

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 Nine Months Ended December 31, 2024 [Japanese GAAP]

February 13, 2025

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 commencing dividend payments: -
 Availability of supplementary briefing material on financial results: Yes
 Schedule of 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, 2024 (April 1, 2024 to December 31, 2024)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2024	624,374	1.1	27,119	(15.0)	39,219	6.7	28,379	17.4
December 31, 2023	617,513	(5.8)	31,906	35.7	36,770	25.2	24,169	23.7

(Note) Comprehensive income: Nine months ended December 31, 2024: ¥ 27,313 million[(17.5)%]
 Nine months ended December 31, 2023: ¥ 33,116 million[34.1 %]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2024	123.32	-
December 31, 2023	105.03	-

(Note) The Company carried out a 4-for-1 share split of its common share with an effective date of October 1, 2024.

Basic earnings per share has been calculated as if this share split were carried out at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Million yen	Million yen	%
December 31, 2024	877,337	392,578	43.5
March 31, 2024	834,391	372,930	43.4

(Reference) Equity: As of December 31, 2024: ¥ 381,460 million
 As of March 31, 2024: ¥ 362,328 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, 2024	-	-	-	130.00	130.00
Fiscal year ending March 31, 2025	-	-	-		
Fiscal year ending March 31, 2025 (Forecast)				32.50	32.50

(Note) 1. Revision to the forecast for dividends announced most recently: No

2. The Company carried out a 4-for-1 share split of its common share with an effective date of October 1, 2024.

The year-end dividend per share forecast for the fiscal year ending March 31, 2025 takes into account the impact of this share split. The year-end dividend forecast for the fiscal year ending March 31, 2025 that does not take into account the share split is 130.00 yen.

3. 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 1, 2024 to March 31, 2025)

(% 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	902,000	6.4	52,700	4.1	72,800	10.0	54,000	14.0	234.67

(Note) 1. Revision to the financial results forecast announced most recently: No

2. The Company carried out a 4-for-1 share split of its common share with an effective date of October 1, 2024.

The basic earnings per share in the consolidated financial results forecast for the fiscal year ending March 31, 2025 take into account the impact of this share split. The basic earnings per share for the fiscal year ending March 31, 2025 that do not take into account the share split is 938.67 yen.

* Notes:

(1) Significant changes in the scope of consolidation during the period: Yes

New 3 Companies (Company name: ISG, Inc. and 2 other companies)

Exclusion: 3 Companies

(Note) For details, please refer to "Quarterly Consolidated Financial Statements and Notes (3) Explanatory Notes to Quarterly Consolidated Financial Statement (Notes on Business Combinations, Etc.)" on page 10 of the attached document.

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

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

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

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

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(Note) For details, please refer to "Quarterly Consolidated Financial Statements and Notes (3) Explanatory Notes to Quarterly Consolidated Financial Statement (Notes to Changes in Accounting Policies)" on page 8 of the attached document.

(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, 2024:	234,246,596 shares
March 31, 2024:	234,246,596 shares

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

December 31, 2024:	4,103,818 shares
March 31, 2024:	4,133,300 shares

3) Average number of shares outstanding during the period:

Nine months ended December 31, 2024:	230,131,824 shares
Nine months ended December 31, 2023:	230,113,362 shares

(Note) The Company carried out a 4-for-1 share split of its common share with an effective date of October 1, 2024.

The total number of issued shares (common shares) has been calculated as if this share split were carried out at the beginning of the previous fiscal year.

*1. Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)

*2. Cautionary Statement with Respect to Forward-Looking Statements, and Other Information

(Caution regarding forward-looking statements)

The forward-looking statements, such as results forecasts, included in this document are based on information currently available to the Company and assumptions considered reasonable, and do not purport to be a promise by the Company to achieve such results. Actual results may differ materially, depending on a range of factors. For the assumptions prerequisite to the results forecasts and the points to be noted in the use of the results forecasts, please see “Overview of Operating Results, Etc. (4) Consolidated Financial Results Forecasts” on page 3.

