

Iwatani

Financial Results for FY2022
(Results for the Fiscal Year Ended March 31, 2023)

May 24, 2023

Iwatani Corporation

[TSE Prime, 8088]

(Forward-Looking Statements)

This material contains forward-looking statements based on expectations and are not guarantees or assurances of future performance. Accordingly, please be fully aware that results may differ materially from those expectations.

Contents

1.FY 2022 Overview

- Highlights
- Consolidated Operating Results (Analysis of Net Sales)
- Consolidated Operating Results (Analysis of Operating Profit)
- Consolidated Operating Results by Segment
- Operating Profit Analysis by Segment
- Balance Sheet (Consolidated)
- Statement of Cash Flows

2.FY 2023 Forecasts

- Notice of Changes in Segments
- Forecasts for the Year Ending March 31, 2024
- Forecasts by Segment
- Dividend Payout Ratio

3.Review of Mid-term Management Plan “PLAN23”

- Review of Management Target
- Investment Results
- Review of Basic Strategies

FY 2022 Overview

Highlights

- ▶ **Net sales increased. Despite a slight decline in operating profit, ordinary profit and profit attributable to owners of parent reached record highs for the consecutive eight years.**

Summary of Financial Results for FY2022

- Net sales increased in all segments due to increased sales of main products as a result of normalization of socioeconomic activities from Covid-19, in addition to the response to various market rises and high LPG import prices.
- Operating profit declined due to the significant negative impact of LPG import price fluctuation year-on-year.
- Ordinary profit and profit attributable to owners of parent reached record highs for the consecutive eight years. Achieved the target of 40 billion yen in ordinary profit under the PLAN23 one year ahead of schedule.

Net sales

906.2 billion yen YoY +215.8 billion yen (+31.3%)

Operating profit

40.0 billion yen YoY -0.04 billion yen (-0.1%)

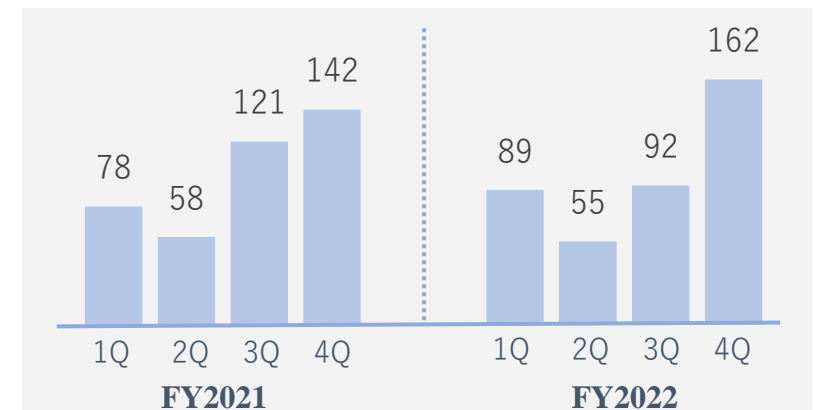
Ordinary profit

47.0 billion yen YoY +0.5 billion yen (+1.3%)

Profit attributable to owners of parent

32.0 billion yen YoY +2.0 billion yen (+6.9%)

■ Operating profit quarterly trends (100 million yen)



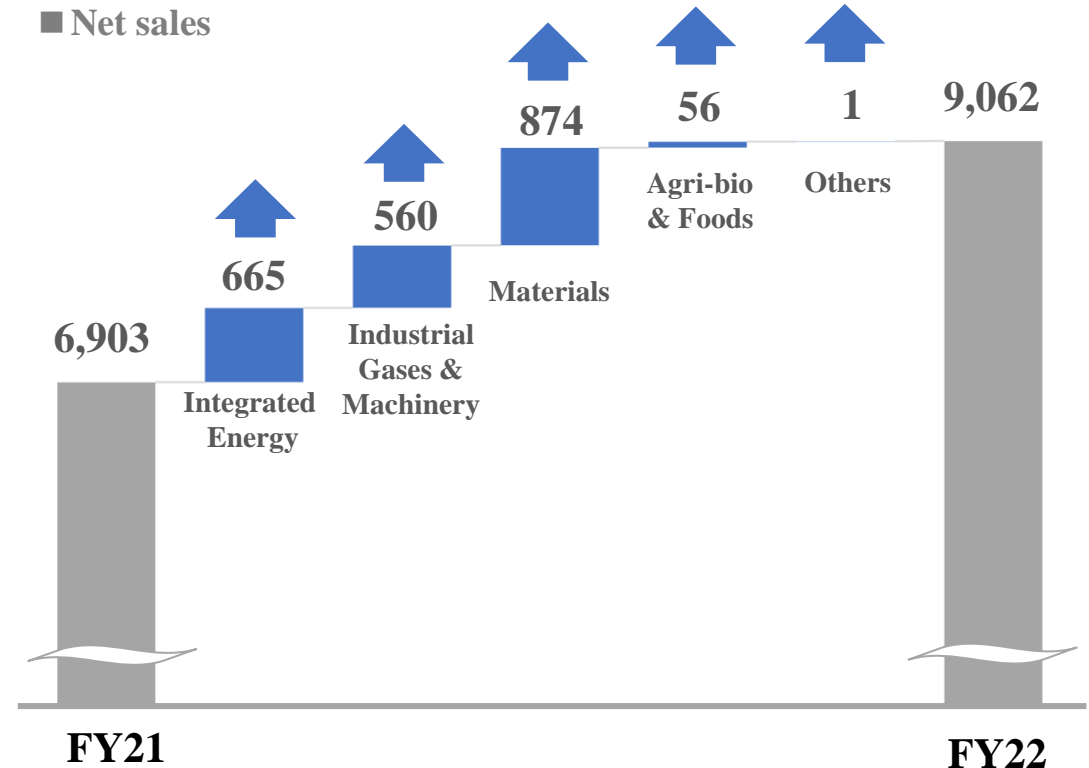
Consolidated Operating Results (Analysis of Net Sales)

	FY22 Results (A)	FY21 Results (B)	YoY (A)-(B) ((A)/(B))	FY22 Forecasts (*)
Net sales	9,062	6,903	+2,158 +31.3%	8,400
Gross profit	2,129	1,917	+211 +11.0%	—
Operating profit	400	400	(0) (0.1%)	400
Non-operating profit	69	63	+6 +10.1%	65
Ordinary profit	470	464	+5 +1.3%	465
Ordinary profit except for impact of LPG import price fluctuation	501	384	+117 +30.5%	—
Profit attributable to owners of parent	320	299	+20 +6.9%	300

Increase/Decrease factors

- Increase in sales of mainstay products due to normalization of socioeconomic activities from Covid-19
- Responding to the increase of market prices
- High LPG import prices

*Achieved record-high net sales



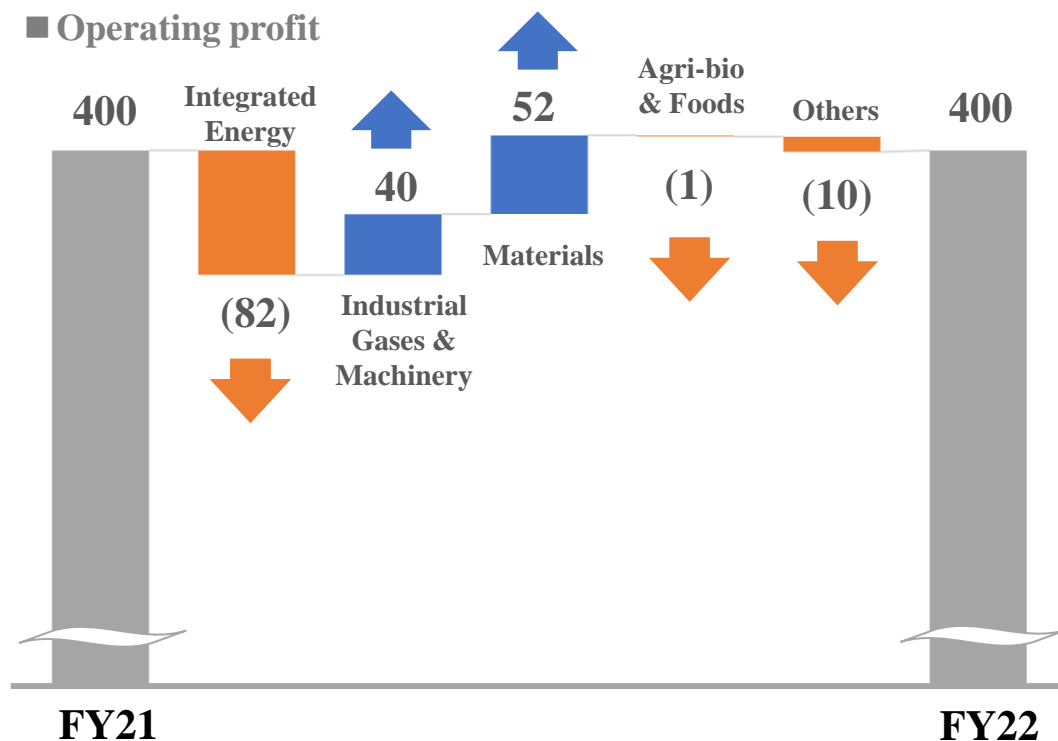
*Announced on Nov.9th 2022

Consolidated Operating Results (Analysis of Operating Profit) **Iwatani** (100 million yen)

