

**Iwatani**

**Financial Results for FY2023  
(Results for the Fiscal Year Ended March 31, 2024)**

**May 23, 2024**

**Iwatani Corporation**

[Security Code 8088]

(Forward-Looking Statements)

This material contains forward-looking statements based on expectations and are not guarantees or assurances of future performance. Accordingly, please be fully aware that results may differ materially from those expectations.

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# FY 2023 Overview

## Highlights

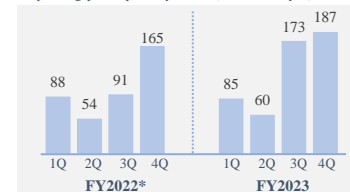
- ▶ Net sales decreased. Operating profit increased. Ordinary profit and profit attributable to owners of parent reached record highs for the ninth consecutive year.

### Summary of Financial Results for FY2023

- Net sales decreased due to low import prices compared to the previous year and lower selling prices of LPG, as well as weak sales of rechargeable battery materials for next-generation automobiles.  
(FY2023 average CP in yen: 81,774 yen (CP: \$569 USD Exchange rate: ¥143.50/\$)  
(FY2022 average CP in yen: 96,106 yen (CP: \$725 USD Exchange rate: ¥133.73/\$))
- Operating profit increased due to the efforts in Industrial Gases & Machinery business to reduce the increased production costs and positive impact of LPG price fluctuation versus the previous year. Ordinary profit and profit attributable to owners of parent increased, due in part to the recording of a gain on bargain purchase as non-operating profit resulting from accounting for Cosmo Energy Holdings(hereinafter Cosmo Energy HD) using the equity method.

Net sales	<b>847.8</b> billion yen	YoY (58.3) billion yen	(6.4)%
Operating profit	<b>50.6</b> billion yen	YoY +10.6 billion yen	+26.5%
Ordinary profit	<b>66.2</b> billion yen	YoY +19.1 billion yen	+40.8%
Profit attributable to owners of parent	<b>47.3</b> billion yen	YoY +15.3 billion yen	+47.9%

■ Operating profit quarterly trends (100 million yen)



\*Reflects the finalization of provisional accounting treatment for business combinations.

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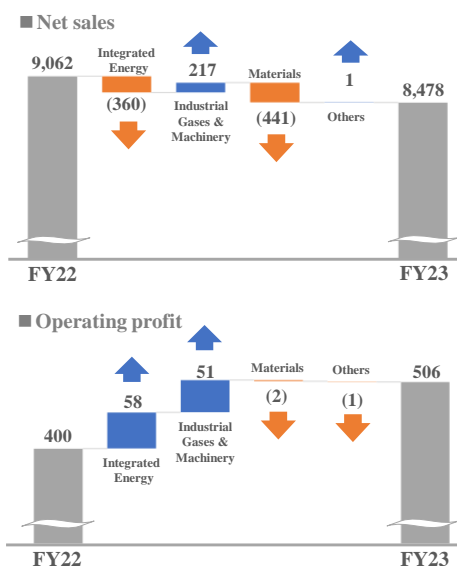
In the fiscal year ended March 31, 2024, sales declined YoY, but operating profit increased, and ordinary profit and net income reached new highs for the ninth consecutive year.

## Consolidated Operating Results

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(100 million yen)

	FY23 Results (A)	FY22 Results (B)	YoY (A)-(B) (A)/(B)	FY23 Forecasts
Net Sales	8,478	9,062	(583) (6.4)%	9,070
Gross profit	2,294	2,129	+165 +7.8%	—
Operating profit	506	400	+106 +26.5%	450
Operating profit excluding impact of LPG import price fluctuation	498	431	+67 +15.5%	450
Non-operating profit	155	69	+85 +123.1%	—
Equity gains of affiliated companies related to Cosmo Energy HD	93	—	+93 —	—
Ordinary profit	662	470	+191 +40.8%	503
Profit attributable to owners of parent	473	320	+153 +47.9%	335



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Net sales decreased JPY58.3 billion, or 6.4%, from the previous fiscal year to JPY847.8 billion, mainly due to lower LPG import prices, which were lower than the previous fiscal year, and lower sales volumes of battery-related materials for next-generation vehicles.

Gross profit increased JPY16.5 billion, or 7.8%, to JPY229.4 billion as a result of improved profitability in the LPG retail sector and the industrial gases & machinery business' response to higher production costs from the previous fiscal year.

Operating profit increased JPY10.6 billion or 26.5% to JPY50.6 billion due to higher gross profit, despite a JPY5.9 billion increase in SG&A expenses due to higher personnel and depreciation costs.

Non-operating income increased by JPY8.5 billion from the previous year due to a gain on bargain purchase of JPY9.3 billion resulting from accounting for Cosmo Energy Holdings (hereinafter Cosmo Energy HD) using the equity method.

As a result, ordinary profit increased by JPY19.1 billion or 40.8% to JPY66.2 billion, and net profit increased by JPY15.3 billion or 47.9% to JPY47.3 billion.

## Consolidated Operating Results (Segment Analysis)

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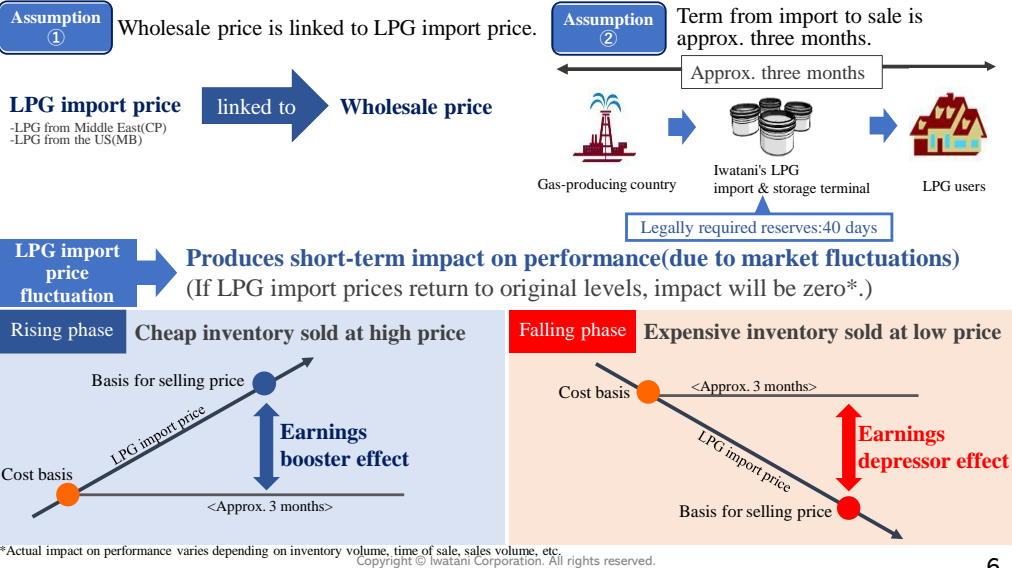
(100 million yen)

