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Consolidated Financial Results for the Six Months Ended September 30, 2022 [Japanese GAAP]

November 09, 2022

Company name: IWATANI CORPORATION

Stock exchange listing: Tokyo

Code number: 8088

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

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Scheduled date of filing quarterly securities report: November 11, 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 Six Months Ended September 30, 2022 (April 01, 2022 to September 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	%
Six months ended September 30, 2022	413,218	39.1	14,497	6.0	18,483	11.6	12,301	19.5
September 30, 2021	297,005	18.7	13,677	112.3	16,554	87.3	10,295	82.6

(Note) Comprehensive income: Six months ended September 30, 2022: ¥ 18,265 million [38.8%]
Six months ended September 30, 2021: ¥ 13,159 million [33.0%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2022	213.87	-
September 30, 2021	179.01	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Million yen	Million yen	%
September 30, 2022	638,039	293,691	44.3
March 31, 2022	558,479	280,307	48.4

(Reference) Equity: As of September 30, 2022: ¥ 282,963 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

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	840,000	21.7	40,000	(0.2)	46,500	0.2	30,000	0.1	521.53

(Note) Revision to the financial results forecast announced most recently: Yes

* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2022

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

(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):

September 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:

September 30, 2022: 1,036,155 shares

March 31, 2022: 1,045,396 shares

3) Average number of shares during the period:

Six months ended September 30, 2022: 57,520,793 shares

Six months ended September 30, 2021: 57,514,912 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.

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Qualitative Information of the Quarterly Consolidated Results

(1) Operating Results

During the cumulative second quarter of the consolidated fiscal year, the Japanese economy showed a gradual recovery as consumer spending started to improve in line with an easing of action restrictions and capital investment remained strong. However, there are some uncertainties about the future due to soaring resource prices and supply constraints amid the situation in Ukraine, as well as the ongoing depreciation of the yen in line with the widening interest rate gap between Japan and the United States.

Under these circumstances, Iwatani 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, Iwatani decided to invest capital in Japan Suiso Energy, Ltd. which is the project leader of the "Liquid hydrogen supply chain commercialization feasibility study" selected for the Green Innovation Fund Project. We will proceed with a detailed feasibility study for the construction of liquefied hydrogen carriers and terminal facilities in cooperation with other investors.

In the Integrated Energy Business, utilizing J-Credit Scheme which is operated by the government, we have begun selling carbon offset LPG and LNG, which is an initiative to value our customers' CO₂ emission reductions by fuel conversion. With regards to our initiatives to green LPG, we joined the public-private consortium led by the Institute of Japan Green LPG Promotion (General Incorporated Association) to promote social implementation. In addition, as part of the calculation and visualization of CO₂ emissions, we have launched an initiative to calculate CO₂ emissions from Iwatani Cassette Gas Canisters.

In the Industrial Gases and Machinery Business, we invested capital in Regional Fish Institute, Ltd. with the aim of expanding our business in the field of onshore aquaculture. Utilizing the gas technology that Iwatani has developed over years, we are engaged in a joint demonstration project to improve the efficiency of onshore aquaculture. By further strengthening our relationship, Iwatani will accumulate extensive know-how in the growing field and contribute to a sustainable society through the conservation of marine resources.

In the Materials Business, we have decided to implement a forest plantation business on our property to generate carbon credits as well as securing new mining sites of mineral sands in Australia.

As a result, for the cumulative second quarter of the consolidated fiscal year, net sales were 413.218 billion yen (+116.212 billion yen year-on-year), operating profit was 14.497 billion yen (+0.819 billion yen year-on-year), ordinary profit was 18.483 billion yen (+1.928 billion yen year-on-year), and profit attributable to owners of parent was 12.301 billion yen (+2.005 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 and industrial use, and the effect of new consolidations. However, profits decreased due to the impact of LPG import price fluctuation (-1.669 billion yen year-on-year) and reactionary decline of large equipment projects in the previous year.

As a result, net sales in this segment were 168.905 billion yen (+44.316 billion yen year-on-year), and operating profit was 3.980 billion yen (-1.499 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 due to some factors such as the impact of lockdown in China, and production costs of the gas increased due to higher electricity rates. In the Hydrogen Business, despite increase in sales volume of liquid hydrogen, operating expenses for hydrogen-refueling stations increased as increase of the stations. As for helium, we worked to secure a stable supply under higher market conditions due to the global tight supply-demand balance. With regards to machinery and equipment, sales of semiconductor-related equipment remained steady.

