

ITOCHU ENEX CO., LTD.

(TSE First Section, 8133)

FY2020 Financial Results for First Six Months

November 13, 2020

(Investors Meeting)

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 Consolidated Financial Results for First Six Months of FY2020

- Quarterly net profits increased 1.1 billion yen to 6.2 billion yen, 20.2% year on year.**
 While sales volume dropped in all segments given the COVID-19 pandemic, the strong sales volume of LP gas and power for household use due to demand driven by those refraining from going out, export-import operations for oil products in view of the fluctuations in crude oil prices and the reduction of operating expenses resulted in profit growth.
- The ratio of SG&A expenses to gross profit came to 75.8%, a 2.3% decrease year on year, suggesting that expenses were effectively controlled as in the previous year.**

Net sales

319.5 billion yen (-27.2% year on year)

Operating profit

10.2 billion yen (+6.7% year on year)

Gross profit

42.1 billion yen (-0.4% year on year)

Net profit

6.2 billion yen (+20.2% year on year)

The Impact of the COVID-19 Coronavirus Pandemic

Impact on business performance

 Oil	<ul style="list-style-type: none"> □ Demand for gasoline declined due to remote working and the stay-at-home advisories, making sales volume fall.
 LP gas	<ul style="list-style-type: none"> □ Sales volumes of LP gas and industrial gas for business, industrial and automobile use tumbled following the declining operating ratio of stores, factories and others. □ LP gas for household use increased due to demand driven by those refraining from going out.
 Power	<ul style="list-style-type: none"> □ The sales volume of high-voltage power decreased due to the declining operating ratio of stores, factories and others. □ The sales volume of low-voltage power for household use surged due to demand driven by those refraining from going out.
 Sales of cars	<ul style="list-style-type: none"> □ The number of customers visiting dealers decreased due to the shortened business hours of dealers. This led to a significant fall in sales volumes. The number of vehicles sold from April to June was down 24% year on year. Since July it has been turning around.

Sales volume (company-wide)

<ul style="list-style-type: none"> ■ Gasoline 1,194,000 KL (-18.7% year on year) 	<ul style="list-style-type: none"> ■ LP gas 207,000 tons (-13.2% year on year) 	<ul style="list-style-type: none"> ■ Electricity Retail (GWh) 1,096 GWh (-11.9% year on year)
<ul style="list-style-type: none"> ■ Diesel oil 1,483,000 KL (-7.1% year on year) 	<ul style="list-style-type: none"> ■ Industrial gas (million m³ & thousand tons) 32,000 tons (-15.4% year on year) 	<ul style="list-style-type: none"> ■ New cars 11,000 units (-19.6% year on year)

Improve the teleworking environment and encourage teleworking and staggered working hours

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: -0.10 (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 October 2020

(100 million yen)

	End of March 2020 Results	End of September 2020 Results	Changes
Cash and cash equivalents	192	368	+176
Other current financial assets	281	172	-109

- ◇ **Overview of Consolidated Financial Results for First Six Months of FY2020**
 - (1) Overview of the Entire Company
 - (2) Overview by Segment

- ◇ **Progress of the Medium-Term Business Plan**
 - (1) Overview of the Entire Company
 - (2) Overview by Segment

- ◇ **Appendix**

Overview of Consolidated Financial Results for First Six Months of FY2020

(1) Overview of the Entire Company

Summary of Financial Results for the First Six Months of FY2020

(100 million yen)	FY2019/1H Results	FY2020/1H Results	Changes	FY2020 Plan	Achievement rate
Net sales	4,390	3,195	-1,196	7,100	45%
Gross profit	423	421	-2		
Selling, general and administrative expenses	-330	-319	+11		
Operating profit	95	102	+6	160	64%
Share of profit (loss) of investments accounted for using the equity method	7	4	-2		
Net profit	52	62	+11	110	57%
Ratio of SG&A expenses to gross profit	78.2%	75.8%	-2.3%		
Dividends (yen/share)	21	22	+1	44	—

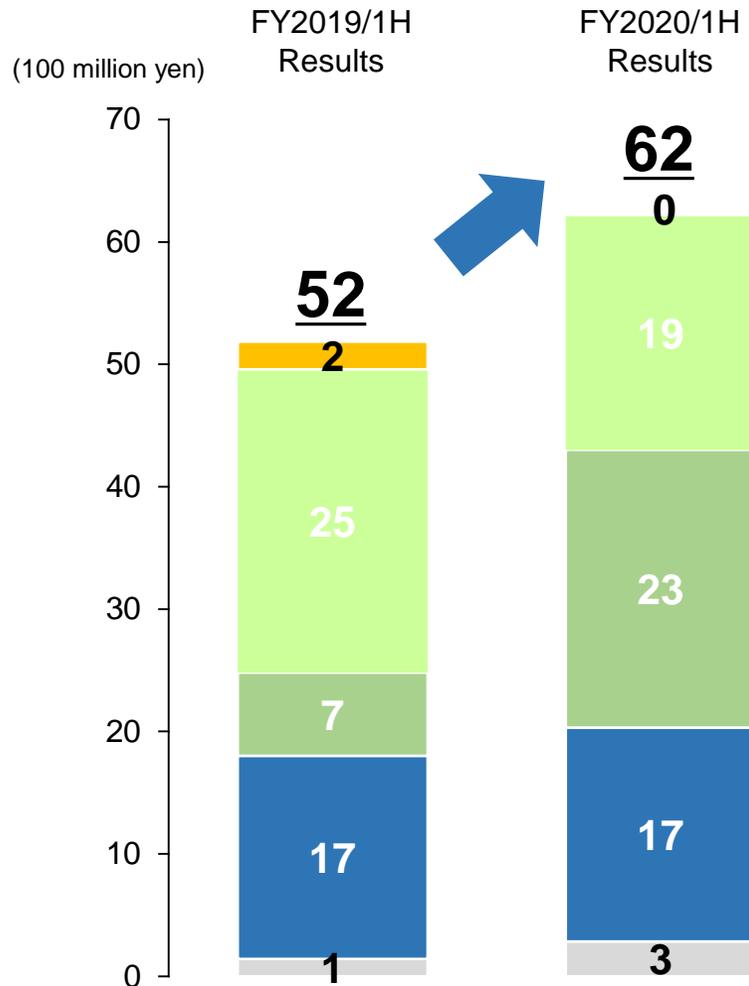
- Quarterly net profits increased 1.1 billion yen, 20.2% year on year.

While sales volume dropped in all segments given the COVID-19 pandemic, the strong sales volume of LP gas and power for household use due to demand driven by those refraining from going out, export-import operations for oil products in view of the fluctuations in crude oil prices and the reduction of operating expenses resulted in profit growth.

- The ratio of SG&A expenses to gross profit came to 75.8%, a 2.3% decrease year on year, suggesting that expenses were effectively controlled as in the previous year.

Net Profit by Segment

Profits from Industrial Business increased sharply. It was a profit driver.



Major factors for increase/decrease

Home-Life (YoY: -¥200 million, Percent of the plan achieved: 1%)

The number of customers under direct contract decreased by around 2,000 from the end of the previous fiscal year to approximately 549,000 after a sell-off of business rights.

The overall sales volume of LP gas fell year on year after the shrinkage in demand for business, industrial and automobile use due to the declining operating ratio of factories, despite soaring demand and sales for household use driven by those refraining from going out. Profit decreased, reflecting the effect of inventories following falling LP gas import prices and a decrease in the sales volumes of LP gas and industrial gas.

Car-Life (YoY: -¥600 million, Percent of the plan achieved: 68%)

The number of filling stations decreased by 13 from the end of the previous fiscal year to 1,691.

The sales volume of oil products was poorer than in the same period of the previous year, and so was the number of new cars sold due to shortened business hours at dealers associated with the measures addressing the COVID-19 pandemic and the rush of demand before the consumption tax hike in the previous fiscal year. Profit decreased due to declines in the sales volume of oil products, in the number of new cars sold in the car dealer business and in service revenue.

