

Note: This document is a translation of a part of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.

## Consolidated Financial Results for the Three Months Ended June 30, 2022 [Japanese GAAP]

August 08, 2022

Company name: IWATANI CORPORATION

Stock exchange listing: Tokyo

Code number: 8088

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

Representative: Hiroshi Majima President

Contact person: Tetsuo Matsuo General Manager Accounting Dept.

Phone: 06-7637-3325

Scheduled date of filing quarterly securities report: August 10, 2022

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, 2022 (April 01, 2022 to June 30, 2022)

#### (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, 2022	203,803	40.1	8,913	13.8	11,415	22.4	7,743	28.7
June 30, 2021	145,425	19.0	7,834	207.1	9,326	151.3	6,015	128.8

(Note) Comprehensive income: Three months ended June 30, 2022: ¥ 11,595 million [ 96.3%]  
Three months ended June 30, 2021: ¥ 5,905 million [ 72.7%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2022	134.64	-
June 30, 2021	104.59	-

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of June 30, 2022	616,336	286,973	44.9
March 31, 2022	558,479	280,307	48.4

(Reference) Equity: As of June 30, 2022: ¥ 276,605 million  
As of March 31, 2022: ¥ 270,128 million

## 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, 2022	-	-	-	85.00	85.00
Fiscal year ending March 31, 2023	-				
Fiscal year ending March 31, 2023 (Forecast)		-	-	85.00	85.00

(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, 2023 :

Commemorative dividend	- yen
Special dividend	- yen

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023(April 01, 2022 to March 31, 2023)

(% 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	803,000	16.3	35,000	(12.7)	41,000	(11.7)	26,500	(11.6)	460.74

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

### \* Notes:

(1) Changes in significant subsidiaries during the three months ended June 30, 2022

(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: No

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, 2022: 58,561,649 shares

March 31, 2022: 58,561,649 shares

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

June 30, 2022: 1,045,810 shares

March 31, 2022: 1,045,396 shares

3) Average number of shares during the period:

Three months ended June 30, 2022: 57,515,964 shares

Three months ended June 30, 2021: 57,512,431 shares

\*1. This document is unaudited by certified public accountants or audit firms.

\*2. Earnings forecasts in this release are based on currently available information and assumptions deemed rational. A variety of factors could cause actual results to differ materially from forecasts.

## Contents

Qualitative Information of the Quarterly Consolidated Results	2
(1) Operating Results	2
(2) Segment Information	3
(3) Financial Position	4
(4) Consolidated Financial Results Forecasts	4
Quarterly Consolidated Financial Statements and Notes	5
(1) Quarterly Consolidated Balance Sheets	5
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	7
(3) Explanatory Notes to Quarterly Consolidated Financial Statements	9
(Notes on the Assumption of a Going Concern)	9
(Notes in the Event of Significant Changes in Shareholders' Equity)	9
(Segment Information)	9
(Business Combination)	10
(Significant Subsequent Events)	13
Additional Information	14
Results for 1Q FY2022	14
(1) Consolidated Statements of Income	14
(2) Ordinary Profit Except for Impact of LPG Import Price Fluctuation	14
(3) LPG Import Price (CP)	14
(4) Segment Information	14
(5) LPG and Industrial Gases Net Sales -Sales Volume	15
(6) Financial Position	15
(7)Capital Expenditure	15
(8)Key Business Indicators for PLAN23	15
(9)Non-consolidated	15

## **Qualitative Information of the Quarterly Consolidated Results**

### **(1) Operating Results**

During the consolidated cumulative first quarter, the Japanese economy showed a gradual recovery trend in consumer spending and capital investment, along with an easing of restrictions on the movement of people by countermeasures against COVID-19 infection. However, there remains uncertainty about the future of the Japanese economy due to soaring resource prices and supply constraints caused by the situation in Ukraine and the restraint of economic activities in China.

Under these circumstances, Iwatani Corporation has been working on the basic policies of our medium-term management plan "PLAN23," which are "Enhancing strategic investment to establish a carbon-free society" and "promotion of digitization".

