

ITOCHU ENEX CO., LTD.

(TSE First Section, 8133)

Financial Results(FY2020)

May 14, 2021

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 the Fiscal Year Ended March 31, 2021

- **Net profits** increased 0.1 billion yen to **12.2 billion yen**, up 0.9% year on year, marking a record high for the sixth consecutive year.
- **The ratio of SG&A expenses to gross profit** came to **77.2%**, a 2.4% decrease year on year, suggesting that expenses were effectively controlled as in the previous year.
- The annual dividend is expected be **50 yen per share**, including **6.00 yen per share commemorating the 60th anniversary of the Company's founding**.

Net sales **739.1** billion yen (-17.6% year on year)

Operating profit **19.3** billion yen (+0.5% year on year)

Gross profit **86.9** billion yen (+0.5% year on year)

Net profit **12.2** billion yen (+0.9% year on year)

	Plan	Results	Difference from revised plan
Net profit	¥11.0 billion	¥12.2 billion	<u>+¥1.2 billion</u>
Consolidated dividend payout ratio	40% or more	46.4%	<u>6.4%</u>
Investment(2-year total)	¥43.0 billion	¥41.0 billion	<u>-¥2.0 billion</u>
ROE	9.0%	9.2%	<u>+0.2%</u>

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1 . Overview of Consolidated Financial Results **for the Fiscal Year Ended March 31, 2021**

(1) Overview of the Entire Company

Summary of Financial Results for FY2020

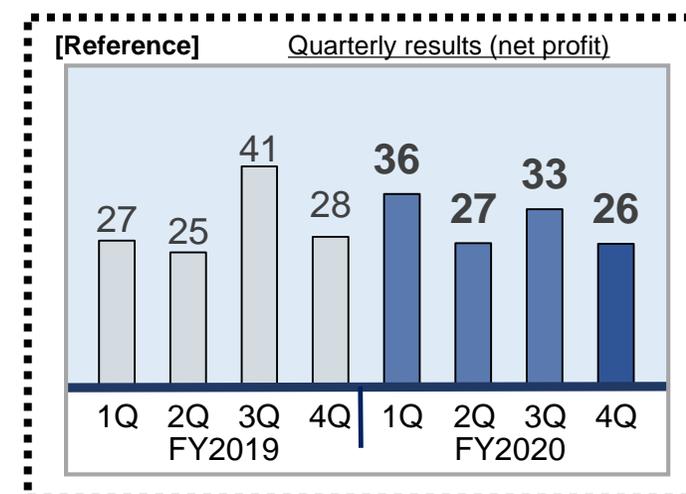
Net profit marked a record high for the sixth consecutive year.



(100 million yen)	FY2019 Results	FY2020 Results	Changes
Net sales	8,974	7,391	-1,584
Gross profit	864	869	+5
Selling, general and administrative expenses	-689	-671	+17
Operating profit	193	193	+1
Share of profit (loss) of investments accounted for using the equity method	18	17	-0
Net profit	121	122	+1
Ratio of SG&A expenses to gross profit	79.7%	77.2%	-2.4pt
Dividends (yen/share)	44	50	+6

FY2020 Plan	Achievement rate
7,100	104%
160	121%
110	111%

- ❑ **Net profit** increased 100 million yen year on year, **marking a record high**. Export-import operations 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 **77.2%**, a 2.4% decrease year on year, suggesting that expenses were effectively controlled as in the previous year.
- ❑ The annual dividend is expected be **50 yen per share**, including **6.00 yen per share commemorating the 60th anniversary of the Company's founding**.



The Impact of the COVID-19 Coronavirus Pandemic

Impact on business performance

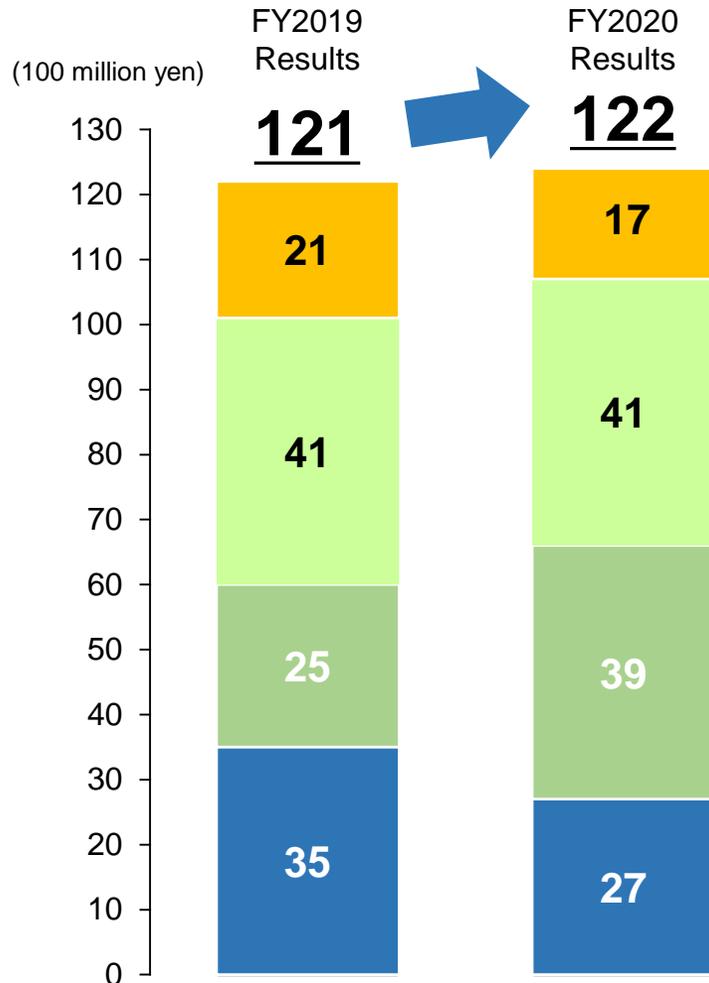
	Oil	<ul style="list-style-type: none"> □ Demand for gasoline declined due to remote working and the stay-at-home advisories, making sales volume fall.
	LP gas	<ul style="list-style-type: none"> □ Sales volume of LP gas (for business, industrial and automobile use) and industrial gas decreased due to a decline in operation rates at stores, factories, etc. □ 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. □ Sales volume of low-voltage power increased 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 fall in sales volumes. The number of new cars sold decreased 24% year on year in the April to June period, recovered to the year-ago level and remained strong from July onwards.

Sales volume (company-wide)

■ Gasoline	2,386,000 KL (-13.8% year on year)	■ LP gas	500,000 tons (-7.9% year on year)	■ Electricity	2,221 ^(including agency quantity) GWh (-7.0% year on year)
■ Diesel oil	3,164,000 KL (-3.8% year on year)	■ Industrial gas	65,000 tons (-14.0% year on year)	■ New cars	26,000 units (-2.6% year on year)

Net Profit by Segment

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



Major factors for increase/decrease

Home-Life (YoY: -¥400 million, Percent of the plan achieved: 66%)

The number of customers under direct contract rose slightly to around 552,000, despite a sell-off of business rights. The overall sales volume of LP gas was lower than in the same period a year earlier despite the rise in sales for household use due to demand driven by those refraining from going out and the upward trend of demand for business and industrial use. Profits decreased due to a decline in the sales volume of LP gas and industrial gas and a surge in prices for the electric power market.

Car-Life (YoY: -¥30 million, Percent of the plan achieved: 145%)

The number of filling stations decreased by 17 from the end of the previous fiscal year to 1,687. The sales volume of oil products decreased year on year. The number of new cars sold, which was lower than the year-ago level in the first half, recovered to the ordinary level in the second half due to strong sales. Profits remained at the level of the same period of the previous year overall due to recovery in the number of vehicles sold in the car dealer business, despite a fall in the sales volume of oil products.

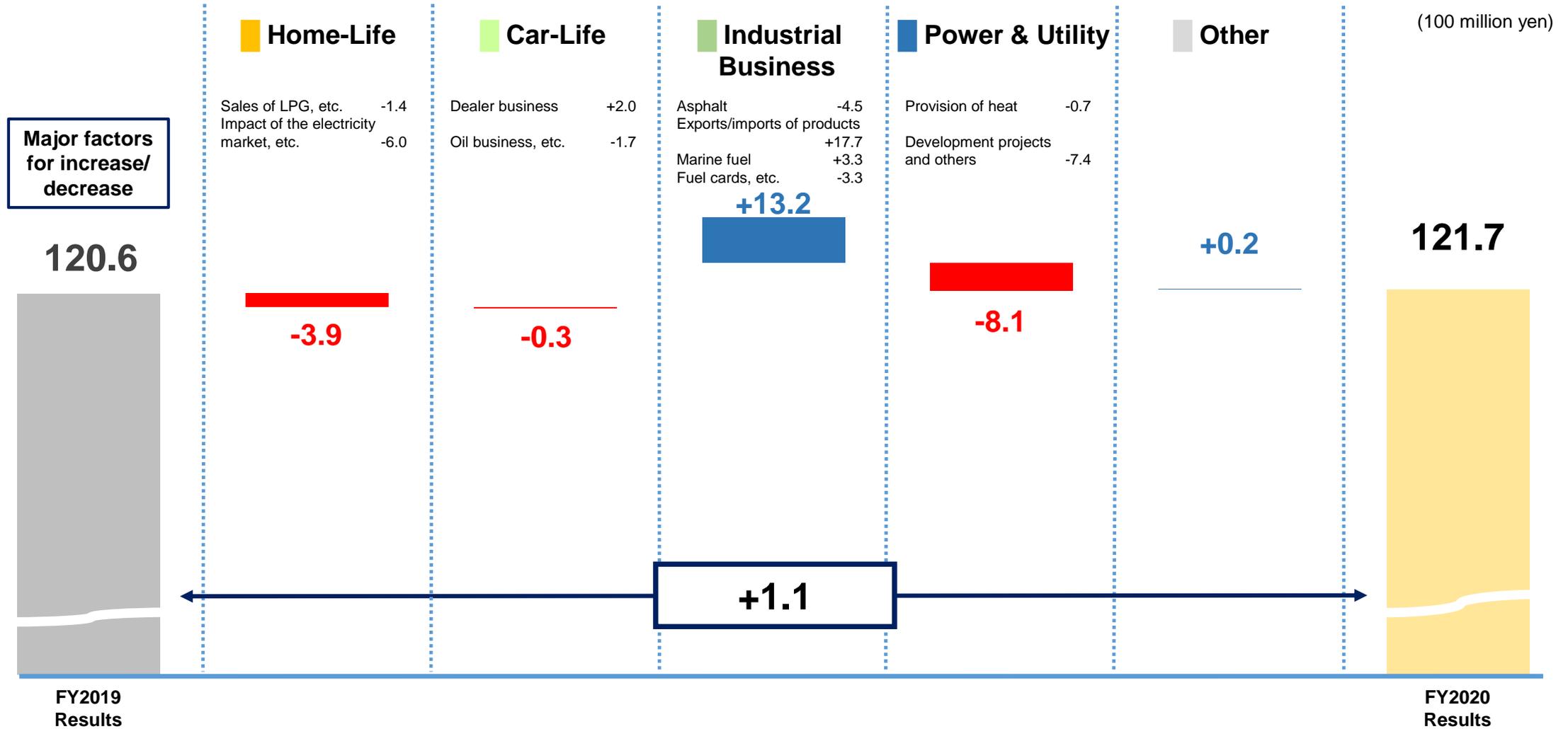
Industrial Business (YoY: +¥1300 million, Percent of the plan achieved: 161%)

The sales volume of oil products for industrial use decreased year on year following the slumping operating ratio at factories. 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.

