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Consolidated Financial Results for the Three Months Ended June 30, 2021 [Japanese GAAP]

August 06, 2021

Company name: IWATANI CORPORATION

Stock exchange listing: Tokyo

Code number: 8088

URL: <http://www.iwatani.co.jp/>

Representative: Hiroshi Majima

President

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Scheduled date of filing quarterly securities report: August 12, 2021

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Three Months Ended June 30, 2021 (April 01, 2021 to June 30, 2021)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2021	145,425	19.0	7,834	207.1	9,326	151.3	6,015	128.8
June 30, 2020	122,173	-	2,550	-	3,711	-	2,628	-

(Note) Comprehensive income: Three months ended June 30, 2021: ¥ 5,905 million [72.7%]
Three months ended June 30, 2020: ¥ 3,420 million [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2021	104.59	-
June 30, 2020	53.41	45.62

(Note) Due to the adoption of the Accounting Standard for Revenue Recognition from the beginning of the fiscal year ending March 2022, new accounting policy is retroactively applied in accordance with the basic treatment. The change rate from the three months ended June 30, 2019 to the corresponding period of previous year is not listed due to the retroactive revision with the change of the accounting policy.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of June 30, 2021	493,203	254,936	49.8
March 31, 2021	512,015	253,586	47.7

(Reference) Equity: As of June 30, 2021: ¥ 245,439 million
As of March 31, 2021: ¥ 244,160 million

(Note) Due to the adoption of the Accounting Standard for Revenue Recognition from the beginning of the fiscal year ending March 2022, new accounting policy is retroactively applied in accordance with the basic treatment.

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	-	-	-	75.00	75.00
Fiscal year ending March 31, 2022	-				
Fiscal year ending March 31, 2022 (Forecast)		-	-	75.00	75.00

(Note) Revision to the forecast for dividends announced most recently: No

(Note) Breakdown of the 1st quarter dividend for the fiscal year ending March 31, 2022 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022(April 01, 2021 to March 31, 2022)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	626,100	11.3	32,000	7.6	36,500	6.9	24,300	5.5	422.52

(Note) Revision to the financial results forecast announced most recently: No

(Note) Due to the adoption of the Accounting Standard for Revenue Recognition from the beginning of the fiscal year ending March 2022, new accounting policy is retroactively applied in accordance with the basic treatment. The change rate from the previous year is based on the results that are retroactively applied the standard to.

* Notes:

(1) Changes in significant subsidiaries during the three months ended June 30, 2021

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

New	-	(Company name:)
Exclusion:	-	(Company name:)

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

- 1) Changes in accounting policies due to the revision of accounting standards: Yes
- 2) Changes in accounting policies other than 1) above: No
- 3) Changes in accounting estimates: No
- 4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

June 30, 2021:	58,561,649 shares
March 31, 2021:	58,561,649 shares

2) Total number of treasury shares at the end of the period:

June 30, 2021:	1,049,364 shares
March 31, 2021:	1,048,943 shares

3) Average number of shares during the period:

Three months ended June 30, 2021:	57,512,431 shares
Three months ended June 30, 2020:	49,212,381 shares

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31,2021	As of June 30,2021
Assets		
Current assets		
Cash and deposits	38,782	28,156
Notes and accounts receivable - trade	113,374	101,275
Electronically recorded monetary claims - operating	15,680	17,491
Merchandise and finished goods	30,565	33,985
Work in process	3,239	3,784
Raw materials and supplies	4,784	4,884
Other	15,828	15,184
Allowance for doubtful accounts	(145)	(145)
Total current assets	222,110	204,617
Non-current assets		
Property, plant and equipment		
Land	66,869	67,129
Other, net	111,154	112,318
Total property, plant and equipment	178,023	179,447
Intangible assets		
Goodwill	13,791	13,453
Other	3,704	3,944
Total intangible assets	17,495	17,397
Investments and other assets		
Investment securities	78,913	76,829
Other	16,064	15,481
Allowance for doubtful accounts	(591)	(570)
Total investments and other assets	94,385	91,740
Total non-current assets	289,905	288,585
Total assets	512,015	493,203