To realize a carbon-free society, we launched business feasibility studies to expand local production for local consumption of energy and solve social issues by utilizing local renewable energy and hydrogen for combination. In Awaji, Hyogo Prefecture, storage batteries will be used with hydrogen generator, and in Aso, Kumamoto Prefecture, unused geothermal energy will be utilized to produce hydrogen, with the aim of establishing a low-cost, stable hydrogen utilization model for local industries and other uses.

In the Integrated Energy business, we further strengthened our customer base for LPG business, with the foundation of Enelife Corporation in June, following the completion of the acquisition of shares in Tokyo Gas Energy Co. With respect to the promotion of digitization, we worked to create new services that support the lifestyles of local communities, such as for early detection and prevention of the risk of requiring nursing care, based on the data collection and analysis functions of the "Iwatani Gateway".

In the Industrial Gases and Machinery business, we worked to expand its overseas business by starting helium sales in the U.S. and developing production sites in China and Southeast Asia.

In the Materials business, we worked to secure interests in the new mining site of titanium ore in Norway, and strengthened our stable supply system of this rare resource by diversifying procurement sources.

As a result, for the first quarter of the consolidated fiscal year, net sales were 203.80 billion yen (+ 58.37 billion yen year-on-year), operating profit was 8.91 billion yen (+1.07 billion yen year-on-year), ordinary profit was 11.41 billion yen (+ 2.08 billion yen year-on-year), and profit attributable to owners of parent was 7.74 billion yen (+ 1.72 billion yen year-on-year).

Iwatani Group's business structure is centered on the sales of energy-related products, which tend to be significantly affected by seasonal fluctuations; LPG consumption is affected by temperatures, therefore, sales volume declines during summer and increases during winter. As a result, the Group has a structure in which profits are weighted in the second half of the year.

## **(2) Segment Information**

### **Integrated Energy**

In the Integrated Energy Business, sales increased due to high LPG import prices, expanding sales volume of LPG for residential use and industrial use, and the effect of new consolidations. Profits increased due to improved profitability in the LPG retail sector and positive LPG import price fluctuation (+ 0.93 billion yen year-on-year).

As a result, net sales in this segment were 91.62 billion yen (+26.78 billion yen year on year), and operating profit was 5.28 billion yen (+1.15 billion yen year on year).

### **Industrial Gases & Machinery**

In the Industrial Gases & Machinery Business, air-separation gas sales volume decreased mainly to the automobile-related industry, and production costs increased due to higher electricity rates.

In the Hydrogen Business, despite increase in sales of liquid hydrogen, operating expenses for hydrogen-refueling stations increased due to the expansion of the stations. Although profitability of the helium business improved due to higher market prices amid the global tight supply-demand balance, sales of machinery and equipment declined due to delivery delays caused by parts shortages and other factors.

In addition, temporal expenses were incurred due to the effect of new consolidation.

As a result, net sales in this segment were 48.41 billion yen (+6.60 billion yen year-on-year) and operating profit was 1.56 billion yen (-1.15 billion yen year-on-year).

### **Materials**

In the Materials Business, sales and operating profit of mineral sands business increased significantly as we were able to secure stable supply amid soaring market prices due to disruptions in the global supply chain. In addition, steady performance of environmental products such as eco-friendly PET resin and battery-related materials, and increase in sales of stainless steel to new customers.

As a result, net sales in this segment were 55.55 billion yen (+22.89 billion yen year on year), and operating profit was 2.70 billion yen(+1.32 billion yen year on year).

### **Agri-bio & Foods**

In the Agri-bio & Foods Business, despite increase in sales of frozen foods for general consumers and recovery in demand for commercial frozen foods, procurement and distribution costs increased. In addition, sales of livestock equipment increased, while agricultural equipment projects decreased.

As a result, net sales in this segment were 7.20 billion yen (+2.27 billion yen year on year), and operating profit was 0.01 billion yen (-0.07 billion yen year-on-year).

### **Others, Adjustments**

Net sales were 1.01 billion yen (-0.17 billion yen year-on-year), and operating profit was 0.29 billion yen (-0.03 billion yen year-on-year).

