

Key Issues for the Realization of the Long-Term Vision

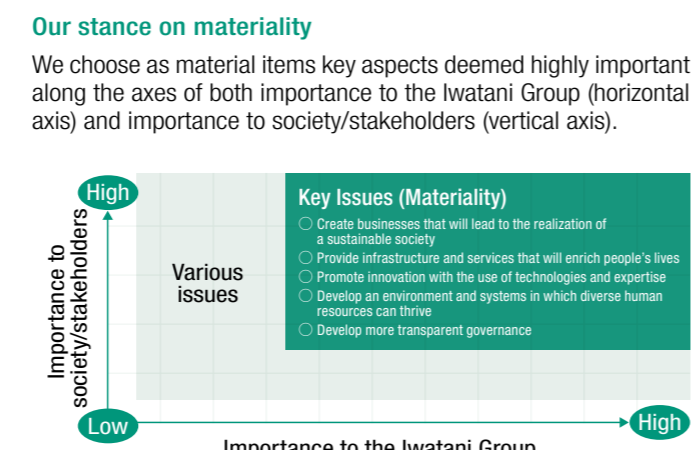
Based on our Corporate Philosophy—Become a person needed by society, as those needed by society can prosper—the Iwatani Group will strive to achieve sustained growth and to deliver solutions to social issues, thereby completing the four component processes of our Long-Term Vision for 2030.

Long-Term Vision	Materiality	Related SDGs	Major Initiatives	Medium-Term Management Plan
<p>Our Vision for FY2030</p> <p>Corporate group that continues to contribute to the creation of a more comfortable space on the Earth</p> <p>Development of a CO₂-free hydrogen supply chain</p> <p>Promotion of a resource-circulating society</p> <p>Provision of infrastructure and services that support local communities</p> <p>Enhancement of the management foundations to promote sustained growth</p>	<p>Create businesses that will lead to the realization of a sustainable society</p> <p>Provide infrastructure and services that will enrich people's lives</p> <p>Promote innovation with the use of technologies and expertise</p> <p>Develop an environment and systems in which diverse human resources can thrive</p> <p>Develop more transparent governance</p>	<p>7 AFFORDABLE AND CLEAN ENERGY, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION, 14 LIFE BELOW WATER</p> <p>7 AFFORDABLE AND CLEAN ENERGY, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 10 REDUCED INEQUALITIES, 11 SUSTAINABLE CITIES AND COMMUNITIES, 13 CLIMATE ACTION</p> <p>7 AFFORDABLE AND CLEAN ENERGY, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND COMMUNITIES, 13 CLIMATE ACTION, 14 LIFE BELOW WATER</p> <p>4 QUALITY EDUCATION, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH</p> <p>5 GENDER EQUALITY, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<ul style="list-style-type: none"> Promote commercialization of a CO₂-free hydrogen supply chain Develop and expand low-/zero-carbon solutions Deliver stable supplies of resources and strengthen resource circulating businesses <ul style="list-style-type: none"> Maintain resilient LPG supply chains and strengthen disaster prevention measures Embody Iwatani GateWay concept Extend cartridge gas business overseas and develop new products <ul style="list-style-type: none"> Develop and market technologies for the social implementation of hydrogen Establish and implement green LPG technology Develop applications for and strengthen quality control and safety of industrial gases <ul style="list-style-type: none"> Establish systems to enhance employee engagement Create workplace environments where diversity is accepted and valued Recruit and develop people who respond to change and continue to create value <ul style="list-style-type: none"> Fulfill the functions of the Board of Directors and secure its diversity Promote dialogue with stakeholders Strengthen risk management system 	<p>PLAN27 (FY2023–FY2027)</p> <p>Key period for ensuring the realization of the Long-Term Vision</p> <p>Hydrogen Strategies (See p. 21.)</p> <p>Carbon-free Strategies (See p. 25.)</p> <p>Domestic Energy & Service Strategies (See p. 27.)</p> <p>Overseas Strategies (See p. 29.)</p> <p>Non-financial Strategies Climate Change Response (See p. 53.) Human Resource Strategy (See p. 31.) Technology Strategy (See p. 33.)</p>



Materiality Identification Process

- Identifying issues**: Identifying issues gleaned from the Sustainable Development Goals (SDGs) and items evaluated by environmental, social, and governance (ESG) rating agencies
- Determining the importance of various issues**: Analyzing the importance of issues in light of the corporate philosophy, the Iwatani Code of Corporate Ethics, and management strategies
- Identifying materiality**: Identifying as each materiality judged to be important both to society and stakeholders and to the Iwatani Group



Working toward the Sustainable Development Goals (SDGs)

At Iwatani, we consider a sound understanding of and efforts to achieve the Sustainable Development Goals (SDGs) adopted by the United Nations in 2015 essential aspects of identifying materiality. By validating the relationship between each materiality and the 17 Goals and 169 Targets of the SDGs and identifying which SDGs relate to each materiality, the Iwatani Group will contribute to widespread innovations throughout society.



