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## Consolidated Financial Results for the Six Months Ended September 30, 2020 [Japanese GAAP]

November 09, 2020

Company name: IWATANI CORPORATION

Stock exchange listing: Tokyo

Code number: 8088

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

Representative: Hiroshi Majima

Contact: Tetsuo Matsuo

Phone: 06-7637-3325

President

General Manager Accounting Dept.

Scheduled date of filing quarterly securities report: November 13, 2020

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, 2020 (April 01, 2020 to September 30, 2020)

#### (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, 2020	284,626	(11.9)	7,528	(9.5)	9,760	(1.1)	6,277	0.7
September 30, 2019	323,100	(3.3)	8,317	(19.6)	9,873	(15.9)	6,232	(16.2)

(Note) Comprehensive income: Six months ended September 30, 2020: ¥ 10,537 million [ 67.1%]  
Six months ended September 30, 2019: ¥ 6,304 million [ (31.4)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2020	125.52	108.26
September 30, 2019	126.66	108.44

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Million yen	Million yen	%
September 30, 2020	472,074	207,234	42.0
March 31, 2020	469,715	191,152	38.8

(Reference) Equity: As of September 30, 2020: ¥ 198,304 million  
As of March 31, 2020: ¥ 182,266 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, 2020	-	-	-	95.00	95.00
Fiscal year ending March 31, 2021	-	-	-	-	-
Fiscal year ending March 31, 2021 (Forecast)	-	-	-	75.00	75.00

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

(Note) Breakdown of the 2nd quarter dividend for the fiscal year ending March 31, 2021 :

Commemorative dividend	- yen
Special dividend	- yen

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2021(April 01, 2020 to March 31, 2021)

(% 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	677,500	(1.4)	24,700	(14.0)	27,600	(14.5)	17,300	(17.6)	351.54

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

### \* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2020

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

New - (Company name: )

Exclusion: - (Company name: )

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

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

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

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

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

September 30, 2020: 53,138,109 shares

March 31, 2020: 50,273,005 shares

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

September 30, 2020: 1,045,851 shares

March 31, 2020: 1,060,379 shares

3) Average number of shares during the period:

Six months ended September 30, 2020: 50,013,857 shares

Six months ended September 30, 2019: 49,207,999 shares

Quarterly Consolidated Financial Statements  
Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31,2020	As of September 30,2020
<b>Assets</b>		
Current assets		
Cash and deposits	25,525	37,818
Notes and accounts receivable - trade	107,041	88,026
Electronically recorded monetary claims - operating	13,467	13,744
Merchandise and finished goods	33,695	34,138
Work in process	3,737	4,041
Raw materials and supplies	4,800	5,243
Other	15,705	13,013
Allowance for doubtful accounts	(200)	(183)
Total current assets	203,772	195,842
Non-current assets		
Property, plant and equipment		
Land	65,331	66,692
Other, net	106,462	107,345
Total property, plant and equipment	171,793	174,037
Intangible assets		
Goodwill	12,904	12,866
Other	3,863	3,848
Total intangible assets	16,767	16,714
Investments and other assets		
Investment securities	63,769	71,491
Other	14,187	14,563
Allowance for doubtful accounts	(575)	(574)
Total investments and other assets	77,381	85,480
Total non-current assets	265,942	276,232
Total assets	469,715	472,074

(Million yen)

	As of March 31,2020	As of September 30,2020
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	67,844	51,343
Electronically recorded obligations - operating	25,068	22,061
Short-term borrowings	19,434	40,261
Current portion of bonds payable	35,016	24,631
Income taxes payable	6,650	2,623
Provision for bonuses	5,152	5,378
Other	31,965	31,117
Total current liabilities	191,131	177,418
Non-current liabilities		
Long-term borrowings	64,743	62,489
Provision for retirement benefits for directors (and other officers)	1,493	1,333
Provision for loss on litigation	163	163
Retirement benefit liability	5,615	5,521
Other	15,417	17,914
Total non-current liabilities	87,432	87,421
Total liabilities	278,563	264,839
<b>Net assets</b>		
Shareholders' equity		
Share capital	20,096	25,281
Capital surplus	16,728	21,951
Retained earnings	130,762	132,360
Treasury shares	(1,515)	(1,498)
Total shareholders' equity	166,071	178,094
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,119	20,174
Deferred gains or losses on hedges	1,608	1,370
Foreign currency translation adjustment	558	(1,290)
Remeasurements of defined benefit plans	(91)	(44)
Total accumulated other comprehensive income	16,194	20,210
Non-controlling interests	8,885	8,930
Total net assets	191,152	207,234
Total liabilities and net assets	469,715	472,074