	FY23 Results (A)	FY22 Results (B)	YoY (A)-(B)	YoY (A)/(B)
<b>Net sales</b>	<b>8,478</b>	<b>9,062</b>	<b>(583)</b>	<b>(6.4)%</b>
■ Integrated Energy	3,571	3,932	(360)	(9.2)%
■ Industrial Gases & Machinery	2,621	2,404	+217	+9.1%
■ Materials	1,982	2,424	(441)	(18.2)%
■ Others	303	302	+1	+0.4%
<b>Operating profit</b>	<b>506</b>	<b>400</b>	<b>+106</b>	<b>+26.5%</b>
■ Integrated Energy	201	143	+58	+41.1%
■ Industrial Gases & Machinery	217	165	+51	+31.1%
■ Materials	123	126	(2)	(2.4)%
■ Others, Adjustments	(35)	(34)	(1)	—
Operating profit excluding impact of LPG import price fluctuation	498	431	+67	+15.5%
<b>Ordinary profit</b>	<b>662</b>	<b>470</b>	<b>+191</b>	<b>+40.8%</b>
<b>Profit attributable to owners of parent</b>	<b>473</b>	<b>320</b>	<b>+153</b>	<b>+47.9%</b>

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## Impact of LPG Import Price Fluctuations



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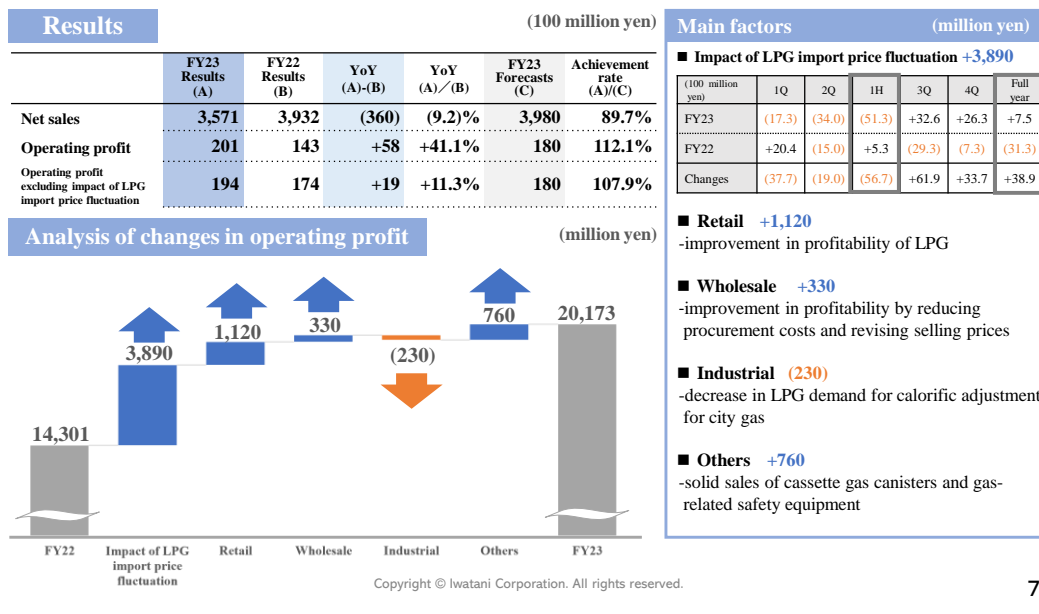
I will briefly explain the impact of LPG import price fluctuations on our business performance.

The Company imports LPG from the Middle East and the US, and in order to smooth out import price fluctuations, with many of our wholesale partners, we have a pricing structure that links the selling price to the import price.

On the other hand, the "first-in, first-out" method is used for inventory valuation. However, since it takes approximately three months from the importation of LPG to its sale, plus the 40-day legal stockpiling period, at the time of sale, the inventory purchased approximately three months earlier is sold.

While this results in selling low cost inventory at a higher price when LPG import prices rise, in the event of a decline, high cost inventory will be sold at a lower price. These effects are referred to as the impact of LPG import price fluctuations.

## Operating Profit Analysis of Integrated Energy



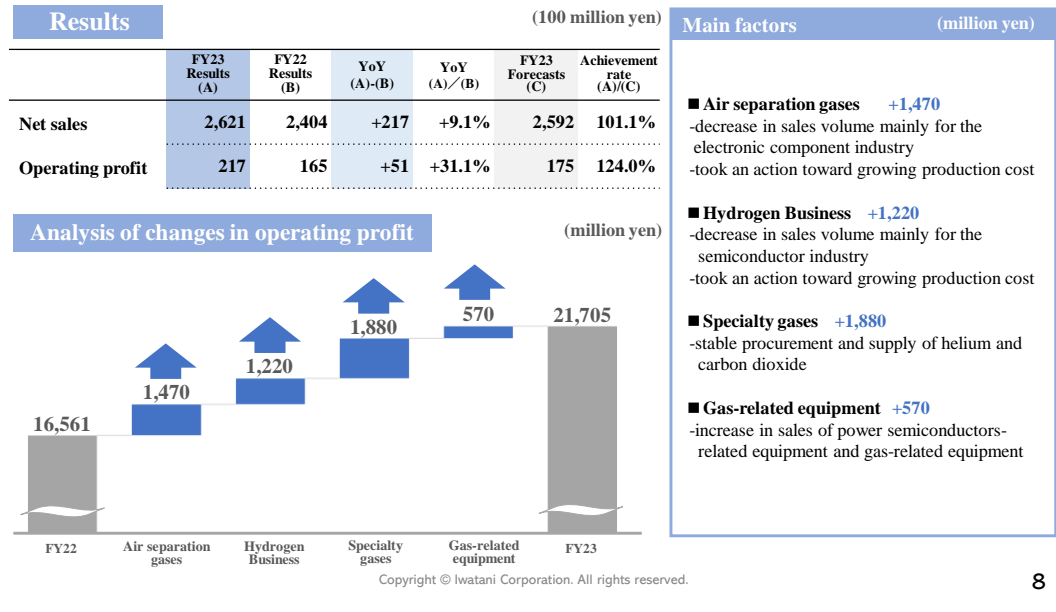
In the integrated energy business, sales decreased by JPY36 billion to JPY357.1 billion due to lower LPG import prices compared to the previous year and lower LPG sales in the industrial sector, mainly to large customers.

