

Iwatani

Financial Results for 3Q FY2022
(Results for the Nine Months Ended December 31, 2022)

February 8, 2023

Iwatani Corporation

[TSE Prime, 8088]

Note

Forward-looking statements are based on expectations and do not constitute guarantees or guarantees.
As a matter of course, please be fully aware that the results may differ from your expectations.

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FY2022 3rd Quarter Overview

Highlights

- ▶ Net sales increased in all segments due to high LPG import prices and steady progress in sales price adjustments in line with rising market prices, however, profit decreased due to a significant decline in the impact of LPG import price fluctuation YoY.

Overview of Consolidated Financial Results for 3Q of FY2022

- Increase in net sales due to high LPG import prices and steady progress in sales price adjustments in line with rising market prices.
- Decrease in operating profit due to a significant decline in the impact of LPG import price fluctuation YoY, despite the steady sales of mainstay products.
- Full-year forecast : No change
Progress against full-year forecast : 78.1% of net sales, 63.7% of ordinary profit

Net sales

655.7 billion yen YoY +176.3billion yen +36.8%

Operating profit

23.7 billion yen YoY (2.0)billion yen (8.0%)

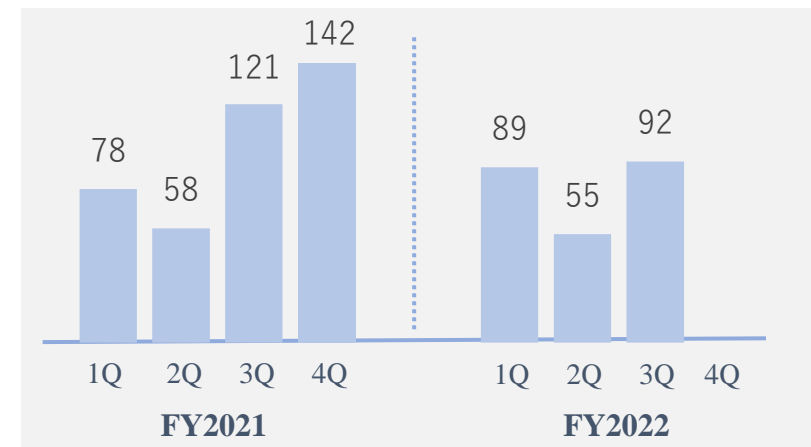
Ordinary profit

29.6 billion yen YoY (1.0)billion yen (3.5%)

Profit attributable to owners of parent

19.2 billion yen YoY (0.3)billion yen (1.7%)

■ Operating profit quarterly trends (100 million yen)



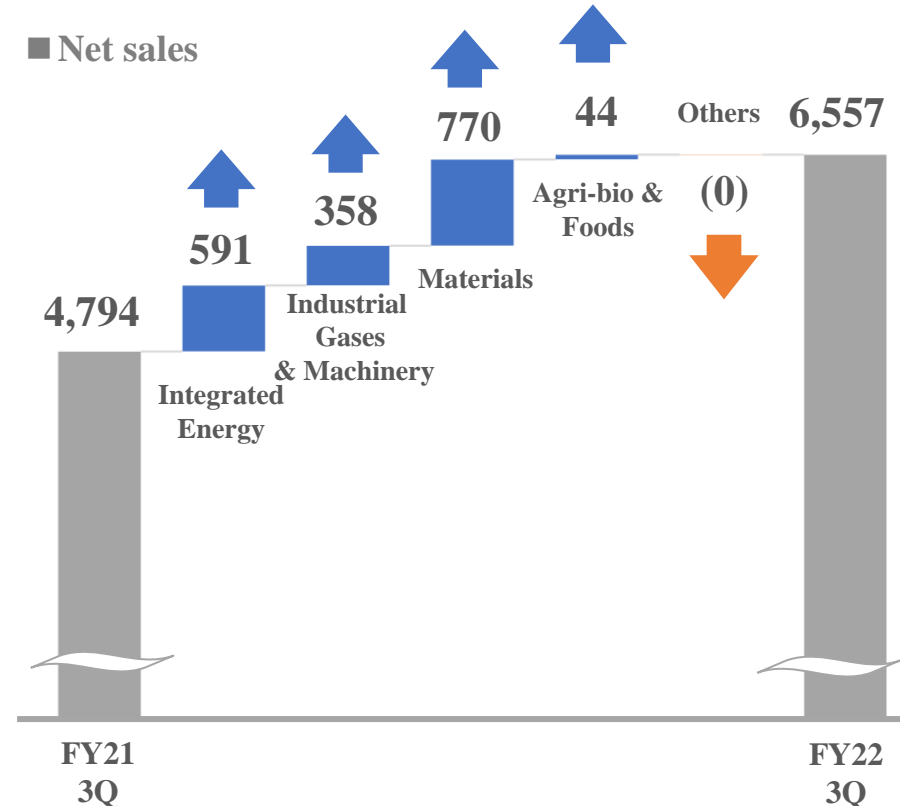
Consolidated Operating Results (Analysis of Net Sales)

