

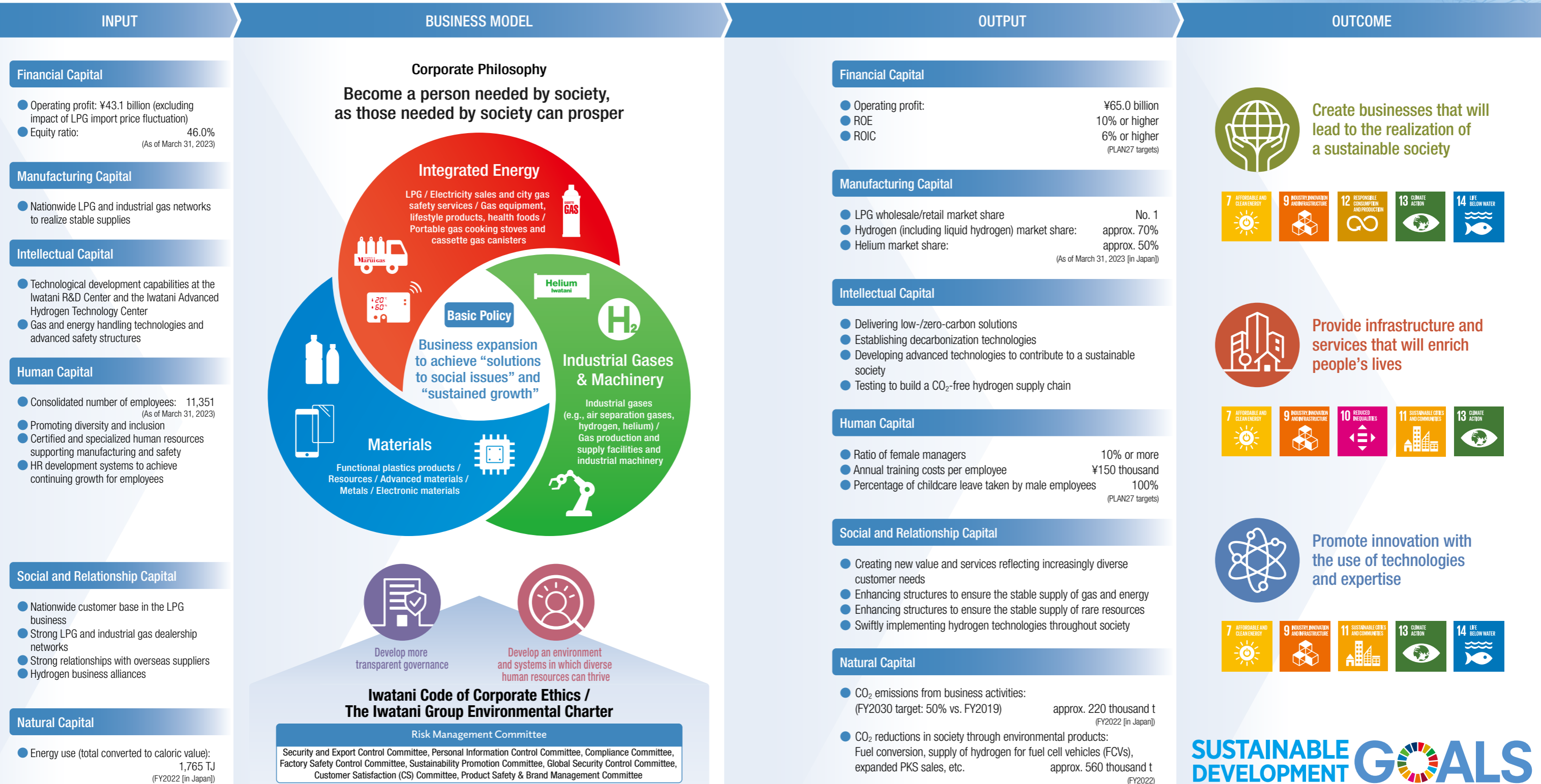
# Iwatani's Value Creation Process



## Long-Term Vision

We are striving to realize the following four elements of our Long-Term Vision to become a Group that continues to help realize "a more comfortable space on the Earth."

1. Developing a CO<sub>2</sub>-free hydrogen supply chain
2. Promoting a resource circulating society
3. Providing infrastructure and services that support local communities
4. Enhancing the management foundations to promote sustained growth



# Value Creation Capital

Value creation in the Iwatani Group can be traced to six types of capital: financial, manufacturing, intellectual, human, social and relationship, and natural capital. By effectively combining these types of capital in business activities based on our corporate philosophy and management policies, we strive both to find solutions to social issues and to deliver new value to society. As a result, we will build a virtual circle consisting of our own growth and social value creation through our accumulated capital to serve as a source of new value creation, and seek to achieve sustained enhancement of corporate value.

