

Note: This document is a translation of a part of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.

Consolidated Financial Results for the Year Ended March 31, 2024 [Japanese GAAP]

May 13, 2024

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 19, 2024
 Scheduled date of commencing dividend payments: June 20, 2024
 Scheduled date of filing annual securities report: June 20, 2024
 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, 2024 (April 01, 2023 to March 31, 2024)

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

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2024	847,888	(6.4)	50,635	26.5	66,202	40.8	47,363	47.9
March 31, 2023	906,261	31.3	40,035	(0.1)	47,011	1.3	32,022	6.9

(Note) Comprehensive income: Fiscal year ended March 31, 2024: ¥ 66,961million[76.2%]
 Fiscal year ended March 31, 2023: ¥ 38,002million[20.7%]

Fiscal year ended	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
	Yen	Yen	%	%	%
March 31, 2024	823.31	-	14.3	8.9	6.0
March 31, 2023	556.69	-	11.2	7.7	4.4

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2024: ¥ 10,105million
 Fiscal year ended March 31, 2023: ¥ 927million

(2) Consolidated Financial Position

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2024	834,391	372,930	43.4	6,298.26
March 31, 2023	656,003	312,230	46.0	5,249.53

(Reference) Equity: As of March 31, 2024: ¥ 362,328million
 As of March 31, 2023: ¥ 301,976million

(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, 2024	54,854	(161,266)	105,433	33,614
March 31, 2023	51,471	(60,286)	11,032	33,256

2. Dividends

Fiscal year ended	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2023	-	-	-	95.00	95.00	5,470	17.1	1.9
March 31, 2024	-	-	-	130.00	130.00	7,485	15.8	2.3
Fiscal year ending March 31, 2025 (Forecast)	-	-	-	130.00	130.00		13.8	

(Note) 1. The year-end dividend per share for the fiscal year ended March 31, 2024, has been changed from 95 yen to 130 yen. For details, please see the “Notice Concerning Dividends from Surplus (Dividend Increase)” released today (May 13, 2024).

2. One of the company’s dividend policies is to distribute 20% of profit of Cosmo Energy HD, excluding the impact of inventory valuation factors and multiplied by the shareholding ratio. Dividends under this policy are not included in annual dividends for the fiscal year ending March 31, 2025(Forecast).

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 01, 2024 to March 31, 2025)

(% indicates changes from the previous corresponding period.)

Full year	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
	902,000	6.4	52,700	4.1	72,800	10.0	54,000	14.0	938.67

* 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, 2024: 58,561,649 shares

March 31, 2023: 58,561,649 shares

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

March 31, 2024: 1,033,325 shares

March 31, 2023: 1,037,177 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2024: 57,528,541 shares

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

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 01, 2023 to March 31, 2024)

(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, 2024	519,195	(11.6)	18,409	54.0	36,039	37.0	29,042	42.4
March 31, 2023	587,069	26.7	11,955	(41.3)	26,305	(20.2)	20,399	(19.1)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2024	504.35	-
March 31, 2023	354.29	-

(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, 2024	602,291	244,937	40.7	4,253.55
March 31, 2023	440,393	208,223	47.3	3,616.28

(Reference) Equity: As of March 31, 2024: ¥ 244,937million
As of March 31, 2023: ¥ 208,223million

*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.

Contents

Overview of Operating Results, Etc.	2
(1) Overview of Operating Results for the Fiscal Year under Review	2
(2) Segment Information	3
(3) Overview of Financial Position for the Fiscal Year under Review	4
(4) Overview of Cash Flows for the Fiscal Year under Review	4
(5) Important Business Contracts, etc.....	5
(6) Future Outlook	7
(7) Basic Policy on Earnings Distribution and Dividend for FY2023 and FY2024	8
 Basic Policy on Selection of Accounting Standards	 9
 Consolidated Financial Statements and Notes	 10
(1) Consolidated Balance Sheets	10
(2) Consolidated Statements of Income and Comprehensive Income	12
(3) Consolidated Statements of Changes in Net Assets	15
(4) Consolidated Statements of Cash Flows	17
(5) Explanatory Notes to Consolidated Financial Statements	19
(Notes on the Assumption of a Going Concern)	19
(Segment Information)	19
(Business Combination)	22
(Per Share Information)	22
(Significant Subsequent Events)	23
 Additional Information	 25
Results for FY2023 and Forecasts for FY2024	25
(1) Consolidated Statements of Income	25
(2) Operating Profit Except for Impact of LPG Import Price Fluctuation	25
(3) LPG Import Price (CP)	25
(4) Segment Information	25
(5) LPG and Industrial Gases Net Sales -Sales Volume	25
(6) PLAN27 Management Targets.....	26
(7) Financial Position	26
(8) Capital Expenditure	26
(9) Cash Flows	26
(10) Forecast for FY2024	26
(11) Forecast for FY2024 by Segment	26
(12) Dividend Policy	26

Overview of Operating Results, Etc.

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

During the fiscal year ended March 31, 2024 (hereinafter referred to as the “fiscal year under review”), the Japanese economy showed a gradual recovery as corporate profits improved and capital investment remained solid due to the normalization of socioeconomic activities following the COVID-19 pandemic, despite global monetary tightening and downside risks to the overseas economy.

Under these circumstances, Iwatani(hereinafter referred to as the “Company”) expanded its business to achieve its basic policies of “Solutions to social issues” and “Sustained growth” in accordance with its five-year medium-term management plan, “PLAN27,” which started in the fiscal year ended March 31, 2024.

In order to realize a hydrogen energy society, a demonstration project in Minamisoma City, Fukushima Prefecture to supply mixed hydrogen and LPG to residential homes using existing pipelines has been selected for a grant project by the New Energy and Industrial Technology Development Organization (NEDO). Furthermore, in order to decarbonize port terminals, by supplying hydrogen fuel, we participate in a demonstration project to power cargo-handling machines used at the Hanshin Port Container Terminals with power generators with hydrogen-fueled engines.

In the Integrated Energy Business, we continued to work to increase the number of LPG direct sales customers and streamline deliveries through the integration and consolidation of delivery facilities. In the cartridge gas business, we launched a top-end model of our portable gas cooking stove to tap into a new customer segment.

In the Industrial Gases & Machinery Business, as demand for refrigerants grew in Southeast Asia, we reinforced our filling plants in Thailand and Indonesia and launched a recovery and recycling business in an effort to increase the scale of our business.

In the Materials Business, as we purchased 100% shares of Taihei Kozai Co., Ltd. and Taihei Kinzoku Co., Ltd., which process and sell stainless steel primarily in Hyogo Prefecture, we reinforced not only our procurement and sale of stainless steel in Japan, but also our processing business, in an attempt to enhance our proposal capabilities to our customers.

