

2023-2030

Medium-Term Business Plan



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FY2021-FY2022
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FY2023-FY2030
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FY2023-FY2024

Review of Medium-Term Business Plan, SHIFT! 2022

FY2021-FY2022

SHIFT! 2022 Performance Report

Basic Policy	Results
Maintaining and expanding the customer base	<ul style="list-style-type: none"> Expansion of the trading area by acquiring LP gas business operators Enhancement of customer base by securing electric power customers
Deepening the environment & energy businesses	<ul style="list-style-type: none"> Introduction of renewable diesel for a broader range of applications, expansion of the AdBlue value chain Start of collaboration with Smart Solar Corporation, construction, and operation of LNG bunkering vessels
Cultivating next-generation human resources	<ul style="list-style-type: none"> Enhancing collaboration across business divisions, etc., through cross-functional approaches Developing overseas business personnel through overseas on-the-job training
Qualitative Evaluation	Although environment and energy business efforts are ongoing, we have largely achieved the contents set forth in the basic policy.

Quantitative Plan Results	2021			2022		
	Plan	Results	Evaluation	Plan	Results	Evaluation
Net profit	¥12.5 billion	¥13.2 billion	○	¥13.0 billion	¥13.8 billion	○
ROE	9.0% or more	9.4%	○	9.0% or more	9.3%	○
Substantive operating cash flows	¥30.0 billion or more	¥33.8 billion	○	¥30.0 billion or more	¥37.3 billion	○
Consolidated dividend payout ratio	40% or more	41.1%	○	40% or more	40.8%	○

Investment Plan Results	Plan (total investment over two years)	Results for 2021	Results for 2022	Results (total investment over two years)	Evaluation
New and strategic business investment	¥40.0 billion	¥12.7 billion	¥9.4 billion	¥22.1 billion	×
CAPEX (capital and maintenance investment)	¥20.0 billion	¥9.5 billion	¥7.3 billion	¥16.8 billion	○

Review	Although progress has not been achieved with new investments, the plan has been achieved in terms of profitability and efficiency by strengthening onsite capabilities. Accelerating investment will be an issue for the future.
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Medium-Term Business Plan, ENEX2030