(Million yen)

	As of March 31,2021	As of June 30,2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	65,541	56,665
Electronically recorded obligations - operating	27,992	30,133
Short-term borrowings	24,208	18,903
Income taxes payable	8,168	1,733
Provision for bonuses	5,268	3,421
Provision for product compensation	482	455
Other	39,319	40,643
Total current liabilities	170,981	151,955
Non-current liabilities		
Long-term borrowings	59,447	58,937
Provision for retirement benefits for directors (and other officers)	1,373	1,381
Retirement benefit liability	5,470	5,494
Other	21,155	20,499
Total non-current liabilities	87,447	86,312
Total liabilities	258,429	238,267
Net assets		
Shareholders' equity		
Share capital	35,096	35,096
Capital surplus	31,766	31,766
Retained earnings	151,025	152,722
Treasury shares	(1,514)	(1,517)
Total shareholders' equity	216,373	218,068
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	25,501	23,650
Deferred gains or losses on hedges	2,373	1,966
Foreign currency translation adjustment	(683)	1,547
Remeasurements of defined benefit plans	595	206
Total accumulated other comprehensive income	27,786	27,371
Non-controlling interests	9,426	9,496
Total net assets	253,586	254,936
Total liabilities and net assets	512,015	493,203

Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income (For the three months)

(Million yen)

	For the three months ended June 30,2020	For the three months ended June 30,2021
Net sales	122,173	145,425
Cost of sales	84,000	100,903
Gross profit	38,172	44,521
Selling, general and administrative expenses		
Transportation costs	5,973	6,440
Provision of allowance for doubtful accounts	(22)	(24)
Salaries, allowances and bonuses	8,656	9,081
Provision for bonuses	2,533	2,530
Retirement benefit expenses	502	426
Provision for retirement benefits for directors (and other officers)	63	51
Other	17,914	18,181
Total selling, general and administrative expenses	35,622	36,687
Operating profit	2,550	7,834
Non-operating income		
Interest income	85	93
Dividend income	528	521
Foreign exchange gains	15	86
Share of profit of entities accounted for using equity method	144	216
Other	820	968
Total non-operating income	1,594	1,886
Non-operating expenses		
Interest expenses	230	187
Sales discounts	92	81
Other	110	124
Total non-operating expenses	433	393
Ordinary profit	3,711	9,326
Extraordinary income		
Gain on sale of non-current assets	41	44
Gain on sale of investment securities	137	-
Subsidy income	60	41
Total extraordinary income	239	85
Extraordinary losses		
Loss on sale of non-current assets	0	68
Loss on retirement of non-current assets	43	35
Loss on tax purpose reduction entry of non-current assets	60	41
Loss on sale of golf club membership	-	24
Total extraordinary losses	105	168
Profit before income taxes	3,846	9,243
Income taxes	1,073	3,007
Profit	2,773	6,236
Profit attributable to non-controlling interests	144	221
Profit attributable to owners of parent	2,628	6,015

Quarterly Consolidated Statements of Comprehensive Income (For the three months)

(Million yen)

	For the three months ended June 30,2020	For the three months ended June 30,2021
Profit	2,773	6,236
Other comprehensive income		
Valuation difference on available-for-sale securities	3,792	(1,814)
Deferred gains or losses on hedges	(360)	(409)
Foreign currency translation adjustment	(2,810)	2,261
Remeasurements of defined benefit plans, net of tax	19	(443)
Share of other comprehensive income of entities accounted for using equity method	6	75
Total other comprehensive income	647	(330)
Comprehensive income	3,420	5,905
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,312	5,599
Comprehensive income attributable to non-controlling interests	107	306

Due to the adoption of the Accounting Standard for Revenue Recognition from the beginning of the fiscal year ending March 2022, comparisons with the previous year are based on the results for the fiscal year ending March 31 2021 that are retroactively applied the standard to.