As a result, for the fiscal year under review, net sales were 847.888 billion yen (-58.372 billion yen year-on-year), operating profit was 50.635 billion yen (+10.600 billion yen year-on-year), ordinary profit was 66.202 billion yen (+19.190 billion yen year-on-year), and profit attributable to owners of parent was 47.363 billion yen (+15.341 billion yen year-on-year).

(2) Segment Information

Effective from the fiscal year under review, the business segmentation changed in accordance with changes in the organization of the Company, and comparisons and analyses for the fiscal year under review are based on the new segmentation.

Integrated Energy

In the Integrated Energy Business, LPG import prices were below those in the previous fiscal year, sales prices declined, and LPG sales decreased, mainly those targeting large customers, resulting in a decrease in revenue. On the other hand, profits increased due to an improvement in the profitability of the LPG retail sector, the positive impact of LPG price fluctuation (+3.894 billion yen year-on-year), and solid sales of cassette gas and gas safety equipment.

As a result, net sales in this segment were 357.133 billion yen (-36.085 billion yen year-on-year), and operating profit was 20.173 billion yen (+5.871 billion yen year-on-year).

Industrial Gases & Machinery

In the Industrial Gases & Machinery Business, sales volumes of air-separation gas and hydrogen gas decreased mainly for the semiconductor and electronic components industries, but profitability improved due to efforts to reduce production costs. As for specialty gases, we strove to maintain a steady supply of helium and carbon dioxide. Sales of machinery and equipment remained strong, especially those of power semiconductor equipment and gas supply facilities.

As a result, net sales in this segment were 262.169 billion yen (+21.766 billion yen year-on-year) and operating profit was 21.705 billion yen (+5.144 billion yen year-on-year).

Materials

In the Materials Business, sales of PET resin for beverage bottles and biomass fuels as well as functional films for smartphones remained strong. In addition, sales of stainless steel remained solid. As for mineral sands, while production and sales at our overseas mining sites remained robust, sales in Japan decreased due to a decline in demand. Sales of rechargeable battery materials for next-generation automobiles remained sluggish due in part to the weakening market trends and inventory adjustments at sales destinations.

As a result, net sales in this segment were 198.243 billion yen (-44.186 billion yen year-on-year), and operating profit was 12.305 billion yen (-0.298 billion yen year-on-year).

Others

Net sales were 30.341 billion yen (+0.132 billion yen year-on-year), and operating profit was 2.776 billion yen (+0.781 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 178.387 billion yen from the end of the previous fiscal year to 834.391 billion yen. This was mainly due to increases of 139.737 billion yen in investment securities, which resulted in part from the additional purchase of shares of Cosmo Energy Holdings Co., Ltd., and 17.969 billion yen in property, plant and equipment, which resulted from expansion of capital investment, respectively.

Total Liabilities

Total liabilities at the end of the fiscal year under review increased by 117.687 billion yen from the end of the previous fiscal year to 461.461 billion yen. This was mainly due to increases of 103.414 billion yen in short-term borrowings, which resulted in part from the additional purchase of shares of Cosmo Energy Holdings Co., Ltd. and 10.000 billion yen in bonds payable, which resulted from the issuance of sustainability bonds. Interest-bearing debt, including lease liabilities, etc., at the end of the fiscal year under review increased by 115.067 billion yen to 254.521 billion yen 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 60.699 billion yen from the end of the previous fiscal year to 372.930 billion yen. This was mainly due to increases of 41.893 billion yen in retained earnings, 13.227 billion yen in valuation difference on available-for-sale securities, and 2.437 billion yen in foreign currency translation adjustment, 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 0.358 billion yen from the end of the previous fiscal year to 33.614 billion yen.

(Operating Activities)

Net cash provided by operating activities in the fiscal year under review increased in revenue by 3.383 billion yen from the previous fiscal year to 54.854 billion yen. This was mainly due to an increase in cash resulting from profit before income taxes of 67.210 billion yen and depreciation of 26.032 billion yen and a decrease in cash resulting from income taxes paid of 14.745 billion yen, a decrease in trade payables of 13.755 billion yen, and share of profit of entities accounted for using equity method of 10.105 billion yen.

(Investing Activities)

Net cash used in investing activities in the fiscal year under review increased in expenditure by 100.980 billion yen from the previous fiscal year to 161.266 billion yen. This was mainly due to a decrease in cash resulting from purchase of investment securities of 112.288 billion yen and purchase of property, plant and equipment of 34.453 billion yen.

(Financing Activities)

Net cash provided by financing activities in the fiscal year under review increased in revenue by 94.400 billion yen from the previous fiscal year to 105.433 billion yen. This was mainly due to an increase in cash resulting from a net increase in borrowings of 103.533 billion yen and proceeds from issuance of bonds of 10.000 billion yen and a decrease in cash resulting from dividends paid of 5.458 billion yen.

(Reference) Trends in cash flow indicators

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Capital adequacy ratio	38.8%	47.7%	48.4%	46.0%	43.4%
Capital adequacy ratio based on fair value	37.8%	76.7%	53.2%	50.8%	58.9%
Interest-bearing debt to cash flow ratio	3.1 years	2.0 years	8.5 years	2.7 years	4.6years
Interest coverage ratio	53.4 times	54.0 times	16.3 times	47.4 times	31.6times

Capital adequacy ratio: Equity / Total assets

Capital adequacy ratio based on fair value: Market capitalization / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Cash flows from operating activities

Interest coverage ratio: Cash flows from operating activities / 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 × 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) Important Business Contracts, etc.

(Purchase of additional shares of Cosmo Energy Holdings Co., Ltd. and borrowing of funds)

At the Board of Directors meeting held on December 1, 2023, the Company resolved to purchase additional shares of Cosmo Energy Holdings Co., Ltd. (hereinafter referred to as “Cosmo Energy HD”) from City Index Eleventh Co., Ltd., Minami Aoyama Fudosan Co., Ltd., and Ms. Aya Nomura and to borrow funds for the purpose of the share purchase, and concluded a share purchase agreement and an overdraft agreement on the same date.

Subsequently, the Company received a notice from the Japan Fair Trade Commission that, following their examination, they would not issue a cease and desist order. The Company then purchased additional 250,000 shares of Cosmo Energy HD from City Index Eleventh Co., Ltd. on March 27, 2024.

As a result, the ratio of the voting rights held by the Company^{*1} became 20.07%, and in the fiscal year under review, Cosmo Energy HD was an affiliate of the Company and included in the scope of entities accounted for using the equity method.