Contents

Overview of Operating Results, Etc.	2
(1) Overview of Operating Results for the Nine Months Ended December 31, 2024	2
(2) Segment Information	2
(3) Overview of Financial Position for the Nine Months Ended December 31, 2024	3
(4) Consolidated Financial Results Forecasts	3
Quarterly Consolidated Financial Statements and Notes	4
(1) Quarterly Consolidated Balance Sheets	4
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	6
(3) Explanatory Notes to Quarterly Consolidated Financial Statements	8
(Notes to Changes in Accounting Policies)	8
(Notes to Segment Information, Etc.)	8
(Notes in the Event of Significant Changes in Shareholders' Equity)	9
(Notes on the Assumption of a Going Concern)	9
(Notes to Quarterly Consolidated Statements of Cash Flows)	9
(Notes on Business Combinations, Etc.)	10
(Notes to Significant Subsequent Events)	11
Additional Information	12
Results for 3Q FY2024	12
(1) Consolidated Statements of Income	12
(2) Operating Profit Except for Impact of LPG Import Price Fluctuation	12
(3) LPG Import Price (CP)	12
(4) Segment Information	12
(5) LPG and Industrial Gases Net Sales -Sales Volume	13
(6) Financial Position	13
(7) Capital Expenditure	13
(8) Amount of share of profit or loss of Cosmo accounted for using equity method	13
(9) Non-consolidated	13

Overview of Operating Results, Etc.

(1) Overview of Operating Results for the Nine Months Ended December 31, 2024

During the cumulative third quarter of the current fiscal year, the Japanese economy continued to recover gradually, supported by an expansion in capital investment against the backdrop of robust corporate performance and a pick-up in personal consumption due to an improvement in the income environment, despite the uncertainty about the outlook due to geopolitical risks such as the stagnation of the Chinese economy and escalating tensions in the Middle East.

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 medium-term management plan, “PLAN27,” which ends in the fiscal year ending March 31, 2028.

In order to realize a hydrogen energy-based society, the Company obtained a ship inspection certificate and commenced test operations for the hydrogen fuel cell ship Mahoroba, which is planned to operate as a passenger ship at Expo 2025 Osaka, Kansai, Japan. We will promote the use of hydrogen for mobility applications through smooth operations at Expo 2025.

In the Integrated Energy Business, the Company acquired all shares of ISG, Inc., which operates an LPG business primarily in Chiba and Ibaraki prefectures, and made it a consolidated subsidiary. In addition to expanding the scale of our business, we will strive to enhance profitability through rationalization by strengthening collaboration between the logistics functions of the two companies and improvement of our operating efficiency.

In the Industrial Gases & Machinery Business, we promoted initiatives for the new field of onshore aquaculture. The Company will meet the growing demand by leveraging its strength of its broad product lineup, which includes LPG, boilers, emergency generators and fiberglass-reinforced plastic (FRP) cultivation tanks, in addition to the oxygen solutions equipment and oxygen that enable highly efficient and stable growth.

In the Materials Business, we pushed ahead with initiatives for the recycling of used plastics through our joint venture, R Plus Japan. In addition, amid rising demand for raw materials for general-purpose resins, mainly from manufacturers of daily household goods and films, the Company worked to strengthen its supply capabilities from overseas.

As a result, for the cumulative third quarter of the current fiscal year, net sales were 624.374 billion yen (+6.860 billion yen year-on-year), operating profit was 27.119 billion yen (-4.787 billion yen year-on-year), ordinary profit was 39.219 billion yen (+2.448 billion yen year-on-year), and profit attributable to owners of parent was 28.379 billion yen (+4.210 billion yen year-on-year).

(2) Segment Information

Integrated Energy

In the Integrated Energy Business, LPG import prices remained high and sales of industrial LPG remained strong, resulting in an increase in revenue. As for profits, although there was a contraction in the negative impact of LPG import price fluctuations (+1.181 billion yen year-on-year), profitability declined in addition to a decrease in the volume of sales. On the other hand, profit increased due to robust sales of portable gas cooking stoves, cassette gas canisters, and energy-related equipment.