Power & Utility (YoY: -¥800 million, Percent of the plan achieved: 76%)

Electricity retail sales dropped year on year due to a massive fall in the number of large high-voltage power contracts for corporate use, offsetting a hike in low-voltage sales volume following growth in the consumption volume for household use due to demand from those refraining from going out and the number of low-voltage power contracts mainly for household use. Profit decreased, reflecting a slide in earnings concerned with development projects.

Analysis of Net Profit by Segment

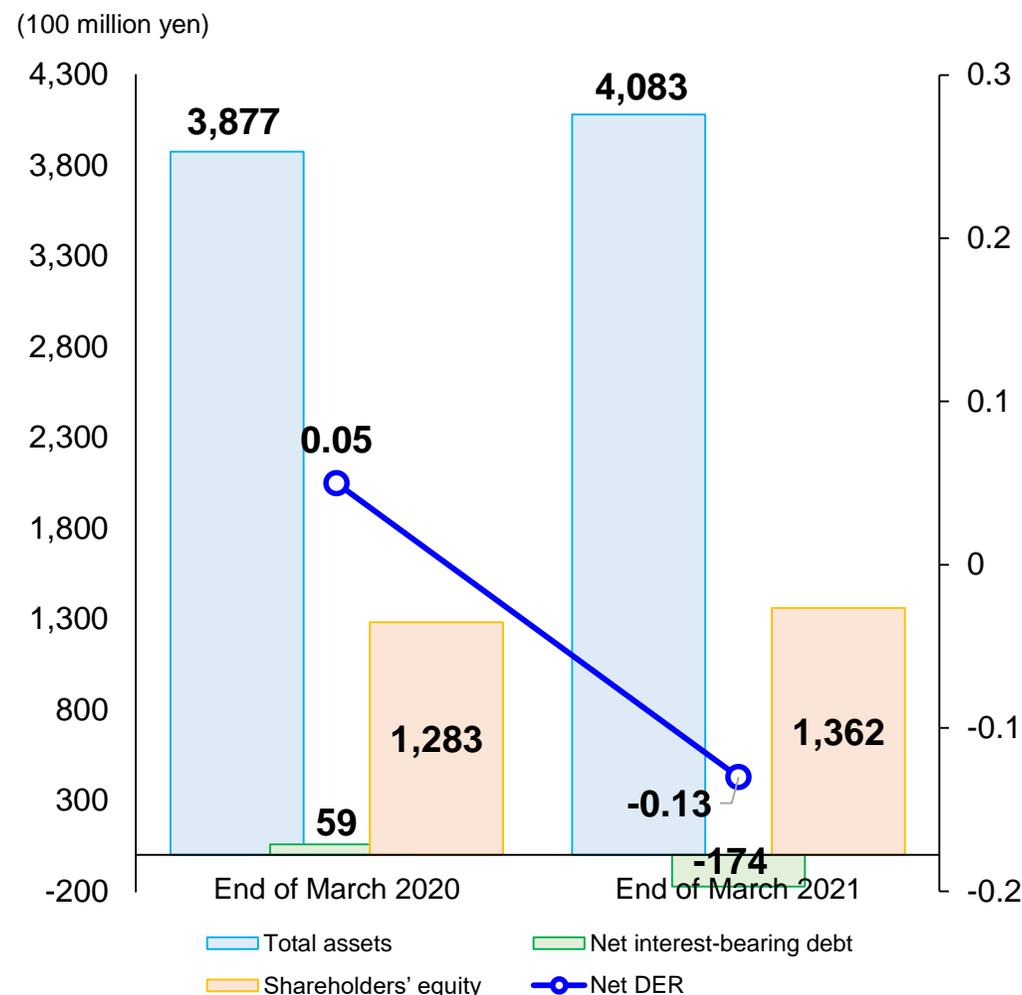


Trade receivables/trade payables increased due to rising crude oil and CP prices

- Total assets:** Increased 20.7 billion yen from the end of the previous year due to increases in trade receivables/trade payables and came to **408.3 billion yen**.
- Shareholders' equity:** Increased 7.9 billion yen from the end of the previous year to **136.2 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.

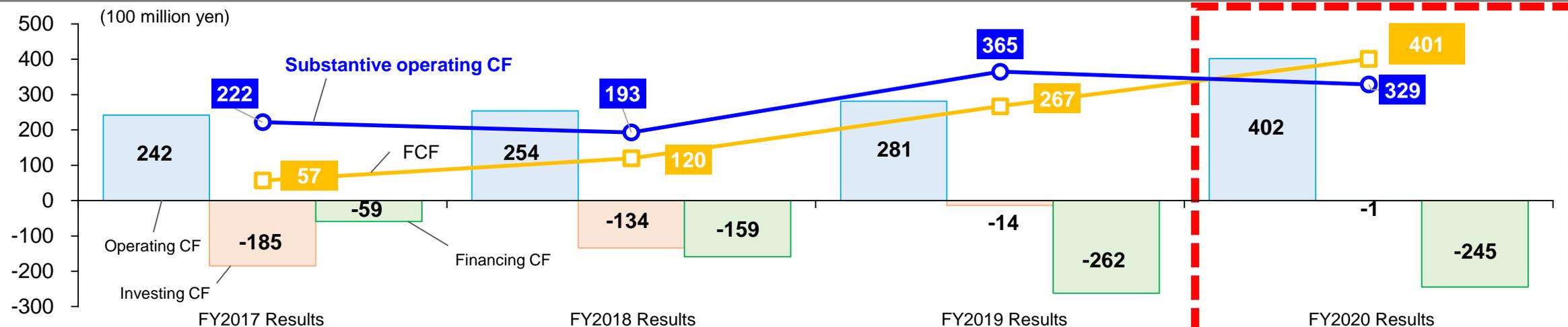
(100 million yen)

	End of March 2020 Results	End of March 2021 Results	Changes
Total assets	3,877	4,083	+207
Net interest-bearing debt	59	-174	-233
Shareholders' equity	1,283	1,362	+79
Ratio of shareholders' equity to net assets	33.1%	33.4%	+0.3pt
Net DER	0.05	-0.13	-0.17



Cash Flows

Operating CF increased after changes in working capital



Cash Flows	FY2017 Results	FY2018 Results	FY2019 Results	FY2020 Results
Cash flows from operating activities	242	254	281	402
Cash flows from investing activities	-185	-134	-14	-1
(Free cash flows)	57	120	267	401
Cash flows from financing activities	-59	-159	-262	-245

Substantive cash flows

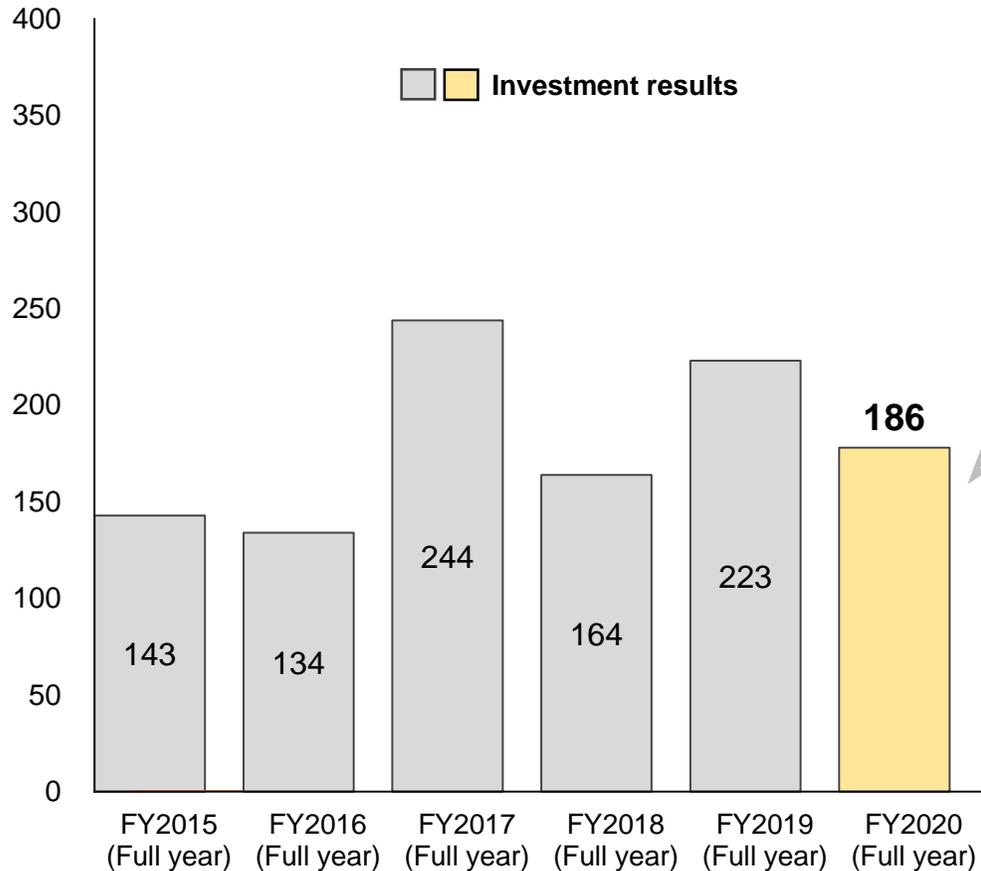
Substantive operating cash flows (*)	222	193	365	329
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(*) Operating CF – Increase/decrease in working capital

