

Value Creation Process

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Value Creation Process

ENVIRONMENT

Business Environment



Resources and Energy

- Securing stable supplies of resources and energy
- Growing geopolitical risks



Environment

- Measures against climate change and natural disasters
- Transition to carbon-free society



Society

- Responses to depopulation and aging society
- Diversification of consumer values
- Growing demand for social sustainability

INPUT

Management Capital

Financial Capital

- Total assets **¥834.3 billion**
- Equity ratio **43.4%**

Manufacturing Capital

- Nationwide LPG and industrial gas networks to realize stable supplies

Intellectual Capital

- Technological development capabilities at the Iwatani R&D Center and the Iwatani Advanced Hydrogen Technology Center
- Gas and energy handling technologies and advanced safety structures

Human Capital

- Consolidated number of employees: **11,332**
- Promoting diversity and inclusion
- Certified and specialized human resources supporting manufacturing and safety
- HR development systems to achieve continuing growth for employees

Social and Relationship Capital

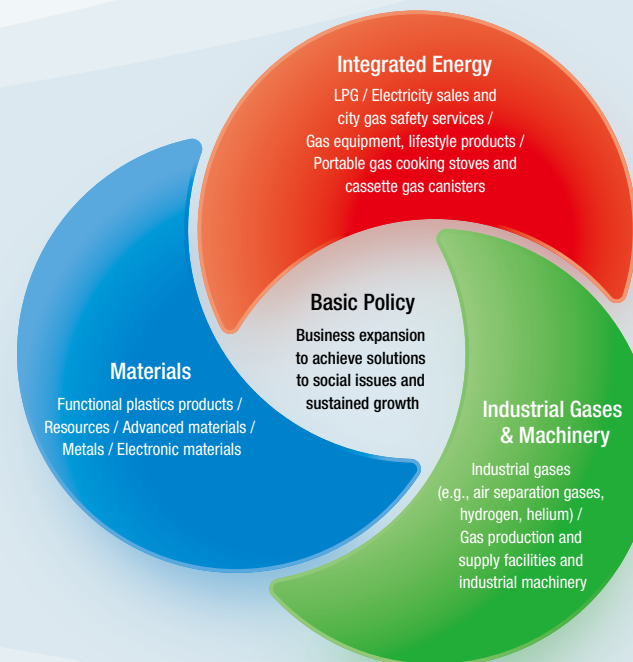
- Nationwide customer base in the LPG business
- Strong LPG and industrial gas dealership networks
- Strong relationships with overseas suppliers
- Hydrogen business alliances

Natural Capital

- Energy use in Japan (total converted to caloric value): **1,736 TJ**

BUSINESS MODEL

Business Activities



Iwatani Code of Corporate Ethics

The Iwatani Group Environmental Charter

Corporate Philosophy
Become a person needed by society,
as those needed by society can prosper

OUTPUT/OUTCOME

Business Results, Value Provided to Stakeholders

Long-term vision: **Creation of a more comfortable space on the Earth**

Development of a CO₂-free hydrogen supply chain

Promotion of a resource-circulating society

Provision of infrastructure and services that support local communities

Enhancement of the management foundations to promote sustained growth

Shareholders

Operating profit (excluding the impact of LPG import price fluctuations)

¥49.8 billion

ROE
14.3%

ROIC
6.7%

Payout ratio
15.8%

Employees

Iwatani nonconsolidated

Ratio of female managers
6.9%

Annual training costs per employee
¥118,000

Percentage of childcare leave taken by male employees
55.9%

Customers, Suppliers

LPG wholesale/retail market share in Japan
No. 1

Hydrogen market share in Japan (including liquid hydrogen)
Approx. 70%

Helium market share in Japan
Approx. 50%

Industry, Local Communities

Enhancing disaster resilience through improving Core LPG Centers
Providing services that contribute to social solutions

Global Environment

CO₂ emissions from business activities
Approx. 220,000 t

CO₂ emissions reductions in society through use of eco-friendly products (e.g., fuel conversion, hydrogen supply for FCVs, growth in PKS sales)
Approx. 750,000 t

* Figures are for FY2023, end of March 2024.