## Financial Capital

### Sound financial foundations to enable proactive investment in growth

The Iwatani Group has made steady progress on enhancing its financial foundations using funds raised through continued efforts to strengthen our earning capabilities. In 2020, ¥30 billion in convertible bonds were converted to shares of common stock. In 2021, we earned a long-term issuer rating of A and issued our first green bonds. Through these and other efforts, we have been able to establish sound financial foundations. Under our PLAN27 medium-term management plan, we will take advantage of these foundations to aggressively invest ¥470 billion over the course of five years. We plan to make large-scale investments while maintaining our external financial rating of A, including the investments currently underway to develop a CO<sub>2</sub>-free hydrogen supply chain.



● Net D/E ratio <b>0.35</b>	● Ordinary profit (excluding impact of LPG import price fluctuation) <b>¥43.1 billion</b>	● Total assets <b>¥656.0 billion</b>	● Equity ratio <b>46.0%</b>	● External financial rating (Japan Credit Rating Agency) Long-term Issuer Rating of <b>A</b> <small>(As of March 31, 2023)</small>
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## Manufacturing Capital

### LPG and industrial gases networks to realize stable supply

The Iwatani Group's extensive domestic and international network is centered on Gas and Energy. In the LPG business, we operate nationwide networks ranging from import and filling stations to distribution centers. The Industrial Gases Business is also expanding its domestic and international supply chains. We count the stable supply structure made possible by these networks among our strengths.



● LPG sites Import terminals: <b>5 sites</b> Pressurized terminals (LPG terminals): <b>3 sites</b> Filling stations: <b>110 sites</b> Core LPG Centers* included above: <b>56 sites</b> <small>* Core LPG Centers: Disaster-resistant centers equipped with seismic retrofitting, emergency power generators, and other improvements</small>	● Industrial gas sites Japan: Industrial gas centers: <b>21 sites</b> Hydrogen plants: <b>11 sites</b> Air-separation plants: <b>9 sites</b> Helium centers: <b>2 sites</b> Liquefied carbon dioxide plants, etc.: <b>6 sites</b> Overseas sites: <b>12 sites</b>	● Hydrogen-refueling stations Japan: <b>54 sites</b> Overseas: <b>6 sites</b> <small>(As of March 31, 2023)</small>
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## Intellectual Capital

### Technological development facilities to support our businesses; Gas and Energy handling technologies built up over the years

The Iwatani R&D Center develops technologies to create new value alongside our customers, based on our technological capabilities built up over the years in the fields of Gas and Energy. In addition, the Iwatani Advanced Hydrogen Technology Center carries out R&D on technologies related to liquid hydrogen, as well as technologies in areas such as hydrogen energy and green LPG, which will play important roles in realizing a carbon-free society.



● Joint R&D projects with national projects and public research institutes <b>10 projects in total</b>	● Center visitors <b>3,654 persons from 963 companies</b> (FY2022)
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## Human Capital

### Diverse human resources capable of tackling the challenges of creating new value; specialized human resources to support sustained growth

In addition to the human resources needed to generate business growth by creating new value for society, the Iwatani Group draws on highly specialized human resources in areas such as manufacturing, safety, and technology to support the stable supply of gas and energy. We are creating the environment needed to allow diverse human resources to demonstrate their abilities to the fullest, and also provide a wide range of training opportunities that support individual growth. Our goal is to achieve sustained growth by securing the human resources capable of meeting society's needs at all times.



● Consolidated number of employees <b>11,351</b> <small>(As of March 31, 2023)</small>	● Ratio of female new graduates in career track <b>35.0%</b> <small>(FY2023 [nonconsolidated])</small>	● Investment in HR development Approx. <b>¥100 million/year</b> <small>(FY2022 [nonconsolidated])</small>	● Certified and specialized human resources supporting manufacturing and safety High-pressure gas production safety managers: <b>938</b> High-pressure gas sales managers: <b>337</b> <small>(As of March 31, 2023)</small>
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## Social and Relationship Capital

### Bonds of trust with customers and trading partners serving as the foundation for growth

The Iwatani Group strives to earn trust by ensuring a safe and stable supply of gases. We also focus on strengthening ties to our dealership organization, which delivers value to the market at large, and to our suppliers, who play vital roles in creating new value and ensuring stable supply. Our bonds of trust with stakeholders are a key form of capital that serves as a pillar of sustained growth.



● LPG customers Wholesale customers: <b>3.3 million households</b> Direct sales customers included above: <b>1.10 million households</b> <small>(As of March 31, 2023)</small>	● Strong ties to dealerships Marui-Kai members*1: approx. <b>1,400</b> *1 LPG dealership network Iwatani-Kai members*2: <b>189</b> *2 Industrial gases dealership network <small>(As of March 31, 2023)</small>
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## Natural Capital

### Efforts to achieve a carbon-free society

In addition to decarbonizing our own business activities, the Iwatani Group offers products and services to help customers decarbonize theirs. The three businesses, comprising Integrated Energy, Industrial Gases & Machinery, and Materials work together as one to help realize a carbon-free society.



● Contributions to CO <sub>2</sub> emissions reductions CO <sub>2</sub> emissions from business activities: approx. <b>220 thousand t</b> * FY2022 (in Japan) <small>(FY2030 target: 50% vs. FY2019)</small> CO <sub>2</sub> reductions in society through environmental products: approx. <b>560 thousand t</b> * FY2022
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