(Notes) *1. The ratio (rounded to two decimal places) of the number of voting rights held by the Company to the number of voting rights held by all shareholders of Cosmo Energy HD as of December 31, 2023 (882,208), as stated in the “Quarterly Securities Report (Third Quarter of Fiscal Year Ending March 31, 2024)” published by Cosmo Energy HD on February 8, 2024.

1. Purchase of additional shares of Cosmo Energy HD

(1) Names of parties from whom shares are purchased

- City Index Eleventh Co., Ltd.
- Minami Aoyama Fudosan Co., Ltd.
- Ms. Aya Nomura

(2) Overview of Cosmo Energy HD

1. Name	Cosmo Energy Holdings Co., Ltd.
2. Address	1-1-1 Shibaura, Minato-ku, Tokyo
3. Business description	Management of subsidiaries involved in oil ranging from upstream to downstream and other businesses
4. Capital	46,435 million yen

(3) Number of shares purchased, purchase cost, and number of shares held before and after purchase

1. Number of shares held jointly before purchase ^{*2}	59,375 shares (shareholding ratio ^{*3} : 0.07%)
2. Number of shares purchased	17,650,525 shares (17,400,525 shares in December 2023 and 250,000 shares in March 2024)
3. Purchase cost	106.8 billion yen (105.3 billion yen in December 2023 and 1.5 billion yen in March 2024)
4. Number of shares held jointly after purchase ^{*2}	17,709,900 shares (shareholding ratio ^{*4} : 20.22%)

(Notes) ^{*2}. The Company owned 59,000 shares and Kanto Propan Gas Co., Ltd. (currently, Iwatani Kanto Co., Ltd.), a consolidated subsidiary of the Company, owned 375 shares, and the number of shares held by the Company increased after the purchase.

^{*3}. The ratio (rounded to two decimal places) of the number of shares held jointly before purchase to the number of shares (87,587,714 shares), which is obtained by deducting the number of treasury shares owned by Cosmo Energy HD (766,047 shares) as of September 30, 2023, as stated in the “Summary of Consolidated Financial Results (Japanese GAAP) for the Second Quarter of Fiscal Year Ending March 31, 2024” published by Cosmo Energy HD on November 8, 2023, from the total number of shares issued by Cosmo Energy HD (88,353,761 shares) as of September 30, 2023, as stated in the “Quarterly Securities Report (Second Quarter of Fiscal Year Ending March 31, 2024)” published by Cosmo Energy HD on November 8, 2023.

^{*4}. The ratio (rounded to two decimal places) of the number of shares held jointly after purchase to the number of shares (87,587,589 shares), which is obtained by deducting the number of treasury shares owned by Cosmo Energy HD (766,172 shares) as of December 31, 2023, as stated in the “Summary of Consolidated Financial Results (Japanese GAAP) for the Third Quarter of Fiscal Year Ending March 31, 2024” published by Cosmo Energy HD on February 8, 2024, from the total number of shares issued by Cosmo Energy HD (88,353,761 shares) as of December 31, 2023, as stated in the Quarterly Securities Report (Third Quarter of Fiscal Year Ending March 31, 2024) published by Cosmo Energy HD on February 8, 2024.

(4) Impact of accounting for Cosmo Energy HD using the equity method on financial results of the Company

The deemed purchase date of the shares of Cosmo Energy HD is the end of the fiscal year under review. As the allocation of purchase cost has not been finalized, the purchase was provisionally accounted for and gain on bargain purchase measured 9.378 billion yen. The figure has been included in the share of profit of entities accounted for using equity method.

Financial results of Cosmo Energy HD will be reflected in financial results of the Company in accordance with the Company’s shareholding ratio from the three months ending June 30, 2024.

2. Borrowing of funds

1. Reasons for borrowing funds	For the share purchase
2. Lender	MUFG Bank, Ltd.
3. Borrowing amount	105.3 billion yen
4. Contract date	December 1, 2023
5. Drawdown date	December 1, 2023
6. Repayment date	Within one year from the contract date
7. Borrowing interest rate	Tibor + 0.2%
8. Repayment method	Lump-sum repayment
9. Security	None

(Capital and Business Alliance with Cosmo Energy HD)

At the Board of Directors meeting held on April 23, 2024, the Company resolved to conclude a capital and business alliance agreement with Cosmo Energy HD.

Details are as stated in “3. Consolidated Financial Statements and Notes, (5) Explanatory Notes to Consolidated Financial Statements, (Significant Subsequent Events).”

(6) Future Outlook

As for the future outlook, though there are uncertainties about the future of the monetary policies of Japan and the U.S. and the overseas economy, primarily that of China, the Japanese economy is likely to continue to recover gradually as personal consumption is expected to recover due to the improvement in the employment and income environment and investment in decarbonization, labor-saving, and digitalization are anticipated.

In the Integrated Energy Business, we will continue to work to increase the LPG sales volume by increasing the number of LPG direct sales customers through M&A and other measures and reinforcing sales of energy-related equipment. In order to facilitate the transition to low-carbon energy, we will encourage fuel conversion, strengthen sales of carbon offset LPG, and promote the development of green LPG. Furthermore, we will work to optimize logistics in an effort to strengthen our business infrastructure and reduce costs. In the cartridge gas business, we will strive to expand our international business primarily in Southeast Asia.

In the Industrial Gases & Machinery Business, we will strengthen measures to cope with the rising procurement and logistics cost of air-separation gases and specialty gases and focus our efforts on expanding sales to the semiconductor and electronic components industries, whose markets are expected to grow. Additionally, in relation to decarbonization, we will reinforce our sales of equipment for hydrogen, ammonia, and other gases. 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, we will work to secure profit by increasing the sales volume of eco-friendly PET resins, biomass fuels, and rechargeable battery materials. In addition, we will continue to strive to strengthen our international business, including the mineral sands business and 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 902.0 billion yen (up 6.4% year-on-year), operating profit of 52.7 billion yen (up 4.1% year-on-year), ordinary profit of 72.8 billion yen (up 10.0% year-on-year), and profit attributable to owners of parent of 54.0 billion yen (up 14.0% year-on-year).

(7) Basic Policy on Earnings Distribution and Dividend for FY2023 and FY2024

Iwatani's basic policy on earnings distribution calls for meeting shareholders expectations by maximizing corporate value in various ways, including investing to support growth strategies while returning earnings to shareholders through stable and uninterrupted dividend payments. The Medium-Term Management Plan "PLAN27" aims to increase dividends steadily in line with profit growth, targets a payout ratio of 20% or higher in FY2027, which is the final fiscal year of the Plan, based on profit^{*1} excluding impact of LPG import price fluctuation, and strives for progressive dividend payout without any dividend rollbacks.

