Annual Securities Report

(Report in accordance with Article 24, Paragraph 1 of the Financial Instruments and Exchange Act)

FY2025 (from April 1, 2025 to March 31, 2026)

Iwatani Corporation

E02567

FY2025 (from April 1, 2025 to March 31, 2026)

Annual Securities Report

1. This document is a printed version of the Annual Securities Report filed pursuant to Article 24, Paragraph 1 of the Financial Instruments and Exchange Act, through the Electronic Disclosure for Investors' NETwork (EDINET) as stipulated in Article 27-30-2 of the same Act, together with a table of contents and pages.
2. This document includes, at the end, the audit report attached to the Annual Securities Report submitted in the manner described above and the Internal Control Report and Confirmation Letter submitted in conjunction with the Annual Securities Report described above.

Iwatani Corporation

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Audit Report

Internal Control Report

Confirmation Letter

[Cover page]

[Document title]	Annual Securities Report
[Clause of stipulation]	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act
[Place of filing]	Director-General of the Kanto Local Finance Bureau
[Filing date]	June 16, 2026
[Fiscal year]	FY2025 (from April 1, 2025 to March 31, 2026)
[Company name]	*Iwatani Sangyo Kabushiki Kaisha*
[Company name in English]	Iwatani Corporation
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[Place for public inspection]	Tokyo Head Office, Iwatani Corporation (3-1, Hamamatsu-cho 2-chome, Minato-ku, Tokyo) Kobe Branch, Iwatani Corporation (80, Kyomachi, Chuo-ku, Kobe) Chubu Block Branch, Iwatani Corporation (23-20, Marunouchi 3-chome, Naka-ku, Nagoya) Metropolitan Block Branch, Iwatani Corporation (9-18, Shinyokohama 3-chome, Kohoku-ku, Yokohama) Kanto Block Branch, Iwatani Corporation (1071-2, Shimoochiai, Chuo-ku, Saitama) Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

Part I. Company Information

I. Overview of the Company

1. Key Financial Data

(1) Key financial data of the Group

Fiscal year		2021	2022	2023	2024	2025
Fiscal year ended		March 2022	March 2023	March 2024	March 2025	March 2026
Net sales	(Million yen)	690,392	906,261	847,888	883,011	908,522
Ordinary profit	(Million yen)	46,413	47,011	62,307	61,481	55,220
Profit attributable to owners of parent	(Million yen)	29,964	32,022	43,468	40,465	47,666
Comprehensive income	(Million yen)	31,491	38,002	63,066	36,369	68,232
Total net assets	(Million yen)	280,307	312,230	369,034	397,209	448,995
Total assets	(Million yen)	558,479	656,003	830,495	873,044	899,772
Net assets per share	(Yen)	1,174.14	1,312.38	1,557.64	1,677.48	1,898.97
Basic earnings per share	(Yen)	130.24	139.17	188.90	175.84	207.10
Diluted earnings per share	(Yen)	–	–	–	–	–
Capital adequacy ratio	(%)	48.4	46.0	43.2	44.2	48.6
Rate of return on equity	(%)	11.7	11.2	13.2	10.9	11.6
Price-earnings ratio	(Times)	9.9	10.4	11.3	8.5	9.7
Cash flows from operating activities	(Million yen)	13,075	51,471	54,854	52,419	59,132
Cash flows from investing activities	(Million yen)	(31,939)	(60,286)	(161,266)	(58,414)	(23,784)
Cash flows from financing activities	(Million yen)	8,038	11,032	105,433	(2,016)	(37,067)
Cash and cash equivalents at end of period	(Million yen)	29,574	33,256	33,614	27,588	27,660
Number of employees	(Persons)	10,163	11,351	11,332	11,859	12,113

Notes: 1. Diluted earnings per share is not presented as the Company has no dilutive shares.

2. The Company finalized the provisional accounting treatment for the application of equity method in FY2024. As a result, figures for FY2023 reflect the finalization of the provisional accounting treatment.

3. The Company carried out a 4-for-1 share split of its common shares as of October 1, 2024. Net assets per share and basic earnings per share have been calculated as if the share split had been carried out at the beginning of FY2021.

4. The Company finalized the provisional accounting treatment for the business combination in FY2025. As a result, figures for FY2024 reflect the finalization of the provisional accounting treatment.

(2) Key financial data of reporting company

Fiscal year		2021	2022	2023	2024	2025
Fiscal year ended		March 2022	March 2023	March 2024	March 2025	March 2026
Net sales	(Million yen)	463,492	587,069	519,195	538,061	538,003
Ordinary profit	(Million yen)	32,945	26,305	36,039	35,296	27,569
Profit	(Million yen)	25,207	20,399	29,042	24,516	34,403
Share capital	(Million yen)	35,096	35,096	35,096	35,096	35,096
Total number of issued shares	(Thousand shares)	58,561	58,561	58,561	234,246	234,246
Total net assets	(Million yen)	191,701	208,223	244,937	254,089	282,464
Total assets	(Million yen)	386,759	440,393	602,291	618,045	618,039
Net assets per share	(Yen)	832.45	904.07	1,063.39	1,103.01	1,225.99
Dividend per share	(Yen)	85	95	130	47	47
[Interim dividend paid per share]	(Yen)	[–]	[–]	[–]	[–]	[23.50]
Basic earnings per share	(Yen)	109.46	88.57	126.09	106.43	149.33
Diluted earnings per share	(Yen)	–	–	–	–	–
Capital adequacy ratio	(%)	49.6	47.3	40.7	41.1	45.7
Rate of return on equity	(%)	13.8	10.2	12.8	9.8	12.8
Price-earnings ratio	(Times)	11.8	16.3	16.9	14.0	13.4
Payout ratio	(%)	19.4	26.8	25.8	44.2	31.5
Number of employees	(Persons)	1,319	1,351	1,321	1,368	1,384
Total shareholder return	(%)	76.9	87.4	129.6	94.8	127.5
[Comparative indicator: TOPIX Total Return Index]	(%)	[102.0]	[107.9]	[152.5]	[150.2]	[204.5]
Highest share price	(Yen)	7,220	6,210	8,680	2,159 [10,550]	2,152
Lowest share price	(Yen)	5,150	4,870	5,790	1,480 [6,955]	1,166

Notes:
1. Diluted earnings per share is not presented as the Company has no dilutive shares.
2. The highest and lowest share prices prior to April 3, 2022, are those on the First Section of the Tokyo Stock Exchange, and those on or after April 4, 2022, are those on the Prime Market of the Tokyo Stock Exchange.
3. The Company carried out a 4-for-1 share split of its common shares as of October 1, 2024. Net assets per share and basic earnings per share have been calculated as if the share split had been carried out at the beginning of FY2021. Note that for fiscal years prior to FY2023, the dividend per share shown is the actual amount prior to the share split.
4. Of the dividend of ¥47 per share for FY2025, the year-end dividend of ¥23.50 per share is to be resolved at the Annual General Meeting of Shareholders scheduled to be held on June 17, 2026.
5. The Company carried out a 4-for-1 share split of its common shares as of October 1, 2024. Regarding the share price for FY2024, the highest and lowest share prices after the share split have been listed, and the figures in square brackets show the highest and lowest share prices before the share split.

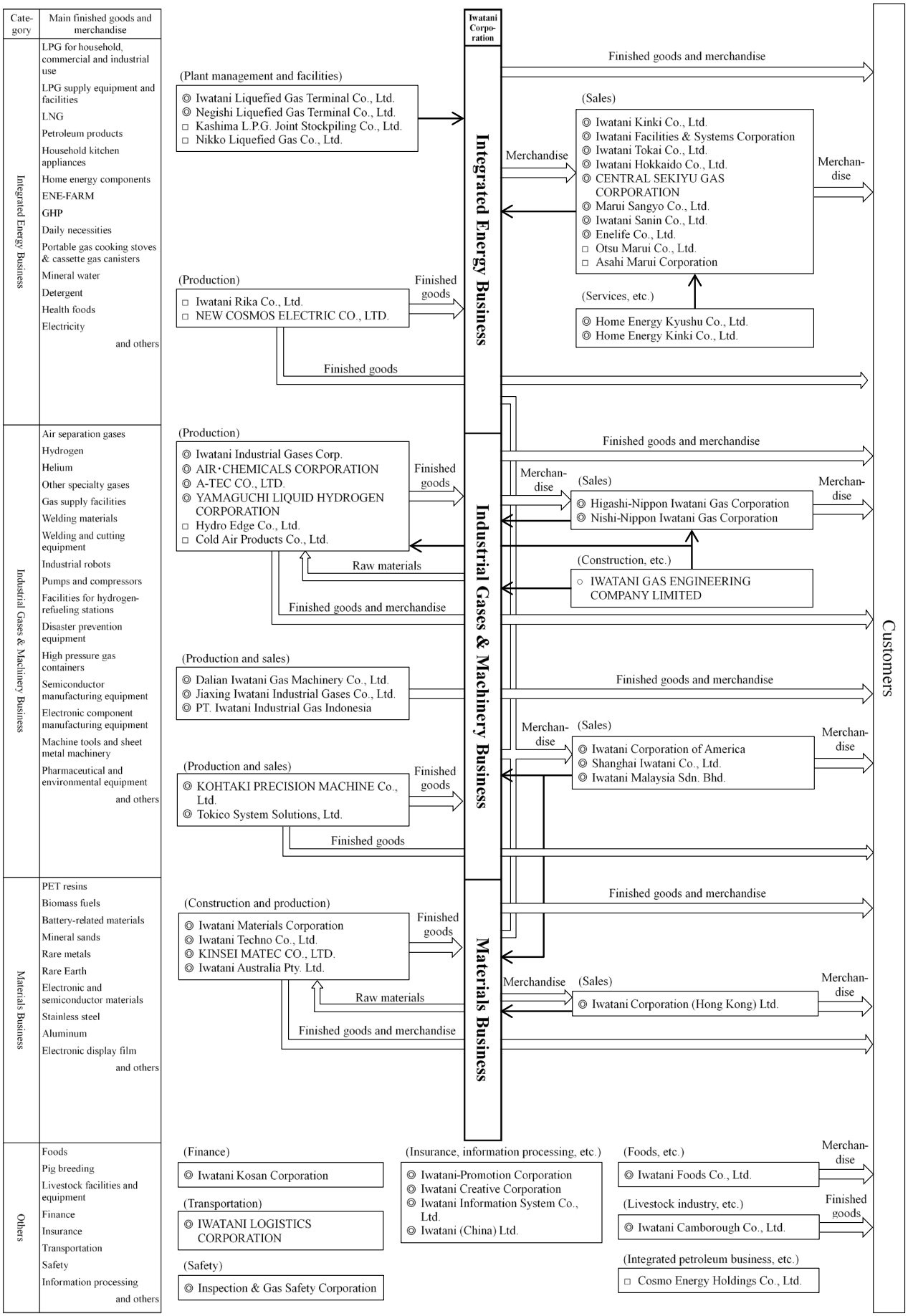
2. History

May 1930	Founded Iwatani Naoji Shoten as a sole proprietorship of Naoji Iwatani at Ichiokahamadori 1-chome, Minato-ku, Osaka, and began selling oxygen, carbide, welding rods, and other products
February 1945	Reorganized as a corporation and established Iwatani Corporation with a share capital of ¥198,000
July 1947	Relocated head office to 11, Hommachi 3-chome, Higashi-ku, Osaka
August 1948	Opened Tokyo Sales Office (currently Tokyo Head Office)
November 1953	Began selling LPG under the Marui Propane brand, thereby solidifying the foundation for entry into the consumer goods market
March 1959	Established CENTRAL SEKIYU GAS CORPORATION (currently a consolidated subsidiary), a sales company for LPG and other products
August 1962	Listed on the Second Section of the Osaka Securities Exchange
December 1962	Listed on the Second Section of the Tokyo Stock Exchange
April 1965	Designated for the First Section of both the Osaka Securities Exchange and the Tokyo Stock Exchange
December 1969	Adopted a dual head office system in Osaka and Tokyo to strengthen the corporate foundation in the Metropolitan area
	Listed on the First Section of the Nagoya Stock Exchange
March 1970	Relocated head office to 1, Hommachi 4-chome, Higashi-ku, Osaka
January 1979	Established Osaka Iwatani Gas Corporation (currently Nishi-Nippon Iwatani Gas Corporation, a consolidated subsidiary), a sales company of high-pressure gas and other products
August 1980	Completed Sakai LPG Import Terminal as an LPG import base
February 1981	Began direct imports of LPG from Saudi Arabia
December 1985	Established Iwatani Industrial Gases Corp. (currently a consolidated subsidiary), a production and sales company of high-pressure gas and other products through a merger of equals among Iwatani Gas Industry Co., Ltd., Fuji Gas Industry Co., Ltd., and Osaka Hydrogen Industries Co., Ltd., with Iwatani Gas Industry Co., Ltd. as the surviving company
February 1987	Changed the fiscal year-end from November 30 to March 31 by a resolution at the 43rd Annual General Meeting of Shareholders
April 1991	Consolidated and reorganized supply centers by regional block to streamline LPG delivery and filling operations and plant management
October 1993	Marked the 40th anniversary of the launch of Marui Propane and adopted the new brand MaruiGas as the energy source of choice for consumers
May 1997	Relocated Tokyo Head Office to 21-8, Nishishimbashi 3-chome, Minato-ku, Tokyo
March 2000	Obtained ISO 14001 certification, an international standard for environmental management systems
February 2002	Completed Japan’s first hydrogen-refueling station and began demonstration testing
February 2004	Launched a home delivery service for the mineral water “Natural Mineral Water from Mt. Fuji”
July 2010	Relocated head office to 6-4, Hommachi 3-chome, Chuo-ku, Osaka
April 2013	Completed Iwatani R&D Center in Amagasaki, Hyogo, as a new technological hub
July 2013	The First Section of the Osaka Securities Exchange was integrated into the First Section of the Tokyo Stock Exchange following the market integration of the Tokyo Stock Exchange and the Osaka Securities Exchange
July 2014	Completed Japan’s first commercial hydrogen-refueling station “Iwatani Hydrogen Refueling Station Amagasaki”
September 2019	Filed an application for delisting from the First Section of the Nagoya Stock Exchange and delisted
October 2020	Share capital was increased from ¥20.0 billion to ¥35.0 billion due to the full exercise of convertible-bond-type bonds with stock acquisition rights (¥30.0 billion)
April 2022	Transferred from the Tokyo Stock Exchange’s First Section to the Prime Market following a reorganization of market segments by the Tokyo Stock Exchange
June 2025	Relocated Tokyo Head Office to 3-1, Hamamatsu-cho 2-chome, Minato-ku, Tokyo

3. Business Overview

The Group consists of the Company, 150 subsidiaries (including 100 consolidated subsidiaries and 50 non-consolidated subsidiaries accounted for using equity method), 65 associates (including 34 associates accounted for using equity method), and related parties other than subsidiaries and associates. The Group operates in the Integrated Energy Business, Industrial Gases & Machinery Business, Materials Business, and other areas (including foods, livestock industry, finance, insurance, transportation, safety, information processing, etc.).

The diagram illustrating the positioning of the Company and its major subsidiaries and associates (collectively referred to as “affiliates”) in each area, as well as their relationship to the segments is as follows.



Note: ◎ indicates consolidated subsidiaries.
○ indicates non-consolidated subsidiaries accounted for using equity method.
□ indicates affiliates accounted for using equity method.

4. Information on Affiliates

Name	Address	Share capital (Million yen)	Description of main business	Ratio of voting rights held by the Company (or held in the Company) (%)	Relationship			
					Interlock-ing officers, etc.	Financ-ing, etc.	Business transactions	Lease-out/lease-in of facilities, etc.
(Consolidated subsidiaries)								
Iwatani Liquefied Gas Terminal Co., Ltd.	Nishi-ku, Sakai	125	Integrated Energy Business	100	Yes	–	Entrustment of operations and receiving/dispatching services at LPG terminal	Lease-out (offices)
Iwatani Kinki Co., Ltd.	Yodogawa-ku, Osaka	208	Integrated Energy Business	100	Yes	–	Sale of merchandises	Lease-out (land, offices, etc.)
Iwatani Facilities & Systems Corporation	Minato-ku, Tokyo	100	Integrated Energy Business	100	Yes	–	Sale and purchase of merchandises	–
Iwatani Hokkaido Co., Ltd.	Kita-ku, Sapporo	100	Integrated Energy Business	100	Yes	–	Sale of merchandises	Lease-out (land, offices, etc.)
Iwatani Tokai Co., Ltd.	Gifu, Gifu	200	Integrated Energy Business	100	Yes	–	Sale of merchandises	Lease-out (offices)
Enelife Co., Ltd.	Minato-ku, Tokyo	100	Integrated Energy Business	100	Yes	–	Sale and purchase of merchandises	–
CENTRAL SEKIYU GAS CORPORATION	Chuo-ku, Tokyo	463	Integrated Energy Business	100	Yes	–	Sale and purchase of merchandises	Lease-out (offices) Lease-in (offices, etc.)
Home Energy Kyushu Co., Ltd.	Shime-machi, Kasuya-gun, Fukuoka	30	Integrated Energy Business	100	Yes	–	Entrustment of LPG delivery and plant operation	Lease-out (land, offices, etc.)
Home Energy Kinki Co., Ltd.	Yodogawa-ku, Osaka	33	Integrated Energy Business	100	Yes	–	Entrustment of LPG delivery and plant operation	Lease-out (land, offices, etc.)
Marui Sangyo Co., Ltd.	Naha, Okinawa	91	Integrated Energy Business	60.34	Yes	–	Sale of merchandises	–
Negishi Liquefied Gas Terminal Co., Ltd.	Isogo-ku, Yokohama	100	Integrated Energy Business	100	Yes	–	Entrustment of operations and receiving/dispatching services at LPG terminal	–
Iwatani Industrial Gases Corp.	Kita-ku, Osaka	1,619	Industrial Gases & Machinery Business	100	Yes	–	Sale and purchase of merchandises	Lease-out (land, offices, etc.) Lease-in (offices, etc.)
A-TEC CO., LTD.	Akashi, Hyogo	40	Industrial Gases & Machinery Business	100	Yes	–	Purchase of finished goods	Lease-out (land, offices)
AIR･CHEMICALS CORPORATION	Minato-ku, Tokyo	480	Industrial Gases & Machinery Business	65 [55]	Yes	–	Sale of merchandises	Lease-out (land)
KOHTAKI PRECISION MACHINE Co., Ltd.	Nagaizumi-cho, Sunto-gun, Shizuoka	252	Industrial Gases & Machinery Business	98.54	Yes	–	Purchase of finished goods	–
Tokico System Solutions, Ltd.	Kawasaki-ku, Kawasaki	300	Industrial Gases & Machinery Business	100	Yes	–	Purchase of finished goods	Lease-out (land, offices, etc.)
Nishi-Nippon Iwatani Gas Corporation	Minato-ku, Osaka	354	Industrial Gases & Machinery Business	100	Yes	–	Sale and purchase of merchandises	Lease-out (land, offices, etc.)
Higashi-Nippon Iwatani Gas Corporation	Ichikawa, Chiba	100	Industrial Gases & Machinery Business	100	Yes	–	Sale and purchase of merchandises	Lease-out (land, offices, etc.)
YAMAGUCHI LIQUID HYDROGEN CORPORATION	Chuo-ku, Osaka	10	Industrial Gases & Machinery Business	65	Yes	Guaran-tee of obliga-tion	Sale and purchase of merchandises	–
Dalian Iwatani Gas Machinery Co., Ltd.	Dalian, China	3,783	Industrial Gases & Machinery Business	100 [15.94]	Yes	–	Purchase of merchandises	–
Iwatani Corporation of America	Texas, U.S.	US$ 83,200 thousand	Industrial Gases & Machinery Business, etc.	100	Yes	Guaran-tee of loan obliga-tion	Sale and purchase of merchandises	–
Jiaxing Iwatani Industrial Gases Co., Ltd.	Jiaxing, China	RMB 202,203 thousand	Industrial Gases & Machinery Business	100 [89.88]	Yes	–	Sale of merchandises	–
PT. Iwatani Industrial Gas Indonesia	Karawang, Indonesia	IDR 331,084 million	Industrial Gases & Machinery Business	100 [2.76]	Yes	–	Sale of merchandises	–
Shanghai Iwatani Co., Ltd.	Shanghai, China	US$ 2,350 thousand	Industrial Gases & Machinery Business, etc.	100 [57.45]	Yes	–	Sale and purchase of merchandises	–
Iwatani Malaysia Sdn. Bhd.	Kuala Lumpur, Malaysia	MYR 35,000 thousand	Industrial Gases & Machinery Business	100 [8.57]	Yes	–	Sale and purchase of merchandises	–
Iwatani Techno Co., Ltd.	Yodogawa-ku, Osaka	300	Materials Business	100	Yes	–	Sale and purchase of merchandises	Lease-out (offices)
Iwatani Materials Corporation	Chuo-ku, Tokyo	300	Materials Business	100	Yes	–	Sale and purchase of merchandises	Lease-out (offices)
KINSEI MATEC CO., LTD.	Chuo-ku, Osaka	379	Materials Business	52.78	Yes	–	Sale and purchase of merchandises	–
Iwatani Australia Pty. Ltd.	Rockingham, Australia	A$ 48,883 thousand	Materials Business	100	Yes	Financ-ing	Entrustment of operations such as facility management	–

Name	Address	Share capital (Million yen)	Description of main business	Ratio of voting rights held by the Company (or held in the Company) (%)	Relationship			
					Interlock-ing officers, etc.	Financ-ing, etc.	Business transactions	Lease-out/lease-in of facilities, etc.
Iwatani Corporation (Hong Kong) Ltd.	Hong Kong, China	HK$ 5,000 thousand	Materials Business	100	Yes	–	Sale and purchase of merchandises	–
Iwatani Camborough Co., Ltd.	Chuo-ku, Tokyo	109	Other (livestock industry)	100	Yes	–	Sale and purchase of merchandises	Lease-out (offices)
Iwatani Creative Corporation	Chuo-ku, Osaka	30	Other (training, insurance, etc.)	100	Yes	–	Entrustment of the administration of skills development training, on-the-job training, and other programs; non-life insurance agency operations, etc.	Lease-out (land, offices, etc.) Lease-in (offices, etc.)
Iwatani Kosan Corporation	Chuo-ku, Osaka	170	Other (finance)	100	Yes	Financ-ing Borrow-ing	Sale of merchandises, lease transactions	Lease-out (offices)
Iwatani Information System Co., Ltd.	Chuo-ku, Osaka	30	Other (information processing)	100 [10]	Yes	–	Entrustment of software development and information processing	Lease-out (offices)
Iwatani Foods Co., Ltd.	Chiyoda-ku, Tokyo	310	Other (foods)	100	Yes	–	Sale of merchandises	–
IWATANI LOGISTICS CORPORATION	Yodogawa-ku, Osaka	441	Other (transportation)	100	Yes	–	Entrustment of transportation services	Lease-out (land, offices, etc.) Lease-in (offices)
Iwatani-Promotion Corporation	Minato-ku, Tokyo	15	Other (catalog production, etc.)	100	Yes	–	Entrustment of the production of catalog, etc.	Lease-out (offices)
Inspection & Gas Safety Corporation	Chuo-ku, Osaka	30	Other (safety)	100	Yes	–	Entrustment of safety screening operations, etc.	Lease-out (land, offices, etc.)
Iwatani (China) Ltd.	Beijing, China	US$ 30,000 thousand	Other (business investments in China)	100	Yes	Borrow-ing	–	–
61 other companies								
(Associates accounted for using equity method)								
Asahi Marui Corporation	Kadogawa-cho, Higashiusuki-gun, Miyazaki	35	Integrated Energy Business	34.00	Yes	–	Sale of merchandises	–
Iwatani Rika Co., Ltd.	Sakai, Fukui	50	Integrated Energy Business	50	Yes	–	Purchase of merchandises	–
Otsu Marui Co., Ltd.	Otsu, Shiga	20	Integrated Energy Business	35.29	Yes	–	Sale of merchandises	–
Kashima L.P.G. Joint Stockpiling Co., Ltd.	Kamisu, Ibaraki	7,020	Integrated Energy Business	40	Yes	–	Entrustment of operations and receiving/dispatching services at LPG terminal	–
NEW COSMOS ELECTRIC CO., LTD.	Yodogawa-ku, Osaka	1,460	Integrated Energy Business	28.37	Yes	–	Sale and purchase of merchandises	–
Nikko Liquefied Gas Co., Ltd.	Minato-ku, Tokyo	100	Integrated Energy Business	34	Yes	–	Entrustment of operations and receiving/dispatching services at LPG terminal	–
Cold Air Products Co., Ltd.	Takaishi, Osaka	480	Industrial Gases & Machinery Business	45	Yes	–	Sale and purchase of high-pressure gas, leasing of industrial land	Lease-out (land)
Hydro Edge Co., Ltd.	Nishi-ku, Sakai	490	Industrial Gases & Machinery Business	50	Yes	–	Sale and purchase of high-pressure gas	–
Cosmo Energy Holdings Co., Ltd.	Chuo-ku, Tokyo	46,435	Other (integrated petroleum business, etc.)	22.20	No	–	–	–
25 other companies								

Notes: 1. The “Description of main business” column lists the names of the segments.

2. The figures in square brackets in the “Ratio of voting rights held by the Company (or held in the Company)” column are the indirect ownership ratios included in the figures outside the square brackets.

3. Iwatani Corporation of America and Iwatani Australia Pty. Ltd. are specified subsidiaries.

4. Among associates accounted for using equity method, NEW COSMOS ELECTRIC CO., LTD. and Cosmo Energy Holdings Co., Ltd. are companies required to file annual securities reports.

5. Iwatani Hokkaido Co., Ltd. changed its trade name from Iwatani Central Hokkaido Co., Ltd. effective April 1, 2025.

II. Business Overview

1. Management Policies, Business Environment and Issues to be Addressed

All forward-looking statements in this section are based on judgments made by the Group at the end of the fiscal year under review.

(1) Basic Policy on Corporate Management

Since its founding, the Group has set "Become a person needed by society, as those needed by society can prosper" as its corporate philosophy. Therefore, we aim to contribute to society by constantly striving to create new value that the world seeks and value that our customers desire.

From this perspective, we engage in our day-to-day business management in the belief that responding to the trust and expectations of shareholders, business partners, employees and other stakeholders is an absolute prerequisite for the prosperity of the Company. The description of business by segment is as follows.

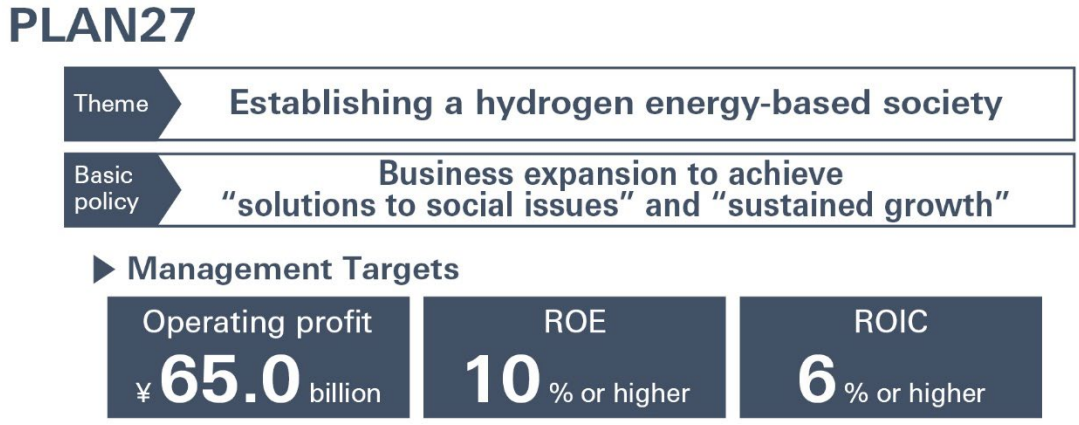
In the Integrated Energy Business under the MaruiGas brand, we deliver LPG for residential use to households across Japan and sell LPG and LNG for industrial use to plants. In addition, we provide customers with portable gas cooking stoves, cassette gas canisters, Natural Mineral Water from Mt. Fuji, and other products essential to daily life. We also provide gas equipment and safety inspection services for city gas, which are all part of the essential infrastructure of daily life. In regard to LPG for residential use, we have a supply system that integrates processes from LPG imports to retail sales, and we are the only LPG provider in Japan that operates nationwide, with approximately 300 sites located throughout Japan. Taking advantage of our sales, logistics, and security systems, we provide meticulous, high-quality services nationwide.

The Industrial Gases & Machinery Business consists of the Industrial Gases Business, whose products include air separation gases (oxygen, nitrogen, and argon), hydrogen, helium, carbon dioxide, semiconductor material gases, and medical gases, and the Machinery Business, which includes production and supply equipment for a wide range of gases, factory automation systems, welding equipment, semiconductor manufacturing equipment, and environmental equipment. We support the entire industry by proposing solutions to meet customer needs, drawing on the technological capabilities accumulated over many years and our wide-ranging lineup of gas and machinery products.

The Materials Business handles raw materials and components that are required in manufacturing, including resin raw materials, resin products, and resources such as mineral sands, as well as stainless steel, non-ferrous metals, and battery related materials. In addition to expanding sales in growth fields such as with the sale of eco-friendly products and the development of new products, we are working to strengthen our overseas business and expand the scale of the business.

(2) Targets for Management Indicators

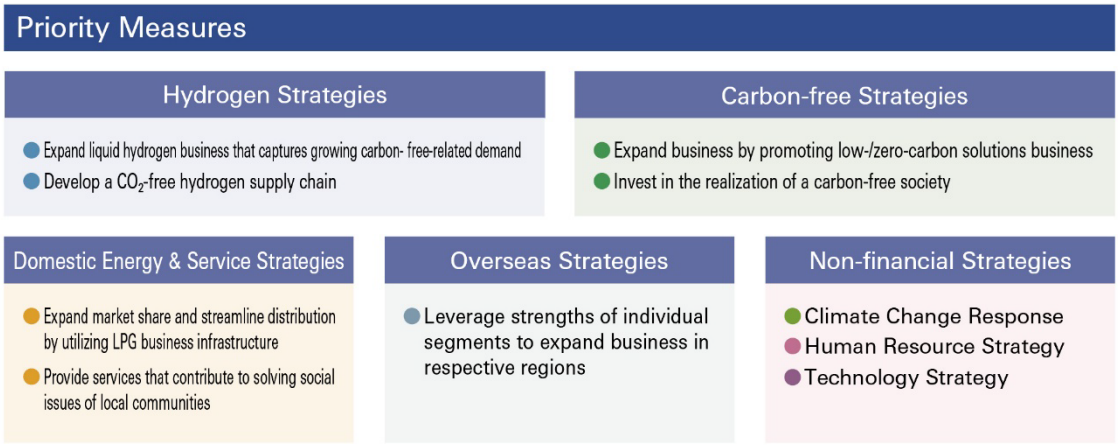
In the five-year Medium-Term Management Plan "PLAN27" which started in the fiscal year ended March 31, 2024, the Company set the theme as "Establishing a hydrogen energy-based society" and the basic policy as business expansion to achieve "solutions to social issues" and "sustained growth." The numerical management targets of PLAN27 are "operating profit of ¥65.0 billion" as profit target, and "ROE of 10% or higher" and "ROIC of 6% or higher" as profitability targets.



(3) Medium- to Long-Term Management Strategies

We have formulated the Medium-Term Management Plan "PLAN27" as an initiative to contribute to the realization of our basic policy on management. Accordingly, we are working for business expansion to achieve "solutions to social issues" and "sustained growth."

In PLAN27, we are promoting our efforts to achieve our numerical management targets by identifying areas in which to focus resources such as investment and human resources as priority measures, and have been working on five strategies: “Hydrogen Strategies,” “Carbon-free Strategies,” “Domestic Energy & Service Strategies,” “Overseas Strategies,” and “Non-financial Strategies.”



In addition, our basic policy on profit distribution is to return profits to shareholders through continuous and stable dividends while striving to maximize our corporate value by making investments that support our growth strategy, thereby meeting the expectations of our shareholders.
PLAN27 targets a payout ratio of 20% or higher in FY2027, which is the final fiscal year of the Plan, based on profit excluding the impact of LPG import price fluctuations, and strives for progressive dividends, with no steps backward.
The Company believes that by steadily implementing these initiatives and continuing to be “a company needed by society,” we will be able to contribute to the enhancement of the Group’s corporate value as well as the common interests of our shareholders.

(4) Details of Issues to be Addressed at Present, etc.
The future outlook is uncertain with ongoing concerns about the impact of the escalating tensions in the Middle East, despite projections that a gradual recovery will persist due to robust capital investment in addition to rising personal consumption accompanying improvement in the income environment.

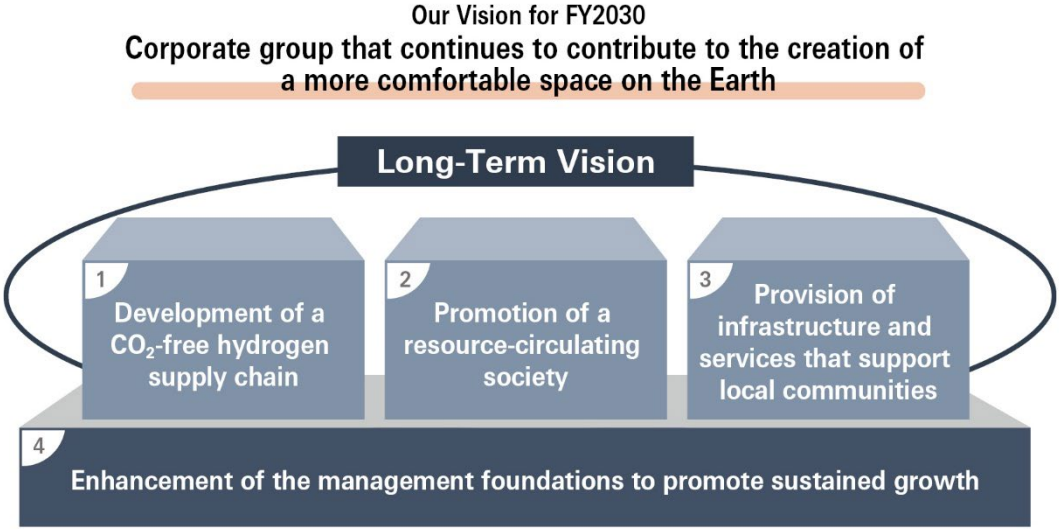
In the Integrated Energy Business, we continue to work on stable supply of LPG, which is an important part of the energy infrastructure. Moreover, we will work to increase the number of LPG direct sales customers through M&A and other similar initiatives, and will strive to improve profitability by streamlining logistics. With regard to the transition to low-carbon energy, we will promote the development of green LPG, in addition to the encouragement of fuel conversion and sale of carbon offset LPG. For portable gas cooking stoves and cassette gas canisters, we aim to expand our business in Japan and overseas through the development of new products and other measures.
In the Industrial Gases & Machinery Business, we will strengthen measures to cope with the rising procurement and logistics costs and enhance the establishment of a stable supply system of air separation gases and specialty gases, and focus our efforts on expanding sales to the optical fiber and electronic component industries, which are expected to grow. In addition, in order to realize a hydrogen energy-based society, we will promote business development of low-carbon hydrogen supply chains in addition to reinforcing our sales of hydrogen and ammonia in relation to decarbonization.
In the Materials Business, we will commence sales of green titanium ore produced in Norway and promote the recycled PET business. In the stainless steel business, we will seek to expand the business scale by leveraging our processing locations in Japan. In the Australian mineral sands business, we will work on improving stable operation and increasing productivity, including newly acquired mining areas. In Europe, the United States, and Asia, we will strengthen efforts to ensure stability of critical mineral resources.

We began handling hydrogen in 1941 and have accumulated experience and know-how based on our long history. Our domestic share of liquid hydrogen is 100%, and our domestic share of hydrogen, including compressed hydrogen, is about 70%. We believe that the hydrogen business is the resource and energy business of the future, and the most important task at present is to acquire a large number of inexpensive CO_2-free hydrogen sources. In addition to further enhancing our liquid hydrogen production capacity, the Group will work on hydrogen production from renewable energy sources and the import of

CO_2-free hydrogen from overseas, thereby promoting management that is in line with our corporate philosophy.

2. Approach and Initiatives Regarding Sustainability
The Company's approach and initiatives regarding sustainability are as follows.

(1) Common Sustainability Issues
Based on our corporate philosophy, "Become a person needed by society, as those needed by society can prosper," the Company strives to achieve sustainable growth and to identify solutions to social issues through business activities involving gas and energy. Under the slogan "Creation of a more comfortable space on the Earth is what Iwatani wishes and strives for," we are conducting corporate activities aimed at realizing a decarbonized society and achieving coexistence with the environment.



In addition, with the announcement of the Medium-Term Management Plan "PLAN27" which started in FY2023, we have set our vision for the 100th anniversary of our founding in 2030 as a corporate group that continues to contribute to the creation of a more comfortable space on the Earth. We have defined a Long-Term Vision consisting of three business-related measures: development of a CO_2-free hydrogen supply chain; promotion of a resource-circulating society; and provision of infrastructure and services that support local communities, and enhancement of the management foundations to promote sustained growth that supports the above three measures.
Through efforts toward the Long-Term Vision, we will realize contributions to sustainable society and enhancement of corporate value.

(i) Governance and Structure for Promoting Sustainability
At least one-third of the membership of the Board of Directors, which makes key management decisions and provides oversight functions, consists of outside directors. It strives to achieve transparent decision-making and ever more effective management oversight.
In addition, we have established a Risk Management Committee to ensure integrated management of risks across all Group companies. Specialized committees set up beneath the Risk Management Committee address main anticipated risks such as compliance risks and plant safety risks, to enable comprehensive responses to corporate risks, both apparent and potential. The Risk Management Committee holds regular meetings overseen by the chairperson, reports to management on the meetings, and strives to manage risks groupwide, including risks related to compliance with applicable laws and regulations. Special individual committees meet regularly to monitor the status of compliance and efforts related to the risks. The individual chairpersons of these committees report on the content of their meetings to the Risk Management Committee.

We have established the Sustainability Promotion Committee under the Risk Management Committee. The Sustainability Promotion Committee deliberates on matters such as climate change and other sustainability issues in the Group and checks on the progress of initiatives related to these areas. The Committee is chaired by a Member of the Board whose authority is delegated by the Representative Member of the Board, and consists of, among other members, General Managers,

heads of general and administrative departments, and officers of affiliates. The Sustainability Management Department, as the secretariat of the Sustainability Promotion Committee, is responsible for the administration of the Committee and the execution of practical work related to matters decided by the Committee. Important matters and policies discussed as agenda items of meetings of the Committee, such as the status of CO_2 emission reduction of the Group, are reported to the Representative Member of the Board, who oversee corporate management as the chief officer in charge of the management, to receive advice and directions as necessary. In addition, important management decisions and matters requiring oversight related to sustainability are reported to the Board of Directors. In this way, the Company is structured to receive appropriate supervision from the Board of Directors.

(As of March 31, 2026)

(2) Important Sustainability Issue

(i) Climate Change

The Company regards strategies to avoid and reduce climate-related risks and to realize climate-related opportunities as important management issues and believes that appropriate actions as a company will lead to sustainable growth.

We endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)* in 2022, promoting initiatives to ensure sustainable growth of our business by analyzing the impact of climate change on our business and the resulting risks and opportunities based on scenarios, considering how to reflect them in our business strategies and other actions.

* The TCFD was established by the Financial Stability Board (FSB) at the request of the G20 countries to study matters such as climate-related disclosure.

(a) Governance

Please refer to "(1) Common Sustainability Issues, 1) Governance and Structure for Promoting Sustainability."

(b) Risk Management (Assessment and Process of Identification and Management)

We are proceeding with efforts to strengthen our response to climate change risks and our efforts to address climate change opportunities by assessing these risks and opportunities along the two axes of probability of occurrence and impact on business. In addition, we assess the business impact of climate change in stages, based on the extent of the potential financial impact. In particular, we assess the future business environment via scenario analysis from a long-term perspective and in light of the unique characteristics of climate change.

Please refer to "IV. Information on Reporting Company, 4. Status of Corporate Governance, etc., (1), (iii), (c) Status of Establishment of Risk Management Structures" for our groupwide risk management system.

(c) Strategies

The Company analyzed the financial impact in 2050, referring to scenarios prepared by the International Energy Agency (IEA), the Intergovernmental Panel on Climate Change (IPCC), and other organizations as benchmarks to understand the impact of climate change on our business and specify climate-related opportunities and risks.

We have identified risks and opportunities that are expected to have a particularly large impact on our business among transition risks due to policy, regulatory and market changes and physical risks caused by extreme weather events. We quantified the financial impact as much as possible, and then reflected them in the Group's strategies to ensure sustainable business growth and reduce future risks.

[Key Risks]

Scenario	Key risks	Financial impact
2°C scenario	Significant decline in demand for fossil fuels due to changing consumer awareness accompanying the adoption of fossil fuel surcharges, emissions credit trading, and other policies and regulations	Large
	Widening physical damage to production facilities due to natural disasters	Low
4°C scenario	Lower productivity due to rising temperatures	Moderate
	Lower LPG sales due to rising temperatures	Low

[Key Opportunities]

Scenario	Key opportunities	Financial impact
2°C scenario	Large-scale growth in both domestic and international demand for hydrogen, mainly as a fossil fuel alternative; significant growth in demand for hydrogen-related equipment as hydrogen demand grows	Large*
	Major potential business opportunities associated with the development and adoption of green LPG	Large
	Growing demand for lithium, cobalt, and other rechargeable battery materials with growing use of EVs and stationary batteries	Large
4°C scenario	Higher sales of disaster response and BCP equipment, including LPG-powered emergency generators	Low

* There is potential for very high growth opportunities depending on the extent of progress on climate change response.