	FY22 3Q results (A)	FY21 3Q results (B)	YoY (A)-(B) ((A)/(B))	FY22 forecasts	Progress
Net sales	6,557	4,794	+1,763 +36.8%	8,400	78.1%
Gross profit	1,506	1,377	+129 +9.4%	-	-
Operating profit	237	258	(20) (8.0%)	400	59.5%
Non-operating profit	58	48	+9 +20.2%	-	-
Ordinary profit	296	307	(10) (3.5%)	465	63.7%
Ordinary profit except for impact of LPG import price fluctuation	320	236	+84 +35.7%	459	69.7%
Profit attributable to owners of parent	192	196	(3) (1.7%)	300	64.2%

Factors contributing to increase in net sales

- High LPG import prices
- Steady progress in sales price adjustments in line with production cost and rising market prices

*Record high net sales for the third quarter



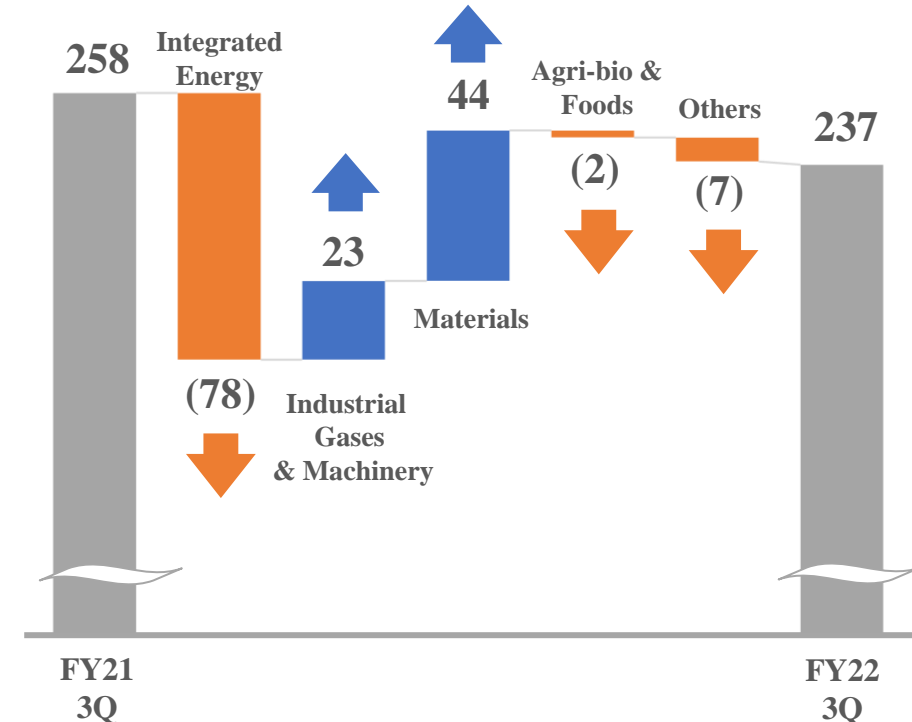
Consolidated Operating Results (Analysis of Operating Profit) **Iwatani** (100 million yen)

	FY22 3Q results (A)	FY21 3Q results (B)	YoY (A)-(B) ((A)/(B))	FY22 forecasts	Progress
Net sales	6,557	4,794	+1,763 +36.8%	8,400	78.1%
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Factors contributing to increase in profit

- Decrease in operating profit due to a significant decline in the impact of LPG import price fluctuation YoY
- Increased in general and administrative expenses due to an increase in distribution costs along with the increase in sales and the effect of the new consolidation

Operating profit



Consolidated Operating Results (Segment analysis)

Iwatani
(100 million yen)

