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Consolidated Financial Results for the Six Months Ended September 30, 2021 [Japanese GAAP]

November 10, 2021

Company name: IWATANI CORPORATION

Stock exchange listing: Tokyo

Code number: 8088

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

Representative: Hiroshi Majima

Contact: Tetsuo Matsuo

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President
General Manager Accounting Dept.

Scheduled date of filing quarterly securities report: November 11, 2021

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes

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

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

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2021	297,005	18.7	13,677	112.3	16,554	87.3	10,295	82.6
September 30, 2020	250,225	-	6,441	-	8,838	-	5,637	-

(Note) Comprehensive income: Six months ended September 30, 2021: ¥ 13,159 million [33.0%]
Six months ended September 30, 2020: ¥ 9,897 million [-%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2021	179.01	-
September 30, 2020	112.71	97.20

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

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Million yen	Million yen	%
September 30, 2021	507,661	262,238	49.7
March 31, 2021	512,015	253,586	47.7

(Reference) Equity: As of September 30, 2021: ¥ 252,527 million
As of March 31, 2021: ¥ 244,160 million

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

2. Dividends

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

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

(Note) Breakdown of the 2nd quarter dividend for the fiscal year ending March 31, 2022 :

Commemorative dividend	- yen
Special dividend	- yen

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

(% indicates changes from the previous corresponding period.)

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

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

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

* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2021

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

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

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

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

1) Changes in accounting policies due to the revision of accounting standards: Yes

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

3) Changes in accounting estimates: No

4) Retrospective restatement: No

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

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

September 30, 2021: 58,561,649 shares

March 31, 2021: 58,561,649 shares

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

September 30, 2021: 1,041,601 shares

March 31, 2021: 1,048,943 shares

3) Average number of shares during the period:

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

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

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31,2021	As of September 30,2021
Assets		
Current assets		
Cash and deposits	38,782	27,428
Notes and accounts receivable - trade	113,374	103,443
Electronically recorded monetary claims - operating	15,680	17,694
Merchandise and finished goods	30,565	38,109
Work in process	3,239	3,795
Raw materials and supplies	4,784	4,913
Other	15,828	16,069
Allowance for doubtful accounts	(145)	(162)
Total current assets	222,110	211,291
Non-current assets		
Property, plant and equipment		
Land	66,869	66,645
Other, net	111,154	113,107
Total property, plant and equipment	178,023	179,753
Intangible assets		
Goodwill	13,791	12,985
Other	3,704	3,852
Total intangible assets	17,495	16,837
Investments and other assets		
Investment securities	78,913	83,914
Other	16,064	16,424
Allowance for doubtful accounts	(591)	(560)
Total investments and other assets	94,385	99,779
Total non-current assets	289,905	296,370
Total assets	512,015	507,661

(Million yen)

	As of March 31,2021	As of September 30,2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	65,541	53,983
Electronically recorded obligations - operating	27,992	27,411
Short-term borrowings	24,208	32,517
Income taxes payable	8,168	4,674
Provision for bonuses	5,268	5,528
Provision for product compensation	482	385
Other	39,319	37,146
Total current liabilities	170,981	161,646
Non-current liabilities		
Long-term borrowings	59,447	56,396
Provision for retirement benefits for directors (and other officers)	1,373	1,423
Retirement benefit liability	5,470	5,509
Other	21,155	20,446
Total non-current liabilities	87,447	83,776
Total liabilities	258,429	245,423
Net assets		
Shareholders' equity		
Share capital	35,096	35,096
Capital surplus	31,766	31,811
Retained earnings	151,025	157,003
Treasury shares	(1,514)	(1,512)
Total shareholders' equity	216,373	222,399
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	25,501	26,038
Deferred gains or losses on hedges	2,373	2,071
Foreign currency translation adjustment	(683)	1,828
Remeasurements of defined benefit plans	595	190
Total accumulated other comprehensive income	27,786	30,128
Non-controlling interests	9,426	9,711
Total net assets	253,586	262,238
Total liabilities and net assets	512,015	507,661