(1) Consolidated Statements of Income

(Unit: 100 million yen)						Overview
	1Q FY2020 Apr-Jun 2020	1Q FY2021 Apr-Jun 2021	Change	Rate	FY2021 (Forecast)	
Net sales	1,221	1,454	232	19.0%	6,261	Increase in Net sales due to the increase of mainstay products sales in improved demand for an industrial sector under an economic recovery trend, in addition to high LPG import prices.
Gross profit	381	445	63	16.6%	—	
Operating profit	25	78	52	207.1%	320	
Ordinary profit	37	93	56	151.3%	365	Moreover, achieved record-high in profits due to the positive impact of LPG import price fluctuation.
Profit attributable to owners of parent	26	60	33	128.8%	243	

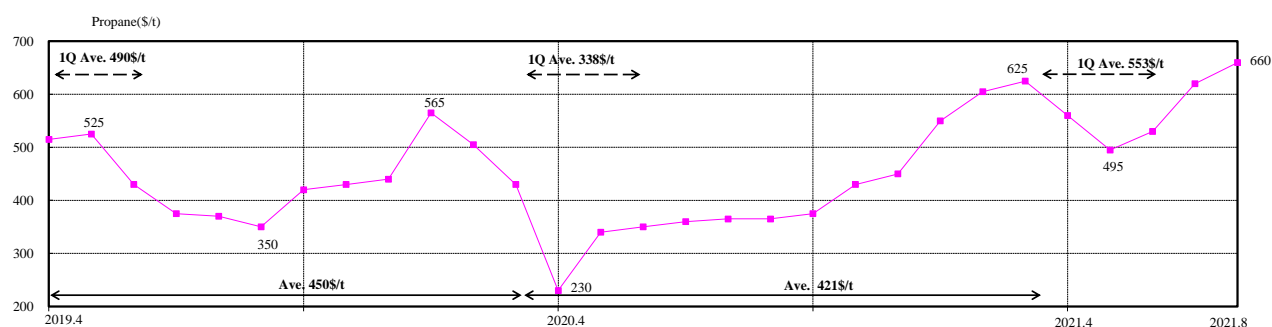
* Figures for fiscal year ending March 31, 2022(forecast) were announced on May 14, 2021.

(2) Ordinary Profit Except for Impact of LPG Import Price Fluctuation

(Unit: 100 million yen)						Overview
	1Q FY2020 Apr-Jun 2020	1Q FY2021 Apr-Jun 2021	Change	Rate	FY2021 (Forecast)	
Ordinary profit	37	93	56	151.3%	365	<ul style="list-style-type: none"> • Increase in profit by ¥1.1billion due to the impact of LPG import price fluctuation. • Ordinary profit except for impact of LPG import price fluctuation is ¥8.2 billion that achieved record-high level.
Impact of LPG import price fluctuation	(23)	11	34	—	—	
Ordinary profit except for impact of LPG import price fluctuation	60	82	21	35.2%	365	

* Please see a slide of "Impact of LPG Import Price Fluctuations" in Financial Results Briefing Materials. (<http://www.iwatani.co.jp/eng/investor/data/presentation.html>)

(3) LPG Import Price (CP)