As a result, net sales in this segment were 255.811 billion yen (+13.756 billion yen year-on-year), and operating profit was 7.673 billion yen (+0.356 billion yen year-on-year).

Industrial Gases & Machinery

In the Industrial Gases & Machinery Business, we saw an increase in the sales volume of air separation gas, mainly for the electronic components industry. In the hydrogen business, the sales volume of liquid hydrogen for space development and the semiconductor industry remained strong. The profitability of specialty gases declined due to the weakening of helium markets, mainly in China, despite growth in the sales of semiconductor gases and the expansion of the refrigerant business in Japan and overseas. In machinery and equipment, shipments of gas supply facilities and automobile-related equipment decreased.

As a result, net sales in this segment were 195.797 billion yen (+2.016 billion yen year-on-year) and operating profit was 12.232 billion yen (-4.724 billion yen year-on-year).

Materials

In the Materials Business, sales of molded products for air conditioners and consumer resin products were strong, and sales of resin raw materials, mainly for daily household goods, increased as well. On the other hand, with regard to mineral sands, the profitability of titanium declined due to the weakening of the market. In addition, sale prices of stainless steel and rechargeable battery materials for next-generation automobiles fell due to sluggish demand, and sales volumes of functional films declined.

As a result, net sales in this segment were 149.067 billion yen (-9.905 billion yen year-on-year) and operating profit was 8.757 billion yen (-0.456 billion yen year-on-year).

Others, Adjustments

Net sales were 23.698 billion yen (+0.993 billion yen year-on-year), and operating profit was 2.743 billion yen (+0.432 billion yen year-on-year).

(3) Overview of Financial Position for the Nine Months Ended December 31, 2024

Total Assets

Total assets at the end of the third quarter of the current fiscal year increased by 42.946 billion yen from the end of the previous fiscal year to 877.337 billion yen. This was mainly due to increases of 14.372 billion yen in property, plant and equipment, 9.726 billion yen in merchandise and finished goods, 9.626 billion yen in intangible assets, and 5.826 billion yen in work in process, respectively.

Total Liabilities

Total Liabilities at the end of the third quarter of the current fiscal year increased by 23.298 billion yen from the end of the previous fiscal year to 484.759 billion yen. This was mainly due to increases of 45.175 billion yen in long-term borrowings, 43.245 billion yen in “Other” under “Current liabilities,” including commercial paper, and 30.000 billion yen in bonds payable, despite a decrease of 93.302 billion yen in short-term borrowings.

Interest-bearing debt, including lease liabilities, etc., at the end of the third quarter increased by 27.009 billion yen to 281.531 billion yen from the end of the previous fiscal year.

Total Net Assets

Total net assets at the end of the third quarter of the current fiscal year increased by 19.648 billion yen from the end of the previous fiscal year to 392.578 billion yen. This was mainly due to an increase of 21.023 billion yen in retained earnings, despite a decrease of 1.946 billion yen in the valuation difference on available-for-sale securities.

(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 May 13, 2024 for the first nine months of the current fiscal year.

Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	33,937	26,333
Notes and accounts receivable - trade, and contract assets	145,981	148,899
Electronically recorded monetary claims - operating	26,852	28,453
Merchandise and finished goods	58,510	68,237
Work in process	5,204	11,030
Raw materials and supplies	10,749	12,421
Other	28,515	31,967
Allowance for doubtful accounts	(177)	(231)
Total current assets	309,573	327,111
Non-current assets		
Property, plant and equipment		
Land	73,937	78,544
Other, net	151,474	161,240
Total property, plant and equipment	225,412	239,784
Intangible assets		
Goodwill	19,569	23,253
Other	16,932	22,875
Total intangible assets	36,502	46,128
Investments and other assets		
Investment securities	225,427	222,857
Other	38,017	41,990
Allowance for doubtful accounts	(541)	(535)
Total investments and other assets	262,903	264,313
Total non-current assets	524,817	550,226
Total assets	834,391	877,337

