

FY2020 Financial Results Progress and revisions to Medium Term Business Plan

Revised, 15th May, 2020



ITOCHU ENEX CO.,LTD.

(TSE first section, 8133)

Note

We pay close attention to the content of the material, but the Company and information providers will not be liable for any damage caused by errors in the information posted or damage suffered based on the information posted in this material.

The current plans and strategies of the Company posted in this material are forecasts prepared by the Company based on information currently available, and these future forecasts include risks and uncertainties. Accordingly, the actual results may differ materially from the forecasts posted. Please note that the Company does not guarantee the certainty of these forecasts.

- Unless otherwise noted, all the numerical values in this material are based on the International Financial Reporting Standards (IFRS).
- In this material, the notation has been replaced as follows.
“Profit from operating activities” ⇨ “Operating profit”
“Net profit attributable to Itochu Enex’s shareholders” ⇨ “Net profit”

Results Highlights

Overview of Financial Results for the Fiscal Year Ended March 31, 2020

- Net profit increased 500 million yen, or 4.3% year on year, marking a record high for the fifth consecutive year. This was driven by the Power & Utility business, which enjoyed significant growth of profit.
- The ratio of SG&A expenses to gross profit was 79.7%, suggesting that expenses were properly controlled as in the previous year.
- The amount of annual dividend is planned to be 44 yen per share, marking an increase for the seventh consecutive year.

Earnings Forecasts for the Fiscal Year Ending March 31, 2021

- Operating profit is forecast to be 16.0 billion yen, and net profit is expected to be 11.0 billion yen.
- Earnings forecasts were calculated by estimating the following effects of the COVID-19 coronavirus pandemic.
 - Oil, gas, and power businesses: Effects expected in the April to June quarter of 2020
 - Sales of cars: Expected to decline significantly in the April to June quarter of 2020 and continue to be affected for a while from July onwards
- Sales prices of oil products and others and exchange rate were calculated based on the current prices.
- In the fiscal year ending March 31, 2020, investments will be made by carefully selecting investment content. (Planned amount of investments for the year: 20.0 billion yen)

* We will promptly make an announcement when the plan needs to be revised due to the situation related to the COVID-19 coronavirus pandemic or similar conditions.

1. Overview of Financial Results for the Fiscal Year Ended March 31, 2020

- (1) Overview of the Entire Company**
- (2) Overview by Segment**

2. Progress of and Revisions to the Medium-Term Business Plan

- (1) Overview of the Entire Company**
- (2) Overview by Segment**

3. Countermeasures against the Coronavirus Pandemic

1. Overview of Financial Results for the Fiscal Year Ended March 31, 2020

(1) Overview of the Entire Company



Summary of Financial Results for FY2019

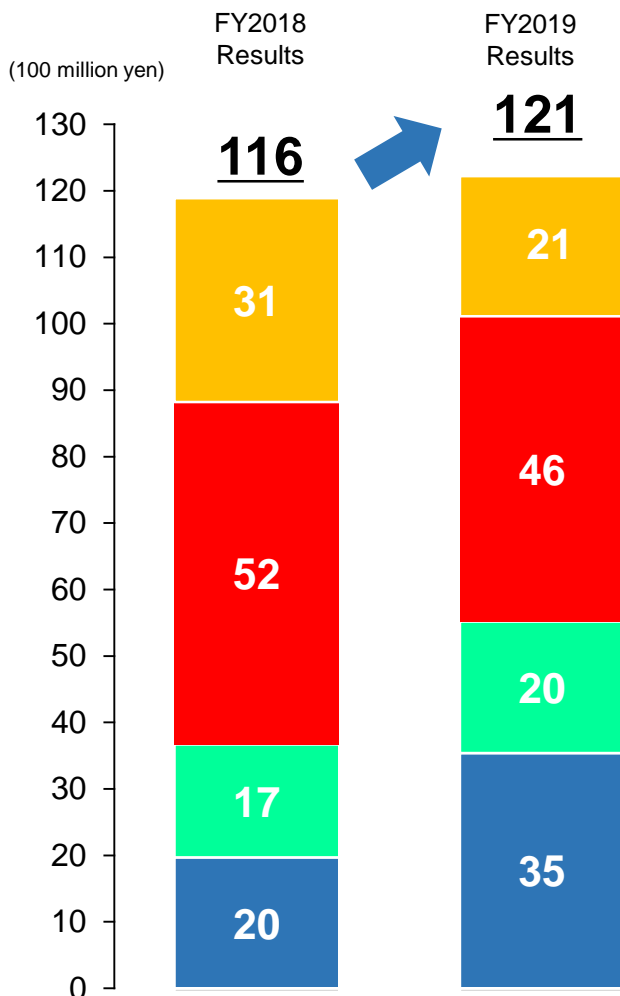
Net profit marked a record high for the fifth consecutive year.

(100 million yen)	FY2018 Results	FY2019 Results	Changes	FY2019 Plan	Achievement rate
Net sales	10,071	8,974	-1,097	10,000	90%
Gross profit	842	864	+22		
Selling, general and administrative expenses	-673	-689	-15		
Operating profit	179	193	+14	165	117%
Share of profit (loss) of investments accounted for using the equity method	16	18	+2		
Net profit	116	121	+5	118	102%
Dividends (yen/share)	42	44	+2	42	—
ROE (%)	9.7	9.6	-0.1	9% or more	—
EPS (yen/share)	102.4	106.8	+4.4		

- ❑ **Net profit** increased 500 million yen, or 4.3%, year on year, **marking a record high**. This was driven by the Power & Utility business, which enjoyed significant growth of profit.
- ❑ **The ratio of SG&A expenses to gross profit was 79.7%**, suggesting that expenses were properly controlled as in the previous year.
- ❑ The amount of annual dividend is planned to be **44 yen** per share, marking an **increase for the seventh consecutive year**.

Net Profit by Segment

The profit was driven by Power & Utility, which enjoyed a significant increase in profit.



Major factors for increase/decrease

Home-Life (YoY: -¥1000 million, Achievement rate of the plan: 72%)

The number of customers under direct contracts increased slightly from the end of the previous fiscal year, to 551,000. Sales volume decreased due to warm winter. Profit decreased, mainly due to the effect of inventories resulting from lower LP gas import prices.

Car-Life (YoY: -¥600 million, Achievement rate of the plan: 119%)

The sales volume of oil products decreased year on year. Profit margins were secured due to solid retail markets, but profit decreased due to a decline in the number of vehicles sold in the car dealer business and the backlash to transient gains that were recognized in the previous fiscal year.

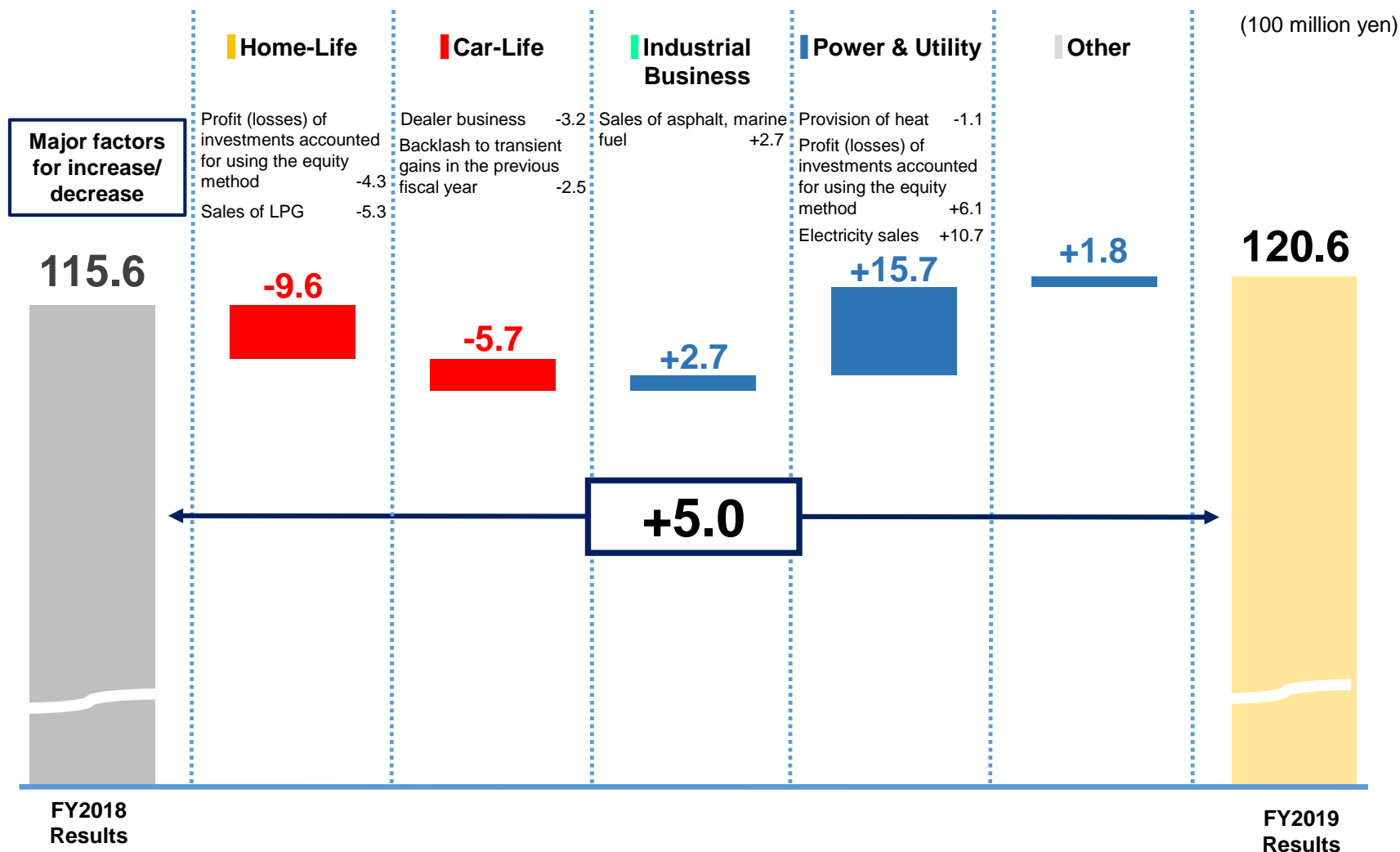
Industrial Business (YoY: +¥300 million, Achievement rate of the plan: 105%)

The sales volume of industrial oil products decreased year on year. However, profit increased thanks to strong sales of asphalt and strong sales of marine fuel in Japan.