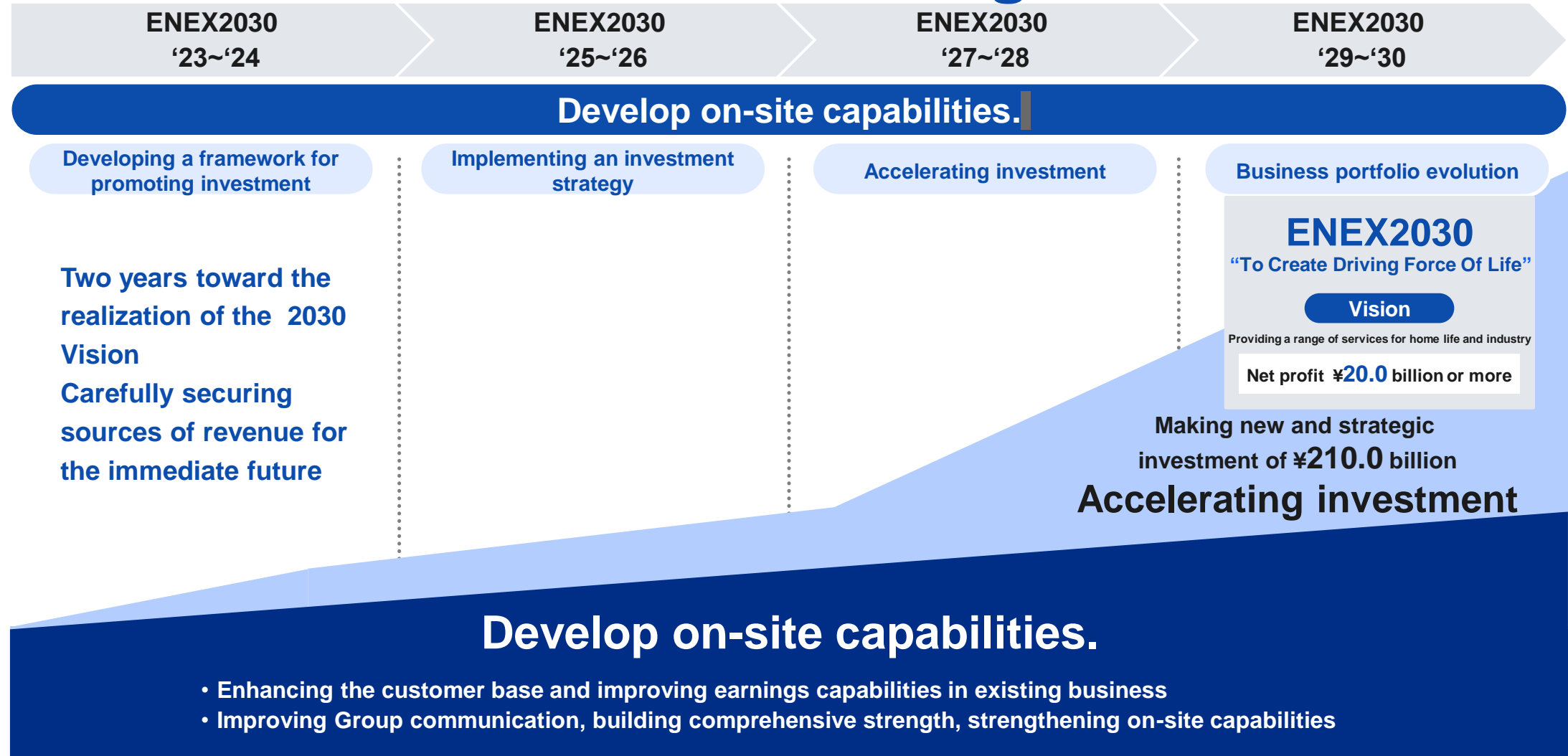
FY2023-FY2030

ENEX2030

To Create Driving Force Of Life

Striving for further growth and transformation through the provision of a range of energy and services for home life and industry

ENEX2030 “To Create Driving Force Of Life”



ENEX2030 Management Targets

Financial Indicators

Net profit

¥20.0
billion
or more

Substantive operating
cash flows

¥45.0
billion

ROE

9.0%
or more

New and strategic
business investment

¥210.0
billion

Non-financial Indicators

GHG emissions

50%
reduction
or more

(comparison with FY2018,
Scopes 1 and 2)

Ratio of female hires

30%
or above

Percentage of
female managers

10%

Ratio of childcare leave
taken by male employees

80%
or more

ENEX2030 '23-'24

FY2023-FY2024

Environmental Awareness and Market Conditions (2023-2024)

1	Concerns about global economic slowdown
2	Concerns about rising interest rates and uncertainty in the stock market both in Japan and overseas
3	Rising costs due to progressive global inflation
4	Accelerating the transformation to a carbon-neutral society
5	Uncertainty over energy supply and demand, and price trends in the international market
6	Changes in market conditions and industrial structure that lead to business opportunities

Based on our judgement that the business environment surrounding our company is uncertain, we are focusing on solidifying our immediate footing. At the same time, we regard change as an opportunity, and are engaged in active project discovery and development.

- **Positioning** **Developing a framework for achieving growth strategies by strengthening on-site capabilities and revenue base, in “preparation for realization of the 2030 Vision”**

- **Major Initiatives**

1

Develop on-site capabilities.

2

Developing a framework for making investments

3

Strengthening the organization and human resources

1 Develop on-site capabilities.

- **Evolving the profit model by combining the strengths of all employees and improving overall capabilities**
- **Promoting delegation of authority to speed up onsite decision making**
- **Introduction of personnel policies to evaluate onsite efforts and performance**

2 Developing a framework for making investments

- **Enhancing the ability to make investments (investment analysis, structuring, execution and review)**
- **Establishment of an Investment Strategy Department as a professional organizational unit for making investments**

3 Strengthening the organization and human resources

- **Development of human resources who can realize growth strategies**
- **Implementation of personnel, evaluation, and award systems to improve employee motivation**
- **Improving the efficiency of consolidated group management**

Management Targets

Financial Indicators

Net profit

¥13.5
Billion
(FY2023・2024)

Substantive operating CF

¥35.0
billion
each fiscal
period

Total amount of investments

¥60.0
Billion
(of which CAPEX,
¥16.0 billion)

