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Consolidated Financial Results for the Year Ended March 31, 2023 [Japanese GAAP]

May 15, 2023

Company name: IWATANI CORPORATION

Stock exchange listing: Tokyo

Code number: 8088

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

Representative: Hiroshi Majima President

Contact: Tetsuo Matsuo General Manager Accounting Dept.

Phone: 06-7637-3325

Scheduled date of Annual General Meeting of Shareholders: June 21, 2023

Scheduled date of commencing dividend payments: June 22, 2023

Scheduled date of filing annual securities report: June 22, 2023

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 01, 2022 to March 31, 2023)

(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	%
Fiscal year ended March 31, 2023	906,261	31.3	40,035	(0.1)	47,011	1.3	32,022	6.9
March 31, 2022	690,392	22.8	40,076	36.5	46,413	35.9	29,964	30.1

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥ 38,002 million [20.7%]
Fiscal year ended March 31, 2022: ¥ 31,491 million [(11.2)%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2023	556.69	-	11.2	7.7	4.4
March 31, 2022	520.98	-	11.7	8.7	5.8

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2023: ¥ 927 million
Fiscal year ended March 31, 2022: ¥ 720 million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2023	656,003	312,230	46.0	5,249.53
March 31, 2022	558,479	280,307	48.4	4,696.56

(Reference) Equity: As of March 31, 2023: ¥ 301,976 million
As of March 31, 2022: ¥ 270,128 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2023	51,471	(60,286)	11,032	33,256
March 31, 2022	13,075	(31,939)	8,038	29,574

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2022	-	-	-	85.00	85.00	4,893	16.3	1.9
March 31, 2023	-	-	-	95.00	95.00	5,470	17.1	1.9
Fiscal year ending March 31, 2024 (Forecast)	-	-	-	95.00	95.00		16.3	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 01, 2023 to March 31, 2024)

(% 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	907,000	0.1	45,000	12.4	50,300	7.0	33,500	4.6	582.36

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) 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

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

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

March 31, 2023: 58,561,649 shares

March 31, 2022: 58,561,649 shares

2) Number of treasury shares at the end of the period:

March 31, 2023: 1,037,177 shares

March 31, 2022: 1,045,396 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2023: 57,522,828 shares

Fiscal Year ended March 31, 2022: 57,516,915 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 01, 2022 to March 31, 2023)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2023	587,069	26.7	11,955	(41.3)	26,305	(20.2)	20,399	(19.1)
March 31, 2022	463,492	28.2	20,361	71.1	32,945	53.0	25,207	42.8

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2023	354.29	-
March 31, 2022	437.86	-

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2023	440,393	208,223	47.3	3,616.28
March 31, 2022	386,759	191,701	49.6	3,329.81

(Reference) Equity: As of March 31, 2023: ¥ 208,223 million
As of March 31, 2022: ¥ 191,701 million

*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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Overview of Operating Results, Etc.

(1) Overview of Operating Results for the Fiscal Year under Review

During the fiscal year ended March 31, 2023 (hereinafter referred to as the “fiscal year under review”), the Japanese economy showed a gradual recovery as a result of steady trend of capital investment in addition to an improvement in consumer spending as socioeconomic activities suppressed by the COVID-19 pandemic started to go back to normal. However, there still remain some uncertainties about the future due to rising prices and exchange rate fluctuations.

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, the Liquefied Hydrogen Supply Chain Commercialization Feasibility Study Project in which we participate selected an overseas hydrogen shipping site and a domestic hydrogen receiving site. We have thus made steady progress with our efforts to build a CO₂-free hydrogen supply chain. In addition, we established a limited liability company with Cosmo Oil Marketing Co., Ltd. with the aim of building hydrogen-refueling stations for commercial fuel cell vehicles.

In the Integrated Energy Business, we expanded sales of products that support customers’ decarbonization, such as carbon offset LPG. In addition, we calculated and announced the CO₂ emissions from the entire supply chain of Iwatani Cassette Gas Canisters, including raw material procurement to disposal. We have thus pressed forward with our efforts to decarbonize LPG.

In the Industrial Gases & Machinery Business, in the field of regenerative medicine, we focused on acquiring new customers while advancing research on manufacture, transport, and cryogenic storage of cells at the Iwatani R&D Center. In the field of onshore aquaculture, we installed aquacultural research equipment in the Iwatani R&D Center in an effort to strengthen our capabilities to propose products.

In the Materials Business, for the purpose of expanding the metal processing business, we expanded our site in Thailand. We worked to increase production capacity and reduce CO₂ emissions by reinforcing manufacturing facilities and installing solar panels.

As a result, for the fiscal year under review, net sales were 906.261 billion yen (+215.868 billion yen year-on-year), operating profit was 40.035 billion yen (-0.041 billion yen year-on-year), ordinary profit was 47.011 billion yen (+0.598 billion yen year-on-year), and profit attributable to owners of parent was 32.022 billion yen (+2.057 billion yen year-on-year).

(2) Segment Information

Integrated Energy

In the Integrated Energy Business, LPG sales increased primarily due to high LPG import prices and the effect of new consolidations. In addition, sales of cassette gas canister were also steady.

However, there was a large negative impact of LPG import price fluctuations (-11.108 billion yen year-on-year), despite improved profitability in LPG sales.

As a result, net sales in this segment were 393.720 billion yen (+66.545 billion yen year-on-year), and operating profit was 14.434 billion yen (-8.221 billion yen year-on-year).

Industrial Gases & Machinery

In the Industrial Gases & Machinery Business, air-separation gases sales volume decreased mainly to the electronic component industry, and production costs of the gases increased due to higher electricity rates. In the Hydrogen Business, while operating expenses for hydrogen-refueling stations increased, sales volume of liquid hydrogen and related equipment increased. As for specialty gases, sales of semiconductor gas and other gases remained steady, and we worked to secure a stable supply of helium under higher market conditions due to the global tight supply-demand balance. With regards to machinery and equipment, sales of gas supply equipment and semiconductor-related equipment increased.

As a result, net sales in this segment were 240.403 billion yen (+56.070 billion yen year-on-year) and operating profit was 16.561 billion yen (+4.093 billion yen year-on-year).