Medium-Term Management Plan: PLAN27

(FY2023–FY2027)

The five-year PLAN27 medium-term management plan addresses the timeframe starting with FY2023.

Theme Establishing a hydrogen energy-based society

Basic Policy Business expansion to achieve “solutions to social issues” and “sustained growth”

Management Targets

- Operating profit**
¥65.0 billion
- ROE**
10% or higher
- ROIC**
6% or higher

Capital Policies

- 5-year cumulative investment**
¥470.0 billion
- Returns to shareholders**
Payout ratio*1 of 20% or higher
Progressive dividend

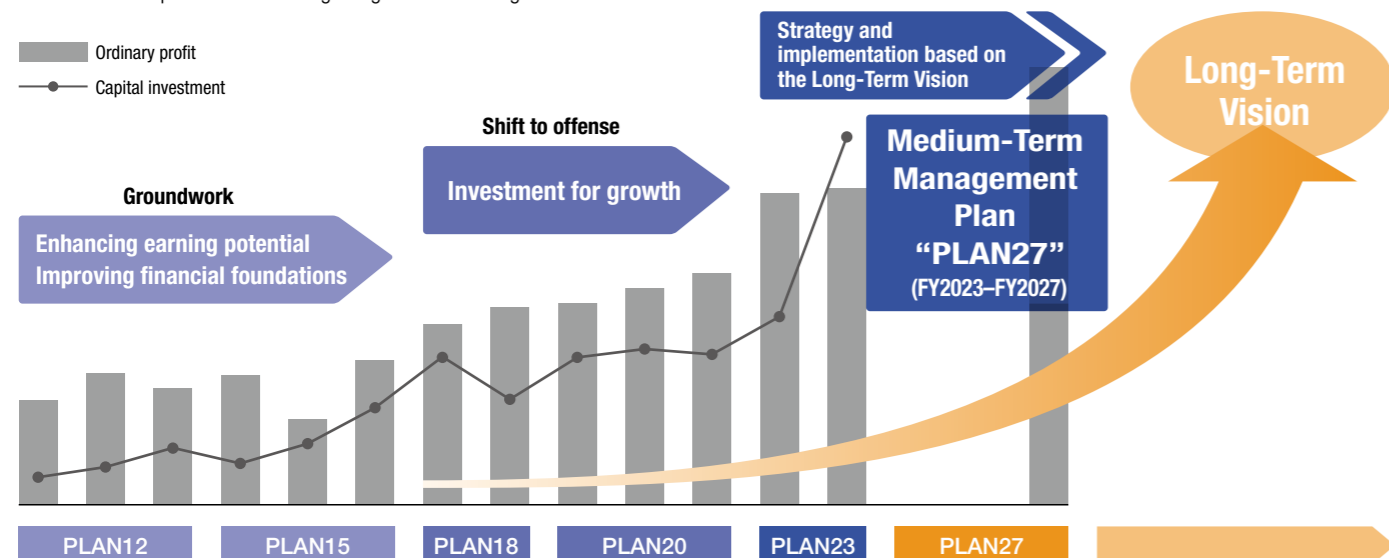
*1 Based on net income (excluding impact of LPG import price fluctuation) FY2027 target

Priority Measures

Hydrogen Strategies (See p.21.) <ul style="list-style-type: none"> Expand liquid hydrogen business that captures growing carbon-free-related demand Develop a CO₂-free hydrogen supply chain 	Carbon-free Strategies (See p. 25.) <ul style="list-style-type: none"> Expand business by promoting low-/zero-carbon solutions business Invest in the realization of a carbon-free society
Domestic Energy & Service Strategies (See p. 27.) <ul style="list-style-type: none"> Expand market share and streamline distribution by utilizing LPG business infrastructure Provide services that contribute to solving social issues of local communities 	Overseas Strategies (See p. 29.) <ul style="list-style-type: none"> Leverage strengths of individual segments to expand business in respective regions
Non-financial Strategies <ul style="list-style-type: none"> Climate Change Response (See p. 53.) Human Resource Strategy (See p. 31.) Technology Strategy (See p. 33.) 	

