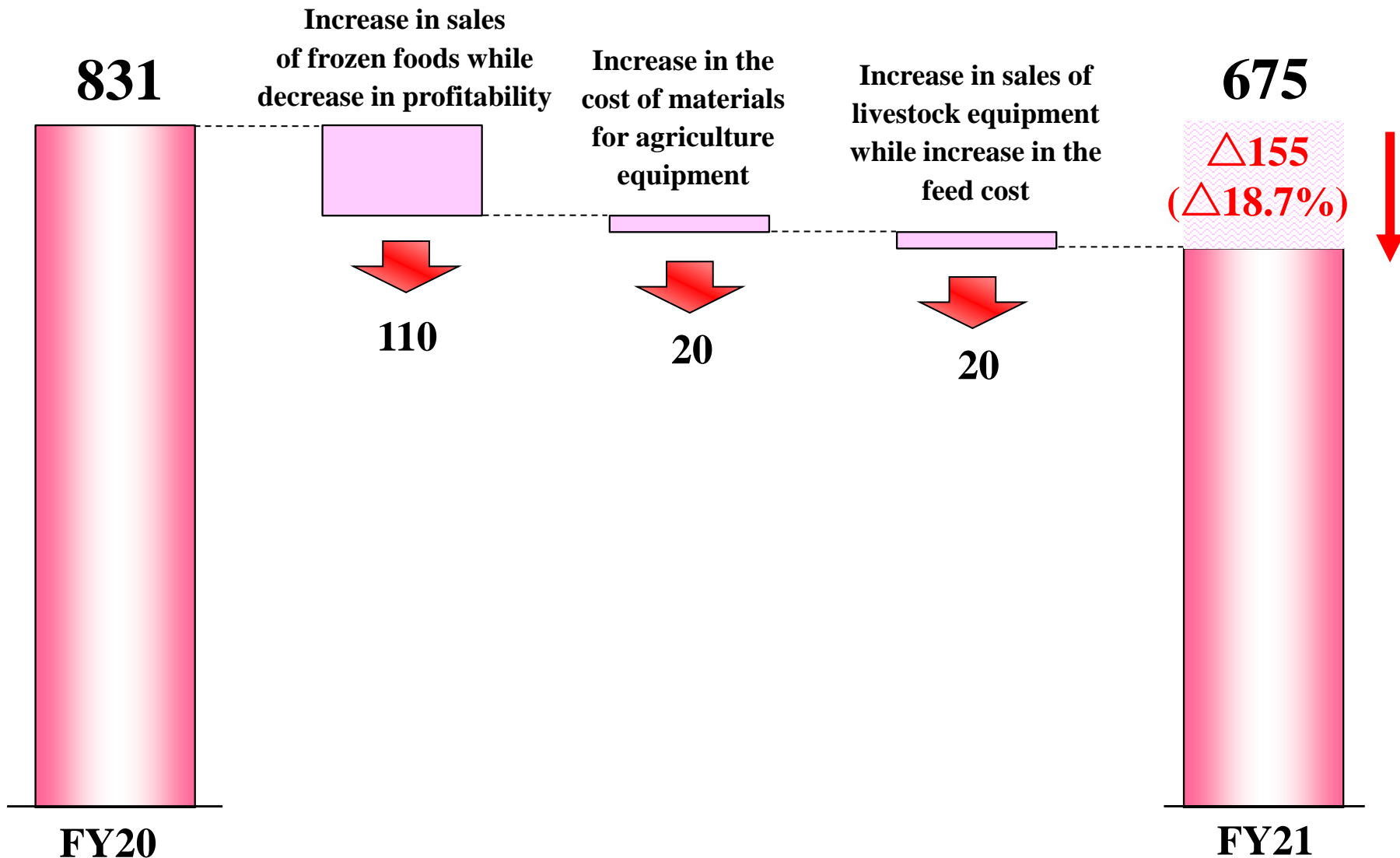
# Changes in Operating Profit – Materials



# Changes in Operating Profit – Agri-bio & Foods

Iwatani

(Unit: Million Yen)



# Balance Sheets (Consolidated Basis)

**Iwatani**

(Unit: Million Yen)

	FY21 Results (A)	FY20 Results (B)	(A) - (B)	Major factors for changes etc.
<b>Current assets</b>	<b>2,594</b>	<b>2,221</b>	<b>+373</b>	Increase in notes and accounts receivable - trade and inventory
<b>Property, plant and equipment</b>	<b>1,857</b>	<b>1,780</b>	<b>+77</b>	Investment in hydrogen-refueling station, LPG centers and gas plant etc.
<b>Intangible assets</b>	<b>161</b>	<b>174</b>	<b>(13)</b>	
<b>Investments and other assets</b>	<b>970</b>	<b>943</b>	<b>+26</b>	
<b>Fixed assets</b>	<b>2,990</b>	<b>2,899</b>	<b>+91</b>	
<b>Total assets</b>	<b>5,584</b>	<b>5,120</b>	<b>+464</b>	
<b>Current liabilities</b>	<b>1,863</b>	<b>1,709</b>	<b>+153</b>	Increase in short-term debt
<b>Long - term liabilities</b>	<b>918</b>	<b>874</b>	<b>+44</b>	Increase in bonds payable due to issuance of green bonds Decrease in long-term debt
<b>Total liabilities</b>	<b>2,781</b>	<b>2,584</b>	<b>+197</b>	Interest-bearing debt, gross 1,111 Ratio of interest-bearing debt to total assets 19.9%
<b>Equity capital</b>	<b>2,701</b>	<b>2,441</b>	<b>+259</b>	Capital ratio 48.4%
<b>Non-controlling interests</b>	<b>101</b>	<b>94</b>	<b>+7</b>	
<b>Net assets</b>	<b>2,803</b>	<b>2,535</b>	<b>+267</b>	
<b>Total liabilities and net assets</b>	<b>5,584</b>	<b>5,120</b>	<b>+464</b>	

# Statement of Cash Flows

(Unit: Million Yen)

	<b>FY21 Results (A)</b>	<b>FY20 Results (B)</b>	<b>(A) - (B)</b>
<b>Cash flows from operating activities</b>	<b>130</b>	<b>487</b>	<b>(357)</b>
<b>Cash flows from investing activities</b>	<b>(319)</b>	<b>(288)</b>	<b>(31)</b>
<b>Free cash flows</b>	<b>(188)</b>	<b>199</b>	<b>(388)</b>
<b>Cash flows from financing activities</b>	<b>80</b>	<b>(70)</b>	<b>+150</b>
<b>Effect of exchange rate changes, etc.*</b>	<b>19</b>	<b>4</b>	<b>+15</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(88)</b>	<b>133</b>	<b>(221)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>384</b>	<b>251</b>	<b>+133</b>
<b>Cash and cash equivalents at end of period</b>	<b>295</b>	<b>384</b>	<b>(88)</b>

\* “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”.

# **FY 2022 Forecasts**

# FY2022 Forecasts

**Iwatani**

(Unit: Million Yen)

	<b>FY22 Forecasts (A)</b>	<b>FY21 Results (B)</b>	<b>(C) (A) - (B)</b>	<b>(C) / (B)</b>
<b>Net Sales</b>	<b>8,030</b>	<b>6,903</b>	<b>+1,126</b>	<b>+16.3%</b>
Energy	<b>3,592</b>	<b>3,271</b>	<b>+320</b>	<b>+9.8%</b>
Industrial Gases & Machinery	<b>2,282</b>	<b>1,843</b>	<b>+438</b>	<b>+23.8%</b>
Materials	<b>1,806</b>	<b>1,509</b>	<b>+296</b>	<b>+19.6%</b>
Agri-bio & Foods	<b>307</b>	<b>233</b>	<b>+73</b>	<b>+31.3%</b>
Others	<b>43</b>	<b>45</b>	<b>(2)</b>	<b>(5.2%)</b>
<b>Operating Profit</b>	<b>350</b>	<b>400</b>	<b>(50)</b>	<b>(12.7%)</b>
Energy	<b>156</b>	<b>226</b>	<b>(70)</b>	<b>(31.1%)</b>
Industrial Gases & Machinery	<b>134</b>	<b>124</b>	<b>+9</b>	<b>+7.5%</b>
Materials	<b>82</b>	<b>72</b>	<b>+9</b>	<b>+13.0%</b>
Agri-bio & Foods	<b>11</b>	<b>6</b>	<b>+4</b>	<b>+62.8%</b>
Others, Adjustments	<b>(33)</b>	<b>(29)</b>	<b>(3)</b>	<b>-</b>
<b>Ordinary Profit</b>	<b>410</b>	<b>464</b>	<b>(54)</b>	<b>(11.7%)</b>
<b>Ordinary profit except for impact of LPG import price fluctuation</b>	<b>410</b>	<b>384</b>	<b>+25</b>	<b>+6.7%</b>
<b>Profit attributable to owners of parent</b>	<b>265</b>	<b>299</b>	<b>(34)</b>	<b>(11.6%)</b>