	FY22 3Q results(A)	FY21 3Q results(B)	YoY(C) (A)-(B)	YoY (A)/(B)	FY22 forecast	Progress
Net sales	6,557	4,794	+1,763	+36.8%	8,400	78.1%
■ Integrated Energy	2,756	2,164	+591	+27.3%	3,478	79.2%
■ Industrial Gases & Machinery	1,707	1,349	+358	+26.5%	2,282	74.8%
■ Materials	1,844	1,074	+770	+71.7%	2,290	80.6%
■ Agri-bio & Foods	215	171	+44	+25.9%	307	70.1%
■ Others	33	34	(0)	(1.6%)	43	78.1%
Operating profit	237	258	(20)	(8.0%)	400	59.5%
■ Integrated Energy	57	136	(78)	(57.5%)	167	34.6%
■ Industrial Gases & Machinery	112	89	+23	+26.0%	141	79.7%
■ Materials	91	46	+44	+94.5%	114	79.9%
■ Agri-bio & Foods	2	5	(2)	(48.4%)	11	25.5%
■ Others , Adjustments	(26)	(18)	(7)	-	(33)	-
Ordinary profit	296	307	(10)	(3.5%)	465	63.7%
Ordinary profit except for impact of LPG import price fluctuation	320	236	+84	+35.7%	459	69.7%
Profit attributable to owners of parent	192	196	(3)	(1.7%)	300	64.2%