ROE

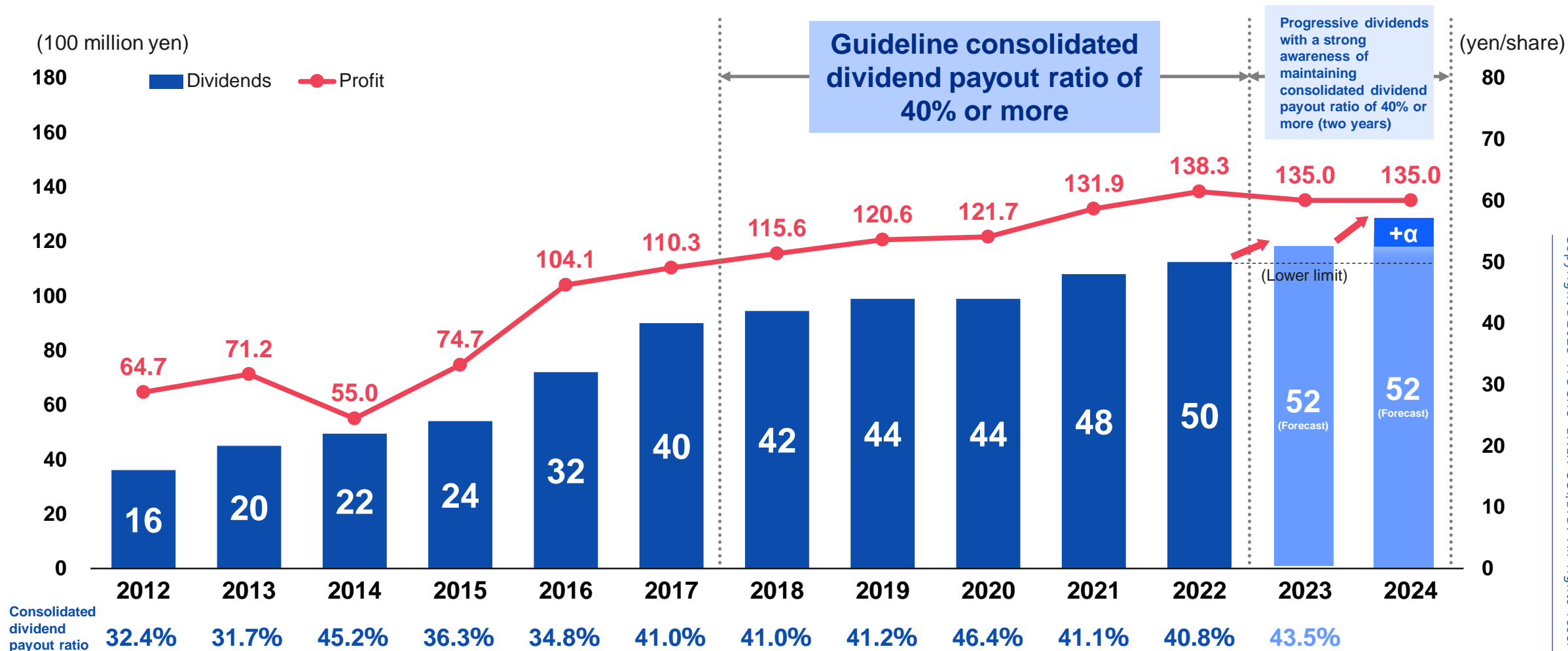
8~9%
(FY2023・2024)

Shareholder Returns

Dividend policy

Progressive dividends
Strong awareness of
maintaining consolidated
dividend payout ratio of
40% or more