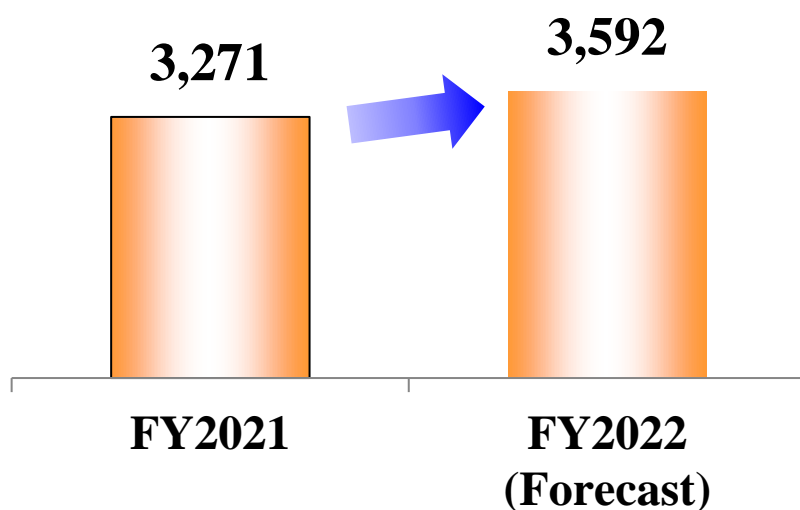
Assumptions

1<sup>st</sup> Half Ave. exchange rate 120 Yen/USD, Ave. CP USD 700/ton  
2<sup>nd</sup> Half Ave. exchange rate 120 Yen/USD, Ave. CP USD 750/ton

# Forecasts: Energy

## Net sales

(100 million Yen)

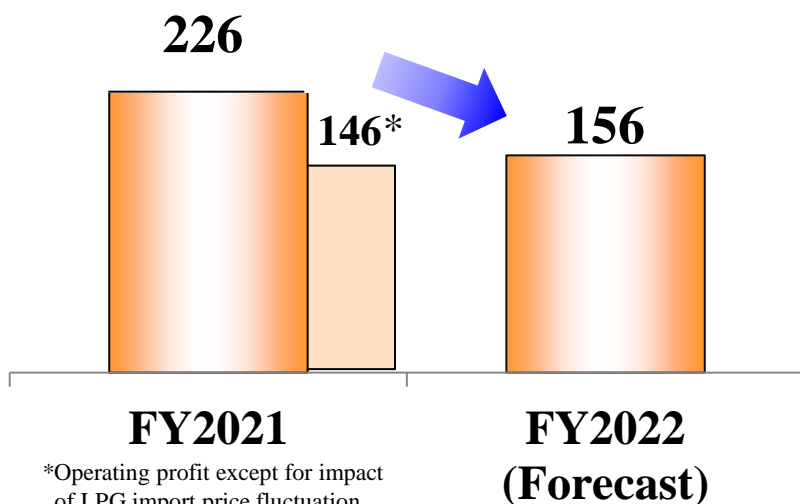


## Marketing measures toward achievement of FY2022 forecasts

- Expanding direct sales customers through M&A
- Expanding sales of energy-related equipment and B to C products
- Expanding cartridge gas business
  - Expanding sales of outdoor products in Japan
  - Strengthening overseas expansion in Southeast Asia and the United States

## Operating profit

(100 million Yen)



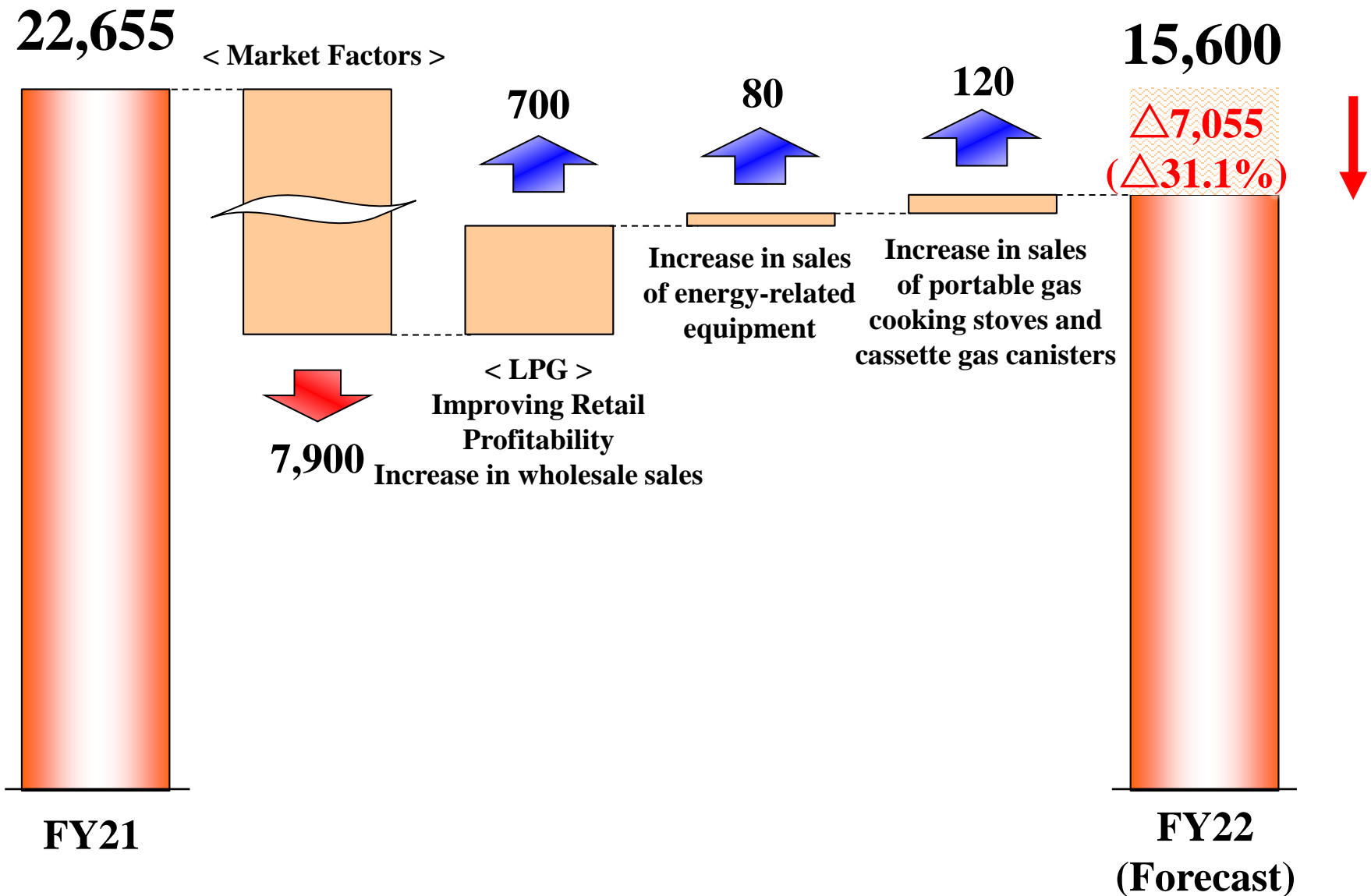
\*Operating profit except for impact of LPG import price fluctuation