In addition, as disclosed in the Notice of Purchase of Additional Shares of Cosmo Energy Holdings Co., Ltd. (to Make It an Affiliate Accounted for Using the Equity Method) dated March 28, 2024, Cosmo Energy Holdings Co., Ltd. (hereinafter referred to as "Cosmo Energy HD") was included in the scope of entities accounted for using the equity method in the fiscal year under review.

Accordingly, the dividend will be paid out in two categories as follows:

<Dividend Policy>

- (i) Dividend on profit^{*1} excluding the impact of accounting for Cosmo Energy HD using the equity method
- (ii) Dividend on the impact of accounting for Cosmo Energy HD using the equity method.

Dividend Policy (i) is the same as the target outlined in the "PLAN27". Dividend Policy (ii) is to distribute 20% of profit^{*1} of Cosmo Energy HD, excluding the impact of inventory valuation factors and multiplied by the shareholding ratio^{*2}.

(Note) *1. Profit attributable to owners of parent.

*2. The ratio used to calculate share of profit or loss of entities accounted for using equity method.

Based on the policy presented above, the Company plans to pay out dividends for the fiscal year under review and the next fiscal year as follows:

		FY2023	FY2024 (Forecast)
Dividend per share		130 yen	130 yen
Breakdown	(i) Dividend on profit excluding the impact of accounting for Cosmo Energy HD using the equity method	130 yen	130 yen
	(ii) Dividend on the impact of accounting for Cosmo Energy HD using the equity method	-	undecided

* The impact of accounting for Cosmo Energy HD using the equity method for the fiscal year under review (FY2023) is an impact that is derived from the amount equivalent to gain on bargain purchase and does not fall into (ii) above.

* The dividends for FY2023 and FY2024(Forecast) will both be a year-end dividend.

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, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	33,730	33,937
Notes and accounts receivable - trade, and contract assets	150,389	145,981
Electronically recorded monetary claims - operating	23,903	26,852
Merchandise and finished goods	55,751	58,510
Work in process	6,106	5,204
Raw materials and supplies	7,753	10,749
Other	25,732	28,515
Allowance for doubtful accounts	(177)	(177)
Total current assets	303,189	309,573
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	45,634	46,620
Storage tanks and cylinders, net	9,111	10,444
Machinery, equipment and vehicles, net	43,825	50,174
Tools, furniture and fixtures, net	18,590	19,273
Land	73,910	73,937
Leased assets, net	2,427	2,158
Construction in progress	13,941	22,802
Total property, plant and equipment	207,442	225,412
Intangible assets		
Goodwill	23,958	19,569
Other	12,909	16,932
Total intangible assets	36,868	36,502
Investments and other assets		
Investment securities	85,689	225,427
Long-term loans receivable	518	474
Retirement benefit asset	3,641	5,624
Deferred tax assets	3,625	3,666
Other	15,539	28,252
Allowance for doubtful accounts	(512)	(541)
Total investments and other assets	108,502	262,903
Total non-current assets	352,814	524,817
Total assets	656,003	834,391

(Million yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	73,071	66,067
Electronically recorded obligations - operating	40,801	34,935
Short-term borrowings	25,747	129,161
Current portion of long-term borrowings	12,144	12,734
Lease liabilities	863	881
Income taxes payable	8,362	12,542
Contract liabilities	10,500	7,201
Provision for bonuses	6,434	6,765
Provision for loss on liquidation of subsidiaries and associates	-	68
Other	34,542	42,154
Total current liabilities	212,469	312,513
Non-current liabilities		
Bonds payable	30,000	40,000
Long-term borrowings	68,457	70,100
Lease liabilities	1,984	1,389
Deferred tax liabilities	14,904	21,836
Provision for retirement benefits for directors (and other officers)	1,280	1,385
Retirement benefit liability	6,892	5,884
Other	7,784	8,351
Total non-current liabilities	131,303	148,947
Total liabilities	343,773	461,461
Net assets		
Shareholders' equity		
Share capital	35,096	35,096
Capital surplus	31,904	32,043
Retained earnings	203,801	245,694
Treasury shares	(1,530)	(1,546)
Total shareholders' equity	269,271	311,288
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	24,148	37,375
Deferred gains or losses on hedges	2,730	4,317
Foreign currency translation adjustment	5,764	8,201
Remeasurements of defined benefit plans	61	1,145
Total accumulated other comprehensive income	32,704	51,039
Non-controlling interests	10,254	10,601
Total net assets	312,230	372,930
Total liabilities and net assets	656,003	834,391

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net sales	906,261	847,888
Cost of sales	693,335	618,413
Gross profit	212,925	229,475
Selling, general and administrative expenses		
Transportation costs	30,993	30,894
Provision of allowance for doubtful accounts	31	69
Salaries, allowances and bonuses	45,407	46,887
Provision for bonuses	5,476	6,175
Retirement benefit expenses	2,136	1,845
Provision for retirement benefits for directors (and other officers)	163	172
Depreciation	15,855	17,031
Rent expenses	11,052	11,293
Commission expenses	13,486	13,463
Amortization of goodwill	3,339	3,279
Other	44,946	47,726
Total selling, general and administrative expenses	172,890	178,839
Operating profit	40,035	50,635
Non-operating income		
Interest income	436	409
Dividend income	1,364	1,539
Foreign exchange gains	493	658
Share of profit of entities accounted for using equity method	927	10,105
Subsidy income	1,949	1,966
Outsourcing service income	869	824
Other	2,881	2,833
Total non-operating income	8,921	18,336
Non-operating expenses		
Interest expenses	1,191	1,843
Other	753	926
Total non-operating expenses	1,945	2,769
Ordinary profit	47,011	66,202

(Million yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Extraordinary income		
Gain on sale of non-current assets	299	1,256
Gain on receipt of donated non-current assets	-	49
Gain on sale of investment securities	597	1,617
Gain on bargain purchase	465	-
Subsidy income	720	111
Gain on revision of retirement benefit plan	-	128
Total extraordinary income	2,082	3,162
Extraordinary losses		
Loss on sale of non-current assets	63	361
Loss on retirement of non-current assets	661	442
Impairment losses	89	1,028
Loss on sale of investment securities	68	5
Loss on valuation of investment securities	169	95
Loss on liquidation of subsidiaries and associates	6	68
Loss on tax purpose reduction entry of non-current assets	713	153
Total extraordinary losses	1,772	2,154
Profit before income taxes	47,322	67,210
Income taxes - current	14,479	18,764
Income taxes - deferred	(376)	92
Total income taxes	14,103	18,856
Profit	33,218	48,353
Profit attributable to non-controlling interests	1,196	990
Profit attributable to owners of parent	32,022	47,363