Shareholder Returns



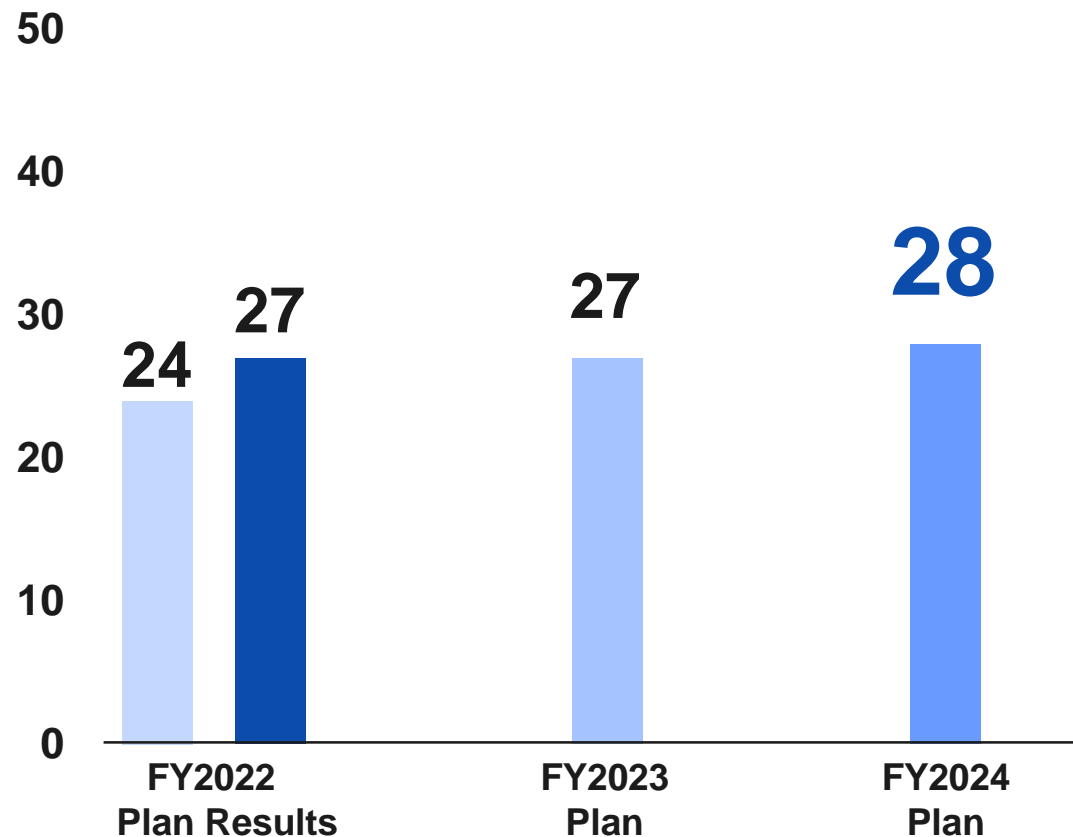
We have continued to maintain or increase dividends over the past 10 years

※In FY2020, a commemorative dividend of 6 yen will be paid separately (the consolidated dividend payout ratio includes the commemorative dividend).

Division Policies

■ Net profit plan and results

(100 million yen)



Medium-Term Business Plan

Priority Areas Going Forward

■ LP gas business

- Mergers and acquisitions, securing sales and strengthening revenue base
- Improving customer satisfaction by utilizing databases
- Further improvement of safety and quality

■ New businesses and services

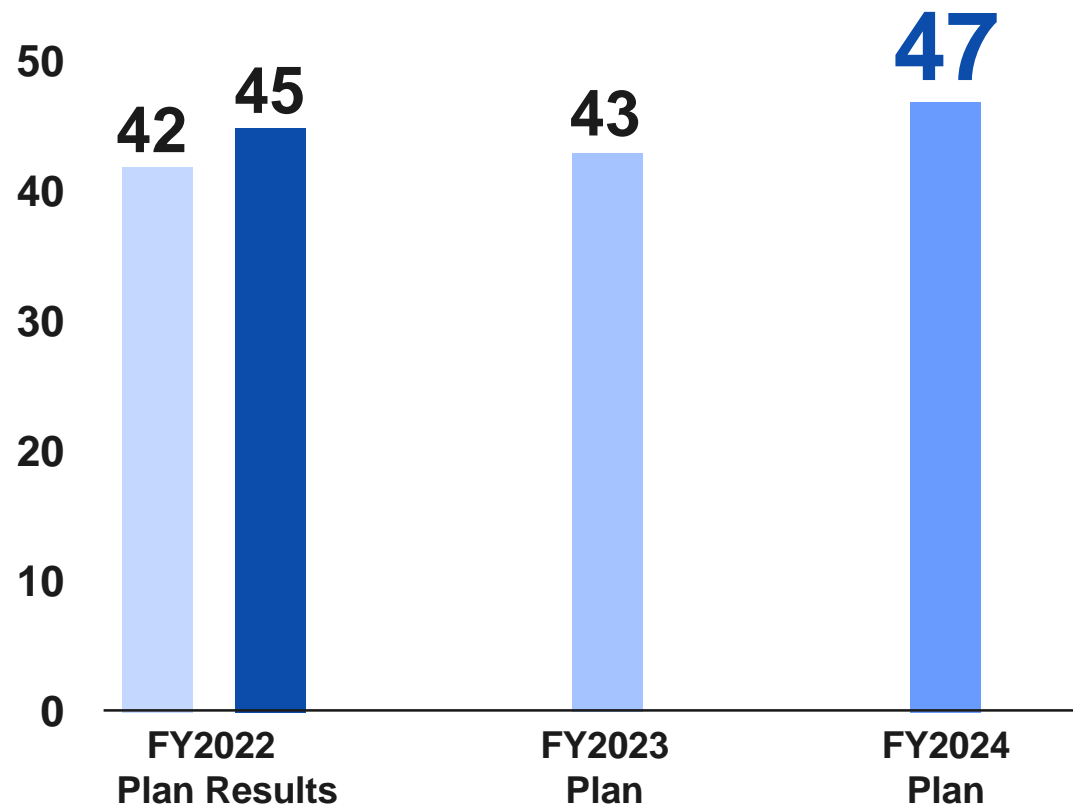
- Creation of new businesses (living environment, disaster countermeasures, etc.)
- Implementing measures through collaboration and synergies with other divisions