## Major risk factors

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

# Forecasts for Changes in Operating Profit – Energy **Iwatani**

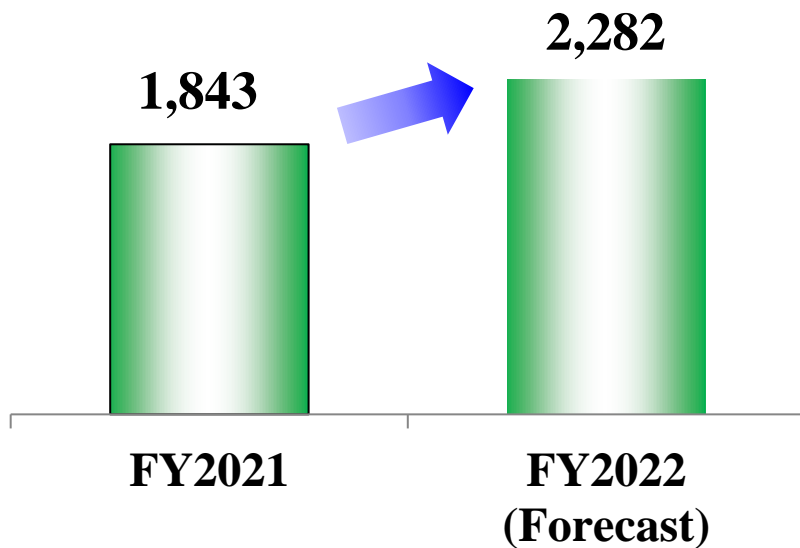
(Unit: Million Yen)





## Net sales

(100 million Yen)

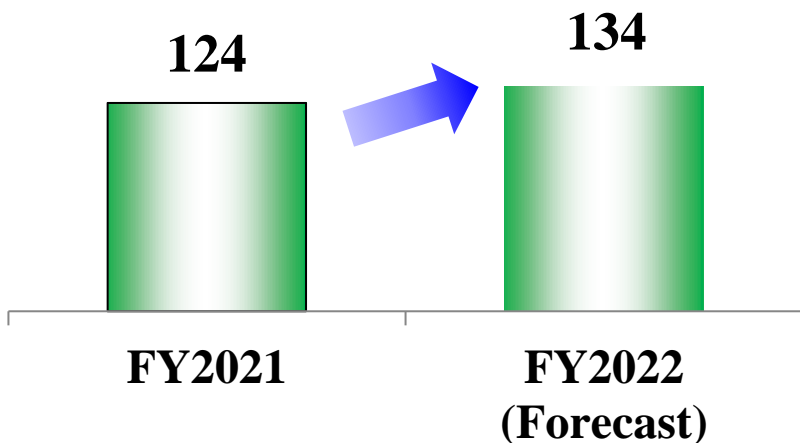


## Marketing measures toward achievement of FY2022 forecasts

- Increase in sales of air separation gases for growth markets
- Creation of new demand for LH2
- Stable supply of helium and expanding business
- Increase in sales of machinery and equipment for growth markets

## Operating profit

(100 million Yen)

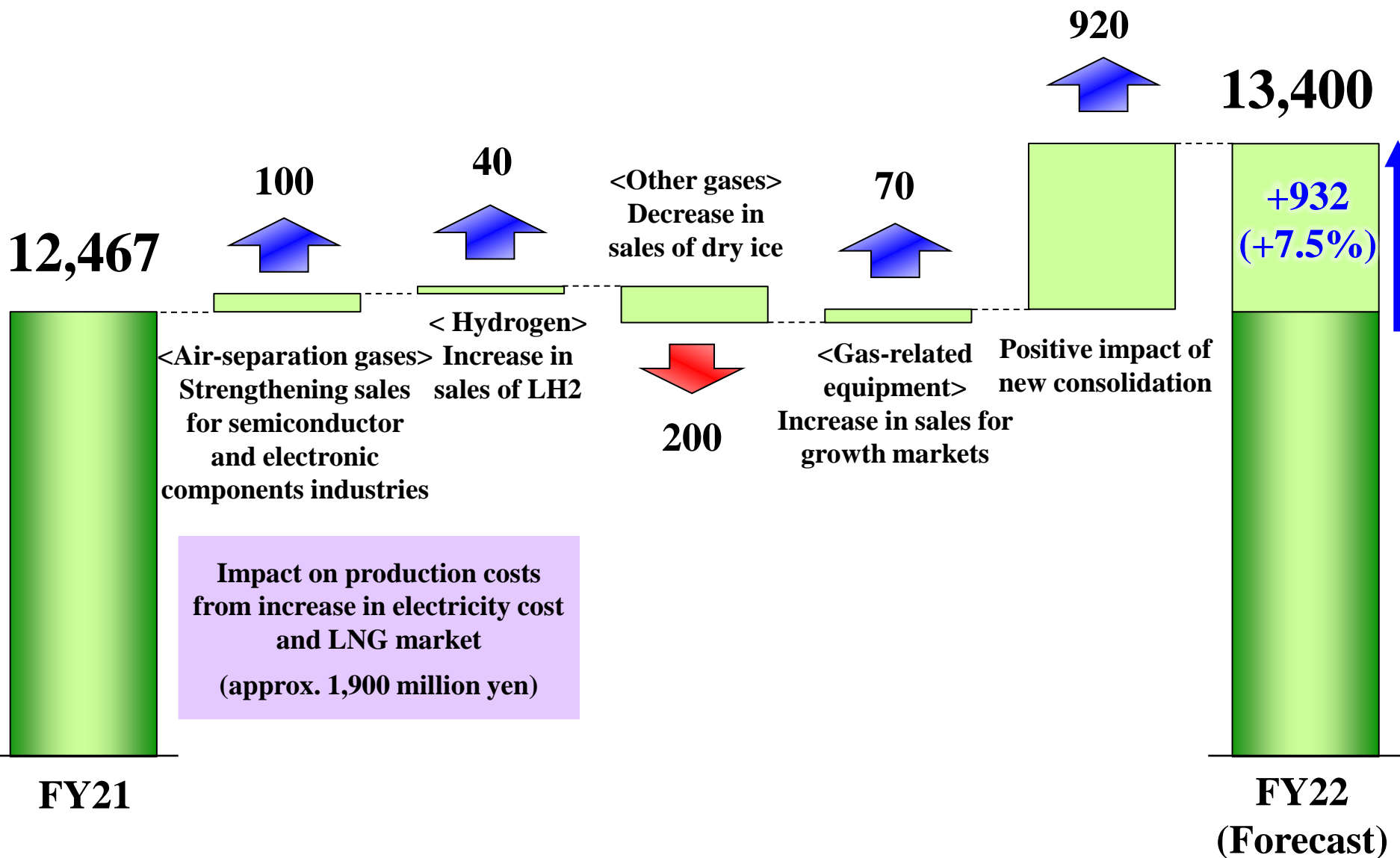


## Major risk factors

- ◇ Impact on manufacturing costs from increase in electricity cost and LNG market
- ◇ Exchange rate fluctuations

# Forecasts for Changes in Operating Profit – Industrial Gases & Machinery

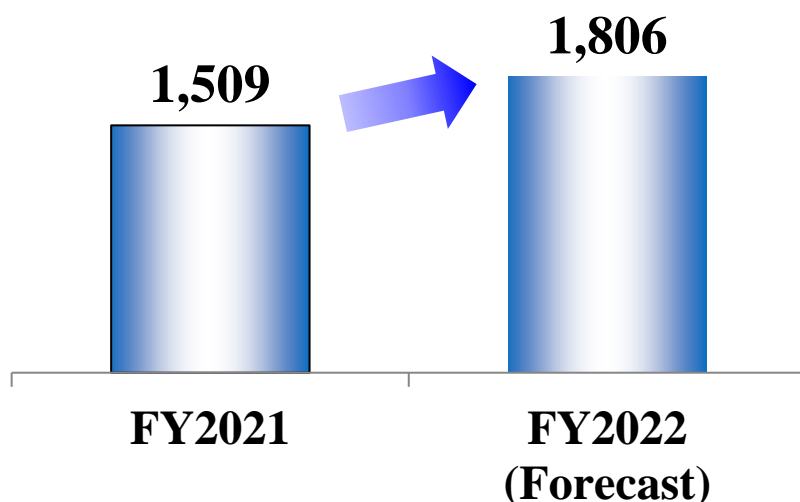
(Unit: Million Yen)



# Forecasts: Materials

## Net sales

(100 million Yen)