Materials

In the Materials Business, sales of mineral sands increased as we worked to secure a stable supply under market conditions of remaining high prices due to the supply chain disruption. Sales of stainless steel increased to new customers, and sales of processed metal products remained steady, mainly for air conditioners. In addition, sales of battery-related materials for next-generation vehicles increased owing to rising market prices and sales to new customers, and sales of environmental products such as eco-friendly PET resins and biomass fuels also increased.

As a result, net sales in this segment were 238.453 billion yen (+87.478 billion yen year-on-year), and operating profit was 12.536 billion yen (+5.281 billion yen year-on-year).

Agri-bio & Foods

In the Agri-bio & Foods Business, as demand for frozen foods for commercial customers and general consumers was on a recovery trend, we took measures for the rises in procurement and distribution costs. On the other hand, the number of breeding pig shipments decreased, in addition to soaring livestock feed prices.

As a result, net sales in this segment were 28.986 billion yen (+5.609 billion yen year-on-year), and operating profit was 0.567 billion yen (-0.108 billion yen year-on-year).

Others

Net sales were 4.697 billion yen (+0.163 billion yen year-on-year), and operating profit was 1.364 billion yen (-0.105 billion yen year-on-year).

(3) Overview of Financial Position for the Fiscal Year under Review

Total Assets

Total assets at the end of the fiscal year under review increased by 97.523 billion yen from the end of the previous fiscal year to 656.003 billion yen. This was mainly due to increases in property, plant and equipment of 21.695 billion yen, notes and accounts receivable - trade, and contract assets of 19.295 billion yen, intangible assets including goodwill of 20.689 billion yen resulting from new consolidation, merchandise and finished goods of 10.017 billion yen, and investment securities of 5.898 billion yen, respectively.

Total Liabilities

Total liabilities at the end of the fiscal year under review increased by 65.601 billion yen from the end of the previous fiscal year to 343.773 billion yen. This was mainly due to increases in bonds payable of 20.0 billion yen, long-term borrowings of 13.364 billion yen, electronically recorded obligations - operating of 10.024 billion yen, notes and accounts payable - trade of 6.591 billion yen, and contract liabilities of 6.213 billion yen, respectively. Interest-bearing debt, including lease liabilities, etc., increased by 28.294 billion yen to 139.454 billion yen at the end of the fiscal year under review from the end of the previous fiscal year.

Total Net Assets

Total net assets at the end of the fiscal year under review increased by 31.922 billion yen from the end of the previous fiscal year to 312.230 billion yen. This was mainly due to increases in retained earnings of 27.128 billion yen and foreign currency translation adjustment of 3.285 billion yen, respectively.

(4) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents (hereinafter referred to as "cash") at the end of the fiscal year under review increased by 3.682 billion yen from the end of the previous fiscal year to 33.256 billion yen.

(Operating Activities)

Net cash provided by operating activities in the fiscal year under review increased in revenue by 38.396 billion yen from the previous fiscal year to 51.471 billion yen. This was mainly due to an increase in cash resulting from profit before income taxes of 47.322 billion yen, depreciation of 24.215 billion yen, and an increase in trade payables of 7.198 billion yen and a decrease in cash resulting from income taxes paid of 15.586 billion yen, an increase in trade receivables and contract assets of 9.843 billion yen, and an increase in inventories of 9.794 billion yen.

(Investing Activities)

Net cash used in investing activities in the fiscal year under review increased in expenditure by 28.346 billion yen from the previous fiscal year to 60.286 billion yen. This was mainly due to a decrease in cash resulting from purchase of property, plant and equipment of 28.511 billion yen, purchase of shares of subsidiaries resulting in change in scope of consolidation of 24.367 billion yen, and purchase of investment securities of 5.670 billion yen.

(Financing Activities)

Net cash provided by financing activities in the fiscal year under review increased in revenue by 2.994 billion yen from the previous fiscal year to 11.032 billion yen. This was mainly due to an increase in cash resulting from proceeds from issuance of bonds of 20.0 billion yen and a decrease in cash resulting from dividends paid of 4.884 billion yen and a net decrease in short-term borrowings of 1.989 billion yen.

(Reference) Trends in cash flow indicators

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Capital adequacy ratio	36.1%	38.8%	47.7%	48.4%	46.0%
Capital adequacy ratio based on fair value	38.2%	37.8%	76.7%	53.2%	50.8%
Interest-bearing debt to cash flow ratio	3.2 years	3.1 years	2.0 years	8.5 years	2.7 years
Interest coverage ratio	45.8 times	53.4 times	54.0 times	16.3 times	47.4 times

Capital adequacy ratio: $\text{Equity} / \text{Total assets}$

Capital adequacy ratio based on fair value: $\text{Market capitalization} / \text{Total assets}$

Interest-bearing debt to cash flow ratio: $\text{Interest-bearing debt} / \text{Cash flows from operating activities}$

Interest coverage ratio: $\text{Cash flows from operating activities} / \text{Interest payments}$

(Notes) 1. All indicators are calculated using financial figures on a consolidated basis.

2. Market capitalization is calculated in the following formula:

Closing stock price at the end of the period \times total number of issued shares at the end of the period (excluding treasury shares)

3. Interest-bearing debt includes all liabilities recorded on the consolidated balance sheets on which interest is paid.

Interest payments are based on the amount of interest paid on the consolidated statements of cash flows.

4. Changes in accounting policies were made at the beginning of the fiscal year ended March 31, 2022. Consequently, the indicator figures presented for the fiscal year ended March 31, 2021 are figures after retrospective application to reflect the changes in accounting policies.

(5) Future Outlook

As for the future outlook, though there are uncertainties about the future due to the unstable international situation and rising prices, the economy is likely to continue to recover gradually as socioeconomic activities are expected to return to normal and investment in decarbonization and digitalization are anticipated.

Due to changes in the organization of the Company, we have changed the method for categorizing our business segments. From the fiscal year ending March 31, 2024, consequently, our business is categorized into three reportable segments: the Integrated Energy Business, the Industrial Gases & Machinery Business, and the Materials Business.