(Million yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	66,067	74,463
Electronically recorded obligations - operating	34,935	34,573
Short-term borrowings	129,161	35,858
Income taxes payable	12,542	3,400
Contract liabilities	7,201	7,845
Provision for bonuses	6,765	3,628
Provision for loss on liquidation of subsidiaries and associates	68	—
Other	55,771	99,017
Total current liabilities	312,513	258,787
Non-current liabilities		
Bonds payable	40,000	70,000
Long-term borrowings	70,100	115,276
Provision for retirement benefits for directors (and other officers)	1,385	1,489
Retirement benefit liability	5,884	6,557
Other	31,576	32,648
Total non-current liabilities	148,947	225,972
Total liabilities	461,461	484,759
Net assets		
Shareholders' equity		
Share capital	35,096	35,096
Capital surplus	32,043	32,111
Retained earnings	245,694	266,718
Treasury shares	(1,546)	(1,551)
Total shareholders' equity	311,288	332,374
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	37,375	35,428
Deferred gains or losses on hedges	4,317	4,291
Foreign currency translation adjustment	8,201	8,428
Remeasurements of defined benefit plans	1,145	936
Total accumulated other comprehensive income	51,039	49,085
Non-controlling interests	10,601	11,118
Total net assets	372,930	392,578
Total liabilities and net assets	834,391	877,337

(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, 2023	For the nine months ended December 31, 2024
Net sales	617,513	624,374
Cost of sales	454,236	459,551
Gross profit	163,277	164,823
Selling, general and administrative expenses		
Transportation costs	22,379	24,003
Provision of allowance for doubtful accounts	59	8
Salaries, allowances and bonuses	36,292	38,519
Provision for bonuses	3,468	3,383
Retirement benefit expenses	1,377	1,471
Provision for retirement benefits for directors (and other officers)	125	125
Other	67,666	70,191
Total selling, general and administrative expenses	131,371	137,703
Operating profit	31,906	27,119
Non-operating income		
Interest income	328	277
Dividend income	1,490	1,641
Foreign exchange gains	126	185
Share of profit of entities accounted for using equity method	625	8,698
Subsidy income	1,572	1,556
Other	2,664	2,685
Total non-operating income	6,807	15,045
Non-operating expenses		
Interest expenses	1,334	2,007
Other	609	938
Total non-operating expenses	1,944	2,946
Ordinary profit	36,770	39,219
Extraordinary income		
Gain on sale of non-current assets	1,152	462
Gain on receipt of donated non-current assets	49	—
Gain on sale of investment securities	558	3,415
Subsidy income	51	196
Gain on revision of retirement benefit plan	128	—
Total extraordinary income	1,939	4,074
Extraordinary losses		
Loss on sale of non-current assets	351	177
Loss on retirement of non-current assets	261	311
Impairment losses	658	3
Loss on sale of investment securities	0	1
Loss on valuation of investment securities	1	—
Loss on liquidation of subsidiaries and associates	—	1
Loss on tax purpose reduction entry of non-current assets	94	196
Total extraordinary losses	1,367	692
Profit before income taxes	37,342	42,601
Income taxes	12,532	13,394
Profit	24,810	29,207
Profit attributable to non-controlling interests	641	827
Profit attributable to owners of parent	24,169	28,379

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

(Million yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Profit	24,810	29,207
Other comprehensive income		
Valuation difference on available-for-sale securities	3,865	(2,174)
Deferred gains or losses on hedges	(206)	(164)
Foreign currency translation adjustment	4,313	2,263
Remeasurements of defined benefit plans, net of tax	(27)	(110)
Share of other comprehensive income of entities accounted for using equity method	360	(1,708)
Total other comprehensive income	8,306	(1,894)
Comprehensive income	33,116	27,313
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	32,247	26,425
Comprehensive income attributable to non-controlling interests	869	887

(3) Explanatory Notes to Quarterly Consolidated Financial Statements

(Notes to Changes in Accounting Policies)

(Application of “Accounting Standard for Current Income Taxes” and other relevant ASBJ regulations)

The Company has applied the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; hereafter referred to as the “Revised Accounting Standard of 2022”) and other relevant ASBJ regulations from the beginning of the first quarter of the fiscal year.

Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the provision of paragraph 20-3 of the Revised Accounting Standard of 2022 and the transitional treatment in the provision of paragraph 65-2 (2) of the “Implementation Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; hereafter referred to as the “Revised Implementation Guidance of 2022”). These changes in the accounting policies do not affect the quarterly consolidated financial statements.

Since the beginning of the first quarter of the fiscal year, the Revised Implementation Guidance of 2022 has also been applied to the amendments related to the review of the accounting treatment for consolidated financial statements when profits or losses arising from the sale of subsidiary shares, etc. between consolidated companies are deferred for tax purposes. The cumulative impact of these changes in the accounting policies has been reflected in net assets at the beginning of the previous fiscal year at Cosmo Energy Holdings Co., Ltd., an affiliate accounted for using the equity method, through retrospective application, resulting in a change in retained earnings. Cosmo Energy Holdings Co., Ltd. has been an affiliate accounted for using the equity method since the end of the previous fiscal year, and the impact of the changes in the accounting policies for that company has been reflected from the beginning of the first quarter of the fiscal year.

As a result, at the beginning of the first quarter of the fiscal year, investment securities and retained earnings increased by 130 million yen and 130 million yen, respectively.

(Notes to Segment Information, Etc.)

I. Third Quarter of FY2023 (April 1, 2023 - December 31, 2023)

a) Information related to sales, operating income (loss) by reportable segment

(million yen)

	Reportable Segments				Others *1	Total	Adjustments *2	Quarterly Consolidated Statements of Income *3
	Integrated Energy	Industrial Gases & Machinery	Materials	Subtotal				
Net sales								
Outside customers	242,055	193,781	158,973	594,809	22,704	617,513	-	617,513
Intersegment	3,285	4,029	1,338	8,654	18,981	27,635	(27,635)	-
Total	245,340	197,810	160,312	603,463	41,685	645,149	(27,635)	617,513
Segment income (loss)	7,316	16,957	9,213	33,487	2,310	35,797	(3,891)	31,906

(Note) *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 for segment income (loss) include companywide expenses not allocated to each segment and the elimination of intersegment transactions.

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

b) Information on impairment loss on fixed assets and goodwill by reportable segment

(Significant impairment loss on fixed assets)

In the Integrated Energy Business segment, the book value of fixed assets at domestic bases, which we decided to close, was reduced to a recoverable value, and the amount of the reduction and the cost of dismantling and removal were recorded as impairment losses.

The amount of the impairment loss recorded was 633 million yen for the third quarter of FY2023.

II. Third Quarter of FY2024 (April 1, 2024 - December 31, 2024)

a) Information related to sales, operating income (loss) by reportable segment

(million yen)

	Reportable Segments				Others *1	Total	Adjustments *2	Quarterly Consolidated Statements of Income *3
	Integrated Energy	Industrial Gases & Machinery	Materials	Subtotal				
Net sales								
Outside customers	255,811	195,797	149,067	600,676	23,698	624,374	-	624,374
Intersegment	3,602	2,151	1,594	7,348	20,370	27,719	(27,719)	-
Total	259,414	197,949	150,661	608,025	44,068	652,093	(27,719)	624,374
Segment income (loss)	7,673	12,232	8,757	28,663	2,743	31,406	(4,286)	27,119

(Note) *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 for segment income (loss) include companywide expenses not allocated to each segment and the elimination of intersegment transactions.

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

b) Information on impairment loss on fixed assets and goodwill by reportable segment

(Significant changes in the amount of goodwill)

In the Integrated Energy Business segment, we acquired all shares of ISG, Inc. and made it a consolidated subsidiary.