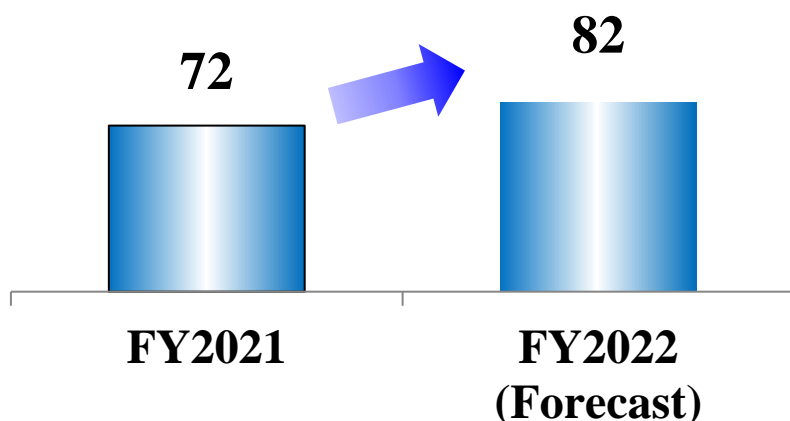


## Marketing measures toward achievement of FY2022 forecasts

- Expanding mineral sands business
- Strengthening overseas metal processing business
- Expanding sales of environmental products (Eco-friendly PET resins, biomass fuels, and battery-related materials)

## Operating profit

(100 million Yen)



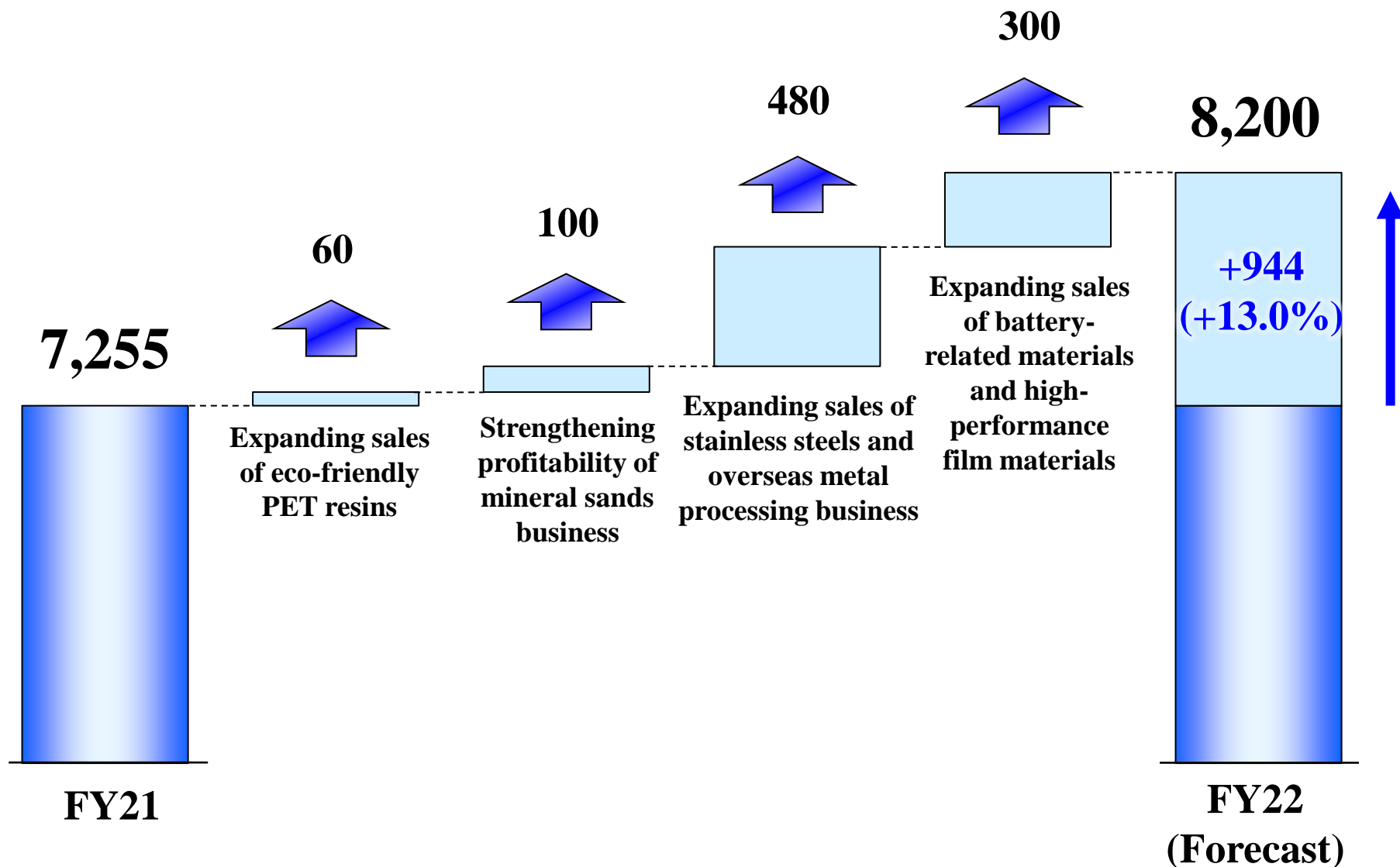
## Major risk factors

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

# Forecasts for Changes in Operating Profit

**Iwatani**

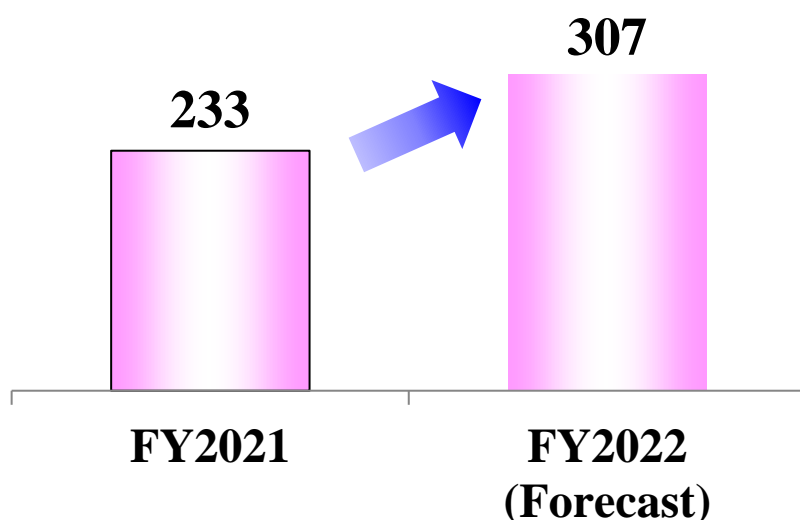
- Materials (Unit: Million Yen)



# Forecasts: Agri-bio & Foods

## Net sales

(100 million Yen)

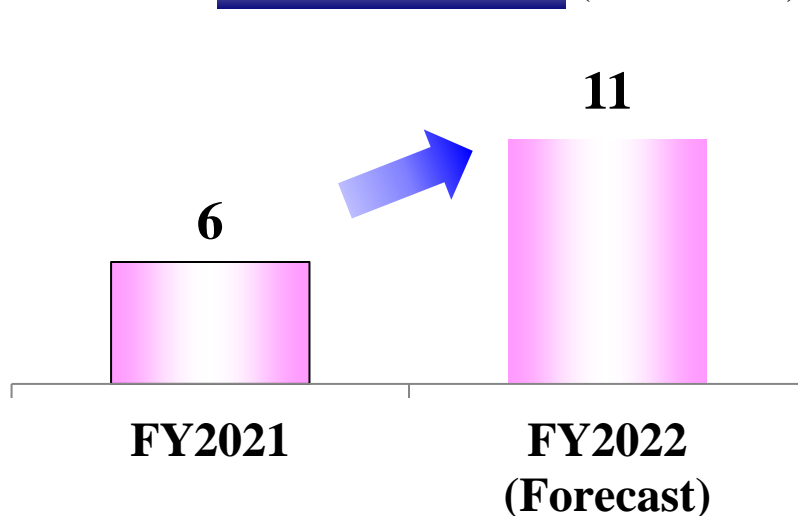


## Marketing measures toward achievement of FY2022 forecasts

- Expanding sales of pig breeds
- Expanding sales of equipment for agriculture and livestock

## Operating profit

(100 million Yen)