(4) Segment Information

(Unit: 100 million yen)						Overview
	1Q FY2020 Apr-Jun 2020	1Q FY2021 Apr-Jun 2021	Change	Rate		
Energy	Net sales (Sales to outside customers)	514	648	134	26.1%	<ul style="list-style-type: none"> • Increase in Net sales due to the increase of LPG sales and high LPG import prices. • Increase in Operating profit due to the positive impact of LPG import price fluctuation, and increase in sales of portable gas cooking stoves and cassette gas canisters.
	Operating profit	2	41	38	—	
Industrial Gases & Machinery	Net sales (Sales to outside customers)	380	418	37	9.8%	<ul style="list-style-type: none"> • Increase in sales of air separation gas and machinery. • Decrease in sales of hydrogen-related facilities while increase in sales of hydrogen. • Increase in sales of dry ice for the vaccination of COVID-19.
	Operating profit	16	27	11	68.7%	
Materials	Net sales (Sales to outside customers)	270	326	55	20.6%	<ul style="list-style-type: none"> • Increase in sales of eco-friendly products such as Eco-friendly PET resins, biomass fuels and battery-related materials. • Increase in sales of metal processed products for air conditioners. • Increase in sales of mineral sands in Japan.
	Operating profit	11	13	2	25.4%	
Agri-Bio & Foods	Net sales (Sales to outside customers)	46	49	3	6.7%	<ul style="list-style-type: none"> • Increase in sales of frozen foods for restaurants and dining halls. • Decrease in sales of breeding pigs. • Increase in sales of agricultural materials.
	Operating profit	0	0	0	140.2%	
Others, Adjustments	Net sales (Sales to outside customers)	9	11	2	23.7%	
	Operating profit	(4)	(4)	0	—	

(5) LPG and Industrial Gases Net Sales · Sales Volume

	Sales volume (thousand tons)				Net sales (100 million yen)			
	1Q FY2020 Apr-Jun 2020	1Q FY2021 Apr-Jun 2021	Change	Rate	1Q FY2020 Apr-Jun 2020	1Q FY2021 Apr-Jun 2021	Change	Rate
Domestic residential use	235	238	3	1.4%	248	306	57	23.0%
Domestic industrial use	67	79	12	18.5%	39	66	27	70.3%
LPG sub total (except for overseas)	302	318	15	5.2%	287	372	84	29.5%
LPG total	306	323	16	5.5%	290	376	86	29.6%
Various Industrial gases	—	—	—	—	229	254	24	10.8%

(6) Financial Position

(Unit: 100 million yen)

	FY2020 end	1Q FY2021 end	Change
Total assets	5,120	4,932	(188)
Equity capital	2,441	2,454	12
Interest-bearing debt, gross	961	903	(58)
Interest-bearing debt, net	573	621	48
Equity capital ratio	47.7%	49.8%	2.1pt
Ratio of interest-bearing debt to total assets	18.8%	18.3%	(0.5pt)
Debt-to-equity ratio, gross	0.39	0.36	(0.03pt)
Debt-to-equity ratio, net	0.23	0.25	0.02pt

* Interest-bearing debt include lease liabilities in the amount of ¥2.6 billion.

(7) Capital Expenditure

(Unit: 100 million yen)

	1Q FY2021 Apr-Jun 2021	FY2021 (Forecast)
Energy	22	90
Industrial Gases & Machinery	48	218
Materials	4	63
Agri-Bio & Foods	1	39
Others, Adjustments	6	30
Capital expenditure	82	440
Depreciation expense	48	205

* Figures for capital expenditure totalize fixed assets, intangible assets (goodwill excluded), and investments in securities.

(8) Key Business Indicators for PLAN23

		1Q FY2020	1Q FY2021	PLAN23
		Apr-Jun 2020	Apr-Jun 2021	
Energy	LPG direct sales customers (10 thousand households)	100	102	110
	Portable gas cooking stove sales volume (thousand units)	832	1,001	6,500
	Cassette gas canister sales volume (million units)	27	32	180
Industrial Gases & Machinery	Air separation gas sales volume (100 million m ³)	3.6	4.1	17.0
	LH2 sales volume (million m ³)	15	16	90

(9) Non-consolidated
Non-consolidated Statements of Income

(Unit: 100 million yen)

	1Q FY2020 Apr-Jun 2020	1Q FY2021 Apr-Jun 2021	Change	Rate
Net sales	758	955	196	26.0%
Operating profit	(14)	35	50	-
Ordinary profit	32	110	77	235.9%
Profit	35	94	59	167.6%

Financial Position

(Unit: 100 million yen)

	FY2020 end	1Q FY2021 end	Change
Total assets	3,637	3,380	(257)
Equity capital	1,733	1,764	30
Equity capital ratio	47.7%	52.2%	4.5pt