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 30,2020	For the six months ended September 30,2021
Net sales	250,225	297,005
Cost of sales	173,036	209,912
Gross profit	77,189	87,093
Selling, general and administrative expenses		
Transportation costs	11,765	12,740
Provision of allowance for doubtful accounts	(9)	(3)
Salaries, allowances and bonuses	17,440	18,049
Provision for bonuses	4,721	4,819
Retirement benefit expenses	897	860
Provision for retirement benefits for directors (and other officers)	115	97
Other	35,816	36,850
Total selling, general and administrative expenses	70,748	73,415
Operating profit	6,441	13,677
Non-operating income		
Interest income	173	182
Dividend income	580	579
Foreign exchange gains	54	131
Share of profit of entities accounted for using equity method	291	333
Subsidy income	510	744
Other	1,467	1,482
Total non-operating income	3,078	3,452
Non-operating expenses		
Interest expenses	470	412
Other	210	162
Total non-operating expenses	681	575
Ordinary profit	8,838	16,554
Extraordinary income		
Gain on sale of non-current assets	109	86
Gain on sale of investment securities	137	611
Subsidy income	79	41
Total extraordinary income	326	739
Extraordinary losses		
Loss on sale of non-current assets	2	479
Loss on retirement of non-current assets	122	101
Impairment losses	0	-
Loss on valuation of investment securities	1	-
Loss on tax purpose reduction entry of non-current assets	79	41
Loss on sale of golf club membership	-	24
Total extraordinary losses	205	646
Profit before income taxes	8,959	16,647
Income taxes	3,053	5,946
Profit	5,906	10,701
Profit attributable to non-controlling interests	269	405
Profit attributable to owners of parent	5,637	10,295

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

(Million yen)

	For the six months ended September 30,2020	For the six months ended September 30,2021
Profit	5,906	10,701
Other comprehensive income		
Valuation difference on available-for-sale securities	6,034	524
Deferred gains or losses on hedges	(238)	(303)
Foreign currency translation adjustment	(1,867)	2,546
Remeasurements of defined benefit plans, net of tax	43	(457)
Share of other comprehensive income of entities accounted for using equity method	18	147
Total other comprehensive income	3,990	2,458
Comprehensive income	9,897	13,159
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,652	12,637
Comprehensive income attributable to non-controlling interests	244	522

Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30,2020	For the six months ended September 30,2021
Cash flows from operating activities		
Profit before income taxes	8,959	16,647
Depreciation	9,741	10,234
Impairment losses	0	-
Loss on tax purpose reduction entry of non-current assets	79	41
Amortization of goodwill	1,490	1,467
Increase (decrease) in allowance for doubtful accounts	(20)	(19)
Increase (decrease) in provision for bonuses	219	259
Increase (decrease) in retirement benefit liability	(107)	38
Decrease (increase) in retirement benefit asset	(60)	499
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(159)	49
Increase (decrease) in provision for product compensation	-	(96)
Interest and dividend income	(754)	(761)
Interest expenses	470	412
Foreign exchange losses (gains)	(0)	(9)
Share of loss (profit) of entities accounted for using equity method	(291)	(333)
Loss (gain) on sale of golf club membership	-	24
Loss (gain) on sale and retirement of non-current assets	15	495
Loss (gain) on sale of investment securities	(137)	(611)
Loss (gain) on valuation of investment securities	1	-
Decrease (increase) in trade receivables	20,252	8,752
Decrease (increase) in inventories	(2,221)	(7,821)
Increase (decrease) in trade payables	(19,252)	(12,654)
Increase (decrease) in advances received	(332)	(1,127)
Other, net	(335)	(4,424)
Subtotal	17,555	11,061
Interest and dividends received	744	858
Dividends received from entities accounted for using equity method	183	189
Interest paid	(401)	(408)
Income taxes refund (paid)	(7,440)	(9,272)
Net cash provided by (used in) operating activities	10,641	2,428

(Million yen)

	For the six months ended September 30,2020	For the six months ended September 30,2021
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,786)	(10,270)
Proceeds from sale of property, plant and equipment	182	275
Purchase of intangible assets	(1,347)	(1,429)
Proceeds from sale of intangible assets	4	0
Purchase of investment securities	(766)	(3,834)
Proceeds from sale and redemption of investment securities	728	728
Proceeds from sale of investments in capital	4	1
Loan advances	(1,830)	(1,372)
Proceeds from collection of loans receivable	1,395	591
Other, net	(940)	(459)
Net cash provided by (used in) investing activities	(13,355)	(15,768)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	20,638	8,205
Proceeds from long-term borrowings	1,152	4,565
Repayments of long-term borrowings	(1,095)	(6,533)
Net decrease (increase) in treasury shares	(4)	(10)
Repayments of lease obligations	(615)	(575)
Dividends paid	(4,668)	(4,308)
Dividends paid to non-controlling interests	(199)	(313)
Net cash provided by (used in) financing activities	15,207	1,030
Effect of exchange rate change on cash and cash equivalents	(379)	908
Net increase (decrease) in cash and cash equivalents	12,113	(11,401)
Cash and cash equivalents at beginning of period	25,121	38,445
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	168	9
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	-	2
Cash and cash equivalents at end of period	37,402	27,055