Operating Profit Analysis of Integrated Energy

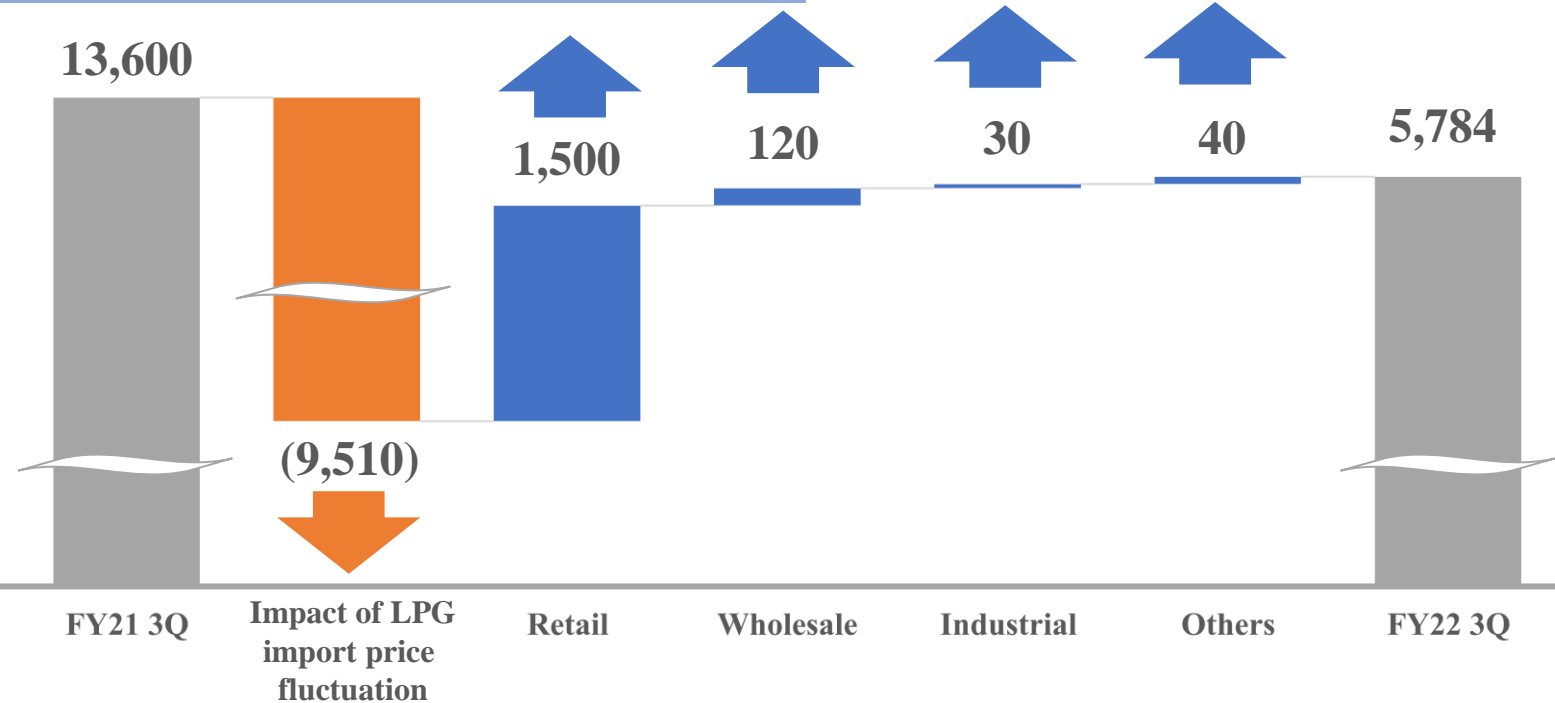
Results

(100 million yen)

	FY22 3Q results (A)	FY21 3Q results (B)	YoY (A)-(B)	YoY (A)/(B)	FY22 forecasts	Progress
Net sales	2,756	2,164	+591	+27.3%	3,478	79.2%
Operating profit	57	136	(78)	(57.5%)	167	34.6%
Operating profit except for impact of LPG import price fluctuation	81	64	+16	+26.2%	161	50.8%

Analysis of Changes in Operating Profit

(million yen)



Main factors

(million yen)

Impact of LPG import price fluctuation (9,510)

(100 million yen)	1Q	2Q	3Q	1Q-3Q total	4Q	Full year
FY22	+20.4	(15.0)	(29.3)	(23.9)	-	-
FY21	+11.0	+11.0	+49.1	+71.1	+8.5	+79.7
Changes	+9.3	(26.0)	(78.4)	(95.1)	-	-

Retail +1,500

Improved profitability due to sales price adjustments to rising market prices

Wholesale +120

Sales increased due to recovery in commercial demand

Industrial +30

Increase in sales to large-scale customers due to recovery in the manufacturing sector

Others +40

- Sales growth of portable gas cooking stoves and cassette gas canisters in Japan and overseas
- Gas water heaters and LPG-powered emergency generators remain steady.
- Reactionary decline in large equipment projects

Number of direct sales customers for 3Q FY22
-> 1.1 million households

Operating Profit Analysis of Industrial Gases & Machinery Iwatani

Results

(100 million yen)

	FY22 3Q results (A)	FY21 3Q results (B)	YoY (A)-(B)	YoY (A)/(B)	FY22 forecasts	Progress
Net sales	1,707	1,349	+358	+26.5%	2,282	74.8%
Operating profit	112	89	+23	+26.0%	141	79.7%

Main factors

(million yen)