### **(3) Financial Position**

#### **Total Assets**

Total assets at the end of the first quarter of the current consolidated fiscal year increased by 57.85 billion yen from the end of the previous consolidated fiscal year to 616.33 billion yen. This was mainly due to increases in merchandise and finished goods by 15.58 billion yen, goodwill by 15.34 billion yen due to new consolidation, total property, plant and equipment by 11.69 billion yen, cash and deposits by 3.03 billion yen, and notes and accounts receivable - trade, and contract assets by 2.44 billion yen, respectively.

#### **Total Liabilities**

Total liabilities at the end of the first quarter increased by 51.19 billion yen from the end of the previous fiscal year to 329.36 billion yen. This was mainly due to increases of 38.67 billion yen in short-term borrowings and 12.49 billion yen in long-term borrowings.

Interest-bearing debt, including lease liabilities, increased 51.95 billion yen to 163.11 billion yen at the end of the first quarter from the end of the previous fiscal year.

#### **Total Net Assets**

Total net assets at the end of the first quarter increased by 6.66 billion yen from the end of the previous fiscal year to 286.97 billion yen.

This was mainly due to increases of 3.03 billion yen in foreign currency translation adjustment, 2.85 billion yen in retained earnings, and 1.25 billion yen in deferred gains or losses on hedges, respectively, despite a 0.63 billion yen decrease in valuation difference on available-for-sale securities.

### **(4) Consolidated Financial Results Forecasts**

Although economic trends, fluctuations in LPG import prices, and other factors may affect our business performance, we have not changed our consolidated earnings forecast announced on May 13, 2022, for the first quarter of the current fiscal year.

## Quarterly Consolidated Financial Statements and Notes

### (1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31,2022	As of June 30,2022
<b>Assets</b>		
Current assets		
Cash and deposits	29,975	33,006
Notes and accounts receivable - trade, and contract assets	131,094	133,539
Electronically recorded monetary claims - operating	20,781	21,380
Merchandise and finished goods	45,734	61,323
Work in process	4,022	6,053
Raw materials and supplies	6,381	8,358
Other	21,631	22,091
Allowance for doubtful accounts	(151)	(171)
Total current assets	259,471	285,582
Non-current assets		
Property, plant and equipment		
Land	68,115	74,140
Other, net	117,631	123,300
Total property, plant and equipment	185,747	197,440
Intangible assets		
Goodwill	12,229	27,576
Other	3,949	5,712
Total intangible assets	16,179	33,289
Investments and other assets		
Investment securities	79,791	77,844
Other	17,849	22,745
Allowance for doubtful accounts	(559)	(565)
Total investments and other assets	97,081	100,023
Total non-current assets	299,008	330,753
Total assets	558,479	616,336

(Million yen)

	As of March 31,2022	As of June 30,2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	66,480	65,013
Electronically recorded obligations - operating	30,777	30,436
Short-term borrowings	32,343	71,014
Income taxes payable	8,518	2,277
Contract liabilities	4,286	6,647
Provision for bonuses	5,389	3,931
Other	38,504	42,661
Total current liabilities	186,300	221,983
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term borrowings	55,093	67,588
Provision for retirement benefits for directors (and other officers)	1,518	1,332
Retirement benefit liability	5,524	6,566
Other	19,735	21,891
Total non-current liabilities	91,872	107,379
Total liabilities	278,172	329,363
<b>Net assets</b>		
Shareholders' equity		
Share capital	35,096	35,096
Capital surplus	31,809	31,809
Retained earnings	176,672	179,522
Treasury shares	(1,528)	(1,530)
Total shareholders' equity	242,050	244,898
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	22,450	21,816
Deferred gains or losses on hedges	2,635	3,888
Foreign currency translation adjustment	2,478	5,512
Remeasurements of defined benefit plans	513	489
Total accumulated other comprehensive income	28,078	31,707
Non-controlling interests	10,179	10,367
Total net assets	280,307	286,973
Total liabilities and net assets	558,479	616,336