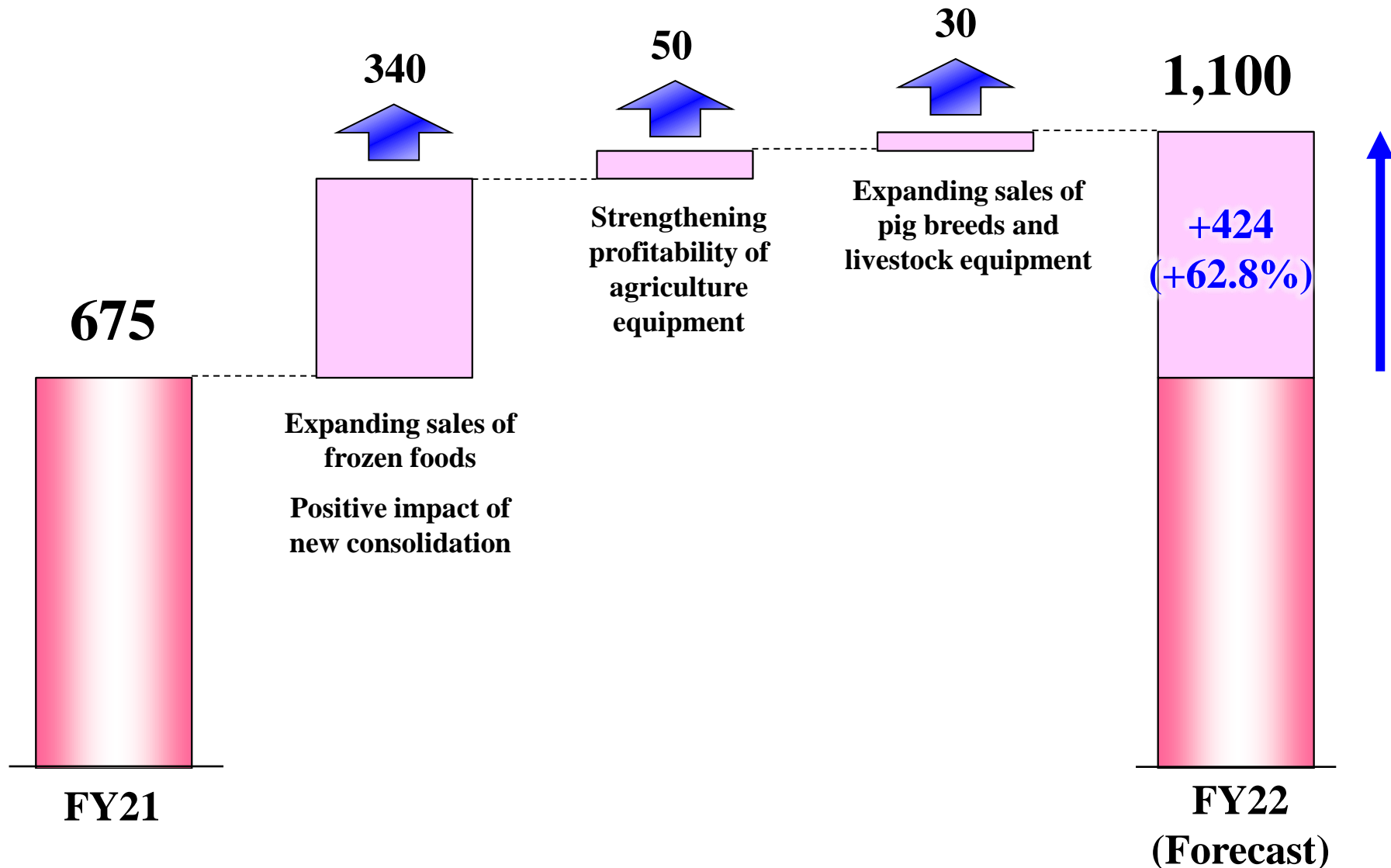


## Major risk factors

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

# Forecasts for Changes in Operating Profit

## - Agri-bio & Foods (Unit: Million Yen)

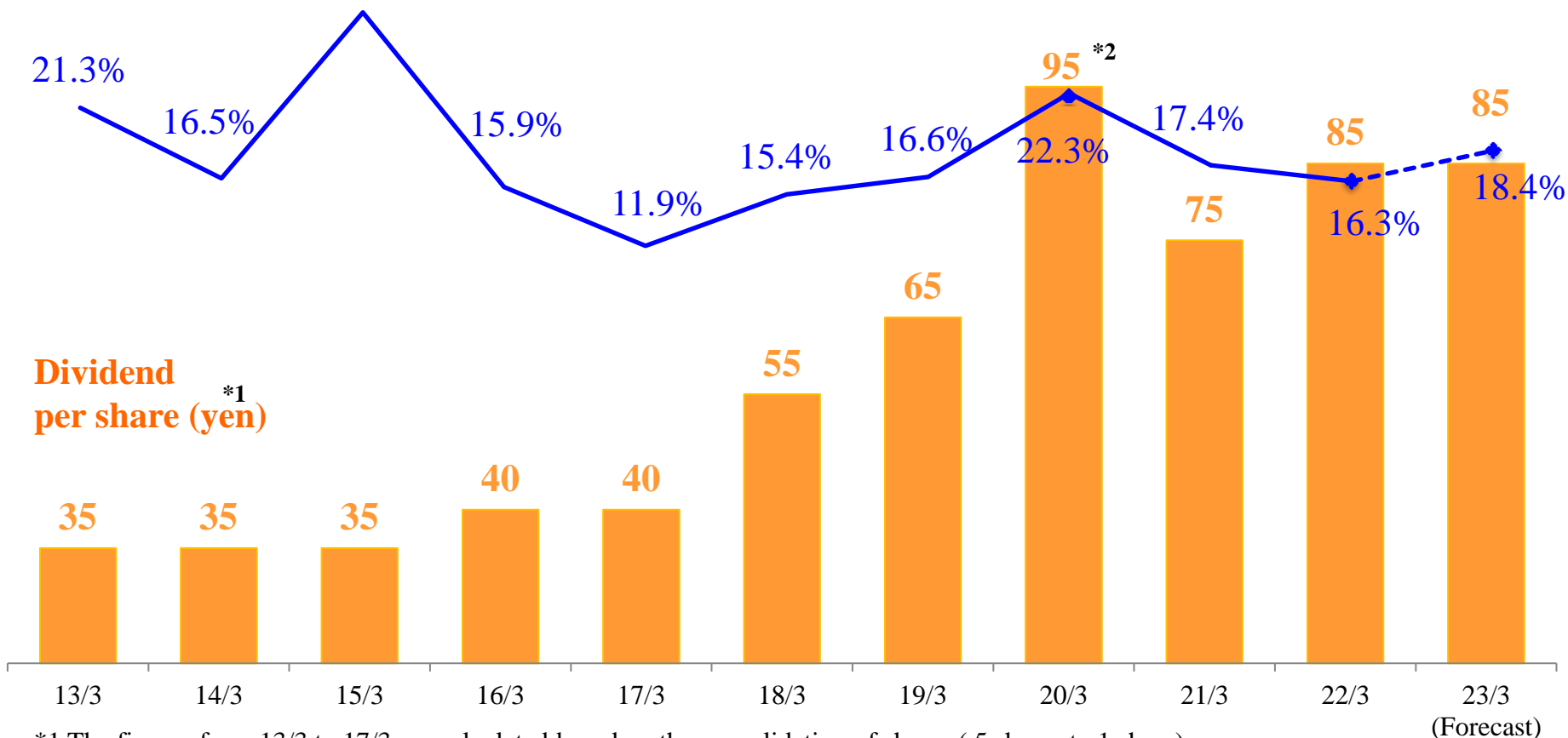


# Returns to Shareholders (Consolidated Basis)

## Dividend policy

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

## Payout ratio (%) 27.8%



\*1 The figures from 13/3 to 17/3 are calculated based on the consolidation of shares ( 5 shares to 1 share).