The increase in goodwill as a result of this event was 3,909 million yen for the third quarter of FY2024. The amount of the goodwill was provisionally allocated since the allocation of acquisition costs had not been completed at the end of the third quarter of FY2024.

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

None

(Notes on the Assumption of a Going Concern)

None

(Notes to Quarterly Consolidated Statements of Cash Flows)

The Company has not prepared a quarterly consolidated statement of cash flows for the third quarter of the current fiscal year. Depreciation, including amortization related to intangible assets except goodwill, and amortization of goodwill for the third quarter of the current fiscal year are as shown below.

(million yen)

	For the nine months ended December 31, 2023 (April 1, 2023 to December 31 2023)	For the nine months ended December 31, 2024 (April 1, 2024 to December 31, 2024)
Depreciation	19,119	20,588
Amortization of goodwill	2,511	2,377

(Notes on Business Combinations, Etc.)

Business combination by acquisition

At the Board of Directors meeting held on September 25, 2024, the Company resolved to acquire all shares of ISG, Inc. Based on this resolution, the Company concluded a share purchase agreement on September 30, 2024 and acquired all shares on November 29, 2024.

1. Overview of the business combination

(1) Name and main business of the acquired company

Name of the acquired company

ISG, Inc.

Main business

LPG retail

Inspection of LPG containers

Sale and installation of gas and home appliances

Design and construction of gas piping facilities

Home renovation business

Environmental business, etc.

(2) Main reasons for the business combination

Founded in 1884 as Ishii Shoten, ISG, Inc. made its full-scale entry into the LPG business in 1967, supplying LPG to residential and commercial customers mainly in Chiba and Ibaraki prefectures. Although ISG's main business is LPG, it is also engaged in a wide range of other businesses, including home renovations.

The Company resolved to acquire ISG's shares based on its judgment that this acquisition of shares would not only expand the scale of ISG's business in the Chiba and Ibaraki areas where ISG operates, but also generate various synergies such as streamlining and improving sales efficiency by strengthening collaboration between the logistics functions of ISG and the Company.

(3) Date of the business combination

November 29, 2024

(4) Legal form of the business combination

Acquisition of shares in exchange for cash

(5) The acquired company's name after the business combination

The names of the companies will not change subsequent to the business combination.

(6) Share of voting rights acquired

100%

(7) Reason for determining the acquired company

The Company acquired ISG's shares in exchange for cash.

2. Period of the acquired company's business results included in the quarterly consolidated statement of income

Since only the balance sheet is consolidated for the third quarter of the current fiscal year, the results of the acquired company are not included.

3. Acquisition price of the acquired company and breakdown by consideration type

Consideration for acquisition	Cash (including accounts payable)	11,815 million yen
Acquisition cost		11,815 million yen

4. Description and amount of major acquisition-related expenses

Fees and commissions related to advisory services 190 million yen

5. Amount of goodwill accrued, reason for accrual, amortization method and amortization period

(1) Amount of goodwill accrued

3,909 million yen

(2) Reason for accrual

Since the acquisition cost exceeded the net amount allocated to the assets received and liabilities assumed, the difference was recorded as goodwill. As of the end of the third quarter of the current fiscal year, the allocation of the acquisition cost has not been completed. The amount of goodwill is therefore the provisionally allocated amount.

(3) Amortization method and period

Straight-line amortization over 9 years

(Notes to Significant Subsequent Events)

The Company is participating in a green hydrogen project using renewable energy in Queensland, Australia. However, on January 31, 2025, it has been revealed that the state government has decided to halt the provision of subsidies for the project.

The Company is currently discussing with the relevant parties how to proceed with the project going forward, but if it is determined that continuation of the project is not feasible, there is a possibility that it will affect the Company's business results from the fourth quarter of the current fiscal year and onwards.