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Profit	33,218	48,353
Other comprehensive income		
Valuation difference on available-for-sale securities	1,722	13,039
Deferred gains or losses on hedges	102	1,583
Foreign currency translation adjustment	3,325	2,434
Remeasurements of defined benefit plans, net of tax	(439)	1,049
Share of other comprehensive income of entities accounted for using equity method	71	501
Total other comprehensive income	4,783	18,607
Comprehensive income	38,002	66,961
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	36,648	65,698
Comprehensive income attributable to non-controlling interests	1,354	1,263

(3) Consolidated Statements of Changes in Net Assets

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

For the fiscal year ended March 31, 2024

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	35,096	31,904	203,801	(1,530)	269,271
Changes during period					
Dividends of surplus			(5,470)		(5,470)
Profit attributable to owners of parent			47,363		47,363
Purchase of treasury shares				(25)	(25)
Disposal of treasury shares		45		9	55
Purchase of shares of consolidated subsidiaries		93			93
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	-	139	41,893	(15)	42,016
Balance at end of period	35,096	32,043	245,694	(1,546)	311,288

	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	24,148	2,730	5,764	61	32,704	10,254	312,230
Changes during period							
Dividends of surplus							(5,470)
Profit attributable to owners of parent							47,363
Purchase of treasury shares							(25)
Disposal of treasury shares							55
Purchase of shares of consolidated subsidiaries							93
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	13,227	1,587	2,437	1,083	18,334	347	18,682
Total changes during period	13,227	1,587	2,437	1,083	18,334	347	60,699
Balance at end of period	37,375	4,317	8,201	1,145	51,039	10,601	372,930

(4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	47,322	67,210
Depreciation	24,215	26,032
Impairment losses	89	1,028
Loss on tax purpose reduction entry of non-current assets	713	153
Amortization of goodwill	3,342	3,285
Gain on receipt of donated non-current assets	-	(49)
Gain on bargain purchase	(465)	-
Increase (decrease) in allowance for doubtful accounts	(48)	26
Increase (decrease) in provision for bonuses	174	330
Increase (decrease) in retirement benefit liability	284	(1,016)
Decrease (increase) in retirement benefit asset	154	(1,983)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(249)	104
Interest and dividend income	(1,800)	(1,948)
Interest expenses	1,191	1,843
Foreign exchange losses (gains)	(5)	(243)
Share of loss (profit) of entities accounted for using equity method	(927)	(10,105)
Loss (gain) on sale and retirement of non-current assets	426	(452)
Loss (gain) on sale of investment securities	(528)	(1,612)
Loss (gain) on valuation of investment securities	169	95
Loss (gain) on liquidation of subsidiaries and associates	6	-
Loss on liquidation of subsidiaries and associates	-	68
Decrease (increase) in trade receivables and contract assets	(9,843)	2,425
Decrease (increase) in inventories	(9,794)	(3,935)
Increase (decrease) in trade payables	7,198	(13,755)
Decrease (increase) in advance payments to suppliers	(2,390)	2,224
Increase (decrease) in contract liabilities	5,790	(3,352)
Other, net	1,063	2,564
Subtotal	66,087	68,939
Interest and dividends received	1,852	2,155
Dividends received from entities accounted for using equity method	204	242
Interest paid	(1,085)	(1,736)
Income taxes refund (paid)	(15,586)	(14,745)
Net cash provided by (used in) operating activities	51,471	54,854

(Million yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from investing activities		
Purchase of property, plant and equipment	(28,511)	(34,453)
Proceeds from sale of property, plant and equipment	987	2,645
Purchase of intangible assets	(2,401)	(6,487)
Proceeds from sale of intangible assets	0	-
Purchase of investment securities	(5,670)	(112,288)
Proceeds from sale and redemption of investment securities	1,345	2,383
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(24,367)	-
Proceeds from sale of investments in capital	44	5
Loan advances	(2,257)	(3,968)
Proceeds from collection of loans receivable	1,981	2,496
Other, net	(1,437)	(11,600)
Net cash provided by (used in) investing activities	(60,286)	(161,266)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(9,795)	102,757
Proceeds from long-term borrowings	26,160	13,067
Repayments of long-term borrowings	(18,354)	(12,291)
Proceeds from issuance of bonds	20,000	10,000
Net decrease (increase) in treasury shares	(11)	(24)
Repayments of lease liabilities	(1,325)	(1,308)
Dividends paid	(4,884)	(5,458)
Dividends paid to non-controlling interests	(507)	(1,027)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(249)	(281)
Net cash provided by (used in) financing activities	11,032	105,433
Effect of exchange rate change on cash and cash equivalents	867	1,247
Net increase (decrease) in cash and cash equivalents	3,085	269
Cash and cash equivalents at beginning of period	29,574	33,256
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	596	87
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	-	1
Cash and cash equivalents at end of period	33,256	33,614

(5) Explanatory Notes to Consolidated Financial Statements

(Notes on the Assumption of a Going Concern)

None

(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, and the Materials Business are the three reportable segments.

Effective from the fiscal year under review, the business segmentation changed in accordance with changes in the organization of the Company. As a result, the four business segments of the Integrated Energy Business, the Industrial Gases & Machinery Business, the Materials Business, and the Agri-bio & Foods Business were reorganized into three business segments of the Integrated Energy Business, the Industrial Gases & Machinery Business, and the Materials Business.

The segment information for the previous fiscal year is presented based on the new segmentation.

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, detergent, 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, pharmaceutical and environmental equipment, etc.
- (3) Materials: PET resins, biomass fuels, battery-related materials, electronic display film, semiconductor materials, mineral sands, rare earths, ceramics materials, stainless steel, aluminum, 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 related to sales, operating income (loss), assets, liabilities and other items by reportable segment

I. Previous Fiscal Year (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	Total reportable segment				
Net Sales								
Outside customers	393,218	240,403	242,430	876,052	30,209	906,261	-	906,261
Intersegment	4,266	5,476	2,176	11,920	25,346	37,266	(37,266)	-
Total	397,485	245,879	244,606	887,972	55,556	943,528	(37,266)	906,261
Segment income	14,301	16,561	12,604	43,468	1,995	45,463	(5,428)	40,035
Segment assets	206,038	207,475	110,257	523,770	82,810	606,580	49,422	656,003
Other items:								
Depreciation and amortization	6,030	8,566	2,002	16,600	5,913	22,513	1,702	24,215
Impairment loss on fixed assets	0	-	-	0	-	0	88	89
Amortization of goodwill	2,412	884	-	3,297	45	3,342	-	3,342
Increase in fixed assets and intangible assets	12,994	39,259	3,292	55,546	10,766	66,312	3,955	70,268