	FY22 Results (A)	FY21 Results (B)	YoY (A)-(B) ((A)/(B))	FY22 Forecasts (*)
Net sales	9,062	6,903	+2,158 +31.3%	8,400
Gross profit	2,129	1,917	+211 +11.0%	—
Operating profit	400	400	(0) (0.1%)	400
Non-operating profit	69	63	+6 +10.1%	65
Ordinary profit	470	464	+5 +1.3%	465
Ordinary profit except for impact of LPG import price fluctuation	501	384	+117 +30.5%	—
Profit attributable to owners of parent	320	299	+20 +6.9%	300

Increase/Decrease factors

- Operating profit declined due to the significant negative impact of LPG import price fluctuation year-on-year
- Non-operating profit improved year-on-year, mainly due to an increase in share of profit of entities accounted for using equity method



*Announced on Nov.9th 2022

Copyright © Iwatani Corporation. All rights reserved.

Consolidated Operating Results by Segment

Iwatani
(100 million yen)

	FY22 Results (A)	FY21 Results (B)	YoY (A)-(B)	YoY (A)/(B)
Net sales	9,062	6,903	+2,158	+31.3%
■ Integrated Energy	3,937	3,271	+665	+20.3%
■ Industrial Gases & Machinery	2,404	1,843	+560	+30.4%
■ Materials	2,384	1,509	+874	+57.9%
■ Agri-bio & Foods	289	233	+56	+24.0%
■ Others	46	45	+1	+3.6%
Operating profit	400	400	(0)	(0.1%)
■ Integrated Energy	144	226	(82)	(36.3%)
■ Industrial Gases & Machinery	165	124	+40	+32.8%
■ Materials	125	72	+52	+72.8%
■ Agri-bio & Foods	5	6	(1)	(16.0%)
■ Others, Adjustments	(40)	(29)	(10)	-
Ordinary profit	470	464	+5	+1.3%
Ordinary profit except for impact of LPG import price fluctuation	501	384	+117	+30.5%
Profit attributable to owners of parent	320	299	+20	+6.9%

Impact of LPG Import Price Fluctuations

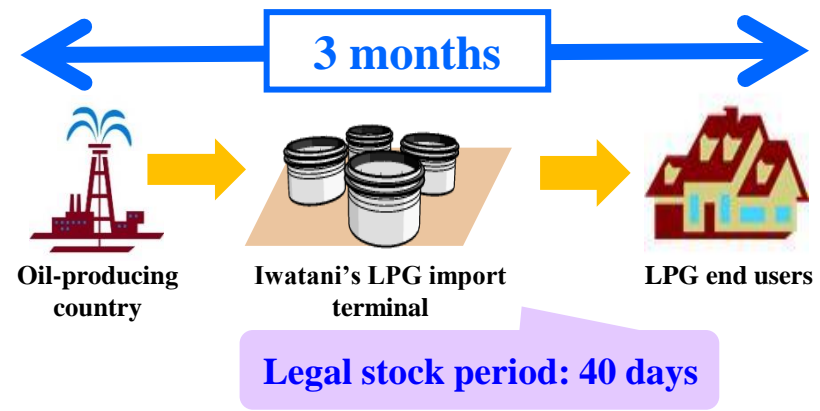
Premise

① Wholesale price is based on LPG Import Price

② From LPG import to sale takes 3 months

LPG Import Price* **Linked** Wholesale Price

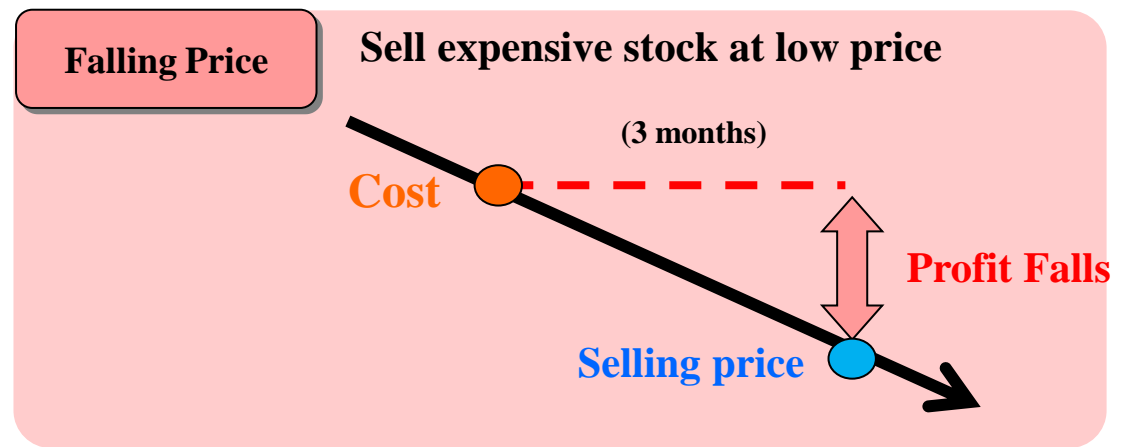
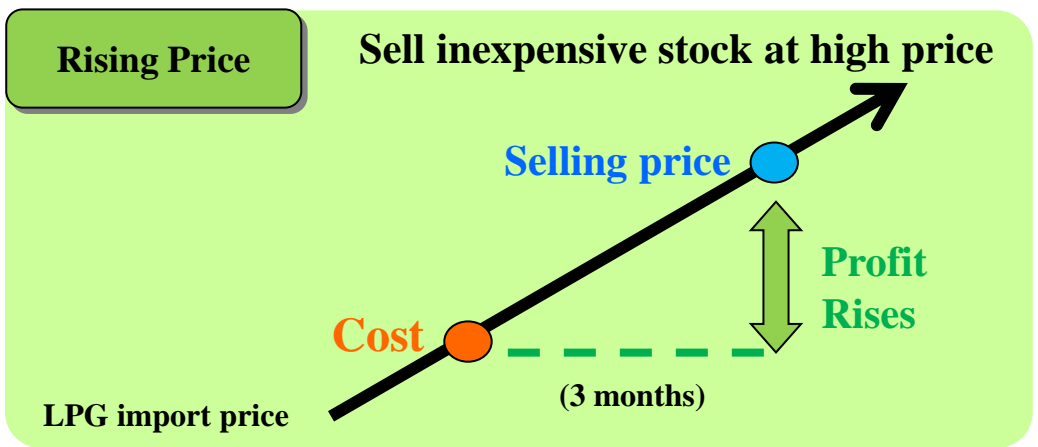
* The price consists of "CP" (from the middle east) and "MB" (from the U.S).



LPG Import Price Fluctuations

Short-term impact of market fluctuations

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



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

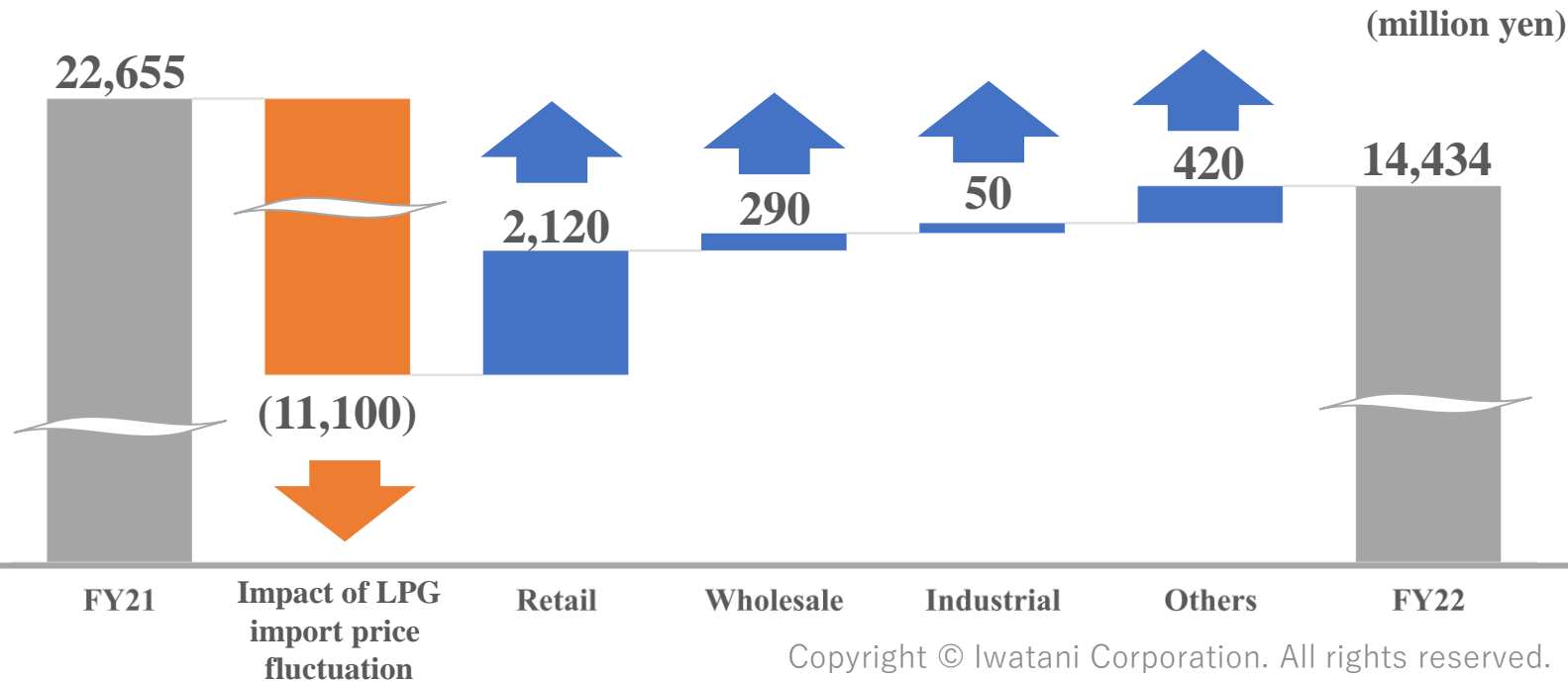
Operating Profit Analysis of Integrated Energy