Industrial Business (YoY: +¥1600 million, Percent of the plan achieved: 93%)

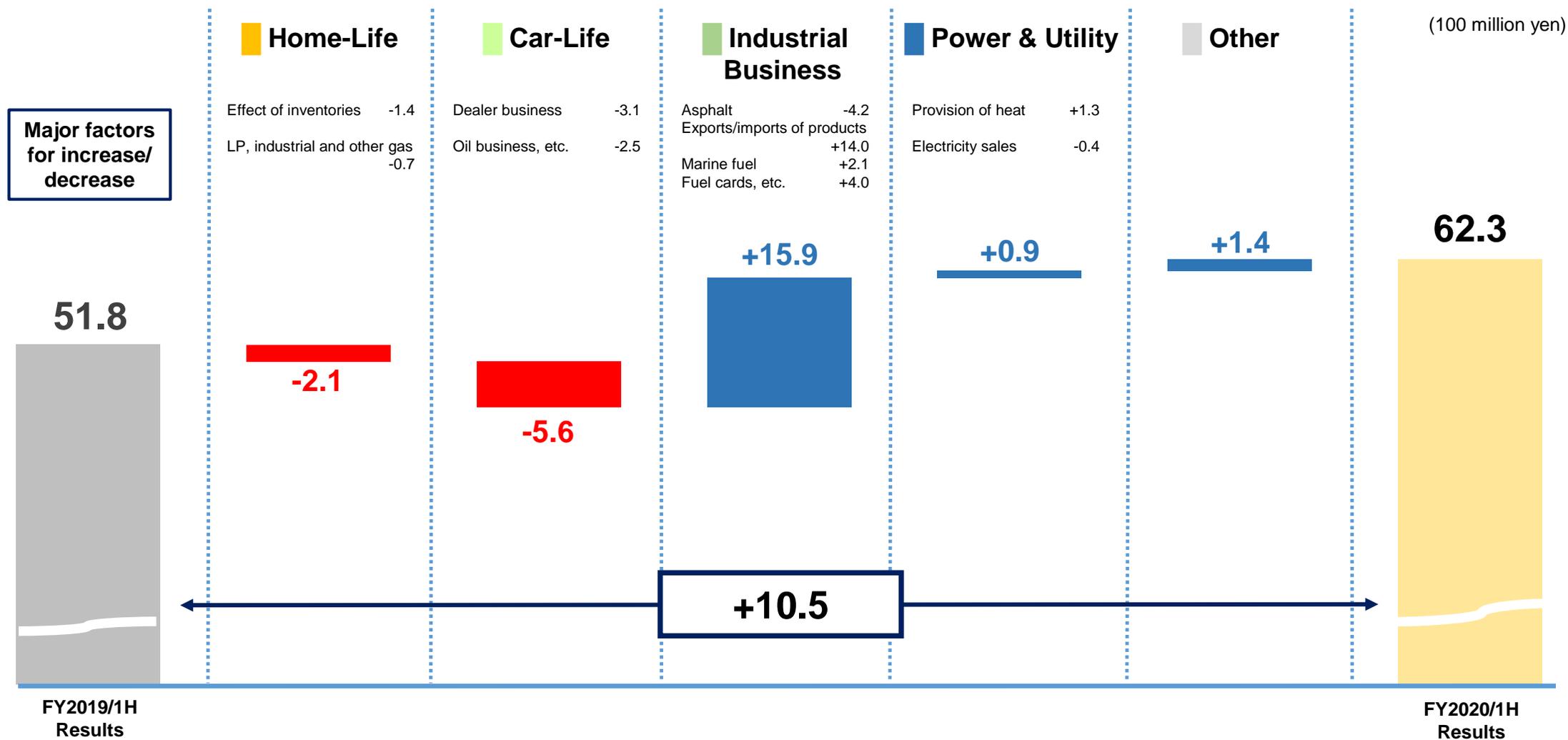
The sales volume of oil products for industrial use and fuel cards for cars decreased year on year following the slumping operating ratio at factories and the decreased use of cards for company vehicles. The asphalt business saw sales volume fall year on year.

Meanwhile, in the marine fuel business, sales volume rose after steady sales to ocean-going vessels. Profit jumped substantially due to export-import operations for oil products in view of changing crude oil prices and the reduction of operating expenses.

Power & Utility (YoY: +¥100 million, Percent of the plan achieved: 50%)

Electricity retail sales dropped year on year. While low-voltage power sales volume grew following rising consumption volume for household use due to demand from those refraining from going out and an increase in the number of low-voltage power contracts mainly for household use, the number of large high-voltage power contracts for corporate use contracted. Profit grew reflecting completion of the large regular repair in the previous fiscal year in the power generation area, which led to an increasing operating ratio in the current fiscal year.

Analysis of Net Profit by Segment

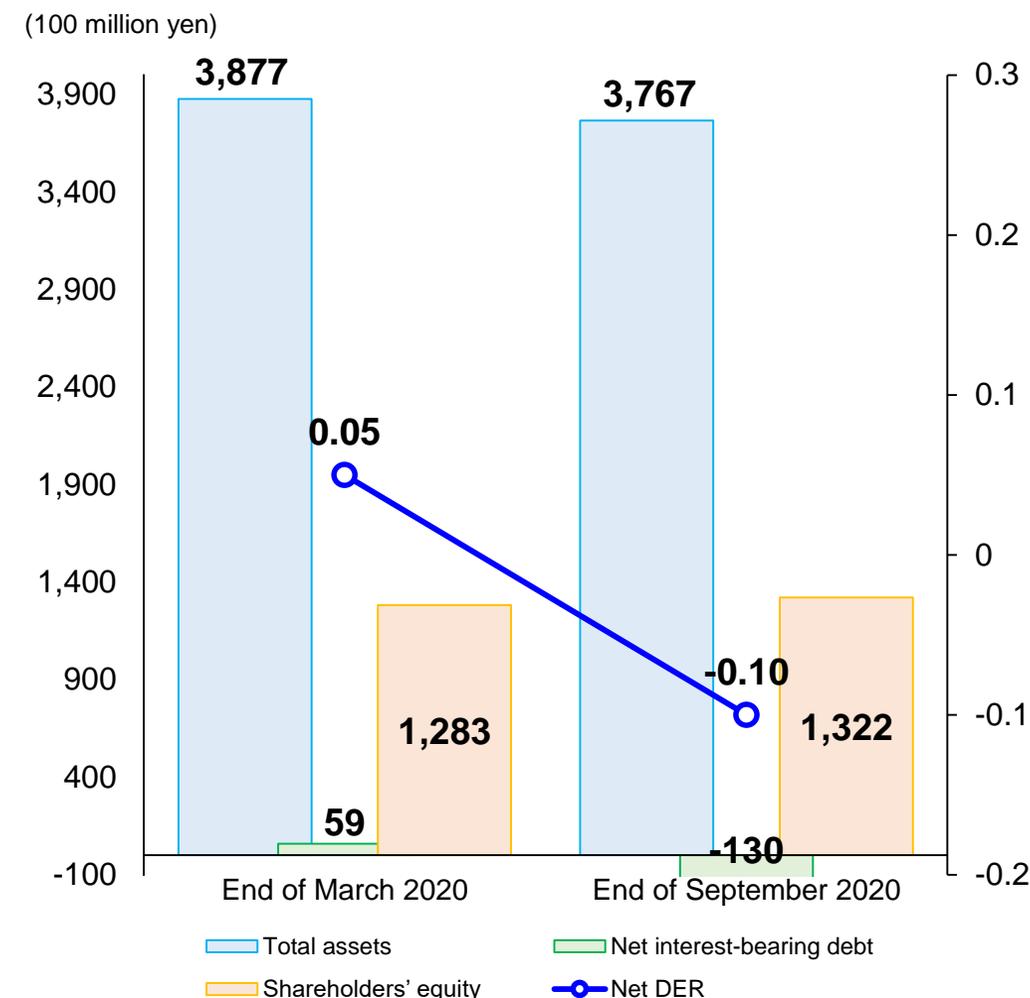


Trade receivables/trade payables decreased due to the impact of handling volume, falling unit prices, etc.

- Total assets:** Decreased 11 billion yen from the end of the previous year due to decreases in trade receivables/trade payables and came to **376.7 billion yen**.
- Shareholders' equity:** Increased 3.9 billion yen from the end of the previous year to **132.2 billion yen**, mainly reflecting a rise in net profit.
- Net DER:** Net DER is a negative value due to an increase in cash and deposits.