As a result, net sales in this segment were 107.901 billion yen (+19.580 billion yen year-on-year) and operating profit was 6.578 billion yen (+0.532 billion yen year-on-year).

Materials

In the Materials Business, sales of mineral sands increased as we worked to secure a stable supply under soaring market conditions due to the supply chain disruption. In addition, sales of environmental products such as eco-friendly PET resin and battery-related materials for next-generation vehicles remained steady, while sales of stainless steel to new customers increased.

As a result, net sales in this segment were 119.047 billion yen (+49.104 billion yen year-on-year), and operating profit was 5.728 billion yen (+2.794 billion yen year-on-year).

Agri-bio & Foods

In the Agri-bio & Foods Business, despite increase in sales of frozen foods for commercial customers and general consumers, procurement and distribution costs increased. In addition, sales of agricultural equipment remained sluggish, while profitability of pig breeds declined due to the increase in feed prices.

As a result, net sales in this segment were 14.397 billion yen (+2.661 billion yen year-on-year), and operating profit was 0.162 billion yen (-0.407 billion yen year-on-year).

Others

Net sales were 2.966 billion yen (+0.549 billion yen year-on-year), and operating profit was 0.640 billion yen (-0.009 billion yen year-on-year).

(3) Financial Position

Total Assets

Total assets at the end of the second quarter of the current consolidated fiscal year increased by 79.559 billion yen from the end of the previous consolidated fiscal year to 638.039 billion yen. This was mainly due to increase in merchandise and finished goods by 24.239 billion yen, property, plant and equipment by 15.184 billion yen, goodwill of new consolidation by 14.896 billion yen, and notes and accounts receivable -trade, and contract assets by 7.667 billion yen, respectively.

Total Liabilities

Total liabilities at the end of the second quarter increased by 66.176 billion yen from the end of the previous fiscal year to 344.348 billion yen. This was mainly due to increase in bonds payable by 20 billion yen, short-term borrowings by 17.524 billion yen, and long-term borrowings by 15.640 billion yen, respectively.

Interest-bearing debt, including lease liabilities, increased by 53.261 billion yen to 164.421 billion yen at the end of the second quarter from the end of the previous fiscal year.

Total Net Assets

Total net assets at the end of the second quarter increased by 13.383 billion yen from the end of the previous fiscal year to 293.691 billion yen. This was mainly due to increases in retained earnings by 7.408 billion yen and in foreign currency translation adjustment by 5.570 billion yen, respectively.

Cash Flows

Cash and cash equivalents (hereinafter referred to as "cash") at the end of the second quarter of the current fiscal year increased by 3.522 billion yen from the end of the previous fiscal year to 33.096 billion yen.

(Operating Activities)

Net cash used in operating activities in the first half of the current fiscal year decreased in revenue by 2.936 billion yen from the same period of the previous year to 0.508 billion yen. This was mainly due to the increase in funds resulting from profit before income taxes of 18.602 billion yen, depreciation of 11.230 billion yen and the decrease in notes and accounts receivable-trade and contract assets of 5.948 billion yen, while the decrease in funds resulting from the increase in inventories of 24.534 billion yen, income taxes paid of 9.623 billion yen and the decrease in notes and accounts payable-trade of 1.886 billion yen.

(Investing Activities)

Net cash used in investing activities in the first half of the current fiscal year increased in expenditure by 19.244 billion yen from the same period of the previous year to 35.013 billion yen. This was mainly due to the decrease in funds resulting from the acquisition of shares of subsidiaries involving a change in the scope of consolidation amounted to 19.215 billion yen and the acquisition of property, plant and equipment of 13.866 billion yen.

(Financing Activities)

Net cash provided by financing activities in the first half of the current fiscal year increased in revenue by 35.575 billion yen from the same period of the previous year to 36.605 billion yen. This was mainly due to the increase in funds resulting from a net increase in borrowings by 22.617 billion yen and issuance of bonds payable of 20 billion yen, while the decrease in funds resulting from cash dividends paid of 4.880 billion yen.

(4) Consolidated Financial Results Forecasts

The consolidated financial results forecasts announced on May 13, 2022 have been revised. For details, please refer to the " Notice Concerning Revisions of Financial Forecasts " released today (November 9, 2022).

Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31,2022	As of September 30,2022
Assets		
Current assets		
Cash and deposits	29,975	33,491
Notes and accounts receivable - trade, and contract assets	131,094	138,761
Electronically recorded monetary claims - operating	20,781	20,633
Merchandise and finished goods	45,734	69,973
Work in process	4,022	6,692
Raw materials and supplies	6,381	8,130
Other	21,631	26,898
Allowance for doubtful accounts	(151)	(186)
Total current assets	259,471	304,395
Non-current assets		
Property, plant and equipment		
Land	68,115	73,952
Other, net	117,631	126,979
Total property, plant and equipment	185,747	200,931
Intangible assets		
Goodwill	12,229	27,126
Other	3,949	5,526
Total intangible assets	16,179	32,652
Investments and other assets		
Investment securities	79,791	77,428
Other	17,849	23,186
Allowance for doubtful accounts	(559)	(554)
Total investments and other assets	97,081	100,060
Total non-current assets	299,008	333,644
Total assets	558,479	638,039

(Million yen)

	As of March 31,2022	As of September 30,2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	66,480	71,539
Electronically recorded obligations - operating	30,777	33,864
Short-term borrowings	32,343	49,867
Income taxes payable	8,518	5,216
Contract liabilities	4,286	7,197
Provision for bonuses	5,389	6,557
Other	38,504	40,839
Total current liabilities	186,300	215,082
Non-current liabilities		
Bonds payable	10,000	30,000
Long-term borrowings	55,093	70,734
Provision for retirement benefits for directors (and other officers)	1,518	1,210
Retirement benefit liability	5,524	6,627
Other	19,735	20,693
Total non-current liabilities	91,872	129,266
Total liabilities	278,172	344,348
Net assets		
Shareholders' equity		
Share capital	35,096	35,096
Capital surplus	31,809	31,848
Retained earnings	176,672	184,080
Treasury shares	(1,528)	(1,520)
Total shareholders' equity	242,050	249,505
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	22,450	21,134
Deferred gains or losses on hedges	2,635	3,818
Foreign currency translation adjustment	2,478	8,048
Remeasurements of defined benefit plans	513	455
Total accumulated other comprehensive income	28,078	33,457
Non-controlling interests	10,179	10,728
Total net assets	280,307	293,691
Total liabilities and net assets	558,479	638,039

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the six months)

(Million yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
Net sales	297,005	413,218
Cost of sales	209,912	315,027
Gross profit	87,093	98,191
Selling, general and administrative expenses		
Transportation costs	12,740	14,570
Provision of allowance for doubtful accounts	(3)	17
Salaries, allowances and bonuses	18,049	19,976
Provision for bonuses	4,819	5,406
Retirement benefit expenses	860	1,053
Provision for retirement benefits for directors (and other officers)	97	74
Other	36,850	42,594
Total selling, general and administrative expenses	73,415	83,693
Operating profit	13,677	14,497
Non-operating income		
Interest income	182	208
Dividend income	579	712
Foreign exchange gains	131	426
Share of profit of entities accounted for using equity method	333	735
Subsidy income	744	956
Other	1,482	1,848
Total non-operating income	3,452	4,887
Non-operating expenses		
Interest expenses	412	508
Other	162	393
Total non-operating expenses	575	901
Ordinary profit	16,554	18,483
Extraordinary income		
Gain on sale of non-current assets	86	231
Gain on sale of investment securities	611	144
Subsidy income	41	9
Total extraordinary income	739	384
Extraordinary losses		
Loss on sale of non-current assets	479	11
Loss on retirement of non-current assets	101	244
Loss on tax purpose reduction entry of non-current assets	41	9
Loss on sale of golf club membership	24	-
Total extraordinary losses	646	265
Profit before income taxes	16,647	18,602
Income taxes	5,946	5,741
Profit	10,701	12,861
Profit attributable to non-controlling interests	405	559
Profit attributable to owners of parent	10,295	12,301

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

(Million yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
Profit	10,701	12,861
Other comprehensive income		
Valuation difference on available-for-sale securities	524	(1,394)
Deferred gains or losses on hedges	(303)	1,170
Foreign currency translation adjustment	2,546	5,616
Remeasurements of defined benefit plans, net of tax	(457)	(183)
Share of other comprehensive income of entities accounted for using equity method	147	195
Total other comprehensive income	2,458	5,404
Comprehensive income	13,159	18,265
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,637	17,471
Comprehensive income attributable to non-controlling interests	522	794