In the Integrated Energy Business, we will continue to work to increase the number of LPG direct sales customers and sales volume. We will also increase sales of energy-related equipment to LPG and city gas customers. In addition, in keeping with the trend of decarbonization, we will facilitate fuel conversion from heavy oil and expand sales of carbon offset LPG. In the Cartridge Gas business, we will strive to expand the international business primarily in China and Southeast Asia, using the new plant in Thailand as a hub.

In the Industrial Gases & Machinery Business, we will continue to endeavor to ensure a stable supply of helium while making efforts to appropriately pass through costs and increase sales of air-separation gases. Additionally, in relation to decarbonization, we will reinforce our sales of liquid hydrogen and other gases and equipment. To realize a hydrogen energy-based society, we will steadily continue our efforts to build a CO₂-free hydrogen supply chain.

In the Materials Business, as the prices of various resources and materials are on a downward trend, we will work to secure procurement volume and acquire new interests in order to expand our resource business. As for environmental businesses, we will expand sales of eco-friendly PET resins, biomass fuels, and battery-related materials for next-generation vehicles and work on new initiatives, such as a recycling business. In addition, we will expand sales of advanced materials, with a focus on high-performance film materials, and strengthen our overseas businesses, such as the metal processing business.

As a result, regarding the consolidated financial results forecast for the next fiscal year, we are expected to achieve net sales of 907.0 billion yen (up 0.1% year-on-year), operating profit of 45.0 billion yen (up 12.4% year-on-year), ordinary profit of 50.3 billion yen (up 7.0% year-on-year), and profit attributable to owners of parent of 33.5 billion yen (up 4.6% year-on-year).

Basic Policy on Selection of Accounting Standards

For the time being, the Group's policy is to prepare its consolidated financial statements in accordance with Japanese GAAP, taking into consideration the comparability of consolidated financial statements from period to period and the comparability among companies. The Group's policy is to adopt IFRS (International Financial Reporting Standards) as appropriate, taking into consideration various conditions in Japan and overseas.

Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

(Million yen)

	As of March 31,2022	As of March 31,2023
Assets		
Current assets		
Cash and deposits	29,975	33,730
Notes and accounts receivable - trade, and contract assets	131,094	150,389
Electronically recorded monetary claims - operating	20,781	23,903
Merchandise and finished goods	45,734	55,751
Work in process	4,022	6,106
Raw materials and supplies	6,381	7,753
Other	21,631	25,732
Allowance for doubtful accounts	(151)	(177)
Total current assets	259,471	303,189
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	41,655	45,634
Storage tanks and cylinders, net	7,019	9,111
Machinery, equipment and vehicles, net	40,133	43,825
Tools, furniture and fixtures, net	17,860	18,590
Land	68,115	73,910
Leased assets, net	2,267	2,427
Construction in progress	8,695	13,941
Total property, plant and equipment	185,747	207,442
Intangible assets		
Goodwill	12,229	23,958
Other	3,949	12,909
Total intangible assets	16,179	36,868
Investments and other assets		
Investment securities	79,791	85,689
Long-term loans receivable	632	518
Retirement benefit asset	2,197	3,641
Deferred tax assets	3,241	3,625
Other	11,779	15,539
Allowance for doubtful accounts	(559)	(512)
Total investments and other assets	97,081	108,502
Total non-current assets	299,008	352,814
Total assets	558,479	656,003

(Million yen)

	As of March 31,2022	As of March 31,2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	66,480	73,071
Electronically recorded obligations - operating	30,777	40,801
Short-term borrowings	32,343	25,747
Current portion of long-term borrowings	11,222	12,144
Lease liabilities	722	863
Income taxes payable	8,518	8,362
Contract liabilities	4,286	10,500
Provision for bonuses	5,389	6,434
Other	26,559	34,542
Total current liabilities	186,300	212,469
Non-current liabilities		
Bonds payable	10,000	30,000
Long-term borrowings	55,093	68,457
Lease liabilities	1,595	1,984
Deferred tax liabilities	10,830	14,904
Provision for retirement benefits for directors (and other officers)	1,518	1,280
Retirement benefit liability	5,524	6,892
Other	7,309	7,784
Total non-current liabilities	91,872	131,303
Total liabilities	278,172	343,773
Net assets		
Shareholders' equity		
Share capital	35,096	35,096
Capital surplus	31,809	31,904
Retained earnings	176,672	203,801
Treasury shares	(1,528)	(1,530)
Total shareholders' equity	242,050	269,271
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	22,450	24,148
Deferred gains or losses on hedges	2,635	2,730
Foreign currency translation adjustment	2,478	5,764
Remeasurements of defined benefit plans	513	61
Total accumulated other comprehensive income	28,078	32,704
Non-controlling interests	10,179	10,254
Total net assets	280,307	312,230
Total liabilities and net assets	558,479	656,003

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31,2022	For the fiscal year ended March 31,2023
Net sales	690,392	906,261
Cost of sales	498,630	693,335
Gross profit	191,762	212,925
Selling, general and administrative expenses		
Transportation costs	28,079	30,993
Provision of allowance for doubtful accounts	10	31
Salaries, allowances and bonuses	40,874	45,407
Provision for bonuses	4,722	5,476
Retirement benefit expenses	1,723	2,136
Provision for retirement benefits for directors (and other officers)	193	163
Depreciation	13,650	15,855
Rent expenses	9,927	11,052
Commission expenses	10,834	13,486
Amortization of goodwill	2,764	3,339
Other	38,904	44,946
Total selling, general and administrative expenses	151,685	172,890
Operating profit	40,076	40,035
Non-operating income		
Interest income	432	436
Dividend income	1,054	1,364
Foreign exchange gains	269	493
Share of profit of entities accounted for using equity method	720	927
Subsidy income	1,694	1,949
Outsourcing service income	888	869
Other	2,634	2,881
Total non-operating income	7,692	8,921
Non-operating expenses		
Interest expenses	833	1,191
Other	522	753
Total non-operating expenses	1,356	1,945
Ordinary profit	46,413	47,011

(Million yen)