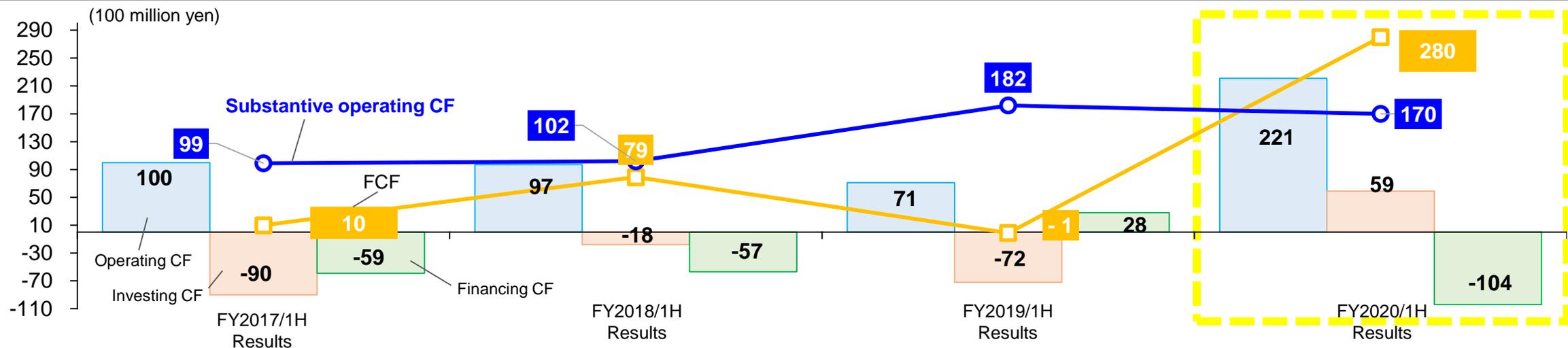
(100 million yen)

	End of March 2020 Results	End of September 2020 Results	Changes
Total assets	3,877	3,767	-110
Net interest-bearing debt	59	-130	-190
Shareholders' equity	1,283	1,322	+39
Ratio of shareholders' equity to net assets	33.1%	35.1%	+2.0pt
Net DER	0.05	-0.10	-0.14



Cash Flows

Operating CF increased after changes in working capital



Cash Flows	FY2017/1H Results	FY2018/1H Results	FY2019/1H Results	FY2020/1H Results
Cash flows from operating activities	100	97	71	221
Cash flows from investing activities	-90	-18	-72	59
(Free cash flows)	10	79	-1	280
Cash flows from financing activities	-59	-57	28	-104

Substantive cash flows

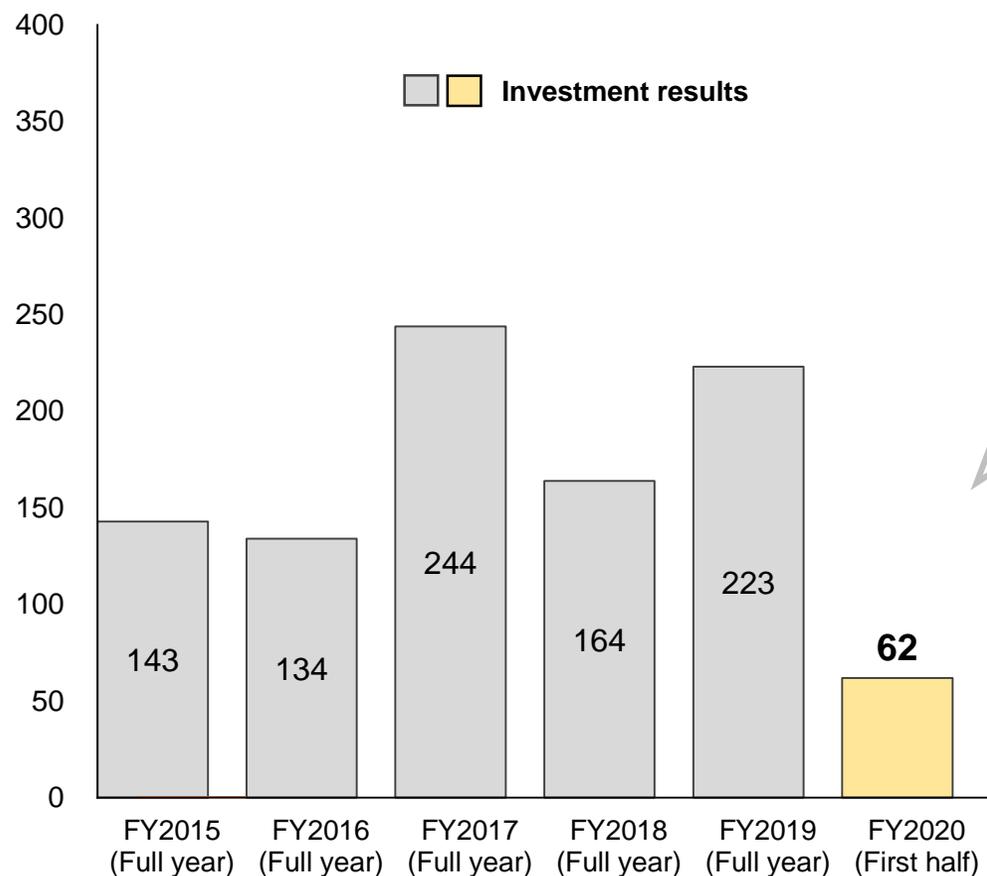
Substantive operating cash flows (*)	99	102	182	170
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(*) Operating CF – Increase/decrease in working capital

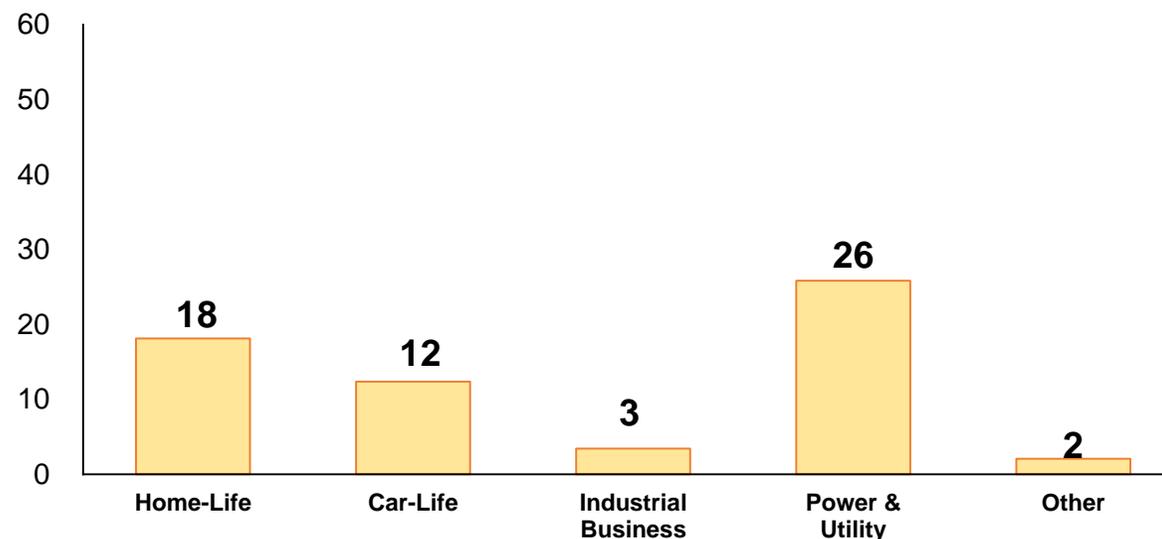
Capital investments were chiefly made in carefully selected items partly due to the pandemic

Company-wide

(100 million yen)