(3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
Cash flows from operating activities		
Profit before income taxes	16,647	18,602
Depreciation	10,234	11,230
Loss on tax purpose reduction entry of non-current assets	41	9
Amortization of goodwill	1,467	1,852
Increase (decrease) in allowance for doubtful accounts	(19)	(2)
Increase (decrease) in provision for bonuses	259	294
Increase (decrease) in retirement benefit liability	38	4
Decrease (increase) in retirement benefit asset	499	(109)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	49	(319)
Interest and dividend income	(761)	(921)
Interest expenses	412	508
Foreign exchange losses (gains)	(9)	(6)
Share of loss (profit) of entities accounted for using equity method	(333)	(735)
Loss (gain) on sale of golf club membership	24	-
Loss (gain) on sale and retirement of non-current assets	495	24
Loss (gain) on sale of investment securities	(611)	(144)
Decrease (increase) in trade receivables and contract assets	8,752	5,948
Decrease (increase) in inventories	(7,821)	(24,534)
Increase (decrease) in trade payables	(12,654)	(1,886)
Increase (decrease) in contract liabilities	(1,127)	1,955
Decrease (increase) in advance payments to suppliers	(761)	(514)
Other, net	(3,759)	(2,845)
Subtotal	11,061	8,410
Interest and dividends received	858	979
Dividends received from entities accounted for using equity method	189	197
Interest paid	(408)	(473)
Income taxes refund (paid)	(9,272)	(9,623)
Net cash provided by (used in) operating activities	2,428	(508)

(Million yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,270)	(13,866)
Proceeds from sale of property, plant and equipment	275	715
Purchase of intangible assets	(1,429)	(926)
Proceeds from sale of intangible assets	0	0
Purchase of investment securities	(3,834)	(948)
Proceeds from sale and redemption of investment securities	728	241
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(19,215)
Proceeds from sale of investments in capital	1	5
Loan advances	(1,372)	(1,858)
Proceeds from collection of loans receivable	591	1,176
Other, net	(459)	(337)
Net cash provided by (used in) investing activities	(15,768)	(35,013)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	8,205	13,983
Proceeds from long-term borrowings	4,565	20,304
Repayments of long-term borrowings	(6,533)	(11,671)
Proceeds from issuance of bonds	-	20,000
Net decrease (increase) in treasury shares	(10)	(5)
Repayments of lease liabilities	(575)	(641)
Dividends paid	(4,308)	(4,880)
Dividends paid to non-controlling interests	(313)	(484)
Net cash provided by (used in) financing activities	1,030	36,605
Effect of exchange rate change on cash and cash equivalents	908	1,841
Net increase (decrease) in cash and cash equivalents	(11,401)	2,926
Cash and cash equivalents at beginning of period	38,445	29,574
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	9	596
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	2	-
Cash and cash equivalents at end of period	27,055	33,096

(4) 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. Second Quarter of FY2021 (April 1, 2021 - September 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	124,589	88,320	69,942	11,735	294,588	2,417	297,005	—	297,005
Inter-segment sales and transfers	2,177	1,513	797	18	4,507	10,736	15,244	△15,244	—
Total sales	126,766	89,834	70,740	11,754	299,096	13,153	312,250	△15,244	297,005
Segment profit or loss	5,479	6,045	2,933	569	15,029	650	15,679	△2,001	13,677

(Note) *1. Others are business segments that are not included in the reportable segment 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 the amount of 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. Second Quarter of FY2022 (April 1, 2022 - September 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	168,905	107,901	119,047	14,397	410,251	2,966	413,218	—	413,218
Inter-segment sales and transfers	2,631	2,987	1,135	17	6,770	10,567	17,338	△17,338	—
Total sales	171,536	110,888	120,182	14,415	417,022	13,533	430,556	△17,338	413,218
Segment profit or loss	3,980	6,578	5,728	162	16,450	640	17,090	△2,592	14,497

(Note) *1. Others are business segments that are not included in the reportable segment 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 the amount of 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

Consolidated Financial Results for the Six Months Ended September 30, 2022

(Figures are rounded down to the nearest 100 million yen)

(1) Consolidated Statements of Income

(Unit: 100 million yen)

	2Q FY2021 Apr-Sep 2021	2Q FY2022 Apr-Sep 2022	Change	Rate	FY2022 (Forecast)	Overview
Net sales	2,970	4,132	1,162	39.1%	8,400	Increase in net sales due to high LPG import prices and steady progress in sales price adjustments in line with rising market conditions. In addition, achieved record-high in net sales.
Gross profit	870	981	110	12.7%	—	
Operating profit	136	144	8	6.0%	400	Moreover, increase in profit due to the steady sales of mainstay products in the Integrated Energy Business and the Materials Business, despite the impact of LPG import price fluctuation (- ¥1.6 billion year-on-year). As a result, achieved record-high in profits.
Ordinary profit	165	184	19	11.6%	465	
Profit attributable to owners of parent	102	123	20	19.5%	300	

* Figures for fiscal year ending March 31, 2023(forecast) were announced on November 9, 2022.