Value Creation Capital

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

 <p>Financial Capital</p>	<p>Sound financial foundations to enable proactive investment in growth</p> <ul style="list-style-type: none"> ● Sustained earning ability and steady enhancements in financial foundations ● Utilizing interest-bearing debt in active investment ● Maintaining an external credit rating of A 	<ul style="list-style-type: none"> ● Total assets ¥834.3 billion ● Operating profit ¥49.8 billion (excluding the impact of LPG import price fluctuations) ● Equity ratio 43.4% ● Net D/E ratio 0.60 ● External financial rating A+ (Japan Credit Rating Agency)
 <p>Manufacturing Capital</p>	<p>LPG and industrial gases networks to realize stable supply</p> <ul style="list-style-type: none"> ● Stable supply structures utilizing extensive internal and external networks ● LPG business: Import, filling, and transport facilities nationwide ● Industrial gases business: Domestic and international supply chains 	<ul style="list-style-type: none"> ● LPG sites (As of May 31, 2024) Import terminals 5 sites / Pressurized terminals (LPG terminals) 2 sites Filling stations 108 sites / Core LPG Centers* included above 61 sites <small>* Core LPG Centers: Disaster-resistant centers equipped with seismic retrofitting, emergency power generators, and other improvements</small> ● Industrial gas sites Japan Industrial gas centers 21 sites / Hydrogen plants 11 sites / Air-separation plants 9 sites Helium centers 2 sites / Liquefied carbon dioxide plants, etc. 6 sites Overseas sites 11 sites ● Hydrogen-refueling stations Japan 51 sites / Overseas 8 sites
 <p>Intellectual Capital</p>	<p>Technological development facilities to support our businesses; Gas and Energy handling technologies built up over the years</p> <ul style="list-style-type: none"> ● Technological strengths amassed by the Iwatani R&D Center over the years in gas and energy fields ● R&D to realize a carbon-free society, advanced by the Iwatani Advanced Hydrogen Technology Center 	<ul style="list-style-type: none"> ● Joint R&D projects with national projects and public research institutes 9 projects in total ● Center visitors 5,350 persons from 1,397 companies
 <p>Human Capital</p>	<p>Diverse human resources capable of tackling the challenges of creating new value; specialized human resources to support sustained growth</p> <ul style="list-style-type: none"> ● Maintaining an environment in which diverse human resources can demonstrate their abilities to the fullest ● Providing various training programs to support individual growth 	<ul style="list-style-type: none"> ● Consolidated number of employees 11,332 ● Ratio of female new graduates in career track 16.3% (FY2024 [nonconsolidated]) ● Investment in HR development Approx. ¥150 million/year ● Certified and specialized human resources supporting manufacturing and safety High-pressure gas production safety managers: 896 High-pressure gas sales managers: 325
 <p>Social and Relationship Capital</p>	<p>Bonds of trust with customers and trading partners serving as the foundation for growth</p> <ul style="list-style-type: none"> ● Dealership network to deliver value nationwide ● Enhancing relationships with suppliers essential to creating new value and ensuring stable supply 	<ul style="list-style-type: none"> ● LPG customers Wholesale customers: 3.3 million households Direct sales customers included above: 1.11 million households ● Strong ties to dealerships Marui-Kai members*1: 1,400 Iwatani-Kai members*2: 184 <small>*1 LPG dealership network *2 Industrial gases dealership network</small>
 <p>Natural Capital</p>	<p>Efforts to achieve a carbon-free society</p> <ul style="list-style-type: none"> ● Decarbonization of business activities ● Providing products and services to decarbonize customer business activities 	<ul style="list-style-type: none"> ● Contributions to CO₂ emissions reductions CO₂ emissions from business activities: approx. 220 thousand tons CO₂ reductions in society through environmental products: approx. 750 thousand tons

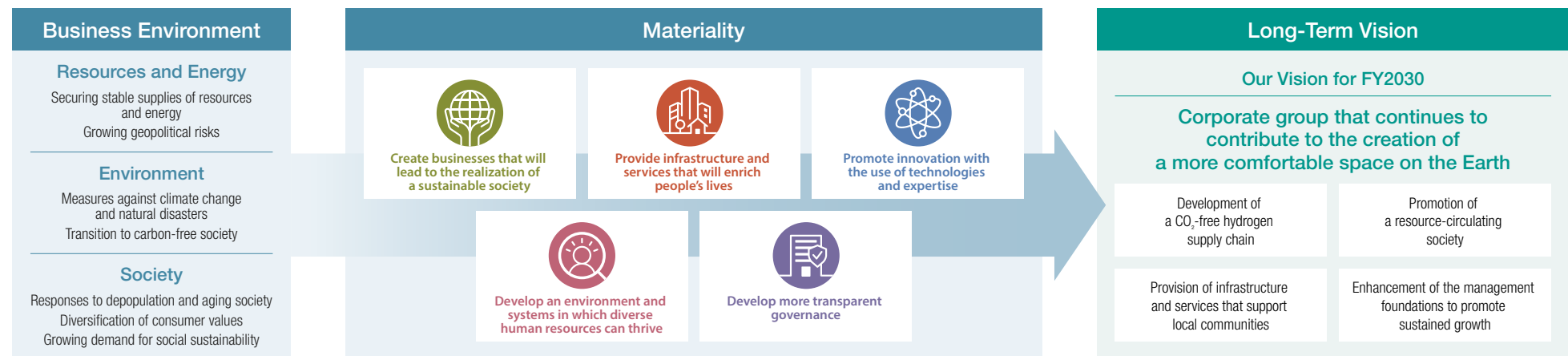
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Key Issues for Realizing the Long-Term Vision (Materiality)