Investment results for the first half of FY2020 by segment



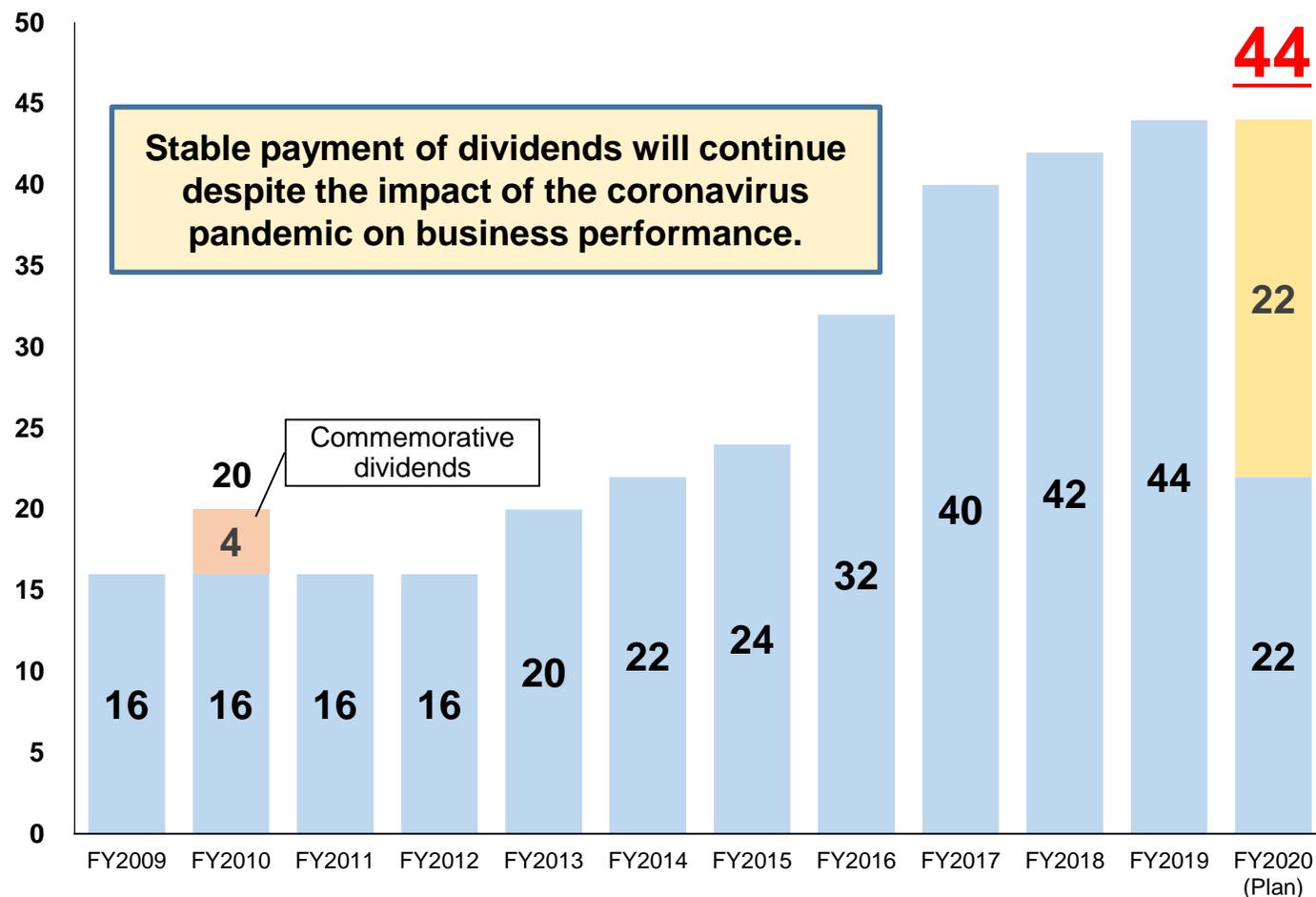
Major investment results

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, etc.
Other	Investment in plant and equipment, etc.

FY2020 Shareholder Returns



The mid-term dividend and annual dividend are expected to be 22 yen and 44 yen, respectively.



Stable payment of dividends will continue despite the impact of the coronavirus pandemic on business performance.

Commemorative dividends

Dividend policy

Continue stable payment

Consolidated payout ratio

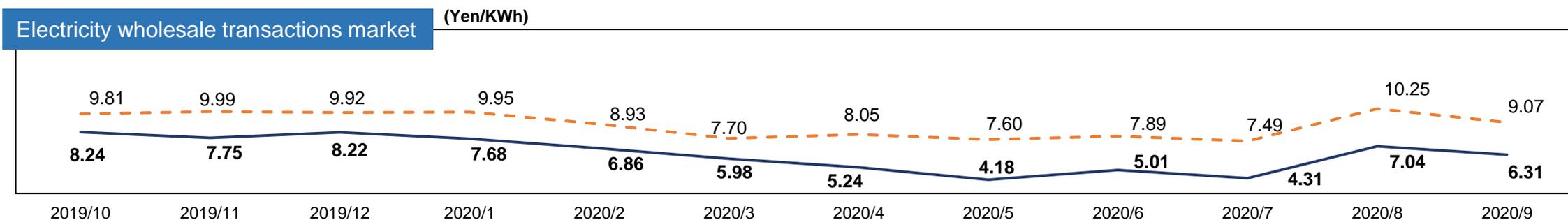
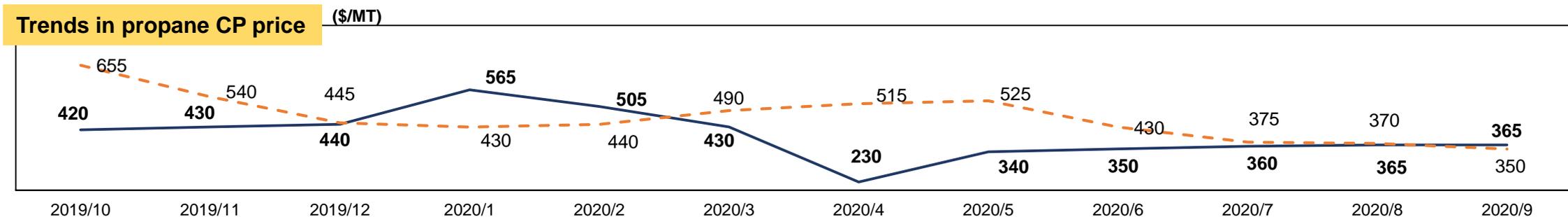
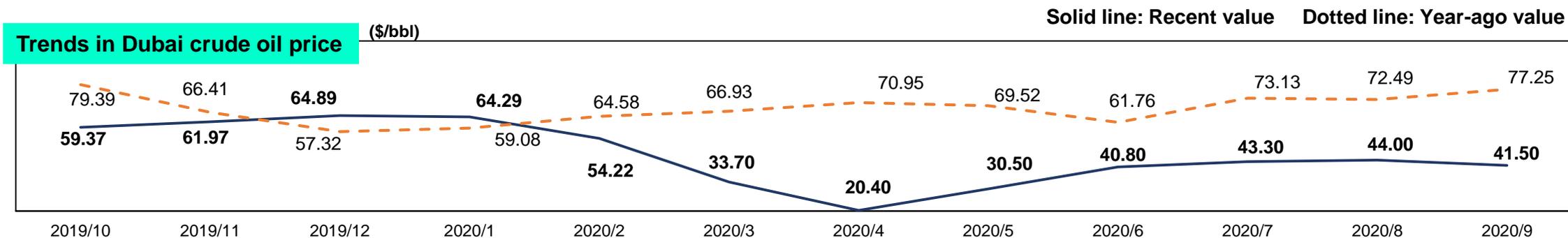
40% or more

Providing shareholder returns stably under the dividend policy of ensuring the dividend payout ratio at 40% or more

Annual dividend at 44 yen will be maintained in FY2020.

Payout ratio (%)	42.7%	58.6%	46.8%	32.4%	30.5%	45.2%	36.3%	34.8%	41.0%	41.0%	41.2%	40% or more

Outlook for crude oil prices continues to be uncertain due to the impact of the COVID-19 coronavirus pandemic.



Overview of Consolidated Financial Results for First Six Months of FY2020

(2) Overview by Segment

Results by Segment

(100 million yen)

		FY2019/1H Results	FY2020/1H Results	Changes	Rate of change %	FY2020 Plan	Achievement rate
Company-wide	Net sales	4,391	3,195	-1,196	-27.2	7,100	45%
	Operating profit	95	102	+6	+6.7	160	64%
	Net profit	52	62	+11	+20.2	110	57%
Home-Life	Net sales	366	302	-64	-17.5	—	—
	Operating profit	6	0	-6	-93.7	—	—
	Net profit	2	0	-2	-93.3	26	1%
Car-Life	Net sales	2,556	1,839	-717	-28.1	—	—
	Operating profit	47	34	-13	-27.5	—	—
	Net profit	25	19	-6	-22.7	28	68%
Industrial Business	Net sales	955	685	-270	-28.2	—	—
	Operating profit	10	28	+18	+178.9	—	—
	Net profit	7	23	+16	+233.5	24	93%
Power & Utility	Net sales	515	370	-145	-28.2	—	—
	Operating profit	29	34	+5	+17.0	—	—
	Net profit	17	17	+1	+5.4	35	50%

Profit dropped reflecting the effect of inventories and shrinking sales volumes of LP gas and industrial gas.

(100 million yen)

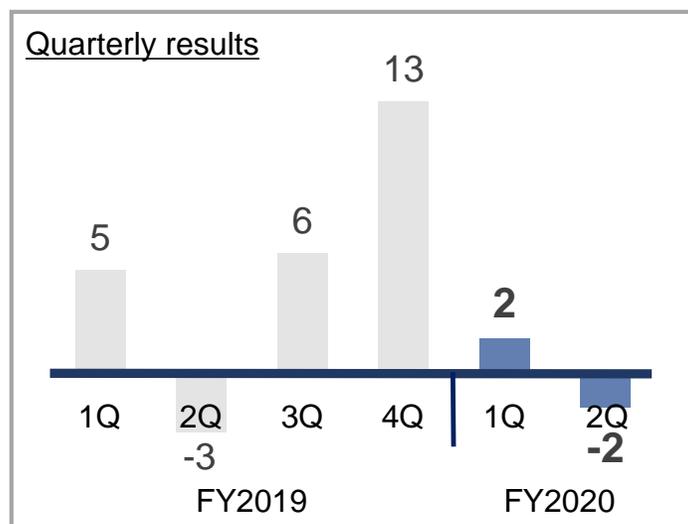
	FY2019/1H Results	FY2020/1H Results	Changes
Gross profit	99	92	-7
Selling, general and administrative expenses	-95	-91	+3
Operating profit	6	0	-6
Share of profit (loss) of investments accounted for using the equity method	1	2	+1
Net profit	2	0	-2

Major factors for increase/decrease (Net profit)

The number of customers under direct contract decreased by around 2,000 from the end of the previous fiscal year to approximately 549,000 after a sell-off of business rights.