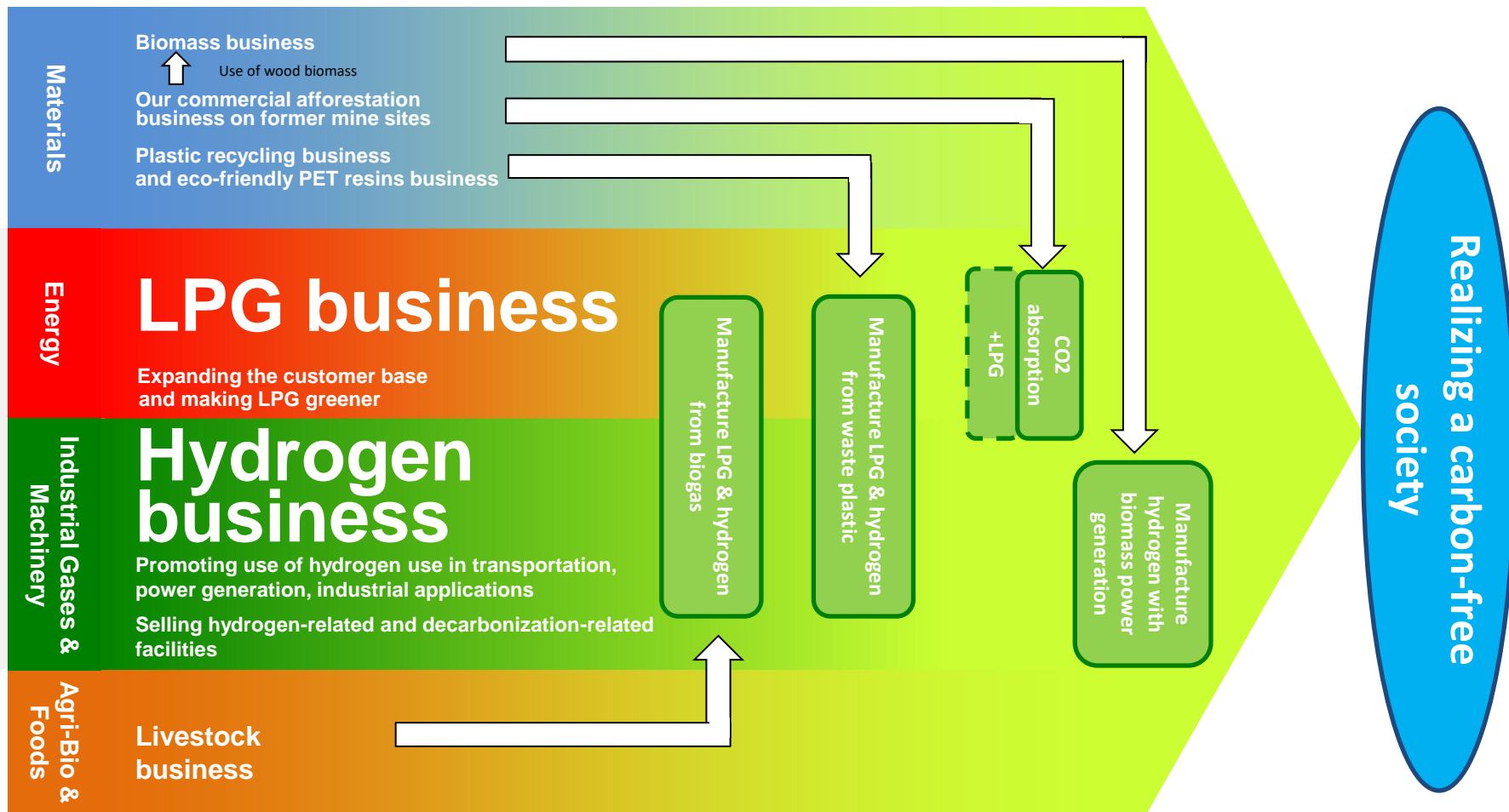
\*2 Including commemorative dividend: 20 yen

# Growth Strategies



# Long-Term Vision of PLAN 23

Achieving a carbon-free society through initiatives involving the entire Iwatani Group



# Building a CO2-free Hydrogen Supply Chain

Completion of pilot test for the world's first maritime transport of LH2 between Japan and Australia, including its loading and unloading.



Liquefied hydrogen carrier "Suiso Frontier" returned to Kobe port



Ceremony for completing the demonstration test

## Japan-Australia Supply Chain Pilot Diagram



※HySTRA business supported by NEDO (New Energy and Industrial Technology Development Organization) is written in red.

※Consortium business supported by Commonwealth of Australia and Victoria State Government is written in white.

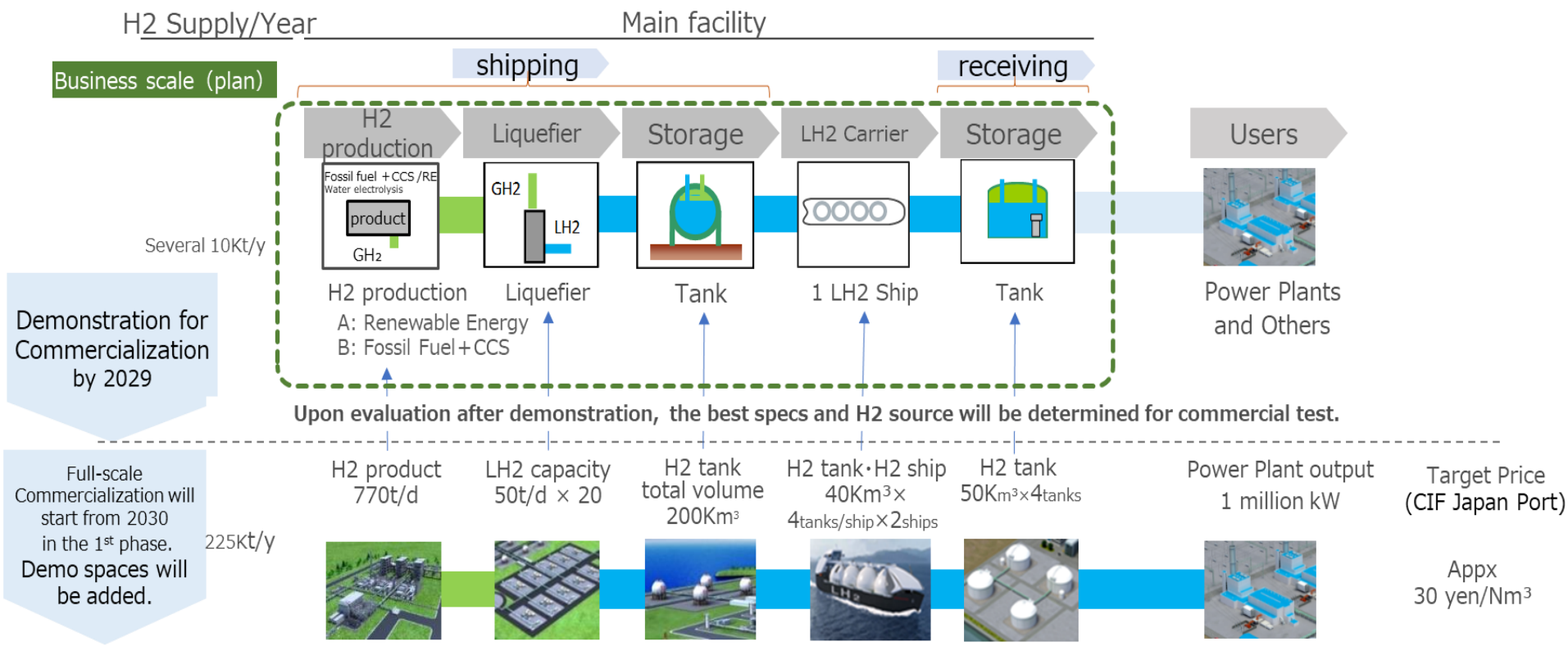
※KHI=Kawasaki Heavy Industries, Ltd.

※STASCO=Shell International Trading and Shipping Company Limited

# Building a CO2-free Hydrogen Supply Chain

## Promoting demonstration test for commercialization of LH2 supply chain

### The image of demonstration test



Source: Japan Hydrogen Energy Co., Ltd.