## (2) 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 30,2021	For the three months ended June 30,2022
Net sales	145,425	203,803
Cost of sales	100,903	153,254
Gross profit	44,521	50,549
Selling, general and administrative expenses		
Transportation costs	6,440	7,344
Provision of allowance for doubtful accounts	(24)	0
Salaries, allowances and bonuses	9,081	9,985
Provision for bonuses	2,530	2,722
Retirement benefit expenses	426	515
Provision for retirement benefits for directors (and other officers)	51	34
Other	18,181	21,032
Total selling, general and administrative expenses	36,687	41,635
Operating profit	7,834	8,913
Non-operating income		
Interest income	93	86
Dividend income	521	613
Foreign exchange gains	86	291
Share of profit of entities accounted for using equity method	216	515
Subsidy income	323	428
Other	645	946
Total non-operating income	1,886	2,881
Non-operating expenses		
Interest expenses	187	229
Other	205	149
Total non-operating expenses	393	379
Ordinary profit	9,326	11,415
Extraordinary income		
Gain on sale of non-current assets	44	47
Gain on sale of investment securities	-	144
Subsidy income	41	2
Total extraordinary income	85	193
Extraordinary losses		
Loss on sale of non-current assets	68	3
Loss on retirement of non-current assets	35	67
Loss on tax purpose reduction entry of non-current assets	41	2
Loss on sale of golf club membership	24	-
Total extraordinary losses	168	73
Profit before income taxes	9,243	11,536
Income taxes	3,007	3,475
Profit	6,236	8,060
Profit attributable to non-controlling interests	221	316
Profit attributable to owners of parent	6,015	7,743

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

(Million yen)

	For the three months ended June 30,2021	For the three months ended June 30,2022
Profit	6,236	8,060
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,814)	(718)
Deferred gains or losses on hedges	(409)	1,240
Foreign currency translation adjustment	2,261	3,066
Remeasurements of defined benefit plans, net of tax	(443)	(152)
Share of other comprehensive income of entities accounted for using equity method	75	99
Total other comprehensive income	(330)	3,534
Comprehensive income	5,905	11,595
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,599	11,162
Comprehensive income attributable to non-controlling interests	306	432

### (3) Explanatory Notes to Quarterly Consolidated Financial Statements

(Notes on the Assumption of a Going Concern)

None

(Notes in the Event of Significant Changes in Shareholders' Equity)

None

(Segment Information)

I. First Quarter of FY2021 (April 1, 2021 - June 30, 2021)

a) Information on Revenue, Profit or Loss and Other Items from Each Reporting Segment

(million yen)

	Reportable segment					Others *1	Total	Adjustment *2	Recorded amount on consolidated financial statements *3
	Integrated Energy	Industrial Gases & Machinery	Materials	Agri-bio & Foods	Total reporting segment				
Sales									
Sales to third parties	64,846	41,807	32,662	4,923	144,240	1,185	145,425	—	145,425
Inter-segment sales and transfers	1,061	679	454	11	2,207	5,397	7,604	△7,604	—
Total sales	65,908	42,486	33,116	4,935	146,447	6,582	153,030	△7,604	145,425
Segment profit or loss	4,133	2,714	1,381	84	8,313	329	8,642	△808	7,834

(Note) \*1. Others are business segments that are not included in the reportable segments and include finance, insurance, transportation, and information processing, etc.

\*2. Adjustments of segment profit or loss include corporate expenses not allocated to each segment and elimination of inter-segment transactions.

\*3. Segment profit is adjusted to operating profit in the quarterly consolidated statements

b) Information on Impairment Loss on Fixed Assets and Goodwill by Reportable Segment

None

II. First Quarter of FY2022 (April 1, 2022 - June 30, 2022)

a) Information on Revenue, Profit or Loss and Other Items from Each Reporting Segment

(million yen)

	Reportable segment					Others *1	Total	Adjustment *2	Recorded amount on consolidated financial statements *3
	Integrated Energy	Industrial Gases & Machinery	Materials	Agri-bio & Foods	Total reporting segment				
Sales									
Sales to third parties	91,627	48,411	55,552	7,201	202,793	1,010	203,803	—	203,803
Inter-segment sales and transfers	1,323	649	504	8	2,485	5,680	8,166	△8,166	—
Total sales	92,950	49,061	56,056	7,210	205,279	6,691	211,970	△8,166	203,803
Segment profit or loss	5,283	1,562	2,703	11	9,562	298	9,861	△947	8,913

(Note) \*1. Others are business segments that are not included in the reportable segments and include finance, insurance, transportation, and information processing, etc.