The overall sales volume of LP gas fell year on year after the shrinkage in demand for business, industrial and automobile use due to the declining operating ratio of factories, despite soaring demand and sales for household use driven by those refraining from going out. Profit decreased, reflecting the effect of inventories following falling LP gas import prices and a decrease in the sales volumes of LP gas and industrial gas.

FY2020 Plan	Achievement rate
26	1%



Profit (loss) of major affiliates

	FY2019/1H Results	FY2020/1H Results	Changes
ITOCHU ENEX HOME-LIFE NISHI-NIHON	3	3	+0
ECORE (The Company's equity 51%)	3	2	-1
ENEARC (The Company's equity 50%)	3	2	-1

Number of customers (1,000)

	End of March 2020	End of September 2020	Changes
Number of customers under direct LP gas supply contracts	551	549	-2
Number of customers for electricity retail	93	100	+7

Sales volumes

	FY2019/1H Results	FY2020/1H Results	Changes
LP gas (thousand tons)	228	201	-12%
Industrial gas (million m ³ & thousand tons)	38	32	-15%

Profit decreased following a decline in the sales volume of oil products and a fall in the number of new cars sold in the car dealer business.

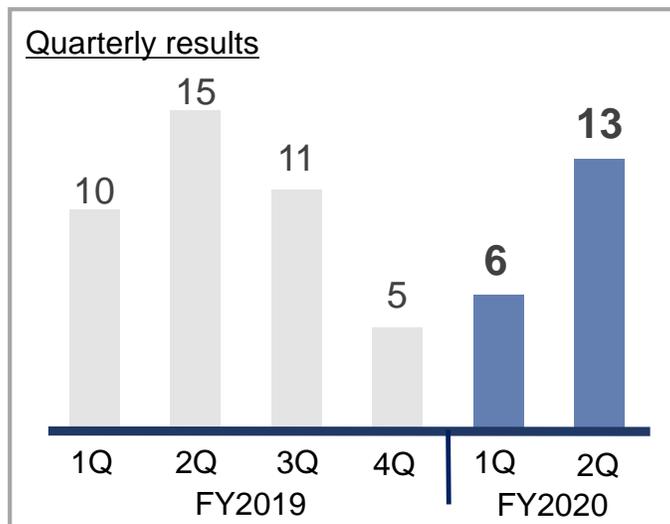
(100 million yen)

	FY2019/1H Results	FY2020/1H Results	Changes
Gross profit	237	224	-13
Selling, general and administrative expenses	-192	-190	+2
Operating profit	47	34	-13
Share of profit (loss) of investments accounted for using the equity method	0	0	-0
Net profit	25	19	-6

Major factors for increase/decrease (Net profit)

The number of filling stations decreased by 13 from the end of the previous fiscal year to 1,691. The sales volume of oil products was poorer than in the same period of the previous year, and so was the number of new cars sold due to shortened business hours at dealers associated with the measures addressing the COVID-19 pandemic and the rush of demand before the consumption tax hike in the previous fiscal year. Profit decreased due to declines in the sales volume of oil products, in the number of new cars sold in the car dealer business and in service revenue.

FY2020 Plan	Achievement rate
28	68%



Profit (loss) of major affiliates

	FY2019/1H Results	FY2020/1H Results	Changes
ENEX FLEET	8	13	+5
Osaka Car Life Group (The Company's equity 51.95%)	5	2	-3

Sales volumes

	FY2019/1H Results	FY2020/1H Results	Changes
Gasoline (thousand KL)	977	830	-15%
Kerosene (thousand KL)	90	81	- 9%
Diesel oil (thousand KL)	1,033	963	-7%
New cars (thousand units)	14	11	-20%
Used cars (thousand units)	13	10	-19%

Profit rose substantially thanks to export/import operations for oil products in line with changes in crude oil prices.

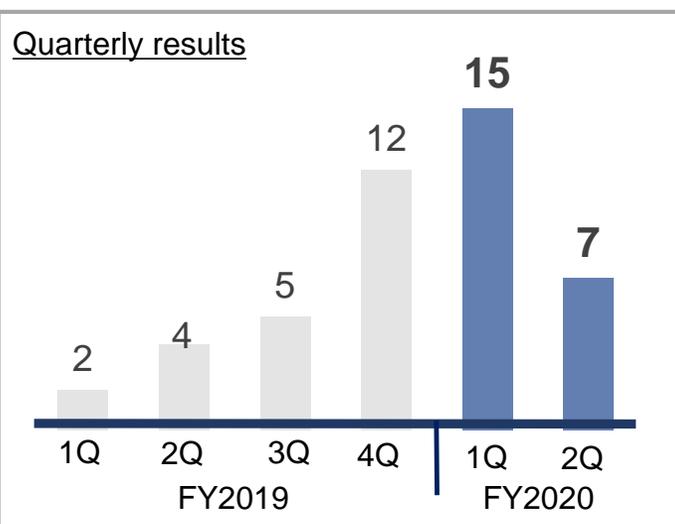
(100 million yen)

	FY2019/1H Results	FY2020/1H Results	Changes
Gross profit	32	48	+16
Selling, general and administrative expenses	-23	-20	+3
Operating profit	10	28	+18
Share of profit (loss) of investments accounted for using the equity method	0	0	+0
Net profit	7	23	+16

Major factors for increase/decrease (Net profit)

The sales volume of oil products for industrial use and fuel cards for cars decreased year on year following the slumping operating ratio at factories and the decreased use of cards for company vehicles. The asphalt business saw sales volume fell year on year. Meanwhile, in the marine fuel business, sales volume rose after steady sales to ocean-going vessels. Profit jumped substantially due to export-import operations for oil products in view of changing crude oil prices and the reduction of operating expenses.

FY2020 Plan	Achievement rate
24	93%



Sales volumes

	FY2019/1H Results	FY2020/1H Results	Changes
Gasoline (thousand KL)	482	355	-26%
Kerosene (thousand KL)	240	122	-49%
Diesel oil (thousand KL)	558	516	-8%
Heavy fuel oil (thousand KL)	973	1,063	+9%
Asphalt (thousand tons)	164	139	-15%

Profit increased due to a higher operating rate than the previous year in the power generation area.

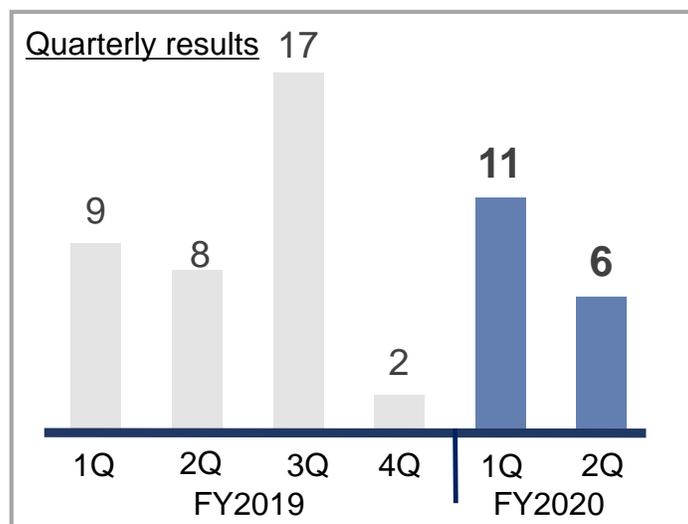
(100 million yen)

	FY2019/1H Results	FY2020/1H Results	Changes
Gross profit	55	57	+2
Selling, general and administrative expenses	-23	-23	+0
Operating profit	29	34	+5
Share of profit (loss) of investments accounted for using the equity method	5	2	-3
Net profit	17	17	+1

Major factors for increase/decrease (Net profit)

Electricity retail sales dropped year on year. While low-voltage power sales volume grew following rising consumption volume for household use due to demand from those refraining from going out and an increase in the number of low-voltage power contracts mainly for household use, the number of large high-voltage power contracts for corporate use contracted considerably. Profit grew reflecting completion of the large regular repair in the previous fiscal year in the power generation area, which led to an increasing operating ratio in the current fiscal year.