II. Fiscal Year under Review (April 1, 2023 - March 31, 2024)

(million yen)

	Reportable segment				Others *1	Total	Adjustments *2	Recorded amount on consolidated financial statements *3
	Integrated Energy	Industrial Gases & Machinery	Materials	Total reportable segment				
Net Sales								
Outside customers	357,133	262,169	198,243	817,546	30,341	847,888	-	847,888
Intersegment	4,396	5,319	1,943	11,659	25,572	37,232	(37,232)	-
Total	361,529	267,489	200,187	829,206	55,914	885,120	(37,232)	847,888
Segment income	20,173	21,705	12,305	54,184	2,776	56,961	(6,325)	50,635
Segment assets	212,178	224,861	110,290	547,870	84,948	632,819	201,571	834,391
Other items:								
Depreciation and amortization	6,070	9,774	2,256	18,101	6,296	24,398	1,634	26,032
Impairment loss on fixed assets	898	39	40	978	39	1,018	9	1,028
Amortization of goodwill	2,313	926	-	3,239	45	3,285	-	3,285
Increase in fixed assets and intangible assets	8,790	18,680	2,170	29,641	7,853	37,494	10,745	48,239

(Notes) *1. "Others" is an operating segment not included in reportable segments. "Others" represents businesses in foods, livestock industry, finance, insurance, transportation, safety, information processing, etc.

*2. Adjustments are as follows:

- (1) Adjustments for segment income or loss include companywide expenses not allocated to each segment and the elimination of intersegment transactions.
- (2) Adjustments for segment assets is mainly assets in cash, deposits and investments in securities of the Company along with general and administrative departments of the Company.
- (3) Adjustments for depreciation and amortization are mainly depreciation and amortization for general and administrative departments of the Company.
- (4) Adjustments for impairment loss on fixed assets are mainly impairment loss within the general and administrative departments of the Company.
- (5) Adjustments for increases in fixed assets and intangible assets are increases in fixed assets and intangible assets for general and administrative departments of the Company.
- (6) "Depreciation and amortization" and "Increase in fixed assets and intangible assets" include long-term prepaid expenses and their amortization.

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

(Business Combination)

Finalization of provisional accounting treatment for a business combination

The business combination with Aspen Air U.S., LLC, which was effected on December 23, 2022, was provisionally accounted for in FY2022 and was finalized in the fiscal year under review.

The revised amount of goodwill due to the finalization of the provisional accounting treatment is as follows.

Goodwill (before revision)	: 3,354 million yen
Revised amount of goodwill	
Property, plant and equipment (machinery, equipment, etc.)	: -2,130 million yen
Intangible assets (customer-related assets, etc.)	: -242 million yen
Inventories (merchandise, etc.)	: -46 million yen
Total revised amount	: -2,419 million yen
Goodwill (after revision)	: 934 million yen

IWATANI CORPORATION OF AMERICA, a consolidated subsidiary of the Company that acquired Aspen Air U.S., LLC, complies with U.S. GAAP and has adopted Accounting Standards Updates (hereinafter referred to as “ASU”) 2015-16. ASU 2015-16 requires that an acquiring company recognize, in the reporting period in which the revised amount is determined, any provisional accounting revisions that are recognized during the measurement period. Accordingly, the revision of the amount allocated to acquisition costs is not reflected in the comparative information.

(Per Share Information)

Item	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Fiscal year under review (From April 1, 2023 to March 31, 2024)
Net assets per share	5,249.53yen	6,298.26yen
Basic earnings per share	556.69yen	823.31yen

(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, 2023)	Fiscal year under review (As of March 31, 2024)
Total net assets (million yen)	312,230	372,930
Amount deducted from total net assets (million yen)	10,254	10,601
[Of which non-controlling interests (million yen)]	[10,254]	[10,601]
Net assets pertaining to common shares at the end of the period (million yen)	301,976	362,328
Number of common shares at the end of the period used to calculate net assets per share (thousand shares)	57,524	57,528

(2) Basic earnings per share

Item	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Fiscal year under review (From April 1, 2023 to March 31, 2024)
Basic earnings per share		
Profit attributable to owners of parent (million yen)	32,022	47,363
Amount not attributable to common shareholders (million yen)	-	-
Profit attributable to owners of parent pertaining to common shares (million yen)	32,022	47,363
Average number of common shares during the period (thousand shares)	57,522	57,528

(Significant Subsequent Events)

(Capital and Business Alliance Agreement with Cosmo Energy Holdings Co., Ltd.)

At the Board of Directors meeting held on April 23, 2024, the Company resolved to conclude a capital and business alliance agreement with Cosmo Energy Holdings Co., Ltd. (hereinafter referred to as “Cosmo Energy HD.”)

1. Purpose of capital and business alliance

The Company and Cosmo Energy HD have agreed to work together under a capital and business alliance after reaching the shared understanding that by pooling their respective management resources and expertise, deepening collaboration further can create new synergies and contribute to the enhancement of enterprise value of both companies. The alliance aims to ensure a smooth transition from fossil fuels such as LPG and oil to hydrogen and renewable energy against the backdrop of changing energy demands as the world strives to achieve carbon neutrality by 2050.

In the hydrogen field, The Company and Cosmo Energy HD have already strengthened their collaborative relationship by signing a basic agreement regarding possible collaboration in the hydrogen business on March 8, 2022. This was followed by the establishment of Iwatani Cosmo Hydrogen Station LLC in February 2023, with the aim of collaborating in the hydrogen station business, as well as Cosmo Iwatani Hydrogen Engineering LLC in November 2023, for the purpose of collaborating in the hydrogen-related project engineering business. With the conclusion of this capital and business alliance agreement, the two companies will further strengthen and accelerate these efforts.

2. Details of business alliance

Under this business alliance, The Company and Cosmo Energy HD have agreed to explore opportunities to collaborate in the following fields. Going forward, the two companies established an alliance promotion committee to discuss and drive specific areas of collaboration.

In the hydrogen field in particular, in addition to the existing cooperative relationship, The Company and Cosmo Energy HD will consider building a hydrogen supply network that encompasses production through supply and retail sales by expanding the number of hydrogen stations by utilizing Cosmo Energy HD ‘s SS(service station) network and making full use of their respective hydrogen business expertise, infrastructure, and other management resources.