Progress on and Positioning of the Medium-Term Management Plan

Since FY2000, based on our seven medium-term management plans, we have made steady progress with business structural reforms, improvements in earnings capability, and our financial makeup. Following preceding periods in which we lay the foundations and shifted to an aggressive posture, PLAN27 covers a crucial period for achieving the goals of the Long-Term Vision.



Capital Policies and Returns to Shareholders

Perspective on capital policies

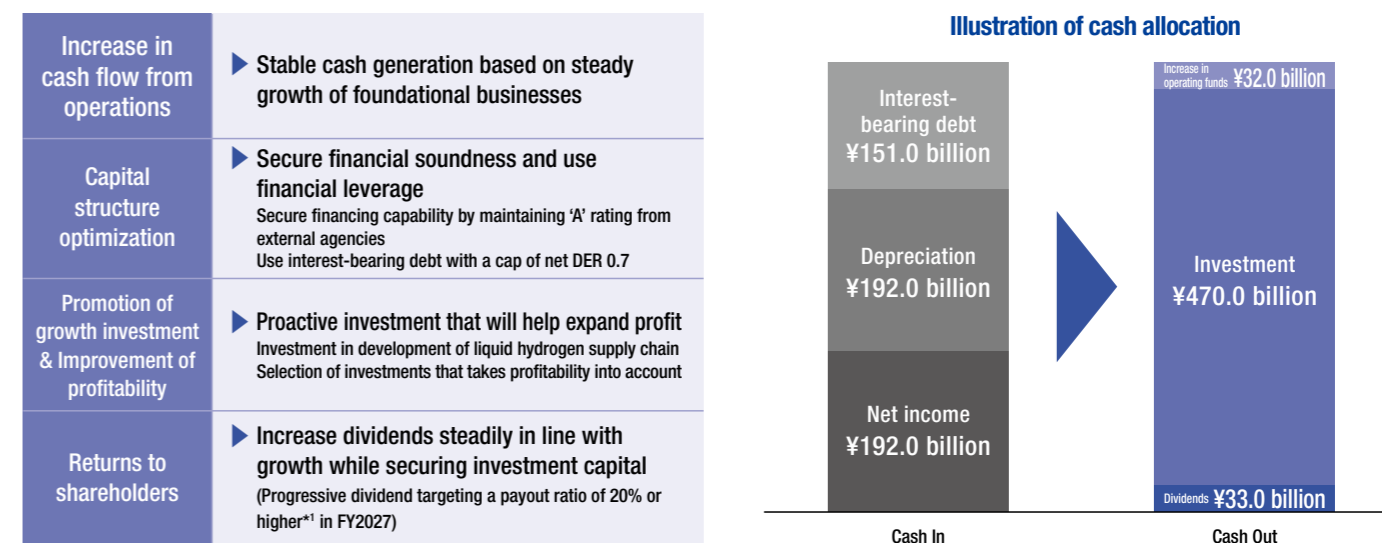
We plan to invest a total of ¥470.0 billion over the course of five years by raising funds from operating cash flows and via interest-bearing debt. We will prioritize investments to achieve sustained growth and realize a hydrogen energy-based society, founded on the premise of steady growth in earnings in our core businesses. To maintain low capital costs, we will draw on interest-bearing debt in place of equity financing. While maintaining our external financial rating of A to secure our fundraising capabilities, we have adopted a policy of using interest-bearing debt up to a maximum net DER of 0.7.

Returns to shareholders

PLAN27 is our first plan to clearly set forth as a target a minimum payout ratio of 20%*1 and to commit progressive dividend, with no steps backward. We expect to pay dividends of approximately ¥160/share in FY2027, the final year of the plan, based on steady dividend increases that reflect growth in profits.

PLAN27 Basic approach to capital allocation

- Secure financial soundness and use financial leveraging (net DER of 0.7 or less)
- Proactive investment toward the realization of a hydrogen energy-based society and sustained growth
- Progressive dividend with a target payout ratio of 20% or higher*1



Breakdown of Investment Funds

	Amount	Content
Growth investment	¥420.0 billion	
Of which Priority measures	¥320.0 billion	<ul style="list-style-type: none"> Development of CO₂-free hydrogen supply chains Promotion of low-/zero-carbon business Expansion of domestic energy business Growth investments overseas
Of which Foundational businesses	¥100.0 billion	<ul style="list-style-type: none"> Expansion of domestic supply capacity of air separation gases, etc.
Maintenance / Repairs	¥50.0 billion	<ul style="list-style-type: none"> Repairs of LPG plants, etc.