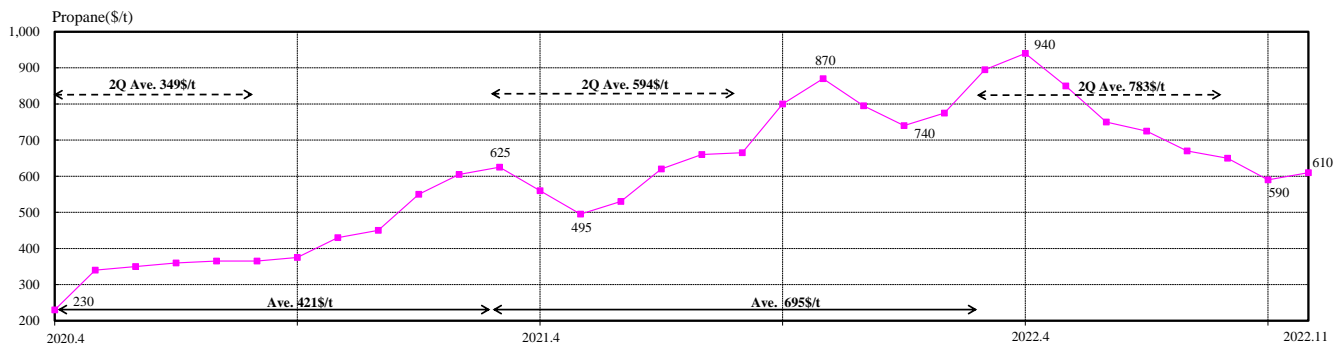
(2) Ordinary Profit Except for Impact of LPG Import Price Fluctuation

(Unit: 100 million yen)

	2Q FY2021 Apr-Sep 2021	2Q FY2022 Apr-Sep 2022	Change	Rate	FY2022 (Forecast)	Overview
Ordinary profit	165	184	19	11.6%	465	*Impact of LPG import price fluctuation in current period was ¥0.5 billion, which decrease profit by ¥1.6 billion year-on-year. *Ordinary profit except for impact of LPG import price fluctuation was ¥17.9 billion that achieved record-high.
Impact of LPG import price fluctuation*	22	5	(16)	(75.7%)	5	
Ordinary profit except for impact of LPG import price fluctuation	143	179	35	25.1%	459	

*For more detailed information, please see a slide of "Impact of LPG Import Prices" on page 17 in Iwatani Corporation Business Overview. (https://www.iwatani.co.jp/eng/ir/pdf/about_iwatani.pdf)

(3) LPG Import Price (CP)



(4) Segment Information

(Unit: 100 million yen)

		2Q FY2021 Apr-Sep 2021	2Q FY2022 Apr-Sep 2022	Change	Rate	Overview
Integrated Energy	Net sales (Sales to outside customers)	1,245	1,689	443	35.6%	*Increase in net sales due to high LPG import prices and the expansion of LPG sales. *Negative impact of LPG import price fluctuation compared to the previous year. *Reactionary decline of large equipment projects in the previous year.
	Operating profit	54	39	(14)	(27.4%)	
Industrial Gases & Machinery	Net sales (Sales to outside customers)	883	1,079	195	22.2%	*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. *Focusing on a stable supply of helium under higher market conditions due to the global tight supply-demand balance. *As for machinery and equipment, steady sales of semiconductor-related equipment.
	Operating profit	60	65	5	8.8%	
Materials	Net sales (Sales to outside customers)	699	1,190	491	70.2%	*Sales of mineral sands increased as we worked to secure a stable supply under soaring market conditions. *Increase in sales of environmental products such as eco-friendly PET resin and battery-related materials for next-generation vehicles. *Increase in sales of stainless steels.
	Operating profit	29	57	27	95.3%	
Agri-bio & Foods	Net sales (Sales to outside customers)	117	143	26	22.7%	*Increase in sales of frozen foods for commercial use and general consumers, while increase in procurement costs. *Sales of agricultural equipment remained sluggish. *Profitability of pig breeds declined due to the increase in feed prices.
	Operating profit	5	1	(4)	(71.5%)	
Others, Adjustments	Net sales (Sales to outside customers)	24	29	5	22.7%	
	Operating profit	(13)	(19)	(6)	—	