(1) Initiatives to realize a decarbonized society

- Development of infrastructure for a hydrogen energy society
- Production of green hydrogen in Japan
- Expansion of their decarbonization-related businesses
- Promotion of next-generation fuel development

(2) Strengthening of their relationship in existing business sectors

- Strengthening and optimization of their procurement functions in the energy sector
- Strengthening of their production functions in the industrial gases sector
- Strengthening of their production and sales functions in the chemicals and resources sectors
- Joint marketing leveraging their respective customer bases

<Establishment of an alliance promotion committee>

The Company and Cosmo Energy HD established an alliance promotion committee, chaired by the representative director of both companies, as an organization to promote their business alliance. In addition, the two companies will also consider collaboration in areas other than those mentioned above.

3. Details of capital alliance

Details are presented in “Overview of Operating Results, Etc., (5) Important Business Contracts, etc., (Purchase of additional shares of Cosmo Energy Holdings Co., Ltd. and borrowing of funds), 1. Purchase of additional shares of Cosmo Energy HD.”

4. Schedule

(1) Iwatani Board of Directors resolution date	April 23, 2024
(2) Cosmo Energy HD Board of Directors resolution date	April 23, 2024
(3) Capital and business alliance conclusion date	April 23, 2024
(4) Capital and business alliance commencement date	April 23, 2024

5. Future outlook

The Company is carefully examining how this capital and business alliance may potentially impact the Company’s consolidated earnings forecasts for the fiscal year ending March 31, 2025. However, the Company believes that the future development and strengthening of the collaborative relationship between the two companies will help improve business performance and enhance enterprise value of both companies in the medium to long term. If any matters arise that require disclosure in the future, the Company will promptly make such disclosures.

Additional Information
Results for FY2023 and Forecasts for FY2024
(1) Consolidated Statements of Income

(Unit: 100 million yen)

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

	FY2022	FY2023	Change	Rate	FY2023 (Forecast)	Change	Rate	Overview (comparison with the previous fiscal year)
Net sales	9,062	8,478	(583)	(6.4%)	9,070	(591)	(6.5%)	Sales decreased due to low LPG import prices and sluggish sales of rechargeable battery materials.
Gross profit	2,129	2,294	165	7.8%	-	-	-	
Operating profit	400	506	106	26.5%	450	56	12.5%	As for profits, gross profit and operating profit increased due to steady business performance, mainly in the Industrial Gases & Machinery Business, in addition to an improvement in the profitability of the LPG retail sector. Furthermore, gain on bargain purchase resulting from accounting for Cosmo using the equity method, among other factors, drove ordinary profit and profit attributable to owners of parent significantly higher. As a result, achieved record-high in profits.
Ordinary profit	470	662	191	40.8%	503	159	31.6%	
Profit attributable to owners of parent	320	473	153	47.9%	335	138	41.4%	

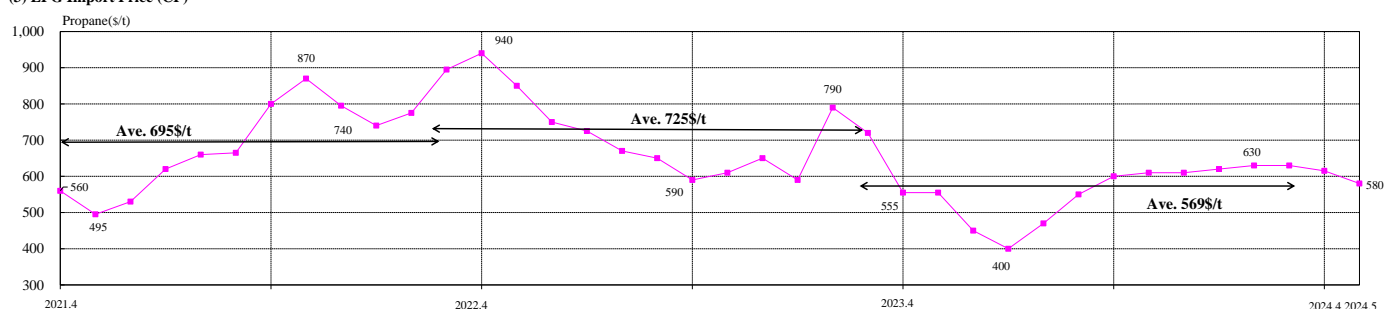
* Figures for fiscal year ending March 31, 2024(forecast) were announced on May 15, 2023.

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

(Unit: 100 million yen)

	FY2022	FY2023	Change	Rate	FY2023 (Forecast)	Change	Rate	Overview (comparison with the previous fiscal year)
Operating profit	400	506	106	26.5%	450	56	12.5%	<ul style="list-style-type: none"> Impact of LPG import price fluctuation in current period was +0.7 billion yen, which increased the profit by 3.8 billion yen year-on-year. Operating profit except for impact of LPG import price fluctuation was 49.8 billion yen (+6.7 billion yen year-on-year) and marked a new high.
Impact of LPG import price fluctuation	(31)	7	38	-	-	7	-	
Operating profit except for impact of LPG import price fluctuation	431	498	67	15.5%	450	48	10.8%	

 * For more detailed information, please see a slide of "Impact of LPG Import Prices" 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)

		FY2022	FY2023	Change	Rate	Overview (comparison with the previous fiscal year)
Integrated Energy	Net sales	3,932	3,571	(360)	(9.2%)	<ul style="list-style-type: none"> LPG import prices were lower year-on-year and drove sales prices lower, resulting in a decrease in net sales. Profitability of LPG retail sector improved. Sales of cassette gas and gas safety equipment increased, resulting in an increase in profit. Impact of LPG import price fluctuation turned positive, leading to an increase in profit.
	Operating profit	143	201	58	41.1%	
Industrial Gases & Machinery	Net sales	2,404	2,621	217	9.1%	<ul style="list-style-type: none"> Sales volume of air-separation gas and hydrogen gas decreased while we coped with increased production cost. Steady supply of helium was maintained. In machinery and equipment, sales of power semiconductors equipment and gas supply facilities increased.
	Operating profit	165	217	51	31.1%	
Materials	Net sales	2,424	1,982	(441)	(18.2%)	<ul style="list-style-type: none"> Sales of rechargeable battery materials were sluggish. As for mineral sands, while production and sales at our overseas mining sites remained robust, sales in Japan decreased. Sales of PET resin, biomass fuels, and functional films were strong. Sales of stainless steel remained solid.
	Operating profit	126	123	(2)	(2.4%)	
Others, Adjustments	Net sales	302	303	1	0.4%	
	Operating profit	(34)	(35)	(1)	-	

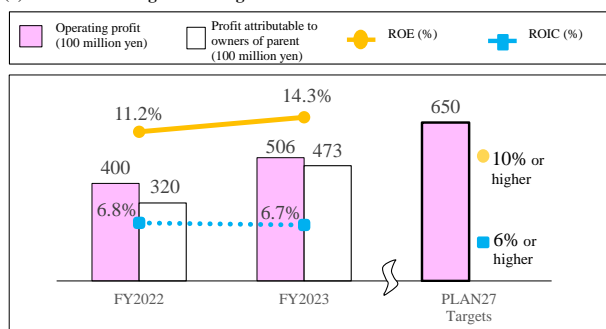
* Net sales represent sales to third parties.