Profits, on the other hand, increased 41.1% to JPY20.1 billion due to improved profitability in the LPG retail sector and the impact of LPG import price fluctuations that added about JPY3.8 billion versus the previous year.

Operating profit excluding the impact of LPG import price fluctuations was JPY19.4 billion, an increase of JPY1.9 billion.



# Operating Profit Analysis of Industrial Gases & Machinery

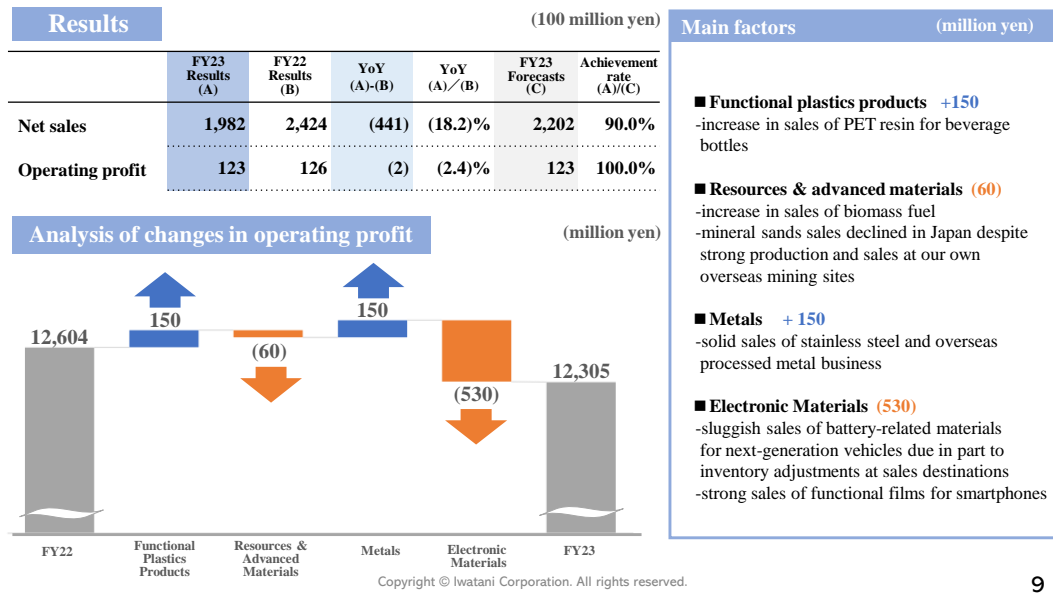


In the industrial gases & machinery business, sales volumes of air separation gas and hydrogen gas declined due to a drop in demand, mainly from the semiconductor and electronic components industries, but profitability improved as a result of efforts to address rising production costs.

For specialty gases, we worked to ensure a stable supply of helium gas and carbon dioxide gas, and for machinery and equipment, sales of equipment for power semiconductors, a growing field, and gas supply facilities increased.

As a result, net sales increased JPY21.7 billion to JPY262.1 billion, and operating profit increased by 31.1% to JPY21.7 billion.

## Operating Profit Analysis of Materials



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In the materials business, sales of PET resins for beverage bottles, biomass fuels, and high-performance film materials for smartphones were strong. Sales of stainless steel remained steady.

As for mineral sands, production and sales at our own overseas mining sites were strong, but domestic sales to titanium dioxide manufacturers, our major customer, declined.

Sales of battery-related materials for next-generation vehicles were sluggish due to declining market conditions and inventory adjustments for customers.

As a result, net sales decreased JPY44.1 billion to JPY198.2 billion, and operating profit decreased by 2.4% to JPY12.3 billion.

## Balance Sheets (Consolidated)

Interest-bearing debt and total assets increased due to an increase in investment securities due to additional acquisition of shares in Cosmo Energy HD, etc.

(100 million yen)

	FY23 (A)	FY22 (B)	Change (A) - (B)	Major factors for changes
<b>Current assets</b>	<b>3,095</b>	<b>3,031</b>	<b>+63</b>	increase in inventories
Property, plant and equipment	2,254	2,074	+179	
Intangible assets	365	368	(3)	
Investments and other assets	2,629	1,085	+1,544	investment securities increased 139.7 billion yen due to additional acquisition of shares of Cosmo Energy HD, etc.
Fixed assets	5,248	3,528	+1,720	
<b>Total assets</b>	<b>8,343</b>	<b>6,560</b>	<b>+1,783</b>	
<b>Current liabilities</b>	<b>3,125</b>	<b>2,124</b>	<b>+1,000</b>	short-term debt increased 103.4 billion yen
Non-Current liabilities	1,489	1,313	+176	
<b>Total liabilities</b>	<b>4,614</b>	<b>3,437</b>	<b>+1,176</b>	interest-bearing debt 254.5 billion yen (+115.0 billion yen) ratio of interest-bearing debt to total assets 30.5%
Equity capital	3,623	3,019	+603	capital ratio 43.4%
Non-controlling interests	106	102	+3	
Net Assets	3,729	3,122	+606	
<b>Total liabilities and net assets</b>	<b>8,343</b>	<b>6,560</b>	<b>+1,783</b>	

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Total assets at the end of March 2024 increased by JPY178.3 billion from the end of the previous fiscal year to JPY834.3 billion.

Equity capital increased JPY60.3 billion to JPY362.3 billion, and the capital ratio decreased by 2.6 percentage points from the end of the previous fiscal year to 43.4%.

Interest-bearing debt increased by JPY115 billion from the end of the previous period to JPY254.5 billion due to the additional acquisition of shares in Cosmo Energy HD, and the ratio of interest-bearing debt to total assets increased by 9.3 percentage points to 30.5%.

# FY 2024 Forecasts

## Forecasts for the Year Ending March 31, 2025

(100 million yen)				
	FY24 forecasts	FY23 results	Change	Rate
Net sales	9,020	8,478	+541	+6.4%
■ Integrated Energy	3,840	3,571	+268	+7.5%
■ Industrial Gases & Machinery	2,750	2,621	+128	+4.9%
■ Materials	2,105	1,982	+122	+6.2%
■ Others	325	303	+21	+7.1%
Operating profit	527	506	+20	+4.1%
■ Integrated Energy	210	201	+8	+4.1%
■ Industrial Gases & Machinery	220	217	+2	+1.4%
■ Materials	128	123	+4	+4.0%
■ Others, Adjustments	(31)	(35)	+4	—
Operating profit excluding impact of LPG import price fluctuation	527	498	+28	+5.7%
Equity gains of affiliated companies related to Cosmo Energy HD	159	93	+65	+69.5%
Ordinary profit	728	662	+65	+10.0%
Profit attributable to owners of parent	540	473	+66	+14.0%

**Estimated exchange rate**

Exchange rate **145 JPY/USD**

LPG import price **650 \$/ton**

(FY23 results)  
Exchange rate 143.5 JPY/USD  
LPG import price 569 \$/ton

**Dividend forecast**

FY24 130 yen per share

\*The dividend for FY24 does not include the impact of accounting for Cosmo Energy HD using the equity method

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For the next fiscal year, we expect sales to increase 6.4% to JPY902 billion, operating profit to rise 4.1% to JPY52.7 billion, ordinary profit to increase 10% to JPY72.8 billion, and net income to rise 14% to JPY54 billion.