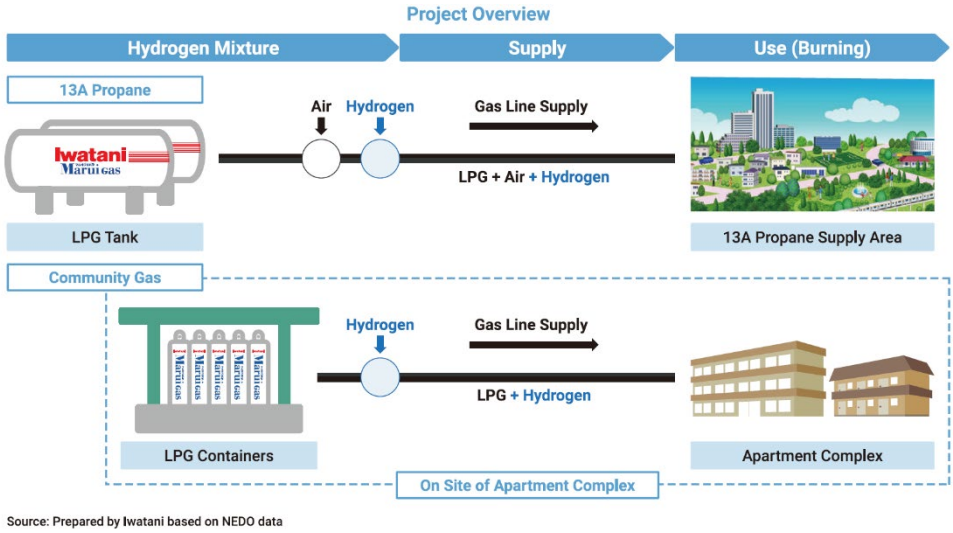
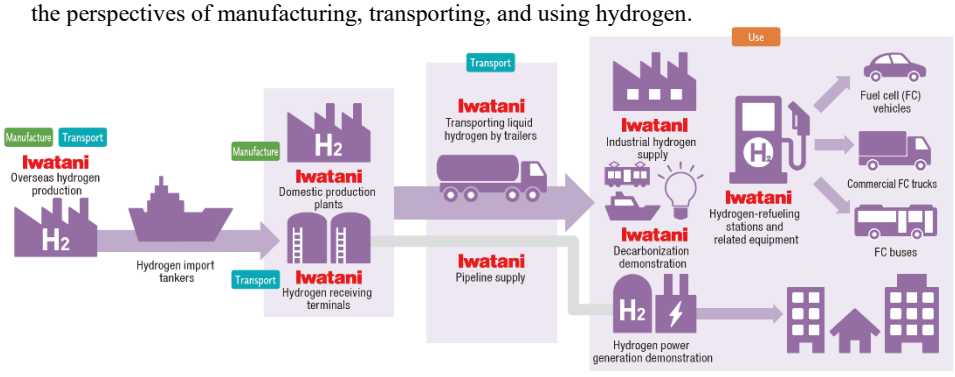
[Financial Impact]

Large: Equivalent to at least several tens of billions of yen in net sales

Moderate: Equivalent to several billions to several tens of billions of yen in net sales

Low: Equivalent to several billions of yen in net sales

[Major Specific Initiatives]

Business	Major initiatives
Integrated Energy Business	● Taking on the challenges of production and supply of green LPG Five major LPG importers and distributors have joined hands to establish the Institute of Japan Green LPG Promotion. In partnership with the University of Kitakyushu, the Institute is seeking to establish a new technology to produce LPG by synthesizing hydrogen and CO_2, and to help swiftly roll out such technology within society. ● Hydrogen-LPG mixed pipeline supply Together with Soma Gas Co., Ltd. and other partners, Iwatani has been selected to participate in the following projects funded by NEDO*: Development of Technologies for Realizing a Hydrogen Society / Regional Hydrogen Utilization Technology Development / Development of Technologies for Building Regional Models. These projects involve mixing hydrogen with LPG at a usable concentration, to distribute the mixture via pipeline in the service areas where Soma Gas Co., Ltd. supplies LPG, and verifying hydrogen-mixing technologies and safety. *NEDO: New Energy and Industrial Technology Development Organization  Source: Prepared by Iwatani based on NEDO data
Hydrogen Business	● Feasibility study on commercialization of large-scale liquid hydrogen supply chain In February 2022, feasibility testing of sea transport and the loading/unloading of liquid hydrogen between Australia and Japan via liquid hydrogen tankers—part of a NEDO demonstration project—met with success. To move closer to the full-fledged implementation of a CO_2-free hydrogen supply chain, we have been granted subsidies from the Green Innovation Fund to establish the world's first hydrogen liquefaction and transport technologies and test an integrated liquid hydrogen supply chain that ranges from hydrogen production through liquefaction, shipping, transport, and unloading. Through this study and other initiatives, we will advance efforts across the entire supply chain from the perspectives of manufacturing, transporting, and using hydrogen. 

Hydrogen Business	● Enhancing engineering functions; joint efforts in hydrogen-refueling station business and other businesses We are striving to enhance manufacturing and engineering functions. We made Tokico System Solutions, Ltd. a wholly-owned subsidiary. Tokico System Solutions, Ltd. offers strengths in energy supply facilities, including hydrogen dispensers for fuel cell vehicles (FCVs). Additionally, we have concluded a basic agreement with Cosmo Energy Holdings Co., Ltd. on joint studies in engineering and other fields related to hydrogen-refueling stations and hydrogen production. We are currently examining specific joint efforts in the hydrogen business to apply the technologies and knowledge accumulated by both partner companies and to help establish a decarbonized society. (Iwatani Cosmo Hydrogen Station Ariake Bus Depot) ● Launching the operation of a hydrogen fuel cell ship Mahoroba Iwatani's hydrogen fuel cell ship Mahoroba project was selected for funding by NEDO in 2021. Unlike conventional craft powered by internal combustion engines, eco-friendly Mahoroba uses hydrogen fuel cells that emits zero CO_2 emissions and other substances of concern during operations. It also provides a comfortable trip free of odors, noise, and vibration. During Expo 2025 Osaka, Kansai, we operated Mahoroba as means of sea transport, serving as a floating pavilion that communicates the appeal of hydrogen energy to the world. Following the Expo, we plan to operate the hydrogen fuel cell ship Mahoroba in Tokyo Bay in collaboration with the Tokyo Metropolitan Government, with the aim of realizing a hydrogen energy society. We will continue to invite the general public aboard the ship to communicate the appeal of hydrogen energy and the utility of low-environmental-impact vessels. (Hydrogen fuel cell ship Mahoroba)

Please refer to our website for more details of specific initiatives:
(https://www.iwatani.co.jp/eng/sustainability/environment/climate/)

In addition, these items are based on scenarios from the IEA, IPCC, and other sources and entail numerous uncertainties. We will flexibly respond to changes in the external environment, including ever-changing social trends and technological innovations.

(d) Metrics & Targets

The Iwatani Group has announced its goal of achieving carbon neutrality by 2050, targeting as a FY2030 milestone a reduction of 50% in CO_2 emissions (Scope 1 + Scope 2) by the Iwatani Group in Japan compared with the FY2019 level.

Please refer to our website for the Group's achievements concerning CO_2 emissions.
(https://www.iwatani.co.jp/eng/sustainability/environment/env-data/)

Our achievements in FY2025 will be posted on the website around September 2026.

(3) Other Sustainability Issues

(i) Human Capital and Diversity

(a) Strategy

The source of sustained value creation is human resources. Our goal is to be an organization in which each and every employee can thrive and grow. We will acquire people with diverse values and create an environment that allows them to demonstrate their individual abilities to the fullest. We will support the autonomous career development of our employees to maximize their abilities, while strengthening employee satisfaction and motivation by realizing flexible working styles. Through this cycle of overall organizational growth through acquisition, development, and success of human resources, we will continue to deliver value to the world by growing our businesses. To this end, the Company will focus its efforts on "promoting diversity and inclusion," "strengthening human resource development," and "creating rewarding workplaces," with the aim of becoming "an organization in which diverse individuals who continue to grow autonomously thrive."

[Policy on Promoting Diversity and Inclusion]

The Company believes that promoting "diversity and inclusion" is essential for responding to changes in the business environment and creating new value. In addition to sending the message from the President "Toward an Organization of Acceptance and Mutual Respect of Diverse Values," we are creating an environment where every member of our diverse workforce can thrive, including promoting the active participation of female employees and participation of male employees in child-raising. Please refer to our website for our approach, policies, and initiatives regarding diversity: (https://www.iwatani.co.jp/eng/sustainability/society/diversity/)

[Policy on Strengthening Human Resource Development]

The Iwatani Code of Corporate Ethics, which is the code of conduct for our employees, states that we strive to develop human resources so that officers and employees can demonstrate freewheeling thinking and imaginative powers through teamwork based on individual character and independence. We believe it is important not only to provide programs to all employees across the board, but also to offer learning opportunities that cater to their diverse needs as the external environment is rapidly changing and employees' values are diversifying in recent years. We will continue to offer diverse opportunities, including Iwatani Technology and Safety University, an internal university established in 2023, DX training, and optional training programs that employees can participate in based on their individual needs. Through these initiatives, we will continue to build a system that enables every employee to learn and grow independently.

[Policy on Creating Rewarding Workplaces]

To be an organization in which diverse individuals can thrive, it is essential to create an environment that enables flexible working styles that allow employees to balance work and life events. To this end, the Company also promotes the participation of male employees in child-raising. In FY2025, we introduced a program to support childcare leave aimed at increasing the rate of male employees taking childcare leave, and achieved a 100% uptake rate among male employees. We will continue to foster an organizational culture that supports the sustained achievement of a 100% uptake rate. In order for employees to fully demonstrate their abilities, it is essential not only to maintain and improve their health, but also to ensure employees' psychological safety and improve their engagement. The Company are committed to creating "rewarding workplaces" through initiatives such as encouraging employees to take their annual paid leave, conducting training on harassment prevention, and implementing engagement surveys and improvement activities and other various measures associated therewith.

(b) Indicators and Targets

[Promoting Diversity and Inclusion]

As part of our efforts to promote diversity and inclusion, we have been advancing initiatives to promote the active participation of women. The Company has earned Platinum Kurumin certification and a Two-Star rating under Eruboshi certification with the aim of supporting employees to balance work and life events. The Company will continue to further expand flexible working styles and childcare and nursing-care system and foster an appropriate corporate culture in which diverse individuals can play an active role, aiming to maintain a ratio of 25% or more of female employees to all new graduate hires for career track positions in FY2026 and a ratio of 10% or more of female managers in FY2027.

Indicator	FY2025 achievement	FY2026 target
Ratio of female employees to all new graduate hires for career track positions	24.1%	25% or more

Indicator	FY2025 achievement	FY2027 target
Ratio of female managers	7.7%	10% or more

A female manager is defined as a female employee who has a job qualification above a certain level in our personnel system. The job qualification requirements are either of the following:

- A female employee who supervises a small unit organization (section) and is capable of achieving the organizational targets while coaching her subordinates; or who is capable of carrying out high-level planning to assist the head of the department; or
- A female employee who supervises clerical work or assistant work in a small unit organization (section) and is capable of achieving the organizational targets by demonstrating a high level of job knowledge and practical skills while coaching her subordinates.

[Strengthening Human Resource Development]

We will use our internal university, Iwatani Technology and Safety University and Kobe Training Facility completed in 2024 to offer various opportunities for experience and training programs to encourage employees' autonomous growth. Our goal is to invest ¥150,000 per employee per year in education in FY2027, approximately double the amount invested in FY2022.

Indicator	FY2025 achievement	FY2027 target
Annual investment in education per employee	¥149,000	¥150,000 or more

[Creating Rewarding Workplaces]

To be an organization capable of continuing to create new value, the Company is promoting male employees' participation in raising children in addition to workplace promotion of women. We aim to achieve 100% of male employees taking childcare leave in FY2027 as well to realize flexible working styles that allow employees to balance work and life events. We also believe that it is necessary for employees to appropriately take paid leave in order to maintain and improve health so that they can fully demonstrate their ability. Based on this belief, we aim to achieve a paid leave utilization rate of 60% or more in FY2026.

Indicator	FY2025 achievement	FY2027 target
Percentage of childcare leave taken by male employees	100.0%	100%

Indicator	FY2025 achievement	FY2026 target
Percentage of paid leave taken	55.0%	60% or more

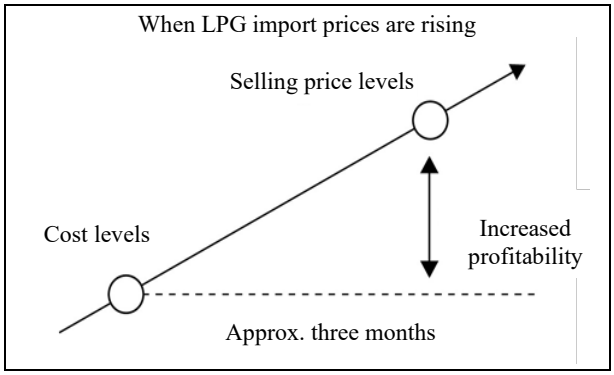
Please refer to our website for details of each indicator.
(https://www.iwatani.co.jp/eng/sustainability/society/data/)
Figures in FY2025 will be posted on the website around June 2026.

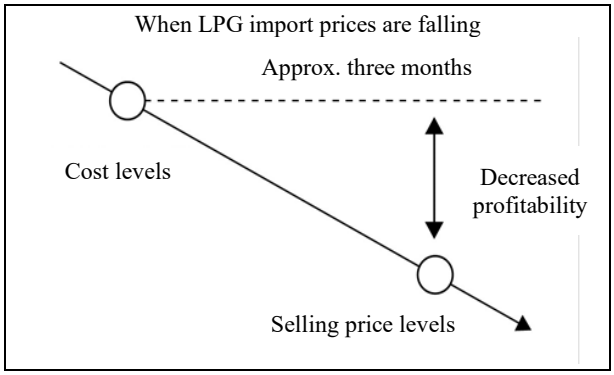
The indicators, targets, and achievements concerning human capital are for the reporting company only and not for consolidated subsidiaries. This is because it is difficult to set across-the-board targets for the consolidated subsidiaries as their working environments vary depending on business category or function.

3. Business Risks, etc.
Among the matters related to the status of the business, the status of our accounting and such stated in the annual securities report, the major risks that management recognizes may have a significant impact on the Company's financial position, operating results and status of cash flows are set forth below.
All forward-looking statements in this section are based on judgments made by the Group at the end of the fiscal year under review.

(1) Seasonal factors and fluctuations in weather
LPG consumption is affected by air and water temperatures. Therefore, sales of LPG, the Group's main product, decrease in summer and increase in winter. For this reason, the Group has a profit structure in which profits are concentrated in the second half of the year. As a result, abnormal fluctuations in weather may affect the Group's LPG sales volume.

(2) Impact of LPG import prices
The Company imports LPG from the Middle East and the U.S. In order to level out the impact of import price fluctuations, we have set up a price system with many wholesalers in which sales prices are linked to the Contract Price (CP) and Mont Belvieu (MB) pricing. For inventory valuation, we have changed from the "first-in, first-out" method to the "gross average" method effective from the third quarter of the fiscal year under review. There is a time lag of about three months from the import to the sale of LPG. When the import price rises, selling low-cost inventory at a high price will increase profits. Conversely, when the import price falls, selling high-cost inventory at a low price will reduce profits.
For the fiscal year under review, there was a decrease in profit of ¥5.7 billion (an increase in profit of ¥0.2 billion in the previous fiscal year).





(3) Risks related to climate change
While our main product is LPG, which is a fossil fuel, we are also focusing on expanding the use of hydrogen and other products that contribute to decarbonization. Depending on future trends in regulations, etc., related to climate change, the performance of the Group may be affected. For this reason, the Sustainability Promotion Committee, established as a subsidiary organization under the Risk Management Committee, which coordinates risk management groupwide, deliberates on matters such as risks, opportunities, action policies, and targets related to climate change and checks on the progress of related results.
Details regarding climate change are described in "2. Approach and Initiatives Regarding Sustainability."

(4) Impact of exchange rate fluctuations
Although the Group may be affected by foreign exchange risk in trade transactions, it manages risks due to exchange rate fluctuations through measures such as forward exchange contracts. However, in the event of rapid and sharp fluctuations in exchange rates, it may be difficult to completely eliminate this risk, and the performance of the Group may be affected.

(5) Disasters, etc.
The Group handles LPG, industrial gas, and other gases regulated by the High Pressure Gas Safety Act, etc. Therefore, we conduct regular statutory inspections required by law as well as voluntary examinations and inspections. However, there is a possibility that we may not be able to provide a stable supply in situations such as when there is major damage to our shipping facilities, such as our bases, or

to customer consumption facilities due to natural disasters such as large-scale earthquakes or large-scale epidemics of infectious diseases.

(6) Intensifying competition due to deregulation, etc.
Due to the full liberalization of the electricity and gas retail business, the declining population in Japan, and the depopulation of provincial cities, the competitive environment between companies in the industry and between different types of energy may change and may affect the performance of the Group.

(7) Impact of country risk
The Group conducts trade transactions and overseas business development centered on Asia. Accordingly, the performance of the Group may be affected by factors such as the deterioration of the political and economic situation in the region; unforeseen changes in laws, regulations, or tax systems; or the deterioration of public security.

(8) Impact of interest rate fluctuations
The Group requires funds for conducting strategic investments, such as M&A to increase the number of LPG direct sales customers and capital investments to expand the industrial gas business. Related interest rate fluctuations may affect the performance of the Group.

(9) Impact of counterparty credit risk
The Group provides credit to business partners in various forms and bears credit risks, including the possibility of default on receivables. In order to minimize and manage these credit risks, the Group takes countermeasures such as setting credit limits and obtaining necessary collateral and guarantees according to the credit status of business partner. However, in the event that receivables become uncollectible due to a deterioration in the credit standing or the bankruptcy of a business partner, etc., the performance of the Group may be affected.

(10) Impact of fluctuations in prices of securities held
In addition to holding shares of Group companies, the Group also holds shares of business partners, etc., in order to develop closer business relationships. Therefore, future fluctuations in the stock market may affect the performance of the Group. Regarding shares held for the purpose of strategic shareholding, the Board of Directors determines the appropriateness of each individual shareholding on an annual basis.

(11) Product defects
The products and services provided by the Group are managed through an appropriate quality control system. However, if the Group has to compensate for damages due to its products or conduct product recalls, etc., there may be consequences such as a decline in the Group's social credibility and corporate image, and the Group may have to bear large amounts of related expenses, which may affect the performance of the Group.

(12) Handling of personal information
The Group handles a large amount of personal information in various businesses, including the LPG business. As a business handling personal information and as stipulated in the Act on the Protection of Personal Information, we strive to comply with the law by appropriately managing the handling of personal information. However, in the event that personal information is leaked despite the Group's efforts, consequences such as a decline in the Group's social credibility and claims for damages from customers may arise and affect the performance of the Group.

(13) Risks related to compliance
The Group's businesses have to comply with various laws, regulations, and societal norms both in Japan and overseas. Therefore, we have established a Compliance Committee and are working to strengthen our compliance system. Furthermore, we are working to ensure thorough compliance by establishing and disseminating the Iwatani Code of Corporate Ethics as a code of conduct that all members of the Iwatani Group must comply with. However, in the event that a violation of laws and regulations, etc., occurs despite the Group's efforts, the Group may face administrative sanctions from the authorities, lawsuits from interested parties, or a decline in its social credibility which may affect the performance of the Group.

4. Analysis of Status of Operating Results, Status of Financial Position and Status of Cash Flows

(Overview of Operating Results, etc.)

An overview of the financial position, operating results, and cash flows (hereinafter referred to as "operating results, etc.") of the Group (the Company, consolidated subsidiaries and entities accounted for using equity method) for the fiscal year under review is as follows.

The Company finalized the provisional accounting treatment for business combinations in the fiscal year under review. The year-on-year comparisons and analyses are based on the amounts after reflecting significant revisions to the initial allocation of acquisition cost due to the finalization of provisional accounting treatment.

(1) Status of Operating Results

(i) Economic environment and the Group's initiatives

During the fiscal year ended March 31, 2026 (hereinafter referred to as the "fiscal year under review"), the Japanese economy continued its recovery trend with a pick-up in personal consumption due to an improvement in the income environment, and an increase in capital investment against the backdrop of robust corporate earnings and other factors. However, the outlook remained uncertain due to geopolitical risks arising from the escalating tension in the Middle East and the stalemate in Japan-China relations. Under these circumstances, Iwatani (hereinafter referred to as the "Company") expanded its business to achieve its basic policies of "solutions to social issues" and "sustained growth" in accordance with its five-year medium-term management plan, "PLAN27," which started in the fiscal year ended March 31, 2024.

Amid the escalating tension in the Middle East, we worked to ensure stable supply for our customers such as by utilizing diversified procurement sources for LPG, while using storage facilities in Japan and overseas for helium.

In order to realize a hydrogen energy-based society, Japan Suiso Energy, Ltd., an investee of the Company, signed a ship building contract with Kawasaki Heavy Industries, Ltd. to build a 40,000m^3 liquid hydrogen carrier, which will be the largest in the world. We continue to work on initiatives to build a system able to steadily supply large volumes of hydrogen. In addition, jointly with OBAYASHI CORPORATION and Komatsu Ltd., we have conducted Japan's first on-site proof-of-concept test for a medium-sized hydraulic excavator equipped with a fuel cell system. We will further develop equipment towards practical application and contribute to the expanded use of hydrogen in areas including construction sites, such as by giving consideration to large capacity and fast filling mobile hydrogen refueling systems.

In our carbon-free strategies, for the cutting gas "Hydrocut" that mixes hydrogen and ethylene, we used hydrogen derived from renewable energy manufactured at the Fukushima Hydrogen Energy Research Field and supplied the demolition work of welded tanks inside the Fukushima Daiichi Nuclear Power Station. This promotes the use of hydrogen through local production for local consumption and contributes to decarbonization of the manufacturing process stage.

In our overseas strategies, Coburn Resources Pty Ltd, which the Company acquired in Australia, started producing mineral sands, while Nordic Mining ASA, an investee of the Company in Norway, also made progress in preparations to produce and ship green titanium ore. In addition, the Company is working to diversify the supply chain for critical mineral resources and to build a stable supply system for the future such as by investing in Caremag SAS of France and proceeding with the construction of a plant to refine rare earths.

(ii) Earnings

During the fiscal year under review, despite the negative impact of LPG import price fluctuations and the weakening of the helium market, the recording of a gain on sale of non-current assets resulted in net sales of ¥908.522 billion (+¥25.510 billion year-on-year), operating profit of ¥38.318 billion (-¥7.903 billion year-on-year), ordinary profit of ¥55.220 billion (-¥6.260 billion year-on-year), and profit attributable to owners of parent of ¥47.666 billion (+¥7.2 billion year-on-year).

The earnings by segment are as follows.

(a) Integrated Energy

In the Integrated Energy Business, LPG import prices remained low, resulting in a decrease in revenue. As for profits, as LPG sales volume decreased in the wholesale sector despite improved profitability in the retail sector, and there was a negative impact of LPG import price fluctuations (-¥5.927 billion year-on-year), profit declined. Furthermore, despite the strong sales of energy-

related equipment, sales of portable gas cooking stoves and cassette gas canisters remained sluggish in Japan and overseas.
As a result, net sales in this segment were ¥367.732 billion (-¥11.050 billion year-on-year) and operating profit was ¥13.498 billion (-¥6.021 billion year-on-year).

(b) Industrial Gases & Machinery
In the Industrial Gases & Machinery Business, sales of hydrogen and hydrogen-related equipment increased. In addition, sales volume of air separation gases remained strong for the electronic component and optical fiber industries. Meanwhile, the profitability of specialty gases declined due to the weakening of helium markets, and in the gas-related equipment, shipments of equipment for the automobile industry decreased.
As a result, net sales in this segment were ¥288.730 billion (+¥17.280 billion year-on-year) and operating profit was ¥15.414 billion (-¥2.158 billion year-on-year).

(c) Materials
In the Materials Business, sales grew as a result of efforts to ensure stable supply amid continued export restrictions from China on rare earths and other items. The sales of eco-friendly PET resin and food packaging resin products, in addition to biomass fuels and rechargeable battery materials, remained strong. In addition, sales of stainless steel increased due to the impact of new consolidation. On the other hand, the mineral sands business saw declining profitability of our mining sites in Australia, and sales volume of high-performance film materials decreased.
As a result, net sales in this segment were ¥218.377 billion (+¥16.691 billion year-on-year) and operating profit was ¥11.613 billion (-¥0.134 billion year-on-year).

(d) Others
Net sales were ¥33.681 billion (+¥2.588 billion year-on-year), and operating profit was ¥3.517 billion (+¥0.210 billion year-on-year).

(2) Status of Financial Position

(i) Total Assets
Total assets at the end of the fiscal year under review increased by ¥26.728 billion from the end of the previous fiscal year to ¥899.772 billion. This was mainly due to increases of ¥25.647 billion in investment securities and ¥7.570 billion in property, plant and equipment, respectively, despite a decrease of ¥11.390 billion in notes and accounts receivable - trade, and contract assets.

(ii) Total Liabilities
Total liabilities at the end of the fiscal year under review decreased by ¥25.058 billion from the end of the previous fiscal year to ¥450.777 billion. This was mainly due to decreases of ¥35.632 billion in “Other” under “Current liabilities,” including commercial papers, ¥7.086 billion in electronically recorded obligations - operating, ¥6.564 billion in notes and accounts payable - trade, and ¥6.388 billion in current portion of long-term borrowings, respectively, despite increases of ¥13.615 billion in short-term borrowings, ¥8.676 billion in deferred tax liabilities, and ¥8.634 billion in long-term borrowings, respectively.
Interest-bearing debt, including lease liabilities, etc., at the end of the fiscal year under review decreased by ¥17.088 billion from the end of the previous fiscal year to ¥247.358 billion.

(iii) Total Net Assets
Total net assets at the end of the fiscal year under review increased by ¥51.786 billion from the end of the previous fiscal year to ¥448.995 billion. This was mainly due to increases of ¥32.188 billion in retained earnings, ¥12.5 billion in valuation difference on available-for-sale securities, and ¥4.096 billion in foreign currency translation adjustment, respectively.

(3) Status of Cash Flows
Cash and cash equivalents (hereinafter referred to as “cash”) at the end of the fiscal year under review increased by ¥0.072 billion from the end of the previous fiscal year to ¥27.660 billion.

(i) Operating Activities
Net cash provided by operating activities in the fiscal year under review increased in revenue by ¥6.712 billion from the previous fiscal year to ¥59.132 billion.

This was mainly due to an increase in cash resulting from profit before income taxes of ¥70.712 billion, depreciation of ¥30.667 billion and a decrease in accounts receivable - trade, and contract assets of ¥12.683 billion, and a decrease in cash resulting from income taxes paid of ¥20.782 billion, a decrease in trade payables of ¥15.222 billion, share of profit of entities accounted for using equity method of ¥12.198 billion, and a gain on sale and retirement of non-current assets of ¥11.141 billion.

(ii) Investing Activities

Net cash used in investing activities in the fiscal year under review decreased in expenditure by ¥34.629 billion from the previous fiscal year to ¥23.784 billion.

This was mainly due to an increase in cash resulting from the sale of property, plant and equipment of ¥23.389 billion, and a decrease in cash resulting from the purchase of property, plant and equipment of ¥38.380 billion and the purchase of intangible assets of ¥7.430 billion.

(iii) Financing Activities

Net cash used in financing activities in the fiscal year under review increased in expenditure by ¥35.050 billion from the previous fiscal year to ¥37.067 billion.

This was mainly due to an increase in cash resulting from a net increase in borrowings of ¥14.812 billion, and a decrease in cash resulting from a net decrease in commercial papers of ¥33.0 billion and dividends paid of ¥16.204 billion.

(4) Results of Production, Orders and Sales

In the Group's business structure, the main operations are sales of products that have been procured. Accordingly, the procurement record has been stated in place of the results of production and the status of orders.

(i) Procurement Record

The record of procurement from third parties (including cost of service, etc.) by segment for the fiscal year under review is as follows.

Segment	Amount (Million yen)	YoY change (%)
Integrated Energy Business	233,210	(8.1)
Industrial Gases & Machinery Business	208,615	9.0
Materials Business	189,013	8.8
Others	43,779	9.1
Total	674,619	2.4

(ii) Sales Results

The results of sales to third parties (including service revenue, etc.) by segment for the fiscal year under review were as follows.

Segment	Amount (Million yen)	YoY change (%)
Integrated Energy Business	367,732	(2.9)
Industrial Gases & Machinery Business	288,730	6.4
Materials Business	218,377	8.3
Others	33,681	8.3
Total	908,522	2.9

Note: No amount of sales to a single third party accounted for 10% or more of the total sales.

(Analysis and Examination regarding Status of Operating Results, etc., from the Perspective of Management)

The understanding, analysis, and examination of the status of the Group's operating results, etc., from the management's perspective are as follows.

All forward-looking statements in this section are based on judgments made at the end of the fiscal year under review.

(1) Significant Accounting Estimates and Assumptions Used in Making Estimates

The Group's consolidated financial statements are prepared in accordance with accounting standards generally accepted in Japan. In preparing these consolidated financial statements, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses are used. Estimates, judgments, and evaluations were made based on factors that are considered reasonable in light

of past performance and circumstances, but actual results may differ due to the uncertainties inherent in estimates. Among the accounting estimates and assumptions used in the preparation of the consolidated financial statements, the significant ones are listed in "V. Financial Information, 1. Consolidated Financial Statements and Other Information, Notes to Consolidated Financial Statements (Significant Accounting Estimates)."

(2) Understanding, analysis and examination of the status of operating results, etc., for the fiscal year under review

(i) Analysis of Operating Results

(a) Net sales and gross profit

Net sales increased by 2.9% from the previous fiscal year to ¥908,522 million. This was mainly due to robust sales of products for industrial sectors in the Materials Business and the Industrial Gases & Machinery Business. For more details, refer to the earnings by segment in "(Overview of Operating Results, etc.), (1) Status of Operating Results, (ii) Earnings."

Gross profit increased 0.7% year-on-year to ¥235,875 million mainly owing to improved profitability in the LPG retail sector and an increase in sales volume of hydrogen and hydrogen-related equipment.

(b) Operating profit

Selling, general and administrative expenses increased by 5.0% from the previous fiscal year to ¥197,557 million. This was mainly due to increases in depreciation and commission expenses, among other factors.

As a result, operating profit decreased by 17.1% from the previous fiscal year to ¥38,318 million.

(c) Ordinary profit

The balance of non-operating income and expenses amounted to income (net) of ¥16,902 million, an increase of ¥1,642 million from income (net) of ¥15,259 million in the previous fiscal year. This was mainly due to an increase in share of profit of entities accounted for using equity method.

As a result, ordinary profit decreased by 10.2% from the previous fiscal year to ¥55,220 million.

(d) Profit attributable to owners of parent

The balance of extraordinary income and losses amounted to income (net) of ¥15,492 million, an increase of ¥14,141 million in income from an income (net) of ¥1,350 million in the previous fiscal year. This was mainly due to an increase in gain on sale of non-current assets.

Total income taxes increased by 2.5% from the previous fiscal year to ¥21,568 million.

As a result of the above, net income attributable to owners of parent increased by 17.8% year-on-year to ¥47,666 million, and basic earnings per share increased from ¥175.84 in the previous fiscal year to ¥207.10. The Company carried out a 4-for-1 share split of its common shares as of October 1, 2024. Basic earnings per share has been calculated as if this share split was carried out at the beginning of the previous fiscal year.

In our Medium-Term Management Plan "PLAN27," we set operating profit of ¥65.0 billion, ROE of 10% or higher, and ROIC of 6% or higher as targets for the final year of the plan, the fiscal year ending March 31, 2028. Operating profit, ROE, and ROIC results for the previous fiscal year and the fiscal year under review as well as the targets for the final year of PLAN27 are as follows.

(Comparison with PLAN27)

Item	FY2024 Results	FY2025 Results	Targets for final year of PLAN27
Operating profit (Billion yen)	46.2	38.3	65.0
ROE	10.9%	11.6%	10% or higher
ROIC	5.1%	4.0%	6% or higher

(Comparison with FY2025 performance forecasts)

Item	FY2024 Results	FY2025 Results	FY2025 Performance Forecasts (Note)
Net sales (Billion yen)	883.0	908.5	888.0
Operating profit (Billion yen)	46.2	38.3	35.8
Ordinary profit (Billion yen)	61.4	55.2	48.2
Profit attributable to owners of parent (Billion yen)	40.4	47.6	40.5

(Operating profit excluding impact of LPG import price fluctuation [market factors])

Item	FY2024 Results	FY2025 Results	FY2025 Performance Forecasts (Note)
Operating profit (Billion yen)	46.2	38.3	35.8
Market factors (Billion yen)	0.2	(5.7)	(5.9)
Operating profit excluding market factors (Billion yen)	46.0	44.0	41.7

Note: The FY2025 forecasts stated here are the figures announced on February 10, 2026.

Regarding FY2025 (fiscal year ended March 31, 2026) results, operating profit was ¥38.3 billion, ROE was 11.6%, and ROIC was 4.0%. This was mainly due to the negative impact of market factors for LPG and decline in the profitability resulting from the weakening in helium markets.
Going forward, we will continue to implement strategies based on priority measures and aim to achieve the performance targets for PLAN27: operating profit of ¥65.0 billion, ROE of 10% or higher, and ROIC of 6% or higher.

(ii) Analysis of capital resources and funding liquidity
Please refer to "(Overview of Operating Results, etc.), (3) Status of Cash Flows" for the status of cash flows.

(a) Demand for funds
The main component of working capital in the Group's business activities is operating expenses, such as expenses for the purchasing of merchandise, manufacturing costs, and selling, general and administrative expenses. The demand for funds for investment is due to capital expenditure and the acquisition of shares in M&As. The Group's policy is to make multifaceted and cautious investment decisions, taking the revenue of the entire business into consideration for infrastructure development to support safety and security and taking capital costs and other factors into consideration for future growth investments.

(b) Financial policy
It is the basic policy of the Group to secure the capital resources and funding liquidity needed for business operations by generating stable cash flow from operating activities, while also maintaining financial soundness. For short-term working capital, we rely on the Company's own funds, short-term borrowings from financial institutions, and commercial paper (CP). For capital expenditure and long-term working capital, we rely on sources such as Company funds, long-term borrowings from financial institutions, and the issuance of corporate bonds. We also conduct lending between Group companies with the aim of improving intra-Group funding efficiency.
Interest-bearing debt, including lease liabilities, etc., at the end of the fiscal year under review decreased by ¥17.088 billion from the end of the previous fiscal year to ¥247.358 billion.

5. Important Business Contracts, etc.
(Capital and business alliance agreement with Cosmo Energy Holdings Co., Ltd.)
The Company concluded a capital and business alliance agreement with Cosmo Energy Holdings Co., Ltd., with the details as follows.

Date of conclusion	Counterparty	Details of agreement	Details of business alliance
April 23, 2024	Cosmo Energy Holdings Co., Ltd.	Capital and business alliance agreement Number of shares of the company held by the Company: 35,419,800 (Note 2)	The Company and Cosmo Energy Holdings Co., Ltd. have agreed to explore opportunities to collaborate in the following fields. The two companies established an alliance promotion committee to discuss and drive specific areas of collaboration. (i) 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 (ii) Strengthening of their relationship in existing business sectors ・ Strengthening and optimization of their procurement functions in the energy sector ・ Strengthening of their production functions in the industrial gases sector ・ Strengthening of their production and sales functions in the chemicals and resources sectors ・ Joint marketing leveraging their respective customer bases <Establishment of an alliance promotion committee> The Company and Cosmo Energy Holdings Co., Ltd. established an alliance promotion committee, chaired by the representative director of both companies, as an organization to promote their business alliance. In addition, the two companies will also consider collaboration in areas other than those mentioned above.

Notes: 1. As the ratio of the voting rights held by the Company exceeded 20%, the entity became an associate accounted for using the equity method.
2. The Company carried out a 2-for-1 share split of its common share as of October 1, 2025. The number of shares represents that after the share split.

(Syndicated loan agreement)

The Company concluded a syndicated loan agreement with financial institutions, with the details as follows.

Contract date	October 28, 2024				March 26, 2026
Counterparty	Syndicate with MUFG Bank, Ltd. as the arranger				
Contract amount (Total amount: ¥50,000 million)	¥10,000 million	¥10,000 million	¥15,000 million	¥10,000 million	¥5,000 million
Balance as of March 31, 2026 (Total amount: ¥47,325 million)	¥10,000 million	¥10,000 million	¥12,325 million	¥10,000 million	¥5,000 million
Repayment date	October 31, 2028	October 31, 2030	October 31, 2031	October 29, 2032	March 31, 2036
Use of funds	Funds for refinancing the purchase of shares of Cosmo Energy Holdings Co., Ltd.				Working capital
Collateral or guarantees	None				
Financial covenants	(i) The borrower shall maintain the total amount of net assets in its consolidated balance sheet at the end of each fiscal year at 75% or more of the higher of (a) total net assets in its consolidated balance sheet at the end of the fiscal year ended immediately preceding such fiscal year; and (b) total net assets in its consolidated balance sheet at the end of the fiscal year immediately preceding the contract date. (ii) The borrower shall not report operating losses in its consolidated statement of income at the end of each fiscal year for two consecutive fiscal years.				

6. Research and Development

Centered on the gas and energy fields, our research and development in the fiscal year under review covered our business domains ranging from the Integrated Energy Business and the Industrial Gases & Machinery Business to the Materials Business. In addition, to solidify our position as the leading hydrogen supplier, we focused on technological development to create a hydrogen supply chain as well as development of new technologies for decarbonization, such as technologies for producing green LPG.

The Group engages in R&D mainly at the Iwatani R&D Center and the Iwatani Advanced Hydrogen Technology Center in Amagasaki, Hyogo Prefecture. The Iwatani R&D Center engaged in R&D that will lead to the development of new products and new businesses, with the Group's vision for overall growth in mind. The Center also made efforts to strengthen its basic technologies, with a focus on analysis, to improve its technical services for customers, the quality control of products handled by the Company, and the efficiency of product development.

The Iwatani Advanced Hydrogen Technology Center took advantage of its state-of-the-art hydrogen testing and research equipment to evaluate the suitability of materials and equipment for use with ultra-low-temperature liquid hydrogen and ultra-high-pressure hydrogen gas while proceeding with research and development that will help lower the costs of building hydrogen-refueling stations and making them safer. Further, it is proceeding with research into synthesizing hydrocarbon fuels, such as propane, from biomass fuels, hydrogen and carbon dioxide.

The research and development expenditures of the entire Group for the fiscal year under review totaled ¥2,729 million. And the Company accounted for ¥2,322 million.

The main content of the research and development was related to hydrogen energy and accounted for ¥585 million. Divided by segment, other research and development expenses were ¥311 million in the Integrated Energy Business segment, ¥67 million in the Industrial Gases & Machinery Business segment, ¥109 million in the Materials Business segment, and ¥1,655 million in the Other segment. The Other segment includes company-wide expenses related to the Centers.

Research and development in hydrogen energy and each segment were as follows.

(Hydrogen energy)

Based on the hydrogen and fuel-cells strategy roadmap and the Hydrogen Basic Strategy, the Company engaged in activities that will lead to the expansion of the use of hydrogen energy and the enhancement of the value of liquid hydrogen, including the establishment of hydrogen-refueling stations for large commercial fuel cell trucks and the development of new applications for hydrogen energy. Furthermore, the Company promoted research and development that prioritized the construction of a carbon-free hydrogen supply chain in anticipation of the realization of a hydrogen energy society.

At Expo 2025 Osaka, Kansai, Japan, the Company conducted passenger operations of Japan's first hydrogen fuel cell ship Mahoroba, serving as a floating pavilion to widely promote its appeal and the potential of hydrogen energy. Going forward, the Company plans to continue operating the ship in Tokyo as part of initiatives to expand hydrogen demand and promote its practical implementation in society.

The Company developed technologies to efficiently refuel vehicles with liquid hydrogen, with the aim of commercializing liquid hydrogen-refueling stations for next-generation large vehicles, such as buses and trucks. The Company also commenced demonstration trials to utilize the cooling power of liquid hydrogen in building air conditioning systems and refrigerated display cases at supermarkets and other retail locations.

At the same time, we are developing technologies for hydrogen combustion and co-combustion of hydrogen and LPG to reduce CO_2 emissions in the industrial furnace industry.

(Integrated Energy Business)

As part of its efforts to realize a carbon neutral society, the Company pursued research into technologies for manufacturing green LPG to aid in the decarbonization of LPG, established manufacturing technologies at the Iwatani Advanced Hydrogen Technology Center, and began operating a small production demonstration facility. The Company will continue to validate the production process, including production efficiency and long-term stability.

In addition, in a project funded by NEDO, the Company, jointly with Soma Gas Co., Ltd. and other partners, installed mixed hydrogen and LPG supply facilities using existing infrastructure for a residential complex in Minamisoma, Fukushima Prefecture. The Company plans to begin a demonstration trial in early FY2026, as soon as it receives the necessary approvals from the regulatory authorities, and will proceed with the feasibility study for commercialization.

Further, the Company is developing products with applications other than gas cooking stoves. The aim of this initiative is to develop new products that will lead to expanded sales of cassette gas canisters, the Company's mainstay consumer product.

(Industrial Gases & Machinery Business)
With a focus on the area of regenerative medicine, the Company pursued the development of cell storage and transport containers, cell freezing and thawing equipment, and other related products, aiming to commercialize the outcomes of research into cell freezing and thawing processes obtained through its joint research with Osaka University. Making use of the dedicated bioresearch clean room in the Iwatani R&D Center as the base for regenerative medicine and bioresearch, the Company conducts research on regenerative medicine products and on the optimal freezing methods for different cell types.
To expand businesses such as the supply of oxygen gas to the inland aquaculture sector, the Company has confirmed the benefits of oxygen enrichment in aquaculture of salmon, following flounder and whiteleg shrimp, by utilizing equipment for inland aquaculture research installed in the Iwatani R&D Center. Going forward, the Company will work to determine aquaculture conditions and develop a system for aquaculture that utilizes AI technology to improve aquaculture efficiency.
Based on the technology for the production of deuterium gas for use in semiconductors that was established by the Iwatani R&D Center, a mass-production deuterium plant was launched at the Mie Plant of Iwatani Industrial Gases Corp. The plant has been operating smoothly. The Company is developing technologies that will contribute to further increased efficiency of plant operation, reduction of production loss, and stable supply of raw materials. At the same time, we are also developing new value-added semiconductor material gases.
In the welding and cutting area, the Company established technologies for the welding of dissimilar metals, namely copper and stainless steel. It is making propositions to companies in the air conditioning industry and other industries to allow them to reduce the use of expensive copper. The Company is also conducting research, jointly with Railway Technical Research Institute, on technologies that use robots to automatically grind excess material from welded railroad tracks, as a derivative of welding robot technologies.

(Materials Business)
The Company advanced the development of technologies for producing nano nickel, which is used in multi-layer ceramic capacitors (MLCC). Demand for these capacitors is growing for use in communication devices, such as smartphones, and automobiles. The Company has shipped samples to major users for them to evaluate as it strives to improve quality. It is also working to develop technologies related to production automation and production cost reduction with a transfer of mass production to associates in mind.

III. Information on Facilities

1. Overview of Capital Expenditures

During the fiscal year under review, the Group made total investments of ¥40.7 billion to strengthen its sales structure, improve logistics, and ensure safety, and so on.

By segment, the Integrated Energy Business invested ¥6.9 billion in the expansion of LPG terminals and LPG supply facilities; the Industrial Gases and Machinery Business invested ¥19.8 billion in the expansion of high-pressure gas terminals and various high-pressure gas supply facilities; the Materials Business invested ¥2.2 billion; and Others and Company-wide (common) invested ¥11.7 billion.

Additionally, for the sale of significant facilities during the fiscal year under review, a gain on sale of non-current assets of ¥11,296 million was recorded under the Company-wide (common) assets due to the sale of the Company's former Tokyo Head Office.