Results

(100 million yen)

	FY22 Results (A)	FY21 Results (B)	YoY (A)-(B)	YoY (A)/(B)	FY22 Forecasts	Achievement rate
Net sales	3,937	3,271	+665	+20.3%	3,478	113.2%
Operating profit	144	226	(82)	(36.3%)	167	86.4%
Operating profit except for impact of LPG import price fluctuation	175	146	+28	+19.7%	161	108.7%

Analysis of Changes in Operating Profit



Main factors

(million yen)

Impact of LPG import price fluctuation (11,100)

(100 million yen)	1Q	2Q	1H	3Q	4Q	Full year
FY22	+20.4	(15.0)	+5.3	(29.3)	(7.3)	(31.3)
FY21	+11.0	+11.0	+22.0	+49.1	+8.5	+79.7
Changes	+9.3	(26.0)	(16.6)	(78.4)	(15.9)	(111.0)

Retail +2,120

- Increase in sales by expanding the number of direct sales customers
- Improved profitability through appropriate price pass on

Wholesale +290

- Sales increased due to recovery in commercial demand

Industrial +50

- Increase in sales to large scale customers

Others +420

- Steady sales of cassette gas canisters
- Increase in sales of gas water heaters

Operating Profit Analysis of Industrial Gases & Machinery Iwatani

Results

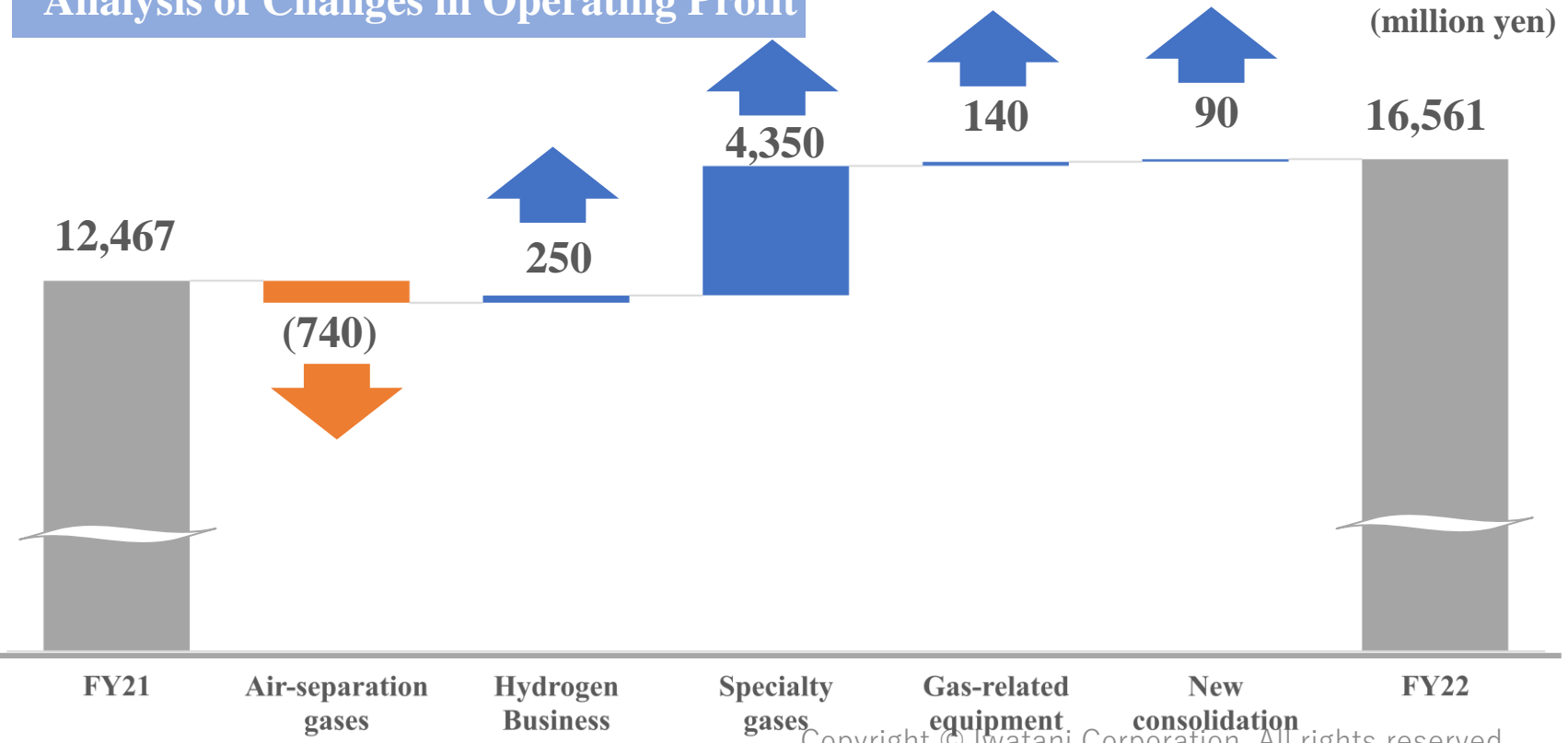
(100 million yen)

	FY22 Results (A)	FY21 Results (B)	YoY (A)-(B)	YoY (A)/(B)	FY22 Forecasts	Achievement rate
Net sales	2,404	1,843	+560	+30.4%	2,282	105.3%
Operating profit	165	124	+40	+32.8%	141	117.5%

Main factors (million yen)

- Air-separation gases (740)**
 -Decrease in sales mainly to the electronic component industry
 -Increase in production costs due to higher electricity rates
 - Hydrogen Business +250**
 -Increase in operating costs of HRS*
 -Increase in sales of liquid hydrogen and hydrogen-related equipment.
 - Specialty gases +4,350**
 -Steady sales of semiconductor gas and other gases
 -Stable procurement and supply of helium
 - Gas-related equipment +140**
 -Increase in sales of gas supply equipment and semiconductor-related equipment
 - New consolidation +90**
- Impact on production costs from increases in electricity rate and LNG market prices**
 + 3,600 million yen (YoY)

Analysis of Changes in Operating Profit



*HRS stands for Hydrogen Refueling Station.