■ IT and digitalization

- Improving operational efficiency through the use of digital transformation (DX)
- Digitalization of safety / security operations
- Web marketing, etc.

■ Net profit plan and results

(100 million yen)



Medium-Term Business Plan

Priority Areas Going Forward

■ Petroleum wholesale business

- Expansion of the customer base
- Expansion of scale of car life / car-related goods sales business

■ Petroleum sales business

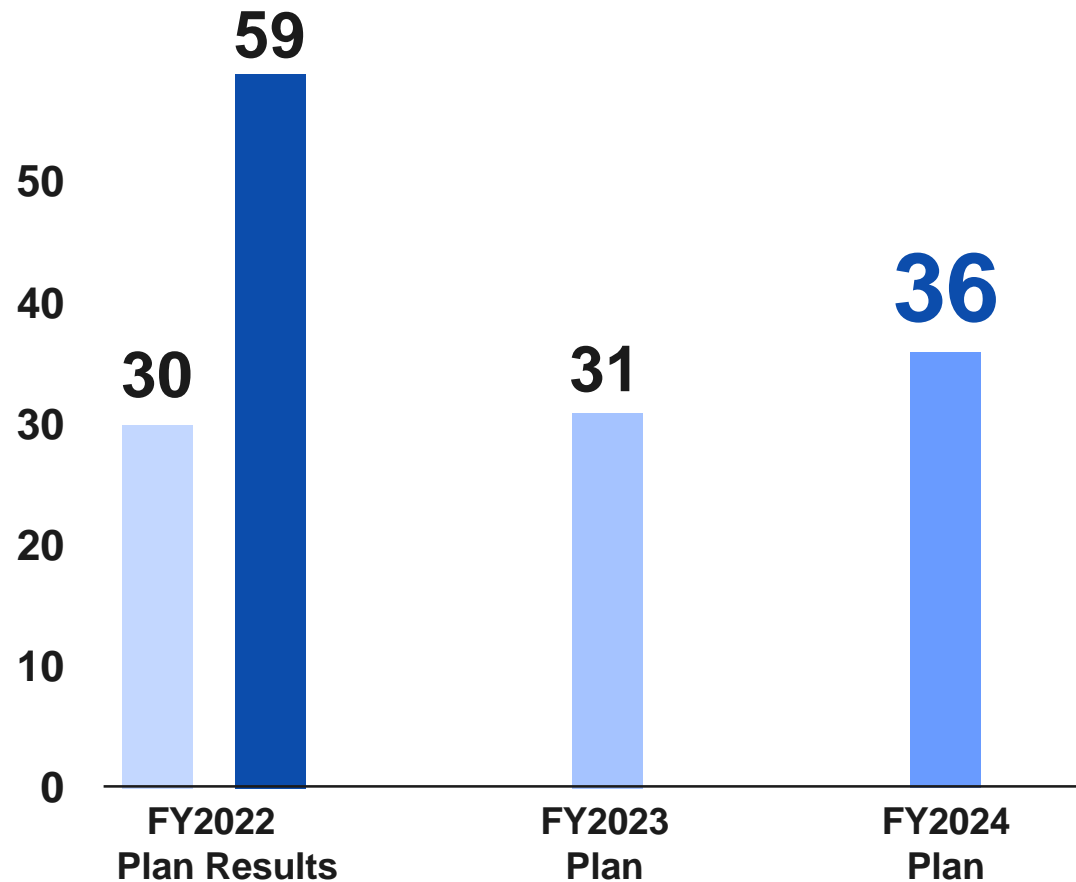
- Expansion of fleet refueling network
- Development of specialized services for each area