Power & Utility (YoY: +¥1600 million, Achievement rate of the plan: 109%)

Profit margins were improved mainly due to the stabilization of electricity procurement, despite a year-on-year decline in electricity retail sales. In addition, profit increased due in part to a rise in profit transferred from companies accounted for using the equity method.

Analysis of Net Profit by Segment

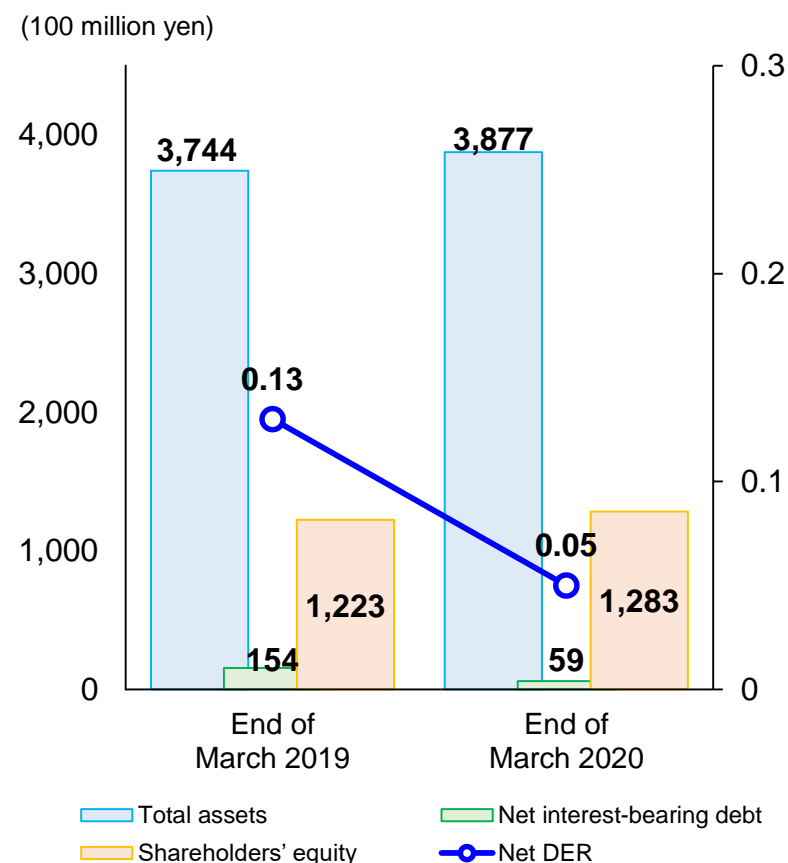


Financial Position

Lease assets increased due to changes in accounting standards.

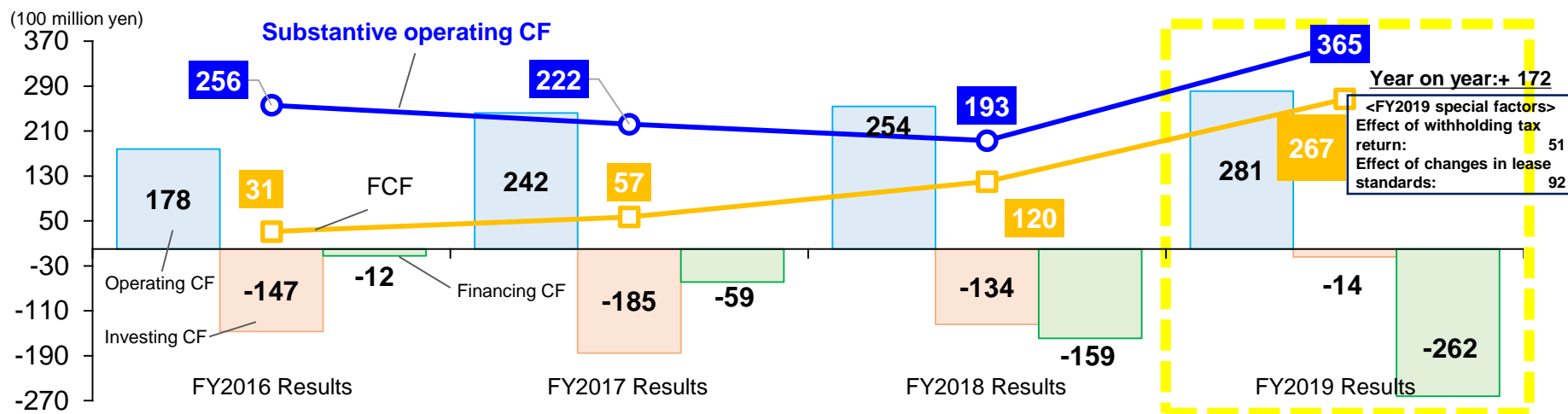
- **Total assets:** Lease assets increased mainly due to the adoption of IFRS 16.
- **Shareholders' equity:** Increased ¥6.0 billion from the end of the previous year to **¥128.3 billion**, mainly reflecting a rise in net profit
- **Net DER:** Decreased due to repayments of interest-bearing debt

	End of March 2019 Results	End of March 2020 Results	Changes
	(100 million yen)		
Total assets	3,744	3,877	+133
Net interest-bearing debt	154	59	-95
Shareholders' equity	1,223	1,283	+60
Ratio of shareholders' equity to net assets	32.7%	33.1%	+0.4pt
Net DER	0.13	0.05	-0.08



Cash Flows

Both operating CF and substantive CF increased significantly year on year.



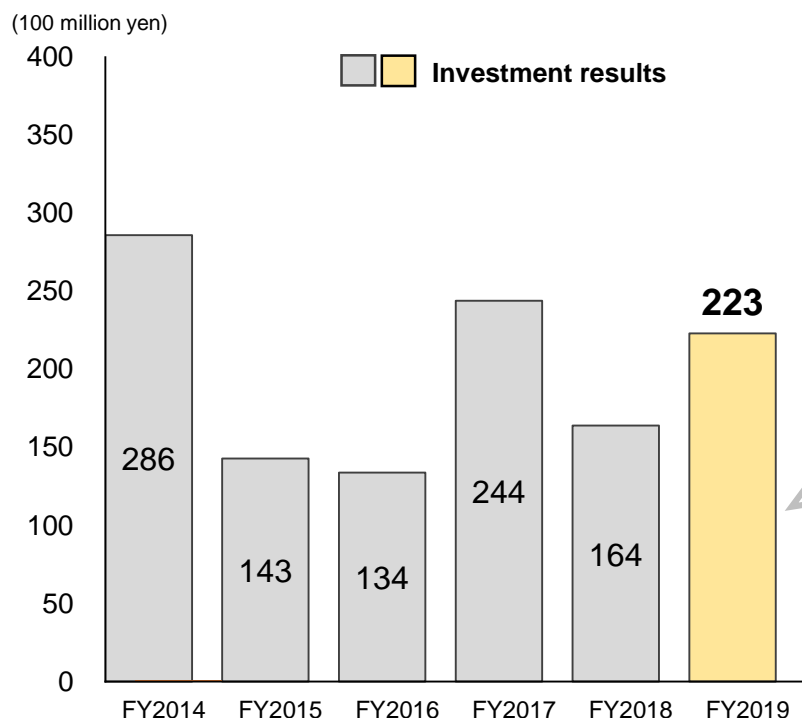
Cash Flows	FY2016 Results	FY2017 Results	FY2018 Results	FY2019 Results
Cash flows from operating activities	178	242	254	281
Cash flows from investing activities	-147	-185	-134	-14
(Free cash flows)	31	57	120	267
Cash flows from financing activities	-12	-59	-159	-262
Substantive cash flows				
Substantive operating cash flows (*)	256	222	193	365