\*2. Adjustments of segment profit or loss include corporate expenses not allocated to each segment and elimination of inter-segment transactions.

\*3. Segment profit is adjusted to operating profit in the quarterly consolidated statements

b) Information on Impairment Loss on Fixed Assets and Goodwill by Reportable Segment

(Significant Changes in the Amount of Goodwill)

In the Industrial Gases and Machinery business, we acquired all shares of Tokico System Solutions, Ltd. The increase in goodwill due to this event amounted to 15,229 million yen in the first quarter of the current consolidated fiscal year. The amount of goodwill is the tentatively allocated amount since the allocation of acquisition cost has not been completed as of the end of the first quarter of the current consolidated fiscal year.

(Business Combination)

**Business Combination through Acquisition**

On January 28, 2022, our Board of Directors resolved to acquire all shares of Tokico System Solutions, Ltd. Based on this resolution, we signed a share transfer agreement with Polaris Capital Group Co., Ltd. on the same date and acquired all shares as of April 1, 2022.

1. Summary of the Business Combination

(1) Name and business of the acquired company

Name of the acquired company

TOKICO SYSTEM SOLUTIONS, LTD.

Business

Planning, design and construction of service stations

Engineering of Hazardous materials facilities

Development, manufacturing and sales of environment friendly products

Maintenance of instrumentation equipment

Support for development of medication device

Sales of various products

(2) Principal purpose of the business combination

Tokico System Solutions, Ltd. is an industrial and energy infrastructure-related company that possesses technologies for measuring and controlling "fluids" such as fuel oil and various gases, and the company has a solid business foundation in the manufacture and sale of industrial flow meters and other products, as well as expertise in the construction of service stations and other facilities. It is also one of Japan's leading companies supporting hydrogen supply infrastructure, with strength in the development, manufacture, and sale of hydrogen dispensers for fuel cell vehicles (FCVs).

We have decided to acquire the shares of this company based on the judgment that further business expansion can be expected through the synergistic effects of the collaboration between the company's manufacturer and engineering functions, products, services and solutions in a wide range of fields, and our energy and hydrogen business.

(3) Date of the business combination

April 1, 2022

(4) Legal form of the business combination

Acquisition of shares for cash consideration

(5) Name of the company after the business combination

No change

(6) Ratio of voting rights acquired

100%

(7) Grounds for deciding on the company to be acquired

By acquiring the shares in exchange for cash

2.Period of the Acquired Company's Business Results Included in the Quarterly Consolidated Statement  
April 1, 2022 to June 30, 2022

3. Acquisition Cost and Consideration of the Acquired Company by Item

Consideration for acquisition	Cash	16,819 million yen
Acquisition cost		16,819 million yen

4 Amount of Major Acquisition-related Expenses

Fees and commissions related to advisory services :284 million yen

5 Amount of Goodwill Generated, Grounds for Generation, Amortization Method and Amortization Period

(1) Amount of goodwill

15,229 million yen

(2) Grounds for generation

Since the acquisition cost exceeded the net amount allocated to the assets acquired and liabilities assumed, the difference was recorded as goodwill. The allocation of the acquisition cost has not been completed as of the end of the first quarter of the current fiscal year, and the amount of goodwill is the amount allocated on a provisional basis.

(3) Amortization method and period

Straight-line depreciation over 15 years

**Business Combination through Acquisition**

On April 25, 2022, our Board of Directors resolved to acquire all shares of Tokyo Gas Energy Co., Ltd., held by Tokyo Gas Liquid Holdings Co., Ltd., and INPEX Corporation, and to acquire 49% of the shares of Tokyo Gas LPG Terminal Co., Ltd., held by Tokyo Gas Liquid Holdings Co., Ltd., Based on these resolutions, we signed a share transfer agreement on the same date, and acquired the shares as of June 1, 2022.