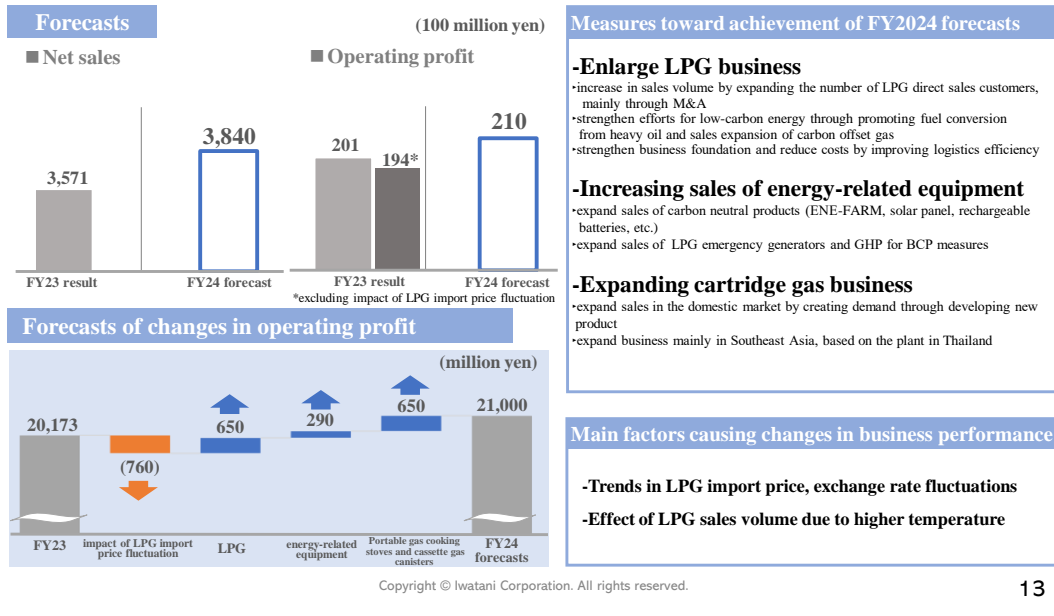
In the current period, LPG import price fluctuations had a positive impact of approximately JPY700 million, but this is not expected in the forecast for the next period.

Excluding the impact of LPG import price fluctuations, operating profit is expected to increase by 5.7% YoY.

Ordinary profit factors in JPY15.9 billion of equity in earnings of Cosmo Energy HD.

The assumed exchange rate for the forecast is JPY145 to the USD, and the assumed LPG import price (CP) is USD650 per ton.

## FY2024 Forecasts of Integrated Energy



In the integrated energy business, sales are expected to be JPY384 billion, up 7.5%, and operating profit is expected to increase by 4.1% to JPY21 billion.

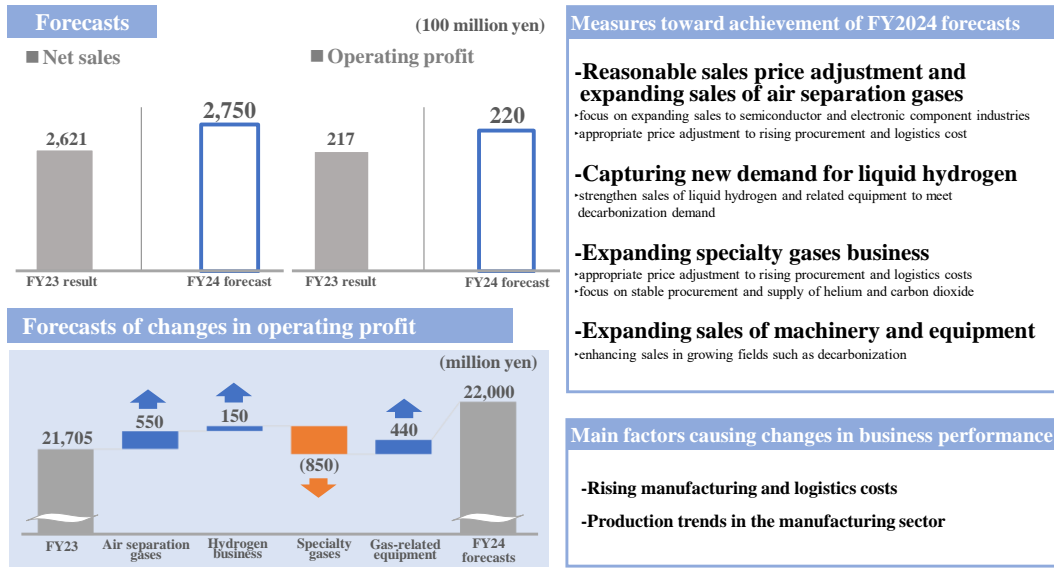
In the previous fiscal year, the impact of LPG import price fluctuations had a positive impact of JPY758 million, but this is not expected for the current fiscal year. Excluding the impact of LPG import price fluctuations, the increase in profit is JPY1.5 billion or 8.2%.

With respect to LPG, we will work to expand the number of direct sales customers, mainly through M&A, and respond to the low-carbon and decarbonization needs of our business partners by promoting fuel conversion and expanding sales of carbon offset gas to industrial customers.

For energy-related equipment, we will capture BCP demand such as LPG-powered emergency generators in addition to increasing sales of ENE-FARM that help reduce household CO<sub>2</sub> emissions.

In the cartridge gas business, we will create demand through new product development in domestic market, and expand our overseas business mainly in Southeast Asia, starting with the new plant in Thailand that was opened last fiscal year.

## FY2024 Forecasts of Industrial Gases & Machinery



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For the industrial gases & machinery business, we expect sales to be JPY275 billion, up 4.9%, and operating profit to be JPY22 billion, up 1.4%.