Operating Profit Analysis of Materials

Results

(100 million yen)

	FY22 Results (A)	FY21 Results (B)	YoY (A)-(B)	YoY (A)/(B)	FY22 Forecasts	Achievement rate
Net sales	2,384	1,509	+874	+57.9%	2,290	104.1%
Operating profit	125	72	+52	+72.8%	114	110.0%

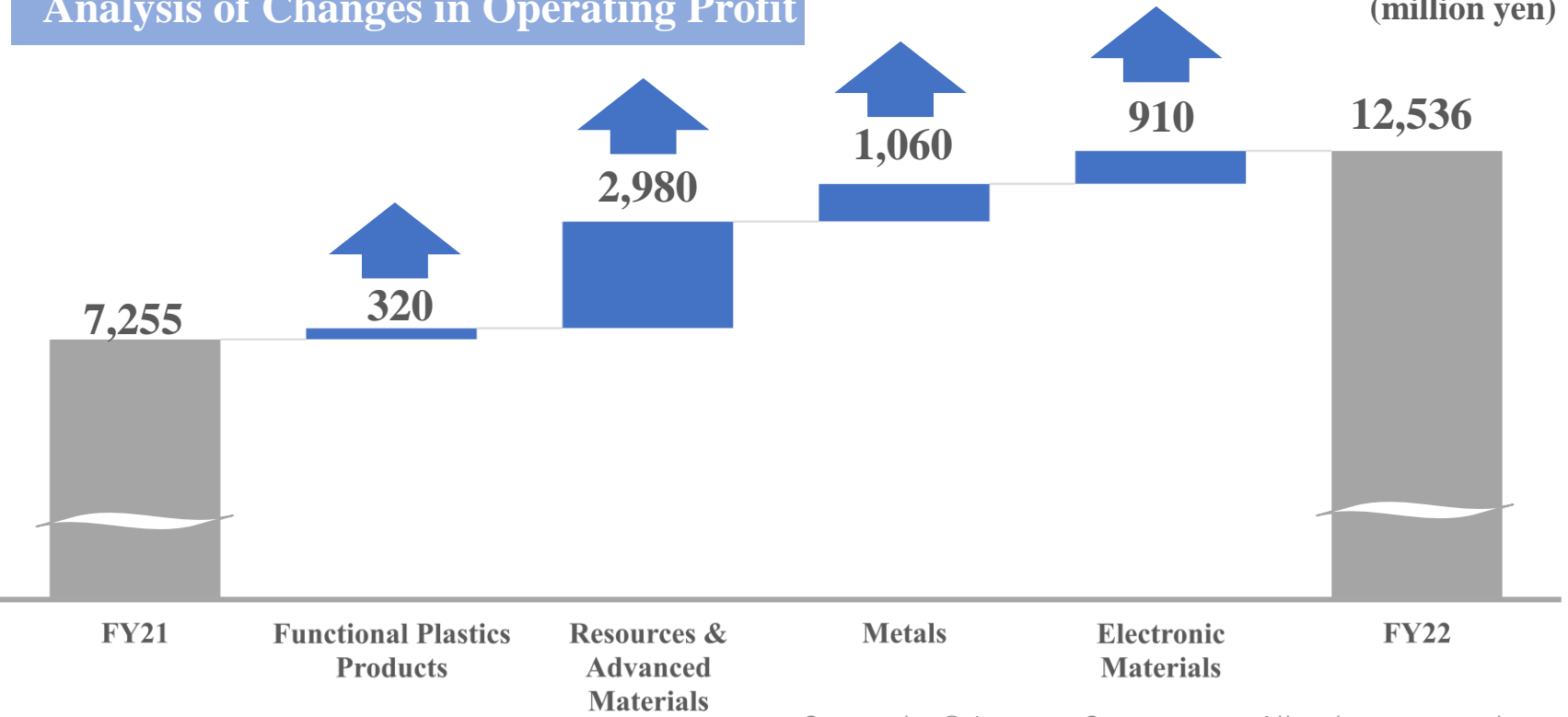
Main factors

(million yen)

- Functional Plastics Products +320**
 -Increase in sales of eco-friendly PET resins
- Resources & Advanced Materials +2,980**
 -Securing a stable supply of mineral sands and increase the sales under soaring market conditions
 -Increase in sales of biomass fuels
- Metals +1,060**
 -Increase in sales of stainless steel to new customers
 -Steady sales of processed metals mainly for air conditioner
- Electronic Materials +910**
 -Increase in sales of battery-related materials for next-generation vehicles under soaring market conditions

Analysis of Changes in Operating Profit

(million yen)



Operating Profit Analysis of Agri-bio & Foods

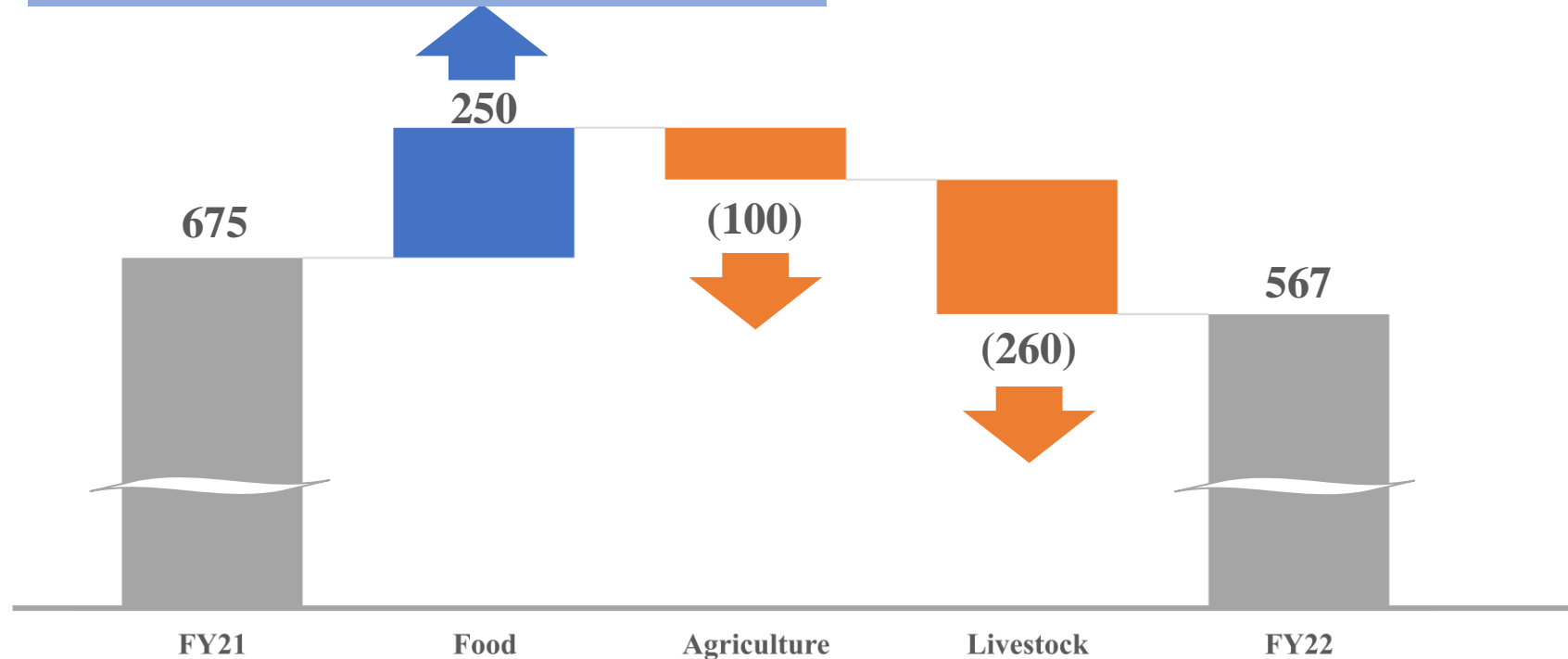
Results

(100 million yen)

	FY22 Results (A)	FY21 Results (B)	YoY (A)-(B)	YoY (A)/(B)	FY22 Forecasts	Achievement rate
Net sales	289	233	+56	+24.0%	307	94.4%
Operating profit	5	6	(1)	(16.0%)	11	51.5%

Analysis of Changes in Operating Profit

(million yen)



Main factors

(million yen)

■ Food +250

- Sales of frozen foods for commercial use and products for general consumers recovered
- Responding to increased procurement and logistics costs

■ Agriculture (100)

- Sales of agricultural equipment remained sluggish

■ Livestock (260)

- Decline in profitability due to the increase in feed prices
- Decrease in sales of pig breeds

Balance Sheets (Consolidated Basis)

- Total assets increased due to increases in inventories and trade receivables, as well as goodwill and other factors arising from acquisitions
- Interest-bearing debt increased due to the issuance of 20 billion bond payable for acquisition funds and financing for further growth investment in Japan and overseas

(100 million yen)

	FY22 (A)	FY21 (B)	Change from previous fiscal year-end (A) - (B)	Major factors for changes
Current assets	3,031	2,594	+437	Increase in inventories and trade receivables
Property, plant and equipment	2,074	1,857	+216	Effect of new consolidation, investment in hydrogen re-fueling stations and LPG centers
Intangible assets	368	161	+206	Effect of new consolidation(goodwill)
Investments and other assets	1,085	970	+114	
Fixed assets	3,528	2,990	+538	
Total assets	6,560	5,584	+975	
Current liabilities	2,124	1,863	+261	Increase in accounts payable
Non-Current liabilities	1,313	918	+394	Issuance of bond payable, Increase in long-term borrowings
Total liabilities	3,437	2,781	+656	Interest-bearing debt, (gross) ¥139.4 billion(+¥28.2 billion) Ratio of interest-bearing debt to total assets 21.2%
Equity capital	3,019	2,701	+318	Equity ratio 46.0%
Non-controlling interests	102	101	+0	
Net Assets	3,122	2,803	+319	
Total liabilities and net assets	6,560	5,584	+975	

Statement of Cash Flows

Operating cash flow provided 51.4 billion yen. Cash flow from investment was an outflow of 60.2 billion yen due to acquisition of shares of subsidiaries accompanying changes in the scope of consolidation and aggressive capital investment. As a result, free cash flow was an outflow of 8.8 billion yen.