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 30,2019	For the six months ended September 30,2020
Net sales	323,100	284,626
Cost of sales	242,975	206,349
Gross profit	80,125	78,277
Selling, general and administrative expenses		
Transportation costs	11,966	11,765
Provision of allowance for doubtful accounts	1	(9)
Salaries, allowances and bonuses	17,445	17,440
Provision for bonuses	4,606	4,721
Retirement benefit expenses	810	897
Provision for retirement benefits for directors (and other officers)	107	115
Other	36,870	35,816
Total selling, general and administrative expenses	71,808	70,748
Operating profit	8,317	7,528
Non-operating income		
Interest income	160	173
Dividend income	668	580
Foreign exchange gains	93	54
Share of profit of entities accounted for using equity method	172	291
Other	1,319	1,978
Total non-operating income	2,414	3,078
Non-operating expenses		
Interest expenses	422	470
Sales discounts	178	165
Other	257	210
Total non-operating expenses	858	846
Ordinary profit	9,873	9,760
Extraordinary income		
Gain on sales of non-current assets	429	109
Gain on sales of investment securities	7	137
Gain on bargain purchase	303	-
Subsidy income	3	79
Total extraordinary income	744	326
Extraordinary losses		
Loss on sales of non-current assets	219	2
Loss on retirement of non-current assets	154	122
Impairment loss	9	0
Loss on valuation of investment securities	67	1
Loss on liquidation of subsidiaries and associates	76	-
Loss on tax purpose reduction entry of non-current assets	3	79
Total extraordinary losses	531	205
Profit before income taxes	10,086	9,881
Income taxes	3,463	3,334
Profit	6,622	6,546
Profit attributable to non-controlling interests	389	269
Profit attributable to owners of parent	6,232	6,277

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

(Million yen)

	For the six months ended September 30,2019	For the six months ended September 30,2020
Profit	6,622	6,546
Other comprehensive income		
Valuation difference on available-for-sale securities	(74)	6,034
Deferred gains or losses on hedges	121	(238)
Foreign currency translation adjustment	(394)	(1,867)
Remeasurements of defined benefit plans, net of tax	32	43
Share of other comprehensive income of entities accounted for using equity method	(2)	18
Total other comprehensive income	(317)	3,990
Comprehensive income	6,304	10,537
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,949	10,293
Comprehensive income attributable to non-controlling interests	355	244

Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30,2019	For the six months ended September 30,2020
<b>Cash flows from operating activities</b>		
Profit before income taxes	10,086	9,881
Depreciation	9,162	9,741
Impairment loss	9	0
Loss on tax purpose reduction entry of non-current assets	3	79
Amortization of goodwill	1,458	1,490
Gain on bargain purchase	(303)	-
Increase (decrease) in allowance for doubtful accounts	(49)	(20)
Increase (decrease) in provision for bonuses	251	219
Increase (decrease) in retirement benefit liability	(278)	(107)
Decrease (increase) in retirement benefit asset	(101)	(60)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(69)	(159)
Interest and dividend income	(828)	(754)
Interest expenses	422	470
Foreign exchange losses (gains)	213	(0)
Share of loss (profit) of entities accounted for using equity method	(172)	(291)
Loss (gain) on sales and retirement of non-current assets	(55)	15
Loss (gain) on sales of investment securities	(7)	(137)
Loss (gain) on valuation of investment securities	67	1
Loss (gain) on liquidation of subsidiaries and associates	76	-
Decrease (increase) in trade receivables	7,706	18,416
Decrease (increase) in inventories	(3,332)	(1,307)
Increase (decrease) in trade payables	(13,990)	(19,252)
Increase (decrease) in advances received	1,086	(332)
Other, net	(2,340)	(335)
Subtotal	9,015	17,555
Interest and dividends received	755	744
Dividends received from entities accounted for using equity method	151	183
Interest paid	(361)	(401)
Income taxes (paid) refund	(5,327)	(7,440)
Net cash provided by (used in) operating activities	4,234	10,641