	For the fiscal year ended March 31,2022	For the fiscal year ended March 31,2023
Extraordinary income		
Gain on sale of non-current assets	189	299
Gain on sale of investment securities	688	597
Gain on bargain purchase	-	465
Subsidy income	77	720
Total extraordinary income	954	2,082
Extraordinary losses		
Loss on sale of non-current assets	496	63
Loss on retirement of non-current assets	378	661
Impairment losses	129	89
Loss on sale of investment securities	-	68
Loss on valuation of investment securities	137	169
Loss on liquidation of subsidiaries and associates	-	6
Loss on tax purpose reduction entry of non-current assets	77	713
Product compensation expenses	181	-
Loss on sale of golf club membership	24	-
Total extraordinary losses	1,424	1,772
Profit before income taxes	45,943	47,322
Income taxes - current	14,256	14,479
Income taxes - deferred	687	(376)
Total income taxes	14,943	14,103
Profit	30,999	33,218
Profit attributable to non-controlling interests	1,035	1,196
Profit attributable to owners of parent	29,964	32,022

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31,2022	For the fiscal year ended March 31,2023
Profit	30,999	33,218
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,943)	1,722
Deferred gains or losses on hedges	251	102
Foreign currency translation adjustment	3,222	3,325
Remeasurements of defined benefit plans, net of tax	(135)	(439)
Share of other comprehensive income of entities accounted for using equity method	96	71
Total other comprehensive income	491	4,783
Comprehensive income	31,491	38,002
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	30,256	36,648
Comprehensive income attributable to non-controlling interests	1,235	1,354

(3) Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2022

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	35,096	31,766	151,025	(1,514)	216,373
Changes during period					
Dividends of surplus			(4,317)		(4,317)
Profit attributable to owners of parent			29,964		29,964
Purchase of treasury shares				(26)	(26)
Disposal of treasury shares		44		12	56
Purchase of shares of consolidated subsidiaries		(1)			(1)
Change in treasury shares arising from change in equity in entities accounted for using equity method				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	-	43	25,647	(14)	25,676
Balance at end of period	35,096	31,809	176,672	(1,528)	242,050

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	25,501	2,373	(683)	595	27,786	9,426	253,586
Changes during period							
Dividends of surplus							(4,317)
Profit attributable to owners of parent							29,964
Purchase of treasury shares							(26)
Disposal of treasury shares							56
Purchase of shares of consolidated subsidiaries							(1)
Change in treasury shares arising from change in equity in entities accounted for using equity method							(0)
Net changes in items other than shareholders' equity	(3,050)	261	3,161	(81)	291	752	1,044
Total changes during period	(3,050)	261	3,161	(81)	291	752	26,720
Balance at end of period	22,450	2,635	2,478	513	28,078	10,179	280,307

For the fiscal year ended March 31,2023

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	35,096	31,809	176,672	(1,528)	242,050
Changes during period					
Dividends of surplus			(4,893)		(4,893)
Profit attributable to owners of parent			32,022		32,022
Purchase of treasury shares				(16)	(16)
Disposal of treasury shares		38		14	52
Purchase of shares of consolidated subsidiaries		56			56
Change in treasury shares arising from change in equity in entities accounted for using equity method				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	-	95	27,128	(2)	27,221
Balance at end of period	35,096	31,904	203,801	(1,530)	269,271

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	22,450	2,635	2,478	513	28,078	10,179	280,307
Changes during period							
Dividends of surplus							(4,893)
Profit attributable to owners of parent							32,022
Purchase of treasury shares							(16)
Disposal of treasury shares							52
Purchase of shares of consolidated subsidiaries							56
Change in treasury shares arising from change in equity in entities accounted for using equity method							(0)
Net changes in items other than shareholders' equity	1,697	95	3,285	(452)	4,626	74	4,700
Total changes during period	1,697	95	3,285	(452)	4,626	74	31,922
Balance at end of period	24,148	2,730	5,764	61	32,704	10,254	312,230

(4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31,2022	For the fiscal year ended March 31,2023
Cash flows from operating activities		
Profit before income taxes	45,943	47,322
Depreciation	21,111	24,215
Impairment losses	129	89
Amortization of goodwill	2,767	3,342
Gain on bargain purchase	-	(465)
Loss on tax purpose reduction entry of non-current assets	77	713
Increase (decrease) in allowance for doubtful accounts	(35)	(48)
Increase (decrease) in provision for bonuses	121	174
Increase (decrease) in retirement benefit liability	53	284
Decrease (increase) in retirement benefit asset	(145)	154
Increase (decrease) in provision for retirement benefits for directors (and other officers)	144	(249)
Interest and dividend income	(1,486)	(1,800)
Interest expenses	833	1,191
Foreign exchange losses (gains)	(22)	(5)
Share of loss (profit) of entities accounted for using equity method	(720)	(927)
Loss (gain) on sale of golf club membership	24	-
Loss (gain) on sale and retirement of non-current assets	685	426
Loss (gain) on sale of investment securities	(688)	(528)
Loss (gain) on valuation of investment securities	137	169
Loss (gain) on liquidation of subsidiaries and associates	-	6
Decrease (increase) in trade receivables and contract assets	(21,321)	(9,843)
Decrease (increase) in inventories	(16,893)	(9,794)
Increase (decrease) in trade payables	2,748	7,198
Decrease (increase) in advance payments to suppliers	(5,047)	(2,390)
Increase (decrease) in contract liabilities	(163)	5,790
Other, net	(1,943)	1,063
Subtotal	26,310	66,087
Interest and dividends received	1,394	1,852
Dividends received from entities accounted for using equity method	226	204
Interest paid	(801)	(1,085)
Income taxes refund (paid)	(14,055)	(15,586)
Net cash provided by (used in) operating activities	13,075	51,471

(Million yen)

	For the fiscal year ended March 31,2022	For the fiscal year ended March 31,2023
Cash flows from investing activities		
Purchase of property, plant and equipment	(25,707)	(28,511)
Proceeds from sale of property, plant and equipment	593	987
Purchase of intangible assets	(2,737)	(2,401)
Proceeds from sale of intangible assets	0	0
Purchase of investment securities	(3,985)	(5,670)
Proceeds from sale and redemption of investment securities	862	1,345
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(24,367)
Proceeds from sale of investments in capital	2	44
Loan advances	(3,437)	(2,257)
Proceeds from collection of loans receivable	2,933	1,981
Other, net	(464)	(1,437)
Net cash provided by (used in) investing activities	(31,939)	(60,286)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	7,666	(9,795)
Proceeds from long-term borrowings	8,703	26,160
Repayments of long-term borrowings	(12,520)	(18,354)
Proceeds from issuance of bonds	10,000	20,000
Net decrease (increase) in treasury shares	(16)	(11)
Repayments of lease liabilities	(1,168)	(1,325)
Dividends paid	(4,310)	(4,884)
Dividends paid to non-controlling interests	(313)	(507)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(2)	(249)
Net cash provided by (used in) financing activities	8,038	11,032
Effect of exchange rate change on cash and cash equivalents	1,942	867
Net increase (decrease) in cash and cash equivalents	(8,883)	3,085
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	29,574	33,256