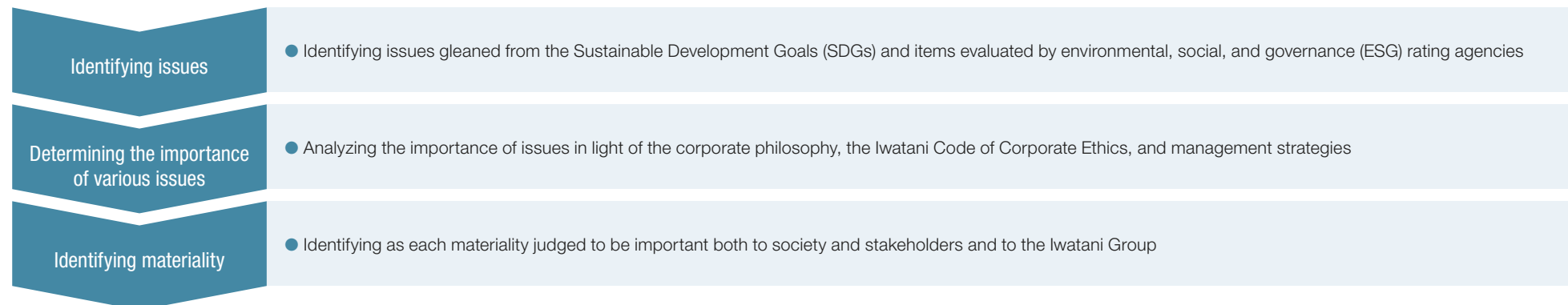
Materiality Topics

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

We have also identified materiality topics as key issues for realizing the Long-Term Vision.




























Materiality Identification Process



Key Issues for Realizing the Long-Term Vision (Materiality)

The medium-term management plan, PLAN27, establishes five priority measures based on the five identified materiality topics. We will make progress on addressing the materiality topics by achieving the priority measures and targets of PLAN27.

Materiality	Related SDGs	Related Priority Measures
 <p>Create businesses that will lead to the realization of a sustainable society</p> <ul style="list-style-type: none"> Promote commercialization of a CO₂-free hydrogen supply chain Develop and expand low-/zero-carbon solutions Deliver stable supplies of resources and strengthen resource circulating businesses 	    	<ul style="list-style-type: none"> Hydrogen Strategies [→ P.18] Carbon-Free Strategies [→ P.23] Overseas Strategies [→ P.27] Climate Change Response (non-financial strategies) [→ P.30]
 <p>Provide infrastructure and services that will enrich people's lives</p> <ul style="list-style-type: none"> Maintain resilient LPG supply chains and strengthen disaster prevention measures Embody Iwatani GateWay concept Extend cartridge gas business overseas and develop new products 	    	<ul style="list-style-type: none"> Domestic Energy & Service Strategies [→ P.25] Overseas Strategies [→ P.27]
 <p>Promote innovation with the use of technologies and expertise</p> <ul style="list-style-type: none"> Develop and market technologies for the social implementation of hydrogen Establish and implement green LPG technology Develop applications for and strengthen quality control and safety of industrial gases 	    	<ul style="list-style-type: none"> Hydrogen Strategies [→ P.18] Carbon-Free Strategies [→ P.23] Technology Strategy (non-financial strategies) [→ P.39]
 <p>Develop an environment and systems in which diverse human resources can thrive</p> <ul style="list-style-type: none"> Establish systems to enhance employee engagement Create workplace environments where diversity is accepted and valued Recruit and develop people who respond to change and continue to create value 	  	<ul style="list-style-type: none"> Human Resource Strategy (non-financial strategies) [→ P.34]
 <p>Develop more transparent governance</p> <ul style="list-style-type: none"> Fulfill the functions of the Board of Directors and secure its diversity Promote dialogue with stakeholders Strengthen risk management system 	 	<ul style="list-style-type: none"> Corporate Governance [→ P.45] Messages from Outside Member of the Board [→ P.47] IR Activities [→ P.52]