(100 million yen)

	FY22 (A)	FY21 (B)	YoY (A) - (B)
Cash flows from operating activities	514	130	+383
Cash flows from investing activities	(602)	(319)	(283)
Free cash flows	(88)	(188)	+100
Cash flows from financing activities	110	80	+29
Effect of exchange rate changes, etc. ※1	14	19	(10)
Net increase (decrease) in cash and cash equivalents ※2	36	(88)	+119
Cash and cash equivalents at beginning of period	295	384	(88)
Cash and cash equivalents at end of period	332	295	+36

※1 “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”.

※2 The difference between "Cash and cash equivalents at beginning of period" and "Cash and cash equivalents at end of period" is shown

Copyright © Iwatani Corporation. All rights reserved.

FY 2023 Forecasts

▶ Excluded the Agri-bio & Food division and changed to three segments.

Integrated Energy: A certain consolidated subsidiary reclassified to "Others".

Agri-bio & Food : Food business reclassified to "Others".

Some consolidated subsidiaries reclassified to "Materials".

(100 million yen)

	FY22 reclassified	FY22	FY22 reclassification amount
Net sales	9,062	9,062	-
■ Integrated Energy	3,932	3,937	(5)
■ Industrial Gases & Machinery	2,404	2,404	-
■ Materials	2,424	2,384	+39
■ Agri-bio & Foods	-	289	(289)
■ Others	302	46	+255
Operating profit	400	400	-
■ Integrated Energy	143	144	(1)
■ Industrial Gases & Machinery	165	165	-
■ Materials	126	125	+0
■ Agri-bio & Foods	-	5	(5)
■ Others, Adjustments	(34)	(40)	+6

Forecasts for the Year Ending March 31, 2024

(100 million yen)

	FY23 forecasts	FY22 results	Change	Rate
Net sales	9,070	9,062	+7	+0.1%
■ Integrated Energy	3,980	3,932	+47	+1.2%
■ Industrial Gases & Machinery	2,592	2,404	+187	+7.8%
■ Materials	2,202	2,424	(222)	(9.2%)
■ Others	296	302	(6)	(2.0%)
Operating profit	450	400	+49	+12.4%
■ Integrated Energy	180	143	+36	+25.9%
■ Industrial Gases & Machinery	175	165	+9	+5.7%
■ Materials	123	126	(3)	(2.4%)
■ Others, Adjustments	(28)	(34)	+6	-
Ordinary profit	503	470	+32	+7.0%
Ordinary profit except for impact of LPG import price fluctuation	503	501	+1	+0.3%
Profit attributable to owners of parent	335	320	+14	+4.6%

Estimated exchange rate

Exchange rate **125 JPY/USD**

LPG import price **700 \$/ton**

(FY22 results)

Exchange rate 133.7 JPY/USD

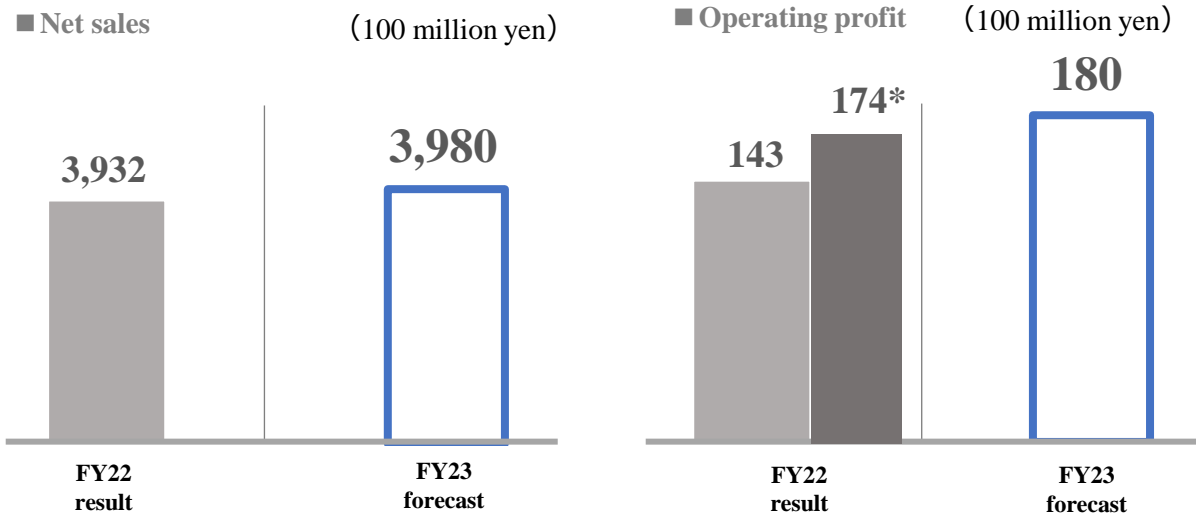
LPG import price 725 \$/ton

Dividend forecast

FY23 95 yen per share

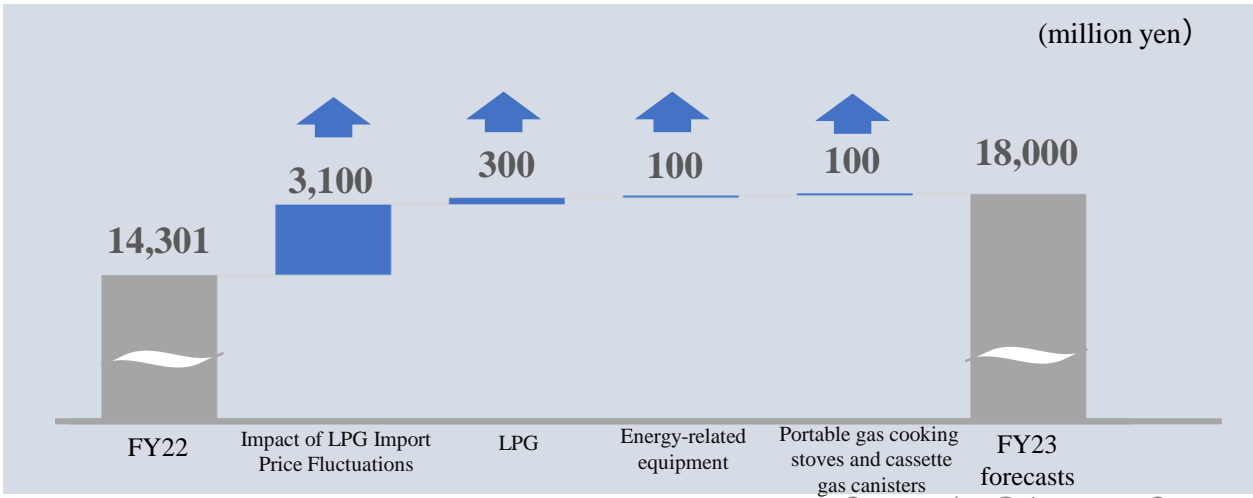
FY2023 Forecasts of Integrated Energy

Net sales/Operating profit forecasts



*Excluding impact of LPG import price fluctuation

Forecasts increase/decrease in operating profit



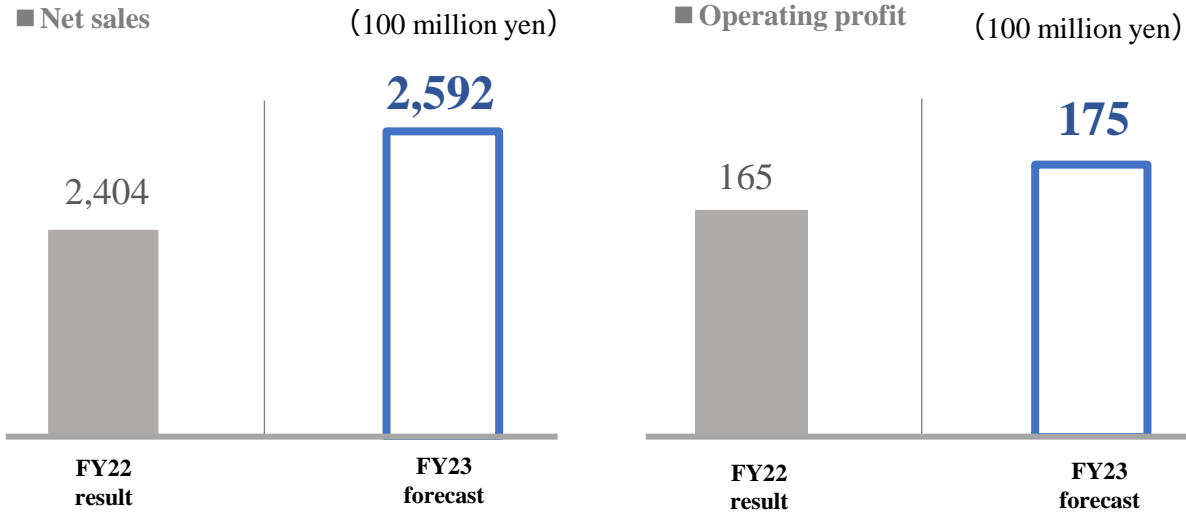
Measures toward achievement of FY2023 forecasts

- **Expanding LPG sales**
 - Increasing sales of LPG by expanding direct sales customers through M&A
 - Promoting fuel conversion to support customers' low-carbon and decarbonization, and expanding sales of carbon offset LPG
- **Expanding sales of energy-related equipment**
 - Expanding sales of hybrid water heater and the Ene-Farm, which help households reduce CO2 emissions
 - Expanding sales of LPG emergency generators and GHP for BCP measures
- **Expanding cartridge gas business**
 - In Japan, steadily capturing outdoor demand and recovering commercial demand
 - Overseas, in addition to China, we will strengthen sales mainly in Southeast Asia, based on the new plant in Thailand.

