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Consolidated Financial Results for the Nine Months Ended December 31, 2022 [Japanese GAAP]

February 08, 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.
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 Scheduled date of filing quarterly securities report: February 10, 2023
 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 Nine Months Ended December 31, 2022 (April 01, 2022 to December 31, 2022)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2022	655,788	36.8	23,781	(8.0)	29,628	(3.5)	19,266	(1.7)
December 31, 2021	479,424	22.0	25,853	76.7	30,715	66.3	19,600	61.5

(Note) Comprehensive income: Nine months ended December 31, 2022: ¥ 24,422 million [14.1%]
 Nine months ended December 31, 2021: ¥ 21,394 million [1.5%]

	Basic earnings per share	Diluted earnings per share
Nine months ended December 31, 2022	Yen 334.94	Yen -
December 31, 2021	340.78	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of December 31, 2022	Million yen 664,235	Million yen 299,602	%
March 31, 2022	558,479	280,307	48.4

(Reference) Equity: As of December 31, 2022: ¥ 288,826 million
 As of March 31, 2022: ¥ 270,128 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	-	-	-	85.00	85.00
Fiscal year ending March 31, 2023	-	-	-		
Fiscal year ending March 31, 2023 (Forecast)				85.00	85.00

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

(Note) Breakdown of the 3rd quarter dividend for the fiscal year ending March 31, 2023:

Commemorative dividend - yen

Special dividend - yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023(April 01,2022 to March 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	840,000	21.7	40,000	(0.2)	46,500	0.2	30,000	0.1	521.53

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

* Notes:

(1) Changes in significant subsidiaries during the nine months ended December 31, 2022

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

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

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

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

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

3) Changes in accounting estimates: No

4) Retrospective restatement: No

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

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

December 31, 2022: 58,561,649 shares

March 31, 2022: 58,561,649 shares

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

December 31, 2022: 1,036,728 shares

March 31, 2022: 1,045,396 shares

3) Average number of shares during the period:

Nine months ended December 31, 2022: 57,522,252 shares

Nine months ended December 31, 2021: 57,516,476 shares

*1. This document is unaudited by certified public accountants or audit firms.

*2. Earnings forecasts in this release are based on currently available information and assumptions deemed rational.

A variety of factors could cause actual results to differ materially from forecasts.

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Qualitative Information of the Quarterly Consolidated Results

(1) Operating Results

During the cumulative third quarter of the current fiscal year, the Japanese economy showed a gradual recovery as consumer spending started to improve in line with an easing of restrictions on movement by countermeasures against COVID-19 infection and capital investment remained strong. However, there are still some uncertainties about the future due to sharp exchange rate fluctuations and rising prices.

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, we have signed a basic agreement to explore a joint business in the Nagoya Port area, concerning low-carbon hydrogen production using waste plastic. We will promote resource recycling and build a supply chain that leads to the production of low-carbon hydrogen. In addition, to create demand for hydrogen, we have begun selling hydrogen co-firing burners with LPG and city gas, as well as steel plate cutting machine using hydrogen gas.

In the Integrated Energy Business, we are constructing a manufacturing plant of portable gas cooking stoves in Thailand and building a stable supply system to enhance sales in the Southeast Asian market as we expand our business overseas.

In the Industrial Gases and Machinery Business, Iwatani Group has acquired a leading manufacturer and distributor of bulk liquid industrial gases in Montana in the northwestern part of the U.S., and we enter the US industrial gases sector as well as expand our business area in the U.S.

With regards to the LPG market, LPG import price fluctuation caused a significant decline in profit, while import prices remained on a downward trend during the current quarter in comparison with the rising trend in the same quarter of the previous year.

As a result, for the cumulative third quarter of the consolidated fiscal year, net sales were 655.788 billion yen (+176.363 billion yen year-on-year), operating profit was 23.781 billion yen (-2.072 billion yen year-on-year), ordinary profit was 29.628 billion yen (-1.086 billion yen year-on-year), and profit attributable to owners of parent was 19.266 billion yen (-0.333 billion yen year-on-year).