2. Major Facilities

(1) Reporting company

As of March 31, 2026

Segment	Business location name or description of facilities (Location)	Carrying amount (Million yen)						Number of employees (Persons)
		Land		Buildings and structures	Machinery, equipment and vehicles	Others	Total	
		Area (m^2)	Amount					
Integrated Energy Business	Sakai LPG Import Terminal (Nishi-ku, Sakai)	55,224	841	880	3,609	196	5,528	–
	Hirata LPG Terminal (Izumo, Shimane)	21,294	276	46	64	99	486	–
	Okinawa LPG Terminal (Nanjo, Okinawa)	1,320 (8,345)	37	163	72	76	349	–
	LPG Centers (LPG tertiary terminals) (80 locations across Japan)	393,275 (15,219)	8,581	4,718	2,006	685	15,992	–
	Land and buildings in Fujiyoshida (Fujiyoshida, Yamanashi)	21,404 (7,738)	418	428	86	0	933	–
Industrial Gases & Machinery Business	Land in Kitsuregawa (Sakura, Tochigi)	56,748	813	0	–	–	814	–
	Land in Takaishi (Takaishi, Osaka)	27,330	558	–	–	–	558	–
	Sakai Carbonics (Liquid carbon dioxide production plant) (Nishi-ku, Sakai)	–	–	9	12	0	22	–
	Sakaide Gas Terminal (Sakaide, Kagawa)	18,968	90	67	50	3	211	–
	Facilities for hydrogen-refueling stations (Various locations across Japan)	–	–	–	244	0	244	–
	Helium containers (Various locations in Japan and abroad)	–	–	–	–	2,517	2,517	–
	Gas centers (General high-pressure gas terminals) (10 locations across Japan)	124,442 (4,761)	2,687	764	259	64	3,775	–

Segment	Business location name or description of facilities (Location)	Carrying amount (Million yen)						Number of employees (Persons)
		Land		Buildings and structures	Machinery, equipment and vehicles	Others	Total	
		Area (m^2)	Amount					
Company-wide (common)	Osaka Head Office (Chuo-ku, Osaka)	–	–	347	33	338	719	478
	Tokyo Head Office (Minato-ku, Tokyo)	–	–	1,787	17	907	2,712	319
	Domestic block branches and branches (Various locations across Japan)	3,861	681	384	10	86	1,163	515
	Overseas representative offices (Beijing, etc.)	–	–	3	0	0	4	8
	Land and buildings for hydrogen-refueling stations (Various locations across Japan)	19,337 (39,045)	5,339	5,891	0	3	11,234	–
	Kobe Training Facility (Chuo-ku, Kobe)	10,065	1,293	8,414	123	699	10,531	–
	Iwatani R&D Center and Iwatani Advanced Hydrogen Technology Center (Amagasaki, Hyogo)	7,420	1,488	1,359	497	90	3,434	51

Notes: 1. "Others" in the carrying amount represent the total of "storage tanks and cylinders," "tools, furniture and fixtures," and "leased assets," and do not include "construction in progress."

2. The figures in parentheses in the "Land/Area" column indicate the area of land currently leased and are shown separately. Areas less than one m^2 have been rounded down.

3. The main properties currently leased are as follows:
In the Industrial Gases & Machinery Business, the land in Takaishi (27,330 m²) is leased to Cold Air Products Co., Ltd., and the land in Kitsuregawa (24,840 m²) is leased to AIR・CHEMICALS CORPORATION for business use.
The Integrated Energy Business leases LPG storage facilities (annual rent of ¥967 million), while Company-wide (common) leases the Osaka Head Office building (annual rent of ¥1,511 million) and the Tokyo Head Office building (annual rent of ¥885 million).

4. The number of employees represents the number of personnel actually at work. Since the total number of temporary employees is less than 10% of the number of employees, the average number of temporary employees is not provided.

5. The number of employees at the reporting companies is shown entirely in the "Company-wide (common)." The breakdown by segment is as follows. "Company-wide (common)" below primarily refers to personnel in head office administrative divisions (corporate planning, general affairs & human resources, public relations, technology, accounting, etc.).

As of March 31, 2026

Segment	Number of employees (Persons)
Integrated Energy Business	426
Industrial Gases & Machinery Business	407
Materials Business	145
Others	–
Company-wide (common)	406
Total	1,384

(2) Domestic subsidiaries

As of March 31, 2026

Segment	Company name Business location name or description of facilities (Location)	Carrying amount (Million yen)						Number of employees (Persons)
		Land		Buildings and structures	Machinery, equipment and vehicles	Others	Total	
		Area (m^2)	Amount					
Integrated Energy Business	Negishi Liquefied Gas Terminal Co., Ltd. Negishi Liquefied Gas Terminal (Isogo-ku, Yokohama)	(19,641)	–	864	332	19	1,216	27
	FUJINOYUSUI CORPORATION Mineral water production plant (Fujiyoshida, Yamanashi)	(21,404)	–	3	42	10	56	26
	Iwatani Cartridge Gas Corporation Cassette gas canister manufacturing plant (Omihachiman, Shiga)	(15,445)	–	1,258	649	34	1,942	27
Industrial Gases & Machinery Business	Iwatani Industrial Gases Corp. Amagasaki Plant (gas production) (Amagasaki, Hyogo)	23,539	1,227	633	116	28	2,005	31
	Iwatani Industrial Gases Corp. Kitakyushu Plant (gas production) (Wakamatsu-ku, Kitakyushu)	16,152	438	192	72	50	753	19
	Iwatani Industrial Gases Corp. Tokyo Helium Center (gas production) (Ami-machi, Inashiki-gun, Ibaraki)	23,527	595	613	216	13	1,438	15
	Iwatani Industrial Gases Corp. Kofu Plant (gas production) (Showa-cho, Nakakoma-gun, Yamanashi)	16,415	590	92	36	10	729	10
	Iwatani Industrial Gases Corp. Chiba Plant (gas production) (Ichihara, Chiba)	(4,719)	–	590	467	16	1,075	23
	Iwatani Industrial Gases Corp. Osaka Helium Center (gas production) (Suminoe-ku, Osaka)	10,503	812	475	36	16	1,340	12
	Iwatani Industrial Gases Corp. Himeji Plant (gas production, regenerative medicine-related) (Himeji, Hyogo)	16,438	297	555	141	7	1,002	12
	Iwatani Industrial Gases Corp. Hiroshima Plant (gas production) (Aki-ku, Hiroshima)	11,568	139	132	1	5	278	5
	AIR・CHEMICALS CORPORATION High-pressure gas production facilities (Sakura, Tochigi)	(24,840)	–	255	54	6	317	12
	YAMAGUCHI LIQUID HYDROGEN CORPORATION Liquid hydrogen production plant (Shunan, Yamaguchi)	(6,514)	–	214	1,029	33	1,276	1
	KOHTAKI PRECISION MACHINE Co., Ltd. Headquarters Plant (hydraulic press manufacturing, etc.) (Nagaizumi-cho, Sunto-gun, Shizuoka)	22,251	190	182	19	28	420	46
	SANYO AIR・CHEMICALS CORPORATION ASU (Air Separation Unit), etc. (Otake, Hiroshima; Waki-cho, Yamaguchi)	(1,290)	–	497	1,467	20	1,984	5
	Tokico System Solutions, Ltd. Shizuoka Office (Kakegawa, Shizuoka)	92,405	1,579	309	666	90	2,646	184

Segment	Company name Business location name or description of facilities (Location)	Carrying amount (Million yen)						Number of employees (Persons)
		Land		Buildings and structures	Machinery, equipment and vehicles	Others	Total	
		Area (m^2)	Amount					
Materials Business	KINSEI MATEC CO., LTD. Yokkaichi Plant (crushing and processing of ore, etc.) (Yokkaichi, Mie)	23,078	554	430	467	76	1,529	48
	Taihei Kozai Corporation Headquarters Plant (metal processing) (Himeji, Hyogo)	9,002	607	655	50	37	1,351	60
Others	Iwatani Kosan Corporation Assets for lease or rental (Various locations across Japan)	–	–	–	1,088	–	1,088	–

Notes: 1. "Others" in the carrying amount represent the total of "storage tanks and cylinders," "tools, furniture and fixtures," and "leased assets," and do not include "construction in progress."

2. The figures in parentheses in the "Land/Area" column indicate the area of land currently leased and are shown separately. Areas less than one m^2 have been rounded down.

3. The number of employees represents the number of personnel actually at work. Since the total number of temporary employees is less than 10% of the number of employees, the average number of temporary employees is not provided.

(3) Overseas subsidiaries

As of March 31, 2026

Segment	Company name (Description of facilities)	Location	Carrying amount (Million yen)						Number of employees (Persons)
			Land		Buildings and structures	Machinery, equipment and vehicles	Others	Total	
			Area (m^2)	Amount					
Integrated Energy Business	Iwatani Gas Appliances (Zhuhai) Co., Ltd. (Manufacturing facilities of cassette gas canisters, etc.)	Zhuhai, China	–	–	156	327	120	604	176
Industrial Gases & Machinery Business	Dalian Iwatani Gas Machinery Co., Ltd. (Production and sales facilities of industrial gases, etc.)	Dalian, China	–	–	290	1,061	545	1,897	136
	Jiaxing Iwatani Industrial Gases Co., Ltd. (Production and sales facilities of industrial gases, etc.)	Jiaxing, China	–	–	1,024	2,430	473	3,928	133
	PT. Iwatani Industrial Gas Indonesia (Production and sales facilities of industrial gases, etc.)	Karawang, Indonesia	36,630	502	864	488	3,239	5,095	192
	Iwatani Corporation (Singapore) Pte. Ltd. (Production and sales facilities of industrial gases, etc.)	Singapore, Singapore	(16,000)	–	3,279	1,346	694	5,321	37
	Iwatani-SIG Industrial Gases Sdn. Bhd. (Production and sales facilities of industrial gases, etc.)	Bintulu, Malaysia	(32,376)	–	107	1,052	2	1,162	25
	Iwatani Malaysia Sdn. Bhd. (Production and sales facilities of industrial gases, etc.)	Selangor, Malaysia	(9,169)	–	633	288	908	1,829	61
	Iwatani Corporation of America (Facilities for hydrogen-refueling stations)	California, U.S.	(2,291)	–	1	1,944	838	2,783	–
	Aspen Air U.S.,LLC (ASU (Air Separation Unit), etc.)	Montana, U.S.	23,398	109	96	2,997	390	3,594	15
	Iwatani Corporation (Thailand) Ltd. (Production and sales facilities of industrial gases, etc.)	Samut Sakhon, Thailand	8,000	247	589	178	445	1,461	13

Segment	Company name (Description of facilities)	Location	Carrying amount (Million yen)						Number of employees (Persons)
			Land		Buildings and structures	Machinery, equipment and vehicles	Others	Total	
			Area (m^2)	Amount					
Materials Business	Bangkok Ai-Toa CO., Ltd. (Manufacturing facilities of machine parts, etc.)	Samut Sakhon, Thailand	39,528	800	1,484	1,169	31	3,484	750
	Iwatani Australia Pty. Ltd. (Production and sales facilities of mineral sand, etc.)	Western Australia, Australia	24,801,700	3,620	201	5,447	146	9,415	162

Notes: 1. "Others" in the carrying amount represent the total of "storage tanks and cylinders," "tools, furniture and fixtures," and "leased assets," and do not include "construction in progress."

2. The figures in parentheses in the "Land/Area" column indicate the area of land currently leased and are shown separately. Areas less than one m^2 have been rounded down.

3. The number of employees represents the number of personnel actually at work. Since the total number of temporary employees is less than 10% of the number of employees, the average number of temporary employees is not provided.

3. Planned Addition, Retirement, and Other Changes of Facilities

As of the end of the fiscal year under review, the funds required for the addition and renovation of major facilities amounted to ¥49.7 billion, which is expected to be financed primarily through the Company's own funds. Planned addition, retirement, and other changes of major facilities are as follows.

(1) Addition and renovation of major facilities

Segment	Company name Business location name or description of facilities	Location	Description of major facilities	Planned investment amount (Million yen)	Funding methods
Integrated Energy Business	Iwatani Corporation, etc. Terminal facilities and leased facilities	Various locations in Japan and abroad	LPG storage and supply facilities, etc.	9,800	The Company's own funds, etc.
Industrial Gases & Machinery Business	Iwatani Industrial Gases Corp., etc. Terminal facilities and leased facilities	Various locations in Japan and abroad	Various high-pressure gas production and supply facilities, etc.	26,800	The Company's own funds, etc.

(2) Sale and retirement of major facilities

Except for sales and retirement related to routine facility upgrades, there are no plans to sell or retire of any major facilities.

IV. Information on Reporting Company

1. Company's Shares and Other Information

(1) Total Number of Shares and Issued Shares

(i) Total number of shares

Class	Total number of shares authorized to be issued (Shares)
Common shares	480,000,000
Total	480,000,000

(ii) Issued shares

Class	Number of issued shares as of the end of the fiscal year (Shares) (March 31, 2026)	Number of issued shares as of the filing date (Shares) (June 16, 2026)	Name(s) of the financial instruments exchange(s) on which the Company is listed or of the authorized financial instruments firms association(s) where the Company is registered	Description
Common shares	234,246,596	234,246,596	Tokyo Stock Exchange, Prime Market	The number of shares constituting one unit is 100 shares.
Total	234,246,596	234,246,596	–	–

(2) Stock Acquisition Rights

(i) Stock option plans
Not applicable.

(ii) Rights plans
Not applicable.

(iii) Stock acquisition rights for other uses
Not applicable.

(3) Exercises of Moving Strike Convertible Bonds, etc.

Not applicable.

(4) Changes in Total Number of Issued Shares, Share Capital and Legal Capital Surplus

Date	Changes in total number of issued shares (Shares)	Balance of total number of issued shares (Shares)	Changes in share capital (Million yen)	Balance of share capital (Million yen)	Changes in legal capital surplus (Million yen)	Balance of legal capital surplus (Million yen)
October 1, 2024 (Note)	175,684,947	234,246,596	–	35,096	–	20,100

Note: The increase in the total number of issued shares is due to the 4-for-1 share split of common shares of the Company as of October 1, 2024.

(5) Shareholding by Shareholder Category

As of March 31, 2026

Category	Status of shares (Number of shares constituting one unit: 100 shares)								Status of shares less than one unit (Shares)
	National and local governments	Financial institutions	Financial instrument business operator	Other corporations	Foreign entities		Individuals and others	Total	
					Non-individuals	Individuals			
Number of shareholders (Persons)	1	65	49	607	287	121	60,508	61,638	–
Number of shares held (Units)	16	696,855	45,630	450,146	462,338	435	681,452	2,336,872	559,396
Shareholding ratio (%)	0.00	29.83	1.95	19.26	19.78	0.02	29.16	100	–

Notes: 1. Of the 3,849,410 treasury shares, 38,494 units are included in "Individuals and others" and 10 shares are included in "Status of shares less than one unit."

2. 104 units and 64 shares held in the name of Japan Securities Depository Center, Incorporated are included in "Other corporations" and "Status of shares less than one unit," respectively.

(6) Major Shareholders

As of March 31, 2026

Name	Address	Number of shares of the Company held (Thousand shares)	Shareholding ratio (Excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	8-1, Akasaka 1-chome, Minato-ku, Tokyo	27,394	11.89
The Iwatani Naoji Foundation	2-3, Uchisaiwai-cho 2-chome, Chiyoda-ku, Tokyo	16,530	7.17
Custody Bank of Japan, Ltd. (Trust Account)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	11,198	4.86
MUFG Bank, Ltd.	4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo	5,344	2.32
Resona Bank, Ltd.	2-1, Bingomachi 2-chome, Chuo-ku, Osaka	4,711	2.04
Tetsu Iwatani Co., Ltd.	3-1, Hamamatsu-cho 2-chome, Minato-ku, Tokyo	4,000	1.74
Iwatanisangyou Senyukai	6-4, Hommachi 3-chome, Chuo-ku, Osaka	3,666	1.59
STATE STREET BANK AND TRUST COMPANY 505223 (standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	P.O. BOX 351 BOSTON MASSACHUSETTS 02101 U.S.A. (15-1, Konan 2-chome, Minato-ku, Tokyo)	3,625	1.57
Nippon Life Insurance Company	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	3,593	1.56
Iwatani Enyukai	6-4, Hommachi 3-chome, Chuo-ku, Osaka	2,950	1.28
Total	–	83,015	36.03

Notes: 1. In addition to the above, 3,849,000 treasury shares are held by the Company.

2. Iwatanisangyou Senyukai is Iwatani's employee stock ownership program.

3. Iwatani Enyukai is a stock ownership program for companies engaged in long-term transaction relationships with Iwatani.

4. Report of large volume holding made available for public inspection on March 16, 2026 states that Mitsubishi UFJ Trust and Banking Corporation and three other joint holders hold the following Company shares as of March 9, 2026. However, these shareholdings were not included in the above list of major shareholders because the Company could not confirm the actual holding of shares as of March 31, 2026.

Name	Address	Number of stock certificates, etc. held (Thousand shares)	Holding ratio of stock certificates, etc. (%)
Mitsubishi UFJ Trust and Banking Corporation	4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo	3,757	1.60
Mitsubishi UFJ Asset Management Co., Ltd.	9-1, Higashi-Shimbashi 1-chome, Minato-ku, Tokyo	1,762	0.75
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	9-2, Otemachi 1-chome, Chiyoda-ku, Tokyo	710	0.30
MUFG Securities (Canada), Ltd.	Royal Bank Plaza, South Tower, Suite 3400, 200 Bay Street, Toronto, Ontario M5J 2J1, CANADA	275	0.12

5. Report of large volume holding (change report) made available for public inspection on September 19, 2025 states that Sumitomo Mitsui Trust Asset Management Co., Ltd. and one other joint holder hold the following Company shares as of September 15, 2025. However, these shareholdings were not included in the above list of major shareholders because the Company could not confirm the actual holding of shares as of March 31, 2026.

Name	Address	Number of stock certificates, etc. held (Thousand shares)	Holding ratio of stock certificates, etc. (%)
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1, Shibakoen 1-chome, Minato-ku, Tokyo	5,638	2.41
Amova Asset Management Co., Ltd.	7-1, Akasaka 9-chome, Minato-ku, Tokyo	5,043	2.15

6. Report of large volume holding (change report) made available for public inspection on July 29, 2024 states that Mitsubishi UFJ Trust and Banking Corporation and one other joint holder hold the following Company shares as of July 22, 2024. However, these shareholdings were not included in the above list of major shareholders because the Company could not confirm the actual holding of shares as of March 31, 2026.

Name	Address	Number of stock certificates, etc. held (Thousand shares)	Holding ratio of stock certificates, etc. (%)
Mitsubishi UFJ Trust and Banking Corporation	4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo	867	1.48
Mitsubishi UFJ Asset Management Co., Ltd.	9-1, Higashi-Shimbashi 1-chome, Minato-ku, Tokyo	372	0.64

7. Report of large volume holding (change report) made available for public inspection on March 25, 2024 states that Norges Bank holds the following Company shares as of March 15, 2024. However, these shareholdings were not included in the above list of major shareholders because the Company could not confirm the actual holding of shares as of March 31, 2026.

Name	Address	Number of stock certificates, etc. held (Thousand shares)	Holding ratio of stock certificates, etc. (%)
Norges Bank	Bankplassen 2, P.O. Box 1179 Sentrum, N-0107 Oslo, Norway	2,714	4.63

8. The Company carried out a 4-for-1 share split of its common share as of October 1, 2024. The number of stock certificates, etc. held in Notes 6 and 7 above represents that before the share split.

(7) Voting Rights

(i) Issued shares

As of March 31, 2026

Category	Number of shares (Shares)	Number of voting rights (Units)	Description
Shares with no voting rights	–	–	–
Shares with limited voting rights (treasury shares, etc.)	–	–	–
Shares with limited voting rights (others)	–	–	–
Shares with full voting rights (treasury shares, etc.)	(Treasury shares) Common shares 3,849,400	–	–
	(Reciprocal cross holding) Common shares 750,600	–	–
Shares with full voting rights (others)	Common shares 229,087,200	2,290,872	–
Shares of less than one unit	Common shares 559,396	–	–
Total number of issued shares	234,246,596	–	–
Total number of voting rights	–	2,290,872	–

Notes: 1. "Shares with full voting rights (others)" includes 10,400 shares (104 voting rights) held in the name of Japan Securities Depository Center and 400 shares (4 voting rights) of less than one unit that are reciprocally held in the name of the shareholding association.

2. "Shares less than one unit" includes 10 treasury shares held by the Company, 64 shares held in the name of Japan Securities Depository Center, and 72 reciprocally held shares (72 shares held by HOKURIKU IWATANI GAS CO., LTD.).

(ii) Treasury shares, etc.

As of March 31, 2026

Name of shareholder	Address of shareholder	Number of shares held in own name (Shares)	Number of shares held in others' names (Shares)	Total number of shares held (Shares)	Shareholding ratio (%)
(Treasury shares)					
Iwatani Corporation	6-4, Hommachi 3-chome, Chuo-ku, Osaka	3,849,400	–	3,849,400	1.64
(Reciprocal cross holding)					
Asahigas Energy Co., Ltd.	4789-2, Nishisakabe-cho, Yokkaichi, Mie	56,800	262,600	319,400	0.14
Asahi Marui Corporation	3-36, Kakusa, Kadogawa-cho, Higashiusuki-gun, Miyazaki	40,000	–	40,000	0.02
Awaji Marui Co., Ltd.	262-1, Ichizenkoji, Minamiawaji, Hyogo	–	74,000	74,000	0.03
NEW COSMOS ELECTRIC CO., LTD.	5-4, Mitsuyanaka 2-chome, Yodogawa-ku, Osaka	64,700	–	64,700	0.03
Nakata Marui Co., Ltd.	31-10, Hayamatsubara 2-chome, Tanabe, Wakayama	–	1,700	1,700	0.00
NOSE KOZAI, INC.	2-25, Takadono 1-chome, Asahi-ku, Osaka	12,000	–	12,000	0.01
HOKURIKU IWATANI GAS CO., LTD.	1-711, Kamimorida, Fukui, Fukui	2,000	11,300	13,300	0.01
Marui Co., Ltd.	2-36, Kosuganamimachi, Kaga, Ishikawa	–	114,600	114,600	0.05
Maruichi Co., Ltd.	597, Nishiuehara, Sera-cho, Sera-gun, Hiroshima	–	55,900	55,900	0.02
Yokota Marui Gas Co., Ltd.	242-9, Shimoyokota, Okuizumo-cho, Nita-gun, Shimane	10,800	44,200	55,000	0.02
Total	–	4,035,700	564,300	4,600,000	1.96

Note: Reason for holding in another person's name, etc.

Reason for holding	Name	Address
Number of co-ownership interests in shareholding association	Iwatani Enyukai	6-4, Hommachi 3-chome, Chuo-ku, Osaka
Number of co-ownership interests in shareholding association	Iwatani Shareholding Association	6-4, Hommachi 3-chome, Chuo-ku, Osaka

2. Acquisition and Disposal of Treasury Shares
Class of Shares, etc.: Acquisition of common shares as stipulated in Article 155, Item 7 of the Companies Act

(1) Acquisition by Resolution of Shareholders Meeting
Not applicable.

(2) Acquisition by Resolution of Board of Directors Meeting
Not applicable.

(3) Acquisition Not Based on Resolution of Shareholders Meeting or Board of Directors Meeting
Acquisition as stipulated in Article 155, Item 7 of the Companies Act

Category	Number of shares (Shares)	Total amount (Million yen)
Treasury shares acquired during the fiscal year ended March 31, 2026	4,054	6
Treasury shares acquired during the subsequent period	412	0

Note: The number of treasury shares acquired during the subsequent period does not include shares of less than one unit purchased from June 1, 2026 to the date of filing this Annual Securities Report.

(4) Disposal of Acquired Treasury Shares and Number of Treasury Shares Held

Category	Fiscal year ended March 31, 2026		Subsequent period	
	Number of shares (Shares)	Total amount disposed (Million yen)	Number of shares (Shares)	Total amount disposed (Million yen)
Acquired treasury shares for which subscribers were solicited	–	–	–	–
Acquired treasury shares that were retired	–	–	–	–
Acquired treasury shares that were transferred due to merger, share exchange, share swap, or company split	–	–	–	–
Other (Disposal of treasury stock as restricted share awards)	41,700	64	–	–
Number of treasury shares held	3,849,410	–	3,849,822	–

Note: The number of treasury shares held during the subsequent period does not include shares of less than one unit purchased or additionally purchased from June 1, 2026 to the date of filing this Annual Securities Report.

3. Dividend Policy

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

Based on the policy presented above, the Company plans to pay a dividend of ¥23.50 per share with respect to the year-end dividend for the fiscal year under review. As a result, the annual dividend will be ¥47 per share, including the interim dividend of ¥23.50.

In order to enhance opportunities for distributing profits to its shareholders, the Company has decided to pay annual dividend in two installments starting the fiscal year under review. The decision-making body for dividends of surplus is the Board of Directors for interim dividends and the General Meeting of Shareholders for year-end dividends. In addition, the Company has a provision in its Articles of Incorporation allowing for the payment of interim dividend.

*1. Profit attributable to owners of parent.

*2. Dividends of surplus with record dates in the fiscal year under review are as follows.

Date of resolution	Total amount of dividends (Million yen)	Dividend per share (Yen)
Resolution at Board of Directors meeting held on November 11, 2025	5,414	23.50
Resolution at Annual General Meeting of Shareholders to be held on June 17, 2026	5,414	23.50

4. Status of Corporate Governance, etc.
   (1) Overview of Corporate Governance
      (i) Basic Views on Corporate Governance
      The corporate philosophy of the Company is “Become a person needed by society, as those needed by society can prosper.” In keeping with the corporate philosophy, we will strive to improve management soundness, transparency, and efficiency and to build a corporate governance framework with the following items as our basic policy.

      Basic Policy
      1. We will create an environment that allows shareholders to exercise their rights properly and will endeavor to ensure equality among shareholders.
      2. We will respect the rights and positions of employees, customers, business partners, creditors, local communities and other stakeholders and endeavor to collaborate with them properly.
      3. We will make appropriate disclosures in accordance with relevant legislation. For the purpose of ensuring transparency, we will endeavor to offer additional information other than the information required to be disclosed pursuant to the legislation.
      4. We will make impartial, transparent and swift decisions in an effort to ensure that the Board of Directors will properly fulfill its functions and duties.
      5. We will endeavor to hold constructive dialogs with shareholders in a bid for continuous growth and increase in corporate value.

      (ii) Overview of corporate governance structure and reasons for adoption of that structure
      Responsible for Iwatani’s business decision-making and oversight, the Board of Directors consists of 12 members (including four Outside Members). Together with swift, appropriate decision-making and oversight based on comprehensive and active deliberation in the Board of Directors, the Outside Members of the Board strengthen the functions of the Board by enhancing and improving the transparency of its decision-making and the effectiveness of oversight from standpoints independent of core management and based on extensive experience and knowledge of corporate governance.
      The Company strives to stimulate the activities of the Board of Directors by introducing a system of executive officers to speed up decision-making and delegate authority. In accordance with management policies decided on by the Board of Directors, Executive Officers are delegated authority by the Representative Member of the Board to devote themselves to business execution in compliance with relevant instructions and orders. Through adopting this system, the Company is promoting more efficient management by enhancing decision-making on corporate strategies and oversight functions by the Board of Directors. Once a month, the Board of Corporate Officers, whose membership consists of full-time Members of the Board, Executive Officers, and full-time Audit & Supervisory Board Members, meets to share information and facilitate communication, in addition to deliberating on important matters related to business execution.
      The Company has adopted a company structure with an Audit & Supervisory Board. The Audit & Supervisory Board consists of four members (including two Outside Audit & Supervisory Board Members). Full-time Audit & Supervisory Board Members attend meetings of the Board of Directors and the Board of Corporate Officers and other important meetings, and Outside Audit & Supervisory Board Members attend Board of Directors meetings to ensure full oversight of the execution of duties by Members of the Board. Audit & Supervisory Board Members are appointed with a focus on matters such as their specialized knowledge of finance, accounting, and law and their knowledge and experience related to the Company’s businesses. Outside Audit & Supervisory Board Members in particular are appointed based on the requirements for independent officers identified by financial instruments exchanges. In this way, the Company’s audit system is based on multifaceted perspectives.
      The Company established a voluntary Nomination and Compensation Committee as an advisory body to the Board of Directors. This body consists of three or more Members of the Board, a majority of whom, including the chair, are Outside Members of the Board. The goal is to enhance fairness, transparency, and objectivity in procedures related to decision-making on the appointment and dismissal of Members of the Board, the appointment of Audit & Supervisory Board Members, and compensation of Members of the Board and to strengthen corporate governance through consultation with this Committee.
      As described above, the Company has adopted this corporate governance structure as it has established functions for securing the soundness of management.

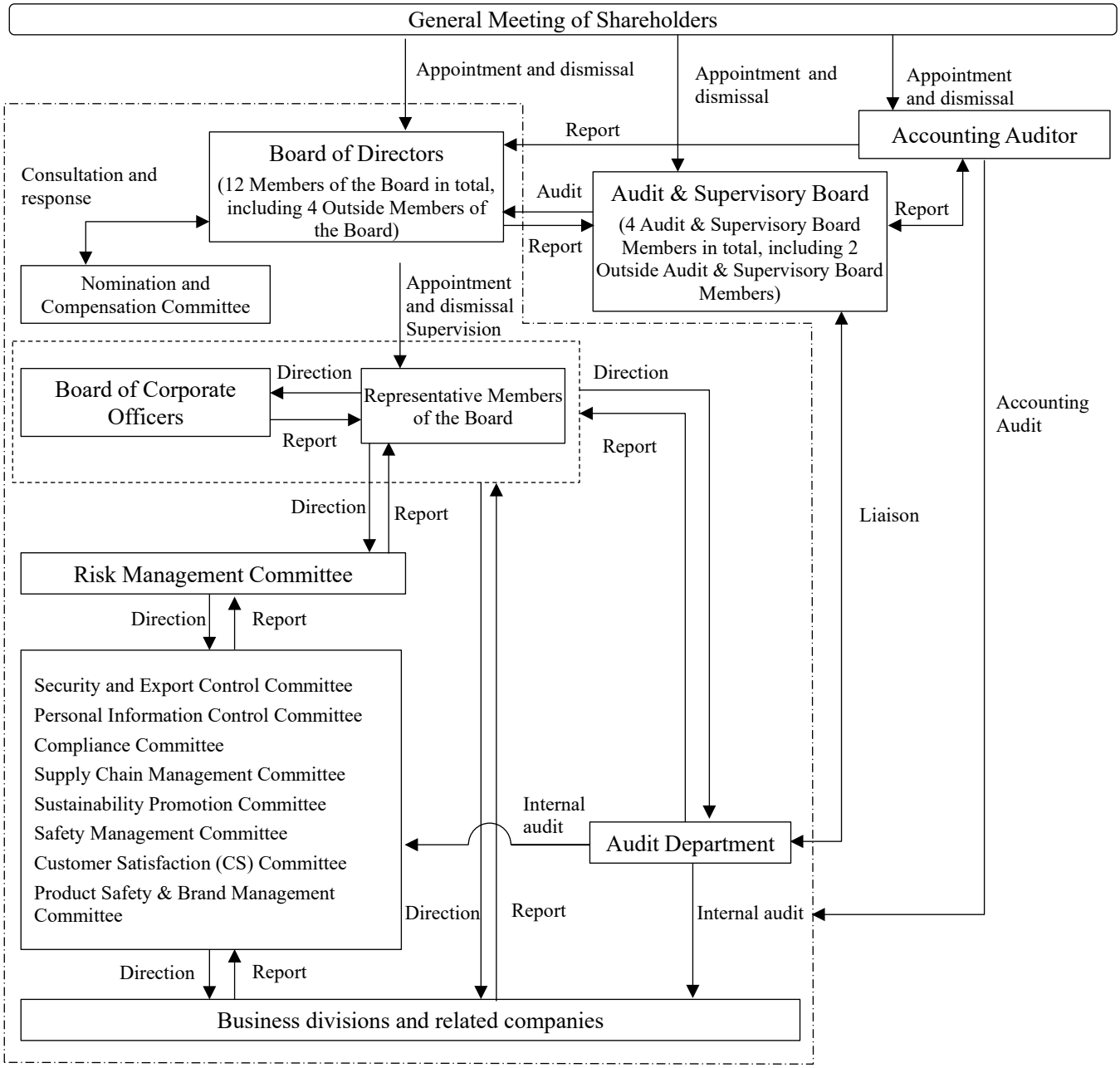
(a) Composition of the Board of Corporate Officers (◎: Chairman)

Position	Name	Position	Name	Position	Name
Chairman	Akiji Makino	Senior Managing Officer	Kenji Motoori	Managing Officer	Tarou Miyamoto
Vice Chairman	Toshio Watanabe	Senior Managing Officer	Hiroyuki Yano	Executive Officer	Shinichi Hashimoto
President and CEO	◎ Hiroshi Majima	Senior Managing Officer	Kazutaka Yokoya	Executive Officer	Kimio Watanabe
Member of the Board Senior Managing Officer	Manabu Tsuyoshi	Senior Managing Officer	Kozo Shimasaki	Executive Officer	Hidehisa Horiuchi
Member of the Board Senior Managing Officer	Hiroshi Fukushima	Managing Officer	Jun Matsubara	Executive Officer	Hidehito Suzuki
Member of the Board Senior Managing Officer	Kenji Takayama	Managing Officer	Kunihiko Koike	Executive Officer	Hiroshi Iida
Member of the Board Managing Officer	Kazumasa Terada	Managing Officer	Naoki Wada	Executive Officer	Koichi Kikuchi
Audit & Supervisory Board Member	Toyofumi Ohama	Managing Officer	Yoshikuni Yamada	Executive Officer	Takashi Kurashita
Audit & Supervisory Board Member	Naoki Iwatani	Managing Officer	Atsuhisa Saito	Executive Officer	Shigehiro Yabuno
		Managing Officer	Mineharu Okamoto	Executive Officer	Kazushige Uemura
		Managing Officer	Tomoji Iwakami	Executive Officer	Shigeki Furusawa

(b) Overview of Corporate Governance System

An overview of the corporate governance system and the internal control system is as follows.

As of June 16, 2026



(iii) Other Matters Concerning Corporate Governance

(a) Basic Views on Internal Control System and Status of Development

Since its foundation, the Company's corporate philosophy has been to "become a person needed by society, as those needed by society can prosper," and we have constantly strived to create new value that society and our customers demand in our aim to contribute to society. We engage in our day-to-day business management in the belief that responding to the trust and expectations of shareholders, business partners, employees and other stakeholders is an absolute prerequisite for the prosperity of the Company.

Based on this corporate philosophy and pursuant to the Companies Act and the Regulations for Enforcement of the Companies Act, the Company has established the following internal control system and is developing and operating structures to ensure the propriety of operations of the corporate group that comprises the Company and its subsidiaries (hereinafter "the Group").

1) Structures to ensure that Members of the Board and employees of the Group execute their duties in compliance with applicable laws and regulations and the Articles of Incorporation

To ensure that Members of the Board and employees of the Company execute their duties in compliance with applicable laws and regulations and with the Articles of Incorporation and achieve the appropriate and sound execution of the Company's business, the Board of Directors strives to develop and operate an effective internal control system and compliance structures. The Audit & Supervisory Board monitors the execution of the Company's business for the early detection and rectification of issues.

In addition, a Compliance Committee has been set up to comprehensively promote legal and regulatory compliance by enforcing and enhancing compliance structures in Group business activities. Further, the corporate philosophy, which holds that morality and values are shared through the Iwatani Code of Corporate Ethics, serves as the norm to be observed in all aspects of business activities by all core management members and employees of the Group, and compliance training is conducted to raise awareness of the importance of compliance.

To ensure the reliability of financial reporting, under the Financial Instruments and Exchange Act and related laws and regulations, basic plans and policies for the development of the internal control system pertaining to the financial reporting of the Group are set out and efforts are made for the development and appropriate operation of adequate Group-wide structures.

The Group's Code of Conduct maintains that anti-social forces that threaten the order and safety of civic society should be stood up against with a resolute attitude. To that end, the Company has established a department to manage responses to antisocial forces. The department cooperates with external organizations with relevant expertise to respond to unreasonable demands and collect information about anti-social forces.

2) Structures for the storage and management of information related to the execution of duties by the Members of the Board of the Company

Information related to the execution of duties by the Members of the Board, including the written proposals and minutes of meetings of the Board of Directors, Board of Corporate Officers, and other meetings is stored and managed appropriately in accordance with applicable laws and regulations, including company regulations.

3) Rules and other structures for the management of risks of loss in the Group

The Group has established a Risk Management Committee under the direct control of the President to ensure integrated management of risks across all Group companies. Specialized individual committees set up beneath the Risk Management Committee address the main anticipated risks, such as compliance risks and supply chain management risks, to enable a comprehensive response to any corporate risks, both apparent and potential.

4) Structures to ensure the efficient execution of duties of the Group's Members of the Board, etc.

In addition to the formulation of the Group's Medium-Term Management Plan and the adoption of management indicators and performance management indicators on a consolidated basis, a department has been established to oversee the management of the Group companies. Meetings are held regularly to debate Group-wide basic strategies and management issues.

The Company has also adopted a system of executive officers for the efficient execution of duties by the Members of the Board. Through swifter decision-making and the delegation of authority, the Company is promoting more efficient management by strengthening decision-making on corporate strategies and oversight functions by the Board of Directors.

The Company also strives to improve the efficiency of execution of duties in accordance with regulations on segregation of duties and approvals and uses core IT systems for the comprehensive management of management resources and the improvement of company-wide operational efficiency.

5) Structures to ensure the proper execution of business by the Group
In accordance with the rules governing Group management, the Company ensures the proper execution of business by stipulating matters for prior approval concerning key management issues, such as the management plans and annual budgets of Group companies and other matters concerning business activities. In addition to regular reporting, it has made prompt reports in the event of abnormal situations mandatory.
The Company works to raise awareness of compliance across the entire Group by thoroughly disseminating the Iwatani Code of Corporate Ethics, which is the code of conduct for the business activities of the Group.
Further, the Audit Department has been established. Its periodic internal audits, implemented in close cooperation and communication with the Audit & Supervisory Board, consider whether the business activities throughout the Group are being performed appropriately and efficiently.

6) Matters concerning the employees to assist the Audit & Supervisory Board Members in their duties when the Audit & Supervisory Board Members request the assignment thereof
A dedicated staff member has been assigned as an assistant to the Audit & Supervisory Board Members and the Audit & Supervisory Board's secretariat to assist with auditing work and the operation of the Audit & Supervisory Board.

7) Matters to ensure the independence of the employees assisting the duties of the Audit & Supervisory Board Member of the Company from the Members of the Board and the effectiveness of directions given to the employees by the Audit & Supervisory Board Members
The appointment of the staff member assigned to the Audit & Supervisory Board Members will be decided with due respect to the opinions of the Audit & Supervisory Board, and their independence from the Members of the Board will be ensured. Further, the staff member will comply with the directions and orders of the Audit & Supervisory Board Members in the execution of their duties.

8) Structures for reporting to Audit & Supervisory Board Members of the Company by the Members of the Board and others of the Group as well as its employees and other structures for reporting to Audit & Supervisory Board Members
The Members of the Board and employees of the Company will report promptly and appropriately to the Audit & Supervisory Board Members regarding statutory matters, matters resolved by the Board of Corporate Officers, matters that would have a serious impact on the Group, the implementation status of internal audits and internal control evaluation in the Group, the operational status of internal whistleblowing systems, and other matters determined to require reporting to the Audit & Supervisory Board Members for the execution of their duties.
In addition, the Audit & Supervisory Board Members of the Company will receive regular reports on the status of internal control and other matters from the Audit & Supervisory Board Members of Group companies. They will also receive explanations about the details of accounting audits from the Accounting Auditor and otherwise exchange opinions.

9) Structures to ensure that persons who have made reports related to the above item are not subjected to disadvantageous treatment for making such reports
The Company prohibits the disadvantageous treatment of persons who have made reports related to the above item for making such reports and will take measures to ensure that this fact is thoroughly understood.

10) Matters concerning procedures for advance payment or reimbursement of expenses arising in conjunction with the execution of duties by Audit & Supervisory Board Members of the Company and other policies for processing expenses and reimbursements arising with respect to the execution of duties
As the Company bears the costs arising in conjunction with the execution of duties by Audit & Supervisory Board Members, a budget is posted based on the audit plan.
In addition, Audit & Supervisory Board Members may subsequently request reimbursement from the Company for any emergency or extraordinary expenses paid.

11) Other structures to ensure that audits by the Company's Audit & Supervisory Board Members are conducted effectively
In addition to the full-time Audit & Supervisory Board Members attending all important meetings, including meetings of the Board of Directors and the Board of Corporate Officers, the Audit & Supervisory Board Members and the Audit & Supervisory Board will increase the effectiveness of the auditing of the Company's business execution by holding regular meetings with the Representative Members of the Board and the Accounting Auditors respectively.

(b) Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development
The Company has stated in the Iwatani Code of Corporate Ethics and its Code of Conduct that all officers and employees of the Company and each company within the group must show a resolute attitude against antisocial forces which threaten the order and safety of civil society. It has clearly indicated that we "will not respond to any request for money or goods," "will not provide any benefit," and "will exclude them thoroughly in cooperation with the police authority."
The Company has established a department to manage responses to antisocial forces. The department coordinates with external organizations with relevant expertise and takes counter-measures such as dealing with improper request from antisocial forces, collecting information about such forces, and establishing special clauses in contract documents.
In terms of activities to educate employees, opportunities have been established for employees to deepen their understanding of the Code of Conduct through training, in-house magazines, and other means.

(c) Status of Establishment of Risk Management Structures
The Company has established a Risk Management Committee to coordinate risk management of all Group companies. There are eight individual committees under the Risk Management Committee, namely the Security and Export Control Committee, which works to enhance management structures for compliance with the Foreign Exchange and Foreign Trade Act and prevent improper exports, the Personal Information Control Committee, which strives for the comprehensive protection of personal information and preparation against cyber-attacks, the Compliance Committee, which strives for comprehensive compliance with laws and regulations, the Supply Chain Management Committee, which establishes priority measures on high-pressure gas safety, responses at times of disaster, and other matters, the Sustainability Promotion Committee, which deliberates on the impact of climate change on business operations and important matters related to environmental management, the Safety Management Committee, which strives for comprehensive risk management regarding overall business operations and employee safety, the Customer Satisfaction (CS) Committee, which works to increase customer satisfaction, and the Product Safety & Brand Management Committee, which examines safety and compliance with laws and regulations of products handled and work performed to establish the image of the Iwatani brand and to maintain and increase brand value.
In 1998, to prevent corporate misconduct, the Company established the Iwatani Code of Corporate Ethics as "a norm to be observed in all aspects of business activities on the basis of sharing the management philosophy, morality and values among management team members and employees in the group." This code is publicized throughout the Company and Group companies to raise awareness of compliance groupwide.
It is also revised to reflect recent changes in the social conditions in which the Company does business as well as amendments in laws and regulations.
The Company also obtains advice as necessary from its legal counsel when legal decisions are required.

(iv) Activities of the Board of Directors and the Nomination and Compensation Committee during the Fiscal Year Under Review
In principle, meetings of the Board of Directors are held once a month, and additional meetings are held as necessary. A total of 16 meetings were held in the fiscal year ended March 31, 2026.
The Board of Directors, in accordance with the deliberation and reporting standards stipulated in the Board of Directors Regulations, makes resolutions on basic management policies of the Company, matters related to the execution of important operations, matters authorized by

resolutions of the General Meeting of Shareholders, and matters stipulated by laws and regulations and in the Articles of Incorporation. In addition, the Board of Directors receives reports on matters stipulated by laws and regulations and the execution status of important operations.
Meetings of the Nomination and Compensation Committee are held once or twice a year. One meeting was held in the fiscal year ended March 31, 2026.
The Nomination and Compensation Committee is composed of three or more members who are Members of the Board, the majority of whom are Outside Members of the Board, and is chaired by an Outside Member of the Board. As an advisory body to the Board of Directors, the committee deliberates on issues including matters related to the appointment and dismissal of Members of the Board, the compensation system for Members of the Board, and policies for determining compensation and makes reports to the Board of Directors.

At the time of submission of this report, the Board of Directors consisted of the following 16 members.