(5) Explanatory Notes to Consolidated Financial Statements

(Notes on the Assumption of a Going Concern)

None

(Changes in Presentation Methods)

(Consolidated balance sheets)

Contract liabilities, which were included in other under current liabilities in the previous fiscal year, have been presented separately from the fiscal year under review due to their increased financial materiality. To reflect this change in the presentation method, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, 30,845 million yen presented in other under current liabilities in the consolidated balance sheets for the previous fiscal year has been reclassified into contract liabilities of 4,286 million yen and other of 26,559 million yen.

(Consolidated statements of cash flows)

Increase (decrease) in provision for product compensation under cash flows from operating activities, which was presented separately in the previous fiscal year, has been included in other, net in the fiscal year under review due to its decreased financial materiality. To reflect this change in the presentation method, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, (482) million yen presented in increase (decrease) in provision for product compensation under cash flows from operating activities in the consolidated statements of cash flows for the previous fiscal year has been reclassified into other, net of (1,943) million yen.

(Segment Information)

1. General information about reportable segments

The Company's reportable segments are regularly reviewed by the Board of Corporate Officers using the financial information available within each segment to determine the allocation of management resources and evaluate business results.

The Company maintains in the Head Offices commercial divisions classified by merchandise and products. Each commercial division develops comprehensive business strategies for Japan and the world regarding its merchandise and products and performs business activities.

Therefore, the Company is organized by operating segments which are classified by merchandise, products and sales channels based on commercial divisions. The Integrated Energy Business, the Industrial Gases & Machinery Business, the Materials Business, and the Agri-bio & Foods Business are the four reportable segments.

The main merchandise and products of each reportable segment are as follows:

- | | |
|------------------------|--|
| (1) Integrated Energy: | LPG for household, commercial and industrial use, LPG supply equipment and facilities, LNG, petroleum products, household kitchen appliances, home energy components, Ene-Farm, GHP, daily necessities, portable gas cooking stoves & cassette gas canisters, mineral water, health foods, electricity, etc. |
|------------------------|--|

- (2) Industrial Gases & Machinery: Air-separation gases, hydrogen, helium, other specialty gases, gas supply facilities, welding materials, welding and cutting equipment, industrial robots, pumps and compressors, facilities for hydrogen-refueling stations, disaster prevention equipment, high pressure gas containers, semiconductor manufacturing equipment, electronic component manufacturing equipment, machine tools and sheet metal machinery, pharmaceuticals and food machinery, environmental equipment, etc.
- (3) Materials: PET resins, general-purpose resins, biomass fuels, battery-related materials, electronic display film, semiconductor materials, mineral sands, rare earths, ceramics materials, stainless steel, aluminum, etc.
- (4) Agri-bio & Foods: Frozen foods, chilled products, agricultural equipment, agricultural materials, breeding pigs, livestock facilities and equipment, etc.

2. Calculation method for sales, profit or loss, assets, liabilities, and other items by reportable segment

The accounting methods for reportable segments are in accordance with the accounting policies adopted for the preparation of the consolidated financial statements.

Reportable segment profit is equivalent to operating profit. Inter-segment sales and transfers are based on market value.

3. Information on sales, profit or loss, assets, liabilities, and other items of each reportable segment

I. Previous Fiscal Year (April 1, 2021 - March 31, 2022)

(million yen)

	Reportable segment					Others *1	Total	Adjustments *2	Recorded amount on consolidated financial statements *3
	Integrated Energy	Industrial Gases & Machinery	Materials	Agri-bio & Foods	Total reportable segment				
Sales									
Sales to third parties	327,175	184,332	150,974	23,376	685,858	4,534	690,392	—	690,392
Inter-segment sales and transfers	4,991	3,063	1,659	50	9,764	22,798	32,563	(32,563)	—
Total sales	332,167	187,396	152,634	23,426	695,623	27,332	722,955	(32,563)	690,392
Segment profit or loss	22,655	12,467	7,255	675	43,053	1,469	44,523	(4,446)	40,076
Segment assets	203,388	146,176	93,282	14,558	457,405	63,351	520,756	37,723	558,479
Other items:									
Depreciation	5,537	6,830	1,698	201	14,266	5,100	19,367	1,743	21,111
Impairment losses	125	—	—	—	125	—	125	3	129
Amortization of goodwill	2,363	390	13	—	2,767	—	2,767	—	2,767
Increase in property, plant and equipment and intangible assets	5,901	9,918	1,485	1,224	18,529	7,385	25,915	3,647	29,563

II. Fiscal Year under Review (April 1, 2022 - March 31, 2023)

(million yen)

	Reportable segment					Others *1	Total	Adjustments *2	Recorded amount on consolidated financial statements *3
	Integrated Energy	Industrial Gases & Machinery	Materials	Agri-bio & Foods	Total reportable segment				
Sales									
Sales to third parties	393,720	240,403	238,453	28,986	901,563	4,697	906,261	—	906,261
Inter-segment sales and transfers	5,403	5,476	2,238	40	13,158	23,417	36,576	(36,576)	—
Total sales	399,124	245,879	240,691	29,026	914,722	28,115	942,837	(36,576)	906,261
Segment profit or loss	14,434	16,561	12,536	567	44,099	1,364	45,463	(5,428)	40,035
Segment assets	207,096	207,475	108,258	15,777	538,607	69,207	607,814	48,189	656,003
Other items:									
Depreciation	6,075	8,566	2,002	374	17,019	5,493	22,513	1,702	24,215
Impairment losses	0	—	—	—	0	—	0	88	89
Amortization of goodwill	2,412	884	—	45	3,342	—	3,342	—	3,342
Increase in property, plant and equipment and intangible assets	13,021	39,259	3,282	3,340	58,903	7,409	66,312	3,955	70,268