Iwatani Group's business structure is centered on the sales of energy-related products, which tend to be significantly affected by seasonal fluctuations; LPG consumption is affected by temperatures, therefore, sales volume declines during summer and increases during winter. As a result, the Group has a structure in which profits are weighted in the second half of the year.

(2) Segment Information

Integrated Energy

In the Integrated Energy Business, sales increased due to high LPG import prices as well as expansion of LPG sales volume for residential and industrial use attributed to the effect of new consolidations. However, profits decreased due to the significant impact of LPG import price fluctuation (-9.512 billion yen year-on-year) under the downward trend in import price, despite profitability improved in LPG retail sector.

As a result, net sales in this segment were 275.629 billion yen (+59.162 billion yen year-on-year), and operating profit was 5.784 billion yen (-7.815 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, despite increase in sales volume of liquid hydrogen, operating expenses for hydrogen-refueling stations increased as increase of the stations. 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.

As a result, net sales in this segment were 170.784 billion yen (+35.811 billion yen year-on-year) and operating profit was 11.241 billion yen (+2.321 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 environmental products such as eco-friendly PET resins, biomass fuels, and battery-related materials for next-generation vehicles increased.

As a result, net sales in this segment were 184.486 billion yen (+77.020 billion yen year-on-year), and operating profit was 9.107 billion yen (+4.423 billion yen year-on-year).

Agri-bio & Foods

In the Agri-bio & Foods Business, sales of frozen foods for commercial and consumers remained on a recovery trend. On the other hand, profits decreased due to sluggish sales of agricultural equipment as well as a decrease in the number of breeding pig shipments and increase in feed prices.

As a result, net sales in this segment were 21.530 billion yen (+4.423 billion yen year-on-year), and operating profit was 0.280 billion yen (-0.263 billion yen year-on-year).

Others

Net sales were 3.357 billion yen (-0.054 billion yen year-on-year), and operating profit was 1.075 billion yen (+0.008 billion yen year-on-year).

(3) Financial Position

Total Assets

Total assets at the end of the third quarter of the current consolidated fiscal year increased by 105.755 billion yen from the end of the previous consolidated fiscal year to 664.235 billion yen. This was mainly due to increase in notes and accounts receivable-trade, and contract assets by 32.062 billion yen, property, plant and equipment by 18.722 billion yen, goodwill of new consolidation by 17.611 billion yen, and merchandise and finished goods by 15.848 billion yen, respectively.

Total Liabilities

Total liabilities at the end of the third quarter increased by 86.461 billion yen from the end of the previous fiscal year to 364.633 billion yen. This was mainly due to increase in short-term borrowings by 21.506 billion yen, bonds payable by 20 billion yen, long-term borrowings by 16.629 billion yen, and notes and accounts payable - trade by 16.331 billion yen, respectively.

Interest-bearing debt, including lease liabilities, increased by 59.282 billion yen to 170.442 billion yen at the end of the third quarter from the end of the previous fiscal year.

Total Net Assets

Total net assets at the end of the third quarter increased by 19.294 billion yen from the end of the previous fiscal year to 299.602 billion yen. This was mainly due to increases in retained earnings by 14.372 billion yen and foreign currency translation adjustment by 6.975 billion yen, respectively.

(4) Consolidated Financial Results Forecasts

Although economic trends, fluctuations in LPG import prices, and other factors may affect our business performance, we have not changed our consolidated earnings forecast announced on November 9, 2022.