(Million yen)

	For the six months ended September 30,2019	For the six months ended September 30,2020
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(11,611)	(10,786)
Proceeds from sales of property, plant and equipment	994	182
Purchase of intangible assets	(2,003)	(1,347)
Proceeds from sales of intangible assets	3	4
Purchase of investment securities	(1,664)	(766)
Proceeds from sales and redemption of investment securities	-	728
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(120)	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,159)	-
Proceeds from sales of investments in capital	7	4
Loan advances	(3,717)	(1,830)
Collection of loans receivable	3,767	1,395
Other, net	(319)	(940)
Net cash provided by (used in) investing activities	(16,824)	(13,355)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	15,491	20,638
Proceeds from long-term borrowings	9,143	1,152
Repayments of long-term borrowings	(2,540)	(1,095)
Net decrease (increase) in treasury shares	33	(4)
Repayments of lease obligations	(637)	(615)
Dividends paid	(3,192)	(4,668)
Dividends paid to non-controlling interests	(155)	(199)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(108)	-
Net cash provided by (used in) financing activities	18,033	15,207
Effect of exchange rate change on cash and cash equivalents	(338)	(379)
Net increase (decrease) in cash and cash equivalents	5,104	12,113
Cash and cash equivalents at beginning of period	19,510	25,121
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	-	168
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	27	-
Cash and cash equivalents at end of period	24,643	37,402



## (1) Consolidated Statements of Income

(Unit: 100 million yen)

	2Q FY2019 Apr-Sep 2019	2Q FY2020 Apr-Sep 2020	Change	Rate	FY2020 (Forecast)
Net sales	3,231	2,846	(384)	(11.9%)	6,775
Gross profit	801	782	(18)	(2.3%)	—
Operating profit	83	75	(7)	(9.5%)	247
Ordinary profit	98	97	(1)	(1.1%)	276
Profit attributable to owners of parent	62	62	0	0.7%	173

\* Figures for fiscal year ending March 31, 2021 (forecast) were announced on May 14, 2020.

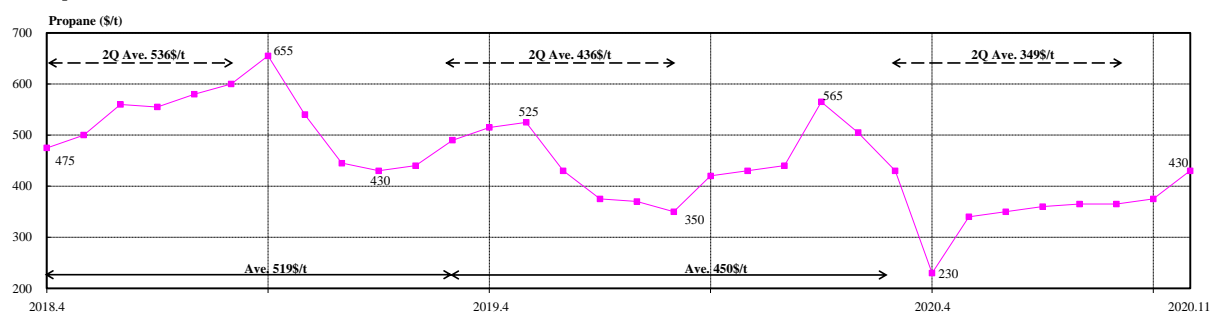
## (2) Ordinary Profit Except for Impact of LPG Import Price Fluctuation

(Unit: 100 million yen)

	2Q FY2019 Apr-Sep 2019	2Q FY2020 Apr-Sep 2020	Change	Rate	FY2020 (Forecast)
Ordinary profit	98	97	(1)	(1.1%)	276
Impact of LPG import price fluctuation	(19)	(24)	(4)	—	—
Ordinary profit except for impact of LPG import price fluctuation	118	121	3	2.8%	276