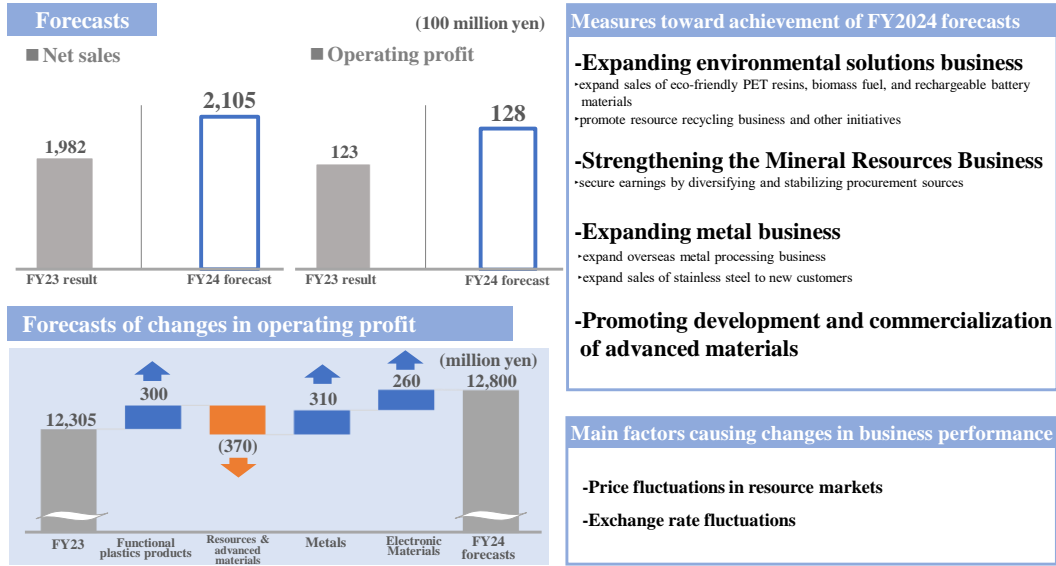
With regard to air separation gases, we will work to expand sales to the semiconductor and electronic components industries, et cetera, and respond to rising procurement and logistics costs.

In the hydrogen business, we will strengthen sales expansion of liquid hydrogen and related equipment to meet the growing demand for decarbonization applications.

As for specialty gases, we will respond to rising costs and continue our efforts to stably procure and stably supply helium gas and carbon dioxide gas.

As for machinery and equipment, we will promote sales expansion in growth areas such as environment-related fields.

## FY2024 Forecasts of Materials



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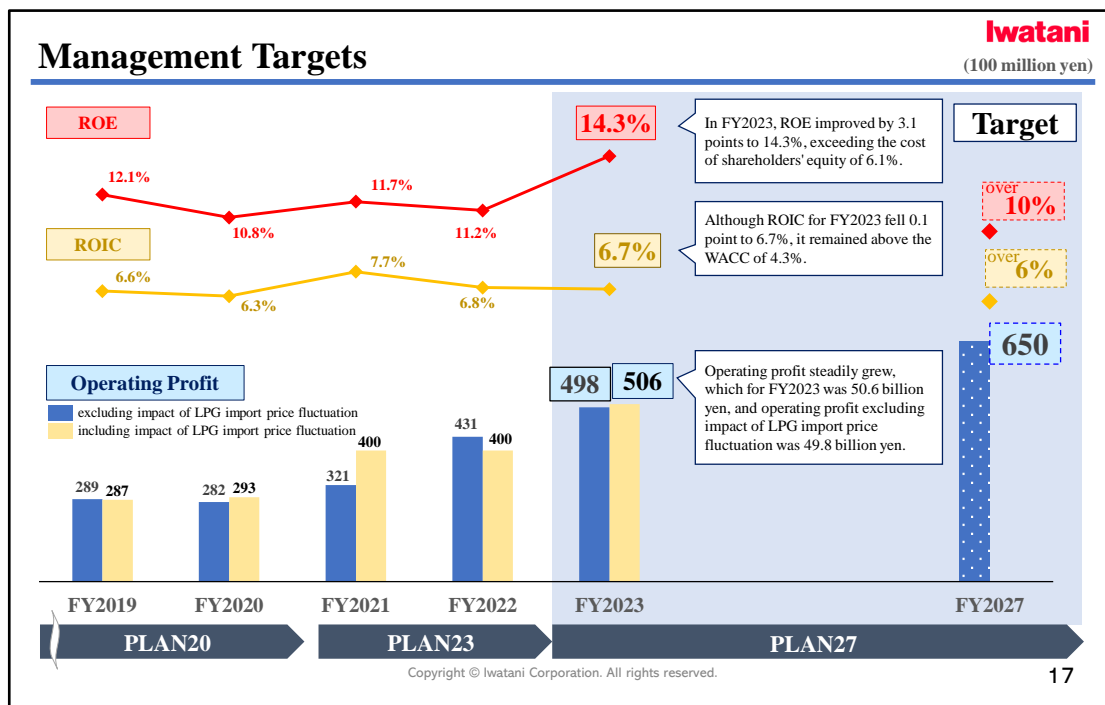
In the materials business, we forecast sales of JPY210.5 billion, up 6.2%, and operating profit of JPY12.8 billion, up 4%.

In the resource-related business, the market is expected to remain sluggish and earnings are expected to decline. However, we forecast an increase in earnings for the segment as a whole by expanding sales of high-performance film materials, low-environmental PET resins, and biomass fuel, as well as by strengthening overseas business, including the metal processing business.

We will also work on environmental solution businesses such as resource recycling and the development of advanced materials.