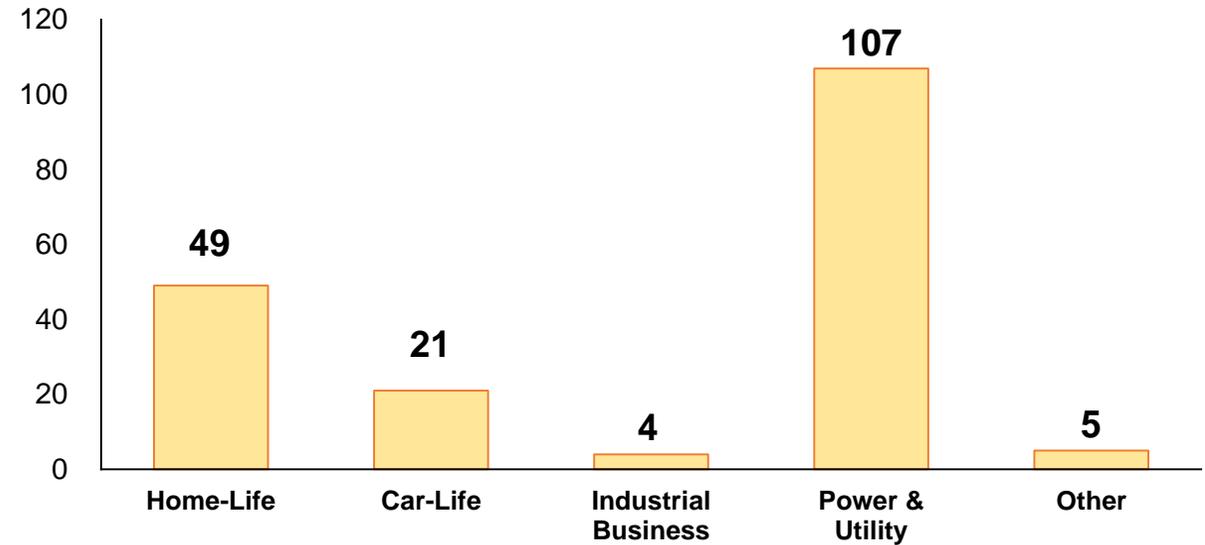
Capital investments were chiefly made in carefully selected items partly due to the pandemic

Company-wide

(100 million yen)



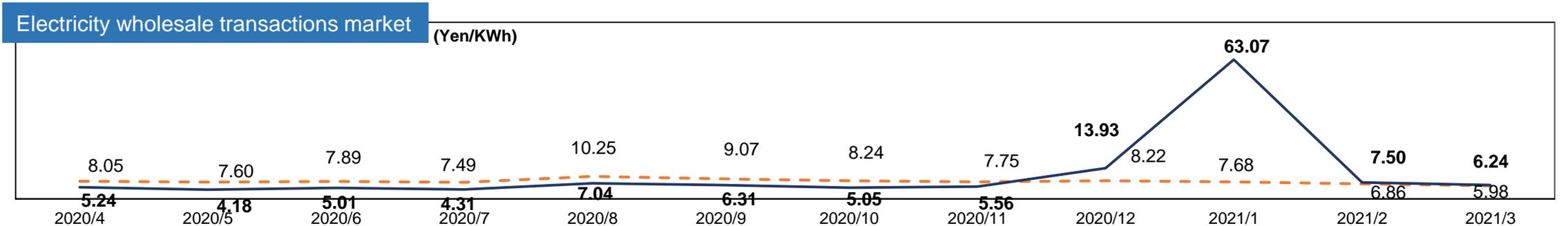
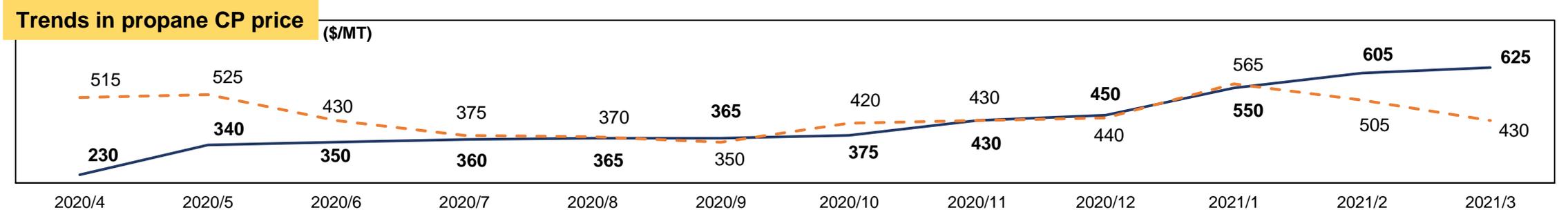
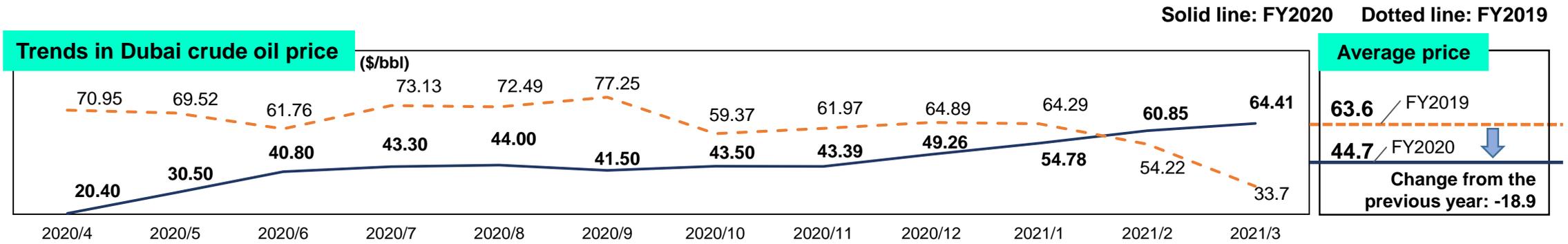
Investment results for FY2020 by segment



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

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



(2) Overview by Segment

Results by Segment

(100 million yen)

		FY2019 Results	FY2020 Results	Changes	Rate of change %	FY2020 Plan	Achievement rate
Company-wide	Net sales	8,974	7,391	-1,584	-17.6	7,100	104%
	Operating profit	193	193	+0	+0.5	160	121%
	Net profit	121	122	+1	+0.9	110	111%
Home-Life	Net sales	891	790	-101	-11.4	—	—
	Operating profit	28	16	-12	+44.5	—	—
	Net profit	21	17	-4	+18.3	26	66%
Car-Life	Net sales	5,067	4,146	-920	-18.2	—	—
	Operating profit	75	76	+1	+1.7	—	—
	Net profit	41	41	-0	-0.7	28	145%
Industrial Business	Net sales	2,105	1,608	-497	-23.6	—	—
	Operating profit	36	50	+14	+37.8	—	—
	Net profit	25	39	+13	+51.8	24	161%
Power & Utility	Net sales	912	847	-65	-7.2	—	—
	Operating profit	58	52	-5	-9.3	—	—
	Net profit	35	27	-8	-23.2	35	76%

Profits decreased due to a surge in the purchase price of electricity despite growth in demand for LP gas for home use.

(100 million yen)

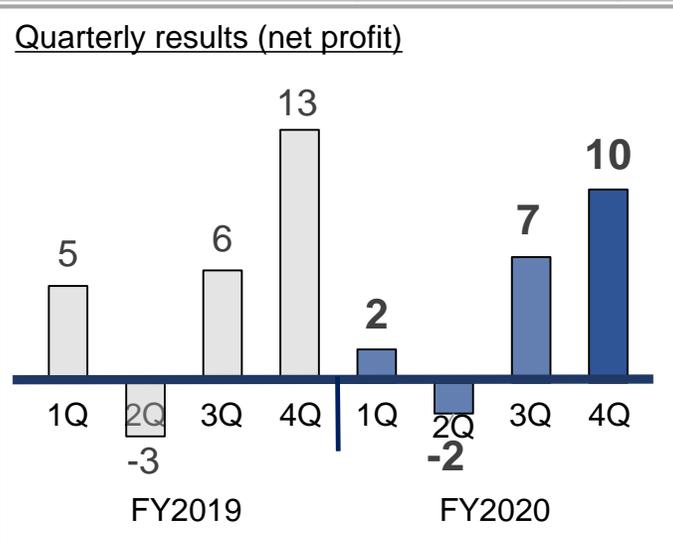
	FY2019 Results	FY2020 Results	Changes
Gross profit	220	204	-15
Selling, general and administrative expenses	-194	-188	+7
Operating profit	28	16	-12
Share of profit (loss) of investments accounted for using the equity method	8	14	+6
Net profit	21	17	-4

Major factors for increase/decrease (Net profit)

The number of customers under direct contract rose slightly to around 552,000, despite a sell-off of business rights.

The overall sales volume of LP gas was lower than in the same period a year earlier despite the rise in sales for household use due to demand driven by those refraining from going out and the upward trend of demand for business and industrial use. Profits decreased due to a decline in the sales volume of LP gas and industrial gas and a surge in prices for the electric power market.