1. Summary of the Business combination

(1) Name and business of the acquired company

Company name	TOKYO GAS ENERGY CO., LTD.	TOKYO GAS LPG TERMINAL CO., LTD.
Business	LPG Wholesale LPG Direct Sales Sales of LPG for automobiles Others (Gas appliance sales, equipment installation, etc.)	LPG storage and shipping

(2) Principal purpose of the business combination

Since its foundation in 1960 as an LPG sales company of Tokyo Gas Co., Ltd, Tokyo Gas Energy Co., Ltd. has built the LPG supply network in the Kanto and Tokyo metropolitan areas, supplying LPG to residential and industrial customers. In addition, under the Enlife brand, the company has also established a sales network in cooperation with its distributors.

Through this share acquisition, Tokyo Gas Energy Co., Ltd, which has focused on its business in the Kanto and Tokyo metropolitan areas, will become a member of our group, which operates LPG business

nationwide, thereby greatly expanding our business scale in the broad Kanto area. Furthermore, we have determined that the acquisition of shares in Tokyo Gas Energy is expected to generate a variety of synergies, including not only a stable supply of LPG, but also increased sales efficiency, streamlined logistics, and operational efficiency, by strengthening cooperation between the procurement, wholesale, and product sales functions of the two companies. The decision to acquire the shares of the company was made based on this judgment.

(3) Date of the business combination

June 1, 2022

(4) Legal form of the business combination

Acquisition of shares for cash consideration

(5) Name of the company after the business combination

ENELIFE CORPORATION

(The trade name was changed from Tokyo Gas Energy Co., Ltd. on June 1, 2022.)

NEGISHI LIQUEFIED GAS TERMINAL CORPORATION

(The trade name was changed from Tokyo Gas LPG Terminal Co., Ltd. on June 1, 2022.)

(6) Ratio of voting rights acquired

Tokyo Gas Energy Co., Ltd. :100%

Tokyo Gas LPG Terminals Co., Ltd.:100% (51% indirectly held)

(7) Grounds for deciding on the company to be acquired

By acquiring the shares in exchange for cash

2. Period of the Acquired Company's Business Results Included in the Quarterly Consolidated Statement

April 1, 2022 to June 30, 2022

3. Acquisition Cost and Consideration of the Acquired Company by Item

Consideration for acquisition	Cash	5,385 million yen
<hr/>		
Acquisition cost		5,385 million yen

4 Amount of Major Acquisition-related Expenses

Fees and commissions related to advisory services :104 million yen

5. Amount of Goodwill Generated, Grounds for Generation, Amortization Method and Amortization Period

(1) Amount of goodwill

32 million yen

(2) Grounds for generation

Since the acquisition cost exceeded the net amount allocated to the assets acquired and liabilities assumed, the difference was recorded as goodwill. The allocation of the acquisition cost has not been completed as of the end of the first quarter of the current fiscal year, and the amount of goodwill is the amount allocated on a provisional basis.

(3) Amortization method and period

The amount will be amortized on a straight-line basis over the period during which the effect is recognized. The amortization period will be determined based on the results of the acquisition cost allocation.

(Significant Subsequent Events)

(Shelf Registration for Bond Issuance)

At the meeting of the Board of Directors held on August 8, 2022, we passed a comprehensive resolution regarding the issuance of domestic unsecured straight bonds and registered the issue. The outline is as follows.