Quarterly Consolidated Financial Statements and Notes**(1) Quarterly Consolidated Balance Sheets**

(Million yen)

	As of March 31,2022	As of December 31,2022
Assets		
Current assets		
Cash and deposits	29,975	31,560
Notes and accounts receivable - trade, and contract assets	131,094	163,156
Electronically recorded monetary claims - operating	20,781	24,042
Merchandise and finished goods	45,734	61,582
Work in process	4,022	8,127
Raw materials and supplies	6,381	8,616
Other	21,631	27,454
Allowance for doubtful accounts	(151)	(194)
Total current assets	259,471	324,346
Non-current assets		
Property, plant and equipment		
Land	68,115	74,167
Other, net	117,631	130,301
Total property, plant and equipment	185,747	204,469
Intangible assets		
Goodwill	12,229	29,840
Other	3,949	5,604
Total intangible assets	16,179	35,445
Investments and other assets		
Investment securities	79,791	77,720
Other	17,849	22,809
Allowance for doubtful accounts	(559)	(556)
Total investments and other assets	97,081	99,974
Total non-current assets	299,008	339,889
Total assets	558,479	664,235

(Million yen)

	As of March 31,2022	As of December 31,2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	66,480	82,812
Electronically recorded obligations - operating	30,777	39,008
Short-term borrowings	32,343	53,850
Income taxes payable	8,518	2,998
Contract liabilities	4,286	7,259
Provision for bonuses	5,389	3,169
Other	38,504	44,845
Total current liabilities	186,300	233,944
Non-current liabilities		
Bonds payable	10,000	30,000
Long-term borrowings	55,093	71,722
Provision for retirement benefits for directors (and other officers)	1,518	1,251
Retirement benefit liability	5,524	6,717
Other	19,735	20,996
Total non-current liabilities	91,872	130,689
Total liabilities	278,172	364,633
Net assets		
Shareholders' equity		
Share capital	35,096	35,096
Capital surplus	31,809	31,898
Retained earnings	176,672	191,045
Treasury shares	(1,528)	(1,523)
Total shareholders' equity	242,050	256,517
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	22,450	21,059
Deferred gains or losses on hedges	2,635	1,374
Foreign currency translation adjustment	2,478	9,453
Remeasurements of defined benefit plans	513	422
Total accumulated other comprehensive income	28,078	32,309
Non-controlling interests	10,179	10,775
Total net assets	280,307	299,602
Total liabilities and net assets	558,479	664,235

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the nine months)

(Million yen)

	For the nine months ended December 31,2021	For the nine months ended December 31,2022
Net sales	479,424	655,788
Cost of sales	341,696	505,101
Gross profit	137,727	150,687
Selling, general and administrative expenses		
Transportation costs	20,135	22,486
Provision of allowance for doubtful accounts	9	29
Salaries, allowances and bonuses	31,894	35,005
Provision for bonuses	2,404	3,026
Retirement benefit expenses	1,276	1,531
Provision for retirement benefits for directors (and other officers)	143	117
Other	56,011	64,708
Total selling, general and administrative expenses	111,874	126,906
Operating profit	25,853	23,781
Non-operating income		
Interest income	290	357
Dividend income	1,087	1,364
Foreign exchange gains	290	569
Share of profit of entities accounted for using equity method	476	876
Subsidy income	1,218	1,479
Other	2,445	2,575
Total non-operating income	5,808	7,223
Non-operating expenses		
Interest expenses	604	860
Other	341	515
Total non-operating expenses	945	1,375
Ordinary profit	30,715	29,628
Extraordinary income		
Gain on sale of non-current assets	136	262
Gain on sale of investment securities	611	172
Subsidy income	41	106
Total extraordinary income	789	541
Extraordinary losses		
Loss on sale of non-current assets	493	29
Loss on retirement of non-current assets	162	568
Impairment losses	3	73
Loss on valuation of investment securities	-	0
Loss on tax purpose reduction entry of non-current assets	41	106
Loss on sale of golf club membership	24	-
Total extraordinary losses	724	777
Profit before income taxes	30,780	29,392
Income taxes	10,506	9,260
Profit	20,274	20,132
Profit attributable to non-controlling interests	673	865
Profit attributable to owners of parent	19,600	19,266

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

(Million yen)