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

	Sales volume (thousand tons)				Net sales (100 million yen)			
	2Q FY2021 Apr-Sep 2021	2Q FY2022 Apr-Sep 2022	Change	Rate	2Q FY2021 Apr-Sep 2021	2Q FY2022 Apr-Sep 2022	Change	Rate
Domestic residential use	439	524	84	19.3%	575	860	285	49.6%
Domestic industrial use	154	191	37	23.9%	137	241	103	75.2%
LPG sub total (except for overseas)	594	716	121	20.5%	712	1,101	388	54.5%
LPG total	604	723	119	19.7%	721	1,109	388	53.9%
Various Industrial gases	—	—	—	—	519	611	91	17.7%

(6) Financial Position

(Unit: 100 million yen)

	FY2021 end	2Q FY2022 end	Change
Total assets	5,584	6,380	795
Equity capital	2,701	2,829	128
Interest-bearing debt, gross	1,111	1,644	532
Interest-bearing debt, net	811	1,309	497
Equity capital ratio	48.4%	44.3%	(4.1pt)
Ratio of interest-bearing debt to total assets	19.9%	25.8%	5.9pt
Debt-to-equity ratio, gross	0.41	0.58	0.17pt
Debt-to-equity ratio, net	0.30	0.46	0.16pt

(7) Capital Expenditure

(Unit: 100 million yen)

	2Q FY2022 Apr-Sep 2022	FY2022 (Forecast)
Integrated Energy	117	207
Industrial Gases & Machinery	245	338
Materials	23	124
Agri-bio & Foods	1	27
Others, Adjustments	16	74
Capital expenditure	404	770
Depreciation expense	125	257

* Figures for capital expenditure totalize fixed assets, intangible assets (goodwill included), and investments in securities. (Of which, ¥14 billion was invested in Property, plant and equipment in the current period.)

(8) Cash Flows

(Unit: 100 million yen)

	2Q FY2021 Apr-Sep 2021	2Q FY2022 Apr-Sep 2022	Change
Cash and cash equivalents at beginning of year	384	295	(88)
Cash flows from operating activities	24	(5)	(29)
Cash flows from investing activities	(157)	(350)	(192)
Free cash flow	(133)	(355)	(221)
Cash flows from financing activities	10	366	355
Effect of exchange rate changes	9	18	9
Net increase (decrease) in cash and cash equivalents	(114)	29	143
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	0	5	5
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	0	-	(0)
Cash and cash equivalents at end of period	270	330	60

<Category of PLAN23>

(Unit: 100 million yen)

	2Q FY2022 Apr-Sep 2022	FY2022 (Forecast)
Promotion of hydrogen energy society	193	224
Growth investment	187	458
Maintenance/repairs, etc.	22	88
Capital expenditure	404	770

(9) Key Business Indicators for PLAN23

		2Q FY2021 Apr-Sep 2021	2Q FY2022 Apr-Sep 2022	PLAN23
Integrated Energy	LPG direct sales customers (10 thousand households)	102	110	110
	Portable gas cooking stove sales volume (thousand units)	1,962	2,101	6,500
	Cassette gas canister sales volume (million units)	61	70	180
Industrial Gases & Machinery	Air separation gas sales volume (100 million m ³)	8.2	8.0	17.0
	LH2 sales volume (million m ³)	34	38	90

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

(10) Non-consolidated

Non-consolidated Statements of Income

(Unit: 100 million yen)

	2Q FY2021 Apr-Sep 2021	2Q FY2022 Apr-Sep 2022	Change	Rate
Net sales	1,933	2,674	740	38.3%
Operating profit	69	57	(12)	(17.6%)
Ordinary profit	153	147	(6)	(4.0%)
Profit	125	116	(9)	(7.4%)

Financial Position

(Unit: 100 million yen)

	FY2021 end	2Q FY2022 end	Change
Total assets	3,867	4,296	428
Equity capital	1,917	1,984	67
Equity capital ratio	49.6%	46.2%	(3.4pt)