FY2020 Plan	Achievement rate
35	50%



Profit (loss) of major affiliates

	FY2019/1H Results	FY2020/1H Results	Changes
ENEX Electric Power Group	1	6	+4
ENEX LIFE SERVICE	1	2	+0
Tokyo Toshi Service Company (The Company's equity 66.6%)	7	9	+1
Oji-Itochu Enex power retailing Co., Ltd. (The Company's equity 60.0%)	3	4	+1

Sales volumes

	FY2019/1H Results	FY2020/1H Results	Changes
Electricity Retail (GWh)*	1,244	1,096	-12%
Breakdown:			
Sales of high voltages*	1,051	837	-20%
Sales of low voltages*	192	259	+34%
Steam (thousand tons)	296	250	-16%
Heat quantity (TJ)	770	755	-2%

(* Calculated based on preliminary values)

Progress of the Medium-Term Business Plan

(1) Overview of the Entire Company

Basic Policy of “Moving 2020 Horizon” Medium-Term Business Plan



Quantitative Plan

Net profit	¥11.0 billion
Consolidated dividend payout ratio	40% or more
Substantive operating CF	20.0 billion yen or more per fiscal year
Planned investment (2-year total)	¥43.0 billion

* The planned figures above reflect the May 15, 2020 revision that took into consideration the impact of COVID-19.

Basic Policy

- Establishing Closer Connections / By Leveraging New Tools / Expanding Globally -

Promotion of Growth Strategies	
1	Maintaining and deepening the revenue base <ul style="list-style-type: none"> - Appropriate distribution of people, goods, and money - Creating group synergies - Further leverage the customer base
2	Creating new businesses <ul style="list-style-type: none"> - Promoting environmental businesses - Using all management resources
3	Making inroads overseas and in peripheral fields <ul style="list-style-type: none"> - Investing proactively in overseas businesses - Promoting M&A of peripheral businesses - Forming alliances with partners

Evolution of the Organizational Base	
1	Strengthening Group management <ul style="list-style-type: none"> - Deepening business management of group companies - Establishing a risk management system - Business strategy based on ESG and SDGs
2	Human resource strategies for growth <ul style="list-style-type: none"> - Promoting diversity - Cultivating global human resources - Instilling ENEX EARLY BIRD
3	Promoting innovation <ul style="list-style-type: none"> - 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 / Topics

Joint study for establishment of supply chain of ammonia marine fuel towards zero greenhouse gas emissions



	Individual Role
Imabari Shipbuilding Co., Ltd.	Develop ships with ammonia-fueled engine
MAN Energy Solutions	Develop an ammonia-fueled engine
Mitsui E&S Machinery Co., Ltd.	Develop and supply ammonia-fueled engines
Nippon Kaiji Kyokai	Evaluate the safety of ammonia-fueled ships
ITOCHU ENEX CO., LTD.	Supply fuel to ammonia fueled ships
ITOCHU Corporation	Achieve materialization of an integrated project

We signed an agreement regarding the joint development of ships chiefly fueled by ammonia (“ammonia-fueled ships”) led by MAN Energy Solutions together with ITOCHU Corporation, Imabari Shipbuilding Co., Ltd., Mitsui E&S Machinery Co., Ltd. and Nippon Kaiji Kyokai. In addition, we will jointly study the establishment of an ammonia marine fuel supply chain in Singapore with ITOCHU Corporation and VOPAK Terminal Singapore Pte. Ltd.

The goals of this joint development are not only to construct a supply chain for ammonia fuel in Singapore but also to achieve materialization of an integrated project encompassing the joint development of ammonia-fueled ships, the ownership and operation of these ships, the introduction of ammonia marine fuel and fuel supply facilities with a view towards the reduction of greenhouse gas emissions.

Comprehensive partnership agreement between Nissan Osaka Sales and Osaka Prefectural Government

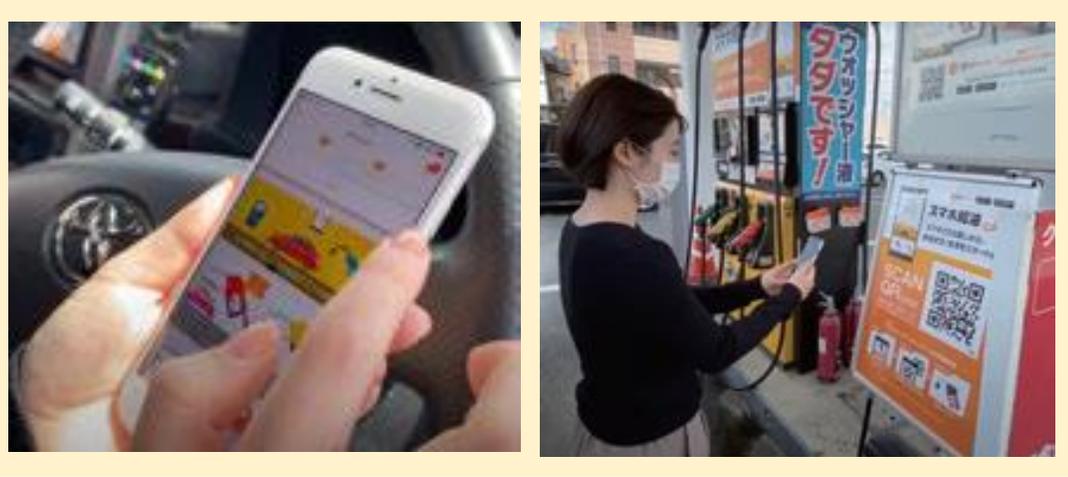


Nissan Osaka Sales Co., Ltd. (“Nissan Osaka”), one of our consolidated subsidiaries, signed a comprehensive partnership agreement with the Osaka Prefectural Government on June 10, 2020. On this occasion, Nissan Osaka donated an electric vehicle to the Osaka Prefectural Government that will be used to transport medical supplies to facilities accepting patients with mild COVID-19 symptoms. In the future, we will step up our partnership and collaboration in the six areas of safety and reassurance, health and work style reform, the environment, children and welfare, local revitalization and the publicization of prefectural administration in an effort to help energize the region and improve services for the prefecture’s residents.

Progress of Medium-Term Business Plan / Topics

Verification of Smartphone Fueling started

Launch of TERASEL, a new brand in the power-related business



At the end of March 2020, verification of the Smartphone Fueling (the refueling of automobiles using a smartphone) service commenced at Car-Life Station (CS)*-branded self-service filling stations in Kanagawa Prefecture. In this service, users make an appointment to refuel their car using a dedicated smartphone app so they are able to refill their cars merely by scanning a QR at the gasoline pump when they arrive at the station. In October 2020, verification of the service began at full-service CSs. It attracted attention as a contact-free service meeting people's needs during the pandemic.

* A Car-Life Station (CS) is a filling station offering different services proposed by ITOCHU ENEX.

TERASEL



We rolled out a new brand for its electric power-related businesses – TERASEL – in October 2020. Coined from the Japanese expression *teraseru*, which means to be able to lighten, it embodies our aspirations of lightening the everyday lives of our customers through the electric power-related businesses.

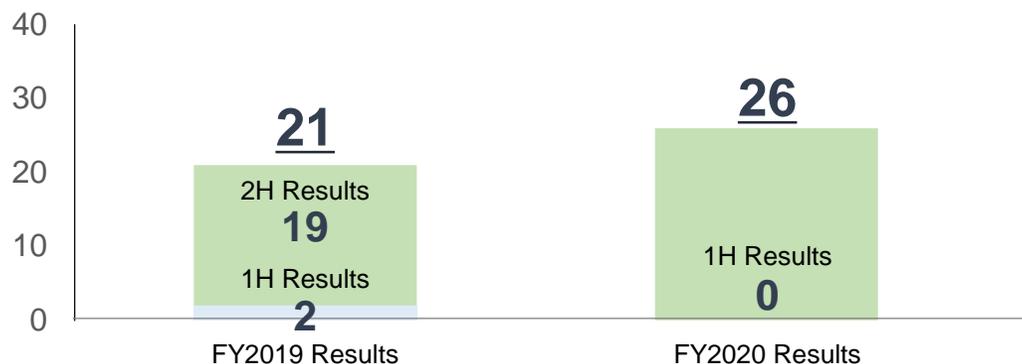
The first business operated under this new brand is the TERASEL Denki electricity retail service to which customers can easily subscribe online. It will be operated nationwide by Enex Life Service Co., Ltd., a consolidated subsidiary of ITOCHU ENEX, serving as an electricity retailer supplying electric power.