■ Mobility business

- Expansion of the mobility business
- Reconstruction of the car dealership network

■ Net profit plan and results

(100 million yen)



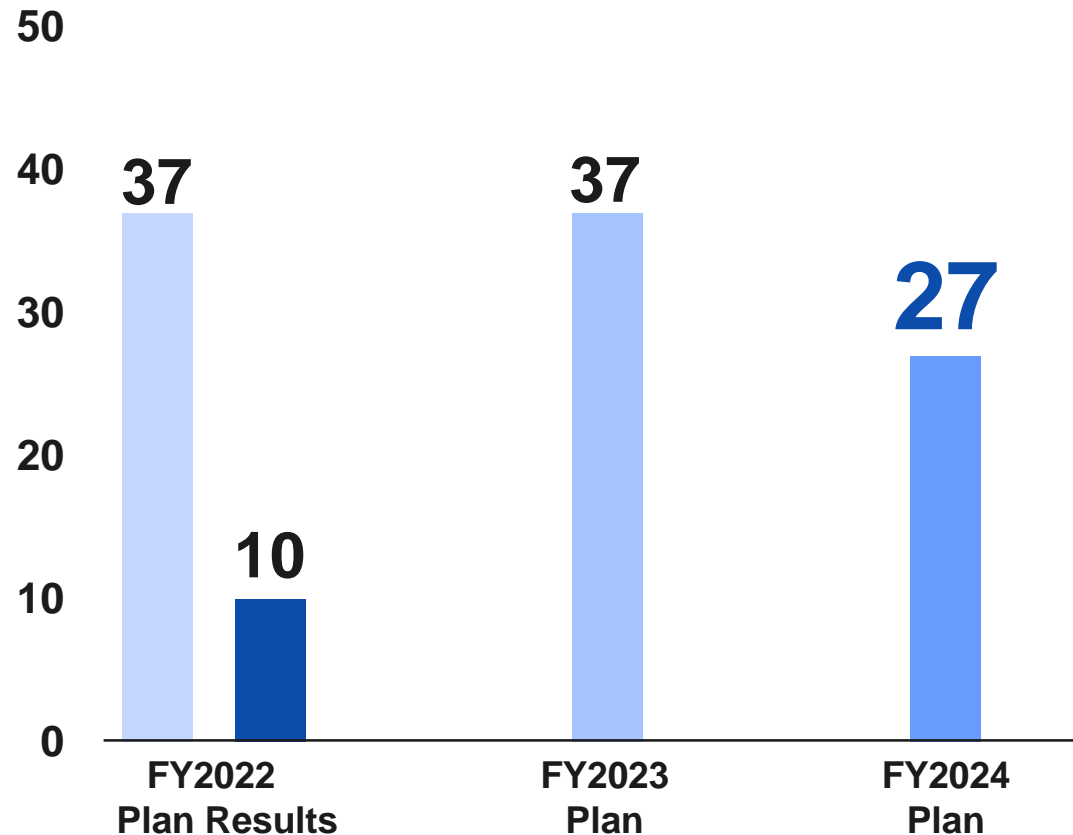
Medium-Term Business Plan

Priority Areas Going Forward

- **Further strengthening existing businesses**
 Seek to increase profits by strengthening our asphalt sales business, terminal operation business, environmental product sales business, corporate refueling card business, and marine fuel sales business
- **Development of new business**
 - Expanding into fields peripheral to existing businesses
 - Products that contribute to CO2 emission reductions
 - Developing services and human resources capable of promoting new businesses

■ Net profit plan and results

(100 million yen)