(*) Operating CF – Increase/decrease in working capital

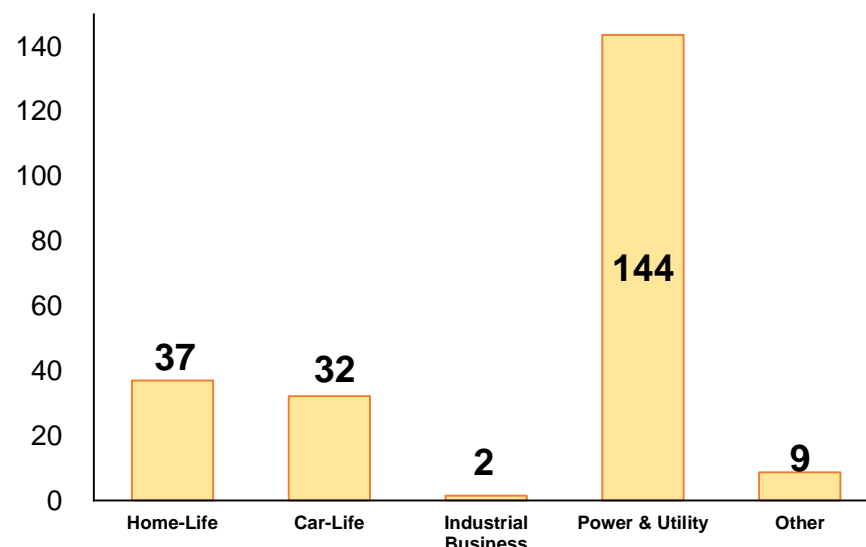
Investment Trends

Made investments with a focus on renewable energy-related businesses in the Power & Utility business.

Company-wide



Financial results for FY2019 by segment



Major investment results

Home-Life	Investment in plant and equipment, acquisition of business rights, etc.
Car-Life	Investment in plant and equipment, etc.
Industrial Business	Investment in plant and equipment, etc.
Power & Utility	Investment in plant and equipment, solar power generation-related investments, etc.
Other	Investment in plant and equipment, etc.

Shareholder Returns

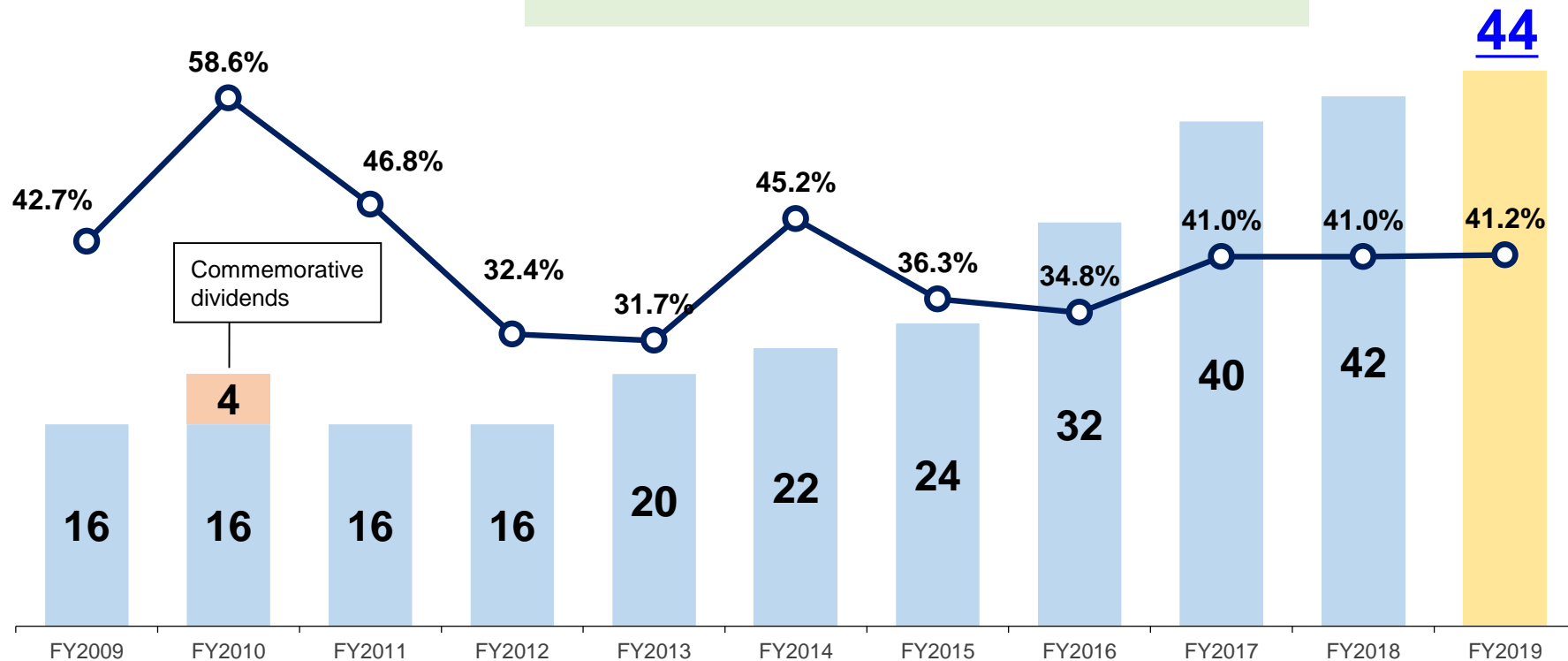
The annual dividend is expected to be 44 yen, marking an increase for the seventh consecutive year.

Annual dividend trends

Consolidated payout ratio

Starting from FY2018

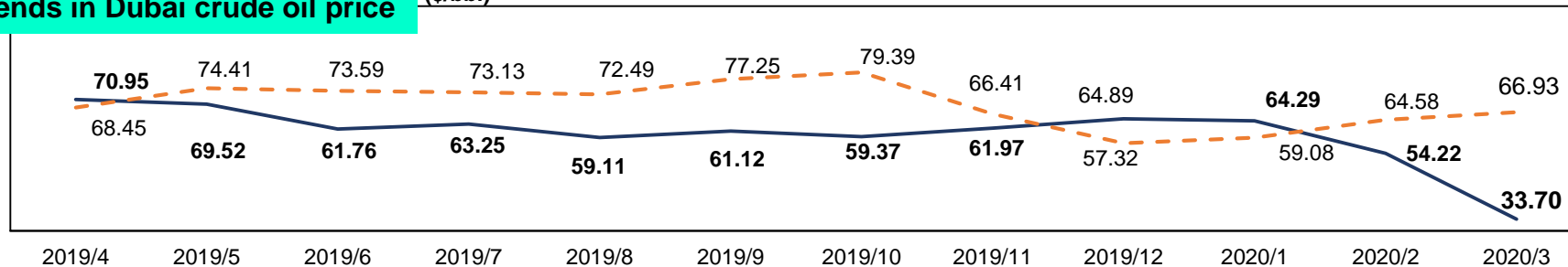
30% or more → **40% or more**



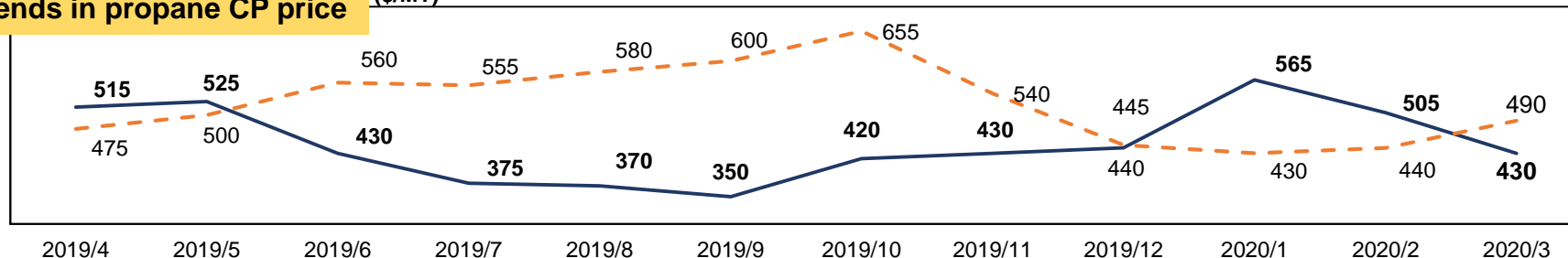
(Reference) Market Trends

Crude oil price trends are uncertain due to the effect of the COVID-19 coronavirus pandemic.