Name	Position	Attendance at meetings of the Board of Directors in FY2025	Attendance at meetings of the Nomination and Compensation Committee
Akiji Makino	Chairman	16/16	–
Toshio Watanabe	Vice Chairman	16/16	1/1
Hiroshi Majima	President and CEO	16/16	1/1
Manabu Tsuyoshi	Member of the Board, Senior Managing Officer	16/16	–
Hiroshi Fukushima	Member of the Board, Senior Managing Officer	16/16	–
Kenji Takayama	Member of the Board, Senior Managing Officer	16/16	–
Kazumasa Terada	Member of the Board, Managing Officer	13/13*	–
Hirozumi Hirota	Member of the Board	16/16	–
Shosuke Mori	Outside Member of the Board	16/16	1/1
Hiroshi Sato	Outside Member of the Board	16/16	1/1
Hiroyuki Suzuki	Outside Member of the Board	16/16	0/1
Yuki Saito	Outside Member of the Board	15/16	1/1
Toyofumi Ohama	Full-time Audit & Supervisory Board Member	16/16	–
Naoki Iwatani	Full-time Audit & Supervisory Board Member	16/16	–
Yoshinori Shinohara	Outside Audit & Supervisory Board Member	16/16	–
Yasushi Yokoi	Outside Audit & Supervisory Board Member	16/16	–

* Member of the Board Kazumasa Terada attended all 13 meetings of the Board of Directors held after he assumed office as Director in June 2025.

(v) Overview of Contents of Liability Limitation Agreement
In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements with Outside Members of the Board and Outside Audit & Supervisory Board Members to limit their liability for damages under Article 423, Paragraph 1 of the same Act. The maximum amount of liability for damages under the agreement is the minimum liability amount stipulated by the applicable laws and regulations.

(vi) Overview of Contents of Directors and Officers Liability Insurance Contract
The Company has entered into a directors and officers liability insurance contract as stipulated in Article 430-3, Paragraph 1 of the Companies Act, with Members of the Board, Audit & Supervisory Board Members, Executive Officers, and others of the Company and its subsidiaries as insured persons.

[Overview of contents of insurance contract]

(a) Scope of insured persons
Members of the Board, Audit & Supervisory Board Members, Executive Officers, Accounting Advisor, Accounting Auditors, and other important employees of the Company and its subsidiaries (including those who assumed office after the execution of the contract)

(b) Percentage of insurance premiums borne by insured persons
Insurance premiums are borne by the Company and its subsidiaries and are not borne by the insured persons.

(c) Overview of insured events subject to compensation
Damages (legal damages and litigation costs) incurred due to a claim for damages arising from the performance of the insured person's duties will be subject to compensation.

(d) Measures to ensure that the appropriateness of officers' duties is not impaired
The contract contains a disclaimer to the effect that damages due to intentional or illegal provision of private benefits, criminal acts, and other similar actions of the insured person are not subject to compensation.

(vii) Details of Provisions of the Articles of Incorporation

(a) Number of Members of the Board
The Articles of Incorporation provide that the number of Members of the Board of the Company shall be not more than seventeen (17).

(b) Requirements for resolution on the election of Members of the Board
The Articles of Incorporation provide that resolutions for the election of Members of the Board shall be made by a majority of the voting rights of the shareholders present at a meeting who hold shares representing one-third or more of the voting rights of shareholders who are entitled to exercise voting rights.

(c) Matters for resolution by the General Meeting of Shareholders that may be resolved in the Board of Directors

1) Acquisition of the Company's own shares
With the objective of enabling the flexible execution of capital policies, regarding the acquisition of own shares and in accordance with the provisions of Article 165, Paragraph 2 of the Companies Act, the Articles of Incorporation provide that the Company may acquire its own shares by resolution of the Board of Directors.

2) Interim dividend
In order to enhance opportunities for returning profits to shareholders, the Articles of Incorporation provide that, upon resolution by the Board of Directors, the Company may pay dividends of surplus (interim dividend) in cash to shareholders or registered pledgees listed or recorded in the final shareholder register as of September 30 of each year.

(d) Requirements for special resolutions in the General Meeting of Shareholders
With the objective of the smooth operation of the General Meeting of Shareholders and regarding special resolutions by the General Meeting of Shareholders set forth in Article 309, Paragraph 2 of the Companies Act, the Articles of Incorporation provide that such resolutions shall be made by two-thirds or more of the voting rights of the shareholders present at a meeting who hold shares representing one-third or more of the voting rights of shareholders who are entitled to exercise voting rights.

(viii) Basic Policy on Control of the Company

(a) Basic policy toward any person(s) who should control decisions on the Company's financial and business policies (summary)
The Company's Board of Directors believes it to be preferable that the person(s) controlling decisions on the Company's financial and business policies be person(s) who will help to enhance the corporate value of the Group and in turn materialize the common interests of the shareholders, but that ultimately, such decisions should be entrusted to the judgment of shareholders.
The Company, whose shares are listed on the financial instrument exchanges, respects any free transaction of shares of the Company in the markets, and, even if any specified person(s) contemplates conducting any large purchase of shares and the like of the Company, as long as it would help to enhance the corporate value of the Group and, by extension, realize the

common interests of the shareholders of the Company, the Company will not hold a negative opinion of that action.
However, the Company's Board of Directors deems it inappropriate for any person(s) conducting a large purchase of shares and the like of the Company that would prejudice or for which there is a strong risk of it prejudicing the corporate value and common interests of the shareholders of the Group to be person(s) controlling decisions on the Company's financial and business policies. For this reason, in its fiduciary duty to the shareholders, the Company's Board of Directors deems it necessary to make certain preparations to deal with any inappropriate proposal for a large purchase of shares and the like of the Company and to secure the time and information necessary for shareholders to make judgments on such large purchase efforts and to negotiate with the person(s) proposing such actions.

(b) Efforts to implement the basic policies
The Company formulated its five-year Medium-Term Management Plan "PLAN27," which started in the fiscal year ended March 31, 2024 as an effort to put the basic policies into practice. The Plan defines its basic policy as "business expansion to achieve 'solutions to social issues' and 'sustained growth'" under the theme of "establishing a hydrogen energy-based society." In particular, we have set priority measures in areas where we will intensively deploy resources, such as investment and human resources, and have been working on five key strategies: "Hydrogen Strategies," "Carbon-free Strategies," "Domestic Energy & Service Strategies," "Overseas Strategies," and "Non-financial Strategies."
In addition, our basic policy on earnings distribution calls for meeting shareholders expectations by maximizing corporate value in various ways, including investing to support growth strategies while returning earnings to shareholders through stable and uninterrupted dividend payments.
The Company believes that by steadily implementing these initiatives and continuing to be "a company needed by society," we will be able to contribute to the enhancement of the Group's corporate value as well as the common interests of our shareholders.

(2) Directors and Other Officers

(i) List of directors and other officers

Male: 15, Female: 1 (Percentage of female Directors and other Officers: 6.3%)

Title and position	Name	Date of birth	Past experience	Term of office	Number of shares of the Company held (Hundred shares)
Chairman	Akiji Makino	September 14, 1941	March 1965 Joined the Company June 1988 Member of the Board June 1990 Executive Director June 1994 Senior Executive Director April 1996 President, Iwatani Industrial Gases Corp. June 1996 Retired from Member of the Board June 1998 Member of the Board, Executive Vice President April 2000 President June 2004 Executive Officer June 2012 Chairman and CEO April 2026 Chairman (current position) (Significant concurrent positions) Chairman, CENTRAL SEKIYU GAS CORPORATION Member of the Board, Chairman, Iwatani Industrial Gases Corp. Member of the Board, KINSEI MATEC CO., LTD. Outside Member of the Board, DAIKIN INDUSTRIES, LTD.	Note: 1	3,044
Vice Chairman	Toshio Watanabe	September 4, 1945	March 1968 Joined the Company April 1996 General Manager, Related Businesses Department General Manager, General Affairs & Personnel Department June 1996 Member of the Board April 2000 Executive Director April 2001 Senior Executive Director April 2003 Member of the Board, Executive Vice President June 2004 Executive Officer June 2006 Representative Executive Vice President June 2012 Vice Chairman (current position) (Significant concurrent positions) Audit & Supervisory Board Member, CENTRAL SEKIYU GAS CORPORATION Audit & Supervisory Board Member, Iwatani Industrial Gases Corp. Chairman, KINSEI MATEC CO., LTD.	Note: 1	2,142

Title and position	Name	Date of birth	Past experience		Term of office	Number of shares of the Company held (Hundred shares)
President and CEO	Hiroshi Majima	July 3, 1958	April 1981	Joined the Company	Note: 1	1,100
			June 2010	Executive Officer		
			April 2011	Managing Officer		
			April 2012	General Manager, Electronics & Machinery Division		
			June 2012	Member of the Board		
				Executive Officer		
			April 2014	Executive Director		
			April 2017	Senior Executive Director		
			April 2019	Member of the Board, Vice President		
			April 2020	President		
			April 2026	President and CEO (current position)		
Member of the Board, Senior Managing Officer General Manager, Industrial Gases & Machinery Business Group	Manabu Tsuyoshi	February 25, 1964	April 1989	Joined the Company	Note: 1	501
			June 2017	Executive Officer		
			April 2018	Managing Officer		
			April 2019	General Manager, Hydrogen Division		
			June 2020	Member of the Board, Managing Officer		
			April 2022	Member of the Board, Senior Managing Officer (current position)		
			April 2026	General Manager, Industrial Gases & Machinery Business Group (current position)		
			(Significant concurrent positions)			
			Member of the Board, Tokico System Solutions, Ltd.			
			Member of the Board, Iwatani (China) Ltd.			
			Director, Iwatani Corporation of America			
Member of the Board, Senior Managing Officer General Manager, Technology & Engineering Division Iwatani R&D Center, Iwatani Advanced Hydrogen Technology Center; Sustainability Management Department; Safety Department; Hydrogen Energy	Hiroshi Fukushima	November 6, 1962	April 1987	Joined the Ministry of International Trade and Industry (currently the Ministry of Economy, Trade and Industry)	Note: 1	274
			November 2019	Joined the Company		
				Managing Officer		
			December 2019	Safety & Environment		
			December 2019	Hydrogen Energy (current position)		
			April 2020	Senior Managing Officer		
				Responsible for Energy Division and Industrial Gases Division		
			April 2022	General Manager, Technology & Engineering Division (current position)		
				Iwatani R&D Center, Iwatani Advanced Hydrogen Technology Center (current position)		
			June 2022	Member of the Board, Senior Managing Officer (current position)		
			April 2023	Sustainability Management Department (current position), Safety Department (current position)		
			(Significant concurrent positions)			
			Member of the Board, Iwatani (China) Ltd.			

Title and position	Name	Date of birth	Past experience		Term of office	Number of shares of the Company held (Hundred shares)
Member of the Board, Senior Managing Officer Business Administration Department; Information Technology Planning Department; Corporate Planning & Coordination Department; Public Relations Department; Human Resources & General Affairs Department; Legal Department	Kenji Takayama	November 28, 1966	April 1990 April 2020 April 2022 October 2022 April 2023 April 2024 June 2024 April 2025 April 2025	Joined the Company Executive Officer General Manager, Human Resources & General Affairs Department Managing Officer General Manager, Corporate Planning & Coordination Department Information Technology Planning Department Senior Managing Officer New System Promotion Department Corporate Planning & Coordination Department (current position) Member of the Board, Senior Managing Officer (current position) Logistics Department, Audit Department Business Administration Department, Information Technology Planning Department, Public Relations Department, Human Resources & General Affairs Department, Legal Department (current position)	Note: 1	333
Member of the Board, Managing Officer Accounting Department; Audit Department; Chairman, Risk Management Committee	Kazumasa Terada	September 6, 1969	April 1993 April 2022 June 2023 May 2025 June 2025 April 2026	Joined The Sanwa Bank, Limited. (currently MUFG Bank, Ltd.) Area General Manager (in charge of West Japan), MUFG Bank, Ltd. Executive Officer, Area General Manager (in charge of West Japan), MUFG Bank, Ltd. Joined the Company, Advisor Member of the Board, Managing Officer (current position) Accounting Department (current position) Audit Department (current position) Chairman, Risk Management Committee (current position)	Note: 1	35

Title and position	Name	Date of birth	Past experience	Term of office	Number of shares of the Company held (Hundred shares)
Member of the Board	Hirozumi Hirota	January 15, 1958	March 1980 Joined the Company June 2007 Executive Officer June 2009 Member of the Board April 2011 Executive Director April 2013 Senior Executive Director June 2017 Retired from Member of the Board Chairman, IWATANI LOGISTICS CORPORATION Chairman, Iwatani Liquefied Gas Terminal Co., Ltd. January 2021 Senior Managing Officer, the Company June 2022 Member of the Board, Senior Managing Officer; General Manager, Integrated Energy Business Group; General Manager, Energy Division; General Manager, Daily Commodity Division April 2024 Member of the Board, Vice President In charge of Sales Divisions Marketing Department Chairman, Risk Management Committee June 2024 Presidential Task Office April 2026 Retired from Vice President April 2026 Member of the Board (current position) (Significant concurrent positions) President, Iwatani Industrial Gases Corp.	Note: 1	728
Member of the Board	Shosuke Mori	August 6, 1940	April 1963 Joined The Kansai Electric Power Co., Inc. June 2005 President and Representative Director, The Kansai Electric Power Co., Inc. June 2010 Chairman and Representative Director, The Kansai Electric Power Co., Inc. June 2019 Member of the Board, the Company (current position)	Note: 1	168
Member of the Board	Hiroshi Sato	September 25, 1945	April 1970 Joined Kobe Steel, Ltd. April 2009 President, Kobe Steel, Ltd. April 2013 Chairman, Kobe Steel, Ltd. June 2021 Member of the Board, the Company (current position) (Significant concurrent positions) Outside Member of the Board, Sumitomo Electric Industries, Ltd.	Note: 1	200

Title and position	Name	Date of birth	Past experience	Term of office	Number of shares of the Company held (Hundred shares)
Member of the Board	Hiroyuki Suzuki	February 7, 1946	August 1980 Joined Maruichi Steel Tube Ltd. April 2003 President, Maruichi Steel Tube Ltd. June 2003 President and Executive Officer, Maruichi Steel Tube Ltd. June 2013 Chairman and CEO, Maruichi Steel Tube Ltd. (current position) June 2022 Member of the Board, the Company (current position) (Significant concurrent positions) Chairman and CEO, Maruichi Steel Tube Ltd. President, Maruichi Kohan Ltd. President, Kyushu Maruichi Steel Tube Ltd. Outside Member of the Board, Nippon Venture Capital Co., Ltd.	Note: 1	201
Member of the Board	Yuki Saito	November 13, 1978	October 2006 Registered as attorney-at-law Joined Sakura Law Office January 2012 Partner Attorney, Sakura Law Office (current position) October 2015 Part-time judge (Family Conciliation Judge) June 2023 Member of the Board, the Company (current position) (Significant concurrent positions) Partner Attorney, Sakura Law Office Outside Member of the Board (Audit & Supervisory Committee Member), KURIYAMA HOLDINGS CORPORATION Outside Member of the Board (Audit & Supervisory Committee Member), MORY INDUSTRIES INC.	Note: 1	19
Audit & Supervisory Board Member (Full-time)	Toyofumi Ohama	March 15, 1949	March 1972 Joined the Company June 1996 Member of the Board June 1999 Retired from Member of the Board April 2004 General Manager, Corporate Planning & Coordination Department; General Manager, Overseas Business Administration Department June 2004 Member of the Board Executive Officer April 2006 Executive Director June 2008 Audit & Supervisory Board Member (Full-time) (current position)	Note: 2	961

Title and position	Name	Date of birth	Past experience	Term of office	Number of shares of the Company held (Hundred shares)
Audit & Supervisory Board Member (Full-time)	Naoki Iwatani	December 25, 1966	April 1990 Joined the Company June 2009 Executive Officer April 2011 Deputy General Manager, Energy Division (in charge of the east) June 2011 Member of the Board April 2015 Executive Director Business Administration Department; Audit Department Chairman, Risk Management Committee April 2019 Member of the Board, Senior Managing Officer June 2022 Audit & Supervisory Board Member (Full-time) (current position) (Significant concurrent positions) Audit & Supervisory Board Member, CENTRAL SEKIYU GAS CORPORATION Outside Audit & Supervisory Board Member, Nippon Seisen Co., Ltd.	Note: 2	877
Audit & Supervisory Board Member	Yoshinori Shinohara	March 1, 1935	February 1963 Registered as Certified Public Accountant (current position) July 1969 Representative Partner, Yamato Accounting Office (as a result of merger, Asahi & Co.) May 1999 Deputy President, Asahi & Co. (currently KPMG AZSA LLC) June 2001 Representative Partner and Senior Advisor, Asahi & Co. August 2002 Representative Director, Shinohara Management and Economics Research Institute Co., Ltd. (current position) June 2015 Audit & Supervisory Board Member, the Company (current position) (Significant concurrent positions) Certified Public Accountant, SHINOHARA C.P.A. OFFICE Representative Director, Shinohara Management and Economics Research Institute Co., Ltd. External Director of NEW COSMOS ELECTRIC CO., LTD.	Note: 2	338

Title and position	Name	Date of birth	Past experience		Term of office	Number of shares of the Company held (Hundred shares)
Audit & Supervisory Board Member	Yasushi Yokoi	November 16, 1956	March 1982	Registered as Certified Public Accountant (current position)	Note: 2	154
			May 2001	Representative Partner, Asahi & Co. (currently KPMG AZSA LLC)		
			July 2008	Board Member, KPMG AZSA & Co. (currently KPMG AZSA LLC)		
			July 2010	Board Member, General Manager of Osaka 2nd Business Division, KPMG AZSA LLC		
			July 2012	Senior Executive Board Member in charge of Diversity and General Manager, Nagoya Office, KPMG AZSA LLC		
			June 2021	Audit & Supervisory Board Member, the Company (current position)		
			(Significant concurrent positions)			
			Certified Public Accountant, Yasushi Yokoi Certified Public Accountant Office			
			Outside Member of the Board (Audit & Supervisory Committee Member), ASICS Corporation			
Total						11,075

Notes:
1. The term of office of the Member of the Board is one year from the conclusion of the Annual General Meeting of Shareholders held for the fiscal year ended March 31, 2025.
2. The term of office of the Audit & Supervisory Board Member is four years from the conclusion of the Annual General Meeting of Shareholders held for the fiscal year ended March 31, 2023.
3. The number of shares of the Company held represents the number of shares effectively held including respective equity interests in the directors' stock ownership program.
4. Members of the Board Shosuke Mori, Hiroshi Sato, Hiroyuki Suzuki and Yuki Saito are outside Members of the Board.
5. Audit & Supervisory Board Members Yoshinori Shinohara and Yasushi Yokoi are outside Audit & Supervisory Board Members.
6. The Company has introduced a system of executive officers to speed up management decision-making and promote delegation of authority, thereby stimulating the activities of the Board of Directors. Our Executive Officers are listed below. Executive Officers marked with an asterisk (*) concurrently serve as Members of the Board.

*	President and CEO	Hiroshi Majima	Managing Officer	Mineharu Okamoto
*	Member of the Board, Senior Managing Officer	Manabu Tsuyoshi	Managing Officer	Tomoji Iwakami
*	Member of the Board, Senior Managing Officer	Hiroshi Fukushima	Managing Officer	Tarou Miyamoto
*	Member of the Board, Senior Managing Officer	Kenji Takayama	Executive Officer	Shinichi Hashimoto
*	Member of the Board, Managing Officer	Kazumasa Terada	Executive Officer	Kimio Watanabe
	Senior Managing Officer	Kenji Motoori	Executive Officer	Hidehisa Horiuchi
	Senior Managing Officer	Hiroyuki Yano	Executive Officer	Hidehito Suzuki
	Senior Managing Officer	Kazutaka Yokoya	Executive Officer	Hiroshi Iida
	Senior Managing Officer	Kozo Shimasaki	Executive Officer	Koichi Kikuchi
	Managing Officer	Jun Matsubara	Executive Officer	Takashi Kurashita
	Managing Officer	Kunihiko Koike	Executive Officer	Shigehiro Yabuno
	Managing Officer	Naoki Wada	Executive Officer	Kazushige Uemura
	Managing Officer	Yoshikuni Yamada	Executive Officer	Shigeki Furusawa
	Managing Officer	Atsuhisa Saito		

(ii) Outside directors

The Company has four Outside Members of the Board: Messrs. Shosuke Mori, Hiroshi Sato, Hiroyuki Suzuki, and Ms. Yuki Saito.

Mr. Shosuke Mori possesses a certain level of independence as he meets the definitions of outside directors set forth in Article 2, Item 15 of the Companies Act. In addition, having engaged in the management of corporations supporting societal infrastructure including electricity, information communication and urban development and served as Chairman of Kansai Economic Federation, he has extensive experience and broad insight regarding corporate management as a whole. He has supervised the Company's management properly from an independent position and has given meaningful advice on management policies and strategies. He has also made efforts as a Chairman of the Nomination and Compensation Committee to ensure transparency, objectivity and fairness of the director election and compensation. Furthermore, the Company expects him to appropriately provide advice also on environmental initiatives and global business, contributing to the enhancement of the corporate value of the Group. For these reasons, the Company has nominated him as an Outside Member of the Board.

Mr. Hiroshi Sato possesses a certain level of independence as he meets the definitions of outside directors set forth in Article 2, Item 15 of the Companies Act. In addition, having engaged in the management of a corporation with a wide range of business domains including materials centering around iron and steel, machinery and energy, he has extensive experience and broad insight regarding corporate management as a whole. He has supervised the Company's management properly from an independent position and has given meaningful advice on management policies and strategies. He has also made efforts as a member of the Nomination and Compensation Committee to ensure transparency, objectivity and fairness of the director election and compensation. Furthermore, the Company expects him to appropriately provide advice also on business administration including affiliates management and plants management, contributing to the enhancement of the corporate value of the Group. For these reasons, the Company has nominated him as an Outside Member of the Board.

The Company has a transaction relationship for selling/ purchasing products with Kobe Steel Ltd., where Mr. Hiroshi Sato serves as Advisor, and with Sumitomo Electric Industries, Ltd., where he serves as Outside Director. The respective transaction amounts account for less than 1% of the sales of the Company and less than 1% of the sales of Kobe Steel or Sumitomo Electric Industries.

Mr. Hiroyuki Suzuki possesses a certain level of independence as he meets the definitions of outside directors set forth in Article 2, Item 15 of the Companies Act. In addition, having engaged in the management of a general pipe manufacturer developing a wide range of production and sales of pipes home and abroad and served as Representative Director of Kansai Association of Corporate Executives, he has extensive experience and broad insight concerning corporate management as a whole. He has supervised the Company's management properly from an independent position and has given meaningful advice on management policies and strategies. He has also made efforts as a member of the Nomination and Compensation Committee to ensure transparency, objectivity and fairness of the director election and compensation. Furthermore, the Company expects him to appropriately provide advice also on global business development, contributing to the enhancement of the corporate value of the Group. For these reasons, the Company has nominated him as an Outside Member of the Board.

The Company has a transaction relationship for selling products with Maruichi Steel Tube Ltd., where Mr. Hiroyuki Suzuki serves as Chairman and CEO. The transaction amount accounts for less than 1% of the sales of the Company and less than 1% of the sales of Maruichi Steel Tube. The Company has no transaction relationship with Maruichi Kohan Ltd. or Kyushu Maruichi Steel Tube Ltd., where he serves as President, or with Nippon Venture Capital Co., Ltd. where he serves as Outside Member of the Board.

Ms. Yuki Saito possesses a certain level of independence as she meets the definitions of outside directors set forth in Article 2, Item 15 of the Companies Act. In addition, she possesses extensive experience as an attorney-at-law and broad insight concerning legal matters. She has supervised the Company's management properly from an independent position and has given useful advice on management policies and strategies. She has also made efforts as a member of the Nomination and Compensation Committee to ensure transparency, objectivity and fairness of the director election and compensation. Furthermore, the Company expects her to appropriately provide advice also on further enhancement of corporate governance, contributing to the enhancement of the corporate value of the Group. For these reasons, the Company has nominated her as Outside Member of the Board.

The Company has a transaction relationship including legal advisory agreement with Sakura Law Office, where Ms. Yuki Saito serves as a Partner Attorney. The transaction amount accounts for less than 1% of the sales of the Company and less than 5% of the sales of Sakura Law Office. The Company judges that there is no threat to independence as she is not engaged in services relating to the Company. The Company also has a transaction relationship for selling/purchasing products with MORY INDUSTRIES INC., where she serves as Outside Member of the Board (Audit & Supervisory Committee Member). The transaction amount accounts for less than 1% of the sales of the Company and less than 3% of the sales of MORY INDUSTRIES INC. The Company judges that there is no threat to independence. The Company has no transaction relationship with KURIYAMA HOLDINGS CORPORATION, where she serves as Outside Member of the Board (Audit & Supervisory Committee Member).
The Company has two Outside Audit & Supervisory Board Members: Messrs. Yoshinori Shinohara and Yasushi Yokoi.
Mr. Yoshinori Shinohara possesses a certain level of independence as he meets the definitions of outside company auditors set forth in Article 2, Item 16 of the Companies Act. In addition, the Company expects him to draw on his expertise and experience as a certified public accountant to strengthen the Company's audit system, as well as to monitor the execution of duties by Members of the Board and provide recommendations and advice from a broad perspective by leveraging his wealth of experience as a Director and Audit & Supervisory Board Member and other roles at many companies. For these reasons, the Company has nominated him as Outside Audit & Supervisory Board Member.
Mr. Yasushi Yokoi possesses a certain level of independence as he meets the definitions of outside company auditors set forth in Article 2, Item 16 of the Companies Act. In addition, the Company expects him to draw on his expertise and experience as a certified public accountant to strengthen the Company's audit system, as well as to monitor the execution of duties by Members of the Board and provide recommendations and advice from a broad perspective by leveraging his experience as Outside Member of the Board (Audit & Supervisory Committee Member) of another company. For these reasons, the Company has nominated him as Outside Audit & Supervisory Board Member.
ASICS Corporation, where he concurrently serves as Outside Member of the Board (Audit & Supervisory Committee Member), is not a major business partner of the Company.
The Company has registered the six corporate officers above as independent directors/auditors with the Tokyo Stock Exchange.
With respect to the independence of Outside Members of the Board and Outside Audit & Supervisory Board Members, the Company places importance on ensuring their independence based on requirements under the Companies Act and judgement criteria for independent officers stipulated by financial instruments exchanges. Outside Audit & Supervisory Board Members, together with Full-time Audit & Supervisory Board Members, hold separate meetings with the Representative Members of the Board and the Accounting Auditor on a regular basis. In addition, they receive regular reports on the implementation status and results of internal audits.
The status of shareholding in the Company by the above six corporate officers is presented in (i) List of directors and other officers.

(iii) Mutual cooperation between supervision or audits by Outside Members of the Board or Outside Audit & Supervisory Board Members and internal audits, audits by Audit & Supervisory Board Members and accounting audits, and relationship with the internal control division
Outside Members of the Board attend the Board of Directors meetings and receive reports on the status of risk management, including the establishment and operation of internal control systems. Based on their understanding of the status of these operations, they supervise the management at Board of Directors meetings.
Internal audits are conducted under the Audit Department. The results of these audits are reported regularly to the President and CEO and the Audit & Supervisory Board Members, and concrete exchanges of opinions are conducted as necessary.
Outside Audit & Supervisory Board Members attend the Board of Directors meetings, and also receive reports from the Full-time Audit & Supervisory Board Members on the status of the establishment and operation of internal control systems. In addition, they regularly meet with the Accounting Auditor to receive reports on the audits and exchange opinions, thereby facilitating cooperation.

(3) Audits

(i) Audits by Audit & Supervisory Board Members

(a) Organization and personnel

The Company has adopted a company structure with an Audit & Supervisory Board. The Audit & Supervisory Board consists of four members, including two Full-time Audit & Supervisory Board Members and two Outside Audit & Supervisory Board Members. In addition, a dedicated staff member has been assigned to assist with auditing work and the operation of the Audit & Supervisory Board, ensuring independence and effectiveness under the direction of the Audit & Supervisory Board Members.

(b) Attendance at the meetings of the Audit & Supervisory Board by Audit & Supervisory Board Members during the fiscal year under review is as follows:

Title and position	Name	Past experience	Attendance at meetings of the Audit & Supervisory Board in FY2025
Audit & Supervisory Board Member (Full-time)	Toyofumi Ohama	He has worked for many years on budget control operations and other areas in the Company's corporate planning division, and has considerable knowledge of finance and accounting. He also has experience working at overseas affiliates and has knowledge of international businesses.	14/14 (100%)
Audit & Supervisory Board Member (Full-time)	Naoki Iwatani	He has extensive practical experience working in sales in the Integrated Energy Business, Industrial Gases & Machinery Business, and at overseas business locations, as well as experience working on budget control in the Corporate Planning & Coordination Department, internal audits in the Audit Department, and other duties, and he has considerable knowledge based on these experiences.	14/14 (100%)
Audit & Supervisory Board Member	Yoshinori Shinohara	He is expected to leverage his specialized knowledge and experience as a certified public accountant for strengthening the Company's audit systems and to conduct audits of the Company based on a wide-ranging perspective by leveraging his experience as a director, Audit and Supervisory Board member and other roles at many companies.	14/14 (100%)
Audit & Supervisory Board Member	Yasushi Yokoi	He is expected to leverage his specialized knowledge and experience as a certified public accountant for strengthening the Company's audit systems, and to monitor the execution of duties by Members of the Board and provide recommendations and advice from a broad perspective by leveraging his experience as Outside Member of the Board (Audit & Supervisory Committee Member) of another company.	14/14 (100%)

(c) Activities of the Audit & Supervisory Board Members and the Audit & Supervisory Board

1) The Audit & Supervisory Board Members conducted audits based on the audit methods and allocation of audit duties in accordance with the basic plan for audits by Audit & Supervisory Board Members as resolved by the Audit & Supervisory Board. The audit activities placed priority on the following items.

i. To verify the appropriateness of execution of duties by Directors and management decisions at the Board of Directors meetings and other important meetings

ii. To audit the legitimacy of business operations and status of compliance with the code of conduct for the business activities of the Group

iii. To verify the status of establishment and operation of internal control system including group companies

iv. To confirm the transparency and soundness of intra-group transactions

v. To review measures to comply with the Revised Companies Act enforced in March 2021

vi. To verify compliance with the disclosure items under the guidelines of the Corporate Governance Code revised by the Tokyo Stock Exchange in June 2021

vii. To confirm the status and results of compliance with the Cabinet Office Order Partially Amending the Cabinet Office Order on Disclosure of Corporate Affairs and the Cabinet Office Order on Disclosure of Information on Regulated Securities, etc. enforced in February 2026

viii. To confirm measures taken to early submit an Annual Securities Report

ix. To audit the reasonableness of accounting audits through enhanced cooperation with the Accounting Auditor

x. To confirm the proper operation of the accounting procedures over Key Audit Matters (KAM)

2) Major activities of Audit & Supervisory Board Members

i. Attend meetings of the Board of Directors and the Board of Corporate Officers, and other important meetings. In addition, they audit the management decision-making process as well as the development and operation of an environment for internal controls through the inspection of important documents such as proposal documents.

ii. Conduct interviews on the status of operational activities at head office divisions, block branches and branches and also audit the status of internal controls and thorough compliance.

iii. Visit important domestic affiliates and meet with representative directors and corporate auditors to audit the general status of business, the status of implementation of audit work, the status of establishment and operation of internal controls, and thorough compliance.

iv. Visit overseas subsidiaries with the Accounting Auditor to review the general status of business and the status of risk management and internal control through interview with responsible persons and conduct the financial audit. One subsidiary was audited.

v. Held the Group Audit & Supervisory Council twice a year (in the first and second half of the year respectively) with the Audit & Supervisory Board Members of important domestic affiliates to exchange information on auditing methods and audit quality improvement, and to promote cooperation by reviewing revisions to laws and regulations, thereby ensuring the effectiveness of audits.

vi. Met regularly with the Audit Department, which is the internal audit division, to share issues on audit results and to share information on the development and operation of internal controls, thorough compliance, and other initiatives.

vii. Collaborated with the Accounting Auditor in audit activities by holding regular briefings and opinion-exchange meetings, as well as exchanging information as appropriate. Also verified the independence of the Accounting Auditor and the implementation of appropriate audit activities, and audited the reasonableness of the audit methods and audit results.

viii. Conduct interviews between Outside Members of the Board and Full-time Audit & Supervisory Board Members to share information on the status of measures to address management risks, the implementation status of internal controls, and other matters.

During the fiscal year under review, the Audit & Supervisory Board meetings had 7 items for resolution, 21 items for discussion, and 80 items for reporting, with an average duration of 62 minutes per meeting. The major agenda items were as follows.

Items resolved
Election of the Chairperson of the Audit & Supervisory Board, election of full-time Audit & Supervisory Board Member, audit policy and implementation plan, reappointment of the Accounting Auditor, consent to audit fees for the Accounting Auditor, and Audit Report by the Audit & Supervisory Board, and introduction of electronic approval
Items discussed
Audit Report (draft), compensation of Audit & Supervisory Board Members, deliberation on proposals for the General Meeting of Shareholders, election of a spokesperson for the General Meeting of Shareholders, appropriateness of the amount of audit fees for the Accounting Auditor, individual preliminary understanding of non-assurance services by the Accounting Auditor, items to report from the Audit & Supervisor Board to the Board of Directors, etc.
Items reported
Summary of the meetings of the Board of Directors and the Board of Corporate Officers, and other important meetings; results of on-site audits and schedule for next month's on-site audits by Full-time Audit & Supervisory Board Members, overview of the Audit Department's evaluation of internal control system, proposals to be submitted to the Meetings of the Board of Corporate Officers, results of the year-end audit, interim reviews from the Accounting Auditor, summary of the results of audit under the Companies Act, summary of the results of audit under the Financial Instruments and Exchange Act, interviews with the Accounting Auditor, financial results report from the Accounting Department, repurchase and disposal of treasury shares, work schedule, etc.

Attendance at important meetings

	Toyofumi Ohama	Naoki Iwatani	Yoshinori Shinohara	Yasushi Yokoi
Meetings of the Audit & Supervisory Board	100% (14/14)	100% (14/14)	100% (14/14)	100% (14/14)
Meetings of the Board of Directors	100% (16/16)	100% (16/16)	100% (16/16)	100% (16/16)
Management Strategy Meeting	100% (1/1)	100% (1/1)	–	100% (1/1)
Management Meetings	100% (2/2)	100% (2/2)	–	–
Overseas Managers Meeting	100% (1/1)	100% (1/1)	–	–
Meetings of the Board of Corporate Officers	100% (12/12)	100% (12/12)	–	–
Monthly Settlement of Accounts Meeting of General Managers and Block Branch Managers	100% (4/4)	100% (4/4)	–	–
Audit Department's Audit Report Meetings	100% (14/14)	100% (14/14)	100% (3/3)	100% (3/3)
Meeting with Outside Members of the Board	100% (1/1)	100% (1/1)	–	–

(d) Scope of responsibilities among Audit & Supervisory Board Members

1) Full-time Audit & Supervisory Board Members

Full-time Audit & Supervisory Board Members attended the meetings of the Board of Directors and the Board of Corporate Officers and other important meetings in accordance with the annual activity plan. In addition, they conducted audits in collaboration with the Audit Department, which is the internal audit division, and with the Accounting Auditor, and also shared information with Outside Audit & Supervisory Board Members. Furthermore, they visited important subsidiaries in and outside of Japan to conduct on-site audits, and also conducted accounting audits accompanying the Accounting Auditor.

2) Outside Audit & Supervisory Board Members

Outside Audit & Supervisory Board Members attended and expressed opinions at the meetings of the Board of Directors and the Audit & Supervisory Board as well as the Group Audit & Supervisory Council and other important meetings. In addition, they inspected important documents. Furthermore, they heard full-time Audit & Supervisory Board Members' reports on the Board of Corporate Officers and other important meetings, as well as the results of on-site audits conducted by the full-time Audit & Supervisory Board Members, and provided opinions from high-level perspectives as appropriate based on professional expertise.

(e) Cooperation between Audit & Supervisory Board Members and the Accounting Auditor

The table below summarizes the status of cooperation with the Accounting Auditor. In addition, the Accounting Department and the Accounting Auditor (KPMG AZSA LLC) provided explanations and answered questions on "Appropriateness of the Company's determination of the accounting period in which revenue was recognized," which was recognized as a KAM in the accounting audit.

Status of cooperation with the Accounting Auditor

Description of cooperation	Overview	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Report on interim review	Explanation on the status of audits of financial results, etc.					●			●			●	
Explanation on audit plan, etc.	Draft audit plan and proposed audit fees				●								

Description of cooperation	Overview	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Three-pillar audits	Share audit activities and exchange opinions	●	●	●	●	●	●	●	●	●		●	●
Audit Report	Report on the results of audit under the Companies Act		●										
Report on the internal control audits	Report on the results of audit under the Financial Instruments and Exchange Act			●									
Exchange of information and opinion	KAM and group governance	●	●	●	●	●	●	●	●	●		●	
Accompanying on-site accounting audits in and outside of Japan	Accompany, witness, and confirm accounting audits							●		●			●

(ii) Internal Audits

(a) Organization, personnel and audit procedures

- The Company has established the Audit Department (14 members as of April 2026) as the internal audit division reporting. The Department consists of (i) the internal control team in charge of the evaluation of internal controls over financial reporting under the Financial Instruments and Exchange Act, (ii) the internal audit team for conducting audits of operations of the Company's internal divisions and its subsidiaries in and outside of Japan, and (iii) the safety control audit team for conducting safety control audits of LP gas centers and gas sales offices in the Group.
- Internal audits and internal control evaluations are conducted on the Company and its domestic and overseas group companies based on an annual plan. These audits cover the status of compliance with laws, regulations, and internal rules, the status of the development and operation of internal controls, the appropriateness and efficiency of operational processing, the reliability of financial reporting, and the status of preservation and management of corporate assets. In addition, the teams evaluate the validity and effectiveness of risk control management and governance processes of each organizational entity, and provide advice and recommendations on how to improve these processes.
- The results of internal audits are directly reported to the President each month, together with explanations of the audit findings and the progress of improvements.

(b) Cooperation among the Internal Audit Department, Audit & Supervisory Board Members and Accounting Auditor

- Audit & Supervisory Board Members and the Audit Department regularly hold meetings each month to report on the results of internal audits, audit findings and recommendations, as well as on the status of the development and operation of internal control systems, etc., to closely exchange information and collaborate with each other through mutual reviews and exchange of opinions. In addition, the evaluation of internal controls is regularly reported to the Audit & Supervisory Board (three times a year).
- The Accounting Auditor and the Audit Department also collaborate with each other through regular exchanges of information and opinions.

(c) Cooperation with Internal Audit Division of Group Companies

- The Audit Department periodically holds meetings with Group companies that have established audit divisions (internal audit/ safety control audit) to exchange information on the status of audit implementation at each company, key findings and status of improvements, and issues to be addressed by each company, thereby seeking to raise the level of audits within the Group. In addition, the Department checks the quality of audits by reviewing the audit reports and activity reports of each company.

(iii) Accounting Audits

(a) Name of the Audit Corporation
KPMG AZSA LLC

(b) Continuous audit period
16 years

(c) Certified public accountants who carried out the services
Koji Yasui
Hiroshi Kubota

(d) Composition of assistants involved in the accounting audit work
22 certified public accountants, 15 persons who have passed the certified public accountant examination, and 29 other staff members.

(e) Policy and reason for the selection of an audit corporation
In selecting an accounting auditor, the Company makes a comprehensive judgment. This includes consideration of whether the accounting auditor has a system in place for performing audit services suited to the scale of the businesses of the Company's domestic and overseas operations, has established a global network, has an extensive system for controlling audit quality, and ensures that the number of auditing days, audit implementation guidelines, and audit expenses are reasonable and appropriate.

(f) Evaluation of the audit corporation by Audit & Supervisory Board Members and the Audit & Supervisory Board
Audit & Supervisory Board Members and the Audit & Supervisory Board evaluate the Accounting Auditor. They implement a comprehensive evaluation. This involves monitoring and examining whether the Accounting Auditor maintained its independence and properly conducted the audit, and receiving reports from the Accounting Auditor concerning the status of performance of its duties. In addition, they received explanations that a system is in place to ensure proper execution of duties (matters provided for in each item of Article 131 of the Rules of Corporate Accounting) in accordance with the Standards on Quality Control for Audits (Business Accounting Council), and requested explanations as necessary.

(iv) Details of Audit Fees
(a) Compensations for certified public accountants, etc. for the auditing

(Million yen)

Category	Previous Fiscal Year		Fiscal Year under Review	
	Audit certification work	Non-audit work	Audit certification work	Non-audit work
Reporting company	164	93	147	24
Consolidated subsidiaries	13	14	14	14
Total	177	107	161	38

Previous fiscal year
Non-audit work provided to the Company includes advisory services regarding introduction of systems.
Non-audit work provided to consolidated subsidiaries includes agreed-upon procedures.

Fiscal year under review
Non-audit work provided to the Company includes advisory services regarding introduction of systems.
Non-audit work provided to consolidated subsidiaries includes agreed-upon procedures.

(b) Compensations for KPMG Group's member firms in the same network as the certified public accountants, etc. for auditing (excluding (a))

(Million yen)

Category	Previous Fiscal Year		Fiscal Year under Review	
	Audit certification work	Non-audit work	Audit certification work	Non-audit work
Reporting company	–	5	–	14
Consolidated subsidiaries	66	22	68	27
Total	66	28	68	41

Previous fiscal year
Non-audit work provided to the Company includes advisory services regarding tax.
Non-audit work provided to consolidated subsidiaries includes advisory services regarding tax.

Fiscal year under review
Non-audit work provided to the Company includes advisory services regarding tax.
Non-audit work provided to consolidated subsidiaries includes advisory services regarding tax.

(c) Details of fees for other significant audit certification work
Previous fiscal year
Nothing to report in this regard.
Fiscal year under review
Nothing to report in this regard.

(d) Policy for determining audit fees
The Company determines audit fees for certified public accountants, etc., for auditing by taking into consideration the actual audit structure (personnel, hours of auditing, and reporting) and other factors.

(e) Reasons for Audit & Supervisory Board's consent to fees, etc. for the Accounting Auditor
The Audit & Supervisory Board gave consent, judging that fees were appropriate after obtaining necessary materials and receiving reports from Members of the Board, relevant internal departments and the Accounting Auditor, confirming the independence of the Accounting Auditor and its audit quality, and verifying the status of performance of duties during the previous fiscal year, the basis for estimating fees, and the audit plan.