# Progress of Medium-Term Management Plan “PLAN27”



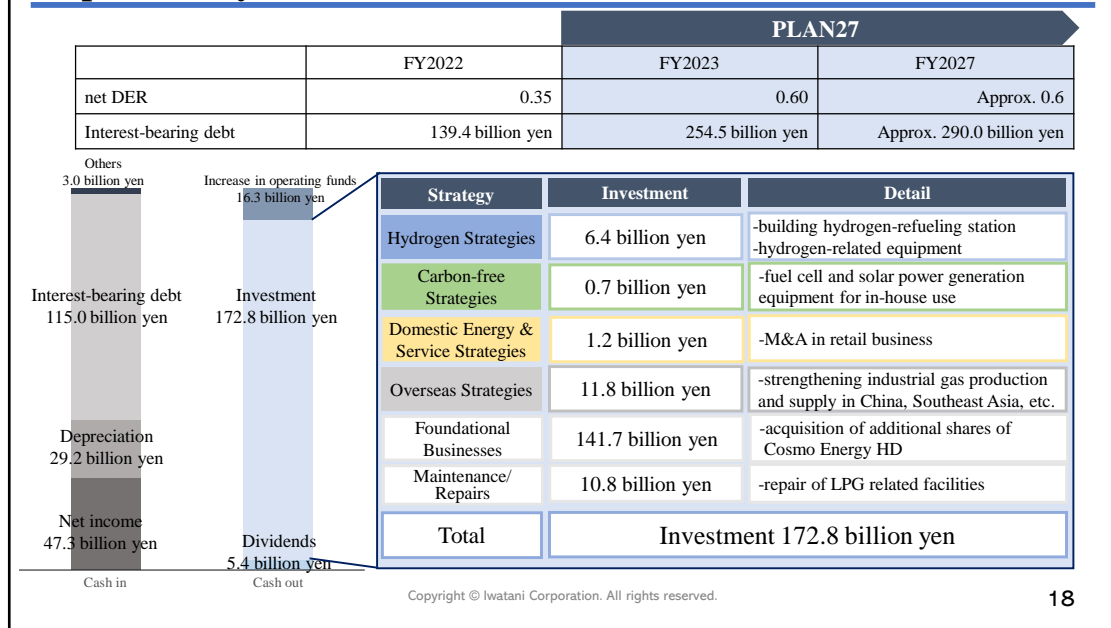
I will explain the progress of the medium-term management plan, “PLAN27”.

In the mid-term management plan "PLAN27," our management numerical targets are ROE of 10% or higher, ROIC of 6% or higher, and operating income of JPY65 billion by FY2027.

ROE and ROIC for the fiscal year under review were 14.3% and 6.7%, respectively, which were higher than the cost of capital. Operating income was JPY50.6 billion, or JPY49.8 billion excluding the impact of LPG import price fluctuations, and remained steady.

We will continue to strengthen our efforts to achieve “PLAN 27” and enhance our corporate value.

## Capital Policy



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In addition to the acquisition of additional shares in Cosmo Energy HD, which was not planned at the time PLAN 27 was formulated, the Company worked on the construction of hydrogen-refueling stations and new plants overseas, resulting in a total investment of JPY172.8 billion in FY2023.

In addition to this, interest-bearing debt increased by JPY115 billion due to an increase in operating funds and dividends, resulting in a net DER of 0.6 times, up 0.25 points.

We will continue to prioritize the investment for realization of a hydrogen energy society and sustainable growth by securing operating cash flow and using interest-bearing debt.

## Theme, Basic Policy, Priority Measures

Theme

Establishing a hydrogen energy-based society

Basic  
Policy

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

### ► Priority Measures

- (1) Hydrogen Strategies
- (2) Carbon-free Strategies
- (3) Domestic Energy & Service Strategies
- (4) Overseas Strategies
- (5) Non-financial Strategies

I would like to explain the progress made in each of the five priority measures set forth in PLAN27.

## Progress of Priority Measures

### Hydrogen Strategies

#### Manufacture

- promoting two projects to develop large-scale CO2-free hydrogen supply chains in Australia

#### Transport

- joint development projects underway include those on LH2 pressurizing pumps with Mitsubishi Heavy Industries, Ltd., and large scale LH2 storage tanks with Toyo Kanetsu K.K. which government subsidy will be provided

#### Use

- start of demonstration of hydrogen-mixed LPG piping supply in Minamisoma City, Fukushima Prefecture
- opened Japan's first hydrogen-refueling station, Iwatani Cosmo Hydrogen Refueling Station Heiwajima, at the rest area on highway
- opened Japan's first hydrogen-refueling station, Iwatani Hydrogen Refueling Station Ashigara SA, for fuel cell commercial vehicles in a truck terminal
- now constructing Japan's first liquefied hydrogen marine carrier
- began supplying LPG cylinders and industrial gas cylinders by fuel cell trucks



Artist's depiction of hydrogen manufacturing plant in Australia



Artist's depiction of liquefied hydrogen marine carrier



Fuel cell trucks

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Hydrogen strategies are divided into "manufacture," "transport," and "use."

In "manufacture," we are working on two projects to build a CO2-free hydrogen supply chain in Australia: lignite-derived hydrogen production, which was selected as a Green Innovation Fund projects, and green hydrogen production from renewable energy sources in Queensland. In both cases, we are in the process of confirming the basic design for the final investment decision.

For "transport," we are collaborating with Mitsubishi Heavy Industries, Toyo Kanetsu, and other companies to promote the development of facilities related to liquid hydrogen.

For "use," we have begun a pilot project to supply hydrogen-mixed LPG through pipelines in Minamisoma city, Fukushima Prefecture, and are also building Japan's first liquefied hydrogen marine carrier, which will be utilized at the Osaka-Kansai Expo.

## Progress of Priority Measures

### Carbon-free Strategies

- resin made from biomass materials adopted by domestic processing manufacturer
- installing high-efficiency gas water heaters to household and convert resulting CO2 emissions reductions to credits
- installed fuel cell equipment in our Iwatani R&D Center to help reduce CO2 emissions. Also, considering conducting demonstration research on an energy management system that combines solar power generation and other systems



Biomass-used resin raw materials



Fuel cell equipment in our Iwatani R&amp;D Center

### Domestic Energy & Service Strategies

- increase in LPG direct customers 1.10 million → 1.11million
- building LPG cylinder filling station inside Negishi Liquefied Gas Terminal



Negishi Liquefied Gas Terminal

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Our decarbonization strategy has expanded our environmental products, including a resin made from biomass feedstock that has been newly adopted by a domestic processing manufacturer.

In addition, Iwatani R&D Center has installed fuel cell equipment and is promoting efforts to reduce CO2 emissions at the laboratory, including the use of cold heat, and is also considering a demonstration study of an energy management system with solar power generation.

With respect to our domestic energy service strategy, the number of LPG direct sales customers increased by 10,000 households to 1.11 million households as of March 31, 2024, compared to the end of the previous fiscal year.

At the Negishi Liquefied Gas Terminal, an LPG cylinder filling station has been completed and started operation to strengthen and rationalize the LPG supply system in the Kanto and Tokyo metropolitan areas.

## Progress of Priority Measures

### Overseas Strategies

- expansion of air separation plant in China
- built helium center at inland area of China
- opened portable cooking stove plant in Thailand
- expanded refrigerant business in Southeast Asian countries/  
developed recovery and recycling business
  - acquired refrigerant companies in Malaysia
  - newly established a plant refrigerant in Thailand
  - expanded plant in Indonesia



Air separation plant (Jiaxing, China)



Helium Center (Xiaogan, China)

### Non-financial Strategies

- opened internal university of technology and safety
- certified as an Eco-First Company



Internal university of technology and safety



Certified as the Eco-First Company

### Targets of Human Resources Strategy

	FY2022	FY2023	PLAN2027 (plan)
Ratio of female managers	6.0%	6.9%	Over 10%
Annual training costs per employee	86 thousand yen	92 thousand yen	150 thousand yen
Percentage of childcare leave taken by male employees	30.6%	55.9%	100%

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In our overseas strategy, we built new plants and expanded facilities in China and Southeast Asia to expand our business.