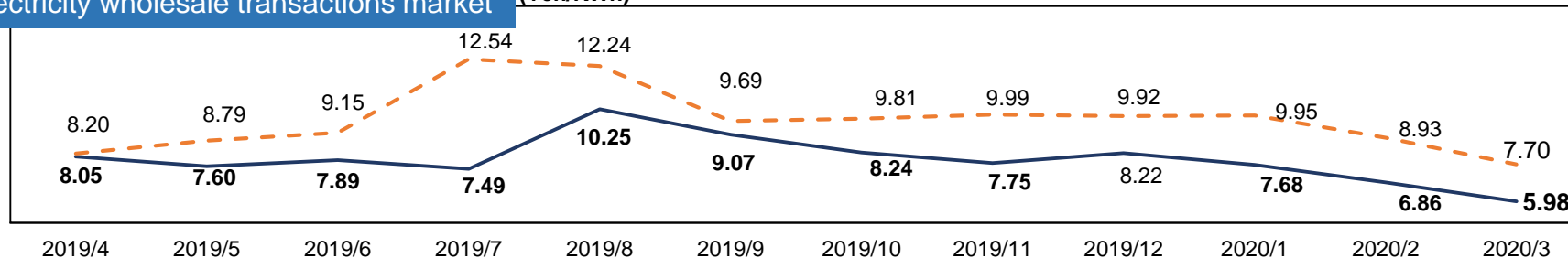
Trends in Dubai crude oil price (\$/bbl) Solid line: Recent value Dotted line: Year-ago value



Trends in propane CP price (\$/MT)



Electricity wholesale transactions market (Yen/KWh)



1. Overview of Financial Results for the Fiscal Year Ended March 31, 2020

(2) Overview by Segment



Results by Segment

(100 million yen)

		FY2018 Results	FY2019 Results	Changes	Rate of change %	FY2019 Plan	Achievement rate
Company-wide	Net sales	10,071	8,974	-1,097	-10.9	10,000	90%
	Operating profit	179	193	+14	+7.9	165	117%
	Net profit	116	121	+5	+4.3	118	102%
Home-Life	Net sales	944	891	-53	-5.6	—	—
	Operating profit	36	28	-8	-21.3	—	—
	Net profit	31	21	-10	-31.1	30	72%
Car-Life	Net sales	6,243	5,427	-816	-13.1	—	—
	Operating profit	92	82	-10	-10.7	—	—
	Net profit	52	46	-6	-11.0	38	119%
Industrial Business	Net sales	1,949	1,752	-198	-10.2	—	—
	Operating profit	25	28	+4	+14.7	—	—
	Net profit	17	20	+3	+16.0	19	105%
Power & Utility	Net sales	935	905	-30	-3.2	—	—
	Operating profit	27	58	+31	+113.5	—	—
	Net profit	20	35	+16	+79.5	33	109%

Home-Life Division

Profits decreased due to the effect of inventories resulting from lower LP gas import prices.

(100 million yen)

	FY2018 Results	FY2019 Results	Changes	Major factors for increase/decrease (Net profit)	FY2019 Plan	Achievement rate
Gross profit	224	220	-4	The number of customers under direct contracts increased slightly from the end of the previous fiscal year, to 551,000. Sales volume decreased due to warm winter. Profit decreased, mainly due to the effect of inventories resulting from lower LP gas import prices.	30	72%
Selling, general and administrative expenses	-189	-194	-5			
Operating profit	36	28	-8			
Share of profit (loss) of investments accounted for using the equity method	13	8	-4			
Net profit	31	21	-10			

<u>Profit (loss) of major affiliates</u>	FY2018 Results	FY2019 Results	Changes
ITOCHU ENEX HOME-LIFE NISHI-NIHON	9	7	-2
ECORE (The Company's equity 51%)	7	7	+0
ENEARC (The Company's equity 50%)	7	9	+2

<u>Number of customers (1,000)</u>	End of March 2019	End of March 2020	Changes
Number of customers under direct LP gas supply contracts	551	551	+0
Number of customers for electricity retail	81	98	+17

<u>Sales volumes</u>	FY2018 Results	FY2019 Results	Changes
LP gas (thousand tons)	548	525	-4%
Industrial gas (million m ³ & thousand tons)	80	74	-8%
Number of gas containers that processed pressure resistance (thousand containers)	336	332	-1%

Car-Life Division

Profits decreased due to the decrease in the number of vehicles sold and the backlash to transient gains in the previous fiscal year.

(100 million yen)

	FY2018 Results	FY2019 Results	Changes	Major factors for increase/decrease (Net profit)	FY2019 Plan	Achievement rate
Gross profit	495	492	-2	The sales volume of oil products decreased year on year. Profit margins were secured due to solid retail markets, but profit decreased due to a decline in the number of vehicles sold in the car dealer business and the backlash to transient gains that were recognized in the previous fiscal year.	38	119%
Selling, general and administrative expenses	-411	-413	-2			
Operating profit	92	82	-10			
Share of profit (loss) of investments accounted for using the equity method	1	1	+0			
Net profit	52	46	-6			

<u>Profit (loss) of major affiliates</u>	FY2018 Results	FY2019 Results	Changes
ENEX FLEET	12	15	+3
Osaka Car Life Group (The Company's equity 51.95%)	9	6	-3

<u>Sales volumes</u>	FY2018 Results	FY2019 Results	Changes
Gasoline (thousand KL)	3,034	2,600	-14%
Breakdown: For CS	2,099	1,960	-7%
Other	935	640	-32%
Kerosene (thousand KL)	980	767	-22%
Diesel oil (thousand KL)	2,822	2,632	-7%
New cars (thousand units)	30	27	-10%
Used cars (thousand units)	25	24	-4%

Industrial Business Division

Profit increased due to strong sales of asphalt and strong sales of marine fuel in Japan.

	FY2018 Results	FY2019 Results	Changes	Major factors for increase/decrease (Net profit)	(100 million yen)	
					FY2019 Plan	Achievement rate
Gross profit	52	56	+4	The sales volume of industrial oil products decreased year on year. However, profit increased thanks to strong sales of asphalt and strong sales of marine fuel in Japan.		
Selling, general and administrative expenses	-27	-29	-2			
Operating profit	25	28	+4			
Share of profit (loss) of investments accounted for using the equity method	0	0	-0			
Net profit	17	20	+3			19

<u>Sales volumes</u>	FY2018 Results	FY2019 Results	Changes
Gasoline (thousand KL)	144	146	+ 1%
Kerosene (thousand KL)	235	216	- 8%
Diesel oil (thousand KL)	667	647	-3%
Heavy fuel oil (thousand KL)	1,919	1,844	-4%
Asphalt (thousand tons)	357	370	+ 4%

Power & Utility Division

Profit increased due to an improvement in profit margins and a rise in transferred profit.

(100 million yen)

	FY2018 Results	FY2019 Results	Changes	Major factors for increase/decrease (Net profit)	FY2019 Plan	Achievement rate
Gross profit	71	96	+25	Profit margins were improved mainly due to the stabilization of electricity procurement, despite a year-on-year decline in electricity retail sales. In addition, profit increased due in part to a rise in profit transferred from companies accounted for using the equity method.	33	109%
Selling, general and administrative expenses	-47	-48	-1			
Operating profit	27	58	+31			
Share of profit (loss) of investments accounted for using the equity method	2	8	+6			
Net profit	20	35	+16			

<u>Profit (loss) of major affiliates</u>	FY2018 Results	FY2019 Results	Changes
ENEX Electric Power Group	10	10	-0
ENEX LIFE SERVICE	2	3	+ 1
Tokyo Toshi Service Company (The Company's equity 66.6%)	9	8	-1
Oji-Itochu Enex power retailing Co., Ltd. (The Company's equity 60.0%)	0	8	+ 8

<u>Sales volumes</u>	FY2018 Results	FY2019 Results	Changes
Electricity Retail (GWh)*	2,694	2,387	-11%
Breakdown:			
Sales of high voltages*	2,383	1,948	-18%
Sales of low voltages*	310	439	+41%
Steam (thousand tons)	611	506	-17%
Heat quantity (TJ)	1,315	1,258	-4%

(* Calculated based on preliminary values)

2. Progress of and Revisions to the **Medium-Term Business Plan**

(1) Overview of the Entire Company



Medium-Term Business Plan

“Moving 2020 Horizon” (Initial Plan)



Quantitative Plan

Net profit	¥12.5 billion
ROE	9.0% or more
Consolidated dividend payout ratio	40% or more
Substantive operating CF	20.0 billion yen or more per fiscal year
Planned investment (2-year total)	¥60.0 billion

Basic Policy

Promotion of Growth Strategies

1

Establishing Closer Connections

Maintaining and deepening the revenue base

- Appropriate distribution of people, goods, and money
- Creating group synergies
- Further leverage the customer base

2

By Leveraging New Tools

Creating new businesses

- Promoting environmental businesses
- Using all management resources

3

Expanding Globally

Making inroads overseas and in peripheral fields

- Investing proactively in overseas businesses
- Promoting M&A of peripheral businesses
- Forming alliances with partners

Evolution of the Organizational Base

1

Strengthening Group management

- Deepening business management of group companies
- Establishing a risk management system
- Business strategy based on ESG and SDGs

2

Human resource strategies for growth

- Promoting diversity
- Cultivating global human resources
- Instilling ENEX EARLY BIRD

3

Promoting innovation

- Developing operating foundation based on IT
- Seeking to improve the efficiency of existing businesses
- Promoting new businesses which use digital technologies

Progress of Medium-Term Business Plan / Promotion of Growth Strategies

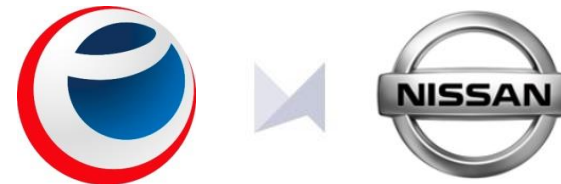
“Establishing Closer Connections” (Maintaining and deepening the revenue base)

Starting provision of heat to the new building of the Yokohama City Government



In February 2020, upon the completion of the new building of Yokohama City Government, Tokyo Toshi Service Company (TTS) began to supply cold and hot water and electricity to the building as a heat-supply business operator. With the introduction of a co-generation system and use of unused energy, the new government building attracts attention as a low-carbon city government building with the maximum environmental considerations. This business has become a new revenue base of the Itochu Enex Group as the 19th new heat supply district of TTS.