(4) Officer Compensation
(i) Matters pertaining to the policy on determining the amount of compensation for officers and the calculation methods thereof
To develop a compensation scheme to serve as an incentive for sustained growth in corporate value and reflect the medium-term management plan, in its meeting held on June 21, 2023, the Board of Directors approved a policy on the details of compensation and other treatment of individual Members of the Board. The details of this policy are described below.
(Overview)
Compensation of Members of the Board consists of fixed compensation and bonuses as compensation linked to business results and share-based compensation.
The 80th Annual General Meeting of Shareholders held on June 21, 2023, approved fixed compensation and bonuses not to exceed the maximum of ¥1.8 billion/year (including a maximum of ¥200 million for Outside Members of the Board) for Members of the Board, excluding the portions of compensation for employee duties of Members of the Board serving concurrently in employee positions. There were 13 Members of the Board (five (5) of whom were Outside Members of the Board) at the conclusion of the 2023 Annual General Meeting of Shareholders.
The 69th Annual General Meeting of Shareholders held on June 26, 2012, approved compensation for Audit & Supervisory Board Members not to exceed the maximum of ¥300 million/year. There were four Audit & Supervisory Board Members at the conclusion of the 2012 Annual General Meeting of Shareholders.
To enhance the fairness, transparency, and objectivity of procedures related to compensation and other treatment of Members of the Board, the Company has established a Nomination and Compensation Committee, the majority of whose members are Outside Members of the Board. The Board of Directors has delegated to Chairman Akiji Makino all authority for making appropriate decisions on fixed compensation and bonuses for individual Members of the Board within the limits of the total compensation amounts described above, based on the report by the Nomination and Compensation Committee. The reason for delegating authority to the Chairman is because it was determined that he would be able to take an over-arching view of the Company's entire performance, evaluate the scope of responsibility and duties of the individual Members of the Board, and make comprehensive decisions on compensation amounts. Compensation of Audit & Supervisory Board Members is determined through consultation among Audit & Supervisory Board Members.
On the share-based compensation, the 76th Annual General Meeting of Shareholders held on June 19, 2019, approved the adoption of compensation in the form of shares of transfer-restricted stock. The number of Members of the Board at the conclusion of the 2019 Annual General Meeting of Shareholders was 10 (excluding Outside Members of the Board). Specific conditions on the timing

of payment and distribution to individual eligible Members of the Board are decided by the Board of Directors based on the report by the Nomination and Compensation Committee, within the approved compensation limit (up to ¥260 million/year).

(Fixed compensation)
Fixed compensation is paid monthly in fixed amounts, with consideration for the years of experience of each Member of the Board and job grades reflecting matters such as the scope of his or her duties and responsibilities, as reward for efforts toward sustained corporate growth and increasing corporate value.

(Compensation linked to business results)
For compensation linked to business results, using the target key performance indicators in the medium-term management plan as shared performance benchmarks for all Members of the Board (excluding Outside Members of the Board), general bonus amounts are determined through consideration of the degree of achievement of these targets, and bonuses are paid at fixed times each year. These numerical targets were chosen as indicators of business performance because they are considered appropriate medium-term incentives to realize sustained growth in corporate value.

Numerical management targets and results of the medium-term management plan are as follows.

Item	FY2025 Results	FY2025 Forecasts (Note)	Targets for final year of PLAN27
Operating profit (Billion yen)	38.3	35.8	65.0
ROE	11.6%	–	10% or higher
ROIC	4.0%	–	6% or higher

Note: The FY2025 forecasts stated here are the figures announced on February 10, 2026.

(Non-monetary compensation (share-based compensation))
This compensation program awards shares of transfer-restricted stock to Members of the Board (excluding Outside Members of the Board) as incentives toward sustained growth in corporate value and to promote further sharing of value with shareholders. Numbers of shares awarded to each Member of the Board are decided by the Board of Directors after the Annual General Meeting of Shareholders with consideration for the years of experience of each Member of the Board and job grades reflecting matters such as the scope of his or her duties and responsibilities, and the shares are awarded within one month after this decision.

To ensure objectivity and appropriateness of the ratios of fixed compensation, compensation linked to business results, and non-monetary compensation (share-based compensation), the compensation ratios of a considerable number of other companies of similar industries and scale are compared and verified, and the compensation ratios for the Company are set based on the Company's financial status and other considerations. This content has also been deliberated on by the Nomination and Compensation Committee, which has confirmed the objectivity and appropriateness of the compensation ratios. The amount of compensation for each individual Member of the Board has been set based on the above, and the Board of Directors has determined that the content is in line with the decision-making policy and is appropriate.

(ii) Total amount of compensation and other treatment by category of officers, total amount of compensation and other treatment by category, and number of recipient officers

Category of officers	Total amount of compensation and other treatment (Million yen)	Total amount of compensation and other treatment by category (Million yen)			Number of recipient officers (Persons)
		Fixed compensation	Compensation linked to business results	Non-monetary compensation (Share-based compensation)	
Members of the Board (excluding Outside Members of the Board)	1,334	685	582	66	9
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	150	150	–	–	2
Outside officers	213	213	–	–	6

(iii) Total amount of compensation and other treatment for officers whose total compensation and other treatment is ¥100 million or more

Name (Title)	Total amount of compensation and other treatment (Million yen)	Company name	Total amount of compensation and other treatment by category (Million yen)		
			Fixed compensation	Compensation linked to business results	Non-monetary compensation (Share-based compensation)
Akiji Makino (Representative Member of the Board)	383	Iwatani Corporation	180	188	15
Toshio Watanabe (Representative Member of the Board)	255	Iwatani Corporation	115	128	12
Hiroshi Majima (Representative Member of the Board)	234	Iwatani Corporation	101	122	11
Hirozumi Hirota (Member of the Board)	105	Iwatani Corporation	62	36	7

Note: Only persons whose total consolidated compensation and other treatment is ¥100 million or more are listed.

(5) Status of Shareholdings

(i) Standards and concept applied to the classification of investment shares

The Company holds shares of other companies (hereinafter "investment shares") either for the purpose of pure investment or other purposes that are not for pure investment and classifies them separately according to this difference. The shares classified as those for pure investment are held for the purpose of capital gain from the stock price fluctuations or dividend income from the company that issued the shares. The Company also holds shares in other companies for other purposes, such as reinforcing the relationship with business partners and stabilizing transactions, and these holdings are considered significant in its business strategy.

(ii) Investment shares that are held for other purposes that are not for pure investment

(a) The policy of shareholding, method of verifying the rationality of holding the shares, and the result of the verification by the Board of Directors, etc. on the validity of holding the shares of individual issues

The Company has a policy of maintaining strategic shareholdings only when it deems such shareholdings to be effective in enhancing corporate value of the Company.

Regarding the rationality of holding the shares, the Company determines the appropriateness of each shareholding by examining the consistency with the purpose of the shareholding, suitability for the Company's cost of equity, and the status of business transactions, among others. The Board of Directors verifies the qualitative effects of the shareholding at least once a year from the perspective of whether it meets the purpose of the shareholding, namely, to strengthen relationships with the business partner and stabilize transactions, as well as its strategic importance to the business, and the quantitative effects from the perspective of whether the relevant earnings and dividend income are commensurate with the Company's cost of equity. The Company strives to reduce the number of strategic shareholdings by selling stocks for which it finds no significance or rationality in holding them.

The results of the verification confirmed that, for the majority of the individual issues examined, the purpose of the shareholding was to strengthen relationships with business partners and stabilize transactions, and that the relevant earnings and dividend income were commensurate with the Company's cost of equity. For issues that neither meet the purpose of shareholding nor the cost of equity, the Company will consider strengthening the business relationship or selling such issues in the future.

(b) Number of issues held and the amount recorded on the balance sheet

	Number of issues (Issue)	Total amount recorded on balance sheet (Millions of yen)
Unlisted shares	56	4,973
Shares other than unlisted shares	41	73,313

Issues for which the Company increased the number of shares in FY2025

	Number of issues (Issue)	Total acquisition cost for the increase in number of shares (Millions of yen)	Reasons for increase in number of shares
Unlisted shares	3	1,235	The Company increased the numbers of shares through purchases aiming mainly to strengthen business relationships.
Shares other than unlisted shares	–	–	–

Issues for which the Company decreased the number of shares in FY2025

	Number of issues (Issue)	Total proceeds from the sales associated with the decrease in number of shares (Millions of yen)
Unlisted shares	1	1
Shares other than unlisted shares	8	5,232

(c) Number of shares, balance sheet amounts and other information of specified investment shares and deemed holdings of equity securities

Specified investment shares

Issue name	Current fiscal year	Previous fiscal year	Purpose of holding, summary of business alliance, etc., quantitative effects of holding, and reasons for the increase in the number of shares (Note 1)	Whether the counterparty holds the Company's shares or not
	Number of shares (Shares)	Number of shares (Shares)		
	Amount recorded on balance sheet (Millions of yen)	Amount recorded on balance sheet (Millions of yen)		
Mitsubishi UFJ Financial Group, Inc.	3,553,720 9,239	3,553,720 7,146	The company is a major financial institution partner with which the Company has business transactions, mainly in the area of financing such as fund procurement. The company provides us with sales information, including those related to decarbonization, as well as business matching opportunities. In addition, by acting as lead arranger for a syndicated loan to finance the acquisition of shares of Cosmo Energy Holdings Co., Ltd., we have been able to realize activities that contribute to the enhancement of corporate value of the Company. The Company holds the shares to maintain and strengthen positive business relationships.	No (Note 2)

Issue name	Current fiscal year	Previous fiscal year	Purpose of holding, summary of business alliance, etc., quantitative effects of holding, and reasons for the increase in the number of shares (Note 1)	Whether the counterparty holds the Company's shares or not
	Number of shares (Shares)	Number of shares (Shares)		
	Amount recorded on balance sheet (Millions of yen)	Amount recorded on balance sheet (Millions of yen)		
DAIKIN INDUSTRIES, LTD.	440,000 8,221	440,000 7,101	The company is a business partner in the Integrated Energy Business, the Industrial Gases & Machinery Business, and the Materials Business, with which the Company mainly engages in the purchase of home energy components and the sale of chemical raw materials. With operating transactions and dividend income exceeding the cost of equity, we have been able to realize transactions that contribute to the enhancement of the corporate value of the Company. The Company holds the shares to maintain and strengthen positive business relationships.	No
Daifuku Co., Ltd.	1,506,753 8,169	1,506,753 5,487	The company is a business partner in the Industrial Gases & Machinery Business, with which the Company engages in the sale of industrial gases and industrial robots. With operating transactions and dividend income exceeding the cost of equity, we have been able to realize transactions that contribute to the enhancement of the corporate value of the Company. The Company holds the shares to maintain and strengthen positive business relationships.	Yes
The Kansai Electric Power Company, Incorporated.	2,305,000 5,957	2,305,000 4,085	The company is a business partner in the Integrated Energy Business and the Industrial Gases & Machinery Business, with which the Company mainly engages in the sale of LPG and facilities for power plants. With operating transactions and dividend income exceeding the cost of equity, we have been able to realize transactions that contribute to the enhancement of the corporate value of the Company. The company is also a member of the Japan Hydrogen Association (JH2A), and we are promoting collaboration to realize a carbon-free society. In addition, we jointly established Kanden Gas Support Co., Inc. to collaborate in areas such as sales and safety support of "Kanden Gas." The Company holds the shares to maintain and strengthen positive business relationships.	Yes
Murata Manufacturing Co., Ltd.	1,485,000 5,062	1,485,000 3,423	The company is a business partner in the Integrated Energy Business, the Industrial Gases & Machinery Business, and the Materials Business, with which the Company mainly engages in the sale of LPG, industrial gases, and chemical raw materials. With operating transactions and dividend income exceeding the cost of equity, we have been able to realize transactions that contribute to the enhancement of the corporate value of the Company. The Company holds the shares to maintain and strengthen positive business relationships.	Yes

Issue name	Current fiscal year Number of shares (Shares) Amount recorded on balance sheet (Millions of yen)	Previous fiscal year Number of shares (Shares) Amount recorded on balance sheet (Millions of yen)	Purpose of holding, summary of business alliance, etc., quantitative effects of holding, and reasons for the increase in the number of shares (Note 1)	Whether the counterparty holds the Company's shares or not
OSAKA SODA CO., LTD.	2,645,500 4,515	2,645,500 4,296	The company is a business partner in the Integrated Energy Business, the Industrial Gases & Machinery Business, and the Materials Business, with which the Company mainly engages in the purchase of industrial gases and sale of liquefied natural gas and chemical raw materials. The Company holds the shares to maintain and strengthen positive business relationships.	Yes
DAIHEN Corporation	349,600 3,905	349,600 2,212	The company is a business partner in the Industrial Gases & Machinery Business and the Materials Business, with which the Company mainly engages in the purchase of welding equipment and sale of resin raw materials. With operating transactions and dividend income exceeding the cost of equity, we have been able to realize transactions that contribute to the enhancement of the corporate value of the Company. The Company holds the shares to maintain and strengthen positive business relationships.	Yes
Nordic Mining ASA	15,979,133 3,099	15,979,133 4,604	The Company holds shares in the company to secure rights to titanium ore, a rare resource, in Europe and strengthen its stable supply system by diversifying the procurement sources for the Materials Business.	No
HIROSHIMA GAS CO., LTD	7,607,428 3,042	7,607,428 2,601	The company is a business partner in the Integrated Energy Business for sale of LPG. In addition, we mutually cooperate with the Hiroshima Gas Group in cooperative LPG refilling business and streamlining of delivery. With operating transactions and dividend income exceeding the cost of equity, we have been able to realize transactions that contribute to the enhancement of the corporate value of the Company. The Company holds the shares to maintain positive business relationships and establish a strong business foundation.	No
Kurimoto, Ltd.	1,449,225 2,205	289,845 1,321	The company is a business partner in the Materials Business, with which the Company engages in the sale of metal materials and the purchase of metal products. With operating transactions and dividend income exceeding the cost of equity, we have been able to realize transactions that contribute to the enhancement of the corporate value of the Company. The Company holds the shares to maintain and strengthen positive business relationships. The increase in the number of shares is resulted from a stock split.	Yes

Issue name	Current fiscal year Number of shares (Shares) Amount recorded on balance sheet (Millions of yen)	Previous fiscal year Number of shares (Shares) Amount recorded on balance sheet (Millions of yen)	Purpose of holding, summary of business alliance, etc., quantitative effects of holding, and reasons for the increase in the number of shares (Note 1)	Whether the counterparty holds the Company's shares or not
The Chiba Bank, Ltd.	1,061,865 2,119	1,061,865 1,485	The company is a financial institution partner, with which the Company has business transactions mainly in the area of financing such as fund procurement. In addition, by participating in the syndicated loan to acquire shares of Cosmo Energy Holdings Co., Ltd., we have been able to realize transactions that contribute to the enhancement of corporate value of the Company. The Company holds the shares to maintain and strengthen positive business relationships.	Yes
DAIICHI KIGENSO KAGAKU KOGYO CO., LTD.	861,000 1,980	861,000 596	The company is a business partner in the Integrated Energy Business, the Industrial Gases & Machinery Business and the Materials Business, with which the Company mainly engages in the sale of industrial gases, machinery and equipment, and chemical raw materials. With operating transactions and dividend income exceeding the cost of equity, we have been able to realize transactions that contribute to the enhancement of the corporate value of the Company. The Company holds the shares to maintain and strengthen positive business relationships.	Yes
NIKKISO CO., LTD.	672,000 1,668	672,000 856	The company is a business partner in the Industrial Gases & Machinery Business, with which the Company engages in the purchase of electronic component manufacturing equipment. With operating transactions and dividend income exceeding the cost of equity, we have been able to realize transactions that contribute to the enhancement of the corporate value of the Company. The Company holds the shares to maintain and strengthen positive business relationships.	Yes
TOYOTA MOTOR CORPORATION	499,800 1,580	499,800 1,307	The company is a business partner in the Integrated Energy Business, the Industrial Gases & Machinery Business and the Materials Business, with which the Company mainly engages in the sale of industrial gases, and machinery and equipment. With operating transactions and dividend income exceeding the cost of equity, we have been able to realize transactions that contribute to the enhancement of the corporate value of the Company. In addition, as co-representatives of the Japan Hydrogen Association (JH2A), we have been working together to realize a carbon-free society. The Company holds the shares to maintain and strengthen positive business relationships.	No

Issue name	Current fiscal year	Previous fiscal year	Purpose of holding, summary of business alliance, etc., quantitative effects of holding, and reasons for the increase in the number of shares (Note 1)	Whether the counterparty holds the Company's shares or not
	Number of shares (Shares)	Number of shares (Shares)		
	Amount recorded on balance sheet (Millions of yen)	Amount recorded on balance sheet (Millions of yen)		
Namura Shipbuilding Co., Ltd.	300,000	300,000	The company is a business partner in the Integrated Energy Business and the Industrial Gases & Machinery Business, with which the Company mainly engages in the sale of industrial gases. Operating transactions and dividend income have exceeded the cost of equity. In addition, we have contracted the company to build a liquefied hydrogen marine carrier, which operated for passenger transport at the Expo 2025 Osaka, Kansai, Japan. As such, we have been able to realize activities that contribute to the enhancement of the corporate value of the Company. The Company holds the shares to maintain and strengthen positive business relationships.	No
	1,252	685		
Sumitomo Mitsui Financial Group, Inc.	226,227	226,227	The company is a major financial institution partner with which the Company has business transactions, mainly in the area of financing such as fund procurement. We also receive sales information, including those related to decarbonization. In addition, by participating in the syndicated loan to acquire shares of Cosmo Energy Holdings Co., Ltd., we have been able to realize transactions that contribute to the enhancement of the corporate value of the Company. The Company holds the shares to maintain and strengthen positive business relationships.	No (Note 3)
	1,132	858		
AIR WATER INC.	500,000	500,000	The company is a business partner in the Industrial Gases & Machinery Business, with which the Company engages in the purchase and sale of industrial gases. With operating transactions and dividend income exceeding the cost of equity, we have been able to realize transactions that contribute to the enhancement of the corporate value of the Company. The Company holds the shares to maintain and strengthen positive business relationships.	Yes
	1,062	944		
MORY INDUSTRIES INC.	798,000	159,600	The company is a business partner in the Integrated Energy Business, the Industrial Gases & Machinery Business and the Materials Business, with which the Company mainly engages in the sale of metal materials. With operating transactions and dividend income exceeding the cost of equity, we have been able to realize transactions that contribute to the enhancement of the corporate value of the Company. The Company holds the shares to maintain and strengthen positive business relationships. The increase in the number of shares is resulted from a stock split.	Yes
	753	796		

Issue name	Current fiscal year	Previous fiscal year	Purpose of holding, summary of business alliance, etc., quantitative effects of holding, and reasons for the increase in the number of shares (Note 1)	Whether the counterparty holds the Company's shares or not
	Number of shares (Shares)	Number of shares (Shares)		
	Amount recorded on balance sheet (Millions of yen)	Amount recorded on balance sheet (Millions of yen)		
TOELL CO., Ltd.	860,000	860,000	The company is a business partner in the Integrated Energy Business, with which the Company engages in the sale of LPG and supply equipment. Operating transactions and dividend income have exceeded the cost of equity. In addition, we have built a cooperative framework in the Kanto area. As such, we have been able to realize transactions that contribute to the enhancement of the corporate value of the Company. The Company holds the shares to maintain and strengthen positive business relationships.	Yes
	752	704		
MIURA CO., LTD.	240,000	240,000	The company is a business partner in the Integrated Energy Business, with which the Company engages in the purchase of LPG supply facilities and sale of LPG. With operating transactions and dividend income exceeding the cost of equity, we have been able to realize transactions that contribute to the enhancement of the corporate value of the Company. The Company holds the shares to maintain and strengthen positive business relationships.	Yes
	745	709		
NITTAN Corporation	1,300,000	1,300,000	The company is a business partner in the Integrated Energy Business and the Industrial Gases & Machinery Business, with which the Company mainly engages in the sale of industrial gases. With operating transactions and dividend income exceeding the cost of equity, we have been able to realize transactions that contribute to the enhancement of the corporate value of the Company. The Company holds the shares to maintain and strengthen positive business relationships.	Yes
	743	362		
MITSUBISHI GAS CHEMICAL COMPANY, INC.	205,500	1,105,500	The company is a business partner in the Industrial Gases & Machinery Business and the Materials Business, with which the Company mainly engages in the sale of industrial gases and purchase of resin raw materials. With operating transactions and dividend income exceeding the cost of equity, we have been able to realize transactions that contribute to the enhancement of the corporate value of the Company. Despite a partial sale of its holdings of the company's shares during the fiscal year under review, the Company continues to hold the shares to maintain and strengthen positive business relationships.	No
	738	2,570		

Issue name	Current fiscal year Number of shares (Shares) Amount recorded on balance sheet (Millions of yen)	Previous fiscal year Number of shares (Shares) Amount recorded on balance sheet (Millions of yen)	Purpose of holding, summary of business alliance, etc., quantitative effects of holding, and reasons for the increase in the number of shares (Note 1)	Whether the counterparty holds the Company's shares or not
Rinnai Corporation	174,000 636	174,000 601	The company is a business partner in the Integrated Energy Business and the Industrial Gases & Machinery Business, with which the Company mainly engages in the purchase of home energy components and sale of industrial gases. With operating transactions and dividend income exceeding the cost of equity, we have been able to realize transactions that contribute to the enhancement of the corporate value of the Company. The Company holds the shares to maintain and strengthen positive business relationships.	Yes
Mizuho Financial Group, Inc.	102,456 623	102,456 415	The company is a major financial institution partner with which the Company has business transactions, mainly in the area of financing such as fund procurement. In addition, by providing sales information, including those related to decarbonization, and participating in the syndicated loan to acquire shares of Cosmo Energy Holdings Co., Ltd., we have been able to reinforce our activities that contribute to the enhancement of corporate value. The Company holds the shares to maintain and strengthen positive business relationships.	No (Note 4)
Zeon Corporation	337,700 593	337,700 504	The company is a business partner in the Integrated Energy Business and the Industrial Gases & Machinery Business, with which the Company mainly engages in the sale of industrial gases. With operating transactions and dividend income exceeding the cost of equity, we have been able to realize transactions that contribute to the enhancement of the corporate value of the Company. The Company holds the shares to maintain and strengthen positive business relationships.	Yes
TAKARA STANDARD CO., LTD.	208,500 571	208,500 366	The company is a business partner in the Integrated Energy Business, the Industrial Gases & Machinery Business and the Materials Business, with which the Company mainly engages in the purchase of home energy components and the sale of welding equipment and metal materials. With operating transactions and dividend income exceeding the cost of equity, we have been able to realize transactions that contribute to the enhancement of the corporate value of the Company. The Company holds the shares to maintain and strengthen positive business relationships.	Yes

Issue name	Current fiscal year	Previous fiscal year	Purpose of holding, summary of business alliance, etc., quantitative effects of holding, and reasons for the increase in the number of shares (Note 1)	Whether the counterparty holds the Company's shares or not
	Number of shares (Shares)	Number of shares (Shares)		
	Amount recorded on balance sheet (Millions of yen)	Amount recorded on balance sheet (Millions of yen)		
Ushio Inc.	195,000	195,000	The company is a business partner in the Industrial Gases & Machinery Business, with which the Company engages in the sale of industrial gases. With operating transactions and dividend income exceeding the cost of equity, we have been able to realize transactions that contribute to the enhancement of the corporate value of the Company. The Company holds the shares to maintain and strengthen positive business relationships.	Yes
	549	360		
T&D Holdings, Inc.	96,400	96,400	The company is a financial institution partner, with which the Company has business transactions mainly in the area of financing such as fund procurement. In addition, we have entrusted insurance transactions and the management of pension assets to the company. The Company holds the shares to maintain and strengthen positive business relationships.	No (Note 5)
	381	305		
Kawasaki Heavy Industries, Ltd.	22,000	22,000	The company is a business partner in the Integrated Energy Business and the Industrial Gases & Machinery Business. Mainly through the Liquefied Hydrogen Supply Chain Commercialization Demonstration Project, which was adopted for the Large-scale Hydrogen Supply Chain Establishment of the Green Innovation Fund Projects and collaborative demonstration in HySTRA (CO_2-free Hydrogen Energy Supply-chain Technology Research Association), we have been able to reinforce activities that contribute to the enhancement of the corporate value of the Company. The Company holds the shares to facilitate collaboration for further expansion of the hydrogen business.	No
	318	196		
Noritz Corporation	127,300	127,300	The company is a business partner in the Integrated Energy Business and the Materials Business, with which the Company mainly engages in the purchase of home energy components and the sale of metal materials. With operating transactions and dividend income exceeding the cost of equity, we have been able to realize transactions that contribute to the enhancement of the corporate value of the Company. The Company holds the shares to maintain and strengthen positive business relationships.	Yes
	293	224		

Issue name	Current fiscal year	Previous fiscal year	Purpose of holding, summary of business alliance, etc., quantitative effects of holding, and reasons for the increase in the number of shares (Note 1)	Whether the counterparty holds the Company's shares or not
	Number of shares (Shares)	Number of shares (Shares)		
	Amount recorded on balance sheet (Millions of yen)	Amount recorded on balance sheet (Millions of yen)		
Resona Holdings, Inc.	143,150	143,150	The company is a major financial institution partner with which the Company has business transactions, mainly in the area of financing such as fund procurement. In addition, by providing sales information, including those related to decarbonization, and participating in a syndicated loan to acquire shares of Cosmo Energy Holdings Co., Ltd., we have been able to reinforce our activities that contribute to the enhancement of corporate value. The Company holds the shares to maintain and strengthen positive business relationships.	No (Note 6)
	246	184		
TOAGOSEI CO., LTD.	136,187	136,187	The company is a business partner in the Industrial Gases & Machinery Business and the Materials Business, with which the Company mainly engages in the sale of industrial gases. With operating transactions and dividend income exceeding the cost of equity, we have been able to realize transactions that contribute to the enhancement of the corporate value of the Company. The Company holds the shares to maintain and strengthen positive business relationships.	Yes
	232	192		
KAKEN PHARMACEUTICAL CO., LTD.	53,000	103,000	The company is a business partner in the Industrial Gases & Machinery Business, with which the Company engages in the sale of machinery and equipment. With operating transactions and dividend income exceeding the cost of equity, we have been able to realize transactions that contribute to the enhancement of the corporate value of the Company. Despite a partial sale of its holdings of the company's shares during the fiscal year under review, the Company continues to hold the shares to maintain and strengthen positive business relationships.	Yes
	219	461		
The 77 Bank, Ltd.	14,000	14,000	The company is a financial institution partner, with which the Company has business transactions mainly in the area of financing such as fund procurement. In addition, by participating in the syndicated loan to acquire shares of Cosmo Energy Holdings Co., Ltd., we have been able to realize transactions that contribute to the enhancement of corporate value of the Company. The Company holds the shares to maintain and strengthen positive business relationships.	Yes
	128	66		

Issue name	Current fiscal year Number of shares (Shares) Amount recorded on balance sheet (Millions of yen)	Previous fiscal year Number of shares (Shares) Amount recorded on balance sheet (Millions of yen)	Purpose of holding, summary of business alliance, etc., quantitative effects of holding, and reasons for the increase in the number of shares (Note 1)	Whether the counterparty holds the Company's shares or not
Nippon Electric Glass Co., Ltd.	20,820 123	20,820 72	The company is a business partner in the Integrated Energy Business, the Industrial Gases & Machinery Business, and the Materials Business, with which the Company mainly engages in the sale of machinery and equipment, and chemical raw materials. With operating transactions and dividend income exceeding the cost of equity, we have been able to realize transactions that contribute to the enhancement of the corporate value of the Company. The Company holds the shares to maintain and strengthen positive business relationships.	Yes
New Japan Chemical Co., Ltd.	512,100 102	512,100 98	The company is a business partner in the Integrated Energy Business and the Industrial Gases & Machinery Business, with which the Company mainly engages in the purchase of chemical products and the sale of industrial gases. Operating transactions and dividend income have exceeded the cost of equity. In addition, we have established a joint venture to manufacture detergents, toiletries, and other products. As such, we have been able to realize transactions that contribute to the enhancement of the corporate value of the Company. The Company holds the shares to maintain and strengthen positive business relationships.	Yes
Sumitomo Seika Chemicals Company, Limited.	16,000 94	16,000 80	The company is a business partner in the Integrated Energy Business, the Industrial Gases & Machinery Business, and the Materials Business, with which the Company mainly engages in the sale and purchase of industrial gases and the purchase of resin raw materials. With operating transactions and dividend income exceeding the cost of equity, we have been able to realize transactions that contribute to the enhancement of the corporate value of the Company. The Company holds the shares to maintain and strengthen positive business relationships.	Yes
Denkyo Group Holdings Co., Ltd.	50,000 66	50,000 58	The company is a business partner in the Integrated Energy Business, with which the Company engages in the sale of LPG-related equipment and daily necessities. With operating transactions and dividend income exceeding the cost of equity, we have been able to realize transactions that contribute to the enhancement of the corporate value of the Company. The Company holds the shares to maintain and strengthen positive business relationships.	Yes

Issue name	Current fiscal year	Previous fiscal year	Purpose of holding, summary of business alliance, etc., quantitative effects of holding, and reasons for the increase in the number of shares (Note 1)	Whether the counterparty holds the Company's shares or not
	Number of shares (Shares)	Number of shares (Shares)		
	Amount recorded on balance sheet (Millions of yen)	Amount recorded on balance sheet (Millions of yen)		
ISHIHARA CHEMICAL CO., LTD.	28,400	28,400	The company is a business partner in the Industrial Gases & Machinery Business, with which the Company engages in the purchase of welding materials. With operating transactions and dividend income exceeding the cost of equity, we have been able to realize transactions that contribute to the enhancement of the corporate value of the Company. The Company holds the shares to maintain and strengthen positive business relationships.	Yes
	66	59		
Dai-ichi Life Holdings, Inc.	44,800	11,200	The company is a financial institution partner, with which the Company has business transactions mainly in the area of finance such as fund procurement. In addition, we have entrusted insurance transactions and the management of pension assets to the company. The Company holds the shares to maintain and strengthen positive business relationships. The increase in the number of shares is resulted from a stock split.	No (Note 7)
	63	50		
TOKYO KOATSU Co., Ltd.	11,000	11,000	The company is a business partner in the Integrated Energy Business and the Industrial Gases & Machinery Business, with which the Company mainly engages in the sale of industrial gases and welding materials. In addition, through its collaboration with the Group's gas centers and other activities, we have been able to realize transactions that contribute to the enhancement of the corporate value of the Company. The Company holds the shares to maintain and strengthen positive business relationships.	Yes
	51	51		
Mitsubishi Heavy Industries, Ltd.	–	100,000	The Company had held the shares to maintain and strengthen positive business relationships, but sold all of the shares during the fiscal year under review.	No
	–	252		
Sompo Holdings, Inc.	–	31,893	The Company had held the shares to maintain and strengthen positive business relationships, but sold all of the shares during the fiscal year under review.	No (Note 8)
	–	144		
AGC Inc.	–	20,000	The Company had held the shares to maintain and strengthen positive business relationships, but sold all of the shares during the fiscal year under review.	No
	–	90		
KANTO DENKA KOGYO CO., LTD.	–	100,000	The Company had held the shares to maintain and strengthen positive business relationships, but sold all of the shares during the fiscal year under review.	No
	–	86		
HAMAI INDUSTRIES LTD.	–	21,748	The Company had held the shares to maintain and strengthen positive business relationships, but sold all of the shares during the fiscal year under review.	Yes
	–	23		
Nissan Motor Co., Ltd.	–	47,000	The Company had held the shares to maintain and strengthen positive business relationships, but sold all of the shares during the fiscal year under review.	No
	–	17		

Notes: 1. Quantitative effects of shareholdings are difficult to disclose due to trade secrets, confidentiality obligations with business partners, among other reasons. We verify the quantitative effect of shareholdings from the perspective of whether the relevant earnings and dividend income are commensurate with the cost of equity as considered by the Company, and the qualitative effect of shareholdings from the perspective of whether the purpose of the shareholdings matches the purpose of strengthening relationships with the business partners and stabilizing transactions, or whether they are strategically important to our business.

2. Mitsubishi UFJ Financial Group, Inc. does not hold shares of the Company, but MUFG Bank, Ltd., a subsidiary of Mitsubishi UFJ Financial Group, Inc. holds shares of the Company.

3. Sumitomo Mitsui Financial Group, Inc. does not hold shares of the Company, but Sumitomo Mitsui Banking Corporation, a subsidiary of Sumitomo Mitsui Financial Group, Inc. holds shares of the Company.

4. Mizuho Financial Group, Inc. does not hold shares of the Company, but Mizuho Bank, Ltd., a subsidiary of Mizuho Financial Group, Inc. holds shares of the Company.

5. T&D Holdings, Inc. does not hold shares of the Company, but DAIDO LIFE INSURANCE COMPANY, a subsidiary of T&D Holdings, Inc. holds shares of the Company.

6. Resona Holdings, Inc. does not hold shares of the Company, but Resona Bank, Limited, a subsidiary of Resona Holdings, Inc. holds shares of the Company.

7. Dai-ichi Life Holdings, Inc. does not hold shares of the Company, but Daiichi Life Insurance Co., Ltd., a subsidiary of Dai-ichi Life Holdings, Inc. holds shares of the Company.

8. Sompo Holdings, Inc. does not hold shares of the Company, but Sompo Japan Insurance Inc., a subsidiary of Sompo Holdings, Inc. holds shares of the Company.

Deemed holdings of equity securities

Not applicable.

(iii) Investment shares held for the purpose of pure investment

Not applicable.

5. Employees

(1) Basic Policy on Human Resources Strategy, etc.

The source of sustained value creation is human resources. Our goal is to be an organization in which each and every employee can thrive and grow. We will acquire people with diverse values and create an environment that allows them to demonstrate their individual abilities to the fullest. We will support the autonomous career development of our employees to maximize their abilities, while strengthening employee satisfaction and motivation by realizing flexible working styles. Through this cycle of overall organizational growth through acquisition, development, and success of human resources, we will continue to deliver value to the world by growing our businesses.

With regard to employee compensation, the Company's policy is to structure base pay as a combination of competency-based and role-based pay, ensuring appropriate compensation for each employee based on their individual growth and the responsibilities they assume. Base pay increases and bonuses are determined after comprehensively considering the external environment, including corporate performance and trends in prices and the labor market.

(2) Employees

(i) Information on group

As of March 31, 2026

Segment	Number of employees (Persons)
Integrated Energy Business	5,588
Industrial Gases & Machinery Business	3,285
Materials Business	2,193
Others	641
Company-wide (common)	406
Total	12,113

Note: The number of employees represents the number of personnel actually at work. Since the total number of temporary employees is less than 10% of the number of employees, the average number of temporary employees is not provided.

(ii) Information on reporting company

As of March 31, 2026

Number of employees (Persons)	Average age (Years)	Average length of service (Years)	Average annual salary (Thousand yen)	Percentage change in average annual salary compared to the previous fiscal year (%)
1,384	39.8	15.3	10,206	(0.5)

Segment	Number of employees (Persons)
Integrated Energy Business	426
Industrial Gases & Machinery Business	407
Materials Business	145
Others	–
Company-wide (common)	406
Total	1,384

Notes: 1. The number of employees represents the number of personnel actually at work. Since the total number of temporary employees is less than 10% of the number of employees, the average number of temporary employees is not provided.

2. The average annual salary includes bonuses and non-standard wages.

(iii) Labor union

Not applicable.

(iv) Percentage of female employees in managerial positions, percentage of childcare leave taken by male employees, and differences in wages between male and female employees

(a) Reporting company

Current fiscal year						
Percentage of female employees in managerial positions (%) (Note 1)	Percentage of childcare leave taken by male employees (%) (Note 1)			Differences in wages between male and female employees (%) (Note 1) (Note 3)		
	All employees	Regular employees	Part-time and fixed-term employees (Note 2)	All employees	Regular employees	Part-time and fixed-term employees
7.7	100.0	100.0	–	55.0	54.9	54.5

Notes: 1. The figures were calculated in accordance with the provisions of the "Act on the Promotion of Women's Active Engagement in Professional Life" (Act No. 64 of 2015).

2. The "–" in the column for part-time and fixed-term employees under the percentage of childcare leave taken by male employees indicates that there are no male employees eligible for childcare leave in this category.

3. The differences in wages between male and female employees are attributable to factors such as the age distribution of male and female employees, the breakdown of employees by position and grade, and the number of employees working shorter hours.

(b) Consolidated subsidiaries

Current fiscal year							
Name	Percentage of female employees in managerial positions (%) (Note 1)	Percentage of childcare leave taken by male employees (%) (Note 1) (Note 2)			Differences in wages between male and female employees (%) (Note 1) (Note 2) (Note 3) (Note 4)		
		All employees	Regular employees	Part-time and fixed-term employees	All employees	Regular employees	Part-time and fixed-term employees
ISG, Inc.	11.8	66.7	66.7	–	50.9	88.6	46.2
Iwatani Hokuriku Co., Ltd.	4.8	100.0	100.0	–	67.5	63.3	72.5
Iwatani Kinki Co., Ltd.	1.8	100.0	100.0	–	81.9	67.7	104.8
Iwatani Sanyo Co., Ltd.	8.8	100.0	100.0	–	70.2	70.1	–
Iwatani Sanin Co., Ltd.	6.7	20.0	20.0	–	70.1	71.7	79.4

Current fiscal year							
Name	Percentage of female employees in managerial positions (%) (Note 1)	Percentage of childcare leave taken by male employees (%) (Note 1) (Note 2)			Differences in wages between male and female employees (%) (Note 1) (Note 2) (Note 3) (Note 4)		
		All employees	Regular employees	Part-time and fixed-term employees	All employees	Regular employees	Part-time and fixed-term employees
Iwatani Shikoku Co., Ltd.	9.1	0.0	0.0	–	71.7	73.3	68.5
Iwatani Kyushu Co., Ltd.	11.5	0.0	0.0	–	68.2	71.2	65.6
Iwatani Minami Kyushu Co., Ltd.	9.1	20.0	20.0	–	78.4	79.1	64.9
Home Energy Kanto Co., Ltd.	11.9	60.0	60.0	–	88.5	90.9	77.9
Home Energy Nishi Kanto Co., Ltd.	12.5	0.0	0.0	–	78.8	75.0	103.7
Home Energy Kyushu Co., Ltd.	0.0	0.0	0.0	–	69.8	77.5	36.6
Iwatani Industrial Gases Corp.	4.6	83.3	83.3	–	69.1	73.2	69.1
Nishi-Nippon Iwatani Gas Corporation	7.3	100.0	100.0	–	75.3	78.2	63.7
Higashi-Nippon Iwatani Gas Corporation	4.9	66.7	66.7	–	78.1	79.4	59.1
Tokico System Solutions, Ltd.	3.1	50.0	50.0	–	67.6	67.3	64.4
Iwatani Materials Corporation	7.6	66.7	66.7	–	51.6	72.9	46.5
KINSEI MATEC CO., LTD.	0.0	–	–	–	60.7	63.6	119.1
Taihei Kozai Corporation	4.2	0.0	0.0	–	–	–	–
Iwatani Information System Co., Ltd.	10.3	100.0	100.0	–	81.2	82.6	–

Notes: 1. The figures were calculated in accordance with the provisions of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015).

2. The “–” in the table indicates that there are no employees to be included in the count or that this item has not been selected for disclosure in accordance with the regulations.

3. The differences in wages between male and female employees are attributable to factors such as the age distribution of male and female employees, the breakdown of employees by position and grade, and the number of employees working shorter hours.

4. For some consolidated subsidiaries, the number of employees was calculated through conversion based on working hours.

V. Financial Information

1. Basis of presenting consolidated financial statements and non-consolidated financial statements

   (1) The consolidated financial statements of the Company are prepared in accordance with the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Order No. 28 of 1976).

   (2) The non-consolidated financial statements of the Company are prepared in accordance with the Regulation on Terminology, Forms and Preparation Methods of Financial Statements (Ministry of Finance Order No. 59 of 1963; the "Regulation on Financial Statements").
   As the Company falls under the category of a company filing financial statements prepared in accordance with special provisions, the non-consolidated financial statements of the Company are prepared in accordance with Article 127 of the Regulation on Financial Statements.

2. Auditing and attestation

   The consolidated and the non-consolidated financial statements for the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026) of the Company were audited by KPMG AZSA LLC, pursuant to the provisions of Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act.

3. Particular efforts to secure the appropriateness of the consolidated financial statements

   The Company makes particular efforts to secure the appropriateness of its consolidated financial statements. Specifically, in order to properly understand the details of the accounting standards and other regulations, or to develop a system that can accurately respond to changes in accounting standards and other regulations, the Company has joined the Financial Accounting Standards Foundation (FASF) and obtains a variety of information. Furthermore, it strives to secure the appropriateness of its consolidated financial statements through efforts including actively participating in training and seminars led by organizations with specialist knowledge, such as audit firms, and regularly reading specialist accounting publications.