Strengthening the business base of hydrogen for technology development and engineering functions

- Enhancement of manufacturer and engineering functions



- Cooperation in hydrogen refueling station and production



# Building a CO2-free Hydrogen Supply Chain

Supplying LH2 for demonstration purposes to companies working on RE100

- Iwatani transports LH2 to demonstration facility by tanker truck
- Iwatani plans to supply CO2-free hydrogen in the future



H2 KIBOU FIELD (Panasonic Corporation Kusatsu)

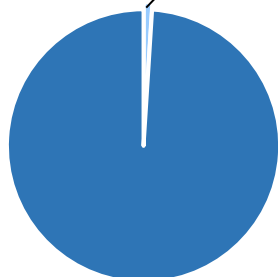
Source: Panasonic Corporation press release on April 15, 2022

# Long-Term Vision for Hydrogen Business

Iwatani's hydrogen business to grow by approx.10 times according expansion of demand for hydrogen.

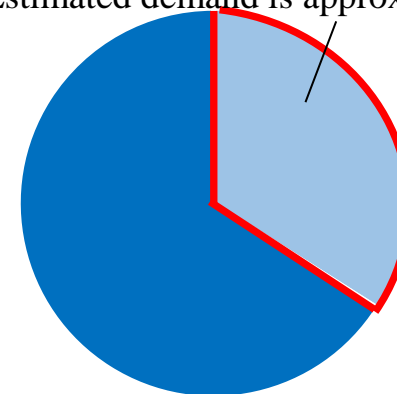
Year 2020

approx.20,000 t/y



Year 2030

Expansion of external sales market  
→Estimated demand is approx. 1 million ton.



■ self-consumption use    ■ external sales market (Iwatani's target)

**2 million ton/year**  
(approx.99% for self-consumption use)

**3 million ton/year\***

Industrial application



Petroleum refining and ammonia production

Expanding demand in growth sectors



Mobility

Power generation

\*Domestic demand outlook by METI's targets for the Green Growth Strategy

Iwatani's estimated Hydrogen Business Sales

Approx. 20 billion yen

**Approx. 200 billion yen**

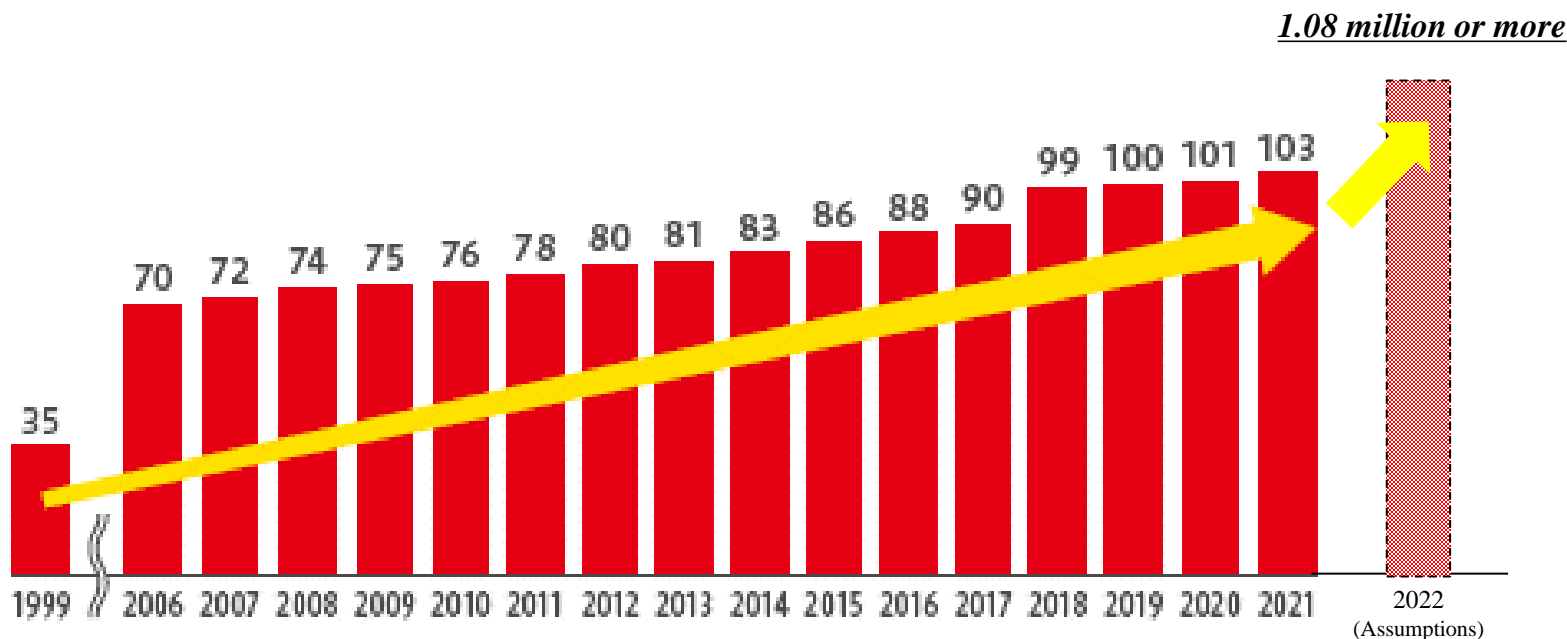
# Initiatives to Expand the LPG Business

## Acquisition of shares in Tokyo Gas Energy Co., Ltd.

Direct sales customers : 1.03 million  $\Rightarrow$  **1.08 million** or more

Wholesale customers : 3.2 million  $\Rightarrow$  **3.3 million** or more

< Number of direct sales customers > (unit: 10K households)



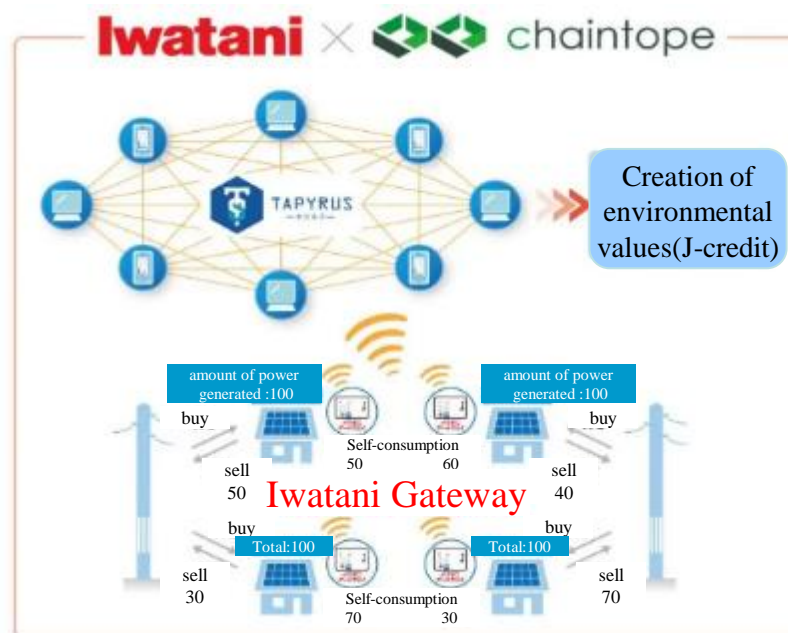
# Initiatives to Solve Local Social Issues