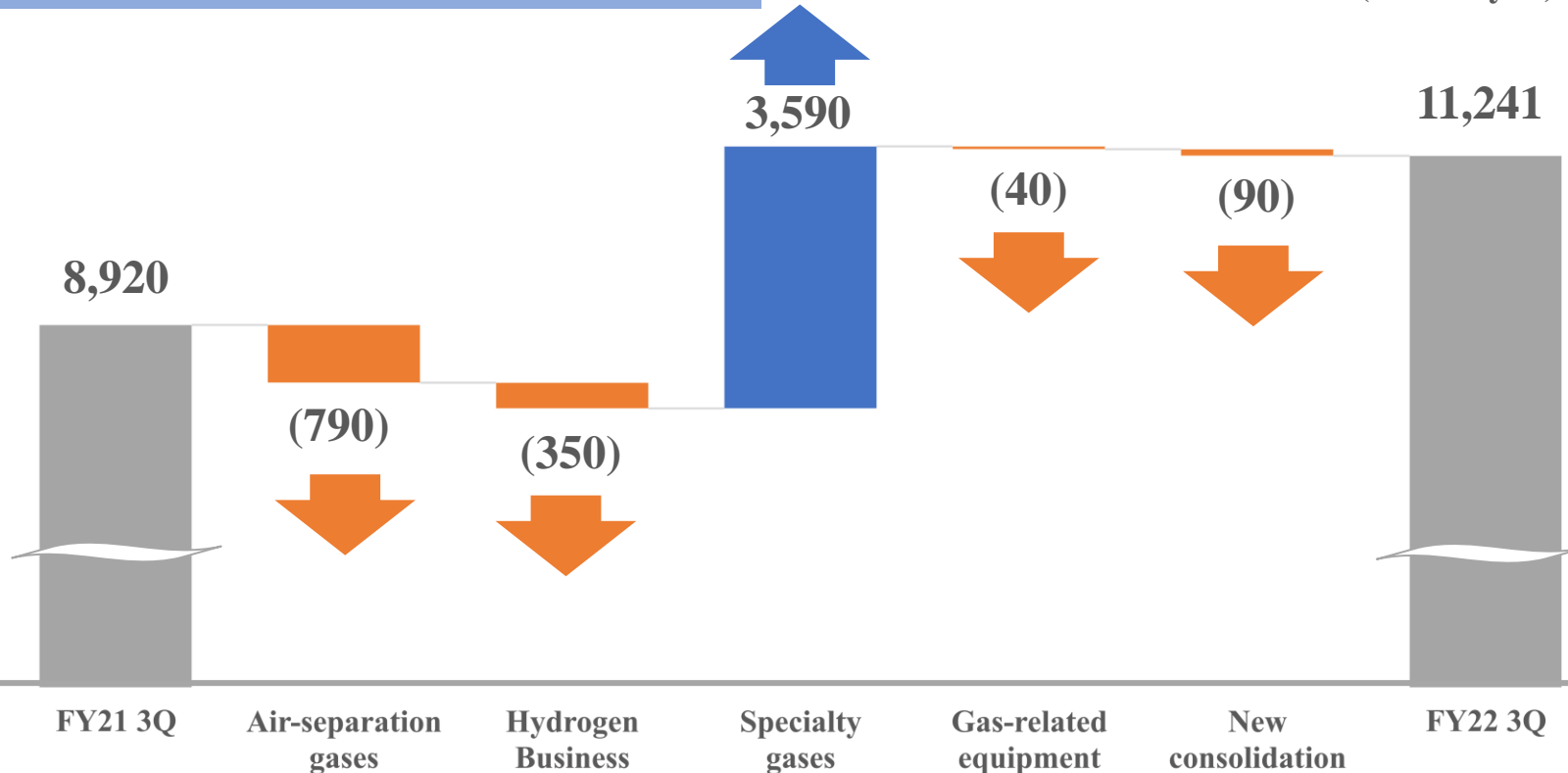
- **Air-separation gases (790)**
 - Decrease in sales mainly to the electronic component industry
 - Increase in production costs due to higher electricity rates
- **Hydrogen Business (350)**
 - Increase in sales volume of liquid hydrogen including decarbonization purposes
 - Increase in production costs due to higher electricity rates
 - Increase in operating costs as increase of HRS*
- **Specialty gases +3,590**
 - Increase in sales volume of semiconductor gas
 - Stable procurement and supply of helium
- **Gas-related equipment (40)**
 - Sales of semiconductor-related equipment remained steady.
 - Delay in some deliveries due to China lockdown, etc.
- **New consolidation (90)**

Impact on production costs from increases in electricity rates and LNG market prices
-> + 2,800 million yen (YoY)

*HRS stands for Hydrogen Refueling Station.

Analysis of Changes in Operating Profit

(million yen)