Progress of the Medium-Term Business Plan

(2) Overview by Segment

Home-Life Division

Changes in quarterly net profits



Main initiatives in the first half

■ Maintaining and deepening the customer base

- The number of electricity customers surpassed 100,000, after an increase of 6,800 from the beginning of the fiscal year as a result of electricity sales efforts.
- An approximate total of 78,000 LPWAs have been installed, up 19,000 from the beginning of the fiscal year. Installation is continuing.
- Plans were implemented using virtual showrooms and other contact-free sales tools.

■ Industrial gas area

- ITOCHU Industrial Gas Co., Ltd. launched a container storage business in anticipation of stepping up the supply chain from container sales to disposal.

■ Overseas businesses

- Efforts were started in Indonesia to cultivate new businesses beyond industrial gas.
- The Bangkok Representative Office took the initiative in seeking business alliances with prospective partners in neighboring countries.

■ New business development

- A study of the creation of peripheral businesses in the agricultural sector and businesses producing synergy with energy or industrial gas was conducted.
- Itochu Enex Home-Life Nishi-Nihon Co., Ltd. opened a new laundromat, now operating six laundromats.

Management policies for the second half

Business Development in a New Era - Mastering the First Mile -

■ LP gas business

- Carry out measures to increase accounts for expanding the foundations.
- Increase contacts with customers using non-contact sales tools.
- Transform the e-Koto Club from a courtesy service for customers to a membership service to boost benefits for customers.
- Step up security by introducing iPad systems.
- Accelerate installation of LPWAs to streamline operations.
- Push ahead with IT & Digital technology to streamline operations.

■ Industrial gas business

- Reduce manufacturing costs.
- Study the expansion of peripheral businesses surrounding industrial gas.
- Push ahead with mergers and acquisitions to expand the scale of business.

■ Overseas businesses

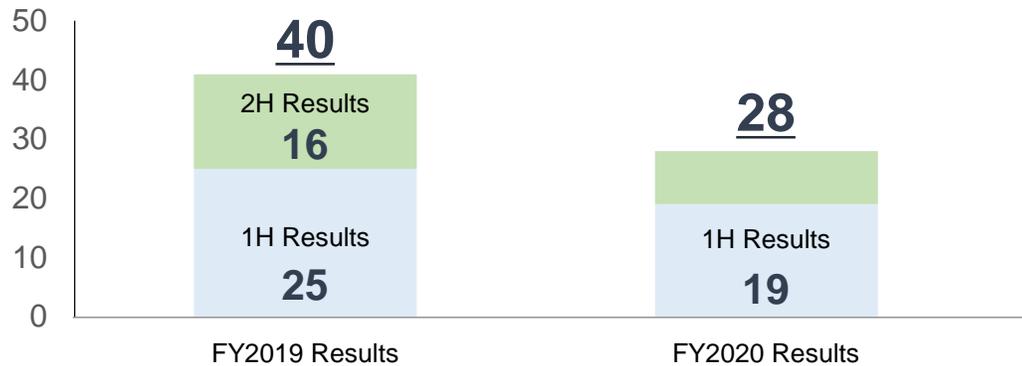
- Have the Bangkok Representative Office take the lead in seeking business alliances with prospective partners in countries near Thailand.

■ New business development

- Search for peripheral businesses in the agricultural sector.

Car-Life

Changes in quarterly net profits



Main initiatives in the first half

- **Maintaining the customer base**
 - Four CSs were added to the affiliated network. The number of stations in the affiliated network is 1,691, down 13 from the end of the previous fiscal year.
- **Actions during the pandemic**
 - Online kick-off meetings were held.
 - They were held at seven branches across the country with 445 participants. They were generally well received.
- **Creating and establishing new businesses**
 - Smartphone Fueling: Demonstration trial in progress at three CSs
 - Carlife Stadium car lease: Introduction contracts with 192 outlets
 - LINE: Affiliation contracts signed with 63 outlets
 - Imported tires: Steady progress with orders obtained for 2,134 tires
 - TERASEL Denki: Sales activities will begin at sales outlets and CSs in and after November.

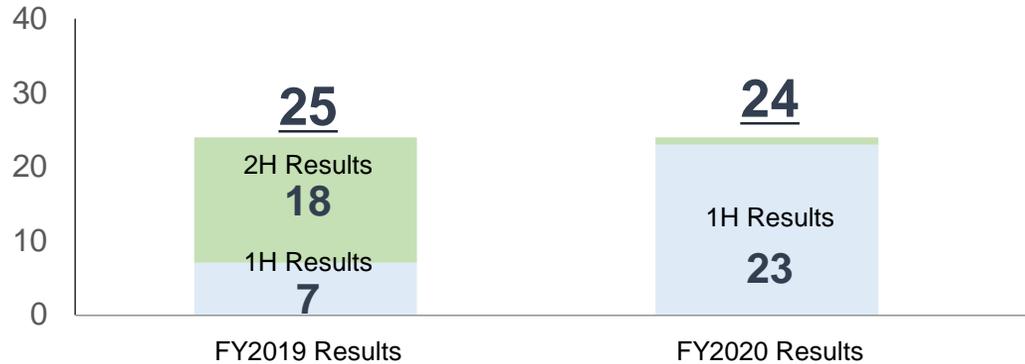
Management policies for the second half

Expanding Customer Bases - Be Aggressive! -

- **Reform core businesses.**
 - Increase transactions in the affiliated network as the foundation of business.
 - Offer new products associated with CSs.
- **Improve productivity through business efficiency improvement.**
 - Actively use IT to increase business efficiency.
 - Introduce Smartphone Fueling to enclose customers and to boost efficiency of CSs operations.
- **Preparations for the future**
 - Enter the car care business in Vietnam.
 - Enlarge the car dealer business centered around Nissan Osaka.

Industrial Business

Changes in quarterly net profits



Main initiatives in the first half

■ **GTL: Construction of the foundations for sales expansion**

- Actions with national and local governments: GTL fuel was registered in the New Technology Information System (NETIS)* operated by the Ministry of Land, Infrastructure, Transport and Tourism. This was followed by registration in Shizuoka Prefecture's version of NETIS.
- Application development: GTL fuel was adopted to be a fuel for emergency power generation at the new Yokohama City Government building and adopted in the construction of the new Tada Corporation building as heavy machinery fuel for demolition, construction and industrial waste handling.
- Increase in delivery capacity: We increased delivery capacity in Tokyo, Nagoya and Osaka and built a new delivery center in the northern Kanto region.

* NETIS is a database constructed by the Ministry of Land, Infrastructure, Transport and Tourism to share and provide information on new technologies for the active use of these technologies.

■ **Marine fuel**

- Began efforts on LNG, ammonia, hydrogen and other next-generation fuels.

■ **Coal ash business**

- Environmental recycling action with the Shimane Prefecture Forestry Association (Coal ash is used for paving forestry roads and other purposes.)
- The antibacterial and antiviral properties of coal ash were confirmed. A study was conducted on its introduction on poultry and pig farms as an alternative to slaked lime.

Management policies for the second half

Focus energy on expanding the sales of environmental products Develop and implement trans-industry environmental projects

- **GTL sales expansion: Quickly prepare to supply 100,000 kl per year**
 - Propose solutions for reducing CO₂ emissions to government offices and businesses with high environmental awareness.
 - Expand supply areas. (Services in Chugoku, Shikoku and Kyushu regions being considered)
- **AdBlue business expansion: Swiftly increase market share from the current level of 30% to 50%**
 - Consider expansion from sales into manufacturing. Construct a solid supply chain.
 - Provide AUS40 supply facilities at shipyards. Build a sales system for new shipbuilding mainly in the area around the Seto Inland Sea.
- **Energy service business**

Aim to develop into a general energy supply business covering not only LNG fuel conversion but heat, steam and electric power.

An agreement was reached on the implementation of the first project in Kyoto Prefecture. Succeeding projects exist in other regions.
- **Trans-industry project**

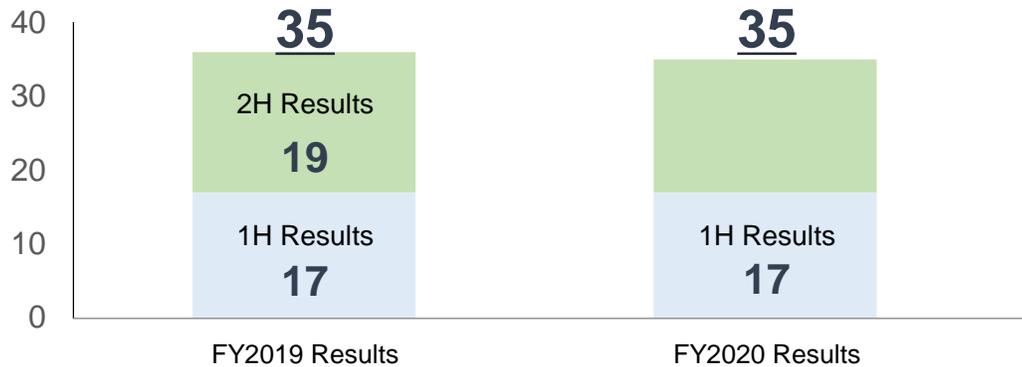
Aim to expand the energy service business with a focus on LNG.