Consolidated Financial Results for the Six Months Ended September 30, 2021

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

(1) Consolidated Statements of Income

(Unit: 100 million yen)

	2Q FY2020 Apr-Sep 2020	2Q FY2021 Apr-Sep 2021	Change	Rate	FY2021 (Forecast)	Overview
Net sales	2,502	2,970	467	18.7%	6,261	Increase in Net sales due to the increase of mainstay products sales in improved demand for an industrial sector, in addition to high LPG import prices.
Gross profit	771	870	99	12.8%	—	
Operating profit	64	136	72	112.3%	320	Moreover, achieved record-high in profits due to the positive impact of LPG import price fluctuation.
Ordinary profit	88	165	77	87.3%	365	
Profit attributable to owners of parent	56	102	46	82.6%	243	

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

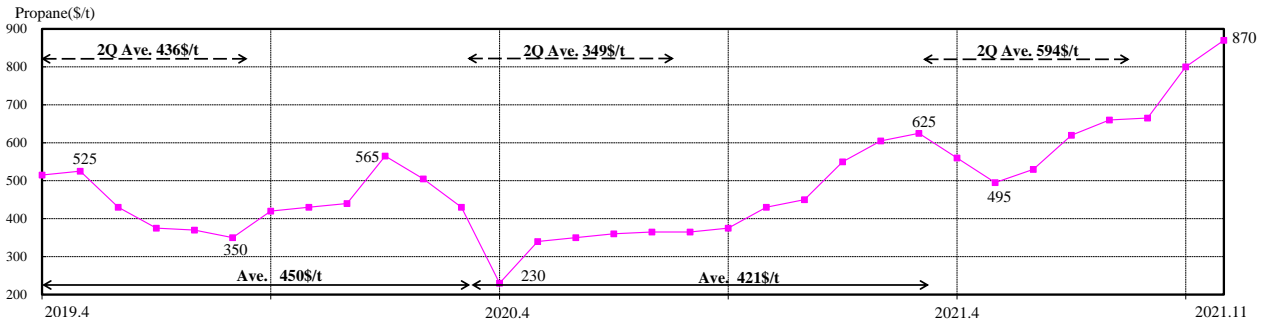
(2) Ordinary Profit Except for Impact of LPG Import Price Fluctuation

(Unit: 100 million yen)

	2Q FY2020 Apr-Sep 2020	2Q FY2021 Apr-Sep 2021	Change	Rate	FY2021 (Forecast)	Overview
Ordinary profit	88	165	77	87.3%	365	•Increase in profit by ¥2.2billion due to the impact of LPG import price fluctuation. •Ordinary profit except for the impact of LPG import price fluctuation was ¥14.3 billion that achieved record-high level.
Impact of LPG import price fluctuation	(24)	22	46	—	—	
Ordinary profit except for impact of LPG import price fluctuation	112	143	30	27.5%	365	

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

(3) LPG Import Price (CP)



(4) Segment Information

(Unit: 100 million yen)