In Southeast Asia, where economic growth is remarkable, we have built a manufacturing plant for portable gas cooking stoves in Thailand and have begun sales to neighboring countries including Thailand.

In addition, we acquired a CFC manufacturing company in Malaysia to meet the expected increase in demand for refrigerants due to the growing popularity of air conditioners and vehicles.

We expanded our business by switching to refrigerants that have less impact on global warming and engaging in the recovery and recycling of used CFCs, through the expansion of an existing plant in Indonesia and the construction of a new plant in Thailand.

Finally, non-financial strategies include the establishment of an in-house university to strengthen our technological capabilities, and efforts by our employees to improve their knowledge and skills in "technology" and "safety control" necessary to accurately respond to market and customer needs.

In addition, the Ministry of the Environment has recognized us as an environmentally advanced company and selected us as an "Eco-First Company."

That's all for the explanation of "PLAN27" progress.

# **Capital and Business Alliance with Cosmo Energy Holdings Co., Ltd.**



## Relationship with Cosmo Energy Group

**Energy: Procurement of LPG, kerosene, etc.**

**Industrial Gases: Procurement of raw materials of carbon dioxide**

**Cooperation in hydrogen field**



March 2022

Entered into a basic agreement to discuss alliance in hydrogen business

<Areas to be considered for collaboration>

1. Hydrogen business
2. Engineering fields related to hydrogen production, etc.
3. Utilization of domestic receiving terminals and overseas sources to establish a hydrogen supply chain

February 2023

jointly established Iwatani Cosmo Hydrogen Station LCC

November 2023

jointly established Cosmo Iwatani Hydrogen Engineering LCC

We have had a long business relationship with the Cosmo Energy Group, procuring LPG and kerosene in the energy sector and raw materials of carbon dioxide in the industrial gas sector.

In March 2022, the two companies signed a basic agreement to study collaboration in the hydrogen business and established joint ventures for hydrogen-refueling stations and engineering, respectively, to promote collaboration.

## Overview of Capital and Business Alliance

**December 2023**  
purchased additional shares

Number of shares held jointly after purchase	17,459,900 shares (shareholding ratio*: 19.93%)
--	--

**March 2024**  
purchased additional shares and became affiliate accounted for using the equity method

Number of shares held jointly after purchase	17,709,900 shares (shareholding ratio*: 20.22%)
--	--

→ Cosmo Energy HD was included in the scope of entities accounted for using the equity method in the fourth quarter of FY2023.

**April 2024**  
conclude a capital and business alliance agreement

\*Shareholding ratio: deducting the number of treasury shares from the total number of shares issued by Cosmo Energy HD as of December 31, 2023

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Under such circumstances, we became the largest shareholder of Cosmo Energy HD by acquiring its shares in December last year, and then made an additional acquisition in March this year, resulting in our shareholding ratio exceeding 20% and making Cosmo Energy HD an equity method affiliate.

Subsequently, on the 23rd of last month, a capital and business alliance agreement was signed.

## Overview of Capital and Business Alliance

### Conclude a capital and business alliance agreement on April 23<sup>rd</sup>

To whom it may concern:		April 23, 2024
Company name	Iwatani Corporation	
Representative	Hiroshi Majima Representative Director and President (Code: 8088, Prime Market of the Tokyo Stock Exchange)	
Contact person	Kang Takayama Senior Managing Officer	
TEL	06-7617-3470	
Company name	Cosmo Energy Holdings Co., Ltd.	
Representative	Shigenori Yamada Representative Director and Group CEO (Code: 5021, Prime Market of the Tokyo Stock Exchange)	
Contact person	Manabu Okawa General Manager, Corporate Communication Dept.	
TEL	03-3798-3101	

Notice Concerning Capital and Business Alliance  
Between Iwatani Corporation and Cosmo Energy Holdings Co., Ltd.

Iwatani Corporation (hereinafter, "Iwatani") and Cosmo Energy Holdings Co., Ltd. (hereinafter, "Cosmo Energy HD") are pleased to announce that at their respective Board of Directors meeting held today, the two companies concluded to enter into a capital and business alliance agreement as outlined below.

1. Purpose of capital and business alliance  
Iwatani 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, Iwatani 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. Overview of capital and business alliance  
(1) Details of business alliance  
Under this business alliance, Iwatani 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.

Joint News Release announced on April 23, 2024

#### 【Outline of business alliance】

##### 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 relationships 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

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The purpose of the capital and business alliance is to further deepen the collaboration between the two companies while combining their respective management resources and know-how to create new synergies and enhance the corporate value of both companies.

The business alliance will focus on "initiatives to realize a decarbonized society" and "strengthening of their relationships in existing business sectors," and the two companies will discuss specific details of the alliance at the Alliance Promotion Committee established by the two companies.

## Overview of Business Alliance

### 1. Initiatives to Realize a Decarbonized Society

-Development of infrastructure for a hydrogen energy society

Expansion of hydrogen stations mainly through Iwatani Cosmo Hydrogen Station LCC



Iwatani Cosmo Hydrogen Station Heiwajima opened

Development of a hydrogen supply network (production, supply, and retail) that makes maximum use of the management resources of both companies

-Utilization of both companies' expertise and infrastructure in the hydrogen business  
-Strengthen engineering capabilities by utilizing Cosmo Iwatani Hydrogen Engineering LCC

-Production of green hydrogen in Japan

-Expansion of their decarbonization-related businesses

-Promotion of next-generation fuel development



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First, for "initiatives to realize a decarbonized society," we will work to develop the infrastructure for a hydrogen energy-based society.

In February 2023, Iwatani Cosmo Hydrogen Station LLC was established for the purpose of collaboration in the hydrogen-refueling stations business.

On April 8, 2024, the Company opened its first hydrogen-refueling station in Heiwajima, Tokyo, and has been selected by the Tokyo Metropolitan Government to develop and operate two more stations scheduled to open in the next fiscal year.

We intend to select and develop suitable land according to the production plans of fuel cell trucks and fuel cell buses and the plans of each prefecture.

By making maximum use of the management resources of both companies, including their knowledge and infrastructure in the hydrogen business, the two companies will consider the establishment of a hydrogen supply network from production to supply and retail.