Starting collaboration with Nissan Motor in sales of electricity



In June 2019, Itochu Enex Co., Ltd. and Enex Life Service Co., Ltd., its Group company, decided to collaborate with Nissan Motor Corporation in electricity sales. Nissan Osaka Hanbai Co., Ltd., an Itochu Enex Group company, began to sell electricity to its customers in FY2017 and has been accumulating experience steadily since then. Moving forward, we will expand similar business to other companies selling Nissan cars. We also plan to consider proposing collaboration menus with cars sold by these companies.

Progress of Medium-Term Business Plan / Promotion of Growth Strategies “By Leveraging New Tools” (Creating new businesses)

Focusing efforts on the sales expansion of Gas to Liquid (GTL) fuel



In FY2019, we began to promote sales of GTL fuel (a clean fuel as an alternative to diesel oil, which is derived from natural gas) in addition to environmentally friendly products that have been dealt in by the Group, such as AdBlue and recycled beads. In October 2019, GTL fuel became the first fuel to be registered in NETIS (a system for providing information on new technologies) operated by the Ministry of Land, Infrastructure, Transport and Tourism. It is also the first fuel for captive consumption that has been adopted by a city government (for the new building of Yokohama city government). We will continue to aim for further sales expansion.

Launch of the Itochu Enex Accelerator 2019 program



In August 2019, we launched initiatives for the Itochu Enex Accelerator 2019 jointly with Creww Inc., which operates start-up communities, to create new businesses. Entries were made by 54 start-up companies from a variety of fields. As a result of repeated selections, five have proceeded to the demonstration experiment phase. We are trying to innovate by taking advantage of our strengths, which have been cultivated through our existing businesses, such as ones on oil products, gas, and electricity sales.

Progress of Medium-Term Business Plan / Promotion of Growth Strategies “Expanding Globally” (Making inroads overseas and in peripheral fields)

Opening a representative office in Bangkok



In December 2019, we established a representative office in Bangkok, Thailand for information gathering and market research with respect to photovoltaic power generation and LP gas businesses in Thailand and neighboring countries. In addition, we established two companies, ITC ENEX Southeast Asia and ITC ENEX (Thailand), in April 2020. Taking advantage of our business expertise that has been developed by the Group in Japan, we will provide added value in the aspects of not only cost but also the environment and disaster control, aiming to expand our business in Southeast Asian countries that are expected to continue growing.

The Reliance Energy Okinawa, Inc. launches a service as an energy service provider in its first project.



In June 2019, The Reliance Energy Okinawa, Inc.* (REO), our Group company, launched a service as an energy service provider for SAN-A Urasoe Nishikaigan Parco City, which is the first project that adopted REO. In addition, it was decided that REO will be adopted by a university and a general hospital, whose construction has been under way. Moving forward, we will aim for further business expansion in Okinawa, where hotels and large-scale commercial facilities are being developed.

*A joint venture firm that was established by Tokyo Toshi Service Company, The Okinawa Electric Power Co., Inc., and Osaka Gas Co., Ltd.

Progress of Medium-Term Business Plan / Evolution of the Organizational Base

Promoting diversity



In April 2019, we established a Diversity Promotion Office for the purpose of promoting diversity in the Group. This office collects information from employees all over the country about the current problems and opinions of people on the frontline, based on which it considers the revision of various systems and improvement of the environment. The office also determines our initiatives and discloses them on the Diversity page on its website. In accordance with the idea cherished since our foundation, expressed in the phrase, “Human resources are at the center of the Group’s value creation,” we aim to become a corporate group where all staff members can better display their strengths.

Cultivating global human resources



In April 2018, we introduced a new overseas training program, which is provided mainly to young employees, aiming to develop their language skills, cross-cultural skills, and capabilities for studying and analyzing local cultures, business customs, markets, laws, and other aspects of overseas countries, which are not limited to existing business domains. At the end of March 2020, trainees who finished this program returned to Japan after working overseas for two years. They will work in various fields with new perspectives. We will continue our efforts to develop global human resources for business management from a medium- to long-term perspective.

Medium Term Business Plan

“Moving 2020 Horizon” (Revisions to the Quantitative Plan)

Revisions to the quantitative plan reflecting the impact of the coronavirus pandemic

Quantitative Plan

	Initial plan		Revised Plan	Changes
Net profit	¥12.5 billion	➡	¥11.0 billion	-¥1.5 billion
ROE	9.0% or more	➡	—	—
Consolidated dividend payout ratio	40% or more	➡	40% or more	Not revised
Substantive operating CF	¥20.0 billion or more	➡	¥20.0 billion or more	Not revised
Planned investment (2-year total)	¥60.0 billion	➡	¥43.0 billion	-¥17.0 billion

Background

The quantitative plan was revised because the spread of the coronavirus is expected to affect some of the Company's businesses.

Preconditions of the Revised Plan

- ◆ Estimated effects of the coronavirus pandemic
 - Oil, gas, and power businesses: Effects expected in the April to June quarter of 2020
 - Sales of cars: Expected to decline significantly in the April to June quarter of 2020 and continue to be affected for a while from July onwards
- ◆ Sales prices of oil products and others and exchange rate were calculated based on the current prices.
- ◆ In the fiscal year ending March 31, 2020, investments will be made by carefully selecting investment content. (Planned amount for FY2020: 20.0 billion yen)

* We will promptly make an announcement when the plan needs to be revised due to the situation related to the COVID-19 coronavirus pandemic or similar conditions.

Medium Term Business Plan

“Moving 2020 Horizon” (Revisions to the Quantitative Plan)

(100 million yen)	FY2019 Results	FY2020 Initial Plan	FY2020 Revised Plan	YoY	Changes from the Initial Plan
Net sales	8,974	—	7,100	-1,874	—
Operating profit	193	—	160	-33	—
Net profit	121	125	110	-11	-15
Dividend payout ratio (%)	41.2%	40% or more	40% or more	—	Not revised
Substantive operating CF (100 million yen)	365	200 or more	200 or more	—	Not revised
ROE (%)	9.6%	9.0% or more	—	—	—

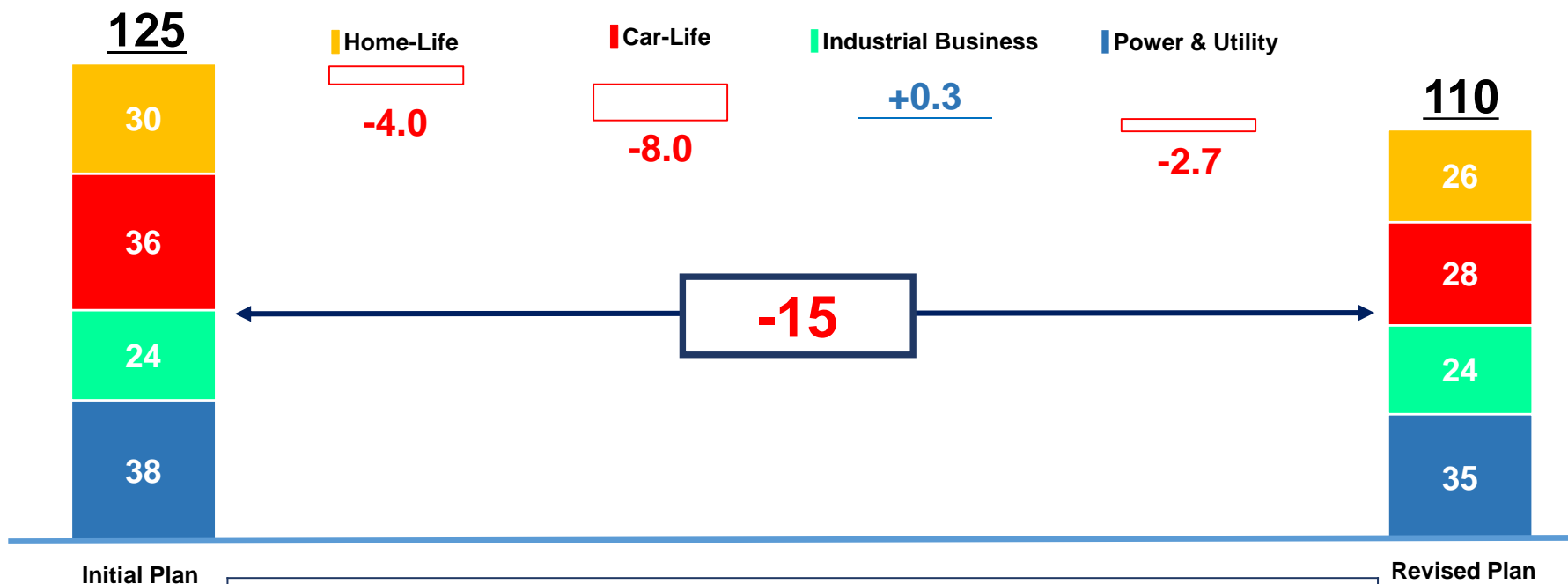
By segment (profit)

Home-Life	21	30	26	+4	-4
Car-Life	40	36	28	-12	-8
Industrial Business	25	24	24	-1	+0
Power & Utility	35	38	35	-0	-3
Other	-2	-3	-3	-2	-1

* Values by segment for FY2019 results and initial plan for FY2020 were changed from the announced values because they were reclassified based on the organization as of April 1, 2020.