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

## (3) LPG Import Price (CP)



## (4) Segment Information

(Unit: 100 million yen)

		2Q FY2019 Apr-Sep 2019	2Q FY2020 Apr-Sep 2020	Change	Rate
Energy	Net sales (Sales to outside customers)	1,396	1,219	(176)	(12.7%)
	Operating profit	19	19	0	3.6%
Industrial Gases & Machinery	Net sales (Sales to outside customers)	925	834	(90)	(9.8%)
	Operating profit	51	42	(8)	(17.5%)
Materials	Net sales (Sales to outside customers)	743	651	(92)	(12.4%)
	Operating profit	21	19	(1)	(5.9%)
Agri-Bio & Foods	Net sales (Sales to outside customers)	136	118	(17)	(13.0%)
	Operating profit	6	3	(2)	(39.6%)
Others, Adjustments	Net sales (Sales to outside customers)	29	22	(7)	(24.8%)
	Operating profit	(13)	(10)	3	—

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

	Sales volume (thousand tons)				Net sales (100 million yen)			
	2Q FY2019 Apr-Sep 2019	2Q FY2020 Apr-Sep 2020	Change	Rate	2Q FY2019 Apr-Sep 2019	2Q FY2020 Apr-Sep 2020	Change	Rate
Domestic residential use	637	595	(42)	(6.6%)	627	551	(75)	(12.1%)
Domestic industrial use	148	133	(15)	(10.3%)	104	80	(23)	(22.9%)
LPG sub total (except for overseas)	786	728	(57)	(7.3%)	731	631	(99)	(13.6%)
LPG total	1,125	1,018	(107)	(9.6%)	885	732	(152)	(17.2%)
Various Industrial gases	—	—	—	—	506	477	(28)	(5.7%)

**(6) Financial Position**

(Unit: 100 million yen)

	FY2019 end	2Q FY2020 end	Change
Total assets	4,697	4,720	23
Equity capital	1,822	1,983	160
Interest-bearing debt, gross	1,265	1,370	104
Interest-bearing debt, net	1,010	992	(18)
Equity capital ratio	38.8%	42.0%	3.2pt
Ratio of interest-bearing debt to total assets	26.9%	29.0%	2.1pt
Debt-to-equity ratio, gross	0.69	0.69	0.00pt
Debt-to-equity ratio, net	0.55	0.50	(0.05pt)

\* Interest-bearing debt include lease liabilities in the amount of ¥3.2 billion.

**(7) Capital Expenditure**

(Unit: 100 million yen)

	2Q FY2020	FY2020 (Forecast)
Energy	56	116
Industrial Gases & Machinery	41	232
Materials	14	46
Agri-Bio & Foods	1	4
Others, Adjustments	15	42
Capital expenditure	129	440
Depreciation expense	92	195

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

**(8) Cash Flows**

(Unit: 100 million yen)

	2Q FY2019	2Q FY2020	Change
Cash and cash equivalents at beginning of year	195	251	56
Cash flows from operating activities	42	106	64
Cash flows from investing activities	(168)	(133)	34
Free cash flow	(125)	(27)	98
Cash flows from financing activities	180	152	(28)
Effect of exchange rate changes	(3)	(3)	(0)
Net increase (decrease) in cash and cash equivalents	51	121	70
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	-	1	1
Increase in cash and cash equivalents resulting from merger with nonconsolidated subsidiaries	0	-	(0)
Cash and cash equivalents at end of period	246	374	127

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

(Unit: 100 million yen)

	2Q FY2019 Apr-Sep 2019	2Q FY2020 Apr-Sep 2020	Change	Rate
Net sales	2,215	1,945	(269)	(12.2%)
Operating income	5	7	1	26.4%
Ordinary income	52	61	9	17.5%
Net income	45	53	7	17.1%

**Financial Position**

(Unit: 100 million yen)

	FY2019 end	2Q FY2020 end	Change
Total assets	3,312	3,385	73
Equity capital	1,182	1,350	167
Equity capital ratio	35.7%	39.9%	4.2pt