* Effective from FY2023, the business segment categorization method changed in accordance with changes in the corporate organization. The segment information for FY2022 has been prepared based on the new categorization method, and comparisons of increases and decreases have been made.

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

	Sales volume (thousand tons)				Net sales (100 million yen)			
	FY2022	FY2023	Change	Rate	FY2022	FY2023	Change	Rate
Domestic residential use	1,241	1,187	(54)	(4.4%)	1,941	1,758	(182)	(9.4%)
Domestic industrial use	412	324	(87)	(21.3%)	492	352	(140)	(28.5%)
LPG sub total (except for overseas)	1,653	1,511	(142)	(8.6%)	2,433	2,110	(322)	(13.3%)
LPG total	1,669	1,526	(142)	(8.6%)	2,453	2,127	(326)	(13.3%)
Various industrial gases	-	-	-	-	1,336	1,512	175	13.1%

(6) PLAN27 Management Targets



<PLAN27> Operating profit: 65.0 billion yen	<PLAN27> ROE: 10% or higher	<PLAN27> ROIC: 6% or higher
---------------------------------------------------	--------------------------------	--------------------------------

*ROE : Profit attributable to owners of parent / Average of the equity at the beginning and the end of the period
*ROIC: Operating profit after tax / Average of the invested capital at the beginning and the end of the period
(Invested capital: Equity + Interest-bearing debt)

(7) Financial Position

(Unit: 100 million yen)

	FY2022 end	FY2023 end	Change
Total assets	6,560	8,343	1,783
Equity	3,019	3,623	603
Interest-bearing debt, gross	1,394	2,545	1,150
Interest-bearing debt, net	1,057	2,205	1,148
Equity ratio	46.0%	43.4%	(2.6pt)
Ratio of interest-bearing debt to total assets	21.2%	30.5%	9.3pt
Debt-to-equity ratio, gross	0.46	0.70	0.24pt
Debt-to-equity ratio, net	0.35	0.60	0.25pt

(8) Capital Expenditure

(Unit: 100 million yen)

	FY2023	FY2024 (Forecast)
Integrated Energy	140	261
Industrial Gases & Machinery	216	396
Materials	70	109
Others, Adjustments	1,301	124
Capital expenditure	1,728	890
Depreciation	281	305

* Presented here are figures for property, plant and equipment, intangible assets (including goodwill), and investments securities, etc. (which include 39.6 billion yen invested in property, plant and equipment in the current period.)

* The figures for FY2023 include the purchase cost of additional shares of Cosmo of 106.8 billion yen.

(9) Cash Flows

(Unit: 100 million yen)

	FY2022	FY2023	Change
Cash and cash equivalents at beginning of period	295	332	36
Cash flows from operating activities	514	548	33
Cash flows from investing activities	(602)	(1,612)	(1,009)
Free cash flow	(88)	(1,064)	(975)
Cash flows from financing activities	110	1,054	944
Effect of exchange rate change on cash and cash equivalents	8	12	3
Net increase (decrease) in cash and cash equivalents	30	2	(28)
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	5	0	(5)
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	-	0	0
Cash and cash equivalents at end of period	332	336	3

(10) Forecast for FY2024

(Unit: 100 million yen)

	FY2023	FY2024 (Forecast)	Change	Rate
Net sales	8,478	9,020	541	6.4%
Operating profit	506	527	20	4.1%
Ordinary profit	662	728	65	10.0%
Profit attributable to owners of parent	473	540	66	14.0%
Impact of LPG import price fluctuation	7	-	(7)	-

(Reference)

Amount of share of profit or loss of Cosmo accounted for using equity method

(Unit: 100 million yen)

	FY2023	FY2024 (Forecast)
Amount of share of profit or loss of Cosmo accounted for using equity method	93	159

*The figure for FY2023 is the amount equivalent to gain on bargain purchase resulting from the application of the equity method.

*The figure for FY2024 (Forecast) is the amount of the Company's share of profit attributable to owners of parent presented in the consolidated business forecast announced by Cosmo on May 9, 2024.

(11) Forecast for FY2024 by Segment

(Unit: 100 million yen)

		FY2023	FY2024 (Forecast)	Change	Rate
Integrated Energy	Net sales	3,571	3,840	268	7.5%
	Operating profit	201	210	8	4.1%
Industrial Gases & Machinery	Net sales	2,621	2,750	128	4.9%
	Operating profit	217	220	2	1.4%
Materials	Net sales	1,982	2,105	122	6.2%
	Operating profit	123	128	4	4.0%
Others, Adjustments	Net sales	303	325	21	7.1%
	Operating profit	(35)	(31)	4	-

(12) Dividend Policy

	FY2022	FY2023	FY2024 (Forecast)
Annual dividend (Yen)	95	130	130
(i) Dividend on profit excluding the impact of accounting for Cosmo using the equity method	95	130	130
(ii) Dividend on the impact of accounting for Cosmo using the equity method	-	-	undecided
Dividend payout ratio (consolidated) (%)	17.1%	15.8%	13.8%

<PLAN27 Target>

- Payout ratio of 20% or higher in the final fiscal year (FY2027), based on profit*1 excluding impact of LPG import price fluctuation
- Progressive dividend payout without any dividend rollbacks

<Accounting for Cosmo using the equity method and the methods of the Company's dividend payout >
- The company will pay out dividends based on the following two methods:

- Dividend on profit*1 excluding the impact of accounting for Cosmo using the equity method
- The Company will pay out the dividend according to the target outlined in Plan27.
- Dividend on the impact of accounting for Cosmo using the equity method
- The Company will distribute 20% of profit*1 of Cosmo, excluding the impact of inventory valuation factors and multiplied by the shareholding ratio.

Please note that the impact of accounting for Cosmo using the equity method for FY2023 is an impact that is derived from the amount equivalent to gain on bargain purchase and does not fall into (ii) above.

Dividend (ii) of FY2024(Forecast) is undecided.

*1 Profit attributable to owners of parent

In this document, "Cosmo Energy Holdings Co., Ltd." is abbreviated to "Cosmo."