Plan for FY2020

Profit will decrease from the initial plan due to effects of the coronavirus pandemic.



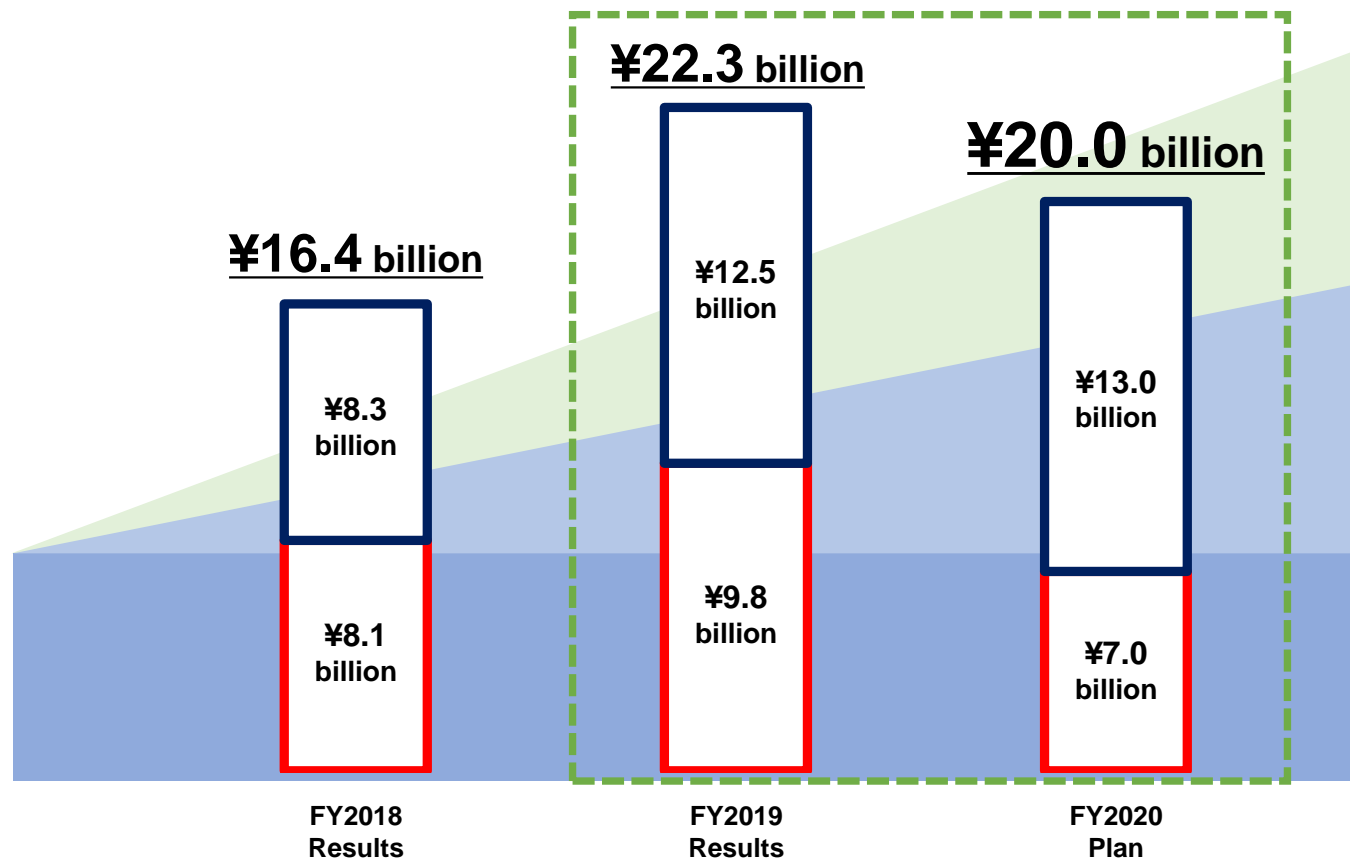
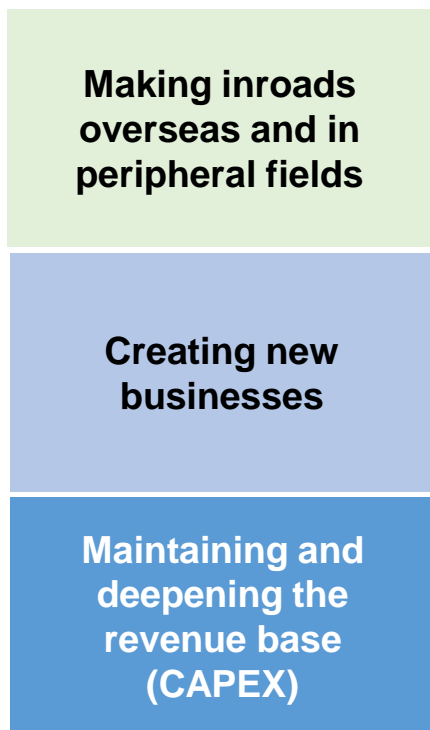
Factors for increase/decrease			
Home-Life	Car-Life	Industrial Business	Power & Utility
Reduction in LP gas for industrial use is assumed reflecting the voluntary ban on facility operation, although the impact on LP gas for household use is small.	Sales of cars are greatly affected. Impact on the oil business is expected to be minor, because sales of diesel oil for logistics will be strong, although demand for gasoline will decrease.	Impact is expected to be minor due to an increase in sales of environmental products, although demand for fuel for industrial use is expected to decline.	Impact of the delay in new customer acquisition in electricity sales is assumed.

Investment Policy for FY2020

Investments will be made by carefully selecting the content with a planned annual amount of 20.0 yen.

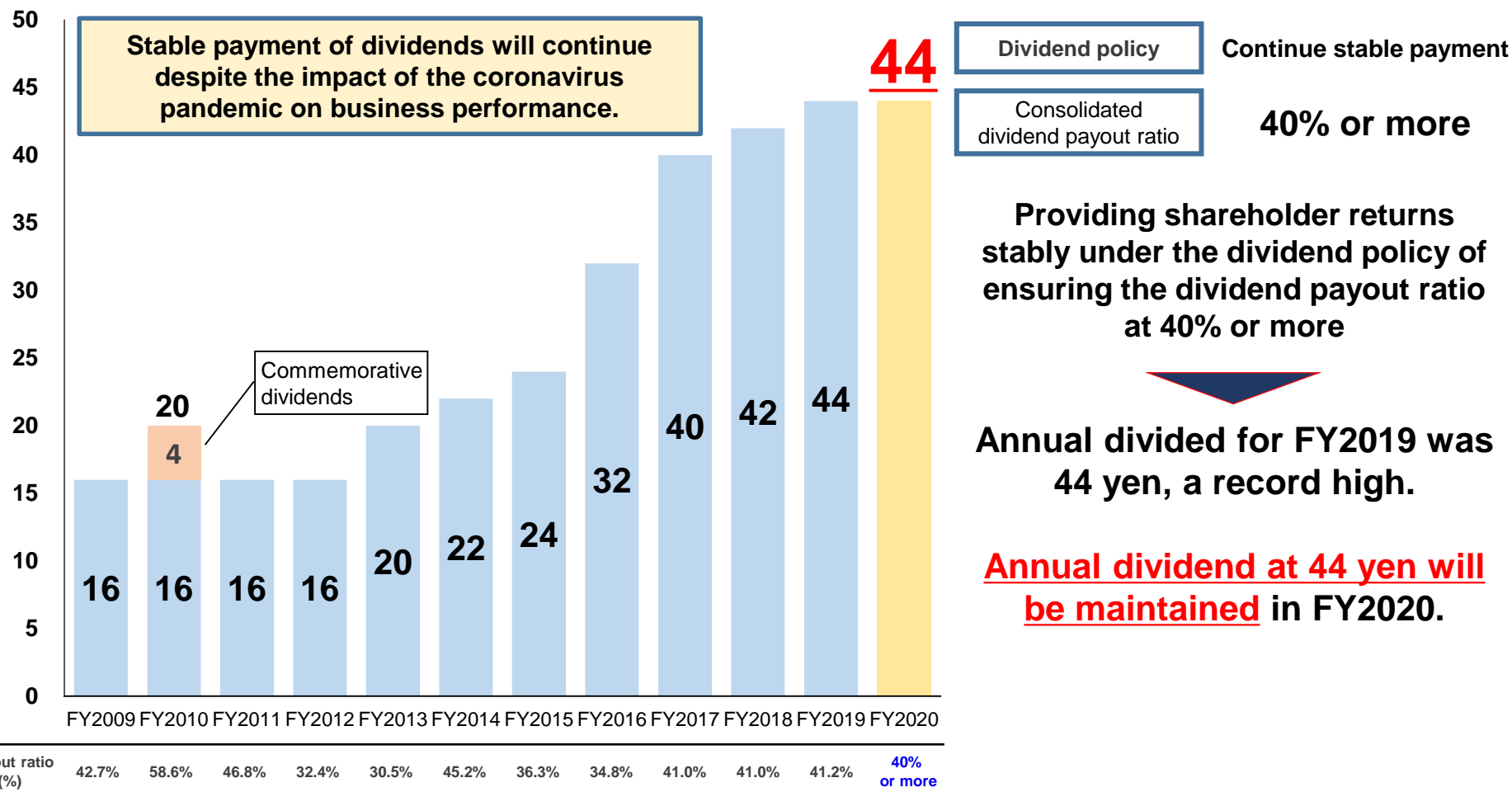
- Growth investment
- Capital/maintenance investment

Cumulative total for two years
43.0 billion yen



FY2020 Shareholder Returns

Annual dividends will be maintained at 44 yen. Stable payment of dividends will continue.