Additional Information

Results for 3Q FY2024

(1) Consolidated Statements of Income

(Unit: 100 million yen)

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

	3Q FY2023 Apr-Dec 2023	3Q FY2024 Apr-Dec 2024	Change	Rate	FY2024 (Forecast)	Overview
Net sales	6,175	6,243	68	1.1%	9,020	Net sales increased due to the persistence of high LPG import prices, etc. As for profits, despite reduced negative impact of LPG import price fluctuation, operating profit decreased due to increased selling and administrative expenses, such as personnel costs and logistics costs. Ordinary profit and net profit increased due to an increase in share of profit of entities accounted for using equity method, etc.
Gross profit	1,632	1,648	15	0.9%	—	
Operating profit	319	271	(47)	(15.0%)	527	
Ordinary profit	367	392	24	6.7%	728	
Profit attributable to owners of parent	241	283	42	17.4%	540	

* Figures for fiscal year ending March 31, 2025 (forecast) were announced on May 13, 2024.

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

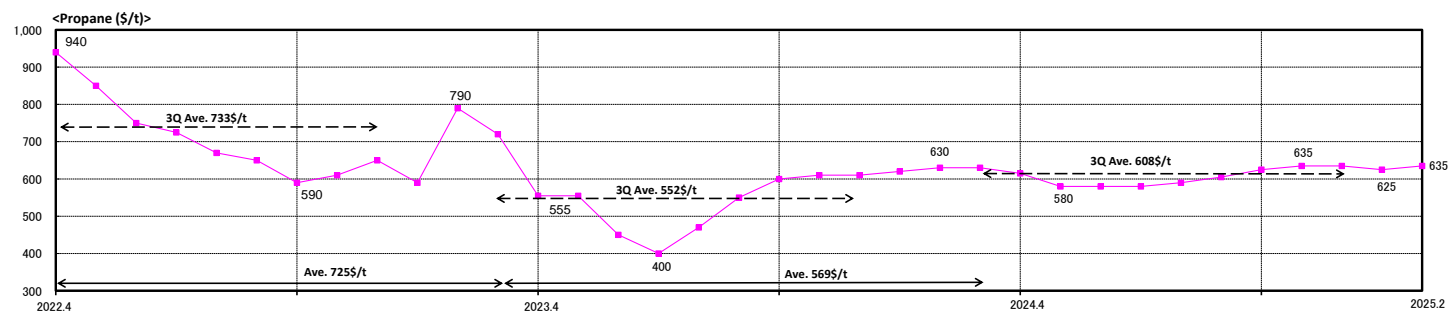
(Unit: 100 million yen)

	3Q FY2023 Apr-Dec 2023	3Q FY2024 Apr-Dec 2024	Change	Rate	FY2024 (Forecast)	Overview
Operating profit	319	271	(47)	(15.0%)	527	• Impact of LPG import price fluctuation led to increase in profit by 1.1 billion yen year-on-year. • Operating profit except for the impact of LPG import price fluctuation was 27.8 billion yen, a decrease of 5.9 billion yen.
Impact of LPG import price fluctuation	(18)	(6)	11	—	—	
Operating profit except for impact of LPG import price fluctuation	337	278	(59)	(17.7%)	527	

*The time from import to sale of LPG is relatively long, so when import prices rise due to sharp fluctuations in LPG import prices, selling LPG inventory with low import prices at high wholesale prices results in increased profits. On the other hand, when import prices fall, selling LPG inventory with high import prices at low wholesale prices leads to decreased profits.

Operating profit except for the impact of LPG import price fluctuation is shown, as the fluctuations are a factor that have a short-term impact on the Company's business performance.