	For the nine months ended December 31,2021	For the nine months ended December 31,2022
Profit	20,274	20,132
Other comprehensive income		
Valuation difference on available-for-sale securities	(883)	(1,415)
Deferred gains or losses on hedges	(179)	(1,253)
Foreign currency translation adjustment	2,143	7,042
Remeasurements of defined benefit plans, net of tax	(41)	(213)
Share of other comprehensive income of entities accounted for using equity method	81	130
Total other comprehensive income	1,120	4,289
Comprehensive income	21,394	24,422
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	20,599	23,287
Comprehensive income attributable to non-controlling interests	795	1,135

(3) Explanatory Notes to Quarterly Consolidated Financial Statements

(Notes on the Assumption of a Going Concern)

None

(Notes in the Event of Significant Changes in Shareholders' Equity)

None

(Segment Information)

I. Third Quarter of FY2021 (April 1, 2021 - December 31, 2021)

a) Information on Sales, Profit or Loss and Other Items from Each Reporting Segment

(million yen)

	Reportable segment					Others *1	Total	Adjustment *2	Recorded amount on consolidated financial statements *3
	Integrated Energy	Industrial Gases & Machinery	Materials	Agri-bio & Foods	Total reporting segment				
Sales									
Sales to third parties	216,466	134,972	107,465	17,107	476,012	3,412	479,424	—	479,424
Inter-segment sales and transfers	3,612	1,959	1,174	31	6,778	16,628	23,407	(23,407)	—
Total sales	220,079	136,932	108,640	17,139	482,791	20,040	502,831	(23,407)	479,424
Segment profit or loss	13,600	8,920	4,683	544	27,748	1,067	28,815	(2,961)	25,853

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

*2. Adjustments of segment profit or loss include corporate expenses not allocated to each segment and the amount of elimination of inter-segment transactions.

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

b) Information on Impairment Loss on Fixed Assets and Goodwill by Reportable Segment

None

II. Third Quarter of FY2022 (April 1, 2022 - December 31, 2022)

a) Information on Sales, Profit or Loss and Other Items from Each Reporting Segment

(million yen)

	Reportable segment					Others *1	Total	Adjustment *2	Recorded amount on consolidated financial statements *3
	Integrated Energy	Industrial Gases & Machinery	Materials	Agri-bio & Foods	Total reporting segment				
Sales									
Sales to third parties	275,629	170,784	184,486	21,530	652,430	3,357	655,788	—	655,788
Inter-segment sales and transfers	3,988	3,740	1,645	30	9,404	17,424	26,829	(26,829)	—
Total sales	279,617	174,524	186,131	21,560	661,835	20,782	682,617	(26,829)	655,788
Segment profit or loss	5,784	11,241	9,107	280	26,414	1,075	27,490	(3,709)	23,781

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

*2. Adjustments of segment profit or loss include corporate expenses not allocated to each segment and the amount of elimination of inter-segment transactions.

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

b) Information on Impairment Loss on Fixed Assets and Goodwill by Reportable Segment

(Significant Changes in the Amount of Goodwill)

In the Industrial Gases and Machinery Business, we acquired equity shares in Aspen Air U.S., LLC and consolidated the company as a subsidiary.

The increase in goodwill due to this event amounted to 3,354 million yen in the third quarter of the current consolidated fiscal year. The amount of goodwill is the tentatively allocated amount since the allocation of acquisition cost has not been completed as of the end of the third quarter of the current consolidated fiscal year.

(Business Combination)

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 Quarterly Consolidated Statement

Since only the balance sheet is consolidated for the nine months ended December 31, 2022, the financial results of the acquired company are not included.

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

Consideration for acquisition	Cash	39 million US dollars
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Acquisition cost		39 million US dollars
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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 third quarter of the current fiscal year, and the amount of goodwill is allocated on a provisional basis.

(3) Amortization method and period

The company will be amortized on a straight-line basis over the period during which the effect is realized. The amortization period is under review.