FY2020 Plan	Achievement rate
26	66%



Profit (loss) of major affiliates

	FY2019 Results	FY2020 Results	Changes
ITOCHU ENEX HOME-LIFE NISHI-NIHON	7	5	-2
ECORE (The Company's equity 51%)	7	7	-0
ENEARC (The Company's equity 50%)	9	7	-1

Number of customers (1,000)

	End of March 2020	End of March 2021	Changes
Number of customers under direct LP gas supply contracts	551	552	+1
Number of customers for electricity retail	94	109	+15

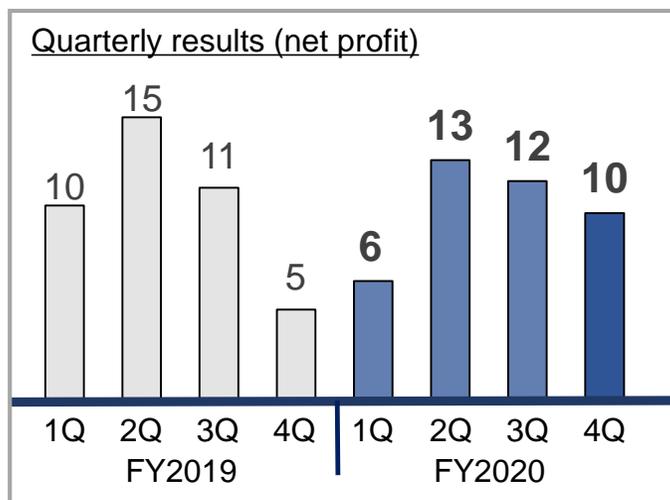
Sales volumes

	FY2019 Results	FY2020 Results	Changes
LP gas (thousand tons)	525	487	-7%
Industrial gas (thousand tons)	76	65	-14%

Profits remained at the year-ago level due to a recovery in the number of cars sold, despite a decline in the sales volume of oil products

(100 million yen)

	FY2019 Results	FY2020 Results	Changes	Major factors for increase/decrease (Net profit)	FY2020 Plan	Achievement rate
Gross profit	465	468	+2	The number of filling stations decreased by 17 from the end of the previous fiscal year to 1,687. The sales volume of oil products decreased year on year. The number of new cars sold, which was lower than the year-ago level in the first half, recovered to the ordinary level in the second half due to strong sales. Profits remained at the level of the same period of the previous year overall due to recovery in the number of vehicles sold in the car dealer business, despite a fall in the sales volume of oil products.		
Selling, general and administrative expenses	-392	-392	+0			
Operating profit	75	76	+1			
Share of profit (loss) of investments accounted for using the equity method	1	1	-0			
Net profit	41	41	-0			28



Profit (loss) of major affiliates

	FY2019 Results	FY2020 Results	Changes
ESEX FLEET	15	20	+6
Osaka Car Life Group (The Company's equity 51.95%)	6	8	+2

Sales volumes

	FY2019 Results	FY2020 Results	Changes
Gasoline (thousand KL)	1,874	1,668	-11%
Kerosene (thousand KL)	370	373	-2%
Diesel oil (thousand KL)	2,050	2,010	-3%
New cars (thousand units)	27	26	-3%
Used cars (thousand units)	24	22	-9%

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

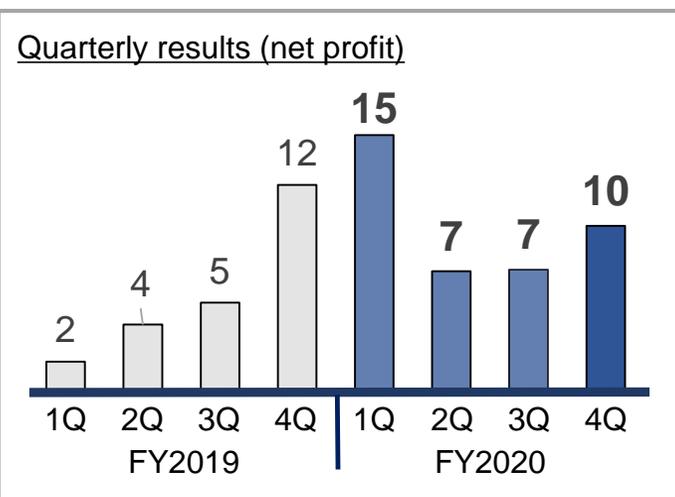
(100 million yen)

	FY2019 Results	FY2020 Results	Changes
Gross profit	81	94	+14
Selling, general and administrative expenses	-47	-41	+6
Operating profit	36	50	+14
Share of profit (loss) of investments accounted for using the equity method	1	1	+0
Net profit	25	39	+13

Major factors for increase/decrease (Net profit)

The sales volume of oil products for industrial use decreased year on year following the slumping operating ratio at factories. 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	161%



Sales volumes

	FY2019 Results	FY2020 Results	Changes
Gasoline (thousand KL)	872	702	-20%
Kerosene (thousand KL)	613	525	-14%
Diesel oil (thousand KL)	1,230	1,146	-7%
Heavy fuel oil (thousand KL)	2,047	2,241	+9%
Asphalt (thousand tons)	370	309	-17%

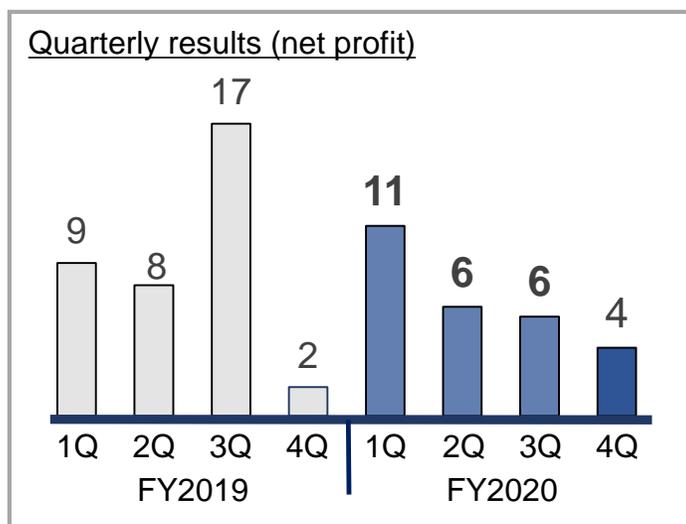
Profit decreased, reflecting a slide in earnings concerned with development projects

(100 million yen)

	FY2019 Results	FY2020 Results	Changes
Gross profit	99	103	+4
Selling, general and administrative expenses	-50	-50	+1
Operating profit	58	52	-5
Share of profit (loss) of investments accounted for using the equity method	8	2	-6
Net profit	35	27	-8

Major factors for increase/decrease (Net profit)
Electricity retail sales dropped year on year due to a massive fall in the number of large high-voltage power contracts for corporate use, offsetting a hike in low-voltage sales volume following growth in the consumption volume for household use due to demand from those refraining from going out and the number of low-voltage power contracts mainly for household use. Profit decreased, reflecting a slide in earnings concerned with development projects.

FY2020 Plan	Achievement rate
35	76%



Profit (loss) of major affiliates	FY2019 Results	FY2020 Results	Changes
ENEX Electric Power Group	10	12	+2
ENEX LIFE SERVICE	3	4	+2
Tokyo Toshi Service Company (The Company's equity 66.6%)	8	6	-2
Oji-Itochu Enex power retailing Co., Ltd. (The Company's equity 60.0%)	8	7	-1

Sales volumes	FY2019 Results	FY2020 Results	Changes
Electricity Retail (GWh)*	2,387	2,221	-7%
Breakdown: Sales of high voltages*	1,948	1,627	-16%
Sales of low voltages*	439	594	+35%
Steam (thousand tons)	506	527	+4%
Heat quantity (TJ)	1,258	1,254	-0%

(* Calculated based on preliminary values)

◇ Appendix

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 (Enhancement of online meetings and expansion of networks).
- 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: -0.13 (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 August 27, 2020

(100 million yen)	End of March 2020 Results	End of March 2021 Results	Changes
Cash and cash equivalents	192	348	+156
Other current financial assets	281	179	-102

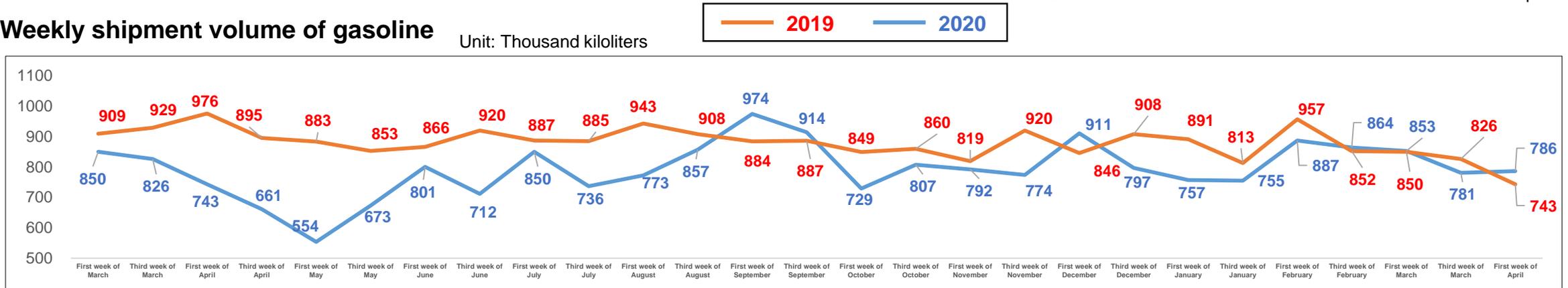
Appendix

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

* Created based on statistics from Petroleum Association of Japan

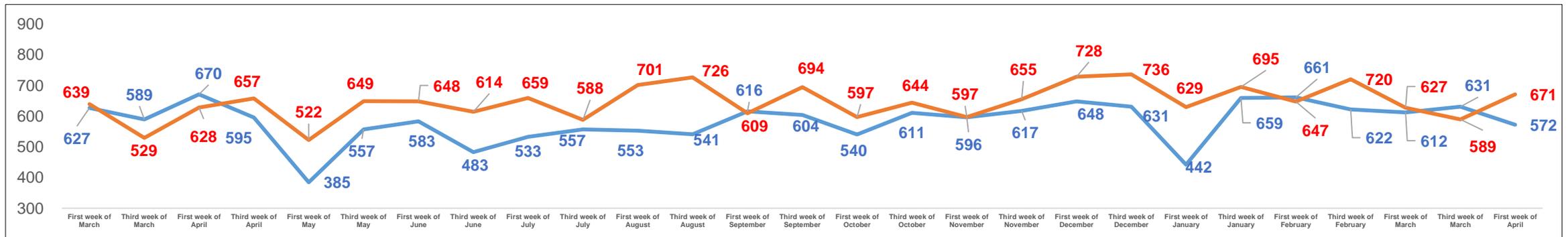
Weekly shipment volume of gasoline

Unit: Thousand kiloliters



Weekly shipment volume of diesel oil

Unit: Thousand kiloliters



[Reference] Monthly sales volume of LP gas (March to February, national statistics)

	March			April			May			June			July			August		
	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes
For household and business use	750	749	-1%	675	646	-4%	562	513	-9%	449	454	+1%	497	451	-9%	437	412	-6%
For cars	50	41	-19%	49	29	-42%	47	22	-53%	48	31	-36%	50	37	-27%	52	35	-32%
Total	800	790	-1%	724	675	-7%	609	535	-12%	497	485	-2%	547	488	-11%	489	447	-9%