(3) LPG Import Price (CP)



(4) Segment Information

(Unit: 100 million yen)

		3Q FY2023 Apr-Dec 2023	3Q FY2024 Apr-Dec 2024	Change	Rate	Overview
Integrated Energy	Net sales	2,420	2,558	137	5.7%	• High LPG import prices and an increase in sales of LPG for industrial use resulted in an increase in revenue. • Sales volume and profitability of LPG decreased. • Negative impact of LPG import price fluctuation contracted. • Sales of portable gas cooking stoves, cassette gas canisters, and energy-related equipment were robust.
	Operating profit	73	76	3	4.9%	
Industrial Gases & Machinery	Net sales	1,937	1,957	20	1.0%	• Sales volume of air separation gas increased, mainly aimed at the electronic components industry. • Sales of liquid hydrogen for space development and the semiconductor industry remained strong. • The helium market weakened, mainly in China. • Shipments of machinery and equipment decreased for gas supply facilities and automobile-related equipment.
	Operating profit	169	122	(47)	(27.9%)	
Materials	Net sales	1,589	1,490	(99)	(6.2%)	• Sales of molded products for air conditioners, resin products for consumers, and resin raw materials for daily household goods were robust. • In mineral sands, the profitability of titanium declined due to the weakening of the market. • Sales of stainless steel and rechargeable battery materials for next-generation automobiles and functional films were weak.
	Operating profit	92	87	(4)	(5.0%)	
Others, Adjustments	Net sales	227	236	9	4.4%	
	Operating profit	(15)	(15)	0	—	

*Net sales represent sales to third parties.

**"Others, Adjustments" represents the sum of the "Other" business segment and "Adjustment".

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

	Sales volume (thousand tons)				Net sales (100 million yen)			
	3Q FY2023 Apr-Dec 2023	3Q FY2024 Apr-Dec 2024	Change	Rate	3Q FY2023 Apr-Dec 2023	3Q FY2024 Apr-Dec 2024	Change	Rate
Domestic residential use	808	782	(25)	(3.1%)	1,165	1,235	69	6.0%
Domestic industrial use	230	234	4	2.1%	240	277	37	15.6%
LPG sub total (except for overseas)	1,038	1,017	(20)	(2.0%)	1,405	1,512	107	7.6%
LPG total	1,048	1,028	(20)	(2.0%)	1,417	1,525	108	7.7%
Various industrial gases	—	—	—	—	1,124	1,178	54	4.8%

(6) Financial Position

(Unit: 100 million yen)

	FY2023 end	3Q FY2024 end	Change
Total assets	8,343	8,773	429
Equity	3,623	3,814	191
Interest-bearing debt, gross	2,545	2,815	270
Interest-bearing debt, net	2,205	2,551	346
Equity ratio	43.4%	43.5%	0.1pt
Ratio of interest-bearing debt to total assets	30.5%	32.1%	1.6pt
Debt-to-equity ratio, gross	0.70	0.73	0.03pt
Debt-to-equity ratio, net	0.60	0.66	0.06pt

(7) Capital Expenditure

(Unit: 100 million yen)

	3Q FY2024 Apr-Dec 2024	FY2024 (Forecast)
Integrated Energy	225	261
Industrial Gases & Machinery	181	396
Materials	18	109
Others, Adjustments	116	124
Capital expenditure	541	890
Depreciation	218	305

* Presented here are figures for property, plant and equipment, intangible assets (including goodwill), and investments securities, etc. (which include ¥29.1 billion yen invested in property, plant and equipment in the current period.)

**Others, Adjustments" represents the sum of the "Other" business segment and "Adjustments."

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

(Unit: 100 million yen)

	3Q FY2023 Apr-Dec 2023	3Q FY2024 Apr-Dec 2024	FY2024 (Forecast)
Amount of share of profit or loss of Cosmo accounted for using equity method	—	80	159

*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.

(9) Non-consolidated

Non-consolidated Statements of Income

(Unit: 100 million yen)

	3Q FY2023 Apr-Dec 2023	3Q FY2024 Apr-Dec 2024	Change	Rate
Net sales	3,720	3,820	100	2.7%
Operating profit	110	90	(20)	(18.1%)
Ordinary profit	212	241	29	14.1%
Profit	163	206	42	25.8%

Financial Position

(Unit: 100 million yen)

	FY2023 end	3Q FY2024 end	Change
Total assets	6,022	6,397	374
Equity capital	2,449	2,565	116
Equity capital ratio	40.7%	40.1%	(0.6pt)

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