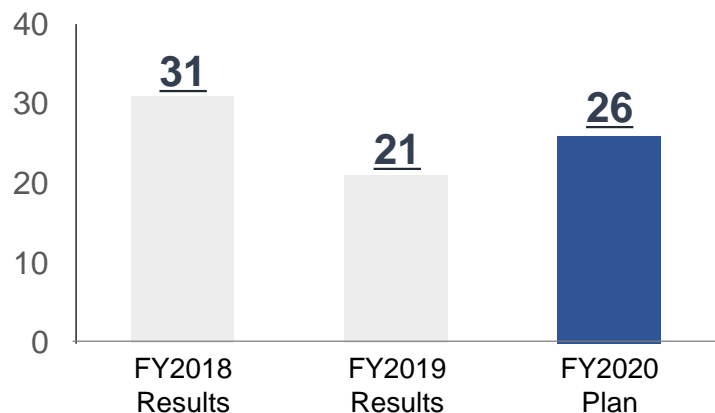


2. Progress of and Revisions to the **Medium-Term Business Plan**

(2) Overview by Segment



Home-Life Division Business Development in a New Era - Mastering the First Mile - (Expanding the Scale by Ensuring the Customer Perspective)



Major initiatives for FY2019

- Maintaining and deepening the revenue base
 - ◇ The number of electricity customers exceeded 98,000 (up 17,000 from the beginning of the period), driven by the bundled sale of LP gas and electricity.
 - ◇ Continuing to promote LPWA, having installed a cumulative total of approx. 59,000 devices.
- Industrial gas area
 - ◇ Transferred the sales business from Itochu Industrial Gas Co., Ltd. to an unconsolidated unit, and facilitated collaboration with other departments or the LPG business.
- Overseas businesses
 - ◇ Established a representative office in Thailand to consider the launch of overseas businesses following ones in the Philippines and Indonesia. Started market research in Thailand and neighboring countries.
- New business development
 - ◇ Started entry and consideration of entry to peripheral fields, such as agriculture and laundromats.

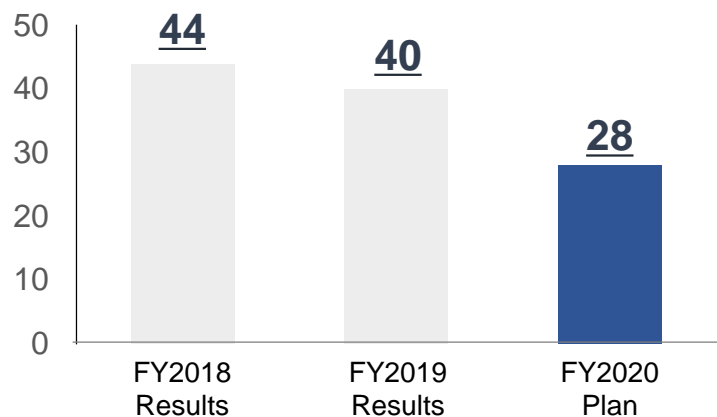
Management policy for FY2020

Business Development in a New Era - Mastering the First Mile - (Expanding the Scale by Ensuring the Customer Perspective)

- **LP gas business**
 - ◇ Increase accounts by strengthening sales activities for finding new customers and using the website.
 - ◇ Provide benefits through customer segmentation.
 - ◇ Improve business efficiency through logistics reorganization and further promotion of LPWA.
(LPWA: Aim to install a cumulative total of approx. 77,000 devices in FY2020.)
 - ◇ Implement initiatives continuously to enhance security.
- **Industrial gas business**
 - ◇ Strengthen procurement, logistics, and retail sales functions, ranging from purchase to sales.
 - ◇ Expand customer bases using the Group network.
- **Overseas businesses**
 - ◇ Develop businesses in countries around Southeast Asia.
- **New business development**
 - ◇ Create the third mainstay business following LPG and industrial gas.
Establish business models for new businesses that were examined in the last fiscal year.

Car-Life Division

Facilitate the Expansion of Customer Bases in Collaboration with Sales Shops



Major initiatives for FY2019

■ Maintaining and deepening the revenue base

- ◇ Included 12 new CS in the affiliated network.
Number of CS in the affiliated network: **1,704 CS**
- ◇ Promoted the ACT program (management improvement program for sales shops).
Entries: **118 CS**
- ◇ Member shops of Carlife Stadium Rent-a-car **418 shops** (up 18 from the end of the previous period)
- ◇ Held a ceremony to recognize companies that had undertaken continuous transactions for 50 years: **37 companies**

■ Creating new businesses

- ◇ The demonstration experiment of the Carlife Stadium car-lease service was finished at a Group company and began to be introduced to sales shops. As of March 2020, there were contracts for introducing the service to 68 CS.
- ◇ The number of nursery facilities operated by Enex Fleet increased by three, to six facilities in total.

Management policy for FY2020

Expanding Customer Bases - Be Aggressive! -

■ Reform core businesses.

- ◇ Trades in the affiliated network form the basis of the businesses. Position sales shops as business partners.
- ◇ Create model CS combined with different businesses to examine new services and provide places for employee training.

■ Improve productivity through business efficiency improvement.

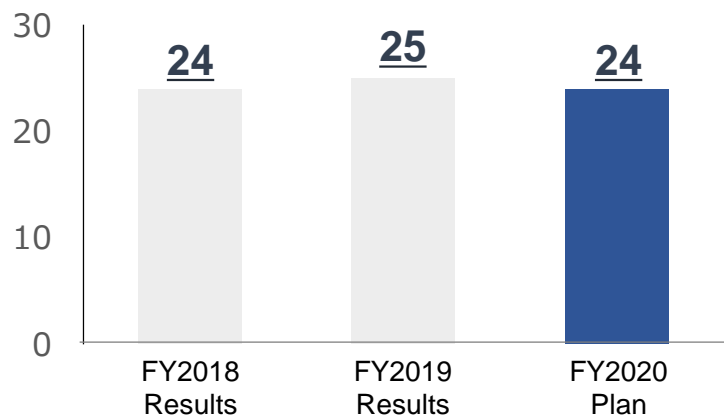
- ◇ Improve efficiency and marketing capabilities through digitalization.
- ◇ Introduce **Smartphone Fueling** to retain customers and improve the efficiency of operating CS.

■ Preparations for the future

- ◇ Cultivate peripheral businesses.
- ◇ Establish an automotive business with the leading role played by Nissan Osaka.
- ◇ Contribute to local communities with disaster control measures.
- ◇ Expand to overseas markets (car care business in Vietnam).

Industrial Business Division

Reinforce Bases and Design Environmental Business



Major initiatives for FY2019

■ Improvement of logistics functions

- ◇ Improved services with respect to the provision of marine fuel and dedicated distribution ships for customers.

■ Promotion of environmental products

- ◇ Maintained and expanded the top market share of AdBlue in Japan. Concluded an agreement with PETRONAS with respect to the formation of a strategic partnership.
- ◇ Expanded sales of GTL (Chubu, Kansai, and Kanto). Obtained approval as a new technology product of the Ministry of Land, Infrastructure, Transport and Tourism. Started validation of GTL as an emergency power generating fuel for the Yokohama City Government building.
- ◇ Expanded the slop recycling business*.
*: A business of recycling water expelled from ships after fuel tanks are washed, extracting useful oil resources and refining such resources.
- ◇ Expanded coal ash/recycling business of biomass ashes.

Management policy for FY2020

■ Promote environmental energy business by taking advantage of bases.

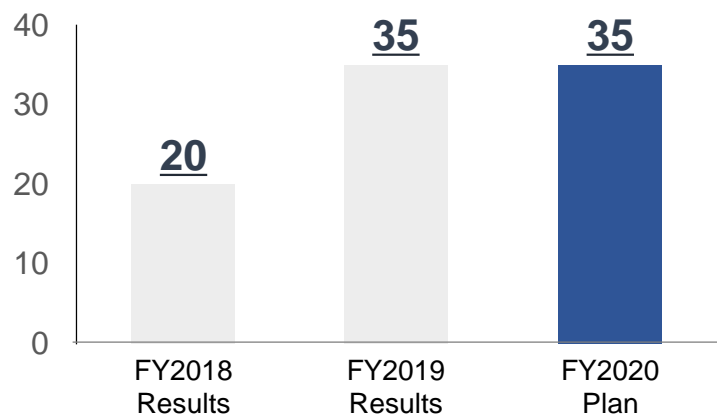
- ◇ Environmental problems → Shift to alternative energy
 - ◇ Coronavirus problem → Changes in economic/social scale, bases, and quality.
- ⇒ Expand the service of providing environmental energy, which is more resource-saving and more appropriate for decentralized economic and social activities.