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

*2. Adjustments are as follows:

- (1) Adjustments of segment profit or loss include corporate expenses not allocated to each segment and the amount of elimination of inter-segment transactions.
- (2) Adjustments of segment assets are mainly cash and deposits and investment securities of the Company and assets pertaining to general and administrative departments the Company.
- (3) Adjustments of depreciation are mainly depreciation of the assets pertaining to general and administrative departments of the Company.
- (4) Adjustments of impairment losses are mainly impairment losses on the assets pertaining to general and administrative departments of the Company.
- (5) Adjustments of increase in property, plant and equipment and intangible assets are mainly increases in the assets pertaining to general and administrative departments of the Company.
- (6) Depreciation and increase in property, plant and equipment and intangible assets include long-term prepaid expenses.

*3. Segment profit is adjusted to operating profit in the consolidated statements of income.

(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 Consolidated Financial Statements

April 1, 2022 to March 31, 2023

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

9,424 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 was not completed and was accounted for on a provisional basis from the first quarter to the third quarter of the fiscal year under review. However, it was finalized at the end of the fiscal year under review.

(3) Amortization method and period

Straight-line amortization over 15 years

6. Amounts Allocated to Intangible Assets Other Than Goodwill, Breakdown by Major Category, and Weighted-Average Amortization Period Overall and by Major Category

Category	Amount	Weighted average amortization period
Customer-related intangible assets	8,243 million yen	15 years
Backlog of orders	306 million yen	2 years
Total	8,549 million yen	14 years

7. Amounts of the Assets Acquired and Liabilities Assumed on the Date of the Business Combination and Major Breakdown Thereof

Current assets	8,818 million yen
Non-current assets	14,821 million yen
Total assets	23,640 million yen
Current liabilities	6,493 million yen
Non-current liabilities	9,753 million yen
Total liabilities	16,246 million yen

8. Estimated Amount and Calculation Method of the Impact on the Consolidated Statements of Income for the Fiscal Year under Review Assuming That the Business Combination Had Been Completed on the Beginning Date of the Fiscal Year

No impact as the beginning date of the fiscal year under review was the date of the acquisition.

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) Names and business of the acquired companies

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 Enelife 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) Names of the companies after the business combination

ENELIFE CO., LTD.

(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 Companies' Business Results Included in the Consolidated Financial Statements
April 1, 2022 to March 31, 2023

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

Consideration for acquisition	Cash	5,385 million yen
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 Gain on Bargain Purchase and Grounds for Gain

(1) Amount of gain on bargain purchase

465 million yen

(2) Grounds for gain

Since the fair value of net assets as of the date of the business combination exceeded the acquisition cost. The allocation of the acquisition cost was not completed and was accounted for on a provisional basis from the first quarter to the third quarter of the fiscal year under review. However, it was finalized at the end of the fiscal year under review.

6. Amounts of the Assets Acquired and Liabilities Assumed on the Date of the Business Combination and Major Breakdown Thereof

Current assets	7,843 million yen
Non-current assets	6,896 million yen
Total assets	14,739 million yen
Current liabilities	7,990 million yen
Non-current liabilities	897 million yen
Total liabilities	8,888 million yen

7. Estimated Amount and Calculation Method of the Impact on the Consolidated Statements of Income for the Fiscal Year under Review Assuming That the Business Combination Had Been Completed on the Beginning Date of the Fiscal Year

No impact as April 1, the beginning date of the fiscal year, is the deemed date of the acquisition.

Business Combination through Acquisition

Iwatani Corporation of America, a wholly owned subsidiary of Iwatani Corporation, concluded an equity transfer agreement on December 23, 2022, and acquired the equity shares in Aspen Air U.S., LLC on the same date.

1. Summary of the Business Combination

(1) Name and business of the acquired company

Name of the acquired company

ASPEN AIR U.S., LLC

Business

Production and sales of air-separation gases (oxygen, nitrogen, argon)

(2) Principal purpose of the business combination

The acquisition of Aspen Air U.S., LLC will allow us to enter the production and sales of air-separation gases for the first time in the U.S. and to further expand our business and enhance our profitability in the U.S., therefore we have decided to acquire the equity shares.

(3) Date of the business combination

December 23, 2022

(4) Legal form of the business combination

Acquisition of equity for cash

(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 the fact that Iwatani Corporation of America, a wholly owned subsidiary of Iwatani Corporation, acquired the equity shares in exchange for cash

2. Period of the Acquired Company's Business Results Included in the Consolidated Financial Statements

Since only the balance sheet is consolidated for the fiscal year under review, the financial results of the acquired company are not included in the consolidated statements of income.

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

Consideration for acquisition	Cash	39 million US dollars
Acquisition cost		39 million US dollars

4. Amount of Major Acquisition-related Expenses

Fees and commissions related to advisory services: 46 million yen

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

(1) Amount of goodwill

3,354 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 fiscal year under review, and the amount of goodwill is allocated on a provisional basis.

(3) Amortization method and period

Straight-line amortization over 14 years

6. Amounts of the Assets Acquired and Liabilities Assumed on the Date of the Business Combination and Major Breakdown Thereof

Current assets	342 million yen
Non-current assets	1,567 million yen
Total assets	<u>1,909 million yen</u>
Current liabilities	80 million yen
Non-current liabilities	— million yen
Total liabilities	<u>80 million yen</u>

7. Estimated Amount and Calculation Method of the Impact on the Consolidated Statements of Income for the Fiscal Year under Review Assuming That the Business Combination Had Been Completed on the Beginning Date of the Fiscal Year

Omitted as the impact is immaterial.

These explanatory notes have not been audited.

(Per Share Information)

	Previous fiscal year (From April 1, 2021 to March 31, 2022)	Fiscal year under review (From April 1, 2022 to March 31, 2023)
Net assets per share	4,696.56 yen	5,249.53 yen
Basic earnings per share	520.98 yen	556.69 yen

(Notes) 1 Diluted earnings per share is not presented as the Company has no dilutive shares.