Multi-industry coordination model (heat supply, bunkers and power generation)
- **JET fuel**

Etajima Terminal will commence a service of storing and distributing JET fuel.

Power & Utility

Changes in quarterly net profits



Main initiatives in the first half

- Collaboration with Kyushu Electric Power Co., Inc. in electric power retail began in April.
- ITC ENEX Southeast Asia and ITC ENEX (Thailand) were established in Bangkok, Thailand. They began full operations in September.
- Reliance Energy Okinawa, Inc., an affiliate of Tokyo Toshi Service Company, commenced its energy service at four locations in the current fiscal year in the Okinawa area.
- Began managing customers using Salesforce. In the future, online activities to gain customers will be conducted using this system.

Management policies for the second half

Serve widely. Be useful.

- **Megatrend**
 - DX: Integrate customer management systems, and implement e-commerce through TERASEL Denki.
 - SDGs: Expand sales of photovoltaic systems for private consumption in Thailand and in Japan.
- **System**
 - Low-efficiency coal power generation: Consider modification of coal-fired power generation facilities in view of trends in national government regulations.
 - Capacity market: Study response measures for 2024 and later including those of joint ventures.
- **Businesses**
 - Financial development business: Step up efforts in the domain of small-sized photovoltaic power generation systems.
 - New demand cultivation: Energy service business by Tokyo Toshi Service Company.

Appendix

Demand for major products (handled by ITOCHU ENEX) in the first half and forecast for the second half

		First Half	Second Half (forecast)
		Demand	Demand
Home-Life	LP gas for household use	○	○
	LP gas for business use	×	△
	LP gas for automobile use	×	△
	Devices	×	△
	Industrial gas	×	×
Power & Utility	High voltage	×	△
	Low voltage	○	○

		First Half	Second Half (forecast)
		Demand	Demand
Car-Life	Gasoline	×	△
	Diesel oil	△	—
	Cars	×	—
Industrial Business	Industrial fuel	×	△
	Marine fuel	×	△
	Asphalt	△	△

◎: Strong ○: Good —: Fair △: Undesirable ×: Poor

Quarterly results (company-wide)

(100 million yen)

	FY2019 1Q Results	FY2020 1Q Results	Changes	FY2019 2Q Results	FY2020 2Q Results	Changes	FY2019/1H Results	FY2020/1H Results	Changes
Net sales	2,202	1,482	-720	2,189	1,714	-475	4,390	3,195	-1,196
Gross profit	207	204	-3	216	218	+2	423	421	-2
Selling, general and administrative expenses	-165	-159	+6	-166	-161	+5	-330	-319	+11
Operating profit	43	44	+1	52	57	+5	95	102	+6
Share of profit (loss) of investments accounted for using the equity method	7	6	-1	-1	-2	-1	7	4	-2
Net profit	27	36	+9	25	27	+2	52	62	+11

Appendix

Quarterly results (by segment)

(100 million yen)		FY2019 1Q Results	FY2020 1Q Results	Changes	FY2019 2Q Results	FY2020 2Q Results	Changes	FY2019/1H Results	FY2020/1H Results	Changes
Company-wide	Net sales	2,202	1,482	-720	2,189	1,714	-475	4,390	3,195	-1,196
	Operating profit	43	44	+1	52	57	+5	95	102	+6
	Net profit	27	36	+9	25	27	+2	52	62	+11
Home-Life	Net sales	198	158	-41	168	144	-24	366	302	-64
	Operating profit	6	1	-5	1	-0	-1	6	0	-6
	Net profit	5	2	-3	-3	-2	+1	2	0	-2
Car-Life	Net sales	1,261	819	-442	1,295	1,020	-275	2,556	1,839	-717
	Operating profit	19	9	-10	28	25	-2	47	34	-13
	Net profit	10	6	-4	14	13	-2	25	19	-6
Industrial Business	Net sales	500	323	-178	454	362	-92	955	685	-270
	Operating profit	3	17	+15	7	11	+3	10	28	+18
	Net profit	2	15	+13	5	7	+2	7	23	+16
Power & Utility	Net sales	243	183	-60	272	187	-85	515	370	-145
	Operating profit	14	15	+1	16	19	+4	29	34	+5
	Net profit	9	11	+2	8	6	-1	17	17	+1

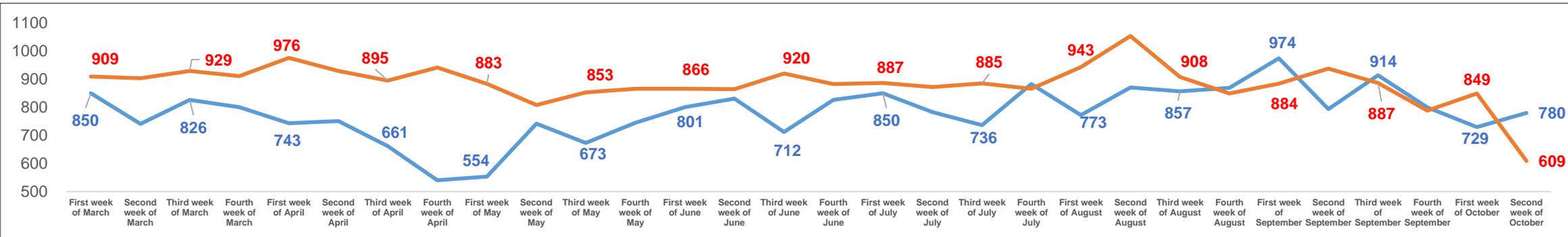
Appendix

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

* Created based on statistics from Petroleum Association of Japan

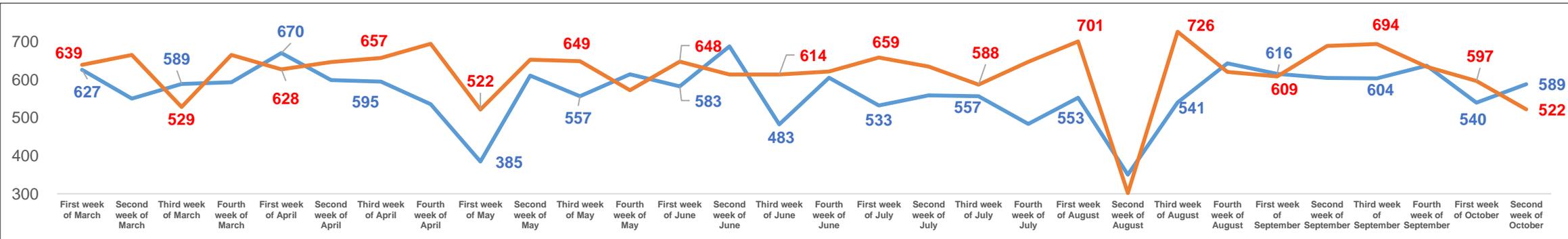
Weekly shipment volume of gasoline

Unit: Thousand kiloliters



Weekly shipment volume of diesel oil

Unit: Thousand kiloliters



[Reference] Monthly sales volume of LP gas (January to August, national statistics)

Unit: Thousand tons

	January			February			March			April		
	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes
For household and business use	827	780	-6%	795	747	-6%	750	749	-1%	675	646	-4%
For cars	50	45	-10%	48	42	-12%	50	41	-19%	49	29	-42%

Unit: Thousand tons

	May			June			July			August		
	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes
For household and business use	562	513	-9%	449	454	+1%	497	451	-9%	437	412	-6%
For cars	47	22	-53%	48	31	-36%	50	37	-27%	52	35	-32%

* Created based on statistics from Japan LP Gas Association

[Reference] Monthly sales of new cars (standard-sized cars and compact cars) (January to October, national statistics)

Unit: Thousand units	January			February			March			April			May		
	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes
Sales of new cars	218	193	-12%	261	233	-11%	357	322	-10%	200	145	-28%	213	124	-42%

Unit: Thousand units	June			July			August			September			October		
	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes
Sales of new cars	248	182	-27%	258	207	-20%	202	169	-16%	300	252	-16%	165	221	+35%

* Created based on statistics from Japan Automobile Dealers Association

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