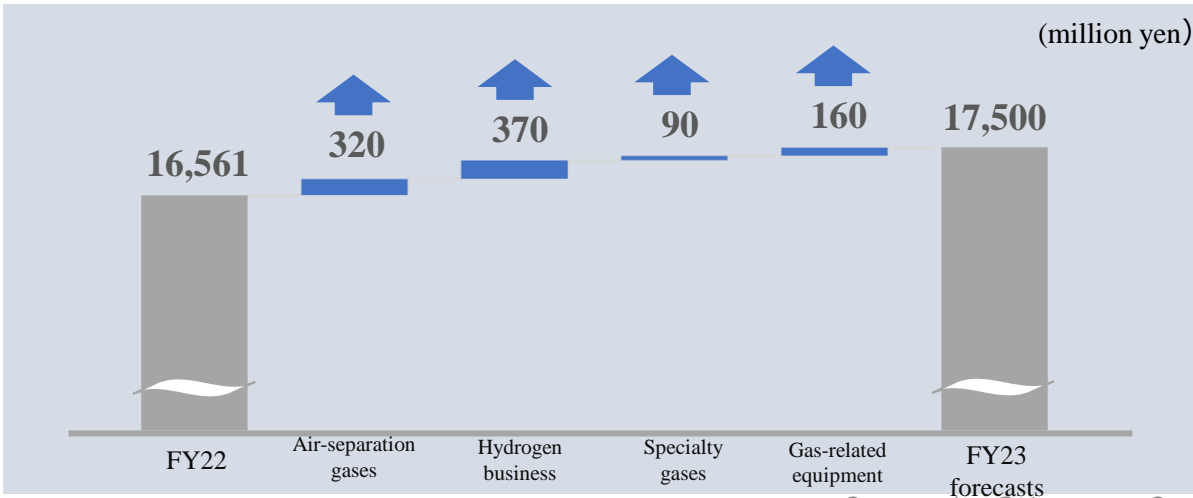
Main factors causing changes in business performance

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

Net sales/Operating profit forecasts



Forecasts increase/decrease in operating profit



Measures toward achievement of FY2023 forecasts

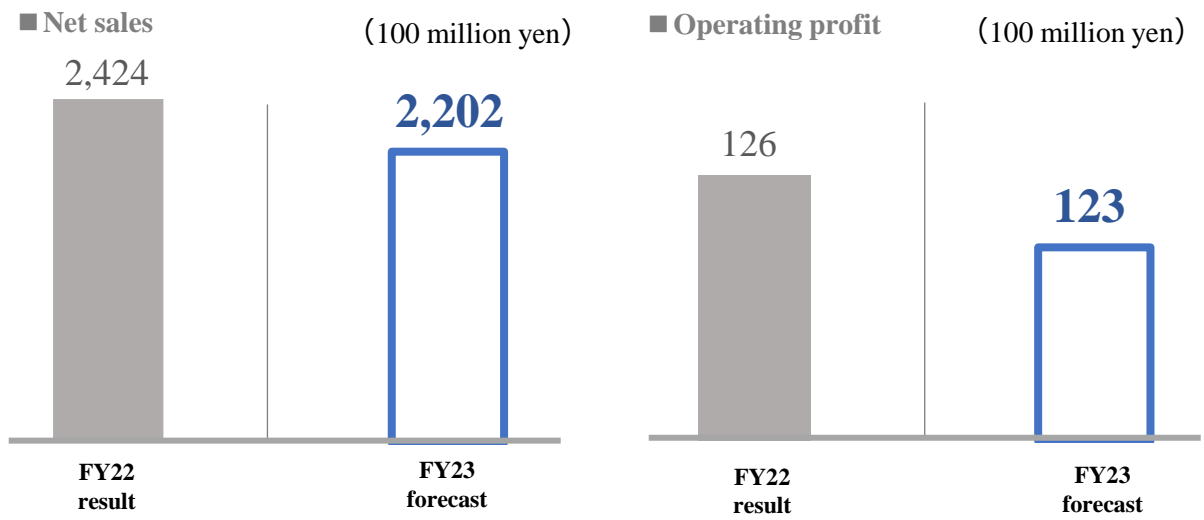
- **Appropriate sales price pass on and expanding sales of air-separation gas**
 - ▶ Appropriate price pass on in line with fluctuations in electricity prices
 - ▶ Enhancing sales by capturing demand from the recovering automobile industry
- **Capture new demand for liquid hydrogen**
 - ▶ Strengthening sales expansion by capturing demand for liquid hydrogen and capital investment in relation to decarbonization.
- **Expanding specialty gases business**
 - ▶ Focusing on stable supply of helium in the ongoing tight supply-demand situation.
 - ▶ Enhancing sales of carbon dioxide gas, etc.
- **Expanding sales of machinery and equipment**
 - ▶ Focus on acquiring new projects for growth sectors such as decarbonization and automotive uses

Main factors causing changes in business performance

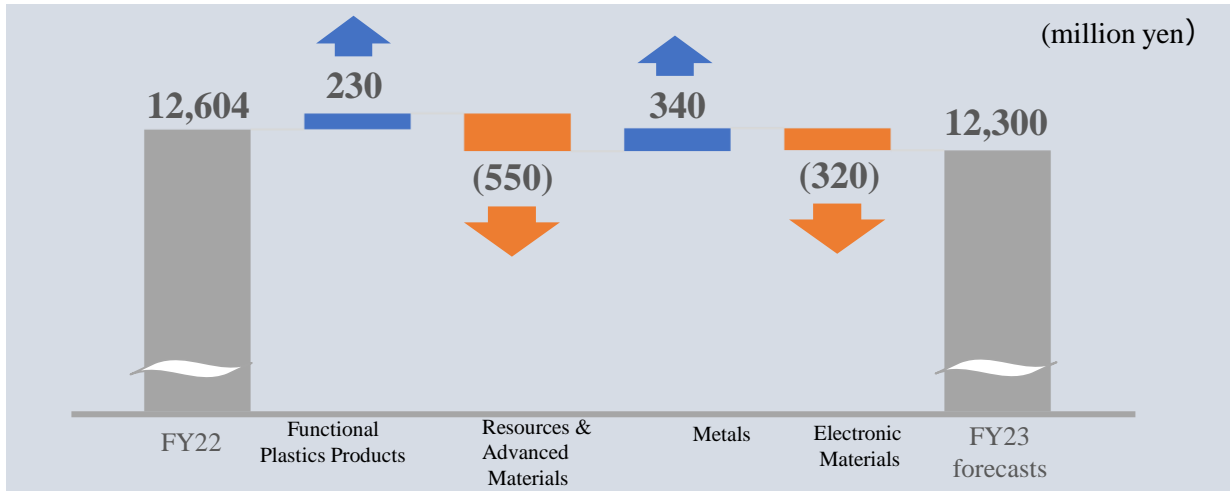
- **Impact on production costs from increase in electricity rate and LNG price**
- **Production trends in the manufacturing sector**

FY2023 Forecasts of Materials

Net sales/Operating profit forecasts



Forecasts increase/decrease in operating profit



Measures toward achievement of FY2023 forecasts

- **Enhancing mineral resources business**
 - Secure stable procurement amid declining market prices
 - Promoting efforts to acquire new mining sites
- **Enhancing environmental businesses**
 - Expanding sales of environmental products (eco-friendly PET resins, biomass fuels, battery-related materials)
 - Promoting new initiatives such as recycling business
- **Expanding metal business**
 - Expanding sales of stainless steel to new customers
 - Expanding overseas metal processing business
- **Expanding sales of advanced materials**