Unit: Thousand tons

	September			October			November			December			January			February			Total		
	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2020	2021	Changes	2020	2021	Changes	FY 2019	FY 2020	Changes
For household and business use	438	401	-8%	514	526	+2%	608	616	+1%	804	828	+3%	780	813	+4%	747	736	-1%	7,261	7,145	-2%
For cars	47	35	-26%	47	36	-24%	46	33	-27%	51	37	-27%	45	29	-36%	42	27	-36%	574	392	-32%
Total	485	436	-10%	561	562	+0%	654	649	-1%	855	865	+1%	825	842	+2%	789	763	-3%	7,835	7,537	-4%

* Created based on statistics from Japan LP Gas Association

Appendix

[Reference] Monthly sales of new cars (Standard-sized cars, compact cars and *kei* (light) cars) (April to March, national statistics)

	April			May			June			July			August			September		
	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes
Standard-sized and compact cars	200	145	-28%	213	124	-42%	248	182	-27%	258	207	-20%	202	169	-16%	300	252	-16%
<i>Kei</i> cars	115	75	-35%	115	51	-56%	119	102	-14%	121	123	+2%	115	101	-12%	159	138	-13%
Total	315	220	-30%	315	175	-47%	367	284	-23%	379	330	-13%	317	270	-15%	459	390	-15%

Unit: Thousand tons

	October			November			December			January			February			March			Total		
	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	2019	2020	Changes	FY 2019	FY 2020	Changes
Standard-sized and compact cars	165	221	+35%	206	219	+6%	195	211	+8%	193	208	+8%	233	227	-3%	322	329	+2%	2,735	2,494	-9%
<i>Kei</i> cars	95	118	+24%	110	118	+7%	90	105	+17%	108	116	+7%	129	135	+5%	163	181	+11%	1,439	1,363	-5%
Total	260	339	+30%	316	337	+7%	285	316	+11%	301	324	+8%	362	362	+0%	485	510	+5%	4,174	3,857	-8%

* Compiled based on statistical data issued by the Japan Automobile Dealers Association Japan Light Motor Vehicle and Motorcycle Association

2. Medium-Term Business Plan

Moving 2020 Horizon Performance Report



Basic Policy Establishing Closer Connections / By Leveraging New Tools / Expanding Globally

Promotion of Growth Strategies

Evolution of the Organizational Base

1	Maintaining and deepening the revenue base	Creating group synergies, further leveraging the customer base	1	Strengthening Group management	Enhancing consolidated business management and building an effective governance system
2	Making inroads overseas and in peripheral fields	Investing proactively in overseas businesses, M&A activities focused on peripheral businesses	2	Human resource strategies for growth	Promoting diversity and cultivating global human resources
3	Creating new businesses	Promoting environmental businesses	3	Promoting innovation	Seeking to improve the efficiency of existing businesses and using digital technologies

Quantitative Results

¹ The initial plan was revised on May 15, 2020 in consideration of decreased demand due to COVID-19 and other factors.

² For ROE, the difference from revised plan is the difference between the initial plan and results.

	Initial plan	Revised plan ¹	Results	Difference from revised plan
Net profit	¥12.5 billion	¥11.0 billion →	¥12.2 billion	+¥1.2 billion
Consolidated dividend payout ratio	40% or more	40% or more →	46.4%	6.4%
Investment (2-year total)	¥60.0 billion	¥43.0 billion →	¥41.0 billion	-¥2.0 billion
ROE	9.0% or more	— →	9.2%	+0.2%²

Moving 2020 Horizon Performance Report



Qualitative Results

Promotion of Growth Strategies

Maintaining and deepening the revenue base



Establishing Closer Connections

- Starting provision of heat to the new building of the Yokohama City Government
- Starting collaboration with Nissan Motor in sales of power
- Starting Smartphone Fueling
- Rolling out new brand, TERASEL, for electric power-related businesses

(Photo) New Yokohama City Government building

In February 2020, the Company started to supply cold and hot water and electric power to the new Yokohama City Government building when it was completed.

Making inroads overseas and in peripheral fields



Expanding Globally

- Opening a car care business in Vietnam
- Starting a photovoltaic power generation business in Thailand (established a representative office and then companies)
- Promoting the energy service provider business

(Photo) A car care shop in Vietnam

In December 2020, the Company opened a car wash and car coating shop in Hai Phong.

Creating new businesses



By Leveraging New Tools

- Starting to collaborate in a hydrogen value chain
- Focusing efforts on the sales expansion of Gas to Liquid (GTL) fuel
- Jointly developing ammonia marine fuel
- Initiatives using the Accelerator program (collaboration with businesses in different industries)

(Photo) Hydrogen value chain (image)

In February 2021, the Company agreed on a strategic collaboration with Air Liquide and ITOCHU Corporation.

Strengthening organizational base

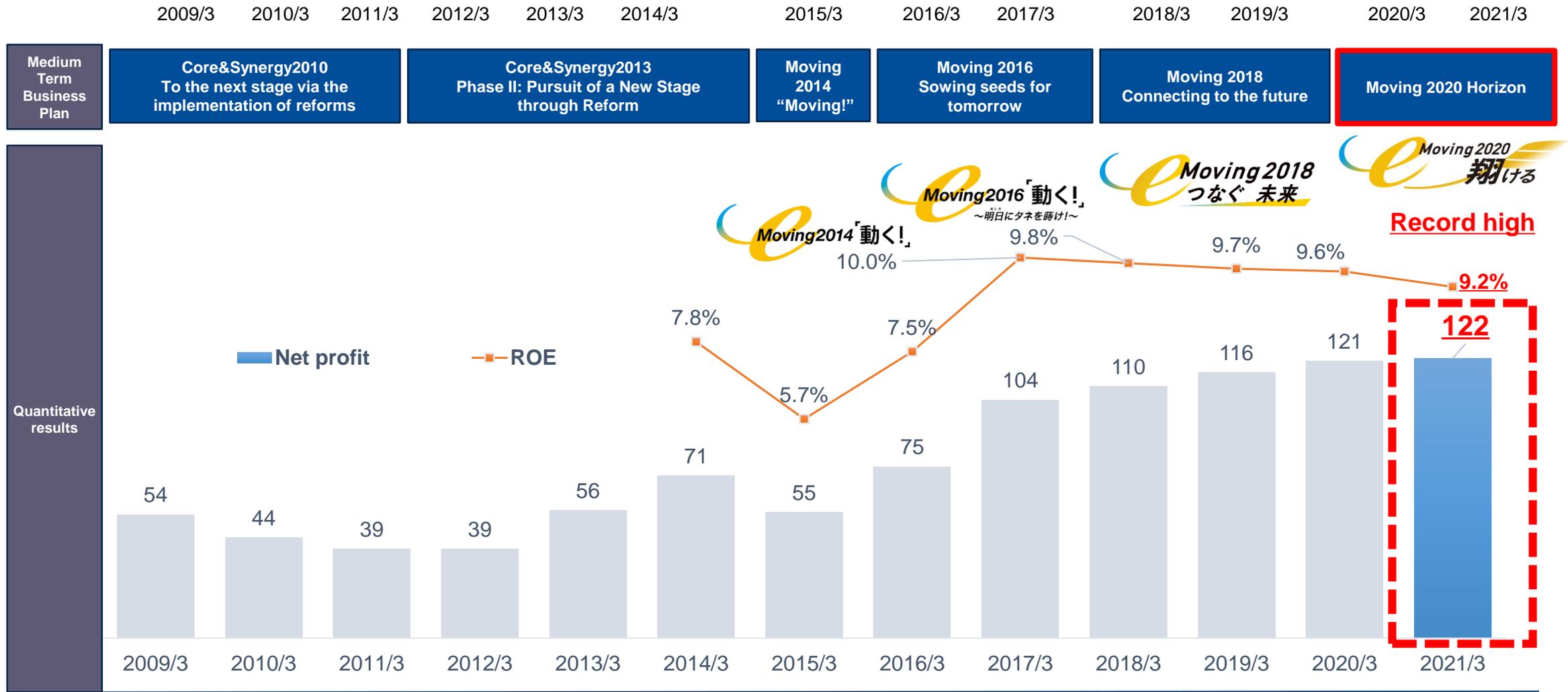


- Promoting diversity
- Enhancing operational efficiency using digital technology and promoting the diversification of ways of working
- Continuing the overseas training system
- Strengthening cross-divisional collaboration

(Photo) Diversification of employees and work styles

The Company established a Diversity Promotion Office in 2019. The Company is actively developing a remote work system.

Trends in Profit and Changes in the Business Plan



New Medium-Term Business Plan, SHIFT! 2022



The theme of the previous Medium-Term Business Plan was **Moving**.
Under this theme, the Company developed new fields and
radically reviewed its previous approaches.

We will keep **Moving**.
Considering the environmental issues that are rapidly drawing more
attention and the COVID-19 pandemic
we believe that we need to upshift to the next gear and accelerate.

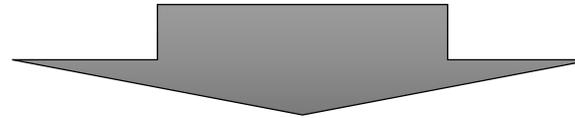
We will **SHIFT** and accelerate until 2022.

SHIFT! 2022 Qualitative Plan

Basic Policy	Measures for Implementing Policy
<h2>Bases</h2>	<p><u>Maintaining and expanding bases</u></p> <ul style="list-style-type: none"> ◆ Further enhancement of domestic sale network and customer base (oil, gas, power, cars) ◆ Active promotion of B-to-C business utilizing digital transformation ◆ Strengthening of overseas business development with a focus on Asia
<h2>Environment & energy</h2>	<p><u>Deepening the environment & energy businesses</u></p> <ul style="list-style-type: none"> ◆ Forays into untapped areas (new business domains) with environmental products, electricity and various other forms of energy ◆ Further expansion of the electric power business from generation to selling, especially with renewable energy ◆ Enhancing environmental technical capabilities and expand offerings of low-carbon and decarbonized products, alternatives to oil products
<h2>Human resources</h2>	<p><u>Cultivating next-generation human resources</u></p> <ul style="list-style-type: none"> ◆ Cultivating multi-talented human resources who will actively work in Japan and overseas, crossing boundaries between business divisions and product categories ◆ Further promoting diversity and fostering diverse values ◆ Developing and enhancing internal training systems

SHIFT! 2022 Quantitative Plan

Maintaining and expanding bases and investing in power, environmental, overseas, and next-generation energy businesses will make sustainable growth possible.



	FY2020		FY2021
	Results		Target
Net profit	¥12.2 billion	➔	¥12.5 billion
ROE	9.2%	➔	9.0% or more

We are disclosing targets for only one year, considering the uncertainty of the economic outlook chiefly due to the COVID-19 pandemic.