Operating Profit Analysis of Materials

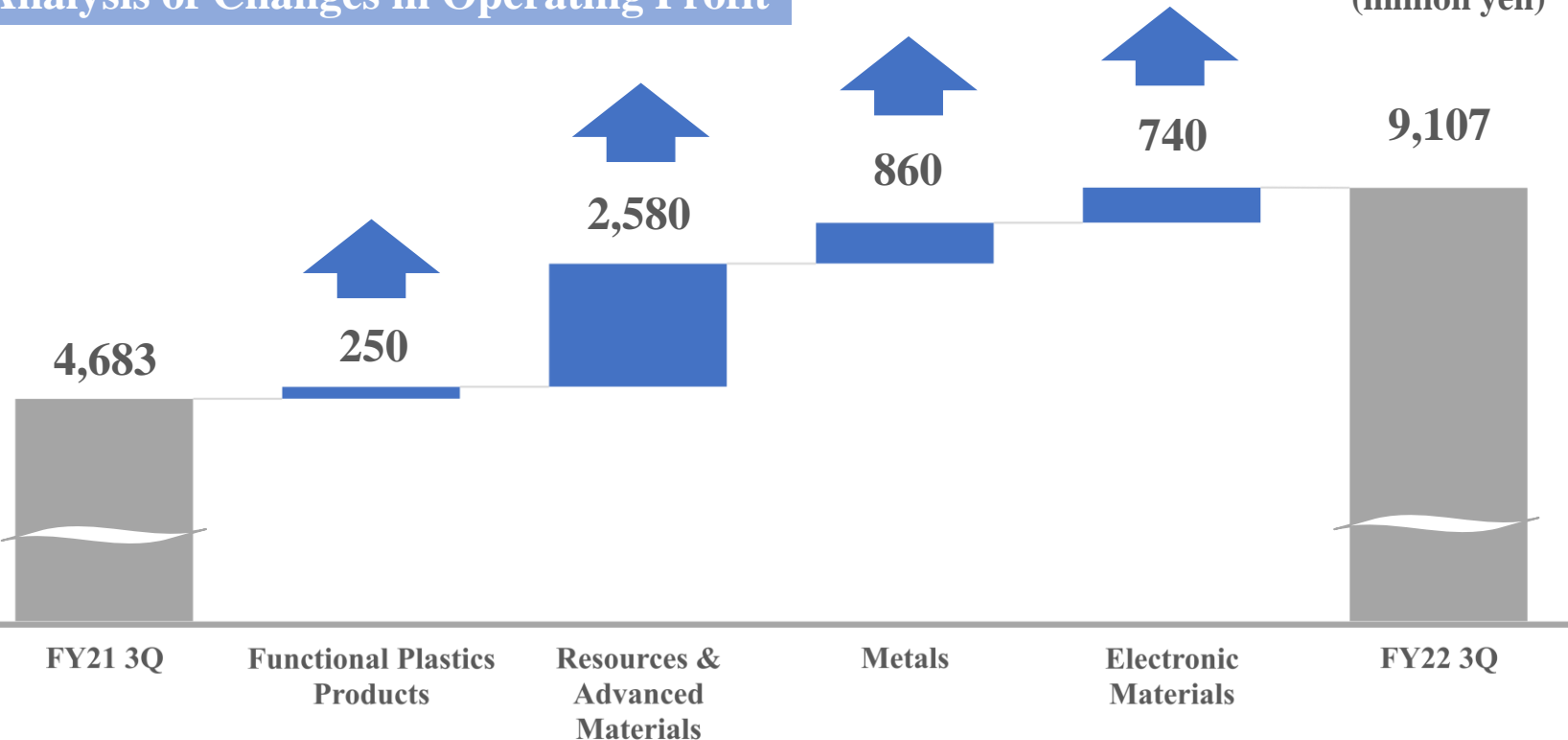
Results

(100 million yen)

	FY22 3Q results (A)	FY21 3Q results (B)	YoY (A)-(B)	YoY (A)/(B)	FY22 forecasts	Progress
Net sales	1,844	1,074	+770	+71.7%	2,290	80.6%
Operating profit	91	46	+44	+94.5%	114	79.9%

Analysis of Changes in Operating Profit

(million yen)



Main factors

(million yen)

- Functional Plastics Products +250**
 Increase in sales of eco-friendly PET resins
- Resources & Advanced Materials +2,580**
 -Securing a stable supply of mineral sands under disruption in supply chain
 -Increase in sales of biomass fuels
- Metals +860**
 -Increase in sales of stainless steel to new customers
 -Metal processed products remained steady, mainly sales for air conditioner
- Electronic Materials +740**
 Increase in sales of battery-related materials for next-generation vehicles