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

(1) Consolidated Statements of Income

(Unit: 100 million yen)

	3Q FY2021 Apr-Dec 2021	3Q FY2022 Apr-Dec 2022	Change	Rate	FY2022 (Forecast)	Overview
Net sales	4,794	6,557	1,763	36.8%	8,400	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, that achieved record-high in net sales
Gross profit	1,377	1,506	129	9.4%	—	
Operating profit	258	237	(20)	(8.0%)	400	Decrease in operating profits, ordinary profits and profit attributable to owners of parent due to a significant decline in the impact of LPG import price fluctuation, despite the steady sales of mainstay products
Ordinary profit	307	296	(10)	(3.5%)	465	
Profit attributable to owners of parent	196	192	(3)	(1.7%)	300	

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

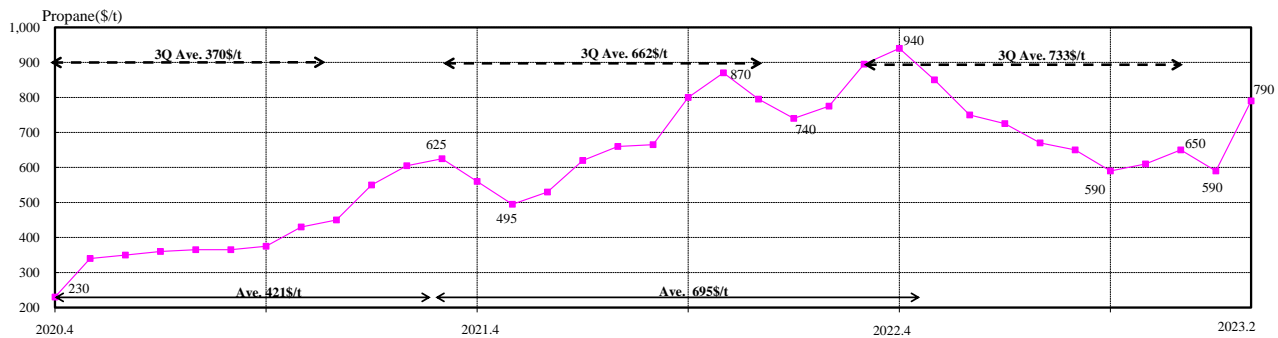
(2) Ordinary Profit Except for Impact of LPG Import Price Fluctuation

(Unit: 100 million yen)

	3Q FY2021 Apr-Dec 2021	3Q FY2022 Apr-Dec 2022	Change	Rate	FY2022 (Forecast)	Overview
Ordinary profit	307	296	(10)	(3.5%)	465	<ul style="list-style-type: none"> Impact of LPG import price fluctuation in current period was -2.3 billion yen, which decreased the profit by 9.5 billion yen year-on-year Ordinary profit except for impact of LPG import price fluctuation was 32.0 billion yen that achieved record-high
Impact of LPG import price fluctuation*	71	(23)	(95)	—	5	
Ordinary profit except for impact of LPG import price fluctuation	236	320	84	35.7%	459	

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

(3) LPG Import Price (CP)



(4) Segment Information

(Unit: 100 million yen)

		3Q FY2021 Apr-Dec 2021	3Q FY2022 Apr-Dec 2022	Change	Rate	Overview
Integrated Energy	Net sales (Sales to outside customers)	2,164	2,756	591	27.3%	<ul style="list-style-type: none"> Increase in net sales due to high LPG import prices and the effect of new consolidation Improved profitability in retail sector Negative impact of LPG import price fluctuation
	Operating profit	136	57	(78)	(57.5%)	
Industrial Gases & Machinery	Net sales (Sales to outside customers)	1,349	1,707	358	26.5%	<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, while increase in operating expenses of hydrogen-refueling stations Steady sales as for semiconductor gas, and focusing on a stable supply of helium
	Operating profit	89	112	23	26.0%	
Materials	Net sales (Sales to outside customers)	1,074	1,844	770	71.7%	<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 steels and steady sales of processed metal products Increase in sales of environmental products such as eco-friendly PET resins, biomass fuels and battery-related materials for next-generation vehicles
	Operating profit	46	91	44	94.5%	
Agri-bio & Foods	Net sales (Sales to outside customers)	171	215	44	25.9%	<ul style="list-style-type: none"> Sales of frozen foods for commercial and consumers remained on a recovery trend Sales of agricultural equipment remained sluggish Decrease in sales of breeding pigs and increase in feed prices
	Operating profit	5	2	(2)	(48.4%)	
Others, Adjustments	Net sales (Sales to outside customers)	34	33	(0)	(1.6%)	
	Operating profit	(18)	(26)	(7)	—	