Main factors causing changes in business performance

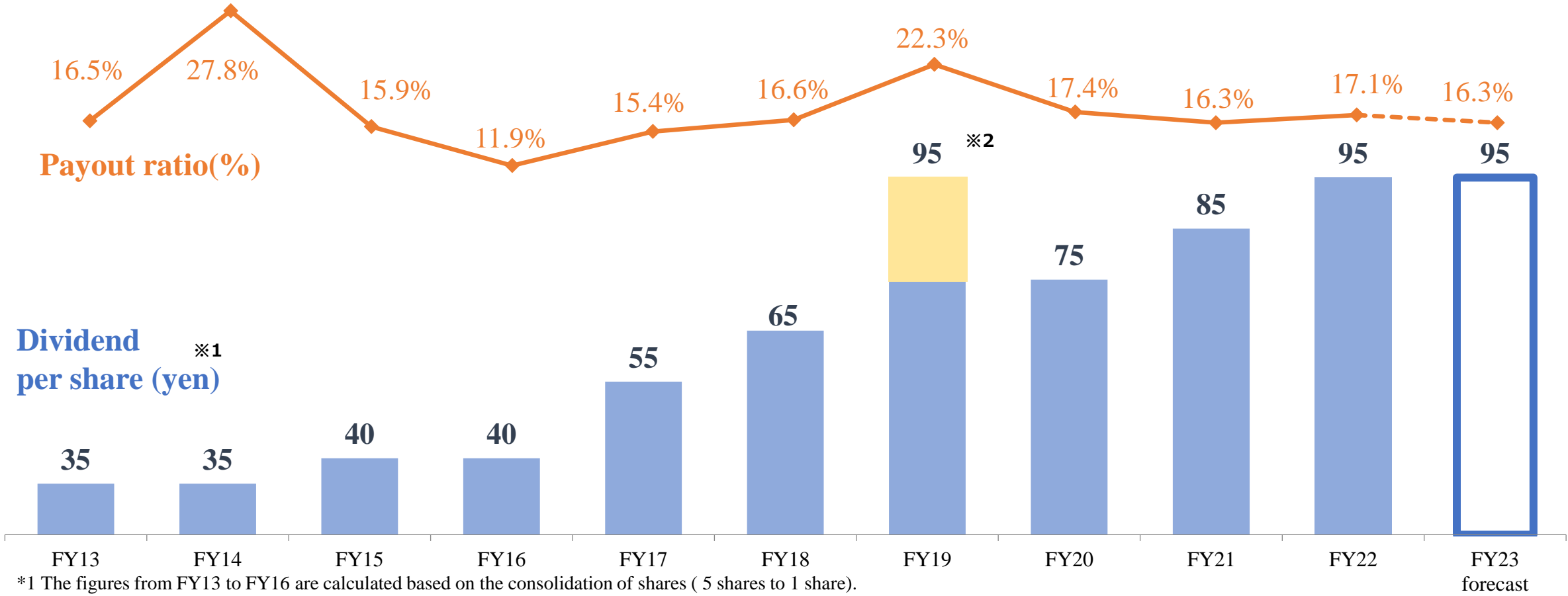
- **Price fluctuations in resource markets**
- **Exchange rate fluctuations**

Dividend Payout Ratio

▶ A dividend of 95 yen per share is planned for the fiscal year ending March 31, 2024.

Dividend policy

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



*1 The figures from FY13 to FY16 are calculated based on the consolidation of shares (5 shares to 1 share).

*2 Including commemorative dividend : 20 yen

Review of Mid-term Management Plan “PLAN23”

Review of Management Target

▶ Achieved the management targets one year ahead of schedule.

Basic Strategies

1. Enhancing initiatives toward a carbon-free society
2. Evolving into an energy & living total service provider
3. Expanding international businesses

(100 million yen)

[Profits]	FY2022 results	PLAN23 target	FY2022 difference
Integrated Energy [Except for impact of LPG import price fluctuation]	144 [175]	180	(35) [(4)]
Industrial Gases & Machinery	165	125	+40
Materials	125	65	+60
Agri-Bio & Foods	5	16	(10)
Others, Eliminations	(40)	(31)	(9)
Operating profit (total)	400	355	+45
Ordinary profit	470	400	+70
Ordinary profit except for impact of LPG import price fluctuation	501	400	+101
Net income attributable to owners of parent	320	265	+55

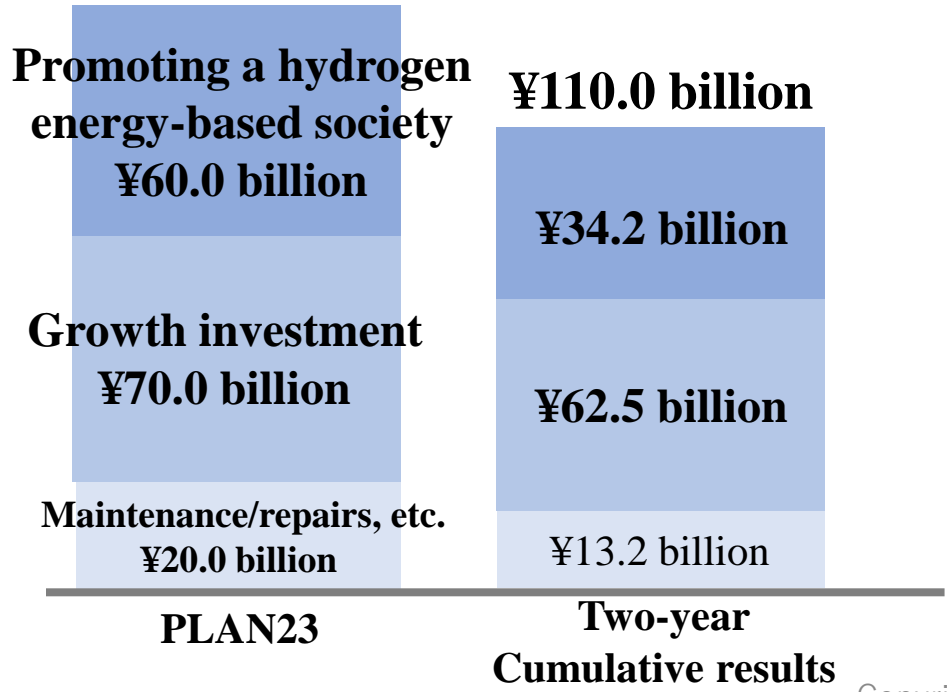
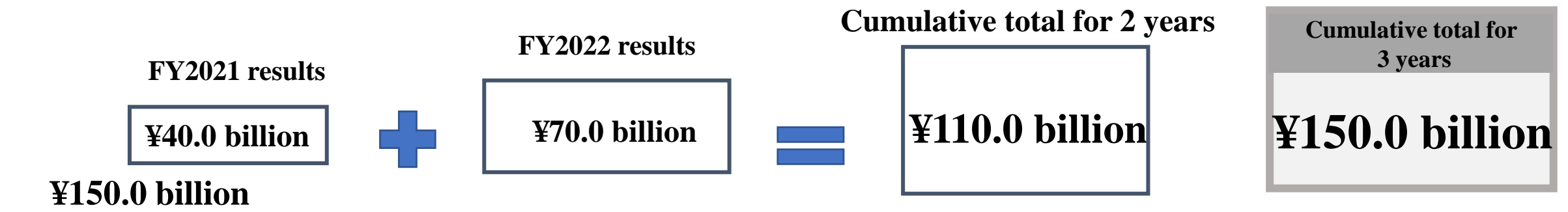
Management Indicators	FY2022 results	PLAN23 targets
Ordinary income [Except for impact of LPG import price fluctuation]	¥47.0B [¥50.1B]	¥40.0B
ROE (Return on equity)	11.2%	9% or higher

Business Indicators	FY2022 results	PLAN23 targets
LPG direct sales customers	1,100K households	1,100K households
Portable gas cooking stove / cassette gas canister sales volume	Gas cooking stoves: 4,291K units Gas canisters: 157M units	Gas cooking stoves: 6,500K units Gas canisters: 180M units
Air separation gas sales volume	1.60B m ³	1.70B m ³
LH ₂ sales volume	77M m ³	90M m ³

Investment Results

▶ Aggressive investment with a target of 150.0 billion yen over 3 years

Growth investment targets and progress of PLAN23



Main Investment

- Investment on JHyM and other HRS* construction related (2021-22)
 - Acquired shares of Tokico System Solutions, Ltd.(2022)
 - Acquired shares of Enelife Co., Ltd. (2022)
 - Expansion of industrial gas production plants in Japan and overseas(2021-22)
 - Acquired shares of Aspen Air US, LLC (2023)
 - Iwatani Australia’s mining development (2021-22)
 - Secured titanium ore interests by capital investment in Nordic Mining ASA (2022)
- Integrated Energy
 - Industrial Gases & Machinery
 - Industrial Gases & Machinery
 - Materials
 - Materials

*HRS stands for Hydrogen Refueling Station.