(1) Total issuance amount : 20 billion yen or less

The bonds can be issued in multiple issues within this amount

(2) Issue price : 100 yen per 100 yen of each bond amount

(3) Interest rate : 1.5% or less per year

(4) Maturity period : Within 10 years

(5) Issue period : From September 1, 2022 to March 31, 2023

(6) Redemption method : Lump-sum redemption at maturity

(7) Use of funds : For capital expenditures, working capital, repayment of borrowings,  
and investment and loan funds

## (1) Consolidated Statements of Income

(Unit: 100 million yen)

	1Q FY2021 Apr-Jun 2021	1Q FY2022 Apr-Jun 2022	Change	Rate	FY2022 (Forecast)	Overview
Net sales	1,454	2,038	583	40.1%	8,030	Increase in net sales due to high LPG import prices and steady progress in price pass-through in line with rising market conditions
Gross profit	445	505	60	13.5%	—	
Operating profit	78	89	10	13.8%	350	Moreover, sales of mainstay products increased in the Integrated Energy business and the Materials business, in addition to the positive impact of LPG import price fluctuation. As a result, achieved record-high in profits.
Ordinary profit	93	114	20	22.4%	410	
Profit attributable to owners of parent	60	77	17	28.7%	265	

\* Figures for fiscal year ending March 31, 2023(forecast) were announced on May 13, 2022.

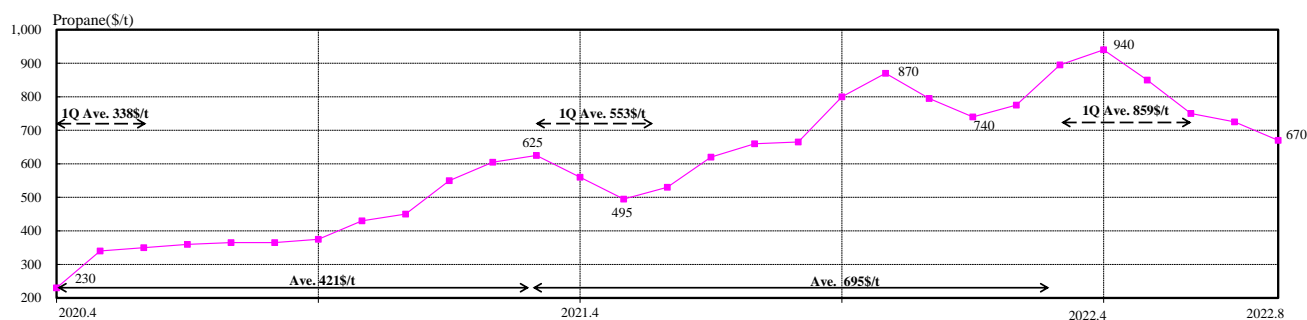
## (2) Ordinary Profit Except for Impact of LPG Import Price Fluctuation

(Unit: 100 million yen)

	1Q FY2021 Apr-Jun 2021	1Q FY2022 Apr-Jun 2022	Change	Rate	FY2022 (Forecast)	Overview
Ordinary profit	93	114	20	22.4%	410	•Increase in profit by ¥2.0 billion due to the impact of LPG import price fluctuation. •Ordinary profit except for impact of LPG import price fluctuation was ¥9.3 billion that achieved record-high.
Impact of LPG import price fluctuation	11	20	9	85.2%	—	
Ordinary profit except for impact of LPG import price fluctuation	82	93	11	14.0%	410	

\* 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)

		1Q FY2021 Apr-Jun 2021	1Q FY2022 Apr-Jun 2022	Change	Rate	Overview
Integrated Energy	Net sales (Sales to outside customers)	648	916	267	41.3%	•Increase in net sales due to high LPG import prices and the expansion of LPG sales. •Increase in operating profit due to the positive impact of LPG import price fluctuation and improvement in profitability of LPG sales. •Sales of portable gas cooking stoves and cassette gas canisters were flat year on year.
	Operating profit	41	52	11	27.8%	
Industrial Gases & Machinery	Net sales (Sales to outside customers)	418	484	66	15.8%	•Increase in production costs of air separation gas due to higher electricity rates. •Increase in sales of liquid hydrogen, while increase in operating expenses of hydrogen-refueling stations. •Improve in profitability of helium sales due to the surge in market price. •Temporal expenses were incurred due to the effect of new consolidation.
	Operating profit	27	15	△ 11	△ 42.4%	
Materials	Net sales (Sales to outside customers)	326	555	228	70.1%	•Increase in sales and operating profit of mineral sands due to stable supply amid soaring market prices. •Increase in sales of environmental products such as eco-friendly PET resins and battery-related materials. •Increase in sales of stainless steels.
	Operating profit	13	27	13	95.7%	
Agri-bio & Foods	Net sales (Sales to outside customers)	49	72	22	46.3%	•Increase in sales of frozen foods for general consumers and commercial use, while increase in procurement costs. •Increase in sales of livestock equipment. •Decrease in construction orders of agricultural equipment.
	Operating profit	0	0	△ 0	△ 85.9%	
Others, Adjustments	Net sales (Sales to outside customers)	11	10	△ 1	△ 14.8%	
	Operating profit	(4)	(6)	△ 1	—	