## Creating new services and value based on Iwatani Gateway Platform

### Child watching service



### Creation of environmental values



data analysis

Iwatani Gateway Platform

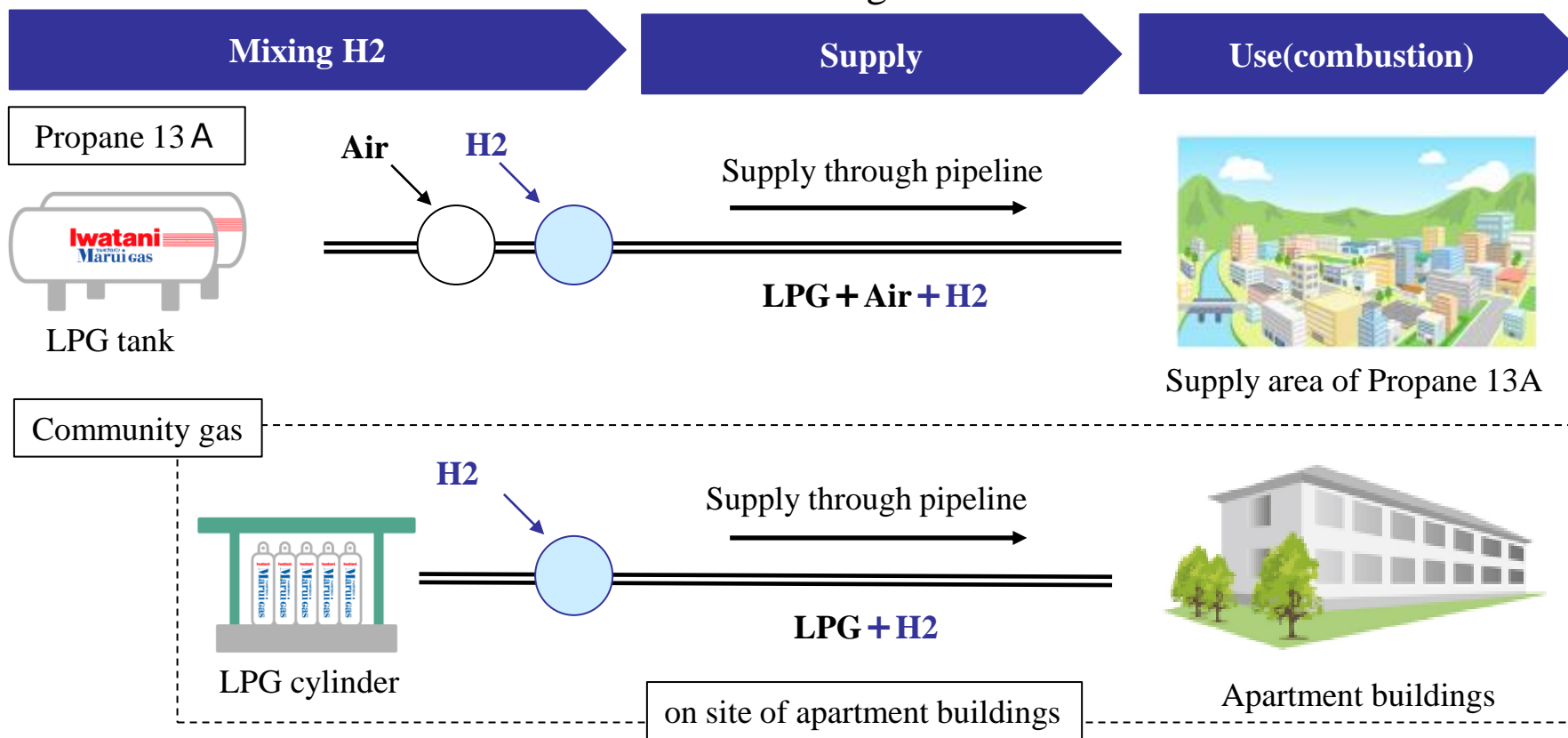


# Initiatives to Decarbonize LPG Business

Research and study for mixed piped supply of H2 and LPG to general residential customers

Leveraging Iwatani's strengths to promote decarbonization by combining H2 and LPG

< Business Image >



Source: Made by Iwatani based on materials from the NEDO

# Initiatives to Decarbonize LPG Business

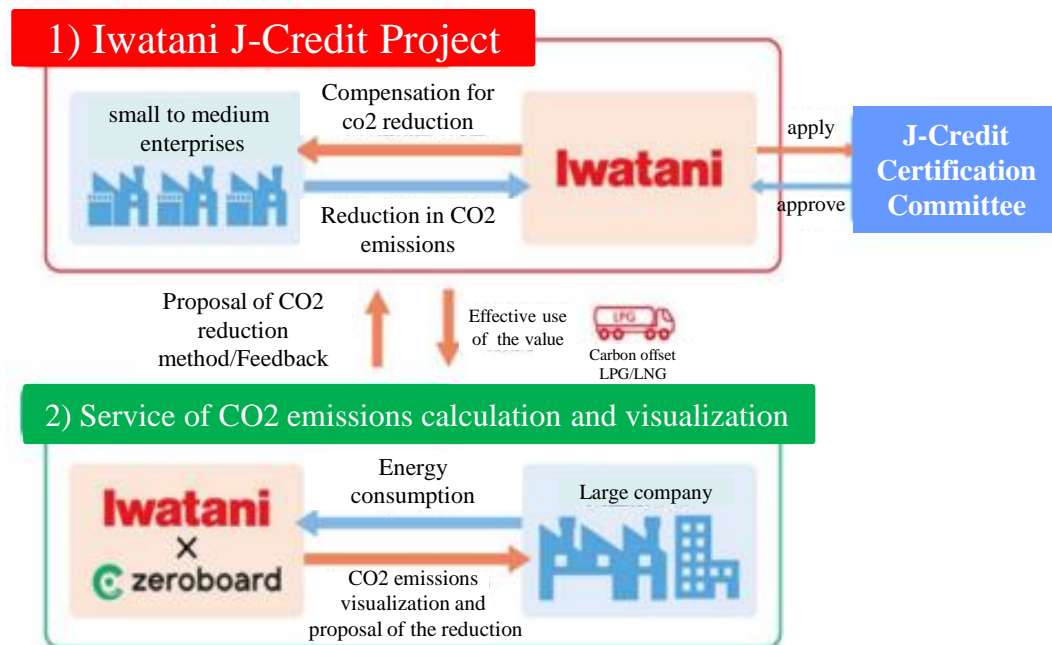
## Decarbonization and low-carbon solutions for industrial customers

Encouraging the transition from coal and petroleum to LPG and natural gas as fuels



### → Utilizing J-Credit Scheme

< Iwatani J-Credit Project Overview >



**< Reference >**

**Progress of PLAN 23**

# Progress of PLAN23

## Iwatani plan to achieve 40 billion in ordinary income 1 year ahead of schedule

[Management Indicators]

Items	FY 2021 results	FY 2022 forecast	PLAN23 target
<b>Ordinary income</b> [Except for impact of LPG import price fluctuation]	<b>46.4</b> <b>billion yen</b> [38.4 billion yen]	<b>41 billion yen</b>	<b>40 billion yen</b>
<b>ROE</b> (Return on equity)	<b>11.7%</b>	—	<b>9% or higher</b>

Progress of PLAN23

**Key business indicators are generally performing well**

[Key Business Indicators]

	<b>FY 2021 results</b>	<b>PLAN23 target</b>
<b>LPG direct sales customers</b>	<b>1,030K households</b>	<b>1,100K households</b>
<b>Portable gas cooking stove / cassette gas canister sales volume</b>	<b>Gas cooking stoves: 4,585K units Gas canisters: 154M units</b>	<b>Gas cooking stoves: 6,500K units Gas canisters: 180M units</b>
<b>Air separation gas sales volume</b>	<b>1.67B m<sup>3</sup></b>	<b>1.70B m<sup>3</sup></b>
<b>LH<sub>2</sub> sales volume</b>	<b>71M m<sup>3</sup></b>	<b>90M m<sup>3</sup></b>

[Net Sales]

(100 million yen)

	<b>FY2021 results</b>	<b>PLAN23 target</b>	<b>FY2021 difference</b>
Energy	<b>3,271</b>	<b>2,780</b>	<b>+491</b>
Industrial Gases & Machinery	<b>1,843</b>	<b>2,093</b>	<b>(249)</b>
Materials	<b>1,509</b>	<b>1,473</b>	<b>+36</b>
Agri-Bio & Foods	<b>233</b>	<b>316</b>	<b>(82)</b>
Others, Eliminations	<b>45</b>	<b>48</b>	<b>(3)</b>
<b>Total</b>	<b>6,903</b>	<b>6,710</b>	<b>+193</b>

# Progress of PLAN23

[Profit]

(100 million yen)

	FY2021 results	PLAN23 target	FY2021 difference
Energy	226	180	+46
Industrial Gases & Machinery	124	125	(0)
Materials	72	65	+7
Agri-Bio & Foods	6	16	(9)
Others, Eliminations	(29)	(31)	+1
Operating profit (Total)	400	355	+45
Ordinary profit	464	400	+64
Ordinary profit [Except for impact of LPG import price fluctuation]	384	400	(15)
Net income attributable to owners of parent	299	265	+34

# Iwatani

## Contact information

**In charge of IR, Corporate Planning Department, Iwatani Corporation**

**TEL:06-7637-3470**

**FAX:06-7637-3333**

**Website: <https://www.iwatani.co.jp>**

**Forward-looking statements are based on expectations and do not constitute guarantees or warranties. As a matter of course, please be fully aware that the results may differ from your expectations.**