2 The basis for calculation of net assets per share and basic earnings per share is as follows:

(1) Net assets per share

Item	Previous fiscal year (As of March 31, 2022)	Fiscal year under review (As of March 31, 2023)
Total net assets (million yen)	280,307	312,230
Amount deducted from total net assets (million yen)	10,179	10,254
[Of which non-controlling interests (million yen)]	[10,179]	[10,254]
Net assets pertaining to common shares at the end of the period (million yen)	270,128	301,976
Number of common shares at the end of the period used to calculate net assets per share (thousand shares)	57,516	57,524

(2) Basic earnings per share

Item	Previous fiscal year (From April 1, 2021 to March 31, 2022)	Fiscal year under review (From April 1, 2022 to March 31, 2023)
Basic earnings per share		
Profit attributable to owners of parent (million yen)	29,964	32,022
Amount not attributable to common shareholders (million yen)	—	—
Profit attributable to owners of parent pertaining to common shares (million yen)	29,964	32,022
Average number of common shares during the period (thousand shares)	57,516	57,522

(Significant Subsequent Events)

None

Additional Information

Results for FY2022 and Forecasts for FY2023

(1) Consolidated Statements of Income

(Unit: 100 million yen)

(Amounts of less than 100 million yen are rounded down)

	FY2021	FY2022	Change	Rate	FY2023 (Forecast)	Change	Rate	PLAN23	Overview(comparison with the previous fiscal year)
Net sales	6,903	9,062	2,158	31.3%	8,400	662	7.9%	6,710	<ul style="list-style-type: none"> •In addition to high LPG import prices, sales increased in all segments as we steadily responded to rising market conditions, achieving record sales. •Operating income slightly declined due to the significant negative impact of LPG import price fluctuation, while ordinary profit and net profit reached record highs for the eighth consecutive year.
Gross profit	1,917	2,129	211	11.0%	-	-	-	-	
Operating profit	400	400	(0)	(0.1%)	400	0	0.1%	355	
Ordinary profit	464	470	5	1.3%	465	5	1.1%	400	
Profit attributable to owners of parent	299	320	20	6.9%	300	20	6.7%	265	

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

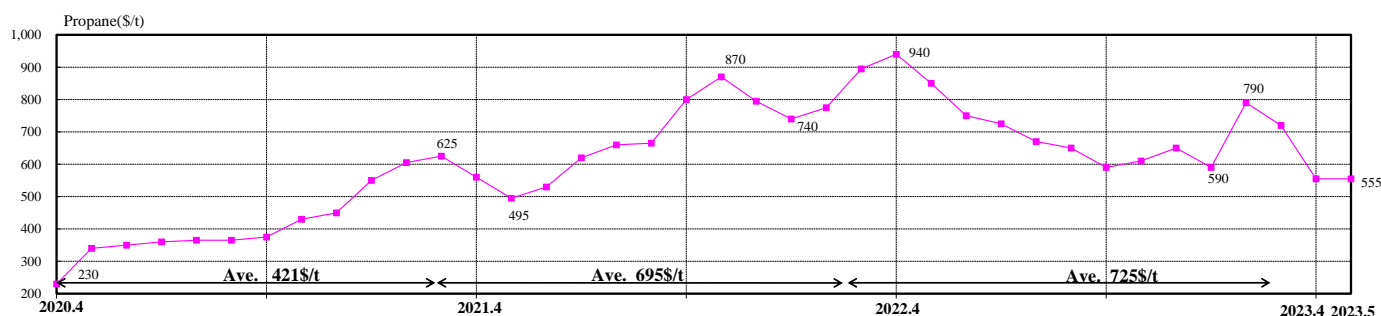
(2) Ordinary Profit Except for Impact of LPG Import Price Fluctuation

(Unit: 100 million yen)

	FY2021	FY2022	Change	Rate	FY2023 (Forecast)	Change	Rate	PLAN23	Overview(comparison with the previous fiscal year)
Ordinary profit	464	470	5	1.3%	465	5	1.1%	400	<ul style="list-style-type: none"> •Impact of LPG import price fluctuation in current period was -3.1 billion yen, which decreased the profit by 11.1 billion yen year-on-year •Ordinary profit except for impact of LPG import price fluctuation was 50.1 billion yen that reached record-high level
Impact of LPG import price fluctuation	79	(31)	(111)	-	5	(36)	-	-	
Ordinary profit except for impact of LPG import price fluctuation	384	501	117	30.5%	459	41	9.1%	400	

*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)

	FY2021	FY2022	Change	Rate	Overview(comparison with the previous fiscal year)	
Integrated Energy	Net sales	3,271	3,937	665	20.3%	<ul style="list-style-type: none"> •High LPG import prices and an increase in LPG sales volume •Improved profitability in LPG sales •Significantly large negative impact of LPG import price fluctuations
	Operating profit	226	144	(82)	(36.3%)	
Industrial Gases & Machinery	Net sales	1,843	2,404	560	30.4%	<ul style="list-style-type: none"> •Increase in production costs of air-separation gases due to higher electricity rates •Increase in sales of liquid hydrogen •Steady sales as for semiconductor gas, and focusing on a stable supply of helium •As for machinery and equipment, increase in sales of gas supply equipment and semiconductor-related equipment
	Operating profit	124	165	40	32.8%	
Materials	Net sales	1,509	2,384	874	57.9%	<ul style="list-style-type: none"> •Sales of mineral sands increased as we worked to secure a stable supply amid high market prices •Increase in sales of stainless steel primarily to new customers and steady sales of processed metal products •Increase in sales of battery-related materials for next-generation vehicles due to rises in market prices and sales to new customers •Increase in sales of environmental products such as eco-friendly PET resins and biomass fuels
	Operating profit	72	125	52	72.8%	
Agri-Bio & Foods	Net sales	233	289	56	24.0%	<ul style="list-style-type: none"> •Increase in sales of frozen foods for commercial customers and general consumers, and measures for increases in costs •Increase in feed prices and a decrease in sales of breeding pigs
	Operating profit	6	5	(1)	(16.0%)	
Others, Adjustments	Net sales	45	46	1	3.6%	
	Operating profit	(29)	(40)	(10)	-	

*Net sales represent sales to third parties.