■ Environmental businesses

- ◇ Countermeasures against greenhouse gases
 - Businesses of providing heat (including LNG heat)
 - Business of providing renewable energy (such as methane and hydrogen)
 - GTL (Expand sales in the three major urban areas/Develop uses.)
 - Develop next-generation marine fuels (such as LNG and ammonia).
- ◇ Countermeasures against SOx, NOx, and PM
 - AdBlue (Maintain the largest market share and expand the business.)
 - Accelerate the expansion of urea solution and caustic soda for ships and power generation.
 - Expand sales of GTL.
- ◇ Develop an infrastructure for expanding the environmental business.
 - Supply bases (Enhance functions of tank terminals.)
 - Delivery network (a smart distribution network with the Company's logistics and DX)
 - Collect and analyze environmental data. (Make use of corporate fleet fuel cards for cars.)

Power & Utility Division

Expand Customer Bases and Promote the Development of Renewable Energy



Major initiatives for FY2019

- Reached an agreement with Kyushu Electric Power over an alliance on electricity retail sales. Began an alliance on high-voltage and extra-high-voltage power services.
- Announced the establishment of two local subsidiaries in Bangkok, Thailand, which is aimed at expanding photovoltaic power generation business and business related to energy conservation.
- The new Yokohama City Government building was completed, and Tokyo Toshi Service Company began the provision of heat. The building is the 19th heat supply area in Japan.

Management policy for FY2020

Serve widely. Be useful.

■ Sales strategy

- ◇ Acquire customers by devising digital marketing measures.
- ◇ Promote the shift to a low-voltage domain.

■ Renewable energy strategy

- ◇ Develop renewable energy with awareness of rising environmental concerns.
- ◇ Review portfolio assets and investments.

■ Overseas strategy

- ◇ Promote business based on the local subsidiaries in Bangkok, Thailand.
- ◇ Expand the photovoltaic power generation business and business related to energy conservation.

3. Countermeasures against the Coronavirus Pandemic



Countermeasures against the Coronavirus Pandemic (1)

- Effects on supply chain and initiatives

Oil:	No base is shut down. Environmental disinfection of CS is thoroughly implemented.
LP gas:	No base is shut down. Efforts are focused on maintenance of the infrastructure (security and delivery). If any person is infected, countermeasures will be taken by cooperating with shops in the vicinity and partners.
Power:	No base is shut down. Daily temperature checks are mandatory at each power station.
Provision of heat:	Remote monitoring of each site is done by two teams.
Automobiles:	Dealers' shops are open for shorter hours. Environmental disinfection is thoroughly implemented.

- Effects on sales and services

- Decline in demand for industrial energy attributed to the stagnation of economic activities
- Decrease in demand for energy for business use (restaurants and tourist destinations) and gasoline, which is attributed to the stay-at-home advisories

- BCP initiatives

- Establish emergency headquarters for tackling the coronavirus pandemic, which is chaired by the president.
- Improved the teleworking environment (enhanced the video conferencing system, conference call system, and network).
- Teleworking, staggered working hours, and desk allocation for avoiding closed spaces, crowded places, and close-contact settings
- Promotion of hand-washing, disinfection, gargling, ventilation, and environmental disinfection
- Refraining from/postponing conferences, gatherings, training sessions, and the similar events for which many people gather
- Refraining from domestic and overseas business trips
- Refraining from dining with others

- Financial standing

- Sufficient liquidity on hand has been secured.
- Net DER: 0.05 (virtually no debt)
- Sufficient account overdraft facilities and commercial paper issuance facilities have been secured.
- Rating has been maintained.
- Long-term issue rating: A+/Short-term issuer rating: J-1
- Japan Credit Rating Agency, Ltd.
* Based on evaluation in April 2020

(100 million yen)

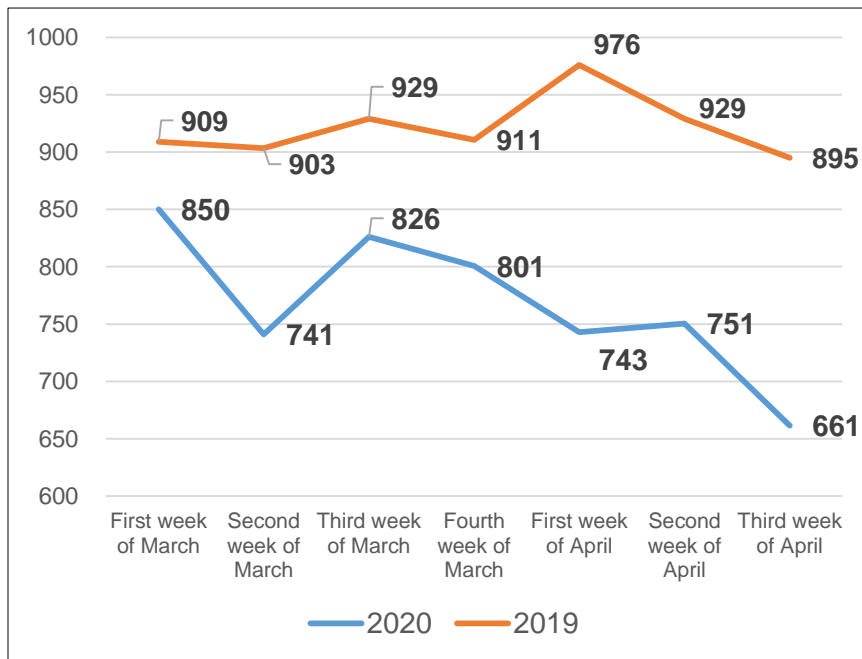
	End of March 2019 Results	End of March 2020 Results	Changes
Cash and cash equivalents	187	192	+5
Other current financial assets	360	281	-79

Countermeasures against the Coronavirus Pandemic (3)

[Reference] Shipments of gasoline and diesel oil in Japan (national statistics)

Weekly shipment volume of gasoline

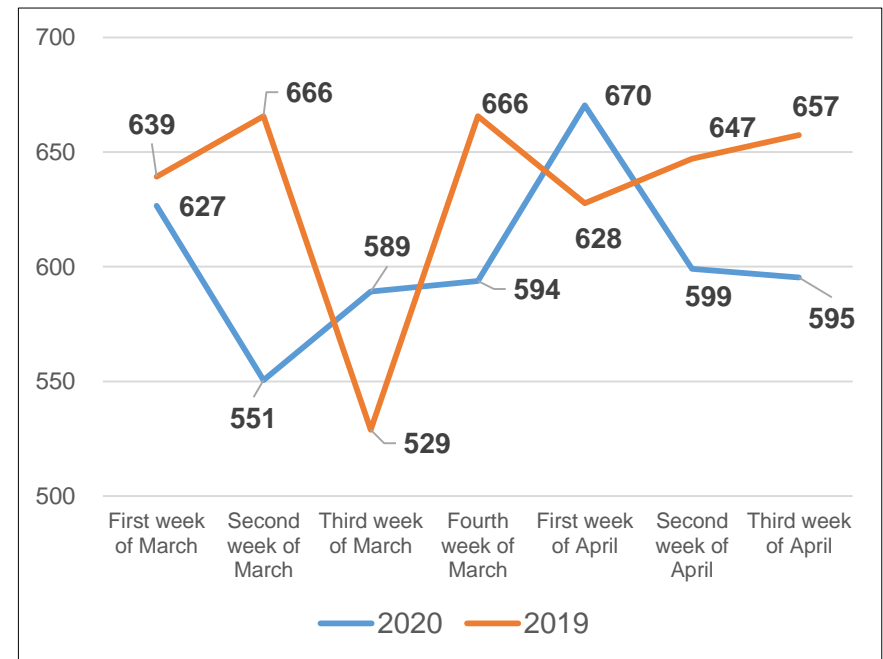
Unit: Thousand kiloliters



* Created based on statistics from Petroleum Association of Japan

Weekly shipment volume of diesel oil

Unit: Thousand kiloliters



* Created based on statistics from Petroleum Association of Japan

[Reference] Sales volume of LP gas and new cars (national statistics)

Monthly sales volume of LP gas (propane) (January and February)

Unit: Thousand tons

	January			February		
	2019	2020	Changes	2019	2020	Changes
For household and business use	827	780	-6%	795	747	-6%
For cars	5	5	-8%	5	4	-6%

* Created based on statistics from Japan LP Gas Association

Monthly sales of new cars (standard-sized cars and compact cars) (January to April)

Unit: Thousand units

January			February			March			April		
2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes
218	193	-12%	261	233	-11%	357	322	-10%	200	145	-28%

* Created based on statistics from Japan Automobile Dealers Association

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