1. Consolidated Financial Statements and Other Information

(1) Consolidated Financial Statements

(i) Consolidated Balance Sheets

(Million yen)

		As of March 31, 2025		As of March 31, 2026
Assets				
Current assets				
Cash and deposits		27,759		27,670
Notes and accounts receivable - trade, and contract assets	*7	162,256	*7	150,865
Electronically recorded monetary claims - operating		26,368		27,596
Merchandise and finished goods		65,786		65,454
Work in process		7,375		8,710
Raw materials and supplies		11,391		12,057
Other		27,733		25,892
Allowance for doubtful accounts		(212)		(300)
Total current assets		328,458		317,947
Non-current assets				
Property, plant and equipment				
Buildings and structures, net	*3, *6	59,544	*3, *6	59,722
Storage tanks and cylinders, net	*6	12,417	*6	13,937
Machinery, equipment and vehicles, net	*6	55,011	*6	61,485
Tools, furniture and fixtures, net	*6	20,541	*6	21,664
Land	*3, *6	79,287	*3, *6	73,702
Leased assets, net	*6	3,086	*6	3,291
Construction in progress		10,318	*6	13,972
Total property, plant and equipment	*1	240,206	*1	247,776
Intangible assets				
Goodwill		21,090		20,020
Other	*6	27,515	*6	15,534
Total intangible assets		48,606		35,555
Investments and other assets				
Investment securities	*2, *3	211,938	*2, *3	237,585
Long-term loans receivable		1,683		273
Retirement benefit asset		7,342		9,202
Deferred tax assets		3,921		3,405
Other		31,432		48,549
Allowance for doubtful accounts		(545)		(522)
Total investments and other assets		255,772		298,493
Total non-current assets		544,585		581,825
Total assets		873,044		899,772

(Million yen)

		As of March 31, 2025		As of March 31, 2026
Liabilities				
Current liabilities				
Notes and accounts payable - trade	*3	76,102	*3	69,538
Electronically recorded obligations - operating		34,367		27,281
Short-term borrowings	*3	24,421	*3	38,036
Current portion of long-term borrowings	*3	22,964		16,576
Lease liabilities		809		863
Income taxes payable		10,882		9,220
Contract liabilities		8,330		8,007
Provision for bonuses		7,194		7,336
Other		69,921		34,288
Total current liabilities		254,993		211,149
Non-current liabilities				
Bonds payable		70,000		70,000
Long-term borrowings	*3	111,619		120,254
Lease liabilities		1,469		1,512
Deferred tax liabilities		21,146		29,822
Provision for retirement benefits for directors (and other officers)		1,522		1,246
Retirement benefit liability		6,082		6,110
Other		9,000		10,680
Total non-current liabilities		220,841		239,627
Total liabilities		475,835		450,777
Net assets				
Shareholders' equity				
Share capital		35,096		35,096
Capital surplus		32,128		32,323
Retained earnings		274,909		307,098
Treasury shares		(1,558)		(1,559)
Total shareholders' equity		340,576		372,957
Accumulated other comprehensive income				
Valuation difference on available-for-sale securities		29,334		41,835
Deferred gains or losses on hedges		2,270		3,094
Foreign currency translation adjustment		11,839		15,936
Remeasurements of defined benefit plans		2,031		3,274
Total accumulated other comprehensive income		45,476		64,140
Non-controlling interests		11,155		11,897
Total net assets		397,209		448,995
Total liabilities and net assets		873,044		899,772

(ii) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

		Fiscal year ended March 31, 2025		Fiscal year ended March 31, 2026
Net sales	*1	883,011	*1	908,522
Cost of sales		648,699		672,646
Gross profit		234,311		235,875
Selling, general and administrative expenses				
Transportation costs		33,188		33,668
Provision of allowance for doubtful accounts		28		172
Salaries, allowances and bonuses		49,953		51,977
Provision for bonuses		6,436		6,674
Retirement benefit expenses		2,031		1,693
Provision for retirement benefits for directors (and other officers)		165		153
Depreciation		18,941		21,485
Rent expenses		11,825		12,853
Commission expenses		13,766		16,046
Amortization of goodwill		3,211		3,178
Other	*2	48,542	*2	49,652
Total selling, general and administrative expenses		188,089		197,557
Operating profit		46,222		38,318
Non-operating income				
Interest income		340		308
Dividend income		1,736		1,951
Foreign exchange gains		–		412
Share of profit of entities accounted for using equity method		10,099		12,198
Subsidy income		1,938		1,957
Outsourcing service income		606		540
Other		4,773		3,866
Total non-operating income		19,495		21,235
Non-operating expenses				
Interest expenses		2,761		3,127
Foreign exchange losses		5		–
Other		1,469		1,206
Total non-operating expenses		4,236		4,333
Ordinary profit		61,481		55,220

(Million yen)

		Fiscal year ended March 31, 2025		Fiscal year ended March 31, 2026
Extraordinary income				
Gain on sale of non-current assets	*3	533	*3	11,993
Gain on sale of investment securities	*4	7,157	*4	4,853
Gain on liquidation of subsidiaries and associates		–	*5	409
Subsidy income	*6	775	*6	1,154
Gain on liquidation of project		–	*7	568
Total extraordinary income		8,466		18,979
Extraordinary losses				
Loss on sale of non-current assets	*8	208	*8	206
Loss on retirement of non-current assets	*9	719	*9	645
Impairment losses	*10	3,520	*10	1,548
Loss on sale of investment securities		3		2
Loss on valuation of investment securities	*11	71	*11	19
Loss on sale of investments in capital of subsidiaries and associates		–		11
Loss on liquidation of subsidiaries and associates		1		18
Loss on tax purpose reduction entry of non-current assets		775		1,034
Loss on withdrawal from project	*12	1,814		–
Total extraordinary losses		7,115		3,487
Profit before income taxes		62,831		70,712
Income taxes - current		19,739		18,399
Income taxes - deferred		1,301		3,169
Total income taxes		21,040		21,568
Profit		41,790		49,143
Profit attributable to non-controlling interests		1,325		1,476
Profit attributable to owners of parent		40,465		47,666

Consolidated Statements of Comprehensive Income

(Million yen)

		Fiscal year ended March 31, 2025		Fiscal year ended March 31, 2026
Profit		41,790		49,143
Other comprehensive income				
Valuation difference on available-for-sale securities		(7,707)		11,419
Deferred gains or losses on hedges		(2,173)		688
Foreign currency translation adjustment		5,592		2,417
Remeasurements of defined benefit plans, net of tax		1,050		662
Share of other comprehensive income of entities accounted for using equity method		(2,182)		3,901
Total other comprehensive income	*1	(5,421)	*1	19,088
Comprehensive income		36,369		68,232
Comprehensive income attributable to				
Comprehensive income attributable to owners of parent		34,903		66,330
Comprehensive income attributable to non-controlling interests		1,466		1,901

(iii) Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2025

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	35,096	32,043	241,799	(1,546)	307,393
Cumulative effects of changes in accounting policies			130		130
Restated balance	35,096	32,043	241,929	(1,546)	307,523
Changes during period					
Dividends of surplus			(7,485)		(7,485)
Profit attributable to owners of parent			40,465		40,465
Purchase of treasury shares				(23)	(23)
Disposal of treasury shares		60		11	71
Purchase of shares of consolidated subsidiaries		23			23
Change in ownership interest of parent due to transactions with non-controlling interests		0			0
Change in treasury shares arising from change in equity in entities accounted for using equity method				0	0
Net changes in items other than shareholders' equity					
Total changes during period	–	84	32,980	(11)	33,053
Balance at end of period	35,096	32,128	274,909	(1,558)	340,576

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	37,375	4,317	8,201	1,145	51,039	10,601	369,034
Cumulative effects of changes in accounting policies							130
Restated balance	37,375	4,317	8,201	1,145	51,039	10,601	369,164
Changes during period							
Dividends of surplus							(7,485)
Profit attributable to owners of parent							40,465
Purchase of treasury shares							(23)
Disposal of treasury shares							71
Purchase of shares of consolidated subsidiaries							23
Change in ownership interest of parent due to transactions with non-controlling interests							0
Change in treasury shares arising from change in equity in entities accounted for using equity method							0
Net changes in items other than shareholders' equity	(8,040)	(2,046)	3,638	886	(5,562)	554	(5,008)
Total changes during period	(8,040)	(2,046)	3,638	886	(5,562)	554	28,044
Balance at end of period	29,334	2,270	11,839	2,031	45,476	11,155	397,209

Fiscal year ended March 31, 2026

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	35,096	32,128	274,909	(1,558)	340,576
Changes during period					
Dividends of surplus			(16,241)		(16,241)
Profit attributable to owners of parent			47,666		47,666
Purchase of treasury shares				(15)	(15)
Disposal of treasury shares		52		13	65
Purchase of shares of consolidated subsidiaries		142			142
Change in treasury shares arising from change in equity in entities accounted for using equity method				(0)	(0)
Change in scope of equity method			762		762
Net changes in items other than shareholders' equity					
Total changes during period	–	194	32,188	(1)	32,380
Balance at end of period	35,096	32,323	307,098	(1,559)	372,957

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	29,334	2,270	11,839	2,031	45,476	11,155	397,209
Changes during period							
Dividends of surplus							(16,241)
Profit attributable to owners of parent							47,666
Purchase of treasury shares							(15)
Disposal of treasury shares							65
Purchase of shares of consolidated subsidiaries							142
Change in treasury shares arising from change in equity in entities accounted for using equity method							(0)
Change in scope of equity method							762
Net changes in items other than shareholders' equity	12,500	823	4,096	1,243	18,663	741	19,405
Total changes during period	12,500	823	4,096	1,243	18,663	741	51,786
Balance at end of period	41,835	3,094	15,936	3,274	64,140	11,897	448,995

(iv) Consolidated Statements of Cash Flows

(Million yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from operating activities		
Profit before income taxes	62,831	70,712
Depreciation	27,953	30,667
Impairment losses	3,520	1,548
Loss on tax purpose reduction entry of non-current assets	775	1,034
Amortization of goodwill	3,231	3,207
Increase (decrease) in allowance for doubtful accounts	(30)	52
Increase (decrease) in provision for bonuses	247	68
Increase (decrease) in retirement benefit liability	(310)	(40)
Decrease (increase) in retirement benefit asset	(1,718)	(1,859)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	40	(311)
Interest and dividend income	(2,077)	(2,259)
Interest expenses	2,761	3,127
Foreign exchange losses (gains)	(17)	370
Share of loss (profit) of entities accounted for using equity method	(10,099)	(12,198)
Loss (gain) on sale and retirement of non-current assets	395	(11,141)
Loss (gain) on sale of investment securities	(7,154)	(4,851)
Loss (gain) on valuation of investment securities	71	19
Loss (gain) on liquidation of subsidiaries and associates	1	(409)
Loss (gain) on sale of investments in capital of subsidiaries and associates	–	11
Decrease (increase) in accounts receivable - trade, and contract assets	(11,614)	12,683
Decrease (increase) in inventories	(7,665)	(199)
Increase (decrease) in trade payables	7,341	(15,222)
Decrease (increase) in advance payments to suppliers	1,134	1,264
Increase (decrease) in contract liabilities	855	(385)
Other, net	(485)	(1,553)
Subtotal	69,990	74,336
Interest and dividends received	2,263	2,266
Dividends received from entities accounted for using equity method	5,689	6,306
Interest paid	(2,585)	(2,993)
Income taxes refund (paid)	(22,938)	(20,782)
Net cash provided by (used in) operating activities	52,419	59,132

(Million yen)

		Fiscal year ended March 31, 2025		Fiscal year ended March 31, 2026
Cash flows from investing activities				
Purchase of property, plant and equipment		(43,432)		(38,380)
Proceeds from sale of property, plant and equipment		2,126		23,389
Purchase of intangible assets		(11,204)		(7,430)
Proceeds from sale of intangible assets		–		8
Purchase of investment securities		(1,717)		(3,710)
Proceeds from sale and redemption of investment securities		9,992		5,845
Purchase of shares of subsidiaries resulting in change in scope of consolidation	*2	(9,929)	*3	(1,572)
Proceeds from liquidation of subsidiaries and associates		–		652
Proceeds from sale of investments in capital		2		7
Proceeds from sale of investments in capital of subsidiaries and associates		–		33
Loan advances		(15,998)		(19,954)
Proceeds from collection of loans receivable		14,472		19,008
Other, net		(2,724)		(1,682)
Net cash provided by (used in) investing activities		(58,414)		(23,784)
Cash flows from financing activities				
Net increase (decrease) in short-term borrowings		(106,008)		13,123
Proceeds from long-term borrowings		64,746		18,852
Repayments of long-term borrowings		(13,978)		(17,164)
Proceeds from issuance of bonds		29,839		–
Net increase (decrease) in commercial papers		33,000		(33,000)
Net decrease (increase) in treasury shares		(29)		(6)
Repayments of lease liabilities		(1,284)		(1,578)
Dividends paid		(7,469)		(16,204)
Dividends paid to non-controlling interests		(513)		(587)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation		(319)		(503)
Net cash provided by (used in) financing activities		(2,016)		(37,067)
Effect of exchange rate change on cash and cash equivalents		1,569		884
Net increase (decrease) in cash and cash equivalents		(6,442)		(834)
Cash and cash equivalents at beginning of period		33,614		27,588
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation		175		592
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries		239		326
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation		–		(11)
Cash and cash equivalents at end of period	*1	27,588	*1	27,660

Notes to Consolidated Financial Statements

Significant Matters Forming the Basis of Presenting Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 100

The names of main consolidated subsidiaries are presented in “I. Overview of Company, 3. Business Overview” and “4. Information on Affiliates.”

In the fiscal year under review, the Company added three consolidated subsidiaries and removed eight from consolidation.

The additions include one company acquired through a purchase of shares and two that were newly added to the scope of consolidation due to growing importance.

The removals include three companies that were liquidated and five that were absorbed into other consolidated subsidiaries.

(2) Names of unconsolidated subsidiaries and reason for exclusion from the scope of consolidation

The names of main unconsolidated subsidiaries are presented in “I. Overview of Company, 3. Business Overview.”

Unconsolidated subsidiaries are excluded from the scope of consolidation, because they are all small in scale, and any total amount in terms of their total assets, net sales and profit or loss (amount corresponding to the Company’s ownership interest) as well as retained earnings (amount corresponding to the Company’s ownership interest) does not significantly affect the consolidated financial statements.

(3) Names of entities that are not subsidiaries although reporting company owns more than 50 % voting rights on its own account, and reasons for this treatment

Not applicable

(4) Assets and profit or loss of subsidiaries excluded from the scope of consolidation due to reasons including that control is found to be temporary

Not applicable

(5) Special purpose entities subject to disclosure

Not applicable

2. Equity method of accounting for investments in unconsolidated subsidiaries and affiliates

(1) Number of entities accounted for using equity method

Unconsolidated subsidiaries 50

Affiliates 34

The names of main unconsolidated subsidiaries and affiliates are presented in “I. Overview of Company, 3. Business Overview” and “4. Information on Affiliates.”

In the fiscal year under review, the Company added six entities accounted for using equity method and removed 11.

The additions were due to the purchase of shares.

The removals included two companies that were newly added to the scope of consolidation due to growing importance, two that were liquidated, five that were absorbed into consolidated subsidiaries, one which was removed through a transfer of shares, and one for which the Company’s ownership ratio was diluted through the issue of new shares.

(2) Names of entities not accounted for using equity method and reasons for this treatment

Major affiliates not accounted for using equity method are as follows:

KOKAKYODO GAS Co., Ltd.

Shizuoka Gas Center Co., Ltd.

Osaka Maruigas Co., Ltd.

These affiliates not accounted for using the equity method are excluded from the scope of application of the equity method, because such exclusion has only an immaterial effect on the consolidated financial statements in terms of each company's profit or loss (amount corresponding to the Company's ownership interest) and retained earnings (amount corresponding to the Company's ownership interest), and they have no significance as a whole.

(3) Names of entities that are not affiliates although reporting company owns their 20% or more but not more than 50% voting rights on its own account, and reasons for this treatment

Not applicable

(4) Other specific information if deemed necessary about application of equity method

For companies with a fiscal year-end date that differs from the consolidated fiscal year-end date, the financial statements for the most recent fiscal year have been used.

3. Fiscal year, etc. of consolidated subsidiaries

Among the Company's consolidated subsidiaries, the following subsidiaries use their own financial statements as their fiscal year-end date is different from the consolidated fiscal year-end date but by a difference of no more than three months.

Name of consolidated subsidiaries	Fiscal year-end date
DALIAN IWATANI GAS MACHINERY CO., LTD.	December 31
32 other overseas subsidiaries	December 31

4. Accounting policies

(1) Standards and methods for valuation of important assets

(i) Securities

A. Held-to-maturity debt securities

Stated at amortized cost (using the straight-line method).

B. Other securities

a. Securities other than equity securities without market prices

Measured at fair value (unrealized gains and losses included as a component of net assets, net of related taxes, and the cost of sales is computed based on the moving average cost method).

b. Equity securities without market prices

Stated at cost principally using the moving average cost method.

(ii) Derivatives

Measured at fair value.

(iii) Inventories

Inventories held for sale in the ordinary course of business

Measured at cost (carrying amounts on the balance sheet are subject to the book value reduction method based on decreased profitability).

A. Merchandise

Integrated Energy: Principally using the gross average method.

Others: Principally using the first-in first-out method.

B. Finished goods, work in process, raw materials and supplies

Principally using the moving average cost method.

(2) Depreciation or amortization method for important depreciable or amortizable assets

(i) Property, plant and equipment (excluding leased assets)

Principally using the declining balance method over the useful life of the asset, except that the straight-line method is applied to:

A. Property, plant and equipment related to the Sakai LPG Plant, hydrogen-refueling stations of the Company;

B. High-pressure gas production facilities, etc. of certain consolidated subsidiaries; and

C. Buildings (excluding facilities) purchased since April 1, 1998 and facilities attached to buildings and structures purchased since April 1, 2016.

Principal estimated useful lives are as follows:

Buildings and structures:	3 to 50 years
Machinery, equipment and vehicles:	3 to 17 years
Tools, furniture and fixtures:	2 to 20 years

(ii) Intangible assets

Amortized by the straight-line method over the estimated useful life of the respective asset.

Software for internal use is amortized by the straight-line method over the estimated useful life of 5 years.

(iii) Leased assets

Finance leases that do not transfer ownership of the leased assets

Leased assets are depreciated using the straight-line method over the lease term as the useful life, with 0 residual value.

However, finance lease transactions that do not transfer ownership of the leased assets and have total lease payments of not more than ¥3 million under a single lease contract are accounted for by the method that is applicable to ordinary operating leases.

(iv) Long-term prepaid expenses

Amortized on a straight-line basis.

(3) Standards for recording significant provisions and allowances

(i) Allowance for doubtful accounts

To prepare for credit losses on receivables such as accounts receivable - trade and loans receivable, an allowance for doubtful accounts is provided in an amount based on past experience with bad debts and an evaluation of the collectability of specific receivables with the possibility of default.

(ii) Provision for bonuses

Provision for bonuses is calculated and provided for based on the estimated amounts of future payments attributable to the services that have been rendered by employees as of the date of the balance sheet.

(iii) Provision for retirement benefits for directors (and other officers)

To provide for the payment of lump-sum retirement benefits to directors (and other officers), certain consolidated subsidiaries provide an allowance for retirement benefits to directors and statutory auditors at an amount that would be required by their internal regulations if all directors and statutory auditors retired on the balance sheet date.

(4) Accounting methods for retirement benefits

To provide for retirement benefit payments to employees, net defined benefit asset and liability are recorded at the amounts deemed to be incurred at the fiscal year-end based on the amount of projected benefit obligations and the fair value of plan assets at the fiscal year-end.

In the calculation of retirement benefit obligations, expected retirement benefits are attributed to the period up to the end of the current fiscal year on a benefit formula basis.

Prior service cost is amortized by the straight-line method over a period of mainly 14 years, which is within the average remaining years of service of employees.

Actuarial differences are amortized by the straight-line method over a period of mainly 14 years, which is within the average remaining years of service of employees, commencing with the following fiscal year.

Unrecognized actuarial differences and unrecognized prior service cost are accrued as remeasurements of defined benefit plans, net of tax, in accumulated other comprehensive income in net assets.

Certain consolidated subsidiaries apply the simplified method to estimate the amount required for voluntary resignations at the end of the fiscal year as the retirement benefit liability in order to calculate net defined benefit liability and retirement benefit expenses.

(5) Accounting policy for recognition of significant revenues and expenses

The Company and its consolidated subsidiaries recognize revenue based on the following 5 steps:

Step 1: Identify contracts with customers.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligation in the contract.

Step 5: Recognize revenue when the entity satisfies a performance obligation.

The Company and its consolidated subsidiaries identify distinct goods and/or services included in contracts with customers and identify the performance obligations associated with them as transaction units.

In identifying performance obligations, the Company and its consolidated subsidiaries consider whether they are the principal or the agent, and if the nature of their performance obligation is to control and provide the identified goods or services themselves before transferring them, the Company and its consolidated subsidiaries present revenue in the consolidated financial statements at the gross amount of consideration. If the nature of the performance obligation is to arrange for the identified goods or services to be provided by another party, revenue is presented in the consolidated financial statements at the net amount of the consideration as an agent.

The transaction price is the amount of consideration to which the Company and its consolidated subsidiaries expect to be entitled in exchange for the transfer of the promised goods or services to the customer, excluding amounts collected by the Company and its consolidated subsidiaries for third parties. The consideration from transactions with customers is received generally within 1 year from the time the goods or services are transferred to the customer and does not include a significant financial component.

The description of main businesses by segment of the Company and its consolidated subsidiaries is as follows.

In the Integrated Energy Business, we sell LPG for residential use; LPG and LNG for industrial use to plants; portable gas cooking stoves, cassette gas canisters, Natural Mineral Water from Mt. Fuji and other products essential to daily life; gas equipment, and electricity.

The Industrial Gases & Machinery Business sells industrial gases, which includes air separation gases (oxygen, nitrogen, and argon), hydrogen, helium, carbon dioxide, semiconductor material gases, and medical gases; and machinery, which includes production and supply equipment for a

wide range of gases, factory automation systems, welding equipment, semiconductor manufacturing equipment, and environmental equipment.

The Materials Business sells resin raw materials, resin products, and resources such as mineral sands, as well as stainless steel, non-ferrous metals, and battery-related materials.

In cases in which the Group is involved in the sale of goods as an agent, such as in the Integrated Energy Business segment and the Materials Business segment, revenue is recognized on a net basis.

In addition, the meter reading date bases of revenue recognition for LPG etc. (a method to recognize revenues based on the amount of LPG etc. used by the customer through meter reading) is used to recognize revenue from reading the meter date of the fiscal month through the fiscal year end date. The Company recognizes revenue based on reasonable estimates of the revenue generated from the date of the meter reading to the end of the fiscal year.

For sales of merchandise and finished goods, the Company recognizes revenue at the time of delivery of the merchandise and finished goods because the Company believes that the customer has acquired control over the merchandise and finished goods at the time of delivery and that the performance obligation has been satisfied. For domestic sales of merchandise and finished goods, revenue is recognized at the time of shipment if the period from the time of shipment to the time when control of the merchandise and finished goods is transferred to the customer is a normal period of time.

(6) Significant hedge accounting methods

(i) Hedge accounting method

Hedging transactions which meet the criteria for hedge accounting are accounted for using deferral hedge accounting, which requires the unrealized gain or loss on a hedging instrument to be deferred as a liability or asset until the loss or gain on the related hedged item is recognized.

In addition, certain forward exchange contracts and certain interest rate swap transactions are accounted for using the allocation method and the special method. The allocation method requires that recognized foreign currency receivables and payables covered by forward exchange contracts be translated at contract rates. Under the special method, interest rate swap transactions are accounted for as if the interest rates under those transactions were originally applied to the underlying borrowings and bonds.

(ii) Hedging instruments and hedged items

Hedging instruments	Hedged items
Forward exchange contract	Payables and receivables denominated in foreign currency and foreign exchange forward transactions
Interest rate swap	Long-term borrowings
Commodity swap	Purchase transaction of merchandises

(iii) Hedging policy

For foreign currency denominated transactions which pose foreign exchange risk to the Group, the Company hedges against said risk through forward exchange contracts on a scale not beyond actual demand. The Company uses interest rate swaps to reduce the potential for losses on debt, etc., caused by interest rate fluctuations. The Company also hedges its exposure to commodity price fluctuations by using commodity swaps.

(iv) Assessment method for hedge effectiveness

The assessment of hedge effectiveness has been omitted on the basis that the material conditions concerning the assets and liabilities or planned transactions of hedging instruments and hedged

items are the same, and that market or cash flow fluctuations are fully offset at the time of hedging and thereafter.

Additionally, the assessment of the effectiveness of interest rate swaps has been omitted as a special accounting treatment has been adopted.

(7) Method and period for amortization of goodwill

Goodwill is amortized on a straight-line basis over the period during which the investment is expected to have its effect based on a reasonable estimate of the length of the period.

(8) Scope of cash and cash equivalents in consolidated statement of cash flows

Cash and cash equivalents include cash on hand, readily available deposits, and short-term investments that are highly liquid with original maturities of three months or less, that are readily convertible to known amounts of cash, and that present insignificant risk of change in value.

Significant Accounting Estimates

1. Recoverability of deferred tax assets

(1) Carrying amounts in the consolidated financial statements for the fiscal year under review

Carrying amounts in the deferred tax assets are discussed in Note "Income Taxes, 1. Breakdown of deferred tax assets and deferred tax liabilities by cause."

(2) Information on the nature of significant accounting estimates for identified items

(i) Method in making the accounting estimates

Deferred tax assets are recognized based on estimates of taxable income according to future profit plans. Deferred tax assets are recognized to the extent of high recoverability by determining whether there is an effect of reducing future tax payments.

(ii) Key assumptions used in making accounting estimates

The Company and its consolidated subsidiaries determine whether or not the deferred tax assets will have the effect of reducing the future tax payments burden in accordance with Paragraph 6 of the "Implementation Guidance on Recoverability of Deferred Tax Assets."

In particular, the recoverability of deferred tax assets related to net operating loss carryforwards for tax purposes is assessed by making a reasonable estimate of future taxable income before adjustment for temporary differences, etc., based on a comprehensive consideration of past business performance, tax payment status, future business forecasts, etc.

(iii) The effect on the next fiscal year's consolidated financial statements

In the event that the estimate of taxable income needs to be reviewed due to changes in the economic environment, etc., there is a possibility that the deferred tax assets will be reduced.

2. Impairment of non-current assets

(1) Carrying amounts in the consolidated financial statements for the fiscal year under review

Carrying amounts in the impairment loss on non-current assets are discussed in Note "Supplemental Information on the Consolidated Statements of Income, *10 Impairment losses."

(2) Information on the nature of significant accounting estimates for identified items

(i) Method in making the accounting estimates

In accordance with the "Accounting Standard for Impairment of Non-current Assets," impairment loss on non-current assets is recognized when the profitability of an asset has declined to the point where recovery of the invested amount is no longer expected. The recoverable amount of non-current assets for which recovery of the investment amount is not

expected due to a decline in profitability is estimated, and the carrying amount is reduced to reflect the recoverability.

(ii) Key assumptions used in making accounting estimates

The future cash flows used for the recognition and measurement of impairment loss are estimated based on future profit plans, taking into account external factors such as the business environment and internal information such as sales forecasts and budgets as well as the current use and plans for the use of the asset group.

(iii) The effect on the next fiscal year's consolidated financial statements

Additional impairment loss may be recognized in the event that it becomes necessary to review the future profit plans upon which the estimates are premised.

Changes in Accounting Policies

(Changes in method of inventory valuation)

Previously, the Company principally used the first-in first-out method for valuation of products related to the Integrated Energy Business. From the third quarter of the fiscal year under review, however, the Company has changed the principal method to the gross average method. This change was made with the purpose of more appropriately calculating the valuation of inventories and periodic profit or loss on the occasion of changes to the core system.

Furthermore, since a portion of the required data for previous fiscal years is not available and the principle-based treatment pertaining to the retrospective application is not practically possible, the carrying amount at the end of the previous fiscal year is calculated as the balance at the beginning of the fiscal year under review.

Additionally, this change has been applied since the third quarter of the fiscal year under review, when the core system began operation. The impact of this change is immaterial.

Standards and Guidance Issued but Not Yet Effective

- (Accounting Standard for Leases (ASBJ Statement No. 34, September 13, 2024 issued by Accounting Standards Board of Japan))
- (Implementation Guidance on Accounting Standard for Leases (ASBJ Guidance No. 33, September 13, 2024 issued by Accounting Standards Board of Japan) and other relevant ASBJ regulations)

(1) Overview

In an effort to promote consistency between Japanese and international financial reporting standards, the Accounting Standards Board of Japan (ASBJ) has conducted reviews with reference to international accounting standards, aiming to develop accounting standards for leases that require lessees to recognize assets and liabilities for all leases. While the newly issued Accounting Standard for Leases and other relevant ASBJ guidance are based on the single accounting model of IFRS 16 as a basic policy, they incorporate only the key provisions, rather than all provisions of IFRS 16, seeking to be a simple and highly convenient standard that does not require adjustment in principle, for non-consolidated financial statements.

Similarly to IFRS 16, a single accounting model is applied to cost allocation, requiring the lessee to recognize depreciation charges for the right-of-use assets and the amount equivalent to interest on the lease liabilities for all leases, regardless of whether the lease is a finance lease or an operating lease.

(2) Scheduled date of application

The accounting standard and other relevant ASBJ guidance will be applied from the beginning of the fiscal year ending March 31, 2028.

(3) Impact of the application of the accounting standard and other relevant ASBJ guidance

The impact of the application of the Accounting Standard for Leases and other relevant ASBJ guidance on the consolidated financial statements is currently under evaluation.

Supplemental Information on the Consolidated Balance Sheets

*1 Accumulated depreciation deducted directly from the amount of assets

(Million yen)

	As of March 31, 2025	As of March 31, 2026
Accumulated depreciation of property, plant and equipment	309,203	322,418

*2 The amounts for unconsolidated subsidiaries and affiliates are as follows:

(Million yen)

	As of March 31, 2025	As of March 31, 2026
Investment securities		
Securities	141,884	149,625
Investments in capital	3,436	2,792

*3 Assets pledged as collateral

(1) Assets pledged as collateral on debt are as follows:

(Type of asset pledged)

(Million yen)

	As of March 31, 2025	As of March 31, 2026
Buildings and structures	698	703
Land	180	180
Investment securities	268	485
Total	1,146	1,369

(Type of debt)

(Million yen)

	As of March 31, 2025	As of March 31, 2026
Notes and accounts payable - trade	885	854
Short-term borrowings	140	140
Long-term borrowings (including current portion)	12	–
Total	1,038	994

(2) Assets pledged as collateral on third-party borrowings, etc., are as follows:

(Type of asset pledged)

(Million yen)

	As of March 31, 2025	As of March 31, 2026
Investment securities	480	480

4 Guarantees of loans

The Company has provided guarantees of obligation for loans from financial institutions of subsidiaries and associates, etc. as follows:

(Million yen)

	As of March 31, 2025		As of March 31, 2026
(1) Subsidiaries and associates			
Suzhou Kinsei Matec Co., Ltd	54	Suzhou Kinsei Matec Co., Ltd	61
Subtotal	54	Subtotal	61
(2) Loan-related			
Housing loan	2	Housing loan	–
Subtotal	2	Subtotal	–
Total	56	Total	61

5 Notes receivable discounted and notes receivable endorsed

(Million yen)

	As of March 31, 2025	As of March 31, 2026
Notes receivable discounted	163	115
Notes receivable endorsed	152	192

*6 Tax purpose reduction entry amount

The tax purpose reduction entry amount for national subsidies, etc., is ¥9,708 million, and this has been excluded from the amount recorded on the consolidated balance sheet. The breakdown is as follows:

(Million yen)

	As of March 31, 2025	As of March 31, 2026
Buildings and structures	998	1,177
Storage tanks and cylinders	946	1,304
Machinery, equipment and vehicles	6,376	6,826
Tools, furniture and fixtures	89	87
Land	68	68
Leased assets	5	5
Construction in progress	–	45
Software (“Other” under intangible assets)	7	7
Leasehold interests in land (“Other” under intangible assets)	185	185
Total	8,677	9,708

*7 Of notes and accounts receivable - trade, and contract assets, the amounts of receivables from contracts with customers and contract assets are as follows:

(Million yen)

	As of March 31, 2025	As of March 31, 2026
Notes receivable - trade	8,589	3,914
Accounts receivable - trade	152,787	146,075
Contract assets	879	875

Supplemental Information on the Consolidated Statements of Income

*1 Revenue from contracts with customers

Net sales are not disaggregated into revenue from contracts with customers and other revenue. The amount of revenue from contracts with customers is presented in Note “Revenue Recognition, 1. Information that disaggregates revenue from contracts with customers.”

*2 Research and development expenses charged to general and administrative expenses are as follows:

(Million yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
	2,589	2,729

*3 Details of gain on sale of non-current assets are mainly as follows:

(Million yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Land	288	11,789
Machinery, equipment and vehicles	121	78
Buildings and structures	48	32
Tools, furniture and fixtures	9	26
Storage tanks and cylinders	6	22
Other	60	43
Total	533	11,993

In cases where non-current assets are sold as a bundle of land and buildings, etc., a mix of gains or losses may be attributed to the individual assets, depending on the type of asset. Therefore, gains and losses are netted together and the resulting net gain is recorded as a gain on sale of non-current assets.

*4 Gain on sale of investment securities mainly comprises gain from the partial sale of strategic shareholdings.

*5 Gain on liquidation of subsidiaries and associates comprises gain accompanying the liquidation of affiliates.

*6 Subsidy income

Fiscal year ended March 31, 2025

Mainly comprises subsidies related to capital investments concerning helium and the construction of a training facility.

Fiscal year ended March 31, 2026

Mainly comprises subsidies related to the development of a hydrogen fuel cell ship and capital investments concerning helium.

*7 Gain on liquidation of project refers to the gain recorded when the amount recovered through liquidation procedures concerning terminated projects, including a renewable energy-derived green hydrogen project in Queensland, Australia, exceeded the amount forecast in the previous fiscal year.

*8 Details of loss on sale of non-current assets are mainly as follows:

(Million yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Buildings and structures	11	100
Machinery, equipment and vehicles	30	59
Land	161	22
Storage tanks and cylinders	1	13
Other	3	11
Total	208	206

*9 Details of loss on retirement of non-current assets are mainly as follows:

(Million yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Buildings and structures	245	228
Machinery, equipment and vehicles	298	118
Tools, furniture and fixtures	15	27
Storage tanks and cylinders	40	23
Other	119	246
Total	719	645

*10 Impairment Losses

"Impairment losses" represents the amount by which the book value of non-current assets was reduced to the recoverable amount. This was due to the fact that idle assets were determined to be of no future use, and business assets and assets for lease were no longer expected to generate the initially anticipated earnings.

(Method of grouping)

The Company groups assets based on operating segments on which the Company reviews the performance and profitability regularly. Idle assets not in operation and rental assets are assessed individually.

Fiscal year ended March 31, 2025

Use	Location	Type	Impairment Losses (Million yen)	Method of estimating recoverable amounts
Idle assets	Shima, Mie and others	Building and structures	5	Net realizable value (Assessed value, etc.)
		Land	22	
		Subtotal	27	
Industrial Gases & Machinery Business assets	United States of America	Storage tanks and cylinders	160	Net realizable value (Movable property appraisal)
		Machinery, vehicles, equipment and tools	439	
		Construction in progress	2,878	
		Subtotal	3,478	
Integrated Energy Assets for lease	Sakata, Yamagata	Building and structures	0	Value in use*
		Land	13	
		Subtotal	13	
Total amount			3,520	

* Calculated by discounting future cash flows at 4.3%.

Fiscal year ended March 31, 2026

Use	Location	Type	Impairment Losses (Million yen)	Method of estimating recoverable amounts
Idle assets	Suminoe-ku, Osaka and others	Buildings and structures	329	Value in use*
		Storage tanks and cylinders	5	
		Machinery, equipment and vehicles	72	
		Tools, furniture and fixtures	2	
		Land	234	Net realizable value (Transfer price, etc.)
		Subtotal	644	
Industrial Gases & Machinery Business assets	United States of America	Machinery, vehicles, equipment and tools	50	Net realizable value (Movable property appraisal)
		Construction in progress	145	
		Subtotal	195	
	China	Buildings and structures	466	Value in use*
		Machinery, equipment and vehicles	135	
		Tools, furniture and fixtures	0	
		Tangible leased assets	11	
		Other intangible assets (Computer software, etc.)	76	
		Investments and other assets, etc. (Long-term prepaid expenses)	17	
		Subtotal	708	
Total amount			1,548	

* Discount rates have not been calculated for items estimated to be included in future cash flows within one year.

*11 Loss on valuation of investment securities refers to write-downs of investment securities that have experienced a considerable decline in fair value, etc., which is judged to be unrecoverable.

*12 Loss on withdrawal from project refers to expenses accompanying the termination of a renewable energy-derived green hydrogen project in Queensland, Australia, and the Company’s decision to withdraw from said project.

Accounting Standards for Presentation of Comprehensive Income

*1 Reclassification adjustments, tax and tax effect relating to other comprehensive income

(Million yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Valuation difference on available-for-sale securities		
Increase (decrease) during the year	(3,285)	21,333
Reclassification adjustments	(7,069)	(4,809)
Subtotal, before tax and tax effect	(10,355)	16,523
Tax and tax effect	2,648	(5,104)
Subtotal, net of tax	(7,707)	11,419
Deferred gains or losses on hedges		
Increase (decrease) during the year	(3,077)	998
Subtotal, before tax and tax effect	(3,077)	998
Tax and tax effect	904	(310)
Subtotal, net of tax	(2,173)	688
Foreign currency translation adjustments		
Increase (decrease) during the year	5,592	2,417
Subtotal, before tax and tax effect	5,592	2,417
Subtotal, net of tax	5,592	2,417
Remeasurements of defined benefit plans, net of tax		
Increase (decrease) during the year	1,748	1,381
Reclassification adjustments	(194)	(415)
Subtotal, before tax and tax effect	1,554	966
Tax and tax effect	(504)	(303)
Subtotal, net of tax	1,050	662
Share of other comprehensive income of entities accounted for using equity method		
Increase during the year	(1,753)	4,789
Reclassification adjustments	(429)	(888)
Subtotal, net of tax	(2,182)	3,901
Total other comprehensive income	(5,421)	19,088

Supplemental Information on the Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2025

1. Issued shares

Class of shares	Number of shares at beginning of the fiscal year	Increase	Decrease	Number of shares at end of the fiscal year
Common shares (Shares)	58,561,649	175,684,947	–	234,246,596

Note: Total number of issued shares increased as the Company carried out a 4-for-1 share split of its common share as of October 1, 2024.

2. Treasury shares

Class of shares	Number of shares at beginning of the fiscal year	Increase	Decrease	Number of shares at end of the fiscal year
Common shares (Shares)	1,033,325	3,111,031	36,485	4,107,871

Note: The Company carried out a 4-for-1 share split of its common shares as of October 1, 2024.

(Overview of reasons for change)

The breakdown of the increases is as follows:

Increase due to request for purchase of shares less than one unit	8,060 shares
Increase in the Company's ownership of treasury shares (shares in the Company) due to acquisition by entities accounted for using equity method, etc.	2,996 shares
Increase due to share split	3,099,975 shares

The breakdown of the decreases is as follows:

Decrease due to request for additional purchase of shares less than one unit	356 shares
Decrease due to disposal of treasury shares under the restricted share award plan	30,400 shares
Decrease in treasury shares arising from change in equity in entities accounted for using equity method.	13 shares
Decrease in the Company's ownership of treasury shares (shares in the Company) due to disposal by entities accounted for using equity method, etc.	5,716 shares

3. Stock acquisition rights

Not applicable

4. Dividends

(1) Dividends paid

Resolution	Class of shares	Total amount of dividends (Million yen)	Dividends per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders on June 19, 2024	Common shares	7,485	130	March 31, 2024	June 20, 2024

Note: The Company carried out a 4-for-1 share split of its common shares as of October 1, 2024. "Dividend per share" shown is the amount prior to the share split.

The dividend amount calculated using values after the share split is ¥32.50 per share.

(2) Dividends with an effective date falling in the fiscal year ended March 31, 2026, among distributions with record dates belonging to the fiscal year ended March 31, 2025

Resolution	Class of shares	Source of dividends	Total amount of dividends (Million yen)	Dividend per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders on June 18, 2025	Common shares	Retained earnings	10,826	47	March 31, 2025	June 19, 2025

Fiscal year ended March 31, 2026

1. Issued shares

Class of shares	Number of shares at beginning of the fiscal year	Increase	Decrease	Number of shares at end of the fiscal year
Common shares (Shares)	234,246,596	–	–	234,246,596

2. Treasury shares

Class of shares	Number of shares at beginning of the fiscal year	Increase	Decrease	Number of shares at end of the fiscal year
Common shares (Shares)	4,107,871	10,470	47,794	4,070,547

(Overview of reasons for change)

The breakdown of the increases is as follows:

Increase due to request for purchase of shares less than one unit	4,054 shares
Increase in treasury shares arising from change in equity in entities accounted for using equity method.	284 shares
Increase in the Company's ownership of treasury shares (shares in the Company) due to acquisition by entities accounted for using equity method, etc.	6,132 shares

The breakdown of the decreases is as follows:

Decrease due to disposal of treasury shares under the restricted share award plan	41,700 shares
Decrease in treasury shares arising from change in equity in entities accounted for using equity method.	632 shares
Decrease in the Company's ownership of treasury shares (shares in the Company) due to disposal by entities accounted for using equity method, etc.	5,462 shares

3. Stock acquisition rights

Not applicable

4. Dividends

(1) Dividends paid

Resolution	Class of shares	Total amount of dividends (Million yen)	Dividends per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders on June 18, 2025	Common shares	10,826	47.00	March 31, 2025	June 19, 2025
Board of Directors meeting on November 11, 2025	Common shares	5,414	23.50	September 30, 2025	December 15, 2025

(2) Dividends with an effective date falling in the fiscal year ending March 31, 2027, among distributions with record dates belonging to the fiscal year ended March 31, 2026

The following is to be proposed at the Annual General Meeting of Shareholders scheduled to be held on June 17, 2026.

Resolution	Class of shares	Source of dividends	Total amount of dividends (Million yen)	Dividend per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders on June 17, 2026	Common shares	Retained earnings	5,414	23.50	March 31, 2026	June 18, 2026

Supplemental Information on the Consolidated Statements of Cash Flows

*1. Reconciliation of closing balance of cash and cash equivalents and the related account on the consolidated balance sheet

(Million yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash and deposits	27,759	27,670
Time deposits with maturity over 3 months	(171)	(10)
Cash and cash equivalents	27,588	27,660

*2. Major breakdown of assets and liabilities of the company newly consolidated in the previous fiscal year due to the acquisition of its shares or equity shares

Breakdown of assets and liabilities of ISG, Inc. at the time of its consolidation due to the acquisition of its shares and the relationship between the acquisition cost of the shares and the expenditure for the acquisition of the shares (net amounts) are as follows.

	(Million yen)
Current assets:	4,045
Non-current assets:	9,266
Goodwill:	2,210
Current liabilities:	(1,604)
Non-current liabilities:	(2,103)
Acquisition cost of the shares:	11,815
Cash and cash equivalents:	(1,585)
Long-term accounts payable:	(300)
Difference: purchase of shares:	9,929

*3. Major breakdown of assets and liabilities of the company newly consolidated in the fiscal year under review due to the acquisition of its shares or equity shares

Breakdown of assets and liabilities of Coburn Resources Pty Ltd at the time of its consolidation due to the acquisition of its shares and the relationship between the acquisition cost of the shares and the expenditure for the acquisition of the shares (net amounts) are as follows.

	(Million yen)
Non-current assets:	3,815
Non-current liabilities:	(2,243)
Acquisition cost of the shares:	1,572
Cash and cash equivalents:	–
Difference: purchase of shares:	1,572

*4. Significant noncash transaction

There is no significant noncash transaction to report for the fiscal years ended March 31, 2025 and 2026.

Leases

As lessee

Operating leases

Future minimum lease payments under noncancelable operating leases as of March 31, 2025 and 2026 are as follows:

(Million yen)

	As of March 31, 2025	As of March 31, 2026
Due within 1 year	2,993	3,120
Due over 1 year	12,110	9,875
Total	15,103	12,995

As lessor

1. Finance leases

(1) Lease investment assets as of March 31, 2025 and 2026 are as follows:

Current assets

(Million yen)

	As of March 31, 2025	As of March 31, 2026
Amount of lease payments receivable	1,271	1,262
Estimated residual value	–	–
Amount equivalent to interest receivable	(173)	(196)
Lease investment assets	1,098	1,065

(2) The collection schedules for lease payments from lease investment assets after March 31, 2025 and 2026 are as follows:

Current assets

Lease investment assets

(Million yen)

	As of March 31, 2025	As of March 31, 2026
Due within 1 year	350	368
Due over 1 year but within 2 years	302	295
Due over 2 years but within 3 years	229	234
Due over 3 years but within 4 years	170	178
Due over 4 years but within 5 years	117	109
Due over 5 years	102	75

2. Operating leases

Future minimum lease receipts from noncancelable operating lease transactions as of March 31, 2025 and 2026 are as follows:

(Million yen)

	As of March 31, 2025	As of March 31, 2026
Due within 1 year	56	64
Due over 1 year	70	96
Total	127	160

Financial Instruments

1. Status of financial instruments

(1) Policies for financial instruments

The Group primarily obtain funds through borrowing from banks and the issuance of corporate bonds for funding of its capital expenditures plans. After adequate liquidity has been ensured, the Group invests temporary excess funds in deposits with low risk. Additionally, the Group obtains short-term funds through bank borrowings, etc., and commercial paper (CP). The Group utilizes derivative transactions only for hedging purposes and not for speculative or dealing purposes.

(2) Description and risks of financial instruments

Notes and accounts receivable - trade, and contract assets including electronically recorded monetary claims - operating are exposed to customer credit risk. Additionally, some notes and accounts receivable are denominated in foreign currencies and are exposed to exchange rate fluctuation risk. If necessary, the Group utilizes foreign exchange forward contracts to reduce foreign currency risk.

Investment securities are composed primarily of held-to-maturity debt securities and stocks in companies with which the Group has business alliances and are exposed to credit risk in relation to issuers and market price fluctuation risk.

Notes and accounts payable such as notes and accounts payable - trade and electronically recorded obligations - operating are generally payable within 6 months. Some notes and accounts payable are denominated in foreign currencies. If necessary, the Group utilizes foreign exchange forward contracts to reduce foreign currency risk.