		2Q FY2020 Apr-Sep 2020	2Q FY2021 Apr-Sep 2021	Change	Rate	Overview
Energy	Net sales (Sales to outside customers)	1,012	1,245	233	23.1%	•Increase in Net sales due to the increase of LPG sales and high LPG import prices. •Increase in Operating profit due to the positive impact of LPG import price fluctuation, and increase in overseas sales of portable gas cooking stoves and cassette gas canisters.
	Operating profit	9	54	45	463.3%	
Industrial Gases & Machinery	Net sales (Sales to outside customers)	820	883	63	7.7%	•Increase in sales of air separation gas and machinery. •Increase in sales of hydrogen while increase in expenses due to the expansion of hydrogen refueling stations. •Increase in sales of dry ice for the vaccination of COVID-19.
	Operating profit	41	60	18	45.1%	
Materials	Net sales (Sales to outside customers)	548	699	151	27.6%	•Increase in sales of eco-friendly products such as Eco-friendly PET resins, biomass fuels and battery-related materials. •Increase in domestic sales of mineral sands. •Increase in sales of metal processed products for air conditioners.
	Operating profit	19	29	9	51.4%	
Agri-Bio & Foods	Net sales (Sales to outside customers)	99	117	17	18.0%	•Increase in sales of frozen foods for restaurants and dining halls. •Increase in sales of large livestock equipments. •Increase in sales of agricultural materials.
	Operating profit	3	5	2	56.2%	
Others, Adjustments	Net sales (Sales to outside customers)	22	24	1	7.9%	
	Operating profit	(10)	(13)	△ 3	—	

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

	Sales volume (thousand tons)				Net sales (100 million yen)			
	2Q FY2020 Apr-Sep 2020	2Q FY2021 Apr-Sep 2021	Change	Rate	2Q FY2020 Apr-Sep 2020	2Q FY2021 Apr-Sep 2021	Change	Rate
Domestic residential use	428	439	11	2.6%	455	575	120	26.4%
Domestic industrial use	133	154	21	16.3%	80	137	57	71.4%
LPG sub total (except for overseas)	561	594	33	5.9%	535	712	177	33.1%
LPG total	570	604	33	5.9%	541	721	179	33.2%
Various Industrial gases	—	—	—	—	465	519	53	11.5%

(6) Financial Position

(Unit: 100 million yen)

	FY2020 end	2Q FY2021 end	Change
Total assets	5,120	5,076	(43)
Equity capital	2,441	2,525	83
Interest-bearing debt, gross	961	1,022	61
Interest-bearing debt, net	573	748	174
Equity capital ratio	47.7%	49.7%	2.0pt
Ratio of interest-bearing debt to total assets	18.8%	20.1%	1.3pt
Debt-to-equity ratio, gross	0.39	0.40	0.01pt
Debt-to-equity ratio, net	0.23	0.29	0.06pt

* Interest-bearing debt includes lease liabilities in the amount of ¥2.5 billion.

(7) Capital Expenditure

(Unit: 100 million yen)

	2Q FY2021 Apr-Sep 2021	FY2021 (Forecast)
Energy	53	90
Industrial Gases & Machinery	79	218
Materials	9	63
Agri-Bio & Foods	27	39
Others, Adjustments	11	30
Capital expenditure	180	440
Depreciation expense	97	205

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

(8) Cash Flows

(Unit: 100 million yen)

	2Q FY2020	2Q FY2021	Change
Cash and cash equivalents at beginning of year	251	384	133
Cash flows from operating activities	106	24	(82)
Cash flows from investing activities	(133)	(157)	(24)
Free cash flow	(27)	(133)	(106)
Cash flows from financing activities	152	10	(141)
Effect of exchange rate changes	(3)	9	12
Net increase (decrease) in cash and cash equivalents	121	(114)	(235)
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	1	0	(1)
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	—	0	0
Cash and cash equivalents at end of period	374	270	(103)

(9) Key Business Indicators for PLAN23

		2Q FY2020 Apr-Sep 2020	2Q FY2021 Apr-Sep 2021	PLAN23
Energy	LPG direct sales customers (10 thousand households)	100	102	110
	Portable gas cooking stove sales volume (thousand units)	1,840	1,962	6,500
	Cassette gas canister sales volume (million units)	53	61	180
Industrial Gases & Machinery	Air separation gas sales volume (100 million m ³)	7.3	8.2	17.0
	LH2 sales volume (million m ³)	29	34	90

(10) Unconsolidated**Unconsolidated Statements of Income**

(Unit: 100 million yen)

	2Q FY2020 Apr-Sep 2020	2Q FY2021 Apr-Sep 2021	Change	Rate
Net sales	1,571	1,933	361	23.0%
Operating profit	2	69	66	—
Ordinary profit	58	153	94	161.0%
Net Profit	51	125	73	142.7%

Financial Position

(Unit: 100 million yen)

	FY2020 end	2Q FY2021 end	Change
Total assets	3,637	3,495	(141)
Equity capital	1,733	1,818	85
Equity capital ratio	47.7%	52.0%	4.3pt