SHIFT! 2022 Management Indicators

Substantive operating cash flows

¥30 billion each fiscal period

Consolidated dividend payout ratio

40% or more

**New investment (cumulative total
over two fiscal periods)**

¥60 billion

Shareholder Returns

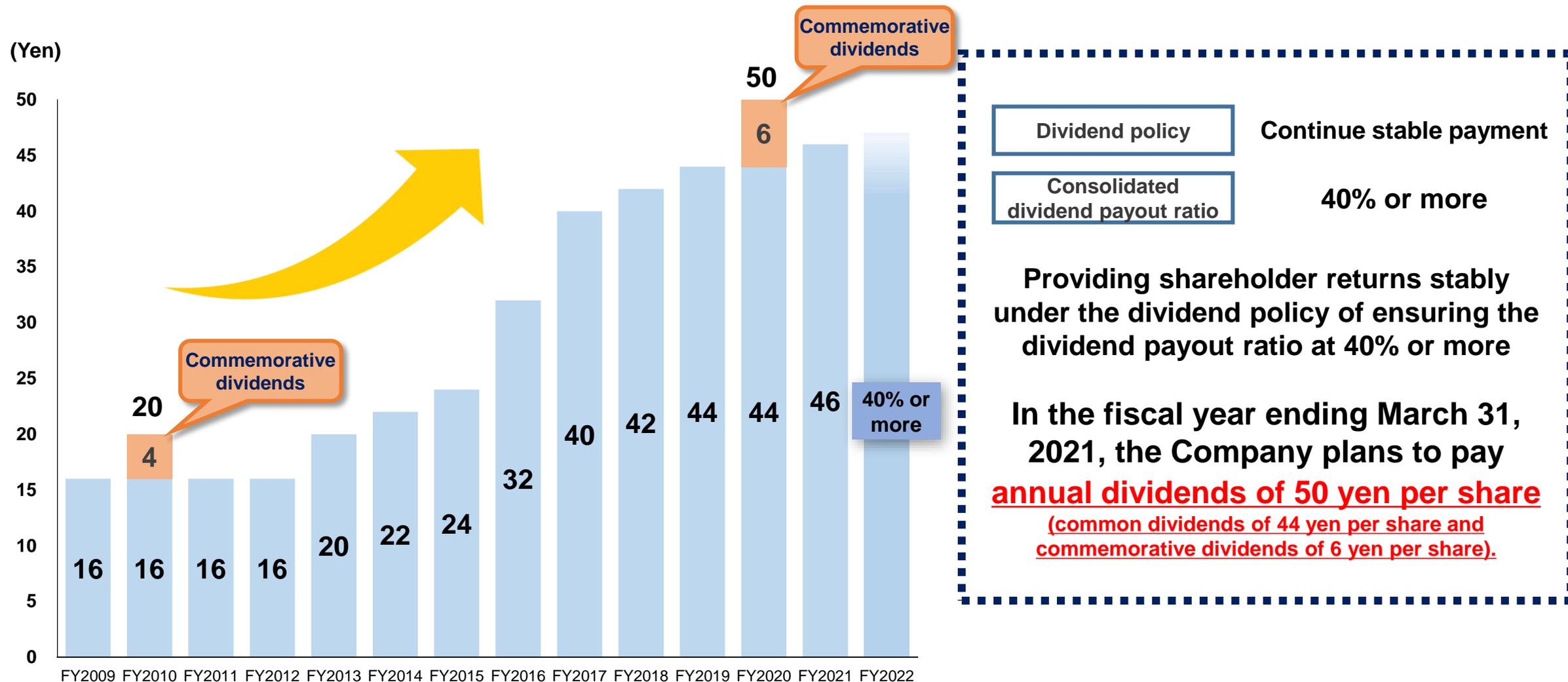
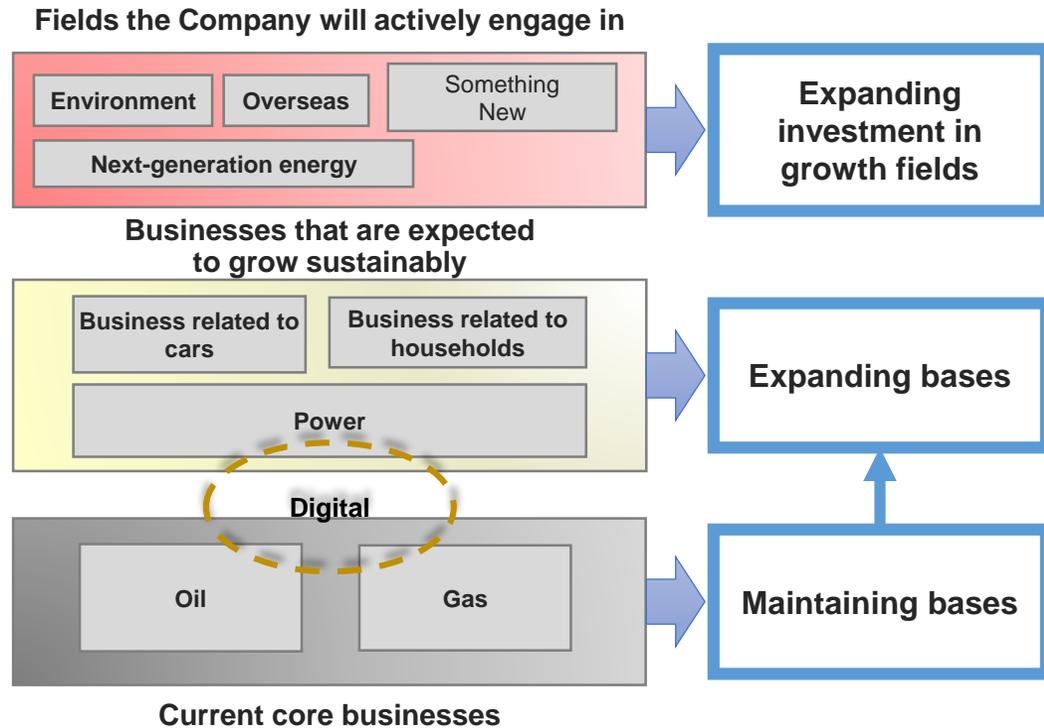
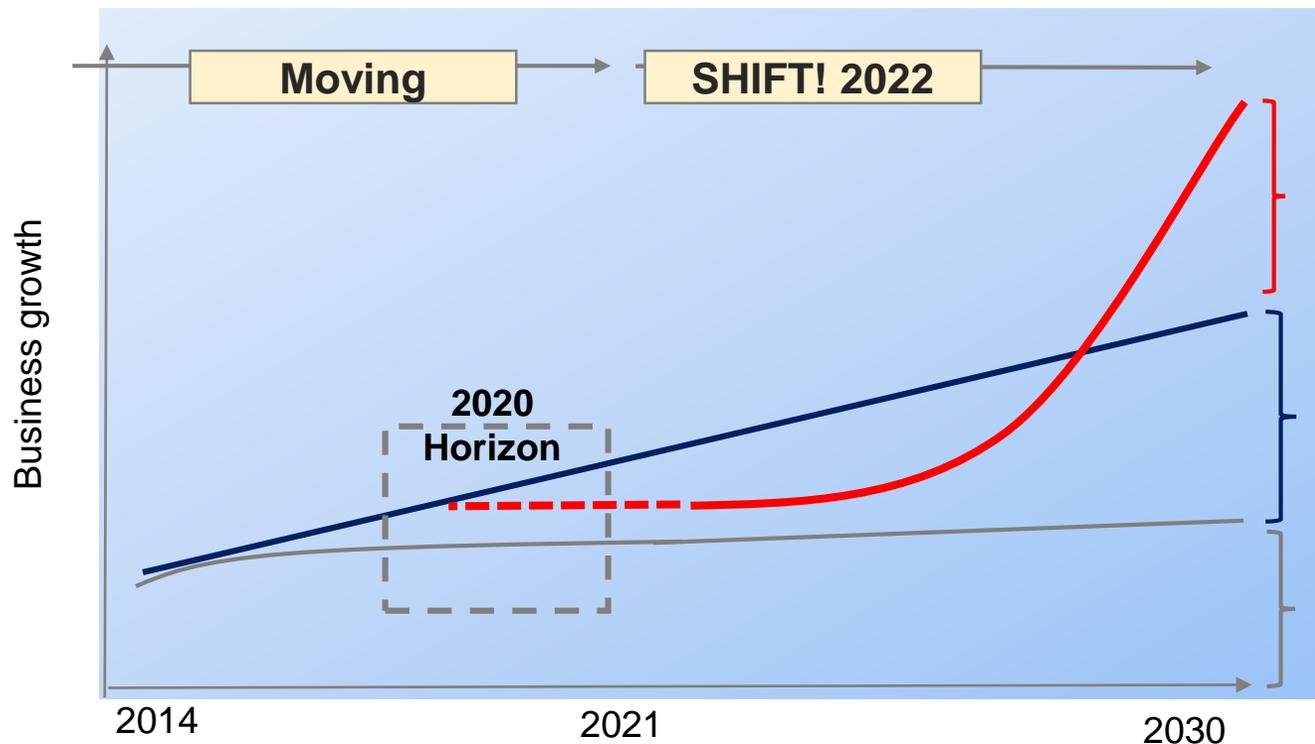


Image for the Medium- to Long-Term Changes in the Business Structure

➤ The Company, whose mainstay business has been the sale of oil products, will **enhance the profitability of its existing businesses**, and at the same time, will **actively engage in new business fields, the environmental business, next-generation energy and the overseas business** in anticipation of **a carbon-free society** as it **SHIFTs** its business structure to enable sustainable growth.