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

	Sales volume (thousand tons)				Net sales (100 million yen)			
	FY2021	FY2022	Change	Rate	FY2021	FY2022	Change	Rate
Domestic residential use	1,050	1,241	190	18.1%	1,516	1,941	424	28.0%
Domestic industrial use	403	412	9	2.3%	418	492	73	17.6%
LPG sub total (except for overseas)	1,453	1,653	199	13.7%	1,935	2,433	497	25.7%
LPG total	1,471	1,669	197	13.4%	1,952	2,453	500	25.6%
Various Industrial gases	-	-	-	-	1,064	1,336	272	25.6%

(6) Key Business Indications for PLAN23

	FY2021	FY2022	PLAN23
Integrated Energy	LPG direct sales customers (10 thousand households)	103	110
	Portable gas cooking stove sales volume(thousand units)	4,585	4,291
	Cassette gas canister sales volume(million units)	154	157
Industrial Gases & Machinery	Air separation gas sales volume(billion m3)	1.6	1.6
	LH2 sales volume (million m3)	71	77

*The number of LPG direct sales customers at the end of FY2022 reflects the increase due to the acquisition of shares in Enelife Co., Ltd.

(7) Financial Position

(Unit: 100 million yen)

	FY2021 end	FY2022 end	Change
Total assets	5,584	6,560	975
Equity	2,701	3,019	318
Interest-bearing debt, gross	1,111	1,394	282
Interest-bearing debt, net	811	1,057	245
Equity ratio	48.4%	46.0%	(2.4pt)
Ratio of ordinary income to total assets	8.7%	7.7%	(1.0pt)
Rate of return on equity	11.7%	11.2%	(0.5pt)
Ratio of interest-bearing debt to total assets	19.9%	21.2%	1.3pt
Debt-to-equity ratio, gross	0.41	0.46	0.05pt
Debt-to-equity ratio, net	0.30	0.35	0.05pt

(8) Capital Expenditure

<Segment information>

(Unit: 100 million yen)

	FY2021	FY2022	FY2023 (Forecast)
Integrated Energy	121	177	131
Industrial Gases & Machinery	168	372	313
Materials	30	80	55
Agri-Bio & Foods	36	8	-
Others, Adjustments	43	59	221
Capital expenditure	400	700	720
Depreciation	229	264	278

*Presented here are figures for property, plant and equipment, intangible assets (including goodwill), investment securities, etc. (which include 31.4 billion yen invested in property, plant and equipment in the fiscal year)

*Due to a change in organization, the Forecast for FY2023 is presented in the business segment after the change.

(Unit: 100 million yen)

Category of PLAN23	FY2021	FY2022
Promotion of hydrogen energy society	100	241
Growth investment	241	384
Maintenance/repairs, etc.	57	74
Capital expenditure	400	700

(9) Cash Flows

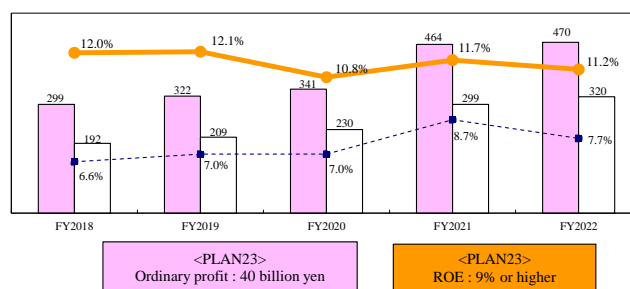
(Unit: 100 million yen)

	FY2021	FY2022	Change
Cash and cash equivalents at beginning of period	384	295	(88)
Cash flows from operating activities	130	514	383
Cash flows from investing activities	(319)	(602)	(283)
Free cash flow	(188)	(88)	100
Cash flows from financing activities	80	110	29
Effect of exchange rate change on cash and cash equivalents	19	8	(10)
Net increase (decrease) in cash and cash equivalents	(88)	30	119
Increase (decrease) in cash and cash equivalents resulting from change of 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	295	332	36

(10) Trends in Key Management Indicators (five-year)

【Improvement in Profitability】

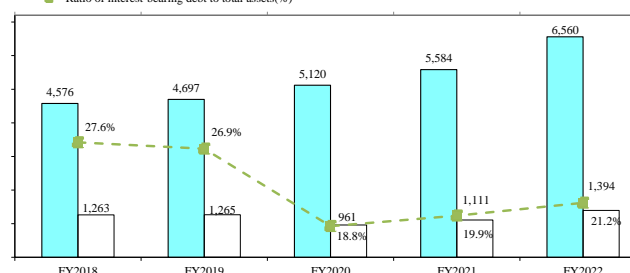
■ Ordinary profit(100 million yen) ■ Profit attributable to owners of parent(100 million yen) ● ROE(%) - - ROA(%)



*ROE: Profit attributable to owners of parent / Average of the equity at the beginning and the end of the period
*ROA: Ordinary profit / Average of total assets at the beginning and the end of the period

【Financial Condition】

■ Total assets (100 million yen) ■ Interest-bearing debt, gross (100 million yen)
- - Ratio of interest-bearing debt to total assets(%)



(11) Forecast for FY2023

(Unit: 100 million yen)

	FY2022	FY2023 (Forecast)	Change	Rate
Net sales	9,062	9,070	7	0.1%
Operating profit	400	450	49	12.4%
Ordinary profit	470	503	32	7.0%
Profit attributable to owners of parent	320	335	14	4.6%
Impact of LPG import price fluctuation	(31)	-	31	-

(12) Forecast for FY2023 by Segment

(Unit: 100 million yen)

	FY2022	FY2023 (Forecast)	Change	Rate	
Integrated Energy	Net sales	3,932	3,980	47	1.2%
	Operating profit	143	180	36	25.9%
Industrial Gases & Machinery	Net sales	2,404	2,592	187	7.8%
	Operating profit	165	175	9	5.7%
Materials	Net sales	2,424	2,202	(222)	(9.2%)
	Operating profit	126	123	(3)	(2.4%)
Others, Adjustments	Net sales	302	296	(6)	(2.0%)
	Operating profit	(34)	(28)	6	-

*Due to a change in organization, figures were reclassified according to the business segments after the change, and comparisons have been made using the reclassified figures.