Medium-Term Business Plan

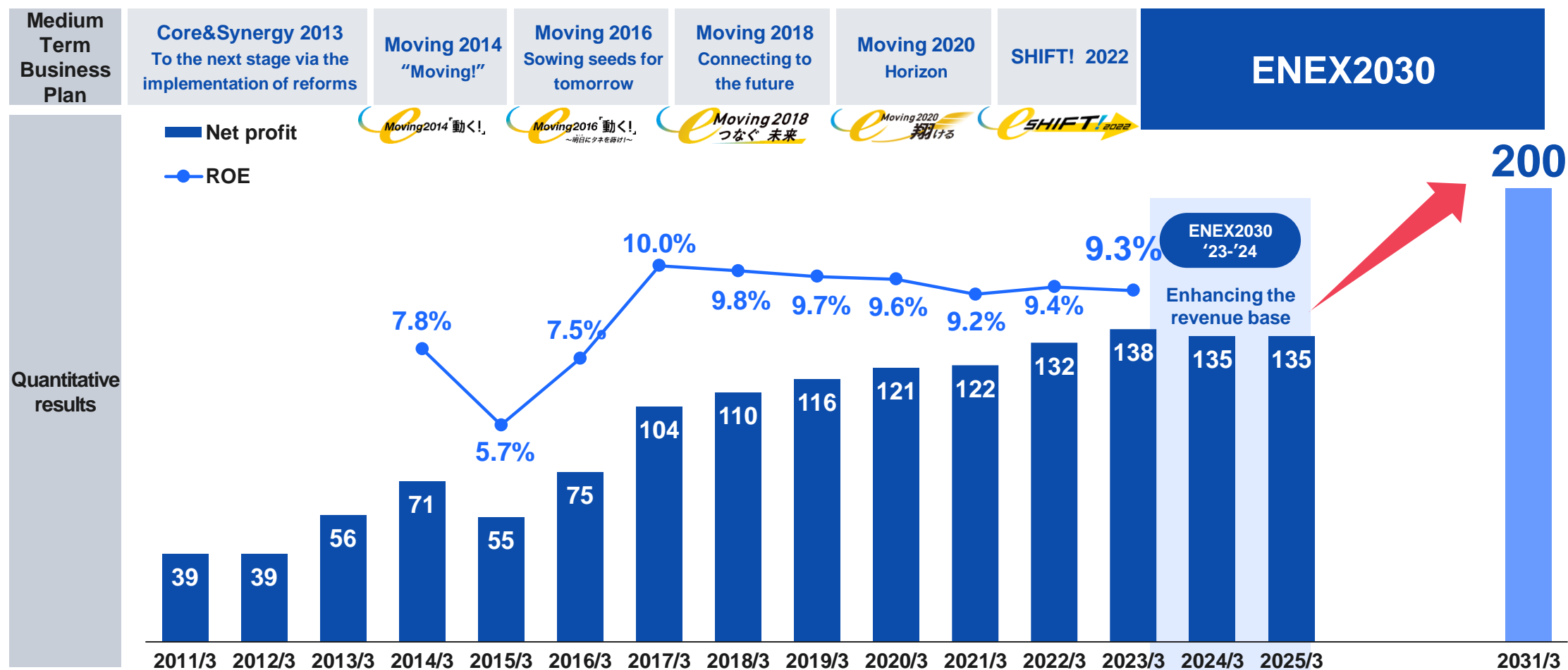
Priority Areas Going Forward

- **Expand customer base by utilizing electricity and DX**
 - Utilize electric power as a product to bundle with customer base for oil, gas, and mobility
 - Further expansion of the Group foundation through promotion of DX
- **Realizing decarbonization and offering economic advantages simultaneously**
 - Initiatives for more sustainable power generation projects (photovoltaic power, storage batteries, etc.)
 - Balance reduction of electricity procurement and supply costs and improvement of environmental value while strengthening supply and demand adjustment capabilities
- **Provision of new added-value services**
 - Create a system that makes power saving and power cost reduction fun and convenient
 - Creation of new services by combination with TERASEL products

Appendix

Trends in Profit and Changes in the Business Plan

- Aiming for profits of 20.0 billion yen or more after taxes in FY2030
- '23-'24 will be a period to develop a framework for strengthening our revenue base and realizing our growth strategy for further leaps ahead in the future



FY2023-FY2030

Make a cumulative total of 210.0 billion yen in new and strategic investments by FY2030.