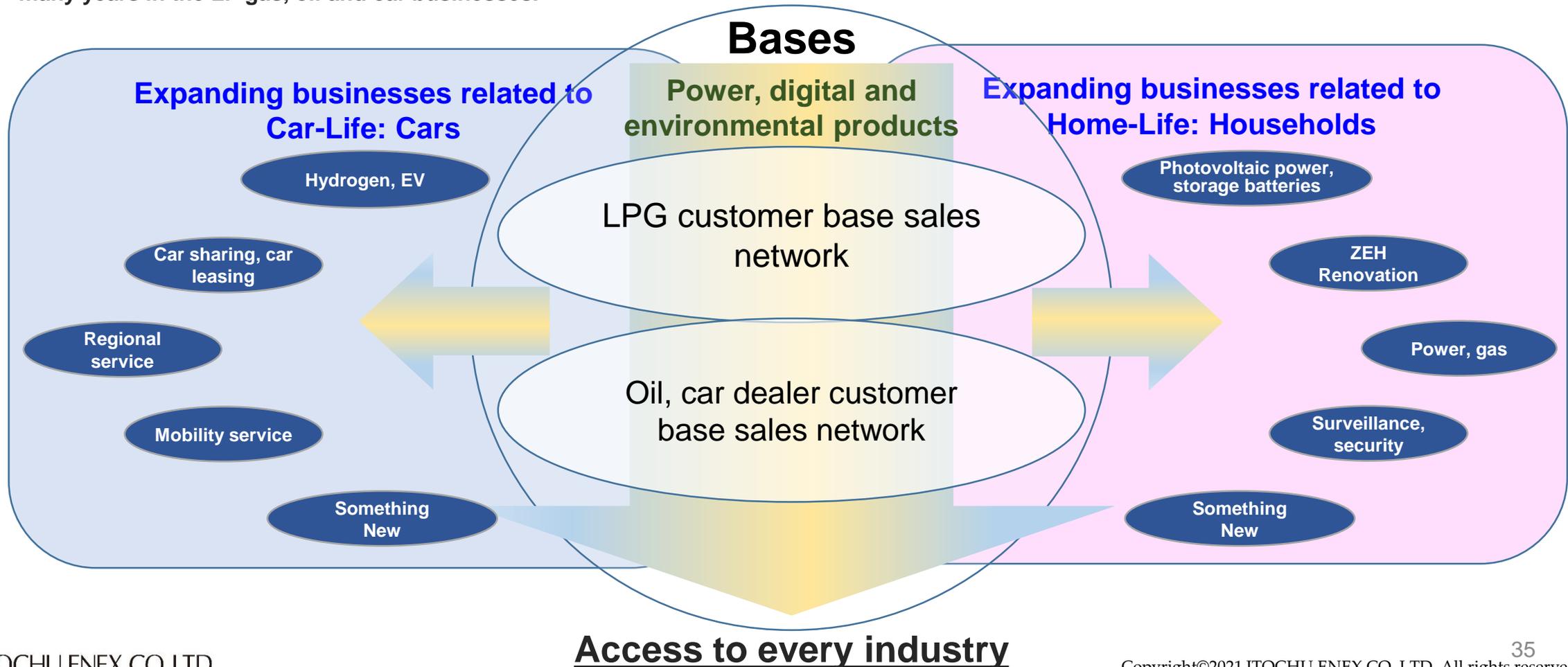
SHIFT! 2022 Investment Plan

Investment strategy	Moving 2020 (total investment over two years)	SHIFT! 2022 (total planned investment over two years)
<p>Growth investment</p> <ul style="list-style-type: none"> ➤ Renewable energy ➤ Environmental business ➤ Overseas business (M&A + capital expenditures) ➤ Human resources development, etc. 	<p>¥16.8 billion</p>	<p>¥30.0 billion</p>
<p>Bases (strengthening)</p> <ul style="list-style-type: none"> ➤ Digital IT ➤ M&A 	<p>¥3.8 billion</p>	<p>¥10.0 billion</p>
<p>Bases (maintaining)</p> <ul style="list-style-type: none"> ➤ Renovation of LP gas and CS (Car-Life Station) facilities ➤ Renovation of power generation and heat supply facilities ➤ Car dealers ➤ Systems, IT investment 	<p>¥20.3 billion</p>	<p>¥20.0 billion</p>
<p>Total investment</p>	<p>¥41.0 billion</p>	<p>¥60.0 billion</p>

Business Strategy (1)

Expanding into Peripheral Businesses and New Business Fields

- Expand into peripheral businesses and actively invest in new business fields, centered on Car-Life: Cars and Home-Life: Households.
- Provide services to every industry, leveraging power, digital and environmental products, which are the foundation the Group has developed for many years in the LP gas, oil and car businesses.



Business Strategy (2)

Investing in Environmental Businesses

- Provide the best energy for the environment and society and actively invest in environmental businesses.

The ENEX Group network

Existing business

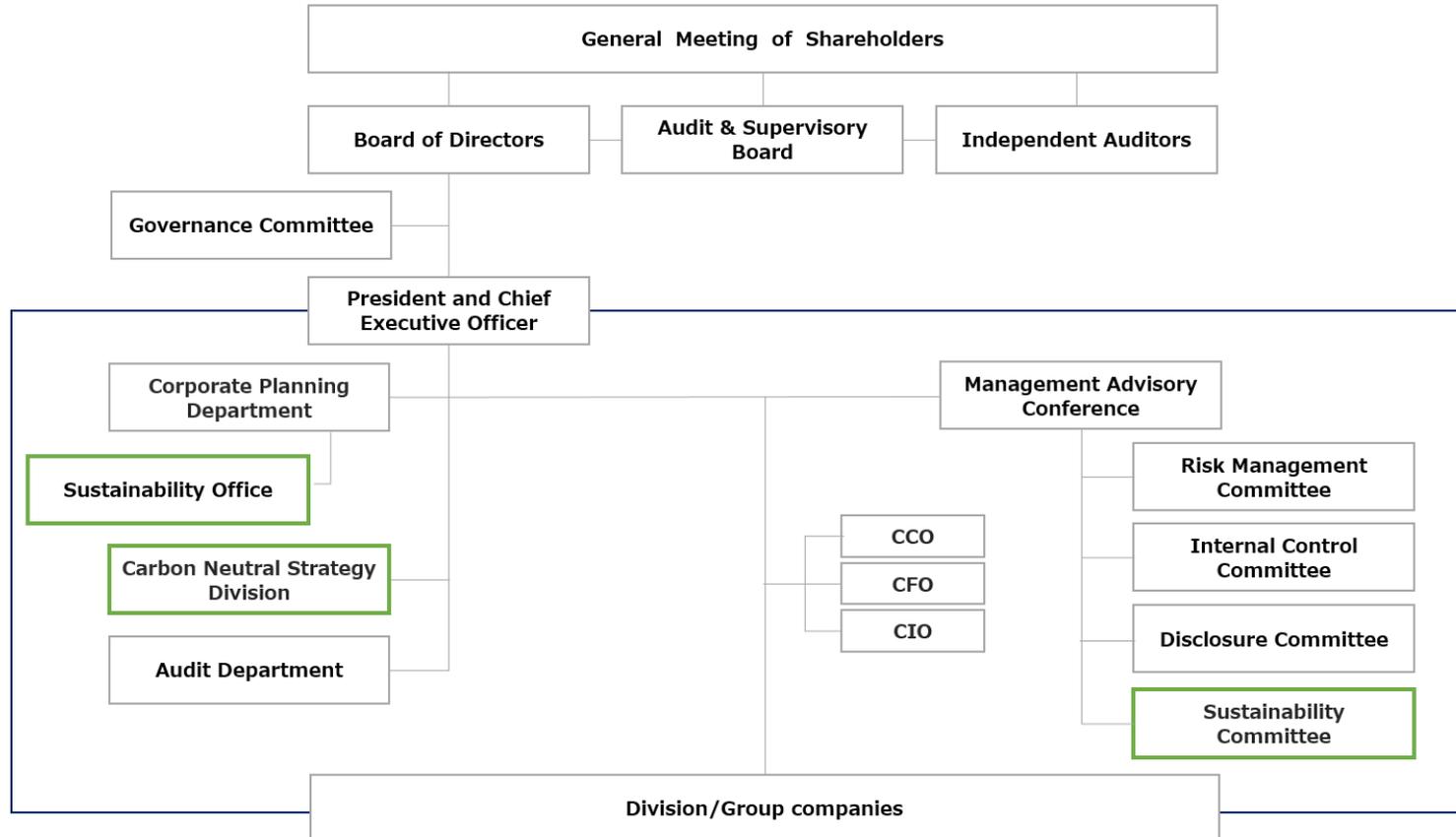
Business being considered



Sustainability Initiatives

To promote sustainability initiatives within the Group,

- In April 2021, the **Carbon Neutral Strategy Division** and the **Sustainability Office** were established.
- In May 2021, the **Sustainability Committee** was established as an advisory body for the Management Advisory Conference.



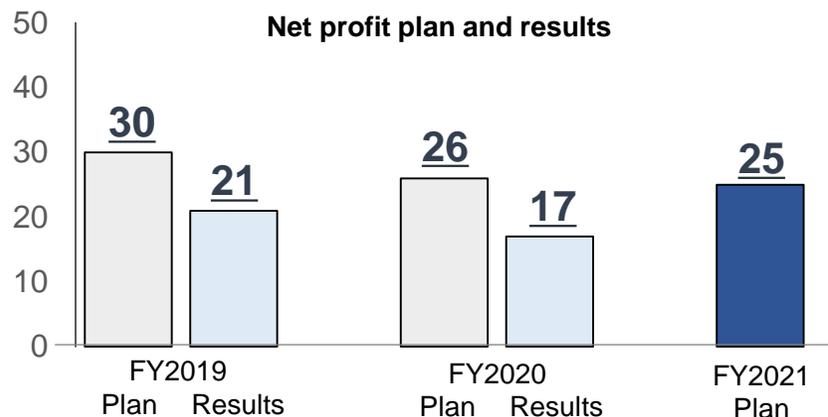
*** The Company will more actively discuss sustainability policy and promote ESG disclosure.**

Major roles of the new committees, divisions, etc.

Committee, division, etc.	Major role
Sustainability Committee	<ul style="list-style-type: none"> * Discussing and monitoring policies, challenges, measures, etc. related to sustainability from a long-term perspective * Executing or driving sustainability management strategies
Sustainability Office	<ul style="list-style-type: none"> * Assessing opportunities and risks related to sustainability * Setting indicators and targets related to sustainability * Strategic disclosure, engagement, in-house education
Carbon Neutral Strategy Division	<ul style="list-style-type: none"> * Climate change measures * Creating business opportunities that lead to the reduction of CO₂ emissions

Segment Information

Home-Life RENEWING



Major initiatives for FY2020

■ **Maintaining and deepening the customer base**

- ◇ The segment was affected by COVID-19. The Company promoted bundled sales of LPG and power.
Number of customers with direct LP gas supply contracts: 552,000 (up 1,000 year on year); number of retail electricity customers: 109,000 (up 15,000 year on year)
- ◇ Use of customer base
Virtual showrooms began. Enhanced the site and services for members (e-Koto Club)

■ **Creating new businesses**

- ◇ Started high-pressure gas container storage.
Engaged in the container cycle to build a supply chain and retain customers.