Operating Profit Analysis of Agri-bio & Foods

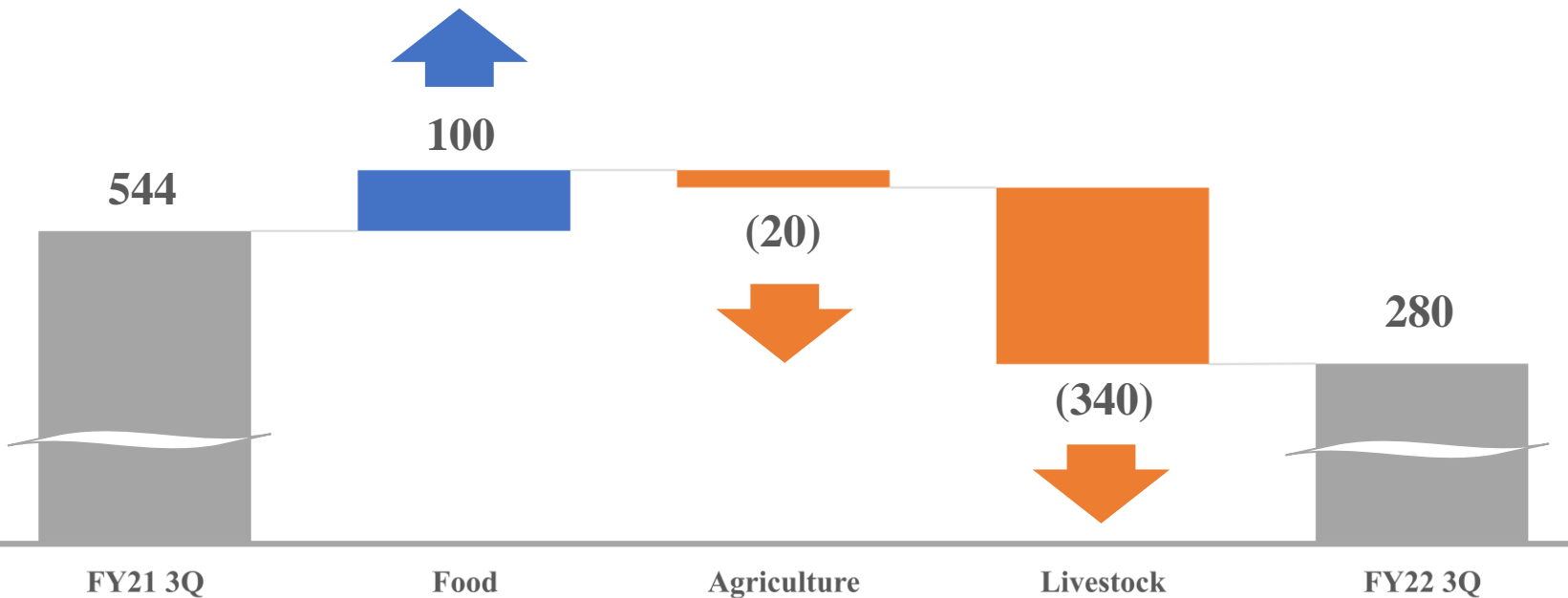
Results

(100 million yen)

	FY22 3Q results (A)	FY21 3Q results (B)	YoY (A)-(B)	YoY (A)/(B)	FY22 forecasts	Progress
Net sales	215	171	+44	+25.9%	307	70.1%
Operating profit	2	5	(2)	(48.4%)	11	25.5%

Analysis of Changes in Operating Profit

(million yen)



Main factors

(million yen)

■ Food +100

Sales of frozen foods for commercial use and products for general consumers remained on a recovery trend

■ Agriculture (20)

Sales of agricultural equipment remained sluggish

■ Livestock (340)

-Decrease in sales of breeding pigs

-Decline in profitability due to increase in feed prices

FY2022 Forecasts

Forecasts for the Year Ending March 31, 2023

	FY22 forecasts(A)	FY21 results(B)	YoY (C) (A)-(B)	YoY (C)/(B)
Net Sales	8,400	6,903	+1,496	+21.7%
■ Integrated Energy	3,478	3,271	+206	+6.3%
■ Industrial Gases & Machinery	2,282	1,843	+438	+23.8%
■ Materials	2,290	1,509	+780	+51.7%
■ Agri-bio & Foods	307	233	+73	+31.3%
■ Others	43	45	(2)	(5.2%)
Operating Profit	400	400	(0)	(0.2%)
■ Integrated Energy	167	226	(59)	(26.3%)
■ Industrial Gases & Machinery	141	124	+16	+13.1%
■ Materials	114	72	+41	+57.1%
■ Agri-bio & Foods	11	6	+4	+62.8%
■ Others, Adjustments	(33)	(29)	(3)	-
Ordinary profit	465	464	+0	+0.2%
Ordinary profit except for impact of LPG import price fluctuation	459	384	+75	+19.6%
Profit attributable to owners of parent	300	299	+0	+0.1%

Estimated rates

Change from forecasts*: No change

*Announced on Nov.9th, 2022

(Results)

Exchange rate 133.7 JPY/USD

LPG import price 733 USD/ton

*Average of March-December 2022

(Assumption for 2nd half)

Exchange rate 140 JPY/USD

CP 630 USD/ton

Dividend forecast

FY22 85 yen per share

*Announced on Nov.9th, 2022

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Iwatani

<Contact information>

IR, Corporate Planning Department, Iwatani Corporation

TEL :+81 6-7637-3470 FAX : +81 6-7637-3333 Website : <https://www.iwatani.co.jp/eng/>

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