Review of SHIFT! 2022

Qualitative Plan [Customer Base]

Expansion of the trading area by acquiring LP gas business operators



Expanded business base through acquisition of LP gas operators.
The number of households using the Group's LPG increased by 13,000 during the business plan period to 565,000.

Enhancement of customer base by securing electric power customers



Dramatically increased the number of customers by acquiring customers using digital methods. The number of households using the Group's electric power services increased by 81,000 during the business plan period to 334,000.

Review of SHIFT! 2022

Qualitative Plan [Environment & Energy]

Introduction of renewable diesel for a broader range of applications



Renewable diesel was introduced for use in tankers, buses, special loading businesses (large trucks for trunk transportation between bases), tugboats, etc. for the first time in Japan.

Rollout of self-consumption solar power generation service TERASEL Solar



To reduce CO₂ emissions and energy costs for customers, we introduced TERASEL Solar, a self-consumption solar power generation service, both in Japan and overseas.

2024 Construction and operation of LNG bunkering vessels in the Kyushu-Setouchi region



We build and operate LNG bunkering vessels that supply ships with LNG fuel, which has a low environmental impact. This is a joint venture with Kyushu Electric Power Co., Inc., Nippon Yusen Kabushiki Kaisha, and Saibu Gas Co., Ltd.

Expansion of the AdBlue value chain

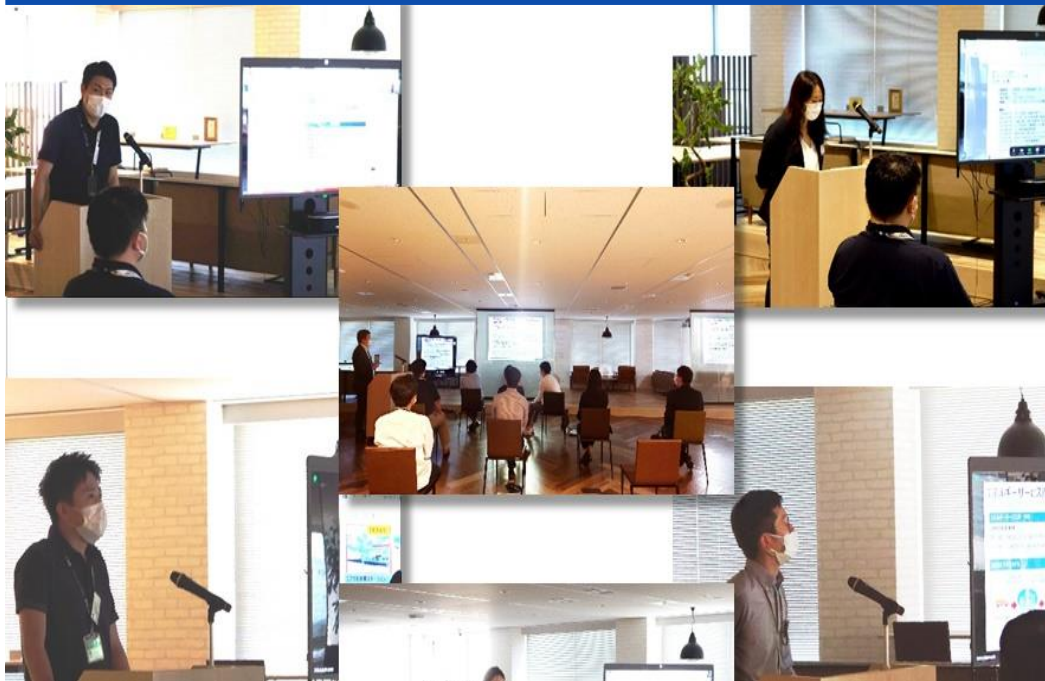


We have expanded our AdBlue manufacturing plant and distribution bases. In addition to increasing the supply volume, we are ensuring stable supply through our network of 26 distribution centers nationwide.

Review of SHIFT! 2022

Qualitative Plan [Human Resources]

Cross-functional training



A Group-wide cross-functional team was established in FY2022. More than 300 employees have participated in Group-wide cross-functional training, which aims to create a sense of solidarity and innovation.

Overseas on-the-job training



A second interim reporting session for overseas OJT trainees was held online, and reports were given on past efforts and future resolutions. Trainees will advance to the third phase of training in the next fiscal year.