■ **Making inroads overseas and in peripheral fields**

- ◇ Promoted the development of the LP gas business in Asia.
- ◇ Supplied LP gas for emergency power generators at SoftBank unmanned communications base stations.

Management policy for FY2021

RENEWING

■ **LP gas business**

Japan

- ◇ Pursuing CX*
Achieve CX, gathering, accumulating and using data at multilayered touch points.
- ◇ Sophistication of the power business
Gaining customers through face-to-face selling and digital technology (multiple approaches to customers)
- ◇ Maximizing the value of Group management
Expedite management decision making and increase synergies between Group companies.

Overseas

- ◇ Developing accumulated knowledge and technology
Develop business and management expertise in the domestic LP gas business in Southeast Asia.
- ◇ Building an LP gas portfolio
Optimum allocation of management resources according to the growth stage of each country's LP gas market

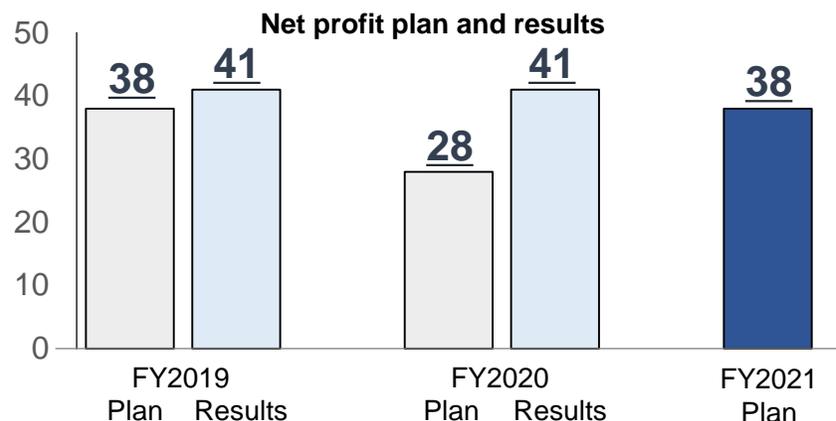
* CX: Customer experience (value of the customer experience)

■ **Industrial gas business**

- ◇ Strengthening competition
Achieve the growth scenario through vertical development and development in each area, or by narrowing the focus.
- ◇ Developing peripheral businesses
Develop derivative businesses combining the expansion of the container business, peripheral products, and customer relationships.

Car-Life

Expanding Customer Bases – Be Aggressive II – Strengthening the trunk of the body to be aggressive



Major initiatives for FY2020

■ Reform core businesses.

- ◇ Seven CSs were added to the affiliated network. The number of stations in the affiliated network is 1,687 (as of March 31, 2021).
- ◇ Carlife Stadium car lease outlets: 185 (as of March 31, 2021, up 117 from the end of the previous fiscal year)

■ Improve productivity through business efficiency improvement.

- ◇ Smartphone Fueling: Introduced at 106 CSs (as of March 31, 2021).
- ◇ Used IT tools actively to promote sales (virtual and real).
- ◇ Online kick-off meetings held (at all seven branches).

■ Preparations for the future

- ◇ Overseas: Established ENEXFLEET VIETNAM CO., LTD., which started car washing service (December 2020).
- ◇ Disaster response: 469 CSs as bases for residents (as of December 31, 2020)

Management policy for FY2021

Expanding Customer Bases – Be Aggressive II – Strengthening the trunk of the body to be aggressive

■ Fundamentally enhancing business efficiency

- ◇ Efficient sales using IT and digital tools
- ◇ Enhance efficiency by increasing CSs that provide Smartphone Fueling.
- ◇ Expand payment tools.

■ Shifting management resources

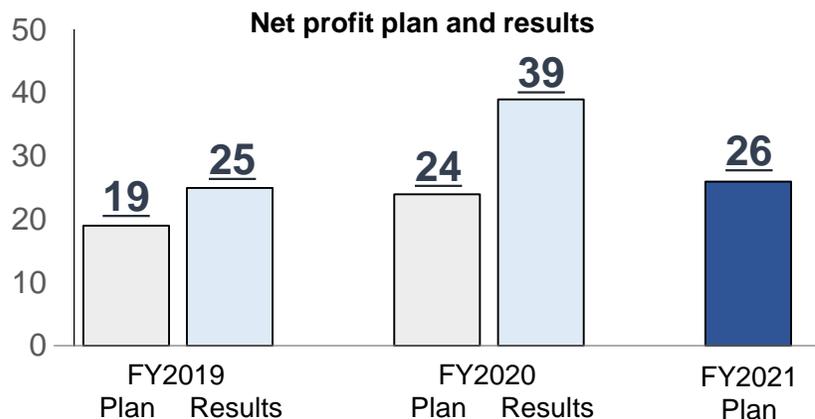
- ◇ Promote decarbonization and carbon neutrality using existing facilities.
- ◇ Review next-generation businesses at CSs.
- ◇ Appropriate investment to expand the FLEET business

■ Preparations for the future

- ◇ Expand TERASEL Denki (strengthen the network that connects CSs and households).
- ◇ Cultivate overseas business (ENEXFLEET VIETNAM).
- ◇ Develop services using Nissan Osaka's customer base (photovoltaic power, storage batteries, EV, sale of power for household use)

Industrial Business

Combining Professional Expertise and Environmental Technology for a Carbon-Free Society



Major initiatives for FY2020

■ Promotion of environmental products

- ◇ Promoting GTL fuel
 - GTL fuel was adopted as a fuel for emergency power generation, and its use in public works was recommended (Yokohama government)
 - The Company started to use GTL fuel as fuel for boilers (at the Company's asphalt terminals)
- ◇ Developing a system to expand sales of AdBlue
 - Established new SPs (Koriyama, Oita). Expanded sales of urea solution for ships (AUS 40).
- ◇ Energy service: Supply started in Hokkaido.
- ◇ Recycled beads (recycled products derived from coal ash and biomass ash) were used for parking lots of the largest convenience store chain.

■ Preparations for carbon-free society

- ◇ Development of next-generation fuels for ships
 - Started joint research for building a supply network for ammonia marine fuels.
 - Concluded an MOU on a hydrogen value chain with Air Liquide Japan and ITOCHU Corporation.

Management policy for FY2021

Combining Professional Expertise and Environmental Technology for a Carbon-Free Society

■ Changing the structure of existing business and enhancing profitability

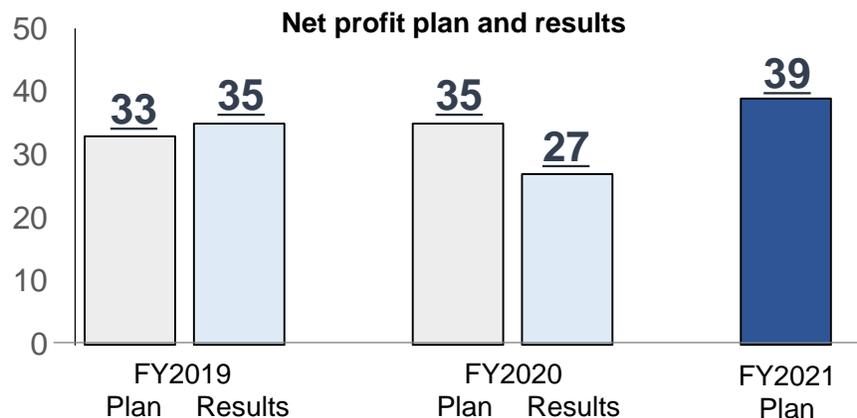
- ◇ Pursue added value in logistics (ships, bases, delivery).
- ◇ Enhance problem-solving products and services from the customers' perspective.
- ◇ Use the knowledge of diverse professionals.
- ◇ Expand products that reduce the environmental impact.
 - GTL fuel: Expand sales areas (Kyushu and Hokkaido).
 - Renewable diesel: Build supply networks and create customers.
 - AdBlue: Rationalize logistics (supply system and digital technology).
 - Urea solution and caustic soda for ships: Build supply networks according to demand.

■ Creating new businesses (environment, technology, co-creation)

- ◇ Growth fields: next-generation energy, environment, infrastructure and regional development.
 - Introduce next-generation technology and accumulate knowledge through cooperation with government, industry and academia.
 - Create businesses that contribute to the achievement of a carbon-free society through co-creation with companies in different industries (visualizing CO₂ emissions, etc.).

Power & Utility

Power to Connect Customers, Environmental Business for the Future



Major initiatives for FY2020

■ Sales

- ◇ Kyushu Electric Power: Began to work as an agency in the field of high voltage power.
 - ◇ Reliance Energy Okinawa: Started the ES business* at four locations.
 - ◇ Established the TERASEL Denki brand and started online sales (October).
- * Comprehensive energy supply-related service for energy conservation and cost reduction

■ Renewable energy-related businesses

- ◇ Established ITC ENEX (Thailand) in Thailand. The company engages in photovoltaic facilities rental.
- ◇ Enex Infrastructure Investment Corporation increased capital through public offering. (incorporation of the large Matsuzaka Solar Power Plant (98 MW))
- ◇ Established TERASEL Solar Section. (expanding sales in the leasing of photovoltaic power generation facilities for self-consumption in Japan)

Management policy for FY2021

Power to Connect Customers, Environmental Business for the Future

- **Power to connect customers:** 500,000 customers using digital technology
 - ◇ Start the entire system and start full-scale digital transformation. Promote the development of TERASEL Denki.
 - ◇ Supply electricity to the customer bases developed by HL, CL and IB divisions.
 - ◇ Establish an integrated risk management system to address electricity transaction risk.
- **Environmental business for the future:** Partner of the earth and life
 - ◇ Start TERASEL Solar PRO Service. (B2B photovoltaic facilities rental for self-consumption and excess electricity purchasing)
 - ◇ Develop TERASEL Solar PLUS. (B2B and B2C photovoltaic facilities rental and storage battery)
 - ◇ Renewable energy and thermal storage ES business* in Japan and overseas Prepare for service using the essences of financial functions and the heat supply business.
 - ◇ Start B2C 100% renewable energy electricity services. Develop B2B services in earnest.
 - ◇ Launch EV car sharing (power and mobility) before the end of the fiscal year.
 - ◇ Start the solar sharing business (photovoltaic power generation and agricultural production).
 - ◇ Invest in small and medium-sized photovoltaic power generation funds.

Contact

Investor Relations Office

Staff : Imaizumi or Nakamura

[E-MAIL] enex_irpr@itcenex.com

[TEL] +81-3-4233-8025 [FAX] + 81-3-4533-0103