Review of the Basic Strategies

▶ Steadily implement “Enhancing initiatives toward a carbon-free society”

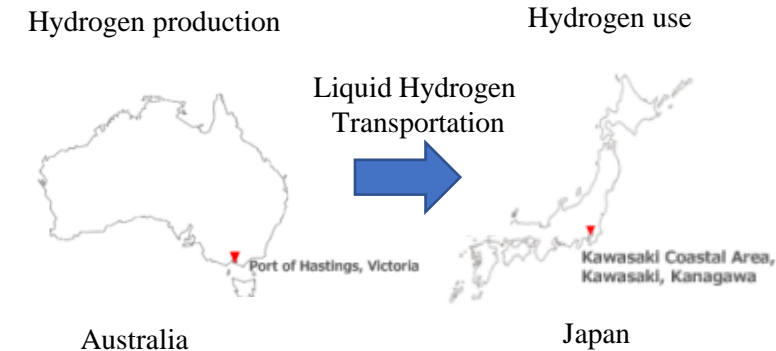
Main outcomes

1) Promoting the development of a hydrogen energy-based society

- Feasibility study completed on sea transport of liquid hydrogen between Japan and Australia
- Selected sites for the Green Innovation Fund project the hydrogen export site: Port of Hastings, Victoria, Australia
the hydrogen receiving site: Kawasaki Coastal Area, Japan



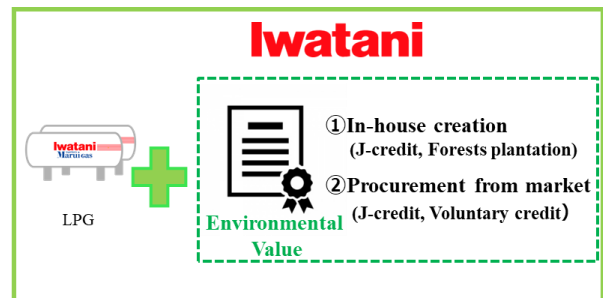
(Ceremony to mark completion of establishing Japan-Australia supply chain)



(Japan-Australia supply chain shipping and receiving sites)

2) Launched sales of the carbon offset LPG

- Strengthening support for customers' low-carbon and decarbonization in the Integrated Energy business



(Sales scheme of the carbon offset LPG)

3) Focusing on expanding sales of environmental products

- Expanding sales of eco-friendly PET resins, biomass fuels, battery-related materials
- Achieved more than double the planned growth rate



PET resins reducing CO2 emission

(Eco-friendly PET resins)



(Biomass fuels)



(Battery-related materials)

Review of the Basic Strategies

▶ Expanding customer base and focusing on expansion of new services towards “Evolving into an energy & living total service provider”.

Main outcomes

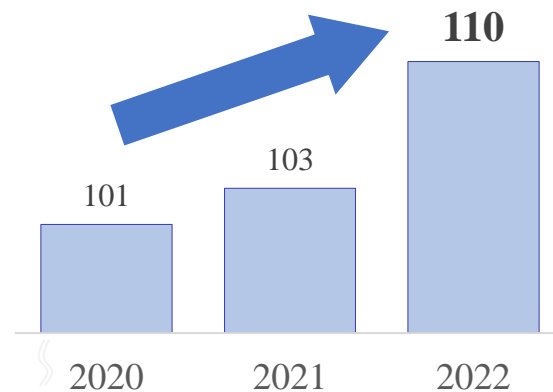
Expanding customer base by promoting M&A

- ▶ Implemented a major M&A of Enelife
- ▶ Achieved the Target of 1.1 million direct sales customer one year ahead of schedule

Creating new services contribute to solving social issues

- ▶ Development of monitoring services for children and the elderly
- ▶ Environmental valorization of household CO2 emission reductions through J-credits

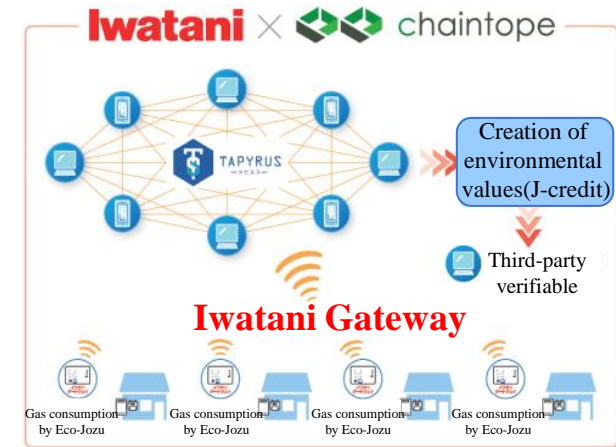
[The number of LPG direct sales customer] (unit:10k households)



Copyright © Iwatani Corporation. All rights reserved.



(Business image of monitoring service)



(Environmental valorization service using Iwatani Gateway)

Review of the Basic Strategies

- ▶ Strengthen business foundations, including the development of a stable supply system, towards “Expanding international businesses”

Main outcomes

Expanding international business in the Industrial Gases and Machinery business

- ▶ Expanded manufacturing and supply bases in China and Southeast Asia
- ▶ Entered the air-separation gases business in the U.S. through M&A of Aspen Air US, LLC



(Helium center in Thailand)



(Aspen Air US, LLC in the U.S.)

Review of the Basic Strategies

- ▶ Strengthen business foundations, including the development of a stable supply system, towards “Expanding international businesses”

Main outcomes

Strengthening stable supply system and manufacturer functions overseas

- ▶ Constructed a portable gas cooking stove plant in Thailand as our second overseas manufacturing base.
- ▶ More than doubled production capacity of metal processing plant



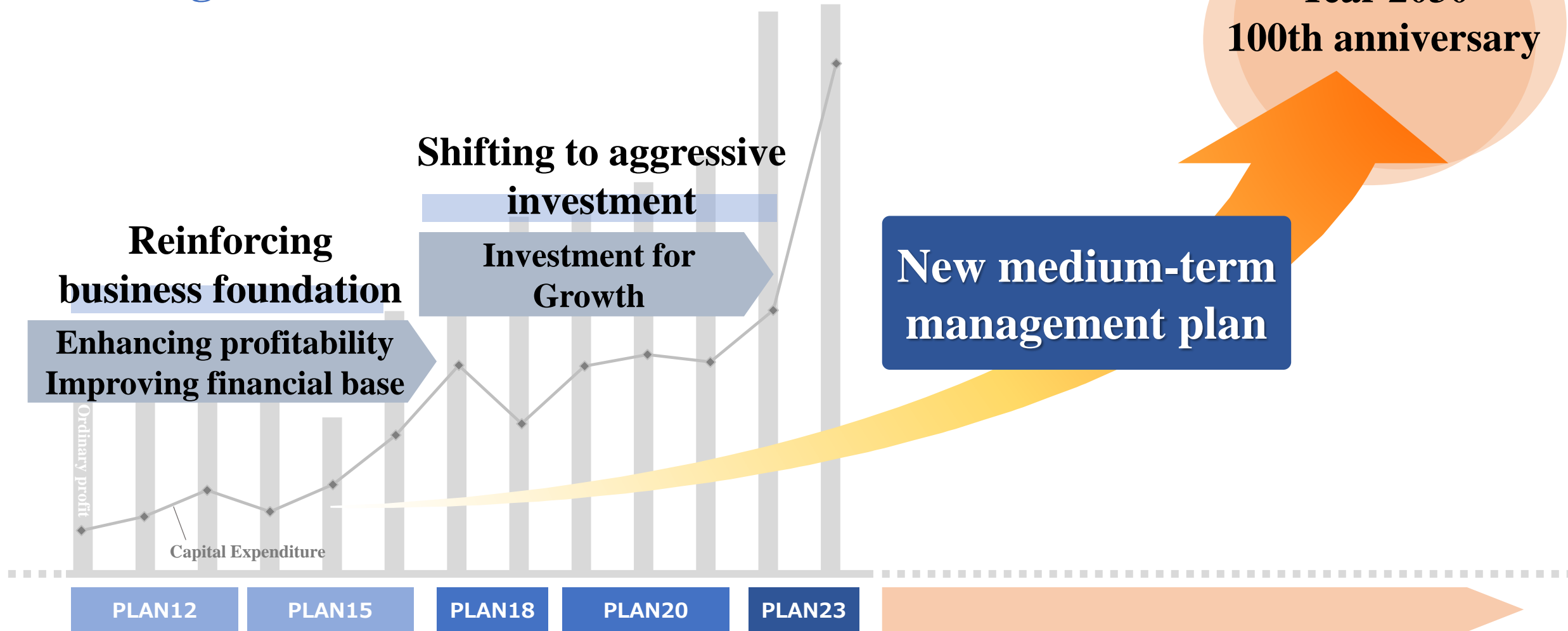
(Portable gas cooking stove manufacturing plant in Thailand)



(Metal processing plant in Thailand)

Formulation of New Medium-term Management Plan

▶ New medium-term management plan being prepared starting in FY2023.



Iwatani

<Contact information>

IR, Corporate Planning Department, Iwatani Corporation

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

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