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

	Sales volume (thousand tons)				Net sales (100 million yen)			
	1Q FY2021 Apr-Jun 2021	1Q FY2022 Apr-Jun 2022	Change	Rate	1Q FY2021 Apr-Jun 2021	1Q FY2022 Apr-Jun 2022	Change	Rate
Domestic residential use	238	290	51	21.7%	306	489	183	60.0%
Domestic industrial use	79	101	22	28.2%	66	130	64	96.3%
LPG sub total (except for overseas)	318	392	74	23.3%	372	620	247	66.5%
LPG total	323	396	73	22.6%	376	624	247	65.8%
Various Industrial gases	—	—	—	—	254	288	34	13.4%

**(6) Financial Position**

(Unit: 100 million yen)

	FY2021 end	1Q FY2022 end	Change
Total assets	5,584	6,163	578
Equity capital	2,701	2,766	64
Interest-bearing debt, gross	1,111	1,631	519
Interest-bearing debt, net	811	1,301	489
Equity capital ratio	48.4%	44.9%	(3.5pt)
Ratio of interest-bearing debt to total assets	19.9%	26.5%	6.6pt
Debt-to-equity ratio, gross	0.41	0.58	0.17pt
Debt-to-equity ratio, net	0.30	0.47	0.17pt

**(7)Capital Expenditure**

(Unit: 100 million yen)

	1Q FY2022 Apr-Jun 2022	FY2022 (Forecast)
Integrated Energy	83	207
Industrial Gases & Machinery	204	338
Materials	14	124
Agri-bio & Foods	0	27
Others, Adjustments	9	74
Capital expenditure	312	770
Depreciation expense	61	257

\* Figures for capital expenditure totalize fixed assets, intangible assets (goodwill included), and investments in securities. (Of which, ¥6.1 billion was invested in Property, plant and equipment in the current period.)

**(8)Key Business Indicators for PLAN23**

		1Q FY2021 Apr-Jun 2021	1Q FY2022 Apr-Jun 2022	PLAN23
Integrated Energy	LPG direct sales customers (10 thousand households)	102	109	110
	Portable gas cooking stove sales volume (thousand units)	1,001	1,110	6,500
	Cassette gas canister sales volume (million units)	32	39	180
Industrial Gases & Machinery	Air separation gas sales volume (100 million m <sup>3</sup> )	4.1	4.0	17.0
	LH2 sales volume (million m <sup>3</sup> )	16	18	90

\*The number of LPG direct sales customers at the end of the first quarter reflects the increase due to the acquisition of shares in Enelife Corporation.

**<Category of PLAN23>**

(Unit: 100 million yen)

	1Q FY2022 Apr-Jun 2022	FY2022 (Forecast)
Promotion of hydrogen energy society	174	224
Growth investment	125	458
Maintenance/repairs, etc.	12	88
Capital expenditure	312	770

**(9)Non-consolidated**

**Non-consolidated Statements of Income**

(Unit: 100 million yen)

	1Q FY2021 Apr-Jun 2021	1Q FY2022 Apr-Jun 2022	Change	Rate
Net sales	955	1,322	367	38.5%
Operating profit	35	41	5	15.6%
Ordinary profit	110	101	(8)	(8.0%)
Profit	94	83	(11)	(12.3%)

**Financial Position**

(Unit: 100 million yen)

	FY2021 end	1Q FY2022 end	Change
Total assets	3,867	4,305	438
Equity capital	1,917	1,954	37
Equity capital ratio	49.6%	45.4%	(4.2pt)