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

	Sales volume (thousand tons)				Net sales (100 million yen)			
	3Q FY2021 Apr-Dec 2021	3Q FY2022 Apr-Dec 2022	Change	Rate	3Q FY2021 Apr-Dec 2021	3Q FY2022 Apr-Dec 2022	Change	Rate
Domestic residential use	719	844	124	17.3%	999	1,364	365	36.6%
Domestic industrial use	271	296	24	9.2%	269	361	92	34.2%
LPG sub total (except for overseas)	990	1,140	149	15.1%	1,268	1,726	457	36.1%
LPG total	1,004	1,151	147	14.7%	1,281	1,741	460	35.9%
Various Industrial gases	—	—	—	—	789	975	186	23.6%

(6) Financial Position

(Unit: 100 million yen)

	FY2021 end	3Q FY2022 end	Change
Total assets	5,584	6,642	1,057
Equity capital	2,701	2,888	186
Interest-bearing debt, gross	1,111	1,704	592
Interest-bearing debt, net	811	1,388	576
Equity capital ratio	48.4%	43.5%	(4.9pt)
Ratio of interest-bearing debt to total assets	19.9%	25.6%	5.7pt
Debt-to-equity ratio, gross	0.41	0.59	0.18pt
Debt-to-equity ratio, net	0.30	0.48	0.18pt

(7) Capital Expenditure

(Unit: 100 million yen)

	3Q FY2022 Apr-Dec 2022	FY2022 (Forecast)
Integrated Energy	150	207
Industrial Gases & Machinery	318	338
Materials	31	124
Agri-bio & Foods	7	27
Others, Adjustments	26	74
Capital expenditure	535	770
Depreciation expense	192	257

* Figures for capital expenditure totalize fixed assets, intangible assets (goodwill included), and investments in securities. (21 billion yen was invested in Property, plant and equipment in the current period.)

(8) Key Business Indicators for PLAN23

		3Q FY2021 Apr-Dec 2021	3Q FY2022 Apr-Dec 2022	PLAN23
Integrated Energy	LPG direct sales customers (10 thousand households)	102	110	110
	Portable gas cooking stove sales volume (thousand units)	3,248	3,194	6,500
	Cassette gas canister sales volume (million units)	110	117	180
Industrial Gases & Machinery	Air Deccaration gas sales volume (100 million m ³)	12.5	12.0	17.0
	LH2 sales volume (million m ³)	53	57	90

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

(Unit: 100 million yen)

Category of PLAN23	3Q FY2022 Apr-Dec 2022	FY2022 (Forecast)
Promotion of hydrogen energy society	206	224
Growth investment	291	458
Maintenance/repairs, etc.	37	88
Capital expenditure	535	770

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

(Unit: 100 million yen)

	3Q FY2021 Apr-Dec 2021	3Q FY2022 Apr-Dec 2022	Change	Rate
Net sales	3,200	4,218	1,017	31.8%
Operating profit	155	70	(85)	(54.7%)
Ordinary profit	254	174	(80)	(31.5%)
Profit	194	132	(62)	(32.2%)

Financial Position

(Unit: 100 million yen)

	FY2021 end	3Q FY2022 end	Change
Total assets	3,867	4,384	516
Equity capital	1,917	1,973	56
Equity capital ratio	49.6%	45.0%	(4.6pt)