Borrowings are used mainly to procure funds for capital expenditures. The longest redemption period is 14 years after the fiscal year closing date. Because some of these instruments have a variable interest rate, they are exposed to interest rate fluctuation risk.

Derivative transactions consist of the use of foreign exchange forward contracts for the purpose of hedging exchange rate fluctuation risk related to notes and accounts receivable and notes and accounts payable. Hedging instruments and hedged items, hedging policy, assessment of hedge effectiveness and hedge accounting are discussed in Note “Significant Matters Forming the Basis of Presenting Consolidated Financial Statements, 4. Accounting policies, (6) Significant hedge accounting methods.”

(3) Risk management of financial instruments

(i) Management of credit risk
(risk of default by customers and counterparties)

In accordance with the internal policies of the Group for managing credit risk arising from notes and accounts receivable and long-term loans receivable, each related sales management department, etc. monitors the credit worthiness of their main customers and counterparties on a

regular basis and monitors due dates and outstanding balances by individual customer. In addition, the Group is making efforts to quickly identify and mitigate risks of bad debts of customers who are having financial difficulties.

In investment securities, the Group monitors the financial condition, etc., of the issuing companies on a regular basis.

The Group believes that the credit risk of the derivatives themselves is insignificant as it enters into derivatives only with financial institutions which have a high credit rating.

(ii) Management of market risk
(risk arising from fluctuations in foreign exchange rates, interest rates and others)

The Group utilizes foreign exchange forward contracts within the requirements of its business activities in respect to a portion of its trade receivables and trade liabilities denominated in foreign currencies to mitigate exchange rate fluctuation risk. In investment securities, the Group reviews the fair value of its securities and the financial condition of the issuing companies on a regular basis. The Company also hedges its exposure to commodity price fluctuations by using commodity swaps. For investments in securities, except held-to-maturity debt securities, the Group monitors the market price and financial condition of the issuers and regularly evaluates the investment in each company, taking into account the relationship with the counterparty.

The accounting department, etc., enter into and manage derivative transactions within the requirements of the Group's business activities and regulations established by the internal policies of the Group. Based on policies approved by the Board of Directors, the issuance of bonds and the borrowing of large amounts, etc., are decided only by the Board of Directors. Therefore, foreign exchange forward contracts and interest rate swap contracts in respect to the aforementioned transactions are decided by the Board of Directors at the same time.

(iii) Management of liquidity risk
(risk that the Group may not be able to meet its obligations on scheduled due dates)

The Group prepares cash flow projections and monitors funding requirements in the accounting department based on reports from each section and maintain fund liquidity.

(4) Supplementary explanation of fair value of financial instruments

As variable factors are incorporated in the estimation of values, values may vary depending on the assumptions used. The contract amount related to derivative transactions under Note "Derivative Transactions" does not express the market risk related to the derivative transactions themselves.

2. Fair values of financial instruments

For financial instruments, amounts recorded on the consolidated balance sheet, the fair values as of March 31, 2025 and 2026 and the difference between the two are set forth in the following table. "Cash and deposits" are not included in the table below because items included in the caption are either cash, or deposits that are expected to be settled shortly and their carrying amounts are a reasonable approximation of fair value. "Notes and accounts receivable - trade, and contract assets," "Electronically recorded monetary claims - operating," "Notes and accounts payable - trade," "Electronically recorded obligations - operating" and "Short-term borrowings" are not included in the table below because their carrying amounts are a reasonable approximation of fair value as items included in the caption are expected to be settled in a short period of time.

As of March 31, 2025

(Million yen)

	Amounts on consolidated balance sheet	Fair value	Difference
Investment securities*1			
(i) Other securities	63,415	63,415	–
(ii) Subsidiaries and associates	123,569	122,155	(1,414)
(iii) Held-to-maturity debt securities	180	138	(41)
Total assets	187,164	185,708	(1,456)
(1) Bonds	70,000	67,904	(2,095)
(2) Long-term borrowings	134,584	131,716	(2,867)
Total liabilities	204,584	199,620	(4,963)
Derivative transactions*2			
(i) Hedge accounting not applied	(125)	(125)	–
(ii) Hedge accounting applied	4,417	4,417	–
Total derivative transactions	4,291	4,291	–

*1 Investments in equity securities without market prices are not included in the table above. Additionally, investments in capital of limited partnership and the like are not included in the table above in accordance with paragraph 24-16 of the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021). The carrying amounts of those financial instruments as of March 31, 2025 are as follows:

(Million yen)

Category	As of March 31, 2025
Unlisted securities	3,021
Investments in subsidiaries and associates	18,314
Investments in capital of subsidiaries and associates	3,436
Investments in capital of limited partnership	9,998
Investments in capital of limited partnership	1,050
Investments in capital	689

*2 The amounts for derivative transactions shown above are net of assets and liabilities. When the net amount results in a liability, it is shown in parentheses.

As of March 31, 2026

(Million yen)

	Amounts on consolidated balance sheet	Fair value	Difference
Investment securities*1			
(i) Other securities	79,161	79,161	–
(ii) Subsidiaries and associates	133,364	172,842	39,478
(iii) Held-to-maturity debt securities	180	122	(57)
Total assets	212,706	252,127	39,421
(1) Bonds	70,000	66,182	(3,817)
(2) Long-term borrowings	136,830	131,661	(5,169)
Total liabilities	206,830	197,843	(8,986)
Derivative transactions*2			
(i) Hedge accounting not applied	305	305	–
(ii) Hedge accounting applied	4,128	4,128	–
Total derivative transactions	4,433	4,433	–

*1 Investments in equity securities without market prices are not included in the table above. Additionally, investments in capital of limited partnership and the like are not included in the table above in accordance with paragraph 24-16 of the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021). The carrying amounts of those financial instruments as of March 31, 2026 are as follows:

(Million yen)

Category	As of March 31, 2026
Unlisted securities	5,825
Investments in subsidiaries and associates	16,261
Investments in capital of subsidiaries and associates	2,792
Investments to limited liability partnership	9,998
Investments in capital of limited partnership	1,517
Investments in capital	979

*2 The amounts for derivative transactions shown above are net of assets and liabilities. When the net amount results in a liability, it is shown in parentheses.

(Note 1) The maturity profile of the anticipated future contractual cash flows in relation to the Group's financial assets as of March 31, 2025 and 2026 is as follows:

As of March 31, 2025

(Million yen)

	Due within 1 year	Due over 1 year but within 5 years	Due over 5 years but within 10 years	Due over 10 years
Cash and deposits	27,759	–	–	–
Notes and accounts receivable - trade, and contract assets	162,256	–	–	–
Electronically recorded monetary claims - operating	26,368	–	–	–
Investment securities				
Held-to-maturity debt securities (Bonds)	–	–	–	180
Total	216,384	–	–	180

As of March 31, 2026

(Million yen)

	Due within 1 year	Due over 1 year but within 5 years	Due over 5 years but within 10 years	Due over 10 years
Cash and deposits	27,670	–	–	–
Notes and accounts receivable - trade, and contract assets	150,865	–	–	–
Electronically recorded monetary claims - operating	27,596	–	–	–
Investment securities				
Held-to-maturity debt securities (Bonds)	–	–	–	180
Total	206,132	–	–	180

(Note 2) The aggregate annual maturities of bonds and long-term borrowings as of March 31, 2025 and 2026 are as follows:

As of March 31, 2025

(Million yen)

	Due within 1 year	Due over 1 year but within 2 years	Due over 2 years but within 3 years	Due over 3 years but within 4 years	Due over 4 years but within 5 years	Due over 5 years
Short-term borrowings	24,421	–	–	–	–	–
Bonds	–	–	–	5,000	30,000	35,000
Long-term borrowings	22,964	16,163	14,690	22,439	6,666	51,660
Lease liabilities	809	641	388	159	105	174
Total	48,194	16,805	15,078	27,598	36,771	86,835

As of March 31, 2026

(Million yen)

	Due within 1 year	Due over 1 year but within 2 years	Due over 2 years but within 3 years	Due over 3 years but within 4 years	Due over 4 years but within 5 years	Due over 5 years
Short-term borrowings	38,036	–	–	–	–	–
Bonds	–	–	5,000	30,000	5,000	30,000
Long-term borrowings	16,576	14,995	29,209	6,908	23,896	45,244
Lease liabilities	863	609	350	212	125	214
Total	55,476	15,604	34,560	37,120	29,022	75,459

3. Fair value information of financial instruments by level of inputs

Based on the observability and the significance of the inputs used to determine fair values, fair value information of financial instruments is presented by categorizing measurements into the following three levels:

Level 1 fair value: the fair value measured by quoted prices of identical assets or liabilities in active markets.

Level 2 fair value: the fair value measured using observable inputs other than Level 1.

Level 3 fair value: fair values measured using unobservable inputs.

When multiple inputs of different categories are used in measuring fair value, the Company and its consolidated subsidiaries classify fair values into the category to which the lowest priority is assigned.

(1) Financial instruments measured at fair value in the consolidated balance sheet

As of March 31, 2025

(Million yen)

	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities	63,415	–	–	63,415
Total assets	63,415	–	–	63,415
Derivative transactions				
Currency related	–	4,291	–	4,291
Total derivatives	–	4,291	–	4,291

As of March 31, 2026

(Million yen)

	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities	79,161	–	–	79,161
Total assets	79,161	–	–	79,161
Derivative transactions				
Currency related	–	4,433	–	4,433
Total derivatives	–	4,433	–	4,433

(2) Financial instruments other than those measured at fair value in the consolidated balance sheet

As of March 31, 2025

(Million yen)

	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
(i) Subsidiaries and associates	122,155	–	–	122,155
(ii) Held-to-maturity debt securities	–	138	–	138
Total assets	122,155	138	–	122,293
(1) Bonds	–	67,904	–	67,904
(2) Long-term borrowings	–	131,716	–	131,716
Total liabilities	–	199,620	–	199,620

As of March 31, 2026

(Million yen)

	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
(i) Subsidiaries and associates	172,842	–	–	172,842
(ii) Held-to-maturity debt securities	–	122	–	122
Total assets	172,842	122	–	172,965
(1) Bonds	–	66,182	–	66,182
(2) Long-term borrowings	–	131,661	–	131,661
Total liabilities	–	197,843	–	197,843

Note: Valuation techniques and inputs used in measuring fair value

Investment securities

Listed securities are measured using quoted prices. Fair value of listed securities and some of subsidiaries and associates are classified as Level 1, because they are traded in active markets.

Held-to-maturity debt securities are classified as Level 2, because their fair values are determined by the total amounts of principal and interest by certain periods using the discounted present value method based on the future cash flows and the interest rate that reflects appropriate indicators, such as yields of government bonds, together with credit spread.

Derivative transactions

Fair values are calculated using observable inputs, such as interest rates and exchange rates, and classified as Level 2.

The fair value of special treatment for interest rate swaps is included in long-term borrowings because they are accounted for as an integral part of long-term borrowings being hedged.

Bonds

Bonds are classified as Level 2, because their fair values are measured by certain periods for the total amount of principal and interest using the discounted present value method based on the future cash flows and the interest rate that reflects appropriate indicators, such as yields of Government bonds, together with credit spread.

Long-term borrowings

Long-term borrowings are classified as Level 2, because their fair values are measured using the discounted present value method based on the total amount of the payment obligations of principal and interests and the interest rates that reflect their remaining period and credit risks.

Investments in Securities

1. Investments in other securities with fair value as of March 31, 2025 and 2026 consist of the following:

As of March 31, 2025

(Million yen)

	Book value	Acquisition cost	Unrealized gains (losses)
Securities with book value exceeding acquisition cost			
Securities	62,933	19,396	43,536
Subtotal	62,933	19,396	43,536
Securities with book value not exceeding acquisition cost			
Securities	482	513	(31)
Subtotal	482	513	(31)
Total	63,415	19,910	43,505

Note: "Acquisition cost" in the above tables are the book value after impairment loss.

As of March 31, 2026

(Million yen)

	Book value	Acquisition cost	Unrealized gains (losses)
Securities with book value exceeding acquisition cost			
Securities	79,102	19,065	60,037
Subtotal	79,102	19,065	60,037
Securities with book value not exceeding acquisition cost			
Securities	59	105	(46)
Subtotal	59	105	(46)
Total	79,161	19,170	59,990

Note: "Acquisition cost" in the above tables are the book value after impairment loss.

2. Total sale of other securities as of March 31, 2025 and 2026 consist of the following:

Shares

(Million yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Amount sold	8,842	5,812
Total gain on sales	7,147	4,843
Total loss on sales	3	2

3. Securities for which impairment losses were recognized

Fiscal year ended March 31, 2025

Impairment losses on investments in securities are ¥71 million for the fiscal year ended March 31, 2025. These impairment losses are write-downs of investment securities that have experienced a considerable decline in fair value, etc., which is judged to be unrecoverable.

Fiscal year ended March 31, 2026

Impairment losses on investments in securities are ¥19 million for the fiscal year ended March 31, 2026. These impairment losses are write-downs of investment securities that have experienced a considerable decline in fair value, etc., which is judged to be unrecoverable.

Derivative Transactions

1. Derivative transactions to which hedge accounting is not applied

Currency related transactions

As of March 31, 2025

(Million yen)

	Type of transaction	Contract amount	Contract amount over 1 year	Fair value	Valuation gain (loss)
Transactions other than market transactions	Foreign exchange forward contracts				
	To sell				
	U.S. dollars	2,622	–	123	123
	Chinese Yuan	2,990	–	(3)	(3)
	Other currencies	233	–	13	13
	To buy				
	U.S. dollars	378	–	1	1
	Chinese Yuan	6,588	–	(251)	(251)
	Other currencies	338	–	(9)	(9)
Total		13,151	–	(125)	(125)

As of March 31, 2026

(Million yen)

	Type of transaction	Contract amount	Contract amount over 1 year	Fair value	Valuation gain (loss)
Transactions other than market transactions	Foreign exchange forward contracts				
	To sell				
	U.S. dollars	1,979	–	22	22
	Chinese Yuan	2,865	–	(2)	(2)
	Other currencies	906	–	39	39
	To buy				
	U.S. dollars	293	–	(4)	(4)
	Chinese Yuan	8,055	–	255	255
	Other currencies	486	–	(5)	(5)
Total		14,588	–	305	305

2. Derivative transactions to which hedge accounting is applied

(1) Currency related transactions

As of March 31, 2025

(Million yen)

Method of hedge accounting	Type of transaction	Principal items hedged	Contract amount	Contract amount over 1 year	Fair value
Principle method	Foreign exchange forward contracts	Foreign exchange forward transactions			
	To sell				
	U.S. dollars		12,933	3,050	642
	Other currencies		189	–	(0)
	To buy				
	U.S. dollars		24,847	4,516	3,773
	Other currencies		1,093	–	2
Allocation method	Foreign exchange forward contracts				
	To sell				
	U.S. dollars	Accounts receivable	7,895	–	41
	Other currencies	Accounts receivable	523	–	11
	To buy				
	U.S. dollars	Accounts payable	5,190	–	3
	Other currencies	Accounts payable	294	–	(7)
Total			52,970	7,567	4,466

As of March 31, 2026

(Million yen)

Method of hedge accounting	Type of transaction	Principal items hedged	Contract amount	Contract amount over 1 year	Fair value
Principle method	Foreign exchange forward contracts	Foreign exchange forward transactions			
	To sell				
	U.S. dollars		16,935	5,237	98
	Other currencies		86	–	(0)
	To buy				
	U.S. dollars		24,016	3,034	4,004
	Other currencies		1,396	–	25
Allocation method	Foreign exchange forward contracts				
	To sell				
	U.S. dollars	Accounts receivable	6,074	–	(163)
	Other currencies	Accounts receivable	142	–	(6)
	To buy				
	U.S. dollars	Accounts payable	2,003	–	43
	Other currencies	Accounts payable	180	–	(11)
Total			50,836	8,272	3,990

(2) Commodity related transactions

As of March 31, 2025

Commodity related transactions had not been presented as of March 31, 2025.

As of March 31, 2026

Commodity related transactions had not been presented as of March 31, 2026.

(3) Interest related transactions

(Million yen)

	As of March 31, 2025			
	Major hedged items	Contract amount	Contract amount over 1 year	Fair value
Special method				
Interest rate swap contracts receipt fluctuation/fixed payment	Long-term borrowings	2,317	956	*
		2,317	956	*

* The fair value of interest rate swaps that qualify for special method is included in the fair value of the relevant long-term borrowings because they are accounted for as an integral part of long-term borrowings that are the hedged items.

(Million yen)

	As of March 31, 2026			
	Major hedged items	Contract amount	Contract amount over 1 year	Fair value
Special method				
Interest rate swap contracts receipt fluctuation/fixed payment	Long-term borrowings	1,023	1,023	*
		1,023	1,023	*

* The fair value of interest rate swaps that qualify for special method is included in the fair value of the relevant long-term borrowings because they are accounted for as an integral part of long-term borrowings that are the hedged items.

Employees' Retirement Benefits

1. Overview of retirement benefit plans adopted

The Company has established defined-benefit corporate pension plans and lump-sum retirement benefit plans, in addition to establishing retirement benefit trusts, and these are operated as defined benefit plans. In addition, the Company has established defined-contribution corporate pension plans, and operates them as defined contribution plans.

Some domestic consolidated subsidiaries have established defined-benefit corporate pension plans, employees' pension fund plans, corporate pension fund plans and lump-sum retirement benefit plans and operate these as defined benefit plans. In addition, some domestic consolidated subsidiaries have adopted defined-contribution corporate pension plans and the Smaller Enterprise Retirement Allowance Mutual Aid Scheme, and some overseas subsidiaries have established defined contribution plans.

2. Defined benefit plans

(1) Movement in retirement benefit obligations

(Million yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Balance as of April 1	27,042	25,572
Service cost	1,998	1,838
Interest cost	223	386
Actuarial loss (gain)	(2,420)	(625)
Prior service cost	28	–
Benefits paid	(2,182)	(2,460)
Increase due to new consolidation	866	54
Other	15	622
Balance as of March 31	25,572	25,388

Note: Certain consolidated subsidiaries adopt a simplified method to calculate retirement benefit obligations.

(2) Movements in plan assets

(Million yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Balance as of April 1	26,782	26,833
Expected return on plan assets	439	435
Actuarial loss (gain)	(722)	1,270
Contributions paid by the employer	1,220	1,245
Benefits paid	(1,421)	(1,514)
Increase due to new consolidation	407	–
Other	128	210
Balance as of March 31	26,833	28,480

(3) Reconciliation from retirement benefit obligations and plan assets to liability (asset) for retirement benefits

(Million yen)

	As of March 31, 2025	As of March 31, 2026
Funded retirement benefit obligations	18,566	18,362
Plan assets	(26,833)	(28,480)
	(8,267)	(10,118)
Unfunded retirement benefit obligations	7,006	7,026
Total net defined benefit liability as of March 31	(1,260)	(3,092)
Net defined benefit liability	6,082	6,110
Net defined benefit asset	(7,342)	(9,202)
Total net defined benefit liability as of March 31	(1,260)	(3,092)

(4) Retirement benefit costs

(Million yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Service cost	1,998	1,838
Interest cost	223	386
Expected return on plan assets	(439)	(435)
Amortization of actuarial differences	(231)	(441)
Amortization of prior service cost	23	26
Other	(43)	(99)
Total retirement benefit costs for the year ended March 31	1,531	1,274

(5) Remeasurements of defined benefit plans

The components of remeasurements of defined benefit plans (before deduction of tax and tax effect) are as follows:

(Million yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Actuarial differences	1,560	939
Prior service cost	(5)	27
Total balance as of March 31	1,554	966

(6) Accumulated remeasurements of defined benefit plans

The components of accumulated remeasurements of defined benefit plans (before deduction of tax and tax effect) are as follows:

(Million yen)

	As of March 31, 2025	As of March 31, 2026
Unrecognized actuarial differences	(3,204)	(4,143)
Unrecognized prior service cost	94	67
Total balance as of March 31	(3,110)	(4,076)

(7) Plan assets

(i) Plan assets comprise

The ratio of each major category to total plan assets is as follows:

	As of March 31, 2025	As of March 31, 2026
Bonds	50.2%	50.3%
Equity securities	24.7%	23.8%
Cash and cash equivalents	4.1%	4.9%
General account	16.8%	16.4%
Other	4.2%	4.6%
Total	100.0%	100.0%

(ii) Long-term expected rate of return

Current and target asset allocations, historical and expected returns on various categories of plan assets have been considered in determining the long-term expected rate of return.

(8) Actuarial assumptions

The principal actuarial assumptions are set forth below:

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Discount rate	1.0% – 2.1%	2.1% – 2.9%
Expected return on plan assets	0.7% – 2.2%	0.7% – 2.2%
Expected rate of salary increase	2.3% – 8.2%	2.3% – 8.2%

3. Defined contribution plans

The Company and some domestic consolidated subsidiaries expended ¥610 million and ¥639 million on contributions for defined contribution plans for the fiscal years ended March 31, 2025 and 2026, respectively.

4. Multi-employer pension plans

Certain consolidated subsidiaries in Japan have introduced multi-employer employee provident fund plans and corporate pension fund plans. Within these, for plans for which the fair value of plan assets corresponding to the Company's contribution cannot be reasonably calculated, the same accounting treatment used for defined contribution plans is applied.

Using the same accounting treatment used for defined contribution plans, the Company expended ¥69 million and ¥70 million on contributions for multi-employer employee provident fund plans and corporate pension fund plans for the fiscal years ended March 31, 2025 and 2026, respectively.

(1) Recent funded status of the multi-employer pension plans

(Million yen)

	As of March 31, 2024	As of March 31, 2025
Fair value of plan assets	21,016	21,233
Total of actuarial liabilities and minimum reserves in the calculation of pension financing	18,893	19,364
Difference	2,123	1,868

(2) Contribution ratio of the Group to the multi-employer pension plans

Previous fiscal year: 10.2% (weighted average figure) (from April 1, 2023 to March 31, 2024)

Fiscal year under review: 10.6% (weighted average figure) (from April 1, 2025 to March 31, 2025)

Income Taxes

1. Breakdown of deferred tax assets and deferred tax liabilities by cause

(Million yen)

	As of March 31, 2025	As of March 31, 2026
Deferred tax assets		
Tax loss carryforwards	1,670	2,205
Allowance for doubtful accounts	218	216
Provision for bonuses	2,195	2,297
Net defined benefit liability	334	(160)
Accrued enterprise taxes	704	628
Loss on valuation of investment securities	642	622
Unrealized gain on non-current assets	1,048	1,055
Unrealized gain on inventories	421	467
Loss on cancellation of real estate trust	338	319
Impairment losses	1,359	1,365
Other	6,046	6,129
Subtotal of deferred tax assets	14,981	15,146
Valuation allowance	(4,902)	(5,416)
Total deferred tax assets	10,078	9,729
Deferred tax liabilities		
Reserve for advanced depreciation of non-current assets	(271)	(650)
Valuation difference on available-for-sale securities	(13,536)	(18,719)
Valuation of assets and liabilities of consolidated subsidiaries on acquisition	(5,231)	(5,676)
Deferred gains on hedges	(1,190)	(1,234)
Other	(7,074)	(9,866)
Total deferred tax liabilities	(27,303)	(36,147)
Net deferred tax liabilities	(17,224)	(26,417)

2. Reconciliation of the differences between the statutory tax rate and the effective tax rate

	As of March 31, 2025	As of March 31, 2026
Statutory tax rate	30.5 %	–
(Adjustments)		
Permanently nondeductible expenses	1.7 %	–
Permanently nontaxable gain	(1.1) %	–
Change in valuation allowance	2.3 %	–
Taxation on per capita basis	0.3 %	–
Equity in earnings of nonconsolidated subsidiaries and affiliates	(4.9) %	–
Retained earnings of foreign consolidated subsidiaries	2.8 %	–
Dividends from entities accounted for using equity method	1.4 %	–
Other	0.5 %	–
Effective tax rate	33.5 %	–

Notes: 1. The Company finalized the provisional accounting treatment for business combination in the fiscal year under review. As a result, figures for the previous fiscal year reflect the finalization of the provisional accounting treatment.

2. For the fiscal year under review, notes are omitted because the difference between the statutory tax rate and the effective tax rate is 5% or less of the statutory tax rate.

Business Combinations

(Significant revision of the initial allocation of acquisition costs in comparative information)

Although the Company applied provisional accounting treatment for the business combination with ISG, Inc. conducted on November 29, 2024, in the previous fiscal year, it finalized the provisional accounting treatment in the fiscal year under review. As a result of accordingly having finalized the provisional accounting treatment, significant revisions to the amount initially allocated to acquisition cost have been reflected in the comparative information included in the consolidated financial statements for the fiscal year under review.

Consequently, the provisionally calculated amount of goodwill, initially ¥4,082 million, has decreased by ¥1,872 million due to the finalization of the accounting treatment, resulting in a revised amount of ¥2,210 million. The decrease in goodwill was due to increases of ¥2,729 million in other intangible assets (customer-related intangible assets) and ¥856 million in deferred tax liabilities.

In addition, on the consolidated balance sheet for the previous fiscal year, goodwill decreased by ¥1,802 million, while other intangible assets (customer-related intangible assets), deferred tax liabilities, and retained earnings increased by¥ 2,653 million, ¥833 million, and ¥17 million, respectively.

The impact on the consolidated statements of income for the previous fiscal year is immaterial.

Asset Retirement Obligations

Omitted as the total amount of asset retirement obligations is immaterial.

Rental and Other Investment Property

Omitted as the total amount of rental and other investment property is immaterial.

Revenue Recognition

1. Information that disaggregates revenue from contracts with customers

Fiscal year ended March 31, 2025

(Million yen)

	Reportable Segments				Others[*1]	Total
	Integrated Energy	Industrial Gases & Machinery	Materials	Subtotal		
Japan	363,511	196,773	151,152	711,438	29,776	741,214
East Asia	14,156	42,505	16,523	73,184	564	73,749
Southeast Asia	438	20,920	15,028	36,386	4	36,391
Others	676	11,251	18,980	30,908	–	30,908
Revenue from contracts with customers	378,782	271,449	201,685	851,918	30,345	882,263
Other revenue	–	–	–	–	747	747
Net sales to outside customers	378,782	271,449	201,685	851,918	31,093	883,011

Notes: 1. “Others” is an operating segment not included in reportable segments. “Others” represents businesses in foods, livestock industry, finance, insurance, transportation, safety, information processing, etc.

2. Main countries and regions outside Japan are grouped as follows:

(1) East Asia China, Taiwan, South Korea

(2) Southeast Asia Singapore, Thailand, Malaysia, Indonesia, Vietnam

(3) Others United States, Australia

Fiscal year ended March 31, 2026

(Million yen)

	Reportable Segments				Others[*1]	Total
	Integrated Energy	Industrial Gases & Machinery	Materials	Subtotal		
Japan	354,021	209,427	172,250	735,699	32,422	768,122
East Asia	12,367	43,325	13,857	69,551	428	69,979
Southeast Asia	669	21,163	15,289	37,122	5	37,127
Others	674	14,814	16,979	32,467	–	32,467
Revenue from contracts with customers	367,732	288,730	218,377	874,840	32,856	907,696
Other revenue	–	–	–	–	825	825
Net sales to outside customers	367,732	288,730	218,377	874,840	33,681	908,522

Notes: 1. “Others” is an operating segment not included in reportable segments. “Others” represents businesses in foods, livestock industry, finance, insurance, transportation, safety, information processing, etc.

2. Main countries and regions outside Japan are grouped as follows:

(1) East Asia China, Taiwan, South Korea

(2) Southeast Asia Singapore, Thailand, Malaysia, Indonesia, Vietnam

(3) Others United States, Australia

2. Revenues from contracts with customers

Information for understanding revenues is provided in Note "Significant Matters Forming the Basis of Presenting Consolidated Financial Statements, 4. Accounting policies, (5) Accounting policy for recognition of significant revenues and expenses."

3. Revenue in the fiscal year under review and subsequent fiscal years

(1) Balance of contract assets and contract liabilities, etc.

(Million yen)

	Previous fiscal year	Fiscal year under review
Receivables from contracts with customers (opening balance)	172,121	187,745
Receivables from contracts with customers (closing balance)	187,745	177,586
Contract assets (opening balance)	712	879
Contract assets (closing balance)	879	875
Contract liabilities (opening balance)	7,201	8,330
Contract liabilities (closing balance)	8,330	8,007

Contract assets relate to rights to unbilled consideration for recognized revenues in transactions in which performance obligations are satisfied over a specified period of time. When the right to the consideration to be received becomes unconditional, it is transferred to the receivables from contracts with customers.

Contract liabilities relate mainly to advances received from customers from the obligation to transfer goods or services to customers. The contractual liability balances recorded at the beginning of the period are generally recognized as revenue within 1 year.

(2) The transaction prices allocated to remaining performance obligations

The Company and its consolidated subsidiaries have no significant transactions with expected contract terms exceeding 1 year. In addition, there are no material amounts of consideration arising from contracts with customers that are not included in the transaction price. The practical expedient method is applied in the notes to the transaction prices allocated to the remaining performance obligations, and the contracts are not included in the notes because the expected term of the contracts is less than 1 year at the outset.

Segment Information, etc.

(Segment Information)

1. General information on reportable segments

The Company's reportable segments are regularly reviewed by the Board of Corporate Officers using the financial information available within each segment to determine the allocation of management resources and evaluate business results.

The Company maintains in the Head Offices commercial divisions classified by merchandise and products. Each commercial division develops comprehensive business strategies for Japan and the world regarding its merchandise and products and performs business activities.

Therefore, the Company is organized by operating segments which are classified by merchandise, products and sales channels based on commercial divisions. The Integrated Energy Business, the Industrial Gases & Machinery Business, and the Materials Business are the three reportable segments.

The main merchandise and products of each reportable segment are as follows:

(1) Integrated Energy:	LPG for household, commercial and industrial use, LPG supply equipment and facilities, LNG, petroleum products, household kitchen appliances, home energy components, Ene-Farm, GHP, daily necessities, portable gas cooking stoves & cassette gas canisters, mineral water, detergent, health foods, electricity, etc.
(2) Industrial Gases & Machinery:	Air-separation gases, hydrogen, helium, other specialty gases, gas supply facilities, welding materials, welding and cutting equipment, industrial robots, pumps and compressors, facilities for hydrogen-refueling stations, disaster prevention equipment, high-pressure gas containers, semiconductor manufacturing equipment, electronic component manufacturing equipment, machine tools and sheet metal machinery, pharmaceutical and environmental equipment, etc.
(3) Materials:	PET resins, biomass fuels, battery-related materials, mineral sands, rare metals, rare earths, electronics and semiconductor materials, stainless steel, aluminum, electronic display film, etc.

2. Calculation method for sales, profit or loss, assets, liabilities, and other items by reportable segment

Accounting methods for reportable segments are basically the same as the accounting methods described in Note "Significant Matters Forming the Basis of Presenting Consolidated Financial Statements."

Reportable segment profit is equivalent to operating profit. Inter-segment sales and transfers are based on market value.

3. Information related to sales, operating income (loss), assets, liabilities and other items by reportable segment

Fiscal year ended March 31, 2025

(Million yen)

	Reportable segment				Others[*1]	Total	Adjustments[*2]	Recorded amount on consolidated financial statements[*3]
	Integrated Energy	Industrial Gases & Machinery	Materials	Total reportable segment				
Net Sales								
Outside customers	378,782	271,449	201,685	851,918	31,093	883,011	–	883,011
Intersegment	4,934	3,213	2,081	10,230	27,413	37,643	(37,643)	–
Total	383,717	274,663	203,767	862,148	58,506	920,655	(37,643)	883,011
Segment income	19,520	17,572	11,748	48,841	3,306	52,148	(5,925)	46,222
Segment assets	241,377	234,178	117,875	593,431	86,551	679,983	193,061	873,044
Other items:								
Depreciation and amortization	6,560	10,200	2,272	19,034	6,709	25,743	2,209	27,953
Impairment losses	38	3,478	–	3,517	–	3,517	3	3,520
Amortization of goodwill	2,340	842	–	3,183	48	3,231	–	3,231
Increase in property, plant and equipment and intangible assets	18,176	14,763	1,835	34,775	9,559	44,334	17,839	62,174

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

2. Adjustments are as follows:

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

(2) Adjustments for segment assets is mainly assets in cash, deposits and investment securities of the Company along with general and administrative departments of the Company.

(3) Adjustments for depreciation and amortization are mainly depreciation and amortization for general and administrative departments of the Company.

(4) Adjustments for impairment losses are mainly impairment losses within the general and administrative departments of the Company.

(5) Adjustments for increases in property, plant and equipment and intangible assets are increases in property, plant and equipment and intangible assets for general and administrative departments of the Company.

(6) "Depreciation and amortization" and "Increase in property, plant and equipment and intangible assets" include long-term prepaid expenses and their amortization.

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

4. The Company finalized the provisional accounting treatment for business combination in the fiscal year under review (fiscal year ended March 31, 2026). As a result, figures for the previous fiscal year (fiscal year ended March 31, 2025) reflect the finalization of the provisional accounting treatment.

Fiscal year ended March 31, 2026

(Million yen)

	Reportable segment				Others[*1]	Total	Adjustments[*2]	Recorded amount on consolidated financial statements[*3]
	Integrated Energy	Industrial Gases & Machinery	Materials	Total reportable segment				
Net sales								
Outside customers	367,732	288,730	218,377	874,840	33,681	908,522	–	908,522
Intersegment	4,655	2,708	2,130	9,494	27,473	36,967	(36,967)	–
Total	372,388	291,438	220,507	884,334	61,155	945,490	(36,967)	908,522
Segment income	13,498	15,414	11,613	40,526	3,517	44,044	(5,725)	38,318
Segment assets	232,517	253,495	133,055	619,068	101,396	720,465	179,307	899,772
Other items:								
Depreciation and amortization	7,525	10,534	2,187	20,247	6,876	27,124	3,542	30,667
Impairment losses	39	903	–	943	–	943	605	1,548
Amortization of goodwill	2,280	843	35	3,159	48	3,207	–	3,207
Increase in non-current assets and intangible assets	10,425	20,683	8,157	39,265	9,065	48,331	8,056	56,387

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

2. Adjustments are as follows:

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

(2) Adjustments for segment assets is mainly assets in cash, deposits and investment securities of the Company along with general and administrative departments of the Company.

(3) Adjustments for depreciation and amortization are mainly depreciation and amortization for general and administrative departments of the Company.

(4) Adjustments for impairment losses are mainly impairment losses within the general and administrative departments of the Company.

(5) Adjustments for increases in non-current assets and intangible assets are increases in non-current assets and intangible assets for general and administrative departments of the Company.

(6) "Depreciation and amortization" and "Increase in non-current assets and intangible assets" include long-term prepaid expenses and their amortization.

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

(Related Information)

Fiscal year ended March 31, 2025

1. Information by products and service

Since the segments' products and services are the same as those for the reportable segments, information for products and services is omitted.

2. Information by geographic areas

(1) Net sales

(Million yen)

Japan	East Asia	Southeast Asia	Others	Total
741,962	73,749	36,391	30,908	883,011

Notes: 1. Net sales are classified by country or region based on customer locations.

2. Main countries and regions outside Japan are grouped as follows:

(1) East Asia China, Taiwan, South Korea

(2) Southeast Asia Singapore, Thailand, Malaysia, Indonesia, Vietnam

(3) Others United States, Australia

(2) Property, plant and equipment

(Million yen)

Japan	East Asia	Southeast Asia	Others	Total
195,669	10,496	18,135	15,904	240,206

3. Information by major customers

Since there is no customer to which sales accounted for 10% or more of the net sales on the consolidated statements of income, information by major customer is omitted.

Fiscal year ended March 31, 2026

1. Information by products and service

Since the segments' products and services are the same as those for the reportable segments, information for products and services is omitted.

2. Information by geographic areas

(1) Net sales

(Million yen)

Japan	East Asia	Southeast Asia	Others	Total
768,947	69,979	37,127	32,467	908,522

Notes: 1. Net sales are classified by country or region based on customer locations.

2. Main countries and regions outside Japan are grouped as follows:

(1) East Asia China, Taiwan, South Korea

(2) Southeast Asia Singapore, Thailand, Malaysia, Indonesia, Vietnam

(3) Others United States, Australia

(2) Property, plant and equipment

(Million yen)

Japan	East Asia	Southeast Asia	Others	Total
197,997	9,525	19,746	20,506	247,776

3. Information by major customers

Since there is no customer to which sales accounted for 10% or more of the net sales on the consolidated statements of income, information by major customer is omitted.

(Information on impairment loss of non-current assets by reportable segment)

Fiscal year ended March 31, 2025

Omitted as the same information is disclosed in "(Segment Information)."

Fiscal year ended March 31, 2026

Omitted as the same information is disclosed in "(Segment Information)."

(Information on amortization of goodwill and unamortized balance by reportable segment)

Fiscal year ended March 31, 2025

(Million yen)

	Reportable Segments				Others	Corporate assets and elimination	Total
	Integrated Energy	Industrial Gases & Machinery	Materials	Subtotal			
Goodwill							
Amortization	2,340	842	–	3,183	48	–	3,231
Balance at end of year	11,576	9,218	–	20,795	295	–	21,090

Fiscal year ended March 31, 2026

(Million yen)

	Reportable Segments				Others*	Corporate assets and elimination	Total
	Integrated Energy	Industrial Gases & Machinery	Materials	Subtotal			
Goodwill							
Amortization	2,280	843	35	3,159	48	–	3,207
Balance at end of year	11,182	8,341	248	19,773	247	–	20,020

(Information on gain on bargain purchase by reportable segment)

Fiscal year ended March 31, 2025

There is no gain on bargain purchase to report for the fiscal year ended March 31, 2025.

Fiscal year ended March 31, 2026

There is no gain on bargain purchase to report for the fiscal year ended March 31, 2026.

(Notes - Related Parties)

1. Transactions with Related Parties

Fiscal year ended March 31, 2025

There are no significant transactions with related parties to report for the fiscal year ended March 31, 2025.

Fiscal year ended March 31, 2026

There are no significant transactions with related parties to report for the fiscal year ended March 31, 2026.

2. Notes on the Parent Company or any Significant Affiliates

(1) The Parent Company Information

Not applicable

(2) Summary Financial Statements of any Significant Affiliates

In the fiscal year ended March 31, 2026, Cosmo Energy Holdings Co., Ltd. is a significant affiliated company, whose summary consolidated financial statements are presented below.

(Million yen)

	Previous fiscal year	Fiscal year under review
Total current assets	1,079,108	1,080,905
Total non-current assets	1,077,370	1,115,479
Total deferred assets	126	172
Total current liabilities	945,465	994,885
Total non-current liabilities	503,662	465,910
Total net assets	707,477	735,761
Net sales	2,799,947	2,677,582
Profit before income taxes	124,950	145,538
Profit attributable to owners of parent	57,671	74,023

Per Share Information

(Yen)

Item	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net assets per share	1,677.48	1,898.97
Basic earnings per share	175.84	207.10

Notes: 1. Diluted earnings per share is not presented as the Company has no dilutive shares.

2. Net assets per share and basic earnings per share for the previous fiscal year have been calculated based on the amounts after reflecting significant revisions to the initial allocation of acquisition cost due to the finalization of provisional accounting treatment for business combination.

3 The Company carried out a 4-for-1 share split of its common share as 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.

4. The basis for calculation of net assets per share and basic earnings per share is as follows:

(1) Net assets per share

Item	As of March 31, 2025	As of March 31, 2026
Total net assets (million yen)	397,209	448,995
Amount deducted from total net assets (million yen)	11,155	11,897
[Of which non-controlling interests (million yen)]	[11,155]	[11,897]
Net assets pertaining to common shares at the end of the period (million yen)	386,053	437,098
Number of common shares at the end of the period used to calculate net assets per share (thousand shares)	230,138	230,176

(2) Basic earnings per share

Item	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Profit attributable to owners of parent (million yen)	40,465	47,666
Amount not attributable to common shareholders (million yen)	–	–
Profit attributable to owners of parent pertaining to common shares (million yen)	40,465	47,666
Average number of common shares during the period (thousand shares)	230,134	230,168

(v) Annexed Consolidated Detailed Schedules

Detailed schedule of corporate bonds

Company name	Bond name	Issue date	Balance at beginning of year (Million yen)	Balance at end of year (Million yen)	Interest rate (%)	Secured/ unsecured	Maturity date
Iwatani Corporation (Reporting company)	1st Series Unsecured Corporate Bond (with Special Limited Inter-bond Pari Passu Clause) (Green Bond)	December 14, 2021	5,000	5,000	0.200	None	December 14, 2028
	2nd Series Unsecured Corporate Bond (with Special Limited Inter-bond Pari Passu Clause) (Green Bond)	December 14, 2021	5,000	5,000	0.270	None	December 12, 2031
	3rd Series Unsecured Corporate Bond (with Special Limited Inter-bond Pari Passu Clause)	September 8, 2022	10,000	10,000	0.714	None	September 7, 2029
	4th Series Unsecured Corporate Bond (with Special Limited Inter-bond Pari Passu Clause)	September 8, 2022	10,000	10,000	0.809	None	September 8, 2032
	5th Series Unsecured Corporate Bond (with Special Limited Inter-bond Pari Passu Clause) (Sustainability Bond)	January 25, 2024	5,000	5,000	0.836	None	January 24, 2031
	6th Series Unsecured Corporate Bond (with Special Limited Inter-bond Pari Passu Clause) (Sustainability Bond)	January 25, 2024	5,000	5,000	1.218	None	January 25, 2034
	7th Series Unsecured Corporate Bond (with Special Limited Inter-bond Pari Passu Clause)	September 12, 2024	20,000	20,000	0.860	None	September 12, 2029
	8th Series Unsecured Corporate Bond (with Special Limited Inter-bond Pari Passu Clause)	September 12, 2024	10,000	10,000	1.498	None	September 12, 2034
Total	–	–	70,000	70,000	–	–	–

Note: The scheduled amount of redemption of bonds within five years after the consolidated fiscal year-end date on a yearly basis is as follows:

Due within 1 year (Million yen)	Due over 1 year but within 2 years (Million yen)	Due over 2 years but within 3 years (Million yen)	Due over 3 years but within 4 years (Million yen)	Due over 4 years but within 5 years (Million yen)
–	–	5,000	30,000	5,000

Detailed schedule of borrowings

Category	Balance at beginning of year (Million yen)	Balance at end of year (Million yen)	Average interest rate (%)	Payment due
Short-term borrowings	24,421	38,036	1.84	–
Current portion of long-term borrowings	22,964	16,576	1.02	–
Current portion of lease liabilities	809	863	–	–
Long-term borrowings (excluding current portion)	111,619	120,254	1.31	April 2027 to February 2040
Lease liabilities (excluding current portion)	1,469	1,512	–	April 2027 to August 2052
Total	161,284	177,243	–	–

Notes: 1. “Average interest rate” is calculated by the weighted average method based on the ending balance.

The average interest rate of lease liabilities has not been stated as the amount before the deduction of the amount equivalent to interest included in total lease payments is recorded in consolidated balance sheets.

2. The repayment schedule of long-term borrowings and lease liabilities (excluding current portion) within five years after the consolidated fiscal year-end date on a yearly basis is as follows:

(Million yen)

Category	Due over 1 year but within 2 years	Due over 2 years but within 3 years	Due over 3 years but within 4 years	Due over 4 years but within 5 years
Long-term borrowings	14,995	29,209	6,908	23,896
Lease liabilities	609	350	212	125

Detailed schedule of asset retirement obligations

Omitted as the amounts of asset retirement obligations at the beginning and the end of the fiscal year under review were not more than 1% of the total of liabilities and net assets at the beginning and the end of the fiscal year under review, respectively.