To strengthen our engineering business, we established Cosmo Iwatani Hydrogen Engineering LLC in November last year to enhance our technical capabilities that contribute to infrastructure development, and we are promoting initiatives such as design work related to hydrogen-related plants.

Next, for green hydrogen production in Japan, we will consider utilizing the renewable energy business of the Cosmo Energy Group and the hydrogen-related know-how that we have accumulated over the years.

In expanding our decarbonization-related business, we hope to leverage our infrastructure and customer base to expand the decarbonization-related products of both companies into a larger business field.

In addition, in the development of next-generation fuels, we are conducting research and development of technology to synthesize LPG from methanol and ethanol, and in the future, with the cooperation of the Cosmo Energy Group, we will discuss various possibilities, such as working on the production of green LPGs.

## Overview of Business Alliance

### 2. Strengthening of their relationships 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



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For existing businesses, we will expand our existing transactions in the energy and industrial gases sectors, and will continue discussions to strengthen our procurement capabilities in the future.

In strengthening our manufacturing and sales functions in the chemicals and resources fields, we will consider collaboration in the bio-related materials and resources development business, leveraging our sales capabilities in raw materials of resin and bioplastics and the development capabilities of the Cosmo Energy Group.

The two companies will consider future initiatives for joint marketing utilizing their customer bases to improve customer convenience.

✓ **Acquisition of Cosmo Energy HD shares financed by interest-bearing debt**

→ No change in the policy of “no equity financing” indicated in PLAN27

✓ **Initiatives to reduce increased interest-bearing debt**

- Reduction of cross-shareholdings
- Sale of assets

The funds for the acquisition of Cosmo Energy HD stock were raised through borrowings from financial institutions. As indicated in PLAN 27, there is no change in our policy of not engaging in equity financing.

To reduce the increased interest-bearing debt, we will continue our efforts to reduce cross-shareholdings and improve capital efficiency, including the sale of our Tokyo Head Office announced in March of this year.

## Returns to Shareholder

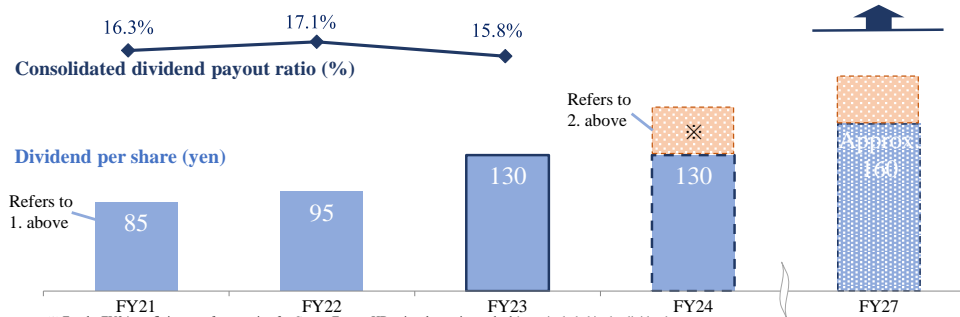
### 1. Net income excluding the impact of accounting for Cosmo Energy HD using the equity method

-Progressive dividend with a target payout ratio of at least 20% in FY2027

### 2. Profit impact of accounting for Cosmo Energy HD using the equity method

-20% of net income excluding the impact of inventory valuation of Cosmo Energy HD multiplied by the equity ratio. (The dividend amount will change annually in line with changes in net income excluding the impact of inventory valuation of Cosmo Energy HD.)

▶FY23, plans to pay a dividend of 130 yen per share.



※ For the FY24, profit impact of accounting for Cosmo Energy HD using the equity method is not included in the dividend.

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I would like to explain our shareholder return policy. As the dividend policy in relation to accounting for Cosmo Energy HD using the equity method, we plan to pay dividend of 20% of net income excluding the impact of inventory valuation of Cosmo Energy HD multiplied by the equity ratio.

In addition, as indicated in “PLAN 27”, we will continue our progressive dividend policy, not reducing dividends, with a target dividend payout ratio of at least 20% of net income, excluding Cosmo's equity in earnings of affiliates, in FY2027.

For the fiscal year ended March 31, 2024, we plan to pay a dividend of JPY130 per share, an increase of JPY35 from the initial forecast. As a result, the dividend payout ratio will be 15.8%.

The dividend for the fiscal year ending March 31, 2025 does not include the dividend of profit by Cosmo Energy HD, as it has not been determined at this time, and is set at JPY130, the same amount as the fiscal year ended March 31, 2024, but will be disclosed again once the profit of Cosmo Energy HD is determined.

## For Reference: FY2023 Statement of Cash Flows

- Operating cash flow provided 54.8 billion yen. Investing cash flow was an outflow of 161.2 billion yen, due to additional acquisition of shares in Cosmo Energy HD and aggressive capital investment. As a result, free cash flow was an outflow of 106.4 billion yen.

(100 million yen)

	FY2023 (A)	FY2022 (B)	YoY (A)-(B)
Cash flows from operating activities	548	514	+33
Cash flows from investing activities	(1,612)	(602)	(1,009)
Free cash flows	(1,064)	(88)	(975)
Cash flows from financing activities	1,054	110	+944
Effect of exchange rate changes, etc.*1	13	14	(1)
Net increase (decrease) in cash and cash equivalents*2	3	36	(33)
Cash and cash equivalents at beginning of period	332	295	+36
Cash and cash equivalents at end of period	336	332	+3

\*1 "Effect of exchange rate changes, etc." are the sum of "Effect of exchange rate changes", "Increase (decrease) in cash and cash equivalents due to changes in scope of consolidation", and "Increase in cash and cash equivalents resulting from merger with nonconsolidated subsidiaries".

\*2 The difference between "Cash and cash equivalents at beginning of period" and "Cash and cash equivalents at end of period" is shown.

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## For Reference: PLAN27 Progress by Business Segments

(Unit:100 million yen)		PLAN27			
		FY2022	FY2023	FY2024 Forecasts	F2027 Target
<b>Integrated Energy</b>	Net Sales	3,932	3,571	3,840	4,840
	Operating Profit	143	201	210	255
<b>Industrial Gases &amp; Machinery</b>	Net Sales	2,404	2,621	2,750	3,400
	Operating Profit	165	217	220	255
<b>Materials</b>	Net Sales	2,424	1,982	2,105	3,060
	Operating Profit	126	123	128	175
<b>Others</b>	Net Sales	302	303	325	400
	Operating Profit	(34)	(35)	(31)	(35)
<b>Total</b>	Net Sales	9,062	8,478	9,020	11,700
	Operating Profit	400	506	527	650

# Iwatani

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