(2) Other Information

Semi-annual information for the fiscal year under review

		Six months ended September 30, 2025	Fiscal year ended March 31, 2026
Net sales	(Million yen)	409,128	908,522
Profit before income taxes	(Million yen)	29,997	70,712
Profit attributable to owners of parent	(Million yen)	20,315	47,666
Basic earnings per share	(Yen)	88.27	207.10

2. Non-consolidated Financial Statements and Other Information

(1) Non-consolidated Financial Statements

(i) Non-consolidated Balance Sheets

(Million yen)

		As of March 31, 2025		As of March 31, 2026
Assets				
Current assets				
Cash and deposits		2,258		2,403
Notes receivable - trade		4,771		1,472
Electronically recorded monetary claims - operating		19,973		20,672
Accounts receivable - trade		100,362		91,109
Contract assets		107		–
Merchandise		42,715		39,973
Advance payments to suppliers		4,599		4,537
Prepaid expenses		896		997
Accounts receivable - other		7,160		5,615
Other		12,126		6,776
Allowance for doubtful accounts		(15)		(2)
Total current assets		194,957		173,557
Non-current assets				
Property, plant and equipment				
Buildings	*4	25,777	*4	26,392
Structures	*4	4,909	*4	4,547
Storage tanks and cylinders	*4	7,015	*4	6,660
Machinery and equipment	*4	8,485	*4	9,790
Vessels		581	*4	427
Vehicles	*4	64	*4	51
Tools, furniture and fixtures	*4	1,993	*4	2,483
Land	*4	50,048	*4	44,201
Leased assets	*4	30	*4	20
Construction in progress		1,838		1,421
Total property, plant and equipment		100,743		95,996
Intangible assets				
Industrial property		9		3
Leasehold interests in land	*4	45	*4	45
Software		828		736
Other		12,552		1,723
Total intangible assets		13,435		2,509

(Million yen)

		As of March 31, 2025		As of March 31, 2026
Investments and other assets				
Investment securities	*1	61,426	*1	78,466
Shares of subsidiaries and associates		212,689		219,210
Investments in capital		11,616		12,429
Investments in capital of subsidiaries and associates		11,866		11,566
Long-term loans receivable		0		0
Long-term loans receivable from subsidiaries and associates		3,834		2,234
Distressed receivables		393		402
Long-term prepaid expenses		397		15,413
Prepaid pension costs		2,399		2,939
Other		4,737		3,773
Allowance for doubtful accounts		(453)		(462)
Total investments and other assets		308,908		345,976
Total non-current assets		423,088		444,482
Total assets	*3	618,045	*3	618,039
Liabilities				
Current liabilities				
Electronically recorded obligations - operating		22,295		16,650
Accounts payable - trade		53,468		45,905
Short-term borrowings		23,153		36,683
Current portion of long-term borrowings		14,194		13,447
Commercial papers		33,000		–
Lease liabilities		10		7
Accounts payable - other		12,473		12,878
Accrued expenses		711		765
Income taxes payable		5,029		2,982
Contract liabilities		4,564		4,800
Deposits received		253		239
Unearned revenue		130		55
Provision for bonuses		2,606		2,504
Other		4,693		754
Total current liabilities		176,584		137,676
Non-current liabilities				
Bonds payable		70,000		70,000
Long-term borrowings		101,428		106,322
Lease liabilities		23		17
Deferred tax liabilities		11,246		17,249
Provision for retirement benefits		1,925		1,831
Asset retirement obligations		1,194		1,204
Other		1,553		1,273
Total non-current liabilities		187,372		197,899
Total liabilities	*3	363,956	*3	335,575

(Million yen)

	As of March 31, 2025	As of March 31, 2026
Net assets		
Shareholders' equity		
Share capital	35,096	35,096
Capital surplus		
Legal capital surplus	20,100	20,100
Other capital surplus	13,178	13,230
Total capital surplus	33,278	33,330
Retained earnings		
Other retained earnings		
Reserve for tax purpose reduction entry of non-current assets	242	978
Retained earnings brought forward	156,560	173,986
Total retained earnings	156,803	174,965
Treasury shares	(1,440)	(1,434)
Total shareholders' equity	223,736	241,957
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	27,724	37,902
Deferred gains or losses on hedges	2,628	2,604
Total valuation and translation adjustments	30,352	40,506
Total net assets	254,089	282,464
Total liabilities and net assets	618,045	618,039

(ii) Non-consolidated Statements of Income

(Million yen)

		Fiscal year ended March 31, 2025		Fiscal year ended March 31, 2026
Net sales	*1	538,061	*1	538,003
Cost of sales	*1	441,625	*1	447,418
Gross profit		96,436		90,584
Selling, general and administrative expenses	*1, *2	80,857	*1, *2	85,029
Operating profit		15,578		5,554
Non-operating income				
Interest income		392		270
Dividend income		17,369		19,687
Foreign exchange gains		274		62
Subsidy income		1,938		1,957
Other		2,405		2,683
Total non-operating income	*1	22,381	*1	24,660
Non-operating expenses				
Interest expenses		1,155		1,116
Interest expenses on bonds		517		784
Bond issuance costs		163		5
Other		828		739
Total non-operating expenses	*1	2,664	*1	2,646
Ordinary profit		35,296		27,569
Extraordinary income				
Gain on sale of non-current assets	*3	92	*3	11,520
Gain on sale of investment securities	*4	6,070	*4	4,576
Gain on sale of shares of subsidiaries and associates		10		4
Gain on liquidation of subsidiaries and associates		43		118
Subsidy income	*5	702	*5	940
Gain on liquidation of project		–	*6	568
Total extraordinary income	*1	6,919	*1	17,728
Extraordinary losses				
Loss on sale of non-current assets		27		171
Loss on retirement of non-current assets		244		336
Impairment losses		3		605
Loss on sale of investment securities		1		–
Loss on valuation of shares of subsidiaries and associates	*7	6,344		–
Loss on sale of investments in capital of subsidiaries and associates		–		11
Loss on liquidation of subsidiaries and associates		1		–
Loss on tax purpose reduction entry of non-current assets		702		820
Loss on withdrawal from project	*8	1,814		–
Total extraordinary losses	*1	9,141	*1	1,946
Profit before income taxes		33,074		43,351
Income taxes - current		9,012		7,606
Income taxes - deferred		(454)		1,341
Total income taxes		8,557		8,948
Profit		24,516		34,403

(iii) Non-consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2025

(Million yen)

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings
					Reserve for tax purpose reduction entry of non-current assets	Retained earnings brought forward	
Balance at beginning of period	35,096	20,100	13,117	33,217	252	139,519	139,772
Changes during period							
Dividends of surplus						(7,485)	(7,485)
Profit						24,516	24,516
Provision of reserve for tax purpose reduction entry of non-current assets							
Reversal of reserve for tax purpose reduction entry of non-current assets					(9)	9	–
Purchase of treasury shares							
Disposal of treasury shares			60	60			
Net changes in items other than shareholders' equity							
Total changes during period	–	–	60	60	(9)	17,040	17,030
Balance at end of period	35,096	20,100	13,178	33,278	242	156,560	156,803

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	(1,433)	206,652	34,615	3,668	38,284	244,937
Changes during period						
Dividends of surplus		(7,485)				(7,485)
Profit		24,516				24,516
Provision of reserve for tax purpose reduction entry of non-current assets		–				–
Reversal of reserve for tax purpose reduction entry of non-current assets		–				–
Purchase of treasury shares	(17)	(17)				(17)
Disposal of treasury shares	9	70				70
Net changes in items other than shareholders' equity			(6,891)	(1,040)	(7,931)	(7,931)
Total changes during period	(7)	17,083	(6,891)	(1,040)	(7,931)	9,152
Balance at end of period	(1,440)	223,736	27,724	2,628	30,352	254,089

Fiscal year ended March 31, 2026

(Million yen)

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings
					Reserve for tax purpose reduction entry of non-current assets	Retained earnings brought forward	
Balance at beginning of period	35,096	20,100	13,178	33,278	242	156,560	156,803
Changes during period							
Dividends of surplus						(16,241)	(16,241)
Profit						34,403	34,403
Provision of reserve for tax purpose reduction entry of non-current assets					742	(742)	–
Reversal of reserve for tax purpose reduction entry of non-current assets					(6)	6	–
Purchase of treasury shares							
Disposal of treasury shares			52	52			
Net changes in items other than shareholders' equity							
Total changes during period	–	–	52	52	735	17,426	18,162
Balance at end of period	35,096	20,100	13,230	33,330	978	173,986	174,965

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	(1,440)	223,736	27,724	2,628	30,352	254,089
Changes during period						
Dividends of surplus		(16,241)				(16,241)
Profit		34,403				34,403
Provision of reserve for tax purpose reduction entry of non-current assets		–				–
Reversal of reserve for tax purpose reduction entry of non-current assets		–				–
Purchase of treasury shares	(6)	(6)				(6)
Disposal of treasury shares	12	64				64
Net changes in items other than shareholders' equity			10,178	(24)	10,154	10,154
Total changes during period	5	18,220	10,178	(24)	10,154	28,374
Balance at end of period	(1,434)	241,957	37,902	2,604	40,506	282,464

Notes to Non-consolidated Financial Statements

Summary of Major Accounting Policies

1. Standards and methods for valuation of assets

(1) Securities

A. Shares of subsidiaries and affiliates

Stated at cost using the moving average cost method.

B. Held-to-maturity debt securities

Stated at amortized cost (using the straight-line method).

C. Other securities

Securities other than equity securities without market prices

Measured at fair value (unrealized gains and losses included as a component of net assets, net of related taxes, and the cost of sales is computed based on the moving average cost method).

Equity securities without market prices

Stated at cost using the moving average cost method.

(2) Derivatives

Measured at fair value.

(3) Inventories

Inventories held for sale in the ordinary course of business

Measured at cost (carrying amounts on the balance sheet are subject to the book value reduction method based on decreased profitability).

Merchandise

A.	Integrated Energy:	Principally using the gross average method.
B.	Others:	Using the first-in first-out method.

2. Depreciation or amortization method for non-current assets

(1) Property, plant and equipment (excluding leased assets)

Using the declining balance method over the useful life of the asset, except that the straight-line method is applied to:

A. Property, plant and equipment related to the Sakai LPG Plant, hydrogen-refueling stations; and

B. Buildings (excluding facilities) purchased since April 1, 1998 and facilities attached to buildings and structures purchased since April 1, 2016.

(2) Intangible assets (excluding leased assets)

Amortized by the straight-line method over the estimated useful life of the respective asset.

Software for internal use is amortized by the straight-line method over the estimated useful life of 5 years.

(3) Leased assets

Finance leases that do not transfer ownership of the leased assets

Leased assets are depreciated using the straight-line method over the lease term as the useful life, with 0 residual value.

However, finance lease transactions that do not transfer ownership of the leased assets and have total lease payments of not more than ¥3 million under a single lease contract are accounted for by the method that is applicable to ordinary operating leases.

(4) Long-term prepaid expenses

Amortized on a straight-line basis.

3. Standards for recording provisions and allowances

(1) Allowance for doubtful accounts

To prepare for credit losses on receivables such as accounts receivable - trade and loans receivable, an allowance for doubtful accounts is provided in an amount based on past experience with bad debts and an evaluation of the collectability of specific receivables with the possibility of default.

(2) Provision for bonuses

Provision for bonuses is calculated and provided for based on the estimated amounts of future payments attributable to the services that have been rendered by employees as of the date of the balance sheet.

(3) Provision for retirement benefits

To provide for retirement benefit payments to employees, provision for retirement benefits is recorded at the amounts deemed to be incurred at the fiscal year-end based on the amount of projected benefit obligations and the fair value of plan assets at the fiscal year-end.

The retirement benefit obligations are attributed to periods on a benefit formula basis.

Prior service cost is amortized by the straight-line method over a period of 14 years, which is within the average remaining years of service of employees.

Actuarial differences are amortized by the straight-line method over a period of 14 years, which is within the average remaining years of service of employees, commencing with the following fiscal year.

The treatment of unrecognized actuarial differences and unrecognized prior service cost on the non-consolidated balance sheets differs from the treatment on the consolidated balance sheet.

4. Accounting policy for recognition of revenues and expenses

The Company recognizes revenue based on the following 5 steps:

Step 1: Identify contracts with customers.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligation in the contract.

Step 5: Recognize revenue when the entity satisfies a performance obligation.

The Company identifies distinct goods and/or services included in contracts with customers and identifies the performance obligations associated with them as transaction units.

In identifying performance obligations, the Company and its consolidated subsidiaries consider whether they are the principal or the agent, and if the nature of their performance obligation is to control and provide the identified goods or services themselves before transferring them, the Company and its consolidated subsidiaries present revenue in the non-consolidated financial statements at the gross amount of consideration. If the nature of the performance obligation is to arrange for the identified goods or services to be provided by another party, revenue is presented in the non-consolidated financial statements at the net amount of the consideration as an agent.

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for the transfer of the promised goods or services to the customer, excluding amounts collected by the Company for third parties. The consideration from transactions with customers is received generally within 1 year from the time the goods or services are transferred to the customer and does not include a significant financial component.

The description of main businesses by segment of the Company is as follows.

In the Integrated Energy Business, we sell LPG for residential use; LPG and LNG for industrial use to plants; portable gas cooking stoves, cassette gas canisters, Natural Mineral Water from Mt. Fuji and other products essential to daily life; and gas equipment.

The Industrial Gases & Machinery Business sells industrial gases, which includes air separation gases (oxygen, nitrogen, and argon), hydrogen, helium, carbon dioxide, semiconductor material gases, and medical gases; and machinery, which includes production and supply equipment for a wide range of gases, factory automation systems, welding equipment, semiconductor manufacturing equipment, and environmental equipment.

The Materials Business sells resin raw materials, resin products, and resources such as mineral sands, as well as stainless steel, non-ferrous metals, and battery-related materials.

In cases in which the Company is involved in the sale of goods as an agent, such as in the Integrated Energy Business segment and the Materials Business segment, revenue is recognized on a net basis.

In addition, the meter reading date bases of revenue recognition for LPG (a method to recognize revenues based on the amount of LPG used by the customer through meter reading) is used to recognize revenue from reading the meter date of the fiscal month through the fiscal year end date. The Company recognizes revenue based on reasonable estimates of the revenue generated from the date of the meter reading to the end of the fiscal year.

For sales of merchandise, the Company recognizes revenue at the time of delivery of the merchandise because the Company believes that the customer has acquired control over the merchandise at the time of delivery and that the performance obligation has been satisfied. For domestic sales of merchandise, revenue is recognized at the time of shipment if the period from the time of shipment to the time when control of the merchandise is transferred to the customer is a normal period of time.

5. Other significant matters forming the basis of presenting non-consolidated financial statements

(1) Hedge accounting method

Hedging transactions which meet the criteria for hedge accounting are accounted for using deferral hedge accounting, which requires the unrealized gain or loss on a hedging instrument to be deferred as a liability or asset until the loss or gain on the related hedged item is recognized.

In addition, certain forward exchange contracts and certain interest rate swap transactions are accounted for using the allocation method and the special method. The allocation method requires that recognized foreign currency receivables and payables covered by forward exchange contracts be translated at contract rates. Under the special method, interest rate swap transactions are accounted for as if the interest rates under those transactions were originally applied to the underlying borrowings and bonds.

(2) Accounting treatment for deferred assets

Bond issuance costs

Bond issuance costs are accounted for as the total expense at the time of expenditure.

Significant Accounting Estimates

1. Recoverability of deferred tax assets

(1) Carrying amounts in the non-consolidated financial statements for the fiscal year under review

Carrying amounts in the deferred tax assets are discussed in Note “Income Taxes, 1. Breakdown of deferred tax assets and deferred tax liabilities by cause.”

(2) Information on the nature of significant accounting estimates for identified items

(i) Method in making the accounting estimates

Deferred tax assets are recognized based on estimates of taxable income according to future profit plans. Deferred tax assets are recognized to the extent of high recoverability by determining whether there is an effect of reducing future tax payments.

(ii) Key assumptions used in making accounting estimates

The Company determines whether or not the deferred tax assets will have the effect of reducing the future tax payments burden in accordance with Paragraph 6 of the "Implementation Guidance on Recoverability of Deferred Tax Assets."

(iii) The effect on the next fiscal year's non-consolidated financial statements

In the event that the estimate of taxable income needs to be reviewed due to changes in the economic environment, etc., there is a possibility that the deferred tax assets will be reduced.

2. Impairment of non-current assets

(1) Carrying amounts in the non-consolidated financial statements for the fiscal year under review

(Million yen)

Category	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Impairment losses	3	605

(2) Information on the nature of significant accounting estimates for identified items

(i) Method in making the accounting estimates

In accordance with the "Accounting Standard for Impairment of Non-current Assets," impairment loss on non-current assets is recognized when the profitability of an asset has declined to the point where recovery of the invested amount is no longer expected. The recoverable amount of non-current assets for which recovery of the investment amount is not expected due to a decline in profitability is estimated, and the carrying amount is reduced to reflect the recoverability.

(ii) Key assumptions used in making accounting estimates

The future cash flows used for the recognition and measurement of impairment loss are estimated based on future profit plans, taking into account external factors such as the business environment and internal information such as sales forecasts and budgets as well as the current use and plans for the use of the asset group.

(iii) The effect on the next fiscal year's non-consolidated financial statements

Additional impairment loss may be recognized in the event that it becomes necessary to review the future profit plans upon which the estimates are premised.

Changes in Accounting Policies

(Changes in method of inventory valuation)

Previously, the Company used the first-in first-out method for valuation of products related to the Integrated Energy Business. From the third quarter of the fiscal year under review, however, the Company has changed the principal method to the gross average method. This change was made with the purpose of more appropriately calculating the valuation of inventories and periodic profit or loss on the occasion of changes to the core system.

Furthermore, since a portion of the required data for previous fiscal years is not available and the principle-based treatment pertaining to the retrospective application is not practically possible, the carrying amount at the end of the previous fiscal year is calculated as the balance at the beginning of the fiscal year under review.

Additionally, this change has been applied since the third quarter of the fiscal year under review, when the core system began operation. The impact of this change is immaterial.

Supplemental Information on the Non-consolidated Balance Sheets

*1 Assets pledged as collateral

Assets pledged as collateral on third-party borrowings, etc., are as follows:

(Type of asset pledged)

(Million yen)

	As of March 31, 2025	As of March 31, 2026
Investment securities	480	480

2. Guarantees of loans

The Company has provided guarantees of obligation for loans, etc. from financial institutions of subsidiaries and associates as follows:

(Million yen)

As of March 31, 2025		As of March 31, 2026	
Iwatani Corporation of America	8,971	Iwatani Corporation of America	9,033
YAMAGUCHI LIQUID HYDROGEN CORPORATION	159	YAMAGUCHI LIQUID HYDROGEN CORPORATION	108
Total	9,130	Total	9,141

*3 Monetary claims and obligations with subsidiaries and associates

Monetary claims and obligations with subsidiaries and associates other than those stated in categories are as follows.

(Million yen)

	As of March 31, 2025	As of March 31, 2026
Short-term monetary claims	35,505	28,369
Long-term monetary claims	986	6
Short-term monetary obligations	15,513	27,142
Long-term monetary obligations	31	37

*4 Tax purpose reduction entry amount

The tax purpose reduction entry amount for national subsidies, etc., is ¥7,217 million, and this has been excluded from the amount recorded on the non-consolidated balance sheet.

The breakdown is as follows:

(Million yen)

	As of March 31, 2025	As of March 31, 2026
Buildings	290	370
Structures	372	372
Storage tanks and cylinders	936	1,294
Machinery and equipment	4,448	4,774
Vessels	–	55
Vehicles	83	83
Tools, furniture and fixtures	52	49
Land	25	25
Leased assets	5	5
Leasehold interests in land	185	185
Total	6,400	7,217

Supplemental Information on the Non-consolidated Statements of Income

*1 Transactions with subsidiaries and associates

The total amounts of operating and non-operating transactions with subsidiaries and associates are as follows:

(Million yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net sales	142,672	134,770
Purchase	87,071	101,582
Other operating transactions	32,691	33,262
Non-operating transactions	25,500	24,930

*2 Main items and amounts of selling, general and administrative expenses and the approximate ratio are as follows:

(Million yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Transportation costs	20,481	20,110
Provision of allowance for doubtful accounts	(0)	(0)
Salaries, allowances and bonuses	12,071	12,218
Provision for bonuses	2,606	2,504
Retirement benefit expenses	874	687
Depreciation	5,922	7,660
Rent expenses	6,718	8,145
Commission expenses	11,833	12,853
Approximate ratio		
Selling expenses	28.5%	26.9%
General and administrative expenses	71.5%	73.1%

*3 Details of gain on sale of non-current assets are mainly as follows:

(Million yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Land	82	11,503
Other	9	16
Total	92	11,520

In cases where non-current assets are sold as a bundle of land and buildings, etc., a mix of gains or losses may be attributed to the individual assets, depending on the type of asset. Therefore, gains and losses are netted together and the resulting net gain is recorded as a gain on sale of non-current assets.

*4 Gain on sale of investment securities mainly comprises gain from the partial sale of strategic shareholdings.

*5 Subsidy income

Fiscal year ended March 31, 2025

Mainly comprises subsidies related to capital investments concerning helium and the construction of a training facility.

Fiscal year ended March 31, 2026

Mainly comprises subsidies related to the development of a hydrogen fuel cell ship and capital investments concerning helium.

*6 Gain on liquidation of project refers to the gain recorded when the amount recovered through liquidation procedures concerning terminated projects, including a renewable energy-derived green hydrogen project in Queensland, Australia, exceeded the amount forecast in the previous fiscal year.

*7 Loss on valuation of shares of subsidiaries and associates refers to write-downs of shares of subsidiaries and associates that have experienced a considerable decline in fair value, etc., which is judged to be unrecoverable.

*8 Loss on withdrawal from project refers to expenses accompanying the termination of a renewable energy-derived green hydrogen project in Queensland, Australia, and the Company's decision to withdraw from said project.

Investments in Securities

Shares of subsidiaries and affiliates

As of March 31, 2025

Category	Book value (Million yen)	Fair value (Million yen)	Unrealized gains (losses) (Million yen)
Shares of affiliates	111,462	122,155	10,693

Note: Amount of shares, etc. without market prices recorded on the non-consolidated balance sheets not included in the above

Category	As of March 31, 2025 (Million yen)
Shares of subsidiaries	93,336
Shares of affiliates	7,891
Total	101,227

As of March 31, 2026

Category	Book value (Million yen)	Fair value (Million yen)	Unrealized gains (losses) (Million yen)
Shares of affiliates	111,462	172,842	61,380

Note: Amount of shares, etc. without market prices recorded on the non-consolidated balance sheets not included in the above

Category	As of March 31, 2026 (Million yen)
Shares of subsidiaries	101,521
Shares of affiliates	6,226
Total	107,747

Income Taxes

1. Breakdown of deferred tax assets and deferred tax liabilities by cause

(Million yen)

	As of March 31, 2025	As of March 31, 2026
Deferred tax assets		
Allowance for doubtful accounts	147	146
Provision for bonuses	795	786
Accrued enterprise taxes	354	238
Loss on valuation of investment securities	237	236
Loss on valuation of shares of subsidiaries and associates	2,086	2,034
Impairment losses	578	586
Loss on cancellation of real estate trust	338	319
Provision for retirement benefits	(1)	(201)
Other	3,439	2,829
Subtotal of deferred tax assets	7,974	6,977
Valuation allowance	(5,003)	(5,012)
Total deferred tax assets	2,970	1,965
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(12,519)	(17,179)
Reserve for advanced depreciation of non-current assets	(111)	(447)
Deferred gains on hedges	(1,190)	(1,192)
Other	(396)	(396)
Total deferred tax liabilities	(14,216)	(19,215)
Net deferred tax liabilities	(11,246)	(17,249)

2. Reconciliation of the differences between the statutory tax rate and the effective tax rate

	As of March 31, 2025	As of March 31, 2026
Statutory tax rate	30.5%	30.5%
(Adjustments)		
Permanently nondeductible expenses	1.2%	1.0%
Permanently nontaxable gain	(13.5)%	(10.6)%
Change in valuation allowance	7.2%	–%
Taxation on per capita basis	0.2%	0.1%
Impact of tax rate revisions accompanying tax reforms	0.0%	0.1%
Other	0.3%	(0.5)%
Effective tax rate	25.9%	20.6%

Revenue Recognition

Information that forms the basis for understanding revenue from contracts with customers because it is the same as presented in Note “Revenue Recognition, 2. Revenues from contracts with customers” in “1. Consolidated Financial Statements and Other Information, (1) Consolidated Financial Statements.”

(iv) Annexed detailed schedules

Detailed schedule of property, plant and equipment, etc.

(Million yen)

Category	Type of assets	Balance at beginning of year	Increase in the fiscal year under review	Decrease in the fiscal year under review	Depreciation or amortization in the fiscal year	Balance at end of year	Accumulated depreciation or amortization
Property, plant and equipment	Buildings	25,777	2,969	731 [254]	1,623	26,392	21,899
	Structures	4,909	183	119 [88]	427	4,547	9,566
	Storage tanks and cylinders	7,015	2,031	403 [5]	1,982	6,660	30,484
	Machinery and equipment	8,485	3,790	455 [72]	2,029	9,790	34,846
	Vessels	581	23	55	121	427	167
	Vehicles	64	14	–	28	51	566
	Tools, furniture and fixtures	1,993	1,449	20 [3]	938	2,483	7,083
	Land	50,048	2,918	8,766 [77]	–	44,201	–
	Leased assets	30	–	0	8	20	29
	Construction in progress	1,838	12,649	13,066	–	1,421	–
	Total	100,743	26,032	23,618 [502]	7,160	95,996	104,644
Intangible assets	Industrial property	9	–	–	5	3	–
	Leasehold interests in land	45	–	–	–	45	–
	Software	828	289	3	377	736	–
	Other	12,552	5,895	16,723	0	1,723	–
	Total	13,435	6,184	16,727	383	2,509	–
Investments and other assets	Long-term prepaid expenses	397	15,958	68	874	15,413	–

Notes: 1. The main component of the ¥8,766 million decrease in land in the fiscal year under review is a decrease of ¥8,429 million associated with the former Tokyo Head Office.

The main components of the ¥12,649 million increase in construction in progress in the fiscal year under review are increases of ¥2,556 million associated with land for plants, ¥1,874 million associated with the current Tokyo Head Office, and ¥1,539 million associated with Sakai LPG Import Terminal. Additionally, the decrease in the fiscal year under review is the reclassification amount for each type of asset.

The main component of the ¥5,895 million increase in other intangible assets in the fiscal year under review is a ¥4,791 million increase associated with intangible assets in progress (related to new systems). The main component of the ¥16,723 million decrease in other intangible assets in the fiscal year under review is a decrease of ¥15,619 million associated with the amount reclassified to long-term prepaid expenses (related to new systems).

The main component of the ¥15,958 million increase in long-term prepaid expenses in the fiscal year under review is a ¥15,654 million increase related to new systems.

2. The values in parentheses below the values for decrease in the fiscal year under review represent the amount of said decrease that has been recorded as impairment losses.

3. Decrease in the fiscal year under review includes a tax purpose reduction entry amount for national subsidies, etc., of ¥820 million.

Detailed schedule of provisions

(Million yen)

Account items	Balance at beginning of year	Increase in the fiscal year under review	Decrease in the fiscal year under review	Balance at end of year
Allowance for doubtful accounts	468	16	20	464
Provision for bonuses	2,606	2,504	2,606	2,504

(2) Details of major assets and liabilities

This information is omitted because the Company prepares the consolidated financial statements.

(3) Other

Not applicable

VI. Overview of Share-Related Administration of the Reporting Company

Fiscal year	From April 1 to March 31
Annual General Meeting of Shareholders	In June
Record date	March 31
Record date for dividends of surplus	September 30 March 31
Number of shares constituting one unit	100 shares
Purchase and sale of shares less than one unit	
Business handling office	(Special account) Osaka Corporate Agency Division, Mitsubishi UFJ Trust and Banking Corporation, 6-3 Fushimimachi 3-chome, Chuo-ku, Osaka
Shareholders' registry management agent	(Special account) Mitsubishi UFJ Trust and Banking Corporation, 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Offices available for repurchase	―
Charges for purchase and sales	No charges.
Method of public notice	The method of public notices of the Company shall be electronic public notices; provided, however, that in the event that electronic public notice is unavailable due to an accident or any other unavoidable reason, the public notice shall be given in the manner of the publication in the Nikkei (*Nihon Keizai Shimbun*) newspaper. The URL for the public notices of the Company is as follows: https://www.iwatani.co.jp/eng/
Special benefits to shareholders	Not applicable

Notes: 1. In addition to the matters stated above, the Company's Articles of Incorporation stipulate that when needed, the Company may specify a certain date as the record date as long as prior public notice is given.

2. In regard to rights pertaining to shares of less than one share unit, the Company's Articles of Incorporation stipulate that no rights may be exercised other than the rights as follows:

(1) Rights stated in any of the items of article 189, paragraph 2, of the Companies Act.

(2) The right to request the acquisition of shares with a put option.

(3) The right to receive an allocation of shares for subscription and share acquisition rights for subscription in proportion to the number of shares held by the shareholder.

(4) The right to request the sale of a number of shares that, when combined with the number of shares of less than one unit held by the shareholder, becomes a number of shares constituting one unit.

VII. Reference Information on the Reporting Company

1. Information on the parent company or equivalent of the reporting company

   The Company has no parent company or equivalent.

2. Other reference information

   The Company filed the following documents in the period from the beginning of the fiscal year under review to the date of submission of the Annual Securities Report.

   (1) Annual Securities Report and its attachments and Confirmation Letter

   The 82nd Fiscal Year (April 1, 2024 to March 31, 2025)
   Filed to Director-General of the Kanto Local Finance Bureau on June 17, 2025

   (2) Internal Control Report and its attachments

   Filed to Director-General of the Kanto Local Finance Bureau on June 17, 2025

   (3) Semi-annual Securities Report and Confirmation Letter

   1H of the 83rd term (April 1, 2025 to September 30, 2025)
   Filed to Director-General of the Kanto Local Finance Bureau on November 11, 2025

   (4) Extraordinary Report

   Extraordinary Report based on the provisions of Article 19, paragraph (2), item (ix)-2 of the Cabinet Office Order on Disclosure of Corporate Affairs (Results of the exercise of voting rights at the General Meeting of Shareholders)

   Filed to Director-General of the Kanto Local Finance Bureau on June 19, 2025

   Extraordinary Report based on the provisions of Article 19, paragraph (2), item (xii) of the Cabinet Office Order on Disclosure of Corporate Affairs (An event that may have serious effects on the financial position, operating results and cash flow status)

   Filed to Director-General of the Kanto Local Finance Bureau on August 8, 2025

Part II. Information on Guarantors, Etc. for the Reporting Company

Not applicable

TRANSLATION
Following is an English translation of the Independent Auditor's Report on the Financial Statements and Internal Control Over Financial Reporting filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information.

Independent Auditor's Report on the Financial Statements and Internal Control Over Financial Reporting

June 16th, 2026

To the Board of Directors of Iwatani Corporation :

KPMG AZSA LLC
Osaka Office, Japan

Koji Yasui
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Hiroshi Kubota
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Iwatani Corporation ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group") provided in the "Financial Information" section in the company's Annual Securities Report, which comprise the consolidated balance sheet as at March 31, 2026 and the consolidated statement of income, comprehensive income, statement of changes in net assets and statement of cash flows for the year then ended March 31, 2026, and a summary of significant accounting policies, other explanatory information and supplementary schedules, in accordance with Article 193-2(1) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2026, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements in Japan (including those that are relevant to our audit of the consolidated financial statements of public interest entities), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit

of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><td colspan="2">Appropriateness of the Company's determination of the accounting period in which revenue was recognized</td></tr>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>As described in the Notes to consolidated Financial Statements − Note 3. "Segment Information, etc., 3. Information related to sales, operating income (loss), assets and other items by reportable segment," the Group's net sales to external customers by segment amounted to ¥367,732 million for Integrated Energy, ¥288,730 million for Industrial Gases & Machinery, ¥218,377 million for Materials, and ¥33,681 million for other businesses. The Company's net sales accounted for a significant portion of each of these sales amounts.

Under the core principles of the Revenue Recognition Standards, entities shall recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entities expect to be entitled in exchange for those goods or services.

As described in Notes to consolidated Financial Statements. "Summary of Major Accounting Policies, 4 Accounting policy for recognition of revenues and expenses," the Company recognizes revenue from the sale of products and goods at the time of delivery as the performance obligations are deemed to be satisfied upon delivery. However, for sales of products and goods in Japan, the Group recognizes revenue at the time of shipment when control is transferred to the customer within a normal period of time.

In this regard, there is a potential risk that revenue from sales may be recognized at a time when performance obligations are not yet satisfied for the following reasons:

● The Company sells a wide variety of goods to a number of different customers, including domestic consumers, domestic small and medium-sized businesses to large-scale corporations, and overseas enterprises. Accordingly, there are various types of sales contracts; and

● A certain degree of pressure exists to achieve the Medium-term Management Plan, or "PLAN27," which started in the fiscal year ended March 31, 2024.

We, therefore, determined that our assessment of the appropriateness of the Company's determination of which accounting period revenue was recognized was the most significant matter in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.</td><td>The primary procedures we performed to assess whether revenue was recognized in the appropriate accounting period included the following:

(1) Internal control testing

We tested the design and operating effectiveness of certain of the Company's internal controls relevant to the process of recognizing revenue. In this assessment, we focused our testing on controls used to ensure that revenue is recognized for each transaction based on supporting documents evidencing that a performance obligation was satisfied, as well as controls related to sales discounts and adjustments.

(2) Assessment of whether revenue was recognized in the appropriate accounting period

In order to assess whether revenue was recognized in the appropriate accounting period, we performed the following procedures among others:

● We selected sales transactions that had a higher risk of exception based on a budget-to-actual results analysis, and traced selected transactions to the supporting documents evidencing that the performance obligation for the transaction was satisfied; and

● We analyzed sales transactions for any unusual items, such as those recorded before the year-end but subsequently reversed after the year-end.</td></tr>
</table>

Other Information

The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements, the financial statements, and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with corporate auditors and the board of corporate auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Internal Control Report

Opinion

We also have audited the accompanying internal control report of Iwatani Corporation as at March 31, 2026, in accordance with Article 193-2(2) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying internal control report, which states that the internal control over financial reporting was effective as at March 31, 2026, presents fairly, in all material respects, the results of the assessments of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan**.**

Basis for Opinion

We conducted our audit of the internal control report in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Internal Control Report* section of our report. We are independent of the Group in accordance with the ethical requirements in Japan (including those that are relevant to our audit of the consolidated financial statements of public interest entities), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Internal Control Report

Management is responsible for the design and operation of internal control over financial reporting and the preparation and fair presentation of the internal control report in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing and examining the design and operation of internal control over financial reporting.

Internal control over financial reporting may not completely prevent or detect financial statement misstatements.

Auditor's Responsibilities for the Audit of the Internal Control Report

Our objectives are to obtain reasonable assurance about whether the internal control report is free from material misstatement based on our audit of the internal control report and to issue an auditor's report that includes our opinion.

As part of our audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform procedures to obtain audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. The procedures for the audit of the internal control report are selected and performed, depending on the auditor's judgment, based on significance of effect on the reliability of financial reporting.
- Evaluate the overall presentation of the internal control report, including the appropriateness of the scope, procedures and results of the assessments that management presents.
- Plan and perform the audit of the internal control report to obtain sufficient appropriate audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the internal control report. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of our audit of the internal control report, the results thereof, material weaknesses in internal control identified during our audit of internal control report, and those that were remediated.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Fee-related Information

Fees paid or payable to our firm and network firms for audit and non-audit services provided to the Company and its consolidated subsidiaries are described in Status of Corporate Governance, etc., (3) Audits included in "Information about Reporting Company."

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company and its subsidiaries which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.

TRANSLATION
Following is an English translation of the Independent Auditor's Report filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information.

Independent Auditor's Report

June 16th, 2026

To the Board of Directors of Iwatani Corporation :

KPMG AZSA LLC
Osaka Office, Japan

Koji, Yasui
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Hiroshi Kubota
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, a summary of significant accounting policies and the related notes, and the accompanying supplementary schedules ("the financial statements and the accompanying supplementary schedules") of Iwatani Corporation. ("the Company") as at March 31, 2026 and for the year from April 1, 2025 to March 31, 2026 in accordance with Article 193-2(1) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and the accompanying supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules* section of our report. We are independent of the Company in accordance with the ethical requirements in Japan (including those that are relevant to our audit of the financial statements of public interest entities), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(Appropriateness of the Company's determination of the accounting period in which revenue was recognized)

The Key Audit Matter "Appropriateness of the Company's determination of the accounting period in which revenue was recognized" that would otherwise be described in the auditor's report on the financial statements is substantially the same as the Key Audit Matter presented in the auditor's report on the consolidated financial statements. Accordingly, we have not included a description of this matter in the auditor's report on the financial statements.

Other Information

The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements, the financial statements, and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Fee-related Information

Fee-related information is described in the auditor's report on the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company and its subsidiaries which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:
This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.

[Cover page]

[Document title]	Internal Control Report
[Clause of stipulation]	Article 24-4-4, paragraph (1) of the Financial Instruments and Exchange Act
[Place of filing]	Director-General of the Kanto Local Finance Bureau
[Filing date]	June 16, 2026
[Company name]	*Iwatani Sangyo Kabushiki Kaisha*
[Company name in English]	Iwatani Corporation
[Title and name of representative]	Hiroshi Majima, President and CEO
[Title and name of chief financial officer]	Not applicable
[Address of registered head office]	6-4, Hommachi 3-chome, Chuo-ku, Osaka
[Place for public inspection]	Tokyo Head Office, Iwatani Corporation (3-1, Hamamatsu-cho 2-chome, Minato-ku, Tokyo) Kobe Branch, Iwatani Corporation (80, Kyomachi, Chuo-ku, Kobe) Chubu Block Branch, Iwatani Corporation (23-20, Marunouchi 3-chome, Naka-ku, Nagoya) Metropolitan Block Branch, Iwatani Corporation (9-18, Shinyokohama 3-chome, Kohoku-ku, Yokohama) Kanto Block Branch, Iwatani Corporation (1071-2, Shimoochiai, Chuo-ku, Saitama) Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

1. Basic framework for internal controls regarding the financial reporting

Hiroshi Majima, President and CEO, is responsible for the design and operation of internal control over financial reporting, and has designed and operated internal control over financial reporting in accordance with the basic framework for internal control set forth in “On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)” released by the Business Accounting Council.

Note that the internal control framework comprises the organic linking of various basic internal control elements that are integrated and function together to achieve objectives within a reasonable scope. Therefore, there may be cases in which it fails to function due to errors in judgement, negligence, or collusion between multiple supervisors, or cases in which it is unable to manage events such as unforeseen changes in the environment within or outside organizations or non-routine transactions. Accordingly, internal control over financial reporting may not fully prevent or detect misstatements in financial reporting.

2. Scope of assessment, record date, and assessment procedures

The assessment of internal control over financial reporting was made with March 31, 2026 as the record date, which is the last day of the fiscal year ended, and in the assessment, we complied with assessment standards for internal control over financial reporting generally accepted in Japan.

In this assessment, we assessed internal control that significantly affects the entire financial reporting (company-level controls), and then, based on the result of such assessment, selected business processes as subjects for assessment. In the assessment of the business processes, we made an assessment of effectiveness of internal control by analyzing the selected business processes, and then identifying key controls that have significant impact on credibility of financial reporting and assessing the design and operation for the key controls.

As for the scope of the assessment of internal control over financial reporting, a necessary scope was determined from the viewpoint of significance of impact on credibility of financial reporting for the Company and its consolidated subsidiaries and entities accounted for using equity method.

For company-level internal controls and business processes pertaining to financial reporting for which assessment from a company-wide perspective was deemed appropriate, all business locations were, in principle, subject to assessment and the scope of the assessment of process-level internal controls was reasonably determined based on the results of these assessments. Business locations determined to be of low importance in terms of financial or material impact, as well as the likelihood of such impacts occurring, were excluded from the scope of the assessment.

In the scope of the assessment of process-level internal controls, net sales were deemed to be an appropriate indicator for assessing the importance of business locations, as there was no significant difference in the profit levels of each business location other than the parent company. Significant business locations were identified to ensure that each of the Integrated Energy, Industrial Gases & Machinery, and Materials businesses were subjected to a comprehensive assessment. The basis for selection was that each location, including the parent company, achieved a total amount of the previous fiscal year’s net sales (after eliminating transactions between consolidated companies) that was roughly two thirds of consolidated net sales for that same year. In regard to entities accounted for using equity method, business locations deemed to have a considerable impact on consolidated financial statements were selected, based on consideration of the importance of equity in losses (earnings) of affiliates. At the identified significant business locations, business processes related to accounting items that are significantly connected to the Company’s business objectives, namely net sales, purchase turnover, accounts receivable, and inventories, were subject to assessment as these were determined to be important for general investors and other stakeholders when using financial statements to assess the operating results and financial status, etc., of the Company’s main businesses. Furthermore, after taking into consideration their impact on financial reports, business processes associated with important accounting items involving estimates and forecasts, such as the recoverability of deferred tax assets and impairment of non-current assets, were subject to assessment. These assessments were conducted at business locations involved in business processes pertaining to financial reporting, regardless as to whether they were identified as a significant business location or not.

3. Results of the assessment

As a result of the above assessment, we judged that the Company’s internal control over financial reporting was effective as of the end of the fiscal year under review.

4. Supplementary notes

Not applicable

5. Special notes

Not applicable

[Cover page]

[Document title]	Confirmation Letter
[Clause of stipulation]	Article 24-4-2, paragraph (1) of the Financial Instruments and Exchange Act
[Place of filing]	Director-General of the Kanto Local Finance Bureau
[Filing date]	June 16, 2026
[Company name]	*Iwatani Sangyo Kabushiki Kaisha*
[Company name in English]	Iwatani Corporation
[Title and name of representative]	Hiroshi Majima, President and CEO
[Title and name of chief financial officer]	Not applicable
[Address of registered head office]	6-4, Hommachi 3-chome, Chuo-ku, Osaka
[Place for public inspection]	Tokyo Head Office, Iwatani Corporation (3-1, Hamamatsu-cho 2-chome, Minato-ku, Tokyo) Kobe Branch, Iwatani Corporation (80, Kyomachi, Chuo-ku, Kobe) Chubu Block Branch, Iwatani Corporation (23-20, Marunouchi 3-chome, Naka-ku, Nagoya) Metropolitan Block Branch, Iwatani Corporation (9-18, Shinyokohama 3-chome, Kohoku-ku, Yokohama) Kanto Block Branch, Iwatani Corporation (1071-2, Shimoochiai, Chuo-ku, Saitama) Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

1. Appropriateness of the descriptions in this Annual Securities Report

   Hiroshi Majima, the Company's President and CEO confirmed that information contained in the Company's Annual Securities Report for the 83rd Fiscal Year (from April 1, 2025 to March 31, 2026) was described appropriately in accordance with the Financial Instruments and Exchange Act and related regulations.

2. Special notes

   There are no matters to be noted.